

**NOTICE AND CALL FOR A
CITY COUNCIL SPECIAL MEETING
CITY OF FOND DU LAC, WISCONSIN**

As authorized in 2.01(2), of the Code of Ordinances of the City of Fond du Lac, Wisconsin, I hereby give notice and call for a Special Meeting of the City Council to be held in the Legislative Chambers, located on the first floor of the City-County Government Center, 160 South Macy Street, Fond du Lac, Wisconsin, on **August 15, 2012 at 6:00 P.M.**

The purpose of the meeting is to discuss the:

Discussion/Planning for 2013 Budget

Dated this 9th day of August 2012

Wayne Rollin
Acting City Manager

**CITY COUNCIL
SPECIAL MEETING
CITY OF FOND DU LAC, WISCONSIN**

**August 15, 2012
6:00 p.m.**

Legislative Chambers
City-County Government Center

160 South Macy Street
Fond du Lac, Wisconsin

I. CALL TO ORDER

- A. Attendance
- B. Declaration Quorum Is Present

II. DISCUSSION/PLANNING 2013 BUDGET

- A. INTRODUCTION (WAYNE ROLLIN, ACTING CITY MANAGER)
- B. DISCUSSION OF TALKING POINTS TO ADDRESS 2013 BUDGET SHORTFALL (COUNCIL AND STAFF)
- C. DISCUSSION REGARDING POTENTIAL HIRING FREEZE (DEB HOFFMANN, CITY ATTORNEY/HUMAN RESOURCES DIRECTOR)
- D. FOLLOW UP ON COUNCIL QUESTIONS FROM THE JULY 25, 2012 COMMITTEE OF THE WHOLE MEETING (STAFF)

III. ADJOURN

CITY OF FOND DU LAC - Memorandum

Department of Community Development

Date: August 9, 2012

To: City Council

From: Wayne Rollin, Community Development Director

Re: August 15 Committee of the Whole Meeting

Council President Gudex has called an August 15 Committee of the Whole meeting starting at 6:00 pm. The purpose of the meeting is to discuss the 2013 budget, and specifically to talk about potential budget cuts that might help to address the budget deficit. At an earlier Committee of the Whole meeting, staff had recommended consideration of a residential solid waste and recycling fee. Several Council members suggested that cutting the budget should come before consideration of such a fee.

A list of potential talking points regarding the 2013 budget is included in the agenda. The list was compiled from suggestions made by individual Council members and by staff. Several memos are also enclosed:

- A memo from Hal Wortman regarding user fees.
- A memo from Hal Wortman regarding fund balances.
- A memo from Jordan Skiff regarding collection of solid waste every other week.
- A 2010 memo regarding contracting out solid waste collection services.

It is hoped that these reports will help to answer some of the questions that have been raised by Council about various matters. Staff will be prepared to answer questions and to discuss the list of talking points at the August 15 meeting.

Talking Points to Address 2013 Projected Budget Shortfall

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

Potential Expenditure/Service Reductions

- City Council
 - Reduce City Council Salary from \$3,000/year down to \$2,500/year \$3,500
- Neighborhood Improvement – eliminate funding \$15,000
- Elections – Lower cost in 2013 due to fewer elections
 - This savings is already included in the projections
- Economic Development
 - Reduce Downtown Partnership (DFP) (total cost \$38,800) \$10,000
 - Reduce Fond du Lac County Economic Development Corporation (FCEDC) Contribution (total cost \$65,428) \$15,428
- Community Projects Special Revenue Fund (\$5,310)
 - Funded mainly by donations for specific purposes
 - Revenue not available for other purposes
 - No general fund impact
- Contract out Electrical Department-Contract out on an “as needed basis”
 - 3 permanent full-time positions
 - Seasonal labor-2 short-term/1 long-term= 2300 hrs. seasonal)
 - Electricity for traffic signals and warning sirens \$20,000
 - Digger’s hotline \$3,300
 - Maintains, repairs & replaces traffic signals, warning sirens and related electrical fixtures, equipment and wiring
- Parks reductions \$265,000
 - Eliminate City support for Summer band concerts (\$11,000)
 - Eliminate City support for “Music Under the Stars” (\$3,500)
 - Park Caretaker vacancy – Don’t hire (\$73,500)
 - Don’t replace incumbent retiring at the end of 2012
 - City’s maintenance response in Parks reduced
 - Includes overtime and benefits
- Tree Care reductions \$25,000
- Pools
 - Close Taylor Park pool \$70,000
 - Close Fairgrounds pool \$89,424
 - Layoff Park Caretaker position \$73,515

