COUNCIL REPORT

NEIGHBOURHOOD RENEWAL FUNDING AND OPERATIONAL IMPACTS

Recommendation

That the November 26, 2024, Integrated Infrastructure Services report IIS02470, be received for information.

Requested Action		Information only	
ConnectEdmonton's Guiding Principle		**ConnectEdmonton Strategic Goals**	
CONNECTED This unifies our work to achieve our strategic goals.		**Healthy City** **Urban Places** **Climate Resilience**	
City Plan Values	BELONG. LIVE. THRIVE. ACCESS.		
City Plan Big City Move(s)	A Community of Communities A Rebuildable City Greener as we Grow Inclusive and Compassionate	**Relationship to Council's Strategic Priorities**	Mobility Network Community safety and well-being 15-minute districts
Corporate Business Plan	Managing the Corporation		
Council Policy, Program or Project Relationships	• C595A - Neighbourhood Renewal Program • C217C - Reserve and Equity Accounts • C598 - Infrastructure Asset Management Policy • C591 - Capital Project Governance • C573A - Complete Streets Policy • C576 - Light Efficient Community Policy • C564 - Residential Neighbourhood Street Lighting Renewal Policy • C602 - Accessibility for People with Disabilities Policy • C544 - Active Transportation Policy • C619 - Local Improvements - Surface Policy • C594 - Open Space Policy • C593 - Public Engagement Policy • C456C - Corporate Tree Management Policy		

	• C588 - Winter Design Policy • C616 - Corner Store Program Policy • Bike Plan • Dogs in Open Spaces Strategy • Safe Mobility Strategy
Related Council Discussions	• September 19, 2023, Integrated Infrastructure Services report IIS01428, Standards for Public Realm Infrastructure • October 17, 2022, Integrated Infrastructure Services report IIS01330, Neighbourhood Renewal Funds • October 17, 2022, Integrated Infrastructure Services report IIS01338, Options for a New Dedicated Tax Levy • August 9, 2022, Integrated Infrastructure Services report IIS01193, Complete Streets Design and Construction Standards • June 7, 2022, Financial and Corporate Services report FCS01169, 2023-2032 Capital Investment Outlook • June 7, 2022, Financial and Corporate Services report FCS01168, 2023-2032 Operating Investment Outlook • October 1, 2020, Integrated Infrastructure Services report CR_7651, Draft Amendments to Policy C595 Neighbourhood Renewal Program • February 26, 2020, Integrated Infrastructure Services report CR_7260, Neighbourhood Renewal Program Design Practices Update • September 30, 2019, Integrated Infrastructure Services report CR_7433, Prioritizing Street and Alley Renewal within and Adjacent to Business Improvement Areas - Options and Implications • May 23, 2017, Sustainable Development report CR_3697, Building Great Neighbourhoods Program Funding Review • May 23, 2017, Integrated Infrastructure Services report CR_4223, City Policy for the Neighbourhood Renewal Program

Previous Council/Committee Action

At the April 23/24, 2024, City Council meeting, the following motion was passed:

That Administration:

1. provide a breakdown of operational savings and cost of the different elements of Neighbourhood Renewal, including sidewalks / multi-use trails, lighting replacement, curb, gutter and road way replacement, boulevard additions, curb extensions and other discrete infrastructure elements;
2. provide an analysis of the effect of reducing annual spending by 25% and 35%.

Executive Summary

- The majority of Neighbourhood Renewal Program (NRP) costs are attributed to the replacement of roadways, curbs, gutters, sidewalks, landscaping and street lighting. From a cost effective perspective, implementing modern design concepts or other infrastructure policies and priorities in conjunction with neighbourhood reconstruction projects is the ideal time when compared to completing these enhancements outside of renewal.
- Reducing asphalt road area yields the largest life cycle, operational and maintenance savings for the City of Edmonton.

