Agenda – Executive Policy Committee - July 5, 2006

REPORTS

Item No. 8 Red Tape Commission, Recommendation 18 – Support a Service Proposal to Speed up the Local Improvement Process
File GG-5

ADMINISTRATIVE RECOMMENDATION:

That the following recommendations effecting the standard "Local Improvements" process (excluding "Local Improvement Districts"), be approved;

1. That Council rescind Clause I of its policy adopted July 22, 1998 "that beginning in 1999, the City adopt a policy of advertising and approving new local improvements in one year, and that the approved projects (advertised and "Petition For") be budgeted and constructed in the following year" and in its place adopt the following policies:

    A. That the three (3) million dollar local improvement float, approved by Council on February 21, 2006, be used to fund new local improvement projects, including projects in the current year; and
    B. That, annually through the Capital Budget process, the local improvement float be replenished to a three (3) million dollar balance or an amount as determined appropriate by Council.

2. That the Province be requested to amend The City of Winnipeg Charter for proposed local improvements to:

    A. Replace the requirement for public notice in the form of a newspaper advertisement with notification by the placement of signage on the site advising the public of the proposed project; and
    B. Reduce to 45 days the requirement that the petition be filed with the City Clerk within 90 days after the day the first signature is placed upon it.

3. That signage placed on the site of the proposed project be consistent with changes adopted as a result of Recommendation No. 13 of the Red Tape Commission Report.

4. That in order to expedite the petition process, Council adopt a policy requiring applicants to sign the "petition for" form when obtained from the City.

5. That the City Solicitor/Manager of Legal Services be asked to prepare the local improvement authorization by-law and submit it to the City Clerk so that it can be adopted by Council at the same Council meeting that the local improvement project is approved.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 22, 2006, the Executive Policy Committee directed the Chief Administrative Officer to prepare and forward reports on all remaining recommendations of the Red Tape Commission in an expedited manner, in a manner reflecting the following list of priorities:

A. <u>April 2006 Phase</u>
Recommendation 18 Support a public service proposal to speed up local improvements

REPORT

RE: Red Tape Commission Report: Recommendation No. 18 – Support a Public Service Proposal to Speed up the Local Improvement Process.

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: L.S.W. Larkin, P. Eng., Director of Public Works

REPORT DATE: June 15, 2006

RECOMMENDATION:

That the following recommendations effecting the standard "Local Improvements" process (excluding "Local Improvement Districts"), be approved;

1. That Council rescind Clause I of its policy adopted July 22, 1998 "that beginning in 1999, the City adopt a policy of advertising and approving new local improvements in one year, and that the approved projects (advertised and "Petition For") be budgeted and constructed in the following year" and in its place adopt the following policies:
    a. That the three (3) million dollar local improvement float, approved by Council on February 21, 2006, be used to fund new local improvement projects, including projects in the current year; and
    b. That, annually through the Capital Budget process, the local improvement float be replenished to a three (3) million dollar balance or an amount as determined appropriate by Council.
2. That the Province be requested to amend *The City of Winnipeg Charter* for proposed local improvements to:
    a. Replace the requirement for public notice in the form of a newspaper advertisement with notification by the placement of signage on the site advising the public of the proposed project; and
    b. Reduce to 45 days the requirement that the petition be filed with the City Clerk within 90 days after the day the first signature is placed upon it.
3. That signage placed on the site of the proposed project be consistent with changes adopted as a result of Recommendation No. 13 of the Red Tape Commission Report.
4. That in order to expedite the petition process, Council adopt a policy requiring applicants to sign the "petition for" form when obtained from the City.
5. That the City Solicitor/Manager of Legal Services be asked to prepare the local improvement authorization by-law and submit it to the City Clerk so that it can be adopted by Council at the same Council meeting that the local improvement project is approved.

