



Administrative Report

Office of the Director of Infrastructure Services

To: Warden Gary McNamara and Members of County Council

**From: Jane Mustac, P.Eng.
Director of Infrastructure Services/County Engineer**

Date: January 16, 2019

Subject: 2019 Budget - Infrastructure Services

Report #: 2019-0116-IS-R001-JM

Purpose

The purpose of this report is to provide County Council information and recommendations pertaining to the proposed 2019 Infrastructure Services Budget (Appendix A).

Background

Infrastructure Services has responsibility for the Planning, Engineering, Construction and Maintenance activities required to manage the County Road Network and Civic Centre Facility Operations.

Our mission is to manage the County Road Network and facilities in a manner that protects the people who use our roads and facilities, preserves the infrastructure and provides for long term sustainability of the Infrastructure while working cooperatively with Community Stakeholders.

Projected net 2018 results of operations indicate an unfavourable variance of \$326,570. The majority of construction projects were on budget with some over expenditures resulting from scope adjustments and delay of some preservation projects resulting in savings in the program.

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These over expenditures are offset by higher than anticipated revenue from road user agreements and savings in administration costs resulting from extended staff replacement processes.

The focus of the 2019 Budget is to maintain the current level of service provided, preserve and improve the condition of the highway infrastructure and provide opportunities to improve the network's capacity.

The development of the budget recognizes and attempts to address the following critical issues:

- Ability to keep up with day-to-day maintenance needs at appropriate service levels for the road network and facilities
- Ability to maintain funding for and manage the Construction Program
- Ability to fund and manage future planned Capacity Improvements
- Ability to apply Corridor Management strategies while supporting development

Discussion

The Transportation Services Department has been renamed as the Infrastructure Services Department in 2018. The 2019 Budget has been developed to include the additional responsibilities under the following divisions:

- Transportation Planning and Development
- Design and Construction
- Maintenance Operations
- Technical Services/Facility Management

The proposed 2019 Infrastructure Services Department budget includes an expenditure level of \$54,014,370.

Efforts to repair and expand the County's roadway infrastructure are the most significant portion of this budget, as well as the continued trend for increased service demands of the maintenance program. Negotiated increases to wages, contractual increases to benefits and inflationary increases to materials are the remaining factors in the increase.

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The County Road network has been increasing in terms of total lane kilometres as a result of roadway expansion projects. In 2004, the network had an inventory of 1,472 km and has since increased by 32 lane km to a total of 1,504. This increase in the amount of pavement, that must be maintained, has had a significant impact on maintenance operations. In particular upon the level of annual expenditures for Winter Control. The construction of active transportation facilities under the CWATS Program also increases the amount of infrastructure that must be maintained. As the network length continues to grow and new facilities are made operational the demands for maintenance will continue to increase.

The proposed increase from the 2018 budget level is \$3,091,960, which represents an increase of 8.4% year over year. The significant factors affecting this increase are:

- 1.5% Levy increase for Capacity Project funding - \$1,434,700
- Incremental increase to Rehabilitation Program - \$226,430
- Incremental increase to CWATS Program - \$100,000
- Incremental decrease to Gas Tax Allocation - (\$61,450)
- Incremental increase to OCIF funding - \$283,870

The balance of the year over year variance is related to negotiated salary adjustments, mandatory increases in pension and benefit premiums, inflationary pressures on operational costs, and program adjustments.

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The proposed 2019 Budget includes departmental expenditures of four major groupings as follows:

Transportation Construction	\$40,786,020
Maintenance & Operations	\$9,505,260
Fleet and Facilities	\$2,765,920
Building & Facility Program	<u>\$957,170</u>
Total Expenditure	\$54,014,370

Recommendation

That Report Number 2019-0116-IS-R001-JM be received and further that the 2019 Departmental Budget Estimates for Infrastructure Services be approved.

Respectfully Submitted

Jane Mustac

Originally Signed by

Jane Mustac P.Eng, Director of Infrastructure Services/County Engineer

Concurred With,

Robert Maisonville

Originally Signed by

Robert Maisonville, Chief Administrative Officer

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Appendix No.	Title of Appendix
Appendix A	2019 Budget – Infrastructure Services