

January 13, 2003

Common Council Member:

2003 has come and we all know it was a tough budget year with more to follow. Many City of Milwaukee Infrastructure questions and problems will have to be dealt with by the Common Council and our new mayor, especially in the next 2 to 3 years. We would like to address a few of them. The proposed closure of the City's Asphalt Plant and talked about re-location of Streets, Sewers, Buildings and eventually Electrical Services on West Canal Street. Also the final filling up of the City's landfill dump site on 100th and Concordia streets, known as Hartung Dump.

First issue is about our facilities on the corner of North 6th and West Canal Streets. Currently the Department of Public Works runs an Asphalt Plant at this location. We make almost all of our own hot & cold mixes of asphalt for street and sewer repairs. Included at this location is the head quarters of Street and Sewer Operations (only 10 years old), various buildings used by the bridge shop, painters, carpenters and other services in our Buildings Division.

It has been proposed to tear all of this down and move it to a 17 acre parcel on East Steward and South Marina Drive. They do not plan to replace the asphalt plant. All asphalt and cold mix would be purchased privately. These ideas are short sighted and not cost effective. We feel we have the facts to prove this.

Included in this letter and referred to as Appendix A is a report on the elimination of the asphalt plant. This report shows how this elimination would cost city taxpayers at least \$375,752 extra per year. At least \$156,832 of extra cost for private asphalt and mix and about \$218,910 in extra labor costs per year. We also listed the many disadvantages of the elimination of this vital city service. Including lost production time, wear and tear on city equipment, extra travel time, long waits for material or no material that day from private vendors. Please read Appendix A.

They say they want the four corners on North 6th and West Canal for development. Well, develop three corners with light industry and jobs, then leave the city facilities on the northeast corner alone. Save money? How much will a new facility on East Steward cost? What does the D.C.D. hazmat study on our current land say? Should we stay? If we relocate, either move the old plant, buy a new one, or lease to buy a new plant for the new location. If we must move then we will go. The city does have a proposed site, it is included as Appendix B.

The workers have been told that the D.N.R. will not give us the air permit for another asphalt plant in Milwaukee. We don't believe this. Grede Foundry of Wauwatosa just got a permit to add a furnace and a casting shaking facility. We are not asking for another permit unless we must move. It is not another asphalt plant but the rebuilding of the old plant or a new one to replace it.

The number of plants in Milwaukee remains the same. If we can not get a new permit for a new plant at another location, we should stay where we are and save \$375,642 per year.

Our current administration has misled the Common Council before. It has sold City assets before and for the wrong reasons. It has moved the Parking and Tow Operations to 21st and Canal Street at a cost of over \$300,000 three years ago. It will cost \$300,000 to move them again to M.M.S.D. facility on 25th and Canal. This very facility is probably in the way of the new Canal Street extension. We had land for a hotel by the Potawatomi casino but turned it into an infrequently used athletic field. This administration does not act, it reacts and sometimes does it vindictively.

Do not rush into the idea of moving the Asphalt Plant off of Canal Street unless it is truly necessary.

Another problem facing us in the near future is the Hartung landfill site that will fill up in about 2 to 3 years. Right now it accepts clean fill from City operations of the Water Department, Street and Sewer Maintenance and the School Board. This includes dirt, concrete, stone chips, asphalt and so on. It also accepts these materials for Milwaukee citizens and self-help stations. These operations are critical to City infrastructure and jobs this size are done cheaper by City crews. When this dump fills, where will we take these materials? To a new dump site owned by the City? Haul these materials to a private dump and pay a fee? Do we recycle this concrete and stone and sell it to other Municipalities and use some ourselves? We must come to a decision that is good for the City of Milwaukee over the long run.

The disaster of a cabinet form of government has led to many short sighted city policies over the last 14 years. We are neglecting our infrastructure. We have lengthened the time between replacement of roads, bridges, water mains, sewers and equipment replacement, just to name a few. We are paying the price of this short sightedness and it is costing us millions. Let us stop that policy now. It began one step at a time, we can turn it around and change it one step at a time. Save the Asphalt Plant and replace Hartung Dump.

Semper Fi

John A Lindquist
Wayne Ploszay
General Members Local 139

Cc: DPW Commissioner
Director of Operations
Director of Infrastructure
City Comptroller
Milwaukee Journal Sentinel
Shepherd Express

3433

Appendix A

Report on the Elimination Of the Asphalt Plant

1. How much do we budget for asphalt?

See the attached sheet explaining the amount and types of asphalt mixes we estimate that we will use throughout the year. The estimate was based on the average of the previous three years production.

