

**CITY OF WHITEWATER
SPECIAL COMMON COUNCIL AGENDA**

Common Council Budget Work Session

Tuesday, August 31, 2010 -- 6:30 p.m.

City of Whitewater Municipal Building Community Room
312 W. Whitewater Street Whitewater, Wisconsin

CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE.

1. Review of 2010 Budget
2. Review of Projected General Fund Balance.
3. 2011-2015 Budget Projections
4. Review of Refuse Recycling Financing Alternatives
5. General Discussion regarding 2011 Budget Process and request for direction from Council regarding upcoming budget.
6. Councilmember Requests for Future Agenda Items
7. Adournment.

Anyone requiring special arrangements is asked to call the Office of the City Manager / City Clerk at least 24 hours prior to the meeting. *Items denoted with asterisks will be approved on the Consent Agenda unless any council member requests that it be removed for individual discussion.

From: Kevin Brunner

Sent: Wednesday, August 18, 2010 1:10 PM

To: 'Patrick Singer'; 'Jim Winship'; Jim Stewart; Lynn Binnie; 'Jim olsen'; Michele Smith; 'Butlerjm09@uww.edu'

Cc: Doug Saubert; Cameron Clapper

Subject: 2011 Budget Process

Council Members-Attached is the proposed 2011 Budget Timeline. We are actually a little ahead of last year's schedule and city staff and I have been working on preparation for the 2011 budget for a number of months now (budgeting is really a year round activity when one considers the regular expenditure and revenue monitoring we perform as well as the on-going budgetary planning that we are always engaged in).

I have requested that the Common Council meet in a special work session to begin the 2011 budget process on Tuesday, August 31st beginning at 6:30 p.m. At this meeting, we would like to review where the 2010 Budget stands with regard to projected revenues and expenditures; review the projected general fund balance; review again the 2011-2015 budget projections presented to the Council last evening and discuss revenue and expenditure trends. In addition, I will have a proposal for your consideration on the potential of creating a separate refuse/recycling fee as one way of possibly addressing projected budgetary deficits (you are scheduled to receive a report on this issue in your agenda packets next week).

Most importantly, city staff and I would like to get direction from you on your budget priorities as we begin in earnest to complete the proposed 2011 Budget that will be presented to you in October. Specifically, these are some of the questions that I would like you to start thinking about as we approach the upcoming budget:

- Last year we conducted a number of public listening sessions on the city budget...would you like to conduct these sessions again or would you like to engage our citizens in other ways regarding the 2011 Budget?
- What are your expectations with regard to service levels....are there any services and/or programs that we have been providing that you think we should be reducing or eliminating in the future? Would you like to see any services contracted out to possibly reduce costs in the future?
- What are your expectations regarding increasing public fees and charges and special assessments in the future to assist with meeting budgetary obligations?
- How much do you believe we should appropriate out of general fund balance to support next year's budget...assuming that we maintain our current financial policy of keeping 20% of the next year's operating budget in reserves?
- We have maintained a 1% contingency fund within our operating budget to cover unforeseen expenses...is that too much, not enough, should we just appropriate funds from reserves when we have those unforeseen expenses?
- What property tax levy do you support for next year's budget?
- While all of our represented employee wages and benefits are set for 2011 by union contract, how do you want to approach non-represented employee wages and benefits next year?

This upcoming budget will certainly be a challenge but I think that we have a number of ways that we can address the projected deficit and I look forward to working on the budget details with you.



TO: City Council Members and Management Team
 FROM: Kevin Brunner, City Manager & Doug Saubert, Finance Director
 RE: **2011 Budget Timetable**
 DATE: August 18, 2010

