

May 14, 2025

The regular meeting of the Halifax Water Board will be held virtually on Thursday, June 19, 2025, beginning at 9:00 a.m. Visit www.halifaxwater.ca to register to attend the public portion of the meeting.

AGENDA

In Camera Reports

- 1C Approval of Minutes of the In-Camera Meetings.

Motion: That the Halifax Water Board approve the In-Camera minutes of March 27, 2025, and May 9, 2025.

- 2C Business Arising from Minutes

- 3C Security Matter

- 4C Capital Matter

Regular Reports

1. a) Ratification of In-Camera Motions

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

- b) Approval of the order of business and approval of additions and deletions

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

2. Approval of minutes of the Regular meeting held on March 27, 2025, and May 2, 2025

Motion: That the Halifax Water Board approve the minutes of the March 27, 2025, and May 2, 2025, public meetings.

3. Business arising from minutes.

- a) Funding Letter to Province of Nova Scotia regarding Fluoride in Drinking Water - Verbal

Financial Reports

4.1 Audited Financial Statements for the year ended March 31, 2025

Motion: *That the Halifax Water Board approve the financial statements of the Halifax Regional Water Commission for the year ended March 31, 2025.*

4.2 Audited Pension Statements for the year ended December 31, 2024

Motion: *That the Halifax Water Board approve the financial statements of the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2024.*

4.3 Capital Results for the year ended March 31, 2025

4.4 Appointment of Auditors

Motion: *That the Halifax Water Board approve the appointment of Doane Grant Thornton LLP as auditor for the Halifax Regional Water Commission financial statements for the year ended March 31, 2026, and the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2025.*

4.5 Actuarial Valuation

Motion: *That the Halifax Water Board approve the recommendations contained in the "Report on the Actuarial Valuation (hereinafter called the "Valuation") as at January 1, 2025", including:*

1. *Changing the employer's and employees' rate of pension current service contributions from 9.6% to 8.72% retroactive to January 1, 2025.*

Capital Reports

5.1 College Street Sewer Separation

Motion: *That the Halifax Water Board approve the College Street Sewer Separation project for a total project cost of \$4,536,000.00, inclusive of net HST.*

5.2 Bayers Road – Phase 2 Widening – Water Transmission Main Replacement and Sewer Separation

Motion: *That the Halifax Water Board approve the Bayers Road – Water Transmission Main Replacement and Sewer Separation project for a total project cost of \$16,373,000 (including net HST).*

5.3 Sullivan's Pond, Phase 2, Part 2 – Projected Cost Update

Motion: *The Halifax Water Board approve additional funding in the amount of \$3,990,000 to support the scope changes required to meet project objectives, for a revised total project cost of \$23,388,000.*

Other Business

6. Corporate Balanced Scorecard – 2024/25 Results

Motion: *It is recommended that the Halifax Water Board.*

- 1) *approve the results of the Corporate Balance Scorecard for 2024-2025.*
- 2) *approve associated financial award for all eligible employees.*

7. General Rate Application Update - Verbal

8. Approval of Defined Contribution pension plan for overtime hours

Motion: *It is recommended that the Halifax Water Board, as Trustees of the Plan*

1. *approve the amendment to amend the Plan to include the Defined Contribution provision included in Attachment 1.*
2. *approve the extension of the Defined Contribution provision to include all non-union employees, included in Attachment 1.*

9. Boil Water Advisory – Update on Corrective Measures - Verbal

10. Green Choice Program Enrolment


Information Reports

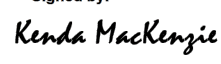
- 1-I Operational Performance Information Report
- 2-I HW Employee's Pension Plan Financial Report as at March 31, 2025
- 3-I HRM Master Trust Investment Performance Q1 2025
- 4-I Halifax Water Compliance Statement – Quarterly Certification
- 5-I Cost Containment Report

Lorna Skinner

Governance Coordination Assistant

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Signed by: AC5D6874EB01467...
Louis de Montbrun, CPA, CA, Director of Corporate Services/CFO

APPROVED: 
Signed by: 0C084AC815794F6...
Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: June 13, 2025

SUBJECT: **Financial Results for the fiscal year ended March 31, 2025**

ORIGIN

Financial information reporting.

BACKGROUND

At the June 9, 2025, meeting of the Halifax Water Audit and Finance Committee, the attached Financial Results for the year ended March 31, 2025, report was reviewed and discussed. Doane Grant Thornton, Halifax Water's auditor, presented their audit findings in the report included as Attachment 2 and the Committee had an opportunity to have an in-camera discussion with the auditor. The Committee approved forwarding the report to the Halifax Water Board for their approval.

DISCUSSION

Doane Grant Thornton are finalizing their audit of the Financial Results for the year ended March 31, 2025. No adjusted or unadjusted misstatements have been identified by the auditor since the meeting of the Audit and Finance Committee.

Subject to Halifax Water Board approval, Halifax Water is prepared to record an additional accrual in the amount of \$0.3 million for the Organizational Award. If approved, this would increase expenses, pro-rated to all services, and increase Payables and accruals (Non-trade).

Corrections have been made to Table 5 and to the Additions to Utility Plant in Service and Intangibles table from what was presented in the report to the Audit Committee. The changes correct the calculation of the percentage change in Table 5, and wording and cosmetic changes that are not considered material. The original and revised versions of the tables are shown below.

ITEM # 4.1

HRWC Board

June 19, 2025

Original Table of Additions to Utility Plant in Service: Revised:

Additions to Utility Plant in Service and Intangibles	
	Cumulative '000
Cogswell Infrastructure	11,432
Gravity Sewer Albrow Lake to Jamieson	8,823
Cowie Hill Reservoir Rehab	8,140
Williams Lake PS Rehab	3,836
Trenchless Rehab Program	3,167
	35,397
<u>All other projects:</u>	
Water	38,290
Wastewater	36,004
Stormwater	13,529
	87,822
Capital work in progress	123,219

Additions to Utility Plant in Service and Intangibles	
	Cumulative '000
Cogswell Infrastructure	\$ 11,432
Gravity Sewer Albrow Lake to Jamieson Street	8,823
Cowie Hill Reservoir Rehab	8,140
Williams Lake PS Rehab	3,836
Trenchless Rehab Program	3,167
	35,397
<u>All other projects:</u>	
Water	38,290
Wastewater	36,004
Stormwater	13,529
	87,822
Total additions	\$ 123,219

Original Table 5:

Operating Expenditures						
		Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	Actual to Budget % Remaining	
	Notes					
Water supply and treatment	B	\$ 16,127	\$ 14,786	\$ 1,341	18.05%	
Water transmission and distribution	C	16,717	13,768	2,949	18.85%	
Wastewater collection	D	15,383	14,554	829	7.23%	
Stormwater collection	E	6,053	5,755	298	4.07%	
Wastewater treatment	F	26,950	24,782	2,168	2.21%	
Engineering and technology services	G	16,864	16,053	811	(5.03%)	
Regulatory services	H	5,346	5,532	(186)	(9.73%)	
Customer services		4,477	4,631	(154)	(0.67%)	
Corporate services	I	4,043	3,114	929	8.01%	
Administration services		6,285	6,263	22	(38.78%)	
Pension services		3,107	3,012	95	0.00%	
Depreciation and amortization	J	59,008	53,654	5,354	27.74%	
	A	\$ 180,360	\$ 165,904	\$ 14,456	53.17%	

Revised Table 5:

ITEM # 4.1

HRWC Board

June 19, 2025

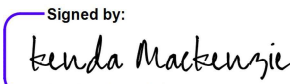
Operating Expenditures						
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year		
				\$ Change	% Change	
Water supply and treatment	B	\$ 16,127	\$ 14,786	\$ 1,341	9.07%	
Water transmission and distribution	C	16,717	13,768	2,949	21.42%	
Wastewater collection	D	15,383	14,554	829	5.70%	
Stormwater collection	E	6,053	5,755	298	5.18%	
Wastewater treatment	F	26,950	24,782	2,168	8.75%	
Engineering and technology services	G	16,864	16,053	811	5.05%	
Regulatory services	H	5,346	5,532	(186)	(3.36%)	
Customer services		4,477	4,631	(154)	(3.33%)	
Corporate services	I	4,043	3,114	929	29.83%	
Administration services		6,285	6,263	22	0.35%	
Pension services		3,107	3,012	95	3.15%	
Depreciation and amortization	J	59,008	53,654	5,354	9.98%	
	A	\$ 180,360	\$ 165,904	\$ 14,456	8.71%	

ATTACHMENT

1. Report to the Halifax Water Audit & Finance Committee dated June 9, 2025, entitled Item #3 – Financial Results for the fiscal year ended March 31, 2025.
2. Report to the Audit & Finance Committee dated June 9, 2025, entitled Report to the Audit and Finance Committee Audit Results by Doane Grant Thornton

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

SUBMITTED BY: 
AQ5D0674EBC1407...
Louis de Montbrun, CPA, CA
Director, Corporate Services/CFO

APPROVED: 
0C004AC015794F0...
Kenda McKenzie, P.Eng.
Chief Executive Officer and General Manager

DATE: June 9, 2025

SUBJECT: Financial Results for the fiscal year ended March 31, 2025

ORIGIN

Operational and regulatory requirements.

RECOMMENDATION

It is recommended the Audit and Finance Committee recommend the Halifax Regional Water Commission Board approve the financial statements of the Halifax Regional Water Commission for the year ended March 31, 2025.

BACKGROUND

Halifax Regional Water Commission (Halifax Water) is required to submit audited financial statements, approved by the Halifax Water Board, to the Halifax Regional Municipality (HRM) by June 30, 2025, and the Nova Scotia Regulatory Appeals Board (NSRAB) formally the Nova Scotia Utility and Review Board (NSUARB) within 180 days of the fiscal year end.

DISCUSSION

Attached are the operating results for Halifax Water for the fiscal year ended March 31, 2025, with comparative figures for March 31, 2024.

Halifax Water is a fully regulated government business enterprise, falling under the jurisdiction of the NSRAB. The NSRAB requires that Halifax Water file financial statements and rate applications with them based on the NSRAB Water Utility Accounting and Reporting Handbook (NSRAB Handbook). The Accounting Standards Board (AcSB) requires rate regulated entities to conform to International Financial

Reporting Standards (IFRS). Halifax Water maintains the financial records in IFRS for the purposes of the annual audit and consolidation of the financial statements with those of HRM.

The Schedules to the financial statements are prepared in accordance with the NSRAB Handbook.

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 (IFRS) – Page 3 of Attachment 1

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

Table 1: Assets

March 31 (in thousands)	Notes	2025	2024	From Prior Year \$ Change	% Change
Assets					
Current					
Cash and cash equivalents	A	\$ 73,126	\$ 44,021	\$ 29,105	66.1%
Receivables					
Customer charges and contractual	B	21,851	21,546	305	1.4%
Unbilled service revenues	C	22,019	20,959	1,060	5.1%
Inventory	D	2,530	2,364	166	7.0%
Prepays	E	2,178	1,735	443	25.5%
		121,704	90,625	31,079	34.3%
Employee benefit surplus	F	1,053	-	1,053	0.0%
Intangible assets	G	42,855	35,990	6,865	19.1%
Capital work in progress	H	115,627	114,374	1,252	1.1%
Utility plant in service	I	1,353,519	1,297,942	55,578	4.3%
Total assets		1,634,757	1,538,931	95,827	6.2%
Regulatory deferral account		1,852	2,044	(191)	(9.4%)
Total assets and regulatory deferral account		\$ 1,636,610	\$ 1,540,974	\$ 95,635	6.2%

Notes related to Table 1:

- A) *Cash and cash equivalents* have increased \$29.1 million from the prior year. The total balance of the Regional Development Charge (RDC) reserves, excluding deferred RDCs is \$126.9 million.
- B) *Customer charges and contractual receivables* have increased \$0.3 million from the prior year.

Customer charges and contractual				
	2024/25	2023/24		
	'000	'000	\$ Change	% Change
Trade receivables	\$ 19,934	\$ 19,422	\$ 512	2.6%
Other receivables	4,494	5,140	(645)	(12.6%)
Allowance for doubtful accounts	(2,577)	(3,016)	438	14.5%
	\$ 21,851	\$ 21,546	\$ 305	1.4%

ITEM # 3

Halifax Water Audit and Finance Committee

June 9, 2025

- C) *Unbilled service revenue* has increased \$1.1 million due to the timing of billing cycles.
- D) *Inventory* has increased \$0.2 million from the previous year due to higher supplies on hand for operations activities.
- E) *Prepays* have increased \$0.4 million due to higher software licensing fees paid up front and amortized over the period of the license.
- F) *Employee benefit surplus* is the result of the improvement in the fair market value of the employee pension plan assets. In the previous year this was the *employee pension plan obligation*.
- G) *Intangible assets* have increased \$6.9 million due to additions of \$11.5 million less amortization of \$4.6 million. The intangibles being amortized are primarily software systems and master plans for upcoming capital projects.
- H) The \$1.3 million increase in *capital work in progress* relates to the expenditures up to March 2025 of \$124.5 million compared to \$98.2 million in the prior year less transfers to intangible assets and to utility plant in service of \$123.2 million.
- I) *Utility plant in service* has increased \$55.6 million due to additions of \$123.2 million offset by depreciation in the current year.

Additions to Utility Plant in Service and Intangibles	
	Cumulative '000
Cogswell Infrastructure	11,432
Gravity Sewer Albrow Lake to Jamieson	8,823
Cowie Hill Reservoir Rehab	8,140
Williams Lake PS Rehab	3,836
Trenchless Rehab Program	3,167
	35,397
<u>All other projects:</u>	
Water	38,290
Wastewater	36,004
Stormwater	13,529
	87,822
Capital work in progress	123,219

Table 2: Liabilities and Equity

March 31 (in thousands)	Notes	2025	2024	From Prior Year \$ Change	% Change
Liabilities					
Current					
Payables and accruals					
Trade	A	35,896	23,393	12,503	53.4%
Non-trade	B	6,080	5,579	501	9.0%
Interest on long term debt	C	4,061	3,062	999	32.6%
Halifax Regional Municipality	D	4,459	5,047	(588)	11.6%
Contractor and customer deposits	E	1,447	1,095	352	32.2%
Current portion of deferred contributed capital	F	19,249	19,260	(11)	(0.1%)
Current portion of long term debt	G	32,881	39,832	(6,951)	(17.5%)
Unearned revenue		442	157	285	182.1%
		104,515	97,425	7,090	7.3%
Deferred contributed capital	F	951,883	928,048	23,835	2.6%
Long term debt	G	260,129	196,622	63,508	32.3%
Employee benefit obligation	H	-	2,353	(2,353)	(100.0%)
Total liabilities		1,316,527	1,224,448	92,079	7.5%
Equity					
Accumulated other comprehensive loss		66,923	60,396	6,527	10.8%
Accumulated surplus		253,160	256,130	(2,970)	(1.2%)
Total equity		320,083	316,526	3,557	1.1%
Total liabilities and equity		\$ 1,636,610	\$ 1,540,974	\$ 95,636	6.2%

Notes related to Table 2:

- A) *Trade payables and accruals* have increased \$12.5 million from the prior year due to an increase in expenditures related to capital projects in the final months of the fiscal year.

Payables and Accruals				
	2024/25	2023/24		
	'000	'000	\$ Change	% Change
Trade payables	\$ 27,636	\$ 14,500	\$ 13,136	90.6%
Trade accrued payables	6,845	7,199	(354)	(4.9%)
Accrued wastewater rebate	1,416	1,694	(278)	(16.4%)
	\$ 35,896	\$ 23,393	\$ 12,503	53.4%

- B) *Non-trade payables* have increased \$0.5 million due to increased remittances related to payroll.
- C) *Interest on long term debt* has increased \$1.0 million due to an increase in interest rates and debt levels. Long term debt has increased by \$56.6 million while the most recent issue was at an all-in interest rate of 4.27% as compared to the weighted average cost of debt of 3.78%.
- D) *Halifax Regional Municipality payables* have decreased \$0.6 million due to the timing of the monthly RDC remittance from the Municipality. The total of \$4.5 million is the net of amounts payable and receivable

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Halifax Water Audit and Finance Committee

June 9, 2025

HRM Receivables and Payables					
	2024/25	2023/24			
	'000	'000	\$ Change	% Change	
Receivables	\$ 247	\$ 3,729	\$ (3,482)	(93.4%)	
RDC	10,130	5,661	4,469	78.9%	
Payables	(14,838)	(14,437)	(401)	2.8%	
Net receivables (payables)	\$ (4,459)	\$ (5,047)	\$ 588	(11.6%)	

- E) *Contractor and customer deposits* have increased \$0.4 million due to higher customer credit balances and deposits.
- F) *Deferred contributed capital* has increased \$20.4 million due to contributions of plant in service and external funding associated with capital additions. *Current portion of deferred contributed capital* has remained static over the last fiscal year.
- G) *Long term debt* and the *current portion of long term debt* have increased \$63.5 million as there was more debt acquired this fiscal year in comparison to last year. The *current portion* decreased \$7.0 million due to smaller balloon payments due in the next 12 months compared to current year and the final payments made on two large wastewater debt issues made in the current year.

Long Term Debt					
	Water	Wastewater	Stormwater	Total 2024/25	Total 2023/24
Opening long term debt	\$ 101,166	\$ 107,036	\$ 29,424	\$ 237,626	\$ 218,451
New long term debt	35,000	35,000	10,000	80,000	39,988
Long term debt repayments	(6,371)	(14,826)	(1,769)	(22,967)	(20,811)
Less debt issue costs	(739)	(694)	(217)	(1,650)	(1,174)
Total long term debt	129,056	126,516	37,437	293,010	236,454
Less current portion	(12,626)	(16,857)	(3,397)	(32,881)	(39,832)
Closing long term debt	\$ 116,430	\$ 109,659	\$ 34,040	\$ 260,129	\$ 196,622

- H) The *employee benefit obligation* decreased and is now a surplus of \$1.1 million due to an improvement in the fair market value of the pension plan assets. This is now listed as an *employee benefit surplus*.

Additional information, including the actuarial assumptions adopted in measuring the employee benefit obligation, is described in Note 4 of the financial statements.

Debt servicing ratio is a function of total interest and principal payments (including accrued amounts) plus the amortization of debt issue costs divided by total operating revenue per service. Debt servicing ratio by service as of March 31, 2025 is as follows:

Debt Servicing Ratio by Service		
	2024/25	2023/24
Water	16.68%	13.90%
Wastewater	17.40%	19.34%
Stormwater	23.27%	21.91%
Combined	17.64%	17.50%

The debt servicing ratio has increased for water and stormwater but has decreased for wastewater. The combined debt servicing ratio of 17.64% is below the maximum 35.00% ratio allowed under the blanket guarantee agreement with Halifax.

Statement of Earnings and Comprehensive Earnings (IFRS) – Page 4 of Attachment 1

Table 3: Summarized Comprehensive Earnings (IFRS)

Summarized Comprehensive Earnings					
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	% Change
Operating revenues		\$ 174,223	\$ 171,979	\$ 2,244	1.30%
Operating expenditures		180,360	165,904	14,456	8.71%
Earnings from operations before financial and other revenues and expenditures		(6,137)	6,075	(12,212)	(201.02%)
Financial and other revenues		20,100	19,897	203	1.02%
Financial and other expenditures		16,741	14,322	2,419	16.89%
Earnings for the year before regulatory deferral account depreciation		(2,778)	11,650	(14,428)	(123.85%)
Regulatory deferral account depreciation		(192)	(192)	-	0.00%
Earnings for the year		(2,970)	11,458	(14,428)	(125.92%)
Other comprehensive earnings		6,527	8,745	(2,218)	(25.36%)
Total comprehensive earnings for the year	A	\$ 3,557	\$ 20,203	\$ (16,646)	(82.39%)

Notes related to Table 3:

- A) The *total comprehensive earnings* for the year are \$3.6 million, a decrease of \$16.6 million over the prior year. The following is a discussion of factors influencing the change.

Table 4: Operating Revenues:

Operating Revenues					
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	% Change
Consumption revenue	B	\$ 114,894	\$ 111,932	\$ 2,961	2.65%
Base charge revenue	C	34,495	34,516	(21)	(0.06%)
Wastewater rebate	D	(3,164)	(2,000)	(1,164)	58.21%
Metered sales total		146,225	144,448	1,777	1.23%
Stormwater site generated charge	E	8,599	8,676	(77)	(0.88%)
Stormwater right of way	F	6,627	6,520	107	1.64%
Public fire protection		8,083	8,083	-	0.00%
Private fire protection		1,785	1,698	87	5.10%
Other operating revenue		2,903	2,552	351	13.75%
Operating revenue total	A	\$ 174,222	\$ 171,978	\$ 2,244	1.30%

Notes related to Table 4:

Operating revenues are presented above, broken down by type:

- A) *Operating revenues* have increased \$2.2 million as compared to the previous year as discussed below.
- B) *Consumption revenue* has increased \$2.9 million over the prior year due to an increase in consumption of 3.6%. Water and wastewater rates last increased April 1, 2023.

Consumption by Customer Class (m3)							
	Annual Consumption 2021/22	Annual Consumption 2022/23	Annual % Change in Consumption 2022/23	Annual Consumption 2023/24	Annual % Change in Consumption 2023/24	Annual Consumption 2024/25	Annual % Change in Consumption 2024/25
Commercial	5,991,985	6,605,005	10.2%	6,724,101	1.8%	6,965,719	3.6%
Industrial	1,945,000	1,757,151	(9.7%)	1,753,824	(0.2%)	1,731,836	(1.3%)
Institutional	3,667,985	3,710,173	1.2%	3,818,567	2.9%	4,095,194	7.2%
Multi-residential	7,430,058	7,806,248	5.1%	8,080,410	3.5%	8,552,146	5.8%
Residential	13,094,090	12,641,623	(3.5%)	12,943,799	2.4%	13,178,808	1.8%
Total	32,129,118	32,520,201	1.2%	33,320,701	2.5%	34,523,503	3.6%

- C) *Base charge revenue* is consistent with the previous year.
- D) *Wastewater rebate* is greater than the previous year by \$1.2 million due to higher rebates provided and accrued for eligible customers.
- E) *Stormwater site generated charge revenue* decreased slightly over the prior year.

- F) *Stormwater right of way charge revenue* has increased \$0.1 million from the prior year due to an increase in the amount of roads built within the service boundary.

Table 5: Operating expenditures:

Operating Expenditures					
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	actual to Budget % Remaining
Water supply and treatment	B	\$ 16,127	\$ 14,786	\$ 1,341	18.05%
Water transmission and distribution	C	16,717	13,768	2,949	18.85%
Wastewater collection	D	15,383	14,554	829	7.23%
Stormwater collection	E	6,053	5,755	298	4.07%
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Engineering and technology services	G	16,864	16,053	811	(5.03%)
Regulatory services	H	5,346	5,532	(186)	(9.73%)
Customer services		4,477	4,631	(154)	(0.67%)
Corporate services	I	4,043	3,114	929	8.01%
Administration services		6,285	6,263	22	(38.78%)
Pension services		3,107	3,012	95	0.00%
Depreciation and amortization	J	59,008	53,654	5,354	27.74%
	A	\$ 180,360	\$ 165,904	\$ 14,456	53.17%

Notes related to Table 5:

- A) *Operating expenditures* of \$180.4 million are \$14.5 million higher than the prior year.
- B) *Water supply and treatment* expenditures have increased \$1.3 million from prior year due to an increase in salaries and wages, contract services and electricity costs. This is offset somewhat by lower costs for chemicals, particularly phosphate and caustic soda.
- C) *Water transmission and distribution* expenditures have increased \$2.9 million from the prior year due to an increase in vehicle cost allocation, hired equipment, road and street repairs, contract services, wages, materials and supplies, and traffic control services. Increased costs are primarily in core maintenance activities for distribution mains, hydrants, and services.
- D) *Wastewater collection* expenditures have increased \$0.8 million from prior year due to increases in:
- Vehicle repairs related to an aging fleet as well as an increase in operations staff requiring the use of vehicles,
 - Salaries and wages associated with increased rates and additional staff,
 - Contract services as well as traffic control and hired equipment due to increased operational activity.

ITEM # 3

Halifax Water Audit and Finance Committee

June 9, 2025

- E) *Stormwater collection* expenditures have increased \$0.3 million from prior year due to an increase in contract services and traffic control which was caused by an increase in ditching work required for recently acquired stormwater infrastructure through the boundary expansion.
- F) *Wastewater treatment* expenditures have increased \$2.2 million from prior year due to an increase in electricity, equipment repairs and biosolid treatment costs.
- G) *Engineering and technology services* expenditures have increased \$0.8 million from prior year due to an increase in computer software and licenses, network equipment, and salaries.
- H) *Regulatory services* expenditures have decreased \$0.2 million from the prior year due to lower salaries related to vacancies.
- I) *Corporate services* expenditures have increased \$0.9 million from prior year due to increase in salaries, insurance premiums and contract services.
- J) *Depreciation and amortization* have increased \$5.4 million over the prior year as a result of additions to assets, including capitalization of a portion of the Cogswell Infrastructure and the Gravity Sewer in Albro Lake.

Table 6: Operating Expenditures by Nature:

Operating Expenditures by Nature					
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	% Change
Salaries and benefits	A	\$ 51,987	\$ 47,492	\$ 4,495	9.46%
Pension		3,107	3,012	95	3.15%
Training and conferences		633	789	(156)	(19.77%)
Contract services	B	21,149	18,208	2,941	16.15%
Electricity	C	9,334	8,476	858	10.12%
Operating supplies	D	18,493	17,140	1,353	7.89%
Professional services		5,254	4,840	414	8.55%
Chemicals	E	9,549	10,747	(1,198)	(11.15%)
Depreciation on assets allocated to departments		1,846	1,546	300	19.40%
Depreciation and amortization	F	59,008	53,654	5,354	9.98%
		\$ 180,360	\$ 165,904	\$ 14,456	8.71%

Notes related to Table 6:

Operating expenditures of \$180.4 million are \$14.5 million higher than the prior year.

Compared to the prior year expenditure types with the largest changes in costs are:

- A) Salaries and benefits increase of \$4.5 million is mainly due to increased number of staff and increases in salary and wage rates.
- B) Contract services increase of \$2.9 million from prior year is due to increase in contract services for repairs to infrastructure, traffic control services relating to an increase in activity, and an increase in biosolids treatment costs.
- C) Electricity costs have increased \$0.9 million due to rate increases, an increase in heating degree days and an increase in total precipitation throughout the year which impacts electricity demands.
- D) Operating supplies increase of \$1.4 million is due to increases for vehicle repairs and maintenance due to an aging fleet, increasing fuel costs, other equipment repairs, and an increase in software licenses.
- E) Chemicals decrease of \$1.2 million is due to a decrease in chemical prices.
- F) Depreciation and amortization increase of \$5.4 million was discussed previously.

Table 7: Financial and other revenues:

Financial and other revenues					
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	% Change
Interest		\$ 367	\$ 412	\$ (44)	(10.79%)
Amortization of contributed capital		19,122	18,997	125	0.66%
Other		611	488	123	25.20%
Total financial and other revenues	A	\$ 20,100	\$ 19,897	\$ 204	1.02%

Notes related to Table 7:

- A) *Financial and other revenues* have increased slightly from prior year due to higher amortization of contributed capital and other financial income.

Table 8: Financial and other expenditures:

Financial and other expenditures					
	Notes	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year \$ Change	% Change
Interest		\$ 253	\$ 103	\$ 151	146.22%
Interest on long term debt		9,294	7,276	2,018	27.73%
Amortization of debt discount		244	222	22	9.80%
Dividend/grant in lieu of taxes		6,816	6,589	227	3.44%
Other		134	132	2	1.67%
Total financial and other expenditures	A	\$ 16,741	\$ 14,322	\$ 2,419	16.89%

Notes related to Table 8:

- A) *Financial and other expenditures* have increased \$2.4 million over the prior year, as interest on long term debt has increased due to more debt and higher interest rates.

Results under NSRAB 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 NSRAB requires Halifax Water to report in accordance with the NSRAB Handbook. Table 9 below reconciles the results between IFRS and the NSRAB Handbook.

Table 9: Reconciliation IFRS to NSRAB:

Notes related to Table 9:

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

Reconcile IFRS to NSUARB			
	Notes	2024/25 '000	2023/24 '000
IFRS comprehensive earnings		\$ 3,557	\$ 20,203
Add non-cash pension expense	A	3,107	3,012
Subtract debt principal payments	B	(21,201)	(22,603)
Add depreciation expense on contributed assets	C	19,122	18,997
Subtract amortization of contributed capital	C	(19,122)	(18,997)
Add various depreciation adjustments	D	5,767	755
Subtract other comprehensive income gain	E	(6,527)	(8,745)
NSUARB Loss		\$ (15,298)	\$ (7,379)

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

- A) *Non-cash pension expense* represents the adjustment required to convert to the cash basis for pension accounting used by the NSRAB Handbook.
- B) The *principal payments* on long term debt are recognized as an expense for NSRAB Handbook reporting purposes but are not an expense under IFRS.
- C) *Depreciation expense on contributed assets* is not an expense for NSRAB 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 NSRAB 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 NSRAB Handbook reporting.
- E) *Other comprehensive income gain* represents the impact on income related to the remeasurement of the employee benefit surplus (obligation) and is a non-cash item therefore not considered an expense for NSRAB Handbook reporting purposes.

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

Table 10: Operating Results by Service

Operating Results by Service							
	Budget 2024/25 '000	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year		Actual to Budget	
				\$ Change	% Change	\$ Change	% Change
Water	\$ (9,233)	\$ (9,447)	\$ (5,960)	\$ (3,487)	58.50%	\$ (214)	2.32%
Wastewater	(6,998)	(3,172)	(88)	(3,084)	3519.36%	3,826	(54.67%)
Stormwater	(2,476)	(2,679)	(1,331)	(1,347)	101.21%	(203)	8.20%
Earnings (loss) for the year	\$ (18,706)	\$ (15,298)	\$ (7,379)	\$ (7,919)	107.31%	\$ 3,408	(18.22%)

The results in Table 10 are explained in more detail in Tables 11 to 13.

Table 11: Operating Results by Service – Water:

Operating Results by Service - Water								
		Budget 2024/25	Actual 2024/25	Actual 2023/24	From Prior Year		Actual to Budget	
Notes		'000	'000	'000	\$ Change	% Change	\$ Change	% Change
Operating revenues	A	\$ 65,480	\$ 66,738	\$ 65,354	\$ 1,384	2.12%	\$ 1,258	1.92%
Operating expenditures	B	58,189	59,849	56,968	2,881	5.06%	1,660	2.85%
Earnings from operations		7,290	6,889	8,386	(1,497)	(17.85%)	(401)	(5.50%)
Financial and other revenues		830	746	692	54	7.80%	(84)	(10.16%)
Financial and other expenditures	C	17,353	17,082	15,038	2,044	13.59%	(271)	(1.56%)
Earnings (loss) for the year		\$ (9,233)	\$ (9,447)	\$ (5,960)	\$ (3,487)	58.50%	\$ (214)	2.32%

Water services loss has increased from the prior year loss by \$3.5 million due to the following factors:

- A) *Operating revenues* increase of \$1.4 million attributable to higher consumption revenue.
- B) Increase in *operating expenditures* of \$2.9 million resulting from a \$1.3 million increase in water supply and treatment costs, and \$2.9 million increase in water transmission and distribution costs offset by a \$1.9 million decrease in depreciation and amortization.
- C) Increase in *financial and other expenditures* of \$2.0 million due to higher debt servicing costs.

Table 12: Operating Results by Service – Wastewater:

Operating Results by Service - Wastewater								
	Notes	Budget 2024/25 '000	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Change	% Change
Operating revenues	A	\$ 90,952	\$ 92,062	\$ 91,234	\$ 827	0.91%	\$ 1,109	1.22%
Operating expenditures	B	78,542	78,628	73,244	5,384	7.35%	85	0.11%
Earnings (loss) from operations		12,410	13,434	17,990	(4,556)	(25.32%)	1,024	8.25%
Financial and other revenues		296	232	208	24	11.67%	(64)	(21.52%)
Financial and other expenditures	C	19,703	16,838	18,286	(1,448)	(7.92%)	(2,865)	(14.54%)
Earnings (loss) for the year		\$ (6,998)	\$ (3,172)	\$ (88)	\$ (3,084)	3488.65%	\$ 3,826	(54.67%)

Wastewater services loss of \$3.2 million is greater than the prior year loss by \$3.1 million due to the following factors:

- A) *Operating revenues* increase of \$0.8 million is attributable primarily to higher wastewater discharge revenue as noted previously.
- B) *Operating expenditures* increase of \$5.4 million is due to an increase in salaries, contract services and depreciation.
- C) Decrease in *financial and other expenditures* of \$1.4 million relates to lower debt servicing costs due to the final payment on two large debt issues.

Table 13: Operating Results by Service – Stormwater:

Operating Results by Service - Stormwater								
	Notes	Budget 2024/25 '000	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Change	% Change
Operating revenues	A	\$ 15,627	\$ 15,423	\$ 15,391	\$ 32	0.21%	\$ (205)	(1.31%)
Operating expenditures	B	14,127	14,080	13,112	968	7.38%	(47)	(0.34%)
Loss from operations		1,500	1,343	2,279	(936)	(41.07%)	(157)	(10.47%)
Financial and other expenditures	C	3,976	4,022	3,610	412	11.41%	46	1.15%
Earnings (loss) for the year		\$ (2,476)	\$ (2,679)	\$ (1,331)	\$ (1,348)	101.28%	\$ (203)	8.20%

Stormwater services loss of \$2.7 million is \$1.3 million higher than in the prior year. The following factors influenced the results:

- A) *Operating revenues* of \$15.4 million are consistent with the prior year.
- B) *Operating expenditures* of \$14.1 million are \$1.0 million higher than the prior year due to an increase in contract services and traffic control as previously discussed.
- C) Increase in *financial and other expenditures* increased \$0.4 million due to increasing debt interest and principal payments.

Table 14: Operating Results by Activity:

Operating Results by Activity								
	Notes	Budget 2024/25 '000	Actual 2024/25 '000	Actual 2023/24 '000	From Prior Year		Actual to Budget	
					\$ Change	% Change	\$ Change	% Change
Regulated activities	A	\$ (19,089)	\$ (16,048)	\$ (7,810)	\$ (8,238)	105.49%	\$ 3,041	(15.93%)
Unregulated activities	B	511	750	431	319	74.01%	240	46.92%
Loss for the year		\$ (18,578)	\$ (15,298)	\$ (7,379)	\$ (7,919)	107.31%	\$ 3,281	(17.66%)

Notes related to Table 14:

- D) *Regulated activities* loss has increased from the prior year loss by \$8.2 million due to the factors as previously explained including net of increases in revenues and expenditures.
- E) *Unregulated activities* earnings are greater than prior year by \$0.3 million due to higher Septage Tipping fees.

Attachments

Attachment 1: Financial statements for the fiscal year ended March 31, 2025.

