

Executive Summary: 2011 City of Milwaukee Proposed Budget

Hearing Date: October 22, 2010

1. Inside the Cart: The Administration has proposed that beginning February 26, 2011, the Department of Public Works (DPW) will no longer collect waste items that are not inside a garbage cart, unless the waste items bears bulky permit sticker.
(Pages 2 & 3)
2. Extra Cart Charge: The Administration is proposing that in 2011, dwelling units requiring extra garbage carts be charged a new \$5 per cart, per quarter charge (\$20 annually), for dwelling units with more than 1 cart per unit. The charge would be included on the Municipal Services Bill. (Page 3)
3. Weekend Box Program: The 2011 Proposed Budget includes \$80,000 in O & M funding for the Weekend Box Program, the same amount that was provided in 2010 through an amendment to the 2010 Proposed Budget. (Page 3)
4. Self-Help Centers: Under the 2011 Proposed Budget, the City's Self-Help Centers will continue to be closed on Wednesdays.(Pages 4 & 5)
5. Recycling: The Department of Public Works does not plan any changes to its residential recycling operations in 2011. DPW indicates that the 3-week recycling program, initiated through a Common Council amendment to the 2010 Proposed Budget, has been very popular, and that since the implementation of the 3-week recycling program in April through the end of September, recycling tonnage collected is up 6% over those same 6 months of 2009. (Page 4)
6. Sanitation Inspectors: The Proposed 2011 Budget will continue funding the Sanitation Inspector positions at the 2010 level (\$261,000), which will only pay for 8 Sanitation Inspectors (not 12 as authorized). (Page 5)
7. Carts: The 2011 Proposed Budget includes \$936,060 to purchase 17,400 garbage and recycling carts, a reduction of 600 carts from 2010. This proposed reduction is being made in anticipation of carts returned to DPW due to the extra garbage cart fee. (Page 5)
8. Solid Waste Charge: The Administration has proposed a \$3.53 decrease in the Solid Waste Charge to \$166.64 per year. However, since the implementation of the extra cart charge been delayed until at least the 2nd quarter of 2011 because the Water Works is in the process of upgrading its billing system, the Budget Office will recommend increasing the base solid waste charge so the total revenue stays as it is currently estimated in the budget. (Page 6)
9. Snow and Ice Control Charge: The 2011 Proposed Budget includes a revenue estimate that assumes Common Council adoption of a resolution establishing a Snow and Ice Control Charge at \$0.6917 per foot of property frontage, the same as 2010. (Page 6)

DPW-SANITATION SECTION

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Expense Category	2009 Actual	2010 Budget	% Change	2011 Proposed	% Change
Operating	\$ 35,881,048	\$ 35,379,323	-1%	\$ 35,498,711	0%
Capital	\$ 1,000,073	\$ -	-100%	\$ 250,000	0%
Positions	539	535	-1%	535	0%

OPERATIONAL ISSUES**Inside the Cart**

The State of Wisconsin's 2010-11 Budget included a \$7.10 per ton increase in tipping fees to \$13.00 per ton, which resulted in a \$2.0 million increase in City of Milwaukee tipping fees. With the State fees and the contracted rate, the total landfill tipping fee is currently \$36.31 per ton. In 2011, DPW estimates the tipping fees will increase to \$37.88 reflecting a cost-of-living increase. DPW anticipates tipping fees will continue to increase in the future. To mitigate the impact of the increasing tipping fees, DPW is proposing transitioning to a pay-as-you-throw solid waste collection system, with Phase 1 being implemented in 2011. Phase 1 of the pay-as-you-throw system proposal being implemented in 2011 will include requiring items placed out for collection to be placed inside the garbage cart, unless the items bear a bulky waste item sticker/extra item and implementing a new extra garbage cart charge.

