



STAFF REPORT ACTION REQUIRED

Transportation Services 2010 Operating Budget Net Zero Adjustment for Utility Cut Contracts

Date:	July 26, 2010
To:	Budget Committee
From:	General Manager, Transportation Services
Wards:	Wards 35, 36, 37, 38, 39, 40, 41, 42, 43, & 44
Reference Number:	P:\2010\Cluster B\TRA\Scarborough District\bc1083 AGF 12671

SUMMARY

The purpose of this report is to seek approval for an adjustment to the Transportation Services 2010 Operating Budget in the amount of \$1.19 million in order that an additional Utility Cut Contract may be tendered and awarded for the Scarborough District in August 2010. The work to be undertaken through this contract is fully recoverable and includes a 19% administration fee. There will be no increase to the City's net budget.

RECOMMENDATIONS

Transportation Services recommends that:

1. City Council approve an increase in the 2010 Operating Budget for Transportation Services of \$1.0 million gross and revenue of \$1.19 million, resulting in a reduction of \$0.19 million in the 2010 Approved Operating Net Budget for Transportation Services, as detailed in Table 1, with an offsetting adjustment in the Non-Program account, for additional Utility Cut Repair work.
2. Budget Committee forward this report to Executive Committee for its consideration.

Financial Impact

This budget adjustment is required in order to tender and award a contract for additional Utility Cut Repair related work in the Scarborough District in the amount of \$1.0 million. The work to be undertaken is subject to a 19% administration fee, and it is fully recoverable from Toronto Hydro. The resulting revenue would be \$1.19 million, and it

would create a \$0.19 million reduction to the 2010 Approved Operating Net Budget for Transportation Services. An offsetting budget adjustment of \$0.19 million will be made in the appropriate Non-Program account.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council, at its meeting of April 15, 2010 approved the 2010 Operating Budget.

ISSUE BACKGROUND

The City of Toronto operates a road network of over 13,300 lane-kms, which is vital to the economic health of the City. Millions of dollars are invested annually in the reconstruction, rehabilitation and repair of this public infrastructure; however, maintaining the City's pavement investment is becoming increasingly difficult each year as a result of premature deterioration due to utility cuts.

Each year the City issues on average 40,000 permits to utility companies, developers, contractors, etc. for the construction, maintenance and upgrade of underground utilities within the City's municipal rights-of-way. Of this total, an average of 9,500 permits result in cuts to the City's pavements involving 38,000 separate pavement-related utility cuts totalling 200,000 to 300,000 square metres of permanent pavement restoration work. The City of Toronto recovers its expenses for permanent restoration of utility cuts, with an additional percentage fee to address the administration of the program.

COMMENTS

The justification for this request is an urgency to repair a series of utility cuts undertaken within the road allowance by Toronto Hydro, as the cuts are approaching eighteen months from the date of the initial work. According to the City's guidelines for undertaking permanent utility cut repairs on behalf of utilities, Toronto Hydro is under no obligation to reimburse the City for permanent repairs beyond eighteen months from the date of the initial work.

As these cuts were undertaken through a blanket permit, Toronto Hydro does not typically notify Transportation Services of the work locations in advance which can make it difficult to properly forecast and estimate the amount of work required on an annual basis.

CONTACT

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SIGNATURE

Gary Welsh, P.Eng.
General Manager, Transportation Services

ATTACHMENTS

Table 1: In-Year Budget Adjustment to the 2010 Approved Budget for Transportation Services

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	Gross Expenditure	Revenue	Net Expenditure
	(\$000s)		
Roadway Services TP0218	500.0	595	(95)
Roadside Services TP0386	500.0	595	(95)
Total	1,000.0	1,190.0	(190.0)