



REPORT

LEGISLATIVE REFERENCE BUREAU

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19. DPW— Sanitation, 2014

Proposed Plan and Executive Budget Review

19. Department of Public Works—Sanitation

I. EXECUTIVE SUMMARY.

Table 19.1. Statement of Changes in Operating Budget, 2013 to 2014.

2012 Actual Expenses	\$36,699,748
2013 Adopted Budget	\$38,222,501
Personnel Costs	
Salaries & Wages	\$245,550
Fringe Benefits	(\$35,339)
Total Changes	\$210,211
Operating Expenses	(\$259,917)
Equipment Purchases	\$0
Special Funds	\$0
Total Changes	(\$49,706)
2014 Proposed Budget	\$38,172,795

1. Year-round set-out of carts. The proposed budget includes a proposal to require residents to set out their carts year-round. Residents currently set out carts for collection from April through November.

2. Material Recovery Facility. The 2014 Proposed Budget provides \$2.3 million in capital funding to address some of the deferred maintenance of the building and grounds at the Mount Vernon Avenue facility. These improvements are a

prerequisite in the development of a regional single-stream partnership with Waukesha County.

3. Solid Waste Charge Increased. The Administration is proposing a \$7.20 increase in the Solid Waste Charge to \$187 per year. The increase will generate approximately \$1.3 million in additional revenue.

4. Extra Cart Charge Increased. For 2014, the Administration is proposing increasing the charge for each extra garbage cart provided by the City from \$13 to \$15 per quarter. The increase is estimated to generate approximately \$112,000 in additional revenue.

5. Snow and Ice Control Charge Increased. The Administration is proposing the Snow and Ice Control Charge be increased from \$0.8307 per foot of property frontage to \$0.8552 per foot of property frontage. The increase is estimated to generate approximately \$270,000 in additional revenue.

6. Construction Waste Charge Increased. The Administration is proposing increasing the charge for depositing a load of construction waste not exceeding 8 cubic yards from \$15 to \$20. The increase is estimated to generate approximately \$387,000 in additional revenue.

II. INITIATIVES AND PROGRAMS.

1. Administrative Specialist Position Update (Administration Section).

In the 2013 Budget, an Administrative Specialist position (later classified as a Program Assistant II by DER) was added to DPW Operations Division's Administration Section to audit and provide continuous updates to the databases that drive certain Municipal Service Bill Fees. DPW reports that in 2013, this position has been working on auditing the snow and ice fee. The audit involves reviewing the billed footage for every property in the City. To date, about 45% of the city has been reviewed resulting in 16,862 total account changes and 1,071 new properties being charged.

2. Year-Round Set-out of Carts Proposed.

The 2014 Proposed Budget includes a proposal to require residents to set out their carts year-round. Under the proposal, winter cart set-out will include:

- 77 garbage cart routes (new).
- 2 automated garbage routes (same as last year).
- 3 automated recycling routes (same as last year).
- 1 designated twice monthly recycling routes (same as last year).

Residents will receive a collection schedule designating their set-out dates. Following significant snowfall events that suspend collection while trucks are used for plowing snow, collection will resume on the day following the plowing.

The remaining recycling routes will have a 2- or 3-day window for collection but cannot be "guaranteed" because recycling routes are routinely delayed to keep garbage crews running when DPW is in salting and limited plowing operations. According to the Budget Office, the proposal will provide approximately \$151,000 in operational and \$150,000 in Workers' Compensation savings.

3. Recycling Program.

DPW anticipates the State's basic and consolidation recycling grants will provide \$2.3 million in 2014 for the City's household recycling program. The City's total grant-eligible recycling and yard waste cost is \$12.3 million with the State's grant reducing the City's share to \$10 million. The \$2.3 million in State grant funding is the same amount as the reduced amount provided by the State in 2013, but \$1.1 million less than the amount received in 2010.