The Administration has proposed that beginning February 26, 2011, the Department of Public Works (DPW) will no longer collect waste items that are not inside a garbage cart, unless the waste items bears a bulky permit sticker. DPW estimates the savings from this proposal will be a

reduction of 10,000 tons of solid waste, valued at \$373,800. Additionally, there is a reduction of 2 Operations Driver Worker positions, in Fleet Operations, that can be attributed to nothing outside the cart, resulting in a savings of \$95,224 in salaries and \$45,708 in fringe benefits.

This proposal limits the total amount of bulky waste items, bearing bulky waste stickers, collected by the department at a dwelling unit to be no more than 2 cubic yards per collection and requires items bearing bulky item stickers to be placed at the alley or curb line for collection throughout the year. Also, smaller items must be contained in a bag or box.

The department indicates that the Commissioner would consider waiving the proposal's requirements if the department falls behind on solid waste collections due to plowing operations, holidays, or emergencies such as floods. As in past years, DPW will continue to collect all items not placed in a garbage cart without charge during the Clean and Green program collection period.

Under this proposal, DPW will sell bulky item permit stickers at a fee of \$1 per sticker for the collection of one item. DPW anticipates selling the stickers at City facilities

open to the public that are set up to sell items, including the 7 district police stations, the 13 neighborhood libraries, the 2 Violation centers, and the 2 Sanitation Self-Help Centers. The department is also considering selling the bulky waste item stickers at major grocery and/or pharmacy chains. It is important to note that the locations, including City libraries and police stations, where the permits will be sold have not been finalized at this time.

Regarding enforcement of this proposal, DPW will initially give residents warnings that items not in a cart must have a sticker. Items that remain outside the cart the following week will be scheduled for a collection at a charge of \$50. In addition, the Department of Neighborhood of Services will continue to issue orders for piles of solid waste that are deemed a nuisance.

Many other cities have regulations relating to items placed outside the garbage cart. Cities that require the purchase of stickers for the collection of items placed outside of the cart include Kansas City, MO (\$1 per bag), Boise, Idaho (\$1 per bag). Seattle does not require a sticker, but it does charge a \$7.60 for each extra bag.

As an alternative to charging for each item placed outside the cart, certain cities collect nothing placed outside the cart during regular collections, but periodically have regularly scheduled bulky collections. For example, Indianapolis does not collect items placed outside the cart, on a weekly basis, but collects up to 2 bulky items once per month at no charge and St. Louis collects up to 3 bulky items once per month.

Extra Cart Charge

The administration is proposing that in 2011, dwelling units requiring extra garbage carts be charged a new \$5 per cart, per quarter charge (\$20 annually), for dwelling units with more than one cart per unit. The charge would be included on the Municipal Services Charge. In 2011,

the City will continue to provide extra recycling carts at no charge.

DPW conducted a cart survey to identify dwelling units with more than one garbage cart. If this proposal is adopted, DPW intends to notify affected property owners by sending notices out in mid-November for residents to request a return of carts by the end of the year. In the notice, residents who do not want to retain the extra cart would be directed to contact the Call Center to request that additional garbage cart(s) be removed. The completed call center entry would update the cart database so DPW's records would be accurate. Sanitation staff would retrieve carts based on requests in the Call Center.

Based on the cart survey, the Budget Office estimates approximately 42,000 households have more than one garbage cart. Assuming 20% of the households with an extra cart will return the extra carts, the Budget Office estimates the \$20 annual charge annually generates \$670,000 in revenue. The Comptroller's Office has not recognized this revenue.

The Administration had proposed the Extra Cart Charge would be implemented on January 1, 2011. However, the implementation of the charge has been delayed until at least the 2nd quarter of 2011 because the Water Works is in the process of upgrading its billing system and will not be able to modify the Municipal Service Bill to include the extra cart until that time. DPW indicates the charge can be backed billed and added to the second quarter Municipal Services Bill.

