

Neighbourhood Renewal Program Update

Recommendation:

That the November 27, 2012, Financial Services and Utilities report 2012CF0893, be received for information.

Report Summary

This report provides an update on the Neighbourhood Renewal Program and the plans for 2013.

Previous Council/Committee Action

At the June 20, 2012, City Council meeting, the following motions were passed:

1. That the proposed 2013 Operating Budget be developed following the Budget Principles outlined in Attachment 2 of the June 20, 2012, Financial Services and Utilities report 2012CR6068.
2. That the proposed 2013 Operating Budget be prepared based on: a. 5.5% tax increase inclusive of 1.5% for the Neighbourhood Renewal Program.

During previous budget deliberations City Council also approved Tax Levy increases in support of the Neighbourhood Renewal Program for 2009 - 2%, 2010 - 2%, 2011 - 1.5% and 2012 - 1.5%.

Report

Background

Almost all municipalities across Canada face a large infrastructure deficit due to

insufficient funding for renewal work. Not reinvesting in Neighbourhood renewal will over time result in deterioration of roads, sidewalks and sewers resulting in increased maintenance needs like pothole repairs, sidewalk trip hazards and collapsed sewers which ultimately impact citizens' quality of life.

Edmonton is the only Canadian city to dedicate an annual property tax levy toward the renewal and reconstruction of neighbourhood streets and sidewalks. In 2008, City Council established the Neighbourhood Renewal Program, initially allocating Provincial funding. It then took a leadership role in establishing a dedicated tax levy and committing to an annual growth in this dedicated tax levy to allow the program to become a sustainable funding source and eliminate a dependence on uncertain funding programs from other orders of government. The tax levy component of the program addresses residential and industrial neighbourhood roadways, sidewalks (including cost sharing with residents), street lighting and traffic safety measures.

A second complementary program, the Drainage Renewal Program, is funded by a dedicated drainage utility funding source and addresses underground storm and sanitary system upgrades. This program is focused on the renewal and replacement of sanitary and storm sewers.

It is essential to the effectiveness of the Neighbourhood Renewal Program that the renewal of underground infrastructure (storm and sanitary sewers) be integrated into the planning and funding of the above ground infrastructure (roads, sidewalks,

streetlights, etc.). To this end, Drainage Services is working closely with Transportation Services in the administration of the program.

Coordination between Drainage Services and Transportation Services under the Neighbourhood Renewal Program means that Drainage Services will go into those neighbourhoods targeted for reconstruction first. Drainage completes Closed Circuit Television inspection of the sewers, and then starts renewal work (generally using a re-lining method) ahead of the scheduled roadway reconstruction work. This drainage work will often start two years prior to the road work, and finish in the same year the road work begins. Attachment 1 provides the timing of this sequence and Attachment 2 provides an overview of the program and its goals.

The third coordinated program is the Great Neighbourhoods Program which is focused on improving the liveability of Edmonton neighbourhoods to renew the physical infrastructure of neighbourhoods and create vibrant sustainable neighbourhoods.

Community Consultation

The Neighbourhood Renewal Program, the Drainage Neighbourhood Renewal Program and Great Neighbourhoods Program have updated the communication program to allow for better dialogue and public involvement with identified neighbourhoods. The community engagement process has been modified to provide a better exchange of information and communication of these programs in advance of the neighbourhood renewal work. The Building Great Neighbourhoods communication plan is

now an inter-departmental plan and involves the following business areas:

- Transportation Services
- Financial Services and Utilities
- Community Services
- Sustainable Development

A three stage public consultation process has been developed that allows the community to provide input into the neighbourhood renewal work and also provides opportunity for the community to identify traffic related concerns in the neighbourhood. The three stage meeting process begins approximately 18 months prior to the start of roadway construction and progresses until the commencement of construction.

Enhancement and Innovation

Since the original establishment of the Neighbourhood Renewal Program, a number of enhancements have been made to ensure that the program maximizes the benefit of the neighbourhood renewal work:

- Funding for complementary neighbourhood priorities off road right of way are addressed through the Great Neighbourhoods funding program
- EPCOR Water has adjusted their cast iron replacement main criteria to ensure better coordination
- City Council's active transportation plan is being implemented in any neighbourhoods that are being addressed through the neighbourhood renewal program

The Neighbourhood Renewal Program has also presented a number of opportunities for the City to implement new technologies and processes with environmental and cost saving benefits:

- Construction Industry Capacity – The implementation of six year contracts has allowed for reduced inflation exposure and improved location planning.
- LED Streetlights - Conversion to LED streetlights as part of the program has a positive impact in reducing energy consumption and greenhouse gas emissions.
- Materials Technology- application of new technologies in materials such as micro surfacing and thin asphalt lifts has improved cost effectiveness.
- Materials-cost minimization through the recycling of both pavement and aggregates.
- New Equipment Technologies use in the rural rehabilitation program has allowed for the reuse of existing materials and avoiding costly reconstruction.