In 2014, DPW will have 33 cart routes and 2 weekly bin routes servicing approximately 190,000 residences. The department annually collects approximately 24,000 tons of curbside recyclables, 33,000 tons of yard trimmings and 7,500 tons of other recyclable items collected at self-help stations.

DPW indicates that no significant changes are planned for the City's curbside recycling program in 2014. In winter months, 4 recycling routes will be part of a pilot program of maintaining guaranteed collection schedules year round. Under this pilot program, residents will set out their carts during the winter as they have done from April through November. The City will use fully-automated collection trucks on 3 of these routes.

In the fall of 2011, DPW implemented a single-sort recycling program. The implementation of the single-sort recycling program was the result of DPW renegotiating the recycling processing contract to allow for single-stream or single-sort recycling. The single-sort recycling program expanded the list of recyclables accepted, adding #4 and #5 plastics, food and drink cartons, aluminum foil and pans, metal pots and pans and bulky #2 plastics, such as old laundry baskets and 5-gallon pails.

Collecting one instead of 2 streams of recyclables has provided operational benefits such as greater fleet flexibility and enabling the use of fully-automated collection trucks. In addition, single sort recycling and the addition of more materials to the recycling program contributed to a 5.8% increase in recycling tons from 2011 to 2012. Total recycling tons of 24,089 in 2012 were the highest since 2006.

Under the contract that was renegotiated in 2011, the City's share of the recycling revenue increased to 80% from 50%. The Comptroller has estimated that the 2014 recycling revenue will be \$1,920,000, a \$55,000 decrease from 2013 levels.

4. Material Recovery Facility.

On February 27, 2013, the Common Council adopted Common Council File Number 121495, a resolution approving an intergovernmental cooperation agreement between the City of Milwaukee and Waukesha County relating to a request for proposals (RFP) for recycling services. The RFPs have been issued; DPW anticipates receiving highly competitive proposals that should result in a contract with better financial terms for the City. Once a preferred option is determined, DPW will make a recommendation to the Common Council for approval to enter into a contract for the processing of Recyclables and an Intergovernmental Cooperation agreement with Waukesha County to administer and implement the recycling contract and program.

5. Self-Help Centers.

In 2014, the self-help centers will be closed Mondays during summer and closed Sundays and Mondays during winter, the same as 2013. The Administration is proposing that the charge for depositing construction materials at self-help centers be increased in 2014 by \$5 to \$20 for load not exceeding 8 cubic yards.

6. Snow and Ice Control.

DPW intends to make no major changes to its 2014 snow and ice control operations. The Administration is proposing that snow and ice control operations will be funded at the level of \$8.2 million, the amount of revenue generated from the proposed 2014 Snow and Ice Control Charge.

7. Weekend Box Program.

Under the Weekend Box Program, DPW provides large roll-off dumpsters (boxes) for weekend neighborhood cleanups. The Program will continue in 2014 with approximately \$30,000 in O&M funding, approximately the same amount as provided in 2013.

Table 19.2. Number of Weekend Boxes Provided and Tons Collected, 2004—2013.

Year	Boxes Provided	Tons Collected
2009	484	1,326
2010	401	629
2011	333	775
2012	227	376
2013	220	388

III. EXPENDITURES.**Table 19.3. Changes in Expenditure Amounts by Account.**

Expenditure Account	2012 Actual	2013 Adopted Budget	% Change	2014 Proposed Budget	% Change
Salaries and Wages	\$14,253,079	\$15,074,736	6%	\$15,320,286	2%
Fringe Benefits	\$7,232,039	\$7,235,873	0%	\$7,200,534	0%
Operating Expend.	\$14,095,172	\$14,814,792	5%	\$14,554,875	-2%
Equipment Purchases	\$1,033,847	\$924,600	-11%	\$924,600	0%
Special Funds	\$85,611	\$172,500	101%	\$172,500	0%
Total Operating Budget	\$36,699,748	\$38,222,501	4%	\$38,172,795	0%

1. Budget Summary.

The total 2013 Proposed Budget for DPW—Sanitation is \$38,172,795, a slight decrease of approximately \$50,000 from \$38,222,501 in the 2013 Budget.

