



TOWN OF AURORA

ADDITIONAL ITEMS (REVISED) FOR SPECIAL GENERAL COMMITTEE 2015 BUDGET REVIEW MEETING

Monday, March 23, 2015

(continued from February 23, March 2, and March 9, 2015)

7 p.m.

Council Chambers

- **Item 13 – Memorandum from Director of Infrastructure & Environmental Services
Re: Additional Information on Budget Decision Unit #2.4
Sidewalk Snow Removal Services**

RECOMMENDED:

THAT the memorandum regarding Additional Information on Budget Decision Unit #2.4 – Sidewalk Snow Removal Services be received for information.

- **Item 14 – CFS15-011 – Update on Supplementary Tax Revenue Budget Strategy**

RECOMMENDED:

THAT Report No. CFS15-011 be received for information.

- **Item 15 – Additional Information to 2015 Draft Operating Budget – Update from the
Director of Corporate & Financial Services/Treasurer**

RECOMMENDED:

THAT the Additional Information to 2015 Draft Operating Budget – Update from the Director of Corporate & Financial Services/Treasurer be received for information.

MEMORANDUM

DATE: March 23, 2015

TO: Mayor Dawe and Members of Council

FROM: Ilmar Simanovskis, Director of Infrastructure and Environmental Services

RE: **Additional Information on Budget Decision Unit #2.4
Sidewalk Snow Removal Services**

RECOMMENDATIONS

THAT the memorandum regarding Additional Information on Budget Decision Unit #2.4 – Sidewalk Snow Removal Services be received for information.

COMMENTS

This memo is provided as additional information to the above decision unit as requested by Budget Committee.

The following is a series of questions and answers to the various questions that were discussed at the Operating budget meeting of March 9, 2015.

Why were service levels proposed to be reduced?

- Previous service levels were too high to be achieved with current resources

What guidance was used to reduce service levels?

- The revised service levels are based on the minimum requirements of the Minimum Maintenance Standard which is a document used as a defence for claims by the municipal sector

What is the risk of not matching service levels with targets?

- It is important that we can do what we say. If targets are unachievable the Town could be more exposed to claims based on not meeting our performance targets. At the bare minimum, we need to meet the Minimum Maintenance Standard.

What changes in service levels were made from the 2013/2014 season to the 2014/2015 season?

- The following table summarizes the service level changes

Parameter	2013/2014	2014/2015	Service Change
Time and depth of Snow Yonge Street	5 cm 6 hours ¹ bare pavement ²	5 cm 6 hours ¹ bare pavement ²	→
Time and depth of snow primary roads	5 cm 8 hours ¹ bare pavement ²	8 cm 16 hours ¹ bare pavement ²	↓
Time and depth of snow secondary roads	5 cm 8 hours ¹ snow pack ³	8 cm 24 hours ¹ Snow pack ³	↓
Time and depth of snow for sidewalks	5 cm 24 hours ¹ (Generally initiated after roads were completed)	5 cm 24 hours ¹ (Now a separate company with requirement to start shortly after roads are started)	↑
Ice control on Yonge Street	4 hours ¹	4 hours ¹	→
Ice control primary	5 hours ¹	12 hours ¹	↓
Ice control secondary	5 hours ¹	16 hours ¹	↓
Sanding of Secondary Roads	All surfaces	Hills, curves and intersections	↓

Notes: The depth of snow in the table is the trigger point after which staff will deploy the equipment

- This is the target completion time from the time when equipment is dispatched
- Bare Pavement is removal of all snow
- Snow pack on the road is the allowance of a layer of snow to remain on the road and occurs because there is no salt used on these roads.

What equipment is available to meet these service levels?

- The following presents the equipment in the 2013/2014 season and the 2014/2015.

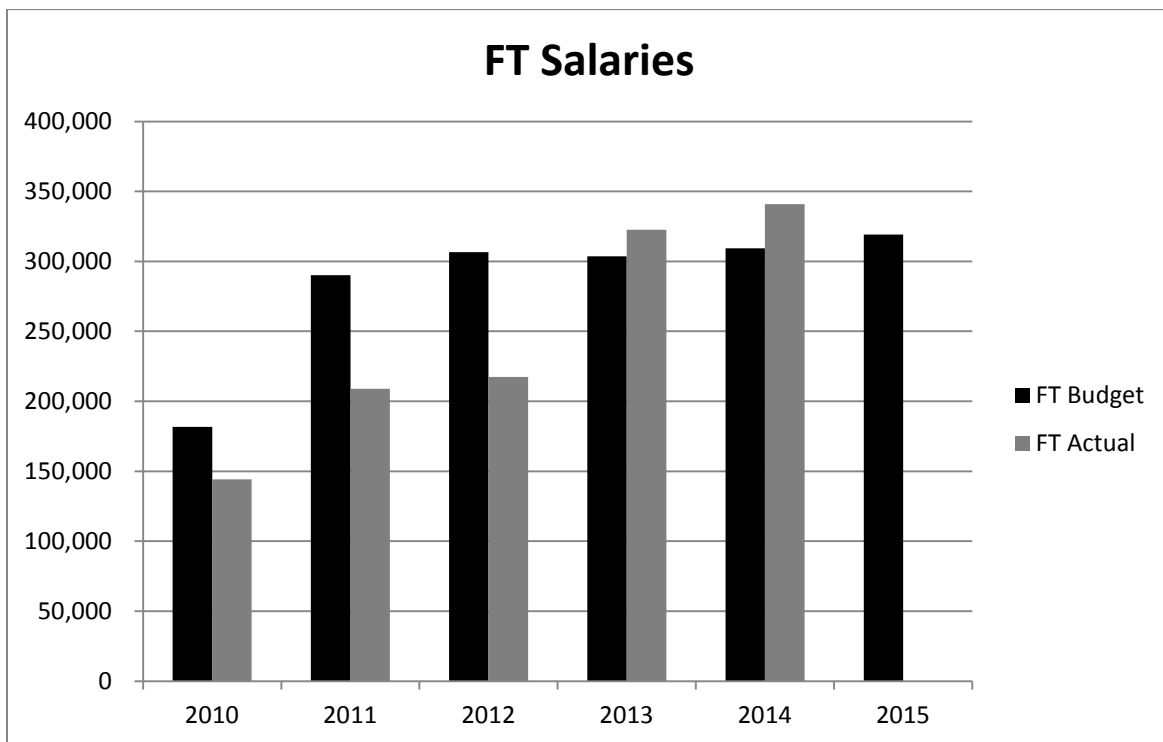
Parameter	2013/2014	2014/2015	Change
In house sidewalk machines	3	0 (3 machines are available and used if staff are available but are not factored into the service level delivery requirements)	↓
Contracted sidewalk machines	4	6	↑
In house plow machines	5 plus 2 spare trucks	5 plus 2 spare trucks	→
Contract Plows and drivers	4	4	→
Separate Cul de sac plowing (performed by staff)	Not practiced	3 units but not on all routes, only the routes that have the most courts.	↑

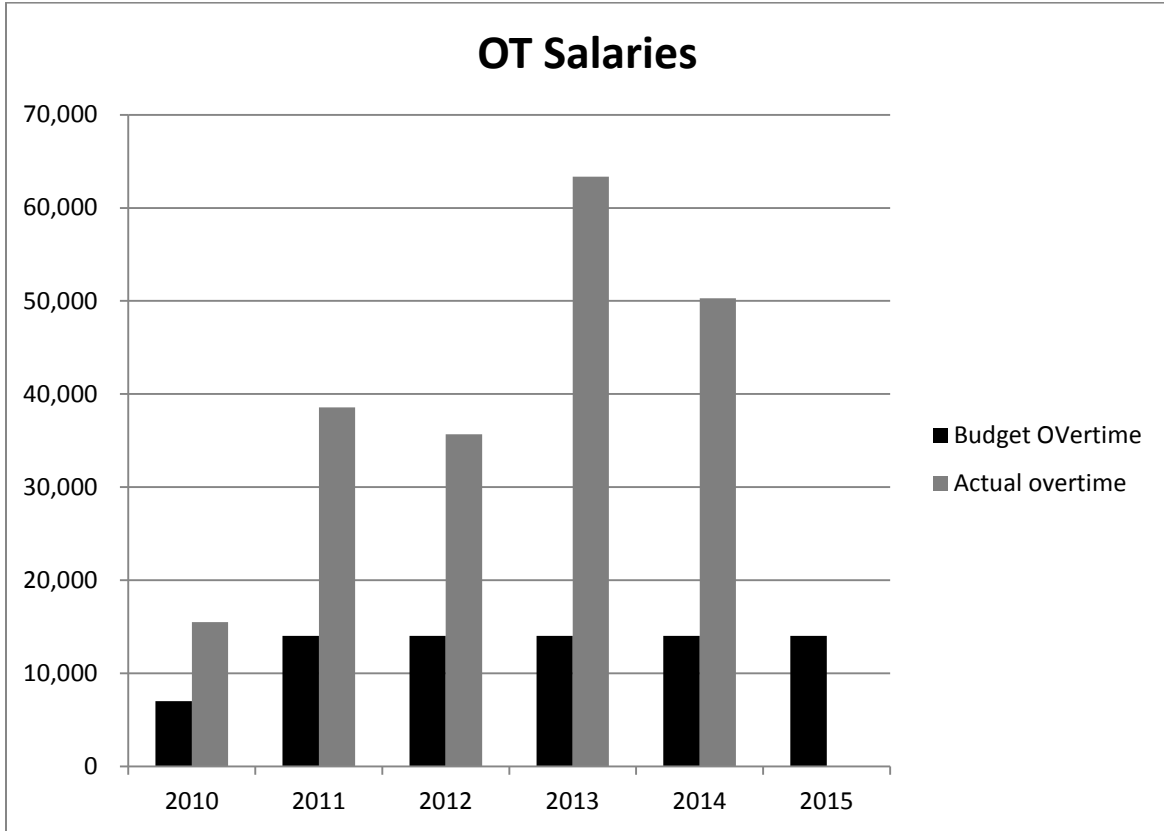
What efficiencies/service improvements were proposed as a result of the change in equipment?