Weekend Box Program

Under the Weekend Box Program, DPW provides large roll-off dumpsters (boxes) for weekend neighborhood cleanups. The 2011 Proposed Budget includes \$80,000 in

O & M funding for the Weekend Box Program, the same amount that was provided in 2010 through an amendment to the 2010 Proposed Budget.

The table below shows the number of boxes provided and the tons collected from 2000 through 2009.

Weekend Box Program		
Years	Boxes Provided	Tons Collected
2001	1,910	4,435
2002	1,522	3,722
2003	1,600	5,200
2004	1,620	6,980
2005	1,400	4,390
2006	1,511	3,800
2007	1,162	3,000
2008	698	3,080
2009	484	1,326
2010	401	629

Self-Help Centers

Under the 2011 Proposed Budget, the City's Self-Help Centers will continue to be closed on Wednesdays. DPW estimates that approximately \$60,000 in O & M funding would be required to have the centers open in 2011.

In 2011, the Self-Help Centers will be open the same number of total hours as in 2011. However, DPW is considering adjusting the center's opening and closing times at periods of high demand.

The administration had proposed increasing the charge for depositing construction waste at City Self Help centers from \$15 to \$20 per load (File #100690, an ordinance amending various fees). However, since the 2011 Proposed Budget was introduced, the Administration has reconsidered and intends to have the item deleted from the proposed ordinance.

DPW had requested \$530,000 in 2011 capital funding for scales to weigh construction debris. At this time, the idea of scales for the 2 Self Help Centers has been placed on

hold and the request was deleted from the budget. First, the Industrial Road site may be purchased by Direct Supply, so it is not fiscally prudent to install scales at that location until the future of the site is known. Second, in pricing out the scales, DPW found that it does not seem that the additional revenue brought in by the scales would offset the costs of installation and maintenance. However, DPW will continue to monitor the situation and if it makes fiscal sense to install scales in the future, the request for the scales will be made.

Recycling

The Department of Public Works does not plan any changes to its residential recycling operations in 2011. DPW currently has 31 cart routes and 3 weekly bin routes servicing approximately 190,000 residences. The department annually collects approximately 25,000 tons of curbside recyclables, 30,000 tons of yard trimmings and 4,000 tons of other recyclable items collected at self-help stations.

DPW indicates that the 3-week recycling program, initiated through a Common Council amendment to the 2010 Proposed Budget, has been very popular and has driven down customer service calls. Additionally, from the implementation of the 3-week recycling program in April through the end of September, recycling tonnage collected is up 6% over those same 6 months of 2009. On a pounds per-household basis, the recycling increase is 9.4% over the same period. Also, the Comptroller's Office 2011 recycling contract revenue estimate increases by \$12,000 in 2010 to \$750,000.

The City of Milwaukee began providing curbside recycling to City residents in 1989. The tons of materials collected by the City for recycling increased each year until it peaked in 1997 at 33,112 tons. In the following years, the recycling tonnage steadily declined each year, decreasing over that time period by 33% to 22,174 tons in 2009.

Field sampling conducted from July to September of 2010 indicates a 67% setout rate in the citywide cart setout program and a less than 10% setout rate in the weekly bin (small blue box) program. There are also City residents who are self-recyclers who take recyclable items to area recycling centers.

DPW estimates the state basic recycling grant will provide \$3,461,000 in 2011 for the City's household recycling program. The City's total grant-eligible recycling and yard waste cost is \$10,982,800, with the State basic recycling grant reducing the City's share to \$7,521,800.

DPW is currently studying 2 options for implementing a single-stream recycling program in Milwaukee, a recommendation of the Recycling Task Force. One option involves transferring recyclables at a private recyclables processing facility, and the other option is to maintain public ownership of processing equipment by collaborating with Waukesha County and installing new equipment in the City's current facility.

Snow and Ice Control

DPW intends to make no major changes to its 2011 snow and ice control operations. The Administration has proposed that snow and ice control operations be funded at the level of the revenue generated by the Snow and Ice Control Charge. For 2011 that revenue is estimated to be \$6.5 million.