Report prepared by:

Signed by:

Warren Brake

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Warren Brake, CPA, CGA

Manager of Accounting (902) 719-4814



Financial Statements

Halifax Regional Water Commission

March 31, 2025



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Independent auditor's report

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

Halifax Regional Water Commission

Statement of financial position

March 31 (in thousands)

2025

2024

Assets

Current

Cash and cash equivalents	\$ 73,126	\$ 44,021
Receivables		
Customer charges and contractual (Note 8)	21,851	21,546
Unbilled service revenues (Note 8)	22,019	20,959
Inventory	2,530	2,364
Prepays	2,178	1,735
	<u>121,704</u>	<u>90,625</u>

Employee benefit surplus (Note 4)	1,053	-
Intangible assets (Note 10)	42,855	35,989
Capital work in progress	115,627	114,374
Utility plant in service (Note 11)	<u>1,353,519</u>	<u>1,297,942</u>
Total assets	<u>1,634,758</u>	<u>1,538,930</u>

Regulatory deferral account (Note 5)	1,852	2,044
Total assets and regulatory deferral account	\$ 1,636,610	\$ 1,540,974

Liabilities

Current

Payables and accruals		
Trade	\$ 35,896	\$ 23,393
Non-trade	6,080	5,579
Interest on long term debt	4,061	3,062
Halifax Regional Municipality	4,459	5,047
Contractor and customer deposits	1,447	1,095
Current portion of deferred contributed capital (Note 12)	19,249	19,260
Current portion of long term debt (Note 13)	32,881	39,832
Unearned revenue	442	157
	<u>104,515</u>	<u>97,425</u>

Deferred contributed capital (Note 12)	951,883	928,048
Long term debt (Note 13)	260,129	196,622
Employee benefit obligations (Note 4)	-	2,353
Total liabilities	<u>1,316,527</u>	<u>1,224,448</u>

Equity

Accumulated other comprehensive income	66,923	60,396
Accumulated surplus	253,160	256,130
Total equity	<u>320,083</u>	<u>316,526</u>
Total liabilities and equity	\$ 1,636,610	\$ 1,540,974

Contingent liabilities (Note 3)

Commitments (Note 6)

Approved by the Halifax Regional Water Commission Board

Chair

Vice Chair

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Statement of earnings and comprehensive earnings

Year ended March 31 (in thousands)

	2025	2024
Operating revenues		
Water	\$ 56,116	\$ 54,938
Wastewater	90,110	89,512
Stormwater	15,226	15,196
Public fire protection	8,083	8,083
Private fire protection	1,785	1,698
Other operating revenue	2,903	2,552
	<u>174,223</u>	<u>171,979</u>
Operating expenditures (Note 14)		
Water supply and treatment	16,127	14,786
Water transmission and distribution	16,717	13,768
Wastewater collection	15,383	14,554
Stormwater collection	6,053	5,755
Wastewater treatment	26,950	24,782
Engineering and technology services	16,864	16,053
Regulatory services	5,346	5,532
Customer services	4,477	4,631
Corporate services	4,043	3,114
Administration services	6,285	6,263
Pension services	3,107	3,012
Depreciation and amortization	59,008	53,654
	<u>180,360</u>	<u>165,904</u>
Income (loss) from operations before financial and other revenues and expenditures	<u>(6,137)</u>	<u>6,075</u>
Financial and other revenues		
Interest	367	412
Amortization of deferred contributed capital	19,122	18,997
Other	611	488
	<u>20,100</u>	<u>19,897</u>
Financial and other expenditures		
Interest	253	103
Interest on long term debt	9,294	7,276
Amortization of debt issue costs	244	222
Dividend/grant in lieu of taxes (Note 6)	6,816	6,589
Other	134	132
	<u>16,741</u>	<u>14,322</u>
Earnings (loss) for the year before regulatory deferral account depreciation	<u>(2,778)</u>	<u>11,650</u>
Regulatory deferral account depreciation	<u>192</u>	<u>192</u>
Earnings for the year	<u>(2,970)</u>	<u>11,458</u>
Other comprehensive earnings		
Items that will not be reclassified subsequently to earnings:		
Re-measurement on defined benefit plans	6,527	8,745
Total comprehensive earnings for the year	<u>\$ 3,557</u>	<u>\$ 20,203</u>

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Statement of changes in equity

Year ended March 31 (in thousands)

	Accumulated other comprehensive income	Accumulated surplus	Total
Balance, April 1, 2023	\$ 51,651	\$ 244,672	\$ 296,323
Earnings for the year	-	11,458	11,458
Other comprehensive earnings	8,745	-	8,745
Comprehensive earnings for the year	8,745	11,458	20,203
Balance, March 31, 2024	\$ 60,396	\$ 256,130	\$ 316,526
Earnings (loss) for the year	-	(2,970)	(2,970)
Other comprehensive earnings	6,527	-	6,527
Comprehensive earnings for the year	6,527	(2,970)	3,557
Balance, March 31, 2025	\$ 66,923	\$ 253,160	\$ 320,083

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Statement of cash flows

Year ended March 31 (in thousands)

2025

2024

Increase (decrease) in cash and cash equivalents

Operating

Comprehensive earnings for the year	\$ 3,557	\$ 20,203
Depreciation and amortization	41,924	36,395
Employee benefit obligation	3,406	5,725
Gain on disposal of utility plant in service	-	8
	<u>48,887</u>	<u>62,331</u>

Change in non-cash operating working capital items

Receivables, customer charges and contractual	(305)	(3,722)
Receivables, unbilled service revenues	(1,060)	(1,694)
Inventory	(166)	1,153
Prepays	(443)	(453)
Payables and accruals, trade	12,503	(1,099)
Payables and accruals, non-trade	501	862
Payables and accruals, accrued interest on long term debt	999	857
Payable to Halifax Regional Municipality	(588)	7,000
Contractor and customer deposits	352	(1,746)
Unearned revenue	285	81
	<u>12,078</u>	<u>1,239</u>
	<u>60,965</u>	<u>63,570</u>

Financing

Proceeds from issuance of long term debt	80,000	39,988
Contributed capital and interest	32,833	3,512
Debt issue costs	(478)	(251)
Principal repayment on Halifax Regional Municipality long term debt	(6,500)	(6,500)
Principal repayments on long term debt	(16,466)	(15,234)
	<u>89,389</u>	<u>21,515</u>

Investing

Proceeds from sale of utility plant in service	-	75
Purchase of capital work in progress, utility plant in service and intangible assets	(121,249)	(85,735)
	<u>(121,249)</u>	<u>(85,660)</u>

Net increase (decrease) in cash and cash equivalents

29,105 (575)

Cash and cash equivalents, beginning of year

44,021 44,596

Cash and cash equivalents, end of year

\$ 73,126 \$ 44,021

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

1. Nature of operations

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

2. Summary of material accounting policies

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Commissioners on June 19, 2025.

(b) Basis of measurement

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

(c) Regulation

In matters of administrative policy relating to customers, rates and other charges, capital expenditures, depreciation rates and accounting matters, Halifax Water is subject to the jurisdiction of the Nova Scotia Regulatory and Appeals Board (NSRAB), which replaced the Nova Scotia Utility and Review Board (NSUARB) on April 1, 2025. Rates and other charges charged to and collected from customers are designed to recover the cost of providing the regulated services. Halifax Water is required to prepare submissions in accordance with the Water Utility Accounting and Reporting Handbook (the NSRAB Handbook) issued by the NSRAB. There are differences in the accounting treatment of certain transactions from IFRS Accounting Standards including the accounting of principal debt payments, employee future benefits, depreciation and amortization, gains and losses on the disposal of utility plant in service, and accumulated surplus.

Regulatory assets represent costs incurred that have been deferred as approved by the NSUARB and will be recovered through future rates collected from customers. These assets are described as the "regulatory deferral account" and are disclosed in Note 5.

(d) Utility plant in service

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

(e) Leased assets

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

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

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

2. Summary of significant accounting policies (continued)

(e) Leased assets (continued)

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

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

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

(f) Deferred contributed capital

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

(g) Cash and cash equivalents

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

(h) Depreciation of utility plant in service

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

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

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

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

2. Summary of significant accounting policies (continued)

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

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

(i) Inventory

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

(j) Revenues and expenditures

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

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

(k) Long term debt

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

(l) Use of estimates and critical accounting judgments

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

- At year end, unbilled service revenues from Water, Wastewater and Stormwater Services have been earned, but not yet billed due to the timing of the billing cycles. Management estimates the unbilled service revenues accrual based on actual consumption information.
- Management assumptions are used in the actuarial determination of employee benefit obligations, such as standard rates of inflation, mortality, discount rates, and anticipation of future salary increases.
- Useful lives of utility plant in service are reviewed based on expected patterns of usage and historical information.
- The impairment loss of plant in service and intangibles based on judgement of future utility in the delivery of services.
- Recognition and measurement of provisions and contingencies.
- The collectability of accounts receivable, allowance for doubtful accounts and bad debts are estimated based on the age of receivables, historical rates of collection, and review of the likelihood of collection of individual balances.

Actual results could differ from these estimates.

(m) Financial instruments

Recognition and derecognition

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

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

Classification and initial measurement of financial instruments

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

Halifax Water has classified its financial instruments as follows:

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

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

Subsequent measurement of financial assets

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

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

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

Impairment of financial assets

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

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. All interest charges are included in interest costs or revenues within the statement of earnings and comprehensive earnings.

(n) Provisions

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

(o) Impairments

At the end of each reporting period, Halifax Water reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. The recoverable amount of any asset is the higher of its fair value less costs to sell and its value in use.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

2. Summary of significant accounting policies (continued)

(o) Impairments (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (CGU), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Halifax Water has three CGU's (Water, Wastewater and Stormwater) for which impairment testing is performed.

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

(p) Intangible assets

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

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

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

Pension benefits

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

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

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

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

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

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

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

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

2. Summary of significant accounting policies (continued)

(q) Employee benefit obligations (continued)

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

Short-term employee benefits

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

(r) Regulatory deferral account

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

3. Contingent liabilities

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

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

4. Employee benefit surplus (obligations)

Retirement benefit plan – employees transferred from HRM

For employees that transferred from HRM, Halifax Water records an expense for the employer's share of the contributions to the Halifax Regional Municipality Pension Plan (HRM Pension Plan) in the period when Halifax Water is obligated to make contributions for services rendered by the employee. During 2025, Halifax Water funded \$446 (2024 - \$431) in contributions to the HRM Pension Plan. The number of employees included in this plan is 39 (2024 - 44) and this number is reducing over time. As former HRM employees retire, they are replaced with employees in the Halifax Regional Water Commission Employee Pension Plan (the Plan).

Supplemental retirement plans sponsored by Halifax Water

For employees who participate in the supplemental retirement plans, the cost of pension benefits are expensed at the time active employees are compensated. During 2025, Halifax Water funded \$22 (2024 - \$21) in contributions to these plans. The number of employees included in these plans is 11 (2024 - 5).

Halifax Regional Water Commission

Notes to the financial statements

March 31, 202 (in thousands)

4. Employee benefit surplus (obligations) (continued)

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

For all other employees, Halifax Water maintains a defined benefit pension plan and offers post-retirement health and insurance benefits. The defined benefit pension plan provides pensions based upon length of service and best seven consecutive years' earnings. The defined benefit pension plan is funded by employer and employee contributions with employees contributing 9.60% (10.34% to December 31, 2021) of pensionable employee earnings and Halifax Water matching employee contributions. The defined benefit pension plan assets are managed by the HRM Pension Committee.

Employees, who retired prior to July 1, 1998, have extended health benefits coverage for life, and drug coverage until age 65. Employees, who retired after July 1, 1998 and before December 31, 2008, had coverage for extended health, drug, dental and life insurance until age 65 on a 50/50 cost shared basis. Employees who retired after December 31, 2008 have coverage for extended health, drug, dental and life insurance until age 65 on a 100% retiree paid basis. As of March 31, 2025, only pre-July 1998 participants remain, as such the actuarial assumptions for the post-retirement benefits reflect only the remaining health benefit trending percentage. Extended health coverage for retirees and their spouses after the age of 65 is available on an optional basis at 100% retiree cost and drug coverage is available through the provincially managed drug program.

Halifax Water has a non-funded pre-retirement benefit that is accrued annually, and is payable on retirement, termination or death of the employee. For individuals who elected to defer receipt of their benefit until the time which they leave employment, their individual benefit equates to approximately three days' pay for each year of completed service. Completed service for unionized employees was frozen as at June 7, 2019, and June 20, 2019 for non-union employees, for the purposes of determining their pre-retirement benefit. Pre-retirement benefits accrue to a maximum of six months' salary and can be taken as a lump sum payment at the time of retirement in lieu of pre-retirement leave.

Information about Halifax Water's plans, based on an actuarial valuation of the defined benefit pension plan, and an actuarial extrapolation of the pre-retirement benefits and the post-retirement benefits as at March 31, 2025, is as follows:

	Defined benefit pension plan		Post-retirement benefits		Pre-retirement benefits		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Change in accrued benefit obligation								
Balance, April 1	\$ 199,825	\$ 186,747	\$ 212	\$ 290	\$ 1,441	\$ 1,357	\$ 201,478	\$ 188,394
Current service cost	11,512	10,710	54	-	72	71	11,638	10,781
Interest cost	9,850	9,245	9	12	68	68	9,927	9,325
Benefit payments	(9,122)	(6,877)	(38)	(39)	(272)	(76)	(9,432)	(6,992)
Re-measurements – actuarial (gains)/ losses from changes in financial/experience assumptions	5,273	-	(2)	(51)	127	21	5,398	(30)
Balance, March 31	217,338	199,825	235	212	1,436	1,441	219,009	201,478
Change in fair value of plan assets								
Balance, April 1	199,125	180,316	-	-	-	-	199,125	180,316
Investment income	9,742	8,865	-	-	-	-	9,742	8,865
Administrative expenses	(114)	(109)	-	-	-	-	(114)	(109)
Actual return on plan assets	11,803	8,743	-	-	-	-	11,803	8,743
Benefit payments	(9,122)	(6,877)	(38)	(39)	(271)	(76)	(9,431)	(6,992)
Contributions: Employee	4,419	4,505	-	-	-	-	4,419	4,505
Employer	4,209	3,682	38	39	271	76	4,518	3,797
Balance, March 31	220,062	199,125	-	-	-	-	220,062	199,125
Accrued benefit surplus (liability), March 31	\$ 2,724	\$ (700)	\$ (235)	\$ (212)	\$ (1,436)	\$ (1,441)	\$ 1,053	\$ (2,353)

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

4. Employee benefit surplus (obligations) (continued)

Included in the statement of earnings and comprehensive earnings is pension expense of \$7,045 (2024 - \$6,514).

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

	2025	2024	2025	2024	2025	2024
	Defined	Defined	Post-	Post-	Pre-	Pre-
	pension	benefit	retirement	retirement	retirement	retirement
	plan	Pension	benefits	benefits	benefit	benefit
	<u>plan</u>	<u>plan</u>	<u>benefits</u>	<u>benefits</u>	<u>benefit</u>	<u>benefit</u>
Discount rate	4.80%	4.90%	4.20%	4.75%	4.90%	4.90%
Expected return on plan assets	4.80%	4.90%	N/A	N/A	N/A	N/A
Rate of compensation increase	3.75%	3.75%	N/A	N/A	3.75%	3.75%
Expenses for life benefits as a % of claims	N/A	N/A	0.00%	0.00%	N/A	N/A
Health benefit trending per year	N/A	N/A	6.16%	6.30%	N/A	N/A
Dental benefit trending per year	N/A	N/A	0.00%	0.00%	N/A	N/A

The measurement date used to determine the plan assets and the accrued benefit obligation was March 31, 2025. The most recent actuarial valuation for the defined benefit pension plan was January 1, 2025, with the next actuarial valuation scheduled for January 1, 2028. The most recent actuarial valuation for the accrued benefit obligation was March 31, 2024. Going concern extrapolations of the defined benefit pension plan occur annually between the actuarial valuation dates.

The estimated employer contributions expected to be paid to the pension plans for the next fiscal year are \$4,800.

5. Regulatory deferral account

In 2011, the NSUARB granted Halifax Water approval to defer depreciation charges on certain assets transferred in 2010 from HRM relating to the Halifax Harbour Solutions Project (HHSP). Depreciation of \$2,078 was deferred in each of fiscal 2011 and 2012. As a result, Halifax Water recognized a \$4,156 regulatory deferral account. In absence of rate regulation, this regulatory deferral account would have been expensed as depreciation in fiscal 2011 and 2012. In 2012, the NSUARB granted approval of the depreciation of this deferral account over the remaining useful lives of the underlying assets, beginning in 2014. The expense recognized in 2025 is \$192 (2024 - \$192).

	2025	2024
	<u></u>	<u></u>
Balance, April 1	\$ 2,044	\$ 2,236
Depreciation	<u>(192)</u>	<u>(192)</u>
Balance, March 31	<u>\$ 1,852</u>	<u>\$ 2,044</u>

6. Commitments

An agreement with HRM for the dividend/grant in lieu of taxes (dividend) for the period from April 1, 2023 through March 31, 2028 whereby dividend payments are approved as part of revenue requirements by the NSRAB. The total amount payable will be calculated based on Property Valuation Services Corporation's (PVSC) assessed value of Halifax Water properties and the property tax rates set by HRM each fiscal year. The assessed value of Halifax Water properties will be reduced by a declining percentage over the five-year period to phase in this new approach. For the fiscal year ended March 31, 2025, the assessed values of the properties were reduced by 6% for the calculation (2024 - 8%). The payment will be allocated to each service based on no more than 1.56% times the water rate base, at least 0.25% times the wastewater rate base, and at least 0.25% times the stormwater rate base. In the event these allocations are not sufficient to fund the payment in any given fiscal year, the allocations for wastewater and stormwater will be increased to an amount sufficient to fund the payment.

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

7. Capital management

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

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

	<u>2025</u>	<u>2024</u>
Long term debt	\$ 293,010	\$ 236,454
Equity	<u>320,083</u>	<u>316,526</u>
Capital under management	<u>\$ 613,093</u>	<u>\$ 552,980</u>

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

8. Financial instruments and risk management

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

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

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

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

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

Credit risk

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

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

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

8. Financial instruments and risk management (continued)

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

	<u>2025</u>	<u>2024</u>
Customer charges, contractual, and unbilled service revenues	\$ 46,447	\$ 45,521
Less: allowance for doubtful accounts	<u>(2,577)</u>	<u>(3,016)</u>
	<u>\$ 43,870</u>	<u>\$ 42,505</u>

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

Interest risk

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

Market risk

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

Liquidity risk

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

9. Related party transactions

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

Halifax Water is obligated to make payments on debt, held in the name of HRM, associated with Wastewater and Stormwater assets which were transferred to Halifax Water in 2007 and subsequent years. The final payment on this debt was in 2025.

Amounts receivable from HRM have normal credit terms.

Halifax Water had the following related party transactions with HRM:

	<u>2025</u>	<u>2024</u>
Revenue for provision of Water, Wastewater and Stormwater Services	\$ 7,834	\$ 7,563
Public fire protection revenue	8,083	8,083
Dividend/grant in lieu of taxes	(6,816)	(6,589)
Operating expenditures	<u>(2,996)</u>	<u>(2,428)</u>
Net revenue and expenditures	<u>\$ 6,105</u>	<u>\$ 6,629</u>

The debt issued by Halifax Water was covered by a blanket guarantee from HRM subject to Halifax Water maintaining a debt service ratio of less than 35%. The debt service ratio at March 31, 2025 is 17.64% (2024 - 17.50%).

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

9. Related party transactions (continued)

Compensation of key management personnel

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

The following is compensation expense for key management personnel:

	<u>2025</u>	<u>2024</u>
Compensation and benefits	\$ 1,463	\$ 1,769
Post-employment benefits	<u>118</u>	<u>118</u>
Total compensation	<u>\$ 1,581</u>	<u>\$ 1,887</u>

10. Intangible assets

	<u>2025</u>	<u>2024</u>
Cost		
Balance, April 1	\$ 52,928	\$ 36,423
Additions	<u>11,501</u>	<u>16,505</u>
Balance, March 31	<u>64,429</u>	<u>52,928</u>
Accumulated amortization		
Balance, April 1	16,939	13,616
Amortization	<u>4,635</u>	<u>3,323</u>
Balance, March 31	<u>21,574</u>	<u>16,939</u>
Net book value, March 31	<u>\$ 42,855</u>	<u>\$ 35,989</u>

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

11. Utility plant in service

	Land	Structures and improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
Cost						
Balance, April 1, 2024	\$ 25,771	\$ 291,756	\$ 299,014	\$ 1,066,536	\$ 46,430	\$ 1,729,507
Additions	35	23,185	16,296	62,952	9,328	111,796
Disposals	-	-	-	-	(86)	(86)
Balance, March 31, 2025	<u>25,806</u>	<u>314,941</u>	<u>315,310</u>	<u>1,129,488</u>	<u>55,672</u>	<u>1,841,217</u>
Accumulated depreciation						
Balance, April 1, 2024	\$ -	\$ 100,166	\$ 136,127	\$ 167,415	\$ 27,857	\$ 431,565
Depreciation	-	9,433	17,768	22,147	6,871	56,219
Depreciation retired	-	-	-	-	(86)	(86)
Balance, March 31, 2025	<u>-</u>	<u>109,599</u>	<u>153,895</u>	<u>189,562</u>	<u>34,642</u>	<u>487,698</u>
Net book value, March 31, 2025	<u>\$ 25,806</u>	<u>\$ 205,342</u>	<u>\$ 161,415</u>	<u>\$ 939,926</u>	<u>\$ 21,030</u>	<u>\$ 1,353,519</u>

	Land	Structures and improvements	Treatment and network equipment	Distribution and collection network	Tools and work equipment	Total
Cost						
Balance, April 1, 2023	\$ 25,771	\$ 284,830	\$ 292,869	\$ 1,037,049	\$ 41,861	\$ 1,682,380
Additions	-	6,926	6,390	29,487	4,569	47,372
Disposals	-	-	(245)	-	-	(245)
Balance, March 31, 2024	<u>25,771</u>	<u>291,756</u>	<u>299,014</u>	<u>1,066,536</u>	<u>46,430</u>	<u>1,729,507</u>
Accumulated depreciation						
Balance, April 1, 2023	\$ -	\$ 90,865	\$ 118,184	\$ 149,457	\$ 21,360	\$ 379,866
Depreciation	-	9,301	18,121	17,958	6,497	51,877
Depreciation retired	-	-	(178)	-	-	(178)
Balance, March 31, 2024	<u>-</u>	<u>100,166</u>	<u>136,127</u>	<u>167,415</u>	<u>27,857</u>	<u>431,565</u>
Net book value, March 31, 2024	<u>\$ 25,771</u>	<u>\$ 191,590</u>	<u>\$ 162,887</u>	<u>\$ 899,121</u>	<u>\$ 18,573</u>	<u>\$ 1,297,942</u>

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

12. Deferred contributed capital	<u>2025</u>	<u>2024</u>
Balance, April 1	\$ 947,308	\$ 938,258
Assets contributed during the year	10,113	24,535
Contributions and interest	32,833	3,512
Amortization	<u>(19,122)</u>	<u>(18,997)</u>
Balance, March 31	971,132	947,308
Less: current portion	<u>(19,249)</u>	<u>(19,260)</u>
	<u>\$ 951,883</u>	<u>\$ 928,048</u>

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

13. Long-term debt	<u>Interest rates</u>	<u>2025</u>	<u>2024</u>
Payable to Nova Scotia Department of Finance and Treasury Board			
Water	0.565% to 5.460%	\$ 129,794	\$ 101,166
HHSP	2.205% to 2.561%	3,250	3,900
Wastewater	0.565% to 5.460%	123,961	96,634
Stormwater	0.565% to 5.460%	<u>37,656</u>	<u>29,427</u>
		294,661	231,127
Payable to Halifax Regional Municipality			
Wastewater/Stormwater	3.041% to 5.940%	<u>-</u>	<u>6,500</u>
		294,661	237,627
Less: debt issue costs		<u>(1,651)</u>	<u>(1,173)</u>
		293,010	236,454
Less: amount payable within one year		<u>(32,881)</u>	<u>(39,832)</u>
		<u>\$ 260,129</u>	<u>\$ 196,622</u>

During the year Halifax Water acquired \$80,000 (2024 – \$39,988) in new debt with a ten year term and thirty year amortization period and refinanced \$16,865 (2024 - \$24,228) in existing debt for the remaining ten year term.

The debentures are repayable in fixed annual principal instalments plus interest payable semi-annually. Interest expensed during the year was \$9,294 (2024 - \$7,276). Principal instalments for the next five years are as follows:

2025/26	\$ 32,881
2026/27	\$ 21,089
2027/28	\$ 22,010
2028/29	\$ 24,010
2029/30	\$ 29,010
Thereafter	\$ 165,661

Halifax Regional Water Commission

Notes to the financial statements

March 31, 2025 (in thousands)

14. Operating expenditures by nature	<u>2025</u>	<u>2024</u>
Salaries and benefits	\$ 51,987	\$ 47,492
Pension	3,107	3,012
Training and conferences	633	789
Contract services	21,149	18,208
Electricity	9,334	8,476
Operating supplies	18,493	17,140
Professional services	5,254	4,840
Chemicals	9,549	10,747
Depreciation on assets allocated to departments	1,846	1,546
Depreciation and amortization	<u>59,008</u>	<u>53,654</u>
	\$ 180,360	\$ 165,904

15. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current fiscal year.

16. Revenue Deficiency Account

Halifax Water is in the process of establishing an Ambient Temperature District Energy System (DES) and as such, has approval from the NSUARB to establish a Revenue Deficiency Account (RDA). The RDA will accumulate expenditures being made in relation to the DES. Once the DES is operational, RDA amounts will be recovered through the setting of rates which reflect the cost of providing this service together with a provision for the recovery of the amounts accumulated in the RDA over a reasonable period of time. There is no balance in the RDA as of March 31, 2025 as the infrastructure is not yet complete. Capital costs to March 31, 2025 reflected in the total balance of work in progress, are \$3,391 (2024 - \$1,390).

Halifax Regional Water Commission

Schedule of utility plant in service

Schedule A

Year ended March 31, 2025 (in thousands)

Water

	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Transmission & distribution mains	Services	Meters	Hydrants	Aerotech and small systems	Tools and work equipment	Total
Cost												
Balance, April 1, 2024	\$ 18,215	\$ 138,022	\$ 10,778	\$ 32,880	\$ 12,241	\$ 442,189	\$ 50,440	\$ 19,372	\$ 23,506	\$ 10,056	\$ 49,282	\$ 806,981
Additions	35	15,232	601	495	577	26,920	4,686	382	1,850	315	7,354	58,447
Disposals	-	-	-	-	-	-	-	-	-	-	(129)	(129)
Balance, March 31, 2025	18,250	153,254	11,379	33,375	12,818	469,109	55,126	19,754	25,356	10,371	56,507	865,299
Accumulated depreciation												
Balance, April 1, 2024	\$ -	\$ 40,247	\$ 9,069	\$ 23,955	\$ 6,476	\$ 116,216	\$ 11,570	\$ 8,530	\$ 6,359	\$ 5,046	\$ 27,502	\$ 254,970
Depreciation	-	2,794	222	735	586	5,759	3,537	906	1,862	429	4,967	21,797
Depreciation retired	-	-	-	-	-	-	-	-	-	-	(129)	(129)
Balance, March 31, 2025	-	43,041	9,291	24,690	7,062	121,975	15,107	9,436	8,221	5,475	32,340	276,638
Net book value, March 31, 2025	\$ 18,250	\$ 110,213	\$ 2,088	\$ 8,685	\$ 5,756	\$ 347,134	\$ 40,019	\$ 10,318	\$ 17,135	\$ 4,896	\$ 24,167	\$ 588,661

	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Transmission & distribution mains	Services	Meters	Hydrants	Aerotech and small systems	Tools and work equipment	Total
Cost												
Balance, April 1, 2023	\$ 18,215	\$ 131,837	\$ 10,778	\$ 32,106	\$ 12,185	\$ 434,296	\$ 49,019	\$ 19,372	\$ 23,300	\$ 10,048	\$ 39,870	\$ 781,026
Additions	-	6,185	-	774	56	7,893	1,421	-	206	8	9,430	25,973
Disposals	-	-	-	-	-	-	-	-	-	-	(18)	(18)
Balance, March 31, 2024	18,215	138,022	10,778	32,880	12,241	442,189	50,440	19,372	23,506	10,056	49,282	806,981
Accumulated depreciation												
Balance, April 1, 2023	\$ -	\$ 37,900	\$ 8,771	\$ 22,448	\$ 5,919	\$ 110,677	\$ 10,678	\$ 7,621	\$ 5,958	\$ 4,626	\$ 23,203	\$ 237,801
Depreciation	-	2,347	298	1,507	557	5,539	892	909	401	420	4,317	17,187
Depreciation retired	-	-	-	-	-	-	-	-	-	-	(18)	(18)
Balance, March 31, 2024	-	40,247	9,069	23,955	6,476	116,216	11,570	8,530	6,359	5,046	27,502	254,970
Net book value, March 31, 2024	\$ 18,215	\$ 97,775	\$ 1,709	\$ 8,925	\$ 5,765	\$ 325,973	\$ 38,870	\$ 10,842	\$ 17,147	\$ 5,010	\$ 21,780	\$ 552,011

Schedule A is presented in accordance with the NSRAB Handbook.

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

Halifax Regional Water Commission

Schedule of utility plant in service

Schedule A

Year ended March 31, 2025 (in thousands)

Wastewater

	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Collection system	Laterals	Meters	Aerotech and small systems	Tools and work equipment	Total
Cost											
Balance, April 1, 2024	\$ 7,083	\$ 203,394	\$ 29,960	\$ 184,411	\$ 16,333	\$ 362,940	\$ 38,891	\$ 9,109	\$ 13,546	\$ 61,089	\$ 926,756
Additions	-	6,945	3,867	6,099	474	10,862	5,251	382	1,295	12,079	47,254
Disposals	-	-	-	-	-	-	-	-	-	(215)	(215)
Balance, March 31, 2025	7,083	210,339	33,827	190,510	16,807	373,802	44,142	9,491	14,841	72,953	973,795
Accumulated depreciation											
Balance, April 1, 2024	\$ -	\$ 81,352	\$ 13,238	\$ 108,434	\$ 6,876	\$ 89,944	\$ 5,704	\$ 2,314	\$ 6,876	\$ 32,412	\$ 347,150
Depreciation	-	4,169	1,368	9,307	877	5,147	840	461	1,315	5,607	29,091
Depreciation retired	-	-	-	-	-	-	-	-	-	(215)	(215)
Balance, March 31, 2025	-	85,521	14,606	117,741	7,753	95,091	6,544	2,775	8,191	37,804	376,026
Net book value, March 31, 2025	\$ 7,083	\$ 124,818	\$ 19,221	\$ 72,769	\$ 9,054	\$ 278,711	\$ 37,598	\$ 6,716	\$ 6,650	\$ 35,149	\$ 597,769

	Land	Structures and improvements	Pumping equipment	Purification equipment	SCADA equipment	Collection system	Laterals	Meters	Aerotech and small systems	Tools and work equipment	Total
Cost											
Balance, April 1, 2023	\$ 7,083	\$ 202,942	\$ 29,151	\$ 180,499	\$ 16,040	\$ 355,662	\$ 37,207	\$ 9,109	\$ 12,784	\$ 52,323	\$ 902,800
Additions	-	452	809	3,912	293	7,278	1,684	-	762	9,244	24,434
Disposals	-	-	-	-	-	-	-	-	-	(478)	(478)
Balance, March 31, 2024	7,083	203,394	29,960	184,411	16,333	362,940	38,891	9,109	13,546	61,089	926,756
Accumulated depreciation											
Balance, April 1, 2023	\$ -	\$ 77,345	\$ 11,993	\$ 99,369	\$ 6,049	\$ 84,927	\$ 4,932	\$ 1,857	\$ 5,600	\$ 28,233	\$ 320,305
Depreciation	-	4,007	1,245	9,065	827	5,017	772	457	1,276	4,657	27,323
Depreciation retired	-	-	-	-	-	-	-	-	-	(478)	(478)
Balance, March 31, 2024	-	81,352	13,238	108,434	6,876	89,944	5,704	2,314	6,876	32,412	347,150
Net book value, March 31, 2024	\$ 7,083	\$ 122,042	\$ 16,722	\$ 75,977	\$ 9,457	\$ 272,996	\$ 33,187	\$ 6,795	\$ 6,670	\$ 28,677	\$ 579,606

Schedule A is presented in accordance with the NSRAB Handbook.

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

Halifax Regional Water Commission

Schedule of utility plant in service

Schedule A

Year ended March 31, 2025 (in thousands)

Stormwater

	Land	Structures and improvements	Collection system	Laterals	Tools and work equipment	Total
Cost						
Balance, April 1, 2024	\$ 473	\$ 12,732	\$ 305,539	\$ 5,826	\$ 9,111	\$ 333,681
Additions	-	652	15,180	335	1,709	17,876
Disposals	-	-	-	-	-	-
Balance, March 31, 2025	473	13,384	320,719	6,161	10,820	351,557
Accumulated depreciation						
Balance, April 1, 2024	\$ -	\$ 2,918	\$ 82,005	\$ 1,041	\$ 5,253	\$ 91,217
Depreciation	-	244	8,636	119	922	9,921
Depreciation retired	-	-	-	-	-	-
Balance, March 31, 2025	-	3,162	90,641	1,160	6,175	101,138
Net book value, March 31, 2025	\$ 473	\$ 10,222	\$ 230,078	\$ 5,001	\$ 4,645	\$ 250,419

	Land	Structures and improvements	Collection system	Laterals	Tools and work equipment	Total
Cost						
Balance, April 1, 2023	\$ 473	\$ 12,732	\$ 295,041	\$ 5,784	\$ 6,919	\$ 320,949
Additions	-	-	10,498	42	2,192	12,732
Disposals	-	-	-	-	-	-
Balance, March 31, 2024	473	12,732	305,539	5,826	9,111	333,681
Accumulated depreciation						
Balance, April 1, 2023	\$ -	\$ 2,681	\$ 74,819	\$ 925	\$ 4,431	\$ 82,856
Depreciation	-	237	7,186	116	822	8,361
Depreciation retired	-	-	-	-	-	-
Balance, March 31, 2024	-	2,918	82,005	1,041	5,253	91,217
Net book value, March 31, 2024	\$ 473	\$ 9,814	\$ 223,534	\$ 4,785	\$ 3,858	\$ 242,464

Collective utility plant in service	Water	Wastewater	Stormwater	Total
Net book value, March 31, 2025	\$ 588,661	\$ 597,769	\$ 250,419	\$ 1,436,849
Net book value March 31, 2024	\$ 552,011	\$ 579,606	\$ 242,464	\$ 1,374,081

Schedule A is presented in accordance with the NSRAB Handbook.

