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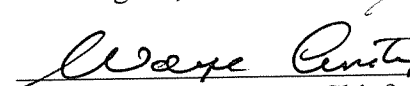
Halifax Regional Council
April 11, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Wayne Anstey, Deputy Chief Administrative Officer

DATE: April 5, 2006

SUBJECT: **New Paving of Subdivision Streets Inside the Core Area-Central Region**

ORIGIN

This report originates with staff.

RECOMMENDATIONS

It is recommended that:

1. Council rescind their original decision to bill the property owners of Bolton Drive, Stone Crest Court and Stonemount Drive for local improvement charges at the rate set for Street Improvements for paving under By-Law S-414 in the amount of \$20.28 per lineal foot.
2. Council approve that the rate set for 2003 Street Improvements for paving under By-Law S-412 in the amount of \$14.73 per lineal foot be used to bill the property owners of Bolton Drive, Stone Crest Court and Stonemount Drive for local improvement charges.
3. Council rescind their original decision to bill the property owners of Carriage Road, Cumberland Way and Chartwell Road for local improvement charges at the rate set for Street Improvements for paving under By-Law S-414 in the amount of \$20.28 per lineal foot.
4. Council approve that the rate set for 2003 Street Improvements for paving under By-Law S-412 in the amount of \$14.73 per lineal foot be used to bill the property owners of Carriage Road, Cumberland Way and Chartwell Road for local improvement charges.

BACKGROUND

The Approved 2003/04 Capital Budget included funds for the paving of 14 subdivision streets inside the core area of HRM. Due to the high tendered prices and increased construction costs it was not possible to complete all of the streets listed in the program. Bolton Drive, Stonemount Drive and Stone Crest Court were carried over to the 2004/05 Capital Budget and completed in conjunction with Cumberland Way, Carriage Road and Chartwell Road.

Installation of new asphalt paving is subject to Local Improvement Charges as provided for in By-Law Number S-400. In 2003 the charge per foot of frontage for new asphalt paving was \$14.73 and in 2004 the charge increased to \$20.28. The residents of all these streets were originally petitioned prior to 2003 at a proposed rate of \$14.00 per foot of frontage.

Council approved the award of the tenders for the paving of these streets with the understanding that the LIC rate to be applied will be the rate approved by Council under By-Law S-414 which established the charges for all projects approved after January 1, 2004.

TABLE 1

New Paving of Subdivision Streets Inside the Core - 2004			
Street Name	Recovery Frontage (ft.)	LIC Charges - 2003 (\$14.73 / ft. frontage)	LIC Charges - 2004 (\$20.28 / ft. frontage)
Bolton Drive	1991.08	\$29,328.61	\$40,379.10
Stonemount Drive	4692.90	\$69,111.69	\$95,151.73
Stone Crest Court	1097.39	\$16,164.55	\$22,255.07
Carriage Road	3055.00	\$45,000.15	\$61,955.40
Chartwell Road	354.00	\$5,214.42	\$7,179.12
Cumberland Way	988.45	\$14,559.87	\$20,045.77
Totals	12,178.82	\$179,379.29	\$246,966.19
Difference between rates:			\$67,586.90

The actual costs of the projects in total was \$674,104 (as per the Tender Award reports dated March 23, 2004) and half of this amount would therefore be \$337,052.

DISCUSSION

Under the MGA, LIC charges are set and approved by Council. The process staff uses to survey residents for their wishes is intended to confirm if there is support to pave the respective streets. The survey results, however, are not binding on HRM or the residents. Council has the full legislative authority to set a rate given the current situation and construction cost climate.

Bolton Drive, Stonemount Drive and Stone Crest Court were approved as paving projects in the 2003/04 budget. At the time of award of tenders, these 2003/04 streets were carried forward and included with 2004/05 streets and Council approved that they would all be billed at the 2004 rates. This rate as identified in Table 1 is significantly higher. At the time of award of the tender Council did not have the information regarding the higher rate. Paving on these streets was completed prior to the setting of the rate which was not set until August 2004. It passed 2nd reading on August 17, 2004 and came into effect on August 21, 2004.

