

November 2020 Snowstorm Response – Financial Forecast Update

ISSUE

This report provides an estimate of the 2020 and 2021 Snow and Ice incremental costs resulting from the November snow events, and the 2020 Snow and Ice year-end forecast.

BACKGROUND

At the November 30, 2020 City Council Regular Business Meeting, Administration presented a report titled “Snowstorm 2020 Local Roadway Snow Removal Initiative”. In this report Administration committed to report back in December 2020 on the estimated work and cost for 2021 as a result of the response to the November snow events.

Early estimates for snow grading and removal, sanding, salting, de-icing, and snow storage sites management in response to the November snow events were expected to exceed the 2020 Snow and Ice Service Line budget by \$10.0 million. An additional \$5.0 million was also expected to carryover into 2021, for a total estimated increased cost of \$15.0 million related to the November snow events.

These estimates have been updated using new information based on the recent procured cost of contractor crews and the daily production rates for completing snow removal on local streets.

CURRENT STATUS

Snow removal on Priority 1 streets has been completed. Snow removal on Priority 2 streets began on December 7 and completion of removal on all the remaining Priority streets will continue into January 2021.

Snow removal from local streets began on December 2. Currently, 15 contractor and two City crews are involved in the residential snow removal. The estimated completion date is the end of January and operations are on schedule to meet this timeline.

All three snow disposal sites are operating 24/7 and based on the current estimates will have sufficient capacity to store the snow from the November snowstorm event. The Administration estimates that the sites will have sufficient remaining storage for the full season, assuming typical expected snowfalls throughout the rest of the winter of 2020/2021.

The completion timelines for snow removal from both priority and local streets may be delayed by additional significant snow events, as some crews would need to return to clearing and removal operations on high priority roadways.

DISCUSSION/ANALYSIS

Removal of snow from residential neighbourhoods required additional contractor assistance as city-wide snow removal is not typically performed. Initially, until additional contractor assistance could be procured, existing snow grading contractors already under contract with the City were utilized to begin local roadway snow removal, along with two City crews. The tender for additional contractor assistance closed on December 7. Early estimates of the 2020 and 2021 snowstorm response costs were updated using the unit rates of the additional contractor crews and estimated daily production rates based on work completed to date. The total cost of the November blizzard cleanup is now estimated to impact budgets by \$14.5 million compared with the original estimate of \$15.0 million.

These estimates are variable depending on any additional snow events that may occur in the 2020 and 2021 season.

Potential Scenarios for Snow and Ice Year-end Forecast

The 2020 Snow and Ice year-end forecast is dependent on the number of snow events that may occur before the end of December.

Potential Scenario 1

A snow event is defined as a storm with accumulations of 5 cm or greater. Assuming no additional snow events occur in December and current snow removal production rates are maintained, the estimated incremental cost of \$11.5 million in 2020 may be offset by up to the \$4.0 million that was remaining in the Snow and Ice Service Line at the end of October. The resulting potential incremental cost in 2020 due to the November snow events would be \$7.5 million.

In this scenario, the forecasted year-end Snow and Ice costs would be \$20.94 million, which consists of the \$13.44 million budgeted for Snow and Ice in 2020 and the incremental cost of \$7.5 million. A summary of the current forecasted costs and early estimates by year is as follows:

Year	Early Estimates (millions)	Current Forecast (millions)	Variance (millions)
2020	\$10.0	\$ 7.5	(-\$2.5)
2021	\$ 5.0	\$ 7.0	\$3.0
Totals	\$15.0	\$14.5	(-\$0.5)

The incremental cost in 2020 and/or 2021 could be further offset by the \$3.45 million from the Snow and Ice Management Stabilization Reserve resulting in a total deficit of \$11.05 million over 2020 and 2021 for responding to the November snowstorm events. Offsets from the Snow and Ice Management Stabilization Reserve of greater than 10% of the Snow and Ice Management Service Line require City Council approval.

Potential Scenario 2

Assuming additional seasonal snow event(s) occur in December, the forecasted year-end 2020 Snow and Ice costs would increase by the costs of responding to the

additional snow event(s), which is variable dependent on the magnitude of the snow event(s). A typical 5 cm storm costs approximately \$1.0 million in sanding, de-icing, snow clearing and removal.

FINANCIAL IMPLICATIONS

In order to partially offset the deficits to the Snow and Ice Service Line from the November snow events, \$3.45 million could be used in 2020 and/or 2021 from the Snow and Ice Management Contingency Reserve, which will deplete the reserve. The very purpose of the reserve is to hold funds not required in low-snowfall years and utilize those funds in high-snowfall years such as 2020.

Based on the scenarios discussed in this report, the estimated 2020 remaining year-end deficit in the Snow and Ice Service Line is expected to be \$7.5 million less any offsets up to \$3.45 million from the Snow and Ice Management Contingency Reserve. This estimate is variable depending on any additional snow events that may occur in December.

OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified.

NEXT STEPS

The Administration will provide an update on the 2020 Snow and Ice Service Line as part of the preliminary 2020 year-end report which will be prepared for City Council in the first quarter of 2021.

Report Approval

Written by: Goran Saric, Director of Roadways, Fleet & Support
Reviewed by: Terry Schmidt, General Manager, Transportation & Construction
Kerry Tarasoff, Chief Financial Officer, Corporate Financial Services
Approved by: Jeff Jorgenson, City Manager