

To: Warden and Members of County Council

From: Director of Public Works

2018-2020 Transportation Network Service Delivery Review – Overview

RECOMMENDATIONS

- 1. That Oxford County Council receive Report No. PW 2022-18 entitled “2018-2020 Transportation Network Service Delivery Review - Overview”;**
- 2. And further, that staff report back to County Council, with specific outcomes and recommendations from the independent Service Delivery Review pertaining to alternative organizational approaches which best optimize transportation network (roads and bridges) operational levels of service and cost efficiencies.**

REPORT HIGHLIGHTS

- The purpose of this information report is to provide Oxford County Council with a high level overview of the scope and findings of the joint Transportation Network (Roads and Bridges) Operations and Maintenance Service Delivery Review (SDR) project.
- The joint SDR project was one of six initiatives that was approved for provincial funding (June 30, 2021) under the 2021 Review Stream Modernization Project category.
- The joint SDR project was facilitated and completed by an independent study consultant (KPMG LLP) over approximately six months through extended information sharing and collaboration with staff from Oxford County and member municipalities.
- The final SDR report provides a comprehensive review of the ‘current state’ transportation network service delivery model and a comparative analysis of three alternative service delivery models (centralized, localized, full asset download), together with potential enhancements to the current state service delivery model.
- Council deliberations regarding the preferred service delivery approach are planned for the May 11, 2022 meeting.

Implementation Points

In accordance with the Municipal Modernization Funding (MMF) Transfer Payment Agreement (TPA) with the Ministry of Municipal Affairs and Housing (MMAH), the final Transportation Network SDR Report (attached to this report) was posted on the County's website for public access on March 18, 2022 (i.e. when Report No. PW 2022-18 was released as part of the March 23, 2022 Oxford County Council meeting agenda). The final SDR report and project abstract will also be submitted to MMAH on March 23, 2022.

Staff will report to County Council on May 11, 2022 in regard to the specific SDR recommendations/outcomes and preferred service delivery approach, at which time it is anticipated that final deliberations will occur regarding the preferred service delivery approach.

Financial Impact

The joint Transportation Network SDR Stream project was awarded up to \$125,000 under a TPA with the MMAH. A competitive Request for Proposal (RFP) process to retain a qualified consultant for the review resulted in an award at a cost of \$138,680 (excluding non-refundable HST) with 100% funding from the County's first allocation of the Municipal Modernization Fund.

As the bid award was \$16,121 higher than the TPA funding approved (including non-refundable HST), savings from the Waste Management Scale Software modernization project were reallocated to this project to offset the budget shortfall.

Final instalment of the Province's financial commitment was subject to the County submission of the final SDR report, along with supporting invoices, to the Province in March 2022.

Communications

Throughout the duration of the joint SDR, the independent study consultant (KPMG LLP) actively engaged staff from Oxford County and the member municipalities to review and analyze existing transportation network (roads and bridges) operations and maintenance practices/processes, organizational structures, levels of service/performance outputs, risk, historical financial performance, etc., consistent with the RFP scope (refer to Attachment 1) that was approved by all parties prior to its July, 2021 release to the vendor market.

Through various joint and individual workshops, data and information sharing, staff team interviews and regular staff correspondence (email, phone), a number of comprehensive technical memorandums (TMs) were drafted, reviewed by staff teams and finalized over the course of the joint SDR study between September 2021 and March 2022. The TMs then formed a substantive part of the draft SDR report.







The draft SDR report was presented to all representative Oxford County and Area Municipal staff, including respective CAOs, at a dedicated workshop on March 7, 2022. Any remaining comments and feedback received pertaining to the draft SDR report were considered prior to its finalization on March 17, 2022. As previously noted under the Implementation Section of this report, the final SDR report was made available to the public on March 18, 2022 through the release of this Council report, which was included in the March 23, 2022 Oxford County Council meeting agenda.

