

## FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

### Executive Summary: 2005 Proposed Budget –Sanitation Section

1. The 2005 Proposed Budget includes personnel changes in Sanitation's Field Operations area and reduces the number of the section's auxiliary postings. Pages (2 and 3)
2. The City executed new solid waste and recycling contracts effective July 2004. The 2004 Budget was reduced by \$1 million in anticipation of contract savings. The 2005 Proposed Sanitation Section Budget is reduced an additional \$750,000 to reflect savings for the full year. The estimated 2005 revenue generated from the new recycling contract is estimated to be \$1.4 million. The Comptroller has recognized this revenue. (Pages 3 and 4)
3. Based on an analysis of expenditures over the last 5 years (excluding the above average winter of 2000), the 2005 Proposed Budget reduces the funding for snow and ice control by approximately \$1.2 million. (Pages 4 and 5)
4. A change in the way bulky items (special pick-ups) are collected is included in the 2005 Proposed Budget. Under the proposed budget, bulky items will be collected on regular scheduled collections days.(Pages 5 and 6)
5. DPW estimates the State will provide \$2,806,054 in 2005 for the recycling program. The City's share of recycling cost is estimated to be \$8,092,475 of the total cost of recycling of \$10,898,529. The new recycling contract allows for the processing of all grades of paper products, including magazines, phone books and junk mail. (Pages 5 and 6)
6. In 2005, the DPW-Operations Division will implement Project Clean and Green. DPW anticipates that the program will result in a cleaner city, reduced program costs and increased revenue (Page 7)
7. \$1,000,000 is included in the 2005 Proposed Budget to purchase 25,000 garbage and recycling carts. DPW anticipates that a file will be introduced at the October 11, 2004 Common Council meeting requesting contingent funding for 3,000 to 5,000 carts to handle requests for carts through January 2005 (Page 8)
8. The Proposed 2005 Solid Waste Fee is \$75 per dwelling unit a year. This is the same amount as 2004 (Page 8)
9. The 2005 proposed Snow and Ice Control Fee is \$0.2736 per foot of street frontage, the same rate as 2004 (Page 9)
10. In 2005 owners of multifamily dwellings of 5 units or more, who use City collections will be able to request an additional box to assist in tenant move-out cleaning (Page 9)

## FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

### 2005 Proposed Budget Summary: Sanitation Section

Expense Category	2003 Actual	2004 Budget	% Change	2005 Proposed	% Change
Operating	\$ 32,748,386	\$ 32,803,458	0%	\$ 30,178,482	-8%
Capital*	\$ 1,354,000	\$ -	-100%	\$ 200,000	
Positions**	1,079	776	-28%	536	-50%

\*Budgeted Capital

\*\*Authorized positions include full-time funded, part-time funded and unfunded positions, including 708 auxiliary positions in the 2003 Budget and 496 auxiliary positions in the 2004 Budget, and 272 in the 2005 Budget.

***The Sanitation Section is responsible for the collection and disposal of residential solid waste and recycling, street and alley cleaning, leaf collection and dead animal removal. Sanitation services approximately 213,000 households within the City of Milwaukee. In 2003, the Sanitation Section collected 296,500 tons of solid waste, 26,000 tons of compost and 26,000 tons of recycling.***

***Sanitation sweeps approximately 1,800 miles of streets and alleys and removed snow and ice from 1,400 miles of city streets. Other responsibilities include operation of two self-help centers, coordination and support of neighborhood clean-ups and public way clean up for civic celebrations.***

### Historical Information

1. Sanitation and DNS began a Neighborhood Cleanup Pilot Program in 1999 (one area targeted) and continued with the program in 2000 (six areas targeted) and found the program successful in cleaning up neighborhoods. The 2001 Proposed Budget established a Neighborhood Cleanup Initiative Special Purpose Account to implement a neighborhood cleanup initiative between Sanitation and the Department of Neighborhood Services (DNS). The 2004 Budget included \$69,000 for this SPA. Through September 3, 2004, the initiative completed 15 targeted cleanups, removing 1,364 bulky pickups weighing 206 tons and 217 waste tires.
2. The 2001 Budget placed the Sanitation Division into the Solid Waste Fund – an enterprise fund for solid waste expenses. A new Solid Waste Fee was established at \$44 per dwelling unit a year or \$11 per quarter. In 2002, the solid waste fee was increased to \$75 per dwelling unit per year.
3. The 2002 Budget dissolved the Solid Waste Fund (the Solid Waste Fee remained) when the Sanitation Section was included in the newly created Operations Division.

