

Reply to Common Council File No. 110240
From DOA-Budget and Management Division

June 27, 2011

Ref: BF11

File Number 110240 contains a resolution amending the 2011 Local Snow and Ice Removal Charge.

Section 309-83 2.b of the Code of Ordinances allows the Common Council to adjust the snow and ice charge after budget adoption based on cost recovery experience.

During the 1st quarter of 2011, Snow and Ice Operations expended approximately \$9 million on 33 separate events. Significant costs included in the expenditures total include:

- \$3.7 million for salary related costs
- \$1.6 million for private rentals
- \$2.2 million for deicing materials
- \$702,000 for Fleet related costs

The 2011 adopted budget includes a snow and ice charge rate of 69.17 cents per foot. This amounted to a "Snow and Ice" fee of approximately \$27.67 to the typical property with 40 feet of street frontage. The 2011 anticipated budget revenues expected to result from the application of the budgeted rate are \$6.5 million.

The city is also anticipating a reimbursement payment of \$1.13 million from FEMA for the February 1st blizzard. This event cost approximately \$3 million.

The FEMA payment, in conjunction with the budgeted Snow and Ice revenues, results in a year to date shortfall of \$1.4 million for the Snow and Ice removal budget. Therefore, the Administration proposes an increase to the 2011 rate from 69.17 cents to 84.07 cents per frontage foot. This change should generate an additional \$1.4 million in non-property tax revenue above the anticipated level. If this rate is adopted, cost recovery for year-to-date expenses will be approximately 100%. Adoption of this rate provides for recovery of year to date expenditures for snow and ice operations. Expenditures incurred in the 4th quarter will likely require contingent funds.

The impact on the owner of a property with 40 feet of frontage is estimated to be approximately \$5.96 higher than the adopted budget rate.

RECOMMENDATION: ADOPT A 2011 AMENDED SNOW AND ICE REMOVAL CHARGE RATE OF 84.07 CENTS PER FOOT APPLICABLE TO RESIDENTIAL AND NON-RESIDENTIAL PROPERTY.



Thomas Bell
Fiscal Planning Specialist Senior