

Street Lighting Charge: Key Information & Justification

Response to Communication File #201315

Public Works Committee

January 27, 2021

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Street Lighting Charge- Overview of Presentation

1. Reasons why the City of Milwaukee instituted a Street Lighting Charge
2. Key Financial and Statistical Information
3. Messaging and Communication to Residents
4. Next Steps

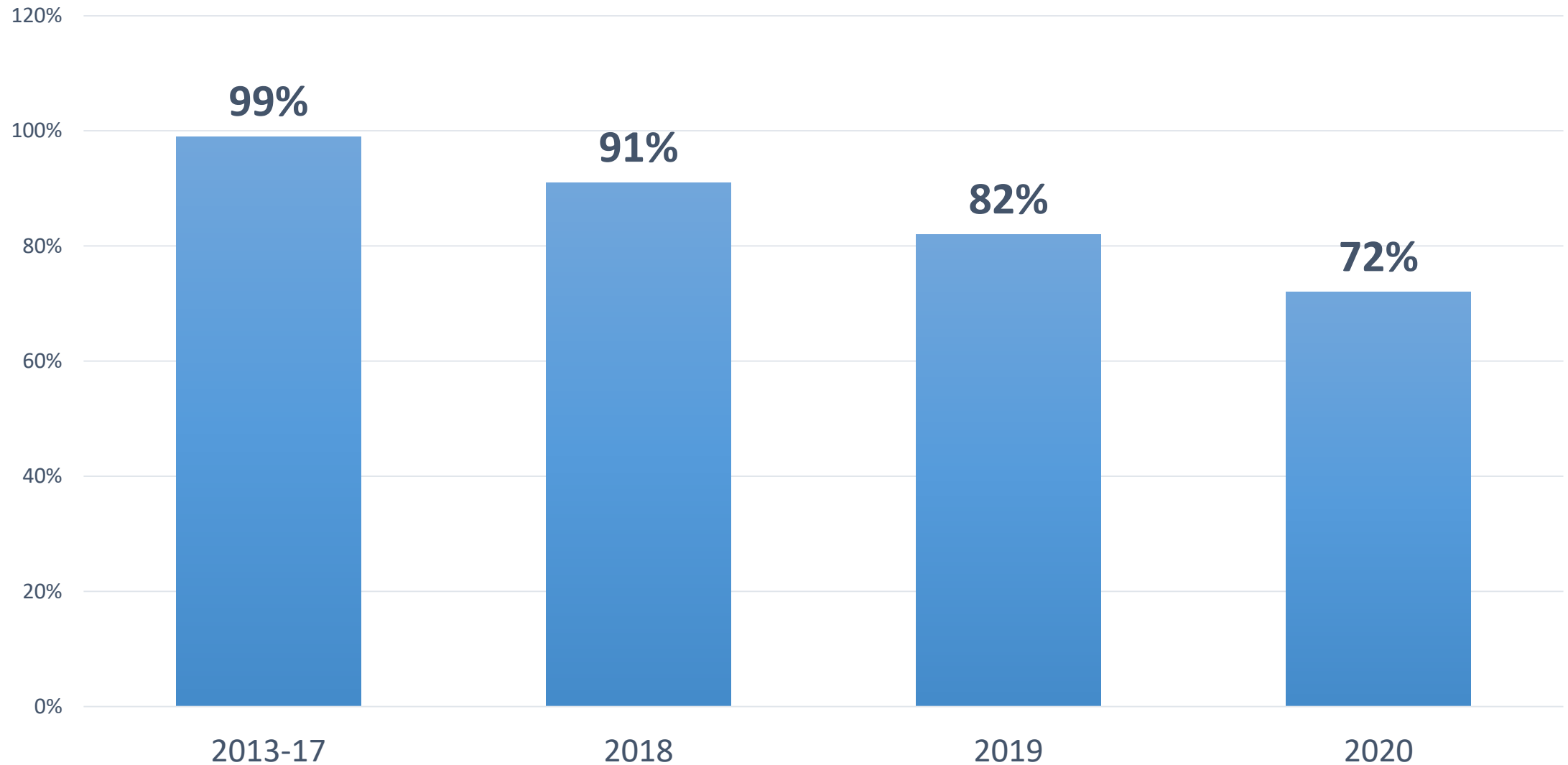
Why a Street Lighting Charge?

