



# Corporate *NO: R130*

# Report *COUNCIL DATE: June 24, 2002*

<b>REGULAR COUNCIL</b>			
<b>TO:</b>	<b>Mayor &amp; Council</b>	<b>DATE:</b>	<b>June 19, 2002</b>
<b>FROM:</b>	<b>General Manager, Engineering</b>	<b>FILE:</b>	<b>5400-28</b>
<b>SUBJECT:</b>	<b>Pavement Cut Reinstatement System</b>		

## RECOMMENDATIONS

1. That the pavement cut reinstatement fees be adjusted to ensure full cost recovery, including an allowance for pavement degradation, and that the rates be set at \$65 per square metre for areas less than 50 square metres and \$55 per square metre for areas greater than 50 square metres, with a minimum charge of \$400.
2. That a pavement cut degradation component of the pavement reinstatement fee be directed towards general pavement maintenance and repairs.
3. That the City pursue the collection of pavement cut reinstatement fees from all private utility companies excavating on Surrey streets.

## INTENT

The intent of this report is to inform Council of the results of a recent review of the Pavement Cut Reinstatement System and to obtain Council approval for proposed amendments.

## BACKGROUND

The City of Surrey has a major capital investment, in the order of \$2 billion in its road infrastructure. As experienced in all growing municipalities, the roads get cut up frequently for underground utility installations by a variety of different parties (e.g., B.C. Hydro, B.C. Gas, Telus and other telecom providers, developers, contractors, and city crews). These pavement cuts reduce the life of the road infrastructure, and therefore reduce the value of the City's investment, especially if the pavement cut is not repaired adequately.

The City of Surrey instituted a Pavement Cut Reinstatement Fee System in 1993 to minimize the long-term impact of pavement cuts on the City's road infrastructure. This system requires the applicant make a pavement repair to a fixed standard and also pay a fixed pavement cut fee (\$40 a square metre) for the permanent restoration of the pavement cut by an overall City paving contract after the trench has had sufficient time to settle and stabilize. It was felt appropriate to conduct an overall external review of the system, which has now been completed and the technical report is available on file in the Engineering Department.

## DISCUSSION

The review, which included an assessment of pavement repair practices that are being utilized by a variety of cities throughout North America, also included a number of research studies on the impact of utility cuts on street systems in the context of Surrey's situation. The review concluded that Surrey's existing system is a good system and that Surrey should continue to manage its pavement repairs through this system. However, the review highlighted that Surrey's system could be improved through refinements to the system administration, and amendments to the standards and construction procedures. Staff are implementing these refinements. Additionally, the review concluded the system should be modified in two fundamental areas – both related to the Council's user-pay principle:

- Rates should be adjusted to achieve full cost recovery and an allowance for trench induced pavement degradation added.
- Utility companies should be included in the system.

### Rate Adjustment

The review included a detailed comparison of the current costs Surrey is incurring and concludes the present pavement cut rates are not fully recovering the costs to Surrey for the final pavement restoration. The rates last were updated in 1999 and increases in the cost of asphalt have occurred since then. Also, there is not sufficient allowance for appropriate overhead costs. The review calculates an average direct pavement reinstatement costs to Surrey as follows:

#### *Area of Cut    Cost per Sq.M.*

Less than 50 sq.m.    \$55

More than 50 sq.m.    \$45

This compares to the current flat rate of \$40 per square metre. Currently the City collects \$200 to \$250,000 a year in pavement cut fees.

### Pavement Degradation Fee – New Initiative

In addition to the direct pavement reinstatement costs, the overall life of the pavement is reduced by the nature of the trenching process even after pavement cuts are repaired to high standards. As a consequence, the City of Surrey's long-term pavement maintenance costs are increased significantly due to trenching activity. These future costs are not recovered at present through the rate structure. In accordance with the philosophy of full user-pay, some allowance should be made for the effect that the pavement trenching process has on the long-term value of the street system and based on data from across North America, a pavement degradation allowance of approximately \$10 per square metre should be added to the direct repair cost for this purpose. This funding in excess of the direct costs for pavement cut restorations would be dedicated towards full-depth

patching repairs or pavement overlays, the need for which is accelerated by the trenching activity.

Lastly, the review also concluded that the current \$50 administration fee is best eliminated and included in the per square metre rate, and that a minimum \$400 charge be instituted to account for the very high unit costs of small repairs.

It should be noted that while the recommended rates represent a significant increase in the current rate, they are less than what is presently being charged for pavement repair in many urban centres. In addition, the actual pavement repair costs are usually only a very minor portion of the overall costs of a municipal infrastructure job. This is especially true of land development with the pavement cut fees historically being a very small portion of the overall development costs (i.e., less than 1%). These updated fees (including the pavement degradation fee) will generate approximately an additional \$100,000 a year, which will be fully directed to pavement reinstatement and restoration.

### **Utility Companies**

At the present time, not all outside utility companies follow the pavement cut restoration fee system in Surrey. Instead it has been their practice to do their own follow-up pavement reinstatement after their trenches have stabilized. While this may substantially be in line with the City's method of pavement restoration, there is less rigorous monitoring and inspection than for the works the City carries out under contract. This may subsequently result in long-term infrastructure problems, which the City of Surrey inherits; consequently, efforts will be made to include all outside utility companies within the City of Surrey's pavement cut fee system. There are potential ways of enabling local government to manage utility company pavement repairs in this manner; however, it should be noted that it does require ongoing management efforts and resources to ensure that the utility companies comply. At present, the City of Vancouver is the only GVRD municipality that has been successful in administering outside utility company pavement repairs under a flat rate pavement repair system.

## **CONCLUSION**

The external review found that the Surrey Pavement Cut Reinstatement System is generally a good system and has identified some items that staff are undertaking refinements on regarding the system administration, and amendments to the standards and construction procedures. In support of the Corporate user-pay principle, Council approval is sought for two fundamental system revisions including adjusting the flat rates for full cost recovery inclusive of future pavement degradation, as well as extending the system to also regulate outside utility company pavement repairs.

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