- Switch from in-house sidewalks to contract sidewalks and set up a separate contractor for sidewalks to allow for concurrent start with roads clearing. This was a change to previous practice where sidewalks were only started once roads were completed.
- Avoid cul-de-sac with plow trucks (single pass through) and deploy smaller units to follow up to clean cul-de-sac. Strategy was to deploy staff who would normally go to sidewalk machines to go to smaller plow equipment to address cul-de-sacs
- Implement “where’s my plow” as a communication tool to inform residents concerned with plow activity and allow them to track real time progress.
- Avoid “special requests” and focus on meeting service levels throughout community

What does the line by line budget comparison look like for the winter program?

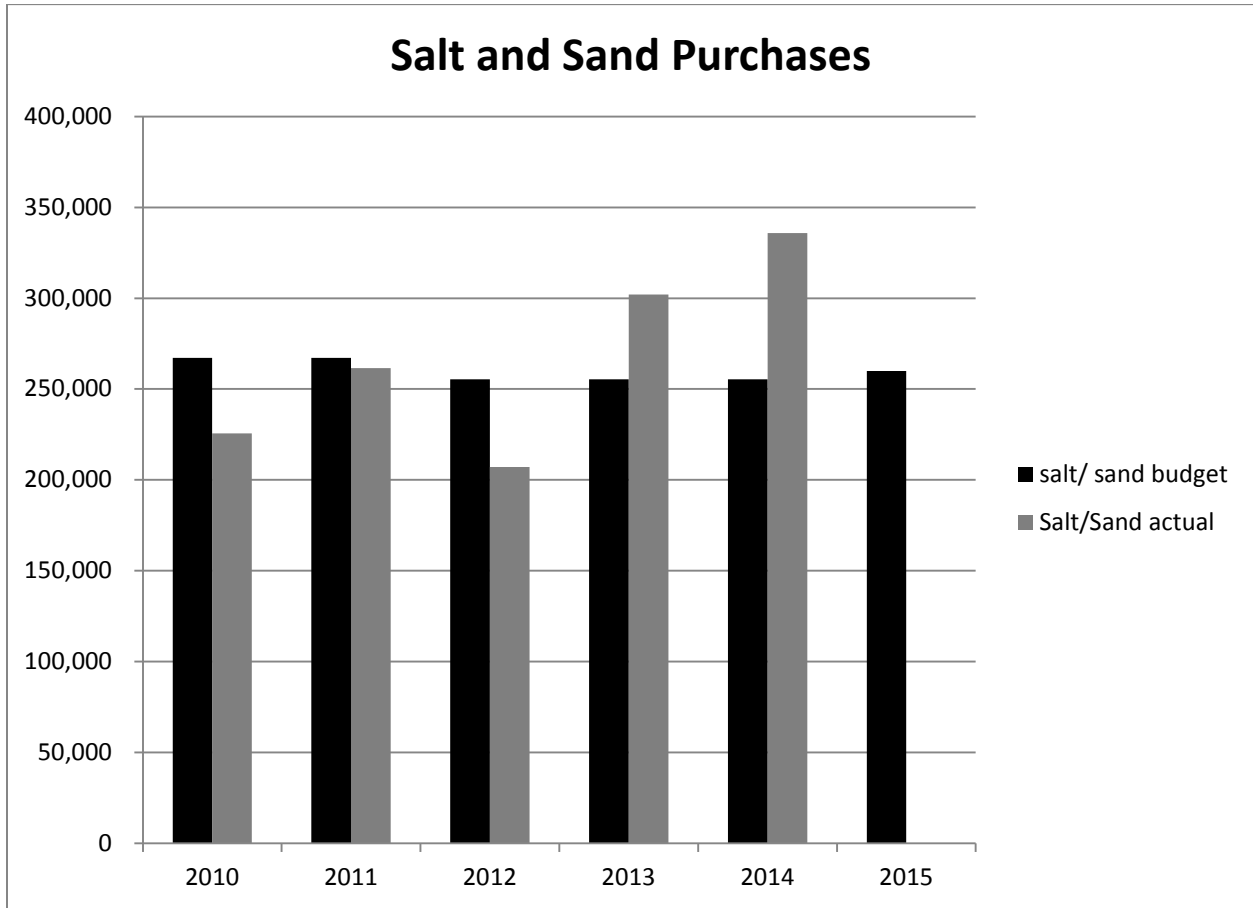
- The winter program is made up of the following budget lines:
 - Salaries FT, OT (excluding benefit costs)
 - Materials (salt and sand purchases)
 - Contracts
- The following graphs present the FT and OT salary trends.





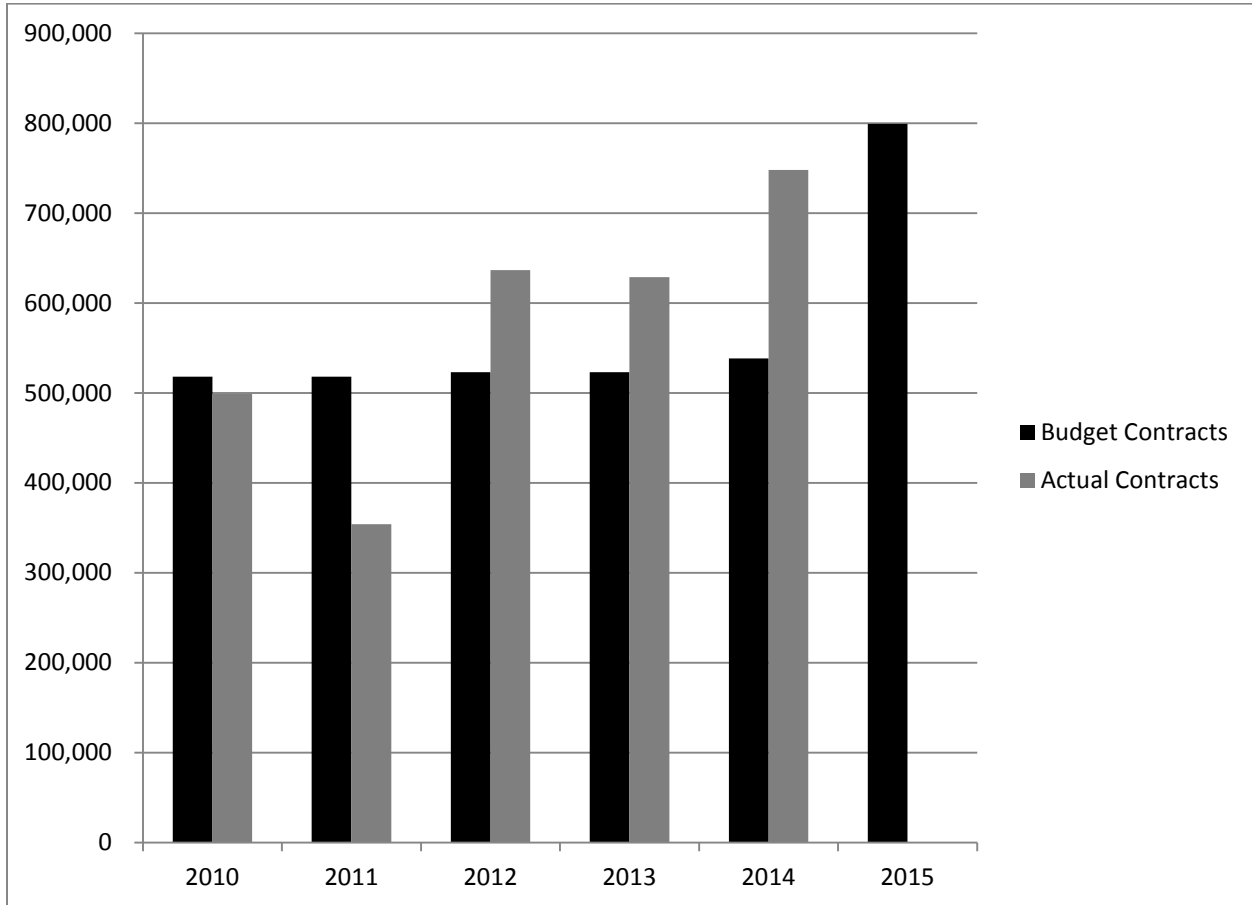
Explanation: both FT and OT costs significantly increased in the 2013 and 2014 years primarily related to the severity of the winters. Overtime budget has been chronically underfunded. Some overtime and part time is always required bases on staff scheduled and unpredictability of weather (weekend events, evening events).

