Agenda – Executive Policy Committee – February 14, 2007

REPORTS

Item No. 5 Cost Recovery for Snow Disposal Sites
File SC-3.6

STANDING COMMITTEE RECOMMENDATION:

On February 6, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works referred the following to the Executive Policy Committee, namely:

> That the cost recovery of snow disposal sites in the City of Winnipeg be referred to the Standing Policy Committee on Finance for consideration.

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 6, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works referred the following to the Executive Policy Committee, namely:

> That the cost recovery of snow disposal sites in the City of Winnipeg be referred to the Standing Policy Committee on Finance for consideration.

On January 9, 2006, the Standing Policy Committee on Infrastructure Renewal and Public Works recommended that the Administration report back to the meeting scheduled for February 6, 2007, on the operation of municipal snow dump sites on a cost recovery basis through the implementation of user fees and to provide to provide information on what other Canadian cities charge for dumping snow at snow disposal sites.

ADMINISTRATIVE REPORT

RE: COST RECOVERY FOR SNOW DISPOSAL SITES

FOR SUBMISSION TO: Standing Policy Committee on Public Works

ORIGINAL REPORT SIGNED BY: Director of Public Works

REPORT DATE: July 5, 2005

RECOMMENDATION(S):

That this report be received as information.

REPORT SUMMARY:

Key Issues:

- Charging of a user fee for private snow disposal at municipally operated sites is very limited
- High cost of collection system results in minimal recoveries
- Negative impact on business community is considerable

Implications of the Recommendation(s):

General Implications:

[X] None
[ ] For the organization overall and/or other departments
[ ] For the community and/or organizations external to the City
[ ] Involves a multi-year phase in process

Comments:

Policy Implications:

[X] No
[ ] Yes

Comments:

Environmental Implications:

[X] No
[ ] Yes

Comments:

Human Resource Implications:

[X] No
[ ] Yes

Comments:

Financial Implications:

[X] Within approved current and/or capital budget
[ ] Current and/or capital budget adjustment needed

Comment:

REASON FOR THE REPORT:

The Standing Policy Committee on Public Works at their meeting on January 13, 2004 requested Administration to report back, for the meeting of the Standing Policy Committee on Public Works scheduled for February 10, 2004, on the current policy relative to hauling and dumping snow at the McPhillips Street snow dump site and the feasibility of regulating the number of trucks and the kind of material being dumped at this site versus the Brady Landfill site.

The Public Works Department submitted a report dated June 30, 2004 to the Standing Policy Committee on Public Works Meeting on July 6, 2004 regarding the Status of the McPhillips Street Snow Disposal Site. Subsequently the Standing Policy Committee on Public Works reconsidered the matter on September 14, 2004, October 12, 2004 and December 2, 2004.

The Standing Policy Committee on Public Works at their April 12, 2005 meeting requested that the administration prepare a similar report on all snow dumps located in the City of Winnipeg.

The Standing Policy Committee on Public Works at their meeting May 5, 2005 laid over consideration of the matter to its meeting scheduled for June 14, 2005, in order to give the Canadian Union of Public Employees the opportunity to appear in delegation. Further, the Standing Policy Committee on Public Works requested the Administration to provide information on what other Canadian cities charge for dumping snow at snow disposal sites.

The Standing Policy Committee on Public Works laid over consideration of the matter to its meeting scheduled for July 12, 2005.

HISTORY:

There are currently 6 disposal sites with a rated capacity of 2,225,000 m^3, which may be open to the public, and 2 sites with a rated capacity of 450,000 m^3, which are strictly for City use only (i.e. not open to the public). The current inventory of the sites is listed in the following table:

SITE/LOCATION	Public (Yes/No)	CAPACITY (cubic metres)
Highwood (North of Highwood off Saskatchewan Ave)	Yes	225,000
McPhillips (1.2 km south of Perimeter on McPhillips St.)	Yes	500,000
Ravelston (1 km west of Plessis Rd. on Ravelston Ave.)	Yes	500,000
South End Pollution Control Centre (south of Perimeter)	Yes	300,000
Kenaston Boulevard (west side between McGillivray Blvd. And Wilkes Ave.)	Yes	300,000
Charleswood Lagoons (south of Wilkes Ave., West of Perimeter)*	Yes	400,000
Bangor Avenue (between St. James St. and Orange St.)	No	100,000
Foster (south of extension of Thomas/Tyne Ave. between Foster St. and Chester St.)	No	350,000

* Indicated standby overflow site that is not used every winter

DISCUSSION:

The City annually incurs significant costs in the operation and maintenance of its snow disposal sites, particularly over the past two winters with the abnormal amount of snowfall. The projected costs of operating the 8 snow disposal sites including equipment (dozers), labour, lighting, environmental monitoring and site cleanup are estimated to be in excess of $ 1,000,000 in 2005. It is further estimated that about 75% to 80% of the snow hauled to the City public sites can be attributed to the handling of snow hauled from private sites such as commercial mall parking lots.

