

July 10, 2019

Darlene Fenton, Chair
Halifax Water
Halifax, Nova Scotia

The Annual General Meeting of the Halifax Water Board will be held on Thursday, July 18, 2019 at 10:00 a.m. in the Boardroom at 455 Cowie Hill Road, Halifax.

AGENDA

1. Chair's Opening Remarks
2. Approval of Minutes of the 2018 Annual General Meeting, held on Wed., July 18, 2018
3. Strategic Initiatives Overview
 - a. 2018/19 Accomplishments
 - b. 2019/20 Goals
4. Major Capital Initiatives for 2019/20
5. Year End Financial Results – 2018-19
6. Question and Answer Forum
7. Chair's Closing Remarks

Original Signed By:

Heidi Schedler
Secretary



MINUTES WILL BE POSTED UPON APPROVAL




Strategic Initiatives Overview

Annual General Meeting
July 18, 2019

Cathie O'Toole
General Manager




STRAIGHT from the SOURCE

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Strategic Initiatives

- Review of 2018/19 Strategic Priorities
- Overview of 2019/20 Strategic Priorities



Strategic Priorities for 2018/19: A Year in Review

- Customer Connect [expect to have close to 50,000 meters installed].
 - ✓ 50,000 milestone achieved.
- Wet weather management [approx. \$6 M in capital for trenchless technology to reduce Inflow & Infiltration; expanding efforts with particular focus in Clayton Park/Fairview/Bridgeview].
 - ✓ \$2.56 M expended for Inflow & Infiltration reduction in the Fairview area that resulted 162 litres per second removed. Additional \$3.2 M spent on other trenchless technology projects.



Strategic Priorities for 2018/19: A Year in Review

- Construct new dam at Lake Major.
 - ✓ Concrete structure is complete, project ends Fall 2019.
- Application to NSUARB to update Regional Development Charge.
 - ✓ The update is underway and stakeholder consultations have started.



Strategic Priorities for 2018/19: A Year in Review

- Complete first phase of website [static content] and get second phase underway [Customer Characteristics via Web Portal].
 - ✓ First phase was launched on April 3rd. Second and Third phases are being combined and project is underway.
- Develop Biosolids Strategy [Contract with Walker Environmental is up at March 31/19].
 - ✓ Existing contract extended and RFP planned for 2019/20.



Strategic Priorities for 2018/19: A Year in Review

- Complete second generation of the Integrated Resource Plan.
 - ✓ Integrated Resource Plan V2 will be complete by October 31, 2019.
- Negotiate new Collective Agreements
 - ✓ Five year Collective Agreements negotiated and signed.



Strategic Priorities for 2018/19: A Year in Review

- Conduct Actuarial Valuation of HRWC Employees' Pension Plan.
 - ✓ Valuation completed and pension plan is in a surplus position for first time since 2000 and Employer and Employee costs are reduced.
- Align projects to secure funding from the federal-provincial bilateral infrastructure program [Total of \$828 million federal funding over 10 years].
 - ✓ \$10 M Water Transmission Main application submitted in January. Funding announcements are pending.



Strategic Priorities for 2018/19: A Year in Review

- Get wastewater research plan underway with Dalhousie University with Natural Sciences and Engineering Research Council [NSERC] application.
 - ✓ MOU signed, and wastewater research plan has been initiated.
- Continue with NSERC research chair for water [focus on source water quality].
 - ✓ Research with Dalhousie, plus a new Tailored Collaboration with the Water Resource Foundation on Lake Recovery.



Strategic Priorities for 2018/19: A Year in Review

- Amend policies to include aspects of cannabis laws.
 - ✓ Fit for Duty Policy implemented May 2019, and other HW policies amended as required to reflect impact of legalization of cannabis.
- Complete Design and Business Plan for District Energy System in relation to Cogswell Redevelopment and subject to HRM Council decision, seek approval from NSUARB to implement as a regulated service.
 - ✓ Report expected to go to Halifax Water Board September 2019.



Strategic Priorities for 2018/19: A Year in Review

- Continue to embed safety culture throughout organization.
 - ✓ Improvement in Corporate Balanced Scorecard safety indicators.
- Obtain certification of Environmental Management System to new ISO 140001 standard and expand EMS to Dartmouth WWTF.
 - ✓ The registration audit was successful.
- Develop Enterprise Risk Management System.
 - ✓ Completed, and Phase 2 work initiated.