2011 Operating Budget Schedule

- | | | |
|----------------|----------------|---|
| Tuesday | August 31 | * Council Work Session-Review Mid-Year, 2010 Year-End Estimates and 2011 Projection of General Fund Expenditures |
| Thursday | September 2 | * Distribution of Payroll Estimates. Corrected payroll |
| Due Back | September 9 | due back by Friday, Sept. 9. |
| Thursday | September 7 | Distribution of Budget Objectives/Accomplishments Sheets and Performance Outcomes. |
| Tuesday | September 7 | * Distribution of Expenditure Budget worksheets. Already has payroll information on worksheets. Also will have year to date and expense totals. |
| Wednesday | September 15 | * Review the Expenditure Budgets with Kevin and myself. |
| Monday | thru October 6 | Review the submitted Budget Objectives/Accomplishments/ Performance Outcomes. I will call and set up the time and date individually with you. If you have a preferred date and/or a conflict, please call ASAP. If you have your budget completed before the above date, please contact me so that Kevin and I can review the budget earlier. |
| Late September | | * Budget Listening Session |
| Tuesday | October 12 | * Budget Listening Session-Release of City Manager Budget to Common Council |
| Tuesday | October 19 | * REVIEW THE FOLLOWING BUDGETS:
Revenues-General Fund (100)
Debt Service-Revenue and Expense (300)
TID #5-Revenue and Expense (445)
TID #6-Revenue and Expense (446)
TID #7-Revenue and Expense (447)
TID #8-Revenue and Expense (448)
TID #9-Revenue and Expense (449)
Transfers-General Fund-(59220,59230,59240) |

(cont'd)

Tuesday

October 19

* REVIEW THE FOLLOWING BUDGETS:

ADMINISTRATION

Legislative Support - (51100)

Contingencies - (51110)

Court - (51200)

Legal - (51300)

General Administration - (51400)

INFORMATION TECHNOLOGY - (51450)

FINANCE

Financial Administration - (51500)

Insurance/Risk Management - (51540)

SPECIAL REVENUES

27th Payroll (205)

Parking Permits (208)

Fire/Rescue Equipment Rev. Fund (210)

DPW Equipment Rev. Fund (215)

Police Vehicle Revolving Fund (216)

Government Equipment (217)

Parkland Acquisition Fund (240)

Forestry Fund (250)

Sick Leave Severance (260)

Sister City Fund (270)

Heldt Trust-Rescue (290)

Heldt Trust-Police (295)

Birge Fountain Restoration (452)

Stone Stable Restoration (471)

Multi-Use Trail Extension(466)

Rescue Squad Equip/Education (810)

Tuesday

October 26

* REVIEW THE FOLLOWING BUDGETS:

Special Meeting

PUBLIC WORKS

Solid Waste/Recycling Fund - (230)

DPW/Engineering - (53100)

Shop/Fleet Operations - (53230)

Street Maintenance - (53300)

Snow & Ice - (53320)

Street Lights - (53420)

(cont'd)

Tuesday October 26

Special Meeting

PARKS & RECREATION

- Community Based-Coop Projects - (55130)
- Park Administration - (55200)
- Recreation Administration - (55210)
- Park Maintenance - (53270)
- Recreation Programs - (55300)
- Senior Citizens Program - (55310)
- Celebrations - (55320)
- Forestry - (56100)

PLANNING, ZONING, CODE ENFORCEMENT & BUILDINGS

- General Buildings & Plant - (51600)
- Building Inspection - (52400)
- Sidewalks - (53430)
- Young Library Building - (55111)
- Planning - (56300)

SPECIAL REVENUES

- Skate Park Fund (225)
- Parkland Development Fund (245)
- Street Repair (280)
- CIP-Undesignated Capital Improvements (450)
- Rock River Stormwater (820)

TOURISM & DOWNTOWN WHITEWATER BUDGET REPORT

SOLID WASTE/RECYCLING - (230)

TAXI CAB GRANT - (235)

STORMWATER UTILITY (630)

WASTEWATER UTILITY (620)

WATER UTILITY (610)

TID #4 (440)

ALL CAPITAL PROJECTS FUNDS

Tuesday November 2

* REVIEW THE FOLLOWING BUDGETS:

YOUNG MEMORIAL LIBRARY - (55110)

LIBRARY SPECIAL REVENUE FUND - (200)

(cont'd)

Tuesday November 2

POLICE

Administration - (52100)

Patrol - (52110)

Investigation - (52120)

Crossing Guards - (52130)

Community Service Officers - (52140)

Emergency Preparedness - (52500)

Communications/Dispatch - (52600)

FIRE/RESCUE

Fire - (52200)

Crash Crew - (52210)

Rescue Squad - (52300)

CABLE TV (200)

CDA - (900/910)

Thursday October 28

- * Publication of Public Notice in the Whitewater Register for the Public Hearing/Adoption of the 2011 Budget on November 16th or 23rd.

