

## NEIGHBOURHOOD RENEWAL FUNDS

### RECOMMENDATION

That the October 17, 2022, Integrated Infrastructure Services report IIS01330, be received for information.

<b>Requested Council Action</b>	Information Only		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work as we achieve our strategic goals.	<b>Healthy City Urban Places Climate Resilience</b>		
<b>City Plan Values</b>	BELONG. LIVE. THRIVE. ACCESS.		
<b>City Plan Big City Move(s)</b>	A Community of Communities A Rebuildable City Greener as we Grow Inclusive and Compassionate	<b>Relationship to Council's Strategic Priorities</b>	Mobility Network Community safety and well-being 15-minute districts
<b>Corporate Business Plan</b>	Managing the Corporation		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• C595A - Neighbourhood Renewal Program</li> <li>• C217C - Reserve and Equity Accounts</li> <li>• C598 - Infrastructure Asset Management Policy</li> <li>• C591 - Capital Project Governance</li> <li>• C573A - Complete Streets Design and Construction Standards</li> <li>• C602 - Accessibility for People with Disabilities Policy</li> <li>• Safe Mobility Strategy</li> <li>• C544 - Active Transportation Policy</li> <li>• C594 - Open Space Policy</li> <li>• Dogs in Open Spaces Strategy</li> <li>• C588 - Winter Design Policy</li> <li>• Bike Plan</li> </ul>		
<b>Related Council</b>	<ul style="list-style-type: none"> <li>• IIS01338 Options for a New Dedicate Tax Levy, City Council, October 17,</li> </ul>		

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### Discussions

- 2022
- FCS01169 2023-2032 Capital Investment Outlook, City Council, June 7, 2022
- FCS01168 2023-2032 Operating Investment Outlook, City Council, June 7, 2022
- 2023-2026 Capital Budget Deliberations

### Previous Council/Committee Action

At the June 7, 2022, City Council Meeting, the following motion passed:

That Administration return prior to the 2023-2026 Operating and Capital budget deliberations with more information about the neighbourhood renewal funds and further analysis regarding potential changes to the allocation of those funds and the maintenance of the balance.

### Executive Summary

- Through the dedicated long-term funding model, the Neighbourhood Renewal Program is currently on track to achieve the Policy's 30-year (2009-2038) asset condition goal of no neighbourhoods in Poor (D) to Very Poor (F) condition by 2038.
- Reducing neighbourhood renewal funding by 25 per cent to 35 per cent is substantial enough to support other asset categories goals over the next four years with the current budget constraints; however, implications of this in the 2023-2026 budget cycle would delay up to 18 neighbourhood-wide projects from starting over this time. It would also increase the time required to meet the Program's goals by six to 10 years. The review also identified that more than 35 per cent reduction to the Program over the next four years would not allow the Program to achieve its long-term goals.
- One example of this funding reallocation could be to support the renewal of 15 to 25 additional facilities in the 2023-2026 budget cycle. This would reduce the percentage of the facility asset category from moving into Poor (D) and Very Poor (F) condition, and free-up other available funds for redistribution to other asset categories.

## REPORT

As described in the Capital Investment Outlook: 2023-2032, the City is facing financial challenges to maintain its existing infrastructure. This report is being brought forward to provide additional information related to analysis and impacts of reallocating neighbourhood renewal funding in order to support the renewal of other infrastructure asset types.

Given the significance of the infrastructure funding shortfall, other strategies to address this are also being considered including a right-sizing of current asset inventories (IIS01349 - Rationalizing and Rightsizing Municipal Assets, October 12, 2022, Executive Committee, private report) and the consideration for the creation of a dedicated renewal fund to support the renewal of other asset categories as outlined by Administration (IIS01338 - Options for a New Dedicated Tax Levy, October 17, 2022, City Council). The reallocation of neighbourhood renewal funds is another option to consider to help address the infrastructure renewal funding shortfall of other assets for the 2023-2026 budget. If Council wishes to amend, revoke or exempt City Policy C595A -

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Neighbourhood Renewal Program, then an advertised non-statutory public hearing must be held in accordance with the policy.

### History of the Neighbourhood Renewal Program

Established in 2009, the Neighbourhood Renewal Program outlines a cost effective, long-term strategic approach to renew roads, sidewalks and street lights in mature neighbourhoods and collector roadways. The Neighbourhood Renewal Program leverages opportunities to make improvements to active transportation infrastructure (i.e. bike lanes and shared-use path additions), road safety enhancements (i.e. traffic calming and school area crossings) and park area enhancements (i.e. trails, benches and other park amenities).