4. The 2002 Budget established a new snow and ice control fee of \$0.2736 per foot of street frontage to be charged to property owners.
5. The 2003 Budget reduced the use of private equipment for plowing operations on non-arterial streets and funding for standby time was reduced in the snow and ice control operations budget. (DPW has since developed a plan to use the City's fleet to offset most of the reductions in the use of private equipment.)

## **2005 Proposed Changes & Budget Issues**

### **PERSONNEL**

#### **Field Operations**

##### **-3 Field Headquarters Coordinator**

In October 2003, six filled Field Headquarters Coordinators were relocated to three field sites, when constituent calls previously handled by these positions were shifted to the DPW Call Center. Of the three Field Headquarters Coordinator positions proposed to be reduced, one position is vacant and two incumbents will bump into other positions.

##### **-7 Sanitation Workers**

The reduction reflects attrition (4 positions) and the elimination of the collection of appliances (3 positions). The positions are currently vacant and as they are vacated, they are replaced by Operator Driver Worker positions.

##### **-6 Operation Driver Positions**

The net reduction reflects the change in the bulky collection program. The positions will be part of the seasonal layoff.

#### **Auxiliary Positions**

##### **-250 Emergency City Laborers**

##### **-12 Sanitation Crew Leaders (Snow)**

##### **-12 Sanitation Supervisors (Winter Relief)**

These positions were used when the City hired non-city workers "on-the spot" to augment City forces during large snowfall events. The City has not used these positions in the past twenty years.

##### **+40 Operations Driver Worker**

The increase in auxiliary Operations Driver Worker positions reflects a gradual shift from Sanitation Worker to an all Operations Driver Worker workforce. All temporary or emergency workers will fill into these positions.

### **+ 6 Sanitation Inspectors**

These unfunded auxiliary positions will allow the DPW more flexibility in addressing enforcement of solid waste and other code violations as needed.

### **+4 Office Assistants IV**

These unfunded auxiliary positions will be used, as needed, to provide computer administrative assistance in the Sanitation District Headquarters.

### **Vacancies**

Two Sanitation Area Manager positions (North Area & South Area) are vacant. DPW expects to fill these positions before the start of the snow season (October 15<sup>th</sup>).

### **Overtime**

The 2005 Proposed Budget reduces the Sanitation Section's overtime from the \$1.8 million provided in 2004 to approximately \$1.4 million in 2005. The reduction reflects a continued reduction in snow and ice control (\$200,000) and operational efficiencies on collection routes (\$243,336).

### **OPERATING EXPENDITURES**

The 2005 Proposed Sanitation Section contains the following change in operating expenditures:

-\$421,250 Professional Services  
+\$450,000 Infrastructure Services

This is a technical adjustment to reflect where snow and ice control costs are actually recorded.

Other Operating Services decreases from approximately \$9.5 million in 2004 to approximately \$8.4 million in 2005. The changes in this account include the following:

-\$750,000 For Solid Waste Disposal Contract Savings  
+\$140,000 for increased recycling processing costs  
-\$100,000 elimination of major appliance collection (freon contract)  
-\$480,000 for the continued snow and ice control funding reduction (snow plow contracts)

### **OPERATIONS**

#### **New Solid Waste & Recycling Contract**

The City executed new solid waste and recycling contracts effective July 2004. The new solid waste contract runs through June 2011, with three additional one-year extension options. The EBE participation rate is 21% of the operating costs of the contract. The new tipping fee of \$24.19 per ton is a savings of \$5.88 per ton from the previous contract. The

2004 Budget was reduced by \$1 million in anticipation of contract savings. The 2005 Proposed Budget is reduced an additional \$750,000 to reflect savings for the full year.

