

August 31, 2015

To: His Worship the Mayor
and Members of City Council

Re: Snow Storage Site User Fee

**RECOMMENDATION OF THE PUBLIC WORKS AND INFRASTRUCTURE
COMMITTEE - AUGUST 13, 2015**

1. That Administration implement a pay per load fee system as described in Option 1 to align the operations of the snow storage site with *Design Regina: The Official Community Plan* (OCP).
2. That Administration be authorized to incur a one-time usage of the Winter Road Maintenance reserve to fund the capital cost associated with the snow storage site fee implementation.
3. That the City Solicitor's office be directed to prepare amendments to *The Clean Property Bylaw, No. 9881* to incorporate the requirements for the snow storage site in accordance with Option 1 in this report and as detailed in Appendix C.

PUBLIC WORKS AND INFRASTRUCTURE COMMITTEE – AUGUST 13, 2015

Joe Luciak, representing Diggirs Dirt Works, addressed the Committee.

The Committee adopted a resolution to concur in the recommendation contained in the report. Recommendation #4 does not require City Council approval.

Councillors: Sharron Bryce (Chairperson), John Findura, Bob Hawkins and Barbara Young were present during consideration of this report by the Public Works and Infrastructure Committee.

The Public Works & Infrastructure Committee, at its meeting held on August 13, 2015, considered the following report from the Administration:

RECOMMENDATION

1. That Administration implement a pay per load fee system as described in Option 1 to align the operations of the snow storage site with *Design Regina: The Official Community Plan* (OCP).
2. That Administration be authorized to incur a one-time usage of the Winter Road Maintenance reserve to fund the capital cost associated with the snow storage site fee implementation.

3. That the City Solicitor's office be directed to prepare amendments to *The Clean Property Bylaw, No. 9881* to incorporate the requirements for the snow storage site in accordance with Option 1 in this report and as detailed in Appendix C.
4. That this report be forwarded to the August 31, 2015 meeting of City Council for approval.

CONCLUSION

In response to CR14-122, the information in this report was prepared by Administration to align the operations of the snow storage site with the OCP and to provide options to establish a permit process and fee structure for the City owned and operated snow storage site. Three options have been outlined below for consideration by City Council.

The recommended option, Option 1, would provide the necessary infrastructure to implement a pay-per-load system based on truck size that would allow for both City and non-City users to continue to use the site during winter maintenance activities through the use of a Radio Frequency Identification Device (RFID) system issued to users in conjunction with monthly billing based on entry to the site. This recommendation results from extensive stakeholder consultation and research done by Administration and is recommended as a fair and equitable solution for cost recovery at the snow storage site.

In order to successfully implement the recommended option, including providing for improvements to ensure the safe and efficient operation of the snow storage site that allows contractors, City staff and the public to access the site, a capital investment of \$362,000 amortized over ten years (\$36,200 per year) and an additional operating cost of approximately \$65,000 per year would be required (see Appendix A and B for further details). This investment would allow for upgrades including installation of the RFID system, installation and maintenance of proper lighting, roads, fence, gates, improved drainage and other upgrades to ensure a safe working environment for staff and visitors to the site and to ensure efficient snow storage operations. Estimated revenues generated from the implementation of the RFID system will be approximately \$528,000 per year. This constitutes a cost recovery of approximately 60 percent of the operating cost for the site which are estimated to be \$880,000.

BACKGROUND

This report responds to CR14-122 on November 3, 2014, that directed Administration to:

1. Investigate and develop an appropriate permit process and fee for commercial contractors for the use of the City of Regina's Snow Storage Site beginning November 1, 2015;
2. Provide a follow up report to the Public Works and Infrastructure Committee in the second quarter 2015 on the feedback received on the implementation of the fee and permit process; and,
3. Bring forward a report to Public Works and Infrastructure Committee in the second quarter of 2015 which contains the necessary amendments to *The Clean Property Bylaw, No. 9881* that include:
 - i. A fee and fine structure for all private users of the City of Regina's Snow Storage Site; and

- ii. Processes for issuing permits to commercial contractors for use of the City of Regina's Snow Storage Site.

Snow Storage Site

The City's Snow Storage Site is a City-owned and operated property located on the corner of Fleet Street and MacDonald Street which is accessible free of charge to all users, 24 hours a day during the winter season. The current five-year average operating cost of the site is approximately \$620,000 and an average of 1.1 million cubic meters of snow is received and stored each season. Approximately 60 percent of all snow hauled to the site originates from commercial and private enterprises including private contractors. The remaining 40 percent results from the snow clearing activities done by Winter Maintenance crews as part of the Snow Removal program outlined in the Winter Maintenance Policy.

