

RE: 1987 LOCAL IMPROVEMENT STREETS PROGRAM

MUNICIPAL MANAGER'S RECOMMENDATION:

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MANAGER'S REPORT NO.	58
COUNCIL MEETING	87/09/28

1. THAT the recommendations of the Director Engineering be adopted.

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TO: MUNICIPAL MANAGER 1987 SEPTEMBER 15

FROM: DIRECTOR ENGINEERING

SUBJECT: 1987 LOCAL IMPROVEMENT STREETS PROGRAM

RECOMMENDATIONS:

- 1) THAT the Local Improvement Streets Program encompassed in this report be approved.
- 2) THAT the necessary steps prescribed in the Municipal Act for implementation of a Local Improvement Program initiative be undertaken for this Program.
- 3) THAT the abutting property owners' share of the cost be predicated on 50% of all road costs associated with the construction of an 8.5 m (28 foot) width street.
- 4) THAT the Director Engineering be authorized to obtain proposals from engineering consultants for the purpose of completing all design work.

R E P O R T

Summary

The report describes the Local Improvement process, recommends that an L.I.P. streets program be initiated for construction in 1988, and discusses the impact of such a program.

The Local Improvement Streets Program forms an integral component of our infrastructure management system required to protect the Corporation's substantial investment in its road network system.

Local Improvement Process

The Municipal Act prescribes that Council may, by bylaw, provide that certain works be undertaken as local improvements. The types of works which may be undertaken as local improvements cover extensive portions of public works infrastructure. However, within Burnaby, local improvements have been limited to the following distinct classifications:

1. Street Improvements (including lanes)
2. Ornamental Lighting Installations

Under the local improvement process, a portion of the cost of the work is specially charged against the land abutting directly on a work or on land immediately benefited by a work. Street improvements have primarily proceeded under the initiative plan whereby the abutting property owners are notified of a proposed project and have the opportunity to support or object to it. Sufficient objection prohibits the Council from proceeding on the local improvement initiative plan with the same work within a

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period of one year. The Municipal Act details the various steps necessary leading to a Local Improvement Program initiative and includes the preparation of a report which states, in part, the proportion of the total cost which will be specially charged against the parcels benefiting from or abutting the work.

Program Acceptance

As stated, L.I.P. street projects are undertaken by the initiative plan. However, within this initiative, there are two categories of projects:

1. Property Owner Requests
2. Corporation-Proposed Projects

In order for a property owner request to be considered for inclusion in a program, we require that owners obtain the signatures of at least ten of the affected parcels or of at least 50% of the number of affected parcels, whichever is the lesser. The rationale for this practice is so that we have an indication of the scope of a demonstrated interest in the project.

As Council is aware, L.I.P. streets programs were not undertaken during the period 1980-1984. During this period, property owners' requests had accumulated at the average rate of 15 per year, such that when L.I.P. programs resumed in 1985, the program contained 61 projects which had been requested by the property owners. Fifteen property owners' requests were also included in the 1986 program and this year to date we have received 23 requests. The success rate of property owners' requests upon initiation is extremely high, as follows:

Property Owner Requests

Program Year	No. of Property Owner Requests		Acceptance Ratio	
	Initiated	No. Approved	Accepted	Ratio
1985	61	52	85%	
1986	15	13	87%	

In each of the last two years, as we have also done throughout most previous programs, this program has been supplemented by projects proposed by the Corporation; the total number of such projects is considerably less than the number of property owner requests, but the ratio of approval is still significant.

Corporation-Initiated Projects

Program Year	No. of Corporation Initiated Projects		Acceptance Ratio	
	Initiated	No. Approved	Accepted	Ratio
1985	5	4	80%	
1986	6	3	50%	

Typically, the Corporation projects have been collector streets which have been proposed for improvement as part of our infrastructure management system. The local improvement process has been extremely useful in this regard because it should be borne in mind that no other funding sources have been identified for the reconstruction and widening of collectors, which form a very important component of our total Transportation Plan.

