



Finance & Administration Committee

**Tuesday, November 7, 2017
4:00 PM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

**Public Agenda
Finance & Administration Committee
Tuesday, November 7, 2017**

APPROVAL OF PUBLIC AGENDA

ADOPTION OF MINUTES

Finance & Administration Committee - Public - Oct 3, 2017 4:00 PM

ADMINISTRATION REPORTS

FA17-26 Milton Heights Request for Tax Abatement

Recommendation

1. That the request from Milton Heights Apartments regarding a tax abatement for the levy increase for 1100 Broadway Avenue be denied.
2. That this report be forwarded to the November 27, 2017 meeting of City Council for consideration.

FA17-25 2018 Alley Maintenance Strategy and Special Tax Levy Funding Options

Recommendation

1. That the City Solicitor be instructed to prepare the 2018 Alley Maintenance Special Tax Bylaw, which includes the following levies, proposed revenues and estimated costs.

Paved Alleys:

Levy	\$3.98 per assessable foot
Proposed Revenue	\$3,334,679
Estimated Cost	\$3,334,679

Gravel Alleys:

Levy	\$2.80 per assessable foot
Proposed Revenue	\$1,725,500
Estimated Cost	\$1,725,500

2. That this report be forwarded to the November 27, 2017, meeting of City Council for approval.



OFFICE OF THE CITY CLERK

RESOLUTION FOR PRIVATE SESSION

AT REGINA, SASKATCHEWAN, TUESDAY, OCTOBER 3, 2017

AT A MEETING OF FINANCE & ADMINISTRATION COMMITTEE
HELD IN PUBLIC SESSION

AT 4:00 PM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Councillor Bob Hawkins, in the Chair
Councillor John Findura
Councillor Jason Mancinelli
Councillor Barbara Young

Regrets: Councillor Sharron Bryce

Also in Attendance: Council Officer, Kristina Gentile
Executive Director, City Planning & Development, Diana Hawryluk
Executive Director, Organization & People, John Paul Cullen
Acting, Executive Director, Corporate Services, Byron Werry
Director, Assessment and Taxation, Deborah Bryden
Director, Finance, June Schultz
Manager, Policy & Risk Management, Curtis Smith
Manager, Real Estate, Keith Krawczyk

APPROVAL OF PUBLIC AGENDA

Councillor John Findura moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

ADOPTION OF MINUTES

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the minutes for the meeting held on September 5, 2017 be adopted, as circulated.

ADMINISTRATION REPORTS

FA17-20 Amendment to Lease of City Property - Regina Windy Flyers Inc. - King's Park Area

Recommendation

1. That the amendment to the lease of the subject property to the Regina Windy Flyers Inc. be approved under the terms and conditions shown in the body of this report.

2. That the Administration be authorized to finalize the terms and conditions of the amendment documents.
3. That the City Clerk be authorized to execute the lease amendment documents as prepared by the City Solicitor.
4. That this report be forwarded to City Council October 30, 2017, for consideration after the public notice has been advertised.

Bob Mills, representing Regina Windy Flyers, addressed the Committee.

Councillor John Findura moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA17-21 Lease of City Property at 1654 11th Avenue to Mobile Crisis Services Inc.

Recommendation

1. That the lease of a portion of City owned property located at 1654 11th Avenue to Mobile Crisis Services Inc. be approved consistent with the terms and conditions stated in the body of this report.
2. That the Administration be authorized to finalize any other commercially relevant terms and conditions of the lease documents.
3. That the City Clerk be authorized to execute the Lease Agreement documents as prepared by the City Solicitor.
4. That this report be forwarded to the October 30, 2017, meeting of City Council for approval after the public notice has been advertised.

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA17-22 Job, Jurisdictions, Evaluation & Compensation Program Update

Recommendation

That this report be forwarded to the October 30, 2017 City Council meeting for information.

Councillor Jason Mancinelli moved, AND IT WAS RESOLVED, that the recommendation contained in the report be concurred in.

