


HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
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Item No. 14.1.10
Halifax Regional Council
June 21, 2016

TO: Mayor Savage and Members of Halifax Regional Council
Original Signed by 

SUBMITTED BY: _____
John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 
Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: March 23, 2016

SUBJECT: Paving of HRM-owned Gravel Roads

ORIGIN

August 14, 2012 at Committee of the Whole

Halifax Regional Council directed staff to:

1. Develop a new sidewalk, curb and gutter LIC and taxation system for 2013-2014 that recovers the costs of all sidewalks in HRM through the general rate;
2. Provide additional details for the selected option and for option 3 of the February 28, 2102 staff report for comparison purposes, including potential tax rates, prior to the 2013-2014 budget presentation; and
3. Provide direction as to whether similar solutions should be considered for LICs on other street features such as paving of gravel street upgrades.

April 30, 2013 at Halifax Regional Council

Council agreed to include all sidewalk costs in the urban/suburban area – including capital (LIC) and snow removal costs – in the urban general rate. Future payments, on existing sidewalk LICs, were waived effective April 1, 2013.

January 22, 2015 at Transportation Standing Committee

In an information report entitled, Paving of Municipally-Owned Gravel Roads, staff stated:

“...the motion... requests staff to review a more comprehensive process and to explore alternatives in regard to the paving of gravel roads.” And “Staff is currently reviewing this issue and will return to the Transportation Standing Committee with options for consideration.”

March 22, 2016 at Halifax Regional Council

In an information report entitled, Canavan Drive, Beaver Bank, staff stated:

This specifically relates to a potential reform of the LIC policy and taxation system for the paving of gravel roads.” And “Staff is currently finalizing a report to Regional Council with a recommendation for consideration on this issue in June 2016.”

March 22, 2016 at Halifax Regional Council

In an information report entitled, Amendments to By-Law S-400, staff stated:

“A number of factors need to be considered, including a review of the local improvement charge (LIC) policy, Bylaw S-400 and the associated financial implications.” And “Staff is currently finalizing a report... [and] plans to present the outstanding report to Regional Council by June 2016.”

LEGISLATIVE AUTHORITY

Subsection 104(1)(f) of the Halifax Regional Municipality Charter allows Council to make “by-laws imposing, fixing and providing methods of enforcing payment of charges for ... (f) laying out, opening, constructing, repairing, improving and maintaining streets, curbs, sidewalks, gutters, bridges, culverts and retaining walls....”.

By-Law S-400 – Respecting Charges for Street Improvements

RECOMMENDATION

It is recommended that Halifax Regional Council, direct staff to:

1. Eliminate new Local Improvement Charges as a funding option for the paving of HRM-owned gravel roads, effective April 1, 2017, and
2. Prioritize the paving of HRM-owned gravel roads in the annual capital plan using operational and technical criteria, with lower-priority, HRM-owned gravel roads remaining unpaved.

BACKGROUND

Prior to 2000, Halifax accepted streets from developers using the design standards or development agreement in place at the time of that acceptance. Included in those streets were many gravel roads. Since 2000, however, the developer must pave new subdivision streets to HRM standards before the street is transferred to HRM. As a result, there are still many older gravel streets in areas outside of Halifax, Dartmouth, Bedford or Sackville. Those gravel roads can only be paved through the use of a local improvement charge (LIC). Currently, there are 63 segments of “accepted” gravel streets, totalling 17.5km in length. Most of these are less than 250m in length.

Many of the gravel subdivision streets accepted before 2000 have already been paved under the Local Improvement Policy (By-Law S-400). According to that policy, HRM-owned gravel streets are funded 50% by local property owners (through the Local Improvement Charge or LIC). The municipality pays the other 50% of the costs through the general tax rate. Homeowners can spread the cost of their 50% share over ten years and some homeowners are still paying off their LIC charge.

The current process for paving these streets starts with a request from residents on the street (or from the local councillor) to have the section paved. A letter is sent to the property owners on the street asking them whether they wish to have their street paved, with relevant information such as the approximate cost to the property owner. To move forward with paving, a majority of responses must be in favour of the project or Council can waive the survey of property owners. Since 1997, 41 of the 63 remaining streets have been surveyed unsuccessfully. However, requests to pave gravel streets continue to be received.

The current LIC policy is complex for staff to administer and for citizens to understand. This report seeks to review the basis for having an LIC policy and the alternatives for a clearer, easier process. It covers only HRM-owned gravel roads and not roads owned by the Province, private roads or non-accepted streets.

Framework for Area Rates

In 2013 Regional Council approved its “Framework for Area Rates” as a tool to be used in considering tax changes. The framework is intended to provide guidance as to the key factors to be considered and interpreted when making taxation policy changes. It is not intended to provide a single answer.

As its chief principle, the service standards and levels should determine the tax status for a service, rather than the reverse. Where Council is introducing a new service or evaluating an existing service, details of

that service need to be well understood before trying to establish its tax status. When examining a service, Council must answer the following four critical questions about the service:

- 1) Where is the service and where will it be available?
- 2) Who will benefit, either directly or indirectly, from the service?
- 3) Who have caused a need for the service?
- 4) Is the standard or level of service different than that provided elsewhere?

The proposed framework suggests that by default all services be general rated. The exceptions for an area rate are where:

- a) a significant minority of taxpayers have no practical access to a service or
- b) a significant minority of taxpayers have access to a service unavailable elsewhere in the region.

Four other considerations that the Framework suggests be kept in mind are:

- Define each service broadly and not tax various parts of a service in ways that are inconsistent;
- Exceptions to service standards should not be based on a willingness to pay additional taxes;
- Special taxes should not be created for amounts that are immaterial in nature or as a guarantee for local fund raising; and,
- If Halifax has acknowledged it is negligent, remediation should be general-rated.

DISCUSSION

Options for Moving forward with HRM-owned Street Paving

Over the past few years, it has become evident that the current LIC process for the paving of HRM-owned gravel roads is difficult and complex. The process of requesting projects, costing out road improvements, and surveying of residents consumes significant Council, staff and citizen resources, but frequently does not lead to an approved LIC. As well, in areas where the road network could be improved or maintenance reduced (with paving), projects are usually not carried out because the survey of abutters does not achieve 50% approval.

To improve this program, the Municipality needs to re-think its approach to the paving of municipally-owned roads. The framework suggests that taxation should follow the service. There are two fundamental ways to think about the service.

First, is the traditional LIC approach. Under this perspective, homeowners who purchased a property on a paved road paid for the paving through their purchase price. Conversely, those individuals who purchased a property on a gravel road paid a lower purchase price. The intent of the LIC is to ensure that those who paid for their own paving do not also pay the cost of paving for owners who did not, hence inadvertently subsidizing those owners and by extension the developers.

The second way to view the issue is to look more broadly at the service itself. HRM provides a transportation network across the region that benefits all citizens, regardless of where they live or whether they drive, bike or use public transportation. Everyone benefits so everyone shares in the costs. Those who live on gravel roads contribute to the maintenance and repair of paved roads elsewhere. Viewed from this perspective, it would appear that gravel roads should be general rated and LICs viewed as a legacy issue that is no longer relevant.

Neither of these perspectives is either right or wrong, rather each represents a set of value judgements to be made by Council. Over time, the traditional LIC policy has been altered and refined to make the paving of gravel roads more affordable, even while paving costs rise. Regardless of the viewpoint, the policy has become complex and is desperately in need of refinement. While there are many possible variations on options, there are two basic approaches that are possible:

- Continue with LICs as a means of ensuring that taxpayers consistently share in the costs of paving. In order to transition to a fully paved Region, there should be no more surveys of property owners. Rather all gravel roads should be paved and each owner should be required to pay the LIC. As a compromise for losing the right of petition, the LIC contribution rate could be reduced from 50% to 30%.
- General rate the paving of all gravel roads. Gravel roads would be recommended for paving through the Capital planning process. This recommendation would be based on the standards necessary for operational efficiency, as well as available funding. It is anticipated that some gravel roads would never be paved.

Option 1 – A Revised LIC Approach

Description

- An approach would have to be developed through the Capital Budget to upgrade all 63 streets to current HRM standard (with pavement or chip seal). Streets would be paved based on the approved paving priority rating system and geographic location.
- Waive the survey of property owners but reduce the cost sharing from the current 1:1 (50% paid by abutters) to 2:1 (33% paid by abutters). Currently, the cost to pave a 200 foot frontage would be almost \$21,500, bringing a 50% LIC share to \$5,375 for the homeowners on each side of the street. With a 33% share this would be reduced to almost \$3,600 for each side of the street.

This option allows for consistency with current practice, keeping in mind that some of the remaining streets are essentially adjacent to others still paying paving LICs. The waiver of a survey is compensated by reducing the amount payable by property owners (abutters) and providing for flexible payments. The elimination of the right of petition helps reduce the complexity of the LIC system, although some of the more complex billing issues will remain.

