

Steering Committee Response to the Roads Zero-Based Review: Results of High Level Analysis

The Steering Committee for the Roads Zero-Based Review has reviewed the report completed by Western Management Consulting (WMC), *Zero Based Review (ZBR) Roads Business Unit Phase 2A report*.

Summary of Service Areas Recommended and Not Recommended for In-Depth Analysis

The 32 sub-service areas were reviewed by WMC and their recommendations for areas for further in-depth review (Attachment 1, p iv) are summarized in the table below. The Steering Committee recommends acceptance of all of these recommendations for in-depth review. The table also provides a summary of WMC's rationale for their recommendation as well as the Steering Committee's response.

Service Areas Recommended for an In-Depth Analysis		
Sub-Service Area	Summary of WMC Rationale for Recommending a further In-Depth Review	Steering Committee Response
Traffic Asset Management (Street Lighting)	- The sub-service is the fourth largest expenditure in the Roads Business Unit. - The service agreement with ENMAX is up for renewal in 2016 - Alternate service providers exist and a analysis would assist in determining if other service delivery options would improve performance	Accepts the Recommendation for an in-depth review of this sub-service
Road Marking	- The sub-service has experienced consistently low satisfaction levels - The sub-service has not been reviewed in the past 5 years - Private sector services for line painting and pavement markings exist in Calgary. These should be explored to assess the options and cost of outsourcing some or all of these services.	Accepts the Recommendation for an in-depth review of this sub-service
Engineering/ Operation Services	- Spending on this service has been steadily increasing over the past five years. - Rapidly evolving technology in this area presents the greatest opportunity for improvement in all of the services that Roads delivers. Investments in new technology can provide greater returns than mature technologies. - The Sub-service has not been reviewed in the past 5 years - Using tangible measures of outputs, value could be demonstrated over multiple business plan and budget cycles.	Accepts the Recommendation for an in-depth review of this sub-service

Service Areas Recommended for an In-depth Analysis		
Sub-Service Area	Summary of WMC Rationale for Recommending a further In-Depth Review	Steering Committee Response
Sign Manufacturing	• Need to validate the efficiency of the operation and to assess the cost recovery model under which the service is provided. • This service has the potential for contracting out and or sales to the private sector. • Other municipalities including Edmonton, Winnipeg, Dauphin and Ottawa can potentially be used to benchmark against. • There are various private sector operations that could inform the analysis.	Accepts the Recommendation for an in-depth review of this sub-service
Pavement Rehabilitation Services	• The service is the third largest expenditure area within the Roads Business Unit. • An assessment of these services has not been conducted for several years. • Significant amounts of cost data are readily available for an analysis evaluating efficiency.	Accepts the Recommendation for an in-depth review of this sub-service
Street Repair & Excavation Permission Service	• A major cost centre (19.33% of Roads expenditures in 2012). • A core municipal function which therefore should be periodically reviewed to confirm that service outcomes are aligned with corporate fiscal and strategic priorities. • Limited client satisfaction information is available.	Accepts the Recommendation for an in-depth review of this sub-service
Construction Materials Production & Sales Services (gravel crushing)	• Roads' data indicates unit costs are higher than industry averages for what on the surface seems like identical services. • A study that was completed in 2012 indicated the Spyhill gravel crushing operations had the potential for outsourcing the operation to the private sector. • It should be acknowledged that an in-depth review of the Spyhill gravel extraction and crushing operation must address potential impacts on other business units in the City of Calgary such as Waste and Recycling	Accepts the Recommendation for an in-depth review of this sub-service

Service Areas NOT Recommended for an In-depth Analysis		
Service and Sub-Service Areas	Summary of WMC Rationale for Not Recommending a Further Review	Steering Committee Response
MAINTENANCE: -Bridges & Structures -Services Winter Operations -Downtown Maintenance -Street Cleaning	- The Bridges and Structures service accounts for only 1.25% of Roads Expenditures in 2012 and the operating cost per square metre for bridges and culverts is lower than other reporting OMBI municipalities, which suggests the service is relatively efficient - Winter Operations have recently undergone a comprehensive review (in 2010). Service improvements have been noted on data comparison with other OMBI municipalities (lower operating costs for winter maintenance compared with OMBI median) and citizen satisfaction levels. - Downtown Maintenance accounts for only 0.67% of Roads Expenditures in 2012 and Roads works closely with Downtown Calgary to establish and monitor standards to deliver service which can be reviewed and renegotiated as the parties see fit. - Street Cleaning is achieving high levels of citizen satisfaction	Accepts the Recommendation to not conduct an in-depth review of these sub-services within the Maintenance Service
TRAFFIC ENGINEERING: -Road Right-of-Way Traffic Control Service -Traffic Engineering Design Service -Traffic Engineering Governance & Administration Services	- The Road Right-of-Way Traffic Control service experiences reasonable degrees of client satisfaction. - The Traffic Engineering Design Service contributes to high level of citizen satisfaction while costs have been relatively consistent. In addition the service area staff is best positioned to conduct reviews related to the energy and costs savings that can be realized through replacing current street light and signals technology with LED fixtures. - The Traffic Engineering Governance & Administration service accounts for only 0.88% of Roads Expenditures in 2012	Accepts the Recommendation to not conduct an in-depth review of these sub-services within the Traffic Engineer Service

Service Areas NOT Recommended for an In-depth Analysis		
Service and Sub-Service Areas	Summary of WMC Rationale for Not Recommending a Further Review	Steering Committee Response
TRAFFIC OPERATIONS: -Detours -Signing -Traffic Signals	• Detours Services has a high level of citizen satisfaction • Signing is not an area that experiences high resident dissatisfaction • Traffic Signals Service is achieving performance expectations for resident satisfaction and is achieving response targets to class one trouble calls	Accepts the Recommendation to not conduct an in-depth review of these sub-services within the Traffic Operations Service
CONSTRUCTION: -Concrete Rehabilitation -Asset Inventory Management -Materials & Research Service	• Concrete Rehabilitation represents less than 1% of total Roads expenditures and Citizen satisfaction levels for this service are at acceptable levels. • Asset Inventory Management represents only 0.18% of Roads expenditures and is a necessary internal administrative function. • Materials & Research Service represent a small proportion (slightly more than 1%) of total Roads expenditures	Accepts the Recommendation to not conduct an in-depth review of these sub-services within the Construction Service
DEVELOPMENT & PROJECTS: -Development & Indemnification Agreements -Construction - Management of Special Projects -Right of Way Design Review -Local Improvements	• A design review is ongoing within the Transportation department wherein a new design division within Transportation Planning will be formed. • Until the function of the new design division is known including its impact upon Roads, it is suggested that a review of the Development and Projects division be delayed until changes are completed.	Accepts the Recommendation to not conduct an in-depth review of these sub-services within the Development and Projects Service

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BUSINESS & TECHNOLOGY -Strategic Business Support -Technical Systems Support	A process is underway to amalgamate both Support Services and Business and Technology Services into one internal support division	Accepts the Recommendation to not conduct an in-depth review of these sub-services within the Business & Technology Service
SUPPORT SERVICES -Learning & Development Training -Roads Support Services -Health, Safety & Environment Service -Vehicle & Equipment Coordination	- A process is underway to amalgamate both Support Services and Business and Technology Services into one internal support division - The Safety portfolio has been transferred out of the Division.	Accepts the Recommendation to not conduct an in-depth review of these sub-services within Support Services