

June 11, 2021

Craig MacMullin, MBA, CPA, CGA, Chair  
Halifax Water  
Halifax, NS

The regular meeting of the Halifax Water Board will be held virtually on Thursday, June 17, 2021 beginning at 9:00 a.m. Visit [www.halifaxwater.ca](http://www.halifaxwater.ca) to register to attend the public portion of the meeting.

## AGENDA

### In Camera Reports

- 1C Approval of Minutes of the In-Camera Meeting held on Thursday, March 25, 2021

**Motion:** That the Halifax Water Board approve the In-Camera minutes of March 25, 2021.

- 2C Business Arising from Minutes  
a)

- 3C-I Land Matter (20 minutes)

**Information Item**

- 4C-I Land Matter (10 minutes)

**Information Item**

- 5C-I Health & Safety Matter (10 minutes)

**Information Item**

### Regular Reports

1. a) Ratification of In-Camera Motions (2 minutes)

**Motion:** That the Halifax Water Board ratify the In-Camera Motions.

- b) Approval of the Order of Business and Approval of Additions and Deletions (2 minutes)

**Motion:** That the Halifax Water Board approve the order of business and approve additions and deletions.

2. Approval of Minutes of the Regular Meeting held on Thursday, March 25, 2021 (2 minutes)

**Motion:** That the Halifax Water Board approve the minutes of the March 25, 2021 regular meeting.

3. Business Arising from Minutes  
a)

## Financial

### 4.1 Financial Statements for the Year-Ended March 31, 2021 (30 minutes)

**Motion:** That the Halifax Water Board approve the financial statements of the Halifax Regional Water Commission for the year ended March 31, 2021.

### 4.2 Halifax Regional Water Commission Employees' Pension Plan Audited Financial Statements for the Year Ended December 31, 2020 (15 minutes)

**Motion:** That the Halifax Water Board approve the audited financial statements of the Halifax Regional Water Commission Employee's Pension Plan (the "Plan") for the year ended December 31, 2020.

## Capital Projects

### 5.1 Capital Expenditures for the fiscal year-end March 31, 2021 (10 minutes)

**Presentation**

## Other Business

### 6. Corporate Balance Scorecard – 2020/21 Results (20 minutes)

**Presentation of Final Results**

## Nova Scotia Utility and Review Board Reporting

The items in this section are the reports ordered to be filed by Halifax Water with the Nova Scotia Utility and Review Board by June 30, 2021. These reports are being provided for information purposes.

7. Cost Containment Report 2020/21
8. 2020/2021 Lead Service Line Replacement Program
9. Capital Cost Contribution Areas – Financial Status Report for the Fiscal Year Ended March 31, 2021

## Information Reports

- 1-I Operational Performance Information Report
- 2-I Halifax Water Collection Processes
- 3-I Halifax Water Compliance Statement – Quarterly Certification
- 4-I Halifax Regional Water Commission Employees' Pension Plan Financial Report, First Quarter, 2021
- 5-I 2020 Annual Report – Pension and Benefits Advisory Committee
- 6-I 2021/22 Communications Plan and Approach
- 7-I Diversity, Equity & Inclusion
- 8-I Halifax Regional Municipality Master Trust Investment Performance, First Quarter 2021

Heidi  
Schedler

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Schedler  
Date: 2021.06.11  
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Heidi Schedler  
Secretary



**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the Halifax Regional Water Commission Board

**SUBMITTED BY:** Louis de Montbrun  
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Date: 2021.06.10 11:31:24 -03'00'  
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

**APPROVED:** Cathie O'Toole  
Digitally signed by Cathie O'Toole  
Date: 2021.06.10 12:19:29 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D, General Manager

**DATE:** June 11, 2021

**SUBJECT:** Financial Statements for the year ended March 31, 2021

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**ORIGIN**

Operational and Regulatory Requirement.

**RECOMMENDATION**

It is recommended the Halifax Regional Water Commission Board approve the financial statements of the Halifax Regional Water Commission for the year ended March 31, 2021.

**BACKGROUND**

Halifax Regional Water Commission (Halifax Water) is required to submit audited financial statements, approved by the Halifax Water Board, to the Halifax Regional Municipality (HRM) by June 30, 2021 and the Nova Scotia Utility and Review Board (NSUARB) within 180 days of the fiscal year end.

At the June 3, 2021 meeting of the Audit and Finance Committee (the Committee), the Committee reviewed the financial statements and the report by Grant Thornton on audit results. At the meeting, the Committee approved the following motion:

“The Audit and Finance Committee recommend that the Halifax Regional Water Commission Board approve the financial statements, as adjusted, of the Halifax Regional Water Commission for the year ended March 31, 2021.”

## **DISCUSSION**

Attached are the financial statements for Halifax Water for the year ended March 31, 2021, with comparative figures for March 31, 2020. The auditor has indicated that they are prepared to issue an unqualified Auditor's Report.

Halifax Water is a fully regulated government business enterprise, falling under the jurisdiction of the NSUARB. The NSUARB requires that Halifax Water file financial statements and rate applications with them based on the NSUARB Water Utility Accounting and Reporting Handbook (NSUARB Handbook). The Accounting Standards Board (AcSB) requires rate regulated entities to conform to International Financial Reporting Standards (IFRS). Halifax Water maintains the financial records in IFRS for the purposes of the annual audit and consolidation of the financial statements with those of HRM.

The following discussion of the operating results reflect direct operating costs by department and allocations among water, wastewater and stormwater for common costs shared across all the services provided by Halifax Water. The schedules to the financial statements are prepared in accordance with the NSUARB Handbook.

### **Statement of Financial Position - Page 3 of financial statements**

Key indicators and balances from the Statement of Financial Position are provided in the following tables. An analysis of the changes in assets is as follows:

**Table 1:**

March 31 (in thousands)			From Prior Year	
	2021	2020	\$ Change	% Change
<b>Assets</b>				
Current				
Cash and cash equivalents	\$ 48,228	\$ 49,953	\$ (1,725)	(3.5%)
Receivables				
Customers charges and contractual	17,155	18,405	(1,250)	(6.8%)
Unbilled service revenues	18,246	17,367	879	5.1%
Halifax Regional Municipality	2,711	3,668	(957)	(26.1%)
Inventory	2,003	1,736	267	15.4%
Prepays	1,570	1,002	568	56.7%
	89,913	92,131	(2,218)	(2.4%)
Intangible assets	20,588	18,951	1,637	8.6%
Capital work in progress	30,908	18,104	12,804	70.7%
Utility plant in service	1,280,283	1,281,010	(727)	(0.1%)
Total assets	1,421,692	1,410,196	11,496	0.8%
Regulatory deferral account	2,620	2,812	(192)	(6.8%)
<b>Total assets and regulatory deferral account</b>	<b>\$ 1,424,312</b>	<b>\$ 1,413,008</b>	<b>\$ 11,304</b>	<b>0.8%</b>

- Cash and cash equivalents consist of cash on hand and balances held within financial institutions reduced by outstanding cheques. They have decreased \$1.7 million from the prior year due to lower earnings, lower debt issued in the current year, and payment of payables from the prior year end, offset by lower spend on capital. The details of changes are outlined in the statement of cash flows on page 6 of the attached draft financial statements.
- Customer charges and contractual receivables have decreased \$1.3 million from the prior year. The change in receivables is driven by the timing of billing cycles and increase in the allowance for doubtful accounts.
- Unbilled service revenues have increased \$0.9 million due to the annual stormwater site generated service revenue having been invoiced in full by March 31 of the prior year, but not invoiced in full until after year end. This was primarily due to the finalization of the Stormwater impervious area update.
- HRM receivable has decreased from the prior year \$1.0 million due to an increase in the amount Halifax Water owed HRM for its share of costs for capital projects which is offset by an increase in the Regional Development Charge (RDC) that HRM has collected on behalf of Halifax Water but not yet paid, and invoices Halifax Water had issued HRM for its share of capital project costs.
- Inventory has increased \$0.3 million primarily due to a large purchase of meters in the current year as the vendor indicated their prices were increasing.
- The increase in prepaids of \$0.6 million is a result of a deposit for land purchased to be held until the Burnside facility is completed and a software license for the new payroll system.
- The \$1.6 million increase in intangible assets relates to additions of \$3.5 million less \$1.9 million of amortization. Current year additions to intangible assets consist mainly of the Corporate Flow Monitoring program.
- The \$12.8 million increase in capital work in progress relates to expenditures during the year of \$60.4 million, plus funding received of \$3.6 million, reduced by \$51.2 million transferred to utility plant in service and intangibles. The top five projects remaining in capital work in progress at year end are detailed below:

**Table 2:**

<b>Capital Work in Progress</b>	
	<b>Cumulative '000</b>
Bedford South Reservoir	\$ 2,988
Romans and Federal Avenues Sewer Separation	2,705
Wastewater System Trenchless Rehabilitation	1,931
Pump Station Control Panel/Electrical Replacement	1,512
Infrastructure and IT Operations Governance	1,309
	<b>10,445</b>
<u>All other projects:</u>	
Water	10,056
Wastewater	9,049
Stormwater	1,358
	<b>20,463</b>
Capital work in progress	\$ 30,908

- Utility plant in service assets total \$1.28 billion, a decrease of \$0.7 million from the prior year. The decrease is a result of total additions of \$47.7 million less depreciation expense of \$48.4 million and disposals during the year. Utility plant in service assets were expected to increase in the current year. Total capital spend was affected by delays in projects integrated with HRM, challenges in acquiring land necessary for projects, timing of NSUARB approvals and project scope and design changes.

The top five projects capitalized during the year are outlined in the following table:

**Table 3:**

<b>Additions to Utility Plant in Service and Intangibles</b>	
	<b>Cumulative '000</b>
Port Wallace Transmission Main	\$ 5,913
New Operations Facility Land Purchase	4,824
Fairview/Clayton Park/Bridgeview Inflow/Infiltration Reduction	2,263
Corporate Flow Monitoring Program	1,776
Bennery Access Road Upgrade	1,481
	<b>16,257</b>
<u>All other projects:</u>	
Water	16,759
Wastewater	12,746
Stormwater	5,453
	<b>34,958</b>
Total additions	\$ 51,215

The changes in liabilities are presented below:

**Table 4:**

March 31 (in thousands)	2021	2020	From Prior Year	
			\$ Change	% Change
<b>Liabilities</b>				
Current				
Payables and accruals				
Trade	12,644	21,947	(9,303)	(42.4%)
Non-trade	6,192	5,384	808	15.0%
Interest on long term debt	2,065	2,139	(74)	(3.5%)
Contractor and customer deposits	2,115	1,622	493	30.4%
Current portion of deferred contributed capital	14,580	14,488	92	0.6%
Current portion of long term debt	20,559	21,184	(625)	(3.0%)
Unearned revenue	561	760	(199)	(26.2%)
	58,716	67,524	(8,808)	(13.0%)
Deferred contributed capital	883,916	879,460	4,456	0.5%
Long term debt	204,106	197,962	6,144	3.1%
Employee benefit obligation	73,796	63,365	10,431	16.5%
Total liabilities	1,220,534	1,208,311	12,223	1.0%
<b>Equity</b>				
Accumulated other comprehensive loss	(29,682)	(26,453)	(3,229)	12.2%
Accumulated surplus	233,460	231,150	2,310	1.0%
Total equity	203,778	204,697	(919)	(0.4%)
<b>Total liabilities and equity</b>	<b>\$ 1,424,312</b>	<b>\$ 1,413,008</b>	<b>\$ 11,304</b>	<b>0.8%</b>

- Trade payables and accruals have decreased \$9.3 million as a result of accruals for completion of capital projects being lower than the prior year due to timing of capital spend.
- Non-trade payables and accruals have increased \$0.8 million due to the timing of payroll remittances.
- Customer and contractor deposits have increased \$0.5 million due to an increase for deposits made on new accounts, overpayments on existing accounts, and billing adjustments.
- Current portion of long term debt has decreased \$0.6 million due to no balloon payment required in the coming year and an increase in the payment due next year on new debt.
- Deferred contributed capital increased \$4.5 million due to contributed assets additions of \$7.4 million, collection of RDCs and interest earned on RDC balances of \$16.0 million, offset by amortization of \$18.8 million.

- Long term debt increased \$6.1 million offset by the decrease in the current portion of \$0.6 million. Since March 1, 2020, new debt of \$25.0 million was issued in July 2020 and long term debt repayments have been \$19.5 million. Halifax Water received the fall 2020 debenture issue in the amount of \$20.0 million at the end of May 2021. See Schedule B of the financial statements for additional details.

**Table 5:**

<b>Net change in Long Term Debt (full fiscal year)</b>				
	<b>Total</b>	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>
New long term debt	\$ 25,000	\$ 12,000	\$ 7,400	\$ 5,600
Long term debt repayments	(19,484)	(4,937)	(13,536)	(1,011)
Change in current portion	625	(425)	1,330	(280)
Change in long term debt	\$ 6,141	\$ 6,638	\$ (4,806)	\$ 4,309

**Table 6:**

<b>Long Term Debt</b>				
	<b>Total</b>	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>
Opening debt	\$ 220,075	\$ 67,585	\$ 135,656	\$ 16,834
New long term debt	25,000	12,000	7,400	5,600
Long term debt repayments	(19,484)	(4,937)	(13,536)	(1,011)
Less debt issue costs	(926)	(369)	(434)	(123)
Total long term debt	224,665	74,279	129,086	21,300
Less current portion	(20,559)	(5,362)	(13,906)	(1,291)
Closing long term debt	\$ 204,106	\$ 68,917	\$ 115,180	\$ 20,009

- The employee benefit obligation increased \$10.4 million due to a couple of factors:
  - Improvement of the fair market value of plan assets;
  - Decrease in the discount rate used to measure the obligation;
  - Additional information, including the actuarial assumptions adopted in measuring the employee benefit obligation, is described in Note 4 of the financial statements.

Debt servicing ratio is a function of total interest and principal payments (including accrued amounts) plus the amortization of debt issue costs divided by total operating revenue per service. Debt servicing ratio by service as at March 31, 2021 is as follows:

**Table 7:**

<b>Debt Servicing Ratio by Service</b>		
	<b>2020/21</b>	<b>2019/20</b>
Water	13.12%	11.70%
Wastewater	25.08%	24.14%
Stormwater	27.57%	22.39%
Combined	20.29%	18.91%

- The debt servicing ratio for each service has increased from the prior year as a result of the issuance of new debt and lower revenue growth as a result of the impact of COVID-19.
- The debt servicing ratio of 20.29% is below the maximum 35.0% ratio allowed under the blanket guarantee agreement with HRM.

**Statement of Earnings and Comprehensive Earnings - Page 4 of financial statements**

Key indicators and balances from the Statement of Earnings and Comprehensive Earnings are provided in the following tables:

**Table 8:**

<b>Summarized Comprehensive Earnings</b>				
	<b>2020/21</b>	<b>2019/20</b>		
	<b>'000</b>	<b>'000</b>	<b>\$ Change</b>	<b>% Change</b>
Operating revenues	<b>\$ 136,569</b>	\$ 137,750	\$ (1,181)	(0.9%)
Operating expenditures	<b>141,973</b>	139,040	2,933	2.1%
Loss from operations before financial and other revenues and expenditures	<b>(5,404)</b>	(1,290)	(4,114)	318.9%
Financial and other revenues	<b>19,773</b>	20,236	(463)	(2.3%)
Financial and other expenditures	<b>11,867</b>	12,611	(744)	(5.9%)
Earnings for the year before regulatory deferral account depreciation	<b>2,502</b>	6,335	(3,833)	(60.5%)
Regulatory deferral account depreciation	<b>(192)</b>	(192)	-	0.0%
Earnings for the year	<b>2,310</b>	6,143	(3,833)	(62.4%)
Other comprehensive (loss) earnings	<b>(3,229)</b>	14,756	(17,985)	(121.9%)
Total comprehensive (loss) earnings for the year	<b>\$ (919)</b>	\$ 20,899	\$ (21,818)	(104.4%)

- The total comprehensive loss for the year is \$0.9 million, a decrease in the surplus of \$21.8 million from the prior year. The following is a discussion of factors influencing the change.

Operating revenues are presented below, broken down by type:

**Table 9:**

<b>Operating Revenues</b>					
	<b>2020/21</b>		<b>2019/20</b>		
	<b>'000</b>		<b>'000</b>	<b>\$ Change</b>	<b>% Change</b>
Consumption revenue	\$ 84,539	\$	86,054	\$ (1,515)	(1.8%)
Base charge revenue	33,544		33,399	145	0.4%
Wastewater rebate	(847)		(1,041)	194	(18.6%)
Metered sales total	117,236		118,412	(1,176)	(1.0%)
Stormwater site generated charge	5,127		5,361	(234)	(4.4%)
Stormwater right of way	3,835		3,835	-	0.0%
Public fire protection	7,336		7,074	262	3.7%
Private fire protection	1,001		881	120	13.6%
Other operating revenue	2,034		2,187	(153)	(7.0%)
Operating revenue total	\$ 136,569	\$	137,750	\$ (1,181)	(0.9%)

Operating revenues have decreased \$1.2 million as compared to the previous year. Key items of note include:

- Water consumption is down 1.85% on a volumetric basis as compared to the previous year. This is due to reduced consumption in the industrial, commercial and institutional (ICI) sector affected by the COVID-19 pandemic offset by an increase in the residential sector. Consumption had been budgeted to remain consistent with the prior year. Wastewater discharge is directly correlated to water consumption but is not metered.
- Stormwater site generated charge revenue is \$0.2 million less than the prior year. The decrease relates to an adjustment to revenue billed.
- Public and private fire protection revenue has increased by a combined \$0.4 million from the prior year due to an approved increase by the NSUARB effective October 1, 2020.

Operating expenditures are presented below:

**Table 10:**

<b>Operating Expenditures</b>					
	<b>2020/21</b>		<b>2019/20</b>		
	<b>'000</b>		<b>'000</b>	<b>\$ Change</b>	<b>% Change</b>
Water supply and treatment	\$ 9,987	\$	9,573	\$ 414	4.32%
Water transmission and distribution	12,031		10,843	1,188	10.96%
Wastewater collection	14,467		13,963	504	3.61%
Stormwater collection	4,762		4,808	(46)	(0.96%)
Wastewater treatment	20,623		20,633	(10)	(0.05%)
Engineering and information services	8,281		8,436	(155)	(1.84%)
Regulatory services	3,981		3,781	200	5.29%
Customer services	5,081		5,167	(86)	(1.66%)
Administration services	7,067		7,044	23	0.33%
Pension services	7,086		8,382	(1,296)	(15.46%)
Depreciation and amortization	48,607		46,410	2,197	4.73%
	<b>\$ 141,973</b>	<b>\$</b>	<b>139,040</b>	<b>\$ 2,933</b>	<b>2.11%</b>

Key items to note:

- Operating expenditures of \$142.0 million are \$2.9 million higher than the prior year.
- Compared to the prior year, expense categories with the largest increases in costs are:
  - Water supply and treatment has increased \$0.4 million due to higher salaries and benefits (\$112k) and an increase in both chemical costs (\$153k) and electricity costs (\$172k).
  - Water transmission and distribution has increased \$1.2 million mainly due to higher salaries and benefits (\$573k), including the creation of a new full time position, and the internal allocation of fleet costs (\$420k).
  - Wastewater collection has increased \$0.5 million mainly due to higher salaries and benefits (\$861k), including the creation of two new full time positions, and an increase in materials and supplies purchases (\$180k) offset by the internal allocation of fleet costs (\$366k) and lower electricity (\$116k).
  - Pension services saw a decrease of \$1.3 million as a result of lower accrued pension expense based on actuarial valuation and the elimination of special contributions by Halifax Water which reduces the overall salary and benefits costs.
  - Depreciation and amortization have increased \$2.2 million as a result of additions to utility plant in service and intangibles.

**Table 11:**

<b>Salaries and Benefits</b>					
	<b>2020/21</b>		<b>2019/20</b>		
	<b>'000</b>		<b>'000</b>	<b>\$ Change</b>	<b>% Change</b>
Water supply and treatment	\$ 2,852	\$	2,740	\$ 112	4.09%
Water transmission and distribution	7,332		6,759	574	8.49%
Wastewater collection	7,825		6,964	861	12.37%
Stormwater collection	2,301		2,459	(159)	(6.45%)
Wastewater treatment	5,219		5,362	(142)	(2.66%)
Engineering and information services	5,415		5,333	81	1.53%
Regulatory services	3,450		3,246	204	6.27%
Customer services	3,444		3,577	(133)	(3.71%)
Administration services	4,167		4,075	92	2.27%
Pension services	7,087		8,382	(1,295)	(15.45%)
	<b>\$ 49,093</b>	<b>\$</b>	<b>48,897</b>	<b>\$ 196</b>	<b>0.40%</b>

The overall increase in salaries and benefits is a result of annual wage rate increases due to union contracts, net three new positions. The increases and decreases in the table above are affected by allocations of staff between services as demonstrated by the decrease in stormwater collections and the larger increase in wastewater collections. This has been offset by the current year decrease in pension expense.

Financial and other revenues are presented below:

**Table 12:**

<b>Financial and other revenues</b>					
	<b>2020/21</b>		<b>2019/20</b>		
	<b>'000</b>		<b>'000</b>	<b>\$ Change</b>	<b>% Change</b>
Interest	\$ 215	\$	512	\$ (297)	(58.00%)
Amortization of contributed capital	18,810		19,025	(215)	(1.00%)
Other	748		699	49	7.00%
	<b>\$ 19,773</b>	<b>\$</b>	<b>20,236</b>	<b>\$ (463)</b>	<b>(2.00%)</b>

Key items to note:

- Interest is lower than the previous year due to a lower cash balance and a decrease in interest rates.
- Amortization of contributed capital has decreased due to fewer additions in the current year.
- Other revenues include various un-regulated activities such as tower lease revenues, energy generation revenues, consulting activities and contracted service revenues.

Financial and other expenditures are presented below:

**Table 13:**

<b>Financial and other expenditures</b>					
	<b>2020/21</b>		<b>2019/20</b>		
	<b>'000</b>		<b>'000</b>	<b>\$ Change</b>	<b>% Change</b>
Interest on long term debt	\$ 7,118	\$	7,144	\$ (26)	0.00%
Amortization of debt discount	209		187	22	12.00%
Dividend/grant in lieu of taxes	5,951		5,078	873	17.00%
Other	(1,411)		202	(1,613)	(799.00%)
	<b>\$ 11,867</b>	<b>\$</b>	<b>12,611</b>	<b>\$ (744)</b>	<b>(6.00%)</b>

Key items to note:

- The dividend/grant in lieu of taxes (dividend) increased \$0.9 million due to additions to utility plant in service and a new 3-year agreement with HRM to also pay a dividend of 0.25% on wastewater and stormwater rate based assets.
- Other expenditures have decreased \$1.6 million over the prior year due to the gain on sale of property sold during the year.

Other Comprehensive Earnings

- Other Comprehensive Earnings (OCI) is a function of the change in the liability for employee benefits, including the Pension Plan. The OCI adjustment at year-end was a loss of \$3.2 million due to the actuarial extrapolation and valuation.

### **Results under International Financial Reporting Standards as compared to NSUARB Handbook**

As a rate regulated utility, the AcSB requires Halifax Water, to report financial results using IFRS. The NSUARB requires Halifax Water to report in accordance with the NSUARB Handbook. The table below reconciles the results between IFRS and the NSUARB Handbook:

**Table 14:**

<b>Reconcile IFRS to NSUARB</b>			
	<b>2020/21</b>		<b>2019/20</b>
	<b>'000</b>		<b>'000</b>
IFRS comprehensive (loss) earnings	\$ (919)	\$	20,899
Add non-cash pension expense	7,086		8,382
Subtract debt principal payments	(20,379)		(18,719)
Add depreciation expense on contributed assets	18,810		19,025
Subtract amortization of contributed capital	(18,810)		(19,025)
Add various depreciation adjustments	1,100		2,634
Add (subtract) OCI loss (gain)	3,229		(14,756)
NSUARB loss	<b>\$ (9,883)</b>	<b>\$</b>	<b>(1,560)</b>

Operating revenues are the same under both IFRS and the NSUARB Handbook.

The main differences relate to reporting requirements surrounding the recognition of various expenditures as follows:

- Non-cash pension expense represents the accrual of unpaid contributions to the pension plan and is not considered an expense for NSUARB Handbook reporting purposes.
- The principal payments on long term debt are recognized as an expense for NSUARB Handbook reporting purposes but are not an expense under IFRS.
- Depreciation expense on contributed assets is not an expense for NSUARB Handbook purposes, however, it is offset by the removal of the amortization of contributed capital. IFRS requires contributed capital to be treated as a long term liability and amortized, resulting in higher long term liabilities and lower equity on the statement of financial position.
- The various depreciation adjustments include the add back of gains on the disposal of utility plant in service and IFRS requires componentization of assets and shorter useful lives resulting in higher depreciation than under NSUARB Handbook reporting.

Schedule C (pages 25 to 27) of the draft audited statements presents the Statement of Earnings under the NSUARB Handbook and contain the adjustments referenced above.

**Table 15:**

<b>Operating Results by Service</b>						
	<b>Budget 2020/21 '000</b>	<b>Actual 2020/21 '000</b>	<b>Actual 2019/20 '000</b>	<b>2020/21 Budget/Actual \$ Variance</b>	<b>2020/21 Budget/Actual % Variance</b>	
Water	\$ (4,275)	\$ 495	\$ 5,205	\$ 4,770	(111.58%)	
Wastewater	(7,845)	(7,958)	(5,035)	(113)	1.44%	
Stormwater	(3,833)	(2,420)	(1,730)	1,413	(36.86%)	
Loss	\$ (15,953)	\$ (9,883)	\$ (1,560)	\$ 6,070	(38.05%)	

Key items to note:

- Water Services earnings of \$0.5 million are \$4.7 million more than budget due to the following factors:
  - Current year revenue was \$0.1 million less than budget. Consumption revenue was lower as a result of lower usage by ICI customers and lower late payment and interest charges as a result of COVID-19 relief measures, offset by an increase in fire protection revenue and a new meter reading fee.
  - Lower operating expenditures of \$2.2M due in part to reduction in training costs, deferral of sludge removal services, savings in chemicals resulting from process optimization, and lower depreciation.

- The actual bank balances and interest rates were high than the assumptions used in preparing the budget. As a result, financial and other revenues are higher than budget by \$0.3 million. An increase in energy generation revenues also increased the variance.
  - Lower financial and other expenditures of \$2.4 million due to lower debt servicing costs resulting from less debt acquired than budgeted.
- Wastewater Services loss of \$8.0 million is \$0.1 million less than budget due to the following factors:
  - Current year revenue budget was \$1.0 million less than budget. Consumption revenue was lower as a result of lower discharge by ICI customers, lower late payment and interest charges as a result of COVID-19 relief measures, and reduced contract services revenues primarily a result of lesser need for airline effluent treatment.
  - Lower operating expenditures of \$0.2M due to a reduction in training costs, deferral of regular equipment maintenance, reduced flows at facilities resulting in fewer chemicals required, and lower depreciation.
  - Lower financial and other expenditures of \$0.6 million due to lower debt servicing costs resulting from less debt acquired than budgeted.
- Stormwater Services loss of \$2.4 million is \$1.4 million better than budget due to the following factors:
  - Lower stormwater site generated flow revenue of \$0.9 million due to an adjustment to revenue billed for the impervious area update and lower late payment and interest charges as a result of COVID-19 relief measures.
  - Lower operating expenditures of \$2.0M due to a reduction in training costs, deferral of regular equipment maintenance, reduced flows at facilities resulting in fewer chemicals required, offset by higher depreciation.
  - Lower financial and other expenditures of \$0.4 million due to lower debt servicing costs resulting from less debt acquired than budgeted.

To fund the current year deficit for Wastewater Services, the NSUARB approved a transfer of up to \$5.04 million from reserves. These funds were transferred from HRM in 2007 as part of the transfer of Wastewater and Stormwater Services. As per the request from the Audit and Finance Committee, the disclosure in Schedule E of the financial statements was improved to better reflect the use of the reserve and the remaining balance.

Schedule D (pages 28 and 29) of the audited statements presents the Statement of Earnings segregated between Regulated and Unregulated activities in accordance with the NSUARB Handbook.

**Table 16:**

<b>Results by Activity</b>					
	<b>Budget 2020/21 '000</b>	<b>Actual 2020/21 '000</b>	<b>Actual 2019/20 '000</b>	<b>2020/21 Budget/Actual \$ Variance</b>	<b>2020/21 Budget/Actual % Variance</b>
Regulated activities	\$ (16,259)	\$ (10,710)	\$ (2,260)	\$ 5,549	(34.13%)
Unregulated activities	306	827	700	521	170.26%
Loss	\$ (15,953)	\$ (9,883)	\$ (1,560)	\$ 6,070	(38.05%)

Key items to note:

- Regulated activities loss of \$10.7 million is \$5.5 million less than budget due to the factors discussed within the previous sections.
- Regulated activated loss of \$10.7 million has increased from the prior year by \$8.5 million due to the following factors:
  - Decrease in consumption as a result of lower usage by ICI customers.
  - Increase in operating expenditures mainly due to depreciation of new assets and higher salaries and benefits including the creation of new positions.
  - Decrease in financial and other revenues due to lower interest as a result of a lower cash balance and a decrease in interest rates compared to the prior year.
  - Increase in financial and other expenditures due to higher debt servicing costs compared to the prior year and an increase in the dividend/grant in lieu of taxes paid to HRM.
- Unregulated activities include leasing of land for telecommunications and wind turbines and in-line turbines generating electricity in the water system. The most material lines of unregulated business are treatment of septage from waste haulers dealing with private septic systems and treatment of airline effluent. These unregulated activities earned \$0.8 million and have increased \$0.5 million more than budget due to savings in operating costs for the leachate and dewatering facilities as a result of lower usage.
- Unregulated activities earnings have increased \$0.1 million from the prior year due to a decrease in revenue for airline effluent offset by a decrease in operating costs for the leachate and dewatering facilities.

## **ATTACHMENTS**

1. Financial statements for the fiscal year ended March 31, 2021
2. Presentation to the Audit and Finance Committee by Grant Thornton

Report prepared by:

**Alicia  
Scallion**

Digitally signed by Alicia  
Scallion  
Date: 2021.06.10  
11:38:15 -03'00'

Alicia Scallion, CPA, CA, Manager, Accounting, (902) 497-9785



Financial Statements

Halifax Regional Water Commission

March 31, 2021



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## Independent auditor's report

To the Members of the Board of the  
**Halifax Regional Water Commission**

**Grant Thornton LLP**  
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# Halifax Regional Water Commission

## Statement of financial position

March 31 (in thousands)

2021

2020

### Assets

#### Current

Cash and cash equivalents	\$ 48,228	\$ 49,953
Receivables (Note 8)		
Customer charges and contractual	17,155	18,405
Unbilled service revenues	18,246	17,367
Halifax Regional Municipality	2,711	3,668
Inventory	2,003	1,736
Prepays	1,570	1,002
	<u>89,913</u>	<u>92,131</u>

Intangible assets (Note 10)	20,588	18,951
Capital work in progress	30,908	18,104
Utility plant in service (Note 11)	<u>1,280,283</u>	<u>1,281,010</u>
Total assets	<u>1,421,692</u>	<u>1,410,196</u>

Regulatory deferral account (Note 5)	<u>2,620</u>	<u>2,812</u>
<b>Total assets and regulatory deferral account</b>	<b>\$ 1,424,312</b>	<b>\$ 1,413,008</b>

### Liabilities

#### Current

Payables and accruals		
Trade	\$ 12,644	\$ 21,947
Non-trade	6,192	5,384
Interest on long term debt	2,065	2,139
Contractor and customer deposits	2,115	1,622
Current portion of deferred contributed capital (Note 12)	14,580	14,488
Current portion of long term debt (Note 13)	20,559	21,184
Unearned revenue	561	760
	<u>58,716</u>	<u>67,524</u>

Deferred contributed capital (Note 12)	883,916	879,460
Long term debt (Note 13)	204,106	197,962
Employee benefit obligations (Note 4)	<u>73,796</u>	<u>63,365</u>
Total liabilities	<u>1,220,534</u>	<u>1,208,311</u>

### Equity

Accumulated other comprehensive loss	(29,682)	(26,453)
Accumulated surplus	<u>233,460</u>	<u>231,150</u>
Total equity	<u>203,778</u>	<u>204,697</u>

<b>Total liabilities and equity</b>	<b>\$ 1,424,312</b>	<b>\$ 1,413,008</b>
-------------------------------------	---------------------	---------------------

Contingent liabilities (Note 3)

Commitments (Note 6)

Approved by the Board

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

See accompanying notes to the financial statements.

# Halifax Regional Water Commission

## Statement of earnings and comprehensive earnings

Year ended March 31 (in thousands)	2021	2020
Operating revenues		
Water	\$ 47,631	\$ 47,918
Wastewater	69,605	70,494
Stormwater	8,962	9,196
Public fire protection	7,336	7,074
Private fire protection	1,001	881
Other operating revenue	2,034	2,187
	<u>136,569</u>	<u>137,750</u>
Operating expenditures (Note 14)		
Water supply and treatment	9,987	9,573
Water transmission and distribution	12,031	10,843
Wastewater collection	14,467	13,963
Stormwater collection	4,762	4,808
Wastewater treatment	20,623	20,633
Engineering and information services	8,281	8,436
Regulatory services	3,981	3,781
Customer services	5,081	5,167
Administration services	7,067	7,044
Pension services	7,086	8,382
Depreciation and amortization	48,607	46,410
	<u>141,973</u>	<u>139,040</u>
Loss from operations before financial and other revenues and expenditures	<u>(5,404)</u>	<u>(1,290)</u>
Financial and other revenues		
Interest	215	512
Amortization of contributed capital	18,810	19,025
Other	748	699
	<u>19,773</u>	<u>20,236</u>
Financial and other expenditures		
Interest on long term debt	7,118	7,144
Amortization of debt discount	209	187
Dividend/grant in lieu of taxes	5,951	5,078
Other	(1,411)	202
	<u>11,867</u>	<u>12,611</u>
Earnings for the year before regulatory deferral account depreciation	2,502	6,335
Regulatory deferral account depreciation	<u>(192)</u>	<u>(192)</u>
Earnings for the year	<u>2,310</u>	<u>6,143</u>
Other comprehensive (loss) earnings		
Items that will not be reclassified subsequently to earnings:		
Re-measurement on defined benefit plans	<u>(3,229)</u>	<u>14,756</u>
Total comprehensive (loss) earnings for the year	<u>\$ (919)</u>	<u>\$ 20,899</u>

See accompanying notes to the financial statements.

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# Halifax Regional Water Commission

## Statement of changes in equity

Year ended March 31 (in thousands)

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	Accumulated other comprehensive income (loss)	Accumulated surplus	Total
Balance, April 1, 2019	\$ (41,209)	\$ 225,007	\$ 183,798
Earnings for the year	-	6,143	6,143
Other comprehensive earnings	14,756	-	14,756
Comprehensive earnings for the year	14,756	6,143	20,899
Balance, March 31, 2020	\$ (26,453)	\$ 231,150	\$ 204,697
Earnings for the year	-	2,310	2,310
Other comprehensive loss	(3,229)	-	(3,229)
Comprehensive earnings (loss) for the year	(3,229)	2,310	(919)
Balance, March 31, 2021	\$ (29,682)	\$ 233,460	\$ 203,778

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See accompanying notes to the financial statements.

# Halifax Regional Water Commission

## Statement of cash flows

Year ended March 31 (in thousands)

2021

2020

Increase (decrease) in cash and cash equivalents

### Operating

Comprehensive (loss) earnings for the year	\$ (919)	\$ 20,899
Depreciation and amortization	31,592	29,183
Employee benefit obligation	10,431	(8,965)
Loss (gain) on disposal of utility plant in service	(1,481)	135
	<u>39,623</u>	<u>41,252</u>

Change in non-cash operating working capital items

Receivables, customer charges and contractual	1,250	(998)
Receivables, unbilled service revenues	(879)	(355)
Receivable from Halifax Regional Municipality	957	(2,805)
Inventory	(267)	321
Prepays	(568)	64
Payables and accruals, trade	(9,303)	4,818
Payables and accruals, non-trade	808	391
Payables and accruals, accrued interest on long term debt	(74)	88
Contractor and customer deposits	493	44
Unearned revenue	(199)	253
	<u>(7,782)</u>	<u>1,821</u>
	<u>31,841</u>	<u>43,073</u>

### Financing

Proceeds from issuance of long term debt	26,700	36,500
Contributed capital and interest	15,952	12,712
Debt issue costs	3	(87)
Principal repayment on Halifax Regional Municipality long term debt	(6,500)	(6,500)
Principal repayments on long term debt	(14,684)	(18,208)
	<u>21,471</u>	<u>24,417</u>

### Investing

Proceeds from sale of utility plant in service	1,576	203
Purchase of capital work in progress	(23,031)	(13,775)
Purchase of utility plant in service and intangible assets	(33,582)	(55,568)
	<u>(55,037)</u>	<u>(69,140)</u>

Net decrease in cash and cash equivalents (1,725) (1,650)

Cash and cash equivalents, beginning of year 49,953 51,603

Cash and cash equivalents, end of year \$ 48,228 \$ 49,953

See accompanying notes to the financial statements.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 1. Nature of operations

The Halifax Regional Water Commission (Halifax Water) is a public utility owned and controlled by the Halifax Regional Municipality (HRM). Halifax Water is responsible for the supply of municipal water, Wastewater and Stormwater Services to the residents of HRM. Halifax Water's principal place of business is 450 Cowie Hill Road, Halifax, Nova Scotia. Halifax Water is exempt from income tax.

### 2. Summary of significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were authorized for issue by the Board of Commissioners on June 17, 2021.

#### (b) Basis of measurement

Halifax Water's financial statements are prepared on the historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand. The financial statements are presented in accordance with International Accounting Standards (IAS) 1: Presentation of Financial Statements.

#### (c) Regulation

In matters of administrative policy relating to customers, rates and other charges, capital expenditures, depreciation rates and accounting matters, Halifax Water is subject to the jurisdiction of the Nova Scotia Utility and Review Board (NSUARB). Rates and other charges charged to and collected from customers are designed to recover the cost of providing the regulated services. Halifax Water is required to prepare submissions in accordance with the Water Utility Accounting and Reporting Handbook issued by the NSUARB. There are differences in the accounting treatment of certain transactions from IFRS including the accounting of principal debt payments, employee future benefits, depreciation and amortization, gains and losses on the disposal of utility plant in service, and accumulated surplus.

Regulatory assets represent costs incurred that have been deferred as approved by the NSUARB and will be recovered through future rates collected from customers. Halifax Water's regulatory assets are disclosed in Note 5.

#### (d) Utility plant in service

Utility plant in service (Note 11) is recorded at cost, being the purchase price and directly attributable cost of acquisition or construction. Losses or gains related to assets retired, demolished or sold are charged or credited to the statement of earnings.

#### (e) Leased assets

Halifax Water makes use of lease arrangements for office space and equipment and assesses whether a contract is or contains a lease at the inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

At lease commencement date, Halifax Water assess whether the recognition of a right-of-use asset and lease liability would have a material impact on the financial statements.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (e) Leased assets (continued)

A right-of-use asset is initially measured at cost, which is comprised of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). A right-of-use asset is subsequently measured at cost less any accumulated depreciation or impairment losses and adjusted for certain re-measurements of the lease liability. A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Halifax Water's incremental borrowing rate.

Halifax Water has elected to apply the practical expedients available under IFRS 16 for short-term leases and leases for which the underlying asset is of low value. Short-term leases and low value leases are expensed in the period incurred.

Halifax Water maintains very few lease arrangements and management will assess future leases as they arise to determine whether the impact of the recognition of a right-of-use asset and lease liability on the statements of financial position, where Halifax Water is acting as a lessee, is material to the financial statements. All existing leases have been assessed and recognition in the financial statements has been deemed immaterial.

#### (f) Deferred contributed capital

Contributions for capital expenditures are treated as deferred contributed capital on the statement of financial position and amortized over the estimated useful lives of the assets (Note 12). Deferred contributed capital is initially measured at cost, being the value of contributions received by Halifax Water for the acquisition of utility plant in service. Contributions for capital expenditures are amortized over the estimated useful lives of the assets and show as a reduction in the amortization of utility plant in service.

#### (g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash balances managed by HRM that are held within financial institutions.

#### (h) Depreciation of utility plant in service

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for the major classifications of utility plant in service are as follows:

Office equipment and furniture and transportation equipment	3 to 10 years
Supervisory control and data acquisition (SCADA) equipment	5 to 25 years
Meters	20 to 25 years
Pumping equipment	5 to 30 years
Tools and work equipment	5 to 30 years
Culverts	25 to 50 years
Purification and treatment equipment	20 to 50 years
Services and laterals	50 to 60 years
Hydrants	50 to 80 years
Structures and improvements	50 to 100 years
Water, Wastewater and Stormwater mains	50 to 100 years

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (h) Depreciation of utility plant in service (continued)

Depreciation commences in the year an asset is placed into service and ready for its intended use. In the year of acquisition, depreciation is calculated at 50% of the above rates unless a project is significant, in which case depreciation is prorated for the number of months the asset was in use. Halifax Water does not maintain a depreciation fund per regulatory reporting requirements. Halifax Water has received NSUARB approval for exemption from setting up a depreciation fund as long as net depreciable additions to utility plant in service exceed the depreciation charged.

#### (i) Inventory

Inventory is comprised of direct materials and supplies. Inventory is valued at the lower of cost and net realizable value with cost being determined on the weighted average cost method.

#### (j) Revenues and expenditures

Halifax Water recognizes revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration Halifax Water is expected to be entitled to in exchange for those goods or services rendered.

All revenues and expenditures are recorded on an accrual basis. Revenues relating to supplying water, Wastewater and Stormwater Services are recorded based on cyclical billings and include an accrual for estimated amounts not yet billed. Fire protection revenue is recorded based on approved rates. Other revenues are recorded at the time services are performed, the amount can be measured reliably, and collection is reasonably assured.

#### (k) Long term debt

Debt issue costs are deferred and amortized over the term of the debt to which they relate.

#### (l) Use of estimates and critical accounting judgments

In preparing Halifax Water's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Significant estimates and assumptions include the following:

- At year end, unbilled service revenues from water, Stormwater and Wastewater Services have been earned, but not yet billed due to the timing of the billing cycles. Management estimates the unbilled service revenues accrual based on historic billing trends.
- Management assumptions are used in the actuarial determination of employee benefit obligations, such as standard rates of inflation, mortality, discount rates, and anticipation of future salary increases.
- Useful lives of utility plant in service are reviewed at each reporting date based on expected patterns of usage and historical information.
- Recognition and measurement of provisions and contingencies.

Actual results could differ from these estimates.

#### (m) Financial instruments

##### *Recognition and derecognition*

Financial assets and financial liabilities are recognized when Halifax Water becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (m) Financial instruments (continued)

##### *Classification and initial measurement of financial instruments*

All financial instruments are initially measured at fair value and adjusted for transaction costs, where applicable. Financial instruments are classified as: those measured at amortized cost, fair value through other comprehensive income (assets only), or fair value through profit and loss (FVTPL).

Halifax Water has classified its financial instruments as follows:

<u>Asset/Liability</u>	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Payables and accruals	Amortized cost
Long term debt	Amortized cost
Contractor and customer deposits	Amortized cost

The classification is determined by both the Halifax Water business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

##### *Subsequent measurement of financial assets*

Financial assets are measured at amortized cost if the assets meet the following conditions, and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial instruments are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

##### *Impairment of financial assets*

Impairment requirements use more forward-looking information to recognize expected credit losses, the expected credit loss (ECL) model. Financial assets that are subject to the ECL model include cash and cash equivalents and receivables.

#### (n) Provisions

A provision is recognized in the statement of financial position when Halifax Water has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the obligation.

#### (o) Impairments

At the end of each reporting period, Halifax Water reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. The recoverable amount of any asset is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (CGU), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Halifax Water has three CGU's (water, Wastewater and Stormwater) for which impairment testing is performed.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (o) Impairments (continued)

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in earnings. When an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

#### (p) Intangible assets

Intangible assets include land rights, water removal rights, studies, and capital master plans. These are recorded at cost less accumulated amortization. Land rights include payment for easements and right of use over land and have an indefinite useful life. Intangibles with finite useful lives are amortized annually over the estimated useful lives. The expected useful lives are as follows:

Intangible assets	10 to 30 years
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#### (q) Employee benefit obligations

Halifax Water accrues annually, the estimated liabilities for pension and other employee benefits.

##### *Pension benefits*

Halifax Water provides employment, post-retirement and pre-retirement benefits through defined benefit plans and supplemental retirement plans.

The cost of pension benefits for the supplemental retirement plans are expensed at the time active employees are compensated.

The defined benefit plan sponsored by Halifax Water determines the amount of pension benefits employees will receive on retirement by reference to length of service and salary levels. Obligations associated with the defined benefit plan reside with Halifax Water, even if plan assets for funding the plan are set aside.

The liability recognized in the statement of financial position for the defined benefit plan sponsored by Halifax Water is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets.

Management estimates the defined benefit obligation annually with assistance from an independent actuary using the projected unit credit method. The defined benefit obligation uses estimates for inflation, medical cost trends, mortality, and anticipated salary levels. The discount factor used to present value estimated future cash flows is determined with reference to high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability.

Gains and losses resulting from re-measurements of the net defined benefit liability are charged to other comprehensive income in the period in which they arise. Service costs are recognized immediately into earnings.

Net interest cost related to pension obligations and returns on plan assets are included in salary and benefits on the statement of earnings.

Halifax Water is responsible for funding the employer share of contributions to the HRM pension plan for certain employees that transferred from HRM as of August 1, 2007. HRM administers this defined benefit pension plan and Halifax Water reimburses HRM for the pension costs related to Halifax Water's proportionate share of the employees covered under the plan. Due to the nature of the plan, Halifax Water does not have sufficient information to account for the plan as a defined benefit pension plan; therefore, the multi-employer defined benefit plan is accounted for in the same manner as the supplemental retirement plans. An expense is recorded in the period when Halifax Water is obligated to make contributions for services rendered by the employee.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 2. Summary of significant accounting policies (continued)

#### (q) Employee benefit obligations (continued)

##### *Short-term employee benefits*

Short-term employee benefit obligations that are due to be settled wholly within twelve months after the end of the annual reporting period in which the employees rendered the related service are measured on an undiscounted basis and are expensed as the related service is provided.

#### (r) Regulatory deferral account

The regulatory deferral account is recognized and measured at historical cost less depreciation. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

### 3. Contingent liabilities

As a condition of sale in 2004 of a property, Halifax Water indemnified the purchaser from claims or actions resulting from migration of halocarbons. The environmental risk is assessed to be low and the likelihood of any related liability is not determinable.

Halifax Water is currently reviewing environmental risk factors at other owned properties to determine whether there is an obligation for reclamation. As of the date of issue of the financial statements the likelihood of any related liability is not determinable.

Halifax Water has been named in lawsuits that are ongoing and a liability has been accrued for legal fees and the insurance deductible.

There are other active claims against Halifax Water; however, the likelihood of actual liability is not determinable at this time. If Halifax Water's defence of active claims is unsuccessful, the potential exposure would be \$1,000 - \$2,000.

### 4. Employee benefit obligations

#### **Retirement benefit plan – employees transferred from HRM**

For employees that transferred from HRM, Halifax Water records an expense for the employer share of the contributions to the HRM pension plan in the period when Halifax Water is obligated to make contributions for services rendered by the employee. During 2021, Halifax Water funded \$543 (2020 – \$555) in contributions to the plan. The number of employees included in this plan is 55 (2020 – 57) and this number is reducing over time. As former HRM employees retire, they are replaced with employees in the Halifax Water pension plan.

#### **Supplemental retirement plans sponsored by Halifax Water**

For employees who participate in the supplemental retirement plans, the cost of pension benefits are expensed at the time active employees are compensated. During 2020, Halifax Water funded \$23 (2020 – \$15) in contributions to the plans. The number of employees included in the plans is 7 (2020 – 5).

#### **Defined benefit plan sponsored by Halifax Water and other long term employment benefits**

For all other employees, Halifax Water maintains a defined benefit pension plan and offers post-retirement health and insurance benefits. The defined benefit pension plan provides pensions based upon length of service and best seven years' earnings. The defined benefit pension plan is funded by employer and employee contributions with employees contributing 10.34% of regular employee earnings, and Halifax Water matching employee contributions. The defined benefit pension plan assets are managed by the HRM Pension Committee.

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

### 4. Employee benefit obligations (continued)

Employees, who retired prior to July 1, 1998, have extended health benefits coverage for life and drug coverage until age 65. Employees, who retired after July 1, 1998 and before December 31, 2008, have coverage for drug, extended health, dental and life insurance until age 65 on a 50/50 cost shared basis and a 100% basis for employees who retired after December 31, 2008. Extended health coverage for these retirees and their spouses after the age of 65 is available on an optional basis at 100% retiree cost and drug coverage is available through the provincially managed drug program.

Halifax Water has a non-funded pre-retirement benefit that is accrued annually, and is payable on retirement, termination or death of the employee. For individuals who elected to defer receipt of their benefit until the time which they leave employment, their individual benefit equates to approximately three days' pay for each year of completed service.

Completed service for unionized employees was frozen as at June 7, 2019 for the purposes of determining their pre-retirement benefit. Pre-retirement benefits accrue to a maximum of six months' salary and can be taken as a lump sum payment at the time of retirement in lieu of pre-retirement leave.

Information about Halifax Water's plans, based on an actuarial extrapolation of the defined benefit pension plan and pre-retirement benefits and based on actuarial valuation of the post-retirement benefits as at March 31, 2021, is as follows:

	Defined benefit pension plan		Post-retirement benefits		Pre-retirement benefits		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Change in accrued benefit obligation</b>								
Balance, April 1	\$ 195,904	\$ 198,962	\$ 460	\$ 380	\$ 1,536	\$ 4,195	\$ 197,900	\$ 203,537
Current service cost	11,036	12,197	-	-	91	143	11,127	12,340
Interest cost	7,549	6,891	15	10	57	88	7,621	6,989
Benefit payments	(5,514)	(4,780)	(53)	(50)	(106)	(3,025)	(5,673)	(7,855)
Re-measurements – actuarial (gains)/ losses from changes in financial/experience assumptions	18,597	(17,366)	(27)	120	140	135	18,710	(17,111)
Balance, March 31	227,572	195,904	395	460	1,718	1,536	229,685	197,900
<b>Change in fair value of plan assets</b>								
Balance, April 1	134,535	131,207	-	-	-	-	134,535	131,207
Investment income	5,129	4,486	-	-	-	-	5,129	4,486
Administrative expenses	(69)	(112)	-	-	-	-	(69)	(112)
Actual return on plan assets	15,362	(2,611)	-	-	-	-	15,362	(2,611)
Benefit payments	(5,514)	(4,780)	(53)	(50)	(106)	(3,025)	(5,673)	(7,855)
Contributions: Employee	3,287	3,505	-	-	-	-	3,287	3,505
Employer	3,159	2,840	53	50	106	3,025	3,318	5,915
Balance, March 31	155,889	134,535	-	-	-	-	155,889	134,535
Accrued benefit liability, March 31	\$ 71,683	\$ 61,369	\$ 395	\$ 460	\$ 1,718	\$ 1,536	\$ 73,796	\$ 63,365

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

### 4. Employee benefit obligations (continued)

Included in the statement of earnings and comprehensive earnings is pension expense of \$10,903 (2020 - \$11,940).