It is Not Easy Being Green

Wastewater Treatment Facility	Wastewater Treatment Facility Compliance Summary														Toxicity	Trend		
	Rolling Averages - October, November and December 2018																	
	CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		Ammonia (mg/L)		Phosphorus (mg/L)		TRC (mg/L)				Dissolved Oxygen (mg/L)	
NSE Limit	Avg.	NSE Limit	Avg.	NSE Limit	Avg.	NSE Limit	Avg.	NSE Limit	Avg.	NSE Limit	Avg.	NSE Limit	Avg.	NSE Limit	Avg.			
Halifax	30	35	40	33	5000	746	6.9	6.8	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Improved
Dartmouth	50	29	40	34	5000	586	6.9	6.9	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Improved
Herring Cove	30	25	40	15	5000	104	6.9	6.9	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Eastern Passage	25	8	25	6	200	47	6.9	6.8	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Mill Cove	25	13	25	17	200	17	6.9	6.6	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Springfield	20	10	20	10	200	10	6.9	6.8	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Frame	20	8	20	1	200	10	6.9	7.2	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Middle Musq.	20	8	20	3	200	49	6.9	7.5	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Uplands	20	8	20	9	200	13	6.9	7.1	-	-	-	-	-	-	-	-	NSE Compliant (beta)	Continued
Aerotech	5	BDL	5	1	200	10	6.9	7.1	5.7 W 1.2 S	0.7	0.13	0.09	-	6.5	8.0	-	NSE Compliant (beta)	Declined
North Preston	10	8	10	7	200	13	6.9	6.9	3	1.2	1.5	0.3	-	-	-	-	NSE Compliant (beta)	Continued
Lockview	20	5	20	7	200	32	6.59	6.9	8.0 S	0.9	1.2 S	0.4	-	-	-	-	NSE Compliant (beta)	Continued
Steeves (Wellington)	20	5	20	10	200	10	6.59	7.5	14.4 S 3 W	0.1	1.0 S	0.3	-	-	-	-	NSE Compliant (beta)	Continued
BLT	15	7	20	14	200	24	6.9	7.1	3 S	2	1.8	2	0.02 *	0.10	-	-	NSE Compliant (beta)	Improved
Avg. of all Facilities	13		12		119		7.0		0.9		0.5		0.18		8.0			

NOTES & ACRONYMS:
 CBOD₅ - Carbonaceous 5-Day Biochemical Oxygen Demand
 TSS - Total Suspended Solids
 * TRC - Total Residual Chlorine - Maxime can only measure 0.10 mg/L residual; results of 0.1 mg/L are compliant
 BDL - Below Detection Limit
 W/S - Winter / Summer compliance limits
 NSE requires monthly averages be less than the NSE Compliance Limit for each parameter (Dartmouth, Eastern Passage, Halifax, Herring Cove, Mill Cove)
 NSE requires quarterly averages be less than the NSE Compliance Limit for each parameter (Aerotech, Lockview, Mid. Musq., Frame, BLT, Uplands, North Preston, Steeves, Springfield)
 Continued - All parameters remain essentially unchanged since the last report
 Improved - One or more parameters became compliant since the last report
 Declined - One or more parameters became non-compliant since the last report

LEGEND
 NSE Compliant
 NSE Non-Compliant

Strategic Priorities for 2019/20

- Implement new telephony system in the Customer Care Centre
- Implement a Corporate Customer Service Strategy by March 2020
- Customer Connect/AMI project – complete meter installations
- Continue to roll out and enhance use of Computerized Maintenance Management System (CMMS)
- Data analytics – take water loss control to a new level with better data analytics and AMI data; and select a better analytics tool for asset management

Strategic Priorities for 2019/20

- Commence project for SAP system upgrade/ERP replacement.
- Initiate project to select a system for Regulatory reporting.
- Wet Weather Management – continue advancements in wastewater management and refine the cost benefit analysis. [Focus on Fairview/Clayton Park areas - \$2.5M lining project.]
- Resource Recovery – initiate RFP process for Biosolids Processing or Biosolids Energy Recovery.
- Achieve Environmental Management System - ISO Designation in 19/20 for all WWTF facilities and develop plan for corporate wide expansion of EMS .