REPORT SUMMARY

Key Issues:

- If the recommendations for increasing the efficiency of the local improvement process were adopted, the current timeframe for Council approval of local improvement applications could be reduced by up to 12 months. This would result in applications being approved as quickly as 6 months. There would be an additional savings of up to 12 months from the project approval to the actual construction.
- The recommendations, if implemented, will lessen the existing red-tape experienced by taxpayers following the current local improvement process and will improve the efficiency and expediency of the entire process.
- Administrative processing costs are expected to be reduced, primarily due to the elimination of the newspaper advertising requirement and the smoothing of application processing over the entire year (i.e. lessening the likelihood of bottle-necks).
- The recommendations are comprised of two components. First, legislative amendments to *The City of Winnipeg Charter* are required and second, Council will be required to either amend existing policy or introduce new policy as related to local improvements.

Implications of the Recommendation(s):

General Implications

	None
X	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City
	Involves a multi-year contract

Comment(s):

- The proposed changes will require a revision to the City's development agreement process to align itself with the new advertising steps.
- The proposed improvements will shorten the administrative process timeframes.
- The process improvements will reduce the bureaucracy for citizens wishing to proceed with a local improvement application and make the service more attractive.

- The public notice for proposed local improvement projects will no longer be the local newspaper. Signs communicating the project proposal will be posted within the project site. This will result in a cost savings for property owners.
- The signage would be in addition to notice by ordinary mail that is currently required pursuant to *The City of Winnipeg Charter*.

Policy Implications

	No
X	Yes

Comment(s):

- Council is being asked to rescind its current policy requiring the advertising and approving of new local improvements in one year with the approved projects being budgeted for, and constructed, in the following year.
- That in place of the above, Council adopt new policy to:
    - Use the newly created $3 M local improvement float to fund local improvement projects in the current year;
    - Annually through the Capital Budget process, to replenish the local improvement float to a $3 M balance or an amount as determined appropriate by Council.
    - Require applicants to sign the "petition for" form when received from the City.

Regulatory Implications

	None
X	Eliminates or reduces regulatory impact
X	Proposes regulatory impact

Comment(s):

- If the recommendations are adopted, the cycle for the approval of local improvement projects will be shortened by up to 12 months with an additional saving of up to 12 months from the project approval to the actual construction.
- It is being recommended that the *Charter* be amended to require the requester return the 'petition for' form within 45 days of the day the first signature is placed upon the form. Currently, the legislation requires the form be returned within 90 days after the first signature.

Environmental Implications

X	No
	Yes

Comment(s):

Human Resources Implications

X	No
	Yes

Comment(s):

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment(s):

- Council will, as part of the annual Capital Budget process, be required to authorize the replenishing of the local improvement float approved by Council on February 21st, 2006.

REPORT

REASON FOR THE REPORT:

At its meeting of March 22nd, 2006, the Executive Policy Committee directed the Chief Administrative Officer to prepare and forward reports on all the remaining recommendations of the Red Tape Commission in an expedited manner, reflecting a list of priorities. One of these Recommendations was Recommendation No. 18 (Appendix "A"), namely:

Recommendation # 18

> *'Support a public service initiative to significantly reduce waiting times for local improvements implementation.*
>
> *Classify a proponent-paid City project as a local improvement to remove it from the budget prioritization process'.*

HISTORY:

- Local Improvements are governed by *The City of Winnipeg Charter* and By-law 98/72.

- Prior to 1996, local improvements were budgeted for by a fixed amount per district. New local improvement projects approved by Council could use surplus funds from previous year's budgets if funds were insufficient in the current year's budget.

- In March of 1998 Council adopted a new policy on "Unused Borrowing Authority for Financing Capital Projects". The policy requires that "when considering any new capital project, unused borrowing authority cannot be used as a source of funding or financing".

- As a result, in 1998 Council adopted a policy of advertising and approving new local improvements in one year, and that the approved projects be budgeted for and constructed in the following year. It was subsequently adopted in 1999 that the recoverable portion of local improvements be excluded from the budgetary cap.

- Funding for local improvements is currently provided for in the annual capital budget process. The portion of the Local Improvement that is recoverable from property owners is now excluded from the annual capital budget cap and has been financed by either external debt or the setting up of an accounts receivable.

