

4. **1999 RESURFACING AND  
RESURFACING - PROVINCIAL HIGHWAY TRANSFER PROGRAMMES  
INCREASES IN AUTHORITY**

**COMMITTEE RECOMMENDATIONS**

**That Council approve:**

- 1. Additional expenditure authority in the amount of \$2,100,000 to the 1999 Resurfacing Programme, Account No. 912-30752;**
- 2. Additional expenditure authority in the amount of \$1,700,000 to the Resurfacing - Provincial Highway Transfers Programme - 1999 Project, Account No. 912-30747;**
- 3. The establishment of additional debenture authority in the amount of \$3,800,000.**

**DOCUMENTATION:**

1. Environment and Transportation Commissioner's report dated 30 Jun 99 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 06 Jul 99, immediately follows the report and includes a record of all votes.

REGION OF OTTAWA CARLETON

RÉGION D'OTTAWA CARLETON

REPORT

RAPPORT

Our File/N/Réf.           **50 67-99-0001**  
Your File/V/Réf.

DATE                       30 June 1999

TO/DEST.                 Co-ordinator  
Corporate Services and Economic Development Committee

FROM/EXP.               Environment and Transportation Commissioner

SUBJECT/OBJET         **1999 RESURFACING AND  
RESURFACING - PROVINCIAL HIGHWAY TRANSFER  
PROGRAMMES – INCREASES IN AUTHORITY**

---

### DEPARTMENTAL RECOMMENDATIONS

**That the Corporate Services and Economic Development Committee recommend Council approve:**

- 1. Additional expenditure authority in the amount of \$2,100,000 to the 1999 Resurfacing Programme, Account No. 912-30752;**
- 2. Additional expenditure authority in the amount of \$1,700,000 to the Resurfacing - Provincial Highway Transfers Programme - 1999 Project, Account No. 912-30747;**
- 3. The establishment of additional debenture authority in the amount of \$3,800,000.**

### BACKGROUND

The 1999 Resurfacing and Resurfacing - Provincial Highway Transfers Programmes were received as part of the 1999 Capital Works Budget by Transportation Committee on 05 February 1999 and, on 24 February 1999, Council approved a 1999 budget of \$7,280,000 for the former Programme and a 1999 budget of \$2,045,000 for the latter Programme.

## DISCUSSION

Pavement maintenance includes the routine work carried out to ensure satisfactory pavement performance throughout its design life. The Department uses two levels of pavement maintenance actions:

- a. Major Maintenance - Activities including routing and sealing cracks, hot-mix patching, distortion corrections, drainage improvements, erosion control, frost treatments and asphalt strip repairs.
- b. Rehabilitation - Required where pavement problems are severe and extensive. Treatments include partial/full depth removal and asphalt resurfacing, in-place recycling and/or reconstruction.

If resurfacing work is delayed beyond the time of identified need, the pavement structure rapidly deteriorates toward a “failed” state and road maintenance costs increase dramatically. The most effective treatment for a failed pavement is total reconstruction, which costs at least 10 times as much as resurfacing. In addition to these reconstruction and maintenance costs, users of failed roads and proximate businesses and residents must endure rougher driving conditions, increased noise levels and vibrations, increased vehicle repair and operating costs and, at the extreme, less safe travel conditions.

The finalized 1999 Resurfacing Programmes, in recognition of co-ordination requirements with other works and the approved 1999 Capital Works Budget, has been provided to the Chair and Regional Councillors and was received by the Transportation Committee at its meeting of 19 May 1999. There are insufficient funds in the 1999 Resurfacing Programme accounts to cover all of the 1999 needs. Staff have examined each of the road sections on the 1999 list to identify which of the road sections that will not be resurfaced in 1999 due to lack of funds are in imminent danger of “failing”. There are nine such critical road sections on the 1999 Resurfacing Programme (estimated resurfacing cost of \$2.1 M) and one such critical road section on the 1999 Resurfacing - Provincial Highway Transfers Programme (estimated cost of \$1.7 M).

To preclude the Corporation from being encumbered with the significantly increased reconstruction liability that would result if these roads fail, it is proposed that the project authority for the two 1999 Resurfacing Programmes be increased by a total of \$3.8 M.

Staff have also identified eight other locations on the 1999 Resurfacing Programme needs list that are in danger of failing. However, these locations are not as critical because the best resurfacing strategy for these roads (Cold-in-Place Recycling) is the same whether these roads have failed or not and this strategy is unique in that it can restore full structural strength and a normal life-expectancy to the road (the technique is applicable to only roads with rural cross sections at this time). Therefore, the Region’s construction liability normally will not increase if the resurfacing of these roads is delayed. However, user costs, noise, vibrations and routine road maintenance costs would still increase. It should be noted that an increase in authority for the 1999

Resurfacing Programmes to accommodate the ten critical locations, would greatly increase the chances of these less critical road sections being resurfaced in the 2000 Programmes.

