

Proposed Local Improvement Plan for Street Reconstruction in Kerrobert

As anyone who lives in Kerrobert or drives through Kerrobert knows, most of our streets are in dire need of rebuilding. This Council and previous Town Councils have spent considerable time, energy and cash fixing potholes and other surface defects over the last decade, just trying to keep our streets passable.

Council has determined that it is time to come up with a plan to rebuild our streets so as to improve the appearance of all our neighbourhoods and to make our streets safer and easier to drive on. We have developed a three phase plan to rebuild most of the streets in Town.



We have attached several plans to this report to show where works are planned:

- 1) Roadway Phasing Plan¹
- 2) Phase 1 Street Replacement Plan
- 3) Water Main Replacement Plan
- 4) Sewer Replacement Plan

History and Background

The biggest impediment to this and previous Councils in taking on any street reconstruction program has been the condition of the utilities buried in the streets. No one has wanted to undertake the cost and disruption of properly rebuilding a street just to then have another water main break, necessitating tearing up brand new asphalt.

Two recent successful grant applications have now enabled us to take care of much of the failing buried utilities.

The first grant of a little more than \$250K from the Small Communities Fund, has allowed us to replace 600 meters of cast iron main on the eastern three blocks of Railway Avenue. This section of main has

¹ Not shown on this Plan – Phase 2 also includes Manitoba Ave. from Hwy 21/31 to the Community Centre, McPherson Ave from Manitoba to Alberta and Alberta from McPherson to Hwy 21/31.

failed several times in the past decade and we have replaced it in 2020 through contracts with BCL Engineering and Con-Tech Ltd.

The second much larger grant of \$4.5M from the Investing in Canada Infrastructure Plan (ICIP) will allow us to replace all the remaining 4,100 meters of cast iron mains in Town.

As an example of the fragile condition of the Town's older mains, our contractor for the Railway Avenue Main replacement had to unexpectedly come two blocks up the hill on Bosworth to connect to a newer PVC main at Pacific Avenue. When they tried to connect the new main on Railway to the old cast iron main at the Railway Avenue end of Bosworth, the old main repeatedly burst just above the connection point.

In the ICIP grant plan for the Town, there will be two different methods of water main replacement. Where there are a large number of household service connections to be made in any block, the preferred method will be to open cut the street since so many additional cuts will need to be made to install new water service lines to individual properties. This method will be used on the Avenue portions and will necessitate major street repairs. These are the streets that will be rebuilt in Phase 1 of our planned Streets Upgrade Program.

Where there are few service connections to be made, the preferred method of installation will be by directional boring. This method is far less disruptive to existing roadways and will be the predominant method used on the up and down streets in town where old watermains are present and in need of replacement and will let us defer major street repairs for those blocks until Phase 2 and Phase 3.

All 3 phases of street improvements would be rebuilt and financed under the *Local Improvement Act* of Saskatchewan. Owners would pay for the cost of the street in front of their properties either as a single payment at the conclusion of construction or as an annual additional special assessment on their property tax bill. Properties that are situated on a corner lot will be assessed only on the shorter (frontage) side of the lot. The Town will pay for the longer (flankage) side.

In the course of doing the engineering design work for the water main and street replacements we have also done camera inspections of the sewer lines in the streets where we plan to install mains by open cutting. As might be expected for 100 year old sewer mains, many of the mains are in poor condition, with a few in very poor condition and a small number still in workable condition. The locations of the sewer mains to be replaced in Phase 1 are shown on Drawing 4.

Our plan is to replace the worst of these sewer mains when we open cut to replace the water lines. The remaining sewer lines will be retained and inspected regularly. We plan to continue to repair these lines using new lining methods as time and funds permit, so that we will not need to tear up new pavement to replace sewer lines that may otherwise fail.

What will be built?