Strategic Priorities for 2019/20

- Energy Management Initiatives - \$1 M in investments and seasonal energy management initiatives are planned that will result in 3% energy savings and approximately 1,800 tonnes CO₂e in GHG reductions.
- Cogswell District Energy System – Finalize business case and design, make application to the NSUARB to confirm regulated business status.
- Water Quality Master Plan – Complete Tailored Collaboration with Water Research Foundation on Lake Recovery in 2019.
- Lead Service Line Replacement – Continue with replacement program (target is 300 per year); and explore ways to ensure lead service lines are replaced in conjunction with municipal street renewals.



Strategic Priorities for 2019/20

- Safety and Security Program – Continue to improve CBS results and achieve target for new organizational indicator regarding average Internal Safety Audit score.
- Wastewater Research Initiative – Initiate NSERC research program in collaboration with Dalhousie University.
- Asset Management – implement three Asset Management Implementation Teams (AMITs) for three asset classes as a pilot project; and complete the Infrastructure Master Plan.
- Complete updated Integrated Resource Plan and file with Halifax Water Board, Fall or 2019.
- Enterprise Risk Management – Develop formal ERM system and finalize risk appetite and tolerance levels (Phase II).



Strategic Priorities for 2019/20

- Complete five year update of Regional Development Charge, consult with stakeholders, and file application with NSUARB.
- Talent Management – Role out on-line training tools and increased support for supervisors, and develop career paths for key positions.
- Payroll Project – Replace payroll system and implement an employee self serve portal on April 1, 2020.



Alignment with Municipal Priorities

- Update Halifax Water's Five Year Business Plan; and where possible ensure alignment with municipal priorities

Strategic Plan 2017 - 21

VISION		MISSION		VALUES	
To ensure a bright future for the future to enhance our quality of life by fostering the growth of healthy and vibrant communities, a strong and diverse economy, and sustainable environment.		To be a leader in providing high quality public services to benefit our citizens, the region, and province.		<ul style="list-style-type: none"> • Integrity • Collaboration • Openly & Honestly • Being "It" • Accountability • Evidence Based Decision Making 	
COUNCIL PRIORITY AREAS					
ECONOMIC DEVELOPMENT	SERVICE DELIVERY	HEALTHY LIVABLE COMMUNITIES	SOCIAL DEVELOPMENT	GOVERNANCE & ENGAGEMENT	TRANSPORTATION
<p>ATTRACT & RETAIN TALENT</p> <p>Attract & retain talent to support our business objectives and encourage investment in the region through business and industry.</p> <p>PROMOTE & MAXIMIZE GROWTH</p> <p>Promote economic growth and sustainable development through business and industry.</p> <p>RURAL ECONOMIC DEVELOPMENT</p> <p>Support the economic viability of rural communities to be included in an integrated and regional economic growth strategies and their implementation.</p> <p>FOCUS ON THE REGIONAL CENTRE</p> <p>Support a vibrant, connected and sustainable business and education hub with a growing population.</p> <p>SUPPLY OF INDUSTRIAL, COMMERCIAL & INSTITUTIONAL LANDS</p> <p>Ensure that there are sufficient industrial, commercial and institutional lands available to provide economic opportunities.</p> <p>MAKE HALIFAX A BETTER PLACE TO LIVE AND WORK</p> <p>Attract and support heritage, cultural activities, and arts to enhance the vitality and the quality of the region.</p> <p>SERVICE DELIVERY</p> <p>SERVICE TO OUR BUSINESS</p> <p>Ensure business processes and delivery services to promote and encourage a vibrant business environment.</p> <p>SERVICE TO OUR PEOPLE</p> <p>Ensure accessibility to the needs and participation of the people they serve, and provide quality service through a person focused approach.</p> <p>INNOVATION</p> <p>Attract and assist a corporate culture that values innovation and best ideas and supports the rapid development of experimental pilot projects and other innovation projects.</p>	<p>HEALTHY LIVABLE COMMUNITIES</p> <p>Attract & retain talent to support our business objectives and encourage investment in the region through business and industry.</p> <p>PUBLIC SAFETY</p> <p>Ensure citizens and visitors are safe where they live, work, and play.</p> <p>ENERGY & ENVIRONMENT</p> <p>Ensure citizens have access to clean and sustainable energy and environmental services that support the growth and development of the community.</p> <p>RECREATION & LEISURE</p> <p>Ensure citizens have access to recreation and cultural assets that enable a range of choices for structured and unstructured leisure and recreation activities.</p> <p>COMMUNITY HEALTH</p> <p>Ensure that our citizens have access to quality health services and programs that support their overall well-being.</p> <p>SOCIAL DEVELOPMENT</p> <p>SOCIAL INFRASTRUCTURE</p> <p>Ensure citizens have access to social infrastructure that enables them to participate fully in their community.</p> <p>ACCESSIBLE COMMUNITY</p> <p>Ensure that all citizens have access to quality services and programs that support their overall well-being.</p> <p>HOUSING & NEIGHBOURHOOD</p> <p>Ensure a vibrant and thriving neighbourhood that provides access to a full range of quality affordable housing options in safe and vibrant neighbourhoods.</p> <p>EQUITY & INCLUSION</p> <p>Ensure a diverse and inclusive community that supports overall quality of life.</p>	<p>MUNICIPAL GOVERNANCE</p> <p>Ensure citizens have confidence in the governance structure of the municipality.</p> <p>COMMUNICATIONS</p> <p>Ensure citizens and communities participate in local and regional communication with the municipality.</p> <p>PUBLIC ENGAGEMENT</p> <p>Ensure citizens and communities are engaged in the development of their community and growth.</p> <p>FISCAL RESPONSIBILITY</p> <p>Ensure citizens and communities are engaged in the development of their community and growth.</p> <p>TRANSPORTATION</p> <p>INTERCONNECTED & STRATEGIC GROWTH</p> <p>Ensure that our citizens have access to quality health services and programs that support their overall well-being.</p> <p>A WELL MAINTAINED TRANSPORTATION NETWORK</p> <p>Ensure that our citizens have access to quality health services and programs that support their overall well-being.</p> <p>A SAFE & ACCESSIBLE TRANSPORTATION NETWORK</p> <p>Ensure that our citizens have access to quality health services and programs that support their overall well-being.</p> <p>PEDESTRIAN SAFETY</p> <p>Ensure that our citizens have access to quality health services and programs that support their overall well-being.</p>			
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Questions or Comments?