2. Are there labor costs involved?

Basically, we have the following people/titles associated with full-time operation of the Asphalt Plant:

- Asphalt Plant Operating Engineer
- Asphalt Plant Operator
- Plant Mechanic III
- Special Street Repair Laborer (2.0 Hours)

These people charge a reimbursable number (RM52380008) on their respective time sheets. Their salaries and all the utility bills associated with the production of the various asphalt mixes are used to determine the costs for us to produce the asphalt mixes.

3. Are there any additional material or equipment costs?

I don't believe there would be any additional material cost. However, if we were to contract out to a vendor, there may be a definite need to place an additional truck for some crews in order to allow less idle time for the crew between loads of asphalt. We'd be hard pressed to come up with a firm cost for this.

4. How much would it cost to contract out?

See the attached sheet showing the costs we presently have with vendors for the various asphalt mixes. This chart shows that there would be cost savings of \$156,832, if we produce the asphalt mixes by ourselves.

5. Below is a list of private companies that produce asphalt and their location.

The following companies produce asphalt, which are presently used by the City:

- Northwest Asphalt
11710 West Hampton Avenue
Milwaukee, WI
- Sherwin Industries, Inc.
2129 west Morgan Avenue
Milwaukee, WI

The following companies produce asphalt and could possibly be utilized in the future:

- Payne & Dolan, Inc.
W233 N250 Hwy 164
Waukesha, WI
- Payne & Dolan, Inc.
6211 West Rawson Avenue
Franklin, WI
- Paving Mix & Construction Co., Inc.
5831 West Rawson Avenue
Franklin, WI

6. What additional costs would occur as a result of increased travel time to pick up materials and the wear and tear of equipment?

Presently, we have 8 Driver/Workers (D/W) on the Asphalt Crews and 6 D/W on patch trucks. More than likely, these people would be working anywhere from 0.5 to 1.0 additional overtime hours for transporting asphalt to the crews. Based on recent figures obtained from the Operations Division, a D/W makes \$43.08/hour. We can therefore derive the following scenario for overtime hours:

Asphalt Crews

$\$43.08 \times 1.5 = \$64.62/\text{day in overtime (per D/W)}$
 $\$64.62 \times 125 \text{ day season} \times 8 \text{ people} = \$64,620.00$

Patch Trucks

$\$43.08 \times 1.5 = \$64.62/\text{day in overtime (per D/W)}$
 $\$64.62 \times 50 \text{ weeks} \times 5 \text{ days/week} \times 6 \text{ people} = \$96,930.00$
 $\$25.49 \times 1.5 = \$38.24/\text{day in overtime (per LCL I)}$
 $\$38.24 \times 50 \text{ weeks} \times 5 \text{ days/week} \times 6 \text{ people} = \$57,360.00$

Total Overtime Costs

\$64,620.00
96,930.00
+57,360.00
\$218,910.00

7. What is the feasibility of doing this in 2003?

Based on the above overtime costs (\$218,910), plus the additional costs to purchase the various asphalt mixes from vendors (\$699,993 - \$543,161 = \$156,832), you can see a cost savings of \$375,742 by having the Asphalt Plant operational. Therefore, we would not suggest eliminating the Plant unless it becomes absolutely necessary to do so.

Asphalt Mixes and Costs

Mix Type	3-Yr. Average Tons Produced	2002 City Cost/Ton	2002 Total City Cost	2002 Vendor Ave. Cost/Ton	2002 Total Vendor Cost
Asphalt Top	30	\$ 33.13	\$ 993.90	\$ 34.50	\$ 1,035.00
Asphalt Concrete	8,462	\$ 31.39	\$ 265,622.18	\$ 27.72	\$ 234,566.64
Asphalt Binder	3,050	\$ 29.49	\$ 89,944.50	\$ 24.43	\$ 74,511.50
MC Mix	3,234	\$ 33.00	\$ 106,722.00	\$ 76.00	\$ 245,784.00
MS Mix	1,896	\$ 42.13	\$ 79,878.48	\$ 76.00	\$ 144,096.00

Totals 16,672

\$ 543,161.06

\$ 699,993.14

Additional City Cost to Produce Asphalt Mixes \$ (156,832.08)

Asphalt Plant Elimination

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Advantages

1. Could provide a new opportunity for private enterprise within the City.
2. Would provide additional support for privately owned asphalt production facilities now located within the City.
3. The creation of new or expanded private sector asphalt production facilities within the City could result in the creation of jobs for City residents.
4. Could provide a more competitive product price if produced by the private sector.
5. Would place the burden of plant maintenance on the private sector rather than City taxpayers.

