



CITY OF
PRINCE GEORGE

Public Information

Communications Division

1100 Patricia Boulevard, Prince George, BC V2L 3V9

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ROAD REHABILITATION FUNDING PROPOSAL PUBLIC CONSULTATION OPPORTUNITIES

Introduction

In response to the public's ongoing requests to improve road conditions in the city, City Council and Administration have developed a funding initiative that may see a road rehabilitation levy applied through the tax billing process.

Background

General Information

- Results from Quality of Life Surveys and other consultation efforts over the past number of years have shown that Prince George residents want road conditions in our community improved.
 - The 2003 and 2004 financial plan survey results for roads and streets maintenance questions received the lowest satisfaction level for both years (with the percentage of very and somewhat satisfied being 33.5% in year 2003 and 34.3% in 2004).
- In discussing options to deal with this issue, the City's Finance and Audit Committee have developed a proposal that will see a more sustainable road rehabilitation program.

Road Rehabilitation Information

The City currently has over 558 kilometres of pavement to manage, which includes both two and four lane roads. The condition of these roads is measured using a Surface Distress Index (SDI), which rates roads from one ("very poor condition") to 10 ("excellent condition"). In 2001, the city's network average road condition was rated at approximately 7.6, which is considered "fair". This rating, and the pavement condition modeling assumptions, are being recalculated this year.

According to previous analysis, the City needs to invest **\$2.35 Million** in repaving every year to overcome age and deterioration, and keep the network average road condition at its present level. To improve the existing conditions, a greater investment is needed.

The amount of pavement rehabilitated each year depends on the construction approach required for each project. Using 2006 figures, a simple pavement overlay costs \$75,000 per lane-kilometre, and a full road reconstruction costs \$350,000 per lane-kilometre. In total, **18 lane-kilometres** of road were repaved in 2006.

General Financial Information

- A proposed 4% increase will apply to all assessment classes.
- The provincial government gathers taxation statistics on an annual basis from all municipalities. Prince George has lower taxes than most municipalities of its size in BC.

Taxes and Charges on a Representative House Municipalities of a Similar Size – 2006

Municipalities	School	General Municipal Total	Regional District	Hospital	BCA, MFA and Other	Total Res Variable Rate Taxes	Total Res Parcel Taxes	Total Res. User Fees	Total Residential Property Taxes And Charges
Kamloops	728	1,407	104	61	17	2,317	0	828	3,145
Kelowna	836	1,320	131	110	26	2,423	195	453	3,070
Langley Township	934	1,207	30	0	195	2,367	0	676	3,043
Nanaimo	731	1,379	199	61	20	2,390	0	445	2,836
District of North Vancouver	1,356	1,804	51	0	362	3,572	0	765	4,337
Prince George	619	1,241	102	66	11	2,039	0	456	2,495
Saanich	1,038	1,618	157	101	96	3,010	42	234	3,286
Victoria	974	1,644	194	95	90	2,996	29	525	3,550
Average	902	1,452	121	62	102	2,639	33	548	3,220

- The Proposal includes several options in terms of approach
 - A. Stay with current system, i.e. continue to fund road rehabilitation through debt
 - B. Introduce a 4% increase to fund road rehabilitation in 2007 and future
 - C. Phase in a levy increase to provide contribution to a road rehabilitation reserve
- If we go with Option A and stay with the current system, we will accumulate debt payments of \$235,000 per year. With a debenture term of 15 years and an interest rate of 5%, the interest paid on 2007 road rehabilitation will be \$1,762,500. In 2016, the accumulated debt payment (\$235,000 x 10) will be equal to \$2.35 million. In 2022, we will reach a maximum debt payment of \$3.76 million on road rehabilitation. In 2023, the 2007 debt will be paid off and the 2023 debt added.
- If we go with option B, we will have a one-time tax levy increase of 4%; the \$2.35 million will be placed in the road rehabilitation reserve and used to fund the road rehabilitation projects each year. Interest earned in the reserve between the time that the levy is collected and the road projects funded will accumulate in the reserve.
- If we go with Option C, we will need to determine the period of time that the levy can be phased in.
- The City cannot fund road rehabilitation costs from the fuel tax revenue it receives because the criteria for this funding source does not include road and bridge rehabilitation as an eligible project category. City Council has made recommendations to the Provincial government asking that

communities like Prince George be permitted to use these funds for road rehabilitation work. The fuel tax revenues are currently allocated to other capital projects.

- The City does not currently receive Federal or Provincial assistance for road rehabilitation. Gaming revenue received from the Province in the amount of \$1.225 million is allocated to the Capital Expenditure Program. This is insufficient to fund the road rehabilitation program.
- In terms of numbers, if we go with Option B, and if the levy is 4%, the average homeowner who owns a home valued at \$140,000 would pay approximately \$55.75 this year based on 2006 assessed values and tax rates. A 4% increase in 2007 would provide \$2.35 million for road rehabilitation. The annual cost of the road rehabilitation program is expected to remain at \$2.35 million each year. The 4% increase would be a one-time increase.
- *How much exactly will the city save by not borrowing the money?* Interest charges for \$2.35 million financed over a 15-year term at a rate of 5% will cost \$1,762,500. Annual interest and principal payments will cost \$235,000.

Consultation Information

Three public consultation sessions have been scheduled and will be held at the Prince George Civic Centre as follows:

- Tuesday, January 30 and Thursday, February 1 - 7 pm to 9 pm
- Wednesday, January 31 – 12 noon to 1:30 pm

Contact Information

Residents who cannot attend the sessions are welcome to provide submissions to the City by emailing Christine Russell at crussell@city.pg.bc.ca, or by dropping off or mailing submissions to 1100 Patricia Boulevard, Prince George, BC V2L 3V9. Submissions received by 5 pm, February 9, 2007 will be taken into consideration. For more information, please contact the City of Prince George at 561-7600 or visit the City's website. The City thanks those who take the time to assist in this process.