Using the Framework, the four critical service questions on the paving of HRM-owned Streets must be answered:

1. Where is the service and where will it be available?
 - The service is paving upgrades of older, local road in very specific areas. It is used by a limited number of people who travel along a low-traffic-volume road or cul-de-sac.
2. Who will benefit, either directly or indirectly, from the service?
 - All users of the road will benefit from the improvement, but local residents and businesses will benefit the most.
 - Abutters may, additionally, benefit from improved property values.
3. Who have caused a need for the service?
 - The (historic) flexibility of municipal standards led to gravel roads in some subdivisions and paved roads in others, at the developers' discretion. The Municipality now requires paved roads (as the standard) for all new subdivisions.
 - Abutters and local residents often request that the existing gravel roads be paved.
4. Is the service standard or level different than elsewhere?
 - The service level is different than elsewhere; in other developments, where people paid for paved roads in their lot/home costs, the service is not provided.

Most property owners paid for the cost of paved roads in the purchase price of their property or have already paid an LIC. Hence, it can be argued that a significant minority of taxpayers have access to this service and that is unavailable elsewhere in the Region. Moreover, the Area Rate Framework suggests that "Exceptions to service standards should not be made, solely, on the basis of willingness to pay

additional taxes.” This suggests a valid reason to remove the requirement for a property owner vote on the proposed road pavement while maintaining the LIC.

Option 2 – General Rate

Description

- Using two criteria (Maintenance Level and Street Classification), as well as considering the available funding, all HRM Owned gravel roads would be eligible for upgrades to current HRM standards (pavement or chip seal). It is expected that 35 priority paving projects (see Attachment 1) would be eligible while the remaining 28 road segments would not be paved. However, these priority results can change over time, as road use and conditions change.
- All paving upgrades would be General rated on a go forward basis. Those roads that are already included in By-S400 for LICs would not be general rated; rather the LIC would continue to be collected.
- No timeline has been set for the paving of these roads. Rather, this would be subject to capital funding and the overall prioritization of the capital budget. Advancing the paving of these roads would mean either additional capital funds are required (hence, pressure on taxation) or other capital projects are delayed.

Using the Framework, the four critical service questions on the paving of HRM-owned Streets must be answered:

1. Where is the service and where will it be available?
 - The service that is provided is the broad transportation network. Using the standard (maintenance and street classification) the paving upgrades will create service improvements beyond the immediate local area including the broader road network.
2. Who will benefit, either directly or indirectly, from the service?
 - The road paving will benefit local residents and businesses, and others in the municipality, as broader road network improvements are achieved and/or (general rate funded) maintenance costs are reduced.
3. Who have caused a need for the service?
 - TPW’s priority rating system will determine whether the project is recommended for the capital budget.
4. Is the service standard or level different than elsewhere?
 - No, the same standard (priority rating system) will apply across the HRM service area.

The Framework suggests to that “Exceptions to service standards should not be made, solely, on the basis of willingness to pay additional taxes.” Unlike the current LIC process, under general rating, taxpayers wouldn’t have access to the paving program simply through paying an extra tax. The project would depend on the objective review (application of the priority rating system) by HRM staff.

Costs for Paving

The approximate cost of paving the 63 remaining gravel streets, based on a unit cost of \$350 per metre, is \$6.15 million. Assuming the current 50-50 cost sharing between property owner and the Municipality, the tax funded portion would be just over \$3 million. Under Option 1 (LICs at 33%) the Municipality’s tax funded portion would be about \$4 million. Under general rating, the estimated cost for paving the 35 priority gravel streets is \$4.7 million.

These capital costs would potentially be spread out over future capital budgets. Currently, some tax supported funds remain in Project # CR000002, New Paving Streets - HRM Owned Roads. In addition, Years 2 through 5 of the Capital Budget include \$250,000 per year (net municipal cost) for additional paving upgrades. These years are under review in the 2017-18 Capital Budget. Hence both Option 1 and 2 bring additional capital pressure.

Cost	Status Quo	Option 1 LIC at 1/3	Option 2 – General Rate
Total Paving Costs	\$6.150m	\$6.15m	\$4.70m*
LIC from Property Owners	(\$3.075m)	(\$2.05m)	\$0
Net Municipal Costs	\$3.075m	\$4.10m	\$4.70m

** paving costs based on the 35 priority projects identified in Attachment 1*

Recommendations

Based on the existing pressure in the capital budget and the local nature of many of the gravel roads, it is unlikely that either option will lead to these roads being fully paved in the near term.

Despite this, either option would improve the current approach to the paving upgrades of gravel roads. LICs, however, are the result of a legacy issue that are over 25 years old. Even without the right of petition, significant complexity exists in the LIC process. In cases where a paving upgrade is required due to transportation standards, those upgrades should occur regardless of the willingness of a specific resident to pay additional taxes. Therefore, it is recommended that the paving of HRM-owned gravel roads be general rated and that projects be considered in future capital budgets using the appropriate transportation standards.

FINANCIAL IMPLICATIONS

Under Option 2, paving upgrades of HRM-owned gravel roads would be General Rated but there would not be a specific timeline to accomplish those upgrades or add additional funds to complete the work.

While the cost of the upgrades is estimated at \$4.7m, they would occur over time. Although funds are planned for in Years 2 to 5 of the Capital Budget, those requirements exceed available funding. Hence, unless otherwise directed by Council, the upgrades would likely replace other capital projects that would otherwise be recommended, meaning no net change in the capital budget. If the paving upgrades were budgeted using additional funding (\$470k per year), they would require an increase of approximately 1/10th of a cent in the residential tax rate. This is approximately \$2 for the average home.

Unless otherwise directed by Council, only the general rated portion of the uncommitted funds in Project # CR000002, (New Paving Streets - HRM Owned Roads) would be spent.

No changes are to be made to current LICs that have been levied by Council under By-law S-400.

COMMUNITY ENGAGEMENT

No specific community engagement on this issue has been undertaken.

ENVIRONMENTAL IMPLICATIONS

The street improvements will be carried out in compliance with HRM's environmental standards.

ALTERNATIVES

1. Regional Council could maintain the current 50% LIC policy but direct staff to return with adjustments that would reduce the administrative complexity, both for HRM and taxpayers. The net cost to HRM would be \$3.1m.
2. Regional Council could direct staff to revise the LIC Policy based on Option 1, hence eliminating the right of petition and lowering the LIC rate from 50% to 33%. The net cost to HRM would be \$4.1m.

ATTACHMENTS

- Attachment 1 – List of HRM-Owned Gravel Roads (2015)
- Attachment 2 – Staff report - Paving of Municipally-Owned Gravel Roads (Jan'15)
- Attachment 3 – Staff report - Amendments to By-Law S-400 (Mar'16)
- Attachment 4 – Staff report - Canavan Drive, Beaver Bank (Mar'16)

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Andre MacNeil, Senior Financial Consultant, 902 490 5529

Report Approved by: _____
Bruce Fisher, Manager of Financial Policy and Planning, 902.490.4493

Financial Approval by: _____
Amanda Whitewood, Director of Finance and Information Technology/CFO, 902.490.6308

Report Approved by: _____
Bruce Zvaniga, Director, Transportation & Public Works, 902 490 4855

**HRM-Owned Gravel Roads
August 2015**

**Selection Criteria &
Pave (Yes/No) Decision**

	Road Name	Start	End	District	Length (m)	Estim. Cost @ \$350/m
1	ALPINE DR	HIGH RD	END	1	210	\$73,500
2	CASTLEWOOD DR	ARTHUR JOSEPH	CUL DE SAC	1	200	\$70,000
3	CONFEDERATION AVE	SANDSTONE	GREENOCK	1	1,190	\$416,500
4	COPPERHEAD RD	WILSON	END	1	260	\$91,000
5	HOLLAND RD	END OF PAVEMENT	END	1	100	\$35,000
6	OLD SCOTT RD	ROCKY LAKE	ROCKY LAKE	1	130	\$45,500
7	PROSPECTORS LOOP	MONTAGUE	MONTAGUE	1	115	\$40,250
8	SAWLERS RD	OLD SCOTT	END	1	138	\$48,300
9	SILVERSIDE DR	ROLLING HILLS	CUL DE SAC	1	122	\$42,700
10	SOMERSET CRT	ARTHUR JOSEPH	CUL DE SAC	1	160	\$56,000
11	SUNNYLEA RD	CIVIC 265	END	1	225	\$78,750
12	RYDEDALE CRT	CHRIS EVAN	CUL D'SAC	2	160	\$56,000
13	ARMENIA DR	ASTOUR DR	END	3	350	\$122,500
14	FAULKNER DR	COW BAY RD	END	3	135	\$47,250
15	FREDERICK DR	DYKE RD	END	3	198	\$69,300
16	LAURA DR	FREDERICKS	END	3	260	\$91,000
17	NORMANS LANE	SHORE RD	TURNING CIRCLE	3	173	\$60,550
18	ORION DR	COW BAY RD	END	3	170	\$59,500
19	SILVER CRT	SPRUCE	CUL D'SAC	3	260	\$91,000
20	SPRUCE DR	DYKE RD	END	3	540	\$189,000
21	TALAHASSEE AVE	CLARENCE	END	3	260	\$91,000
22	NIVENS AVE	INDIA RD	END	6	97	\$33,950
23	DEVILS HILL RD	RTE 253	TURNING CIRCLE	11	370	\$129,500
24	ESSO RD	HERRING COVE RD	END	11	114	\$39,900
25	FERGUSONS COVE RD	END PAVEMENT Civic # 66	END PAVEMENT Civic # 197	11	600	\$210,000
26	SWAN CRES	CARMELLA	END	11	389	\$136,150
27	YORK REDOUBT CRES	FERGUSONS COVE RD	END	11	95	\$33,250
28	RAINES MILL RD	TRUNK 3	TURNING CIRCLE	12	465	\$162,750
29	BRANDY CRT	CREE	HALFWAY LAKE	13	322	\$112,700
30	BRANDY CRT	CREE	TURNING CIRCLE	13	400	\$140,000
31	CHALAMONT DR	END OF PAVEMENT	END	13	260	\$91,000

