

Limited Service Agreements

Roads Operations, Public Works

Core Service Review



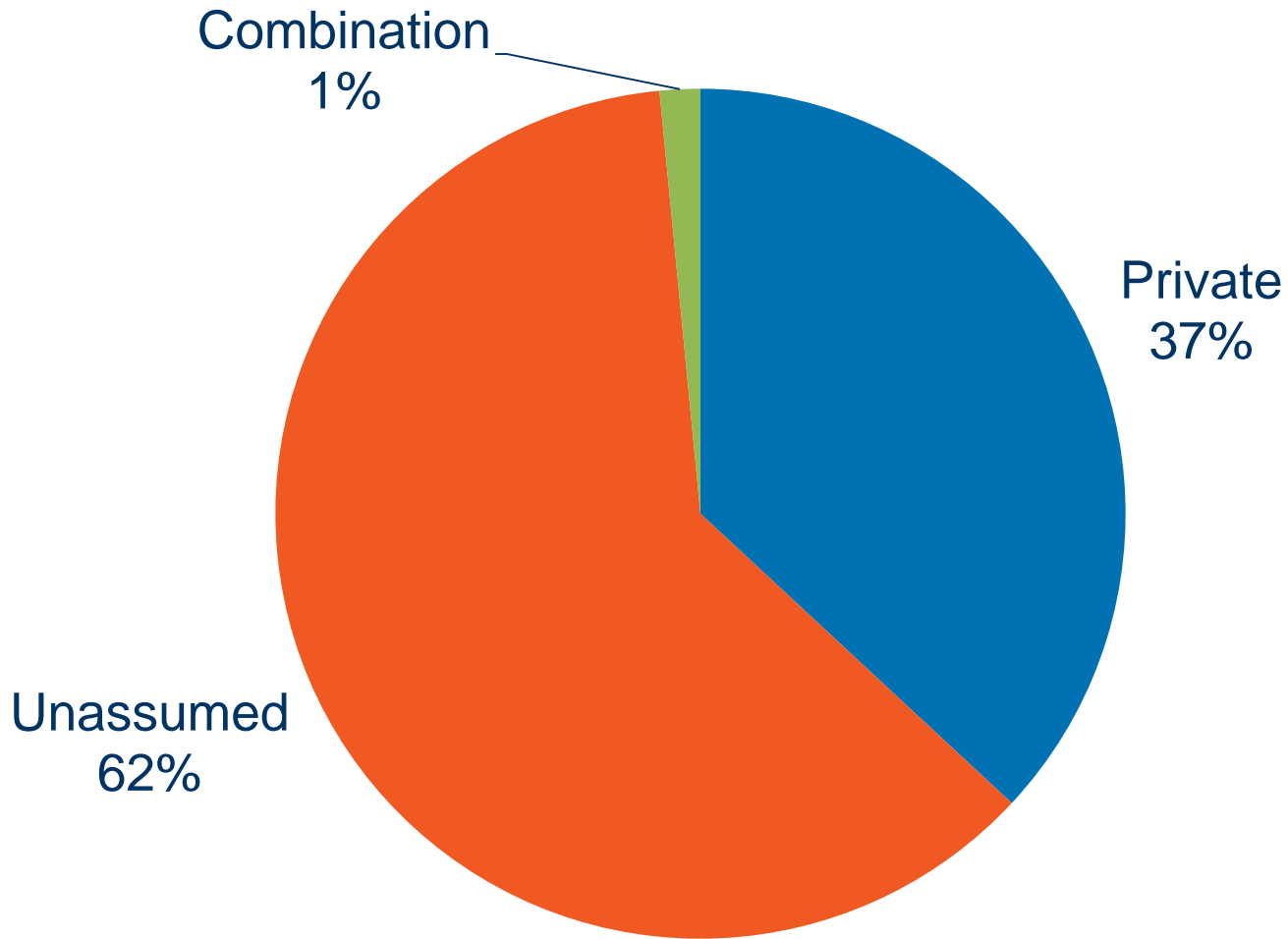
What are we doing now?

