

## AT A GLANCE

### Winter Maintenance Program Follow Up: Status of Previous Auditor General's Recommendations & Processes to Hold Contractors Accountable to New Contract Terms

#### WHY THIS FOLLOW-UP MATTERS

Contracted winter maintenance services are part of the City's snow and ice management plan that is designed to prioritize the safety and mobility of all road, sidewalk, cycle, and path users. **Nearly \$1.5B** in winter maintenance contracts (over a 10-year term) were awarded in December 2021.

City Council voted to have the Auditor General (AG) review:

- the terms of the new winter maintenance contracts against previous AG recommendations
- Transportation Services' processes to hold winter maintenance contractors accountable to the contract terms

The reviews were incorporated into our follow-up of the 26 recommendations in two previous AG reports on the winter maintenance program. The follow-up assessed whether management's actions, in the context of the new contracts (2022-2032), addressed the intent of the previous recommendations.

#### BY THE NUMBERS

- **1,300+** vehicles/equipment including **204** substituted vehicles/equipment
- **285** vehicles/equipment took 1 to 4+ months before a GPS signal was emitted. **105** did not have a GPS signal at the end of winter season. **367** sensor installations outstanding
- **\$17.4M** in liquidated damages communicated to contractors for 2022/23 winter season
- **\$300K** in negative price adjustments for 2022/23 winter season

#### STATUS OF RECOMMENDATIONS

Report	FI	NFI	NA	Total
<a href="#">Audit of Winter Road Maintenance Program - Phase One: Leveraging Technology and Improving Design and Management of Contracts to Achieve Service Level Outcomes (October 2020)</a>	9	13	0	22
<a href="#">Winter Road Maintenance Program - Phase 2 Analysis: Deploying Resources (June 2021)</a>	1	2	1	4
<b>Totals</b>	<b>10</b>	<b>15</b>	<b>1</b>	<b>26</b>

This report includes four new recommendations to improve how Transportation Services administers winter maintenance contracts.

#### WHAT WE FOUND

##### Progress:

- Improved clarity of contract language (e.g., liquidated damages, allowances for stop times/break times, responsibility for working GPS)
- Developed Winter Maintenance Contract Administration Manual which includes 32 standard operating procedures and forms/checklists. Trained staff on the Manual in Dec 2022/Jan 2023
- Piloted a purpose-built GPS dashboard in Feb 2023 for monitoring service levels and contractor performance

##### Challenges:

- Supply chain challenges, due in part to the COVID-19 pandemic, impacted availability of equipment and timing of arrival at depots, resulting in equipment substitutions and delays installing GPS devices
- Resource and staffing challenges impacted the number of operators available to operate winter equipment
- Administrative setbacks and technology gaps caused delays in integrating the new Enterprise Work Management System (EWMS) with existing processes and configuring the GPS dashboard for first winter season (2022/23)

#### A. Strengthening Processes to Consistently Enforce Payment Criteria and Apply Liquidated Damages

- We could not verify that equipment arrived on time due to insufficient records of staff's physical verification of equipment at the depot and some daily rate sheets that did not have accurate information
- Some equipment did not have evidence of working GPS (required for daily rates). Management paid daily rates as long as equipment could be deployed
- Daily rates charged for most substituted equipment were different than the original rates in the contract for the same type of equipment
- Procedures to verify that contractors completed all required activities on all routes within contracted timeframes can be improved to achieve consistency across the 11 contract areas
- Processes to verify completed operations were highly manual/time-intensive because GPS dashboard/exception reports were not ready
- Liquidated damages were not applied from Oct 2022 - Jan 2023. Two of the ten liquidated damages clauses applied from Feb 2023 onward

#### B. Ensuring Robust Monitoring of Contractor Performance

- Contractor deficiencies and damage to property should be centrally tracked and liquidated damages applied when they are not resolved within the required time frames
- Required sample of field audits to monitor compliance with service levels should be performed/well-documented to support applying price adjustments

#### C. Continuing to Implement Systems and Tools to Improve Efficiency and Effectiveness of Contract Management

- Transportation Services should ensure the GPS dashboard/exception reports are ready and remaining GPS devices/sensors are installed before the second winter season (2023/24)
- Challenges with EWMS delayed the Division's ability to implement the full functionality planned. Division continues to integrate its processes with EWMS