Maintenance Level	Street Classification	Pave (Y/N)
Low	Cul de sac	N
Low	Cul de sac	N
High	Feeder	Y
Medium	Local	Y
High	CUL DE SAC	Y
Medium	Local	Y
Low	Local	N
Medium	Cul de sac	N
Medium	Cul de sac	N
Medium	Cul de sac	N
Medium	Local	Y
Medium	Cul de sac	N
Medium	Local	Y
Low	Local	N
Low	local	N
Medium	Local	Y
Low	Cul de sac	N
Low	local	N
Medium	Cul de sac	N
High	local	Y
Medium	local	Y
Low	CUL DE SAC	N
Medium	LOCAL	Y
Low	Cul de sac	N
High	local	Y
Medium	Local	Y
Medium	Local	Y
High	LOCAL	Y
Medium	LOCAL	Y
Medium	LOCAL	Y
Medium	LOCAL	Y

**HRM-Owned Gravel Roads
August 2015**

**Selection Criteria &
Pave (Yes/No) Decision**

	Road Name	Start	End	District	Length (m)	Estim. Cost @ \$350/m
32	COX LAKE RD	YANKEETOWN	8M PAST LOT# 8	13	320	\$112,000
33	CREE ST	BRANDY	END OF PAVEMENT	13	53	\$18,550
34	DEERWOOD LN	GREBE	END	13	225	\$78,750
35	DOVER CRT	NOTTINGHAM	END	13	118	\$41,300
36	EVANS DR	HALFWAY	END	13	180	\$63,000
37	GRANT LINE RD	HAMMOND PLAINS	END	13	567	\$198,450
38	LAKEVIEW TERR	OLD MILL	END	13	219	\$76,650
39	NORTHWOOD RD	END OF PAVEMENT	CUL DE SAC	13	70	\$24,500
40	OLD ANNAPOLIS RD	POCKWOCK	BYBLOS RD	13	278	\$97,300
41	OLD MILL RD	KINGSWAY	START OF PAVEMENT	13	175	\$61,250
42	STILLWATER LAKE DRIV	HAMMOND PLAINS RD	HAMMOND PLAINS RD	13	500	\$175,000
43	ANDREA LORI DR	LAKEVIEW AVE	END	14	640	\$224,000
44	BLAIN ERIC DR	ANDREA LORI	CUL DE SAC	14	500	\$175,000
45	CANAVAN DR	DANNY DR	END	14	470	\$164,500
46	CARRIE CRES	DANNY DR	CUL DE SAC	14	350	\$122,500
47	DOUGLAS DR	BEAVER BANK RD	END	14	242	\$84,700
48	ELMWOOD CRT	LAKECREST	CUL DE SAC	14	180	\$63,000
49	GARDENERS WALK	END OF PAVEMENT	TURNING CIRCLE	14	190	\$66,500
50	JAMIE DR	KINSAC RD	END	14	500	\$175,000
51	PAUL DAVID DR	ANDREA LORI	CUL DE SAC	14	300	\$105,000
52	REINDEER AVE	CARIBOU	END	14	130	\$45,500
53	ROSLEY RD	END OF PAVEMENT	END	14	330	\$115,500
54	SILVER LEAF DR	KINSAC	END	14	495	\$173,250
55	STATION RD	KINSAC	CNR PROPERTY	14	90	\$31,500
56	TRINITY LANE	END OF PAVEMENT	BEAVERBANK RD	14	1,030	\$360,500
57	MEMORY LANE	END OF PAVEMENT	END	15	70	\$24,500
58	SETTLERS LANE	COBEQUID	COBEQUID	15	280	\$98,000
59	SUCKER BROOK RD	COBEQUID RD	CUL DE SAC	15	150	\$52,500
60	MAIN ST	NORTH ST	DARTMOUTH RD	16	100	\$35,000
61	OAKRIDGE DR	LINCOLN	MADISON	16	130	\$45,500
62	SYMONDS RD	SCIENCE PARK	END	16	30	\$10,500
63	TOPSAIL CRT	BLUEWATER	END	16	129	\$45,150
			TOTAL		17,509	\$6,128,150

Maintenance Level	Street Classification	Pave (Y/N)
Medium	LOCAL	Y
Low	LOCAL	N
Medium	LOCAL	Y
Low	CUL DE SAC	N
Low	CUL DE SAC	N
High	LOCAL	Y
Medium	LOCAL	Y
Low	CUL DE SAC	N
High	LOCAL	Y
Medium	CUL DE SAC	N
High	LOCAL	Y
High	LOCAL	Y
High	LOCAL	Y
Low	LOCAL	N
Medium	CUL DE SAC	N
Low	CUL DE SAC	N
Medium	LOCAL	Y
High	LOCAL	Y
Low	CUL DE SAC	N
High	LOCAL	Y
Low	CUL DE SAC	N
Medium	local	Y
Medium	CUL DE SAC	N
High	CUL DE SAC	Y
Medium	LOCAL	Y
Low	CUL DE SAC	N
Low	CUL DE SAC	N
\$4,707,500		



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Information Item No. 2
Transportation Standing Committee
January 22, 2015

TO: Transportation Standing Committee

SUBMITTED BY: *Original Signed*

Mike Labrecque, P.Eng., Deputy Chief Administrative Officer

DATE: December 8, 2014

SUBJECT: Paving of Municipally Owned Gravel Roads

INFORMATION REPORT

ORIGIN

Item 11.8.3, July 22, 2014 Regional Council meeting. Councillor Karsten moved that Regional Council request a staff report exploring options to the current process followed for the paving of gravel roads and possible amendments to the process including, but not limited to, changes to By-Law S-400.

Issue:

To look at a more comprehensive process for the paving of Municipally owned gravel roads.

Outcome Sought:

Request a staff report exploring alternatives to the existing process in regard to the paving of gravel roads.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, clause 79(1)(aa): "The Council may expend money required by the Municipality for (aa) streets, culverts, retaining walls, sidewalks, curbs and gutters;"

Halifax Regional Municipality Charter, clause 104(1)(f) "The Council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for... (f) laying out, opening, constructing, repairing, improving and maintaining streets, curbs, sidewalks, gutters, bridges, culverts and retaining walls, whether the cost is incurred by the Municipality directly or by, or pursuant to, an agreement with Her Majesty in right of the Province, the Minister of Transportation and Infrastructure Renewal or any person;"

By-law Bylaw S-400, *Street Improvement Bylaw*

Local Improvement Policy, 1997.

BACKGROUND

HRM currently owns and maintains approximately 64 gravel roads (18 kms total) within the core area. The process to determine if gravel roads are to be considered for an upgrade to paving is premised on the requirements as outlined in the Local Improvement Policy. Under this policy,

“...there are two levels of project approval with respect to local improvements namely, Council and the affected property owners. This recommendation (The policy) recommends approval from property owners receiving the local improvement who collectively own a minimum of 50% of the total frontage, be required prior to a project going to tender. Council may initiate or proceed with a project without this approval if Council determines it is required based on consideration of HRM's best interests and the local improvement charges will still apply.”

All potential paving projects are prioritized based on a set of criteria approved by Council on November 14, 2006. The criteria is premised on the classification of the road, the level of maintenance (high, medium and low), and roads being considered within common geographical areas.

DISCUSSION

To date gravel roads are selected for consideration for paving through the outcome of the Local Improvement Charge (LIC) survey process, and prioritized based on the approved criteria as described above. Pursuant to the LIC policy, Council may also proceed (without a successful survey) if the project is in HRM's best interests.