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

Halifax Regional Water Commission

Schedule B

Schedule of long term debt

Year ended March 31, 2025 (in thousands)

		<u>Interest rate</u>	<u>Maturity</u>	<u>Balance Remaining</u>	
				<u>2025</u>	<u>2024</u>
Payable to NS Finance and Treasury Board					
Water					
Debenture 34 B 1	3.041% to 3.190%	2024	\$	-	\$ 7,520
Debenture 35 A 1	2.573% to 2.894%	2025		7,407	8,080
Debenture 36 A 1	2.443% to 2.925%	2026		400	600
Debenture 36 B 1	2.048% to 2.506%	2026		2,603	2,820
Debenture 37 A 1	2.617% to 3.073%	2027		2,275	2,450
Debenture 38 A 1	2.884% to 3.300%	2028		400	500
Debenture 38 B 1	3.048% to 3.389%	2028		4,200	4,500
Debenture 39 A 1	2.205% to 2.561%	2029		8,250	8,800
Debenture 40 A 1	0.995% to 1.879%	2030		9,600	10,200
Debenture 40 B 1	0.565% to 2.376%	2031		8,500	9,000
Debenture 42 A 1	2.575% to 3.782%	2032		12,262	12,700
Debenture 42 B 1	4.177% to 4.116%	2032		4,615	4,999
Debenture 43 A 1	4.550% to 4.714%	2033		4,550	5,056
Debenture 43 B 1	4.897% to 5.460%	2033		3,335	3,706
Debenture 43 B 1	4.897% to 5.460%	2033		19,561	20,235
Debenture 44 A 1	4.438% to 4.940%	2033		6,000	-
Debenture 44 B 1	2.720% to 4.096%	2033		6,836	-
Debenture 44 B 1	2.720% to 4.096%	2033		29,000	-
Wastewater					
Debenture 34 A 1	3.193% to 3.347%	2024		-	3,063
Debenture 34 B 1	3.041% to 3.190%	2024		-	4,722
Debenture 35 A 1	2.573% to 2.894%	2025		7,761	8,466
Debenture 36 B 1	2.048% to 2.506%	2026		1,088	1,178
Debenture 37 A 1	2.617% to 3.073%	2027		3,965	4,270
Debenture 38 B 1	3.048% to 3.389%	2028		4,480	4,800
Debenture 39 A 1	2.205% to 2.561%	2029		11,250	12,000
Debenture 40 A 1	0.955% to 1.879%	2030		6,940	7,480
Debenture 40 B 1	0.565% to 2.376%	2031		5,100	5,400
Debenture 42 A 1	2.575% to 3.782%	2032		13,759	15,478
Debenture 42 B 1	4.177% to 4.116%	2032		1,516	1,900
Debenture 43 A 1	4.550% to 4.714%	2033		7,587	8,430
Debenture 43 B 1	4.897% to 5.460%	2033		4,902	5,446
Debenture 43 B 1	4.897% to 5.460%	2033		13,535	14,001
Debenture 43 B 1	4.438% to 4.940%	2033		2,785	-
Debenture 43 B 1	4.438% to 4.940%	2033		6,000	-
Debenture 43 B 1	2.720% to 4.096%	2033		4,293	-
Debenture 43 B 1	2.720% to 4.096%	2033		29,000	-
HHSP					
Debenture 39 A 1	2.205% to 2.561%	2029		3,250	3,900
Stormwater					
Debenture 34 B 1	3.041% to 3.190%	2024		-	3,247
Debenture 35 A 1	2.573% to 2.894%	2025		1,776	1,938
Debenture 36 B 1	2.048% to 2.506%	2026		541	586
Debenture 37 A 1	2.617% to 3.073%	2027		260	280
Debenture 38 B 1	3.048% to 3.389%	2028		1,820	1,950
Debenture 39 A 1	2.205% to 2.561%	2029		3,000	3,200
Debenture 40 A 1	0.955% to 1.879%	2030		4,480	4,760
Debenture 40 B 1	0.565% to 2.376%	2031		3,400	3,600
Debenture 42 A 1	2.575% to 3.782%	2032		2,437	2,524
Debenture 43 A 1	4.550% to 4.714%	2033		243	270
Debenture 43 B 1	4.897% to 5.460%	2033		1,188	1,320
Debenture 43 B 1	4.897% to 5.460%	2033		5,560	5,752
Debenture 43 B 1	4.438% to 4.940%	2033		3,000	-
Debenture 43 B 1	2.720% to 4.096%	2033		2,951	-
Debenture 43 B 1	2.720% to 4.096%	2033		7,000	-
				<u>294,661</u>	<u>231,127</u>

Halifax Regional Water Commission
Schedule of long term debt

Schedule B

Year ended March 31, 2025 (in thousands)

Payable to Halifax Regional Municipality				
Wastewater/Stormwater				
Debenture 24 B 1	5.920% to 5.940%	2024	-	5,500
Debenture 34 B 1	3.041% to 3.190%	2024	-	1,000
			<u>-</u>	<u>6,500</u>
			294,661	237,627
Less: debt issue costs			<u>(1,651)</u>	<u>(1,173)</u>
			293,010	236,454
Less: amount payable within one year			<u>(32,881)</u>	<u>(39,832)</u>
Total long term debt			<u>\$ 260,129</u>	<u>\$ 196,622</u>

Halifax Regional Water Commission

Schedule of earnings

Schedule C

Year ended March 31, 2025 (in thousands)

Water

	<u>2025</u>	<u>2024</u>
Operating revenues		
Water	\$ 56,116	\$ 54,938
Public fire protection	8,083	8,083
Private fire protection	1,785	1,698
Other operating revenue		
Bulk water stations	209	257
Late payment and connection fees	119	191
Miscellaneous	426	187
	<u>66,738</u>	<u>65,354</u>
Operating expenditures		
Water supply and treatment	16,127	14,786
Water transmission and distribution	16,717	13,768
Engineering and technology services	6,541	6,003
Regulatory services	1,717	2,052
Customer services	2,283	2,380
Corporate services	2,062	1,588
Administration services	3,097	3,179
Depreciation and amortization	11,305	13,212
	<u>59,849</u>	<u>56,968</u>
Earnings from operations before financial and other revenues and expenditures	<u>6,889</u>	<u>8,386</u>
Financial and other revenues		
Interest	232	300
Other	514	392
	<u>746</u>	<u>692</u>
Financial and other expenditures		
Interest on long term debt	3,963	2,833
Repayment of long term debt	7,062	6,164
Amortization of debt issue costs	105	88
Dividend/grant in lieu of taxes	5,828	5,824
Other	124	129
	<u>17,082</u>	<u>15,038</u>
Loss for the year	<u>\$ (9,447)</u>	<u>\$ (5,960)</u>

Schedule C is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission**Schedule C****Schedule of earnings**

Year ended March 31, 2025 (in thousands)

Wastewater

	<u>2025</u>	<u>2024</u>
Operating revenues		
Wastewater	\$ 90,110	\$ 89,512
Other operating revenue		
Leachate and other contract revenue	562	551
Septage tipping fees	795	577
Over strength surcharge	169	7
Airplane effluent	67	94
Late payment and connection fees	194	309
Miscellaneous	165	184
	<u>92,062</u>	<u>91,234</u>
Operating expenditures		
Wastewater collection	15,383	14,554
Wastewater treatment	26,950	24,782
Engineering and technology services	8,505	8,281
Regulatory services	1,791	1,604
Customer services	2,022	2,062
Corporate services	1,783	1,373
Administration services	2,846	2,779
Depreciation and amortization	19,348	17,809
	<u>78,628</u>	<u>73,244</u>
Earnings from operations before financial and other revenues and expenditures	<u>13,434</u>	<u>17,990</u>
Financial and other revenues		
Interest	135	112
Other	97	96
	<u>232</u>	<u>208</u>
Financial and other expenditures		
Interest on long term debt	4,120	3,581
Repayment of long term debt	11,790	13,954
Amortization of debt issue costs	110	110
Dividend/grant in lieu of taxes	808	630
Other	10	11
	<u>16,838</u>	<u>18,286</u>
Loss for the year	\$ <u>(3,172)</u>	\$ <u>(88)</u>

Schedule C is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Schedule of earnings

Schedule C

Year ended March 31, 2025 (in thousands)

Stormwater

	<u>2025</u>	<u>2024</u>
Operating revenues		
Stormwater site generated service	\$ 8,599	\$ 8,676
Stormwater right-of-way service	6,627	6,520
Other operating revenue		
Late payment and connection fees	38	80
Miscellaneous	159	115
	<u>15,423</u>	<u>15,391</u>
Operating expenditures		
Stormwater collection	6,053	5,755
Engineering and technology services	1,818	1,769
Regulatory services	1,838	1,876
Customer services	172	189
Corporate services	198	153
Administration services	342	305
Depreciation and amortization	3,659	3,065
	<u>14,080</u>	<u>13,112</u>
Earnings from operations before financial and other expenditures	<u>1,343</u>	<u>2,279</u>
Financial and other expenditures		
Interest	253	103
Interest on long term debt	1,211	862
Repayment of long term debt	2,349	2,486
Amortization of debt issue costs	29	24
Dividend/grant in lieu of taxes	180	135
	<u>4,022</u>	<u>3,610</u>
Loss for the year	<u>\$ (2,679)</u>	<u>\$ (1,331)</u>

Schedule C is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Schedule of earnings

Schedule D

Year ended March 31, 2025 (in thousands)

Regulated activities

	<u>2025</u>	<u>2024</u>
Operating revenues		
Water	\$ 56,116	\$ 54,938
Wastewater	90,110	89,512
Stormwater	15,226	15,196
Public fire protection	8,083	8,083
Private fire protection services	1,785	1,698
Other operating revenue	<u>1,479</u>	<u>1,330</u>
	<u>172,799</u>	<u>170,757</u>
Operating expenditures		
Water supply and treatment	16,122	14,781
Water transmission and distribution	16,717	13,768
Wastewater collection	15,320	14,499
Stormwater collection	6,053	5,755
Wastewater treatment	26,065	23,888
Engineering and technology services	16,864	16,053
Regulatory services	5,346	5,532
Customer services	4,465	4,627
Corporate services	4,025	3,095
Administration services	6,174	6,132
Depreciation and amortization	<u>34,273</u>	<u>34,066</u>
	<u>151,424</u>	<u>142,196</u>
Earnings from operations before financial and other revenues and expenditures	<u>21,375</u>	<u>28,561</u>
Financial and other revenues		
Interest	367	412
Other	<u>18</u>	<u>11</u>
	<u>385</u>	<u>423</u>
Financial and other expenditures		
Interest	253	103
Interest on long term debt	9,294	7,276
Repayment of long term debt	21,201	22,604
Amortization of debt issue costs	244	222
Dividend/grant in lieu of taxes	<u>6,816</u>	<u>6,589</u>
	<u>37,808</u>	<u>36,794</u>
Loss for the year	<u>\$ (16,048)</u>	<u>\$ (7,810)</u>

Halifax Regional Water Commission

Schedule of earnings

Schedule D

Year ended March 31, 2025 (in thousands)

Unregulated activities

	<u>2025</u>	<u>2024</u>
Operating revenues		
Septage tipping fees	\$ 795	\$ 577
Leachate treatment and contract revenue	562	551
Airplane effluent	67	94
	<u>1,424</u>	<u>1,222</u>
Operating expenditures		
Water supply and treatment	5	5
Wastewater treatment	885	894
Wastewater collection	63	55
Customer services	12	4
Corporate services	18	19
Administration services	111	131
Depreciation and amortization	39	20
	<u>1,133</u>	<u>1,128</u>
Earnings from operations before financial and other revenues and expenditures	<u>291</u>	<u>94</u>
Financial and other revenues		
Other	<u>593</u>	<u>477</u>
Financial and other expenditures		
Other	<u>134</u>	<u>140</u>
Earnings for the year	<u>\$ 750</u>	<u>\$ 431</u>

Schedule D is presented in accordance with the NSRAB Handbook.

Halifax Regional Water Commission

Nova Scotia Utility and Review Board information

Schedule E

Year ended March 31, 2025 (in thousands)

Return on rate base	<u>2025</u>	<u>2024</u>
Rate of return on rate base for Water Service	0.28%	0.67%
Rate of return on rate base for Wastewater Service	3.65%	5.37%
Rate of return on rate base for Stormwater Service	1.73%	2.98%

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

Special purpose reserves

	<u>Regional Development Charge Water Reserve</u>	<u>Regional Development Charge Wastewater Reserve</u>	<u>Other Capital Reserves</u>	<u>2025 Total</u>	<u>2024 Total</u>
Reserve, April 1	\$ 660	\$ 92,373	\$ 1,071	\$ 94,104	\$ 91,905
Contributions and interest	9,093	25,760	-	34,853	19,615
Expenditures	<u>(1,803)</u>	<u>(299)</u>	<u>-</u>	<u>(2,102)</u>	<u>(17,416)</u>
Reserve, March 31	<u>\$ 7,950</u>	<u>\$ 117,834</u>	<u>\$ 1,071</u>	<u>\$ 126,855</u>	<u>\$ 94,104</u>

Summarized consolidated operating results

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 174,223	\$ 171,979
Operating expenditures	<u>152,557</u>	<u>143,324</u>
Earnings from operations before financial and other revenues and expenditures	21,666	28,655
Financial and other revenues	978	900
Financial and other expenditures	<u>37,942</u>	<u>36,934</u>
Loss for the year	<u>\$ (15,298)</u>	<u>\$ (7,379)</u>

Schedule E is presented in accordance with the NSRAB Handbook.



Halifax Regional Water Commission

For the year ended March 31, 2025

Report to the Audit and Finance Committee
Audit results

June 9, 2025

Tom Brockway, CPA, CA
Partner
T 902 491 7781
E Tom.Brockway@doane.gt.ca

Alex Martin, CPA
Senior Manager
T 902 421 4434
E Alex.Martin@doane.gt.ca

Jamie Creaser, CPA
Manager
T 902 455 5622
E Jamie.Creaser@doane.gt.ca

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Appendices

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

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Halifax Regional Water Commission ("Halifax Water") for the year ended March 31, 2025. This communication will assist the Audit and Finance Committee in understanding the results of audit procedures to date and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters, including procedures remaining to be completed in concluding our audit.

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

We were engaged to provide the following deliverables:

Deliverable	
Discussions and communications regarding planning	January 16, 2025
Communication of audit results	June 9, 2025
Report on the March 31, 2025 financial statements	To be determined

Status of our audit

We are in the process of completing our audit of the financial statements of Halifax Water and our status update is included in this report.

We will finalize our report upon resolution of the following items that were outstanding as at June 9, 2025:

- Receipt of final updated financial statements (for any final changes after June 9, 2025), if any;
- Receipt of outstanding audit support including utility plant in service continuity schedule;
- Completion of test of controls and substantive audit procedures relating to capital work in progress, utility plant in service and intangible assets;
- Finalize substantive procedures over cash, customer charged receivables, payables, balances with HRM, deferred contributions, employee benefit obligations, revenue analytics, journal entry testing and overall concluding procedures;
- Final audit manager, partner and concurring partner review of the audit file and final financial statements;
- Receipt and analysis of legal inquiry responses;
- Receipt of signed management representation letter (a draft has been attached in the appendices);
- Approval of the financial statements by the Board of Commissioners; and
- Final inquiries regarding subsequent events.

We are executing our audit strategy in accordance with the plan presented to Audit and Finance Committee on January 16, 2025. No significant changes to our strategy has been encountered to date. We will update management and the Audit and Finance Committee on our progress up to the date of our upcoming meeting.

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

Independence

We confirm that there have been no changes to our status with respect to independence since we confirmed our independence to you on January 16, 2025.

Audit risks and results

Significant transactions and areas of focus

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

Area of focus	Matter	Our response and findings
Revenue	<ul style="list-style-type: none">There are a significant number of transactions in the billing process which leads to a significant risk from a financial reporting perspective.Unbilled services revenue requires management to make estimates to determine the accrual required at year end.	<p>We performed the following:</p> <ul style="list-style-type: none">Tested the operating effectiveness of controls over the accuracy and occurrence of revenue recognized, including customer set up and meter data collection and processing.Performed substantive analytical procedures over revenue recognized to identify fluctuations that may be indicative of error or fraud for further investigation.Analyzed management's estimate of unbilled services revenue for reasonability including testing of inputs used in forming the estimate. <p>We have no findings to report based on the audit procedures performed to date. We will update the Audit and Finance Committee at our upcoming meeting.</p>
Work in progress and utility plant in service	<ul style="list-style-type: none">During the year, Halifax Water had significant capital projects ongoing and had approximately \$124.5 million in capital additions (comprised of the change in work in progress year over year plus additions to intangibles and utility plant in service).Halifax Water has a significant balance in utility plant in service and capital work in progress, resulting from significant projects underway and continued additions to the utility. There is a risk from a financial reporting perspective as accounting for utility plant in service involves judgments around classification of assets, estimation of useful lives, etc., in addition to the significance of the capital additions made during the year.	<p>We performed the following:</p> <ul style="list-style-type: none">Tested the operating effectiveness of controls over additions to capital assets, including capital work in progress and utility plant in service, including approvals of invoices and subsequent processing.On a test basis, examined invoices or other support for additions incurred during the year. <p>We have no findings to report based on the audit procedures performed to date. We will update the Audit and Finance Committee at our upcoming meeting.</p>

Employee benefit surplus/obligations	<ul style="list-style-type: none"> Halifax Water maintains a defined benefit pension plan and offers post-retirement health and insurance benefits. The pension plan provides pensions based upon length of service and best seven years' earnings. Halifax Water contributes 9.6% of payroll (effective January 1, 2022). A valuation was performed as at January 1, 2025 for the defined pension plan. The estimated surplus/obligation is a complex and significant estimate requiring the use of an actuary. As at March 31, 2025 Halifax Water had recorded \$1.1 million surplus (2024 - \$2.4 million obligation) associated with employee future benefits. An actuarial gain of \$5.4 million was recognized in other comprehensive income during period, versus a small loss of \$30,000 in the prior period. Significant estimates and inputs include the discount rate, rates of compensation changes, and health care trends. 	<p>We performed the following:</p> <ul style="list-style-type: none"> Examined the extrapolation report prepared by Halifax Water's independent actuary. Verified amounts reported and disclosed in Halifax Water's financial statements are accurate and complete. Assessed reasonability of assumptions used in the extrapolation as compared to expectations and market information. Performed testing of the data used by the actuary in the performance of their work. Confirmed the independence of Halifax Water's actuary and their materiality threshold. <p>We have no findings to report based on the audit procedures performed to date. We will update the Audit and Finance Committee at our upcoming meeting.</p>
Payables and accruals	<ul style="list-style-type: none"> There is a high volume of purchases and payments made during the year and inherently, a higher risk over the completeness of payables and accruals made at year end. 	<p>We performed the following:</p> <ul style="list-style-type: none"> Tested the mathematical accuracy of the payable subledgers and account reconciliations, reviewing for significant or unusual transactions in payables and accruals; and Tested subsequent payments to invoices, receiving reports and other support as appropriate, to determine if amounts are correctly accrued. <p>We have no findings to report based on the audit procedures performed to date. We will update the Audit and Finance Committee at our upcoming meeting.</p>

Adjustments and uncorrected misstatements

Adjustments

Based on our audit procedures completed to date, we have no adjustments to report, however we will communicate under separate cover in a letter to management and the Audit and Finance Committee as required if any findings are identified.

Uncorrected misstatements

Based on our audit procedures completed to date, we have no uncorrected adjustments to report, however we will communicate under separate cover in a letter to management and the Audit and Finance Committee as required if any findings are identified.

Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters as of the date of this report. If in the process of finalizing the audit and the audited financial statements we have findings, we will communicate under separate cover to management and the Audit and Finance Committee as required.

Other reportable matters

Internal control

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

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

We will communicate any reportable observations as a result of our audit under separate cover.

Everyday ethics

Ethics often bring to mind clear breaches like theft or breaking the law. But how do everyday business pressures impact ethical decisions?

Our Everyday Ethics training addresses this by presenting scenarios that challenge participants with real-life situations where the right choice isn't always clear. We offer standard situational examples or we can collaborate to create tailored scenarios reflecting your business realities. This workshop-style training provides a safe environment for teams to discuss their actions and identify organizational improvements to prevent potential issues.

We would be happy to discuss further at our next meeting or at your convenience.

Technical updates – highlights

Accounting

There have been no significant changes to the accounting developments since we last presented at our meeting in January. However, we would like to highlight some of the new or amended accounting standards issued by the Accounting Standards Board that may affect the Halifax Water in future years.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) - Derecognition of Financial Assets and Financial Liabilities – these amendments clarify that, except for cash payments under certain electronic payment systems, an entity is required to wait until the settlement date of the transaction to derecognize a financial asset or financial liability. Deposits in transit and outstanding cheques would not result in the derecognition of a financial asset or liability until they have cleared the bank. This is effective for annual reporting periods after January 1, 2026.
- 2024 Annual Improvements to IFRS Accounting Standards – these improvements include that trade accounts receivable should be accounted for under IFRS 15 rather than IFRS 9 and that derecognition of lease liabilities should be accounted under IFRS 9 while modifications under IFRS 15. Additionally there was further clarification over the determination of a de facto agent regarding consolidated financial statements. This is effective for annual reporting periods after January 1, 2026.
- IFRS 18 Presentation and Disclosure in Financial Statements – this is a new standard which sets out requirements for the presentation and disclosure of information in general-purpose financial statements. This standard will have a significant change in how statements are presented including the introduction of new required sub-totals and clarifying the principals of aggregation and disaggregation of information in the financial statements. This is effective for annual reporting periods after January 1, 2026.

If you have any questions about the upcoming changes, we invite you to raise them during our next meeting.

Exposure Draft – Regulatory Assets and Regulatory Liabilities

The International Accounting Standards Board (“IASB”) met on May 19, 2025 regarding the prospective IFRS Accounting Standard on rate-regulated activities and agenda papers associated with the Exposure Draft *Regulatory Assets and Regulatory Liabilities* (“Exposure Draft”) and IAS 12 *Income Taxes* (Agenda Paper 9A). The IASB tentatively decided that the prospective standard would:

- include no requirement for a minimum interest rate;
- include a requirement for the entity to disclosure quantitative information (using time bands) about when it expects to recover regulatory assets and fulfil regulator liabilities, and to base this quantitative information using undiscounted cashflows and reasonable and supportable assumptions about future cash flows that are consistent between periods;
- Clarify the assumptions about market variables used in estimates of future cashflows; and

- Include transitional requirements required for interim financial statements and include no requirement for an entity to disclose whether it receives regulatory returns on an asset not yet available for use.

The extent to which the new standard will impact Halifax Water can start to be assessed by management upon the release of the final standard, incorporating the changes from the comment letters.

Assurance

Assurance standards issued by the AASB that may change the nature, timing and extent of our audit procedures on the Halifax Water and our communication with the Audit and Finance Committee include:

- Potential revisions to CAS 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- Proposed Canadian Standard on Sustainability Assurance (CSSA) 5000, General Requirements for Sustainability Assurance Engagements

If you have any questions about these amendments or new standards, we invite you to raise them during our next meeting.

Appendix A

Draft independent auditor's report

Independent auditor's report

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

Opinion

We have audited the financial statements of the Halifax Regional Water Commission ("Halifax Water"), which comprise the statement of financial position as at March 31, 2025, and the statements of earnings and comprehensive earnings, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Water as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Other matter – supplemental schedules

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole as prepared in accordance with IFRS Accounting Standards. Schedules A through E are presented in accordance with the Nova Scotia Utility and Review Board Water Utility Accounting and Reporting Handbook. Such information has been subjected to the auditing procedures applied for the purpose of the audit of the financial statements as a whole as at and for the period ended March 31, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Halifax, Canada
To be determined

Chartered Professional Accountants

DRAFT

Appendix B

Draft management representation letter

Management Representation Letter

TBD

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

Dear Mr. Brockway:

We are providing this letter in connection with your audit of the financial statements of Halifax Regional Water Commission ("Halifax Water") as of March 31, 2025, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Halifax Regional Water Commission in accordance with with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

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

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

Financial statements

- 1 The financial statements referred to above present fairly, in all material respects, the financial position of Halifax Water as at March 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as agreed to in the terms of the audit engagement.
- 2 The financial statements have been prepared for the following users: Nova Scotia Utility and Review Board, Members of the Board of Commissioners, Halifax Regional Municipality (HRM) and management. These users will use the financial statements for meeting their financial reporting requirements.

Completeness of information

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

Fraud and error

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

Recognition, measurement and disclosure

- 14 We believe that the methods, significant assumptions and data used by us in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement and disclosure that are in accordance with IFRS Accounting Standards.
- 15 We believe that the significant judgements made in making accounting estimates have taken into account relevant information of which management is aware and that appropriate specialized skills and experience (including third party experts where applicable), has been applied in making the accounting estimates.
- 16 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
- 17 There are no tangible capital assets belonging to Halifax Water that have not already been capitalized or would need to be capitalized in the future.
- 18 All related party transactions have been appropriately measured and disclosed in the financial statements.
- 19 The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- 20 There were no business combinations that occurred during the year.
- 21 Any intangibles on the books of Halifax Water are evaluated whenever events or changes in circumstances indicate the carrying amount may not be recoverable to determine whether or not they have been impaired, and an appropriate loss provision is provided in the accounts where there has been a permanent impairment.
- 22 Depreciation and amortization rates have been assessed to ensure they properly reflect the assets' useful lives.
- 23 Rate regulated assets and liabilities have been approved by the NSUARB and have been appropriately reflected in the financial statements. Refer to Note 5 of the financial statements.

- 24 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements. Refer to Note 3 in the financial statements.
- 25 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- 26 Long lived assets and finite lived intangibles are reviewed for impairment, when events or changes in circumstances indicate that the carrying amount of the long-lived assets may not be recoverable. Halifax Water assesses if any indicators of impairment are present at each financial reporting year end. No impairments have been recognized for the March 31, 2025 year-end.
- 27 All “off-balance sheet” financial instruments have been properly recorded or disclosed in the financial statements.
- 28 With respect to environmental matters:
- a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;
 - b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and
 - c) commitments have been measured and disclosed, as appropriate, in the financial statements.
- 29 Halifax Water has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on Halifax Water’s assets nor has any been pledged as collateral.
- 30 We have disclosed to you, and Halifax Water has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt. Refer to Schedule B in the financial statements.
- 31 The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by Halifax Water are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the Halifax Water are considered complete.
- 32 Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of IAS 19 Employee Benefits of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Part I – Accounting.
- 33 There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements, Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Other

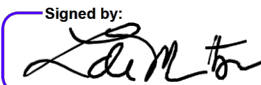
- 34 We have considered whether or not events have occurred or conditions exist which may cast significant doubt on Halifax Water's ability to continue as a going concern and have concluded that no such events or conditions are evident.
- 35 We have considered that configuration costs in a cloud computing arrangement should be classified and presented as prepaid software expenditures rather than intangible assets in accordance with IFRS Accounting Standards. However, we have concluded that presenting as intangible assets with a definite life consistent with the service contract term will not have a material impact on the users of the financial statements.


Yours very truly,

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

Warren Brake, CPA
Manager of Accounting

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Signed by: A66D6874ED64487...
Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

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

DATE: June 9, 2025

SUBJECT: Halifax Regional Water Commission Employees' Pension Plan Financial Statements for the Year Ended December 31, 2024

ORIGIN

The Halifax Regional Water Commission Employees' Pension Plan (the "Plan") financial statements are audited annually.

RECOMMENDATION

It is recommended that the Halifax Water Board approve the financial statements for the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2024.

BACKGROUND

At the June 9, 2025, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item #4, Halifax Regional Water Commission Employees' Pension Plan Financial Statements for the Year Ended December 31, 2024, was presented, reviewed, and discussed. Doane Grant Thornton, Halifax Water's auditor, presented their audit findings in the report included as Attachment 2 and the Committee had an opportunity to have an in-camera discussion with the auditor.

DISCUSSION

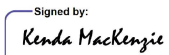
No additional information was requested to be brought forward to the Halifax Water Board meeting following the discussion of the attached at the Committee meeting.

ATTACHMENT

1. Report to the Halifax Water Audit and Finance Committee Item #4, Halifax Regional Water Commission Employees' Pension Plan Financial Statements for the Year Ended December 31, 2024.
2. Doane Grant Thornton – HRWC Employees' Pension Plan Financial Results for the year ended December 31, 2024 - Report to Audit and Finance Committee – Audit Results

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

SUBMITTED BY: 
Signed by: /05D6874EBC1407...
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED: 
Signed by: UC084AC616794F6...
Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: May 29, 2025

SUBJECT: Halifax Regional Water Commission Employees' Pension Plan Financial Statements for the Year Ended December 31, 2024

ORIGIN

The Halifax Regional Water Commission Employees' Pension Plan (the "Plan") financial statements are audited annually.

RECOMMENDATION

It is recommended that the Audit and Finance Committee recommend that the Halifax Regional Water Commission Board approve the financial statements for the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2024.

BACKGROUND

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

DISCUSSION

Attached are the draft audited financial statements of the Plan for the year ended December 31, 2024, with comparative figures for 2023.

The auditor has indicated that they are prepared to issue an unqualified auditor's report. In the report issued to the Audit and Finance Committee by Doane Grant Thornton, the auditors indicate that the financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024, the changes in net assets available for benefits, and changes in pension obligations in accordance with Canadian accounting standards for pension plans.

ITEM #4

Halifax Water Audit and Finance Committee

June 9, 2025

The statement of financial position for the Plan is reported on page 3 of the financial statements, and the highlights are summarized in Table 1 below. The surplus as at December 31, 2024 of \$48.3 million compares favourably to the surplus reported at December 31, 2023 of \$26.9 million, representing an increase of \$21.4 million. This is partially the result of increases in the fair value of investment assets due to positive returns in the global equity markets throughout 2024. Another component of this increased surplus year over year is the value of the pension obligation increased, but at a lesser rate than the assets available for benefits increased. Net assets available for benefits as at December 31, 2024 amounted to \$218.3 million compared to \$191.2 million the prior year, an increase of \$27.1 million or 14.1%. Pension obligations increased \$5.7 million or 3.5% to \$170.0 million as at December 31, 2024, up from \$164.3 million in 2023.

Table 1

Statement of financial position December 31				
	2024	2023	Change	
			\$	%
Net assets available for benefits	\$218,261,884	\$191,208,897	\$27,052,987	14.1%
Pension obligations	169,979,400	164,295,100	5,684,300	3.5%
Surplus	\$ 48,282,484	\$ 26,913,797	\$ 21,368,687	79.4%

The statement of changes in net assets available for benefits are reported on page 4 of the financial statements, with highlights summarized in Table 2 below.

Table 2

Statement of changes in net assets available for benefits December 31				
	2024	2023	Change	
			\$	%
Revenue	\$ 27,006,592	\$ 15,238,773	\$ 11,767,819	77.2%
Expenses	8,321,097	7,242,984	1,078,113	14.9%
Net revenue	18,685,495	7,995,789	10,689,706	133.7%
Contributions	\$ 8,367,492	\$ 7,973,105	\$ 394,387	4.9%
Increase in net assets available for benefits	\$ 27,052,987	\$ 15,968,894	\$ 11,084,093	69.4%

ITEM #4

Halifax Water Audit and Finance Committee

June 9, 2025

Of the \$27.1 million increase in net assets available for benefits, net revenue accounted for \$18.7 million with contributions of \$8.4 million representing the remaining balance. Revenue consists of changes in the fair value of investment assets of \$22.8 million and net investment income of \$4.2 million. Compared to 2023, the change in the fair value of investment assets is higher by \$10.8 million, and net investment income increase by \$0.9 million. Assets of the Plan are invested as part of the Halifax Regional Municipality Master Trust and represent 6.66% (2023 - 6.62%) of the Master Trust's assets.

Combined contributions from employees and Halifax Water are reported at \$8.4 million in 2024, representing an increase of \$0.4 million or 4.9% compared to 2023. The increase is reflective of the additional contributions resulting from settlement of union contracts retroactive to November 1, 2023, but paid in November and December 2024. Further details with respect to contributions can be found in Note 7 of the financial statements.

Expenses reduce net assets available for benefits, with retirement benefit payments being the main expense driver, representing \$5.6 million of the \$8.3 million in expenses reported for 2024 (Note 8, page 15). Retirement benefit payments increased \$0.3 million compared to 2023, and this increase is attributed to 14 retirements in 2024 (2023 - 6), a full year of pension payments to the 2023 retirees and annual indexing of pensions. Termination benefit payments are also included in expenses and represent \$2.5 million of reported expenses in 2024, representing an increase of \$1.0 million compared to 2023. Termination benefits were paid in 2024 to 27 former employees (2023 - 24).

The statement of changes in pension obligations is reported on page 5 of the financial statements and summarized in Table 3 below. The valuation of pension obligations as at December 31, 2024 was the result of an actuarial valuation performed January 1, 2025.

Table 3				
Statement of changes in pension obligations				
December 31				
	2024	2023	Change	
			\$	%
Pension obligations, beginning of year	\$ 164,295,100	\$ 154,048,139	\$ 10,246,961	6.7%
Changes in pension obligations				
Changes in actuarial assumptions	(\$4,874,960)	666,365	(5,541,325)	(831.6%)
Miscellaneous sources of increase	1,088,040	-	1,088,040	-
Interest accrued on benefits	9,745,500	9,159,000	586,500	6.4%
Benefits accrued	7,801,100	7,469,700	331,400	4.4%
Benefits paid	(\$8,075,380)	(7,048,104)	(1,027,276)	14.6%
	\$5,684,300	10,246,961	(4,562,661)	(44.5%)
Pension obligations, end of year	\$ 169,979,400	\$ 164,295,100	\$ 5,684,300	3.5%



Financial Statements

Halifax Regional Water Commission

Employees' Pension Plan

December 31, 2024

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Independent auditor's report

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

Halifax Regional Water Commission

Employees' Pension Plan

Statement of financial position

December 31	2024	2023
Assets		
Investment assets (Note 3)	\$ 218,017,632	\$ 190,941,027
Contributions receivable (participants)	166,444	150,512
Contributions receivable (sponsor)	<u>166,443</u>	<u>150,512</u>
	218,350,519	191,242,051
Liabilities		
Payables and accruals		
Trade	<u>88,635</u>	<u>33,154</u>
Net assets available for benefits (Note 4)	218,261,884	191,208,897
Pension obligations	<u>169,979,400</u>	<u>164,295,100</u>
Surplus	\$ 48,282,484	\$ 26,913,797

On behalf of the Board of Trustees

_____ Trustee

_____ Trustee

See accompanying notes to the financial statements.

Halifax Regional Water Commission		
Employees' Pension Plan		
Statement of changes in net assets available for benefits		
Year Ended December 31	2024	2023
Revenue		
Net investment income (Note 6)	\$ 4,199,583	\$ 3,257,098
Changes in the fair value of investment assets	<u>22,807,009</u>	<u>11,981,675</u>
	<u>27,006,592</u>	<u>15,238,773</u>
Contributions (Note 7)		
Participants	4,270,702	4,384,560
Sponsor	<u>4,096,790</u>	<u>3,588,545</u>
	<u>8,367,492</u>	<u>7,973,105</u>
Expenses		
Benefit payments (Note 8)	\$ 8,075,380	\$ 7,048,104
Administrative (Note 9)	<u>245,717</u>	<u>194,880</u>
	<u>\$ 8,321,097</u>	<u>\$ 7,242,984</u>
Increase in net assets available for benefits	<u>\$ 27,052,987</u>	<u>\$ 15,968,894</u>
Net assets available for benefits, beginning of year	\$ 191,208,897	\$ 175,240,003
Increase in net assets available for benefits	<u>27,052,987</u>	<u>15,968,894</u>
Net assets available for benefits, end of year	<u>\$ 218,261,884</u>	<u>\$ 191,208,897</u>

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Employees' Pension Plan

Statement of changes in pension obligations

Year Ended December 31	2024	2023
Pension obligations, beginning of year	<u>\$ 164,295,100</u>	<u>\$ 154,048,139</u>
Change in pension obligations		
Changes in actuarial assumptions (Note 5)	(4,874,960)	666,365
Miscellaneous sources of increase	1,088,040	-
Interest accrued on benefits	9,745,500	9,159,000
Benefits accrued	7,801,100	7,469,700
Benefits paid (Note 8)	<u>(8,075,380)</u>	<u>(7,048,104)</u>
	<u>\$ 5,684,300</u>	<u>\$ 10,246,961</u>
Pension obligations, end of year	<u>\$ 169,979,400</u>	<u>\$ 164,295,100</u>

See accompanying notes to the financial statements.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

1. Description of the Plan

The Halifax Regional Water Commission Employees' Pension Plan (the "Plan") is registered under the Pension Benefits Act of Nova Scotia (Registration Number 0344614). The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan agreement restated as at January 1, 2021 as amended and consolidated.

(a) General

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

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

(b) Funding policy

Employees' required contributions in 2024 were 9.60% (2023 – 9.60%) of pensionable earnings with the Halifax Regional Water Commission matching employee contributions. Basic contributions from employers and members due to the Plan at the end of the year are recorded on an accrual basis. Pensionable earnings were capped temporarily to a maximum of \$140,945 to December 31, 2023 and will be indexed at a rate of 1% per annum thereafter. Capped pensionable earnings for 2024 were \$142,354.

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

Nova Scotia funding regulations require a "Provision for Adverse Deviation" (PfAD), which is an explicit level of conservatism added to the going concern liabilities of the Plan. The PfAD is based on the riskiness of the asset mix of the Plan, and for the actuarial valuation of January 1, 2025, the PfAD is reported at 6.9%. As a result, total liabilities are required to be increased 6.9% in the determination of the Plan's surplus (funded liability/deficit) position (Note 5).

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

1. Description of the Plan (continued)

(c) Retirement benefits

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

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

(d) Disability pensions

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

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

(e) Death benefits

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

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

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

1. Description of the Plan (continued)

(f) Termination of employment

Subject to any statutory limitations, Plan members become vested immediately upon joining the Plan. Members may elect to receive one of the following options upon termination:

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

(g) Voluntary contributions

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

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

(h) Income taxes

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

(i) Surplus

Where the Plan is continuing and there is a surplus resulting from an actuarial review, the Halifax Regional Water Commission may decide how the surplus is to be treated. However, no amounts can be paid out of the fund to the employer without prior approval of the Superintendent of Pensions. This was reinforced with Memorandums of Understanding between the Halifax Regional Water Commission and each of the union groups, November 14, 2007, whereby the Halifax Regional Water Commission had to assume responsibility to fund any unfunded liability and/or solvency deficiency arising under the Plan, as required by the Pension Benefits Act of Nova Scotia. Subsequently, special payments required to fund any unfunded liability resulting from an actuarial review, were deposited into a separate fund, to track the unique nature of these contributions into the Plan. As at December 31, 2024, the balance of this fund totals \$38,600,000 consisting of contributions in the amount of \$15,289,000 and investment income/gains (net of expenses) totalling \$23,311,000.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

1. Description of the Plan (continued)

(i) Surplus (continued)

Pursuant to the Memorandums of Understanding (Pensions) between the Halifax Regional Water Commission and each of the two union groups dated June 7, 2019, indexing of pensions to a maximum of 2% would be reinstated once the going concern special payments made by the Halifax Regional Water Commission have been recouped, subject to the Plan:

- Having a going concern funded ratio of 108% (or above);
- No solvency deficit; and
- So long as the implementation can be affected while maintaining a going concern funded ratio of 108%.

A Memorandum of Agreement (Pension Plan #2) between the Halifax Regional Water Commission and each of the two union groups dated November 19, 2024, stated that following receipt of the results of the Actuarial Valuation scheduled for January 1, 2025, the employer will schedule a meeting with each of the locals to review the current state of the pension plan and to discuss changes to pension benefits as outlined in the Memorandum of Understanding (Pensions #1) as noted above.

A Memorandum of Agreement – Defined Contribution Pension – Overtime between the Halifax Regional Water Commission and each of the two union groups dated November 19, 2024, stated that the employer will establish a Defined Contribution Pension Plan (DCPP) effective July 1, 2025. As a result, the Halifax Regional Water Commission Employees' Pension Plan may be amended to include a Defined Contribution Provision to meet the requirements of this Memorandum of Agreement.

A surplus resulting from the wind-up of the Plan will be used to increase the benefits to the living Members of the Plan (including pensioners) and their beneficiaries to the extent permitted by the Income Tax Act and Regulations. Any balance remaining will be returned to the Halifax Regional Water Commission, however no amounts can be paid out of the fund to the employer without prior approval of the Superintendent of Pensions.

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

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

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

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

(a) Financial Instruments

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

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

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

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

Investment assets

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

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

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

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

Financial liabilities

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

(b) Pension obligations

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

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

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

(c) Net investment income

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

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

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

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

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

(e) Contributions

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

(f) Benefits

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

(g) Estimation uncertainty

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

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

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

(g) Estimation uncertainty (continued)

Fair value of financial instruments

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

Pension obligations

Management estimates the pension obligations annually with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of the pension obligation of \$169,979,400 (2023 - \$164,295,100) is based on assumed rates of retirement, mortality, breaks in service and contributory hours. Discount factors are determined at or near year-end to reflect the long-term expectation of investment returns that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

3. Investment in the Master Trust:

The investment in the Halifax Regional Municipality Master Trust (the "HRM Master Trust") is recorded at its fair value. The Plan's interest in the HRM Master Trust represents 6.66% (December 31, 2023 – 6.62%) of the HRM Master Trust units. The remaining units are held by the Halifax Regional Municipality Pension Plan. The co-mingling of investments does not affect the actuarial liabilities or the net assets available for benefits of the Plan.

The fair value of the investment in the HRM Master Trust is determined as at the date of the statements of financial position as described in note 2(a). The fair value of the investment in the HRM Master Trust is categorized as a Level 2 investment under fair value hierarchy measurement (Note 11).

There were no significant transfers between Level 1, Level 2 and Level 3 investments during the year ended December 31, 2024.

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

The schedule below presents the Master Trust's investments recognized at fair value within the fair value hierarchy.

