

Document 2 – Summary of KPMG’s Recommendations from the Winter Operations Final Report

This document summarizes the recommendations outlined by KPMG in its final report related to the Winter Operations Review and provides the rationale for the acceptance of, agreement in principle with, or rejection of a particular recommendation in the staff report for consideration by Council.

KPMG proposed 18 recommendations and staff accepted or agreed in principle with 14 recommendations, amended 2 recommendations and did not accept 2 recommendation.

Cost savings associated with of some of the recommendations provided by KPMG have interdependencies. As well, some savings cannot be combined as the recommendations must be viewed as either/or options.

All costs included in the KPMG report are based on specific assumptions, sources and hypotheses that are outlined in the relevant sections of the main document.

Table 1 - Summary of KPMG's Recommendations

	KPMG Recommendation	Page #	Associated Potential Savings	Action	Rationale for Staff Action
				Accepted	
				Not Accepted	
				Amended	

	KPMG Recommendation	Page #	Associated Potential Savings	Action	Rationale for Staff Action
Beat and Service Level Adjustments					
1	<p>While keeping the current Council-approved Maintenance Quality Standards, change the way beats are organized to reduce the “over-servicing” of collector streets by choosing one of the two options:</p> <p><u>OPTION A (\$1.2M)</u></p> <ul style="list-style-type: none"> 1) Class 2 & 3 roads 3 hours for salting and plowing 2) Class 4 roads adjusted to 6 hours for salting and plowing <p><u>OR</u></p> <p><u>OPTION B (\$1.3M)</u></p> <ul style="list-style-type: none"> 1) Class 2 roads at 3 hours for salting and plowing 2) Class 3 and 4 roads at 4 hours for salting and 	Pages 9, 67, 76	\$1.2M to \$1.3M	Accepted	<p>Staff acknowledges that cost savings will be realized through a reduction of material usage (leading to reduced maintenance of the roadway surface during the spring and summer season) and by lengthening the beats.</p> <p>Option A restores the original principle behind the Maintenance Quality Standards classification of roadways.</p> <p>This option is proposed for implementation per Recommendation b of the cover report.</p> <p>Separating out the Class 2’s (arterials) from the Class 3’s (major collectors) as described in Option B would be a challenge when designing the beats. Since the two classes of roadways often overlap, the increased deadheading (non-operational vehicles movements) factor would reduce any associated cost savings with this option.</p>

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	plowing				
2	<p>Currently all salt beats are designed to be plowed in three hours. But when salting, salt trucks can generally salt two lanes at once, meaning they can salt the roads in less than 90 minutes (they also travel faster when salting).</p> <p>At least one zone currently has a combination of in-house and contracted salt trucks. When there is only a need for salt application, they just use the in-house vehicles and do not call out the contracted salters. This still allows them to salt all roads in three hours as approved by Council, and lets them plow in three hours by calling in extra resources. The same concept could be used by having some salt trucks staffed on both shifts, and some only staff on the</p>	Pages 9, 11, 68, 76	\$1.3 to \$1.6M	Amended	<p>Staff acknowledges the need to find the correct ratio and distribution of contracted services to in-house staffing.</p> <p>The KPMG report recommends reducing operational staff on night shift and supplementing with contracted staff.</p> <p>Staff agrees with this recommendation and will be broadening its scope to include a review of both day and night shift resources in applying this approach. This is referred to as the “Tiered Deployment Approach” in the Committee report.</p> <p>The City recognizes that this will be implemented in a phased in, multiyear approach, taking into account union implications, service level considerations, equipment adjustments and staff realignment.</p> <p>This option is proposed for implementation per Recommendation a of the cover report.</p>

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	<p>days shift.</p> <p>KPMG suggested that this option can be achieved by reducing the night shift so that it has enough salt trucks to salt all roads within three hours and additional resources can be called in to supplement an overnight plow run.</p>				
3	<p>While reducing Council Approved Maintenance Quality Standards (referred to as “Option A” in the KPMG report):</p> <ul style="list-style-type: none"> Retain the MQS standard for Class 2 roads with 3 hours for salting and plowing. For class 3 and 4 roads extend plowing to 6 or 8 hours. For class 5 roads extend plowing to 12 hours. Incremental savings therefore <u>not recommended for implementation</u> 	Pages 71, 72, 76	\$20K to \$92K	Accepted	Agree with KPMG’s rationale that the incremental savings does not justify the service level adjustments required and therefore <u>this will not be implemented.</u>

