

Halifax Water Meeting Agenda

Halifax Water Board of Commissioners		
Date: March 28, 2024	Meeting Time: 9:00 a.m.	
Location: MS Teams Virtual Meeting		
Commissioner Colleen Rollings, Chair		
IN CAMERA AGENDA	Presenting	Time
1C. Approval of Minutes of the In-Camera Meeting held on Thursday, February 22, 2024	Chair	2 min
<i>Motion: That the Halifax Water Board approve the In-Camera minutes of February 22, 2024.</i>		
2C. Business arising from the minutes a.	Chair	5 min
3C. Security Matter	Director, Engineering & Technology Services	15 min
4C. Security Matter	Director, Corporate Services/CFO	10 min
5C. Personnel Matter	Acting GM/CEO	5 min
6C. Personnel Matter	Acting GM/CEO	10 min
7C. Contract Negotiations	Acting Director, Operations	10 min
8C-I Contract Negotiations	Director, Engineering & Technology Services	
PUBLIC AGENDA	Presenting	Time
Regular Reports		
1. Ratification of In-Camera motions	Chair	5 min
<i>Motion: That the Halifax Water Board ratify the In-Camera Motions.</i>		
2. Approval of the order of business and approval of additions and deletions		
<i>Motion: That the Halifax Water Board approve the order of business and approve additions and deletions.</i>		
3. Approval of minutes of the public meeting held on Thursday, February 22, 2024.	Chair	2 min
<i>Motion: That the Halifax Water Board approve the minutes of the public meeting held on February 22, 2024.</i>		

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4. Business Arising from the Minutes		
a.		

Financial Reports		
5.1 Operating Results for the Ten Months ended January 31, 2024	Director, Corporate Services/CFO	30 min
5.2. 2024 Spring Debenture	Director, Corporate Services/CFO	15 min
<p><i>Motion: That the Halifax Water Board approve the following:</i></p> <ol style="list-style-type: none"> <i>1. Approve the financing of \$15,000,000 with a thirty-year amortization term and finance over ten years. The maximum all-inclusive rate is not to exceed 6.5%.</i> <i>2. Approve the re-financing of \$2,784,599 with a ten-year amortization term and financing over ten years, with an all-inclusive rate not to exceed 6.5%.</i> 		

Capital Approvals		
6.1 Capital Expenditures for the Ten Months Ending January 31, 2024	Director, Engineering & Technology Services	10 min
6.2 Mt. Edward Reservoir Project	Director, Engineering & Technology Services	10 min
<p><i>Motion: That the Halifax Water Board approve the replacement of the Mt. Edward Reservoir #1 for total project cost of \$23,744,000; to be included in the 2024/2025 and 2025/2026 Capital Budgets.</i></p>		
6.3 Sunnydale Infrastructure Renewal Project	Director, Engineering & Technology Services	10 min
<p><i>Motion: That the Halifax Water Board approve the Sunnydale Avenue and Windmill Road Infrastructure Renewal project at an estimated total project cost of \$3,153,000 (incl. net HST).</i></p>		

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Other Business		
7. Corporate Balanced Scorecard – 2024/25 Program	Acting GM/CEO	20 min
<i>Motion: That the Halifax Water Board approve the Corporate Balanced Scorecard targets for the 2024/25 fiscal year, including the organizational award program which is tied to the outcomes of the Corporate Balanced Scorecard organizational indicators as detailed in this report.</i>		

Information Reports
1-I. HRWC Employees’ Pension Plan Q4 Financial Report
2-I. HRM Master Trust 2023 Q3 Investment Report
3-I. HW Employees DC Plan Financial Report December 31, 2023
4-I. Capital Project Status Dashboard
5-I. Cost Containment Report
6-I. Green Choice Program

Prepared By:

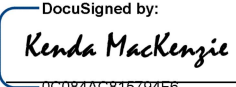
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Lorna Skinner
 Governance Coordination Assistant

TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
A65D6874EBC1467
Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

APPROVED: 
UC084AC815794F6...
Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 15, 2024

SUBJECT: **Financial Results for the ten months ended January 31, 2024**

ORIGIN

Financial information reporting.

BACKGROUND

At the March 7, 2024, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached financial information report for the ten months ended January 31, 2024, was reviewed and discussed.

DISCUSSION

No additional information was requested to be brought forward to the Halifax Water Board meeting following the discussion of the attached at the Committee meeting.


ATTACHMENT

1. Report to the Halifax Water Audit and Finance Committee regarding financial results of the Halifax Regional Water Commission for the ten months ended January 31, 2024

Report Prepared by:



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Alicia Scallion, CPA, CA, Manager, Finance

Financial Reviewed by:


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

TO: Chair and Members of the Halifax Regional Water Commission Audit and Finance Committee

SUBMITTED BY: 
A65D6874EBC1467
Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

APPROVED: 
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Kenda McKenzie, P.Eng.
Acting Chief Executive Officer and General Manager

DATE: February 29, 2024

SUBJECT: Financial Results for the ten months ended January 31, 2024

ORIGIN

Financial information reporting.

DISCUSSION

Attached are the operating results for Halifax Water for the ten months year ended January 31, 2024, with comparative figures for January 31, 2023.

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.

Statement of Financial Position (NSUARB) – Page 3 of Attachment 1

Key indicators and balances from the Statement of Financial Position are provided in the following tables.

Table 1: Assets

January 31 (in thousands)	Notes	2024	2023	March 31 2023	From Prior Year \$ Change	% Change
Assets						
Current						
Cash and cash equivalents	A	\$ 54,661	\$ 49,501	\$ 44,596	\$ 5,160	10.4%
Receivables						
Customer charges and contractual	B	19,245	17,535	17,825	1,710	9.8%
Unbilled service revenues		21,006	19,896	19,265	1,110	5.6%
Halifax Regional Municipality	C	2,613	0	5,773	2,613	0.0%
Inventory		2,513	2,467	3,517	46	1.9%
Prepays		1,726	2,027	1,282	(301)	(14.8%)
		101,764	91,426	92,258	10,338	11.3%
Capital work in progress	D	145,162	114,973	79,447	30,189	26.3%
Utility plant in service	E	1,277,268	1,293,670	1,363,810	(16,402)	(1.3%)
Total assets		1,524,194	1,500,069	1,535,515	24,125	1.6%
Regulatory deferral account		2,093	2,269	2,237	(176)	(7.8%)
Total assets and regulatory deferral account		\$ 1,526,287	\$ 1,502,338	\$ 1,537,752	\$ 23,949	1.6%

Notes related to Table 1:

- A) *Cash and cash equivalents* have increased \$5.2 million from the prior year due to Halifax Water acquiring new debt during the fall of this fiscal year of \$50.1 million. The total balance of the Regional Development Charge (RDC) reserves is \$109.5 million.
- B) *Customer charges and contractual receivables* have increased \$1.7 million from the prior year. The change in receivables is driven by the timing of billing cycles, higher service rates due to rate increases and a receivable for stormwater right of way charges for customers in expanded service area and the Province.

Customer charges and contractual					
	2023/24	2022/23			
	'000	'000	\$ Change	% Change	
Trade receivables	\$ 18,351	\$ 17,546	\$ 805	4.6%	
Other receivables	3,820	3,313	507	15.3%	
Allowance for doubtful accounts	(2,926)	(3,324)	398	12.0%	
	\$ 19,245	\$ 17,535	\$ 1,710	9.8%	

ITEM # 3

Halifax Water Audit and Finance Committee

March 7, 2024

- C) *Halifax Regional Municipality receivable* has increased \$5.8 million from the prior year. This is primarily related to increases in regional development charges.

HRM Receivables and Payables						
	2023/24		2022/23		\$ Change	% Change
	'000	'000	'000	'000		
Receivables	\$ 1,894	\$ 1,072	\$ 822	76.7%		
RDC	6,745	3,611	3,134	86.8%		
Payables	(6,026)	(7,843)	1,817	(23.2%)		
	\$ 2,613	\$ (3,160)	\$ 5,773	(182.7%)		

- D) The \$30.2 million increase in *capital work in progress* relates to the expenditures up until January 2023 of \$143.3 million compared to \$115.6 million in the prior year.

- E) *Utility plant in service* has decreased \$16.4 million due to depreciation.

Table 2: Liabilities and Equity

January 31 (in thousands)	Notes	2024	2023	March 31	From Prior Year	
				2023	\$ Change	% Change
Liabilities						
Current						
Payables and accruals						
Trade	A	19,415	15,498	33,827	3,917	25.3%
Non-trade		3,453	4,272	4,717	(819)	(19.2%)
Interest on long term debt		1,400	1,456	2,205	(56)	(3.8%)
Halifax Regional Municipality		0	3,160	(5,532)	(3,160)	(100.0%)
Contractor and customer deposits		3,394	2,853	2,841	541	19.0%
Current portion of long term debt		56,933	43,154	45,962	13,779	31.9%
Unearned revenue	B	2,121	1,523	95	598	39.3%
		86,716	71,916	84,115	14,800	20.6%
Long term debt	C	179,483	175,262	172,489	4,221	2.4%
Deferred contributions	D	110,394	87,819	94,210	22,575	25.7%
Total liabilities		376,593	334,997	350,814	41,596	12.4%
Equity						
Accumulated capital surplus		1,105,151	1,131,856	1,153,390	(26,705)	(2.4%)
Accumulated operating surplus		28,925	29,133	28,925	(208)	(0.7%)
Operating surplus used to fund capital		12,380	12,380	12,380	0	0.0%
Deficiency of revenues over expenditures		3,238	(6,028)	(7,757)	9,266	(153.7%)
Total equity		1,149,694	1,167,341	1,186,938	(17,647)	(1.5%)
Total liabilities and equity		\$ 1,526,287	\$ 1,502,338	\$ 1,537,752	\$ 23,949	1.6%

Notes related to Table 2:

- A) *Trade payables and accruals* have increased \$3.9 million from the prior year due to increases in capital spend and an increase in accrued liabilities.

Payables and Accruals					
	2023/24		2022/23		
	'000	'000	\$ Change	% Change	
Trade payables	\$ 9,666	\$ 7,379	\$ 2,287	31.0%	
Trade accrued payables	8,637	6,730	1,907	28.3%	
Accrued wastewater rebate	1,112	1,389	(277)	(19.9%)	
	\$ 19,415	\$ 15,498	\$ 3,917	25.3%	

- B) *Unearned revenue* has increased by \$0.6 million due to the increases in fire protection and stormwater right of way charges.
- C) *Long term debt* and the *current portion of long-term debt* have increased \$13.8 million and \$4.2 million due to new debt acquired during the fall of this fiscal year of \$50.1 million compared to the prior year of \$32.9 million.
- D) *Deferred contributions* have increased \$22.6 million due to increases in regional development charges.

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 of January 31, 2024 is as follows:

Debt Servicing Ratio by Service		
	2023/24	2022/23
Water	13.24%	14.62%
Wastewater	18.83%	21.41%
Stormwater	22.67%	25.28%
Combined	17.02%	19.11%

The debt servicing ratio for each service has decreased from the prior year. Debt servicing ratios have decreased from the prior year due to higher revenues. The combined debt servicing ratio of 17.02% is below the maximum 35.00% ratio allowed under the blanket guarantee agreement with Halifax.

Statement of Earnings (NSUARB) – Page 4 of Attachment 1

Table 3: Summarized Statement of Earnings (NSUARB)

Summarized Statement of Earnings							
Notes	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Change	% Change
	'000	'000	'000				
Operating revenues	\$ 168,897	\$ 143,556	\$ 129,318	\$ 14,238	11.01%	\$ (25,341)	(15.00%)
Operating expenditures	135,956	111,010	104,171	6,839	6.57%	(24,946)	(18.35%)
Earnings from operations before financial and other revenues and expenditures	32,941	32,546	25,147	7,399	29.42%	(395)	(1.20%)
Financial and other revenues	990	739	1,130	(391)	(34.60%)	(251)	(25.35%)
Financial and other expenditures	36,247	30,047	30,299	(252)	(0.83%)	(6,200)	(17.10%)
Earnings (loss) for the year	A \$ (2,316)	\$ 3,238	\$ (4,022)	\$ 7,260	(180.51%)	\$ 5,554	(239.81%)

Notes related to Table 3:

- A) The *earnings* for the year are \$3.2 million, an increase of \$7.3 million over the prior year loss. The following is a discussion of factors influencing the change.

Table 4: Operating Revenues:

Operating Revenues							
Notes	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Change	% Change
	'000	'000	'000				
Consumption revenue	B \$ 108,392	\$ 94,030	\$ 82,755	\$ 11,275	13.62%	\$ (14,362)	(13.25%)
Base charge revenue	34,356	28,818	28,517	301	1.06%	(5,538)	(16.12%)
Wastewater rebate	(1,629)	(1,419)	(1,463)	44	(3.01%)	210	(12.89%)
Metered sales total	141,119	121,429	109,809	11,620	10.58%	\$ (19,690)	(13.95%)
Stormwater site generated charge	8,873	5,893	5,666	227	4.01%	(2,980)	(33.59%)
Stormwater right of way	C 6,515	5,898	3,976	1,922	48.34%	(617)	(9.47%)
Public fire protection	8,083	6,736	6,426	310	4.82%	(1,347)	(16.66%)
Private fire protection	1,652	1,413	1,129	284	25.16%	(239)	(14.47%)
Other operating revenue	2,655	2,187	2,312	(125)	(5.41%)	(468)	(17.63%)
Operating revenue total	A \$ 168,897	\$ 143,556	\$ 129,318	\$ 14,238	11.01%	\$ (25,341)	(15.00%)

Notes related to Table 4:

Operating revenues are presented above, broken down by type:

- A) *Operating revenues* have increased \$14.2 million as compared to the previous year.
- B) *Consumption revenue* has increased \$11.3 million over the prior year due to rate increases for water consumption and wastewater discharge effective December 1, 2022 and April 1, 2023. It has also increased due to an increase in consumption of approximately 2%. Water rates increased from \$1.017 per cubic meter effective December 1, 2022 to \$1.128 per cubic meter effective April 1, 2023. Wastewater rates increased from \$2.189 per cubic meter effective December 1, 2022 to \$2.259 per cubic meter effective April 1, 2023.

- C) *Stormwater right of way charge revenue* has increased \$1.9 million from the prior year due to addition of Province of Nova Scotia and Bridge Commission with an effective date of December 1, 2022.

Table 5: Operating expenditures:

Operating Expenditures								
Notes	Budget 2023/24 '000	Actual 2023/24 '000	Actual 2022/23 '000	From Prior Year		Actual to Budget		
				\$ Change	% Change	\$ Change	% Change	
Water supply and treatment	B \$ 12,621	\$ 13,046	\$ 9,587	\$ 3,459	36.08%	\$ (425)	(3.37%)	
Water transmission and distribution	C 13,203	9,923	9,358	565	6.04%	3,280	24.84%	
Wastewater collection	D 13,554	11,588	11,104	484	4.36%	1,966	14.50%	
Stormwater collection	5,382	4,218	3,850	368	9.56%	1,164	21.63%	
Wastewater treatment	E 25,065	19,644	19,151	493	2.57%	5,421	21.63%	
Engineering and technology services	14,009	12,031	11,931	100	0.84%	1,978	14.12%	
Regulatory services	5,060	3,688	3,793	(105)	(2.77%)	1,372	27.11%	
Customer services	4,526	3,680	3,668	12	0.33%	846	18.69%	
Corporate services	3,655	2,465	2,524	(59)	(2.34%)	1,190	32.56%	
Administration services	6,197	3,767	4,171	(404)	(9.69%)	2,430	39.21%	
Depreciation and amortization	F 32,684	26,960	25,034	1,926	7.69%	5,724	17.51%	
Total operating expenditures	A \$ 135,956	\$ 111,010	\$ 104,171	\$ 6,839	6.57%	\$ 24,946	18.35%	

Notes related to Table 5:

- A) *Operating expenditures* of \$111.0 million are \$6.8 million higher than the prior year.
- B) *Water supply and treatment* expenditures have increased \$3.5 million from prior year due to an increase in salaries and benefits, contract services, equipment repairs and maintenance resulting from an increase in electricity costs, consulting services and chemical prices required for the treatment process.
- C) *Water transmission and distribution* expenditures have increased \$0.6M from prior year due to an increase in materials and supplies, and traffic control services.
- D) *Wastewater collection* expenditures have increased \$0.5M from prior year due to an increase in contract services and electricity costs.
- E) *Wastewater treatment* expenditures have increased \$0.5M from prior year due to an increase in biosolids trucking, electricity costs and chemical prices required for the treatment process.
- F) *Depreciation and amortization* have increased \$1.9 million because of additions to utility plant in service and intangibles.

Table 6: Financial and other revenues:

Financial and other revenues							
Notes	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Remaining	% Remaining
	'000	'000	'000				
Interest	\$ 363	\$ 332	\$ 402	\$ (70)	(17.41%)	\$ (31)	(8.54%)
Other	627	407	728	(321)	(44.09%)	(220)	(35.09%)
Total financial and other revenues	A \$ 990	\$ 739	\$ 1,130	\$ (391)	(34.60%)	\$ (251)	(25.35%)

Notes related to Table 6:

- A) *Financial and other revenues* have reduced due to less interest revenue earned on lower cash balance and a prior year one-time revenue generating wastewater treatment contract with a visiting marine vessel.

Table 7: Financial and other expenditures:

Financial and other expenditures							
Notes	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Remaining	% Remaining
	'000	'000	'000				
Interest	\$ 39	\$ 83	\$ 44	\$ 39	88.64%	\$ 44	112.82%
Interest on long term debt	7,051	5,473	5,776	(303)	(5.25%)	(1,578)	(22.38%)
Amortization of debt discount	202	183	192	(9)	(4.69%)	(19)	(9.41%)
Repayment on long term debt	22,191	18,774	18,744	30	0.16%	(3,417)	(15.40%)
Dividend/grant in lieu of taxes	6,589	5,501	5,436	65	1.20%	(1,088)	(16.51%)
Other	175	33	107	(74)	(69.16%)	(142)	(81.14%)
Total financial and other expenditures	A \$ 36,247	\$ 30,047	\$ 30,299	\$ (252)	(0.83%)	\$ (6,200)	(17.10%)

Notes related to Table 7:

- A) *Financial and other expenditures* are comparable to the prior year, interest on long term debt is expected to increase as interest payments are accrued and paid.

Table 8: Operating Results by Service:

Operating Results by Service							
	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Remaining	% Remaining
	'000	'000	'000				
Water	\$ (1,715)	\$ (1,469)	\$ (833)	\$ (636)	76.35%	\$ 246	(14.34%)
Wastewater	70	5,468	(1,064)	6,532	(613.91%)	5,398	7711.43%
Stormwater	(671)	(761)	(2,125)	1,364	(64.19%)	(90)	13.41%
Loss (earnings)	\$ (2,316)	\$ 3,238	\$ (4,022)	\$ 7,260	(180.51%)	\$ 5,554	(239.81%)

The results in Table 8 are explained in more detail in Tables 9 to 11.

Table 9: Operating Results by Service – Water:

Operating Results by Service - Water							
Notes	Budget 2023/24 '000	Actual 2023/24 '000	Actual 2022/23 '000	From Prior Year		Actual to Budget	
				\$ Change	% Change	\$ Remaining	% Remaining
Operating revenues	A \$ 64,252	\$ 54,719	\$ 49,446	\$ 5,273	10.66%	\$ (9,533)	(14.84%)
Operating expenditures	B 51,974	44,754	38,957	5,797	14.88%	(7,220)	(13.89%)
Earnings from operations	12,278	9,965	10,489	(524)	(5.00%)	(2,313)	(18.84%)
Financial and other revenues	724	569	678	(109)	(16.08%)	(155)	(21.41%)
Financial and other expenditures	14,717	12,003	12,000	3	0.03%	(2,714)	(18.44%)
Loss for the year	\$ (1,715)	\$ (1,469)	\$ (833)	\$ (636)	76.35%	\$ 246	(14.34%)

Water services loss has increased from the prior year loss by \$0.6 million due to the following factors:

- A) *Operating revenues* increase of \$5.0 million attributable to the following:
 - i. Increase in base charges and consumption of approximately 2% by new and existing customers.
 - ii. Water rates increased from \$0.976 per cubic meter to \$1.017 per cubic meter effective December 1, 2022 and to \$1.128 per cubic meter effective April 1, 2023.
- B) Increase in *operating expenditures* of \$5.8 million because of a \$3.5 million increase in water supply and treatment, \$0.5 million increase in water transmission and distribution, \$0.5 million increase in engineering and technology services, and an increase of \$1.3 million in depreciation and amortization.

Table 10: Operating Results by Service – Wastewater:

Operating Results by Service - Wastewater							
Notes	Budget 2023/24 '000	Actual 2023/24 '000	Actual 2022/23 '000	From Prior Year		Actual to Budget	
				\$ Change	% Change	\$ Remaining	% Remaining
Operating revenues	A \$ 89,041	\$ 76,891	\$ 70,029	\$ 6,862	9.80%	\$ (12,150)	(13.65%)
Operating expenditures	B 71,132	56,456	55,893	563	1.01%	(14,676)	(20.63%)
Earnings (loss) from operations	17,909	20,435	14,136	6,299	44.56%	2,526	14.10%
Financial and other revenues	266	170	452	(282)	(62.39%)	(96)	(36.09%)
Financial and other expenditures	C 18,105	15,137	15,652	(515)	(3.29%)	(2,968)	(16.39%)
Earnings (loss) for the year	\$ 70	\$ 5,468	\$ (1,064)	\$ 6,532	(613.91%)	\$ 5,398	7711.43%

Wastewater services earnings of \$5.5 million is higher than the prior year loss by \$6.5 million due to the following factors:

- A) *Operating revenues* increase of \$7.0 million is attributable primarily to the increase in the wastewater discharge rate from \$2.073 per cubic meter to \$2.189 per cubic meter effective December 1, 2022 and to \$2.259 per cubic meter effective April 1, 2023 along with an increase in consumption of approximately 2%.

- B) *Operating expenditures* increase of \$0.6 million is due to an increase in contract services and electricity costs.
- C) Decrease in *financial and other expenditures* of \$2.0 million as previously noted.

Table 11: Operating Results by Service – Stormwater:

Operating Results by Service - Stormwater							
Notes	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Remaining	% Remaining
	'000	'000	'000				
Operating revenues	A \$ 15,604	\$ 11,946	\$ 9,843	\$ 2,103	21.37%	\$ (3,658)	(23.44%)
Operating expenditures	12,850	9,800	9,321	479	5.14%	(3,050)	(23.74%)
Loss from operations	2,754	2,146	522	1,624	311.11%	(608)	(22.08%)
Financial and other revenues	-	-	-	-	0.00%	-	0.00%
Financial and other expenditures	3,425	2,907	2,647	260	9.82%	(518)	(15.12%)
Loss (earnings) for the year	\$ (671)	\$ (761)	\$ (2,125)	\$ 1,364	(64.19%)	\$ (90)	13.41%

Stormwater services earnings of \$(0.8) million is \$1.4 million higher than the prior year earnings. The following factors influenced the results:

- A) Increase of \$0.5 million in *operating revenues* due to rate increases effective December 1, 2022 and April 1, 2023 along with the addition of new customers due to the expansion of the stormwater boundary effective June 1, 2022.

Table 12: Operating Results by Activity:

Operating Results by Activity							
Notes	Budget	Actual	Actual	From Prior Year		Actual to Budget	
	2023/24	2023/24	2022/23	\$ Change	% Change	\$ Remaining	% Remaining
	'000	'000	'000				
Regulated activities	A \$ (2,790)	\$ 2,619	\$ (6,711)	\$ 9,330	(139.03%)	\$ 5,409	(193.87%)
Unregulated activities	B 474	619	683	(64)	(9.37%)	145	30.59%
Loss (earnings) for the year	\$ (2,316)	\$ 3,238	\$ (6,028)	\$ 9,266	(153.72%)	\$ 5,554	(239.81%)

Notes related to Table 12:

- A) *Regulated activities* earnings has increased from the prior year loss by \$9.3 million due to the factors as previously explained including net of increases in revenues and expenditures.
- B) *Unregulated activities* earnings are comparable to prior year.

Results under NSUARB Handbook as compared to International Financial Reporting Standards

As a rate regulated utility, the Accounting Standards Board (AcSB) requires Halifax Water, to report financial results using IFRS. The NSUARB requires Halifax Water to report in accordance with the NSUARB Handbook. Table 9 below reconciles the results between IFRS and the NSUARB Handbook.

Table 13: Reconciliation IFRS to NSUARB:

Notes related to Table 13:

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

Reconcile IFRS to NSUARB			
	Notes	2023/24 '000	2022/23 '000
IFRS comprehensive earnings		\$ 14,749	\$ 5,637
Add non-cash pension expense	A	5,496	7,845
Subtract debt principal payments	B	(18,774)	(18,744)
Add depreciation expense on contributed assets	C	18,793	18,592
Subtract amortization of contributed capital	C	(18,793)	(18,592)
Add various depreciation adjustments	D	1,767	1,240
NSUARB Earnings (loss)		\$ 3,238	\$ (4,022)

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

- A) *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.
- B) The *principal payments* on long term debt are recognized as an expense for NSUARB Handbook reporting purposes but are not an expense under IFRS.
- C) *Depreciation expense on contributed assets* is not an expense for NSUARB Handbook purposes for water and wastewater assets, however, it is offset by the removal of the amortization of contributed capital. For stormwater assets, 25% of depreciation on contributed assets is included for NSUARB reporting purposes. 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.
- D) 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.