- 1) New watermains will be installed by open cutting the avenues involved. Where new mains are installed there will be a new water service installed from the new main to the front property line with a new curb stop shutoff valve. This will be connected to your existing water service line which runs from the property line to the inside of your home. As a side note, if your service line is made of lead, this may be a good time for you to think about replacing that line. This work would be at your expense and would not be done as part of the project occurring in the street right of way. New mains and new water services will occur at most properties in Phase 1 of the street program.
- 2) New sewers will be installed in many of the blocks in Phase 1, with new sewer connections provided from the new main to the property line. You can see where this will happen on Drawing 4.

- 3) If you are in Phase 1 and are NOT scheduled to get a new sewer connection but have experienced sewer backups and blockages due to tree roots or service line defects in the past, please contact the Town office and we will review your history and seriously consider changing your sewer service connection from the existing main to your property line while we have the street and your water connection opened up. None of us wants to lay down new pavement, just to tear it up again to fix a sewer connection problem. We are currently estimating we will be replacing 235 water connections but only 135 sewer connections.
- 4) We will be installing new curb and sidewalk in the two downtown blocks of Atlantic Avenue as part of this program. In all other areas we will only be doing very limited curb and sidewalk replacement. There will also be about 2 meters of new curb installed and sidewalk replaced (if needed) at each property where we build new water (and sewer) connections to the property line.

What are the Overall Costs and Cost Sharing Arrangements?

For the Phase 1 construction project Council plans to undertake in 2021 and 2022, the overall cost estimates are as follows:

| Proposed Expenditures | | |
|-------------------------------|------------------|------------------|
| Total Street Costs | | 3,936,812 |
| Total Water Mains & Sewers | | <u>6,865,280</u> |
| Total Phase 1 Project Costs | | 10,802,092 |
| | | |
| Proposed Fund Sources | | % of Project |
| Local Improvement Assessments | | 23% |
| Town Sources: | | |
| ICIP Grant | 4,541,762 | |
| New General Borrowings* | 1,429,290 | |
| Other Reserves | <u>2,314,771</u> | |
| Town Contributions | <u>8,285,823</u> | 77% |
| Total Sources | 10,802,092 | 100% |

*To pay for these new borrowings, Council plans to raise municipal tax rates by 3% in 2021 and again in 2022. Council also plans to raise water and sewer rates by 3% in 2022 and again in 2023. These increases will allow the Town to fully repay the cost of the new borrowings.

In subsequent years, it is this Council’s plan that the remaining streets in Town shown on the Phasing Plan will also be rebuilt. The timing and extent of the reconstruction is dependent primarily on the Town’s ability to pay for the Town’s portion of street improvements.

Once the debt has been paid off for the Water Plant in 2025, the Town should be able to take on Phase 2 of street improvements without major additional general tax or utility rate increases. The third phase will have to wait until the Wastewater Treatment Plant debt is paid off in 2031. Phases 1 and 2 will provide new streets for almost all residential properties in Town.

Our current estimates show that properties in Phases 2 and 3 should likely be assessed at rates similar to properties in Phase 1. So, a 75 foot lot in any phase will likely be assessed an up front charge of about \$13,350. If general interest rates remain the same, this would translate to an annual charge of \$1,201 over 15 years (\$100 per month) if the property owner chooses to pay by instalments rather than paying the

Local Improvement assessment up front. Please remember that these are estimates only. Construction costs and interest rates may vary between now and when later phases can be built.

Who pays for what?

- 1) The Town will be paying for all water and sewer work that occurs in the street right of way including service connections as outlined above.
- 2) The Town will be paying the full cost for Town owned frontages and flankages.
- 3) The Town will pay the full cost of private flankages.
- 4) The Town will pay for about 21% of private frontage costs.
- 5) Property owners will pay for about 79% of the cost of the street improvements adjacent to the front of their lots (for corner lots this is the narrower dimension of the property).
- 6) Property Owners would be responsible for any water or sewer upgrades they choose to do on their own properties. The Town’s contract will only cover work done in the public right-of-way.
- 7) Overall, the Town will pay about 77% of the whole project (water, sewer and streets) and property owners will be paying the other 23% (plus any work owners decide to do on their own property).

What will it cost me?

The current estimated cost for street improvements to be assessed to owners in Phase 1 is \$736 per front meter. In addition to paying the full cost of the long side (flankage) of all corner lots, the Town will pay 21% of all frontage costs in Phase 1 bringing the subsidized cost to homeowners down to \$584 per meter of frontage. The most common lot width in Town is 75 feet or 22.86 meters. The one time cost for this size lot would be \$13,350. If an owner elects to pay by annual instalments, our current best estimate would be \$1,201 per year (15 years at 4% interest rate), or about \$100 per month for 15 years. The actual assessments will only be known once construction is complete in mid to late 2022. For the next most common lot size of 50 feet (15.24 meters), the costs would be \$8,900 as a single payment or an estimated annual amount of \$800 (15 years at 4%).

The estimated costs for different lot sizes are summarized below:

| Lot width | Estimated Up Front Cost | Payment Date | Annual Cost (15 years @ 4%) | First Annual Payment Due | Monthly payment (15 years @ 4%) | First Monthly Payment Due |
|-----------|-------------------------|--------------|-----------------------------|--------------------------|---------------------------------|---------------------------|
| 50 Feet | \$ 8,900 | late 2022 | \$ 800 | June 2023 | \$ 67 | January 2023 |
| 75 Feet | \$ 13,500 | | \$ 1,201 | | \$ 100 | |
| 100 feet | \$ 17,800 | | \$ 1,600 | | \$ 134 | |
| 125 Feet | \$ 22,400 | | \$ 2,001 | | \$ 167 | |

When will I be invoiced?

- 1) Once the construction contract is awarded, the Town will issue a **voluntary** invoice for 100% of your expected assessment. Please note that changes often occur during construction as unforeseen conditions arise, and this may not be the final amount to be billed. If you choose to pay this voluntary invoice, it will allow you to avoid interest costs during construction since we will need to borrow for the short term to pay engineering and contractor bills while construction is going on. When construction is complete, we will do a final calculation for actual costs of construction (plus temporary borrowing costs) and bill you for any amount still owing (or issue a refund if it turns out

you've overpaid). If you pay the voluntary invoice, your final bill **will not include any interest costs** on short term loans needed to cover your share of the work.

- 2) At the conclusion of construction (in mid 2022), we would do a final tally of all costs and issue a notice of assessment indicating the amount you owe for the Local Improvement. You would be given an opportunity to appeal that assessment.
- 3) Once any appeals are finalized we would issue an invoice giving you the choice of paying the full amount within a certain time period (most likely 30 days). You could also choose to have the full amount added to future tax bills in 15 annual payments. We would tell you both the full amount and the annual amount if you choose to pay over 15 years. You could also choose a hybrid payment, where you pay a portion of the full amount and have the balance payable annually. If you do not make a choice, the default option will be to add the amount you owe to your annual tax bill in 15 installments. If you want to pay your tax bill and assessment on a monthly basis, this is also an option.
- 4) Any annual payments due will first appear on your 2023 property tax bill.
- 5) If you elect to pay by annual installments and decide later that you want to pay off the outstanding amount so the assessments no longer appear on your annual property tax bill, that will also be a further option.

Did Council Consider Other Ways to Pay for the Work?

We looked at three financing options for this phased program: local improvements, special levies and general taxation increases.

Special levies (like the current fire levy) would be a charge added to tax bills at an equal rate for all properties. To undertake the work needed for all three phases, we estimated it would take an annual levy of about \$1,000 per property. This option was rejected for two reasons. A smaller lot, with a lower general tax assessment value would pay the same amount as a larger, more valuable property, which is patently unfair. Properties that would not directly benefit from the street improvements would also be paying this amount, which would be even more unfair.

The general taxation option offers slightly lower annual charges than the local improvement option paid over 15 years. However, it requires a major tax increase for properties that will not see any improvements at all. In particular this method would seriously impact the 700 block of Columbia Avenue, the 100 block of Manitoba Avenue, all of Pacific and Railway Avenues and several other agricultural and commercial properties not fronting on any of the upgraded streets.

Both the levy and general taxation options would also prevent homeowners from paying their fair share of the costs up front but would instead compel them to pay the interest charges that need to be covered for any borrowed amounts. Under the Local Improvement option, a property owner can pay the charges up front (or pay them off at any time during the 15 year loan repayment period) allowing them to avoid interest payments and allowing them to market their property without any special assessments due.

Local improvements are assessed against the land, without regard to any improvements on the land (so long as the property can be used for its intended purpose). So, for example, all 50 foot buildable lots are assessed the same amount whether the lots have a structure on them or not.

We decided that upgrading our streets through Local Improvement assessments was the fairest method to use for everyone. The whole Town does help pay for all the improvements, but a reasonable portion of the costs are paid directly by benefitting property owners.

What happens if Property Owners Petition against the Street Improvements?

Council also considered and has so far rejected two options for reverting streets in Phase 1 to gravel: either gravel all streets in Phase 1, or gravel all residential streets only, with the two downtown blocks (400 and 500 blocks of Atlantic) receiving new pavement. Both these options still require significant general tax increases, but only make worse the general condition of streets in Town. These will be the fallback options for Council to consider if the proposed Local Improvement financing option for Phase 1 streets is petitioned out by the owners of property in Phase 1. Council does not want to return the grant money we have been awarded to fix the water mains in Town.

Why are we doing this now?

Council is initiating this street improvement program now for three reasons:

- 1) We have been awarded a major federal and provincial grant to update our failing water mains. Replacing those mains also means we need to repair or replace the streets above those mains.
- 2) We have been spending a lot of money in recent years repairing mains and streets with less than satisfactory final finishes. The following is a summary of expenses the Town has incurred in the past few years for repairs and maintenance of streets, water mains and sewers. These costs are just what we paid to outside contractors and suppliers and do not include our own labour or equipment costs.

| Summary of Recent Maintenance & Repair Costs excluding Town Labour & Equipment | | | | | | |
|---|-----------------|----------------|----------------|----------------|-------------------|--------------------|
| Year | Contract Paving | Cold Mix | Gravel | Patching | Waterline Repairs | Sewer Line Repairs |
| 2016 | | | 31,016 | 4,467 | 142,231 | 22,624 |
| 2017 | | 13,987 | 19,668 | 39,891 | 2,132 | 27,341 |
| 2018 | 50,047 | 13,987 | 19,844 | 3,573 | 8,556 | 31,723 |
| 2019 | 10,600 | 73,921 | 19,415 | 40,074 | 22,596 | 15,337 |
| 2020 | | 13,364 | 12,428 | 37,242 | 11,108 | 16,696 |
| 2021 | | | | | 5,194 | 2,272 |
| Totals | 60,647 | 115,259 | 102,371 | 125,247 | 191,817 | 115,993 |
| Grand Total | | | | | | 711,335 |

We will still have maintenance and repair work to do after the upgrades but no where near as much as in recent years.

- 3) Construction costs continue to rise, so it is not ever likely to be less expensive to undertake major rebuilding. As an example, the 700 blocks of Alberta and Saskatchewan and the 400 block of Peters St. were built as a local improvement project in 1986. The total cost of that project in 1986 was \$107,300. Our current estimate for the same work is \$530,000 which represents an annual increase of about 4.6% each year for the past 35 years. While costs over the next few years may not continue to increase at this rate, there is very little chance they will decrease or even stay the same as now.

What are the Next Steps?

Property owners who have lots with frontage on the Phase 1 streets will have a “Proposed Local Improvement Notice” included with this report. If you did not receive a “Proposed Local Improvement Notice” then your property is located in either Phase 2 or Phase 3, or it is not in any of the planned Street Improvement phases. We are sending this report to all property owners in Town so that everyone is brought up to speed as to Council’s plan, as it affects all of us to a greater or lesser degree.

