

Sydney Tar Ponds Agency
Annual Accountability Report 2010-2011

June 24, 2011

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1.0 Accountability Statement

The accountability report of the Sydney Tar Ponds Agency for the year ended March 31, 2011 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Agency's Statement of Mandate for the fiscal year 2010-2011. The reporting of Sydney Tar Ponds Agency outcomes necessarily includes estimates, judgments and opinions by the Agency's management.

We acknowledge that this Accountability Report is the responsibility of the Agency's management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Agency's 2010-2011 Statement of Mandate.

Minister



President



2.0 Message from the Minister and President

The spirit of co-operation and efficiency that emerged and flourished in the 2009-2010 fiscal year continues to be self evident as demonstrated by the productive working relationships between the Agency staff, the government funding Partners, and the Independent Engineer.

Design activity regarding the project elements is complete. The site has blossomed with construction activity which continued through the winter months having a positive impact on schedule and building on the confidence gained in 2009-2010.

The “Pump Around”, (TP6A), continues to manage the waters of the Wash and Coke Ovens Brooks; leaving the South Pond dewatered, enabling the mobilization of the solidification and stabilization contract, (TP6B). The pumps remain in the same location for reasons of stability and efficiency and the pipes were extended. The North Pond from Ferry Street to the Narrows will be dewatered to enable the (TP6B) contractor to begin Phase II of the solidification and stabilization. The South Pond solidification and stabilization was completed in late spring of 2011 and the contractor is well underway in the North Pond. The South Pond channel is also completed and the Surface Cap, (TP7), contractor mobilized in early spring. The Coke Ovens ground water collection and treatment system (CO7/C08) which commenced early last fiscal is complete and operating well, meeting all regulatory requirements. The Coke Ovens Brook connector (CO1), is also complete including the lower reaches which outfalls into the wash brook. The Material Handling Facility Operation, (TP2), a First Nations set aside contract is functioning well meeting the requirements of the contractors involved.

The “Tar Cell”, (CO2A) in the Coke Ovens site has been completed through a very successful partnering effort with NS Lands, utilizing the experience and technology used on the Sysco site resulting in significant savings to the project. Building on this, the Agency working with NS Lands, carved out a portion of the Coke Ovens site including the Domtar trench and adjacent lands to accommodate the realignment of the Spar Road, creating a new element (CO2B). The construction of this element was also completed in the fall of 2010. This very visible portion of the site has provided the public with a first glance of the “finished product”, which has been very well received.

The Ferry Street Bridge (TP6C) has been tendered and bids received which are presently under review. The Coke Ovens Surface Cap, (CO6), has been split with one portion assigned as a First Nation set aside which has been tendered and awarded.

Working with and through the Community Liaison Committee (CLC) towards a common goal of maximizing potential future use consistent with the community’s vision, the Agency and the

Partners engaged a consultant to develop the vision which is now complete. Presentations to CBRM Council and the CLC along with the related open houses have also been completed and well received. The Agency and the Partners are preparing a call for proposals to engage a consultant to complete the design of the various components of the future use vision.

The project has included the first Aboriginal set-aside agreement in the Province of Nova Scotia. The success of the Cooling Pond site, the Pilot Scale work, the construction access roads element, and the TP2 Operations demonstrates the legacy of this initiative. We continue to move forward with the tendering of the latest element, (CO6 A), which is a considerable portion of the Coke Ovens site cap which will close in April. The Agency and the Partners continue to work very closely with the Unama'ki Economic Benefits Office and First Nation Leadership to assure the productive relationship which has been developed will continue to deliver positive results meeting all objectives of the Agreement.

Agency staff, working with the Partners, Cape Breton University, Dalhousie, and the cement industry hosted an international conference and symposium on solidification and stabilization in Sydney in June 2010 which by all accounts was a huge success placing the project on the world's stage. Similarly the Agency is presently working with a US based production company to produce a documentary highlighting the project which will be distributed to most major North American markets. The Agency's communications strategy continues to be robust and well received as evidenced in recently published Omnibus results.

The site was vibrant and alive with activity during the 2010-2011 fiscal year and this will continue with 2011-2012 being the busiest construction season in the history of the project as we move forward to complete this project on time and on budget.



