



**Subject: Oxford County Joint Transportation Service Delivery Review – Staff Comments**

**Report Number:** OPD 22-18

Department: Operations and Development Department

Submitted by: Carlos Reyes, Director of Operations and Development

Meeting Type: Council Meeting

Meeting Date: Tuesday, May 24, 2022

**RECOMMENDATION**

THAT report OPD 22-18 Oxford County Joint Transportation Service Delivery Review – Staff Comments be received as information and sent to Oxford County Council.

**BACKGROUND**

**Current Transportation Agreement:**

The current 2008 Urban County Road Maintenance Agreement between Oxford County and the Town of Tillsonburg includes maintenance of all designated County roads within the urban town limits.

In this agreement the Town performs the following activities on the designated County roads and rights-of-way within the boundaries of the Town:

- Road side mowing
- Brush and tree maintenance/removal
- Debris and litter pick-up
- Patching, cold/hot, handwork
- Sweeping, flushing
- Zone painting
- Signs and pavement markings
- Snow plowing
- Sanding and salting
- Storm sewers and drains

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These activities are carried out in accordance with the applicable Ontario Provincial Standard Specifications and in accordance with the Ontario Regulation 239/02 Minimum Maintenance Standards for Municipal Highways.

Town maintenance also includes all minor repairs, such as wind or storm damage, washouts to shoulders, banks and undermining of a curb requiring local replacement.

This agreement shall continue to be in effect and will automatically be renewed for successive one-year periods unless either party provides six-months' notice for the termination of the agreement.

### **Third-party Service Delivery Review completed by the County of Oxford:**

The County's Public Works Division is responsible for the supervision, maintenance, and the day-to-day administration of the County's road network. The County's Public Works activities are carried out through four patrol shops: the Drumbo Patrol Shop, the Highland Patrol Shop, the Springford Patrol Shop, and the Woodstock Patrol Shop. The County performs both summer and winter activities out of all patrol shops.

Currently, the operation and maintenance of County roads located in urban areas is outsourced to the urban area municipalities of Woodstock, Ingersoll and Tillsonburg. All other operations and maintenance (O&M) activities on the County road network is conducted by Oxford County.

Oxford engaged KPMG in 2021 to conduct a Service Delivery review of the current regional transportation network system assets, level of service, service offerings, organizational structure, and current/future issues and trends impacting transportation operations. The purpose of the review was to identify opportunities to implement alternative service delivery models that will result in cost savings while maintaining or improving levels of service.

KPMG completed the following activities as part of the study:

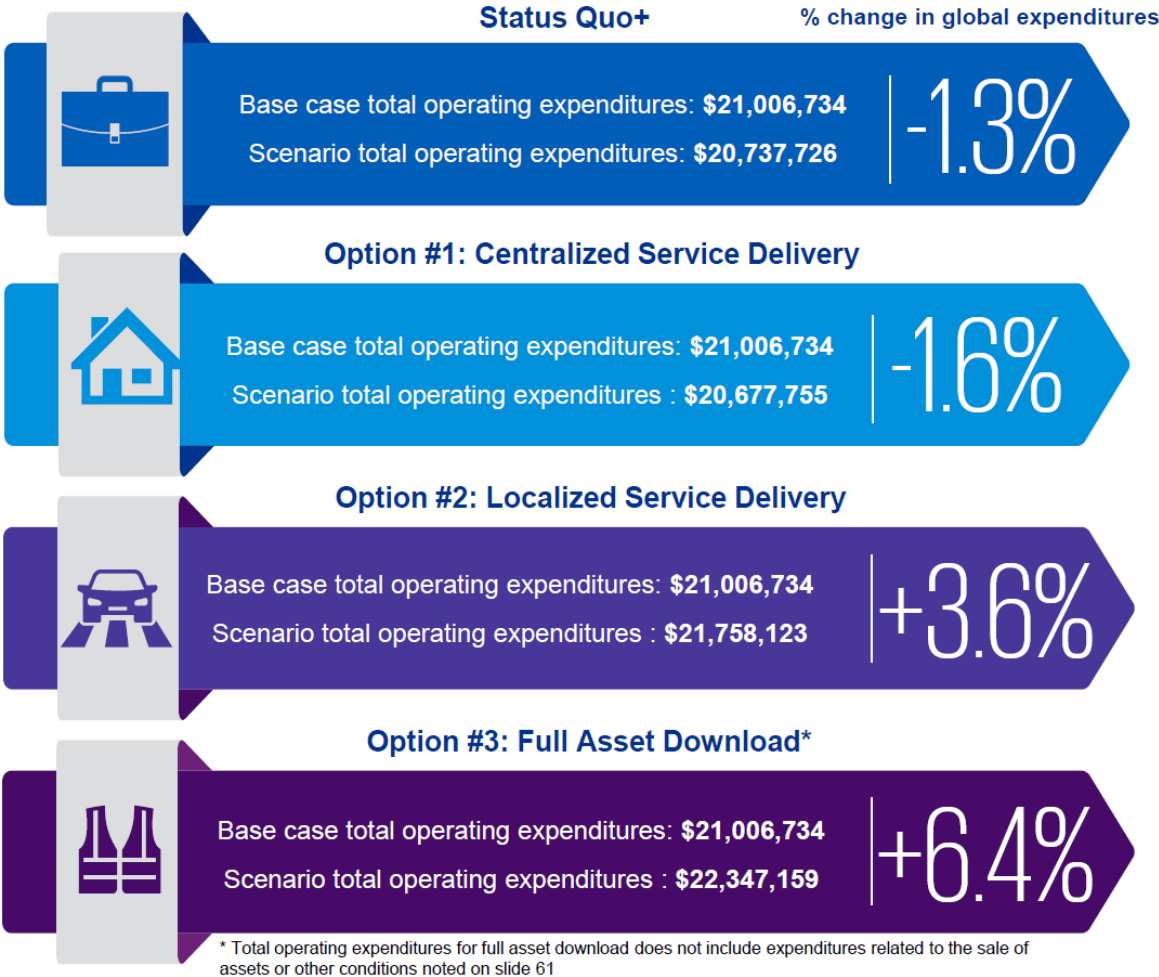
- Current state assessment of the County's transportation services
- Current state transportation services financial analysis for County and its area municipalities
- SWOT (Strength, weaknesses, opportunities and threats) analysis on a status quo+ and three alternative service delivery models
- Financial analysis and human capital analysis on three alternative service delivery models
- Analysis on the current contracted service model
- Develop of opportunities and recommendations to improve service delivery.

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As part of the study, four alternative service delivery models and assumptions were considered.

Table 1 below shows the summary of these alternatives:

Table 1. Summary of Alternative Service Delivery Options. (Source: Oxford Transportation Networks (Roads and Bridges) Operations & Maintenance Service Delivery Review - Final Report. Prepared by KPMG)



Status Quo Plus:

Maintain the current operations between the County and the three (3) Area Municipalities, with enhancements to maintenance agreements. In this option, cost calculation is refined in an attempt to normalize the unit operating costs across the County (required more granular cost tracking). This would include isolating costs of activities performed on County road assets to confirm levels of service.

Option 1 - Centralized Service Delivery

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The County would assume full control of all operation and maintenance activities for its assets. In this option, the County will eliminate maintenance agreements, billing and annual budgeting with the area municipalities. This option may require Tillsonburg, Ingersoll and Woodstock to increase their tax base to compensate for the decrease in revenue from the County.

Option 2 - Localized Service Delivery

The County maintains road authority role, with operations and maintenance performed by each area municipality. For urban municipalities (Woodstock, Tillsonburg, Ingersoll), the localized service delivery option has the same impact noted in Status Quo Plus.