Disadvantages

1. Market demand for a new privately operated asphalt plant would be driven by private sector needs and not by the use of asphalt by public agencies.
2. Only two privately owned asphalt plants now exist in the City and it is doubtful that increased business from DPW would make a significant financial impact on these operations. Three additional asphalt plants are located outside the City limits.
3. There is no guarantee that the expansion of private sector asphalt production would result in the creation of jobs for City residents. Conversely, the elimination of the City's asphalt plant could result in the elimination of 3 City employee positions.
4. City asphalt plant mixes are now priced competitively with the private sector. (See attached cost comparison.) Relying solely on a limited number of private sector vendors cannot ensure the continuation of competitive product pricing.

The City's municipal asphalt plant is a "batch plant" operation, rather than the high volume "drum type" plants, which are what the majority of private asphalt plants are in the Milwaukee Metropolitan area. With the batch plant, we are able to readily customize our mixes in small batches as needed.

5. The City's asphalt plant was placed in operation in 1954. In recent years, plant systems, including batch control mechanisms, air quality and electrical systems, have been updated. Currently, costs associated with normal ongoing plant maintenance and repair are included in the cost of mix production and recovered from consumers. Anticipated future cost includes approx. \$20,000 for replacement of the bag house.

Asphalt Plant Elimination

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Advantages

6. Could create efficiencies by decentralizing the distribution of asphalt products used by City crews provided that crews are working in areas located close to private asphalt plants.

It has been estimated that additional overtime costs of approx. \$102,000 would be necessary to schedule municipal equipment vehicle operators to pick up and transport asphalt mixes to field forces for one construction season.

Disadvantages

6a. A major advantage of the current City asphalt plant is its central location. From the Traser Yard, the City's asphalt plant can provide asphalt mix for City crews within a 12-mile radius. The only part of the City not easily served from this central location is a portion of the far northwest side. This service advantage would quickly disappear if the City would eliminate the operation of its asphalt plant.

6b. The two private sector asphalt plants now operating in the City are located at S. 21st St. and W. Morgan and N. 117th St. and W. Hampton. While product delivery service from these locations could benefit City crews working on the far northwest and/or south areas of the City, asphalt deliveries to crews working in the central City would be impeded.

6c. Decentralization of asphalt production and delivery would greatly increase the travel time of City trucks that haul asphalt to a job site. The increase in travel time would reduce field crew productivity and increase wear on City vehicles. It has been estimated that additional overtime costs of approximately \$219,000 would be necessary to schedule Fleet Services vehicle operators to pick up and transport asphalt mixes to field forces for one construction season. In addition, non-productive time would also occur through City vehicles making extra trips to our Traser Yard to dump waste materials and to take on field supplies.

6d. Reliance on private asphalt production facilities would not ensure prompt product delivery service for City field crews. City trucks would receive asphalt based on their position in a service line and could not depend on priority service. (At present, the approximate turnaround time for a City asphalt patch crew truck to take on 2 tons of asphalt at the Traser Yard is generally less than 5 minutes.)

