

LRB - FISCAL SECTION ANALYSIS

October 2, 2002

ITEM 8, FILE 020886

PUBLIC IMPROVEMENTS COMMITTEE

JAMES CARROLL

File #020886 is a resolution authorizing the Commissioner of Public Works to enter into an Intergovernmental Cooperation Agreement with the City of Wauwatosa for street sweeping services.

Background

1. On July 16, 2002, the Common Council adopted a resolution (File #020426) authorizing the Commissioner of Public Works to enter into discussions with the City of Wauwatosa for the provision by the City of Milwaukee of street sweeping services under an Intergovernmental Cooperation Agreement.
2. Currently, Wauwatosa uses a private contractor to provide street sweeping services. Wauwatosa's current contract for street sweeping services expires at the end of 2002. Wauwatosa issued a Request For Proposal (RFP) for a street sweeping contract that begins in 2003. The RFP submitted by the City of Milwaukee's Department of Public Works has been accepted by Wauwatosa.
3. The 2003 Proposed City Budget includes a 25% reduction in street sweeping services in the City of Milwaukee that is independent from this proposal to provide street sweeping services to Wauwatosa. The proposed 25% reduction for 2003 returns street sweeping services to the level provided after the Common Council adopted reductions to the 2001 Budget (File#001659) on June 19, 2001.

In the 2002 Budget, funding for the City of Milwaukee's street sweeping activities was shifted from the tax levy to the Sewer Maintenance Fee. The 2002 Budget restored the service level back to the level that was provided prior to the 2001 Budget reductions.

Discussion

1. The resolution authorizes the Commissioner of DPW to enter into an Intergovernmental Cooperation Agreement with the City of Wauwatosa for the City of Milwaukee to provide street sweeping services to Wauwatosa.
2. The agreement will be for 1 year and shall renewable for additional one-year terms subject to renegotiations of terms and conditions. The extension shall be finalized no later than September 1 of the year in which renegotiation takes place, so as to qualify as a state consolidation incentive payment.
3. The 2001 State of Wisconsin adjustment bill created a consolidation incentive payment for municipalities and counties equal to 75% of the estimated cost savings arising from consolidation agreements in the year the consolidation agreement takes place. Agreements to merge municipalities qualify for the payments. Agreements must be filed with the State's Department of Revenue (DOR) by September 1 of the year before the

agreement takes effect, and DOR must review agreements and estimate payments by September 15. Total incentive payments are limited to \$45 million; if authorized payments are to exceed this amount, they are reduced proportionally for all municipalities. Incentive payments are financed out of the shared revenue appropriation and reduce regular payments to counties and municipalities by up to \$45 million annually.

4. The agreement requires the City of Milwaukee to sweep Wauwatosa streets once a month from April through September. The City will also sweep alleys and parking lots 3 times a year. Wauwatosa has 175 miles of streets and 11 miles of alleys. Wauwatosa estimates that 350 tons of sweepings are collected annually.
5. DPW indicates the full cost of the street sweeping will be provided by Wauwatosa and that providing this service will have no impact on the level of service City of Milwaukee residents currently receive.

Fiscal Impact

The City will receive \$69,470.09 from Wauwatosa for the provision of street sweeping services. DPW estimates the cost of providing the service to be \$64,623.34, leaving a "profit" to the City of \$4,846.75. In addition, the City may receive a consolidation incentive payment from State of Wisconsin. (See Discussion #3)

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