

Date: July 3, 2020

To: Mayor and Members of Council

From: Geoff Wright, P.Eng, MBA, Commissioner of
Transportation and Works

Originator's files:

Meeting date:
July 22, 2020

Subject

Additional Information – 2021 to 2029 Winter Maintenance Contract

Recommendation

That the report from the Commissioner of Transportation and Works, dated June 26, 2020 and entitled "*Additional Information – 2021 to 2029 Winter Maintenance Contract*" be received for information.

Report Highlights

- On June 24, 2020 Budget Committee considered a report from the Commissioner of Transportation and Works, dated May 28, 2020 and entitled "*2020 through 2029 Winter Maintenance Contract*". The report was deferred by Budget Committee to the July 22, 2020 meeting of Council.
- The purpose of this report is to provide additional information on the new Winter Maintenance Contract, to assist Council in its decision-making, as well as to respond to the comments made by Mr. Christian Parise in his email sent to the Chair and Members of Budget Committee, dated June 23, 2020 and entitled "*Urgent Concerns Re: Winter Maintenance Tender Corporate Report to Budget Committee*".
- This report provides further information on the new Winter Maintenance Contract. In particular, additional information is provided on the timing of the award for the procurement, detailed information on the list of bids received for the procurement, clarification of increases in the base contract, information on service levels for secondary (residential) roads and clarification of legislative issues in the existing contract versus the new contract.
- Works Operations and Maintenance (WOM) staff have determined that the budget impact of the Base Contract in the New Winter Maintenance contract is \$2.2M annually and \$0.8M for 2021, and not \$3.8M and \$1.3M, respectively, and as previously reported, given identified operational and material savings by using the right number and mix of equipment to perform the job. This also takes into account the cost impact on winter

maintenance of Council's approval on July 8, 2020 of the new on-road and separated bicycle lanes to be introduced in locations across the city to rapidly improve the active transportation network in 2020 as part of the City's COVID-19 Recovery Framework.

Background

At its meeting of June 24, 2020 Budget Committee considered a report from the Commissioner of Transportation and Works, dated May 28, 2020 and entitled "*2020 through 2029 Winter Maintenance Contract*". The report was deferred by Budget Committee to the July 22, 2020 meeting of Council.

The purpose of this report is to provide additional information on the new Winter Maintenance Contract, to assist Council in its decision-making, as well as to respond to the comments made by Mr. Christian Parise in his email sent to the Chair and Members of Budget Committee, dated June 23, 2020 and entitled "*Urgent Concerns Re: Winter Maintenance Tender Corporate Report to Budget Committee*". A copy of Mr. Parise's email is attached to this report as Appendix 1.

Comments

Mr. Parise raised the following concerns with the new Winter Maintenance Contract:

"- We have time

Before I delve into these 4 concerns raised I would like to assure Members of Council that there is no rush to make a decision on Wednesday."

Additional comments from Mr. Parise are summarized below:

"These concerns represent a range of issues relating to both the quality of information presented within the Corporate Report, the winter maintenance contract & resulting costs, however I will focus on the following 4 points:

- 1. Removal of detailed financial analysis of bid prices, of standby costs (fixed costs) and of operational costs (variable costs) per service item from the Corporate Report.*
- 2. The significant increase to the base contract of \$3.8 million annually and the failure to present an honest assessment of cost changes associated with changes incorporated in to the base contract.*
- 3. The "baked-in" increase in level of service to secondary roads to the base budget by eliminating snow pack conditions through equipment changes that allow salting of secondary roads at the same time as plowing, which was not a formal Council directed activity and which carries a cost increase.*
- 4. Information provided by staff in this report that indicates contractors under the existing contract are not adhering to conditions of the existing contract and that contractors under employment of the City are in contravention with HTA regulation 555/06 'Hours of Service' . *Legal implications**

Timing of Contract:

As part of the preparation of the procurement for the new Winter Maintenance Contract, staff consulted with potential bidders with a view to improving the procurement process. A consistent message from potential bidders was the requirement to have 18 months lead time from the award of the procurement to the commencement of the new contract, to provide time for the successful bidders to secure the required vehicles and equipment.

