



**The Regional Municipality of Halton**

Report To: Regional Chair and Members of Regional Council

From: Jim Harnum, Commissioner, Public Works

Date: June 19, 2019

Report No. - Re: PW-29-19 - Regional Road Maintenance Agreements

**RECOMMENDATION**

1. That Halton Region enter into new Road Maintenance Agreements with the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville for the repair and maintenance of Regional Roads for a period of five years commencing January 1, 2020 with an option to extend an additional five years to December 31, 2029.
  
2. THAT the Director of Legal Services and Corporate Counsel be authorized to prepare all agreements and ancillary documents to carry out the above recommendations and that the Regional Chair and Regional Clerk be authorized to execute such agreements and documents upon passage of a By-law for that purpose.
  
3. THAT the Commissioner of Public Works be delegated authority to negotiate amendments to the Road Maintenance Agreements between the Regional Municipality of Halton and its Local Municipalities as outlined in Report No. PW-29-19 to the satisfaction of the Director of Legal Services and Corporate Counsel and the Commissioner of Finance and Regional Treasurer.
  
4. THAT the Regional Clerk forward a copy of Report No. PW-29-19 to the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville for their information

**REPORT**

**Executive Summary**

- Halton Region contracts the repair and maintenance of Regional Roads to the Local Municipalities, which includes winter maintenance activities.

- A review of the administration of the Regional Roads Agreements was undertaken to identify opportunities to streamline and achieve efficiencies that would not significantly change service levels or have a budget impact beyond inflation and growth.
- The Halton Area CAOs approved the recommendations from the review as noted in Attachment #1 to Report No. PW-14-17, re: “Regional Road Maintenance Agreements” and Memorandums of Understanding were entered into with each of the Local Municipalities for a one-year trial period to test the administrative changes to the program.
- As the trial period has proven to be successful, the Halton Area CAOs recommend that the Regional Roads Maintenance Agreements be amended to reflect the changes unanimously approved by the Halton Area CAOs.
- It is recommended that the Commissioner of Public Works be delegated authority to negotiate amendments to the Agreements to incorporate the administrative improvements noted in the individual Memorandum of Understanding and observed during the trial period. Any contract changes would need to be to the satisfaction of the Director of Legal Services and Corporate Counsel and the Commissioner of Finance and Regional Treasurer.
- The new Regional Road Maintenance Agreements will commence January 1, 2020 and the current Memorandums of Understanding will be extended to December 31, 2019.

## **Background**

Halton Region has an Agreement with each of the four Local Municipalities for the provision of maintenance on Regional Roads in their respective jurisdictions. The Road Maintenance Agreement sets out specific services to be provided by each of the Local Municipalities with respect to Halton Region’s road infrastructure, establishes the timeframes in which these activities are to be completed and how maintenance works are reported back to Halton Region. These Agreements, along with the accompanying Contractor’s Maintenance Services document, ensure that the best practices for road maintenance are adhered to and minimum maintenance standards are in effect.

In May 2015, Regional Council approved Report No. PW-15-15 which approved a 5-year extension to the Regional Road Maintenance Agreements with each of the Local Municipalities to June 1, 2020 with an option to extend an additional five years to June 1, 2025.

In 2016, BMA Management Consulting was engaged to review the administration of the Regional Road Maintenance Agreements to identify opportunities to streamline processes and create efficiencies. The Halton Area CAOs approved detailed

recommendations from the review as noted in Attachment #1 to Report No. PW-14-17. The basic recommended changes included:

For non-winter maintenance:

- A fixed price (including administrative overhead) contract for summer activities based on a lane/km cost,
- Broad definition of the routine maintenance to be included in fixed price,
- Invoicing based on work orders only for one-time or emergency situations; and,
- Local Municipalities assuming responsibility for non-winter road patrol of Regional Roads.

For winter maintenance:

- Establishing a consistent approach for allocating winter maintenance costs between Local and Regional Roads that is based on a lane/km and incorporates a weighting to reflect the effort required for the class of road (i.e. primary vs. secondary vs. local/residential roads);
- Where winter maintenance costs for Regional Roads are tracked separately, actual costs will be billed plus a 15 per cent administration fee; and,
- Salt will continued to be billed with a 10 per cent administration fee.

The recommended changes were primarily related to the streamlining and simplifying of the billing process for the Agreement to create efficiencies for both Halton Region and the Local Municipalities. The transfer of non-winter road patrol responsibilities to the Local Municipalities also resulted in operational and service improvements.

In June 2017, Regional Council approved Report No. PW-14-17 authorizing the Commissioner of Public Works to negotiate amendments to the Agreements and enter into a Memorandum of Understanding with each of the Local Municipalities.

