



Public Works & Infrastructure Committee

**Thursday, March 9, 2017
4:00 PM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

**Public Agenda
Public Works & Infrastructure Committee
Thursday, March 9, 2017**

Approval of Public Agenda

Adoption of Minutes

Public Works & Infrastructure Committee - Public - Feb 9, 2017 4:00 PM

Administration Reports

PWI17-9 Local Improvement Program Review

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.

Adjournment

AT REGINA, SASKATCHEWAN, THURSDAY, FEBRUARY 9, 2017
AT A MEETING OF PUBLIC WORKS & INFRASTRUCTURE 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 Sharron Bryce, in the Chair
Councillor Lori Bresciani
Councillor John Findura
Councillor Jason Mancinelli
Councillor Barbara Young

Also in Attendance: Council Officer, Elaine Gohlke
Legal Counsel, Jayne Krueger
Executive Director, Transportation & Utilities, Karen Gasmo
Director, Roadways & Transportation, Norman Kyle
Director, Solid Waste, Lisa Legault
Manager, Roadways Preservation, Nigora Yulyakshieva
Manager, Water & Sewer Engineering, Kurtis Doney

(The meeting commenced in the absence of Councillor Findura and Councillor Mancinelli.)

APPROVAL OF AGENDA

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

(Councillor Findura arrived at the meeting.)

ADOPTION OF MINUTES

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the minutes for the meeting held on January 12, 2017 be adopted, as circulated.

ADMINISTRATION REPORTS

PWI17-7 Waste Plan Regina – 2015/2016 Update

Recommendation

That item PWI5-2 Update - Waste Plan Regina, be removed from the list of outstanding items for this Committee.

Fred Clipsham addressed the Committee.

(Councillor Mancinelli arrived at the meeting during Mr. Clipsham's presentation.)

Councillor Lori Bresciani moved that the recommendation contained in the report be concurred in.

Councillor Barbara Young moved, in amendment, AND IT WAS RESOLVED, that this report be forwarded to the February 27, 2017 meeting of City Council for information.

The main motion, as amended, was put and declared CARRIED.

PWI17-6 Increase in Engineering Services Fees for the Design and Construction of Master Plan Drainage Area 8 (Arcola Avenue Detention Facility)

Recommendation

1. That City Council delegate authority to the Executive Director of Transportation & Utilities to extend the commission to AECOM Canada Ltd. (AECOM) to exceed \$500,000.00 to complete the design, tender preparation and construction supervision of the Arcola Avenue Detention Facility Project.
2. That this report be forwarded to the February 27, 2017 meeting of City Council for approval.

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

PWI17-8 Residential Road Renewal Program Annual Report

Recommendation

That this report be received and filed.

Councillor Barbara Young moved that this report be received and filed.

Councillor Barbara Young withdrew her motion of receive and file.

Councillor Barbara Young moved, AND IT WAS RESOLVED, that this report be forwarded to the February 27, 2017 meeting of City Council for information.

Councillor Lori Bresciani moved that the Public Works & Infrastructure Committee waive the requirement for notice from one meeting to the next for reconsideration of an item and that the motion that this report be forwarded to the February 27, 2017 meeting of City Council for information be reconsidered at this meeting.

The motion was put and declared LOST.

ADJOURNMENT

Councillor Jason Mancinelli moved, AND IT WAS RESOLVED, that the meeting adjourn.

The meeting adjourned at 5:52 p.m.

Chairperson

Secretary

March 9, 2017

To: Members
Public Works & Infrastructure Committee

Re: Local Improvement Program Review

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 benefitting property owners. This estimate is an average of property owner contributions for the last 10 years of successful LIP projects. Without benefitting 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 benefitting 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,

A handwritten signature in blue ink, appearing to read 'N. Kyle', written in a cursive style.

Norman Kyle, Director
Roadways & Transportation

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Karen Gasmo', written in a cursive style.

Karen Gasmo, Executive Director
Transportation & Utilities

Report prepared by:
Nigora Yulyakshieva, Manager, Roadways Preservation
Sharla Cote, Senior Engineer, Roadways Preservation

Appendix A: Local Improvement Process Background

The Ministry of Government Relations provides guidance to municipalities through its *Local Improvement Manual for Local Governments, 2012* and the *Local Improvements Act, 1993* (the “Act”). 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 have no right of petition against the work.

