

To: COUNCIL

Meeting Date: 10/19/21

Subject: 2022 to 2026 Area Maintenance Agreement with Region of Waterloo

Submitted By: Michael Hausser, Director of Operations

Prepared By: Dave Lukezich, Manager of Operations, Roads

Report No.: 21-253(IFS) - Regional Roads Maintenance Agreement

File No.: C1101

Recommendation(s)

THAT the Mayor and Clerk be authorized to execute a five-year contract renewal term to the “Area Maintenance Agreement”, subject to the satisfaction of the City Solicitor, with the Regional Municipality of Waterloo, for the City of Cambridge to continue to provide summer and winter maintenance services on selected Regional Roads within the City of Cambridge for the period from January 1, 2022 to December 31, 2026, as outlined in report 21-253(IFS).

Executive Summary

Purpose

- To continue to provide Regional road maintenance services by Cambridge in collaboration with the Cities of Kitchener and Waterloo through a new Area Maintenance Agreement (AMA)

Key Findings

- A five-year contract renewal will enable Cambridge to continue to recover costs from the Region of Waterloo for maintaining selected Regional roadways.
- The final agreement approval remains subject to approval/acceptance of terms by the Region as well as respective Legal reviews and acceptance by Regional Council on October 12, 2021.

Financial Implications

- Costs have increased by 38% overall, or 31% per lane km, from the last contract reflecting changes to Provincial Minimum Maintenance Standards in 2019 related to bike lanes, increase in equipment costs, increase in infrastructure, and delivery of additional street sweeping as defined in the Contract.
- This contract funds existing resources (staff, equipment and material) allocations to regional work plus an additional supervisor and 2 Road Maintenance Staff to provide the services enhancements identified within the updated contract to the Region

Background

The current agreement between the City of Cambridge and Region of Waterloo for road maintenance performed by Cambridge staff on Regional roads is expiring on December 31, 2021.

The Cities of Cambridge, Kitchener, and Waterloo routinely collaborate to enter into a joint maintenance agreement with the Region of Waterloo to perform regular inspections and maintenance on selected Regional Roads as part of each municipalities' respective operations activities. This arrangement is considered mutually beneficial as municipal resources are blended to maintain city and regional roads under the same provincial minimum maintenance standards with same resource skillsets and equipment needs. The extension of the work done on city roads onto regional roads enables a high level of service to the citizens of the Region and Municipalities as the regional roads are key transportation pathways for emergency services, public transportation, commerce, and residents alike.

Since the formation of the Region of Waterloo in 1973, general road maintenance of selected Regional roads within the urban boundaries of Kitchener, Waterloo, and Cambridge has been provided by the local municipalities and funded by the Region. An agreement was established in 2006 that included specifications/performance standards for the maintenance activities and saw residents benefit from more seamless and efficient service delivery throughout the Region.

Maintenance tasks included in the existing agreement are:

- Road patrol
- Summer maintenance including;
 - surface asphalt maintenance,
 - shoulder maintenance,
 - street sweeping,
 - spring cleanup (litter pick up), and

- right of way drainage including catch basin and maintenance hole maintenance
- Winter snow and ice control (on roads)
- Emergency response (e.g. accident clean up, washouts, spills, trees, debris, etc.)
- Preventative maintenance agreed to by the Region.

There has been a strategic focus placed on providing more active transportation options within the Region and many types of active transportation routes (on-road cycling infrastructure, separated cycling infrastructure, additional sidewalks, multi-use trails, etc.) have been installed since 2014. In 2018, the Province of Ontario passed new legislation (O.Reg 239 – Minimum Maintenance Standards for Municipal Highways) requiring municipalities to provide year-round maintenance of these types of facilities; to raise the level of maintenance to that historically reserved for roads. In many cases, city staff has not yet established the impacts of year-round maintenance on these new active transportation networks.

All parties required two one-year extensions of the existing AMA dated, January 1, 2014 to December 31, 2019, to allow for additional analysis of ION and active transportation impacts to the AMA. Both extensions were agreed to by Council per staff report 19-276 (CD) dated November 5, 2019 and staff report 20-220 (IFS) dated September 22, 2020.

