



**Sorrento Blind Bay Incorporation Study
Service Sheets
February, 2021**

LOCAL ROADS

This LOCAL ROADS sheet was developed for presentation to the Sorrento-Blind Bay Incorporation Study Committee at its meeting on February 11, 2021. The sheet was prepared using the information available at the time of writing. Changes will be made, as required, if new information becomes available.

Information presented on the Sorrento-Blind Bay Incorporation Scenario is based on the assumptions that:

- > *Sorrento-Blind Bay Municipality would assume responsibility for all local roads*
- > *the new municipality would provide a level of service that is on par with that of other comparably-sized municipalities*
- > *the restructure assistance package provided by the provincial government would enable the municipality to build a local roads capital reserve*

THE PRESENT: ELECTORAL AREA C

What service is provided?

As in all unincorporated areas, local roads in the Blind Bay and Sorrento today are owned by the provincial government and managed by the Ministry of Transportation and Infrastructure (MOTI). MOTI's road management function includes regular maintenance of the roads and their associated drainage, plus periodic road

resurfacing and rehabilitation works. Specific tasks include:

- road sweeping
- snow clearing and ice control
- ditch clearing
- pothole patching
- gravel road maintenance
- signage maintenance
- crack sealing
- traffic management

The Ministry is responsible for all types of public roads in unincorporated areas, from multi-lane provincial highways to two-lane rural roads, and from paved suburban streets with curb and gutter to gravel roads. The only roads the Ministry is not responsible for are strata (i.e., private) roads.

The Ministry maintains a database of the local road network and inventory in the electoral areas. Figure 1 on the following page presents a breakdown of the network by surface type in the Incorporation Study Area as of September, 2020. As shown in the figure, the local network totals approximately 98 km — a total that does not include the roads, such as the Trans-Canada Highway, that form part of the provincial highway system. The study area's 98 kms form part of the broader 282 km Area C local road network.

Who makes decisions?

Decisions on road maintenance and upgrading are made by MOTI through its District Office located in the City of Vernon. The District Office has some discretion over the allocation of spending, but is constrained by budgetary decisions and priorities

**Figure 1
Local Road Inventory (September, 2020)
Incorporation Study Area**

Surface Type	Length (Road Kilometres)
Paved	65.76
Graded Aggregate Seal	10.62
Gravel	13.90
Dirt	2.27
Cleared	2.41
Uncleared	3.31
Total	98.26

set in Victoria. Electoral Area Directors have no authority over the way MOTI allocates its budget. Directors may, however, make representations to the provincial government.

Through its long-range land use planning, the Regional District addresses local transportation needs and preferences in an effort to influence Ministry decisions. Area C's official community plan (OCP), for example, explicitly identifies objectives and policies as a means of informing MOTI of the CSRD's interests related to roads. The location of the Trans-Canada Highway, which transects the Sorrento-Blind Bay community, is identified in the OCP as having a significant impact on local travel safety and pedestrian safety. The plan notes that the Highway limits "attractive place-making and quiet enjoyment in Sorrento".

The OCP sets out transportation objectives for the Sorrento-Blind Bay that highlight the desire for:

- a safe and efficient road system that serves the needs of local residents and visitors
- an alternative route for long-haul commercial truck traffic through Sorrento
- the re-alignment of the Trans-Canada Highway around Sorrento
- a community-based process to determine needs and interests in relation to the Highway

- infrastructure improvements to improve safety at the Balmoral Road / Trans-Canada Highway intersection

Electoral Area C has been the beneficiary of some MOTI capital upgrades in recent years — most recently \$3.6 million spent on resurfacing of roads in the Tappen area, as well as upgrades to the Balmoral / Highway 1 intersection.

Who delivers the service?

Road maintenance throughout Electoral Area C is undertaken by Aim Roads, a private contractor signed by MOTI to a ten-year agreement (expires March 31, 2029). Under the contract, Aim is expected to meet defined service obligations and specifications related to maintenance of road surfaces, control of roadside vegetation, drainage maintenance, winter clearing, traffic signs and other items. The specifications describe the services as well as minimum standards and performance timelines. Staff in MOTI's District Office oversee the contract.

MOTI is also responsible for making decisions regarding capital works and upgrade projects that extend beyond typical maintenance. Resurfacing and capital projects are identified at the district level, and then are compared and prioritized across the broader region (the Southern Interior Region is comprised of five districts).

What is spent on the service?