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

Talking Points to Address 2013 Projected Budget Shortfall

- Transit
 - Eliminate Transit \$241,591
 - Net amount funded by City general revenue sources
 - 8.375 full-time equivalent positions laid off
 - \$913,492 budgeted State and Federal operating grant funding
 - Grant contracts, Federal capital grants for new buses
 - Transit Reduction in Service – Monday through Friday
 - Reduce daily Transit service to a split day – no service in the middle
 - 6:00 a.m. to 9:00am 3 hours
 - 3:00 p.m. to 6:00 p.m. 3 hours
- Leaf Collection elimination \$111,500
- Garbage & Recycling
 - Individual Households get own Garbage & Recycling \$1,577,251
 - This number has been reduced by the leaf collection listed separately above
 - Recycling, net of state grant revenues \$500,096
 - Garbage \$1,077,155
 - City staff will review existing contracts for landfill and recycling services
 - Solid Waste see memos
 - Every other week **OR**
 - Contract out
 - City staff will review existing contract for landfill services
 - Modify program for possible savings
- Stop maintaining areas of the city not visible or very prominent to the public
 - Many parks and various areas could have parts left natural
 - Example-big hill area north of wastewater plant
 - Reduce waterway maintenance \$15,000
 - Discontinue weed cutting along creeks
 - Reduces approximately three seasonal positions
 - Many other areas
 - Reduces labor and benefits
- DPW reduction of personnel or equivalent \$500,000
 - Inspect street projects in-house using existing employees (\$40,000)
 - One-half of one position
 - Save consultant fees
 - Transfer general labor expenses to CIP project
 - Eliminate residential drainage program (\$23,000)
 - Popular and useful service, but discretionary
 - Save on contract costs (where City assists homeowners)
 - Truck Driver vacancy – Don't hire (\$65,400 including benefits)
 - Construction & Maintenance position
 - Crew will work short-handed
 - Reduce Street Sweeping

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

Talking Points to Address 2013 Projected Budget Shortfall

- Two employees and sweepers cover the City about once a month, eight months a year
- Storm permit is vague and no credit if downstream BMPs
- Lay off of one full-time person (\$73,900 including benefits)

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

Talking Points to Address 2013 Projected Budget Shortfall

- Charge ½ of Digger's Hotline marking to the Wastewater Utility \$20,000
 - Planning a transition to a joint contract in 2013, will reduce levy portion of this contract
- Eliminate one seasonal employee in engineering used to assist surveyors, now a 1-person operation \$5,000
- Sidewalk Program \$20,000
 - Manage program and perform inspections in-house
 - Review standards
 - Largest savings in Sidewalk Program-Private in CIP where most of costs are recovered through special assessments
 - Sidewalk Program-City (ramps) come from levy
 - Save in contract and consultant costs
- Senior Center
 - Reduce \$40,000
 - Reduce personnel or equivalent/utilize volunteer base \$80,000-100,000
 - Total City cost \$239,886
- Animal Control
 - Sole expense here is contract with Fond du Lac Humane Society
 - 3-year contract expires 12/31/2013
 - 2013 total cost per contract \$102,797.49 (3% increase over 2012)
- Inspection Department 2012 ½ time proposal \$108,000
- Library
 - Reduce City contribution \$25,000
 - Reduce personnel or equivalent \$160,000-\$200,000
- Cut 12 positions (none from public safety) \$720,000-\$960,000
 - Assuming average cost of \$60,000 to \$80,000 per position, including benefits
- 0% pay increase for all city personnel except unions \$76,000
 - This number is calculated on positions that are funded by the tax levy and general revenues and includes benefit effect
 - Water would be affected approximately \$3,700
 - Wastewater would be affected approximately \$10,600
- Look at city group health insurance alternatives
 - WEA Trust for city group health insurance- along with the County and School District
 - Wisconsin Public Employers Group Health Insurance Program
 - Spousal surcharge on group health insurance
- Longevity pay and related benefits-eliminate 1/1/2013 \$95,700
 - This number is calculated on current employees earning longevity that are funded by the tax levy and general revenues
 - Water would be affected approximately \$36,400
 - Wastewater would be affected approximately \$32,200
 - Transit employee covered by contract not affected

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

Talking Points to Address 2013 Projected Budget Shortfall

- Police
 - Cut \$500,000
 - Police reduction of personnel or equivalent \$300,000
 - Eliminate crossing guard programs \$50,973
- Fire cut \$350,000
- Fire reduction of personnel or equivalent \$200,000
- Eliminate summer help across the board \$100,000-\$110,000
- Administration reduction of personnel or equivalent \$80,000-\$100,000
- Community development reduction of personnel or equivalent \$80,000-100,000
 - Share a part-time with engineering division
 - Reduce clerical hours \$23,000
- Outside contracts
 - Review all outside contracts for necessity, elimination or less costly option
 - Facilities Maintenance \$10,000-15,000
 - Continue initiative to combine contracts
 - Perform more work in-house
 - Affects all departments
- Capital Improvement Plan (CIP)
 - Review all CIP requests for purchase for 2013
 - No dredging at Lakeside Park for 2013
 - No street maintenance/paving \$340,000
 - 50% reduction – same level as 2012 \$170,000
- Eliminate take home vehicles in all departments
- Immediate hiring freeze in ALL city departments until the budget is complete
- Cut Cell Phones/take a look at cell phones, I-Pads, etc.
- Cut Pick-up Trucks

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

Talking Points to Address 2013 Projected Budget Shortfall

Potential Revenues

- Review municipal court function \$50,000-\$70,000
- All license & fees up 50% (where market & statutes allow)
- Raise fees, permits, licenses across the board