Table 14: Statement of Earnings and Comprehensive Earnings (IFRS):

Summarized Comprehensive Earnings					
	Notes	2023/24 '000	2022/23 '000	From Prior Year	
				\$ Change	% Change
Operating revenues	A	\$ 143,556	\$ 129,318	\$ 14,238	11.01%
Operating expenditures	B	130,521	128,523	1,998	1.55%
Earnings from operations before financial and other revenues and expenditures		13,035	795	12,240	1539.62%
Financial and other revenues		13,095	16,546	(3,451)	(20.86%)
Financial and other expenditures		11,189	11,512	(323)	(2.81%)
Earnings for the year before regulatory deferral account depreciation		14,941	5,829	9,112	156.32%
Regulatory deferral account depreciation		(192)	(192)	-	0.00%
Total comprehensive earnings for the year		\$ 14,749	\$ 5,637	\$ 9,112	161.65%

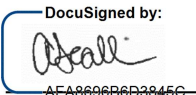
Notes related to Table 14:

Key indicators and balances from the Statement of Earnings and Comprehensive Earnings are as follows:

- A) *Operating revenues* of \$143.6 million are \$14.2 million higher than the prior year. Details have been discussed in preceding pages.
- B) *Operating expenditures* of \$130.5 million are \$2.0 million higher than the prior year. This is primarily the result of the following factors:
 - a. A \$3.5 million increase in water supply and treatment, \$0.6 million increase in water transmission and distribution and \$0.5 million increase in wastewater treatment.

Attachments

Attachment 1: Financial results for the ten months ended January 31, 2024.

Report prepared by: 

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

HALIFAX WATER
UNAUDITED STATEMENT OF FINANCIAL POSITION - IFRS
January 31, 2024 (in thousands)

January 31 (in thousands)	2024	2023	March 31 2023	From Prior Year \$ Change	% Change
Assets					
Current					
Cash and cash equivalents	\$ 54,661	\$ 49,501	\$ 44,596	\$ 5,160	10.4%
Receivables					
Customer charges and contractual	19,245	17,535	17,824	1,710	9.8%
Unbilled service revenues	21,006	19,896	19,265	1,110	5.6%
Halifax Regional Municipality	2,613	0	0	2,613	0.0%
Inventory	2,513	2,467	3,517	46	1.9%
Prepays	1,726	2,027	1,282	(301)	(14.8%)
	<u>101,764</u>	<u>91,426</u>	<u>86,484</u>	<u>10,338</u>	<u>11.3%</u>
Intangible assets	20,723	18,919	22,807	1,804	9.5%
Capital work in progress	145,162	114,973	79,446	30,189	26.3%
Utility plant in service	1,264,995	1,236,814	1,302,514	28,181	2.3%
Total assets	<u>1,532,644</u>	<u>1,462,132</u>	<u>1,491,251</u>	<u>70,512</u>	<u>4.8%</u>
Regulatory deferral account	2,093	2,269	2,236	(176)	(7.8%)
Total assets and regulatory deferral account	\$ 1,534,737	\$ 1,464,401	\$ 1,493,487	\$ 70,336	4.8%
Liabilities					
Current					
Payables and accruals					
Trade	19,415	15,498	33,826	3,917	25.3%
Non-trade	3,453	4,272	4,717	(819)	(19.2%)
Interest on long term debt	1,400	1,456	2,205	(56)	(3.8%)
Halifax Regional Municipality	0	3,160	(11,287)	(3,160)	(100.0%)
Contractor and customer deposits	3,394	2,853	2,841	541	19.0%
Current portion of deferred contributed capital	18,836	14,614	18,836	4,222	28.9%
Current portion of long term debt	56,933	43,154	45,962	13,779	31.9%
Unearned revenue	2,121	1,523	76	598	39.3%
	<u>105,552</u>	<u>86,530</u>	<u>97,176</u>	<u>19,022</u>	<u>22.0%</u>
Deferred contributed capital	925,008	897,929	919,422	27,079	3.0%
Long term debt	179,483	175,262	172,489	4,221	2.4%
Employee benefit obligation	13,622	49,706	8,078	(36,084)	(72.6%)
Total liabilities	<u>1,223,665</u>	<u>1,209,427</u>	<u>1,197,165</u>	<u>14,238</u>	<u>1.2%</u>
Equity					
Accumulated other comprehensive loss	51,651	11,226	51,651	40,425	360.1%
Accumulated surplus	259,421	243,748	244,671	15,673	6.4%
Total equity	<u>311,072</u>	<u>254,974</u>	<u>296,322</u>	<u>56,098</u>	<u>22.0%</u>
Total liabilities and equity	\$ 1,534,737	\$ 1,464,401	\$ 1,493,487	\$ 70,336	4.8%

HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS AND COMPREHENSIVE EARNINGS - ALL SERVICES - IFRS
APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 83.33%

	ACTUAL		APR 1/23 MAR 31/24 BUDGET	ACTUAL YEAR TO DATE as % of BUDGET	FROM PRIOR YEAR		ACTUAL TO BUDGET	
	THIS YEAR '000	LAST YEAR '000			\$ Change	% Change	\$ Remaining	% Remaining
Operating revenues								
Water	\$ 45,933	\$ 41,126	\$ 53,669	85.59%	\$ 4,807	11.69%	\$ (7,736)	(14.41%)
Wastewater	75,496	68,683	87,450	86.33%	6,813	9.92%	(11,954)	(13.67%)
Stormwater	11,791	9,642	15,388	76.62%	2,149	22.29%	(3,597)	(23.38%)
Public fire protection	6,736	6,426	8,083	83.34%	310	4.82%	(1,347)	(16.66%)
Private fire protection	1,413	1,129	1,652	85.53%	284	25.16%	(239)	(14.47%)
Other operating revenue	2,187	2,312	2,655	82.37%	(125)	(5.41%)	(468)	(17.63%)
	143,556	129,318	168,897	85.00%	14,238	11.01%	(25,341)	(15.00%)
Operating expenditures								
Water supply and treatment	13,046	9,587	12,621	103.37%	3,459	36.08%	425	3.37%
Water transmission and distribution	9,923	9,358	13,203	75.16%	565	6.04%	(3,280)	(24.84%)
Wastewater collection	11,588	11,104	13,554	85.50%	484	4.36%	(1,966)	(14.50%)
Stormwater collection	4,218	3,850	5,382	78.37%	368	9.56%	(1,164)	(21.63%)
Wastewater treatment	19,644	19,151	25,065	78.37%	493	2.57%	(5,421)	(21.63%)
Engineering and technology services	12,031	11,931	14,009	85.88%	100	0.84%	(1,978)	(14.12%)
Regulatory compliance services	3,688	3,793	5,060	72.89%	(105)	(2.77%)	(1,372)	(27.11%)
Customer services	3,680	3,668	4,526	81.31%	12	0.33%	(846)	(18.69%)
Corporate services	2,465	2,524	3,655	67.44%	(59)	(2.34%)	(1,190)	(32.56%)
Administration services	3,767	4,171	6,197	60.79%	(404)	(9.69%)	(2,430)	(39.21%)
Pension services	5,496	7,845	9,415	58.37%	(2,349)	(29.94%)	(3,919)	(41.63%)
Depreciation and amortization	41,167	41,733	50,548	81.44%	(566)	(1.36%)	(9,381)	(18.56%)
	130,713	128,715	163,235	80.08%	1,998	1.55%	(32,522)	(19.92%)
Earnings (loss) from operations before financial and other revenues and expenditures	12,843	603	5,662	226.83%	12,240	2029.85%	7,181	126.83%
Financial and other revenues								
Interest	332	402	363	91.46%	(70)	(17.41%)	(31)	(8.54%)
Amortization of contributed capital	12,439	15,459	17,864	69.63%	(3,020)	(19.54%)	(5,425)	(30.37%)
Other	407	729	627	64.91%	(322)	(44.17%)	(220)	(35.09%)
	13,178	16,590	18,854	69.89%	(3,412)	(20.57%)	(5,676)	(30.11%)
Financial and other expenditures								
Interest	83	44	39	212.82%	39	88.64%	44	112.82%
Interest on long term debt	5,473	5,776	7,051	77.62%	(303)	(5.25%)	(1,578)	(22.38%)
Amortization of debt discount	183	192	202	90.59%	(9)	(4.69%)	(19)	(9.41%)
Dividend/grant in lieu of taxes	5,501	5,436	6,589	83.49%	65	1.20%	(1,088)	(16.51%)
Other	32	108	175	18.29%	(76)	(70.37%)	(143)	(81.71%)
	11,272	11,556	14,056	80.19%	(284)	(2.46%)	(2,784)	(19.81%)
Total comprehensive earnings for the year	\$ 14,749	\$ 5,637	\$ 10,460	141.00%	\$ 9,112	161.65%	\$ 4,289	41.00%

HALIFAX WATER
UNAUDITED STATEMENT OF FINANCIAL POSITION - NSUARB
January 31, 2024 (in thousands)

January 31 (in thousands)	2024	2023	March 31 2023	From Prior Year \$ Change	% Change
Assets					
Current					
Cash and cash equivalents	\$ 54,661	\$ 49,501	\$ 44,596	\$ 5,160	10.4%
Receivables					
Customer charges and contractual	19,245	17,535	17,825	1,710	9.8%
Unbilled service revenues	21,006	19,896	19,265	1,110	5.6%
Halifax Regional Municipality	2,613	0	5,773	2,613	0.0%
Inventory	2,513	2,467	3,517	46	1.9%
Prepays	1,726	2,027	1,282	(301)	(14.8%)
	<u>101,764</u>	<u>91,426</u>	<u>92,258</u>	<u>10,338</u>	<u>11.3%</u>
Capital work in progress	145,162	114,973	79,447	30,189	26.3%
Utility plant in service	1,277,268	1,293,670	1,363,810	(16,402)	(1.3%)
Total assets	<u>1,524,194</u>	<u>1,500,069</u>	<u>1,535,515</u>	<u>24,125</u>	<u>1.6%</u>
Regulatory deferral account	2,093	2,269	2,237	(176)	(7.8%)
Total assets and regulatory deferral account	\$ 1,526,287	\$ 1,502,338	\$ 1,537,752	\$ 23,949	1.6%
Liabilities					
Current					
Payables and accruals					
Trade	19,415	15,498	33,827	3,917	25.3%
Non-trade	3,453	4,272	4,717	(819)	(19.2%)
Interest on long term debt	1,400	1,456	2,205	(56)	(3.8%)
Halifax Regional Municipality	0	3,160	(5,532)	(3,160)	(100.0%)
Contractor and customer deposits	3,394	2,853	2,841	541	19.0%
Current portion of long term debt	56,933	43,154	45,962	13,779	31.9%
Unearned revenue	2,121	1,523	95	598	39.3%
	<u>86,716</u>	<u>71,916</u>	<u>84,115</u>	<u>14,800</u>	<u>20.6%</u>
Long term debt	179,483	175,262	172,489	4,221	2.4%
Deferred contributions	110,394	87,819	94,210	22,575	25.7%
Total liabilities	<u>376,593</u>	<u>334,997</u>	<u>350,814</u>	<u>41,596</u>	<u>12.4%</u>
Equity					
Accumulated capital surplus	1,105,151	1,131,856	1,153,390	(26,705)	(2.4%)
Accumulated operating surplus	28,925	29,133	28,925	(208)	(0.7%)
Operating surplus used to fund capital	12,380	12,380	12,380	0	0.0%
Deficiency of revenues over expenditures	3,238	(6,028)	(7,757)	9,266	(153.7%)
Total equity	<u>1,149,694</u>	<u>1,167,341</u>	<u>1,186,938</u>	<u>(17,647)</u>	<u>(1.5%)</u>
Total liabilities and equity	\$ 1,526,287	\$ 1,502,338	\$ 1,537,752	\$ 23,949	1.6%

HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS - ALL SERVICES - NSUARB
APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 83.33%

	ACTUAL THIS YEAR '000	ACTUAL LAST YEAR '000	APR 1/23 MAR 31/24 BUDGET '000	ACTUAL YEAR TO DATE as % of BUDGET	From Prior Year \$ Change	% Change	Actual to Budget \$ Remaining	% Remaining
Operating revenues								
Water	\$ 45,933	\$ 41,126	\$ 53,669	85.59%	\$ 4,807	11.69%	\$ (7,736)	(14.41%)
Wastewater	75,496	68,683	87,450	86.33%	6,813	9.92%	(11,954)	(13.67%)
Stormwater site generated service	5,893	5,666	8,873	66.41%	227	4.01%	(2,980)	(33.59%)
Stormwater right of way service	5,898	3,976	6,515	90.53%	1,922	48.34%	(617)	(9.47%)
Fire protection (public and private)	8,149	7,555	9,735	83.71%	594	7.86%	(1,586)	(16.29%)
Other services and fees	1,274	1,296	1,472	86.55%	(22)	(1.70%)	(198)	(13.45%)
Late payment and other connection fees	456	466	627	72.73%	(10)	(2.15%)	(171)	(27.27%)
Miscellaneous	457	550	556	82.19%	(93)	(16.91%)	(99)	(17.81%)
	143,556	129,318	168,897	85.00%	14,238	11.01%	(25,341)	(15.00%)
Operating expenditures								
Water supply and treatment	13,046	9,587	12,621	103.37%	3,459	36.08%	425	3.37%
Water transmission and distribution	9,923	9,358	13,203	75.16%	565	6.04%	(3,280)	(24.84%)
Wastewater collection	11,588	11,104	13,554	85.50%	484	4.36%	(1,966)	(14.50%)
Stormwater collection	4,218	3,850	5,382	78.37%	368	9.56%	(1,164)	(21.63%)
Wastewater treatment	19,644	19,151	25,065	78.37%	493	2.57%	(5,421)	(21.63%)
Engineering and technology services	12,031	11,931	14,009	85.88%	100	0.84%	(1,978)	(14.12%)
Regulatory compliance services	3,688	3,793	5,060	72.89%	(105)	(2.77%)	(1,372)	(27.11%)
Customer services	3,680	3,668	4,526	81.31%	12	0.33%	(846)	(18.69%)
Corporate services	2,465	2,524	3,655	67.44%	(59)	(2.34%)	(1,190)	(32.56%)
Administration services	3,767	4,171	6,197	60.79%	(404)	(9.69%)	(2,430)	(39.21%)
Depreciation and amortization	26,960	25,034	32,684	82.49%	1,926	7.69%	(5,724)	(17.51%)
	111,010	104,171	135,956	81.65%	6,839	6.57%	(24,946)	(18.35%)
Earnings from operations before financial and other revenues and expenditures	32,546	25,147	32,941	98.80%	7,399	29.42%	(395)	(1.20%)
Financial and other revenues								
Interest	332	402	363	91.46%	(70)	(17.41%)	(31)	(8.54%)
Other	407	728	627	64.91%	(321)	(44.09%)	(220)	(35.09%)
	739	1,130	990	74.65%	(391)	(34.60%)	(251)	(25.35%)
Financial and other expenditures								
Interest	83	44	39	212.82%	39	88.64%	44	112.82%
Interest on long term debt	5,473	5,776	7,051	77.62%	(303)	(5.25%)	(1,578)	(22.38%)
Repayment on long term debt	18,774	18,744	22,191	84.60%	30	0.16%	(3,417)	(15.40%)
Amortization of debt discount	183	192	202	90.59%	(9)	(4.69%)	(19)	(9.41%)
Dividend/grant in lieu of taxes	5,501	5,436	6,589	83.49%	65	1.20%	(1,088)	(16.51%)
Other	33	107	175	18.86%	(74)	(69.16%)	(142)	(81.14%)
	30,047	30,299	36,247	82.90%	(252)	(0.83%)	(6,200)	(17.10%)
Earnings (loss) for the year	\$ 3,238	\$ (4,022)	\$ (2,316)	(139.81%)	\$ 7,260	(180.51%)	\$ 5,554	(239.81%)

HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS - WATER - NSUARB
APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 83.33%

	ACTUAL THIS YEAR '000	ACTUAL LAST YEAR '000	APR 1/23 MAR 31/24 BUDGET '000	ACTUAL YEAR TO DATE as % of BUDGET	From Prior Year \$ Change	% Change	Actual to Budget \$ Remaining	% Remaining
Operating revenues								
Water	\$ 45,933	\$ 41,126	\$ 53,669	85.59%	\$ 4,807	11.69%	\$ (7,736)	(14.41%)
Public fire protection	6,736	6,426	8,083	83.34%	310	4.82%	(1,347)	(16.66%)
Private fire protection	1,413	1,129	1,652	85.53%	284	25.16%	(239)	(14.47%)
Bulk water stations	239	336	338	70.71%	(97)	(28.87%)	(99)	(29.29%)
Late payment and other connection fees	148	191	252	58.73%	(43)	(22.51%)	(104)	(41.27%)
Miscellaneous	250	238	258	96.90%	12	5.04%	(8)	(3.10%)
	54,719	49,446	64,252	85.16%	5,273	10.66%	(9,533)	(14.84%)
Operating expenditures								
Water supply and treatment	13,046	9,587	12,621	103.37%	3,459	36.08%	\$ 425	3.37%
Water transmission and distribution	9,923	9,358	13,203	75.16%	565	6.04%	(3,280)	(24.84%)
Engineering and technology services	4,566	4,049	4,703	97.09%	517	12.77%	(137)	(2.91%)
Regulatory compliance services	883	1,142	1,521	58.05%	(259)	(22.68%)	(638)	(41.95%)
Customer services	1,966	1,819	2,308	85.18%	147	8.08%	(342)	(14.82%)
Corporate services	1,366	1,335	1,864	73.28%	31	2.32%	(498)	(26.72%)
Administration services	2,060	2,035	3,160	65.19%	25	1.23%	(1,100)	(34.81%)
Depreciation and amortization	10,944	9,632	12,594	86.90%	1,312	13.62%	(1,650)	(13.10%)
	44,754	38,957	51,974	86.11%	5,797	14.88%	(7,220)	(13.89%)
Earnings from operations before financial and other revenues and expenditures	9,965	10,489	12,278	81.16%	(524)	(5.00%)	(2,313)	(18.84%)
Financial and other revenues								
Interest	242	286	259	93.44%	(44)	(15.38%)	(17)	(6.56%)
Other	327	392	465	70.32%	(65)	(16.58%)	(138)	(29.68%)
	569	678	724	78.59%	(109)	(16.08%)	(155)	(21.41%)
Financial and other expenditures								
Interest on long term debt	2,072	2,038	2,767	74.88%	34	1.67%	(695)	(25.12%)
Repayment on long term debt	5,100	5,117	6,077	83.92%	(17)	(0.33%)	(977)	(16.08%)
Amortization of debt discount	72	73	79	91.14%	(1)	(1.37%)	(7)	(8.86%)
Dividend/grant in lieu of taxes	4,729	4,673	5,664	83.49%	56	1.20%	(935)	(16.51%)
Other	30	99	130	23.08%	(69)	(69.70%)	(100)	(76.92%)
	12,003	12,000	14,717	81.56%	3	0.03%	(2,714)	(18.44%)
Loss for the year	\$ (1,469)	\$ (833)	\$ (1,715)	85.66%	\$ (636)	76.35%	\$246,000	(14.34%)

HALIFAX WATER
 UNAUDITED STATEMENT OF EARNINGS - WASTEWATER - NSUARB
 APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
 ACTUAL YEAR TO DATE COMPLETE: 83.33%

	ACTUAL YEAR TO DATE THIS YEAR '000	LAST YEAR '000	APR 1/23 MAR 31/24 BUDGET '000	APR 1/23 MAR 31/24 FORECAST '000	ACTUAL YEAR TO DATE as % of BUDGET	ACTUAL YEAR TO DATE as % of FORECAST	From Prior Year \$ Change	% Change	Actual to Budget \$ Remaining	% Remaining	Budget to Forecast \$ Change	% Change
Operating revenues												
Wastewater	\$ 75,496	\$ 68,663	\$ 87,450	\$ 81,607	86.33%	92.51%	\$ 6,813	9.92%	\$ (11,954)	(13.67%)	\$ (5,843)	(6.68%)
Leachate and other contract revenue	458	378	494	491	92.71%	93.28%	80	21.16%	(36)	(7.29%)	(3)	(0.61%)
Septage tipping fees	482	524	535	475	80.09%	101.47%	(42)	(8.02%)	(53)	(9.91%)	(60)	(11.21%)
Airplane effluent	95	58	105	0	90.48%	0.00%	37	63.79%	(10)	(9.52%)	(105)	(100.00%)
Late payment and other connection fees	243	179	234	234	103.85%	103.85%	64	35.75%	9	3.85%	0	0.00%
Miscellaneous	117	207	223	253	52.47%	46.25%	(90)	(43.48%)	(106)	(47.53%)	30	13.45%
	76,891	70,029	89,041	83,150	86.35%	92.47%	6,862	9.80%	(12,150)	(13.65%)	(5,891)	(6.62%)
Operating expenditures												
Wastewater collection	11,588	11,104	13,554	13,096	85.50%	88.49%	484	4.36%	(1,966)	(14.50%)	(458)	(3.38%)
Wastewater treatment	19,644	19,151	25,065	23,395	78.37%	83.97%	493	2.57%	(5,421)	(21.63%)	(1,670)	(6.66%)
Engineering and technology services	6,165	6,086	7,086	7,109	86.86%	86.72%	69	1.13%	(931)	(13.12%)	13	0.18%
Regulatory compliance services	1,292	1,523	1,733	1,674	74.55%	77.18%	(231)	(15.17%)	(441)	(25.45%)	(59)	(3.40%)
Customer services	1,574	1,687	2,029	2,171	77.58%	72.50%	(123)	(7.25%)	(455)	(22.42%)	142	7.00%
Corporate services	989	1,070	1,612	1,612	61.35%	61.35%	(81)	(7.57%)	(623)	(38.65%)	0	0.00%
Administration services	1,539	1,922	2,733	2,733	56.31%	56.31%	(383)	(19.93%)	(1,194)	(43.69%)	0	0.00%
Depreciation and amortization	13,665	13,330	17,310	16,093	78.94%	84.91%	335	2.51%	(3,645)	(21.06%)	(1,217)	(7.03%)
	56,456	55,893	71,132	67,883	79.37%	83.17%	563	1.01%	(14,676)	(20.63%)	(3,249)	(4.57%)
Earnings from operations before financial and other revenues and expenditures	20,435	14,136	17,909	15,267	114.10%	133.85%	6,299	44.56%	2,526	14.10%	(2,642)	(14.75%)
Financial and other revenues												
Interest	90	116	104	21	86.54%	428.57%	(26)	(22.41%)	(14)	(13.46%)	(83)	(79.81%)
Other	80	336	162	155	49.38%	51.61%	(256)	(76.19%)	(82)	(50.62%)	(7)	(4.32%)
	170	452	266	176	63.91%	96.59%	(282)	(62.39%)	(96)	(36.09%)	(90)	(33.83%)
Financial and other expenditures												
Interest on long term debt	2,782	3,108	3,385	3,639	82.19%	76.45%	(326)	(10.49%)	(603)	(17.81%)	254	7.50%
Repayment on long term debt	11,605	11,789	13,790	13,635	84.16%	85.11%	(184)	(1.56%)	(2,185)	(15.84%)	(155)	(1.12%)
Amortization of debt discount	91	99	99	99	91.92%	91.92%	(8)	(8.08%)	(8)	(8.08%)	0	0.00%
Dividend/grant in lieu of taxes	656	648	786	786	83.46%	83.46%	8	1.23%	(130)	(16.54%)	0	0.00%
Other	3	8	45	30	6.67%	10.00%	(5)	(62.50%)	(42)	(93.33%)	(15)	(33.33%)
	15,137	15,682	18,105	18,167	83.61%	83.32%	(515)	(3.29%)	(2,968)	(16.39%)	62	0.34%
Earnings (loss) for the year	\$ 5,468	\$ (1,064)	\$ 70	\$ (2,271)	781.43%	(240.77%)	\$ 6,532	(613.91%)	\$ 5,398	7711.43%	\$ (2,341)	(3344.29%)

HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS - STORMWATER - NSUARB
APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 83.33%

	ACTUAL		APR 1/23	ACTUAL		From Prior Year		Actual to Budget	
	THIS YEAR	LAST YEAR	MAR 31/24	YEAR TO DATE	\$ Change	% Change	\$ Remaining	% Remaining	
	'000	'000	BUDGET	as % of					
			'000	BUDGET					
Operating revenues									
Stormwater site generated service	5,893	5,666	8,873	66.41%	\$ 227	4.01%	(2,980)	(33.59%)	
Stormwater right of way service	5,898	3,976	6,515	90.53%	1,922	48.34%	(617)	(9.47%)	
Late payment and other connection fees	65	96	141	46.10%	(31)	(32.29%)	(76)	(53.90%)	
Miscellaneous	90	105	75	120.00%	(15)	(14.29%)	15	20.00%	
	11,946	9,843	15,604	76.56%	2,103	21.37%	(3,658)	(23.44%)	
Operating expenditures									
Stormwater collection	4,218	3,850	5,382	78.37%	368	9.56%	(1,164)	(21.63%)	
Engineering and technology services	1,300	1,786	2,210	58.82%	(486)	(27.21%)	(910)	(41.18%)	
Regulatory compliance services	1,513	1,128	1,806	83.78%	385	34.13%	(293)	(16.22%)	
Customer services	140	152	189	74.07%	(12)	(7.89%)	(49)	(25.93%)	
Corporate services	110	119	179	61.45%	(9)	(7.56%)	(69)	(38.55%)	
Administration services	168	214	304	55.26%	(46)	(21.50%)	(136)	(44.74%)	
Depreciation and amortization	2,351	2,072	2,780	84.57%	279	13.47%	(429)	(15.43%)	
	9,800	9,321	12,850	76.26%	479	5.14%	(3,050)	(23.74%)	
	2,146	522	2,754	77.92%	1,624	311.11%	(608)	(22.08%)	
Earnings from operations before financial and other revenues and expenditures									
Financial and other expenditures									
Interest	83	44	39	212.82%	39	88.64%	44	112.82%	
Interest on long term debt	619	630	899	68.85%	(11)	(1.75%)	(280)	(31.15%)	
Repayment on long term debt	2,069	1,838	2,324	89.03%	231	12.57%	(255)	(10.97%)	
Amortization of debt discount	20	20	24	83.33%	0	0.00%	(4)	(16.67%)	
Dividend/grant in lieu of taxes	116	115	139	83.45%	1	0.87%	(23)	(16.55%)	
	2,907	2,647	3,425	84.88%	260	9.82%	(518)	(15.12%)	
	(761)	(2,125)	(671)	113.41%	1,364	(64.19%)	(90)	13.41%	
Earnings (loss) for the year									
	\$				\$		\$		\$

