

April 8, 2025

City Council Committee Report

To: Kyle Attanasio, CAO

**Fr: Greg Breen, Director, Engineering and Infrastructure
David Mellor, General Manager, Engineering**

Re: Budget Amendment – Reallocation of Funding to Municipal Paving

Recommendation:

That Council hereby approves an amendment to the 2025 Capital Budget in the amount of \$750,000 to proceed with the award of the 2025 municipal paving program on Ninth Street North funded from the unspent 2024 Essex Road grade raise project budget; and further

That in accordance with Public Notices By-law Number 160-2022, public notice is hereby given that Council intends to amend its 2025 Capital Budget at its April 15, 2025, meeting for this purpose; and further

That Council gives three readings to a by-law to amend the 2025 Capital Budget for this purpose.

Background:

The 2025 Capital Budget allocated \$1,160,000 to the Municipal Paving Program and \$60,000 to the Municipal Lane paving program to rehabilitate paved streets and lanes.

The Municipal Paving Program includes Ninth Street North from Twelfth Avenue North to Thirteenth Avenue North and the Municipal Lane paving program includes a laneway between Mikado Avenue and Rupert Road and from Ninth Street North to Tenth Street North.



Municipal Paving Scope

At this location, Ninth Street North supports the travel of approximately 7,000 vehicles per day making it one of the most travelled sections of roadway in the City. The surface asphalt has failed in numerous locations creating large potholes over a significant area,

including the Twelfth Avenue North and Ninth Street North intersection. This intersection requires near-daily maintenance from the City's roads maintenance staff.

Due to the severity of asphalt deterioration coupled with the escalating costs of construction, the City performed geotechnical drilling during scope development. The results indicated poor sub-surface soils which directly affect asphalt surface performance. To remedy the conditions in this area, significant excavation and material replacement is required. The finalized design was developed with longevity in mind, ensuring a solid foundation to support new asphalt and subsequently reducing future rehabilitations to only milling and re-paving.

The Municipal Paving and lane paving tender closed on March 13th. Including contingency and non-refundable HST, the budget required to award the work is \$1,970,074. Therefore, there is a budget shortfall of \$750,074.

Internal Estimate Shortfall

The City's estimated this 2025 work using 2024 actual rates with an added inflationary factor to account for typical cost increases.

However, from 2024 to 2025, increases occurred in many areas of civil construction works. Installation of asphalt, concrete, and granular materials as well as piping and stormwater system components all saw significant increases.

Given these current conditions, staff reviewed options to source available funding from other transportation projects to find a way for the project to proceed. This exercise involved reviewing underspent previous capital projects that are not yet closed, assessing available funding within capital projects not yet started and a consideration of re-prioritizing work.

The following projects were considered in this assessment:

- 2025 Arterial Roads budget of \$1,865,000. This project forms part of the City's Housing Enabling Core Service funding agreement with the province and is therefore unavailable.
- 2024 Railway St Phase 4. This \$943,000 project has been long planned, and although it hasn't proceeded yet due to its' involvement in two funding applications for water servicing improvements, it is expected to proceed as originally planned in the near future.
- 2025 Surface Treated and Loosetop Roads Maintenance. The combined project budget of \$578,000 could be reallocated but would substantially reduce maintenance efforts on our rural roads.
- Essex Road Grade Raise. This \$750,000 project was planned for 2024, following the receipt of the geotechnical assessment of the subsurface soil conditions. However, staff received the geotechnical assessment which highlighted new information informing the method of raising the grade. It indicates that to raise the grade in this area without risk of settlement (like the Coker Road occurrence), a flanking berm would need to be constructed in the adjacent marshland. The estimate provided for the total project is \$2.57 million. Re-allocating this budget could be considered, with a revised Essex Road budget allocation to return for consideration at a later date, but no sooner than 2027. The \$750,000 that has already been allocated to this project, that will not be proceeding in 2025, requires significant more funding to advance the project no sooner than 2027.

Given the significant difference between the previously approved Essex Road grade raise budget of \$750,000 and the newly estimated cost \$2.57 million, due to the new

requirement of the flanking berm, Administration has identified the reallocation of the Essex Road grade raise budget as the most appropriate funding source.

Administration therefore recommends reallocating the entire budget of \$750,000 for the Essex Road grade raise project to the 2025 Municipal Paving program.

The Essex Road grade raise project will return in the future (no sooner than 2027) budget for Council's consideration.

Budget: There is no net budget impact because of the recommendation to reallocate these funds. The Essex Road grade raise budget was previously approved in the 2024 capital budget and would be reassigned to the 2025 Municipal Paving Budget.

Risk Analysis:

There is a medium operational risk with not approving this budget amendment. Currently, the City's Roads Maintenance Branch is dispatched regularly to attend to repairs on this stretch of Ninth St N. Costs are only anticipated to go up for paving on Ninth Street North.

There is a medium operational risk as the Essex Road has a history of flooding and could potentially witness a recurrence during periods of high water in the area.

There is a low risk associated with the reallocation of funds from the Essex Road grade raise project. Due to the new requirement for a flanking berm to complete this work, with the existing budget the work could not occur without an even larger (\$1.75M) budget amendment from another source.

Communication Plan/Notice By-law Requirements: By-law and Public Notice required.

Strategic Plan or Other Guiding Document:

Strategic Plan Focus Area 1 – Infrastructure and Environment

Goal 1.2 Ensure Well Maintained and Sustainably Financed City Infrastructure.