In addition, the existing winter maintenance contract cannot be extended for the following reasons:

- All 19 contractors in the existing contract would have to agree to extend for the extra one year holding their 2020-2021 prices for the 2021-2022 winter season. Staff discussed this with the existing contractors in 2019 during the pre-work for the new procurement and all 19 contractors were not willing to extend; therefore, this option was not pursued any further.
- Tendering individual procurements for those unwilling to extend would be problematic to administer, would likely lead to significantly higher operational costs due to the short contract duration and would require significant staff efforts above and beyond that which has already been exerted.
- Using this option would not allow for the improvements and efficiencies to be made to operations in terms of efficiencies, deployment and adherence to standards, practices and regulations as described further in this report.
- As a result, this option is simply not feasible.

Detailed Financial Analysis:

In consultation with staff from Materiel Management, WOM staff made the decision not to include the list of bids received for this procurement as appendices in the report from the Commissioner of Transportation and Works dated May 28, 2020 and entitled “*2021 through 2029 Winter Maintenance Contract*”. As mentioned by members of Budget Committee at its meeting of June 24, 2020, the report is detailed and complicated as is, and for this reason, staff chose not to include the results of the procurement in the report with a view to streamlining the document.

In response to Mr. Parise’s request, attached as Appendix 2 is the list of bids received for the procurement for the new Winter Maintenance Contract.

Base Winter Maintenance Contract:

A staff team comprising Scott Holmes, Senior Manager, Works Administration, Operations and Maintenance; Ken Lauppe, Manager, Works Operations; Jerry Pinchak, Maintenance Contract Co-ordinator; Justin Hollet, Maintenance Contracts Co-ordinator, Ryan McHugh, Supervisor,

Operations Program Co-ordinator; and, Stephan Banic, Operations Co-ordinator, have been working on the new Winter Maintenance Contract since March 2019, approximately 18 months. The staff on this team have dedicated the better part of their municipal careers to winter maintenance best practices and procedures and has a combined 70+ years of experience in winter maintenance contracts, management and execution of winter maintenance activities.

Further, the City is well served by several of the above staff who provide volunteer instruction on behalf of the Ontario Good Roads Association (OGRA):

- Ken Laupé, in addition to his 30+ years of municipal winter maintenance experience, is also a Past President of the OGRA, and provides winter instruction at both their Road and Snow Schools. The Snow School is recognized as the premier training school in Ontario for teaching best winter maintenance practices. Ken was also a contributor to the OGRA/Conservation Ontario *“Good Practices for Salt Management in Vulnerable Areas”* document and sits on the Minimum Maintenance Standards (MMS) for Municipal Highways Review Committee.
- Both Scott Holmes and Ryan McHugh have recently joined the OGRA instruction team in teaching winter maintenance to other municipalities; they both provide an important complementary skill set perspective to winter operations.

Some of the City of Mississauga’s winter maintenance practices are outdated and not consistent with current industry best practices. For example, with respect to the existing contract the following provides more specific information:

- front end loaders and farm style tractors are used to plow secondary roads followed by trucks to salt the roads, rather than using combination plow and salt trucks to do both activities at the same time;
- inadequate numbers of the above loaders and tractors combined with subsequent (and sometimes multiple) salting operations result in route completion times sometimes taking longer than approved City service levels and the Province’s MMS, rather than utilizing the appropriate number of combination plow and salt trucks; and,
- with the existing operations, more salt is required in attempting to break up the snow pack road surface as a result of vehicle traffic prior to plowing operations.

In summary, the City’s outdated winter maintenance practices result in increased operational costs and additional salt use based on existing procedures. Winter maintenance service levels and the MMS are met, for the most part, given the City’s ability to “set the clock” with legislation recently introduced by the Province. Municipalities now have the ability to declare a Significant Weather Event to delay the start of the clock, subject to certain conditions as established by Environment Canada.

In addition, consultants were engaged in 2019 to conduct a Yard Master Plan review for the Parks, Forestry and Environment (PFE) and WOM Divisions. The results of the Yard Master Plan review will inform the 2022 Business Planning and Budget Process.

There are four yards shared by the PFE and WOM Divisions, namely Clarkson, Malton, Mavis and Meadowvale. The Mavis yard was constructed in 1956 and is 64 years old. The Clarkson and Malton yards were the next yards constructed in 1977 and are 43 years old. The Meadowvale yard was the most recent yard constructed in 1996 and is 24 years old.