FA17-23 2016 Reserve Balances

Recommendation

1. That no transfers be made between reserves at this time.

2. That this report be forwarded to the October 30, 2017 meeting of City Council for approval.

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

FA17-24 Tax Enforcement - Application for Title 2017 Liens

Recommendation

1. That the Manager of Property Taxation & Admin be authorized to serve six month notices on all parcels of land included in the list of lands marked as Appendix A.
2. That the Manager of Property Taxation & Admin be authorized to proceed with the next steps in tax enforcement on the expiry of the six month notices.
3. That costs associated with Administrative time spent on tax enforcement processes be added to the tax roll pursuant to Section 19(1) of the *Tax Enforcement Act*.
4. That this report be forwarded to the October 30, 2017 meeting of City Council for approval.

Councillor Jason Mancinelli moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

ADJOURNMENT

Councillor John Findura moved, AND IT WAS RESOLVED, that the meeting adjourn.

The meeting adjourned at 4:50 p.m.

Chairperson

Secretary

November 7, 2017

To: Members
Finance & Administration Committee

Re: Milton Heights Request for Tax Abatement

RECOMMENDATION

1. That the request from Milton Heights Apartments regarding a tax abatement for the levy increase for 1100 Broadway Avenue be denied.
2. That this report be forwarded to the November 27, 2017 meeting of City Council for consideration.

CONCLUSION

Milton Heights Apartments has requested a tax abatement for the increase in their levy from 2016 to 2017 on their property at 1100 Broadway Avenue. Milton Heights has previously received all applicable funding from the Housing Incentive Policy (HIP) program.

A policy for provision of permissive tax exemptions is under review; and is expected to be completed and brought forward for City Council approval in early 2018. Administration recommends this request be denied.

BACKGROUND

Milton Heights has requested a tax abatement for the increase in their property tax levy from 2016 to 2017 for the 1100 Broadway Avenue, attached as Appendix A.

Milton Heights was incorporated originally as a not-for-profit organization. In September of 2016 they became a registered charity. Their charitable purpose is to relieve poverty by providing residential accommodation below market rate to individuals and families who are in need.

Through HIP, the City of Regina (City) offers a residential tax exemption program for newly-constructed rental housing and ownership housing that meets eligibility requirements, as well as capital grants for newly-constructed rental and ownership housing that meets affordability requirements. In 2012, after a substantial renovation to 1100 Broadway Avenue, Milton Heights added seven additional units to the building. The City provided funding of \$82,348 to Milton Heights through HIP for adding these units. This funding consisted of \$70,000 from the Affordable Housing Capital Grants program and a five-year, 5 per cent property exemption in the amount of \$12,348.33 in municipal levies. The exemption was provided for the years 2012-2016.

A condition of the Affordable Housing Grant program is that Milton Heights must keep the seven rental units funded by the City at or below market average rent for Regina based on the Canadian Mortgage and Housing Corporation (CMHC) rating but limited to the maximum rental rate established by Saskatchewan Housing Corporation (SHC) for a five-year period, which expires December 31, 2018.

Milton Heights works with SHC and Social Services to provide affordable housing to 135 households composed of low income families, seniors, those with special needs and other low-income individuals. As part of an agreement with SHC, Milton Heights received a \$14,500,000 forgivable provincial loan and must provide below market rates based on the CMHC rating for the term of their agreement, which is 188 months starting in July of 2010. As a condition of this funding, Milton Heights must keep rental rates below SHC-approved rates for all 135 units over the life of their agreement with SHC.

Milton Heights' rental rates are currently 5.7 per cent - 8 per cent below the 2016 CMHC market rent average. In August 2017 Milton Heights increased rates by 1 per cent for a cost of living market adjustment. *The Residential Tenancies Act*, s.54 (2) prohibits a rent increase from occurring within six months of a previous increase.

2017 was a reassessment year in which assessment values on all properties in the Government of Saskatchewan (Province) were updated to reflect the general property values as of January 1, 2015. The average change for multi-family properties was approximately 45 per cent due to reassessment. The assessed value of Milton Heights property increased 44 per cent, which is just below the average increase for similar properties. Further, the property taxes for Milton Heights Apartments have increased on their property at 1100 Broadway Avenue, by 40 per cent from 2016 to 2017. This increase reflects mill rate increases, the expiration of a 5 percent HIP exemption and changes in the assessed value due to reassessment.