2. Personnel Costs.

Personnel costs increase \$210,211, or 1%, in the 2014 Proposed Budget. Net salaries and wages increase \$245,550, or 2%, while fringe benefits decrease slightly by \$35,339.

3. Operating Expenditures.

Operating Expenditures in the 2014 Proposed Budget are \$14,554,875, a decrease of \$259,917 (-2%) from the 2013 Adopted Budget amount of \$14,814,792. The changes can be attributed to the following:

- **Other Operating Supplies.** Funding increases approximately \$100,000 from \$2.1 million in 2013 to approximately \$2.2 million in 2014, which primarily reflects an increase in the price of road salt.

- **Other Operating Services.** Funding decreases from approximately \$12.0 million in 2013 to approximately \$11.7 million in 2014. The main changes in this account are a \$200,000 decrease to reflect private property abatement shifting to DNS and a \$113,500 decrease to reflect a reduction in solid waste disposal tonnage of approximately 3,000 tons.

4. Replacement Equipment Purchases.

Funding for Replacement Equipment purchases in the 2014 Proposed Budget is \$924,600, the same amount funding as provided in 2013 Adopted Budget. The Replacement Equipment Purchases for 2014 are provided in Table 19.4.

Table 19.4. Replacement Equipment Purchases, 2014.

Account	2013		2014		Pct. Change in Amount
	Amount	Units	Amount	Units	
Replacement Carts	\$879,600	19,000	\$879,600	19,000	0%
Litter Cans	\$45,000	178	\$45,000	170	0%

- **Replacement of Carts.** The 2014 Proposed Budget provides \$879,600 for the purchase of 19,000, the same amount as in 2013. In 2012, 16,881 garbage carts were replaced. (Cart production issues reduced the number of carts replaced in 2012.) This year (through October 1, 2013), DPW has replaced 17,475 carts.

Table 19.5. Reason Carts Replaced City-Wide.

Reason for Replacement	Type of Cart		Total
	Garbage	Recycling	
Missing/Stolen	34.7%	19.2%	27.6%
Broken/Worn Out	52.7%	52.9%	52.8%
Additional	8.2%	23.7%	15.3%
New Start	4.4%	4.3%	4.3%

- **Replacement of Litter Cans.** The 2014 Proposed Budget provides \$45,000 for replacement litter cans, the same amount of funding as 2013. DPW intends to purchase approximately 100 standard green metal cans and 70 grey semi-automated litter carts.

5. Special Funds.

The 2014 Proposed Budget provides \$172,500 in special funds for vacant lot maintenance, the same amount as in 2013. Table 19.6 indicates that the cost of cleaning up illegally-dumped debris from City-owned vacant lots has increased steadily over the past 3 years.

Table 19.6. Vacant Lot Maintenance Expenditures, 2009-2011.

Year	Nbr. of Cleanups	Amount Spent
2010	1,246	\$174,273
2011	1,335	\$180,000
2012	1,439	\$195,519

IV. PERSONNEL.**Table 19.7. Changes in Full-Time Equivalent (FTE) and Authorized Positions.**

Position Category	2012 Actual	2013 Adopted Budget	Change	2014 Proposed Budget	Change
O&M FTEs	322.98	304.83	-18.15	299.92	-4.91
Non-O&M FTEs	25.25	32.92	7.67	32.92	0
Total Authorized Positions*	527	528	1.0	523	-5.0

* Includes auxiliary positions.

1. Personnel Changes.

The total number of authorized positions in the department under the 2014 Proposed Budget is 523, a decrease of 5 from the 527 positions authorized in the 2013 Adopted Budget. The position changes are summarized in Table 19.8.