- Limited service is provided by agreement on private and unassumed roads
- Includes 2 gradings/year and up to 2 loads of gravel per road at no charge
- Plus an additional load of gravel for every kilometer of road (or portion thereof) over one km in length
- Can include snowplowing as well
- The road must meet standards and pass inspection before LSA is approved

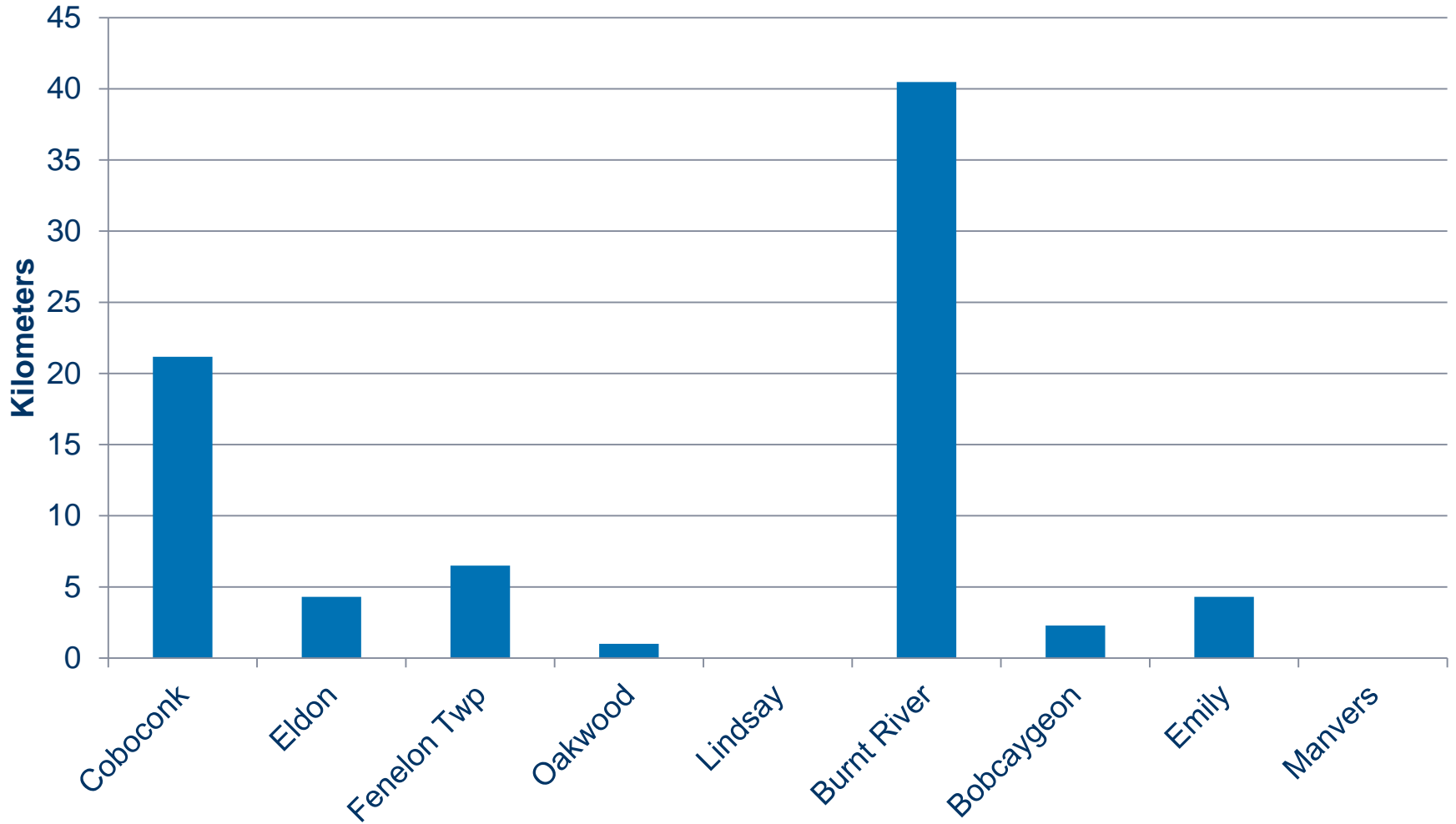
What are we doing now?

- Currently have 65 active agreements to provide service to 68.72km of private & unassumed roads
- There are agreements for another 22 roads (17.7km) that are currently pending

What are we doing now?



Where do we have agreements?



