2006 PLAN AND BUDGET SUMMARY

CITY OF MILWAUKEE

STATE OF WISCONSIN

Department of Administration
Budget and Management Division

Sharon Robinson
Administration Director

Mark Nicolini
Budget and Management Director

Budget and Management Staff:

Thomas J. Bell
Crystal E. Ivy
John Ledvina
Jennifer Meyer-Stearns
Eric C. Pearson
Dore Marie Rozwadowski
David J. Schroeder
Erick D. W. Shambarger
Dennis Yaccarino

GUIDE TO BUDGET DOCUMENTS

PLAN AND BUDGET SUMMARY

A document containing an overview of economic conditions in Milwaukee; a fiscal summary of the 2006 budget; an economic forecast for Milwaukee; detailed narrative descriptions of each department's mission, services, outcome measures and related activities; and a summary of appropriations by expenditure category. This document is printed annually in proposed and final form as follows: the *Proposed Plan and Executive Budget Summary* contains the Mayor's Executive Budget as presented to the Common Council for review. The *Plan and Budget Summary* contains the budget as adopted by the Common Council.

BUDGET

The official City of Milwaukee line-item budget provides a listing of all appropriation accounts by department and is published after the final budget adoption.

SIX-YEAR CAPITAL PLAN

A presentation of the city's six year capital program. Includes details on planning, financing, infrastructure, and urban development undertakings involved in the capital plan and is published the spring following budget adoption.

2004 FISCAL OUTLOOK AND STRATEGIC PLAN

A strategic framework that guides policy decisions based on long term strategic goals and objectives.

To obtain copies of the: *Proposed Plan and Executive Budget Summary, Plan and Budget Summary, Budget, Six Year Capital Plan* and the *2004 Fiscal Outlook and Strategic Plan* contact the:

Budget and Management Division
City Hall - Room 307
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3741
(414) 286-5475 (Fax)

or

Visit the Budget and Management website at:
www.city.milwaukee.gov

BUDGET AND PLANNING PROCESS

City Strategic Plan

Citywide Objectives
Citywide Strategies

↓

Unified Strategic Plans and Budget

Department Objectives
Department Strategies
Department Performance Measures
Department Annual Budget

↓

Annual Budget

Executive Budget

↓

Adopted City Budget

Calendar Date	Activity
January - March	Departments Prepare Plans, Objectives, and Performance Measures
Mid-March	Departments Receive Budget Materials
May 10*	Plans and Budget Requests Due
June and July	Mayor's Public Hearings on Plans and Budgets
July - September	Mayor's Executive Plan and Budget Review
September 27**	Plan and Budget Submitted to Common Council
Mid-October	Legislative Hearings
November 3 and 4	Finance and Personnel Committee Budget Amendment Days
November 11***	Common Council Action on Budget

* Second Tuesday in May
** Legal Deadline September 28
*** Legal Deadline November 14

ELECTED OFFICIALS

MAYOR ..... Tom Barrett
CITY ATTORNEY ..... Grant F. Langley
CITY COMPTROLLER ..... W. Martin Morics
CITY TREASURER ..... Wayne F. Whittow

COMMON COUNCIL

PRESIDENT ..... Willie L. Hines, Jr.

DISTRICT	ALDERMEN
FIRST	Ashanti Hamilton
SECOND	Joe Davis Sr.
THIRD	Michael S. D'Amato
FOURTH	Robert J. Bauman
FIFTH	James A. Bohl, Jr.
SIXTH	Michael McGee, Jr.
SEVENTH	Willie C. Wade
EIGHTH	Robert G. Donovan
NINTH	Robert W. Puente
TENTH	Michael J. Murphy
ELEVENTH	Joseph A. Dudzik
TWELFTH	James N. Witkowiak
THIRTEENTH	Terry L. Witkowski
FOURTEENTH	Tony Zielinski
FIFTEENTH	Willie L. Hines, Jr.

MUNICIPAL JUDGES

BRANCH 1 ..... Valarie A. Hill
BRANCH 2 ..... Derek C. Mosley
BRANCH 3 ..... James A. Gramling, Jr.

TABLE OF CONTENTS

Finance and Personnel Committee Report on the 2006 Adopted City Budget I

Budget Transmittal Statement from Mayor Tom Barrett IV

The 2006 City Budget: A Step Towards Sustainability 1

Budget Summary Tables

2006 Adopted Budget and Tax Rate Compared to Prior Year 7

Property Tax Profile 8

Comparisons by Budget Section Between 2006 Adopted and 2005 Adopted Budgets, Revenues, Tax Levies, and Resulting Changes 9

Property Tax Rate and Levy Comparison (Graphs) 12

General City Purposes Spending and Authorized Positions (Graphs) 13

Change in Positions: 2006 Adopted Budget vs. 2005 Adopted Budget 14

Estimated Full Time Equivalents by Department (O&M Funded) 15

Comparison of 2006 Adopted Expenditures and Funding Sources with Prior Years by Major Budget Sections and Subsections 16

Salary and Wage Information Used for Budget Purposes 21

School Board Budget (Not Under the Control of the Common Council) 23

Summary of Borrowing Authorizations (Including School Purposes) 24

City of Milwaukee Organization Chart 25

City Budgets Under the Control of the Common Council 27

Property Tax Supplemented Funds

A. General City Purposes 29

B. Provision for Employes' Retirement Fund 159

C. Capital Improvements 168

D. City Debt 178

E. Delinquent Tax 184

F. Common Council Contingent Fund 185

Special Revenue Funds

G. Parking Fund 188

H. Grant and Aid Fund 194

I. Economic Development Fund 200

J. Water Works 202

K. Sewer Maintenance Fund 209

M. County Delinquent Tax Fund 213

Table of Contents (Continued)

Borrowing Authorizations (General Obligation Bonds or Short Term Notes) 215

Clarification of Intent 217

Tax Levy to Rate Conversion Table 219

Agencies and Funds (Budgets Not Under the Control of the Common Council)

Housing Authority of the City of Milwaukee (HACM) 52

Redevelopment Authority of the City of Milwaukee (RACM) 52

Milwaukee Economic Development Corporation (MEDC) 53

Neighborhood Improvement Development Corporation (NIDC) 53

ALPHABETICAL LISTING

2006 Adopted Budget and Tax Rate Compared to Prior Year 1

Administration, Department of 31
Annuity Contribution, Employer's Share 159
Assessor's Office 38

Board of Zoning Appeals (Special Purpose Account) 143
Borrowing Authorizations (General Obligation Bonds or Short Term Notes) 215
Budgets, Revenues, Tax Levies, and Resulting Changes, Comparisons by Budget Section, 2005/2006 9
Budget Transmittal Statement from Mayor Tom Barrett IV

Capital Improvements 168
Change in Positions: 2006 Adopted vs. 2005 Adopted 14
City Attorney 41
City Debt 178
City Development, Department of 44
Clarification of Intent 217
Common Council City Clerk 54
Comptroller 57
Contingent Fund, Common Council 185
County Delinquent Tax Fund 213

Deferred Compensation Plan 166
Delinquent Tax 184

Economic Development Fund (Special Revenue Account) 200
Election Commission 61
Employee Health Care Benefits (Special Purpose Account) 142
Employee Relations, Department of 65
Employees' Retirement System 162
Expenditures and Funding Sources, Comparison of 2006 with Prior Years by Budget Sections 16

Finance and Personnel Committee Report on 2006 Adopted City Budget I
Fire Department 72
Fringe Benefit Offset 150
Full Time Equivalents by Department 15

General City Purposes Spending (Graphs) 13
Grant and Aid Fund (Special Revenue Account) 194

Health Department 77
Housing Authority of the City of Milwaukee (HACM) 52

Library 86

Mayor's Office 90
Milwaukee Economic Development Corporation (MEDC) 53
Municipal Court 93

ALPHABETICAL LISTING (Continued)

Neighborhood Services, Department of 97
Neighborhood Improvement Development Corporation (NIDC) 53

Organization Chart, City of Milwaukee 25

Police Annuity and Benefit Fund 160
Police Department 103
Port of Milwaukee 110
Positions Ordinance, Reference 218
Property Tax Supplemented Funds Summary of Expenditures (Under Control of the Common Council) 27
Property Tax Profile 8
Property Tax Rate and Levy Comparison (Graphs) 12
Provision for Employes' Retirement Fund (Pensions) 159
Public Works, Department of
- Administrative Services Division 114
- Infrastructure Services Division 117
- Operations Division (Buildings and Fleet, Forestry, and Sanitation) 127
- Parking Fund (Special Revenue Account) 188
- Sewer Maintenance Fund (Special Revenue Account) 209
- Water Works (Special Revenue Account) 202

Redevelopment Authority of the City of Milwaukee (RACM) 52
Revenues, Detailed Listing 156

Salary and Wage Information Used for Budget Purposes 21
Salary Ordinance, Reference 218
School Board Budget 23
Social Security Tax 159
Source of Funds for General City Purposes 151
Special Purpose Accounts 138
Special Purpose Accounts Summary 145
Special Revenue Funds Summary 187
Summary of Borrowing Authorizations (Including School Purposes) 24

Tax Levy to Rate Conversion Table 219
Tax Stabilization Fund Withdrawal 158
The 2006 City Budget: A Step Towards Sustainability 1
Treasurer, City 147

Worker's Compensation (Special Purpose Account) 141

MICHAEL J. MURPHY
ALDERMAN, 10TH DISTRICT

City Hall, Room 205
200 East Wells Street
Milwaukee, WI 53202-3570
Phone (414) 286-2221
Fax (414) 286-3456
e-mail: mmurph@milwaukee.gov

CHAIR:
Finance & Personnel Committee
Milwaukee Arts Board

MEMBER:
Judiciary & Legislation Committee
Steering & Rules Committee
Zoning, Neighborhoods & Development

FINANCE AND PERSONNEL COMMITTEE REPORT ON THE 2006 ADOPTED CITY BUDGET

Each year, the Common Council's Finance and Personnel Committee reviews the Mayor's Proposed Budget for the City of Milwaukee, and submits its recommended amendments to the Common Council for action.

While each annual budget review process presents its own unique challenges, the 2006 budget required both the Mayor and the Common Council to address a looming imbalance between expenditures and revenues, compounded by a state mandated property tax levy freeze and expenditure restraint program requirements.

The "cost to continue" to provide city services in 2006 at the same level as in 2005 would have required $35 million in revenue growth. Major factors contributing to this cost increase included an $8.6 million increase in employee health care benefit costs, a $5.8 million increase for debt service paid by the tax levy, a $1.9 million increase for Workers Compensation, and a $2 million reduction in Community Development Block Grant funding for city services.

The Mayor and his Budget Administration proposed a 3-year plan beginning with the 2006 Proposed Budget to resolve the budgetary structural imbalance through cost reductions and revenue enhancing strategies. The Common Council supported this initiative as a firm step toward aggressively dealing with the structural imbalance, linking realistic strategies to each major component of the imbalance: expenditures, revenue and debt.

The 2006 City Budget adopted by the Common Council on November 11, 2005, increased the property tax levy by $10 million from 2005, but within the definition of the state property tax levy freeze. The resulting property tax rate of $8.76, was a 43 cent decrease from the 2005 rate of $9.19 per $1,000 of assessed valuation.

There were no mayoral vetoes of any budget amendments approved by the Common Council.

Fees for Services

There were no new fees for services in the Mayor's 2006 Proposed Budget.

The Council supported the Mayor's recommendation to increase the Solid Waste Fee from $75 to $132 annually, a $10.6 million increase in revenue for a total of $26.4 million. The Solid Waste Fee was last increased in 2002, when it went from $44 to $75 per year. In 2006, the fee will recover approximately 87% of the actual cost of solid waste collection.

No changes were made to the Snow and Ice Control Fee, which will be maintained at the 2005 rate of 27.4 cents per foot of property frontage and generate $2.4 million. Leaf pick-up and street sweeping costs will continue to be recovered through the Sewer Maintenance Fee in the form of a $4.6 million transfer from the Sewer Fund to the General Fund.

Staffing Changes

The Mayor's 2006 Proposed Budget for the Fire Department would have reduced firefighter staffing from 5 to 4 positions on 4 engines and 8 ladders, eliminating an equivalent of 36 positions for savings of $1.805 million. Four positions is the national industry standard, which Milwaukee currently exceeds. The Common Council chose instead to restore position authority and funding for 24 positions in order to restore staffing from 4 to 5 positions on 8 ladder companies, at a total cost of $1.2 million. In addition, the Council chose to eliminate three management positions in the Fire Department: two Battalion Chiefs and one Deputy Chief, for a savings of $239,426 in salaries.

A consultant's fire staffing study supports these reductions.

The Common Council amended the 2006 Proposed Budget to provide $125,000 for a Police Department staffing study to examine such issues as the number of sworn officers necessary to meet the needs of the city, acceptable response times to various priority calls for police assistance, and other public safety issues. The Common Council also earmarked $1.5 million in the Police Department's overtime funding to explore the potential use of non-sworn community service officers to respond to lower priority calls for assistance, as a means of freeing sworn officers to address serious incidents in a more timely manner.

Economic Development

While the Mayor's 2006 Proposed Budget included $16 million in new borrowing to fully fund existing Tax Incremental Districts, the Common Council

added $60 million in contingent borrowing authority to allow the City to respond swiftly to unanticipated TIDs which may positively impact economic growth and job development in Milwaukee. The Council also amended the 2006 Proposed Budget to allow the City to use $12.2 million for general obligation borrowing for developer financed TIDs if the interest rates are favorable.

The members of the Finance and Personnel Committee, and the full Common Council, are committed to working with the Mayor and his Administration to implement the 3-year budget strategy. Planning for the 2007 budget and beyond begins even as the 2006 budget was just adopted.

Respectfully submitted,

Ald. Michael J. Murphy, 10th District
Chair, Finance & Personnel Committee

Budget Transmittal Statement from
Mayor Tom Barrett

It's no secret to anyone in the City of Milwaukee that these are difficult fiscal times. State aids have not kept pace with the costs of providing local services. Federal funds have been cut and rising fuel and energy bills are pushing the limits of our operating budgets.

Despite these fiscal challenges, Milwaukeeans can be proud that when Katrina hit the Gulf Coast this Fall, Milwaukee accepted the challenge of meeting the common good and met the responsibility that comes with citizenship.

People across the city contributed time and money. Our Fire Fighters volunteered for relief duty. Our Health Department continues to staff the clinic at State Fair Park. Our Housing Authority worked to find housing for our neighbors from New Orleans and City Hall employees raised funds for Habitat for Humanity. These efforts speak volumes about Milwaukee's heart and soul.

Last year, in a strategy to fight off cuts to state shared revenue, the Common Council worked with me to meet the legislative levy freeze. Living within the state's levy limit in a strategy to fight off cuts to shared revenue. This year, our task was more difficult.

Along with working with the Milwaukee state delegation, my efforts included calling upon our neighbors to support increased shared revenue to help pay for the services that hundreds of thousands use in the city when they are working or visiting. The same four basic principles that guided us through last year's budget deliberations helped us again this year:

- Protecting and maintaining essential services;
- Producing a budget that meets the legislative levy limit;
- Working to keep Milwaukee safe and secure; and
- Improving the fiscal accountability of our city.

The budget I presented met those four benchmarks. The 2006 budget meets the newly imposed state levy limit and does not jeopardize our Expenditure Restraint Payment. We embark on a new path that will lay an even stronger foundation for strengthening the fiscal and economic security of our city.

Despite the fiscal constraints, this budget improves our fiscal stability and sustainability; enhances our management and accountability; and provides the resources to secure a prosperous future.

I developed this budget in difficult fiscal circumstances. Accomplishing these objectives was no easy task. Here are the financial realities we were up against:

- Projected shared revenue payments for 2006 are almost $65 million below the 1995 inflation adjusted level.

- Higher prices for fuel and electricity, which affect important city services such as police patrols, fire and emergency response, garbage collection, street lighting, and clean drinking water will consume more than 80% of our increase permitted under state levy limits.

- Borrowing decisions from 1995 through 2004 resulted in 25% of our tax levy going toward debt service. In 2006, that will require me to include almost $6 million of additional tax levy in this budget for debt service.

- Milwaukee's federally funded Community Development Block Grant funds have been reduced by an additional $2 million, a shortfall that impacts in our capacity to serve our neighborhoods.

Watching the media accounts of those who didn't have the means to leave New Orleans led me to compare Milwaukee's poverty rate to that of New Orleans. In 2002, New Orleans was thirteenth and Milwaukee was twelfth. In 2004, New Orleans was thirteenth and Milwaukee was seventh. While federal policy failures exacerbate our efforts in transitioning more unemployed into good payment jobs. These staggering statistics underscore why we must be committed to job creation and economic development. Despite all these challenges, I remain confident about city government's capacity to reduce crime, protect public health and safety, increase neighborhood property values, and nurture employment and business opportunities that we will move Milwaukee forward.

This Summer, I hosted a series of hands-on budget workshops. Residents participating in the workshops sent one message that came through loud and clear and that is Milwaukeeans value what city government does for them.

Whether it's a paramedic performing a life saving response, a librarian opening the doors to knowledge, a forestry worker preserving our green space, a police officer patrolling a neighborhood, or a sanitation worker keeping our neighborhoods clean, our citizens know that city government delivers a lot for their money.

Our residents demand value for their tax dollar and we must do everything we can to insure that. Here's an update on my directive to reduce the Department of Public Work's vehicle fleet. We have sold at auction 104 pieces of equipment with the remaining 40 to be sold this Fall and we have reduced the cars taken home by personnel from 75 to 9.

I'm pleased with our progress but we won't stop looking.

Insuring that taxpayers get the most bang for their buck is not just a short term goal. Budgets are about money, our citizens' money, and the choices we make regarding taxing and spending. That's why the 2006 City of Milwaukee budget focused on a three year Budget Plan that identifies our fiscal challenges and proposes ways to meet them. My plan identifies expected revenues; establishes my expenditure priorities over the next three years and the funding commitments associated with those priorities. It proposes strategies to improve the city's fiscal stability. This budget represents a step toward a sustainable fiscal future and moves Milwaukee forward.

My proposed 2006-2011 Capital Improvements Plan reduces tax levy borrowing from $71.5 million in 2004, the year I took office, to $56.5 million in 2008. This action can stabilize our debt service by 2010.

I am proud that our strategy of budget stabilization has been recognized by Moody's ratings, which has moved our outlook from "negative" to "stable" and allowed us to be rated better than both the state and county at double AA+.

This budget reflects the increase to the Solid Waste Fee, which allows us to fund a second Police recruit class and avoids the need to close any libraries or layoff Fire Fighters.

I want to thank those members of the Council who supported this. It was a tough vote. I appreciate the fact that they realize the importance of balancing the budget and maintaining services. I know our constituents will pay this fee and they deserve assurance that they are getting what they pay for.

Therefore, I initiated my Accountability in Management Initiative or AIM for short, modeled after Baltimore's Citi-Stat.

AIM will be my primary management tool to oversee city operations, manage for results, and deliver excellent customer services for the citizens of Milwaukee. At regular AIM meetings, I will demand that city departments meet defined performance targets and hold city managers accountable for achieving results.

To generate more revenues, this budget reorganizes the Department of Administration Community Block Grant Division. This division will still be the recipient of HUD funding, but it will also be responsible for aggressively pursuing and coordinating the city's other grants and centralized grant coordination.

In this budget, I also propose the creation of the Office of Sustainability at the recommendation of the Mayor's Green Team that I established. This office will steer citywide environmental policy, help set departmental goals and strategies, and track their performance.

Public Safety remains my top priority. I have committed funding to allow the Police Department to add two full recruit classes, in addition to the class started in November. This will result in three Police classes over a thirteen month period. In addition, I have increased tax levy funding for the Police overtime budget by $1.5 million over the 2005 level.

I have also added funding for a 12th MED Unit in the Fire Department, a continued commitment to making our Fire Department a first rate responder in fire suppression, emergency care, and medical services.

I am very pleased with the results of the city internship program. The 2006 budget will again provide sufficient CDBG funding to allow the city to continue the Summer Youth Internship Program at the same participation level as we provided in 2005.

My 2006 budget preserves our current level of locally funded maternal and child health services and I have maintained city support for our award winning Lead Poisoning Prevention Program.

Thanks to the leadership of Health Commissioner Bevan Baker, the city will initiate a new Milwaukee Comprehensive Home Visitation Grant. This grant will serve families in targeted areas to improve prenatal care, prevent child abuse and neglect, and assure child readiness for school.

In 2006, we will step up our efforts in the community to find a funding source to fund the Housing Trust Fund. I want to thank Alderman Michael Murphy for his work on the Housing Trust Fund and look forward to working with all of the Council on this effort so we can create more affordable housing where it is needed.

The capital budget will appropriate $2 million for the Bradley School Tech Project. This will finance the demolition of the old Boys & Girls Tech and will allow Bradley Tech to provide the needed recreational facilities that have been absent from the campus.

Job creation remains at the top of my agenda. The Department of City Development will continue its aggressive pursuit of economic development that benefits neighborhoods throughout the city. I will continue to use all the financial tools we have available in order to entice and keep businesses here by building this city with New Market Tax Credits, Renewal Community Credits and yes, maybe even TIFs.

Much progress lies ahead in 2006, and the resources necessary are in this budget; the Menomonee Valley, Tower Automotive Redevelopment, the Veterans Administration Grounds Redevelopment Plan and the Amtrak/Milwaukee Intermodal Station. The resources necessary to keep these projects rolling are in the budget.

Milwaukee must work with our neighbors in making our region stronger. For this reason, there is $100,000 in the 2006 budget for the city's participation in a regional marketing initiative.

I know that there are reservations about efforts to market Milwaukee as a region. Look at the cities and regions that are successful today. Places like Chicago, Atlanta, and Cincinnati. They did it as a region.

In the past, our relationship with the suburbs was like two guys standing in the corner in the bus station arguing over who gets the window seat while the bus leaves the station. We all need to be on that bus.

As Mayor, I will ensure that these efforts make us stronger and greater. Milwaukee is the center of an important region and our success is directly linked to the region's growth and prosperity. Without other revenue options, growing our tax base is imperative and without new employment opportunities our residents will have limited options.

Join me in promoting this city and region to keep Milwaukee moving forward.

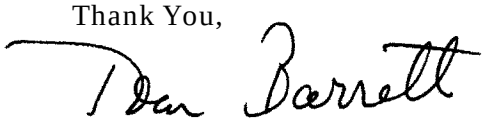
Some naysayers have groused about the potential for regional decline and Milwaukee's confrontation with difficult economic change. And, while city government cannot overcome negative factors on its own, it must change so that Milwaukee can move to a more secure future. City government's role in that future includes budgeting more wisely, controlling our debt, and managing for results. We must use our limited budget resources to:

- Provide public safety;
- Invest in our young people;
- Strengthen our neighborhoods; and
- Create family supporting jobs.

Our neighbors must recognize that Milwaukee's state shared revenue payments are as important to them as they are to us. Without increased state shared revenues, our ability to provide essential services for regional attractions will be compromised. Without more shared revenues, our means to serve the state's largest concentration of poor and working poor households will suffer.

If the region is to grow, then the region has to step up and press for increased funding of the state's shared revenue program. Together we will **keep Milwaukee moving forward.**

Thank You,



TOM BARRETT
Mayor

THE VALUE OF MILWAUKEE

Milwaukee exists because it possesses natural economic advantages, which cause people and businesses to concentrate in large and increasing numbers. As a result of the proximity and connectedness of Milwaukee's diverse people and enterprises, huge benefits flow - jobs are created, markets are formed and expanded, wealth is created, and surplus wealth leads to culture.

OUR VISION FOR MILWAUKEE

We want Milwaukee to become an even more desirable place to live and work. Our city's attributes include:

- Dynamic and accessible markets gainfully employing citizens;
- Safe, strong, and beautiful neighborhoods with well maintained housing and a healthy environment; and
- A flourishing culture recognized for its arts, recreation, museums, and institutions of education.

MISSION

City government is dedicated to controlling spending while giving residents and businesses the highest quality services possible. The city also works to create local, state, and federal policies (especially transportation, community development, and education policies) that enhance the natural advantage of Milwaukee. We are committed to:

- Making Milwaukee safer from crime to leverage tremendous opportunities for investment, quality of life, and personal well-being;
- Nurturing investment throughout Milwaukee to make the city an attractive place to own a home and operate a business;
- Strengthening the quality and enhancing the value of neighborhoods and housing;
- Developing Milwaukee's workforce as a competitive advantage to enable residents to qualify for quality jobs throughout the region which will make the region a more attractive location for new investment;
- Creating early childhood conditions that lead to success; and
- Providing for a healthy environment so that environmental conditions positively affect urban quality of life, public health, and economic competiveness.

THE 2006 CITY BUDGET: A STEP TOWARDS SUSTAINABILITY

Governmental budgeting tends towards a short term perspective. Legal provisions require adoption of an annual budget. The volatility inherent in expenditures and revenues drives an interest in limiting the time span for budget projections. Political interests tend to be pragmatic and oriented to the short term.

The City of Milwaukee has faced a structural budget imbalance for several years. A structural imbalance exists when the cost of continuing current service levels exceeds ongoing revenues under baseline assumptions. In short, the structural imbalance implies that the expenditures contained in a given year's adopted budget can't be sustained over time.

Fiscal pressures create more incentives for short term thinking. Making budgetary ends meet constitutes a huge challenge. As a result, the focus, not to mention the time, needed to look beyond each budget year conflicts with organizational reality and practical political concerns.

However, the understandable motivation for a short term focus creates problems of its own. An emphasis on "balancing the next budget" ignores the question of what services should remain priorities over time and of identifying the funding needed to sustain these services. A short term focus can also ignore the ongoing cost of a service or its impact on non-discretionary obligations such as debt service, collective bargaining provisions, or post-retirement benefits. Finally, a short term focus may defer decisions about revenue choices, resulting in ever greater imbalances, pressure on reserves, and chronic budget shortfalls.

The 2006 budget for Milwaukee reflected a multi-year perspective on the city's structural imbalance. The budget is part of a three year plan through 2008 that clarifies and improves the city's fiscal situation. This plan is no panacea for the city's fiscal challenge. However, the plan reduces the structural imbalance from $166 million, assuming no changes to 2005 baseline conditions, to a more manageable imbalance of $50 to $55 million. As such, this budget represents a step towards a more sustainable fiscal future.

The budget also emphasizes funding for services that support five key outcomes that the Mayor established to drive budget priorities. These outcomes relate to issues of urgent community interest, and include:

- Make Milwaukee safe from crime;
- Improve early childhood conditions;
- Develop Milwaukee's workforce as a competitive advantage;
- Nurture investment throughout the city; and
- Provide for a healthy environment.

Budget sustainability describes a condition under which ongoing revenues are adequate to fund the current level of services. The 2006-08 budget plan does not achieve complete budget sustainability. Additional decisions regarding expenditures and revenues will have to be made in 2007 and 2008. However, the plan contains strategies that will improve sustainability. It also identifies the extent to which service reductions would be needed in the absence of achieving full sustainability.

ASSESSMENT OF OPPORTUNITIES AND RISKS

An assessment of opportunities and risks to budget sustainability identifies potential barriers to achieving budgetary balance as well as existing factors that support desirable fiscal results. The assessment provides necessary information and focus for strategies to improve ongoing sustainability.

Opportunities

1. Long term pension obligations are well funded and place relatively little short term pressure on city finances.

2. Recent growth in the tax base supports borrowing for economic development and infrastructure programs.

3. Since 2004 the city has added almost $28 million of own source revenue diversification to the tax levy supported budget. This has helped the city adjust to the freeze in State Shared Revenue.

4. The city can prioritize budget expenditures within a challenging fiscal environment. Implementation of the Mayor's Accountability in Management (AIM) Initiative will support a process of making budget priorities operationally meaningful.

5. The city's grants initiative has the potential to improve substantially the city's receipt of external funding.

Risks

1. Health care benefits for current employes and retirees pose a growing liability that will require a greater share of the budget unless Benefit Plan design changes are made. These legacy costs and future commitments under current plan design could double within eight years and this impact would cause major service reductions.

2. The absence of growth to State Shared Revenue and limited own source revenue authority result in a disproportionate property tax role in funding city services.

3. Growth in poverty among Milwaukee's population and the city's role as a regional employment and tax exempt service center drives demand for most city services. Demand for services is not responsive to declines in total population.

4. Newly issued levy supported debt has exceeded debt retirements in recent years. As a result, since 1995 the debt service tax levy has grown 43%, compared to a 14% increase in the total Tax Levy Supported budget during the same time period.

5. The city's revenue structure is not well equipped to deal with increased inflationary pressure.

6. Reductions to the CDBG funding weaken the capacity to develop initiatives to address community needs.

REVENUE ISSUES

On the revenue side, the city's structural imbalance results from the absence of growth to State Shared Revenue and limited own source revenue authority. This results in a disproportionate burden on the property tax levy as a funding source for city services.

The "Tax Levy Exposed" expenditure components of the budget are those with a direct impact on the property tax levy. These components totaled $622.5 million in 2005, and include the General City Purposes Budget; the Contingent Fund; the Delinquent Tax Fund; levy funded capital expenditures; and the tax levies for debt service and retirement provisions. In the 2006 budget, these components grew to $650.7 million, a 4.5% increase.

The following table illustrates the proportionate share various revenue sources play in funding city services:

Revenue Sources for 2006 Tax Levy Exposed Budget

Source	Amount *	Proportion
Intergovernmental Revenues	$272.2	41.9%
Property Taxes	$213.1	32.8%
Charges, Fees, Licenses, Permits, Fines, Miscellaneous, and Enterprise Fund Fringe Benefit Payments **	$135.0	20.7%
Payments in Lieu of Taxes	$14.1	2.1%
Tax Stabilization Fund Withdrawal	$16.3	2.5%
Total	$650.7	100%

* Amounts are in millions of dollars
** Includes Parking Fund Transfer of $15.2 million

The total 2006 city budget is $1.211 billion. This includes $560.4 million that is funded by revenues that do not have a direct impact on the tax levy. These "Non-Tax Levy Exposed Budget" components include:

- $226.1 million of enterprise fund revenues to finance the city's Water Works ($107.4 million), Sewer Services ($58.9 million), Parking Services, ($49.3), and an Economic Development Fund ($10.5 million);
- $128.3 million in projected borrowing proceeds, including $45.8 million for Tax Increment Finance projects;
- $79 million in Grant and Aid Funding;
- $66.8 million in various non-property tax debt service revenues, including the Public Debt Amortization Fund withdrawal;
- $25.8 million in capital cash revenues and special assessments;
- $23.3 in non-tax levy retirement revenues;
- $9 million for the purchase of delinquent Milwaukee County taxes;

In 2006, the city will fund 74.7% of its Tax Levy Exposed budget expenditures through two revenue sources: intergovernmental revenues (41.9%) and property taxes (32.8%). The Comptroller's *2005 Expenditure and Taxes Report* illustrates that Milwaukee's revenue structure is relatively undiversified. Compared to a sample of nine other benchmark cities, Milwaukee receives $285 more per capita in property taxes and intergovernmental aids. However, Milwaukee receives a combined $580 *less* per capita than the benchmark average in other local taxes (such as a local sales tax) and charges for services. On a total revenue basis, Milwaukee receives $261 less in revenue per capita than the benchmark average.

The trend in intergovernmental revenues poses a major challenge for budget stability. Since 1995, there has been virtually no nominal growth in these funds, and they have fallen approximately $65 million in inflation adjusted terms.

Historically, State Shared Revenue's annual growth made local governments' limited "own source" revenue authority a sound policy option for Milwaukee and other communities. However, the 2005 Comptroller's report indicates the absence of growth in State Shared Revenue since 1995 has severely limited Milwaukee's fiscal options. The report shows that when intergovernmental aids and "own source" taxes are combined, Milwaukee's revenue per capita is considerably below the average of a sample of comparably sized cities.

The three year budget plan will continue to employ revenue diversification. The plan estimates that annual operating budget non-property tax "own source" revenues, excluding reserve use, will increase by $29 million between a 2005 base and 2008. This includes $10.5 million in revenue from the increase to the Solid Waste Charge that the Common Council adopted for the 2006 budget. The plan will also diversify capital funding by at least $2.5 million annually. In addition, the plan will examine the feasibility of Sewer Fund revenues paying for a larger share of sewer related debt service from prior years. However, these actions alone will not be adequate to restore structural balance.

EXPENDITURE ISSUES

A review of the 2006 budget indicated that in order to continue services at the same level as in 2005, approximately $36 million in revenue growth would be required for the "Tax Levy Exposed" budget. Major factors in this calculation include:

- An $8.6 million increase for employee health care benefits;
- Almost $6.4 million to fund wages for all existing sworn police positions, and the cost associated with the two recruit classes needed to maintain existing strength levels;
- Almost $5.8 million increase for net debt service, which needs to be paid for by the tax levy.

These factors consume almost two-thirds of the projected "cost-to-continue" revenue need.

In addition to these items, three other factors that departed from trends placed significant unanticipated expenditure pressure on the 2006 city budget:

- Energy related costs drive an additional $3.5 million of expenditures in the Tax Levy Supported budget, and an additional $1 million or more in enterprise fund budgets. Projected energy cost increases consume more than 85% of the permitted levy increase under state law.
- A projected increase of 21% over the 2005 budget drives a $1.9 million budget increase for Workers Compensation.
- Changes in federal CDBG policy as well as a $2 million funding reduction for CDBG funded city services place approximately $3 million of additional pressure on the city budget.

Three structural issues affect the expenditure side of the city's structural imbalance:

- The city's health care benefits for pre-Medicare age retirees are growing and the "pay-as-you go" financing as well as generous plan design will crowd out operational spending in the absence of structural changes.
- Total active employee compensation costs (wages and benefits) increase almost three times more than available revenues from baseline non-property tax revenue growth and the state levy limit for all non-debt service expenditures.
- Debt service obligations comprise more than one-quarter of the tax levy and have increased 42.6% since 1995.

Departmental service reductions and productivity improvements have been two important strategies used to offset the impact of these structural challenges. Department operating expenditures for services (excluding fringe benefit related special accounts) actually declined $6.7 million between 1995 and 2005. In inflation adjusted terms, department operating expenditures declined 23.6%, or $-130.3 million during this period. The only net increase to the tax levy funded operating budget since 1995 has been for fringe benefits - primarily for active and retired employee health care benefits.

The Council has also initiated increases to employee cost sharing for health benefits through recent collective bargaining agreements and management compensation actions. However, on an aggregate basis employee cost sharing for health care benefits is still considerably lower than comparably sized private sector employers.

The 2006 "Tax Levy Exposed" budget includes about $24 million in revenue increases above the baseline, as part of the three year plan to improve budget stability. The three year plan generates most of its revenue increases during 2006. This assists in the planning process and allows for modest revenue growth during 2007 and 2008.

The 2006 Tax Levy Exposed budget also includes about $13 million in expenditure reductions, compared to baseline trends. Expenditure reductions will continue to play a significant role in achieving budgetary balance during 2007 and 2008.

STRATEGIES TO RESOLVE THE STRUCTURAL IMBALANCE

The three year structural imbalance at the beginning of the planning process was approximately $166 million. This projection was based on continuation of 2005 baseline revenue and expenditure trends through 2008. The Mayor's proposed revenue increases and expenditure reductions that the Common Council has adopted reduce the imbalance by about $30 million in 2006, and by about $100 million over the three year period when the cumulative impacts, as well as those of compounding, are taken into effect.

The adopted 2006 budget tax includes levy exposed expenditures and revenues of $650.7 million. Based on projected annual property tax levy and non-property tax revenue increases of 2.5%, the 2007 and 2008 combined structural imbalance is approximately $55 million, assuming that 2006 baseline trends in expenditures and fringe benefits were to continue. In the absence of structural revenue or expenditure changes, the city will need to reduce expenditures and/or increase existing revenues by approximately $22 million in 2007 and $13 million in 2008 to achieve budgetary balance. (Budgetary balance in 2007 reduces the cumulative and compounding impacts that would otherwise occur in 2008.) This suggests that a sustainable budget approach requires action on both costs and revenues.

Strategies

1. Reduce the amount of tax levy supported borrowing for city and school purposes to $56.5 million by 2008, from $71.5 million in 2004. This will result in new levy supported debt growing at about the same pace as levy-supported debt payoffs. This should achieve a stable debt service levy by 2010.

2. Diversify annual operating and capital budget revenues away from the tax levy by at least $30 million between a 2005 baseline and 2008. Approximately two thirds of this growth was achieved in 2006, mostly due to policy changes. Growth in 2007 and 2008 will result primarily from inflation and economy driven growth.

3. Reduce levy supported operating and capital expenditures by at least $35 million over 2007 and 2008. This amount can be reduced to the extent that structural changes to fringe benefit design, compensation costs, capital finance, and/or city revenues occur.

4. Achieve a $1 million annual reduction from trend growth in health care benefits costs by 2008, and limit annual worker's compensation increases to 6% by the same year. (These changes are exclusive of any that could occur as a result of collective bargaining, and would result from changes in plan administration, improved safety measures, and disease management initiatives.)

5. In the absence of major structural revenue changes, convert 80% of the levy funded recurring infrastructure programs to borrowing by 2009, within a total levy supported borrowing amount of $56.5 million. This will "free up" $8.6 million of tax levy for operating services in 2009, compared to 2005. This would reduce the amount of expenditure reductions needed for budgetary balance during 2007 and 2008 by a combined amount of $7.2 million, based on the currently projected six year Capital Improvements Plan.

CONCLUSION

This plan does not eliminate the difficult challenges that the city faces to achieve fiscal sustainability. However, it represents a real step towards improved sustainability by linking feasible strategies to each of the major components of the structural imbalance.

An important plan component is a commitment to improved service quality. The Administration will implement a management initiative modeled on Baltimore's CitiStat. This initiative is called Accountability in Management, or AIM. AIM is designed to improve service response times and quality, increase accountability to the citizens, and reduce unnecessary costs.

The three year plan will also continue the Barrett Administration's commitment to meaningful public involvement on city budget issues that began during 2005. This involvement will be an essential part of refining the appropriate balance between the service reductions and revenue increases needed to achieve sustainability. In addition, public involvement will serve as a valuable input into defining service strategies and priorities during the plan period.

2006 ADOPTED BUDGET AND TAX RATE COMPARED TO PRIOR YEAR

PURPOSE OF EXPENDITURE AND FUNDING SOURCE	2005 ADOPTED BUDGET*	2006 ADOPTED BUDGET*	CHANGE 2006 MINUS 2005 ADOPTED	2005 ADOPTED	2006 ADOPTED	CHANGE 2006 MINUS 2005 ADOPTED
A. GENERAL CITY PURPOSES						
1. Budget (Expend. Auth.)	$513,392,003	$536,449,052	$23,057,049			
2. Non Tax Levy Funding	419,552,981	437,640,452	18,087,471			
3. Tax Levy Funding	$93,839,022	$98,808,600	$4,969,578	$4.25	$4.06	$-0.19
B. EMPLOYEE RETIREMENT						
1. Budget (Expend. Auth.)	$64,688,277	$63,713,789	$-974,488			
2. Non Tax Levy Funding	24,596,903	23,326,076	-1,270,827			
3. Tax Levy Funding	$40,091,374	$40,387,713	$296,339	$1.82	$1.66	$-0.16
C. CAPITAL IMPROVEMENTS						
1. Budget (Expend. Auth.)	$94,881,921	$164,863,924	$69,982,003			
2. Non Tax Levy Funding	84,762,496	156,234,871	71,472,375			
3. Tax Levy Funding	$10,119,425	$8,629,053	$-1,490,372	$0.46	$0.35	$-0.10
D. CITY DEBT						
1. Budget (Expend. Auth.)	$122,711,665	$125,541,827	$2,830,162			
2. Non Tax Levy Funding	69,770,143	66,816,591	-2,953,552			
3. Tax Levy Funding	$52,941,522	$58,725,236	$5,783,714	$2.40	$2.41	$0.02
E. DELINQUENT TAX						
1. Budget (Expend. Auth.)	$1,000,000	$1,000,000	$0			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	$1,000,000	$1,000,000	$0	$0.05	$0.04	$-0.00
F. CONTINGENT FUND						
1. Budget (Expend. Auth.)	$5,000,000	$5,500,000	$500,000			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	$5,000,000	$5,500,000	$500,000	$0.23	$0.23	$-0.00
SUBTOTAL (A+B+C+D+E+F)						
1. Budget (Expend. Auth.)	**$801,673,866**	**$897,068,592**	**$95,394,726**			
2. Non Tax Levy Funding	**598,682,523**	**684,017,990**	**85,335,467**			
3. Tax Levy Funding	**$202,991,343**	**$213,050,602**	**$10,059,259**	**$9.19**	**$8.75**	**$-0.44**
G. PARKING FUND						
1. Budget (Expend. Auth.)	$47,584,804	$49,271,593	$1,686,789			
2. Non Tax Levy Funding	47,584,804	49,271,593	1,686,789			
3. Tax Levy Funding	$0	$0	$0	$0.00	$0.00	$0.00
H. GRANT AND AID						
1. Budget (Expend. Auth.)	$81,360,664	$79,020,376	$-2,340,288			
2. Non Tax Levy Funding	81,360,664	79,020,376	-2,340,288			
3. Tax Levy Funding	$0	$0	$0	$0.00	$0.00	$0.00
I. DEVELOPMENT FUND						
1. Budget (Expend. Auth.)	$5,388,818	$10,534,254	$5,145,436			
2. Non Tax Levy Funding	5,388,818	10,534,254	5,145,436			
3. Tax Levy Funding	$0	$0	$0	$0.00	$0.00	$0.00
J. WATER DEPARTMENT						
1. Budget (Expend. Auth.)	$102,222,241	$107,370,974	$5,148,733			
2. Non Tax Levy Funding	102,222,241	107,370,974	5,148,733			
3. Tax Levy Funding	$0	$0	$0	$0.00	$0.00	$0.00
K. SEWER MAINTENANCE FUND						
1. Budget (Expend. Auth.)	$54,529,316	$58,920,730	$4,391,414			
2. Non Tax Levy Funding	54,529,316	58,920,730	4,391,414			
3. Tax Levy Funding	$0	$0	$0	$0.00	$0.00	$0.00
M. COUNTY DELINQUENT TAXES FUND						
1. Budget (Expend. Auth.)	$9,500,000	$9,000,000	$-500,000			
2. Non Tax Levy Funding	9,500,000	9,000,000	-500,000			
3. Tax Levy Funding	$0	$0	$0	$0.00	$0.00	$0.00
SUBTOTAL (G+H+I+J+K+M)						
1. Budget (Expend. Auth.)	**$300,585,843**	**$314,117,927**	**$13,532,084**			
2. Non Tax Levy Funding	**300,585,843**	**314,117,927**	**13,532,084**			
3. Tax Levy Funding	**$0**	**$0**	**$0**	**$0.00**	**$0.00**	**$0.00**
TOTAL (A thru M)						
1. Budget (Expend. Auth.)	**$1,102,259,709**	**$1,211,186,519**	**$108,926,810**			
2. Non Tax Levy Funding	**899,268,366**	**998,135,917**	**98,867,551**			
3. Tax Levy Funding	**$202,991,343**	**$213,050,602**	**$10,059,259**	**$9.19**	**$8.75**	**$-0.44**

Tax Rates and Assessed Value - 2006 Adopted Rate Column is Based on an Estimated Assessed Value of $24,337,563,772 as of December 2, 2005.

PROPERTY TAX PROFILE COMBINED PROPERTY TAX RATES 2002 THROUGH 2006

(Per $1,000 Assessed Valuation, Rounded to the Nearest Full Cent. Rates May Not Add Due to Rounding)

	2002	2003	2004	2005	2006
City of Milwaukee (Controlled by the Common Council)					
General City Purposes	$4.30	$4.37	$4.16	$4.25	$4.06
Provision for Employee Retirement	2.21	2.11	2.07	1.82	1.66
Capital Improvement Program	0.58	0.55	0.56	0.46	0.35
City Debt (Including School Debt)	3.41	2.82	2.64	2.40	2.41
Delinquent Tax Fund	0.06	0.05	0.05	0.05	0.04
Common Council Contingent Fund	0.31	0.26	0.24	0.23	0.23
Subtotal City of Milwaukee	**$10.87**	**$10.16**	**$9.72**	**$9.19**	**$8.75**
Area Board of Vocation, Technical and Adult Education District Nine	$2.23	$2.05	$2.04	$2.00	$1.96
Milwaukee School Board	10.12	9.34	8.96	9.40	8.79
Metropolitan Sewerage District	1.87	1.74	1.64	1.59	1.48
State Forestry	0.22	0.23	0.23	0.21	0.20
Milwaukee County	5.91	5.17	4.92	4.71	4.43
Subtotal Other Taxing Bodies	**$20.35**	**$18.53**	**$17.79**	**$17.90**	**$16.86**
Total Combined Tax Rate	**$31.22**	**$28.69**	**$27.51**	**$27.09**	**$25.61**
State Tax Credit	$-1.66	$-1.43	$-1.35	$-1.23	$-1.11
Net Tax Rate	$29.56	$27.26	$26.16	$25.86	$24.50

PROPERTY TAX LEVIES FOR COMMON COUNCIL CONTROLLED PURPOSES

	2002	2003	2004	2005	2006
General City Purposes	$74,364,442	$84,734,381	$85,155,728	$93,839,022	$98,808,600
Provision for Employee Retirement	38,090,209	40,937,332	42,386,238	40,091,374	40,387,713
Capital Improvement Program	6,284,793	10,587,803	11,475,510	10,119,425	8,629,053
City Debt	58,915,763	54,762,233	53,994,910	52,941,522	58,725,236
Delinquent Tax Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Common Council Contingent Fund	5,420,458	5,000,000	5,000,000	5,000,000	5,500,000
Total Property Tax Levies for Common Council Controlled Purposes	**$184,075,665**	**$197,021,749**	**$199,012,386**	**$202,991,343**	**$213,050,602**

TAXABLE ASSESSED VALUATION

	2002	2003	2004	2005	2006
Residential	$10,358,670,619	$12,027,394,755	$12,938,633,380	$14,301,661,916	$16,116,818,000
Commercial	5,716,180,475	6,176,360,800	6,493,804,441	6,903,490,064	7,547,715,194
Manufacturing	717,830,700	765,130,300	729,858,200	733,599,500	721,966,100
Total Real Estate	**$16,792,681,794**	**$18,968,885,855**	**$20,162,296,021**	**$21,938,751,480**	**$24,386,499,294**
Personal Property	$997,177,244	$897,397,660	$847,221,220	$833,668,020	$835,649,880
Total Taxable Assessed Valuation	**$17,789,859,038 (a)**	**$19,866,283,515 (b)**	**$21,009,517,241 (c)**	**$22,772,419,500 (d)**	**$25,222,149,174 (e)**

*Amount Includes Tax Increment District Assessed Value

(a) Based upon assessed values as of December 5, 2001.