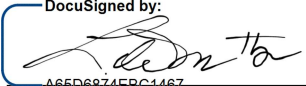
HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS - REGULATED AND UNREGULATED ACTIVITIES - NSUARB
APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 83.33%


	ACTUAL		APR 1/23 MAR 31/24 BUDGET '000	ACTUAL YEAR TO DATE as % of BUDGET	FROM PRIOR YEAR		ACTUAL TO BUDGET		
	THIS YEAR '000	LAST YEAR '000			\$ Change	% Change	\$ Remaining	% Remaining	
REGULATED ACTIVITIES									
Operating revenues									
Water	\$ 45,933	\$ 41,126	\$ 53,669	85.59%	\$	4,807	11.69%	\$ (7,736)	(14.41%)
Wastewater	75,496	68,683	87,450	86.33%		6,813	9.92%	(11,954)	(13.67%)
Stormwater	11,791	9,642	15,388	76.62%		2,149	22.29%	(3,597)	(23.38%)
Public fire protection	6,736	6,426	8,083	83.34%		310	4.82%	(1,347)	(16.66%)
Private fire protection	1,413	1,129	1,652	85.53%		284	25.16%	(239)	(14.47%)
Miscellaneous	1,152	1,323	1,521	75.74%		(171)	(12.93%)	(369)	(24.26%)
	142,521	128,329	167,763	84.95%		14,192	11.06%	(25,242)	(15.05%)
Operating expenditures									
Water supply and treatment	13,041	9,564	12,621	103.33%		3,477	36.36%	420	3.33%
Water transmission and distribution	9,923	9,358	13,203	75.16%		565	6.04%	(3,280)	(24.84%)
Wastewater collection	11,540	11,052	13,473	85.65%		488	4.42%	(1,933)	(14.35%)
Stormwater collection	4,218	3,850	5,382	78.37%		368	9.56%	(1,164)	(21.63%)
Wastewater treatment	18,957	18,519	24,288	78.05%		438	2.37%	(5,331)	(21.95%)
Engineering and technology services	12,031	11,931	14,009	85.88%		100	0.84%	(1,978)	(14.12%)
Regulatory compliance services	3,688	3,793	5,060	72.89%		(105)	(2.77%)	(1,372)	(27.11%)
Customer services	3,684	3,630	4,486	82.12%		54	1.49%	(802)	(17.88%)
Corporate services	2,461	2,509	3,642	67.57%		(48)	(1.91%)	(1,181)	(32.43%)
Administration services	3,739	4,047	6,067	61.63%		(308)	(7.61%)	(2,328)	(38.37%)
Depreciation and amortization	26,944	25,019	32,650	82.52%		1,925	7.69%	(5,706)	(17.48%)
	110,226	103,272	134,881	81.72%		6,954	6.73%	(24,655)	(18.28%)
Earnings from operations before financial and other revenues and expenditures	32,295	25,057	32,882	98.21%		7,238	28.89%	(587)	(1.79%)
Financial and other revenues									
Interest	332	402	363	91.46%		(70)	(17.41%)	(31)	(8.54%)
Other	6	28	37	16.22%		(22)	(78.57%)	(31)	(83.78%)
	338	430	400	84.50%		(92)	(21.40%)	(62)	(15.50%)
Financial and other expenditures									
Interest	83	44	39	212.82%		39	88.64%	44	112.82%
Interest on long term debt	5,473	5,776	7,051	77.62%		(303)	(5.25%)	(1,578)	(22.38%)
Repayment on long term debt	18,774	20,750	22,191	84.60%		(1,976)	(9.52%)	(3,417)	(15.40%)
Amortization of debt discount	183	192	202	90.59%		(9)	(4.69%)	(19)	(9.41%)
Dividend/grant in lieu of taxes	5,501	5,436	6,589	83.49%		65	1.20%	(1,088)	(16.51%)
	30,014	32,198	36,072	83.21%		(2,184)	(6.78%)	(6,058)	(16.79%)
Earnings (loss) for the year - Regulated	\$ 2,619	\$ (6,711)	\$ (2,790)	(93.87%)		\$ 9,330	(139.03%)	\$ 5,409	(193.87%)

HALIFAX WATER
UNAUDITED STATEMENT OF EARNINGS - REGULATED AND UNREGULATED ACTIVITIES - NSUARB
APRIL 1, 2023 - JANUARY 31, 2024 (10 MONTHS)
ACTUAL YEAR TO DATE COMPLETE: 83.33%

	ACTUAL		APR 1/23	ACTUAL		From Prior Year		Actual to Budget % Remaining
	THIS YEAR '000	LAST YEAR '000	MAR 31/24 BUDGET '000	as % of BUDGET		\$ Change	% Change	
UNREGULATED ACTIVITIES								
Operating revenues								
Septage tipping fees	\$ 482	\$ 524	\$ 535	90.09%	\$ (42)	(8.02%)	(53)	(9.91%)
Leachate and other contract revenue	458	378	494	92.71%	80	21.16%	(36)	(7.29%)
Airplane effluent	95	58	105	90.48%	37	63.79%	(10)	(9.52%)
Miscellaneous	0	29	0	0.00%	(29)	(100.00%)	0	0.00%
	1,035	989	1,134	91.27%	46	4.65%	(99)	(8.73%)
Operating expenditures								
Water supply and treatment	5	23	0	0.00%	(18)	(78.26%)	5	0.00%
Wastewater treatment	687	632	777	88.42%	55	8.70%	(90)	(11.58%)
Wastewater collection	48	52	81	59.26%	(4)	(7.69%)	(33)	(40.74%)
Sponsorships and donations	(4)	69	73	(5.48%)	(73)	(105.80%)	(77)	(105.48%)
Corporate services	4	15	13	30.77%	(11)	(73.33%)	(9)	(69.23%)
Administration services	28	93	97	28.87%	(65)	(69.89%)	(69)	(71.13%)
Depreciation and amortization	16	15	34	47.06%	1	6.67%	(18)	(52.94%)
	784	899	1,075	72.93%	(115)	(12.79%)	(291)	(27.07%)
	251	90	59	425.42%	161	178.89%	192	325.42%
Earnings from operations before financial and other revenues and expenditures								
	222	526	365	60.82%	(304)	(57.79%)	(143)	(39.18%)
Other - leases and rentals	179	174	225	79.56%	5	2.87%	(46)	(20.44%)
Other - energy projects	401	700	590	67.97%	(299)	(42.71%)	(189)	(32.03%)
Financial and other expenditures								
Other	33	107	175	18.86%	(74)	(69.16%)	(142)	(81.14%)
	33	107	175	18.86%	(74)	(69.16%)	(142)	(81.14%)
Earnings for the year - Unregulated	\$ 619	\$ 683	\$ 474	130.59%	(64)	(9.37%)	145	30.59%
Total earnings (loss) for the year (Regulated and Unregulated)	\$ 3,238	\$ (6,028)	\$ (2,316)	(139.81%)	\$ 9,266	(153.72%)	\$ 5,554	(239.81%)

TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
A65D6874EBC1487...
Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

APPROVED: 
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Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 15, 2024

SUBJECT: **2024 Spring Debenture**

ORIGIN

Halifax Regional Water Commission (Halifax Water) participation in the Spring 2024 Nova Scotia Finance and Treasury Board Municipal Finance Division (NSFTB) debenture issue secure debt financing for 2023/24 additions to utility plant in service and re-finance a balloon payment on existing debt.

RECOMMENDATION

It is recommended that the Halifax Water Board approve the following motions:

1. Approve the financing of \$15,000,000 with a thirty-year amortization term and finance over ten years. The maximum all-inclusive rate is not to exceed 6.5%.
2. Approve the re-financing of \$2,784,599 with a ten-year amortization term and financing over ten years, with an all-inclusive rate not to exceed 6.5%.

BACKGROUND

At the March 7, 2024, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached 2024 Spring Debenture report was reviewed and discussed.

DISCUSSION

At the Committee meeting, it was requested that additional information be provided on what the increase in interest expense would be if the interest rate were to exceed the 5.0% currently budgeted for 2024-25.

BUDGET IMPLICATIONS

The Nova Scotia Finance and Treasury Board Municipal Finance Division (NSFTB) is recommending using an interest rate not to exceed 6.5%. If the interest rate is to reach 6.5%, interest expense for 2024-25 will increase \$0.6 million.

ATTACHMENT

1. Report to the Halifax Water Audit and Finance Committee regarding the 2024 Spring Debenture including the Borrowing Resolution.

Report Prepared by:	<p>DocuSigned by: <i>Alicia Scallion</i> AFA8696B6D3845C...</p> <hr/> <p>Alicia Scallion, CPA, CA, Manager, Finance</p>
Financial Reviewed by:	<p>DocuSigned by: <i>Louis de Montbrun</i> A65D6874FBC1467...</p> <hr/> <p>Louis de Montbrun, CPA, CA Director, Corporate Services/CFO</p>

TO: Mimi Kolomytsev, Chair and Members of the Halifax Regional Water
Commission Audit and Finance Committee


SUBMITTED BY:

DocuSigned by:

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

APPROVED:

DocuSigned by:

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Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: February 29, 2024

SUBJECT: **Spring 2024 Debenture**

ORIGIN

Halifax Regional Water Commission (Halifax Water) participation in the Spring 2024 Nova Scotia Finance and Treasury Board Municipal Finance Division (NSFTB) debenture issue secure debt financing for 2023/24 additions to utility plant in service and re-finance a balloon payment on existing debt.

RECOMMENDATION

It is recommended that the Halifax Water Audit and Finance Committee recommend the Board approve the following motions:

1. Approve the financing of \$15,000,000 with a thirty-year amortization term and finance over ten years. The maximum all-inclusive rate is not to exceed 6.5%.
2. Approve the re-financing of \$2,784,599 with a ten-year amortization term and financing over ten years, with an all-inclusive rate not to exceed 6.5%.

BACKGROUND

Halifax Water is legally required to borrow through the NSFTB. The borrowing proposed in this report is estimated using the One Year Business Plan, the approved Operating and Capital Budgets for 2024/25, and the rate schedule approved by the Nova Scotia Utility and Review Board.

DISCUSSION

The 2024/25, Operating Budget was prepared based on issuing new debt in the Fall of 2024 of \$80.0 million to finance water, wastewater, and stormwater additions to utility plant in service. The \$80.0 million will be applied to water, wastewater, and stormwater as follows:

Water \$35.0 million

Wastewater \$35.0 million

Stormwater \$10.0 million

Halifax Water is recommending issuing a portion of the new debt in the Spring of 2024 as follows:

Water \$6.0 million

Wastewater \$6.0 million

Stormwater \$3.0 million

In addition to funding the new capital assets, refinancing of \$2.8 million is required in the Spring of 2024 for a balloon payment.

The balloon payment due relates to debt issued in fiscal 2014/15 of \$5.6 million which was acquired to fund wastewater capital expenditures. The debenture was issued for a ten-year term with a twenty-year amortization. The 2014/15 debenture of \$5,569,189 issued on June 5, 2014 had an all-in interest rate of 2.82%. Halifax Water's current Weighted Average Cost of Debt is 3.48%.

In the recommendation, Halifax Water uses a rate of 6.5% as recommended by NSFTB. This would be the upper limit that Halifax Water can finance debt. If the actual interest rate is greater than 6.5%, a revised report will be required for the Board. If the actual interest rate is lower than 6.5%, a revised report is not required.

The final interest rates and timing of the debt issues will not be known with certainty until NSFTB concludes the formal debenture process.

Halifax Water's debt is covered by a blanket guarantee approved by Halifax Regional Municipality (HRM) Council in September 2014. The blanket guarantee will apply to all Halifax Water debt with a condition that Halifax Water must maintain a debt service ratio of 35% or less. Halifax Water's debt service ratio is 17.02% as of January 31, 2024. The debt service ratio is calculated as the cost of debt interest, principal and discount payments divided by the total Operating Revenue as found on the income statement (NSUARB format).

Halifax Water's outstanding debt on January 31, 2024 (including the current portion) was \$236.4 million, and debt is projected to remain the same until year end as no principal payments are due prior to March 31, 2024.

BUDGET IMPLICATIONS

The 2024/25 budget includes \$33.7 million in debt servicing costs. Halifax Water's capital financing strategy is designed to maintain a debt service ratio of 35% or less; and to use a mixture of infrastructure funding, development related charges (reserves), depreciation, and debt.

The budget was based on an all-inclusive rate of 5.00% on both new and refinanced debt. The Fall 2023 debenture had an all-inclusive rate of 5.26% and the expectation is the Spring refinancing will be similar.

If Halifax Water issues \$15.0 million of debt in the Spring and \$65.0 million in the Fall, principal and interest costs will increase over what had been budgeted by \$0.5 million (\$0.2 million in principal and \$0.3 million in interest).

ALTERNATIVES

1. Halifax Water could choose not to refinance the 2024 Spring balloon payment. This would lower the cash balance by \$2.8 million and have an impact on the ability to fund capital. For this reason, Halifax Water has chosen to refinance the balloon payment.
2. Halifax Water could choose to delay issuing the \$15.0 million in debt until the Fall, as originally budgeted, but runs the risk of depleting the cash balance if capital expenditures increase rapidly prior to October 2024 when the next debt issue occurs.
3. Halifax Water could finance an amount different than \$15.0 million. If Halifax Water chooses to finance \$25.0 million of debt in the Spring, principal costs would increase \$0.3 million from budget, and interest would increase \$0.5 million from budget.

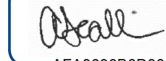
Attachment 2 provides a cash flow estimate for the 2024/25 fiscal year. The model estimates capital expenditures for the year to be \$140.0 million based on the Integrated Resource Plan required spend of \$135.0 million plus a target increase. If expenditures begin to trend higher than projected, Halifax Water would issue additional debt in November 2024.

ATTACHMENTS

1. Borrowing Resolution for \$17.8 million of debt.
2. Cash Flow Model for 2024/25 based on approved Operating and Capital Budgets and anticipated cash flow.

Report Prepared by:

DocuSigned by:



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Alicia Scallion, CPA, CA, Manager, Finance, 902-497-9785

HALIFAX REGIONAL WATER COMMISSION
BORROWING RESOLUTION

WHEREAS the Halifax Regional Water Commission (Halifax Water), is incorporated under the provisions of the *Halifax Regional Water Commission Act*, Ch. 55 of the Acts of 2007 (the “Act”);

AND WHEREAS the Act provides that Halifax Water has power to borrow such sums as may be authorized and approved by the Board of the Commission for the purposes of the Commission, subject to the approval of the Nova Scotia Utility and Review Board;

AND WHEREAS Halifax Water wishes to borrow \$2,784,599 for the purpose of refinancing balloon payments for their remaining 10 year amortization period;

AND WHEREAS Halifax Water wishes to borrow \$15,000,000 for the purpose of financing regular additions to utility plant in service for a 30 year amortization period;

AND WHEREAS a blanket guarantee for Halifax Water Debt was approved by the Halifax Regional Municipality on September 23, 2014;

BE IT RESOLVED THAT:

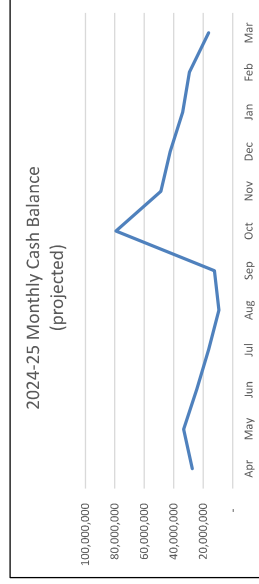
1. Under the authority of Section 16 of the *Act*, Halifax Water borrow from the Nova Scotia Finance and Treasury Board Municipal Finance Division, for the purpose set forth above, a sum or sums not exceeding \$15,000,000 with a thirty-year amortization term and finance over ten years and a sum or sums not exceeding \$2,784,599 with a ten-year amortization term and finance over ten years. The maximum all-inclusive rate is not to exceed 6.5% percent;
2. The sum noted above be borrowed by the issue of debentures of Halifax Water to such an amount as Halifax Water deems necessary and that the debentures be arranged with the Nova Scotia Finance and Treasury Board Municipal Finance Division, with interest to be paid semi-annually and principal payments made annually; and
3. This resolution remains in force for a period of not more than 12 months from the passing of this resolution.

I certify the above to be a true copy of a Resolution approved at a meeting of the Halifax Water Board of Directors held on March 28, 2024.

Colin Taylor
General Counsel and Corporate Secretary

**Halifax Water
Cash Flow Model for 2024-25**

	2024/25 Budget	Adjustments for Cash Flow	2024/25 Cash Flow	2023/24 Forecast Mar	2024/25 Budget Apr	2024/25 Budget May	2024/25 Budget Jun	2024/25 Budget Jul	2024/25 Budget Aug	2024/25 Budget Sep	2024/25 Budget Oct	2024/25 Budget Nov	2024/25 Budget Dec	2024/25 Budget Jan	2024/25 Budget Feb	2024/25 Budget Mar
Operating Revenue	172,059,302	-	172,059,302	11,328,750	12,821,735	12,821,735	13,121,735	13,121,735	13,621,735	28,220,215	13,621,735	13,121,735	13,121,735	12,821,735	12,821,735	12,821,735
Operating Expenses	(116,431,358)	-	(116,431,358)	(9,067,250)	(9,485,947)	(9,485,947)	(9,485,947)	(9,485,947)	(9,485,947)	(9,485,947)	(9,485,947)	(9,485,947)	(9,485,947)	(10,785,947)	(9,485,947)	(9,485,947)
Non Operating Revenue	998,115	-	998,115	92,750	83,176	83,176	83,176	83,176	83,176	83,176	83,176	83,176	83,176	83,176	83,176	83,176
Non Operating Expenses	(75,310,227)	21,162,584	(54,147,643)	(6,589,000)	(1,336,509)	(5,026,821)	(3,128,902)	(1,348,225)	(14,583)	(5,677,933)	(5,988,610)	(24,070,205)	(14,583)	(480,252)	(14,583)	(7,046,035)
Operations Total	(18,684,168)	21,162,584	2,478,416	(4,234,750)	2,082,055	(1,607,856)	590,063	2,370,740	2,904,382	13,139,512	(1,769,646)	(20,351,240)	3,704,382	1,638,713	3,404,382	(3,627,070)
Capital Expenditures (incl CCC projects)	(152,497,000)	12,097,000	(140,400,000)	(14,500,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)	(11,700,000)
New Long Term Debt	96,865,129	(726,488)	96,138,640	-	17,651,215	-	-	-	-	-	78,487,426	-	-	-	-	-
Other Incoming Cash (Build Cam, RDC, etc)	20,000,000	-	20,000,000	3,000,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Changes in working capital	-	-	-	(950,000)	(950,000)	(100,000)	300,000	(200,000)	(200,000)	(100,000)	(50,000)	(50,000)	(50,000)	(50,000)	2,000,000	800,000
Net Cash Flow	(54,316,040)	32,533,095	(21,782,944)	(16,684,750)	(8,867,945)	5,943,359	(9,109,937)	(7,829,260)	(7,095,618)	3,039,512	66,667,780	(30,401,240)	(6,345,618)	(8,411,287)	(4,595,618)	(12,827,070)
Opening Cash Balance			53,000,000	53,000,000	36,315,250	27,447,305	33,390,664	24,280,728	16,451,467	9,355,849	12,395,361	79,063,141	48,661,900	42,316,282	33,904,995	29,309,376
Ending Cash Balance				36,315,250	27,447,305	33,390,664	24,280,728	16,451,467	9,355,849	12,395,361	79,063,141	48,661,900	42,316,282	33,904,995	29,309,376	16,482,306



Notes


- Adjustments for Cash Flow include removing the non cash portion of the Pension Expense, Depreciation, and Debt Discount
- Debt principle and interest payments are included in the Non Operating Expenses category
- Capital Expenditures includes an estimated capital spend of \$140.0 million based on IRP expected level of spend
- The new Long Term Debt anticipated in this forecast is for \$15.0m in new debt in May plus a \$2.7m balloon renewal and \$65.0m in new debt in October plus a \$13.9m balloon renewal
- Other Incoming Cash includes \$20.0 million in RDC Collections

Opening Cash Balance highlighted in green
Closing Cash Balance highlighted in blue

TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax
Regional Water Commission Board

SUBMITTED BY:

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

DocuSigned by:



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APPROVED:

Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 15, 2024

SUBJECT: **Capital Results for the ten months ended January 31, 2024**

ORIGIN

Financial information reporting.

BACKGROUND

At the March 7, 2024, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached capital results report for the ten months ended January 31, 2024, was reviewed and discussed.

DISCUSSION

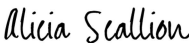
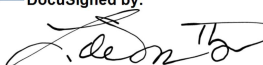
At the Committee meeting, it was requested that information on capital spend compared to the Corporate Balanced Scorecard metric of percentage spent of the 2023/24 capital budget be brought forward to the Halifax Water Board. The following table highlights the results compared to the Corporate Balanced Scorecard and previous years.

ITEM # 6.1
Halifax Water Board
March 28, 2024

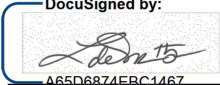
Corporate Balanced Scorecard - Targets and Actual Results	2020/21	2021/22	2022/23	2023/24 as of Jan 31, 2024
Approved Capital Budget	\$96.514 m	\$126.209 m	\$106.485 m	\$146.692 m
Target % Spent of Budget	80-90%	70-80%	70-80%	70-80%
Target \$ Spend in Total	NA	NA	NA	\$135 m
Actual % Spent of Budget	30.8%	28.6%	35.3%	19.9%
Total Spend During Year (includes available capital funds from current year and prior)	\$60.49 m	\$93.63 m	\$93.5 m	\$78.4 m

ATTACHMENT

1. Report to the Halifax Water Audit and Finance Committee regarding capital spending results of the Halifax Regional Water Commission for the ten months ended January 31, 2024.

Report Prepared by:	<div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px;"> <small>DocuSigned by:</small>  <small>AFA8696B6D3846C...</small> </div> <hr style="border: 0.5px solid black;"/> Alicia Scallion, CPA, CA, Manager, Finance
Financial Reviewed by:	<div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px;"> <small>DocuSigned by:</small>  <small>AG5D0674EDC1467...</small> </div> <hr style="border: 0.5px solid black;"/> Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

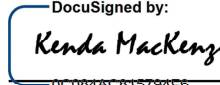

TO: Mimi Kolomytsev, Chair and Members of the Halifax Regional Water Commission Audit and Finance Committee

SUBMITTED BY:  DocuSigned by:

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Louis de Montbrun, CPA, CA
Director, Corporate Services

 DocuSigned by:

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Reid Campbell, M.Eng., P.Eng.
Director, Engineering and Technology Services

APPROVED:  DocuSigned by:

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Kenda MacKenzie, P.Eng.
Acting Chief Executive Officer and General Manager

DATE: February 29, 2024

SUBJECT: Capital Expenditures for the ten months ended January 31, 2024

ORIGIN

The Corporate Balanced Scorecard identifies the percentage of current year capital budget spent by the end of the fiscal year as a critical success factor and sets a target of 70-80%. A new metric was added for the 2023/24 fiscal year which is a target of \$135 million in capital spend during the year.

BACKGROUND

The Halifax Regional Water Commission (Halifax Water) Board is required to review periodic financial information throughout the year. Halifax Water's 2019 *Integrated Resource Plan* (IRP) identifies a 30-year capital investment plan valued at \$2.7 Billion (net present value). In relation to the IRP, the capital budget program focuses on providing required infrastructure for asset renewal, regulatory compliance, and growth. The IRP calls for delivery of an average of \$135 million in capital projects per year. Halifax Water continues to strive to meet these targets.

ITEM #4.3
Halifax Water Board
December , 2023

DISCUSSION

Below is the breakdown by asset class and project status of the expenditures for the ten months ended January 31, 2024. Halifax Water has spent \$143.3 million to date on active projects, of which \$65.0 million was spent during the ten months ended January 31, 2024.

Halifax Water is trying to improve on annual Integrated Resource Plan (IRP) execution and can measure progress through the number of projects completed annually (close-outs) and the dollar value of projects completed as a percentage of total available capital spend. The total capital budget remaining to be spent at January 31, 2024, is \$239.2 million, an increase of \$34.8 million from January 31, 2023, largely due to the 2023/24 annual budget of \$146.7 million compared to an annual budget of \$106.5 million for 2022/23.

The average capital spend per month compared to the previous year has increased from \$6.4 million to \$6.5 million.


Capital Expenditure Report

Budget Category	Total Budget Available	Expenditures to March 31, 2023	Expenditures April 1, 2023 to January 31, 2024		Total Expenditures to January 31, 2024	Remaining Budget Available as of January 31, 2024	Total Expenditures to January 31, 2024 as a Percentage of Total Budget Available
Active							
Water	\$ 125,124,716	\$ 19,522,617	\$ 27,387,868	\$ 46,910,485	\$ 78,214,231	37.5%	
Wastewater	136,405,764	35,230,542	16,264,424	51,494,966	84,910,798	37.8%	
Stormwater	24,328,902	1,827,127	4,629,534	6,456,661	17,872,241	26.5%	
Corporate	96,671,215	21,808,016	16,678,909	38,486,925	58,184,290	39.8%	
	\$ 382,530,597	\$ 78,388,302	\$ 64,960,736	\$ 143,349,037	\$ 239,181,559	37.5%	

The Total Budget Available of \$382.5 million represents total budgets for projects as at the end of January 31, 2024.