2024	Level 1	Level 2	Level 3	Total
Cash	44,742,664			44,742,664
Accrued investment income		5,687,206		5,687,206
Short-term investments	152,008,999			152,008,999
Canadian bonds	58,304,439	142,631,267		200,935,707
Foreign bonds		251,433,182		251,433,182
Canadian equities	67,851,679	44,188,825		112,040,503
Foreign equities	161,083,059	760,496,741		921,579,800
Partnerships			1,483,617,429	1,483,617,429
Public Market Alternatives		106,222,015		106,222,015
Net investment transactions outstanding	(5,740,642)			(5,740,642)
Total	478,250,198	1,310,659,236	1,483,617,429	3,272,526,862

HRWC Plan Interest in the Master Trust (6.66%) 218,017,632

2023	Level 1	Level 2	Level 3	Total
Cash	36,663,657			36,663,657
Accrued investment income		3,345,284		3,345,284
Short-term investments	118,165,106			118,165,106
Canadian bonds	39,634,628	146,904,369		186,538,997
Foreign bonds		213,898,956		213,898,956
Canadian equities	5,222,033	107,954,257		113,176,290
Foreign equities	146,066,858	639,322,430		785,389,287
Partnerships			1,289,966,526	1,289,966,526
Public Market Alternatives		125,554,815		125,554,815
Net investment transactions outstanding	13,069,990			13,069,990
Total	358,822,272	1,236,980,111	1,289,966,526	2,885,768,908

HRWC Plan Interest in the Master Trust (6.62%) 190,941,027

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

Investment	Asset Class	Market Value
BlackRock Canadian World Index Fund	Global Equities	\$ 12,519,239
BlackRock Alpha Advantage Global Fund	Global Equities	11,702,050
Wellington Management Global Total Return Fund	Foreign Bonds	10,704,946
Mawer International Equity Pooled Fund	International Equities	5,941,458
Marathon International Equity Fund	International Equities	5,438,314
UBS (UK) Real Estate Funds Selection Global Ex Canada, L.P.	Real Estate - Limited Partnership	4,499,222
		\$ 50,805,229

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

4. Net assets available for benefits 2024 2023

Allocation of net assets available for benefits

To pension plan	\$ 217,004,238	\$ 190,125,479
To extra voluntary contribution benefits	927,304	792,134
To individual locked in amounts	<u>330,342</u>	<u>291,284</u>
	<u>\$ 218,261,884</u>	<u>\$ 191,208,897</u>

5. Pension obligations

An actuarial valuation of the Plan was performed as at January 1, 2025 by Eckler Ltd.

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

- i. 40% of members will retire at the age of 65, and 60% will retire at the earliest date of eligibility for an unreduced pension;
- ii. interest rate assumption of 6.55% per annum (2022 - 6.35%);
- iii. salary scale assumption of 3.90% per annum (2022 - 3.90%); and
- iv. life expectancy of participants based upon the CPM-2014 Combined mortality table, with Scale CPM-B (post retirement), no mortality in pre-retirement.

The 2025 interest rate assumption of 6.55% referenced above reflects Eckler's latest Capital Market Assumptions at January 1, 2025.

As a result of the January 1, 2025 actuarial valuation, special payments in respect of going concern liabilities are not required. The next actuarial valuation for the Plan is required to be performed no later than January 1, 2028.

6. Net investment income	<u>2024</u>	<u>2023</u>
Income from investment funds	\$ 4,736,825	\$ 3,640,508
Investment manager fees	<u>(537,242)</u>	<u>(383,410)</u>
	<u>\$ 4,199,583</u>	<u>\$ 3,257,098</u>

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

7. Contributions	<u>2024</u>	<u>2023</u>
Participants' contributions		
Required	\$ 4,146,401	\$ 4,272,010
Voluntary	<u>124,301</u>	<u>112,550</u>
	<u>\$ 4,270,702</u>	<u>\$ 4,384,560</u>
Sponsor's contributions		
Required	<u>\$ 4,096,790</u>	<u>\$ 3,588,545</u>

8. Benefit payments	<u>2024</u>	<u>2023</u>
Retirement benefit payments	\$ 5,595,413	\$ 5,280,758
Termination benefit payments	2,479,967	1,470,618
Death benefit payment	<u>-</u>	<u>296,728</u>
	<u>\$ 8,075,380</u>	<u>\$ 7,048,104</u>

During 2024, there were 27 termination benefit payments (2023 - 24) and 0 death benefit payments (2023 - 1). Termination benefits are paid out as described in Note 1(f).

9. Administrative expenses	<u>2024</u>	<u>2023</u>
Actuarial and consulting fees	\$ 131,549	\$ 77,630
Audit and accounting fees	9,243	9,022
Bank custodian fees	31,331	24,509
Insurance	9,000	11,130
Miscellaneous	22,510	25,170
Professional fees	38,906	44,484
Registration fees	<u>3,178</u>	<u>2,935</u>
	<u>\$ 245,717</u>	<u>\$ 194,880</u>

10. Related party transactions

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

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

11. Financial instruments

Financial instruments risk exposure and management

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

The Plan's risk management policy is derived from the HRM Master Trust in which the Plan holds units. The HRM Master Trust has set formal policies and operating procedures that establish an asset mix among equity, fixed income investments, public market alternatives, private debt, private equity, real estate and infrastructure that require diversification of investments within categories, a set limit on the size of exposure to individual investments, and a requirement to use A-rated counterparties.

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

(a) Market risks

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

i. Interest rate risk

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

ii. Currency risk

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

iii. Other price risk

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

All investments have a risk of loss of capital. The maximum risk resulting from the investments is determined by the fair value of the instruments, which total \$218,017,632 at December 31, 2024 (2023 - \$190,941,027). A one percent change (1%) in market risk (holding all variables constant) will impact the fair value of these instruments by approximately \$2,180,200 (2023 - \$1,909,500).

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

11. Financial instruments (continued)

(b) Credit risk

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

(c) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

Payments due year ending December 31, 2024:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Payables and accruals	\$ 88,635	\$ 88,635	\$ -	\$ -	\$ -

Payments due year ending December 31, 2023:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
Payables and accruals	\$ 33,154	\$ 33,154	\$ -	\$ -	\$ -

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

11. Financial instruments (continued)

Fair value disclosure

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

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

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

Financial assets at fair value as at December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled fund	\$ -	\$ 218,017,632	\$ -	\$ 218,017,632

Financial assets at fair value as at December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled fund	\$ -	\$ 190,941,027	\$ -	\$ 190,941,027

There were no transfers between the three levels between December 31, 2023 and December 31, 2024.

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

Halifax Regional Water Commission

Employees' Pension Plan

Notes to the financial statements

December 31, 2024

12. Capital management

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

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



Doane
Grant Thornton

Halifax Regional Water Commission Employees' Pension Plan

For the year ended December 31, 2024

Report to Audit and Finance Committee
Audit results

June 9, 2025

Tom Brockway, CPA, CA
Partner
T 902 491 7781
E Tom.Brockway@doane.gt.ca

Alex Martin, CPA
Senior Manager
T 902 421 4434
E Alex.Martin@doane.gt.ca

Jamie Creaser, CPA
Manager
T 902 455 5622
E Jamie.Creaser@doane.gt.ca

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Audit risks and results 2

Adjustments and uncorrected misstatements 3

Technical updates – highlights 4

Appendices

Appendix A – Draft independent auditor’s report

Appendix B – Draft management representation letter

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Halifax Regional Water Commission Employees' Pension Plan (the "Plan") for the year ended December 31, 2024. This communication will assist Audit and Finance Committee in understanding the results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

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

We were engaged to provide the following deliverables:

Deliverable	Timing/Status
Discussions and communications regarding planning	January 16, 2025
Communication of audit results	June 9, 2025
Report on the December 31, 2024 financial statements	TBD

Status of our audit

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

We will finalize our report upon resolution of the following items that were outstanding as at June 9, 2025:

- Receipt of the final updated financial statements (for any final changes)
- Receipt of pension plan valuation report from Eckler
- Receipt of signed management representation letter (a draft has been attached in the appendices)
- Approval of the financial statements by the Board of Trustees
- Final inquiries regarding subsequent events

We have successfully executed our audit strategy in accordance with the plan presented to Audit and Finance Committee on January 16, 2025.

Independence

We confirm that there have been no changes to our status with respect to independence since we confirmed our independence to you on January 16, 2025.

Audit risks and results

Areas of focus

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

Area of focus	Matter	Our response and findings
Pension obligation	<p>A full valuation of the Plan was performed at January 1, 2025. The next actuarial valuation for the Plan is required to be performed no later than January 1, 2028.</p> <p>As at December 31, 2024, the Eckler presentation of the preliminary valuation results dated May 16, 2025 reported a going concern excess of approximately \$47 million. Certain adjustments were made, such as the fair value adjustment for investment assets, to arrive at the surplus of approximately \$48 million as reported in the 2024 financial statements.</p> <p>There were no required special payments in respect of going concern liabilities during the year as a result of the most recent valuation completed.</p>	<p>We performed the following:</p> <ul style="list-style-type: none">• Examined the Eckler presentation of the preliminary valuation results dated May 16, 2025 prepared by the independent actuary;• Assessed the reasonability of assumptions used in the valuation as compared to expectations and market information;• Performed testing of the data used by the actuary in the performance of their work; and• Confirmed the independence and qualifications of the Plan's actuary and materiality threshold. <p>We are awaiting receipt of the final valuation report from Eckler and will report any relevant findings once we receive.</p>
Investments	<p>As at December 31, 2024 the Plan holds an investment balance of approximately \$218 million.</p>	<p>We performed the following:</p> <ul style="list-style-type: none">• Agreed amounts to investment statements;• Performed valuation testing of investments;• Verified historical accuracy of balances based on audited HRM financial statements; and• Obtained investment statements subsequent to year end and ensured appropriateness of related disclosures. <p>We have no findings to report.</p>

Adjustments and uncorrected misstatements

Adjustments

We have no adjusted misstatements to report.

Summary of disclosure matters

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

DRAFT

Other reportable matters

Internal control

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

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

Accounting & assurance updates

There have been no updates to Part IV of the CPA Canada Handbook – Accounting Standards for Pension Plans, since we provided our last update at the January meeting.

Further details of the changes to assurance standards are included in the Halifax Regional Water Commission's financial statement audit results communication.

Appendix A

Draft Independent Auditor's Report

DRAFT

Independent Auditor's report

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

Opinion

We have audited the financial statements of Halifax Regional Water Commission Employees' Pension Plan, which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Halifax Regional Water Commission Employees' Pension Plan as at December 31, 2024, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for opinion

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Halifax, Canada
TBD

Chartered Professional Accountants

Appendix B

Draft Management Representation Letter

DRAFT

Management Representation Letter

May 30, 2025

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

Dear Mr. Brockway:

We are providing this letter in connection with your audit of the financial statements of **Halifax Regional Water Commission Employees' Pension Plan** (the "Plan") as of December 31, 2024 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets available for benefits and changes in pension obligations in accordance with Canadian accounting standards for pension plans ("ASPP").

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

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

We confirm, to the best of our knowledge and belief, as of May 30, 2025, the following representations made to you during your audit.

Financial statements

- 1 The financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2024, and the changes in net assets available for benefits and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans, as agreed to in the terms of the audit engagement.

Completeness of information

- 2 We have made available to you all financial records and related data and all minutes of the meetings of trustees and committees, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant trustee and committee actions are included in the summaries.
- 3 We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- 4 We have also made available the Plan instrument and any Plan amendments thereto, the trust agreement and any insurance contracts entered into during the year, including any amendments to comply with applicable laws. The last amendment to the Plan instrument was as of October 7, 2019 and the Plan Text was amended and consolidated effective January 1, 2021. As well we have made available and provided to you all actuarial reports and other reports prepared by the actuary for the Plan and the Plan Sponsor were provided to you.
- 5 There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 6 There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.
- 7 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
- 8 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
- 9 We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
- 10 We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.
- 11 You provided a non-audit service by assisting us with drafting the financial statements and related notes. In connection with this non-audit service, we confirm that we have made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the financial statements, and accept responsibility for such financial statements.

Fraud and error

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

Recognition, measurement and disclosure

- 15 We believe that the methods, significant assumptions and data used by us in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement and disclosure that are in accordance with Canadian accounting standards for pension plans.

- 16 We believe that the significant judgements made in making accounting estimates have taken into account relevant information of which management is aware and that appropriate specialized skills and experience (including third party experts where applicable), has been applied in making the accounting estimates.
- 17 For non-readily marketable securities, we are in agreement with the methods used to estimate fair value or the approach used by the appraiser.
- 18 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
- 19 All related party transactions have been appropriately measured and disclosed in the financial statements.
- 20 The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- 21 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
- 22 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- 23 The Plan has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the Plan's assets nor has any been pledged as collateral.
- 24 All "off-balance sheet" financial instruments have been properly recorded or disclosed in the financial statements
- 25 We have disclosed to you, and the Plan has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
- 26 The Plan has complied with the rules and regulations of the Nova Scotia Office of the Superintendent of Pensions and the Canada Revenue Agency to which the Plan is subject.
- 27 We are responsible for the preparation of Plan amendments necessitated by changes in laws or regulations, or required by changes in the operation of the Plan. All amendments required by such changes have been adopted by the Plan.
- 28 All required filing of the Plan (trust) documents with the appropriate agencies have been made.
- 29 There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

- 30 There were no omissions from the participants' data provided to the Plan's actuary for the purpose of determining the actuarial present value of accumulated Plan benefits and other actuarially determined amounts in the financial statements.
- 31 We agree with the actuarial methods and assumptions used by the actuary for funding purposes and for determining accumulated Plan benefits and have no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any instructions to be given, to the Plan's actuary with respect to how the valuation should be calculated from the underlying data, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.
- 32 The defined benefit obligation of the Plan is appropriately measured as the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services in accordance with Section 3462 Employee Future Benefits.
- 33 There have been no changes in:
- (a) the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements; and
 - (b) Plan provisions between the actuarial extrapolation date and the date of this letter.
- 34 We have no intentions to terminate the Plan.

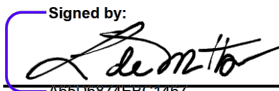
Other

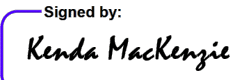
- 35 We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the Plan's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,

Louis de Montbrun, CPA, CA
Director, Corporate Services

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

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

APPROVED: 
Signed by: 8C884AC815784F6...
Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: June 10, 2025

SUBJECT: Capital Expenditures for the fiscal year ended March 31, 2025

ORIGIN

The Corporate Balanced Scorecard (CBS) 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%. There is an additional CBS target of \$135 million in capital spend during the year.

BACKGROUND

At the June 9, 2025, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item #8, Capital Expenditures for the fiscal year ended March 31, 2025, was presented, 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

Report to the Halifax Water Audit and Finance Committee Item #8, Capital Expenditures for the fiscal year ended March 31, 2025.

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

SUBMITTED BY:

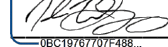
Signed by:

A handwritten signature in black ink, appearing to read 'L. de Montbrun'.

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

DocuSigned by:

A handwritten signature in black ink, appearing to read 'J. DeYoung'.

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Josh DeYoung, P.Eng., Director, Engineering & Capital Infrastructure

APPROVED:

Signed by:

A handwritten signature in black ink, appearing to read 'Kenda MacKenzie'.

UC06P4AC61678AF6...

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

DATE: June 5, 2025

SUBJECT: Capital Expenditures for the fiscal year ended March 31, 2025

ORIGIN

The Corporate Balanced Scorecard (CBS) 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%. There is an additional CBS target of \$135 million in capital spend during the year.

RECOMMENDATION

It is recommended the Audit and Finance Committee forward the Capital Expenditures report for the fiscal year ended March 31, 2025 to the Halifax Water Board for their information.

BACKGROUND

The Halifax Regional Water Commission (Halifax Water) Board reviews 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 - 2019). In relation to the IRP, the capital budget program focuses on providing required infrastructure for asset renewal, regulatory compliance, and growth. The 2019 IRP calls for delivery of an average of \$135 million in capital projects per year. Halifax Water's annual capital budget, and capability to deliver capital projects, has not yet reached this level.

DISCUSSION

Below is the breakdown by asset class and project status of the expenditures for the fiscal year ended March 31, 2025. The total budget available of \$358.4 million represents total approved budgets as of March 31, 2025. Halifax Water spent \$231.2 million on active and closed projects, of which \$112.7 million was incurred prior to April 1, 2024, and \$118.4 million was incurred in the current fiscal year.

The total capital budget remaining to be spent at March 31, 2025 is \$127.3 million.

ITEM #8

Halifax Water Audit & Finance Committee

June 9, 2025

Total expenditures as a percentage of the total budget available is 64.5%. Expenditures in the current fiscal year as a percentage of the current year capital budget is 77.7%.

The average capital spend per month has increased from \$8.2 million in the prior year to \$9.9 million.

Capital Expenditure Report

Budget Category	Total Budget Available	Expenditures to March 31, 2024	Expenditures April 1, 2024 to March 31, 2025	Total Expenditures to March 31, 2025	Remaining Budget Available as of March 31, 2025	Total Expenditures to March 31, 2025 as a Percentage of Total Budget Available
Water	\$ 108,177,160	\$ 41,297,364	\$ 32,926,512	\$ 74,223,875	\$ 33,953,285	68.6%
Wastewater	127,659,248	34,103,123	42,851,768	76,954,891	50,704,357	60.3%
Stormwater	27,235,130	9,682,314	14,281,630	23,963,944	3,271,186	88.0%
Corporate	94,319,077	27,646,935	28,363,063	56,009,997	38,309,080	59.4%
District Energy	1,030,000	-	-	-	1,030,000	0.0%
	\$ 358,420,614	\$ 112,729,735	\$ 118,422,972	\$ 231,152,707	\$ 127,267,907	64.5%

The achievement of annual targets for the current fiscal year has been influenced by the timing of several major projects. The procurement process for the Biosolids Processing Facility continues. The Mill Cove WWTF Upgrades project is undergoing a project delivery review. The Fairview Cove Trunk Sewer is contingent upon the finalization of land agreements with the interested parties. Similarly, the first section of the Highway 118 water main crossing was tendered in early 2025 with construction expected during the summer of 2025. The timing of these projects in achieving their respective milestones had an impact on capital expenditures for the current fiscal year.

Several significant capital project milestones were achieved during the current fiscal year, including the start of construction for the Burnside Operations Centre, South Park/Cathedral Sewer Separation, Silver Sands Water Main Extension and Sunnydale Avenue Stormwater project.

Report Prepared By:

Signed by:



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Warren Brake, CPA, CGA

Manager, Accounting

Financial Review By:

Signed by:

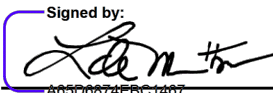



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Louis de Montbrun, CPA, CA

Director, Corporate Services/CFO

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Signed by: A05D0874EBC1407...
Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

APPROVED: 
Signed by: 0C084AC815794F0...
Kenda MacKenzie, P.Eng., General Manager & CEO

DATE: June 10, 2025

SUBJECT: Appointment of Auditor

ORIGIN

The Halifax Regional Water Commission financial statements are audited annually.

RECOMMENDATION

It is recommended that the Halifax Water Board approve the appointment of Doane Grant Thornton LLP as auditor for the Halifax Regional Water Commission financial statements for the year ended March 31, 2026, and the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2025.

BACKGROUND

At the June 9, 2025, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item #6, Appointment of Auditor, was presented, 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. The Committee passed the motion to recommendation the appointment.

ALTERNATIVE

Halifax Water could choose not to renew the contract and go back to the market for Audit Services. This approach is not recommended.

ATTACHMENT

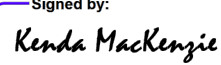
1. Report to the Halifax Water Audit and Finance Committee Item #6, Appointment of Auditor.

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

SUBMITTED BY:

Signed by: 
AB5D6874EBC1467...
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

APPROVED:

Signed by: 
0C064AC613794F0...
Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: June 7, 2025

SUBJECT: Appointment of Auditor

ORIGIN

The Halifax Water Corporate Governance Manual requires the Halifax Water Board to approve the appointment of the auditor.

RECOMMENDATION

It is recommended the Audit and Finance Committee recommend the appointment of Doane Grant Thornton LLP as auditor for the Halifax Regional Water Commission financial statements for the year ended March 31, 2026, and the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2025.

DISCUSSION

In December 2021, the contract with the existing auditors, Doane Grant Thornton LLP, expired and Halifax Water went through a procurement process to procure external audit services for Halifax Water. The contract was awarded to Doane Grant Thornton LLP for a one-year term, ending December 31, 2022, with an option to renew for four additional one-year terms. This year being the fourth renewal term for Doane Grant Thornton LLP.

Based on the positive experience with Doane Grant Thornton LLP during the last audits and the competitive contract price for year four of the contract of \$56,600 for both entities, it is recommended that Doane Grant Thornton LLP be appointed as auditor for the Halifax Water financial statements for the year ended March 31, 2026, and the Halifax Regional Water Commission Employees' Pension Plan for the year ended December 31, 2025. The contract price

for year four of the contract is set, but there is potential for additional fees due to changes in auditing standards or when additional audit procedures are required.

ALTERNATIVES

Halifax Water could choose to not renew the contract and go back to the market for Audit Services. This approach is not recommended.

Report Prepared by:

Signed by:

Warren Brake

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Warren Brake, CPA, CGA

Manager, Accounting

Financial Reviewed by:

Signed by:

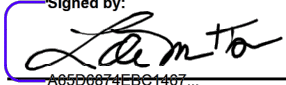
Louis de Montbrun

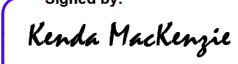
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Louis de Montbrun, CPA, CA

Director, Corporate Services/CFO

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board as Trustees of the Halifax Regional Water Commission Employees' Pension Plan

SUBMITTED BY: 
A05D0874EBC1407...
Louis de Montbrun, CPA, CA, Director, Corporate Services/CFO

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

DATE: June 10, 2025

SUBJECT: **Halifax Regional Water Commission Employees' Pension Plan Actuarial Valuation, January 1, 2025**

ORIGIN

Nova Scotia Pension Benefits Act (the "Act"), and pursuant to the motion by the Halifax Regional Water Commission Board (the "Board") January 30, 2025, as follows:

"That the Halifax Water Board approve the assumptions as presented for the actuarial valuation as at January 1, 2025".

RECOMMENDATION

It is recommended the Board approve the recommendations contained in the "Report on the Actuarial Valuation (hereinafter called the "Valuation") as at January 1, 2025", including:

1. Changing the employer's and employees' rate of pension current service contributions from 9.6% to 8.72% retroactive to January 1, 2025.

BACKGROUND

Section 53(1) of the Pension Benefits Regulations requires defined benefit pension plans to file an actuarial valuation report a minimum of every three years.

DISCUSSION

At the January 30, 2025 Halifax Water Board meeting, the Trustees approved the assumptions to be used in the January 1, 2025 Valuation for the Halifax Regional Water Commission Employees'

Pension Plan (the “Plan”). In the January 1, 2025 Valuation, the interest (discount) rate was increased to 6.55% from 6.35% in 2022.

On June 10, 2025, the Plan’s actuary, Eckler, released its “Report on the Actuarial Valuation as at January 1, 2025” (see attached). The highlights of which are outlined below:

Going Concern Financial Position:

As outlined in Table 1 below, the Plan has experienced continued improvement from the last Valuation, having gone from a surplus of \$28.4 million in 2022 to a surplus of \$47.0 million in 2025. The resulting funded ratio on a going concern basis is 127.7%. The surplus reported in 2022 was the first for the Plan since 2000, and improvements to the Plan are directly attributed to the Plan re-design in January 2016 with the intent to improve the Plan’s financial position and sustainability over the long-term. Another contributing factor is the improved investment performance of the Halifax Regional Municipality Pension Plan Master Trust, in which the Plan’s funds are co-mingled.

Table 1

Going Concern Financial Position	January 1, 2022	January 1, 2025
Going concern value of assets	\$172,968,400	\$216,989,800
Going concern liability	(135,206,900)	(159,083,800)
Provision for adverse deviations (“PfAD”)	(9,405,000)	(10,895,600)
Going concern excess / (unfunded liability)	\$28,356,500	\$47,010,400
Required PfAD	7.0%	6.9%

Solvency Financial Position:

The Plan received a solvency funding exemption effective June 1, 2015, however, the calculation of the solvency ratio is still relevant. Under the Act, should the solvency ratio fall below the 85% threshold, the Plan would be required to file an annual cost certificate in addition to a Valuation every three (3) years. As reported in Table 2 below, the solvency ratio for the Plan as at January 1, 2025 is 137.1%, therefore the next Valuation is not required until January 1, 2028.

Table 2

Solvency Financial Position	January 1, 2022	January 1, 2025
Market value of assets	\$172,968,400	\$216,989,800
Estimated wind-up expenses	(350,000)	(400,000)
Solvency assets	\$172,618,400	\$216,589,800
Solvency liabilities x 85% for measuring solvency deficiency	(140,056,500)	(134,536,100)
Solvency excess / (deficiency)	\$32,561,900	\$82,053,700
Solvency concerns ratio	1.050	1.371

Funding Requirements:

Funding requirements resulting from the January 1, 2025, Valuation are described below and summarized in Table 3 below.

- **Current Service Contributions**
 The combined current service rates will decrease to 17.44% from 19.20%. Employees' contributions in 2025 will be 8.72% of pensionable earnings, which will be matched by Halifax Water. Prior to January 1, 2025, employees' and Halifax Water each contributed 9.60% of pensionable earnings.

Estimated savings to Employer with the recommended contribution rate change to 8.72%:

2025	\$ 407,000
2026	\$ 423,000
2027	\$ 439,000

- As a result of the Plan reporting an actuarial surplus on a going concern basis, unfunded liability special payments are not required over the next three (3) year period.

Table 3

Funding Requirements (annualized)	January 1, 2025	
	% of Payroll	\$
Estimated contributory payroll for 2025 service		\$46,188,200
Total value of benefits for active Members	17.44%	\$8,058,000
Employee contributions (from active Members)	8.72%	\$4,029,000
Matching employer contributions	8.72%	\$4,029,000
Minimum special payments in 2025 towards amortization of unfunded actuarial liabilities		\$0
Total employer cost in 2025		\$4,029,000

Meetings and discussion with Locals 1431 and 227

In accordance with the Memorandum of Agreement – Pension Plan #2 (Attachment 3) included in the Collective Agreements ratified on November 19, 2024, the employer will meet with the Locals to discuss potential changes to pension benefits.

The process to review changes is outlined in the Memorandum of Understanding (MOU) – Pensions #1, (Attachment 2) included in the Collective Agreements ratified on November 19, 2024 (originally signed August 17, 2015).

In this MOU, clause 4 states:

*“Conditional Indexation – to permit the return of the lost 1% Indexation. Additional indexation would be provided at CPI to a max of 2% after **Going Concern Special Payments have been recouped** and subject to the plan having a Going Concern Funded Ratio of 108% or above and no*

solvency deficit and so long as implementation can be affected while maintaining a going concern funded ratio of 108%.”

As the Going Concern Funded Ratio at January 1, 2025 is 127.7% and there is no solvency deficit, Halifax Water will begin the review of options to recoup the going concern special payments and potential changes to pension benefits. Eckler has stated that a Going Concern Funded Ratio greater than 125% would require Halifax Water to increase benefits and/or take an employer pension contribution holiday. The results of the negotiations with the union will address this issue.

Communications:

The communication strategy with respect to the Plan (and Valuation) will include the release of the Valuation to the Pension and Benefits Committee, and to all employee groups. This will be supplemented with scheduled Plan information sessions, schedule virtually or in-person, at various Halifax Water facilities in the Fall of 2025. The purpose of the information sessions is to provide an overview of the Plan and the pension promise to its members, an update on the financial position of the Plan, and inform of any upcoming changes to pension legislation in Nova Scotia affecting the Plan.

ATTACHMENT

1. Report on the Actuarial Valuation as at January 1, 2025
2. Memorandum of Understanding – Pensions #1
3. Memorandum of Agreement – Pension Plan #2

Report Prepared by:

Signed by:

Heather Britten

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Heather Britten, B.Comm., PCP
Quality Assurance Officer

MEMORANDUM OF UNDERSTANDING – PENSIONS #1

Amend existing plan design as follows:

1. Final Year Average adjusted from 5 Years to 7 Years
2. Accrual rate at 2%.
3. Reduce Guaranteed Indexation at CPI to a max of 1% on Post Retirement Income (currently 2%).
4. Conditional Indexation - to permit the return of the lost 1% indexation. Additional indexation would be provided at CPI to a max of 2% after Going Concern Special Payments have been recouped and subject to the plan having a Going Concern Funded Ratio of 108% or above, and no Solvency Deficit, and so long as implementation can be affected while maintaining a Going Concern Funded Ratio of 108%. Implementation of this mechanism for Conditional Indexation could be accelerated by mutual agreement of the Parties.
5. Maximum Earnings Base – Frozen for 8 years at 2015 level (Defined Benefit Limit of \$2,818.89), then indexing at the rate of 1% (actuarial valuation currently assumes 3%).
6. The Parties share a commitment to the primary goal of providing ongoing indexation to the pension benefits as referenced in paragraph 4, as well as the secondary goal of future indexation of the Maximum Earnings Base. The provision of accelerated or enhanced benefits reflecting either of these two goals can be decided by mutual agreement of the Parties.
7. Until the Pension Plan's going concern deficit (as measured in a newly filed actuarial valuation report projected for Jan. 1, 2016) is eliminated, contribution rates shall be as follows:
 - Employer = $(CSC / 2) - 0.4\%$
 - Employee = $(CSC / 2) + 0.4\%$

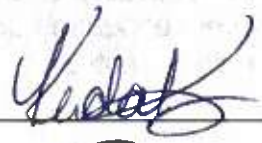
For clarity CSC includes contribution for disabled Employees. The additional 0.4% Employee contribution will be characterized as a contribution to special payments. After going concern deficit and special payments have been eliminated, Employee and Employer contribution rates shall be shared 50/50, inclusive of contributions for disabled Employees.


8. The Employer agrees to review the feasibility of revisiting the final year average at the point that special payments stop and the plan is fully funded. The review shall be conducted in consultation with the pension benefit advisory committee.
9. New terms of reference for the Pension and Benefits Committee will be drafted, and will include provision of meaningful resources for regular and ongoing training for members to a level similar to comparable public sector plans in Nova Scotia. Training expenses will be provided out of the pension fund. Committee members will be expected to provide regular updates on the work of the Committee and the status of the plan and fund to the Union.
10. All pre-amendment service shall continue to be treated on a best average five (5) years, drawn from the pre-amendment period, until such time as it is exceeded by the best average seven (7) years.

Dated this 19 day of November, 2024.

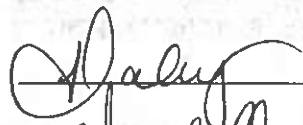
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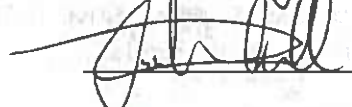
Halifax Regional Water
Commission

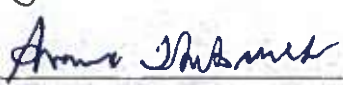


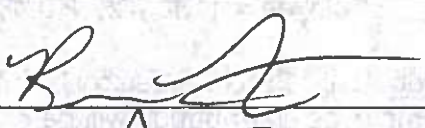


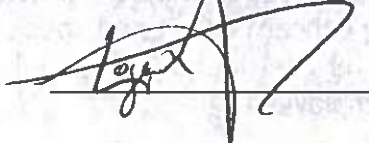
Canadian Union of Public
Employees,
Local 1431











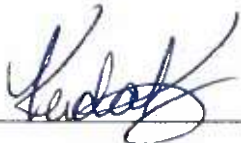
MEMORANDUM OF AGREEMENT - PENSION PLAN #2


Following receipt and approval of the pension valuation scheduled for January 2025, the Employer will schedule a meeting with the Local to review the current state of the pension plan and to discuss potential changes to pension benefits as outlined in the current Pension Memorandum # 1.

Dated this 19 day of November, 2024.

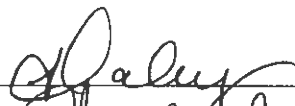
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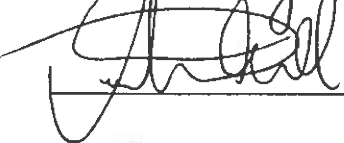
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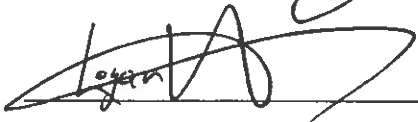
Canadian Union of Public
Employees,
Local 1431






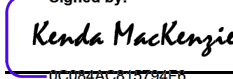






TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
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Josh DeYoung, P.Eng., Director, Engineering & Capital Infrastructure

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

DATE: June 5, 2025

SUBJECT: College Street Sewer Separation

ORIGIN

2024/2025 Capital Budget

RECOMMENDATION

The Halifax Water Board approve the College Street Sewer Separation project for a total project cost of \$4,536,000.00, inclusive of net HST.

BACKGROUND

The Sewer Separation Program within the peninsula of Halifax is an outcome of the Infrastructure Master Plan (IMP) and the HRM Regional Centre Local Wastewater Servicing Capacity Analysis (LoWSCA). As a foundational component of the IMP (Section 5.4), a Wet Weather Flow Management Study was completed. It identified cost-effective wet weather management opportunities to recover flow capacity within Halifax Water's existing system. Opportunities for combined sewer separation, low impact development/sustainable urban drainage, and inflow and infiltration reduction were identified by the Wet Weather Flow Management Study. Specifically related to the Halifax Peninsula, reduction in flows is essential to providing the desired level of service while avoiding the need for flow diversions, large-scale treatment plant expansions and/or increases in annual combined sewer overflow (CSO) discharges related to growth.

As part of the LoWSCA (Section 9, *Spring Garden Road, Halifax: Capacity Analysis and Solution Development*), several alternatives are described such as infrastructure upgrades, opportunities for removal of flow and sewer separation to address the capacity constraints of the existing combined system.

The alternatives were examined, and the analysis recommended that sewer separation provides a wider range of benefits including opportunities for future separation projects of upstream networks, removal of flow from combined system, and potential to reduce discharge at the CSO. This also supports the IMP optimal strategy of accommodating growth with the goal of “no increase in annual combined sewer overflow (CSO) discharges because of growth”, based on the CCME *Canada-wide Strategy for the Management of Municipal Wastewater Effluent* (2009) guidelines.

The IMP concluded that the majority of the flow reductions, in combined sewer areas, would be achieved through removing surface drainage sources from the wastewater sewer system. It was anticipated the typical scope of work for a given project (street) would be the installation of a shallow storm sewer system to supplement the existing combined sewer. The proposed approach includes large impermeable areas as well as road right-of-way and excludes dense residential neighborhoods. This provides sufficient removal of wet weather while minimizing the number of required property reconnections. Furthermore, it helps to balance the anticipated project cost with flow reduction goals that are consistent with the approach recommended in the Infrastructure Master Plan.

The first completed project within the Spring Garden Road Pocket involved extension of the trunk storm sewer on South Park Street from the Freshwater Brook connection to University Avenue, terminating at Cathedral Lane. Continuation of the trunk storm sewer along Cathedral Lane to Spring Garden Road is currently under construction and planned for completion in 2025.

DISCUSSION

Halifax Water retained the engineering services of WSP Canada Inc. in 2018 through the public request for proposal for “Sewer Separation Program – Halifax Peninsula – Engineering Services”. These services included the preliminary design of the College Street Sewer Separation. Upon completion of the preliminary design, Halifax Water engaged the proponent to complete the detailed design of the project. In 2024, Halifax Water and WSP established an Engineering Agreement for detailed design services, tender phase services, and construction phase services for the College Street Sewer Separation.

The proposed College Street Sewer Separation project consists of the installation of approximately 200 m of new storm sewer, 40 m of sanitary sewer, as well as a small section of water service re-routing. The limits of the project on College Street are generally between Cathedral Lane and Summer Street, as indicated in Attachment 3. The proposed storm sewer will connect to the new storm sewer installed in 2024 at the intersection of College Street and Cathedral Lane. The College/Cathedral stormwater system then discharges into the Freshwater Brook storm sewer which ultimately discharges into the Halifax Harbour.

This project addresses local and regional sewer capacity issues and is key to facilitating growth. This project is a continuation of the program for the Spring Garden Road pocket (as described in LoWSCA) and

is the downstream receiving storm sewer for future upstream separation. As a downstream component of the program, this project is a priority enabling future, upstream planned developments.

After completion of the College Street Sewer Separation project, the next upstream phase of the program involves extension of trunk systems towards Robie Street to collect drainage in the vicinity of College Street, Spring Garden Road, Summer Street and Carlton Street.

Upon approval by the Halifax Water Board, staff will proceed with the tendering process and concurrently submit an application to the NSUARB for approval to minimize, to the degree possible, the approval time.

It is recognized that current market conditions are volatile. Proceeding to approvals prior to obtaining a tender price incurs a risk that the tender price will fall outside of approved contingencies and require further approvals. After tender close, should the project costs exceed the funding allocated in the approval being sought, Halifax Water will evaluate the new project cost and amend the funding approval request if appropriate.

Halifax Water will be providing construction phase contract administration, full time inspection services and collection of record information.

BUDGET IMPLICATIONS

Funding in the amount of \$250,000 was previously approved in the 2024/25 capital budget. Funding in the amount of \$93,000 was transferred to the South Park Street Sewer Separation project thus \$157,000 remains of 2024/25 funding to support the College Street Sewer Separation project.

Remaining funding in the amount of \$4,379,000 will be allocated in the 2026/2027 Capital Budget – Wastewater under “College Street - Sewer Separation”.

The following table describes the funding sources allocated to this project.

Project Funding Sources		
Funding Source	Contributor	Value
50% Growth (Regional Development Charge)	Halifax Water	\$2,268,000
25% Asset Renewal (debt/depreciation)	Halifax Water	\$1,134,000
25% LoWSCA Program	Halifax Regional Municipality	\$1,134,000

50% of the project costs are funded through the Regional Development Charge (RDC). The remaining project costs are split equally between Halifax Water and HRM through the LoWSCA program. The portion of work required to accommodate local growth funded by HRM is \$1,134,000.

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 support the Integrated Resource Plan Growth Driver, and resolves local constraints while also providing benefit to existing customers through the Asset Renewal Driver.

RISK

The project is required to address local and regional sewer capacity issues and is key to facilitating growth. Deferral is not recommended and could lead to regulatory non-compliance and/or growth limitations.

MILESTONES

The key milestones for this project are as follows:

Tender Issue Date: October 2025

Tender Award Date: November 2025

Start of construction: May 2026

Project completion: September 2026

ALTERNATIVES

There are no suggested alternatives to the College Street Sewer Separation project.

