

Report TR-TAPS-51-16

To: Chair Bell and Members of the Transportation and Public Safety Committee

From: Pat Hoy, Director of Transportation Services
Doug Johnstone, Financial Analyst

Meeting Date: November 17, 2016

Subject: Transportation Services Financial Update and Year-End Projection as of September 30, 2016

Status: Recommendation adopted by Committee as presented per Resolution TAPS114-16; Endorsed by County Council November 22, 2016 per Resolution CC148-16;

Recommendation(s)

1. That Report TR-TAPS-51-16 regarding a Financial Update and Year-End Projection as of September 30, 2016 for the Transportation Services Department, be received for information.

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 September 30, 2016.

Summary

As indicated in the following table, the Transportation Services Department is projecting an overall net surplus of \$697,000.

Summary of Projected Transportation Services Department Year-End Surplus

Departmental Budget	Projected Year-End Surplus/(Deficit)
Winter Maintenance	\$100,000
Summer Maintenance	\$300,000
Equipment Operations	\$222,000
Construction/Resurfacing/Minor Capital	\$179,000

Departmental Budget	Projected Year-End Surplus/(Deficit)
Housing and Depots	\$108,000
Supervision and Overhead	(\$222,000)
Asset Management and Studies	(\$35,000)
Quarry	\$45,000
Total	\$697,000

Winter Maintenance

At May 31, 2016 a surplus of \$100,000 was anticipated. This amount remains unchanged.

Summer Maintenance

The projected summer maintenance budget is indicating a \$300,000 surplus. A main reason for the surplus is that maintenance staff spent a significant amount of time on the minor capital work on Grey Road 119, which reduced the amount of time spent doing summer maintenance. Areas of savings include pavement edge repair (\$65,000), washout repairs (\$35,000), brushing (\$35,000), ditching (\$25,000), culvert maintenance (\$20,000) and traffic light maintenance (\$45,000). Shoulder gravelling shows a \$90,000 surplus, as there will be a cost-sharing contribution from Bruce County. Other items combine for an overexpenditure of \$15,000.

Equipment Operations

It is projected that the equipment operations budget will be showing savings of \$222,000. This is mainly because fuel prices remained lower than anticipated.

Within the capital portion of the budget, there have been net savings of \$197,000. The May 31, 2016 report reported savings of \$162,000. Since that time it has been determined that the budget for unlicensed equipment will be underspent by \$35,000.

The net savings in capital will not be shown as a surplus, but will reduce the amount required to be funded from the equipment replacement reserve.

Construction, Resurfacing and Minor Capital

It is anticipated that this budget area will show a surplus of \$179,000.

This surplus is made up of the following areas:

Project	Projected Surplus/(Deficit)
Construction and Resurfacing	\$374,000
Minor Capital	(\$175,000)

Project	Projected Surplus/(Deficit)
Bridge Maintenance	\$40,000
Culverts Under 3 m	\$40,000
Pre-engineering	(\$100,000)
Total	\$179,000

There were 6 major construction and resurfacing projects completed in 2016. Three of the projects are awaiting final invoices; therefore, the expenses have been estimated. Grey Roads 8 and 9 were not in the budget as they were added by resolution CC54-16. The financial results are as follows:

Project	2016 Budget	2016 Projected	Projected Year-End Surplus/ (Deficit)
Grey Road 40	\$840,000	\$608,860	
From Federal Gas Tax	(\$400,000)	(\$400,000)	
From Transportation General Reserve	(\$35,000)	\$0	
Total Project	\$405,000	\$208,860	\$196,140
Grey Road 12	\$2,574,974	\$2,024,243	
From Development Charges	(\$454,984)	(\$336,837)	
From Federal Gas Tax	(\$1,170,000)	(\$1,170,000)	
From Transportation General Reserve	(\$105,000)	\$0	
Total Project	\$844,990	\$517,406	\$327,584
Grey Road 17, 170, bridge	\$2,271,396	\$2,774,691	
From Development Charges	(\$45,924)	(\$75,217)	
From Federal Gas Tax	(\$725,000)	(\$725,000)	
From Transportation General Reserve	(\$80,000)	(\$80,000)	
Total Project	\$1,420,472	\$1,894,474	(\$474,002)
Grey Road 31	\$1,764,747	\$1,434,869	
From Federal Gas Tax	(\$250,000)	(\$250,000)	
From Transportation General Reserve	(\$70,000)	\$0	
From Simcoe County	(\$50,000)	(\$55,503)	
OCIF Funding	(\$324,515)	(\$324,515)	
Total Project	\$1,070,232	\$804,851	\$265,381
Grey Road 3	\$364,444	\$305,433	\$59,011
Grey Road 8, 9	\$0	\$1,451,390	
From Development Charges	\$0	(\$440,348)	
From Transportation General Reserve	\$0	(\$1,011,042)	
Total Project	\$0	\$0	\$0

