

COUNCIL ACTION FORM

SUBJECT: **UPDATE ON WINTER SNOW AND ICE REMOVAL COSTS
AND AUTHORIZATION TO PURCHASE ADDITIONAL SALT**

BACKGROUND:

On February 23 the City Council directed staff to provide a budget update on the cost of this winter's snow plowing and ice control activities. This report is given in response to that request, and also seeks Council authorization to replenish the City's salt supply.

The winter of 2009/10 has presented many challenges to the City of Ames, both physically and financially. The City received its first measurable snowfall on December 3, 2009. Between that date and the end of February 2010, 55 inches of snow fell. Many occurrences of this near-record snowfall were of long duration, and many were accompanied by strong winds. The City also experienced two major blizzards. During an average winter, the Ames area typically receives 33 inches of snow.

Overall, the City recorded 17 "snow/ice" events. For seven of these events, 16-hour shift schedules were put into effect for City crews. Five of these seven events resulted in City crews working more than 24 hours non-stop. On one occasion, City crews worked 84 hours straight and on another, crews were out for 64 hours straight. Contractors with equipment were used seven times in residential areas when at least three inches of snow had fallen.

FINANCIAL SUMMARY

The attached Snow and Ice Summary of Expenses report shows the financial impact to the City of the unusually harsh winter. The upper portion of the report shows the year-to-date expenses. The lower portion estimates snow and ice activity expenses through the end of June 2010.

Included in the expenses through March 1 (the upper portion of the report) are labor, equipment, and materials expensed and paid for through that date. Not included are any expenses that will occur from March 2 through the end of June. This includes, for example, the expense for "winter" repairs to equipment that was used for snow/ice activities. Some of these repairs are as minor as spot welding of plows, while other repairs could be of a major nature. An inventory of needed repairs is currently underway. An estimate of additional fleet costs (based on 2008/09 costs) is included in the Snow and Ice Estimated Summary of Total Expenses shown on the lower portion of the attached page.

Excluded from the report of expenses through March 1, is \$46,655 for additional salt that should be purchased by April 1. However, this expense is included in the year-end projection. The salt dome is traditionally filled to its 1,200-ton capacity at the end of each winter season. Continuing this practice serves two purposes. First, it allows for the purchase of salt at a lower cost than would be experienced by waiting to purchase salt until next fall when higher salt prices are projected. The City's current contract price of \$66.65/ton was established through a bidding process last year, but is only guaranteed through April 1 of this year. Second, replenishing the salt supply now will prepare us for the start of winter 2010/11 with a full dome of salt. City purchasing policies require that this purchase be approved by City Council.

Another cost excluded from the Snow and Ice Summary of Expenses report through March 1 is the expense of "cold patch" pothole work that is currently being done. This work will continue until the asphalt plant opens in mid-April and hot asphalt becomes available to repair the streets. These additional costs (\$1,350/week for materials and \$11,000/week for labor) are included in the estimate of costs through June.

As can be seen from the attached reports, snow and ice activity expenses through March 1 are \$212,700 above the 2009/10 adjusted budget figures that were approved by Council when budget adjustments were adopted on March 2. By the end of June, those expenses are estimated to increase to approximately \$417,000 above the adjusted budget figures. Additionally, there has been an estimated \$20,000 Road Use Tax fund overrun in the Grounds Division for work performed to clear public sidewalks during the winter. Finally, the Parking Fund has also experienced an overrun of nearly \$20,000 to clear public parking lots.

In summary, this has been an exceptionally difficult winter resulting in activities and expenses beyond what are normally planned. The City's budget will need to be adjusted again in May when Council approves Final Budget Amendments for 2009/10. At that time, cost savings in other activities expensed from the Road Use Tax fund will be reduced to help cover the extra snow and ice expenses. Part of those reductions could come from Street Maintenance and Street Cleaning activities, which experienced some savings during the harsh winter. To the extent that operating budget savings do not cover the shortfall, however, Road Use Tax fund adjustments will also be recommended in the construction activities of the Capital Improvements Plan. The 2009/10 Parking Fund will also be adjusted to cover the shortfall in that fund.

ALTERNATIVES:

1. Approve the purchase of 700 tons of additional salt at the 2009/10 contract price of \$66.65 per ton, for a total expense of \$46,655.
2. Do not move forward with purchasing additional salt in FY 2009/10.

MANAGER'S RECOMMENDED ACTION:

No action is needed at this time to adjust the 2009/10 budget for this winter's exceptional expenses for snow removal and ice control. Recommendations to deal with those unbudgeted expenses will be brought forward with the Final Budget Amendments in May.

Regarding the purchase of additional salt, the salt dome is traditionally filled to capacity at the end of the winter season. Authorizing this purchase now will allow for the replenishment of our salt supply at a lower cost, and will allow us to start the winter of 2010/11 with a full dome of salt.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the purchase of 700 tons of additional salt at the 2009/10 contract price of \$66.65 per ton, for a total expense of \$46,655.

SNOW & ICE SUMMARY OF EXPENSES
Year-to-Date through March 1, 2010

	2009/10 ADJ	YTD	
Labor	369,124	406,641	
Fleet *	236,216	264,971	
Rentals/leases	29,775	23,508	
Contracts	75,000	181,349	
Salt **	143,300	186,508	
Cold patch ***	2,000	3,915	
Misc	8,766	9,967	
	864,181	1,076,859	212,678

*Does not include \$\$ for winter equipment repair that will be done before 6/30/10.

**There are currently app. 500 tons of salt in the dome. If we don't use any more, it will take app. 700 additional tons to fill the dome. We usually end the season w/the dome full. Cost will remain @ \$66.65/ton to buy the additional salt needed through April 1.

***There will be an additional six weeks of cold patch @ app. \$1,350/week

SNOW & ICE ESTIMATED SUMMARY OF TOTAL EXPENSES
FY 2009/10

	2009/10 ADJ	YTD	3/5/10 thru 6/30/10 (est)	Total 2009/10 expense
Labor	369,124	406,641	50,000	456,641
Fleet	236,216	264,971	90,000	354,971
Rentals/leases	29,775	23,508	4,056	27,564
Contracts	75,000	181,349	-	181,349
Salt *	143,300	186,508	46,655	233,163
Cold patch **	2,000	3,915	8,100	12,015
Misc	8,766	9,967	5,000	14,967
	864,181	1,076,859	203,811	1,280,670

Possible budget overage:	416,489
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*700 tons @ \$66.65/ton

**6 weeks @ \$1,350/week