

CITY OF MILWAUKEE FISCAL NOTE

A) **DATE** Thursday, April 02, 2009

FILE NUMBER: 081747

Original Fiscal Note Substitute

SUBJECT: A substitute resolution authorizing the Department of Public Works to amend a lease agreement with Miller Compressing Company for a portion of the City Tow Lot for the preparation of vehicles for recycling and to amend a contract with Miller Compressing Company for the processing, transporting and recycling of all vehicles scheduled for recycling by the City of Milwaukee.

B) **SUBMITTED BY (Name/title/dept./ext.):** James Purko / Shirley Krug, DPW-Administration

C) **CHECK ONE:**

ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES

ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES: FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.

NOT APPLICABLE/NO FISCAL IMPACT.

D) **CHARGE TO:**

<input type="checkbox"/> DEPARTMENT ACCOUNT (DA)	<input type="checkbox"/> CONTINGENT FUND (CF)
<input type="checkbox"/> CAPITAL PROJECTS FUND (CPF)	<input type="checkbox"/> SPECIAL PURPOSE ACCOUNTS (SPA)
<input type="checkbox"/> PERM. IMPROVEMENT FUNDS (PIF)	<input type="checkbox"/> GRANT & AID ACCOUNTS (G & AA)
<input checked="" type="checkbox"/> OTHER (SPECIFY) Parking Fund	

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	Recycling Revenue			\$78,000	
	Lease Revenue			\$650	
	Processing Costs				\$2,820
TOTALS				\$78,750	\$2,820

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	The lease and contract are for 10 years with a possible 3-year extension.
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	estimates and cost savings are based on the City providing Miller
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	Compressing with 6,000 scrap vehicles annually (projected 2009 level).

G) **LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:** All costs for capital improvements to the Tow Lot will be financed by Miller Compressing.

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE: Under the contract extension, Miller Compressing will pay the City \$12 more per

vehicle over the computed scrap value. This is estimated to total \$72,000 per year if the City provides 6,000 vehicles to Miller (projected 2009 level). The City also receives a market-based escalation of \$1.50 per vehicle for each quarterly \$50 change in the Auto Scrap Price. This escalator/de-escalator is projected to increase annual revenue by an annual average of \$6,000 per year. [Number of vehicles [(6,000) X (average annual escalation/vehicle \$1)].

Processing costs are fixed at \$23.50 per vehicle throughout the contract period. This represents a potential 2% annual estimated savings of \$2,820. [(23.5*6000)*.02]

The City will also receive \$650.88 per year to lease an additional portion of the Tow Lot to Miller.

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE