

March 27, 2017

To: His Worship the Mayor
And Members of City Council

Re: Local Improvement Program Review

RECOMMENDATION

**RECOMMENDATION OF THE PUBLIC WORKS AND INFRASTRUCTURE
COMMITTEE – MARCH 9, 2017**

1. That no Local Improvement Program (LIP) be developed, as outlined in Option 4; and
2. That Recommendation #2 in the report be withdrawn.

PUBLIC WORKS AND INFRASTRUCTURE COMMITTEE – MARCH 9, 2017

The Committee adopted the following resolution:

1. That no Local Improvement Program (LIP) be developed, as outlined in Option 4;
2. That Recommendation #2 in the report be withdrawn; and
3. That this report be forwarded to the March 27, 2017 City Council meeting.

Recommendation #3 does not require City Council approval.

Councillors: Sharron Bryce (Chairperson), John Findura, Jason Mancinelli and Barbara Young were present during consideration of this report by the Public Works and Infrastructure Committee.

The Public Works and Infrastructure Committee, at its meeting held on March 9, 2017, considered the following report from the Administration:

RECOMMENDATION

1. That City Council approve the development of a new Local Improvement Program (LIP), based on recommended Option 1.
2. That Administration be directed to provide a report to City Council in Q1 of 2019, outlining the new LIP.
3. That this report be forwarded to the March 27, 2017 City Council meeting for approval.

CONCLUSION

With the Committee motion CM14-16 to discontinue the use of the former LIP, Administration began a comprehensive review of the program to determine changes necessary to meet the needs of Administration, property owners and City Council.

The Administration proposes that the City of Regina (City) develop a new LIP, wherein property owners initiate the projects and only projects involving new infrastructure are eligible. This new LIP will allow property owners to work with their neighbours, to identify new infrastructure that they are willing to fully or partially fund. This is a distinct difference from the previously discontinued LIP, which was City-initiated and applied to infrastructure renewal projects.

The recommended LIP is in line with various policies within the Official Community Plan, adheres to requirements of *The Local Improvements Act (1993)* (Act), and reflects lessons learned from the previous LIP.

Upon approval of this report, Administration would begin developing a new LIP including guidelines and policies that outline the eligible types of infrastructure projects, funding splits, approval process and other necessary elements, with the intent to return to City Council with a new, detailed LIP in 2019. Administration would also develop a communications strategy to educate property owners on the new program and how to submit a project for consideration.

BACKGROUND

At the September 11, 2014 meeting of the Public Works & Infrastructure Committee, motion CM14-16 was adopted and stated:

That the current Local Improvement Program (LIP) for walk, curb and gutter replacement be discontinued beginning with the 2015 budget year and construction season for all City-planned projects.

As part of PW14-16, it also recommended that:

A new LIP be developed for projects that are initiated by property owners either through requesting installation of a new infrastructure or requesting infrastructure renewal be carried out ahead of schedule of the work planned as part of the Residential Road Network Improvement Plan.

This recommendation was approved at the December 8, 2014 City Council Meeting (CM 14-16), where it was also resolved that the review of a new LIP “be targeted at projects initiated by property owners,” therefore options including City-initiated projects were excluded from this review.

Local Improvement Process Background:

The Ministry of Government Relations provides guidance to municipalities through its *Local Improvement Manual for Local Governments, 2012*. A city is not required to have an LIP however, the Act provides three ways in which a local improvement may be initiated:

- by petition from property owners requesting the work;
- by Council on its own initiative, with owners having the right to petition against the work; and
- by Council on its own initiative, with owners having no right of petition against the work.

Historically, the City relied on the option where the local improvements were proposed by a City Council initiative, with the property owners having the right to petition against the work. Since the discontinuation of the previous LIP in 2014, Administration has not received public interest or desire for the return of the LIP.

Additional information on the general Local Improvement process, as outlined in the Act, is included in Appendix A and a brief history of the LIP previously used by the City of Regina, is provided in Appendix B.

DISCUSSION

Administration has undertaken an analysis of all possible options based on the scope, to provide recommendations that are the most likely to be successful in the implementation of an LIP. Based on Council's direction, the scope of a new LIP review was focussed on options that:

- property owners initiate;
- are based on a peer review of other Canadian municipalities;
- are within the authority of the City under the Act;
- reflect lessons learned from the City's previous LIP; and
- provide an equitable outcome for affected property owners.

