



Administrative Report

Office of the Director of Infrastructure Services

To: Warden Tom Bain and Members of County Council

**From: Tom Bateman, P.Eng
Director of Infrastructure Services/County Engineer**

Date: December 6, 2017

Subject: Proposed 2018 Infrastructure Services Budget

Report #: 2017-R027-IS-1206-TRB

Purpose

The purpose of this report is to provide County Council information and recommendations pertaining to the proposed 2018 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 2017 results of operations indicate a favourable variance of \$431,960. 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. The mild weather expected during November and December will result in lower than anticipated Winter Control expenditures which provides an opportunity to

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address expenditure requirements in other maintenance programs and rehabilitation projects.

These over expenditures will be offset by higher than anticipated revenue from road user agreements and savings in administration costs resulting from extended staff replacements process.

The focus of the 2018 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

In September 2017, County Council approved the redistribution of responsibilities from Corporate Services to Transportation Services related to the operation of the Civic Centre and Facilities Management.

The Transportation Services Department has been renamed as the Infrastructure Services and the 2018 Budget has been developed to include the new responsibilities as the Facilities Operations cost centre.

Infrastructure Services consists of the following divisions:

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

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The proposed 2018 Infrastructure Services budget includes an expenditure level of \$48,613,000.

An increase in the level of County responsibility is proposed for the 2018 Infrastructure Services programs. Efforts to 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.

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 financial impact on maintenance operations, in particular upon the level of annual expenditures for Winter Control. The construction of new active transportation facilities under the CWATS Program also contributes to 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 increase.

The proposed increase from the 2017 budget level is \$2,266,580, which represents an increase of 6.5% year over year. The significant factors affecting this increase are:

- 1.5% Levy increase for Capacity Project funding (\$1,345,500)
- Incremental increase to Rehabilitation Program (\$420,000)
- Incremental increase to CWATS Program (\$100,000)
- Incremental increase to Gas Tax Allocation (-\$102,900)
- Incremental increase to OCIF funding (-\$156,280)
- Civic Centre (100% ownership) & equipment/machinery amortization (\$350,000)

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 2018 Budget includes departmental expenditure of four major groupings as follows:

Transportation Construction	\$35,793,090
Transportation Maintenance	\$9,242,000
Transportation Fleet and Facilities	\$2,810,660
Facilities Operations	<u>\$767,250</u>
	\$48,613,000

Recommendation

That Report Number 2017-R027-IS-1206-TRB be received and further that the 2018 Departmental Budget Estimates for Infrastructure Services be approved.

Respectfully Submitted

Tom Bateman

Originally Signed by

Tom Bateman P.Eng, Director of Infrastructure Services/County Engineer

Concurred With,

Robert Maisonville

Originally Signed by

Robert Maisonville, Chief Administrative Officer

Appendix No.	Title of Appendix
Appendix A	2018 Budget – Transportation Services