- The following graph presents material costs:



Explanation: Again we see higher costs in 2013 and 2014 related to the increased demand for these materials caused by the harder winter conditions.

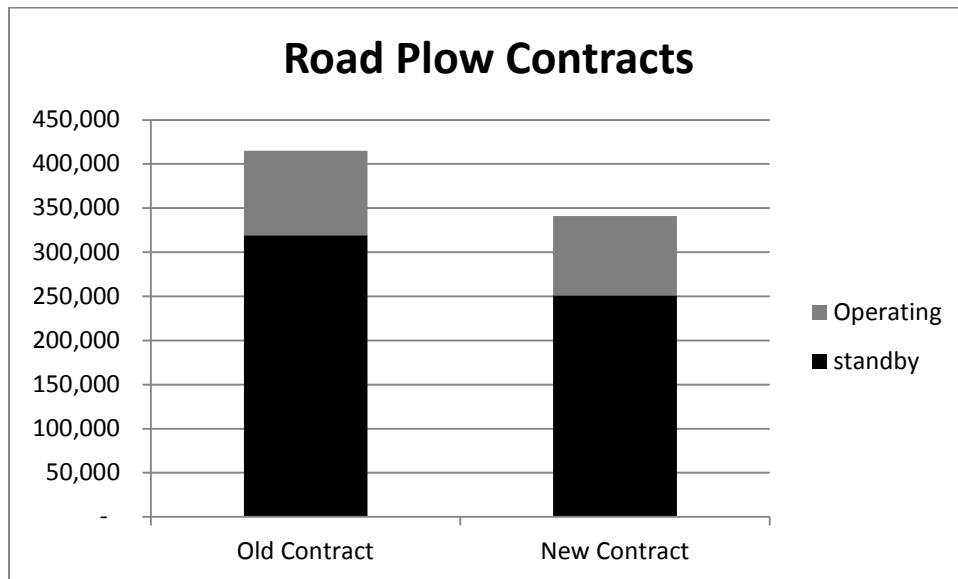
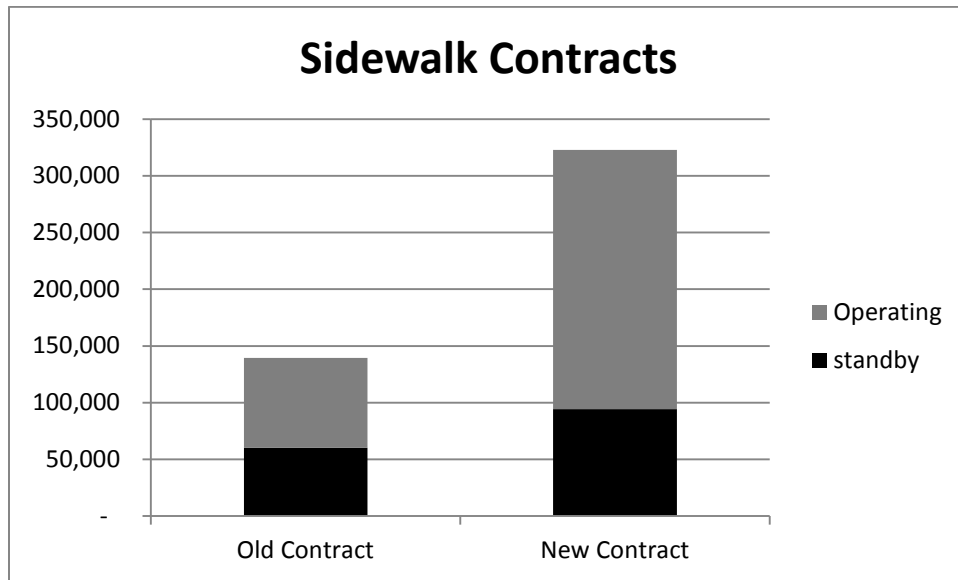
- The following table presents contracted services for the sidewalk and road plowing operations:

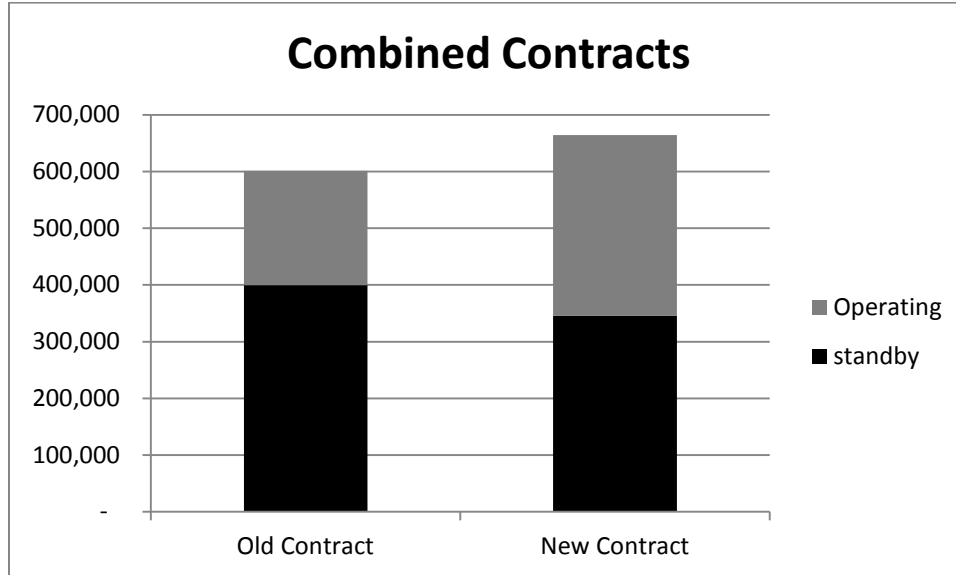


Explanation: Contracted services were required to do more in the past three years for two reasons, 1) the limitation of available internal resource hours, 2) the severity of the past two seasons. As these are unit rate contracts and not fixed price contracts, the cost of service is directly related to the number of events the contractor responds to. The budget is based on a target number of events and the 2015 budget was adjusted from the proposed amount of \$664,000 as identified in the Sept 2014 staff report IES14-049 to \$799,000 when staff reviewed the forecast 2014 year end costs and recognized that additional funding would be require to avoid a funding shortfall in 2015.

What impact does the new contract approved from Report IES14-049 have on the contracting budget?

- The following graphs are comparing the current and previous contracts for both sidewalks and roads. The previous contract equipment counts have been adjusted to match the new contract equipment counts so that a direct comparison can be made.





Explanation: We are paying \$136,000 more for the same service for sidewalk clearing. We are paying \$74,000 less for the same road clearing service. The combination is a net increase in the contracted programs of \$62,000. (Note that the actual budget for the old contract was \$540,000 based on expected demands for a real difference on contract costs of about \$122,000). The base cost for the previous contract was lower due to the fact that there were only 4 sidewalk machines and not 6 as is in the new contract.

The final analysis is that although we are paying a small amount more for the new contract overall, the costs are not that much higher than the previous contract.

If the contract only increased by \$122,000, why did Staff Report IES14-049, Award of Plowing Tenders, request a budget increase of \$255,000?

- Because the then approved 2014 budget was \$538,460. The severe weather experienced in the 2013/2014 season required additional resources combined with the expected costs for the 2014/2015 season. To ensure sufficient funding for the remainder of 2014, an additional \$225,000 was requested. Council also requested that staff report back with efficiency opportunities to recover this increase.

What are some of the reasons for the cost increase?

- The reason is directly related to the intensity and severity of winters. Factors such as high snowfalls, fluctuating temperatures and several small snow falls over several days all combine to determine how much plowing effort is required to meet targets.

Why did the tender for sidewalks (IES14-049) ask for 9 sidewalk machines but only 6 were approved?

Costing for nine machines was requested in the tender because we currently have 9 plow routes. If the cost of nine machines was within the budget, staff would have proceeded with the full request to improve the speed of sidewalk clearing. However, the hiring of 6 machines was an affordability decision. Even though this was less than the combined seven units available in the previous year (3 in-house and 4 contracted), it was felt that starting with 6 units and monitoring performance was a better approach.

Can Council add more sidewalk machines if desired?

Yes. Adding an additional contracted sidewalk machine would cost \$41,500. Alternately, an additional seasonal position can be added to provide more resource time to operate one of our in-house sidewalk machines. The estimated cost for a seasonal position is \$28,000.

How has staff responded to Council's request to find other savings to match the budget increase of \$225,000?

Staff reviewed other departmental services and could not identify any programs where this amount of savings could be achieved without resulting in significant service cuts. The only feasible option identified was to try and adjust the sidewalk clearing program as this is one of the few discretionary services provided by IES. After extensive internal discussions on alternatives to delivering this service, it was concluded that the only way to actually realize a cost savings is to reduce the level of service. A drastic reduction (allow as three sidewalk machines) would be required to reduce the budget by the desired amount. This does not include any penalty costs for cancelation of the contract for the other three machines.