ATTACHMENT

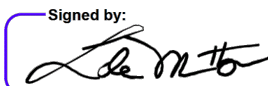
1. Attachment 1 – College Street Sewer Separation – Total Project Cost Estimate
2. Attachment 2 – College Street Sewer Separation - Consultant’s Construction Cost Estimate
3. Attachment 3 – College Street Sewer Separation - Project Location

Report Prepared by:



Olivia Underhill, EIT,
Junior Project Engineer, Infrastructure Engineering

Financial Reviewed by:

Signed by: 

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

TOTAL PROJECT COST ESTIMATE

June 2, 2025



College Street Sewer Separation (6-2060)

CONSTRUCTION COSTS	
Estimated Construction Cost (Pre-Tender)	\$3,675,308
Consultant Costs (Tender & Construction Phase)	\$56,080
Contingency Class 1: Detailed Design Pre Tender (10%)	\$373,139
Construction Costs Sub-Total	\$4,104,527
OTHER COSTS (TAXABLE)	
Consultant Costs (Design)	\$35,300
QA/QC Testing	\$10,000
Other Costs (Taxable) Sub-Total	\$45,300
Net HST (3.857%)	\$160,059
OTHER COSTS (NON-TAXABLE)	
Internal Halifax Water Costs	\$160,000
Street and Services Permit	\$21,108
Other Costs (Non-Taxable) Sub-Total	\$181,108
SUB-TOTAL	\$4,490,994
Overhead (1%)	\$44,910
TOTAL PROJECT COST ESTIMATE	\$4,535,904
TOTAL PROJECT COST ESTIMATE*	\$4,536,000

* Rounded up, excluding HST

College Street Sewer Separation

ESTIMATE OF PROBABLE COSTS

Class 1 Cost Estimate (95% Design Submission)

Option B (Resinstatement From PIC Quantities)

PROJECT NO. 181-11400-00
 DATE: 04/22/2025
 CLIENT: Halifax Water
 CONSULTANT: WSP
 UNIT PRICE SOURCE: WSP
 NOTE: HST NOT INCLUDED IN INDICATED UNIT PRICES AND TOTALS.



This estimate of probable construction cost is approximate only. Actual cost may vary significantly from this estimate due to market conditions such as material and labour costs, time of year, industry workload, competition, etc. This estimate has been prepared based on our experience with similar projects. This estimate has not been prepared by obtaining any estimates or quotes from contractors. Due to the uncertainties of what contractors bid, WSP cannot make any assurances that this estimate will be within a reasonable range of the tendered low bid. When assessing this project for business feasibility purposes this estimate should not be relied upon without considering these factors.

College Street (Cathedral Lane to Summer Street)

ITEM NO.	DESCRIPTION	UNIT	EST. QUANTITY	UNIT PRICE	PRICE
<u>WATER SYSTEM</u>					
14 Direct Buried Valves					
.1	200mm dia. Gate Valve (Civic 5980 University)	ea.	1	\$6,000.00	\$6,000.00
15 Water Services					
.1	200mm dia. Class 52 D.I. Water Service (Civic 5980 University) incl. connections to existing & reinstatement	m	17	\$1,000.00	\$17,000.00

Group Total \$23,000.00

<u>SANITARY SYSTEM</u>					
21 Gravity Pipe					
.1	250mm dia. PVC DR 35 (incl. reinstatement)	m	42	\$2,000.00	\$84,000.00
23 Manholes (incl connections to existing)					
.1	1050mm dia.	each	2	\$18,000.00	\$36,000.00
.2	1800mm dia.	each	1	\$30,000.00	\$30,000.00
24 Sanitary Services					
.1	200mm dia. PVC DR35 (Civic 5980 University) incl. connections to existing & reinstatement	l.s.	1	\$8,000.00	\$8,000.00
29 Temporary Bypass		l.s.	1	\$30,000.00	\$30,000.00

Group Total \$188,000.00

<u>STORM SYSTEM</u>					
31 Pipe					
.1	1050mm dia. CSA A257.2 65D (incl. reinstatement to top of road gravels & connection to existing)	m	206	\$8,500.00	\$1,751,000.00
32 Manholes					
.1	1050mm dia. - Service Manholes (Private)	each	2	\$20,000.00	\$40,000.00
.2	1800mm dia.	each	5	\$30,000.00	\$150,000.00
33 Catch basins					
.1	Single - Public	each	2	\$8,000.00	\$16,000.00
.2	Single - Private (Civic 5770 Spring Garden)	each	1	\$8,000.00	\$8,000.00
34 Catch basin Leads					
.1	250mm dia. PVC DR 35	m	11	\$1,500.00	\$16,500.00
35 Storm Services					
.1	Storm Lateral Connection - Incl. Reinstatement				
.1.1	250mm dia. PVC DR35 - Civic 5732 College	m	11	\$2,000.00	\$22,000.00
.1.2	250mm dia. PVC DR35 - Civic 5820 Spring Garden	m	8	\$2,000.00	\$16,000.00
.1.3	300mm dia. PVC DR35 - Civic 1455 Summer	m	8	\$2,500.00	\$20,000.00
.1.4	375mm dia. PVC DR35 - Civic 5770 Spring Garden	m	13	\$3,000.00	\$39,000.00

Group Total \$2,078,500.00

ITEM NO.	DESCRIPTION	UNIT	EST. QUANTITY	UNIT PRICE	PRICE
	<u>STREET SYSTEM</u>				
2	Asphaltic Pavement[†]				
	Asphaltic Mix Type C-HF (40mm) - Trench Only	sq.m.	1060	\$35.00	\$37,100.00
	Asphaltic Mix Type B-HF (50mm) - Trench Only	sq.m.	1060	\$60.00	\$63,600.00
3	Landscaping				
	Topsoil & Sod (Allowance) *	sq. m	125	\$40.00	\$5,000.00
	Tree Removal	each	4	\$3,000.00	\$12,000.00
	Tree Compensation (3 Trees - Allowance)	l.s.	1	\$50,000.00	\$50,000.00
4	Concrete Work				
	Curb & Gutter	m	210	\$230.00	\$48,300.00
	Sidewalk & Driveway Concrete*	sq. m	250	\$180.00	\$45,000.00
5	Asphalt Paint				
	Lines*	l.s.	1	\$500.00	\$500.00

Group Total	\$261,500.00
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	<u>ADDITIONAL ITEMS</u>				
71	Trench Excavation - Rock Breaking	cu. m	1050	\$450.00	\$472,500.00
76	Disposal of Pyritic Material	cu. m	1050	\$150.00	\$157,500.00
77	Exploratory Hydro-Excavation				
.1	On-Street Hydro-Excavation	ea.	1	\$6,000.00	\$6,000.00
.2	Off-Street Hydro-Excavation	ea.	2	\$2,500.00	\$5,000.00
78	Temporary Access Driveway - Civic 5372	l.s.	1	\$10,000.00	\$10,000.00
79	Utility Pole Supports	ea	6	\$20,000.00	\$120,000.00

Group Total	\$771,000.00
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SUBTOTAL	\$3,322,000.00
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	<u>INCIDENTAL ALLOWANCE*</u>				
2	10% of Subtotal	l.s.	10%	of Subtotal	\$332,200.00

PIC & FSC Charges (Per HRM ROW)	\$21,108.00
--	--------------------

TOTAL (Subtotal + Allowance)	\$3,675,308.00
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Estimate Contingency (10%)	\$367,530.80
-----------------------------------	---------------------

ESTIMATED TOTAL	\$4,042,838.80
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Market Contingency (15%)	\$606,425.82
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GRAND TOTAL	\$4,649,264.62
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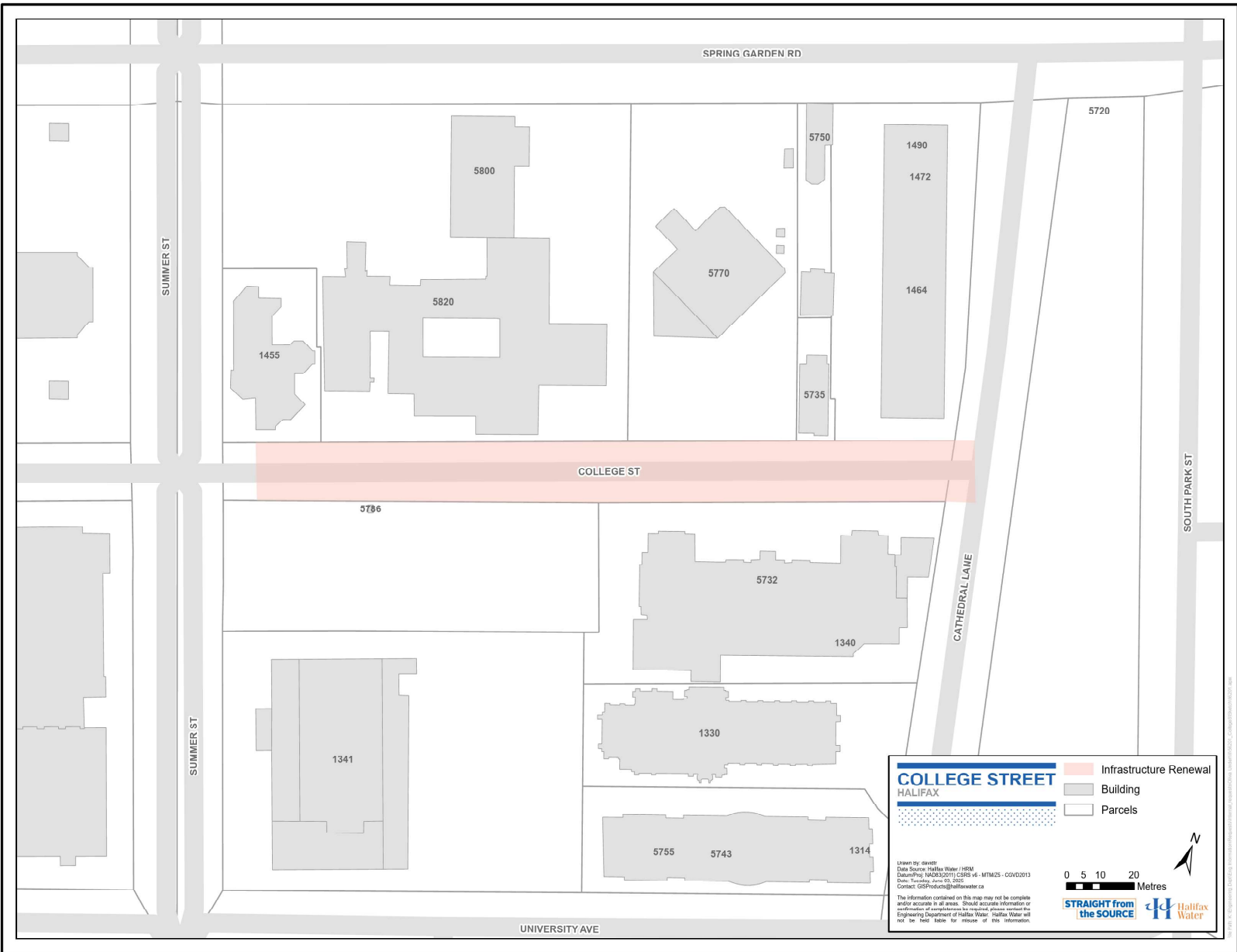
Excl. HST

	<u>NOT IN CONTRACT - DIRECT COST TO HW</u>				
.1	Gas Main Relocation - 114.3mm dia. (By Others)[‡]	m	160	\$437.00	\$69,920.00

* Items to be included within other pay items in tender. Incidental Allowance intended to estimate costs for other incidental items such as Traffic Control, Erosion and Sediment Control, Bonding, Insurance, Overhead, Considerations for complexity, etc.

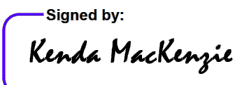
‡ Gas main relocation to be completed by Eastward Energy; cost per Eastward Energy, "Full Scope" which excludes final road reinstatement.

† Street reinstatement paving limits subject to consultation with HRM ROW.



TO: John MacPherson, KC, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
0BC10767707F488...
Josh DeYoung, P.Eng., Director, Engineering & Capital Infrastructure

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

DATE: June 6, 2025

SUBJECT: **Bayers Road – Phase 2 Widening - Water Transmission Main Replacement and Sewer Separation**

ORIGIN

2019 Infrastructure Master Plan and the 2024/25 Capital Budget.

RECOMMENDATION

The Halifax Water Board approve the Bayers Road – Water Transmission Main Replacement and Sewer Separation project for a total project cost of \$16,373,000 (including net HST).

BACKGROUND

The Halifax Regional Municipality's (HRM) Rapid Transit Strategy designates Bayers Road as a transit priority corridor. This plan involves widening existing roads to establish dedicated bus lanes exclusively for transit. Phase 1, stretching from Romans Avenue to Connaught Avenue, was completed in 2020/2021. Currently, Phase 2, which extends from Connaught Avenue to Windsor Street, is in the final stages of design and constructability review. (refer to Attachment 1 - Bayers Road Project Sketch). HRM is leading the project, with Halifax Water integrating infrastructure improvements into Phase 2. HRM's overall scope of the project includes:

- Widening the south side of Bayers Road (Connaught Avenue to Oxford Street) with new curb and sidewalk,

- Widening the North side of Bayers Road (Oxford Street to Windsor) with new curb and sidewalk,
- Relocation of utility poles, power, and communications wiring within the right of way
- Milling and asphalt paving.

Water System

The water system on Bayers Road includes local pipes with diameters of 100 mm, 150 mm and 200 mm on the south side of the street, servicing the Peninsula Intermediate pressure zone. The cast iron mains were installed originally in the 1940s (1941, 1943, 1947) These mains have experienced several breaks and are near the end of their service life. The current standard main size is 200 mm diameter.

Within the Bayers Road corridor there is also a 675 mm diameter transmission main, which was installed in 1892. This transmission main supplies the Peninsula Low Zone from Chain Control. The transmission main runs mainly along the north side of Bayers Road to Oxford Street where it continues outside the right-of-way within an easement to Windsor Street. This transmission main also has a history of breaks. The main was cleaned and cement lined in 1994. This main is over 130 years old. Halifax Water has a long-term strategy to replace/upsized its older transmission mains. As part of this plan, other segments of the 675 mm main have been previously replaced with 750 mm diameter mains.

Combined Wastewater & Stormwater System

The combined wastewater system on Bayers Road consists of clay and concrete pipes ranging from 375 mm to 600 mm in diameter. Most of these system pipes were structurally lined in 2021 as part of the Cured-in Place Pipe (CIPP) program. The stormwater system includes catch basins and leads that are connected to the combined system.

The sewer separation program within the peninsula of Halifax is an outcome of the Infrastructure Master Plan. As a foundational component of the Infrastructure Master Plan, a Wet Weather Flow Management Study was completed, it identified cost-effective wet weather management opportunities to recover flow capacity within Halifax Water's existing system. Opportunities for combined sewer separation, low impact development (LID)/sustainable urban drainage (SUD), and inflow and infiltration reduction opportunities were identified by the Wet Weather Flow Management Study.

The Infrastructure Master Plan identified the optimal strategy to accommodate growth with the goal of "no increase in annual combined sewer overflow (CSO) discharges because of growth", based on the CCME *Canada-wide Strategy for the Management of Municipal Wastewater Effluent* (2009) guidelines.

ITEM # 5.2

HRWC Board
June 19, 2025

Generally defined, sewer separation is the establishment of distinct stormwater sewers in replacement of a single combined sewer. Sewer separation removes or reduces stormwater flow in the wastewater/combined system.

The target sewer separation area for the Bayers Road Pocket generally comprises the area bound by Joseph Howe Drive to the west, Bayers Road to the south, and Windsor Street to the north and east.

As part of the Bayers Road Phase 1 widening project in 2019, Halifax Water's consultant, WSP, developed a conceptual sewer separation plan for Bayers Road project from Connaught Avenue to Windsor Street. This conceptual plan included the installation of a new deep storm system within Bayers Road right-of-way.

After review and discussion with Halifax Water staff, the concept plan was not advanced for the following reasons:

- There is limited space within the corridor for a new deep storm sewer.
- The construction of a new deep storm pipe would involve significant construction/utility risk associated with working near an active water transmission main.
- The 675 mm transmission main is critical to the supply of water to peninsular Halifax. The old transmission main does not follow a consistent path or position along Bayer Road. Based on the concept plans, the transmission main would have needed to be locally relocated or shut down for extended periods (up to 2 years) to complete the deep storm water installation.
- The significant cost and project schedule impacts of installing a new deep storm system.

DISCUSSION

HRM engaged WSP through a publicly issued RFP to design the widened roadway alignment. Similarly, Halifax Water retained WSP in May 2022 for infrastructure design via sole source procurement to simplify and streamline design coordination.

Initially, the project included renewal of the local water distribution main along the south side of the street as part of the street widening. As the design progressed, coordination with existing utilities (Bell Aliant and Nova Scotia Power) was necessary to assess the feasibility of pole relocations. On the north side of Bayers Road near Oxford Street, due to HRM's street realignment, Nova Scotia Power's pole locations conflicted with the existing 675 mm water transmission main. These pole locations are constrained by street alignments and limited anchor points along the entire corridor. The street alignment could not be altered due to limited right of way space and buildings along the corridor with reduced setback from the right-of-way.

ITEM # 5.2

**HRWC Board
June 19, 2025**

Halifax Water staff determined that a possible solution to the right-of-way and pole conflicts would be to relocate the transmission main to the south side of Bayers Road, parallel to the renewed local water main. The new transmission main would be entirely in the street right-of-way between Connaught Avenue and Windsor Street and not located on private land. Having water transmission infrastructure in the right-of-way is more advantageous for Halifax Water's operational/maintenance requirements. Additionally, the construction and commissioning of the new transmission main along south side of the road could be completed while the old main is kept in service.

As part of the design considerations for relocating the transmission main, Halifax Water staff concluded that there is an opportunity to repurpose/convert the existing 675 mm water transmission main into a stormwater collector pipe. By re-using an existing asset, this option would allow the recommended sewer separation project to proceed and avoid the need for previously proposed deep storm system. WSP's analysis of this concept design confirmed that this approach would be feasible, with the repurposed 675 mm watermain adequately conveying stormwater flows to Halifax Water standards. Approximately 90 m of the existing 675 mm transmission main cannot be reused and new 750 mm stormwater pipe will be installed along Bayers Road near the Connaught Avenue intersection. This section of pipe needs to be installed at a steeper grade along Bayers Road to ensure capacity in the stormwater collector and for the future connection to the outlet on Connaught Avenue toward Regent Street.

As a result, most of the 675 mm transmission main from Connaught Avenue to Oxford Street is being repurposed.

A new stormwater collection main is being installed from Oxford Street to Windsor Street, facilitating the separation of street drainage along Bayers Road and some of the intersections along the corridor. The transmission main in this section cannot be repurposed for a storm sewer as it is outside of the right of way through private property. This work does not include the separation of private stormwater sources. An investigation by the Environmental Compliance team found 18 existing residential properties with roof drain connections to the combined system. These connections will remain, as the combined system is deeper than the transmission main being repurposed as a stormwater pipe, making reconnection unfeasible. As redevelopment occurs along the corridor, new storm connections will be directed to the repurposed storm pipe.

The water renewal scope also includes removing public and private lead services and transferring the services for 22 private residences from the Peninsula Low zone to the Peninsula Intermediate pressure zone. Halifax Water Operations staff have indicated that houses along Bayers Road should not be serviced from the 'lower' pressure zone of the transmission main, and that system pressures are suitable for these houses to be serviced from the Intermediate zone.

ITEM # 5.2

HRWC Board
June 19, 2025

BUDGET INFORMATION

Funding in the amount of \$50,000 approved in 2022 is available.

Funding in the amount of \$200,000 is available from the 2024/25 Capital Budget under “3.748 – Bayers Road 27 Transmission Main Replacement – Connaught Ave to Windsor” - Water. This portion is driven 100% by asset renewal .

Funding in the amount of \$2,594,000 and \$1,184,000 will be allocated in the 2026/27 and the 2027/28 Capital Budgets respectively under “2.1129 – Bayers Road Sewer Separation (Connaught to Windsor)” - Wastewater. This portion of the project is driven 95% by growth (Regional Development Charge) and 5% by asset renewal.

Funding in the amount of \$6,375,000 and \$5,617,000 will be allocated within the 2026/27 and the 2027/28 Capital Budgets respectively under “3.748 – Bayers Road 27 Transmission Main Replacement – Connaught Ave to Windsor” - Water. This portion of the project is driven 100% by asset renewal.

Funding in the amount of \$353,000 will be allocated in the 2026/27 Capital Budget under “3.390 – Lead Service Line Replacement Program” - Water. This portion of the project is driven 100% by asset renewal.

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”, and “Directly supports the implementation of the Asset Management program”. 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 treatment performance/operational issues (Infrastructure System Integrity).

ATTACHMENTS

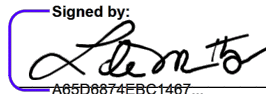
- 1) Bayers Road Project Sketch
- 2) Bayers Road Total Cost Estimate

Report Prepared By:



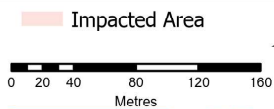
Selvana Hagh Gooei, P.Eng., PMP
Project Engineer

Financial Approved By:

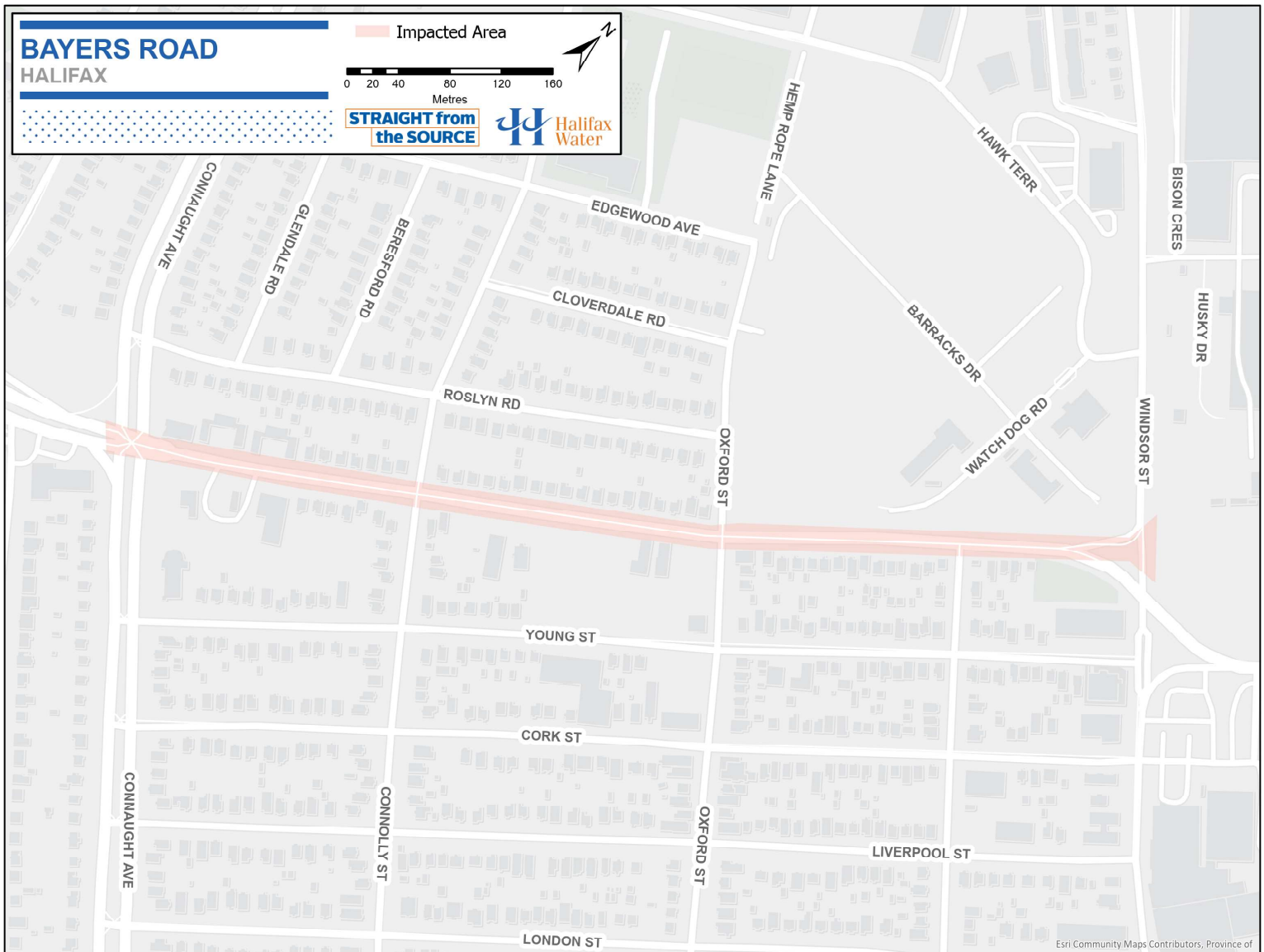
Signed by: 

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

BAYERS ROAD HALIFAX



STRAIGHT from
the SOURCE



TOTAL PROJECT COST ESTIMATE

June 6, 2025





Bayers Road Phase 2 - Total Cost

CONSTRUCTION COSTS	
Estimated Construction Cost (Pre-Tender)	\$12,150,300
Consultant Costs (Tender & Construction Phase)	\$413,520
Contingency Class 1: Detailed Design Pre Tender (10%)	\$1,256,382
Market Volatility Contingency (10%)	\$1,256,382
Construction Costs Sub-Total	\$15,076,584
OTHER COSTS (TAXABLE)	
Consultant Costs (Design)	\$163,187
QA/QC Testing	\$10,000
Other Costs (Taxable) Sub-Total	\$173,187
Net HST (3.857%)	\$588,184
OTHER COSTS (NON-TAXABLE)	
Internal Halifax Water Costs (to date)	\$60,000
Internal Halifax Water Costs (future)	\$75,000
Regulatory Approvals	\$20,000
Other Costs (Non-Taxable) Sub-Total	\$155,000
SUB-TOTAL	\$15,992,955
Overhead (1%)	\$159,930
HRM Administration (1.5% on Construction Cost)	\$219,946
TOTAL PROJECT COST ESTIMATE	\$16,372,831
TOTAL PROJECT COST ESTIMATE*	\$16,373,000

* Rounded up, excluding HST

TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
0BC19767707F486...
Josh DeYoung, P.Eng, Director, Engineering and Capital Infrastructure

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

DATE: June 9, 2025

SUBJECT: Sullivan's Pond Phase 2, Part 2 – Additional Funding

ORIGIN

2025/26 & 2026/27 Capital Budget

RECOMMENDATION

The Halifax Water Board approve additional funding in the amount of \$3,990,000 to support the scope changes required to meet project objectives, for a revised total project cost of \$23,388,000.

BACKGROUND

Halifax Water has identified the need to replace its existing stormwater sewer system that runs from Sullivan's Pond to Dartmouth Cove. This stormwater system serves an urban watershed of approximately 1500 ha in size. The stormwater sewer is approximately 600 meters in length and was installed in the early 1970s. The stormwater sewer is made of corrugated steel pipe and is at the end of its service life and needs to be replaced. The project was approved by the Halifax Regional Water Commission Board in November of 2024 with a total price of \$19,398,000 (including net HST).

DISCUSSION

The budget approved in November was based on a class C cost estimate. The accuracy of a Class C estimate is generally expected to be within +/- 15% to 20% of the actual cost. The project progressed, the scope of work expanded, and the design and cost estimate became much more detailed. An increased work scope was incorporated into the project to take advantage of the right-of-way that would be under construction. The 100% design drawings included additional watermain replacement and an increased sewer separation

scope on Prince Albert Road, from Starr Lane to Portland Street. The project team believes this is an opportunity to complete this work in a high traffic area that is normally difficult to shut down and requires a very extensive traffic control plan. Halifax Water is integrated with HRM on this project. A well-developed plan was created during the design of Phase 2, part 1 which will allow total closure of the Prince Albert Road/Portland Street/Alderney Drive intersection. If Halifax Water does not complete this increased scope of work now, it will be much more difficult to access and construct in the future.

Construction costs from Phase 2, Part 1 were used to update estimated pricing for Phase 2, which also resulted in increased costs for the new stormwater infrastructure.

Proposed Project Schedule:

Tender: August 2025

Construction Start: Fall 2026

Project Completion: Fall 2026:

The project application is currently with NSRAB for approval. The new cost estimate that is included as attachment 1 in this report was also submitted to the NSRAB.

BUDGET IMPLICATIONS

Additional funding in the amount of \$3,990,000 for the Sullivan's Pond Phase 2, Part 2 will be allocated in the 2026/27 Capital Budget.

Funding in the amount of \$3,858,000 for the Sullivan's Pond Phase 2, Part 2 Storm Sewer Replacement Project will be allocated in 2026/27 Stormwater Capital Budget (Sullivan's Pond Phase 2, Part 2 Storm Sewer Replacement)

Funding in the amount of \$132,000 for the Sullivan's Pond Phase 2, Part 2 Storm Sewer Replacement Project will be allocated in 2026/27 Water Capital Budget (Sullivan's Pond Phase 2, Part 2 Storm Sewer Replacement)

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 "Firm regulatory requirement", "Required to ensure infrastructure system integrity and safety", and/or "Directly supports the implementation of the Asset Management program". 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 treatment performance/operational issues (Infrastructure System Integrity).

RISK

The original application to the HRWC Board in November identified a risk with proceeding for approvals before the project is tendered, which may result in the need for further approvals if tender pricing is higher than expected. However, Halifax Water staff believe this will provide the most streamlined approach to complete the project as the project team believes the cost estimate provided in Attachment 1 is thorough and accurate.

ALTERNATIVES

The expanded scope of work could be removed. Additional funding would still be needed, but the amount would be reduced.

ATTACHMENT

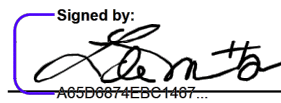
1. Attachment 1 – Sullivan’s Pond Storm Sewer Replacement Phase 2, Part 2 – Total Project Cost estimate – June 2, 2025

Report Prepared by:



Andrew Snow, P.Eng.,
Manager Infrastructure Engineering

Financial Reviewed by:

Signed by:


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

Sullivan's Pond Phase 2 - Part 2

100% DESIGN - TOTAL PROJECT COST ESTIMATE

Total Estimated Stormwater System Cost - Part II	\$21,237,000
Total Estimated Water System Cost - Part II	\$1,636,000
Total Estimated Wastewater System Cost - Part II	\$515,000
Part 2 Total Project Cost	\$23,388,000

PART 2 - 2025 CONSTRUCTION - STORMWATER	
Description	Amount
Estimated Construction Cost - CBCL (100% Design)	\$17,637,187
Sub-Total	\$17,637,187
Add 10% Contingency - (Class 1 estimate)	\$1,763,719
Sub-Total	\$19,400,906
Internal Halifax Water Costs (Project Management & Site Inspection - estimated)	\$30,000
QA/QC Testing - estimated	\$10,000
Halifax Water Consultant Cost for Detailed design services	\$277,451
Halifax Water Consultant Cost for Tender Phase Services	\$6,380
Halifax Water Consultant Cost for Construction Admin and Closeout (CBCL)	\$446,402
Total	\$20,171,139
Net HST (4.286%)	\$864,535
Overhead/Interest (1%)	\$201,711
Total Estimated Stormwater System Cost - Part 2	\$21,237,385

Total Estimated Stormwater System Cost - Part 2 (Rounded) \$21,237,000

PART 2 - 2025 CONSTRUCTION - WATER	
Description	Amount
Water System - Part 2	\$1,338,489
Sub-Total	\$1,338,489
Add 10% Contingency - (Class 1 estimate)	\$133,849
Sub-Total	\$1,472,338
Internal Halifax Water Costs (Project Management & Site Inspection - estimated)	\$10,000

QA/QC Testing - estimated	\$5,000
Halifax Water Consultant Cost for Detailed design services	\$28,139
Halifax Water Consultant Cost for Tender Phase Services	\$604
Halifax Water Consultant Cost for Construction Admin and Closeout (CBCL)	\$37,495
Total	\$1,553,576
Net HST (4.286%)	\$66,586
Overhead/Interest (1%)	\$15,536
Total Estimated Water System Cost - Part 2	\$1,635,698

Total Estimated Water System Cost - Part 2 (Rounded)

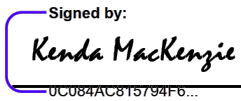
\$1,636,000

PART 2 - CONSTRUCTION - WASTEWATER	
Description	Amount
Wastewater System - Part 2	
Sub-Total	\$363,039
Add 10% Contingency - (Class 1 estimate)	\$36,304
Sub-Total	\$399,343
Internal Halifax Water Costs (Project Management & Site Inspection - estimated)	\$10,000
QA/QC Testing - estimated	\$5,000
Halifax Water Consultant Cost for Detailed design services	\$64,533
Halifax Water Consultant Cost for Tender Phase Services	\$164
Halifax Water Consultant Cost for Construction Admin and Closeout (CBCL)	\$10,170
Total	\$489,210
Net HST (4.286%)	\$20,968
Overhead/Interest (1%)	\$4,892
Total Estimated Wastewater System Cost - Part 2	\$515,069

Total Estimated Wastewater System Cost - Part 2 (Rounded)

\$515,000

TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Signed by:
UC084AC815794F6...
Kenda MacKenzie, P.Eng., General Manager/CEO

DATE: June 12, 2025

SUBJECT: Corporate Balance Scorecard Results 2024-2025 – Supplementary Report

ORIGIN:

Annual Corporate Performance Measurement.

RECOMMENDATION:

It is recommended that the Halifax Water Board.

- 1) approve the results of the Corporate Balance Scorecard for 2024-2025.
- 2) approve associated financial award for all eligible employees.

BACKGROUND

Halifax Water has been utilizing a Corporate Balanced Scorecard (CBS) to measure performance since 2001. In March 2002, the Board approved an organizational award program tied to twelve Organizational Indicators which were the most objective and outward looking.

DISCUSSION

Each year, the Organizational Indicators are reviewed and refined based on operational objectives and approved budgets. The Organizational Indicators, attached, are aligned with the four strategic pillars approved in the Business Plan as well with our purpose and vision statements.

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 two Gateway Targets being

achieved and a minimum score of 7.0 out of 12.0 to give a passing grade. Funds for the award program are connected to the operating expense to revenue ratio (excluding depreciation) being at/or below the target for the fiscal year, which is one of the Gateway Targets. This year it is 66.8%, slightly below the target of 67.0%. The second Gateway Target is related to the number of Lost Time Incidents per 100 employees, it also was achieved, 1.69 per 100 employees below the target of 2.5.

In combination with the two Gateway Indicators being met, reviewing the other remaining ten Organizational Indicators, the minimum 7.0 was achieved and an overall 18 of the 33 indicators were met:

Organizational Indicators	2024/25 Results
Operating expense/revenue ratio percentage (excluding depreciation) (Gateway)	1
Lost time accidents - Number of accidents resulting in lost time per 100 employees Gateway)	1
Safe driving - Number of traffic Accidents per 1,000,000 km driven (maximum of 5)	0
Percentage of WWTFs complying with NSE approval permits	0
Adherence with objectives of Water Safety Plan for all water systems - Percentage of sites achieving targets	1
Water leakage control – target leakage allowance of 165 litres/service connection/day	0
Peak flow reduction from wet weather management capital projects	0
Percentage of time GIS and Cityworks are available	1
Energy management kwh/m ³ reduction associated with capital projects	1
Bio-solids residual handling - percentage of sludge meeting bio-solids concentration targets	1
Customer satisfaction about water quality - Percentage from customer survey	1
Customer satisfaction with service - Percentage from customer survey	0
Total	7

While these indicators help promote a high level of performance and realize potential future savings for the utility, these were not designed to reflect or connect to the overall financial well-being of the utility (i.e.: an operating deficit).

It was with this lens that the Board approved an added measure for the 2025/26 fiscal year, which does consider reviewing the fiscal health of the utility. This will be used in April 2026 to assess the payment of the CBS Organizational Award. The framework for this assessment will be included in the report in Q4 2025/26 for review.

In making these recommendations to the Board, management acknowledged that employees have made a significant contribution to the success of the organization this year and met the minimum score required for an award payout. Which, based on the existing CBS framework, would provide \$600 for each eligible employee.

Overview of Results:

Financial and Regulatory Accountability:

This year, the operating expense/revenue was achieved along with the annual cost per customer connection for wastewater. The cost per customer connection for water, total capital spend, and percentage of capital spend were not achieved. It is noted that an improved target for capital spend is in place for 2025/26.

Health Safety & Environment:

Halifax Water Employees met the lost time per 100 employees and were successful in having employees retrained prior to expiration of certifications, conducting required safety talks and safety audits. Further, there were no environmental infractions, and staff completed the targeted engagements of industrial/commercial/institutional customers by the Pollution Prevention team. The number of incidents with written compliance orders, at fault accidents and wastewater compliance with NSECC permits were not achieved. New initiatives are being implemented to improve the safe driving results in 2025/26.

Operational Excellence:

Although staff were managing the outcomes of two Boil Water Advisories (BWAs) this fiscal year, the water quality objectives were achieved. It should be noted, Halifax Water has established an Operational Resiliency team to identify, implement, track and report a series of corrective actions associated with the BWAs.

The targets for service outages per 1000 customers for both water and wastewater have been met. The review time for building permits was achieved, but due to increased volume of applications and resourcing challenges, the target for subdivision reviews was not achieved. Other targets related to Inflow and Infiltration reduction, percentage of time GIS and Cityworks were outage, energy management, and bio-solids residual handling were all achieved.

Call answer times, leak detection and peak flow reduction targets were not met. The 2025/26 target was adjusted for the peak flow reduction to allow for a meaningful, achievable measurement.

