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DELIVERY OF ROAD MAINTENANCE ACTIVITIES LINE PAINTING PROGRAM

The Transportation and Works Committee recommends the adoption of the recommendations contained in the following report, September 22, 2006, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council endorse the proposed change to the delivery method of the line painting program from a contracted service to in-house delivery, as outlined in this report.

2. Regional Council authorize the issuance of a tender for the purchase of a line painting truck, prior to the approval of the 2007 Budget and Business Plans.

2. PURPOSE

The purpose of this report is to provide information to the Transportation and Works Committee and Regional Council on a proposed change to the delivery of the line painting program, and to seek authorization of the proposed change to allow for the issuance of a tender for the purchase of a line painting truck prior to the 2007 budget approval to be ready for the 2007 season.

3. BACKGROUND

On November 25, 2004, Regional Council endorsed the Optimized Service Delivery Plan for the Road Maintenance section of the Roads Branch. The goal of the plan is to create an environment where the Region selects how the maintenance service is delivered, based on cost and delivery time.

An Optimized Service Delivery Plan will produce the following benefits:

- The ability for the Region to select the service delivery methods based on the best value for the work done.

- Reduce dependency on contractors should they not be available and/or prices are higher than expected.

- Increase staff to carryout improved service delivery on a range of activities to allow for better customer service response.

4. ANALYSIS AND OPTIONS

The proposed 2007 Business Plan and Budget includes an additional three maintenance workers for roads maintenance for the line painting program and a reduction in contracted services. The changes proposed will result in a reduction to the tax levy component of the budget of $72,000/year, except for the initial capital cost of the purchase of the line painting truck.

The additional staff will allow the Region to pursue its goal of creating an optimized service delivery environment that provides for a reduction in service time and a reduced reliance on contracted services. The shift in service delivery will help address the additional work required by the growth of the system over the last six years, approximately 330 lane/km, without an increase in the budget. The additional staff will also allow the Roads Branch to meet the performance targets of the line painting program within the allotted service time period and allow greater flexibility for better customer service response.

During the winter period, the additional staff allocated to the line painting program will perform the regular duties of a road maintenance worker at the Central Patrol Yard and will allow for a reduction of one combination plow/spreader truck supplied by the contracted services.

The shift in these services is designed to balance employee workload and improve the level of service with no impact on the budget.

The existing line painting contract expires at the end of the 2006 season. A new contract will be required for small line markings i.e. stop bars, crosswalks and turn direction arrows for 2007. The North and Central Yards Winter Maintenance contract is up for renewal in 2007, therefore, no contracts will be broken or terminated.

The delivery schedule for new line painting trucks can be up to six months. The specialized nature of these units does not justify the placement in dealers' inventories. Discussions with the suppliers have indicated that in order to obtain the delivery of the unit prior to May 2007, orders must be placed for the unit no later than November 2006. As a result, staff is requesting authorization to issue a tender for the line painting truck immediately, prior to the approval of the 2007 budget.

4.1 Existing Service

Currently, the line painting program is 100% contracted out. The contract has two major activities. The first is the line painting and the second is application of small line markings.

It is proposed, at this time, only the line painting application component be removed from the contracted services and be delivered in-house.

5. FINANCIAL IMPLICATIONS

The proposed 2007 tax levy costs to implement the line painting program delivery are outlined in Table 1. Funds have been included in the proposed 2007 Roads Operating and Capital Budgets to cover the cost. In addition, there will be a one time capital expenditure of $350,000 to purchase a vehicle to carryout the line painting. Based on a savings of $72,000/year, this cost will be netted out within a five-year period. The funding for the vehicle is from Development Charges, 76.5% and Tax Levy 23.5%. The Tax Levy component is $82,250 which will be covered by the savings ($72,000/year) within the first two years of operation. The vehicle operating costs include a contribution to the Fleet Reserve for the future replacement of the vehicle.

To offset the labour and operating component that would be incurred with the additional three staff during the winter season, it is planned to reduce the equipment provided by the winter maintenance contractor by one vehicle. The shift in this service is designed to balance employee workload and improve the level of service. This will result in this proposal being cost neutral during the winter period.

Table 1
Proposed Program Delivery Change

Additional Proposed Staffing	Line Painting Costs	Winter Maintenance Costs
Duration	33 weeks	19 weeks
2007 (3) Maintenance Workers	$121,000	$71,000
2007 Paint Material Costs	$308,000	
2007 Vehicle Operating Costs	$44,000	$12,000
2007 Reduction in Contracted Services	($542,000)	($86,000)
Tax Levy Impact	**($69,000)**	**($3,000)**
Total Tax Levy Impact	**($72,000)**	

The additional staff will allow the Region to pursue its goal of creating an optimized service delivery environment that provides for a reduction in service time and a reduced reliance on contracted services to provide a better balance of these service deliveries. The additional staff will also allow the Roads Branch to meet the performance targets the line painting program within the allotted service time period and allow greater flexibility for better customer service response.

The changes proposed will result in a reduction to the tax levy component of the budget of $72,000/year after the savings have been deducted from the reduced contracting out component.

6. LOCAL MUNICIPAL IMPACT

The proposed change in the delivery method of the line painting component of the line painting program from a contracted service to in-house delivery will allow for improved service delivery and quicker response to local needs and requirements. This will better align our service delivery with the local municipalities.

7. CONCLUSION

The proposed change to the delivery of the line painting program will result in an annual savings of $72,000/year and also allow the Roads Branch to meet the performance targets of our line painting program within the allotted service time period and allow greater flexibility to allow for better customer service response. This is in keeping with the Optimized Service Delivery Plan endorsed by Regional Council on November 25, 2004 to improve service delivery on a range of activities to allow for better customer service response.

It is recommended that Regional Council endorse the delivery change and pre-approval be provided prior to the adoption of the 2007 budget for the purchase of a line painting truck.

The Senior Management Group has reviewed this report.