ATTACHMENT

Appendix A - IES14-047 – Winter Maintenance Policy Salt Management Plan
Appendix B - IES14-049 – Award of Tenders Snow Plow and Sidewalk Contracts



**TOWN OF AURORA
GENERAL COMMITTEE REPORT**

No. IES14-047

SUBJECT: *Service Level Review for Winter Maintenance and Revised Policies*

FROM: *Ilmar Simanovskis, Director of Infrastructure and Environmental Services*

DATE: *September 2, 2014*

RECOMMENDATIONS

THAT Council receive report no. IES14-047; and

THAT Council adopt the Level of Service Targets for Winter Maintenance of Roads and Sidewalks dated June 2014 that align with Ontario Regulation 239/02, as amended by Ontario Regulation 47/13, being the Minimum Maintenance Standards for Municipal Highways; and

THAT Council adopt the Salt Management Plan dated June 2014; and

THAT staff be directed to provide winter maintenance service levels in accordance with the policies while striving to maintain existing community satisfaction.

PURPOSE OF THE REPORT

The purpose of this report is to provide Council with updated documents on Level of Service Targets for Winter Maintenance of Roads and Sidewalks and the Salt Management Plan.

BACKGROUND

Winter Maintenance Policy on service levels in need of update to better align current practices with Provincial Regulation Standards

The Town's current winter maintenance program is based on the Winter Maintenance Policy Manual dated October 1997. This policy was adopted prior to the introduction of the provincial minimum maintenance standards (MMS) which was first introduced in 2002. The Town's current service levels were reconfirmed in 2002 in Report PW02-064 titled Provincial Minimum Maintenance Standards for Municipal Highways in which the report recommended that:

THAT Council adopt Ontario Regulation 239/02 as the Town's minimum road maintenance standards, as detailed in Report No. PW02-064; and

THAT staff be directed to continue to provide the level of service for snow accumulation and ice on roadways that was previously approved by Council in 1997, as detailed in Report No. PW02-064.

Since then, staff have been making best efforts to meet the 1997 service levels. However, service levels have not been able to keep pace with growth in the community. This report provides recommendations on revisions to our current service levels that will both meet the MMS requirements while continuing to deliver the level of service the community has been accustomed to in recent years. The result of this process is to better mitigate liability related to claims from winter conditions.

Salt Management Plan as a tool to mitigate risk and liability related to salt management and application

The Code of Practice for the Environmental Management of Road Salts was first published in 2004 by Environment Canada. This code outlines the requirements for a salt management plan and is a necessary step to demonstrate the Town's use of good management practices and risk management. The current Salt Management Plan was completed in 2005 and is due for review. Legislation related to management of adverse effects of salt include:

- *Canadian Environmental Protection Act*
- *Environmental Protection Act*
- *Fisheries Act*
- *Ontario Water Resources Act*

Update on Town of Aurora Service Level Review that was completed by MNP

In November 2013, MNP Consultants presented the above report to Council wherein a number of efficiency measures were evaluated for the various services provided by the Town. Roads operating efficiency relative to MPMP data for comparable municipalities was included in the report. Based on the data presented, Aurora was reported to be 17 percent higher than the average of the comparator municipalities. Additional analysis and information is being provided to Council in this report on how Aurora currently compares to the same group of municipalities.

COMMENTS

Primary purpose of defining service levels and policies is to mitigate risk and reduce liability to the Town

Both winter road management and salt management are high risk areas of operation for the Town. These risks are primarily related to personal injury claims and environmental impact effects. The primary purpose of establishing service levels and policies for these areas of risk is to mitigate the risks and reduce liability to the Town. One of the fundamental considerations in risk management is the principle of “say what you will do and do what you will say”. When responding to a legal claim of injury, one key defence is that the Town has clear and supportable policies and service levels in place and that those policies are being delivered to the service level targets defined.

The endorsement and application of the policies and service levels within this report are key defense tools in protecting the Town from claims related to winter road operations and environmental liability.

Winter operations service levels reviewed to balance MMS requirements and operational costs while striving to maintain existing service levels

Providing safe roads while protecting the environment from undesirable effects of road salt application is an important balance when considering any changes to existing service levels. Also, community expectations are an important factor in concert with growth pressures and budget constraints. This policy review was approached by asking the question- How do we meet legislated requirements, minimize environmental impacts, maximize community safety and commutability, foster a safe work environment for staff, minimize financial risk and liability to the Town, all while being fiscally prudent with available tax dollars.

To achieve these ideals, the following principles have been applied in the review of these policies and service levels:

- Maintain aspects of service levels that support community satisfaction with snow clearing operations namely
 - Full response to a snow event (amount of equipment on the road)
 - Quality of snow clearing operations (is the snow off the road)
 - Complaint response (where is the truck and when will it get here)
- Reduce aspects of service levels that do not directly affect perceived level of service namely
 - Depth of snow fall which relates to start time for snow equipment
 - Overall duration of snow clearing activity
- Reduce or maintain service level costs both from an internal perspective as well as compared to peers

The expected outcome of applying these principles is overall costs and risks can be reduced through adjustments to the existing service levels that will maintain existing perceived service levels or potentially improving service level perception.

Winter operations service levels have been adjusted to address the following objectives:

- Continue to support a balance between environmental impact, public safety and risk mitigation
- Better match resourcing and service expectations and create achievable service targets that are in compliance with regulations

Goal is to create perception of unchanged or increased service levels through operational efficiencies

The key complaints in service level for winter operations are:

- Not knowing where the equipment is in the Town
- Not knowing when it will be on the street
- Knowing that sidewalks are treated after the roads are completed
- Having snow left in inappropriate locations due to truck maneuverability (cul-de-sac clearing in particular)

Plan to implement “Where’s My Plow” as a public web based tool for tracking equipment

To improved customer service on the first two points, staff is currently proceeding with our GPS vendor to post our GPS tracking data on a publicly accessible web site for instant feedback on winter fleet activity. This tool will give every resident the ability to see exactly where each vehicle is and what parts of the Town are complete. This tool will provide a significant benefit to community customer service with a minimal investment in utilizing data we already collect.

Change to contracted services proposed to increase response time for sidewalk operations

Currently, sidewalk operations are performed by both in-house and contracted services. Although ideal from a cost perspective, there is a delay in the in-house deliver of sidewalks due to resource constrains. The current practice is that all road crews start road operations first as well as contracted sidewalk operations. However, due to long standing resource efficiency practices, the works staff have always delayed sidewalk operations until the roads were completed as there are not enough staff to operate all the equipment concurrently. When this practice was established, the priority for the department was to create safe roads as quickly as possible. However, community expectations are changing where there is also an expectation that sidewalks are also completed at the same time. This creates a real service level gap to community

expectations. In extreme cases, sidewalks can be delayed a day or two as in-house staff struggle to catch up on the sidewalks.

To improve this aspect of service, it is recommended that sidewalk operations be fully contracted to allow for the entire fleet to be deployed at the same time as road operations. This shift will reduce completion time for sidewalks.

Change to cul-de-sac clearing practices proposed to increase quality of final clearing operations

The other significant challenge is maneuverability of snow vehicles in cul-de-sacs resulting in wasted time and poor clearing.

An industry review has identified a modified practice wherein the road plow simply passes through the cul-de-sac without fully plowing. This practice significantly increases overall route completion time. Once the roads are completed, staff would then be deployed with loader type equipment to follow back to the cul-de-sacs to properly remove remaining snow and pile it in appropriate areas. This change is manageable with current staffing levels due to the elimination of in-house sidewalk operations.

Salt management plan updated to reflect activities completed since initial 5-year plan with identification of new initiatives for the next 5-year planning period

The 2005 Salt Management Plan identified a number of initiatives to improve how the Town manages salt. The following is a summary of activities completed in support of the plan:

- Ongoing review of equipment condition and effectiveness and identification of replacement needs to ensure best salt application control
- All IES operations vehicles fitted with GPS technology to allow for full tracking of vehicle location, speed, application rates, etc.
- Pilot of salt pre-wetting with brine and eventual conversion of all trucks to salt brine application for pre-wetting
- Material application rates reduced to minimum effective rates and more analysis undertaken in deciding when to make applications based on weather conditions
- Reduced sand salt blend from 12% to 10%
- Identified a site for snow storage. Design completed in 2012.
- Developed an electronic materials usage tracking and reporting system to improve data availability and analysis
- Development of storm response guidelines

The revised salt management plan has been updated to reflect current best practices and carry forward any initiatives still in progress from the previous plan. Planned activities of significance include:

- Investigation of a joint Regional/Town remote weather information system (RWIS) which is a real time road condition and weather monitoring station that would be constructed at a suitable location within the Town.
- Pilot pre-treated salt in lieu of separate addition of liquid brine for the purpose of reduced use of salt due to increased effectiveness
- Renewal of contract service and related updating of contracted fleet
- Continued review of management of hauled snow
- Continue monitoring industry best practices on salt use, training and new technologies

Revised services compare favourably to MNP Service level review

The MNP report provided the following comparators and related MPMP results:

Table 1-MNP Roads Operation Summary

	Summer costs (\$/lane km)	Winter costs (\$/lane km)	Combined
Fort Erie	891	1,383	2,274
Milton	454	2,715	3,169
Pickering	1,634	1,840	3,474
Average of comparators	3,318	1,829	5,147
Aurora	3,652	2,383	6,035
Newmarket	4,279	2,171	6,450
Bradford West Gwillimbury	5,542	1,418	6,960
Stouffville	7,106	1,450	8,556

Based on this data set, it was concluded that Aurora's operating costs generally are higher than most of the benchmark municipalities (17 percent higher on average). As part of the overall winter program service review, staff committed to investigate those municipalities appearing to be more efficient and identify any practise that could be incorporated into our operations to realise improved efficiency.

