5
DELIVERY OF ROAD MAINTENANCE ACTIVITIES SUPPLEMENTAL REPORT

The Transportation and Works Committee recommends:

1. **The recommendation contained in the following report, September 22, 2005, from the Commissioner of Transportation and Works be adopted; and**

2. **The following recommendations contained in the report, August 24, 2005, from the Commissioner of Transportation and Works and deferred by the Transportation and Works Committee at its meeting held September 7, 2005 be adopted:**

   (1) Regional Council endorse the second phase of the Road Maintenance Optimized Service Delivery Plan in principle, as outlined in this report.

   (2) The associated four positions be referred for discussion in the proposed 2006 Roads Transportation Budget and Business Plan.

1. RECOMMENDATION

It is recommended that:
1. This report be received for information.

2. PURPOSE

This report is to provide supplementary information to the report initially submitted entitled Delivery of Road Maintenance Activities to Transportation and Works Committee on September 7, 2005 (*Attachment 1*) and deferred for consideration on October 12, 2005.

3. BACKGROUND

On September 7, 2005 the report Delivery of Road Maintenance Activities was submitted to Transportation and Works Committee. The purpose of the report was to provide an update on the Region's recent Road Maintenance Delivery Review, and to seek endorsement for the second phase of the proposed Optimized Service Delivery Plan.

The Transportation and Works Committee requested supplementary information be supplied on the progress and effectiveness of the 2005 Phase 1 implementation and to provide this information to the next Transportation and Works Committee meeting.

4. ANALYSIS AND OPTIONS

The Optimized Service Delivery Plan is to be phased in over a five year period.

4.1 Year One (2005)

Year one consisted of the addition of eight staff to carry out road maintenance and a corresponding reduction in contracted services. The changes proposed in year one were cost neutral.

The following services were selected because they could be implemented using existing equipment and did not require any capital purchases. In addition, the identified contracts were up for renewal in 2005, therefore, no contracts had to be broken or terminated.

- Roadway sweeping
- Work zone traffic control
- Bridge washing
- Dump truck rental
- Rural grass cutting
- Safety barrier post repair
- Winter snow plow and spreader trucks (3)

For comparison purposes, the 2004 expenditures for the contracted services are compared to the 2005 staff and equipment costs to supply the same services. The comparison does not take into consideration the increase in lane kilometres or inflation. The charges in the service dollars and not the full cost of the service are shown. *Attachment 2* shows the breakdown of costs for the estimated year end values for 2005.

4.1.1 Roadway Sweeping

During 2004 Roadway sweeping services were provided using a combination of contracted services and Regional forces. The 2004 expenditure for contracted sweeping service was $31,640 with the Region in-house cost at $21,930 for a total cost of $53,570.

The 2005 expenditure for contracted sweeping to date is $5,346 with the Region in-house costs at $49,032 for a total cost to date of $54,378 or $16.08/lane kilometre.

The total estimated year end cost for 2005 is $63,741 or $18.85/lane kilometre.

The increase in in-house service delivery has allowed more flexibility in reacting to unplanned customer service requests.

4.1.2 Work Zone Traffic Control
During 2004 Work Zone Traffic Control services were provided by a contracted service. The 2004 expenditure for Work Zone Traffic Control was $107,051.

The 2005 expenditure for Regional forces Work Zone Traffic Control services to date is $56,242. There are no contracted costs associated with this activity in 2005

The total estimated year end cost for 2005 is $72,345 for a similar volume of work.

4.1.3 Bridge Washing
During 2004 Bridge Washing services were provided by a contracted service. The 2004 expenditure for Bridge Washing was $26,495.

The 2005 expenditure for Bridge Washing using Regional forces is $18,663 for a similar volume of work. There are no contracted costs associated with this activity in 2005.

4.1.4 Dump Truck Rental
During 2004 dump truck rental services were provided by a contracted service. The 2004 expenditure for dump truck rental was $42,598.

The 2005 expenditure net increase using Regional forces to date is $24,758. There are no contracted costs associated with this activity in 2005.

The total estimated year end net increase cost for 2005 is $38,451 for a similar volume of work.

4.1.5 Rural Grass Cutting
During 2004 rural grass cutting services were provided using a combination of contracted services and Regional forces. The 2004 expenditure for contracted rural grass cutting was $54,674 with the Region in-house costs at $26,464 for a total cost of $81,138.

The 2005 expenditure for rural grass cutting using Regional forces to date is $62,246. There are no contracted costs associated with this activity in 2005.

The total estimated year end cost for 2005 is $82,357.

4.1.6 Safety Barrier Post Repair
During 2004 safety barrier post repair services were provided by a contracted service. The 2004 expenditure for safety barrier post repair was $89,189.

The 2005 expenditure for contracted safety barrier post repair services to date is $42,430 with the Region in-house costs at $21,585 for a total cost to date of $64,015.

The total estimated year end cost for 2005 is $85,898.

4.1.7 Winter Snow Plow and Spreader Trucks

With a system increase over the last two years of 230 lane km an additional three trucks are required for winter maintenance operations. The average seasonal cost of one contracted truck is $83,000/season for a total of $249,000 for three trucks.

Currently the Region operates 17 units and contracts an additional 50 to supply winter maintenance services. With the eight additional staff an extended shift coverage period of 16 hours per day can implemented and as a result better use of existing equipment can be achieved. The cost of the eight extra staff during the five months of winter is estimated at $229,454 including benefits.

5. FINANCIAL IMPLICATIONS

The annual service delivery cost for 2004 and the estimated cost for 2005 have been summarized in Table 1.

Table 1
Service Delivery Costs

Service	2004 Actual Cost			2005 Estimated Cost		
	Contracted	In-House	Total	Contracted	In-House	Total
Roadway Sweeping	$31,640	$21,930	$53,570	$5,346	$58,395	$63,741
Work Zone Traffic Control	$107,051	$0	$107,051	$0	$72,345	$72,345
Bridge Washing	$26,495	$0	$26,495	$0	$18,663	$18,663
Dump Truck Rental	$42,598	$0	$42,598	$0	$38,451	$38,451
Rural Grass Cutting	$54,674	$26,464	$81,138	$0	$82,357	$82,357
Safety Barrier Post Repair	$89,189	$0	$89,189	$42,430	$43,468	$85,898
Winter Plow/Spreader trucks	$249,000	$0	$249,000	$0	$229,454	$229,454
Total	**$600,647**	**$48,394**	**$649,041**	**$47,776**	**$543,133**	**$590,909**

It should be noted that although some individual service costs are higher when using staff rather than contractors, the overall costs are reduced. This is partially due to inflation and growth in the road system from 2004 to 2005 of 125 lane kilometres.

6. LOCAL MUNICIPAL IMPACT

The proposed Optimized Service Delivery Plan 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

An Optimized Service Delivery Plan has been developed to be implemented over a five year period. Phase 1 was approved for 2005 and has proved a success in that the services that have been transferred to Regional in-house delivery have been provided at or below previous contracted costs.

It is proposed to implement Phase 2 in 2006 with the addition of four Maintenance Workers and a corresponding reduction in contracted services to improve service delivery on a range of activities to allow for better customer service response. It is recommended that Regional Council endorse the implementation in principal of the second phase of the Optimized Service Delivery Plan.

Subsequent phases will be considered in closer detail over the coming year to determine how the balance of the program might roll out.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)