Preliminary results from Phase One of the Yard Master Plan review indicate the following for the shared yards:

“At all of the Yards, there is insufficient outdoor space to store the vehicles, equipment and materials. For example, some contractor employees are forced to use one parking stall for both their private vehicle and their work vehicles. This requires additional time for parking and decreases contractor productivity;

At all of the Yards, there is insufficient outdoor space to manoeuvre the vehicles, equipment and materials safely and efficiently around the yard. This shortage of space increases the time required to park the vehicles, and increases the risk of vehicle and pedestrian accidents. It also increases the risk of work refusals;”

The ability of WOM staff to continue to meet winter maintenance service levels and MMS is not sustainable given the status of the yards and related facilities, as well as the number and mix of vehicles and equipment included in the existing Winter Maintenance Contract.

As a result and as a first step, WOM staff prepared the new base Winter Maintenance Contract with a focus on ensuring operational efficiency and setting equipment levels based on established best service delivery and salt management practices with a view to providing Council approved service levels and to meeting the MMS for winter operations under the *Municipal Act 2001*.

The new Winter Maintenance Contract also had to take into account the additional winter maintenance requirements of the Hurontario LRT targeted for implementation in 2024.

At its meeting on July 8, 2020 Council considered the report from the Commissioner of Transportation and Works entitled *“The City of Mississauga’s Active Transportation COVID-19 Recovery Framework”*. The Active Transportation COVID-19 Recovery Framework recommends adding 17.9 kilometres (11.1 miles) of new on-road bicycle lanes and separated bicycle lanes in locations across the City. The new Winter Maintenance Contract considers revisions to operations as the modes of transportation change as the City moves forward with both the Hurontario LRT and Active Transportation initiatives.

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The cost increase in the new base Winter Maintenance Contract, in comparison to the existing base winter contract, is as a result of the following:

- various increases in the operational and standby rates;
- increased number of standby days for certain types of equipment;
- changes to the mix of equipment; and,
- increases in the number of equipment.

Appendix 3 summarizes, in detail, the above-noted changes and the related cost impact, not taking into account operational efficiencies.

Secondary (Residential) Roads:

The City's service level for secondary roads varies between 24 hours to more than 36 hours after a winter event depending on the amount of snow accumulation.

The Province's MMS service level for secondary roads is more specific for their treatment (salt or plow/salt) after a winter event:

- within 24 hours for snow accumulation; and,
- within 16 hours for icy roadway conditions.

The MMS service level, while voluntary to be adopted by municipalities, is deemed by the Province to be a reasonable standard in providing protection from legal claims regarding personal injury and property damage.

Currently, completion of secondary roads following a winter event generally meets the City's 24 hour service level for snow accumulations of 15 cm or less. However, when subsequent salting operations are included due to extended winter events or back-to-back storms, then the 24 hour service level is usually exceeded on a number of routes.

As noted earlier in this report, one of the many focuses of the new Winter Maintenance Contract includes meeting the Province's MMS. As both the City's and MMS service levels are consistent regarding snow accumulation at 15 cm or less (24 hours), staff's efforts in procuring additional equipment is not an increase in service level but rather a diligent endeavour to meet both service levels with respect to plowing and salting by following industry best practice of utilizing combination plow and salter units.

Legislative Issues:

O. Regulation 555/06, Hours of Service of the Highway Traffic Act speaks to the hours of operation of Commercial Vehicle Operators Registration (CVOR) licensed equipment by drivers, which typically includes dump trucks with plows and wings and larger pickup trucks. However,

they do not include graders, front end loaders, farm tractors, sidewalk tractors, backhoes and skid steers, and the drivers of this equipment are exempt from the regulation.

Drivers of CVOR licensed equipment can be on duty (combination of driving and non-driving time while at work) up to 14 hours in a 24 hour period, with the remaining time deemed off duty or a rest period. During prolonged or severe winter events, under the regulation, the City can declare an “Hours of Service Exemption”, which allows drivers to exceed the 14 hours. The City though, limits its staff to 16 hours in keeping with its collective agreement with CUPE Local 66, while allowing contractor drivers to exceed 16 hours as they operate under their own CVOR certificate, and not the City’s.

