

Report TR-TAPS-57-15

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

From: M.J. Kelly, Director of Transportation Services

Meeting Date: July 23, 2015

Subject: Transportation Services Financial Update and Year-End Projection as of May 31, 2015

Status: Recommendation adopted by Committee as presented per Resolution TAPS103-15; Endorsed by County Council August 4, 2015 per Resolution CC112-15;

Recommendation(s)

THAT Report TR-TAPS-57-15 regarding the Transportation Services Department Financial Update and Year-End Projection as of May 31, 2015 be received.

AND THAT the rehabilitation of Grey Road 3 from Bentinck-Sullivan Townline to Grey Road 25 be deferred from 2015 to reduce the anticipated overall deficit of the Transportation Services Department.

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, 2015.

Summary

The Transportation Services Department's 2015 gross budget was approved with \$30,920,214 in expenditures. As indicated in the following chart, Transportation Services is projecting an overall deficit of \$19,000. However, there are a number of contracts still under construction and the amount of contingency required could have an effect on the overall budget. In addition, if the County experiences significant weather it will have an impact on the projected winter and summer budgets.

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

Departmental Budget	Projected Year-End Surplus/(Deficit)
Winter Maintenance	161,000

Departmental Budget	Projected Year-End Surplus/(Deficit)
Summer Maintenance	(\$5,000)
Equipment Operations	(\$50,000)
Quarry	\$0
Construction/Resurfacing/Minor Capital	(\$155,000)
Asset Management/Studies	\$50,000
Housing and Depots	(\$10,000)
Supervision and Overhead	(\$10,000)
Total	(\$19,000)

Winter Maintenance

Considering winter maintenance expenditures to date and projecting an average winter, (based on historical expenditures) for November and December 2015, it is anticipated that there will be an approximate \$161,000 surplus in this budget. This projected surplus is attributed to the winter experience to date as well as the modifications made to the County's operation such as reducing the number of plows, using treated salt and staffing.

Summer Maintenance

At this date it is difficult to accurately predict the summer budget, but we are anticipating a deficit in the order of \$5,000. This deficit is contributed to several contract prices being higher than anticipated in 2015.

Equipment Operations

It is projected that the usage of the equipment will be less than anticipated as a result of the winter weather experienced and modifications made to the winter operations. The revenue generated from the equipment is lower resulting in an overall projected deficit of \$50,000.

Quarry

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

Construction, Resurfacing and Minor Capital

The County of Grey Transportation Services Department has currently awarded the majority of the 2015 tenders. The tenders have exceeded the 2015 approved budget for Construction, Resurfacing and Minor Capital. The increase in tender pricing is due to the following:

- The original project cost was estimated using 2014 construction prices. With the significant drop in oil prices, it was felt that this was a very conservative

estimate. However, the unit price for hot mix has increased resulting in many of the 2015 tenders being over the estimated budget.

- Contractors are concerned that the oil prices will increase later in the year and have increased their prices to compensate for the potential increase.
- Due to the timing of the budget approval, tenders were issued later this year as a result the contractors had already been awarded work by others.
- When developing the estimates for the projects during the budget stage not all the information is known and assumptions are made. The scope of several of the projects increased upon completion of the final design once all the information had been obtained.

As a result, Transportation Services completed modifications to the program as identified in Report TR-TAPS-45-15 Construction, Resurfacing and Minor Capital Budget Revision. The department is also recommending to defer the Grey Road 3 project from Bentinck-Sullivan Townline to Grey Road 25 due to the lack of resources because of the prices for most of the projects exceeding the budget estimates. This road section has been reviewed and it appears that it will continue to perform adequately for at least another year.

It is early in the construction season and the department is hopeful that the project contingency allocation will be less than what has been allocated, reducing the projected deficit.

The five year capital construction program recommends work to be completed on seven bridges. To ensure that the structures are ready to be tendered early in the year, a Request for Proposal has been issued for the design of three structures. The cost will be approximately \$90,000, which is \$40,000 more than the 2015 approved budget.

Asset Management Studies

Due to time constraints, the department has been unable to undertake the culvert assessment to date. The anticipated expenditure will be reduced, resulting in a projected \$50,000 surplus.

Housing and Depot

The Chatsworth Salt Shed was \$15,000 more than anticipated, modifications have been made to the budget to absorb some of this over expenditure however it is anticipated that there will be a \$10,000 deficit in this budget.

Supervision and Overhead

The cost of the computer support to further develop the software for the Asset Management component is expected to cost approximately \$15,000 more than

anticipated. Modifications have been made to the budget to absorb some of this over expenditure however it is anticipated that there will be a \$10,000 deficit in this budget.

Financial / Staffing / Legal / Information Technology Considerations

As of May 31, 2015, a review of actuals to budget indicates that these budgets, under the direction of the Transportation Services Department, are projected to end the year with a deficit of \$19,000.

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.

Attachment

[TR-TAPS-45-15 2015 Construction, Resurfacing and Minor Capital Budget Revision](#)

Attachment to TR-TAPS-57-15 Transportation Services Financial Update and Year-End Projection as of May 31, 2015

Respectfully submitted by,

M.J. Kelly
Director of Transportation Services