Agenda – Executive Policy Committee – June 18, 2014

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

Item No. 5 Implementation Plan for the Operational Review of the Public Works Department

STANDING COMMITTEE RECOMMENDATION:

On June 3, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the Winnipeg Public Service be directed to report back in 360 days regarding outcomes achieved and potential budget recommendations that could be included in budget discussions in 2015 for the 2016 - 2018 Operating Budget.

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

Agenda – Executive Policy Committee – June 18, 2014

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 3, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

On May 6, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works laid over the matter to its meeting on June 3, 2014.

On March 13, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works granted a further extension of time of 60 days for the Winnipeg Public Service to report back on the matter.

On January 7, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works laid over the matter to its meeting on March 6, 2014.

COUNCIL DECISION:

On October 23, 2013, Council concurred in the recommendation of the Executive Policy Committee, and adopted the following:

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 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.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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.

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

ADMINISTRATIVE REPORT

Title: Implementation Plan for the Operational Review of the Public Works Department

Critical Path: Standing Policy Committee on Infrastructure Renewal and Public Works – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B.W. Sacher, P.Eng.	B.W. Sacher, P.Eng.	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

That the Public Service be directed to report back in 360 days regarding outcomes achieved and potential budget recommendations that could be included in budget discussions in 2015 for the 2016-2018 Operating Budget.

REASON FOR THE REPORT

On October 23, 2013, Council concurred in the recommendation of the Executive Policy Committee, as amended, and adopted the following:

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.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications of the recommendations at this time.

HISTORY

The following table was included in the September 12, 2013 Administrative Report: Final Report on Operational Review of the Public Works Department. The recommendations identified in the table were taken from a longer list of priority recommendations outlined in Section 10: Implementation Plan Framework, of KPMG's June 2013 report.

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

Recommendation 6.4.7 is being implemented in the summer of 2014 and an analysis of results will be undertaken in the fall of 2014.

Implementation of Recommendation 6.4.3 is underway with ongoing discussions with WFMA to investigate opportunities for operational cost savings. It is anticipated that results of any potential changes regarding PWD's fleet costs will not be fully realized for 12-18 months.

Recommendation 5.5.6 is being implemented through the upgrading of software and processes for the permitting system, from the current system to the Amanda system utilized by other departments such as PPD. Potential savings will take 12-18 months to realize.

It is not recommended that Recommendation 7.3.3 be implemented at this time due to the perception that a change to the residential plowing operation would be a reduction from the current level of service.

The implementation of Recommendation 6.4.2 will include a review and analysis of potential improvements to the methods and practices currently being utilized for pavement cut repairs. Included for consideration will be the potential development of a variable charge for cut repairs based on the relative age of impacted pavements and the resulting long term pavement degradation costs. While these potential improvements are not expected to be revenue generating, the goal will be to improve level of service over the medium to long term.

Due to Council's decision not to utilize the services of KPMG for Phase 2; the implementation of the recommendations, the actioning of the remaining tasks of Recommendation 6.4.2, involving potential Capital Budget savings through the use of Design-Build strategies, and the remaining recommendations identified in Section 10 of the KPMG report, will take at least 18 months to begin implementation. It is therefore recommended that the Public Service be directed to report back in 360 days regarding outcomes achieved and potential budget recommendations that could be included in budget considerations in 2015.

FINANCIAL IMPACT

Financial Impact Statement Date: April 14, 2014

Project Name:

Implementation Plan for the Operational Review of the Public Works Department

COMMENTS:

There is no financial impact associated with the recommendation of this report at this time.

"Original Signed by D. Stewart, CA"

D. Stewart, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with: N/A

SUBMITTED BY

Department:	Public Works
Division:	Office of the Director
Prepared by:	B. Sacher, P. Eng.
Processed by:	G. Foster
Date:	April 23, 2014

Attachment 1 –



KPMG Operational Review Report.pdf