On August 29, 2016, as part of the reassessment process, Administration mailed out letters to all property owners showing an estimated impact of reassessment on their property. Reassessment information is also published on Regina.ca. This letter advised Milton Heights that their assessment was changing significantly and their municipal and library levies were estimated to increase by approximately 40 per cent in 2017. Education levies were not shown on the letter as the Province had not provided any information on the education mill rates at that time.

All property owners were mailed their 2017 Notice of Assessment showing their final 2017 assessment value on January 5, 2017. City Council approved the tax policy for the 2017 reassessment in report CR17-24 on April 18, 2017. This policy did not include a phase-in for multi-family properties as analyses showed that the actual increase per rental unit was not significant. For Milton Heights the change resulted in an increase of \$33,190 (\$19,289 municipal portion) total property tax or \$20.50 (\$11.91 municipal portion) per unit per month. 2017 Property Tax Notices showing all 2017 levies were mailed on May 4, 2017.

DISCUSSION

Milton Heights has submitted a letter requesting a tax abatement for the increase in their levy from 2016 to 2017. They are requesting the abatement stating they are restricted from raising rents within six months of a previous increase, the last of which occurred August 1, 2017.

Raising rates to cover the property tax increase will put rates between 94 per cent and 97 per cent of market rental rates, which would meet the requirements of the funding agreements, but may impact occupancy rates and put a financial strain on the organization.

Milton Heights has proposed the following two different options for an abatement:

- The first option is to abate 2017 levy to 2016 paid levy.
- The second option is to abate 2017 and 2018 levies to the 2016 levies paid plus half of the increase.

The tax implications for both options are shown below. Table 1 shows the full increase from 2016 to 2017 levies. Table 2 shows the impacts of both options. If option 1 is granted total forgone levies will be \$33,189.15, of which the municipal portion is \$19,289.33. This amount was not considered in the 2017 budget and would need to be a variance to revenue for the City and the other taxing authorities. The City must obtain an agreement from other taxing authorities before abating their portion of the levies.

If option 2 is granted, the estimated total forgone levies of \$33,189.15 are split over the two years, 2017 and 2018. The estimated municipal portion of this option is \$19,289.33. The estimated forgone municipal levy is \$9,644.66 per year. This amount was not considered in the budget and would need to be a variance to revenue for the City of Regina and the other taxing authorities. The City must obtain an agreement from other taxing authorities before abating their portion of the levies.

Table 1: Change in Levy from 2016 to 2017

Actual Levy	Municipal	Education	Library	Total
2017 Levy	\$68,188.44	\$41,379.21	\$6,590.48	\$116,158.13
2016 Levy*	\$45,899.11	\$29,178.94	\$4,890.93	\$82,968.98
Change in Levy - requested Abatement amount	\$19,289.33	\$12,200.27	\$1,699.55	\$33,189.15

*2016 levy includes five percent HIP exemption

Table 2: Requested Abatement Options

	Abated Levy			
	Municipal	Education	Library	Total
Option 1: Abate 2017 levy to 2016 amount				
2017	\$19,289.33	\$12,200.27	\$1,699.55	\$33,189.15

Option 2: 50% Abatement in 2017 and 2018				
2017	\$9,644.67	\$6,100.14	\$849.78	\$16,594.58
2018**	\$9,644.67	\$6,100.14	\$849.78	\$16,594.58
Option 2 Total	\$19,289.33	\$12,200.27	\$1,699.55	\$33,189.15

**2018 abatement is estimated using 2017 mill rates and factors

RECOMMENDATION IMPLICATIONS

Financial Implications

If the request is denied, there would be no financial implications.

If the request by Milton Heights for abatement option 1 is granted total forgone levies will be \$33,189.15, of which the municipal portion is \$19,289.33. This amount was not considered in the 2017 budget and would need to be a variance to revenue for the City and the other taxing authorities.