The “Proposed Local Improvement Notice” is a formal requirement the Town must undertake under provincial law in order to proceed with this project as a local improvement. The owners receiving this notification have the option to petition against the improvement. If sufficient signatures of qualified owners are on the petition, the project as currently proposed (with pavement) is cancelled and may not be brought forward again for at least one year. Council sincerely hopes that this will not come to pass, but the choice is ultimately up to the residents of the Town and Council will respect your wishes with respect to street improvements. Our basic infrastructure elements (water mains, sewers AND streets) are all in dire need of replacement. The major ICIP grant will assist us in reducing the total dollar impact on all residents and we do not foresee a better opportunity to undertake these works.

Why is there no Public Meeting about all this?

Council would have preferred to lay all of this material in front of you at a Town Hall meeting (we’ve spent a lot of time asking ourselves how to make that work), but COVID-19 has made that option unworkable. The most we are allowed to have in the PCC is 30 people, so that with 7 members of Council, our engineer and our Administrator present we could only have 21 owners at a meeting. There would be no fair way to determine who would be allowed to attend and who would be shut out.

What to Expect During Construction?

Temporary Water Supply

In preparation for construction, the Contractor will provide temporary water supply to each property from the nearest hydrant. Generally, the connection point will be the outside hose bibb on the house or structure, as shown below. Where this is not feasible, the Contractor will provide a service line to the property terminated with a ball within 2 m of the house or structure, with the remaining hookup the responsibility of the private property owner.



Temporary piping should not block any lanes, driveways or streets throughout the duration of construction. Where required, temporary ramps constructed of granular material, timber or other suitable material will be constructed to provide access.

Traffic Control

Road closures will be required to facilitate construction. Road closures will be advertised in advance of closure of the road. Detours will be maintained in a passable condition and garbage and recycling pick-up will be coordinated throughout construction.

Every effort will be made to maintain pedestrian traffic to businesses and to maintain commercial vehicle delivery services, although access may be reduced from time to time.

Construction Process

1. Upon closure of the road, the Contractor will saw-cut and remove all asphalt surfacing where work is to occur. The asphalt will be salvaged for re-use by the Town.
2. Contractor will then remove and stockpile all granular material.
3. Contractor will locate and excavate applicable water and sewer mains in the roadway, followed by water and sewer services to each building. Care will be taken to minimize disturbance to surface features using a trench box, if necessary.
4. Where sewer mains and/or sewer services require replacement, temporary sewage handling will be provided.
5. Where water and sewer mains and/or water and sewer services require replacement, the existing materials will be removed and replaced, and care will be taken to minimize disturbance to surface features.



Sewer Main Installation

6. The Contractor will then flush and chlorinate the new water mains and backfill the affected areas before connecting the new water main to the existing infrastructure.
7. The Contractor and Engineer will conduct a pressure test to ensure that there are no leaks or defects within the new system.
8. When pressure testing has been completed to the satisfaction of the Engineer, a chlorine solution will be fed into the new water main and left for 24 hours.
9. At the end of the 24 hour period, the water will be tested to ensure a free chlorine concentration of not less than 10 mg/L was maintained. The line will be flushed, and water samples will be collected.
10. The new system will become operational at this stage; however it is important to note that a long-term precautionary boil water advisory may be in place throughout construction due to the work planned and multiple connection activities that will occur throughout Town.
11. Roadways will be reconstructed in 2021 and prepared for repaving which will occur in 2022.

How can I find out more?

Anyone, whether in Phase 1 or not, may contact us with questions, and we will get back to you with answers as soon as we can. It would be best if you can email us your questions to the following email address: kerrobertstreetproject@sasktel.net or by regular mail to PO Box 558, Kerrobert, SK S0L 1R0 (or drop your written questions off in person). Be sure to include your contact information so we can respond to you directly or contact you if we need clarification about your questions. We will do our best to respond to your questions in a timely manner. In addition, any questions of common interest that we receive will be answered on our web page and/or in the Chronicle for all to see.