



MEMO

TO: Municipal Services Committee

FROM: Paula Vandehey, Director of Public Works *PAW*

DATE: May 15, 2019

SUBJECT: **Proposals for 2020 Budget consideration.**

As part of the annual budget process, we review fees and services to see if we believe any adjustments should be considered. We know that the 2020 Budget is going to be an especially challenging one, so we took this annual review very seriously and request the following proposals be considered:

1. Street Excavation Permits
2. 30 Gallon Refuse Carts
3. Parking Permits
4. Commercial Recycling Program

Street Excavation Permits

The current \$40 Street Excavation Permit Fee has been in place since 2011. This fee is significantly lower than many of the surrounding communities including:

- Little Chute \$25
- Fox Crossing \$25 (service) \$75 (mainline)
- La Crosse \$35
- Green Bay \$50 (plus \$37.80 for the 1st 100 SF, or portion thereof, and an additional \$7.60 for each additional 100 SF disturbed)
- Neenah \$200
- Grand Chute \$300
- Outagamie County \$1,000

Cutting into roadways reduces the quality and longevity of roads, which is why many communities charge a significant fee for this destruction of the infrastructure. We are proposing to increase the fee to \$100. On average, we issue about 700 Street Excavation Permits per year, so the proposed rate change would equate to an additional \$42,000 in revenue.

30 Gallon Refuse Carts

As part of the 2019 Budget, the Council increased the fee for the 60 gallon and 90 gallon carts. Although there was discussion of charging a \$0.50 fee/week for the 30 gallon carts it was decided at that time to keep the 30 gallon cart at no fee. (See attached document from 2019 Budget Discussions.)

Outagamie County staff recently notified us that based on the significant revenue decreases they are seeing from recycling commodities, they are proposing to increase the tipping fee as much as \$2 per ton. That fee increase will increase our tipping fee expenses by approximately \$43,000.

We are proposing to implement the \$0.50 fee/week for the 30 gallon carts as part of the 2020 Budget. The proposed fee would generate an estimated additional \$95,000 per year in revenue. If this fee is approved as part of the 2020 Budget Process, we would recommend reducing the amount transferred from General Fund to Sanitation Fund (see attached page 329 of the budget book) by \$52,000 with the remaining additional \$43,000 in revenue to cover the increased tipping fee. The \$52,000 increase to the general fund would then be available for other general fund items.

Parking Ramp Monthly Permits

The current Parking Ramp Monthly Permit Fee of \$30 has been in place since 2016. The permit fee is a significant reduction compared to the \$5 per day rate. We believe having a \$40 per month permit fee (equal to less than \$2 per day) is comparable to the following like sized cities:

- Oshkosh (Lot) \$20
- Neenah (Lot) \$22
- Green Bay (Lot) \$30
- La Crosse (Ramp) \$40
- Eau Claire (Ramp) \$44
- Green Bay (Ramp) \$62

The proposed Parking Ramp Monthly Permit Fee of \$40 would generate an estimated additional \$250,000 in revenue annually.

Commercial Recycling Program

The Department of Public Works currently services 355 commercial recycling customers, generating \$114,000 in revenue. We are proposing to eliminate this service for the following reasons:

- The truck we use for commercial recycling is due for replacement in 2020 and the cost of a new truck is approximately \$60,000 higher than what we saved up for through CEA reserved funds.
- The Sanitation budget would be reduced by approximately \$50,000 per year in equipment costs if we don't purchase the truck.

- We are only servicing a small percentage (16%) of all Appleton commercial businesses and there are several private contractors already providing this service in Appleton. In many cases the private haulers are collecting right next door to our customers.
- We are not aware of any local communities providing this level of service for commercial customers.
- The City currently loses approximately \$15,000 per year by providing this service. We anticipate losing \$30,000 per year when we start making payments on the new truck that would be necessary to continue this service. In order to “break even” on this service, we would need to increase our rates by at least 30%. (See attached Commercial recycling Rates Comparison.)

SANITATION SERVICE FEES

Cart Size(s)	Residential Garbage (per week)		Commercial Garbage (per week)	
	Current	Proposed	Current	Proposed
30	\$0.00	\$0.50		
60	\$0.50	\$1.00	\$0.50	\$1.00
90	\$1.30	\$1.50	\$1.30	\$1.50
60 + 60	\$2.50	\$4.00	\$2.50	\$4.00
60 + 90	\$3.30	\$4.50	\$3.30	\$4.50
90 + 90	\$4.30	\$6.00	\$4.30	\$6.00
90 + 90 + 60			\$6.30	\$9.00
90 + 90 + 90			\$7.30	\$10.50

Additional garbage carts = \$1.50 per 30 gallons/week

PRIVATE HAULER QUOTES

Cart Size(s)	Private #1	Private #2	Private #3
	Per Week	Per Week	Per Week
90	\$10.38	\$9.54	NA
2 Yard (400 gal)	\$14.77	\$21.46	\$21.92

2019 Sanitation Budget Fee Discussion

Why are we considering a rate change for our carts?

- ❖ Property tax contribution of \$2,044,968 is exactly the same as it has been since 2015 and significantly less than it used to be (\$2.8 mil in 2010, \$2.6 mil in 2009, etc.)
- ❖ Without a fee increase or increase from property taxes into the Sanitation Fund, the working capital reserve will drop below 25% in 2019.
- ❖ Our diversion rate is never going to decrease unless we get behavior to change (charging different rates for the different size carts is a form of “pay-as-you-throw”)
- ❖ Landfill life at Outagamie County is limited so we need to do everything we can to extend the life so it is not a transfer station for as long as possible (rates will take a huge jump when this change occurs).
- ❖ We have 12,200 carts that are over 25 years old (warranty is 10 years). With carts costing \$50 each, we know that we are going to have to spend \$600,000 over the next few years for cart replacement.