As a result of its predictable funding, engineering consulting firms, construction contractors and utility partners have built capacity and invested resources to support the pace and long-term goals of the Neighbourhood Renewal Program.

From a community benefit perspective, the Program has evolved its engagement approaches to seek feedback where the program can leverage opportunities to support future needs of the community and align with objectives such as City Policy - C573A Complete Streets Design and Construction Standards, Policy - C602 Accessibility for People with Disabilities, Safe Mobility Strategy, Policy C544 - Active Transportation, Policy C594 - Open Space, Dogs in Open Spaces Strategy, Policy C588 - Winter Design and the Bike Plan.

Policy C595A defines the goals and timeline for the Program, which is to have no neighbourhoods in Poor (D) or Very Poor (F) condition system-wide by 2038.

The Neighbourhood Renewal Program (excluding alleys) currently has dedicated funding of just over \$158 million annually committed to achieve the Program goals. The Neighbourhood Renewal Program includes three types of renewal projects that are completed on a neighbourhood-wide basis:

- Microsurfacing applied about 10 years after neighbourhoods are constructed
- Asphalt pavement overlays completed 20 to 25 years after neighbourhoods are constructed
- Neighbourhood Reconstruction of roads and sidewalks occurs 50 to 60 years after roads are constructed

From 2009-2022, the Program has completed or is in progress of completing neighbourhood-wide renewal projects in 186 neighbourhoods. See Attachment 1 for a full list of completed or ongoing neighbourhood renewal work from 2009-2022.

### Neighbourhood Renewal Program Scenario Analysis

The scenarios considered for reducing the neighbourhood renewal funding in the 2023-2026 budget cycle was a range of 25 to 35 per cent. This range was chosen because it is substantial enough to effectively support other asset categories goals over the next four years with the current budget constraints. A 35 per cent reduction to the Neighbourhood Renewal Program (over the next four years) was the highest reduction explored as the analysis concluded that any further reduction to the Neighbourhood Renewal Program would not allow the Program's long-term goals to be achieved.

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The analysis below does not include microsurfacing work, as that would not be impacted in any of the scenarios.

### Current Program Fully Funded

A fully funded program in the 2023 to 2026 budget cycle is expected to achieve the following:

- On track to meet the Policy's long-term goals by 2038
- Asset condition rating in Poor (D) or Very Poor (F) condition would reduce from close to 14 per cent down to approximately 12 per cent
- 35 neighbourhood-wide renewal projects would be starting
- In the 2023-2026 budget cycle, current funding expected is \$632 million (\$158 million per year)

### 25 Per Cent Reduction Scenario

A 25 per cent reduction in neighbourhood renewal funds in the 2023-2026 budget cycle would result in the following impacts to the Program:

- Delay in achieving the Program's long-term goals by six years (from 2038 to 2044)
- Asset condition rating would remain steady at approximately 14 per cent in Poor (D) or Very Poor (F) condition
- 15 neighbourhood-wide renewal projects would be delayed from starting
- In the 2023-2026 budget cycle, there would be a \$151 million reduction in funding, bringing the expected funding to \$481 million

### 35 Per Cent Reduction Scenario

A 35 per cent reduction in neighbourhood renewal funds in the 2023-2026 budget cycle would result in the following impacts to the Program:

- Delay in achieving Program's long-term goals by 10 years (from 2038 to 2048)
- Asset condition rating in Poor (D) or Very Poor (F) condition would increase to approximately 15 per cent
- 18 neighbourhood-wide renewal projects would be delayed from starting
- In the 2023-2026 budget cycle, there would be a \$212 million reduction in funding, bringing the expected funding to \$420 million

The projected delays outlined above for each scenario also creates downstream effects for the 2027-2030 budget cycle. Projects delayed in the 2023-2026 budget cycle would impact those projects that otherwise would have commenced earlier in the 2027-2030 budget cycle. This would create a chain of delays, which stretch over the next two budget cycles.

In addition to this, there would be added operating service level impacts to maintenance requirements for neighbourhoods with a slow down in the renewal program. This would result in shifting more resources from preventative maintenance to corrective maintenance adding close to an additional \$1 million annually to these neighbourhoods until reconstruction could begin. Allocating current resources to this is also expected to reduce service levels to other roadway maintenance activities like preventative alley and residential sidewalk maintenance repairs.

