

# Staff Report to Council



**Report From:** Don Giberson, Infrastructure & Development General Manager

**Meeting Date:** September 29 2025

**Report:** ID- 10-2025  
Allocation of Road Restoration Costs on Urban Street Reconstruction Capital Projects

## Recommendation

That South Huron Council receives Staff Report ID-10-2025 for Allocation of Road Restoration Costs on Urban Street Reconstruction Capital Projects.

## Report Overview

<b>Purpose of Report</b>	For Information
<b>Council Priority Alignment</b>	Infrastructure Investment/Asset Management Plan
<b>Consultations</b>	<b>Rebekah Msuya-Collison, Chief Administrative Officer/Deputy Clerk</b> <b>Shane Timmermans, Transportation Services Manager</b> <b>Alyssa Keller, Environmental Services Manager</b>
<b>Attachment(s) to Report</b>	Staff Report re: 2012 Operating Budget Adjustments and Impacts dated January 16, 2012

## Report Highlights

- Historically a portion of the road restoration cost for urban street reconstruction projects has been allocated to water and sewer. This impacts

user fees as a financial contribution is required from water and sewer to pay for a proportionate share of road restoration costs.

- The impact of restoration costs on water and sewer user fees should be better communicated to the public; or consideration should be given to reallocating these costs to the Transportation Services Capital Budget.

## Context and Background

As directed by Council staff have researched the background and rationale for the current practice of allocating 50% of the road restoration costs on urban street reconstruction projects to water and sewer.

There has been some sharing of road restoration costs between water, sewer, and roads dating back to amalgamation in 2001 and pre-amalgamation between the Exeter PUC and the Town of Exeter. However, urban street reconstruction projects were generally not coordinated with water and sewer until 2006, when the streets in Huron Park residential area were reconstructed along with full replacement of storm sewers, sanitary sewers and watermains. Cost allocations were determined on a project-by-project basis until 2012, when the allocation of road restoration costs was formalized.

As part of regular budget deliberations, a staff report dated January 16, 2012 was provided to Council with information regarding potential budget adjustments, including potential reallocation of road restoration costs on urban street reconstruction projects. Council accepted the recommendation to reallocate 20% of the road restoration costs to water and 30% to sewer for the proposed 2012 Sanders Street East Reconstruction Project. Council further directed staff: *“That road restoration costs (excluding any road upgrades and surface asphalt) for all future combined water/sewer/road reconstruction projects (2013 and beyond), be funded 20% by the Water Capital Budget; 30% by the Sewer Capital Budget; and 50% by the Roads Capital Budget.”*

The rationale for the reallocation of road restoration costs was that if water and sewer work was carried out independent of road work, the user pay budget would be responsible for 100% of the associated road restoration costs. It was also noted that coordinating user pay budgets and levy-based budgets maximizes efficiencies, achieves economy of scale and results in the most cost effective project. Coordination of infrastructure projects is also a recommended Best Practice as set out in the National Guide to Sustainable Municipal Infrastructure (InfraGuide) best practice publication DMIP 5: Coordinating Infrastructure Works, published by FCM and the National Research Council. A 50% allocation to water and sewer was deemed at that time to be a fair allocation of the road restoration costs.

In 2013 surface asphalt was added to the road restoration costs to be reallocated to water and sewer. Since that time, 50% of the road restoration costs for all urban street reconstruction projects, with the exception of MTO Connecting Link funded projects, have been funded by water and sewer. These restoration costs have been

incorporated into the calculation of the water and sewer user fees, as they form part of the cost of water and sewer capital projects and contribute to the amount of contribution to the capital replacement reserve.

## **Discussion and Staff Recommendation(s)**

The allocation of road restoration costs for urban street reconstruction projects to water and sewer impacts the user fees. However, reallocating these costs to the levy-based road budget impacts the tax levy; or will result in less urban street reconstruction work, as less funds become available.

The impact of restoration costs on water and sewer user fees should be better communicated to the public. Consideration should be given to reallocating these costs back to the Transportation Services Capital Budget.

## **Impact Analysis**

### **Financial Impact:**

Based on the forecasted capital costs of urban street reconstruction projects (i.e. combined projects) of \$4.5M, reallocating all road restoration costs to the Transportation Budget would result in an approximate 26% reduction in capital expenditure for water and a 35% reduction in capital expenditure for sewer for combined projects. However, this also results in a 42% increase in the capital expenditure for roads for combined projects.

Longer term the net effect would be a reduction in water and sewer user fees and a corresponding increase in the tax levy, or a reduction in service levels.

### **Legal Impact:**

There are no legal implications for the Corporation resulting from the proposed recommendation.

### **Operational Impact:**

If service levels are reduced and urban street reconstruction projects are reduced, repair, maintenance and emergency costs will increase.

### **Community Impact:**

A reduction in service levels will negatively impact the community, as a result of the deteriorating condition of existing infrastructure and emergency repairs.

## **Linkages**

- [South Huron Water & Wastewater Master Plan \(2025\)](#)
- [South Huron Asset Management Plan](#)
- [State of the Roads Infrastructure Study](#)

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**Respectfully submitted,**

**Don Giberson, Infrastructure & Development General Manager**

## Report Approval Details

Document Title:	ID10-2025 - Allocation of Road Restoration Costs.docx
Attachments:	- 2012-01-16 (Operating Budget adjustments and impacts).pdf
Final Approval Date:	Sep 25, 2025

This report and all of its attachments were approved and signed as outlined below:

**Alex Wolfe - Sep 24, 2025 - 8:53 AM**

**Julia Warwick - Sep 25, 2025 - 3:10 PM**

**Rebekah Msuya-Collison - Sep 25, 2025 - 3:24 PM**