To determine where opportunities may exist, staff reviewed the MPMP and took an additional step of reviewing the Provincial Financial Information Return reports (FIR's). 2011 was selected as a comparable year where data for all representative peers was available and consistent to that reported in the MNP report. This review uncovered the following data and reporting issues:

- For the Town of Aurora the FIR table appears to have overstated operational costs by \$906,000 or 38%
- Some municipalities reported revenue from other sources which artificially lowered operating costs which was not factored in the MNP report due to the source of data used
- Distribution of costs between the summer and winter operations and between summer and winter road lengths were not always consistent

- Some municipalities reported gravel road maintenance at an unusually high cost further skewing the overall true cost of operations (gravel road maintenance was excluded from the MNP analysis)

Based on these challenges, staff re-evaluated the FIR data set and applied the following calculations to better normalize the data and make a balanced comparison of performance:

- All revenue sources were excluded from the calculation to focus on gross operating costs
- All three categories of road costs were consolidated to identify the full cost of service delivery (being summer hard surface, summer gravel surface, and winter operations). This was done to eliminate skewed data if one category was allocated a disproportionate share of costs
- The total operating cost was divided by the average reported road km length between summer road length and winter road length. In some cases the summer and winter road lengths were different resulting in potential distorted cost comparisons.

The following Table 2 presents the results of this data normalization.

Table 2- 2011 FIR data with applied normalization

	Total Program Cost	Lane km	\$/Lane km
Fort Erie	1,834,450	798	2,299
Pickering	3,999,764	926	4,319
Bradford West Gwillimbury	3,461,040	569	6,083
Aurora	2,324,210	371	6,264
Newmarket	3,577,124	522	6,853
Stouffville	3,420,824	464	7,372
Milton	8,445,294	1,094	7,720

Aurora appears to be within the middle of the cost profile for the peer group. Based on review of operations the only significant factor differentiating Aurora from the lower cost peers is the length of rural roads vs urban roads. Rural roads are generally lower cost due to lower service levels and lower traffic volumes.

Another factor in the data is treatment of operating and capital costs. As an instance, Aurora transferred \$500,000 in annual capital costs to operating in 2011 as this investment was for routine annual road maintenance. It is unclear from the FIR data on how the peers treated maintenance and to what degree it was funded through operating or capital programs. If this change was not implemented in Aurora, the cost per lane km would have been \$4,917.

Regarding service levels, Newmarket has only a partial sidewalk program yet their overall costs are higher than Aurora where all sidewalks are cleared.

The conclusion is that Aurora is very competitive when comparing costs and level of service to the selected peer group.

LINK TO STRATEGIC PLAN

This program supports the ***Strategic Plan Goal of Supporting an Exceptional Quality of Life for All*** by improving transportation, mobility and connectivity. These policies support a program that enhances the accessibility and safety of vehicular and pedestrian traffic during the winter season.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

The recommendations in this report have been formulated based on the principle of minimizing liability risk while maintaining or improving perceived service levels to the community through balancing risk, cost and resourcing that consider all pertinent legislative requirements and best practices.

With adoption of the revised winter maintenance policy that is in line with the MMS, there is additional room to reduce service levels. However, any efforts to reduce resourcing to better match the minimum maintenance standards would increase risk due to reduced resiliency of operations during unusual storm events. The proposed strategy has created a larger buffer between the minimum service levels of the policy and the actual achievable service levels that match current expectations. This buffer is beneficial in reducing risk of liability and claim as a defense in litigation.

FINANCIAL IMPLICATIONS

The updated Level of Service Targets for Winter Maintenance of Roads and Sidewalks and the Salt Management Plan have been developed to minimize impact on financial resources while addressing best practices in winter maintenance.

Budget adjustments may be required from time to time due to severe winter conditions or during contract renewal periods when changes to the costing structure may occur.

Financial adjustments are presented in Staff report IES14-049 for 2014/2015 based on recommendations for renewal of the contracted winter fleet services.

CONCLUSIONS

The Level of Service Targets for Winter Maintenance of Roads and Sidewalks and the Salt Management Plan have been updated to incorporate best practices and recent changes to the legislative requirements. The focus has been to balance regulatory requirements with service levels, environmental stewardship and financial requirements.

When comparing service costs with a municipal peer group, Aurora is concluded to be able to provide our road operations at a competitive cost for higher services levels. However, staff are recommending additional operational enhancements to be implemented to further improve indirect customer service expectations while minimizing cost increases to the overall program.

PREVIOUS REPORTS

N/A

ATTACHMENTS

Appendix A- Winter Maintenance Level of Service Targets, June 2014
Appendix B- Salt Management Plan, June 2014

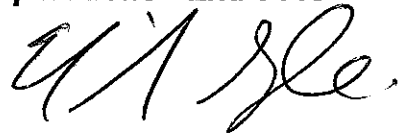
PRE-SUBMISSION REVIEW

Executive Leadership Team meeting of August 21, 2014.

Prepared by: Luigi Colangelo, Manager of Operations - Ext. 3446



Ilmar Simanovskis
Director, Infrastructure &
Environmental Services



Neil Garbe
Chief Administrative Officer



**TOWN OF AURORA
GENERAL COMMITTEE REPORT No. IES14-049**

SUBJECT: *Award of Tender IES2014-53 and IES2014-54 – Road Plowing and Sidewalk Plowing Contracts*

FROM: *Ilmar Simanovskis, Director of Infrastructure and Environmental Services*

DATE: *September 2, 2014*

RECOMMENDATIONS

THAT Council receive report IES14-049; and

THAT Council approve a funding increase of \$225,000 to the 2014 winter maintenance contracts operating budget due to increased service demands caused by the winter weather which shall be drawn from the General Tax Rate Stabilization Reserve; and

THAT Tender IES2014-53 in relation to Sidewalk Snow Plowing be awarded to the lowest responsive and responsible Bidder, Forest Ridge Landscaping Inc., for a seven (7) year term with year one funding approval for \$322,800 for the 2014/2015 winter season, excluding taxes; and

THAT Tender IES2014-54 in relation to Road Snow Plowing be awarded to the lowest responsive and responsible Bidder, Fermar Paving Limited, for a seven (7) year term with year one funding approval for \$341,200 for the 2014/2015 winter season, excluding taxes; and

THAT Council authorize the Director to renew Tender IES2014-53 and IES2014-54 on an annual basis for an additional six (6) years, pending an annual analysis and satisfactory performance review by the Director; and

THAT the Mayor and Town Clerk be authorized to execute the necessary Agreements, including any and all documents and ancillary agreements required to give effect to same.

PURPOSE OF THE REPORT

The purpose of this report is to receive Council's authorization to award Tender IES2014-54 to Fermar Paving Limited in relation to road snow removal and IES2014-53 to Forest Ridge Landscaping Inc. in relation to sidewalk snow removal.

BACKGROUND

Winter operations are performed by a combination of in-house and contracted services. These services are procured through the Purchasing By-law provisions and are typically multi-year contracts. The current contract was issued in 2008 and is due for renewal.

COMMENTS

Award of Contract

The Town issued two Requests for Tender (“RFT”) in relation to winter road and sidewalk plowing to provide service for a seven-year term. RFT IES2014-53 is for the plowing, sanding and salting of sidewalks using up to nine contracted sidewalk tractors and two support trucks and RFT IES2014-54 is the plowing, sanding and salting of roads using four contracted plow trucks.

A total of 37 companies picked up RFT IES2014-53 and on July 24, 2014 the Tender Opening Committee received five bids. Of the five bids received there were two compliant bidders whose prices are detailed in Table 1 – Sidewalk Plowing below. The bid includes the supply of nine sidewalk machines, and two trucks for sand jockeying to the sidewalk machines for a total term of seven years.

Table 1 – Sidewalk Plowing (IES2014-53)

	Company Name	Total Bid Price	Carrier Rating
1	Forest Ridge Landscaping Inc.	\$2,877,760.00	Satisfactory
2	Forestell	\$3,776,710.00	Satisfactory

A total of 30 companies picked up RFT IES2014-54 and on July 22, 2014 the Tender Opening Committee received three bids. Of the three bids received there was one compliant bidder whose prices are detailed in Table 2 – Road Plowing below. The bid includes the supply of four road plows for a total term of seven years.