The review also compared whether to include new or existing infrastructure in a new LIP. Evaluation criteria to compare all options includes:

- consistency with what other municipalities offer;
- value added to the City's infrastructure;
- level of administrative effort;
- financial impact on the City and property owners;
- alignment with the City's Official Community Plan;
- history of LIP in Regina; and
- other considerations outlined in Table 1.

This review of LIP options also includes not having any type of LIP, as the Act does not require that cities have LIPs.

Through a public procurement process, the City engaged Associated Engineering Ltd. to assist Administration with reviewing the Act, researching other Canadian cities' LIPs and providing guidance on options and recommendations. Consultation with various City of Regina departments on the proposed new LIP indicated overall support of the recommended option. By having projects initiated by property owners the new LIP will strive to reduce Administrative effort and cost, yet still provide property owners with a mechanism to identify and fund new infrastructure projects that are important to them, but have not been or may not be, proposed as priority projects by the City. This approach is in line with the City's benefits model as defined in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)*: "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."

Should a new LIP be approved, it is recommended that local improvement projects be entirely or partially funded by the benefiting property owners, with exact funding splits and project eligibility criteria to be determined during detailed development of a new program. Considerations such as administrative resources required and detailed program scope, process, limitations, etc. will be explored during the new LIP development in Q1 of 2019.

OPTIONS:

The Act allows the local improvement process to be used for new infrastructure, as well as infrastructure renewal. Below is a summary of each option. A more detailed discussion of each option is included in Appendix C. A survey of other Canadian cities regarding their LIPs and a summary of those results is provided in Appendix D. Other considerations and observations that impact a LIP are included in Appendix E.

Four distinct options were reviewed:

1. LIP that considers projects initiated by and with majority support of property owners and is limited to new infrastructure only.
2. LIP that considers projects initiated by and with majority support of property owners and is limited to renewal of existing infrastructure only.
3. LIP that considers projects initiated by and only with unanimous support of property owners, for both new infrastructure and existing infrastructure.
4. No LIP.

Option 1– Local Improvement Program that considers projects initiated by and with majority support of property owners and is limited to new infrastructure only (Recommended):

In this option, petitions would be accepted for new infrastructure only. A local improvement would be considered if property owners approached the City with an initial petition indicating that a majority of benefitting property owners support a proposed project for new infrastructure only. The property owners would be required to fully or partially fund the project according to the requirements of the new LIP. Examples of new assets (where none had previously existed) would include paving a gravel street or alley, adding street lighting, extending water and sewer services, installing sidewalks/asphalt trails where none previously existed, park benches, garbage cans and noise attenuation. The eligible assets in this LIP option and the exact funding splits would be determined as the program is developed and within the scope permitted by the Act.

Based on the analysis and review, this is the recommended option.

Advantages:

- Provides an additional funding source.
- Provides an opportunity for creation of new infrastructure at locations that would otherwise have been low priority for the City to construct.
- Enables projects benefiting several owners.
- Not as likely to impact other assets (i.e. water, wastewater and drainage) compared to infrastructure renewal option.
- Property owners can pay over time.

Disadvantages:

- Administrative efforts hard to plan for, due to variability from year to year.
- The City incurs costs and/or debt for these projects, with residents repaying over a number of years. Until these funds are repaid, the City's ability to start other initiatives may be impacted.
- Minority of property owners compelled to pay for project they do not support.
- Perception of unfair treatment for residents with more ability to pay.
- The City pays administrative, engineering and advertising costs for rejected proposals.
- Would not allow an option to petition for infrastructure renewal to advance outside of existing program prioritization (e.g. Residential Road Renewal Program).

Option 2– Local Improvement Program that considers projects initiated by and with majority support of property owners and is limited to infrastructure renewal only (Not Recommended):

This option is similar to the previous, discontinued LIP, but projects would be solely property owner-initiated. It differs from Option 1 in that it would apply only to renewal of existing infrastructure. This option is similar to the previous LIP and could also result in numerous rejected petitions. The eligible assets in this LIP option and the exact funding splits would be determined as the program is developed and within the scope permitted by the Act. Examples of infrastructure renewal would include water or sewer main replacement, pavement rehabilitation and sidewalk reconstruction.