Option 3 - Full Asset Download

The County transfers its road authority role and downloads all road network assets, network planning and O&M responsibilities. This option provides a fully integration of all stormwater management activities within our Town limits. In this option, Tillsonburg assumes full road and storm water asset liability and sustainable funding. Further study may be required to determine the impact (if any) on the County and Tillsonburg tax assessment.

Current asset condition and reserve funds available for capital projects have not been considered as part of the financial analysis.

**DISCUSSION**

The Council for the Town of Tillsonburg passed the following resolution at their meeting on April 25<sup>th</sup>, 2022:

Resolution # 2022-154

Moved By: Councillor Luciani  
Seconded By: Councillor Esseltine

THAT Council receives the presentation from Oxford County regarding Joint Transportation Service Delivery Review, as information and directs staff to prepare a report with further information.

**Comments to the Oxford County Joint Transportation Service Delivery Review:**

Staff has reviewed the final reports submitted by KPMG for the Oxford County Joint Transportation Service Delivery Review and offers the following comments:

1. Status Quo Plus

The final report prepared by KPMG includes the following statement (Page 73):

*“The County would only pay for operations and maintenance activities up to the expected level of service. Any costs above the expected level of service would be incurred by the Area Municipality. This scenario would result in annual savings of approximately \$283,943 for the County and have minimal impact on current operations.”*

There is no clear description of what the “expected level of service” will be under this option. Furthermore, if this option is approved, Oxford County may cap the funding they currently provide to Tillsonburg based on the “additional level of service” we use for urban roads. Oxford County’s Roads Department currently maintains rural roads. However, the County roads within the Town boundaries which are maintained by Town staff, are urban roads. Unlike, rural roads, these urban roads include sidewalks, culverts, storm systems, curbs, gutters, catch basins, traffic lights, boulevards, streetscape, etc.

## 2. Centralized Service Delivery

The final report prepared by KPMG includes the following statement (Page 73):

*“Based on the analysis of the centralized, localized and full asset download options, the centralized service delivery model presents the lowest overall cost to both the County and its Area Municipalities. Through the centralization of transportation service delivery, the County’s average operating spend would decrease to \$4,650,429 from \$5,043,965 (or 7.8%) per year, with minimal disruption to current operations.”*

This report does not include any data or calculations to support this statement. In our opinion, this statement does not reflect the additional costs the County will incur for mobilization of vehicles and equipment across the County or construction of new public works patrol yards as an example. If the County were to maintain the County roads within our Town limits, they will need to include additional fuel costs and staff/equipment time to mobilize their equipment from Woodstock or Springford in the calculation.

## 3. Full Asset Download

The final report prepared by KPMG includes the following statement (Page 73):

*“The full asset download option will save the County an average of \$4,499,794 (or 89.2%) per year as all road network assets would be transitioned to the Area Municipalities. However, this option would require more study into asset condition, labour laws, and municipal taxes to understand the full impact of transitioning the County’s assets”*

The consultant acknowledged the potential savings and efficiencies from this option. However, this option was not fully assessed in this study. **Our recommendation is to request this option be investigated further by County staff in Collaboration with Tillsonburg staff to identify opportunities for the implementation of this option in the future.**

#### 4. GPS Technology

The final report prepared by KPMG includes the following statement (Page 88):

*“During the current state analysis, it was noted that the County and its Area Municipalities are not full utilizing GPS technology to gain full visibility into transportation services and operations.”*

Tillsonburg Public Works department utilizes GPS on all winter operations fleet units, including plows, trackless sidewalk units, loader, grader, pickups etc. The GPS is tracked through TITAN GPS. We track time, location, speed, plow up/down, hydraulics status (to track the attachment on the unit), spreader etc.

