

FISCAL -REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

Executive Summary-2006 Proposed Budget: DPW – Operations Division

Building and Fleet Sections

Administration
Fleet Services
Operations & Dispatch
Facilities Development & Management

1. The 2006 proposed budget for DPW-Buildings and Fleet Services is \$34,099,584, a 12% increase from 2005 (Page 2).
2. Net salary and wage increases in the 2006 proposed budget reflect settlements with various bargaining units in 2005, in some cases for three years. The Wages Supplement SPA covered the retroactive salary payments through 2005. For 2006, the new salary schedules are components of the department's budget. For this reason, the increases in the net salary and wages are greater than 2%-3% from 2005 to 2006 (Page 3).
3. Non-capital equipment purchases for fleet services in the 2006 proposed budget total \$516,000, a decrease of 16% from 2005. No autos will be purchased (Pages 4-5).
4. In 2006, DPW will continue to further analyze reductions to the fleet including major capital purchases and the replacement cycle (Page 5).
5. In 2006, DPW plans to eliminate and reduce various outside services. Reductions to non-daily cleaning and maintenance, including window cleaning, pest control and systems monitoring will take place. Approximately \$400,000 in savings is anticipated (Page 6).
6. The City Hall Restoration project is budgeted for \$17.7 million for 2006 (Page 9).
7. Capital Improvements are budgeted for **\$53,927,225** in the 2006 proposed budget, including \$6.52 million for major capital equipment (Pages 7-12).
8. The Menomonee Valley Facilities Relocation is budgeted for **\$24,000,000** as part of the 2006 proposed capital budget. This project is for the construction of a consolidated facility for DPW Infrastructure, Operation and Water Works Divisions' field operations. The new DPW Field Headquarters Facility currently under construction at 3850 N 35th Street will be complete and operational in early 2006. Staff and operations from the several locations will move and consolidate at this new site (Pages 11-12).

FISCAL -REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

2006 Proposed Budget Summary: DPW – Operations Division

**Administration
Fleet Services
Operations & Dispatch
Facilities Development & Management**

2006 Proposed Budget Overview

Section	2004 Actual	2005 Budget	2006 Proposed	Change
Administration	\$932,060	\$596,420	\$668,567	12%
Fleet Services	\$12,132,126	\$11,016,420	\$11,541,880	4%
Operations/Dispatch	\$11,342,476	\$9,543,184	\$12,112,904	26%
Facilities Dvlp.& Mgnt.	\$10,053,379	\$9,257,778	\$9,776,233	5%
Total	\$34,460,041	\$30,413,802	\$34,099,584	12%
<i>Capital*</i>	\$14,636,467	\$23,892,798	\$53,927,225	125%

* *Reflects capital funding for projects appropriate to DPW-Operations, Fleet Services and Facilities Development and Management.*

Historical Information

The creation of the DPW-Operations Division in 2002 was designed to promote flexibility in the assignment of human resources around sanitation, forestry and driving-related operations. The reorganization simplified operations by removing barriers that had prohibited the interchange of personnel when short-term vacancies existed or seasonal-related duties came to a close.

The following DPW-Operations Division sections are included in this review:

Administration Section

The **Administration Section** of the Operations Division provides administrative and financial service support to the various operations sections of the division: Sanitation, Forestry, Fleet Services, Operations/Dispatch and Facilities Development and Management.

Fleet Services

The **Fleet Services Section** provides equipment to other DPW divisions and operates and maintains DPW's centralized fleet of over 4,000 motor vehicles and related equipment. The Fleet Services section provides this equipment to other DPW divisions (excluding the Water Works, Sewer Maintenance Fund and Parking Fund) free of charge. It also rents vehicles and

equipment on a permanent or temporary basis to other city departments. This section maintains vehicles owned by the Library, Health Department, Police and Water Works.

Operations/Dispatch

The **Operations/Dispatch Section** supervises and coordinates personnel for equipment operations.