If the Milton Heights request for abatement option 2 is granted for 2017 and 2018 there would be estimated total of forgone levies in the amount of \$33,189.15 of which the municipal estimated portion is \$19,289.33. In 2017, the forgone municipal levy is \$9,644.66. This amount was not considered in the 2017 budget and would need to be a variance to revenue for the City and the other taxing authorities. In 2018, the estimated municipal abatement would be \$9,644.66.

If a tax abatement is granted to Milton Heights, there is a risk of other multi-family properties coming forward requesting similar consideration.

The City must obtain an agreement from the other taxing authorities in order to abate, exempt or cancel their share of property taxes.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

Milton Heights received funding under the HIP program. This program focuses on the creation of new affordable housing units. There is no further funding available to Milton Heights under this program.

City Council approved the tax policy for the 2017 reassessment in report CR17-24 on April 18, 2017.

Administration is currently working on a policy for the application of property tax exemption requests. The property taxation exemption review is due to be completed by the end of 2017. In the future this type of request would be considered under the new policy.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

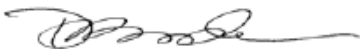
The Milton Heights Apartments will be provided with a copy of this report prior to the Finance and Administration Committee and City Council meetings. They will also receive a copy of City Council's decision regarding this report.

Copies of the report will be provided to the Regina Public School Board, Regina Catholic School Board and the Regina Public Library Board.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



Deborah Bryden, Director
Assessment & Taxation Department

Respectfully submitted,



Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by:
Tanya Mills, Manager Property Tax and Administration



MILTON
HEIGHTS

Milton Heights Apartments
1100 Broadway Avenue, Regina, SK S4P 1E3
www.edencarecommunities.com

June 29, 2017

City of Regina City Council
City Hall, 15th Floor
2476 Victoria Ave
Regina, SK S4P 3C8

Re: Milton Heights Property Tax Appeal

We have received our 2017 Property Tax Notice and have noted that our property taxes are increasing by approximately 40%. We are writing to request an appeal to the City of Regina City Council under low income affordable housing units.

Background:

Milton Heights was originally incorporated as a Not-for-Profit organization. In September 2016, Milton Heights became a Registered Charity.

Charitable purpose:

1. To relieve poverty by providing residential accommodation below market rate to individuals and families who are in need; and
2. To undertake activities incidental and ancillary to the attainment of the above purpose.

Milton Heights provides Affordable Housing / Rent Geared to Low Income Housing to 135 households composed of low-income families, seniors, those with special needs, and other low-income individuals. Tenants are income tested annually and prior to moving in.

Milton Heights is currently providing rental rates 5.7% - 8.0% below the 2016 CMHC Market Rent average. In August 2017, Milton Heights will be increasing rates by 1% for a cost of living market adjustment.

The overall vacancy rate in Saskatchewan increased to 9.4% in 2016, ranging from 8.4% in Bachelor Suites to 10.5% in two bedroom rentals. During the 2016-2017 fiscal year, Milton Heights was able to maintain an average vacancy rate of 0.20% and continues to have a long waiting list due to its ability to offer rates below market costs.

Milton Heights (previously Tower Gardens) was originally built in 1955. Milton Heights falls under the Office of Residential Tenancies.

Government Involvement

Milton Heights works with the Saskatchewan Housing Corporation and the Ministry of Social Services to provide Affordable Housing to income tested households.

Milton Heights entered into an agreement with the Saskatchewan Housing Corporation in July 2010 (HomeFirst Rental Development Program - Project Development and Operating Agreement). As part of this legal agreement, the Saskatchewan Housing Corporation provided a \$14,500,000 Forgivable Project Loan to Milton Heights over a 188 month term.

Monthly fees are capped at below market rates (set by the Saskatchewan Housing Corporation, based on the Canada Mortgage and Housing Corporation). Milton Heights cannot increase revenues beyond this limit to offset property tax increases.

