

State-of-Good-Repair Backlog for Road Repairs

Date:	February 4, 2009
To:	Budget Committee
From:	General Manager, Transportation Services
Wards:	All Wards
Reference Number:	P:2009\ClusterB\tim\tra\bc09001

SUMMARY

The Ontario Municipal CAO's Benchmarking Initiative (OMBI), has determined that the condition of Toronto's roads, overall, are rated "good to very good" and that compared to their member municipalities across the Province are ranked the highest. Nevertheless, the Transportation Services state-of-good repair backlog currently sits at \$320 million, which is comprised of work that is past due for road repairs in the amount of \$175 million, for bridges in the amount of \$55 million and for the westerly section of the Gardiner Expressway in the amount of \$90 million. What is often misinterpreted by many, however, is that even though the *total quantity* of work making up the backlog has remained relatively stable over the last several years, the cost to rehabilitate individual assets has increased by the *cost of inflation*. Therefore, one needs to distinguish between the physical extent of backlog assets against the associated cost. Moreover, individual locations that make up the backlog listing are continually changing as infrastructure that has been rehabilitated is replaced with new locations.

Also important to recognize is that there is an upcoming wave of infrastructure built in the 1950's and 1960's, as the suburbs expanded, that is coming due for rehabilitation, which is exclusive of the defined level of backlog today. To deal with this concern, it is necessary to consider two alternative funding sources: the reallocation of approved funds in-year or the pursuit of third party assistance. In this regard, candidate *ready-to-go* projects have been identified that are currently beyond the City's current fiscal capacity to implement this year but could be advanced on an as needed basis. Consideration could be given to advance various local resurfacing projects, bridges, traffic plant improvements and major roadways. Various improvements were initially deferred in order to accommodate corporate and legislative priorities including those governing the abatement of basement flooding problems as well as those pertaining to the replacement of lead water services. The advancement of any combination of the above noted works will generate much needed

construction jobs and many associated spin-off jobs. To put the matter into some context, the approval of an additional \$30 million has the capacity to create 125 new jobs. Of course, the advancement of any infusion or reallocation of funding for any of the aforementioned work activity would have to be weighed against other council mandated initiatives/undertakings including, but not limited to, recently announced work for the Revitalization of Union Station and the Transit City needs for Sheppard, Finch and Eglinton Avenues.

Financial Impact

There are no financial implications resulting from the receipt of this report.

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

DECISION HISTORY

City Council, at its meeting on December 10, 2008, in adopting, as amended, the 2009 capital budget for Transportation Services (Clause 1 of Executive Committee Report No. 27), requested that the Deputy City Manager report to the Budget Committee for its meeting in February 2009, on how the Capital Plan for Transportation Services can be adjusted to address the \$320 million state-of-good-repair backlog in road repairs.

ISSUE BACKGROUND

Although the City Council directive refers to a backlog exclusively in road repairs, its actual composition is broken down as follows: \$175 million for road repairs, \$55 million for bridges and \$90 million for the Gardiner Expressway that collectively total \$320 million. This backlog will increase to \$539 million by the end of 2018 despite increased spending for state-of-good-repair work for the reasons contained in this report.

COMMENTS

Infrastructure Needs

Transportation infrastructure assessments are continuously undertaken to determine existing conditions using standard, industry accepted survey procedures. Various types of problems are identified such as cracks, settlement, and extent of deterioration in addition to the relative severity of any identified worsening condition. Once overall needs are determined, a formal, comprehensive and coordinated consultation process takes place with a multitude of stakeholders within the public right of way including but not limited to utility organizations (Toronto Water, Bell, Rogers, Enbridge Gas, Toronto Hydro, Enwave), the Toronto Transit Commission (regarding improvements to both regular track work and Transit City initiatives), the various City Divisions (City Planning, Parks,

Forestry and Recreation, and Economic Development, Culture and Tourism), BIA's, developers, provincial ministries and other transit agencies such as GO Transit.

The Transportation Division's internal assessment process is fittingly gauged against two broad based benchmarking initiatives that monitor transportation infrastructure and are coordinated through Corporate Finance staff and the City Manager's office. The first benchmarking initiative, the Municipal Performance Measurement Program (MPMP) is mandated by the Provincial government and is designed to provide taxpayers with useful information on service delivery. The second benchmarking initiative is administered by a collection of member municipalities that form the Ontario Municipal CAO's Benchmarking Initiative (OMBI). Here, participating municipalities work together to identify and share performance statistics and operational best practices providing comparable data to allow municipalities to make informed decisions on service quality. It is worth noting that based on recent submissions by various municipalities using a consistent rating system, OMBI has determined that Toronto's roads are rated "good to very good" and rank the highest among the OMBI municipalities.

Determination of Backlog

Backlog, in broad terms, relates to the amount of overdue capital work required that will not be completed for various reasons. It is the cost differential between what is needed and what is not completed based on available funding and capacity. Despite the current \$320 million backlog, the transportation infrastructure is not being neglected. Staff are vigilant of any necessary maintenance and ensure that the infrastructure is kept in a safe operating condition for the traveling public.

