

December 16, 2019

To: His Worship the Mayor
And Members of City Council

Re: Finance and Administration Committee: 2020 Alley Maintenance Program and Special
Tax Levy Funding Options

RECOMMENDATION

**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE
- DECEMBER 2, 2019**

1. That the following 2020 Alley Maintenance Special Tax levies, proposed revenues and estimated costs be approved:

Paved Alleys:

Levy	\$3.98 per assessable foot
Proposed Revenue	\$3,543,215
Estimated Cost	\$3,543,215

Gravel Alleys:

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

2. That the City Solicitor be directed to prepare the 2020 Alley Maintenance Special Tax Bylaw to include the paved and gravel alleys levies, proposed revenues and estimated costs.

FINANCE AND ADMINISTRATION COMMITTEE – DECEMBER 2, 2019

The Committee adopted a resolution to concur in the recommendation contained in the report. Recommendation #3 does not require City Council approval.

Councillors: Jason Mancinelli (Chairperson), Sharron Bryce (teleconference), Bob Hawkins 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 December 2, 2019, considered the following report from the Administration:

RECOMMENDATION

1. That the following 2020 Alley Maintenance Special Tax levies, proposed revenues and estimated costs be approved:

Paved Alleys:

Levy	\$3.98 per assessable foot
Proposed Revenue	\$3,543,215
Estimated Cost	\$3,543,215

Gravel Alleys:

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

2. That the City Solicitor be directed to prepare the 2020 Alley Maintenance Special Tax Bylaw to include the paved and gravel alleys levies, proposed revenues and estimated costs; and
3. That this report be forwarded to the December 16, 2019 meeting of City Council for approval.

CONCLUSION

There is no proposed increase for the 2020 Alley Maintenance Program. The expected taxes received from 2020 will be sufficient to cover planned expenses. However, if there are unforeseen circumstances that arise outside of the planned expenditures, the deferred revenue account that is alley specific, will be drawn upon for 2020.

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 kilometres per year of paved alleys and refreshing 13.4 kilometres per 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 322 kilometres of alleys consisting of 188 kilometres of paved alleys and 134 kilometres of gravel alleys in Regina. 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 Roadways Seasonal Operations Branch accomplishes the following tasks:

Paved Alleys:

- full depth reconstruction of approximately 5.7 kilometres 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, 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 kilometres 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 2018 program, a status update for the 2019 program and details on the proposed 2020 program.

DISCUSSION

Proposed 2020 Paved & Gravel Alley Budgets

The proposed special tax levy for 2020, for paved and gravel alleys are summarized in Table 1 and Table 2.

Table 1: Existing and Proposed Paved Alley Special Tax Levy

Paved Alley Levy	2019 Levy	Proposed 2020 Levy
Assessable Footage*	837,859	890,255
Levy Rate	\$3.98 per foot	\$3.98 per foot
Levy Amount per 50 foot. 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	2019 Levy	Proposed 2020 Levy
Assessable Footage*	616,250	616,250
Levy Rate	\$2.80 per foot	\$2.80 per foot
Levy Amount per 50 foot. 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. 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 2020 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 2020 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, 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 recommendations contained within this report require City Council approval.

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE



Ashley Thompson, Secretary

12/10/2019