This publication provides a flowchart outlining the process for implementing an owner-initiated local improvement, as shown in Figure 1. There are additional processes involved for the City of Regina (the “City”) in addition to what the province has outlined in this flowchart such as the Uniform Rate Report and bylaw process that proceeds the LIP process every year.

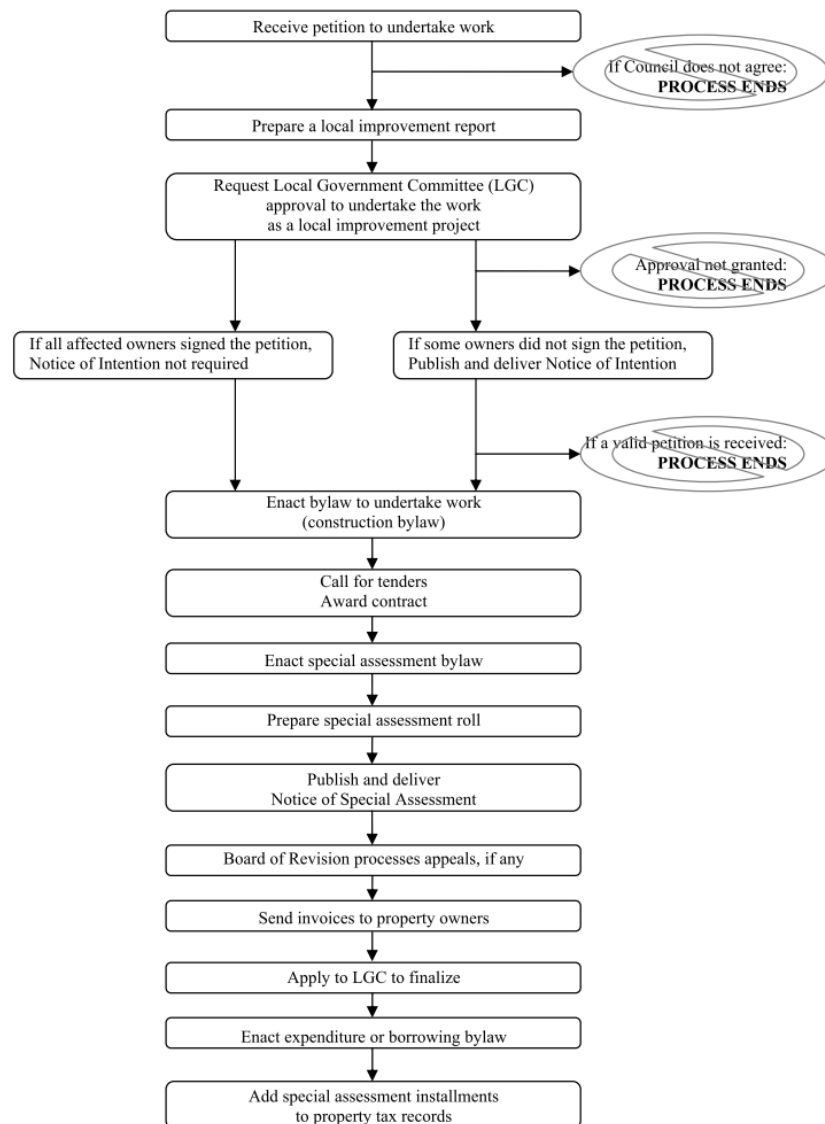


Figure 1: Local Improvement Process Flowchart

Recognizing the initial petitioning steps is key to the discussion in this report, there are two petition stages:

- Initial petition *in favour* of the project.
- Second petition allowing the opportunity to *oppose* the project.

Unless the initial petition has the support of every benefiting property owner, the City is required to post notice of the proposal and contact every benefiting land owner individually to allow them the opportunity to petition against the work. Between the two petition stages, a Local Improvement Report would be prepared that includes an engineer's report and cost estimate. This information may change the opinions of some of the petitioners.

