

Reply to Common Council File No. 070406
From DOA-Budget and Management Division

January 8, 2009

Ref: 07012

Common Council substitute File 070406 reduces bridge conduit rentals rates. Bridge conduits rates will decrease from:

- \$45 per foot for 1/3 of a conduit to \$11 per foot
- \$90 per foot for 2/3 of a conduit to \$22 per foot
- \$105 per foot for a full conduit to \$27 per foot

The proposed rates represent the actual cost for the City of Milwaukee to build and maintain bridge conduit. If substitute File 070406 is approved, estimated bridge conduit revenue will be reduced by approximately \$150,000.

As a result of current bridge conduit leasing rates, it has become increasingly more difficult for the city to hold on to its bridge conduit tenants. Substitute File 070406 reduces the city's bridge conduit leasing rates to rates closer to the market rate for conduit rentals.

While approval of substitute File 070406 will reduce estimated bridge conduit revenue by over \$150,000, it will also increase the probability that most of the city's current bridge conduit tenants will renew their conduit leases and as a result preserve approximately \$186,000 in revenue.

The city's best interest will be served by adopting substitute File 070406. The primary benefits of File 070406 are:

- Full recovery of amortization and maintenance cost.
- Potential to preserve the more bridge conduit revenue.
- Increases the potential for new long bridge tenants and increased revenue may result.
- Allows the city to continue providing a service for businesses that operate within the City of Milwaukee.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE 070406

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