What is it costing us?

| 2012 Actual | 2013 Actual | 2014 Actual | 2015 Budget |
|-------------|-------------|-------------|-------------|
| \$27,716.91 | \$33,773.83 | \$30,969.47 | \$40,154.00 |

- Cost to provide this service has increased 45% since 2012
- Received 7 new applications this year
- 18 renewals this year, 20 expiring in 2016
- Currently contract out some of the work as our equipment is too large to service the roads

What is it costing us?

2014 Actual

| Labour | Equipment | Material | Contract | Other | Total |
|------------|-------------|------------|------------|----------|--------------------|
| \$6,258.86 | \$11,567.50 | \$5,517.30 | \$6,925.81 | \$700.00 | \$30,969.47 |

Does not include costs for staff or for registry searches

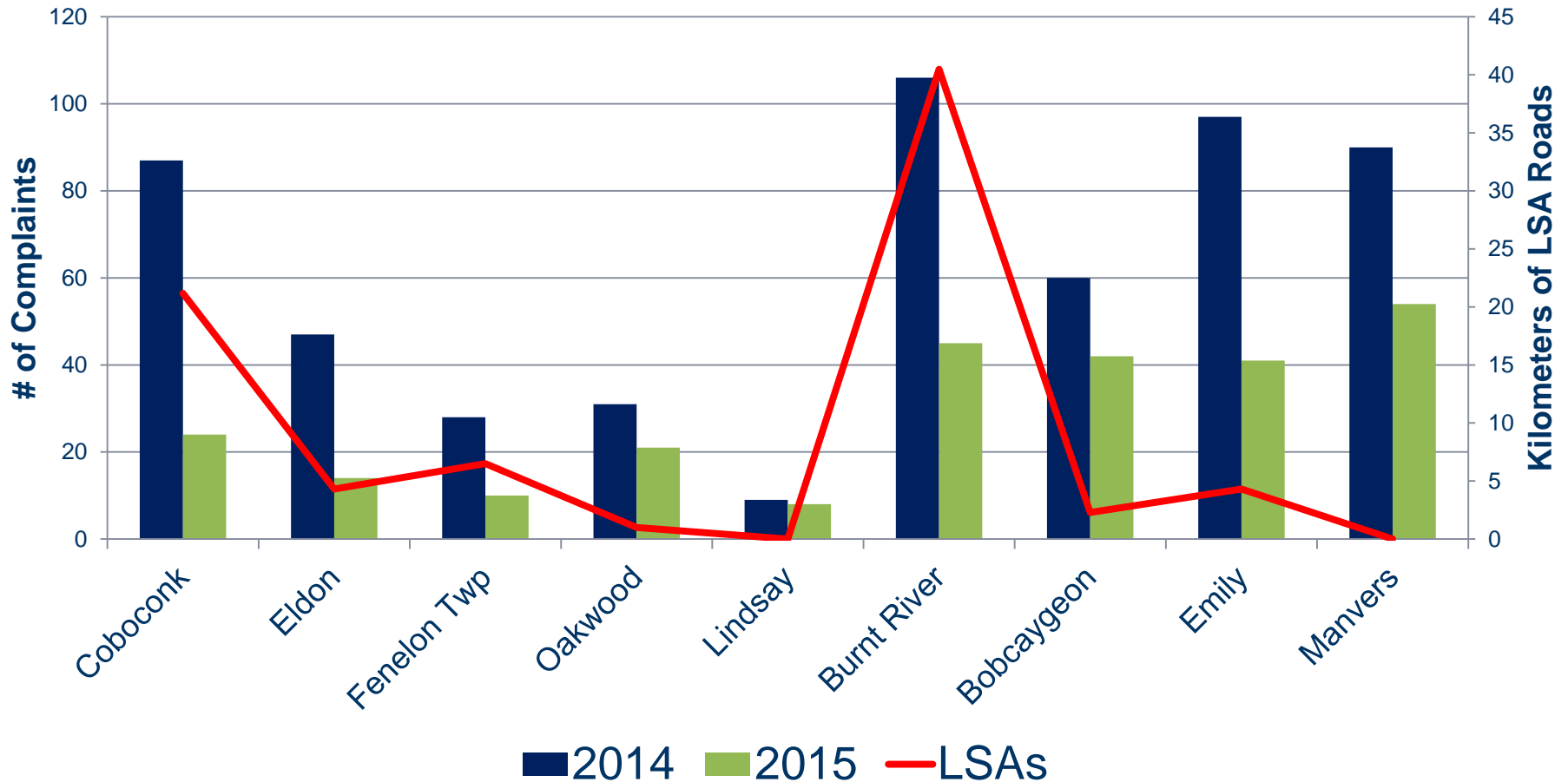
What is it costing us?

