SRCS.24.10 - ATTACHMENT 3: Potential Cost Savings to Scale Back or Eliminate the Program

The following summarizes the assumptions and analysis performed to estimate the cost impacts of:

1. Eliminating the current Windrow Program or,
2. Converting it to a seniors and disabled persons program.

Eliminating the Program

The added (40) winter positions created under the PWO Enhancement Program spend 20% of their winter hours supporting the Windrow Program and 80% of their winter hours on service enhancements. Therefore, eliminating the Windrow Program would result in the reduction of staffing needs in the winter, equivalent to 8 full time positions (20% X 40 full-time positions = 8 full time positions). These full-time positions would be replaced with 8 summer contract staff, which existed prior to the windrow program being introduced, in order to maintain all regular summer service levels.

The net savings are significantly affected by the number and severity of winter events and therefore the number of windrow deployments. With 11 deployments in 2022/23 and 2 deployments in 2023/24, the figures below can be assumed to form the available envelope of savings (or avoided costs) should the Windrow Program be eliminated. The tables below also include fuel and other consumables for the last two winter seasons.

Cost Impacts if the 2022/23 Windrow Program Had been Eliminated

	Avoided Cost 2022/23 (11 deployments)	**Avoided Cost 2023/24 (2 deployments)**
Delete 8 full-time positions (Salary and Benefits)	($656,330)	($668,800)
Add 8 summer seasonal positions (Salary and Benefits)	$298,330	$304,000
Net payroll impact:	**($358,000)**	**($364,800)**
Delete cost of fuel and other consumables	($231,700)	($40,300)
Net Total Cost Avoided	**($589,700)**	**(405,100)**

It is estimated that the annual operational savings (costs avoided) from eliminating the windrow program are between $405,000 and $590,000 depending on winter weather conditions. The 35 Windrow machines would no longer be required although it is estimated that 6 units could be redeployed to other year-round uses. Based on the current estimated salvage value of the equipment (see Attachment 1), it is assumed that the remaining 29 machines could return $2.9 million at auction – depending on market conditions. Proceeds from equipment auctions would be returned to the capital accounts.

Transition the Program to Seniors and Disabled Persons Only

The financial impacts of converting to a seniors and disabled persons program are difficult to estimate. It is not known how much demand there would be for the program, nor is it known which areas of Richmond Hill the demand would come from.

At present, the city-wide program is delivered in a “production line” fashion with established routes. Under ideal conditions, windrow plowing within any zone starts at the beginning of a route and the windrow blade is dropped at every driveway that is unobstructed. Total production rates normally average approximately 100 driveways per hour per windrow machine.

Under a seniors and disabled persons program, the eligible driveways will be dispersed across the city making the program less efficient given the travel time between eligible driveways. In order to minimize wait times, it may be necessary to only deploy windrow operations in a zone once road plowing has been completed thereby reducing the current service standards. It will not be feasible for all the windrow equipment to follow the road plows (as they do now) as this would create no operational savings.

For the purposes of this analysis, it is estimated that the conversion of the current city-wide Windrow Program to one available only to seniors and disabled persons would reduce the current serviced driveways from 44,000 to approximately 4,650. Since the demographic breakdown of Markham is assumed similar to that of Richmond Hill, this figure was estimated by prorating the Markham program and assuming a similar up-take rate for Richmond Hill. (The number of eligible Markham driveways equates to 2.15% of the Markham population). Note it is possible that eliminating the city-wide service may result in greater windrow service demand than is experienced in Markham – but this is not being accounted for in this analysis.

To achieve any impact on operating costs, the existing 35 windrow machines would each need to service more than 10.5 driveways per hour. This will be difficult to achieve given the travel time between eligible driveways. For this reason, it is not likely that a dedicated program targeted to seniors and disabled persons will generate any significant payroll cost savings. Marginal savings may be achieved in fuel and other consumables, but total windrow machine utilizations rates (engine time) will remain the same.

Replacement of the windrow fleet with smaller lighter duty vehicles is also not deemed financially feasible. The current estimated $100,000 recovery at auction for each windrow machine would be offset by the cost of purchasing a fleet of lighter duty vehicles (pick-up trucks or equivalent) and accessories capable of servicing 4,650 dispersed driveways across the city - within the existing service standards. A reduction in service standards would be necessary to reduce the number of units deployed during any storm event.

An additional administration cost related to a seniors and disabled persons program would be incurred for the following:

- Collecting, assessing, and processing applications.
- Verifying/confirming/monitoring eligibility of 4,650 approved applicants.