The most recent reassessment of the average annual resurfacing programme funding needed to keep the system in its current condition was \$12 M. This included the former provincial highways. Price increases have been experienced this year and this figure will be updated for the 2000 budget submission.

Due to the lead time required to call tenders and award contracts, the Department will proceed with tender calls in parallel with Committee and Council consideration of this report. Subject to approval of the requested funds transfers by the Corporate Services and Economic Development Committee and Council, the award of contracts will proceed in accordance with normal corporate policy. It is expected the work would commence around mid-August 1999.

#### EXPENDITURE JUSTIFICATION

The Resurfacing Programme is a planned annual programme of pavement maintenance to maintain a given level of serviceability and minimize long-term costs throughout the approximately 1,250 km Regional road network. This represents a significant investment in infrastructure which requires continuous protection and upkeep (replacement value in excess of \$3 B).

Postponement will result in the accelerated deterioration of roadway granular bases and asphaltic surfaces. Pavement cracks, distortions and defects will become more severe, resulting in increased ride roughness and significantly increased user and maintenance costs for these roadway sections. Pavements that "fail" will encumber the Region with significant cost liabilities for reconstruction.

#### CONSULTATION

Weekly notices outlining work progress in the 1999 Resurfacing Programmes are issued to the Information and Public Affairs Division. Communities affected by the resurfacing work are kept informed via the installation of project signs and the distribution of flyers and notices.

FINANCIAL STATEMENT

	912-30752	912-30747
	\$	\$
Approved Budget to Date	7,180,000	2,987,000
Total Paid and Committed	<u>(4,890,490)</u>	<u>(896,740)</u>
Balance Available	2,289,510	2,090,260
ADDITIONAL AUTHORITY REQ'D	<u>2,100,000</u>	<u>1,700,000</u>
Balance Remaining	<u>4,389,510</u>	<u>3,790,260</u>

Funds are requested in the amount of \$2,100,000 for the 1999 Resurfacing Programme, Account No. 912-30752 (Order No. 900077), (Reference page No. 132, 1999 Capital Budget), bringing the revised total budget to \$9,280,000 and \$1,700,000 for the Resurfacing - Provincial Highway Transfers Programme - 1999 Project, Account No. 912-30747 (Order No. 900072), (Reference page No. 194, 1999 Capital Budget), bringing the revised total budget to \$4,687,000.

*Approved by  
M.J.E. Sheflin, P.Eng.*

LAR/ms

FINANCE DEPARTMENT COMMENT

No uncommitted funds are available in the Region Wide Capital Reserve Fund. Additional debenture authority of \$3,800,000 is required to finance the proposed additional resurfacing programme expenditures.

*Approved by T. Fedec  
on behalf of the Finance Commissioner*

1999 RESURFACING AND  
RESURFACING - PROVINCIAL HIGHWAY TRANSFER PROGRAMMES  
INCREASES IN AUTHORITY

- Environment and Transportation Commissioner's report dated 30 Jun 99

Councillor Stewart expressed her support for the principle of saving money by timely maintenance of roads. However, she inquired why the requirement of increases in authority did not come forward as part of the 1999 budget process, in order to allow Council the ability to make allowances for the expenditure at that time rather than having to debenture for it mid-year.

M. Sheflin, Environment and Transportation Commissioner, explained it had been standard practice to allocate a fine limit in the budget which was followed by a detailed analysis during the year. The Commissioner added that in previous years funds from other projects or sources came about which assisted in the need for increased authority, however, that was not the case at this time. Mr. Sheflin referenced the downloading of the provincial highways and lack of capital funding. He stated that, on the basis of a best business decision, staff recommended that proceeding now, where necessary, would avoid higher costs later.

With respect to the budget for resurfacing, Mr. Sheflin confirmed the same amount had been allocated for the previous 6 - 8 years, with additional monies coming forward on an ad hoc basis. Mr. Sheflin stated the Region had not received the five year capital needs for transferred highways, as promised by the Province. In response to a question from Councillor Stewart regarding budgeting for future years, Mr. Sheflin stated it may be necessary to start allocating for the actual full amount up front due to the lack of funds being found elsewhere during the year. Councillor Stewart hoped in the future adequate funding would be placed in the envelope during the initial budget review.

Councillor Beamish did not support the staff recommendations and suggested the issues were known well in advance and should have been accounted for during the budget deliberations. The Councillor pointed out the money was not to be found elsewhere, but would be additional money issued in debt mid-year. Councillor Beamish referenced a road in his ward that was in serious disrepair, however, would not be fixed for a number of years. Councillor Beamish did not support the method of budgeting for resurfacing and suggested it should have been discussed during the budget review in order to allow Council to prioritize it among all needs.