1. All properties served by City street lights, including tax exempt properties, are now charged for street lighting service
2. A Street Lighting Charge provides a dedicated revenue source for street lighting services. This protects street lighting services from annual budget pressures
3. Staffing shortages, increasing workload, and outdated infrastructure has resulted in service goals no longer being reached. Circuit outages are no longer consistently being restored in 24 hours. A Street Lighting Charge gives DPW the tools to meet service level goals

Street Lighting Charge- A Dedicated Revenue for Street Lighting Operations

- City Budget challenges made Street Lighting services subject to budget reductions each year
- Without a Street Lighting Charge, street lighting services would be subject to budget reductions each year moving forward.
- A Street Lighting Charge insulates street lighting services from annual budget pressures

Key Performance Indicator: Circuit Outages Restored in Less than 24 hours

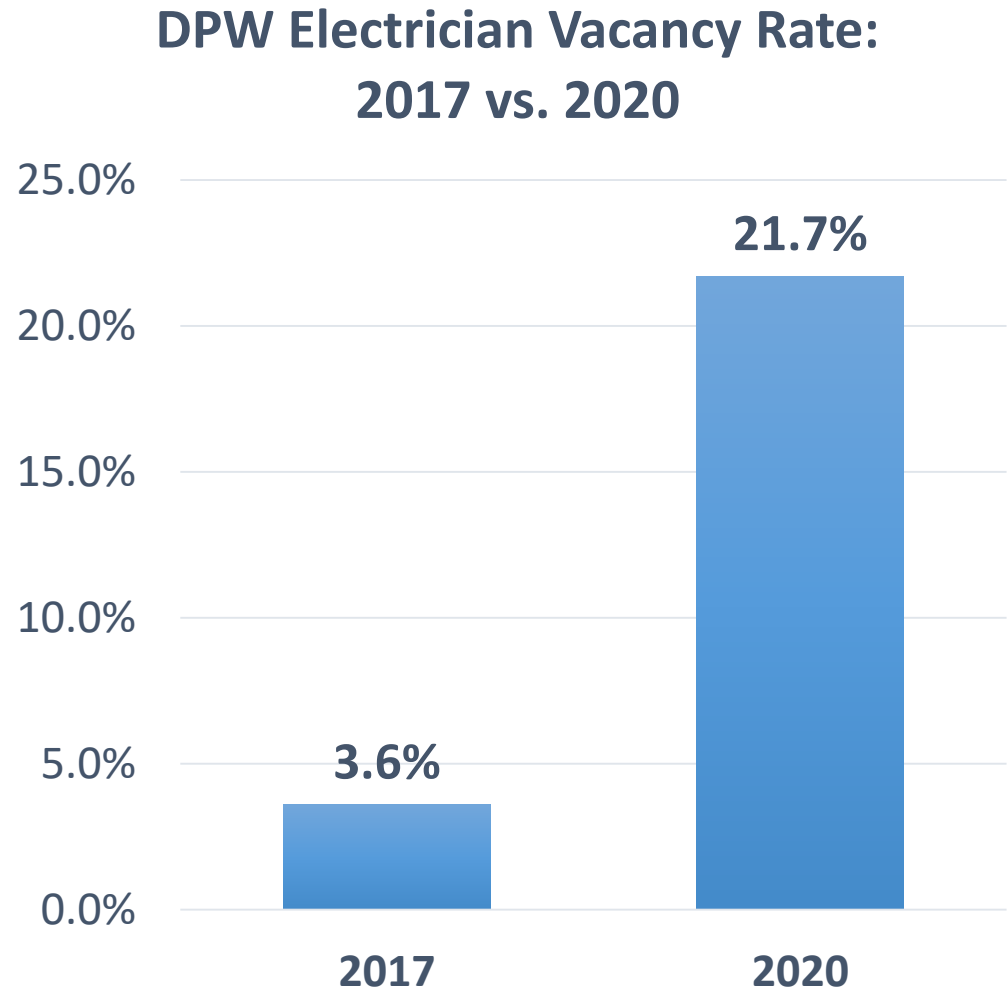


What Caused Reduction to Street Lighting Service Levels?

