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North West Community Council
April 22, 2010

TO: Chair and Members of North West Community Council

A handwritten signature in cursive script that reads "Cathie O'Toole".

SUBMITTED BY: _____
Cathie O'Toole, CGA, Director of Finance & Chief Financial Officer

DATE: April 16, 2010

SUBJECT: Sidewalk Area Rate for Sunset Ridge and Twin Brooks Subdivisions

INFORMATION REPORT

ORIGIN

The following Motion was passed by North West Community Council on February 25, 2010:
"MOVED by Deputy Mayor Johns, seconded by Councillor Lund, that North West Community Council direct staff to begin the process of implementing a sidewalk area rate, beginning in the 2010 / 2011 budget year, on newly created units, constructed after February 25, 2010 that are within the Sunset Ridge and Twinbrooks subdivisions and that the funds generated from the area rate be applied to the construction of concrete curb, sidewalk and storm water along the section of Sackville Drive between Lucasville Road and Margison Drive."

BACKGROUND

A new residential development will shortly commence construction along Sackville Drive. The concept plans for Sunset Ridge and Twin Brooks Phase 2 include 614 units. 128 of the units within Sunset Ridge are in a multi-unit 4 storey building. A sidewalk extending along Sackville Drive from Lucasville Road to the future street of Margison Drive would connect the sidewalks within one of these developments (which are on opposite sides of Sackville Drive) to an existing sidewalk on Lucasville Road. The sidewalk would serve not only the residents in the new development, but also approximately 55 other properties abutting Sackville Drive including two large vacant properties which could be developed in the next few years. At approximately 1.6 kms in length, the preliminary cost of a new sidewalk, including curbs, gutters and storm sewer, would be about \$3.2 million, not including any land acquisition costs.

DISCUSSION

There are a number of points that should be considered before approval of the implementation of this area rate:

1. Since the area rate being proposed is to finance off-site capital costs associated with a new development, it could be considered an informal equivalent to a Capital Cost Contribution (CCC). One of the principle's of HRM's CCC policy is that the cost of infrastructure "be apportioned in a reasonable, fair and equitable manner" amongst all stakeholders deriving direct service benefits, including existing developed areas. Since residents of existing properties along this portion of Sackville Drive would also benefit from this sidewalk, exempting them from contributing to its cost would appear inconsistent with HRM's approach to CCC. The residents within the new developments may also perceive the area rate as inequitable if the owners of abutting properties and other nearby properties who benefit do not contribute towards the cost of the sidewalk.
2. As part of By-Law L-125 which extended water and sewer services along Sackville Drive to Lively Subdivision, the parcels to be developed will be charged LICs totalling \$249,545. There will also be a sewer redevelopment charge on each new unit as per By-law S-100. These charges may be passed along in the purchase price to the new owners, along with the cost of the proposed new streets, sidewalks, curbs, gutters, water pipes, storm sewers, and sanitary sewers within the development which must be constructed by the developer. The perception of inequity could be compounded further if to this cost is added an area rate for a new sidewalk along Sackville Drive which includes only the properties in the new development and excludes other properties which will benefit.
3. Within the urban area, the cost of sidewalk construction is shared 50/50 between the property owners through local improvement charges, and with HRM through the general tax rate. The motion approved by Community Council suggests that the property owners be entirely responsible for the cost. This contravenes past practise and therefore could be perceived as inequitable by the property owners.
4. The cost estimate for the sidewalk is only a rough estimate and does not include land acquisition cost. Further detailed review would be required to confirm the total costs. More certainty regarding the cost is needed in order to calculate an area rate so as to ensure the amount of revenue collected matches the cost of the sidewalk plus any financing charges.
5. It is not clear from the approved motion whether all the area rate funds required to cover the cost would be collected before construction is commenced, or whether the intention is to apply whatever funds are collected to the final cost upon completion of the sidewalk and then to debt finance the balance. Since the development may take several years to complete, the revenue stream may be difficult to forecast precisely. Also, the time period between when the area rate goes into effect, and the time the sidewalk is completed presents a communication challenge in terms of explaining to property owners why they are paying an

area rate for something which they do not have. It is also likely to be perceived negatively by owners who sell their properties before the sidewalk is constructed.

6. As a note, HRM employs a rating system to prioritize where new sidewalks should be constructed. The rating system takes into account potential for pedestrians including proximity to schools, day-cares, parks, shopping centres, public transit, etc. There are currently more than 225 locations on our rated list. Based on the current funding level of approximately \$2.5 million per year, HRM is able to construct 8 to 12 new locations per year. The section requested on Sackville Drive from Lucasville to Margison Dr is 1600m long and at an estimated cost of \$3.2 million would exceed the total annual capital budget for new sidewalks. This section is currently on the list and has been broken into four sections for rating purposes: Lucasville to Melham, Melham to 1345 Sackville Dr, 1345 Sackville Dr to 1423 Sackville Dr and 1423 Sackville Dr to Margison Dr. This was necessary as the current rating system is based on the proximity of services, schools etc. Using the full 1.6km length would falsely increase the rating. All four sections rate below average, with at least 130 locations ahead of them on the priority list.

In summary, an area rate for a new sidewalk is appropriate if:

1. All properties that benefit from the sidewalk are charged the area rate;
2. The area rate provides funding for no more than 50% of the cost of the sidewalk if it is located in the urban area;
3. The total cost is known with some certainty so that the area rate can be accurately calculated to mitigate the occurrence of a deficit for the project;
4. Depending on when the area rate commences relative to when construction of the sidewalk is completed, property owners do not question why they are paying for infrastructure they do not have; and
5. The need for the sidewalk is confirmed through an objective rating system.

BUDGET IMPLICATIONS

There are no budget implications associated with this report.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

None


Sidewalk Area Rate for Sunset Ridge & Twin Brooks Subdivisions
Community Council Report


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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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