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### Opportunities for Renewal of Other Infrastructure Assets

Reallocation of neighbourhood renewal funds would have negative impacts on the Neighbourhood Renewal Program; however, presents an opportunity to help address the projected renewal funding deficit of other infrastructure assets. This could provide additional funding for the renewal of other infrastructure assets currently projected to have funding deficits, as presented in the Capital Investment Outlook: 2023-2032. Administration identified a 10-year requirement of approximately \$10.3 billion in ideal renewal funding, City-wide. In contrast, only \$6.7 billion in revenue is available for capital investment during the same period. If the ideal renewal funding for all infrastructure asset categories is not allocated over the next 10 years, there will be a significant increase in the assets in Poor (D) or Very Poor (F).

The facilities asset portfolio was selected to explore the impacts of receiving the potential re-allocated funds. Without additional funding, the facility asset condition rating is expected to move from 4.7 per cent Poor (D) or Very Poor (F) condition to over 11 per cent in the next 10 years. Funding reallocation from the Neighbourhood Renewal Program could support the renewal of 15 to 25 additional facilities in the 2023-2026 budget cycle, slowing the degradation of the facility asset category into Poor (D) or Very Poor (F) condition.

#### New Dedicated Renewal Fund for Other Renewal Infrastructure Assets

In coordination with this report, Administration explored a potential new dedicated renewal fund (IIS01338 - Options For A New Dedicated Tax Levy- Allocation of Property Tax Levy to a Dedicated Renewal Fund). Similar to the Neighbourhood Renewal Program, Administration developed options that provided dedicated renewal funds for the other renewal assets such as facilities, bridges and auxiliary structures, or transit. These asset groups compete for the available capital funding to support their renewal, as a result, do not receive the funding they require, and pull funding resources from other important asset groups.

The potential reallocation of neighbourhood renewal funds in the 2023-2026 budget cycle presented in this report could assist in bridging the funding gap for these other assets, while the potential new dedicated renewal fund increases growth.

#### Rationalization and Right Sizing Assets

Part of a strong asset management program is determining which assets should be within the City's portfolio, and how they should be best leveraged to deliver equitable services to Edmontonians and advance the organization's strategic mandate. Administration is currently developing an Asset Rationalization Framework to analyze assets nearing major lifecycle events such as major renewals or end of life. Using this methodology, Administration will analyze the value of the asset and understand the full impact of retaining, redeveloping or disposing of the asset to support asset decision making.

By rationalizing assets and right sizing the City's inventory, the burden on operating and capital towards the asset inventory lessens, enabling Administration to focus investment in assets where it is needed most. This reduction in renewal investment need is considered alongside the development of the proposed dedicated renewal fund and potential re-allocation of

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Neighbourhood Renewal Program funding as a comprehensive strategy to address the renewal needs of all City assets.

## **COMMUNITY INSIGHT**

Community outreach for the Neighbourhood Renewal Program is in alignment with the City's Public Engagement Policy - C593 and guided by the Building Great Neighbourhoods Public Engagement Charter. This Charter provides a consistent approach to public engagement for neighbourhood-wide renewal projects and outlines the impact residents and stakeholders can have on the project design. While the approach is consistent, public engagement and communication tactics and activities are adapted and tailored to meet the specific needs of the neighbourhood.

## **GBA+**

GBA+ is considered during the planning, design, and construction phases to ensure project communication, public engagement and design outcomes are equitable for people of diverse backgrounds, ages, and abilities. GBA+ considerations have played an important role in the inclusive design of neighbourhood renewal projects, such as for accessible and barrier-free walking and biking infrastructure, wayfinding, and consideration of safety and security for users and residents (including improved lighting and pedestrian crossings).

While infrastructure is focussed at the neighbourhood-level, broader active transportation network goals, such as the implementation of the Bike Plan's district connectors, are constructed in coordination with neighbourhood renewal projects. A re-allocation of funding would result in delays to construction of these types of improvements, impacting the inclusivity and accessibility of Edmonton's mature neighbourhoods. However, funding re-allocation may also provide opportunities to potentially avoid a service level reduction of other City amenities. If changes to the funding of the Neighbourhood Renewal Program were to occur, Administration would use a GBA+ lens as part of the re-prioritization exercise for the reduction of neighbourhood renewal projects.

## **ATTACHMENT**

1. Completed NRP Projects 2009 - 2022