

Reply to Common Council File No. 080484
From DOA-Budget and Management Division

September 10, 2008


Ref: BF 09

File 080484 contains a resolution establishing the 2009 Local Solid Waste Charge. The proposed charge of \$42.25 per quarter represents an increase of \$9.25 per quarter for a household unit that receives the service. The proposed charge is expected to recover close to 100% of costs for weekly garbage collection, residential recycling program costs net of grant and program revenues, and brush collection. The self-help program costs are not recovered via this charge. If the current rate is maintained cost recovery would be approximately 78% of 2009 estimated costs.

This proposal would generate approximately \$7 million in non-property tax revenue above the 2008 estimated level of \$25 million. In effect, the proposed charge would help reduce a projected 2009 budget imbalance of approximately \$39 million. Full cost-recovery enables the budget to reallocate property tax levy funding to services in departments such as Police, Fire, and the Library that have very limited revenue potential.

A user charge approach to solid waste services provides a sustainable method of funding these important services. Future charge increases would be limited to actual cost inflation. The user charge approach also makes the cost of these services transparent to those who receive them. The impact of a solid waste charge on Milwaukee's competitive position is less than that of an equivalent property tax increase. In addition, the proposed charge is competitive relative to those found in similarly-sized cities. For example, the City of Minneapolis solid waste base fee equates to \$92 per quarter, with a \$28/quarter credit for those who recycle.

RECOMMENDATION: ADOPT A 2009 LOCAL SOLID WASTE CHARGE OF \$42.25 PER QUARTER FOR APPLICABLE DWELLING UNITS.



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MN:dmr

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