

### 2022 Snow Response Financial Information

#### ISSUE

The snow events the week of December 25, 2022 resulted in the City of Saskatoon (City) activating the Roadways Emergency Response Plan for Extreme or Unusual Snow Events. This report provides information on the financial impacts of the 2022 Snow Response.

#### BACKGROUND

City Council approved the [Roadways Emergency Response Plan for Extreme or Unusual Snow Events](#) at its September 27, 2021 regular meeting. This plan outlined the five-phased operational strategy that would be activated if:

- Major snowfall with snow accumulation greater than 25 cm and/or combination of snow, freezing rain, and wind; and,
- Reduced mobility to the point that light vehicles cannot travel on city streets; mobility across the city is severely impacted and the regular winter maintenance level of service applicable to typical winter snow events cannot be met.

This plan and associated report also outlined this response was currently unfunded. Although base funding was not increased during the 2022/2023 Business Plan and Budget process, the understanding was that the service would still be required following an extreme snowfall, and one-time funding would be resolved by the Administration and City Council as would be done with any exceptional weather or other event causing unexpected financial cost to the City.

At its regular business meeting on [January 25, 2023](#) City Council resolved:

“That borrowing be approved as the funding source for the 2022 Snow Response, with reporting to be provided to Council in advance of budget including options for borrowing to be repaid by reductions to the 2024-2035 Major Capital Plan as contained in Option 3 or building in a 0.75% dedicated property tax phase in for the 2024 to 2027 budgets to repay the borrowing and build in base funding for future snow responses as contained in Option 4.”

At its public hearing meeting on [February 22, 2023](#) City Council resolved:

“That City Council authorize the following planned borrowing:

1. Up to \$20,000,000 to finance the 2022 Snow Response;
2. An allowable 10% variance on the borrowing requirements for the project identified. Any variance greater than 10% of the borrowing amount identified would require a new public notice.”

## **CURRENT STATUS**

The City activated the Roadways Emergency Response Plan for Extreme or Unusual Snow Events (2022 Snow Response) on December 29, 2022 in response to two snow events which contributed 34 cm of snow and immobilized many streets and sidewalks. The total cost of the Snow Response was \$18,012,352 of which \$1,973,799 was experienced in 2022 and the remainder of the work was completed in 2023 for \$16,038,553.

## **DISCUSSION/ANALYSIS**

At the July 25, 2023 Special Meeting of the Governance and Priorities Committee when considering the [2024/2025 Budget Inflationary & Phase-in Decisions](#) report committee directed Administration to build \$805,700 into the 2024 and 2025 budget to repay the required borrowing as well as an additional \$161,000 in each year to build a base for future emergency responses.

In the 2024 to 2035 Major Capital Funding Plan report that will be considered at the August 16 Governance and Priorities Committee (GPC) meeting, it is proposed that \$5,000,000 of the cost for the 2022 Snow Response be covered through a reduction in the funding available for the Major Capital Funding Plan. If approved, the remaining \$13,012,352 would be covered through an internal loan at a rate comparable to what the City would have received if the funds were instead invested in the bond market. The current rate that would be charged for a 10-year loan is 4.08% resulting in a required annual repayment of approximately \$1,611,000.

The directed phase-in of approximately \$805,700 in each of 2024 and 2025 would provide enough funding to repay this event over the approximate 10-year time frame. If additional funding becomes available, such as a surplus in the annual snow and ice budget due to lighter than normal annual snow falls, the Administration will review options to accelerate the repayment of this event and bring those options forward to City Council.

If a longer repayment term is desired, such as a 15-year term, the expected interest rate is 4.37% resulting in a required annual payment of \$1,200,800 over 15 years. A borrowing term longer than 10 years would require an approved exception to City Council Policy C03 027 Borrowing for Capital Projects.

## **FINANCIAL IMPLICATIONS**

If ultimately approved at the 2024/2025 Business Plan and Budget deliberation meeting in November 2023, an increase of \$805,700 will be entered into each of 2024 and 2025 budget years towards the repayment of the 2022 event as well as \$161,000 in 2024 and 2025 to build a base for future emergency responses.

## **OTHER IMPLICATIONS**

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

## **NEXT STEPS**

At the August 15, 2023 special GPC budget meeting, the business line report for Corporate Governance and Finance budgetary items was presented and detailed the 2024 and 2025 budget increases.

At the August 16, 2023, GPC meeting, the Committee will consider the 2024 to 2035 Major Capital Funding Plan to approve the amount of funding towards the 2022 Snow Event that will come from the Major Capital Funding Plan. All decisions for the 2024 and 2025 budget will be made at the 2024/2025 Business Plan and Budget meeting that will be held on November 28, 2023.

## **REPORT APPROVAL**

Written by: Kari Smith, Director of Finance  
Reviewed by: Terry Schmidt, General Manager, Transportation and Construction  
Clae Hack, Chief Financial Officer  
Approved by: Jeff Jorgenson, City Manager

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