- Overall City budget challenges
- Restoring circuit outages is difficult and time-consuming work
- Wages for City Electricians have not kept up with market wages in the area, negatively affecting recruitment and retention
- Led to difficulties replacing experienced Electricians, increasing demand on remaining workforce
- Even with DPW reassigning crews to repair circuit outages, limited number of electricians made it difficult to meet service level targets

Electrician Recruitment & Retention Challenges

- Only 55 of 83 Electrician positions are currently filled by Journeyman Electricians
 - Does not include 10 Electrician positions currently filled as Apprentices
- 17 of those 55 Electricians will be eligible to retire by this August
- Over the last three years, 14 different recruitments have resulted in only 7 new hires



Electrician Wage Comparison

2020 Electrician Wage Comparison:

- **Local 494 wages:** \$42.84 /hr
- **City Resident wages:** \$34.91/hr (81% of Local 494)
- **City Non-resident wages:** \$33.90/hr (79% of Local 494)

- Prior to Act 10, wages for City Electricians had been tied to a benchmark of 95% of the local prevailing wage
 - The last time Electrician wages were adjusted to match 95% of Local 494 rates was in 2013

Increased Electrician Wages Have Been Approved by Council

- File #201160 at the 1/19 F&P meeting approved a wage increase for Municipal Services Electricians
- New wages for City Electricians:
 - **Non-Residents: \$39.51/hr (92.2% of Local 494 wages)**
 - **Residents: \$40.70/hr (95% of Local 494 wages)**
- Affects 99 Municipal Services Electrician positions in 3 departments
 - DPW-Infrastructure, Water Works, & Library
- Street Lighting Charge only funds the wages of Electricians who are working on Street Lighting O&M activities

Impact on Property Owners

- All properties in the City are charged \$1.00 for each foot of property along a City street
 - Residential properties on corners are only charged for the shorter side
 - Only properties on streets that are served by City street lights are charged
 - Was originally \$1.10 per foot in the Proposed budget
 - Lowered to \$1.00 per foot by Council amendment
- For a property with 40 feet of frontage, the annual cost would be \$40. A property with 60 feet of frontage would be charged \$60 for the year
 - In 2021, the 1st and 2nd quarter charge will be billed to property owners on the 2nd quarter Municipal Services Bill
 - Beginning the 2nd quarter of 2021, the Street Lighting Charge will be billed each quarter

How will Revenue from the Street Lighting Charge be Spent in 2021?

- \$4 million for the salary of Electricians and other staff who operate and maintain City street lights
- \$3.5 million for the cost of electricity to power the street lighting system
- \$1.2 million for operating expenses such as parts and materials and administrative costs associated with billing
- \$750,000 for equipment, including electricians' trucks and boring machines
- \$300,000 for the Public Safety Lighting Improvements special fund

Savings from Vacant Electrician Positions

- Depending on what task an Electrician is assigned to in a day, Electricians wages are paid for either through the Capital budget or through the O&M budget
- When Electricians are making long-term improvements to the system, like removing and replacing outdated circuitry, their wages come from the Capital budget
- When Electricians are repairing a circuit outage and restoring service, their wages are funded through the O&M budget

Savings from Vacant Electrician Positions

- Repairing circuit outages and restoring service is a top priority for DPW
- With fewer Electricians to put into the field, DPW is forced to reassign Electricians from Capital projects to O&M-funded work like repairing circuit outages
- Even though less salary is being charged to the Capital budget, the Street Lighting Capital Program would not realize any actual “savings”, because shifting Electricians to O&M work only delays the Capital projects that Electricians would otherwise be working on

Messaging and Communications

- Bill insert with information about the Street Lighting Charge will be included with Municipal Service Bills
 - Also available in Spanish
- DPW will send a media release on the Street Lighting Charge to Media, E-Notify, Facebook, Twitter, Next Door
- Information about the Street Lighting Charge is available for publication in Aldermanic newsletters
- The Budget Office is preparing educational presentations on several budget-related topics including the Street Lighting Charge. We are offering interested residents and community groups the opportunity to host or attend presentations

What you can tell your constituents about the Street Lighting Charge

1. Street lighting service levels have declined to unacceptable levels
2. Overall City budget challenges made it very difficult to fix the problems that have resulted in reduced levels of service
3. The Street Lighting Charge makes it possible to fix those problems, by stabilizing the workforce to eventually improve service levels
4. It may take up to 12-18 months after the charge is put in place, and new staff has been trained, before service level improvements are apparent
5. All properties served by City street lights, including tax exempt properties, are now charged for street lighting service

More to Come: Upgrading the City's Outdated Street Lighting Infrastructure

- This year, DPW will begin a 6 year program to convert all of the city's street lights to LED. Converting street lights to LED will result in a significant reduction in electricity costs
- Savings resulting from LED conversion to be used for accelerating removal and replacement of outdated circuitry
- DPW can prepare a communication file at a future Public Works Committee meeting with more detail on the long-term plan for replacing and upgrading the City's street lighting infrastructure