Hon. Bill Estrabrooks
Minister of Transportation and Infrastructure Renewal



Kevin MacDonald, President
Sydney Tar Ponds Agency

3.0 Financial Results

	FISCAL YEAR 2010/11 BUDGET (000)	FISCAL YEAR 2010/11 ACTUAL (000)	FISCAL YEAR 2010/11 VARIANCE (000)	NOTES
Payroll	\$2,557	\$2,603	(\$46)	
Capital	\$89	\$45	\$44	
Other Preliminary Works				
Total Preliminary Works	\$2,646	\$2,648	(\$2)	
Preventative Works	\$0	\$0	\$0	
Project Works	\$55,958	\$54,592	\$1,366	(1)
Joint Panel Impacts	\$11,694	\$6,131	\$5,563	(2)
Other Costs	\$2,823	\$5,107	(\$2,284)	(3)
TOTAL COSTS	\$73,121	\$68,478	\$4,643	
FUNDING:				
Provincial	\$29,248	\$27,391	\$1,857	
Federal	\$43,873	\$41,087	\$2,786	
TOTAL FUNDING	\$73,121	\$68,478	\$4,643	

Notes:

(1) Project works was less than expected primarily as a result of a delay in tendering project element CO6 Coke Ovens Cap.

- (2) The primary reasons Joint Panel Impacts was less than expected are the delay in tendering project elements CO6 Coke Ovens Cap and TP6C Ferry Street Bridge.
- (3) Other expenditures were more than expected this fiscal year as a result of February and March 2010 Independent Engineer expenditures being posted by the province this fiscal year and previously unplanned funding in the amount of \$1.9M for Cape Breton University's Centre for Sustainability in Energy and the Environment.

4.0 Performance Measures

4.1 Health & Safety

Outcome Description

Health & Safety and environmental plans are implemented, monitored and optimized throughout the cleanup project.

What Does This Measure Tell Us?

This measure indicates that the Agency is in compliance with Regulatory permits and that the cleanup is unencumbered by health and safety occurrences. It also demonstrates the Agency has a good understanding of issues before they become hazards. Monthly audits verify that each element contractor has implemented and maintained relatively effective health and safety programs.

Where Are We Now?

The Project Master Health and Safety Plan (MHASP) Rev H continues to be effective and is scheduled for an annual revision in July 2011.

One hundred and twenty nine (129) incidents have been reported since the inception of project construction activities at the Material Handling Facility (46 of which were classified to be “near miss”). A total of 5 lost time incidents have been reported by contractors, resulting in a calculated frequency rate of 2.9 (per 200,000 person hours). As of March 2011 this rate compares favorably to the Nova Scotia industry standard of 2.9.

Where Do We Want to Be?

The Agency will continue to strive to reduce injuries and loss time accidents ensuring timely responses on incident reporting. The Agency will also continue to recognize the importance of health and safety through promotion and awareness.

4.2 Project Schedule

Outcome Description

4.2.1 Project schedule demonstrates sufficient time to complete the project by March 2014.

What Does This Measure Tell Us?

This measure indicates the project proceeds without significant delay or interruption.

Where Are We Now?

All design aspects of the project elements are completed. Agency focus is on construction oversight activities and developing best practices from a lessons learned perspective.

Agency staff remained united through the leadership of the two directors. The Agency recognizes the risk related to the time and materials (T&M) approach engaged for construction oversight. Effort continues to be applied on controlling oversight effort from both a lessons learned perspective and with the Agency taking on a more active role on some construction oversight related activities.

The Agency continues to challenge the cost of oversight from an Environmental Protection Plan (EPP) perspective. We have adjusted the reporting and oversight activities demanded by the EPP and project framework, without compromising our commitment to protect the environment.

Where Do We Want to Be?

The last of our major contracts are anticipated to be released in the spring of 2011. These contracts are for the Coke Ovens Cover (CO6A & CO6B), and the Ferry Street Bridge Construction (TP6C).

The Agency will be completely focused on the construction oversight and implementation aspects of the project, with one minor exception, the design of the Future Site Use concept.

Outcome Description

4.2.2 Financial forecasts are within original budget.

What Does This Measure Tell Us?

This measure indicates expenditures are within annual budget targets.

Where Are We Now?

