

Investing in the Road(s) to Continued Prosperity



Introduction

The roadway infrastructure within the City of Saskatoon has been continuing to deteriorate based on insufficient funding levels. Condition assessments are conducted periodically and the existing funding has been allocated to ensure the dollars are used in a way that slows the deterioration.

City Council approved a number of roadway capital asset service levels in 2012; however, current funding levels do not meet this level.

Increases are included in the annual budget; however, these have only partially offset inflation and as a result, the existing funding gap continues to grow. Progress has begun and a number of significant funding changes have been introduced over the past few years, including:

- In 2010, City Council approved a phased-in plan to fully fund the back lane capital program by increasing the annual tax-supported funding level by \$300,000 until 2016.

- The 2013 Budget introduced a property tax increase of \$1,967,300 (1.25% increase over the 2012 tax base) dedicated specifically to paved roadways.
- Allocation of ad hoc funding, whenever opportunities arise, including allocations from neighbourhood land development profits and yearend surpluses.
- Access to the federal Infrastructure Stimulus Fund to assist in street reconstruction.

Administration has previously recommended that a 1.25% dedicated property tax increase continue until approved roadway funding targets have been met. However, this will take approximately 10 years. The Administration has clearly heard the priority that both City Council and Saskatoon's citizens have placed on the state of Saskatoon's roads. Based on this, a more aggressive funding strategy is proposed.

Roadway Assets

The Administration is responsible for evaluating the condition of the City's paved roadways and for developing an annual program to maintain them at a minimum long-term cost, with modifications based on approved funding levels. Where feasible, condition assessments are conducted on an annual basis. The assessments are used to determine condition and to develop annual capital improvement plans.

The level of service for each type of asset is defined differently. For example, the service level for water mains may be defined by the

number of service interruptions per year, for bridges it may be the Bridge Condition Index (BCI), for parks it may be the health of the vegetation. Therefore, as the level of service increases, so does the cost of maintaining the asset in the desired condition level.

In order to be able to compare apples to apples, six levels of expenditures identified by the letters A through F have been introduced, where A represents the highest level of expenditures and F represents no expenditure. Table 1 describes each level of service.

Table 1: Expenditure Service Levels

Expenditure Level	Asset Condition	Description
A	Getting Better Quickly	Sufficient expenditures to keep asset in top condition and to increase asset condition/value quickly over time.
B	Getting Better	Sufficient expenditures to keep asset in top condition and to increase asset condition/value slowly over time.
C	Maintain Assets that are in Poor Condition	Sufficient expenditures to keep asset in constant condition over time. This expenditure level applies to older assets in poor to fair condition.
D	Maintain Assets that are in Good Condition	Sufficient expenditures to keep asset in constant condition over time. This expenditure level applies to newer assets in good to excellent condition.
E	Getting Worse	Insufficient expenditures to maintain asset condition. Over time asset condition will deteriorate.
F	Getting Worse Quickly	No expenditures. Asset condition/value decreases rapidly.

Using the above criteria, City Council has approved a number of roadway asset service levels. The Administration has identified the following funding gaps for each asset class:

Table 2: Funding Gap by Asset Class (in Millions of Dollars)

Asset Class	2013 Service Level	Approved Service Level	Required Annual Funding	Existing Annual Funding	Increases included in 2014 Draft Budget	2014 Subtotal	Annual Funding Gap
Paved Roadways	Level E	Level B	\$26.20	\$8.8	\$0.45	\$9.25	\$16.95
Sidewalks	Level E	Level B	2.78	0.5	0.08	0.58	2.20
Paved Back Lanes	Level E	Level B	0.62	0.2	0.17	0.37	0.25
Gravel Back Lanes	Level A	Level A	1.03	0.9	0.13	1.03	0.00
Boundary Roads	Level E	Level D	0.41	0.0	0.00	0.00	0.41
Total Gap			\$31.04	\$10.4	\$0.83	\$11.23	\$19.81

(Based on 2013 Dollars)

To fully fund the approved service levels, additional annual funding of \$19.81 million is required. A three-year property tax increase phase-in is being recommended to address the remaining shortfall. This translates into an increase of \$6.60 million in each of 2014 through 2016.

The following outlines the annual investment in paved roadways over the past three years:

	2011	2012	2013
	in Millions of Dollars		
Annual Base Funding	\$3.77	\$5.82	\$8.80
One-time Paved Roadway Funding	0.83	4.68	4.26
Total Annual Investment	\$4.60	\$10.50	\$13.06

The three year phase-in results are outlined in Table 3.

**Table 3: Resulting Annual Investment through a Phased-In Approach
(in Millions of Dollars)**

	2013 Base Funding	2014 Draft Budget	2014	2015	2016	Investment over the next 3 years (2014 through 2016)	Investment over the next 10 years (2014 through 2023)
Paved Roadways	\$8.80	\$9.25	\$14.90	\$20.55	\$26.20	\$61.65	\$245.05
Sidewalks	0.50	0.58	1.31	2.04	2.78	6.13	25.59
Subtotal	\$9.30	\$9.83	\$16.21	\$22.59	\$28.98	\$67.78	\$270.64
Paved Back Lanes	0.16	0.37	0.45	0.53	0.62	1.60	5.94
Gravel Back Lanes	0.93	1.03	1.03	1.03	1.03	3.09	10.30
Boundary Roads	0.00	0.00	0.14	0.28	0.41	0.83	3.70
Annual Investment	\$10.89	\$11.23	\$17.83	\$24.43	\$31.04	\$73.30	\$290.58

The Administration is introducing the concept of a Neighbourhood Renewal Program. This program would fund the neighbourhood roadway and sidewalk network separately from the primary roadway and sidewalk network. This ensures an adequate portion of funding goes towards local roads and sidewalks on a yearly basis.

