

**SUBSTITUTES FOR ORIGINAL  
SEWER MAINTENANCE FUND SUMMARIES**

## **FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU**

### **Executive Summary: 2006 Proposed Budget – Sewer Maintenance Fund**

1. The 2006 Proposed Sewer Maintenance Fund budget provides \$58,920,730; a \$4,391,414 or 8.06% increase from \$54,529,316 in 2005. **(Page 6)**
2. The 2006 Proposed Budget provides \$5,366,567 for salaries and wages, a \$294,110 or 5.80% increase from the \$5,072,457 provided in 2005. **(Page 6)**
3. In 2006, Net Authorized Positions increase by 1 unit from 198 to 199 and total O&M FTE's increase by 0.38 units from 113.33 to 113.71 due to the proposed reduction in the number of districts from 3 to 2 when operations move to the Tower Automotive Site No layoffs are planned. **(Pages 6-7)**
4. Excluding salaries and wages, fringes, equipment, and special funds, the 2006 Proposed Budget-Operating Expenditures totals \$7,301,340, a \$539,590 or 7.98% increase from the \$6,761,750 for 2005. **(Pages 7-8)**
5. The 2006 Proposed Budget Equipment Purchases Total provides \$448,500 compared to \$660,300 in 2005. **(Pages 8-9)**
6. The 2006 Proposed Budget Special Funds changes to \$20,050,365, compared to \$17,452,000 provided in 2005. **(Pages 9-11)**

In a 2006 proposal, the Sewer Maintenance Fund pays \$8,025,365 in Debt Service-Sewer Maintenance Fund, a 37.14% increase over last year, and also \$7 million, an ongoing payment, on Debt Service for Prior Years G.O. debt. While the latter converts tax levy support debt to self-supporting debt, reducing the 2005 property tax levy by approximately \$7 million, the measure may increase user fees in future years. **(Page 10)**

7. The 2006 Proposed Budget provides \$4,600,000 for a Payment to General Fund for street sweeping and leaf removal services. **(Page 10)**
8. The 2006 Proposed Budget provides 100% borrowing authority for the \$22,500,000 Relay Program and \$1,000,000 for building a biofiltration facility in the Menomonee Valley. **(Page 11)**
9. In 2006, Sewer Maintenance Fund revenues are estimated at \$58,920,730, a \$4,391,414 or 8.06% increase compared to \$54,529,316 forecast for 2005. In 2006, the local sewerage charge (Sewer Maintenance Fee) continues to be based on water use, but is reduced to reflect the additional revenue generated by the Storm Water Management Fee, which, effective January 1, 2006, will be based on every developed property and vacant, improved property's impervious surface area. **(Pages 12-14)**

12. 32 clogged sewers were logged in 2004. This performance measure relates only to sewers that clog due to grease, dirt, and debris, or collapses and results in a backwater into a home.
13. Retained Earnings had a \$17,611,125 balance at the end of 2004.
14. Through September 2005, 3,415 street flooding complaints and 36 clogged sewer complaints have been received.

### **Flow Reduction Projects (Pilot)**

The 2005 Budget provided \$1,206,000 for a Flow Reduction Project, which provides for three separate pilot projects. The purpose is to reduce the amount of clear water flowing directly into sanitary and combined sewers. These capital funded disconnection projects include:

- \$300,000 – Downspout Disconnections – This pilot project targets 1,200 single and two-family residential buildings in the Washington Park neighborhood for voluntary downspout disconnections. In previous years, MMSD funded a similar Sewer Maintenance Fund administered pilot program where property owners in targeted areas received \$50 per downspout disconnected, with a maximum of \$100 per house.
- \$275,000 – Inlet Restrictors and Downspout Disconnection – The project calls for the installation of inlet restrictors in catch basins to reduce the rate of rainwater runoff entering into the combined sewers. The water is temporarily stored on the street (puddle) and gradually released into the sewers. This pilot project is expected to result in increased street flooding and complaints by citizens during the first year.
- \$505,000 – Footing Drain Disconnections – This pilot project targets homes built before 1954 in one area of the Lincoln Creek watershed. Homeowners must voluntarily consent to have foundation footing drains disconnected from sanitary sewers.
- \$126,000 – Retrofit Control Flow Flat Roof Drainage – This pilot targets 125 city-owned buildings including libraries, police stations, fire stations, City Hall, DPW facilities, Health Department clinics, MPS schools, and Housing Authority properties

## 2006 Budget Highlights and Issues

The 2006 Proposed Sewer Maintenance Fund budget provides \$58,920,730; a \$4,391,414 or 8.06% increase from \$54,529,316 in 2005. Included are proposals for the following:

- No position layoffs
- Increase total authorized positions by 1 unit
- Increase Operating Expenditures Total by \$539,590
- Implement a new storm water management fee
- Purchase more equipment items
- Transfer \$7 million debt service from the tax levy
- Increase Street Sweeping/Leaf Collection Activities and Payment to the General Fund for salary increases
- Adjust to variable sewer rates