Tuesday November 9

**Special Meeting
(If Necessary)**

- * Any revisions will be presented to City Council. Final Adjustments - All Budgets.

Tuesday November 16
(or November 23, If Necessary)

- * Public Hearing/Adoption of the 2011 Budget and Tax Levy

Mid December

- * Distribute the formal budget document (the final revised version) to City Council, Citizens and Department Heads and post on City Website.

Let me know if you have any questions. Don't forget to keep your boards/commissions informed and involved with your budget and the budget process.

Kevin M. Brunner, City Manager
312 W. Whitewater Street
Whitewater, WI 53190
kbrunner@ci.whitewater.wi.us

City of Whitewater

Memo

To: Common Council Members
From: Kevin Brunner
Date: 10/17/2008
Re: Refuse/Recycling Funding Options

I am attaching a report that I have prepared on future funding options for refuse and recycling services provided to residential properties in the City. A discussion of this report has been scheduled for the 2011 Budget work session scheduled for next Tuesday evening.

In addition to this item, city staff and I will be presenting where the 2010 Budget stands with regard to projected revenues and expenditures; review the projected general fund balance; review again the 2011-2015 budget projections presented to the Council last week and discuss revenue and expenditure trends.

Refuse and Recycling Funding Options

Introduction

In 1990, the State of Wisconsin enacted the Solid Waste Reduction Law. The purpose of the law was to promote the recycling of Wisconsin's solid waste by creating new ways to manage it. At the time the law was passed, only 17% of Wisconsin's municipal waste was recycled; in 2004, that total rose to 32%. Since 1995, the state has been consistently saving 1.6 to 1.7 million tons of waste from landfills each year. It is a municipal priority in Wisconsin to continue to increase this positive trend.

Overview of Current City of Whitewater Services

Presently, the City of Whitewater has a contract with John's Disposal Service, Inc. for the collection and disposal of the refuse, recyclable, and bulky materials produced by the city's residential units (including multi-tenant buildings with four units or less), and all municipal facilities. In addition, as part of the current contract, John's Disposal provides both refuse and recycling containers for all residential units and all municipal facilities. All commercial, industrial and residential properties with four or more units must contract privately for refuse and recycling services based upon their individual property needs.

The residential refuse and recycling service is currently funded entirely through the property tax levy. The current contract with John's Disposal began on January 1, 2006 and will expire on December 31, 2010. City staff will be soliciting a Request for Proposals (RFP) for refuse and recycling collection and disposal service for the period beginning on January 1, 2011 and expiring on December 31, 2013.

The city's refuse collection occurs weekly and picks up everything from (but not limited to) kitchen wastes and household trash to refrigerators, washers, dryers, and other home appliances. Bulk collection items are picked up and disposed of on a bi-weekly basis (please note that this collection is an expensive service and in the RFP vendors will be providing cost estimates for maintaining the current bi-weekly collection and for moving to a monthly collection.

According to section 8.29.020 of the Whitewater Municipal Code, the city's Common Council has determined that, "There is an increasing necessity to conserve natural resources and reduce the need for landfill space for the citizens of Whitewater." The city's recycling collection occurs bi-weekly and picks up everything from (but not limited to) newspapers and magazines to plastics, aluminum and glass. The recycling program is also entirely funded through property taxes.

Current Costs

The City pays John's Disposal a monthly fee of \$13.10 per unit; which includes a \$9.50 charge for solid waste and a \$3.10 charge for recycling. It is anticipated that the cost per unit will remain approximately the same or even go down slightly in 2011 due to the competitive

bidding process for a new service contract, as well as the possible reduction of bulky item collection from a bi-weekly to a monthly schedule.