	KPMG Recommendation	Page #	Associated Potential Savings	Action	Rationale for Staff Action
4	<p>While reducing Council Approved Maintenance Quality Standards (referred to as “Option B” in the KPMG report):</p> <ul style="list-style-type: none"> Extend the time for a plow run on Class 2 roads from 3 hours to 4 hours Allow for the elimination of 29 to 33 salt beats 	Pages 10, 71, 72, 76	\$2.4 to \$2.7M	Not Accepted	<p>This item would require a change to the current Council approved Maintenance Quality Standards.</p> <p>The ability to eliminate 29 to 33 salt beats would be a significant adjustment that requires further analysis. Current technology does not allow for tracking of time to complete salt beats that would be required. The Road Services Branch is acquiring technology for this coming winter season that will aid in this analysis.</p> <p>These beats were initially designed and implemented 10 years ago when the technology did not allow for complete verification of the time required to complete a beat.</p> <p>This recommendation would also further reduce staff complements impacting the ability to provide core services between events, including reduced city resources to respond to larger events.</p> <p>This recommendation would create a need for greater contracted services, not accounted for in these savings.</p> <p>To operationalize this recommendation would not</p>

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					translate into the savings noted.
5	While reducing Council Approved Maintenance Quality Standards: <ul style="list-style-type: none"> Plow Class 5 residentials at 10cm accumulation rather than 7cm 	Pages 10, 18, 51, 52, 73, 75, 76	\$1M	Accepted	This recommendation has minimal impacts to the current service levels and is consistent with other municipalities benchmarked in the KPMG report. This option is proposed for implementation per Recommendation c of the cover report.
6	Extending service levels to the full provincial Minimum Maintenance Standard (MMS) <ul style="list-style-type: none"> e.g. taking six hours to plow arterials, 24 hours to plow residential <u>KPMG does not recommend this option</u> as the potential savings likely would not justify the lower service levels	Pages 10, 69, 70, 76	\$2 to \$4M	Accepted	Agree with KPMG's rationale that the potential savings does not justify the extreme reduction in service levels required and therefore <u>this will not be implemented.</u>
Staffing					
7	<ul style="list-style-type: none"> One shift system, with one operator "owning" one piece of equipment for one beat. 	Pages 98, 99		Accepted	Agree with KPMG that this model would not work for the City of Ottawa because of Ontario's Commercial Vehicle Operator's Registry (CVOR)

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	<p>Schedule is daytime, but called in as required for events (utilized in Fredericton)</p> <ul style="list-style-type: none"> • <u>KPMG recommends that this would not work</u> in Ottawa because of Ontario's CVOR regulations and Ottawa's weather 				<p>regulations and Ottawa's weather and therefore <u>this will not be implemented.</u></p>
8	<ul style="list-style-type: none"> • Creating four shifts of "critical" salt truck operators • Currently used in London • <u>KPMG does not recommend</u> the four shift system because the cost would be very much like current costs, and it would require moving to longer salt beats 	Pages 98, 99, 111		Accepted	<p>Agree with KPMG that this model should not be implemented in the City of Ottawa because the costs would be very similar to current costs and it would require moving to longer salt beats. <u>This option will not be implemented.</u></p>
Salt Inventory Management					
9	<ul style="list-style-type: none"> • Although a number of cities used some forms of measuring salt use, reporting was generally based on salt 	Page 128		Accepted	<p>KPMG found that the City of Ottawa's measuring and reporting related to salt management is consistent with the majority of other jurisdictions reviewed. In order to further realize savings, the</p>

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	<p>procurement with year end inventory assessments.</p> <ul style="list-style-type: none"> Gatineau does send random supplier delivery trucks to a scale to test invoice accuracy – and has never identified a shortage. None of the cities contacted have been able to reconcile salt purchases and salt use. The inaccuracies in measuring salt have been too significant regardless of measurement method employed. The reporting conducted by Ottawa based on procurement and year end inventories is consistent with the majority of other jurisdictions, and abides by the standards set out within the Code (Environment Canada's Code of Practice for the Environmental 				City will continue to improve practices related to the Salt Inventory Management system.