The desired outcome of the above noted motion (refer to origin section) requests staff to review a more comprehensive process and to explore alternatives in regard to the paving of gravel roads. A number of factors should be considered, including a review of the local improvement charge (LIC) aspect of the process. In the Regional Council report dated February 28, 2012 (refer to <http://www.halifax.ca/council/agendasc/documents/120814cow3ii.pdf>), one of the recommendations was to have staff provide “direction as to whether similar solutions should be considered for LIC's on other road features such as paving of gravel road upgrades.” This recommendation remains outstanding but has a direct correlation with respect to the motion identified above. Staff is currently reviewing this issue and will return to the Transportation Standing Committee with options for consideration.

FINANCIAL IMPLICATIONS

There are no financial implications at this time.

COMMUNITY ENGAGEMENT

There is no requirement for community engagement at this time.

ATTACHMENTS

N/A

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: David Hubley, P.Eng., Manager, Project Planning & Design 902.490.4845



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Item No. 04
Halifax Regional Council
March 22, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

David Hubley, P.Eng., A/Director, Transportation and Public Works

DATE: March 4, 2016

SUBJECT: Amendments to By-law S-400

INFORMATION REPORT

ORIGIN

On October 27, 2015 Regional Council passed the following motion: "That Halifax Regional Council direct staff to prepare a report with recommendations to: 1. Draft amendments to Bylaw S-400, the Street Improvement Bylaw, to allow a property owner abutting on more than one street to receive a credit where: (a) the property owner has already paid for chipsealing on one of the abutting streets; and (b) a second abutting street is subsequently paved; and 2. return to Council for consideration of the amendments."

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, clause 79(1)(aa): "The Council may expend money required by the Municipality for (aa) streets, culverts, retaining walls, sidewalks, curbs and gutters;"

Halifax Regional Municipality Charter, clause 104(1)(f) "The Council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for... (f) laying out, opening, constructing, repairing, improving and maintaining streets, curbs, sidewalks, gutters, bridges, culverts and retaining walls, whether the cost is incurred by the Municipality directly or by, or pursuant to, an agreement with Her Majesty in right of the Province, the Minister of Transportation and Infrastructure Renewal or any person;"

By-law S-400, *Street Improvement Bylaw*

Local Improvement Policy, 1997.

BACKGROUND

Bylaw S-400, the *Street Improvement Bylaw*, and the Local Improvement Policy (1997) are two Council approved documents that are utilized in administering local improvement charges with respect to street improvement projects. Specific to this report, the Bylaw and Policy are administered accordingly when a road is upgraded from gravel to a hard surface material such as chipseal or asphalt.

Under Bylaw S-400 subsection 2 (1) states: "Where Council undertakes a project to install on a street paving, sidewalk, curb and gutter or chipsealing, there shall be imposed a charge on persons owning property which abuts either side of the street as more particularly described in Schedule A." Furthermore subsection 2 (3) indicates: "Charges imposed under subsection (1) or (2) may be adjusted by Council in the following circumstances: (a) where a property abuts more than one street, the charge for the project undertaken on the first street shall be based on the total frontage of the property on all streets divided by the number of streets on which the property abuts and for subsequent projects shall be zero, provided however, if the property abuts a street directly opposite the street on which the property has its civic address, the property shall not be charged for a project on that street nor shall that frontage and street be included in the calculation for a project on another street".

DISCUSSION

Generally speaking when a street is upgraded from gravel to asphalt the corner lot property owner pays an LIC as described in Bylaw S-400 (subsection 2(3)) for the first abutting street, but is not required to pay an LIC when the second abutting street is upgraded to asphalt. However in the rare occasion where the first abutting street was chipsealed followed by the second abutting street upgraded to asphalt the Bylaw does not provide the flexibility to apply a credit against the two different surface treatment types without consideration from Council. As a note upgrading a gravel road to asphalt is typically more costly than to chipseal the road.

Subsection 2(3) of Bylaw S-400 states "Charges imposed under subsection (1) or (2) may be adjusted by Council in the following circumstances...". This allows Council the option to adjust for corner lots as the word "may" is permissive. This is consistent with the advice given by staff in a report dated May 15, 2000 [Council date May 23, 2000] when, after referring to subsection 2(3) of the By-law, it states "Therefore, it is possible to amend the existing By-law to waive or reduce any betterment charges under certain situations that Council wishes to waive...".

The above noted motion (refer to origin section) requests staff "to prepare a report with recommendations to: 1. Draft amendments to Bylaw S-400, the Street Improvement Bylaw, to allow a property owner abutting on more than one street to receive a credit where: (a) the property owner has already paid for chipsealing on one of the abutting streets; and (b) a second abutting street is subsequently paved; and 2. return to Council for consideration of the amendments." A number of factors need to be considered, including a review of the local improvement charge (LIC) policy, Bylaw S-400 and the associated financial implications.

However prior to moving forward with potential amendments to the Bylaw there is an outstanding recommendation from a Regional Council meeting of February 28, 2012 that should be presented to Council. In the Regional Council report dated February 28, 2012 (refer to attached report or <http://www.halifax.ca/council/agendasc/documents/120814cow3ii.pdf>) one of the recommendations was to have staff provide "direction as to whether similar solutions should be considered for LIC's on other road features such as paving of gravel road upgrades." This specifically relates to a potential reform of the LIC policy and taxation system for the paving of gravel roads.

Staff is currently finalizing a report in response to the request from February 28, 2012, and believes it should be presented to Council prior to making a recommendation on potential amendments to Bylaw S-400. Staff plans to present the outstanding report to Regional Council by June 2016.

FINANCIAL IMPLICATIONS

There are no financial implications at this time.

COMMUNITY ENGAGEMENT

There is no requirement for community engagement at this time.

ATTACHMENTS

Attachment A - Sidewalk Local Improvement Charges (LIC) and Taxes Report

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: David Hubley, P.Eng., Manager, Project Planning and Design, (902) 490-4845.



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 10.1.1
Halifax Regional Council
February 28, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed _____
Richard Butts, Chief Administrative Officer

Original signed

Greg Keefe, Acting Director of Finance/CFO

DATE: January 19, 2012

SUBJECT: Sidewalk Local Improvement Charges (LIC) and Taxes

ORIGIN

On July 5, 2011, Regional Council directed staff to “review the current LIC By-Law and policy requirements for possible improvement to the process, and to present to Council varying options for discussion.”

RECOMMENDATION

It is recommended that Regional Council direct staff to:

1. Develop a new sidewalk, curb and gutter LIC and taxation system for 2012-2013 that recovers the costs of local sidewalks through a local sidewalk tax and includes the sidewalks on regional roads within the general tax rate, as identified in option 3 of this report;
2. Provide additional details for the selected option, including potential tax rates, prior to the 2012-2013 budget presentation; and
3. Provide direction as to whether similar solutions should be considered for LICs on other road features such as paving of gravel road upgrades.

BACKGROUND

The construction of new sidewalks, curbs and gutter are only one service provided by HRM and their total cost represents perhaps two to three percent of the total budget. Despite this, there is a confusing array of taxes and charges used. The construction of a sidewalk is often funded through local improvement charges, its maintenance through the Urban General Tax rate and its snow plowing through a separate area rate. Different taxpayers may pay for different parts of the sidewalk service. This system has become increasingly complex, confusing and inconsistent. It is not clear that the various rates and policies used to levy and collect the funds are meeting the original objectives of Council or that they can be said to represent a fair way to tax for a service.

DISCUSSION

LICs - Construction of New Sidewalks

Under the subdivision by-law, sidewalks in new sub-divisions are constructed by the developer, with the cost of that sidewalk presumably built into the sales price of the new homes. In existing sub-divisions HRM would build new sidewalks. They are funded in a variety of ways, depending on where the sidewalk is located and the exact local circumstances.

- In most cases, the municipality pays 50% of the construction costs and the local taxpayers pay the other 50%. This other 50% can be collected in a variety of ways including:
 - o A frontage charge levied on abutters (e.g. \$50 per foot of roadway). A small percentage of new sidewalk projects are considered under this category; however, when surveyed the abutters typically vote against the project. If the Councillor chooses to suspend the survey, the property owners are notified and advised of the LIC charge. The charge is typically applied over a 10-year period as per the Bylaw, and the full amount immediately becomes a lien on the property until paid.
 - o An area rate on the district or a specific “mapped” area (area-rated LIC). No survey is required; and, therefore consultations normally do not occur. The charge is for one to three years and must be re-approved by Council each year. The amount voted on that year becomes a lien. Over the past five years, 90% of projects have been funded this way.
- If a new sidewalk is constructed outside of the urban tax area, it must be 100% funded by a local area rate or improvement charge, less external funding. Fall River in the suburban tax area and Sheet Harbour in the rural tax area are two significant examples, each with several kms of sidewalk. Currently, Sheet Harbour and the surrounding area pay a flat area rate of almost \$12/year for each property for capital and maintenance costs.
- If a new sidewalk is constructed in the urban tax area, and there is already a sidewalk on one side of the roadway, the general tax rate pays for the cost of the second sidewalk.

