

Alfred Dudzik



**City of Milwaukee
Budget and Management
Intra-Office Memo**

To: Finance and Personnel Committee Members
Mark Nicolini, Budget and Management Director

From: Erick Shambarger

Date: October 24, 2007

Subject: Snow & Ice Control Fee

At the Finance and Personnel Committee's hearing on the Department of Public Works 2008 Proposed Budget, the Committee requested information on the cost of snow and ice control services, to determine the amount of revenue that could potentially be generated through the Snow and Ice Control Fee. Revenue generated through the fee may not exceed the cost to provide the service.

The full cost of snow and ice control services is difficult to calculate as it includes the fuel and equipment used for these services. DPW fleet equipment is multi-purpose and allocating fuel and equipment costs to particular services requires pro-ration.

For 2008, DPW advised LRB that the cost of snow and ice control services budgeted for 2008 is \$4,622,545. This figure is consistent with past DPW reporting on snow costs, but does not include the cost of fuel and either equipment purchases or depreciation.

The table below indicates various Snow and Ice Control Fee recovery amounts and the estimated impact on the average household. The table is presented as a range to reflect the estimated of costs associated with fuel and equipment.

SNOW AND ICE CONTROL FEE COST RECOVERY AMOUNTS						
Household Impacts			City Revenue			
Average Household Cost	Increase to Household	Increase from Proposed	Revenue	Change from Current	Change from Proposed	Comment
\$12.04			\$2,500,000	--		Current
\$20.71	\$8.67		\$4,300,000	\$1,800,000		Proposed
\$22.26	\$10.22	\$1.55	\$4,600,000	\$2,100,000	\$300,000	Low-range *
\$24.08	\$12.04	\$3.37	\$5,000,000	\$2,500,000	\$700,000	Mid-range
\$26.49	\$14.45	\$5.78	\$5,500,000	\$3,000,000	\$1,200,000	High-end

* Does not include fuel or equipment costs.

Cc: Marianne Walsh, Fiscal Staff

ES:dmr

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Common/budget/08budget/F&P Answers to Questions/snow and ice fee