The new recycling contract runs through June 2009 with five additional one-year extension options. The EBE participation rate is 30% of operating costs of the contract. The processing fee is \$37.50 per ton with guaranteed revenue of \$104.91 per ton during the first year of the contract. Ensuing years will be split 50/50 between the City and Recycle America Alliance. The vendor's current revenue is \$80 per ton. The estimated 2005 revenue generated from the new recycling contract is estimated to be \$1.4 million. The Comptroller has recognized this revenue.

### **Snow and Ice Control**

The table below shows the number of snow plowing and ice control operations for the years 1998 through 2004.

<b>Year</b>	<b># Snow Plow Operations</b>	<b># Ice Control Operations</b>
1998	2	28
1999	4	26
2000	11	49
2001	1	30
2002	3	19
2003	2	23

Based on an analysis of expenditures over the last 5 years (excluding the above average winter of 2000), the 2005 Proposed Budget reduces the funding for snow and ice control operations by approximately \$1.2 million from \$6.0 million in 2004 to approximately \$4.8 million in 2004. (The 2004 Budget reduced the funding for snow and ice control operations by approximately \$1.4 million from \$7.4 million in 2003 to \$6 million in 2004). DPW has indicated there will be no change in snow and ice control operations from the comparable operations in 2004.

The table on page 5 provides a breakdown of the proposed \$1.2 million funding reductions in the Operations Division's (Sanitation, Fleet & Forestry) 2005 snow and ice control operations budget.

<b>2005 Proposed Snow &amp; Ice Control Reductions</b>			
<b>Category</b>	<b>2004 Budget</b>	<b>Reduction</b>	<b>2005 Proposed Budget</b>
<b>Sanitation</b>			
Salaries	\$603,690	-\$203,690	\$400,000
Deicing Materials	\$1,373,350	-\$19,350	\$1,354,000
Plow Contracts	\$1,285,000	-\$385,000	\$900,000
Snow Related Services	\$167,500	-\$76,215	\$91,285
<b>Sanitation Subtotal</b>	<b>\$3,429,540</b>	<b>-\$684,255</b>	<b>\$2,745,285</b>
<b>Buildings &amp; Fleet Services</b>			
Salaries	\$915,745	-\$315,745	\$600,000
Service Agreements	\$200,000		\$200,000
Other Operating Services	\$418,500		\$418,500
Equipment (Plows)	\$70,000	-\$28,000	\$42,000
<b>Buildings &amp; Fleet Services Subtotal</b>	<b>\$1,604,245</b>	<b>-\$343,745</b>	<b>\$1,260,500</b>
<b>Forestry</b>			
Salaries	\$135,000		\$135,000
<b>Forestry Subtotal</b>	<b>\$135,000</b>		<b>\$135,000</b>
<b>Operation Division O &amp; M Total</b>	<b>\$5,168,785</b>	<b>-\$1,028,000</b>	<b>\$4,140,785</b>
Fringe Benefits	\$612,141	-\$203,541	\$408,600
Operations Administration Prorated	\$95,469		\$95,469
DPW Administration Prorated	\$154,086		\$154,086
<b>Total Snow &amp; Ice Control Budget</b>	<b>\$6,030,481</b>	<b>-\$1,231,541</b>	<b>\$4,798,940</b>

### **Bulky Collections**

A change in the way bulky items (special pick-ups) are collected is included in the 2005 Proposed Budget. Under the proposed budget, bulky items will be collected on regular scheduled collections days. The following are the key elements to the proposal:

- Bulky Items are placed out (at the collection point) on regular collection days (4 items maximum). Items that are too large to be taken with the regular collection will be collected in several business days.
- Because the disposal of major appliances can be provided by private vendors or retail stores, the collection of these appliances is discontinued.
- The maximum amount of brush collected is reduced to 4 cubic yards and will be collected only from March to November.