NEIGHBOURHOOD RENEWAL FUNDING AND OPERATIONAL IMPACTS

- With limited uncommitted funds remaining for this budget cycle, a 25 or 35 per cent reduction in funding is not achievable. With Council direction, a 25 or 35 per cent reduction in spending may be accommodated starting in the 2027-2030 budget cycle.
- According to the most recent review from 2022, implications of reducing NRP funding by 25 to 35 per cent would delay approximately 18 neighbourhood-wide projects from starting over a four year budget cycle. It would also increase the time required to meet the Program's goals by a minimum of six to 10 years. The review also identified that more than a 35 per cent reduction to the Program over a budget cycle would not allow the Program to achieve its long-term goals.
- Reducing the NRP budget places additional burden on the City's operating budget. Delaying renewal projects will increase maintenance costs in the short-term and necessitate more extensive repairs in the long-term due to further degradation of neighbourhood infrastructure.

REPORT

Established in 2009, the Neighbourhood Renewal Program (NRP) outlines a cost-effective, long-term strategic approach to renew roads, sidewalks and street lights in mature neighbourhoods and collector roadways (which includes industrial collector roads). Policy C595A - Neighbourhood Renewal Program, updated in 2017 and 2020, guides the management of NRP, addressing high-level performance targets, program scope, use of the Neighbourhood Renewal Reserve and guidelines for the preservation of dedicated funding.

From a community benefit perspective, the NRP has evolved its engagement approaches to seek feedback where the program can support future needs of the community and align with objectives such as The City Plan, Policy C573A - Complete Streets, Policy C602 - Accessibility for People with Disabilities, Policy C544 - Active Transportation, Policy C588 - Winter Design, Safe Mobility Strategy and the Bike Plan. An extended list of City policies and plans supported through Neighbourhood Renewal outcomes are outlined in Attachment 1.

The NRP (excluding alley renewal) currently has dedicated funding of approximately $159 million annually committed to achieve the policy goals. This funding level does not account for infrastructure growth of the city or inflationary pressure. The NRP includes three types of renewal projects that are completed on a neighbourhood-wide basis:

- Microsurfacing applied approximately 10 years after neighbourhoods are constructed
- Pavement renewal completed 20 to 25 years after neighbourhoods are constructed
- Neighbourhood reconstruction of roads and sidewalks occurs 50 to 60 years after neighbourhoods are constructed

This program results in predictable funding for industry who have built capacity and invested resources to support the pace and long-term goals of the NRP. See Attachment 2 for a full list of completed or ongoing neighbourhood-wide renewal work from 2009-2024.

If Council wishes to amend, revoke or exempt City Policy C595A - Neighbourhood Renewal Program, then an advertised non-statutory public hearing must be held in accordance with the policy.

NEIGHBOURHOOD RENEWAL FUNDING AND OPERATIONAL IMPACTS

Cost of Neighbourhood Renewal Infrastructure Elements

The NRP enhances neighbourhoods by cost-effectively integrating modern design elements related to active transportation, traffic safety, accessibility and climate resiliency during reconstruction projects.

While the City employs a consistent renewal approach, each neighbourhood's unique context and current infrastructure configuration influences the final design. Design decisions are driven by City policies and technical feasibility, while considering public feedback, where possible.

As outlined in Policy C595A - Neighbourhood Renewal Program, the NRP provides for infrastructure enhancements where there is a need to adopt current design or functional standards. The cost of these enhancements is in the order of five per cent and will not exceed 10 per cent of the overall program budget expended in any given four-year capital cycle.

The information below represents the proportionate costs of a typical Neighbourhood Reconstruction project. Elements have been broken down into categories. However, infrastructure elements serve multiple purposes and act together as a system. The ranges shown demonstrate the variation in projects, with some neighbourhoods having significant missing or substandard infrastructure that is addressed as part of the NRP. These costs reflect the types of neighbourhoods that are planned to be renewed over the next 15 years of the Program which are more suburban in nature than the previous 15 years, with wide curving roads and cul-de-sacs, higher proportion of curbside sidewalks and a mix of front and rear lane vehicle accesses.