A peer review was conducted to determine if other municipal agencies in Canada charged a fee for private snow disposal. The peer city study included the City of Edmonton, City of Calgary, City of Regina, City of Saskatoon, Ville de Montreal and the City of Ottawa. Of these agencies only Ville de Montreal and the City of Ottawa indicated that they collected snow disposal tipping fees. The City of Ottawa operates two snow disposal sites accessible to the public and utilizes a ticket selling system with a cost of $2.50 per cubic metre or roughly $37.50 per tandem load. Montreal also utilizes a ticket selling system with slightly lower rates. Very limited use is made of theses facilities by the private sector.

Earlier this spring the City of Edmonton considered and rejected a plan to implement user fees for their snow dump operations for the upcoming winter. Their investigation and subsequent cost analysis proved that it would be very difficult to generate revenues due to the high cost of operating a suitable collection system. Council was also concerned about the negative impact on the business community.

A very cursory cost analysis of implementing a cost recovery system in the City of Winnipeg has also been undertaken and our findings are very similar to Edmonton's experience. The preliminary cost estimates definitely indicated that it would be difficult to generate any significant revenues due to the high cost of operating a collection system. The system analysed was a ticket system that would involve the sale of tickets to the contractors and the collection of these tickets at each dumpsite. The preliminary cost analysis indicated that it would be necessary to charge approximately $10.00 a tandem load to recover collection costs and $40.00 a load if the City wanted to also recover the operating and maintenance costs. Any opportunity to gain some revenue back to the City from this operation would mean an even higher fee. The cost analysis is based on the volume of snow expected from a normal snowfall scenario and closing four of six public sites during non-peak times.

Some initial discussions with the business community were also held regarding this matter and they put forward an argument that the service of providing snow disposal sites is already included in the business tax that they currently pay. The snow removal contractors would pass on any user fee costs that may be implemented directly to the businesses utilizing snow removal services; thereby resulting in an indirect form of new tax and adding to their cost of doing business. Similarly, contractors have indicated that the cost increases to their clients would not only include the snow disposal fee, but also the added cost for inconvenience when some or all of the snow dumps could be potentially closed during non-peak usage times.

In addition, there may be added costs to the City because of the potential for an increased frequency of illegal dumping and the increased enforcement resources that may be necessary to deal with that problem.

In summary, in considering implementation of a user fee for private snow disposal, the high collection system costs would make it very difficult to generate any appreciable revenues. In addition, the impact on the business sector would have to be considered.

Financial Impact Statement Date: June 3, 2005

Project Name:

COST RECOVERY FOR SNOW DISPOSAL SITES

COMMENTS:

As this report is for information purposes only there is no financial impact to the City.

"Original Signed by Darcy Stewart, CA"

Manager of Finance & Administration

In preparing this report, there was consultation with and concurrence by:

N/A

THIS REPORT SUBMITTED BY:

Department: Public Works Department
Division: Streets Maintenance Division
Prepared by: R.B. McPhail, P. Eng.



PRESENTATION

TO THE

PUBLIC WORKS COMMITTEE

JULY 12, 2005

COST RECOVERY FOR SNOW DISPOSAL SITES

CUPE LOCAL 500

PRESENTATION
TO THE
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JULY 12, 2005

COST RECOVERY FOR SNOW DISPOSAL SITES

F. BRIEF OUTLINE

1. Introductions
2. Historical Overview
3. Cost Analysis
4. Associated Risks
5. Closing Comments / Recommendations

1. Introductions

Thank-you for allowing CUPE Local 500 the opportunity to appear before the Public Works Standing Committee this morning to express our views on the issue of “Cost Recovery for Snow Disposal Sites".

Although CUPE Local 500 is not in favour of the “User Fee” concept, in this particular case we believe there should be a fee system developed and implemented that sees the City of Winnipeg recoup some or all of the costs involved in providing this service.

2. Historical Overview

A major component of the winter street maintenance operation is the snow storage factor. The storage of snow significantly drives up the cost of doing business.

The City of Winnipeg has historically provided snow disposal sites for the general public. As time passed these snow disposal sites have moved the subject of some environmental controversies that included the site locations themselves. As a result of some of the environmental concerns that were expressed over time, the locations to many of these disposal sites have changed from sites such as the Louise Bridge site to such sites as the McPhillips Street site or the Highwood Street site. Civic staff traditionally monitored these sites during peak periods but over time and primarily due to budget restraints this monitoring has for the most part been eliminated.

Although there are currently six (6) disposal sites that are considered public disposal sites, the fact of the matter is that the general public does not utilize them; they are utilized by the private sector contractors when they are clearing private parking lots.

The other consistent fact that continues today is that these sites are being provided to the general public (private sector contractors) at no cost.