A majority is defined in the Act as the owners of more than half the properties representing more than half the assessed value of the land – but the Act only defines this threshold for the second stage petition *against* the work.

A petition in favour of a project is not binding on the City. However, a petition against the work is binding for the next twelve months.

A new LIP may include projects that are entirely funded by property owners. The Act requires the City to pay its share for tax-exempt lands benefiting from the work, such as parks. The City is also responsible for maintenance of infrastructure completed as a local improvement during the life of the asset.

The use of a local improvement program will require ongoing and fluctuating levels of administrative effort on the part of the City. Administrative effort would include:

- Prepare Uniform Rates report and bylaw;
- Accepting a petition from property owners and checking the validity of the petitioners;
- Determining the lands benefitting from the proposed Local Improvement Project and subject to a Special Assessment;
- Preparing a preliminary design report, including a cost estimate of the proposed works, and identifying the lifetime of the proposed work;
- Determining the rate of Special Assessment;
- Preparing a Local Improvement Report and submitting it to the Saskatchewan Municipal Board Local Government Committee (LGC) for approval to proceed;
- Advertising a "Notice of Intention" publically and an individual notification to each property owner;
- Answering enquiries from residents;
- Accepting and validating petitions against the proposal;
- Preparing a report to Council on the petition outcome, unless no petition against the work is received;
- Preparing and adopting an enabling bylaw for construction which includes special assessment provisions (this is the City's annual LIP bylaw);
- Managing construction and tendering;
- Preparing a Special Assessment Roll and Special Assessment Notice;

- Handling any appeals against the Special Assessment;
- Invoicing property owners;
- Preparing and adopting an enabling bylaw for borrowing, if applicable; and
- Administering special assessment installment payments.

One important administrative function is to define the extent of the land benefitting from proposed work. In some cases, this is not as simple as the lands abutting the work. The Local Improvements Manual lists an example where after an appeal process, property owners on a local street with no work were assigned some of the costs for a street improvement on a nearby street, because their property had no access except via the other street. The exact details of who a “benefitting” property owner is will be more defined in the development of the new LIP.

There is also likely to be some administrative effort required to guide prospective petitioners, including assisting them with understanding the rules and finding assessed values and ownership information.

The Special Assessment will be based on the actual project costs, not those estimated in advance. However, the Administration must address concerns from citizens if actual project costs exceed the estimates resulting in a higher Special Assessment than indicated prior to the petitioning process.

Appendix B: History of Local Improvement Programs in Regina

History:

Early in 1979, the Public Works & Engineering Department proposed a fifteen year Catch-Up Program to improve the City of Regina's (the "City") road infrastructure. At that time, City Council also directed that the priority for maintaining roadways infrastructure to be targeted to arterials and collector roadways since they are responsible for carrying 80 per cent of vehicular traffic. The Administration had reviewed several options to fund this Catch-Up Program and it was agreed that the most equitable method of funding this was through the Local Improvement Program (LIP) and that the work be completed over a fifteen year period.

In 1993, the *Local Improvements Act, 1993* (the "Act") was revised by the provincial government. At that time the City revised its LIP to follow the requirements as prescribed by the revised Act.

Discontinued Process for Local Improvement:

The following information describes the City's LIP up to 2014, when the previous LIP was discontinued. Each year the Administration proposed a program of local road improvements for rehabilitation. The Act requires that the projects selected for local improvement be approved by City Council and then submitted to the Saskatchewan Municipal Board for approval prior to the work being advertised.

The City used the LIP to repair infrastructure at locations where the full replacement of sidewalk, curb and gutters was required. This applied to all classifications of roadways including arterials, collectors, bus routes and residential streets. Another existing, yet infrequently used aspect of the local improvement program was for the installation of lighting in alleys.

The Act prescribes the manner in which the local improvement program was applied including, but not limited to the:

- Determination of costs of local improvement;
- Basis for determining special assessments against the benefiting lands;
- Process to initiate a local improvement; and
- Process to petition for/against the work.

The Act provides limited latitude in the way that cities can determine the costs for local improvement or the basis for determining special assessments against the benefiting lands. An area where latitude is provided to cities is the amount that benefiting property owners are expected to share in the cost of local improvement work.