The total budgeted cost for all refuse and recycling services provided by the City in 2010 is \$402,202. The actual general fund transfer to the Refuse/Recycling Fund in 2010 was \$200,000 because of the application of accumulated reserves within this special fund. The net cost (less an annual State recycling grant of \$46,700) is \$355,501. Because a portion of the service cost is for collection at municipal facilities (city buildings, parks and downtown waste receptacles), the actual cost to provide direct residential refuse and recycling services is approximately \$315,000. Based upon a current residential unit count of 2521, the cost per residential unit to provide this municipal service is about \$10.40 per month or \$124.80 per year.

Financing Options

There are essentially four options that the City could consider in financing the current residential refuse/recycling services that it provides:

- 1) Maintain the Status Quo-Fund these services through the general property tax levy.
- 2) Totally revamp the current refuse and recycling system and modify to reflect a pay-as-you-throw system with variable charges based upon how much refuse and recycled materials are produced by individual properties.
- 3) Charge only the residential properties that receive the service as a special fee on the annual property tax bill. That annual charge in 2011 would be approximately \$125.
- 4) Charge only the residential properties that receive the service as a special utility charge (essentially creating a municipal refuse/recycling utility) with quarterly billings... approximately \$10.40 per month or \$31.20 per quarter.

Concept of Pay-As-You-Throw (PAYT)

Pay-As-You-Throw (PAYT) is a refuse collection strategy that charges households based on how much waste they produce and throw away. The concept is that households that producing more trash will pay more for collection; thus, reducing landfill waste and providing a more equitable and affordable service for residents. This strategy of payment based on volume is similar to paying for electricity or water. Communities traditionally choose between three basic types of PAYT strategies: Proportional Systems, Variable Rate Pricing Systems, and Multi Tiered Systems. Decisions on whether to use PAYT or what type of PAYT strategy to implement, depends on each individual circumstance and the specific goals of the overall community. More than 7,000 communities across the nation use some form of PAYT, which amounts to 25% of municipalities overall. Hundreds of community studies have indicated that PAYT reduces residential landfill refuse by 16-17% and increases recycling by 50-100%. While there may be a short term increase in cost to implement PAYT, many communities have seen no overall cost increase from the implementation of these programs. The transition can be made easier with an increase in the amount of recycling options available and through a marketing/education campaign.

The following is a brief description of each type of PAYT:

Proportional Systems: In this system residents are charged the same amount of money for each unit of waste they set out for collection. Often times there are bag tracking systems where the bags are sold at local retail stores or municipal offices. Residents are traditionally required to buy specially marked trash bags and the price of the bag includes the cost of collection and disposal. This system is often times used to provide the most equitable way to charge residents because all costs are based on the exact amount of waste disposed of by each household.

Variable Rate Pricing Systems: In this system residents are charged based on their individual units of garbage. There is a wide-range of containers to choose from. Container weight capacities range from 10 gallons to 96 gallons. Residents are required to sign up for a specific number of “wheelie” containers. This is often times used to substantially increase recycling with the idea that the charge for a second or larger trash container is much higher.

Multi-Tiered or Two Tiered Systems: In this system residents pay a flat fee for a basic level of service and then pay a “second tier” fee based on the amount of individual waste that they set out for collection. The second tier fees can be based on either a proportional or a variable rate system. In a multi-tiered system, expenses not tied to municipal solid waste (fixed costs) can be recovered through a utility or tax bill. At the same time, “variable” costs (such as landfill disposal fees or accrued collection costs) are recovered through a separate per-unit fee. In this type of program, residents continue to pay the bill that they have always paid, but the bill only covers 30 or 60 gallons of waste. If a resident goes over this amount, then a second rate is charged that resembles the “proportional” or “variable” rate choices above. There are obviously many benefits to transitioning to a PAYT program for the City. Property owners (and indirectly property renters) could only pay for the actual refuse they generate and there would be economic incentives to increase recycling. PAYT would certainly provide more equity in the payment for collection service, especially when considering the fact that the City of Whitewater currently pays the same amount per residential unit regardless of the quantity produced (one property owner can place 70 gallons of refuse at the curb each week along with other items on the side while their next door neighbor puts out very little refuse with no difference in cost).

