

Alley Renewal Strategy Update

Setting a Level of Service Target for Alley Renewal

Recommendation:

That the Alley Renewal Strategy's target be set at a medium level of service as outlined in the May 9, 2017, Integrated Infrastructure Services report CR_4638.

Report Summary

This report details a response to a City Council motion regarding the provision of a capital profile for an Alley Renewal Program with medium and medium-high level of service options.

Previous Council/Committee Action

At the November 8, 2016, City Council meeting, the following motion was passed:

1. That the Alley Renewal Strategy as outlined in the November 1, 2016, City Operations report CR_3652, be approved.
2. That the Alley Renewal Strategy's target be either a medium or medium-high level, including the definition on what "medium-high" would be, of service within 25 years.
3. That Funding Source Option 1 (increase to Neighbourhood Renewal Program levy) be approved.
4. That Local Improvement Account Option 3 (new subclass for those residential property owners currently paying an alley Local Improvement tax), be approved.
5. That Administration bring forward the Capital Profile CM-66-4800 (Alley Renewal Program) with the medium and medium-high options as part of the 2017 Spring Supplementary Capital Budget Adjustment.

Report

Background

In the absence of a formal program, alley renewal currently takes place either as a result of underground utility renewal projects or local improvements. These activities are not sufficient to effectively prevent alley conditions from further deterioration. Alleys are an integral part of the City's transportation network as they provide access to residents, businesses and City service vehicles. An effective alley renewal strategy is needed to ensure the City meets its goals of sustainable and accessible infrastructure.

Service Level Options

Regarding construction standards, there is no difference between the two service options detailed below. For both the Medium Level of Service (Option 1) and the Medium-High Level of Service (Option 2), the work performed on any individual location will be to the same standard. The main difference between the two options is

the percentage of the overall alley network in D (poor) and/or F (very poor) condition at the end of the 25 year program.

Two service level options for the Alley Renewal Program are described below:

Option 1 - Medium Level of Service:

This option would provide a medium level of service that would reach a targeted overall alley network average Condition Index Grade C (fair), with 20% in D/F Condition and 10% in F Condition, within 25 years (2019 - 2043).

This would result in the alley network having a lower level of service than the local/collector neighbourhood network, which has a targeted overall network average Condition Index Grade C+ to B (good). Draft Capital Profile CM-99-4800 Alley Renewal (Medium) has been prepared to encapsulate the Option 1 version of the Alley Renewal Program and is included in Attachment 1.

Option 2 - Medium-High Level of Service:

This option would provide a medium-high level of service that would reach a targeted overall alley network average Condition Index Grade C+, with 15% in D/F Condition and 5% in F Condition, within 25 years (2019 - 2043).

This would result in the alley network reaching the similar level of service as compared to the local/collector neighbourhood network. Draft Capital Profile CM-99-4801 Alley Renewal (Medium-High) has been prepared to encapsulate the Option 2 version of the Alley Renewal Program and is included in Attachment 2.

To provide a sustainable alley renewal program for the long term, logically sound targets should be based both on the alley networks' relative importance to other higher roadway classes (i.e. local/collector and arterial road networks) and the most cost effective lifecycle timing/treatment. In Administration's view, Option 1 is the preferred choice for the alley network, as it meets both objectives.

In order to begin construction in 2019, start-up capital funding for either option would require \$100,000 in 2017 (planning, programming, pre-engineering and utility coordination) followed by \$400,000 in 2018 (preliminary and detailed design efforts for 2019 construction).

Conclusion

In summary, Administration has presented two capital profile options for an alley renewal program based on a medium (\$18.4 million annually in 2016 dollars) and a medium-high (\$20.0 million annually in 2016 dollars) level of service. Option 1 would be the preferred choice level of service for the alley network, based on roadway classes.

Policy

City Policy C433D - Determination of Assessable Roadway Related Local Improvements.