(b) Based upon assessed values as of December 5, 2002.

(c) Based upon assessed values as of December 5, 2003.

(d) Based upon assessed values as of December 3, 2004.

(e) Based upon assessed values as of December 2, 2005.

COMPARISONS BY BUDGET SECTION
BETWEEN 2005 ADOPTED AND 2006 ADOPTED
BUDGETS, REVENUES, TAX LEVIES, AND RESULTING CHANGES

	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
A. General City Purposes			
Appropriations			
Salaries and Wages	$306,872,364	$322,118,444	$15,246,080
Fringe Benefits	95,670,728	118,455,278	22,784,550
Operating Expenditures	55,164,771	58,519,001	3,354,230
Equipment Purchases	5,706,256	6,552,657	846,401
Special Funds	145,648,612	149,258,950	3,610,338
Fringe Benefit Offset	-95,670,728	-118,455,278	-22,784,550
Total Appropriations	$513,392,003	$536,449,052	$23,057,049
Funding Sources			
General City Revenues	$402,931,981	$421,312,452	$18,380,471
Tax Stabilization Fund Withdrawal	16,621,000	16,328,000	-293,000
Property Tax Levy	93,839,022	98,808,600	4,969,578
Total Revenues	$513,392,003	$536,449,052	$23,057,049
B. Employee Retirement			
Total Appropriations	$64,688,277	$63,713,789	$-974,488
Funding Sources			
Non-Property Tax Revenue	$24,596,903	$23,326,076	$-1,270,827
Property Tax Levy	40,091,374	40,387,713	296,339
Total Revenues	$64,688,277	$63,713,789	$-974,488
C. Capital Improvements			
Total Capital Improvements Program			
Appropriations	$94,881,921	$164,863,924	$69,982,003
Funding Sources			
1. Borrowing (General Obligation)			
a. New	$46,667,446	$82,530,072	$35,862,626
b. Carryover	(107,763,520)	(95,227,090)	(12,536,430)
2. Borrowing (Tax Incremental Districts)			
a. New	$20,000,000	$58,000,000	$38,000,000
b. Carryover	(30,715,914)	(33,525,914)	(2,810,000)
3. Special Assessments (Internal Borrowing)			
a. New	$3,895,050	$2,804,799	$-1,090,251
b. Carryover	(18,070,783)	(17,029,740)	(1,041,043)
4. Cash Financed			
a. From Revenues			
1. New	$14,200,000	$12,900,000	$-1,300,000
2. Carryover	(0)	(0)	(0)
b. From Tax Levy	10,119,425	8,629,053	-1,490,372
c. Total Cash Financed	$24,319,425	$21,529,053	$-2,790,372
Total Revenues (Capital Improvements)	$94,881,921	$164,863,924	$69,982,003
D. City Debt			
Total Appropriations (Includes Borrowing for Milwaukee Public Schools)	$122,711,665	$125,541,827	$2,830,162

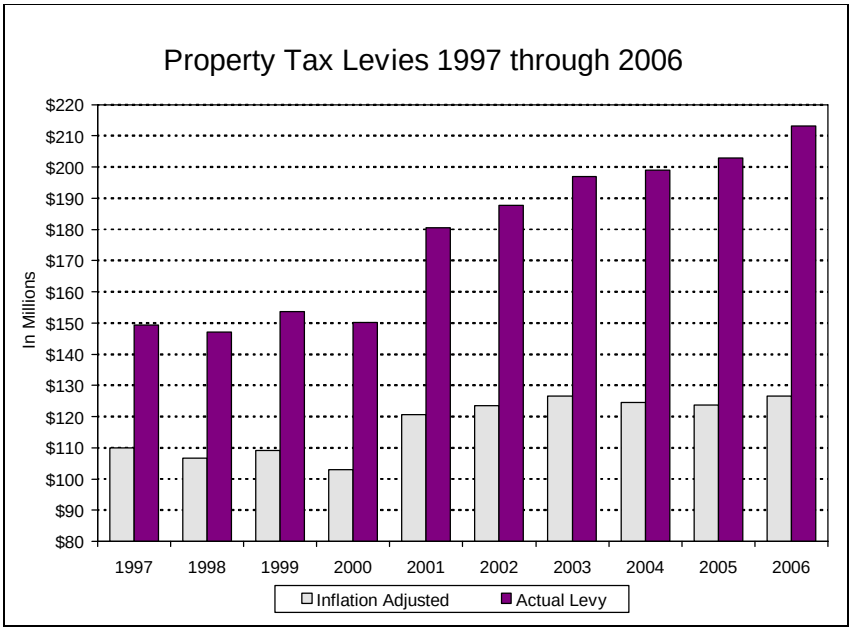
	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Funding Sources			
Revenues	$36,379,821	33,523,231	$-2,856,590
TID Increments	18,596,776	18,804,333	207,557
Delinquent Tax Revenue	14,793,546	14,489,027	-304,519
Property Tax Levy	52,941,522	58,725,236	5,783,714
Total Revenues	$122,711,665	$125,541,827	$2,830,162
E. Delinquent Tax			
Total Appropriations	$1,000,000	$1,000,000	$0
Funding Sources			
Total Revenue (Property Tax Levy)	$1,000,000	$1,000,000	$0
F. Common Council Contingent Fund			
Total Appropriations	$5,000,000	$5,500,000	$500,000
Funding Sources			
Total Revenue (Property Tax Levy)	$5,000,000	$5,500,000	$500,000
Subtotals (Items A through F)			
City Budget Appropriations (Excluding Special Revenue Accounts)	$801,673,866	$897,068,592	$95,394,726
Less: Non-Property Tax Revenues	598,682,523	684,017,990	85,335,467
Property Tax Levies	$202,991,343	$213,050,602	$10,059,259
Special Revenue Accounts (Items G through M)			
G. Parking			
Total Appropriations	$47,584,804	$49,271,593	$1,686,789
Funding Sources			
Current Revenues	$17,573,369	$18,032,857	$459,488
Capital Improvements from Reserves	5,000,000	5,000,000	0
Withdrawal from Reserves	4,811,435	5,158,736	347,301
Citation Revenue and Processing	19,000,000	19,000,000	0
New Borrowing	1,200,000	2,080,000	880,000
Carryover Borrowing	(1,800,369)	(1,935,369)	(135,000)
Total Revenues	$47,584,804	$49,271,593	$1,686,789
H. Grant and Aid			
Total Appropriations	$81,360,664	$79,020,376	$-2,340,288
Funding Sources			
Grantor Share	$81,360,664	$79,020,376	$-2,340,288
Total Revenues	$81,360,664	$79,020,376	$-2,340,288
I. Economic Development			
Total Appropriations	$5,388,818	$10,534,254	$5,145,436
Funding Sources			
Business Improvement District Assessment	$5,388,818	$5,784,254	$395,436
Excess TID Revenues	0	4,750,000	4,750,000
Total Revenues	$5,388,818	$10,534,254	$5,145,436

	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
J. Water Works			
Appropriations			
Operating Budget	$57,592,241	$60,504,974	$2,912,733
Capital Improvements Program	18,790,000	20,120,000	1,330,000
Debt Service (Principal and Interest)	7,650,000	7,226,000	-424,000
Capital Funding from Retained Earnings	18,190,000	19,520,000	1,330,000
Total Appropriations	$102,222,241	$107,370,974	$5,148,733
Funding Sources			
Current Operating Revenues	$70,765,322	$67,485,733	$-3,279,589
Non-Operating Revenues	7,859,000	8,616,000	757,000
Use of Retained Earnings	23,597,919	31,269,241	7,671,322
Total Revenues	$102,222,241	$107,370,974	$5,148,733
K. Sewer Maintenance			
Appropriations			
Operating Budget	$31,823,316	$35,420,730	$3,597,414
Capital Improvements Program	22,706,000	23,500,000	794,000
Total Appropriations	$54,529,316	$58,920,730	$4,391,414
Funding Sources			
Sewer User Fee	$31,000,000	$27,600,000	$-3,400,000
Storm Water Management Fee	0	6,575,552	6,575,552
Charges for Services	149,871	198,818	48,947
Miscellaneous	276,570	294,928	18,358
Retained Earnings	396,875	751,432	354,557
Proceeds from Borrowing	22,706,000	23,500,000	794,000
Carryover Borrowing	(13,703,500)	(35,203,500)	(21,500,000)
Total Revenues	$54,529,316	$58,920,730	$4,391,414
M. County Delinquent Taxes			
Appropriations			
Operating Budget	$9,500,000	$9,000,000	$-500,000
Total Appropriations	$9,500,000	$9,000,000	$-500,000
Funding Sources			
Operating Revenue	$9,500,000	$9,000,000	$-500,000
Total Revenues	$9,500,000	$9,000,000	$-500,000
Subtotals Special Revenue Account Budgets (Items G through M)			
Total Budgets	$300,585,843	$314,117,927	$13,532,084
Total Revenues (Non-Property Tax)	$300,585,843	$314,117,927	$13,532,084
Grand Totals (Items A through M)			
Budget Appropriations	$1,102,259,709	$1,211,186,519	$108,926,810
Less: Non-Property Tax Revenues	$899,268,366	$998,135,917	$98,867,551
Property Tax Levies	$202,991,343	$213,050,602	$10,059,259

Note: All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance reserved for tax stabilization. For budget purposes, the fund balance reserved for tax stabilization is reflected as other financing sources. However, for accounting purposes it is reflected as part of the overall fund balance.

PROPERTY TAX RATE AND LEVY COMPARISON

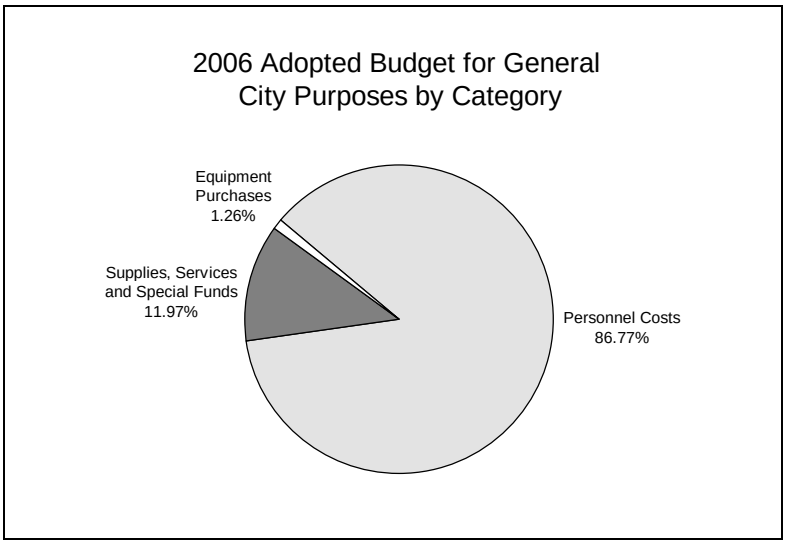
The graphs below show property tax rates and levies for the City of Milwaukee from 1997 through the 2006 budget. The 2006 tax rate of $8.75 is $0.44 lower than the 2005 rate of $9.19. The 2006 tax levy of $213.1 million totals an increase of $10.1 million from the 2005 levy of $203 million. Since 1997, the property tax rate has decreased by $1.49, from $10.24 in 1997 to the 2006 rate of $8.75. During this same period, the "real" or inflation adjusted property tax levy has increased $16.6 million.



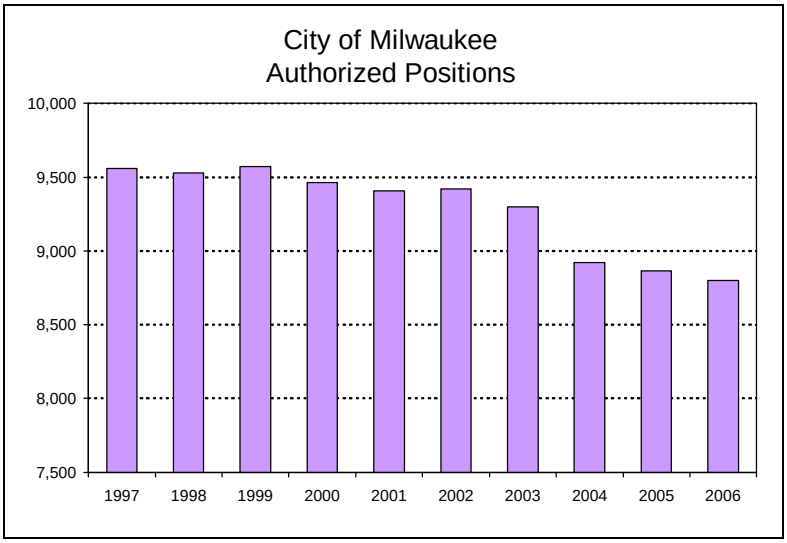
GENERAL CITY PURPOSES SPENDING

The pie chart below depicts the proportions of general city purposes spending allocated to Personnel Costs (86.77%), Supplies, Services, and Special Funds (11.97%), and Equipment Purchases (1.26%) in the 2006 budget.

It should be noted that the 2006 budget funds approximately $9.4 million of major equipment purchases in the capital budget.



The following bar graph indicates changes in authorized positions from 1997 to 2006. Funding for personnel costs (which include salary and wages) relates directly to the number of positions authorized citywide. Excluding temporary and seasonal staff, the 2006 budget reflects a net decrease of 62 positions from 2005 levels (8,863 in 2005 to 8,801 in 2006).



CHANGE IN POSITIONS

2005 ADOPTED AND 2006 ADOPTED BUDGET

	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
GENERAL CITY PURPOSES			
Administration, Department of	105	103	-2
Assessor's Office	56	58	2
City Attorney	62	64	2
City Development, Department of	238	261	23
Common Council City Clerk	102	102	0
Comptroller	68	67	-1
Election Commission	70	110	40
Employee Relations, Department of	98	93	-5
Fire Department	1,154	1,151	-3
Health Department	345	326	-19
Library	409	402	-7
Mayor's Office	14	14	0
Municipal Court	44	44	0
Neighborhood Services, Department of	227	224	-3
Police Department	2,953	2,961	8
Port of Milwaukee	29	30	1
Public Works, Department of (Total)	(2,456)	(2,422)	(-34)
Administrative Services Division	65	65	0
Infrastructure Services Division	711	703	-8
Operations Division	1,680	1,654	-26
Special Purpose Account - Board of Zoning Appeals	11	11	0
Treasurer's Office	60	59	-1
GENERAL CITY PURPOSES TOTAL	**8,501**	**8,502**	**1**
GENERAL CITY PURPOSES TOTAL*	**8,438**	**8,399**	**-39**
PENSIONS			
Deferred Compensation	2	2	0
Employes' Retirement System	48	48	0
Policemen's Annuity and Benefit Fund	1	1	0
PENSIONS TOTAL	**51**	**51**	**0**
Parking Fund	128	129	1
Sewer Maintenance Fund	198	199	1
Water Works	363	355	-8
SUBTOTAL BUDGETED POSITIONS	**9,241**	**9,236**	**-5**
Less Temporary Positions	378	435	57
TOTAL BUDGETED POSITIONS	**8,863**	**8,801**	**-62**

*Does not include Election Commissioners and Election Commission Temporary Office Assistants (63 positions in 2005 and 103 positions in 2006) due to staffing fluctuations between election and non-election years.

ESTIMATED FULL TIME EQUIVALENTS BY DEPARTMENT
O & M FUNDED

	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
GENERAL CITY PURPOSES			
Administration, Department of	63.03	64.17	1.14
Assessor's Office	48.55	48.55	0.00
City Attorney	57.56	58.40	0.84
City Development, Department of	45.02	45.13	0.11
Common Council City Clerk	91.90	92.90	1.00
Comptroller	53.30	52.24	-1.06
Election Commission*	7.00	7.00	0.00
Employee Relations, Department of	64.87	59.05	-5.82
Fire Department	1,080.46	1,167.12	86.66
Health Department	169.35	167.55	-1.80
Library	325.84	330.00	4.16
Mayor's Office	12.50	12.50	0.00
Municipal Court	39.50	39.50	0.00
Neighborhood Services, Department of	167.58	167.58	0.00
Police Department	2,602.65	2,654.81	52.16
Port of Milwaukee	15.00	18.00	3.00
Public Works, Department of (Total)	(1,104.30)	(1,075.37)	(-28.93)
Administrative Services Division	53.98	52.18	-1.80
Infrastructure Services Division	254.38	244.90	-9.48
Operations Division	795.94	778.29	-17.65
Special Purpose Accounts	3.00	3.00	0.00
Treasurer's Office	30.98	29.93	-1.05
GENERAL CITY PURPOSES TOTAL	**5,982.39**	**6,092.80**	**110.41**
PENSIONS			
Deferred Compensation	2.00	2.00	0.00
Employes' Retirement System	40.00	40.00	0.00
Policemen's Annuity and Benefit Fund	0.59	0.50	-0.09
PENSIONS TOTAL	**42.59**	**42.50**	**-0.09**
Parking Fund	126.25	126.75	0.50
Sewer Maintenance Fund	113.33	113.71	0.38
Water Works	385.28	373.04	-12.24
GRAND TOTAL	**6,649.84**	**6,748.80**	**98.96**

*Election Commission does not include Temporary Office Assistants (7.76 FTEs in 2005 and 12.16 FTEs in 2006) due to staffing fluctuations between election and non-election years.

COMPARISON OF 2006 ADOPTED EXPENDITURES AND FUNDING SOURCES
WITH PRIOR YEARS BY MAJOR BUDGET SECTIONS AND SUBSECTIONS
SECTION 1. CITY BUDGET UNDER THE CONTROL OF THE COMMON COUNCIL

	2003 ACTUAL** EXPENDITURES	2004 ACTUAL** EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
A. General City Purposes					
1. Budgets for General City Purposes					
Administration, Department of	$8,055,021	$7,998,615	$7,171,555	$7,723,828	$552,273
Assessor's Office	4,503,644	4,501,820	4,139,804	4,654,643	514,839
Attorney, City	6,279,151	6,367,139	6,185,158	6,833,434	648,276
City Development, Department of	4,254,068	3,695,495	3,219,144	3,535,712	316,568
Common Council City Clerk	7,763,485	7,238,575	7,097,667	7,829,179	731,512
Comptroller	4,243,594	4,984,094	6,140,809	6,428,104	287,295
Court, Municipal	3,231,848	3,227,846	3,120,575	3,370,945	250,370
Debt Commission, Public	450,114	0	0	0	0
Election Commission	1,316,923	2,080,850	1,090,490	1,815,237	724,747
Employee Relations, Department of	5,522,541	5,256,559	5,188,291	5,603,394	415,103
Fire Department	90,364,927	88,222,946	88,404,023	88,705,238	301,215
Health Department	13,437,762	13,671,002	12,565,109	13,808,572	1,243,463
Library	21,722,615	22,366,753	20,627,107	23,952,284	3,325,177
Mayor's Office	1,216,325	912,009	1,050,410	1,165,922	115,512
Neighborhood Services, Department of	12,319,189	12,916,303	12,945,618	14,125,791	1,180,173
Police Department	196,560,228	191,737,240	185,962,917	206,999,935	21,037,018
Port of Milwaukee	3,237,878	2,999,248	3,557,378	3,882,471	325,093
Public Works Department (Total)	(105,178,070)	(108,012,037)	(97,357,142)	(107,724,436)	(10,367,294)
Administrative Services Division	4,645,595	4,656,013	4,610,376	4,811,231	200,855
Infrastructure Services Division	22,752,888	23,448,108	21,482,735	23,131,188	1,648,453
Operations Division	77,779,587	79,907,916	71,264,031	79,782,017	8,517,986
Special Purpose Accounts	104,369,453 *	109,660,671 *	140,531,639	143,859,472	3,327,833
Treasurer, City	2,948,825	2,937,217	2,707,895	2,885,733	177,838
Fringe Benefit Offset	-98,739,662	-99,250,084	-95,670,728	-118,455,278	-22,784,550
Total Budgets for General City Purposes	$498,235,999 **	$499,536,335 **	$513,392,003	$536,449,052	$23,057,049
* Special Purpose Account Expenditures Do Not Include Wage Supplement Funding These Funds Are Reflected in Departmental Expenditures					
2. Source of Funds for General City Purposes (Revenues)					
Taxes and Payment in Lieu of Taxes	$13,200,618	$12,611,768	$12,559,200	$14,061,000	$1,501,800
Licenses and Permits	10,883,344	11,529,853	10,230,550	11,018,822	788,272
Intergovernmental Revenue	284,564,922	273,865,873	272,544,100	272,233,000	-311,100
Charges for Services	59,167,807	65,227,245	60,079,936	73,572,831	13,492,895
Fines and Forfeitures	6,115,060	5,634,941	5,213,000	5,206,000	-7,000
Miscellaneous Revenue	17,949,476	23,722,068	25,555,695	27,960,799	2,405,104
Fringe Benefits	17,752,497	17,430,354	16,739,500	17,250,000	510,500
Cost Recovery	10,000	0	10,000	10,000	0
Total Revenues	$409,643,724	$410,022,102	$402,931,981	$421,312,452	$18,380,471
Tax Stabilization Fund Withdrawals	$9,300,000	$16,870,000	$16,621,000	$16,328,000	$-293,000
Property Tax Levy	84,734,381	86,733,738	93,839,022	98,808,600	4,969,578
Total Financing for General City Purposes	$503,678,105	$513,625,840	$513,392,003	$536,449,052	$23,057,049
B. Employee Retirement					
1. Budgets for Employee Retirement					
Firemen's Pension Fund					
Pension Contribution	$268,234	$220,821	$228,200	$232,000	$3,800
Lump Sum Supplement Contribution	499,999	497,200	400,000	350,000	-50,000
Policemen's Pension Fund					
Pension Contribution	$473,708	$975,773	$975,773	$295,975	$-679,798
Administration	88,505	94,323	95,242	99,497	4,255
Employer's Share of Employees' Annuity Contribution	964	0	0	0	0
Lump Sum Supplement Contribution	500,000	500,000	400,000	0	-400,000

	2003 ACTUAL** EXPENDITURES	2004 ACTUAL** EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Employee's Retirement Fund					
Pension Contribution	$53,589	$0	$19,914	$21,550	$1,636
Administration	20,826,385	19,826,339	22,562,869	20,976,648	-1,586,221
Employer's Share of Employees Annuity Contribution	21,589,091	21,785,004	21,915,000	22,975,200	1,060,200
Annuity Contribution Employers' Reserve Fund	0	5,450,000	0	0	0
Social Security					
Social Security Tax	$16,637,057	$16,541,822	$16,810,000	$17,350,500	$540,500
Former Town of Lake Employees Retirement Fund					
Pension Contribution	$114,799	$13,470	$0	$8,700	$8,700
Former Town of Lake Firemen's Retirement Fund					
Pension Contribution	$22,536	$175,631	$20,250	$0	$-20,250
Deferred Compensation	$927,388	$900,978	$1,261,029	$1,403,719	$142,690
Total Budgets for Employee Retirement	$62,002,255 **	$66,981,361 **	$64,688,277	$63,713,789	$-974,488
2. Source of Funds for Employee Retirement					
Fringe Benefits Pension	$715,474	$774,542	$832,074	$1,033,127	$201,053
Charges to Retirement Fund	20,771,411	19,615,535	22,337,100	20,719,400	-1,617,700
Charges to Deferred Compensation	927,570	900,978	1,261,029	1,403,719	142,690
Employers' Reserve Fund	0	0	0	0	0
Miscellaneous Revenue	245	149,141	166,700	169,830	3,130
Property Tax Levy	40,937,332	42,386,238	40,091,374	40,387,713	296,339
Total Financing for Employee Retirement	$63,352,032	$63,826,434	$64,688,277	$63,713,789	$-974,488
C. Capital Improvements					
1. Budgets for Capital Improvements					
Special Capital Projects or Purposes	$3,437,965	$1,683,951	$10,325,000	$8,415,000	$-1,910,000
Administration, Department of	20,582	666,959	0	521,000	521,000
City Attorney	50,752	81,602	0	0	0
City Development, Department of	25,792,167	23,654,660	26,650,000	65,550,000	38,900,000
City Treasurer	0	0	232,160	0	-232,160
Common Council City Clerk	1,717	0	0	175,000	175,000
Fire Department	3,782,181	7,481,348	5,060,000	3,381,000	-1,679,000
Health Department	879,386	1,023,429	1,028,500	550,000	-478,500
Library	2,791,082	1,005,701	1,700,000	1,060,000	-640,000
Municipal Court	359,833	532,058	0	0	0
Neighborhood Services, Department of	444,893	27,032	0	0	0
Police Department	1,612,631	3,420,119	2,400,000	1,179,000	-1,221,000
Port of Milwaukee	1,412,869	2,469,247	725,000	1,025,000	300,000
Public Works, Department of (Total)	(43,173,037)	(52,303,301)	(46,761,261)	(83,007,924)	(36,246,663)
Administration Division	486,385	3,115,588	625,000	235,000	-390,000
Infrastructure Services Division	33,620,320	33,715,418	20,962,463	27,514,699	6,552,236
Operations Division	9,066,332	15,472,295	25,173,798	55,258,225	30,084,427
Total Budgets for Capital Improvements (Other than Parking, Water Works and Sewer Maintenance)	$83,759,095 **	$94,349,407 **	$94,881,921	$164,863,924	$69,982,003
2. Source of Funds for Capital Improvements					
General Obligation Borrowings					
New Borrowing	$47,477,350	$52,869,894	$46,667,446	$82,530,072	$35,862,626
Carryover Borrowing	0 (a)	0 (a)	107,763,520 (a)	95,227,090 (a)	-12,536,430 (a)
Tax Increment District Public Improvements					
New Borrowing	$22,127,080	$20,107,421	$20,000,000	$58,000,000	$38,000,000
Carryover Borrowing	0 (a)	0 (a)	30,715,914 (a)	33,525,914 (a)	2,810,000 (a)
Anticipated Special Assessments					
New Authorizations	$4,070,769	$5,872,741	$3,895,050	$2,804,799	$-1,090,251
Carryover Special Assessments	0 (a)	0 (a)	18,070,783 (a)	17,029,740 (a)	-1,041,043 (a)
Capital Improvement Revenues					
Cash Revenues	$1,975,763	$3,075,040	$14,200,000	$12,900,000	$-1,300,000
Carryover Capital Revenues	0 (a)	0 (a)	0 (a)	0 (a)	0 (a)
Property Tax Levy	$10,587,803	$12,424,311	$10,119,425	$8,629,053	$-1,490,372
Total Financing for Capital Improvements (Other than Parking, Water Works and Sewer Maintenance)	$86,238,765 *	$94,349,407 *	$94,881,921	$164,863,924	$69,982,003

	2003 ACTUAL** EXPENDITURES	2004 ACTUAL** EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
(a) Reiteration of Prior Year's Authority Does Not Affect Budget Totals					
*Does Not Include School Board Expenditures					
D. City Debt (Including School Purposes)					
1. Budget for City Debt					
Bonded Debt (Principal)	$80,879,456	$89,737,000	$89,735,899	$85,212,142	$-4,523,757
Bonded Debt (Interest)	36,181,130	37,222,459	40,444,262	48,884,685	8,440,423
Subtotal	$117,060,586	$126,959,459	$130,180,161	$134,096,827	$3,916,666
Less: Prepayment					
Prepayment Deduction (PDAF)	$0	$-4,000,000	$-4,000,000	$-5,000,000	$-1,000,000
Special Assessment	-3,295,953	-3,290,000	-3,468,496	-3,555,000	-86,504
Total Budget for City Debt (a)	$113,764,633 **	$119,669,459 **	$122,711,665	$125,541,827	$2,830,162
		Milwaukee School Board			
(a) Included in the Above City Debt Amounts are the Following Amounts for School Purposes Not Controlled by the Common Council:		2003	$14,145,935		
		2004	$13,206,168		
		2005	$14,036,413 (est.)		
		2006	$16,361,842 (est.)		
2. Source of Funds for City Debt					
Revenues	$33,515,691	$35,327,932	$36,379,821	$33,523,231	$-2,856,590
TID Increments from Prior Year	15,574,422	16,733,215	18,596,776	18,804,333	207,557
Delinquent Tax Revenues	12,945,000	13,613,402	14,793,546	14,489,027	-304,519
Property Tax Levy	54,762,233	53,994,910	52,941,522	58,725,236	5,783,714
Total Financing for City Debt	$116,797,346	$119,669,459	$122,711,665	$125,541,827	$2,830,162
E. Delinquent Tax					
1. Budget for Delinquent Tax Fund					
Delinquent Tax Fund	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$0
2. Source of Funds for Delinquent Tax Fund					
Property Tax Levy	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$0
F. Common Council Contingent Fund					
1. Budget for Common Council Contingent Fund					
Common Council Contingent Fund	($-5,000,000) *	($5,000,000) *	$5,000,000	$5,500,000	$500,000
2. Source of Funds for Common Council Contingent Fund					
Property Tax Levy	$5,000,000	$5,000,000	$5,000,000	$5,500,000	$500,000
*2002 and 2003 Experience Shown for Informational Purposes Only					
Expenditure Experience Represents Transfers and Expenditures Authorized by Resolution					
Subtotal Budget Authorizations Common Council Controlled Purposes					
(Except Water and Special Revenue Accounts)	$758,761,982	$781,536,562	$801,673,866	$897,068,592	$95,394,726
Non-Tax Levy	579,044,499	595,931,943	598,682,523	684,017,990	85,335,467
Tax Levy	197,021,749	201,539,197	202,991,343	213,050,602	10,059,259
Subtotal Financing for (Estimated Revenues) Common Council Controlled Budgets (Except Water and Special Revenue Accounts)	$776,066,248	$797,471,140	$801,673,866	$897,068,592	$95,394,726
Special Revenue Accounts Sections G through M					
G. Parking					
1. Budget for Parking Program					
Operating and Maintenance Expense	$24,609,432	$25,165,867	$26,174,804	$26,991,593	$816,789
Transfer to General Fund	8,300,000	12,000,000	15,210,000	15,200,000	-10,000
Capital Improvement Program	582,671	1,553,499	1,200,000	2,080,000	880,000
Capital Improvements to be Financed from Available Cash Reserves	0	0	5,000,000	5,000,000	0
Total Budget for Parking Program	$33,492,103 **	$38,719,366 **	$47,584,804	$49,271,593	$1,686,789
2. Source of Funds for Parking Operations					
Parking Permits	$2,631,394	$2,964,859	$2,710,000	$2,915,000	$205,000
Meters	4,130,220	4,312,104	4,114,600	4,098,000	-16,600
Rental and Lease of Facilities	6,937,448	6,898,755	6,739,345	6,769,857	30,512
Towing of Vehicles	1,955,597	2,248,716	1,950,000	1,950,000	0

	2003 ACTUAL** EXPENDITURES	2004 ACTUAL** EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Vehicle Disposal	1,846,005	2,680,182	1,700,000	2,300,000	600,000
Miscellaneous	2,115,007	135,609	359,424	0	-359,424
Subtotal Financing of Parking Operations	$19,615,671	$19,240,225	$17,573,369	$18,032,857	$459,488
Other Funding Sources					
Withdrawal from Reserves	$0	$0	$4,811,435	$5,158,736	$347,301
Citation Revenue	20,148,770	21,974,206	19,000,000	19,000,000	0
Miscellaneous	0	323,803	0	0	0
Capital Improvements to be Financed from Available:					
Cash Reserves	$0	$0	$5,000,000	$5,000,000	$0
New Borrowing	582,671	0	1,200,000	2,080,000	880,000
Carryover Borrowing	0	0	1,800,369 (a)	1,935,369 (a)	135,000 (a)
Subtotal Other Funding Sources	$20,731,441	$22,298,009	$30,011,435	$31,238,736	$1,227,301
Total Financing for Parking	$40,347,112	$41,538,234	$47,584,804	$49,271,593	$1,686,789
(a) Reiteration of Prior Year's Authority Does Not Affect Budget Totals					
H. Grant and Aid Projects (Except Capital Projects)					
1. Budget for Grant and Aid Projects					
Grantor Share (Non-City)	$72,221,627	$60,449,144	$81,360,664	$79,020,376	$-2,340,288
Total for Grant and Aid Projects	$72,221,627 **	$60,449,144 **	$81,360,664	$79,020,376	$-2,340,288
2. Source of Funds for Grant and Aid Projects					
Grantor Share (Non-City)	$72,295,821	$60,449,144	$81,360,664	$79,020,376	$-2,340,288
Total Financing for Grant and Aid Projects (Except Capital Projects)	$72,295,821	$60,449,144	$81,360,664	$79,020,376	$-2,340,288
I. Economic Development Fund					
1. Budget for Economic Development Fund					
Business Improvement Districts	$4,228,673	$4,624,620	$5,388,818	$10,534,254	$5,145,436
Total Budget for Economic Development Fund	$4,228,673	$4,624,620	$5,388,818	$10,534,254	$5,145,436
2. Source of Funds for Economic Development Fund					
Business Improvement District Assessments	$4,228,673	$4,623,673	$5,388,818	$10,534,254	$5,145,436
Total Source of Funds for Economic Development Fund	$4,228,673	$4,623,673	$5,388,818	$10,534,254	$5,145,436
J. Water Works					
1. Budget for Water Works, Department of Public Works					
Operating Budget	$59,163,207	$60,366,377	$65,242,241	$67,730,974	$2,488,733
Capital Improvements Program	11,713,229	12,754,805	18,790,000	20,120,000	1,330,000
Deposits to Special Accounts (Retained Earnings)	17,539,479	12,506,510	18,190,000	19,520,000	1,330,000
Total Expenditures and Deposits	$88,415,915 **	$85,627,692 **	$102,222,241	$107,370,974	$5,148,733
2. Source of Funds for Water Works					
Operating Revenue	$73,814,123	$65,791,948	$70,765,322	$67,485,733	$-3,279,589
Non-Operating Revenue	3,070,666	9,539,453	7,259,000	8,616,000	1,357,000
Retained Earnings	11,531,126	10,296,291	24,197,919	31,269,241	7,071,322
Total Source of Funds for Water Works	$88,415,915	$85,627,692	$102,222,241	$107,370,974	$5,148,733
K. Sewer Maintenance					
1. Budget for Sewer Maintenance					
Operating Budget	$21,673,855	$21,847,326	$31,823,316	$35,420,730	$3,597,414
Capital Budget	19,692,165	21,477,981	22,706,000	23,500,000	794,000
Total Budget for Sewer Maintenance	$41,366,020 **	$43,325,307 **	$54,529,316	$58,920,730	$4,391,414
2. Source of Funds for Sewer Maintenance					
Sewer User Fee	$32,054,649	$30,737,508	$31,000,000	$34,175,552	$3,175,552
Charges for Services	536,928	210,638	149,871	198,818	48,947
Miscellaneous Revenue	200,466	330,842	276,570	294,928	18,358
Retained Earnings	-11,118,188	-1,631,662	396,875	751,432	354,557
Proceeds from Borrowing	19,692,165	13,677,981	22,706,000	23,500,000	794,000
Total Source of Funds for Sewer Maintenance	$41,366,020	$43,325,307	$54,529,316	$58,920,730	$4,391,414

	2003 ACTUAL** EXPENDITURES	2004 ACTUAL** EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
M. Delinquent County Taxes					
1. Budget for Delinquent County Taxes					
Delinquent County Taxes and Tax Certificate Purchases	$8,928,153	$8,785,085	$9,500,000	$9,000,000	$-500,000
Total Budget for Delinquent County Taxes	$8,928,153	$8,785,085	$9,500,000	$9,000,000	$-500,000
2. Source of Funds for Delinquent County Taxes					
Purchase of Milwaukee County Delinquent Taxes	$8,928,153	$8,785,085	$9,500,000	$9,000,000	$-500,000
Total Source of Funds for Delinquent County Taxes	$8,928,153	$8,785,085	$9,500,000	$9,000,000	$-500,000
Subtotal Budget Authorization for Special Revenue Accounts	$248,652,491	$241,531,214	$300,585,843	$314,117,927	$13,532,084
Subtotal Estimated Revenues for Special Revenue Accounts	$255,581,694	$244,349,135	$300,585,843	$314,117,927	$13,532,084
Total All Budgets Under the Control of the Common Council* (Includes Water and Special Revenue Accounts)	$1,007,414,473	$1,023,067,776	$1,102,259,709	$1,211,186,519	$108,926,810
Total Financing Revenues of Budgets Under the Control of the Common Council (Includes Water and Special Revenue Accounts)	$1,031,647,942	$1,041,820,275	$1,102,259,709	$1,211,186,519	$108,926,810

** Expenditures Include Funding Carried Over From Prior Years

2006 SALARY AND WAGE INFORMATION USED FOR BUDGET PURPOSES
(FOR INFORMATIONAL PURPOSES ONLY)

The salary and rates shown in the following salary and wage schedule are based on the most current information available as of the date of the submittal of the 2006 adopted budget. (Please refer to the note at the end of schedule for procedure and assumption utilized in determining salary and wage appropriations in the 2006 budget.)

CURRENT RATES
(MINIMUM - MAXIMUM)

Pay	Annual Rate			Pay	Annual Rate			Pay	Annual Rate			Pay	Annual Rate			Pay	Annual Rate		
Range	Minimum	-	Maximum	Range	Minimum	-	Maximum	Range	Minimum	-	Maximum	Range	Minimum	-	Maximum	Range	Minimum	-	Maximum
001	34,368	-	48,111	255	38,772	-	43,265	445 *	34,767	-	38,473	572	45,348	-	52,766	733	38,391	-	47,367
002	36,623	-	51,264	258	39,090	-	44,325	450	35,501	-	41,679	576	51,432	-	60,859	734	38,391	-	47,835
003	39,028	-	54,636	260 *	39,408	-	44,336	455 *	36,362	-	40,539	587	53,646	-	63,981	740	34,853	-	38,199
004	41,604	-	58,245	262	39,886	-	44,905	460 *	37,221	-	41,715	588	44,881	-	69,753	741	35,644	-	39,206
005	44,349	-	62,092	265	40,611	-	45,777	475	38,241	-	45,901	589	55,276	-	62,214	742	35,983	-	40,289
006	47,264	-	66,176	268	40,859	-	46,548	478	35,491	-	47,360	591	58,421	-	70,986	750	28,868	-	45,340
007	50,383	-	70,531	270	41,657	-	47,346	480	21,230	-	29,332	592	37,703	-	45,242	785	51,452	-	57,909
008	53,686	-	75,158	272	29,047	-	29,729	490	29,592	-	35,831	593	41,791	-	50,589	786		-	59,987
009	57,245	-	80,141	274	31,116	-	36,366	495	33,714	-	38,840	594	43,282	-	52,516	788	56,223	-	63,279
010	61,007	-	85,411	275	41,657	-	48,245	500 *	33,316	-	36,708	595	44,895	-	54,519	796	52,406	-	69,430
011	65,041	-	91,054	276	39,753	-	43,821	503	31,309	-	37,393	596	46,609	-	56,603	798	60,954	-	78,923
012	69,312	-	97,036	280		-	46,458	504	33,316	-	38,473	598	52,170	-	63,366	801	42,562	-	57,387
013	73,870	-	103,426	281	43,910	`	50,242	505 *	34,767	-	38,473	599	57,034	-	73,406	804	56,270	-	59,920
014	78,751	-	110,255	282	44,442	-	50,985	508	33,714	-	38,840	600	30,422	-	36,733	808	59,253	-	64,032
015	83,937	-	117,508	285	44,682	-	51,329	510	35,544	-	39,441	602	35,390	-	43,351	812	64,074	-	68,372
016	89,461	-	125,252	287	43,735	`	53,034	515	34,120	-	41,715	604	41,308	-	55,313	813	61,595	-	74,786
017	95,358	-	133,505	290	46,325	-	58,682	516	36,362	-	41,301	606	48,610	-	62,538	831	48,276	-	58,598
018	101,646	-	142,301	291	44,867		58,682	520	37,221	-	41,715	607	60,954	-	72,671	835	54,225	-	65,832
019	108,341	-	151,672	300	27,371	-	32,327	522	37,312	-	42,269	619	39,792	-	47,545	836	56,368	-	68,440
020	115,475	-	161,671	305	28,365	-	32,995	525	38,127	-	42,940	620	41,526	-	56,333	839	63,327	-	76,905
				309 *	28,058	-	34,423	526	37,312	-	44,628	621	47,199	-	56,333	842	71,151	-	86,427
036		-	3,000	314	29,888	-	35,114	528	37,640	-	43,875	622	49,258	-	63,981	850	34,009	-	57,387
037		-	4,200	324 *	31,225	-	35,891	529	24,699	-	26,376	624	47,199	-	56,333	853	42,882	-	60,772
040		-	6,350	325 *	32,647	-	35,891	530 *	39,094	-	44,257	625	52,406	-	69,430	856	54,835	-	64,032
041		-	6,600	329	31,895	-	36,708	532	37,235		44,341	626	53,646	-	63,981	857	61,595	-	74,786
047		-	49,640	330	33,316	-	36,708	534	38,769	-	45,695	627	58,427	-	69,649	858	35,500	-	47,373
050		-	14,960	335 *	34,077	-	37,568	535 *	40,191	-	45,695	628	60,954	-	72,671	863	63,327	-	76,905
				338	34,423	-	37,956	536	38,770	-	42,746	629	60,954	-	78,923	865	71,151	-	86,427
148	50,872	-	120,414	340 *	34,767	-	38,473	540	41,368	-	47,245	630	69,302	-	82,551	867	97,138	-	118,045
200	26,757	-	33,136	345	35,544	-	39,441	541	41,368	-	49,056	635	34,962	-	40,093				
205 *	28,865	-	35,233	347	36,892	-	39,826	542	43,249	-	49,056	640	37,312	-	42,269				
210	30,697	-	35,922	350	36,362	-	40,539	544	42,594	-	49,802	642	43,735	-	53,034				
215	33,526	-	36,766	355	37,221	-	41,715	545	42,594	-	48,825	644	50,493	-	61,355				
220	33,859	-	37,175	360	38,127	-	42,940	546	42,594	-	52,075	646	56,388	-	67,631				
225	34,193	-	37,584	400 *	24,168	-	30,245	547	43,735	-	53,034	665	37,236	-	43,182				
230	34,466	-	37,956	405 *	26,933	-	31,656	548	47,527	-	55,819	666	43,182	-	53,026				
235	35,245	-	38,921	406	25,978	-	33,013	549	48,478	-	56,935	670	52,474	-	63,537				
238	35,644	-	39,373	410 *	28,057	-	33,013	550	43,910	-	50,242	694	41,985	-	47,653				
240	36,044	-	39,826	415 *	29,479	-	34,423	553	43,910	-	52,174	696	46,112	-	52,932				
245	36,908	-	40,804	424 *	29,479	-	35,296	555	45,348	-	51,778	698	47,691	-	54,773				
247	38,573	-	42,769	425 *	31,905	-	35,296	556	45,348	-	55,294	704	36,780	-	40,348				
248	37,348	-	41,543	430	32,647	-	35,891	557	46,366	-	53,833	710	38,727		42,581				
249	37,425	-	41,838	435 *	33,316	-	36,708	558	43,910	-	53,941	722	32,511	-	39,014				
250	37,789	-	42,283	437	33,944	-	39,267	559	50,528	-	58,263	724	32,027	-	40,939				
252	38,323	-	42,796	440	34,077	-	37,568	560	48,478	-	55,348	726	34,293	-	42,227				
254	37,349	-	43,265	441	34,405	-	37,897	565	49,895	-	58,529	732	37,768	-	46,185				

*These rates apply to positions represented by District Council 48, AFSCME, AFL-CIO. Rates for positions that are not represented by a certified bargaining unit and those represented by Local 61, Laborers' International Union in the DPW-Operations Division, and ALEASP differ somewhat, as specified in the Salary Ordinance. According to the 2006 Salary Ordinance, in no case shall the salary of any city official exceed that of the Mayor.

CURRENT RATES (Continued)

Pay Range		Hourly Rate			Pay Range		Hourly Rate			Pay Range	Hourly Rate			Pay Range	Hourly Rate
902		7.13	-	8.33	934	**	26.93			958	26.87			987	24.44
906		7.30	-	8.91	936	**	18.12			960	25.97			988	26.90
910		9.51	-	12.47	939		13.49	-	14.18	961	26.63			989	28.22
918		8.46	-	9.86	940		17.39	-	19.09	962	26.36			990	25.76
923		9.73	-	10.94	943		10.00			974	16.62	-	20.56	991	27.65
924		10.36	-	12.74	944		12.00			975	13.38	-	24.09	992	27.66
925	**	10.21			945		13.00			978	26.76			993	26.33
926		10.99	-	12.47	950		44.23			981	23.55				
927		12.09	-	14.37	951	**	18.78	-	20.20	982	24.76				
928		12.24	-	15.18	954		20.98			983	23.93				
929		11.32	-	14.34	955	**	20.64			984	24.26				
930		13.12	-	16.51	956		25.03			985	26.19				
931		15.70	-	16.82	957		25.67			986	25.01				

** Official Rate - Biweekly *** Official Rate - Daily

2006 Budget for 2006 Budget Purposes

The individual salary and wage rate lines were based on 2006 rates of pay for most salary groups with the exception of MPSO and Milwaukee Fire Department's Chief Officers' Association members which are at 2003 rates of pay, and Management which is at 2005 rates of pay. In addition, $10.1 million was provided within the Wage Supplement Fund to supplement departmental salary and wage accounts during 2006 on an "as needed" basis and to cover shortages caused by wage rate changes.

SCHOOL BOARD BUDGET
(NOT UNDER THE CONTROL OF THE COMMON COUNCIL)
(FOR INFORMATIONAL PURPOSES ONLY)

A. BUDGET FOR SCHOOL BOARD*

	2002 - 2003 Budget	2003 - 2004 Budget	2004 - 2005 Budget	2005 - 2006 Budget
Appropriations and Expenditures	$959,077,084	$983,615,986	$940,879,677	$955,578,643
Total Appropriations and Expenditures	**$959,077,084**	**$983,615,986**	**$940,879,677**	**$955,578,643**

B. SOURCE OF FUNDS FOR SCHOOL BOARD*

Non-Property Tax Revenue and Surpluses	$778,030,933	$800,417,549	$729,443,133	$741,465,096
Tax Levies				
Property Tax Levy	181,046,151	183,198,437	211,436,544	214,113,547
Total Financing of School Board Budget	**$959,077,084**	**$983,615,986**	**$940,879,677**	**$955,578,643**

*School Board budget is based on fiscal year ending June 30.