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

Councillor Beamish moved a Motion with respect to Agenda Item No. 9, 1998 Audited Operating Results. The Motion stated that rather than setting up two new Reserve Funds for the surpluses, those monies be used to cover the requirement in resurfacing, thereby eliminating the need to debenture.

Chair Chiarelli pointed out the \$1.5 million surplus {Recommendation No. 3 of the 1998 Audited Operating Results report} came from the Social Housing envelope and the Community Services Committee had approved the allocation of \$1 million of that surplus for purposes of homelessness. The Chair noted the potential for conflicting Motions from two Committees, to be considered by Council on 14 Jul. Chair Chiarelli suggested it may be appropriate to reserve the decision and allow Council to debate the issues.

After lengthy discussions on process, the Committee heard from D. Stewart, Social Services Commissioner, with respect to the \$1.5 million surplus and the \$1 million allocation to homelessness. Mr. Stewart confirmed \$1 million had been approved to fund the Community Action Plan with respect to homelessness and would be considered by Council on 14 Jul 99. He added no specific commitments had been made for the \$1 million as of yet, however, noted work was underway regarding the implementation of the Action Plan. The Commissioner stated if the funds were not available, it would seriously impact on successful implementation.

In response to a question from Councillor Cantin, Mr. LeBelle reviewed the reasons for the surpluses as outlined in the 1998 Audited Operating Results, Agenda Item No. 9. Mr. LeBelle explained the \$1.5 million surplus in the Region Wide General Fund related to a lower than anticipated billing from the Province with respect to local services realignment costs. Mr. LeBelle stated there would be a need for future funding in the Social Housing program and staff recommended this \$1.5 million be set aside for that purpose. He stated staff did not over budget in this area, as the determination was made from the published figures provided by the Province of Ontario. The Finance Commissioner confirmed Social Housing was now a Regional program at a cost of \$62 million per year.

Councillor Cantin expressed his support for the Beamish Motion. The Councillor referenced the necessity to repair roads at the appropriate time. On a separate matter, Councillor Cantin requested the Environment and Transportation Commissioner to communicate with the Minister of Transport regarding the concerns with overloaded trucks, newly approved larger trucks and ineffective operation hours for the Ministry's weight scales. Councillor Cantin stated these factors would contribute to the disrepair of the roads.

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

Councillor Hunter expressed concern with increasing the debt for maintenance and operating requirements, not capital requirements. Councillor Hunter referenced the expected high pay back that will be required on the proposed debenture issue. He stated the objective was to eventually lower taxes because of reduced debt, not add new debt in other areas.

Mr. LeBelle stated consequences from provincial downloading had been felt in the first two years and would continue to manifest itself through increased pressure and lack of financial resources to service the capital program. Mr. LeBelle explained it was necessary to ensure debt was issued for projects that had a life as long as the debt for which it is issued. The Finance Commissioner stated the reality that there was not enough pay-as-you-go contribution in the Region Wide Fund to support the minimal capital program. In response to a question from Councillor Hunter, Mr. LeBelle confirmed staff would attempt to find ways to get back on track with pay-as-you-go, however, added it was under substantial pressure.

Councillor Hunter pointed out it was not possible to issue debt for ongoing programs, only for capital projects. Mr. LeBelle acknowledged this restriction, however, stated of the \$1 million in the Social Housing envelope, much would involve capital grants for the construction of facilities. He added there was also some uncertainty in the new legislation that governed municipalities in what they can issue debt for, stating this would require clarification, however, was a practice previously exercised by the Region and other municipalities.

J. Potter, Special Advisor, Social Housing, explained a report that would be considered by Council on 14 Jul described the proposed role for the Region in housing. She stated the report identified two major requirements, one being to look after the administration of the ongoing stock, which involved associated risks, noting there were no capital reserves for public housing maintenance/repairs. Secondly, Ms. Potter explained there was a need to take some component of money to attempt to create more affordable housing in the community and issues around homelessness.

Councillor Hunter expressed his support to use monies that were available and generated from the Region-wide taxpayer to reduce the requirements to issue debt on existing problems that required immediate resolution. The Councillor did not believe it was an issue that conflicting Committee recommendations would be placed in front of Council for consideration, noting this had occurred in the past.



Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

Councillor Hume referenced the risks associated with the existing housing stock and inquired on the proposed strategy in the absence of Federal and Provincial programs. Ms. Potter explained the \$1 million would be used to try to lever additional funding from the private sector and other orders of government in an attempt to create a large funding package for new additional housing and the required support. Ms. Potter reviewed a similar program in Calgary where a community initiatives fund of \$6 million was established through partnerships and contributions.