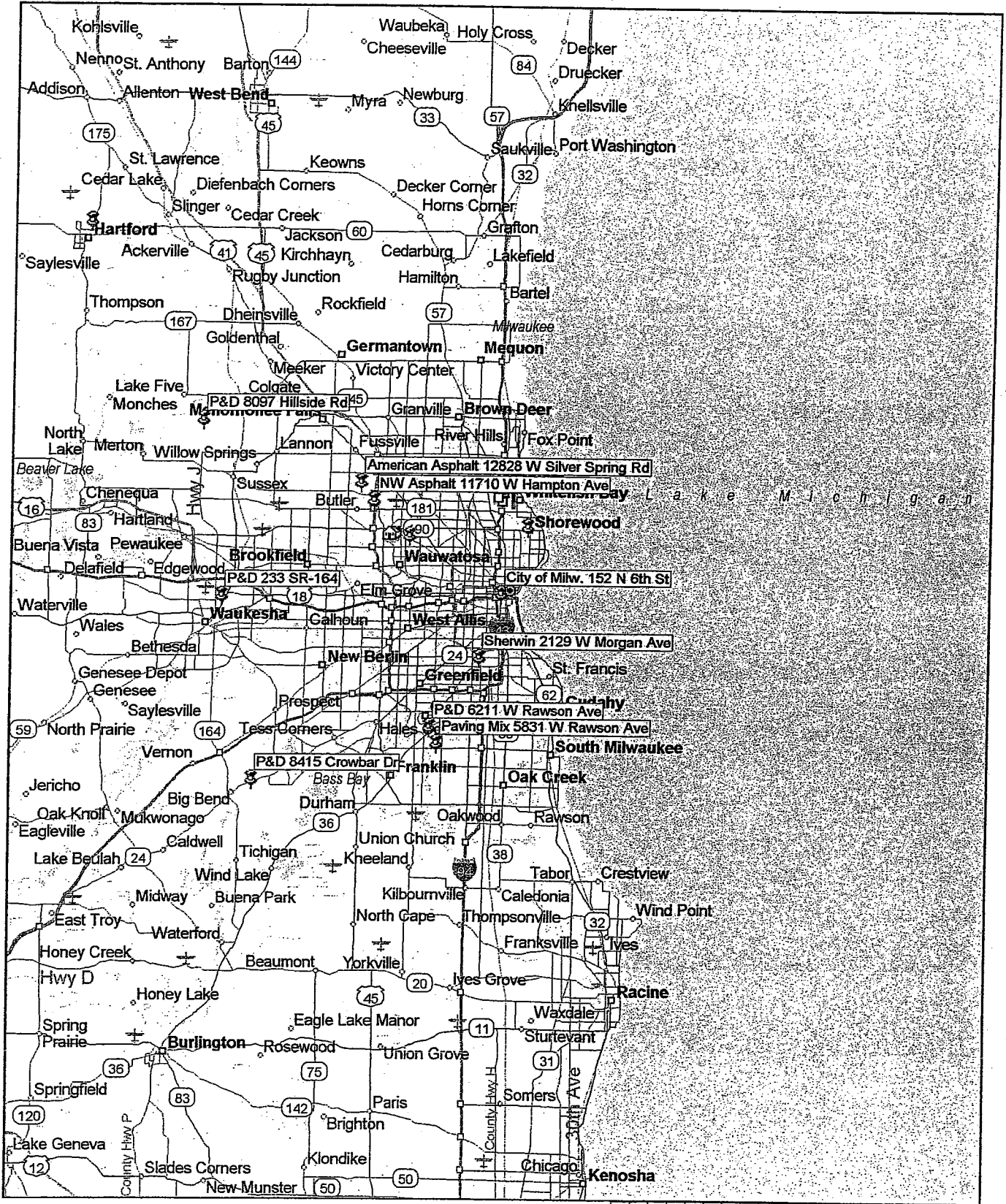
Advantages

Disadvantages

6e. Various types of asphalt mixes used by City crews may not be available at any specific time from a private asphalt vendor due to a major contract being supplied at the same time, i.e., a private asphalt plant making a large quantity of state specification based asphalt mix would not stop production to make 2 tons of sheet asphalt for a City crew. Most of the outlying private asphalt plants including the plant at N. 117th St. and W. Hampton, are "drum-type" plants, which opt for producing large quantities of mix designed to state specifications. Customizing small batches of their gravel asphalt mixes for City repair crews to use in our type of repair operations is not economically feasible for these high volume asphalt plants. The asphalt plant located at S. 21st St. and W. Morgan is not presently producing asphalt mixes for state DOT projects because it is not computerized as required by the State DOT.