Halifax Water


2019/20 Major Capital Initiatives

Jamie Hannam, Director of Engineering & Information Services

STRAIGHT from the SOURCE




2018/19 Annual Business Plan

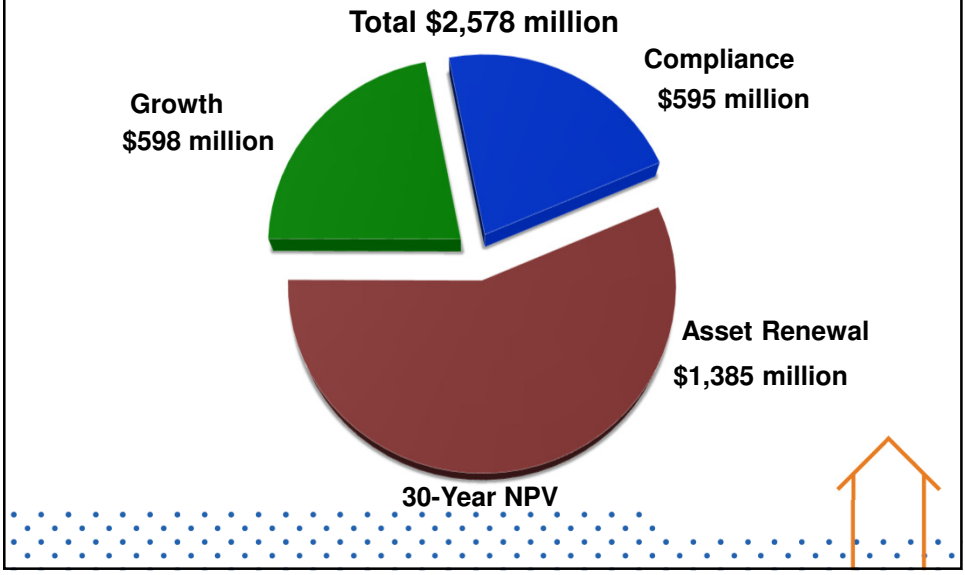
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The Path to Sustainability