Advantages:

- Provides an additional funding source.
- Provides an opportunity for renewal of existing infrastructure at locations that would otherwise have been low priority for the City to renew.
- Enables projects benefiting several owners (i.e. sidewalks, alley paving).
- Property owners can pay over time.
- Allows property owners to propose projects instead of being City-led like the previous LIP.
- Would allow an option for infrastructure renewal to advance outside of existing program prioritization (e.g. Residential Road Renewal Program).

Disadvantages:

- Administrative efforts hard to plan for, due to variability from year to year.
- The City incurs costs and/or debt for these projects, with residents repaying over a number of years. Until these funds are repaid, the City's ability to start other initiatives may be impacted.
- Potentially skews the City's road asset management program and road life cycle, if property owners successfully petition for locations which would not otherwise meet the City's timelines for renewal.
- Minority of property owners compelled to pay for project they do not support.
- Difficulties coordinating work and timelines with other infrastructure renewal projects for the same location.
- Perception of unfair treatment for residents with more ability to pay.
- The City pays administrative, engineering and advertising costs for rejected proposals.
- Similarities to previous LIP indicate this option may have similar low success rates for proposed projects.
- Contradicts public expectation and perception that the City should be responsible for all renewal of existing infrastructure without additional property owner contributions.

Option 3— Local Improvement Program will consider projects initiated by and only with unanimous support of property owners (Not Recommended):

In this option, property owners would be required to organize a petition and demonstrate 100 per cent support from those impacted, before the petition would be considered by the City. Property owners would be required to fully or partially fund the project according to the requirements of the new LIP. The scope of eligible projects would be determined through the detailed development of the new LIP.

Advantages:

- Provides an additional funding source.
- Enables projects benefiting several owners (i.e. sidewalks and alley paving).
- Property owners can pay over time.
- Less administrative effort than Options 1 and 2, because pre-work would not be wasted by a petition against the work at the end of the administrative process.
- Property owners not compelled to pay for a project they do not support.
- Would allow an option for infrastructure renewal to advance outside of existing program prioritization (e.g. Residential Road Renewal Program).

Disadvantages:

- Program participation may be low.
- Administrative efforts hard to plan for, due to variability from year to year.
- Ability of property owners to obtain unanimous consent would be extremely difficult to achieve.
- The City incurs costs and/or debt for these projects, with residents repaying over a number of years. Until these funds are repaid, the City's ability to start other initiatives may be impacted.

- If costs increase from the initial estimate the City would pay administrative, engineering and advertising costs for a subsequent rejected proposals.
- Perception of unfair treatment for residents with more ability to pay.

Option 4 – No Local Improvement Program (Not Recommended):

In this option there would be no formal LIP. New infrastructure and infrastructure renewal would occur through existing City maintenance and Capital programs. Since the previous LIP was discontinued in 2014, Administration has not received public interest or desire for the return of the LIP. This option does not provide any option for property owners who wish to contribute financially to an infrastructure project.

This option is common in many Canadian municipalities, including Saskatoon, but is not preferred as it would leave property owners without an opportunity for coordinating larger-scale projects involving multiple benefitting property owners. Most Canadian municipalities tend to have some form of an LIP within varying parameters, in order to provide this opportunity to interested property owners.

Advantages:

- Uses existing processes and minimizes administrative resources.
- No additional direct infrastructure costs borne by the City, outside of the existing programs.
- No effect to the City's debt limit.
- Consistent with OCP benefits model.
- Owners not in favour are not compelled to pay or receive benefits.
- Previous LIP has been discontinued since 2014 and no desires expressed for its return.
- Existing City process is available for small-scale projects suitable for individual property owners (i.e. sidewalk panel replacement in front of their home).

Disadvantages:

- Does not offer an option for property owners who wish to contribute financially to an infrastructure project, in order to establish or accelerate it ahead of when the City otherwise would.
- Does not provide the City with the opportunity to cost-share on infrastructure projects that may otherwise never be funded or take longer to be prioritized.
- With no formal LIP, the existing City process does not allow for larger scale proposed projects or projects that have multiple benefitting property owners.
- Would not allow an option for infrastructure renewal to advance outside of existing program prioritization (e.g. Residential Road Renewal Program).