### PERSONNEL

The 2006 Proposed Budget provides \$5,366,567 for salaries and wages, a \$294,110 or 5.80% increase from the \$5,072,457 provided in 2005. On August 26, 2005, staff reported the following 'above-the-line' positions vacant:

- Engineering Technician II, vacated 1/6/2005, proposed for reclassification (see below)
- Sewer Services Manager, vacated 3/24/2005, plan to fill
- Sewer Repair Crew Leader (2 positions), plan to eliminate 1 and fill the other
- Sewer Mason (2 positions), plan to fill as work load requires
- Sewer Crew Leader I (10 positions), plan to fill as work load requires
- Sewer Laborer II (10 positions), plan to fill as work load requires
- Sewer Laborer I (9 positions), plan to fill as work load requires

In addition, from 2005 to 2006, Net Authorized Positions increase by 1 unit from 198 to 199 and total O&M FTE's increase by 0.38 units from 113.33 to 113.71 due to the proposed reduction in the number of districts from 3 to 2 when operations move to the Tower Automotive Site (see discussion on Underground Decision Unit). In addition, the Storm Water Fee, scheduled for implementation in 2006, will require 2 additional staff.

### Environmental Decision Unit

A Capital Service Deduction is taken for staff time spent working on capital sewer projects. In 2006, Capital Services Deduction for the Environmental Decision Units increases to \$979,798 from \$842,180 budgeted in 2005. Positions involved in this work include Management Civil Engineer – Senior, Civil Engineer III, Civil Engineer II, Engineering Drafting Technician V, Engineering Drafting Technician IV, and Engineering Drafting Technician II.

### *Position Changes*

The 2006 Proposed Budget contains a proposal to reclassify a vacant Engineering Technician II (PR 602) position to Civil Engineer II (PR 626) within the "Research, Planning & Stormwater" section, resulting in a net cost increase of \$41,840 from 2005 levels, excluding fringe benefits. It also proposes creating and funding 1-Auxiliary Engineering Drafting Technician II (PR 602) and 1-Auxiliary Civil Engineer II (PR 626) at a net cost increase totaling \$63,692, excluding fringe benefits. No classification study has been requested from DER as of 10/4/2005.

### ***Expansion of Capacity Sewer Program***

New sewers are funded in the Expansion of Capacity Sewer Program. In 2006, the \$3 million "Expansion of Capacity Sewer Program" Capital Improvement Request: Part II form indicated that the city will not receive Grants & Aid, Revenue, Special Assessments, or Enterprise funding to support the program that includes a \$2,775,000 Miller Brewing project. The department stated that the 10' x 7' sewer located in an easement that runs through the Miller Brewing Company land is non-assessable since it is not exclusive to Miller.

In 2006, an additional \$3.3 million is listed in the DPW-Infrastructure 2006 Capital budget for the citywide Expansion of Capacity Sewer Program (\$3 million vs. \$3,194,000 in 2005) and Developer Financed Sewers (\$300,000 same level as in 2005). Moreover, \$188,453 in Grants & Aids are expected to be applied for and expended (2006 Proposed Plan & Budget Summary, p. 201).

### **DEPARTMENT REVENUES**

In 2006, Sewer Maintenance Fund revenues are estimated at \$58,920,730, a \$4,391,414 or 8.06% increase compared to \$54,529,316 estimated for 2005. In 2006, the local sewerage charge (Sewer Maintenance Fee) continues to be based on water use, but is reduced to reflect the additional revenue generated by the Storm Water Management Fee, which, effective January 1, 2006, will be based on every developed property and vacant, improved property's impervious surface area.

<b>SEWER MAINTENANCE FUND – 2006 PROPOSED REVENUES</b>				
<u>TYPES OF REVENUE</u>	<u>2005</u>	<u>2006</u>	<u>CHANGE</u>	<u>%CHANGE</u>
*CHARGES FOR SERVICES	\$149,871	\$198,818	+ \$48,947	+ 32.66%
RETAINED EARNINGS	396,875	751,432	+ 354,557	+ 89.34%
MISCELLANEOUS REVENUE	58,683	42,503	- 16,180	- 27.58%
PROCEEDS FROM BORROWING	22,706,000	23,500,000	+ 794,000	+ 3.50%
SEWER MAINTENANCE FEE*	31,000,000	27,600,000	- 3,400,000	- 10.97%
STORM WATER MGMT CHARGE*	- 0 -	6,575,552	+ 6,575,552	+ 100.0%
<b>TOTAL</b>	<b>\$54,529,316</b>	<b>\$58,920,730</b>	<b>+ \$4,391,414</b>	<b>+ 8.06%</b>

### ***Charges for Services and Miscellaneous Revenues***

The various services provided under Charges for Services and Miscellaneous Revenue include: (1) deferred sewer assessments, (2) unused sewer life, (3) certified survey plat review, (4) storm water management manual sales, (5) sewer maintenance non-city services, (6) sewer maintenance plat and reviews, (7) sewer user penalty for transfers to property tax roll.