

## **Supplementary Report: Transportation Services 2017 Capital Budget Adjustments**

**Date:** November 24, 2017

**To:** Budget Committee and Executive Committee

**From:** General Manager, Transportation Services

**Wards:** All

### **SUMMARY**

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As part an approach to actively manage capital budgets, a review of Transportation Services capital accounts was completed, analyzing projected year-end spend rates. As a result of this review, funding from programs that are currently estimated to be underspent by year-end should be reallocated to program areas with increased funding requirements or ability to spend.

The purpose of this report is to provide additional background on the request to increase the funding for the Transportation Services 2017 City Bridge Rehabilitation program in the amount of \$7.300 million, resulting in a total budget of \$42.791 million in 2017.

The need for additional funding for the City Bridge Rehabilitation program in 2017 is partly attributed to increased costs for state of good repair bridge work and partly attributed to a proactive advancement of future year design and program management assignments for future state of good repair bridge and culvert work.

Additional funding requested by the City Bridge Rehabilitation program would be offset by funding for programs that are currently estimated to be underspent by year-end.

### **FINANCIAL IMPACT**

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There are no additional costs to the City as a result of the approval of this report.

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

## DECISION HISTORY

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At its meeting of November 27th, 2017, Budget Committee will be considering item BU37.9 - Transportation Services 2017 Capital Budget Adjustments, proposing a series of reallocations to Transportation Services' Approved 2017 Capital Budget <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BU37.9>

## COMMENTS

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Four projects, detailed in the tables below, required a funding increase of \$4.95 million for state of good repair work funded from the City Bridge Rehabilitation account. Two as a result of market conditions and two as a result of unforeseen site conditions.

### *Market Condition Increases*

Two projects experienced increased costs as a result of the lowest bids received exceeding the estimated project budget. In addition, one of these two projects, the Morningside Avenue bridge project, was also tendered as an A+B (cost plus time) pilot, which provides an incentive payment for completing the project ahead of schedule and therefore increases the contract value.

Project	Original Budget	Contract Award Value	Cost increase	Reasons for cost escalation
Morningside Avenue / Highland Creek	\$10 million	\$12.8 million	\$2.8 million	Despite a competitive tendering process in which 4 bids were received, market conditions meant that the low-bid for this work was higher than the original project budget.  Tendered on a cost plus time basis as a pilot that provides incentive payment for completing ahead of schedule
Rose Hill Avenue over TTC	\$0.8 million	\$1.25 million	\$0.45 million	Due market conditions, the low-bid received for this project was higher than the original budget

Project	Original Budget	Contract Award Value	Cost increase	Reasons for cost escalation
Sub-Total			\$3.25 million	

*Unforeseen Site Condition Increases*

Two projects experienced cost increases as a result of additional quantity repairs and emergency repair work.

Project	Original Budget	Anticipated project cost	Cost increase	Reasons for cost overrun
Prince Edward Viaduct Bridge	\$9 million	\$10.2 million	\$1.2 million	<p>Additional concrete repairs required.</p> <p>The final materials quantities have exceeded the original estimates.</p> <p>The accuracy of the original estimates was constrained by limited access to the site in order to inspect the bridge prior to construction.</p>
Jane Street over Black Creek	N/A	\$ 0.5 million	\$ 0.5 million	<p>Emergency repair work: Structural inspection uncovered advanced deterioration of twin steel culverts.</p> <p>Immediate repairs required to brace deformed culverts and patch perforations.</p>
Sub-Total			\$1.7 million	

### *Advancement of Design and Program Management*

In addition, \$2.3 million is required to advance future year cash flows for the City Bridge Rehabilitation program to accelerate future year design and program management assignments for bridge and culvert state of good repair needs to ensure project readiness to proceed for 2018 program delivery. Specifically, these funds would be allocated to the Multi-year Culvert Assignment, the Bridge Program Management Assignment, as well as Coxwell Avenue and Nielson Avenue to ensure readiness to proceed for 2018 program delivery.

## **CONTACT**

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## **SIGNATURE**

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