Staff from the Region and three cities met starting in 2019 to discuss the development of a new agreement and continued until March 2020. Due to the COVID-19 emergency management and recovery response, staff did not have the capacity to consider the maintenance agreement. Discussions resumed late fall of 2020 and were completed by September, 2021. While each municipality enters into a separate agreement with the Region, the terms of each agreement remain virtually identical since the same AMA template is used for all three Cities.

Analysis

Strategic Alignment

PROSPERITY: To support and encourage the growth of a highly competitive local economy where there is opportunity for everyone to contribute and succeed.

Goal #7 - Transportation and Infrastructure

Objective 7.2 Work with the Region and other partners to better coordinate the planning, communication and delivery of infrastructure (including roads and other transportation assets) in Cambridge.

The approval of the five-year AMA contract will allow the City of Cambridge to continue maintaining existing services levels for regional roads within the City of Cambridge and recover associated costs from Region of Waterloo.

Comments

The new five-year contract will begin on January 1, 2022 and recognizes the following key elements:

- Many of the maintenance items are re-active to weather and localized road conditions and cannot be accurately estimated. In that end, most service items have been changed to time & materials monthly invoicing.
- Winter maintenance requires significant equipment, materials, and facilities to support the response to winter conditions. These are fixed costs within the Operations. As such, the Region has agreed to pay a minimum monthly base amount that supports salaries, equipment, and facilities during the winter months. This base amount is set at 65% of the estimated total winter maintenance annual cost.
- Supervision is an important part of providing this service, as such, an additional supervisor is being proposed to be fully funded under this contract. This will enable Cambridge to have a full time night-shift supervisor and maintain two full time day shift supervisors during the winter months. In the summer, the third full time supervisor will help ensure that work is well planned and better enable all road supervisors to spend some time in the field to check on progress in the field.
- This contract includes enhanced service delivery levels as required under the Provincial Minimum Maintenance Standards that took effect in 2019. In particular, this was related to snow clearing and/or lifting along bike routes in the winter. An additional 2 Road Maintenance FTEs are included in this contract to meet those requirements as well as delivery of street sweeping expectations defined in this contract in the summer. The Region is currently undertaking a review of its bike lane infrastructure and changes to bike lane maintenance criteria and differences in maintenance costs will be addressed for 2023 and amended as part of this agreement.
- A Salt Management Plan is required to be developed that meets the content of Environment Canada's Code of Practice including adoption of best management practices to minimize the impact on drinking water sources from application of winter maintenance chemicals on roads. This plan is to include increased measures in salt vulnerable area requirements under the Clean Water Act.
- This agreement includes a commitment for the City and Region to collaborate to develop a data sharing process for all maintenance records with the Region in

accordance with Ontario Regulation 588/17 by June 1, 2022 with actions to be implemented by June 1, 2024

The Region circulated a final contract on June 9, 2021 and the Cities submitted their cost proposals to the Region on June 15, 2021. Financials were finalized with the Region on Sept 1, 2021.

All partners are planning to present their recommendations to their respective councils within a close time period:

- Region on Oct 12, 2021
- Kitchener on Oct 18, 2021
- Waterloo on Oct 18, 2021

The AMA is negotiated in collaboration with Kitchener and Waterloo, who have agreed to renew the contract for another five years.

Existing Policy/By-Law

The Ontario Regulation 239/02 Minimum Maintenance Standards for Municipal Highways applies to this report. The recommendation provides for sufficient funding to ensure that Cambridge can comply with this legislation to maintain selected Regional roads on behalf of the Region.

Financial Impact

The current contract ending December 31, 2021 has a total value of \$1,817,236

The new contract beginning on January 1, 2022 has a total estimated value of \$2,514,500 which is a 38% overall increase, or a 31% increase per lane km, that reflects current costs of labour, equipment, and some recognition of overhead costs.

This increase, is slightly lower than Kitchener's increase and slightly higher than Waterloo's increase.

This contract funds existing resources (staff, equipment and materials) allocations to regional work plus an additional supervisor and 2 Road Maintenance Staff to provide the services identified within the updated contract to the Region.

This contract includes a minimum 65% payment of estimated winter costs which generally represents fixed costs associated with providing winter services (i.e. vehicles, staffing – two shifts plus weekend stand-by, overheads), with variable costs being fuel, materials, and overtime.