What are we proposing?

- ❖ See Sanitation Service Fees

What are neighboring community's rates?

- ❖ See Sanitation Service & Fee Comparison

SANITATION SERVICE & FEE COMPARISON

Community	Garbage Carts Allowed	Service Fees	Additional Cart Fees	Free Bulk Item Collection	Extra Bags Collected
Kimberly	2	\$10/year	60 Gal = \$2.12/week	12 times per year	No
Grand Chute	2	60 or 90 Gal = \$1.46/week	60 or 90 Gal = \$1.46/week	0 times per year	No
Oshkosh	2	Included in property tax levy	\$110 cart purchase plus \$3.46/week	0 times per year	Weekly with \$10 sticker
Green Bay	1; 2 if prove hardship	Included in property tax levy	\$60 cart purchase	2 times per year (2 CY or less)	4 times per year (4 bags max)
Little Chute	1	30 Gallon = \$1.48/week 60 Gallon = \$1.88/week 90 Gallon = \$2.27/week	N/A	12 times per year	2 times per year
Menasha	1	90 Gallon = \$1.00/week	N/A	5 items/stickers per year	Weekly with \$1 sticker
Appleton (proposed)	2	30 Gallon = \$0.50/week 60 Gallon = \$1.00/week 90 Gallon = \$1.50/week	\$100 cart purchase and \$1.50/week per 30 gallons	26 times per year	Weekly with \$4 sticker
Kaukauna	3	Included in property tax levy	Cart purchase only	12 times per year	12 times per year
Neshah	N/A - Currently manual collection	N/A - Currently manual collection	N/A - Currently manual collection	N/A - Currently manual collection	N/A - Currently manual collection

**CITY OF APPLETON 2019 BUDGET
SPECIAL REVENUE FUNDS**

Sanitation - Administration

Business Unit 2210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2016	2017	Adopted 2018	Amended 2018	2019
Revenues					
4110 Property Taxes	\$ 2,044,968	\$ 2,044,968	\$ 2,044,968	\$ 2,044,968	\$ 2,044,968
4705 General Interest	181		-	-	-
4710 Interest on Investments	(2,066)	6,605	20,000	20,000	15,000
4801 Charges for Serv.- Nontax	821,560	825,254	825,680	825,680	1,384,243
5005 Sale of City Property - Tax	430	491	1,000	1,000	400
5010 Misc Revenue - Nontax	25	-	-	-	-
5016 Lease Revenue	400	400	400	400	400
5030 Damage to City Property	34,677	300	-	-	-
5071 Customer Penalty	6,583	6,496	7,000	7,000	7,000
Total Revenue	\$ 2,906,758	\$ 2,884,514	\$ 2,899,048	\$ 2,899,048	\$ 3,452,011
Expenses					
6101 Regular Salaries	\$ 86,873	\$ 85,367	\$ 89,946	\$ 89,946	\$ 93,952
6104 Call Time	700	782	450	450	450
6105 Overtime	1,851	411	500	500	500
6108 Part-Time	24	219	-	-	-
6150 Fringes	38,014	38,570	35,175	35,175	37,613
6201 Training/Conferences	-	319	500	500	500
6301 Office Supplies	1,070	675	1,405	1,405	1,405
6303 Memberships & Licenses	190	195	195	195	195
6304 Postage/Freight	18,249	20,053	20,300	20,300	20,300
6305 Awards & Recognition	929	852	945	945	945
6320 Printing & Reproduction	3,479	4,079	4,200	4,200	4,200
6321 Clothing	695	767	750	750	750
6323 Safety Supplies	663	811	700	700	700
6324 Medical/Lab Supplies	101	101	110	110	110
6327 Miscellaneous Equipment	86	-	-	-	-
6403 Bank Services	5,053	4,217	5,400	5,400	5,280
6412 Advertising/Publication	548	1,205	700	700	1,205
6413 Utilities	49,339	48,735	54,898	54,898	57,595
6420 Facilities Charges	22,932	23,664	23,232	23,232	25,312
6424 Software support	3,981	4,931	3,900	3,900	5,100
6425 CEA Equip. Rental	31,915	25,308	26,100	26,100	31,100
6430 Health Services	20	60	50	50	50
6501 Insurance	33,240	39,577	39,680	39,680	39,930
6599 Other Contracts/Obligations	2,282	638	905	905	940
6623 Uncollectible Accounts	281	17	500	500	500
7914 Transfer Out - Capital Projects	-	-	-	-	-
Total Expense	\$ 302,515	\$ 301,553	\$ 310,541	\$ 310,541	\$ 328,632

DETAILED SUMMARY OF 2019 PROPOSED EXPENDITURES > \$15,000

Postage/Freight

City service invoice postage allocation	\$ 10,000
City service invoice folding/inserting	10,000
Other shipping	300
	<u>\$ 20,300</u>

COMMERCIAL RECYCLING RATES

Container Size		Current Rates	35% Increase	40% Increase	50% Increase
	Yards	Weekly	Weekly	Weekly	Weekly
95 Gallon	0.47	\$6.00	\$8.10	\$8.40	\$9.00
300 Gallon	1.49	\$9.00	\$12.15	\$12.60	\$13.50
450 Gallon	2.23	\$11.00	\$14.85	\$15.40	\$16.50
Revenue		\$114,000	\$153,900	\$159,600	\$171,000
2020 Profit/Loss		(\$34,134)	\$5,766	\$11,466	\$22,866

Private Hauler Rate		
	Gallon	Weekly
Cart	96	\$10.61
2 Yard Dumpster	403	\$15.70