- Revisions to *The City of Winnipeg Charter* in 2002 increased some of the flexibility of the local improvement process; however, one significant change was made by the

Province that affects the timeliness of the local improvement process. If property owners successfully petition to have improvements made, under the new *City of Winnipeg Charter* the City is still required to advertise, in the local newspapers, the proposed improvements. *The City of Winnipeg Charter* advertising requirements are more onerous than under the previous *City of Winnipeg Act*.

- In September of 2004 the Administration proposed to the Red Tape Commission, changes to the local improvement process in an effort to improve customer service where the proposed changes would reduce the time it takes to process and construct a local improvement project from its initial request.

- The Corporate Finance and Public Works Departments have websites providing information for property owners regarding the Local Improvement Process. The Taxation and Revenue webpage summarizes Corporate Finance's role in the Local Improvement process with contact information for financial matters and provides a link to the Public Works webpage that details the application process for property owners.

- In the "Final Report of the Mayor's Red Tape Commission" dated June, 2005 the committee recommends the following;

  Recommendation #18

  'Support a Public Service initiative to significantly reduce wait times for local improvements implementation

  Classify a proponent-paid City project as a local improvement to remove it from the budget prioritization process'.

DISCUSSION:

What are Local Improvements?

The standard "local improvement" process was created so that when improvements are requested by a property owner on a City right-of-way and public lands, there would be a process to accommodate the requests. Situations exist within the City where improvements have not been installed and therefore a process for the initiation, administration and financing of such improvements is required in order to execute such requests.

The Public Works and Water and Waste Departments initiate and construct a variety of local improvements that include, but are not limited to; street and lane lighting, street and lane paving, sidewalks, gravel road improvements, and sewer and water installation. Since 2002 the annual average standard local improvement budget is $1.6 million (excluding "District Local Improvements") ranging from $0.7 - $2.7 million. The determination of assessable rates and frontages are calculated and processed by the Taxation and Revenue Division of Corporate Finance.

“District local improvements” much like the standard local improvements above, provide property owners with a mechanism to make upgrades to the right-of-way, “District Local Improvements” are generally used in cases where an improvement benefits a larger area where not all properties front on the improvement. Examples could be ring dikes and drainage ponds for a subdivision. *The City of Winnipeg Charter* sets out a different process for the approval of “district local improvements”.

For both standard local improvements and for “district local improvements”, the City initially pays for the costs of the local improvement. The City is repaid those costs, plus interest and an administration fee, through local improvement taxes imposed on the properties that have benefited.

Why change the process?

The shortest period of time to complete a local improvement request from initiation to construction is currently 1 ½ years and can easily extend to 2 ½ years or more. The exact time is dependent on the time of the year the request is made.

It is understood by both administration and citizens using the local improvement process that the period of time necessary to complete a local improvement application can be too long.

Generally when citizens are requesting local improvements they are often attempting to correct some type of problem, such as new lighting to prevent vandalism, etc. A 1 ½ to 2 ½ year wait for these improvements does nothing to solve current ongoing problems experienced by these citizens. Requests are also received as a means to improve what is often perceived as an inadequate level of service by the City. In many cases property owners are prepared to fund their share of the desired improvements; however, many become discouraged by the lengthy process times, which add to their frustration.

Existing Local Improvement Process

Local improvements can be initiated by one of two methods:

1. “Petition For” or,
2. “By Council”

“*Petition For” Process*

1.	Property owners are required to make a written request for a local improvement.
2.	The appropriate department evaluates the feasibility of the project. An estimate and application are then submitted to the Taxation and Revenue Division (1 - 2 weeks)