The significant actuarial assumptions adopted in measuring Halifax Water's accrued benefit obligations are as follows:

	<b>2021</b>	2020	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Defined benefit pension plan</b>	Defined benefit Pension plan	<b>Post- retirement benefits</b>	Post- retirement benefits	<b>Pre- retirement benefit</b>	Pre- retirement benefit
Discount rate	<b>3.40%</b>	3.80%	<b>2.75%</b>	3.45%	<b>2.90%</b>	3.60%
Expected return on plan assets	<b>3.40%</b>	3.80%	<b>N/A</b>	N/A	<b>N/A</b>	N/A
Rate of compensation increase	<b>3.75%</b>	3.75%	<b>N/A</b>	N/A	<b>3.75%</b>	3.75%
Expenses for life benefits as a % of claims	<b>N/A</b>	N/A	<b>9.36%</b>	10.00%	<b>N/A</b>	N/A
Health benefit trending per year	<b>N/A</b>	N/A	<b>6.26%</b>	6.50%	<b>N/A</b>	N/A
Dental benefit trending per year	<b>N/A</b>	N/A	<b>4.00%</b>	4.00%	<b>N/A</b>	N/A

The measurement date used to determine the plan assets and the accrued benefit obligation was March 31, 2021. The most recent valuation was completed January 1, 2019. The next review is scheduled for January 1, 2022.

The estimated employer contributions expected to be paid to the pension plans for the next fiscal year are \$3,291.

### 5. Regulatory deferral account

In 2011, the NSUARB granted Halifax Water approval to defer depreciation charges on certain assets transferred in 2010 from HRM relating to the Halifax Harbour Solutions Project (HHSP). Depreciation of \$2,078 was deferred in each of fiscal 2011 and 2012. As a result, Halifax Water recognized a \$4,156 regulatory deferral account. In absence of rate regulation, this regulatory deferral account would have been expensed as depreciation in fiscal 2011 and 2012. In 2012, the NSUARB granted approval of the depreciation of this deferral account over the remaining useful lives of the underlying assets, beginning in 2014. The expense recognized in 2021 is \$192 (2020 - \$192).

	<b>2021</b>	<b>2020</b>
Balance, April 1	<b>\$ 2,812</b>	\$ 3,004
Depreciation	<b>(192)</b>	(192)
Balance, March 31	<b>\$ 2,620</b>	\$ 2,812

### 6. Commitments

A new agreement with HRM for the dividend/grant in lieu of taxes (dividend) for fiscal years 2020/21 to 2022/23 was signed during the fiscal year. Dividend payments are approved as part of revenue requirements by the NSUARB. For the Water System, the dividend for fiscal years 2020/21 to 2022/23 is expected to be equal to 1.56% of Halifax Water's rate base assets allocated to the Water System at March 31 of the previous fiscal year. Starting September 1, 2020, for the Wastewater System and Stormwater System, the dividends for fiscal years 2020/21 to 2022/23 are expected to be equal to 0.25% of Halifax Water's rate base assets allocated to the Wastewater System at March 31 of the previous fiscal year, plus 0.25% of Halifax Water's rate base assets allocated to the Stormwater System at March 31 of the previous fiscal year.

For 2021/22, the dividends will be capped at 1% more than the dividend amounts for 2020/21 that would have been payable had the new Wastewater and Stormwater dividends commenced on April 1, 2020. The dividends payable for 2022/23 will be capped at 1% more than the dividends payable in the preceding fiscal year.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 7. Capital management

Halifax Water's objective when managing capital is to ensure sufficient liquidity to support its financial obligations and execute its operating and capital plans. Halifax Water monitors and adjusts its capital structure through additional borrowings of long term debt which are used to finance capital projects.

Halifax Water considers its total capitalization to include all long term debt and total equity. The calculation is set out as follows:

	<u>2021</u>	<u>2020</u>
Long term debt	\$ 224,665	\$ 219,146
Equity	<u>203,778</u>	<u>204,697</u>
Capital under management	<u>\$ 428,443</u>	<u>\$ 423,843</u>

Halifax Water has obtained regulatory approval for all borrowings during the fiscal year. Halifax Water is not subject to financial borrowing covenants other than as outlined in Note 9.

### 8. Financial instruments and risk management

Halifax Water applies a three-tier hierarchy framework for disclosing fair value of financial instruments, based on whether the inputs into the various valuation techniques are observable or unobservable. Observable techniques reflect market data obtained from independent sources, while unobservable inputs reflect management assumptions. Changes in valuation techniques of financial instruments may result in transfers of assigned levels. The hierarchy of input is as follows:

Level I	Quoted prices in active markets for identical assets or liabilities;
Level II	Inputs other than quoted prices included in Level I that are observable, either directly or indirectly; and
Level III	Inputs that are not based on observable market data.

The carrying values of current assets and current liabilities approximate their fair value due to the relatively short period to maturity of these financial instruments. The fair value of fixed rate long-term debt is assumed to approximate its carrying value given the limitations where Halifax Water can obtain long-term debt.

There were no transfers between classes of the fair value hierarchy during the year.

Halifax Water is exposed to risks as a result of holding financial instruments. Management considers and evaluates those risks on an on-going basis to ensure that the risks are appropriately managed. These potential risks include credit risk, interest risk, market risk and liquidity risk.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 8. Financial instruments and risk management (continued)

#### *Credit risk*

Credit risk arises from the possibility that Halifax Water's customers may experience financial difficulty and be unable to fulfill their obligations. Halifax Water's maximum exposure to credit risk corresponds to customer charges and contractual receivables. However, Halifax Water's customers are numerous and diverse, which reduces the concentration of credit risk.

Halifax Water makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime ECL. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, Halifax Water uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. Halifax Water includes 75% of the balance of closed accounts in the allowance and 1% of active accounts. Halifax Water assesses impairment of receivables on a collective basis. As receivables possess shared credit risk characteristics, receivables have been grouped based on the days past due.

An analysis of Halifax Water's receivables and continuity of Halifax Water's provision for impairment losses on receivables is as follows:

	<u>2021</u>	<u>2020</u>
Receivables		
Customer charges, contractual, and unbilled service revenues	\$ 38,654	\$ 38,464
Less: allowance for doubtful accounts	<u>(3,253)</u>	<u>(2,692)</u>
	<u>\$ 35,401</u>	<u>\$ 35,772</u>

The credit quality of financial assets that are neither past due nor impaired are assessed with reference to historical information and includes the following considerations; new customers, existing customers and payment pattern history.

#### *Interest risk*

Interest risk arises from the possibility that changes in interest rates will cause Halifax Water a potential loss. Halifax Water's long term debt has been acquired with a variety of fixed rates and has staggered maturity dates which mitigates the interest rate risk.

#### *Market risk*

Market risk arises from the possibility that the value of an investment will fluctuate as a result of changes in market prices. These changes could affect the market value of the investments in Halifax Water's employees' pension plan and consequently the plan's surplus. The risk is mitigated by the pension plan diversifying the types of investments in its portfolio.

#### *Liquidity risk*

Liquidity risk arises from the possibility of Halifax Water not being able to meet its cash requirements in a timely and cost-effective manner. Halifax Water manages this risk by closely monitoring the cash on hand in comparison to upcoming cash commitments.

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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### 9. Related party transactions

The immediate parent and ultimate controlling party of Halifax Water is HRM.

Halifax Water is obligated to make payments on debt, held in the name of HRM, associated with Wastewater and Stormwater assets which were transferred to Halifax Water in 2007 and subsequent years.

Amounts receivable from HRM have normal credit terms.

Halifax Water had the following related party transactions with HRM:

- Halifax Water recorded revenue for provision of water, Wastewater and Stormwater Services in the amount of \$4,808 (2020 - \$4,943).
- Halifax Water recorded public fire protection revenue \$7,336 (2020 - \$7,074).
- Halifax Water paid a dividend of \$5,951 (2020 - \$5,078).
- Halifax Water paid operating expenses of \$1,694 (2020 - \$1,785).
- The debt issued by Halifax Water was covered by a blanket guarantee from HRM subject to Halifax Water maintaining a debt service ratio of less than 35%. The debt service ratio at March 31, 2021 is 20.29% (2020 – 18.91%).

### Compensation of key management personnel

Members of the Board of Commissioners and Executive Management team are deemed to be key management personnel. It is the Board of Commissioners and Executive Management team who have the responsibility for planning, directing and controlling the activities of Halifax Water.

The following is compensation expense for key management personnel:

	<u>2021</u>	<u>2020</u>
Regular compensation and benefits	\$ 1,428	\$ 1,474
Post-employment benefits	<u>163</u>	<u>113</u>
Total compensation	<u>\$ 1,591</u>	<u>\$ 1,587</u>

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

<b>10. Intangible assets</b>	<b>2021</b>	<b>2020</b>
Cost		
Balance, April 1	\$ 25,933	\$ 20,798
Additions	<u>3,565</u>	<u>5,135</u>
Balance, March 31	<u>29,498</u>	<u>25,933</u>
Accumulated amortization		
Balance, April 1	6,982	5,380
Amortization	<u>1,928</u>	<u>1,602</u>
Balance, March 31	<u>8,910</u>	<u>6,982</u>
Net book value, March 31	<u>\$ 20,588</u>	<u>\$ 18,951</u>

### 11. Utility plant in service

	Land	Structures and improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
Cost						
Balance, April 1, 2020	\$ 21,603	\$ 263,360	\$ 271,047	\$ 934,692	\$ 33,892	\$ 1,524,594
Additions	4,386	4,925	5,477	23,981	8,881	47,650
Disposals	-	(49)	(194)	-	(9,281)	(9,524)
Balance, March 31, 2021	<u>25,989</u>	<u>268,236</u>	<u>276,330</u>	<u>958,673</u>	<u>33,492</u>	<u>1,562,720</u>
Accumulated depreciation						
Balance, April 1, 2020	\$ -	\$ 62,646	\$ 71,773	\$ 94,691	\$ 14,474	\$ 243,584
Depreciation	-	10,120	15,104	17,792	5,266	48,282
Depreciation retired	-	(42)	(111)	-	(9,276)	(9,429)
Balance, March 31, 2021	<u>-</u>	<u>72,724</u>	<u>86,766</u>	<u>112,483</u>	<u>10,464</u>	<u>282,437</u>
Net book value, March 31, 2021	<u>\$ 25,989</u>	<u>\$ 195,512</u>	<u>\$ 189,564</u>	<u>\$ 846,190</u>	<u>\$ 23,028</u>	<u>\$ 1,280,283</u>

	Land	Structures and improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
Cost						
Balance, April 1, 2019	\$ 21,603	\$ 235,615	\$ 250,944	\$ 896,065	\$ 28,835	\$ 1,433,062
Additions	-	27,745	21,949	38,627	6,001	94,322
Disposals	-	-	(1,846)	-	(944)	(2,790)
Balance, March 31, 2020	<u>21,603</u>	<u>263,360</u>	<u>271,047</u>	<u>934,692</u>	<u>33,892</u>	<u>1,524,594</u>
Accumulated depreciation						
Balance, April 1, 2019	\$ -	\$ 52,737	\$ 58,807	\$ 77,046	\$ 11,032	\$ 199,622
Depreciation	-	9,909	14,474	17,645	4,386	46,414
Depreciation retired	-	-	(1,508)	-	(944)	(2,452)
Balance, March 31, 2020	<u>-</u>	<u>62,646</u>	<u>71,773</u>	<u>94,691</u>	<u>14,474</u>	<u>243,584</u>
Net book value, March 31, 2020	<u>\$ 21,603</u>	<u>\$ 200,714</u>	<u>\$ 199,274</u>	<u>\$ 840,001</u>	<u>\$ 19,418</u>	<u>\$ 1,281,010</u>

# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

<b>12. Deferred contributed capital</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Balance, April 1	\$ 893,948	\$ 881,648
Assets contributed during the year	7,406	18,613
Contributions and interest	15,952	12,712
Amortization	<u>(18,810)</u>	<u>(19,025)</u>
Balance, March 31	898,496	893,948
Less: current portion	<u>(14,580)</u>	<u>(14,488)</u>
	<b><u>\$ 883,916</u></b>	<b><u>\$ 879,460</u></b>

Deferred contributed capital is comprised of contributions received by Halifax Water for the acquisition of utility plant in service. Contributions for capital expenditures are amortized over the estimated useful lives of the assets.

<b>13. Long-term debt</b>	<b><u>Interest rates</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Payable to Municipal Finance Corporation (MFC)			
Water	0.678% to 4.221%	\$ 74,648	\$ 67,586
HHSP	2.015% to 2.561%	5,850	6,500
Wastewater	0.678% to 3.614%	97,670	96,657
Stormwater	0.678% to 3.614%	<u>21,423</u>	<u>16,832</u>
		199,591	187,575
Payable to Halifax Regional Municipality			
Wastewater/Stormwater	1.200% to 5.940%	<u>26,000</u>	<u>32,500</u>
		225,591	220,075
Less: debt issue costs		<u>(926)</u>	<u>(929)</u>
		224,665	219,146
Less: amount payable within one year		<u>(20,559)</u>	<u>(21,184)</u>
		<b><u>\$ 204,106</u></b>	<b><u>\$ 197,962</u></b>

During the year Halifax Water acquired \$25,000 in new debt with a ten year term and twenty year amortization period. Additionally, \$1,700 of debt was refinanced for ten years.

The debentures are repayable in fixed annual principal instalments plus interest payable semi-annually. Interest paid during the year was \$7,118 (2020 - \$7,144). Principal instalments for the next five years are as follows:

2021/22	\$	20,559
2022/23	\$	45,272
2023/24	\$	41,951
2024/25	\$	32,065
2025/26	\$	22,417
Thereafter	\$	63,327

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# Halifax Regional Water Commission

## Notes to the financial statements

March 31, 2021 (in thousands)

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<b>14. Operating expenditures by nature</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Salaries and benefits	\$ 49,093	\$ 48,897
Training	325	644
Contract services	13,182	13,426
Electricity	6,868	6,535
Operating supplies	10,672	10,974
Professional services	5,650	4,806
Chemicals	5,973	5,742
Depreciation on assets allocated to departments	1,603	1,606
Depreciation and amortization	<u>48,607</u>	<u>46,410</u>
	<b><u>\$ 141,973</u></b>	<b><u>\$ 139,040</u></b>

### 15. Impact of COVID-19

In response to the COVID-19 pandemic, Halifax Water did not charge interest on overdue accounts, fees for dishonored payments were waived, and disconnection for non-payment of service was suspended. These measures were in place until August 31, 2020. The impact of COVID-19 on Halifax Water's credit risk has been factored into the estimates for the allowance for doubtful accounts; however, it is not expected to be material to the financial statements. The duration of the COVID-19 pandemic remains unclear at this time.

# Halifax Regional Water Commission

## Schedule of utility plant in service

Year ended March 31, 2021 (in thousands)

## Schedule A

### Water

	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Transmission and distribution mains	Services	Meters	Hydrants	Aerotech and small systems	Tools and work equipment	Total
<b>Cost</b>												
Balance, April 1, 2020	\$ 16,240	\$ 118,167	\$ 10,686	\$ 27,775	\$ 10,996	\$ 399,537	\$ 41,546	\$ 18,799	\$ 21,497	\$ 10,054	\$ 33,048	\$ 708,345
Cost	2,193	3,546	59	474	375	11,996	1,612	542	493	-	5,712	27,002
Additions	-	(149)	-	(17)	-	-	-	(194)	-	(6)	(6,598)	(6,964)
Disposals	-	121,564	10,745	28,232	11,371	411,533	43,158	19,147	21,990	10,048	32,162	728,383
<b>Balance, March 31, 2021</b>	<b>18,433</b>	<b>121,564</b>	<b>10,745</b>	<b>28,232</b>	<b>11,371</b>	<b>411,533</b>	<b>43,158</b>	<b>19,147</b>	<b>21,990</b>	<b>10,048</b>	<b>32,162</b>	<b>728,383</b>
<b>Accumulated depreciation</b>												
Balance, April 1, 2020	-	31,504	7,869	18,699	4,405	94,804	8,347	5,082	4,860	3,627	20,393	199,590
Depreciation	-	2,082	298	1,166	526	5,198	734	895	356	337	2,856	14,448
Depreciation retired	-	(14)	-	(2)	-	-	-	(103)	-	(1)	(6,554)	(6,674)
Total accumulated depreciation, March 31, 2021	-	33,572	8,167	19,863	4,931	100,002	9,081	5,874	5,216	3,963	16,695	207,364
<b>Net book value, March 31, 2021</b>	<b>\$ 18,433</b>	<b>\$ 87,992</b>	<b>\$ 2,578</b>	<b>\$ 8,369</b>	<b>\$ 6,440</b>	<b>\$ 311,531</b>	<b>\$ 34,077</b>	<b>\$ 13,273</b>	<b>\$ 16,774</b>	<b>\$ 6,085</b>	<b>\$ 15,467</b>	<b>\$ 521,019</b>
<b>Cost</b>												
Balance, April 1, 2019	\$ 16,240	\$ 96,960	\$ 10,503	\$ 26,899	\$ 5,607	\$ 386,320	\$ 39,899	\$ 16,787	\$ 20,638	\$ 10,054	\$ 29,621	\$ 659,528
Cost	-	21,207	183	876	5,389	13,217	1,647	3,409	859	-	4,339	51,126
Additions	-	-	-	-	-	-	-	(1,397)	-	-	(912)	(2,309)
Disposals	-	118,167	10,686	27,775	10,996	399,537	41,546	18,799	21,497	10,054	33,048	708,345
<b>Balance, March 31, 2020</b>	<b>16,240</b>	<b>118,167</b>	<b>10,686</b>	<b>27,775</b>	<b>10,996</b>	<b>399,537</b>	<b>41,546</b>	<b>18,799</b>	<b>21,497</b>	<b>10,054</b>	<b>33,048</b>	<b>708,345</b>
<b>Accumulated depreciation</b>												
Balance, April 1, 2019	-	29,662	7,576	17,571	4,053	89,784	7,646	5,087	4,524	3,288	19,014	188,205
Depreciation	-	1,842	293	1,128	352	5,020	701	847	336	339	2,291	13,149
Depreciation retired	-	-	-	-	-	-	-	(852)	-	-	(912)	(1,764)
Total accumulated depreciation, March 31, 2020	-	31,504	7,869	18,699	4,405	94,804	8,347	5,082	4,860	3,627	20,393	199,590
<b>Net book value, March 31, 2020</b>	<b>\$ 16,240</b>	<b>\$ 86,663</b>	<b>\$ 2,817</b>	<b>\$ 9,076</b>	<b>\$ 6,591</b>	<b>\$ 304,733</b>	<b>\$ 33,199</b>	<b>\$ 13,717</b>	<b>\$ 16,637</b>	<b>\$ 6,427</b>	<b>\$ 12,655</b>	<b>\$ 508,755</b>

Schedule A is presented in accordance with the NSUARB Water Utility Accounting and Reporting Handbook (NSUARB Handbook).

Utility plant in service under IFRS differs from the NSUARB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

# Halifax Regional Water Commission

## Schedule of utility plant in service

Year ended March 31, 2021 (in thousands)

## Schedule A

### Wastewater

	Land	Structures and improvements	Pumping equipment	Treatment equipment	SCADA equipment	Collection system	Laterals	Meters	Aerotech and small systems	Tools and work equipment	Total
<b>Cost</b>											
Balance, April 1, 2020	\$ 5,329	\$ 194,939	\$ 22,110	\$ 174,761	\$ 15,761	\$ 332,994	\$ 29,258	\$ 8,440	\$ 12,784	\$ 42,137	\$ 838,513
Cost	1,754	1,599	1,340	1,991	193	3,930	2,175	323	-	6,023	19,328
Additions	-	(130)	(177)	(113)	-	(410)	-	-	-	(2,511)	(3,341)
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2021</b>	<b>7,083</b>	<b>196,408</b>	<b>23,273</b>	<b>176,639</b>	<b>15,954</b>	<b>336,514</b>	<b>31,433</b>	<b>8,763</b>	<b>12,784</b>	<b>45,649</b>	<b>854,500</b>
<b>Accumulated depreciation</b>											
Balance, April 1, 2020	-	64,252	8,947	72,195	3,298	70,660	2,966	532	4,402	19,458	246,710
Depreciation	-	4,383	897	8,879	924	4,639	615	431	413	3,650	24,831
Depreciation retired	-	(61)	(30)	(31)	-	(17)	-	-	-	(2,504)	(2,643)
Total accumulated depreciation, March 31, 2021	-	68,574	9,814	81,043	4,222	75,282	3,581	963	4,815	20,604	268,898
<b>Net book value, March 31, 2021</b>	<b>7,083</b>	<b>127,834</b>	<b>13,459</b>	<b>95,596</b>	<b>11,732</b>	<b>261,232</b>	<b>27,852</b>	<b>7,800</b>	<b>7,969</b>	<b>25,045</b>	<b>585,602</b>
<b>Cost</b>											
Balance, April 1, 2019	\$ 5,329	\$ 190,847	\$ 21,467	\$ 172,769	\$ 10,565	\$ 326,334	\$ 26,535	\$ 5,031	\$ 12,784	\$ 36,377	\$ 808,038
Cost	-	4,092	643	2,441	5,196	6,660	2,723	3,409	-	5,792	30,956
Additions	-	-	-	(449)	-	-	-	-	-	(32)	(481)
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2020</b>	<b>5,329</b>	<b>194,939</b>	<b>22,110</b>	<b>174,761</b>	<b>15,761</b>	<b>332,994</b>	<b>29,258</b>	<b>8,440</b>	<b>12,784</b>	<b>42,137</b>	<b>838,513</b>
<b>Accumulated depreciation</b>											
Balance, April 1, 2019	-	59,838	8,104	63,702	2,488	66,089	2,400	201	3,973	16,406	223,201
Depreciation	-	4,414	843	8,707	810	4,571	566	331	429	3,084	23,755
Depreciation retired	-	-	-	(214)	-	-	-	-	-	(32)	(246)
Total accumulated depreciation, March 31, 2020	-	64,252	8,947	72,195	3,298	70,660	2,966	532	4,402	19,458	246,710
<b>Net book value, March 31, 2020</b>	<b>5,329</b>	<b>130,687</b>	<b>13,163</b>	<b>102,566</b>	<b>12,463</b>	<b>262,334</b>	<b>26,292</b>	<b>7,908</b>	<b>8,382</b>	<b>22,679</b>	<b>591,803</b>

Schedule A is presented in accordance with the NSUARB Handbook.

Utility plant in service under IFRS differs from the NSUARB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

# Halifax Regional Water Commission

## Schedule of utility plant in service

Year ended March 31, 2021 (in thousands)

# Schedule A

## Stormwater

	Land	Structures and improvements	Collection system	Laterals	Aerotech and small systems	Total
<b>Cost</b>						
Balance, April 1, 2020						
Cost	\$ 34	\$ 12,672	\$ 265,896	\$ 5,190	\$ 5,537	\$ 289,329
Additions	439	11	4,779	184	769	6,182
Disposals	-	-	(290)	-	(230)	(520)
<b>Balance, March 31, 2021</b>	<b>473</b>	<b>12,683</b>	<b>270,385</b>	<b>5,374</b>	<b>6,076</b>	<b>294,991</b>
<b>Accumulated depreciation</b>						
Balance, April 1, 2020	-	1,972	54,702	597	2,469	59,740
Depreciation	-	236	6,520	106	731	7,593
Depreciation retired	-	-	(10)	-	(230)	(240)
Total accumulated depreciation, March 31, 2021	-	2,208	61,212	703	2,970	67,093
<b>Net book value, March 31, 2021</b>	<b>473</b>	<b>\$ 10,475</b>	<b>\$ 209,173</b>	<b>\$ 4,671</b>	<b>\$ 3,106</b>	<b>\$ 227,898</b>
<b>Cost</b>						
Balance, April 1, 2019						
Cost	\$ 34	\$ 10,226	\$ 251,661	\$ 5,046	\$ 4,532	\$ 271,499
Additions	-	2,446	14,235	144	1,005	17,830
Disposals	-	-	-	-	-	-
<b>Balance, March 31, 2020</b>	<b>34</b>	<b>12,672</b>	<b>265,896</b>	<b>5,190</b>	<b>5,537</b>	<b>289,329</b>
<b>Accumulated depreciation</b>						
Balance, April 1, 2019	-	1,761	48,373	495	1,887	52,516
Depreciation	-	211	6,329	102	582	7,224
Depreciation retired	-	-	-	-	-	-
Total accumulated depreciation, March 31, 2020	-	1,972	54,702	597	2,469	59,740
<b>Net book value, March 31, 2020</b>	<b>34</b>	<b>\$ 10,700</b>	<b>\$ 211,194</b>	<b>\$ 4,593</b>	<b>\$ 3,068</b>	<b>\$ 229,589</b>

	Water	Wastewater	Stormwater	Total
<b>Cumulative utility plant in service</b>				
<b>Net book value, March 31, 2021</b>	<b>\$ 521,019</b>	<b>\$ 585,602</b>	<b>\$ 227,898</b>	<b>\$ 1,334,519</b>
<b>Net book value, March 31, 2020</b>	<b>\$ 508,755</b>	<b>\$ 591,803</b>	<b>\$ 229,589</b>	<b>\$ 1,330,147</b>

Schedule A is presented in accordance with the NSUARB Handbook.

Utility plant in service under IFRS differs from the NSUARB Handbook due to exclusion of intangible assets, componentization of certain assets and differences in useful lives for depreciation.

# Halifax Regional Water Commission

## Schedule of long term debt

## Schedule B

Year ended March 31, 2021 (in thousands)

	<u>Interest rate</u>	<u>Final Maturity</u>	<u>Balance Remaining</u>	
			<u>2021</u>	<u>2020</u>
Payable to Municipal Finance Corporation				
Water				
Debenture 30 A 1	1.330% to 2.979%	2020	\$ -	\$ 175
Debenture 31 A 1	1.630% to 4.221%	2021	150	300
Debenture 32 A 1	1.636% to 3.480%	2022	400	600
Debenture 32 C 1	1.510% to 3.160%	2022	6,440	6,977
Debenture 33 A 1	1.330% to 2.979%	2023	6,573	7,079
Debenture 33 B 1	1.285% to 3.614%	2023	4,818	5,189
Debenture 34 B 1	1.200% to 3.190%	2024	9,571	10,254
Debenture 35 A 1	1.040% to 2.894%	2025	10,100	10,774
Debenture 36 A 1	1.150% to 2.925%	2026	1,200	1,400
Debenture 36 B 1	1.150% to 2.506%	2026	3,471	3,688
Debenture 37 A 1	1.734% to 3.073%	2027	2,975	3,150
Debenture 38 A 1	2.060% to 3.295%	2028	1,100	1,300
Debenture 38 B 1	2.490% to 3.389%	2028	5,400	5,700
Debenture 39 A 1	2.015% to 2.561%	2029	10,450	11,000
Debenture 40 A 1	0.678% to 1.879%	2030	12,000	-
Wastewater				
Debenture 30 A 1	1.330% to 2.979%	2020	-	1,870
Debenture 32 A 1	1.636% to 3.480%	2022	1,438	1,558
Debenture 32 B 1	1.380% to 3.156%	2022	19,200	20,800
Debenture 32 C 1	1.510% to 3.160%	2022	2,757	2,987
Debenture 33 A 1	1.330% to 2.979%	2023	10,959	11,802
Debenture 33 B 1	1.285% to 3.614%	2023	7,080	7,625
Debenture 34 A 1	1.245% to 3.347%	2024	3,898	4,177
Debenture 34 B 1	1.200% to 3.190%	2024	6,010	6,439
Debenture 35 A 1	1.040% to 2.894%	2025	10,583	11,288
Debenture 36 B 1	1.150% to 2.506%	2026	1,450	1,541
Debenture 37 A 1	1.734% to 3.073%	2027	5,185	5,490
Debenture 38 B 1	2.490% to 3.389%	2028	5,760	6,080
Debenture 39 A 1	2.015% to 2.561%	2029	14,250	15,000
Debenture 40 A 1	0.678% to 1.879%	2030	9,100	-
HHSP				
Debenture 39 A 1	2.015% to 2.561%	2029	5,850	6,500
Stormwater				
Debenture 33 A 1	1.330% to 2.979%	2023	351	378
Debenture 33 B 1	1.285% to 3.614%	2023	1,715	1,847
Debenture 34 B 1	1.200% to 3.190%	2024	4,132	4,427
Debenture 35 A 1	1.040% to 2.894%	2025	2,423	2,584
Debenture 36 B 1	1.150% to 2.506%	2026	722	766
Debenture 37 A 1	1.734% to 3.073%	2027	340	360
Debenture 38 B 1	2.490% to 3.389%	2028	2,340	2,470
Debenture 39 A 1	2.015% to 2.561%	2029	3,800	4,000
Debenture 40 A 1	0.678% to 1.879%	2030	5,600	-
			<u>199,591</u>	<u>187,575</u>
Payable to Halifax Regional Municipality				
Wastewater/Stormwater				
Debenture 24 B 1	2.840% to 5.940%	2024	22,000	27,500
Debenture 34 B 1	1.200% to 3.190%	2024	4,000	5,000
			<u>26,000</u>	<u>32,500</u>
			225,591	220,075
Less: debt issue costs			(926)	(929)
			<u>224,665</u>	<u>219,146</u>
Less: amount payable within one year			(20,559)	(21,184)
			<u>\$ 204,106</u>	<u>\$ 197,962</u>

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule C

Year ended March 31, 2021 (in thousands)

### Water

	<u>2021</u>	<u>2020</u>
Operating revenues		
Water	\$ 47,631	\$ 47,918
Public fire protection	7,336	7,074
Private fire protection	1,001	881
Other operating revenue		
Bulk water stations	318	300
Customer late payment fees	155	207
Miscellaneous	204	162
	<u>56,645</u>	<u>56,542</u>
Operating expenditures		
Water supply and treatment	9,987	9,573
Water transmission and distribution	12,031	10,843
Engineering and information services	3,654	3,230
Regulatory services	1,091	859
Customer services	2,614	2,520
Administration services	3,620	3,536
Depreciation and amortization	10,879	9,818
	<u>43,876</u>	<u>40,379</u>
Earnings from operations before financial and other revenues and expenditures	<u>12,769</u>	<u>16,163</u>
Financial and other revenues		
Interest	127	222
Other	572	544
	<u>699</u>	<u>766</u>
Financial and other expenditures		
Interest on long term debt	2,028	1,828
Repayment of long term debt	5,331	4,722
Amortization of debt discount	74	64
Dividend/grant in lieu of taxes	5,498	5,078
Other	43	32
	<u>12,974</u>	<u>11,724</u>
Earnings for the year	<u>\$ 494</u>	<u>\$ 5,205</u>

Schedule C is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule C

Year ended March 31, 2021 (in thousands)

### Wastewater

	<u>2021</u>	<u>2020</u>
Operating revenues		
Wastewater	\$ 69,605	\$ 70,494
Other operating revenue		
Leachate and other contract revenue	416	453
Septage tipping fees	486	514
Over strength surcharge	1	14
Airplane effluent	33	98
Customer late payment fees	118	123
Miscellaneous	163	141
	<u>70,822</u>	<u>71,837</u>
Operating expenditures		
Wastewater collection	14,467	13,963
Wastewater treatment	20,623	20,633
Engineering and information services	4,187	4,478
Regulatory services	1,385	1,432
Customer services	2,189	2,277
Administration services	2,965	3,024
Depreciation and amortization	15,019	14,038
	<u>60,835</u>	<u>59,845</u>
Earnings from operations before financial and other revenues and expenditures	<u>9,987</u>	<u>11,992</u>
Financial and other revenues		
Interest	55	191
Other	176	155
	<u>231</u>	<u>346</u>
Financial and other expenditures		
Interest on long term debt	4,405	4,706
Repayment of long term debt	13,242	12,522
Amortization of debt discount	117	110
Dividend/grant in lieu of taxes	386	-
Other	26	35
	<u>18,176</u>	<u>17,373</u>
Loss for the year	<u>\$ (7,958)</u>	<u>\$ (5,035)</u>

Schedule C is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule C

Year ended March 31, 2021 (in thousands)

### Stormwater

	<u>2021</u>	<u>2020</u>
Operating revenues		
Stormwater site generated service	\$ 5,127	\$ 5,361
Stormwater right-of-way service	3,835	3,835
Other operating revenue		
Customer late payment fees	38	81
Miscellaneous	102	94
	<u>9,102</u>	<u>9,371</u>
Operating expenditures		
Stormwater collection	4,762	4,808
Engineering and information services	440	728
Regulatory services	1,505	1,490
Customer services	278	370
Administration services	482	484
Depreciation and amortization	1,512	1,222
	<u>8,979</u>	<u>9,102</u>
Earnings from operations before financial and other revenue and expenditures	<u>123</u>	<u>269</u>
Financial and other revenues		
Interest	<u>33</u>	<u>99</u>
Financial and other expenditures		
Interest on long term debt	685	610
Repayment of long term debt	1,806	1,475
Amortization of debt discount	18	13
Dividend/grant in lieu of taxes	67	-
	<u>2,576</u>	<u>2,098</u>
Loss for the year	<u>\$ (2,420)</u>	<u>\$ (1,730)</u>

Schedule C is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule D

Year ended March 31, 2021 (in thousands)

### Regulated activities

	<u>2021</u>	<u>2020</u>
Operating revenues		
Water	\$ 47,631	\$ 47,918
Wastewater	69,605	70,494
Stormwater	8,962	9,196
Public fire protection	7,336	7,074
Private fire protection services	1,001	881
Other operating revenue	1,061	1,085
	<u>135,596</u>	<u>136,648</u>
Operating expenditures		
Water supply and treatment	9,970	9,541
Water transmission and distribution	12,031	10,843
Wastewater collection	14,421	13,939
Stormwater collection	4,762	4,808
Wastewater treatment	20,060	19,892
Engineering and information services	8,281	8,436
Regulatory services	3,981	3,781
Customer services	5,026	5,128
Administration services	7,029	7,007
Depreciation and amortization	27,392	25,060
	<u>112,953</u>	<u>108,435</u>
Earnings from operations before financial and other revenues and expenditures	<u>22,643</u>	<u>28,213</u>
Financial and other revenues		
Interest	215	512
Other	88	143
	<u>303</u>	<u>655</u>
Financial and other expenditures		
Interest on long term debt	7,118	7,144
Repayment of long term debt	20,379	18,719
Amortization of debt discount	209	187
Dividend/grant in lieu of taxes	5,951	5,078
	<u>33,657</u>	<u>31,128</u>
Loss for the year	<u>\$ (10,711)</u>	<u>\$ (2,260)</u>

Schedule D is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Schedule of earnings

## Schedule D

Year ended March 31, 2021 (in thousands)

### Unregulated activities

	<u>2021</u>	<u>2020</u>
Operating revenues		
Septage tipping fees	\$ 486	\$ 514
Leachate treatment and contract revenue	416	453
Airplane effluent	33	98
Other operating revenue	38	37
	<u>973</u>	<u>1,102</u>
Operating expenditures		
Water supply and treatment	17	32
Wastewater treatment	563	741
Wastewater collection	46	24
Customer services	55	39
Administration services	38	37
Depreciation and amortization	18	18
	<u>737</u>	<u>891</u>
Earnings from operations before financial and other revenues and expenditures	<u>236</u>	<u>211</u>
Financial and other revenues		
Other	<u>660</u>	<u>556</u>
Financial and other expenditures		
Other	<u>69</u>	<u>67</u>
Earnings for the year	<u>\$ 827</u>	<u>\$ 700</u>

Schedule D is presented in accordance with the NSUARB Handbook.

# Halifax Regional Water Commission

## Nova Scotia Utility and Review Board information

## Schedule E

Year ended March 31, 2021 (in thousands)

<b>Return on rate base</b>	<b>2021</b>	<b>2020</b>
Rate of return on rate base for water Service	1.99%	3.15%
Rate of return on rate base for Wastewater Service	3.09%	3.87%
Rate of return on rate base for Stormwater Service	0.09%	0.50%

Return on rate base is calculated based on earnings from operations before financial and other revenues and expenditures divided by the net book value of funded utility plant in service.

### Special purpose reserves

	Wastewater and Stormwater Reserves	Regional Development Charge Water Reserve	Regional Development Charge Wastewater Reserve	Other Capital Reserves	<b>2021 Total</b>	<b>2020 Total</b>
Reserve, April 1	\$ 7,004	\$ 2,350	\$ 36,239	\$ 408	\$ <b>46,001</b>	\$ 45,150
Contributions and interest	-	775	14,491	200	<b>15,466</b>	12,495
Expenditures	(5,040)	-	(2,371)	-	<b>(7,411)</b>	(11,644)
Reserve, March 31	\$ 1,964	\$ 3,125	\$ 48,359	\$ 608	\$ <b>54,056</b>	\$ 46,001

### Summarized consolidated operating results

	<b>2021</b>	<b>2020</b>
Operating revenues	\$ <b>136,569</b>	\$ 137,750
Operating expenditures	<b>113,690</b>	109,326
Earnings from operations before financial and other revenues and expenditures	<b>22,879</b>	28,424
Financial and other revenues	<b>963</b>	1,211
Financial and other expenditures	<b>33,726</b>	31,195
Loss for the year	\$ <b>(9,884)</b>	\$ (1,560)

The NSUARB approved a transfer of up to \$5,040 to cover the current year deficit within Wastewater Services. These funds were transferred from HRM in 2007 as part of the transfer of Wastewater and Stormwater Services.

# Halifax Regional Water Commission

For the year ended March 31, 2021

Report to the Audit and Finance Committee  
Audit results

June 3, 2021

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Appendix B – Draft Management representation letter	

# Executive summary

## Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Halifax Regional Water Commission ("Halifax Water") for the year ended March 31, 2021. This communication will assist the Audit and Finance Committee in understanding the results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of the Audit and Finance Committee. It is not intended to be distributed or used by anyone other than these specified parties.

We were engaged to provide the following deliverables:

Deliverable	Timing
Discussions and communications regarding planning	February 12, 2021
Report on the March 31, 2021 financial statements	June 17, 2021
Communication of audit strategy and results	June 3, 2021

## Status of our audit

We have substantially completed our audit of the financial statements of Halifax Water and the results of that audit are included in this report.

We will finalize our report upon resolution of the following items that were outstanding as at June 3, 2021:

- Receipt of final updated financial statements (for any final changes after May 27, 2021), if any
- Receipt of legal inquiry responses
- Receipt of signed management representation letter (a draft has been attached in the appendices)
- Approval of the financial statements by the Board of Commissioners
- Final inquiries regarding subsequent events

We have successfully executed our audit strategy in accordance with the plan presented to the Audit and Finance Committee on February 12, 2021.

Additionally, we will complete our final communications to KPMG regarding our role as component auditor for their audit of Halifax Regional Municipality, when required.

## Independence

We confirm that there have been no changes to our status with respect to independence since we confirmed our independence to you on February 12, 2021.

# Audit risks and results

We highlight our significant findings in respect of COVID-19 impacts on audit risks and responses, significant transactions, accounting practices and other areas of focus.

## COVID-19 impact on audit risks and responses

Area of focus	Matter	Our response and findings
Impact of COVID-19	<p>As a result of the COVID-19 pandemic, Halifax Water recommended to the NSUARB that there be no rate increases in water rates for 2 years (fiscal 2020/21 and 2021/22) and no increase in wastewater rates for fiscal 2020/21 in recognition of the impact of the pandemic on the residents of HRM.</p> <p>The application to the NSUARB included planned reduction in operation costs, capital, and other costs as well as a request to cover the expected \$5 million funding deficit for 2020/2021 through the use of special reserves created from the transfer of HRM assets to Halifax Water in 2007.</p> <p>For purposes of IFRS financial reporting, this impact of the application had no impact on the financial statements other than as reflected in the amounts recognized from rates charged and actual costs incurred. The special reserves referenced in the application are presented as deferred contributed capital and recognized in income over the life of the contributed assets.</p>	<p>We examined management's disclosures relating to the impact of the COVID-19 pandemic and considered the impact of the application to the NSUARB on the financial statements and related NSUARB schedules included in the financial statements.</p> <p>We have no findings to report.</p>

# Significant transactions

Area of focus	Matter	Our response and findings
Issuance of new debt	In March 2020, Halifax Water participated in the Municipal Finance Commission debenture issue in the amount of \$26.7 million for the purpose of re-financing a balloon payment on a previous debenture and to fund a portion of the 2020/2021 additions to utility plant in service after substantial completion of the projects..	<p>We performed the following:</p> <ul style="list-style-type: none"> <li>Examined the new debenture agreement;</li> <li>Confirmed the balances along with all other outstanding debt with Halifax Regional Municipality and the Nova Scotia Municipal Finance Corporation.</li> </ul> <p>We have no findings to report.</p>
Capital projects	During the year, Halifax Water had significant capital projects ongoing and approximately \$55 million in purchased additions to ongoing and completed capital projects.	<p>We performed the following:</p> <ul style="list-style-type: none"> <li>Tested the operating effectiveness of controls over additions to capital assets;</li> <li>On a test basis, examined invoices or other support for additions incurred during the year.</li> </ul> <p>We have no findings to report.</p>

# Areas of focus

The following is a summary of areas of focus, and the related matters and findings we would like to communicate to the Audit and Finance Committee.

Area of focus	Matter	Our response and findings
Revenue	There are a significant number of transactions in the billing process which leads to a significant risk from a financial reporting perspective.	<p>We performed the following:</p> <ul style="list-style-type: none"> <li>• Tested the operating effectiveness of controls over the accuracy and occurrence of revenue recognized, including customer set up and meter data collection and processing.</li> <li>• Performed substantive analytical procedures over revenue recognized to identify fluctuations that may be indicative of error or fraud for further investigation.</li> </ul> <p>We have no findings to report.</p>
Utility plant in service	Halifax Water has a significant balance in utility plant and many ongoing capital projects throughout the year. There is a risk involved from a financial reporting perspective as accounting for utility plant in service involves judgments around classification of assets, estimation of useful lives, etc.	<p>We performed the following:</p> <ul style="list-style-type: none"> <li>• Tested the operating effectiveness of controls over additions to capital assets, including Work in Progress and Utility Plant in Service.</li> <li>• On a test basis, examined invoices or other support for additions incurred during the year.</li> </ul> <p>We have no findings to report.</p>
Employee benefit obligations	<p>Halifax Water maintains a defined benefit pension plan and offers post-retirement health and insurance benefits. The pension plan provides pensions based upon length of service and best seven years' earnings. Halifax Water contributes 10.34% of payroll.</p> <p>A full valuation was performed at January 1, 2019 with the results extrapolated as at March 31, 2021.</p>	<p>We performed the following:</p> <ul style="list-style-type: none"> <li>• Examined the valuation report prepared by Halifax Water's independent actuary;</li> <li>• Verified amounts reported and disclosed in Halifax Water's financial statements are accurate;</li> <li>• Assessed reasonability of assumptions used in the valuation as compared to expectations and market information;</li> <li>• Performed testing of the data used by the actuary in the performance of their work; and</li> <li>• Confirmed the independence of Halifax Water's actuary and their materiality threshold.</li> </ul> <p>We have no findings to report.</p>

# Adjustments and uncorrected misstatements

## Adjustments

There were no adjusted misstatements as a result of our audit procedures.

## Uncorrected misstatements

Our audit identified the unadjusted non-trivial misstatements noted below.

Description	Dr. / (Cr.) (in '000s)		Balance sheet		Income effect	
	Assets	Liabilities	Equity	Earnings		
Impact of adoption of IFRS 16 Leases not reported on the financial statements.	\$ 107	\$ (96)	\$ 6	\$		(17)

## Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.

# Other reportable matters

## Internal control

The audit is designed to express an opinion on the financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Audit and Finance Committee those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

Based on the results of our audit, we did not identify any reportable observations.

# Technical updates – highlights

## Accounting

There have not been any changes in accounting standards that would have a significant impact on Halifax Water in the current year, except those presented to the Committee as part of the communications on audit planning on February 12, 2021.

The recently issued exposure draft for the amended IFRS 14 Regulatory Deferral Accounts remains open for comments through July 30, 2021 and provides an opportunity for stakeholders, users and others to provide input to the International Accounting Standards Board in their finalization of the standard. The release of the amended standard may also provide an opportunity to engage with the NSUARB to collaborate on potential changes to the reporting requirements and opportunities for alignment.

The revised standard is not expected to come in to effect until two years from the date of the release of the final standard; however, is likely to require retroactive application upon adoption.

## Assurance

There have not been any changes in auditing standards that would have a significant impact on Halifax Water in the current year, except those presented to the Committee with the planning report on February 12, 2021.

# Appendix A

## Draft independent auditor's report

To the Members of the Board of the  
Halifax Regional Water Commission

### Opinion

We have audited the financial statements of the Halifax Regional Water Commission ("Halifax Water"), which comprise the statement of financial position as at March 31, 2021, and the statements of earnings and comprehensive earnings, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Water as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Statements section of our report. We are independent of Halifax Water in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter – supplemental schedules

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole as prepared in accordance with IFRS. Schedules A through E are presented in accordance with the Nova Scotia Utility and Review Board Water Utility Accounting and Reporting Handbook. Such information has been subjected to the auditing procedures applied for the purpose of the audit of the financial statements as a whole as at and for the period ended March 31, 2021.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Halifax Water's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Halifax Water or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Halifax Water's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Water's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Halifax Water's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Halifax Water to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Canada  
June 17, 2021

Chartered Professional Accountants

# Appendix B

## Draft management representation letter

June 17, 2021

Grant Thornton LLP  
Nova Centre, North Tower, Suite 1000  
1675 Grafton Street  
Halifax, NS B3J 0E9

**Attention:** Mr. Tom Brockway, CPA, CA

Dear Sir:

We are providing this letter in connection with your audit of the financial statements of the Halifax Regional Water Commission ("Halifax Water") as of March 31, 2021, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Halifax Water in accordance with International Financial Reporting Standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with International Financial Reporting Standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of June 17, 2021, the following representations made to you during your audit.

### Financial statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the entity as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as agreed to in the terms of the audit engagement.
2. The financial statements have been prepared for the following users: Nova Scotia Utility and Review Board, Members of the Board of Commissioners, Halifax Regional Municipality (HRM) and management. These users will use the financial statements for meeting their financial reporting requirements.

### Completeness of information

3. We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors, and committees of directors, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.

4. We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
5. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. The adjusting journal entries which have been proposed by you are approved by us and will be recorded on the books of the entity.
6. There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.
7. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
8. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
9. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
10. We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guaranties, non-monetary transactions and transactions for no consideration, as disclosed in note 9 of the financial statements.

## **Fraud and error**

11. We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
12. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
13. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

14. We believe that the effects of the uncorrected financial statement misstatements summarized in the schedules included in the Report to the Audit and Finance Committee – audit results are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

## **Recognition, measurement and disclosure**

15. We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements, are reasonable and appropriate in the circumstances.
16. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
17. There are no tangible capital assets belonging to Halifax Water that have not already been capitalized or would need to be capitalized in the future.
18. All related party transactions have been appropriately measured and disclosed in the financial statements.
19. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
20. There were no business combinations that occurred during the year.
21. Any intangibles on the books of the entity are evaluated whenever events or changes in circumstances indicated the carrying amount may not be recoverable to determine whether or not they have been impaired, and an appropriate loss provision is provided in the accounts where there has been a permanent impairment.
22. Depreciation and amortization rates have been assessed to ensure they properly reflect the assets' useful lives.
23. Rate regulated assets and liabilities have been approved by the NSUARB and have been appropriately reflected in the financial statements. Refer to note 5 of the financial statements.

24. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements. Refer to Note 3 in the financial statements.
25. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
26. Long lived assets and finite lived intangibles are reviewed for impairment, when events or changes in circumstances indicate that the carrying amount of the long-lived assets may not be recoverable. Halifax Water assesses if any indicators of impairment are present at each financial reporting year end. No impairments have been recognized for the March 31, 2021 year-end.
27. With respect to environmental matters:
- a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;
  - b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and
  - c) commitments have been measured and disclosed, as appropriate, in the financial statements.
28. The entity has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the entity's assets nor has any been pledged as collateral.
29. We have disclosed to you, and the entity has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt. Refer to Schedule B in the financial statements.
30. The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the entity are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the entity are considered complete.
31. Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of IAS 19 Employee Benefits of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Part I – Accounting.

32. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

### Other

33. We have considered whether or not events have occurred or conditions exist which may cast significant doubt on Halifax Water's ability to continue as a going concern and have concluded that no such events or conditions are evident.
34. We have considered the implications of the COVID-19 pandemic and impact on Halifax Water and have provided sufficient disclosures in the financial statements accordingly. There are no other related significant matters arising that we have not disclosed to you.

Yours very truly,

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**Cathie O'Toole, MBA, FCPA, FCGA, ICD.D**  
General Manager


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**Louis de Montbrun, CPA, CA**  
Director, Corporate Services / CFO

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**Alicia Scallion, CPA, CA**  
Manager, Accounting

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair and Members of the  
Halifax Regional Water Commission Board, as Trustees of the  
Halifax Regional Water Commission Employees' Pension Plan

**SUBMITTED BY:**   
Digitally signed by Louis  
de Montbrun  
Date: 2021.06.10  
14:00:23 -03'00'  
\_\_\_\_\_  
Louis de Montbrun, CPA, CA  
Director, Corporate Services / CFO

**APPROVED:**   
Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
12:52:55 -03'00'  
\_\_\_\_\_  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D, General Manager

**DATE:** June 3, 2021

**SUBJECT:** **Halifax Regional Water Commission Employees' Pension Plan  
Financial Statements for the Year Ended December 31, 2020**

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### **ORIGIN**

The Halifax Regional Water Commission Board (the "Board"), as Trustees of the Halifax Regional Water Commission Employees' Pension Plan (the "Plan"), approves the audited financial statements for the Plan annually.

### **RECOMMENDATION**

It is recommended the Board approve the audited financial statements for the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2020.

### **BACKGROUND**

Annually, the Plan's financial statements are prepared by staff and audited by the Commission's auditors, currently Grant Thornton LLP.

The Audit and Finance Committee of Halifax Water, in its meeting of June 3, 2021, approved the following motion:

*“The Audit and Finance Committee recommend that the Halifax Regional Water Commission Board approve the financial statements for the Halifax Regional Water Commission Employees’ Pension Plan for the year ended December 31, 2020.”*

## **DISCUSSION**

Attached are the audited financial statements of the Plan for the year ended December 31, 2020, with comparative figures for 2019. Page numbers and notes referenced in this report refer to the audited financial statements.

The auditor has indicated that they are prepared to issue an unqualified auditor’s report. The auditor’s report, on Page 1, indicates that the financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2020, the changes in net assets available for benefits, and changes in pension obligations in accordance with Canadian accounting standards for pension plans.

The statement of financial position for the Plan is reported on page 3 of the financial statements, and the highlights are summarized in Table 1 below. The surplus as at December 31, 2020 of \$13.2 million compares favourably to the surplus reported the prior year of \$8.7 million, representing an increase of \$4.5 million. This is the result of higher reported values at year-end for net assets available for benefits relative to pension obligations. Net assets available for benefits as at December 31, 2020 amounted to \$155.0 million compared to \$141.6 million the prior year, an increase of \$13.4 million or 9.4%. Pension obligations increased \$8.9 million or 6.7% to \$141.7 million as at December 31, 2020, up from \$132.8 million in 2019.

