Snow Management Facility User-Pay Model

Recommendation
That the recommendation of the Transportation Committee regarding recommended changes to services levels and any corresponding changes to the 2019 budget be forwarded to the June Governance and Priorities Committee for consideration.

Topic and Purpose
The purpose of this report is to investigate and provide a recommendation for the implementation of a user-pay model at snow management facilities operated by the City of Saskatoon (City).

Report Highlights
1. The City is working towards permanent and sustainable satellite yards and snow management facilities located strategically throughout all four quadrants of the City.
2. For the month of March 2018, approximately 25% of the snow received at existing City snow management facilities supported the City's snow removal operations; 75% of the use was by private haulers.
3. Potential operating savings are highly variable based on total snow volumes, number of high accumulation snow events, and timing of those events over the course of the season.
4. A preliminary investigation revealed that other similar western Canadian cities with multiple snow management facilities have not adopted a user-pay model.
5. A full year investigation is required to definitively determine the cost effectiveness of a user-pay snow management model.

Strategic Goal
This report supports the long-term strategy of maintaining roads to optimize the flow of people and goods with the minimum long-term costs under the Strategic Goals of Moving Around and Asset and Financial Sustainability.

Background
City Council, at its 2018 Business Plan and Budget meeting held on November 27 and 28, 2017, considered Item 6.7.3 of the Transportation 2018 Business Plan and Budget report and resolved, in part:

> "3 (Item 6.7.3) That option 5 (reduction of $525,000 to corporate costs related to snow management facilities) be investigated and brought back to the Standing Policy Committee on Transportation with further information and plan to proceed in time for 2019 budget deliberations and that the costs associated ($50,000) with the investigation be included in the 2018 budget."

In early 2018, the Administration procured and installed traffic counting devices and conducted aerial surveys to evaluate usage of the existing snow management facilities. These surveys will help to determine the potential cost savings of converting to a user-pay snow management model.

In 2013, the Administration completed an investigation into a user-pay snow management model. Since then, the City has opened a new national-class snow management facility at the Civic Operations Center which has significantly changed the distribution use and accessibility of snow management facilities in Saskatoon. Therefore, a new investigation would be required to assess the suitability of a user-pay system.

Report

Quadrant Approach

Currently the City has three snow management facilities of which only the Civic Operations Center site is permanent. For long-term snow management effectiveness to support city operations and accommodate private users, three additional permanent hard-surface sites are required. A quadrant approach to snow management cuts costs and greenhouse gas emissions generated by snow haulers by reducing travel time and fuel usage per unit of snow. Municipalities across the country use different funding mechanisms to provide the capital and operating resources to build and operate similar facilities.

Data Collection

In early 2018, instrumentation for traffic counting and classification was procured and installed. Once that process was complete, there was limited time in the 2017/2018 winter for data collection. For the month of March 2018, vehicle usage and snow storage volumes were captured at all three snow management facilities to determine site operational characteristics. It was found that approximately 25% of snow received at these three sites was generated through the City's Priority Street Snow Removal activities. This early data supports the estimated user break down of snow management facilities (3:1 private haulers to civic users) similar to what was originally estimated in the Snow & Ice Management Service Level approved by City Council in 2017.

Snow Management Facilities

The permanent snow management facility located at the Civic Operations Center opened in January 2017. For the duration of the 2016/2017 season, there were four sites operational. Total operating costs for snow management over the 2016/2017 winter were approximately $700,000. At a 75% savings based on the distribution of use between City forces and private haulers, it was estimated that savings of up to $525,000 per year could be realized by the conversion to a user-pay system. In 2017/2018 however, more favourable winter conditions from a snow management facility perspective, the closure of the Snow Management site on 8th street, and matured operational strategies at the new snow management facility resulted in a total operating cost for snow management of $345,000. At the lower operating cost, potential savings

are significantly reduced to $250,000 or less based on increased overall operating costs due to additional vehicle monitoring, security, and billing infrastructure.

Other Western Canadian Cities

The Administration conducted an analysis of other western Canadian cities with respect to their snow management facility models. It was determined that in most cases, cities with multiple snow management facilities provided free snow management. This includes Prince Albert, Winnipeg and Edmonton with four and five facilities, respectively. Regina, which has only one snow management facility, was the lone western city in our investigation that operated with a user-pay model.

The facilities, infrastructure, and operating costs for a user-pay model increase linearly with each site that is added. For example, Regina's model requires installation of fences, gates, traffic counters, specialized traffic signals, a billing system, and camera systems in order to protect the integrity of the site and provide accurate billing. This infrastructure is required for each site, therefore the potential operational savings with multiple facilities is much lower than in a city with a single site. The costs of installing and operating this infrastructure significantly increases the overall operating costs.

Extending the Study

Based on the limited data obtained in the winter of 2018, a conclusive determination of the cost effectiveness of a user-pay system is not possible. By extending the study by one year, the Administration will have a full view of the usage and viability of the conversion to a user-pay system. The extension of the study is anticipated to be low cost, as traffic counting infrastructure has already been installed. Incremental costs for the investigation extension will include aerial surveys to determine snow volumes as well as other resources used to analyse the data. The total cost of extending the study for another year is marginal and no new funds are required.

Options to the Recommendation

The Administration may be directed to end the investigation and either continue with the existing snow management model or move forward with converting to a user-pay system. This is not recommended as the data collected to date is not sufficient to make an accurate determination of the cost effectiveness of a user-pay snow management model.

Public and/or Stakeholder Involvement

Conversion to a user-pay system would require an extensive engagement with snow removal companies, haulers, and other affected groups including condo associations.

Communication Plan

Prior to implementation of any changes to the snow management facilities, stakeholders will be contacted as part of the engagement plan through the Snow Storage Site subscriber email list, accessible at saskatoon.ca/snow. A full communication plan will be developed to notify and educate site users of any changes to process and cost.

Financial Implications

Snow management operating costs since the opening of the Civic Operations Center have varied from $700,000 to $345,000 per year. Changing to a user-pay system would increase the overall operating costs, but may balance out or reduce the City's financial burden.

Environmental Considerations

Moving to a user-pay snow management model may increase the instances of illegal dumping by haulers seeking to avoid fees.

A user-pay snow management model may provide revenue to support the long-term acquisition and commissioning of permanent hard-surface, sustainable snow management facilities to better prevent contamination than the current temporary sites.

Other Considerations/Implications

There are no policy, privacy or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

A follow-up report will be provided by June 2019, with recommendations regarding the implementation of a user-pay model.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

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