- Raise ordinance tickets where allowed \$50,000

- Boat Slips 25% increase
 - Revenues remain in the Harbor and Boating Facilities Special Revenue Fund to fund operation, maintenance and capital improvements of Harbor
 - Revenue not available to offset general fund budget or tax levy

- Boat launch fee increase
 - seasonal to \$50
 - daily to \$10
 - Revenues remain in the Harbor and Boating Facilities Special Revenue Fund to fund operation, maintenance and capital improvements of the boat launches
 - Revenue not available to offset general fund budget or tax levy

- Harbor & Boating - Increase revenue by 8%
 - Revenues remain in the Harbor and Boating Facilities Special Revenue Fund to fund operation, maintenance and capital improvements of the harbor and boating facilities
 - Revenue not available to offset general fund budget or tax levy

- Fairground Pool Fees up \$10 for each category (if quantity is consistent) \$6,460

- Fees to use bulky waste site
 - Decreased work efficiencies, offset by revenues

- Fees to drop off hazardous waste
 - Likely require relocating site to be near an attendant

- Implement Residential Solid Waste & Recycling User Fee \$1,683,600
 - Council may choose any amount up to this level
 - Council may impose a sunset clause on this fee

Other

- Utilize general fund balance up to the 15% working capital requirement \$800,000
 - Up to the \$986,862 available balance

Amounts provided are estimates and do not include costs of unemployment claims, earlier than usual retirement-related costs and mothballing of facilities.

**City of Fond du Lac
Preliminary Summary of 2013 Capital Items**

Preliminary Summary of 2013 Capital Items Funded by General Operations

The preliminary CIP has not been reviewed by the Acting City Manager and Directors. These review sessions are scheduled for the week of August 20th.

• General Government & ITS	
○ Wireless Router Switch Replacement	\$20,000
○ Storage Area Network Upgrades	\$30,000
○ Employee Time Management Program	\$25,000
• Public Works	
○ Street Maintenance	\$350,000
○ Sidewalk Program-City	\$60,000
○ Storm Water Pump Repairs	\$100,000
○ Storm Water Control Upgrades	\$50,000
○ Neighborhood Drainage Program	\$23,000
○ Roof Repair – Municipal Service Center	\$30,000
○ Vehicle Replacement - Engineering	\$25,000
○ Aerial Orthophotos – Engineering	\$20,000
○ Buttermilk Park Tennis Court Repair	\$50,000
• Police	
○ Squad Replacement Program	\$200,000
○ Forensic Computer Replacement	\$20,000
○ Tactical Communications-SWAT	\$10,000
○ Tactical Squad Gear	\$13,000
○ Building Security Upgrades	\$18,000
• Fire	
○ Training Room Updates & Modifications	\$77,500
• Ambulance	
○ Laptop Replacements	\$30,000
• Community Development	
○ Neighborhood Improvement Fund	<u>\$20,000</u>
TOTAL	\$1,171,500

Note: Capital item list does not include self-funded items such as:

- Grant funded
- Water/Sewer projects
- TIF related projects
- Ambulances paid from ambulance reserve

Note: The capital items funded by operations include annually recurring capital projects, relatively small dollar items, repair and maintenance type items and items with expected useful lives of less than the 20-year term of debt.

The preliminary CIP has not been reviewed by the Acting City Manager and Directors. These review sessions are scheduled for the week of August 20th.

**City of Fond du Lac
Preliminary Summary of 2013 Capital Items**

Preliminary Summary of 2013 Capital Items Funded by General Obligation Debt

The preliminary CIP has not been reviewed by the Acting City Manager and Directors. These review sessions are scheduled for the week of August 20th.

• General Government & ITS	
○ Johnson Street East Fiber	\$55,000
○ Software Upgrade-Financial, Payroll & HR	\$300,000
○ Fleet Management & Maintenance Software	\$50,000
○ Lakeside Park Wireless Infrastructure Initiative	\$15,000
• Public Works	
○ Sidewalk Program-Private	\$250,000
○ Bridge Rehabilitation & Repair	\$240,000
○ Unimproved Street Program - Streets	\$43,000
○ Harborview Drive-Doty to Main - Streets	\$30,000
○ CTH “VV” Reconstruction (DOT Cost Share)	\$39,000
○ Unimproved Street Program - Storm	\$23,000
○ Harborview Drive-Doty to Main - Storm	\$10,000
○ Column Lift for Shop – Municipal Service Center	\$40,000
○ Lakeside Park Channel Improvements	\$2,000,000
• Police	
○ Garage Door Updates	\$60,000
○ Building Upgrades & Maintenance	\$125,000
○ Command Post	\$475,000
• Fire	
○ Station # 3 Addition & Renovations	\$495,000
• Community Development	
○ Reconstruct Parking Lot #13	<u>\$100,000</u>
TOTAL	\$4,350,000

Note: The CIP items funded by general long-term debt will not have an immediate impact on the 2013 budget, but will impact future budgets and tax levies due to increased future debt principal and interest payments.