2012 Results

There are about 300 neighbourhoods, including industrial in Edmonton. Prior to the inception of the Neighbourhood Renewal program, the City carried out renewal in 53 neighbourhoods over the 22 year period from 1987 to 2008 (approximately 2 ½ per year).

With the new funding mechanism and the current approved budget, the City will have renewed 69 neighbourhoods in the 6 year period from 2009 to 2014 (approximately 11 ½ per year). A summary of the neighbourhood renewal from 1987 to 2008 and 2009 to 2014 is shown in the attached map in Attachment 3.

In 2012, the Neighbourhood Renewal Program was budgeted at \$176 million which included \$38 million in carry over from 2011 and \$15 million for the

development of a new Pavement Management Facility. This facility is required for the condition assessment functions along with the equipment and personnel involved in the City overlay work part of the program.

In 2012, the City will complete 87% or \$153 million worth of work in the Neighbourhood Renewal Program. There will be a carry forward of approximately \$8 million to complete 2012 neighbourhood renewal projects and \$15 million for the construction of the new Pavement Management Facility that will commence in 2013.

Since the commencement of the program the ongoing work in the neighbourhoods is showing an improvement in the overall condition rating of neighbourhoods.

Starting in 2009 approximately 37% of neighbourhoods were in A or B condition and 53% were in C condition. At the start of 2012 47% of neighbourhoods were rated as A or B and the C condition neighbourhoods have decreased down to 43%. The neighbourhoods in D and F condition have remained constant at 10% which is consistent with projected condition assessments due to the large number of neighbourhoods constructed in the 60's and 70's.

Funding

To achieve long term targets for preventative maintenance, overlay and reconstruction of local, collector, back lane and rural residential and industrial roads the program requires \$151 million (\$140 million tax levy and \$11 million local improvement) annually in 2012 dollars. Currently, the Municipal

Sustainability Initiative component is bridging the gap bringing the tax levy component and the Municipal Sustainability Initiative to the required level of \$151 million. This strategy includes \$10 million per year to address the alley and rural road programs.

To achieve the long term tax levy funding targets, the 1.5% tax levy increase needs to be maintained until 2018 and then adjusted annually to address inflation and cost escalations in order to maintain the program. A one time reduction in funding from 1.5% to 1% in 2013 can occur without impacting the public commitments that have been made for 2012-2014 neighbourhoods, and without impacting the existing contracts and underground infrastructure associated with 2012-2014 neighbourhoods. This reduction will postpone the ability to address alley reconstruction and rural local road reconstruction, and will have a negative impact on the condition of collector roadways in industrial areas.

There is also a risk associated with this strategy that, once implemented, a reduction from 1.5% to 1% in 2013 will make it more difficult to restore the necessary 1.5% per year increase in 2014.

2012—2014 Program (Approved)

For 2012 - 2014 Neighbourhood Renewal program, the following is slated to be completed on an annual basis:

- four-six new reconstruction neighbourhoods
- five-six overlay neighbourhoods
- two microsurfacing neighbourhoods
- approximately 20 kilometers collector road renewal
- reconstruction of approximately two kilometers of residential roads under the Northeast Soft Subgrade Mitigation project
- one-two Alley renewal projects per year
- selected rural local road rehabilitation
- the project locations and neighbourhoods benefiting from the Neighbourhood Renewal Program projects are portrayed in Attachment 4, 5 and 6.

Corporate Outcomes

The Neighbourhood Renewal Program supports Outcomes in both The Way We Move and The Way We Live Plans.

Justification of Recommendation

The Neighbourhood Renewal Program update is provided as part of the operating budget process annually.

Attachments

1. Typical Timing of Neighbourhood Renewal Activities
2. Neighbourhood Renewal Program Overview
3. Neighbourhood Renewal Program Summary – 1987 to 2014
4. Neighbourhood Renewal Program 2011 to 2018: Reconstruction Program
5. Neighbourhood Renewal 2012 to 2014: Neighbourhood Overlay and Collector Renewal Programs
6. Neighbourhood Renewal 2012 to 2014

Others Reviewing this Report

- R. Boutilier, General Manager, Transportation Services