



Date of Meeting June 23, 2021

Subject Snow Reserve - Financial Framework

Submitted By Darwin Juell, Transportation Manager

Presented By N/A

Purpose

That City Council, through the Economic SPC, make a decision relative to the use of our funding for deficiencies, as well as surplus's within the Snow and Ice Control program.

Recommendation(s)

That the Economic SPC recommends to Council to continue the established practice of funding deficits and returning surpluses from the Snow and Ice Control program to the Municipal Revenue Stabilization Reserve (MRSR) and

Direct administration to implement operational improvements and service level modifications during the next Operating budget review of 2023-2026.

Summary

- The annual Snow and Ice Control program suffered some significant deficits over the last 15 years, specifically in the years 2007 to 2011.
- The cumulative variance of the total Snow and Ice Control programs is a total is \$8.1 million between 2002 and 2020.
- The last nine years the Snow & Ice Control program has operated in a surplus, with over \$725,000 being returned to the MRSR
- The MRSR backstops the Snow & Ice Control program due to changing weather patterns
- Snow & Ice Control expenditures are variable as winter conditions are unpredictable.

Strategic Alignment

Financial Stewardship & Economic Prosperity

Conduct a review of our fiscal principles, practices and policies

Conduct operational reviews to seek out efficiencies – *this is a direct result of the KPMG review*

Liveable Communities

Ensure our transportation systems connect people to where they live,

work and play – *Snow & Ice control services are one of the essential services we perform is in accordance to a City Council policy.*

Background and Prior Decisions

In June of 2020 KPMG submitted Phase 2 of their "Fiscal and Operational Performance Review". In the KPMG report they flagged a number of areas for review. The Executive Leadership team flagged two areas for immediate review:

- 1) Service Modifications and
- 2) Snow Removal financial framework.

The latter is the focus of this request for decision (RFD). The former, service modifications, are being reviewed concurrently and has previously been before the Civic Works Committee.

Prior to 2008, the City had a dedicated Snow and Ice Control reserve, and this was merged with the MRSR effective in 2008. The City chose to close the dedicated reserve and fund deficits and return surplus's directly from the MRSR as this reserve was used to backstop the Snow and Ice Control reserve in the past. Between 2007 and 2011 the City experienced some severe winter events and the MRSR was forced to backstop the snow & ice control program for several million dollars.

From 2012 to 2020 the snow removal program has been balanced and in fact has developed a surplus of over \$725,000 over the last nine years, which has been transferred. Even the 2021 expenditures on ice control programs are under our anticipated budget estimated on a year to date basis. However, as we know, mother nature is unpredictable and more severe winter storms may occur in any given year.

Analysis and Options

Options:

- Maintain the current practice of funding deficits from the MRSR and returning surpluses to the MRSR, the last 9 years has been in a surplus situation, or
- Establish a dedicated Snow and Ice Control maintenance reserve, a minimum of one year's snow & ice budget is recommended, of approximately \$4,000,000 is recommended.

Neither of these options has any financial impact to the City, as in both cases the MRSR is the ultimate backstop.

In order to reduce the cumulative effect of historical funding shortfalls backstopped by the MRSR, the two solutions are to either increase the snow & ice control budgets or reduce service levels so more surplus may be returned to the MRSR. This may be accomplished through service modifications from the snow & ice program and incorporated into the next operating budget of 2023 to 2026. This will be handled through a separate report – Service Modifications and submitted to the Civic Works Standing Policy Committee later this year.

Implications

Community/Citizen

- Social – Every resident or visitor that lives in or travels in the City must rely on our transportation system including the pathways and sidewalk system. Snow & Ice control services have historically been an important service valued by the general public in community satisfaction surveys. In addition, the snow & ice services offered by the City is invaluable to emergency services and Lethbridge Transit services.
- Economic – The City spends approximately \$4.6 M each year on snow & ice control services and is essential to keep Lethbridge moving safely and productively and to enjoy their daily activities. It is considered an essential service and the service level is defined by Council policy CC34.

Snow & Ice control services are an essential service for the general public as well as emergency services and transit. This generally includes anyone that moves within the City. These services are set by Council and are believed to be reasonable without excessive service to maintain passable roads and City controlled pathways/sidewalks.

Risk

Snow & ice control is about risk mitigation to people that walk, cycle or drive. It is intended to reduce the risk of incidents on our public roadways as a result of inclement weather and to keep Lethbridge on the move.

Financial

There is no Financial ask within this report, but rather a potential change in process; establishing a dedicated snow reserve versus funding from the MRSR.

Engagement

There is no public engagement believed to be necessary as this is an internal City issue of funding snow and ice program deficits and has no impact to the service levels or future tax implications.

Implementation and Communication Plan

If City council chooses to implement a snow reserve for funding, then administration would be required to create a new snow maintenance reserve and transfer dollars to this reserve, likely from the MRSR.

There is no communications plan thought to be required.

Attachment(s)

1. Snow Reserve – Information Package

Approvals

City Treasurer:	Hailey Pinksen
City Solicitor:	Brian Loewen
Department Director:	Doug Hawkins
City Manager:	Craig Dalton