

# DRAFT COUNCIL POLICY



## Infrastructure Reconstruction and Local Improvement Policy

<b>Policy Number:</b>	<b>2021-</b>
<b>Approved by:</b>	<b>Council Resolution #<u>2021-</u> dated</b>
<b>Effective date:</b>	<b>___ 2021</b>
<b>Departments:</b>	<b>Engineering Services, Financial Services</b>

### PURPOSE

The purpose of this policy is to set out the policy directions, programs and processes related to infrastructure construction, reconstruction and local improvements in the City of Whitehorse.

### SCOPE

This policy applies to construction or reconstruction of surface and sub-surface infrastructure in localized areas or neighbourhoods.

The policy includes, in Part A, two sections addressing different categories of projects:

- City-initiated projects for construction or reconstruction in existing neighbourhoods with City-owned infrastructure that is nearing or has reached the end of its useful life; and
- Discretionary enhancement of City-owned surface infrastructure at the request of benefiting property owners.

The policy does not apply to small-scale repair and maintenance of existing infrastructure that may be carried out by various City departments.

The policy is established when external sources of funding for infrastructure are available. In the event the external sources of funding cease to be available, this policy will be updated or replaced.

### DEFINITIONS

“**City**” means the City of Whitehorse.

“**City sanitary services**” means facilities owned by the City within a City right-of-way, serving more than one property, for the conveyance of waste water and sewage.

“**City infrastructure**” may include, and is not limited to, roads, City sanitary services, City water services, sidewalks, curb and gutters, and street lighting.

“**City water services**” means facilities owned by the City within a City right-of-way, serving more than one property, for the distribution of potable water.

“**Council**” means the elected council of the City of Whitehorse.

**“expression of interest”** (EOI) means a non-legal document that the City provides to a property owner requesting a discretionary local improvement on behalf of a group of benefitting owners who would be responsible for payment of a local improvement charge, to sign indicating support.

**“external sources of funding”** means funding available from external agencies including the federal and territorial governments, through funding programs such as Gas Tax and the Investing in Canada Infrastructure Program.

**“financing arrangements”** means a local improvement charge or an infrastructure loan, as applicable.

**“infrastructure loan”** means a loan provided to a property owner to assist with covering the costs of installing new, or renewing existing, infrastructure on the owner’s property to enable connection to City-owned infrastructure which provides water and sanitary services to the property.

**“local improvement charge”** means a local improvement tax, charged by bylaw pursuant to s. 267 of the *Municipal Act*, against a privately-owned property to recover costs associated with an infrastructure project that has primary benefit to an area of the municipality rather than to the whole municipality.

**“private sanitary service”** means facilities for the conveyance of waste water and sewage from a single developed property.

**“private water services”** means facilities for the conveyance of potable water to a single developed property.

**“private-side work”** means infrastructure renewal construction undertaken on privately-owned property.

**“reconstruction”** means construction required to rebuild an existing City infrastructure asset, which may include the addition of new assets.

## **AUTHORITIES**

1. Council has approval authority for:
  - a) This policy and any replacement or future amendments thereto;
  - b) City budget allocations associated with infrastructure projects; and
  - c) Bylaws establishing financing arrangements associated with individual private properties.
2. Administration prioritizes infrastructure reconstruction, expansion or enhancement projects, subject to approval of related budgets by Council.

## **PART A – CATEGORIES OF INFRASTRUCTURE PROJECTS**

### **Section 1 – Infrastructure Reconstruction**

The City's surface and sub-surface infrastructure in an area or neighbourhood requires replacement when it nears or reaches the end of its useful life. In addition, instances may arise wherein the City undertakes new infrastructure construction on its own initiative.

Examples of this surface and sub-surface infrastructure include and are not limited to:

- Roads;
- Sidewalks;
- Curbs and gutters;
- Water services, sanitary and storm sewer pipes; and
- Street lighting.