Elements	Description	Typical Cost Portion	Range
Roads	• Reconstruction of local and collector roads • Installation and replacement of signage and pavement markings	47%	40 - 55%
Concrete	• Reconstruction of existing curb, gutter, curb ramps and sidewalk	30%	25 - 35%
Lighting and Electrical	• Installation and replacement of streetlight poles • Conversion to LED luminaires • Installation and replacement of traffic/pedestrian signals	10%	7 - 12%
Landscaping	• Replacement of turf in boulevards and grassed areas • Installation of turf in new boulevards and grassed areas • Planting of new and replacement trees	6%	4 - 7%
Active Transportation	• Installation of missing sidewalks • Installation and replacement of bike infrastructure • Installation and replacement of shared pathways	4%	2 - 6%
Traffic Safety	• Installation of traffic calming measures such as curb extensions, raised crossings, raised intersections, mid-block crossings, center medians/two-stage crossings, speed humps and speed tables	3%	1 - 4%

Operating and Maintenance Considerations

The NRP plays an important role in the condition and maintenance of neighbourhood assets including roads, sidewalks and street lights. When reconstruction occurs, infrastructure is brought to a new condition that requires little to no maintenance for years after it is constructed. This renewal of assets allows for maintenance funding to be reprioritized to other assets to

ensure they meet their life expectancy and on reactive maintenance for assets that are in poor condition to ensure they remain operable.

As existing neighbourhoods are constrained for space, any changes that occur within road right-of-way is a reconfiguration of infrastructure that can impact operations and maintenance in different ways. Examples of this are reducing the road width and increasing sidewalk width or boulevard areas. When comparing average annual unit costs of operating and maintaining different surface infrastructure, the most expensive typical neighbourhood renewal element is roads, followed by bike lanes, shared pathways, turf and sidewalks, in descending order. In turn, any shift or reduction of inventory from the higher cost to lower cost elements through Neighbourhood Renewal provides an operational cost savings as outlined below.

Roads: Roads account for the largest inventory of assets in a neighbourhood, resulting in the highest cost asset to maintain and operate. Neighbourhood renewal projects typically reduce or replace the amount of road surface in a neighbourhood through a combination of road narrowing, creation of new boulevards, adding curb extensions into the roadway, replacing road surface with active transportation elements and road closures. It is typical for reconstruction projects to reduce the total road surface in a neighbourhood by five to 10 per cent. Replacing roads will generally lower operating and maintenance costs which can result in operational savings in that neighbourhood. However, the maintenance budget is then used to maintain lower condition roadways elsewhere.

Concrete: Concrete elements including reconstructing existing curbs, gutters and sidewalks contribute minimally to operational costs within a neighbourhood. Snow and ice maintenance on reconstructed and new sidewalks is largely the responsibility of adjacent homeowners in neighbourhoods, as per Bylaw 14600 - Community Standards Bylaw. To widen sidewalks to current standards, a combination of narrowing the road or repurposing existing landscaped areas within road right-of-way are explored. Operational savings can be realized if the sidewalk reduces the width of the road or replaces turf previously maintained by the City.

Active Transportation: Bike lanes and shared pathways are often added to collector roadways and are typically accommodated through narrowing of the road or by repurposing space from grassed areas within road right-of-way. When using existing road areas, savings from reduced road operational costs can be realized. New active transportation elements require new or higher levels of snow and ice control which may add operational requirements and cost for the City. As discussed above, new and wider sidewalks added to complete missing links are typically the responsibility of adjacent property owners, with relatively minimal operational impacts to the City.

Traffic Safety: Traffic safety features such as curb extensions and raised crossings are constructed in the area of the road, creating savings through reduced road operating and maintenance costs. Constructing traffic safety features permanently as part of Neighbourhood Renewal reduces operational costs for the City's Safe Mobility team which engages with communities and implements adaptable and permanent traffic safety features. Traffic safety features can indirectly create operational savings through safer driving behaviours and reduced collisions.

NEIGHBOURHOOD RENEWAL FUNDING AND OPERATIONAL IMPACTS

Lighting and Electrical: All existing street lights are converted to LED lights (reducing the greenhouse gas footprint), poles and wiring are brought to current Standards and Codes as part of Neighbourhood Renewal, creating operational savings through lower electricity and maintenance costs. Additional lights and traffic signals may be added as part of Neighbourhood Renewal, to improve roadway users safety, that can increase the inventory of these assets, adding some additional maintenance and operational costs.

