

---

**Subject:** Winter Maintenance Extension

**Report to:** Public Works Committee

**Report date:** Tuesday, April 16, 2019

---

## Recommendations

1. That the amending agreement option to extend the term of the Area Winter Maintenance Services Contract under 2008-RFP-40 for an additional one year term ending September 3, 2020, as outlined in Appendix 1 of Report PW 18-2019, **BE APPROVED**;
2. That an amending agreement with Steed and Evans Limited **BE PREPARED** by the Director of Legal and Court Services to exercise the one year option and extend the contract end date to September 3, 2020, following Council approval; and
3. That the Chief Administrative Officer **BE AUTHORIZED** to execute the amending agreement with Steed and Evans Limited.

## Key Facts

- The purpose of this report is to seek approval to exercise the option agreed to as part of the first amending agreement to extend the terms of the Area Winter Maintenance Services Contract - 2008-RFP-40 (Contract) with Steed and Evans Limited for one additional winter season (2019-2020) for reasons outlined in this report.
- The Purchasing By-law 2016-02 requires that Council approve negotiation awards/extensions greater than \$1,000,000.
- The Contract negotiated in 2008 with Steed and Evans Limited was scheduled to expire on September 6, 2018.
- Staff proceeded with an amending agreement to extend the Contract for an additional winter season (2018-2019) and include an option for a further one year extension (2019-2020).
- The negotiation award extension (2018-2019) to Steed and Evans Limited was done in accordance with Purchasing By-law 2016-02 Section 19 (a) (vi) - the extension of an existing Contract being more effective than undertaking a formal procurement process – approved by the CAO under delegated authority in the fall of 2018 pursuant to Report GM 8-2018 for a total amount of \$2,599,822 before taxes and Consumer Price Index (CPI) increase.

## Financial Considerations

The amending agreement (Appendix 1) entered into with Steed and Evans Limited extended their contract to cover one additional winter season (2018-2019) and included an option for a further one year extension (2019-2020). Staff are now recommending to exercise the second one-year option on the 2019-2020 winter season. In year 11 (2018-2019), Steed and Evans Limited's contract increased by \$40,000 to cover increases to their insurance premiums plus the annual CPI increase of 2.5% (approximately \$63,995). In year 12 (2019-2020), only an annual CPI increase would be applied.

Funding for the Contract and anticipated Contract increases is provided for in the approved 2019 Transportation Services operating budget and will be provided for in the 2020 operating budget.

Transportation Operations winter maintenance budget totalling \$7,971,739 in 2016, \$8,482,487 in 2017 and \$8,301,562 in 2018 is divided into four (4) sections. A detailed budget breakdown is outlined in Appendix 2 comparing actuals to budget for calendar years 2016 - 2018. A summary of 2018 actual costs are noted below by section:

- 1) Niagara Region utilizes regional staff and equipment to provide winter maintenance to 990 lane kilometers of roadway with an actual cost of \$3,995,834 for the 2018 calendar year. It is important to note that this cost represents all vehicles and equipment, over a five-month period, within the Transportation Operations section. A more precise figure will be made available in the coming months once staff are further able to isolate work-specific tasks for each vehicle/equipment.
- 2) Area Winter Services Maintenance Contract utilizes Steed and Evans Limited staff and equipment to provide winter maintenance to 674 lane kilometers of roadway with an actual cost of \$2,821,368 for the 2018 calendar year.
- 3) City of St Catharines utilizes city staff and equipment to provide winter maintenance to 126 lane kilometers of roadway at a cost of \$348,617 for the 2018 calendar year.
- 4) Supporting winter services activities are delivered across the entire regional road network of 1790 lane kilometers with a budget of \$852,498 for the 2018 calendar year. Services such as snow fence erection and removal, winter sand cleanup and winter drainage are delivered through a combination of Niagara Region staff and outside contractors.

Niagara Region's actual costs in 2016 and 2017 are significantly lower than budgeted cost due to the milder winter conditions resulting in lower overtime costs and lower fuel usage. The 2018 calendar year costs are higher due to the increase in winter events

from January to April. The City of St. Catharines' actual costs are relatively constant from 2016 - 2018. The Contract, with Steeds and Evans Limited, (a fixed price plus contract) actual costs are relatively flat to budget costs with the slight variance attributed to adjustments for fuel and salt usage.

## Analysis

Niagara Region operates within a "hybrid" business model during the winter season utilizing the Niagara Region, City of St. Catharines and an Area Maintenance Contractor (currently Steed and Evans Limited) forces.

- Niagara Region Staff maintain 19 plow routes covering 990 lane kilometers of roadway.
- City of St. Catharines maintain 126 lane kilometers of Regional Roads through an amalgamation of Region Roads within in the City's own routing system.
- Steed and Evans Limited maintains 10 plow routes covering 674 lane kilometers.

As outlined in the Corporate Value for Money Audit of Snowplowing, Road Maintenance and Land Scaping Services eight (8) recommendations were provided concerning value-for-money, effective risk management and operational Improvement for winter control.

Several of these recommendations required staff to collect the necessary data, which will influence the terms of a new Area Winter Maintenance Services Contract.

