Agenda – Council – October 23, 2013

Report – Executive Policy Committee – October 9, 2013

Item No. 3 Operational Review of the Public Works Department

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 9, 2013, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That the recommendation contained in KPMG's report entitled Operational Review of Public Works Report, dated June 2013, for the implementation of a "Winter Control Surcharge" be deleted.

2. That the balance of recommendations contained in KPMG's report entitled Operational Review of Public Works Report, dated June 2013, be reviewed for implementation.

3. That the Operational Review of Public Works Steering Committee engage KPMG LLP for Phase 2 of the project for assistance in the implementation of the recommendations.

4. That the short to medium-term recommendations from the Operational Review of Public Works Report be referred to the Public Works Department for review and recommendation on a process for implementation with report(s) to be submitted to the appropriate Committee of Council in November 2013. Priority should be given to the short to medium-term recommendations that focus on generating cost savings.

5. That an implementation plan be developed; and the Public Works Department report back to the appropriate Committee of Council within 90 days on the status of each recommendation including proposed implementation actions, associated time frame and estimated financial impact.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – October 9, 2013

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 9, 2013, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- Add new Recommendation 1, and renumber the balance of Recommendations accordingly:

  "1. That the recommendation contained in KPMG's report entitled Operational Review of Public Works Report, dated June 2013, for the implementation of a "Winter Control Surcharge" be deleted."

- Delete Recommendation 2 and replace with the following:

  "2. That the balance of recommendations contained in KPMG's report entitled Operational Review of Public Works Report, dated June 2013, be reviewed for implementation."

and submitted the matter to Council.

Further on October 9, 2013, the Executive Policy Committee received a communication dated October 9, 2013 from Mark Cohoe, Executive Director, Bike Winnipeg, with respect to the Operational Review of the Public Works Department.

ADMINISTRATIVE REPORT

Title: ***Final Report on Operational Review of the Public Works Department***

Critical Path: **Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Mansky	B. Whiteside – City Auditor Luis Escobar – A/Director Public Works		

RECOMMENDATIONS

1. That the recommendations contained in KPMG's report entitled *Operational Review of Public Works Report*, dated July 2013, be endorsed for implementation. The Public Works Department has reviewed and agrees in principle with all the recommendations.

2. That the Operational Review of Public Works Steering Committee engage KPMG LLP for Phase 2 of the project for assistance in the implementation of recommendations.

3. That the short to medium-term recommendations from the Operational Review of Public Works Report be referred to the Public Works Department for review and recommendation on a process for implementation with report(s) to be submitted to the appropriate Committee of Council in November 2013. Priority should be given to the short to medium-term recommendations that focus on generating cost savings.

4. That an implementation plan be developed; and the Public Works Department report back to the appropriate Committee of Council within 90 days on the status of each recommendation including proposed implementation actions, associated time frame and estimated financial impact.

REASON FOR THE REPORT

As Executive Policy Committee requested the review through the 2012 Operating Budget process, the final report is submitted for review.

The Public Service is committed to ensuring it explores opportunities to make the most efficient and effective use of taxpayers' funds. A key goal of the operational review was to identify opportunities and find innovative ways to maximize the use of limited tax dollars, while continuing to provide the quality services to citizens. The report contains some recommendations that require direction and approval from the political level to enable the Public Service to develop implementation plans that are aligned with that vision.

IMPLICATIONS OF THE RECOMMENDATIONS

The final report contains approximately 25 recommendations with suggested implementation timing from the short-term (12-18 months) to the longer-term (over 3-4 years). The recommendations cover several of the internal and public services provided by Public Works. The recommendations were categorized by: Support Services (internal), Roadway Construction and Maintenance, Roadway Snow Removal and Ice Control, Transportation Planning and Traffic Management and Parks and Urban Forestry and Other Services.

The recommendations within the report are prioritized; include costs/savings associated with each recommendation (if applicable), a suggested timeline and an implementation plan. The high priority recommendations contained within the report have an identified potential cost savings, based on a series of assumptions, estimated to total between $3.7 – 5.5 million in operating funds and $1.2 million in capital funds. All savings, unless otherwise noted, are projected to be recurring and realized on an annual basis.

