

Attachment 1 – Initial Report to 16 June 2015

Service Review Roadworks - Construction and Maintenance

ITEM NO:	8.1
REPORT FROM:	Infrastructure Services
KEY DIRECTION:	Trusted and Effective Government
SUBJECT:	SERVICE REVIEW – ROADWORKS-CONSTRUCTION AND MAINTENANCE

Submitted to Ordinary Council Meeting on:

16 June 2015

PURPOSE:

This report seeks the endorsement of Part 1 of the Service Review relating to Roadworks-construction and maintenance.

BACKGROUND:

Following the 2014 review of Council's Organisational Structure by Blackadder Associates, 93 recommendations were presented to Council with all recommendations adopted.

The following recommendations were related to Roadwork's and plant utilization.

WORKS SECTION PERFORMANCE

NOTE That the General Manager personally direct the improvements required in Works Section operations by way of the Director Technical Services Performance Agreement, and specific targets and performance standards be agreed with the Director so performance can be accurately monitored.	See recommendation 59.	
Recommendation 68 That the development of an Asset Management Strategy be adopted as a priority action by the Executive Leadership Team	<ul style="list-style-type: none">• Strategy developed by person appointed by the GM to lead Asset Management Planning• Submitted to EL Team for adoption• Submitted to Council for notation	HIGH February 2015
Recommendation 69 That the Works Manager be instructed by the Director to achieve changes in work practices as outlined in this Final Report.	<ul style="list-style-type: none">• Instructions issued• - commenced	HIGH September 2014

<p>Service Reviews Recommendation 88 That a programme of Best Value Service Reviews be developed having regard for the Council priorities identified from this Organisation Review:</p> <ul style="list-style-type: none"> - Tourist Information Centre - Library - Water and Sewer - Roads Construction and Maintenance - Customer Services - Tree management - Town Centre Maintenance 	<ul style="list-style-type: none"> • Best Value Review discussion paper developed and considered by the EL Team • Programme developed for a 2 year review of services • Funding identified and programme submitted to Council for adoption • Project team leader appointed by EL Team 	<p>MEDIUM February 2015</p>
<p>Recommendation 89 That as part of the Service Review Programme the Council identify a work or service suitable to be delivered by an external contractor and undertake a trial programme subject to a very clear and comprehensive specification of works or service and associated tender documents being produced, and tenders invited so that a competitive field of providers can submit their proposals. If a tender is accepted then the Council ensure someone with the necessary contract management skills can oversee the contract and ensure the works/services are delivered according to the tender specification.</p>	<ul style="list-style-type: none"> • Trial Project identified as part of Review Programme 	<p>MEDIUM February 2015</p>

RELEVANCE TO COMMUNITY STRATEGIC PLAN AND OTHER STRATEGIES / MASTERPLANS / STUDIES:

This report aligns with the Narrandera Shire Community Strategic Plan:-

- Key Direction 3.1.2 - Sustainable management of Council assets
- Objective 3.4.2 - Develop infrastructure that supports growth within our community
- Action 3.5.1 - A road network that is safe for our farmer, our community and our visitors

ISSUES AND IMPLICATIONS:

- **Policy**
Road hierarchy and service standards
- **Financial**
Yet to be costed
- **Legal/Statutory**
Local Government Act, 1993
Austroad standards
RMS Standards
WHS Standards
- **Community Engagement / Communication**
Engagement and consultation will occur as the process moves forward
- **Human Resources / Industrial Relations (if applicable)**
Not able to ascertain at this point in time
- **Risks**
Community resistance to change. Community will be informed on process and outcome eg: Review was discussed at budget road show.
The review will consider parameters which have greater effect. Items which has minimal effect will be bypassed or left for further study, to ensure that project is delivered in the outlined time.

Confusion to staff and local contractors. Staff have been informed through a special session at depot and also through works meeting. Contractors will be informed via letter.

OPTIONS AND PROPOSAL:

That options available are for the Council to:-

- Endorse Part 1 of the proposed Service Review relating to Roadwork's- maintenance and construction; or
- Provide additional feedback requiring further amendments to Part 1 of the Service Review relating to Roadwork's- maintenance and construction.

ATTACHMENTS:

1. Part 1 of the Service Review Template relating to Roadwork's- maintenance and construction.

RECOMMENDED:

That Council endorse Part 1 of the Service Review relating to Roadwork's- maintenance and construction.