Restating Paved Roadways and Sidewalks from Table 3 to acknowledge neighbourhood roads and sidewalks separate and apart from the primary road and sidewalk network, and continuing with the current preservation strategy, results in the following:



**Table 4: Restated Neighbourhood and Primary Network Renewal Programs
(in Millions of Dollars)**

	2014 Draft Budget	2014	2015	2016	Investment over the next 3 years (2014 through 2016)	Investment over the next 10 years (2014 through 2023)
Neighbourhood Network Renewal Program						
Roadways	\$1.70	\$5.03	\$8.37	\$11.70	\$25.10	\$107.00
Sidewalks	0.29	0.79	\$1.29	1.78	3.86	16.32
Primary Network Renewal Program						
Roadways	7.55	9.87	12.18	14.50	36.55	138.05
Sidewalks	0.29	0.52	0.75	1.00	2.27	9.27
Annual Investment	\$9.83	\$16.21	\$22.59	\$28.98	\$67.78	\$270.64

Increased Roadway Service Levels – Street Sweeping, Pothole Repairs, and Snow Clearing

Based on communications from both City Council and the public, the Administration is recommending additional service levels be added to the 2014 budget. These include the following:

1. Increases to the street sweeping program of \$605,000. This includes the following: introduction of a “Spring Sweeping Blitz” estimated at \$175,000; a compressed Residential Area Sweep program at an estimated additional cost of \$250,000, additional summer sweeping estimated at \$20,000, and additional equipment estimated at \$160,000.
2. “Spring Pothole Blitz” program totalling \$550,000. This program will fully patch all travelled lanes in the City’s freeway, collector and arterial roads over a 2 to 3-week period and will overlay areas of large defects.
3. An increase in annual operating funding levels to supplement the existing summer pothole patching program. The 2013 operating budget includes resources for four crews. This was enhanced for two years to eight crews and a weekend crew through capital funding. This is estimated at a cost of \$500,000.
4. Additional city-wide snow clearing, with an estimated cost of \$500,000 is proposed. A snow clearing program consisting of potentially two complete city-wide clearings has been built into the 2014 draft budget.

These four service level increases total \$2.155 million and translate into a 1.37% property tax increase.

Funding Plan

Contribution from the Water/Wastewater Utilities

Deeply buried water and sewer mains adversely affect the life expectancy of the roadways above them. During construction, deep excavations are made to install water, sewer and storm sewer systems. As the infrastructure ages and repairs are made or new connections are installed, the pavement structure is further damaged.

The Administration is proposing a transfer of base funding of up to \$6 million per year from the Utility as a direct contribution towards paved roadways. This will be phased-in over three years with the first contribution in 2014 of \$2 million.

Back Lane Program

In 2010, City Council approved a funding plan for back lanes. This funding plan included an annual \$300,000 provision funded from tax revenue received from annual assessment growth funds. The 2014 preliminary budget will include a \$300,000 provision for back lanes.

Paved Roadways and Sidewalks

The City’s 2014 draft budget includes a \$450,000 additional provision for paved roadways and a \$80,000 additional provision for sidewalks, to acknowledge inflationary increases.

Dedicated Property Tax Increase (in Millions of Dollars)

As part of the 2013 Budget, City Council approved a 1.25% property tax increase dedicated specifically to roads. It is recommended that this approach be continued over the next three years to fund both the capital road program (roadway asset funding gap) and the increased service levels.

The following reconciles the annual Service Level B funding required from a dedicated tax increase:

	Required Investment (in 2013 dollars)	\$31.04
Less:	2013 Base Funding	(10.40)
	2014 Draft Budget	(0.83)
	Contribution from Water/Wastewater Utility	(6.00)
	Dedicated Tax Increase	\$13.81
	Three Year Phase-in Requirement	\$4.60

Table 5 provides a further breakdown of the increases required by the various classes of assets, as well as the requirements for the service level increases.

Table 5: Dedicated Property Tax Increase Phase-In (in Millions of Dollars)

	2014		2015		2016	
Roadway Asset Funding Gap						
Neighbourhood Network Renewal Program	\$2.83	1.80%	\$2.83	1.80%	\$2.83	1.80%
Primary Network Renewal Program	1.55	0.98%	1.55	0.98%	1.55	0.98%
Back Lanes and Boundary Roads	0.22	0.14%	0.22	0.14%	0.22	0.14%
Subtotal	\$4.60	2.92%	\$4.60	2.92%	\$4.60	2.92%
Service Level Increases						
Enhanced Street Sweeping Program	0.60	0.38%				
Spring Pothole Blitz	0.55	0.35%				
Supplemented Summer Pothole Patching	0.50	0.32%				
Additional City-wide Snow Clearing	0.50	0.32%				
Subtotal	\$2.15	1.37%				
Total	\$6.75	4.29%	\$4.60	2.92%	\$4.60	2.92%

(Based on 2013 Dollars)

Changes to the phase-in period and any revisions to the service level increases will impact the final dollars and percentage increases as will inflation in future years.

A phased-in approach results in a continuously growing backlog. The use of one-time funding will continue to be recommended by the Administration over the next three years.