Recommendation	Term	Operating	Capital
6.4.7 - Summer Weekend Shifts and Overtime Management	Short-term	$500,000 – 1,000,000	
6.4.3 – Winnipeg Fleet Management Costs & Utilization 5.5.6 - Modernizing Construction Permits[1]	Short – medium term	$700,000 – 1,000,000 $500,000	
7.3.3 - Snow Removal Service Level	Medium-term	$2 - 3,000,000	
6.4.2 - VFM for Contracted Services[2]	Medium – long term		$1,200,000
Total		**$3.7 – 5.5 M**	**$1.2 M**

Note [1]: The ability to achieve the identified savings is conditional on incurring some portion of the investment identified in 5.5.5 Information Technology.
Note [2]: The ability to achieve the identified savings is conditional on obtaining implementation assistance of KPMG through Phase 2 and some investment identified in 6.4.5 Experienced Project Managers and Engineers

The report also recommends targeted investments ranging from $1.1-1.7 million in operating and $1.0 million in capital funding. All investments, unless otherwise noted, are projected to be recurring and expended on an annual basis.

Recommendation	Term	Operating	Capital
5.5.1 - Strategic & Analytical Support	Short-term	$300,000	
5.5.5 - Information Technology	Short – medium term	$600,000 – 1,000,000[1]	
8.4.2 - Centralized traffic Management Centre	Medium – long term	$200,000 – 400,000	$1,000,000[2]
Total		**$1.1 – 1.7M**	**$1M**

Note [1] – to be further defined, some portion one-time investment, some requirement for recurring investment
Note [2] – one-time investment

Proceeding with Phase 2 of the project which is to negotiate with and secure the services of KPMG LLP for assistance in the implementation phase with an immediate focus on the short to medium-term recommendations, will provide the necessary support, expertise and resources to enable timely implementation.

HISTORY

Council's approval of the 2012 Operating Budget included an allocation of monies to be used to conduct operational reviews to ensure services are being delivered effectively and to identify any potential savings. At the request of the Chief Administrative Officer, with oversight provided by the Operational Review of Public Works Steering Committee, the Public Service was tasked to contract the necessary services to conduct an Operational Review of the Public Works Department.

The City issued RFP No. 623-2012 - Request for Proposal for An Operational Review of the Public Works Department and received a total of four submissions. The contract was awarded to KPMG LLP, the bidder who submitted the most advantageous offer.

The purpose of the operational review was to examine the current structure, organization and overall operation of the Public Works Department to evaluate the operational efficiency and effectiveness of the delivery of services. The review was also to examine approaches employed by other municipalities with the intent of identifying best practices and performance measures.

The review process was initiated in December 2012 and completed in June 2013 with a report delivered in July 2013. The original funding for this project identified in the 2012 Operating budget did allocate funds for Phase 2 of the review. At this point in time, no reasonable estimate of the costs to be incurred for Phase 2 or the resulting service efficiencies can be estimated.

The Audit Department was requested to act as the Project Manager/Contract Administrator for this project.

FINANCIAL IMPACT

Financial Impact Statement

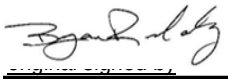
Date: August 26, 2013

Project Name: Operational Review of Public Works

First Year of Program 2013

	0	1	2	3	4
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: At this point in time, no reasonable estimate of the costs to be incurred for Phase 2 or the resulting actual service efficiencies can be estimated. There is sufficient monies remaining from the original funding identified for conducting operational reviews to cover the costs expected to be incurred in Phase 2.



Department Controller

CONSULTATION

In preparing this report there was consultation with:

Operational Review of Public Works Steering Committee
Public Works Department

SUBMITTED BY

Department - Audit
Division
Prepared by: B. Mansky
Date: September 12, 2013
File No. 623-2012

KPMG's full report is attached as a PDF.



CoW Public Works Operational Review -