PERSONNEL

Vacancies

Currently, the Sanitation Section has 3 Sanitation Inspector positions vacant. The Finance and Personnel Committee authorized to filling the positions on June 30,

2010. DPW is currently waiting for DER establish an eligible list from applications currently being taken.

Sanitation Inspectors

An amendment to the 2010 Proposed Budget restored one Sanitation Area position and offset the costs of the restoration by reducing funding for the Sanitation Inspector positions, which resulted in 3 Sanitation Inspector positions being held vacant for 6 months. The proposed 2011 funding will continue funding the Sanitation Inspector positions at the 2010 level (\$261,000), which will only pay for 8 Sanitation Inspectors (not 12 as authorized). According to DPW, operationally, this is a 33% reduction in Sanitation Inspectors, which results in a reduction of code enforcement and reduced revenue from the enforcement.

Personnel Cost Adjustment

An increase to a 3% Personnel Cost Adjustment was made to all DPW sections to meet budget allocation. The impact may be a shortfall in Operation Driver Worker salaries, but DPW indicates it will manage the impact as best it can. However, an increase in the Personnel Cost Adjustment may impact Sanitation Section operations. For example, in 2010 the increase personnel cost adjustment resulted in a reduction in street sweeping activities during the summer.

REPLACEMENT EQUIPMENT

Carts

The 2011 Proposed Budget includes \$936,060 to purchase 17,400 garbage and recycling carts, a reduction of 600 from 2010. This proposed reduction is being made in anticipation of carts returned to DPW due to the extra garbage cart fee. However, DPW anticipates that not all of the extra garbage carts returned will be reusable to the public due to damage.

In 2009, there were 8,861 garbage carts and 7,338 recycling carts placed for a total of 16,199 carts placed. In 2010 YTD, there were 13,201 carts placed. Base on city-wide data, the table below, provided to the LRB in 2008 shows the reason why carts are replaced.

Reason	Percentage
Missing/Stolen	52%
Worn Out	33%
Additional	10%
Broken/Burnt	3%
New Start	2%

At the current pace for 2010, DPW anticipates it will be completely out of carts by the end of year. DPW has not determined whether or not a Contingent Fund appropriation will be necessary to fund additional carts.

Litter Cans

The 2011 Proposed Budget provides \$45,000 for replacement litter cans, the same amount as 2010. DPW currently services approximately 1,200 litter cans throughout the City and loses around 200 cans per year to damage, vandalism or normal wear and tear. The funding provided is for an unspecified number of containers due to the cost difference based on container type. The green metal cans most prominent across the City cost \$275 each. The plastic "litter cart" container costs \$165 each. These containers are more durable and functional than the green metal ones and are preferred by the department.

REVENUE

Solid Waste Charge

The 2011 Proposed Budget includes a revenue estimate for the Solid Waste Charge of \$32.2 million, the same as 2010. It is important to note that the estimate that the estimate is based on the 2010 Charge of \$170.17 per year, per dwelling unit. The Administration has proposed a

\$3.53 decrease in the Solid Waste Charge to \$166.64 per year, and a new \$20 per cart, per year charge, for dwelling units with more than one cart per unit. The Budget Office's estimated revenue for the reduced charge is approximately \$566,000 less than the \$32.2 million estimate in the Proposed Budget. The Budget Office had estimates the proposed \$20 extra cart fee would offset this revenue reduction by generating approximately \$566,000.

Since the Common Council has not acted on the proposed charge reduction and extra garbage cart charge, the Comptroller's estimate reflects the existing 2010 Solid Waste Charge. Based on Common Council action, the Comptroller will review the 2011 Solid Waste Charge revenue to determine if an adjustment to the current revenue estimate is necessary.