Landscaping: Landscaping features such as constructing new boulevards and planting of trees are typically added as part of neighbourhood renewal on collector and wider local roads, where technically feasible. Grassed boulevards typically are added through narrowing of the road, creating operational savings through reduced road area. The majority of turf in neighbourhoods, including new boulevards, are the responsibility of the adjacent homeowner(s) for maintenance. New trees planted can increase the inventory for the City, adding additional operational requirements.

Future Renewal Treatments: With reconstruction reducing the amount of road area by five to 10 per cent, there is an additional savings that results from lowered future cost of microsurfacing and pavement renewals.

Neighbourhood Renewal Program Scenario Analysis

The Neighbourhood Renewal Policy C595A defines the goals and timeline for the NRP, which is to have no neighbourhoods in Poor (D) or Very Poor (F) condition system-wide by 2038. An analysis was conducted to understand the effect of reducing annual spending of the NRP by 25 per cent and 35 per cent, respectively. The results were shared through the October 17, 2022, Integrated Infrastructure Services report IIS01330 Neighbourhood Renewal Funds, and have been updated to reflect funding commitments for the purposes of this report.

The impact and subsequent financial implications of reducing spending within the Program has been divided into two time frames:

1) within the 2023-2026 budget cycle and
2) from 2027 onwards as part of future budget cycles.

This approach was taken as the vast majority of Neighbourhood Renewal Funding within the 2023-2026 budget cycle is already committed to ongoing projects. Neighbourhood renewal work spans over budget cycles with funding of projects utilizing commitments into the next budget cycle, where required, to ensure continuity of the NRP. This approach is how the NRP is managed and results in a more effective use and cash flow of Neighbourhood Renewal reserve funds for multi-year projects.

Impact on the 2023-2026 Neighbourhood Renewal Budget

At the start of 2024, the Neighbourhood Renewal Composite Profile (CM-25-0000) had approximately $80 million of Neighbourhood Renewal Reserve funding remaining. This funding is committed or planned to be committed to projects for the remainder of the 2023-2026 budget cycle. This amount excludes funding already approved for the delivery of projects that have standalone profiles. The table below summarizes the planned allocation of the remaining funds.

NEIGHBOURHOOD RENEWAL FUNDING AND OPERATIONAL IMPACTS

Category	Funding Allocated
Committed project funding	$32 million
Planned funding for upcoming planning and design	$8 million
Planned funding for project delivery	$40 million

Any reduction or reallocation of funding of the Neighbourhood Renewal Composite within the 2023-2026 budget cycle would result in the delay of projects planned to start construction in 2025 and 2026. This would include those projects identified on the 2024 Fall Supplementary Capital Budget Adjustment and would delay the public engagement, planning and design, and construction timelines of projects planned to be delivered next budget cycle.

Impact from 2027 Onward

For 2027 onwards, an analysis was conducted to understand the potential impact to the 2027-2030 budget cycle of reducing annual spending of the NRP by 25 per cent and 35 per cent annually.

Information from an analysis conducted as part of October 17, 2022, report IIS01330, Neighbourhood Renewal Funds, was used to understand the long-term impacts of reduced funding on the NRP. With the ongoing inflationary pressures, the funding scenarios identified in the previous report from 2022, reflect the minimum impacts the NRP could expect. To account for inflationary impacts and asset condition degradation to the NRP, an updated analysis would be required.