- **R1: Document the end time of winter events so it is possible to measure the time it takes to reclaim bare pavement.**
  - Starting in 2016, Staff have collected this information and at the end of the 2018-2019 winter season will have three (3) complete winter seasons to analyse. This information measures timeframes for reclaiming bare pavement as per winter Maintenance Standards contained in Ontario Regulation 366/18. This data will be used to update our Level of Service documents to be included in the tendering of a new Area Maintenance Services contract.
- **R2: Restructuring budgeting/ accounting to separate core winter services from supporting services and allow accurate comparisons of the costs of direct delivery versus contracted delivery for winter control.**
  - The implementation of The Enhanced Financial Management Service has allowed Staff to streamline finance processes and provide comprehensive reporting capabilities. As shown in Appendix 1, Niagara Region winter control costs are in line with Steed and Evans Limited costs. At the end of the 2018-2019 winter season, Staff will have three (3) full years of data to analyse.
- **R3: Collect and use pass kilometer data to better monitor and report on winter control activities.**

- In 2016 staff began to collect this information and determined that comparing costs against actual lane kilometers was a more productive measure because it could be calculated utilizing our existing plow routes. This GIS data could be updated yearly to reflect any additions or subtractions of road segments throughout the year as indicated in Appendix 2.
- **R4: Implement winter control achievement reports for winter storm events.**
  - Niagara Region Staff have collected this information starting in the 2016–2017 winter season. In the 2017-2018 winter season Steed and Evans Limited also began collecting this data. This data measures the event responses by Niagara Region and its contracted service providers.
    - System wide winter event responses > 24 hours in duration;
    - System wide winter event responses < 24 hours in duration
    - Significant localized winter event responses > hours in duration.

This data will be used to update our Level of Service documents to be included in the tendering of a new Area Maintenance Services contract.

- **R5: Provide Annual reports to Council on the level of service achievement for the winter season.**
  - Staff have developed a process to collect the necessary data recommended over the last two winter seasons and will provide a report outlining these findings at the end of the 2018 - 2019 winter season.
- **R6: Reduce the Winter Control Budget to the level required for a typical winter instead of a severe winter.**
  - Through the annual budget approval process over the last three (3) years, staff have adjusted the budgets accordingly based on Council guidance.
- **R7: Prepare in advance for forecasted winter storm events by rescheduling staff shifts within the two-week pay period.**
  - Staff have adjusted winter shift schedules accordingly based on weather forecasts and the conditions outlined in the CUPE 1287 Collective Agreement.
- **R8: Conduct a competitive service delivery exercise at the end of the current winter contract encompassing all established routes.**
  - This analysis will be completed after the 2018 – 2019 winter season. Yard replacement/rehabilitation decisions at Niagara Region's Smithville and Pelham patrol yards will have to be taken into consideration as part of this analysis.

Staff have been in communication with the MTO on their new Contractor Directed Maintenance Contract model that commenced in August 2018. Staff will be reviewing

the effectiveness of this new contract throughout the 2018-2019 winter season with MTO staff in order to see if the principle concepts in this contract can be applied to Niagara Region's next Area Maintenance Services contract.

The Transportation Master Plan has put more emphasis on street scaping and active transportation. In the short term, by 2021, the Region will focus on implementing policies that will transform its approach to transportation, addressing existing constraints in the road system, filling in gaps in the active transportation network, and taking the next steps to plan for the major network needs for the future. Specifically, the early actions to be undertaken in the first five (5) years of the program include incorporating the Complete Streets approach in the Region's design process. Staff are gathering information on how these changes will impact winter maintenance costs.

The major objective for winter operations are to meet or exceed the Minimum Maintenance Standards for Municipal Highways (Ontario Provincial Regulation 239/02 – Municipal Act 2001). This regulation was amended May 3, 2018 to the Minimum Maintenance Standards for Municipal Highways O. Reg. 366/18 (Appendix 3). These amendments added maintenance sections on snow accumulation on bicycle lanes. Staff will be compiling data on additional maintenance costs associated with this change that will be incorporated into a new winter maintenance services contract to ensure compliance with the Act.

## **Alternatives Reviewed**

In 2017, staff considered issuing a two year contract to cover the 2018-2019 and 2019 – 2020 winter seasons. When reviewing this option, Staff felt it was an unreasonable expectation to ask a contractor to capitalize a fleet in a competitive procurement process for this short duration (2 years). It is Staff's recommendation to go forward with a procurement in the fall of 2019 for a new 10-year winter maintenance contract once the data collection analysis identified in the Value for Money Audit, as noted above, is completed, and staff can incorporate necessary changes in the new Area Maintenance Services Contract document. The new contract will commence in October 2020.

Steed and Evans Limited has indicated they have no concerns utilizing their existing fleet throughout the proposed extension.

## **Relationship to Council Strategic Priorities**

Moving people and goods: winter maintenance activities allow for the safe movement of vehicles and pedestrians throughout the Niagara Region.

## Other Pertinent Reports

- Value for Money Audit of Snowplowing, Roads Maintenance, and Landscaping Services – Final Report 15-2387

---

### Prepared by:

Shawn McCauley, CRSS, C-Tech, B.B.E.  
Associate Director Transportation

---

### Recommended by:

Catherine Habermehl  
Acting Commissioner  
Public Works Department

---

### Submitted by:

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Brian McMahon Program Financial Analyst, reviewed by Carolyn Ryall, Director Transportation Services and Curt Anderson, Manager Road and Bridge Operations.*

## Appendices

Appendix 1	Winter Maintenance Costs
Appendix 2	Amending Agreement 2008-RFP-40
Appendix 3	Minimum Maintenance Standards for Municipal Highways O. Reg. 366/18