During the past two winter seasons with a new Works Administration and Operations Maintenance management team in place, it was identified that several contractors using CVOR licensed equipment did not have replacement drivers as required under the contract when routes were still incomplete. Summarily, liquidated damages were applied and routes were either done by others or left unattended until the drivers returned. This may result in service levels not being met. In speaking with the contractors, they admit to staffing challenges at the beginning of the winter season as the same drivers are used for their summer construction operations; retention of drivers who sometimes go to the “highest bidder” for their services; and, the lack of qualified drivers, whose pool is shared with other GTA contractors. Staff have confirmed the same in discussion with other municipalities and contractors.

For the upcoming year of the current contract, staff are reviewing routes to determine if efficiencies can be found to shorten their lengths. In addition, staff will continue to emphasize to the contractors the need to follow the contract with respect to a sufficient number of qualified replacement drivers when required. Staff will continue to apply liquidated damages against the contractors when the contract is not adhered to.

Further, Mr. Parise claims that WOM staff may be in collusion with winter maintenance contractors. WOM considers this a very serious allegation as staff are expected to strictly adhere to the City’s Code of Conduct. We are unaware of any actions by staff to support Mr. Parise’s allegations and therefore welcome Mr. Parise to provide evidence to support his claims so that this matter can be further investigated.

To address the industry challenges, and ensure adherence to both the City’s service levels and Province’s MMS, staff are requesting additional equipment. This will allow for:

- route completion times more in line with the maximum “Hours Of Service” driving times (thereby mitigating but not necessarily eliminating the need for replacement drivers);
- ensuring industry best practices are applied for better efficiencies regarding equipment deployment; and,

- better adherence to effective salt management principles (“the right amount in the right place at the right time”) with a view to material savings especially in salt vulnerable areas.

Financial Impact

In light of the presentations at the Budget Committee meeting of June 24, 2020 from Gary Kent, Commissioner of Corporate Services and Chief Financial Officer, and Jeff Jackson, Director of Finance and Treasurer, on the COVID-19: Financial Recovery Pillar, 2020 Financial Update and the Preliminary 2021 Operating Budget, WOM staff diligently reviewed the base contract in the New Winter Maintenance Contract with a view to identifying and quantifying the operational efficiencies and material (salt) savings, and related impact, to the annual and 2021 base contract budget increases.

The following table shows the results:

Winter Services	Existing Contract Total	New Contract Total	Contract Increase Annual	% Tax Increase Annual	Contract Increase 2021	% Tax Increase 2021
Base Contract	\$14.8	\$18.6	\$3.8	0.71%	\$1.3	0.24%
Operational cost savings in New Contract Base	Not applicable	-\$1.7	-\$1.7	-0.31%	-\$0.6	-0.1%
Material Savings in New Contract Base	Not applicable	-\$0.4	-\$0.4	-0.07%	-\$0.1	-0.02%
Total New Contract Base	Not applicable	\$16.5	\$1.7	0.33%	\$0.6	0.12%

As part of the City’s COVID-19 Recovery Framework, it was recommended that new on-road and separated bicycle lanes be introduced in locations across the city to rapidly improve the active transportation network in 2020. On July 8, 2020, Council approved moving forward with this recommendation. This will result in an increase of \$0.5M annually in 2021 operating budget for Winter Maintenance, which will partially offset the operational and material savings identified above from \$2.1M to \$1.6M on annual basis and \$0.7M to \$0.5M for 2021, exclusively.

Conclusion

This report provides further information for Budget Committee’s consideration on the new Winter Maintenance Contract. In particular, additional information is provided on the timing of the award for the procurement, list of bids received for this procurement, clarification of increases in the base contract, information on service levels for secondary (residential) roads and clarification of legislative issues in the existing contract versus the new contract.

In addition, WOM staff have determined that the budget impact of the Base Contract in the New Winter Maintenance contract is \$2.2M annually and \$0.8M for 2021, and not \$3.8M and \$1.3M, respectively, given identified operational and material savings by using the right number and mix of equipment to perform the job.

Attachments

- Appendix 1: Email from Mr. Christian Parise to the Chair and Members of Budget Committee, dated June 23, 2020 entitled *"Urgent Concerns Re: Winter Maintenance Tender Corporate Report to Budget Committee"*
- Appendix 2: List of Bids received for the Procurement for the New Winter Maintenance Contract
- Appendix 3: Explanation of Changes in Base Contract for New Winter Maintenance Contract



Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works

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