DPW will utilize the mass media, aldermanic newsletters, cart tags and the DPW call center to inform citizens of the bulky collection changes. If an item is not properly disposed of, such as placing an appliance out, not placing items at the collection point, DPW will inform the property owner of the situation and request that the situation be rectified. If a property owner does not comply with DPW's request within one week, the Department of Neighborhood Services will issue orders to the property owner to have the item(s) properly removed.

The recent extension of the hours of the City's self-help centers (6660 N. Industrial Road, 3879 W. Lincoln Ave.) will assist citizens in complying with the new bulky collection regulations. The Self Help Centers hours were extended when the new solid waste contract was implemented. The current self-help centers hours of operations are (until November 28,2004):

Monday-Friday: 7:00am to 7:00pm  
 Saturday: 7:00am to 3:00pm  
 Sunday 8:00am to noon

This proposal will provide a savings of \$710,000 by reducing the number of bulky collection crews and other operational savings. The tables below compare the current collection staffing with proposed staffing

Current Regular Collection Staffing		
	Winter	Summer
Current	78	67
Proposed	77 Year Round	

Current Bulky Collection Staffing		
	Winter	Summer
Current	15	22
Proposed	8	11

### Recycling Grant Funding

DPW estimates the State will provide \$2,806,054 in 2005 for the recycling program. The City's share of eligible recycling cost is estimated to be \$8,092,475 of the total cost of recycling of \$10,898,529. The new recycling contract allows for the processing of all grades of paper products, including magazines, phone books and junk mail.

DPW currently operates 31 cart routes and 3 weekly bin routes servicing approximately 190,000 residences. The City's current recycling participation rate is approximately 78%. The Department annually collects approximately 27,000 tons of curbside recyclables. In addition, DPW's recycling program annually collects approximately 27,000 tons of brush and leaves.

In addition to the annual recycling grant, DPW estimates it will receive approximately \$227,000 from the State of Wisconsin's Recycling Efficiency Incentive Grant. This state grant rewards Responsible Units that have made

efforts to improve the efficiency of their recycling programs. The 2005 funding will be used to offset existing recycling program costs and to expand education and outreach efforts.

**Targeted Neighborhood Box Program**

The Operations Division has requested \$300,000 Community Development Block Grant (CDBG) Funding and \$20,000 in O & M funding for the Targeted Neighborhood Box Program. The program is available April through October and 95% of the boxes are placed in the CDBG area.

<b>Years</b>	<b>Boxes Provided</b>	<b>Tons Collected</b>
1997	1,908	6,006
1998	2,109	4,609
1999	2,008	3,942
2000	1,922	3,482
2001	1,910	4,435
2002	1,522	3,722
2003	1,600	5,200
2004*	1,150	5,100

\* through August, 2004

**Project Clean and Green**

In 2005, the DPW-Operations Division will implement Project Clean and Green. DPW anticipates that the program will result in a cleaner city, reduced program costs and increased revenue. DPW is requesting \$200,000 in CDBG reprogramming funding for this initiative that will also include O & M funding. The program will also include sponsorship (\$125,000) from private sources.

For this initiative, DPW will divide the City into six parts. DPW will concentrate its cleanup and greening efforts in one part of the City, each week, for six weeks (April 18<sup>th</sup> through May 27<sup>th</sup>) The cleanup efforts will include asking citizens to make a concentrated effort to set out bulky items on collection day, targeted collection of bulky items from landlords, and partnering with neighborhood groups to promote cleaning and greening efforts.

**Neighborhood Clean Green Initiative SPA**

For 2005, the Neighborhood Cleanup Initiative SPA title will change to the Neighborhood Clean Green Initiative and be included as part of Project Clean and Green. The 2005 Proposed Budget includes \$70,000 for the Neighborhood Clean Green Initiative Special Purpose Account, formally titled the Neighborhood Cleanup Initiative (See Page 1, History #1).