3.	The Taxation and Revenue Division identifies the affected property owners and frontages then draws up a petition for the requester to canvass the affected properties (1 week – 6 months dependant upon the timing of the application). The requesters are required to appear in person to pick up the petition.
4.	The requester has 90 days from the date of the 1st signature to return the petition to the City Clerk. (2 weeks – 3 months +)
5.	Upon receipt of the returned petition from the City Clerk, the Taxation and Revenue office prepares, for Community Committee review, a recommendation report on the results. The report recommends that the project either proceed to advertising or not proceed. To be successful signatures representing at least 60% of the frontages must be obtained (up to 1 month depending on the timing of the Community Committee Meeting)
6.	Community Committee either concurs with or recommends against the Administrative recommendation (3 days)
7.	When a project receives a positive endorsement from the Community Committee for advertising, the Taxation and Revenue Division prepares an ad for submission to the local paper. Because of the cost to property owners, the City advertises local improvements annually in March. In addition to the ad, a direct mail notice is sent to the affected property owners advising them of the project and their opportunity to file a “notice of objection” against the project (1-12 months)
8.	After the advertising period, the affected property owners have 30 days to file a “notice of objection” with the City Clerk. (30 days)
9.	Upon the expiration of the notice of objection period the Taxation and Revenue Division prepares, for the Community Committee, a recommendation report on the results of the notice of objection period. The report recommends that the project either proceed or not proceed. For the project to proceed, the “notices of objection” signatures must not be greater than 60% of the affected frontages.
10.	Community Committee either concurs with or recommends against the Administrative recommendation. (3 days)
11.	If the project receives a positive endorsement by the Community Committee, the Administration then includes the project in the following year’s capital budget as per the policy adopted by Council July 22, 1998. (1 to 12 months)
12.	The Community Committee recommendation then proceeds to the Standing Policy Committee on Infrastructure Renewal and Public Works for their approval. (2 weeks - 1 month)
13.	Upon a positive recommendation from the Standing Policy Committee on Infrastructure Renewal and Public Works the recommendation is then forwarded to EPC. (2 weeks – 1 month)
14.	Upon a positive recommendation from EPC the recommendation is then forwarded to Council for final approval. (2 weeks – 1 month)

15.	Upon approval by Council, the project authorization by-law is drafted for adoption by Council. (1 month)
16.	In approximately June of each year the Administration drafts a preliminary capital budget that includes the local improvement budget. The capital budget is generally adopted between December and March.
17.	Local improvement projects are generally executed in the spring/summer following the adoption of the capital budget.

Initiated "By Council"

Community Committee can recommend that a local improvement project be advertised directly. This process eliminates the need for a "Petition For". The steps involved for a "By Council" initiated local improvement are the same as above, beginning at item # 7.

Developer Initiated Improvements

Developers have an option to recover a share of costs from adjacent properties that benefit from the installation of services required under their Development Agreements that utilizes the City's local improvement process. Where they are required to install certain services that abut private properties that are outside of their development, as an example along a boundary road, they can request that the services be advertised as a local improvement to be assessed against those properties. A successful advertisement will require that funds be budgeted by the City to reimburse the developer for the share of services and the City will recover from the private lands through the subsequent local improvement assessments. However, as in the case of regular local improvements as outlined above, the reimbursement may be delayed for up to as much as 1 1/2 to 2 years before budget funds are available for the repayment. Depending on the timing of the development, if the local improvement "misses" the City's regular annual local improvement advertisement, they do have the option to pay for a separate advertisement at their own cost.

Budget Process

The budget process accounts for approximately 60% of the process time period with the remaining 40% as a result of the administrative process. Due to the policy adopted by Council on July 22, 1998, when a local improvement project is approved, funding is not available until a subsequent budget year. Construction is delayed until the funding is identified in a budget.

Advertisement Process

The "advertising" as it is currently identified creates a costly duplicate step, essentially asking the same question as the "petition for". Administration does recognize the benefits of providing a second opportunity in case residents did not fully understand the project when the petition was circulated. However, the advertising cost can often exceed the cost for less expensive projects such as wood pole lighting. This is one of the reasons why advertising is limited to once per year as these advertising costs are

ultimately paid for by the benefiting property owners. The other reason is that if individual projects were advertised separately, the cost for advertising projects that did not proceed would be borne by the city.

