



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Engineering Services Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	May 16, 2016
SUBJECT/REPORT NO:	Procurement of Two Fleet Vehicles for Road Restoration Program (PW16043) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Rob Merritt (905) 546-2424, Extension 4969
SUBMITTED BY:	Gary Moore, P.Eng. Director, Engineering Services Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the request to purchase two vehicles to support the new Road Restorations Inspection program be approved, in accordance to the Central Fleet Policy Manual, section CF-06 regarding the addition of new vehicles to the existing City fleet compliment;
- (b) That all costs associated with the purchase of the two vehicles will be funded through permit revenues with no impacts to the municipal levy through Dept ID 560220.

EXECUTIVE SUMMARY

At its meeting of April 8, 2015 City Council approved Report 15-004 – 2015 Operating Budget of the General Issues Committee which included “Support increased demand for Engineering Services in the traffic corridor to address inspection issues associated with the road cut permit / restoration work: Funding from Permit revenues (Book 1 page 41)”.

The addition of two new full time road restoration field inspectors has identified the need to provide two additional vehicles to the city fleet. The two new road restoration field inspectors both spend approximately 90% of their working day completing core job duties in the field, including inspecting and identifying restoration work, managing contractors, and attending meetings. Currently, staff are utilizing personal vehicles to complete this work which has proven to be very costly, and has identified safety concerns for staff while entering active construction sites and making regular stops on the roadway to inspect completed restoration work.

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City fleet vehicles currently used by inspection staff for similar purposes are outfitted with appropriate safety devices such as light bars and arrows, and are marked with City logos to provide a positive presence to the public and contractors working on behalf of the City.

The use of personal vehicles to conduct core job functionality is currently costing the City approximately \$1,000 per month, for each inspector and presents a number of safety concerns and requirement for traffic safety devices (i.e. flashers and arrow board). The capital purchase of an inspection fleet vehicle is approximately \$26,000 with an 8-yr replacement cycle, and regular maintenance is estimated to be approximately \$1500 annually through years 4 to 8 once the vehicle warranty period has expired. The estimated total cost of a new fleet vehicle is approximately \$33,500.

Based on the expense of the use of personal vehicles over an 8-year period of a typical fleet vehicle lifespan, there is an estimated savings of \$62,500 per vehicle by procuring additional fleet vehicles for inspection purposes. The costs associated with procuring two inspections vehicles will be funded from permit revenues, with no impacts to the municipal levy.

The economic benefits, in addition to the safety and efficiency of staff utilizing marked fleet vehicles for day-to-day core job functionality ensure that staff are able to deliver sensational services to the public and Council.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The costs associated with the procurement of City fleet vehicles for inspection use include upfront capital costs for the purchase, and ongoing maintenance costs. There is an upfront cost of \$26,000 per vehicle, which are on an 8-year replacement cycle. Maintenance costs are included for the first 3-years of the vehicles lifespan through warranty. City fleet staff estimate an annual maintenance cost of approximately \$1500 per vehicle, which is assumed through years 4 to 8. Based on these values, the full cost of a vehicle throughout its lifespan is approximately \$33,500 per vehicle, and this is to be funded through permit revenues with no impacts to the municipal levy through Dept ID 560220. Annual contributions to the vehicle replacement reserve will be required in the amount of \$3,200 per vehicle plus annual inflationary impacts. This annual contribution will also be funded through permit revenues.

Currently, road restoration inspectors are using personal vehicles to conduct inspections, and this generates approximately \$12,000 annually per inspector in expenses to complete core job duties. The use of personal vehicles throughout the same 8-year period of a typical fleet vehicle lifespan amounts to \$96,000 in expense costs, or approximately two-thirds more than the cost of a City fleet vehicle. By procuring City fleet vehicles for road restoration inspectors, the City will save approximately \$62,500 per vehicle over the typical lifespan.

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Staffing: There are no requests for staff at this time.