Municipal Involvement

The City of Regina has granted an Assignment of Conditional Tax Exemption Agreement - Housing Incentive Program to Milton Heights in the past. This exemption entitled Milton Heights to a 5 year, 100% exemption for 7 infill dwelling units from the period of January 1, 2012 to December 31, 2016.

The City of Regina provided an Affordable Housing Capital Contribution of \$70,000 for the above units at \$10,000 per unit for a total of \$70,000 to Milton Heights in the 2013-2014 fiscal year. As per the terms of this agreement, the City of Regina requires Milton Heights to keep units at or below the Maximum Rental Rate for a minimum of 5 years.

Cash Flow Requirements

Milton Heights is required by its Mortgage Lender (Royal Bank of Canada) to maintain a building replacement reserve, setting aside \$57,612 annually (\$4,801 per month). Milton Heights must maintain a surplus of at least this amount to keep the building operational due to the age of the building (62 years) and meet the loan commitment.

Milton Heights is required to repay the principal of the loan over the loan agreement term. The current year portion of principal repayments for the 2017-2018 fiscal year is approximately \$145,800.

Milton Heights requires a minimum surplus of \$203,400 to meet these commitments which are beyond its control. Milton Heights is forecasted to be \$89,400 short, largely due to a significant property tax increase.

Property Taxes

Property Taxes increased from \$82,969 in 2016 to \$116,158 in 2017, an increase of \$33,189 (40%), similar to other Multi-Residential buildings in the area. An immediate increase of this magnitude will put additional financial strain on Milton Heights. This would require an additional rent increase of 2.04% - 3.13% over and above the current cost of living increase that will take effect on August 1, 2017, and is prohibited under the Office of Residential Tenancies for this tax year:

54 (1) "Subject to subsection (2), a landlord shall give a tenant written notice of a rent increase for a periodic tenancy at least:

(2) (b) (ii) six months after the effective date of the previous rent increase..."

The Residential Tenancies Act, 2006

Further to this, an increase of this amount will move Milton Heights to 94.84% - 97.54% of market rental rates, which is no longer significantly below market rates required by the City of Regina and the Saskatchewan Housing Corporation, and will have an adverse impact on occupancy rates putting additional financial strain on the organization.

Request for Exemption

Given the above restrictions and requirements, Milton Heights is requesting that the 40% increase in property taxes be deferred one year, allowing the organization sufficient time to provide notice of rate increases to its tenants or take other budgetary measures to allow for this increase in expenditure.

If this is not acceptable, Milton Heights may be able to sustain a 20% increase for the 2017 and 2018 tax years, with the remainder of the increase to take effect the following year. This would provide Milton Heights with the same savings indicated above, while paying a portion to the City of Regina this tax year.

Thank you for considering our request.

Sincerely,

Brandin Titanich
Brandin Titanich
Director of Finance
Milton Heights

November 7, 2017

To: Members
Finance & Administration Committee

Re: 2018 Alley Maintenance Strategy and Special Tax Levy Funding Options

RECOMMENDATION

1. That the City Solicitor be instructed to prepare the 2018 Alley Maintenance Special Tax Bylaw, which includes the following levies, proposed revenues and estimated costs.

Paved Alleys:

Levy	\$3.98 per assessable foot
Proposed Revenue	\$3,334,679
Estimated Cost	\$3,334,679

Gravel Alleys:

Levy	\$2.80 per assessable foot
Proposed Revenue	\$1,725,500
Estimated Cost	\$1,725,500

2. That this report be forwarded to the November 27, 2017, meeting of City Council for approval.

CONCLUSION

There is no proposed increase for the 2018 Alley Maintenance Program, as the newly collected taxes will be sufficient to cover planned expenses. However, if there are unforeseen circumstances that arise, the deferred revenue account will be drawn upon for 2018.

The amount of deferred revenue going forward should be reduced substantially and drawn down in the future, due to a right sizing of the budget to match the actual tax contributions. Additionally, tasks that should have been charged to the Alley Tax have recently been charged to some of the service areas (i.e. snow removal in lanes and tree pruning) and these services will now be charged to the alley tax as directed in the Bylaw.