Statistics obtained from the Winnipeg Free Press, the City's advertising source, indicates approximately 44% of households obtain a paper between Monday and Friday. The City runs its local improvement advertisement as a single occurrence on Mondays. The Administration estimates that very few property owners will notice the newspaper advertisement identifying the proposed project.

Options

The Administration has reviewed a number of options in an effort to shorten the process time of a local improvement application. The options included in this report are the options requiring Council approval. Appendix B lists the Pro's and Con's of each of the recommendations.

Based on the available alternatives, it is recommended that changes to the local improvement process focus on two areas. First, legislative amendments to *The City of Winnipeg Charter* are required and second, Council will be required to either amend existing policy or introduce new policy as related to local improvements.

It is being recommended that the Province be requested to amend *The City of Winnipeg Charter* for proposed local improvements to:

- Replace the requirement for public notice in the form of a newspaper advertisement to notification by the placement of signage on the site advising the public of the proposed project. It is also recommended that this be consistent with changes adopted as a result of Recommendation No. 13 of the Red Tape Commission Report; i.e. to be similar to that currently used for street closings. It is believed this would provide all affected property owners with enhanced notification of the project and the opportunity to voice any objections to the project. The signage would be in addition to notice by ordinary mail that is currently required pursuant to *The City of Winnipeg Charter*.
- Change the current requirement that the petition be filed with the City Clerk within 90 days after the day the first signature is placed upon it, to 45 days after the first signature is placed upon it.
- That in order to expedite the petition process, Council adopts a policy requiring applicants to sign the "petition for" form when obtained from the City. This will commence the circulation period for the petition.

With respect to Council's policies related to local improvements, it is being recommended that Council rescind Clause I of its policy adopted July 22, 1998 "that beginning in 1999, the City adopt a policy of advertising and approving new local improvements in one year, and that the approved projects (advertised and "Petition For") be budgeted and constructed in the following year" and in its place adopt the following policies:

- That the three (3) million dollar local improvement float, approved by Council on February 21, 2006, be used to fund new local improvement projects, including projects in the current year;
- That, annually through the Capital Budget process, the local improvement float be replenished to a three (3) million dollar balance or an amount as determined appropriate by Council;

That in addition to the above, the City Solicitor/Manager of Legal Services be asked to prepare the local improvement authorization by-law and submit it to the City Clerk so that it can be adopted by Council at the same Council meeting that the local improvement project is approved.

Potential Benefits of Revising the Existing Local Improvement Process

- Adoption of the recommended process changes will shorten the local improvement process time by approximately 1 year.
- This will result in a more efficient process that is more attractive to potential customers.
- The shortened process time will ensure that urgent types of local improvement projects will be completed in a timely fashion, i.e. lane lighting for safety reasons.
- The proposed elimination of the need to place advertisements in the local papers will reduce costs by approximately $1,000 per local improvement project.

Implementation Plan

That a formal request be made to the Province for the recommended amendments to *The City of Winnipeg Charter*.

That Recommendation No. 1, 4 and 5 be implemented immediately.

Financial Impact Statement **Date:** June 12, 2006

Project Name: **First Year of Program**

RED TAPE COMMISSION REPORT: RECOMMENDATION 18-SUPPORT A PUBLIC SERVICE PROPOSAL TO SPEED UP LOCAL IMPROVEMENTS

There is no financial impact as a result of this report. Council will, as part of the Capital Budget process, be required to authorize the local improvement on-going funds as a means to fund local improvement projects through out the year.

"Original Signed By Darcy Stewart, CA"
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Corporate Finance Department
Water and Waste Department
Planning, Property and Development Department
Corporate Services - Legal Services Division

External Consultation With:

THIS REPORT SUBMITTED BY:

Department	Public Works Department
Division:	Engineering Division
Prepared by:	S. Payne, C.E.T, P.M.P..... 986-3615
Processed by:	K. Ross 986-4141
File No.:	
File Name:	O:\engineer\Reports 2006\S Payne\Red Tape Recommendation 18- Administrative Report.doc

APPENDIX "A"

RECOMMENDATION 18

Support a public service initiative to significantly reduce wait times for local improvements implementation.