This alternative could be difficult and challenging to implement however. There would be a critical need to develop the services in close collaboration with the private contractor and there could be some significant capital costs necessary to begin provision of the service. In addition, as noted above, PAYT programs require a lot of public education and marketing and with Whitewater’s highly transient rental population; this would be a critical factor in the success of transitioning to a PAYT program.

Annual Refuse/Recycling Charge on Property Tax Bills

If there would be change in how the City currently finances residential refuse/recycling services, placing a separate charge based upon residential units would be by far the easiest for the City to transition to. Simply, the General Fund operating budget for these services would be eliminated and a line-item charge would be added to the annual property tax bills for this service. The City Council would establish what the annual refuse/recycling rate per residential unit would be annually just like it establishes the annual property tax levy.

Most of the townships surrounding the City charge for these services in this manner. I talked to a number of the town chairs about why they charge in this manner and all responded that this was

the easiest method to charge for these services and they seldom receive complaints from residents that pay for the service in this manner.

Refuse/Recycling Utility-Charge on Quarterly Utility Bills

This would also be a pretty seamless transition for the City to fund these services. All residential properties in the City receive sanitary sewer, water and stormwater services and are currently billed quarterly (with the recent decision to go to the AMR system these billings might be changed to monthly or bimonthly in the future).

Under this alternative, utility customers would be assigned a residential unit number and then a cost per unit rate would be established annually. Based upon the frequency of the City's utility billing cycle, property owners would receive a "Refuse/Recycling Services" charge in addition to their current utility charges.

A separate utility could be established if the services were funded in this manner or it could simply operate as a special enterprise fund of the City (essentially we have that already with the current Refuse/Recycling Fund).

General Trends

There is a growing trend of financing municipal refuse and recycling in our region and State of Wisconsin through charging property owners separately for these services either through a special annual charge on the tax bill or as a charge on municipal utility bills. A survey of municipalities is attached for your review and information.

The City of Janesville recently announced that it was implementing a separate charge for refuse and recycling services in order to pay for an estimated \$1 million shortfall in that community's 2011 budget (this deficit has been caused primarily by a reduction in outside waste brought to the city-owned landfill). The initial fee per household proposed is \$40.00 (which only covers a portion of the projected deficit); however, the fee would be raised in subsequent years to provide for full funding of the service. In addition, Fort Atkinson and Lake Geneva have indicated that they are both weighing the option to charge a special fee for this service.

Many municipalities have restrictions on the quantity and type of bulky items (furniture, white goods, tires, building materials etc.) that they will collect as part of their refuse and recycling service, most include such services as part of their normal collection program. Some municipalities do charge separately for such large item collection and disposal services and these special charges can range from \$10 to \$50 depending on the type and number of items that are collected.

Recommendation

With all the financial pressures on Wisconsin municipal governments, it not surprising that many have or are considering moving the costs of refuse and recycling services off of the local property tax levy and charging for such services separately. I believe Whitewater should strongly consider moving in this direction as well in 2011. There is an inherent inequity in having a number of property taxpayers (all large residential, commercial and industrial property owners)

pay for a service that they do not benefit directly. In fact, these same property taxpayers are required to privately contract for their own collection services.

While I believe that PAYT systems are the most equitable refuse and recycling systems and also provide the most incentive to reduce refuse consumption as well as increase recycling rates, I am not ready to recommend that we proceed in this direction at this time. By first establishing a separate charge for refuse and recycling, I believe we would be starting to develop the "consumer" connection that links what people are producing in waste with the costs of collecting and disposing of that waste. Once that connection is made, then we can work with the community on developing a PAYT program that might be workable for Whitewater.

As to whether or not a special refuse/recycling charge should be a fee placed on the annual property tax bill or a charge on periodic utility bills, is a decision to be made by Common Council. I do not have a strong opinion either way because they both accomplish the main objectives of taking the costs off the property taxes and establishing a more equitable method of paying for such services.