Although under law Council has full authority to set the rates to be used for billing, staff feel that it is appropriate for Council to consider billing the property owners of Bolton Drive, Stonemount Drive and Stone Crest Court at the rate originally indicated in the survey. They were all surveyed for a rate up to \$14.00 and although the 2003 LIC rate is \$14.73, when council set this rate on July 19, 2003, the councillors for the affected districts were comfortable that it was sufficiently close to the \$14.00 estimate as to be reasonable.

The property owners of Cumberland Way, Carriage Road and Chartwell Road, however, could legitimately be billed at the 2004/05 LIC paving rate as the rate applies based on the year of approval for the projects and these streets were all approved in the 2004/05 budget year.

The residents of these streets, however, were also surveyed at \$14.00 per linear foot and have not been notified as yet of the increase in the rate per foot attributable to their paving projects which have been approved by Council. Since the projects have already been completed and since Council legitimately set the rate, albeit without knowledge of the major increase in the rate, these property owners could all be renotified of the amount they are to be billed and an explanation provided for the increase. And to support this approach, it was stated in the survey letter that the rate that would be applicable would be the rate set by Council for each year a street was approved in the Capital budget and these rates would be subject to change from the original survey amount. It also stated that staff would repetition should the rates exceed the \$14.00 per lineal foot frontage estimate. The repetition was not conducted as management at the time felt that the decision to carry the projects into the following year and apply the rate in the year that the projects were constructed was acceptable. It was also their understanding that the survey letters were not binding on the Municipality.

Part of the reason this issue has arisen is because HRM bills projects based on a standard price per lineal foot and this price has by practice been based on the last two years' average. In times of seriously escalating construction costs this is only going to mean that the standard cost applied to LIC projects will be much less than half of the total actual cost, thereby placing pressure on the approved gross capital budget for this program.

Staff will be presenting a report at this council session to present options in the way rates are set for Road Improvement Projects such that this issue will not arise in the future.

BUDGET IMPLICATIONS

Generally, there is an understanding that paving inside the core is cost shared 50/50 with the property owners and the Municipality. As noted above, this is not actually occurring in these cases. In this situation, should Council decide to use the 2003 LIC rate, the amount borne by the property owners will be approximately 27% of the total actual project costs.

Where Council decides to uphold their original decision to bill at the 2004 LIC rates, the amount borne by the property owners will be approximately 37% of the total actual projects' costs.

The other outcome is that the funding source for the capital budget for street improvements is compromised. The funding source for street improvements is assumed to be 50% from the residents via LIC's and 50% from debt. When the 50% from the residents is reduced then the debt funding component increases. This means HRM issues more debt than planned and that the entire tax base funds the project and does so over at least 10 years which is the usual debenture issuance time frame.

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.

ALTERNATIVES

Council could consider billing at the full 50% of the actual projects' costs. In this case all the projects would be billed at an approximate rate of \$27.68 per lineal foot. Should Council choose this option, staff would return to confirm this number.

Council could consider billing all projects at the 2004 LIC rate of \$20.28 per lineal foot. This would mean that \$90,086 of the costs would not be cost shared 50/50 with the residents.

**New Paving of Subdivision Streets Inside
the Core Area-Central Region
Council Report**

April 11, 2006

Council could consider billing Bolton Drive, Stonemount Drive and Stone Crest Court at the 2003 LIC rate of \$14.73 and bill Carriage Road, Chartwell Road and Cumberland Way at the 2004 LIC rate of \$20.28. This would mean that \$157,673 of the costs would not be cost shared 50/50 with the residents

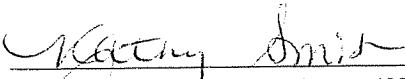
ATTACHMENTS

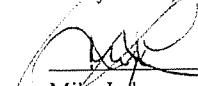
Sample letter sent to all residents above
Sample letter notifying all residents of successful petition


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

Report Prepared by: David Hubley, P.Eng., Manager, Design and Construction Services, 490-4845

Report Prepared by: Catherine Sanderson, A/Director, Financial Services 490-1562

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Mike Labrecque, P. Eng., Director, Transportation and Public Works Services at 490-4855

Report Approved by: 
Catherine Sanderson, A/Director, Financial Services 490-1562

DH:cf

PUBLIC WORKS AND TRANSPORTATION SERVICES
DESIGN & CONSTRUCTION SERVICES

Property Owner

November 20, 2002

Dear Sir/Madam:

Re: Paving -Cumberland Way
Limits Beaverbank Windsor Jct Cross Rd to end- Windsor Junction

To facilitate the process of determining which streets may be included in future Capital Budgets for the consideration of Council, we would like to get a survey of the wishes of the local residents regarding the proposed paving of your street. If Council approves this project in accordance with the Council approved policy, paving is subject to Local Improvement Charges.

In general, approval from property owners receiving the Local Improvement, who collectively own a minimum of 50% of the total recoverable frontage, is required prior to a project going to tender. In the determination of the percentage, frontages from Municipal-owned properties and parklands and road rights-of-way, will not be included in the calculation.

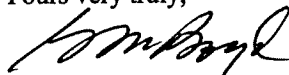
In the event of less than 50% support or a balance of support for and against Local Improvement actions, Council may initiate or proceed with a project without the approval of the property owners. If Council determines the Local Improvement is required, based on consideration of HRM's best interests, the Local Improvement Charges will apply.

The Local Improvement Charges will be based on the Local Improvement rates for the year that the project was approved under the Capital Budget. Therefore, the exact rate may vary from year-to-year and will be determined by HRM Council. The approved Local Improvement rate for 2002/03 paving projects is \$11.30 per lineal foot frontage. For the purpose of this survey, a maximum rate of \$14.00 per lineal foot frontage is being used. Staff will repetition if the rates exceed the \$14.00 per lineal foot frontage

The Local Improvement Charge amount payable, may at the option of the owner of the property, be paid in equal annual installments for a period not exceeding ten years. Installments are due on the anniversary date of the original billing, until the full debt is paid. This billing may also be paid in full at any time if the abutter so desires. The unpaid balance is subject to an interest rate based on the maximum of the prime rate as set by the Royal Bank of Canada plus 2% at time of notification.

If you are in agreement to pay up to \$14. per lineal foot frontage of your property for paving, please sign the note at the end of this letter and return by Dec 13,, 2002 either by return mail to Ann Reid, LIC Clerk, Design Services, P. O. Box 1749, Halifax, NS B3J 3A5, or hand deliver to 21 Mount Hope Road , Dartmouth, or fax at 490-4858 or e-mail at reida@region.halifax.ns.ca. If you require further clarification please call Ann Reid @ (902) 490-6849.

Yours very truly,



GERRY BOYD, P.ENG.
ACTING MANAGER, DESIGN & CONSTRUCTION SERVICES

cc: Councillor Gary Hines , District 2
Rick Paynter, P.Eng., Acting Director Public Works and Transportation Services

AGREEMENT:

I agree to pay the proposed Local Improvement Charges of up to \$14. per lineal foot frontage of my property for paving.

Name _____ Signature _____

Lot # _____ Street Address _____

**PUBLIC WORKS AND TRANSPORTATION SERVICES
DESIGN & CONSTRUCTION SERVICES**

January 22, 2003

All Property Owners

Dear Sir/Madam:

Re: Paving Petition Results
Carriage Rd. , Chartwell Rd. & Cumberland Way - Windsor Junction

This is to inform you of the results of the petition sent out in December 2002 regarding the paving of your street.

Under the HRM Local Improvement Policy & By-Law Number S-400, street paving may be considered, subject to budget considerations, provided there is a successful petition from the property owners that 50% of the total frontage are in favour of the project. Your street has met the required 50% approval. Staff will recommend that Council give consideration to this project in the 2004/2005 Capital Budget.

If you have any question pertaining to this matter, please do not hesitate to call Ann Reid at 490-6849 or e-mail: reida@region.halifax.ns.ca.

Yours very truly,



Ann Reid
LIC Clerk

cc Councillor Gary Hines, District 2
Rick Paynter, P.Eng., Director, Public Works and Transportation Services