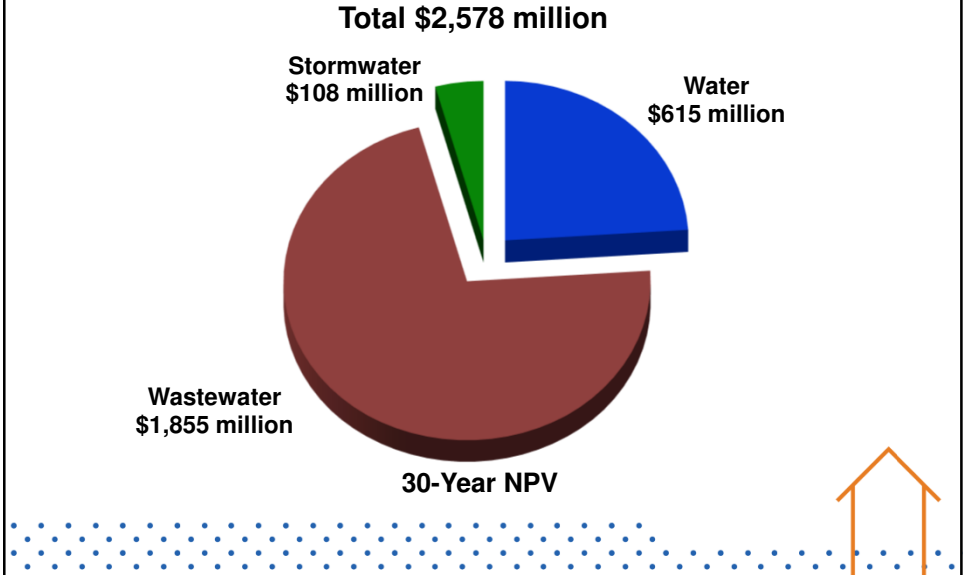
- As a regulated utility, Halifax Water must recover its capital and operating costs in conformance with the Public Utilities Act of Nova Scotia.
- Ensure a continued or enhanced level of service to customers.
- Halifax Water must renew aging water, wastewater and stormwater infrastructure, maintain compliance with new federal wastewater regulations and facilitate growth.
- The Integrated Resource Plan completed in 2012 indicates investments over 30 year period in the order of \$2.6 Billion [net present value].

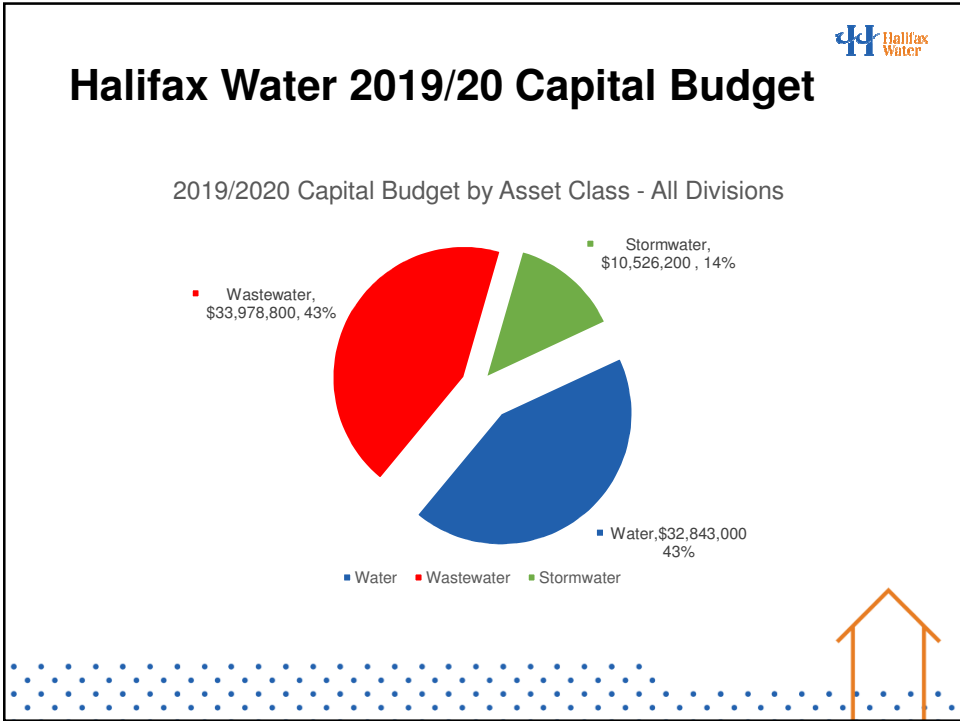


30-Year Expenditures by Driver



30-Year Expenditures by Asset System






Halifax Water 2019/20 Capital Budget

Asset Category – Water
\$32,843,000

Major projects:

- Lucasville Road Transmission Main – Phase 1 - \$7,150,000
- Water Distribution – Main Renewal Program – \$4,230,000
- Lead Service Line Replacement Program - \$1,000,000
- Water Supply Plant Upgrades - \$7,136,000

Decorative elements: Halifax Water logo, blue dotted line, orange house icon.


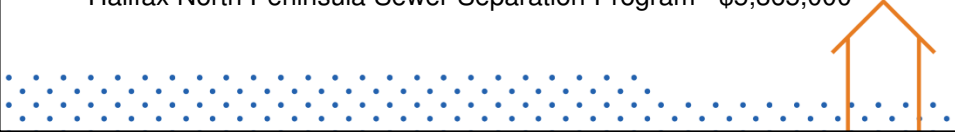


Halifax Water 2019/20 Capital Budget

Asset Category – Wastewater
\$33,978,800

Major Projects:

- Wastewater System – Trenchless Rehabilitation Program - \$2,600,000
- Integrated Wastewater Collection Projects - \$1,500,000
- Wanda Lane Sewer Replacement - \$1,050,000
- Wastewater Lateral Replacements - \$2,211,000
- Halifax North Peninsula Sewer Separation Program - \$5,365,000





Halifax Water 2019/20 Capital Budget

Asset Category – Stormwater
\$10,526,200

Major Projects:

- Integrated Stormwater Collection Projects - \$1,200,000
- Driveway and Cross Culvert Renewal Program – \$812,000
- Ellenvale Run Retaining Wall System Replacement Phase 2 - \$2,220,000





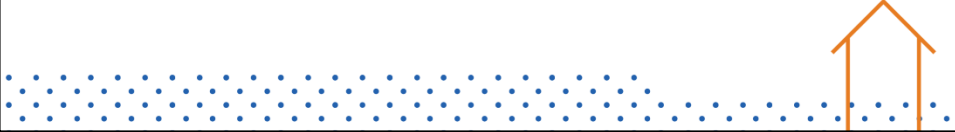
Halifax Water 2019/20 Capital Budget


Asset Category – Corporate Projects

\$22,427,000


Project Highlights:


- IT Strategic Plan Implementation Year 2 – \$9,440,000
- Final Phase of Customer Connect (AMI) - \$2,600,000
- Corporate Flow Monitoring Program - \$1,760,000
- East/Central Operations Facility – Land Acquisition - \$4,000,000



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Questions or Comments?







**STRAIGHT from
the SOURCE**

Year End Results 2018-19

June 20, 2019 Audit Committee

Year End Results 2018-19: Highlights

- Clean audit opinion
- Surplus of \$16.1 M (IFRS) or \$0.4 M (NSUARB)
 - Monthly/Quarterly reports to the Board focus on NSUARB results. Audited financials focus on IFRS results
 - Schedules A to G of audited statements are based on NSUARB Accounting and Reporting Handbook (for rate setting)
- No major changes to financial statements/reporting this year

IFRS vs NSUARB Net Income

- NSUARB Handbook Net Income +\$0.4 M ←
 - Include non-cash Pension Plan expense -\$5.2
 - Remove debt principle appropriation expense +\$20.5 M
 - Deduct depreciation on contributed assets -\$17.8 M (offset)
 - Amortize contributed capital as revenue \$17.8 M (offset)
 - Various depreciation adjustments on componentized assets and pre-1985 assets -\$3.3 M
 - Gain on OCI Other Comprehensive Income (benefits) \$3.7 M
-
- IFRS Total Comprehensive Earnings \$16.1 M

Without accrued Pension Plan Expense



Balance Sheet Highlights

- Assets increased by 3.4% to \$1.4 billion
- Work in Progress up \$5.1 M to \$29.6 M
 - Major projects underway include:
 - AMI Advanced Metering Infrastructure
 - JD Kline Filtration Replacement
 - Lake Major Dam Replacement