**Table 1:**

<b>Statement of financial position December 31</b>				
	2020	2019	Change	
			\$	%
Net assets available for benefits (note 4)	\$ 154,956,157	\$ 141,579,814	\$ 13,376,343	9.4%
Pension obligations (note 5)	141,762,849	132,840,559	8,922,290	6.7%
Surplus	<u>\$ 13,193,308</u>	<u>\$ 8,739,255</u>	<u>\$ 4,454,053</u>	51.0%

The statement of changes in net assets available for benefits are reported on page 4 of the financial statements, with highlights summarized in Table 2 below. As stated previously, net assets available for benefits as at December 31, 2020 are reported as \$155.0 million, compared to \$141.6 million the previous year, representing an increase of \$13.4 million or 9.40%.

**Table 2:**

Statement of changes in net assets available for benefits				
December 31				
	2020	2019	Change	
			\$	%
Revenue	\$ 12,199,236	\$ 14,083,715	\$ (1,884,479)	(13.4%)
Expenses	5,363,136	5,397,997	(34,861)	(0.6%)
Increase in Net Revenue	6,836,100	8,685,718	(1,849,618)	(21.3%)
Contributions (note 7)	6,540,243	6,435,466	104,777	1.6%
Increase in net assets available for benefits	<u>\$ 13,376,344</u>	<u>\$ 15,121,184</u>	<u>\$ (1,744,840)</u>	<u>(11.5%)</u>

Of the \$13.4 million increase in net assets available for benefits in the current year, net revenue accounted for \$6.8 million, with contributions of \$6.6 million representing the remaining balance. Revenue consists of changes in the fair value of investment assets of \$8.6 million, and net investment income of \$3.6 million. Compared to 2019, the change in the fair value of investment assets was lower by \$2.0 million, and net investment income increased \$0.2 million. Assets of the Plan are invested as part of the Halifax Regional Municipality Master Trust, and represent 6.4% (2019, 6.3%) of the Master Trust's assets. The Plan's gross fund rate for 2020 was 7.7% (2019, 10.4%), and the net fund rate after expenses was 7.4% (2019, 10.1%).

Contributions also factor into the increase in net assets available for benefits. Combined contributions from employees and Halifax Water are reported at \$6.5 million in 2020, representing a net increase of \$0.1 million or 1.6% compared to 2019. The increase is reflective of new hires, as well as associated increases in remuneration of existing employees, either through normal pay increases or movements within individual bands. Required contributions for employees in 2020 and 2019 were 10.34% of pensionable earnings, with Halifax Water matching employees' contributions. Further details with respect to contributions can be found in Note 7 (page 14) of the financial statements.

Expenses reduce net assets available for benefits, with retirement benefit payments being the main driver, representing \$4.6 million of the \$5.4 million reported in 2020. Retirement benefit payments increased \$0.4 million compared to 2019, and is attributed to 3 (2019, 15) new retirements in 2020, in addition to increases with respect to annual indexing. Termination benefit payments are also included in expenses and represent \$0.7 million of reported expenses in 2020, representing a decrease of \$0.3 million compared to 2019. Termination benefits were paid in 2020 to 17 former employees (2019, 14). Termination benefits vary year-over-year, with changes not only related to staff turnover levels, but also the pensionable service of terminating employees.

The statement of changes in pension obligations is reported on page 5 of the financial statements and summarized in Table 3 below. The valuation of pension obligations as at December 31, 2020 was an extrapolation from the actuarial valuation performed January 1, 2019.

**Table 3:**

<b>Statement of changes in pension obligations</b>				
<b>December 31</b>				
	2020	2019	Change	
			\$	%
Pension obligations, beginning of year	<u>\$ 132,840,559</u>	<u>\$ 124,371,400</u>	<u>\$ 8,469,159</u>	<u>6.8%</u>
Interest accrued on benefits	7,738,600	7,248,500	490,100	6.8%
Benefits accrued	6,413,400	6,407,700	5,700	0.1%
Benefits paid (note 8)	<u>(5,229,710)</u>	<u>(5,187,041)</u>	<u>(42,669)</u>	<u>0.8%</u>
	<u>8,922,290</u>	<u>8,469,159</u>	<u>453,131</u>	<u>5.4%</u>
Pension obligations, end of year	<u>\$ 141,762,849</u>	<u>\$ 132,840,559</u>	<u>\$ 8,922,290</u>	<u>6.7%</u>

Pension obligations increased to \$141.8 million in 2020 compared to \$132.8 million the prior year, an increase of \$8.9 million or 6.7%. Increases to pension obligations came from two (2) sources, benefits accrued of \$6.4 million and interest on accrued benefits of \$7.7 million. Reductions to pension obligations totaled \$5.2 million, and represent expenses related to retirement and termination benefit payments in 2020, described previously in this report. Further details with respect to pension obligations including assumptions can be found in Note 5 (page 13) of the financial statements.

Solvency funding is not required as the Plan received a solvency funding exemption effective June 1, 2015. Currently the ratio of solvency assets to solvency liabilities is greater than the “solvency concerns” threshold of 85%, under Nova Scotia pension legislation. Under legislative effective April 1, 2020, should the solvency ratio fall

below the 85% threshold, a full actuarial valuation report would be required every 3 years, and a cost certificate annually. The Superintendent may require a valuation sooner than the 3 years if deemed warranted. The next actuarial valuation is scheduled for January 1, 2022.

With the outbreak of COVID-19, global equity markets experienced significant volatility and weakness during the first quarter of 2020. The value of the Plan's investment assets declining by approximately 5.1% as at March 31, 2020 as compared to December 31, 2019. Markets recovered steadily during the remainder of 2020, with the Plan's investment assets ending the year at \$155.0 million., During 2020, the Plan did not experience a significant impact to operations, or its ability in making benefit payments.

### **BUDGET IMPLICATIONS**

There are no budget implications associated with the audited financial statements of the Plan. Budget implications arise from the actuarial valuations.

### **ALTERNATIVES**

None

### **ATTACHMENT**

1. Halifax Regional Water Commission Employees' Pension Plan Financial Statements as at December 31, 2020.
2. Report to the Audit and Finance Committee by Grant Thornton.

Report Prepared by:



Digitally signed by Allan  
Campbell  
Date: 2021.06.10  
12:56:39 -03'00'

Allan Campbell, B. Comm, CPA, CMA  
Manager, Finance (902) 266-8655

Financial Statements

Halifax Regional Water Commission

Employees' Pension Plan

December 31, 2020

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# Independent auditor's report

To the Board of Trustees of the  
Halifax Regional Water Commission  
Employees' Pension Plan

## Opinion

We have audited the financial statements of Halifax Regional Water Commission Employees' Pension Plan, which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Regional Water Commission Employees' Pension Plan as at December 31, 2020, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Halifax Regional Water Commission Employees' Pension Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Halifax Regional Water Commission Employees' Pension Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Halifax Regional Water Commission Employees' Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Halifax Regional Water Commission Employees' Pension Plan's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Regional Water Commission Employees' Pension Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Halifax Regional Water Commission Employees' Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Halifax Regional Water Commission Employees' Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Canada

Date

Chartered Professional Accountants

# Halifax Regional Water Commission

## Employees' Pension Plan

### Statement of financial position

December 31	2020	2019
<b>Assets</b>		
Investment assets	\$ 154,762,753	\$ 141,509,795
Contributions receivable	<u>223,912</u>	<u>97,120</u>
	154,986,665	141,606,915
<b>Liabilities</b>		
Payables and accruals		
Trade	<u>30,508</u>	<u>27,101</u>
Net assets available for benefits (note 4)	154,956,157	141,579,814
Pension obligations	<u>141,762,849</u>	<u>132,840,559</u>
Surplus	<u>\$ 13,193,308</u>	<u>\$ 8,739,255</u>

On behalf of the Board of Trustees

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

See accompanying notes to the financial statements.

# Halifax Regional Water Commission

## Employees' Pension Plan

### Statement of changes in net assets available for benefits

Year Ended December 31 2020 2019

Revenue		
Net investment income (note 6)	\$ 3,568,646	\$ 3,441,506
Changes in the fair value of investment assets	<u>8,630,589</u>	<u>10,642,209</u>
	<u>12,199,235</u>	<u>14,083,715</u>
Contributions (note 7)		
Participants	3,310,113	3,463,328
Sponsor	<u>3,230,131</u>	<u>2,972,138</u>
	<u>6,540,244</u>	<u>6,435,466</u>
Expenses		
Benefit payments (note 8)	5,229,710	5,187,041
Administrative (note 9)	<u>133,426</u>	<u>210,956</u>
	<u>5,363,136</u>	<u>5,397,997</u>
Increase in net assets available for benefits	<u>\$ 13,376,343</u>	<u>\$ 15,121,184</u>
Net assets available for benefits, beginning of year	\$ 141,579,814	\$ 126,458,630
Increase in net assets available for benefits	<u>13,376,343</u>	<u>15,121,184</u>
Net assets available for benefits, end of year	<u>\$ 154,956,157</u>	<u>\$ 141,579,814</u>

See accompanying notes to the financial statements.

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**Halifax Regional Water Commission**  
**Employees' Pension Plan**  
**Statement of changes in pension obligations**

Year Ended December 31	2020	2019
Pension obligations, beginning of year	<u>\$ 132,840,559</u>	<u>\$ 124,371,400</u>
Change in pension obligations		
Interest accrued on benefits	7,738,600	7,248,500
Benefits accrued	6,413,400	6,407,700
Benefits paid (note 8)	<u>(5,229,710)</u>	<u>(5,187,041)</u>
	<u>8,922,290</u>	<u>8,469,159</u>
Pension obligations, end of year	<u>\$ 141,762,849</u>	<u>\$ 132,840,559</u>

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See accompanying notes to the financial statements.

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# **Halifax Regional Water Commission**

## **Employees' Pension Plan**

### **Notes to the financial statements**

December 31, 2020

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#### **1. Description of the Plan**

The Halifax Regional Water Commission Employees' Pension Plan (the "Plan") is registered under the Pension Benefits Act of Nova Scotia (Registration Number 0344614). The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan agreement restated as at January 1, 2011 as amended and consolidated, in addition to Amendment #9 and Amendment #10, both effective January 1, 2016, Amendment #11, effective retroactively to June 1, 2015, and Amendment #12, effective retroactively to January 1, 2019.

##### **(a) General**

The Halifax Regional Water Commission maintains a contributory defined benefit pension plan for all employees, and participation in the Plan is compulsory for full-time and part-time employees. The pension plan provides pensions based upon length of service and best seven consecutive years' earnings.

The employees who transferred to the Halifax Regional Water Commission on August 1, 2007 with the transfer of the wastewater/stormwater operations have remained members of the Halifax Regional Municipality Pension Plan. The Halifax Regional Water Commission is responsible for funding the employer share of the contributions for these employees. All new employees hired after August 1, 2007 join the Halifax Regional Water Commission Employees' Pension Plan.

##### **(b) Funding policy**

Employees' required contributions in 2020 were 10.34% (2019 – 10.34%) of pensionable earnings with the Halifax Regional Water Commission matching employee contributions. Basic contributions from employers and members due to the Plan at the end of the year are recorded on an accrual basis. Pensionable earnings are capped temporarily to a maximum of \$140,945 through 2023 and will be indexed at a rate of 1% per annum thereafter.

In addition, the Plan and the Pension Benefits Act of Nova Scotia require that the Halifax Regional Water Commission, from time to time, make contributions to the Plan of such amounts which are required as special payments in accordance with the provisions of the Plan as determined by the actuary (see note 5).

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# **Halifax Regional Water Commission**

## **Employees' Pension Plan**

### **Notes to the financial statements**

December 31, 2020

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#### **1. Description of the Plan (continued)**

##### **(c) Retirement benefits**

Employees are entitled to annual pension benefits of an amount equal to 2.0% of their best earnings averaged over the highest seven consecutive years of earnings for each year of credited service up to the maximum permitted by the Canada Revenue Agency. For credited service prior to January 1, 2016, the best average earnings cannot be less than the best average five consecutive years of earnings paid to an employee prior to 2016.

Benefits are adjusted each year. Adjustments are based on the increase in the Consumer Price Index over the previous calendar year to a maximum of 2% for benefits earned prior to January 1, 2016, and to a maximum of 1% for benefits earned after December 31, 2015.

##### **(d) Disability pensions**

Disabled employees continue to accrue credited service without having to continue their contributions. The employer and employees fund the actuarial cost of the pensions for disabled employees annually. Disabled employees are eligible for a pension if they meet the following criteria:

- a) they have completed 10 years of continuous participation in the Plan;
- b) they are not in receipt of a salary continuance benefit under an insured plan to which the Halifax Regional Water Commission contributes; and
- c) they are totally and permanently disabled as certified by a medical practitioner.

##### **(e) Death benefits**

In the event a pensioner dies after the commencement of their pension payments, the death benefit will be in accordance with the normal or optional form of pension elected at the time of retirement.

In the event a member dies before their retirement date, a survivor pension is payable to the member's surviving spouse at the rate of 60% of the member's pension credits accrued prior to June 1, 1998. The beneficiary of a single employee who dies before retirement will be entitled to the member's contributions and interest up to the month preceding death during that same period. In respect of pension credits accrued after June 1, 1998, the commuted value of the normal retirement benefits shall be paid to the member's surviving spouse, beneficiary or estate. For pension credits accrued between January 1, 1988 and May 31, 1998 whereby a survivor pension payable to the member's surviving spouse is calculated as the greater of: 1) 60% of the survivor pension, or 2) the commuted value of the normal retirement benefits. The beneficiary or estate of a single employee who dies during this same time period, January 1, 1988 and May 31, 1998, would be entitled to the commuted value of the normal retirement benefits.

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# **Halifax Regional Water Commission**

## **Employees' Pension Plan**

### **Notes to the financial statements**

December 31, 2020

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#### **1. Description of the Plan (continued)**

##### **(f) Termination of employment**

Subject to any statutory limitations, Plan members become vested immediately upon joining the Plan. Vesting previously occurred after two years of Plan membership. Members may elect to receive one of the following options upon termination:

- a) a paid-up deferred pension commencing on the member's normal retirement date in an amount equal to the pension accrued to date of termination; or
- b) transfer the value of benefit to the member's new employer's pension plan, a Retirement Savings Plan, or purchase a deferred annuity.

##### **(g) Voluntary contributions**

Members of the Plan may make additional voluntary contributions up to the deductible limit provided under the Income Tax Act. The non locked-in additional voluntary contributions may be withdrawn from the Plan by a member prior to termination or retirement, either in the form of a lump sum cash payment or transferred directly to the member's Retirement Savings Plan.

Members of the Plan may transfer non locked-in or locked-in benefits from a previous employer. Non locked-in benefits are administered as outlined in the previous paragraph. Locked-in benefits can be withdrawn within ten years of the normal retirement date. Upon retirement, the locked-in and non locked-in contributions may be used to purchase an annuity.

##### **(h) Income taxes**

The Plan is not subject to income taxes since it is a Registered Pension Trust as defined by the Income Tax Act.

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# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

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#### **2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies**

The financial statements are presented in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants of Canada (CPA) Handbook, Section 4600 – Pension Plans. Section 4600 provides specific accounting guidance on pension obligations and investments, with investments complying with international financial reporting standards ("IFRS") in Part I of the CPA Canada Handbook. For accounting policies that do not relate to either investments or pension obligations, the plan must consistently comply with either IFRS or Canadian accounting standards for private enterprises ("ASPE") in Part II of the CPA Canada Handbook. The Plan has elected to comply on a consistent basis with ASPE. To the extent that ASPE is inconsistent with Section 4600, Section 4600 takes precedence.

#### **(a) Financial instruments**

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and liabilities are subsequently measured as described below:

##### *Investment assets*

All investment assets are measured at fair value at the date of the statement of financial position in accordance with IFRS 13: Fair Value Measurement Part I of the CPA Canada Handbook. Fair values of investment assets are determined as follows:

- Pooled funds are valued at the unit value supplied by the Master Trust administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.

Transaction costs are not included in the fair value of investment assets either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

Investment income, excluding changes in the fair value of investment assets, is presented in the statement of changes in net assets available for benefits.

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# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

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#### **2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)**

##### **(a) Financial instruments (continued)**

###### *Financial liabilities*

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

##### **(b) Pension obligations**

The Plan is a defined benefit plan established for members. The pension obligations recognized in the statements of financial position are the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services.

##### **(c) Net investment income**

Income from investments is recognized on an accrual basis and includes dividend income (recognized on ex-dividend date), interest income, and is net of investment manager fees.

##### **(d) Changes in the fair value of investment assets and liabilities**

This includes both realized gains or losses on sale of investments and unrealized gains or losses on investments.

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

##### **(e) Contributions**

Required employee and employer contributions are recorded the month following when the payroll deductions are made. Employee and employer contributions, as well as special payments due to the Plan at the end of the year are recorded on an accrual basis. Cash received from pension plan transfers or members for service purchases are recorded when received.

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# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

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#### 2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

##### (f) Benefits

Benefit payments to retired members, commuted value payments and refunds to former members are recorded in the period paid. Accrued benefits are recorded as part of the accrued pension benefit obligation.

##### (g) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below:

###### *Fair value of financial instruments*

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

###### *Pension obligations*

Management estimates the pension obligations annually with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of the pension obligation of \$141,762,849 (2019 - \$132,840,559) is based on assumed rates of retirement, mortality, breaks in service and contributory hours. Discount factors are determined at or near year-end to reflect the long-term expectation of investment returns that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

#### 3. Investment assets

The investment in the Halifax Regional Municipality Master Trust (the "HRM Master Trust") is recorded at its fair value. The Plan's interest in the HRM Master Trust represents 6.39% (December 31, 2019 – 6.32%) of the HRM Master Trust units. The remaining units are held by the Halifax Regional Municipality ("HRM"). The co-mingling of investments does not affect the actuarial liabilities or the net assets available for benefits of the Plan.

The fair value of the investment in the HRM Master Trust is determined as at the date of the statements of financial position as described in note 2(a). The fair value of the investment in the HRM Master Trust is categorized as a Level 2 investment under fair value hierarchy measurement.

Section 67 (3) of the *Pension Benefits Act Regulations* requires disclosure of each investment asset that has a fair value greater than two percent (2%) of the fair value of all the investment assets of the Plan. The following schedule reports all investments having a fair value greater than 2% of the fair value of all investment assets of the Plan.

<u>Investment</u>	<u>Asset Class</u>	<u>Market value</u>
Wellington Management Global Total Return Fund	Foreign Bonds <sup>1</sup>	\$ 7,065,663
Putnam Canadian Fixed Income Global Alpha Fund	Canadian Bonds <sup>1</sup>	4,972,698
Wellington Emerging Markets Local Equity Fund	Emerging Market Equities <sup>1</sup>	4,142,521
UBS (UK) Real Estate Funds Selection Global Ex Canada, L.P.	Limited Partnership	3,667,980
Minto Multi-Residential Income Partners I, L.P.	Limited Partnership	3,544,797
Blackrock Active Canadian Equity Fund	Canadian Equities	3,344,200
Trinetra Emerging Markets Growth Fund	Emerging Market Equities <sup>1</sup>	3,232,962
		<b>\$ 29,970,821</b>

1 – Denotes Pooled Fund

#### 4. Net assets available for benefits

##### Allocation of net assets available for benefits

	<u>2020</u>	<u>2019</u>
To pension plan	\$ 154,221,503	\$ 140,959,340
To extra voluntary contribution benefits	469,448	373,648
To individual locked in amounts	<u>265,206</u>	<u>246,826</u>
	<b>\$ 154,956,157</b>	<b>\$ 141,579,814</b>

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# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

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#### 5. Pension obligations

An actuarial valuation of the Halifax Regional Water Commission Employees' Pension Plan was performed as at January 1, 2019.

The actuarial value of accrued benefits, determined periodically by the Plan's actuary, is the amount that results from applying actuarial assumptions to adjust the Plan benefits to reflect the time value of money between the valuation date and the expected date of payment. The significant actuarial assumptions used include:

- a) 40% of members will retire at the age of 65, and 60% will retire at the earliest date of eligibility for an unreduced pension;
- b) interest rate assumption of 5.80% per annum (2019 – 5.80%);
- c) salary scale assumption of 3.90% per annum (2019 – 3.90%); and
- d) life expectancy of participants based upon the CPM-2014 Combined mortality table, with Scale CPM-B (post retirement), no mortality in pre-retirement.

As a result of the January 1, 2019 actuarial valuation, special payments in respect of going concern liabilities are no longer required. The next actuarial valuation for the Plan is required to be performed no later than January 1, 2022.

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#### 6. Net investment income

	<u>2020</u>	<u>2019</u>
Income from investment funds	\$ 3,763,614	\$ 3,644,079
Investment manager fees	<u>(194,968)</u>	<u>(202,573)</u>
	<u>\$ 3,568,646</u>	<u>\$ 3,441,506</u>

# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

<b>7. Contributions</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Participants' contributions		
Required	\$ 3,230,131	\$ 3,393,051
Voluntary	<u>79,982</u>	<u>70,277</u>
	<b><u>\$ 3,310,113</u></b>	<b><u>\$ 3,463,328</u></b>
Sponsor's contributions		
Required	<b><u>\$ 3,230,131</u></b>	<b><u>\$ 2,972,138</u></b>

<b>8. Benefit payments</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Retirement benefit payments	\$ 4,552,474	\$ 4,226,855
Termination benefit payments	<u>677,236</u>	<u>960,186</u>
	<b><u>\$ 5,229,710</u></b>	<b><u>\$ 5,187,041</u></b>

During 2020, there were 17 termination benefit payments (2019 – 14). Termination benefits are paid out as described in note 1(f).

<b>9. Administrative expenses</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Actuarial and consulting fees	\$ 42,143	\$ 118,659
Audit and accounting fees	8,648	8,530
Bank custodian fees	30,479	28,636
Insurance	9,636	8,760
Miscellaneous	16,724	20,610
Professional fees	23,151	23,261
Registration fees	<u>2,645</u>	<u>2,500</u>
	<b><u>\$ 133,426</u></b>	<b><u>\$ 210,956</u></b>

#### **10. Related party transactions**

The Halifax Regional Water Commission, the Plan's sponsor, collects the Plan's contributions and pays certain expenses on behalf of the Plan. These items are then credited or charged back to the Plan.

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# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

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December 31, 2020

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#### 11. Financial instruments

##### **Financial instruments risk exposure and management**

The Plan is exposed to various risks in relation to its investment in the HRM Master Trust, consisting of investment assets. The Plan's financial assets are categorized in Level 2. The main types of risks are market risk, credit risk and liquidity risk.

The Plan's risk management policy is derived from the HRM Master Trust in which the Plan holds units. The HRM Master Trust has formal policies and procedures placed upon it that establish an asset mix among equity and fixed income investments, required diversification of investments within categories, a set limit on the size of exposure to individual investments, and a requirement to use A-rated counterparties.

The Plan does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Plan is exposed are described below:

(a) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Plan segregates market risk into three categories: interest rate risk, currency risk and other price risk.

*i. Interest rate risk*

Interest rate risk refers to the fact that the value of the Plan's assets is affected by changes in nominal interest rates and equity markets.

*ii. Currency risk*

The Plan's functional currency is Canadian dollars and all of the Plan's transactions are carried out in Canadian dollars.

*iii. Other price risk*

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

All investments have a risk of loss of capital. The maximum risk resulting from the investments is determined by the fair value of the instruments, which total \$154,762,753 at December 31, 2020 (2019 - \$141,509,795). A one percent change (1%) in market risk (holding all variables constant) will impact the fair value of these instruments by approximately \$1,548,000 (2019 - \$1,415,000).

# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

#### 11. Financial instruments (continued)

##### (b) Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Plan. The Plan's credit risk is primarily attributable to the underlying assets of the HRM Master Trust. Credit risk is mitigated through the management of the HRM Master Trust assets with generally accepted parameters of safety and prudence, using a diversified investment program. Investments in the HRM Master Trust must adhere to specific limitations as outlined in the Halifax Regional Municipality's Statement of Investment Policies and Procedures for the Defined Benefit Pension Plan ("the Statement of Investment Policies and Procedures").

##### (c) Liquidity risk

Liquidity risk is the risk of not being able to meet the Plan's cash requirements in a timely and cost-effective manner. Liquidity requirements are managed through income generated from investments and monthly contributions made by members and participating employers. The sources of funds are used to pay pension benefits, make additional investments and fund operating expenses. The Plan's primary future liabilities include the accrued benefit obligation of the Plan. The Plan's main asset, the investment in the HRM Master Trust, is liquid as cash is available to make required payments.

The following are the contractual maturities of financial liabilities:

Payments due year ending December 31, 2020

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Payables and accruals	<u>\$ 30,508</u>	<u>\$ 30,508</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Payments due year ending December 31, 2019

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Payables and accruals	<u>\$ 27,101</u>	<u>\$ 27,101</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

# Halifax Regional Water Commission

## Employees' Pension Plan

### Notes to the financial statements

December 31, 2020

#### 11. Financial instruments (continued)

##### Fair value disclosure

The financial instruments recognized at fair value on the statement of financial position must be classified as one of three fair value hierarchy levels. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Financial assets at fair value as at December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled fund	\$ <u>                    </u>	\$ <u>154,762,753</u>	\$ <u>                    </u>	\$ <u>154,762,753</u>

Financial assets at fair value as at December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled fund	\$ <u>                    </u>	\$ <u>141,509,795</u>	\$ <u>                    </u>	\$ <u>141,509,795</u>

There were no transfers between the three levels between December 31, 2019 and December 31, 2020.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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# **Halifax Regional Water Commission**

## **Employees' Pension Plan**

### **Notes to the financial statements**

December 31, 2020

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#### **12. Capital management**

The Plan defines its capital as the deficiency of the Plan, as determined annually based on the fair value of net assets and actuarial liabilities, provided by the actuarial valuation prepared by the Plan's independent actuary (note 5).

The overall objectives in investing the assets of the Plan are to ensure sufficient liquidity to support its financial obligations, to continue to provide benefits in the best interest of its members, to remain financially self-sufficient and to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained with the assumption of an acceptable degree of risk. The Plan holds units with the HRM Master Trust which has formal policies and procedures that establish asset mix, require diversification within different categories, set a limit on the exposure to individual investments and provides a requirement to use A-rated counterparties.

# Halifax Regional Water Commission Employees' Pension Plan

For the year ended December 31, 2020

Report to the Audit and Finance Committee  
Audit results

June 3, 2021

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# Appendices

Appendix A – Draft independent auditor’s report
Appendix B – Draft management representation letter

# Executive summary

## Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Halifax Regional Water Commission Employees' Pension Plan (the "Plan") for the year ended December 31, 2020. This communication will assist the Audit and Finance Committee in understanding the results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of the Audit and Finance Committee. It is not intended to be distributed or used by anyone other than these specified parties.

We were engaged to provide the following deliverables:

Deliverable	Timing/Status
Discussions and communications regarding planning	February 12, 2021
Communication of audit and results	June 3, 2021
Report on the December 31, 2020 financial statements	June 17, 2021

## Status of our audit

We have substantially completed our audit of the financial statements of the Plan and the results of that audit are included in this report.

We will finalize our report upon resolution of the following items outstanding as at June 3, 2021.

- Receipt of final updated financial statements (for any final changes after May 27, 2021)
- Receipt of signed management representation letter (a draft has been attached in the appendices)
- Approval of the financial statements by the Board of Trustees
- Final inquiries regarding subsequent events

We have successfully executed our audit strategy in accordance with the plan presented to the Audit and Finance Committee on February 12, 2021.

## Independence

We confirm that there have been no changes to our status with respect to independence since we confirmed our independence to you on February 12, 2021.

# Audit risks and results

## Areas of focus

The following is a summary of areas of focus, and the related matters and findings we would like to communicate to the Audit and Finance Committee.

Area of focus	Matter	Our response and findings
<b>Pension obligation</b>	<p>A full valuation of the plan was performed at January 1, 2019 with the results extrapolated as at December 31, 2020.</p> <p>As at December 31, 2020 the actuarial valuation reported an unfunded going concern excess of \$11,604,800. Certain adjustments were made to arrive at the surplus of \$13,193,308 reported in the 2020 financial statements.</p> <p>There were no required special payments in respect of going concern liabilities during the year as a result of the most recent valuation completed.</p>	<p>We performed the following:</p> <ul style="list-style-type: none"><li>• Examined the valuation report prepared by the independent actuary;</li><li>• Assessed the reasonability of assumptions used in the valuation as compared to expectations and market information;</li><li>• Performed testing of the data used by the actuary in the performance of their work; and</li><li>• Confirmed the independence and qualifications of the Plan's actuary and materiality threshold.</li></ul> <p>We have no findings to report.</p>
<b>Investments</b>	<p>As at December 31, 2020 the Plan holds and investment balance of \$154,762,753.</p>	<p>We performed the following:</p> <ul style="list-style-type: none"><li>• Agreed amounts to investment statements;</li><li>• Performed valuation testing of investments;</li><li>• Verified historical accuracy of balances based on audited HRM financial statements; and</li><li>• Obtained investment statements subsequent to year end and ensured appropriateness of related disclosures.</li></ul> <p>We have no findings to report.</p>

# Adjustments and uncorrected misstatements

## Adjustments

We have no adjusted misstatements to report.

## Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.

# Other reportable matters and technical updates – highlights

## Internal control

The audit is designed to express an opinion on the financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Members of the Audit and Finance Committee those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

We did not identify any deficiencies in internal control that we are required to communicate.

## Accounting

There have not been any changes in accounting standards that would have a significant impact on the Plan in the current year, except those presented to the Committee as part of the communications on audit planning on February 12, 2021.

## Assurance

There have not been any changes in auditing standards that would have a significant impact on the Plan in the current year.

# Appendix A

## Independent auditor's report

To the Board of Trustees of the  
Halifax Regional Water Commission  
Employees' Pension Plan

### Opinion

We have audited the financial statements of Halifax Regional Water Commission Employees' Pension Plan, which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Regional Water Commission Employees' Pension Plan as at December 31, 2020, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Halifax Regional Water Commission Employees' Pension Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Halifax Regional Water Commission Employees' Pension Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Halifax Regional Water Commission Employees' Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Halifax Regional Water Commission Employees' Pension Plan's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Regional Water Commission Employees' Pension Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Halifax Regional Water Commission Employees' Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Halifax Regional Water Commission Employees' Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Canada  
June 17, 2021

Chartered Professional Accountants

# Appendix B

## Draft management representation letter

June 17, 2021

Mr. Tom Brockway, CPA, CA  
Grant Thornton LLP  
Suite 1000, Nova Centre, North Tower  
1675 Grafton Street  
Halifax, NS B3J 0E9

Dear Mr. Brockway:

We are providing this letter in connection with your audit of the financial statements of **Halifax Regional Water Commission Employees' Pension Plan** for the year ended December 31, 2020 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets available for benefits and changes in pension obligations in accordance with Canadian accounting standards for pension plans ("ASPP").

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with Canadian accounting standards for pension plans and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be

expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of June 17, 2021, the following representations made to you during your audit.

### Financial statements

1. The financial statements referred to above present fairly, in all material respects, the statement of financial position as at December 31, 2020, and the changes in net assets available for benefits and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans, as agreed to in the terms of the audit engagement.

### Completeness of information

2. We have made available to you all financial records and related data and all minutes of the meetings of trustees and committees, as agreed to in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant trustee and committee actions are included in the summaries.

3. We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
4. We have also made available the plan instrument and any plan amendments thereto, the trust agreement and any insurance contracts entered into during the year, including any amendments to comply with applicable laws. The last amendment to the plan instrument was as of October 7, 2019. As well we have made available all actuarial reports and other reports prepared by the actuary for the plan and the plan sponsor were provided to you.
5. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
6. There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.
7. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
8. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
9. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
10. We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration.
11. You provided a non-audit service by assisting us with drafting the financial statements and related notes. In connection with this non-audit service, we confirm that we have made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the financial statements, and accept responsibility for such financial statements.

## Fraud and error

12. We have no knowledge of fraud or suspected fraud affecting the plan involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the plan's financial statements communicated by employees, former employees, analysts, regulators or others.
14. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

## Recognition, measurement and disclosure

15. We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
16. For non-readily marketable securities, we are in agreement with the methods used to estimate fair value or the approach used by the appraiser.
17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
18. All related party transactions have been appropriately measured and disclosed in the financial statements.
19. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
20. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and appropriately reflected in the financial statements.
21. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

22. The plan has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the plan's assets nor has any been pledged as collateral.
23. We have disclosed to you, and the plan has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
24. There have been no events subsequent to the year end date up to the date hereof that would require recognition or disclosure in the financial statements.
25. The plan has complied with the rules and regulations of the Nova Scotia Office of the Superintendent of Pensions and the Canada Revenue Agency to which the plan is subject.
26. We are responsible for the preparation of plan amendments necessitated by changes in laws or regulations, or required by changes in the operation of the plan. All amendments required by such changes have been adopted by the plan.
27. All required filing of the plan (trust) documents with the appropriate agencies have been made.
28. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.
29. There were no omissions from the participants' data provided to the plan's actuary for the purpose of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements.
30. We agree with the actuarial methods and assumptions used by the actuary for funding purposes and for determining accumulated plan benefits and have no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any instructions to be given, to the plan's actuary with respect to how the valuation should be calculated from the underlying data, and we are not aware of any matters that have impacted the independence or objectivity of the plan's actuary.

31. The defined benefit obligation of the pension plan is appropriately measured as the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services in accordance with Section 3462 Employee Future Benefits.

32. There have been no changes in:

- (a) the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements;
- (b) plan provisions between the actuarial extrapolation date and the date of this letter.

33. We have no intentions to terminate the plan.

#### **Other**

34. We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the plan's ability to continue as a going concern and have concluded that no such events or conditions are evident.

35. We have considered the implications of the COVID-19 pandemic and impact on Halifax Water and have provided sufficient disclosures in the financial statements accordingly. There are no other related significant matters arising that we have not disclosed to you.

Yours very truly,

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**Cathie O'Toole, MBA, FCPA, FCGA, ICD.D**  
**General Manager**

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**Louis de Montbrun, CPA, CA**  
**Director Corporate Services / CFO**

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**Allan Campbell, B Comm., CPA, CMA**  
**Manager, Finance**

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the Halifax Regional Water Commission Board

**SUBMITTED BY:** Reid Campbell  
Digitally signed by Reid Campbell  
Date: 2021.06.10 17:02:57 -03'00'  
Reid Campbell, M.Eng., P.Eng.  
Director, Engineering and Technology Services

Louis de Montbrun  
Digitally signed by Louis de Montbrun  
Date: 2021.06.10 16:57:14 -03'00'  
Louis de Montbrun, CPA, CA  
Director, Corporate Services/CFO

**APPROVED:** Cathie O'Toole  
Digitally signed by Cathie O'Toole  
Date: 2021.06.10 17:04:24 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

**DATE:** June 11, 2021

**SUBJECT:** Capital Expenditures and Forecast for the twelve months ended March 31, 2021

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## **ORIGIN**

Capital expenditure and forecast reporting.

## **BACKGROUND**

The Halifax Regional Water Commission (Halifax Water) Board is required to review periodic financial information throughout the year.

## **DISCUSSION**

The Engineering and Technology Services department has been actively updating forecasted capital expenditures to the end of the 2020/21 fiscal year based on actual expenditures year to date and knowledge of project timelines and contract pricing. Below is the breakdown by asset class and project status for the twelve (12) months ending March 31, 2021.

**ITEM # 5.1**  
**Halifax Water Board**  
**June 17, 2021**

**Capital Expenditure and Forecast Report**

Budget Category	Total Budget Available	Expenditures to March 31, 2020	Expenditures April 1, 2020 to March 31, 2021	Total Expenditures to March 31, 2021	Remaining Budget Available as of March 31, 2021	Total Forecasted Expenditures to March 31, 2021	Total Forecasted Expenditures to the End of the Project	Remaining Budget Available
<b>Active</b>								
Water	\$ 45,704,169	\$ 4,881,924	\$ 10,266,766	\$ 15,148,690	\$ 30,555,479	\$ 20,287,860	\$ 33,399,623	\$ 12,304,546
Wastewater	36,168,444	4,158,513	11,346,655	15,505,168	20,663,276	15,017,694	23,358,167	12,810,277
Stormwater	5,428,230	164,604	1,164,080	1,328,684	4,099,546	1,281,546	4,223,993	1,204,237
	<b>87,300,843</b>	<b>9,205,041</b>	<b>22,777,501</b>	<b>31,982,542</b>	<b>55,318,301</b>	<b>36,587,100</b>	<b>60,981,783</b>	<b>26,319,060</b>
<b>Pending</b>								
Water	19,698,440	-	-	-	19,698,440	45,000	11,387,440	8,311,000
Wastewater	28,158,000	-	-	-	28,158,000	1,260,000	8,779,000	19,379,000
Stormwater	784,238	-	-	-	784,238	4,000	4,000	780,238
	<b>48,640,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,640,678</b>	<b>1,309,000</b>	<b>20,170,440</b>	<b>28,470,238</b>
<b>Closed</b>								
Water	28,644,388	6,537,208	22,107,180	28,644,388	-	29,706,585	31,960,112	(3,315,724)
Wastewater	14,843,534	2,942,443	11,901,091	14,843,534	-	15,402,650	16,911,601	(2,068,067)
Stormwater	4,040,876	335,274	3,705,602	4,040,876	-	4,220,300	4,422,300	(381,424)
	<b>47,528,798</b>	<b>9,814,925</b>	<b>37,713,873</b>	<b>47,528,798</b>	<b>-</b>	<b>49,329,535</b>	<b>53,294,013</b>	<b>(5,765,215)</b>
	<b>\$ 183,470,319</b>	<b>\$ 19,019,966</b>	<b>\$ 60,491,374</b>	<b>\$ 79,511,340</b>	<b>\$ 103,958,979</b>	<b>\$ 87,225,635</b>	<b>\$ 134,446,236</b>	<b>\$ 49,024,083</b>

The Total Budget Available of \$183.5 million represents total approved budgets for pending and active projects as at the end of March 31, 2021.

Total Expenditures to March 31, 2021 of \$79.5 million include expenditures of \$19.0 million incurred prior to April 1, 2020 and expenditures of \$60.5 million in the current fiscal year. This results in a Remaining Budget Available as of March 31, 2021 of \$104.0 million.

Project Managers had forecasted that total expenditures to the end of the 2020/21 fiscal year would be \$87.2 million.

The Total Project Forecast represents the total expenditures on capital projects expected by the time of project completion. For multi-year projects, expenditures relating to future year budgets are excluded.

Remaining Budget Available is the Total Budget Available less the Total Forecasted Expenditures to the End of the Project. Halifax Water is forecasting to be underspent on capital projects relative to the approved budgets. In the Active project category, there is approximately \$26.3 million that may be able to be reallocated to existing projects or used to fund future projects. In the Pending project category, there is \$20.2 million that is awaiting approval and \$28.5 million that have been deferred or cancelled. For projects that are deferred or cancelled, there will be funding available that could be reallocated to existing projects, if required, or used to fund future capital budgets. A strategy is currently being developed to reallocate this funding.

As projects are completed, they will be moved to the closed category. This will occur throughout the year, however, most projects are closed in the last quarter of the fiscal year.

**ATTACHMENT**

Project details by category and status

Report prepared by:

**Alicia  
Scallion**


Digitally signed by Alicia  
Scallion  
Date: 2021.06.10  
20:52:36 -03'00'

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Alicia Scallion, CPA, CA, Manager, Accounting, (902)-497-9785

Status	Service	Asset Category	Total Budget Available	Expenditures to March 31, 2020	Expenditures April 1, 2020 to March 31, 2021	Total Expenditures to March 31, 2021	Remaining Budget Available as of March 31, 2021	Total Forecasted Expenditures to March 31, 2021	Total Forecasted Expenditures to the End of the Project	Remaining Budget Available
Active	W	Water - Land	215,000.00	307,598.70	(263,149.98)	44,448.72	170,551.28	341,000.00	341,000.00	(126,000.00)
		Water - Transmission	2,025,103.84	438,665.97	668,107.63	1,106,773.60	918,330.24	1,290,000.00	2,076,000.00	(50,896.16)
		Water - Distribution	3,664,664.38	4,747.97	281,555.81	286,303.78	3,378,360.60	375,000.00	2,407,080.00	2,257,584.38
		Water - Structures	13,732,000.00	629,775.99	3,944,902.35	4,574,678.34	9,157,321.66	7,480,478.79	10,878,446.00	2,853,554.00
		Water - Treatment Facilities	2,822,000.00	0.00	165,400.01	165,400.01	2,656,599.99	574,000.00	1,491,000.00	1,331,000.00
		Water - Security	0.00	0.00	14,009.54	14,009.54	(14,009.54)	0.00	0.00	0.00
		Water - Equipment	4,761,467.48	684,799.07	1,334,673.52	1,999,472.59	2,761,994.89	2,050,849.36	3,481,000.00	1,280,467.48
		Water - Corporate Projects	18,483,933.35	2,836,336.78	4,121,267.36	6,957,604.14	11,526,329.21	8,176,532.00	13,725,097.00	4,758,836.35
		Wastewater - Trunk Sewers	500,000.00	0.00	19,020.92	19,020.92	480,979.08	15,000.00	15,000.00	485,000.00
		Wastewater - Collection System	19,269,336.89	2,127,704.69	7,563,747.89	9,691,452.58	9,577,884.31	7,094,064.17	10,492,000.00	8,777,336.89
WW	WW	Wastewater - Forecains	550,000.00	13,116.76	78,700.10	91,816.86	458,183.14	70,000.00	70,000.00	480,000.00
		Wastewater - Structures	6,055,527.18	1,177,636.01	1,833,867.53	3,011,503.54	3,044,023.64	4,237,000.00	6,131,000.00	480,000.00
		Wastewater - Treatment Facility	5,474,773.98	628,652.89	1,720,693.56	2,349,346.45	3,125,427.53	3,088,807.07	4,451,807.07	1,022,966.91
		Wastewater - Energy	139,000.00	48,745.93	7,519.33	56,265.26	82,734.74	55,498.51	139,000.00	1,022,966.91
		Wastewater - Security	0.00	0.00	902.17	902.17	(902.17)	0.00	0.00	0.00
		Wastewater - Equipment	315,000.00	48,755.42	641.95	49,397.37	265,602.63	99,536.18	287,760.41	27,239.59
		Wastewater - Corporate Projects	3,819,805.86	76,112.66	121,561.94	197,674.20	3,622,131.66	320,000.00	1,726,600.00	2,093,205.86
		Wastewater - Unregulated	45,000.00	37,788.19	0.00	37,788.19	7,211.81	37,788.19	45,000.00	0.00
		Stormwater - Pipes	1,732,215.13	77,963.90	218,379.23	296,343.13	1,435,872.00	283,000.00	750,947.00	981,268.13
		Stormwater - Culverts/Ditches	1,316,000.00	63,290.15	552,097.56	615,387.71	700,612.29	659,000.00	752,000.00	564,000.00
SW	SW	Stormwater - Structures	2,278,000.00	23,350.30	49,449.27	72,799.57	2,205,200.43	48,000.00	2,279,000.00	(1,000.00)
		Stormwater - Corporate Projects	102,015.23	0.00	344,153.68	344,153.68	(242,138.45)	291,546.00	442,046.00	(340,030.77)
		Water - Land	87,300,843.32	9,205,041.38	22,777,500.97	31,962,542.35	55,318,300.97	36,587,100.27	60,981,783.48	26,319,059.84
		Water - Transmission	580,000.00	0.00	0.00	0.00	580,000.00	0.00	450,000.00	130,000.00
		Water - Distribution	3,912,400.00	0.00	0.00	0.00	3,912,400.00	0.00	2,675,000.00	1,237,400.00
		Water - Structures	(1,124,000.00)	0.00	0.00	0.00	(1,124,000.00)	0.00	0.00	(1,124,000.00)
		Water - Treatment Facilities	2,300,000.00	0.00	0.00	0.00	2,300,000.00	0.00	2,000,000.00	300,000.00
		Water - Energy	9,009,000.00	0.00	0.00	0.00	9,009,000.00	0.00	4,470,000.00	4,539,000.00
		Water - Equipment	455,000.00	0.00	0.00	0.00	455,000.00	0.00	330,000.00	125,000.00
		Water - Corporate Projects	4,566,040.00	0.00	0.00	0.00	4,566,040.00	45,000.00	45,000.00	(45,000.00)
WW	WW	Wastewater - Collection System	7,531,000.00	0.00	0.00	0.00	7,531,000.00	1,260,000.00	3,991,000.00	3,540,000.00
		Wastewater - Forecains	60,000.00	0.00	0.00	0.00	60,000.00	0.00	0.00	60,000.00
		Wastewater - Structures	10,674,000.00	0.00	0.00	0.00	10,674,000.00	0.00	3,000,000.00	7,674,000.00
		Wastewater - Treatment Facility	7,975,500.00	0.00	0.00	0.00	7,975,500.00	0.00	1,738,000.00	6,237,500.00
		Wastewater - Energy	1,662,500.00	0.00	0.00	0.00	1,662,500.00	0.00	50,000.00	1,612,500.00
		Wastewater - Security	100,000.00	0.00	0.00	0.00	100,000.00	0.00	0.00	100,000.00
		Wastewater - Equipment	150,000.00	0.00	0.00	0.00	150,000.00	0.00	0.00	150,000.00
		Wastewater - Corporate Projects	5,000.00	0.00	0.00	0.00	5,000.00	0.00	0.00	5,000.00
		Stormwater - Pipes	381,238.00	0.00	0.00	0.00	381,238.00	4,000.00	4,000.00	377,238.00
		Stormwater - Culverts/Ditches	280,000.00	0.00	0.00	0.00	280,000.00	0.00	0.00	280,000.00
SW	SW	Stormwater - Structures	93,000.00	0.00	0.00	0.00	93,000.00	0.00	0.00	93,000.00
		Stormwater - Corporate Projects	30,000.00	0.00	0.00	0.00	30,000.00	0.00	0.00	30,000.00
		Water - Land	48,640,678.00	0.00	0.00	0.00	48,640,678.00	1,309,000.00	20,170,440.00	28,470,238.00
		Water - Transmission	1,657,094.40	23,296.10	1,633,798.30	1,657,094.40	0.00	1,703,000.00	1,941,000.00	(283,905.60)
		Water - Distribution	4,352,099.33	100,823.79	4,251,275.54	4,352,099.33	0.00	3,762,000.00	3,793,000.00	559,099.33
		Water - Structures	11,765,727.29	1,393,199.18	10,372,528.11	11,765,727.29	0.00	12,353,769.00	12,812,768.00	(1,047,040.71)
		Water - Treatment Facilities	195,222.59	0.00	195,222.59	195,222.59	0.00	283,000.00	227,000.00	(31,777.41)
		Water - Energy	0.00	0.00	0.00	0.00	0.00	0.00	170,000.00	(170,000.00)
		Water - Security	72,355.19	0.00	72,355.19	72,355.19	0.00	78,000.00	76,000.00	(5,644.81)
		Water - Equipment	3,350,968.26	824,161.58	2,526,806.68	3,350,968.26	0.00	3,969,000.00	3,741,000.00	(390,031.74)
WW	WW	Water - Corporate Projects	7,250,921.13	4,195,727.63	3,055,193.50	7,250,921.13	0.00	7,957,816.00	9,197,344.00	(1,946,422.87)
		Corporate - Information Technology	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Wastewater - Collection System	6,218,647.32	1,961,408.52	4,257,238.80	6,218,647.32	0.00	7,204,000.00	8,017,000.00	(1,798,352.68)
		Wastewater - Structures	950,900.97	475,211.05	475,689.92	950,900.97	0.00	1,245,000.00	1,265,000.00	(314,099.03)
		Wastewater - Treatment Facility	2,554,998.25	112,738.59	2,442,259.72	2,554,998.25	(0.00)	2,718,176.36	3,085,127.68	(530,129.43)
		Wastewater - Energy	319,995.29	60,038.99	259,956.30	319,995.29	0.00	344,056.87	389,056.87	(49,061.58)
		Wastewater - Security	407,131.40	147,664.42	259,466.98	407,131.40	0.00	400,000.00	400,000.00	7,131.40
		Wastewater - Equipment	702,600.80	180,749.43	521,851.37	702,600.80	0.00	452,416.37	645,416.37	57,184.43
		Wastewater - Corporate Projects	3,689,260.08	4,632.46	3,689,260.08	3,689,260.08	0.00	3,039,000.00	3,130,000.00	559,260.08
		Stormwater - Pipes	1,136,922.04	12,940.53	1,123,981.51	1,136,922.04	0.00	1,309,300.02	1,299,300.02	(62,377.98)
SW	SW	Stormwater - Culverts/Ditches	2,310,850.17	191,719.54	2,119,130.63	2,310,850.17	0.00	2,530,000.00	2,534,000.00	(223,149.83)
		Stormwater - Structures	131,891.80	(213.06)	132,104.86	131,891.80	0.00	132,000.00	0.00	131,891.80
		Stormwater - Corporate Projects	461,211.83	(1,491.48)	462,703.31	461,211.83	0.00	249,000.00	589,000.00	(127,788.17)
		Closed-21 Total	47,528,798.14	9,814,925.13	37,713,873.01	47,528,798.14	(0.00)	49,329,534.62	53,294,012.94	(5,765,214.80)
		Grand Total	183,470,319.46	19,019,966.51	60,491,373.98	79,511,340.49	103,958,978.97	87,225,634.89	134,446,236.42	49,024,083.04

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the Halifax Regional Water Commission Board

**SUBMITTED BY:**  Digitally signed by Cathie O'Toole  
Date: 2021.06.10 16:04:25 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D, General Manager

**DATE:** June 8, 2021

**SUBJECT:** Corporate Balanced Scorecard – 2020/21 Results

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**ORIGIN**

Annual Corporate Performance Measurement.

**RECOMMENDATION**

It is recommended that the Halifax Regional Water Commission Board approve the Organizational Award Program tied to the outcomes of 12 Organizational Indicators, as detailed in the attached presentation.

**BACKGROUND**

Halifax Water has been utilizing a corporate balanced scorecard (CBS) to measure performance since 2001. With the merger in 2007, Halifax Water developed an expanded CBS to include wastewater and stormwater measurements. As well, this provided an opportunity to refine measurements related to water service delivery. The final 2020/21 results are presented for information.

**DISCUSSION**

The mission of Halifax Water is *“to provide world-class services for our customers and our environment”*. The statement is simple and recognizes the connection between customers and the environment with the “one-water” mandate. The mission places the responsibility on employees to make Halifax Water a world class utility, a responsibility they take personally and seriously.

The vision statement for Halifax Water is:

- *We will provide our customers with high quality water, wastewater, and stormwater services.*
- *Through adoption of best practices, we will place the highest value on public health, customer service, fiscal responsibility, workplace safety and security, asset management, regulatory compliance, and stewardship of the environment.*
- *We will fully engage employees through teamwork, innovation, and professional development*

The vision statement expanded on the values and principles of a world class utility in fulfilling its mission and captures the medium to long-term aspirations of Halifax Water. With the vision statement developed, staff then selected the Critical Success Factors (CSFs) that support the mission, and through an interactive process, settled on the following:

- 1. High Quality Drinking Water**
- 2. Service Excellence**
- 3. Responsible Financial Management**
- 4. Effective Asset Management**
- 5. Safety and Security**
- 6. Regulatory Compliance**
- 7. Environmental Stewardship**
- 8. Motivated and Satisfied Employees**

There are Organizational Indicators (OIs) established for each CSF to enable performance measurement and establishment of targets. Each year, the OIs are reviewed and refined based on operational objectives and approved budgets.

#### **CBS Results for 2020/21**

The following lists the CSFs and corresponding results for the organizational indicators under each category.