## Replacement Equipment

### Carts

\$1,000,000 is included in the 2005 Proposed Budget to purchase 25,000 garbage and recycling carts. An amendment to the 2004 Proposed Budget reduced the number of carts from 25,000 in the proposed budget to 20,000. DPW estimates that its current inventory of carts will be depleted before the end of this year. DPW anticipates that a file will be introduced at the October 11, 2004 Common Council meeting requesting contingent funding for 5,000 carts to handle requests through January 2005.

The table below shows the total number of carts placed each year since 2001. In 2002 and 2003 the City placed more carts than it purchased and it appears the trend is the same for 2004.

Year	# of Carts Purchased	# of Carts Placed
2001	25,000	17,572
2002	15,000	25,190
2003	15,000	18,020
2004*	20,000	12,060

- Through 6/30/04

Based on citywide data through June 30, 2004, the table below shows the reasons for the for cart replacements. The table below shows that nearly half of the carts replaced are replaced because the carts are missing or stolen.

REASONS FOR REPLACING CARTS	
Reason	Percentage
Additional Cart	13.3%
Broken	28.4%
Burned	0.8%
Missing/Stolen	49.2%
New Start	2.6%
Rodent	0.5%
Worn Out/Destroyed	5.4%

## Revenue

### Solid Waste Fee

The Proposed 2005 Solid Waste Fee is \$75 per dwelling unit a year. This is the same amount as 2004. The proposed 2004 Solid Waste Fee will generate approximately \$14 million and according to the "2005 Proposed Plan and Budget Summary" (page 115), recover approximately 56% of the City's household solid waste collection costs.

### **Snow & Ice Control Fee**

The 2005 proposed Snow and Ice Control Fee is \$0.2736 per foot of street frontage, the same rate as 2004. The fee's impact on the average household is approximately \$12. The fee is charged on the municipal services bill after the costs have accumulated. In 2005, the fee will generate \$2.4 million in revenue.

### **Multi-unit Apartment Collection**

An amendment to the 2002 Proposed Budget eliminated special pickups for multifamily dwellings of 5 units or more who do not pay for city waste collection. There are approximately 2,680 residential buildings in the City of Milwaukee with 5 units or more. The City provides solid waste collection to approximately 1,500 or 56% of these buildings. In 2005, the multi-unit apartment collections will generate \$900,000 in revenue.

In 2005 owners of multifamily dwellings of 5 units or more, who use City collections will be able to request a clean up box to assist in tenant move-out cleaning. The City will have eight additional boxes available citywide, on a first come first served basis, for this program. The City will deliver the box in the morning and tenants will be able to dispose of items between 9:00 am and 1:00 pm. The City will pickup the box in the afternoon. Charging all multi-unit property owners who use the City for collections an additional \$10 per quarter will fund this service.

### **Other Revenues**

The Comptroller's Office estimates the Sanitation Section will generate approximately \$23.6 million in additional revenue in 2005. The table on page 10 provides a breakdown of the items that will generate revenue for the Sanitation Section in 2005.

<b>2005 SANITATION SECTION REVENUE</b>	
<b>ITEM</b>	<b>AMOUNT</b>
Solid Waste Fee	\$14,000,000
Snow & Ice Fee	\$ 2,400,000
Street Sweeping & Leaf Collection Portion of Sewer Maintenance Fee	\$ 4,200,000
Apartment Garbage	\$ 800,000
Recycling Contract Revenue	\$ 1,400,000
Other Collection Charges	\$ 14,000
Hartung Quarry	\$ 400,000
Metal Recycling	\$ 80,000
Recycling	\$ 100,000
Metal Recycling	\$ 50,000
Apartment Cart Sales	\$ 2,500
Cart Relocation	\$ 2,500
Miscellaneous Revenue	\$ 25,000
Snow Removal	\$ 7,000
Weed Removal	\$ 100,000
<b>Total</b>	<b>\$23,581,000</b>

## Capital

\$200,000 is included the 2005 Proposed Capital Budget to study the feasibility of combining various Sanitation and Forestry headquarters on the south side. DPW indicates that having a common staging area for forestry and sanitation operations provides efficiencies to its operations

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Fiscal Review Section – LRB  
October 4, 2004