

Snow Management Facility User-Pay Model

ISSUE

The City of Saskatoon has three snow management facilities. These facilities provide City crews and private snow haulers locations for unloading removed snow in the winter months. Administration was requested to determine the feasibility of a user-pay model to cover the operating costs of managing these facilities.

BACKGROUND

At City Council's 2018 Business Plan and Budget meeting held on November 27 and 28, 2017, Item 6.7.3 of the Transportation 2018 Business Plan and Budget report was considered, and resolved that a potential reduction of \$525,000 (representing 75% of private hauler usage compared to City operations) in corporate costs related to snow management facilities be investigated and brought back to committee with further information.

The Governance and Priorities Committee, at its meeting held on August 20, 2018, considered a report of the Standing Policy Committee on Transportation regarding a Snow Management Facility User-Pay Model and resolved:

"That the Administration report back regarding implementation of a Snow & Ice Management Facility User-Pay Model in 2019 once sufficient data has been obtained."

CURRENT STATUS

The three snow management facilities are strategically located in three of four quadrants of Saskatoon: at the Civic Operations Center (COC), on Wanuskewin Road and at the north end of Central Avenue. The facility at the COC is an engineered facility which has been in operation since 2017. The Wanuskewin Road and Central Avenue sites are not engineered facilities and have been operating in their current locations for more than ten years.

Approximately 25% of the total volume of snow received at these sites is from City operations, while the remaining 75% is from private companies removing snow from parking lots and private roadways.

Since opening the COC in 2017, the average annual cost to operate the three facilities has been approximately \$340,000. The majority of the costs are for pushing and placing the unloaded snow into a pile to make room for more snow.

DISCUSSION/ANALYSIS

In a typical year, it is not possible to reduce corporate costs by the original estimate of \$525,000. The estimate was based on the operating costs to manage snow facilities in the winter of 2016-2017, which in that year were approximately \$700,000. With approximately 75% of the snow being from private haulers, this equated to an expense of \$525,000 for the City to manage snow hauled to the sites by private companies. The

2016-2017 winter operating costs were much higher than in a typical year. This was due to the City's operation of four snow management facilities that year and Saskatoon experiencing an unusually large snowfall in early October. With the current operating expenses, the cost for the City to manage private contractors' snow is approximately \$255,000, assuming 75% of the snow is from private companies.

In the summer of 2019, the City surveyed property owners, snow hauling contractors, and condominium associations who would be impacted by moving to a user-pay model. The City received a total of 52 responses to the survey. The majority of respondents were either opposed to the introduction of user fees at the snow management facilities or were agreeable with reservations. No respondents expressed strong support for user fees. There was also a sentiment from those surveyed that a user-pay model would increase their expectations of service at these facilities. This feedback is comparable to what was heard during stakeholder consultations held in 2013 regarding a user-pay model.

In 2019, the City of Saskatoon reached out to several western Canadian cities, inquiring about the operations of their snow management facilities and received a variety of responses. Edmonton operates five facilities with an annual operating budget of over \$5 million which are free for private contractors. Calgary does not allow private contractors to unload snow at their facilities. Red Deer and Regina both operate one facility in which private users pay per use.

Administration engaged extensively with the City of Regina as they have been operating a user-pay model at their snow management facility since 2016. They operate one non-engineered facility that is similar to the facilities at Wanuskewin Road and Central Avenue, with the goal of recovering 60% of their operating costs. Regina uses a Radio Frequency Identification (RFID) system which gives haulers access to the site and invoices them based on the number of times they visit the facility. The City of Regina's facility still requires staff to be on site despite the City's initial plan to have the facility completely unstaffed. Some other challenges included: increased costs for bylaw enforcement of illegal unloading, technology issues, driver compliance issues, and invoicing difficulties.

FINANCIAL IMPLICATIONS

The implementation of a user-pay model at the City of Saskatoon's snow management facilities would have a net increase in the annual operational costs of approximately \$325,000. While a user-pay model would transfer the costs of managing snow unloaded by private haulers from the mill rate to the snow haulers themselves, the capital costs incurred (approximately \$800,000) and administrative costs in implementing and managing the user-pay model would increase the overall cost.

The cost-recovery for the private hauler portion of the operations would be approximately \$499,000 (75% of the expected annual operating costs, \$665,000). This equates to a fee of approximately \$58 per load for private haulers. This is higher than the fees in both Red Deer and Regina.

OTHER IMPLICATIONS

High level planning is currently underway to close the Wanuskewin Road and Central Avenue facilities and consider replacing them with one or two engineered snow management facilities. Closing these two sites at this time would drastically increase the amount of fuel used and the hauling costs due to increase in travel to the COC site. Neither of these existing sites are candidates for future engineered snow management facilities because of development plans. Investing capital funding into infrastructure at the non-engineered snow management facilities would not see an appropriate return on investment.

Moving to a user-pay model without support from the end user could result in an increase in illegal dumping on undesignated sites which is already an issue. The cost to clean up this extra snow would result in less revenue generated from the user-pay model. Illegal unloading would also lead to environmental contamination from the salt and debris removed with the snow.

NEXT STEPS

The City will continue to operate its three snow management facilities using the current model. The possibility of moving to a user-pay model will be considered further when more detailed planning work for a new engineered snow management facility is initiated.

Report Approval

Written by:	Brock Storey, Senior Operations Engineer, Municipal Engineering Services
Reviewed by:	Tracy Danielson, Roadways Manager, Roadways, Fleet & Support Goran Saric, Director of Roadways, Fleet & Support
Approved by:	Terry Schmidt, General Manager, Transportation & Construction

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