People:

Respecting the customer survey, the target pertaining to satisfaction with water quality was achieved, but the overall score was not. Other targets such as the number of arbitrations divided by number of grievances, jobs filled from the internal employee group, employee survey (B+) and absenteeism were not achieved.

Although, not an indicator within the CBS, it should be noted that Halifax Water, with their partners in CUPE, were able to negotiate renewals of two Collective Agreements (2023-2027) with the two locals.

BUDGET IMPLICATIONS

With the operating expense-to-revenue ratio less than the target, the funds, approximately \$340,000, are available within the approved 2024/25 operating budget.

ALTERNATIVES

Based on the current financial position of Halifax Water, and a budgeted deficit of approximately \$34 Million, the Board may choose not to approve the financial award to the eligible employees.

ATTACHMENT

Summary Corporate Balanced Scorecard

Report Prepared by:

Signed by:

Kenda MacKenzie

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Kenda MacKenzie, P.Eng.

General Manager

Signed by:

Louis de Montbrun

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Financial Reviewed by:

Louis de Montbrun, CPA, CA

Director, Corporate Services/CFO

Corporate Balance Scorecard - Final Results 2024-2025

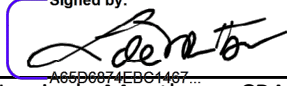
Organizational Indicators	Organization Award	2023/24 Results	2024/25		2025/26 Target)
			TARGET	FINAL RESULTS	
Financial and Regulatory Accountability					
Operating expense/revenue ratio percentage (excluding depreciation)	Gateway	62.6%	67.0%	66.8%	73%
Annual cost per customer connection – Water (excluding depreciation)		\$500	\$500	\$543	\$587
Annual cost per customer connection – Wastewater (excluding depreciation)		\$662.00	\$697	\$693	\$740
Total capital spend in the fiscal year (in millions)		\$98.2	\$135	\$118.4	\$135
Capital budget expenditures - Percentage of budget spend by end of fiscal year **		34.7%	70-80%	48.2%	45%
Health Safety & Environment					
Average score on internal safety audits		96.1%	90.0%	97.2%	-
NS Labour and Advanced Education compliance – Number of Incidents with written compliance orders		0	< 2	5	2
Lost time accidents - Number of accidents resulting in lost time per 100 employees	Gateway	2.38	2.5	1.69	2
Safe driving - Number of traffic Accidents per 1,000,000 km driven (maximum of 5)	Org. Award	5.34	4	11.29	4
Training - Number of employees trained or re-certified before due date		86.0%	85.0%	90.0%	85%
Percentage of completed safety talks		88.0%	85.0%	94.0%	90%
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	95%	95%	93.7%	95%
Number of ICI properties engagements by Pollution Prevention each year		272	250	317	250
Operational Excellence					
Adherence with objectives of Water Safety Plan for all water systems - Percentage of sites achieving targets	Org. Award	86	80	100	80
Bacteriological tests - Percentage free from Total Coliform		99.88%	99.90%	99.97%	0.00%
Water service outages - Number of connection hours/1000 customers		183.05	200	127.96	200
Wastewater service outages – Number of connection hours/1000 customers		0.61	4	0.74	4
Average speed of answer – Percentage of calls answered within 20 seconds		35.3%	70.0%	13.3%	90%
Response time for service connection permits – percentage of formal responses provided from Halifax Water within 3 days or less		91.0%	80.0%	80.1%	80%
Response time for subdivisions involving system extensions – percentage of formal responses from Halifax Water provided within 4 weeks or less review		92.7%	80.0%	27.0%	80%
Water leakage control – target leakage allowance of 165 litres/service connection/day	Org. Award	238	165	263	0.05
I&I reduction - Number of inspections to identify private property discharge of stormwater into the wastewater system		515	1200	5320	1200
Peak flow reduction from wet weather management capital projects	Org. Award	1.7 l/sec*	5-10 l/sec	N/A	-
Percentage of time GIS and Cityworks are available	Org. Award	99.87%	97.00%	99.99%	97%
Energy management kwh/m ³ reduction associated with capital projects	Org. Award	14.06%	10.00%	15.3%	14%
Bio-solids residual handling - percentage of sludge meeting bio-solids concentration targets	Org. Award	99.6%	95.0%	99.9%	95%
People					
Customer satisfaction about water quality - Percentage from customer survey	Org. Award	89.0%	85.0%	89.0%	85.0%
Customer satisfaction with service - Percentage from customer survey	Org. Award	95.0%	95.0%	87.0%	95.0%
Number of arbitrations divided by total number of grievances		0.0	0	1.0	0.85
Percentage of jobs filled with internal candidates		60%	80%	63.0%	75%
Employee satisfaction survey result		B	A	B+	A
Average number of days absenteeism		9.5	<7	9.62	0.9

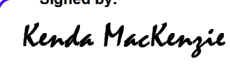
NOTES:

* **Peak flow reduction** - The reduction was 1.7 l/sec for the Crescent Avenue Lining Program. This result was possibly underestimated due to the difference in pre-rehab and post-rehab flow monitoring. This represents a 7% reduction in peak flow which has reduced the high level alarms at the pump station and associated energy consumption.

** Capital Budget Expenditures - As described in the Board report on the Corporate Balance Scorecard in March 2025, Halifax Water proposed to adjust the calculation of this measure. Halifax Water has utilized the revised methodology to calculate the measure for the 2024/25 CBS.

TO: John MacPherson, 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
Ashley Kendell, CPHR, Director, People & Culture

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

DATE: June 10, 2025

SUBJECT: **Halifax Regional Water Commission Employees' Pension Plan
Amendment re: Defined Contribution Provision on Overtime Earnings**

ORIGIN

Collective Agreements ratified on November 19, 2024, included Memorandum of Agreements where Halifax Water employees who are members of Locals 1431 and 227 could contribute to a Defined Contribution plan on overtime earnings. The contribution rate is 6.0% and these contributions are to be matched by Halifax Water.

RECOMMENDATION

It is recommended that the Halifax Water Board, as Trustees of the Plan

1. approve the amendment to amend the Plan to include the Defined Contribution provision included in Attachment 1.
2. approve the extension of the Defined Contribution provision to include all non-union employees, included in Attachment 1.

BACKGROUND

An Amendment to the Halifax Regional Water Commission Employees' Pension Plan was required to include a Defined Contribution Provision to allow contributions of 6.0% on overtime earnings be made by employees and matched by Halifax Water. This Amendment is included as Attachment 1.

DISCUSSION

Amendment

The amendment allows members an opportunity, annually, to elect to contribute 6.0% of paid overtime earnings to a defined contribution member account. The contributions are matched by Halifax Water at 6.0%. Interest is applied to contributions using the net rate of return on the fund. Eligible overtime earnings include paid overtime and overtime bank payouts after July 1, 2025. Options at retirement, termination or death are detailed in the attached amendment.

Expansion to include Non-Union Employees

As unionized employees are eligible to contribute to this new defined contribution plan, and have Halifax Water match those contributions, consideration should be made as to whether it should be extended to the non-union group. This would avoid disparity and allow for much simpler administration. Estimated costs to extend to non-union employees are included in the Budget Implications section below.

BUDGET IMPLICATIONS

Cost Estimate to extend to non-union employees:

Overtime	Act 2023	Act 2024	Est. 2025	Employer Matching 6.0%
Total Paid Overtime	2,368,639	2,281,033	2,557,319	153,420
Union (est.)	1,995,935	1,926,299	2,157,229	129,420
Non-union (est.)	372,704	354,734	400,091	24,000

Assumptions used in calculation above:

Assumption #1: 80% of “overtime X 2” and 80% of “bank payouts” are to unionized staff.
20% of “overtime X 2” and 20% of “bank payouts” are to non-union staff.
100% of “overtime X 1.5” are to unionized staff.

Assumption #2: The above figures assume all who have overtime payouts have elected to contribute to the Defined Contribution plan.

Assumption #3: Added 10% to 2023 and 2024 average overtime paid to account for Joint Job Evaluation (JJE) increases and new rates per collective agreements.

Estimated cost to Halifax Water to extend Defined Contribution plan to non-union employees would be approximately \$24,000 for 2025.

ALTERNATIVES

3. Do not approve the extension of the Defined Contribution provision to include all non-union employees.

ATTACHMENTS

1. Halifax Regional Water Commission Employees' Pension Plan – Amendment No. 1 (Draft)
2. CUPE Local 1431 Memorandum of Agreement – Defined Contribution Plan
3. CUPE Local 227 Memorandum of Agreement – Defined Contribution Pension - Overtime

Report Prepared by:

Signed by:

Heather Britten

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Heather Britten, B.Comm., PCP
Quality Assurance Officer

HALIFAX REGIONAL WATER COMMISSION
EMPLOYEES' PENSION PLAN
(As Amended and Consolidated Effective January 1, 2021)

AMENDMENT NO. 1

WHEREAS the Halifax Water Commission established the original Employees' Pension Plan for its employees with effect from January, 1972 and, as the Halifax Regional Water Commission, amended and consolidated Pension Plan effective January 1, 2021;

AND WHEREAS Section 14.1 of the Pension Plan provides for its amendment from time to time;

AND WHEREAS the Halifax Regional Water Commission wishes to amend the Pension Plan for the purpose of adding a defined contribution provision to the Pension Plan in respect of overtime earnings.

NOW THEREFORE the Halifax Regional Water Commission Employees' Pension Plan is hereby further amended effective July 1, 2025 as follows:

1. The following is added to the end of the Introduction

Following the consolidation of the plan text, effective January 1, 2021, to incorporate amendments 1 through 12, future amendment numbering is reset.

A summary of amendments after January 1, 2021 and the principal reason for the amendment are listed below:

Amendment # 1: Introduction of a defined contribution provision in respect of overtime earnings for Members.

Sections amended	Introduction
	Section 1.9 – Definitions
	Appendix D – DC Provision added

2. Sections 1.9 and 1.9(b) are renumbered 1.9(b) and 1.9(c), and the following definitions are added:

1.9 “DB Provision” means the portion of the Plan that provides benefits to Members on a defined benefit basis. The DB Provision of the Plan is described in Sections 1 to 16 of the Plan text. Where the Plan text refers to “pension” or “amount” in sections common

to the DB and DC Provisions, it refers to the Member's combined benefit under the DB and DC Provisions.

- 1.9(a) "DC Provision" means the portion of the Plan that provides benefits to Members on a defined contribution basis. The DC Provision of the Plan is described Appendix D.

3. Appendix D is added as follows:

Appendix D – DC Provision

This appendix sets out the provisions for the accrual of defined contribution benefits in respect of overtime earnings, effective July 1, 2025.

SECTION D.1: DEFINITIONS

D.1.1 "DC Member's Account" means the account established in accordance with Section D.3.

D.1.2 "DC Earnings" means remuneration received by a Member in respect of overtime, as determined by the Administrator.

D.1.3 "DC Interest" means investment income resulting from the investment of the DC Member's Account. DC Interest shall be calculated using the net rate of return on the Fund or the portion of the Fund in which DC Member's Account is invested. The net rate of return allows for all interest, capital gains and losses earned in respect of assets held in the Fund net of all expenses paid from the Fund. For greater certainty, DC Interest can be positive or negative.

SECTION D.2: CONTRIBUTIONS

D.2.1 Member Contributions

Each Member who is a Member on April 30, 2025 may elect by May 31, 2025 to contribute to the Plan a percentage equal to 6.0% of their DC Earnings, with such contributions allocated to the DC Member's Account. Each such election will have effect from the first pay period in July 2025.

Each Member who becomes a Member on or after May 1, 2025 may elect to contribute to the Plan a percentage equal to 6.0% of their DC Earnings, with such contributions allocated to the DC Member's Account. Each such election will have effect from the latter of the first pay period in July 2025 and the first pay period following when they become a Member.

Following the initial election above, a Member who had not elected to contribute on DC Earnings, may elect by May 1 of a subsequent year, to contribute to the Plan a percentage equal to 6.0% of their DC Earnings with such contributions allocated to the DC Member's Account. Each such election will have effect from the first pay period in July of the year the Member makes this election.

Following the initial election above, a Member who had elected to contribute on DC Earnings, may elect by May 1 of a subsequent year, to cease contributions on their DC Earnings. Each such election will have effect from the first pay period in July of the year the Member makes this election.

If a Member elects to contribute under this section then the Commission shall contribute, on behalf of the Member, an amount equal to the Member's contribution under this section, with such contributions allocated to the DC Member's Account.

D.2.2 Refund of Contributions

An amount contributed by a Member or the Commission in accordance with this Appendix D may be refunded at any time to the Member or Commission as applicable where required to avoid the revocation of registration of the Plan under the Income Tax Act. Such refund will be subject to the requirements of the Pension Benefits Act.

D.2.3 Maximum Contributions

Contributions to the Fund, in accordance with this Appendix D, shall be eligible contributions as defined by the Income Tax Act, and a Member's contribution for any Plan Year shall not exceed the maximum amount permitted by the Income Tax Act for that Plan Year, after accounting for the Pension Adjustment in respect of the DB Provision to be reported for the particular Plan Year.

D.2.4 Remittance of Contributions

The Commission shall remit to the Fund all sums received by the Commission from a Member or deducted from a Member's pay and all Commission contributions, within 30 days following the month in which the sums are received or deducted. Where the Pension Benefits Act imposes a shorter deadline for remittance of contributions, such deadline shall prevail.

D.2.5 Withdrawal of DC Member's Account

The DC Member's Account may not be withdrawn, in whole or in part, while the Member remains an Employee of the Commission.

SECTION D.3: DC MEMBER'S ACCOUNT

D.3.1 The DC Member's Account at the end of any Plan Year shall be determined as follows:

The DC Member's Account at the beginning of the Plan Year, plus DC Interest on the DC Member's Account at the beginning of the Plan Year, plus

The contributions made in the Plan Year in accordance with Section D.2.1, plus DC Interest on those contributions for the period from the middle of the period in which those contributions were made, to the end of the Plan Year.

D.3.2 The DC Member's Account in the year of death, termination, or retirement shall be determined as follows:

The DC Member's Account at the beginning of the Plan Year, plus DC Interest on the DC Member's Account for the period up until death, termination, or retirement, plus

The contributions made in the Plan Year in accordance with Section D.2.1, plus DC Interest on those contributions for the period from the middle of the period in which those contributions were made, to the date of death, termination, or retirement.

D.3.3 The DC Member's Account at time of payment shall be determined as follows:

The DC Member's Account determined under section D.3.2, plus DC Interest from the date of death, termination, or retirement, to the date the DC Member's Account is paid.

SECTION D.4: PAYMENT OF BENEFITS FROM DC MEMBER'S ACCOUNT

D.4.1 Benefit on Retirement or Termination of Employment

A Member who ceases employment with the Commission for reasons other than death is entitled to receive an amount equal to the DC Member's Account and may elect:

- (1) to transfer the amount on a locked-in basis to another registered pension plan provided that the administrator of that pension plan agrees to accept the transfer;
- (2) to transfer the amount to a retirement savings arrangement prescribed by the Pension Benefits Act that is registered under the Income Tax Act;
- (3) to transfer the amount to an insurance company that is licensed to transact business in Canada for the purchase of a deferred or immediate annuity provided payment of the annuity will not commence before the earliest date on which the Member was entitled to receive pension payments under the Plan.

D.4.2 Benefit on Death

For a Member who dies prior to retirement or termination of employment, the Member's Spouse or, in the absence of a Spouse, the Member's Beneficiary, is entitled to receive an amount equal to the DC Member's Account.

Amounts payable to a Spouse will be paid in accordance with the election of the Spouse to have the amount:

- (1) paid directly to the Spouse less applicable withholding tax;
- (2) subject to the eligibility for such transfer under the Income Tax Act, transferred to a registered retirement savings plan on the Spouse's behalf; or
- (3) used by the Spouse to purchase an immediate annuity or a deferred annuity payable on or before the Spouse attains age 71 (or such other date as may be specified for this purpose under the Income Tax Act).

Amounts payable to a Beneficiary will be paid directly to the Beneficiary, less applicable withholding tax.

D.4.3 Settlement of Entitlement

Upon settlement of all of a Member's entitlement under Section D.4, the Member shall have no further interest in the DC Provision of the Plan.

MEMORANDUM OF AGREEMENT – DEFINED CONTRIBUTION PLAN

The Employer will establish a Defined Contribution Pension Plan (DCPP).

1. Halifax Water Pension Plan members shall have an initial opportunity to elect to participate in the DCPP. Annually thereafter, Employees may elect to participate in the DCPP.
2. The Employer will provide instructions for the initial election along with a deadline for electing to participate.
3. Employees who elect to participate will contribute 6% of all overtime earnings.
4. The Employer will match the contribution.
5. The effective date for contribution to the DCPP shall be July 1, 2025.
6. New Employees hired after July 1, 2025, shall be given a one-time election upon hire and yearly thereafter.

Dated this 19 day of November, 2024.

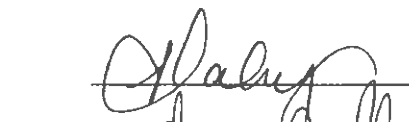
Signed on behalf of:


Halifax Regional Water
Commission

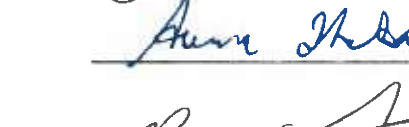


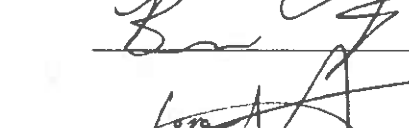


Canadian Union of Public
Employees,
Local 1431









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Commission

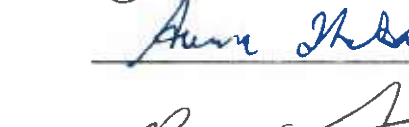


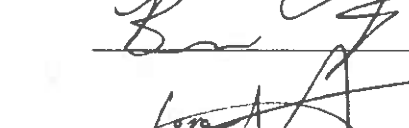


Canadian Union of Public
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Local 1431



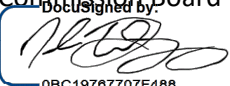


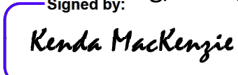




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TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Josh DeYoung, P. Eng., Director, Engineering & Capital Infrastructure

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

DATE: June 6, 2025

SUBJECT: Green Choice Program Enrolment

Information Report

ORIGIN

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

BACKGROUND

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. Halifax Water was approved to participate in the GCP in May 2024, and intends to execute the subscriber agreement in June 2025.

DISCUSSION

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 the intention of plans to begin executing Participant Agreements in February 2022. However, the province adjusted the GCP application deadline to March 25th, 2024. Participant agreement discussions and negotiations occurred during June and July of 2024, with the final participant agreement being released to participants on January 27th, 2025. Renewable energy projects to be procured under the GCP are currently expected to be commissioned by the end of calendar year 2028.

Halifax Water has been approved to receive 58,054 MWh per year over 25 years through the GCP, representing 100% of Halifax Water's annual energy consumption (based on actual electricity consumption in calendar year 2023, plus the modelled annual energy consumption for the new Halifax Water Burnside Operations Centre).

CORPORATE POTENTIAL AND RISK

The GCP Administrative Cost and the GCP Energy Credit are anticipated to remain unchanged for the duration of the 25-year 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% per year. 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. These savings are driven by the stability in the difference between the GCP Energy Cost and the GCP Energy Credit versus business-as-usual rate variability and inflation. At a 25-year GCP term, Halifax Water could see approximately \$5.01 million in cumulative savings and a net present value of approximately \$3.38 million.

If the GCP wind projects do not generate 100% of their expected energy output in any given year, participants will receive a quantity of energy proportional to their approved share of the overall expected energy generation. Considering this, a sensitivity analysis has been performed to understand the implications of receiving 25%, 50%, 75%, and 95% of Halifax Water's subscribed amount of energy. Table 1 illustrates the cumulative savings and net present value for these various cases.

Table 1 - Sensitivity Analysis

Sensitivity Analysis - CGP Actual vs. Target			
GCP Energy Result	Savings (25 Yr)	Annual Savings	NPV (25 Yr)
25%	\$1,252,467	\$50,100	\$843,917
50%	\$2,504,933	\$100,200	\$1,687,835
75%	\$3,757,400	\$150,300	\$2,531,752
95%*	\$4,759,373	\$190,375	\$3,206,886
100%	\$5,009,867	\$200,400	\$3,375,670

* Average vs. Target of Pockwock Windfarm (for comparison)

This sensitivity analysis indicates that any amount of electricity supplied to Halifax Water under the GCP will result in positive cumulative savings and net present value over the lifetime of the 25-year GCP subscription.

BUDGET IMPLICATIONS

Budget implications include an annual utility-wide estimated operational/energy cost savings of between \$50,000 and \$200,000 per year, depending on the actual energy production levels of the GCP energy generation facilities.

ALTERNATIVES

Halifax Water can choose not to participate in the Green Choice Program. However, participating in the GCP will make it possible for Halifax Water to align with HalifACT 2050, to significantly reduce indirect (Scope 2) GHG emissions, to monetize indirect GHG credits resulting from Halifax Water's significant use of electrical energy, and to more effectively fulfil our mission to be a steward of the environment. Should the decision be made not to participate, all the benefits will be unrealized.

ATTACHMENTS

Not Applicable.

Report Prepared by:



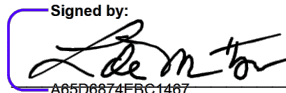
David Cameron, P.Eng., CEM, RSE
Energy Efficiency Project Engineer, Energy & Business Development

Report Reviewed by:



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

Financial Reviewed by:

Signed by: 

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

TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board

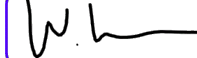
SUBMITTED BY:

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John Eisnor, MASC., P.Eng., Director, Operations

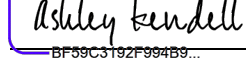
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Wendy Kikosek, Ph.D., P.Eng., Director, Environment, Health and Safety

Signed by:

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Ashley Kendell, CPHR., Director, People & Culture

Signed by:

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APPROVED:

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

DATE: June 10, 2025

SUBJECT: Operational Performance Information Report

ORIGIN

Regular update.

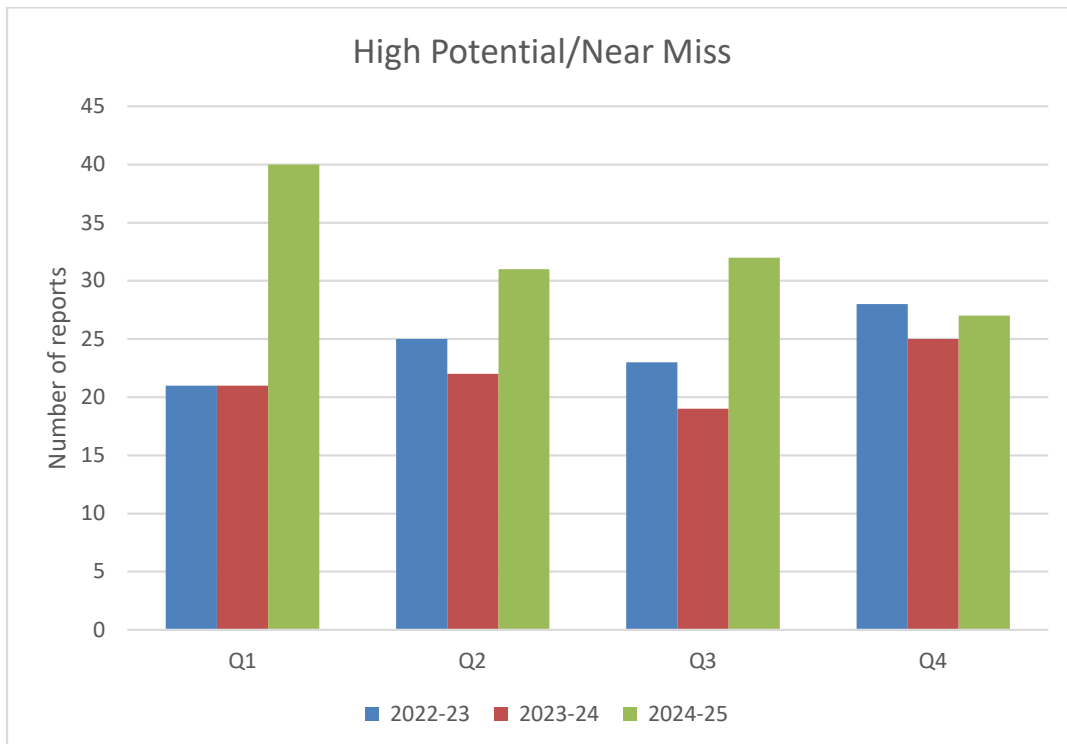
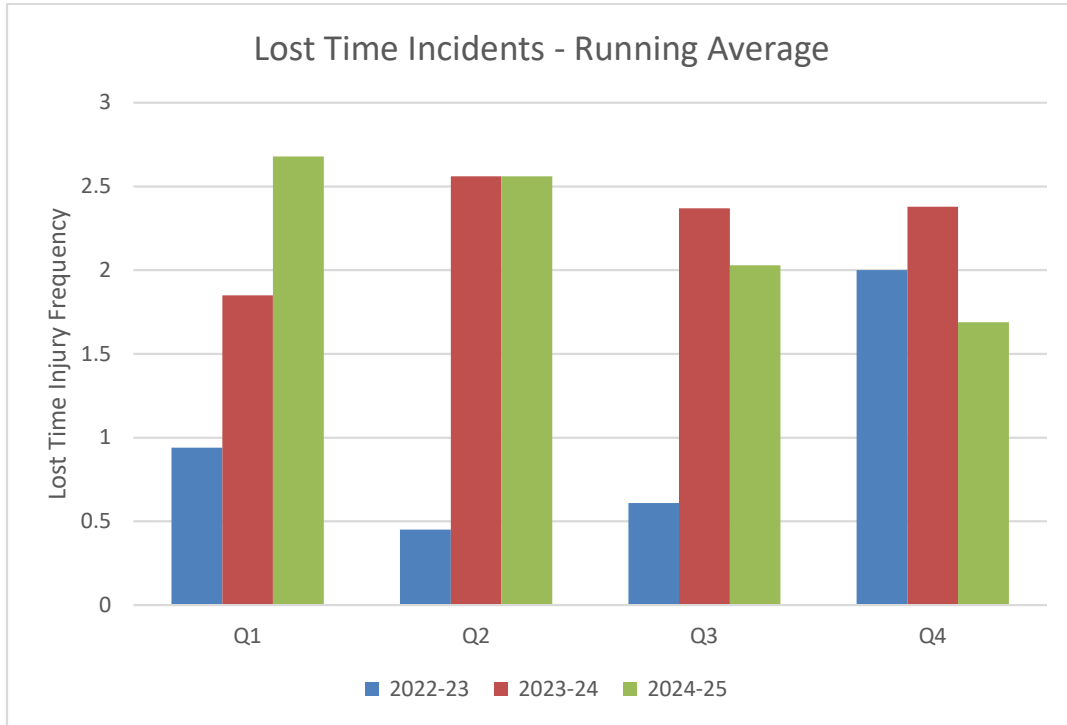
This report provides a high-level overview of operational performance for the utility. The safety statistics results are first, followed by indicators and statistics for water and wastewater.

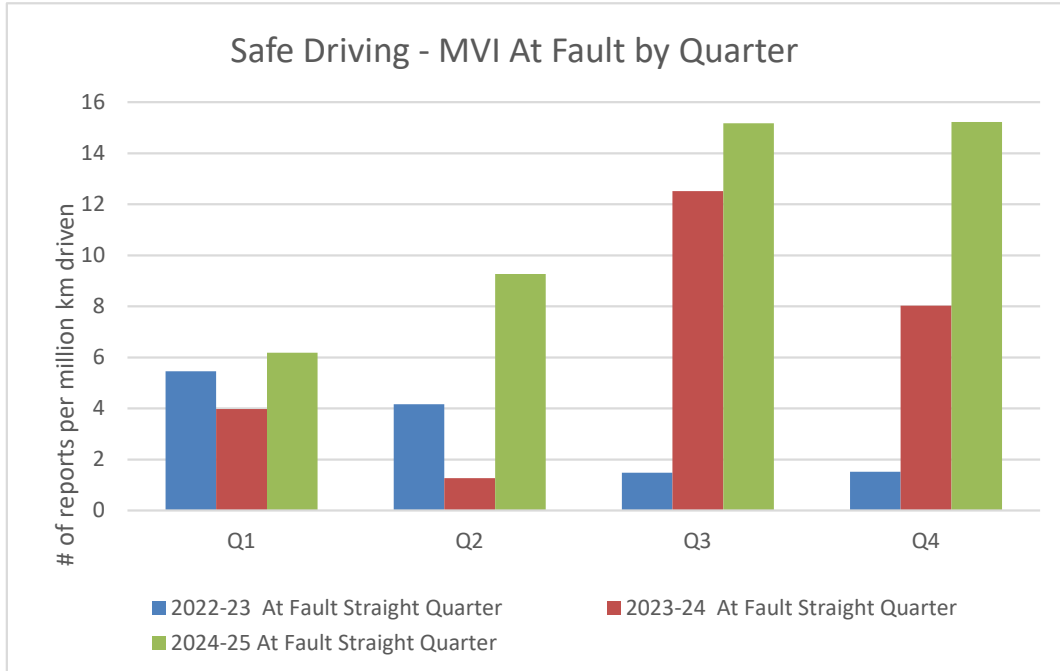
SAFETY STATISTICS – Q4 – January 1, 2025 to March 31, 2025

Organizational Metrics	Q4 Jan 1 - Mar 31	Year End 2024-25	CBS Target 2024-25
Lost Time Incident Reporting (LTIR) – Running Average (Lost Time Cases x 200,000 / Total Employee Hours Worked) YTD	1.69	1.69	2
Safe Driving (Total number at fault traffic accidents per 1,000,000 km driven)	15.23	11.29	4
Workplace inspections conducted	37	306	Score
Safety Talks conducted (reported at the end of each quarter)	93%	94%	90%
High Potential/Near Miss	27	130	N/A
Employees on accommodation (new/total) Employees on gradual return to work (non-WCB new/total)	1/13 2/2	13 2	N/A
WCB claims (new/total)	8/12 (8 of the 12 are from Jan to Mar. None resulted in RTW)	12	N/A
Work refusals	0	0	N/A
Incidents with written compliance orders	4	5	2
Employees trained or recertified before due date	180	90%	85%
• Courses Taken	567	1432	N/A

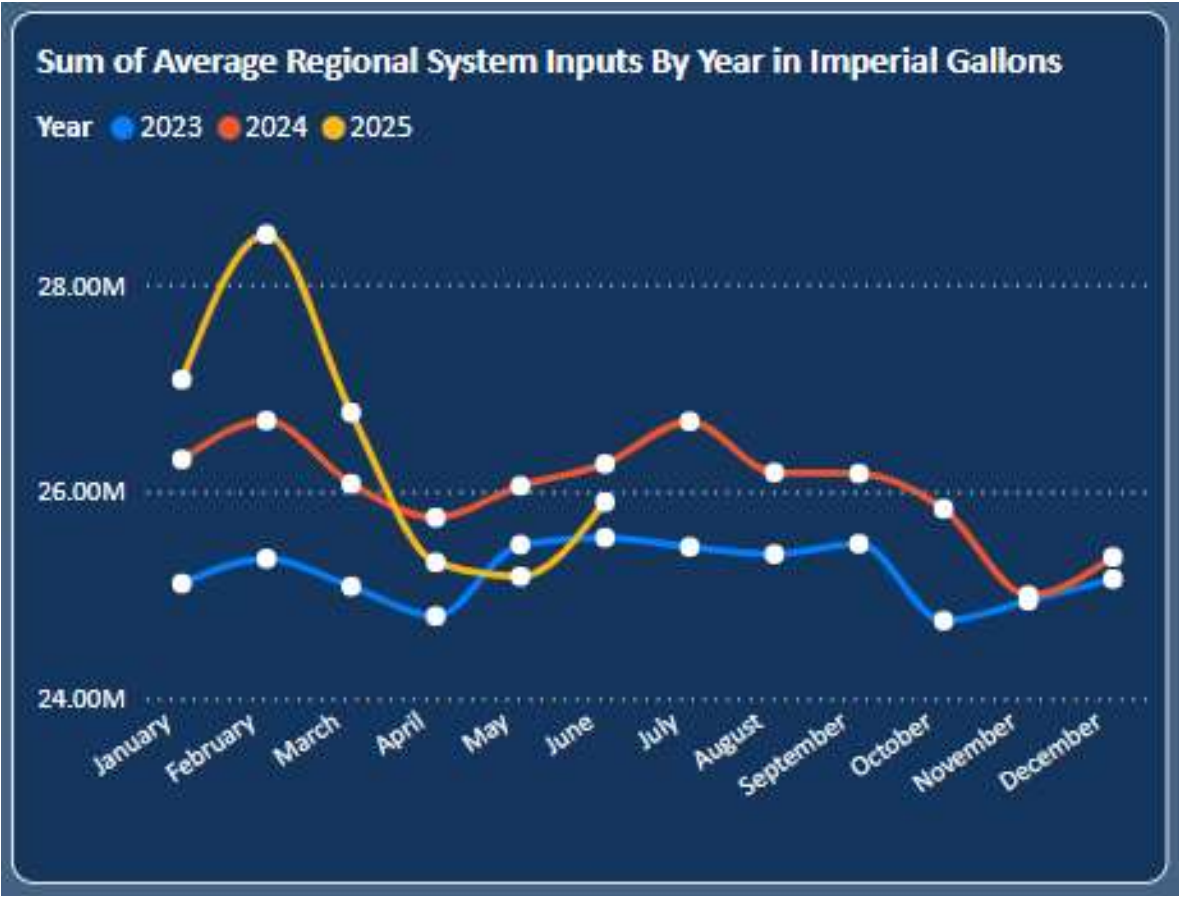
* Percentage Data generated at year end due to variants in system data (ie. multiple certifications required for one employee)

TRENDS FOR SAFETY STATISTICS



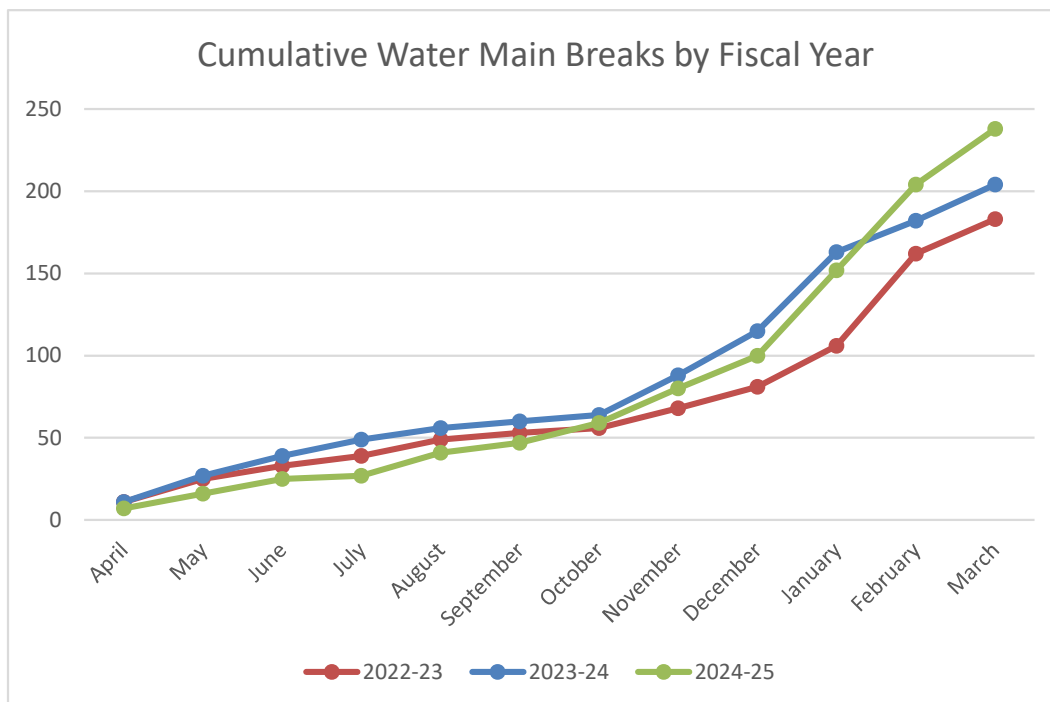
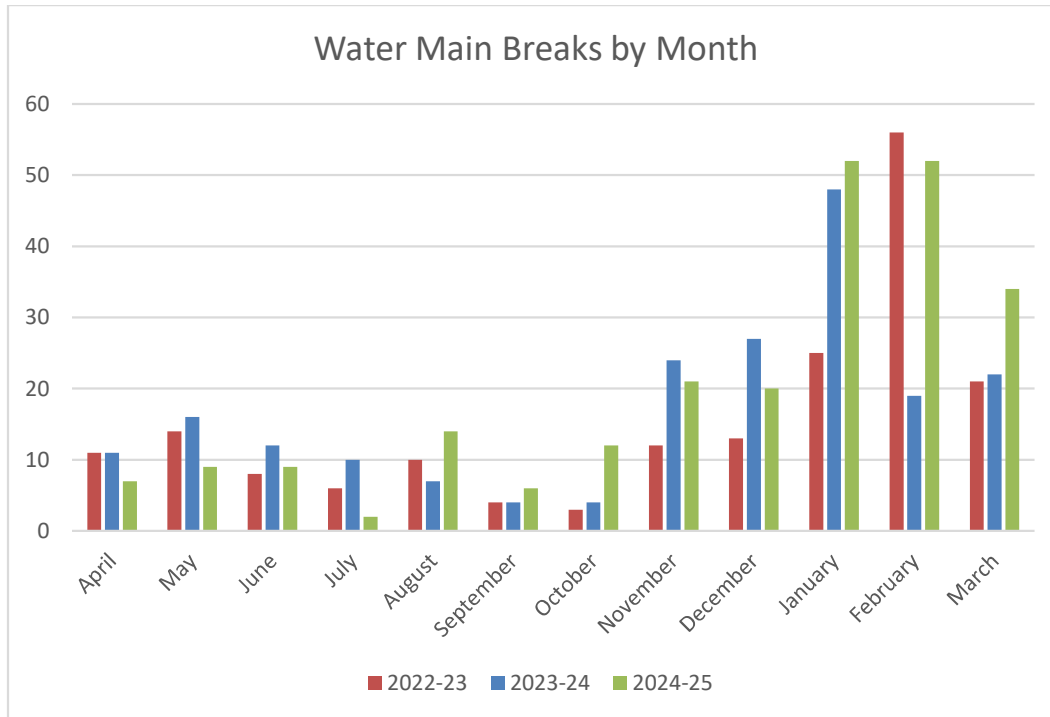


AVERAGE DAILY WATER PRODUCTION



Water Accountability
Losses per Service Connection/Day (International Water Association Standard)
Period Ending: March 2025
2024-25 Real Losses: 263
Q4 Real Losses: 324
CBS Target: 160 - 170

REGIONAL WATER MAIN BREAK/LEAK DATA



COMPLIANCE SUMMARY

Water Safety Plan Objectives 2024-2025 Q4				
Objective	Total Sites	% Sites Achieving Target	All Sites: 90th Percentile < 15 µg/L	CBSC Awarded Points
Disinfection	63	100%	---	20
Total Trihalomethanes	26	100%	---	20
Haloacetic Acids	25	100%	---	20
Particle Removal	5	100%	---	20
Corrosion Control	107	---	3.57	20
Summary Total				100

Score: 100/100

Bacteriological Results (% Samples absent of Total Coliforms): 99.97%

Fluoridation was reinstated at JDK WSP on December 12, 2024. Fluoridation remains off at Lake Major WSP.