Conversely, if there is a curb on one side of the road, the abutter must pay for a curb on the second side.

This system of taxing the construction of sidewalks has caused a number of practical difficulties:

- Decisions on whether to construct sidewalks are often driven by engineering standards and the sidewalk rating system. For instance, in cases where a road is being widened the standards might dictate that a sidewalk be added or upgraded. In other cases there are time constraints in partnering with other work, or public safety may be an over-riding factor. The local area can be forced into paying an area rate even though they were neither surveyed nor consulted.
- The boundaries for different LIC rates have started to overlap, causing confusion and feeling of unfairness. For instance,
 - o Those who are paying long-term frontage rates often insist that they should not have to pay any area-rated LIC (because the latter taxpayers did not pay any of their frontage charges).
 - o New sidewalks constructed close to the urban/suburban tax boundary might require two different tax rates.
 - o When District boundaries are changed or new Councillors elected there may be multiple tax boundaries included within the new district. This situation will become more problematic after the 2012 municipal election.
- Local improvement Charge systems tend to imply that the greatest benefit from a new sidewalk accrues to the abutter or local neighbourhood. While this can be true it is often not the case. Sidewalks can address some safety concerns and are often used by many within miles of the sidewalk. In other cases sidewalks exist not simply because of those walking for leisure, but because the volume of traffic on the road has made walking conditions unsafe. Often that traffic comes from outside the local neighbourhood.
- The system is complex and confusing for taxpayers to understand. Significant staff resources are applied to accurately determining average frontage costs, shaping options for boundaries and explaining projects to citizens. Collecting the LIC (and interest) for each project can take as long as ten years.

There are four arguments that are often made in favour of local improvement charges:

- First, individuals who purchase a home that abuts an existing sidewalk have theoretically paid the cost of building the sidewalk in their home price. Hence, those who didn't have the cost built into their purchase price should pay an extra tax to cover the cost. While this theory is sound, there is no way to confirm how much, if any, value is built into a specific property.
- Secondly, as with many public services, demands for new sidewalks are high and funding to expand the sidewalk network are limited. More than 250 potential new sidewalk projects are on HRM's "waiting" list, but based on annual budget levels HRM currently constructs 8 to 10 new sidewalk sections each year. LICs provide local choice and flexibility in how a service

is provided. Sidewalks that are desired in a local area but rank low on the priority ranking system can be provided through an area rate or LIC. Abutters can hence be given the choice to approve or disapprove of any sidewalk construction. (However, it should be remembered that in many cases the abutters are not the ones requesting the sidewalk. Rather, there is a broader local community involved, e.g. sidewalks to the neighbourhood school or sidewalks on a busy arterial road).

- Third, LICs provide additional municipal revenues over and above the general tax rates. It costs nearly \$1 million per year to pay the debt charges on past LICs. In 2011-12 an additional \$500,000 in LIC debt was approved for sidewalks.
- Lastly, LICs help place a limit on the demand for new sidewalks. Those who might otherwise expect a new sidewalk under the general tax rate are sometimes unwilling to pay the LIC.

Urban Tax Rate - Sidewalk Maintenance

Once constructed, sidewalks need to be maintained and plowed. The Urban General Tax Rate was originally designed to include the costs of maintaining sidewalks and operating the transit system. In 2009-10 the transit system was moved into separate transit area rates. The only current difference between the Urban and Suburban General Tax rates is that the former includes the costs for sidewalks. However, about 4,000 homes within the urban tax boundary are not within walking distance of a sidewalk. There are another 2,000 homes that are within walking distance of a sidewalk but are not included in that urban tax boundary.

Sidewalk Plowing Area Rate

Winter maintenance (i.e. plowing) of sidewalks along arterial and transit routes, intersections, and HRM owned properties is currently funded from the general tax rate. For all other sidewalks, which are referred to in this report as “local sidewalks”, winter maintenance is paid for through an area rate. Changes to the tax structure could align summer and winter maintenance approaches to taxation.

Options for Change

There is no accepted best practice for LICs. Rather, local improvements charges are more of a philosophy, and there is no one correct approach. If a municipality and its residents believe that sidewalks benefit those that live nearby and that local approval is critical, an LIC is a logical policy result. If sidewalks and road improvements are seen as benefiting the broader community, then a broadly-funded approach would be appropriate and the general tax rate can be used. In between are a wide variety of compromises and mixed approaches. The proper approach requires a municipal government to determine for itself who uses and benefits from the sidewalk system.

Generally speaking, such systems can place local control and the resulting cost of building a sidewalk onto the individual home (a complex system with multiple and overlapping tax rates) or can give control and the costs to the broader community (a simple system with one tax rate). HRM appears to be achieving the worst of each world. Residents generally are not surveyed on new sidewalks, so there is limited local input, yet much of the cost is still levied onto the individual neighbourhood leading to numerous tax rates. It would be preferable that HRM either return to the original purpose of the LIC

system – and use surveys for each of the LICs across HRM each year – or move toward a broader system of placing the costs within the general tax rate or a regional area rate. Depending on the mix of objectives that Council wishes to achieve, it can re-design that system to go in one of four broad directions:

- (1) Local Improvement Charges – Abutters or those within a specific distance would share the cost of constructing and maintaining sidewalks and would have to agree to a new sidewalk through a survey process. Cost sharing from the general tax rate could be made available. It is preferable that Council use one type of tax and not allow exceptions. Its options for levying the tax include frontage and assessment. The urban tax boundary would be eliminated or re-drawn to include only those abutting on sidewalks. This option is the most complex system but places the costs directly on the heaviest users, the abutters. A possible compromise is to replace the LIC with a fixed nominal fee per home. This flat fee would be the same across the region and would be paid for all new sidewalks.
- (2) Local Area Rate – As with the local transit tax, all properties within a set distance of a proposed new sidewalk would share in the costs of the sidewalk system. For instance, everyone within 1 km of a proposed new sidewalk might pay the costs of the sidewalk system. Those without a sidewalk would start paying the sidewalk tax once a new sidewalk was completed in their area. The urban tax boundary would be eliminated. This places the costs on those most likely to use sidewalks without creating a series of overlapping local improvement charges.
- (3) Local Area Rate and General Tax Rate – This approach would look at local and regional sidewalks differently. Sidewalks on local roads would be paid for by those within a set distance of a sidewalk. Sidewalks on highways and major arterials would be paid for through the general tax rate of the whole municipality or a re-defined urban tax boundary. Those without a sidewalk would not contribute to local sidewalk costs. Using this system, the cost for local sidewalks is paid for by those in the immediate area while sidewalk costs of arterials and highways are paid for by all across the region.
- (4) General Tax Rate - All sidewalk costs would be included in the general tax rate. This could be either a redesigned urban tax boundary or the general tax rate for all of Halifax. In this way everyone would share in the costs of sidewalk construction and maintenance across the region regardless of whether there is a sidewalk in their neighbourhood. This is the simplest and easiest system to understand and to administer.

Under any of these scenarios the current HRM by-laws and procedures would need to be completely re-written to ensure they are both clear and are consistent with Council direction. All of them would require some adjustment in the current LIC and tax rates although the actual size of many LICs is often small.

Consistency with other Policies/LICs

The scope of this sidewalk funding policy includes the costs of curb and gutter improvements done in conjunction with HRM sidewalk work. LICs for paving of gravel roads and other parts of the road

network (such as non-accepted streets) could be reviewed to assess whether a comparable approach is desirable.

BUDGET IMPLICATIONS

None of the options presented will either raise or lower expenditures. Rather, they simply change the system for collecting the revenue to cover those costs. If Council wishes to re-design its LIC and tax system, then staff will have to return with specific recommendations and impacts as to the magnitude of those changes. These will vary by the option chosen and the specific details. Final rates could not be set until the 2012-13 operating and capital budgets are set.

While staff have not fully modelled out the impact of each option, the change to most taxpayers should be relatively modest. For instance, the urban general tax rate is 1.7 cents more than the suburban tax rate. There are about 2,000 properties close to sidewalks that don't pay this charge for maintenance and could see additional charges. Conversely, there are about 4,000 homes within the urban boundary that are not close to sidewalks and might no longer pay this charge. At current tax rates the change would be about \$35 per home added or subtracted to such homes.

LIC area tax rates can range from 2/10ths of a cent to as much as 8 cents. They can be even more when levied on frontage. However, many areas do not have LICs. Looking at all urban homes, the average LIC rate is 0.5 cents per \$100 of assessment or about \$10 per the average home. If there was a move to some form of a local sidewalk tax, then a small number of taxpayers would likely see some significant savings (e.g. \$160) while a larger number of taxpayers might see small increases (e.g. \$10). In 2011-12 about 13,700 properties had a Local Improvement Charge.