Facilities Development and Management

The **Facilities Development and Management Section** provides building services, such as overseeing construction and maintenance at city facilities, excluding the Port of Milwaukee and the Milwaukee Public Library. These sections oversee 160 of the city's 220 buildings.

Net salary and wage increases in the 2006 proposed budget reflect settlements with various bargaining units in 2005, in some cases for three years. The Wages Supplement SPA covered the retroactive salary payments through 2005. For 2006, the new salary schedules are components of the department's budget. For this reason, the increases in the net salary and wages are greater than 2%-3% from 2005 to 2006.

Analysis by Section

Administration

Net salary and wage expenses for 7 positions within the Administration Section total **\$425,047**. No personnel changes are proposed for 2006.

The 2006 proposed budget includes **\$10,000** for Other Operating Services. These services include mileage reimbursement and the consolidation of cost items such as repair, property and information technology services.

Professional Services is budgeted for **\$35,000**. This budget line is to pay expenses for outside consulting services.

The proposed Operating Expenditure total for 2006 is **\$65,000**, a similar amount as 2005.

Fleet Services

Net salary and wages total **\$5,116,817**, an 8% increase from 2005. The following personnel eliminations are proposed:

- 2 Auto Maintenance Mechanics
- 1 Equipment Parts Assistant

It is anticipated that newer equipment will lower the need for vehicle maintenance.

No layoffs will occur, as these position eliminations will be realized through attrition.

Fleet Services position summary: 3 eliminations of regular positions for a net decrease of 3 positions.

Operating Expenditures total **\$3,760,000** a 5% decrease from 2005.

- **\$2,590,000** is proposed for Tools and Machinery Parts. This amount is for repair parts and materials associated with the maintenance and repair of the DPW fleet equipment. Funding provides vehicle repair parts to maintain the fleet, repair parts for refuse carts and parts for maintenance and repair of the boulevard irrigation system. This amount is reflective of historical experience and a decrease of \$210,000 from 2005.
- **\$700,000** is proposed for Vehicle Repair Services. These monies include the cost of repairs completed by private vendors. These services include spring repair, glass repair, and major aerial lift overhaul. Funding in this line item is used for both specialty repairs in-house or, when cost effective or during peak workload periods, to pay for outside vendors. This amount has been budgeted relative to historical expenditure experience and is similar to the amount as in 2005 budget.
- **\$470,000** is proposed for other operating expenses including supplies, rentals, and operating and property services.

Proposed equipment purchases total **\$516,000** for 2006 as a component of the general operating budget. This amount reflects a 16% decrease from the 2005 budget.

Fleet Services monitors and maintains a fleet of equipment with a replacement value of approximately \$101.3 million.

If a piece of replacement equipment is less than \$50,000, it is budgeted in the operating expenses for the Fleet Section. Equipment purchases over \$50,000, with a life expectancy of at least 10 years, are budgeted under capital expenditures.

Proposed equipment purchases in the operating budget include:

- 1 brush chipper, \$30,000
- 1 Compactor, \$2,000
- 1 12-foot plow, \$7,000
- 1 roller, \$14,000
- 1 Sealant Melter, \$25,000
- 1 Stump Cutter, \$38,000
- 2 Tar Kettles, \$30,000
- 1 Trailer, \$7,000
- Assorted trucks including (2) 2-yd. dump trucks, (2) 2-yd. dump trucks with compressor, (1) Endloader, skid steer with trailer, (1) Forklift, (2) platform trucks with a compressor, 8 pieces total \$300,000.

- 30 pieces of computer hardware, \$39,000
- 1 engine diagnostic analyzer, \$5,000
- 1 scanner, \$5,000
- 2 vehicle lift racks \$14,000

In light of the Comptroller's audit analyzing the City of Milwaukee's vehicle fleet, DPW-Operations has decided to include no funding for automobiles in 2006 as in 2005. In 2006, DPW will continue to further analyze reductions to the fleet including major capital purchases and the replacement cycle.

