

---

# HALDIMAND COUNTY

## Report ENG-15-2019 Gravel Road Conversion Program - Additional Work for 2019



For Consideration by Council in Committee on August 27, 2019

---

### OBJECTIVE:

To seek Council approval to amend the 2019 Tax Supported Capital Budget and Forecast 2019 – 2028 to fund additional work for the 2019 Gravel Road Conversion Program.

### RECOMMENDATIONS:

1. THAT Report ENG-15-2019 Gravel Road Conversion Program - Additional Work for 2019 be received;
2. AND THAT the revised budget as outlined in ENG-15-2019 be approved.

**Prepared by:** Kristopher R. Franklin, Manager Engineering Services

**Respectfully submitted:** Tyson Haedrich, M. Eng., P. Eng., General Manager of Engineering & Capital Works

**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

### EXECUTIVE SUMMARY:

Council has directed staff to complete the conversion of all gravel roads by 2025 and in order to facilitate meeting this deadline staff are proposing additional work in 2019 funded from the one-time Federal Gas Tax top up funds received in July. The additional work consists of the conversion of Townline Road East from Junction Road to Haldimand-Dunnville Townline Road and the ditching and drainage work for Calvert Road, Turnbull Road, Oneida Road and Stirling Street to prepare these roads for conversion in 2020.

The proposed final conversion program with all remaining gravel roads meeting the 2025 deadline will be presented to Council as part of the 2020 Tax Supported Capital Budget and Forecast.

### BACKGROUND:

At the March 5<sup>th</sup> Committee of the Whole Tax Capital Budget deliberations, staff were given direction through the following resolution:

*THAT the General Manager, Engineering and Capital Works prepare a revised Gravel Road Conversion Program that ensures all remaining gravel roads are converted to surface treatment by 2025;*

*AND THAT an additional contribution of \$480,000 be contributed to the Capital Replacement Reserve - Roads Infrastructure, for seven years, resulting in an additional levy contribution;”*

Report ENG-05-2019 Gravel Road Conversion Program – Ditching and Drainage Acceleration was brought before Council in Committee on May 28<sup>th</sup> to amend the 2019 Tax Supported Capital Budget

and Forecast to accelerate the ditching and drainage of all remaining gravel roads to align with the targeted 2025 completion date.

In March, staff were advised that Haldimand County would receive one-time top up funds in accordance with the current funding agreement with AMO for the use of Federal Gas Tax funds. Staff advised Council at that time that further recommendations for the use of those funds would be brought forward for Council's approval. These funds in the amount of \$2,858,687 were received in July.

## **ANALYSIS:**

Staff are proposing additional work in 2019 for the Gravel Road Conversion Program funded from the one-time Federal Gas Tax top up funds received in July 2019. The proposed additional work consists of the conversion of Townline Road East from Junction Road to Haldimand-Dunnville Townline Road and the ditching and drainage on Calvert Road, Turnbull Road, Oneida Road and Stirling Street to enable conversion of these roads in 2020.

Concession 14 Townsend from Townline Road to the Norfolk County limits, Windecker Road from Concession 1 Road to Road 17 and Melick Road from Moote Road to Lane Road are also included in the accelerated 2020 conversion program. The drainage and ditching for these road sections are included in previously awarded 2019 contracts.

It should be noted that increasing the rate of gravel road conversion will have a short-term effect on the County's inventory of surface treated roads by increasing the cycle time for resurfacing these roads through the Surface Treatment Program. Staff are proposing to address this backlog by transferring a portion of the funds currently allocated to the Gravel Road Conversion Program to the Surface Treatment Program as the gravel road conversion funding requirements decrease as the program nears completion.

The final version of the complete Gravel Road Conversion Program with all roads meeting the 2025 conversion target date will be included in the Draft 2020 Tax Supported Capital Budget and Forecast.