Preliminary Summary of 2013 Capital Items Funded by Available Capital Funds from Prior Years

The preliminary CIP has not been reviewed by the Acting City Manager and Directors. These review sessions are scheduled for the week of August 20th.

• Public Works	
○ Street Restoration-Utility Repair – Streets	\$315,000
○ Street Restoration-Utility Repair – Storm	\$581,000
○ Capital Equipment Replacement	<u>\$485,000</u>
TOTAL	\$1,381,000

Note: Available funds in Capital Project Funds that were borrowed, mostly for storm water projects, in previous years, but were not spent are available to fund 2013 capital projects for which debt is usually issued.

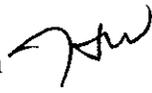
The preliminary CIP has not been reviewed by the Acting City Manager and Directors. These review sessions are scheduled for the week of August 20th.

CITY OF FOND DU LAC - Memorandum

Department of Administration

Date: August 8, 2012

To: Wayne Rollin, Acting City Manager

From: Hal M. Wortman, CPA, Director of Administration 

Re: Council Questions - User Fees vs. General Taxation

During the July 25, 2012 City Council meeting several Council members raised concerns that a proposed Solid Waste Collection Fee would be “double dipping.” Based on comments from the public as well as the Council, I understand the concern about “double dipping” to be that by charging a fee for a service that was previously covered by general City revenues, the public is effectively paying for the same service twice. For a variety of reasons set forth below, I do not believe that a Solid Wasted Collection Fee is “double dipping.”

Before I can address the Council’s questions I want to explain how the City of Fond du Lac, like all other Wisconsin municipalities, raises revenues from several sources to pay for the various services it provides. Although there are several categories of revenue, I’d like to focus on the three largest revenue areas:

State Aid Revenues – This is tax money that is collected by the State and then distributed to local governments such as school districts and municipalities. In some cases the local government can decide how to use the money, but in other cases it is designated for specific government programs.

Tax Levies – This is money generated by the governmental unit through general taxation. Tax levies spread the cost of government services across everyone who is subject to the tax regardless of whether or not they benefit from the services funded by the tax. The most common forms of taxes in Wisconsin are the local property tax, income tax and sales tax.

Fees – This is money generated by the local governmental unit by charging a fee directly to the individuals who actually receive the specific service. A fee can apply to a variety of services provided by the City such as inspection and licensing fees. A municipality can legally charge a fee for providing a specific service, but the fee cannot exceed the actual cost of providing the service.

The fundamental difference between a “tax” and a “fee” is whether the person paying actually benefits from the services it funds. Taxes are applied generally regardless of whether the payer benefits from some of the services that the tax funds. Solid waste collection is one example. Currently, commercial, manufacturing, and residential properties with more than four units all pay property taxes that fund part of the cost of solid waste collection. However, none of those properties receive solid waste collection service from the City.

On the other hand, fees are charged directly to the user or the person who receives the service. If a person does not use a particular service then that person does not pay anything to the City for that service. An example of this is water and sewer service. The City only charges those individuals and business that use water and sewer for the costs of providing those services.

Some people state, "a fee is just a tax by a different name" because both are used by local governments to generate revenue to pay for the services they provide. However, that statement ignores the fundamental questions of "Who should pay for a particular service that the City provides?" or "Should everyone pay or just those who use the service?"

Next I'd like and address the question about whether a Solid Waste Collection Fee would be "double dipping" in the sense that taxpayers are paying for the same service twice. When discussing general City revenues and the cost of providing services, the entire picture on both sides needs to be considered, rather than just one element.

The City funds its general City services in total from a variety of revenue sources. The attached pie charts illustrate this relationship. General City services such as police, fire, public works, library, parks and general government as a whole are all paid for from a combined variety of revenue sources including property taxes, state aid and other general City revenues. All of these general revenues in total are used to fund all of the general City services as a whole. Most general revenue sources are not specifically allocated or earmarked to fund any one particular service.

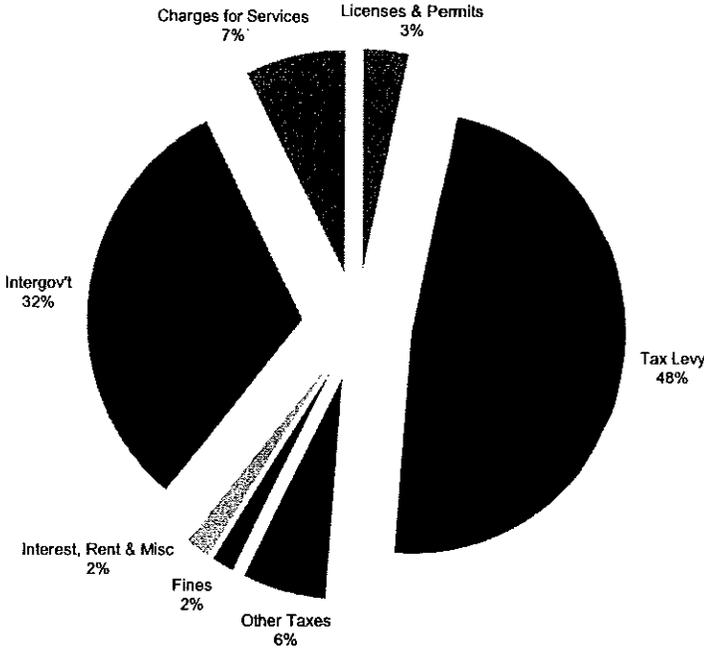
The main point of the previous budget presentations is that if a large chunk is removed from the side of the combined total general revenue sources, then an equally large chunk of the services funded by those total general revenues must also be removed. That is precisely what has happened to the City of Fond du Lac. Over the last ten years State aid payments to the City has been cut by over \$2,500,000 or 20%. \$1,246,000 of that State Aid reduction was made in 2012 alone.