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	Management of Road Salts).				
Contracting					
10	<ul style="list-style-type: none"> Converting all residential plowing to contracted resources could reduce costs by about \$850,000, however it may be necessary to retain some in-house resources for other tasks that cannot be performed during snow events, which could reduce the number of beats that are converted, so savings of \$500,000 to \$600,000 would seem more realistic Extending the contracting of salt beats in areas where duplicate runs are filling available time may save \$380,000 	Pages 11, 140, 141, 142, 145	Approx \$980K combined	Amended	<p>Agreed in principle and staff acknowledges the need to find the correct ratio and distribution of contracted services and in-house staffing.</p> <p>Staff has determined that the tiered deployment approach, as detailed in Recommendation 2 of this summary, addresses the need for a correct ratio and distribution of contracted services and in-house staffing while producing substantially higher savings.</p>
11	The existing area contract with Goldie Mohr should be	Pages 11, 143, 144,	\$220,000 to	Not	The City continues to work within the terms and conditions of the existing contractual agreement

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	discontinued	145	\$245,000	Accepted	with Goldie Mohr.
Other options for consideration by the City					
12	Consider setting a new (longer) service level for large storms to manage expectations realistically, and develop a corresponding communications plan.	Pages 12, 52, 74		Accepted	<p>Agreed in principle, as it supports the current wording in the Council approved Maintenance Quality Standards (MQS), which states:</p> <p><i>“Under extreme winter storm conditions (i.e. those that exceed normal conditions) snow and ice control operations will be carried out based on the capacity of resources in as continuous a manner as practicable, consistent with the classes of roads as detailed in table 103.01.01.”</i></p> <p>Establishing a communications plan will allow for improved public awareness and education on the City’s capacity for snow and ice control during extreme winter conditions.</p>
13	Snow disposal: Consider allowing public access (with a fee) to selected snow disposal sites for limited hours.	Page 12, 87 et 88		Accepted	Agreed in principle. This opportunity needs to be further examined to determine what potential revenue is available when taking into account limited capacity at snow disposal facilities and high

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					associated administrative and upfront costs.
14	Ensure Planning and Development Services gives adequate consideration to snow and ice control requirements in developing new standards for suburban development.	Page 12, 85, 88		Accepted	Agreed in principle. The Public Works department is actively involved in working groups (i.e. Building Better and Smarter Suburbs and Complete Streets) which aim at a collaborative approach to the planning and development of suburbs.
15	Adjust contracting approaches to minimize costs and risks: <ul style="list-style-type: none"> - Reduce the guaranteed hours on Hwy 174 contract - Engage all snow removal trucks on a lowest cost basis rather than a rotational basis (It should be noted that the dump truck owners are organized and have opposed changes in the approach in the past.) - Ensure there are adequate tools to manage contractors when performance is 	Pages 12, 145, 147, 150		Accepted	<p>Agreed in principle, although, reducing the number of guaranteed hours on the current HWY 174 contract will likely result in higher hourly costs, reducing any potential savings.</p> <p>Given the current process of engaging all snow removal trucks on a rotational basis, the city has been able to adjust the eligibility list for hired trucks. Working with Purchasing, snow removal trucks are now placed on the eligibility list if their financial offers are less than or equal to the average cost per cubic metre of all offers submitted plus 10% (ten percent). This means lower cost hired equipment will be given priority and a reasonable supply will be available to be</p>

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	suboptimal. Hired equipment contracts should be reviewed before future tender calls to ensure managers have sufficient tools to achieve effective performance –while still encouraging contractor participation.				hired. Further review of this item will be completed to assess any further savings. Use of current technology, such as Where is my Plow and WebTech (salt management technology), has allowed for the better monitoring and management of contractor performance.
16	Consider licensing the placement of “private” snow on the road right of way in defined circumstances	Pages 12, 88		Accepted	Agreed in principle. This opportunity needs to be further examined to determine any potential revenue when taking into account administrative costs as well as the limited areas where private snow can be permitted on a right-of-way. This recommendation would require a partnership with other City departments (i.e. By-Law Services).
17	Consider requiring on-street parking permit holders to stay off a street until the parking lane has been plowed	Pages 12, 155		Accepted	Agreed in principle. Through the 2015 Winter Overnight Parking Regulations report, recommendations were made to encourage on-street permit parking holders to stay off the street during a major winter storm. Potential for re-evaluation to consider additional requirements in

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					the future. <u>This option will not be implemented at this time.</u>
18	Restrict parking on two sides of streets wherever this interferes with salting or plowing	Pages 12, 155		Accepted	Agreed in principle. Through the 2015 Winter Overnight Parking Regulations report, recommendations were made to encourage on-street permit parking holders to stay off the street during a major winter storm. Potential for re-evaluation to consider additional requirements in the future. <u>This option will not be implemented at this time.</u>