Total Expenditures to January 31, 2024, of \$143.3 million include expenditures of \$78.4 million incurred prior to April 1, 2023, and expenditures of \$65.0 million in the current fiscal year. This results in a Remaining Budget Available as of January 31, 2024, of \$239.2 million.


ATTACHMENT - Capital Expenditure Report January 31, 2024


Report prepared by:	 <hr style="border: 0.5px solid black;"/> Corey Ellis, CPA, CGA Accountant
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Service	Category	Work Order	Description	Budget	Expenditures
Water Capital Projects	Water - Transmission	300003121	CHAIN CTRL TRANS-PENINSULA LOW UPSIZE	9,805,000	11,045,682
Water Capital Projects	Water - Structures	300003356	AKERLEY RESERVOIR REPLACEMENT	8,930,000	5,089,089
Water Capital Projects	Water - Structures	300002718	COWIE HILL RESERVOIR REHABILITATION	8,710,000	8,076,028
Water Capital Projects	Water - Treatment Facilities	300003362	JDK - PRETREATMENT & CLARIFICATION	8,420,000	24,432
Water Capital Projects	Water - Transmission	300003324	HWY 118 CROS'NG-SHUBIE PK TO DART CROSS	8,200,000	748
Water Capital Projects	Water - Transmission	300003127	COGSWELL WATER INFRASTRUCTURE	7,765,000	183,789
Water Capital Projects	Water Distribution	300003930	BURNSIDE DR WM 2023 EXTEN (23/24)	5,700,000	4,825,017
Water Capital Projects	Water Distribution	300003766	VIENNA ST WM RENEW RENEW (PRELIM)	2,086,000	5,142
Water Capital Projects	Water - Treatment Facilities	300003376	LM - CLARIFICATION/PRETREATMENT	2,044,000	1,022
Water Capital Projects	Water - Treatment Facilities	300003363	JDK - CLEARWELL, RESERVOIR & STORAGE	1,899,000	4,400
Water Capital Projects	Water - Structures	300003841	Aerotech Booster Station Replacement	1,800,000	1,484
Water Capital Projects	Water - Treatment Facilities	300003364	JDK - SERVICE WATER SYSTEM UPGRADE	1,727,000	-
Water Capital Projects	Water Distribution	300003910	Lead Service Line Repl Prog 23/24	1,722,000	908,364
Water Capital Projects	Water - Structures	300003359	DAM SAFETY REVIEW-CHAIN LAKE DAM-CAPITAL	1,500,000	665,784
Water Capital Projects	Water Distribution	300003764	BRIARWOOD CRES WM RENEW (PRELIM)	1,386,000	43,131
Water Capital Projects	Water - Structures	300003655	DAM SAFETY REV - POCKWOCK LAKE DAM	1,270,000	15,632
Water Capital Projects	Water Distribution	300003761	CHARLOTTE/JAYDEN WM RENEW (PRELIM)	1,221,000	13,433
Water Capital Projects	Water - Treatment Facilities	300003377	LM - INTAKE/LOW LIFT PUMP STN	1,179,000	102,127
Water Capital Projects	Water - Treatment Facilities	300003816	Lake Major WSP - Roof Replacement	1,170,000	35,792
Water Capital Projects	Water Distribution	300003470	JOFFRE STREET WM - PRELIM	1,044,000	639,694
				77,578,000	31,680,789
Water Capital Projects			All Other Projects	47,546,716	15,229,697
				125,124,716	46,910,485
Wastewater Capital Projects	Wastewater - Trunk Sewers	600001646	FAIRVIEW COVE TRUNK SEWER	18,625,000	1,582,873
Wastewater Capital Projects	WW Treatment Facilities	600001945	BIO SOLIDS MANAGEMENT PLAN	10,750,000	1,975,843
Wastewater Capital Projects	WW Treatment Facilities	600002722	MCWWTF Plant Upgrades - Design&Contract	9,000,000	1,666
Wastewater Capital Projects	Wastewater - Collection System	600000887	GRAVITY SEWER ALBRO LAKE TO JAMIESON ST	8,802,000	9,548,420
Wastewater Capital Projects	Wastewater - Structures	600002078	BISSETT PS COMPONENT UPGRADE	7,700,000	220,583
Wastewater Capital Projects	Wastewater - Structures	600002084	UPGRADE QUIGLEY'S CORNER PS	5,928,000	387,069
Wastewater Capital Projects	Wastewater-Forcemains	600002482	390 Waverley Road Forcemain Upgrades	5,920,000	1,772
Wastewater Capital Projects	Wastewater - Collection System	600002225	SOUTH PARK/CATHEDRAL LANE SEWER SEP	4,182,000	5,021,006
Wastewater Capital Projects	Wastewater - Collection System	600002467	Cogswell Redevelopment - Sewer Relocatio	3,650,000	41,671
Wastewater Capital Projects	Wastewater - Structures	600002082	WILLIAMS'S LAKE PS REHABILITATION	3,600,000	3,775,516
Wastewater Capital Projects	Wastewater - Collection System	600002477	Mill Cove RDII Reduction Prgm FM207&FM24	3,475,000	152,315
Wastewater Capital Projects	Wastewater - Structures	600001337	Autoport Pleasant Street PS Replacement	3,050,000	388,156
Wastewater Capital Projects	Wastewater - Collection System	600002043	PUNCH BOWL PS ELIMINATION	2,920,000	55,441
Wastewater Capital Projects	Wastewater - Collection System	600002681	WW SYSTEM - TRENCHLESS REHAB PRGM 23/24	2,500,000	398,023
Wastewater Capital Projects	Wastewater - Collection System	600002449	WW SYSTEM-TRENCHLESS REHAB PROG 2022-23	2,410,000	2,140,084
Wastewater Capital Projects	Wastewater - Collection System	600002441	JUBILEE RD CN BRIDGE REPLACEMENT - WW	2,000,000	886,616
Wastewater Capital Projects	WW Treatment Facilities	600002100	HWWTF SLUDGE DEWATERING-FOURNIER PRESS	1,900,000	513,856
Wastewater Capital Projects	Wastewater - Collection System	600002769	Integrated Projects 23/24	1,847,000	2,229
Wastewater Capital Projects	Wastewater - Collection System	600002762	Lateral Replacements WW (Non Tree Roots)	1,820,000	388,503
Wastewater Capital Projects	Wastewater - Structures	600002074	FIRST LAKE PS UPGRADES	1,700,000	140,450
Wastewater Capital Projects	Wastewater - Collection System	600001861	BAYERS RD PH 2 SEWER SEPARATION	1,575,313	1,711,359
Wastewater Capital Projects	Wastewater - Structures	600002495	Main Street Pumping Station GolfView Dr	1,550,000	87,266
Wastewater Capital Projects	WW Treatment Facilities	600002308	HCWWTF - FINE SCREENS-NEW PLATE SCREENS	1,500,000	1,188,755
Wastewater Capital Projects	Wastewater - Collection System	600002474	Young St-Sewer Separation-Rte to harbour	1,400,000	16,273
Wastewater Capital Projects	WW Treatment Facilities	600002241	HWWTF DENSADEGS LAMELLA TUBE SETTLER UPG	1,340,000	1,258,680
Wastewater Capital Projects	Wastewater-Forcemains	600002062	AKERLEY BLVD FORCEMAIN REPLACEMENT	1,300,000	165,953
Wastewater Capital Projects	Wastewater - Collection System	600002472	Bayers Road Phase 1 - Sewer Separation	1,255,000	21,820
Wastewater Capital Projects	WW Treatment Facilities	600002281	HC PS - PUMP REPLACEMENTS	1,140,000	59,179
Wastewater Capital Projects	Water - Transmission	600002042	COGSWELL WASTEWATER INFRASTRUCTURE	1,132,000	519,670
Wastewater Capital Projects	Wastewater - Energy	600002447	ENERGY MGMT-CAPITAL PROGRAM (WW) 22/23	1,000,000	-
Wastewater Capital Projects	Wastewater - Collection System	600002458	Eastern Passage Gravity Pressure Sewer	1,000,000	3,008
Wastewater Capital Projects	WW Treatment Facilities	600002703	HWWTF UV System - New Modular	1,000,000	-
Wastewater Capital Projects	WW Treatment Facilities	600002323	MCWWTF-PROCESS UPGRADES-PRELIM/DETAILED	1,000,000	-
Wastewater Capital Projects	WW Treatment Facilities	600002721	MCWWTF Process Upgrades	1,000,000	125,766
				118,971,313	32,779,822
Wastewater Capital Projects			All Other Projects	17,434,451	18,715,144
				136,405,764	51,494,966

Service	Category	Work Order	Description	Budget	Expenditures
Stormwater Capital Projects	Stormwater - Pipes	700001221	COGSWELL INFRASTRUCTURE DESIGN REVIEW SW	3,610,000	1,836
Stormwater Capital Projects	Stormwater - Pipes	700001429	SULLIVAN'S POND STORM SEWER SYS REP-PH 2	1,200,000	366,402
Stormwater Capital Projects	Stormwater - Pipes	800000071	SW IP 23/24	1,037,000	-
Stormwater Capital Projects	Stormwater - Pipes	700001705	PENHORN LAKE STORMWATER SYSTEM RENEWAL	1,000,000	1,411
				6,847,000	369,649
Stormwater Capital Projects			All Other Projects	17,481,902	6,087,012
				24,328,902	6,456,661
Corporate Capital Projects	Information Technology	300002979	ERP REPLACEMENT - CAYENTA	16,923,200	14,547,913
Corporate Capital Projects	Facilities	300002797	EAST/CENTRAL REGIONAL OPS FACILITY	14,316,231	2,498,383
Corporate Capital Projects	Information Technology	300003297	CAPITAL PROJECT MANAGEMENT (PRE-LIM)	2,298,803	1,497,081
Corporate Capital Projects	Fleet Upgrade Program	600002694	FLEET UPGRADE 23/24	2,032,000	1,205,772
Corporate Capital Projects	Information Technology	300003772	DA3 - Program & Project	1,615,000	473,512
Corporate Capital Projects	Asset Management	300003899	Infrastructure Master Plan Update	1,500,000	14,371
Corporate Capital Projects	Asset Management	600002143	SSO MANAGEMENT PROGRAM	1,320,000	30,950
Corporate Capital Projects	Fleet Upgrade Program	300003839	Fleet Upgrade Program- Water 23/24	1,279,577	334,757
Corporate Capital Projects	Asset Management	600002771	Corporate Flow Monitoring Program	1,200,000	77,677
Corporate Capital Projects	Asset Management	300003402	CONDITION ASSESSMENT PROGRAM	1,200,000	86,670
Corporate Capital Projects	Information Technology	300003398	MONITORING	1,150,000	101,926
Corporate Capital Projects	Information Technology	300003237	DISASTER RECOVERY PROJ - PLANNING PHASE	1,124,000	985,286
Corporate Capital Projects	Information Technology	300002975	ANALYTICS DECISION SUPPORT SYSTEM	1,069,000	914,771
				47,027,811	22,769,069
Corporate Capital Projects			All Other Projects	49,643,404	15,717,856
				96,671,215	38,486,925
			Total All Services	382,530,597	143,349,037

TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax
Regional Water Commission Board

SUBMITTED BY: DocuSigned by:

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Reid Campbell, P. Eng
Director, Engineering & Technology Services

APPROVED: **p.p.** DocuSigned by:

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Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: March 14, 2024

SUBJECT: **Mt. Edward #1 Reservoir Replacement**

ORIGIN

The 2023/2024 Capital Budget

RECOMMENDATION

The Halifax Water Board approve the replacement of the Mt. Edward Reservoir #1 for total project cost of \$23,744,000; to be included in the 2024/2025 and 2025/2026 Capital Budgets.

BACKGROUND

Halifax Water owns and operates 16 aboveground reservoirs throughout the distribution system. Nine of the reservoirs are constructed of steel, while the remaining seven reservoirs are concrete. The construction dates for the concrete reservoirs range from 1913 to 2022, with storage volumes ranging from 5.5 million Liters to 36 million Liters.

The Mt. Edward Reservoirs (# 1-concrete, and #2-steel) are located at 155 Mt. Edward Road in Dartmouth, NS (see attachment #1 and #2). These reservoirs provide storage for the Dartmouth system and regulate pressure in the Dartmouth 24 East High Zone, which includes Woodlawn, Forest Hills, Colby Village, and subdivisions off Caledonia Road. The Mt. Edward Reservoirs also provide water to the pressure reduced zones in central Dartmouth, Downtown, Woodside and Eastern Passage.

General information for the Mt. Edward Reservoir #1 is as follows:

Mt Edward #1	Type: Pre-stressed Concrete Constructed: 1979 Volume: 21.7 million Liters Diameter: 55m Height: 10.7m (total), 9.1m (above grade)
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The reservoir was constructed in 1979. There were multiple exterior leakage repair projects carried out on the Mt Edward Reservoir #1 in the early 1990s. There was also an extensive interior leak-proofing program undertaken in the early 2000s as well as the installation of an exterior post-tensioning cable system for additional structural support.

In 2018, as part of Halifax Water’s ongoing Asset Management Program, AECOM, with specialist support from DN Tanks, was retained to carry out an inspection of all the concrete/gunite tanks in the water system. The study identified a range of life-cycle issues associated with each tank. The AECOM assessment identified that the Mt Edward Reservoir #1 was in satisfactory condition overall and functionally sound, however, the tank was significantly affected by deterioration. The structure was considered marginal in its capacity to prevent leakage. The report included recommendations for remediation work on the wall cracking, floor cracks, vent, hatch, interior cleaning, and the addition of an electric mixing system. The assessment recommended completing the remedial work within the next 5 to 10 years.

In March 2022, Halifax Water Operations staff isolated and drained the Mt Edward Reservoir #1 to perform a more detailed interior and exterior condition inspection of the reservoir. The inspection was completed by Read Jones Christofferson Ltd (RJC), a consulting firm that specializes in concrete condition assessment and rehabilitation projects. The assessment concluded that the structure is in generally fair to poor condition, consistent with its age. The assessment provided guidance for further destructive testing and concrete rehabilitation recommendations, which could extend the service life of the reservoir for 20 years before requiring replacement.

In November 2022, staff issued a Request for Proposals (RFP) to investigate the option of reservoir rehabilitation versus replacement. CBCL was awarded the design phase of the project and have completed their preliminary design report.

DISCUSSION

Reservoir Size and Location

As part of their design scope, CBCL completed sizing calculations using population projections included in the 2019 Integrated Master Plan (IMP) as well as future known developments in the Dartmouth System that have arisen since the IMP was published. The sizing calculations follow the Atlantic Canada Water and Wastewater Association design guidelines for reservoir sizing. Based on CBCL's analysis, it is their recommendation that a replacement reservoir of the same size (21.7 million Liters) will meet current and projected water demands.

The preliminary design review also confirmed that the Mt. Edward Reservoir site is large enough to accommodate a third reservoir, if additional storage is needed in the future.

Reservoir Material

As noted in the Preliminary Design Report, a glass-lined bolted tank (AWWA D103) alternative was ruled out because the recommended size for the new reservoir exceeds the structural capability of that style of tank.

CBCL considered two suitable material types for the reservoir construction: welded steel (AWWA D100) and pre-cast concrete (AWWA D110 – Type III). CBCL completed a Net Present Value (NPV) analysis over a 100-year lifecycle timeframe on steel and concrete reservoirs, which includes the initial capital cost and assumptions for operation and maintenance costing based on information provided by reservoir builders and based on Halifax Water's experience. As part of the analysis, CBCL also consulted with four reservoir construction companies (two pre-cast concrete and two welded steel) to gather accurate budget information on the initial capital cost for the reservoir construction. Preliminary project cost estimates for both steel and pre-cast concrete tanks are attached to this report (see attachments #3 and #4).

There are advantages and disadvantages with both tank material types. Based on the NPV analysis in the Preliminary Design Report, it was determined that, in this case, welded steel and pre-cast concrete have an approximately equivalent NPV over the full asset lifecycle. Halifax Water has experience with operating and maintaining welded steel and pre-cast concrete reservoirs. There are reservoirs of both material types that have performed well in their current life cycle. During the Preliminary Design review with Operations and Engineering staff, there was no preference for one type over the other.

Rehabilitation versus Replacement

CBCL also reviewed the recommendations for rehabilitation from the RJC report. The RJC Report indicated that rehabilitation could extend the life of the existing reservoir by 20 years. CBCL compared option of rehabilitation versus replacing the reservoir. As part of their analysis, CBCL carried out a NPV assessment over a 100-year time frame for all three options (Rehabilitation, Replace with steel, Replace with concrete). Based on their NPV analysis of options, it is CBCL's recommendation that the best value for Halifax Water is to replace the Mt. Edward Reservoir #1 when compared to extending the service life by 20 years through a rehabilitation project and then replacing the reservoir.

Next Steps

CBCL has recommended proceeding with the design work for both the welded steel and the pre-cast concrete reservoirs. Once detailed specifications for each material type are finalized, general contractors (with specialized expertise in steel tanks and concrete tanks) will be invited to pre-qualify for the construction phase. Qualified General Contractors will then have an opportunity to submit a lump sum pricing proposals to construct a welded steel reservoir and/or pre-cast concrete reservoir. Once the submissions are received, the NPV analyses for each bid/option will be evaluated to determine the preferred lowest NPV bid over the asset lifecycle. Using the NPV analysis approach creates a bidding environment that encourages the lowest initial capital cost investment for either tank material type, and as a result, the best overall value for the Utility.

It is staff's opinion that this procurement method will allow for a competitive bidding environment for the reservoir replacement. There are limited numbers of qualified tank construction companies. Making a final choice for reservoir material at the end of the preliminary design phase would limit competitiveness by reducing the number of qualified bidders.

An application to Nova Scotia Environment and Climate Change will be made as reservoir replacement is an activity requiring approval based on their regulations.

Upon approval by the Halifax Water Board, a submission will be made to the NSUARB for funding approval.

The public procurement process for this project is anticipated to begin in mid-October 2024. Halifax Water staff are seeking Halifax Water Board approval at this time, in anticipation of a possibly lengthy NSUARB approval process, and to have the project ready for procurement well in advance of the 2024 construction season.

BUDGET IMPLICATIONS

Funding for this project is as follows:

2022/23 Capital Budget - \$150,000
2023/24 Capital Budget - \$200,000
2024/25 Capital Budget - \$100,000
2025/26 Capital Budget - \$23,294,000 (Steel Reservoir Option)

As noted above, the capital budget information shown is based the steel reservoir cost estimate. If the proposed tendering process identifies the concrete tank as the preferred best value option based on a NPV analysis, the proposed project budget will be revised accordingly.

The proposed expenditure meets the “NO REGRETS- UNAVOIDABLE NEEDS” approach of the 2012 Integrated Resource Plan. The proposed work meets the NR-UN criteria of “Directly supports the implementation of the Asset Management program”. The project meets these criteria based on the following: The existing asset is failing due to its age and is at end of life.

RISK

Financial Risk – Since the NPVs are approximately equivalent for both material types, having general contractors submit pricing on both tank types minimizes financial risk and provides best value options for a final decision to be made.

Operational Risk – If the reservoir is not replaced, its condition will continue to deteriorate, and more leaks will develop; potentially leading to a structural failure. Halifax Water invests operational effort into minimizing system leaks wherever possible to reduce the volume of non-revenue water. Also, the reservoir, with its current pipe configuration, is difficult to isolate and bring back into service. There is an opportunity with this project to optimize the inlet, outlet and drain piping to bring it up to current standards.

PROJECT MILESTONES

Concept Design Completion – March 13, 2024
Detailed Design Completion – October 2, 2024
NSUARB Approval – subject to Halifax Water Board approval, the funding application is planned for April 2024 and anticipated to be complete by October 31, 2024.
Tender – Issued Mid-October 2024 and close Mid November 2024
Contract Award – End November 2024
Final Reservoir Design – December 2024 to Spring 2025
Construction Start – Spring 2025 to Summer/Fall 2026

ALTERNATIVES

The Mt. Edward Reservoir #1 is reaching the end of its asset life. The Preliminary Design Report has recommended that the replacement of the reservoir is the best value option when compared to rehabilitation.

There are no further alternatives to this project. The reservoirs are required for system operation to balance peak demands, provide storage for high flow (emergency) and to operate the system during planned water supply plant shutdowns.

ATTACHMENTS

1. **Mt Edward Reservoirs Sketch 1 Lake Major Water Distribution System**
2. **Mt Edward Reservoirs - Sketch 2 Site Plan**
3. **Mt Edward Reservoir Preliminary Cost Estimate – Concrete**



Report Prepared by:

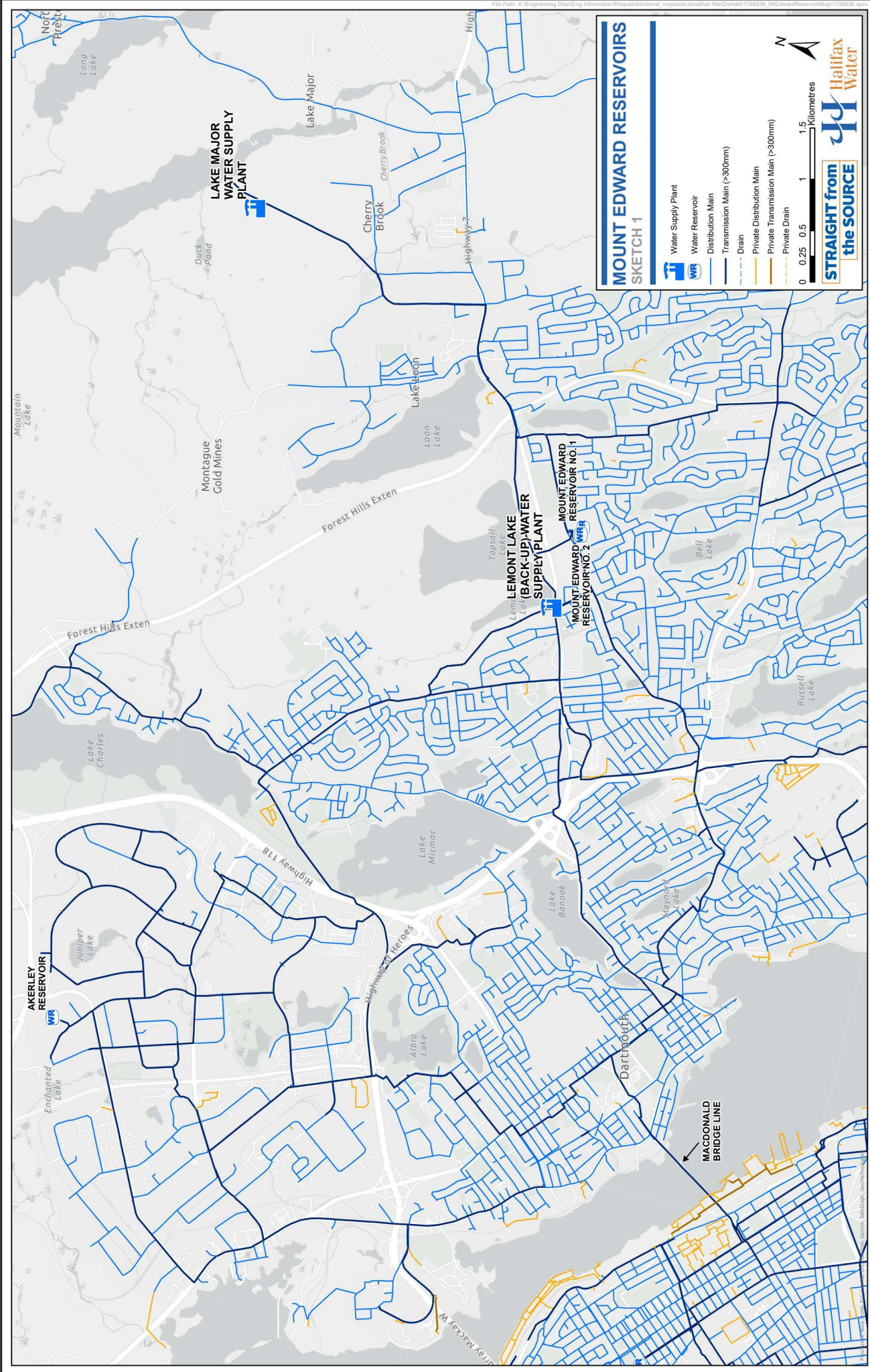
Jonathan MacDonald, P.Eng
Manager – Water Infrastructure Planning

DocuSigned by:

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Financial Reviewed by:

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



MOUNT EDWARD RESERVOIRS
SKETCH 1

- Water Supply Plant
- Water Reservoir
- Distribution Main
- Transmission Main (>300mm)
- Drain
- Private Distribution Main
- Private Transmission Main (>300mm)
- Private Drain


















