



Subject: *Administration Fee for Private Roads*
To: Corporate and Residential Services Committee
Date Prepared: December 5, 2024
Related Motions: C24(52)
Prepared by: Wade Tattrie, CPA, CA, Director of Finance
Approved by: Kim Ramsay, CAO

Summary

At the February 28, 2024 meeting of Council, a staff report dated February 12, 2024 concerning a request from the Arrowhead Park Road Association was discussed. Council discussed and addressed the requests from this Road Association. Discussion continued and as a result a motion was passed by Council stating:

“Moved that staff prepare a report on the private road fees requirements for municipal staff to administer the collection of road dues to include a maximum fee based on either per lot or per road as seen by staff so that there can be a fixed cost associated and they know their fixed costs.”

Financial Impact Statement

Approximately \$16,000 of administration fee revenue is currently collected annually from 24 private road associations (See Table 1). Estimates of the actual cost of all municipal staff time to administer private road issues range from \$5,000 to \$6,000 per year. These estimates of actual costs are difficult to estimate with accuracy and will vary each year. The addition of new road associations does take more time for Planning and Financing department staff. The recommendation below will reduce annual municipal revenues by approximately \$6,400. The impact on annual municipal revenues by changing the administration fee % by other factors is noted below:

Admin Fee %	Approx Revenue	Change in Revenue
5%	\$ 16,000	\$ -
4%	\$ 12,800	-\$3,200
3%	\$ 9,600	-\$6,400
2%	\$ 6,400	-\$9,600
1%	\$ 3,200	-\$12,800

Staff are recommending continuing with a fee for private road administration that will at least cover the estimated costs of providing this service. At present 24 road associations are being served, but there are over 300 private roads in East Hants, so staff feel it is important to maintain a fee to cover this administration work.

Recommendation

It is recommended Council instruct the CAO to reduce the annual administration fee charged to road associations from 5% to 3%, starting in the 25/26 budget year.

It is also recommended that this motion be taken to the Council meeting on the same day as the Executive Meeting (December 10, 2024) as many Road Associations will meet soon to finalize their 25/26 budgets.

Recommended Motion

Move that the Corporate and Residential Services Committee recommends to Council that Council instruct the CAO to reduce the annual administration fee charged to road associations from 5% to 3%, starting in the 25/26 budget year.

Discussion

Steps Involved in the Administration of Private Roads:

December - February: Start to receive and review budgets from each association. Generally, they are in good order and come with required information, however, there is some questions and follow up required with some. During this work, all budgets are reviewed, reconciled and entered into a master spreadsheet.

March - The Planning department will send Finance updated mapping and account listings for the next fiscal year. This is reviewed and incorporated into the existing master spreadsheets. Finance staff will then review the list of private roads and check SAP to ensure all appropriate updates are made for the next tax billing period and that the SAP data matches what Planning provides us with.

April - Finance staff prepare the letters to each private road showing what the payment amount (to the Road Associations) will be for the two payouts in June and November.

June - Finance staff complete a final reconciliation of the spreadsheet and ensure all numbers match up with the GLs in SAP. Prepare the cheque requests and have them processed. The Director of Finance then needs to review the file, and Accounts Payable staff process the payments in SAP and issue the payments via EFT or cheque.

Late October/ early November - The second payment run is complete - following the same process as above as well. There is a final review done of the GLs to ensure everything was paid out properly.

Throughout the year there are calls that come in about private roads. When an issue arises, it can be quite time consuming to manage, for example, we had one resident recently disputing having to pay private road fees when they owned two properties on the same road. We had several phone calls and e-mail exchanges over a couple of weeks and we then referred her on to Planning to further assist. We will also occasionally have residents who have disputes with their associations and those issues tend to sometimes drag on for long periods of time - for example we have one resident who has been disputing his private road fee going back many years and continues to do so.

When setting up a new private road, there is a fair bit of work involved from Finance's end as we have to setup and test a new GL and involve IBM to setup new tax coding and eventually test and add the coding to the impacted tax accounts.

There are also meetings involved with Planning as the roads are getting setup. These meetings can vary in length depending on the size of the road and any complexities. In addition to the above, there is also the work done outside of Finance by Planning. Planning manages the mapping and setup of the road itself. They would also handle any non-financial inquiries and changes and are heavily involved in the initial setup of the private roads.

Administration Fees Charged to Private Road Associations:

By-Law F-300 “A Bylaw Respecting the Maintenance and Improvement of Private Roads” under section 5.1 indicates the maximum administration fee will be is 5% (of their total budget). The 5% fee has been charged for many years. Approximately \$16,000 of administration fee revenue is currently generated annually from 24 private road associations.

Private Road Associations that request the services of the municipality in collecting fees from residents prepare an annual budget each year - and as part of this process they must take into consideration the fee that will be charged by the municipality. The nature of these private road associations budgets is that the total budgeted costs will often vary from year to year - and therefore the annual fee they charge to each resident will vary from year to year. Sometimes however, an association may have an accumulated surplus and they can hold off on increasing this annual fee, or even reduce it by some amount.

When setting their annual budgets at an annual meeting, these road associations are to stipulate the total annual fee per property. Normally they would determine their total budgeted costs and add on a 5% factor and divide by the number of properties. Sometimes they will round the per property fee down or up.

Total annual budgets of these road associations vary substantially and therefore the fees the municipality charges per road association vary substantially. The analysis below in Table 1 indicates that in 24/25 the total 5% administration fees per road association varied from a low of \$35.71 to a high of \$1,600 (or \$1.19 to \$50.00 per property).

Table 1

PRIVATE ROAD NAME	# OF PROPERTIES	Budget	5% Admin Fee	Admin Fee Per Property
ARROWHEAD PARK	67	31,785.00	1,589.25	23.72
BEAVER RIDGE	46	21,160.00	1,058.00	23.00
BELLFIELD LANE	8	2,285.71	114.29	14.29
CANAVAN DRIVE ROAD ASSOCIATION	30	714.29	35.71	1.19
COCKSCOMB LAKE ASSOCIATION	67	29,671.43	1,483.57	22.14
COLES ROAD MAINTENANCE ASSOCIATION	24	10,857.14	542.86	22.62
DYKE ROAD MAINTENANCE SOCIETY	17	2,050.00	102.50	6.03
EDWARD DRIVE LANDOWNERS' ASSOCIATION	46	19,714.29	985.71	21.43
HEMLOCK COURT ROAD ASSOCIATION	21	9,047.62	452.38	21.54
LAKEFIELD DRIVE HOMEOWNERS ASSOCIATION	19	4,523.81	226.19	11.90
LEWIS LAKE COVE ROAD ASSOCIATION	35	11,500.00	575.00	16.43
LILY LAKE GROUP ASSOCIATION	21	8,000.00	400.00	19.05
LILY LAKE ROAD ASSOCIATION	37	12,333.33	616.67	16.67
LILY LAKE WOODS ROAD ASSOCIATION	8	3,192.00	159.60	19.95
MOORE ROAD	9	6,203.60	310.18	34.46
PARTRIDGE LANE	34	25,904.76	1,295.24	38.10
PENTZ LAKE	35	16,666.67	833.33	23.81
PIGOTT LAKE	73	25,185.00	1,259.25	17.25
RUSSELL MCKEEN DRIVE ROAD ASSOCIATION	6	5,200.00	260.00	43.33
TANGLEWOOD DR.	58	19,333.33	966.67	16.67
TRACY DR	17	9,714.29	485.71	28.57

WATERVIEW DRIVE HOME OWNERS ASSOCIATION	26	8,666.67	433.33	16.67
WELSH POINT ROAD COMMITTEE	32	32,000.00	1,600.00	50.00
WOODLAND PARK DRIVE PROPERTY OWNERS	18	7,428.57	371.43	20.63
Totals	754	323,137.51	16,156.88	

By-Law F-300 restricts the maximum annual administration fee to 5% of an amount the municipality cannot know in advance of the road associations annual meeting. Therefore, while the wording of By-Law F-300 is as it is now - setting an administration fee on a fixed basis is not practical.

Unless Council wishes to revise By-Law F-300 to address the administration fee issue, the most immediate option to provide some relief to these residents is to change the administration fee to something lower than 5%.

Alternative

Council could revise By-Law F-300 to change the administration fee wording.

The Corporate and Residential Services Committee could recommend to Council, that Council instruct staff to draft a revision to By-Law F-300 that changes the administration fee wording to refer to Council's Fee Policy. And in addition, staff are directed to draft a revision to the Council's Fee Policy that charges a fee per property in each Road Association.

It should be noted however, that in setting a fixed amount per property, there will be changes (up or down) per property than what is being charged at present.