Current Program Fully Funded

A fully funded program in the 2027-2030 budget cycle is projected to achieve the following:

- Continued progress towards the program's long-term condition goals
- Up to 35 neighbourhood-wide reconstruction and pavement renewal projects would start construction
- In the 2027-2030 budget cycle, current funding expected is $638.4 million ($159.6 million per year)

25 Per Cent Reduction Scenario

A 25 per cent reduction in Neighbourhood Renewal funds in the 2027-2030 budget cycle may 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
- Fifteen neighbourhood-wide reconstruction and pavement renewal projects would be delayed from starting in the cycle
- In the 2027-2030 budget cycle, there would be a $159.6 million reduction in funding, bringing the expected funding over the cycle to $478.8 million

NEIGHBOURHOOD RENEWAL FUNDING AND OPERATIONAL IMPACTS

35 Per Cent Reduction Scenario

A 35 per cent reduction in Neighbourhood Renewal funds in the 2027-2030 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
- Eighteen neighbourhood-wide reconstruction and pavement renewal projects would be delayed from starting in the cycle
- In the 2027-2030 budget cycle, there would be a $223.4 million reduction in funding, bringing the expected funding over the cycle to to $415 million

Funding Reduction Impacts

Renewal programs such as the NRP have a direct impact on the City's operating budget. A reduction in funding of the NRP and subsequent delay in renewal projects would increase the burden on the City's operating budget in the following ways:

- Neighbourhoods that require renewal will undergo maintenance that otherwise would have been redirected to other areas, reducing the capacity of maintenance resources
- More extensive maintenance, repairs and capital interventions may need to occur until neighbourhood-wide renewal occurs

The pressure that would be placed on the City's operational budget from a reduction in the NRP is estimated to be approximately $1.5 million annually in the short-term, with the effects of degradation compounding over time.

Other coordinated capital programs and partnerships may be impacted with a NRP funding reduction. Efficiencies gained by coordinating the Alley Renewal Program and Active Transportation Network Expansion along with neighbourhood reconstruction projects would not be realized. The NRP also builds public realm enhancements for neighbourhood commercial areas through the Corner Store Program and partners with EPCOR to implement low impact development facilities as part of their urban flooding resilience program. A reduction in funding would slow the local economic development and climate resiliency objectives respectively of these two programs.

Community Insight

Feedback from Edmontonians has significantly shaped the City's policies and guidelines that guide the development of Neighbourhood Renewal projects. Key policy direction is provided by The City Plan, the Safe Mobility Strategy, the Bike Plan, the Complete Streets Policy, Accessibility for People with Disabilities Policy and the Winter City Strategy, among others.

Community outreach for the NRP aligns with the City's Public Engagement Policy and is guided by the Building Great Neighbourhoods Public Engagement Charter. This Charter ensures a consistent approach to public engagement for neighbourhood-wide renewal projects and clearly defines the impact residents and stakeholders can have on the project design. While the

approach is consistent, public engagement and communication tactics and activities are customized to reflect the specific needs and characteristics of each neighbourhood.

GBA+

Gender Based Analysis Plus (GBA+) is integrated into 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 enhancing universal accessibility and promoting inclusive design principles of Neighbourhood Renewal projects. This includes the creation of accessible and barrier-free walking and biking infrastructure, wayfinding and enhanced safety and security measures for users and residents (including improved lighting and intersection crossings for people who walk and bike).

While infrastructure is focused 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.

Environment and Climate Review

The NRP has a variety of aspects that have climate and environment benefits. These include:

- Reduced greenhouse gas emissions by supporting active transportation options such as biking and walking
- Carbon sequestration, flood mitigation, mitigation of urban heat island effects, and biodiversity benefits through tree planting and naturalization of areas, including narrowing of roads to create new boulevards
- Flood mitigation and carbon sequestration supported by Low Impact Development; and
- Energy efficiency gains through changing high pressure sodium lighting to LED lighting

Delaying the implementation of a portion of the NRP projects will delay climate actions, making it more difficult to achieve the City's climate resilience goals. It will also mean less support for the City's ecosystem and biodiversity goals.

To mitigate any potential negative climate impacts of not keeping to the current NRP schedule, the City could consider including environmental and climate criteria in any projects pursued instead of the delayed NRP projects and requiring equal or greater benefits in these projects.

Additional information and detail is provided in Attachment 3.

Attachments

1. NRP Alignment with City Policy
2. Completed NRP Projects 2009 - 2024
3. Environment and Climate Review