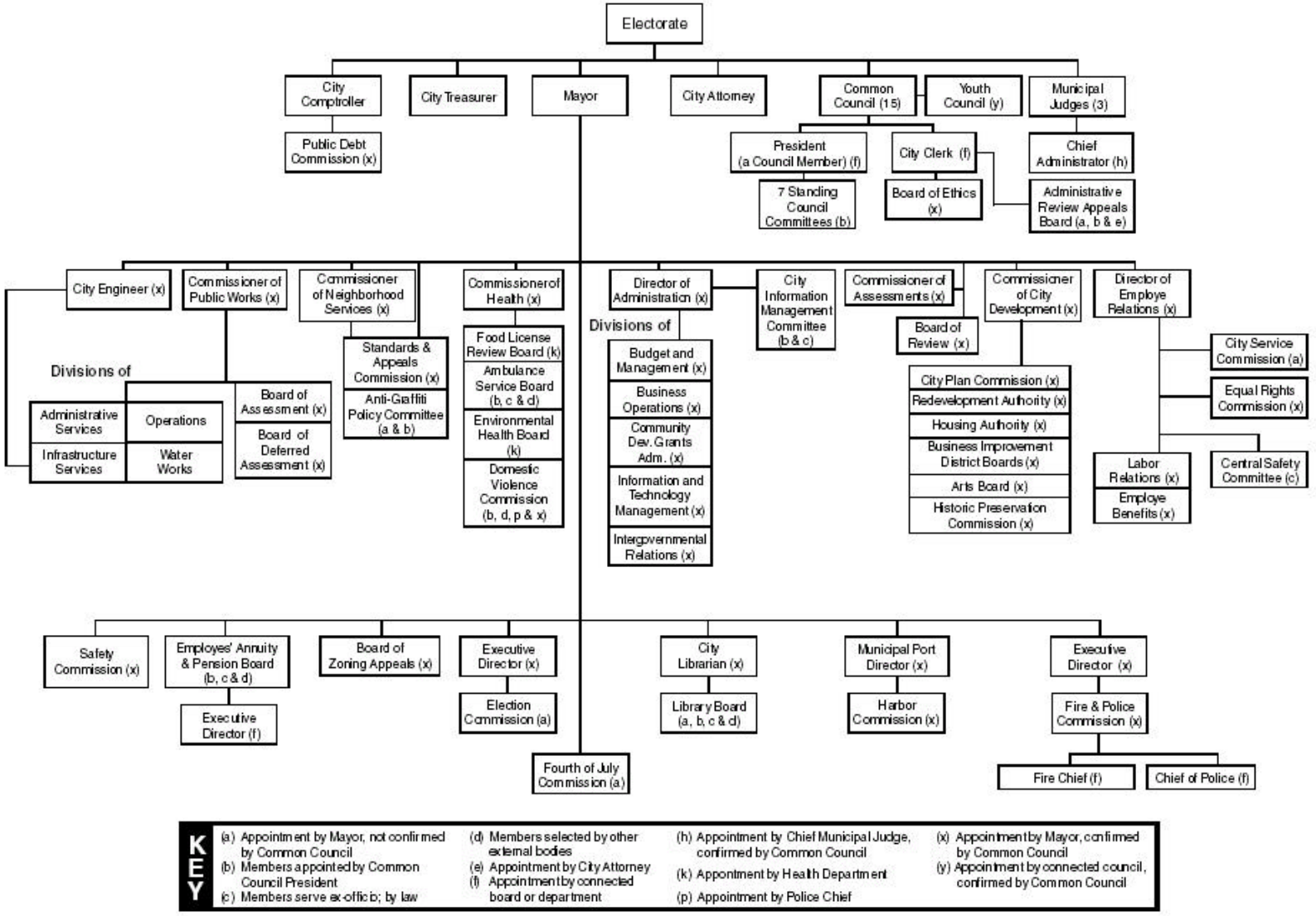
SECTION II. SUMMARY OF BORROWING AUTHORIZATIONS (Including School Purposes)

	2004	2005	2006
General Obligation Bonds or Short Term Notes			
New Borrowing			
General City Purposes	$62,800,350	$47,867,446	$84,610,072
Schools	212,000,000	12,000,000	11,000,000
Subtotal New Borrowing	$274,800,350	$59,867,446	$95,610,072
Carryover Borrowing*	(104,141,422)	(119,804,331)	(101,402,901)
Subtotal	$274,800,350	$59,867,446	$95,610,072
Special Assessment Borrowing			
New Borrowing	$5,179,290	$3,895,050	$2,804,799
Carryover Borrowing*	(19,196,326)	(18,070,783)	(17,029,740)
Subtotal	$5,179,290	$3,895,050	$2,804,799
Contingency Borrowing			
New Borrowing	$30,000,000	$50,000,000	$110,000,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	$30,000,000	$50,000,000	$110,000,000
Tax Incremental District Borrowing			
New Borrowing	$19,000,000	$20,000,000	$58,000,000
Carryover Borrowing*	(27,916,180)	(30,715,914)	(33,525,914)
Subtotal	$19,000,000	$20,000,000	$58,000,000
Delinquent Taxes Borrowing			
New Borrowing	$15,000,000	$17,000,000	$17,000,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	$15,000,000	$17,000,000	$17,000,000
Revenue Anticipation Borrowing			
New Borrowing	$300,000,000	$300,000,000	$300,000,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	$300,000,000	$300,000,000	$300,000,000
Water Works Borrowing			
New Borrowing	$0	$0	$0
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	$0	$0	$0
Sewer Maintenance Fund Borrowing			
New Borrowing	$13,700,000	$22,706,000	$23,500,000
Carryover Borrowing*	(3,500)	(13,703,500)	(36,409,500)
Subtotal	$13,700,000	$22,706,000	$23,500,000
Total All Borrowing			
New Borrowing	$657,679,640	$473,468,496	$606,914,871
Carryover Borrowing*	(151,257,428)	(182,294,528)	(188,368,055)
Total	$657,679,640	$473,468,496	$606,914,871

* Not included in budget totals, reiteration of prior years authority.

CITY OF MILWAUKEE ORGANIZATION CHART

Source: Legislative Reference Bureau • January 2006



I. CITY BUDGET UNDER THE CONTROL OF THE COMMON COUNCIL

PROPERTY TAX SUPPLEMENTED FUNDS

SUMMARY OF EXPENDITURES

EXPENSE CATEGORY	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
A. General City Purposes	$499,536,335	$513,392,003	$536,449,052	$23,057,049
B. Employee Retirement	66,981,361	64,688,277	63,713,789	-974,488
C. Capital Improvements	94,349,407	94,881,921	164,863,924	69,982,003
D. City Debt	119,669,459	122,711,665	125,541,827	2,830,162
E. Delinquent Tax Fund	1,000,000	1,000,000	1,000,000	0
F. Contingent Fund	(5,000,000) *	5,000,000	5,500,000	500,000
TOTAL	$781,536,562	$801,673,866	$897,068,592	$95,394,726

* Shown for informational purposes only. Actual expenditures are reflected in departmental budgets.

A. GENERAL CITY PURPOSES

1. BUDGET APPROPRIATIONS AND EXPENDITURES

DEPARTMENT OF ADMINISTRATION

EXECUTIVE SUMMARY

MISSION: To make Milwaukee one of the Nation's most attractive cities in which to live, work, and do business.

SERVICES: Budgeting and financial management.

Grants management.

Intergovernmental relations.

Procurement and materials management.

Information technology management.

STRATEGIC ISSUES: Managing effective city services within the state levy limit and ongoing fiscal challenges.

Utilizing performance management to realize operating efficiencies and improvements.

Coordinating efforts to increase operating grant and aid funding for key city services.

Identifying opportunities for better project management through information technology standardization and interdepartmental coordination.

Improving management of city capital projects.

Implementing changes in state law to improve the city's fiscal condition.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	63.84	63.03	64.17	1.14
FTEs - Other	30.47	36.72	34.58	-2.14
Total Positions Authorized	108	105	103	-2
EXPENDITURES				
Salaries and Wages	$4,442,806	$4,034,606	$4,268,621	$234,015
Fringe Benefits	1,512,104	1,452,458	1,792,821	340,363
Operating Expenditures	534,280	640,491	600,152	-40,339
Equipment	17,381	13,000	20,234	7,234
Special Funds	1,492,044	1,031,000	1,042,000	11,000
TOTAL	$7,998,615	$7,171,555	$7,723,828	$552,273
REVENUES				
Charges for Services	$3,672,466	$3,720,138	$3,847,000	$126,862
Miscellaneous	266,471	174,500	214,000	39,500
TOTAL	$3,938,937	$3,894,638	$4,061,000	$166,362

BACKGROUND

The Department of Administration (DOA) performs several management roles in city government. DOA works with city departments to ensure that they obtain the goods and services needed to meet their objectives, develops the Mayor's proposed budget, provides analysis and recommendations on fiscal and management issues that affect the city, represents the city's interests to local, state, and federal governments, distributes grant funds to city agencies and neighborhood organizations, helps represent the interests of disadvantaged local businesses in their efforts to obtain both city and other government contracts, and assists in development of strategic policy. DOA is working on a three year plan to decrease budget instability and improve the city's fiscal condition. Key initiatives include consolidating and standardizing information technology, increasing grant awards, and establishing more intergovernmental and multi-jurisdictional cooperation.

Service 1

Budgeting and Financial Management

Activities: Operating and capital budget administration and planning, forecasting, revenue analysis, strategic and fiscal planning, and performance measurement.

		2004 Experience	2005 Budget	2006 Projection
Services:	City tax rate as a percent of metro area average.	122.1%	120.0%	120.0%
	Maintain the city's bond rating.	Aa2/AA+	Aa2/AA+	Aa2/AA+
Funding by Source:	Operating Funds	$1,345,089	$1,308,979	$1,423,091
	Grant and Reimbursable	2,999	27,461	0
	Special Purpose Accounts	21,447	0	23,500
	Total:	$1,369,535	$1,336,440	$1,446,591

SERVICE RESULTS

This service strengthens Milwaukee's competitive position by improving city management, leveraging resources beyond city government that benefit Milwaukee, and maintaining the city's fiscal health. The city's efforts to control tax levy spending have had moderate success relative to the average metropolitan tax rates. Shrinking state aids, increasing health care costs, and arbitration driven wage settlements exceeding inflation present major obstacles in the city's efforts to control costs, preserve services, and maintain improvement in its tax rate compared to the metropolitan average. The bond rating, a key indicator of the city's fiscal health, has been maintained at a high investment grade rating.

SERVICE CHANGES

Office of the Director: The 2006 budget creates an "Office of the Director" to formally identify the leadership role performed by the Director of Administration. Support for the Director will be provided by an Administration and Research Specialist position, which is created in the 2006 budget. An Administrative Assistant III position in the Business Operations Division is eliminated to offset the creation of the Specialist position.

Reduced Budget Staff: One position of Budget and Management Special Assistant is eliminated in the 2006 budget.

Office of Sustainability: In order for the city to enact the recommendations of Mayor Barrett's Green Team, an "Office of Sustainability" is created. This office will steer citywide environmental policy, help set departmental goals and strategies, and track departmental performance. DOA will seek funding from foundations and grants

to support this initiative. The office will work with policymakers through city government to ensure the City of Milwaukee achieves the cost savings and sustainable environmental outcomes envisioned by Mayor Barrett.

Multi-Year Strategic and Fiscal Plan: The 2006 budget reflects the first year of a three year strategic and fiscal plan. Please refer to the introduction section to the *2006 Plan and Budget Summary* for more information.

Improving Performance and Accountability: The Budget and Management Division will help manage and coordinate a management performance and accountability process modeled after the CitiStat Program in the City of Baltimore. This is an initiative of Mayor Barrett to improve service quality and accountability in Milwaukee's city government. The Mayor will use this process to oversee departmental operations and hold departments accountable for their performance. The Mayor will chair a panel of key management staff to regularly discuss with departments their performance and trends in the areas of service delivery, fiscal and personnel management, and diversity. This process will become the Mayor's principal tool for managing the administration. While the process will initially involve a small number of departments, additional departments will be added over timeuntil all departments are part of the process.

Service 2

Grants Management

Activities: Grant administration, coordination and planning.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of new grant applications.	N/A	N/A	TBD
	Amount of new grant funding.	N/A	N/A	TBD
	Success rate for grant applications.	N/A	N/A	TBD
Funding by Source:	Operating Funds	$0	$0	$81,288
	Grant and Reimbursable	938,226	996,000	958,000
	Total:	$938,226	$996,000	$1,039,288

SERVICE RESULTS

Grant management involves managing the annual Community Development Block Grant Program (CDBG) and coordinating the citywide cultivation of additional grant awards. The goal is to increase the amount of grant and aid funding the city receives and ensuring that these funds support the Mayor's Outcomes. To improve the grant management and cultivation process, the 2006 budget reorganizes the DOA Community Block Grant Administration Division as the Community Development Grants Administration (CDGA). CDGA will continue to be the recipient of HUD funding, but will also be responsible for aggressively pursuing other grant funds and providing centralized grant coordination for the city. A new Grant Manager is created to assist in providing a more systematic and coordinated approach to grant cultivation. The Grant Manager will help DOA work with departments to identify grant opportunities, apply for grants, ensure compliance with grant requirements, and evaluate options for improving and streamlining current grant processes and procedures. The Manager will also focus on identifying grant and aid opportunities in partnership with both other governments and community organizations. A collaborative grant cultivation effort involving public, non-profit, and community organizations will yield more opportunities for the city and more benefits for Milwaukee.

SERVICE CHANGES

Grant Manager: The 2006 budget creates a Grant Manager position to assist DOA in establishing an improved grant cultivation process. This position will assist in researching and communicating grant opportunities, writing grant proposals, and maintaining contacts with federal, state and local granting agencies, and lobbying for additional grant appropriations.

Reduction in CDBG Funding: The city's 2006 CDBG award will likely decrease by as much as $2 million from 2005. DOA is managing this decrease by recommending funding of $10.4 million for grant projects managed through city departments and $8.1 million for direct grants to community based organizations. The Common Council approved this recommendation.

This funding recommendation requires a significant reduction to city programs funded through CDBG. The result will be a significant reduction in services to neighborhoods. For more information on the reduction to city programs, refer to the *Grant and Aid Fund* section of the *2006 Plan and Budget Summary*.

Service 3

Information Technology and Management

Activities: Enterprise Systems, Geographic Information Systems, information policy, systems development and support, e-government, and city website.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of "visits" on the city's website.	5,155,286	4,500,000	4,500,000
	Number of service requests processed through the city's website.	12,862	18,000	25,000
	Number of financial transactions completed through the city's website.	77,193	30,000	40,000
Funding by Source:	Operating Funds	$5,196,695	$4,457,703	$4,675,870
	Grant and Reimbursable	686,095	1,014,741	542,234
	Capital Budget	666,959	0	521,000
	Special Purpose Accounts	14,814	50,000	25,000
	Total:	$6,564,563	$5,522,444	$5,764,104

SERVICE RESULTS

A major focus of the department is creating a simple-to-use, consistent, and comprehensive e-government portal using the city's website that will provide residents and business users with easy access to information and services. Progress toward this goal is measured by the number of visits to the website and the number of service requests and financial transactions processed through the website. Each of these increased in 2004 and the department has several ongoing projects to improve the website and enhance e-government services. Other functions include supporting and maintaining citywide and departmental information systems; maintaining and developing applications and interfaces, including GIS map based capabilities that make information quickly and easily available; supporting information systems integral to departmental operations and their long term strategic goals; and ensuring systems and data security.

SERVICE CHANGES

Improve Information Technology Governance: The 2006 budget reflects funding the Information Technology Management Division (ITMD) at a level appropriate for it to perform its information technology governance functions. This includes several new functions, including project management, GIS and technology support for Milwaukee's performance reporting process, e-mail and server consolidation, as well as continuing functions such as enterprise systems, e-government, department systems support, and GIS. The goal is to continue to move toward increased consolidation and standardization of information technology in the city. No positions are added.

E-mail Standardization: The 2006 budget includes capital funding of $215,000 to support an e-mail standardization project. This project began in 2005 but will be completed in 2006. Currently, at least three separate e-mail

systems are used by city departments. The goal of the project is to make citywide e-mail more efficient and effective, including improved security and functionality. This will involve replacing current e-mail services, hardware, and software with a single, standardized e-mail system.

Server Consolidation: The 2006 budget includes capital funding of $306,000 to support a server consolidation project. This represents the first year of a three year project, with total funding estimated to be $379,000. Currently, most servers are distributed throughout departments. The goal of this project is to improve the efficiency of managing and supporting computer servers and server systems. ITMD has already made incremental changes in server management but this project will take a comprehensive citywide approach to maximize savings and avoid future costs.

Network Equipment Upgrades: The Department of Administration and Department of Public Works, as part of the Mayor's initiative to improve information technology governance, will enter into an agreement to coordinate city network services in 2005. In 2006, $90,000 is provided in a special capital project to begin upgrading network equipment for City Hall in order to ensure maximum reliability and security of the network. DPW and DOA will cooperate in determining the necessary investments in new network equipment.

Service 4

Procurement and Materials Management

Activities: Purchasing administration, competitive bidding, contract administration, procard administration, inventory monitoring, Emerging Business Enterprise, and material disposal and sale.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of purchasing appeals.	0	3	0
	Number of EBE certifications.	96	114	104
	Number of items sold online.	436	700	479
Funding by Source:	Operating Funds	$1,135,272	$975,962	$991,583
	Grant and Reimbursable	1,249,193	666,395	742,412
	Total:	$2,384,465	$1,642,357	$1,733,995

SERVICE RESULTS

The key goals of this service is ensuring that bidding and purchasing requirements are met, streamlining business processes, and increasing Emerging Business Enterprise (EBE) participation in the bid process. DOA has maintained a low number of purchasing appeals, has increased EBE certifications, and continues to sell items online through the city website. The department continues to seek ways to utilize technology to make operations more efficient, simplify and enhance the EBE certification process, and provide the best combination of price and value for purchases.

SERVICE CHANGES

No major service changes are included in the 2006 budget.

Service 5

Intergovernmental Relations

Activities: Intergovernmental relations, lobbying, fiscal and budget analysis, and planning.

		2004 Experience	2005 Budget	2006 Projection
Funding by Source:	Operating Funds	$321,559	$428,911	$551,996
	Grant and Reimbursable	0	0	0
	Total:	$321,559	$428,911	$551,996

SERVICE RESULTS

This service involves numerous activities, including identifying and seeking new and additional funding sources, promoting opportunities to solve intergovernmental issues to the city's advantage, and representing the city and its elected officials before other governmental bodies. A key goal is successfully promoting and managing the city's legislative agenda and ensuring this agenda supports the Mayor's Outcomes. Given the city's continuing fiscal constraints, it is imperative to effectively identify and analyze opportunities to diversify revenues and develop strategies to cooperate with other levels of government to the city's advantage.

SERVICE CHANGES

Increase Legislative Staff: The Legislative Coordinator Senior position that was previously an unfunded, auxiliary position is funded in the 2006 budget to reflect actual staffing levels in the Intergovernmental Relations Division.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Administration and Research Specialist	Provide support for Director of Administration.
-1	-0.90	-0.10	Administrative Assistant III	Position eliminated to provide for Administration and Research Specialist.
-1	-1.00		Budget and Management Special Assistant	Reduction to meet state levy limit.
-2		-2.00	Administrative Specialist Senior	Reclassifications part of unit clarification File 040942.
2		2.00	Business Services Specialist	
-1	-0.50	-0.50	Network Coordinator Associate	
1	0.50	0.50	Network Analyst Assistant	
-1		-1.00	Rental Rehabilitation Specialist	Function contracted through Neighborhood Services.
1	1.00		Grant Manager	Created position to assist in grants initiative.

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1		-1.00	Records Supervisor	Reclassifications part of File 040189.
1		1.00	Document Services Supervisor	
-5		-1.25	Document Services Aide	
5		1.25	Document Services Assistant	
	1.00		Legislative Coordinator Senior	Fund vacant position to increase Intergovernmental Relations staffing.
-1	-1.00		GIS Developer Senior	Reclassifications part of File 041252.
1	1.00		GIS Developer Project Leader	
-2	-2.00		GIS Developer	
2	2.00		GIS Developer Senior	
-1	-1.00		GIS Developer Senior	
1	1.00		GIS Developer Project Leader	
-1	-1.00		Enterprise Systems Manager	Technical correction to position titles.
1	1.00		Information Systems Manager	
-1	-1.00		Systems Analyst Manager	
1	1.00		Enterprise Systems Manager	
-1	-0.50		Network Systems Integrator	Eliminate vacant position.
	-1.00	1.00	Systems Analyst Senior	Shift to capital and reimbursable funding.
	1.54	-2.04	Various Positions	Miscellaneous changes.
-2	**1.14**	**-2.14**	**TOTAL**	

ASSESSOR'S OFFICE

EXECUTIVE SUMMARY

MISSION: To administer the city's assessment program to assure public confidence in the accuracy, efficiency, and fairness of the assessment process. Ensure the equal distribution of the city's property tax levy by uniformly valuing taxable property, scrutinizing proposed property tax exemptions, and efficiently processing assessment appeals.

SERVICES: Property assessment.

STRATEGIC ISSUES: Improve productivity to allow the department to maintain assessment accuracy while controlling operating costs.

Develop methods to enhance non-property tax revenue including a Fair Share Payment in Lieu of Tax Program to recover city costs relating to providing services to tax exempt properties.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	51.43	48.55	48.55	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	56	56	58	2
EXPENDITURES				
Salaries and Wages	$3,044,235	$2,762,540	$3,025,277	$262,737
Fringe Benefits	1,066,567	994,514	1,270,616	276,102
Operating Expenditures	260,864	260,750	236,750	-24,000
Equipment	0	0	0	0
Special Funds	130,154	122,000	122,000	0
TOTAL	$4,501,820	$4,139,804	$4,654,643	$514,839
REVENUES				
Charges for Services	$628	$552,000	$450,000	$-102,000
TOTAL	$628	$552,000	$450,000	$-102,000

BACKGROUND

The Assessor's Office is responsible for uniformly and accurately assessing taxable property in the City of Milwaukee. Accurate assessments ensure that all areas of the city and classes of property equitably share property taxes.

The department has focused on improving its valuation systems by maximizing technology. This has allowed the department to improve quality while reducing costs. Recent technology improvements have been directed at providing public information and assistance. By using technology to make assessment information readily available, the Assessor's Office has significantly reduced the number of assessment objections and telephone inquiries while dramatically increasing the availability of property information and the number of customers serviced via the Internet.

Service 1

Property Assessments

		2004 Experience	2005 Budget	2006 Projection
Activities:	Administer an assessment program that is efficient, understandable and guarantees a fair distribution of property taxes.			
Services:	Assessment level.	96.5%	100.0%	100.0%
	Coefficient of dispersion.	10.2	< 9.0	< 9.0
	Price related differential.	1.01	1.00	1.00
Funding by Source:	Operating Funds	$4,501,820	$4,139,804	$4,654,643
	Special Purpose Accounts	1,863,039	500,000	500,000
	Total:	$6,364,859	$4,639,804	$5,154,643

SERVICE RESULTS

The performance of the Assessor's Office in producing fair, accurate, and equitable assessments is measured statistically using assessment ratios. An analysis of assessments to sales is used in determining the assessment level (calculated by dividing the assessment by the sale price). The coefficient of dispersion and the price related differential further test the uniformity of the assessment roll. The coefficient of dispersion measures the average distance those sales are from the median sales ratio (see Figure 1). For example, if the target is an assessment level of 100%, and the coefficient of dispersion is 10, this means that the average assessment is within 10% of the target of 100%. The price related differential is a statistical measure used to determine the degree to which assessments are either regressive or progressive. If the differential is greater than one, the assessment is regressive, if it is less than one, the assessment is progressive. The Assessor's Office has consistently met or exceeded both statutory and industry standards for these measures indicating a high degree of accuracy in valuing property.

Figure 1

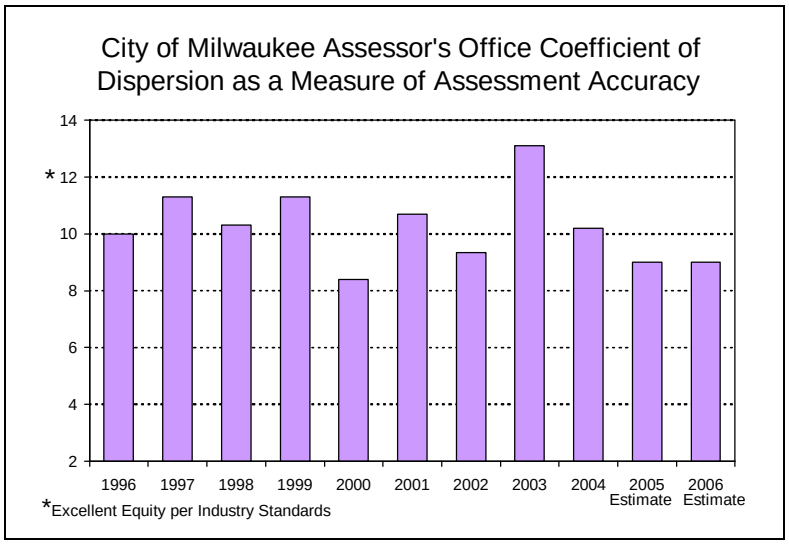
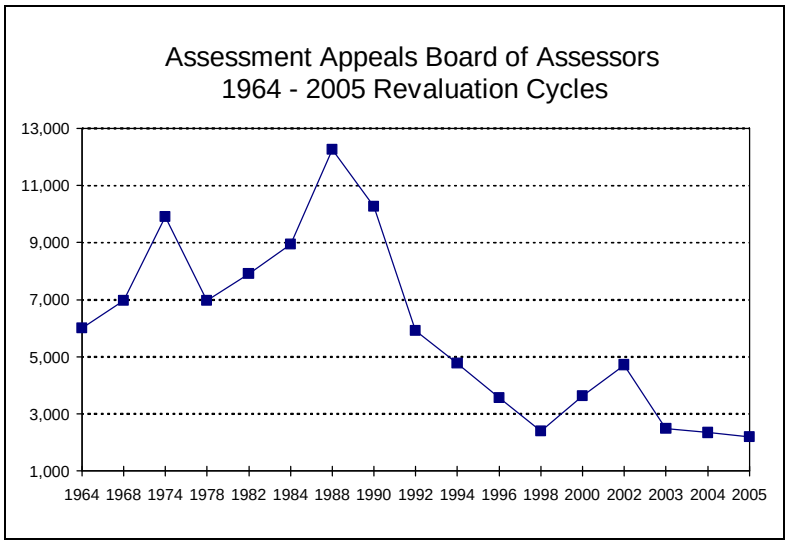


Figure 2



The Board of Assessors and the Board of Review hear appeals affording citizens the opportunity to voice concerns or contest an assessment. In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales data to reduce the number of objections. These efforts resulted in an 82.2% reduction in appeals between the 1988 and 2005 revaluations (see Figure 2).

In the City of Milwaukee, there are approximately 7,250 tax exempt properties with an estimated value of $4.9 billion, an increase in value of 49% since 1985. To protect the city's tax base, the Assessor's Office critically reviews all tax exemptions on an ongoing basis to ensure that all exempt properties continue to serve the public good and provide the services that rendered them tax exempt.

SERVICE CHANGES

There are no significant changes in service for 2006, however the department will continue to make improvements to increase assessment efficiency and accuracy.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
2			Member, Board of Review	Improve board objection processing.
2			**TOTAL**	

CITY ATTORNEY

EXECUTIVE SUMMARY

MISSION: To provide legal services and meet clients' needs in accordance with the city charter and statutory requirements.

SERVICES: City Attorney legal services.

STRATEGIC ISSUES: Monitor litigation and lawsuit liabilities and communicate areas of fiscal and management concerns.

Be proactive regarding the provision of legal advice and opinions in light of shrinking resources citywide.

Ensure the delivery of competitive and high quality services by monitoring intemal programs and outside contracts.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	58.40	57.56	58.40	0.84
FTEs - Other	1.00	2.50	3.50	1.00
Total Positions Authorized	61	62	64	2
EXPENDITURES				
Salaries and Wages	$4,334,937	$4,207,910	$4,489,179	$281,269
Fringe Benefits	1,509,603	1,514,848	1,885,455	370,607
Operating Expenditures	391,156	402,400	398,800	-3,600
Equipment	131,443	60,000	60,000	0
Special Funds	0	0	0	0
TOTAL	$6,367,139	$6,185,158	$6,833,434	$648,276
REVENUES				
Charges for Services	$774,088	$721,600	$796,900	$75,300
TOTAL	$774,088	$721,600	$796,900	$75,300

BACKGROUND

The City Attorney is a publicly elected official who serves a four year term. The City Attorney conducts all of the legal business for the city and its "clients" including departments, boards, commissions, and other agencies of city government. The City Attorney's Office handles city litigation and keeps a docket of cases to which the city may be a party, provides legal advice and opinions, and prepares and examines legislation for the Common Council. In addition, the City Attorney is responsible for drafting all legal documents that are required in conducting the business of the city, collecting claims and delinquencies, and prosecuting violations of city ordinances.

Service 1

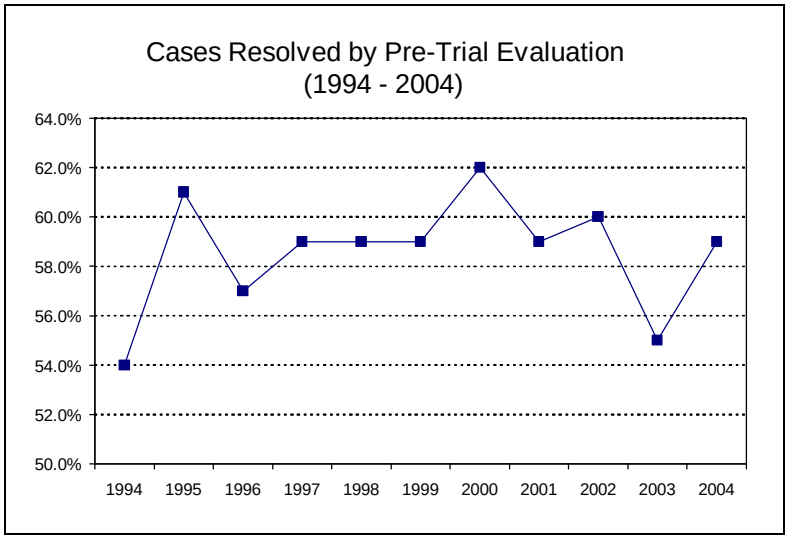
City Attorney Legal Services

		2004 Experience	2005 Budget	2006 Projection
Activities:	Prepare and review corporate and general documents, special legal services, represent the city in litigation cases, collection enforcement, and ordinance violation prosecution.			
Services:	Cases resolved by pre-trial evaluation.	59.0%	61.0%	61.0%
	Claims that result in lawsuits (reflects claims filed three years prior).	5.9%	5.0%	5.0%
Funding by Source:	Operating Funds	$6,367,139	$6,185,158	$6,833,434
	Grant and Reimbursable	72,237	207,117	308,274
	Special Purpose Accounts	3,996,108	4,350,000	4,300,000
	Capital Budget	81,602	0	0
	Total:	$10,517,086	$10,742,275	$11,441,708

SERVICE RESULTS

The primary objective of the City Attorney's Office is to protect the legal interests of the City of Milwaukee. The department has two indicators that measure achievement of this objective. The first is the percent of cases resolved by pre-trial evaluation. After a defendant has passed through intake, the City Attorney's Office tries to resolve the case without further court appearances. If cases can be resolved in this manner, court time can be used for more serious offenses. As shown in Figure 1, 2004 saw an increase to the cases resolved by pre-trial evaluation.

Figure 1



The second measure is the percent of claims filed three years prior that result in lawsuits. When claims between the city and claimant cannot be resolved they expose the city to increased liability and additional time spent in court. Therefore, it is in the best interests of the city to minimize the number of claims that proceed to litigation. However, claimants have three years after filing a claim to file a lawsuit. In 2004, 5.9% of all claims filed against the city resulted in a lawsuit, representing a slight improvement from the 2003 level of 6%.

SERVICE CHANGES

In 2006, the Employes' Retirement System (ERS) will provide $100,000 in reimbursable funding for an additional Assistant City Attorney position to work exclusively on ERS matters. This will reduce the need for ERS to go to outside counsel, enable more monitoring of outside securities and litigation, and better serve the ERS board.

In order to meet target expenditures for 2006 without eliminating positions, the City Attorney's Office will manage its vacancies to generate savings to the salary account.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1		1.00	City Attorney Employes' Retirement System	Increased support for ERS.
1	0.84		Miscellaneous Adjustment	Adjusted to more accurately reflect part time City Attorneys.
2	**0.84**	**1.00**	**TOTAL**	

DEPARTMENT OF CITY DEVELOPMENT

EXECUTIVE SUMMARY

MISSION: To improve the quality of life in Milwaukee by guiding and promoting development that creates jobs, builds wealth, and strengthens the urban environment.

SERVICES: Economic development.

Federally assisted housing.

Land use and policy planning.

STRATEGIC ISSUES: Orient economic development marketing to a regional approach.

Link city services to support neighborhood economic development.

Redevelop the Amtrak Station as a multi-modal transportation center that serves as a significant city entrance point.

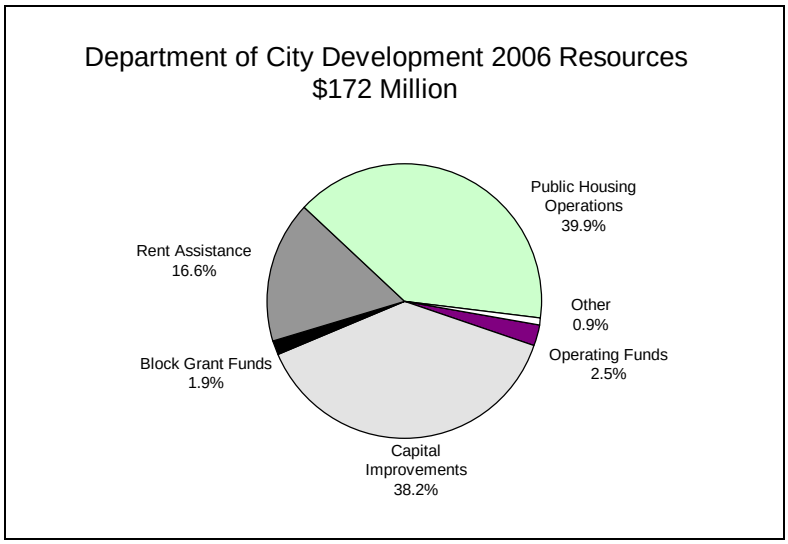
Apply an assets based approach to the Targeted Investment Neighborhood strategy.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	41.53	45.02	45.13	0.11
FTEs - Other	157.49	175.98	178.68	2.70
Total Positions Authorized	252	238	261	23
EXPENDITURES				
Salaries and Wages	$2,160,708	$2,079,846	$2,238,818	$158,972
Fringe Benefits	719,349	748,744	940,303	191,559
Operating Expenditures	719,240	305,597	271,634	-33,963
Equipment	0	0	0	0
Special Funds	96,198	84,957	84,957	0
TOTAL	$3,695,495	$3,219,144	$3,535,712	$316,568
REVENUES				
Charges for Services	$1,214,194	$467,200	$513,700	$46,500
Licenses and Permits	888,459	583,000	658,900	75,900
Miscellaneous	271,373	315,000	300,000	-15,000
TOTAL	$2,374,026	$1,365,200	$1,472,600	$107,400

BACKGROUND

Figure 1



The Department of City Development (DCD) has a wide range of responsibilities in housing, planning, development, business assistance, and marketing. While these are diverse responsibilities, nearly every program and project in which DCD is involved requires cooperative efforts with citizens, businesses, and neighborhoods.

One aspect of DCD's active partnership is its provision of assistance to commissions, authorities, and citizen boards. DCD's activities include administration and support for the:

- Housing Authority of the City of Milwaukee;
- Redevelopment Authority of the City of Milwaukee;
- Milwaukee Economic Development Corporation; and the
- Neighborhood Improvement Development Corporation.

In addition, DCD provides advisory and other support to the:

- City Plan Commission;
- Historic Preservation Commission;
- Milwaukee Arts Board;
- Board of Zoning Appeals;
- Business Improvement Districts;
- Fourth of July Commission; and the
- Common Council Community and Economic Development Committee.

City funding to support the department's operating efforts represents only a small portion, roughly 2.5% of the total resources it controls and uses to fulfill its mission (see Figure 1). This amount does not include approximately $66 million in capital funds, which represents 38.2% of DCD's resources. In addition to city resources, the department administers approximately $102 million from a variety of non-city funding sources, including federal block grant funds ($2.9 million), federal rent assistance funds ($28.6 million), federal public housing funds ($68.9 million), and other grants ($1.5 million). In total, DCD anticipates that it will receive and have responsibility for approximately $172.4 million in funding for 2006. DCD also oversees $739,800 in Special Purpose Accounts and $10.5 million in the Economic Development Fund used by the department and other organizations.

Service 1

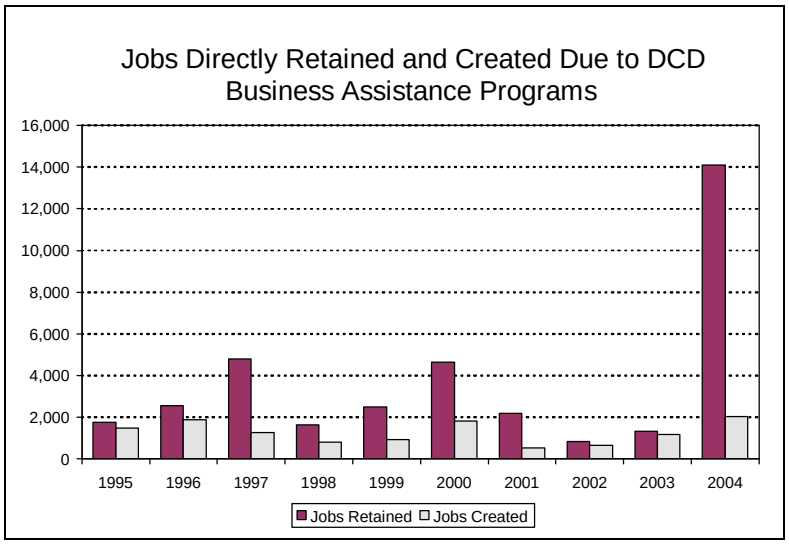
Economic Development

Activities: Administer Tax Incremental Financing Program, support private development investment, small business loans through the Milwaukee Economic Development Corporation, façade grants, retail investment grants, support to Business Improvement Districts, develop and market industrial corridors, home improvement and in-fill housing, development permitting and plan review, upgrade streets in neighborhood commercial districts, prepare and market sites for new development, support development of market rate housing, sell city owned real estate for development and brownfield redevelopment.

		2004 Experience	2005 Budget	2006 Projection
Services:	Private investment leveraged by public investment and assistance by DCD.	$5.38	$6.00	$5.25
	Jobs **created** by employers receiving city assistance and support.	2,037	2,000	2,000
	Jobs **retained** by employers receiving city assistance and support.	14,108	2,500	2,000
	New housing units constructed.	747	300	300
Funding by Source:	Operating Funds	$2,038,742	$1,800,828	$2,582,514
	Grant and Reimbursable	4,588,460	6,720,867	5,943,972
	Capital Budget	22,969,349	26,300,000	65,400,000
	Special Purpose Accounts	499,296	489,800	739,800
	Total:	$30,095,847	$35,311,495	$74,666,286

SERVICE RESULTS

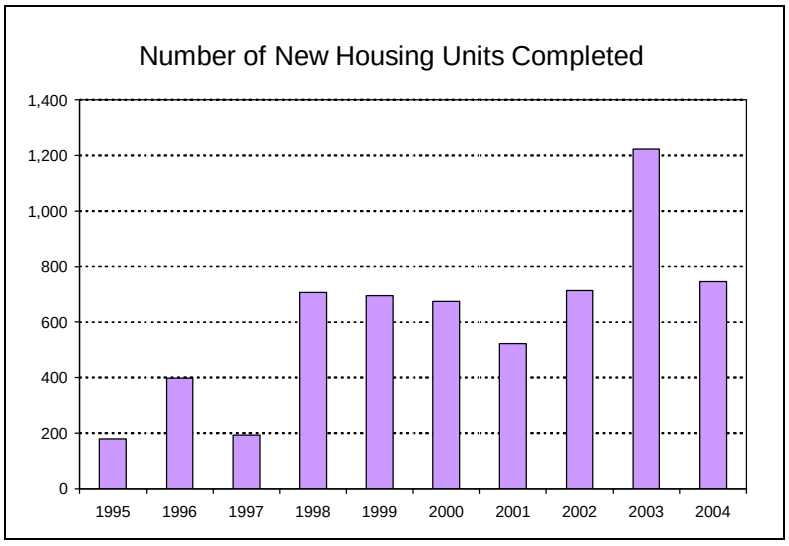
Figure 2



This service encourages the growth of employment opportunities for the citizens of Milwaukee and supports private investment that grows the city's tax base. The service utilizes four key approaches: 1) direct financial assistance to small businesses that helps clients take advantage of opportunities to increase sales and employment; 2) use of tax incremental financing to provide public infrastructure improvements or other assistance to encourage major private investments that will contribute significantly to the growth of the tax base, employment, or availability of commercial services in underserved areas; 3) partnerships with organizations that represent businesses and employers to improve the business environment, either in a particular geographic area or a particular industry segment; and 4) management of projects that invest city resources to redevelop under-utilized or vacant properties for eventual sale to private owners. The positive results of these actions are represented in the number of jobs that are created or retained, which showed a notable increase from 2003 (see Figure 2).

While development investment decisions are largely governed by market forces, city government has the ability to encourage such investment by providing support in the form of efficient permitting processes, investment in infrastructure and brownfield cleanup, marketing land owned by the city and Redevelopment Authority, acquiring property for assembly into buildable sites, and providing targeted financial assistance in areas where the private market is weak. In 2006, city activities will encourage private investment throughout Milwaukee, with an emphasis on the Park East corridor, central city residential neighborhoods and commercial corridors, riverfront property, underused industrial properties, and the Memonomee Valley. One of the ways DCD measures success is with the number of new housing units constructed, which has dramatically increased in recent years (see Figure 3).

Figure 3



SERVICE CHANGES

Regional Economic Development: For 2006, the budget includes $50,000 in a Special Purpose Account to support a Regional Economic Development Initiative of Southeastern Wisconsin. The initiative will involve private sector representation through the Greater Milwaukee Committee and the Metropolitan Milwaukee Association of Commerce, and other municipal and county economic development entities in seven other counties. This will be the first year in a five year campaign aimed at better coordinating and combining regional resources aimed at job retention, expansion, and attraction.

The Regional Economic Development Initiative will seek to deliver enhanced web-based attraction and retention tools, such as a single regional website for employers seeking to expand or relocate in Southeastern Wisconsin. Regional partners will also seek to create a "one-stop-shop" in the City of Milwaukee that potential employers can visit to examine real estate, demographic, and economic data to assist in site selection. In addition, the initiative partners will conduct extensive interviews with area employers to determine barriers to job growth and public policy solutions to existing challenges.

Expanded Use of Tax Credits: In 2006, there will be increased use of federal tax credits to promote job creation as the result of two developments. The Milwaukee Economic Development Corporation has received its own allocation of New Market Tax Credits; the credits will be used to reduce interest rates for small business lending. Also, the boundaries of Milwaukee's Renewal Community will expand. Businesses within the Renewal Community are eligible for a variety of tax credits that encourage hiring of residents within the boundary and investment in facility renovation and expansion.

Community Outreach Liaison: In 2005, DCD created a new Community Outreach Liaison position in the Neighborhood Improvement Development Corporation (NIDC). This position will assist in the Targeted Investment Neighborhood (TIN) Program and is funded through the Community Development Block Grant (CDBG) allocation. The 2006 budget represents this change.

Summer Youth Internship Program: Created in 2005, the Summer Youth Internship Program utilizes CDBG funds to create jobs in city government for 205 high school students. This program continues in 2006 and the budget contains 25 positions of Summer Youth Team Leaders to help assist and manage the high school interns. The

Summer Youth Team Leader positions will be filled by college students and will become temporary city employees, necessitating the position creation in the budget. The high school interns will not require position authority in the budget.

CAPITAL PROJECTS

Tax Increment Districts (TIDs): The 2006 budget represents a change on how TID budget authority is represented, though there are no changes to how a TID is created or approved. The budget will break down TID borrowing authority into several major categories:

- **New Borrowing for Existing TIDs ($16 million):** This portion will fully fund all existing TID expenditure needs, although all of these funds may not be necessarily utilized in 2006.
- **New Borrowing for Potential New TIDs ($28.3 million):** This portion will provide funding authority for potential new TIDs that will be created in 2006. These TIDs will still undergo the existing approval process through the Joint Review Board, Mayor, and Common Council.
- **Developer Revenues ($4.2 million):** Provides budget authority to pay the increment on current developer financed TIDs. There are offsetting revenues for these payments.
- **Capitalized Interest ($1.5 million):** Provides budget authority to pay for interest costs associated with TID borrowing.
- **Potential New Developer Financed TIDs ($12.2 million):** This additional budget authority provides the city greater flexibility for dealing with developer financed TIDs. This authority allows the city to consider general obligation borrowing when analyzing potential developer financed TIDs that could be formed in 2006. These TIDs undergo the same approval process all TIDs experience.

Service 2

Federally Assisted Housing

Activities: Operate 5,200 units of public housing for low income residents, administer 5,800 Section 8 Vouchers for low income residents, implement HOPE VI Grants to re-engineer public housing developments and increase self-sufficiency of public housing residents through partnerships with service providers.

		2004 Experience	2005 Budget	2006 Projection
Services:	Achieve U.S. Department of Housing and Urban Development "high achiever" status.	Achieved	Achieved	Achieved
Funding by Source:	Capital Budget	$199,719	$200,000	$0
	Grant and Reimbursable	72,758,299	77,440,692	68,975,439
	Total:	$72,958,018	$77,640,692	$68,975,439

SERVICE RESULTS

This program provides quality housing for more than 10,000 low income households that pay 30% of their income for rent. The program has vigorously and successfully sought Federal HOPE VI funding to reinvent public housing developments by reconnecting them to surrounding neighborhoods and building onsite facilities such as public and charter schools and youth centers. Development projects currently underway include single family homes for homeownership and a "green" apartment building in the Highland Park development.