ITEM #1-I

Page 8 of 9

Halifax Water Board

June 19, 2025

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

Wastewater Treatment Facility	Wastewater Treatment Facility Monthly Compliance Summary																							Toxicity	
	January-25								February-25								March-25								
	CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/100mL)		pH		
	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit		Avg.
	Halifax	67	31	50	25	5000	0	6.9	6.8	67	35	50	26	5000	0	6.9	6.9	67	33	50	26	5000	0		6.9
Dartmouth	50	34	40	39	5000	0	6.9	6.8	50	41	40	28	5000	0	6.9	6.8	50	36	40	45	5000	0	6.9	6.8	N/A*
Herring Cove	50	25	40	32	5000	>5000	6.9	6.9	50	33	40	32	5000	0	6.9	6.9	50	23	40	30	5000	0	6.9	6.9	N/A*
Eastern Passage	25	7	25	10	200	0	6.9	7.0	25	9	25	8	200	0	6.9	7.0	25	13	25	10	200	0	6.9	7.0	N/A*
Mill Cove	25	12	25	19	200	37	6.9	6.5	25	19	25	19	200	19	6.9	6.6	25	9	25	18	200	11	6.9	6.5	N/A*

*Acute toxicity reduction to annual granted by NSECC for Herring Cove, Eastern Passage and Mill Cove, reflecting WSER. Removal of acute toxicity sampling requirement for Dartmouth and Halifax, reflecting WSER Transitional Authorizations.

Wastewater Treatment Facility	Wastewater Treatment Facility Quarterly Compliance Summary																	
	January, February, and March 2025																	
	CBOD ₅ (mg/L)		TSS (mg/L)		E. coli (counts/ 100mL)		pH		Ammonia (mg/L)		Phosphorous (mg/L)		TRC (mg/L)		Dissolved Oxygen (mg/L)		Toxicity	
NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.	NSECC Limit	Avg.			
Springfield	20	4	20	7	200	14	6-9	6.9	-		-		-		-		-	
Frame	20	2	20	1	200	10	6-9	6.4	-		-		-		-		-	
Middle Musq.	20	6	20	4	200	14	6-9	7.2	-		-		-		-		-	
Uplands	20	5	20	17	200	64	6-9	6.6	-		-		-		-		-	
Aerotech	5	3	5	1	200	10	6-9	7.1	5.7 W 1.2 S	0.8	0.13	0.07	-		6.5	8.5	Not acutely lethal	
North Preston	10	3	10	3	200	10	6-9	6.8	3	0.1	1.5	0.4	-		-		-	
Lockview	20	9	20	9	200	35	6.5-9	6.8	8.0 S	2.2	1.2 S	0.7	-		-		-	
Steeves (Wellington)	20	2	20	4	200	10	6.5-9	7.1	14.4 S	0.1	1.0 S	0.2	-		-		-	
BLT	15	5	20	16	200	22	6-9	7.1	5 W 3 S	6	3 W 1 S	1	0.02 *	0.10	-		N/A**	

NOTES & ACRONYMS:

CBOD₅ - Carbonaceous 5-Day Biochemical Oxygen Demand

TSS - Total Suspended Solids

* TRC - Total Residual Chlorine - an accredited lab can only measure 0.10 mg/L residual; results of <0.1 mg/L are compliant

**Acute toxicity reduction to annual granted by NSECC for BLT, reflecting WSER.

BDL - Below Detection Limit

W / S - Winter / Summer compliance limits

NSECC requires monthly averages be less than the NSECC Compliance Limit for each parameter at Dartmouth, E'n Passage, Halifax, Herring Cove, Mill Cove

NSECC requires quarterly averages be less than the NSECC Compliance Limit for each parameter at Aerotech, Lockview, Middle Musquodoboit, Frame, BLT,

Uplands and Springfield Lake

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

NON-COMPLIANCE EXPLANATIONS:

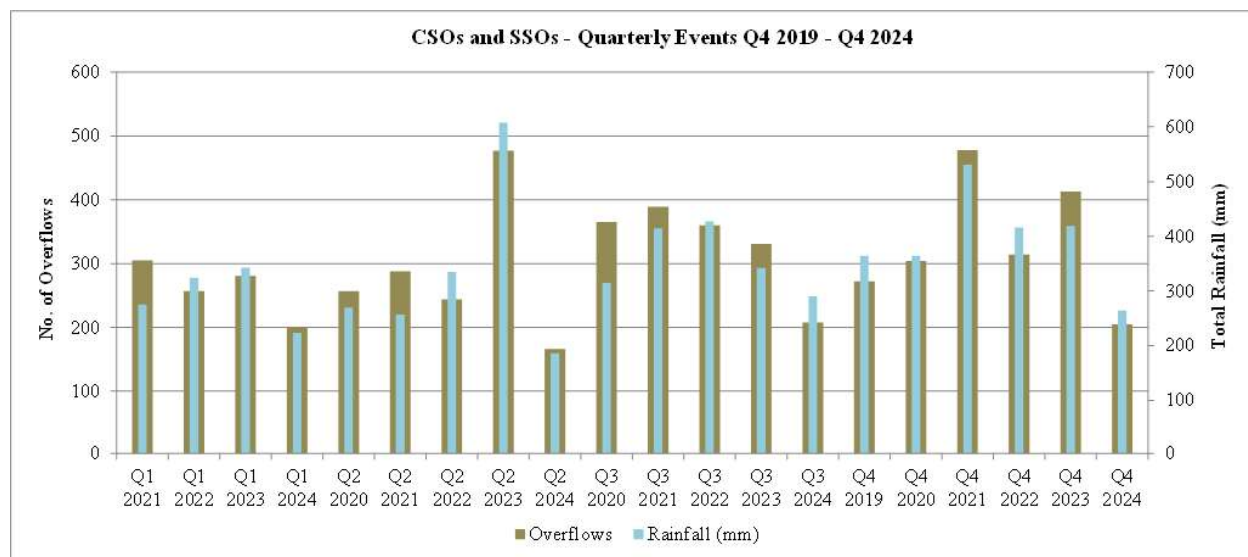
Dartmouth WWTF: Plant was negatively affected by wet weather (high flow) events causing dosing challenges and unsettled floc.

BLT WWTF: Total chlorine detect resulted from issues with dechlorination system. Ammonia non-compliance due to being down to one train. Although full treatment was provided, flows saw a reduced retention time while on one train and, coupled with lower temperatures, the bacterial inventory of the treatment process was impacted resulting in reduced ammonia removal.

Herring Cove WWTF: UV system inadvertently missed being turned on between Dec 25 and Jan 2. Corrective actions have been implemented.

LEGEND

	NSECC Compliant
	NSECC Non-Compliant



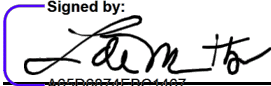
NOTES & ACRONYMS: CSO - Combined Sewer Overflow SSO - Sanitary Sewer Overflow

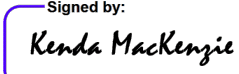
Rainfall data is from Halifax Water's rain gauge at the Halifax WWTF.

There were 11 overflows in Q4 beginning on days when there was no recorded rainfall, as follows:

1. January 29: The CSOs at Pier A PS & CSO and Sackville St CSO were authorized by ECCC.
2. January 30: The SSO at Herring Cove PS was due to a generator test at the pump station that unexpectedly sent the WWTF into interlock.
3. February 24: The CSOs at Wallace CSO were due to a blockage caused by debris.
4. February 26: The CSO at Wallace CSO was due to a blockage caused by debris.
5. March 3: The SSO at Herring Cove PS was due to mechanical issues of the pumps at the station.
6. March 14: The SSO at Herring Cove PS was due to mechanical issues of the pumps at the station.
7. March 17: The SSO at Herring Cove PS was due to mechanical issues of the pumps at the station.
8. March 29: The CSO at Melva St PS & CSO was due a malfunction of the overflow sensor.

TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board as Trustees of the Halifax Regional Water Commission Employees' Pension Plan

SUBMITTED BY: 
Signed by: A05D0074EBC1407...
Louis de Montbrun, CPA, CA, Director, Corporate Services / CFO

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

DATE: June 12, 2025

SUBJECT: Halifax Regional Water Commission Employees' Pension Plan Financial Report First Quarter 2025

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 First Quarter (January 1 to March 31, 2025). Favourable or unfavourable variances reported compare actual results to pro-rated budget amounts, for the three (3) month period ending March 31, 2025. Yearend audited results for 2023 and un-audited results for 2024 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 \$3.1 million for the three (3) month period ending March 31, 2025. The pro-

rated budget for the period forecasted an increase in net assets of \$3.5 million. Actual results for the period compared to the pro-rated budget result in an unfavourable variance of \$0.4 million.

The annual budget forecasted revenue of \$14.0 million. Revenue for the period is \$3.3 million, which when compared to the pro-rated revenue budget of \$3.5 million results in an unfavourable variance of \$0.2 million. Performance of the HRM Master Trust directly drives the revenue figures reported and the change in the fair value of investment assets tends to be more volatile compared to contributions and expenses of the Plan. Net investment income and changes in the fair market value of investment assets are both less than the pro-rated budget figures for the period.

Contributions of \$2.4 million are above the pro-rated budget of \$2.1 million by \$0.3 million. This results in a favourable variance of 18% and is due to the number of pays in the first quarter. (I.E., 7 of 26 pay periods paid in the first quarter which represents 27% of the years pays, compared to 25% of the annual budget.)

Expenses of \$2.6 million for the period are higher than the pro-rated budget of \$2.1 million by \$0.5 million or 26%. The main contributor to this variance is termination payouts which are higher than the pro-rated budget in the first quarter. Termination payments vary from quarter to quarter 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 First Quarter (January 1st to March 31, 2025) have been attached as Appendix D. The primary purpose of the service standard report is to report on the administrative compliance with the Pension Benefits Act of Nova Scotia (the "Act") respecting the timing of statements or notifications required under the Act, such as:

- Retirement statement to member;
- Notification of options to retiring member;
- Death benefits statement; and
- Statement on termination

A secondary purpose of the report is to provide performance reporting respecting the Plan's actuaries, for required deliverables based on pre-determined standards. These standards are internal in nature, and mutually agreed upon by the actuary and Halifax Water.

First Quarter results reported in Appendix D show, out of 1 request 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 6 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 4 out of 6 instances.

Performance of the actuary, also reported in Appendix D, shows out of 7 requests in total, the actuary met the pre-determined standard in all 7 instances, with average response times for retirement and termination calculation estimates of 5 days and 7 days respectively. The response time of the actuaries is continuously monitored to ensure required service standards are maintained. Halifax Water will be informed in advance of potential upcoming delays in response times.

ATTACHMENTS

APPENDIX A – Financial Report:

Statement of changes in net assets available for benefits, for the three (3)
month period ended March 31, 2025

APPENDIX B – Regulatory Filing Requirements – Q1 2025

APPENDIX C – Administrative Reporting Requirements – Q1 2025

APPENDIX D – Service Standards Report – Q1 2025

Halifax Regional Water Commission Employees' Pension Plan
Statement of changes in net assets available for benefits
For the three (3) month period ended March 31, 2025

Benchmark 25%

		March 31, 2025					
	2025 Budget	Actual	Prorated Budget 25%	Actual versus Budget Change		Actual (Un-audited) 2024	Actual (Audited) 2023
				\$	%		
Revenue							
Net investment income:							
Total investment income	\$3,900,000	\$884,475	\$975,000	(\$90,525)	(9%)	\$4,736,825	\$3,640,508
Investment manager fees	(\$470,000)	(\$213,280)	(\$117,500)	(\$95,780)	82%	(\$537,242)	(\$383,410)
Increase (decrease) in the fair value of investment assets	\$10,600,000	\$2,606,403	\$2,650,000	(\$43,597)	(2%)	\$22,807,009	\$11,981,675
	<u>\$14,030,000</u>	<u>\$3,277,598</u>	<u>\$3,507,500</u>	<u>(\$229,902)</u>	<u>(7%)</u>	<u>\$27,006,592</u>	<u>\$15,238,773</u>
Contributions							
Participants:							
Current service (including Additional Voluntary Contributions)	\$4,168,000	\$1,225,830	\$1,042,000	\$183,830	18%	\$4,221,091	\$4,384,560
Reciprocal Transfers	\$0	\$0	\$0	\$0	0%	\$49,611	
Sponsors:							
Current service	\$4,038,000	\$1,189,462	\$1,009,500	\$179,962	18%	\$4,096,790	\$3,588,545
	<u>\$8,206,000</u>	<u>\$2,415,292</u>	<u>\$2,051,500</u>	<u>\$363,792</u>	<u>18%</u>	<u>\$8,367,492</u>	<u>\$7,973,105</u>
Expenses							
Benefit payments:							
Benefit payments	\$6,139,000	\$1,506,859	\$1,534,750	(\$27,891)	(2%)	\$5,595,413	\$5,280,758
Termination payments	\$2,000,000	\$1,049,930	\$500,000	\$549,930	110%	\$2,479,967	\$1,470,618
Death benefit payments	\$0	\$0	\$0	\$0	n/a	\$0	\$296,728
Administrative:							
Actuarial & consulting fees	\$90,000	\$39,654	\$22,500	\$17,154	76%	\$131,549	\$77,631
Audit & accounting fees	\$9,200	\$3,473	\$2,300	\$1,173	51%	\$9,243	\$9,022
Bank custodian fees	\$34,000	\$7,983	\$8,500	(\$517)	(6%)	\$31,331	\$24,509
Insurance	\$11,130	\$0	\$2,783	(\$2,783)	(100%)	\$9,000	\$11,130
Miscellaneous	\$23,000	\$6,096	\$5,750	\$346	6%	\$22,510	\$25,170
Professional fees	\$44,000	\$24,663	\$11,000	\$13,663	124%	\$38,906	\$44,484
Registration fees	\$3,300	\$0	\$825	(\$825)	(100%)	\$3,178	\$2,935
Training (Trustees/ Administration/ Pension Committee)	\$2,000	\$0	\$500	(\$500)	(100%)	\$0	\$0
	<u>\$8,355,630</u>	<u>\$2,638,658</u>	<u>\$2,088,908</u>	<u>\$549,750</u>	<u>26%</u>	<u>\$8,321,097</u>	<u>\$7,242,985</u>
Increase in net assets available for benefits	<u>\$13,880,370</u>	<u>\$3,054,232</u>	<u>\$3,470,093</u>	<u>(\$415,860)</u>	<u>(12%)</u>	<u>\$27,052,987</u>	<u>\$15,968,893</u>
Net assets available for benefits, beginning of period	\$218,261,884	\$218,261,884				\$191,208,897	\$175,240,003
Increase (decrease) in net assets available for benefits	<u>\$13,880,370</u>	<u>\$3,054,232</u>				<u>\$27,052,987</u>	<u>\$15,968,893</u>
Net assets available for benefits, end of period	<u>\$232,142,254</u>	<u>\$221,316,116</u>				<u>\$218,261,884</u>	<u>\$191,208,897</u>

Expenses on this statement are reported on a cash basis.

Halifax Regional Water Commission Employees' Pension Plan
Regulatory Filing Requirements - 2025
as at March 31, 2025

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 18, 2025	DB Plan	Filed directly with the Trustee, Northern Trust, for the DB Plan.
			February 18, 2025	DC Plan	Filed directly with the Trustee, Industrial Alliance, for the DC Plan.
2 Pension Plan Income Tax Return (T3)	Canada Revenue Agency	March 31st	March 27, 2025	DB Plan	CRA requires Northern Trust as the custodian to prepare and file T3 Income Tax Returns each year. Information obtained from HRM Pension Plan office.
3 Pension Plan Audited Financial Statements	Superintendent of Pensions	6 months after the Plan's fiscal year end	July 23, 2024	DB Plan	2023 audited financial statements were approved by the Halifax Water Board on June 20, 2024. Financial statements were signed at Halifax Water's Annual General Meeting on July 11th and submitted to the Superintendent of Pensions on July 23rd. (Superintendent is notified by letter each year that the financial statements may be later than June 30th due to timing of the Board meeting and subsequent signing of the statements.) 2024 audited financial statements will be filed once approved
			June 19, 2024	DC Plan	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 19, 2024	DB Plan	Annual Information Return will be filed in June 2025
			June 19, 2024	DC Plan	Annual Information Return will be filed in June 2025
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, 2025 and will be filed with the Superintendent of Pensions and CRA in September 2025 by Eckler.
6 Plan Amendments	Superintendent of Pensions Canada Revenue Agency	60 days after the amendment approved by the Board	September 23, 2022 September 23, 2022	DB Plan	Plan Rules were Amended and Consolidated effective January 1, 2021 and approved by the Halifax Water Board on January 27, 2022. 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	DC Plan	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 - 2025
as at December 31, 2025

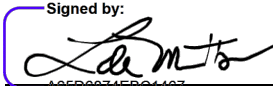
Report	Filing Deadline/ Recurrence	Date last filed/ Performed		Comments
1 Pensioners' Payroll	Monthly	June 1, 2025		Pensioners are paid the 1st of each month; no exceptions to report for the First Quarter of 2025.
2 Contributions to the Trustee	Monthly	May 20, 2025	DB Plan	Remittances due to Northern Trust within 30 days of month end; no exceptions to report for the First Quarter 2025.
		January 15, 2025	DC Plan	Remittances due to Northern Trust within 30 days of month end; no exceptions to report for the First Quarter 2025.
		n/a	Notional Agreement*	Contributions are not made to an external trustee or custodian. Liability plus interest is recorded by Halifax Water annually on the corporate financial statements.
3 Pension Plan Financial Statements	Quarterly	June 19, 2025	DB Plan	First Quarter (January - March 2025)
		March 27, 2025	DC Plan	Quarterly statements are not prepared for the Defined Contribution (DC) Plan. A financial report is prepared by Industrial Alliance which is filed with the Annual Information Return (AIR) to the regulator. The 2024 report was provided to the Halifax Water Board on March 27, 2025.
		n/a	Notional Agreement*	Financial statements not required.
4 Investment Performance Review & Compliance with SIP&P	Quarterly	June 19, 2025	DB Plan	Fourth Quarter 2025 (January - December) 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 12, 2024.
5 Annual Pension Statements to Members	June 30th	June 24, 2024	DB Plan	Statements issued annually by June 30
		June 24, 2024	DC Plan	Statements issued annually in conjunction with the Defined Benefit (DB) Plan statements. Members also have access to online, real-time reporting.
		June 24, 2024	Notional Agreement*	Statements issued annually in conjunction with the DB Plan statements.
6 Fiduciary Liability Insurance	Annually	October 31, 2024	DB Plan	Reviewed and renewed annually. The Policy period expires November 30 each year.


* Notional Agreements were implemented during 2017 with an effective date for January 1, 2017. Notional Agreements are not registered therefore not subject to reporting requirements to a regulatory body.

Halifax Regional Water Commission Employees' Pension Plan
Service Standards Report - 2025

Quarter 1 (as at March 31, 2025)									
Transaction	Actuary					HW Staff			
	Standard	Total # Completed	# Past Standard	% within Standard	Average Service Days	Total # Completed	Average Service Days	Total Average Service Days	Compliance with PBA
Retirement Estimates	11 Business Days	1	0	100%	5	1	15	20	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	6	0	100%	7	6	46	53	Yes
- Non Standard (Incl RTAs)	15 Business Days								
Total for Actuary		7	0	100%	6	7	31	37	

TO: John MacPherson, K.C., Chair and Members of the Halifax Regional Water Commission Board as Trustees of the Halifax Regional Water Commission Employees' Pension Plan

SUBMITTED BY: 
Signed by: _____
A05D0074EDC1407...
Louis de Montbrun, CPA, CA, Director, Corporate Services / CFO

APPROVED: 
Signed by: _____
0C064AC613794F0...
Kenda MacKenzie, P.Eng., CEO & General Manager

DATE: June 12, 2025

SUBJECT: Halifax Regional Municipality Master Trust Investment Performance First Quarter 2025

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 First Quarter of 2025 (January to March) for the Master Trust, of which Halifax Regional Water Commission Employees' Pension Plan (the "Plan") is a part. The fair value of the investment in the Master Trust is determined and updated at year-end, and the Plan's share in the Master Trust at December 31, 2024 was 6.66%, totaling \$217.0 million. (189.4)

The Master Trust earned 1.46% in the First Quarter, which outperformed the First Quarter policy benchmark of 0.74% by 0.72%. The return for the 1-year period ended March 31, 2025, was 10.76%, underperforming the 1-year policy benchmark of 10.79% by 0.03%. Other historical returns are provided in Table 1 below.

Table 1 – Returns

	Current				
	Quarter (Jan - Mar)	1-Year	3 - Year Annualized	4 - Year Annualized	Inception To Date
Fund Return	1.46%	10.76%	9.08%	8.56%	7.41%
Policy Benchmark	0.74%	10.79%	9.02%	7.45%	6.04%
Excess Return	0.72%	-0.03%	0.05%	1.11%	1.37%

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

As at March 31, 2025, the Master Trust was in compliance with the Statement of Investment Policies and Procedures (SIP&P).

ATTACHMENT

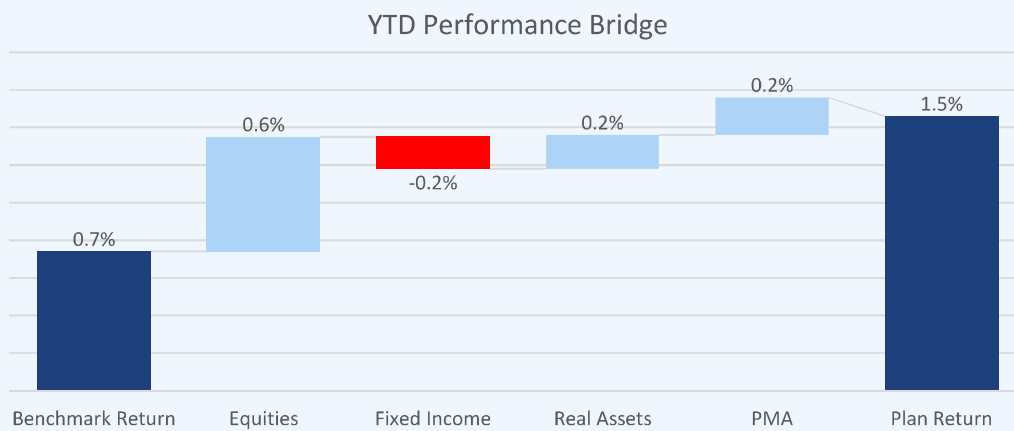
Attachment 1 – HRM Master Trust Investment Performance Q1 2025

Attachment 2 – HRM Master Trust Investment Risk & Analytical Services Q1 2025

Plan Performance

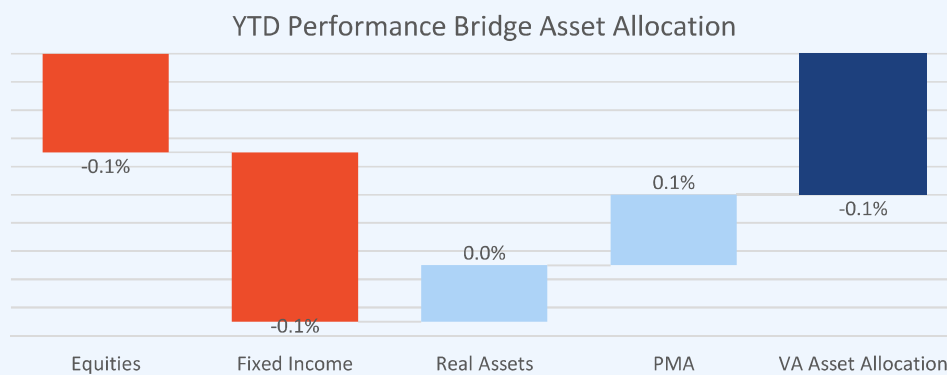
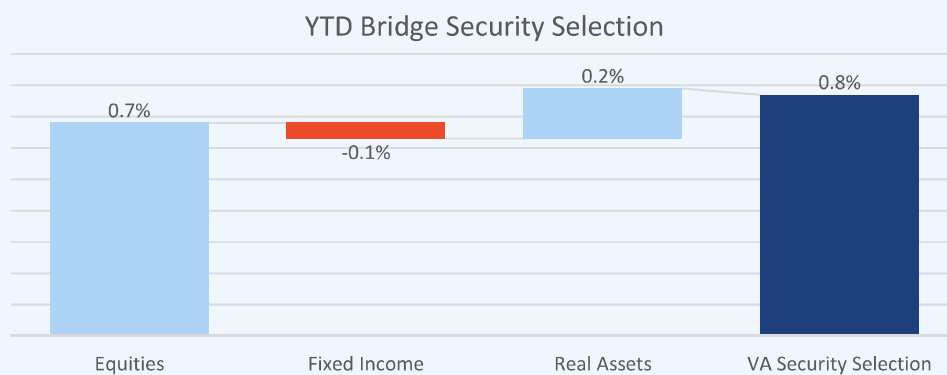
Total Plan Performance

	Q1	1 Year	5 Year	10 Year
Total Plan	1.5%	10.8%	9.8%	7.8%
Benchmark	0.7%	10.8%	8.9%	6.5%
Value Add	0.8%	0.0%	0.9%	1.3%



Note: Bridge returns for each asset class are the relative asset allocation and relative security selection returns. HRM Operating account, and residual effects are included within fixed income for total performance purposes.
 Note: Total Plan Benchmark and breakdown is provided in the Appendix

Total Plan Performance – Full Attribution





HRM Master Trust

Investment Risk & Analytical Services

March 31, 2025

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SECTION 1

HRM Master Trust

Investment Risk & Analytical Services

March 31, 2025

Market Overview

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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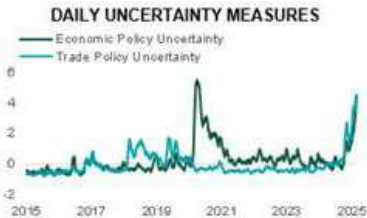
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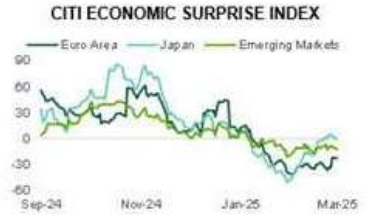
Uncertainty is the Word of the Day

Policy uncertainty was the main surprise for the investor community in the first quarter. Trade policy was the focal point with potential widespread implications for both global trade and geopolitical relations. Trade policy announcements were more severe than expected and multiples of magnitude higher than the 2018 trade episode in Trump’s first term. Adding to complexity, the uncertainty has been multi-layered with regard to the timing, exact policy details, how long policies will remain in place and their ultimate expected economic impact



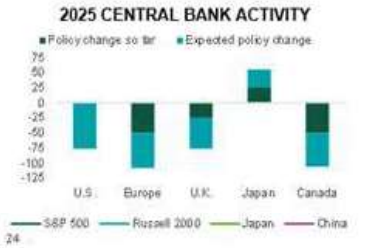
U.S. Economy Gives Up Some Ground

The U.S. economy remained on decent footing in 1Q. However, policy uncertainty weighed on survey-related economic data, with perceived risks around lower growth and higher inflation. This helped lead to fading U.S. economic momentum versus non-U.S. peers – an advantage over the better part of the last two years. While soft data can be overly influenced by recent events and is not necessarily predictive, key questions remain around how lower confidence translates to economic activity via consumer and corporate behavior



Central Banks Still Cutting Rates

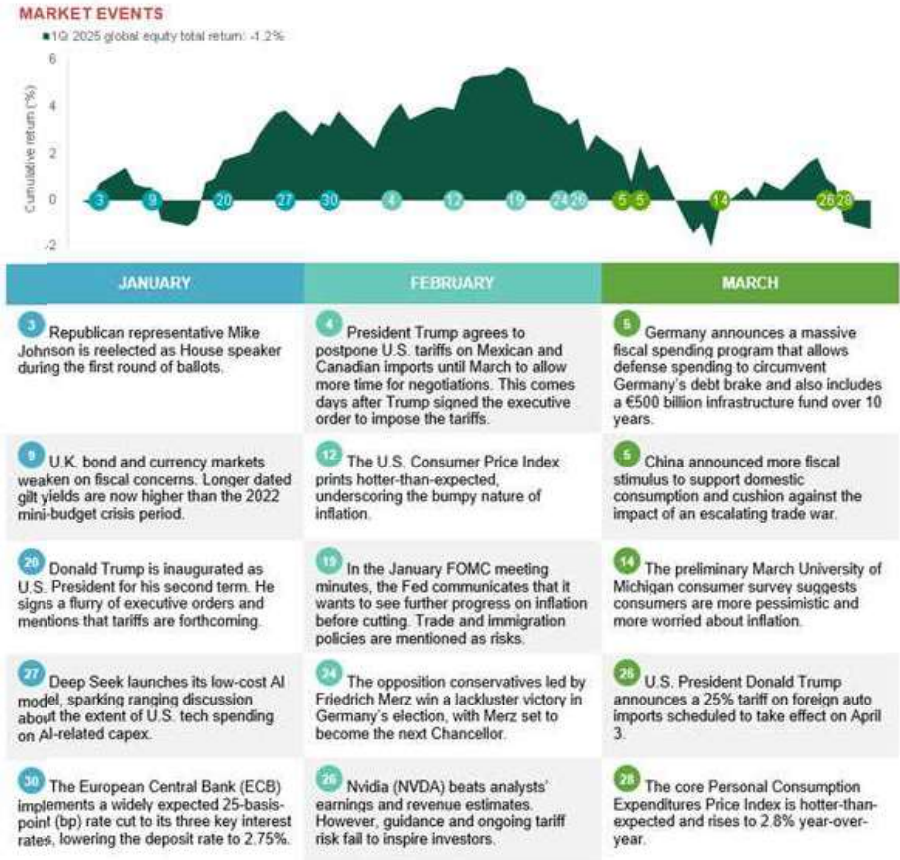
The central bank reaction functions have varied somewhat globally though with most major developed market central banks still on course to gradually ease policy aside from the Bank of Japan. Central banks have largely shied away from offering direct guidance in relation to rising uncertainty, while generally placing more emphasis on downside growth risks relative to upside inflation risks. The Federal Reserve left policy unchanged in the quarter, while the European Central Bank cut twice and the Bank of England cut once



U.S. Equities Lag in the Quarter

The biggest shift in the market backdrop was the underperformance of the U.S. equity markets versus the rest of the world. The confluence of a less-positive outlook for U.S. megacap tech following Deep Seek I news and broader U.S. policy uncertainty led to notable headwinds for U.S. indexes. U.S. equities reached a 10% correction from mid-February through mid-March while non-U.S. equities were closer to flat. European equities outpaced the U.S. by 15% in the quarter – one of the largest quarters of outperformance on record





Indexes used: Bloomberg (BBG) 1-3 Month UST (Cash); BBG Municipal (Muni); BBG Aggregate (Inv. Grade); BBG TIPS (TIPS); BBG 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)

MARKET OVERVIEW - FIRST QUARTER 2025

PROVIDED BY NORTHERN TRUST ASSET MANAGEMENT

NAVIGATING UNCERTAINTY

Policy spillovers. One of the key known unknowns heading into this year was the extent to which U.S. government policies would shape the macroeconomic landscape. Unfortunately, the policies perceived to be less economically-supportive dominated the narrative in the first quarter, while the potentially more growth-additive policies (e.g., tax cuts, deregulation) were put on the backburner. Specifically, there remains an elevated amount of uncertainty surrounding the outcome of trade policy. In addition to the uncertainty drag, consensus tariff expectations have repriced to levels that resemble the risk case scenario of some initial forecasts. Beyond trade, policy risk from federal layoffs and reduced immigration have added to growth concerns. The net result has been an unfavorable mix of lower growth and higher inflation expectations incorporated into U.S. consensus estimates. Nonetheless, forecasts for real growth in 2025 exited the quarter around 1.5% and included an expectation for continued easing from the Fed. While the policy spillover into U.S. forecasts was incrementally negative, more positive developments resulted abroad. At risk of less support from the U.S., Germany executed unexpected fiscal reform that lifts the debt brake for defense spending and includes a €500 billion infrastructure fund. At the same time, China has taken a more proactive approach toward stimulating domestic demand as well as more positively engaging with the private sector. While risk of negative tariff shocks remain high, Europe and China made incrementally positive strides during the quarter.

Good quarter for diversification. First quarter financial market returns were generally positive aside from losses in U.S. equities. The market backdrop at the onset of the quarter looked quite different from February and March as late-January Deep Seek AI news jolted markets followed by policy uncertainty taking center stage by early February. These impacts were most pronounced in U.S. equities as the S&P 500 quickly corrected by 10% from mid-February through mid-March. Underlying equity market dynamics shifted with the Magnificent 7 group a large drag (six of the seven were down more than 10%) and more defensive parts of the market leading the way. Despite Mag 7 weakness, broader U.S. equities held up reasonably well with the equal-weighted S&P 500 down only 1% and defensive sectors posting mid-single-digit gains. More notable was the strong performance in Europe and to a lesser extent, emerging markets. Europe equities outpaced the U.S. by about 15% in dollar terms. Both regions benefited from a rebound off a weaker starting point versus the U.S. The historic pivot in German fiscal policy was a major boost for Europe with aerospace & defense companies up 30%-plus for the quarter. For emerging markets, China was a key driver, as heavyweight tech companies were a key source of strength. On the fixed income side, after rising early on, interest rates moved lower for the quarter while credit spreads widened. This led to modest positive total returns for broader fixed income indexes. Real assets generally outperformed global equities, with stronger performance in natural resources and global listed infrastructure.

FIRST QUARTER 2025 TOTAL RETURNS (%)

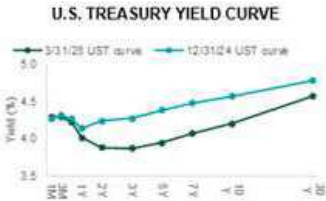
Most asset classes ended the quarter modestly higher despite losses in the U.S. equity markets.



Source: Northern Trust Asset Management, Bloomberg. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

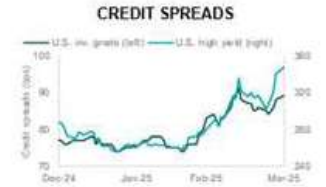
Interest Rates

Policy uncertainty weighed on U.S. interest rates. Most of the move in longer-end Treasury yields was driven by lower real yields as market-based inflation expectations were mostly stable. These moves were not consistent globally. In fact, fiscal reform pushed up longer-end real yields in the Euro Area, while yields in Japan continued to rise. Globally, uncertainty was a consistent theme across central bank communications. The Fed slowed the pace of quantitative tightening while opting to leave rates unchanged with a dovish forward-looking posture.



Credit Markets

Investment grade (IG) spreads widened 12 bps to 0.89%. High yield (HY) spreads widened 60 bps to 3.47%. Weakness within HY was led by lower-rated credits, which marks a reversal from recent years in which lower-quality credits outperformed. However, overall credit fundamentals were mostly unchanged and spreads still remain below long-term averages. From a return lens, both IG and HY fixed income were positive with support from income yields. For diversified investors, most bonds helped buffer U.S. stock losses.



Equities

A significant shift in regional leadership trends left global equities down a percent. In dollar terms, Europe returned around 15% more than the U.S., while local currency returns were lower but still strong. China outperformed the U.S. by around 20% on fiscal support and a tech sector revival. U.S. exceptionalism is under pressure after the S&P 500 Index lost 4% and entered a 10% correction. Tech, growth and cyclical stocks produced outsized drag on overall index returns. The equal-weighted S&P index was down about 1%.



Real Assets

Real assets were another area of the market that provided diversification from U.S. equity market losses. Natural resources led the way with a 7% gain during the quarter, followed by listed infrastructure (+5%) and positive performance from global real estate (+1%) that was sensitive to interest rate movements. Gold made new highs with a 19% gain in the quarter, which brings its trailing one-year return to 40%. Inflation, a weaker U.S. dollar, economic uncertainty and central banks continuing to add to gold reserves were key supports.