In 2005, a major initiative was undertaken to reduce the number of surplus vehicles and equipment. As part of this initiative the following equipment has been sold to date:

62 Passenger Vehicles	Sales Proceeds:	\$152,990
34 Large (Heavy) Vehicles		

The following vehicles and equipment are pending sale at the upcoming auction:

42 Passenger Vehicles	Anticipated Sales Proceeds:	\$65,700
6 Large (Heavy) Vehicles		

It should be pointed out that other vehicles are continuously sold as part of DPW's new vehicle acquisition and disposal program that utilizes various avenues of sale, including Internet and local auctions.

In the meantime, Fleet administration has identified certain categories of vehicles that may have surplus equipment due to budgeted program reductions; e.g.

- Sweepers
- Roll Off Trucks
- Automated Refuse Packers
- Multi-Use (Sidewalk) Tractors

Fleet Services will work with user departments to share this analysis and have surplus equipment identified for reduction by March, 2006. The process of evaluating equipment categories and right sizing fleet will be an ongoing process.

Operations/Dispatch

Net salary and wages total **\$5,927,045**. This total includes **\$1,036,285** for Overtime. This salary amount represents a 13% increase from 2005. The following personnel eliminations are proposed:

- 1 Tractor, Bulldozer, Endloader, Grade Operator
- 2 Driver Worker
- 4 vacant auxiliary Winter Relief Truck Driver

Fleet Dispatch position summary: 7 eliminations with 4 vacant auxiliary, 1 vacant regular and 2 filled regular.

No layoffs will occur, as these position eliminations will be realized through attrition.

Operating Expenditures total **\$3,696,500**, a 51% increase from 2005.

The 2006 proposed budget includes **\$3,220,000** for Energy. This budget item is for vehicle fuel and is an increase of 61% from 2005. This proposed expenditure is based upon current experience in the price of gasoline and natural gas. An average cost of approximately \$2.00 per gallon, a 45% increase from 2004 and 2005, was used to calculate gasoline expenditures for 2006. Fuel consumption is based upon average use but can vary dependent upon snow operations in the winter. Additionally, the price of fuel will continue to fluctuate contingent upon market conditions and world events. The cost of gasoline will be subject to the current volatility of the crude oil market. At this time, it is impossible to predict the actual expenditures for gasoline that may eventually be incurred by the end of 2006. The Common Council Contingent Fund for 2006 is budgeted for an additional \$500,000 to provide for energy contingencies that may occur.

\$350,000 is included for Vehicle Rental in the 2006 proposed budget. This category is used for contingency rentals and for the commercial rental of specialty equipment and is a similar amount as in 2005.

\$126,500 is proposed for other operating expenses including supplies, rentals, and services.

Facilities Development and Management

Net Salaries and Wages total **\$3,771,291**. This total includes **\$281,375** for Overtime. The salary budget represents a 7% increase from the 2005 budget. The following personnel elimination is proposed:

- 1 Security Guard (Vacant)

Operating Expenditures total **\$4,357,000**, a 1% reduction from 2005.

The 2006 proposed budget includes **\$1,980,000** for Energy. This amount is a 101% increase from 2005. This cost is based upon historical data relative to utility expenses including natural gas, electric and steam. This amount could vary depending upon the market rate for natural gas and the severity of the winter season.

The 2006 proposed budget includes **\$1,442,000** for Property Services. These services include contracts for outside vendors, building management contracts, contracted security services and other services and building support. This is a 14% reduction from 2005.

In 2006, DPW plans to eliminate and reduce various outside services including custodial, security, window cleaning and some preventive maintenance programs. Reductions to non-daily

cleaning and maintenance, including window cleaning, pest control and systems monitoring will take place. Approximately \$400,000 in savings is anticipated.

\$305,000 is budgeted for construction supplies, a similar amount as in 2005.

\$575,000 is budgeted for other operation supplies, services and rentals and information technology services.

Equipment Purchases are budgeted at **\$55,000**. These purchases include computer equipment and various hand tools and small power equipment.