Recognized as a national pioneer in developing self-sufficiency opportunities for residents, Milwaukee's Public Housing staff and community partner agencies provide job placement and training, daycare, a homeownership program, and onsite family resource centers.

SERVICE CHANGES

Reduced Federal Funding: Federal funding for the public housing operating and capital funds will be reduced in 2006. This coupled with HUD's planned implementation of new regulations that require conversion to a system of site based funding and asset management, will present significant challenges for Milwaukee's public housing program in 2006.

The Housing Authority continues to seek other HUD grants and non-federal funding to upgrade and replace its public housing portfolio. Federal funding for the Section 8 Housing Choice Voucher Program will remain the same in 2006 at approximately $27 million, which will necessitate reduced levels of program activities.

Service 3

Land Use and Policy Planning

Activities: Prepare citywide Comprehensive Plan elements, prepare neighborhood land use and redevelopment plans to guide investment, administer Milwaukee's zoning ordinance, data analysis and policy development, design guidance for city assisted development and redevelopment, and staff support to City Plan Commission and Historic Preservation Commission.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent completion of Comprehensive Plans as required by state law.	22.0%	30.0%	44.0%
	Prepare neighborhood land use and redevelopment plans.	6	4	6
Funding by Source:	Operating Funds	$1,656,753	$1,418,316	$953,198
	Grant and Reimbursable	336,185	485,800	589,056
	Capital Budget	485,597	150,000	150,000
	Total:	$2,478,535	$2,054,116	$1,692,254

SERVICE RESULTS

Successful city planning activities guide private property owners as they make decisions about how to invest in their property. Guidance comes in the form of zoning ordinances, land use plans, urban design standards, and the historic preservation ordinance. DCD's administration of these regulations requires sensitivity to both the long range goal of appropriate physical development and the more immediate market realities to which the development community must react.

In order to comply with Wisconsin's Comprehensive Planning Law, which requires completion of a citywide Comprehensive Plan by January 1, 2010, DCD will devote resources to data gathering, analysis, and public outreach. These activities are the foundation of policy recommendations required to implement provisions of the law. Also, while not required by the state, the department has enriched the Comprehensive Planning effort by developing a series of neighborhood land use plans in partnership with a wide variety of community stakeholders.

SERVICE CHANGES

Planning Director: In late 2003, a resignation left the position of City Planning Director vacant. In mid-2004, the Common Council adopted a Memorandum of Understanding (MOU) between the City of Milwaukee and the University of Wisconsin Milwaukee (UWM) through which direction of planning and design services is provided by the Dean of the School of Architecture and Urban Planning. This original arrangement continued through June 2005, where at that time the city and UWM have agreed to renew the MOU. In 2006, a position of Assistant Planning Director has been created within the Planning Division to ensure that day-to-day operational matters are handled efficiently.

GIS Platform: To improve the timeliness of data collection and analysis that are critical components of planning efforts, DCD's Geographic Information Systems (GIS) platform will be converted from Microstation to Earth Resource Surveys Inc. (ERSI) in 2006.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			General Management and Policy Development Decision Unit	
-1	-1.00		Administrative Services Specialist	Positions reclassified as per CC File 041355.
1	1.00		Administrative Specialist	
	-0.25	0.25	Economic Development Specialist	Change in funding sources.
-1		-1.00	Administrative Assistant I	Elimination of vacant positions within Housing Rehabilitation and Development Services Section.
-1		-1.00	Housing Rehabilitation Specialist	
2		2.00	Plan Examiner Specialist	New position for Development Center to be filled as available capital funds become available.
	-1.00	1.00	Planning Administration Manager	Funding change.
1	1.00	0.00	Permit and Development Center Manager	Transfer from Community Planning.
1		1.00	Community Outreach Liaison	New position.
-1		-1.00	Communications Assistant I	Elimination of vacant position in Administrative Services Section.
25		4.81	Summer Youth Team Leader	New position funded through available Community Development Block Grant funds.
-1	-0.38	-0.62	Marketing Program Coordinator	Reclassifications part of unit clarification CC File 040942.
1	0.38	0.62	Program Assistant II	
-1		-1.00	Graphics Coordinator	
1		1.00	Graphic Designer II	
-1		-1.00	Videographer	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1		1.00	Audiovisual Specialist II	
-1		-1.00	Real Estate Analyst	
1		1.00	Real Estate Specialist I	
-6		-6.00	Housing Rehabilitation Specialist Senior	
6		6.00	Housing Rehabilitation Specialist	
-1		-1.00	Administrative Specialist	
1		1.00	Program Assistant I	
-1		-1.00	Administrative Specialist Senior	Reclassifications part of unit clarification CC File 040942.
1		1.00	Housing Services Specialist	
-2		-2.00	Management Accountant Senior	
2		2.00	Accountant II	
-2		-2.00	Management Accountant	
2		2.00	Accountant I	
-1		-1.00	Microcomputer Services Assistant	
1		1.00	Program Assistant I	
			Public Housing Programs Decision Unit	
-1		-1.00	Rent Assistance Supervisor	Change to direct HACM.
-2		-2.00	Rent Assistance Specialist III	
-1		-1.00	Building Maintenance Mechanic II (Family)	Reclassification of HACM positions.
1		1.00	Building Maintenance Mechanic I (Family)	
1		1.00	Building Maintenance Mechanic II (Elderly)	
-1		-1.00	Building Maintenance Mechanic I (Elderly)	
			Community Planning and Development Services Decision Unit	
	0.36	-0.36	Planning Director	Contracted position with University of Wisconsin Milwaukee fully funded in DCD operating account.
1	1.00		Assistant Planning Director	New position to provide administrative and operational support to Planning Director.
-1	-1.00		Permit and Development Center Manager	Transfer to General Management.
23	**0.11**	**2.70**	**TOTAL**	

NOTE: The budgets of the following agencies are not under control of the Common Council. This information portrays more fully the activities administered by the Department of City Development.

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

The Housing Authority of the City of Milwaukee is responsible for construction, management, and provision of safe, affordable, and quality housing with services that enhance residents' self-sufficiency. HACM is administered by a seven member board of commissioners. Members are appointed for staggered terms by the Mayor and confirmed by the Common Council.

HACM's principal funding source is the federal government through various programs administered by the Department of Housing and Urban Development (HUD). HUD provides an operating subsidy to make up the difference between the cost of managing public housing and the revenues received from 30% of resident's income. The Housing Authority anticipates additional reductions in future federal funding as Congress and the Administration move to adjust spending to meet federal budget caps. The Housing Authority is considering additional opportunities for funding available through the Quality Housing and Responsibility Act of 1998 and the Wisconsin State Statutes.

HACM activities include:

- Low rent public housing management
- Rent Assistance Program (Section 8)
- Housing development and rehabilitation
- Veterans' housing
- Homeownership and self-sufficiency services

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE (RACM)

The Redevelopment Authority is an independent corporation created by State Statute in 1958 and derives its powers solely from state law. The Redevelopment Authority's relationship with the City of Milwaukee is more particularly described in the audited financial statements of the Authority.

A board whose members are appointed by the Mayor and confirmed by the Common Council oversees the Redevelopment Authority. The Redevelopment Authority relies upon the Department of City Development for the professional, technical, and administrative support necessary to carry out its mission. This is accomplished through an annual cooperation agreement with the City of Milwaukee, with operating funds provided through the city's CDBG Program for:

- Management of financial affairs;
- Land use planning and urban design guidance;
- Real estate acquisition and disposition;
- Relocation assistance for displaced families and businesses;
- Property management and environmental investigation; and
- Housing and economic development project management.

The mission of the Redevelopment Authority is to eliminate blighting conditions that inhibit neighborhood reinvestment; foster and promote business expansion and job creation; and facilitate new business and housing development. Toward that end, the Redevelopment Authority:

- Prepares and implements comprehensive redevelopment plans;
- Assembles real estate for redevelopment;
- Is empowered to borrow money, issue bonds, and make loans; and
- Can condemn property (eminent domain) in furtherance of redevelopment objectives.

MILWAUKEE ECONOMIC DEVELOPMENT CORPORATION (MEDC)

The Milwaukee Economic Development Corporation is a non-stock, non-profit organization formed in 1971 to promote economic development for the benefit of the citizens of the City of Milwaukee. The principal objective of the corporation is to benefit the community by fostering the increase of employment opportunities and expansion of business and industry within the metropolitan Milwaukee area. The corporation uses its own funds to finance projects to achieve that objective. The corporation is exempt from federal and state income taxes under a provision of Section 501(c) (3) of the Internal Revenue Code.

An 18 member Board of Directors consisting of the Mayor, the Comptroller, the President of the Common Council, 2 council members, and 13 representatives of the business community oversee MEDC's activities. MEDC's board has delegated authority for policy actions to its Executive Committee that consists of the Mayor, the Comptroller, the President of the Common Council, one Council member, and six representatives of the business community.

Some services are provided to MEDC by the city through an agreement that is reviewed periodically. The city is reimbursed for any personnel and resources provided to the corporation under this agreement. MEDC uses its resources, as well as those of the Small Business Administration, to make financing available to businesses promising to create job opportunities and new investment in Milwaukee. The programs available through MEDC include:

- SBA 504 Debenture Program
- Second Mortgage Program
- Land Development Program
- Target Loan Program
- Partnership Loan Program
- Capital Access Program

NEIGHBORHOOD IMPROVEMENT DEVELOPMENT CORPORATION (NIDC)

The Neighborhood Improvement Development Corporation is a non-profit corporation established by the city in 1973 for the purpose of performing activities that assist and encourage reinvestment in residential property as part of an overall neighborhood economic stabilization strategy. NIDC programs encourage investments by private lending institutions and property owners by providing financial assistance in the form of grants, rehabilitation loans, and interest subsidy payments on conventional loans. NIDC also acts as a developer to stabilize and encourage neighborhood housing markets, it also provides technical assistance, and serves as a liaison between community-based organizations, city departments, area businesses, and associations.

NIDC is headed by a nine member board of directors, which includes at least four city residents. Board members serve for a period of three years, with one-third of the terms expiring each year. Federal funding supports many NIDC programs (received through the Community Development Block Grant Program).

NIDC will continue to work within the housing strategy guidelines to increase and target new housing production and to work with all ten TIN program areas. In cooperation with city departments and other neighborhood stakeholders, NIDC will maximize and utilize all available resources to revitalize and target neighborhoods.

Partnering with the Wisconsin Housing and Economic Development Authority (WHEDA), DCD, lenders, realists, and counseling agencies, NIDC encourages new homeownership on vacant parcels of land owned by the City of Milwaukee.

COMMON COUNCIL CITY CLERK

EXECUTIVE SUMMARY

MISSION: To establish city policy and law, oversee the administration of city government, adopt an annual budget, ensure the delivery of services to constituents, and provide public information about city government.

SERVICES: Council administration, including legislative and research support, constituent services, and public information.

STRATEGIC ISSUES: Realign Legislative Reference Bureau staffing to provide research and fiscal analysis flexibility.

Continue to cross train personnel to accommodate workload fluctuations and reduced staffing.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	95.07	91.90	92.90	1.00
FTEs - Other	1.00	1.00	0.00	-1.00
Total Positions Authorized	102	102	102	0
EXPENDITURES				
Salaries and Wages	$4,847,165	$4,558,819	$4,888,834	$330,015
Fringe Benefits	1,672,930	1,641,174	2,053,310	412,136
Operating Expenditures	590,991	722,639	768,050	45,411
Equipment	52,828	40,000	29,950	-10,050
Special Funds	74,661	135,035	89,035	-46,000
TOTAL	$7,238,575	$7,097,667	$7,829,179	$731,512
REVENUES				
Charges for Services	$3,729,382	$3,624,365	$3,687,800	$63,435
Licenses and Permits	1,914,631	1,687,300	1,836,022	148,722
TOTAL	$5,644,013	$5,311,665	$5,523,822	$212,157

BACKGROUND

The Common Council City Clerk's Office constitutes the legislative branch of city government. The 15 members represent geographically distinct districts (see Map 1) and are elected to serve four year terms, the most recent of which began April 20, 2004. The City Clerk's Office supports the activities of the council and general operations of city government. It is comprised of the Central Administration Division, the Public Information Division, the Legislative Reference Bureau, and the License Division.

Central Administration staff provides general administrative support functions for the department, staffs Council and committee meetings, and assists Council members in their work with constituents. The Public Information Division produces public relations material and operates the city's cable television channel. The Legislative Reference Bureau staff author and analyze legislative initiatives; review and make recommendations on fiscal matters; and maintain a library of books, reports, periodicals, newspapers, and online databases. The License Division administers the liquor, cigarette, bartender, home improvement, and public passenger vehicle licenses. The Common Council City Clerk's 2006 budget totals $7.8 million.

Service 1

Council Administration

Activities: Legislative and research support, constituent services, public information, licensing, public relations, and television programming.

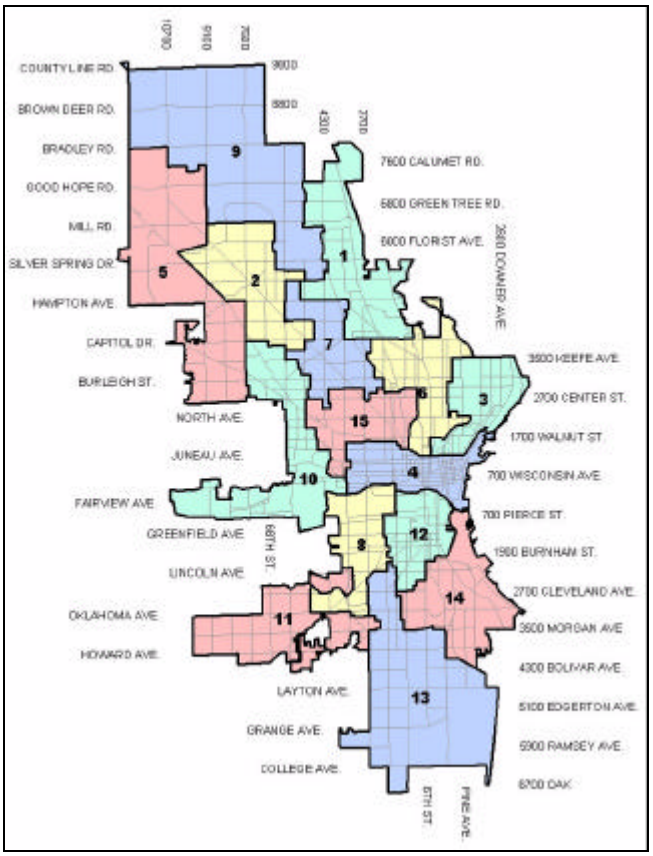
		2004 Experience	2005 Budget	2006 Projection
Funding by Source:	Operating Funds	$7,238,575	$7,097,667	$7,829,179
	Grant and Reimbursable	67,665	44,053	0
	Special Purpose Accounts	423,377	416,820	427,546
	Capital Budget	0	0	175,000
	Total:	$7,729,617	$7,558,540	$8,431,725

SERVICE CHANGES

Legislative Reference Bureau Realignment: The realignment continues to provide more research and fiscal analysis flexibility in 2006. The Legislative Research Section and the Fiscal Review Section is combined into the Research and Analysis Section. Analysts will have broad responsibilities to research legislation and analyze the fiscal impact of proposals and events. This flexibility will increase productivity in the near and long term and provide Council members with more timely research.

License Information System: The 2006 budget provides $175,000 in capital project funding, including a $30,000 business requirements and workflow process study and an initial $145,000 to begin replacement of the current mainframe based License Information System. The study will include a review of city departments' utilization and roles in the License Division application process and other aspects of license administration. The study will recommend changes to streamline the city's licensing structure and the process used to apply for, process, and administer licenses. It will also determine the feasibility of adapting the city's licensing process and structure to accommodate a commercial off-the-shelf license administration software system. Actual replacement will begin in 2006 and is expected to be completed in 2007. Based on 2005 requests for information, the preliminary total cost is approximately $700,000.

Map 1



Other Position Changes: The 2006 budget changes the title of six Office Assistant I positions to Legislative Services Aides to more accurately reflect the duties of these positions. In addition, the budget shifts funding for 1.0 FTE from grant to O&M.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-6	-6.00		Office Assistant I	Title change to more accurately reflect duties.
6	6.00		Legislative Services Aide	
-1	-1.00		Legislative Research Supervisor	Bureau consolidation and broadening of responsibilities.
-2	-2.00		Legislative Research Analyst Senior	
-2	-2.00		Legislative Fiscal Analyst Lead	
-1	-1.00		Fiscal Review Manager	
-2	-2.00		Fiscal Review Analyst Senior	
-2	-2.00		Legislative Fiscal Analyst Lead	
1	1.00		Research and Analysis Manager	
1	1.00		Legislative Research Supervisor	
8	8.00		Legislative Fiscal Analyst Lead	
	1.00	-1.00	Grant and Aid Deduction	Funding change to address federal funding reduction.
0	**1.00**	**-1.00**	**TOTAL**	

COMPTROLLER

EXECUTIVE SUMMARY

MISSION: To fulfill the responsibilities of the independently elected Comptroller of the City of Milwaukee.

SERVICES: Independent fiscal, financial and program analysis, revenue estimation, and auditing.

Process, maintain and report on financial position, operating results and cash flow projections to ensure accurate, efficient, and reliable financial operations.

Maintain bond rating and effectively issue debt in compliance with applicable regulations.

STRATEGIC ISSUES: Create efficiencies to improve the city's financial system and processes.

Maintain the city as a high quality credit while managing debt in a manner that supports improvements to the overall fiscal environment.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	48.86	53.30	52.24	-1.06
FTEs - Other	9.13	9.70	9.26	-0.44
Total Positions Authorized	70	68	67	-1
EXPENDITURES				
Salaries and Wages	$3,164,974	$3,155,867	$3,287,832	$131,965
Fringe Benefits	1,066,808	1,136,112	1,380,889	244,777
Operating Expenditures	729,825	1,800,830	1,724,383	-76,447
Equipment	17,511	43,000	30,000	-13,000
Special Funds	4,976	5,000	5,000	0
TOTAL	$4,984,094	$6,140,809	$6,428,104	$287,295
REVENUES				
Charges for Services	$380,422	$1,180,000	$1,180,000	$0
TOTAL	$380,422	$1,180,000	$1,180,000	$0

BACKGROUND

The City of Milwaukee Comptroller is an elected official, whose duties include administration of city financial activities including general and grant accounting, payroll, debt issuance and management, and auditing. The Comptroller also provides general oversight of city activities to ensure compliance with Generally Accepted Accounting Principles (GAAP) and various other regulations imposed by city ordinance, state law, or grant contract.

The Comptroller advises city policymakers on financial matters and provides leadership and representation on city sponsored committees including the Common Council's Finance and Personnel. The Comptroller also holds positions on the Wisconsin Center District Board, the Charter School Review Committee, the Pension Board, the

Pabst Theater Board, the City Information Management Committee, the Milwaukee Economic Development Committee (MEDC), Neighborhood Improvement Development Corporation (NIDC), Summerfest, the Purchasing Appeals Board, and the Deferred Compensation Board.

The Public Debt Commission is the superintendent of the issuance of city debt. Responsibility extends to determining the timing, structuring, call provisions, and similar aspects of both city general obligation and revenue anticipation borrowings. The Commission is also charged with oversight of the Public Debt Amortization Fund, which consists of investment and use decisions for the fund.

The Commission is comprised of three city residents appointed by the Mayor and confirmed by the Common Council. The City Comptroller serves as the ex-officio secretary to the Commission.

Service 1

Independent fiscal, financial and program analysis, and estimation of revenue, auditing and financial analysis.

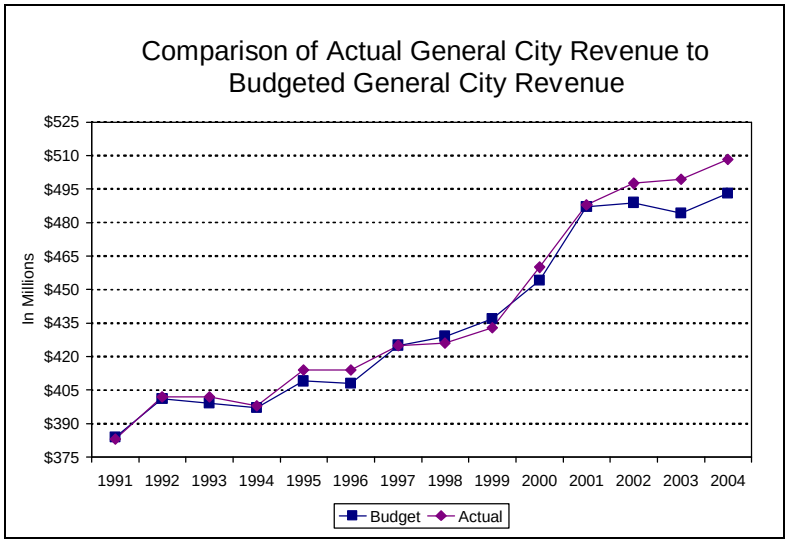
		2004 Experience	2005 Budget	2006 Projection
Activities:	Financial services, revenue estimation, auditing and accounting.			
Services:	Accuracy of revenue estimates.	103.0%	100.0%	100.0%
	Completed audit reports.	10	10	10
Funding by Source:	Operating Funds	$1,180,492	$1,269,565	$1,330,618
	Total:	$1,180,492	$1,269,565	$1,330,618

SERVICE RESULTS

The Comptroller's Office performance is measured by the accuracy of the city's budgeted revenue estimates. As shown in Figure 1, with the exception of 1998, the Comptroller has estimated revenues within 2% of actual revenues received in each of the last 10 years. These conservative, accurate revenue estimates help the city avoid deficits and the deferral of this year's costs to next year's tax levy. For 2004, actual revenues exceeded the Comptroller's budgeted revenue estimates by $15 million with actual revenues totaling 103% of the estimates[1].

A second measure of performance is the Comptroller's audit activity. During 2004, the Comptroller's Office produced 10 audits. Copies of major audit reports are provided on the Comptroller's web page.

Figure 1



[1]This comparison of actual to budgeted revenues is made after eliminating revenues budgeted with an equal, offsetting expenditure amount.

Service 2

Process, maintain, and report on financial position, operating results and cash flow projections, and ensure accurate, efficient, and reliable financial operations.

Activities: General accounting, payroll administration, oversight of financial assistance, coordination of financial operations and systems, and financial reporting.

		2004 Experience	2005 Budget	2006 Projection
Services:	Unqualified audit opinion by the city's outside auditor.	Yes	Yes	Yes
Funding by Source:	Operating Funds	$3,255,168	$3,366,539	$3,522,601
	Grant and Reimbursable	509,716	493,740	515,769
	Total:	$3,764,884	$3,860,279	$4,038,370

SERVICE CHANGES

The department has no service changes for 2006 but will continue to improve its estimates of revenue and produce audits that improve city services.

SERVICE RESULTS

The official accounting records of the city play an important role in its operations. Without reliable information on accounts payable, accounts receivable, and payroll the city could not meet its obligations, bills would go unpaid, city employees would not receive paychecks, and important services could not be provided.

Reliable accounting records help the city determine its present financial position. They also serve to guide its future direction. Timely, reliable, and accurate accounting records are essential to the delivery of important public services such as garbage collection and public health services. Systematic audits of the accounting system warrants against failures in important information by ensuring that accurate accounting records are being kept.

SERVICE CHANGES

Although there are no specific service changes in 2006, continual revisions in accounting processes and procedures have occurred in recent years. Outside auditing firms that review the year end city accounting books have increased their scrutiny of these books thus assuring greater accuracy of the numbers and processes that are followed. The department will respond to changes as they occur.

Service 3

Maintain bond rating and effective issuance of debt in compliance with applicable regulations.

Activities: Public debt management, preparation and sale of city debt and financial services.

		2004 Experience	2005 Budget	2006 Projection
Services:	Bond Rating (Fitch).	AA+	AA+	AA+
Funding by Source:	Operating Funds	$548,434	$1,504,705	$1,574,885
	Total:	$548,434	$1,504,705	$1,574,885

SERVICE RESULTS

Retaining the city's high "investment grade" bond ratings continues to be of prime importance and serves to keep borrowing interest costs lower. The lower cost of any required borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The city continues to maintain high investment grade ratings of AA+ from Fitch, Aa2 from Moody's, and AA from Standard & Poor's.

These ratings have been maintained during the recent slow economic growth and continued frozen state aids. As the ratings indicate, the city's capacity to meet its financial commitments on outstanding obligations is very strong.

The rating agencies indicate that the ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, strong growth in assessed value, and a diverse tax base. The city also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued.

In 2005, the Public Debt Amortization Fund will be used to prepay debt due the following year. This will have the effect of lowering the levy portion of the debt budget for 2006.

SERVICE CHANGES

There are no specific service changes in 2006.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Administrative Assistant II	Reduction to meet state levy limit.
	-0.06	-0.44	Miscellaneous	Experience adjustment.
-1	**-1.06**	**-0.44**	**TOTAL**	

ELECTION COMMISSION

EXECUTIVE SUMMARY

MISSION: To conduct elections that build public trust in the democratic process and to encourage registration and voting by eligible residents through media advertising, canvassing, and other special events.

SERVICES: Elections.

STRATEGIC ISSUES: Encourage Online Campaign Finance Reporting by candidates' campaign organizations and Political Action Committees.

Implement provisions of the Federal Help America Vote Act of 2002 including statewide registration, Election Inspector ongoing training, and access improvements for the physically challenged.

Implement recommendations of the City of Milwaukee Election Task Force and work with State Legislators and the Governor for passage of State Statute provisions to assist Milwaukee in conducting fair and efficient elections.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	18.29	14.76	19.16	4.40
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	110	70	110	40
EXPENDITURES				
Salaries and Wages	$933,253	$455,733	$602,775	$147,042
Fringe Benefits	104,219	108,710	138,462	29,752
Operating Expenditures	1,041,606	518,534	1,056,000	537,466
Equipment	1,772	7,513	18,000	10,487
TOTAL	$2,080,850	$1,090,490	$1,815,237	$724,747
REVENUES				
Charges for Services	$0	$8,000	$0	$-8,000
TOTAL	$0	$8,000	$0	$-8,000

BACKGROUND

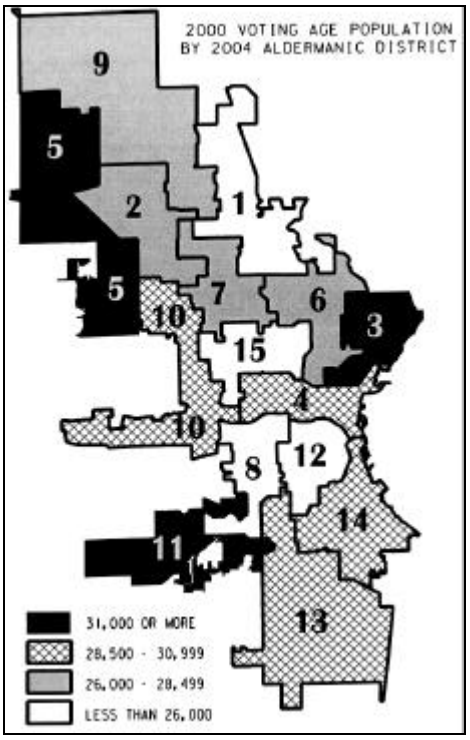
The Election Commission staff manages all aspects of public elections in the City of Milwaukee. In addition to registering the 410,249 potential voters (based on the 2002 census estimate) in Milwaukee, the Commission establishes more than 200 polling locations with appropriate workers, supplies, and ballots on election days (see Map 1). The Commission administers the statutory obligations for elected officials and potential candidates for citywide offices including the nomination process and campaign finance reporting. Two elections are usually held during odd numbered years and four generally occur in even numbered years. In 2006, the Election Commission will hold four

elections; the Spring primary and general elections for state and local offices including appeals and circuit court judgeships and a State Supreme Court Associate Justice; the Fall primary and general elections for governor, other state offices, and the U.S. House of Representatives and Senate.

The Election Commission staff is comprised of three board members, one Executive Director, an Election Services Manager, and five full time staff members whose responsibilities cover the administration of absentee voting, voter registration, voting machine maintenance, election day poll worker designation, and general office management. During the election season, 1,100 to 1,600 additional temporary poll workers are hired to staff the polling locations, register voters on site at the polls, respond to calls from voters, and process absentee ballots.

In 2004, the Commission conducted primary and general elections for President, United States House and Senate, State Assembly and Senate, Mayor, aldermen, and other municipal offices. Several polling places and wards were changed due to the reduction of aldermanic districts from 17 to 15 effective April 2004 (see Map 1).

Map 1



Service 1

Elections

Activities: Conduct elections that build public trust in the democratic process and encourage registration and voting by eligible residents through media advertising, canvassing, and other special events.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percentage of eligible persons who are registered to vote.	97.0%	82.0%	85.0%
	Percentage of registered voters who voted.	69.0%	17.0%	30.0%
	Percentage of polling places with election day voting machine problems.	3.0%	3.5%	3.0%
Funding by Source:	Operating Funds	$2,080,850	$1,090,490	$1,815,237
	Total:	$2,080,850	$1,090,490	$1,815,237

SERVICE RESULTS

The November 2004 election presented a number of unforeseen challenges including a record absentee ballot turnout, particularly "early voting" and large volumes of new registrants. High interest was generated by the Presidential race and provided a turnout of 69%. Problems discovered during that election have been the focus of the Election Commission Task Force and the State Elections Board. Progress on resolving these difficulties continues but the greatest challenge, considering the significant number of new registrants leading up to the Fall election, is maintaining the registration database.

The percentage of eligible people registered to vote continues to increase. As of the November 2, 2004 election, 396,600 people, or 97% of a potential 410,249 eligible voting age residents (2002 Census Bureau estimate) were reg-

istered. This exceeded the proportion projected in the 2004 budget and is the highest percentage registered since 1985.

The Election Commission website includes voter eligibility requirements, registration instructions, and an interactive polling location feature. Potential voters are able to find their polling location simply by entering their street address. This feature lists their aldermanic district, ward and also their municipal, county, state, and federal elected officials. Residents may access this information at their convenience. This also makes the Commission's staff more efficient by reducing the number of routine information requests received by telephone or in person.

The number of actual voters in the April 2004 election was 163,026 or 47% of registered voters. This high registration turnout reflected a high degree of interest in the various local races for Mayor, County Executive, supervisor, alderman, and judgeships that appeared on the ballot. The November Presidential Election resulted in a turnout of 277,344 voters including over 7,900 early voters and 17,000 other absentee ballots. The Election Commission made a concerted effort to reach the maximum number of potential voters through media advertising, canvassing by community groups, and other special events.

SERVICE CHANGES

Online Campaign Finance Reporting: In June 2004, the Election Commission implemented Online Campaign Finance Reporting as an option for elected municipal officials, candidates, and Political Action Committees (PACs). This feature will assist these people and entities in properly completing the reports and provide the public with online information regarding campaign finances. A number of officeholders and one PAC utilized this option for the July 2004 Continuing Campaign Finance Report. The Commission expects further utilization by candidate committees and PACs in future reporting cycles.

Help America Vote Act: The Help America Vote Act of 2002 (HAVA) requires a statewide registration list effective January 2006. The Election Commission is working closely with the State of Wisconsin Elections Board to implement this requirement. Both the city's Election Commission and the State Elections Board are confident this requirement will be readily met. The Elections Board recently notified the Election Commission that Milwaukee's registration files are nearly error free after several reviews by staff of both entities.

The HAVA also requires greater accessibility for people with physical challenges. A voter must be able to independently access the polling place and make their vote in complete privacy. The Election Commission is again working closely with the State Elections Board to comply with this requirement. The entities have conducted an in-depth survey of polling places to determine accessibility. The majority of polling places were found to have some impediment to independent access. The Commission and Board staffs are reviewing the survey, determining if impediments may be economically remedied, attempting to find alternate polling locations where sites cannot be remedied, and consolidating other polling sites.

Election Reforms: City policymakers (Mayor and Common Council), the Governor, and the state legislature are proposing reforms to state and local elections laws including:

- Providing "early voters" the opportunity to vote absentee at locations other than the Election Commission's office.
- Revising the deadline for requesting absentee ballots so that voters will receive ballots through the U.S. mail in time to vote and return the ballot.
- Open absentee ballots on election day at a central location (such as the Election Commission office) rather than distributing the ballots to over 200 polling places to be processed.
- Splitting poll workers shifts to allow shorter shifts during the long election day (7:00 a.m. to 8:00 p.m.).
- Change the deadline for the county to prepare ballots for the city from 21 days prior to the election to 28 days prior or provide the city the ability to print its own ballots.

- Prohibit payments to Deputy Registrars based on the number of registration cards completed.
- Earlier cutoff for registration in advance of the election and make mail registration deadline 29 days (from the current 13 days). Thereafter, people must register in person at the Election Commission's office.
- Provide more training and seek volunteers from businesses, colleges, and community groups to be poll workers and use more city employees during high turnout elections to augment regular poll workers. Require prospective poll workers to undergo training and to pass a test of their knowledge of election law and procedures.

These and other proposals are gaining consensus support. At the end of 2005 and early 2006, legislative sessions are likely to pass the election reforms for the Governor to sign.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
40	4.40		Temporary Office Assistant II	Increased due to biennial election cycle (four citywide elections in 2006).
-6	-0.66		Temporary Office Assistant II	Retitled to better reflect duties of positions.
6	0.66		Temporary Election Laborer	
-1	-1.00		Voting Machine Technician	Retitled and reclassified to better reflect duties of positions.
1	1.00		Election Services Coordinator	
-1	-1.00		Customer Service Representative II	
1	1.00		Program Assistant I	
40	**4.40**		**TOTAL**	

DEPARTMENT OF EMPLOYEE RELATIONS

EXECUTIVE SUMMARY

MISSION: To maintain a productive, diverse workforce that is well trained, motivated, adequately compensated, prepared to protect the lives and property of the citizens of Milwaukee, and fully attuned to efficient and effective customer service delivery.

SERVICES: Employee Relations, including labor contract negotiations and grievance administration, diversity outreach and complaint investigations, and employee training and development.

Compensation and Employee Benefits Administration, including health and dental benefits, disability insurance, and unemployment compensation.

Staffing including recruitment, examination, and certification of eligible employees.

Worker's Compensation and Safety.

STRATEGIC ISSUES: Evaluating the Fire and Police Commission's roles and responsibilities and its relation to the community.

Streamlining Worker's Compensation administration.

Improving workplace safety and reducing worker's compensation costs by monitoring and coordinating workplace safety initiatives.

Recommending and implementing changes to the management pay plan.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	85.89	64.87	59.05	-5.82
FTEs - Other	0.14	7.60	7.60	0.00
Total Positions Authorized	99	98	93	-5
EXPENDITURES				
Salaries and Wages	$3,506,870	$3,427,147	$3,484,277	$57,130
Fringe Benefits	1,184,465	1,267,864	1,463,396	195,532
Operating Expenditures	459,449	377,661	396,502	18,841
Equipment	9,541	3,000	21,600	18,600
Special Funds	96,234	112,619	237,619	125,000
TOTAL	$5,256,559	$5,188,291	$5,603,394	$415,103
REVENUES				
Charges for Services	$219,299	$200,000	$210,000	$10,000
TOTAL	$219,299	$200,000	$210,000	$10,000

BACKGROUND

The Department of Employee Relations (DER) provides human resources and support to city agencies and the Milwaukee Public Schools with the goals of attracting, retaining, and motivating a competent and diverse workforce. DER must meet these goals while complying with State and Federal Employment Laws, civil service rules, and applicable collective bargaining agreements. It does this through its four services: Employee Relations, Compensation and Employee Benefits, Staffing, and Worker's Compensation.

DER administers the City Service Commission, a civilian body that ensures that hiring and terminations of general city employees comply with the rules of State Statutes. The department also staffs the Fire and Police Commission, a civilian body that oversees general policy and community relations in the Fire and Police Departments. The Commission is also responsible for hiring and promotions for the two public safety departments.

Service 1

Employee Relations

Activities: Labor relations including grievance administration, labor contract negotiation, Fire and Police Commission citizen complaint process, diversity outreach and claims investigation, and employee training and development.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of applications processed.	7,108	N/A	8,000
	Number of new positions filled.	309	N/A	360
	Percentage of grievances closed and settled prior to arbitration.	32.0%	80.0%	50.0%
Funding by Source:	Operating Funds	$2,050,058	$2,093,784	$2,074,324
	Grant and Reimbursable	450,000	195,323	150,000
	Special Purpose Accounts	724,128	806,000	826,000
	Total:	$3,224,186	$3,095,107	$3,050,324

SERVICE RESULTS

The Employee Relations service entails a variety of activities that provide an organization with productive employees and supports positive labor/management relations. In 2004, DER completed its strategic planning process, which established goals and strategies for moving the department forward. Among other things, the department is now more effectively integrating the Fire and Police Commission staff with other DER employees to assist each other during peak recruitments. In 2005, the department offered new training programs to address key issues in city government. One hundred and fifty employees participated in three training sessions titled "Managing Employees in a Union Environment". These sessions are intended to educate managers of workplace policies and procedures. This should reduce the number of successful grievances filed by labor against the city. Additionally, the department will offer three new courses this Fall on identifying and reducing workplace hazards in an effort to improve workplace safety.

SERVICE CHANGES

Supplemental Hearing Officers: Positive community relations between citizens and the Police Department are an important goal of city government. DER has an Office of Diversity and Research Service Specialist position dedicated to addressing citizen complaints against the city's public safety personnel. In early 2005, it became apparent

that the department had a large backlog of citizen complaints. In mid-2005, DER contracted with outside counsel to help reduce this backlog and ensure responsiveness to citizen concerns.

Fire and Police Commission Best Practices Review: Cooperative and respectful relations between the city's public safety agencies and citizens is a key concern for the Mayor. The Fire and Police Commission has come under increased scrutiny due to a backlog of citizen complaints and other high profile issues in the Police Department. In response, the Mayor's Office has commissioned a consultant to recommend improvements to the Fire and Police Commission. The consultant will review industry best practices for police oversight and may recommend changes to the organizational structure of the Commission, its community outreach and public relations programs, and the citizen complaint process.

Service 2

Compensation and Employee Benefits

Activities: Health benefits, dental benefits, flexible spending accounts, job classification, pay administration, unemployment compensation, long term disability insurance, and Commuter Value Pass Program.

		2004 Experience	2005 Budget	2006 Projection
Services:	Increase in active employee health costs.	11.2%	11.2%	7.0%
	Percentage of total health care costs paid by active employees.	15.7%	N/A	15.0%
Funding by Source:	Operating Funds	$604,504	$577,889	$617,215
	Special Purpose Accounts	86,350,615	96,213,100	104,847,000
	Total:	$86,955,119	$96,790,989	$105,464,215

SERVICE RESULTS

The Employee Benefits service ensures that eligible city employees and retirees receive the health care they need. In 2005, 11,480 employees and retirees participated in the city's health care plans. The city strives to provide good benefits to its employees while containing the growth in these costs. This is a particular challenge in this region of the country, as the cost of health care in Southeastern Wisconsin is well above the national average. For 2006, the employee health care budget increased $8.6 million, or 9.1% from the 2005 budget. Since 2000, employee health care benefits have increased over $50 million or 94%. These increases are the result of general growth in costs in the region's health care industry. In response, the city has relied upon competition from various HMO's and agencies to hold down increases with limited success. The city has also implemented a "managed competition health care" approach, which gives employees the incentive to select the health care plan that is the best value for their needs. The city has also successfully negotiated higher co-pays with city unions and management. Nevertheless, health care cost increases continue to be well above inflation, which makes property tax freezes impossible without cuts in service. The issue of rapidly rising health care costs affects city taxpayers, businesses and citizens, and requires a regional and national response.

For further discussion, please see the *Special Purpose Account Employee Health Care Benefits* section in the *2006 Plan and Budget Summary*.

SERVICE CHANGES

Health Care Cost Containment Plans: For 2006, the city will contract with a Third Party Administrator (TPA) to administer the city's health benefit plans. The TPA will also initiate a Disease Management Program for 2006. The

city has also hired Navitus Health Solutions as a new Prescription Benefit Manager (PBM) to help the city limit escalating prescription drug costs.

Management Pay Plan: DER strives to retain a highly qualified and motivated workforce. However, managers do not have union representation and benefits may not be equivalent to those of represented employees. This has led to a difficulty in recruiting new managers from the ranks of labor. In response, DER conducted a survey of management employees to understand which forms of benefits and compensation are valued most by managers and influence their decisions to work for the City of Milwaukee. In late 2005, DER will make recommendations for restructuring management compensation and benefits in an effort to meet employee needs in 2006 and 2007.

Position Changes: Due to the need to comply with state levy limits, DER has eliminated an Accounting Assistant II and a Benefits Services Specialist II. The Accounting Assistant processed the department's payroll and the Benefits Services Specialist helped in administering the city's dental plans. Existing staff will absorb these duties. The change saves $85,266.

Service 3

Staffing

Activities: Recruitment, examinations, certification of eligible applicants, and outplacement services.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of terminations during probationary period.	11	15	15
	Percentage of referrals containing minorities.	48.0%	60.0%	45.0%
	Percentage of referrals containing women.	68.0%	60.0%	60.0%
Funding by Source:	Operating Funds	$1,261,574	$1,184,417	$1,401,150
	Grant and Reimbursable	400,000	0	290,534
	Total:	$1,661,574	$1,184,417	$1,691,684

SERVICE RESULTS

The Staffing service identifies qualified candidates to fill vacant positions in the city. This involves processing applications, testing prospective employees, certifying a list of eligible candidates, and referring the list to city departments for final selection. In 2004, the department processed over 7,100 applications for 307 position openings. To address this workload with reduced staff, DER has been maximizing the use of existing eligible lists to fill similar position openings, rather than certifying a new list of eligible candidates for each new position opening. The department also encourages departments to promote from within their organization, which streamlines the recruitment process and improves employee morale.

SERVICE CHANGES

Police Staffing Study: In 2006, DER will hire a consultant to study Police Department Staffing levels, structures, and deployment practices. The study will determine operational efficiency and compare Milwaukee's Police staffing to other major cities.

Police Officer and Fire Fighter Class Recruitment: In 2006, DER will recruit and hire two Police Officer Recruit Classes and one Fire Fighter Recruit Class.

Police Recruit Psychological Evaluations: In 2004, the city's hiring practices came under increased scrutiny due to a few high profile incidents of police misconduct. To more effectively screen applicants for the Police Department, DER will be conducting written tests and in-person psychological evaluations of all Police Officer recruit candidates to determine their psychological fitness to wear a Milwaukee Police Department uniform. In the past, only candidates who were flagged through a written psychological test were required to undergo an in-person psychological evaluation.

Position Changes: Due to the need to meet state levy limits, DER eliminated a Personnel Clerk. This position helped in the processing of high volume applications for popular positions such as Parking Checkers. DER's strategy to increase the use of existing eligible lists should limit the impact of this position reduction, though temporary staffing may be needed at peak times. The change saves $38,474.

Service 4

Worker's Compensation

Activities: Administration, data analysis, and departmental safety monitoring.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of worker's compensation claims (receipts).	2,926	N/A	2,900
	Average cost per claim.	$2,125	N/A	$3,711
Funding by Source:	Operating Funds	$1,340,423	$1,332,201	$1,510,705
	Special Purpose Accounts	9,118,826	8,910,000	10,810,970
	Total:	$10,459,249	$10,242,201	$12,321,675

SERVICE RESULTS

City employees who are injured in the line of duty are entitled to worker's compensation payments in accordance with state and federal law. The City of Milwaukee self insures itself to pay worker's compensation claims. The department processes claims and reports to state agencies as required. DER has two measures of the worker's compensation environment. The first is the "number of recordable injuries to city employees" and second the "average cost per successful claim". However, DER's focus has been on processing claims and complying with state reporting laws rather than reducing injuries. It is currently the duty of individual departments to create a safe environment and properly train and supervise employees. For more information, please see the *Special Purpose Account Worker's Compensation* section in the *2006 Plan and Budget Summary*.

SERVICE CHANGES

Workplace Safety Coordination: As stated above, prior to 2005 DER processed worker's compensation claims as they arrived and did not focus on improving worker safety. In the early 1990's, safety personnel were moved to individual city departments where they could more closely supervise workplace safety conditions. While the Department of Public Works has had success in reducing injuries, others such as the Police Department have seen an increase in injuries. Citywide, the total amount of injuries has not significantly changed. In 2005, DER is taking a more proactive role in workplace safety. DER is requiring that individual departments submit safety plans to DER in order to ensure that workplace safety is a priority for departments. In 2006, DER will begin holding departments accountable for workplace safety through the Mayor's new accountability process whereby departments will review injury data and prevention strategies with DER on a timely basis.

New Information Technology System: The Worker's Compensation section currently uses an outdated and inefficient computer system that requires redundant data entry and has limited reporting capabilities. The section needs a modern system to increase the efficiency of its operations and improve workplace injury information, which can be used to reduce costly claims. DER is currently reviewing its Information Technology (IT) needs and the market of IT solutions, with an eye toward requesting a new claims processing and risk management system in the 2007 budget.

Position Changes: Due to the need to meet state levy limits, DER eliminated a Claims Representative, this position helped in the processing of Worker's Compensation claims. By reducing worker's compensation claims through enhanced safety efforts, DER should be able to manage its workload without this position. The change saves $38,470.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Administration	
1	1.00		Human Resources Information Analyst Senior	Reclassified for expanded duties.
-1	-1.00		Employee Relations Specialist	
1	1.00		Business Services Specialist	Labor unit change.
-1	-1.00		Management Services Specialist	
-1	-1.00		Office Supervisor II	Labor unit change and transfer to PA II in staffing.
-1	-1.00		Labor Negotiator	Moved to Operations Division.
-2	-2.00		Labor Relations Officer	
-1	-1.00		Program Assistant I	
-1	-1.00		Research Analyst	
-1	-1.00		Accounting Assistant II	Reduction to meet state levy limits.
	-1.09		Miscellaneous Adjustments	
			Employee Benefits Division	
1	1.00		Benefits Services Specialist III	Labor unit changes.
-1	-1.00		Medical Benefits Coordinator	
1	1.00		Benefits Services Specialist II	
-1	-1.00		Administrative Services Specialist	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Claims Representative	Reduction to meet state levy limits.
-1	-1.00		Benefits Services Specialist II	
	-0.11		Miscellaneous Adjustments	
			Operations Division	
1	1.00		Labor Negotiator	Moved from Administration Division.
2	2.00		Labor Relations Officer	
1	1.00		Program Assistant I	
1	1.00		Research Analyst	
1	1.00		Employment Manager	Reclassification.
-1	-1.00		Employment Manager	
-1	-1.00		Office Assistant IV	Reduction to meet state levy limits.
-1	-1.00		Personnel Clerk	
1	1.00		Program Assistant II	Transfer from Administration Division and labor unit change.
	0.38		Miscellaneous Adjustments	
-5	**-5.82**		**TOTAL**	

FIRE DEPARTMENT

EXECUTIVE SUMMARY

MISSION: To protect people and property within the city by providing rapid, professional, and humanitarian services essential to the health, safety, and well being of city residents.