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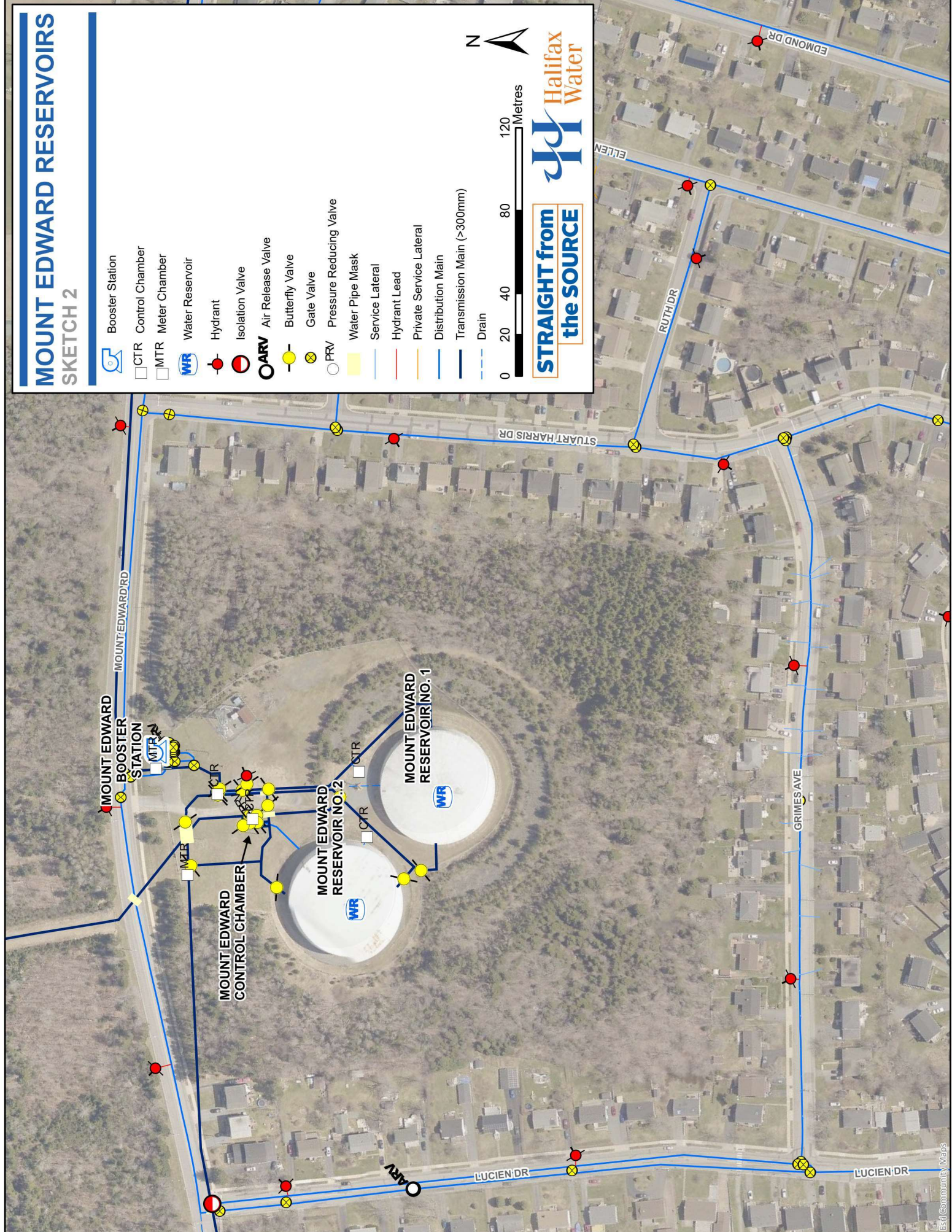
STRAIGHT from the SOURCE

Halifax Water

MOUNT EDWARD RESERVOIRS

SKETCH 2

-  Booster Station
-  CTR Control Chamber
-  MTR Meter Chamber
-  WR Water Reservoir
-  Hydrant
-  Isolation Valve
-  CARV Air Release Valve
-  Butterfly Valve
-  Gate Valve
-  PRV Pressure Reducing Valve
-  Water Pipe Mask
-  Service Lateral
-  Hydrant Lead
-  Private Service Lateral
-  Distribution Main
-  Transmission Main (>300mm)
-  Drain



Certificate Of Completion

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Certificate Pages: 2	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Disabled	Lorna Skinner
Time Zone: (UTC-04:00) Atlantic Time (Canada)	450 Cowie Hill Road
	Halifax, NS B3K 5M1
	lornas@halifaxwater.ca
	IP Address: 47.54.5.16

Record Tracking

Status: Original	Holder: Lorna Skinner	Location: DocuSign
Mar 22, 2024 14:24	lornas@halifaxwater.ca	

Signer Events

Louis de Montbrun
 louis.demontbrun@halifaxwater.ca
 Security Level: Email, Account Authentication (None)

Signature

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Timestamp

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 Viewed: Mar 22, 2024 | 15:02
 Signed: Mar 22, 2024 | 15:03

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Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Reid Campbell
 reid.campbell@halifaxwater.ca
 Security Level: Email, Account Authentication (None)

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Electronic Record and Signature Disclosure:
 Not Offered via DocuSign


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Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Completed	Security Checked	Mar 22, 2024 15:03
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Payment Events	Status	Timestamps
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TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Reid Campbell, P.Eng.
Director, Engineering and Technology Services

APPROVED: **p.p.** 
Kenda MacKenzie, P.Eng, Acting General Manager & CEO

DATE: March 15, 2024

SUBJECT: **Sunnydale Avenue and Windmill Road Infrastructure Renewal**

ORIGIN

Halifax Water Operations.

RECOMMENDATION

The Halifax Water Board approve the Sunnydale Avenue and Windmill Road Infrastructure Renewal project at an estimated total project cost of \$3,153,000 (incl. net HST).

BACKGROUND & DISCUSSION

Halifax Water has identified the need for replacement of approximately 1,000 m of existing corrugated steel pipe (CSP) stormwater sewer (circa 1969) ranging in diameter from 1050 mm to 1200 mm. This stormwater sewer services three streets in the community of Dartmouth: Sunnydale Avenue (approx. 250 m of stormwater sewer), Windmill Road (approx. 200 m of stormwater sewer), and Farrell Street (approx. 550 m of stormwater sewer). For both Sunnydale Avenue and Farrell Street, the existing 150 mm cast-iron watermain (circa 1959) and existing no-corrode wastewater service laterals were also prioritized for replacement as part of the work. Additionally, on Sunnydale Avenue, approximately 30 m of the existing 200 mm diameter concrete wastewater sewer (circa 1959) has been prioritized for replacement due to localized failure in this section of the wastewater sewer. The projects to design and construct the infrastructure renewals for each of the three above mentioned streets were prioritized for future, unspecified Capital Budget years.

During various storm events which occurred in 2023, the condition of the stormwater sewers on Sunnydale Avenue and Farrell Street deteriorated rapidly. Halifax Water Operations crews have responded to repair sinkholes multiple times during 2023. Halifax Water responded to the rapidly developing issue by accelerating the schedules of the infrastructure renewal projects for all three streets.

Englobe design services were previously procured using a competitive public Request For Proposal (RFP) process for multiple stormwater infrastructure renewal projects in Dartmouth. The design services for the infrastructure renewal for this application were procured in November of 2023 through an amendment to the existing engineering services contract, using the same competitively procured rates. The design of the watermain replacements, wastewater sewer section replacement, and service laterals replacements were also included as part of the scope of work. Construction of Sunnydale Avenue and Windmill Road is planned to proceed in 2024. Construction of Farrell Street is planned to proceed as part of an HRM integrated street recapitalization project in 2025. The Project Cost Estimate includes costs for inspection of construction on Sunnydale Avenue, and Windmill Road by Englobe Corp. with part-time, audit inspection by Halifax Water staff.

Since starting the detailed design phase in January of 2024, sinkholes have continued to form in Sunnydale Avenue and Farrell Street during storm events. The intention is to renew the infrastructure within Sunnydale Avenue and Windmill Road this year. However, the condition of Farrell Street has become critical, and the stormwater sewer is in danger of catastrophic failure, which would result in collapse of the road. This would create a hazard to public safety, as well as the potential for damage to private property. Englobe is not able to accelerate the detailed design schedule for Farrell Street without impacting the design schedule for Sunnydale and Windmill. Thus, to mitigate this issue, Halifax Water Operations is planning to replace a 115 m portion of the stormwater sewer on Farrell Street in 2024. This will stabilize the situation until the remainder of the construction can proceed with the HRM integrated work in 2025. The 2024 replacement of 115 m of stormwater sewer by Halifax Water Operations will be permanent, and ultimately connect directly to the sections of stormwater sewer in Farrell Street planned for replacement in 2025.

BUDGET IMPLICATIONS

Funding in the amount of \$788,000 for the watermain works is available from 2024/2025 Capital Budget (*3.022 Water Distribution -Main Renewal Program*).

Funding in the amount of \$125,000 for the wastewater works is available from 2024/2025 Capital Budget (*2.052 Integrated Wastewater Projects - Program*).

Funding in the amount of \$2,240,000 for the Sunnydale Avenue and Windmill Road Infrastructure Renewal is available from surpluses in previously closed projects or projects that have been deferred or cancelled.

The proposed expenditure meets the “NO REGRETS- UNAVOIDABLE NEEDS” approach of the 2012 Integrated Resource Plan. The proposed work meets the NR-UN criteria of “Required to ensure infrastructure system integrity and safety”. The project meets these criteria based on the following: The current equipment is failing due to age and end of life (Asset Management) and causing operational issues (Infrastructure System Integrity).

RISK

Deferring project to future years – The existing stormwater infrastructure is at the end of its service life. There is a significant risk of catastrophic failure. Deferral is not recommended.

MILESTONES

The key milestones for this project are as follows:

Tender Issue Date: May 28th, 2024
Tender Closing Date: June 18th, 2024
Start of construction: July 30th, 2024
Project completion: November 22nd, 2024

ALTERNATIVES

There are no suggested alternatives.

ATTACHMENTS


1. Halifax Water – Sunnyside Avenue Infrastructure Renewal – Pre-Tender Project Cost Estimate (Class B) (March 21st, 2024)
2. Sunnyside Windmill Sketch

Report Prepared By:



Brad Baxter, P.Eng.
Project Engineer, Municipal Engineering

Financial Approved By:

DocuSigned by:


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

Sunnydale Ave & Windmill Rd – Pre-Tender Project Cost Estimate (Class B)

Item	Total Cost
Construction Costs (Pre-Tender Est. Class B)	\$ 2,421,720
Consultant Costs (Construction Phase)	\$ 72,700
Sub-total	\$ 2,494,420
Construction Contingency (15%)	\$ 374,163
Consultant Costs (Design/Tender Phase)	\$ 48,995
Geotechnical Investigation	\$ 9,988
Sub-total	\$ 2,927,566
Net HST (4.286%)	\$ 125,475
Sub-total	\$ 3,053,041
Overhead (1%)	\$ 30,530
Halifax Water Staff and Related Expenses	\$ 35,079
Streets & Services Permit	\$ 34,000
Sub-total	\$ 3,152,650
Total Project Cost Estimate	\$ 3,152,650
Rounded Total	\$ 3,153,000

Last Updated

March 21, 2024

SUNNYDALE AVE & WINDMILL RD INFRASTRUCTURE RENEWAL

DARTMOUTH



STRAIGHT from
the SOURCE

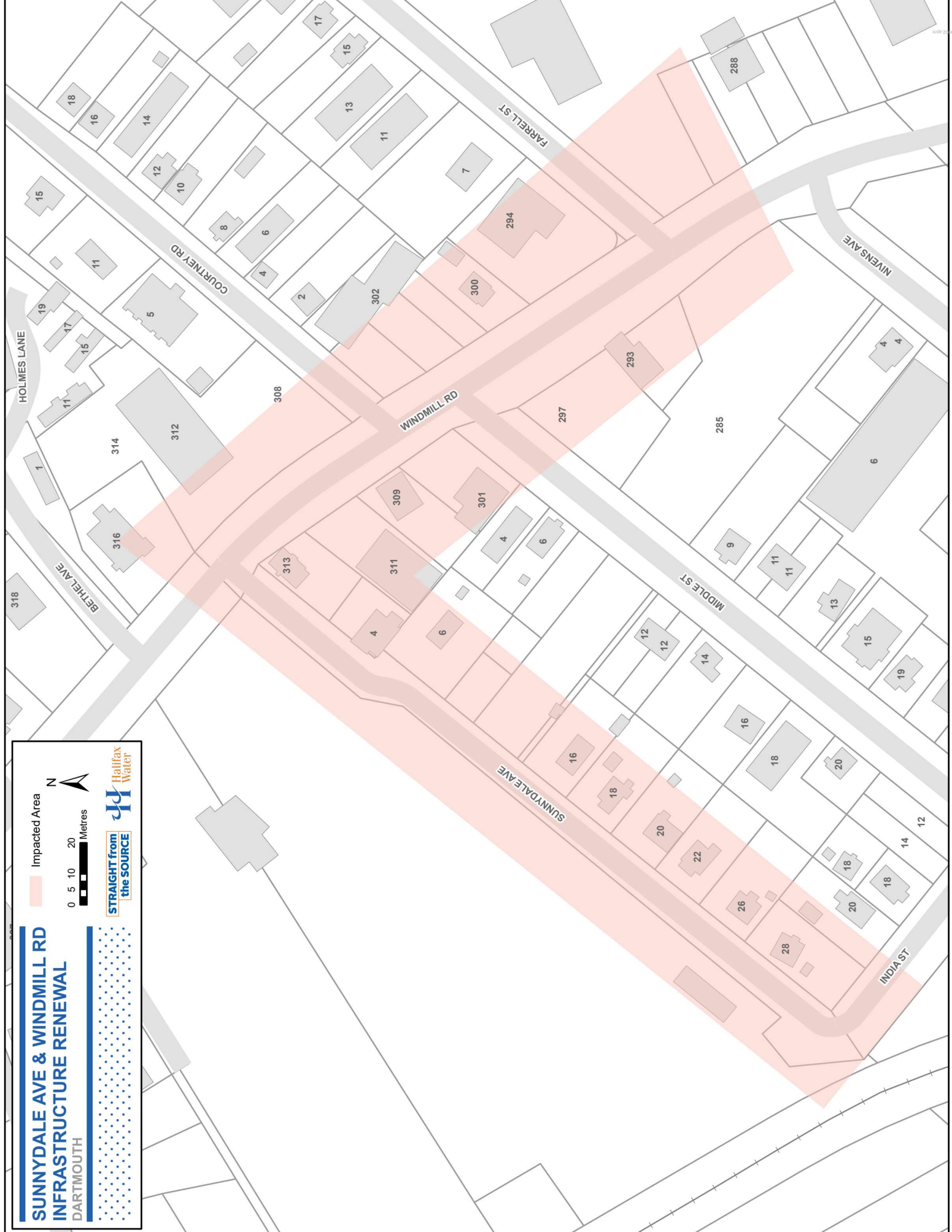


Halifax
Water

Impacted Area



0 5 10 20
Metres



TO: Colleen Rollings, Chair, and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: DocuSigned by:
Kenda MacKenzie
0C084AC815794F6...
Kenda MacKenzie, P. Eng
Acting General Manager/CEO

DATE: March 15, 2024

SUBJECT: Corporate Balanced Scorecard - 2024/25 Program

ORIGIN:

Annual Corporate Performance Measurement.

RECOMMENDATION:

It is recommended that the Halifax Water Board approve the Corporate Balanced Scorecard targets for the 2024/25 fiscal year, including the organizational award program which is tied to the outcomes of the Corporate Balanced Scorecard organizational indicators as detailed in this report.

BACKGROUND

Halifax Water has been utilizing a Corporate Balanced Scorecard (CBS) to measure performance since 2001.

DISCUSSION

The purpose of Halifax Water is to provide and safeguard sustainable, high quality water services.

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.

Each year, the organizational indicators are reviewed and refined based on operational objectives and approved budgets.

The organizational indicators have been aligned with the four strategic pillars approved in the 2023/24 Business Plan.

There are minor changes proposed for the organizational indicator targets for 2024/25. These changes were made to ensure we are better supporting our customers:

- Operating expense/revenue ratio percentage (excluding depreciation)
- Annual cost per customer connection – Water (excluding depreciation)
- Annual cost per customer connection – Wastewater (excluding depreciation)
- Lost time accidents - Number of accidents resulting in lost time per 100 employees

Due to resource limitations, Halifax Water was not able to undertake the deeper review of the CBSC noted in last years report and will endeavor to review the program this fiscal year.

2023/24 CBSC Summary

The attached CBSC summary identifies the organizational indicators for 2024/25 and a projection of the results for 2023/24. Final results will be available after completion of the 2023/24 fiscal year audit and will be reported to the Halifax Water Board at the June Board meeting.

Consistent with prior years and the methodology approved by the Halifax Water Board, the most objective organizational indicators have been considered for the Organizational Award program. Twelve organizational indicators are recommended for inclusion in the award program. The recognition of an organizational award hinges on a minimum score of 7.0 to give a passing grade out of a maximum score of 12.0. Funds for the award program are connected to the operating expense to revenue ratio being at/or below the target for the fiscal year. The operating expense to revenue ratio for 2024/25 has been adjusted to reflect the equivalent of \$1.0 million in expense reduction. The \$1.0 million reduction provides the funds required to pay the organizational award.

In keeping with cost containment efforts, water and wastewater service cost per connection measures, under responsible financial management, have targets to realize a 2% savings compared to the approved operations budget. In addition, under environmental stewardship, the utility is expected to reduce energy consumption (and therefore greenhouse gas emissions) as a result of

capital improvements. The continuation of an organizational award tied to the outcomes of the CBS helps promote a high level of performance and will realize future savings for the utility.

BUDGET IMPLICATIONS

Funds for the Organizational Award program are available if the operating expense to revenue ratio is at/or below the target amount. In many cases, meeting the organizational indicator targets will realize direct savings to the utility, improved operational effectiveness, and/or improved customer service.

ALTERNATIVES

None recommended.

ATTACHMENT

Summary Corporate Balanced Scorecard

Report Prepared By:	<div style="border: 1px solid black; padding: 5px;"><p style="margin: 0;">DocuSigned by: <i>Kenda MacKenzie</i> <small>0C084AC815794F6...</small></p><hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/><p style="margin: 0;">Kenda MacKenzie, P. Eng Acting General Manager/CEO 902-237-7116</p></div>
Financial Approved By:	<div style="border: 1px solid black; padding: 5px;"><p style="margin: 0;">DocuSigned by: <i>Louis de Montbrun</i> <small>A65D6874EBC1467...</small></p><hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/><p style="margin: 0;">Louis de Montbrun, CPA, CA Director, Corporate Services/CFO 902-490-3685</p></div>


Organizational Indicators	Organization Award	2022/23	2023/24		2024/25
		Results	Target	Projection	Target
Financial and Regulatory Accountability					
Operating expense/revenue ratio percentage (excluding depreciation)	Gateway	62.0%	60.0%	60.0%	67%
Annual cost per customer connection – Water (excluding depreciation)		\$403	\$438	\$454	\$500
Annual cost per customer connection – Wastewater (excluding depreciation)		\$592	\$627	\$605.00	\$697
Total capital spend in the fiscal year (in millions)		\$93.5	\$135	\$90.0	\$135
Capital budget expenditures - Percentage of budget spend by end of fiscal year		35.3%	70-80%	25.0%	70-80%
Health Safety & Environment					
Average score on internal safety audits		98.0%	90.0%	96.0%	90%
NS Labour and Advanced Education compliance – Number of Incidents with written compliance orders		0	< 2%	0	2
Lost time accidents -Number of accidents resulting in lost time per 100 employees	Gateway	1	3	2	2.5
Safe driving - Number of traffic Accidents per 1,000,000 km driven (maximum of 5)	Org. Award	4.31	4	5.5	4
Training - Number of employees trained or re-certified before due date		89.0%	85.0%	70.0%	85%
Percentage of completed safety talks		90.0%	85.0%	80.0%	85%
Percentage of public health and environmental regulatory infractions resulting in a summary offense tickets		0%	< 2%	0%	2%
Percentage of WWTFs complying with NSE approval permits	Org. Award	96.6%	95%	95.0%	95%
Number of ICI properties engagements by Pollution Prevention each year		251	250	240	250
Operational Excellence					
Adherence with 5 objectives of Water Safety Plan for all water systems - Percentage of sites achieving targets	Org. Award	93	80	85	80
Bacteriological tests - Percentage free from Total Coliform		99.97%	99.90%	99.87%	99.90%
Water service outages - Number of connection hours/1000 customers		125.74	200	175.04	200
Wastewater service outages – Number of connection hours/1000 customers		1.03	4	0.61	4
Average speed of answer – Percentage of calls answered within 20 seconds		71.1%	70.0%	35.0%	70%
Response time for service connection permits – percentage of formal responses provided from Halifax Water within 3 days or less		N/A *	80.0%	85.30%	80%
Response time for subdivisions involving system extensions – percentage of formal responses from Halifax Water provided within 4 weeks or less review		N/A *	80.0%	86.40%	80%
Water leakage control – target leakage allowance of 160 litres/service connection/day	Org. Award	219	165	Data Not Available	165
I&I reduction - Number of inspections to identify private property discharge of stormwater into the wastewater system		1387	1200	1586	1200
Peak flow reduction from wet weather management capital projects	Org. Award	Data Not Available	5-10 l/sec**	Data Not Available	5-10 l/sec**
Percentage of time GIS and Cityworks are available	Org. Award	99.95%	97.00%	99.80%	97%
Energy management kwh/m ³ reduction associated with capital projects	Org. Award	14.10%	10.00%	13.80%	10%
Bio-solids residual handling - percentage of sludge meeting bio-solids concentration targets	Org. Award	99.5%	95.0%	99.6%	95%
People					
Customer satisfaction about water quality - Percentage from customer survey	Org. Award	88.0%	85.0%	89.0%	85.0%
Customer satisfaction with service - Percentage from customer survey	Org. Award	97.0%	95.0%	95.0%	95.0%
Number of arbitrations divided by total number of grievances		0	0	0.0322	0
Percentage of jobs filled with internal candidates		64%	80%	40%	80%
Employee satisfaction survey result		B+	A	B	A
Average number of days absenteeism		9.81	<7	9.5	<7

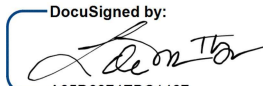
NOTES:

* New metrics introduced in 2023/24, no values from previous year.

** Peak flow reduction - The Crescent Avenue lining program start was delayed due to a longer than normal NSUARB approval process. As a result the program was completed in October 2021, after the start of the calendar year Q4 data collection through flow monitoring. It is recommended this target carry forward to 23/24 so that a complete Q4 dataset is available to measure the peak flow reduction. March 3, 2024 - The data is not available at this time. The flow monitoring data will not be available until the end of April 2024.

TO: Colleen Rollings, P. Eng., PMP, Chair, and Members of the Halifax Regional Water Commission Board as Trustees of the Halifax Regional Water Commission Employees' Pension Plan.

SUBMITTED BY: 
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Louis de Montbrun, CPA, CA, Director, Corporate Services / CFO

APPROVED: 
p.p. A65D6874EBC1467
Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 1, 2024

SUBJECT: **Halifax Regional Water Commission Employees' Pension Plan
Financial Report Fourth Quarter, 2023**

ORIGIN

Financial reporting for the Halifax Regional Water Commission Employees' Pension Plan (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 Fourth Quarter (January 1 to December 31, 2023). Favourable or unfavourable variances reported compare actual results to the annual budget amounts, for the twelve (12) month period ending December 31, 2023. Yearend audited results for 2021 and 2022 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 \$16.4 million for the twelve (12) month period ending December 31,

2023. The annual budget forecasted an increase in net assets available of \$7.4 million. Actual results for the period compared to the annual budget result in a favourable variance of \$9.0 million.

Revenue for the period is \$15.7 million, which when compared to the annual budget of \$7.0 million results in a favourable variance of \$8.7 million. Performance of the HRM Master Trust directly drives the revenue figures reported and changes in the fair value of investment assets tend to be more volatile compared to contributions and expenses of the Plan. This variance is attributed directly to an increase in the fair value of investment assets of \$12.5 million. Investment income for the period was \$3.6 million compared to an annual budget of \$2.9 million.

Contributions of \$7.9 million are above the annual budget of \$6.9 million by \$1.0 million. This results in a favourable variance of 16% and is partially due to transfers in from other pension plans plus the timing of new hires and higher pay for staff resulting from a recent re-organization and naming of Senior Managers.

Expenses of \$7.2 million for the period are higher than the annual budget of \$6.4 million by \$0.8 million or 13%. Termination payments are over the annual budget by \$0.7 million and a pre-retirement death benefit paid out in January 2023 accounts for the difference. Pre-retirement death benefits are not budgeted as they are infrequent and unpredictable. Termination payments vary from year to year and are difficult to predict.

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 Fourth Quarter (October 1 to December 31, 2023) 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.

Fourth Quarter results reported in Appendix D show, out of 5 requests submitted for retirement estimates (with options), the retirement package was provided to the member within the prescribed timelines under the Act, 60 days prior to the Member's intended retirement date. There were 4 terminations during the period, with the terminated employee provided a termination package (with options) within the prescribed timelines under the Act, within 60 days after their termination date, in 3 out of 4 instances. The 1 instance where the standard was not met, was an anomaly as additional time was required to verify service, periods of leave and complications related to this long-time employee.

Performance of the actuary, also reported in Appendix D, shows out of 9 requests in total, the actuary met the pre-determined standard in 7 instances with average response times for retirement and termination calculation estimates of 12 days and 8 days respectively. The response time of the actuaries is continuously monitored to ensure required service standards are maintained.