While some people make the case that it was the local property tax levy that was used to fund solid waste and recycling services, the facts are that State aid was also used to help fund solid waste and recycling services. It is the State aid slice of the total revenue pie that was cut. The reduction in State aid is the direct reason why the user fee issue has been raised.

Whatever argument a person wishes to make, the fact remains that total revenues used to fund general City services have been cut. The choices left for the City Council are then to either reduce or eliminate some City services to match the new lower total revenue level, or to come up with replacement revenues for the lost State aid. The State has tied the City's hands by imposing a levy limit which does not allow the City to replace the lost State aid through the local property tax levy. However, one of the tools allowed under State law is for the City to charge user fees for specific services to make up for the lost State aid. The proposed new residential solid waste user fee provides some replacement revenue for the lost State aid.

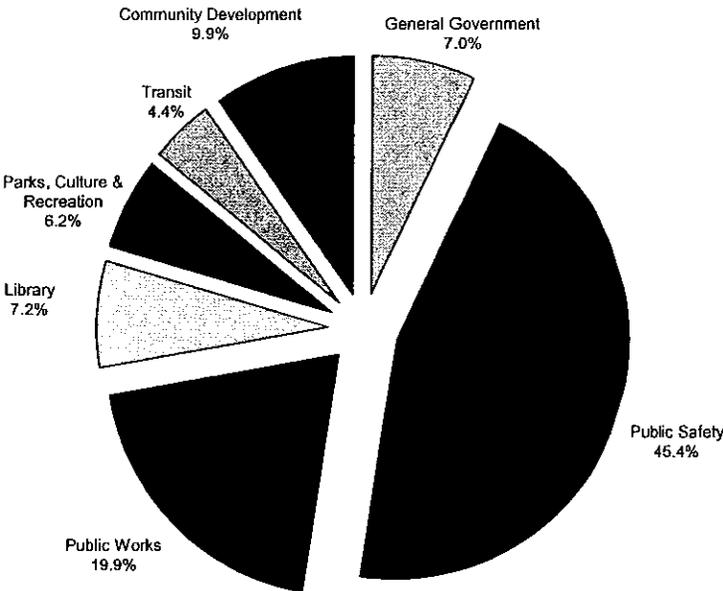
The solution to the City's structural budget deficit will require some of each approach if the City wishes to avoid pushing the deficit problem down the road to the next budget and the next City Council.

General City Revenues
2012 General Fund and Special Revenue Fund
Revenue Summary



**AS A WHOLE
PAYS FOR:**

General City Services
2012 General Fund and Special Revenue Funds
Expenditure Summary



CITY OF FOND DU LAC - Memorandum

Department of Administration

To: City Council

From: Hal M. Wortman, CPA, Director of Administration 

Date: August 9, 2012

Subject: Fund Balances

At the July 25, 2012 Committee of the Whole meeting, the City Council asked for information regarding the amount of the general fund balance. Included with this memo is a calculation of the available general fund balance, as audited, as of December 31, 2011. The fund balance figure is then rolled forward for the estimated 2012 revenues and expenditures to arrive at an estimated December 31, 2012 available general fund balance of \$5,436,076. That figure is an estimated \$986,862 above the City Council's policy of keeping an available fund balance of 15% of annual expenditures for working capital purposes, based on the 2012 budgeted expenditures.

The accumulation of fund balance is a result of favorable budget variances from previous years for both revenues as well as expenditures. Favorable budget variances are the results of actual revenues exceeding budgeted amounts as well as actual expenditures coming in at less than budgeted amounts. Usually such budget variances are a small fraction of the budgeted amounts for all City departments combined. City ordinance as well as state law require that any unspent general fund budgeted amounts "lapse" or revert to the general fund balance at year end, unless the City Council takes formal action, such as approving a budget amendment to carry over or re-budget specific items for expenditure in the next year.

Having a strong and adequate fund balance is an important consideration for bond rating agencies when evaluating the City's credit worthiness. A higher bond rating will result in the City paying a lower interest rate on its long-term debt than if the City had a lower bond rating.

Each year the City prepares and publishes a Comprehensive Annual Financial Report (CAFR). The City's CAFR for the year ended December 31, 2011 is now completed and has been placed on the August 22, 2012 City Council agenda under reports of officers. Each Council member will receive a copy of the 2011 CAFR with their agenda packet for the August 22, 2012 City Council meeting. The City's 2011 Financial Report was audited by Schenck, SC, Certified Public Accountants. Schenck issued an unqualified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2011. Thomas Karman, CPA, Vice President of Schenck, will attend the August 22, 2012 City Council meeting to give a brief presentation on the 2011 CAFR and answer questions you may have regarding his firm's audit of the City's 2011 financial statements.