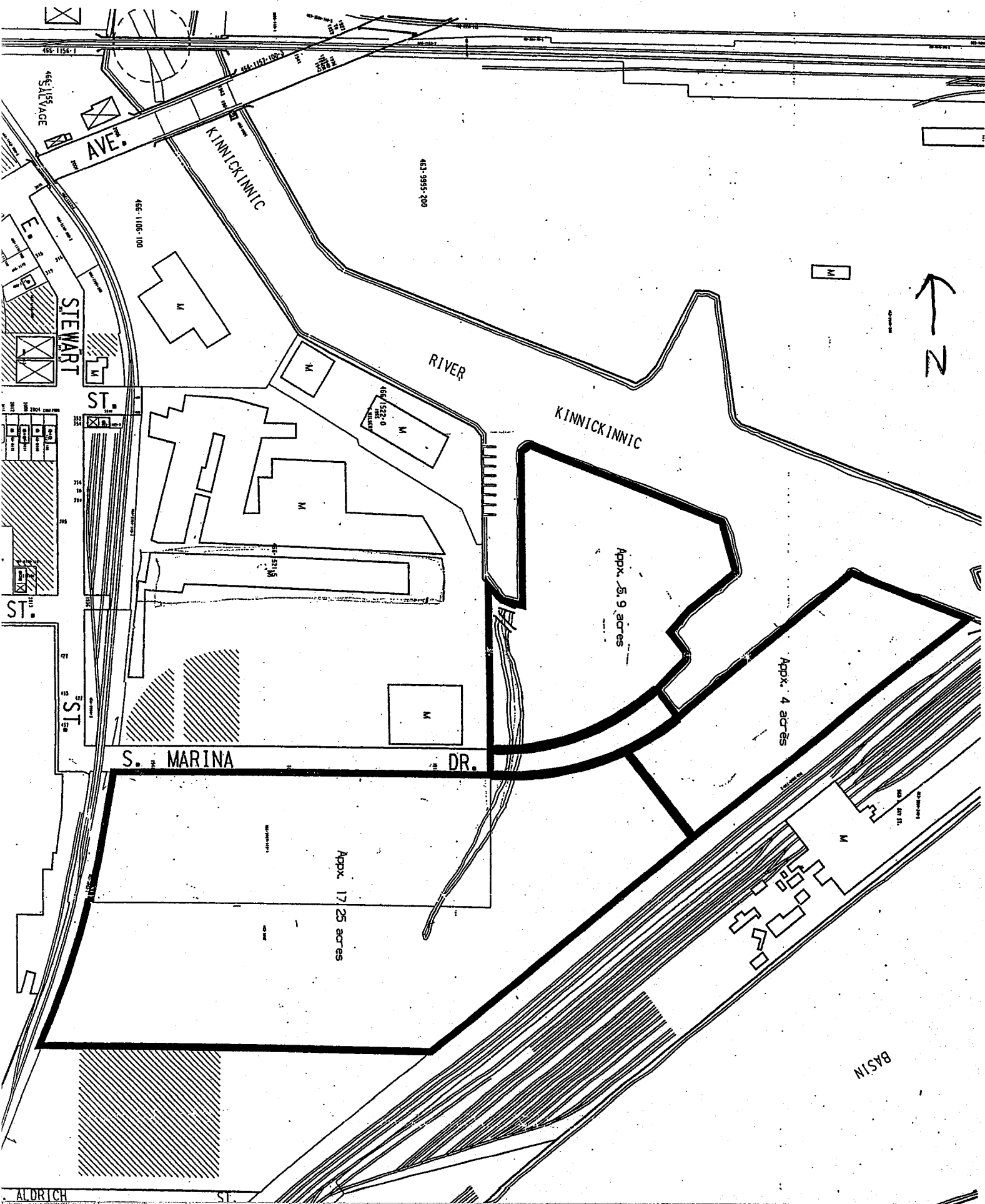
6f. The quality of winter application asphalt mix would be reduced or the mix cost would increase. Private asphalt producers do not have heated winter asphalt storage bins similar to those used by the City and bulk asphalt mix would have to be delivered to City yards at an increase in cost.

Asphalt Plants Map



Microsoft/Expedia
Streets98

Appendix B



Site Layout

- Facilities to accommodate 6th Street and 15th Street yards
- Buildings to front on Marina Drive
- 15th Street facility move may be Phase II - \$\$
- Vehicle and material storage to rear
- Consider underground storm water detention
- Design for shared common uses
 - Stores
 - Mechanics
 - Office and supervisory
 - Assembly ^{AREAS} areas
 - Locker facilities
 - Vehicle indoor storage
 - Other
- Use space study dated 4/19/00

Site Development Study

- HAZMAT - (DCD) within 90 days
- Utilities ^{cost}
- Stormwater management
- Access and traffic issues
- Street repaving? ^{cost}
- 6th Street site demo costs (DCD)

Timeline

- Preliminary draft site plan - 30-60 days
- Final site and building design - 12/03 - ^{cost}
- Construction - start early 2004 - complete mid 2005
- Occupancy 2005