3. Cost Analysis

One of the key points in this discussion is the cost of maintaining these sites. While the Union recognizes how important it is for the City to provide disposal sites for both private and the public sector the question is, at what cost before it becomes a financial drain on the City?

The report that has been provided to the Standing Committee in the Union's opinion is consistent with what it currently costs to provide the disposal site service. What is not stated in the report is that the numbers of sites that are currently provided to the General Public are located in various parts of the City to ensure that the travelling time for the most part for both the public sector and private sector is kept to a minimum. As noted in the report, the Department has estimated that 75% to 80% of the snow hauled to the public disposal sites can be attributed to the handling of snow hauled from private sites such as commercial mall parking lots. The Union would contend that if the Department were accurate in the above noted estimates it would be beneficial to the City of Winnipeg to initiate a cost recovery fee system for this service that is provided. Although the peer city study indicated that only the City of Ottawa and Ville de Montreal collect a snow disposal-tipping fee, and that the City of Edmonton rejected a plan to implement user fees, the Union does not believe that it is impossible to implement a system that would help recoup these costs. CUPE Local 500 would be pleased to meet with the Department to discuss the various different options that could exist to implement such a system. The only system identified in the report was the ticket system that would involve the sale of tickets to the contractors and the collection of these tickets at each dumpsite. As stated above, the Union believes that there could be other models of such systems that could be utilized by the city to recover these operating costs.

The Union believes that we have an opportunity to not only implement a system that works for all the stakeholders but we have an opportunity to be creative. Once such opportunity is to use injured employees at these sites.

The report indicates that the Department has some initial discussions with the business community. It comes as no surprise that the business community would be opposed to the implementation of such a user fee system. However it is surprising to discover that the business community believes that the cost of the operation of these snow disposal sites is already paid for through their portion of the business tax. On one hand we see the business community continue to lobby for a an overall reduction in their business tax but at the same time

believe that the City of Winnipeg should pick up the cost of the overall operation and management of the snow disposal sites.

If the Public Works Standing Committee is in agreement with the business community in regards to the business tax theory then perhaps City Council should be reimbursing the Public Works Department 75% to 80% of the overall cost that the taxpayers of the City of Winnipeg are paying for. This 75% to 80% should be directed to the Public Works Department from what the city collects from the business tax.

4. Associated Risks

Although the Department's report does not go into any detail regarding associated risks of implementing a cost recovery fee system, it does list a couple of items that Council should take into consideration before implementing any fee system.

First and foremost and as the City of Edmonton found in their plan, there is a negative impact on the business community. The Union acknowledges that the business community will ultimately be affected by any time of cost recovery system. Simply put, the private sector contractors will pass on any new fees to their customers. In addition in their discussions with the snow removal contractors, they have indicated that the cost increases to their clients would not only include the snow disposal fee, but also the added cost for inconvenience when the other disposal sites are closed during non-peak periods.

The Union would counter this argument by stating that this is no different than any other service that the private sector provides now. Any additional service fees associated with the provision of those services are always built into the fee for service. The Union would also argue that the homeowners of the City of Winnipeg should not be subsidizing the Wal-Marts and the Safeways by $750,000 to $800,000 in years of high snowfall to clean their parking lots.

One other associated risk involved in implementing such a system is the risk of increased frequency of illegal dumping. The Union does not concur with the Department's view on this matter. If a fee for service was implemented and this fee was built into the overall cost of snow removal, there should be no higher frequency than what already occurs. In addition, the Union would view this issue no different than what occurred in the years when the Springfield and

Summit Road landfills were closed. The City of Winnipeg had a strategy to deal with those particular challenges and we saw very little illegal dumping as a result of those closures. Like any other initiatives there would certainly be growing pains but none that should result in the City of Winnipeg not at least trying to implement some type of cost recovery.

5. Closing Comments / Recommendations

In closing the Union recognizes that City Council would be faced with some opposition if you chose to implement such a cost recovery system. On one hand the business community is asking City Hall to be run like a business but on the other hand the homeowners of the city are being asked to subsidize business when it is costing the city $1 Million to operate and maintain these public snow disposal sites. It is unfair to ask the taxpayers of the City of Winnipeg to pay for snow removal costs for private parking lots.

The Union would recommend the following:

1. That the Public Works Standing Committee adopts a cost recovery system for the current Snow Disposal sites;

2. That the Public Works Standing Committee direct the Administration to further investigate the various options associated with such a system and report back in September 2005 with a preferred recommendation; and

3. That the Public Works Standing Committee direct the Administration to work with CUPE Local 500 in developing such a system that would ensure that the system is both user friendly and efficient.

Once again, CUPE Local 500 would like to take this opportunity to thank the Standing Committee for this opportunity to express our views on the issue of "Cost Recovery for Snow Disposal Sites". The Union believes that if a system can be developed that is fair for all the stakeholders involved it would benefit all the taxpayers of the City of Winnipeg.

CUPE LOCAL 500