The Way We Move, Edmonton's Transportation Master Plan:

- Strategic Objective 10.0: The City will fully utilize asset-management best practices to achieve a safe, enjoyable and well maintained transportation system.
- Strategic Action 10.1(a): Using an Asset Management Strategy that preserves infrastructure and minimizes the total life-cycle cost of implementation, operation and renewal while providing continuous, safe and reliable services.
- Strategic Action 10.1(e): Coordinating with other agencies regarding construction, infrastructure renewal practices and planning details.

Corporate Outcomes

By proposing a model for an alley rehabilitation and renewal strategy that delivers its objectives in a financially sustainable manner, alley rehabilitation contributes to the corporate outcomes; "The City of Edmonton has sustainable and accessible infrastructure," "Goods and services move efficiently," and "The City of Edmonton has a resilient financial position."

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Commercial/ Business Partners fail to deliver (Utility Coordination)	The major utilities in alleys (drainage, water, gas) may be challenged to coordinate their infrastructure work due to lack of resources, condition information, depth of utility lines or funding to meet the timelines of the alley renewal program, resulting in significant delays to the program or excavation of newly paved alleys.	3 possible	3 major	9 medium	Discussions with Utility representatives in progress. First year of construction would commence no sooner than 2019, providing time in 2017 for resolving issues and providing time for Utilities to secure any necessary condition data.	Same as current mitigations.
Suppliers/ Contractors (Industry Capacity)	The road building industry may not have sufficient capacity to quickly ramp up capacity	2 unlikely	3 major	6 low	With construction commencing no sooner than 2019, there is sufficient time to meet with	Same as current mitigations.

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	and expertise in alley renewal, resulting in significant delays in the program or potential quality issues.				industry and discuss best delivery method (e.g. long term contract approach). Construction work per year would be initially ramped up over the first four years of the program.	
Employees (Corporate Capacity)	City Administration may not have sufficient staff members available to deliver (design/build) the alley renewal program, resulting in significant delays in the program.	2 unlikely	3 major	6 low	Review on internal capacity and potential re-allocations of resources to be undertaken.	Any additional internal staff resources would be considered as service packages in future Operating Budget submissions with expenditures being chargeable to the Capital Budget.
Public Perception (Active Alley Local Improvements)	Property owners with currently active local improvement payments could perceive themselves as being double billed with funding for alley renewal coming from property taxes (i.e. sidewalks local improvements).	3 possible	3 major	9 medium	Undertake discussions with Finance and Law on options to address perceived double billing.	Alley Local Improvement outlined in City Policy C433D may need to be changed to reflect removal of LI for alley renewal.

Budget/Financial Implications

Since there is no budget allocated for alley renewal within the current capital cycle (2015-2018), funding would need to be authorized by Council for the next capital budget cycle. At the November 9, 2016 City Council Meeting, Council endorsed Administration's recommendation to increase the dedicated Neighbourhood Renewal Tax Levy to include Alley work. A gradual ramping up of the Alley Renewal Program, starting in 2019, would require an incremental tax levy increase every year from 2019 to 2022. After 2022, the program would continue in order to meet the level of service target chosen by Council within 25 years (2019 - 2043). Since the November report, the expected tax levy increases for each option have been recalculated to reflect the latest assessment information.

Option 1 - Medium Level of Service:

This option will require approximately \$18.4 million (in 2016 dollars) annually for the next 25 years. A gradual ramping up of the program starting in 2019 would require an incremental tax levy increase every year from 2019 to 2022 to achieve a 1.08 percent cumulative increase. A draft Capital Profile (CM-66-4800) has been created to reflect the timelines and funding required to deliver a medium level of service.

Option 2 - Medium-High Level of Service:

This option will require approximately \$20.0 million (in 2016 dollars) annually for the next 25 years. A gradual ramping up of the program starting in 2019 would require an incremental tax levy increase every year from 2019 to 2022 to achieve a 1.18 percent cumulative increase. A draft Capital Profile (CM-66-4801) has been created to reflect the timelines and funding required to deliver a medium-high level of service.