SERVICES: Emergency services including fire suppression, emergency medical, and other emergency services.

Fire safety community education programming, Fire Fighter training, and support services.

STRATEGIC ISSUES: Continue to evaluate operations of the Milwaukee Fire Department in relation to effective prevention and response objectives and methods of service delivery.

Use technology and resources to develop more effective community fire safety awareness programs.

Align the resources of Emergency Medical Services based on demographic shifts in the community and work to establish contracts with private ambulance providers that implement accountability measures.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1,146.51	1,080.46	1,167.12	86.66
FTEs - Other	9.20	8.54	9.67	1.13
Total Positions Authorized	1,151	1,154	1,151	-3
EXPENDITURES				
Salaries and Wages	$63,807,791	$64,487,145	$62,933,095	$-1,554,050
Fringe Benefits	20,534,928	19,384,783	21,405,667	2,020,884
Operating Expenditures	3,337,895	3,843,689	3,868,751	25,062
Equipment	481,453	598,606	415,725	-182,881
Special Funds	60,879	89,800	82,000	-7,800
TOTAL	$88,222,946	$88,404,023	$88,705,238	$301,215
REVENUES				
Charges for Services	$4,945,282	$5,710,000	$5,725,000	$15,000
TOTAL	$4,945,282	$5,710,000	$5,725,000	$15,000

BACKGROUND

The Milwaukee Fire Department (MFD) has provided emergency and public safety services since 1875. The department serves the residents of Milwaukee and West Milwaukee through 36 firehouses that are structured into five organizational bureaus. Some units have the added responsibilities of special teams: Dive Rescue, Hazardous Materials (HazMat), and the Heavy Urban Rescue Team (HURT).

The department has dramatically increased its fire prevention activities since the late 1980's. A high number of fire deaths in 1987 (31) prompted the department to take an aggressive, interactive approach to fire prevention and safety education. In 1997, the Fire Department began providing fire inspection services for public buildings. It also works with building managers to identify any potential fire hazards.

Since the 1970's, the department has provided Emergency Medical Services (EMS). EMS calls constitute nearly 80% of all requests to the Fire Department for emergency services. The department also participates as a first responder in the system to provide basic life support services with private sector ambulance providers and provides paramedic or advanced life support services under Milwaukee County oversight.

The Fire Department has categorized its services under two distinct services: Emergency Services, encompassing the core services of fire suppression and EMS, and Fire Education, Training and Support, which promote safety activities in the community and support core operations. Emergency Services measures include the traditional response time goal and several new internal objectives to determine the effectiveness of fire suppression strategies. Measures for Education and Support focus on community efforts and reducing the number of fire deaths.

Service 1

Emergency Services

Activities:	Fire suppression, Emergency Medical Services, other emergency services (HURT, HAZMAT, Dive Rescue), and disaster preparedness.			
		2004 Experience	**2005 Budget**	**2006 Projection**
Services:	Percentage of responses within five minutes of call.	92.7%	95.0%	95.0%
Funding by Source:	Operating Funds	$81,517,784	$81,186,072	$81,126,699
	Grant and Reimbursable	462,000	554,977	1,227,263
	Capital Budget	4,377,679	4,627,500	3,381,000
	Total:	$86,357,463	$86,368,549	$85,734,962

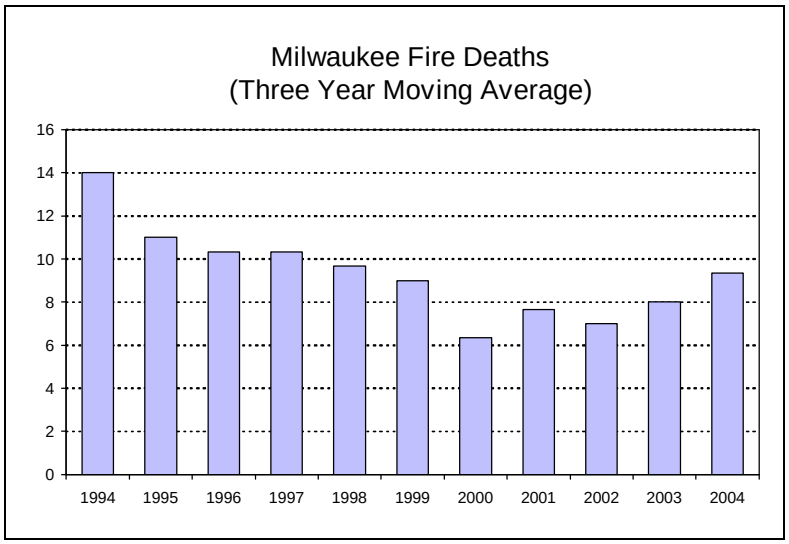
SERVICE RESULTS

This service nurtures community investment through the provision of high capacity fire suppression, emergency medical, and specialized rescue services. The ability to respond rapidly and with appropriate resources to an emergency incident fosters investment as citizens are assured that their health and assets are protected. This service also provides for a healthy and safe citizenry through the provision of Emergency Medical Services at the Basic Life Support (BLS) and Advanced Life Support (ALS) levels.

Timely response to events has a direct impact on the outcome of any emergency. The success of this strategy is measured by a response time of five minutes or less for 95% of calls received for EMS, Dive Rescue, Fire Suppression, HAZMAT, Heavy Urban Rescue, and other non-fire emergencies.

In 2004, the Milwaukee Fire Department responded to 69,742 calls for emergency assistance: 15,238 (22%) were fire suppression or specialized rescue responses and 54,504 (78%) were Emergency Medical Service (ALS and BLS) responses. In addition, the Milwaukee Fire Department also dispatched 26,177 BLS level calls for service directly to the four private ambulance BLS transport providers. Of the 69,742 calls for service responded to by the MFD, 92.73% were responded to within five minutes or less.

Figure 1



The department utilizes other performance measures to gauge success in this service area. The MFD's goal is to eliminate all fire deaths within the City of Milwaukee. This goal is measured by the three year average of fire deaths (see Figure 1). In 2005, the department also set a goal to decrease the amount of property loss experienced through fire incidents. This goal is being measured through determining the value of property lost due to fire as a percentage of the city's assessed value (current goal is 0.05%).

SERVICE CHANGES

Continue to Move Toward National Staffing Standards of Engine and Ladder Companies: The 2006 budget staffs the remaining non-special teams engine companies at four personnel. The reduction results in the elimination of 12 Fire Fighter positions for a savings of $604,594.

A staffing study finalized in Fall of 2005 confirms that Fire Station density conditions within the City of Milwaukee show significant overlap and that moving Milwaukee Fire Department staffing levels toward the nationally accepted standards of four Fire Fighters on both engines and ladders does not change the effective coverage areas or emergency response times. GIS analysis also demonstrates more than 88% of calls could receive 24 or more Fire Fighters on scene for a full structure fire response within the nationally recommended 8 minutes or less. This study also determined the level of response overlap and number of stations provides sufficient coverage for call concurrency.

Additionally, multiple comparative surveys show Milwaukee to be among the highest staffed Fire Departments in the country. Many U.S. cities are staffing companies at three Fire Fighters. As state levy limits tighten, poverty conditions rise, and other core community services in city government are stretched to their limits, staffing at the "top tier" within the Fire Department is difficult to sustain.

Management Recommendations of the 2005 Organizational and Operational Study of the Milwaukee Fire Department: The 2006 adopted budget reduces two Battalion Chief positions and one position of Deputy Chief for a combined savings of $239,426. The final recommendations of this study, to further modify management and frontline staffing and to consolidate administrative bureaus, will be reviewed with the department and Finance and Personnel Committee throughout 2006.

Add 12th MED Unit Mid-Year: With the implementation of the 12th MED Unit, the Milwaukee Fire Department will be able to meet national response and run volume standards for its ALS program. Currently, only 84% of responses fall within response time goals. The additional MED Unit will bring that up to 90% and level out the yearly run totals for each unit to below 3,000. The 12th MED Unit will also address specific deficiencies in the northwest section of the City of Milwaukee. The yearly cost of this is approximately $352,000.

BLS Services: Currently, the city is negotiating its BLS ambulance transport contracts with the private ambulance companies. These contracts will provide greater quality control and accountability in this vital service area.

Service 2

Fire Education, Training and Support Services

Activities: Fire education, inspections, pre-incident planning, infrastructure support (shop, IT services, dispatch) training and administrative support.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of Fire Prevention Contacts	8,807	10,000	10,000
Funding by Source:	Operating Funds	$6,705,162	$7,217,951	$7,578,539
	Grant and Reimbursable	0	145,345	455,000
	Capital Budget	3,103,669	432,500	0
	Total:	$9,808,831	$7,795,796	$8,033,539

SERVICE RESULTS

This service nurtures investment through insuring that current MFD employees are trained to provide the highest level of fire suppression and Emergency Medical Services. This service also provides for a healthy environment through the provision of fire safety and fire prevention education to the community at-large and especially those neighborhoods at highest risk of fire.

Currently, the MFD Bureau of Instruction and Training conducts over 120 initial training, refresher, and skill enhancing courses each year. This training encompasses all levels of fire suppression, Emergency Medical Services (BLS and ALS) and specialized rescue operations insuring that responding personnel have the knowledge, skill, and experience to effectively mitigate any emergency situation. The department also has extensive fire safety, fire prevention, and life safety education programs.

Many of the department's community programs emphasize fire prevention because fewer fires create fewer situations where a fire death could occur. Fire Fighters Out Creating Urban Safety (FOCUS), the cornerstone of the MFD's Fire Education Program, involves Fire Fighters going door-to-door to install smoke detectors, replace batteries, and distribute fire prevention and medical services information in the areas of the city with the greatest incidence of fire. The 2006 CDBG funding allocation plan fully maintains this core community fire safety awareness effort.

Other programs include Sesame Street, Elder Safe, the Survive Alive House, and the Mobile Survive Alive Houses. These teach children and adults how to react when there is a fire in the home, including proper escape procedures and calling 9-1-1. In 2004, the Fire Department also made 8,807 residential contacts and installed over 925 smoke detectors. The Milwaukee Fire Department administration is proactively evaluating initiatives to increase the number of operational smoke detectors in residential homes.

SERVICE CHANGES

Safety Director: In order to manage the safety needs of the evolving organizational structure of the department, the 2006 budget creates a civilian position of Safety Director in the Support Services Section. It is anticipated that this person would act as a coordinator of safety and health programs, develop internal preventative programs, and monitor injuries.

CAPITAL PROJECTS

The 2006 capital budget supports the critical needs of the Fire Department in terms of major equipment and facilities. Three new combined accounts for facilities maintenance will allow flexibility in the department's efforts to maintain safe and healthy work environments while the current firehouse locations are being studied. Sites are being assessed for the Fire Repair Shop with construction likely to begin in 2006. Three Pumper Trucks, one Aerial Ladder, one Tower Ladder, and three ambulances are also being funded.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
	-12.00		Fire Fighter	Reduction to meet state levy limit Engine Companies.
-2	-2.00		Battalion Chief	Reduction to meet state levy limit.
-1	-1.00		Deputy Chief	
	1.50		Fire Lieutenant	Add 12th MED Unit mid-year.
	1.50		Fire Fighter/Paramedic	
-2	-2.00		Administrative Fire Lieutenant	Reorganize BTS staffing.
1	1.00		Administrative Fire Captain	
1	1.00		Information Technology Assistant	
1	1.00		Safety Supervisor	Priority safety need identified by the department.
-2	-2.00		Physician Fire	Contract for service.
1			Accounting Assistant III	Auxiliary position to meet staffing needs.
	99.66	1.13	Miscellaneous Adjustments	Special Duty added to FTE count and adjusted for 2005 experience.
-3	**86.66**	**1.13**	**TOTAL**	

HEALTH DEPARTMENT

EXECUTIVE SUMMARY

MISSION: To ensure that services are available to enhance the health of individuals and families, promote healthy neighborhoods, and safeguard the health of the Milwaukee community.

SERVICES: Disease control and prevention.

Maternal and child health.

Home environmental health.

Consumer environmental health.

Healthy behaviors and health care access.

STRATEGIC ISSUES: Reduce infant mortality by promoting pre-conception planning, early prenatal care, WIC enrollment, and reducing risks and behaviors associated with infant death.

Improve preparedness for bioterrorism and other public health emergencies, including vector borne diseases like West Nile Virus, SARS, and Monkey Pox.

Enhance asthma prevention and injury prevention efforts and continue successful lead poisoning prevention strategies in the Home Environmental Health Program.

Implement a wireless field inspection system for improved client records and rapid communications with health professionals and the public consistent with new federal regulations.

Increase public and private funding for lead hazard control in high-risk housing to meet the goal of eradication of childhood lead poisoning by 2010.

Promote health insurance and other benefits that improve the overall well being of families and neighborhoods.

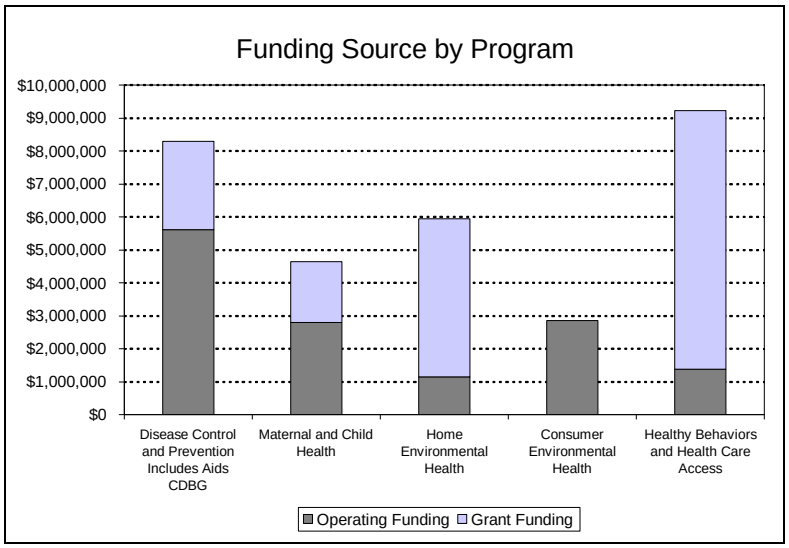
Continue to refine best practices to achieve community health goals rather than simply providing more services. Forming partnerships with other public and private organizations has become more critical.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	185.42	169.35	167.55	-1.80
FTEs - Other	127.53	123.61	108.79	-14.82
Total Positions Authorized	359	345	326	-19
EXPENDITURES				
Salaries and Wages	$8,896,245	$7,863,636	$8,353,200	$489,564
Fringe Benefits	2,983,515	2,830,909	3,508,345	677,436
Operating Expenditures	1,713,311	1,757,970	1,820,227	62,257
Equipment	15,654	15,800	15,800	0
Special Funds	62,277	96,794	111,000	14,206
TOTAL	$13,671,002	$12,565,109	$13,808,572	$1,243,463
REVENUES				
Charges for Services	$911,115	$750,638	$756,860	$6,222
Licenses and Permits	1,686,320	1,604,550	1,709,900	105,350
TOTAL	$2,597,435	$2,355,188	$2,466,760	$111,572

BACKGROUND

Figure 1



The Milwaukee Health Department focuses its efforts on public health assessment, policy development and service availability and accessibility. The Health Department operates from five health centers located throughout the city

The Health Department's 2006 budget emphasizes services that create early childhood conditions that lead to success and provide for a healthy environment, two of Mayor Barrett's Key Outcomes to improve residents' lives in Milwaukee. Operating efficiencies in administrative support functions allow the Health Department to continue serving the city's neediest client populations. The 2006 budget maintains services to mothers, babies, young children, and women. It maintains monitoring and response capabilities for a wide range of communicable diseases including tuberculosis, sexually transmitted diseases, emergent threats such as West Nile Virus and SARS, and bioterrorism. Food inspections of restaurants and other necessary inspection practices are continued. State mandated programs and projects are also maintained at required levels.

The 2006 budget provides $13.8 million of local tax levy funding, a $1.3 million funding increase which demonstrates local resolve to continue services which improve the lives of Milwaukee residents. Grant funding from state and federal governments and foundations is expected to total $17.1 million, a $1.4 million decrease from 2005 expected grants. Overall grant and operating funding of $31 million is about a $100,000 decrease from the $31.1 million in 2005. Capital facilities funding for the Health Department's five health centers, laboratory facilities, and administrative offices totals $550,000, a $478,500 decrease from 2005, but still sufficient to maintain crucial Health Department facilities.

Service 1

Disease Control and Prevention

Activities: Communicable disease surveillance and control, emergency preparedness and response, HIV/Aids prevention, tuberculosis prevention, water borne disease control, and environmental assessments.

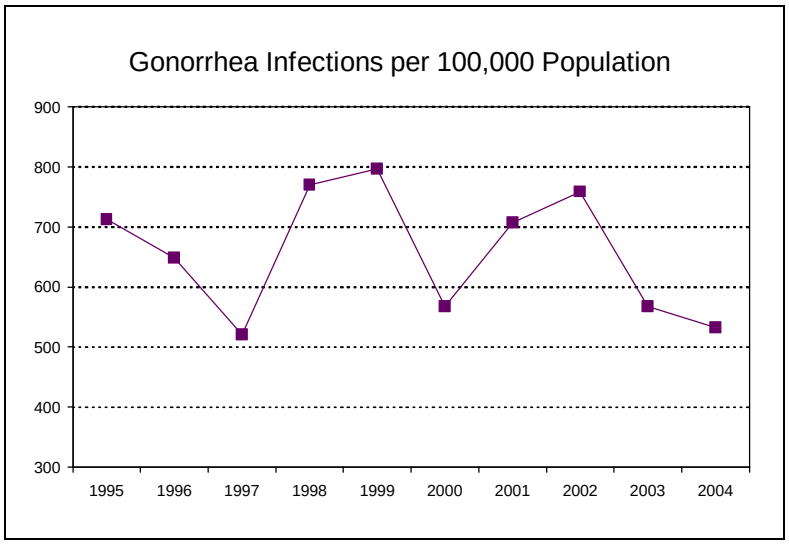
		2004 Experience	2005 Budget	2006 Projection
Services:	Incidence of gonorrhea infections per 100,000 population.	532	600	500
Funding by Source:	Operating Funds	$5,483,820	$4,939,637	$5,621,180
	Grant and Reimbursable	1,911,673	2,140,506	2,666,338
	Capital Budget	410,526	404,328	222,897
	Special Purpose Accounts	35,326	0	0
	Total:	$7,841,345	$7,484,471	$8,510,415

SERVICE RESULTS

The Health Department's efforts in Disease Control and Prevention are focused on sexually transmitted diseases, communicable disease surveillance and control, and bioterrorist preparedness. In 2004, there were 532 gonorrhea infections reported per 100,000 population in the city. As shown in Figure 2, the rate has fluctuated over the past nine years.

Communicable disease surveillance and control has grown to include preparation for bioterrorism. The city has received a substantial multi-department, multi-year grant in the Urban Area Security Initiative, which includes $457,000 in 2006 for Health Department bioterrorism preparations.

Figure 2



SERVICE CHANGES

Outbreak Preparedness: The Health Department is integrally involved in planning for a variety of possible public health emergencies that could occur, such as disease outbreaks or terrorist attacks. The department has created a multi-disciplinary response team that operates 24 hours a day for a more efficient response to community emergencies demanding a field response and public health risk assessment. It integrates medical, nursing, environmental and epidemiologic staff in a single team to respond to such emergencies. Grant funded initiatives such as the countywide communicable disease tracking system (SURVNET) and the Centers for Disease Control and Prevention Bioterrorism Program supplement city funding in this area.

Emerging Infectious Diseases: The Health Department continues to face new challenges associated with the identification, control, and prevention of infectious diseases like West Nile Virus, SARS, and Monkey Pox. During 2003, the department performed extensive surveillance and prepared for responses to the global SARS epidemic, a regional appearance of Monkey Pox, and the possible transmission of the West Nile Virus to humans. The department has developed capabilities in coordination with other agencies to rapidly detect and respond to infectious disease outbreaks.

Communicable Disease Reduction Initiative: In 2006, the department will continue to further strengthen a Community Development Block Grant program designed to reduce communicable diseases in a targeted neighborhood. The goal of this program is to provide a coordinated approach to combating sexually transmitted diseases, tuberculosis, and other communicable diseases in the community.

Other Changes: Changes in grant funding for 2006 result in shifting an Environmental Scientist to the Department of City Development and the elimination of an Environmental and Disease Control Specialist. The Immunization Action Plan Grant eliminates a Public Health Nurse Supervisor while adding a Public Health Nurse, Public Health Educator, and an Office Assistant II to further immunization efforts.

Service 2

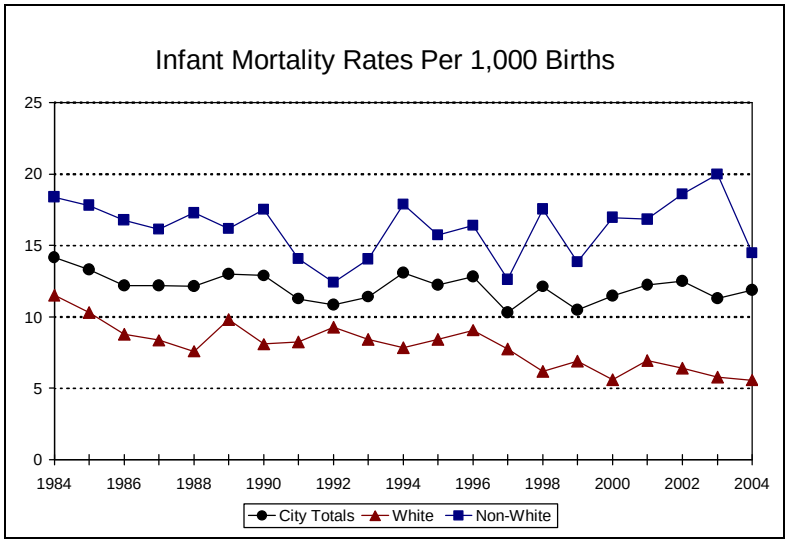
Maternal and Child Health

		2004 Experience	2005 Budget	2006 Projection
Activities:	Prenatal and reproductive health, newborn screening, immunization, health education, pre-school health, infant mortality reduction, and family health clinic.			
Services:	Disparity ration of African American vs White infant mortality rate.	3.44	2.5	2.4
Funding by Source:	Operating Funds	$2,778,345	$2,833,121	$2,801,343
	Grant and Reimbursable	2,433,038	2,030,587	1,847,677
	Capital Budget	207,991	231,901	112,146
	Total:	$5,419,374	$5,095,609	$4,761,166

SERVICE RESULTS

The infant mortality rate (the number of children who die before their first birthday out of every 1,000 live births) is an important indicator of a community's overall social and economic well being. In 2004, non-Hispanic African Americans in the City of Milwaukee experienced a 19.2 per 1,000 infant mortality rate compared to a 5.3 rate for Hispanic residents and a 5.6 rate for non-Hispanic White residents. The rate for African Americans in the city is 3.44 times higher than for Whites. This disparity between White and non-White infants has remained wide over time, as shown in Figure 3.

Figure 3



The Health Department's 2006 budget dedicates $4.8 million to promote maternal and child health, including $1.8 million of state and federal grant funds. Activities include, promoting prenatal and reproductive health, assessment and monitoring of vulnerable and chronically ill children, the WIC Nutrition Program, Health Check Screening Clinics, and immunizations.

SERVICE CHANGES

Position and Funding Changes: A number of positions will be eliminated due to the ending of the Early Child Care Grant. Service level impact will be minimized as a new Milwaukee Comprehensive Home Visiting Grant takes effect. This grant will serve families in targeted areas to improve pregnancy outcomes, enhance family functioning, prevent child abuse and neglect, and assure child readiness for school. The Health Department's role will be mentoring and oversight of contracted community groups who will provide services to families in need.

Service 3

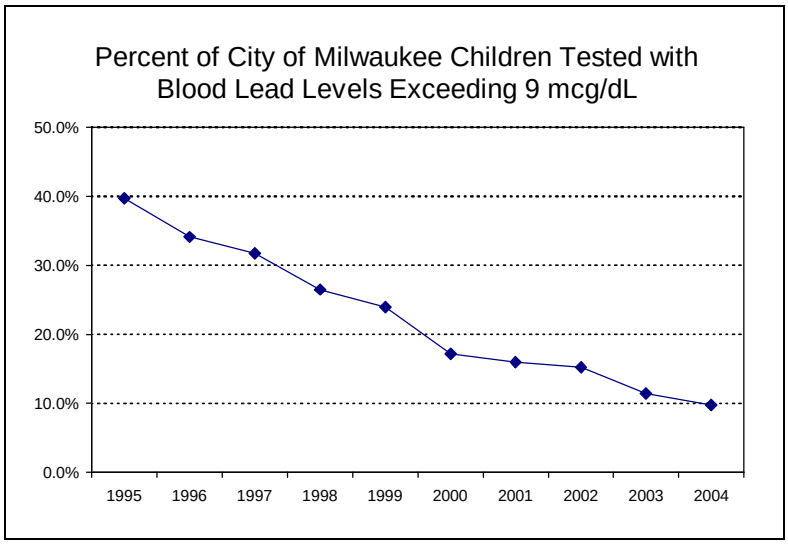
Home Environmental Health

		2004 Experience	2005 Budget	2006 Projection
Activities:	Lead poisoning prevention and treatment, asthma control, injury prevention, lead abatement, research, and surveillance.			
Services:	Percent of children aged 0-5 tested with blood lead levels exceeding 9 mcg/dL.	9.8%	14.0%	9.0%
Funding by Source:	Operating Funds	$1,163,972	$1,207,820	$1,149,351
	Grant and Reimbursable	4,518,500	4,696,372	4,804,982
	Capital Budget	87,136	98,864	46,012
	Total:	$5,769,608	$6,003,056	$6,000,345

SERVICE RESULTS

The Health Department continues to focus on health issues related to the home environment including lead poisoning, asthma, and unintended injuries. Recognized as one of the most successful lead poisoning control programs in the country, the Health Department's Lead Program has significantly reduced the rate of lead poisoning among Milwaukee's children. As Figure 4 indicates, the percentage of children aged 0 to 5 with high blood lead levels has declined from about 40% in 1995 to 9.8% in 2004. The program's success is due in part to abatement of hazardous conditions in homes before children are poisoned.

Figure 4



SERVICE CHANGES

The 2006 budget provides $6 million in funding for comprehensive home environmental health activities including approximately $4.8 million in federal and state grant program funding. Activities include lead poisoning prevention and treatment, asthma control, unintentional injury prevention, and clinical and environmental lead laboratory work.

Position and Funding Changes: While city and grant funding remains essentially stable from 2005 to 2006, restructuring of Lead Abatement and Lead Poisoning Control and Prevention Grants results in several position changes. Lead Education and Health Services Assistants are added while a Public Health Nurse position and an Environmental Health Specialist are eliminated.

Service 4

Consumer Environmental Health

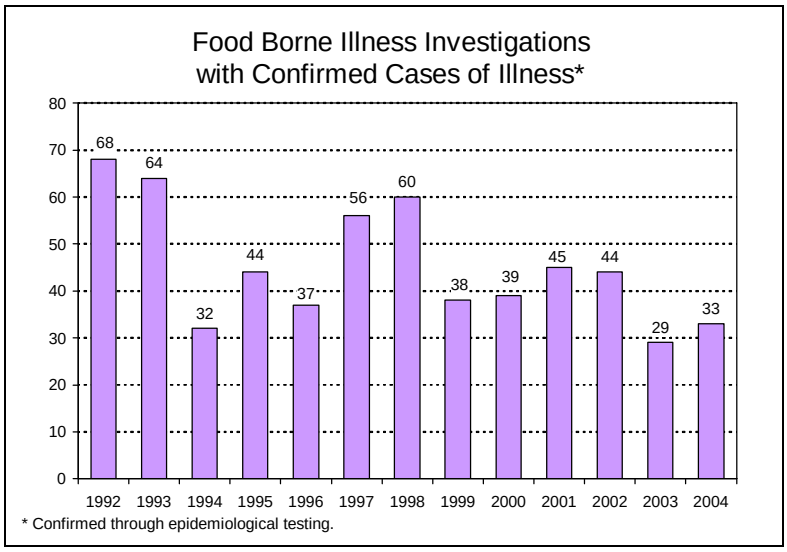
Activities: Food safety regulation and education, weights and measures, sales ordinance investigations, and fire safety inspections.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent of food inspections with critical food borne illness risk factors.	33.0%	45.0%	30.0%
Funding by Source:	Operating Funds	$2,811,031	$2,601,371	$2,859,676
	Capital Budget	210,437	212,932	114,481
	Total:	$3,021,468	$2,814,303	$2,974,157

SERVICE RESULTS

The Health Department's success in protecting consumer environmental health is measured in part by the percent of food establishments with critical violations at the initial inspection. In 2004, 33% of establishments had at least one critical violation upon first inspection, a reduction from the 2003 figure of 44%. The Health Department continues to use the Hazard Analysis and Critical Control Point (HACCP) techniques in its inspections. These techniques allow Food Inspectors to identify hazards to food safety or product in relation to food preparation or processing and determining the critical control points required to prevent or control these hazards. As shown in Figure 5, the department investigated 33 possible foodborne outbreaks that included confirmed cases of illness in 2004.

Figure 5



SERVICE CHANGES

The 2006 budget includes $3 million of funding dedicated toward improving the quality and safety of health related consumer products and services. Activities include food safety regulation and education, weights and measures enforcement, sales ordinance investigations, fire inspections in Health Department permitted facilities, convenience store security inspections, and tattoo and piercing establishment licensing.

A vacant Environmental Health Supervisor position is eliminated, leaving the remaining two supervisors to lead this area.

Service 5

Healthy Behaviors and Health Care Access

Activities: Health care access, healthy behaviors, Municipal Health Services Program, Women's Wellness Program, domestic violence and sexual assault, elementary and adolescent school health.

		2004 Experience	2005 Budget	2006 Projection
Service Outcome:	Percent of youth grades 9-12 using tobacco products in the past 30 days.	13.6%*	19.0%	12.0%
Funding by Source:	Operating Funds	$1,433,834	$983,160	$1,377,022
	Grant and Reimbursable	8,515,634	9,665,200	7,838,313
	Capital Budget	107,339	80,475	54,464
	Total:	$10,056,807	$10,728,835	$9,269,799

*2003 is the latest year for which data is available.

SERVICE RESULTS

Promoting healthy behaviors and access to health services in Milwaukee improves the health of residents. Poor health habits started in youth contribute to disease, disability, early death, and high health care costs. Rising rates of obesity and diabetes are becoming important public health concerns, emphasizing the importance of exercise and nutrition.

Tobacco related disease remains the number one killer of Americans. Preventing people from starting tobacco use and encouraging current users to quit has been a focus of the department since 1997. The department heads the Milwaukee Tobacco Coalition, which engages over 20 community organizations in the implementation of outcome based strategies to reduce and eliminate tobacco use in our community. The department's focus on education, surveillance and enforcement, cessation, and community partnerships is directly aligned with the Center for Disease Control's best practice recommendation to reduce the morbidity and mortality rate associated with tobacco use. The percentage of young people in grades 9 through 12 who reported tobacco use in the past 30 days in 2003 was 13.6%, well below the Health Department's 19% goal.

SERVICE CHANGES

The 2006 budget devotes $9.3 million in funding for Healthy Behaviors and Health Care Access including $7.8 million in grant funding from state and federal governments. Activities include promoting and facilitating health care access for at-risk populations, tobacco control and prevention, the Municipal Health Services Program, and outreach to vulnerable and chronically ill adults.

Position Changes: Due to recently imposed state property tax levy limits a Nutrition Coordinator position is eliminated. A Public Health Nurse, which serves students, is eliminated as Milwaukee Public Schools has taken over this function. As the result of a reduction in the Adolescent School Health Grant, two Public Health Nurses and a Public Health Educator are eliminated.

Changes in the support area include the creation of a Compliance Auditor position to meet state and federal grant performance and compliance reporting requirements. Due to the reduction in state levy limits, an Office Assistant III in Vital Statistics and a vacant Public Health Educator position are eliminated.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-2	-2.00		Office Assistant II	Operational efficiencies.
1	1.00		Office Assistant III	
-1	-1.00		Office Assistant III	Reduction to meet state levy limit.
-1	-1.00		Nutritionist Coordinator	
-1	-1.00		Public Health Educator II (X)	
-1	-1.00		Staff Development Manager	Reflect incumbent's actual title.
1	1.00		Training and Development Specialist	
1	1.00		Compliance Auditor	Increased state and federal grant reporting requirements including compliance and performance measures/objectives.
-2		-2.00	Clinic Assistants (X)(AA)(FF)(O)(QQ)	Early Child Care Grant ending.
-1		-1.00	Child Care Program Manager (X)(QQ)	
-4		-4.00	Public Health Nurse (X)(QQ)	
-1		-1.00	Public Health Educator II (X)(QQ)	
-1		-1.00	Health Project Assistant (QQ)	
-1		-1.00	Environmental Hygienist (X)(QQ)	
-1		-1.00	Office Assistant II (QQ)	
1		1.00	Clinic Assistant (X)	Change in WIC Nutrition Program Grant.
-1		-1.00	Clinic Assistant (Aux.)	
-1		-1.00	Office Assistant II (Aux.)	
1		1.00	Community Lead Program Manager (X)(GGG)	Net change in Lead Abatement and Poisoning Prevention Grant Programs.
-1		-1.00	Environmental Health Specialist II(X)(ZZ)(K)	
2		2.00	Health Services Assistant II (X)(W)	
1		1.00	Lead Education Assistant (X)(EEE)	
-1		-1.00	Public Health Nurse (X)(ZZ)(K)	
-1	-1.00		Lead Risk Assessor II (X)(D)	
-1		-0.80	Public Health Nurse (X)(G)(SS)	Position shifted to Milwaukee Public Schools.

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-2		-1.60	Public Health Nurse (X)(G)(J)	Reduction in Adolescent School Health Grant.
-1		-1.00	Public Health Educator II (X)(J)	
-1	-1.00		Environmental Health Supervisor (X)(Y)	Reorganization and operational efficiency.
		-1.00	Environmental Scientist (PP)(X)(Y)(GG)	Reduction in Federal CDBG funding shifts to MEDC/DCD.
-1		-0.50	Environmental and Disease Control Specialist	Environmental Capacity Grant ended.
-1		-1.00	Environment and Disease Control Specialist (X)(A)	Changes in Bioterrorism Focus A Grant in 2005.
-1		-1.00	Public Health Nurse Supervisor (X)(DD)(YY)	Changes in Immunization Action Plan Grant.
1		1.00	Public Health Nurse (X)(G)(DD)	
1		1.00	Public Health Educator	
1		0.50	Office Assistant II (DD)	
	3.20	-0.42	Miscellaneous Adjustment	
-19	**-1.80**	**-14.82**	**TOTAL**	

LIBRARY

EXECUTIVE SUMMARY

MISSION: The Milwaukee Public Library is every person's gateway to an expanding world of information and its services guide citizens in their pursuit of knowledge and lifelong learning.

SERVICES: Library services, including collections, technology resources, and educational programs that enhance Milwaukee's long term economic well being and meet the informational needs of its diverse population.

STRATEGIC ISSUES: Evaluate the core mission of Milwaukee Public Library and develop a system plan that refocuses services towards Mayor Barrett's key outcome areas.

Review the functions of outreach and neighborhood services and construct a long term plan to meet community needs in the context of continuing fiscal challenges.

Work with Milwaukee Public Library Board and Foundation to review alternate funding sources including intergovernmental collaborations and other grant initiatives.

Use technology to deliver services more effectively.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	328.60	325.84	330.00	4.16
FTEs - Other	28.24	29.72	26.72	-3.00
Total Positions Authorized	409	409	402	-7
EXPENDITURES				
Salaries and Wages	$12,606,105	$11,974,094	$13,299,985	$1,325,891
Fringe Benefits	4,199,166	4,310,673	5,585,994	1,275,321
Operating Expenditures	2,052,972	2,162,654	2,234,064	71,410
Equipment	2,279,284	1,679,686	2,332,241	652,555
Special Funds	1,229,226	500,000	500,000	0
TOTAL	$22,366,753	$20,627,107	$23,952,284	$3,325,177
REVENUES				
Charges for Services	$2,411,529	$1,772,100	$1,844,000	$71,900
TOTAL	$2,411,529	$1,772,100	$1,844,000	$71,900

BACKGROUND

The Milwaukee Public Library provides materials, services, and facilities for all citizens of Milwaukee in order to meet present and future informational needs of Milwaukeeans. Over three million items and various online resources are available to residents at 13 libraries located throughout the city. These libraries enhance the quality of life in Milwaukee's neighborhoods and contribute to community awareness, school readiness, and the job skills development of our citizens. Libraries have been recognized as a catalyst that encourages economic development.

Library services include access to information and training related to developing a skilled workforce. Information needed for self-improvement in the area of job skills are available at all libraries but are given special emphasis in four neighborhood libraries that are designated as job centers and at the Central Library. Four additional libraries carry the designation of literacy centers, which provide tutoring programs and special materials designed to develop basic reading skills. Public computer classes are offered in partnership with private donors. All libraries are open 6 days a week, ranging from 42 to 60 hours per week. Three libraries, including Central, are open on Sundays from October through April.

The philosophy of children's services is that early and continued exposure to books and reading leads to reading readiness skills, which translate into reading achievement and success in school and life. Children's librarians are assigned to all locations. They select and recommend appropriate materials for young children, provide guidance to parents and caregivers, and offer in-house reading programs. Contracted outreach professionals provide outreach services to childcare providers in the neediest areas. They visit childcare centers, train providers, and facilitate library visits. This program has a bilingual component that targets Latino centers. Additional literacy programs are offered to children as they get older, including Summer reading. During the school year, programs throughout the library system help children with homework.

Service 1

Library Services

Activities: Circulation services, Ready Reference, collection development, Mobile Library and Outreach Services, Milwaukee County Federated Library System Resource Library, Wisconsin Regional Library for the Blind and Physically Handicapped, adult literacy, tutoring, computer training, children's programs, community outreach, and information technology services.

		2004 Experience	2005 Budget	2006 Budget
Services:	Library cardholders per capita.	59.0%	55.0%	55.0%
	Visits per capita.	4.71	4.46	4.80
Funding by Source:	Operating Funds	$22,366,753	$20,627,107	$23,952,284
	Grant and Reimbursable	1,240,241	1,594,339	1,015,833
	Capital Budget	1,005,701	1,700,000	1,060,000
	Total:	$24,612,695	$23,921,446	$26,028,117

SERVICE RESULTS

Over the past several years, the Milwaukee Public Library has successfully increased the usage at its facilities, as measured by library visits per capita. The system experienced over 4.71 visits per capita in 2004. This statistic has been steadily climbing since the Library began tracking it in 1996 (see Figure 1).

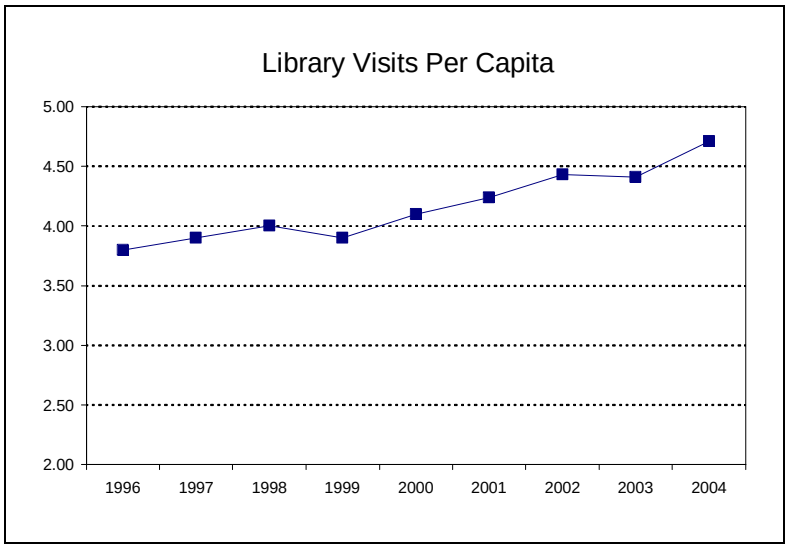
Many factors impact the Library's ability to attract patrons including the attractiveness of its facilities, the comprehensiveness of its collection, the variety of programs offered, and the number of service hours it provides. The entire range of library funding is designed to support these factors. The Library also measures the number of cardholders per capita to track its effectiveness at reaching out to as much of the city population as possible. In 2004, 59% of city residents had a library card.

The Library will continue its successful efforts to increase the number of residents taking advantage of its resources by strategically aligning its technical resources and neighborhood facilities to the changing needs of the population.

The Library's role in providing information resources has greatly expanded beyond the traditional role of collections and reference to encompass an increasing reliance on computer based information and technical skills de-

velopment. The Library has also increased its ability to serve the elderly and physically handicapped populations through its remote access to Internet databases, mobile delivery services, and online catalog system.

Figure 1



SERVICE CHANGES

Central Library Hours Reduction: The 2006 budget includes a reconfiguration of Central Library service hours. Staff and the Milwaukee Public Library Board will set specific reductions. Hours at neighborhood branches will remain at the current levels.

Reduced Outreach Services: In 2006, the Library will eliminate neighborhood bookmobile services but will retain outreach service to daycare centers, senior centers, and nursing homes through the Mobile Library and Outreach Program. The bookmobile reduction is a result of decreased funding in the federal Community Block Grant Program and the inability of the Milwaukee Public Library to fund this service without causing a reduction in neighborhood library hours or facilities.

Books and Materials: The 2006 budget for materials is $2,042,452 the highest level since the 2002 budget of $2,112,385. In 2005, the Milwaukee Public Foundation helped to offset a materials budget reduction of approximately $700,000.

MCFLS: In 2005, the city signed individual contracts with MCFLS member libraries for reciprocal borrowing reimbursements. Totaling $500,000 in annual payments, these contracts extend through 2007. In addition, MCFLS approved a Reciprocal Borrowing Equity Grant Program to further reimburse net lending libraries. Milwaukee will continue to receive $725,000 for resource library services to other member libraries through 2007.

CAPITAL PROJECTS

Investment in library facilities will be focused on balancing the needs of the current infrastructure and patron use patterns against demographic shifts and strategic planning for the system as a whole.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-0.98		Librarian II	Reduction to meet state levy limit.
-2	-1.09		Library Circulation Aide	
-1	-1.00		Library Technician II	
-1		-1.00	Library Services Assistant	Reduction in CDBG federal funding.
-1		-1.00	Library Circulation Assistant II	
-2		-2.00	Librarian II	
-1		-1.00	Bookmobile Operator	
1	1.00		Bookmobile Operator	Operating funding for CDBG reduced position.
1	1.00		Librarian III	Position change in 2005.
	5.23	2.00	Miscellaneous Adjustments	
-7	**4.16**	**-3.00**	**TOTAL**	

MAYOR'S OFFICE

EXECUTIVE SUMMARY

MISSION: To enable the citizens of Milwaukee to prosper and achieve a high quality of life and to allow the city to serve as the economic, social, and cultural hub of the metropolitan area by effectively managing city government, providing community leadership, and advancing Milwaukee's interests with other governments.

SERVICES: Ensure that city services add value to the lives of residents, effectively manage city government, provide community leadership, and advance Milwaukee's interests with other cities.

STRATEGIC ISSUES: Work to improve the economic outlook of the City of Milwaukee.

Work to reduce crime and other illegal activities.

Create an environment of cooperation amongst other government entities and elected officials.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	10.88	12.50	12.50	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	15	14	14	0
EXPENDITURES				
Salaries and Wages	$656,252	$738,868	$790,114	$51,246
Fringe Benefits	223,977	265,992	331,847	65,855
Operating Expenditures	30,312	43,450	43,961	511
Equipment	1,468	2,100	0	-2,100
TOTAL	$912,009	$1,050,410	$1,165,922	$115,512

BACKGROUND

The Mayor of Milwaukee is elected to a four year term and acts as the city's Chief Executive Officer and representative of the citizens of the city. The Mayor's Office provides a leadership role in establishing priorities, coordinating the implementation of programs, and when necessary, providing crisis management. The managers of all the city's major service delivery agencies (with the exception of the Fire and Police Chiefs and other elected officials) are appointed by and are directly accountable to the Mayor.

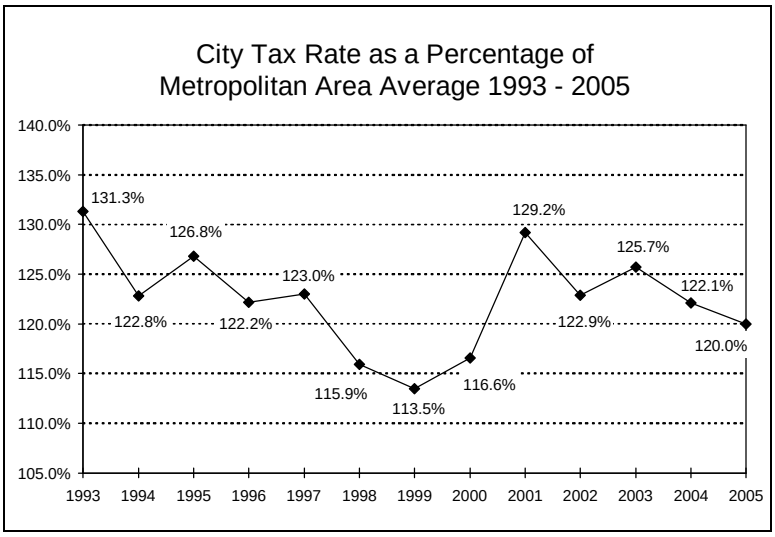
Service 1

Mayor's Office				
Activities:	Strategic planning for administration, constituent relations, intergovernmental relations, intragovernmental coordination, private sector liaison, and public information dissemination.			
		2004 Experience	**2005 Budget**	**2006 Projection**
Services:	City tax rate as a percent of the metro area average.	122.1%	120.0%	120.0%
	Percent of residents surveyed who say neighborhood is same or getting better.	74.0%	75.0%	75.0%
Funding by Source:	Operating Funds	$912,009	$1,050,410	$1,165,922
	Total:	$912,009	$1,050,410	$1,165,922

SERVICE RESULTS

Improving Milwaukee's tax base and strengthening neighborhoods are a major focus of Mayor Barrett's administration. Two measures have been used historically to gauge success in these areas; tax rate as a percent of the metro area average (see Figure 1) and citizen surveys regarding neighborhood progress. In 2006, a review of these measures and development of new initiatives to meet the needs of Milwaukee residents and business owners will be implemented.