The previous LIP was developed on the basis that property owners that benefit from the work being done should be the ones that are expected to pay. That program was designed so that property owners paid a portion of the cost for installation of sidewalk, curb, gutter and the City paid for removal of old infrastructure and all other road related work. There was no charge to the property owners for pavement rehabilitation or any other work related to roadway reconstruction,

as well as renewal or replacement of the underground utilities done in conjunction with this program.

The contribution rate (i.e. uniform assessment rates) for property owners was reviewed annually and was based on actual construction costs for both surface works and underground works in new neighbourhoods. The property owners' share of the cost was further based on the frontage length of their property abutting the work and on the type of work being done.

Property owners benefiting from proposed local improvements were notified by mail of the actual costs that would be assessed to them for the proposed work. If they did not want the work to proceed they had the option to petition against it.

Challenges with the previous LIP:

The main challenges with the previous LIP were:

1. In the situations that property owners petitioned against the proposed work, the Administration had few options left to execute the planned work. Although City Council had the option to pass a bylaw for undertaking local improvement work by removing the right to petition or by passing the result of the petition, this required approval by Saskatchewan Municipal Board as per the *Local Improvements Act, 1993, Section 11 & 12*. The practice in this situation where property owners petitioned against work was to cancel the proposed work and to continue to provide maintenance services to these locations. After a period of two to five years the rejected LIP location was often re-proposed as a LIP location and a new petition process was started. The cancellation of proposed work on higher traffic volume roads affected the level of service (such as ride comfort and safety) for many road users.
2. Not all construction costs were paid by property owners. This was more profound in the areas of reduced property tax assessment. These areas all received a 50 per cent reduction of special assessment charges for surface works (street, sidewalk, curb and gutter replacement). The overall contribution by property owners was limited, on average to \$345,000 (for the period 2004 – 2013) for all LIP locations together within a single year.
3. As the required budget for LIP projects was a very significant part of the available budget for local roads (i.e. on average 25 per cent of the annual Street Infrastructure Renewal budget) and the LIP work needed to be completed within a two year time frame, the Administration had few options available to select other possibly higher priority project locations within the local road network.
4. The administrative burden for City staff to manage the LIP was high and included:
 - Communication with residents, such as letters, advertisement process, service requests (Engineering, Assessment, Communication);
 - Program planning (Engineering);
 - Establishment annual special assessment rates (Engineering);
 - Review outcome Petitioning process (City Clerk, Engineering, Legal);

- Council reporting and approval Bylaw (Engineering, Legal, Senior Management, Council); and
 - Collecting special assessment payments (Finance).
5. Uncertainty regarding the outcome of the annual LIP petitioning process made it difficult to plan the annual Street Infrastructure Renewal Program.
 6. The previous special assessment method (as well as the cost of the uniform rates) was sometimes viewed as unfair (based on feedback of individual residents). For example, a street with a sidewalk on one side and a curb and gutter on the other side would lead to higher special assessment rates for the owners with the sidewalk in front of their property than for the owners with only the curb and gutter.
 7. Construction costs were typically rising much quicker than the incomes or general consumer prices. Therefore, there was a growing challenge among property owners to pay the assessed costs.

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."

Appendix D: Survey of Other Cities

The use of Local Improvement Programs (LIP) varies widely among Canadian cities. The policy options presented in this report were partly based on practices in other cities. A combination of web research and telephone interviews was conducted to determine the local improvement policies in place in other mid-sized Canadian cities.

Most provinces have legislation allowing municipalities to assess a special local improvement charge to properties benefiting from a local improvement. Based on web research, it appears several cities do not have or do not use a LIP comparable to Regina's suspended program. Some cities with no program or a program suspended indefinitely include:

- Saskatoon, SK
- Calgary, AB
- Kelowna, BC
- Vancouver, BC
- Victoria, BC
- Saint John, NB
- St. John's, NL

Telephone interviews were conducted with four cities that do have a LIP:

- Edmonton, AB
- Lethbridge, AB
- Winnipeg, MB
- Brandon, MB

Table 1 summarizes the use of LIPs in these cities.

