

Appendix C: Detailed Discussion of Options

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

The Act allows the local improvement process to be used for new infrastructure, as well as infrastructure renewal. In this option, a petition would be accepted for **new infrastructure only**. For this option, a local improvement would be considered if property owners approached the City of Regina (City) with an initial petition indicating that a majority of benefiting property owners support a proposed project and if it applied to new infrastructure only. The property owners would be required to fully or partially fund the project according to the requirements of the new Local Improvement Program (LIP). The Act outlines many types of infrastructure that can be included in an LIP, but it is up to the City to decide which types will be included or not during the detailed LIP development. Examples of new infrastructure (where none has previously existed) include sidewalk, curbing, landscaping, street lighting or recreational facilities such as park benches or garbage cans.

The main benefit of limiting the program to new infrastructure only is that property owners would have the ability to fund the construction of an asset that the City may never have seen as high enough priority to construct. This is different from the City's previous LIP, in that property owners may have petitioned against an infrastructure renewal project because of the expectation that their property taxes should pay for the renewal of existing infrastructure. There may be a better appreciation of this LIP option as an opportunity to provide certain new infrastructure that is desired by benefiting property owners that may not be a priority for the City for a long time, if ever.

The City would still require the consent of the Saskatchewan Municipal Board's Local Government Committee before proceeding with the work. The initial petition supporting the work is completed before the full details of the project are known however, the City can provide a high level cost estimate prior to the initial petition. It is possible for property owners to reject the project during the second petition, with the cost details, even though they supported the project in the initial petition. This would also result in a loss of administrative, engineering and advertising costs incurred by the City after the initial petition. However, due to the onus being on property owners to initiate a petition, it is expected that there would be less petitions in this program than under the City's previous LIP where they were initiated by the City. This means that under this LIP option, even if some of the property-owner-led projects are rejected during the second petition, the administrative losses are substantially less than the losses due to rejected projects under the previous LIP.

It is anticipated that when this type of program is developed in more detail it would specify that when a property owner or group of property owners first approaches the City about creating a petition for an LIP project, the City would provide them with a high level cost estimate for the work and what each affected property owner's share is likely to be. This would better inform the affected property owners at the first petition phase, in order to reduce the likelihood of property owners changing their minds at the second petition phase.

The eligible costs included in a local improvement and chargeable to the property owners include construction, design and engineering, advertising, and interest. However, in the event the local improvement project does not proceed, the City would bear the cost of services until the point that the local improvement did not proceed. This costs would include such things as engineering, advertising, and administration. Selecting a threshold higher than 50 per cent for entertaining the initial petition would reduce the risk of a proposal being rejected at this stage. For the purposes of the City's policy, any proportion (60 per cent, 70 per cent, etc.) could be defined as the threshold required to entertain the initial petition – however, Council would be required to pass a bylaw that would be required to define a threshold other than a simple majority.

This LIP option is mostly 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." (*Design Regina* B.1.1) This assumes the types of infrastructure that property owners would be willing to fund under this option would be limited to that which benefits themselves. However, the City does carry the risk of using general revenues to fund the initial stages of projects without city-wide benefits if those projects are rejected in the second petition. The City also carries the responsibility for maintaining the new infrastructure, and the City is responsible for funding the portion of benefiting land owned by the City.

This option provides a means for property owners to add to the infrastructure initially constructed, and may be used, for example, to add sidewalks where they were initially omitted but where sidewalk would be required according to current City standards if this location was newly constructed.

Examples of new assets include, but are not necessarily limited to, paving a gravel street or alley, adding lighting, installing sidewalks/asphalt trails, and noise attenuation. The eligible assets in this LIP option and the exact funding splits would be determined as the program is developed.

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

This option is similar to the City's previous, discontinued LIP, except in this case projects would be solely property owner-initiated. It differs from Option 1 in that it would apply only to **renewal of existing infrastructure**. Allowing the local improvement process to be used for renewal of existing infrastructure could potentially add to the City's overall funding, benefiting the whole community. This approach however, may be perceived by some residents as allowing special treatment for a certain group of property owners – those who can afford to pay more in order to advance the renewal of that asset prior to when the City otherwise would have done. As with Option 1, the City would provide a high level cost estimate during the first petition phase to reduce the risk of lost administrative time and effort, if property owners reject it during the second petition phase. Examples of infrastructure renewal would include water or sewer main replacement, pavement rehabilitation, and sidewalk reconstruction.

Examples of asset renewal would include water or sewer main replacement, pavement rehabilitation, and sidewalk reconstruction.

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

In this option, property owners would be required to organize a petition and demonstrate support of 100 per cent of those impacted before the petition would be considered by the City.

Under the *Local Improvements Act, 1993* (Act), petitions that are received with the support of 100 per cent of affected property owners do not require additional public notice and do not provide the opportunity to be overturned if owners change their mind. The City would still require the consent of the Saskatchewan Municipal Board's Local Government Committee for the work. 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, but could include both infrastructure renewal and new infrastructure projects.

Cities whom Administration surveyed with this option, reported low implementation rates due to the difficulty achieving unanimous support on most projects. The City would not have to invest in potentially unrecoverable engineering and advertising costs. The associated administrative effort and cost would decrease relative to Options 1 and 2, because the Act does not require a second petition if there is unanimous support.

As with Option 1, the City would provide a high level cost estimate during the first petition phase to better inform property owners of what their contribution will be. There is a risk in this option that the estimate may be lower or higher than the actual costs. This risk will need to be managed during this LIP's development, and carefully explained to property owners from the outset.

A new Council approved bylaw would be required to define the minimum threshold for local improvement projects for unanimous support. The Administration would still be required to define the extent of the land benefiting from proposed work. In some cases, this is not as simple as the lands abutting the work. There would also be administrative effort to guide prospective petitioners, including assisting them with understanding the rules and finding property ownership information.

Limiting the program to initiatives with 100 per cent support would likely decrease the popularity of a LIP. However, property owners would also not be compelled to pay for infrastructure that they do not support.

Option 4 (Not Recommended) – No Local Improvement Program

In this option, there would be no formal LIP. New infrastructure and infrastructure renewal would occur through existing City maintenance and capital programs. Residential roads and sidewalks would continue to be improved as part of the Residential Road Renewal Program however, this program is condition data driven and does not prioritize locations based on property owner requests or petitions.

The only option remaining for a property owner or group of property owners to construct a new asset or improve an existing one, would be to use the existing Development Services Branch processes to construct or improve an asset adjacent to their property, at their own expense and subject to City approval. This is a small, informal process that tends to serve individual property owners rather than groups. The cost would not be amortized and would not affect the City's debt limit. No new resources would be required.

In the Development Engineering process, the property owner submits a request and if approved by the City, the applicant must use a bonded contractor from the City's list of approved contractors and work must be completed in accordance with City's Standard Construction Specifications. The applicant pays 100 per cent of the cost, as well as an inspection fee. The City would not contribute financially.

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."