During the March 7, 2022 workshop noted above, there was discussion with respect to consultant SDR delegations to Area Municipal Councils. It was agreed that respective CAOs would give this further consideration, and if deemed necessary, request a delegation.

Through Report No. PW 2022-18, the final SDR (refer to Attachment 2) is provided as information to Oxford County Council. Report No. PW 2022-18 will be subsequently circulated to all Area Municipal Councils for information on March 24, 2022.

As a follow-up, KPMG LLP (KPMG) is scheduled to formally present the SDR Report to Oxford County Council at their regular meeting to be held on May 11, 2022. Staff will also provide a report at that meeting seeking Council’s endorsement of a preferred transportation network operations and maintenance service delivery approach.

Strategic Plan (2020-2022)

					
<i>WORKS WELL TOGETHER</i>	<i>WELL CONNECTED</i>	<i>SHAPES THE FUTURE</i>	<i>INFORMS & ENGAGES</i>	<i>PERFORMS & DELIVERS</i>	<i>POSITIVE IMPACT</i>
		3.iii.		5.ii.	

DISCUSSION

Background

In June, 2020, the findings of a Service Delivery Review undertaken by Watson & Associates Economists (Ltd.), Dillon Consulting Ltd., and Monteith Brown Planning Consultants were made available to Oxford County and the member municipalities. One area noted pertained to further review of potential delivery of summer and winter road operations and maintenance services by Area Municipalities on all County roads within their lower tier boundaries. Collective municipal interest was additionally received through the subsequent Joint Service Delivery Review carried out by StrategyCorp. Accordingly, staff pursued funding through the province’s MMF to further review service delivery in this area.

As noted in Report No. [CS 2021-14](#) and [CS 2022-03](#), the Provincial Government announced a second intake of the Municipal Modernization Fund to help municipalities modernize service delivery and reduce future costs by investing in projects such as service delivery reviews, development of shared services agreements, and capital. The investment was intended to support small and rural municipalities’ efforts to be more efficient and reduce expenditure growth in the long term.

The joint Transportation Network (Roads and Bridges) Operations and Maintenance SDR Project was one of six initiatives that was approved for provincial funding (June 30, 2021) under the 2021 Review Stream Modernization Project category. In this regard, Oxford County collaborated with the member municipalities to undertake and participate in a joint service delivery review.

The scope of the RFP assignment (refer to Attachment 1) was collectively reviewed prior to release to the vendor market on July 22, 2021. Unfortunately, only one submission was formally received from the vendor market (8 plan takers), largely due to reported inability to deliver the proposed SDR RFP scope within the short project timelines as prescribed by the province (project completion by November 30, 2021). Given the single submission was deemed to be a compliant bid, which exceeded the minimum threshold for RFP technical proposal requirements, staff consulted with all Area Municipal CAOs to gauge support to proceed with the award based on the single bid. All respective CAO's indicated support for this approach and staff proceeded to award the RFP assignment to KPMG on September 8, 2021.

In parallel, staff liaised with MMAH to seek a longer project timeline and received provincial notification (August 24, 2021) that the provincial project completion deadline was revised to January 31, 2022. A second extension of the project completion deadline to March 23, 2022 was also later provided by MMAH.

Comments

Under the *Municipal Act, 2001*, the County of Oxford holds non-exclusive municipal authority over "Highways, including parking and traffic on highways" where both upper and lower tier municipalities have the power to pass by-laws under this sphere. Accordingly, the *Municipal Act* also affords the County with the ability to delegate its powers and duties pertaining to the same through agreements with Area Municipalities on behalf of the County.

Current State Transportation Network Operations and Maintenance Service Delivery Model

In the current state service delivery model, Oxford County (road authority) owns all of the transportation network assets within its regional (arterial) road right-of-ways. Oxford County also operates and maintains all of these same system assets, with the exception of regional roads and bridge assets that are located within the urban limits of Woodstock, Ingersoll and Tillsonburg. As such, there are four road operators of the regional (arterial) road network.