**Attachment 1 - Part 1 of the Service Review Template relating to Roadwork's-
maintenance and construction**

Service Review Template

PART 1

Service Details.			
Review operating environment including cost recovery for services and extent of services and income			
TRIM File No.	70/5/31-2	Service Number	3
Service Title	Roadworks – Construction & Maintenance		
Service / Function Description/Purpose	The purpose of this function is to renew, maintain and upgrade our road assets.		
Service Group	Works Section	Ledger /Project Numbers	710; 720; 730; 741; 742; 745; 750; 760; 788
Category	Internal %	External %	100%
Owner Directorate	Infrastructure Services Department		
Review Project Leader	Krishna Shrestha	ELTSponsor	Frank Dyrssen
Service Review Team Members	Andrew Pearson Amanda Pearson Bill Brew Rob Blake Bruce McBean Michael Speed Jock Wright Emily Curie Wayne Hodge Neighbouring Council Manager of Works or DTS (Preferably from Lokhart Shire Council)		
Steering Group Members	ELT		

Scope of Review	
Purpose and objectives	<ol style="list-style-type: none"> 1) To make decisions on changes to enable improved cost control 2) To review service levels related to traffic volumes and road user group. 3) To make decisions to enable more efficient delivery of the service
Expected deliverables	<ol style="list-style-type: none"> 1) Cost savings of 2.5% for labour and materials and contracts (as required to meet Fit for the Future ratios) 2) A reviewed road hierarchy methodology and

	<p>service level based on traffic volumes and road user group (Part A)</p> <ol style="list-style-type: none"> 3) An updated roadworks manual 4) A review of the staff structure that supports this service and recommendations for improvements 5) Review of major items of road construction and maintenance plant and equipment utilised to deliver the service (Inclusion: graders, water carts, rollers, gravel trucks) 6) A cost benefit analysis relating traffic volumes to whether it is more economical to seal a road or leave it unsealed
Identified opportunities	<ol style="list-style-type: none"> 1) Cost saving measures 2) Use of contractors 3) New technology to save costs 4) Selling of 1 grader to control costs 5) Current roads expenditure is significantly above the benchmark for Roads to Recovery funding 6) Increased efficiency 7) Shared services with other Shires
Identified limitations	<ol style="list-style-type: none"> 1) Staff resistance to changes 2) No common agreement within Council regarding service level and delivery methods and useful life of assets. 3) Limited ability to build new assets, focus needs to be on renewals 4) Insufficient data about the asset useful life e.g. the required frequency of resheet for certain volume of roads and also the required frequency of seal
Resource requirements to undertake review	<p>Staff time to participate in meetings and gather data Vehicle use for a site visit to obtain overview</p>
Budgetary requirements	<ul style="list-style-type: none"> - Costs will be allocated to Engineering Wages <p>It is estimated that the review will cost 832 hours of staff time. 6 meetings two hours each (14x 8 =112 hrs); 40 % of daily time for two months of Krishna S, Bill B, Andrew P and Bruce M , Amanda P and Emily(40 work days x 7.5 x 0.4 x 6 staffs = 720 hrs)</p> <ul style="list-style-type: none"> - Cost for independent consultant for plant utilization review

Risks with this review	Council & Community perception that services will be reduced Staff may feel scrutinised and believe the purpose of the review is critical of their performance
Linkages with other reviews	Part B Review of Road Hierarchy(Reassessment of roads against new methodology and service levels); Review of Plant Utilization(items not in the scope of this review); Review of asset management plans
Relevant CSP Theme, Outcome, Objective, Strategy	3.1.2 Sustainable management of Council assets 3.4.2 Develop infrastructure that supports growth within our community. 3.5.1 A road network that is safe for our farmer , our community and our visitors
Is Council <u>currently</u> an owner of the service, a funder of the service, or an enabler of the service (as per service review decision model)	Yes

Key Internal Stakeholders			
Subject matter experts	<ul style="list-style-type: none"> - IT Manager - GIS Officer - HR Officer - Governance and Engagement Manager - Asset Manager - Plant and Workshop Manager 		
Other internal stakeholders	Must include Finance, IT and HR		
Icebreaker meeting date	15 July 2015	Meeting schedule details	Fortnightly on Thursday Meeting to be held in Depot Training Room At 2 month stage a progress update will be provided to the Executive Leadership Team.

Community Stakeholders	
External stakeholders	<ol style="list-style-type: none"> 1) Shire residents 2) Traveling public 3) Rate payers 4) Transport companies 5) Farm owners 6) School bus operators 7) RMS 8) Other Councils (Adjacent)

Relevant committees	Not applicable
Community Advisory groups - titles / members	Not applicable