The City's CAFR provides a wealth of information regarding the City's financial position and financial activity each year for all of its various funds in both summary and detailed form as well as narrative explanations. The City's CAFR is presented in a spirit of openness and full disclosure. All disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included. In addition to providing each City Council member with a copy of the CAFR, copies are widely available for the public, the City's bondholders, national debt rating agencies and all to see. The public may review the City's 2011 CAFR at the Fond du Lac Public Library, the City Clerk's office or on the City's website at http://www.fdl.wi.gov/cofuploads/2011_city_of_fdl_cafr_02.pdf.

Included in the CAFR are disclosures regarding the fund balances of all of the City's various funds. With this memo you will find a schedule listing the fund balances of all of the City's governmental funds as of December 31, 2011 as shown in the CAFR. It should be noted that the use of the special revenue funds, debt service fund and capital projects funds are restricted for specific purposes, and are not available to fund general City services.

Explanations of the purposes, uses and activities of each of these segregated funds, as well as their projected estimated fund balances, are included in the 2012 Budget document, which has previously been provided to each Council member.

I am available and would be happy to meet with any City Council member who would like any further information or explanations regarding any of the City's funds or fund balances.

City of Fond du Lac
Projected Available General Fund Balance
as of December 31, 2012

Available General Fund Balance as of January 1, 2012		6,075,897
Repayment of advance to Water Utility (final payment)	437,500	
2012 projected revenues, as budgeted	28,584,105	
2012 projected budgeted expenditures, as amended	<u>(29,661,426)</u>	
Projected increase (decrease) in available general fund balance		<u>(639,821)</u>
Projected available general fund balance as of December 31, 2012		<u>5,436,076</u>
Projected available general fund balance as a percent of 2012 budgeted expenditures		18.3%
Amount of projected available general fund balance over 15% working capital requirement		986,862

**City of Fond du Lac
Governmental Fund Balances**

	12/31/2011	12/31/2010
General Fund		
Nonspendable		
Inventories and prepaid items	\$ 669,600	\$ 834,634
Advances to water utility	437,500	937,500
Committed		
Subsequent years' expenditures	876,223	962,169
Assigned		
Subsequent years' expenditures	260,398	192,985
Unassigned	4,998,576	4,641,479
Total General Fund	7,242,297	7,568,767
Special Revenue Funds		
Community development grant funds	1,023,837	1,613,589
Library	(51,090)	53,315
City grant programs	22,312	33,201
Ambulance	611,824	390,082
Harbor and boating facilities	225,289	211,926
Community projects	421,055	263,219
Parking	(145,238)	(80,511)
Transit	(191,695)	(157,951)
Haz Mat agreement	27,001	26,958
Fuel pump maintenance	58,494	214,193
TIF Districts	677,151	2,431,512
Property insurance deductible	35,548	35,544
Total Special revenue Funds	2,714,488	5,035,077
Debt Service Fund	1,193,819	2,126,824
Capital Projects Funds		
General capital projects	1,097,573	1,519,416
Streets	1,796,599	3,100,670
Storm sewers	4,211,347	5,593,881
Parks	485,044	482,898
Special assessments	121,184	27,410
Total Capital Projects Funds	7,711,747	10,724,275
Total Governmental Fund Balances	\$ 18,862,351	\$ 25,454,943



Example: City A issues 30-year bond with a 10 million face value

With AAA Bond rating

- Pays 2% annual interest
- Issues bonds at premium at \$15,000,000
- Total Interest cost over 30 years
 $15,000,000 \times 0.02 \times 30$
= \$9,000,000

With BBB Bond Rating

- Pays 7% annual interest
- Issues bonds at discount at \$7,000,000
- Total Interest cost over 30 years
 $7,000,000 \times 0.07 \times 30$
= \$14,700,000

CITY OF FOND DU LAC – Memorandum

Director of Public Works

Date: August 9, 2012
To: Wayne Rollin, Acting City Manager
From: Jordan Skiff, Director of Public Works
Re: Garbage Collection Options



At the July 25th Committee of the Whole (COW) of the City Council, several ideas were proposed for ways to perform garbage collection more efficiently. Our staff has analyzed those ideas, and hopes that this can guide a meaningful discussion at our August 15th COW.

First, I would like to note that primary concerns with any of the options for Every Other Week (EOW) collection are odor and sanitation. Decomposing food waste, dirty diapers, and other smelly garbage can be a public nuisance and a breeding place for vermin. Warren Shuros, a respected leader in solid waste practices in the Midwest, informed me that studies or hard data on the efficiencies of this procedure is very limited because citizens are so worried about odor control that cities haven't even studied it.