The City currently provides the following services at the Snow Storage Site:

1. *Snow Storage:* Machinery such as front end loaders and dozers are used to safely store, compact, and make additional room for the snow dumped by City and contractor trucks. Site attendants are present to ensure safe and efficient service, as well as to address any concerns site users may have.
2. *Site Cleanup and Preparation:* During the summer and fall seasons, debris from melted snow is removed; crews mow, rake and level the ground, rebuild access roads, install signage and are provided with training for the upcoming season. During the 2013 summer cleanup, over 500 tonnes of debris was removed from the site and taken to the landfill, at a cost of \$50,000. The majority of this debris included concrete slabs and construction material, which would have originated from snow hauled from cleaning commercial parking lots, as well as commercial and residential construction sites.
3. *Environmental Testing:* Since 1994, the City has compiled an annual runoff and soil monitoring report. This report documents the water quality of runoff from the site and identifies any impacts to downstream receiving waters. Additionally, storm water data is used to update the City's Salt Management Plan.

Other Municipalities' Practice in Managing their Snow Storage Sites

In order to better understand how other municipalities manage snow storage sites, Administration engaged in outreach and research activities on best and common practices in other Canadian winter cities. Through this, Administration found many cities no longer accept snow from contractors and others have implemented fees for using city-owned sites. Table 1 below outlines practices in other winter cities.

Table 1: Snow Storage Site Practice in other winter Cities

Municipality	Practice
Saskatoon	<ul style="list-style-type: none">• Currently provides free service to City and non-City users• Anticipates a cost recovery fee for the service
Yorkton	<ul style="list-style-type: none">• Annual permit system
Calgary	<ul style="list-style-type: none">• Does not accept snow from private contractors
Ottawa	<ul style="list-style-type: none">• Does not accept snow from private contractors
Red Deer	<ul style="list-style-type: none">• Pay-per-load system
Fredericton	<ul style="list-style-type: none">• Pay-per-load system

Timmons	Annual/seasonal permit system
---------	-------------------------------

Stakeholder Engagement

As part of the research done to determine the recommended option for fee and permitting at the snow storage site, Administration conducted several stakeholder engagement activities including:

- A mail out to approximately 1,200 commercial establishments that may contract out snow removal;
- Two stakeholder meetings on April 20 and June 8, 2015, open to contractors, businesses and the general public;
- An online and mail-in survey; and,
- A telephone survey.

During this time, Administration was in contact with more than 80 contractors who used the City's snow storage facility during the 2014-15 season. This included contact with members of the Building Owners and Managers Association of Regina (BOMA), Saskatchewan Construction Association, Regina Construction Association, Saskatchewan Heavy Construction Association, and Saskatchewan Trucking Association. The City encouraged the members to contact a designated City official for any questions. Engagement activities resulted in 23/80 users attending the meetings and 14/80 respondents to the survey. Results were then used to develop the recommendation for the fee structure and billing process.

Based on the stakeholders' feedback, Administration developed three options, with the recommended Option 1 of a pay-per-load system. Administration incorporated the stakeholders' request that the City continue providing a round-the-clock service to private haulers spanning the full winter season.

Key Findings from Stakeholders Engagement

The key findings from the stakeholder engagement include:

1. The City should continue to accept snow from private parties (contractors, businesses, commercial establishments, residents etc.);
2. Snow site service should be available 24 hours per day, seven days a week, for the full season (generally November through March);
3. Pay-per-load system is rated as the most fair and preferred billing system; and,
4. The City should ensure that the new billing system minimizes the delay during trucks' entry into the snow storage site.

DISCUSSION

Administration is presenting three (3) options for the implementation of a fee or permit at the snow storage site that considered the research of best practices and stakeholder engagement. Regardless of the option chosen, the snow storage site will still require capital investment to ensure environmental stewardship and workplace safety.