Stakeholder Engagement Strategy and Communications Plan	
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Process summary	<p>Newspaper on 23rd of June Council website The following details will be informed to community 1) Why needing to do the review , and what are the expected outcomes 2) What is the methodology 3) What is considered and what is not considered 4) How long review might take 5) The limitations for the review 6) When will community get outcome of the review</p>
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Council resolutions	
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Note any existing Council resolutions that are relevant for this review	Organisation Review – Reference the recommendation
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Review Process and Timeline	
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Process summary	<p>Items to be reviewed:</p> <ol style="list-style-type: none"> 1) Grader productivity options 2) Water sources & pumping efficiency 3) Technology options to improve outcomes 4) Gravel sources 5) Operating hours 6) Plant selection, Plant utilization and the size of plant assets for optimised service delivery 7) Haulage and Gravel extraction– Contract or Owner operate 8) Grading – Contracting? 9) Inspection schedules 10) Service levels 11) Traffic counts 12) Management of customer requests 13) GPS Productivity Tracking 14) Budget Control 15) Review asset data
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	<p>Process:</p> <p>Step 1: Brainstorm all parameters in cost reduction; and chose sensitive parameters to make major effect on outcome. For example. Reducing cost of resheet will have huge effect while improving process to make efficient way to do line marking won't make big difference. Therefore, consider reducing cost to resheet but skip ways to reduce line marking efficiency improvement.</p> <p>Step 2: Find the most cost effective way for maintenance and construction works. for grading, resheeting, reseal. Do assessment of plant utilization, hire rates and also consider ways to reduce hire rates making maximum utilization of plant. Higher the plant utilization, the lower will be the hire rate. Keeping 3 graders and doing extra hours? Or Keep 3 graders and have 4 grader operators?.</p> <p>Outcome of this step is most optimised unit rate.</p> <p>Step 3: Determine minimum asset length of each category required for the utilization. Traffic count data will make a big difference on this step. Where, good traffic data is not available, possible traffic generation is forecasted based on size of farms and productions nearby the subject road. Also, determine the minimum grading frequency, minimum resheet frequency and reseal frequency to maintain our road network. Benchmarking will be done to determine these. These minimum frequencies of grading/slashing/resheeting/pot hole patching/shoulder grading/reseal are unavoidable to meet our legislative obligation. Outcome of step 3 will be the minimum service level and for existing road network dimension.</p> <p>Step 4:</p> <p>Determine cost required for the minimum service level from Step 2 and Step 3. Knowing minimum cost and maximum service frequency, the required annual cost can be estimated.</p> <p>Outcome of this step is minimum budget size</p> <p>Step 5:</p> <p>Determine available budget (2.5 % less to what is expended till date).</p> <p>Step 6:</p> <p>Compare Step 4 and Step 5. If allocated budget is more than minimum required, reduce road budget. If available budget is less than minimum required budget, then do the following:</p> <ul style="list-style-type: none"> • Go to step 3 and reduce the network length (only available option because unit rate is optimised and also the network width and service frequency is optimised); • Repeat till Step 4 and Step 5 are in similar range. <p>Step 7:</p> <p>Communicate the outcome to ELT and ultimately to the community through Media release.</p>
<p>Tasks and Timeline</p>	<p>What will be done</p> <ol style="list-style-type: none"> 1) M1 – Icebreaker (15th July) – Prepare a flow chart of the overall project and discuss milestones. 2) M2- Progress discussion, streamline the project plan place a hard

	<p>time line for each tasks (30th of July)</p> <p>3) M3 - Plan site visits and questions – Think about what the group will ask (13th August). Majorly discuss about local gravel, water sources and pumping efficiency; the function and utilization of assets; discuss on site the effect of key changes in road width.</p> <p>4) M4 – 27th August- MW to return for this meeting. The expected outcomes of this meeting are: 1) What is the most effective way of doing maintenance and construction. The answer will be linked to gravel type, water pumping efficiency, better procurement practice, better project plan, Use of technology, GPS tracking, Gravel haulage distance and type of gravel to be used, staff motivation. A single outcome of this is most optimized unit rate a) average cost to do a km of grading b) cost to put 1 km of resheet- 100 mm loose gravel. 2) Determine minimum asset required and also asset maintenance frequency considering traffic generation, traffic count and possible future development a) Determine what is the least width of our roads; b) what is the minimum frequency of grading for different classes of roads c) What is the minimum length of road network required based on utilization. 3) Determine the updated hire rates and project cost for the minimum service outlined in 2. 4) Check the required expenditure with available budget (2.5 % less to what is historically expended).If it is less than the available budget, revisit item 2- and propose to curtail road network or drop road class.</p> <p>5) M5 10th September- prepare a draft report for ELT based on findings of review. Discuss the draft report on this meeting with project team and make final revision of draft. And Submit to ELT later on that day</p> <p>6) M6- 17st September based on recommendation on ELT and works towards preparing final road review report</p> <p>7) M7- 24th September - based on recommendation from ELT on 17th September. Submit Final report to ELT.</p>		
ELT Meeting Approval of Review process	9 June 2015	Council Meeting Endorsement of process	16 June 2015
Review Start Date	15 July 2015	Review Report Date	24 September 2015