### High Quality Drinking Water

Organizational Indicators	2020/21 Target	2020/21 Result
<b>High Quality Drinking Water</b>		
Adherence with 5 objectives of Water Quality Master Plan for all water systems - Percentage of sites achieving targets	80 - 100	76
Bacteriological tests - Percentage free from Total Coliform	99.3%	100%
Customer satisfaction about water quality - Percentage from customer survey	80 - 85%	84%

Under the category of High Quality Drinking Water, we are continuing to seek adherence to five key objectives associated with our Water Quality Masterplan. Performance was measured through our ability to maintain a disinfection residual throughout the distribution system, control disinfection byproducts like trihalomethanes (THMs) and haloacetic acids (HAAs), ensure particle removal through our filtration systems, and ensure corrosion control in the distribution system, as measured by the level of lead at the customers' taps. Our results in these five categories scored 0.76, out of a total maximum score of 1.00, a decline from last year's result of 0.82. This year's results were impacted by a combination of the phenomenon of source lake recovery and algal blooms (impacting THM and HAA) and a significant change in customer consumption patterns due to COVID-19 restrictions, namely a decrease in consumption in our Bennery system which serves the airport, and in the Burnside industrial park."

As for water safety, our bacteriological test results continue to be excellent at 100% this year, compared to a target of 99.3% of samples free of total coliform.

Results from our annual customer survey indicate that 84% of customers were satisfied or very satisfied with water quality, down slightly from last year's result of 87%, but within the target range of 80%-85%.

### Service Excellence

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Service Excellence</b>		
Customer satisfaction with service - Percentage from customer survey <i>*See Note 1 in the attached Summary</i>	90%	96%
Water service outages - Number of connection hours/1000 customers <i>*See Note 2 in the attached Summary</i>	200	3612.62
Wastewater service outages – Number of connection hours/1000 customers	8	0.92
Average speed of answer – Percentage of calls answered within 20 seconds.	70%	71%

Under the Service Excellence CSF, the annual customer survey indicated that 96% of our customers are satisfied or very satisfied with our overall service, on par with 96% last year and surpassing the target of 90%.

Service reliability on the water side was significantly impacted in 2020/21 by water main breaks at Cobequid Road. Service outages for water were 3,612 connection hours/1,000 customers compared to a target of 200 connection hours. Wastewater results have continued to improve with outages of 0.92 connection hours per 1,000 customers compared to 1.64 connection hours per 1,000 customers last year , and well below the target of 8 connection hours per 1,000 customers.

Customer Care Centre performance is monitored as another important component of Service Excellence. The percentage of calls answered within 20 seconds in 2020/21 was 71%, compared to 32% last year, and the target of 70%. This represents a significant improvement in Customer Care Centre performance which was achieved during a period of great change resulting from Customer Care Centre staff shifting to working remotely due to COVID-19; on-going operational changes that cause increased call volumes such as the general rate hearing; COVID-19 relief measures; the enhanced lead service line program; and the implementation of the customer portal.

#### **Responsible Financial Management**

<b>Organizational Indicators</b>	<b>2020/21 Target</b>	<b>2020/21 Result</b>
<b>Responsible Financial Management</b>		
Operating expense/revenue ratio percentage	83.8%	81.5%
Annual cost per customer connection – Water	\$522	\$498
Annual cost per customer connection – Wastewater	\$721	\$724

Under Responsible Financial Management, the expense to revenue ratio, which is a Gateway Indicator for the Organizational Performance Award program, was recorded as 0.815, compared to the benchmark of 0.838 for the fiscal year. Also tied to the theme of Responsible Financial Management is the annual cost per connection for water and wastewater service. For water, the annual cost per connection increased to \$498 compared to \$469 in 2019/20, but was less than the target of \$522.

For wastewater, the annual cost increased to \$724 from \$718 per connection and slightly exceeded the target of \$721.

**Effective Asset Management**

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Effective Asset Management</b>		
Water leakage control – target leakage allowance of 160 litres/service connection/day <i>*See Note 3 in the attached Summary</i>	160-170	193
I&I reduction - Number of inspections to identify private property discharge of stormwater into the wastewater system <i>*See Note 4 in the attached Summary</i>	450	1316*
Peak flow reduction from wet weather management capital projects <i>*See Note 5 in the attached Summary</i>	34-38 l/sec	70 l/sec*
Percentage of time GIS and Cityworks are available	96-98%	100%
Capital budget expenditures - Percentage of budget spend by end of fiscal year <i>*See Note 6 in the attached Summary</i>	80-90% approved	30.78%

The leakage performance measure for 2020/21 was 193 compared to 176 litres per service connection per day in 2019/20 and was above the target range of 160-170 litres per connection per day. It should be noted that this target was adjusted to be more aggressive in 2018/19, where the previous target was 180 - 190 litres per connection per day. The water loss control program is being reviewed to determine what improvements can be made, and whether the 160-170 target is realistic recognizing there is a point at which there will be diminishing returns as the economic level of water loss control is achieved.

On the wastewater side, reduction of inflow and infiltration is a key measurement of performance. A record number of 1316 inspections were carried out on private property, compared to 1086 inspections on private property last year. The target in 2020/21 was 900 inspections per year. At the March 2020 Halifax Water Board meeting the Board approved lowering this target to 450 inspections as it was anticipated there would be increased difficulty securing appointments due to sensitivity around COVID-19.

In recognition of the importance of keeping extraneous flows out of the wastewater system, a new OI was introduced in 2019/20 targeting peak flow reductions in the Clayton Park/Fairview sewershed where a concerted effort is being made to reduce inflow & infiltration into the wastewater system. The new OI has a target range reduction of 34 – 38 l/sec. This target was exceeded in 2020/21 as peak flow reduction of 70 l/sec were achieved. No results were reported in 2019/20 as the capital project was not approved by the NSUARB in time to implement within that fiscal year.

Updating and maintaining the GIS database is crucial to our Asset Management Program. With the GIS database now considered to be in a mature state, at the March 28, 2019 Halifax Water Board meeting, a new OI was approved based on the percentage of time GIS and CityWorks is in service on a 24/7 operational protocol. The target range was set at 95% - 97%. For 2020/21, GIS and CityWorks were in service 100% of the time, which exceeds the target range

of 95-97%. Having this level of system reliability and availability is critical to assisting operational crews as they undertake daily maintenance and planned or emergency repair activities.

Also under Effective Asset Management is Capital Budget Expenditures, recognizing that we need to maximize spending of the annual funds approved by the NSUARB. The target for this OI is 80%-90%. Halifax Water completed \$51.2 million in capital projects in 2020/21, but the percentage of the 2020/21 capital budget that was spent was only 30.78%. This is a significant decrease compared to prior years and will be a focus area for improvement. \$6.3 million in capital projects were delayed due to HRM related projects; \$8.2 million were associated with delayed NSUARB approvals; \$3 million resulted from protracted land acquisition; \$9.1 million was a result in differences in anticipating planning or timelines; \$8.2 million was as a result of projects being re-scoped; and \$1.3 million was related to delays caused by COVID-19.

### **Workplace Safety and Security**

<b>Organizational Indicators</b>	<b>2020/21 Target</b>	<b>2020/21 Result</b>
<b>Workplace Safety and Security</b>		
Average score on internal safety audits	85-95%	94.5%
NS Labour and Advanced Education compliance - # of Incidents with written compliance orders	0-2	0
Lost time accidents -Number of accidents resulting in lost time per 100 employees	2.0-3.0	0.59
Safe driving - Number of traffic Accidents per 1,000,000 km driven (maximum of 5)	4	5.5
Training - Number of employees trained or recertified before due date <i>*See Note 7 in the attached Summary</i>	80-90%	59%*
Percentage of completed safety talks	80-90%	86%

In recognition that the safety program had reached a more mature and stable state, at the March 28, 2019 Halifax Water Board meeting, a revised OI was approved based on the average score of internal safety audits. The target range for this revised OI is 85% - 95%, and in 2020/21 an average score of 94.5% was achieved, and increase from the 2019/20 average score of 89% on internal safety audits.

Halifax Water had no infractions in 2020/21 resulting in a written warning from NS Labour and Advanced Education, consistent with the prior year and achieving the target range for this OI of 0 - 2.

With regard to lost-time accidents, which is a key indicator for workplace safety, the organization saw 0.59 accidents per 100 employees as compared to a target of 2.0-3.0 per 100 employees. This is an improvement compared to the 2019/20 result of 1.6 lost time accidents per 100 employees. This OI is a Gateway Indicator for the Organizational Performance Award program.

Halifax Water has a large fleet to deliver its services. Accordingly, the organization tracks the number of traffic accidents per million kilometers driven. For 2020/21, 5.5 traffic accidents per million km were recorded, a slight increase compared to the 4.2 recorded in 2019/20 and outside the target range of 4 (maximum of 5). This will be an area of focus for improvement in 2021/22.

### **Regulatory Compliance**

<b>Organizational Indicators</b>	<b>2020/21 Target</b>	<b>2020/21 Result</b>
<b>Regulatory Compliance</b>		
Percentage of public health and environmental regulatory infractions resulting in a summary offense ticket <i>*See Note 8 in the attached Summary</i>	0-2	0
Percentage of WWTFs complying with NSE approval permits (Project for 20/21 at end of February)	95-100%	93%

Under the critical success factor of Regulatory Compliance, there were no public health and environmental regulatory infractions resulting in summary offense tickets.

Also under regulatory compliance, the percentage of wastewater treatment facilities meeting discharge requirements of their operating permits was 93%, an improvement from 91.2% last year but less than the target range of 95-100%. This target was not achieved in 2020/21 due to some on-going process changes and equipment replacement at the Dartmouth Wastewater Treatment Facility and process issues identified at Mill Cove, North Preston and Springfield Lake WWTFs. The target of 95-100% is aggressive, but achievable and demonstrates our level of commitment to stewardship of the environment. Remaining compliant with permits issued by Nova Scotia Environment and achieving federal wastewater system effluent regulations [WSER] for facilities not operating under transitional operating permits is a key aspect of our strategic plan.

**Environmental Stewardship**

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Environmental Stewardship</b>		
Number of ICI properties inspected by Pollution Prevention each year <i>*See Note 9 in the attached Summary</i>	440 *recommended target	356
Energy management kwh/m3 reduction associated with capital projects	3%	+8%
Bio-solids residual handling - % of sludge meeting bio-solids concentration targets	92-97%	98.6%

During the 2020/21 fiscal year, the Pollution Prevention division of Regulatory Services inspected 356 businesses in the Halifax municipality, a decrease from the 501 inspected in 2019/20, and below the target of 440 inspections. The target number of inspections for 2020/21 was initially 500 and was revised to 440 at the March 2020 Board meeting based on the anticipated impact of COVID-19. The target for 2021/22 is set at 500.

There is also continued focus on energy management associated with our water and wastewater treatment facilities with an energy reduction of 8% achieved in 2020/21. A fabulous result compared to the 4.67% achieved last year and the target of 3%. As one of the Utility's largest expenses, these on-going energy reductions represent real savings on the capital and operational sides of the business, as well as continued reductions in our environmental footprint. The energy reductions in 2020/21 are primarily as a result of equipment replacement and repairs at wastewater treatment facilities.

Under biosolids residuals handling, 98.6% of the biosolids residuals met the desired solids concentration in 2020/2021, compared to 99.2% last year, and still exceeding the target of 92-97%.

**Motivated and Satisfied Employees**

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Motivated and Satisfied Employees</b>		
Number of arbitrations divided by total number of grievances	0	0
Percentage of jobs filled with internal candidates	80%	75%
Employee satisfaction survey result	A	B+
Average number of days absenteeism	<7	5.88

There are several organizational indicators under this category, including filling jobs with Halifax Water incumbents. For the 2020/21 fiscal year, 75% of jobs were filled from within, a significant increase from the 65% achieved last year, but less than the target of 80%. The target of 80% has never been achieved and Halifax Water has been working on a new approach to employee development as part of a broader Talent Management initiative. A new employee development guide was introduced in 2020/21 with more information on career planning, career paths, and job profiles to help employees identify what education, competencies and experience are required for various positions. Halifax Water has programs in place to help employees obtain additional training and education to further their career with the utility.

To promote harmonious labour management relations, an organizational indicator was chosen to recognize the number of grievances resulting in arbitrations throughout the fiscal year. The 2020/21 result was 0, and improvement from the 0.07 reported last year, and meeting the target of zero.

The Corporate Balanced Scorecard also includes an indicator of employee satisfaction which is derived from a survey that is carried out in the fall of the year. The 2020/21 survey resulted in a B+ which is consistent with prior year results. The target for this OI is an A-. The response rate was 71%, and a number of metrics reached the highest levels yet, indicating that the target of A- should be achievable with continued focus and concentrated effort.

The number of days of absenteeism for employees is also a measure of satisfaction and motivation. Accordingly, the average number of days that an employee was absent this year stood at 5.88 down from 7.54 in 2019/20 and well beneath the target of less than 7 days. This result is better than most public sector organizations and compares favourably with the private sector.

### **Organizational Award Program**

Consistent with past practice, 12 organizational indicators were incorporated into an Organizational Award Program. The selected organizational indicators are determined to be the most objective and outward looking to the customers and environment we serve.

The following is a summary of our organizational indicators and corresponding award point values for the 2020/21 fiscal year:

<b><u>Organizational Indicator</u></b>	<b><u>2020/21 Results</u></b>
Water Quality Master Plan Objectives	0.0
Customer Water Quality Survey Results	0.0
Customer Service Survey Results	1.0
Operating Expense/Revenue Ratio ( <b>Gateway Indicator</b> )	1.0
Water Loss Control Reduction	1.0
Inflow & Infiltration Reduction	1.0
Percentage that GIS is Operational	1.0
# of Lost Time Accidents per 100 Employees ( <b>Gateway Indicator</b> )	1.0
# of Accidents per 1,000,000 kms driven	0.0
Percentage of WWTfs Compliant with NS Environment Permits	0.0
Energy Management - Water & Wastewater	1.0
Biosolids Residuals Handling	<u>1.0</u>
<b>*TOTAL SCORE</b>	<b>8.00</b>
<i>*The maximum attainable score is 12.0, which equates to a \$1,000 award.</i>	


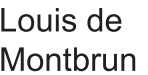
In accordance with the Organizational Award Program criteria, eligible employees will receive \$700 each in recognition of the exceptional performance.

### **BUDGET IMPLICATIONS**

With the operating expense-to-revenue ratio less than the target, funds were available within the 2020/21 operations budget for the Organizational Award Program.

### **ATTACHMENT**

1. Summary – 2020-21 Corporate Balanced Scorecard – Final Results, June 17, 2021
2. Presentation – Corporate Balanced Scorecard 2020/21 Results – June 17, 2021

Report Prepared by:	 Digitally signed by Cathie O'Toole Date: 2021.06.10 16:42:19 -03'00'
	Cathie O'Toole, MBA, FCPA, FCGA, ICD.D, General Manager 902-490-4840
Financial Reviewed by:	 Digitally signed by Louis de Montbrun Date: 2021.06.10 16:21:25 -03'00'
	Louis de Montbrun, CPA, CA, Director, Corporate Services / CFO 902-490-3685

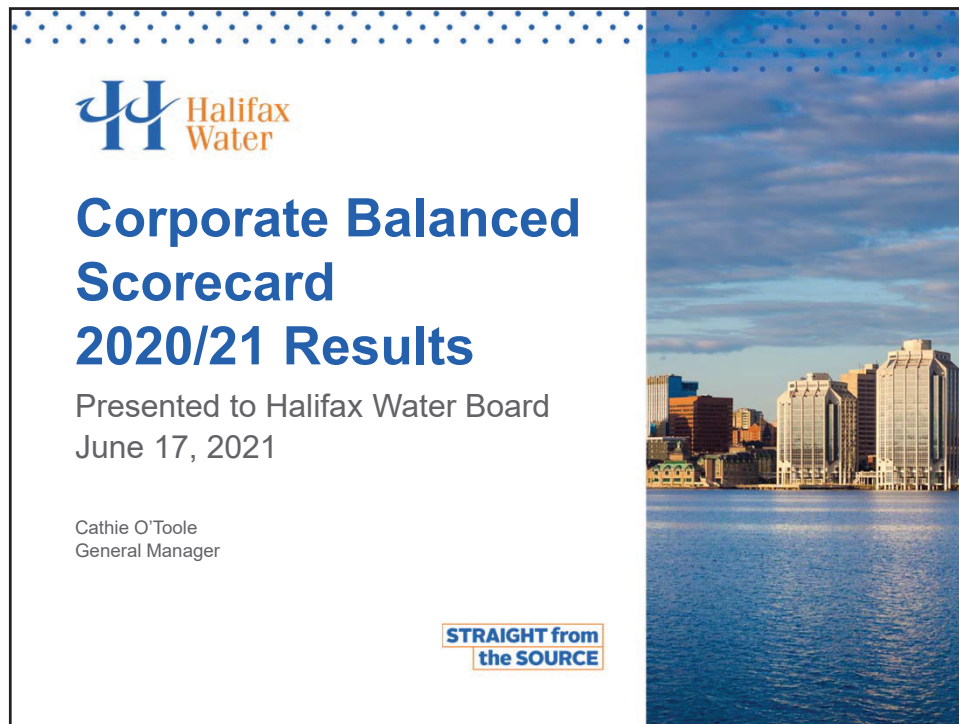
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Organizational Indicators	2020/21 Target	2020/21 Result	2021/22 Target
<b>High Quality Drinking Water</b>			
Adherence with 5 objectives of Water Quality Master Plan for all water systems - Percentage of sites achieving targets	80 - 100	76	80
Bacteriological tests - Percentage free from Total Coliform	99.3%	100%	99.9%
Customer satisfaction about water quality - Percentage from customer survey	85%	84%	85%
<b>Service Excellence</b>			
Customer satisfaction with service - Percentage from customer survey <i>*Note 1</i>	90%	96%	95%*
Water service outages - Number of connection hours/1000 customers <i>*Note 2</i>	200	3612.62	200
Wastewater service outages – Number of connection hours/1000 customers	8	0.92	4
Average speed of answer – Percentage of calls answered within 20 seconds.	70%	71%	70%
<b>Responsible Financial Management</b>			
Operating expense/revenue ratio percentage ( <i>gateway indicator</i> )	83.8%	81.5%	82%
Annual cost per customer connection – Water	\$522	\$498	\$543
Annual cost per customer connection – Wastewater	\$721	\$724	\$758
<b>Effective Asset Management</b>			
Water leakage control – target leakage allowance of 160 litres/service connection/day <i>*Note 3</i>	160-170	193	160-170
I&I reduction - Number of inspections to identify private property discharge of stormwater into the wastewater system <i>*Note 4</i>	450	1316*	900
Peak flow reduction from wet weather management capital projects <i>*Note 5</i>	34-38 l/sec	70 l/sec*	5-10 l/sec*
Percentage of time GIS and Cityworks are available	96-98%	100%	96-98%
Capital budget expenditures - Percentage of budget spend by end of fiscal year <i>*Note 6</i>	80-90% approved	30.78%	70-80%
<b>Workplace Safety and Security</b>			
Average score on internal safety audits	85-95%	94.5%	85-95%
NS Labour and Advanced Education compliance - # of Incidents with written compliance orders	0-2	0	0-2
Lost time accidents -Number of accidents resulting in lost time per 100 employees ( <i>gateway indicator</i> )	2.0-3.0	0.59	1.5-2.0
Safe driving - Number of traffic Accidents per 1,000,000 km driven (maximum of 5)	4	5.5	4
Training - Number of employees trained or recertified before due date <i>*Note 7</i>	80-90%	59%*	80-90%
Percentage of completed safety talks	80-90%	86%	80-90%


<b>Regulatory Compliance</b>			
Percentage of public health and environmental regulatory infractions resulting in a summary offense ticket <i>*Note 8</i>	0-2	0	0-2
Percentage of WWTFs complying with NSE approval permits (Project for 20/21 at end of February)	95-100%	93%	95-100%
<b>Environmental Stewardship</b>			
Number of ICI properties inspected by Pollution Prevention each year <i>*Note 9</i>	440 <i>*recommended target</i>	356	500
Energy management kwh/m3 reduction associated with capital projects	3%	+8%	3%
Bio-solids residual handling - % of sludge meeting bio-solids concentration targets	92-97%	98.6%	92-97%
<b>Motivated and Satisfied Employees</b>			
Number of arbitrations divided by total number of grievances	0	0	0
Percentage of jobs filled with internal candidates	80%	75%	80%
Employee satisfaction survey result	A	B+	
Average number of days absenteeism	<7	5.88	<7

#### Notes:

1. The Customer Satisfaction target is recommended to increase from 90% to 95%. Maintaining the current level of customer satisfaction of 96% will be challenged by stormwater service expansion, a cost-of-service hearing, and a potential rate application.
2. Water service outage hours for 2020/21 were exceeded due to the significant Cobequid Road water main breaks in 2020.
3. Water leakage index for 2020/21 was impacted by some significant water main breaks (Cobequid Road) . There was also some additional flushing to maintain water quality in the distribution system in areas where flows were lower than normal due to the impact of COVID-19 on water demand and changed consumption patterns. The COVID-19 related flushing was removed from the final calculation.
4. I&I reduction target was lowered in 2020/21 as it was thought that COVID-19 might impact the number of inspections on private property. This was not the case, and there was a record setting number of inspections of private property discharge of stormwater entering the wastewater system.
5. Peak Flow Reduction 2020/21 Projected Result: The data from WWMP15AB demonstrated a reduction in the range of 70 l/sec (in a significant 6 km portion, of the total 7.4 km lined sections). Data was compromised for 1.4 km of the lined section, therefore that data is not included. 2021/22 New Target: Crescent Ave East 1.5 km Sewershed CIPP Lining – Target 5-10 L/sec peak flow reduction
6. Capital budget expenditures (2020/21) were impacted by the timing of Cogswell redevelopment, deferral of some integrated projects with the municipality; delays in securing land, or necessary approvals.
7. The number of employees trained and re-certified before due date was impacted by availability of training as some training could not be conducted due to COVID-19.
8. The target percentage of public health and environmental regulatory infractions has been simplified to focus on infractions resulting in a summary offense ticket. It formerly included written Ministerial Orders (Warnings or Directives) or Prosecutions. The rule set and process for summary offense tickets is clearly defined.
9. The target for ICI properties inspected by Pollution Prevention was lowered in 2020/21 as it was thought that COVID-19 might impact the number of inspections.




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[www.halifaxwater.ca](http://www.halifaxwater.ca) 1 

## History of Corporate Balanced Scorecard at Halifax Water

- Halifax Water started a Continuous Improvement Program in 1999
- In 2000, Halifax Water looked for methodology to measure organizational performance that was meaningful
- In 2001, the Halifax Water Board approved a Corporate Balanced Scorecard [CBS], and an Organizational Award Program on March 28, 2002
- CBS ensures all employees are focused on strategic outcomes
- Critical success factors [CSFS] are developed in support of the mission
- Organizational indicators [OIs] are used to measure performance



1

## The Mission & Vision of Halifax Water

Halifax Water's mission is **to provide world class services for our customers and our environment**; and the vision of how this will be accomplished is threefold:

- We will provide our customers with high quality water, wastewater and stormwater service.
- Through the adoption of best practices, we will place the highest value on public health, customer service, fiscal responsibility, workplace safety and security, asset management, regulatory compliance and stewardship of the environment.
- We will fully engage employees through teamwork, innovation and professional development.

2

## Critical Success Factors

- High Quality Drinking Water
- Service Excellence
- Responsible Financial Management
- Effective Asset Management
- Workplace Safety and Security
- Regulatory Compliance
- Environmental Stewardship
- Motivated and Satisfied Employees

3

## Organizational Indicators

- The OI's are organizational, not individual measures.
- The OI's provide both a detailed clarification of the CSF and allow a target or goal for performance to be established and tracked.

4

## Organizational Performance Award Program

- Based on a subset [12] of our strategic OI's which are the most objective.
- Program pays for itself by meeting operating expense to revenue ratio target; ratio is reduced from approved budget to accommodate the award program potential.
- It is not a given; a threshold of 7.0 in scoring must be reached in a given year, and the gateway indicators must be met.
- To be eligible for the award, employees must work a minimum of nine months during the fiscal year [April 1st to March 31st]

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## CSF: High Quality Drinking Water

Organizational Indicators	2020/21 Target	2020/21 Result
<b>High Quality Drinking Water</b>		
Adherence with 5 objectives of Water Quality Master Plan for all water systems - Percentage of sites achieving targets	80 - 100	76
Bacteriological tests - Percentage free from Total Coliform	99.3%	100%
Customer satisfaction about water quality - Percentage from customer survey	85%	84%



6

## CSF: Service Excellence

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Service Excellence</b>		
Customer satisfaction with service - Percentage from customer survey <i>*Note 1</i>	90%	96%
Water service outages - Number of connection hours/1000 customers <i>*Note 2</i>	200	3612.62
Wastewater service outages – Number of connection hours/1000 customers	8	0.92
Average speed of answer – Percentage of calls answered within 20 seconds.	70%	71%



7

## CSF: Responsible Financial Management

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Responsible Financial Management</b>		
Operating expense/revenue ratio percentage	83.8%	81.5%
Annual cost per customer connection – Water	\$522	\$498
Annual cost per customer connection – Wastewater	\$721	\$724

- The operating expense/revenue ratio is a gateway indicator. If it is not achieved, no organizational award is paid out.



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## CSF: Effective Asset Management

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Effective Asset Management</b>		
Water leakage control – target leakage allowance of 160 litres/service connection/day <i>*Note 3</i>	160-170	193
I&I reduction - Number of inspections to identify private property discharge of stormwater into the wastewater system <i>*Note 4</i>	450	1316*
Peak flow reduction from wet weather management capital projects <i>*Note 5</i>	34-38 l/sec	70 l/sec*
Percentage of time GIS and Cityworks are available	96-98%	100%
Capital budget expenditures - % of budget spent by end of fiscal year	80-90%	30.78%

9

## CSF: Workplace Safety & Security

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Workplace Safety and Security</b>		
Average score on internal safety audits	85-95%	94.5%
NS Labour and Advanced Education compliance – # of Incidents with written compliance orders	0-2	0
Lost time accidents - # of accidents resulting in lost time per 100 employees	2.0-3.0	0.59
Safe driving - # of traffic Accidents per 1,000,000 km driven (maximum of 5)	4	5.5
Training - # of employees trained or recertified before due date <i>*Note 7</i>	80-90%	59%*
% of completed safety talks	80-90%	86%



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## CSF: Regulatory Compliance

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Regulatory Compliance</b>		
Percentage of public health and environmental regulatory infractions resulting in a summary offense ticket <i>*Note 8</i>	0-2	0
Percentage of WWTFs complying with NSE approval permits	95-100%	93%



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## CSF: Environmental Stewardship

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Environmental Stewardship</b>		
Number of ICI properties inspected by Pollution Prevention each year *Note 9	440	356
Energy management kwh/m3 reduction associated with capital projects	3%	8%
Bio-solids residual handling - % of sludge meeting bio-solids concentration targets	92-97%	98.6%



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## CSF: Motivated and Satisfied Employees

Organizational Indicators	2020/21 Target	2020/21 Result
<b>Motivated and Satisfied Employees</b>		
Number of arbitrations divided by total number of grievances	0	0
Percentage of jobs filled with internal candidates	80%	75%
Employee satisfaction survey result	A	B+
Average number of days absenteeism	<7	5.88



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## Organizational Performance Award Program

- Based on a subset [12] of our strategic OI's which are the most objective.
- Program pays for itself by meeting operating expense to revenue ratio target; ratio is reduced from approved budget to accommodate the award program potential.
- It is not a given; a threshold of 7.0 in scoring must be reached in a given year.
- To be eligible for the award, employees must work a minimum of nine months during the fiscal year [April 1st to March 31st].

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## Employees Organizational Award

The highest possible score is 12.0 [1.0 for each OI]. If HRWC performs well, then everyone should be rewarded as follows:

<u>Total OI Score</u>	<u>OP Award Amount</u>
≥11.0	\$1,000
10.0	\$900
9.0	\$800
8.0	\$700
7.0	\$600
< 7.0	\$0

These values will be pro-rated if a score falls between them.

**Example:** For the total OP Award score of 8.5, each employee will get an organizational award of \$750.

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## Based on 12 OIs which are the most objective:

Organizational Indicator	Max. Score	Result
Water Quality Master Plan Objectives	1.0	0.0
Customer Water Quality Survey Results	1.0	0.0
Customer Service Survey Results	1.0	1.0
Operating Expense/Revenue Ratio <i>[Gateway]</i>	1.0	1.0
Water Loss Control Reduction	1.0	1.0
Peak Flow Reduction	1.0	1.0
Percentage of Time GIS and CityWorks are Operational	1.0	1.0
# of Lost Time Accidents per 100 Employees <i>[Gateway]</i>	1.0	1.0
# of Traffic Accidents per 1,000,000 km	1.0	0.0
% of WWTfs Compliant with NS Environment Permits	1.0	0.0
Energy Management – Water & Wastewater	1.0	1.0
Biosolids Residual Handling	1.0	1.0
<b>TOTAL MAXIMUM SCORE</b>	<b>12.0</b>	<b>8.0</b>

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## Summary

- The track record of the CBS at Halifax Water has been very positive; it drives performance.
- Staff obtains Board approval of the Organizational Award Program on an annual basis.
- Organizational Award Program funding is available by meeting the Operating Expense to Revenue Ratio Target.
- The Organizational Award Program is not a given; the organization must score at least 7.0 to have an award, and the gateway indicators must be achieved.
- Financial targets are based on the approved operating budget.
- CBS results must be submitted to Halifax Council as part of the annual Accountability Report.


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[www.halifaxwater.ca](http://www.halifaxwater.ca)


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Questions or  
Comments?








**TO:** Craig MacMullin, MBA, CPA, CGA,  
Chair and Members of the Halifax Regional Water Commission  
Board

**SUBMITTED BY:** Louis de  
Montbrun Digitally signed by Louis  
de Montbrun  
Date: 2021.06.11  
04:09:26 -03'00'  
Louis de Montbrun, CPA, CA  
Director, Corporate Services/ CFO

**APPROVED:**  Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
17:28:30 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

**DATE:** June 9, 2021

**SUBJECT:** 2020/21 Cost Containment

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## **INFORMATION REPORT**

### **ORIGIN**

- The Cost Containment Process as approved by the Halifax Regional Water Commission Board (the “Board”), October 3, 2013.
- April 14, 2015, Nova Scotia Utility and Review Board (NSUARB) Decision - HRWC General Rate Application (M06540).

### **BACKGROUND**

The process for cost containment as approved by the Board on October 3, 2013, called for the implementation of several recommended actions that would assist Halifax Water in addressing the NSUARB request for a more rigorous approach to cost containment. One key recommendation was the establishment of a reporting structure whereby, “*on a quarterly basis, the monthly financial report of the Board will also include an update on Cost Containment Initiatives*”.

## NSUARB ITEM # 7

Halifax Water Board

June 17, 2021

In the Decision on the 2015 Rate Hearing, the NSUARB directed Halifax Water to file annual reports on its efforts to contain the operating costs of the utility, with this report to be filed no later than June 30 of each year.

### **DISCUSSION**

A summary report of cost containment initiatives for the 2020/21 is attached. The report shows cost containment initiatives effecting operations for 2020/21 for new initiatives implemented during the year, along with amounts of an ongoing nature from fiscal years 2013/14 to 2019/20 inclusive. The inclusion of initiatives and amounts from prior years reflects an intentional focus on sustainable results over the long term. The estimated cost savings to 2020/21 is \$7.7 million, as outlined by category in Figure #1 below:

Figure #1

Procurement Strategies	\$1,298,141	16.8%
Human Resource Strategies	\$3,941,594	51.2%
Information Technology Strategies	\$108,700	1.4%
Facilities/Process Strategies	\$2,206,239	28.6%
Reduce Paper and Printing Costs	\$38,415	0.5%
Technology and Business Process Changes	\$112,138	1.5%
	<u>\$7,705,227</u>	<u>100.0%</u>

As shown above, cost containment initiatives are impacted most in the areas of Human Resource, Procurement, and Facilities/Process Strategies. Under Human Resource Strategies, the effects of the pension plan re-design initiated in 2015/16 is one of the main contributors to cost containment savings for the current year. Annual savings related to pension plan re-design approximates \$1.7 million, which represents 43% of the savings within Human Resource Strategies, and 22% of the total projected savings for 2020/21. An actuarial valuation performed on the pension plan January 1, 2019 resulted in the plan experiencing its first surplus since the year 2000. As a result, Halifax Water was no longer required to make special payments to cover the unfunded liability, creating a savings of \$0.8 million annually. This represents savings within Human Resource Strategies of 21%, and 11% of the total projected savings for 2020/21. The next actuarial valuation is January 1, 2022.

Facilities/Process Strategies contain initiatives of varying nature, however a main contributor in this category is Halifax Water's Energy Efficiency Program. Projects under this program represent approximately \$1.1 million or 48% of savings reported within the Facilities/Process Strategies, and 14% of the total projected savings for 2020/21. Some of

the prominent initiatives under the program related to energy savings include the annual shutdown of the ultraviolet disinfection systems (\$0.2 million) at the Harbour Solution and Eastern Passage plants, heat recovery processes (\$0.1 million) at the Harbour Solution plants, and lighting upgrades at various facilities.

New cost containment initiatives implemented during 2020/21 resulted in one-time and ongoing cost savings amounting to \$1.2 million. These initiatives are highlighted for ease of reference in the Summary Report – Cost Containment Initiatives attached. Cost savings resulting from these new initiatives fall within the following categories, ranked in order of magnitude:

- Human Resource Strategies \$0.5 million
- Procurement Strategies \$0.4 million
- Facilities/Process Strategies \$0.3 million

Significant initiatives during 2020/21 were:

1. Human Resource Strategies - \$0.5 million

Many of the cost containment savings realized in 2020/21 were the result of COVID-19 and associated safety restrictions and protocols enforced throughout year. A reduction in recruitment costs and hiring deferrals accounted for an estimated \$0.3 million in savings.

2. Procurement Strategies - \$0.4 million

Pursuant to the Municipal Auditor General's 2019 fleet audit and actions taken by Halifax Water's Fleet Utilization Management, estimated savings totaling \$0.1 million resulted from the disposition in 2020/21 of 16 vehicles, and associated repair costs to maintaining those units.

Like Human Resource Strategies in the preceding section, another \$0.1 million or 31% of the cost savings realized within Procurement Strategies was associated with COVID-19. Contract and professional services were affected, including the cancellation of promotional activities such as the SHED, and internal audits for procurement and the DRO process.

3. Facilities/Process Strategies - \$0.3 million

The deferral of sludge removal at both Pockwock and Lake Major water plants to 2021/22 resulted in savings of approximately \$0.1 million.

From a capital perspective, the following initiative resulted in savings during 2020/21:

- As the AMI metering project was concluding, Halifax Water had the opportunity to purchase AMI meters from the vendor in bulk, to take advantage significant price discounts offered within the project contract. Knowing pricing was expected to increase at the end of the contract, estimated cost savings would be in the range of

## NSUARB ITEM # 7

Halifax Water Board

June 17, 2021

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28%. There was capacity to inventory a bulk purchase of meters to meet requirements associated with new installations and/or replacements over a 2-year period. The decision was made to purchase 5/8" and 3/4" meters to cover the 2-year period, with projected savings of \$74 thousand per year, or \$150 thousand in total.

### **BUDGET IMPLICATIONS**

Available information on cost containment initiatives were taken into consideration when the 2020/21 budget was developed. Initiatives that impact future fiscal periods will be incorporated into future periods.

### **ATTACHMENTS**

Summary Report – Cost Containment Initiatives

Report Prepared by:



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Campbell  
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17:30:59 -03'00'

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Allan Campbell, B. Comm, CPA, CMA  
Manager, Finance, (902) 490-4288

09-Jun-21

#	Initiative	Comments	Year Initiated	2020/21 Cost Savings
<b>1 General Budget Strategies</b>				
Sub-total				\$0
<b>2 Procurement Strategies</b>				
	Insurance adjustment services - sole source relationship over a 10 year period	Halifax Water (HW) participated in a joint tender with Halifax Regional Municipality(HRM). Costs will be approximately 20% lower.	2013/14	\$5,460
	Standardized uniforms and clothing	Issuance of a bulk tender; centralization of purchasing and distribution function; possible policy change to "as required" rather than a quota system	2013/14	\$20,000
	Standardized boots	Issuance of a bulk tender; centralization of purchasing and distribution function; possible policy change to "as required" rather than a quota system	2013/14	\$5,000
	Customer account collections	Coordination of collection services related to closed customer accounts in conjunction with the Provincial Public Procurement Act, rather than outsourcing to private organizations	2014/15	\$10,000
	Lab Testing	Savings as a result of contract tendering	2013/14	\$60,000
	NSPI rate reclassification	Eastern Passage Wastewater Treatment Facility (WWTF)	2014/15	\$16,000
	NSPI rate reclassification	Duffus Street Pumping Station	2015/16	\$15,000
	Chemical purchasing	Able to purchase a corrosion inhibitor with a higher concentration of active ingredient, thus foregoing additional costs that would have resulted under current dosage requirements	2015/16	\$400,000
	Replacement of wireless headsets for Customer Care staff	Wireless headsets were not performing as expected, therefore a switch was made to wired headsets which resulted in savings on a per unit cost basis, and also savings regarding the frequency and cost of replacement associated with the wired headsets.	2015/16	\$1,500
	Mobile devices - switched supplier and carrier	HW leveraged the mobility contract of the Province of Nova Scotia	2016/17	\$48,000
	Garbage collection - JD Kline Plant	A request for proposal (RFP) was put out to consolidate the garbage collection, which resulted in a cost savings with respect to internal man-hours and use of HW	2016/17	\$1,370
	Utilizing HW staff to setup excavations sites	Using trained HW staff as TWS for job sites, unless outside traffic control personal are required	2016/17	\$50,000
	RFP for biosolids transport	As a result of a recent RFP, the is expected to be an approximate 33% cost reduction related to transporting biosolids from the Halifax, Dartmouth, Herring Cove and Eastern Passage WWTF	2017/18	\$220,000
	Traffic control	Using trained HW staff for the purposes of traffic control while working on HW excavations sites will result in cost savings of \$750/day. This is based on an 8 hour day, including setup costs typically paid to the contractor.	2017/18	\$50,000
	Insourcing (Halifax Water's Annual Report)	The ability to perform in-house graphic design work versus contracting this work outside created savings with respect to the 2018 report of approximately \$100/page. Recurring annual savings will fluxuate depending on the size of the report in subsequent years.	2018/19	\$9,200
	Equipment calibration	Internal staff are now able to calibrate fixed gas detectors instead of outsourcing this to a MSA technician service provider.	2019/20	\$3,000
	Reduction in sampling	Reduced the amount of lab testing over the year as greater reliance and confidence was placed on the new, in-line analyzers.	2019/20	\$5,000
	Implementation of the new telephony platform	With the implementation of the new telephony platform, Customer Care was able to transition from the use of landlines.	2020/21	\$45,000
	Discounted parts offerings from a vendor	As a result of supply/demand, a vendor was offering significant savings (40%) toward the purchase of Rotork actuators. This was a limited time offer, good until November 30, 2020. As a result, the Mill Cove WWTF was in need of an actuator and was able to take advantage of the offering.	2020/21	\$2,043
	Elimination of a customer satisfaction survey	HW performs 2 customer surveys annually, the Forth Quarter Urban Report and the Atlantic Quarterly Survey. Upon review it was determined there was a redundancy in question asked between the 2 surveys therefore, it was decided to consolidate the questioning into the Forth Quarter Urban Report.	2020/21	\$5,319
	Equipment rental	West Water Operations rented a single axle hydro-excavation unit for 5 months rather than hire an hydro-excavation contractor during 2020. The unit had several uses including service box replacements, lead service investigations, and water main repairs. Rental for the unit was \$45,000; the cost to hire a hydro-excavation contractor would have been \$75,000 for comparable work.	2020/21	\$30,000

**Halifax Water**  
**Summary Report - Cost Containment Initiatives**  
**2020/2021**  
**Fiscal Year**

Contract service deferral	Due to restrictions resulting from COVID-19, promotional initiatives related to the SHED were postponed in 2020/21.	2020/21	\$51,000
Board meeting logistics	Open, in person Board meetings were suspended/ deferred during the year and delivered on a virtual platform.	2020/21	\$20,000
Professional services	Engaging professional services in several areas were deferred in 2020/21 including: 1) procurement audit (~\$20,000), 2) audit of the DRO process (~\$20,000), and 3) consultation related to corporate culture and customer service strategy (~\$25,000).	2020/21	\$65,000
Drain covers	The cost of drain covers at the Mill Cove WWTF seemed excessive. After checking to ensure there were no regulation or design requirements related to the drain covers, a impermeable and flexible gasket material was sourced which enabled the replacement of 13 large (36"x 36") covers.	2020/21	\$3,250
Implementation of the new telephony platform	Halifax Water was able to negotiate a discount related to quality issues experienced with the vendor.	2020/21	\$10,000
Proceeds on the disposition of fleet assets	As a result of the Municipal Auditor General's audit of fleet in 2019, Fleet Utilization Management for Halifax Water authorized the sale of 16 units that did not meet the minimum fleet utilization standards.	2020/21	\$105,500
Reduction in fleet repair costs	Savings associated with the removal of 16 units from the fleet as a direct result of the Municipal Auditor General's audit of fleet in 2019, and subsequent action taken by Fleet Utilization Management for Halifax Water, for units that did not meet the minimum fleet utilization standards.	2020/21	\$41,500

Sub-total

\$1,298,142

**3 Human Resource Strategies**

Heavy Truck and Equipment Service	the addition of a new Heavy Equipment Technician provides in-house maintenance service capabilities for the HW fleet.	2013/14	\$100,000
Beeper Pay	Elimination of an inconsistency between Water and Wastewater Services, as Water Services staff do not receive beeper pay. This involves 10 non-union staff in total.	2013/14	\$75,000
Accessing on-line training opportunities	More use of on-line training versus the traditional methods, including WHMIS and TDG renewals	2014/15	\$2,241
Background Checks	Out-sourced background checks to a new contractor.	2015/16	\$654
Workload, labor force assessment	A reduction in number of staff in Development Approvals. The volume of work did not warrant 6 planning technologists, and as a result this number has been reduced to 4.	2015/16	\$140,000
Pension plan re-design	Through the collective bargaining process, HW was able to negotiate pension plan re-design to make the plan more sustainable. It is estimated the employer's share contributions will decrease from the current 12.95% to 9.85% effective January 1, 2015.	2015/16	\$1,700,000
Re-structuring within the organization to create a new "Corporate Services" sector	January 1, 2016 saw the elimination of two (2) full time positions and a re-design of several other jobs.	2015/16	\$35,000
Workload, labor force assessment	January 1, 2016 saw the elimination the administrative assistant within Regulatory Services.	2015/16	\$57,000
Workload, labor force assessment	November, 2016 saw the elimination of a Compliance Sampling position as a result of a reduction in sampling requirements.	2016/17	\$81,966
Overtime reductions	Overtime has been reduced at the Harbour Solutions Plants with respect to sick leaves, vacation, etc. when weather conditions allow and operational needs are met. Also, Halifax WWTF staff are responding to after hours calls at the Dartmouth and Herring Cove facilities in an effort to minimize the need for overtime call-outs.	2016/17	\$40,000
Change in benefit provider	The selection of a new benefit provider for life and long term disability (LTD) resulted in significant cost savings over the next three (3) years...2018-2021	2017/18	\$125,000
Actuarial Valuation - January 1, 2019	The actuarial valuation performed January 1, 2019 reported a surplus for the pension plan. As a result, special payments by Halifax Water to fund the unfunded liability are no longer required for at least 3 years when the next valuation is to be performed..	2018/19	\$825,200
Modifications to the Pre-Retirement Leave Program	In June 2019, employees were given the opportunity to withdraw their accrued benefit under the Pre-Retirement Leave Program in the form of a lump-sum payment, rather than continuing to accrue a benefit under a modified program. The Pre-Retirement Leave Program had been closed to new, non-union employees hired after March 31, 2018, and is now effectively closed for all other employees hired after June 7, 2018.	2019/20	\$260,000
Elimination of "Option 1" mileage reimbursement	Halifax Water previously offered two options to employees for the reimbursement mileage travelled while conducting business on behalf of the utility. Upon manager approval, "Option 1" reimbursed employees traveling in excess of 1,200 kilometers per year at a rate of \$0.24/kilometer, plus a monthly allowance of \$215, "Option 2" reimbursed employees at a rate of \$0.52/kilometer up to 5,000 kilometers, and at \$0.46/kilometer thereafter. Option 1 was eliminated May 15, 2020.	2020/21	\$33,469

**Halifax Water**  
**Summary Report - Cost Containment Initiatives**  
**2020/2021**  
**Fiscal Year**

Shortened employment terms	The employment terms of 2 employees were shortened by 10 months in the Metering/Billing department as a result of modified work during the pandemic. Savings of salary and benefits were realized.	2020/21	\$148,333
Hiring deferral	Hiring of the Enterprise Risk Management Program Manager was delayed to the end of the fiscal year. Savings of salary and benefits were realized..	2020/21	\$87,750
Hiring deferral	Hiring of a Records Analyst was delayed to the end of the fiscal year. Savings of salary and benefits were realized	2020/21	\$65,625
Hiring deferral	Hiring of the Administrative Assistant in Legal Services was deferred for at least two years. The position became vacant in May 2020, and savings of salary and benefits were realized.	2020/21	\$63,105
Event cancellations	Several HR related events were cancelled in 2020/21 including the annual awards banquet, NAOSH week, the children's Christmas party and the Take-Your-Kid to work Day. Also the Lunch and Learn Program was suspended during the year.	2020/21	\$41,250
Reduction in external recruitment costs	A deliberate decision was made to forego external recruitment costs related to Executive recruitment.	2020/21	\$60,000
Sub-total			\$3,941,594

#### 4 Information Technology Strategies

Xerox managed print solutions	Rationalization and replacement of photocopiers and printers	2013/14	\$20,000
Network	Change in cost model by Eastlink, giving HW the new pricing	2013/14	\$80,000
Telephone land lines	Rationalization of services and eliminate duplication of resources as required	2013/14	\$8,700
Sub-total			\$108,700

#### 5 Facilities/Process Strategies

Chlorine Utilization - Pockwock	Discontinuation of the pre-chlorination process	2013/14	\$40,000
Lab Testing	Price benefits from purchasing product from a different source mainly affecting the Harbour Solution Plants	2013/14	\$105,000
Pumper Truck Utilization	pilot project to be scheduled initially for stormwater customers only as a test	2013/14	\$130,000
Waste oil boiler system - Herring Cove WWTF	new system to allow the use of waste oil from Metro Transit as an alternative heating source	2014/15	\$13,250
System sampling for HPC's	sampling was reduced from weekly to monthly	2014/15	\$8,025
NSE system assessments	Assessment reports are being completed in-house rather than being outsourced	2014/15	\$25,000
Decommissioning of the Bedford South pumping station	The developer driven system expansion will permit the use of gravity and pressure reduction rather than the pumping station	2014/15	\$15,000
Lighting upgrades - Bennery Lake WSP		2014/15	\$4,793
Insulation upgrades - Bennery Lake WSP		2014/15	\$36,000
Lighting upgrades - Eastern Passage WWTF		2014/15	\$7,880
Lighting upgrades - Dartmouth WWTF		2014/15	\$22,542
Lighting upgrades - Herring Cove WWTF		2014/15	\$13,744
Lighting upgrades - Halifax WWTF		2014/15	\$29,845
Lighting upgrades - Aerotech BPF		2014/15	\$19,109
HVAC upgrades - Eastern Passage WWTF		2014/15	\$20,711
HVAC upgrades - Roach's Pond pumping station		2014/15	\$13,500
MCC 190 cooling and heat recovery - Halifax WWTF		2014/15	\$13,164
Aeration system upgrades - Eastern Passage WWTF		2014/15	\$76,382
Orchard Park in-line turbine project		2014/15	\$28,007
Wind farm - Pockwock WSP		2014/15	\$130,399
Biogas CHP system - Mill Cove		2014/15	\$86,000
Disposal of water treatment plant solid residual material	A new location for the disposal of the residual material was found	2014/15	\$36,000
Advanced investigative tool for leaks and structural condition of pipes	The current program has been halted as a cost containment initiative and as a result of the information received.	2014/15	\$150,000
E-delivery	Transitioning from traditional billing methods to e-delivery	2014/15	\$20,000
Change in Recycling Pickups	By changing the schedule for recycling pickups from bi-weekly to every three (3) weeks, the anticipated annual savings will range from \$2,500 to \$2,700.	2015/16	\$2,700
Highway #7 Booster Station Upgrade	Expected energy savings	2015/16	\$14,300
Dartmouth WWTF - UV Channel Isolation	Expected energy savings	2015/16	\$59,460
Halifax WWTF - Fixed Compressed Air Leaks	Expected energy savings	2015/16	\$2,293
Halifax WWTF - UV Channel Isolation	Expected energy savings	2015/16	\$62,115

**Halifax Water**  
**Summary Report - Cost Containment Initiatives**  
**2020/2021**  
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Herring Cove WWTF - MCC 190 Cooling/Heat Recovery	Expected energy savings	2015/16	\$8,496
Sampling	Using internal staff at the Mill Cove facility to perform the required daily sampling at the facility, rather than the compliance staff, limiting their site visits to once a week.	2015/16	\$4,160
Staff utilization	Using trained HW staff for traffic control on HW job sites unless contractors are required.	2015/16	\$50,000
Process alternative	A centrifuge was rented for the Mill Cove WWTF (with the option to purchase) on a trial basis to dewater liquid sludge that typically would be transported to the Aerotech WWTF. The transport of the liquid sludge resulted overtime costs, as well as reducing the time available for HW truck to service other facilities. This process assisted the Aerotech in reaching its compliance goals and reduced overtime costs by an estimated 50%. This equipment will enable HW proceed with a digester clean out project, which would otherwise be sub-contracted at a cost of \$200,000.	2015/16	\$40,000
Process change	It was decided that flanges for meter sizes greater than 2" would be the responsibility of the customer, since when meters are replaced, the flanges are not replaced.	2015/16	\$4,854
UV disinfection shutdown - HHSP and Eastern Passage WWTFs	Annual shutdown of UV disinfection system resulted in cost savings associated with electrical energy savings, peak demand reduction,	2016/17	\$222,131
Halifax WWTF - Carbon Scrubber By-Pass	Implemented April, 2016	2016/17	\$46,946
Tools developed internally	Tools developed internally to install new operating nuts on buried valves. Previously nuts were lost on buried valves resulting in a need to excavate the valve and install new nuts. Cost savings are achieved regarding excavation and reinstatement.	2016/17	\$20,000
Spruce Hill transmission main	Two long term leaks were discovered in the transmission main resulting in cost savings from the perspective of water loss control.	2016/17	\$3,000
Utilization of industrial water	A new filter system was installed at the Eastern Passage WWTF that provides the capability to use the current industrial water system rather than potable water to deliver water to the polymer feed systems.	2016/17	\$26,000
Cost reductions (material transport)	Modifications to the screening/grit skip eliminated the need to purchase 2 new screening compactors, which also resulted in the amount of material transported of approximately 28 metric tonnes.	2017/18	\$2,000
Herring Cove WWTF - Carbon Scrubber By-Pass	Implemented April, 2017	2017/18	\$8,523
Servicing oxygen monitors in-house	Technical Service staff have been trained by the manufacturer to service the fleet of personal gas monitors in-house, specifically the replacement of the oxygen sensor. These monitors, 165 in total, are used by all operation and treatment departments throughout the organization.	2018/19	\$30,000
Pumping Station Starters (4160V)	The pumping station starters were upgraded to vacuum starters, thus eliminating the need for annual servicing of the starters to be outsourced. Any maintenance can now be handled by in-house industrial electricians.	2018/19	\$1,500
Automated Flushing Stations	Automated flushing stations are now used to ensure the proper chorine residuals are achieved in all areas of the transmission and distribution system. Previously this operation was performed manually on a daily basis from approximately June to September. As a result labor and vehicle costs have been reduced accordingly.	2018/19	\$8,000
Corrosion Sampling	Corrosion sampling in the distribution system was reduced from bi-weekly to monthly in June, 2018, since enough baseline data has been collected and there are no immediate plans to change corrosion control in the near future.	2018/19	\$12,600
Alternative product	An alternative timing belt was introduced to replace the normal v-belt/sheave configuration, which reduced slippage between the v-belts and sheaves resulting in a reduction in power demand. The product has been installed at both the Halifax and Herring Cove WWTF, with the expectation of implementation at other wastewater and water facilities.	2018/19	\$40,000
Dosage Optimization	Desiccant filters were fitted to the polymer totes to prevent warm, moist air from contaminating the polymer dosed to thicken centrifuge and drum thickener solids. The polymer no longer reacts early with water before being dosed, thus allowing the optimization of the dose and preventing polymer waste, leading to reduced consumption.	2019/20	\$20,000
Alternative product	The HP biofilter exhaust fan motor belts will be replaced with syncrodrive timing belts, saving energy (electricity) through the prevention of slippage. Belts and sheaves have been purchased and will be installed in October, 2019.	2019/20	\$4,500
Building maintenance	Installed new weather stripping in the overhead door in the truck bay at the AeroTech plant to reduce heating costs	2019/20	\$1,500
Polymer optimization	Began polymer optimization in an effort to ensure good quality biosolids as well as a good quality centrate without having excess amounts of polymer. Were able to reduce the feed rate from 60% to 21%.	2019/20	\$15,000

**Halifax Water**  
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Improvements to aeration train	Installed a curtain in the aeration train to enable better mixing of the microorganisms with the chemical, thereby reducing chemical costs and providing better quality treatment.	2019/20	\$15,000
Optimization of polymer dosing (Mill Cove)	By implementing daily jar testing to determine the startup dose setpoint, polymer dosing was optimized.	2019/20	\$14,000
Belt drive change-out (Mill Cove)	Replacing the belt drive with a synchronous chain drive on a 30 horsepower blower resulted in a cost savings associated with energy consumption.	2019/20	\$1,275
Upgrading equipment (Mill Cove)	Upgrading the water flow meter used in the dilution of polymer resulted in lowering water usage in the process by approximately 20,000 litres per day.	2019/20	\$12,000
Fan belt/ pulley replacements - Mill Cove WWTF	Expected energy savings - based on 12,750 kWh	2019/20	\$1,300
Fan belt/ pulley replacements - Dartmouth WWTF	Expected energy savings - based on 177,980 kWh	2019/20	\$20,000
Sludge removal	The off-site removal of sludge for the Lake Major water supply plant has been deferred until 2021/22, allowing the sludge to be drier and have less weight, thus reducing the financial impact on the 2020/21 fiscal year.	2020/21	\$80,000
Reduction in landscaping initiatives	Landscaping initiatives were reduced at the Lake Major water supply plant in an effort to reduce the financial impact on the 2020/21 fiscal year.	2020/21	\$1,000
Preventative maintenance program established	A preventative maintenance program was created in conjunction with HW operations staff to clean centrifuge centrate lines weekly at a cost of \$235. Clogging of centrate in the centrate lines were being experienced resulting in a backup in the centrifuge drum and bio-solids bin. Every 2-3 weeks it was costing approximately \$1,000 to remove obstructions by an outside contractor, in addition to internal staff time and equipment.	2020/21	\$10,000
Sludge disposal	Disposal of sludge from the lagoon at the J. D. Kline water supply plant has been deferred for the 2020/21 fiscal year.	2020/21	\$75,000
Centrifuge adjustments	Adjustments to the weir plate on both centrifuges at the dewatering facility allows more water to escape during the dewatering process, resulting in a product that is 6% dryer on average. Having a more compacted product results in fewer trucks going to the N-Viro facility saving on tipping fees. In addition, solids in the resulting product is now over 28% which is subject to a reduced rate, a savings of approximately \$12/ tonne.	2020/21	\$15,000
Chemical substitution	Carbon source (Micro C) is a proprietary compound used as a food supply for micro-organisms in the denitrification process at the Aerotech WWTF, which is effective but quite expensive. HW has been able to source beer wort from a local brewery as a substitute for Micro C. Beer wort is a waste product in brewing beer which is high in carbon.	2020/21	\$85,000
Reduction in heating fuel costs	The installation of a 18,000 BTU heat pump in the admin area of the Leachate Facility, coupled with repairs to an existing unit in the lab area, resulted in heating fuel savings.	2020/21	\$5,000
Fuel switching	During the heating season (November-May), the switch from natural gas to No.2 fuel oil at the Halifax and Dartmouth WWTF resulted in energy savings.	2020/21	\$7,292
Solar PV - COMFIT/ Renewable Energy Generation	Operational at the Halifax WWTF for the period January - March 2021	2020/21	\$5,051
Fan belt/ pulley replacements - Eastern Passage WWTF	Expected energy savings - based on 118,348 kWh	2020/21	\$13,366
Harbour Solution Plants (2020/21) - Ventilation Air Heat Recovery	Expected energy savings for the Halifax, Dartmouth and Herring Cove WWTF	2015/16	\$91,527
Sub-total			\$2,206,239

**6 Reduce Paper and Printing Costs**

Electronic HRWC Board Packages	Send Board packages out electronically rather than issuing hard copies	2013/14	\$7,500
Paperless Office within the HR Department	Creating electronic workflow	2013/14	\$4,804
Stewardship Report	The Stewardship Report will be published electronically only, with no hard copies	2013/14	\$3,000
Changes to document archiving	Transitioning file storage from outside contractor to public resources	2013/14	\$3,175
Changes to document archiving	Transitioning file storage from outside contractor to public resources	2016/17	\$9,000
Cost reduction associated with off-site storage	There has been an effort to reduce the number of boxes (documents) stored in facilities such as Iron Mountain, by sorting and purging documents in accordance with the document retention policy of the Commission.	2018/19	\$10,000
Cost reduction associated with the 23rd Annual Report (General Manager's office)	The annual report for the year ended March 31, 2019 saw the number of copies produced drop from 275 copies in the previous year to 150 copies. This represents not only a cost savings but also an environmental benefit associated with paper reduction.	2019/20	\$936

Sub-total			\$38,415
7 Technology and Business Process Changes			
Workload, labor force assessment	Through the utilization of technology, such as a Customer Relationship Management (CRM) system, a budgeted addition (customer service representative) has been removed.	2015/16	\$47,605
Workload, labor force assessment	Re-structuring by management within the advanced metering infrastructure (AMI) project as a result of technological efficiencies anticipated.	2015/16	\$64,533
Sub-total			\$112,138
			\$7,705,227

**TO:** Craig McMullen, Chair, and Members of the Halifax Regional Water Commission Board

**SUBMITTED BY:** **Susheel Arora**  
Susheel Arora, P. Eng., Director of Operations

Digitally signed by  
Susheel Arora  
Date: 2021.06.11  
10:04:28 -03'00'

**APPROVED:** **Cathie O'Toole**  
Cathie O'Toole, MBA, CPA, CGA, ICD.D, General Manager

Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
16:36:02 -03'00'

**DATE:** June 10, 2021

**SUBJECT:** **2020/2021 Lead Service Line Replacement Program**

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### **INFORMATION REPORT**

#### **ORIGIN**

August 22, 2017 NSUARB Decision - HRWC Lead Service Line (LSL) Replacement Program (M07891).