Balance Sheet Highlights

- Utility Plant in Service up 3.5% to \$1.28 billion
 - Capital additions of \$80.7 M
 - Major projects completed include:
 - Aerotech WWTF \$24.0 M
 - Fall River Water Servicing \$10.2 M
 - AMI Meters installed \$6.6 M
 - Mainline lining program \$4.2 M



Balance Sheet Highlights

- Liabilities increased 3.0% to \$349 M
 - Current liabilities up \$2.0 M
 - Deferred Pension Liability up \$2.3 M
 - RDC and other Reserves up \$13.9 M
 - Long Term Debt down \$8.2 M
 - Total debt including current portion is \$208.2 M
 - Contingent liabilities (note 3) of \$1 M to 2 M
- Total Capital & Surplus increased \$36 M or 4%



NSUARB Handbook Results

Summarized Consolidated Operating Results				
	Actual YTD 2018/19 '000	Actual YTD 2017/18 '000	\$ Change	% Change
Operating Revenue	\$138,413	\$138,145	\$268	0.2%
Operating Expenses	\$106,731	\$99,437	\$7,294	7.3%
Operating Profit (Loss)	\$31,682	\$38,708	(\$7,027)	-18.2%
Non Operating Revenue	\$1,898	\$4,486	(\$2,588)	-57.7%
Non Operating Expenditure:	\$33,190	\$34,376	(\$1,186)	-3.5%
Net Surplus before Pension	\$390	\$8,819	(\$8,429)	-95.6%
Pension Plan Expense	(\$5,208)	(\$5,015)	(\$193)	3.9%
Net Surplus before OCI	(\$4,818)	\$3,804	(\$8,622)	-226.7%
OCI	\$3,735	(\$1,750)	\$5,485	-313.4%
Net Surplus (Deficit)	(\$1,083)	\$2,054	(\$3,137)	-152.8%

NSUARB Handbook Results

Year to Date Operating Results by Service		
	2018/19 '000	2017/18 '000
Water	(\$402)	\$1,043
Wastewater	(\$3,190)	\$2,884
Stormwater	(\$1,226)	(\$124)
Net Surplus (Deficit)	(\$4,818)	\$3,804

* Includes
accrued Pension
Plan Expense

Results by Activity		
	2018/19 '000	2017/18 '000
Regulated Activities	(\$6,186)	\$2,214
Unregulated Activities	\$1,368	\$1,590
Net Surplus (Deficit)	(\$4,818)	\$3,804

Operating & Non Operating Expenses

- Operating expenses \$1.6 M under budget
 - Most expense categories under budget
 - Administration & Pension \$0.8 M over budget
- Depreciation \$0.4 M under budget
- Debt servicing costs \$3.3 M under budget
- HRM Dividend/Grant in Lieu of Taxes up \$0.2 M to \$5.2 M



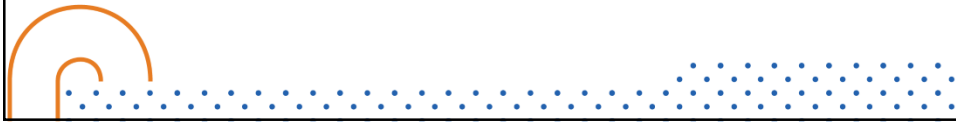
Comparison to forecast

- Last forecast was for a loss of \$4.9 M
 - Revenue \$1.1 M higher
 - Operating expenses \$1.3 M higher
 - Non Operating expenses \$0.3 M lower
 - Gain on Other Comprehensive Income \$3.7 M



Outlook to 2019/20 and beyond

- Cumulative Operating Surplus of \$15.6 M
 - Exceeds target surplus of 3 - 5% of expenses
 - Budget deficit of \$14.0 M in 2019/20
 - Anticipated Operating Surplus of \$1.6 M in March 2020
- Capital expenditures continue to be a focus
 - 2019/20 Capital Budget of \$77.3 M
- Anticipate next rate application will be submitted in 2020



Summary

- Clean audit opinion
- The financial position continues to be strong
- Consumption, cost containment and capital expenditures, will continue to be areas of focus in the new fiscal year