Chair Chiarelli referenced Agenda Item No. 6 and the need for increased authority for resurfacing. Mr. LeBelle stated the recommendation was the best professional recommendation to Council, noting there was not enough cash in the reserves to accommodate the increases. The Finance Commissioner noted the Corporation was well within its debt capacity and agreed the recommendation would represent borrowing in the normal course of doing business. He pointed out the 1998 and 1999 resurfacing programs were debentured.

Chair Chiarelli reviewed the situation. The Chair stated within the Social Services Department, \$1.5 million had been identified as surplus and it was decided to transfer \$1 million to programs to assist homelessness, a very serious problem in the community. Chair Chiarelli did not support intertwining the \$1.5 million surplus with the regular Corporate business to debenture for resurfacing programs. Chair Chiarelli expressed his support for the staff recommendations outlined in Agenda Items 6 and 9.

In response to a question from Councillor Beamish regarding provincial funding and local services realignment, Mr. LeBelle stated there was lack of clarity around transferred roads. He explained in the case of social housing, it was based upon a specific invoice that came from the Province. However, in the case of roads, the Province had downloaded an entire system, leaving the Region with the responsibility to maintain that system. Mr. LeBelle stated the Province should have transferred a reserve value for the road system. Councillor Beamish pointed out the payments for social housing and the resurfacing programs came from the same Region Wide Fund, noting one had been under estimated thereby creating a deficit, and one had been over estimated thereby creating a surplus.

Councillor Cantin did not support the concept of reserving money for a possible expenditure and borrowing money for a real expenditure. He believed it was more appropriate to deal with the definite need of resurfacing at this time. He stated should funds be required for a project later, than Council could consider debenturing at that time.

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

M. Beckstead, Chief Administrative Officer, pointed out that the fact the Region may issue debt did not necessarily mean it was issued to a third party. He stated it may be brought through the reserve funds, representing an internal exercise. Mr. LeBelle added that the Region often issued debt directly to the reserve funds, which represented an advantage of having those funds. Councillor Cantin suggested it was more appropriate to issue debt at a later time, if necessary.

Councillor Loney stated the necessity and reality to issue debenture for some projects. The Councillor urged Committee to support the staff recommendations as presented. He referenced the good track record of Finance to regularly review the debentures. Councillor Loney also pointed out that although authority may be provided, it did not necessarily mean the debenture would actually require to be issued. Mr. LeBelle stated the actually debenture would not be issued until after the work was complete, noting as late as 2000 - 2001.

Councillor Loney referenced the need to accurately reflect the adjustments and expenditures for resurfacing, and other programs, at the end of 1999, noting the final 1999 budget documents were recently issued.

Councillor Loney acknowledged the obligation to deal with social housing and issues around homelessness, referencing the need for partnerships and senior government co-operation. He expressed his support for the staff recommendations for Agenda Items 6 and 9.

Moved by R. Cantin

That debenture authority for \$2.3 million be established for the resurfacing projects and that the remaining \$1.5 million come from the Region Wide Capital Reserve Fund.

LOST

NAYS: D. Beamish, B. Hill, P. Hume, A. Loney, R. Chiarelli ... 5  
YEAS: R. Cantin, G. Hunter, W. Stewart ... 3

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

The Committee then considered the Beamish Motion to amend Agenda Item No. 9, 1998 Audited Operating Results, as follows.

Moved by D. Beamish

That no new debenture authority be approved for resurfacing (Agenda Item No. 6), and that the surpluses in the Region Wide General Fund and under expenditures in Corporate Fleet (Agenda Item No. 9) be transferred to the appropriate accounts to allow for necessary road resurfacing.

LOST

NAYS: R. Cantin, P. Hume, A. Loney, R. Chiarelli .... 4  
YEAS: D. Beamish, B. Hill, G. Hunter, W. Stewart ... 4

Councillor Hunter moved the following Motion.

Moved by G. Hunter

That 1998 surplus of \$1.5 million in the Region Wide General Fund (Agenda Item No. 9) be contributed to the 1999 resurfacing program (Agenda Item No. 6) and the required debenture authority be reduced accordingly.

DECLARED  
OUT OF ORDER

The Committee then considered the staff recommendations.

**That the Corporate Services and Economic Development Committee recommend Council approve:**

- 1. Additional expenditure authority in the amount of \$2,100,000 to the 1999 Resurfacing Programme, Account No. 912-30752;**

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

2. **Additional expenditure authority in the amount of \$1,700,000 to the Resurfacing - Provincial Highway Transfers Programme - 1999 Project, Account No. 912-30747;**
3. **The establishment of additional debenture authority in the amount of \$3,800,000.**

CARRIED

YEAS: R. Cantin, P. Hume, A. Loney, W. Stewart, R. Chiarelli ... 5  
NAYS: D. Beamish, B. Hill, G. Hunter ... 3

*{Note: Reference Agenda Item No. 9 for the vote on the 1998 Audited Operating Results report.}*