Option 1: Pay-per-Load Fee Based On Truck Sizes (Recommended)

This option maintains service levels, having the site operational 24 hours per day, seven days a week, from November to March each year. A Radio Frequency Identification Device (RFID) access control system would be implemented to record site usage information for the purpose of billing customers. This system will minimise wait times at the entry point and ensure fast and

simplified access to the site. Site users would be required to obtain a permit and an RFID device at a minimal one-time cost of \$10. The device would be placed on the windshield of the authorized vehicle. Four types of permits would be made available, corresponding to the size of vehicle and therefore the amount each load will cost, ranging from \$5 to \$35 per load. Trucks without RFID tags or improper tags will not be allowed in the site and will be diverted through the exit gate (see Appendix C). Site attendants would also remain onsite to ensure the safety of all visitors and staff.

Successful implementation of the recommended option would include providing for improvements to ensure the safe and efficient operations of a snow storage site that allows access to contractors, City staff and the public. These improvements require a capital investment of \$362,000 amortized over ten years (\$36,200 per year) and an additional operating cost of approximately \$65,000 per year (see Appendix A and B for further details). This investment would allow for upgrades including installation of the RFID system, installation and maintenance of proper lighting, roads, fence, gates, improved drainage and other upgrades to ensure a safe working environment for staff and visitors to the site and to ensure efficient snow storage operations. Implementation of the RFID system will provide cost recovery of approximately \$360,000 annually which will help offset the additional expenditure for site improvements.

Table 2 below provides the per load costs based on vehicle size. The prices are intended to reflect a five year average. These prices will remain fixed for the first two years of operation, allowing Administration to collect and evaluate data on usage patterns following implementation of a pay per load system. At that time, an amended rate, based on the five-year operating average, may be proposed. Roadways & Transportation will work with Communications to develop an effective communications plan for implementation of this new process ensuring users are fully aware of changes in the coming season.

Table 2: Per load Costs (See Appendix A & B)

Truck Categories	Radio Frequency Identification Device Tag Fees	Cost per load
¼ or ½ ton vehicle	\$10	\$5
Single axle truck or ¼ ton vehicle with a trailer or ½ ton vehicle with trailer	\$10	\$15
Tandem axle truck	\$10	\$25
Semi-truck	\$10	\$35

Advantages:

- Aligns with the OCP;
- Enhanced safety, environmental and overall site conditions;
- Cost recovery from benefiting users achieved for operation of snow site. This cost recovery is anticipated to recover annual operating costs by approximately \$360,000 (based on current expenditures);
- Permit holders are only charged when they use the service rather than paying a one-time seasonal fee that may not accurately reflect usage;
- Site availability for snow storage usage for the full winter season;
- Quicker entry into the site with minimum delays due to the use of RFID tags; and

- The use of the RFID tracking system and monthly invoicing eliminates the need for onsite cash handling.

Disadvantages:

- Potential for increased dumping of snow in unauthorized locations; and,
- City resources may not be fully utilized during periods where there is little snowfall accumulation.

Option 2: Snow Storage Site for City Use Only

As seen in some other municipalities (eg. Calgary and Ottawa), Option 2 outlines advantages and disadvantages to closing the snow storage site to non-City users. While this option reduces operating costs, it also reduces services provided by the City when there may not necessarily be private industry capacity to provide a similar function. Based on outcomes of other municipalities pursuing this option, it is likely that privately owned snow storage sites would be created eventually to accommodate the market gap. However, even with the creation of a snow storage market, there is a chance of increased dumping of snow in unauthorized locations within or outside City limits.

By restricting access, there would be a 60 percent reduction in the quantity of snow deposited at the site each season which would in turn reduce operating costs from \$620,000 to approximately \$220,000 per year. An initial capital investment of approximately \$80,000 would still be required towards site grading, drainage improvement, roads, fence, gates, lights and other improvements to ensure environmental stewardship, to prohibit unauthorized entry into the site and promote a safe workplace for City staff.

Advantages

- Substantially reduced costs to operate and maintain the snow storage site due to:
 - Reduced volume of snow being deposited; and,
 - Site would only need to be in operation as needed by Winter Maintenance activities;
- Winter Maintenance resources could be reallocated when the snow storage site not is in operation.

Disadvantages

- Limited options for contractors to haul snow in the city at present as there are currently no organized snow storage sites; and,
- Risk of increased dumping of snow in unauthorized locations.

Option 3: Status Quo

The City may choose to continue operating the snow storage site as it has in the past and accept snow from contractors and residents from Regina and surrounding area free of charge. This option, however, is not in alignment with the financial principles of the OCP as the operation of the site would continue to be subsidized by taxpayers. Further, upgrades to the snow storage site would still be required to ensure environmental stewardship and a healthy workplace for City staff and visitors to the site. An annualized capital investment of \$212,000 (\$21,200 per year for

10 years) and an additional operating cost of approximately \$37,000 per year would be required (see Appendix B).