This report does not establish the new tax rates or policies that could replace the LIC system. Rather, as part of its next steps, Council would have to set specific policies around the rates and pass the appropriate by-law changes. This would include an implementation schedule and transition measures. Those LICs that have been levied as of a point in time would remain in place and, if not fully collected, would continue to be paid.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

Information would be provided to rate payers, via tax bill inserts in April and October 2012.

ALTERNATIVES

1. This report offers Council four broad choices for LIC policy, within which there are a wide variety of options.
2. Regional Council could opt for the status quo but is not recommended by staff for the reasons outlined above.

ATTACHMENTS

Attachment 1 – Map of possible Local Sidewalk Tax boundary (2010-11)

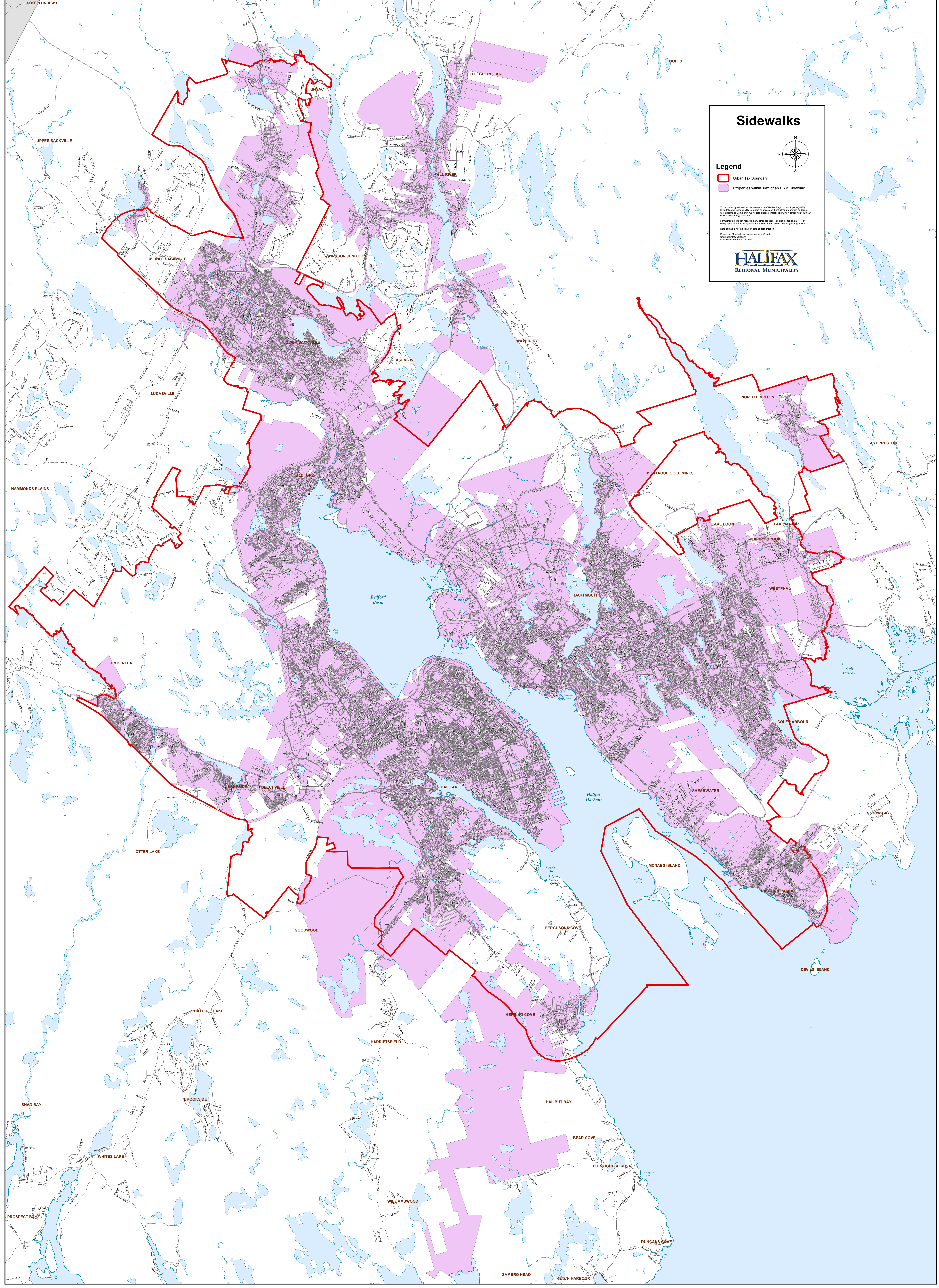
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: André MacNeil, Sr. Financial Consultant, Financial Policy and Planning, Finance, 490-5529

Original signed

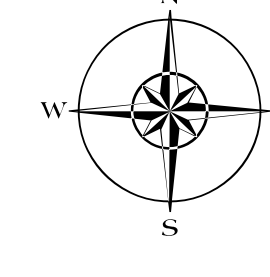
Report Approved by:

Bruce Fisher, MPA, CMA, Manager, Financial Policy and Planning, 490-4493



Sidewalks

- Legend**
- Urban Tax Boundary
 - Properties within 1km of an HRM Sidewalk



This map was produced for the internal use of Halifax Regional Municipality (HRM) and is not intended for use by any other organization. For further information on HRM, please contact the City of Halifax at 902-496-5517 or info@halifax.ca.
For further information regarding any other aspect of this plan please contact the City of Halifax at 902-496-5517 or info@halifax.ca.
Date of map is not indicative of date of data creation.
Prepared: Municipal Information Systems Unit
User: geospatial@halifax.ca
Date Released: February 2012





P.O. Box 1749
Halifax, Nova Scotia
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Item No. 06
Halifax Regional Council
March 22, 2016

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by Director

Bruce Zvaniga, P.Eng., Director, Transportation and Public Works

DATE: February 11, 2016

SUBJECT: Canavan Drive, Beaver Bank

INFORMATION REPORT

ORIGIN

At the February 3, 2015 Regional Council meeting Councillor Johns moved "That Halifax Regional Council direct staff to prepare a report for Regional Council recommending whether or not to proceed with the paving of Canavan Drive, Beaver Bank and where the Local Improvement Charges will apply."

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, clause 104(1)(f) 104 (1) "The Council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for.... (f) laying out, opening, constructing, repairing, improving and maintaining streets, curbs, sidewalks, gutters, bridges, culverts and retaining walls....".

By-law S-400, the *Street Improvement Bylaw*.

Local Improvement Policy (1997)

BACKGROUND

Caravan Drive is a gravel road located in the Beaver Bank area, and is approximately 470 meters in length. It is located between Danny Drive and Black Trumpet Lane which are paved streets. Caravan Drive has been surveyed twice for paving with the most recent survey being initiated on November 16, 2011. Following are the results of that survey:

- Caravan Drive – property owners having a total of 54% of the recoverable frontage were not in favour of the paving.

The Local Improvement Policy (1997) states the following: "This report proposes two levels of project approval with respect to local improvements namely, Council and the affected property owners. This report recommends approval from property owners receiving the local improvement, who collectively own

a minimum 50% of the total frontage, be required prior to the project going to tender. Council may initiate or proceed with a project without this approval, if Council determines it is required based on consideration of HRM's best interests and the local improvement charges will still apply."

DISCUSSION

In providing guidance to Council as to whether a gravel road should be considered for paving, a number of factors should be explored. Those factors include volume of traffic, level of annual maintenance requirements, a life cycle cost evaluation between upgrading to asphalt versus maintaining as a gravel surface, safety issues, drainage, roadbed structure, ice and winter maintenance, cost and available budget, LIC rates and recovery method, etc.

However, prior to moving forward with this analysis there is an outstanding recommendation from a Regional Council meeting of February 28, 2012 that should be provided to Council. In the Regional Council report dated February 28, 2012 (refer to attached report) one of the recommendations was to have staff provide "direction as to whether similar solutions should be considered for LIC's on other road features such as paving of gravel road upgrades." This specifically relates to a potential reform of the LIC policy and taxation system for the paving of gravel roads.

Staff is currently finalizing a report in response to the request from the February 28, 2012 recommendation, and believes this should be presented to Council prior to making a recommendation on the paving of Canavan Drive. Staff is planning to submit a report to Regional Council with a recommendation for consideration on this issue in June 2016.

FINANCIAL IMPLICATIONS

There are no financial implications at this time

COMMUNITY ENGAGEMENT

There is no requirement for community engagement at this time.

