

Report FR-TAPS-02-16

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

From: M.J. Kelly, Director of Transportation Services
Doug Johnstone, Financial Analyst

Meeting Date: December 17, 2015

Subject: Transportation Services Financial Report and Treatment of Year End Surplus/Deficit

Status: Recommendation adopted by Committee as presented per Resolution TAPS08-16; Endorsed by County Council January 5, 2016 per Resolution CC08-16;

Recommendation(s)

WHEREAS the Transportation Services Department is anticipating a surplus of approximately \$1,500,000;

NOW THEREFORE BE RESOLVED THAT Report FR-TAPS-02-16 regarding the allocation of the 2015 Transportation Services Surplus be received;

AND THAT \$48,000 in funding for building improvements for the Dundalk Depot, included in the 2015 budget, be transferred to the Patrol D Depot Reserve, for use in the 2016 approved budget;

AND THAT any remaining projected 2015 year-end surplus funds be transferred to the Transportation Services General Reserve to fund those projects identified and approved in the 2016 budget;

AND THAT any 2015 surplus funds not utilized to fund 2016 approved projects and transferred to the Transportation Services General Reserve, be subject to a staff report to the Transportation and Public Safety Committee identifying and recommending the future use(s) of these unallocated reserve funds.

Background

Report TR-TAPS-86-15 provided a financial update for the Transportation budget, based upon financial statements as of September 30, 2015. At that time it was anticipated that there would be a \$1,159,000 surplus at year end. Based on the mild winter to date, it is anticipated that the surplus could be approximately \$1,500,000.

2016 Approved Budgeted Projects

In 2015 the Transportation Services Department did not spend the allocated \$100,000 to retain a consultant to complete a culvert inspection assignment because of time availability. In the 2016 approved budget, the Department has budgeted to complete the culvert inspections with Grey County staff at a cost of \$50,000, utilizing \$50,000 in reserve funding.

In 2015 there was \$48,000 budgeted for various repairs to the Dundalk Patrol Yard buildings. During 2015, it was determined that it would be more cost efficient to construct a new salt/sand and equipment storage facility at Dundalk, at a cost of \$300,000. As a result, the planned \$48,000 in repairs was not undertaken. The \$300,000 is to be funded from the Patrol D Depot Reserve, and to be re-paid over a five year period. Staff recommends that the \$48,000 be transferred to the Patrol D Depot Reserve.

As per Report TR-TAPS-66-15 staff was directed to provide additional paved shoulders at an additional cost of \$290,000. This additional cost, included in the 2016 approved budget, was to be funded from the Transportation Services General Reserve.

Unallocated Reserve Funds for Possible Use in 2016

Based on the projected surplus, and road needs, staff is considering recommending the use of any remaining 2015 surplus to advance the rehabilitation of Grey Road 8 from Highway 89 to Grey Road 9 and Grey Road 9 from Grey Road 8 to Southgate Side Road 21. This project was forecasted in the 2016-2020 Five Year Capital Program to be undertaken in 2017. The surface treated road has started to pothole and experience pavement edge break off. As a result, it may require significant maintenance work until it is rehabilitated. The anticipated cost for the rehabilitation project is \$2,266,000.

It is being recommended that a future report be provided to the Transportation and Public Safety Committee identifying the recommended future use of any allocated remaining 2015 surplus funds that have been transferred to the Transportation Services General Reserve. This report will identify the need, the planned work, and the revenue sources required to fund these projects for the Committee's consideration.

Financial / Staffing / Legal / Information Technology

Considerations

It is projected that the Transportation Services Department budget will end the year with a surplus of approximately \$1,500,000. Staff recommends that the year-end surplus be allocated to the following reserves:

- \$48,000 being transferred to the Patrol D Depot Reserve for use in the 2016 approved budget;
- Any remaining projected surplus be transferred to the Transportation Services General Reserve to fund those projects identified and approved in the 2016 budget.

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

[Attachment to FR-TAPS-02-16 Transportation Services Financial Report and Treatment of Year End Surplus/Deficit](#)

Respectfully submitted by,

M.J. Kelly
Director of Transportation Services

Doug Johnstone
Financial Analyst