Advantages:

- Current users of the snow storage site would continue to benefit from services free of charge; and,
- Investment in upgrades as outlined in Option 2 could be adopted at a lesser cost than permitting system would require.

Disadvantages:

- Taxpayers would continue to subsidize operation of snow storage site;
- This option does not align with current OCP;
- City resources may not be utilized to full advantage; and,
- Additional investment would still be required for upgrades to ensure environmental stewardship and workplace safety that would be funded through property taxes.

The following table provides a cost comparison between the considered options (See Appendix B for the details of each calculation). Note: The capital cost is depreciated over a 10-years period.

Table 3: Cost Associated with each Option

Options	Total annualized cost (operating cost + capital cost depreciated over 10 years)	Breakdown	
		Cost recovery	City expense
Option 1: Pay per load fee based on truck sizes	\$879,620 Operating \$620,000 Capital \$36,200/year Additional operating cost due to upgrades & billing \$65,000/year Corporate Overhead \$158,620	\$527,772	\$351,848
Option 2: Snow Storage Site for City Use Only	\$228,000 Operating \$220,000 Capital \$8,000/year	0	\$228,00
Option 3: Status Quo	\$678,000* Operating \$620,000 Capital \$21,200/year Additional operating cost due to upgrades \$37,000/year	0	\$678,000*

* Initial investment in proper lighting, roads, fence, gates, improved drainage etc. is required for site safety

Note: Corporate overhead is 22 percent charge for cost recovery initiatives undertaken by the City

RECOMMENDATION IMPLICATIONS

Financial Implications

It is estimated that the City requires an initial capital investment of approximately \$362,000 to upgrade the current snow storage facility and implement the RFID permitting system. Ten percent of this amount will be included every year for the purpose of facilities cost recovery (depreciation). An additional operating expense of approximately \$65,000 per year for the additional infrastructure to manage the site incorporating the RFID system. As per Appendix B,

with the amortized capital investment and the additional operating expense there will be an approximate annual increased expenditure of \$101,000 per year to safely maintain and operate the site for all users while practicing sound environmental stewardship.

Estimated revenues generated from the implementation of the RFID system will be approximately \$528,000 per year. This constitutes a cost recovery of approximately 60 percent of the operating cost for the site which are estimated to be \$880,000.

Environmental Implications

The proposed option, Option 1, provides sufficient investment in the snow storage site to continue to maintain environmental testing, execute efficient and effective cleanup, and provide staff with necessary training to safely administer the site. This ensures that the City is not only following national standards and guidelines, but exceeding requirements for environmental stewardship in the province, while providing responsible management of our snow storage site in accordance with the City's Salt Management Plan.

A potential risk may exist when implementing a fee system as it may prompt snow haulers to dump snow in unauthorized locations within or outside city limits. This will be managed through the proposed amendments to *The Clean Property Bylaw, No.9881* and through an effective communications plan.

Policy and/or Strategic Implications

The recommended option, Option 1, will serve to align the operations of the snow storage site facility with the financial principles of the OCP. Goal 1.1.2 states that "Where some of the benefits of a program or service are city-wide and some of the benefits are directly attributable to specific beneficiaries, the costs are to be paid for by a combination of general revenues of the

City of Regina and user fees or other similar charges." Option 1, the recommended option, implements a fee structure that allows the City to achieve cost recovery from private snow haulers using this site while using general revenues to fund City operations. As such, this alleviates burden from residents and ensures that services that benefit the entire community while still providing services to smaller groups.

The implementation of a Snow Storage Site User Fee would have implications for *The Clean Property Bylaw*. Amendments to the current Bylaw will be required to reflect a fee structure, to enforce against potential illegal dumping on the site should a contractor utilize the site without obtaining the appropriate permit, and to reflect the increase in fines for illegal dumping outside of the site.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The Communications Department will work closely with the Roadways & Transportation Department to develop a communications plan to ensure that private snow clearing contractors and the community are informed of the changes to the operational practises of the snow storage site including: how to obtain permits and the roles and responsibilities of users of the snow storage site.

DELEGATED AUTHORITY

City Council's approval is required to authorize the new revenue, as well as to approve any potential amendments to *The Clean Property Bylaw, No. 9881*.

Respectfully submitted,

PUBLIC WORKS AND INFRASTRUCTURE COMMITTEE



Linda Leeks, Secretary