

Textbook Turnaro

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Snow Business

"Probable nor'east to sou'west winds, varying to the southard and westard and eastard and points between; high and low barometer, sweeping round from place to place; probable areas of rain, snow, hail, and drought, succeeded or preceded by earthquakes with thunder and lightning." — Mark Twain, *Speech to the New England Society on New England winters, 1876*

Last winter, many cities and towns in the north were hit with a blizzard of unbudgeted bills in one of the fiercest snow seasons on record. New York City budgeted \$13.5 million for snow removal, but expenses topped \$100 million. The January 7th thru 8th 20-inch snowfall alone cost the Port Authority of New York and New Jersey \$15 million in lost revenues from highway, bridge and tunnel tolls, as well as overtime and salt. How do cities and towns across America plan for something as unpredictable as the weather? Most finance officers would agree: it ain't easy. Snow-related expenses are either budgeted by season — November 1996 to March 1997, for example — or by calendar year. Planning by calendar year can be especially tricky, since a snowy January through March can put a municipality out of funds for the following November and December. That's the situation a few towns and cities find themselves in today. For calendar year 1995, Watertown, S.D. — population 18,000 — budgeted \$95,000 for snow removal based on a "guesstimate"

SHOVELING OUT FROM UNDER A BLANKET OF UNBUDGETED SNOW-RELATED BILLS REQUIRES SOME CREATIVE PLANNING

by
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of seven to eight storms. A mild winter ensued, and it spent only \$68,000, putting them well ahead of the snow plow. Their 1996 budget was increased to an "inflationary" \$100,000. But with the first few very snowy months of 1996, they've already exceeded their budget for the year.

Where will they get the money needed to battle the probable budget-busting eight-foot-high snowdrifts yet to come? Tracy Turbak, Watertown's financial officer, says, "We fund our snow removal costs out of our general city fund, which is supported by sales and property taxes. Excess is paid out of the cash reserve money in the general fund set aside for such contingencies."

Before the snowstorms of 1996 came roaring in this past January,

Buffalo, N.Y. had been almost as lucky as its championship Buffalo Bills football team. "With the exception of 1996," says Erie County Public Works Commissioner John Loffredo, "we've had mild winters and haven't had to worry about getting extra funds." The mighty blizzards during the first three months of this year changed all that. For November and December of 1996, Buffalo is already over budget on snow removal by \$150,000 and, thus far, has been precluded by city government from obtaining extra money for any upcoming storms. Loffredo is keeping his fingers crossed, hoping that this coming winter will produce less of the white stuff than the first half of the year.

Thirty miles north of New York City, on the eastern bank of the Hudson River, rests bucolic Tarrytown,

the setting for Rip Van Winkle's "Legend of Sleepy Hollow." Last winter, Tarrytown, like its metropolitan neighbor to the south, found itself in the relentless throes of a winter wilderness.

Benedict Salanitro, Tarrytown's superintendent of public works, says his snow removal budget, which is based on November to March snow seasons, is calculated by averaging the dollars spent for each of the five preceding years. "Planning is difficult," Salanitro admits. "First of all, you don't want to over-budget, because your budget is the basis of a tax increase."

"Naturally, you don't want to tax the public for an anticipation of expenditures," he adds.

Tarrytown's budget for the 1995-1996 snow season was \$80,500. But because of the unusually high snowfall levels, Tarrytown spent nearly \$300,000 to dig out. "It was a very

stressful year," Salanitro laments. To augment the snow budget, Tarrytown goes to a contingency account for unanticipated emergencies. Thus, none of the village's services suffer because of old man winter.

(Following January's record-breaking "Blizzard of '96," New York Governor George Pataki declared a state of emergency, allowing municipalities to apply for FEMA funds. As of this writing, Tarrytown hasn't received its Federal Emergency Management Agency money.)

For the 1996-1997 winter season, Tarrytown's snow removal budget has been increased by 17 percent, to \$94,500. They've also invested in something many towns across



season. The most common policy covers the total number of inches of fresh snow in a designated month or season. A local National Weather Station, agreed upon in advance, acts as the recording station of record for snowfall levels in a given area.

Cost of the coverage, like any other policy, varies based on the deductible and the amount of insurance selected. And, once the policy is cashed in, it's the insured's prerogative to use the money in any way deemed appropriate.

Under Woodbridge, N.J.'s 1996-1997 snow policy, which cost \$19,800, the town will be responsible for up to 50 inches of snow removal. For each inch above 50, the town will receive \$15,000 per inch, to a maximum of 90 inches. The township received several quotes and will purchase their policy from Reliance National Insurance of Philadelphia, through the township's liability administrator. It would have been a huge help last year: The town had budgeted \$580,000 for the 95-96 season, and it spent an enormous \$1.3 million. If the snow policy had been in effect, the township would have received \$420,000, minus the \$19,800 premium.

Check the Farmer's Almanac, and you'll read that snow accumulation this year will be at least as high as last year's. But ask people who count the pennies that go into snow removal budgets if this prediction will come true, and you might hear some wisdom quoted from movie magnate Samuel Goldwyn: "Never make forecasts, especially about the future."

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America consider a safe bet: snow insurance — or, euphemistically, winter weather cost containment — which is designed to cover expenses related to excessive snow falls during a designated period. Although weather insurance has been available for nearly 20 years, snow insurance was created during the 1993-1994 snow season by the Good Weather Insurance Agency in Salem, Mass.

Here's how it works: Snow "incidents" can be covered for newly fallen snow during a specific time period — hours, days, weeks or an entire