

Report TR-TAPS-45-14

To: Chair Barfoot and Members of the Transportation and Public Safety Committee
From: M.J. Kelly, Director of Transportation Services
Meeting Date: June 5, 2014
Subject: Transportation Services – 2015-2019 Draft Five Year Capital Forecast
Status: Recommendation adopted by Committee as presented per Resolution TAPS77-14; Endorsed by County Council July 8, 2014 per Resolution CC87-14;

Recommendation(s)

THAT Report TR-TAPS-45-14 regarding the Transportation Services 2015-2019 draft Five Year Capital Forecast be received as presented and forwarded for inclusion in the corporate Five Year Capital Forecast for consideration by County Council.

Background

The Asset Management Plan for the County of Grey completed in 2013 by Public Sector Digest concluded that there are pent up investment demands of approximately \$60,000,000 and \$9,000,000 for roads and structures respectively. It concludes that the levy for roads should be increased \$11,354,500 from \$7,855,500 to \$19,210,000 and the levy for structures should be increased \$2,451,000 from \$546,000 to \$2,997,000.

If additional funding is not allocated to the roads and bridges the overall condition adequacy will continue to decrease.

The following summary outlines the 2014 Capital budget as well as the five year forecast with a modest increase in 2015. It should be noted that the Department could significantly increase the spending on its roads if funds were allocated.

COMMITTEE/FUNCTION	2014 Approved Budget	2015-2019 Five Year Capital & Extra-Ordinary Expenditures					
		2015	2016	2017	2018	2019	TOTAL
Construction, Resurfacing and Minor Capital	5,656,667	6,555,464	6,659,515	6,782,415	6,927,002	7,301,573	34,225,969
Machinery	970,000	675,000	675,000	675,000	675,000	675,000	3,375,000
Housing	310,000	300,000	300,000	300,000	300,000	300,000	1,500,000
NET LEVY REQUIREMENTS	6,936,667	7,530,464	7,634,515	7,757,415	7,902,002	8,276,573	39,100,969

Levy Increase		593,797	104,051	122,900	144,587	374,571
Percent Levy Increase Year over Year		8.6	1.4	1.6	1.9	4.7

It is recognized that the levy for 2015 is increased by \$593,797 from last year, however the 2015 work plan includes large structure replacement expenditure and unlike the 2014 budget the structure work has not been offset with the use of \$650,000 in reserve funding.

Construction, Resurfacing and Minor Capital

Roads

In 2012 and 2013 Transportation Service Staff have technically assessed all the Grey County Roads. The road assessment consists of inspecting the road, identifying and rating the structural and smoothness condition of the road. With this information, a pavement condition rating is established that assists in determining the most economical treatment (construction and timing). This is the basis of a five year capital plan identified in this report. There is minimal information regarding the road structures for the majority of Grey County Roads as a result assumptions must be made regarding the best treatment and cost. Once the actual design is initiated geotechnical information is obtained which may result in adjusting the scope and/or the cost of the work.

It is recognized that the deterioration of a road is related to environmental conditions and usage. As a result the forecasted year for a project is subject to fluctuate depending on the annual assessments. The attached list of projects (Attachment to TR-TAPS-45-14 Construction, Resurfacing and Minor Capital 2015-2019 Five Year Capital) also includes a column that indicates the year the work was forecasted to be completed in the 2014-2018 forecast. The changes to the program were based on the condition of the roads as well as the coordination of similar projects to take advantage of economic opportunities.

There are several new road projects identified in 2015. These are low cost projects that will be completed as a holding strategy.

The County contacted the Local Municipalities to inquire regarding when they were planning on completing local municipal work on County Roads to enhance the coordination of work.

In 2014, it is anticipated that an Asset Management Computer program will be created that will assist the Transportation Services Department in the development of a long term road capital construction program.

Structures

In 2013 the Transportation Services Section initiated the work of reviewing and prioritizing structure replacement. As a result the 2014-2018 five year forecast has included the replacement of one structure each year. The structures were selected based on condition and the coordination of adjacent road work.

In 2015, it is anticipated that an Asset Management Computer program will be created that will assist the Transportation Services Department in the development of a long term structure capital construction program.

Housing and Depots

The Housing and Depot five year capital construction budget includes projects identified in the Building Condition Assessment Report, the Sand Dome Report and information provided by the Area Foremen.

The Transportation Services Department is assessing the long term needs for the Dundalk and Durham patrol facilities. If it is determined that one or both of the facilities will not be required for the long term needs of the Transportation Services Department modifications will be made to the five year forecast. The County is expecting to execute a lease with the Ministry of Transportation for the Flesherton Patrol yard until 2024.

The County has and will be completing a variety of projects on the existing sand domes. However these structures are aging and are expected to require replacement in several years. Therefore a large portion of the forecast expenditure for 2017 to 2019 has been allocated to the sand dome replacement reserves.

Machinery

With the elimination of the construction crew, the reduction of plow/spreader trucks and the possibility of outsourcing some plow/spreader trucks (if feasible) the County will reduce its equipment complement. As a result there will be less equipment to replace.

In accordance with the equipment replacement schedule two tandems and one triaxle truck are due for replacement in 2015. However if the County reduces by two

plow/spreader routes in 2014 and outsources another plow/spreader route in 2015 there will be no need to replace the three plow/spreader trucks.

Each year the complement of equipment will be assessed.

The equipment reserve as of December 31, 2013 was \$3,273,159.24. The Finance Department completed a twenty year equipment replacement assessment. As a result it was determined that commencing in 2015 the County could reduce its annual contribution to the equipment reserve to \$675,000 and maintain adequate funding for the future equipment replacement while maintaining a healthy reserve.

Financial / Staffing / Legal / Information Technology Considerations

The proposed five year forecast levy includes an almost \$600,000 increase in 2015 which offsets the \$650,000 allocation that was transferred from reserves for capital infrastructure needs.

In accordance with the Asset Management Plan for the County of Grey completed in 2013 by Public Sector Digest there are pent up investment demands of approximately \$60,000,000 and \$9,000,000 for roads and structures respectively. It concludes that the levy for roads should be increased \$11,354,500 from \$7,855,500 to \$19,210,000 and the levy for structures should be increased \$2,451,000 from \$546,000 to \$2,997,000.

If additional funding is made available for the Roads and Bridges, the Five year forecast could be adjusted accordingly.

Link to Strategic Goals / Priorities

The Capital Forecast includes ongoing capital funding to preserve the portfolio of capital assets under the care and control of the Transportation and Public Safety Committee, which supports Goal 1.6 of the Corporate Strategic Plan. The goal identifies the importance of accelerating Council's commitment to lifecycle planning for the long term investment of county owned capital assets.

Communication is a key value to the County's Strategic Plan. The report provides information to Council in regards to the estimated future capital funding requirements and needs.

Respectfully submitted by,

M.J. Kelly
Director of Transportation Services

Attachments:

[Attachment to TR-TAPS-45-14 Transportation Services Summary 2015-2019 Five Year Capital](#)
[Attachment to TR-TAPS-45-14 Construction, Resurfacing and Minor Capital 2015-2019 Five Year](#)
[Capital](#)
[Attachment to TR-TAPS-45-14 Machinery Capital 2015-2019 Five Year Capital](#)
[Attachment to TR-TAPS-45-14 Housing Capital 2015-2019 Five Year Capital](#)
[Attachment to TR-TAPS-45-14 2015-2019 Five Year Capital Construction and Resurfacing Map](#)