

## Report TR-TAPS-52-14

**To:** Chair Barfoot and Members of the Transportation and Public Safety Committee  
**From:** M.J. Kelly, Director of Transportation Services  
**Meeting Date:** July 24, 2014  
**Subject:** Transportation Services Financial Update and Year-End Projection as of May 31, 2014  
**Status:** Recommendation adopted by Committee as presented per Resolution TAPS87-14; Endorsed by County Council August 5, 2014 per Resolution CC110-14;

### Recommendation(s)

**THAT Report TR-TAPS-52-14 regarding the Transportation Services Department Financial Update and Year-End Projection as of May 31, 2014 be received.**

### Background

The purpose of this report is to provide members of the Transportation and Public Safety Committee with a financial update for the Transportation Services Department budget, based upon financial statements as of May 31, 2014.

### *Summary*

The Transportation Services Department 2014 gross budget was approved with \$30,026,157 in expenditures. As indicated in the following chart, Transportation Services is projecting an overall net deficit of \$462,000. The deficit is a direct result of the anticipated \$647,000 deficit in the winter maintenance budget. However, there is a \$500,000 winter maintenance reserve that could be used to offset a large portion of the winter maintenance deficit. As well, this deficit could be reduced by an additional estimated \$275,000 with the unbudgeted disposal of surplus equipment as indicated in report TR-TAPS-58-14.

Summary of Projected Transportation Services Department Year-End Surplus/(Deficit)

<b>Departmental Budget</b>	<b>Projected Year-End Surplus/(Deficit)</b>
Winter Maintenance	(\$647,000)
Summer Maintenance	\$0
Equipment Operations	\$130,000
Quarry	\$0
Construction/Resurfacing/Minor Capital	\$0
Asset Management/Studies	\$55,000
Housing and Depots	\$0
Supervision and Overhead	\$0
<b>Total</b>	<b>(\$462,000)</b>

*Winter Maintenance*

Grey County experienced a significant number of severe winter events (snowfalls, high winds and cold temperatures) from January 1, 2014 to April 15, 2014. As a result, the winter maintenance expenditures have exceeded the anticipated budget for this time period. To date \$3,745,900 of the 2014 winter net budget allocation of \$4,570,000 has been spent. The estimated remaining 2014 winter maintenance funding is \$1,471,140 based on the historical spending for this time period. The anticipated 2014 winter maintenance expenditure is expected to be \$5,217,040. This will result in an over expenditure of \$647,040. There is a \$500,000 winter maintenance reserve available to be used for winter maintenance deficits.

*Summer Maintenance*

It appears that this budget is on target at this time.

*Equipment Operations*

As a result of the severity of the 2014 winter season there was more usage of the equipment than anticipated. The revenue received from the equipment is therefore more than expected. The equipment budget is expected to result in a \$130,000 surplus. This projected surplus does not include the estimated additional revenue of \$275,000 with the disposal of surplus equipment as identified in Report TR-TAPS-58-14.

*Quarry*

It appears that this budget is on target at this time.

*Construction, Resurfacing and Minor Capital*

The majority of the projects have been tendered; some of the contracts exceeded and others were under budget.

The Grey Road 15 construction project between 18<sup>th</sup> Street East northerly to East Bay Shore Road, Owen Sound, and the Grey Road 31 construction project from Simcoe Road 91 to Singhampton have been deferred to 2015 for reasons beyond Grey County's control. The taxation funding for the Grey Road 15 project was budgeted at \$525,090. Transportation Services is recommending placing \$525,090 in reserve at the end of 2014 in order to use these funds on this project in 2015. (The Grey Road 31 project requires no taxation funding; therefore, it is not necessary to move funds to reserve to carry the project forward to 2015). The recommendation of this transfer will be part of the 2014 Transportation Services Treatment of Year End Budget Surplus/Deficit.

As of May 31, 2014 it appeared that there was an overall surplus of \$150,000 for the planned projects. However on July 10, 2014 the Transportation Services Department learned of a culvert that is in imminent danger of failure and needs to be replaced immediately. It is recommended to allocate the \$150,000 of surplus money for the replacement of the culvert. The anticipated approval of TR-TAPS- 56-14 has been incorporated into the Construction, Resurfacing and Minor Capital budget

Therefore, it appears that the construction, resurfacing and minor capital net expenditures will end the year close to budget. This is the case after the recommended transfer to reserves of \$525,090.

### *Asset Management-Studies*

The cost of several of the projects is less than anticipated. As a result, a surplus of \$55,000 is anticipated.

### *Housing and Depot*

It appears that this budget is on target at this time.

### *Supervision and Overhead*

It appears that this budget is on target at this time.

## Financial / Staffing / Legal / Information Technology

### Considerations

As of May 31, 2014 a review of actuals to budget indicates that these budgets, under the direction of the Transportation Services Department, will end the year with a deficit of approximately \$462,000.

There is a winter maintenance reserve of \$500,000 that could be used to offset the overall net deficit of \$462,000. As well, this deficit could be reduced by an estimated additional \$275,000 in revenue with the unbudgeted disposal of surplus equipment as indicated in report TR-TAPS-58-14

## Link to Strategic Goals / Priorities

The analysis of current financial statements compared to the approved budget is a key mechanism to ensure Council's goals of ensuring financial sustainability and ongoing public accountability are maintained.

Respectfully submitted by,

M.J. Kelly  
Director of Transportation Services