Table 1 summarizes the main advantages and disadvantages of each option.

Table 1: Comparison of Options

	Construction Cost to City	Risk of Unrecoverable Costs	Affects Debt Limit	Administrative Effort	Consistent with Benefits Model	Owners Compelled to Pay	Owners may Defer Payment	Special Treatment for those who can afford to pay more. Treatment for those who cannot	Owner Effort
Opt. 1: Majority Support, New Only	Low*	Med	Yes	High	Yes	Yes	Yes	Low	Low
Opt. 2: Majority Support, Renewal Only	Low*	Med	Yes	High	Yes	Yes	Yes	Yes	Low
Opt. 3: Unanimous Support	Low*	None	Yes	Med	Yes	No	Yes	Yes	High
Opt. 4: No Program	None	None	No	Low	Yes	No	No	No	None

*Construction cost where the City is also a benefiting landowner, i.e. work adjacent to parks.

RECOMMENDATION IMPLICATIONS

Financial Implications

Financial implications are not fully known. Under the previous LIP, the City received an average of \$345,000 per year in a special assessment from the benefiting property owners. This estimate is an average of property owner contributions for the last 10 years of successful LIP projects. Without benefiting property owners paying a special assessment, this source of funding is not available to the City.

The City incurs costs and/or debt for these projects with residents repaying over a number of years. Until these funds are repaid, the City’s ability to start other initiatives may be impacted.

Implementation of a new LIP would provide partial or full funding from benefiting property owners for costs associated with new infrastructure and would result in construction of new City infrastructure that may not otherwise have been prioritized and funded solely by the City. The new infrastructure would have maintenance costs that will vary, depending on the type of infrastructure constructed.

The new LIP would be developed with input from numerous City departments to ensure it would include only infrastructure for which the City is comfortable accepting including the ongoing maintenance costs. The LIP development will also include a detailed cost analysis of the cost-sharing options for various eligible assets to ensure that, if approved, the City is willing to pay partial cost for various types of LIP projects.

Environmental Implications

Depending on the type infrastructure projects that are permitted when the new LIP is developed, there may be various environmental benefits. For example, if recreational facilities, such as bicycle and walking paths are included in the new LIP, there would be a positive environmental benefit to providing non-motorized travel options, which result in less greenhouse gas emissions.

Policy and/or Strategic Implications

The recommended option is consistent with the Community Priority of *Long Term Financial Viability*, as outlined in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)*, Goal 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.” The recommended option also aligns with the corporate strategic plan as it relates to asset management and citizen engagement. The proposed new LIP supports the City’s strategic focus to improve the development and maintenance of liveable neighbourhoods. It will add infrastructure to the City’s assets as deemed beneficial to the City, residents, and property owners. The proposed new LIP would offer an opportunity for property owners to initiate and contribute funding to projects that directly benefit a single neighbourhood. This differs from the Servicing Agreement Fee (SAF) policy which funds projects that are typically city-wide or that add servicing capacity for more than one neighbourhood.

Other Implications

Development of a new LIP will involve numerous City departments; this may require a committee of representatives from multiple branches to oversee the program. Due to its broad scope, there is an opportunity for collaboration among branches, rather than having the program managed solely by a single branch.

Under a new LIP, the City will still require annual Uniform Rate reports and Uniform Rate Bylaws, annual LIP reports, LIP Bylaws and Saskatchewan Municipal Board approval. This would only occur if property owners petitioned for a local improvement. The creation of a new LIP bylaw will only be required if the new program requires more than simple majority of affected property owner approval for a project to proceed.

Accessibility Implications

Depending on the type infrastructure projects that are permitted when the new LIP is developed, there may be various accessibility benefits related to sidewalks, trails and other infrastructure.

COMMUNICATIONS

The development of a new LIP will involve considerable involvement from a variety of City departments, as well as the potential for property owner and external stakeholder consultation. The engagement plan will be developed with the new LIP and will include actions to inform property owners of the new program and how they might take advantage of it. A communications strategy will be developed with a variety of approaches that will determine how best to deliver this information.

DELEGATED AUTHORITY

The recommendation contained in this report requires City Council approval.

Respectfully submitted,

PUBLIC WORKS AND INFRASTRUCTURE COMMITTEE

Elaine Gohlke

Elaine Gohlke, Secretary