Capital Improvement Projects DPW- Buildings and Fleet Sections-Operations Division

\$53,927,225

Downtown/City Hall Complex Remodeling \$22,100

This program funds interior remodeling and upgrades for various city agencies. This includes lighting upgrades and HVAC improvements to meet the state energy code requirements. Planning and development for office space and development are included in this program.

These 2006 funds will purchase a draft curtain for the 5th through 8th floors of City Hall. This "draft curtain" consists of glass sections that serve to contain smoke in the event of a fire and "back-up" the smoke to the appropriate local smoke detector.

As an update, the City Hall 4th Floor Comptrollers Office remodeling work has been completed. The design of the Zeidler Municipal Building Basement Lobby/Public Corridor Alterations Project is complete and construction is anticipated to occur during the winter. The design of the City Hall 3rd floor East Exit/Restroom Alterations Project is completed; construction is in progress and scheduled to be completed in fall, 2005. The design for the City Hall-1st floor Security/Information Center Remodeling Project and the Zeidler Municipal Building Lower Parking Floor Restoration Project is projected for the fall/winter of 2005, with a winter/spring 2006 construction.

Space Planning-Facilities \$150,000

This program provides funds for architectural and engineering services related to office space studies including planning and cost estimates for proposed projects.

In 2006, \$150,000 is designated for space planning for study of general office space needs and proposed alterations in various city facilities. \$78,100 is designated for general departmental reorganization alterations and engineering. This amount will provide for un-programmed office alterations due to personnel or equipment changes incorporated in the annual budget.

Recreation Facilities Program \$439,725

This program will be funded by the tax levy rather than borrowing.

Improvements in this program include maintenance and renovations in neighborhood recreation facilities, children's play areas and stand-alone recreation sites. Funds will be released for projects with the prior review and approval of the Common Council. 2005 projects include:

- Uncas Play Area – ADA reconstruction
- 40th and Douglas – ADA play area reconstruction
- Riverside Park, 1615 E. Locust Street- Tennis court reconstruction
- 18th and Washington
- 45th and Keefe
- Norris Playground Design
- Various Sites – Non-programmed improvements (usually based on emergency repairs or aldermanic requests)

All 2005 projects will be completed by the end of the year with the exception of Lewis Playfield, which is awaiting a response for grant funding.

Facility Systems \$2,952,200

This program funds upgrading mechanical systems, boiler replacement, and various fire and safety improvements. A variety of projects include air handling units, elevator motors and controls, and various electrical and mechanical systems.

2006 funding will address electrical and code compliance concerns as well as the modernization of equipment at the Central and Lincoln garages and Safety Academy. Planned maintenance will be prioritized, as the amount in the proposed budget is \$1.05 million less than the amount of the DPW request.

As an update, construction is underway for several Fire Life/Safety projects in City Hall and the Zeidler Municipal Building. The heat exchangers and emergency generator projects in the Zeidler Municipal Building are currently under contract and construction is almost complete. A number of building system assessments are underway to prioritize specific facility component replacements.

Environmental Remediation Program \$520,000

This program seeks to provide a safe environment in city-owned buildings through removal of hazardous building materials including asbestos and lead abatement as well as soil and groundwater remediation at 26 sites.

At this point in 2005, quarterly groundwater/soil monitoring is continuing at various sites. Lead and asbestos is removed as needed. Consultants have been retained to design the State-mandated DNR Storm Water Pollution Prevention Plans (SWPPP) for storm water best management practices at various sites (Central Repair Garage, Municipal Service Building, and Self-Help

North). The SWPPP for Self-Help South has been completed and containments at two Sanitation Districts are under construction.

ADA Compliance Program \$248,900

This program seeks to assure compliance with the federal Americans with Disabilities Act. Improvements include increased access to restrooms, offices, telephone and drinking fountains in city-owned buildings. 2006 projects will be prioritized based upon the funding provided and will include work in the 809 Building and City Hall.