#### 3. Principles:

- a) Reconstruction of infrastructure nearing or at the end of its useful life and construction of new infrastructure benefits all city residents:
  - as part of the sustainable management of the City's assets;
  - by reducing the City's operation and maintenance costs; and
  - avoiding costs that would arise from infrastructure failure.
- b) External sources of funding for reconstruction of City infrastructure will be used while they are available to supplement City reserves. If external sources of funding cease to be available, the associated costs on infrastructure and reconstruction would be borne collectively by city property owners under new policy developed to address that circumstance.
- c) Grants and public funds will be used to pay for infrastructure reconstruction on City-owned land, however they are not available to be used for work on private property. Individual property owners will be responsible for related costs on their private property for individual connection to City water and sanitary services.

#### 4. Planning:

- a) As part of sound asset management planning, the City will determine when an infrastructure reconstruction project is needed and will include the project in an annual Capital Expenditure Plan. While external sources of funding remain available, the City will apply to the applicable funding programs to cover the costs of the project.
- b) In planning the project, the City will consider input from the affected neighbourhood, but ultimately is responsible for determining the reconstruction standards based on considerations such as public health and safety, environmental and climate change considerations, servicing standards as set out in the City's current Servicing Standards Manual, and

the City's evolving priorities and policy initiatives such as active transportation, densification, emergency preparedness, accessibility etc.

5. Voluntary Financing Program for Private Water & Sanitary Services on Private Property:

During a reconstruction project, the City will provide a voluntary infrastructure loan program to affected property owners to enable them to undertake related private water and sanitary service renewal on their private property. The City will offer to coordinate reconstruction on both the public and private sides of the property line in an effort to keep property owners' costs down. If a property owner chooses to opt-in, the private-side work would be carried out by the City's contractor, which is expected to result in efficiencies and cost savings for the property owner.

- a) Access to this financing program will only be offered at the time of the reconstruction project, as the private-side work will be planned and tendered as part of the City's reconstruction project.
- b) An infrastructure loan agreement will be required for work on private property to confirm the property owner's agreement to the timing of construction, access to the property and loan conditions.
- c) The amount of the loan will cover the costs for work specifically required to connect to the City's underground services including related preparatory site work such as removal of decks and landscaping, and backfilling post-installation. It will not cover associated restoration work such re-landscaping or rebuilding of decks or patios.
- d) The City will provide each affected property owner with an estimate of the costs for connection to water and sanitary services for their property, to help them determine whether to participate in the loan program. The amount of the loan will equal to the actual costs following construction for each property up to the amount provided in the estimate. The property owner will be responsible to pay any additional cost outside of the loan per the terms and conditions of an infrastructure loan agreement.
- e) Amounts loaned will, if default takes place, be recovered by the City as a charge against the subject property, which will be authorized by bylaw passed pursuant of s.344 of the *Municipal Act* at the time the tender for the reconstruction work is awarded. Loan payments will commence the year following construction completion and will be based on the actual cost of construction.
- f) The loan will be noted on the tax certificate for each of the affected properties.

**Section 2 – Discretionary Local Improvements**

A discretionary local improvement is a project requested by property owners in an area or neighbourhood to provide surface infrastructure improvements or enhancements above the existing standard in the neighbourhood.

Examples of discretionary local improvements may include but are not limited to:

- Streetscape improvements, including landscaping, and decorative street lighting;  
or
- Road or alley surface upgrading.

6. Principles:

- a) A discretionary local improvement benefits nearby properties more than the municipality as a whole, therefore it is paid for by benefiting property owners via a local improvement charge.
- b) Sections 269 to 271 of the *Municipal Act* set out a process whereby affected property owners have the opportunity to register objections to the project and to the related levy of a local improvement charge.
- c) The City will respond to requests for discretionary local improvements only as its operational capacity permits.

7. Process:

- a) This type of local improvement is initiated by property owners who wish to have improvements carried out near or adjacent to their properties. This may be initiated by an Expression of Interest (EOI) which is used to indicate that a number of property owners are in support before the City will proceed further.
- b) When a discretionary local improvement proceeds, the City will develop a project description including time lines and costs, which will be shared with all affected property owners.
- c) Sections 269 to 271 of the *Municipal Act* set out a process whereby a property owner may provide a written objection to the project and the associated local improvement charge. An objection must be provided within 30 days of receipt of the project description. If the majority of affected property owners object, the project will not proceed.

8. Cost Determination and Payment Term:

- a) The term of the local improvement charge will vary depending on the nature of the local improvement project. The term is related to the useful life of the improvement and the overall cost, and unless otherwise specified by Council, will be 20 years or less.
- b) The City will develop a cost estimate for the local improvement and develop a method for calculating property owner benefit to which to apply apportioned cost sharing as applicable.
- c) Costs for streetscape improvements will be apportioned as follows:
  - Decorative Street Lighting: 0% City & 100% property owners
  - Landscaping - Local Road: 0% City & 100% property owners
  - Landscaping – Collector Road: 25% City & 75% property owners
  - Landscaping – Arterial Road: 100% City & 0% property owners

- d) Costs for other local improvement projects will be apportioned as follows:
- Alley paving and drainage improvements: 25% City & 75% property owners
  - Road surface upgrades – Local Road: 10% City & 90% property owners
  - Road surface upgrades – Collector Road: 25% City & 75% property owners
  - Other improvements requested by a specific area and deemed by Council to be a greater benefit to that area: apportionment to be determined

## **PART B – FINANCING ARRANGEMENTS**

Where the City enters into financing arrangements with property owners related to an infrastructure project, the City borrows funds for the purpose. The costs of borrowing are then passed on to property owners through, as applicable, a local improvement charge or payments owing on an infrastructure renewal loan charge (“financing arrangements”), levied along with the annual property tax payable.

Because borrowing small amounts negatively impacts overall City service levels, the City will not consider a local improvement charge where the total cost of the project is \$75,000 or less. The City may consider participating with property owners on a project below that threshold amount, if property owners obtain an alternative funding source.

### 9. Interest Rate and Term:

- a) The interest rate will be based on the City’s cost of borrowing, including an additional 1.5% administration fee.
- b) The term of the financing arrangement will be determined based on the scope and costs of the infrastructure project, but unless otherwise specified by Council will not exceed 20 years. (Also see section 10 b) of this policy.)

### 10. Eligibility:

- a) Applicants must have title to the subject property.
- b) The amount of any loan must not exceed 75% of the assessed value of the property.
- c) All current property taxes must be paid in full.

### 11. Application Form

Eligible property owners must submit an application that includes:

- Name, mailing address and address of the subject property.
- Acknowledgement from all registered owners of the property that financing will be repaid via a charge added to the annual property tax levy for a designated term, with interest calculated at the lending rate obtained by the City plus 1.5%.

### 12. Payment Options:

- a) Payment options include:
- A full pay-out option, which avoids future interest charges. This option can be activated at any time during the term of the financing arrangement.
  - An option to reduce the balance owing on the total property charge by making a lump sum payment in any year during the life of the bylaw. Such lump sum payments shall be accepted only in the month of January each year.
  - Annual payments including interest charges, for which notice is provided together with the property tax notice.
- b) Financing arrangements stay with the property. If the property is sold, the remaining payments become the responsibility of the new owner.
- c) All such financing arrangements must be approved by bylaw passed pursuant to s. 344 of the *Municipal Act*.

### **REPEAL OF EXISTING POLICY**

13. The Local Improvement Charges Policy adopted by council resolution 2011-08-04, including any amendments thereto, is hereby repealed.

### **References**

*Municipal Act*, RSY 2002, c.154 (or applicable successor legislation)

### **History of Amendments**

Date of Council Decision	Reference (Resolution #)	Description
		Initial Approval Date

### **APPENDIX A – Expression of Interest (template)**