ATTACHMENTS

APPENDIX A – Financial Report:

Statement of changes in net assets available for benefits, for the twelve (12) month period ended December 31, 2023

APPENDIX B – Regulatory Filing Requirements – Q4 2023

APPENDIX C – Administrative Reporting Requirements – Q4 2023

APPENDIX D – Service Standards Report – Q4 2023

Report Prepared by:	<p>DocuSigned by: <i>Heather Britten</i> 7E50B0451C60405</p> <hr/> <p>Heather Britten, Quality Assurance Officer (782) 641-1431</p>
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Halifax Regional Water Commission Employees' Pension Plan
Statement of changes in net assets available for benefits
For the twelve (12) month period ended December 31 2023
Benchmark 100%

	December 31, 2023				
	2023 Budget	Preliminary Actual	Prorated Budget		Actual (Audited) 2021
			100%	Change	
			\$	%	
Revenue					
Net investment income:					
Total investment income	\$2,900,000	\$3,640,508	\$2,900,000	\$740,508	26%
Investment manager fees	(\$310,000)	(\$431,212)	(\$310,000)	\$121,212	39%
Increase (decrease) in the fair value of investment assets	<u>\$4,400,000</u>	<u>\$12,517,755</u>	<u>\$4,400,000</u>	<u>\$8,117,755</u>	<u>184%</u>
	<u>\$6,990,000</u>	<u>\$15,727,052</u>	<u>\$6,990,000</u>	<u>\$8,737,052</u>	<u>125%</u>
Contributions					
Participants:					
Current service (including Additional Voluntary Contributions)	\$3,479,100	\$3,682,856	\$3,479,100	\$203,756	6%
Reciprocal Transfers In	\$0	\$683,465	\$0	\$683,465	0%
Sponsors:					
Current service	\$3,379,000	\$3,570,305	\$3,379,000	\$191,305	6%
	<u>\$6,858,100</u>	<u>\$7,936,626</u>	<u>\$6,858,100</u>	<u>\$1,078,526</u>	<u>16%</u>
Expenses					
Benefit payments:					
Benefit payments	\$5,406,000	\$5,280,758	\$5,406,000	(\$125,242)	(2%)
Termination payments	\$800,000	\$1,470,618	\$800,000	\$670,618	84%
Death benefit payments	\$0	\$296,728	\$0	\$296,728	n/a
Administrative:					
Actuarial & consulting fees	\$75,000	\$73,098	\$75,000	(\$1,902)	(3%)
Audit & accounting fees	\$10,000	\$11,313	\$10,000	\$1,313	13%
Bank custodian fees	\$28,000	\$24,509	\$28,000	(\$3,491)	(12%)
Insurance	\$10,600	\$10,600	\$10,600	\$0	0%
Miscellaneous	\$20,000	\$25,170	\$20,000	\$5,170	26%
Professional fees	\$45,000	\$44,484	\$45,000	(\$516)	(1%)
Registration fees	\$3,000	\$2,935	\$3,000	(\$65)	(2%)
Training (Trustees/ Administration/ Pension Committee)	\$5,000	\$0	\$5,000	(\$5,000)	(100%)
	<u>\$6,402,600</u>	<u>\$7,240,213</u>	<u>\$6,402,600</u>	<u>\$837,613</u>	<u>13%</u>
Increase in net assets available for benefits	<u>\$7,445,500</u>	<u>\$16,423,464</u>	<u>\$7,445,500</u>	<u>\$8,977,964</u>	<u>121%</u>
Net assets available for benefits, beginning of period	<u>\$175,240,002</u>	<u>\$175,240,002</u>			<u>\$154,956,157</u>
Increase (decrease) in net assets available for benefits	<u>\$7,445,500</u>	<u>\$16,423,464</u>			<u>\$603,641</u>
Net assets available for benefits, end of period	<u>\$182,685,502</u>	<u>\$191,663,467</u>			<u>\$174,636,362</u>

Expenses on this statement are reported on a cash basis.

Halifax Regional Water Commission Employees' Pension Plan
Regulatory Filing Requirements - 2023
as at December 31, 2023

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	February 15, 2024	Filed directly with the Trustee, Northern Trust, for the DB Plan.
			February 15, 2024	Filed directly with the Trustee, Industrial Alliance, for the DC Plan.
2 Pension Plan Income Tax Return (T3)	Canada Revenue Agency	March 31st	February 27, 2023	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	June 30, 2023	2022 audited financial statements were approved by the Halifax Water Board on June 22, 2023. Signed financial statements were submitted to the Superintendent of Pensions on June 30th. (Superintendent is notified by letter each year that the financial statements may be later than June 30th due to timing of the Board meeting.)
			June 9, 2023	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.
4 Annual Information Returns (AIR)	Superintendent of Pensions	June 30th	June 9, 2023	
			June 9, 2023	
5 Actuarial Valuation*	Superintendent of Pensions Canada Revenue Agency	September 30th	September 16, 2022 September 16, 2022	Actuarial Valuation was conducted as of January 1, 2022 and has been filed with the Superintendent of Pensions and CRA in September 2022 by Eckler Partners Ltd.
6 Plan Amendments	Superintendent of Pensions Canada Revenue Agency	60 days after the amendment approved by the Board	September 23, 2022 September 23, 2022	Plan Rules were Amended and Consolidated effective January 1, 2021 and approved by the Halifax Water Board on January 27, 2022. This included amendments 9 through 12, implemented since 2011. Contribution rate changes as determined by the Actuarial Valuation of January 1st, 2022 were submitted to the Superintendent of Pensions and CRA on September 23, 2022.
	Superintendent of Pensions Canada Revenue Agency	60 days after the amendment approved by the Board	n/a	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 - 2023
as at December 31, 2023

Report	Filing Deadline/ Recurrence	Date last filed/ Performed	Comments
Pensioners' Payroll	Monthly	March 1, 2024	Pensioners are paid the 1st of each month; no exceptions to report for the Fourth Quarter 2023
Contributions to the Trustee	Monthly	February 13, 2024	Remittances due to Northern Trust within 30 days of month end; no exceptions to report for the Fourth Quarter 2023.
		January 10, 2024	Remittances due to Industrial Alliance within 30 days of month end or as required; no exceptions to report for the Fourth Quarter 2023.
		n/a	Contributions are not made to an external trustee or custodian. Liability plus interest is reported by Halifax Water annually.
Pension Plan Financial Statements	Quarterly	March 28, 2024	Fourth Quarter (January - December 2023)
		March 28, 2024	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. The 2023 report will be provided to the Halifax Water Board on March 28, 2024.
		n/a	Financial statements not required.
Investment Performance Review & Compliance with SIP&P	Quarterly	March 28, 2024	Third Quarter 2023 (January - September) Report prepared quarterly by administration staff for the Halifax Water 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 December 7, 2023.
Annual Pension Statements to Members	June 30th	June 27, 2023	Statements issued annually by June 30th.
		June 27, 2023	Statements issued annually in conjunction with the Defined Benefit (DB) Plan statements. Members also have access to online, real-time reporting.
		June 27, 2023	Statements issued annually in conjunction with the DB Plan statements.
Fiduciary Liability Insurance	Annually	October 25, 2023	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.

Quarter 4 (as at December 31, 2023)

Transaction	Actuary				HW Staff			Compliance with PBA	
	Standard	Total # Completed	# Past Standard	% within Standard	Average Service Days	Total # Completed	Average Service Days		Total Average Service Days
Retirement Estimates	11 Business Days	5	2	60%	12	5	9	21	Yes
Marriage Breakdown Calculations	15 Business Days								
Post-Retirement Death Letter	15 Business Days								
Pre-Retirement Death Benefit	15 Business Days								
Termination Estimate Calculations - Standard	11 Business Days	4	0	100%	8	4	18	26	Yes
- Non Standard (Incl RTAs)	15 Business Days	9	2	78%	10	9	14	24	
Total for Actuary									

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Louis de Montbrun
 louis.demontbrun@halifaxwater.ca
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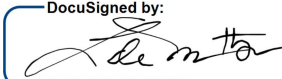
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Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
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Notary Events	Signature	Timestamp
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Payment Events	Status	Timestamps

TO: Colleen Rollings, P.Eng., PMP, Chair, and Members of the Halifax Regional Water Commission Board as Trustees of the Halifax Regional Water Commission Employees' Pension Plan

SUBMITTED BY: 
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Louis de Montbrun, CPA, CA, Director, Corporate Services / CFO

APPROVED: 
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Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 1, 2024

SUBJECT: **Halifax Regional Municipality Master Trust
Investment Performance, Third Quarter, 2023**

INFORMATION REPORT

ORIGIN

The Halifax Regional Municipality Master Trust (the "Master Trust") investment performance is reported to the Halifax Regional Water Commission Board as Trustees of the Halifax Regional Water Commission Employees' Pension Plan periodically throughout the year.

BACKGROUND

None.

DISCUSSION

The table below and the attached Investment Report provide a performance update for the Third Quarter of 2023 (January to September) 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, 2022 was 6.56%, totaling \$173.0 million.

The Master Trust earned 0.09% in the Third Quarter, which underperformed the Third Quarter policy benchmark of -0.26% by 0.35%. The return for the 1-year period ended September 30,

2023, is 10.62%, underperforming the 1-year policy benchmark of 11.00% by 0.38%. Other historical returns are provided in Table 1 below.

Table 1 – Returns

	Current				
	Quarter (Jul - Sep)	1-Year	3 - Year Annualized	4 - Year Annualized	Inception To Date
Fund Return	0.09%	10.62%	7.37%	7.05%	7.06%
Policy Benchmark	-0.26%	11.00%	4.33%	4.80%	5.50%
Excess Return	0.35%	-0.38%	3.04%	2.25%	1.56%


The total fund returns are subject to investment management fees and plan expenses.

As at September 30, 2023, the Master Trust was in compliance with the Statement of Investment Policies and Procedures (SIP&P).

ATTACHMENT

Attachment 1 – HRM Master Trust Investment Performance Q3 2023

Attachment 2 – HRM Master Trust Investment Risk & Analytical Services Q3 2023

Report Prepared by:	<div style="border: 1px solid black; border-radius: 50%; padding: 5px; display: inline-block;"> <small>DocuSigned by:</small>  <small>7E50B0451C60405</small> </div> <hr style="width: 80%; margin: 5px auto;"/> Heather S. Britten, Quality Assurance Officer (782) 641- 1431
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Plan Performance

Plan Performance Summary

	Q3	YTD	1 year	4 year
Total Plan	0.1%	5.2%	10.6%	7.0%
Benchmark	-0.3%	6.5%	11.0%	4.8%
Value Add	0.4%	-1.3%	-0.4%	2.2%

	Q3	YTD	1 year	4 year
Equities	-0.1%	6.7%	16.5%	6.3%
Benchmark	-1.5%	7.7%	17.2%	7.2%
Value Add	1.4%	-1.0%	-0.7%	-0.9%

	Q3	YTD	1 year	4 year
Fixed Income	-1.1%	1.7%	3.0%	1.6%
Benchmark	-2.6%	-0.3%	0.3%	-0.9%
Value Add	1.5%	2.0%	2.7%	2.5%

Plan Performance Summary

	Q3	YTD	1 year	4 year
Real Assets	1.4%	7.0%		
Benchmark	2.1%	6.3%		
Value Add	-0.7%	0.7%		

	Q3	YTD	1 year	4 year
Public Market Alternatives	2.0%	3.4%	5.9%	
Benchmark	2.1%	6.3%	8.4%	
Value Add	-0.1%	-2.9%	-2.5%	



HRM Master Trust

Investment Risk & Analytical Services

September 30, 2023

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SECTION 1

HRM Master Trust

Investment Risk & Analytical Services

September 30, 2023

Market Overview

MARKET OVERVIEW - THIRD QUARTER 2023

PROVIDED BY NORTHERN TRUST ASSET MANAGEMENT

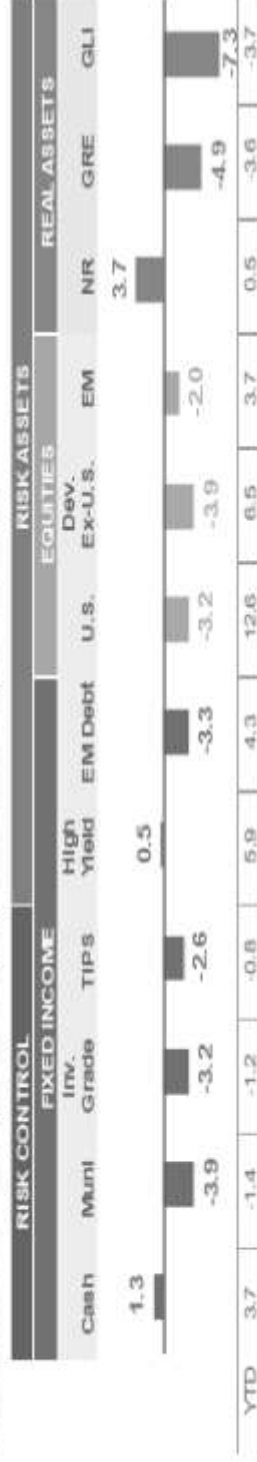
IT'S A MARATHON... As most of the world's population exits summer, marathon season resumes – with two of the six majors* (Berlin and Chicago) bookending the start and end of the third quarter, and New York coming up in November. The "it's a marathon, not a sprint" analogy is (too) often used to assess investment portfolio performance, but a marathon analogy also applies nicely to current economic dynamics.

Who's winning? The three global economic epicenters – the United States, the European Union and China – have had varying levels of speed and stamina over this post-pandemic²² economic marathon. The U.S. economy – fueled by a large fiscal energy boost and harnessing a strong monetary tailwind out of the gate – has grown 5.3% annually in real terms. Adding a hot 5.6% post-pandemic inflation level to the strong real growth has resulted in double-digit nominal economic growth – a speed not seen in the U.S. since the 1970s. This combo led to strong equity returns, with the S&P 500 rising at a 17.4% annualized clip from post-pandemic stabilization. Europe is modestly off America's pace due to energy security challenges, despite also biting off some of the fiscal stimulus energy bar and enjoying an early easy money tailwind. Post-pandemic splits include 6.0% annualized real economic growth (heavily influenced by an 11.5% quarter out of the gate); a 5.7% annualized rate of inflation; and a 12.7% annualized equity market return (MSCI Europe). But, as the monetary tailwind turned to a stiff headwind, Europe has hit a bit of the proverbial wall – falling back from the U.S. toward a materially slowing China. Reliable economic data is lacking, but Chinese growth is clearly deteriorating in the face of elevated debt levels amid an already slow post-pandemic reopening. Reflecting these challenges, China's stock market has posted a -5.5% post-pandemic annual split (MSCI China).

An economic second wind. As Europe and China fade, there is some evidence that the U.S. may have found its economic "second wind". Once a forgone conclusion that the U.S. would fall prey to recession, most forecasters are now calling for this economic landing to be prefixed with "soft" (inflation falls without the recession) or even "no" (as in no recession but also no respite from high inflation). The consumer will play a large part in this determination. Here, it seems they have the willingness to keep going (thanks to a still-strong job market) but may not have the capacity (as gas prices move higher, mortgage rates hit new highs and student loan debt payments resume). That internal struggle will define where the economic "finish line" sits.

Runner's high? Despite the economic uncertainty, stock market valuations, notably in the U.S., remain elevated – driven, in large part, by the tech sector and the promise of AI. Indeed, whether AI serves as a mere near-term "sugar rush" or a longer-lived (and quickly harnessed) support will go a long way toward determining how this race ends.

THIRD QUARTER 2023 TOTAL RETURNS (%)
 Natural resources, cash and high yield were the only major assets that didn't stop for breath last quarter.



Source: Northern Trust Asset Management, Bloomberg. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure.

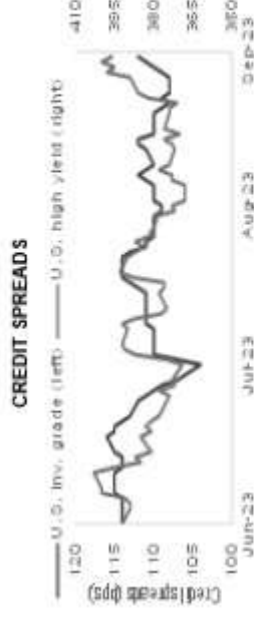
Interest Rates

Duration-sensitive assets took a hit as interest rates rose to cycle highs. After hiking in July, the Fed opted to hold its policy rate at 5.5% in September. But it was a hawkish hold given meaningful upward revisions to its median policy rate and economic growth projections. Short-end yields saw modest upward pressure as investors repriced a higher-for-longer policy path. Back-end yields saw more significant upward moves (e.g., 30-year yield was up 84 basis points), with surprising economic durability helping drive a surge in real yields.



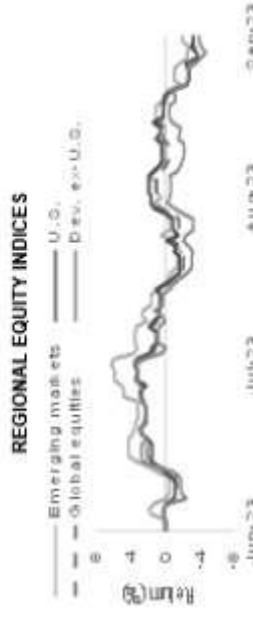
Credit Markets

Credit spreads were mostly rangebound and ended the quarter little changed overall. Investment grade spreads narrowed 2 basis points (bps) to 112 bps and high yield widened 4 bps to 396 bps. High yield (+0.5%) returned more than investment grade fixed income (-3.2%) as higher income yields and less interest-rate sensitivity supported relative performance. Concerns of a default wave resulting from central bank tightening and/or other sources of economic strain were well contained with strong performance across lower-quality credits.



Equities

Traditional stock-bond diversification provided little respite as fixed income declines coincided with global equity losses (-3.3%). Equity weakness extended across regions, with only small and temporary boosts to emerging markets from China stimulus. Early-quarter strength came from upside surprises across economic growth data amid lower inflation prints and talks of final policy rate hikes. Returns hooked lower once economic durability fed into higher interest rates, pressuring equities priced for a mostly benign economic outcome.



Real Assets

Natural resources (+3.7%) was one of the few bright spots in a quarter where most assets moved lower. Higher energy prices drove most of the gain as oil prices broke out to the upside. Global real estate (GRE, -4.9%) and global listed infrastructure (GLI, -7.3%) severely lagged natural resources and to a smaller but still meaningful extent lagged global equities (-3.3%). All sectors within both GRE and GLI posted losses, suggesting that macro pressures from higher interest rates and negative market sentiment were at play.



MARKET EVENTS

■ 3Q 2023 global equity total return: -3.3%



JULY	AUGUST	SEPTEMBER
<p>7 Nonfarm payrolls report is not as strong as feared, helping ease concern on labor market overheating from strong ADP jobs data released the prior day.</p> <p>12 Financial markets embrace lower U.S. Consumer Price Index (CPI) prints, with modest month-over-month changes in headline and core (0.2%).</p> <p>17 Wheat and other agricultural-related commodities see volatility after Russia backs out of the Black Sea grain deal.</p> <p>25 The Fed hikes by 25 basis points (bps) to 5.25-5.50% – the last rate hike of the cycle that investors anticipate.</p> <p>27 The European Central Bank (ECB) hikes by 25 bps, but moving forward it signals a more data-dependent approach versus a bias to tighten.</p>	<p>1 Fitch downgrades its U.S. sovereign credit rating because of expected fiscal deterioration over the coming years and an erosion of confidence in governance.</p> <p>8 China CPI moves into negative territory as it contends with weak trade, high youth unemployment and ongoing property- and debt-related stresses.</p> <p>16 U.K. core CPI remains unchanged at a high level of 6.9% year-over-year – a worrisome development for the Bank of England given accelerating wages.</p> <p>19 Rising interest rates weigh on equities with the 30-year Treasury yield hitting its highest level since 2011 (rises about 40 bps more through quarter-end).</p> <p>25 No surprises from Fed Chair Powell at Jackson Hole with Powell noting inflation remains too high and the Fed is prepared to raise rates more if needed.</p>	<p>1 U.S. jobs data shows orderly loosening, adding to soft landing hopes fueled by benign inflation and solid consumer spending data the day before.</p> <p>14 The ECB raises its key policy rate by 25 bps, but its statement language hints that it is likely done hiking for now.</p> <p>20 The Fed holds its policy rate, but the press conference and updated Summary of Economic Projections signal a higher-for-longer policy path.</p> <p>25 Strikes broaden to more plants at the three largest U.S. automakers, with the walkouts poised to enter week three.</p> <p>30 U.S. unexpectedly avoids government shutdown after last-minute deal provides funding at current levels for six more weeks.</p>

IMPORTANT INFORMATION

Indexes used: Bloomberg Barclays (BBC) 1-3 Month UST (Cash); BBC Municipal (Muni); BBC Aggregate (Inv. Grade); BBC TIPS (TIPS); BBC High Yield 2% Capped (High Yield); JP Morgan GBI-EM Global Diversified (Em. Markets Fixed Income); MSCI U.S. Equities IMI (U.S. Equities); MSCI World ex-U.S. IMI (Dev. ex-U.S. Equities); MSCI Emerging Market Equities IMI (Em. Markets Equities); S&P Global Natural Resources (Natural Resources); MSCI ACWI IMI Core Real Estate (Global Real Estate); S&P Global Infrastructure (Global Listed Infrastructure).

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Approaching the Peak

The broader U.S. economic narrative around resilient – but softening – growth and moderating inflation gained traction. Hopes for a “soft landing” outcome have grown as 2023 recession forecasts have been phased out with more investor expectations around higher-for-longer monetary policy. In addition to the Fed, most major non-U.S. central banks appear to be nearing peak policy rates. Even the previously more-hawkish central banks have moderated their messaging to better balance growth concerns versus still-elevated core inflation.

Consumer Challenges

Consumer activity has been a key driver of U.S. economic resilience. Consumers face building headwinds from the lagged and variable impacts of Fed tightening. Higher mortgage rates, rising gasoline prices and resumed student loan payments are all a direct drag on consumers plus broader issues (e.g., U.S. government shutdown risk and the auto labor strike). Consumers may still have an appetite to spend, but their capacity to do so is shrinking as pandemic savings are whittled down and credit card debt levels rise.

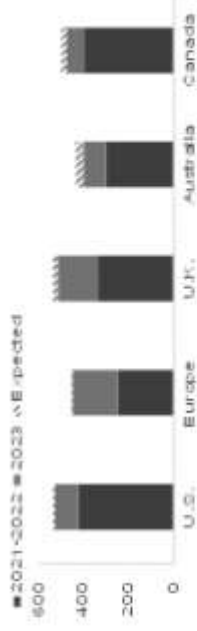
China Balance Sheet Woes

China’s economic situation marks a reversal from initial optimism on a 2023 rebound. Structural economic challenges are at the forefront, including debt and the property sector. Recent policy support has not moved the needle on property sector confidence or investor sentiment. China’s economy benefits from being largely self-financed, but there is no quick fix as economic actors grapple with debt reduction at a time of falling asset prices. China also faces drag from tensions with the West – creating opportunity for other EM countries.

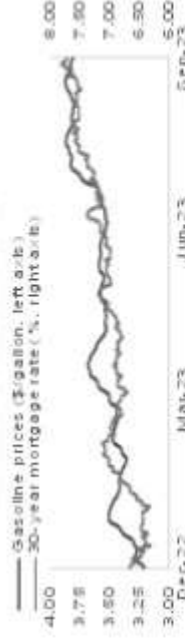
No Place to Hide?

With muted 3Q returns in the largest tech-related stocks, the S&P 500 (market-cap-weighted) return was closer to its equal-weighted counterpart versus earlier in 2023. Broader U.S. Treasury indexes matched the S&P 500’s 3% loss with the move higher in interest rates – leaving balanced portfolios in negative territory. On a more positive note, high yield fixed income posted a modest gain in 3Q (0.5%), showing how credit can enhance diversification in relation to traditional market (equity) and term (interest rate) exposures.

