

# Neighbourhood Renewal

## Sidewalk Reconstruction

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### Recommendation

That the May 25, 2020, Integrated Infrastructure Services report CR\_8265, be received for information.

### Previous Council/Committee Action

At the April 29, 2020, City Council meeting the following motion was passed:

That Administration return to Council with a report on the rationale for the 50/50 share on sidewalk reconstruction in neighbourhood renewal and the implications of removing the citizen share.

### Executive Summary

The 50/50 Local Improvement sidewalk cost-share has been an integral part of the funding strategy that predates the current 2009 Neighbourhood Renewal Program. Since 2009, this strategy assisted in ramping-up the program more quickly and increasing the number of neighbourhoods that could be reconstructed as the program expanded with incremental increases in dedicated tax levy funding through 2018. This cost-share approach was also supported based on the local enhancement/benefit to adjacent properties combined with the broader benefit to the City of having sidewalks available and accessible to all.

Since 2009, the owners of approximately 44,000 properties have been paying the 50/50 Local Improvement sidewalk component of the Neighbourhood Renewal Program with a cumulative contribution of approximately \$100 million of which \$70 million is still owing.

Moving forward, if the 50/50 Sidewalk cost-share were eliminated from the Neighbourhood Renewal Program within the 2019 to 2022 budget cycle, additional funding would be required in order to meet the long term objectives of the Neighbourhood Renewal Program, or the program targets would need to be reconsidered.

### Report

A local improvement is a project that the City considers to be of greater benefit to a property or group of properties than to the municipality as a whole. Within the context of the Neighbourhood Renewal Program, sidewalks were deemed as a suitable element for cost-sharing with adjacent residential property owners because the renewal of this infrastructure was adding improved service and accessibility for local community benefit. The general premise of the Local Improvement Tax sidewalk approach was to capture the local enhancement aspects of a sidewalk “replacement” against a sidewalk “rehabilitation”, where the condition permits, and sharing that cost equally between the City and the abutting property owner. Since this program has been implemented, many residents have shared concerns about having to contribute to this cost. However, the City rarely receives a sufficient petition to stop a local improvement moving forward.

The owners of approximately 44,000 properties that, since 2009, have shared in the 50/50 Local Improvement sidewalk component of the Neighbourhood Renewal Program are still paying for their portion. The cumulative contribution of this is approximately \$100 million of which \$70 million is still owing. On average, a residential lot local improvement levy is about \$160 per year over a 20 year payback period.

Implications of removing the 50/50 sidewalk cost-share:

- Increases the draw on the broader municipal tax base (including businesses and residential), which is now being recovered through an area-specific local improvement tax.
- With the existing cost-sharing program that has been ongoing for 11 years, the estimated outstanding balance is \$70 million. There may be a perceived inequity associated with the existing property owners that have paid and are currently paying for their 50 percent share of the cost of replacement of their local sidewalk if this is changed.
- Administering a local improvement levy comes with administrative costs that would be avoided if the sidewalks were entirely funded through the tax levy. These costs are estimated to be \$200,000 per year

Given that the Neighbourhood Renewal Program is a citywide program, sidewalks could be viewed as a citywide benefit similar to how the majority of the Neighbourhood Renewal Program is being funded through the tax levy.

If the 50/50 sidewalk cost-share was eliminated from the Neighbourhood Renewal Program, the funding reduction in 2021 and 2022 would be \$11 million each year. Within the 2019 to 2022 budget cycle, this reduction in funding, with no corresponding replacement of funds, would result in deferring one Neighbourhood Renewal Project

by one year beginning this budget cycle (2019-22). Beyond 2022, additional funding would be required in order to meet the long-term objectives of the Neighbourhood Renewal Program, or the program targets would need to be reconsidered. This could be monitored over the duration of 2019 to 2022 program and brought forward to Council for consideration of a program funding increase along with the 2023-2026 Capital Budget.

## Corporate Outcomes and Performance Management

<b>Corporate Outcome(s): Edmonton is attractive and compact.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Edmonton is attractive and compact.	Edmontonians' Assessment: Well-Designed Attractive City (percent of survey respondents who agree/strongly agree)	53% (2017)	55% (2018)

<b>Corporate Outcome(s): Edmonton has sustainable and accessible infrastructure.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Edmonton has sustainable and accessible infrastructure.	Edmontonians' Assessment: Access to Infrastructure, Amenities and Services that Improve Quality of Life (percent of survey respondents who agree/strongly agree)	68% (2017)	70% (2018)

<b>Corporate Outcome(s): The City of Edmonton has a resilient financial position.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
The City of Edmonton has a resilient financial position.	City of Edmonton Credit Rating AA+ (Standard & Poor's rating)	AA+ (2017)	AA+ (2018)
	City Asset Sustainability (actual expenditure on capital infrastructure divided by required expenditure)	0.94 (2017)	1.00 (2018)

## Others Reviewing this Report

- G. Cebryk, Deputy City Manager, City Operations
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- B. Andriachuk, City Solicitor