Fiscal 2010-2011 marked the completion point for many milestones in our project. The Coke Ovens Brook was completely remediated within the project scope and Solidification and Stabilization of the South Tar Pond was successfully completed. In addition, the former Tar Cell area on the Coke Ovens Site was covered and the realignment of the Sydney Port Access Road occurred giving the public a glimpse of what is to come for the future of the site. All of the project elements were through the design phase and the construction phase was well under way. Three projects were completed during this fiscal year, namely the Coke Ovens Groundwater Collection & Treatment Project (CO7/CO8), Tar Cell Cover and Sydney Ports Access Road Realignment (CO2A/CO2B) and the Coke Ovens Brook (CO1). Three major projects; the Pump Around Project (TP6A), Tar Ponds Solidification/ Stabilization (TP6B), and the Tar Ponds Cap (TP7); were in full construction in 2010. The remaining contracts to be tendered include Coke Ovens Cover (CO6A and CO6B), Ferry Street Bridge Construction (TP6C), Future Use Engineering Design and Future Use Element Construction.

The Agency through the strategic deployment of the skills of the entire team, continues to deliver project elements on time and on budget with keen monitoring and respect for quality and environmental consciousness.

At present, there are no outstanding Part V Approvals. However, the Agency continues to tweak its reporting and monitoring systems to deliver approved monitoring programs in tune with technology changes, social requirements and fiscal responsibility.

Where Do We Want to Be?

As of the end of fiscal year 2010-2011, construction elements completed are the Cooling Pond, Materials Handling Facility, Tar Cell Solidification/Stabilization, Vertical Cut Off walls, Groundwater Collection and Treatment Facility, and Coke Ovens Brook Connector (Lower Reaches). Other construction elements are underway including Solidification, Stabilization & Channelization of the Tar Ponds (45% complete) and the Tar Ponds Cap (1% complete). Tender documents are being prepared for the Coke Ovens Cover (2 Phases) and the Ferry Street Bridge Construction.

The Agency remains committed to keeping the project on time and on budget while recognizing the need to be, safe, open and transparent in our delivery. To date, the project remains to be on schedule and within budget.

Outcome Description

4.2.3 Economic impacts are optimized.

What Does This Measure Tell Us?

This measure indicates economic impacts are reasonable.

Where Are We Now?

Agency procurement continued to strongly emphasize local content with bids assessed on the award of 15 of a possible 100 points total based on the geographic location of a bidder's business operations, place of residence of labour inputs, and level of community support. The Agency continued to measure the combined (direct, indirect, and induced) impact of expenditures on the Design Engineering and Construction Oversight contract as well as the direct impact of all other expenditures within the framework of the \$400 million cost-share agreement.

The Design Engineer continued to report quarterly throughout the 2010-2011 fiscal year. Since contract inception in October 2006, approximately 780 full-time-equivalent (FTE) jobs have resulted from cumulative expenditures of just over \$36 million on design engineering services. sixty-three percent of FTEs occurred in Nova Scotia as a whole, with sixty-four percent of direct expenditures occurring in Nova Scotia.

Reports provided by the Design Engineer indicate that local procurement is being emphasized to the benefit of Cape Breton enterprises; that equity employment practices have been adopted; and that capacity development of local enterprises is being emphasized to facilitate involvement in the cleanup.

The Agency is employing methods and a format appropriate to the documentation and reporting of direct local economic benefit impacts from project expenditures under the Interim and Final Cost Share Agreements. The Agency is reporting impacts in conformity with Canadian General Standards Board requirements.

As indicated below, 2010-2011 impact data on local content are encouraging. Cumulative project expenditures of \$207.5 million enjoyed 95% Canadian content. Since project inception in April 2004, vendors and project implementation have generated almost 1.4 million person hours of employment with approximately 85% occurring in Cape Breton. The government partners and regulators have expended approximately \$22 million with more than 95% of expenditures occurring in Nova Scotia.

Since commencement of the project government partners and regulators generated about 305,000 person hours of employment with 99% Canadian content. In total, since inception in 2004, the project has generated about 1.7 million person hours of employment or 840 full-time-equivalent jobs with approximately 90% Nova Scotia content.

Since project commencement in April 2004 a total of 45 contracts with a cumulative value of \$263.4 million were awarded to twenty-four (24) vendors. Twenty-two (22) service providers under contract to the project were located in the Cape Breton Mulgrave region and four were First Nations.

By agreement, First Nations are participating in the project. Four projects (Cooling Pond, North and South Pond Pilots, Construction Access Roads and TP2 Materials Processing Facility Operations) had or were being undertaken as set-asides within a Protocol Agreement. Their combined value approximated \$11.5 million. Since project inception 68 First Nations have worked on the clean up with an accumulated total of about 81,420 person hours of employment or 42 FTEs.