In these cases, Woodstock, Ingersoll and Tillsonburg operate and maintain the arterial transportation network (roads and bridges) on behalf of Oxford County, under urban road maintenance service contract agreements that were established in approximately 1999, when many of the provincial highways were downloaded to regional municipalities, including Oxford.

The most recent service contract agreements were last updated in 2010 (City of Woodstock) and 2008 (Town of Ingersoll, Town of Tillsonburg) for the provision of winter control, pavement marking, road signage and bridge/culvert, roadside and asphalt/shoulder maintenance activities. Though technically expired, these agreements have continued to remain in effect given neither party has terminated their respective agreement.

Transportation Network Operations and Maintenance SDR Overview

As noted in Attachment 1, the recent SDR RFP assignment completed by KPMG served to comprehensively undertake a critical review of service delivery for transportation network services performed by the County and its contracted service providers (Woodstock, Ingersoll, Tillsonburg) between 2018 and 2020, by examining the effectiveness of existing service delivery models in terms of level of service and financial performance, governance, risk/compliance, sustainability, etc. and to identify alternative organizational approaches to optimize levels of service and cost savings.

The current state service delivery model was comparatively assessed with three alternative models as follows:

- **Model A: Centralized Service Model** where Oxford County (road authority and single operator) owns, operates and maintains all of its transportation network system assets;
- **Model B: Localized Service Model** where all eight Area Municipalities operate and maintain the arterial transportation network (roads and bridges) within their jurisdictions, under service contract to Oxford County. In this scenario, the County would remain as the road authority and continue to perform all transportation system planning and management functions (excluding operations and maintenance); and
- **Model C: Full Asset Download Service Model** where all eight Area Municipalities own, operate and maintain the arterial transportation network (roads and bridges) within their jurisdictions (8 municipal arterial road authorities, 8 municipal arterial road operators). This model involves transfer of the road authority responsibilities and sale of County roads, bridges and stormwater assets to each of the respective Area Municipalities.

As well, **enhancements to the current state service delivery model** were also assessed and quantified to the degree possible. Enhancements to the current state service delivery model include, but are not limited to, potential updates to the County's current urban road maintenance service contract funding arrangements with Woodstock, Ingersoll and Tillsonburg, where cost efficiency considerations employ a fixed price cost model for potential contracted summer maintenance activities (based on a lane km basis) and allocation of contracted winter maintenance costs between Area Municipal and County roads based on a lane km that incorporates weight to reflect effort required for road classification and associated regulatory requirements (Minimum Maintenance Standards).

In addition to the above alternative considerations, some of the respective urban Area Municipalities expressed an interest in a hybrid version of *Model C* where the County downloads its arterial transportation network to the three urban Area Municipalities (only). However, this request was not supported by the majority of the eight Area Municipalities and was not carried forward or modelled.

The findings and outcomes of the final Transportation Network SDR report will be further discussed during upcoming delegate presentations by KPMG to Oxford County Council (May 11, 2022). Staff will also provide a report at that meeting seeking County Council's endorsement of a preferred transportation network operations and maintenance service delivery approach.

Conclusions

The joint County of Oxford and member municipal SDR project was made possible through the Province's Municipal Modernization Fund.

The final report delivered to MMAH, Oxford County Council and the member municipalities is in-keeping with the Provincial Government's intent to assist municipalities in reviewing service delivery with a view to finding means to enhance services and reduce future costs for tax payers. In its current form, the independent final SDR report as attached offers several implementation opportunities for Council consideration which can achieve this objective.

SIGNATURES

Report Author:

Original signed by

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Departmental Approval:

Original signed by

David Simpson, P.Eng., PMP
Director of Public Works

Approved for submission:

Original signed by

Gordon Hough on behalf of Michael Duben, B.A., LL.B.
Acting Chief Administrative Officer

ATTACHMENTS

Attachment 1: Transportation Network SDR RFP
Attachment 2: Final Transportation Network SDR Report (KPMG)