Figure 1



SERVICE CHANGES

Program Measures: The Mayor's Office recognizes that the City of Milwaukee has many challenges, including crime, unemployment, education, and an increasingly tighter budget. The Mayor cannot resolve these daunting issues alone. Resolving these issues will require a joint effort of the Mayor, other city elected officials, Milwaukee Public Schools, and other government entities.

The Mayor's Office, in conjunction with other elected officials and the Department of Administration, will work to develop performance and outcome guides as a focus for funding choices in the future. The goal in 2005 was to develop a sustainable three year budget plan to help departments manage their programs and ensure that the city meets the needs of taxpayers. This process will continue in 2006. Intergovernmental cooperation and creativity will be key components for moving this plan forward.

Accountability Initiative: In 2006, Mayor Barrett will implement his Accountability in Management (AIM) initiative. AIM is designed to improve service and accountability to the citizens of Milwaukee.

AIM will be an effective and efficient means for the Mayor to oversee city operations, manage for results, and deliver excellent customer service to the citizens of Milwaukee. Through regular meetings, the Mayor and AIM team will review performance data on city services and operations. The meetings will provide a direct tool for improving management of city government. The focus will be on how city operations are meeting performance goals and how to improve services to taxpayers.

The initiative applies the COMSTAT management model first pioneered in the New York City Police Department to all departments and city services. All departments will participate in this program by the end of 2006.

Regional Economic Development Initiative: The City of Milwaukee is joining with the seven counties of Southeastern Wisconsin to launch a sweeping plan to strengthen the regional economy. Officials are uniting to develop and market the competitive advantages of Milwaukee and the surrounding communities. The 2006 budget kicks off the five year, $12 million campaign with a $50,000 Special Purpose Account contribution.

Staffing: The City of Milwaukee's Mayor's Office is one of the smallest big city mayoral staffs in the United States. Funded full time staff positions in the Mayor's Office have dropped by nearly 25% since 2000. No further staff reductions will occur in 2006. Current staffing levels are necessary to effectively manage city policies and services.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES - None

MUNICIPAL COURT

EXECUTIVE SUMMARY

MISSION: Adjudicate ordinance violation cases impartially to safeguard the legal rights of individuals and protect the public interest, enhance public safety, make court services accessible to the public, and enforce court judgments.

SERVICES: Adjudication.

STRATEGIC ISSUES: Manage the Court's caseload to minimize delays and improve service to the public.

Implement technology in order to reduce operating costs.

Continue effective enforcement of court judgments through various collection methods.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	40.80	39.50	39.50	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	45	44	44	0
EXPENDITURES				
Salaries and Wages	$1,927,971	$1,799,426	$1,965,768	$166,342
Fringe Benefits	641,352	647,793	825,623	177,830
Operating Expenditures	607,659	570,881	519,554	-51,327
Equipment	3,970	31,000	4,000	-27,000
Special Funds	46,894	71,475	56,000	-15,475
TOTAL	$3,227,846	$3,120,575	$3,370,945	$250,370
REVENUES				
Charges for Services	$1,546,030	$1,362,800	$1,305,600	$-57,200
Forfeitures	5,634,941	5,213,000	5,206,000	-7,000
TOTAL	$7,180,971	$6,575,800	$6,511,600	$-64,200

BACKGROUND

The Municipal Court, part of the statewide court system, adjudicates city ordinance violations including traffic and building code cases. The Court has three elected Judges who preside over the Court's three branches. The presiding Judge appoints the Chief Court Administrator who oversees the administrative functions of the Court.

Recognizing the volatility in the number of case filings, the Court uses Municipal Court Commissioners to augment its judicial resources. There are five authorized part time Municipal Court Commissioners (equivalent to two-thirds of a full time position) available to hear traffic pre-trials and cases of defendants in the custody of the Milwaukee County Sheriff. The Commissioners hear cases in the Municipal Intake Courtroom at Milwaukee County's Criminal Justice Facility.

The Court is staffed by 35 employees who prepare case files for hearings, provide clerk services to the Judges and Commissioners, and perform other administrative functions. The staff is responsible for processing between 130,000 and 180,000 cases per year and accounting for over $6.5 million in net revenues to the city, largely from fines and forfeitures.

The Court provides its services through regular daily court sessions, evening court sessions, and a variety of community based options. Evening court meets the needs of a large number of people busy during the day. Judges also meet with defendants in a variety of locations including at community organizations, such as the Milwaukee Urban League and Project REACH, which have programs specifically aimed at children and young adults. These sessions have experienced a good turnout and provide more time for the Judges to communicate with and counsel defendants.

The Court refers certain first time juvenile and adult offenders, who appear for arraignment in retail theft cases to classes conducted by the Institute for Criminal Justice at the University of Wisconsin Milwaukee. When appropriate, traffic offenders who appear at pre-trial are referred to the Driver Safety Program at the Milwaukee Area Technical College. The Court also makes community service referrals to many non-profit community organizations including Youth Services at the Social Development Commission, Career Youth Development, and the Youth Development Boot Camp.

Service 1

Municipal Court Adjudication

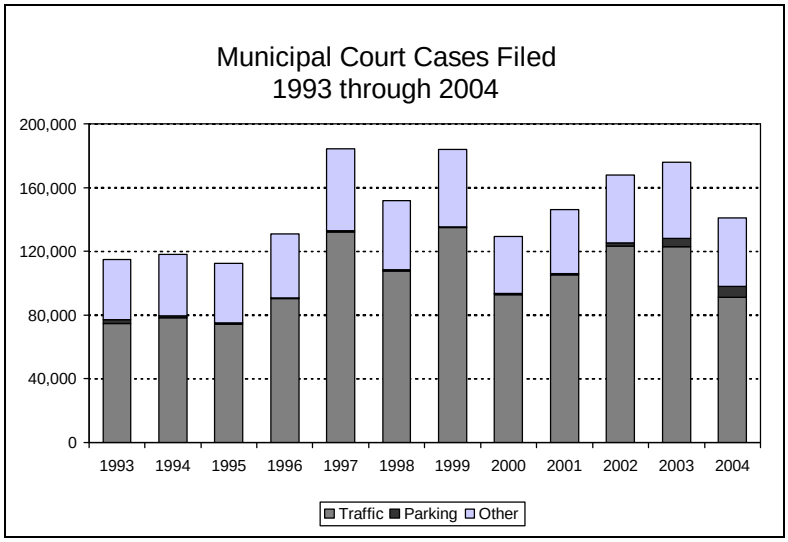
		2004 Experience	2005 Budget	2006 Projection
Activities:	Impartially adjudicate ordinance violation cases and effectively enforce judgments.			
Services:	Percentage of non-priority cases that are tried within 90 days of intake date.	98.0%	90.0%	90.0%
	Ratio of warrants and commitments to cases adjudicated.	38.3%	30.0%	30.0%
Funding by Source:	Operating Funds	$3,227,846	$3,120,575	$3,370,945
	Capital Budget	532,058	0	0
	Special Purpose Accounts	417,077	430,000	430,000
	Total:	$4,176,981	$3,550,575	$3,800,945

SERVICE RESULTS

Municipal Court's 2006 budget is based on an estimated 145,000 to 150,000 cases. This would be a reduction of about 26,100 to 31,100 from the 176,107 cases heard in 2003 but somewhat more than the 140,860 cases heard in 2004. The ratio of warrants and commitments to cases adjudicated increased to 38.3% (see Figures 1 and 2).

Participation in the state's Tax Refund Intercept Program (TRIP) has been very successful. The Court has collected more through this program than any other Wisconsin municipality. In 2004, using the collection agency's databases and direct electronic in-

Figure 1



terface with the State Department of Revenue, the Court collected $1.2 million in payments to be applied to outstanding forfeitures and fines, within $9,000 of the amount collected in 2003. Overall revenues decreased 10% from nearly $8 million in 2003 to $7.2 million in 2004 largely due to a $500,000 decrease in forfeiture collections (see Figure 3).

Evening court sessions continued their success in 2003, 2004 and in 2005. Since evening court is more convenient, approximately 95% of defendants scheduled actually appear for their hearings. This high appearance rate makes the Municipal Court more efficient.

The Court is continuing to experience a shift in caseload to contested parking citations. This is largely due to record citation issuance over the last several years. Contested parking citations now account for 5% of Municipal Court's total case filings, up from 1% in 2002. The 6,962 cases (with an average of several citations per case) filed in 2004 represent 75% of the cases filed in the previous five years combined. Additionally, cases relating to operating a vehicle without a valid registration account for another 5% of the Court's cases. Thus, 10% of the Court's cases now relate to motor vehicle citations.

Figure 2

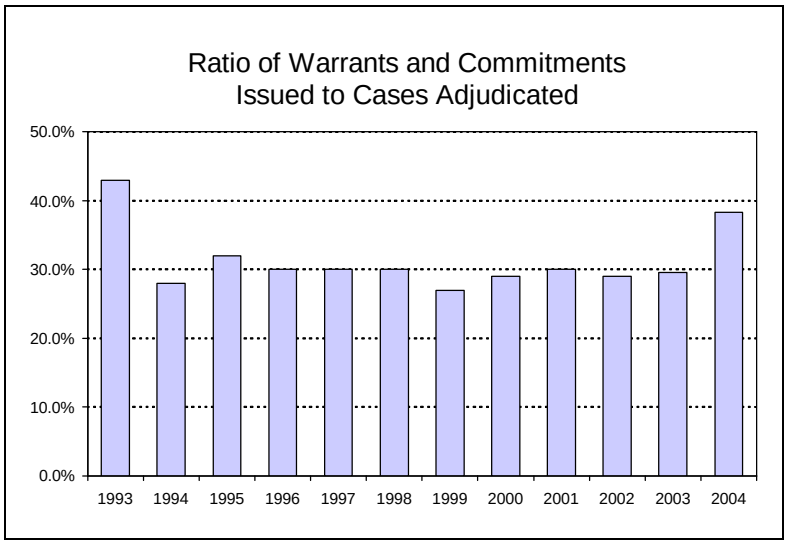
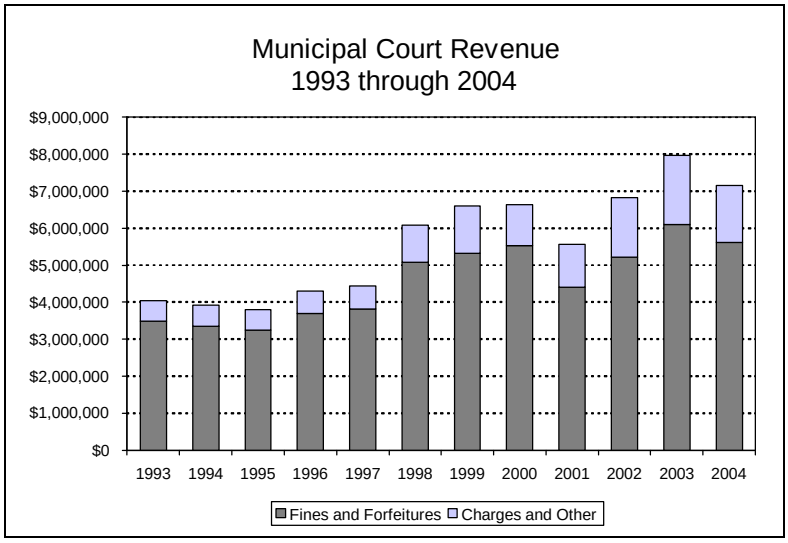


Figure 3



SERVICE CHANGES

Position Title Changes: Several Office Assistant IV and Office Assistant II positions in the Records and Case Preparation Section have been retitled to Court Services Assistant IV and Court Services Assistant II to more accurately reflect the actual duties of the positions. The majority of their workload is specific to court support including case file preparation and post trial record processing and maintenance.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Office Assistant IV	
1	1.00		Court Services Assistant IV	Positions reclassified to more clearly reflect duties.
-6	-6.00		Office Assistant II	
6	6.00		Court Services Assistant II	
0	**0.00**		**TOTAL**	

NEIGHBORHOOD SERVICES

EXECUTIVE SUMMARY

MISSION: To enhance Milwaukee's competitive advantage as a vibrant urban community. To work in cooperation with public and private partnerships and neighborhood residents, to promote investment and improve the physical, environmental, and aesthetic conditions of Milwaukee's neighborhoods.

SERVICES: Neighborhood Improvement Services.

Trade and Commercial Inspection Services.

Nuisance Control Services.

Vacant Lot Maintenance Services.

STRATEGIC ISSUES: Continue to improve the percentage of operating costs that are offset by revenue generated by inspections, permits, licenses, and enforcement.

Work with other city officials and departments to reduce the costs of vacant lot maintenance.

Manage a decrease in Community Development Block Grant funding.

Work with city officials and departments to improve nuisance and code abatement efforts.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	151.58	167.58	167.58	0.00
FTEs - Other	22.61	33.50	32.80	-0.70
Total Positions Authorized	223	227	224	-3
EXPENDITURES				
Salaries and Wages	$7,492,212	$7,373,382	$8,064,096	$690,714
Fringe Benefits	2,537,497	2,654,417	3,386,920	732,503
Operating Expenditures	868,906	1,040,319	717,275	-323,044
Equipment	153,636	67,500	67,500	0
Special Funds	1,864,052	1,810,000	1,890,000	80,000
TOTAL	$12,916,303	$12,945,618	$14,125,791	$1,180,173
REVENUES				
Charges for Services	$7,910,085	$5,802,164	$6,729,000	$926,836
Licenses and Permits	5,543,507	4,989,000	5,267,900	278,900
Intergovernmental Aids	873,454	900,000	911,000	11,000
TOTAL	$14,327,046	$11,691,164	$12,907,900	$1,216,736

BACKGROUND

The Department of Neighborhood Services (DNS) was created in 1999 to address resident concerns that city responses to neighborhood problems had been fragmented, ineffective, and slow. The primary role of DNS is to improve city neighborhoods by enforcing standards for buildings, property, and land use. These standards help protect the safety and health of residents and ensure neighborhood stability. The department uses its enforcement, financial, and educational resources to encourage investment in housing and other buildings in Milwaukee's neighborhoods.

Trade and Commercial Inspection Services contribute to the Mayor's Neighborhood Investment Outcome. These inspection services ensure compliance with building and property codes to maintain an attractive investment environment and to foster reinvestment into buildings and neighborhoods. Neighborhood Improvement Services primarily support the Mayor's Crime Outcome. The service supports improved neighborhood conditions that should discourage crime and other disorders while encouraging or supporting positive behaviors. Nuisance Control Services primarily support the Mayor's Crime and Environment Outcomes. The service supports improved neighborhood conditions that discourage disorderly behaviors that, if abated, should discourage crime while supporting positive behaviors. The environmental activities in this service, such as direct regulation of certain contaminants, help reduce environmental risks.

Service 1

Neighborhood Improvement Services

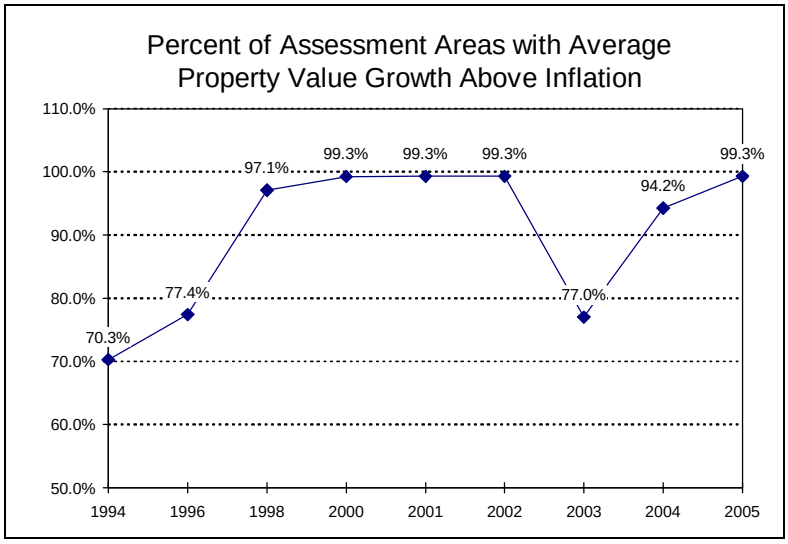
Activities: Residential code enforcement, Code Compliance Program, court enforcement, and graffiti abatement.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent of assessment areas with average property value growth higher than inflation.	94.2%	95.0%	95.0%
Funding by Source:	Operating Funds	$3,520,949	$3,704,300	$4,203,043
	Grant and Reimbursable	1,524,094	1,757,212	1,564,893
	Special Purpose Accounts	1,471,714	1,670,000	1,321,000
	Total:	$6,516,757	$7,131,512	$7,088,936

SERVICE RESULTS

A significant measure of how well neighborhoods are doing is property values. Neighborhoods with valuable characteristics increase in value more quickly than neighborhoods with problems such as code violations, graffiti, peeling paint, and buildings with structural problems. The Neighborhood Improvement Service enhances the appearance and value of neighborhoods. The primary outcome measure for this program is the percentage of assessment areas with average property value growth higher than inflation. As shown in Figure 1, there has been strong sustained growth in property values in almost all city assessment areas since 1998. While there was a decline in 2003,

Figure 1



a decline in 2003, property values rebounded in 2004 and 2005, with 99.3% of assessment areas increasing above inflation.

SERVICE CHANGES

Reduced CDBG Funding: As a result of the City of Milwaukee's CDBG allocation decreasing, there are several funding reductions in CDBG funded programs administered by DNS. The reductions include:

- Targeted Code Enforcement and Interns - $204,298
- Landlord Training - $50,000
- Demolition - $25,000
- Graffiti - $5,000

The 2006 budget does allocate $50,000 in CDBG reprogramming funds to the Landlord Training Program to offset the decrease in the 2006 CDBG funding allocated to this program.

Reduced Razing Special Purpose Account: The Razing and Vacant Building Fund is reduced by $299,000, or a 13.8% reduction in operating funds committed to Condemnation Services. The result will be a decrease in the number of properties razed. The department will focus on having more properties rehabilitated, rather than razing, to mitigate the impact of the reduction.

Service 2

Trades and Commercial Inspection Services

Activities: Construction, electrical, boiler, elevator, plumbing and commercial code enforcement, and fire prevention inspections.

		2004 Experience	2005 Budget	2006 Projection
Services:	Three year average public fire incident rate per 1,000 residents.	0.43	0.44	0.44
Funding by Source:	Operating Funds	$5,604,589	$5,446,634	$5,870,674
	Grant and Reimbursable	0	205,000	486,135
	Total:	$5,604,589	$5,651,634	$6,356,809

SERVICE RESULTS

The primary purpose of the Trade and Commercial Inspection Service is to ensure public safety by ensuring compliance with building codes, including appropriate fire prevention and safety requirements. The major outcome measure for this program is the public fire incident rate, which measures the incidence of fires in buildings inspected by DNS. As shown in Figure 2, the fire incident rate has declined significantly since 2001. The three year rate of 0.43 is significantly lower than the national rate of 0.77. Historically, Milwaukee's fire incident rate has been maintained well below the national average. Milwaukee has maintained a low per capita fire incidence rate in part by reducing the number of fires. Since 1993, the number of fires has decreased by 138 or 56%.

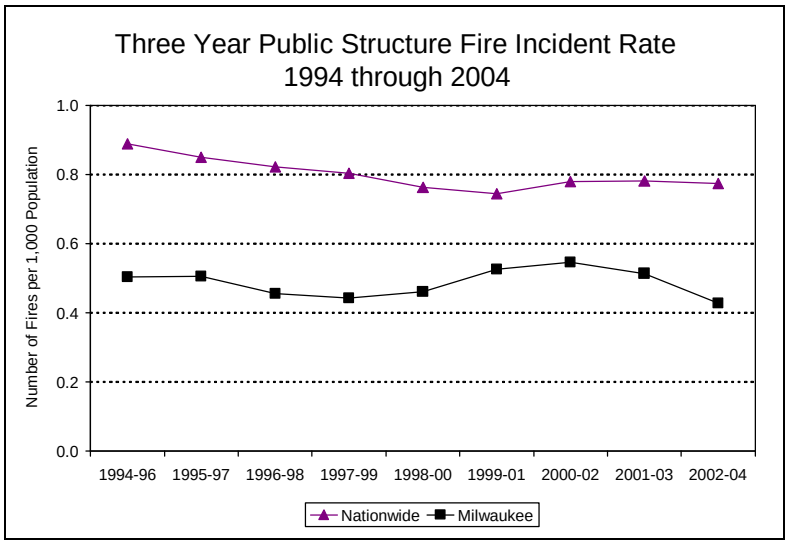
SERVICE CHANGES

Expanded Cross Connection Control Program: State of Wisconsin Administrative Regulations (NR 811.09) require that the Milwaukee Water Works implement a Cross Connection Control Program. This program prevents the contamination of drinking water. Water Works uses DNS Plumbing Inspectors to provide cross connection inspections for commercial and industrial buildings when new plumbing permits are issued. The 2006 budget

adds three additional staff to better protect public health and to ensure compliance with State Statutes. The program's staff will be further increased in 2007 to provide inspection of all non-residential buildings every ten years. Water Works will reimburse DNS for all program costs.

Reduced Commercial Inspection Program: The 2006 budget eliminates one Code Enforcement Inspector II in the Commercial Inspection Program. This reduces the number of operating funded Commercial Inspectors from 17 to 16 and saves a total of $41,244. This is a 4% reduction in total operating funds and a 5% reduction in FTEs for the service. The service impact will be less building maintenance enforcement, as existing staff will have to focus on mandatory fire prevention inspections. There also could be an increase in response time to complaints.

Figure 2



Service 3

Nuisance Control Services

Activities: Animal control, pest control, rodent control, chronic nuisance property, nuisance vehicles, environmental health, and payment to the Milwaukee Area Domestic Animal Control Commission.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent of assessment areas with average property value growth higher than inflation.	94.2%	95.0%	95.0%
Funding by Source:	Operating Funds	$3,608,900	$3,604,684	$4,052,074
	Grant and Reimbursable	83,829	102,009	100,549
	Special Purpose Accounts	9,096	10,000	10,000
	Total:	$3,701,825	$3,716,693	$4,162,623

SERVICE RESULTS

The primary purpose of the Nuisance Control Service is to enforce codes relating to rats, litter and garbage nuisances, and various animal control regulations. By abating these nuisances, these activities enhance the appearance and value of neighborhoods. The Environmental Health Section performs a variety of functions, including enforcement of license and permit requirements such as litter, public and private swimming pools, and for massage establishments.

Service 4

Vacant Lot Maintenance

Activities: Grass cutting, snow removal, trash and debris removal, and related maintenance activities on city owned vacant lots.

		2004 Experience	2005 Budget	2006 Projection
Services:	Per acre costs.	$2,148	$2,277	$2,277
	Number of complaints.	258	N/A	258
Funding by Source:	Operating Funds	$181,865	$190,000	$0
	Grant and Reimbursable	789,892	840,520	218,755
	Special Purpose Accounts	0	0	711,735
	Total:	$971,757	$1,030,520	$930,490

SERVICE RESULTS

The primary purpose of the Vacant Lot Maintenance Service is to maintain vacant lots owned by the city and the Redevelopment Authority of the City of Milwaukee (RACM). There are approximately 2,900 city owned lots, which have been primarily acquired through foreclosure actions. The Department of City Development and RACM are responsible for developing and marketing these properties for economic development purposes. Vacant lot maintenance activities include grass cutting, snow removal, tire removal, litter and trash removal, and other miscellaneous maintenance expenses. Two staff in DNS coordinate the maintenance activities and perform inspections and complaint response, but maintenance activities are performed through various contracts with private firms.

SERVICE CHANGES

Change in Vacant Lot Maintenance Funding: The U.S. Department of Housing and Urban Development (HUD) oversees the Community Development Block Grant (CDBG) Program. HUD has determined that the city's procedures for maintaining vacant lots with CDBG funds need to be changed. Beginning in 2006, CDBG funds will only pay for maintenance activities within three years of acquiring vacant properties. After this three year limit, the city cannot use CDBG funds for maintenance but must use operating funds. In 2006, total vacant lot maintenance costs are $930,520 of this total, $711,735 is funded through a newly created Special Purpose Account and $218,785 is funded through the CDBG program. This is a $521,735 increase in tax levy support for vacant lot maintenance activities.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Office Assistant IV	Reclassifications approved in File 041585.
1	1.00		Office Assistant III	
-1	-1.00		Office Assistant II	
1	1.00		Office Assistant III	
2		2.00	Plumbing Inspector II	Increased staffing for Cross Connection Control Program.
1		1.00	Office Assistant III	
1	1.00		Office Assistant III	To assist in the administration of the Building Recording Code Enforcement Fee.
-1	-1.00		Code Enforcement Inspector II	Reduction to meet state levy limits.
		-3.70	Code Enforcement Intern	Reduction in CDBG funding.
-2			Code Enforcement Inspector II	Eliminate unneeded unfunded Auxiliary positions.
-1			Special Compliance Inspector	
-1			Electrical Inspector II	
-1			Senior Planner	
-1			Special Enforcement Inspector	
-3	**0.00**	**-0.70**	**TOTAL**	

POLICE DEPARTMENT

EXECUTIVE SUMMARY

MISSION: To reduce crime and enhance the quality of life in the City of Milwaukee.

SERVICES: Investigations.

General patrol.

Community education and prevention.

STRATEGIC ISSUES: Improve citywide safety and quality of life by directing policing resources where they are most needed and through reorganization, policy, and procedure changes.

Reduce the effect that job stress, training deficiencies, and personal problems have on job performance by implementing the Early Intervention System for Milwaukee Police Department employees.

Reduce homicides by implementing recommendations of the Homicide Review Committee.

Improve community relations and communication by having all members of the Milwaukee Police Department receive Cultural Competency Training.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2,721.48	2,602.65	2,654.81	52.16
FTEs - Other	15.05	39.01	41.65	2.64
Total Positions Authorized	2,951	2,953	2,961	8
EXPENDITURES				
Salaries and Wages	$140,345,913	$136,576,767	$145,080,882	$8,504,115
Fringe Benefits	39,954,244	38,241,495	49,327,500	11,086,005
Operating Expenditures	10,096,210	9,803,774	10,855,526	1,051,752
Equipment	1,340,873	1,340,881	1,736,027	395,146
Special Funds	0	0	0	0
TOTAL	$191,737,240	$185,962,917	$206,999,935	$21,037,018
REVENUES				
Intergovernmental	$745,613	$611,100	$690,000	$78,900
Charges for Services	297,679	250,213	255,800	5,587
TOTAL	$1,043,292	$861,313	$945,800	$84,487

BACKGROUND

The Milwaukee Police Department (MPD) has ensured the safety of the community since 1855. Law enforcement personnel, most of them recruited and trained by the department, serve the public from an Administration Building, seven District Stations, a Data Communications Center, and a Training Academy.

MPD continues to protect citizens from crime by strategically focusing on the quality of life in Milwaukee. The Police Department recognizes that its mission is to improve the quality of life in the community it serves, rather than shortening response times, or some other measure of "outputs". The MPD responds aggressively to emerging crime trends and enforces municipal violations. This dual strategy allows the department to minimize disorder, prevent more serious crimes from occurring, and continues its focus on the quality of life in Milwaukee's neighborhoods.

MPD also adds value to the community in less direct ways. For example, directed missions make Milwaukee's famous festivals and special events run smoothly and safely. More importantly, a strong, visible police presence downtown, at festivals, and in neighborhoods creates a lasting impression of safety in the minds of tourists and business visitors.

Increasingly, MPD relies on partnerships with other agencies and community leaders to address neighborhood safety issues from a broader strategic perspective. These collaborations help to leverage the city's resources and create long term benefits for the entire city.

Service 1

Investigations

Activities: Homicide investigations, crimes against persons and property, sensitive crimes, child abuse neglect and custody, missing person investigations, non-criminal investigations, and ATF investigations.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent of index crimes cleared by arrest.	10.4%	12.5%	12.5%
Funding by Source:	Operating Funds	$101,021,458	$99,088,535	$110,081,330
	Grant and Reimbursable	5,072,572	2,954,582	2,161,305
	Capital Budget	1,802,284	1,135,698	621,185
	Total:	$107,896,314	$103,178,815	$112,863,820

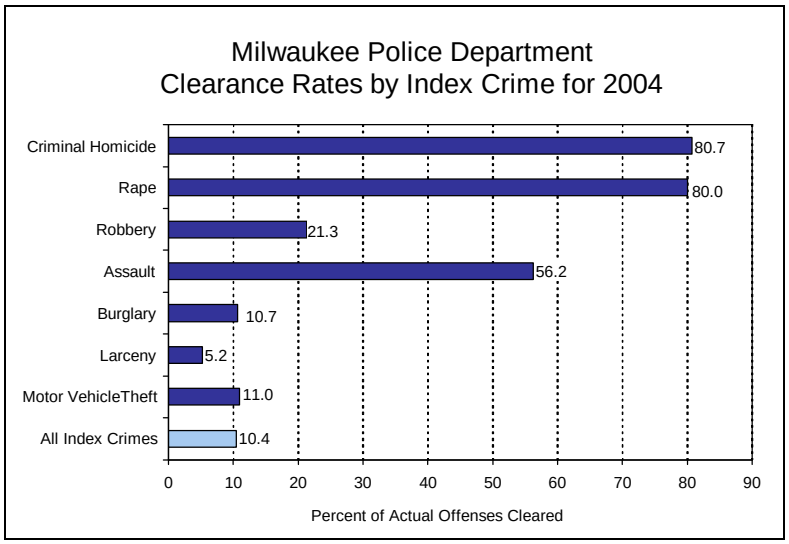
SERVICE RESULTS

Clearance rates refer to the percentage of reported crimes for which one or more arrests are made (or, the suspect is identified but due to death or other "exceptional" circumstances cannot be arrested). Figure 1 shows that Milwaukee's total clearance rate of 10.4% in 2004 includes much higher rates for crimes against persons (murder, rape, robbery, and assault). Property crimes (burglary, larceny, and motor vehicle theft) typically have lower clearance rates due to the large volume and lack of direct contact between the criminal and the victim. This clearance rate is a significant improvement over the 9.5% clearance rate of 2003.

A high clearance rate is important for two reasons; arrests deter the arrested offender (specific deterrence) and a consistently high clearance rate deters would be perpetrators. The deterrent effect of police investigations and arrests ultimately depends on criminals promptly facing real consequences for their actions, including incarceration.

Clearance rates only represent part of the Police Department's impact on public safety and criminal behavior. This service includes funding for the Vice and Intelligence Divisions and other efforts related to tracking and halting the trade of drugs in Milwaukee. Narcotics offenses do not factor into the FBI index for clearance reports. Consequently, although many crimes reported to the FBI are in fact drug related, the FBI reported clearance rate does not directly measure the effectiveness of these special units, nor their impact on other types of serious crime.

Figure 1



SERVICE CHANGES

Professionalism: A priority for the Professional Performance Division is the development of an Early Intervention System, which is a computer based, proactive program, designed to identify and assist MPD employees who show symptoms of job stress, training deficiencies, or personal problems that affect job performance. The Early Intervention System works by measuring employee performance against established "benchmarks" or "thresholds". When an employee reaches a pre-established "benchmark" in a particular category, a review will be conducted and if necessary, a course of action will be implemented to assist the employee in the identified area. After a course of action has been implemented, post monitoring of the employee will be conducted to ensure that the course of action has been effective. Funding has been obtained for this program and MPD has submitted a requisition for the Early Intervention System in 2005. The system is expected to be fully operational in early 2006.

Service 2

General Patrol

Activities: Weed and seed operations, Area Specific Patrol, Bicycle Patrol, Neighborhood Foot Patrol, Mounted Patrol, Harbor Patrol, Special Operations/Patrol Support, and Tactical Enforcement.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent change in reported violent crimes.	-12.2%	-8.6%	-8.6%
Funding by Source:	Operating Funds	$41,719,431	$47,363,952	$45,516,280
	Grant and Reimbursable	2,094,850	1,902,323	880,177
	Capital Budget	744,300	740,279	256,534
	Total:	$44,558,581	$50,006,554	$46,652,991

SERVICE RESULTS

In 2001, a new outcome indicator to measure the department's effectiveness in preventing, deterring, and suppressing crime was introduced. This measure tracks the percentage change in reported violent crimes per 100,000 residents. The FBI Violent Crime Index, a uniform national reporting instrument, is composed of reported crimes of homicide, rape, robbery, and aggravated assault.

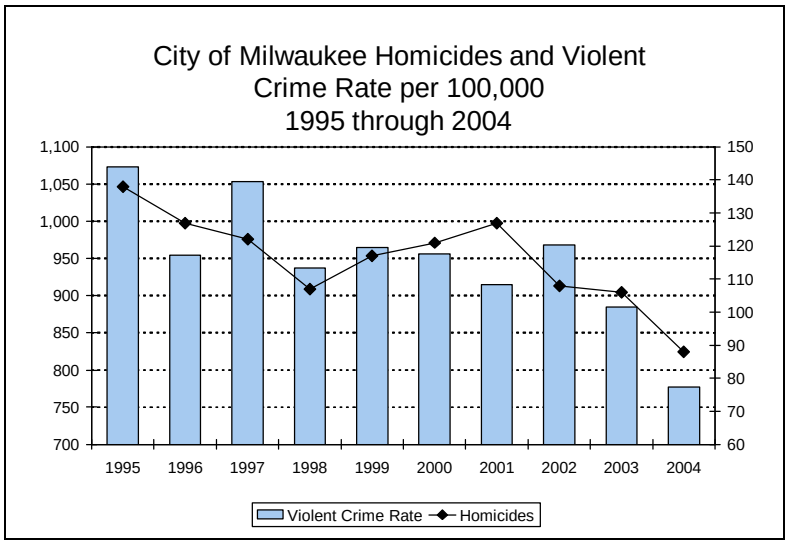
Measuring the change in violent crime from year-to-year makes the city's trend in public safety more clear. Figure 2 depicts the number of homicides and the city's violent crime rate per 100,000 residents for the years 1995

through 2004. The chart shows that Milwaukee's 2004 violent crime rate of 776.8 crimes per 100,000 residents was 12.2% lower than the 2003 rate and was the lowest in the past ten years.

The number of homicides, the most serious factor of the violent crime index, has shown a decrease from 2003. In 2004, the city had 88 homicides, compared to 106 in 2003, a 17% decrease. While the department's ideal would be to have zero homicides, homicides have decreased 36.2% from 1995.

The FBI Violent Crime Index, while valid for a means of measurement, includes only "serious" crimes. In order to be effective, police departments must also be successful at reducing "minor" crimes and municipal ordinance violations that could potentially lead to more serious crime.

Figure 2



The Milwaukee Police Department's central mission is the "quality of life" in Milwaukee. In order to achieve this mission, the department relies on a weekly process known as "crime analysis" which centers on examining localized crime trends in detail and holding supervisors accountable for addressing specific trends or concerns. Implementation of quality of life policing has helped officers and supervisors at all levels be more proactive than reactive, and focus resources on the tasks, problems, and geographic areas with the largest potential for improving Milwaukee's overall safety.

SERVICE CHANGES

False Alarms: The department has made numerous changes recently in improving its ability to quickly respond to and deter crime. Included in these changes is a verified burglar response policy that was implemented in late 2004 to ensure that officers only respond to legitimate alarms and do not waste limited hours and resources responding to false alarms. This policy will increase the number of Police Officers available to respond to calls for service, thus reducing response times and allowing officers more time to proactively patrol. From July 2004 to July 2005, dispatched alarm calls decreased by 91%. Verified alarm calls now receive priority one response by the department.

Officer Recruit Classes: The 2006 budget includes funding for salaries, operating supplies, and equipment for two Police Officer recruit classes. These classes will bring approximately 130 new Police Officers through the academy, with the second 2006 class finishing in early 2007. Including the November 2005 recruit class, the MPD will be starting three classes with approximately 195 recruits within a 12 month period. These classes are expected to slightly reduce the number of sworn vacancies from 2005 to 2006.

Operation Safe Neighborhoods: The 2006 budget utilizes $350,000 in Community Development Block Grant funding to continue an Operation Safe Neighborhoods Patrol Program. The funds will pay for additional neighborhood patrols in the Neighborhood Strategic Planning Areas. The additional patrols will allow the department to quickly address situations in these neighborhoods.

Overtime: The 2006 budget provides $9.68 million for overtime, a decrease of approximately $50,000 from the 2005 budget. Through Common Council amendments, overtime funding was reduced by $1.53 million. Most of these funds were reallocated to a "Community Services Staffing" Special Purpose Account, an initiative that will develop alternatives to sworn Officers responding to certain non-emergency calls for service. Since costs of the initiative have not been determined, the Special Purpose Account has been footnoted so that the funds may only

be expended for public safety related purposes or Police overtime with Common Council approval. The 2006 budget also includes over $1.5 million in grant funded overtime, a slight increase from 2005. These grant sources assist the department in resolving crime and quality of life issues that affect Milwaukee's neighborhoods.

Service 3

Community Education and Prevention

Activities: Safety and community services.

		2004 Experience	2005 Budget	2006 Projection
Services:	Number of employees receiving Cultural Competency Training.	40	1,904	2,431
Funding by Source:	Operating Funds	$48,996,351	$39,510,430	$51,402,325
	Grant and Reimbursable	2,460,245	1,310,473	1,033,702
	Capital Budget	873,535	524,023	301,281
	Total:	$52,330,131	$41,344,926	$52,737,308

SERVICE RESULTS

In 2004, the department began a Cultural Competency Training Program. Cultural competency training goes beyond diversity training. Diversity training makes us aware of cultural differences; cultural competency training teaches how to effectively interact with other cultures. In 2004, 40 sworn members were given a "Train the Trainer" course. Beginning in January 2005, cultural competency has been incorporated into in-service training, new Supervisor training, and Police Aide training.

In 2006, the department plans to expand cultural training for sworn and civilian staff. Civilian staff will receive 4.8 hours of in-service training, with Supervisors receiving 4 hours of training. Sworn Officers will attend four 6 to 10 hour in-service sessions, Police recruits will receive 16 to 24 hours of training, and Police Aides will receive 8 hours of cultural competency training. In addition, the academy will include diversity components in the regular training curriculum such as firearms and vehicle stops.

SERVICE CHANGES

Police Aides: The Police Aide Program will make major changes to ensure greater success in recruiting potential future Police Officers. The department is currently assessing duties for a position to work with Police Aides as a Career Development Coordinator who would track the Aides from their original hire date through the probation period as a Police Officer. The department has also required its work locations (districts and other offices) to submit job descriptions to better justify their request for Police Aides and to ensure they are receiving valuable experience. Police Aides will also be transferred between department locations every six months to develop a wide range of job skills.

Community Prosecutors: Community Prosecutors from the District Attorney's Office are now functioning at all Milwaukee Police District Stations. This has helped coordinate efforts regarding nuisance properties. The District Attorneys also provide case review for the Officers in the district and advise them on better arrest procedures, evidence collection, and other case techniques. This also eliminates the need for Officers to travel downtown, allowing more efficient use of time.

Community Relations: The MPD continues to change department operations to improve community relations and communication, including:

- Probation and Parole Officers are now operating out of the district and meeting their clients at the district stations;
- Created the Milwaukee Commission on Police and Community Relations;
- Began participation in "WE TIP" which allows citizens to give anonymous tips, helping them take back their streets and neighborhoods;
- Expanded the Citizens Academy to include both youth and Spanish components;
- Assigned two Sergeants as Community Liaison Coordinators;
- Assigned two Sergeants as Public Information Officers;
- Officers received mental health training to assist them in their contacts with mentally ill citizens;
- Implementing Cultural Competency Training; and
- The MPD now has a full time civilian Public Relations Manager.

Homicide Review: In January 2005, the department, in conjunction with the District Attorney's Office, Mayor's Office, and Health Department developed a Homicide Review Committee. The committee has reviewed all homicides from 2004 through May 2005 to attempt to identify societal factors, which can be addressed to reduce future instances of homicide. Over 25 recommendations are in the process of being formalized and will be presented to the Mayor.

Urban Area Security: The 2006 budget includes an added position of Captain of Police funded through the Urban Areas Security Initiative Grant, funded through the Department of Homeland Security Office for Domestic Preparedness and administered through the Wisconsin Office of Justice Assistance. This grant will enhance security and overall preparedness to prevent, respond, and recover from terrorism in a multi-jurisdictional, multi-disciplinary manner.

CAPITAL PROJECTS

Remodeling Police Administration Building (PAB): The 2006 capital budget continues the department's general remodeling of the PAB with $800,000 in capital funding. The PAB was built in 1970 and until 2001 had not undergone any major remodeling since its original construction. The electrical and mechanical systems are inadequate to support the needs of modern technology and current staffing levels. The department plans to completely renovate and remodel the building, starting with the now partially vacant sixth floor, and continuing through the building as staff is moved to newly renovated spaces. The project includes asbestos abatement, redesign of plumbing, electrical, ventilation, and cabling runs within each floor.

Other Capital Projects: Additional capital projects totaling $379,000 include District Station 6 repairs, the Training Academy Parking Lot, and the Evidence Storage Warehouse.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Administration Services Decision Unit	
-1		-1.00	Administration Lieutenant of Police (U)	Change for UASI Grant position.
1		1.00	Captain of Police (U)	
1	1.00		Police Officer	New position for open records requests.
14	14.00		Police Alarm Operator (G)	Police Dispatchers to be administratively reclassified to Police Alarm Operator as per settlement to case No. 98-CV-009353.
-14	-14.00		Police Dispatcher (G)	
	6.08		Miscellaneous Adjustment	
			Operations Decision Unit	
1		1.00	Office Assistant II (Z)	Homicide Review Grant approved in CC File 041252.
1		1.00	Lieutenant of Detectives (N)	Change to Milwaukee Metro Drug Enforcement Grant approved in CC file 041103.
1		1.00	Police Officer (K)	Additional HIDTA Grant position.
6		6.00	Police Officer (ZZ)	COPS in Schools Grant approved in CC File 040884.
-2	-1.00	-1.00	Police Officer	Reduction in MMDE Grant reduction in O&M position approved in CC File 041103.
	-19.18		Various Positions	Common Council amendment reduces overtime to fund "Community Services Staffing" Special Purpose Account.
	65.26	-5.36	Miscellaneous Adjustment	
8	**52.16**	**2.64**	**TOTAL**	

PORT OF MILWAUKEE

EXECUTIVE SUMMARY

MISSION: To enhance the overall economic environment of the Milwaukee region by stimulating trade, business, and employment.

SERVICES: Port economic development.

STRATEGIC ISSUES: Diversify revenue sources for the Port.

Ensure Port services and facilities are operating in a way to promote revenue growth.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	14.44	15.00	18.00	3.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	33	29	30	1
EXPENDITURES				
Salaries and Wages	$914,363	$1,012,616	$1,098,923	$86,307
Fringe Benefits	311,342	364,542	461,548	97,006
Operating Expenditures	762,537	865,220	857,000	-8,220
Special Funds	1,011,006	1,315,000	1,465,000	150,000
TOTAL	$2,999,248	$3,557,378	$3,882,471	$325,093
REVENUES				
Charges for Services	$3,557,378	$3,557,378	$3,882,471	$325,093
TOTAL	$3,557,378	$3,557,378	$3,882,471	$325,093

BACKGROUND

The Port of Milwaukee administers 467 dry acres of city owned property at or near the city's lakefront. Milwaukee World Festivals, Inc. currently leases approximately two-thirds of the Port's north harbor land for the Maier Festival Grounds, home of Summerfest, various ethnic festivals, and the Marcus Amphitheater. Smaller leaseholders and city owned facilities account for most of the remaining acreage.

The Port of Milwaukee stimulates trade, business, and employment by serving as a regional transportation and distribution hub for Southeastern Wisconsin. The Port links waterborne, rail, and ground surface transportation in an accessible location close to downtown. The seven member Board of Harbor Commissioners governs the promotion, marketing, maintenance, and operations functions of the Port.

Over the last 30 years, as the economy of Milwaukee and the United States has changed the Port of Milwaukee has adapted. The mix of cargoes has shifted largely to imports, especially salt and coal, which are used locally and throughout the region. In addition to these commodities, the Port seeks to diversify its activities through partnerships with recreational businesses and passenger related travel services.

Service 1

Port Economic Development

		2004 Experience	2005 Budget	2006 Projection
Activities:	Market and promote Port facilities, seek changes in federal laws to promote regional trade and provide harbor equipment, vessel, and crane services.			
Services:	Percent of total expenses covered by revenues.	118.6%	100.0%	100.0%
Funding by Source:	Operating Funds	$2,999,248	$3,557,378	$3,882,471
	Grant and Reimbursable	1,150,000	0	2,000,000
	Capital Budget	2,469,247	725,000	1,025,000
	Total:	$6,618,495	$4,282,378	$6,907,471

SERVICE RESULTS

In 2004, the Port of Milwaukee generated operating revenue of more than $3.5 million. Revenues exceeded expenses by almost 19%. From 1995 to 2004, Port revenues covered 94% of operating expenses on average. The gap between revenues and expenditures is shown in Figure 1, with revenues still exceeding expenditures in 2004.

The Port doubled its revenue between 2000 and 2001 by securing a new lease of the Maier Festival Grounds and increasing tonnage. Milwaukee World Festivals, Inc. annually holds Summerfest and a host of ethnic festivals on the 75 acre Maier Festival Grounds. This lease alone will generate almost $1.1 million in 2006 for the Port, with the revenue transferred to the city's General Fund to ease the property tax burden.