Joint Review Panel recommendation #35 emphasized the engagement of African Nova Scotians in the project. In this regard, policy was formally adopted to require that all construction elements hire a minimum number of African Nova Scotians. Approximately 26 African Nova Scotians have worked on the project since inception for a cumulative total of about 29,300 hours or almost 15 full-time-equivalent jobs.

Monitoring the participation of women working on the project in non-traditional roles is inherently part of Recommendation# 34 that speaks to a Women's Employment Strategy. In this regard, since project inception a total of twelve (12) women have been engaged in various project elements including the Pump Around Project (TP6-A), Coke Oven Brook Sediment Removal (CO1) and Tar Ponds Surface Cap (TP7). Women occupied a range of non-traditional positions from environmental monitoring, through to health and safety coordination, archaeology advisor, and quality assurance.

Where Do We Want to Be?

Continued verification of program effectiveness with active participation in the clean up by Cape Breton vendors, ongoing demonstration of the quantifiable impact of the project across several areas of measure, including employment, direct impact, and content, along with regular and frequent communications with key stakeholders based on comprehensive and informative reports.

4.3 Communications

Outcome Description

A clear understanding and appreciation for the project exists amongst key public stakeholders and the community at large.

What Does This Measure Tell Us?

This measure indicates confidence in and support for the project based on the provision of key information on a timely basis.

Where Are We Now?

The Agency has prepared and had approved an overall communications strategy, as well as specific initiatives with clearly laid-out objectives and deliverables to 2014. All plans were reviewed in 2010-2011.

Agency communications personnel have attended crisis communications seminars, created a critical incidents team and reporting structure, as well as a public reporting protocol for the overall Project. Critical incidents team was updated on reporting protocol and a crisis plan has been developed. A communications risk register was developed for the 2010-2011 construction season, which will be carried over until Project completion.

The internal communications plan, developed in 2009-2010 was updated for the 2010-2011 period with changes that reflected internal needs and expectations.

The Agency continues to manage its relationships with the Community Liaison Committee through regular monthly meetings. Aside from regular feedback and committee updates, members were asked on several occasions to provide feedback and specific issues regarding reporting methods and the Agency's presence in the community. Also, the committee is provided with regular site tours to see the Project progress first-hand.

The Agency continues to host tours with visitors coming from across Canada, US, and Europe; hosting delegates ranging from elementary school classes to federal ministers to research and construction personnel from abroad. News releases are issued during milestones and events of particular importance to Project progress. The Cleanup Connections continues to be marketed to the public. Updated information kits have been produced, with a feel for future site use as the theme. All communications material was updated and re-stocked and is available for public distribution.

The Agency continues to attend local, national, and international environmental remediation conferences to raise the profile of the Project and to develop a reputation as a leader in the field of remediation.

The Agency issues regular news releases, website bulletins, provides candid interviews with knowledgeable staff and issues timely media advisories when there are work stoppages at the site. Media personnel are often granted accompanied site access to obtain in-depth and accurate news story updates.

There is ongoing interaction with partners via email, routine visits for update and development sessions, as well as bi weekly phone meetings to discuss communications plans, updates and arising issues.

Where Do We Want to Be?

Continue to hold stakeholder interest, broaden knowledge and understanding of the project to facilitate collaboration, cooperative effort, optimized engagement and effectiveness. Continue activities which expand the project's audience and promotes the project as a positive example of environmental remediation.

4.4 Documents, Permits and Regulations

Outcome Description

Successful execution of the Final Cost Share Agreement (FCSA) and successful implementation of all Joint Panel Recommendations as accepted by the government partners.

What Does This Measure Tell Us?

This measure indicates the successful conclusion of all project foundation agreements including realization of all regulatory and performance criteria.

Where Are We Now?

Progress towards completion of the project continues on schedule and within budget. At the end of the fiscal year approximately 45% of the solidification and stabilization of the Tar Ponds was complete. This is the largest project element amounting to approximately 30% of all project construction. All element designs have been completed and all Environmental Part V approvals required have been received.

The project continues to address joint panel recommendations with considerable progress made on panel recommendations #34, #35, #43 and #45 during the year. At the time of writing, all reporting and audits required by the Final Cost Share Agreement and Treasury Board were successfully completed.

Where Do We Want to Be?

Continue to make progress on the implementation of the project. Prior to the conclusion of fiscal year ending March 31, 2012 we expect to have greater than 70% of the Tar Ponds Solidification and Stabilization project completed, approximately 45% of the Tar Ponds will be capped and greater than 50% of the Coke Ovens Site will be capped.