## **FINANCIAL/LEGAL IMPLICATIONS:**

Although Council approval of ENG-05-2019 Gravel Road Conversion Program – Ditching and Drainage Acceleration resulted in approval of the required expenditures, the financing source for these changes was not identified. During capital budget deliberations, Council approved an additional contribution of \$480,000 into the Capital Replacement Reserve – Roads Infrastructure. The increased expenditure outlined in ENG-05-2019 was \$1,281,000. Although the additional contribution was not sufficient to fund the 2019 increase there are sufficient funds within CRR-Roads Infrastructure, which allow funding of ENG-05-2019, as a temporary measure, from this source.

As shown in Attachment 1, an increase of \$435,000 is required to convert Townline Road East and an additional \$125,000 is needed to complete ditching and drainage on the four other roads identified for conversion in 2020. As a result, a revision to the capital budget is required to increase funding for the 2019 program by \$560,000.

In March, staff were advised that Haldimand County would receive one-time top up funds in accordance with the current funding agreement with AMO for the use of Federal Gas Tax funds. Staff advised Council at that time that further recommendations for the use of those funds would be brought forward for Council's approval. These funds in the amount of \$2,858,687 were received in July 2019 and staff are recommending that this additional funding source be utilized for the advancement of these specific 2019 gravel road conversion projects.

As the 2020 Tax Supported Capital Budget and Forecast will require revision for the accelerated Gravel Road Conversion Program, staff will need to further review the long term financing plan and related impacts, including the use of the additional Federal Gas Tax funds. It should be noted that acceleration of projects negatively impacts cash flow, and more directly, the County investment earnings. Staff will continue to monitor these impacts. As well, acceleration of specific road segments may impact the timing of other projects. By advancing projects from future years to 2019, costs have been updated to capture detail design estimates. Staff will perform a full evaluation of the Gravel Road Conversion Program for inclusion in the 2020 Capital Budget and Forecast.

Attachment 1 summarizes the changes for 2019. Upon approval of this report, staff will proceed with the award of the tender through a purchase order.

As a result of the proposed additional work for the 2019 Gravel Road Conversion Program, the following revision to the 2019 Capital Budget is required:

	<b>Current Approved Budget</b>	<b>Change (ENG-05-2019)</b>	<b>Change (ENG-15-2019)</b>	<b>Proposed Revised Budget</b>
<b>Capital Expenditures:</b>				
Gravel Road Conversion (ENG-05-2019)	\$ 3,170,000	\$ 1,165,000		\$ 4,335,000
381.0141 Townline Rd E - Junction to HD Twl	\$ -	\$ 116,000	\$ 435,000	\$ 551,000
381.0149 Calvert Rd - Gore A to Marshagan Rd	\$ -	\$ -	\$ 16,000	\$ 16,000
381.0154 Turnbull Rd - Townline Rd to Conc 1 Seneca	\$ -	\$ -	\$ 44,000	\$ 44,000
381.0167 Oneida Rd - 6th Line to Tracks	\$ -	\$ -	\$ 13,000	\$ 13,000
381.0168 Stirling St - Oneida to tracks	\$ -	\$ -	\$ 52,000	\$ 52,000
<b>Total Capital Expenditures:</b>	\$ 3,170,000	\$ 1,281,000	\$ 560,000	\$ 5,011,000
<b>Financing:</b>				
CRR- Roads Infrastructure	\$ 645,410	\$ 1,281,000		\$ 1,926,410
DCRF Roads	\$ 306,090	\$ -		\$ 306,090
Federal Gas Tax Reserve Fund	\$ 2,218,500	\$ -	\$ 560,000	\$ 2,778,500
<b>Total Financing:</b>	\$ 3,170,000	\$ 1,281,000	\$ 560,000	\$ 5,011,000

## STAKEHOLDER IMPACTS:

The proposed acceleration of the 2019 Gravel Road Conversion Program will primarily impact those residents currently living on a gravel road by converting their road sooner than currently forecasted.

**REPORT IMPACTS:**

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

**ATTACHMENTS:**

1. Proposed Additional 2019 Granular Road Conversion Projects