Current Practice: The City of Fond du Lac moved to an automated garbage collection system in 2006, greatly increasing efficiency and decreasing worker's compensation claims. Each worker can now make around 900 "picks" (dumping of each cart into the truck) per day, compared to 300 picks previously. Two tandem garbage trucks and one standard garbage truck collect waste from 13,800 residential units each week. On a typical day, the tandem trucks each fill up one time and make a single trip to a landfill near Mayville. The standard garbage truck fills faster, and makes two trips to Mayville. A second standard truck does a "skimmer" route about twice a week, finishing up areas after the other trucks are full. The tandem trucks sometimes also help with heavier routes before making their trek to Mayville.

Our Comptrollers have analyzed the expense of our garbage hauling service. This totals almost \$1.1 million, and is broken down as \$383,871 for labor, \$120,000 for fuel, \$100,000 for equipment replacement, \$7,835 for insurance, \$65,000 for maintenance, and \$399,000 for the landfill's tipping fee. The options below would not affect the City's expenses for recycling, leaf collection, or operations at our sites for bulky items, brush, and hazardous waste.

Option 1: Every Other Week (EOW) Collection, Half Each Week

Change in Procedure: The crew would collect from half of the residential units every week. Each residence would be served only every two weeks. *Note: we also analyzed the option of collecting all homes in a single week, with the crew doing other work on the off-weeks. However, the benefits of this approach are no different than this Option 1, and would have required the purchase of an additional tandem garbage truck as we would collect almost double the volume during the on-weeks. The City*

would lose an estimated \$157,670 in the first year, and the residents who need a second garbage cart would have to pay \$280,000, so this option wasn't pursued.

Advantages:

1. The volumes involved would still require the same number of landfill trips that we make now, but their picks would be reduced by about 25%, and drives between stops would be cut by about 50%.
2. This would allow the trucks to be filled faster, allowing the crew to be used for other duties after their rounds.
3. Since garbage cart space may be limited for those wanting to avoid the purchase of a second cart, more residents may be motivated to compost and recycle. We assume an overall volume decrease of 5% (a 10% decrease for the homes that use one cart, estimated at half of our homes).

Disadvantages:

1. An estimated 50% of homes would need an additional cart to hold their waste until their biweekly collection. This would represent an up-front cost for the City, and a fee for those owners.
2. Odor and sanitation concerns, especially during warm weather, would be paramount.
3. There would be an increased likelihood of residents disposing of trash inappropriately or allowing garbage to overflow in a single cart to avoid the need for a second cart.
4. The work crew's projects would be less efficient, collecting garbage in the morning and available for other duties later in the day.

Annual Financial Impact:

• Decrease in labor and fuel due to reduced in-town collection:	-\$79,520
• Decrease in trips to Mayville:	-\$12,860
• Decrease in tipping fees (5% less volume):	-\$19,950
• 2013 Investment in 7,000 carts, offset by selling 80% of them:	\$70,000
• Total 2013 Impact: Net savings to the City	\$ 42,330
Expense to residents	\$280,000 (5,600 carts @ \$50)

Option 2: Every Other Week (EOW) Collection, Residents' Option

Change in Procedure: Low-volume residents would be allowed to *opt* for every-other-week service, only placing their garbage cart out on their recycling week. Other residents would continue to be served each week. Low-volume users would be asked to pledge to recycle and compost more, not dispose of garbage inappropriately, and not create odor or sanitation problems by using tight bagging and keeping their carts in good condition. Residents would be given a sticker to show which service (weekly or biweekly) they were participating in. *Note: this plan only makes sense if there is a garbage fee, giving residents a reduced rate to make it worthwhile for them to participate in the program.*

Advantages:

1. Although trucks would still do their normal rounds each week, approximately half of the homes wouldn't have carts out, saving labor hours and the fuel used during the emptying of the carts.
2. Requires no start-up fee for residents, as no additional carts would be needed.
3. Residents would pay a reduced fee for garbage—if implemented—rewarding them for generating less waste.

- Residents opting for EOW service may be motivated to compost and recycle. We assume an overall volume decrease of 5% (a 10% decrease for the homes that use one cart).

Disadvantages:

- It will take some administrative time to sign residents up for the reduced service, and to distribute stickers to each home to designate which service they should receive.
- Potential odor and sanitation concerns for noncompliant homes.
- Some possibility of residents disposing of trash inappropriately to appear to qualify for the EOW service.

Annual Financial Impact:

• Decrease in labor and fuel due to reduced in-town collection:	-\$39,712
• Decrease in trips to Mayville:	-\$12,860
• Decrease in tipping fees (5% less volume):	-\$19,950
• Purchase of 13,800 stickers:	\$1,000
• Total 2013 Impact: Net <u>savings</u> to the City	\$71,522
Expense to residents	Zero

Option 3: Graduated Garbage Cart Sizes, Residents' Option

Change in Procedure: Weekly collection would continue for all residents, but residents would be given the option of purchasing a smaller cart to match the needs of their household. *Note: this plan only makes sense if there is a garbage fee, giving residents a reduced rate to make it worthwhile for them to participate in the program.*

Advantages:

- Gives residents an option, responding to their specific needs.
- Moving the smaller carts will be easier for some residents.
- Residents opting for smaller carts may be motivated to compost and recycle. We assume an overall volume decrease of 5% (a 10% decrease for the homes that use the smaller cart).
- Weekly collection ensures that sanitation and odor problems will not worsen.