#### **BACKGROUND**

In October 2016, the Halifax Water Board approved a business plan for a new approach to LSL replacement, consistent with the National Drinking Water Advisory Council (NDWAC) recommendations to the United States Environmental Protection Agency (USEPA). On August 22, 2017, the Nova Scotia Utility and Review Board issued an order granting Halifax Water authority to undertake emergency LSL renewals to the water meter at utility cost and to provide a 25% rebate (up to a maximum of \$2500) to homeowners undertaking an LSL replacement.

In October 2020, the Nova Scotia Utility and Review Board issued order M09589 granting Halifax Water authority to pay for private lead service replacements at utility cost (up to \$10,000). The new Halifax Water Get the Lead Out program will replace all lead service lines within Halifax Water's lead service line boundary by 2038 as opposed to the original goal of 2050. Replacements are being coordinated with HRM's street paving and renewal schedule to minimize disruption to the community and to be cost-efficient for ratepayers. A limited number of individual replacements will be completed with priority given to customers who are most at-risk from lead exposure. Replacements will be completed at no cost to the property owner (up to \$10,000). Halifax Water will schedule the replacements, which could take place at any time throughout the life of the program.

This report provides an annual update on the LSL replacement program and this will be the last report on the program established in 2017. In 2021, a new report will be developed detailing the program approved in 2020 in M09589.

### **PROGRAM OVERVIEW**

Halifax Water's approach to manage its customer's exposure to lead is designed to be consistent with the NDWAC recommendations, which have been endorsed by the American Water Works Association, to the degree they can be applied in Canada and do not conflict with local regulatory requirements. The five pillars of the approach and progress made towards this approach are described below.

#### **1) Lead Service Line Inventory**

Halifax Water is actively working to consolidate all existing records pertaining to service line composition in an effort to identify all lead service lines. There are 25,851 service connections within the lead boundary area, 17,051 in Halifax (14,459 domestic services where lead could have been used) and 8,840 in Dartmouth. Consolidating and confirming records is a time and resource intensive process and involves staff from multiple departments. To date, efforts have been focused on the following tasks:

- **Digitizing existing service card records for electronic access:**

There is a total of 17,051 service card records that have been identified in Halifax within the existing lead service line boundary. This includes commercial and larger services that are greater than two inches which would not have been constructed of lead. The Water Quality Department continues to scan and apply quality assurance and quality control measures (QA/QC) to the remaining records in Halifax, while all service records in Dartmouth remain to be digitized.

- **Creating a LSL Information Database:**

In the fall of 2018, Halifax Water's GIS department completed upgrades to Halifax Water's existing drinking water service lateral database (Forms) to allow for lead related information (i.e. replacements, maintenance, inspections, observations, etc.) to be stored and queried. The next phase of this project began in May 2019. This involves the review of all service records within Halifax Water's existing lead service line boundary to ensure all pertinent information is present for each record. This involves the review of the digital records and comparing them to existing physical records (i.e. service cards, drawings, etc.), field identification through the meter replacement project (described below) and corporate knowledge, with the intent of filling any data gaps to facilitate the determination of service line material, and ensuring the digital record is the authoritative source for lateral information, eliminating the need to keep maintaining paper service cards. In order to achieve the record review, a term position within GIS started working on this project in May 2019 and it is continuing to work on completing records within the west lead boundary. Progress on this task is steady and an additional resource was added from February 2021 until September 2021 to assist with this task.

- **Service Line Material Predictive Modeling via Machine Learning**

Understanding where lead service lines exist is critical to the success and ultimate completion of the LSL replacement program. Even with the efforts being made to digitize and authorize records, there are still gaps and many unknowns that require hydroexcavation to confirm material prior to replacement. To improve records, and reduce the need to hydroexcavation of every service, Halifax Water engaged Blue Conduit, a company born out of the Flint water crisis that uses machine learning algorithms to predict service material based on historical records, property records, past construction practices and any other information that is available.

In February 2021, A contract was signed with Blue Conduit to develop a machine learning model for both Halifax and Dartmouth, and Halifax Water service records and open source data sets were packaged and sent to them to analyze. On March 26, 2021 Blue Conduit sent a list of service lines where hydroexcavation data is required to train the model and increase the accuracy of its predictions on whether a service line is composed of lead. Halifax Water staff will be completing these hydroexcavations throughout the 2021 construction season with the objective of receiving the first model output late Autumn 2021. This model output is expected to provide greater certainty in service material, thus reducing the need to hydroexcavate every service, resulting in cost savings over the life of the project. This model output will speed up the process for planning replacements in coordination with HRM paving projects as well as customer initiated or targeted programs.

- **Customer Connect Project:**

As part of the Customer Connect Advanced Metering Infrastructure (AMI) project, staff from our installation contractor, Neptune TG were inside the premise for each of our approximately 80,000 customers. This project concluded February 2020. Throughout the AMI project Neptune TG identified a total of 95 private lead services in Dartmouth and 1131 private lead services in Halifax, for a total number of 1226 of private lead service lines. This is considered to be an underestimate of private side lead as there are situations where the service line material cannot be seen where it enters the foundation.

- The current inventory of lead and unknown material service lines is shown in Table 1 below. Unknown service lines are treated as lead until confirmed otherwise. The best guess is based on knowledge of historical replacement practices, known challenges with the existing inventory, and results from the confirmation activities described in this section including observation at the meter through AMI, and results of hydroexcavation. Activities to improve inventory are aimed at reducing the number of unknowns and confirming those that are lead.

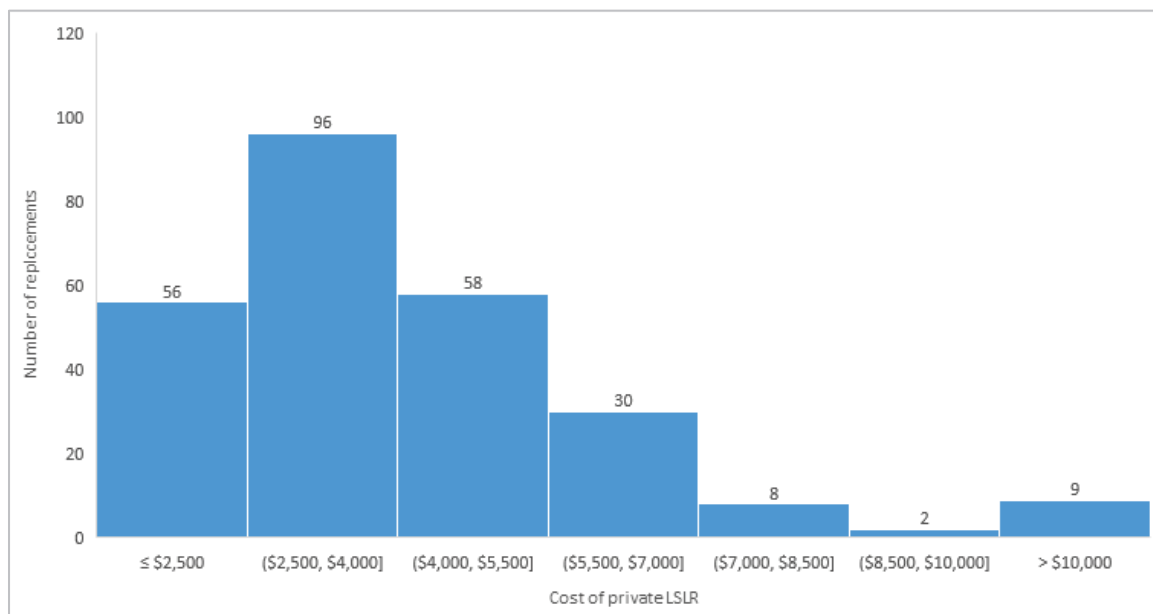
**Table 1:** summary of current inventory of lead and unknown service lines.

	Digital Records			Best Guess of Total Lead
	Lead	Unknown	Total	
Public	1,395	2,566	3,961	2,500
Private	2,968	7,547	10,515	3,500

## 2) Lead Service Line Replacement

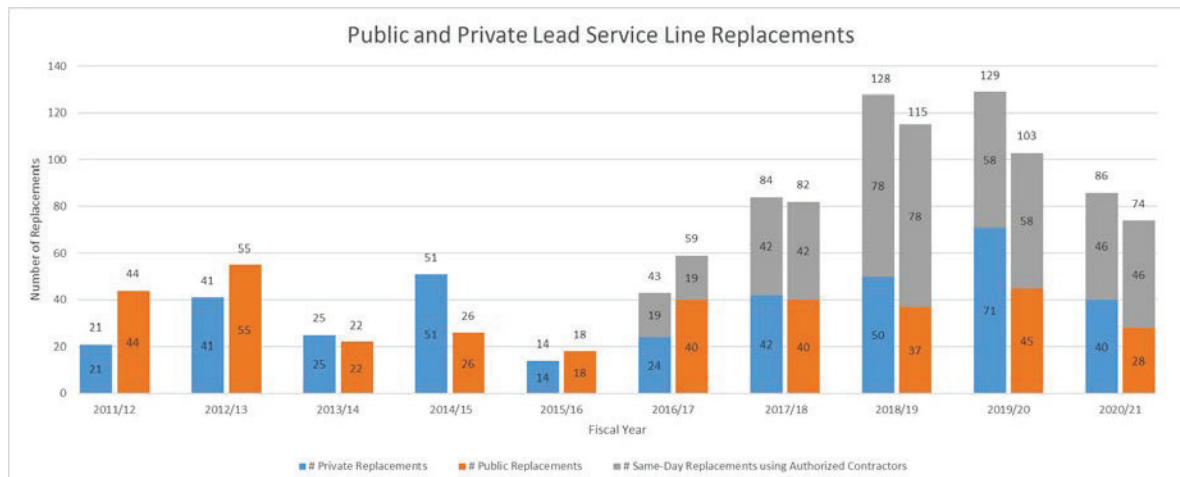
Halifax Water is working to increase both public and private replacements by:

- Removing barriers to private replacement, which involves informing the public about the health implications of lead service lines, simplifying the process for homeowners and providing financial assistance mechanisms. The new program launching this year will further remove barriers by paying for the private replacement during planned HRM or capital work and also through priority-based applications.
- Emergency Full Renewals –There were eight emergency renewals conducted in the 2020/21 fiscal year.
  - Six were the result of a leak.
  - Two were the result of disturbance due to public sewer replacements.
- Halifax Water is working to reduce the inventory of customers who have a public lead service line but copper private service line. To make this process more efficient, Halifax Water now hydro-excavates the service box prior to renewal to confirm material, as past practice has shown that sometimes copper is found despite lead being shown on records. This practice reduces costs as it avoids unnecessary excavation and it also eliminates the possibility of creating an emergency renewal as described above. There are currently approximately 93 public lead only services remaining in Halifax Water Inventory.
- Halifax Water implemented the LSL rebate program immediately after the NSUARB Order of August 22, 2018. A summary of the distribution costs for private LSLR since program inception is shown in Figure 1.



**Figure 1** – Histogram showing the distribution of cost for private LSLR based on 259 approved rebates between September 2017 and March 31, 2021.

- Figure 2 shows the number of replacements that have occurred as part of the program since 2011/12. This period encompasses the introduction of authorized contractors to replace the public portion in 2016/17 which allows for the entire LSL to be replaced in a single day, minimizing public health impacts and simplifying the process for the homeowners. This figure shows the reduced number of LSL replacements completed in 2020/21 compared to the two years prior. The reasons for this are largely that those customers for whom the rebate was enough incentive to replace, did so within the first few years of the program and outreach for customers with lead service lines during meter replacement through the customer connect program led to some replacements. The understanding that further success with the LSL replacement program using only the 25% rebate would continue to become more difficult in years to come was one of the main driving factors to developing the new Get the Lead Out program.



**Figure 2** – Number of public (orange) and private (blue) service lines replaced by fiscal year. Grey bars indicate residents who used the same day authorized contractor program to renew both public and private service lines in the same day.

### Get the Lead Out Program - Path Forward

Based on the challenges experienced in integrating with HRM paving projects and achieving uptake in private LSLR, in February 2020, two separate submissions were made to the NSUARB requesting the ability to conduct lead service renewal from the main to the meter at utility expense. Both submissions were accepted.

- M09586: The application was filed on February 11, 2020 and requested the ability to replace lead service lines from the main to the meter at utility expense for several capital projects for the 2020 construction season, namely Berlin Street, Drummond Court and Leaman Street. These streets were undergoing necessary water main renewal, which requires disconnection of service from the exiting main and reconnection to the new water main, thus resulting in disturbance to lead service lines. This disturbance is unavoidable and poses an increased public health risk. On March 12, 2020 Halifax Water received a decision letter granting approval for LSLR at Halifax Water expense for both the public and private portions of the service line for these specific capital projects.

In the summer of 2020, Halifax Water completed the work in conjunction with HRM on the Berlin St. project replacing 15 public lead service lines at a cost of \$2,742 per service and 17 private services at a cost of \$4,480 per service. Both include net HST and 1.5% HRM administration fee. The public cost includes a share of asphalt and curb reinstatement.

The Berlin St. project served as a valuable learning experience for setting up processes with HRM to complete LSLR for the new program. Drummond Court and Leaman Street have been pushed by HRM to the 2021 construction season.

- M09589: In September 2020, the NSUARB issued Board Order M09589 which provides Halifax Water authority to develop a program to conduct LSLR from the main to the meter at utility expense. This program will allow Halifax Water to coordinate with HRM on paving projects and group replacements to achieve cost savings through sharing of reinstatement costs with HRM and economy of scale for larger batch projects. This new program puts Halifax Water in control of the replacement timeline with a goal of completing LSLR by 2038. Annual replacements can be scaled to match budget availability and program replacement goals will be in Halifax Water's control as opposed to relying on private uptake with the previous program.

Since the Board Order, Halifax Water staff have been working with HRM to coordinate replacements for all major street recapitalization projects for the 2021-22 construction season. Based on current project scope, it is expected that there will be approximately 40 public and 100 private replacements conducted in 2021-22 through this program.

Halifax Water developed and launched the property owner requested lead service line replacement program in March of 2021 to complete the remaining replacements within budget for 2021-22. This program prioritizes replacements based on health risk, geography and integration with HRM's paving program. A new website was developed <https://www.halifaxwater.ca/get-the-lead-out>, to guide property owners through the online application process for this program. If property owners do not want to wait for Halifax Water to schedule their replacement, they can continue to replace on their own timeline and receive the 25% rebate. As of March 31, 2021, there were 53 applications received to the property owner requested program.

### 3) Public Outreach

Halifax Water is continually working to increase customer awareness and engagement in the lead service line replacement program, particularly with respect to health implications of lead and processes for renewal, including the rebate and loan programs and the new Get the Lead Out program. The following tasks have been conducted to increase awareness and engagement:

- Upon application/inquiry by a homeowner for a LSL renewal, they are contacted by program staff. Customers are provided information on the new approved program for the utility to replace their LSL at no expense. If customers choose not to wait for replacement by Halifax Water, the 25% rebate program and the lateral loan are still being offered. At this time, they are advised of sampling programs, provided with information on the renewal, post renewal maintenance and provided with a National Sanitation Foundation

[NSF] certified pitcher filter for temporary use for cooking and drinking during the period of increased lead, post renewal. They are also provided with 7 replacement filters.

**Table 2** – Number of filter kits provided to residents as part of the LSL replacement program.

	2017/18	2018/2019	2019/2020	2020/2021
Total Filter Kits Provided	140	176	161	119

- Lead information has been migrated to Halifax Water's new website, <https://halifaxwater.ca/get-the-lead-out>. The existing lead website content was updated to reflect the new lead program and provide clear and concise content that is accessible to the reader.
- The web application for customers to search an address to determine if there is a possibility the service line is composed of lead has been updated. The application is supported by data on the building such as, service line size, building age, and location in relation to the lead service line boundary. This application has been posted on the lead website.
- In the 2018/19 Fiscal year we received 300 lead inquiries from homeowners or tenants. In 2019/2020 Fiscal year we received 426 lead inquiries from homeowners or tenants. The number of inquiries spiked in 2019/2020 as a result of a series of news articles were released in November 2019 across the country. In 2020/2021 we received 333 customer inquiries.

#### **4) Corrosion Control and Water Quality Monitoring**

Halifax Water and Dalhousie University continue to conduct research to optimize and monitor corrosion control treatment. Outcomes of research have led to greater effectiveness and reduced cost for corrosion control treatment at both JD Kline and Lake Major treatment plants. Further research is underway into seasonal optimization of corrosion control and the use of less expensive, bulk commodity chemicals for corrosion control. Initial research results indicate that the zinc in the current corrosion control product plays an important role in calcium release from cement lined pipes. Following is a summary of corrosion control sampling programs.

- **Distribution Coupon Monitoring**

Since 2002 Halifax Water's water quality group has maintained ten coupon racks throughout the Pockwock Lake and Lake Major distribution systems. There are six coupon racks in the Pockwock distribution system and four in the Lake Major distribution system. Each rack has a metal coupon for lead, copper, and mild steel, and are sampled quarterly.

- **Distribution Corrosion Control Monitoring**

Corrosion monitoring has been taking place throughout the Pockwock and Lake Major distribution systems since 2004. Parameters measured are alkalinity, aluminum, manganese, iron, zinc, phosphate, o-phosphate, sulphate, chloride, turbidity, pH, free chlorine, temperature, conductivity, and oxidation reduction potential (ORP), dissolved oxygen, total organic carbon, heterotrophic plate count, and adenosine triphosphate.

- **Lead Rack Monitoring**

In December 2018 Halifax Water began monthly sampling at four “lead racks” in our distribution system. Each lead rack consists of four segments of lead pipe harvested from lead service line renewals, configured to permit sampling of the stagnated water in each pipe running on a six-hour stagnation cycle. The goal of the lead racks is to be able to monitor full scale response to changes in corrosion control and seasonality of corrosion control. The racks are located in the Halifax and Dartmouth distribution system, in areas where lead service lines are known or suspected to exist.

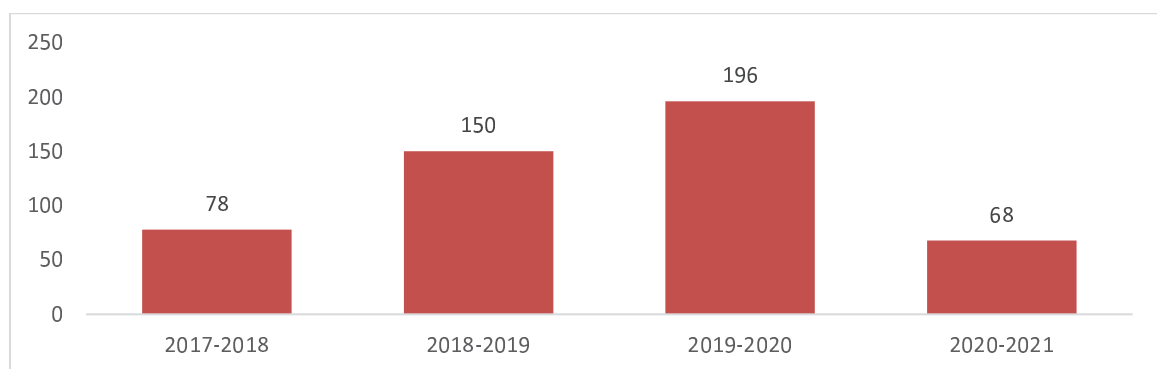
- In December 2020, in preparation for a project that will be undertaken in the Lake Major system that could see changes to water quality in the distribution system, Halifax Water doubled the orthophosphate dose to 2 mg/L ad PO<sub>4</sub>.

## 5) Customer Sampling

Halifax Water has several customer sampling programs for lead in drinking water. These programs are outlined below:

- **Customer Request Lead Sampling**

Halifax Water provides complimentary lead testing for customers who have a known or suspected lead service line, and who live in a house built prior to 1960 within the lead service boundary, consistent with Health Canada protocols. Results are sent to the customer once they are available. Figure 3 describes the number of addresses where customer request kits that have been analyzed since 2016. For the 2020/21 fiscal year 136 were delivered to customers, however only 68 sample kits were returned and analyzed. This program was suspended from April to July due to COVID-19. As provincial restrictions were lifted sample kits were issued with reduced sample kit delivery and pickup dates to reduce risk to staff.



**Figure 3 – Customer request lead sample kits analyzed in the last four fiscal year**

- **Lead Service Line Replacement Monitoring program**

This program, carried out in conjunction with Dalhousie University, monitors lead levels prior to and after a lead service line replacement. Samples are taken prior to replacement and following replacement at 72 hours, one, three, and six months. Homeowners are encouraged to participate in the monitoring program following a service line replacement, as it allows them to have a better understanding of the lead levels in their home. When a

## NSUARB ITEM #8

Halifax Water Board

June 17, 2021

permit is issued for a private lead service renewal, the homeowner is contacted by email or phone to encourage their participation in the LSL monitoring program and inform them of the Filter Program (see Public Involvement above). In 2019/20, there was a total of 18 LSLR participants. This lower number is due to maintenance with analytical equipment at Dalhousie University. In 2020/2021 due to COVID-19 the Dalhousie Laboratory was not accepting lead samples, homeowners wishing to sample following their LSLR were offered sampling at three-month intervals post renewal until results met the Health Canada Guideline for Lead. 25 customers completed post replacement sampling.

- **Annual Health Canada Residential Monitoring Program**

Halifax Water conducts an annual residential sampling program to monitor the effectiveness of the corrosion control program by sampling lead and copper levels in customers' homes throughout the distribution system as per Health Canada protocol. Once per year, 100 homes are tested on a volunteer basis.

### **Financial**

**Table 3** – Summary of lead program costs from April 1, 2017 to March 31, 2021. Public lead service line replacement is a capital cost and all other costs are operational.

	2017/18	2018/19	2019/20	2020/21
Customer Request Lead Sampling	\$4,914	\$13,305	\$15,092	\$5,236
LSL Replacement Monitoring Program	\$12,285	\$14,636	\$6863	\$1,925
Pitcher Filter Kits	\$10,271	\$11,759	\$10,878	\$18,270
Communications	\$11,900	\$2,607	\$23.00	\$6778
Staff	\$148,758	\$228,016	\$246, 988	\$211,935
Public Lead Service Line Replacement Program <sup>2</sup>	\$550,112	\$1,124,473	\$917,917	\$820,801
Lead Service Line Rebate	\$14,107	\$102,333	\$81,111	\$52, 600
<b>Total</b>	<b>\$752,347</b>	<b>\$1,497,129</b>	<b>\$1,279,682</b>	<b>\$1,117,545</b>

<sup>2</sup> Includes cost of public replacements as well as hydroexcavations.

# NSUARB ITEM #8

Halifax Water Board

June 17, 2021

## Summary

**Table 4** - Summary of statistics of the lead program since inception in 2017.

	2017/18	2018/19	2019/20	2020/21
Public replacements	82 <sup>1</sup>	115	103	74
Private replacements	84 <sup>1</sup>	128	128	86 <sup>7</sup>
Rebates	18	105	89	50
Emergency replacements to the meter	2	7 <sup>2</sup>	11 <sup>5</sup>	8
Lead program inquiries	263	300	426	333
Filter kits issued	140	158	161	119
Customer request lead sample kits analyzed	78	150	196	68
	<b>Average Cost</b>	<b>Average Cost</b>	<b>Average Cost</b>	<b>Average Cost</b>
Public replacement	\$8,067 <sup>4</sup>	\$11,468 <sup>3</sup>	\$11,648 <sup>6</sup>	\$10,147 <sup>8</sup>
Private replacement (based on rebates)	\$3,188	\$3,940	\$3,703	\$4,343
Rebate	\$738	\$974	\$911	\$1,052
Emergency replacement	\$14,860	\$11,413.45 <sup>2</sup>	\$11,443.9 <sup>5</sup>	\$9340.83
	<b>Total Cost</b>	<b>Total Cost</b>	<b>Total Cost</b>	<b>Total Cost</b>
Public replacement program	\$550,112	\$1,124,473	\$917,917	\$820,801
Private replacement based on rebate applications	\$88,318	\$429,529.26	\$324,444	\$217,157
Rebate	\$14,108	\$102,333	\$81,111	\$52,600
Emergency replacement	\$29,720	\$79,894.18	\$125,883.23 <sup>5</sup>	\$74,726.60

<sup>1</sup> Numbers are different than report provided to NSUARB in 2018 due to review of historical records.

<sup>2</sup> One renewal was the result of issues encountered during an AMI meter replacement. Neptune covered the cost of the renewal therefore the cost is not included in this table.

<sup>3</sup> Based on review of 70 contractor invoices.

<sup>4</sup> Based on review of 48 contractor invoices.

<sup>5</sup> One renewal was the result of issues encountered during construction from a 3<sup>rd</sup> party (covered cost of the renewal therefore the cost is not included in this table).

<sup>6</sup> Based on review of 80 invoices

<sup>7</sup> Seventeen renewals were part of the Berlin Street project

<sup>8</sup> Based on review of 59 invoices, cost of Berlin St. project.

Report Prepared by:


Wendy  
Krkosek

Digitally signed by Wendy  
Krkosek  
Date: 2021.06.11  
10:09:47 -03'00'

Wendy Krkosek, Water Quality Manager – 902-483-4432

**TO:** Craig McMullin, Chair, and Members of the Halifax Regional Water Commission Board

**SUBMITTED BY:** Kenda MacKenzie  
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Date: 2021.06.11 09:27:33 -03'00'  
Kenda MacKenzie, P.Eng., Director, Regulatory Services

**APPROVED:**   
Digitally signed by Cathie O'Toole  
Date: 2021.06.11 08:46:41 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D, General Manager

**DATE:** June 3, 2021

**SUBJECT:** Capital Cost Contribution Areas – Financial Status Report for the Fiscal Year ended March 31, 2021

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### **INFORMATION REPORT**

#### **ORIGIN**

Halifax Water and NSUARB approval of various capital cost contribution charges.

#### **BACKGROUND/DISCUSSION**

Halifax Water oversees twelve (12) Capital Cost Contribution (CCC) charge areas for oversized water and wastewater infrastructure. The Halifax Water Board and subsequently the NSUARB directly approved eleven (11) area specific CCC charges consistent with our CCC policy, with one being inherited and endorsed at the time of the wastewater/stormwater merger in 2007. The overall CCC policy and the specific charge rates were developed for the equitable facilitation of master water and wastewater infrastructure within new development areas or new service extension areas.

In accordance with the approved policy, Halifax Water is obligated to provide an accounting of all funds received and all costs incurred with respect to the infrastructure improvement. Attached is an annual report showing the cumulative accounting of all CCC funds received and disbursed as of the end of the fiscal year at March 31, 2021. The format provides a detailed entry of each individual debit and credit transaction with a cumulative total to date for each individual charge area from inception to the applicable year-end.

## NSUARB ITEM # 9

Halifax Water Board

June 17, 2021

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As of March 31, 2021, the results show that six (6) charge areas are in a negative cash position and six (6) are in a positive cash position. Combined, the net current deficit is \$1.7 million with the implementation of \$34.5 million in infrastructure projects. The net cash position of the CCCs have shown steady improvement over the last two years as the net current deficits at fiscal year end were \$2.3 million in 2020 and \$2.6 million in 2019. The CCC program is anticipated to be cost neutral within each charge area and fulfilling the desired facilitation role within these development areas.

This report will be forwarded to the NSUARB for information in accordance with the policy requirements.

### ATTACHMENT

Halifax Water Capital Cost Contribution Report – Summary to March 31, 2021

Report prepared by:

Heather  
Britten

Digitally signed by  
Heather Britten  
Date: 2021.06.11  
08:42:14 -03'00'

Heather Britten, Quality Assurance Officer, BComm,  
902-490-1895

# HALIFAX WATER

## Capital Cost Contribution Report

### Summary to March 31, 2021

Capital Cost Contribution Area		Receipts	Disbursements	Cumulative
Beaverbank		\$1,336,109	(\$1,762,046)	(\$425,936)
Bedford South - Water		\$3,090,708	(\$2,074,291)	\$1,016,417
Bedford South - Wastewater		\$2,300,357	(\$1,022,796)	\$1,277,561
Bedford West - Water		\$5,605,331	(\$5,216,378)	\$388,953
Bedford West - Wastewater		\$12,605,120	(\$16,868,404)	(\$4,263,283)
Birch Cove North - Water		\$2,240,790	(\$2,200,334)	\$40,455
Herring Cove		\$1,423,973	(\$698,579)	\$754,839
Lakeside Timberlea		\$967,404	(\$1,264,666)	(\$297,262)
Morris Russell Lake		\$1,128,095	(\$363,291)	\$764,804
Northgate		\$585,772	(\$788,960)	(\$203,188)
Sackville Lively		\$430,254	(\$567,455)	(\$137,201)
Geizer Hill		\$967,154	(\$1,623,241)	(\$656,087)
<b>Grand Total</b>		<b>\$32,681,065</b>	<b>(\$34,450,440)</b>	<b>(\$1,739,929)</b>

**HALIFAX WATER**  
**BEAVERBANK - WATER**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$1,336,109.32</b>	<b>(\$1,762,045.74)</b>	<b>(\$425,936.42)</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$1,336,109.32</b>	<b>(\$1,762,045.74)</b>	<b>(\$425,936.42)</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: September 11, 2018

Total Acreage: 1,302.03

Acreage Developed to Date: 804.81 (61.8%)

Acreage Rate: \$850/acre

Total Infrastructure Cost: \$3,198,896.00

Benefit to Existing Halifax Water Customer Base - 0%

Benefit to HRM Fire Protection - 37%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 34.6%

Infrastructure to be completed: None

**HALIFAX WATER**  
**BEDFORD SOUTH - WATER**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$3,090,707.95</b>	<b>(\$2,074,291.42)</b>	<b>\$1,016,416.53</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$3,090,707.95</b>	<b>(\$2,074,291.42)</b>	<b>\$1,016,416.53</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: June 19, 1998  
Total Acreage: 598.0  
Acreage Developed to Date: 498.41 (83.35%)  
Acreage Rate: \$4,621.00  
Total Infrastructure Cost: \$6,155,269.00  
Benefit to Existing Halifax Water Customer Base - 33.4%  
Benefit to HRM Fire Protection - 37%  
Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 42%  
Infrastructure to be completed: Reservoir under construction 2020

**HALIFAX WATER**  
**BEDFORD SOUTH - WASTEWATER**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$2,300,357.05</b>	<b>(\$1,022,795.90)</b>	<b>\$1,277,561.15</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$2,300,357.05</b>	<b>(\$1,022,795.90)</b>	<b>\$1,277,561.15</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: August 1, 2007

Total Acreage: 624

Acreage Developed to Date: 535.97 (85.89%)

Acreage Rate: \$3305.29

Total Infrastructure Cost: \$2,273,400.00

Benefit to Existing Halifax Water Customer Base - 0%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 100%

Infrastructure to be completed: oversized piping

**HALIFAX WATER**  
**BEDFORD WEST - WATER**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$5,237,781.31</b>	<b>(\$5,019,666.75)</b>	<b>\$218,114.56</b>
Thistle Developments - 2019 reconciliation adjusted CCC payment	(\$24,105.90)		
Thistle Developments - 2019 reconciliation adjusted reimbursement		(\$31,958.10)	
West Bedford Holdings Limited - 2019 reconciliation adjusted reimbursement		(\$164,752.84)	
West Bedford Holdings Limited - Phase 8 (26.273 acres)	\$116,947.02		
West Bedford Holdings Limited - Phase 7-1 (3.416 acres)	\$11,164.78		
West Bedford Holdings Limited - Phase 7-2 (25.293 acres)	\$82,667.10		
West Bedford Holdings Limited - Phase 2-6 (11.237 acres)	\$51,491.04		
West Bedford Holdings Limited - Block C-1 (6.584 acres)	\$21,637.04		
West Bedford Holdings Limited - Phase 7-3A (2.635 acres)	\$8,718.57		
West Bedford Holdings Limited - Phase 7-3B (26.593 acres)	\$87,392.76		
West Bedford Holdings Limited - Phase 7-4 (3.541 acres)	\$11,636.82		
<i>Fiscal 2021 Yearly Totals</i>	<i>\$367,549.23</i>	<i>(\$196,710.94)</i>	<i>\$170,838.29</i>
<b>Balance as of March 31/21</b>	<b>\$5,605,330.54</b>	<b>(\$5,216,377.69)</b>	<b>\$388,952.85</b>

**Project Information**

Nova Scotia Utility & Review Board Approval Date: December 2019

Total Acreage: 1579.82

Acreage Developed to Date: 839.071 (53.10%)

Acreage Rate: \$3,629.73 (2008)

Total Escalated Infrastructure Cost: \$10,516,523

Benefit to Existing Halifax Water Customer Base - 5.93%

Benefit to HRM Fire Protection - 37%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 57.07%

Infrastructure to be completed: Proportionate amount of Bedford South Reservoir, PRV's, and Pipe Oversizing

**HALIFAX WATER**  
**BEDFORD WEST - WASTEWATER**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$12,202,022.87</b>	<b>(\$16,717,442.47)</b>	<b>(\$4,515,419.60)</b>
West Bedford Holdings Limited - 2019 reconcillation adjusted reimbursement		(\$40,458.31)	
Thistle Developments - 2019 reconcillation adjusted reimbursement	\$27,778.51		
West Bedford Holdings Limited - Phase 8 (26.273 acres)	\$88,876.44		
West Bedford Holdings Limited - Phase 7-1 (3.416 acres)	\$8,484.92		
West Bedford Holdings Limited - Phase 7-2 (25.293 acres)	\$62,824.67		
West Bedford Holdings Limited - Phase 2-6 (11.237 acres)	\$39,850.78		
West Bedford Holdings Limited - Block C-1 (6.584 acres)	\$16,745.70		
West Bedford Holdings Limited - Phase 7-3A (2.635 acres)	\$6,747.62		
West Bedford Holdings Limited - Phase 7-3B (26.593 acres)	\$101,212.89		
West Bedford Holdings Limited - Easement Acquisition (Invoice # 10278)		(\$100,908.60)	
Benefit to Existing - Easement Acquisition (Invoice # 10278)	\$14,551.02		
West Bedford Holdings Limited CCC - Phase 7-4 (3.541 acres)	\$36,024.63		
West Bedford Holdings Limited - Easement Acquisition (Invoice # 10303)		(\$9,594.15)	
<i>Fiscal 2021 Yearly Totals</i>	<i>\$403,097.18</i>	<i>(\$150,961.06)</i>	<i>\$252,136.12</i>
<b>Balance as of March 31/21</b>	<b>\$12,605,120.05</b>	<b>(\$16,868,403.53)</b>	<b>(\$4,263,283.48)</b>

**Project Information**

Nova Scotia Utility & Review Board Approval Date: December 2019

Total Acreage: 1579.82

Acreage Developed to Date: 733.481 (46.43%)

Acreage Rate: \$11,236.72 (2008)

Total Infrastructure Cost: \$25,714,518

Benefit to Existing Halifax Water Customer Base - 14.42%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 74.78%

Infrastructure to be completed: Forcemains, Pumping Stations and Pipe Oversizing

**HALIFAX WATER**  
**BIRCH COVE NORTH - WATER**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$2,240,789.63</b>	<b>(\$2,200,334.45)</b>	<b>\$40,455.18</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$2,240,789.63</b>	<b>(\$2,200,334.45)</b>	<b>\$40,455.18</b>

**Project Information**

Nova Scotia Utility & Review Board Approval Date: September 17, 1999

Total Acreage: 494.0

Acreage Developed to Date: 335.36 (67.89%)

Acreage Rate: \$5,060.00

Total Infrastructure Cost: \$3,717,646.00

Benefit to Existing Halifax Water Customer Base - 0%

Benefit to HRM Fire Protection - 37%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 63%

Infrastructure to be completed: Reservoir and Pipe Oversizing

**HALIFAX WATER**  
**HERRING COVE**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$1,423,972.55</b>	<b>(\$698,578.68)</b>	<b>\$754,839.25</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$1,423,972.55</b>	<b>(\$698,578.68)</b>	<b>\$754,839.25</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: April 10, 2002; Revised: October 26, 2005

Total Acreage: 787.7

Acreage Developed to Date: 321.783 (40.84%)

Acreage Rate: \$3,622.00

Total Infrastructure Cost: \$4,957,204

Benefit to Existing Halifax Water Customer Base - 0%

Benefit to HRM Fire Protection - 37%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 63%

Infrastructure to be completed: None

**HALIFAX WATER**  
**LAKESIDE TIMBERLEA**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$805,862.37</b>	<b>(\$1,264,665.78)</b>	<b>(\$458,803.41)</b>
Brunello Estates - Block 6	\$144,924.62		
Fire Protection: Brunello Estates - Amalfi Way	\$16,617.01		
<i>Fiscal 2021 Yearly Totals</i>	<i>\$161,541.63</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$967,404.00</b>	<b>(\$1,264,665.78)</b>	<b>(\$297,261.78)</b>

Project Information
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Nova Scotia Utility & Review Board Approval Date: December 14, 2012  
Overall Acreage 277.79  
Acreage Developed to Date: 53.013 (19.6%)  
Acreage Rate: \$14,926.23  
Total Infrastructure Cost: \$ 8,062,204.55  
Benefit to Existing Halifax Water Customer Base - 2.7%  
Benefit to HRM Fire Protection - 37%  
Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 60.3%  
Infrastructure to be completed: Pipe Oversizing

**HALIFAX WATER**  
**MORRIS RUSSELL LAKE**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$1,128,094.67</b>	<b>(\$363,290.75)</b>	<b>\$764,803.92</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$1,128,094.67</b>	<b>(\$363,290.75)</b>	<b>\$764,803.92</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: Interim June 10, 2002

Total Acreage: 1,178.7

Acreage Developed to Date: 574.84 (48.77%)

Acreage Rate: \$1,300.00

Total Infrastructure Cost: \$2,641,851.00

Benefit to Existing Halifax Water Customer Base - 8.2%

Benefit to HRM Fire Protection - 37%

Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 54.8%

Infrastructure to be completed: Pipe Oversizing

**HALIFAX WATER**  
**NORTHGATE**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$585,772.08</b>	<b>(\$788,960.44)</b>	<b>(\$203,188.36)</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$585,772.08</b>	<b>(\$788,960.44)</b>	<b>(\$203,188.36)</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: September 28, 2008  
Total Acreage: 485.4 (plus 16.8 acres of adjacent benefitting lands)  
Acreage Developed to Date: 188.9 (38.91%)  
Acreage Rate: \$1,168.00  
Total Infrastructure Cost: \$900,041.00  
Benefit to Existing Halifax Water Customer Base - 13.4%  
Benefit to HRM Fire Protection - 37%  
Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 49.6%  
Infrastructure to be completed: Pipe Oversizing

**HALIFAX WATER**  
**SACKVILLE LIVELY**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$430,253.71</b>	<b>(\$567,455.00)</b>	<b>(\$137,201.29)</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$430,253.71</b>	<b>(\$567,455.00)</b>	<b>(\$137,201.29)</b>

<b>Project Information</b>
----------------------------

Nova Scotia Utility & Review Board Approval Date: October 29, 2007

Total Acreage: 335.5 acres

Acreage Developed to Date: 216.87 (64.6%)

Acreage Rate: \$1,253.00 / acre

Total Infrastructure Cost: \$567,455

Benefit to Halifax Water Existing Customer: \$26,133 (25 acres)

Benefit to HRM through LIC: \$50,746 (40.5 acres)

Benefit to HRM Fire Protection: \$205,972.71

Total Infrastructure of the Project, including financing: \$667,497

Percentage of Total Infrastructure Cost to be recovered through CCC Charge: 50.2%

Infrastructure to be completed: 0%

**HALIFAX WATER**  
**GEIZER HILL**  
**Summary to March 31, 2021**

Transaction Description	Receipts	Disbursements	Cumulative
<b>Balance as of March 31/20</b>	<b>\$967,153.88</b>	<b>(\$1,623,240.54)</b>	<b>(\$656,086.66)</b>
<i>Fiscal 2021 Yearly Totals</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
<b>Balance as of March 31/21</b>	<b>\$967,153.88</b>	<b>(\$1,623,240.54)</b>	<b>(\$656,086.66)</b>

**Project Information**

Nova Scotia Utility & Review Board Approval Date: December 2019  
Total Population: 4,218 people  
Population Developed to Date: 1,416 people (33.57%)  
CCC charge per person: \$255.65  
Total Infrastructure Cost: \$1,548,000  
Benefit to Existing Halifax Water Customer Base - 0%  
Benefit to HRM Fire Protection - 37%  
Percentage of Total Infrastructure Cost to be recovered through CCC Charge - 63%  
Infrastructure to be completed: Water Main Extension

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the Halifax Regional Water Commission Board

**SUBMITTED BY:** Louis de Montbrun Digitally signed by Louis de Montbrun  
Date: 2021.06.11 04:22:14 -03'00'  
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

Susheel Arora Digitally signed by Susheel Arora  
Date: 2021.06.11 10:03:32 -03'00'  
Susheel Arora, M.A.Sc., P.Eng. Director, Operations

Kenda MacKenzie Digitally signed by Kenda MacKenzie  
Date: 2021.06.10 19:58:33 -03'00'  
Kenda MacKenzie, P.Eng. Director, Regulatory Services

**APPROVED:** *Cathie O'Toole* Digitally signed by Cathie O'Toole  
Date: 2021.06.11 06:11:23 -03'00'  
Cathie O'Toole, MBA, CPA, CGA, ICD.D, General Manager

**SUBJECT:** **Operational Performance Information Report**

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### **INFORMATION REPORT**

**ORIGIN:**

Regular update.

This report provides a high level overview of financial and operational performance for the utility. The safety statistics results are first, followed by financial results, followed by indicators and statistics for water and wastewater.