ATTACHMENTS

Attachment A - Sidewalk Local Improvement Charges (LIC) and Taxes Report

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: David Hubley, P.Eng., Manager, Project Planning and Design, (902) 490-4845



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 10.1.1
Halifax Regional Council
February 28, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed
Richard Butts, Chief Administrative Officer

Original signed

Greg Keefe, Acting Director of Finance/CFO

DATE: January 19, 2012

SUBJECT: Sidewalk Local Improvement Charges (LIC) and Taxes

ORIGIN

On July 5, 2011, Regional Council directed staff to “review the current LIC By-Law and policy requirements for possible improvement to the process, and to present to Council varying options for discussion.”

RECOMMENDATION

It is recommended that Regional Council direct staff to:

1. Develop a new sidewalk, curb and gutter LIC and taxation system for 2012-2013 that recovers the costs of local sidewalks through a local sidewalk tax and includes the sidewalks on regional roads within the general tax rate, as identified in option 3 of this report;
2. Provide additional details for the selected option, including potential tax rates, prior to the 2012-2013 budget presentation; and
3. Provide direction as to whether similar solutions should be considered for LICs on other road features such as paving of gravel road upgrades.

BACKGROUND

The construction of new sidewalks, curbs and gutter are only one service provided by HRM and their total cost represents perhaps two to three percent of the total budget. Despite this, there is a confusing array of taxes and charges used. The construction of a sidewalk is often funded through local improvement charges, its maintenance through the Urban General Tax rate and its snow plowing through a separate area rate. Different taxpayers may pay for different parts of the sidewalk service. This system has become increasingly complex, confusing and inconsistent. It is not clear that the various rates and policies used to levy and collect the funds are meeting the original objectives of Council or that they can be said to represent a fair way to tax for a service.

DISCUSSION

LICs - Construction of New Sidewalks

Under the subdivision by-law, sidewalks in new sub-divisions are constructed by the developer, with the cost of that sidewalk presumably built into the sales price of the new homes. In existing sub-divisions HRM would build new sidewalks. They are funded in a variety of ways, depending on where the sidewalk is located and the exact local circumstances.

- In most cases, the municipality pays 50% of the construction costs and the local taxpayers pay the other 50%. This other 50% can be collected in a variety of ways including:
 - o A frontage charge levied on abutters (e.g. \$50 per foot of roadway). A small percentage of new sidewalk projects are considered under this category; however, when surveyed the abutters typically vote against the project. If the Councillor chooses to suspend the survey, the property owners are notified and advised of the LIC charge. The charge is typically applied over a 10-year period as per the Bylaw, and the full amount immediately becomes a lien on the property until paid.
 - o An area rate on the district or a specific “mapped” area (area-rated LIC). No survey is required; and, therefore consultations normally do not occur. The charge is for one to three years and must be re-approved by Council each year. The amount voted on that year becomes a lien. Over the past five years, 90% of projects have been funded this way.
- If a new sidewalk is constructed outside of the urban tax area, it must be 100% funded by a local area rate or improvement charge, less external funding. Fall River in the suburban tax area and Sheet Harbour in the rural tax area are two significant examples, each with several kms of sidewalk. Currently, Sheet Harbour and the surrounding area pay a flat area rate of almost \$12/year for each property for capital and maintenance costs.
- If a new sidewalk is constructed in the urban tax area, and there is already a sidewalk on one side of the roadway, the general tax rate pays for the cost of the second sidewalk.

Conversely, if there is a curb on one side of the road, the abutter must pay for a curb on the second side.

This system of taxing the construction of sidewalks has caused a number of practical difficulties:

- Decisions on whether to construct sidewalks are often driven by engineering standards and the sidewalk rating system. For instance, in cases where a road is being widened the standards might dictate that a sidewalk be added or upgraded. In other cases there are time constraints in partnering with other work, or public safety may be an over-riding factor. The local area can be forced into paying an area rate even though they were neither surveyed nor consulted.
- The boundaries for different LIC rates have started to overlap, causing confusion and feeling of unfairness. For instance,
 - o Those who are paying long-term frontage rates often insist that they should not have to pay any area-rated LIC (because the latter taxpayers did not pay any of their frontage charges).
 - o New sidewalks constructed close to the urban/suburban tax boundary might require two different tax rates.
 - o When District boundaries are changed or new Councillors elected there may be multiple tax boundaries included within the new district. This situation will become more problematic after the 2012 municipal election.
- Local improvement Charge systems tend to imply that the greatest benefit from a new sidewalk accrues to the abutter or local neighbourhood. While this can be true it is often not the case. Sidewalks can address some safety concerns and are often used by many within miles of the sidewalk. In other cases sidewalks exist not simply because of those walking for leisure, but because the volume of traffic on the road has made walking conditions unsafe. Often that traffic comes from outside the local neighbourhood.
- The system is complex and confusing for taxpayers to understand. Significant staff resources are applied to accurately determining average frontage costs, shaping options for boundaries and explaining projects to citizens. Collecting the LIC (and interest) for each project can take as long as ten years.

There are four arguments that are often made in favour of local improvement charges:

- First, individuals who purchase a home that abuts an existing sidewalk have theoretically paid the cost of building the sidewalk in their home price. Hence, those who didn't have the cost built into their purchase price should pay an extra tax to cover the cost. While this theory is sound, there is no way to confirm how much, if any, value is built into a specific property.
- Secondly, as with many public services, demands for new sidewalks are high and funding to expand the sidewalk network are limited. More than 250 potential new sidewalk projects are on HRM's "waiting" list, but based on annual budget levels HRM currently constructs 8 to 10 new sidewalk sections each year. LICs provide local choice and flexibility in how a service

is provided. Sidewalks that are desired in a local area but rank low on the priority ranking system can be provided through an area rate or LIC. Abutters can hence be given the choice to approve or disapprove of any sidewalk construction. (However, it should be remembered that in many cases the abutters are not the ones requesting the sidewalk. Rather, there is a broader local community involved, e.g. sidewalks to the neighbourhood school or sidewalks on a busy arterial road).

- Third, LICs provide additional municipal revenues over and above the general tax rates. It costs nearly \$1 million per year to pay the debt charges on past LICs. In 2011-12 an additional \$500,000 in LIC debt was approved for sidewalks.
- Lastly, LICs help place a limit on the demand for new sidewalks. Those who might otherwise expect a new sidewalk under the general tax rate are sometimes unwilling to pay the LIC.

Urban Tax Rate - Sidewalk Maintenance

Once constructed, sidewalks need to be maintained and plowed. The Urban General Tax Rate was originally designed to include the costs of maintaining sidewalks and operating the transit system. In 2009-10 the transit system was moved into separate transit area rates. The only current difference between the Urban and Suburban General Tax rates is that the former includes the costs for sidewalks. However, about 4,000 homes within the urban tax boundary are not within walking distance of a sidewalk. There are another 2,000 homes that are within walking distance of a sidewalk but are not included in that urban tax boundary.

Sidewalk Plowing Area Rate

Winter maintenance (i.e. plowing) of sidewalks along arterial and transit routes, intersections, and HRM owned properties is currently funded from the general tax rate. For all other sidewalks, which are referred to in this report as “local sidewalks”, winter maintenance is paid for through an area rate. Changes to the tax structure could align summer and winter maintenance approaches to taxation.

Options for Change

There is no accepted best practice for LICs. Rather, local improvements charges are more of a philosophy, and there is no one correct approach. If a municipality and its residents believe that sidewalks benefit those that live nearby and that local approval is critical, an LIC is a logical policy result. If sidewalks and road improvements are seen as benefiting the broader community, then a broadly-funded approach would be appropriate and the general tax rate can be used. In between are a wide variety of compromises and mixed approaches. The proper approach requires a municipal government to determine for itself who uses and benefits from the sidewalk system.