In addition to adjusting the Solid Waste Charge amount, the Administration is proposing an ordinance change to allow the Solid Waste Charge to be adjusted, with Common Council approval, once per year on the basis of cost recovery experience or to ensure total charges are allocated equitably. This ordinance will allow the City to recover solid waste related costs that increase during the year, such as state increases in tipping fees.

Snow and Ice Control Charge

The 2011 proposed budget includes a revenue estimate that assumes Common Council adoption of a resolution establishing a Snow and Ice Control Charge at \$0.6917 per foot of property frontage, the same as 2010. It is estimated the 2011 charge will generate the same amount of revenue as in 2010, \$6.5 million. The impact of the charge on the owner of a property with 40 feet of frontage is approximately \$27.67.

Multi-unit Apartment Collection

Since 2002, the City has charged those multifamily dwellings of 5 units or more, who opt for City solid waste collection, rates based on the recovery of City costs. There are approximately 2,660 residential buildings in the City of Milwaukee with 5 units or more. The City provides solid waste collection to approximately 42% of these buildings. In 2011, the multi-unit apartment collections will generate an estimated \$1,540,000 a decrease of \$17,000 from 2010. Between the end of August 2009 and September 2010, the DPW provided this service to 78 fewer properties and provided 155 fewer containers.

CAPITAL

Sanitation Headquarters Modification

The 2011 Proposed Budget contains one capital improvement item for DPW – Sanitation. The Sanitation Headquarters Modification received \$250,000 in funding. No funds have been budgeted for this program since 2007. The 2011 funding will be used to make some repairs to the building at the 35 & Hayes yard including a new roof and new furnace.

Item number 7 on the October 20, 2010 Public Works Committee agenda is Common Council File #100720, which authorizes the expenditure of \$498,635 the capital carryover funds on the following four projects: in carryover borrowing authority remains.

1. Emergency repair of scales at the Materials Recycling Facility at an estimated cost of \$155,000.
2. A facilities inspection report for the Materials Recycling Facility at an estimated cost of \$25,000.
3. Property improvements at the self-help centers related to the charging of construction debris at an estimated cost of \$60,000,

4. HVAC and roof repairs at the South 35th Facility at an estimated cost of \$215,000.

Capital Requests: Not Funded

DPW submitted a request for the renovation of the former Water Works Facility at S 37th St & W Lincoln Ave (\$2.8 million) This project would consolidate the Forestry yard at 21st & Holt and a the Sanitation yard at 35th & Hayes at the Lincoln Ave site. DPW has indicated that if the project is not approved the Sanitation yard is in need up upgrades to accommodate staff working out of that facility. The estimated cost of the upgrades is \$400,000. This project **did not receive funding** in 2011.

DPW also submitted a request for the relocation of the Industrial Road facility. Direct Supply has an option to relocate the Industrial Road facility to accommodate its expansion. The option expires December 13, 2012. Preliminary cost estimates to relocate the facility are \$13,500,000. The city will be responsible for 50% of the cost. This project **did not receive funding** in 2011.

As previously mentioned, the request for funding for the self help scales at both self help stations was also eliminated from the proposed budget.

Issues to Consider

1. Outside of the budget process, the Common Council could request DPW to provide the Council with its full plan for implementing a pay-as-you-throw solid waste collection system. Subsequently, based on DPW's plan, the Council could act on a resolution authorizing DPW to proceed with the implementation of the proposal. This 2 step process would provide the Council with more complete information about the plan and would provide DPW with guidance regarding implementation of the plan.

2. In 2010, the Self-Help-Centers were closed on Wednesdays, which resulted in many citizen complaints. Under the 2011 Proposed Budget, the Self-Help Centers will remain closed on Wednesdays. The Common Council could provide funding to keep the self-help centers open, which DPW estimates to be \$60,000.

3. DPW and Comptroller's Office could be directed to determine whether or not additional Sanitation Inspectors positions can be filled by having the additional Inspectors' costs offset through the additional revenue generated by the orders they write.

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