

September 24, 2018

To: His Worship the Mayor
And Members of City Council

Re: Finance and Administration Committee: 2019 Alley Maintenance Program and Special
Tax Levy Funding Options

RECOMMENDATION

**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE
- SEPTEMBER 4, 2018**

That the City Solicitor be instructed to prepare the 2019 *Alley Maintenance Special Tax Bylaw* (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

FINANCE AND ADMINISTRATION COMMITTEE – SEPTEMBER 4, 2018

The Committee adopted a resolution to concur in the recommendation contained in the report.

Recommendation #2 does not require City Council approval.

Councillors: Bob Hawkins (Chairperson), Sharron Bryce (teleconference), Jason Mancinelli, and Barbara Young were present during consideration of this report by the Finance and Administration Committee.

The Finance and Administration Committee, at its meeting held on September 4, 2018, considered the following report from the Administration:

1. That the City Solicitor be instructed to prepare the 2019 *Alley Maintenance Special Tax Bylaw* (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 September 24, 2018 meeting of City Council for approval.

CONCLUSION

There is no proposed increase for the 2019 Alley Maintenance Program. The expected taxes received from 2019 will be sufficient to cover planned expenses. However, if there are unforeseen circumstances that arise outside of the planned expenditures, the deferred revenue account will be drawn upon for 2019.

Going forward, the amount of deferred revenue will be reduced substantially and drawn down, due to realigning the budget to reflect the cost of services, balanced with the appropriate draw on the deferred revenue. Historical Data on the deferred revenue can be found in Appendix A.

Based on the last five years average of the reconstruction of 5.7 km/year of paved alleys and refreshing 13.4 km/year 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 of Regina's (City) 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 consisting of 172 km of paved alleys and 134 km of gravel alleys in the city. The alley tax is designed to cover annual maintenance activities such as tree pruning, sweeping, snow removal, regrading of gravel alleys and pothole 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:

- Full depth 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.
- Repairing potholes, depressions and failures.
- Snow plowing, as outlined in the Winter Maintenance Policy.

- Pruning of trees located within the alley and any trees hanging into the alley. This is to ensure there are no obstructions that may cause safety or operational concerns for City operational needs.

Gravel Alleys:

- Maintenance of alleys four to five times per summer which includes blading performed by a maintenance grader to ensure even surfaces, proper drainage, as well as adding additional gravel as required.
- Refreshing of 13.4 km each year which includes excavating and repairing soft spots, correcting minor drainage concerns, removing contaminated material and replacing with new granular material.
- Cleaning of catch basin sumps, as required.
- Snow plowing as outlined in the Winter Maintenance Policy.
- Pruning of trees located within the alley and any trees hanging into the alley, to ensure there are no obstructions that may cause safety or operational concerns for City operational needs.

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 adjacent to 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.

Appendix B provides a summary of the Alley Maintenance Program, as well as progress from the 2017 program, a status update for the 2018 program and details on the proposed 2019 program.

DISCUSSION

Proposed 2019 Paved & Gravel Alley Budgets

The proposed special tax levy for 2019, for paved and gravel alleys are summarized in Table 1 and Table 2, respectively.

Table 1: Existing and Proposed Paved Alley Special Tax Levy

Paved Alley Levy	2018 Levy	Proposed 2019 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	2018 Levy	Proposed 2019 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. This means that the costs associated with the maintenance and reconstruction of alleys is fully offset by the levy collected. The original 1996 Alley Maintenance Strategy, which was approved by City Council, provided basic clarity on the reconstruction/gravel refresh components of the gravel and paved alleys. Additional background information on details of the program can be found in Appendix B.

The current strategy provides a 30-year reconstruction lifecycle for paved alleys and a 10-year systematic gravel refreshment cycle of gravel alleys. The strategy also covers all costs necessary to provide basic maintenance needs/tasks (i.e. tree trimming, pothole patching, snow clearing, sweeping, etc.). 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.

Thin lift asphalt overlays have also been applied to paved alleys that are suitable for such treatment. This has helped extend the life of these assets at a lower cost. Additional light treatments, such as thin lift overlays or pavement rejuvenators, will be introduced to keep alleys in good or fair condition for longer periods of time, where suitable. This may extend the lifecycle 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

The Alley Maintenance Program is fully funded by revenues obtained through the special alley tax levy from property owners adjacent to alleys.

Due to the existing deferred revenues, there will be no increase to the fees in 2019, as the taxes proposed for the planned expenditures will be sufficient. The deferred revenue will be used to offset any inflationary increases to the program, as well as covering additional work that will be required by contractors in 2019 to complete additional paved alley reconstructions; this will draw down funding from the deferred revenue.

Appendix A will provide a summary of the Deferred Revenue-Historical Data.

Environmental Implications

Well maintained alleys reduce the wear and tear on vehicles and equipment, as well as reducing fuel usage that leads to greenhouse gases.

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. This strategy ensures the City provides a safe and reliable alley network that follows the vision of the *Design Regina: The Official Community Plan* (OCP) as follows:

- *Section B Financial Policies, Goal 1 - Financial Principles, 1.1.2 “Where the benefits of a program or service are directly attributable to specific beneficiaries, the costs are to be paid through user fees or other similar charges.”*
- *Section B, Financial Policies, Goal 2 - Sustainable Services and Amenities, 1.3.2, “Provide affordable and cost-effective services and amenities in accordance with available financial resources and capabilities.”*
- *Section B, Financial Policies, Goal 4 - Revenue Sources, 1.14.1, “Secure sustainable sources of municipal funding for both capital and operating needs of the City.”*
- *Section D4 Infrastructure, Goal 1 – Safe and Efficient Infrastructure, 6.2, “Ensure new and reconstructed infrastructure follows industry best practices and overall City standards for design and construction.”*

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 property owners prior to the commencement of work.

DELEGATED AUTHORITY

The recommendation contained in this report requires City Council approval.

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE

A handwritten signature in dark ink, appearing to read 'Ashley Thompson', followed by a horizontal line.

Ashley Thompson, Secretary