Generally speaking, such systems can place local control and the resulting cost of building a sidewalk onto the individual home (a complex system with multiple and overlapping tax rates) or can give control and the costs to the broader community (a simple system with one tax rate). HRM appears to be achieving the worst of each world. Residents generally are not surveyed on new sidewalks, so there is limited local input, yet much of the cost is still levied onto the individual neighbourhood leading to numerous tax rates. It would be preferable that HRM either return to the original purpose of the LIC

system – and use surveys for each of the LICs across HRM each year – or move toward a broader system of placing the costs within the general tax rate or a regional area rate. Depending on the mix of objectives that Council wishes to achieve, it can re-design that system to go in one of four broad directions:

- (1) Local Improvement Charges – Abutters or those within a specific distance would share the cost of constructing and maintaining sidewalks and would have to agree to a new sidewalk through a survey process. Cost sharing from the general tax rate could be made available. It is preferable that Council use one type of tax and not allow exceptions. Its options for levying the tax include frontage and assessment. The urban tax boundary would be eliminated or re-drawn to include only those abutting on sidewalks. This option is the most complex system but places the costs directly on the heaviest users, the abutters. A possible compromise is to replace the LIC with a fixed nominal fee per home. This flat fee would be the same across the region and would be paid for all new sidewalks.
- (2) Local Area Rate – As with the local transit tax, all properties within a set distance of a proposed new sidewalk would share in the costs of the sidewalk system. For instance, everyone within 1 km of a proposed new sidewalk might pay the costs of the sidewalk system. Those without a sidewalk would start paying the sidewalk tax once a new sidewalk was completed in their area. The urban tax boundary would be eliminated. This places the costs on those most likely to use sidewalks without creating a series of overlapping local improvement charges.
- (3) Local Area Rate and General Tax Rate – This approach would look at local and regional sidewalks differently. Sidewalks on local roads would be paid for by those within a set distance of a sidewalk. Sidewalks on highways and major arterials would be paid for through the general tax rate of the whole municipality or a re-defined urban tax boundary. Those without a sidewalk would not contribute to local sidewalk costs. Using this system, the cost for local sidewalks is paid for by those in the immediate area while sidewalk costs of arterials and highways are paid for by all across the region.
- (4) General Tax Rate - All sidewalk costs would be included in the general tax rate. This could be either a redesigned urban tax boundary or the general tax rate for all of Halifax. In this way everyone would share in the costs of sidewalk construction and maintenance across the region regardless of whether there is a sidewalk in their neighbourhood. This is the simplest and easiest system to understand and to administer.

Under any of these scenarios the current HRM by-laws and procedures would need to be completely re-written to ensure they are both clear and are consistent with Council direction. All of them would require some adjustment in the current LIC and tax rates although the actual size of many LICs is often small.

Consistency with other Policies/LICs

The scope of this sidewalk funding policy includes the costs of curb and gutter improvements done in conjunction with HRM sidewalk work. LICs for paving of gravel roads and other parts of the road

network (such as non-accepted streets) could be reviewed to assess whether a comparable approach is desirable.

BUDGET IMPLICATIONS

None of the options presented will either raise or lower expenditures. Rather, they simply change the system for collecting the revenue to cover those costs. If Council wishes to re-design its LIC and tax system, then staff will have to return with specific recommendations and impacts as to the magnitude of those changes. These will vary by the option chosen and the specific details. Final rates could not be set until the 2012-13 operating and capital budgets are set.

While staff have not fully modelled out the impact of each option, the change to most taxpayers should be relatively modest. For instance, the urban general tax rate is 1.7 cents more than the suburban tax rate. There are about 2,000 properties close to sidewalks that don't pay this charge for maintenance and could see additional charges. Conversely, there are about 4,000 homes within the urban boundary that are not close to sidewalks and might no longer pay this charge. At current tax rates the change would be about \$35 per home added or subtracted to such homes.

LIC area tax rates can range from 2/10ths of a cent to as much as 8 cents. They can be even more when levied on frontage. However, many areas do not have LICs. Looking at all urban homes, the average LIC rate is 0.5 cents per \$100 of assessment or about \$10 per the average home. If there was a move to some form of a local sidewalk tax, then a small number of taxpayers would likely see some significant savings (e.g. \$160) while a larger number of taxpayers might see small increases (e.g. \$10). In 2011-12 about 13,700 properties had a Local Improvement Charge.

This report does not establish the new tax rates or policies that could replace the LIC system. Rather, as part of its next steps, Council would have to set specific policies around the rates and pass the appropriate by-law changes. This would include an implementation schedule and transition measures. Those LICs that have been levied as of a point in time would remain in place and, if not fully collected, would continue to be paid.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

Information would be provided to rate payers, via tax bill inserts in April and October 2012.

ALTERNATIVES

1. This report offers Council four broad choices for LIC policy, within which there are a wide variety of options.
2. Regional Council could opt for the status quo but is not recommended by staff for the reasons outlined above.

ATTACHMENTS

Attachment 1 – Map of possible Local Sidewalk Tax boundary (2010-11)

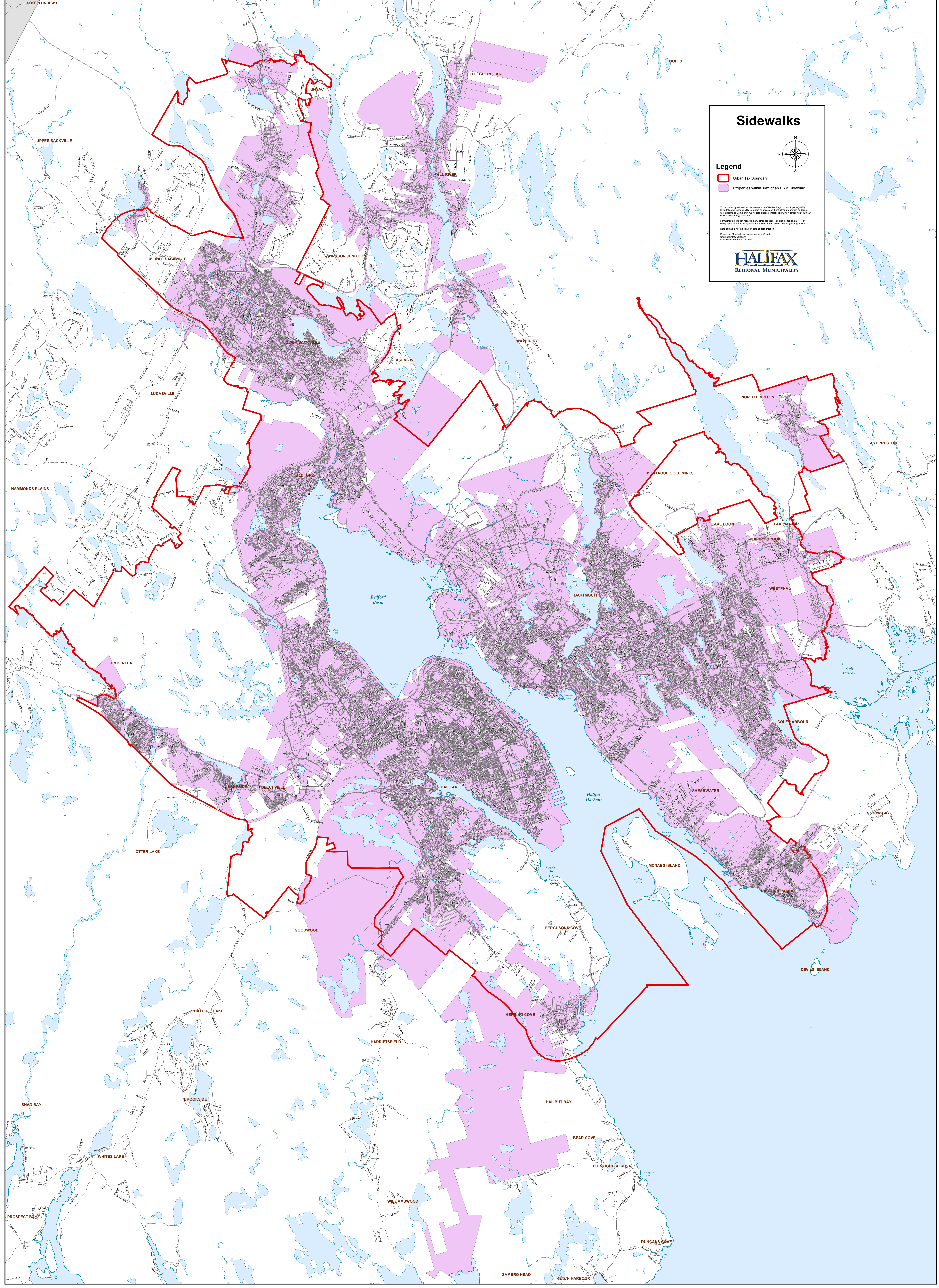
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: André MacNeil, Sr. Financial Consultant, Financial Policy and Planning, Finance, 490-5529

Original signed

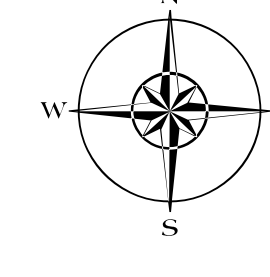
Report Approved by:

Bruce Fisher, MPA, CMA, Manager, Financial Policy and Planning, 490-4493



Sidewalks

- Legend**
- Urban Tax Boundary
 - Properties within 1km of an HRM Sidewalk



This map was produced for the internal use of Halifax Regional Municipality (HRM) and is not responsible for errors or omissions. For further information on Street Names or Coordinates (GCS) data please contact HRM, Information at 499-5337 or info@halifax.ca

For further information regarding any other aspect of this plan please contact either: Geographic Information Systems & Services at 499-5338 or email gis@halifax.ca

Date of map is not indicative of date of data creation

Projection: Modified Transverse Mercator Zone 5
Units: metres
Scale: 1:50,000
Date: February 2012