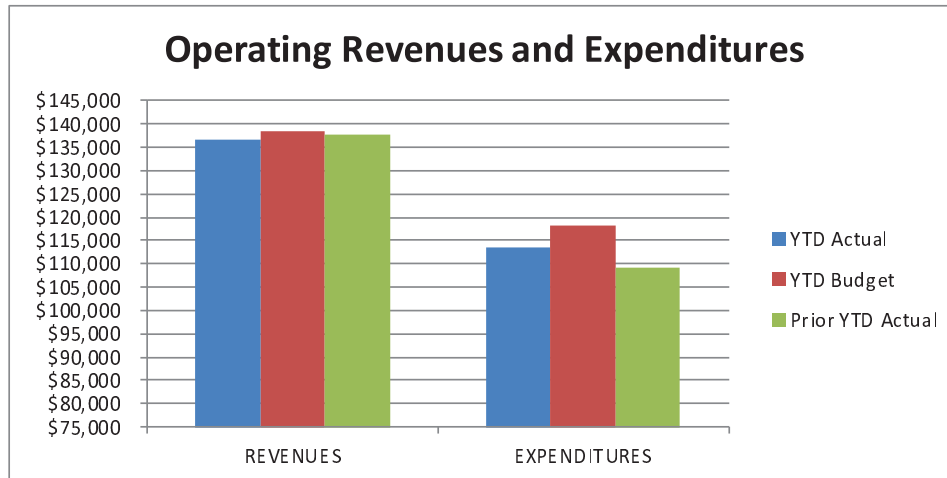
**SAFETY STATISTICS – April 1, 2020 thru March 31, 2021 (unless stated otherwise)**

<b>Organizational Metrics</b>	<b>Results</b>
Percentage of Lost Time Accidents resulting in lost time per 100 employees	0.59
Number of motor vehicle accidents per 1,000,000 km driven	5.5
Number of workplace inspections conducted	180
Percentage of safety talks conducted	86%
Number of near misses reported	94
Number of employees on accommodation or gradual return to work	9 *
Number of WCB claims	14
Number of work refusals	1
Number of incidents with written compliance orders	0
Number of employees trained or recertified before due date	59%

\* Period of January 1, 2021 thru March 31, 2021

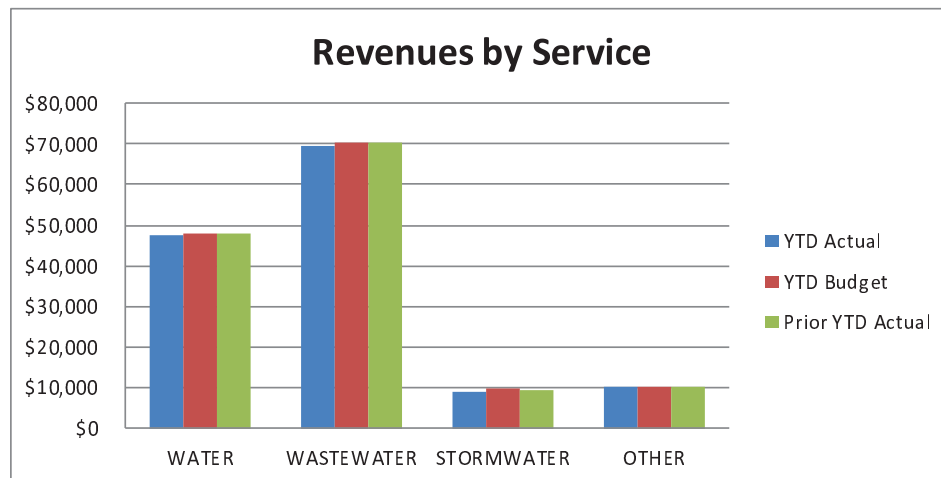
**FINANCIAL**

**HALIFAX WATER**  
**UNAUDITED FINANCIAL INFORMATION**  
**APRIL 1, 2020 - MARCH 31, 2021 (12 MONTHS)**  
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**OPERATING REVENUES AND EXPENDITURES**

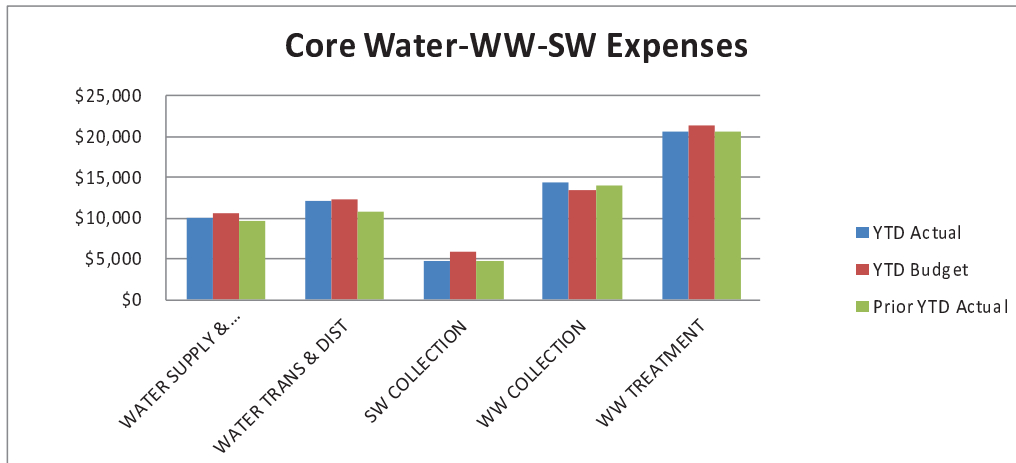
	YTD Actual	YTD Budget	Prior YTD Actual	% of Budget
REVENUES	\$136,569	\$138,615	\$137,750	98.52%
EXPENDITURES	\$113,690	\$118,111	\$109,326	96.26%
	<b>\$22,879</b>	<b>\$20,504</b>	<b>\$28,424</b>	<b>111.58%</b>



**REVENUES BY SERVICE (METERED SALES AND SITE GENERATED CHARGE)**

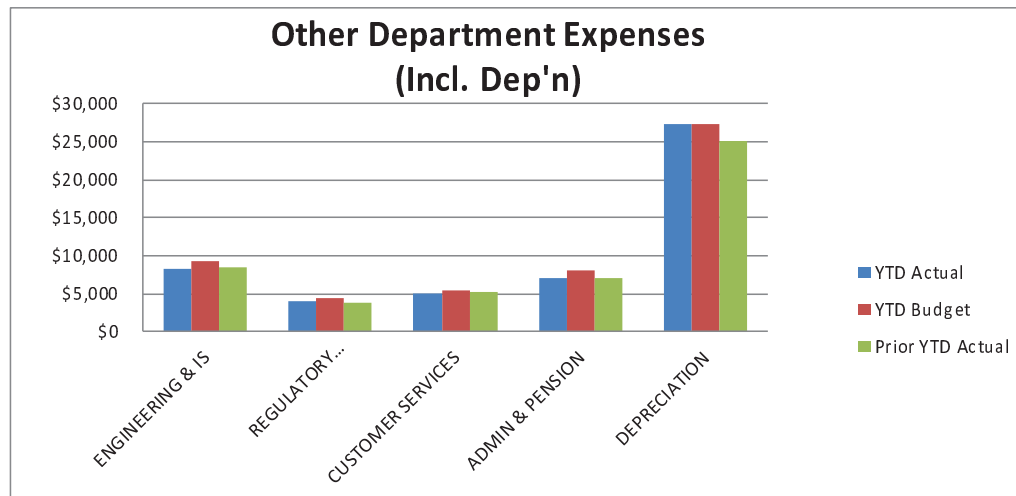
	YTD Actual	YTD Budget	Prior YTD Actual	% of Budget
WATER	\$47,631	\$48,083	\$47,918	99.06%
WASTEWATER	\$69,605	\$70,364	\$70,494	98.92%
STORMWATER	\$8,962	\$9,882	\$9,196	90.69%
OTHER	\$10,371	\$10,285	\$10,142	100.84%
	<b>\$136,569</b>	<b>\$138,614</b>	<b>\$137,750</b>	<b>98.52%</b>

**HALIFAX WATER**  
**UNAUDITED FINANCIAL INFORMATION**  
**APRIL 1, 2020 - MARCH 31, 2021 (12 MONTHS)**  
**'000**



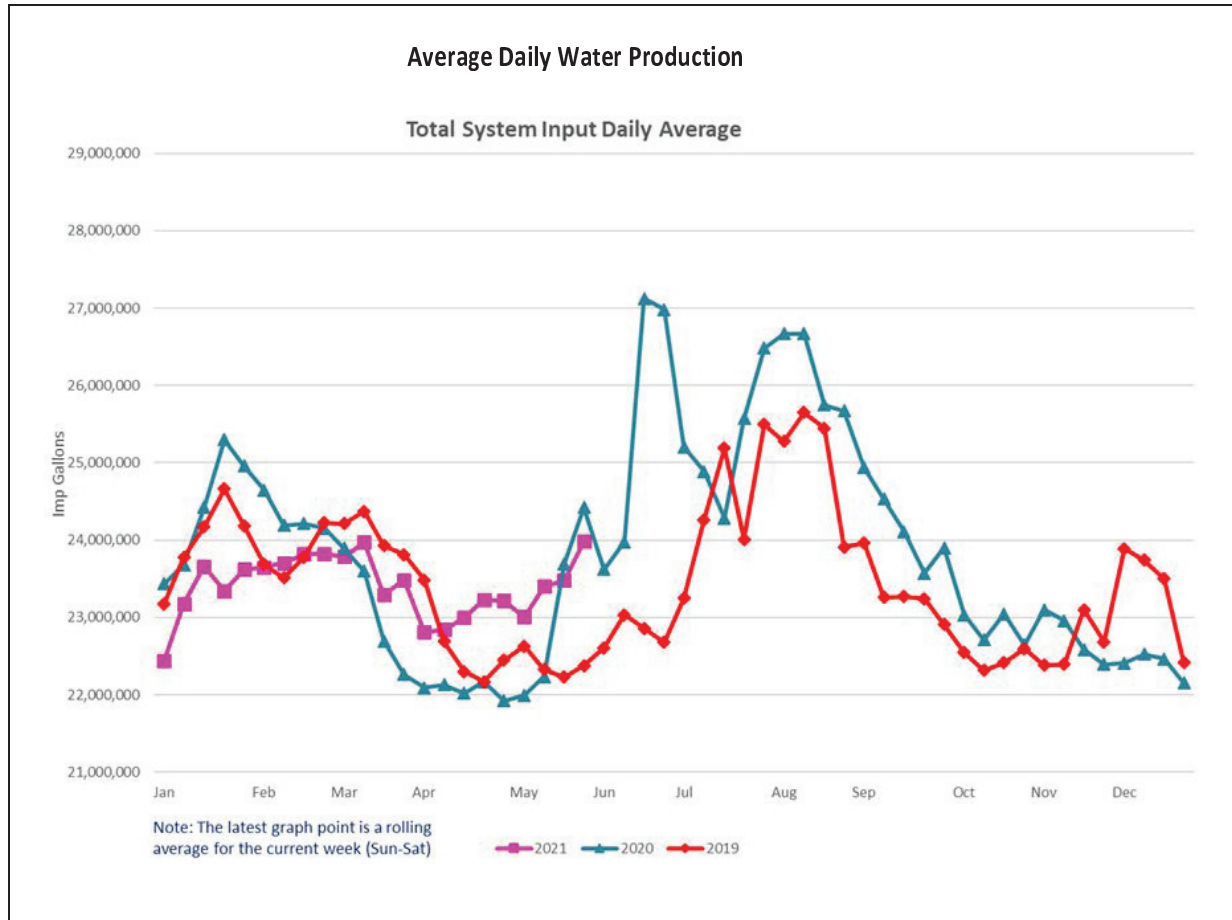
**CORE WATER-WW-SW EXPENDITURES**

	YTD Actual	YTD Budget	Prior YTD Actual	% of Budget
WATER SUPPLY & TRTMNT	\$9,987	\$10,590	\$9,573	94.31%
WATER TRANS & DIST	\$12,031	\$12,311	\$10,843	97.73%
SW COLLECTION	\$4,762	\$5,821	\$4,808	81.81%
WW COLLECTION	\$14,467	\$13,499	\$13,963	107.17%
WW TREATMENT	\$20,623	\$21,413	\$20,633	96.31%
	<b>\$61,870</b>	<b>\$63,634</b>	<b>\$59,820</b>	<b>97.23%</b>



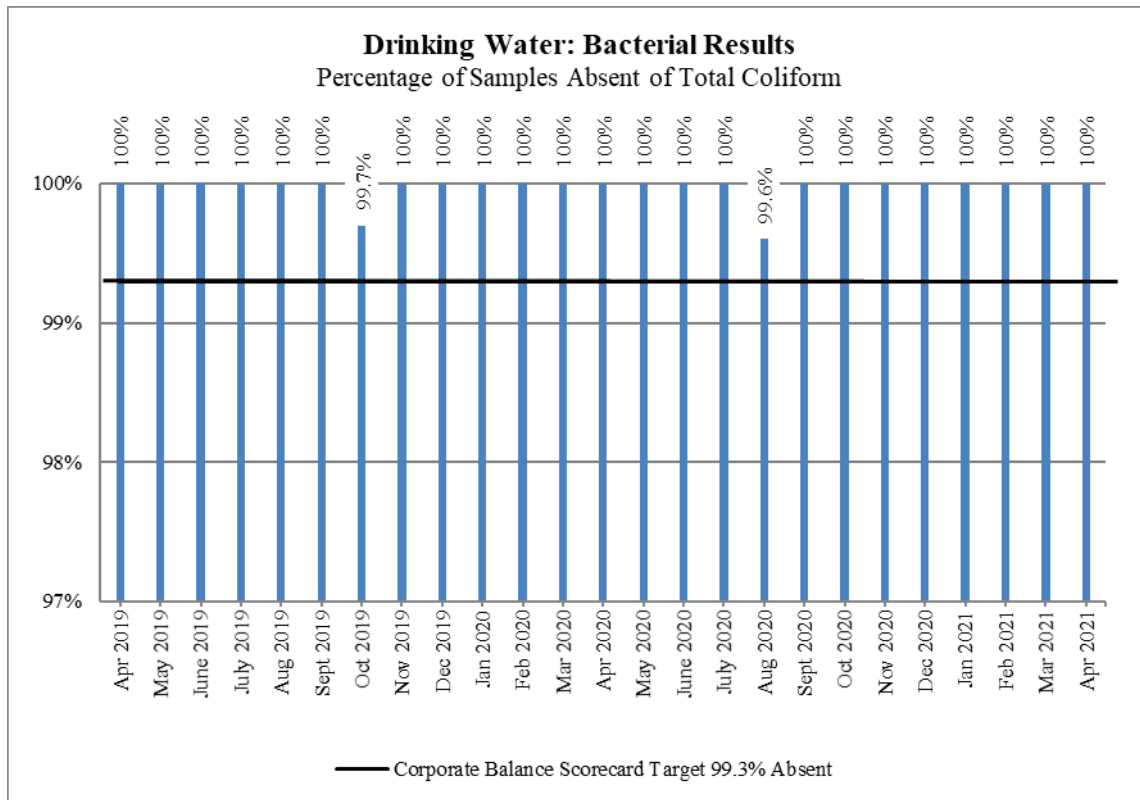
**OTHER DEPARTMENT EXPENSES (INCL DEP'N)**

	YTD Actual	YTD Budget	Prior YTD Actual	% of Budget
ENGINEERING & IS	\$8,281	\$9,204	\$8,436	89.97%
REGULATORY SERVICES	\$3,981	\$4,359	\$3,781	91.33%
CUSTOMER SERVICES	\$5,081	\$5,413	\$5,167	93.87%
ADMIN & PENSION	\$7,067	\$8,071	\$7,044	87.56%
DEPRECIATION	\$27,410	\$27,430	\$25,078	99.93%
	<b>\$51,820</b>	<b>\$54,477</b>	<b>\$49,506</b>	<b>95.12%</b>



Regional Water Main Break/Leak Data		
Year	Total Breaks/Leaks	Current 12 Month Rolling Total (up to April 2021)
2020/21	179	186
2019/20	191	
2018/19	226	
2017/18	206	
2016/17	216	
<b>Total</b>	<b>1018</b>	
<b>Yr. Avg.</b>	<b>203.6</b>	

Water Accountability
Losses per Service Connection/Day (International Water Association Standard)
<i>Period Ending March 31, 2021</i>
Real Losses: 193 litres
CBS Target: 160



Water Quality Master Plan Objectives				
2020-2021 Q4				
Objective	Total Sites	% Sites Achieving Target	All Sites: 90th Percentile < 15 µg/L	CBSC Awarded Points
Disinfection	63	97%	---	17
Total Trihalomethanes	25	68%	---	0
Haloacetic Acids	21	100%	---	20
Particle Removal	5	99%	---	19
Corrosion Control	105	---	4.28	20
Summary Total				76

Score: 76/100

In this report each facility is assessed using monthly or quarterly averages, depending on the averaging period specified in its Approval to Operate.

Wastewater Treatment Facility	Wastewater Treatment Facility Compliance Summary																	
	Rolling Averages - February, March, and April 2021																	
	CBOD <sub>5</sub> (mg/L)		TSS (mg/L)		E. coli (counts/ 100mL)		pH		Ammonia (mg/L)		Phosphorous (mg/L)		TRC (mg/L)		Dissolved Oxygen (mg/L)		Toxicity	Trend
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	50	37	40	24	5000	0	6-9	6.9	-	-	-	-	-	-	-	Not acutely lethal	Continued	
Dartmouth	50	40	40	36	5000	0	6-9	6.7	-	-	-	-	-	-	-	Not acutely lethal	Continued	
Herring Cove	50	23	40	19	5000	0	6-9	6.9	-	-	-	-	-	-	-	Not acutely lethal	Continued	
Eastern Passage	25	10	25	10	200	0	6-9	7.0	-	-	-	-	-	-	-	Not acutely lethal	Continued	
Mill Cove	25	18	25	22	200	19	6-9	6.6	-	-	-	-	-	-	-	Not acutely lethal	Continued	
Springfield	20	6	20	9	200	14	6-9	7.7	-	-	-	-	-	-	-	-	Continued	
Frame	20	5	20	1	200	10	6-9	7.0	-	-	-	-	-	-	-	-	Continued	
Middle Musq.	20	6	20	14	200	17	6-9	7.3	-	-	-	-	-	-	-	-	Continued	
Uplands	20	6	20	6	200	14	6-9	6.7	-	-	-	-	-	-	-	-	Continued	
Aerotech	5	2	5	1	200	10	6-9	7.3	5.7 W 1.2 S	1.1	0.13	0.04	-	6.5	9.9	Not acutely lethal	Continued	
North Preston	10	8	10	29	200	10	6-9	6.6	3	0.2	1.5	1.1	-	-	-	-	Continued	
Lockview	20	5	20	12	200	10	6.5-9	7.0	8.0 S	5.0	1.2 S	0.4	-	-	-	-	Continued	
Steeves (Wellington)	20	5	20	2	200	10	6.5-9	7.3	14.4 S	0.1	1.0 S	0.1	-	-	-	-	Continued	
BLT	15	5	20	19	200	10	6-9	6.9	5 W 3 S	2	3 W 1 S	1	0.02 *	0.10	-	Not acutely lethal	Continued	
Avg. of all Facilities	12		15		9		7.0		1.6		0.5		0.10		9.9			

**NOTES & ACRONYMS:**

CBOD<sub>5</sub> - Carbonaceous 5-Day Biochemical Oxygen Demand

TSS - Total Suspended Solids

\* TRC - Total Residual Chlorine - Maxxam 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 at Dartmouth, Eastern Passage, Halifax, Herring Cove, Mill Cove

NSE requires quarterly averages be less than the NSE Compliance Limit for each parameter at Aerotech, Lockview, Mid. Musq., Frame, BLT, Uplands, Springfield Lake

NSE requires annual averages be less than the NSE Compliance Limit for each parameter at North Preston and Steeves

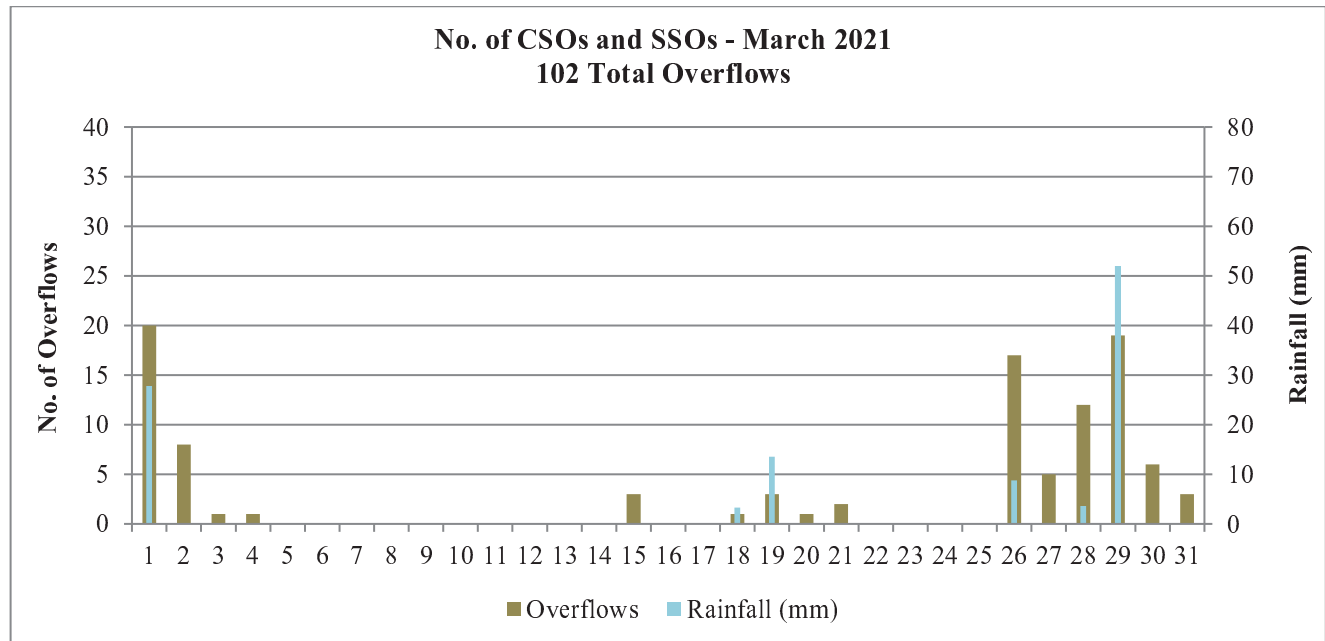
Continued - All parameters remain essentially unchanged since the last report

Improved - One or more parameter(s) became compliant since the last report

Declined - One or more parameters(s) became non-compliant since the last report

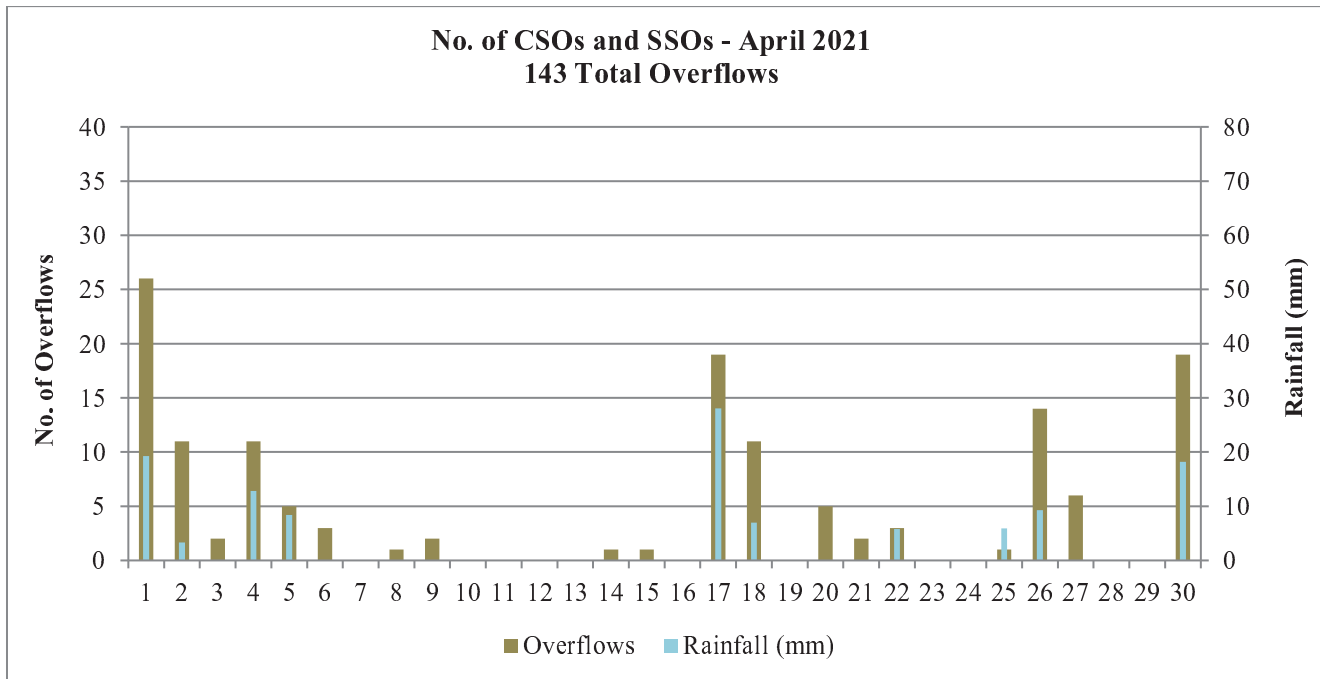
**LEGEND**

	NSE Compliant
	NSE Non-Compliant



NOTES & ACRONYMS: CSO - Combined Sewer Overflow SSO - Sanitary Sewer Overflow

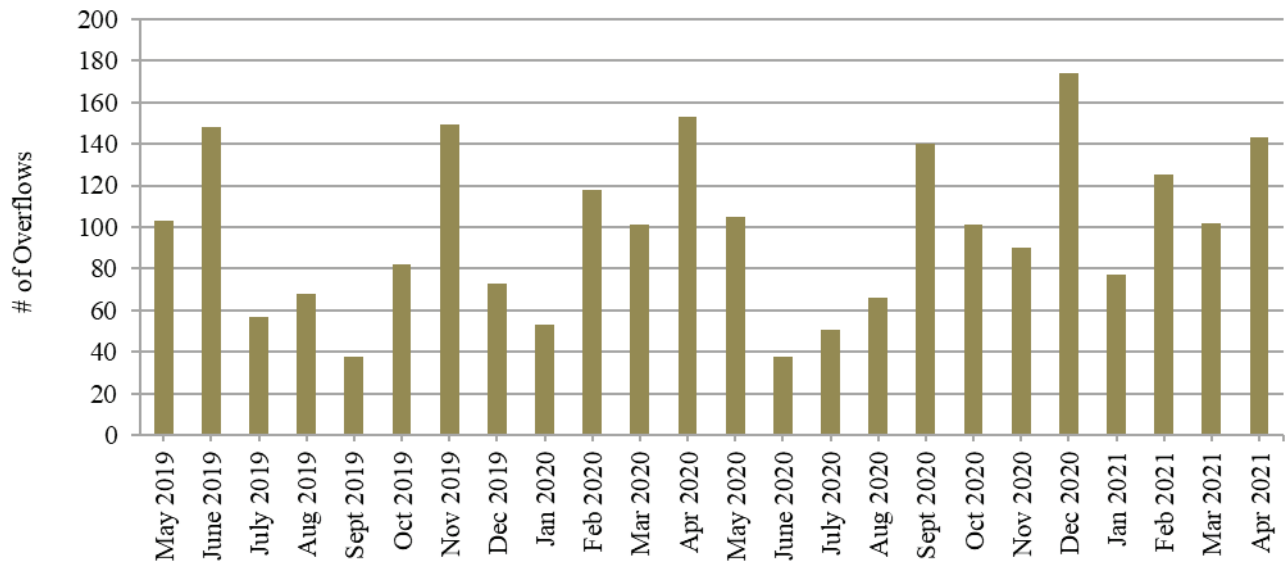
- Rainfall data is from Halifax Water's rain gauge at the Halifax WWTF.
- There were twenty-four overflows on days when there was no recorded rainfall, as follows:
  1. March 2: The SSOs at Mill Cove Surge Tank and Roaches Pond PS and the CSOs at Jamieson St PS & CSO, Lyle St CSO, Maitland St PS & CSO, Melva St PS & CSO and Old Ferry Rd PS & CSO were due to rain on the previous day.
  2. March 3: The SSO at Mill Cove Surge Tank was due to rain on a previous day.
  3. March 4: The CSO at Chain Rock PS & CSO was due to the high well level at Pier A PS & CSO, which shuts down Chain Rock PS & CSO.
  4. March 15: The CSOs at Ferguson Rd CSO, Grove St CSO and Wallace St CSO were due to emergency repairs at Jamieson St PS & CSO.
  5. March 21: The CSOs at Lyle St CSO and Park Ave PS & CSO were due to blockages caused by debris.
  6. March 30: The SSOs at Mill Cove Surge Tank and the CSO at Maitland St PS & CSO were due to rain on the previous day. The CSO at Sackville St CSO was due to a blockage caused by debris.
  7. March 31: The SSOs at Mill Cove Surge Tank were due to rain on a previous day. The CSO at Duffus St PS was due to a pump restriction from the Halifax WWTF.



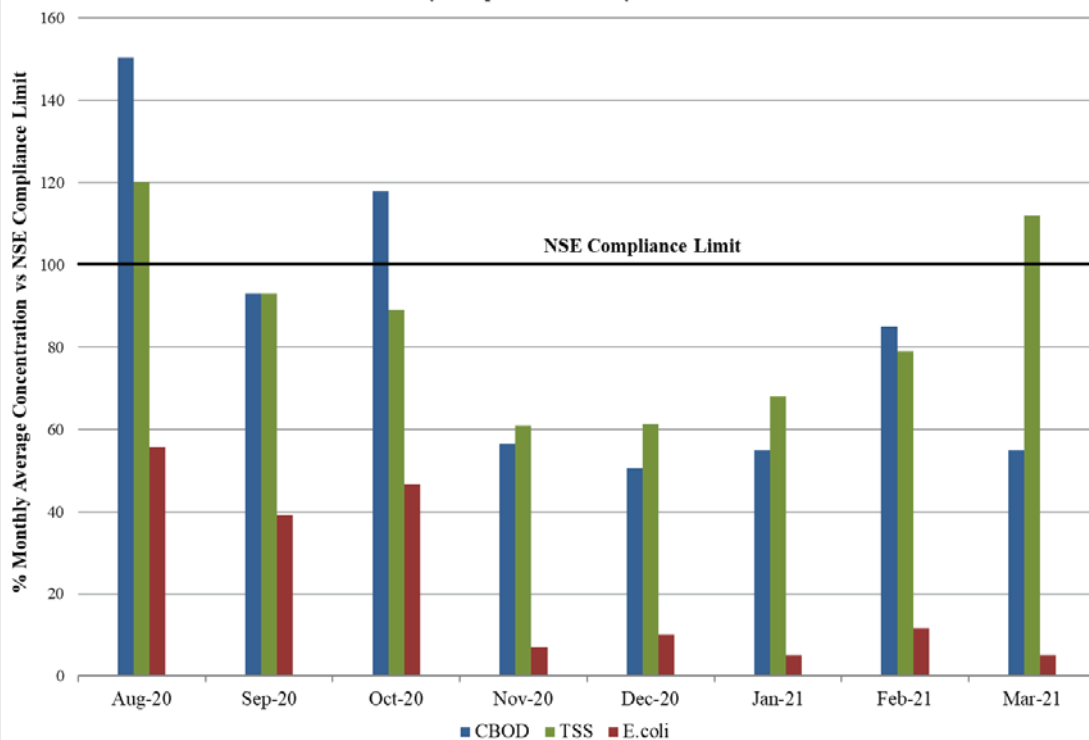
NOTES & ACRONYMS: CSO - Combined Sewer Overflow SSO - Sanitary Sewer Overflow

- Rainfall data is from Halifax Water's rain gauge at the Halifax WWTF.
- There were twenty-three overflows on days when there was no recorded rainfall, as follows:
  1. April 3: The SSOs at Mill Cove Surge Tank were due to rain on the previous day.
  2. April 6: The SSO at Mill Cove Surge Tank was due to rain on the previous day. The CSO at Chain Rock PS & CSO was due to a maintenance procedure. The CSO at Grove St CSO was due to a blockage caused by debris.
  3. April 8: The CSO at Duffus St PS was due to a pump restriction from the Halifax WWTF.
  4. April 9: The CSO's at Duffus St PS were due to pump restrictions from the Halifax WWTF.
  5. April 14: The CSO at Lyle St CSO was due to a blockage caused by debris.
  6. April 15: The CSO at Lyle St CSO was due to a blockage caused by debris.
  7. April 20: The CSOs at King St PS & CSO, Maitland St PS & CSO, Melva St PS & CSO, Old Ferry Rd PS & CSO and Park Ave PS & CSO were due to maintenance at the DWWTF. NSE was notified.
  8. April 21: The CSOs at Lyle St CSO were due to blockages caused by debris.
  9. April 27: The CSOs at Ferguson Rd CSO, King St PS & CSO, Lyle St CSO, Maitland St PS & CSO, Melva St PS & CSO and Old Ferry Rd PS & CSO were due to maintenance at the DWWTF. NSE was notified.

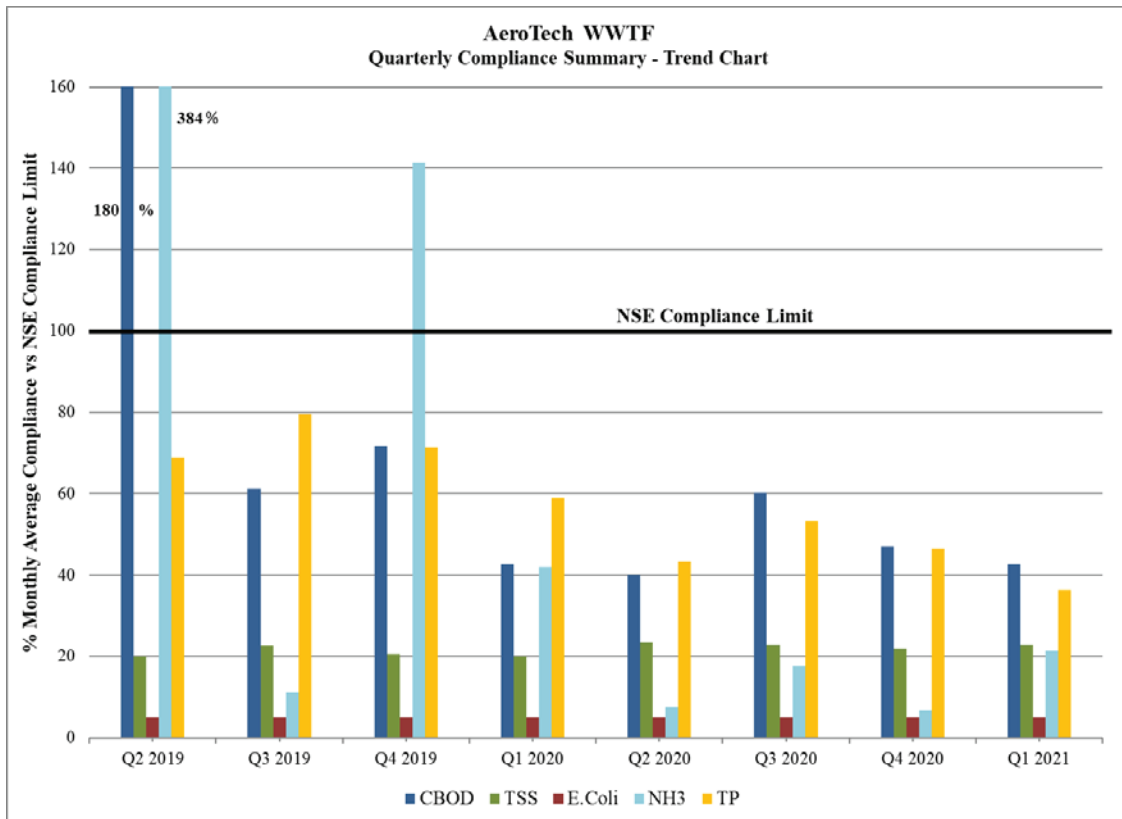
**No. of CSOs and SSOs - Trend Chart**  
May 2019 to April 2021



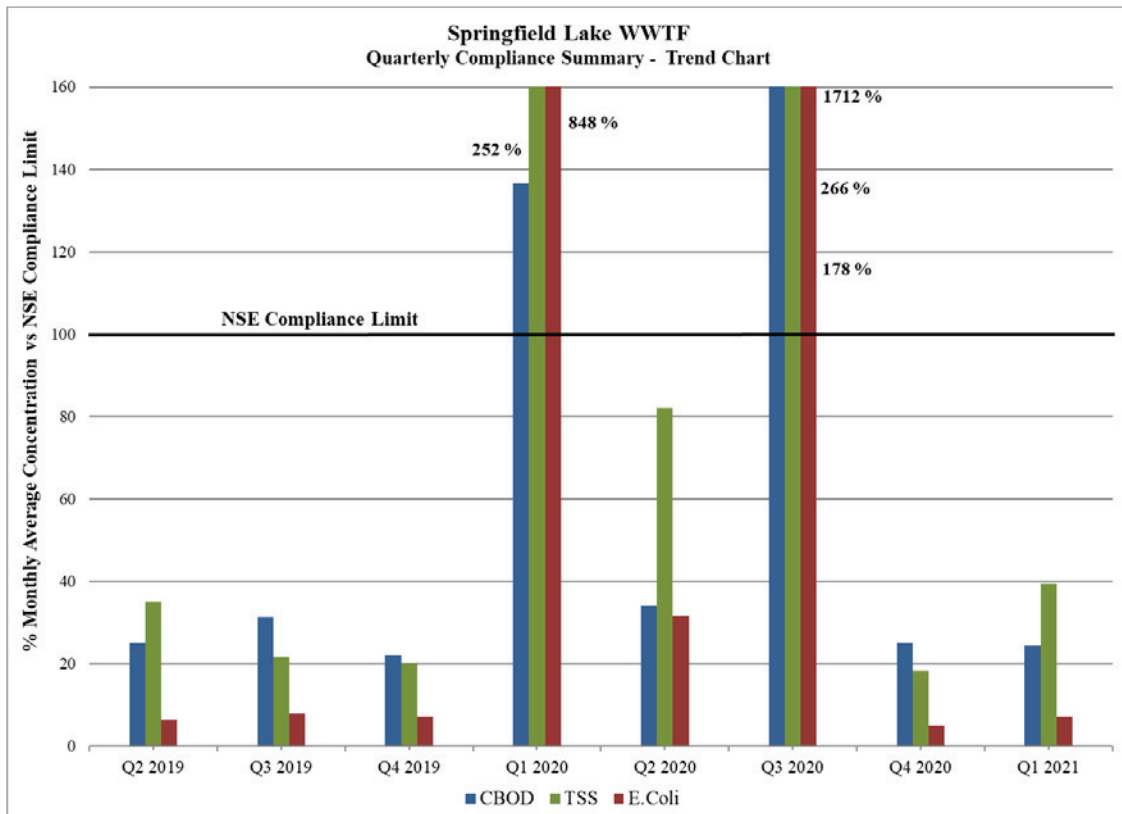
**Mill Cove WWTF**  
Monthly Compliance Summary - Trend Chart



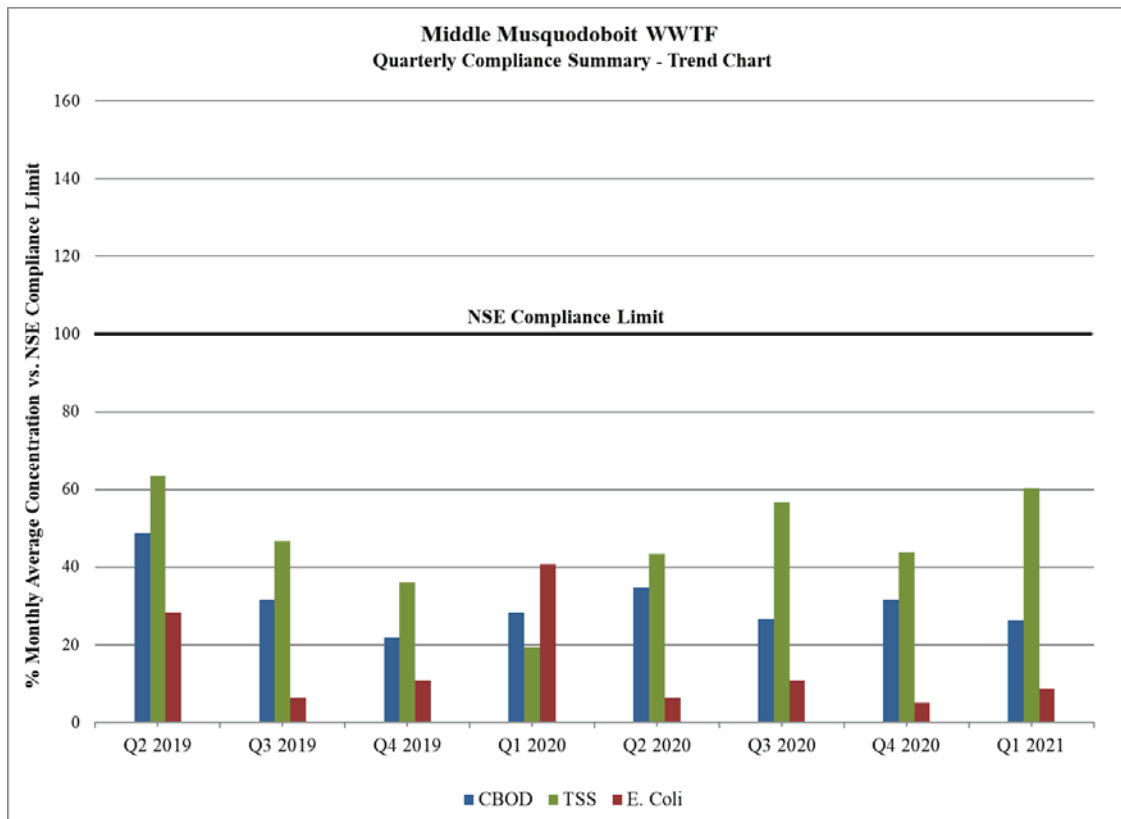
Lower numbers represent better performance.



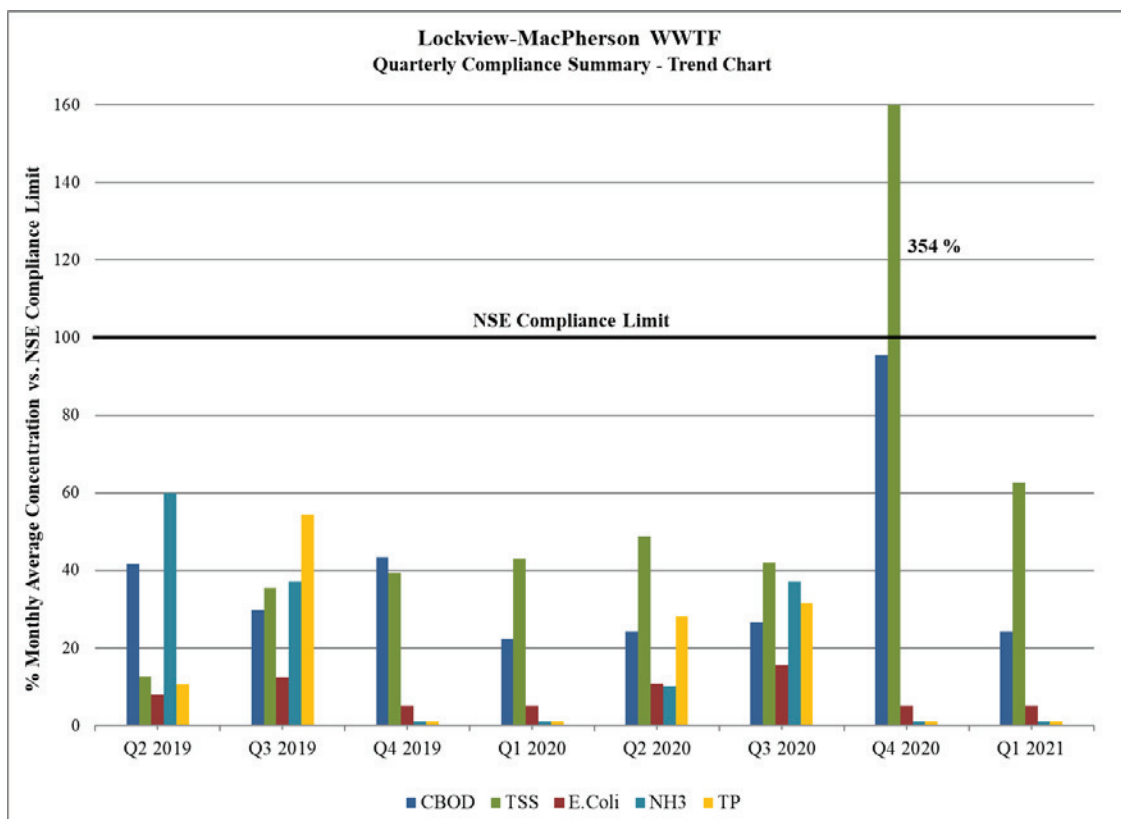
Lower numbers represent better performance.



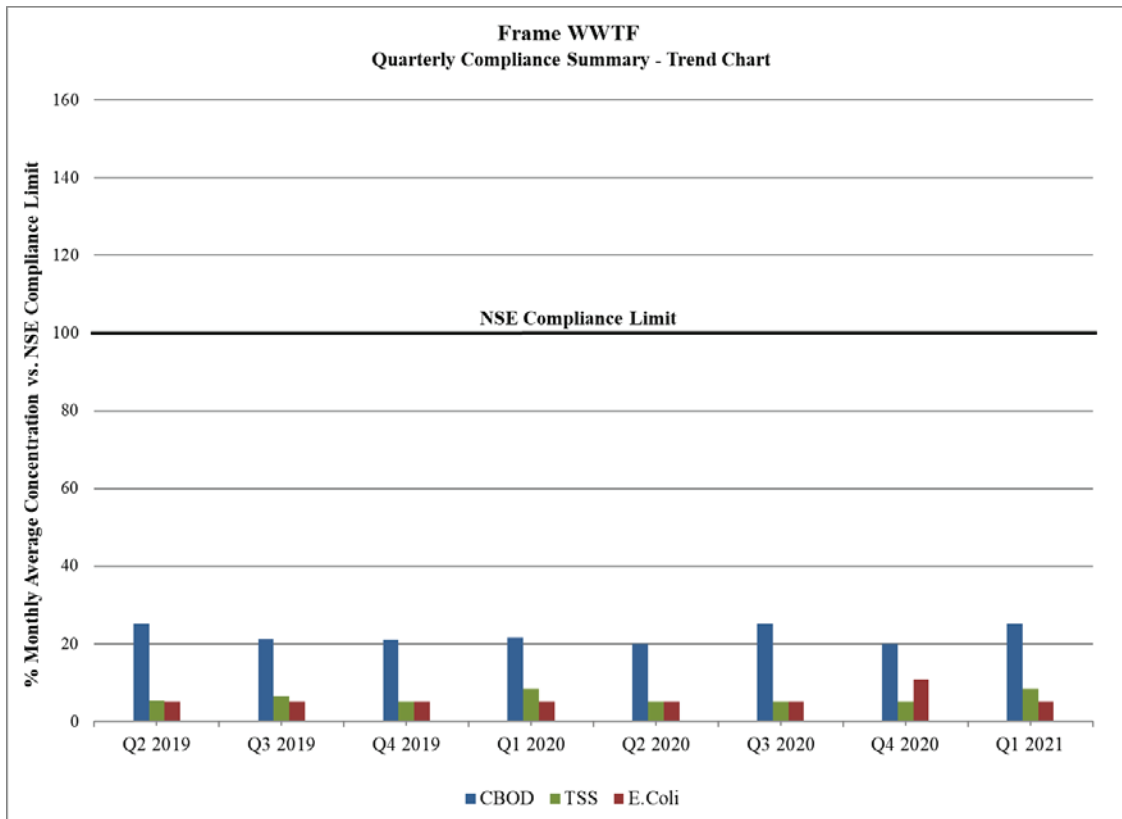
Lower numbers represent better performance.



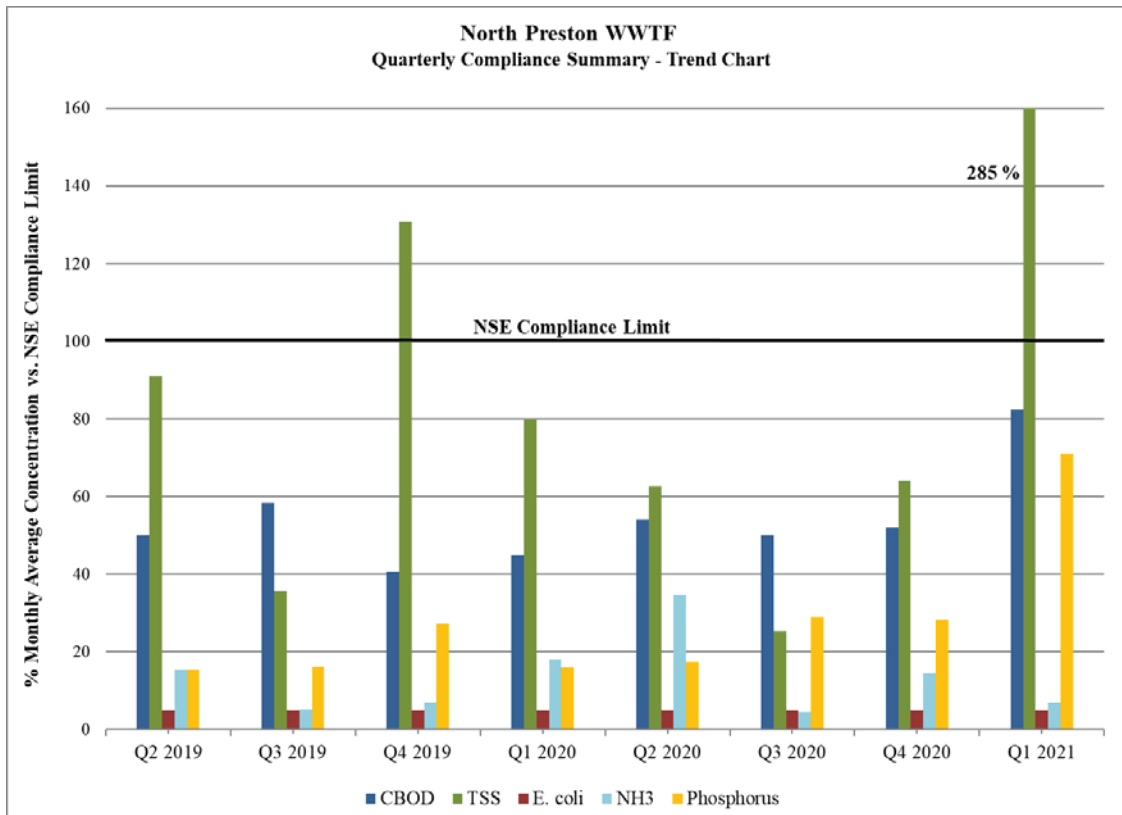
Lower numbers represent better performance.



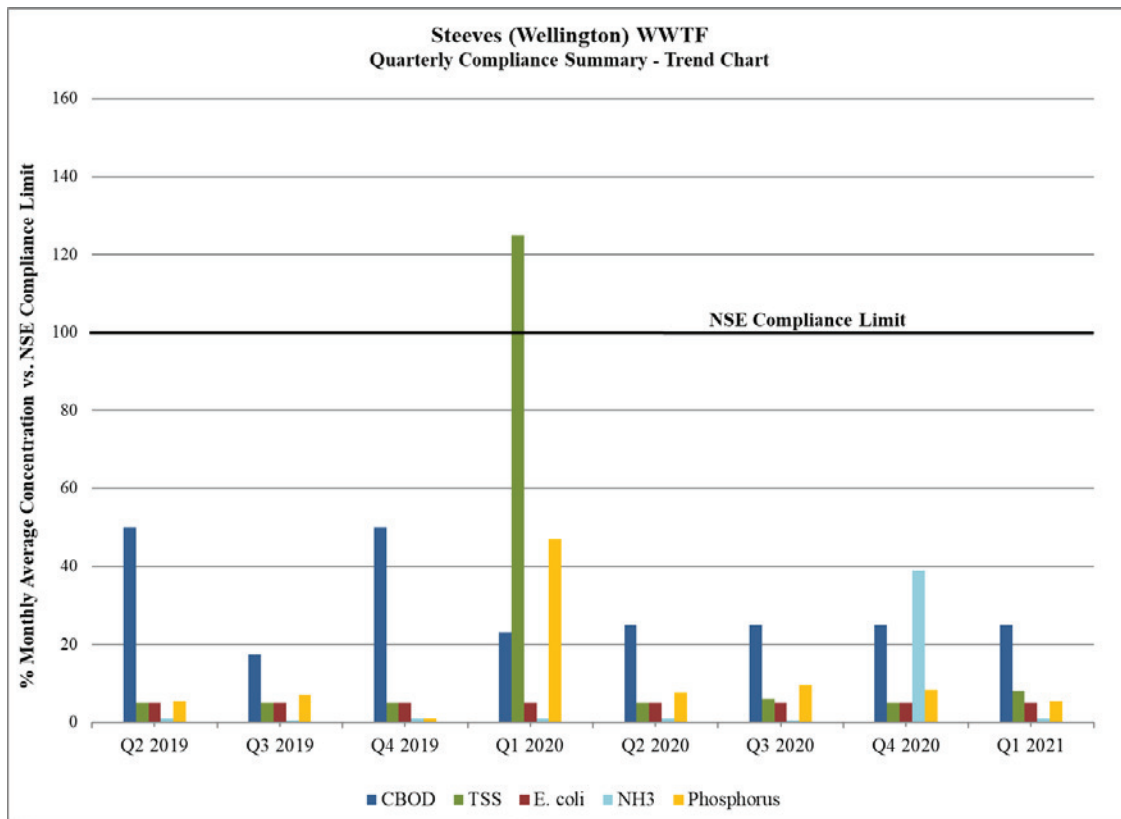
Lower numbers represent better performance.



