




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Hamilton Water Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	August 11, 2016
SUBJECT/REPORT NO:	Request for Access to Capital Reserves to Fund the 2015 Road Restoration Program (PW16069) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nick Winters 905-546-2424, Extension 1474
SUBMITTED BY:	Andrew Grice Director, Water & Wastewater Operations Public Works Department
SIGNATURE:	

RECOMMENDATION

That a funding increase of \$3.5M be approved for the 2015 Road Restoration Program as follows:

- (a) That the \$635,000 appropriation adjustments as outlined in Schedule A attached to Report PW16069 be approved; and,
- (b) That the budget in Project ID 5141511101 (Road Restoration Program) be further increased from \$3M to \$5.865M and that this increase of \$2.865M be funded by a transfer from Water Reserve #108015.

EXECUTIVE SUMMARY

Hamilton Water staff and contractors are in the field every day repairing and replacing subsurface infrastructure related to the City's water distribution and wastewater collection systems. This work requires excavations to be made within the City road allowance (roadway, boulevards, and sidewalks). These excavations, commonly referred to as road cuts, are temporarily patched until they can be permanently restored under the Annual Road Restoration Program managed by staff within the Engineering Services Division's, Geomatics & Corridor Management Section.

Hamilton Water uses a mathematical model to project the number of road cuts that will be made each year, and this model then determines the required budget for the Annual

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Road Restoration Program. However, the actual number and severity (e.g. size) of road cuts that require permanent restoration in a given year can vary significantly and result in either a budget surplus or a budget deficit.

As a result of the extreme winter season experienced in 2015, there was a dramatic increase in the number of water distribution system repairs, which resulted in a corresponding increase in the number of road cuts requiring permanent restoration. In addition there were a significant number of very large road cuts made in 2015 requiring permanent restoration, and this resulted in a significant difference between the budgeted vs. actual restoration cost per road cut for 2015. These factors have resulted in a \$3.5M budget deficit for the 2015 Road Restoration Program.

Staff have identified \$635,000 in available Work in Progress funds that can be applied to this deficit, but the remaining \$2.865M will have to be drawn from reserve funds.

The recommendations contained in this report support the Mission Statement of the Public Works Business Plan "Innovate Now" - "Provide safe, strategic and environmentally conscious services that bring our communities to life".

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

The recommendations in this report require the appropriation of \$635,000 from available Work in Progress funds, and the allocation of \$2.865M from Water Reserve #108015. The current uncommitted balance in Water Reserve 108015 is approximately \$23.9M, before taking into account the \$2.865M in funding being recommended in this report PW16069.

Staffing: Not Applicable

Legal: Not Applicable

HISTORICAL BACKGROUND

Excavations within the City road allowance (road cuts), that are made by Hamilton Water staff (and contractors working on their behalf), are for the repair and replacement of subsurface infrastructure including:

- Water Distribution Mains;
- Water Services Lines;
- Water Valves;
- Air Valves;
- Valve Chambers;

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- Fire Hydrant Leads;
- Sanitary and Storm Sewer Laterals;
- Sanitary and Storm Sewer Mains;
- Sanitary Force Mains; and,
- Sanitary and Storm Sewer Chambers.

These road cuts are temporarily restored by Hamilton Water staff (or the contractor), and scheduled for permanent restoration. Since 2011, the permanent restoration of Hamilton Water road cuts has been completed via the City's "Permanent Restoration of Pavement Cuts in Asphalt and Concrete" contract, managed by the Engineering Services Division's, Geomatics & Corridor Management Section.

For budgeting purposes a mathematical model is used to project the number of road cuts that may be made in a given year. However, the actual number and severity of road cuts that require permanent restoration in a given year can vary resulting in a budget variance.

The approved 2015 Road Restoration Program budget was based on a projection of 2,000 road cuts. However, as a result of the severe cold weather conditions during the winter of 2015 and the significant increase in water related repairs, the total number of road cuts climbed to 2,500 (a 25% increase). In addition there were a significant number of very large road cuts made in 2015 requiring permanent restoration, and this resulted in a significant difference between the budgeted vs. actual restoration cost per road cut for 2015 (\$2,500 budget vs. \$3,400 actual).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable

RELEVANT CONSULTATION

The following City Departments / Divisions have been consulted and involved in the development of this report:

- Public Works - Engineering Services
- Corporate Services - Financial Planning & Policy

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Engineering Services staff analysed the historical spending associated with the Road Restoration Program. Based on the increased number of road cuts made in 2015, staff determined that an additional \$3.5M is required to adequately fund the 2015 Road Restoration Program.

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ALTERNATIVES FOR CONSIDERATION

Should Council not wish to approve the recommendation made in this report, funds will have to be drawn from the 2016 Road Restoration Program to cover the \$3.5M deficit. This will result in road cuts generated in 2016 not being permanently restored in a timely manner, and create a deficit for the Annual Road Restoration Program that will carry over into future years.

This alternative is not recommended because service levels will decline, resulting in poorly maintained roadways and an increased potential for vehicular and pedestrian accidents.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.7 Responsively and effectively maintaining the City's infrastructure.

By providing the services necessary to permanently restore road cuts, the City is ensuring residents and businesses continue to receive access to a safe and reliable streets and sidewalks.

APPENDICES AND SCHEDULES ATTACHED

Appendix A - 2016 Capital Budget Appropriation Adjustments

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