For 2005, Enderis and Holt Comfort Station alterations have been completed. Construction of the City Hall 1st-3rd Floors and Zeidler Municipal Building Lower Parking restroom alterations is anticipated to start in fall 2005. Design consultants are presently working on the design alterations for the City Hall 6th, 7th & 8th floor restrooms, the Zeidler Municipal Building Basement restrooms, and the 809 Building 4th floor restrooms with anticipated construction in 2006.

Facility Exterior Upgrades \$646,300

This program helps to maintain the exterior for city facilities in a watertight and energy efficient condition. Roofing, yard and parking lot improvements are included.

Projects for 2006 will be prioritized based on the approved funding and will include reroofing Engine Houses #1, #12 and #14. Masonry repairs at the Sign Shop and Central Garage will be considered.

In 2005, Engine House #4, #8 and #24 and the Hawthorn Glen facility have been re-roofed and the Municipal Service Building and Maintenance Repair Facility roofs have been repaired. The Safety Academy Window Replacement Project is presently underway with completion anticipated this fall. The McArthur Square Plaza Condition Assessment has been completed and the design will begin this fall with an anticipated start of construction in the spring of 2006.

City Hall Restoration Program \$17,700,000

This program was introduced in the 2003 budget in order to address the structural needs and historical integrity of City Hall. The project scope was identified by an architectural engineering firm specializing in the evaluation of historic structures. This project is estimated at \$70 million over four years. This funding will be used to continue the work authorized in the contract with the focus upon exterior repairs.

The City Hall Exterior Restoration Project is scheduled for completion by the end of 2008. Since the exterior restoration work is scheduled to occur concurrently on all sides of the building through 2008, (versus in phases as initially thought) construction work on the City Hall Foundation and Structural Repairs Project (CHF&SR) will have to start in 2009 and continue on through 2011. Funding for the design of the CHF&SR has been requested in 2008 for the 2009 construction to occur.

Funds allocated for this project may not be expended without Common Council approval.

Municipal Garages and Outlying Facilities \$500,000

The 2006 proposed budget includes funds for continuing the remodeling of the Central Garage including code compliant locker rooms,, the installation of day-lighting into the repair areas and replacement of the dock lifts at the receiving docks on the east side of the building. The emphases of this program are to address the replacement of major operational systems including hydraulic lifts, material handling equipment and pneumatic systems that do not comply with current safety codes.

Funds allocated for this project may not be expended without Common Council approval.

2-Way Radio Replacement \$248,000

This program will provide funding to design a two-way radio communication system to utilize the Milwaukee Police Department's new digital radio infrastructure and to systematically replace obsolete radio equipment. The system, when fully implemented, will improve dispatch of all vehicles, help optimize ice and snow operations while providing the capability to connect city and surrounding agencies to respond to major emergencies.

The Buildings and Fleet section is working with the Police Department's Communication Section to replace all existing 2-way radios. The existing radio technology has become obsolete and many radios have a very short useful life remaining. Along with the radio replacement, the department remains interested in utilizing GPS capabilities of the new radios to install an Automatic Vehicle Location (AVL) system. The 2-way radios with the appropriate AVL system will assist the department in optimizing operations and in managing field operations.

DPW intends to purchase 209 radios in 2006.

Major Capital Equipment \$6,500,000

This program is specified for equipment that exceeds \$50,000 and has a life expectancy of at least 10 years. This money is proposed to focus upon equipment replacement funding including garbage and recycling collection, snow and ice control and pick-up and dump trucks for use as pool equipment.

The following pieces of equipment are proposed for purchase:

- 3-sweepers-3 yd. - \$117,000 per unit, 27 fleet total with a current average age of 8.9 years.
- 8-light multi-purpose tractors - \$69,000 per unit, 43 fleet total with a current average age of 12.5 years.
- 1-tractor, Trencher - \$51,000 per unit, 14 fleet total with a current average age of 14.9 years.