Table 2 – Road Plowing (IES2014-54)

	Company Name	Total Bid Price	Carrier Rating
1	Fermar Paving Limited	\$2,542,872.00	Satisfactory

One of the mandatory requirements for each RFT is that each bidder is required to provide a Commercial Vehicle Operator Registration (CVOR) Carrier Safety Rating (CSR) with a minimum of Satisfactory level by September 1 of each year. The CSR is a safety score given to the company by the Registrar of Motor Vehicles which takes into consideration the collisions, convictions, inspections and facility audits related to a

company and their drivers. This requirement resulted in the disqualification of three companies.

The amounts in the tender are based on estimated number of plowing hours and standby days and may increase or decrease based on the severity of the winter season or the amount of equipment deployed through the winter season.

LINK TO STRATEGIC PLAN

This project supports the ***Strategic Plan Goal of Supporting an Exceptional Quality of Life for all*** by investing in sustainable infrastructure. This ensures road safety is provided to meet the needs and expectations of our community.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

The tender process meets all requirements of the Purchasing By-law and awarding this contract is the next step in fulfilling the requirements of the tendering process.

There are no immediate alternatives to using contracted services for winter maintenance operations as there are insufficient in-house resources to meet the target service levels which would increase risk to the community and liability to the Town. These services are needed to be in place for the fall of 2014.

FINANCIAL IMPLICATIONS

Snow plow operations are funded from the operating budget and are approved on an annual basis through the budget process. The annual budget requirements for the snow plow and sidewalk contracts are summarized in Table 3.

Table 3 – Overall Operating Budget Summary

	Snow Plowing (Fermar)	Sidewalk (Forest Ridge)
Budget Requirements	\$341,200	\$322,800

The following Table 4 summarizes the 2014 budget adjustments based on a budget increase of \$225,000.

Table 4 – Snow Management Contracts

Approved Budget 2014 – Snow Management – Contracts	\$538,460
Less Approved 2014 P.O. 86	\$402,500
Less Approved 2014 P.O. 87	\$135,960
Remaining funding	\$28,277
Additional Funding Required (related to higher contracted costs for 2014 to date)	\$225,000
Revised Budget 2014 – Snow Management – Contracts ⁽¹⁾	\$763,460
Proposed Budget for 2015	\$664,000

(1) Increased 2014 costs primarily due to high snow volumes in period from January to March

Impact to cost per lane-km metric

The 2015 budget for the combined winter and summer road program will result in a cost of \$6,608 per lane-km based on budget requirements of the previous contract.

The outcome of the successful bids are higher than the costs of the previous contract on a unit basis resulting in a required budget increase of \$112,000 on a 2015 budget of \$2,669,700, and a service level cost of \$6,885 per lane-km. Actual costs will vary depending in the specific winter conditions experienced in 2015.

CONCLUSIONS

The current contract for road winter maintenance will expire in 2014. The tenders for road and sidewalk operations have been let with the intent of having a contractor in place for the 2014 winter season.

It is recommended that a seven-year contract be awarded to the following bidders:

- Sidewalk Snow Plowing be awarded to Forest Ridge Landscaping Inc. for a seven (7) year term with year one funding approval for \$322,800 for the 2014/2015 winter season, excluding taxes; and
- Road Snow Plowing be awarded to Fermar Paving Limited for a seven (7) year term with year one funding approval for \$341,200 for the 2014/2015 winter season, excluding taxes; and

Additional budget of \$225,000 is required to fund the remainder of the 2014 winter operations contracted services due to the significant costs incurred by the harsh winter conditions in early 2014.

PREVIOUS REPORTS

None

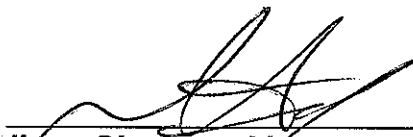
ATTACHMENTS

None

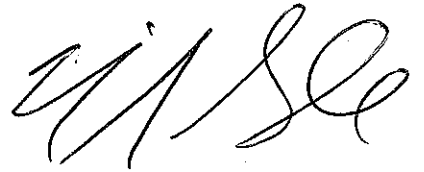
PRE-SUBMISSION REVIEW

Executive Leadership Team meeting of August 21, 2014

Prepared by: Luigi Colangelo, Manager of Operations Services - Ext. 3446



Ilmar Simanovskis
Director, Infrastructure &
Environmental Services



Neil Garbe
Chief Administrative Officer



**TOWN OF AURORA
GENERAL COMMITTEE REPORT**

No. CFS15-011

SUBJECT: *Update on Supplementary Tax Revenue Budget Strategy*

FROM: *Dan Elliott, Director, Corporate & Financial Services - Treasurer*

DATE: *March 23, 2015*

RECOMMENDATIONS

THAT Report No. CFS15-011 be received for information.

PURPOSE OF THE REPORT

General Committee – Budget requested a report with respect to the status of the Supplementary Tax Revenue Budget Strategy, which was adopted by Committee at its meeting held January 20, 2014, as per report CFS14-004. Of particular interest was the implications of the 2015 budget proposal to defer implementation of that strategy by one year.

BACKGROUND

Supplementary taxes (“supps”) are incremental property value assessments of newly constructed/renovated properties which are reported to the municipality by MPAC mid-year, and are billed as tax revenues during the tax year and which are in addition to taxes already levied on the original annual assessment values. Recognizing that supps will occur, and will generate revenue during the budget process reduces the tax rate otherwise required to operate the town for the year. Accordingly, the Town includes an estimate of its expected supps in its annual operating budget.

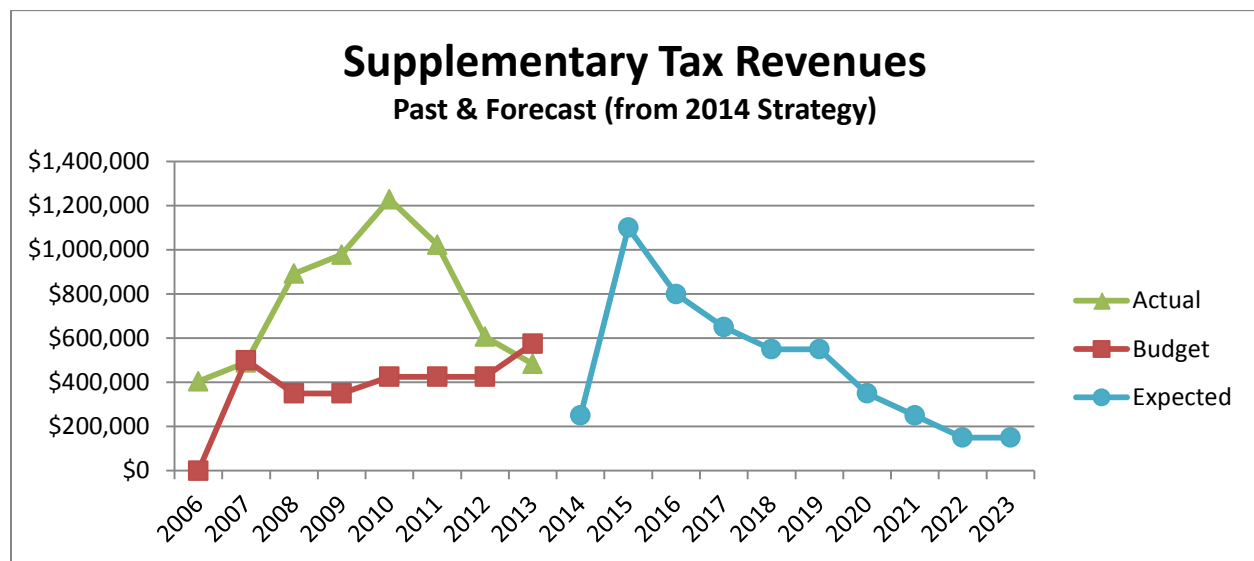
The 2014 Supplementary Tax Revenue Budget Strategy was proposed due to the expected peak of supplementary taxes in the next few years, followed by a significant dropping off to “new normal” levels which are significantly below those the Town has been using in its budgets in the last five years. The strategy proposed a five year phase down from current budget levels to the new long term levels expected, despite the peak expected in the interim period. The strategy was to enhance predictability and stability of tax rates for the community.

COMMENTS

The supps strategy introduced last year was in response to an expected peak of supps to occur as the 2C lands are building out, but also to recognize that in the coming years, supps will be significantly diminished, as growth will curtail to very basic levels, not previously experienced by the Town. With this knowledge and foresight, staff presented Committee with a proposed strategy for managing the budget for supps through this transition in a deliberate and predetermined manner.

For 2010, 2011 and 2012, the Town budgeted \$425,000 of supps revenue, while in 2013, that budget was increased to \$525,000. In forecasting supps over the next ten years, it is expected that supps in actual billings could reach as high as \$1.1Million, but fall to a new normal level of \$150,000 by 2022.

The following table shows supps taxes past and forecast, as included in the 2014 Strategy Report.

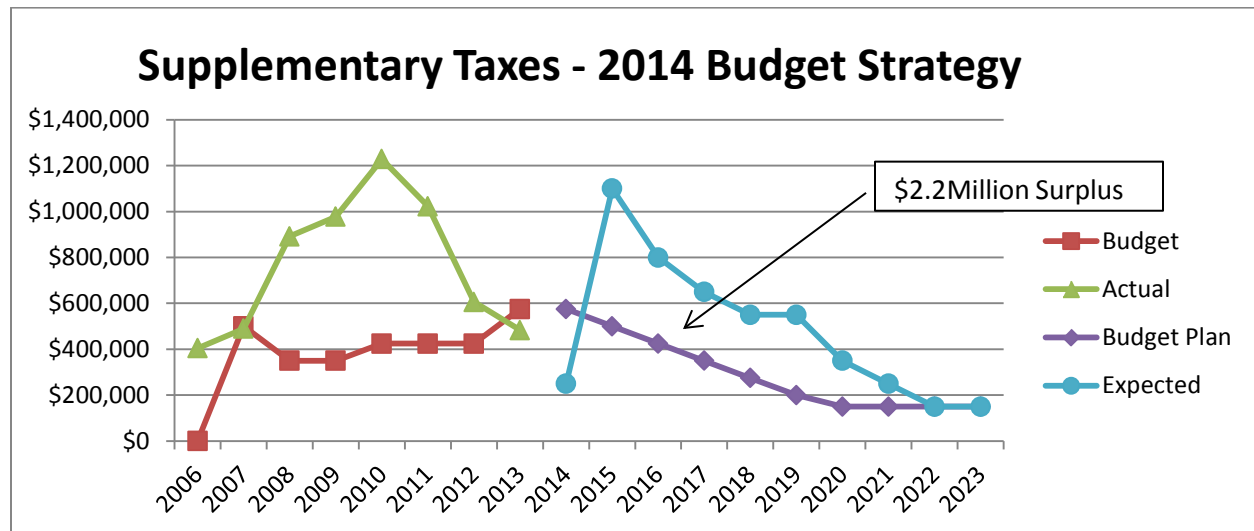


The 2014 Supplementary Tax Budget Strategy was to stabilize tax pressures through the period 2014 to 2023

Supps for the 2014 year were expected to be lower than normal, due to low development activity in the 2013 and early 2014 period. However this was seen as a one-time low, to be followed by the peak high in 2015. Accordingly, the strategy for 2014 budget was to lower the actual budget amount for supps to the expected \$250,000 level, which would normally trigger a direct tax rate pressure. To relieve this one-time predicted tax pressure, staff recommended a draw from the tax rate stabilization draw in an equal amount to the supps budget reduction.

For 2015 and forward, despite anticipated peak supps revenues to be realized, it was

recommended to begin lowering the budget reliance on the higher supps revenues, and move deliberately towards the anticipated long-term levels. This strategy was intended to smoothly incorporate this tax pressure into the budget over a six year period as illustrated below:



The impact of undertaking the recommended budget strategy was that for the years 2015 through to 2021 inclusive, the Town would recognize significant operational surpluses (actual revenues exceeding budgeted revenues), estimated as \$2.2million total. Such surpluses will be contributed to infrastructure or stabilization reserves depending on circumstances in each year. It was also clear that during those five years, a distinct tax pressure on the budget would arise as we eliminate this revenue source from our budget.

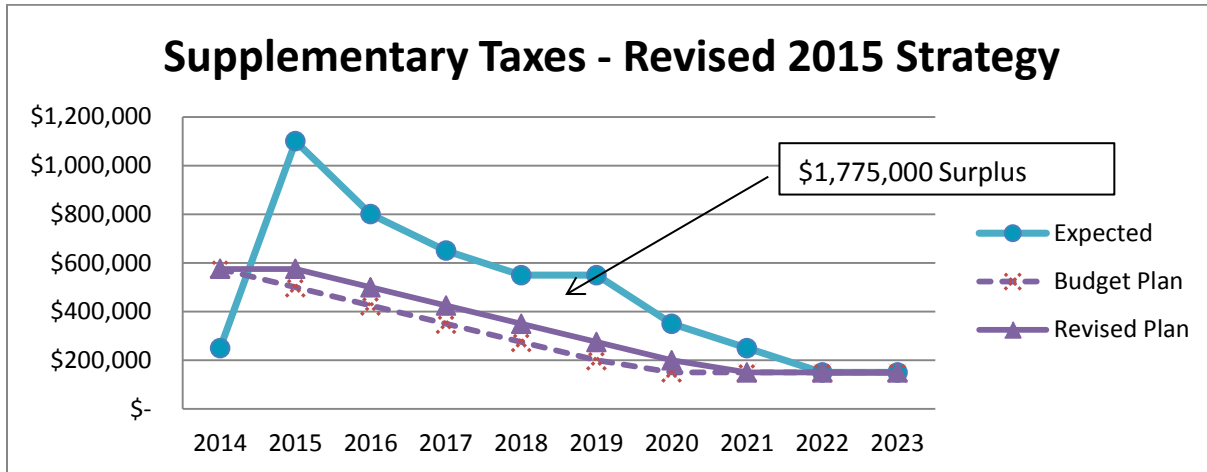
The 2015 Budget delays implementation of Supp Strategy for one year

For 2015, in attempting to address many other mounting budget pressures, particularly those from Fire Services, and other revenue reductions, staff presented a draft 2015 budget without the planned supps revenue budget reduction. Staff were clear in highlighting this to Budget Committee in the introductory report and comments.

FINANCIAL IMPLICATIONS

The 2014 strategy recommended a \$75,000 per year reduction in the supps revenue budget commencing in 2015, with the final \$50,000 reduction occurring in 2020. The draft 2015 budget before Committee presently does not reflect such reduction, having left the supps revenue budget unchanged from 2013 and net effective 2014 budgets.

The 2015 budget proposal is to defer the implementation of the Supplementary Tax Budget Strategy by one year, illustrated as follows:



Under the 2014 proposed strategy, the anticipated total surplus for the period 2015 to 2021 inclusive was \$2,200,000. Delaying the implementation of the strategy by one year will reduce this amount by \$425,000 to \$1,775,000. The \$425,000 represents the accumulated impact of deferring the 2015 tax pressure of \$75,000 by five years, plus the final \$50,000 reduction by one year.

LINK TO STRATEGIC PLAN

Outlining and understanding the Town’s long term financial plan and our plans for reliance on supplementary taxes for budget purposes contributes to achieving the Strategic Plan guiding principle of “Leadership in Corporate Management” and improves transparency and accountability to the community.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

1. May provide alternative directions with respect to the 2015 draft budget for supplementary tax revenues.

CONCLUSIONS

This report has been prepared in response to a question from General Committee – Budget. The proposal before Committee is to delay the implementation of a five year phase-out of budget reliance on unsustainable supplementary tax revenues. The delay of implementing the first \$75,000 reduction has a five-fold impact on the corporation, or \$425,000 less total tax revenue during the five year period.

PREVIOUS REPORTS

CFS14-004 Budget Strategy for Supplementary Taxes for 2C Lands, Special General Committee – Budget, January 11, 2014