In 2004 there was a 10% increase in tonnage. Compared to 2003, total tonnage increased by about 300,000 short tons to more than 3.2 million (see Figure 2). This increase occurred over a broad sector of cargoes handled and demonstrates a broad base for future cargo and revenue growth. The local economy remains strong and the Port continues to play an important role in the transportation infrastructure of the region. The Port is continuing efforts to replace low productivity tenants with higher productivity ones to take full advantage of Port properties and services.

Figure 1

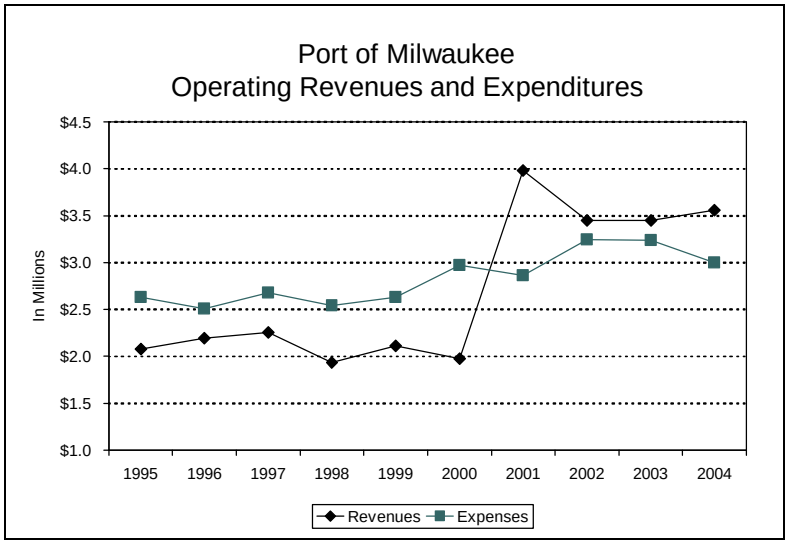
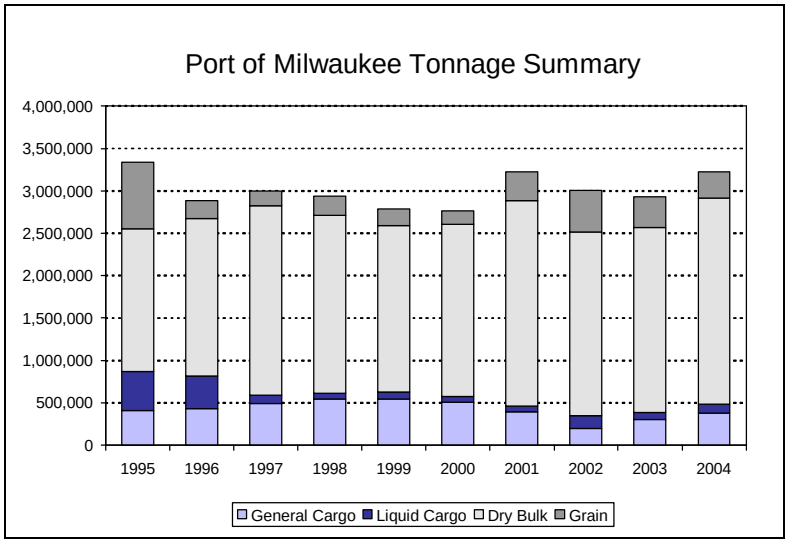


Figure 2



SERVICE CHANGES

Securing and Strengthening Port Revenue Base: The Port is fortunate in having a stable base of tenants that operate terminals promoting waterborne commerce. Many of these tenants are national and international corporations and operate under long term leases with the Port. Two recent buyouts of Port tenants by larger corporations have strengthened this tenant base. Kinder Morgan, LLC purchased Milwaukee Bulk Terminals and more recently Valero Energy Partners purchased St. Services. The Port continues to seek major companies in select cargo sectors that have financial ability to invest private capital in Port development.

Although the Port faces many difficult challenges, such as struggles in the world economy and stricter trade security measures, it continues to operate at a profit. For the past several years, the Port of Milwaukee has been working with international cruise ship owners to stimulate demand for Great Lakes based cruise ship service and more particularly, to integrate Milwaukee as a preferred cruise ship destination on the Great Lakes. As a result, starting in 2006, a new cruise line, Nantucket Cruises will begin calling at Milwaukee with four voyages. Also in 2006, the new Pier Wisconsin building will be completed and their new cruise ship berth near downtown will host these ships in a very spectacular setting.

Timely and accurate billing is also paramount to generation of the Port revenues. In 2006, the Port added a position of Office Assistant II to assist in lease billings, receivables, and other general office duties. Represented in the increase of full time equivalents in the 2006 budget, the Port also expects to fill other currently vacant positions to ensure that its ability to service it leaseholders does not compromise its ability to generate revenues.

Port Infrastructure Improvements: The Port is responsible for developing and maintaining its transportation infrastructure to a high standard to ensure that business can grow. For 2006, the expiration of a long term lease of Port property on deep water will create an opportunity to market a 4.5 acre parcel to new potential tenants. Once the old facility is demolished and cleared, this area will be a prime location for a new product handling terminal. To make this site attractive to potential tenants, the Port's 2006 capital budget includes various projects that will increase the usefulness of the land area to ship convenience. The rehabilitation of the electrical service along the dock wall will provide vessels; especially those in the winter lay up fleet, with the power they require. The Pier, Berth, and Channel capital improvements program will include updating rail track that serves the dock area in the inner harbor.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Office Assistant II	New position to assist in general office, invoicing, and billing duties.
-4	-4.00		Port Maintenance Worker II	Reclassifications part of CC File 040884.
-1	-1.00		Port Maintenance Technician I	
-1	-1.00		Port Maintenance Technician II	
6	6.00		Port Maintenance Technician	
2			Inspector Docks and Dredging (Aux.)	Changes to Auxiliary position authority to better reflect the Port's needs.
-1			Crane Operator (Aux.)	
-1			Office Assistant II (Aux.)	
	2.00		Miscellaneous Positions	Port intends to fill current vacant operating positions.
1	**3.00**		**TOTAL**	

DEPARTMENT OF PUBLIC WORKS
ADMINISTRATIVE SERVICES DIVISION

EXECUTIVE SUMMARY

MISSION: Provide administrative support, guidance, and direction for the Department of Public Works.

SERVICES: Support services for the Department of Public Works.

STRATEGIC ISSUES: Complete implementation of 286-CITY citizen information and service request line.

Consolidate city network support services.

Develop wireless service strategy and support capacity.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	54.38	53.98	52.18	-1.80
FTEs - Other	6.12	6.33	8.13	1.80
Total Positions Authorized	64	65	65	0
EXPENDITURES				
Salaries and Wages	$2,819,347	$2,720,234	$2,810,517	$90,283
Fringe Benefits	927,347	979,284	1,144,556	165,272
Operating Expenditures	858,447	871,858	817,158	-54,700
Equipment	50,872	39,000	39,000	0
TOTAL	$4,656,013	$4,610,376	$4,811,231	$200,855
REVENUES				
Charges for Services	$2,063,953	$2,036,500	$1,982,000	$-54,500
Licenses and Permits	1,351,681	1,238,000	1,410,700	172,700
TOTAL	$3,415,634	$3,274,500	$3,392,700	$118,200

BACKGROUND

The Administrative Services Division provides planning and support to the Department of Public Works (DPW) in a variety of areas. The administrative functions include budget preparation and control, accounting, payroll, human resources, employee safety, contract administration, purchasing and inventory, communications, special event permitting, technology support, and the Call Center operation. In addition to providing overall administrative planning, management, and coordination the division also supports administration and management of the Parking Fund.

The Administrative Services Division's 2006 budget includes operating funds totaling $4.8 million and another $235,000 in capital funding. Most of the division's activities support other DPW divisions and Enterprise Funds in achieving their program objectives. The Administrative Services Division's costs are distributed across 14 Public Works programs.

SERVICE CHANGES

286-CITY: In light of the Mayor's initiative to implement a single number access to city government, DPW staff introduced "286-CITY" citizen request and information line to streamline access to city government by providing two telephone numbers: 9-1-1 for emergency calls and 286-CITY (2489) for non-emergency calls.

The city currently prints several documents listing hundreds of telephone numbers of city agencies and services, including approximately 800 telephone numbers in the *Blue Pages* section of the telephone directory. Not only is this costly, it is extremely confusing for residents to find particular city services or agencies due to the complex organizational structure of city government. Under 286-CITY existing telephone numbers will not disappear, however, residents will only need to remember one number in order to access city government for non-emergency purposes.

Providing single number access to city government will allow for intake, routing, and resolution of service and information requests in the most cost efficient and effective manner. Calls for information will come to the single access number and the caller will be directed to an Interactive Voice Recording (IVR) system. The IVR will have a shortened list of departments, which will be determined by call volume. Once the desired option is selected, the call will either be connected directly to the department or to a submenu with specific service options. The IVR will also allow for seasonal call volume adjustments, such as for elections, property assessments, property tax payments, and for emergencies whereby various hotline numbers can be provided. This initiative, which will be completed in 2006, will have minimal costs.

Figure 1

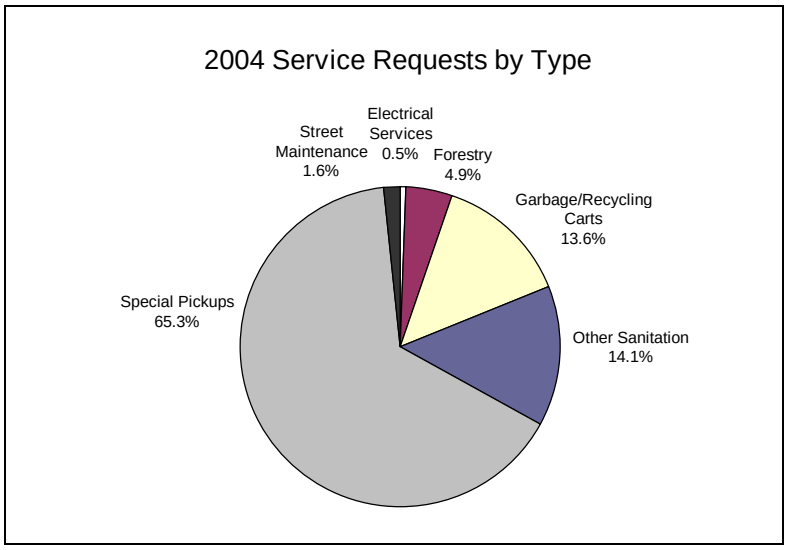
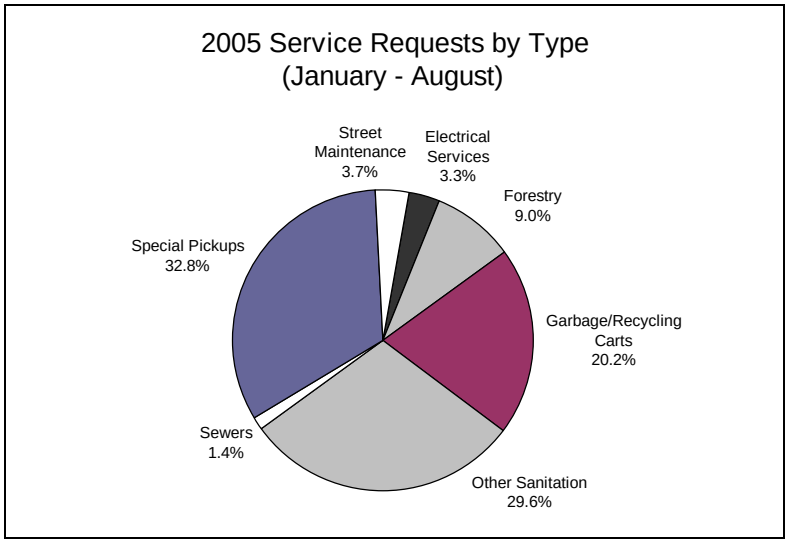


Figure 2



Call Center: In 2004, the number of service requests (not including calls for information) processed through the Call Center totaled 202,978, an increase of 30% from 2003. The increase is due to the shifting of remaining sanitation calls from the district offices, the shifting of street maintenance and electrical services calls from district offices to the Call Center, and a sharp increase in the number of special pickup requests. Total call and online volume increased by 11% during the same period from 192,000 to 214,000.

In 2005, DPW's Operations Division implemented a significant change in the provision of special collection services. Routine special collections are picked up on residents' normal garbage collection day. Larger piles (greater than a sofa in size) still need to be called in for collection. In addition, appliances are no longer collected and brush piles are collected up to a maximum of four cubic yards. These operational changes have dramatically altered the distribution as well as the number of service requests. Special pickups accounted for more than half of the requests in 2004, for the first eight months of 2005 special pickups only accounted for 32% of total service re-

quests (see Figures 1 and 2). Total service requests have declined from 112,000 during the first eight months of 2004 to 88,184 for the first eight months of 2005.

Also in 2005, the Call Center began processing complaints on surface flooding and backwater in basements. Since April, nearly 1,200 calls have been received. In addition, staff is transitioning calls for traffic signs and signals to the Call Center. This initiative will be completed in 2005.

Overall service requests are projected to be approximately 20% less than in 2004. However, total call volume is expected to decrease 11% due in part to an increase in calls for information.

City Network Services: In 2005, DPW will enter into an agreement with the Department of Administration Information Technology Management Division to be the exclusive provider of network support services to city agencies. Currently, DPW's Technology Support Section is responsible for the City of Milwaukee Optical Network (COMON), which serves DPW, the Police, Fire and Health Departments, Water Works, Parking, and Neighborhood Services as well as a number of other departments. For consistency and reliability purposes, DPW will be responsible for network services for all city departments except the Department of City Development and the Milwaukee Public Library. Consolidation will eliminate duplication of services, ensure reliability and a higher level of security, and a more cost effective network services. In 2006, the department will purchase new equipment for City Hall to ensure maximum reliability. This one time investment will be funded in the capital budget and is expected to cost approximately $90,000. Administration Services will continue to provide maintenance and support as well as maintain an inventory of equipment for the COMON.

In 2006, DPW will be pursuing a number of technology projects that will require data communications through wireless technology. Providing for a wireless network ensures another level of redundancy in case of a catastrophic failure of the fiber optic network. A new position of Systems Analyst Senior will be responsible for developing and managing wireless networks and will serve as a liaison to all city departments for their wireless needs. The position will be funded directly by projects in parking, street lighting, and traffic control.

CAPITAL PROJECTS

Public Safety Communications: The 2006 capital budget provides $235,000 for public safety communication needs. This funding will be utilized primarily to install new fiber routes as well as redundant connections for various city agencies, specifically for public safety purposes.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Business Services Specialist	Position title change.
-1	-1.00		Management Accountant Senior	
-1	-1.00		Network Coordinator Assistant	
1	1.00		Network Planning Specialist	
	-0.80	0.80	Management Accounting Officer	Shift to reimbursable funding.
-1	-1.00		Accounting Assistant I	Reduction due to state levy limits.
1		1.00	Systems Analyst Senior	New position to support wireless networks.
0	**-1.80**	**1.80**	**TOTAL**	

DEPARTMENT OF PUBLIC WORKS
INFRASTRUCTURE SERVICES DIVISION

EXECUTIVE SUMMARY

MISSION: To promote the health, safety, mobility, and quality of life for all City of Milwaukee residents and visitors by providing a safe, attractive, and efficient surface infrastructure systems.

SERVICES: Streets, alleys, and sidewalks.

Bridges.

Lighting.

Traffic control.

Underground conduits.

STRATEGIC ISSUES: Plan and manage capital projects in order to control financial risk.

Enlist private developers to perform design and engineering work for development projects.

Represent city interests in the design of the Marquette Interchange.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	252.31	254.38	244.90	-9.48
FTEs - Other	240.39	264.08	272.16	8.08
Total Positions Authorized	728	711	703	-8
EXPENDITURES				
Salaries and Wages	$12,631,704	$11,121,791	$11,574,988	$453,197
Fringe Benefits	4,229,194	4,003,844	4,841,300	837,456
Operating Expenditures	6,514,904	6,306,600	6,678,700	372,100
Equipment	72,306	50,500	36,200	-14,300
TOTAL	$23,448,108	$21,482,735	$23,131,188	$1,648,453
REVENUES				
Charges for Services	$3,996,200	$3,283,500	$3,458,500	$175,000
TOTAL	$3,996,200	$3,283,500	$3,458,500	$175,000

BACKGROUND

The Infrastructure Services Division is responsible for design, construction, and maintenance of the city's infrastructure systems, including streets and alleys, bridges, sewers, sidewalks, traffic control devices, street lights, and underground conduits. In addition, the division coordinates transportation improvements with other governmental agencies and railroad companies. The division also undertakes engineering studies and investigates various permits, plans, and easements.

In 2006, the Infrastructure Services Division will devote approximately $23.1 million in operating funds and $27.5 million in capital funds to its services. In addition, $40.8 million in state and federal aid assists in funding the city's infrastructure needs. The primary sources of capital funding are the city's property tax and federal and state grant and aid, which together constitute 95.6% of Infrastructure's capital budget. Other funding sources include special assessments and charges for services.

Grant and aid funds are used primarily for two capital programs: the Major Bridge Program and the state and federal aided Major Street Improvements Program. Grant and aid funds constitute 79.7% of the Major Bridge Program and 78.4% of the Major Street Improvements Program, enabling the city to better preserve and maintain its street and bridge systems, which are critical components of the overall infrastructure system.

Menomonee Valley Facilities Relocation: In the 2005 and 2006 budgets, funding was appropriated in the Department of Public Works Operations Division to consolidate several city facilities into one field headquarters located at the Tower Automotive site on the city's north side. This consolidation is resulting in several operational changes for Infrastructure Services, with a total savings of over $240,000 in operating and non-operating salaries funding.

Consolidating several district offices into one location allows for the reduction in supervisory staff. Infrastructure Services will reduce the number of Street Maintenance Districts from three to two, resulting in the elimination of one Street Repair District Manager.

In previous years, Department of Public Works (DPW) inventory staff (not including Fleet) was located in Infrastructure Services, Operations Facilities Management, and Water Works. In the 2004 budget, inventory staff from Facilities Management was consolidated with Infrastructure Services. The relocation of Water Distribution to the new DPW Field Headquarters will allow for all non-fleet related inventory staff to be consolidated under Infrastructure Services management. The four Water Works inventory staff will be transferred to Infrastructure Services. This will allow Infrastructure Services to eliminate a vacant Inventory Supervisor position and a vacant Inventory Assistant III position.

Service 1

Streets, Alleys, and Sidewalks

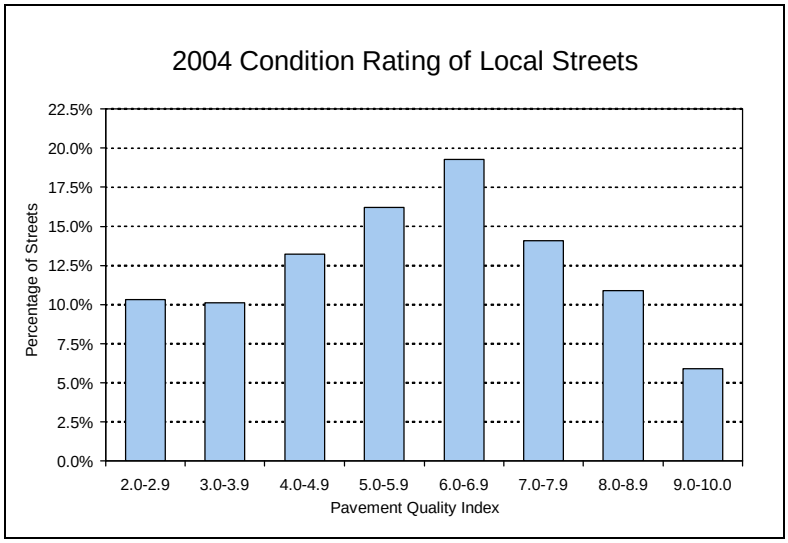
Activities: Street paving, street maintenance, alley resurfacing, alley reconstruction, alley maintenance, sidewalk replacement.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percentage of projects heard by May 1st.	100.0%	90.0%	90.0%
	Pavement Condition Index.	6.0	6.0	6.0
Funding by Source:	Operating Funds	$8,451,113	$7,783,541	$8,255,232
	Capital Budget	21,754,171	10,241,507	13,308,977
	Grant and Reimbursable	16,955,941	35,630,659	24,677,747
	Total:	$47,161,225	$53,655,707	$46,241,956

SERVICE RESULTS

Many of the Infrastructure Services Division's activities improve the condition of the city's surface public ways, primarily streets and alleys. Activities include resurfacing or reconstructing existing pavement, curb and gutter, and constructing new streets as part of residential, commercial, and industrial development. The 2006 Infrastructure Services budget includes approximately $8.3 million in operating funds, an additional $13.3 million in capital funding, and $24.7 million in state and federal aid. Maintaining the city's streets, alleys, and sidewalks assists in promoting economic development in Milwaukee by providing the infrastructure necessary to move people, goods, and services efficiently throughout the city.

Figure 1



The Street, Alley, and Sidewalk Services also improve and maintain the livability of city neighborhoods. The division uses paving projects to increase city green space by determining whether the borders for trees and boulevards can be increased through the Street Paving Program. The division also encourages the use of alternative modes of transportation by enhancing pedestrian and bicycle mobility in neighborhoods, which contributes to reducing traffic congestion and enhances air quality.

Maintaining safe and efficient surface public ways and services provides a way for businesses to transport goods to their customers. Pavement condition is measured through a Pavement Quality Index (PQI), which rates street conditions on a scale of 2 to 10 based upon visual observations, historic records, and non-destructive testing on non-residential streets.

PQI ratings are calculated for two general street categories: locals and collector/arterial. Each category has a minimum acceptable PQI. A rating below the minimum indicates that the street segment requires rehabilitation or reconstruction. Based on previous street condition and age data and older, less sophisticated versions of a Pavement Management System (PMS), minimum PQI's of 4.0 for local street and 5.5 for collectors/arterials were established. The minimum PQI for collectors/arterials was established at a higher level than that of the locals

because of their greater importance to a larger population base in providing access to goods and services and employment.

In 2004, approximately 79.6% of local streets had a PQI rating greater than 4 (see Figure 1). Using computer modeling, the PMS is now predicting pavement quality and life, and the need for repair. PMS will be utilized to formulate the annual preliminary paving program and will assist in formulating and updating the six year paving programs. Time and monitoring of PMS outputs compared to actual field conditions will determine the system's accuracy and value.

SERVICE CHANGES

Eliminate Street Repair District Manager: As a result of moving the Traser Yard to the Tower Automotive site, Infrastructure Services will restructure Street Maintenance from three districts to two districts. This allows for the elimination of a Street Repair District Manager. The elimination of this position will yield annual savings of approximately $80,000 per year.

Street Maintenance: The 2006 budget adds one sidewalk grinding crew and one mini-concrete crew. These crews were eliminated as part of the 2005 budget process. The additional crews will allow DPW to address pavement issues in a more expedient manner. Temporary asphalt patches will be in place for shorter periods of time and sidewalk grinding will occur as needed rather than upon citizen requests. The addition of these crews will add approximately $92,000 to the 2006 budget. The 2006 budget also reduces the callback for 47 seasonal positions by two weeks; from 28 to 26 weeks. This seasonal reduction provides savings of $94,000.

Bicycle and Pedestrian Activities: A major initiative of the Mayor and the Common Council has been to make the city more bicycle and pedestrian friendly. To this end, Infrastructure Services has changed the title of one Engineering Drafting Technician IV to a Bicycle and Pedestrian Coordinator. This position will be responsible for coordinating the various bicycle and pedestrian programs and activities that occur between the city and other public and private entities. Also, in anticipation of construction projects, this position will look for opportunities to make selected roads more pedestrian and bicycle friendly.

CAPITAL PROJECTS

The 2006 budget includes $37.9 million in city and grant funding for the streets, alleys, and sidewalk capital programs. Approximately $35.1 million of the budgeted funds will be used for street related projects. The remaining funds will be used for the Alley and Sidewalk Programs. These programs are vital to Milwaukee's economic future as they allow businesses to move their products quickly and efficiently.

Service 2

Bridges

Activities: Bridge reconstruction, bridge repair and maintenance, and operation of movable and automated bridges.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percentage of bridges with a condition rating above 50.	85.0%	85.0%	85.0%
Funding by Source:	Operating Funds	$4,116,130	$4,094,599	$4,261,978
	Capital Budget	1,471,166	1,686,956	4,431,000
	Grant and Reimbursable	1,143,913	9,556,174	17,369,000
	Total:	$6,731,209	$15,337,729	$26,061,978

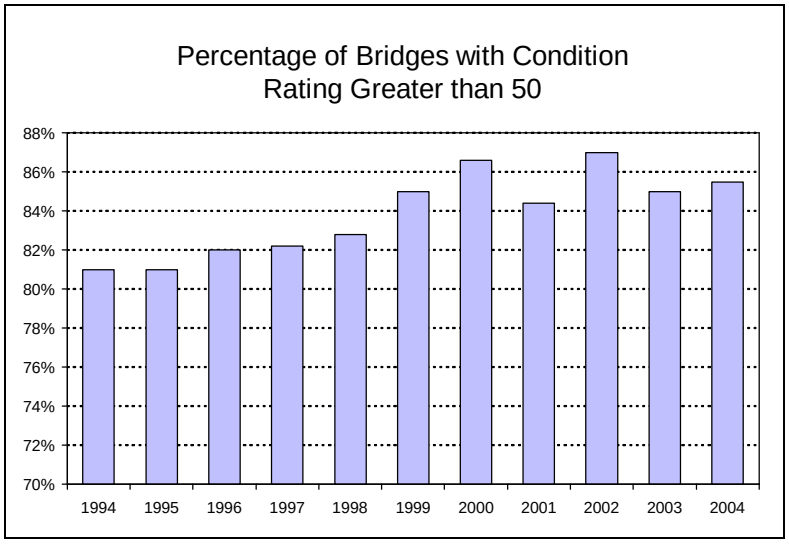
SERVICE RESULTS

This service provides for a safe and efficient infrastructure system by maintaining the conditions of bridges at a high level.

The Bridge Service preserves and maintains a bridge system that meets the needs of the city, ensures the safety of motorists, and provides for efficient movement of vehicles, people, and commodities. The 2006 budget includes total operating and capital funding of $26.1 million for this service.

The division measures the condition of bridges using a sufficiency condition rating ranging from 0 to 100. Ratings are conducted every two years through mandatory physical bridge safety inspections. In 2004, 85% of the rated bridges had a sufficiency rating above 50 (see Figure 2).

Figure 2



SERVICE CHANGES

Eliminate Carpenter Position: As a result of moving Infrastructure Services from the Traser Yard to the new $20 million Tower Automotive site, a vacant Carpenter position is eliminated. The elimination of this position will save approximately $44,000 per year.

Painter Position: A Painter position title is changed to Painter Lead Worker, which will provide oversight and support in painting.

CAPITAL PROJECTS

The 2006 Bridge Program includes $4.4 million in city funding and another $17.4 million in grant and aid funding. This funding will be used for major repair or reconstruction of 19 bridges. The scheduled work includes design, painting, and complete renovations. The Kilbourn Bascule Bridge is the most comprehensive bridge project scheduled for 2006. Total funding for this project is $13 million, including $2.6 million in capital funding. This project will be completed in the Fall of 2007.

Service 3

Lighting

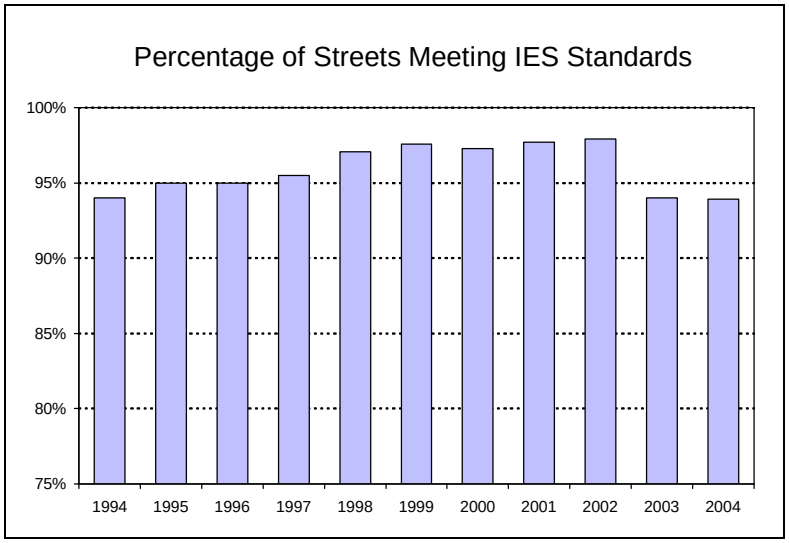
Activities: Lighting systems operations, street light repair, circuitry replacement, and capital improvements.

		2004 Experience	2005 Budget	2006 Projection
Services:	Complaints responded to within 30 days.	80.0%	80.0%	80.0%
	Streets meeting IES standards.	93.9%	98.0%	98.0%
Funding by Source:	Operating Funds	$7,751,393	$7,296,845	$7,929,948
	Capital Budget	5,338,858	3,540,000	4,500,000
	Grant and Reimbursable	1,735,063	0	1,258,737
	Total:	$14,825,314	$10,836,845	$13,688,685

SERVICE RESULTS

The Street Lighting Program provides residents with pleasant and secure neighborhoods by providing a safe and reliable lighting system. The livability of city neighborhoods is monitored by ensuring that streets meet the Illuminating Engineering Society (IES) lighting standards. The 2006 budget includes funding of $8 million in the operating budget, $4.5 million in the capital budget and an additional $1.3 million in grant and reimbursable funding.

Figure 3



The IES's scale establishes optimal levels of lighting for streets. As shown in Figure 3, the division continues to maintain a high percentage of streets meeting IES standards. In 2004, 94% of lighted streets met or exceeded IES standards. The division continues to upgrade lighting in the streets, which do not meet IES standards.

SERVICE CHANGES

Cable Crew Reduction: The 2006 budget includes the reduction of one cable crew consisting of five seasonal Laborer Electrical Services positions, one Laborer Electrical Services, one Electrical Mechanic, and one Electrical Worker. The cable crew reduction will result in delays completing work related to paving projects as well as other maintenance activities.

Position Reductions: The elimination of one Laborer Electrical Services, one Electrical Mechanic, and one Electrical Worker will cause additional delays in finishing projects.

CAPITAL PROJECTS

The 2006 Lighting Program includes $5.8 million in capital, grant and reimbursable funding. Approximately 56.7%, or $3.3 million will be devoted to paving related improvements. Infrastructure Services routinely performs electrical upgrades in conjunction with the Paving Program because it is the most cost effective manner to perform upgrades. The balance of the 2006 street lighting funds will be used for improvements to street lighting substations, the Neighborhood Lighting Program, and engineering.

Service 4

Traffic Control

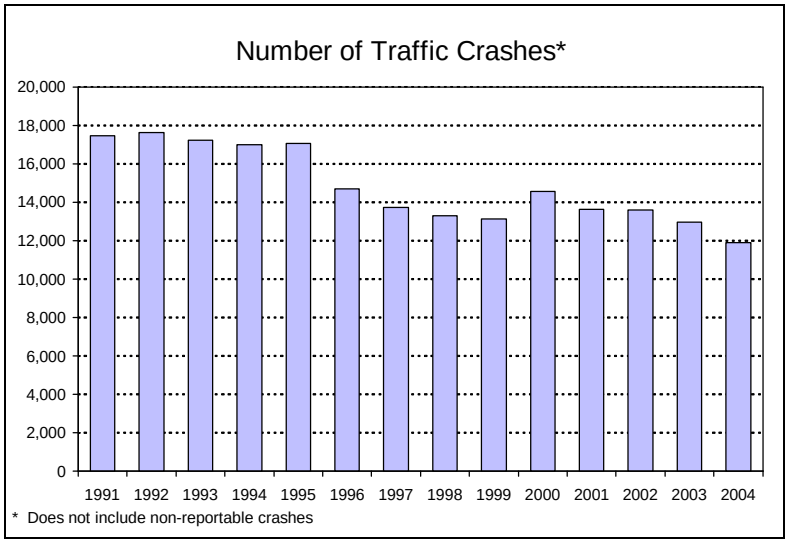
Activities: Install and replace traffic control signs, pavement markings, and traffic signals, provide review and design for special events and street paving traffic control plans and provide for the safe and uniform flow of traffic.

		2004 Experience	2005 Budget	2006 Projection
Services:	Complaints responded to in less than 60 days.	75.0%	75.0%	75.0%
	Reduce the number of traffic accidents by 5.0%.	11,888	13,000	13,000
Funding by Source:	Operating Funds	$2,976,347	$2,228,848	2,575,504
	Capital Budget	718,966	800,000	704,458
	Grant and Reimbursable	373,054	16,475	12,803
	Total:	$4,068,367	$3,045,323	$3,292,765

SERVICE RESULTS

This service designs and operates transportation systems that support the safe and efficient movement of people and goods and helps maintain the economic viability of the city. The Traffic Control Service reduces the number of traffic crashes and helps to improve traffic flow, reduce pollution, and promote the health and safety of residents and visitors. The 2006 budget provides funding of $3.3 million for this service.

Figure 4



DPW follows the Manual of Uniform Traffic Control Devices for Streets and Highways and the American Association of State Highway and Transportation Officials in order to maintain consistent traffic control design standards and facilities. Uniformity in design standards maintains roadway safety and increases recognition and compliance with traffic control facilities, including traffic signals, signal systems, and traffic signs by system users.

As shown in Figure 4, the number of traffic accidents decreased from 12,958 in 2003 to 11,888 in 2004. While part of the reduction in crashes results from a change in the State Division of Motor Vehicles' reporting requirements, enhanced enforcement of traffic laws have also contributed to the decline in crashes.

SERVICE CHANGES

Energy Savings: The 2006 budget includes a reduction of $90,000 in energy costs as part of the Light Emitting Diodes (LED) conversion. This is in addition to the energy savings of $86,000 in the 2005 budget. It is anticipated that annual energy costs for traffic controls will significantly decrease when all 700 intersections are completed.

CAPITAL PROJECTS

The 2006 budget dedicates $700,000 in capital funding and an additional $10,000 in grant funding for traffic controls. Approximately $447,000, or 63% of the 2006 funding will be used for either traffic signs or signal upgrades and replacements. The remaining $263,000 will fund miscellaneous sign replacements and engineering costs.

Infrastructure Services is in the process of replacing the bulbs for over 700 intersections controlled by traffic signals with Light Emitting Diodes (LED) signals. These replacements will occur over a period of several years. The cost of the project is approximately $3.5 million. This project will be funded primarily through Hazard Elimination Safety (HES) grants and streets paving funds. The LED traffic signals have an eight year life expectancy compared to the two year life expectancy of bulbs, will save 80% in energy cost, and will provide better visibility of the signals. When all of the signals have been upgraded, the city can expect to save approximately $400,000 per year in energy costs and reduce maintenance costs.

Service 5

Underground Conduit and Manholes

Activities: Install and replace underground communication conduits, maintain and replace electric manholes.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percentage of customers satisfied with communication services.	90.0%	90.0%	90.0%
Funding by Source:	Operating Funds	$153,125	$78,902	$108,526
	Capital Budget	346,633	1,200,000	547,827
	Grant and Reimbursable	100,000	130,402	97,502
	Total:	$599,758	$1,409,304	$753,855

SERVICE RESULTS

The Underground Conduit Program provides quality support services by satisfying customers with internal communication services. The underground conduit system is designed and maintained by the Infrastructure Services Division and provides a secure and weatherproof means of connecting communication cables among various city departments, including the Fire Department, Police Department, Health Department, Milwaukee Public Library, Milwaukee Water Works, and the Department of Public Works. The conduit system also provides a reliable route for traffic signals and street lighting cable circuits and systems. The 2006 operating budget provides approximately $755,000 in funding for this service. Although the Infrastructure Services Division designs and maintains the conduit, the Administrative Services Division funds and provides staff for the actual operation of the communication services.

SERVICE CHANGES

Combining Inventory Staff: The 2006 budget combines the inventory staff of Infrastructure Services and Water Works at the Tower Automotive site. Combining these staff will allow Infrastructure Services to eliminate one vacant Inventory Supervisor and one Inventory Assistant III position. The elimination of these positions will generate annual salary savings of approximately $80,000.

Asphalt Plant Operator: In 2006, Infrastructure Services will not operate an asphalt plant operation at the Tower Automotive site. As a result, the Asphalt Plant Operator position is eliminated in the 2006 budget. The elimination of this position will generate salary savings of approximately $36,000.

CAPITAL PROJECTS

The 2006 capital budget dedicates $547,827 in capital funding and an additional $97,502 in grant funding for the Underground Conduit and Electrical Manhole Program. Approximately $236,000 will be used for the Electrical Manhole Reconstruction Program the remaining $409,329 is budgeted for the Underground Conduit Program.

As a result of delays caused by the reconstruction of the Marquette Interchange, Infrastructure Services will not complete underground conduit projects scheduled for 2005. This results in a portion of the 2005 funding being carried forward to 2006, thereby decreasing the funding needed in 2006. As a result of the delays, the 2006 budget for the underground conduit was decreased by approximately $600,000.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Administration Unit	
-1	-1.00		Administrative Specialist Senior	Position reclassified.
1	1.00		Accountant II	
			Transportation Unit	
-1	-0.40	-0.60	Engineering Drafting Technician IV	Positions retitled.
1	0.40	0.60	Bicycle and Pedestrian Coordinator	
-1	-0.45	-0.55	Engineering Drafting Technician II	Reduction to meet state levy limit.
			Construction Unit	
-2	-0.95	-1.05	Public Works Inspector II	Positions retitled.
1	0.30	0.70	Program Assistant I	
1	1.00		Office Assistant II	
-1	-1.00		Office Assistant IV	
			Street and Bridge Operations	
	-0.44	-0.06	Street Repair District Manager	Position eliminated due to consolidation of Field Headquarters.
-2	-1.34		Asphalt Raker	Positions retitled.
2	1.25	0.09	Asphalt Worker	
	-1.00		Bridge Design Manager	
	1.00		Structural Design Manager	
1	0.53	0.06	Labor Crew Leader I	Sidewalk grinder crew added.
1	0.53	0.05	City Laborer	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	0.14	0.44	Street Repair Crew Leader	
1	0.14	0.44	Cement Finisher Helper	Mini-concrete crew added.
1	0.14	0.44	City Laborer	
-1			Street Operations Supervisor (Aux.)	
-1			Asphalt Raker (Aux.)	Positions eliminated.
-1			Civil Engineer II (Aux)	
-1	-0.23	-0.02	Carpenter	Position eliminated due to consolidation of Field Headquarters.
	-1.57	-0.24	Season Callback Reduction I	Reduction in seasonal labor to meet state levy limit.
	-4.06	9.64	Various Positions	Miscellaneous changes.
			Electrical Services Unit	
-6	-1.92	-2.41	Laborer Electrical Services	Cable crew eliminated to meet state levy limit.
-1	-0.23	-0.77	Electrical Mechanic	Reduction to meet state levy limit.
-1	-0.15	-0.85	Electrical Worker	
			Support Services Unit	
-1	-0.05	-0.95	Asphalt Plant Operator	
-1	-0.42	-0.58	Inventory Assistant III	Positions eliminated due to consolidation of Field Headquarters.
-1	-0.70	-0.30	Inventory Supervisor	
1		1.00	Inventory Manager	Transfer of four positions from Water Works Department due to Field Headquarters consolidation.
3		3.00	Inventory Assistant IV	
-1	-0.63	-0.37	Painter	Position retitled.
1	0.63	0.37	Painter Lead Worker Sign Shop	
-8	**-9.48**	**8.08**	**TOTAL**	

DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION

EXECUTIVE SUMMARY

MISSION: Improve the safety, cleanliness, and attractiveness of Milwaukee neighborhoods.

SERVICES: City cleanliness and solid waste collection.

Recycling and solid waste reduction.

Snow and ice control.

Urban forest maintenance and boulevard beautification.

City facility maintenance and development.

City fleet maintenance and services.

STRATEGIC ISSUES: Use customer information to effectively allocate limited resources and monitor service quality.

Preserve city's aging facilities within the constraints of the Mayor's initiative to control borrowing.

Include source reduction as part of environmental strategies.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	811.04	795.94	778.29	-17.65
FTEs - Other	106.42	118.98	118.68	-0.30
Total Positions Authorized	2,028	1,680	1,654	-26
EXPENDITURES				
Salaries and Wages	$40,271,432	$34,828,695	$38,089,533	$3,260,838
Fringe Benefits	13,317,210	12,538,331	15,997,604	3,459,273
Operating Expenditures	24,292,811	22,182,335	23,959,500	1,777,165
Equipment	2,026,463	1,714,670	1,726,380	11,710
Special Funds	0	0	9,000	9,000
TOTAL	$79,907,916	$71,264,031	$79,782,017	$8,517,986
REVENUES				
Charges for Services	$27,244,116	$24,947,500	$36,597,000	$11,649,500
Miscellaneous	232,024	222,200	212,000	-10,200
TOTAL	$27,476,140	$25,169,700	$36,809,000	$11,639,300

BACKGROUND

In 2002, the Department of Public Works (DPW) combined the Forestry, Sanitation, and Buildings and Fleet Divisions into the Operations Division. This facilitated coordination of personnel, materials, and equipment resulting in more effective and efficient service delivery to Milwaukee residents.

Forestry: The Forestry Section is primarily responsible for tree and landscape management. Milwaukee's Urban Forestry Program has been recognized as a model by national forestry organizations, businesses, and visitors to the city. The program currently maintains 200,000 trees and 120 miles of boulevards that provide Milwaukee with a natural beauty both residents and visitors enjoy.

Sanitation: The Sanitation Section is responsible for collecting and disposing of the city's residential solid waste. It also provides services that encourage an attractive and environmentally healthy city. For example, solid waste collection protects city residents from vermin and infectious disease and street sweeping maintains attractive streets and reduces harmful storm water run-off into streams, rivers, and lakes. Additionally, Sanitation works to reduce the amount of materials sent to landfills through public education, solid waste reduction efforts, and the city's Recycling Program.

Fleet Services and Fleet Operations: The Fleet Services and Fleet Operations Sections operate and maintain DPW's centralized fleet of over 4,000 motor vehicles and related equipment. The Fleet Services Section provides equipment to other DPW divisions (excluding the Water Works, Sewer Maintenance Fund, and Parking Fund) free of charge. It also rents vehicles and equipment on a permanent or temporary basis to other city departments as well as rents equipment from the private sector to augment the city's existing fleet. In addition, the section provides maintenance and repair services for vehicles owned by the Library, Health Department, Police Department, Water Works, Sewer Maintenance Fund, and Parking Fund.

Facilities Development and Management: The Facilities Development and Management Section provides building services, such as design, construction, and maintenance for city facilities excluding the Port of Milwaukee and the Milwaukee Public Library. Consequently, this section oversees 160 of the city's 220 buildings. As part of its facilities management responsibilities, the section operates an around the clock Information Center located in City Hall. It also provides physical security and access control at the downtown complex and other key facilities by using security guards and closed circuit television.

Solid Waste Fee: The 2001 budget established a fee for solid waste expenses. The Solid Waste Fee (created in accordance with Sec. 66.0627 Wis. Stats.) partially recovers solid waste collection costs through a user fee rather than the property tax. The 2006 rate for the Solid Waste Fee will increase from $75 to $132 per year per residential unit to better reflect the cost of these services. This rate will recover $24.6 million or approximately 87% of the city's household solid waste collection costs.

Snow and Ice Control Fee: The 2002 budget created a new fee to recover the cost of snow and ice control. The fee is based on property foot frontage and is recovered on the Municipal Services Bill for all properties in the city, including tax exempt properties. The 2006 rate for the Snow and Ice Control Fee remains unchanged at $0.2736 per foot of property footage. In 2006, approximately $2.4 million will be recovered through the Snow and Ice Control Fee.

Service 1

City Cleanliness and Solid Waste Collection

Activities: Weekly residential garbage collection, bulky garbage collection, operation of two Self-Help Centers, Neighborhood "Clean and Green" Programs, street and alley sweeping, and weed enforcement.

		2004 Experience	2005 Budget	2006 Projection
Services:	Photometric Index.	6.00	6.00	6.00
Funding by Source:	Operating Funds	$31,127,761	$33,905,194	$28,342,989
	Capital Budget	0	2,746,000	0
	Grant and Reimbursable	292,385	500,000	500,000
	Special Purpose Accounts	59,000	60,000	60,000
	Total:	$31,479,146	$37,211,194	$28,902,989

SERVICE RESULTS

In 2000, the Sanitation Section began utilizing the Photometric Index to gauge the cleanliness of city streets. The Index is certified by Keep America Beautiful, Inc. (KAB) and must be used to participate in the Clean Community System, a behaviorally based program to reduce litter by changing attitudes and practices relating to the handling of waste. Over 500 cities, including Houston, Indianapolis, and Chicago make use of a Photometric Index to quantify city cleanliness. The process involves the use of 120 photographic slides taken randomly in various locations throughout the city. Pictures are taken of streets, public right-of-ways, vacant lots, parking lots, loading docks, and commercial refuse storage areas. The Photometric Index is recorded as a number between 0 and 96 that reflects the amount of litter detected when randomly generated pictures are analyzed. In this index, the lower the number, the less the amount of litter detected. In 2004, the Sanitation Section found that Milwaukee met its Photometric Index goal of 6.00.

SERVICE CHANGES

Project Clean and Green: Through Common Council amendment, the city intends to continue funding for Project Clean and Green through Community Development Block Grant reprogramming funds. Clean and Green was initially implemented in 2005 and divided the city in to seven clean up zones. The Department of Public Works collected 1,680 tons of refuse, along with 7,160 brush piles, 4,240 tires, and 4,920 skid loader piles of debris. The department also conducted 15 Arbor Day Programs, the Mayor's Landscape Award, and coordinated with Greening Milwaukee to address nearly 200 requests for free trees.