- One Sanitation Worker position is being added and one Cart Maintenance Technician position is eliminated to allow more flexibility in the jobs assigned to this position. DPW expects no impact on cart maintenance as Sanitation Workers perform cart maintenance and other duties assigned.
- Five Auxiliary Operation Driver Worker (ODW) positions are eliminated. This reduction is related to winter set-out proposal (4 positions) and savings from automated collections (one position).

Table 19.8. Summary of Position Changes, 2013.

Nbr.	Title of Position	Reason for Change
-5	Operations Driver/Worker (Auxiliary)	Operational efficiency
-1	Cart Maintenance Technician	Operational efficiency
+1	Cart Maintenance Technician	Operational efficiency
-5	Net Change	

2. Vacancies.

One vacant Sanitation Inspector position was approved to be filled at the September 19, 2013, Finance and Personnel Committee meeting. DPW anticipates filling the position shortly with a previous incumbent.

DPW is currently receiving applications for newly-created Self Help Supervisor position and anticipates filing the position before Thanksgiving.

DPW indicates that vacancies resulting from ODW or Sanitation Worker separations from the City have been filled using seasonal laborers through Wisconsin Community Services.

3. Overtime Compensated.

The 2014 Proposed Sanitation Section budget provides \$1.5 million for overtime, a \$450,000 increase from the amount provided in 2013. The increase reflects a return to funding provided prior to 2013. Funding was reduced in the 2013 Budget to reflect availability of carryover funds that resulted from the mild winter of 2012.

V. SPECIAL PURPOSE ACCOUNTS (SPA).

SPAs are budgeted outside of departmental operating accounts, and control over SPAs is provided to departments by resolution. The 2014 Proposed Budget includes funding for the SPA identified in Table 19.9.

Table 19.9. Changes in Special Purpose Accounts by Account.

Account	2011 Actual	2012 Adopted Budget	% Change	2013 Proposed Budget	% Change
Illegal Dumping Tip Hotline	\$15,000	\$25,000	67%	\$5,000	-80%

Illegal Dumping Tip Hotline, \$5,000

The 2014 Proposed Budget provides \$5,000 for the Illegal Dumping Tip Hotline, a \$20,000 reduction from the amount in 2013. The Administration anticipates that 2013 carryover will provide sufficient funding for this SPA. WE-TIP, Inc. administers the hotline for the City. The Tip Hot Line was implemented in June 2011. In 2012, Milwaukee residents made 76 WE-TIP reports. Through September 29, 2013, there have 52 WE-TIP reports. To date, no payment of rewards has been made.

In May 2011, the Common Council adopted a resolution (File #120014), directing the Operations Division to establish and administer a Tip Hotline for reporting the vandalizing of vacant buildings, using the Illegal Dumping Tip Hotline Special Purpose Account.

VI. REVENUES.

1. Solid Waste Charge.

The Administration is proposing an increase in the 2014 Solid Waste Charge of \$7.20 annually to \$187 per year. The Administration estimates the fee increase will generate approximately \$1.3 million in additional revenue from the \$33.7 million currently recognized in the 2014 Proposed Budget.

2. Extra Cart Charge.

For 2014, the Administration is proposing increasing the charge for each extra garbage cart provided by the City to \$15 per quarter from the current \$13 per quarter. The Administration estimates the fee increase will generate approximately \$112,000 in additional revenue from the \$2.3 million currently recognized in the 2014 Proposed Budget. The City will continue to provide extra recycling carts at no charge in 2014.

The extra garbage cart fee is currently being assessed on approximately 29,000 municipal service accounts for approximately 35,000 extra garbage carts. In 2013, approximately 8,000 extra garbage carts were returned. Of those garbage carts DPW retrieved from residents, approximately 75% were in poor condition and were shipped to a plastics recycler to be turned into other usable products.

3. Snow and Ice Control Charge.

For 2014, the Administration is proposing an increase in the snow and ice control charge from the current charge of \$0.8307 per foot of property frontage to \$0.8552 per foot of property frontage. The proposed increase in the 2014 charge will increase the snow and ice control charge for a property owner of a property with 40 feet of frontage by \$0.99 from the current charge of \$33.23 to \$34.22.