Investment Hierarchy

Account/Group	Ending Market Value CAD	Ending Weight	% Rate of Return									Inception to Date	Inception Date
			One Month	Three Months	Year to Date	One Year	Three Years	Four Years	Ten Years				
HRM Master Trust	3,298,011,361	100.00	-0.40	1.46	1.46	10.76	9.08	8.56	7.85	7.41	09/30/1999		
HRM Policy Benchmark			-1.59	0.74	0.74	10.79	9.02	7.45	6.48	6.04	09/30/1999		
Excess Return			1.19	0.72	0.72	-0.03	0.05	1.11	1.37	1.37	09/30/1999		
HRM Total Equity	1,602,796,814	48.60	-1.53	1.09	1.09	13.65	10.10	8.72	-	8.91	12/31/2015		
HRM Total Equity Benchmark			-3.24	-0.13	-0.13	13.89	11.36	9.90	-	10.07	12/31/2015		
Excess Return			1.71	1.22	1.22	-0.24	-1.26	-1.18	-	-1.16	12/31/2015		
HRM Cdn Equity	119,266,632	3.62	-1.41	1.32	1.32	15.11	8.20	10.57	5.78	5.77	03/31/2006		
S&P/TSX Composite			-1.51	1.51	1.51	15.81	7.77	10.75	8.54	6.99	03/31/2006		
Excess Return			0.09	-0.19	-0.19	-0.71	0.44	-0.17	-2.76	-1.22	03/31/2006		
Blackrock	44,855,118	1.36	-1.51	1.51	1.51	15.80	8.60	10.98	8.67	9.05	12/31/2003		
S&P/TSX Composite			-1.51	1.51	1.51	15.81	7.77	10.75	8.54	8.39	12/31/2003		
Excess Return			-0.00	0.00	0.00	-0.01	0.83	0.24	0.13	0.66	12/31/2003		
EdgePoint	70,167,484	2.13	-1.66	-0.06	-0.06	14.12	-	-	-	14.09	03/14/2024		
S&P/TSX Composite			-1.51	1.51	1.51	15.81	-	-	-	16.93	03/14/2024		
Excess Return			-0.16	-1.56	-1.56	-1.70	-	-	-	-2.83	03/14/2024		
P2P Holdings	4,244,030	0.13	4.03	28.06	28.06	19.27	12.05	10.00	-	-17.29	02/03/2017		
S&P/TSX Composite			-1.51	1.51	1.51	15.81	7.77	10.75	-	9.30	02/03/2017		
Excess Return			5.54	26.56	26.56	3.46	4.29	-0.75	-	-26.59	02/03/2017		
HRM Global Equity	976,041,138	29.59	-2.94	0.45	0.45	14.79	-	-	-	19.89	12/31/2022		
HRM Custom Global Equity Index			-3.75	-0.52	-0.52	12.61	-	-	-	19.00	12/31/2022		
Excess Return			0.80	0.98	0.98	2.18	-	-	-	0.90	12/31/2022		
AB EDHEC	160,036,618	4.85	-2.91	1.34	1.34	12.66	12.12	10.68	-	9.70	12/31/2015		
MSCI World ND			-4.54	-1.72	-1.72	13.84	12.79	11.94	-	11.11	12/31/2015		
Excess Return			1.63	3.07	3.07	-1.18	-0.67	-1.26	-	-1.41	12/31/2015		
Blackrock Global Alpha Advanta	175,671,399	5.33	-3.67	-0.01	-0.01	16.75	17.71	-	-	14.94	05/25/2021		
MSCI ACWI ND			-4.04	-1.25	-1.25	13.96	12.09	-	-	10.79	05/25/2021		
Excess Return			0.37	1.24	1.24	2.79	5.63	-	-	4.15	05/25/2021		
Blackrock MSCI Small Cap	2,822	0.00	-1.85	-1.47	-1.47	8.16	7.60	-	-	5.80	05/19/2021		
MS Wld Small Cap Net Index			-3.85	-3.66	-3.66	6.08	6.46	-	-	4.93	05/19/2021		
Excess Return			2.01	2.19	2.19	2.08	1.13	-	-	0.86	05/19/2021		
Blackrock MSCI World Passive	184,999,880	5.61	-4.50	-1.58	-1.58	14.22	13.21	-	-	13.10	05/12/2021		
MSCI World ND			-4.54	-1.72	-1.72	13.84	12.79	-	-	12.69	05/12/2021		
Excess Return			0.04	0.14	0.14	0.38	0.42	-	-	0.41	05/12/2021		

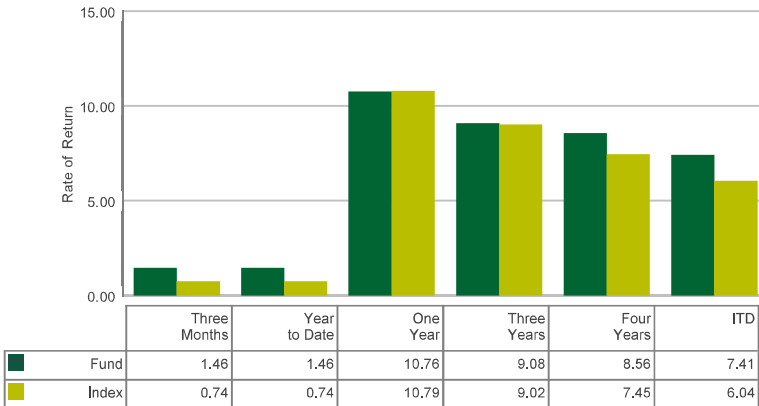
Account/Group	Ending Market Value CAD	Ending Weight	% Rate of Return								Inception to Date	Inception Date
			One Month	Three Months	Year to Date	One Year	Three Years	Four Years	Ten Years			
CC&L - GLOBAL SMALL CAP	48,976,200	1.49	-	-	-	-	-	-	-	-3.03	03/20/2025	
MSCI ACWI Sm Cap Net			-	-	-	-	-	-	-	-2.27	03/20/2025	
Excess Return			-	-	-	-	-	-	-	-0.76	03/20/2025	
Global Alpha	60,276,311	1.83	-2.51	-3.37	-3.37	7.70	6.19	-	-	5.97	03/09/2022	
MS Wld Small Cap Net Index			-3.85	-3.66	-3.66	6.08	6.46	-	-	6.95	03/09/2022	
Excess Return			1.35	0.29	0.29	1.62	-0.28	-	-	-0.98	03/09/2022	
Marathon International Equity	86,737,542	2.63	-0.74	6.23	6.23	11.91	11.50	-	-	7.45	05/28/2021	
MSCI EAFE ND			-0.49	6.94	6.94	11.55	11.18	-	-	8.06	05/28/2021	
Excess Return			-0.25	-0.71	-0.71	0.37	0.32	-	-	-0.62	05/28/2021	
Mawer International Equity	98,164,614	2.98	1.12	10.04	10.04	17.88	12.17	7.68	-	7.72	02/28/2021	
MSCI ACWI ex USA ND			-0.32	5.31	5.31	12.83	9.54	6.51	-	6.51	02/28/2021	
Excess Return			1.44	4.73	4.73	5.05	2.63	1.18	-	1.22	02/28/2021	
Wellington US Equity	161,175,752	4.89	-3.87	-2.73	-2.73	20.48	15.22	15.59	14.24	14.76	04/30/2011	
HRM US Equity			-5.72	-4.20	-4.20	15.13	14.34	14.07	13.17	13.36	04/30/2011	
Excess Return			1.85	1.47	1.47	5.35	0.88	1.52	1.07	1.39	04/30/2011	
HRM Emerging Markets	116,350,175	3.53	2.03	5.27	5.27	12.53	7.78	0.78	4.60	5.56	09/30/2010	
MSCI Emerging Markets ND			0.54	3.00	3.00	14.96	6.35	1.46	5.04	5.02	09/30/2010	
Excess Return			1.49	2.27	2.27	-2.43	1.43	-0.68	-0.44	0.54	09/30/2010	
CC&L Emerging Markets	61,989,024	1.88	0.90	3.34	3.34	19.87	-	-	-	-	12/31/2022	
MSCI Emerging Markets ND			0.54	3.00	3.00	14.96	-	-	-	12.02	12/31/2022	
Excess Return			0.36	0.34	0.34	4.91	-	-	-	-	12/31/2022	
Trinetra Emerg Mrkts Grwth Fnd	54,361,151	1.65	3.35	7.55	7.55	6.69	3.93	-1.42	-	3.14	08/31/2017	
MSCI Emerging Markets ND			0.54	3.00	3.00	14.96	6.35	1.46	-	4.45	08/31/2017	
Excess Return			2.80	4.55	4.55	-8.27	-2.42	-2.88	-	-1.31	08/31/2017	
HRM Private Equity	391,138,869	11.86	1.12	1.49	1.49	10.09	10.60	17.95	17.17	19.00	09/30/2011	
HRM PE Benchmark			-4.37	-1.23	-1.23	16.09	18.84	15.62	9.96	9.06	09/30/2011	
Excess Return			5.49	2.72	2.72	-6.00	-8.23	2.33	7.22	9.94	09/30/2011	
Private Equity	391,138,869	11.86	1.12	1.49	1.49	10.09	10.60	17.95	17.17	19.00	09/30/2011	
HRM Total Fixed Income	674,207,713	20.44	-0.38	1.26	1.26	6.21	3.75	2.43	-	3.34	12/31/2015	
HRM FI Benchmark			-0.12	1.43	1.43	7.09	3.86	2.28	-	2.23	12/31/2015	
Excess Return			-0.26	-0.17	-0.17	-0.88	-0.11	0.16	-	1.11	12/31/2015	
Cash and Cash Equivalents	24,955,611	0.76	1.31	1.84	1.84	6.21	4.97	3.17	2.72	4.47	03/31/2009	
HRM Canadian 91 Day T-Bill			0.27	0.83	0.83	4.49	-	-	-	-	03/31/2009	
Excess Return			1.04	1.01	1.01	1.72	-	-	-	-	03/31/2009	

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
Lincluden CDOR	24,955,611	0.76	1.31	1.84	1.84	6.21	4.96	3.75	2.33	2.22	12/31/2013
Canadian 91 Day T-Bill (CAD)			0.27	0.83	0.83	4.49	4.04	3.09	1.77	1.67	12/31/2013
Excess Return			1.04	1.01	1.01	1.72	0.92	0.66	0.56	0.55	12/31/2013
Global Credit	76,562,415	2.32	0.07	1.31	1.31	5.96	3.78	-	-	3.78	03/31/2022
Global Credit Custom Benchmark			0.11	1.30	1.30	5.42	3.22	-	-	3.22	03/31/2022
Excess Return			-0.04	0.00	0.00	0.54	0.56	-	-	0.56	03/31/2022
AB Global Credit	76,562,415	2.32	0.07	1.31	1.31	5.96	3.78	2.44	2.91	4.95	03/31/2009
Global Credit Custom Benchmark			0.11	1.30	1.30	5.42	3.22	-	-	-	03/31/2009
Excess Return			-0.04	0.00	0.00	0.54	0.56	-	-	-	03/31/2009
North American Credit	231,482,668	7.02	-1.08	0.59	0.59	7.00	5.73	4.90	-	6.26	12/31/2015
HRM Custom Corporate Benchmark			0.17	1.74	1.74	8.58	4.12	1.93	-	3.11	12/31/2015
Excess Return			-1.25	-1.15	-1.15	-1.58	1.61	2.97	-	3.16	12/31/2015
Canso	99,147,165	3.01	-1.51	-0.15	-0.15	6.52	5.67	4.90	6.92	8.02	02/28/2010
FTSE TMX Corporate Bond IDX			-0.05	1.81	1.81	8.84	4.38	2.12	2.86	3.95	02/28/2010
Excess Return			-1.46	-1.97	-1.97	-2.32	1.29	2.78	4.06	4.08	02/28/2010
HRM Corporate Debt	132,335,503	4.01	-0.75	1.16	1.16	7.38	5.87	4.86	5.21	6.36	01/31/2014
FTSE TMX Short Corp BD IDX			0.27	1.60	1.60	8.04	4.77	2.67	2.67	2.80	01/31/2014
Excess Return			-1.02	-0.44	-0.44	-0.66	1.09	2.20	2.54	3.55	01/31/2014
Government Bonds	222,873,066	6.76	-0.35	2.33	2.33	7.59	2.23	0.60	-	1.90	12/31/2015
FTSE TMX Government Univers			-0.36	2.09	2.09	7.25	1.86	0.21	-	1.55	12/31/2015
Excess Return			0.01	0.24	0.24	0.34	0.37	0.40	-	0.35	12/31/2015
Lincluden Gov't	123,146,419	3.73	-0.38	2.15	2.15	6.56	2.07	0.45	1.62	2.55	08/31/2013
FTSE TMX Government Univers			-0.36	2.09	2.09	7.25	1.86	0.21	1.38	2.41	08/31/2013
Excess Return			-0.02	0.06	0.06	-0.68	0.21	0.24	0.24	0.14	08/31/2013
Wellington Bond Overlay	99,726,647	3.02	-0.31	2.55	2.55	8.89	2.31	0.70	1.85	2.54	08/31/2012
FTSE TMX Government Univers			-0.36	2.09	2.09	7.25	1.86	0.21	1.38	2.05	08/31/2012
Excess Return			0.05	0.46	0.46	1.64	0.45	0.49	0.47	0.49	08/31/2012
Private Debt	118,333,953	3.59	0.48	0.67	0.67	2.27	4.80	8.18	7.85	0.85	12/31/2011
HRM PD Benchmark			-0.49	0.39	0.39	7.01	9.50	8.74	7.29	7.10	12/31/2011
Excess Return			0.96	0.28	0.28	-4.74	-4.71	-0.55	0.56	-6.25	12/31/2011
Private Debt	118,333,953	3.59	0.48	0.67	0.67	2.27	4.80	8.18	7.85	0.85	12/31/2011
HRM Real Assets	884,136,129	26.81	1.59	2.37	2.37	10.74	10.95	11.44	-	11.18	08/31/2020
HRM Real Asset BM			0.62	1.86	1.86	8.39	-	-	-	-	08/31/2020
Excess Return			0.97	0.51	0.51	2.35	-	-	-	-	08/31/2020

			% 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	
Infrastructure	412,165,665	12.50	2.07	3.80	3.80	14.76	16.14	14.24	10.12	18.03	06/30/2011	
HRM Infrastructure Index			0.62	1.86	1.86	8.39	8.61	9.44	7.82	7.46	06/30/2011	
Excess Return			1.45	1.94	1.94	6.37	7.53	4.80	2.30	10.57	06/30/2011	
Infrastructure	412,165,665	12.50	2.07	3.80	3.80	14.76	16.14	14.24	10.12	18.03	06/30/2011	
Real Estate	471,970,464	14.31	1.17	1.10	1.10	7.29	6.90	9.46	10.91	10.67	09/30/2011	
HRM Real Estate Index			0.62	1.86	1.86	8.39	8.61	9.44	7.82	7.45	09/30/2011	
Excess Return			0.55	-0.76	-0.76	-1.09	-1.71	0.02	3.09	3.22	09/30/2011	
Real Estate	471,970,464	14.31	1.17	1.10	1.10	7.29	6.90	9.46	10.91	10.67	09/30/2011	
Public Market Alternatives	111,761,655	3.39	1.54	2.04	2.04	10.11	7.26	-	-	6.99	02/28/2022	
Canadian 91 Day T-Bill +3%			0.52	1.57	1.57	7.62	7.77	-	-	7.68	02/28/2022	
Excess Return			1.02	0.47	0.47	2.50	-0.51	-	-	-0.69	02/28/2022	
Public Market Alternatives	111,761,655	3.39	1.54	2.04	2.04	10.11	7.26	-	-	6.99	02/28/2022	
Canadian 91 Day T-Bill +3%			0.52	1.57	1.57	7.62	7.77	-	-	7.68	02/28/2022	
Excess Return			1.02	0.47	0.47	2.50	-0.51	-	-	-0.69	02/28/2022	
HRM Operating	25,109,051	0.76	-	-	-	-	-	-	-	-	12/31/2015	
Operating Account	25,109,051	0.76	-	-	-	-	-	-	-	-	03/31/2004	

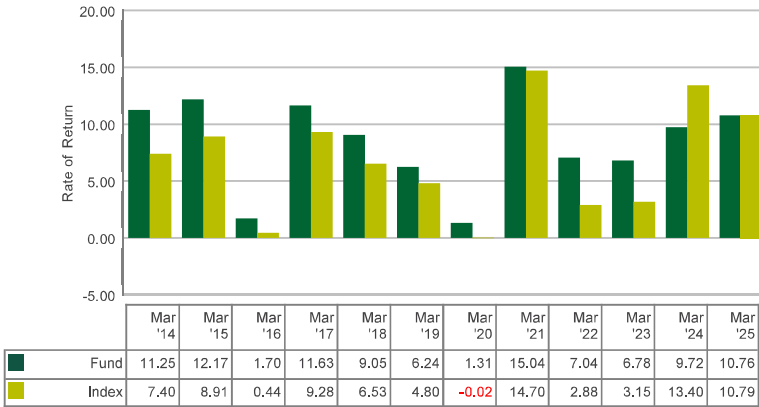
Executive Summary

HRM MASTER TRUST TOTAL FUND NET OF FEES



Index: HRM Policy Benchmark

HRM MASTER TRUST ROLLING YEARS TOTAL FUND NET OF FEES

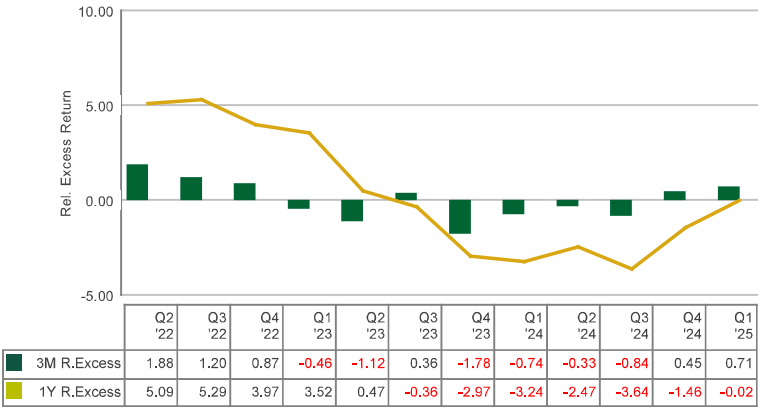


Index: HRM Policy Benchmark

RISK STATISTICS	3 Mos	1 Yr	4 Yrs
Return	1.46	10.76	8.56
Index Return	0.74	10.79	7.45
Excess Return	0.72	-0.03	1.11
Standard Deviation	-	3.12	4.51
Index Standard Deviation	-	4.55	5.79
Tracking Error	-	1.89	2.50
Information Ratio	-	-0.01	0.44
Sharpe Ratio	-	1.74	1.28
Index Sharpe Ratio	-	1.20	0.81
Jensen's Alpha	-	1.79	2.33
Relative Volatility (Beta)	-	0.64	0.71
R Squared	-	0.89	0.82
Beginning MV (in 000s)	3,257,857	2,992,180	2,430,693
Net Contributions (in 000s)	-7,108	-14,722	-61,656
Income (in 000s)	11,446	73,765	233,696
Appreciation (in 000s)	35,815	246,788	695,279
Ending MV (in 000s)	3,298,011	3,298,011	3,298,011

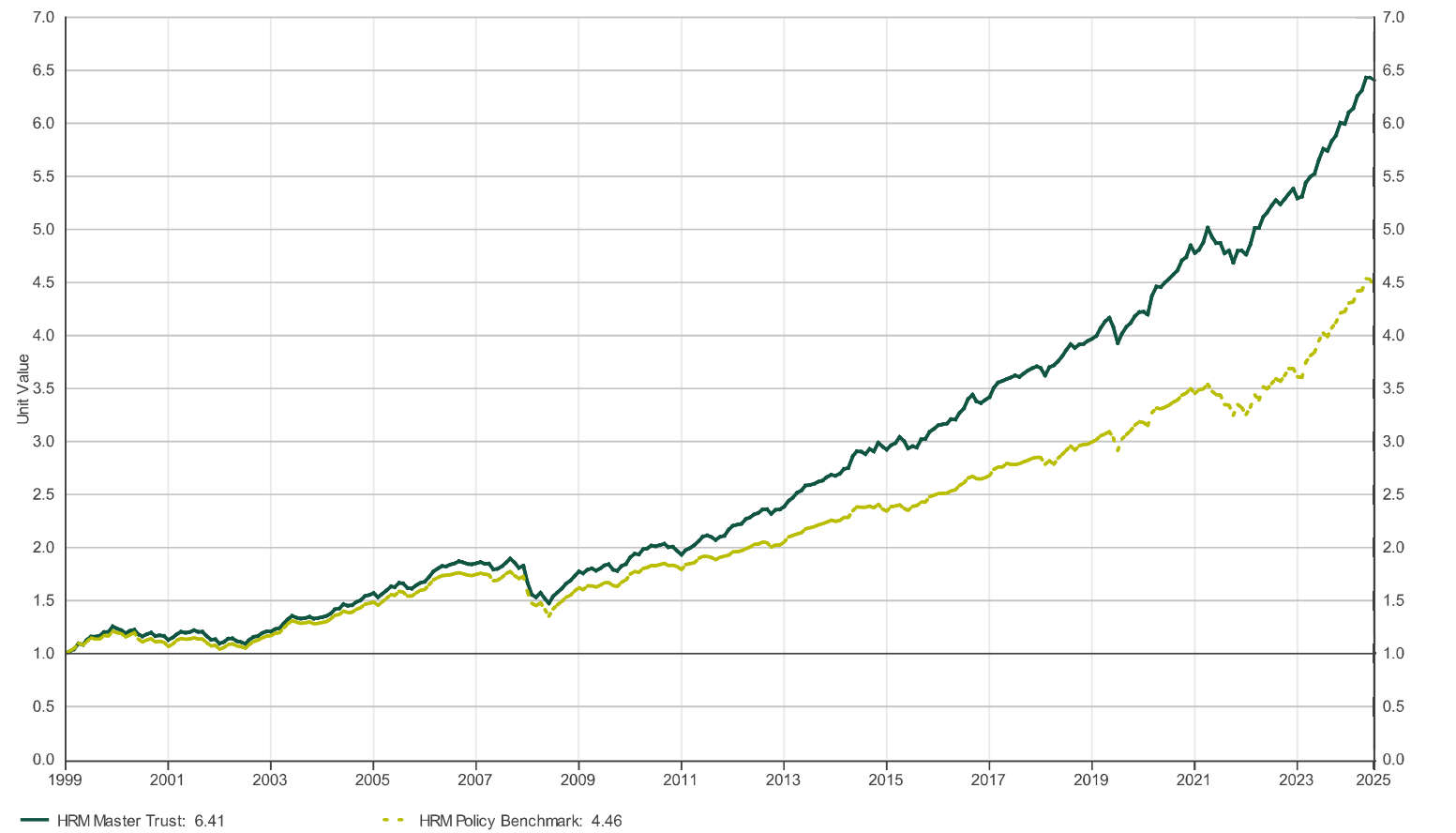
Index: HRM Policy Benchmark. Risk Free Index: JP Morgan 3 month Cash (CAD)
Category: Total Fund Net of Fees. Calculation Frequency: Monthly

HRM MASTER TRUST ROLLING QUARTERS TOTAL FUND NET OF FEES



Index: HRM Policy Benchmark

Growth Over Time - Inception to Date



Risk Statistics

	One Year	Three Years	Four Years	Seven Years	Ten Years	ITD
Return	10.76	9.08	8.56	8.05	7.85	7.41
Index Return	10.79	9.02	7.45	6.97	6.48	6.04
Excess Return	-0.03	0.05	1.11	1.09	1.37	1.37
Relative Excess Return	-0.02	0.05	1.03	1.02	1.29	1.29
Internal Rate of Return	10.77	9.06	8.56	8.04	-	-
Index Internal Rate of Return	36.01	27.04	22.09	20.83	-	-
Risk-free Return	5.32	3.62	2.77	2.32	1.94	2.52
Standard Deviation	3.12	4.39	4.51	4.57	4.52	5.91
Index Standard Deviation	4.55	6.30	5.79	5.46	4.92	6.03
Tracking Error	1.89	2.59	2.50	2.27	2.28	1.85
Relative Tracking Error	1.89	2.57	2.47	2.25	2.26	1.85
Information Ratio	-0.01	0.02	0.44	0.48	0.60	0.74
Relative Information Ratio	-0.01	0.02	0.42	0.45	0.57	0.70
Sharpe Ratio	1.74	1.24	1.28	1.25	1.31	0.83
Index Sharpe Ratio	1.20	0.86	0.81	0.85	0.92	0.58
M Squared	13.26	11.44	10.21	9.17	8.37	7.51
Sortino Ratio	4.02	2.25	2.36	2.10	2.26	1.20
Index Sortino Ratio	2.24	1.54	1.43	1.41	1.55	0.82
Treynor Ratio	8.45	8.34	8.15	7.47	7.21	5.22
Jensen's Alpha	1.79	1.80	2.33	2.06	2.10	1.52
Relative Volatility (Beta)	0.64	0.65	0.71	0.77	0.82	0.94
R Squared	0.89	0.88	0.82	0.83	0.78	0.91
Up Market Capture Ratio	84.60	74.39	87.11	91.14	103.78	121.72
Down Market Capture Ratio	29.98	44.74	57.71	66.88	77.73	94.86

SECTION 2

Appendix

Investment Risk & Analytical Services

March 31, 2025

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Halifax Water Compliance Statement
Quarterly Certification

For the period of January 1, 2025 to March 31, 2025

We hereby certify that the Halifax Regional Water Commission is current in making all statutory remittances for payroll taxes, Harmonized Sales Tax and other remittances as required under the laws of the Government of Canada and its Provinces (the significant remittances are noted in the appendix) and that all significant legal claims have been disclosed.

Signed by:

Kenda MacKenzie

8C084AC015794F8...

Kenda MacKenzie, P.Eng.
CEO and General Manager

Signed by:

Louis de Montbrun

A65D68745BC1467...

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

Dated:

June 13, 2025

Halifax Water Compliance Statement
Quarterly Certification
Appendix I

Significant statutory remittances for payroll taxes, Harmonized Sales Tax and other remittances as required under the laws of the Government of Canada and its Provinces for the Halifax Regional Water Commission.

Statutory Payroll Remittances

- **Canada Revenue Agency (CRA)** - Statutory employee payroll deductions and employer related contributions for:
 - Income Tax
 - Canada Pension Plan (CPP)
 - Employment Insurance (EI)
- **Workers' Compensation Board of Nova Scotia (WCB)** – Employer remittance based on employee payroll

Other Payroll Remittances

- **Northern Trust** - Employee payroll deductions and employer contributions to Halifax Water and HRM defined benefit pension plans
- **Industrial Alliance** – employer and employee contributions to defined contribution pension plan
- **Medavie Blue Cross & SSQ** – employee payroll deductions and employer related contributions for Health & dental, LTD, and Life benefit coverage, and payroll deductions for AD&D
- **Canadian Union of Public Employees** – Employee payroll deductions of union dues
 - CUPE Local 227
 - CUPE Local 1431

HST and Other Remittances

- **Canada Revenue Agency (CRA)** - Harmonized Sales Tax (HST) is filed online and a refund issued as HST paid is greater than HST collected
- **Workers' Compensation Board of Nova Scotia (WCB)** – Remittance for sub-contractors

Quarterly Remittance Certification

Appendix II

Period: Jan-Mar 2024/25

<u>Vendor</u>	<u>Vendor #</u>	<u>Items Remitted</u>	<u>Total remitted</u>	<u>Exceptions</u>
Statutory Payroll Remittances				
CRA	174	Tax, CPP, EI, WCB	<u>\$6,137,076.73</u>	
Other Payroll				
Northern Trust	1215	HW Pension Plan	<u>\$ 2,414,277.73</u>	
Northern Trust	1216	HRM Pension Plan	<u>\$ 235,652.49</u>	
Manulife Financial	1171	Bedford Pension Plan	<u>\$ 2,489.76</u>	
Industrial Alliance	2971	DCPP	<u>\$ 12,326.08</u>	
Medavie Blue Cross	340, 3101	Health, Dental, Life, LTD	<u>\$ 922,668.57</u>	
SSQ Insurance	429	AD&D	<u>\$ 6,596.23</u>	
CUPE	160	Union Dues 1431	<u>\$ 45,343.46</u>	
CUPE	3517	Union Dues 227	<u>\$ 78,765.92</u>	

Other payroll items remitted in accordance with stated requirements:

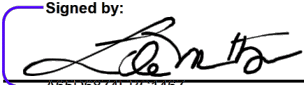
United Way, Credit Union, Garnishments (WCB, CRA, Family Court, Sherriff's Office),
Water for People, Salvation Army, Racially Visible Caucus

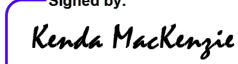
HST and Other

CRA	N/A	HST (refunds)	<u>\$ (2,544,353.68)</u>	
Receiver General	210	WCB subcontractors	\$ 206.50	

Exceptions, errors and/or late remittances

TO: John MacPherson, Chair and Members of the Halifax Regional Water Commission Board

SUBMITTED BY: 
Signed by: A65D6874EBCT467...
Louis de Montbrun, CPA, CA Director, Corporate Services/CFO

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

DATE: June 9, 2025

SUBJECT: 2024/25 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

At the June 9, 2025, meeting of the Halifax Water Audit and Finance Committee (the Committee), the attached report, Item #7, 2024/25 Cost Containment Initiatives, was presented, 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.

Staff revised what was presented to the Audit & Finance Committee on June 9th, 2025. The entire savings identified as Internal staffing vs Contractors was initially recorded in 2024/25. Upon further consideration, the savings are capital in nature and should have been allocated over the 7-year useful life of the asset. instead of the original lump-sum. This change results in a decrease to the 2024/25 cost containment savings of \$1.2 million and in increase in the savings that will be realized over the remaining 6 years of the projects.

Figure #1 on the report was originally recorded as follows:

Figure #1

General Budget Strategies	\$ 5,436	0%
Facilities/Process Strategies	\$ 2,670,349	36.4%
Human Resource Strategies	\$ 2,401,216	32.7%
Information Technology Strategies	\$ 1,628,172	22.2%
Procurement Strategies	\$ 533,264	7.3%
Technology and Business Process Changes	\$ 70,000	1.0%
Reduce Paper and Printing Costs	\$ 37,467	0.5%
	<u>\$ 7,345,904</u>	<u>100.0%</u>

The revised Figure 1 is as follows:

Figure #1

General Budget Strategies	\$ 5,436	0.1%
Facilities/Process Strategies	\$ 2,465,609	40.3%
Human Resource Strategies	\$ 2,401,216	39.3%
Information Technology Strategies	\$ 599,600	9.8%
Procurement Strategies	\$ 533,265	8.7%
Technology and Business Process Changes	\$ 70,000	1.1%
Reduce Paper and Printing Costs	\$ 37,467	0.6%
	<u>\$ 6,112,593</u>	<u>100.0%</u>

ATTACHMENT

1. Report to the Halifax Water Audit and Finance Committee Item #7, 2024/25 Cost Containment Initiatives.
2. Cost Containment Initiatives 2024-25 –Updated

June 9, 2025

TO: Chair and Members of the Halifax Water Audit & Finance Committee**SUBMITTED BY:**

Signed by:



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

APPROVED:

Signed by:



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

DATE: May 28, 2025**SUBJECT:** **2024/25 Cost Containment Initiatives**

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).

RECOMMENDATION

It is recommended the Audit and Finance Committee forward the 2024/25 Cost Containment Initiatives Report to the Halifax Water Board for their information.

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 NSRAB (formally the NSUARB) request for a more rigorous approach to cost containment. One key recommendation was the establishment of a reporting structure whereby, *"on a quarterly basis, the monthly financial report of the 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 2024/25 is attached, with updated information as of March 31, 2025. This report shows the cost containment initiatives affecting operations for 2024/25 due to new initiatives implemented during the year and ongoing initiatives from previous fiscal years. The inclusion of initiatives and amounts from prior years reflects an intentional focus on sustainable results over the long term. Estimated cost savings for 2024/25 are \$7.14 million as outlined by category in Figure #1 below:

June 9, 2025

Figure #1

General Budget Strategies	\$	5,436	0.1%
Facilities/Process Strategies	\$	2,465,609	34.5%
Human Resource Strategies	\$	2,401,216	33.6%
Information Technology Strategies	\$	1,628,172	22.8%
Procurement Strategies	\$	533,265	7.5%
Technology and Business Process Changes	\$	70,000	1.0%
Reduce Paper and Printing Costs	\$	37,467	0.5%
	\$	<u>7,141,165</u>	<u>100.0%</u>

As shown above, cost containment initiatives are impacted mostly in the areas of Facilities/Process Strategies, Information Technology and Human Resources. Under Human Resource Strategies, the effects of pension plan re-design initiated in 2015/16 are 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 70.8% of the savings within Human Resource Strategies for 2024/25.

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 in projected savings for the current year, representing 64.2% of savings within the category in 2024/25.

New cost containment initiatives implemented thus far during the 2024/25 fiscal year result in projected cost savings of approximating \$1.66 million and are highlighted for ease of reference in the Summary Report - Cost Containment Initiatives attached. Cost savings from these initiatives are of a one-time (\$0.28 million) or on-going nature (\$1.38 million) and fall within the Technology and Business Process, Procurement and Information and Technology category.

BUDGET IMPLICATIONS

Available information on cost containment initiatives was taken into consideration in developing the 2025/26 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 2024-25

Report Prepared by:

Signed by:
Fabio Alonso
0820008319C7474...

Fabio Alonso, MBA
Manager, Finance, (902) 399-4668

#	Initiative	Comments	Year Initiated	2024/25 Cost Savings
1 General Budget Strategies				
	Decrease Annual Organizational Membership	Cancellation of Membership - Municipal Information Network	2024/25	\$696
	Decrease Annual Organizational Membership	Cancellation of Membership - Institute of Corporate Directors	2024/25	\$4,740
Sub-total				\$5,436
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
	Waste Collection and Disposal Services negotiation	Negotiated a reduced increase in contract price	2024/25	\$32,768
	DWWTF Outfall Rehabilitation negotiation	Negotiated a reduced contract price	2024/25	\$35,500
Sub-total				\$533,265

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

#	Initiative	Comments	Year Initiated	2024/25 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
Sub-total				\$2,401,216
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
	Scada Alarm Management, maintenance and Electrical Proj	Utilization of internal employee versus consultant	2024/25	\$83,000
	Switch of Software annual renewal to long term contract	Rockwell Automation Licensing for TechConnect Support	2024/25	\$1,472
	Internal staffing vs Contractors	3 Internal Project managers, 1 Change manager, 1 internal Cyber Security Coordinator and 1	2024/25	\$171,429
	Move from iTron Analytics to Power BI	Transitioned Customer Care Splashboard with increased level of information and accuracy.	2024/25	\$75,000
	Talus PS - Emergency Rebuild	Emergency rebuild of pumping station control panel by own staff and wholesale material cost	2024/25	\$140,000
	Integration of 3 water quality data	Integration of data sources to be available to the Insights reporting platform automatically, saving 25 hours	2024/25	\$20,000
Sub-total				\$599,600
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	\$16,412
	Wind farm - Pockwock WSP	Net annual royalty from Pockwock Wind Farm energy production. HST not included.	2014/15	\$133,924
	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

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#	Initiative	Comments	Year Initiated	2024/25 Cost Savings
	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	\$262,516
	Halifax WWTF - Carbon Scrubber By-Pass		2016/17	\$55,083
	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	\$4,086
	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	\$132,728
	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 WWTFs 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	\$383,170
	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	
		Central Water Services moved H22064 on McGee Drive for \$2,500 by request of HRM.		

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#	Initiative	Comments	Year Initiated	2024/25 Cost Savings
	Brunswick Street	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	
	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	
	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
	Effluent leachate samples	No longer required to collect and submit effluent leachate samples to lab on a monthly basis. NS Environment approved the change. These costs were recovered by from HRM annually, however eliminating this requirement has eased the workload and stress on our compliance staff.	2023/24	\$5,589
	Aerotech WWTF - Solar PV - COMFIT/ Renewable Energy Generation	Operational at the Aerotech WWTF.	2023/24	\$6,438
	Utilize white trucks in the fleet	10 new trucks were only available in white. Traditionally the vehicles would have been painted blue. Decision was made to not paint the vehicles, a savings of approximately \$7,000 per vehicle amortized over the life of vehicles.	2024/25	\$14,000

Sub-total	There will only be 2 bidders from the local market (SNT Solutions & Joe Johnson Equip.) as this is a relatively specialized field	\$2,465,609
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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
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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
Efficiency in tracking and updating unpaid balances	Utilize new ERP functionality to eliminate manual and Excel based analysis - a savings of 0.5 of a FTE	2024/25	\$30,000
Payment processing via Cayenta	Efficiencies using ERP functionality resulted in reduction of staff time to perform same work of 0.5 FTE	2024/25	\$28,000

Sub-total		\$70,000
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		\$6,112,593
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New Initiatives for 2024/25		\$636,604
Consisting of:		
On-going		\$356,336
One time		\$280,268
By category:		
General Budget		\$5,436
Procurement Strategies		\$533,265
Human Resource Strategies		\$2,401,216
Information Technology Strategies		\$599,600
Facilities/ Process Strategies		\$2,465,609
Reduce Paper and Printing Costs		\$37,467
Technology and Business Process Changes		\$70,000
		\$6,112,593