MOTI spends approximately \$400 million annually on highway contracts throughout the province. The annual figure for the most recent Okanagan Shuswap (Area 13) contract — the area in which Electoral Area C exists — is \$17,123,400 for the 2019-2020 fiscal year. This amount is adjusted annually to reflect changes to the infrastructure, as well as inflation. Based on the 2,596 km of roads included in Area 13, the contract equates to approximately \$6,600 of maintenance costs per road kilometre. This figure includes maintenance costs for highways through the area, including Highway 1. When the figure is adjusted to exclude roads that are closed, or not maintained, the figure increases to approximately \$7,500 per road km.

Who pays for the service?

The provincial government provides all MOTI funding for local roads in Electoral Area C (and, indeed, in all unincorporated areas of British Columbia).

How are the costs recovered?

Residents in electoral areas pay a rural area property tax to the province that is not paid by other taxpayers in municipalities. While there is no direct relationship between the rural area tax and the funding of roads, the tax is often described as a source of funding for provincial services, including local roads, to residents in unincorporated areas.

What is the cost to a typical residence?

Figure 2 shows the cost of the rural tax rate on a residence within Area C valued at \$400,000.

Service	Tax Rate	Tax Owning*
Rural tax	0.4700	\$188.00
Total		\$188.00

* On a residence valued at \$400,000. Excludes 5.25% fee charged by the provincial Surveyor of Taxes in unincorporated areas.

THE FUTURE: INCORPORATION

A decision by local electors to create a Sorrento-Blind Bay Municipality would result in the transfer of responsibility for, and ownership of, the local road network from the provincial government to the new local government. The transfer would empower the municipal council to:

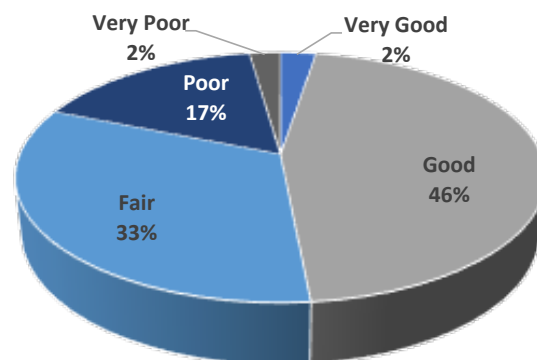
- change road classifications and maintenance standards
- set priorities for annual and long-term capital road works, and integrate the works with other servicing priorities and projects
- give priority to alternate modes of travel such as walking and cycling

- integrate land-use planning and road planning decisions
- identify commercial truck routes in the municipality (not on the provincial highway)
- develop a strategy for financing growth-related infrastructure (e.g., grants, reserves, capital borrowing, development cost charges)

Based on experiences in past incorporation initiatives, it is likely that the new council would face pressure to upgrade certain roads, improve pedestrian and cycling infrastructure, and, in general, increase the level of investment in the local road network. The new municipal council would have considerable discretion over the local roads budget and how it is spent.

Decisions by the new council would be influenced, in part, by the condition of local roads in the Incorporation Study Area. To provide information on the existing network, MOTI undertook a “windshield” condition assessment of the 76 km of paved and sealed roads in the existing inventory. The assessment makes use of five condition categories — very good, good, fair, poor and very poor — to assess each road. The results of MOTI's assessment are shown in Figure 3.

**Figure 3
MOTI Condition Assessment
Incorporation Study Area**



At the request of the Incorporation Study Committee, the Ministry of Municipal Affairs and Housing provided funding for a peer review of MOTI's condition assessment by an independent engineering firm — Urban Systems Ltd. (USL). USL conducted its own assessment of a sampling of the

paved and seal-coated local roads (30%) assessed by MOTI. In general, the ratings of MOTI and Urban Systems aligned for the portions of road that are rated by MOTI as fair-to-poor. For the roads categorized as good-to-fair, MOTI's assessment rated conditions slightly higher than USL. Urban Systems noted that some of the cracking identified on certain roads could be indications of road base failure.

Local Road Maintenance Cost

The Ministry's maintenance contract cost may be used to give some indication of the cost to the new municipality of maintaining the local road network at the current maintenance standards, given current road conditions. MOTI benefits, however, by significant economies of scale associated with the large maintenance service area and lengthy service contract. The Ministry is also able to exercise its considerable purchasing power to negotiate competitive rates. The cost incurred by the new municipality to achieve the current maintenance standards would almost certainly be higher — a range of \$8,000 to \$10,000 per kilometre of paved road is estimated.

This cost estimate is based on a survey of road maintenance budgets in small municipalities with paved road networks. In all of the cases examined, road operation budgets exceed \$10,000 per kilometre — in some instances, quite significantly. The comparatively high costs can be attributed to small service areas (relative to Area 13) and to maintenance standards that are higher than those provided by MOTI in Sorrento-Blind Bay today.

Many smaller municipalities examined in the survey spend an average of \$20,000 to \$23,000 on maintenance each year per kilometre of paved roads. Operating budgets for Sicamous, Armstrong, Enderby, Oliver and Osoyoos are all within this range. Less compact municipalities with longer road networks record lower spending per kilometre. Consider the example of Spallumcheen with its local road network of 131 km: the municipality's operating budget for road maintenance translates to approximately \$12,000 per kilometre. Similarly, Peachland's cost to maintain 86 km of roads is \$11,300 per kilometre.

Figure 4 presents the information from the surveyed municipalities.

Figure 4
Comparison Municipalities
Local Road Service Costs

Municipality	Paved Roads	Operating Budget**	Cost / Paved km
Armstrong	36	\$835,712	\$23,214
Sicamous	52	\$1,209,000	\$23,250
Oliver*	39	\$831,102	\$21,310
Osoyoos	33	\$662,460	\$20,075
Spallumcheen	131	\$1,578,852	\$12,052
Peachland*	86	\$971,378	\$11,295
Enderby	27	\$539,828	\$19,994

* Budget includes some public works costs in addition to transportation

** Average of 2018 and 2019

Local Road Capital Cost

In addition to the operational cost, roads require capital investments in order to maximize their life spans. The Urban Systems peer review report notes that investment in repair and rehabilitation of roads can represent a significant asset management cost, and that some of the Sorrento-Blind Bay paved roads show signs of deterioration that may warrant major rehabilitation work (full-depth reclamation or full depth reconstruction). The report recommends that proactive road maintenance be prioritized to stretch the useful life of the existing roads by lessening the rate of further deterioration.

Road capital budgets are a function of the length of the road network, road conditions, road age and road standards, combined with the spending capacity of the municipality (and the local government's approach to capital cost financing). There is significant variance in capital programs among municipalities. Many municipalities prepare asset management strategies to understand the condition and life expectancy of infrastructure, then use the information to determine an annual amount to set aside in capital reserves.

Communities take on a financial burden when they incorporate and accept responsibility for local roads. To help ease this burden, the provincial government may extend funding for road maintenance, based on the existing road maintenance levels, during an incorporation transition period of between three and five years.¹ The new Sorrento-Blind Bay Municipality, in receipt of this transition funding, could begin to build a roads capital reserve using its own municipal funds that would not be required for roads maintenance during the transition period. The new municipality would also have access to the same federal and provincial transfers and capital grants as other municipalities to assist with ongoing road capital needs.

Figure 5 presents two scenarios for the new municipality:

- the first gives an estimate of the cost to provide a similar service level to that provided by the province
- the second presents an estimated based on a typical municipal roads budget, including an annual contribution to capital

	Per Km	Total	Tax *
Existing Level			
Operations	\$9,000	\$684,000	\$178.35
Total			\$178.35
Municipal Level			
Operations	\$13,500	\$1,026,000	\$267.52
Cap Contribute	n/a	\$200,000	\$52.15
Total			\$319.67

* On a residence valued at \$400,000.

THE FUTURE: TWO ELECTORAL AREAS

In the event that incorporation were not chosen, Electoral Area C as it exists today would be divided into two areas: Area C1 and Area C2. For local road services there would be no significant changes to the service levels provided by MOTI, the costs, or the taxes owing by taxpayers.

Residents and the CSRD would continue to have limited capacity to influence the amount invested in roads or the pace at which roads were upgraded. The taxes paid to support local roads, however, would also remain limited to their contribution through the rural area tax.

SUMMARY OF IMPACTS

The overall tax impacts of all future scenarios on local roads services are illustrated in Figure 6.

Future Scenarios	Taxes Owing*
Incorporation	
Sorrento-Blind Bay Mun (existing MOTI standards)	\$178.35
Sorrento-Blind Bay Mun (municipal standards)	\$319.67
Area C Remainder	\$188.00
Two Electoral Areas	
Area C1	\$188.00
Area C2	\$188.00

* On a residence valued at \$400,000.

¹ Any extension would be outlined by the province in its Offer of Restructure Assistance.