The Administration estimates that the proposed increase will generate \$270,000 in additional revenue from \$7.9 million currently recognized in the 2014 Proposed Budget.

4. Construction Debris.

Currently, the charge for depositing a load of construction waste, not exceeding 8 cubic yards, at city area self-help centers is \$15. For 2014, the Administration is proposing increasing the charge to \$20. The Administration estimates that the proposed increase will generate \$387,000 in additional revenue from the \$600,000 currently recognized in the 2014 Proposed Budget.

5. Apartment Garbage Collection.

Since 2002, the City has charged owners of multi-family dwellings of 5 units or more, who opt for City solid waste collection, rates based on the 100% recovery of City costs. The City provides solid waste collection to 1,097 apartment buildings with 5 or units, approximately 25% of the multi-unit buildings in the city. For 2013, the Administration is proposing a 3% rate increase to continue recovering 100%. The Administration estimates that the proposed multi-unit apartment collection rate increase will generate an estimated additional \$50,000 over the 2013 revenue estimate of \$1,575,000.

Since the Common Council has not adopted legislation increasing the DPW charges, the Comptroller has not recognized this revenue. Hence, the Administration's estimated revenue for the increase in the charges is shown as an additional withdrawal from the Tax Stabilization Fund.

VII. CAPITAL PROJECTS.

The 2014 Proposed Budget includes \$2,400,000 in funding for 2 capital projects, an increase of \$1,900,000 (380%) from the 2013 Budget. The increase is related to the development of a regional single-stream recycling system being pursued jointly with Waukesha County. Capital projects for 2014 are summarized in Table 19.10 and the discussion that follows.

1. Currently-Funded Projects.

Environmental Services Facility Modifications, \$100,000.

This program provides funds for the repair and maintenance of the facilities at the yards used by the Department of Public Works' Operations Division. Since 2001 nearly \$7.25 million in funding has been provided. Annual funding for this program varies: this program received \$550,000 in 2012 and \$500,000 in 2013.

The Mount Vernon facility, which was a major portion of the 2013 budgeted funding (\$500,000 to replace the roof) in this account, has been requested as a separate project for 2014. See Material Recovery Facility. Proposed funding for 2014 will be used to conduct a facility use study. Funding was not included for a salt storage dome at 1625 N. 14th Street.

Material Recovery Facility (MRF), \$2,300,000.

In previous years, improvements to this facility were budgeted in the Environment Services Facility Modifications capital account. That account received \$500,000 in 2013 to replace the roof at the Materials Recovery Facility (MRF) building on Mount Vernon Avenue. In 2014, the facility has been requested as a stand-alone project. The Mount Vernon facility is currently operating as a recyclables transfer station. There are approximately 3 jobs at the facility. The building has a significant amount of deferred maintenance.

The City is partnering with Waukesha County on the development of a regional single-stream recycling system. An intergovernmental cooperation agreement was signed on March 28, 2013. The City and Waukesha County issued a request for proposal with responses due October 29, 2013. DPW believes that the Mount Vernon facility is the most cost-effective option for a regional recycling facility for the City. However, the RFP allows multiple proposal options, including a private MRF for processing. If another location is chosen for the processing of recyclables, the Mount Vernon facility would likely continue to be used as a transfer station. The current recycling contract expires in July 2014.

The total cost of the project will depend on the building's use. Regardless of whether the building acts as a processing facility or a transfer station, the building and the site require approximately \$5 million in improvements. Additionally, preliminary cost estimates for installing new single-stream processing equipment at the Mount Vernon facility are estimated to be \$5 million for the City's 50% share of an estimated \$10 million system

Table 19.10. Capital Program Summary, 2014.