What is often misinterpreted by many nonetheless is that even though the *quantity* of the backlog remains relatively stable year over year, the cost to rehabilitate the infrastructure will increase by the *cost of inflation*. Therefore, one needs to distinguish between the quantity of the backlog and the cost to address it. Moreover, the individual locations that actually makeup the backlog list is continually changing as infrastructure that has been rehabilitated is replaced by newly deemed backlog locations. What also needs to be recognized is that there is an upcoming wave of infrastructure built in the 1950's and 1960's as suburbs expanded that is coming due for rehabilitation, which is exclusive of the defined level of backlog today. As part of the 2008 capital budget process, debt funding was increased to address this backlog by \$10 million per year for years 2011-2018. This pro-active measure has the impact of reducing the backlog from a projected \$600 million to \$539 million as illustrated in Attachment 1. Available funds though are limited; accordingly, alternate funding opportunities need to be considered.

Funding Sources – Alternative One – Reallocation from Existing Approved Funds

Staff of Transportation Services in association with staff from Technical Services and Toronto Water have implemented a myriad of Council approved cross-functional processes that will benefit all users of the public right by minimizing adverse and costly effects of disturbing recently completed works. What is available now is a secure, fixed capital program that encapsulates a full two years of work that has been coordinated well in

advance of construction activity. A fully comprehensive and coordinated five year plan is currently being developed. Accordingly, what is in place are funding reallocation mechanisms to realign approved cash flows that best match those program areas that are ready to proceed in an unimpeded manner with the scoping and design of capital works undertaken several years in advance of their scheduled implementation dates.

Funding Sources – Alternative Two – Infusion of External Funds

Although an in-year reallocation of approved projects will assist the Division in achieving higher delivery rates, the realm of funding that is available for transfer between accounts is markedly less than actual dollars needed. An external funding infusion, instead, would go a long way to addressing the backlog. One scenario would require an infusion of \$13 million per year (in 2009 dollars) to keep backlog at \$405 million in 10 years. This level of additional funding would address the component of the backlog attributable to aging infrastructure. A second scenario would require an infusion of \$20 million per year (in 2009 dollars) to keep the backlog at the current \$320 million level in 10 years. This level of funding would address both the aging component as well as addressing the inflation component of the current backlog. The effects of these two scenarios on the accumulated backlog are also illustrated in Attachment 1.

Candidate Ready-to-Go Projects

Staff have compiled a listing of infrastructure needs that are currently beyond the City's current fiscal capacity to implement but could be advanced largely in part to the advances made internally in delivery processes. Consideration could be given to the following (in no particular order):

1. Local Resurfacing – Roads (attached table 2)

Work in the estimated amount of \$15 million could be dedicated to local road resurfacing projects that are currently on a waiting list for implementation in 2009 and are deemed “B-list” projects. Works programmed for 2010 could be concurrently advanced to 2009 and so on. *Ready-to-Go* local resurfacing projects include 126 locations totalling some 35 kilometres.

2. Bridges (attached table 3)

Work in the estimated amount of \$13 million could be dedicated to bridge / structure type projects. These are projects that could be advanced from a planned reconstruction date of 2010 to 2009.

3. Traffic Plant Improvements

Work in the estimated amount of \$2 million could be advanced that includes the implementation of some 1,200 signalized intersections that still have to be converted and upgraded to meet new standards. Staff have been averaging approximately 100 conversions per year.

An additional \$2 million could be also be utilized to proceed with the required replacement of overhead signage along the Don Valley Parkway, Gardiner Expressway and Lake Shore Boulevard.

4. Major Road Reconstruction

Reconstruction activity by its very nature requires considerably more pre-engineering work than resurfacing type work as it relates to the design and preparation of construction drawings. Furthermore, there would be some degree of difficulty in advancing these works with due regard to utility consent and coordination. Consideration could be given to advance the pre-engineering work for various major arterial roads that would involve the initiation of survey work, geotechnical testing, and public consultation in 2009 with the construction work itself to be undertaken in 2010. Candidates include Victoria Park Avenue (\$9 million), Lawrence Avenue East (\$4 million), Morningside Avenue (\$1 million), Bay Street (\$2 million), Pottery Road (\$2 million) and Burnhamthorpe Road (\$4 million).

Job Creation

It should be noted that if additional third party funding was to become available, a significant number of construction related jobs and many associated spin-off jobs would be created. To put the matter into some context, if for example, the first two items above were to be given consent to proceed (road resurfacing and bridge works), 125 newly created jobs would encompass a variety of tasks ranging from contract administration to inspection to actual construction trade work. Of course, the advance of any funding for any of the aforementioned work activity would have to be weighed against other council mandated initiatives/undertakings.

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ATTACHMENTS

Attachment 1: Determination of Backlog
Table 2: Candidate Listing of Potential Local Resurfacing Locations
Table 3: Candidate Listing of Potential Bridge Rehabilitation Locations