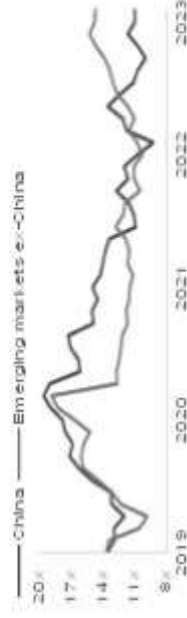
CENTRAL BANK TIGHTENING (BASIS POINTS)



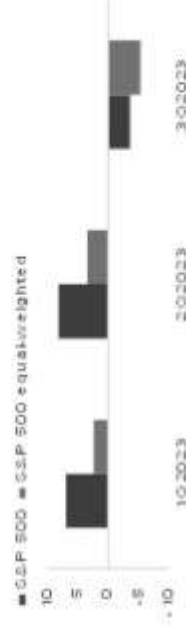
HEADWINDS TO CONSUMER ACTIVITY



FORWARD P/E MULTIPLES



RETURNS BY QUARTER (%)



Investment Hierarchy

		% Rate of Return										
Account/Group	Ending Market Value CAD	Ending Weight	One Month	Three Months	Year to Date	One Year	Three Years	Four Years	Ten Years	Inception to Date	Inception Date	
HRM Master Trust	2,760,482,042	100.00	-1.74	0.09	5.23	10.62	7.37	7.05	7.98	7.06	09/30/1999	
<i>HRM Policy Benchmark Excess Return</i>			-2.07	-0.26	6.50	11.00	4.33	4.80	5.82	5.50	09/30/1999	
			0.32	0.35	-1.28	-0.38	3.04	2.25	2.16	1.56	09/30/1999	
HRM Total Equity	1,271,885,786	46.07	-2.81	-0.08	6.73	16.48	6.75	6.31	-	6.96	12/31/2015	
<i>HRM Total Equity Benchmark Excess Return</i>			-4.09	-1.53	7.67	17.17	7.06	7.23	-	7.74	12/31/2015	
			1.28	1.45	-0.94	-0.69	-0.31	-0.91	-	-0.77	12/31/2015	
HRM Cdn Equity	101,943,726	3.69	-3.06	-1.67	2.97	9.63	9.48	5.66	4.80	4.55	03/31/2006	
<i>S&P/TSX Composite Excess Return</i>			-3.33	-2.20	3.38	9.54	9.88	7.32	7.54	5.85	03/31/2006	
			0.27	0.53	-0.41	0.09	-0.41	-1.66	-2.74	-1.30	03/31/2006	
Blackrock	99,211,591	3.59	-3.50	-2.01	3.20	10.42	9.99	7.41	7.46	8.14	12/31/2003	
<i>S&P/TSX Composite Excess Return</i>			-3.33	-2.20	3.38	9.54	9.88	7.32	7.54	7.47	12/31/2003	
			-0.17	0.19	-0.18	0.88	0.10	0.09	-0.07	0.67	12/31/2003	
P2P Holdings	2,732,135	0.10	15.91	12.41	-4.81	-12.78	-1.03	-12.74	-	-26.72	02/03/2017	
<i>S&P/TSX Composite Excess Return</i>			-3.33	-2.20	3.38	9.54	9.88	7.32	-	6.78	02/03/2017	
			19.24	14.61	-8.18	-22.32	-10.92	-20.06	-	-33.50	02/03/2017	
HRM Global Equity	765,128,424	27.72	-4.06	-1.13	8.61	-	-	-	-	8.61	12/31/2022	
<i>HRM Custom Global Equity Index Excess Return</i>			-4.38	-1.60	9.20	-	-	-	-	9.20	12/31/2022	
			0.32	0.47	-0.59	-	-	-	-	-0.59	12/31/2022	
AB EDHEC	136,788,176	4.96	-3.55	-0.45	6.91	18.02	8.06	6.57	-	7.40	12/31/2015	
<i>MSCI World ND Excess Return</i>			-4.38	-1.36	10.86	20.00	8.52	9.23	-	8.76	12/31/2015	
			0.83	0.91	-3.95	-1.98	-0.46	-2.66	-	-1.36	12/31/2015	
Blackrock Global Alpha Advanta	125,523,286	4.55	-3.67	-0.06	13.75	25.49	-	-	-	6.34	05/25/2021	
<i>MSCI ACWI ND Excess Return</i>			-4.20	-1.30	9.82	18.86	-	-	-	3.44	05/25/2021	
			0.53	1.24	3.93	6.63	-	-	-	2.90	05/25/2021	
Blackrock MSCI Small Cap	47,077,762	1.71	-5.30	-2.27	3.11	12.76	-	-	-	-1.04	05/19/2021	
<i>MS Wid Small Cap Net Index Excess Return</i>			-5.31	-2.31	2.70	12.17	-	-	-	-1.43	05/19/2021	
			0.01	0.04	0.41	0.60	-	-	-	0.39	05/19/2021	
Blackrock MSCI World Passive	133,157,088	4.82	-4.35	-1.28	11.20	20.50	-	-	-	6.48	05/12/2021	
<i>MSCI World ND Excess Return</i>			-4.38	-1.36	10.86	20.00	-	-	-	6.08	05/12/2021	
			0.03	0.08	0.34	0.50	-	-	-	0.40	05/12/2021	
Global Alpha	47,231,522	1.71	-6.47	-4.16	-1.33	5.77	-	-	-	-4.16	03/09/2022	
<i>MS Wid Small Cap Net Index Excess Return</i>			-5.31	-2.31	2.70	12.17	-	-	-	-0.93	03/09/2022	
			-1.16	-1.86	-4.03	-6.39	-	-	-	-3.23	03/09/2022	

% Rate of Return

Account/Group	Ending Market Value CAD	Ending Weight	One Month	Three Months	Year to Date	One Year	Three Years	Four Years	Ten Years	Inception to Date	Inception Date
Marathon International Equity	66,715,060	2.42	-3.28	-1.48	6.63	24.06	-	-	-	0.59	05/28/2021
MSCI EAFE ND			-3.48	-2.03	6.85	23.63	-	-	-	1.40	05/28/2021
Excess Return			0.20	0.55	-0.21	0.43	-	-	-	-0.81	05/28/2021
Mawer International Equity	76,749,990	2.78	-3.58	-2.90	5.27	18.50	-	-	-	-0.87	02/28/2021
MSCI ACWI ex USA ND			-3.23	-1.68	5.11	18.46	-	-	-	-0.12	02/28/2021
Excess Return			-0.35	-1.22	0.16	0.04	-	-	-	-0.75	02/28/2021
Wellington US Equity	131,885,541	4.78	-3.98	-0.01	12.65	20.18	13.54	13.62	12.99	13.25	04/30/2011
HRM US Equity			-4.83	-1.17	12.82	19.67	12.15	12.33	11.95	11.87	04/30/2011
Excess Return			0.85	1.16	-0.17	0.52	1.39	1.29	1.05	1.38	04/30/2011
HRM Emerging Markets	94,665,507	3.43	-2.92	-0.34	3.29	11.45	-2.67	0.55	5.14	4.55	09/30/2010
MSCI Emerging Markets ND			-2.68	-0.82	1.60	9.91	-1.33	1.74	4.91	3.69	09/30/2010
Excess Return			-0.24	0.48	1.69	1.54	-1.34	-1.18	0.23	0.86	09/30/2010
CC&L Emerging Markets	41,869,951	1.52	-1.97	2.44	-	-	-	-	-	-	12/31/2022
MSCI Emerging Markets ND			-2.68	-0.82	1.60	-	-	-	-	1.60	12/31/2022
Excess Return			0.72	3.26	-	-	-	-	-	-	12/31/2022
Trintra Emerg Mkts Grwth Fnd	52,795,556	1.91	-3.66	-2.44	1.28	10.08	-3.46	0.59	-	1.83	08/31/2017
MSCI Emerging Markets ND			-2.68	-0.82	1.60	9.91	-1.33	1.74	-	1.51	08/31/2017
Excess Return			-0.98	-1.63	-0.32	0.18	-2.13	-1.15	-	0.32	08/31/2017
HRM Private Equity	310,148,129	11.24	0.52	3.16	4.07	3.64	22.65	19.07	20.17	20.32	09/30/2011
HRM PE Benchmark			-4.22	-0.87	12.50	14.28	9.00	8.29	7.15	7.05	09/30/2011
Excess Return			4.74	4.04	-8.44	-10.64	13.66	10.78	13.03	13.28	09/30/2011
Private Equity	310,148,129	11.24	0.52	3.16	4.07	3.64	22.65	19.07	20.17	20.32	09/30/2011
HRM Total Fixed Income	593,413,737	21.50	-1.07	-1.11	1.69	2.96	0.35	1.61	-	2.54	12/31/2015
HRM FI Benchmark			-1.90	-2.56	-0.27	0.29	-2.43	-0.86	-	0.76	12/31/2015
Excess Return			0.83	1.44	1.96	2.67	2.78	2.46	-	1.78	12/31/2015
Cash and Cash Equivalents	42,000,685	1.52	0.46	1.25	3.24	3.75	1.67	1.56	2.44	4.33	03/31/2009
3M CAD Bankers Acceptance Rate			0.46	1.38	3.99	5.23	2.51	2.18	1.68	1.49	03/31/2009
Excess Return			-0.00	-0.13	-0.76	-1.49	-0.84	-0.62	0.76	2.84	03/31/2009
Lincluden CDOR	42,000,685	1.52	0.46	1.25	3.24	3.75	1.65	1.78	-	1.69	12/31/2013
3M CAD Bankers Acceptance Rate			0.46	1.38	3.99	5.23	2.51	2.18	-	1.69	12/31/2013
Excess Return			-0.00	-0.13	-0.76	-1.49	-0.86	-0.40	-	-0.00	12/31/2013
Global Credit	75,755,866	2.74	-0.21	1.16	2.76	5.00	-	-	-	0.38	03/31/2022
Global Credit Custom Benchmark			-0.32	0.72	2.53	4.31	-	-	-	-0.15	03/31/2022
Excess Return			0.11	0.44	0.22	0.69	-	-	-	0.53	03/31/2022

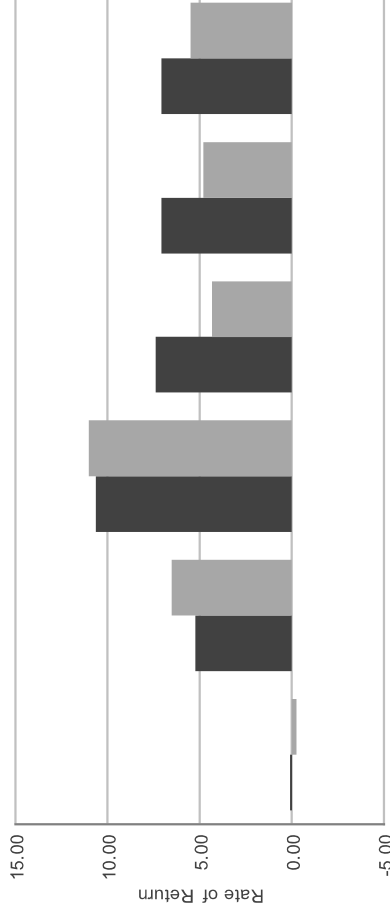
% Rate of Return

Account/Group	Ending Market Value CAD	Ending Weight	One Month	Three Months	Year to Date	One Year	Three Years	Four Years	Ten Years	Inception to Date	Inception Date
AB Global Credit	75,755,866	2.74	-0.21	1.16	2.76	5.00	0.37	0.69	2.73	4.71	03/31/2009
Global Credit Custom Benchmark Excess Return			-0.32	0.72	2.53	4.31	-	-	-	-	03/31/2009
			0.11	0.44	0.22	0.69	-	-	-	-	03/31/2009
North American Credit	186,930,466	6.77	-0.15	0.85	5.20	7.04	5.68	6.94	-	5.80	12/31/2015
HRM Custom Corporate Benchmark Excess Return			-0.77	-0.55	1.34	2.35	-2.84	-0.49	-	1.79	12/31/2015
			0.62	1.40	3.87	4.69	8.52	7.44	-	4.01	12/31/2015
Canso	86,927,706	3.15	-0.56	0.66	6.41	8.93	7.45	9.15	7.14	7.90	02/28/2010
FTSE TMX Corporate Bond IDX Excess Return			-1.77	-2.22	0.69	1.69	-3.05	-0.65	2.43	3.18	02/28/2010
			1.21	2.87	5.73	7.23	10.50	9.80	4.70	4.72	02/28/2010
HRM Corporate Debt	100,002,760	3.62	0.21	1.03	4.23	5.53	2.95	3.49	-	6.08	01/31/2014
FTSE TMX Short Corp BD IDX Excess Return			-0.35	0.13	1.82	2.94	-0.69	0.86	-	1.84	01/31/2014
			0.57	0.90	2.41	2.59	3.64	2.62	-	4.23	01/31/2014
Government Bonds	194,398,749	7.04	-2.93	-4.38	-2.40	-2.00	-5.21	-2.11	-	0.48	12/31/2015
FTSE TMX Government Univers Excess Return			-2.91	-4.44	-2.19	-2.40	-5.88	-2.78	-	0.09	12/31/2015
			-0.03	0.06	-0.21	0.40	0.67	0.67	-	0.38	12/31/2015
Lincluden Gov't	107,975,820	3.91	-3.15	-4.70	-1.96	-1.84	-5.25	-2.22	1.56	1.60	08/31/2013
FTSE TMX Government Univers Excess Return			-2.91	-4.44	-2.19	-2.40	-5.88	-2.78	1.36	1.41	08/31/2013
			-0.24	-0.26	0.23	0.56	0.63	0.56	0.19	0.19	08/31/2013
Wellington Bond Overlay	86,422,929	3.13	-2.51	-3.80	-3.45	-2.49	-5.28	-2.09	2.01	1.57	08/31/2012
FTSE TMX Government Univers Excess Return			-2.91	-4.44	-2.19	-2.40	-5.88	-2.78	1.36	1.09	08/31/2012
			0.39	0.63	-1.26	-0.09	0.60	0.69	0.65	0.48	08/31/2012
Private Debt	94,327,972	3.42	-0.29	-1.12	1.90	2.53	11.47	8.31	8.86	0.61	12/31/2011
HRM PD Benchmark Excess Return			0.84	3.21	9.95	11.69	8.17	7.68	6.90	6.85	12/31/2011
			-1.13	-4.33	-8.05	-9.16	3.30	0.63	1.96	-6.24	12/31/2011
Private Debt	94,327,972	3.42	-0.29	-1.12	1.90	2.53	11.47	8.31	8.86	0.61	12/31/2011
HRM Real Assets Rolling CPI 5 year + 5% Excess Return			-0.82	1.35	7.01	-	-	-	-	7.01	12/31/2022
			0.69	2.08	6.30	-	-	-	-	6.30	12/31/2022
			-1.51	-0.73	0.71	-	-	-	-	0.71	12/31/2022
Infrastructure	328,359,460	11.90	-1.26	2.80	14.81	20.26	13.83	12.37	10.54	18.62	06/30/2011
HRM Infrastructure Index Excess Return			0.28	2.06	7.37	8.97	10.23	9.04	7.66	7.42	06/30/2011
			-1.54	0.74	7.44	11.29	3.60	3.33	2.88	11.20	06/30/2011
Infrastructure	328,359,460	11.90	-1.26	2.80	14.81	20.26	13.83	12.37	10.54	18.62	06/30/2011
Real Estate HRM Real Estate Index Excess Return			-0.46	0.26	1.28	9.47	12.09	12.45	11.66	11.57	09/30/2011
			0.28	2.06	7.37	8.97	10.23	9.04	7.66	7.41	09/30/2011
			-0.74	-1.80	-6.09	0.50	1.85	3.41	4.00	4.16	09/30/2011
Real Estate	425,619,909	15.42	-0.46	0.26	1.28	9.47	12.09	12.45	11.66	11.57	09/30/2011

Account/Group	Ending Market Value CAD	Ending Weight	% Rate of Return									
			One Month	Three Months	Year to Date	One Year	Three Years	Four Years	Ten Years	Inception to Date	Inception Date	
Public Market Alternatives	126,822,328	4.59	0.98	1.97	3.36	5.86	-	-	-	3.96	02/28/2022	
<i>3M CAD Bankers Acceptance R+3% Excess Return</i>			<i>0.71</i>	<i>2.13</i>	<i>6.31</i>	<i>8.38</i>	-	-	-	<i>7.46</i>	<i>02/28/2022</i>	
			<i>0.28</i>	<i>-0.16</i>	<i>-2.96</i>	<i>-2.52</i>	-	-	-	<i>-3.50</i>	<i>02/28/2022</i>	
Public Market Alternatives	126,822,328	4.59	0.98	1.97	3.36	5.86	-	-	-	3.96	02/28/2022	
<i>3M CAD Bankers Acceptance R+3% Excess Return</i>			<i>0.71</i>	<i>2.13</i>	<i>6.31</i>	<i>8.38</i>	-	-	-	<i>7.46</i>	<i>02/28/2022</i>	
			<i>0.28</i>	<i>-0.16</i>	<i>-2.96</i>	<i>-2.52</i>	-	-	-	<i>-3.50</i>	<i>02/28/2022</i>	
HRM Operating	14,380,822	0.52	-	-	-	-	-	-	-	-	12/31/2015	
Operating Account	14,380,822	0.52	-	-	-	-	-	-	-	-	03/31/2004	

Executive Summary

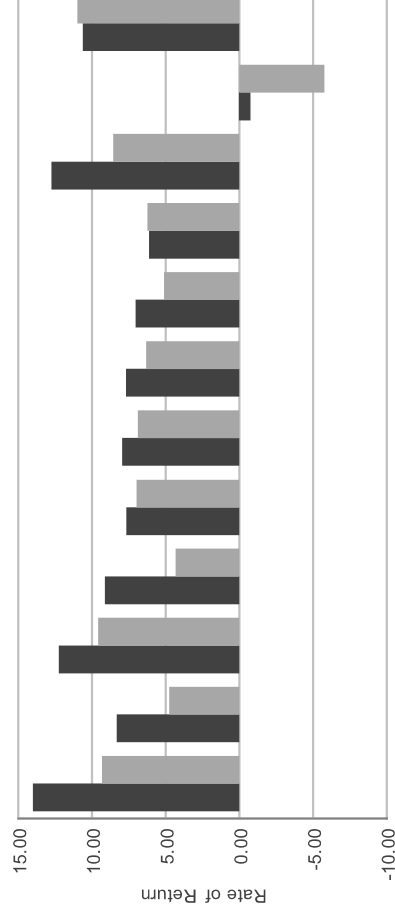
HRM MASTER TRUST TOTAL FUND NET OF FEES



	Three Months	Year to Date	One Year	Three Years	Four Years	ITD
Fund	0.09	5.23	10.62	7.37	7.05	7.06
Index	-0.26	6.50	11.00	4.33	4.80	5.50

Index: HRM Policy Benchmark

HRM MASTER TRUST ROLLING YEARS TOTAL FUND NET OF FEES



	Sep '12	Sep '13	Sep '14	Sep '15	Sep '16	Sep '17	Sep '18	Sep '19	Sep '20	Sep '21	Sep '22	Sep '23
Fund	14.02	8.31	12.25	9.12	7.66	7.95	7.68	7.03	6.11	12.75	-0.77	10.62
Index	9.32	4.75	9.57	4.31	6.96	6.88	6.31	5.09	6.23	8.55	-5.76	11.00

Index: HRM Policy Benchmark

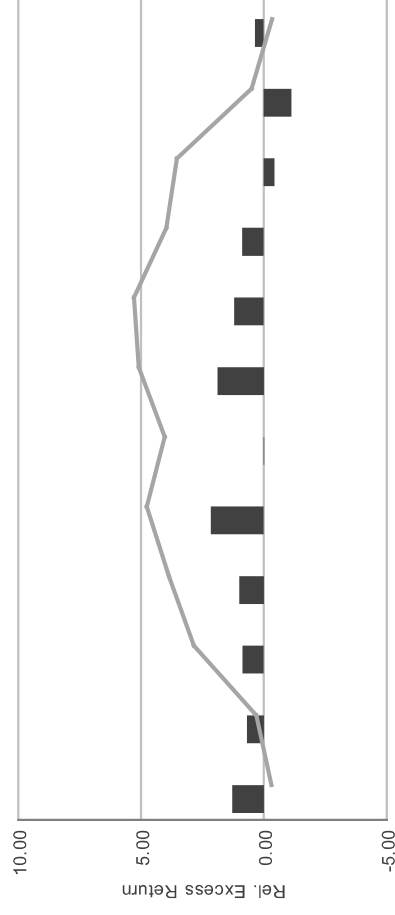
RISK STATISTICS

	3 Mos	1 Yr	4 Yrs
Return	0.09	10.62	7.05
Index Return	-0.26	11.00	4.80
Excess Return	0.35	-0.38	2.25
Standard Deviation	-	4.27	5.31
Index Standard Deviation	-	6.11	6.02
Tracking Error	-	2.93	2.28
Information Ratio	-	-0.13	0.99
Sharpe Ratio	-	1.71	1.08
Index Sharpe Ratio	-	1.26	0.58
Jensen's Alpha	-	2.17	2.76
Relative Volatility (Beta)	-	0.65	0.82
R Squared	-	0.81	0.86
Beginning MV (in 000s)	2,762,399	2,499,827	2,150,619
Net Contributions (in 000s)	-4,461	-4,576	-55,288
Income (in 000s)	10,973	48,518	218,543
Appreciation (in 000s)	-8,428	216,713	446,608
Ending MV (in 000s)	2,760,482	2,760,482	2,760,482

Index: HRM Policy Benchmark, Risk Free Index: JP Morgan 3 month Cash (CAD)

Category: Total Fund Net of Fees, Calculation Frequency: Monthly

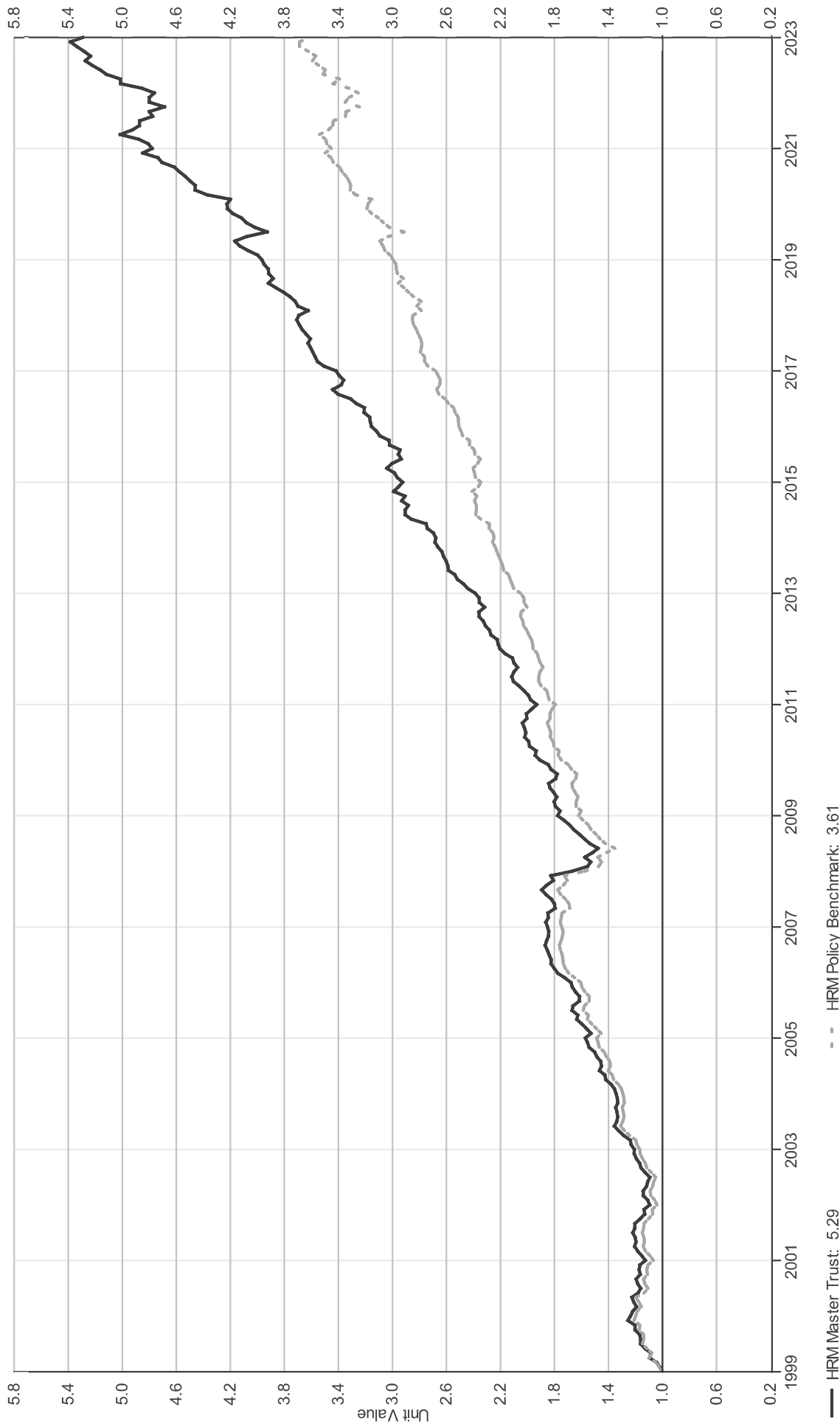
HRM MASTER TRUST ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23
3M R.Excess	1.28	0.68	0.86	1.00	2.15	-0.02	1.88	1.20	0.87	-0.43	-1.12	0.35
1Y R.Excess	-0.31	0.30	2.85	3.87	4.77	4.04	5.09	5.29	3.97	3.54	0.50	-0.34

Index: HRM Policy Benchmark


Growth Over Time - Inception to Date



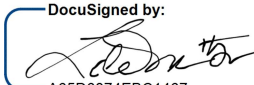
Risk Statistics

	One Year	Three Years	Four Years	Seven Years	Ten Years	ITD
Return	10.62	7.37	7.05	7.27	7.98	7.06
Index Return	11.00	4.33	4.80	5.35	5.82	5.50
Excess Return	-0.38	3.04	2.25	1.91	2.16	1.56
Relative Excess Return	-0.34	2.91	2.15	1.82	2.04	1.48
Internal Rate of Return	10.63	7.39	7.06	7.27	-	-
Index Internal Rate of Return	11.05	4.36	4.83	5.38	-	-
Risk-free Return	3.30	1.17	1.30	1.45	1.36	2.36
Standard Deviation	4.27	5.15	5.31	4.60	4.56	6.02
Index Standard Deviation	6.11	5.91	6.02	5.01	4.61	6.06
Tracking Error	2.93	2.36	2.28	2.15	2.16	1.82
Relative Tracking Error	2.91	2.34	2.26	2.13	2.14	1.81
Information Ratio	-0.13	1.29	0.99	0.89	1.00	0.86
Relative Information Ratio	-0.12	1.25	0.95	0.85	0.95	0.82
Sharpe Ratio	1.71	1.20	1.08	1.27	1.45	0.78
Index Sharpe Ratio	1.26	0.53	0.58	0.78	0.97	0.52
M Squared	13.77	8.28	7.82	7.79	8.06	7.09
Sortino Ratio	3.03	2.25	1.73	2.08	2.56	1.12
Index Sortino Ratio	2.39	0.89	0.90	1.22	1.58	0.72
Treynor Ratio	11.26	7.69	6.98	6.96	7.51	4.95
Jensen's Alpha	2.17	3.53	2.76	2.46	2.58	1.65
Relative Volatility (Beta)	0.65	0.81	0.82	0.83	0.88	0.95
R Squared	0.81	0.84	0.86	0.82	0.79	0.91
Up Market Capture Ratio	76.39	105.16	102.62	106.20	119.55	128.73
Down Market Capture Ratio	36.86	63.76	72.32	72.59	79.80	95.63

TO: Colleen Rollings, P. Eng., PMP, Chair and Members of the Halifax Regional Water Commission Board as Administrators for Halifax Water’s Supplemental Pension Benefit Plan

SUBMITTED BY: 
DocuSigned by:
A65D6874E9C1467

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

APPROVED: **p.p.** 
DocuSigned by:
A65D6874E9C1467

Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 1, 2024

SUBJECT: **Halifax Water Supplemental Pension Plan Report**

ORIGIN

On April 28, 2016, the Halifax Water Board (the “Board”) approved the creation of a Supplementary Pension Benefit Framework (Item #2Cb) for non-union staff members, to become effective January 1, 2017.