This contract also includes lump sum components for other fixed costs such as supervision, road patrols, sweeping, and litter/garbage.

The City will be required to share Asset Management data related to all maintenance activities performed on Regional Roads as part of its Asset Management Program at a cost-sharing strategy to be negotiated with the Region.

The development of a Salt Management Plan that follows industry best practices to protect both the travelling public and ground water will require unrecoverable staff time.

A purchase of new mechanical sweeper in 2022 is planned under growth for City sweeping needs and will be used to deliver increased sweeping services for the Region under the new contract. Existing equipment will be used to meet the additional snow lifting requirements.

This contract also has simplified annual inflationary increases and adjustments based on additions/deletions of infrastructure falling within the maintenance agreement.

The proposed contract and billing structure will support up to 11.3 FTE including Supervision as fixed costs and an 0.8 FTEs in variable costs (i.e. pot hole patching, shoulder maintenance, storm sewer repairs, etc..).

Final figures remain subject to pending approval/acceptance of costs by the Region as well as respective Legal reviews and acceptance by Councils.

The additional budget and staffing support associated with this contract will be added to the 2022 Budget Process provided the agreement is signed by all parties.

Financial Risk Sharing

The AMA recognizes that the variability of winter maintenance can be difficult to budget for, however, incorporates payment for certain unavoidable fixed costs associated to providing winter maintenance services. For this, the Region agrees to pay the City no less than 65% of the monthly baseline average (BA). This BA has been calculated using estimated costs of salaries, equipment, and facilities for winter maintenance costs for each City.

The Region recognizes there may be additional costs for all parties associated with developing specialized programming, etc in order to capture the Asset Management data transfer from Cambridge. An agreed-upon cost-sharing strategy will, if necessary, form the basis of recoverable costs under the new contract.

The Region is currently undertaking a review of its bike lane infrastructure and changes to bike lane maintenance criteria and differences in maintenance costs will be addressed for 2023 and amended as part of this agreement. As new active transportation networks are built on Regional Roads, additional maintenance costs will

be recovered through the new contract and form the basis for the following 12-month billing cycle.

Public Input

There was no public input solicited or required for this contract renewal.

Internal/External Consultation

Several correspondences were conducted with staff at the City of Kitchener, City of Waterloo, and the Region of Waterloo, and staff from Cambridge's Finance, Legal, and Risk departments to discuss extending the existing AMA contract. It was agreed to recommend to each municipal's respective Council a renewal of the existing AMA contract to another five-year term.

Staff worked extensively with Finance to establish the contract valuations.

Conclusion

The current one-year extension to the Area Maintenance Agreement (AMA) between the City of Cambridge and Region of Waterloo for road maintenance performed by Cambridge staff on selected Regional roads is expiring on December 31, 2021. All parties agree to form a new five-year AMA contract starting on January 1, 2022 to December 31, 2026.

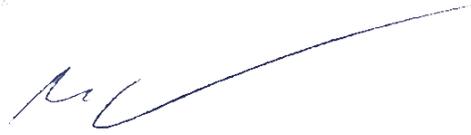
Many new and different types of active transportation routes (on-road cycling infrastructure, separated cycling infrastructure, additional sidewalks, multi-use trails, etc.) have been installed within the Region over the past five years with distinctive maintenance needs. As new maintenance criteria are developed by the Region for this new infrastructure, the increased maintenance costs will be recovered through the new contract.

Updated Minimum Maintenance Standards recommend municipalities provide year-round maintenance of these types of active transportation facilities; to protect them from litigation and claims. These levels are similar to those previously reserved for roads and the increased maintenance expectations are largely responsible for the 38% overall increase in the new contract valuation.

The approval of the new five-year contract beginning January 1, 2022 will allow the City of Cambridge to continue to provide seamless and efficient service delivery of summer and winter maintenance services to the public on selected Regional Roads within the City of Cambridge.

Signature

Division Approval



Name: Michael Hausser
Title: Director of Operations

Reviewed by the CFO

Reviewed by Legal Services

Departmental Approval



Name: Yogesh Shah
Title: Deputy City Manager Infrastructure Services

City Manager Approval



Name: David Calder
Title: City Manager

Attachments

N/A