Program	2014 Proposed Budget	2013 Actual Budget	Increase (decrease)	% Chng.	6-year Request
Environmental Services Facility Modifications	\$100,000	\$550,000	(\$450,000)	-80%	\$7,422,000
Material Recovery Facility	\$2,300,000	\$0	\$2,300,000	---	\$5,000,000
Total	\$2,400,000	\$500,000	\$1,900,000	380.0%	\$12,422,000*

Total does not include the 6-year request for the Industrial Road Relocation project which was not included in the 2014 Proposed Budget. The total 6-year capital request for DPW – Sanitation is \$19,222,000.

2. Unfunded Capital Requests.

Industrial Road Facility Relocation, \$1,700,000.

Direct Supply has an option on the property where the Industrial Road facility is located. If Direct Supply exercises the option to expand its operation, the City will have 2 years to relocate the facility. The option has been extended several times and currently expires December 13, 2019. To date, Direct Supply has given no indication that it intends to exercise the option.

The preliminary cost estimate to relocate the facility is \$13,500,000. The City will be responsible for 50% of the cost. This project did not receive funding in 2011, 2012 or 2013. The Capital Improvements Committee did not recommend funding for this project.

3. Project Updates.

There are no significant, on-going, capital funded projects.

4. Future Capital Requests.

Anticipated out-year requests include the Industrial Road facility.

VIII. ISSUES TO CONSIDER.

1. Fully automated garbage collection has demonstrated operational savings on some routes by allowing garbage or recycling collection to be completed by one employee instead of 2 employees. However, the issue of garbage outside the cart remains unresolved. There will be a loss of efficiency if the driver must repeatedly exit the vehicle to manually load garbage. There may also be an increased risk of injury because the driver will be lifting items by themselves that may be heavy or awkward. Until no garbage is allowed outside the cart, the full efficiency benefits of the auto loading trucks will not be realized.

Neighborhoods with high levels of on-street parking or alleys with internal corners, e.g. T-shaped alleys, present collection challenges that will prevent city wide deployment of fully automated equipment. Winter conditions, especially in snowy winters, will make it challenging for residents to maintain the required 3-foot clearance around the carts.

2. Year round garbage set-out has the potential for operational savings. The biggest constant challenge to winter set-out is communicating to residents what their set-out days are in winter when garbage collection days change unexpectedly because of snow and ice operations.

Carts left at the curb prior to a snow storm may become buried and difficult for residents to remove. They will also be more susceptible to damage from plowing operations which could increase costs for cart repair or replacement. It is also likely that year-round set-out will result in a greater number of carts being left at the curb for longer periods of time.

Recovery plans for suspended collections are for residents to place carts at the collection point on the day following their regularly scheduled pickup day. Sanitation will augment its collection force with other staff throughout DPW to get caught up. Collection could occur on Saturday, if necessary to maintain the schedule.

3. Year-round guaranteed collection on recycling routes also has potential for cost savings. To the extent that the recycling equipment is used for snow removal operations, year-round guaranteed collection for recycling will face many of the same challenges as year-round garbage set out. It is anticipated that 3 of the 4 recycling routes proposed for year-round guaranteed collection will use fully automated equipment. Maintaining the 3-foot spacing that is required for pickup, may be difficult in the winter months especially if there is a lot of snow.

4. The future of the Materials Recovery Facility on Mount Vernon Avenue is uncertain at this point. Depending on the outcome of the RFP process, the facility may require significant capital investment to install single-stream recycling equipment in addition to the updates of the building's mechanicals and other building repairs. The current contract for the facility expires June 30, 2014. RFP proposals are due November 12, 2013.

5. As part of Phase II of the "40 x 2020" program, a pay-as-you-throw solid waste collection system will be implemented. 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

6. The current solid waste contract expires on June 30, 2014. DPW will be competitive bidding out the new contract competitively. The new contract may result in adjustments in the City's solid waste disposal costs.

Prepared by: Jim Carroll, Legislative Research Analyst—Lead
Contributor: Kathy Brengosz, Fiscal Planning Specialist
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