Project	2016 Budget	2016 Projected	Projected Year-End Surplus/ (Deficit)
Total			\$374,114

Minor Capital projects will be over budget by \$175,000. This is because of unanticipated expenses such as municipal drain work at Springmount and repairs to Grey Road 21, as well as 3-cable guide rail replacement, undertaken for safety reasons in the fall.

The work on Culverts Under 3 m is expected to show savings of \$40,000, and Bridge Maintenance is expected to show savings of \$40,000. The bridge crew did some work where there were cost recoveries (repairing a bridge that will be paid for by a third-party insurance company, and work for other departments).

Pre-engineering costs are expected to be over budget by \$100,000, because there was a significant amount of in-house project design for 2017 projects.

As well, under the Construction and Resurfacing budget, there were three projects that were not undertaken in 2016, as follows:

Project	Budgeted Net Expense	Action taken
Structures on Grey Road 10	\$741,500	Per TR-TAPS-10-16, deferred project. At year-end, will propose to move funds to General Reserve.
Grey Road 17, from Grey Road 17B to Girl Guide Road	\$381,134	Per TR-TAPS-17-16, project cancelled, and resolved to put \$181,134 in General Reserve and \$200,000 to be used on Culverts Under 3m in 2016.
Grey Road 119 from Grey Road 2 to 4 th Line	\$184,380	Per TR-TAPS-15-16, deferred project until 2017 and resolved to use \$150,000 toward maintenance of Grey Road 119. These funds were not needed for maintenance. At year-end, will propose to move \$184,380 to General Reserve.

Housing and Depots

The operating budget is projected to show a surplus of \$10,000 because of a combination of savings in several budget lines.

Within the capital budget, it is projected that there will be a net surplus of \$98,000.

There was a budgeted amount of \$100,000 to repave the Clarksburg depot parking lot, and \$14,000 to replace windows at the Clarksburg depot. These projects have been deferred until a future year. Unbudgeted expenses are projected to be \$25,000 over the \$10,000 miscellaneous budget. They include a new hoist as an emergency replacement at Chatsworth (\$11,000), fuel tank removal at Meaford (\$16,000), and upgrades at the Kimberley Lookout (\$8,000). Other capital projects are projected to combine for a savings of \$9,000.

Supervision and Overhead

The Supervision and Overhead budget is projecting a deficit of \$222,000, which is an increase of \$129,000 over the May 31st projected deficit of \$93,000. Since that time there have been insurance claim expenses of \$102,000, projected legal costs of \$10,000, stand-by/call-out pay of \$6,500 based on the new HR policy, consulting expense of \$4,500 for a job demands analysis, and another \$6,000 in miscellaneous costs.

Asset Management and Studies

It is projected that this budget will experience a deficit of \$35,000. The deficit is a result of the Asset Management Coordinator position that was created during the year.

Quarry

There is a projected \$45,000 surplus in the quarry budget. This is mainly because of the revenue earned from the use of the County's aggregates for minor capital work on Grey Road 119, which had not been anticipated when the budget was created.

Financial / Staffing / Legal / Information Technology

Considerations

As of September 30, 2016, a review of actuals to budget indicates that these budgets, under the direction of the Transportation Services Department, will end the year with a \$697,000 net budget surplus.

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.

Attachments

None

Respectfully submitted by,

Pat Hoy
Director of Transportation Services

Doug Johnstone
Financial Analyst