Classify a proponent-paid City project as a local improvement to remove it from the budget prioritization process.

Recommendation 18 is designed to significantly reduce several red tape barriers for community groups with one policy reform.

Recommendation 18.1

Support a public service proposal in development that re-create an annual fund – or 'float' – to remove local improvement approvals from the fixed time constraints of the budget cycle. As existing delays deter citizens from *voluntarily* taxing themselves to invest in the City's infrastructure, elimination of this barrier is a high priority and capital budget policies should be amended to reflect this, per the forthcoming proposal.

Recommendation 18.2

Seek provincial support for changes to the Charter requirement that the City publish a newspaper ad before final approval can be given on a local improvement that has received 65% support from nearby residents and property owners.

Given that area residents already receive direct mail notices, given that the advertising can often cost more than the local improvement itself, and given that 60% opposition is needed to reverse approval at that stage of approval, the public service is correct in identifying this provision as redundant, time-consuming and wasteful.

Recommendation 18.3

If a private concern agrees to fund an improvement for the City, the City should use the proposed local improvement float to fund these projects where possible, and amend policies or by-laws where necessary to permit this. This step will remove the possibility that the privately-finance public improvement would be removed from the list of City capital priorities in the ordinary budget process.

APPENDIX "B"

The Administration is recommending the following options for improving the period of time it takes to complete a local improvement.

1. Budget Process – Options

Option		Time Saving
1.0	• That the local improvement float that was approved February 21, 2006 by Council be used to allow budget approvals to occur regularly throughout the year. The replenishment of this fund would occur through the annual capital budget process.	Up to 1 year
	Pros: Significantly reduces the process time of an application	
	Cons: Required a large allocation of funds in the first year.	

2. Administrative Process/Legislative Amendment – Options

Option		Time Saving
2.0	• Currently petitioners have 90 days after the first signature is received to return the petition. That a policy be adopted to require the applicant to sign the "petition for" form when the "petition for" is picked up from the Taxation and Revenue Office. This recommendation will provide an immediate time saving.	Approximately 2 weeks
	Pros: Ensures requesters do not delay the process. The change can be authorized by the Administration with no costs.	
	Cons: It is not known whether all requesters would support this change.	
2.1	• That legislation be amended to have the period for circulating a "petition for" form shortened from its current 90 day period to 45 days.	Up to 45 days
	Pros: Reduces the period of time a "petition for" can be in circulation. No cost.	
	Cons: Requires a change to *The City of Winnipeg Charter*. May make it more difficult for property owners to acquire all the necessary signatures during summer/holiday months.	

2.2	• That the City approach the province to amend *The City of Winnipeg Charter* to replace the need to place an advertisement in a newspaper with the posting of signs when projects are proposed. The process would be the following: o Send a letter by ordinary mail to all affected property owners immediately following a successful "petition for" or city initiated project proposal and provide them with the opportunity to submit a "notice of objection" to the City Clerk within 30 days. o That the project applicant/City erect signs on the proposed site advising the public of the proposed project. o That the proposed project and the "petition for" results be advertised on the City's web site. o That the results of any "notice of objections" and an Administrative recommendation be reported to the Community Committee for their consideration.	Up to 1 year
	Pros: Eliminates the need to advertise in the local paper resulting in a cost saving for each project. Shortens the preparation time of an application. Eliminates the need for applicants to wait up to 1 year for a project to be advertised. Ensures both the affected properties and the general public receive notice of the proposed project.	
	Cons: This proposed change will require an amendment to *The City of Winnipeg Charter.*	
2.3	• That the individual local improvement project authorization by-law be prepared by the City Solicitor/Manager of Legal Services and submitted to the City Clerk so that the by-law can be adopted by Council at the same Council meeting that the local improvement project is approved.	1 Month
	Pros: Reduces the need for the Council approved project to return to Council for adoption at a separate meeting.	
	Cons: Council may cancel the project and the by-law preparation will have been wasted effort.	