Table 1: Use of Local Improvement Programs in Surveyed Cities

	City-Led Initiatives	Owner-Led Initiatives	Cost Sharing Available	Renewal of Existing Infrastructure	New Infrastructure	Program Regularly Used
Edmonton	Yes	No*	Yes**	Yes	Yes	Yes
Lethbridge	No	Yes	No	No	Yes	Yes
Winnipeg	No	Yes	Yes**	No	Yes	Yes
Brandon	No	Yes	No	No	Yes	No

*If a group of owners requests a local improvement, the City will initiate the formal process.

**Cost sharing is limited to defined programs only.

Edmonton uses its LIP only for City-led initiatives. Edmonton has a Neighbourhood Renewal Program, which provides 50 per cent city funding to sidewalk reconstruction in designated neighbourhoods. For work outside this program, including sidewalk replacement in non-designated areas, property owners pay 100 per cent of the cost. Edmonton is the only city to use a LIP for renewal of existing infrastructure, as Regina had prior to the suspension of the program. If property owners desire new infrastructure and wish to fund it as a local improvement, the City will lead the petitioning process.

Lethbridge uses its LIP only for resident-led initiatives and does not provide any funding. Lethbridge reported that their back alley paving program is quite popular. In Lethbridge, alley paving is not subsidized, yet an estimated 75 per cent of all gravel back alleys have been paved under the LIP. Lethbridge also reported that it is common for an alley paving project to be proposed by residents on blocks adjacent to those that have recently been paved.

Winnipeg uses its LIP for resident-led initiatives only, and almost exclusively for alley paving. In Winnipeg, a City subsidy of 50 per cent for alley paving is available under a temporary program from 2013 to 2019. Winnipeg reported that the back alley paving program has been very popular since the introduction of the city subsidy, but that non-subsidized programs are rarer, and generally used most often for connecting rural areas within city limits to municipal water and sewer. The City of Winnipeg representative estimated that the number of owner-led and funded projects numbers is highly variable but less than ten in any year.

Brandon has a LIP in theory, but has reported only completing one project under it in the last ten years. In Brandon, the local improvement process is entirely owner-initiated. Details on the program are not available.

Other cities such as Ottawa, Halifax, and London have significant areas of rural land within their city limits, and typically use the local improvement process to bring city services such as water and sewer to the areas within city limits that previously not had these services.

Appendix E: Other Notes and Observations related to LIP work

Underground/Surface Work Conflicts:

In some cases, there may be a conflict between surface work desired by property owners and underground work planned by the City of Regina (the “City”). The Act specifies that if work is to proceed as a local improvement, it must be completed within two years of the petitioning process. The *Local Improvements Act, 1993* (the “Act”) also states that the City is responsible for maintenance on any work completed as a local improvement for the duration of its life, where its life is defined by an engineering report before construction.

Perception of Ownership:

If a local improvement was completed and paid for by property owners, with a defined life, these owners would be particularly sensitive to any disturbance that would reduce the quality or shorten the functional life of the infrastructure. Owners may feel a sense of ownership over the asset they directly paid to improve, although the asset would remain public property. An important step in reviewing any local improvement petitions would be to determine the risk of a conflict with other proposed work during the lifetime of the proposed asset.

Road Class Differentiation:

Of the cities surveyed, only Edmonton treats different road classes differently for the purposes of the Local Improvement Program (LIP). Edmonton is also the only city surveyed where a LIP is used for the renewal of existing infrastructure. In Edmonton, the City funds 100 per cent of the cost of sidewalk rehabilitation on arterial roads. Sidewalk rehabilitation on collector and local streets is cost shared equally between adjacent owners and the City.

Equity Issues and Socioeconomic Trends:

The representatives of the four cities surveyed that use a LIP did not report that social equity issues were prominent in their communities with respect to the application of LIPs.

None of the cities provide financial assistance to individual low-income property owners specifically for local improvement charges, although each city had various options for deferral of municipal property taxes in general which would also cover special assessments for local improvements. Anecdotally, in many individual cases those who did not support proposed local improvements cited cost as the main reason for their objection.

None of the city representatives surveyed noted any apparent evidence linking the socioeconomic status of a neighbourhood and the popularity of local improvement programs.