Based on the last five years average, the reconstruction of 5.7 kms of paved alleys and refreshing 13.4 kms of gravel alleys, this program is on target to meet both the 30 year cycle for paved alley reconstruction and the 10 year cycle for refreshing gravel alleys.

BACKGROUND

The City's Alley Maintenance Program is intended to provide a sustainable alley system that is passable, safe, affordable, efficient, equitable and environmentally responsible. There are approximately 306 km of alleys in the city consisting of 172 km of paved alleys and 134 km of gravel alleys. The alley tax is designed to cover annual maintenance activities such as tree pruning, sweeping, snow removal, regrading of gravel alleys and pot hole patching on asphalt alleys in addition to the capital renewal of these assets.

In a typical season, the Sweeping & Alleys branch accomplishes the following tasks:

Paved Alleys

- reconstruction of approximately 5.7 km each year to accomplish a 30 year cycle of the program;
- one sweep of alleys, typically after the completion of the spring sweep;
- maintenance including repairing potholes, depressions and failures;
- plowing, as outlined in the Winter Maintenance Policy; and
- tree pruning, to ensure there are no obstructions that may cause safety or operational concerns.

Gravel Alleys

- maintenance of alleys four to five times each summer, including blading to ensure even surfaces and adding additional gravel as required;
- refreshing of 13.4 km each year including repairing soft spots, correcting minor drainage concerns, removing contaminated material and replacing with new material. The 13.4 km each year is putting us on track to complete a 10-year cycle;
- cleaning of catch basin sumps as required;
- plowing, as outlined in the Winter Maintenance Policy; and
- tree pruning, to ensure there are no obstructions that may cause safety or operational concerns.

The City's Alley Maintenance Program is governed by *The Cities Act*, Sections 275-278, which provides the authority to levy a special tax on properties for specific services. Property owners abutting paved or gravel alleys are required to pay the special tax, with revenues collected providing 100 per cent of the operating and maintenance funds dedicated to the Alley Maintenance Program.

Additional historical information on the Alley Maintenance Program has been attached as Appendix A of this report; the historical data of the special tax levy and the yearly deferred revenue amounts have been attached as Appendix B of this report.

DISCUSSION

Proposed 2018 Paved & Gravel Alley Budgets

The proposed special tax levy for 2018, for paved and gravel alleys are summarized in Table 1 and Table 2, respectively. In the past few years, warmer and drier than normal weather conditions have reduced the volume of alley maintenance required under the program. The drier conditions have produced less wash boarding and potholes in gravel lanes, which has reduced the amount of grading work required. Whereas a wetter summer would increase the amount of potholes and wash boarding in gravel lanes and would lead to an increased need to refresh and regrade the lanes. This has produced an increase in deferred revenue accounts relating to alley maintenance, which is reflected with no rate increase planned for 2018.

Table 1: Existing and Proposed Paved Alley Special Tax Levy

Paved Alley Levy	2017 Levy	Proposed 2018 Levy
Assessable Footage*	837,859	837,859
Levy Rate	\$ 3.98/ft.	\$ 3.98/ft.
Levy Amount per 50 ft. lot	\$ 199.00	\$ 199.00

* Any change in assessable footage can be attributed to continual updating of City records.

Table 2: Existing and Proposed Gravel Alley Special Tax Levy

Gravel Alley Levy	2017 Levy	Proposed 2018 Levy
Assessable Footage*	616,250	616,250
Levy Rate	\$ 2.80/ft.	\$ 2.80/ft.
Levy Amount per 50 ft. lot	\$ 140.00	\$ 140.00

* Any change in assessable footage can be attributed to continual updating of City records.

Full Level of Service Cost Recovery

The maintenance and reconstruction of alleys is based on the principle of full cost recovery, which means that the costs associated with the maintenance and reconstruction is fully offset by the levy collected. The original 1996 Alley Maintenance Strategy, approved by City Council, provided basic clarity on the reconstruction/gravel refresh components of the gravel and paved alleys. That strategy provided a 30-year reconstruction life cycle for paved alleys and a 10-year systematic gravel refreshment cycle in gravel alleys. Based on the last five years of alley construction work, Administration is on track to meet both the 30 year cycle of reconstruction of paved alleys and the 10 year cycle of refreshing gravel alleys.

With the implementation of the cart system for the solid waste/recycling curbside collection program, Administration is committed to monitoring the impact of this new method of waste collection on the condition of alleys. The impact of this is increased loading of vehicles on alleys and cannot be immediately determined. This necessitates the need for monitoring over a numbers of years to analyze the full affect. This increased loading and frequency could result in the need to increase the granular structure of the lanes to be able to meet their full life cycle required under this program or require an adjustment to the frequency of preventative maintenance and

reconstruction schedules. The principles of asset management will also be incorporated in the Alley Maintenance Program.

Thin lift treatments have been applied to paved alleys that are suitable for such treatment. This has helped extend the life of these assets. Additional light treatments will be introduced to keep alleys in good or fair condition for longer periods of time. This may extend the life cycle of paved alleys well beyond 30 years, which would reduce the overall cost to maintain these assets. It would also delay the inconvenience associated with alley reconstruction.

RECOMMENDATION IMPLICATIONS

Financial Implications

Due to the existing deferred revenues, there will be no increase to the fees in 2018, as the taxes proposed for the planned expenditures will be sufficient. However, if there are unforeseen circumstances, the deferred revenue will be drawn upon for 2018. The Alley Maintenance Program is fully funded by revenues obtained through the special alley tax levy to property owners abutting and flanking alleys.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The Alley Maintenance Strategy approved by City Council in 1996, was intended to maintain the alley inventory in an acceptable and sustainable condition. Funding to fully implement that strategy was phased in over a 10-year period. Full funding for the strategy was achieved in 2006 and has continued since that time. The primary focus of the strategy is the provision of a 30-year reconstruction cycle in paved alleys and a 10-year systematic gravel refreshment cycle in gravel alleys.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

Public notice of the special tax levy will be carried out in accordance with the requirements contained in *The Cities Act*. Administration also provides information to various parties, including affected property owners upon request. In addition, construction notices, where the scope of construction is significant, are hand delivered to affected abutting properties prior to the commencement of work.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



Norman Kyle, Director
Roadways & Transportation

Respectfully submitted,



Karen Gasmo, Executive Director
Transportation & Utilities

Report prepared by:
Danielle Fortin, Project Engineer, Sweeping & Alleys Services
Tyler Bien, Manager, Sweeping & Alleys Services

Appendix A: History of the Alley Tax Levy

Paved Alley Maintenance

In 1996, a condition survey estimated that over 47 percent of paved alleys required extensive repair or reconstruction. The majority of those alleys were constructed in the 1960s or 1970s and had far exceeded their design life expectancy.

As a result, in 1996 City Council adopted a strategy to achieve a 30 year reconstruction cycle for paved alleys. This approved strategy was phased in over a 10 year period by increasing the number of paved alley reconstructions by four alleys per year until a full implementation of 45 alley reconstructions per year was achieved. During the first half of the 10 year period, annual funding increases were approximately in the order of 10 percent. However, in 2001, City Council deferred the increase to the special tax levy for one year pending the results of an evaluation on strategy objectives, design methodology, and construction costs. The 2001 evaluation concluded that the approach was sound. In 2002, the strategy continued along with the requested special tax increases.

In 2006, funding for the strategy was fully phased in and the 30 year reconstruction cycle strategy has been maintained since that time. In 2008, an additional line item was added to the paved alley budget for snow plowing paved alleys. In 2009, additional line items were added to the paved alley budget to initiate bylaw enforcement for the pruning of private trees and for the time spent for the cost of engineering work related to alleys. In 2012, a Corporate Over Head of 22% was phased in over the following 3 years at +7 % (2012), +7 % (2013) and +8 % (2014) to total 22% per year for Corporate Over Head costs.

