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**Item No. 2**  
**Halifax Regional Council**  
**April 30, 2013**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by Director

**SUBMITTED BY**

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Ken Reashor, P.Eng., Director of Transportation & Public Works

Original Signed by Director

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Greg Keefe, Director of Finance & ICT/CFO

**DATE:** March 19, 2013

**SUBJECT:** Sidewalk Snow Clearing Service & Taxation

### **INFORMATION REPORT**

#### **ORIGIN**

On February 19, 2013, Regional Council approved the following Motion: “To request a staff report on removing area rates for sidewalk snow clearing and that this service be provided for all sidewalks throughout HRM under the Urban/Suburban tax rate.”

#### **LEGISLATIVE AUTHORITY**

- Charter sections 79 (1) The Council may expend money required by the Municipality for (f) snow and ice removal.
- Charter section 322 (3) The Council may expend funds for the purpose of clearing snow and ice from the streets, sidewalks and public places in all, or part, of the Municipality.

## **BACKGROUND**

The current status of sidewalk snow clearing funding is as follows:

1. The cost of clearing sidewalks abutting arterial roads, transit routes and intersections, is funded from the Urban General Tax Rate. The only exception is the sidewalk located in Sheet Harbour which is maintained by a local agency with funding from a local area rate. (A small section of sidewalk, about 500m, on Hammonds Plains Road in Upper Tantallon has no area rate. Sidewalks in front of HRM-owned properties are funded from the broader general tax rate.)
2. The clearing of sidewalks abutting non-arterial roads is funded through an area rate levied on residents located in the urban core. That urban tax rate also funds sidewalk plowing in Waverley and Fall River.
3. A portion of the former City of Halifax does not receive sidewalk clearing. Therefore property owners in this area continue to be responsible for clearing the sidewalks abutting their properties, unless their properties are abutting arterial and transit routes. By-Law S-300 requires that property owners clear sidewalks abutting their properties within 12 hours after the end of any snowfall. Hence these residents are required to clear their sidewalks faster than those sidewalks which HRM plows under the area rate.

HRM clears sidewalks in accordance with the following service standard:

1. Main Arterials & Capital District: 12 hours after the end of the snowfall
2. School Routes & Transit Routes: 18 hours after the end of the snowfall
3. Residential Streets, Rural Streets & Walkways: 36 hours after the end of the snowfall
4. Intersections & Bus Stops: 72 hours after the end of the snowfall

## **DISCUSSION**

A critical issue in evaluating the options for sidewalk plowing is to understand the service levels. Assuming that HRM extends the service standards under the existing area rate, the additional sidewalks in front of homes will be plowed within 18 to 36 hours, compared to the 12 hour requirement under the by-law. So while residents will be relieved of the need to plow their sidewalks, the service will not be as fast as if it were done by themselves.

If the service was made consistent across HRM, there would no longer be any need to area rate the service within the urban or suburban tax boundaries. It would be funded in the same manner as all other sidewalk operating and maintenance costs which is in accordance with the following motion approved by Council on February 12, 2013: “... *all sidewalk costs in the existing urban and suburban areas be funded from the urban and suburban General Rate on the condition that the modified general rate will be applied to properties in the suburban area within 1 kilometer of an existing sidewalk.*”

Table 1 which follows indicates the difference in residential tax rates had this Motion been in effect for 2012-13. Tax rates are expressed per \$100 of taxable assessment.

**Table 1: Residential Tax Rates for 2012-13**

<b>Approved 2012-13 Tax Rates:</b>	<b>Urban Area</b>	<b>Peninsula Halifax &amp; Spryfield</b>	<b>Suburban within 1 km</b>
General Tax Rates	\$ 0.661	\$ 0.661	\$ 0.645
Sidewalk Snow Clearing Area Rate	0.015	n/a	n/a
<b>General Tax Rates + Area Rate</b>	<b>\$ 0.676</b>	<b>\$ 0.661</b>	<b>\$ 0.645</b>

**2012-13 Tax Rates had all Sidewalk Snow Clearing had been funded in accordance with Council's Motion of February 12, 2013:**

Approved General Tax Rates	\$ 0.661	\$ 0.661	\$ 0.645
Increase Required to General Tax Rates due to:			
- Elimination of Sidewalk Plowing Area Rate	-0.015	-	-
- Expand the Service to all Sidewalks	0.017	0.017	0.017
<b>Revised General Tax Rates</b>	<b>\$ 0.678</b>	<b>\$ 0.678</b>	<b>\$ 0.662</b>
<b>Overall Change after eliminating Area Rate</b>	<b>\$ 0.002</b>	<b>+\$ 0.017</b>	<b>+\$ 0.017</b>
<b>Impact on average home</b> <i>(assessment of \$210,000)</i>	<b>\$4.20</b>	<b>+\$35.70</b>	<b>+\$35.70</b>

The table indicates that for the average home currently charged the area rate for sidewalk snow clearing, the elimination of the \$0.015 area rate for the service would have been offset by a \$0.017 increase in the Urban General Tax Rate for an overall rate increase of \$0.002. For the average home, this works out to an overall increase of \$4.20 in 2012-13 had Council's Motion of February 12, 2013 been in effect. The overall increase is the result of the expansion of the service to those areas not currently receiving it.