| Area | Approximate annual cost |
|-----------------------------------|-------------------------|
| Administration - PW | \$8,320 |
| Supervisors - existing agreements | \$11,696 |
| Supervisors - new agreements | \$602 |
| Managers | \$3,128 |
| Service Centre staff | \$1,360 |
| Legal | \$500 |
| | \$25,606 |

Legal Opinion

- In 2009 the City received a legal opinion on Limited Service Agreements
- “Jurisdiction is the magic word”
- The City is not legally obligated to provide maintenance on either category of road (private or unassumed) and not doing so limits both the maintenance costs and exposure to liability for the City

Gravel Roads



Complaints recorded in Cartegraph for grading, pothole – gravel, road condition complaint – gravel

Gravel Roads

- Assumed gravel roads are on a 10-12 cycle to receive new gravel
- Provided new gravel to 75.36km of assumed roads in 2015
- 2016 plan to provide gravel to 78.08km of assumed roads
- 14% of active LSA roads receive equivalent or greater amounts of gravel compared to our assumed gravel roads

Options

- Status Quo
- Discontinue all LSAs
- Fee for Service
- Grant Program

Option 1 – Continue to Service LSA Roads (Status Quo)

- Continue to provide established service
- Continue with existing service level
- Continue to expand the number of LSA roads on an annual basis if they meet criteria

Option 1 - Risks

- Demand continues to increase
- Cost continues to increase
- Increase to the number of LSA roads each year
- Takes a considerable amount of staff time and resources
- Inconsistent level of service between assumed roads and LSAs

Option 1 - Costs

- 2015 Budget is \$40,154.00
- Administration Cost for Public Works & Admin Staff is estimated at \$25,500 for 2015
- This annual amount will continue to increase as costs for material and labour increase
- Annual amount will increase as more roads qualify for LSA's
- There is currently no limit on new applications

Option 2 – Discontinue all LSAs

- Discontinue all Limited Service Agreements
- Provide 30 days notice and cancel all agreements right away
- Could phase them out – no new applications and no renewals

Option 2 - Benefits

- Resources and funds allocated to core business

Option 2 - Risks

- Would have to enter into an agreement to allow residents (or their private contractor) to do work in our road allowance

Option 2 - Costs

- Will reduce the operating budget by \$40,154 in 2016
- Will reduce administration time allocated to administering and managing LSA program
- Will create capacity within Public Works in order to focus on core business

Option 3 – Fee for Service

- Maintain current levels of service but charge a fee
- Administration fee plus materials & labour for service

Option 3 - Benefits

- Cost recovery for the service
- Not funded by the tax base

Option 3 - Risks

- Would increase invoicing and collection which would impact resources in Revenue & Taxation

Option 3 - Costs

- Approximate cost of \$501.93/km for gravel and grading
- Snowplowing cost would have to be determined
- Administration fee also required

Option 4 – Grant Program

- Option was presented to Council in 2012 (PW2012-013)
- Modeled on grant program offered by Cramahe Township (in 2012 they had 5 roads that participate in the program)
- Annual grant of \$55 per household and \$1100 per km
- Each association would arrange for their own contractors

Option 4 - Benefits

- Funding would be provided for associations to arrange their own service
- Staff resources can be allocated to core business

Option 4 - Risks

- Significant cost to provide grants
- Administration time required for grant program
- No limit on new applications

Option 4 - Costs

- Approximate cost of \$155,562 per year if the grant program provided \$55 per household and \$1100 per km
- Administration time

Cost Comparison

| | Status Quo | Discontinue | Fee for Service | Grant |
|------------|------------------|-------------|-----------------|-------------------|
| Revenue | \$0 | \$0 | \$40,154 | \$0 |
| Expense | \$40,154 | \$0 | \$40,154 | \$155,562 |
| Net | -\$40,154 | \$0 | \$0 | -\$155,562 |

Conclusion

- Should have an admin fee for all applications to cover administration and supervisors time
- Level of Service discrepancy between assumed gravel roads and LSAs
- Further review and potential to reduce the amount of gravel provided to each LSA road (maximum of 1 load)