## **Discussion**

The Memorandums of Understanding for the one-year trial period with each of the Local Municipalities were implemented on the following dates:

- Town of Halton Hills: December 1, 2017
- Town of Oakville: January 1, 2018
- Town of Milton: April 1, 2018
- City of Burlington: July 1, 2018

As commitment in the program needs to be unanimous in order to move forward on a permanent basis, the end of the one-year trial dates were extended to June 30, 2019 as agreed to by each Local Municipality to be consistent with the City of Burlington's end date. It is expected that the end date will be further extended to December 31, 2019 to allow necessary approvals from Regional Council and each of the Local Municipal

Councils as well as time required to negotiate and finalize the administrative changes to the agreements. It is therefore recommended that the new amended agreements commence January 1, 2020.

### ***Non-Winter Maintenance Efficiencies Identified during the Trial Period***

The trial period resulted in opportunities to create efficiencies in program areas. Specifically, the following efficiencies were identified for non-winter maintenance during the trial period:

- The number of work orders issued has decreased from 2,083 in 2017 to 1,003 in 2018. It is expected that work orders will decline further as Halton Region was still issuing work orders to the City of Burlington for 6 months and the Town of Milton for 3 months in 2018.
- Reduced administration requirements and costs associated with issuing, tracking, invoicing and closing work orders.
- Invoicing has been simplified to a monthly lump sum based on a cost/lane km including a 15 per cent administration fee rather than separate line items for each work order.
- Annual inflation and growth is addressed by applying the Consumer Price Index Ontario, all-items for the preceding year along with any changes to the lane kms in the road network.
- Presents opportunities for improvement to levels of service and utilizing staff more efficiently.
- Flexibility for Local Municipalities to schedule routine activities not determined by work orders.
- Providing Local Municipalities incentive for efficiencies in their work.
- Regional Road patrol is now performed by each Local Municipality within their jurisdiction. Actual costs for road patrol are currently being tracked separately from the local road patrols to confirm costs to be calculated into the cost/lane km. Initial results have shown the costs to be comparable to Halton Region's previous costs. Any efficiency with road patrol and other inclusive activities implemented by the Local Municipalities as part of their overall maintenance program would be a savings incentive for them.

In regard to winter maintenance and the recommendations from the 2016 BMA Management Consulting study, staff reviewed the current process and confirmed a weighting of primary vs. secondary roads for local/Regional Roads is currently in place for Burlington and Oakville. Where this is not in place it was confirmed that Regional Road winter maintenance was being tracked or contracted separately with actual costs invoiced. The weighting and actual costs are both per the BMA Management Consulting's recommendation and no further changes will be implemented.

FINANCIAL/PROGRAM IMPLICATIONS

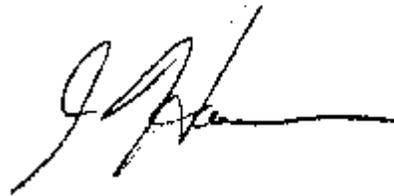
The following table summarizes the breakdown of the approved 2019 Regional Roads budget in accordance with the recommended maintenance billing classifications.

| <b>Municipal Road Maintenance Contracts</b> | <b>City of Burlington</b> | <b>Town of Halton Hills</b> | <b>Town of Milton</b> | <b>Town of Oakville</b> | <b>Total</b>         |
|---|---------------------------|-----------------------------|-----------------------|-------------------------|----------------------|
| Routine Maintenance                         | \$ 574,800                | \$ 194,500                  | \$ 497,700            | \$ 782,700              | \$ 2,049,700         |
| Cost Plus Maintenance                       | 504,500                   | 51,800                      | 174,500               | 793,600                 | 1,524,400            |
| Winter Maintenance                          | 1,468,100                 | 625,800                     | 1,943,400             | 1,773,800               | 5,811,100            |
| <b>Total Municipal Road Maintenance</b>     | <b>\$ 2,547,400</b>       | <b>\$ 872,100</b>           | <b>\$ 2,615,600</b>   | <b>\$ 3,350,100</b>     | <b>\$ 9,385,200</b>  |
| Regional Road Maintenance                   |                           |                             |                       |                         | \$ 3,455,000         |
| Operations                                  |                           |                             |                       |                         | 4,729,484            |
| Hydro                                       |                           |                             |                       |                         | 1,400,000            |
| Capital Financing                           |                           |                             |                       |                         | 36,068,191           |
| <b>Total 2019 Road Operations Budget</b>    |                           |                             |                       |                         | <b>\$ 55,037,875</b> |

Respectfully submitted,



Rob Rivers CET  
 Director, Waste Management and Road Operations



Jim Harnum  
 Commissioner, Public Works

Approved by



Jane MacCaskill  
 Chief Administrative Officer

If you have any questions on the content of this report, please contact:

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Attachments: Attachment #1 – Halton Area CAOs Regional Road Maintenance Agreement Update