BACKGROUND

The Halifax Regional Water Commission Employees’ Pension Plan (the “DB Plan”) is a registered, defined benefit plan providing pension benefits on pensionable earnings capped at \$140,945, which represents the 2015 Canada Revenue Agency (CRA) maximum annual pensionable earnings. These earnings are capped throughout 2023 and will increase by 1% each year starting in 2024.

Pursuant to the framework approved by the Board as noted above, the Halifax Water Employees’ Defined Contribution Plan (the “DC Plan”) and a Notional Retirement Compensation Arrangement (the “NRCA”) were established, effective January 1, 2017.

1 DC Plan:

A registered, defined contribution plan providing pension benefits on members’ pensionable earnings between the DB Plan cap and CRA maximum, annual pensionable earnings threshold. Members contribute at a rate of 9% of pensionable earnings, which is matched by Halifax Water.

2 NRCA:

A non-registered agreement with individual members which provides pension benefits on members' earnings over the CRA maximum, annual pensionable earnings threshold. The NRCA is a non-contributory arrangement between Halifax Water and individual members. Halifax Water contributes 9% of a member's eligible earnings annually, holding these funds in trust for members until their retirement, termination or death. Interest applied to members' accounts is based on the annual CANSIM rate.

DISCUSSION

The Financial Report from Industrial Alliance (see Appendix A attached) reports the revenues and disbursements for the DC Plan during the January 1, 2023, to December 31, 2023, period. The balance at the beginning of the period was \$72.0 thousand. Revenues for the period consisted of new deposits of \$27.7 thousand, and investment revenues of \$7.4 thousand. Disbursements totaled \$17.4 thousand, leaving a balance at the end of the period of \$89.7 thousand.

As of December 31, 2023, the liability with respect to NRCA member accounts was \$23.5 thousand, with contributions of \$7.2 thousand in 2023, and interest applied totaling \$0.7 thousand. For further details on the NRCA, see Appendix B attached.

ATTACHMENTS

APPENDIX A- Industrial Alliance Financial Group, Financial Report for the Halifax Water Employees' Defined Contribution Plan – January 1, 2023, to December 31, 2023

APPENDIX B- Notional Retirement Compensation Arrangement Dashboard at December 31, 2023.

Report Prepared by:

DocuSigned by:

Heather Britten

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Heather S. Britten, Quality Assurance Officer (782) 641-1431

Financial Reviewed by:

DocuSigned by:

Louis de Montbrun

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Louis de Montbrun, Director, Corporate Services/CFO



Period from January 1, 2023 to December 31, 2023


Contract 42730-001
Summary of transactions


	<u>Book value</u>	<u>Market value</u>
Balance at the beginning of the period	\$ 72,016.84	\$ 72,016.84
Revenues		
New deposits	\$ 27,659.20	\$ 27,659.20
Investment revenues	\$ 7,385.70	\$ 7,385.70
Total revenues	\$ 35,044.90	\$ 35,044.90
Disbursements		
Deaths, withdrawals, other	\$ 16,549.59	\$ 16,549.59
Fees	\$ 765.87	\$ 765.87
Taxes	\$ 93.36	\$ 93.36
Total disbursements	\$ 17,408.82	\$ 17,408.82
Balance at the end of the period	\$ 89,652.92	\$ 89,652.92

**Halifax Water
Notional Retirement Compensation Arrangement**

Annual Summary					
Year	Opening Balance	Contributions	Interest Earned	Withdrawals	Closing Balance
2017	\$0.00	\$10,070.37	\$7.79		\$10,078.16
2018	\$10,078.16	\$10,149.62	\$121.76		\$20,349.53
2019	\$20,349.53	\$11,878.05	\$310.44		\$32,538.03
2020	\$32,538.03	\$15,508.59	\$338.48		\$48,385.10
2021	\$48,385.10	\$12,222.11	\$338.30	(\$9,447.68)	\$51,497.83
2022	\$51,497.83	\$13,147.89	\$1,361.06		\$66,006.77
2023	\$66,006.77	\$7,207.02	\$718.74	(\$50,469.97)	\$23,462.57

TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY:  Reid Campbell, M.Eng., P.Eng., Director, Engineering & Technology Services

APPROVED: **p.p.**  Kenda MacKenzie, P.Eng., Acting General Manager/CEO

DATE: March 21, 2024

SUBJECT: **Capital Projects Status Dashboard**

INFORMATION REPORT

ORIGIN

Capital Budget

BACKGROUND and DISCUSSION

Each year Halifax Water prepares and Annual Capital Budget for Halifax Water Board approval. The budget contains from 2-300 line items of capital projects and capital purchases. Many projects span multiple fiscal years so there can be several hundred active capital accounts at any one time.

The Halifax Water Board has expressed an interest in obtaining dashboard type visibility into Halifax Water's capital program. Halifax Water is currently implementing a capital project planning and management information system platform (CPMIS). When complete, this platform will provide statistics and reporting in dashboard form that can be shared with the Halifax Water Board, executive and managers within Halifax Water. This project will not be complete before March 2023, which means that capital project dashboards will not be available until into the 2024/25 fiscal year.

In the interim period, Engineering & Technology Services staff have prepared a summary of project status, in spreadsheet form, for all projects with approved funding of greater than \$1 million which represents the approximately largest current 50 projects.

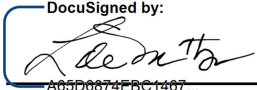
Staff is prepared to consider adding additional or different information should the Board wish.

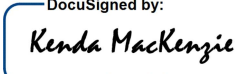
ATTACHMENT

Capital project status summary report.

[Capital Projects 1M.xlsx](#)

TO: Colleen Rollings, P.Eng., PMP., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
A05D6874EBC1467...
Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

APPROVED: 
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Kenda MacKenzie, P.Eng., Acting CEO & General Manager

DATE: March 15, 2024

SUBJECT: **2023-24 Cost Containment Initiatives**

ORIGIN

Financial information reporting.

BACKGROUND

At the March 7, 2024, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report was reviewed and discussed.

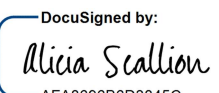
DISCUSSION

No additional information was requested to be brought forward to the Halifax Water Board meeting following the discussion of the attached at the Committee meeting.

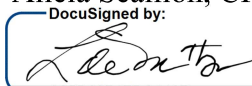
ATTACHMENT

1. Report to the Halifax Water Audit and Finance Committee regarding cost containment initiatives for the fiscal year ending March 31, 2024.

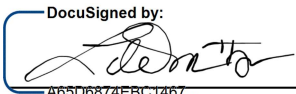
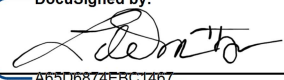
Report Prepared by:


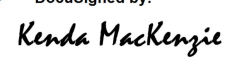

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Alicia Scallion, CPA, CA, Manager, Finance

Financial Reviewed by:


A65D6874EBC1467...
Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

TO: Mimi Kolomytsev, Chair and Members of the Halifax Regional Water Commission Audit and Finance Committee

SUBMITTED BY:  DocuSigned by:

865D6874EBC1467...
Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

APPROVED:  DocuSigned by:

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Kenda MacKenzie, P.Eng.
Acting General Manager and CEO

DATE: February 29, 2024

SUBJECT: **2023/24 Cost Containment Initiatives**

INFORMATION REPORT

ORIGIN

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

BACKGROUND

The process for cost containment as approved by the Halifax Water Board on October 3, 2013, called for the implementation of a number of recommended actions that would assist Halifax Water in addressing the NSUARB's 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 HRWC Board will also include an update on Cost Containment Initiatives”*.

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

DISCUSSION

A Summary Report - Cost Containment Initiatives for 2023/24 is attached, with updated information as at February 29, 2024. This report shows the cost containment initiatives effecting operations for 2023/24 as a result of new initiatives implemented during the year and ongoing initiatives from fiscal years 2013/14 to 2022/23 inclusive. The inclusion of initiatives and amounts from prior years reflects an intentional focus on sustainable results over the long term. Estimated cost savings for 2023/24 are \$5.7 million as outlined by category in Figure #1 below:

Figure #1

Procurement Strategies	\$464,996	8.1%
Human Resource Strategies	\$2,501,216	43.6%
Information Technology Strategies	\$108,700	1.9%
Facilities/Process Strategies	\$2,614,868	45.6%
Reduce Paper and Printing Costs	\$37,467	0.7%
Technology and Business Process Changes	<u>\$12,000</u>	<u>0.2%</u>
	<u><u>\$5,739,248</u></u>	<u><u>100.0%</u></u>

As shown above, cost containment initiatives are impacted mostly in the areas of Human Resources, and Facilities/Process and Procurement Strategies. Under Human Resource Strategies, the effects of pension plan re-design initiated in 2015/16 is one of the main contributors to cost containment savings in the current year. Annual savings related to pension plan re-design approximates \$1.7 million, which represents 68.0% of the savings within Human Resource Strategies and 29.6% of the total projected cost savings for 2023/24.

Facilities/Process Strategies contain initiatives of varying nature, however one of the main contributors in this category is Halifax Water's Energy Efficiency Program. Projects under this Program account for approximately \$1.6 million of projected savings for the current year, representing 61.5% of savings within the category and 28.0% of the total projected savings for 2023/24.

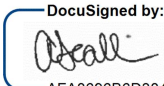
New cost containment initiatives implemented thus far during the 2023/24 fiscal year result in projected cost savings of approximating \$0.5 million and are highlighted for ease of reference on the Summary Report - Cost Containment Initiatives attached. Cost savings from these initiatives are of a one-time or on-going nature and fall within the Facilities/ Process Strategies category and the Human Resource category. Of the \$0.5 million in new cost containment initiatives, \$0.4 million relate to capital strategies.

BUDGET IMPLICATIONS

Available information on cost containment initiatives were taken into consideration in developing the 2024/25 budget. Initiatives that impact future fiscal periods will be incorporated into budget cycles and processes of these future periods as those implementing the cost containment measures will ensure they are captured when completing their budgets.

ATTACHMENTS

Summary Report – Cost Containment Initiatives

Report Prepared by: 
AF A0698B6D3045C...
Alicia Scallion, CPA, CA
Manager, Finance, (902) 497-9785

#	Initiative	Comments	Year Initiated	2023/24 Cost Savings
1 General Budget Strategies				
Sub-total				\$0
2 Procurement Strategies				
	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
	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 staff hours and use of HW vehicles.	2016/17	\$1,370
	Equipment calibration	Internal staff are now able to calibrate fixed gas detectors instead of outsourcing this to a MSA Safety Inc. technician service provider.	2019/20	\$3,000
	In-house training	Developed in-house method to purge primary sludge discharge line from primary gallery to the sludge holding tank. As a result, an external contractor is no longer required to perform this work. This is on a 3-year cycle.	2019/20	\$0
	Elimination of a customer satisfaction survey	HW performed two customer surveys annually. Upon review it was determined there was a redundancy in questions asked between the two surveys therefore, it was decided to consolidate the questioning into one.	2020/21	\$5,319
	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 (MAG) audit of fleet in 2019, and subsequent action taken by Fleet Utilization Management for HW, for units that did not meet the minimum fleet utilization standards.	2020/21	\$41,500
	Reduction in depreciation costs related to Fleet	As recommended in the 2019 MAG Fleet Use Audit, the Fleet Upgrade Capital Program was reduced in 2021/22 by \$1.1 million resulting in savings associated with depreciation costs over the next 5-years estimated at \$0.2 million per year.	2021/22	\$218,000
	Reduction in depreciation costs related to discounted meter purchase	As the AMI metering project was concluding, an opportunity to purchase AMI meters in bulk became available to take advantage of significant price savings from a capital perspective.	2021/22	\$1,254
	Reduction in depreciation costs related to Fleet	An adjustment was made to the Sewer Jet Replacement Program whereby, rather than replace an existing unit, it was decided to replace the truck chassis along with a complete rebuild of the tank, pumps and body assembly. Cost of a new unit would approximate \$0.55 million compared to a budgeted cost of \$0.28 million for the alternative chosen.	2021/22	\$55,000
	Operational cost savings related to purchase of a single axle, hydro excavation unit	After an successful pilot with a single axle, hydro excavation unit, it was decided to purchase the rental unit. It is expected the savings as a result of purchasing the unit versus outsourcing the work will be in the range of \$28-\$42 thousand per year, over a 7-year period.	2021/22	\$28,000
	Procurement of annual audit fees	Reduction in the annual audit fees through a request for proposal (RFP) process. The contract term is for a 5-year period, and assuming an inflation factor of 2% over fees of the prior year, potential savings over the term could approximate \$41 thousand.	2021/22	\$6,555
	Reduction in license fees	Renewal of AutoCAD license contract for 3 years to avoid annual increases of 2.5% per year for a savings of \$12k over the three years. Also dropped two more expensive licenses for an immediate savings of \$21 thousand. These actions result in cost savings of \$25 thousand in 2022/23 and \$4 thousand in subsequent two years.	2022/23	\$4,000
Sub-total				\$464,997

Halifax Water
Summary Report - Cost Containment Initiatives
2023/2024
Fiscal Year

#	Initiative	Comments	Year Initiated	2023/24 Cost Savings
3	Human Resource Strategies			
	Pension plan re-design	Through the collective bargaining process, HW was able to negotiate pension plan re-design to make the plan more sustainable. Earnings were capped at the 2015 CRA maximum from 2016 through 2023 then indexed at 1%, the final year average adjusted from five to seven years, and conditional indexing changed from a maximum of 2% to 1% for post-2015 effective January 1, 2015.	2015/16	\$1,700,000
	Workload, labor force assessment	January 1, 2016 saw the elimination of the administrative assistant within Regulatory Services. In 2021 the administrative assistant for Corporate Services began to be shared between the two departments. Cost savings have been adjusted to reflect this.	2015/16	\$14,250
	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
	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
	Pension plan contribution rate	Through the 2022 actuarial valuation, the pension plan contribution rate decreased from 10.34% to 9.60% effective January 1, 2022.	2022/23	\$250,000
	Re-structuring within Wastewater Treatment	Due to the reorganization of the Wastewater Treatment section of the Operations department, one full time Supervisor position was eliminated. One supervisor is now responsible for the management of two plants (Herring Cove and Timberlea).	2022/23	\$95,000
	Deferral of staffing within Corporate Services	Deferred the hiring of non-union staff.	2023/24	\$100,000
	Sub-total			\$2,501,216
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			
	Lab Testing	Price benefits from purchasing product from a different source mainly affecting the Harbour Solution Plants.	2013/14	\$105,000
	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	\$15,000
	System sampling for HPC's	Sampling was reduced from weekly to monthly.	2014/15	\$8,025
	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	\$19,159
	Wind farm - Pockwock WSP	Net annual royalty from Pockwock Wind Farm energy production. HST not included.	2014/15	\$152,765
	Biogas CHP system - Mill Cove		2014/15	\$86,000
	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
	Herring Cove WWTF - MCC 190 Cooling/Heat Recovery	Expected energy savings.	2015/16	\$8,496
	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 in lower overtime costs, as well as reducing the time available for HW truck to service other facilities. This process assisted the Aerotech WWTF in reaching its compliance goals and reduced overtime costs by an estimated 50%. This equipment will enable HW to proceed with a digester clean out project, which would otherwise be sub-contracted at a cost of \$0.2 million.	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	\$245,790
	Halifax WWTF - Carbon Scrubber By-Pass		2016/17	\$50,248


Halifax Water
Summary Report - Cost Containment Initiatives
2023/2024
Fiscal Year


#	Initiative	Comments	Year Initiated	2023/24 Cost Savings
	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
	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
	Herring Cove WWTF - Carbon Scrubber By-Pass		2017/18	\$9,578
	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 chlorine 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
	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
	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	\$22,450
	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	\$1,375
	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	\$12,775
	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
	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 was 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
	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
	Solar PV - COMFIT/ Renewable Energy Generation	Operational at the Halifax WWTF.	2020/21	\$30,133
	Fan belt/ pulley replacements - Eastern Passage WWTF	Expected energy savings - based on 118,348 kWh.	2020/21	\$13,366
	Harbour Solution Plants - Ventilation Air Heat Recovery	Expected energy savings for the Halifax, Dartmouth and Herring Cove WWTF.	2015/16	\$151,437
	Utilizing alternative assets to perform similar duties	Rather than using vacuum trucks to get loads of digested waste from Mill Cove on days when they are unable to centrifuge, the 2 new dump trucks from Aerotech are used. This will be done initially during long weekends and holidays when no dumping is available through the RE Group, at an estimated daily savings of \$750.	2021/22	\$8,250
	The production of biogas used to heat the digesters, and all facility buildings	Both the Mill Cove and Timberlea WWTF's have anaerobic digesters which produce biogas or renewable natural gas (RNG) which is used to heat the digesters as well as all the facility buildings.	2021/22	\$385,488
	Reduction in the usage of caustic	The pH set point was reduced from 7.1 to 6.8 in order to reduce the amount of caustic soda consumed, while still enduring nitrification in the bioreactors. Usage was monitored over a 6-week period, and the savings are estimated to be in the range of 30%.	2021/22	\$30,000
	450 Cowie - Lighting Control Upgrades	Expected energy savings - Based on 169,785 kWh.	2022/23	\$17,620
	455 Cowie - Lighting Control Upgrades	Expected energy savings - Based on 189,939 kWh.	2022/23	\$19,681
	Activated Sludge Training	Activated Sludge Training is a requirement for staff working in advanced primary treatment facilities in preparation for certification exams. The HW Lab Analyst has developed and delivered this training to external organizations and can deliver the training at virtually no cost to HW. External organizations typically charge \$517.50 per student for the full day course.	2023/24	\$10,350
	McGee Hydrant	HRM typically identifies 3-4 hydrants per year that need to be relocated for street recapitalization projects. Recent pricing has been about \$15,000 per hydrant.	2023/24	\$12,500
	Brunswick Street	Central Water Services moved H22064 on McGee Drive for \$2,500 by request of HRM.		
		During the Cogswell Project, a section of Brunswick Street was found to have an extensive buildup of legacy material deposits. This material could have caused a significant discolored water event. Dexter quoted a price of \$170k for replacement of 27m of main. West Water Services with support from WW/SW collections will replace the main later in March using internal resources.	2023/24	\$110,000

Halifax Water
Summary Report - Cost Containment Initiatives
2023/2024
Fiscal Year

#	Initiative	Comments	Year Initiated	2023/24 Cost Savings
	Internal Hydrovac	West Water Services has been completing a significant amount of exploratory hydro excavations to confirm service material. A third party contractor is generally used for this work. For approximately 4 weeks this winter, East and West WW/SW collections assisted to provide the hydrovac unit. The third party contractor hourly unit rate was \$230.00/hr, the HW unit rate is \$66.00/hr. This is a savings of \$1,300 per day on an 8 hour day.	2023/24	\$26,240
	Lab Training	Due to the number of recently hired Process Technicians and staff changes, there is a need to provide Wastewater Laboratory Training to new staff and as a refresher for more experienced staff. The HW Lab Analyst has developed and delivered this training to external organizations, as a contractor for both MPWWA and ACWWA, and can deliver the training at virtually no cost to HW. The course and curriculum has been accepted by NSECC and is eligible for Continuing Education Units (CEUs). These organizations typically charge \$517.50 per student for the full day course.	2023/24	\$10,350
	Combination Sewer Cleaners	We have done this rebuild process 3 times with an RFP. Essentially we are adding a new chassis to an existing fleet unit and rebuilding the body. These units cost \$700K new and we can rebuild and re-chassis them once at the 10 to 12 year mark for \$350K.	2023/24	\$250,000
Sub-total				\$2,614,868
6 Reduce Paper and Printing Costs				
	Electronic HRWC Board Packages	Send Board packages out electronically rather than issuing hard copies.	2013/14	\$7,500
	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 Annual Report	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
	Paperless payroll	All payroll timesheets and approvals now completed electronically. Pay statements also available online saving on paper, envelopes, and mailing costs.	2020/21	\$4,804
	Cost reduction associated with off-site storage	Due to further reductions in the number of boxes (documents) stored in facilities such as Iron Mountain, additional savings have been realized.	2022/23	\$2,052
Sub-total				\$37,467
7 Technology and Business Process Changes				
	Cost Reduction for Dispute Resolution Officer	Reduction in costs resulting from efficiency gains from process enhancement and strong financial management relating to the Dispute Resolution Officer.	2022/23	\$12,000
Sub-total				\$12,000
				\$5,739,248

TO: Colleen Rollings, P.Eng., Chair, and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Reid Campbell, P. Eng.
Director, Engineering & Technology Services

APPROVED: **p.p.** 
Kenda MacKenzie, P.Eng., Acting General Manager

DATE: March 14, 2024

SUBJECT: **Green Choice Program Enrollment**

ORIGIN

- Halifax Water Staff
- Item #5.2, Halifax Water Board Report dated September 23, 2021

BACKGROUND

At its September 24, 2021, Board meeting, the Halifax Water Board approved the following recommendation related to the Green Choice Program:

It is recommended that the Halifax Water Board:

1. Approve the development and submission of an Expression of Interest (EOI) to procure up to 120% of Halifax Water's corporate electricity need through the Green Choice Program and to pay the non-refundable application fee to apply for enrollment in the Green Choice Program
2. Confirm the approval to enroll in the Green Choice Program if selected by the Minister of Department of Energy and Mines and negotiate Subscriber Agreement details as renewable energy Request for Proposals are reviewed; and
3. Direct staff to return to the Halifax Water Board with the finalized Subscriber Agreement, recommended term length and financial risk considerations for approval.

Following the Board's approval to apply to the Nova Scotia Green Choice Program (GCP) in September of 2021, an application was submitted for approval to the GCP on March 1st, 2024. The application took significantly longer to complete due to delays in the roll out of the GCP by the Provincial government.

DISCUSSION

The Green Choice Program

The Green Choice Program (GCP) offers large electricity consumers (those consuming more than 10,000 megawatt-hours annually) the option of purchasing up to 100% of their annual electricity requirements through subscriptions to new, local renewable sources.

The province launched the GCP in February 2021, with plans to begin executing Subscriber Agreements in February 2022. However, this timeline was non-binding and subject to change. Due mainly to a change in government, the GCP application deadline was delayed until March 25th, 2024, and the Participant Agreement Discussions and Negotiations timeline is now expected to occur in May-August 2024. The renewable energy projects to be procured under the GCP are currently expected to be commissioned by the end of calendar year 2028.

As a part of the application process, Nova Scotia Power Incorporated (NSPI) has verified Halifax Water's annual electrical energy usage at 57,415 MWh, based on the 2023 calendar year. Halifax Water has also received an energy model from CBCL for the new Burnside Operations Centre, which, at present, is projected to consume 639 MWh annually. In total, 58,054 MWh has been applied for through the GCP, representing 100% of Halifax Water's annual energy consumption. Halifax Water has applied for a 25-year PPA term length.

CORPORATE POTENTIAL AND RISK

As mentioned, the GCP Administrative Cost and the GCP Energy Credit are anticipated to remain unchanged for the duration of the selected term. This would provide Halifax Water with substantial financial benefit as the GCP is expected to generate some level of operational cost savings through the monetization of GHG credits. While future rate increases by Nova Scotia Power Inc. (NSPI) are unknown, the average annual rate increase over the past 10 years for all of Halifax Water's NSPI rate classes has been 3.5%. Using this rate escalation and based on the preliminary rates provided by CFR for the GCP tariff, and assuming a 100% enrollment, Halifax Water could expect to pay less for electricity throughout the entire term of the program. Savings would then continue for the remainder

of the CGP term, driven by the difference between the GCP administrative fee and the GCP energy credit rate stability versus business-as-usual rate variability and inflation. At a 25-year GCP term, Halifax Water could see approximately \$4.95 million in cumulative savings and a net present value of approximately \$3.34 million.

It is expected that the Province of Nova Scotia will finalize selections of applicants to enroll in the program by May 30, 2024. Subsequently agreement negotiations will take place in the June -August 2024 period. Should Halifax Water be selected and successfully negotiate and agreement, Halifax Water will be returning to the Board for approval once agreement terms are finalized.

BUDGET IMPLICATIONS

Budget implications include an annual utility-wide estimated operational/energy cost savings of approximately \$198,000 per year.

ALTERNATIVES

Halifax Water can choose not to participate in the Green Choice Program. Not participating in the GCP would make it impossible for Halifax Water to meet its commitments under HalifACT 2050, significantly reduce indirect GHG emissions, monetize indirect GHG credits resulting from Halifax Water's significant use of electrical energy, and fulfil our mission to be a steward of the environment.

ATTACHMENTS


- None

Report Prepared by:



Jeff Knapp, FEC, P.Eng., CEM, CAMP
Senior Manager, Energy & Business Development

Financial Reviewed by:

DocuSigned by:


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Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO, 902-490-3685

Certificate Of Completion

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Document Pages: 3	Signatures: 3
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	lornas@halifaxwater.ca
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Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
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Notary Events	Signature	Timestamp
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Signing Complete	Security Checked	Mar 22, 2024 11:41

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Payment Events	Status	Timestamps