



REPORT TO COUNTY COUNCIL

FROM: Peter Dutchak,
Acting Director, Engineering Services

DATE: July 25, 2023

SUBJECT: Road Maintenance Allocations

RECOMMENDATIONS:

THAT the report titled “Road Maintenance Allocations”, from the Acting Director, Engineering Services dated July 25, 2023 be received and filed, and;

THAT new road maintenance allocation rates and resulting annual allocation funding as recommended in the report be utilized for the Road Maintenance Agreement effective January 1, 2023.

INTRODUCTION:

The County’s Road Maintenance Agreement (RMA) provides transfer payments to our local municipal partners (LMPs) to fund their County road maintenance responsibilities.

Changes in the Province’s definition of road classifications has necessitated a change in the unit rate funding provided in the RMA in order to maintain existing annual allocation amounts to LMPs.

Additionally, a section of Ron McNeil Line has been transferred to the City of St. Thomas as part of Bill 63 and this change must be reflected in the allocation calculations.

This report discusses these changes and how RMA allocations are proposed to be revised.

BACKGROUND AND DISCUSSION:

Beginning in 2001, payments to municipalities under the Road Maintenance Agreement have been formulated based upon historical costs to maintain a particular classification of roadway as defined by the Province’s Minimum Maintenance Standards (MMS).

The Province’s definition of road classification assesses the average daily traffic volume as well as its posted speed limit. There are approximately 300 unique road classification

sections across the County's 674km road network. The RMA allocation model, assumes all sections are 80km/h road sections for funding purposes only. This funding concept assumes lower speed sections of road would likely be maintained to a higher standard required for an 80km/h section of road with the same traffic volume. For example, if a snow plow is dispatched to clear its route, it will plough its entire route, not just the 80km/h sections with shorter response time requirements. This rationale ensured municipalities were provided funding that more accurately reflected their normal and expected practice.

Maintenance payments have been revised over the years and also increased by the Ontario CPI for the month of October annually. The table below shows the classification definitions used since 2001 to determine road maintenance allocations, the new MMS traffic volume ranges and also includes the most current rates used for 2023.

Road Classification (assumed 80km/h)	Average Daily Traffic Volume (pre 2018)	Average Daily Traffic Ranges (Current MMS)	Historical 2001 Allocation Rates per km	2023 Allocation Rates per km
Class 4	50 - 999	50 - 999	\$ 2,800.00	\$ 4,909.97
Class 3	1000 - 4999	1000 - 4999	\$ 2,950.00	\$ 5,204.07
Class 2	5000 - 11999	5000 - 22999	\$ 3,100.00	\$ 5,828.41
Class 1	> 12000	> 23000	\$ 3,250.00	\$ 7,227.88

The Province amended Ontario Regulation 239/02 in 2018 and one of these changes revised the definitions of road classifications, thus impacting the Road Maintenance Agreement's (RMA) allocation model.

Ontario Regulation 366/18 has revised the Classification of Highways table and has increased the traffic volume threshold in some instances. Specifically, the threshold for Class 2 (80km/h) roads has been increased to 22,999 vehicles per day, thus eliminating all Class 1 roads from the County network.

This change has necessitated a change in the allocation rates per kilometre of County roads maintained in order to maintain existing funding amounts to LMPs. The table below identifies the current and proposed rates to be utilized in the allocation funding model.

Road Classification (assumed 80km/h)	EXISTING Allocation Rates per km	PROPOSED Allocation Rates per km
Class 4	\$ 4,909.97	\$ 5,310.00
Class 3	\$ 5,204.07	\$ 5,475.00
Class 2	\$ 5,828.41	\$ 6,900.00
Class 1	\$ 7,227.88	N/A

Bill 63, St. Thomas - Central Elgin Boundary Adjustment Act, 2023

The Province's Bill 63 transferred a section of Ron McNeil Line (CR 52) from the County of Elgin to the City of St. Thomas' jurisdiction. As a result, a 2.474km long section of a Class 3 road has been removed from the Municipality of Central Elgin's responsibility to maintain as a County road and the funding formula has been revised accordingly.

The table below incorporates this Bill 63 change, the new MMS classifications and unit rates into the maintenance allocation funding formula.

Maintenance Provider	Total kms	Class 4	Class 3	Class 2	Current	Annual Allocation	Difference
Proposed Allocation/km	Maintained	\$ 5,310.00	\$ 5,475.00	\$ 6,900.00	Allocation	(using NEW Rates)	
Town of Aylmer	4.046	0	0.606	3.440	\$ 24,596.86	\$ 27,053.85	\$ 2,456.99
Mun. of Bayham	91.672	28.348	63.324	0	\$ 496,693.95	\$ 497,226.78	\$ 532.83
Mun. of Central Elgin	136.726	12.577	98.360	25.789	\$ 783,229.95	\$ 783,248.97	\$ 19.02
Mun. of Dutton/Dunwich	96.77	46.912	49.858	0	\$ 520,160.03	\$ 522,075.27	\$ 1,915.24
Township of Malahide	145.021	14.682	109.344	20.995	\$ 812,920.47	\$ 821,485.32	\$ 8,564.85
Township of Southwold	99.94	17.004	74.496	8.440	\$ 567,255.88	\$ 556,392.84	-\$ 10,863.04
Mun. of West Elgin	99.64	35.383	64.257	0	\$ 539,640.49	\$ 539,690.81	\$ 50.31
Column Total	673.815	154.906	460.245	58.664	\$ 3,744,497.63	\$ 3,747,173.84	\$ 2,676.21

The resulting annual allocations are maintained to at least the same amount for all LMPs with the exception of the Township of Southwold. Wellington Road (CR 25) has been reclassified from a Class 1 to a Class 2 roadway resulting in this reduction in funding.

With the anticipated execution of a new Road Maintenance Agreement, these annual funding allocations will be paid effective January 1, 2023. Rather than seeking a claw back of funds already delivered to the Township of Southwold, staff recommends to maintain the existing funding allocation provided to the Township of Southwold for the balance of 2023. New unit rates are proposed to be utilized in 2024 and going forward. The anticipated annual October CPI applied to the funding formula should restore the current allocation amount to Southwold for the 2024 calendar year.

FINANCIAL IMPLICATIONS:

The proposed RMA funding revisions will increase the 2023 operating budget by \$13,539.25 once the new agreement is executed.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input type="checkbox"/> Exploring different ways of addressing community need. <input checked="" type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Additional Comments: None.

LOCAL MUNICIPAL PARTNER IMPACT:

New funding allocation rates will be presented in the new RMA.

COMMUNICATION REQUIREMENTS:

This report is recommended to be circulated to the LMPs so that these proposed changes are transparently identified.

CONCLUSION:

The County's Road Maintenance Agreement (RMA) provides transfer payments to our local municipal partners (LMPs) to fund their County road maintenance responsibilities.

The Province's MMS roadway classification definitions were revised in 2018, essentially eliminating Class 1 roads from the County's network. The proposed revisions to the unit rates in the funding model ensure that LMPs are provided at least the same funding they currently receive to maintain County roads.

Additionally, a section of Ron McNeil Line has been transferred to the City of St. Thomas as part of Bill 63 and this change has also been reflected in the proposed allocation calculations.



All of which is Respectfully Submitted

Peter Dutchak
Acting Director, Engineering Services

Approved for Submission

Don Shropshire
Chief Administrative Officer/Clerk