Disadvantages:

- This option doesn't decrease the number of stops and picks our crews do, resulting in no fuel, labor or equipment savings. (This might have been a good option when the automated system was implemented, but would be an expensive transition now.)
- Only minor volume decreases would be expected, as this option won't significantly reduce the *volume* of garbage being generated.
- Purchasing the carts would be an up-front cost to the City, and an eventual cost to the residents who opt to use them. Many of the existing carts are six years old, and wouldn't be worth "buying back." The City may eventually save money by reusing old carts that were turned in, but not in time to help the 2013 budget.

Annual Financial Impact:

• Decrease in labor and fuel due to reduced in-town collection:	0
• Decrease in trips to Mayville:	-\$12,860
• Decrease in tipping fees (5% less volume):	-\$19,950
• 2013 Investment in 7,000 carts, offset by selling 80% of them:	\$70,000
• Total 2013 Impact: Net expense to the City	\$ 37,190
Expense to residents	\$224,000 (5,600 carts @ \$40)

Other Observations:

- *Eliminating* the City's role in garbage and recycling services carries many disadvantages for our residents. We've received reports of people paying higher rates when they arrange for their own service, ranging from \$13/month to \$25/month. Our proposed fee was \$10/month, and included expenses for leaf collection and free sites for residents to dispose of brush, grass clippings, bulky waste, and hazardous waste. A contractor's rates wouldn't include those services. Most residents would rather avoid the hassle of researching and arranging for their own service. The investment the City made in purchasing trucks and carts would not be recouped—we would never be able to sell them for what they're worth to us. We have City contracts in place for landfill and recycling services, and it's unclear that we would simply be able to walk away from them. Residents may attempt to dispose of garbage inappropriately—or choose to not recycle—if this could save them money. Having multiple contractors serve a neighborhood is inefficient. Neither a City fee—nor requiring residents to contract out for the service—will reduce the tax levy, but which one is more expensive for the resident?
- One resident recommended moving to a “pay as you throw” system, where residents are only charged for the garbage they actually put at the curb. This would not be feasible under our current automated system, which is very efficient, safe, and sanitary but doesn't track the volume in a cart or pick up loose bags. Tracking the volumes produced by each household could also lead to many administrative and billing expenses. This type of arrangement usually works best in rural townships, where residents buy special bags that can be brought to the Town dump. Their “fee” comes in the purchase of the Town's bags.
- Comptrollers have updated a cost analysis for the option of selling our equipment to a contractor and contracting out our garbage collection. They concluded that this would cost over \$40,000 more per year than continuing to perform this service in-house. (This savings would likely increase if the contractors' 2010 quotes were updated.) Using our own crews also allows us to use these employees for plowing, emergency response, or other duties after their routes are completed—a benefit that a contractor would not provide.

CITY OF FOND DU LAC – Memorandum

Department of Administration

To: Thomas Herre, City Manager
✓ Mark Lentz, Director of Public Works

From: Hal Wortman, Director of Administration 

Date: December 21, 2010

Subject: Financial Analysis – Solid Waste Collection and Disposal Contract

The Comptroller's Division has completed a financial analysis of the solid waste contract proposals provided by Veolia. The analysis compared the annual cost of solid waste collection and disposal using City employee labor for collection to the Veolia full service collection and disposal contract proposal of \$6.75 per household per month. Based on the analysis, the annual collection and disposal cost using City employees is estimated to be approximately \$162,000 less per year than the Veolia full service contract proposal.

A copy of the financial analysis is included for your review.

The estimated annual savings of \$162,000 plus the current annual solid waste vehicle depreciation costs of \$67,500 equals \$229,500 per year. This annual figure more than offsets Veolia's offer of \$235,000 to purchase the City's solid waste vehicles and the City's future vehicle replacement costs.

Based upon this analysis it is my recommendation that the City continue to use City labor for solid waste collection and enter into a contract for solid waste disposal with either Winnebago County Landfill at \$34.40 per ton or with Veolia at \$35.00 per ton as the less expensive alternative to the Veolia full service contract.

I would be happy to discuss this analysis with you at your convenience.

cc: Deborah Hoffmann, City Attorney

City of Fond du Lac

Solid Waste Contract Financial Analysis

2011 City of Fond du Lac Employee Labor vs Veolia Full Service Collection & Disposal Contract Proposal

Costs Breakdown - City Employee/Equipment

Labor:

Wages w/ benefits \$ 366,053

Equipment :

Depreciation 67,500

Insurance 4,221

Fuel 45,625

Maintenance 50,220

Additional fuel (extra mileage to Glacier Ridge) 1,338

Total Labor and Equipment = \$ 534,957

Disposal costs:

Tipping fee / ton (\$35 per ton x 9,718 tons) \$ 340,130

Total Cost of Service With City Employees Providing Labor \$ 875,087

Contracted Cost - Veolia Full Service

\$6.75 per unit per month x 12,800 units \$ 1,036,800

Increase in Annual Cost with Veolia Full Service Contract \$ 161,713