
Statement of Work

For the City of Saskatoon

Value for Money Review Snow & Ice Management

December 21, 2015



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1. Background and Scope

1.1 Background

One of the key strategic goals for the City focuses on “Moving Around” which is aimed at providing effective mobility options for the citizens of Saskatoon. The City’s Snow and Ice Management Program administered by Public Works plays a key role in enabling effective mobility options and in providing a safer environment for the citizens of Saskatoon. The purpose of the program is to reduce the inconvenience and hazards of winter conditions for motorists, cyclists and pedestrians, and facilitate the operation of Transit and Emergency Services vehicles. As such, the 2015 operating budget for the City dedicates more resources to snow and ice management. The budget increased funding for snow and ice management by almost \$1 million over that provided in 2014, thereby leading to a budgeted total investment of approximately \$11.1 million (net of the revenue from the Province of Saskatchewan Urban Highway Connector Program) compared to the 2014 net budget of approximately \$10.3 million.

In an effort to ascertain value for money and in recognition that more work is required to ensure that the City’s delivery of core services meets the needs of citizens, the City of Saskatoon’s Standing Policy Committee on Finance (“SPCF”) requested Internal Audit perform a value for money review of the Snow and Ice Management Program to identify opportunities for improvement and cost savings. Internal Audit was also requested to highlight key insights from a benchmarking exercise with 3 to 5 comparable cities.

1.2 Project Purpose

The purpose of the project is to assess the efficiency, effectiveness and economy of the City of Saskatoon’s Snow and Ice Management Program and to identify positive observations, opportunities for improvement and cost savings. This will be accomplished by performing a value for money review of the program (i.e. improvements made over the last year), its costs, performance metrics, the management of equipment and staff resources and a review of operational processes (i.e. snow clearing process, citizens’ communications process etc.). This project will also include performing an environmental scan of 3 to 5 selected cities in order to compare program strategies and costs (i.e. ratio of in-house staff to subcontracted staff) and to identify future opportunities for improvement. As part of the project, identification of positive themes and observations as well as key risks, control gaps and improvement opportunities for increased efficiency, effectiveness and cost savings will be included.

1.3 Scope, Approach & Limitations

We understand that you require a written report on our findings at the conclusion of our review. We propose that our services be performed in two phases:

Phase One Snow and Ice Management Program Review for the City of Saskatoon	<p>The team will review available information relating to various stages of the Snow and Ice Management Program from planning through to offloading and storage (i.e. improvements made in the last year), select 1 to 2 sites to walkthrough the current process, perform financial analysis and conduct interviews and discussions with key management and front-line staff to determine the effectiveness of the program in supporting and addressing strategic goals and objectives.</p> <p>This may include but will not be limited to:</p> <ul style="list-style-type: none">• Reviewing the achievement of targeted goals and objectives;• Assessing the timeliness and cost-effectiveness of program activities;• Reviewing the quality of performance reporting;
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	<ul style="list-style-type: none"> • Assessing effectiveness of citizen communication process (i.e. handling concerns); • Reviewing the utilization and cost-effectiveness of equipment and staff employed (i.e. the ratio of in-house and/or subcontracted snow and ice management activities); and • Identifying positive themes and observations, issues, challenges, risks, root causes and opportunities for improvement and cost savings.
<p>Phase Two</p> <p>Comparison of the City's Snow and Ice Management Program with 3 to 5 selected cities.</p>	<p>The team will benchmark the City of Saskatoon with 3 to 5 other North American cities, potentially including other local municipalities, to identify opportunities for improvement and cost savings. There are a number of factors that may affect the actual amount of money spent and effort needed with respect to snow and ice management. The following are environmental factors that will be considered when selecting which cities will be used in the comparison:</p> <ul style="list-style-type: none"> • Amount and frequency of snow fall; • Temperature; • Number of major snow storms; • Freeze/thaw cycles; and • Drifting. <p>Some of the comparisons that will be considered include (where timely information is available):</p> <ul style="list-style-type: none"> • Comparability of data, including population, lane kilometers by type, hills and bridges, climate data, and growth rates; • Expenditure levels by activity and per capita, such as sanding and salting, plowing, snow removal, de-icing, snow storage and sidewalks, and by type, such as staff and equipment including in-house, leased and hired and materials; • Overall unit cost for running the various activities; • Number of staff, their levels and utilization; • The ratio of in-house and/or subcontracted snow and ice management activities, costs, quality and service levels; • Equipment numbers by type of equipment (owned, leased and/or hired); • Equipment capacity, availability, utilization and cost; • Technologies employed, including spreader controls and communications; • Levels of service (targeted vs. actual) for each activity; • Performance metrics used; and • Citizen communications process.

For the purposes of this project, we expect to work with the Public Works, Finance, Communications and Corporate Risk divisions at the City of Saskatoon. The review will include but not be limited to scope areas identified within Phases 1 and 2 above and will include reviewing available information (i.e. performance and financial data) from 2014-2015 to:

- Identify cost savings;
- Identify positive themes and observations;
- Identify efficiency gaps and provide advice to enhance productivity; and
- Identify constraints and bottle necks to performance and provide advice on enhancing process effectiveness.

2. Timeline and Deliverables

Dates are estimates and may change, based on availability of information and both City of Saskatoon and PwC resources.

Deliverable	Details	Projected Delivery Date
Preliminary observations and recommendations for City of Saskatoon Snow and Ice Management Program review	Positive themes, key observations, risks and recommendations from the review will be discussed with the management.	March 2016
Preliminary observations and recommendations from the comparison of the City's Snow and Ice Management Program with 3 to 5 selected cities	Positive themes, key observations, issues, challenges, risks, root causes and opportunities for improvement will be discussed with the management.	April 2016
Draft Report	Draft report provided for management review and feedback.	Early May 2016
Final Report	A final report, including management responses to recommendations, will be issued to Jeff Jorgenson, General Manager Transportation & Utilities and Pat Hyde, Director of Public Works, and will be copied to Murray Totland, City Manager and other key individuals, as necessary.	Late May 2016
Presentation	Positive themes and key findings presented to the SPCF	June 2016
We will communicate bi-weekly to key personnel to keep everyone apprised of our progress and will arrange additional status update meetings as necessary to discuss any issues which may arise.		

3. Key Contacts

The key contacts for this project are:

- Jeff Jorgenson, General Manager, Transportation & Utilities
- Pat Hyde, Director of Public Works
- Eric Quail, Roadways Manager, Public Works
- Russ Munro, Engineering Manager, Logistics and Procurement

4. Budget

Our fees are based on actual hours incurred by PwC staff, at the below agreed upon hourly billing rate in the Internal Audit Services Agreement dated January 1, 2015. In accordance with the Internal Audit Five-Year plan approved in July 2015, we estimate that our fees for the completion of our services under this Statement of Work will be \$74,000 plus out of pocket expenses and applicable taxes, which will be charged on an actual basis.

Role	Expected Hours
Engagement Partner	30
Quality Assurance Partner	15
Engagement Director	35
Engagement Manager	145
Senior Auditor	100
Auditor	100
Total	425