Nova Scotia Utility and Review Board

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April 10, 2017

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Carl Yates, M.A.Sc., P.Eng.
General Manager
Halifax Regional Water Commission
450 Cowie Hill Road
Halifax, NS B3M 5M1

Dear Mr. Yates:

M07869 - Halifax Regional Water Commission – Lake Major Dam Replacement- W-HRWC-E-17

The Board has reviewed Halifax Regional Water Commission ("HRWC")'s request, dated February 8, 2017, for approval of funding for the Lake Major Dam Replacement project at an estimated gross total cost of $7,789,391. Attached to the February 8, 2016, HRWC letter was a copy of a cost estimate for the project and an excerpt from a project concept design report prepared by HRWC's consultants, MECO.

The project is one of five HRWC projects which has received funding from the Federal/Provincial Clean Water and Wastewater Fund (CWWF) Program. A condition of CWWF approval is that all eligible costs must be incurred (i.e. substantial project completion) by March 31, 2018. If the project is not completed by that date, the CWWF funding is prorated based upon completed work.

The HRWC letter explains that a 2012 Dam Safety Review identified several problems with the Lake Major Dam. The project scope involves the replacement of the existing dam with a new reinforced concrete dam structure. The project's original concept involved a standard Ogee style overflow spillway design. However, upon further review it was decided to proceed with a hybrid design, which involves both spillway and sluice gates that will provide greater operability over the range of watershed/flow conditions. This resulted in an increase to the project's original cost estimate, which was not reflected in the application for funding under the CWWF program.

Board staff requested additional information (IRs) on February 23, 2017, March 9, 2017, and March 24, 2017, to which responses were received on March 8, 2017, March 21, 2017, and March 30, 2017, respectively.

The CWWF provides funding for 75% of all eligible project costs. The Lake Major Dam Replacement project's eligible costs for CWWF funding at the time of application approval were $4,517,716, with 75% funding provided in the amount of $3,388,287. Funding for the project in the amount of $200,000 was approved by the HRWC Board on March 27, 2014. In a letter dated July 27, 2015, the Board approved funding for the design phase of the project in the amount of $400,000. This $600,000 is included in the total project cost of $7,789,391.

The current request is for additional project funding in the amount of $7,189,391, consisting of funding from CWWF ($3,388,287), with the remainder ($3,801,107) funded by HRWC as follows:

HRWC 2016/17 Capital Budget -Lake Major Dam Replacement	$ 100,000
HRWC 2017/18 Capital Budget – Lake Major Dam Replacement	$3,701,104
Total	$3,801.000

Based upon the information provided, the Board approves the above noted request for additional project funding of $7,189,391 and the source of funding, as outlined above. When available, please provide the Board with the final tender price (i.e. a copy of the completed Form of Tender), as submitted by the lowest compliant bidder.

The Board also notes that for future external funding applications, HRWC should use construction cost estimates which are reflective of the most current design concept and status of design.

The Board is to be advised of any significant changes to the project's costs (both from lower and higher than expected tender pricing) and resulting updated funding requirements prior to the start of the project's construction. The Board is also to be notified if the CWWF program provides a project schedule extension.

Yours very truly,

Steven M. Murphy, MBA, P. Eng.
Member