Refuse & Recycling Collection Comparables

Municipality	Provider	Weekly residential pickup	Monthly cost per unit: solid waste	Monthly cost per unit: recycling	Total Monthly Cost per Unit	Annual Cost per Unit	Cost charged to residents?	White goods	Tires	Furniture, building materials, etc.
City of Burlington	Veolia	Weekly	\$7.14	\$2.36	\$9.50	\$114.00	General Property Tax	Yes	Passenger tires - \$5.00 ORV tires - based on size	Service includes: televisions, couches, tables, other large manageable by one person.
Elkhorn	Veolia	Weekly	n/a	n/a	\$13.63	\$163.56	Utility Billing	n/a	n/a	n/a
Fort Atkinson	Veolia	Garbage weekly / Recycling bi-weekly	n/a	n/a	\$8.13	\$97.56	General Property Tax	No	No	1/month bulk pick-up. No building materials. Some furniture & other bulky items included in normal pick-up.
Grafton**	Waste Management	Weekly	\$6.04	\$1.81	\$7.85	\$94.20	General Property Tax	No	No	No - Special Collection
Hartford	Veolia	Garbage weekly / Recycling bi-weekly	\$6.95	\$2.55	\$10.50 (includes 5% fuel surcharge)	\$186.00	General Property Tax \$5.40/Month Utility Charge for Recycling	\$15.00	Yes - \$5 each	\$15.00 per item picked up once a month.
Lake Geneva	John's Disposal	Weekly	\$5.22	\$2.28	\$7.50	\$90.00	General Property Tax	Yes	Yes	
Lake Mills	John's Disposal	Garbage weekly / Recycling bi-weekly	\$8.75	\$3.40	\$12.15	\$145.80	Utility Billing	n/a	n/a	n/a
Sturtevant	Veolia	Garbage weekly / Recycling bi-weekly	\$10.03	\$2.80	\$12.83	\$153.96	General Property Tax	n/a	n/a	n/a
Two Rivers	Manitowoc Disposal	Weekly	\$1.85/unit landfill fee	\$3.59	\$5.62	\$79.44	\$1.90/mo. fee on utility bills + \$2.50 per bag of trash	No	No	Yes with a \$2 fee per item.
Whitewater	John's Disposal	Garbage weekly / Recycling bi-weekly	\$9.50	\$3.60	\$13.10	\$157.20	General Property Tax	Yes	Yes	Yes
Surrounding Townships	Provider	Weekly residential pickup	Monthly cost per unit: solid waste	Monthly cost per unit: recycling	Total Monthly Cost per Unit	Annual Cost per Unit	Cost charged to residents?	White goods	Tires	Furniture, building materials, etc.
Cold Spring (Town)	John's Disposal	Garbage weekly / Recycling bi-weekly	n/a	n/a	\$15.60	\$187.20	Special Charge on Tax Bill	n/a	n/a	n/a
Lima (Town)	John's Disposal	Weekly	n/a	n/a	\$15.66	\$187.92	Special Charge on Tax Bill	n/a	n/a	n/a
Richmond (Town)	Nieuwenhuis	Weekly	n/a	n/a	\$14.25	\$135.00	Special Charge on Tax Bill	n/a	n/a	n/a
La Grange (Town)	John's Disposal	Garbage weekly / Recycling bi-weekly	\$3.80	\$9.30	\$13.10	\$157.20	Special Charge on Tax Bill	n/a	n/a	n/a
Whitewater (Town)	John's Disposal	Garbage weekly / Recycling bi-weekly	\$3.50	\$9.00	\$12.50	\$150.00	Special Charge on Tax Bill	n/a	n/a	n/a
Koshkonong (Town)	Veolia	Garbage weekly / Recycling bi-weekly	Approx. \$9	Approx. \$3	\$12.77	\$153.24	Special Charge on Tax Bill	n/a	n/a	n/a

** 2008 Data.

Note: Delavan does not provide refuse or recycling services. Residents are required to contract out privately for service. Town of Johnstown data was not available.