

# STAFF REPORT

**TO:** Chairman and Members, Engineering Services Committee

**FROM:** Steve Elkington, Asset Engineer Roads

**REFERENCE:** R874

**DATE:** 7 October 2008

**SUBJECT:** **LOW TRAFFICKED ROADS SEALING RATE**

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## 1 PURPOSE

To recommend to the Committee an increase in the sealing rate used to calculate the landowner/s contribution as set out under Council's Low Trafficked Roads Sealing Policy.

## 2 BACKGROUND

Back in the early 1990's Council devised a policy which enabled landowners off the end of a sealed road, where the road would not have otherwise qualified for sealing under subsidised road funding criteria, to have the gravel road sealed.

## 3 COMMENT

In recent time with the increase in bitumen and fuel costs, it is necessary to increase the current sealing rate of \$32.00/m<sup>2</sup> used to calculate the landowner(s) share of the cost in the policy. The rate is used to calculate the cost of constructing a sealed pavement width of 4.5metres irrespective of length and location in the district.

The landowner pays 50% of the calculated cost using this rate. However where the actual rate calculated from the cost of the work is less than the rate stated in the policy then it has been Council's policy to only claim from the landowner the cost based on the lower rate.

The sealing rate for the policy was last reviewed back in April 2006, since then the Producer Price Index (Construction) has increased by 17.7%. A review of other seal extension contract rates for similar work in the last year has indicated rates ranging between \$43.16/m<sup>2</sup> to \$53.77/m<sup>2</sup>. The recommended increase to \$45/m<sup>2</sup> (excluding GST) represents an increase of 40% over the existing rate. It is felt this new rate is a fair representation for this type of work which is often undertaken on short sections requiring establishment costs similar to bigger jobs. Also, as stated above Council reviews this rate on a job-by-job basis and if the actual rate comes in lower then applicants are only charged the lower rate.

#### **4 RECOMMENDATION**

**THAT the Engineering Services Committee approve the increase in the sealing rate used to calculate the landowner/s contribution in Council's Low Trafficked Roads Sealing Policy to \$45.00/m<sup>2</sup> (Excluding GST).**

Steve Elkington  
**Asset Engineer Roads**