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Water, sewer project in red

Contingency fund may help cover \$5m Herring Cove construction overrun

By AMY PUGSLEY FRASER City Hall Reporter

Increased construction costs have pushed the Herring Cove water and sewer project \$5.1 million into the red.

But a new Halifax city hall report on the project says the cost could be brought down by accessing money from a Halifax Harbour cleanup contingency fund.

When the project — which will put 240 properties on central sewer and another 360 on municipal water — started a few years ago, the original cost was \$12.5 million.

Last December, that figure had risen to \$14.8 million and now it's \$5.1 million over budget.

However, the rate of increase for each affected homeowner is worse, Coun. Stephen Adams (Spryfield-Herring Cove) said in an interview Monday.

"The total cost of the project is not the issue; it's what the people pay on a per-lot basis and . . . the costs have more than doubled," he said.

The community has to cover about \$3.8 million in local improvement charges, plus individual hookups. Back in July 2005 at the project's inception, the average frontage charge for about 30 metres of property was about \$12,500.

But due to increased fuel and construction charges, those figures are now hitting \$28,000 for the average 30 metres of property frontage.

"Not that it will make anyone feel any better, but a lot of the contracts at HRM have gone over budget," Mr. Adams said.

There could be hope in sight though.

A staff report going before regional council at its meeting tonight outlines a surplus of \$1.89 million in a Harbour Solutions Project contingency fund.

Part of it could be used to make the lot charges more affordable for the next step of the five-phase project, Mr. Adams said.

While the first phase brought water to the homes in Churchill Estates and another 120 homes on Herring Cove Road and St. Paul's Avenue, the next two phases — bringing water to Hebridean Drive and the village — could benefit from the \$1.5 million from the Harbour Solutions contingency account.

"It could bring them down to \$12,500 again," Mr. Adams said, referring to the frontage rate that property owners would face.

Using money from that particular account, which has not been specifically earmarked for anything, means that no projects or communities will be shortchanged, he said.

"It doesn't affect other districts and someone else's project won't be compromised, so that's a good thing," he said.

However, city hall staffers say in their report that they are concerned about using the funds "in such a manner, given the high potential for future Harbour Solutions Project risks such as inflation or deductibles on insurance claims for which the contingency fund would be required."

However, Mr. Adams is optimistic that council will vote in favour of using the \$1.5-million contingency fund for his residents.

"When we started this process in the late 1990s, there was a great issue over the community hosting the sewage treatment plant," he said, referring to one of four locations for such a facility.

"But the community of Herring Cove agreed that they would host the plant if six conditions were met."

Key to those conditions is providing sewer and water to the community at a reasonable cost, he said.

"I'm hopeful that council will see that this does make sense and that it's part of the agreement that we worked out years ago in terms of how this will work for the community."

(apugsley@herald.ca)