Agenda – Executive Policy Committee – December 9, 2009

Report – Standing Policy Committee on Finance – December 3, 2009

Item No. 3 Transfer of Funds to Snow Removal Reserve
eFile FE-1

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2009, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the current remaining balance in the Snow Clearing Reserve, up to $4,370,479.00, be transferred to the General Revenue Fund to partially offset the forecasted over-expenditure for the 2009 Snow and Ice Control Program.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – December 9, 2009

Report – Standing Policy Committee on Finance – December 3, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2009, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

STANDING COMMITTEE DECISION:

On December 3, 2009, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service, namely, that an over-expenditure authorization in the amount of $9,970,000.00 be approved to the Public Works Department 2009 Operating Budget to offset the following:

1. 2009 Snow and Ice Control Budget - $5,680,000.00
2. 2009 Flood Budget - $4,290,000.00

ADMINISTRATIVE REPORT

ISSUE: **OVER-EXPENDITURE AUTHORIZATION FOR THE PUBLIC WORKS DEPARTMENT'S 2009 SNOW AND ICE CONTROL PROGRAM AND SPRING FLOOD FIGHTING**

Critical Path: **Standing Policy Committee on Finance / Executive Policy Committee / Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Stewart, CA, Manager, Finance & Administration R.B. McPhail, Manager, Streets Maintenance	B.W. Sacher, P. Eng. Director of Public Works	M. Ruta	G Laubenstein

RECOMMENDATIONS

1. That approval be given to the Public Works Department to over-expend its 2009 Snow and Ice Control budget by an estimated $5.68 million and to over-expend its 2009 Flood budget by an estimated $4.29 million, based on the Department's most recent forecasted costs.

2. That Council approve the transfer of up to $4,370,479, being the current remaining balance in the Snow Clearing Reserve, to the General Revenue Fund to partially offset the forecasted over-expenditure for the 2009 Snow and Ice Control Program.

IMPLICATIONS OF THE RECOMMENDATIONS

Additional budget is necessary for the Department to undertake its Snow and Ice Control program and for the unbudgeted costs incurred for flood fighting activities related to the 2009 spring flooding, based on most recent forecasted costs.

The City has encountered winter weather conditions in 2009 that have resulted in above-normal expenditures to date for snow and ice control activities on our streets and sidewalks. Higher than normal snowfall accumulations (79.4 cm to April 30th – 25% higher than average) have resulted in increased plowing efforts.

In addition to increased snowfall, colder than normal weather for much of the winter season resulted in a significant increase in the need for sanding activities to preserve

public safety on the City's streets and sidewalks. Sand usage for the first four months of this year was 55% higher than average.

Assuming that the City will experience typical winter weather for the remaining weeks in 2009, it is estimated that there will be roughly a $5,680,000 shortfall in funding for snow expenditures resulting from Public Work's efforts to provide the prescribed service level mandated in the City's Snow Policy.

The Public Works Department also incurred significant costs related to the spring flooding. The total unbudgeted costs related to this effort totaled approximately $4,286,341. It is anticipated that the City of Winnipeg will be able to claim a substantial portion of these costs as eligible for assistance under the Province of Manitoba's Disaster Financial Assistance program.

HISTORY

Clause 9.1 of By-Law No. 7100/97 states that "The Standing Policy Committee on Finance may approve additional appropriations to an operating budget including approval of reallocations of funds provided in an operating budget of the city for a purpose other than that set out in the budget, and approval of additional operating expenditures." Council, at its meeting held on January 28, 1998, concurred that the Chief Financial Officer could approve additional appropriations of less than $10,000.

On March 22, 1995 Council approved the creation of the Snow Clearing Reserve with the stipulation that any charges to be made to this reserve in any one year should be limited to the lesser of 20% of the Reserve balance or to the amount of snow clearing expenses in excess of 120% of the cost of a normal years' snowfall.

On December 7, 2004 Council approved the change to the operation of the Snow Clearing Reserve that allowed Council, at its discretion, to approve a transfer from the Reserve to cover snow clearing costs greater than or otherwise stipulated by the Reserve.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 13, 2009

Project Name: **First Year of Program** **2009**

OVER-EXPENDITURE AUTHORIZATION FOR THE PUBLIC WORKS DEPARTMENT'S 2009 SNOW AND ICE CONTROL PROGRAM AND SPRING FLOOD FIGHTING

	2009	2010	2011	2012	2013
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 9,970,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	4,370,479	-	-	-	-
Net Cost/(Benefit)	$ 5,599,521	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 5,599,521	$ -	$ -	$ -	$ -

Additional Comments: The Incremental Revenue / Recovery amount identified above includes the anticipated transfer of the remaining balance in the Snow Clearing Reserve. The City of Winnipeg will claim all incurred eligible flood fighting costs to the Province of Manitoba under the DFA program which should result in the recovery of approximately 75% of eligible costs, which will be recovered to a Corporate account.

Original signed by D. Stewart, CA

Department Controller

CONSULTATION

In preparing this Report there was consultation with:

Province of Manitoba
Chief Financial Officer

SUBMITTED BY

Department:	Public Works Department
Division:	Finance & Administration; Streets Maintenance
Prepared by:	Darcy Stewart, CA; Bruce McPhail, P. Eng.
Date:	November 13, 2009
File No.	