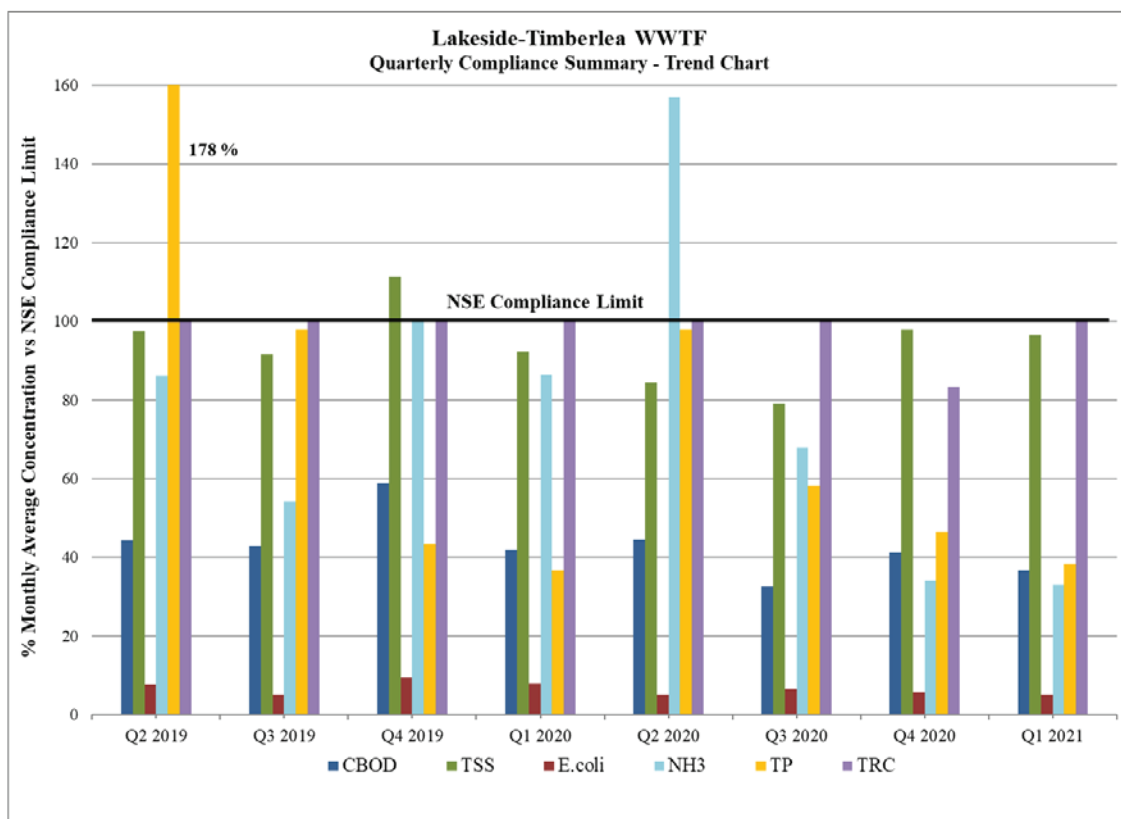
Lower numbers represent better performance.



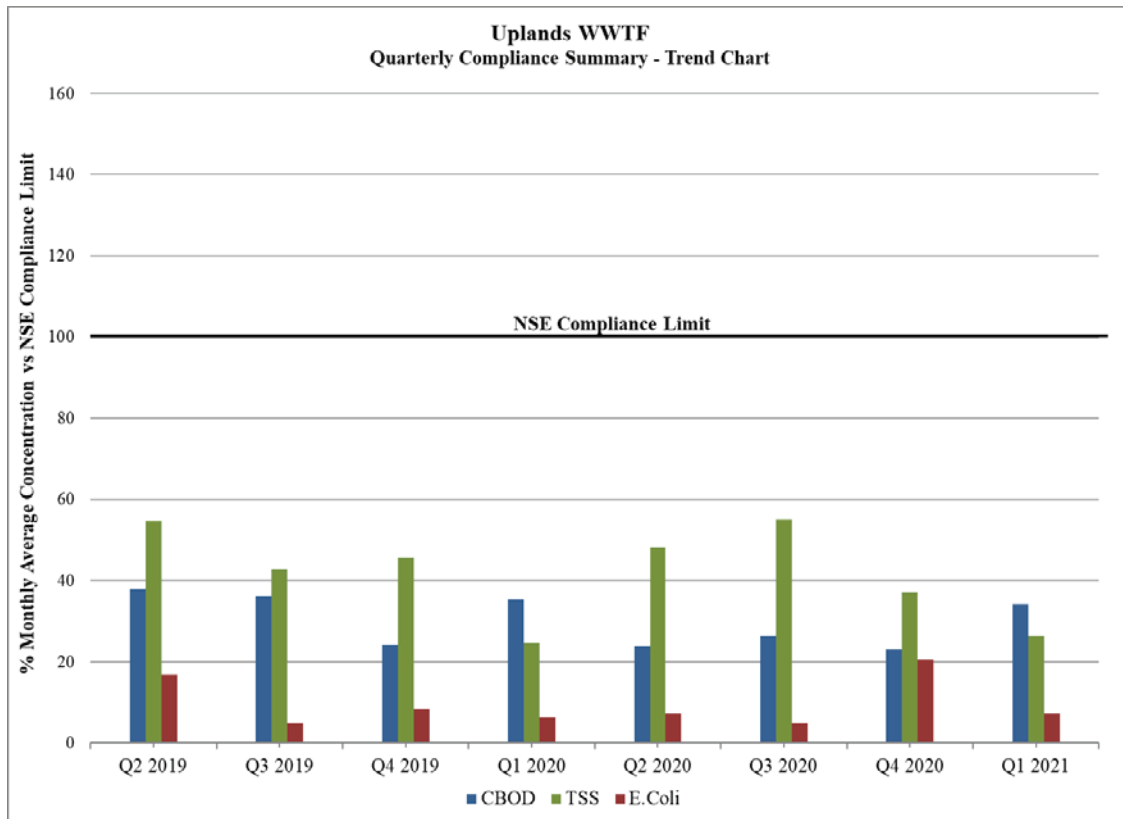
Lower numbers represent better performance.



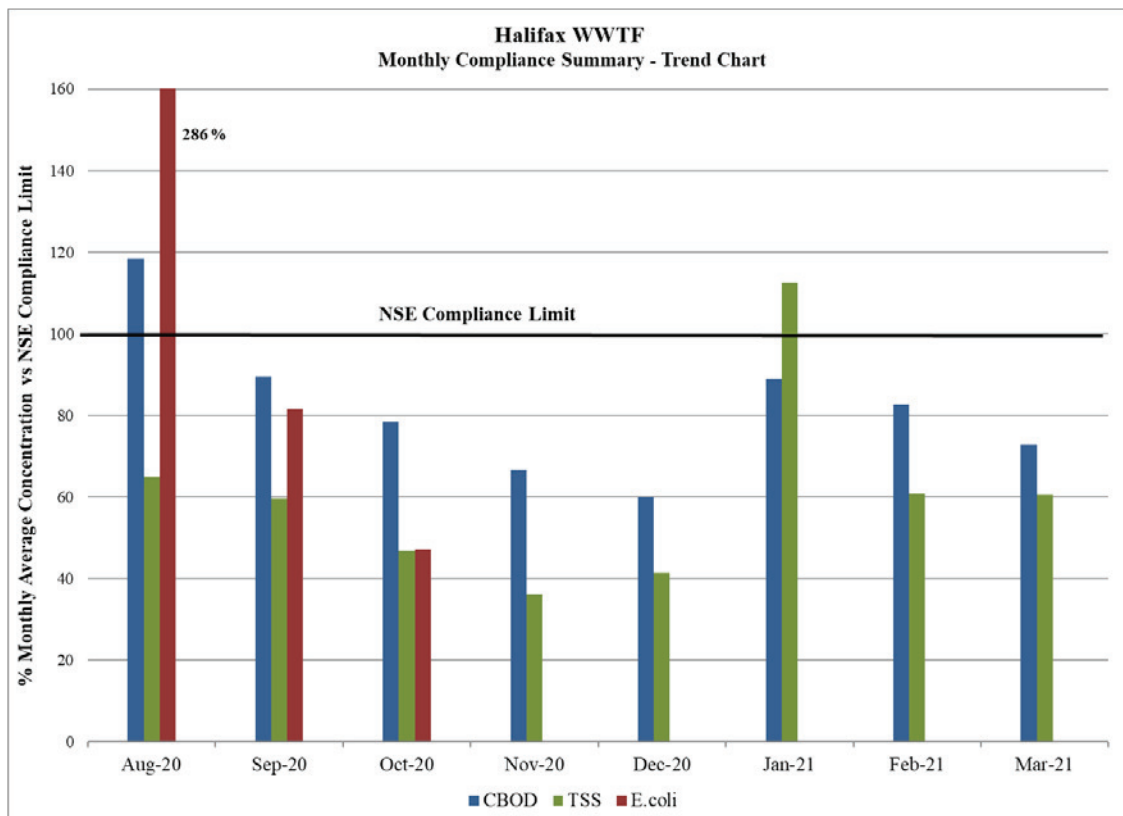
Lower numbers represent better performance.



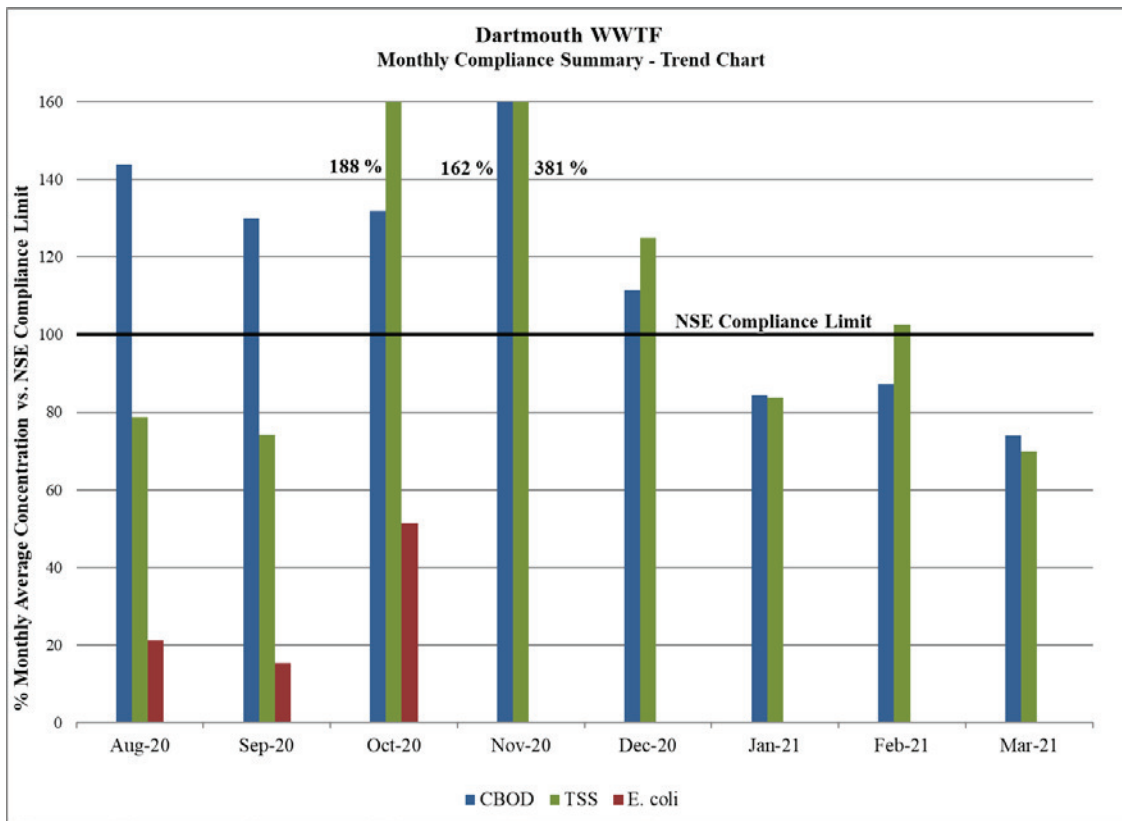
Lower numbers represent better performance.



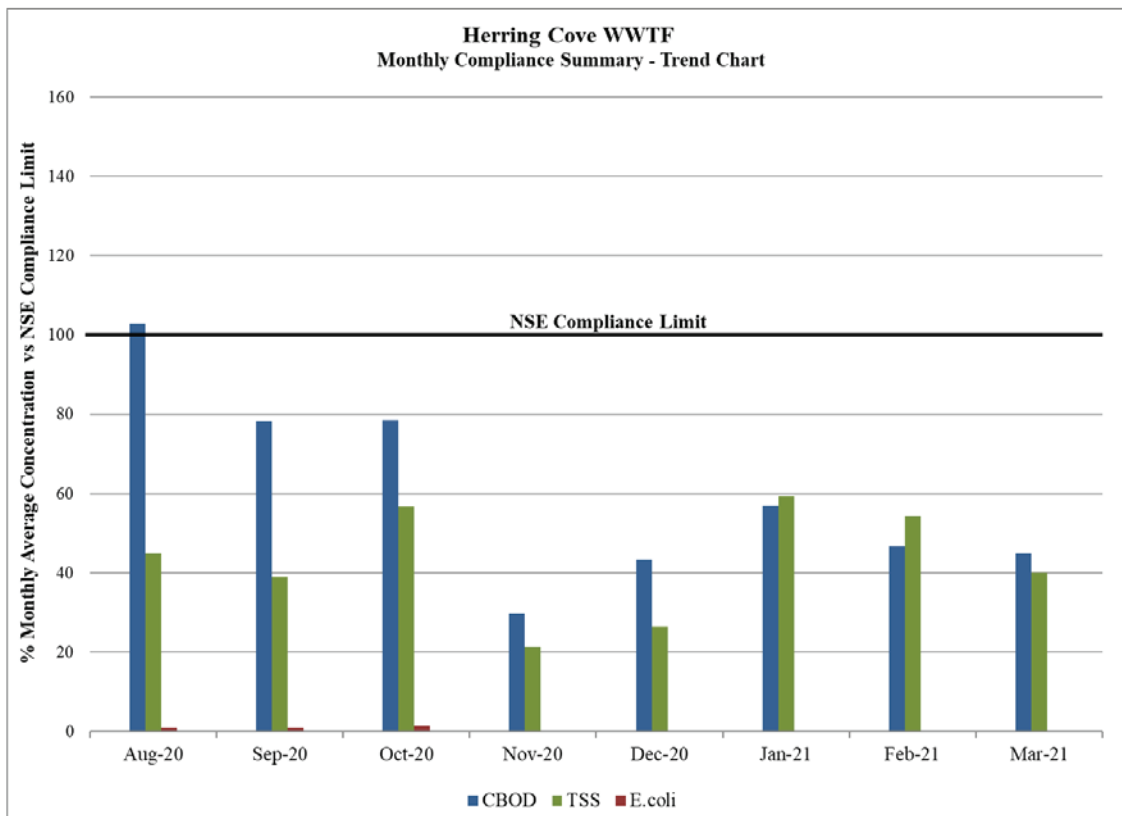
Lower numbers represent better performance.



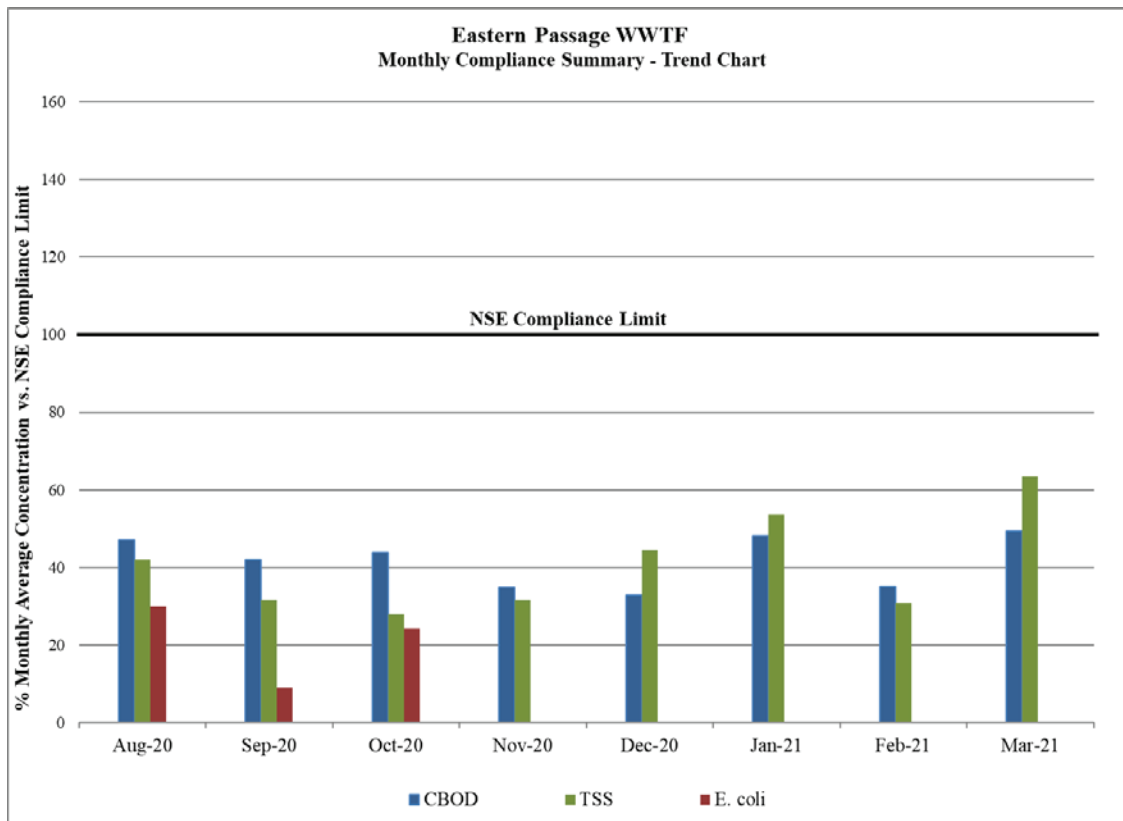
Lower numbers represent better performance.



Lower numbers represent better performance.




Lower numbers represent better performance.



Lower numbers represent better performance.

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the  
Halifax Regional Water Commission Board

**SUBMITTED BY:** Louis de Montbrun Digitally signed by Louis  
de Montbrun  
Date: 2021.06.11  
08:45:20 -03'00'  
Louis de Montbrun, CPA, CA Director of Corporate Services/CFO

**APPROVED:**  Digitally signed by Cathie  
O'Toole  
Date: 2021.06.11  
08:48:00 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

**DATE:** June 11, 2021

**SUBJECT:** **Halifax Water Collection Processes**

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### **INFORMATION REPORT**

#### **ORIGIN**

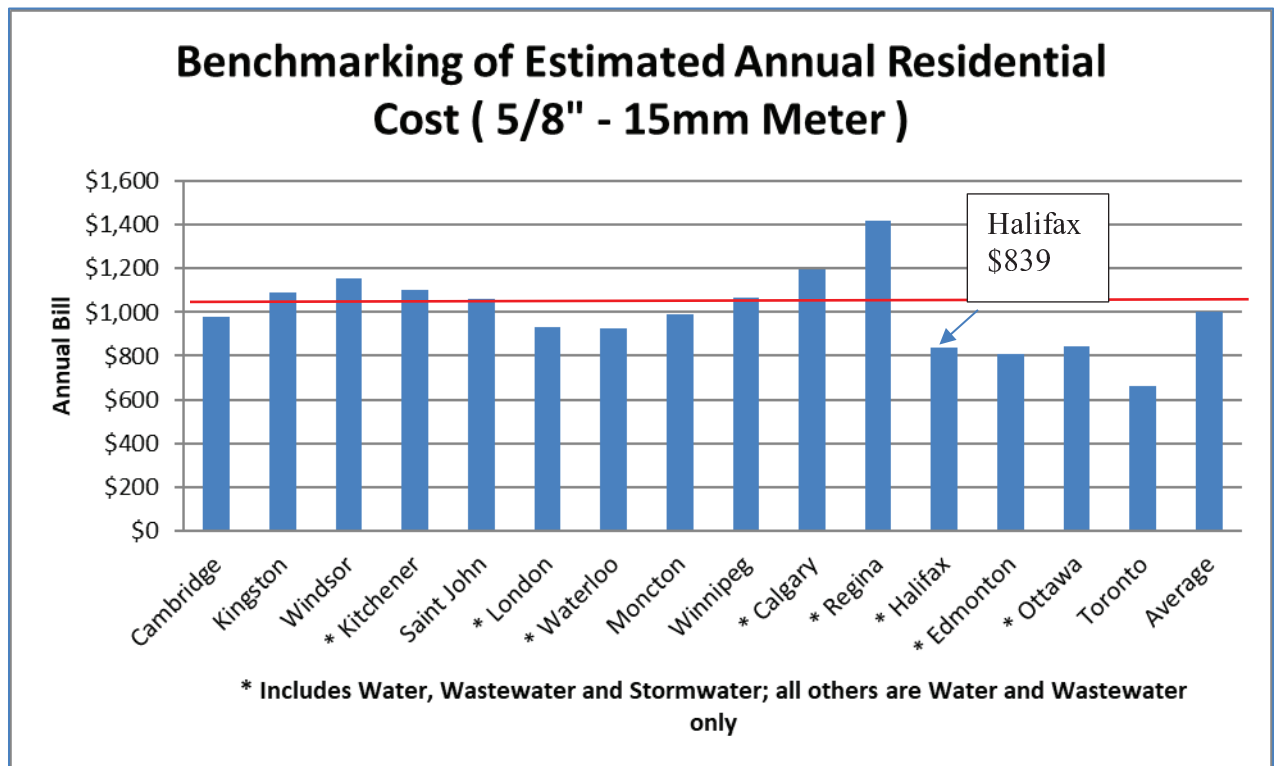
NS Public Utilities Act  
Halifax Water Regulations  
Rate Affordability Studies – 2012/13 and 2017/18

#### **BACKGROUND**

The NS Public Utilities Act, and Halifax Water Regulations approved by the NSUARB require that all customers receiving a similar service are billed at the same rate. There is no consideration of socio-economic circumstances in how rates are set or how customers are billed.

Utilities can set up customer assistance programs however, as Halifax Water has done for low income customers through the H2O Program that is administered on our behalf by the Salvation Army.

The purpose of this report is to provide the Halifax Water Board with an overview of Halifax Water's approach to collection of outstanding accounts. The larger topic of affordability of Halifax Water's rates was last examined in 2017/18 and a copy of the report is included in the reference material provided to the Board. There has been little change in Halifax Water's rates for service since April 1, 2016 and the benchmarking Halifax Water conducts indicates that Halifax Water's rates remain competitive. At April 1, 2021 the average annual cost for a residential family in Halifax receiving water, wastewater and stormwater service was \$839; compared to an average of \$1,016.03 for the fourteen benchmark cities.



Rate affordability will be examined again prior to the next general rate application.

Halifax Water recognizes the delicate balance of keeping the utility on a sound financial footing, treating customers equitably, but also having a compassionate approach to customers. It is a challenge, given that Halifax Water has committed to hold the water rates flat for 2020/21 and 2021/22.

## **DISCUSSION**

Halifax Water has a multi-tiered approach to collection of outstanding accounts that incorporates reminders, then utility industry standard measures such as accrual of interest, disconnection of service, fees for reconnection, and in some instances also can employ liens.

On average 1% of customer accounts are disconnected for non-payment of service in any given year. Halifax Water can suspend service after an account is 40 days past due however it is typically it is much longer before this actually occurs, as the utility tries to work with customers to prevent this.

The current approach to collection activity and payment arrangements is outlined in the table below. It is important that employees have some guidelines to work with, to ensure customers are treated fairly. That being said, we do try to help customers find solutions. Halifax Water

has the authority to refuse service until accounts are paid in full, but historically has taken the approach of requiring a 50% repayment.

Also, if a customer falls into the low-income category, they are referred to Halifax Water's H2O (Help to Others) Program. There is a small discretionary component of funding available under that program, which can be used to deal with the exceptions to the 50% repayment requirement noted above and to deal with customers who may not be considered eligible for the H2O fund. The H2O fund distributes approximately \$25,000 in financial assistance each year and is usually fully utilized. In addition, employees of Halifax Water also contribute to this fund and Halifax Water matches the employee contribution. The H2O fund is paid for from un-regulated earnings and employee donations and does not affect the rate base.

The following table shows the number of customers who have been supported through the H2O program since its inception in 2011/12:

2020-21	98
2019-20	150
2018-19	135
2017-18	168
2016-17	101
2015-16	71
2014-15	82
2013-14	102
2012-13	55
2011-12	125

Current collection framework is outlined below:

- Quarterly bills are due 30 days from the bill issue date
- 43 days after the issue date, a reminder notice is sent by mail
- 90 days+ after issue date, a notice is delivered by phone, mailed letter or door card.

The collection approach is as follows:

Collections Activity	Past Due Amount	Notice to Customer	Approved Payment Terms
Phone Call	Up to \$200	Reminder of an outstanding balance.	If the customer requests payment arrangements, payment is to be received within 10 days. If payment is not received, the account will move to the next step in the collections process.

**ITEM # 2-I**  
**Halifax Water Board**  
**June 17, 2020**

Letter	\$200 - \$400	A Final Notice is provided that advises the customer that to avoid an interruption in service, payment of the full past due amount is required immediately.  If payment is not received by the date noted on the letter (generally 10 days after issue date), disconnection of service will take place.	If deposit or transferred balance remains outstanding it must be paid immediately to secure service.  Payment of amount 47 days past due or half of the full past due balance, whichever is greater, is required prior to the disconnection date on the letter. The remaining past due balance is to be paid within 30 days.
Door Card	\$400 and greater	A Final Notice is provided that advises the customer that to avoid an interruption in service, payment of the full past due amount is required within 24 hours.	If deposit or transferred balance remains outstanding it must be paid immediately to secure service.  Payment of amount 47 days past due or half of the full past due balance, whichever is greater, is required within 10 days of the card delivery. The remaining past due balance is to be paid within 30 days.

To support customers during the pandemic, collections processes were adjusted. No interest was charged on overdue accounts, customers that had been disconnected for nonpayment were reconnected and general collections activity was suspended for an extended period.

As expected, these customer focused measures have had an impact. Firstly, collection processes have taken time to get back to the pre-pandemic levels. As a result, the timelines identified above have been extended and customers have had a much longer period to bring their accounts up to date. Secondly, the accounts receivable balance has become much older. Currently, over \$5m in accounts receivable are over 60 days old which represent approximately 35% of total customer accounts receivable.

Halifax Water continues to identify various means to support customers. One of the challenges for customers are increased bills due to higher than normal consumption. The implementation of the AMI technology has provided additional options to support customers. Halifax Water has been able to use the AMI data to implement the Customer Connect Portal, where customers can get up to date consumption data, sign up for automatic high consumption notifications and access their account. Currently over 17% of customers have signed up for the Portal, well ahead of expectation and the level that other utilities have achieved at this stage of implementation. Halifax Water has also implemented processes to notify non-Portal customers

if their consumption has increased significantly. The initial phase of this process focusses on residential customers with a 5/8" meter. These processes are relatively manual and not as cost effective as the Portal.

Larger quarterly bills can also be more challenging for some customers to pay. To support customers, Halifax Water has offered monthly budget billing, preauthorized payment, electronic payment and credit card payment options. These tools have been effective.

Using the AMI data, Halifax Water is preparing to move to monthly billing rather than quarterly billing. This is a significant transition for the organization and requires changes to the billing processes, a significant increase in the costs to produce and mail paper bills and a significant communication initiative with customers. It is anticipated that the number of paper bills will reduce as more customers sign up for the Portal and for paperless billing.

The change to monthly billing will also require changes to the collection processes. Additional options are being reviewed to streamline processes to help identify customers who are having difficulty paying their bills as early as possible. Halifax Water's goal is to start working with a customer sooner to develop payment options when the balances are lower and more manageable.

Halifax Water also utilizes liens as a method to help ensure collection and mitigate financial risk. Liens can be used when a customer does not have a water account and therefore cannot be disconnected for non-payment. Halifax Water currently uses liens for Stormwater only accounts when the account is overdue for more than 77 days. Halifax Water works with HRM's Revenue Division to place liens on a customer's property. Liens are an important tool to protect the utility and one that may be able to be used more effectively.

Other options being considered include working with landlords to ensure their tenants are paying their Halifax Water bills, increasing the staff dedicated to collections to be more proactive in dealing with customers with overdue accounts.

Halifax Water recognizes the delicate balance of keeping the utility on a sound financial footing, treating customers equitably, but also having a compassionate approach to customers.

### **BUDGET IMPLICATIONS**


N/A

Report Prepared by:	<div style="display: flex; align-items: center;"><div style="flex: 1;"><b>Louis de Montbrun</b></div><div style="flex: 1; font-size: small; text-align: right;"><div>Digitally signed by Louis de Montbrun</div><div>Date: 2021.06.11 08:45:43 -03'00'</div></div></div> <div style="border-top: 1px solid black; padding-top: 5px;"><b>Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO</b> 902-490-3685</div>
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**Halifax Water Compliance Statement**  
**Quarterly Certification**

**For the period of January 1, 2021 to March 31, 2021**

We hereby certify that the Halifax Regional Water Commission is current in making all statutory remittances for payroll taxes, Harmonized Sales Tax and other remittances as required under the laws of the Government of Canada and its Provinces (the significant remittances are noted in the appendix) and that all significant legal claims have been disclosed.

  
Digitally signed by Cathie  
O'Toole  
Date: 2021.06.11  
06:10:13 -03'00'

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Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

**Louis de  
Montbrun**  
Digitally signed by Louis  
de Montbrun  
Date: 2021.06.11  
04:24:34 -03'00'

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Louis de Montbrun, CPA, CA  
Director, Corporate Services/CFO and  
Corporate Treasurer

**Heidi  
Schedler**  
Digitally signed by Heidi  
Schedler  
Date: 2021.06.11  
07:32:39 -03'00'

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Heidi Schedler  
General Counsel and Corporate Secretary

Dated:

June 11, 2021

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**Halifax Water Compliance Statement**  
**Quarterly Certification**  
**Appendix I**

Significant statutory remittances for payroll taxes, Harmonized Sales Tax and other remittances as required under the laws of the Government of Canada and its Provinces for the Halifax Regional Water Commission.

**Statutory Payroll Remittances**

- **Canada Revenue Agency (CRA)** - Statutory employee payroll deductions and employer related contributions for:
  - Income Tax
  - Canada Pension Plan (CPP)
  - Employment Insurance (EI)
- **Workers' Compensation Board of Nova Scotia (WCB)** – Employer remittance based on employee payroll

**Other Payroll Remittances**

- **Northern Trust** - Employee payroll deductions and employer contributions to Halifax Water and HRM defined benefit pension plans
- **Industrial Alliance** – employer and employee contributions to defined contribution pension plan
- **Medavie Blue Cross & SSQ** – employee payroll deductions and employer related contributions for Health & dental, LTD, and Life benefit coverage, and payroll deductions for AD&D
- **Canadian Union of Public Employees** – Employee payroll deductions of union dues
  - CUPE Local 227
  - CUPE Local 1431

**HST and Other Remittances**

- **Canada Revenue Agency (CRA)** - Harmonized Sales Tax (HST) is filed online and a refund issued as HST paid is greater than HST collected
- **Workers' Compensation Board of Nova Scotia (WCB)** – Remittance for sub-contractors

## Quarterly Remittance Certification

### Appendix II

Period: Jan to Mar 2021

<u>Vendor</u>	<u>Vendor #</u>	<u>Items Remitted</u>	<u>Total remitted</u>	<u>Exceptions</u>
<b>Statutory Payroll Remittances</b>				
CRA	174	Tax, CPP, EI, WCB	<u>\$4,225,092.39</u>	
<b>Other Payroll</b>				
Northern Trust	1215	HW Pension Plan	<u>\$ 1,478,586.06</u>	
Northern Trust	1216	HRM Pension Plan	<u>\$ 295,418.88</u>	
Manulife Financial	1171	Bedford Pension Plan	<u>\$ 1,802.04</u>	
Industrial Alliance	2971	DCPP	<u>\$ 2,445.46</u>	
Medavie Blue Cross	340, 3101	Health, Dental, Life, LTD	<u>\$ 810,560.64</u>	
SSQ Insurance	429	AD&D	<u>\$ 6,813.59</u>	
CUPE	160	Union Dues 1431	<u>\$ 35,234.93</u>	
CUPE	161	Union Dues 227	<u>\$ 8,562.40</u>	

**Other payroll not noted**

United Way, Credit Union, Garnishments (WCB, CRA, Family Court, Sherriff's Office),  
Water for People, Salvation Army, Racially Visible Caucus

## HST and Other

CRA	N/A	HST (refunds)	<u>\$ (2,341,461.45)</u>	<u>                    </u>
Receiver General	210	WCB subcontractors	\$ 100.46	

### Exceptions, errors and/or late remittances

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**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the  
Halifax Regional Water Commission Board as Trustees of the  
Halifax Regional Water Commission Employees' Pension Plan

**SUBMITTED BY:** Louis de Montbrun  
Louis de Montbrun, CPA, CA,  
Director, Corporate Services / CFO

Digitally signed by Louis  
de Montbrun  
Date: 2021.06.11  
04:15:25 -03'00'

**APPROVED:** Cathie O'Toole  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
17:17:51 -03'00'

**DATE:** June 7, 2021

**SUBJECT:** **Halifax Regional Water Commission Employees' Pension Plan  
Financial Report First Quarter, 2021**

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### **INFORMATION REPORT**

#### **ORIGIN**

Financial reporting for the Halifax Regional Water Commission Employees' Pension Plan (hereinafter called the "Plan").

#### **BACKGROUND**

The Board is required to review the periodic (quarterly) financial results of the Plan throughout the year.

#### **DISCUSSION**

The attached statement of changes in net assets available for benefits (Appendix A) outlines the annual budget for the Plan and actual financial performance for the First Quarter (January 1 to March 31, 2021). Favourable or unfavourable variances reported compare actual results to pro-rated budget amounts, for the three (3) month period ending March

31<sup>st</sup>, 2021. Yearend results for 2019 (audited) and 2020 (un-audited until approved by the Halifax Water Board), are shown for comparative purposes.

As shown on the statement of changes in net assets available for benefits, net assets available for benefits have increased by \$2.5 million for the three (3) month period ending March 31, 2021. The pro-rated budget for the period forecasted an increase in net assets available of \$2.4 million. Actual results for the period of \$2.5 million compared to the pro-rated budget of \$2.4 million results in a favourable variance of \$0.1 million.

The annual budget forecasted revenue of \$8.6 million. Revenue for the period totaled \$2.5 million, which when compared to the pro-rated budget of \$2.1 million results in a favourable variance of \$0.4 million. Performance of the HRM Master Trust directly drives the revenue figures reported and change tends to be more volatile compared to contributions and expenses of the Plan. This variance is attributed directly to the actual increase in the fair value of the investment assets being higher than expected. The increase for the period totaled \$1.9 million compared to the budget of \$1.3 million, a difference of \$0.6 million or 48%. Investment income for the period performed below expectations, showing an unfavorable variance of \$0.2 million or 26%.

Contributions of \$1.5 million are below the pro-rated budget of \$1.7 million by \$0.2 million or 11%. The unfavourable variance is attributed to timing of staffing increases connected to new positions approved in the Halifax Water budget.

Expenses of \$1.5 million for the period are higher than the pro-rated budget of \$1.4 million resulting in an unfavourable variance of \$0.1 million or 7%. The main contributor to this variance is termination payments which are higher than the pro-rated budget estimate.

### **SERVICE STANDARDS**

Tracking of Regulatory Filing Requirements, Administrative Reporting Requirements and Service Standards for actuarial calculation requests is ongoing. The reports for Regulatory Filing Requirements and Administrative Reporting Requirements are attached as Appendix B and Appendix C respectively, and document administrative compliance within the various levels of reporting for the period.

Service Standard results for the First Quarter (January 1 to March 31<sup>st</sup>, 2021) have been attached as Appendix D. The primary purpose of the service standard report is to report on the administrative compliance with the Pension Benefits Act of Nova Scotia (the “Act”) respecting the timing of statements or notifications required under the Act, such as:

- Retirement statement to member;
- Notification of options to retiring member;
- Death benefits statement; and
- Statement on termination.

A secondary purpose of the report is to provide performance reporting respecting the Plan's actuaries, for required deliverables based on pre-determined standards. These standards are internal in nature, and mutually agreed upon by the actuary and Halifax Water.

First Quarter results reported in Appendix D show, out of the 3 requests submitted for retirement estimates (with options), retirement packages were provided to each member within the prescribed timelines under the Act, 60 days prior to the member's intended retirement date. In addition there were 3 terminations during the period, with each terminating employee provided a termination package (with options) within the prescribed timelines under the Act, within 60 days after their termination date.

Performance of the actuary, also reported in Appendix D, shows out of 6 requests in total, the actuary met the pre-determined standards in each instance, with average response times for retirement and termination calculation estimates of 5 days and 7 business days respectively. The response time from the actuaries has shown improvement over the last 2 years and is continuously monitored to ensure this level of service is maintained.

### **ATTACHMENTS**

APPENDIX A – Financial Report:

*Statement of changes in net assets available for benefits, for the three (3) month period ended March 31, 2021*

APPENDIX B – Regulatory Filing Requirements – Q1 2021

APPENDIX C – Administrative Reporting Requirements – Q1 2021

APPENDIX D – Service Standards Report – Q1 2021

Report Prepared by:	<b>Heather Britten</b>	<div style="border-left: 1px solid black; padding-left: 10px;"><small>Digitally signed by Heather Britten Date: 2021.06.10 17:54:44 -03'00'</small></div> <hr style="border: 0; border-top: 1px solid black; margin-top: 10px;"/> <div style="text-align: center;"><b>Heather Britten, Quality Assurance Officer 902-490-1895</b></div>
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**Halifax Regional Water Commission Employees' Pension Plan**  
**Statement of changes in net assets available for benefits**  
**For the three (3) month period ended March 31, 2021**  
*Benchmark 25%*

		March 31, 2021					Actual	Actual
				Variance			(Audited, if approved by HW Board Jun 17/21)	(Audited)
		2021 Budget	Actual	Prorated Budget 25%	Actual versus Prorated Budget Favourable (Unfavourable)		2020	2019
					\$	%		
<b>Revenue</b>								
Net investment income:								
	Total investment income	\$3,700,000	\$682,245	\$925,000	(\$242,755)	(26%)	\$3,763,614	\$3,644,079
	Investment manager fees	(\$220,000)	(\$54,180)	(\$55,000)	\$820	(1%)	(\$194,968)	(\$202,574)
	Increase (decrease) in the fair value of investment assets	\$5,100,000	\$1,887,487	\$1,275,000	\$612,487	48%	\$8,630,589	\$10,642,209
		<b>\$8,580,000</b>	<b>\$2,515,552</b>	<b>\$2,145,000</b>	<b>\$370,552</b>	<b>17%</b>	<b>\$12,199,235</b>	<b>\$14,083,715</b>
<b>Contributions</b>								
Participants:								
	Current service (inc AVC's) <sup>1</sup>	\$3,417,000	\$756,480	\$854,250	(\$97,770)	(11%)	\$3,310,113	\$3,463,328
Sponsors:								
	Current service (inc LTD) <sup>2</sup>	\$3,332,000	\$737,686	\$833,000	(\$95,314)	(11%)	\$3,230,131	\$2,972,138
		<b>\$6,749,000</b>	<b>\$1,494,166</b>	<b>\$1,687,250</b>	<b>(\$193,084)</b>	<b>(11%)</b>	<b>\$6,540,244</b>	<b>\$6,435,466</b>
<b>Expenses</b>								
Benefit payments:								
	Benefit payments	\$4,866,000	\$1,146,257	\$1,216,500	\$70,243	6%	\$4,552,474	\$4,226,855
	Termination payments	\$500,000	\$286,401	\$125,000	(\$161,401)	(129%)	\$677,237	\$960,187
Administrative:								
	Actuarial & consulting fees	\$55,000	\$7,990	\$13,750	\$5,760	42%	\$42,143	\$118,659
	Audit & accounting fees	\$9,000	\$0	\$2,250	\$2,250	100%	\$8,648	\$8,530
	Bank custodian fees	\$30,000	\$6,976	\$7,500	\$524	7%	\$30,479	\$28,636
	Insurance	\$9,000	\$9,636	\$2,250	(\$7,386)	(328%)	\$9,636	\$8,760
	Miscellaneous	\$20,000	\$5,770	\$5,000	(\$770)	(15%)	\$16,724	\$20,610
	Professional fees	\$20,000	\$15,820	\$5,000	(\$10,820)	(216%)	\$23,151	\$23,261
	Registration fees	\$3,000	\$0	\$750	\$750	100%	\$2,645	\$2,500
	Training (Trustees/ Administration/ Pension Committee)	\$2,000	\$0	\$500	\$500	100%	\$0	
		<b>\$5,514,000</b>	<b>\$1,478,851</b>	<b>\$1,378,500</b>	<b>(\$100,351)</b>	<b>(7%)</b>	<b>\$5,363,136</b>	<b>\$5,397,997</b>
<b>Increase (decrease) in net assets available for benefits</b>		<b>\$9,815,000</b>	<b>\$2,530,868</b>	<b>\$2,453,750</b>	<b>\$77,118</b>	<b>3%</b>	<b>\$13,376,343</b>	<b>\$15,121,184</b>
<b>Net assets available for benefits, beginning of period</b>								
		<b>\$154,956,156</b>	<b>\$154,956,156</b>				<b>\$141,579,813</b>	<b>\$126,458,630</b>
<b>Increase (decrease) in net assets available for benefits</b>		<b>\$9,815,000</b>	<b>\$2,530,868</b>				<b>\$13,376,343</b>	<b>\$15,121,184</b>
<b>Net assets available for benefits, end of period</b>		<b>\$164,771,156</b>	<b>\$157,487,024</b>				<b>\$154,956,156</b>	<b>\$141,579,813</b>

*For the purpose of this statement, expenses are reported on a cash basis. Comparative years are reported on an accrual basis as that is how they are reported on the financial statements.*

**Footnotes**

- <sup>1</sup> AVC = Additional Voluntary Contributions
- <sup>2</sup> LTD = Long Term Disability

**Halifax Regional Water Commission Employees' Pension Plan  
Regulatory Filing Requirements - 2021  
as at March 31, 2021**

Report	Regulatory Body	Filing Deadline	Date last filed	Comments
1 Annual Form 3 - Summary of Contributions	Superintendent of Pensions	60 days after the beginning of each fiscal year	January 29, 2021	Filed directly with the Trustee, Northern Trust, for the DB Plan.
			January 29, 2021	Filed directly with the Trustee, Industrial Alliance, for the DC Plan.
2 Pension Plan Income Tax Return (T3)	Canada Revenue Agency	March 31st	March 1, 2021	CRA requires Northern Trust as the custodian to prepare and file T3 Income Tax Returns each year. Information obtained from HRM Pension Plan quarterly report.
3 Pension Plan Audited Financial Statements	Superintendent of Pensions	6 months after the Plan's fiscal year end	July 16, 2020	Audited financial statements were completed and approved by the HW Board on June 25th, 2020. (Extension granted in 2020)
			July 16, 2020	Audited financial statements are not prepared for this pension plan. However, Industrial Alliance provides a Financial Report detailing all pertinent details of the plan. This report is submitted to the regulatory body prior to June 30th each year. (Extension granted in 2020)
4 Annual Information Returns (AIR)	Superintendent of Pensions	June 30th	July 16, 2020	Extension granted in 2020
			July 16, 2020	Extension granted in 2020
5 Actuarial Valuation*	Superintendent of Pensions Canada Revenue Agency	September 30th	September 27, 2019 September 27, 2019	Actuarial Valuation was conducted as of January 1, 2019.
6 Plan Amendments	Superintendent of Pensions  Canada Revenue Agency  Superintendent of Pensions Canada Revenue Agency	60 days after the amendment approved by the Board  60 days after the amendment approved by the Board	September 27, 2019  September 27, 2019  n/a	Amendment #12 approved by the Board June 20, 2019; Submitted to the Superintendent September 27, 2019. The amendment was pursuant to the contribution rate change as dictated by the Actuarial Valuation of January 1, 2019.  All documents relating to the registration of the DC Plan were received by the Superintendent October 6, 2017.

\* Actuarial Valuations are required at a minimum every three (3) years.

\*\* Notional Agreements were implemented during 2017 with an effective date for January 1, 2017. Notional Agreements are not registered therefore not subject to reporting requirements to a regulatory body.

**Halifax Regional Water Commission Employees' Pension Plan  
Administrative Reporting Requirements - 2021  
as at March 31, 2021**

Report	Filing Deadline/ Recurrence	Date last filed/ Performed	Comments
1 Pensioners' Payroll	Monthly	June 1, 2021	Pensioners are paid the 1st of each month; no exceptions to report for the First Quarter 2021.
2 Contributions to the Trustee	Monthly	May 11, 2021	Remittances due to Northern Trust within 30 days of month end; no exceptions to report for First Quarter 2021.
		January 5, 2021	Remittances due to Industrial Alliance within 30 days of month end; no exceptions to report for First Quarter 2021
		n/a	Notional Agreement*
3 Pension Plan Financial Statements	Quarterly	June 17, 2021	First Quarter (January - March 2021)
		n/a	Quarterly statements are not prepared for the Defined Contribution (DC) Plan. A financial report is prepared by Industrial Alliance and that report is filed with the Annual Information Return (AIR) to the regulator annually.
		n/a	Financial statements not required.
4 Investment Performance Review & Compliance with SIP&P	Quarterly	March 25, 2021	Fourth Quarter (October - December 2020) Report prepared quarterly by administration staff for the HW Board of Directors, in conjunction with the quarterly HRM Pension Plan Committee meeting documentation. Statement of Investment Policies & Procedures (SIP&P) is reviewed annually and was last reviewed and approved on March 25, 2021.
5 Annual Pension Statements to Members	June 30th	June 18, 2020	Statements issued annually by June 30th.
		June 18, 2020	Statements issued annually in conjunction with the Defined Benefit (DB) Plan statements. Members also have access to online, real-time reporting.
		June 18, 2020	Statements issued annually in conjunction with the DB Plan statements.
6 Fiduciary Liability Insurance	Annually	November 25, 2020	Reviewed and renewed annually by administration staff. The policy period expires November 30 each year.


\* Notional Agreements were implemented during 2017 with an effective date for January 1, 2017. Notional Agreements are not registered therefore not subject to reporting requirements to a regulatory body.

Halifax Regional Water Commission Employees' Pension Plan  
Service Standards Report - 2021

Quarter 1 (as at May 25, 2021)										
Transaction	Actuary					HW Staff			Total Average Service Days	Compliance with PBA
	Standard	Total # Completed	# Past Standard	% within Standard	Average Service Days	Total # Completed	Average Service Days			
Retirement Estimates	11 Business Days	3	0	100%	5	3	9	14	✓	
Marriage Breakdown Calculations	15 Business Days									
Post-Retirement Death Letter	15 Business Days									
Pre-Retirement Death Benefit	15 Business Days									
Termination Estimates/ Calculations										
- Standard	11 Business Days	3	0	100%	7	3	12	19	✓	
- Non Standard (incl RTAs)	15 Business Days									
Totals for Actuary		6	0	100%		6				

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair and Members of the  
Halifax Regional Water Commission Board as Trustees of the  
Halifax Water Employees' Pension Plan

**SUBMITTED BY:**  Digitally signed by Allan  
Campbell  
Date: 2021.06.10  
17:28:01 -03'00' (on behalf of)  
Gary McPherson, Chair and Members of the Pension and Benefits  
Advisory Committee

**APPROVED:**  Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
17:18:23 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

**DATE:** June 4, 2021

**SUBJECT:** 2020 Annual Report - Pension and Benefits Advisory Committee

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## **INFORMATION REPORT**

### **ORIGIN**

Activities of the Pension and Benefits Advisory Committee (the "Committee") are reported to the Trustees (the "Administrator") annually, in accordance with the Terms of Reference of the Committee.

### **BACKGROUND**

As defined in the Terms of Reference of the Committee, its objectives and responsibilities include:

- Monitor the administration of the pension and benefits plans (the "Plans") to ensure that the Plans are conducted in a manner consistent with the provisions of the official pension plan documents, group insurance and other benefit plan documents, and governing legislation

- Make recommendations to the Administrator respecting the administration of the Plans
- Promote awareness and understanding of the Plans on the part of members, and persons receiving pension or other benefits under the Plans
- Assist with the monitoring of the Plans activities, and provide input in this regard, through review of audited financial statements, actuarial valuations, key contracts and agreements, reports on investment performance and other performance metrics
- Review annual communication plans to all stakeholders, which minimally will include a plan for:
  - ✓ Annual pension statements
  - ✓ Newsletters and articles in the Pipeline Post
  - ✓ Annual general meeting for pension plan members, and
  - ✓ Educational sessions for pre-retirement.

The purpose of this report is to provide a brief summary of the Committee's activities during 2020.

## **DISCUSSION**

The Committee met as follows during 2020:

- February 4, 2020                      2:00 pm
- May 21, 2020                         1:00 pm
- November 20, 2020                 1:00 pm

The February 4, 2020 meeting was held at 450 Cowie Hill Road, Halifax NS. All other meetings were held virtually via MS Teams, due to gathering limits and safety protocols associated with COVID-19.

Table 1 below provides a summary of attendance at Committee meetings held during 2020. Of note, Board Chair Craig McMullin held the Board representative position on the Committee until it was determined, at a December 2019 workshop, that a Board Member would no longer be required to participate on the Committee as the Board is fulfilling their governance duties, acting as both Trustees and Administrator of the Plans. The Committee's Terms of Reference were updated to reflect this change, and approved November 20, 2020.