ATTACHMENTS

None

PRE-SUBMISSION REVIEW

CAO and Treasurer Only

Prepared by: Dan Elliott, Director of Corporate & Financial Services - Treasurer



Dan Elliott, CPA, CA
Director of Corporate & Financial
Services - Treasurer

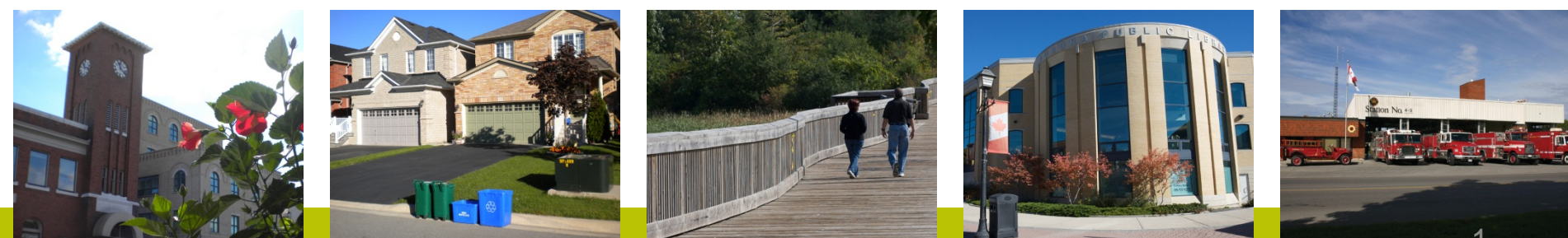


Neil Garbe
Chief Administrative Officer



2015 DRAFT OPERATING BUDGET

March 23, 2015



Budget Committee Schedule I

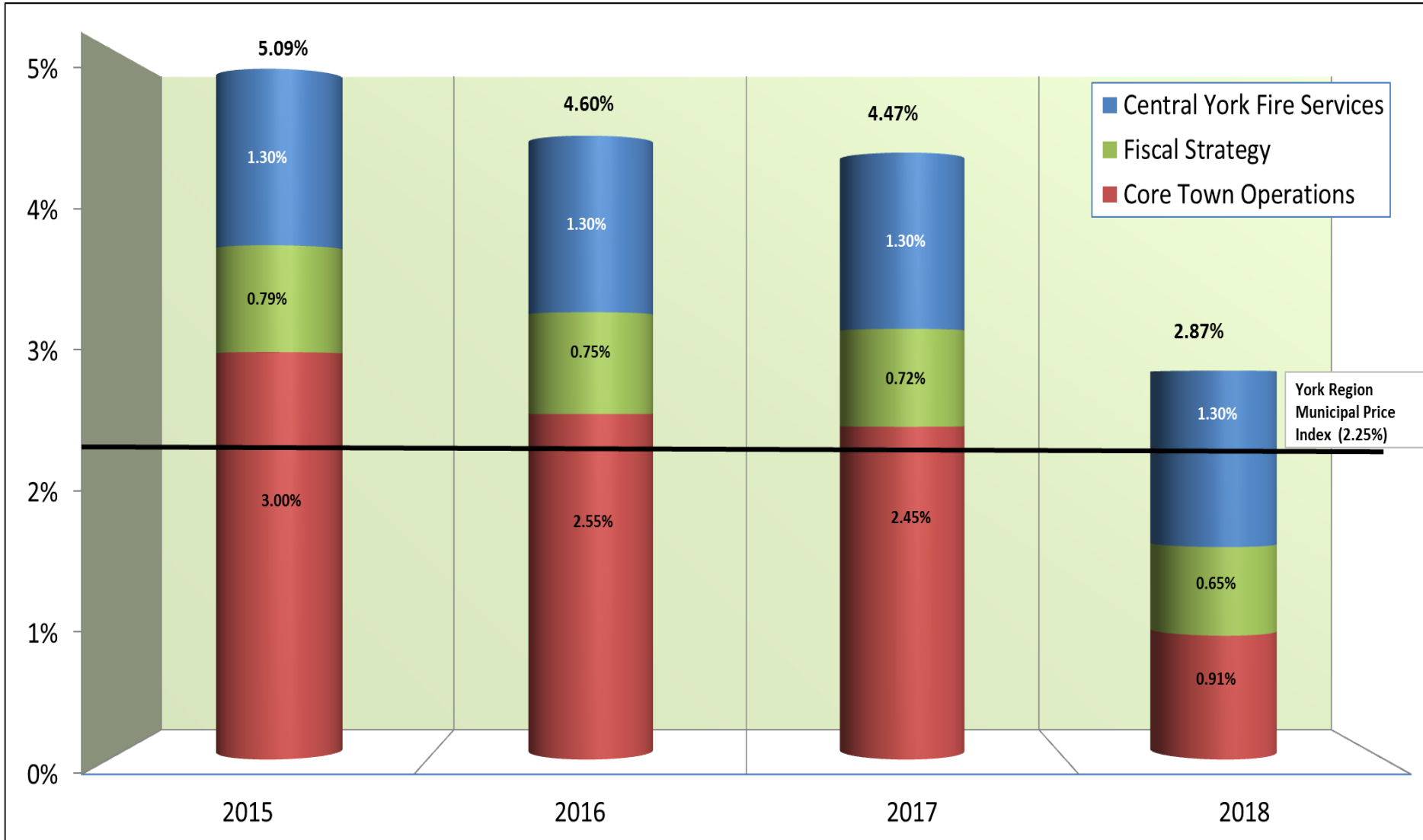


A D J U S T M E N T S				R E S U L T S					
Ref.	Department	I T E M		Change to Operating Budget	Running Revised Budget Increase	Impact on Town Rate	Running Town Rate Pressure	Effective Combined Tax Impact	
								Residential	Commercial
STARTING POINT - Draft Budget, As of January 27, 2015 =				1,767,700			4.96 %	3.06%	1.73%
	CYFS	Increase in CYFS requirement based upon draft budget		202,116	1,969,816	0.57 %	5.53 %	3.27%	1.85%
	AHS	Increased Town grant in support of outreach educational program		10,000	1,979,816	0.03 %	5.56 %	3.28%	1.86%
	ACC	Increased Town grant in support of add'l staffing		10,000	1,989,816	0.03 %	5.59 %	3.29%	1.86%
	Corporate	Rate stabilization fund draw to balance CYFS tax pressure to 1.30%		(9,900)	1,979,916	(0.03 %)	5.56 %	3.28%	1.86%
	Various	CAO's proposed budget adjustments (\$167,700):		-	1,979,916	-	5.56 %	3.28%	1.86%
		- Building services overhead charge increase		(47,200)	1,932,716	(0.13 %)	5.43 %	3.23%	1.83%
		- Partial stabilization of Parks & Recreation revenue short-fall		(49,900)	1,882,816	(0.14 %)	5.29 %	3.18%	1.80%
		- Reduction of Council contingency budget		(15,000)	1,867,816	(0.04 %)	5.25 %	3.17%	1.79%
		- Maintain Aurora Cultural Centre grant at 2014 funding levels		(10,000)	1,857,816	(0.03 %)	5.22 %	3.16%	1.79%
		- Reduction of Aurora Historical Society 2015 grant increase		(2,500)	1,855,316	(0.01 %)	5.21 %	3.15%	1.78%
		- Reduction in requested energy budget increase		(10,000)	1,845,316	(0.03 %)	5.18 %	3.14%	1.78%
		- Absorb N6 shared waste mgmt resource cost within existing funding levels		(10,000)	1,835,316	(0.03 %)	5.15 %	3.13%	1.77%
		- Reduction in Aurora Public Library requisition increase		(3,100)	1,832,216	-	5.15 %	3.13%	1.77%
		- Reduction in established recycling collection contract budget		(10,000)	1,822,216	(0.03 %)	5.12 %	3.12%	1.77%
	- Other general operating budget decreases		(10,000)	1,812,216	(0.03 %)	5.09 %	3.11%	1.76%	
	PRS	Creation of Community Rebound Fitness Class		18,000	1,830,216	0.05 %	5.14 %	3.13%	1.77%
	PRS	Receipt of Federal Grant in Support of Community Rebound Class		(18,000)	1,812,216	(0.05 %)	5.09 %	3.11%	1.76%
	PRS	St. Maximilian Kolbe high school proposal to contribute \$40,000 toward bleachers		-	1,812,216	-	5.09 %	3.11%	1.76%
	Council	Contribution to Cdn Sesquicentennial Aurora Events 2017		-	1,812,216	-	5.09 %	3.11%	1.76%
				44,516					

CALCULATION OF IMPACT ON OVERALL TAX BILL	Estimated Tax Rate Pressure (from above)	RESIDENTIAL		COMMERCIAL	
		Share of Tax Bill	Weighted Tax Rate Pressure	Share of Tax Bill	Weighted Tax Rate Pressure
Town of Aurora	5.09 %	36.0 %	1.83 %	20.4 %	1.04%
Region of York	2.97 %	43.1 %	1.28 %	24.4 %	0.72%
Education	-	21.0 %	-	55.3 %	0.00%
			3.11%		1.76%

Town of Aurora's Tax Levy Pressure (2015 to 2018)

(Town Share Only)



Residential - Impact per \$100,000 of Assessment Value

TOTAL TAX BILL IMPACTS

Impact to Total Tax Bill (consolidated including Town, York Region and education shares)

Assessed Value - Residential (2013 assessment used for 2014 taxation)	\$100,000
2014 Residential Tax Rate	0.967896%
2014 Total Residential Tax Billing	\$967.90
Estimated 2015 Tax Bill Increase	3.11%
Per year	\$30.10
Per month	\$2.51
Per Day	\$0.08
Estimated 2015 Total Tax Billing per \$100,000 of assessed value	\$998.00

TOWN SHARE ONLY

Impact to Town Share of Tax Bill

Assessed Value - Residential (2013 assessment used for 2014 taxation)	\$100,000
2014 Residential Tax Rate	0.348163%
2014 Town Tax Billing	\$348.16
Estimated 2015 Town Tax Increase	5.09%
Per year	\$17.72
Per month	\$1.48
Per Day	\$0.05
Estimated 2015 Total Tax Billing per \$100,000 of assessed value	\$365.88

Residential - For a Home Assessed at \$500,000

TOTAL TAX BILL IMPACTS

Impact to Total Tax Bill (consolidated including Town, York Region and education shares)

Assessed Value - Residential \$500,000

(2013 assessment used for 2014 taxation)

2014 Residential Tax Rate 0.967896%

2014 Total Residential Tax Billing \$4,839.48

Estimated 2015 Tax Bill Increase 3.11%

Per year \$150.49

Per month \$12.54

Per Day \$0.41

Estimated 2015 Total Tax Billing \$4,989.97

TOWN SHARE ONLY

Impact to Town Share of Tax Bill

Assessed Value - Residential \$500,000

(2013 assessment used for 2014 taxation)

2014 Residential Tax Rate 0.348163%

2014 Town Tax Billing \$1,740.82

Estimated 2015 Town Tax Increase 5.09%

Per year \$88.61

Per month \$7.38

Per Day \$0.24

Estimated 2015 Total Tax Billing \$1,829.43