#### 5. Road network comparison

The final report prepared by KPMG includes the following statement (Page 93):

*“Based upon the development and review of transportation services efficiency metrics, the County is cost competitive compared to its Area Municipalities. The County’s three year average roads expense per lane KM (\$2,220.93) and winter expense per lane KM (\$1,943.91) are the lowest among its current contracted urban service providers (Ingersoll, Woodstock, Tillsonburg)”*

The costs and levels of service associated with the maintenance of rural roads are different than the costs and levels of service associated the maintenance of urban roads. As an example, Page 35 of KPMG’s report shows that Zorra’s road expense per lane km is \$1,479 and East-Zorra Tavistock is \$1,385 per lane km compared to Oxford County’s \$2,221 per lane km. Oxford County’s Roads Department typically maintains rural roads across the County. In our opinion, the consultant did not differentiate these two systems.

#### 6. Proactive vs Reactive Approach

The final report prepared by KPMG includes the following statement (Page 93):

*“Each Area Municipality is at a different maturity for level of service planning and costing. This is at least partially a result of a reactive approach to transportation data collection and management.”*

There is no data or analysis in this report that supports this statement. Our Public Works Department is very proactive when collecting and managing data related to road maintenance. Staff utilizes weather forecasting services, regular roads patrols, etc. in the effort to maintain these proactive approaches.

#### 7. Incomplete Analysis

The final report prepared by KPMG includes the following statement (Page 93):

*“The operating, staffing and equipment impact of a status quo+ and three alternative service delivery models (centralized, localized and full asset download) was assessed.”*

In our opinion, the full asset download option was not fully assessed.

8. Joint Procurement

The final report prepared by KPMG includes the following statement (Page 93):

*“The County and its Area Municipalities are spending an average of \$2.7M on contracted services annually... Leveraging joint procurement for these services can result in savings of 5-10% or \$77,000-\$154,000 annually.”*

Our department fully supports joint procurement. In fact, Public Works staff is currently working with the County and area municipalities in joint procurement initiatives including, roads anti-icing materials (i.e. salt and sand) purchases, pavement markings, asphalt crack sealing, surface treatment, phragmites program, etc. Staff will continue to work with the County and neighboring municipalities to explore further opportunities for joint procurement.

**CONSULTATION**

The following staff and resources have been consulted in preparing this report:

- Manager of Public Works
- Chief Administrative Officer
- Director of Finance

**FINANCIAL IMPACT/FUNDING SOURCE**

Financial implications for the Town if Status Quo Plus is approved and implemented by County Council:

*“The County would only pay for operations and maintenance activities up to the expected level of service. Any costs above the expected level of service would be incurred by the Area Municipality. This scenario would result in annual savings of approximately \$283,943 for the County and have minimal impact on current operations.”*  
– Statement from KPMG report

Unfortunately, there is no clear description of what the “expected level of service” will be under this option. If this option is approved, Oxford County may cap the funding they currently provide to Tillsonburg based on the “additional level of service” required for urban roads. Page 38 of the final report prepared by KPMG states that *“Public reaction as a result of revenue reductions due to adjusted urban maintenance ratios. Area Municipalities **may** require an increase to their tax base to make up for the decrease in revenue from the County. Area Municipalities **may** face additional costs for the procurement and acquisition of technology to better manage and track service levels.”*

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In 2022, the town included a budget of \$135,196 for the road maintenance of designated County roads and rights-of-way within the boundaries of the Town.

Our recommendation is that Council does not support status quo plus as recommended by KPMG. In addition, we recommend that Council does not support option 1 - Centralized Service Delivery.

We recommend that our Public Works Department continues with the maintenance of all designated County roads within the urban town limits in accordance with the current agreement (Status Quo).

**CORPORATE GOALS**

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

**Goal** – The Town of Tillsonburg will strive for excellence and accountability in government, providing effective and efficient services, information, and opportunities to shape municipal initiatives.

**Strategic Direction** – Explore opportunities for service efficiencies in partnership with adjacent municipalities.

**Priority Project** – Short Term – Municipal service review

**ATTACHMENTS:**

- Oxford Transportation Networks (Roads and Bridges) Operations & Maintenance Service Delivery Review - Final Report. Prepared by KPMG. Dated March 17, 2022