The funding under either of the two level of service options does not include any additional funding that would be required for the Drainage Utility to coordinate with the Alley Renewal Program. Administration has already begun coordinating Alley and Drainage capital renewal programming and it is not expected that there will be a significant impact to the Drainage Renewal Program at the outset of the Alley Renewal Program. It is anticipated however that there will, in time, be a requirement for additional Drainage Utility rate increases to align and keep pace with this program. Administration will not be able to assess the extent of the effect of the Alley Renewal Program on the Drainage Utility Rates until the former has advanced further in programming. There may also be rate impacts to other utility rate providers (EPCOR Water and ATCO Gas) located in alleys.

Start-up capital funding for either option would include \$100,000 in 2017, followed by \$400,000 in 2018 to be approved as part of the Spring 2017 Supplemental Capital Budget Adjustment Report CR_4496. Funding for these activities is available through cost savings in the Neighbourhood Renewal Program (CM-66-4000).

Metrics, Targets and Outcomes

Metrics	Targets	Outcomes						
<p>Alley Condition Index (CI): a measure of the condition of alleys based on measured visual distresses that uses a 0.1-5.0 scale, where:</p> <table><tr><th colspan="2">Alley Condition Index (CI) (Alley CI)</th></tr><tr><th>Alley CI</th><th>State</th></tr><tr><td>4.1 - 5.0</td><td>Very Good</td></tr></table>	Alley Condition Index (CI) (Alley CI)		Alley CI	State	4.1 - 5.0	Very Good	<p>Within 3 years (2019):</p> <ul style="list-style-type: none">Alley Average Condition: Grade DAlley in %F&D Condition Grades: <= 75%Alley in %F Condition Grade: <= 45% <p>Within 5 years (2021):</p> <ul style="list-style-type: none">Alley Average Condition: Grade D+Alley in %F&D Condition Grades: <= 70%Alley in %F Condition	<ul style="list-style-type: none">Currently the majority of the alleys in the City of Edmonton are in poor condition.The outcome of the alley renewal strategy is alleys in a good state of repair providing a safe and reliable riding surface for residents, businesses and industries (supporting the corporate outcome of “Goods and services move efficiently”).
Alley Condition Index (CI) (Alley CI)								
Alley CI	State							
4.1 - 5.0	Very Good							

3.1 - 4.0	Good	<p>Grade: <= 40%</p> <p>Within 10 years (2026):</p> <ul style="list-style-type: none"> Alley Average Condition: Grade C- Alley in %F&D Condition Grades: <= 60% Alley in %F Condition Grade: <= 35% <p>Within 25 years (2041):</p> <ul style="list-style-type: none"> Alley Average Condition: Grade C Alley in %F&D Condition Grades: <= 25% Alley in %F Condition Grade: <= 20% 	
2.8 - 3.0	Fair to Good		
2.4 - 2.7	Fair		
2.1 - 2.3	Fair to Poor		
1.8 - 2.0	Poor to Fair		
1.4 - 1.7	Poor		
1.1 - 1.3	Poor to Very Poor		
0.1 - 1.0	Very Poor		
<ul style="list-style-type: none"> Current alley conditions (as of 2015): <ul style="list-style-type: none"> Alley Average Condition: Grade D+ Alley in %F&D Condition Grades: 68% Alley in %F Condition Grade: 40% 			

Justification of Recommendation:

Based on the alley networks' relative importance to other higher roadway classes (i.e. local/collector and arterial road networks), Option 1 would be the preferred choice level of service, based on roadway classes.

Attachments

1. Draft Alley Renewal (Medium) Capital Profile CM-99-4800
2. Draft Alley Renewal (Medium-High) Capital Profile CM-99-4801

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- R. G. Klassen, Deputy City Manager, Sustainable Development
- R. Smyth, Deputy City Manager, Citizen Services
- C. Campbell, Deputy City Manager, Communications and Engagement
- D. Jones, Deputy City Manager, City Operations