- 2-truck aerial – (1) 50-ft. utility with chipper box, (1) 36 ft. utility - \$130,000 and \$120,000 per unit, 36 fleet total with a current average age of 8 years.
- 14-5 yd. dump trucks with underbody plow- \$119,000 per unit, 28 fleet total with an average age of 9.1 years.
- 2-5 yd. dump trucks - \$100,000 per unit, 28 fleet total with an average age of 9.1 years.
- 1-20-yd. container packers - \$110,000 per unit, 7 fleet total with a current average age of 8.4 years.
- 10-25-yd. rear load packers- \$180,000 per unit, 132 fleet total with a current average age of 9.5 years.
- 6-25-yd. recycle packers - \$210,000 per unit, 49 fleet total with a current average age of 10.6 years.
- 2-truck, roll-off - \$130,000 per unit, 12 fleet total with a current average age of 11.8 years.

It should be noted that the average age of equipment may be less than 10 years. The average of all current equipment is comprised of fairly new equipment plus pieces that far exceed 10 years. At this time, the average age of all equipment comprising the city fleet is 9.9 years. The optimal maximum average age of municipal fleet equipment is 8.5 years.

In light of budget considerations and adjustments over the past four years, which, in some cases, have extended the replacement cycle of some city equipment, the average age of some particular fleet pieces has increased slightly.

Menomonee Valley Facilities Relocation \$24,000,000

This project is for the construction of a consolidated facility for DPW Infrastructure, Operation and Water Works Divisions' field operations.

The new DPW Field Headquarters Facility currently under construction at 3850 N 35th Street will be complete and operational in early 2006. Staff and operations from the following locations will be relocated and consolidated at this new 230,000 square foot, 24-acre site:

- **Tracer Yard at 132 N 6th St** includes Street & Bridge Maintenance, Underground Maintenance & Facilities Field Operations.
- **Florist Avenue Yard at 8414 W Florist Av** includes Underground Maintenance, Infrastructure Design and Construction North.
- **Hawthorn Glen at 59th and State St** includes field staff of Infrastructure Storm Water Maintenance.
- **Northwest Garage at 3025 West Ruby** includes Underground Maintenance.
- **Old Engine House #35 at 407 N Hawley Rd**, temporary location of Infrastructure Design and Construction South.

- **Water Works Distribution – North, at 2919 W Cameron Av** includes Water Works Distribution.
- **Water Works Distribution – South, at 3801 W Lincoln Av** includes Water Works Distribution.
- **Water Works Distribution – Pipe Yard, at 10th St & W Waterford Av,** Pipe Yard Inventory
- **Water Works Control Center at the Municipal Building - 4th Floor,** Control Center staff.
- **Boden Court at 1200 W Boden Ct,** Infrastructure inventory storage.

The consolidation of city staff from multiple sites across the city to this new combined facility is expected to provide operational savings. As part of this consolidation, four repair bays will be available at the new Field Headquarters location. Certain preventative maintenance will be undertaken at this location offering on-site fleet maintenance of the vehicles operating out of this location.

Funds allocated for this project may not be expended without Common Council approval.

Revenues – Buildings and Fleet Sections

Category	2004 Actual	2005 Budget	Change	2006 Proposed	Change
Charges for Services	\$3,895,202	\$1,976,500	-49%	\$3,000,000	51%

Revenue is generated from Buildings and Fleet Services and billing reimbursable services. The decrease in estimated revenue in 2005 was attributed to emergency board-ups considered an expenditure item rather than revenue as in the past. The revenue projections for 2006 are based upon historical experience and include reimbursements from other departments for various repairs, fuel, equipment utilization, rental space and services to the Water Department.

Grant Funding

Buildings & Fleet Services anticipates receiving a \$62,000 grant from WE Energies for energy incentives for construction of the new DPW facility at 35th & Townsend. It is also anticipated that a \$27,000 matching grant will be awarded by the State of Wisconsin DNR for a storm water retention pond on the site.

Prepared by: Mark A. Ramion, 286-8680
 Fiscal Review Analyst-Senior
 Legislative Reference Bureau
 October 6, 2005