# ITEM # 5-I

HRWC Board

June 17, 2021

Table 1

Pension and Benefits Advisory Committee Attendance Report - 2020				
		February 4	May 21	November 20
<b>Representatives:</b>				
Gary McPherson, Chair	Local 227	✓	✓	✓
Allan Campbell, Vice Chair	Non-Union	✓	✓	-
Craig MacMullin	HW Board	✓	n/a	n/a
Martin Austin	Local 227	✓	-	✓
Paul Taylor	Local 1431	✓	✓	✓
Chris MacNeil	Local 1431	-	-	✓
Cathie O'Toole	Management	✓	✓	✓
Louis de Montbrun	Management	✓	✓	-
John Eisnor	Non-Union	✓	✓	✓
Cheryl Little	Pensioners	✓	✓	✓
<b>Alternates:</b>				
John Legge	Local 227	✓	✓	✓
Anna McCarron	Local 1431	-	✓	✓
Heather Britten	Non-Union	-	✓	✓
Norma Dube	Pensioners	✓	✓	✓
<b>Observers:</b>				
Rochelle Bellemare	HR Coordinator	✓	✓	✓
Todd Masters		✓	n/a	n/a
<b>Administration Support</b>				
Amanda Joudrey		✓	✓	✓
Legend:		✓	- Present	
		-	- Absent	
		n/a	- Not a Member of the Committee at the time	

Key issues the Committee addressed during the year included:

- Contribution corrections required for HRM Defined Contribution Plan
- Proposed enhancements to health benefits including:
  - ✓ Registered Counselling Therapist
  - ✓ Biologic drug Nucala
  - ✓ Diabetic pump supplies
  - ✓ Increase in coverage for psychology and psychiatry
- Benefit renewals for health and dental
- Continuing education for Committee members
- New Employee Assistance Program (EAP) provider, Homewood Health Care
- New payroll system; VIP
- Changes to the NS Pension Benefits Act
- Survivor Benefits

Main accomplishments of the Committee for the year were:

1. Through Mercer, Halifax Water was able to successfully negotiate benefit renewals for health and dental, with no increase for health, and a rate decrease of 5% for dental. The renewals became effective September 1, 2020
2. Implemented Registered Counselling Therapist as an enhancement to health benefits
3. The approval of various pension and benefit communication initiatives during the year prepared by Halifax Water staff, such as newsletters, pension plan budget and the pension plan financial reports that go to the Administrator quarterly. The purpose of these initiatives was to provide members:
  - i. Updated information regarding the financial health of the pension plan;
  - ii. Overview of the pension plan;
  - iii. Overview of health, dental and other benefits accessible to members

#### **SUBSEQUENT EVENTS AND FUTURE INITIATIVES**

- Benefit plan renewals were approved with effective dates as follows:
  - ✓ Health and dental, June 1, 2021, and
  - ✓ Life and long-term disability, April 1, 2021

## ITEM # 5-I

HRWC Board

June 17, 2021

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The Committee met to review coverages, and as there were no changes to benefits and/or rates, recommendations to the Administrator were not required.

- Initiate benchmarking exercise to compare Halifax Water's benefit plans to other public sector employers
- Review and provide recommendations as required relating to benefit plan enhancements
- Continuing education for Committee members, including guest speakers at scheduled meetings

### **FORMAL MOTIONS TO THE ADMINISTRATOR**

None currently.

Report Prepared by:

**Heather  
Britten**

Digitally signed by  
Heather Britten  
Date: 2021.06.10  
17:56:42 -03'00'

Heather Britten, B. Comm.

Quality Assurance Officer (902) 490-1895



Digitally signed by Allan  
Campbell  
Date: 2021.06.10  
17:28:32 -03'00'

Allan Campbell, B. Comm., CPA, CMA

Manager, Finance (902) 266-8655

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair and Members of the  
Halifax Regional Water Commission Board

**SUBMITTED BY:** James  
Campbell  
James Campbell, Communications and PR Manager

Digitally signed by James  
Campbell  
Date: 2021.06.10  
19:11:59 -03'00'

**APPROVED:** Cathie O'Toole  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
17:39:04 -03'00'

**DATE:** June 10, 2021

**SUBJECT:** 2021/22 Communications Plan and Approach

---

## **INFORMATION REPORT**

### **ORIGIN**

2021/22 Annual Business Plan

### **BACKGROUND**

Halifax Water's business plan for 2021/22 was developed with an awareness that many of the challenges of the 2020/21 fiscal year will continue to impact Halifax Water's customers, employees and business partners. Utilizing the One Team, One Water approach to service delivery, Halifax Water continues to adapt to the evolving realities of operating during COVID-19 while continuing to deliver reliable, safe and affordable water, wastewater and stormwater services; maintaining the quality of the service; and high levels of employee and customer satisfaction.

### **DISCUSSION**

The 2021/22 Communications Plan and Approach reflects the challenges and opportunities outlined 2021/22 Annual Business Plan and provides an overview of the main projects, programs and services that will be the focus of communications efforts for this fiscal year. Along with a number of significant capital projects, Halifax Water will be

developing a comprehensive community engagement strategy; enhancing its customer support programs; and work to complete a Diversity and Inclusion Roadmap. Separate, detailed communications plans have already been developed for a number of the strategic items listed in the Plan.

**ATTACHMENTS**

1. 2021/22 Communications Plan and Approach
2. Communications and Stakeholder Engagement – Plan on a Page

Report Prepared by:	<div style="display: flex; align-items: center;"><div style="margin-right: 10px;"><b>James Campbell</b></div><div style="border-left: 1px solid black; padding-left: 10px;"><small>Digitally signed by James Campbell Date: 2021.06.10 19:13:02 -03'00'</small></div></div> <div style="border-top: 1px solid black; margin-top: 5px;"><b>James Campbell, Communications and PR Manager, 902-490-4604</b></div>
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2021/22

STRAIGHT from  
the SOURCE



Communications Plan & Approach

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# COMMUNICATION STRATEGY

## 1. Overview

Reliable, safe and affordable water, wastewater and stormwater services has never been more important to customers. The last year has seen Halifax Water work to maintain a consistently high level of customer service, while managing the many challenges posed by the on-going COVID-19 pandemic. Utilizing the One Team, One Water approach to service delivery has focused staff's efforts on the mission "To provide world-class services for our customers and our environment".

The 2021/22 fiscal year will see the utility continue to work through the challenges of the pandemic, while implementing the 2021/22 Business Plan with investments in critical infrastructure and continued innovation and improvement.

Guiding our overall Communications Strategy are the messages that we are in the public health and environmental-protection business; are providing critical services, as opposed to a commodity; Halifax Water's success is integral to our region's economic success [both short term and long term]; and we are part of the community. Our messages will reinforce the underlying themes of support for customers and the communities we serve; environmental stewardship; providing a valuable service; fiscal responsibility; continuous improvement through adoption of industry best practices; regulatory compliance; community engagement/involvement and our long term approach to infrastructure renewal. We will need to continually articulate the requirement for investment in infrastructure, which is best explained by the need to look after assets for the environmental and economic benefits they provide our region; quality of life for current and future generations to enjoy; and a collective responsibility to pay our way so that our grandchildren will not be overburdened by our neglect.

A number of new and exciting programs are emerging or already underway. The Customer Portal project; Lead Service Line Replacement Program; Cogswell District Energy; and New Service Account Compliance, to name a few. A summary of planned communications and stakeholder engagement initiatives for 2021/22 is attached to this report.

## 2. Resources

A new Manager of Corporate Communications and Public Relations will join the utility in June 2021 when the current Manager retires. In conjunction with the change in leadership, the organization structure and job descriptions for all the communications positions will be updated in the first quarter of 2021/22. Service delivery for internal and external communications is being restructured to create more capacity for the Manager to deal with strategic communications and stakeholder engagement.

Delivery of our communication strategy relies on both internal and external resources. Every employee of Halifax Water is an ambassador for the utility, as are Halifax Water Board members. We will seek out and encourage partnerships to get our message out. Groups and organizations such as universities, colleges, schools, non-governmental organizations, the Halifax Chamber of Commerce, Greater Halifax Partnership, various area business commissions, Discovery Centre, Urban Development Institute, Investment Property Owners Association of Nova Scotia, other trade groups, and Halifax municipality will continue to be approached on an ongoing basis. Many of these relationships are already well established, and it will be important to further strengthen those ties.

Where appropriate, we may need to solicit external resources to rollout programs such as our Community Engagement Strategy. Halifax Water also has an excellent working relationship with HRM's Corporate Communications team. Coordinating with HRM Corporate Communications will be critical for initiatives such as the Stormwater Service Boundary Expansion.

Halifax Water's internal three-person Communications Department has significant expertise and resources that provide the utility the ability to quickly create high quality content for print, website, social and traditional (radio, TV, print) media and broadcast media. We continue to enhance our external and internal communications through revamped internet and intranet sites and social media.

### **3. Communication Channels**

Social media is an important aspect of Halifax Water's public communications. The utility has been active on Twitter since 2012 and on Facebook since 2017. Both Twitter and Facebook are inexpensive, yet powerful social media platforms, that allow for quick messaging and responses to customers. These platforms also help potentially ease call and email volumes in our Customer Care Centre. Halifax Water has used Instagram for targeted campaigns such as the Customer Portal. Expanding social media to include Instagram as a regular Halifax Water social media channel should be investigated this year.

Direct communication to residents and businesses through community consultation, home shows, civic events, school visits, The Discovery Centre and direct-to-consumer pieces such as *Water Talk* are effective means of reaching the public. Our continued utilization of these media is critical.

Halifax Water also has a very effective website that is regularly updated to reflect new projects, programs, PSAs etc.

Halifax Water continues to have success with its website Apps such as the Hydrant and Catch basin Locator; Where does your Water Come From; Stormwater Boundary Address Locator. Continuing to expand on these user-friendly platforms helps get the message out and potentially eases call and email volumes in our Customer Care Centre.

Though not in use in 2020 or 2021 due to COVID-19, Halifax Water's Community Water station program and "The Shed" are very popular in the spring, summer and fall seasons. The Shed occupies a prime Halifax waterfront location in July and August. It is an excellent direct customer contact, education and engagement platform.

Spending on radio and TV has all but ceased with the emergence of social media, YouTube, website etc..., and based on customer preferences for receiving information as seen in our annual customer survey data. Themed/targeted videos such as those focused on stormwater; FOG [Fat, Oil and Grease], Wipes; and Lead Service Line Replacement have proven very effective. Halifax Water now has the in-house capability to shoot and edit videos. This capability will continue to be expanded over the coming years.

Newspaper ads are utilized periodically in support of specific infrastructure projects that have direct and recurring customer impacts; as well as NSUARB mandated ads regarding Hearings. As required, ads are placed in community newspapers to target messaging to a specific community.

The utility has a good working relationship with media outlets. Efforts will be made to expand outreach to media on issues that affect Halifax Water and its customers. Media coverage is a cost-effective method of getting our message out, though must be accessed with caution.

To enhance communication with Councillors, Halifax Water links to Councillor's Facebook and Twitter pages to ensure timely information is available on projects specific to their district. Project specific information is currently provided to Councillors via Halifax Water PSAs and Twitter/Facebook and community newsletters related to specific capital projects. Staff will also involve Councillors in public information sessions taking place in their community and provide content for district newsletters where relevant.

## **4. Specific Challenges**

The following Communications Strategy provides an overview of the main projects, programs and services that will be the focus of communications efforts for this fiscal year.

### **4.1 Significant NSUARB Applications**

It is anticipated that there will be at least three NSUARB applications that will require communications plans in 2021/22:

- An application to approve the transfer of stormwater assets from the municipality and expansion of stormwater services (Summer/Fall 2021)
- An application to approve Halifax Water's portion of the Cogswell Redevelopment project (replacement of water, wastewater and stormwater infrastructure) and an application to initiate and approve the capital expenditure for Halifax Water's

Cogswell District Energy System.

- A cost of service application in early 2022. This application will not increase rates or Halifax Water's revenues, but does impact future rate applications as it will determine how costs get allocated to different customer classes and rates.

In all these applications, Halifax Water will keep the messages clear, simple, concise, and consistent.

As with the 2020 Rate Application communications, the emphasis will be on graphics outlining key concepts such as the extent of Halifax Water's infrastructure; how service is provided, the cost of providing the service, how investments benefit customers and the environment, how we compare to others and how effective we are at delivering service.

Customers want to know that we are aware of the impacts that rates have on their pocket books; and want to know that we are aware that the service we provide impacts their daily activities, their property, and the environment.

## **4.2 Alternative Energy**

The Cogswell District Energy program will be a major project for Halifax Water in late 2021/early 2022(dependent on HRM's project schedule). This innovative district energy system (heat from the treated wastewater at the Halifax WWTF) will require public communications for developers, pending NSUARB rate applications, as well as close coordination with HRM project staff.

The continued development of alternative energy by leveraging utility assets is important in helping to keep costs down and showing Halifax Water is focused on reducing its environmental foot print and costs. Projects such as the wind turbines on watershed land, inline turbines, solar panels installed at various facilities are all programs that help get the message out that Halifax Water is progressive, innovative and always looking at ways to effectively cut costs and protect the environment. Linking to HalifACT 2050 will be a part of the alternative energy strategy.

## **4.3 Stormwater Service Boundary Expansion**

In April 2019 municipal staff informed Halifax Water of a potential transfer of roads from the Province in two areas. In accordance with the 2007 Transfer Agreement, acceptance of roads from the Province would trigger an expansion of the stormwater service boundary.

Responsibility for operation and maintenance of stormwater service would be delegated to Halifax Water, subject to Nova Scotia Utility and Review Board (NSUARB) approval of the expansion and the setting of rates. Halifax Water Communications staff have been working with HRM and provincial Communications staff to ensure messaging is prepared and roles clear. Both HRM and Halifax Water have developed communications plans for the road transfer which may be initiated as early as June 2021 through an HRM staff report to Council.

Halifax Water’s communications plan involves extensive community outreach through in-person, or virtual (COVID dependent) community information sessions and collaboration with the area councillors. An extensive revamp of the stormwater pages on our website has already been completed, including a new video. As has occurred in the past, there will also be direct communication with customers via letters, and bill inserts for existing customers.

#### **4.4 Regional Development Charges**

New Regional Development Charges [RDCs] came into effect in 2021. With the NSUARB ruling came the requirement for enhanced stakeholder engagement, on a more frequent basis. This will be incorporated into the overall Community Engagement Strategy. Public messaging around RDCs will continue to be framed as charges to ensure “growth pays for growth” and Halifax Water’s support for affordable housing. Another key message is that RDCs help fund infrastructure to support new growth, which is becoming increasingly important as supply decreases and demand increases within the municipality.

#### **4.5 Customer Portal**

Coming out of the Customer Connect project was the launch of Phase One of the Customer Portal in November 2020. The Portal provides two-way digital communication between the utility and its customers; increased customer service and convenience; allows customers, if they choose, to track and manage water usage through an online portal; and enables Halifax Water to provide customers with early leak detection information to reduce customer bills; reduce the utility’s environmental footprint and fuel costs through decreased vehicle travel; introduce monthly billing; and modernize business processes to reduce overall utility costs. Phase One has been very successful with over 16% of customer accounts signing up for the online service (the project vendor, Avertra targeted a 5% uptake as a success after one full year). Phase Two of the Customer Portal will launch late spring/early summer and provide further customer enhancements.

The Customer Portal project will continue to require communications support through 2021/2022, but should reduce with the formal completion of the project.

#### **4.6 Enhanced Lead Service Line Replacement Program**

Reducing the financial burden to getting the lead out is the most significant aspect holding back most customers from replacing lead service lines. In August 2017 Halifax Water took a bold step with the introduction of an innovative funding approach to Lead Service Line renewal with a new subsidy program. The subsidy saw funding in the form of a subsidy of 25% of the renewal cost up to a reimbursement cap of \$2,500.

In March 2021 Halifax Water again became an industry leader with the launch of its enhanced “Get The Lead Out” program. The program will see Halifax Water replace both the public and private water service lateral, at the utility’s cost. A complete website and program redesign took

part as part of the new program. The “Get The Lead Out” program will require on-going communications support.

#### **4.7 Community Engagement**

The coming years will see the need for Halifax Water to increase its community engagement in support of the pending stormwater service boundary expansion, RDC stakeholder engagement, Cogswell District Energy, large scale capital projects and other initiatives. This increased level of community interaction will require the development a comprehensive community engagement strategy. Preliminary work is underway and will require support from an outside vendor to help develop, and where necessary, implement the various components of the strategy.

Along with a comprehensive community strategy, Halifax Water will also explore opportunities to expand our Water Station program, and revamp “The Shed” to focus on key programs/projects.

Halifax Water is working with the municipality on diversity and inclusion and anti-black racism initiatives. During 21/22 Halifax Water will complete a Diversity and Inclusion Roadmap which may result in some changes to how Halifax Water engages with diverse or marginalized groups.

#### **4.8 Capital Program Communications**

Halifax Water currently has a comprehensive communications program for large scale capital projects that will impact a community and/or traffic for an extended period. The program, while comprehensive, does not capture all large-scale capital projects. A process will be established involving senior water/wastewater/stormwater capital project engineers and Communications staff to review all large capital projects and determine what level of communications support is required.

#### **4.9 Lake Major Clarifier Project**

In order to provide continued high quality, reliable water service to customers in Dartmouth, Cole Harbour, Eastern Passage, North Preston and Westphal, Halifax Water is undertaking upgrades to the Clarifiers at Lake Major Water Supply Plant (LMWSP). The impact to customers could range from low pressure and discoloured water to a Do Not Use order. A specific communications plan has been developed for this project to help reach a number of audiences and cover the various scenarios that could develop as the project progresses. The Lake Major Clarifier project is currently scheduled to get underway in Fall 2021.

#### **4.10 Customer Support Programs**

Halifax Water has a number of support programs for both residential and industrial/commercial/institutional customers: The H2O Program, Lateral Loan Program, Wastewater Rebate, Stormwater Credit, and The Landlord-In-Between Program. While some

programs are well known and utilized, others are less so. Outreach efforts will be made to targeted groups/organizations to make them aware of programs available to them, the benefits and how to access them.

## 5. Performance Indicators

Since 2000 Halifax Water has engaged Corporate Research Associates (rebranded as Narrative Research), a highly respected local research firm, to compile information on a number of topics critical to the operation of the utility as it relates to public confidence and perception. The questions generally focus on customer satisfaction with services and products provided for water and wastewater/stormwater services and the various programs Halifax Water offers. This data provides a comprehensive overview of how customers view our products and services, confidence in our operations of these critical assets, awareness of various public outreach/communications initiatives, among other parameters.

Halifax Water measures performance through its Corporate Balanced Scorecard. One critical success factor [CSF] in particular, Service Excellence speaks to the level of satisfaction our customers have with overall delivery of service.

Media enquiries can also be used as a less data driven indicator of the performance of program related communications initiatives. Halifax Water has an excellent working relationship with media outlets and will continue to work to foster and enhance this network.

The utility also utilizes measurements tools such as Google Analytics, analytics through Facebook and Twitter, Mention media monitoring services and HotJar website analytics. These tools allow Halifax Water to track and measure the effectiveness of the various programs and services we offer customers.

Halifax Water is the Canadian representative on the American Waterworks Association – Public Affairs Committee (AWWA PAC). As an AWWA – PAC member, best practice/benchmark data is sourced from and shared with utilities represented on the AWWA PAC and wider AWWA family.

## 6. Summary

Halifax Water has a long history of innovation and stewardship of the environment. With almost fifteen years operating as a “One Water” utility, much has been accomplished and much more is on the horizon.

Remaining true to our public health and environment protection mandate and increasing our community outreach is pivotal to increasing support for the essential services we provide.

It is always difficult to sell the idea of paying more for what some may perceive as receiving the same thing. We must therefore demonstrate to the public that it is not the same thing. We must

reinforce that we are providing critical services, not just selling a commodity. The water that they are receiving is safer and more secure. Wastewater and stormwater investments and stewardship efforts show we are actively committed to protecting the environment. Sound infrastructure facilitates a good quality of life and is good for business. The infrastructure that makes it possible for residents to turn on their taps, flush their toilets and manage stormwater is continuously being upgraded. That's a benefit to all our customers, the communities we serve, and the economic and environmental future of our region.

A challenging and exciting period lies ahead for Halifax Water. With ever expanding programs and communications tools, our internal and external communication efforts will increase. In addition, making our employees well informed ambassadors for our utility will help spread the message as they interact with customers in the course of their daily work.

As we move ahead, best practice research will be utilized through partners such as the Water Research Foundation, American Waterworks Association, NSERC and other relevant groups.

# Halifax Water Communications & Stakeholder Engagement 2021/22

	Q1 (April - June)	Q2 (July - September)	Q3 (October - December)	Q4 (January - March)
<b>Strategic Communication Focus</b>	<ul style="list-style-type: none"> <li>Enhanced Lead Service Replacement Program</li> <li>Customer Portal</li> <li>April 1<sup>st</sup> Wastewater Rate Increase</li> <li>May 31<sup>st</sup> RDC Changes</li> <li>Launch of Discovery Centre Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Stormwater Customer Education</li> <li>Cogswell District Energy System</li> <li>Customer Portal</li> <li>Discovery Centre &amp; Water Cycle Education for Youth</li> <li>Lake Major Clarifier Replacement</li> </ul>	<ul style="list-style-type: none"> <li>New Service Account Compliance Program</li> <li>Stormwater Customer Education</li> <li>Customer Portal</li> <li>Discovery Centre &amp; Water Cycle Education for Youth</li> </ul>	<ul style="list-style-type: none"> <li>Stormwater Customer Education</li> <li>Annual Business Plan</li> <li>Annual Operating &amp; Capital Budget</li> <li>Cost of Service Application</li> </ul>
<b>Regular External Communications Activities</b>	<ul style="list-style-type: none"> <li>Report on CSR, Diversity &amp; Inclusion Initiatives</li> <li>Spring Hydrant Flushing Program</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Accountability Report</li> <li>Annual Report</li> <li>Halifax Water NSCC Fall Bursary Applications</li> </ul>	<ul style="list-style-type: none"> <li>Annual Customer Survey</li> <li>Storm Preparedness &amp; Catchbasin Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>Communicate Annual Customer Survey Results</li> <li>Halifax Water NSCC Spring Bursary Applications</li> </ul>
<b>Regular Internal Communications Activities</b>	<ul style="list-style-type: none"> <li>Strategic Initiatives for Current Year: Plan on a Page</li> <li>NAOSH Week</li> <li>CSR, Diversity &amp; Inclusion Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Balanced Scorecard Results</li> <li>Organizational Award</li> </ul>	<ul style="list-style-type: none"> <li>Annual Employee Survey</li> <li>Long Service Awards &amp; Banquet</li> </ul>	<ul style="list-style-type: none"> <li>Communicate Annual Employee Service Results</li> <li>Any Compensation or Benefit Changes for Coming Fiscal Year</li> </ul>
<b>Stakeholder Engagement Activities</b>	<ul style="list-style-type: none"> <li>Monthly Pipeline Post newsletter</li> <li>Supporting projects, programs, and policy changes with internal communications, updates to safety screens and updates to the intranet.</li> </ul>	<p>On-going:</p> <ul style="list-style-type: none"> <li>Capital projects, service disruptions, service changes, Water Talk, etc.</li> <li>Promotion of Halifax Water programs: Financial Assistance (H2O Fund), Stormwater Credit, Wastewater Rebate, Private Lateral Replacement Assistance Program (The Lateral Loan), and Lead Service Line Replacement Program (Get the Lead Out).</li> </ul>		
<b>Stakeholder Engagement Activities</b>		<ul style="list-style-type: none"> <li>RDC Stakeholder Information Session</li> <li>Stakeholder Engagement Through "The SHED" at Various Locations</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater Treatment Facility Planning Study Technical Conference</li> <li>Customer Levels of Service</li> <li>Cost of Service Manual</li> </ul>	<ul style="list-style-type: none"> <li>Present Annual &amp; Five-Year Business Plans to Halifax Council</li> </ul>

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the  
Halifax Regional Water Commission Board

**SUBMITTED BY:** James  
Campbell  
James Campbell, Manager of Public Relations and  
Communications

Digitally signed by James  
Campbell  
Date: 2021.06.10  
15:51:35 -03'00'

**APPROVED:** Cathie O'Toole  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D  
General Manager

Digitally signed by Cathie  
O'Toole  
Date: 2021.06.10  
15:57:37 -03'00'

**DATE:** June 10, 2021

**SUBJECT:** Diversity, Equity & Inclusion

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## **INFORMATION REPORT**

### **ORIGIN**

Enterprise Risk Management

### **BACKGROUND**

The purpose of this report is to provide the Halifax Water Board with an overview of on-going corporate social responsibility and diversity, equity and inclusion related initiatives. Periodically reviewing and assessing corporate social responsibility initiatives is an important means of maintaining relevance and helping to ensure Halifax Water reflects the values and diversity of the community it serves, while maintaining and enhancing a positive reputation with customers and stakeholders.

Halifax Regional Municipality has a Diversity and Inclusion Framework, and an office dedicated to Diversity and Inclusion and African Nova Scotian Affairs Integration Office. Halifax Water is participating in the Diversity and Inclusion Leadership Working Group; and is using some of the materials and resources developed by the municipality. The Service Level Agreement (SLA) between Halifax Water and the municipality will be updated this year, and subject to agreement a new section will be added to enable Halifax Water to more formally utilize services from the Office of Diversity & Inclusion.

In 2020/21 Halifax Water met with the municipality to identify opportunities to participate and collaborate in the Anti-Black Racism Action Plan.

Diversity, equity and inclusion outlines the efforts an institution takes to create a more welcoming environment for people of less-privileged identities. Halifax Water has many on-going initiatives which are described in the discussion section of this report. The planned initiatives for 2021/22 are shown in Attachment A.

The Halifax Water Board has requested that a three year framework for Diversity and Inclusion activities be developed. This will be presented to the Halifax Water Board by December 2021.

## **DISCUSSION**

Halifax Water has many programs and initiatives which provide assistance to individuals or to different segments of the broader community. The results are discussed below for the fiscal year just completed.

**Customer Assistance** - Halifax Water has a number of programs that assist low-income or vulnerable populations; or enhance the equitable application of Halifax Water rates and regulations.

- **The Help to Others (H2O) Fund** which assists low income customers. The Fund assisted 98 households in 2020/21 and dispersed \$23,866.41.
- **Lead Service Line (LSL) replacement program** – In 2020/21 86 customers replaced their private lateral with assistance from Halifax Water that totaled \$52,600.
- **Private Lateral Replacement Assistance Program (PLRAP)** – In 2020/21 3 loans were advanced through this program to assist customers with private lateral replacements.
- **Wastewater Rebate Program** – In 2020/21 4 customers participated in the rebate program and the total value of rebates was \$1,072,822.
- **Stormwater Credit Program** - In 2020/21 4 customers participated in the stormwater credit program and the total amount credited was \$11,262.37.
- **Temporary COVID-19 Relief** – From April to September 2020 Halifax Water suspended collection activities on overdue accounts and waived interest on approximately 31,000 over-due accounts. During the number of overdue accounts increased by approximately 13% to approximately 35,000 accounts. For these five months approximately \$100,000 in interest revenue was waived.

**Corporate donations and sponsorships** assist various non-profit groups that align with corporate objectives.

- **Employee fundraising activities** in support of United Way Halifax, Water for People, Bryony House, Feed Nova Scotia, Souls Harbour Mission, Hope Cottage, the Purple Ribbon Campaign, and the Special Olympics. Some fundraising activities were curtailed in 2020/21 due to COVID-19, however Halifax Water continued to support these organizations.
- **Community Water Station program** to support special events such as the Bluenose Marathon and Special Olympics has been in place since 2009. The program is currently suspended due to COVID-19.
- **Scholarships** - Since 2008 Halifax Water has offered \$111,000 in Scholarships for 39 NSCC students, with accompanying work-terms:

***Robert T. Peacock Achievement Award*** = One \$2,000 award each Fall - This award is open to second year students enrolled full-time in the Environmental Engineering Technology program at NSCC. Preference is given to visible minorities.

***First Nations (Jipuktuk etli apatua'timk) Award*** = One \$4,000 award each Spring and one \$4,000 award each Fall - This award is open to First Nations, Metis and Inuit students who reside in Atlantic Canada and are entering full-time studies in the Civil Engineering Technology, Environmental Engineering Technology, and Electronic Engineering Technology programs at NSCC.

***Halifax Water Achievement Award*** = One \$2,000 award each Fall - This award is open to any student enrolled full-time in the Civil Engineering Technology program at NSCC.

***Arnold D. Johnson Sr. Award for Water Resources*** = One \$3,600 award each Spring - This award is open to Indigenous African Nova Scotian students entering full-time studies in the Environmental Engineering Technology program at NSCC.

***Women in Non-Traditional Careers (new for 2020/21)*** = One \$2,000 award each Fall. This award is open to women entering one of the following programs at NSCC: Plumbing, Electrical Construction and Industrial - Diploma, Civil Engineering Technology, Environmental Engineering Technology, Geographic Information Systems Advanced Diploma, or Geographic Information Systems Technician.

**Diversity & Inclusion**

Halifax Water is committed to ensuring the workplace is civil and respectful to all employees, and to fostering diversity throughout its workforce. Activities conducted in 2020/21 include:

- Psychologically Safe Workplace training was conducted for all employees. Maintaining a workplace that is respectful and welcoming is important to support diversity and inclusion.
- The 2020 Employee Survey included questions around diversity. Results for 2020 indicate 59% of employees agree the workplace reflects diverse cultural backgrounds, and 60% of employees believe employee policies are applied fairly. These are two areas that Halifax Water is committed to improving.
- Diversity Moments were incorporated in the monthly Pipeline Post internal employee newsletter.
- An updated diversity statement was added to all Halifax Water job postings.
- In an effort to increase the number of diverse job applicants, Halifax Water has developed relationships and started sending postings directly to the following organizations: ISANS, the Mi'kmaq Native Friendship Centre, Women Unlimited, the African Nova Scotian Affairs Office, Women in Skilled Trades, Office to Advance Women Apprentices Nova Scotia, and the Black Cultural Centre for Nova Scotia.
- Halifax Water met with the Presidents of the two Union Locals to work on diversity and inclusion, and a working group will continue to meet on a regular basis.
- Halifax Water published information on understanding gender pronouns, published signature templates, and employees are encouraged to use whatever pronouns they wish.
- Many different commemorative events and special days are recognized by Halifax Water throughout the year such as Mental Health – Bell “Let’s Talk” Day, African Nova Scotian Heritage Month, LGBTQ/Pride, and International Women’s Day. In 2020/21 in an effort to try something new, two virtual coffee breaks were hosted on International Women’s Day.
- Halifax Water had planned to sponsor the North American Indigenous Games in 2020/21 through provision of water stations, however the games were post-poned as a result of COVID-19.


Halifax Water has made significant progress over the last few years raising awareness with staff and management regarding diversity, equity & inclusion issues. The utility will continue to expand engagement with external stakeholders, the municipality and staff to help ensure we reflect the values and diversity of the community we serve. It is an effort that will evolve as our community evolves.

**BUDGET IMPLICATIONS**

N/A

**ATTACHMENT**

Halifax Water CSR and Diversity, Equity & Inclusion Activities 2021/22

Report Prepared by:	<b>James Campbell</b> James Campbell, Manager, Public Relations and Communications 902-490-4604	 Digitally signed by James Campbell Date: 2021.06.10 15:51:00 -03'00'
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# Halifax Water CSR and Diversity, Equity & Inclusion Activities 2021/22

	Q1 (April - June)	Q2 (July - September)	Q3 (October - December)	Q4 (January - March)
Strategic Focus	<ul style="list-style-type: none"> <li>Recruitment and increasing diversity within the Talent Pipeline</li> </ul>	<ul style="list-style-type: none"> <li>Develop D&amp;I Strategy &amp; 3-Year D&amp;I Roadmap and present to the Halifax Water Board in September</li> <li>Include Accessing HRM Diversity &amp; Inclusion Services and African Nova Scotia Affairs Integration Office (ANSAIO) in the Service Level Agreement with HRM</li> </ul>	<ul style="list-style-type: none"> <li>Refresh Donations &amp; Sponsorship Policy and present to the Halifax Water Board</li> <li>Update Halifax Water Staffing Policy with a Fair Hiring Policy</li> </ul>	<ul style="list-style-type: none"> <li>Review D&amp;I results and the 2021 Employee Satisfaction Survey Results</li> <li>Develop an Action Plan for 2022/23</li> </ul>
External Activities	<ul style="list-style-type: none"> <li>Report on CSR, Diversity &amp; Inclusion Initiatives</li> <li>Sponsorship and participation in Halifax Pride</li> </ul>	<ul style="list-style-type: none"> <li>Halifax Water NSCC Spring Bursary Applications</li> <li>Work with ANSAIO to review how Halifax Water interacts and communicates with African NS communities</li> </ul>	<ul style="list-style-type: none"> <li>Special Olympics Convoy Sponsorship and participation in Treaty Day celebrations on October 1<sup>st</sup></li> </ul>	<ul style="list-style-type: none"> <li>Halifax Water NSCC Spring Bursary Applications</li> <li>February - African NS History Month</li> <li>Support events in the communities where Halifax Water's major water supply plants are located</li> </ul>
	On-going:			
	<ul style="list-style-type: none"> <li>Recruitment with increased distribution through community groups and associations; and participation in job fairs</li> <li>Participate in Diversity Champions meetings and in Anti-Black Racism Initiative with HRM</li> </ul>			
Internal Activities	<ul style="list-style-type: none"> <li>Report on 2020/21 CSR, Inclusion &amp; Diversity Inclusion Initiatives</li> <li>Communicate Planned 2021/22 CSR, Inclusion &amp; Diversity Inclusion Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Review D&amp;I questions for the Annual Employee Survey</li> <li>Unconscious Bias Training for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Communicate D&amp;I Strategy and 3-Year D&amp;I Roadmap</li> <li>Implement Fair Hiring Policy</li> <li>CUPE "Respect at Work" Training for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Communicate Annual Employee Survey Results</li> <li>March - International Women's Day - Celebration of Women in Water &amp; hosting virtual coffee breaks</li> </ul>
	On-going:			
	<ul style="list-style-type: none"> <li>Monthly Pipeline Post Diversity Moments</li> <li>Promoting diversity training and content with internal communications, updates to Safety TVs and the Intranet</li> </ul>			
Stakeholder Engagement Activities	<ul style="list-style-type: none"> <li>Quarterly Meeting with Union Presidents</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly Meeting with Union Presidents</li> <li>Listening Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly Meeting with Union Presidents</li> <li>Listening Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly Meeting with Union Presidents</li> </ul>

**TO:** Craig MacMullin, MBA, CPA, CGA, Chair, and Members of the  
Halifax Regional Water Commission Board as Trustees of the  
Halifax Water Employees' Pension Plan

**SUBMITTED BY:** Louis de Montbrun  
Digitally signed by Louis de Montbrun  
Date: 2021.06.10  
16:24:46 -03'00'  
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

**APPROVED:** Cathie O'Toole  
Digitally signed by Cathie O'Toole  
Date: 2021.06.10  
16:47:00 -03'00'  
Cathie O'Toole, MBA, FCPA, FCGA, ICD.D, General Manager

**DATE:** May 31, 2021

**SUBJECT:** **Halifax Regional Municipality Master Trust**  
**Investment Performance, First Quarter, 2021**

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## **INFORMATION REPORT**

### **ORIGIN**

The Halifax Regional Municipality Master Trust (the "Master Trust") investment performance is reported to the Commission periodically throughout the year.

### **BACKGROUND**

None

### **DISCUSSION**

The tables below and the attached Investment Report provide a performance update for the First Quarter of 2021 (January to March) for the Master Trust, of which Halifax Regional Water Commission Employees' Pension Plan (the "Plan") is a part. The fair value of the investment in the Master Trust is determined and updated at year-end, and the Plan's share in the Master Trust at December 31, 2020 was 6.4%, totaling \$153.4 million.

The Master Trust returned 1.59% in the First Quarter, which outperformed the policy benchmark of 0.89% by 0.70%. The return for the 1-year period ended March 31, 2021 is

**ITEM # 8-I**  
**Halifax Water Board**  
**June 17, 2021**

15.04%, outperforming the policy benchmark of 14.68% by 0.36%. Other historical returns are provided in Table 1 below.

**Table 1 – Returns**

	<b>Current</b>				<b>Since</b>
	<b>Quarter</b>		<b>3 - Year</b>	<b>4 - Year</b>	<b>Inception</b>
	<b>(Jan to Mar)</b>	<b>1-Year</b>	<b>Annualized</b>	<b>Annualized</b>	<b>(Oct 1999)</b>
Fund Return	1.59%	15.04%	7.38%	7.80%	7.19%
Policy Benchmark	0.89%	14.68%	6.31%	6.37%	5.77%
Excess Return	0.70%	0.36%	1.07%	1.43%	1.42%

The total fund returns are subject to investment management fees and plan expenses.


As at March 31, 2021, the Master Trust was in compliance with the Statement of Investment Policies and Procedures (SIP&P), and a summary of the asset mix is provided in Table 2 below:

**Table 2– Asset Mix, as at March 31, 2021**

<b>Asset:</b>	<b>Actual</b>	<b>Policy Benchmark</b>
Cash & Equivalents	0.5%	0.0%
Canadian Equity	4.3%	4.8%
Global Equity	33.6%	28.5%
Fixed Income	32.7%	38.9%
Minimum Target Return	28.9%	27.8%

**ATTACHMENT**

2021 First Quarter Halifax Regional Municipality Master Trust Investment Report

Report Prepared by:	<b>Heather Britten</b>	 Digitally signed by Heather Britten Date: 2021.06.10 17:51:06 -03'00'
<hr/>		
Heather S. Britten, Quality Assurance Officer (902) 490 1895		



# Investment Report

Q1 2021

# Executive Summary

## Compliance

- As at March 31, 2021, the Master Trust (MT) was in compliance with the SIP&P.

## Funded Status

- As at December 31, 2019, the going concern funded ratio and transfer ratio were 91.8% and 63.4% respectively.\*

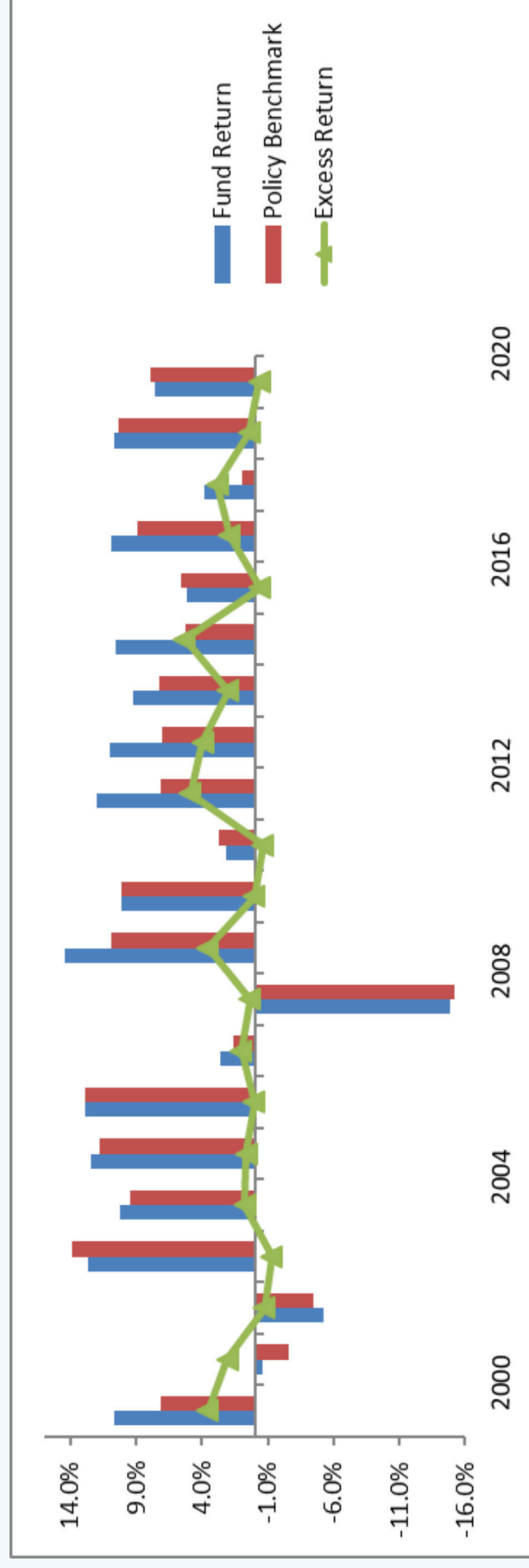
## Master Trust Performance (net of fees)

- In Q1, the MT earned 1.59%, outperforming the policy benchmark return by 0.70%.
- For the one-year period ending March 31, 2021, the MT earned 15.04% outperforming the policy benchmark by 0.36%.
- The MT earned an annualized return of 7.80% over the 4-year period ending March 31, 2021, outperforming the policy benchmark by 1.43% annualized.
- Since inception (October 1999), the MT earned 7.19% annualized, outperforming the Plan's long-term discount rate of 6.25%. The table on the next slide summarizes the calendar year returns for the MT.

\* Per Eckler Valuation Report as at December 31, 2019. Assumes a going concern discount rate of 6.25%.

# Executive Summary – Cont.

Calendar Returns  
(net of fees)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund Return	10.71%	-0.56%	-5.21%	12.60%	10.27%	12.38%	12.88%	2.60%	-14.83%	14.47%	10.12%	2.11%	12.01%	10.94%	9.27%	10.59%	5.13%	10.85%	3.81%	10.69%	7.59%
Policy Benchmark	7.12%	-2.64%	-4.50%	13.91%	9.50%	11.76%	12.85%	1.58%	-15.20%	10.92%	10.08%	2.71%	7.12%	7.01%	7.24%	5.27%	5.55%	8.91%	0.96%	10.28%	7.92%
Excess Return	3.59%	2.08%	-0.71%	-1.31%	0.77%	0.62%	0.03%	1.02%	0.37%	3.55%	0.04%	-0.60%	4.89%	3.93%	2.03%	5.32%	-0.42%	1.94%	2.85%	0.41%	-0.33%

# Executive Summary – Cont.

## Added Value

- In Q1 of 2021, the MT outperformed its policy benchmark by 0.70%.  
Attribution: Universe Bonds +0.85%, World Equity +0.16%, US Equity +0.06%, EAFE Equity -0.03%, Canadian Equity -0.03%, Emerging Equity -0.14%, and Minimum Target Return -0.17%.

## Q1 Updates

- Completed a re-up of EUR 22.5mn to a middle-market European infrastructure manager focused on the digital infrastructure, energy transition and mobility sectors.
- Committed CAD 15mn to a new Canadian middle-market private equity firm focused on the healthcare, financial services and consumer sectors.
- Allocated CAD 78.5mn to new international equity manager, funded with passive EAFE allocation.
- Closed CAD 58.2mn TSX60 strategy, and used proceeds to increase allocation to active Canadian and emerging market strategies.

# Total Fund Net Returns

As of March 31, 2021

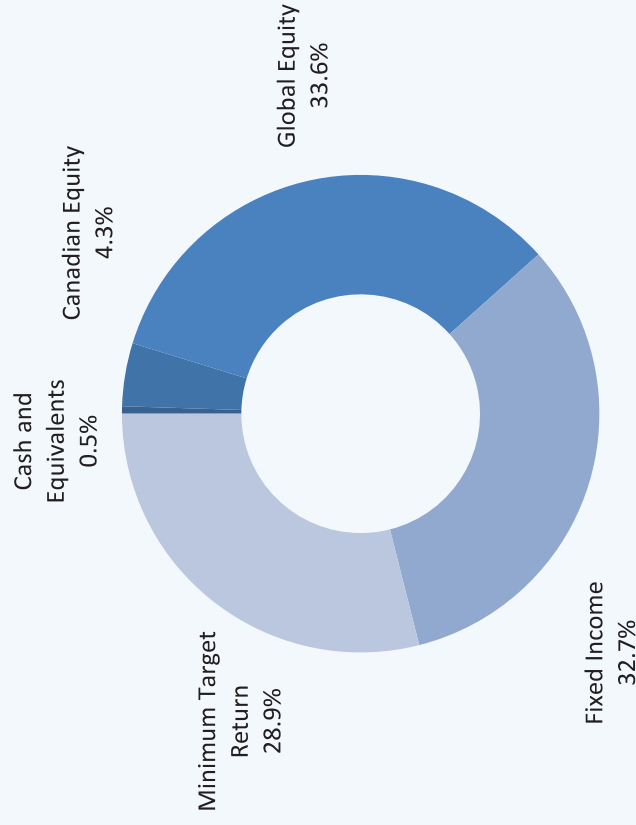
	Q1		1-Year	3-Year Annualized	4-Year Annualized	Since Inception (Oct 1999)
Fund Return		1.59%	15.04%	7.38%	7.80%	7.19%
Policy Benchmark*		0.89%	14.68%	6.31%	6.37%	5.77%
Excess Return		0.70%	0.36%	1.07%	1.43%	1.42%

\* Effective March 31, 2021, the Policy Benchmark is 4.8% S&P/TSX Index + 5.6% S&P 500 Hedged Index (\$CAD) + 8.0% MSCI EAFE Index (\$CAN) + 4.4% MSCI Emerging Markets (\$CAN) + 10.5% MSCI World (\$CAN) + 16.9% FTSE TMX Canada Universe Bond + 22.0% 3 Month Bankers Acceptance + 27.8% Minimum Target Return.

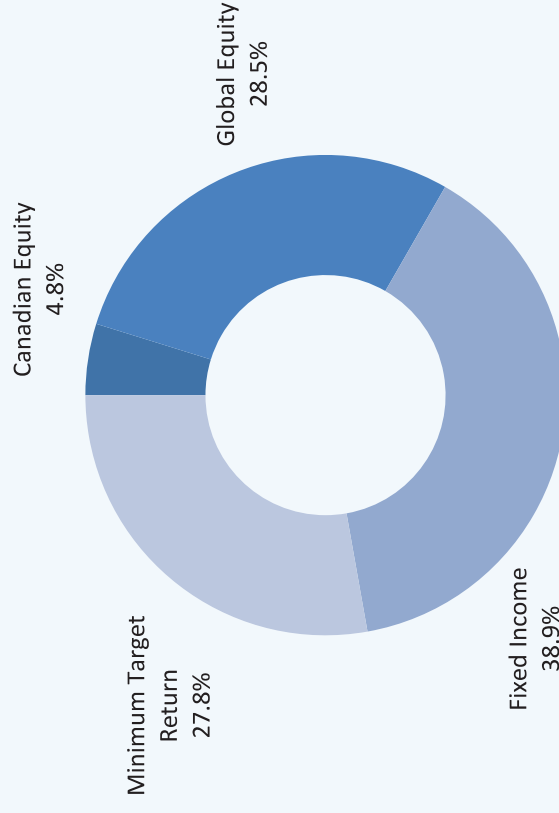
Fund returns are shown net of fees and expenses

# Asset Mix

## Asset Mix As of March 31, 2021



## Asset Mix Policy As of March 31, 2021



\* Effective March 31, 2021, the Policy Benchmark is 4.8% S&P/TSX Index + 5.6% S&P 500 Hedged Index (\$CAD) + 8.0% MSCI EAFE Index (\$CAN) + 4.4% MSCI Emerging Markets (\$CAN) + 10.5% MSCI World (\$CAN) + 16.9% FTSE TMX Canada Universe Bond + 22.0% 3 Month Bankers Acceptance + 27.8% Minimum Target Return.

# Equity Market Returns

As of March 31, 2021

Index	Q1	1-Year	3-Year Annualized	4-Year Annualized
Canadian Equity (S&P/TSX Composite Index)	8.05%	44.25%	10.19%	8.01%
US Equity (S&P 500 C\$)	4.75%	38.06%	15.79%	14.37%
EAFE Equity (MSCI EAFE C\$)	2.09%	27.66%	5.13%	6.56%
Emerging Markets (MSCI EM C\$)	0.91%	39.86%	5.58%	9.19%
World Equity (MSCI World C\$)	3.51%	36.01%	11.86%	11.34%

- Global equities gained in Q1 supported by the roll-out of Covid-19 vaccines and news of further US fiscal stimulus.
- Emerging market equities registered a positive return in Q1 despite weakness later in the quarter as vaccination lagged developed markets.

\*Source: Northern Trust

# Public Equity – Q1 Summary

- The MT's Equity portfolio returned 3.73% during the quarter, underperforming the equity policy benchmark return of 4.10% by 0.37%, primarily due to underperformance of Emerging equities.

As of March 31, 2021 (C\$ returns)

Equity Mandate	Q1			One year		
	Plan	Benchmark	Relative Performance	Plan	Benchmark	Relative Performance
Canadian Equity	8.18%	8.05%	0.13%	37.88%	44.25%	-6.37%
US Equity	6.13%	6.11%	0.02%	56.26%	54.53%	1.73%
EAFE Equity	1.95%	2.09%	-0.14%	27.49%	27.66%	-0.17%
Emerging Equity	-1.70%	0.91%	-2.61%	38.31%	39.86%	-1.55%
World Equity	4.30%	3.51%	0.79%	28.60%	36.01%	-7.41%
International Equity**	0.78%	0.53%	0.25%	NA	NA	NA
<b>Total</b>	<b>3.73%</b>	<b>4.10%</b>	<b>-0.37%</b>	<b>34.88%</b>	<b>38.81%</b>	<b>-3.93%</b>

\*Source: Northern Trust

\*\*Inception since March 17, 2021



# Bond Market Returns

As of March 31, 2021

Index	Q1	1-Year	3-Year Annualized	4-Year Annualized
Canadian Universe Bonds (FTSE TMX Canada Universe Bond)	-5.04%	1.62%	3.77%	3.16%
Canadian Government Bonds (FTSE TMX Canada Universe Government)	-5.59%	-0.48%	3.49%	2.91%
Canadian Corporate Bonds (FTSE TMX Canada Universe Corporate)	-3.50%	7.60%	4.56%	3.87%

- Corporate bonds have outperformed Government bonds and the broader Universe over the Q1, 1-year periods, 3-year periods and 4-year periods.

\*Source: Northern Trust

# Public Fixed Income – Q1 Summary

- The MT's diversified Fixed Income portfolio earned -0.09%, which outperformed its benchmark return of -2.15% by 2.06%, primarily due to outperformance of Canadian Corporate Bond.

As of March 31, 2021 (C\$ returns)

	Q1			One year		
	Plan	Benchmark	Relative Performance	Plan	Benchmark	Relative Performance
Canadian Corporate Bond	3.39%	-3.50%	6.89%	25.67%	7.60%	18.07%
Government Bond	-4.88%	-5.59%	0.71%	-0.02%	-0.48%	0.46%
Global Credit Absolute Return	-0.08%	0.11%	-0.19%	4.60%	0.51%	4.09%
<b>Total</b>	<b>-0.09%</b>	<b>-2.15%</b>	<b>2.06%</b>	<b>8.97%</b>	<b>1.29%</b>	<b>7.68%</b>

\*Source: Northern Trust



# Private Market – Q1 Summary

- The Minimum Target Return portfolio (private investment portfolio) returned 0.90% in Q1, versus a benchmark of 1.56%, underperforming by 0.66%.

## As of March 31, 2021 (C\$ returns)

	Q1	1-Year	3-Year Annualized	4-Year Annualized	Since Inception (Oct 1999)
MTR Return	0.90%	3.19%	9.09%	10.35%	12.10%
Policy Benchmark	1.56%	6.25%	6.19%	6.23%	6.47%
Excess Return	-0.66%	-3.06%	2.90%	4.12%	5.63%

The policy benchmark for the private investment portfolio is the Going Concern Discount rate. The 2021 rate is 6.25%, 2020 rate is 6.25%, 2019 is 6.1%, 2018 is 6.2%, 2017 is 6.4%, 2016 is 6.5%, 2015 is 6.55%, 2014 is 6.5%, 2013 is 6.25%, 2007-2012 is 6.75% and prior to 2007 is 7.4% respectively.

# Liquidity

	Estimated 2021 Amounts (\$ mln)
Contributions**	\$ 100.4
Dividend & Distribution Income**	\$ 15.0
Interest Income**	\$ 11.8
Other Income**	\$ 0.3
Benefit Payments**	-\$ 126.2
Expenses**	-\$ 3.8
<b>Total Annual Net CF</b>	<b>-\$ 2.5</b>
Liquid Investments*	\$ 1,620.9
Actual Net Distributions	\$ 36.0
Projected Net Distributions***	\$ 79.5
Actual Net Capital Calls	-\$ 17.0
Projected Net Capital Calls***	-\$ 75.0
<b>Total CF + Liquid Investments + Private Sales – Capital Calls</b>	<b>\$ 1,641.9</b>

\* Liquid investments as at May 12, 2021. Includes all publicly traded equity and fixed income investments

\*\* Contributions, Benefit Payments, Income, and expense estimates based on actual amounts from January to March 2020, annualized for full year

\*\*\*Forecasted based on 2020 numbers