Gravel Alley Maintenance

Typical maintenance activities, which are undertaken to maintain stable surfaces in gravel alleys, are regular maintenance blading, systematic gravel refreshing, re-grading to improve significant drainage concerns, and spot gravelling. During the 1996 review, a 40-year reconstruction life cycle strategy was adopted by City Council for gravel alleys with the original intent that the 40 year life cycle be fully phased in by 2005.

Increasing funding levels between 1996 and 2001 resulted in the completion of those gravel alley reconstruction locations, which had originally been identified and required. The 2001 alley evaluation previously referred to, confirmed that the objectives for reconstruction had been substantially met. A revised strategy was developed, which provided additional efforts aimed towards improving surface maintenance rather than the deeper, structural reconstructions. The revised gravel alley maintenance strategy involved maintenance blading approximately four to five times during the non-winter months, spot gravelling, cleaning of catch basin sumps, minor reconstruction/drainage improvements, and achieving a systematic program of gravel refreshment based on a 10 year cycle. In conjunction, the number of full depth reconstructions was reduced to roughly the equivalent of two locations per year.

In 2006, the revised strategy was fully phased in and the strategy has been maintained since that time. In 2008, an additional line item was added to the gravel alley budget for snow plowing gravel alleys. In 2009, additional line items were added to the gravel alley budget to initiate

bylaw enforcement for the pruning of private trees and for the time spent cost of engineering work related to alleys. In 2012, a Corporate Over Head of 22% was phased in over the following 3 years at +7 % (2012), +7 % (2013) and +8 % (2014) to total 22% per year for Corporate Over Head costs.

Appendix B: Historical Data (Special Tax Levy & Deferred Revenue)

Table 1: Special Tax Levy - Historical

Gravel & Paved Alley Tax by Year			
Year	Gravel (\$/ft)	Paved (\$/ft)	Comments
1996	\$?.??	\$?.??	Data was not collected during this time period.
1997	\$?.??	\$?.??	“
1998	\$?.??	\$?.??	“
1999	\$?.??	\$?.??	“
2000	\$1.02	\$1.57	“
2001	\$1.02	\$1.57	“
2002	\$1.12	\$1.73	“
2003	\$1.23	\$1.90	“
2004	\$1.35	\$2.09	“
2005	\$1.39	\$2.15	“
2006	\$1.43	\$2.21	“
2007	\$1.48	\$2.28	“
2008	\$1.55	\$2.40	“
2009	\$1.66	\$2.64	“
2010	\$1.71	\$2.72	“
2011	\$1.81	\$2.88	“
2012	\$2.04	\$3.09	Added 7% Corporate OH (COH)
2013	\$2.33	\$3.56	Added 7%(2012) + 7% (2013) COH
2014	\$2.57	\$3.90	Added 7%(2012) + 7% (2013) + 8% (2014) COH
2015	\$2.71	\$3.85	Added Flankage to assessable footage so that is why there is a decrease to Paved Alley \$/ft.
2016	\$2.71	\$3.85	Remain the same as 2015
2017	\$2.80	\$3.98	3.4% to both Paved and Gravel for Labour, Material & Equipment Costs
2018	\$2.80	\$3.98	Remain the same as 2017

Table 2: Deferred Revenue – Historical Data

Gravel Alley Deferred Revenue	
Year	End of Year Amount
2003	\$370,442.78
2004	\$207,943.40
2005	\$25,676.71
2006	\$187,677.68
2007	\$319,795.66
2008	\$196,469.88
2009	\$93,294.11
2010	\$90,102.11
2011	\$162,081.54
2012	\$294,173.54
2013	\$636,506.67
2014	\$943,648.85
2015	\$928,086.01
2016	\$760,526.84
2017	NA

Paved Alley Deferred Revenue	
Year	End of Year Amount
2003	\$166,959.97
2004	\$86,032.21
2005	\$283,700.51
2006	\$302,293.43
2007	\$109,536.61
2008	\$142,193.07
2009	\$282,509.23
2010	\$7,013.23
2011	\$390,651.62
2012	\$1,020,655.97
2013	\$1,742,235.33
2014	\$2,413,196.59
2015	\$2,398,757.68
2016	\$2,507,692.02
2017	NA