For the average home not currently charged the area rate, the \$0.017 increase in the Urban General Tax Rate (and Suburban General Tax Rate for properties within 1 kilometer of a sidewalk) would have worked out to an overall increase of \$35.70 in 2012-13 for a service they had not previously received.

The area rate for sidewalk snow clearing is not subject to a commercial multiplier but those costs funded through the Urban General Tax rate are subject to the multiplier, meaning the commercial sector's tax rates average about twice those of the residential. To ensure that there is no shift in tax burden from the residential to the commercial tax base as a result of eliminating the area rate, that relationship would be maintained, although the impact is lost in the rounding of the tax rates. Table 2 indicates the difference in commercial tax rates had Council's Motion been in effect for 2012-13.

**Table 2: Commercial Tax Rates for 2012-13**

<b>Approved 2012-13 Tax Rates:</b>	<b>Urban Area</b>	<b>Peninsula Halifax &amp; Spryfield</b>	<b>Suburban within 1 km</b>
General Tax Rates	\$ 3.084	\$ 3.084	\$ 3.084
Sidewalk Snow Clearing Area Rate	0.015	n/a	n/a
<b>General Tax Rates + Area Rate</b>	<b>\$ 3.099</b>	<b>\$ 3.084</b>	<b>\$ 3.084</b>

**2012-13 Tax Rates had all Sidewalk Snow Clearing had been funded in accordance with Council's Motion of February 12, 2013:**

Approved General Tax Rates	\$ 3.084	\$ 3.084	\$ 3.084
Increase Required to General Tax Rates due to:			
- Elimination of Sidewalk Plowing Area Rate	-0.015	-	-
- Expand the Service to all Sidewalks	0.017	0.017	0.017
<b>Revised General Tax Rates</b>	<b>\$ 3.101</b>	<b>\$ 3.101</b>	<b>\$ 3.101</b>
<b>Overall Increase after eliminating Area Rate</b>	<b>\$ 0.002</b>	<b>\$ 0.017</b>	<b>\$ 0.017</b>

While the tax rates and sidewalk snow clearing budget for 2013-14 are not yet approved by Council, the estimated impact can be determined from preliminary budget and 2013 assessment data. Based on that information staff would expect that the rates for 2013-14 would be the same as above: 1.7 cents additional on the general rate (residential and commercial) to expand the service. For those currently paying the area rate, this is mostly offset by the elimination of the 1.5 cent area rate.

Because those residents currently responsible for clearing their own sidewalks are required to do so within 12 hours after the end of a snowfall, Council may want to enhance service to the P1 (12 hour) standard for all sidewalks in those areas not currently serviced. This enhancement would cost an additional \$500,000 per year and increase the Residential Urban General Tax Rate by an additional \$0.001 and the Commercial Urban General Tax Rate by an additional \$0.003 per \$100 of taxable assessment. It would also impact the Residential and Commercial Suburban General Tax Rates by the same amounts for those properties within 1 kilometer of a sidewalk. For the average home assessed at \$210,000 this would add an additional \$2.10 to the tax bill.

If Council retains the current tax structure for sidewalk snow clearing, the Councillor for District 9 has indicated that she would like to consider expanding the service to include all sidewalks in her District. The additional cost for doing so would be about \$380,000 based on the current average cost per kilometer at the same service standard applied to other area rated serviced districts. Since the catchment area for the area rate would be expanded to include all of District 9, the current area rate would not be expected to change.

### **FINANCIAL IMPLICATIONS**

In 2012-13, the total operating budget for sidewalk snow clearing was about \$5.5 million of which \$2.6 million was funded from the area rate and the remaining \$2.9 million from the Urban General Tax Rate.

Had the recommended tax structure for sidewalk snow clearing been in effect for the 2012-13 fiscal year, it would have been necessary to include an additional \$2.3 million in the operating budget to expand the service to include those areas not currently receiving it. Combined with the elimination of the area rate, the total increase to the Operating Budget funded from the Urban and Suburban General Tax Rates would have been about \$4.9 million. The impact on the general tax rates is indicated in the Discussion section of this report.

**It important to note that the \$2.3 million estimate to expand the service is based on the current average cost per kilometer which is a blend of service standards as well as a mix of contractor and in-house service. Therefore, the estimated cost of expanding the service will vary depending on the standards applied to the newly serviced area, and how much of this area is serviced by contractors versus in-house. Another factor not considered is the high density of Peninsular Halifax which could increase costs because of the lack of space to dump snow.**

### **COMMUNITY ENGAGEMENT**

Any changes to the manner in which sidewalk snow clearing is taxed will be communicated to HRM taxpayers.

### **ENVIRONMENTAL IMPLICATIONS**

Expansion of the service would result in an increase in the use of salt, however the impact on the environment is expected to be minimal as most of it is expected to be directed by runoff into the storm water system.

### **ATTACHMENTS**

None

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

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