Program Cost Impact

The cost impact of an L.I.P. program is broken into two

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components, namely,

1. Property Owner Share - taxable foot charge
2. Municipal Share - borne by 100% of the taxpayers

At present, the annual charge per taxable foot paid by the property owners is based on the abutting owners paying for 60% of a basic "average" 8.5 metre (28 ft.) wide street with provision for financing and amortization of the construction costs over 15 years. The Corporation currently assumes the 40% balance plus the cost of any construction in excess of 8.5 metres, storm sewers, boulevard tree planting, connector walks, retaining walls and other costs associated with anomalies of topography. The percentage of the total construction costs paid by the property owners varies according to the street type and individual property assessments. However, past experience indicates that the owners' share approximates 30% of the total construction cost.

Conceptually, a basic "average" 28-foot wide street assumes only the most elemental units of the local residential road construction standard. This concept produces a taxable foot rate which is purely hypothetical and cannot be correlated against actual experience.

Based on past experience, we have now developed a standardized cost model which realistically reflects typical construction conditions encountered during L.I.P. street improvement. This model is predicated on a 28-foot wide standard which is the established width for local residential streets. It has always been rationalized that construction costs for width in excess of 28 feet should not be considered as a cost to the abutting property owners because the additional width is not required to service the local needs but, rather, performs collector or arterial functions which should then logically form a part of the general Municipal share. Similarly, any storm sewer installations which may be required prior to road construction form a basic service to the community and also would logically form a part of the general Municipal share. The standardized cost model which has been developed can be compared to actual experience and updated annually to reflect current trends. The model would only be impacted by inflation and other market conditions such as interest rates. Through periodic updating, the model can therefore be used as a valid base from which to develop taxable foot rates for the property owners' share of future programs. It is felt that this is a more realistic and flexible model than that previously used.

At present, the property owners' rate based on 60% of a basic "average" 28-foot street equates to:

    \$3.27 per year per front foot for 15 years for paving  
          and curbs only, and,

    \$3.73 per year per front foot for 15 years for paving,  
          curbs and sidewalk

Rates are based on an 11% annual charge which includes Municipal Finance Authority charges.

The standardized cost model is a more accurate comparison to real site conditions than the basic "average" concept previously utilized. The standardized costs reflect all real and true costs associated with road construction. Some of the itemized costs which were not previously incorporated include intersection construction, boulevard tree planting, retaining walls, road

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drainage, house connector walks, driveway restoration, utility relocations, stairs, wheelchair ramps, topsoil and boulevard restoration, street lighting preducting and other anomolies of topography.

Inclusion of these costs obviously increases the base from which the annual charge per taxable foot would be calculated.

It is recommended that the real and true costs of a 28-foot wide street be evenly split between the abutting property owners and the general Municipal share. The property owners rate based on 50% of the standardized cost model 28-foot street equates to:

\$4.22 per year per front foot for 15 years for paving and curbs only, and,

\$5.34 per year per front foot for 15 years for paving, curbs and sidewalks

We are of the opinion that a property owner rate developed on such a basis reasonably recognizes the benefit derived by the abutting owners, as well as the value of local improvements for upgrading the community at large and in effecting much needed improvement to our collector streets inventory.

By way of comparison, the City of Vancouver's annual charge for local improvement paving and curbs is \$4.39/ft. for 15 years which corresponds to the proposed \$4.22 shown above. Paving and sidewalk rates cannot be compared because the City undertakes sidewalk construction as a local improvement separate from paving.

This net increase in property owners' share will obviously reduce the Corporation's share. However, the percentage change will be dependent on the program mix as to class of works. In other words, if a program were comprised entirely of 28-foot wide streets, the split in total construction costs (excluding storm sewers) would be 50/50. However, if the program were to include some collector (36-foot) streets, the property owners' share would decrease as a percentage of the total. The precise impact of this L.I.P. streets program on future Municipal budgets is not known at this time because of the many variables in the program mix and the unknown factor of how many projects will be approved by the property owners. The calculated range of gross additional annual cost of servicing debt for every \$1,000,000 worth of construction at 11% over 15 years would extend from approximately \$70,000, assuming the property owners paid 50% of the total cost, to approximately \$97,000, if the property owners' share were as low as 30%.

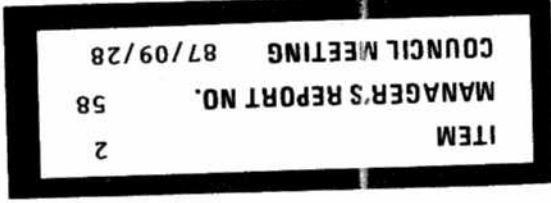
1987 Program Composition

In developing a local improvement roads program, priority has historically been given to property owner requests, the balance of programs being made up of projects recommended by staff.

The two previous years funding levels were:

Year	Initiated by		Total	Total Approved for Construction
	Property Owner	Corporation		
1985	5,479,000	699,000	6,178,000	5,094,000
1986	2,222,000	2,939,000	5,161,000	3,705,000

The 1987 Capital Budget under Account Code 60-40 Local Improvements - Streets, includes a 1987 proposed initiation program of \$4,000,000 to be constructed in 1988. The suggested



program is shown as Appendix A.

As previously stated, 23 property owner requests have been received and the estimated construction cost of these requests is \$2,200,000. The balance of the program is comprised of collector streets recommended by staff for improvement, which will bring the total initiated program to just under the amount in the Budget, i.e., \$4,000,000. Based on our previous experience, we would anticipate that the actual construction value of approved projects will be in the order of \$3,000,000.

#### 1987 Program Schedule

It would be advantageous to call construction contracts in the Spring of 1988 to maximize the optimum summer construction period. Council approval of the recommendations will permit initiative notices to be sent to the property owners for their approval during the upcoming Winter months. The program will be subsequently returned to Council through the Municipal Clerk's Certificate of Sufficiency for Council approval, to bring forward the necessary Construction Bylaws in sufficient time for Spring tender calls.

There are distinct advantages to be gained in having the Program fully designed ahead of time in the form of identifying special construction problems, in taking off quantities, and in preparing contract packages ready to take early advantage of available capacity in the construction market before others do so. It is therefore recommended that the Director Engineering be authorized to arrange for preparation of design drawings.

The award of such an engineering contract will be administered in accordance with Council policy. Design costs vary from 2-4% of total construction costs and funds for this design assignment are specifically provided, on a revolving basis, in the Capital budget.

#### Major Benefits of Local Improvement Streets Programs

Implementation of a local improvement streets program forms a valuable part of our overall infrastructure management system. Streets which are candidates for upgrading under the L.I.P. program could be classified as having typically an aging interim strip of pavement of asphaltic concrete, gravel road shoulders, ditches and culverts for drainage. Construction of a project provides installation of proper storm drainage, eliminates gravel shoulders, and rehabilitates the asphalt pavement. In addition to being advantageous from a public works perspective, these improvements are viewed favourably by the property owners, who have a very high appreciation for the aesthetics of a completed street.

The local improvement streets program has many advantages which speak in its favour as a valuable and integral component of our public works infrastructure management system, as follows:

1. The improvements continue to be extremely popular with the property owners as borne out by the number of successful initiations stemming from property-owner requests.
2. The User-pay-concept is enhanced, with the benefiting property owners paying directly a portion of the total cost rather than the total burden falling on the taxpayers at large, which is so often the case in funding municipal programs.

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3. Improved community aesthetics are realized, with local improvement programs contributing to making Burnaby an up-to-date, developed, progressive, urban community.
4. Pavement rehabilitation is achieved, with the program being an integral and very real component in offsetting maintenance requirements.
5. Ditch elimination and proper long-term storm drainage management is effected coincident with the roadworks.
6. Operational costs do not increase following local improvements and no additional staff are required to maintain facilities after construction.

  
DIRECTOR ENGINEERING

WCS/EEO:ml  
Attach.

cc: Director Finance  
Director Planning and Building Inspection  
Director Administrative and Community Services  
Municipal Solicitor  
Municipal Clerk