Staffing for the road restoration and permit management program was approved in 2015 through Report 15-004 -2015 Operating Budget of the General Issues Committee, which included a project manager and two full time inspectors, funded through road permit revenues.

Legal: There are no legal impacts at this time.

HISTORICAL BACKGROUND

The road cut permit and restoration program has grown significantly over the past number of years. The City has been subject to a significant increase in growth and development, ongoing maintenance and upgrades to private and public utilities. As part of these ongoing improvements, any damage to soft or hard surface infrastructure within public right-of-way requires restoration improvements through capital contracts, including the ongoing management, administration, and inspections. The City has seen a significant annual increase in utility and road cut permits issued and restoration work completed.

The road restoration program was traditionally managed by existing City staff and included significant administrative and inspection duties, including coordinating of internal and external stakeholders to ensure the delivery of high quality services to City residents.

In 2014, the City completed over \$7 million in road permit restorations, and a need for additional resources was identified. The City retained private consulting services to assist with the administration and inspection program to address ongoing resource deficiencies.

Over time, the cost associated with assistance from consulting services was reviewed and a cost analysis was completed identifying a more effective use of budget and resources. A need for dedicated staff was identified and approved through Report 15-004 – 2015 Operating Budget to address the ongoing management, administration and increased inspections

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendations in this report support the City of Hamilton's Strategic Priority of "A Prosperous and Healthy Community", specifically to;

1.2 "Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit", and

1.4 "Improve the City's Transportation system to support multi-modal mobility and encourage inter-regional connections."

The addition of two fleet vehicles for the road restoration inspection program provides a safe and efficient environment for staff to deliver services to the public and Council, in the most cost efficient manner possible.

The Central Fleet Policy Manual identifies that the procurement of new fleet vehicles is subject to approval from Council. The approval of this report meets the requirements of

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the Central Fleet Policy Manual to allow staff to procure two new vehicles for road restoration staff to complete core job functions.

RELEVANT CONSULTATION

Staff have consulted with other departments regarding best practices for effective use of resources and vehicles for field staff completing core job functionality in the safest and most efficient manner, including Fleet Management.

Based on a review and consultation with other departments, staff regularly completing significant field work and inspection duties are utilizing a City fleet vehicle to ensure services are delivered in the safest and most efficient way possible.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

The road permit restoration program is an integral City service that is provided by staff to ensure a consistent management and practice of the restoration of hard and soft surfaces within City right-of-way. The success of the road restoration program is critical to the preservation of civil infrastructure lifespan and delivering high quality services to the public and Council.

The City generates revenue through the effective management of road restorations, and these funds are used to offset the costs associated with management and administration of the program, including staffing resources. A deficiency of resources and staffing was identified and through Report 15-004 – 2015 Operating Budget, Council approved the increase in staffing to manage the ongoing increases to workload and ensure the delivery of high quality services.

The recommendation for the procurement of two fleet vehicles for inspectors to conduct core job functionality is critical to the success of the program from all aspects including safety, efficiency, and cost effectiveness.

It is recommended to procure two fleet vehicles for inspection use and completing core job duties within the field.

ALTERNATIVES FOR CONSIDERATION

Alternatively, Council may not approve the funding for two additional fleet vehicles for use to complete road permit restorations and inspections. This would present significant exposure of City staff to safety risk while completing core job duties using personal vehicles without the use of proper safety devices and warning flashers.

This would also have major financial impacts to the road restoration program since the use of personal vehicles by City staff costs approximately two thirds more than the use of City fleet vehicles. This alternative would cost an additional \$62,500 per vehicle over an 8-year period which is the typical lifespan of a City fleet vehicle.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.4 Improve the City's transportation system to support multi-modal mobility and encourage inter-regional connections.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental)

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

- 3.2 Build organizational capacity to ensure the City has a skilled workforce that is capable and enabled to deliver its business objectives.
- 3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

N/A