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## 2009 BUDGET BRIEFING NOTE

### Winter Maintenance Cost Increases for 2009

#### Issue/Background:

Due to a number of compounding factors, the cost to deliver winter maintenance services on Toronto's streets and sidewalks has increased from 2008 to 2009. An additional \$18.458 million has been included for winter services in 2009. This can be attributed to higher contracted labour and equipment costs of \$16.768 million and material costs for salt \$1.672 million. A comparison of 2008 and 2009 Winter Maintenance Budgets is included below;

#### Transportation Services Winter Maintenance Summary

	2009 RECOMMENDED OPERATING BUDGET			2008 APPROVED OPERATING BUDGET		
	Fixed Cost	Variable Cost	2009 Budget Total	Fixed Cost	Variable Cost	2008 Budget Total
	Standby	Operating	Total	Standby	Operating	Total
<b>Contracts</b>						
Sub-Total	34,188,448	23,134,404	57,322,851	26,877,116	13,659,909	40,537,025
<b>Internal Expenses</b>						
Salaries	9,932,044	1,620,764	11,552,808	10,563,665	990,764	11,554,429
Materials & Supplies	71,345		71,345	69,791		69,791
Salt		7,464,626	7,464,626		5,792,880	5,792,880
Equipment	14,744		14,744	14,744		14,744
Contributions	6,600		6,600	6,600		6,600
Capital Transfer	1,991,960		1,991,960	1,991,960		1,991,960
IDC	4,457,129		4,457,129	4,457,129		4,457,129
Sub-Total	16,473,822	9,085,390	25,559,212	17,103,889	5,792,880	23,887,533
<b>Total</b>	<b>50,662,270</b>	<b>32,219,794</b>	<b>82,882,063</b>	<b>43,981,005</b>	<b>19,452,789</b>	<b>64,424,558</b>

Transportation Services provides the following winter maintenance activities:

- Roadway anti-icing and de-icing (i.e., salting before and during a winter storm)
- Roadway ploughing (for all classifications of road, in a prioritized sequence)
- Mechanical sidewalk clearing (both ploughing and salting/sanding where feasible – 75% of total)
- Manual sidewalk clearing (for seniors and disabled; steps/walkways at bridges, etc.)
- Transit stop clearing (opening up platforms after ploughing)
- Driveway windrow opening (for residential homeowners during/after ploughing, where feasible)
- Snow Removal (when required on a priority basis; largely unbudgetted)

These services are delivered through a combination of in-house resources (i.e., staff and equipment) and contracted resources. The previous 5-year contracts all ended with the last winter season in early 2008. New contracts for similar services were comprehensively prepared in collaboration with staff from Purchasing,

Legal, Insurance & Risk Management, subsequently tendered in a competitive market, and ultimately awarded through the appropriate Standing Committee and Council during 2008. A number of efficiencies were expected from the new contracts, including extension to a longer term of 7 years to enable equipment to be amortized over a longer period. Other factors that would have contributed to lower contract costs were:

- Combination plough/salter units to eliminate separate trucks in main road Depot contracts
- Acceptable Age limit increase for equipment:
  - sidewalk and transit stop machines from 15 to 20 years,
  - driveway windrow opening equipment from 9 to 21 years,
  - truck ploughs from 7 to 13 years,
  - front end loaders for local road ploughing from 15 to 22 years,
  - graders for local road ploughing stayed at 40 years.

Notwithstanding the above cost reduction factors, overall contract prices came in higher when compared to the previous term. An assessment revealed the following factors which contributed to higher costs:

- Recalibration of labour and equipment costs from 5 years ago
- Increased fuel costs and uncertain price ceilings during summer bid period
- Elimination of guaranteed minimum standby and operating hours, forcing speculative bid prices
- Introduction of GPS/AVL units to all salting, ploughing and sidewalk clearing equipment

It should be noted that Transportation Services has recently reported through Public Works & Infrastructure Committee and City Council to confirm the levels of service expected for winter maintenance (see City Council approval of report and related appendices under item PW21.8 at: <http://www.toronto.ca/legdocs/mmis/2009/pw/reports/2009-01-06-pw21-cr.pdf> ).

With a focus on cost containment, Transportation Services will continue to review the conditions of each winter storm individually in order to critically assess and determine which services are required at which times. Staff will, more than ever, be looking ahead at weather forecasts to take advantage of warming trends, or different precipitation levels across the City, in order to rationalize effective use of resources. That is, if roadway or sidewalk ploughing is required in one part of the City because the snowfall threshold has been met, it doesn't mean that all parts of the City will receive the same service if those areas experience less snowfall. Similarly, if milder temperatures are forecast, then significant expenditures for additional clearing or removal of snow will be carefully scrutinized. Safety for motorists or pedestrians will in no way be compromised by the suggested cost containment measures. Safety is still a top priority for the division.

Looking to the future, staff recognizes the increasing importance to focus services on pedestrian and cycling-oriented infrastructure. Direction is apparent from the City's Official Plan that not only transit-supportive services are being called for from City Divisions, but also that pedestrian and cycling areas also be recognized and given equitable consideration. Accordingly, Transportation Services will continue to review the sidewalk snow clearing program and bike lane snow removal activities in order to respond to changing public expectations and user demand from citizens. In doing so, staff will be mindful of ways to maintain funding levels consistent with current expenditures through improved efficiencies utilizing the new contracts and in-house resources.

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**Date:** February 4, 2009