Service 2

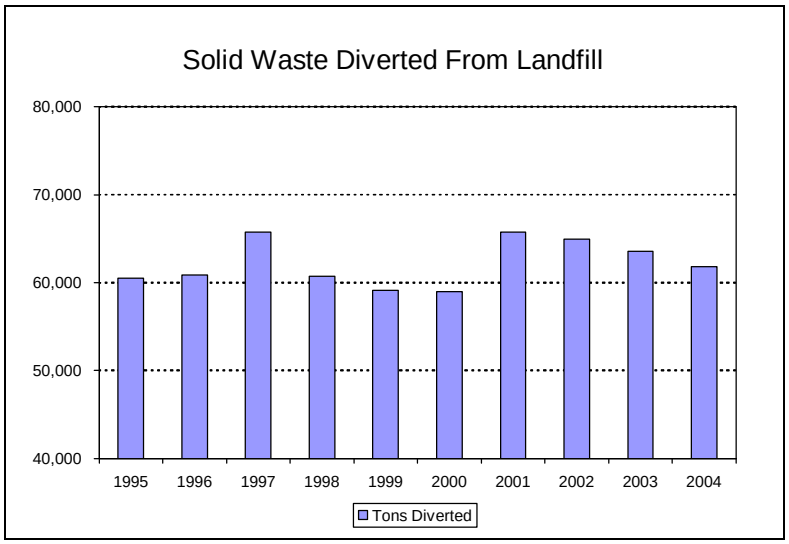
Recycling and Solid Waste Reduction

Activities: Curbside recycling collection, fall leaf, brush, and yard waste collection and composting, recycling and waste reduction education, and Self-Help Center Recycling Programs.

		2004 Experience	2005 Budget	2006 Projection
Services:	Tons diverted from landfill.	61,776	61,000	61,000
	Residential recycling participation.	78.0%	85.0%	85.0%
Funding by Source:	Operating Funds	$2,747,841	$3,399,867	$2,724,229
	Capital Budget	0	1,135,000	0
	Grant and Reimbursable	3,148,582	3,032,904	3,200,002
	Total:	$5,896,423	$7,567,771	$5,924,231

SERVICE RESULTS

Figure 1



The Department of Public Works is committed to improving environmental quality through waste reduction efforts. DPW emphasizes waste reduction through educational outreach. The importance of "reduction" before "recycling" is stressed through classroom presentations at city schools, Recycling Education Center Programs, and direct constituent contact. DPW is also actively involved in the Southeastern Wisconsin Waste Reduction Coalition whose mission is "to reduce the amount of waste generated by residents and businesses throughout Southeastern Wisconsin through a regionally coordinated waste reduction campaign". Activities of the coalition include radio and television public service announcements, displays at civic events, and a scholarship competition for high school students. As indicated in Figure 1, DPW has made progress toward reducing the amount of residential solid waste landfilled. The amount of residential waste diverted from landfills has increased approximately 2%, from 60,535 tons in 1995 to 61,776 tons in 2004.

SERVICE CHANGES

Summer Recycling Cart Set Out: In 2006, residents that currently receive curbside garbage collection will also be required to set out recycling carts at the curb between April and November. As with garbage collection, residents will be given a schedule as to which weeks they must set out their carts. By moving to curb side set out for recycling, the city will be able to eliminate three recycling routes and their associated Operations Driver Worker positions, vehicle fuel, and other miscellaneous vehicle costs. This change will provide $150,000 in annual budget savings.

Recycling Grants: To ensure an adequate supply of recycling carts, the city will utilize the Recycling Efficiency grant to purchase 5,000 additional recycling carts in 2006.

Service 3

Snow and Ice Control

Activities: Snow plowing operations, salting operations, and special snow clean up.

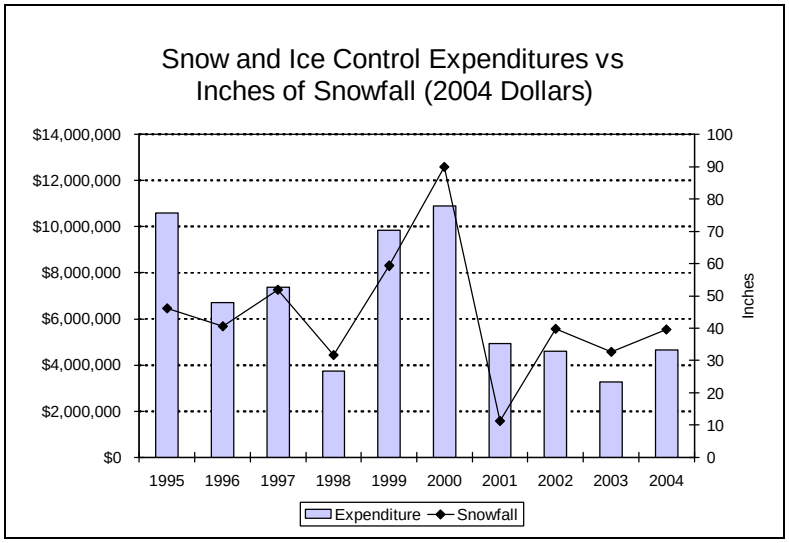
		2004 Experience	2005 Budget	2006 Projection
Services:	Salt used (tons).	53,485	43,000	43,000
	Expenditure per inch.	117,685	150,000	150,000
	Number of snow and ice operations.	26	30	27
Funding by Source:	Operating Funds	$4,649,565	$4,473,956	$4,923,626
	Capital Budget	0	1,100,000	0
	Total:	$4,649,565	$5,573,956	$4,923,626

SERVICE RESULTS

The city's Snow and Ice Control policy states that its primary mission is to remove snow as expeditiously and economically as possible to restore safe motorist and pedestrian travel, ensure public safety, and minimize economic losses. Salt is applied at the minimum rate to ensure public safety.

The extent to which snow and ice control operations are performed is largely dependent upon weather conditions. Figure 2 shows snow and ice control expenditures (2004 dollars) and the annual inches of snowfall since 1995. As can be seen, snow and ice control expenditures are largely dependent upon snowfall, which has fluctuated tremendously over the past decade.

Figure 2



SERVICE CHANGES

Several factors influence the cost of snow and ice control such as the rate of snowfall, moisture content, type of precipitation, current and forecasted temperatures, wind, time of day, and day of week. As a result, the Operations Division budget for snow and ice operations is based on the average snow and ice control expenditures from recent years.

Service 4

Urban Forest Maintenance and Boulevard Beautification.

Activities: Tree planting, tree production at the city nursery, pruning and maintenance of trees, removal of hazardous and damaged trees and stumps, developing strategies to control emerging pests, turf maintenance, irrigation systems repair, and flowerbed maintenance.

		2004 Experience	2005 Budget	2006 Projection
Services:	Tree mortality rate.	1.7%	2.0%	2.0%
	Trees planted.	3,607	4,290	2,700
	Number of citizen complaints regarding the condition of boulevards.	53	50	50
Funding by Source:	Operating Funds	$11,917,359	$12,917,630	$11,994,003
	Grant and Reimbursable	413,776	70,000	526,800
	Capital Budget	835,517	2,050,000	1,281,000
	Total:	$13,166,652	$15,037,630	$13,801,803

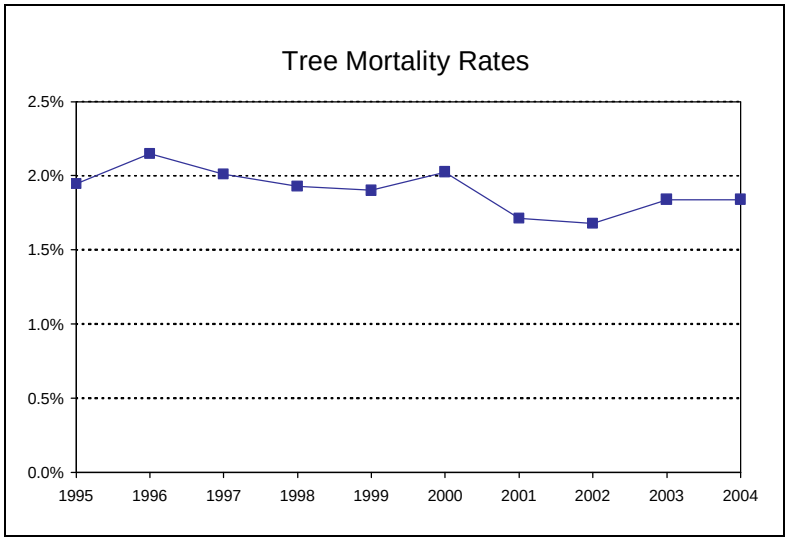
Note: The 2005 budget represented these services as two separate programs. Funding for all 2004-2006 sources are a combination of both previously separate programs.

SERVICE RESULTS

A healthy urban forest improves urban air quality, decreases wind chill in winter, provides shade in summer, and beautifies the urban landscape of the city, all of which adds value to Milwaukee's neighborhoods. The Boulevard Beautification Program maintains the city's boulevards in a manner that also beautifies and adds value to Milwaukee's streets and neighborhoods.

The Boulevard Beautification Program contributes to the aesthetic quality of the city through regular mowing, innovative flowerbed design and maintenance, and flowerbed irrigation. The Forestry Section continually strives to conduct this program more efficiently. In past years, Forestry has achieved cost savings by consolidating mowing routes, increasing use of perennials, and other initiatives.

Figure 3



The Urban Forest Program maintains the health of the city's urban forest through tree planting and removal, implementing a five year pruning cycle, inspecting sidewalk construction projects to protect the root structure of adjacent trees, and preventing the spread of pests and disease. Since 1995, the tree mortality rate has fluctuated between 1.7% and 2.2% (see Figure 3).

SERVICE CHANGES

Funding Source for Tree Planting and Production: In 2006, Forestry will fund its tree production from the same capital account. This will move all associated costs of tree production to the capital budget from the operating budget, including $238,972 from salaries and $30,000 from other operating accounts. To accommodate for

these production costs, tree planting activities are reduced by three Urban Forestry Specialists and two and one-half full time equivalents of Seasonal Urban Forestry Laborers. The Forestry Section plans to plant approximately 2,700 trees in 2006 compared to 3,607 trees that were planted in 2004.

Reduce Boulevard Flowerbeds: In 2006, The Forestry Section will reduce the number of plantings (annuals, perennials, and new shrubs) by 10%. This represents an estimated reduction of 6,300 square feet. To minimize the impact of this reduction, Forestry will reduce annual flowerbeds in lower traffic and less visible areas, while improving the design and plant variety of flowerbeds in higher traffic areas to enhance their visual impact. This reduction results in the elimination of one Urban Forestry Specialist position and ten Seasonal Urban Forestry Laborers positions representing 2.7 full time equivalents for savings of $100,000 in 2006.

Boulevard Planning: The Forestry Section has assembled a group representing multiple entities to update the City of Milwaukee's Comprehensive Boulevard Plan. This group will update the current plan, collect information required for effective decision making, develop recommendations for design and maintenance standards, and identify efficiencies and budget and revenue opportunities. These findings are expected to be presented late 2005.

Service 5

City Facility Maintenance and Development

Activities: Architectural and mechanical design, construction management, building maintenance services, energy management, and facility systems controls.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percentage of city buildings with condition assessments.	75.0%	83.0%	83.0%
Funding by Source:	Operating Funds	$10,172,027	$9,377,897	$9,858,851
	Capital Budget	9,069,309	17,202,798	47,077,225
	Grant and Reimbursable	2,636,456	1,592,653	1,431,200
	Total:	$21,877,792	$28,173,348	$58,367,276

SERVICE RESULTS

Facility Maintenance and Development Program activities focus on providing quality support for facilities used by city agencies and for city recreational facilities and playlots.

Condition assessments are performed on 20% of DPW buildings and structures annually. These assessments do not include non-DPW buildings (Police, Fire, Department of City Development, Neighborhood Services, Water Fund, etc.). The department has continued its efforts to update and expand the number of condition assessments performed. The department will continue long term capital budget planning to improve the condition of its facilities while minimizing the cost of those improvements.

SERVICE CHANGES

Reduce Non-Daily Facility Maintenance: In 2006, the department reduced its maintenance costs by eliminating or reducing numerous outside contracted services. The department will greater utilize in-house staff for more electrical, plumbing, and HVAC system issues. In addition to utilizing in-house staff, there will be reductions to non-daily cleaning and maintenance activities such as window cleaning, pest control, audio visual service contracting, and other various systems monitoring. The vacant third shift City Hall Complex Security Guard position is eliminated, with those services to be contracted with a security company. These various changes will reduce the department's salary and operating accounts by more than $400,000 in 2006.

CAPITAL PROJECTS

City Hall Restoration: This program was introduced in 2002 to address the structural and historical integrity of Milwaukee City Hall, which is listed as a National Historic Landmark. This program restores the exterior façade and roofs of City Hall to ensure a watertight, energy efficient, and safe condition. Building materials deteriorate over time and allow water to penetrate into the structure causing damage to the exterior composition, structural elements, interior finishes, and building contents.

The repair and restoration work to address the deterioration of key exterior elements such as brick, terra cotta, sandstone, windows, embedded structural steel, copper and slate roofing was awarded to J. P. Cullen & Sons, Inc. in 2005. Construction staging and scaffolding erection has begun, with the project expected to go through 2007. The 2006 capital budget includes $17.7 million to address the expected cash flow requirements of the project.

Menomonee Valley Facilities Relocation: This project is for the construction of a consolidated facility for DPW's Infrastructure, Operations, and Water Works Divisions field operations. The facility, to be located at the Tower Automotive facility site, is currently under construction and will be available for occupancy in the first quarter of 2006. The 2006 capital budget includes $24 million for the construction costs, with Water Works and the Sewer Maintenance Fund making lease payments to the City of Milwaukee for the facility space they will occupy.

Service 6

Fleet Services to Other Departments

Activities: Preventive maintenance and repair of vehicles and equipment, provide vehicles, and equipment operators.

		2004 Experience	2005 Budget	2006 Projection
Services:	Total unscheduled work orders completed on DPW equipment.	15,258	14,300	14,300
Funding by Source:	Operating Funds	$19,293,363	$7,189,487	$21,938,319
	Capital Budget	5,567,469	940,000	6,850,000
	Grant and Reimbursable	1,884,425	0	2,018,756
	Total:	$26,745,257	$8,129,487	$30,807,075

SERVICE RESULTS

The Fleet Services Program provides repair and maintenance services to over 4,000 vehicles and pieces of equipment. It also provides equipment operators for a variety of DPW functions. Because equipment repair, maintenance, and operations are performed on behalf of the majority of Operations Division program areas, the cost of fleet services are included in the total cost of those programs. However, fleet services are also performed on behalf of city programs provided by other DPW divisions and Enterprise Funds, such as street and bridge maintenance, sewer maintenance, lighting, and water distribution.

SERVICE CHANGES

Fuel Purchasing: Due to the significant increases experienced in fuel prices over the past 12 months, the 2006 budget increases the department's diesel and gasoline budget from $2 million in 2005 to $3.2 million. With recent hurricane activity in the Gulf Coast Region creating significant short term and long term impacts to fuel prices, estimating 2006 rates has become increasingly difficult. Prices have increased by as much as 50% since the beginning of 2005, but are expected to decline and stabilize as the industry recovers from Hurricane Katrina.

The City of Milwaukee purchases fuel in bulk as a part of a multi-jurisdictional consortium and does not pay federal taxes. However, the city does have to pay state taxes and state inspection fees.

Fleet Size Reductions: In 2005, the Comptroller's Office made several recommendations to improve the efficiency and effectiveness of the city's fleet maintenance. In response, the Department of Public Works has significantly reduced the number of take home vehicles available.

Fleet Maintenance Reductions: The 2006 budget includes the elimination of three Fleet Maintenance positions, $163,310 in salary funding, a reduction of $285,000 in parts, and $50,000 in outside vehicle repair services. It is expected that improvements over the past three years to capital funding for vehicle replacement will lower the demand for vehicle maintenance.

Fleet Manager Elimination: Through Common Council amendment, the Fleet Services Manager position has been eliminated, with an accompanying salary reduction of $86,502. Duties and responsibilities of this position will have to be reassigned for 2006.

CAPITAL PROJECTS

Major Capital Equipment: The 2006 budget includes $6.5 million for major capital equipment that cost more than $50,000 per unit and a life cycle of at least ten years. Equipment items costing less than $50,000 are included in the Operations Division's operating budget. The 2006 major capital equipment list includes the replacement of street sweepers, tractors, aerial trucks, heavy dump trucks, garbage and recycling packers, and roll off dumpster trucks. This equipment is reviewed annually by the department to ensure that the equipment in most need of replacement is included in the capital plan.

Radio Replacement: The 2006 budget includes $248,000 for radio replacement. With the ongoing replacement of the current radio infrastructure with a new digital radio trunking system by the Milwaukee Police Department, other city departments that utilize this system will need to upgrade and replace their current radios. The department will have the opportunity to purchase 124 radios at a reduced price in 2006 with these funds, along with an addition of approximately 85 radios purchased with existing capital funds.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Fleet Services	
-1	-1.00		Fleet Services Manager	Position eliminated through Common Council amendment.
-2	-2.00		Auto Maintenance Mechanic	Reduce vehicle maintenance and repair to meet state levy limit.
-1	-1.00		Equipment Parts Assistant	
-2			Mechanic Lead Worker (Aux.)	Auxiliary position adjustment.
2			Automotive Mechanic Lead Worker (Aux.)	
			Fleet Operations	
-5	-5.00		Clerk Dispatcher II	Correct position title to reflect actual classification.
3	3.00		Communications Assistant IV	
2	2.00		Communications Assistant III	
-1	-0.75		Tractor, Bulldozer, Endloader, Grad Operator	Eliminate 84th and Florist Endloader position due to consolidation at Tower Site.
	-0.70	0.70	Tractor, Bulldozer, Endloader, Grad Operator	Fund tree production from Tree Planting capital account.
-4			Truck Driver (Winter Relief)	Reduce unutilized Auxiliary positions.
			Facilities Development and Management	
-1	-1.00		Security Guard	Eliminate in-house Security Guard.
			Sanitation	
6	6.00		Operations Driver Worker	Move funded Auxiliary positions to regular positions.
-6	-6.00		Operations Driver Worker (Aux.)	
-4			Sanitation Crew Leader (Snow)	Reduce unutilized Auxiliary positions.
-3	-3.00		Operations Driver Worker	Recycling program reduction to meet state levy limit.
			Forestry	
-1		-1.00	Environmental Policy Analyst	Reclassification requested in 2005.
1		1.00	Environmental Policy Analyst	
-1		-1.00	Utility Crew Leader	
1		1.00	Utility Crew Worker	
-1	-1.00		Landscape Designer	Reclassification part of CC File 041103.
1	1.00		Landscape Architect	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-3		-3.00	Urban Forestry Specialist	Reflect policy change regarding funding tree production from the Tree Planting capital account.
		-2.50	Urban Forestry Laborer (Seasonal)	
	-3.00	3.00	Nursery Laborer	
	-0.50	0.50	Urban Forestry Laborer (Seasonal)	
	-0.60	0.60	Urban Forestry Laborer (Seasonal)	
	-0.40	0.40	Nursery Crew Leader	
5			Urban Forestry Laborer (Seasonal)	Utilize additional Laborers to shorten season.
-1	-1.00		Urban Forestry Specialist	Boulevard planting budget reduction to meet state levy limit.
-10	-2.70		Urban Forestry Laborer (Seasonal)	
-26	**-17.65**	**-0.30**	**TOTAL**	

SPECIAL PURPOSE ACCOUNTS

EXECUTIVE SUMMARY

PURPOSE: Special Purpose Accounts appropriate funds for purposes not included in departmental budgets. These accounts may include funding for short term programs, programs that affect numerous departments, or programs that warrant distinction from departmental budgets. Every year, the Common Council adopts a resolution that authorizes expenditure of funds from the various Special Purpose Accounts by specific departments or by Common Council resolution.

Highlights of the 2006 Special Purpose Accounts (SPAs) include:

Discontinued Accounts

Sewer Maintenance Fee: A policy change will fund these fees through departmental operating budgets rather than through a Special Purpose Account. This account was created to provide funding for City of Milwaukee Sewer Maintenance Fees against city owned properties. The fund is discontinued with appropriate funding added to departmental operating budgets to pay these fees in 2006.

Fire Department Study of Sworn Staff: This is a one time appropriation that is discontinued in 2006. This account was created in 2005 to prepare a study of the staffing levels, deployment, and utilization of the Fire Departments' approximately 1,100 sworn positions.

Pabst Theatre Debt Service: This is a one time appropriation that is discontinued in 2006. The account was created in 2005 to pay the city's obligation to fund outstanding project costs from the 2002 renovation of the Pabst Theater.

Mentoring Program: The 2006 budget eliminates this account, which was created in 2005 in order to provide incentives for residents who mentor high risk high school students in Milwaukee.

New Accounts

Community Services Staffing: This account provides $1.5 million in funding for public safety related purposes or Police overtime, including costs associated with community service staff and services with the Police Department. The account supports an effort to fund an initiative to develop alternatives to traditional sworn policing as a response to call for services customarily conducted by a sworn Officer. The funding will be used to create a task force to investigate means and methods appropriate for the City of Milwaukee that would lead to community service staffing and to provide funds for the eventual implementation of new staffing models for responding to Milwaukee residents' calls for services.

eCivis Grants Locator: The city initially purchased and implemented the eCivis grants locator system in 2005. Funding of $23,500 is included to maintain this service in 2006. All departments can use eCivis to perform customized grant searches, receive regular e-mail notifications of grant opportunities, and obtain support for writing grant applications.

Regional Economic Development Initiative: This account provides $50,000 in 2006 to provide funding for an economic development and regional marketing campaign initiated by the Mayor's Office. For more information, see the *Mayor's Office* section of the *2006 Plan and Budget Summary*.

Vacant Lot Maintenance: This account is created to pay for the tax levy supported costs of maintaining approximately 2,900 city owned vacant lots. Activities include grass cutting, snow removal, and trash and debris removal. Most of these expenses had previously been funded by the Community Development Block Grant (CDBG) Program. The U.S. Housing and Urban Development Department, which oversees the CDBG Program, has determined that grant funds can only be used for maintenance activities within the first three years following city acquisition of the property. After this three year threshold, grant funds cannot be used. Total funding for vacant lot maintenance is $930,520, with $711,735 funded through the Special Purpose Account. This includes a transfer of $190,000 from the Department of Neighborhood Services operating budget to the Special Purpose Account.

Land Management: Reduced Community Development Block Grant (CDBG) funding for 2006 results in a decrease in Land Management funding for the Redevelopment Authority of the City of Milwaukee (RACM). To offset this reduction, a new account for Land Management is created and funded at $200,000. These funds will support the maintenance and marketing of RACM and city owned improved property, with the goal of expanding low and moderate income housing. The properties are obtained through tax foreclosure and DCD provides essential maintenance and repairs during the period of city ownership and marketing. Maintenance includes carpentry, plumbing, heating, surveys, recording fees, grass cutting, and snow removal.

Other Significant Changes

Economic Development Committee Fund: This account supports costs related to advertising and marketing the City of Milwaukee for industrial and commercial development, business attraction and retention, and tourism. The 2006 budget increases funding for this account by $34,351.

Graffiti: This account funds graffiti abatement in Business Improvement Districts and other areas of the city and also funds educational programs, materials, and brochures. The account is reduced by $50,000 in the 2006 budget. The result will be a reduced level of graffiti abatement.

Group Life Insurance Premium: This account funds the city's obligations with respect to life insurance benefits for city employees. The account is increased by $360,000 to $3 million in 2006, reflecting an increase in anticipated premiums.

Insurance Fund: This account pays insurance premiums on various policies carried by the city, pays for public officials' bonds, and pays the fee of the city's risk management consultant. The 2006 budget reduces this account by $75,000.

Razing and Vacant Building Protection Fund: This account funds the demolition of properties that qualify for razing under criteria established by ordinance. The account is reduced by $299,000 in the 2006 budget. The Department of Neighborhood Services will pursue more rehabilitation efforts to mitigate the reduction in razing funds.

Receivership Fund: This account pays for costs incurred by the City Attorney for legal action against owners of condemned property to make them responsible for demolition costs. In 2006, this account is increased by $25,000 due to increased abatement efforts due to the success of the Community Prosecution Program.

Reserve for 27th Payroll: This account amortizes the cost of the 27th payroll, which occurs every 11 years in contrast to the normal 26 pay periods each year. The 2006 budget includes $1.5 million in this account, a decrease of $300,000 from 2005 based on the calculation of the 27th payroll needs in light of recent salary settlements and previous expenditures.

Wages Supplement Fund: This account acts as a "savings account" for city salaries and specified fringe benefit costs that are outstanding due to pending labor contracts. A funding decrease of $9,155,000 in 2006 reflects wage and fringe benefit increases resulting from collective bargaining agreements having been budgeted in departmental accounts, and also reflects limiting salary adjustments for 2006 for all management employees earning more than $90,000 annually in 2005 to only the cost of living adjustment. The step increments for these employees are eliminated.

SPECIAL PURPOSE ACCOUNT
WORKER'S COMPENSATION

SUMMARY OF EXPENDITURES

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Worker's Compensation	$9,071,254	$8,850,000	$10,760,970	$1,910,970
Required Employer Law Compliance Expenses	47,572	60,000	50,000	-10,000
TOTAL	$9,118,826	$8,910,000	$10,810,970	$1,900,970

The Worker's Compensation Special Purpose Account, administered by the Employee Benefits Division of the Department of Employee Relations, consists of two sub-accounts. One sub-account compensates city employees who incur job related injuries. The other sub-account covers expenses incurred as a result of exposure to blood-borne pathogens in the workplace, as mandated by the bloodborne pathogen law.

The 2006 budget for the worker's compensation expenses sub-account totals approximately $10.8 million, an increase of $1.9 million (21.3%) from the 2005 budget. Several factors influenced the 2006 budget estimate. During 2005, the Department of Employee Relations hired a private vendor, Corvel, to do additional bill processing. Corvel is able to take advantage of its ability to generate savings through medical and hospital discounts. An unfortunate side effect is faster claims processing which leads to short term higher costs. The 2006 budget assumes that this initial cost acceleration will stabilize.

SPECIAL PURPOSE ACCOUNT
EMPLOYEE HEALTH CARE BENEFITS

SUMMARY OF EXPENDITURES

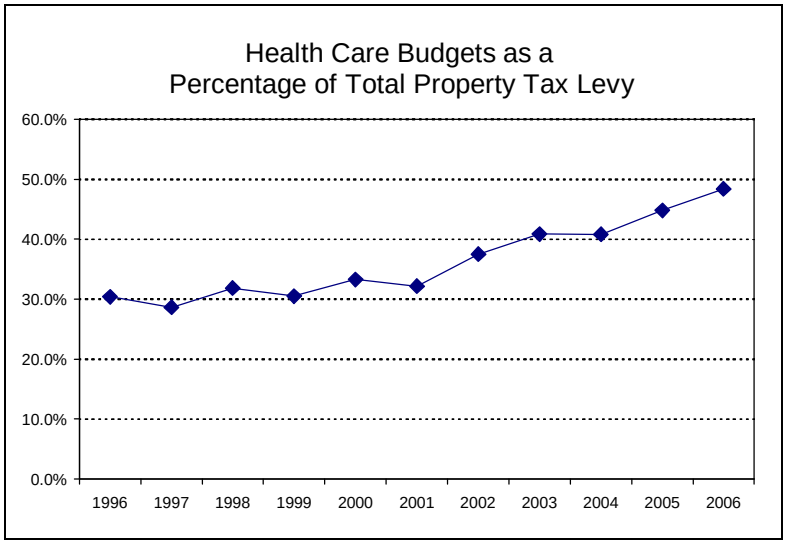
EXPENSE CATEGORY	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Claims	$27,083,894	$30,800,000	$34,200,000	$3,400,000
Health Maintenance Organizations	54,090,293	60,000,000	65,125,000	5,125,000
Dental Insurance	2,219,943	2,400,000	2,300,000	-100,000
Administrative Expense	1,264,221	1,226,100	1,675,000	448,900
Cost Containment	312,474	300,000	0	-300,000
TOTAL	$84,970,825	$94,726,100	$103,300,000	$8,573,900

The 2006 employee health care budget is approximately $103.3 million, an increase of 9.1% from 2005.

This special purpose account covers employee health care costs for the self-insured Health Care Program (the "Basic" Plan), Health Maintenance Organizations (HMO's), dental insurance, administrative expenses, and cost containment measures. The Department of Employee Relations manages the account.

HMO costs are paid on a per member basis, with rates set through annual contracts. Actual utilization and prices drive the expenses for the Basic Plan. In 2006, HMO contract costs rose 14%, however, because of expected membership plan shifts, the budget increase is 8.5%. Cost increases in the Basic Plan will be 11% for 2006.

Figure 1



Health care costs place tremendous pressure on the city's tax levy. The percentage of the city's property tax levy that funds health care has increased from 30.4% to 48.5% from 1996 to 2006 (see Figure 1). This reduces the resources available to fund city services.

2006 Rates: HMO rates for 2006 are set equally to all employees with a set city share and employee share. For the Basic Plan, the share paid by employees varies by the employee representation. Management employees who choose the Basic Plan will have a choice of three tiers with monthly payments that are the amount above 100% of the lowest HMO. Others employees have one Basic Plan option with a fixed payment amount based on contract negotiations.

SPECIAL PURPOSE ACCOUNT
BOARD OF ZONING APPEALS

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2.51	3.00	3.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	11	11	11	0
EXPENDITURES				
Salaries and Wages	$188,066	$187,977	$207,027	$19,050
Fringe Benefits	16,517	42,346	55,947	13,601
Operating Expenditures	48,769	51,494	51,494	0
TOTAL	$253,352	$281,817	$314,468	$32,651
REVENUES				
Licenses and Permits	$223,218	$190,800	$209,000	$18,200
TOTAL	$223,218	$190,800	$209,000	$18,200

BACKGROUND

The Board of Zoning Appeals (BOZA) is composed of five members appointed by the Mayor and confirmed by the Common Council. The board hears and decides on appeals of rulings on city zoning ordinances.

Service 1

Zoning Appeals

Activities: Board action on appeals, BOZA hearings, appeals processing and inquiries on appeals.

		2004 Experience	2005 Budget	2006 Projection
Service Outcome:	Routine Appeals	6	5	5 to 7
	Complex Appeals	15 to 23	12 to 24	12 to 24
Funding by Source:	Operating Funds	$253,352	$281,817	$314,468
	Total:	$253,352	$281,817	$314,468

SERVICE RESULTS

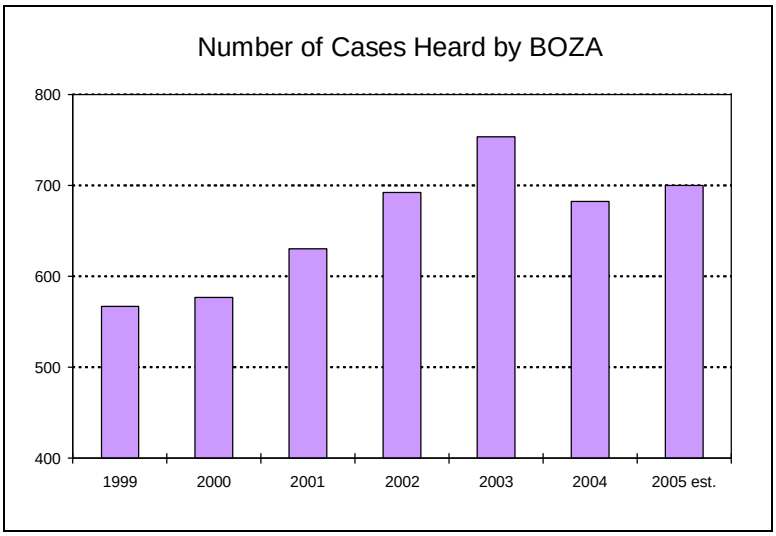
Before 1998, written decisions on BOZA cases took an average of 27 weeks between the customer's application and a final letter communicating the board's decision. The board now averages less than six weeks to issue a written decision on a routine appeal as a result of revisions to the ordinances governing the appeals process and continuing process improvement initiatives.

Ordinance revisions and process improvements have not only reduced the length of time necessary to receive a routine written decision, they have also increased the level of communication and coordination with customers and citizens. However, the time it takes to complete a complex appeal has increased in recent years. Much of this increased time can be directly attributed to the significant increase in caseload (see Figure 1). The number of cases has increased more than 20% from 1999 to 2004 and the number of cases may exceed 700 in 2005.

There are a number of significant factors that have resulted in a greater percentage of cases requiring at least two hearings (complex appeals) before a decision is rendered. Often, the laws related to religious assembly facilities and cases involving persons with disabilities have contributed to this increase. Additionally, there is an unprecedented amount of information that is disseminated to community groups and leaders from the city via E-Notify and the Department of City Development. With more individuals and entities expressing interest in cases, an additional proceeding may be necessary.

In 2006, BOZA will continue to improve communication with customers and citizens to reduce the waiting time for hearings. BOZA's goal for 2006 is to hear and decide routine appeals within 5 to 7 weeks and complex appeals within 12 to 24 weeks.

Figure 1



SERVICE CHANGES

Efficiencies through Technology: BOZA will increase its efficiency with the new release of the Master Customer Database system, which integrates with the Department of City Development (DCD) in several ways:

- The Master Customer Database centralizes information for all DCD (and now BOZA) systems. This allows contact information to be updated once with those changes taking effect immediately in all systems. It prevents the confusion of having different contact information in different systems and eliminates the need for additional customer contact inquiries.
- The new BOZA database now shares case information with the Plan Review System used by the Development Center, and will be able to start a record based on the information already collected by plan examiners in DCD. Additionally, the Plan Review System is current with the status of related BOZA cases.
- Address verification allows for more accurate data entry. All addresses entered into the system are compared against the city's Master Address Index (MAI), which contains all known valid addresses.
- Several new reports gather important, often asked for statistics (such as expired cases).

SPECIAL PURPOSE ACCOUNTS SUMMARY

Line Description	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Special Purpose Accounts Miscellaneous				
Actuarial Study of Employers Reserve Fund	$21,447	$0	$0	$0
AIDS Initiative	35,326	0	0	0
Alternative Transportation for City Employees	90,550	95,000	95,000	0
Annual Payment to Department of Natural Resources	7,034	7,100	7,100	0
Audit Fund	195,750	205,000	215,800	10,800
Boards and Commissions Reimbursement Expense	19,680	24,000	22,000	-2,000
Board of Ethics	20,314	25,100	26,341	1,241
BIDs				
BID #2 (Historic Third Ward) City Contribution	$18,000	$36,000	$36,000	$0
BID #4 (Greater Mitchell Street) City Contribution	25,000	25,000	25,000	0
BID #5 (Westown) City Contribution	18,000	18,000	18,000	0
BID #8 (Historic King Drive) City Contribution	21,000	21,000	21,000	0
BID #10 (Avenues West) City Contribution	12,000	12,000	12,000	0
BID #15 (RiverWalk) City Contribution	40,000	40,000	40,000	0
BID #21 (Downtown Management District)	35,000	35,000	35,000	0
Total BIDs	$169,000	$187,000	$187,000	$0
Cable TV Franchise Regulation	$0	$20,000	$8,500	$-11,500
Care of Prisoners Fund	192,879	230,000	200,000	-30,000
City Attorney Collection Contract	1,102,378	1,250,000	1,250,000	0
Clerk of Court Witness Fees Fund	10,663	15,000	15,000	0
Community Services Staffing	0	0	1,500,000	1,500,000
Constituent Service Referral System	33,724	0	0	0
Contribution Fund General	0	1,500,000	1,700,000	200,000
Damages and Claims Fund	1,845,753	1,875,000	1,875,000	0
E-Government Payment Systems	14,814	50,000	25,000	-25,000
eCivis Grants Locator	0	0	23,500	23,500
Economic Development Committee Fund	37,836	20,000	54,351	34,351
Employee Training Fund	49,565	50,000	50,000	0
Excess TID Funds	984,629	0	0	0
Fire and Police Discipline and Citizen Complaint	144,546	0	0	0
Fire Department Study of Sworn Staff	0	50,000	0	-50,000
Firemen's Relief Fund	111,919	115,000	115,000	0
Flexible Spending Account	25,941	30,000	32,000	2,000
Graffiti Abatement Fund	139,962	145,000	95,000	-50,000
Group Life Insurance Premium	2,653,727	2,640,000	3,000,000	360,000
Insurance Fund	488,192	700,000	625,000	-75,000
Land Management	0	0	200,000	200,000
Long Term Disability Insurance	541,852	562,000	640,000	78,000
Low Interest Mortgage Loan Program	1,034	10,000	10,000	0
Maintenance of Essential Utility Services	71,348	75,000	75,000	0
Memberships, City	135,753	146,720	146,905	185
Mentoring Program	0	36,000	0	-36,000
Milwaukee Arts Board Projects	201,596	172,800	172,800	0
Milwaukee Fourth of July Commission	128,700	130,000	130,000	0
Municipal Court Intervention Program	406,414	415,000	415,000	0
Neighborhood Clean and Green Initiative	68,096	70,000	70,000	0
Outside Council/Expert Witness Fund	183,056	225,000	225,000	0
Pabst Theater Debt Service	0	213,000	0	-213,000
Razing and Vacant Building Protection Fund	1,260,404	1,450,000	1,151,000	-299,000

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Receivership Fund	232,183	300,000	325,000	25,000
Regional Economic Development Initiative	0	0	50,000	50,000
Reimbursable Services Advance Fund	0	50,000,001	50,000,001	0
Less Recover Reimbursable Services Advance Fund	0	-50,000,000	-50,000,000	0
Remission of Taxes Fund	1,863,039	500,000	500,000	0
Reserve for 27th Payroll	0	1,800,000	1,500,000	-300,000
Retirees Benefit Adjustment Fund	326,954	335,000	325,000	-10,000
Sewer Maintenance Fee	105,570	120,000	0	-120,000
MMSD User Charge	0	33,425,636	34,090,896	665,260
Less Recover MMSD User Charge	0	-33,425,635	-34,090,895	-665,260
Tuition Reimbursement Fund	674,563	720,000	740,000	20,000
Unemployment Compensation Fund	721,477	800,000	780,000	-20,000
Vacant Lot Maintenance	0	0	711,735	711,735
Wages Supplement Fund	0	19,300,000	10,145,000	-9,155,000
Total Miscellaneous SPAs	$15,317,668	$36,613,722	$29,434,034	$-7,179,688
Board of Zoning Appeals	$253,352	$281,817	$314,468	$32,651
Workers' Compensation Fund	9,118,826	8,910,000	10,810,970	1,900,970
Employee Health Care Benefits				
Claims	$27,083,894	$30,800,000	$34,200,000	$3,400,000
HMO	54,090,293	60,000,000	65,125,000	5,125,000
Dental Insurance	2,219,943	2,400,000	2,300,000	-100,000
Administration Expenses	1,264,221	1,226,100	1,675,000	448,900
Cost Containment Program	312,474	300,000	0	-300,000
Total Employee Health Care	$84,970,825	$94,726,100	$103,300,000	$8,573,900
Grand Total Special Purpose Accounts	$109,660,671	$140,531,639	$143,859,472	$3,327,833

CITY TREASURER

EXECUTIVE SUMMARY

MISSION: To fulfill the duties and responsibilities of the independently, citywide elected City Treasurer, who serves as the chief investment and revenue collection officer of the City of Milwaukee, as set forth in Wisconsin State Statutes, the City of Milwaukee Charter and Code of Ordinances, and Common Council Resolutions.

SERVICES: Financial management, including investing city funds and collecting city revenue.

STRATEGIC ISSUES: Maintain high quality standards in providing tax collection services to city residents and in the accounting and investment of city funds.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	28.95	30.98	29.93	-1.05
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	60	60	59	-1
EXPENDITURES				
Salaries and Wages	$1,531,126	$1,505,265	$1,564,703	$59,438
Fringe Benefits	537,750	541,895	657,175	115,280
Operating Expenditures	784,671	635,625	643,520	7,895
Equipment	3,388	0	0	0
Special Funds	80,282	25,110	20,335	-4,775
TOTAL	$2,937,217	$2,707,895	$2,885,733	$177,838
REVENUES				
Charges for Services	$353,399	$133,840	$351,200	$217,360
Licenses and Permits	115,255	128,700	135,400	6,700
Taxes and Payment in Lieu of Taxes	12,352	5,200	12,000	6,800
Miscellaneous	2,524,354	2,625,000	5,250,000	2,625,000
TOTAL	$3,005,360	$2,892,740	$5,748,600	$2,855,860

BACKGROUND

The City Treasurer is one of 22 elected officials within Milwaukee's municipal government. Under authority provided by Wisconsin State Statutes and the Milwaukee City Charter, the Office of the City Treasurer receives and accounts for all monies paid to the city, makes disbursements vouchered for payment by the Comptroller, invests city funds that are not needed to meet current expenditures, collects current property taxes and delinquencies for all six tax levies within the City of Milwaukee, settles property tax collections on a pro-rata basis, and remits to each taxing jurisdiction their share of the monies collected.

One of the most important functions performed by the Treasurer's Office is the investment of city funds that are not needed immediately to meet current expenditures, i.e. property taxes and lump sum revenue payments such as state shared revenue. In making investment decisions, the Treasurer's Office considers the safety, liquidity, and rate of return of various investment instruments. The City Treasurer's 2006 operating budget totals approximately $2.9 million.

Service 1

City Financial Management

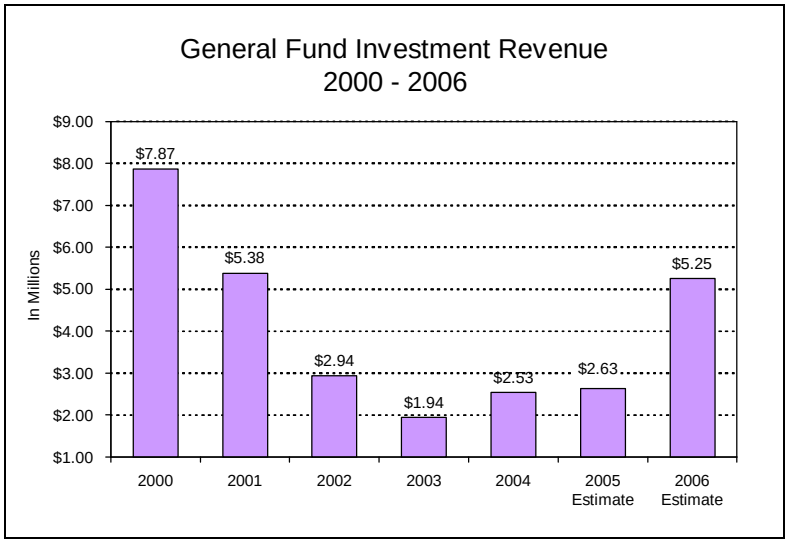
Activities: Receive and account for all monies paid to the city, make disbursements that have been vouchered for payment by the Comptroller, invest city funds not needed immediately to meet current expenditures, and collect property taxes and delinquent taxes for all six levies within the city.

		2004 Experience	2005 Budget	2006 Projection
Services:	Rate of return on investments.	1.509%	1.750%	3.500%
	State of Wisconsin Local Government Investment Pool (LGIP) rate of return (benchmark).	1.230%	TBD	TBD
	Cost of tax collection as a percentage of total taxes collected.	0.3255%	0.3292%	0.3097%
	Total percentage of delinquent city property taxes collected after two years of the close of the levy.	92.3%	85.0%	90.0%
Funding by Source:	Operating Funds	$2,937,217	$2,707,895	$2,885,733
	Capital Budget	0	232,160	0
	Total:	$2,937,217	$2,940,055	$2,885,733

SERVICE RESULTS

The City Treasurer is responsible for investing available city fund balances. These balances consist of tax dollars collected and revenues received, including state shared revenue and aid payments, as well as various fines and fees. Since the city's cash flow requirements do not always equal the current fund balance, the city invests any funds that are not needed immediately into low risk investments. In turn, earnings from these investments are used to reduce the tax levy.

Figure 1

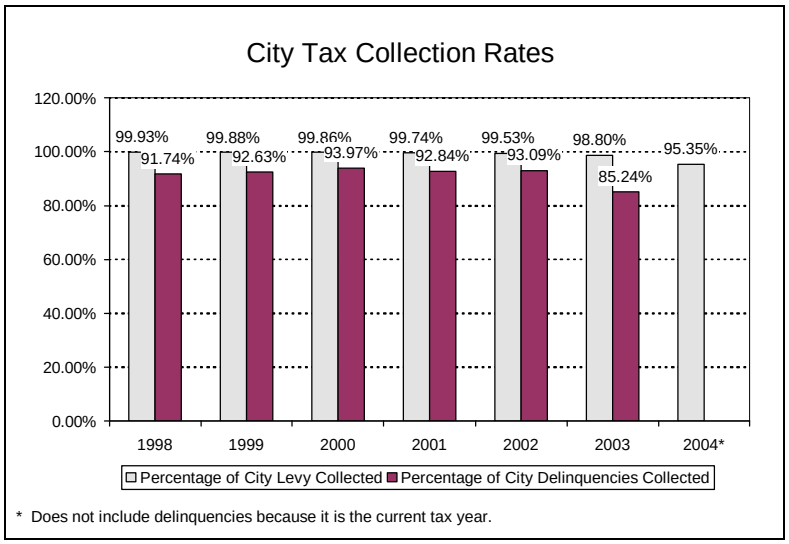


The primary goal of the Treasurer is to maximize the city's rate of return, while ensuring the safety of invested funds. The rate of return is a critical component in determining the amount of investment earnings. Due to market conditions, the Treasurer has obtained rates of return ranging between 1.23% and 6.26% during the period of 2000 to 2004. As shown in Figure 1, this has translated into city General Fund investment revenue of $2.53 million in 2004, an increase of $0.59 million from the previous year. In 2006, the total city investment revenue is projected to be $7.8 million with $5.25 million being credited to the

General Fund and $2.55 million to the Public Debt Amortization Fund.

The City Treasurer is responsible for the collection of property taxes, including delinquent taxes for all six levies within the city. As seen in Figure 2, the Treasurer has been successful at collecting almost 100% of the total city levy and over 90% of the resulting delinquent accounts. The Treasurer's Office strives to collect all delinquent property tax accounts. One of the ways that the department has succeeded in its collection efforts is by having the city's collection agent, the Kohn Law Firm, attempt to collect delinquent real estate property taxes for the period of six months prior to the city pursuing a foreclosure action. An additional benefit of this approach has been the reduction in the number of tax delinquent parcels acquired through foreclosure, reducing the city's property management costs.

Figure 2



DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Accounting Assistant I	Reduction to meet state levy limit.
	-0.05		Miscellaneous	Experience adjustment.
-1	**-1.05**		**TOTAL**	

FRINGE BENEFIT OFFSET

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Fringe Benefit Offset	$-99,250,084	$-95,670,728	$-118,455,278	$-22,784,550
TOTAL	$-99,250,084	$-95,670,728	$-118,455,278	$-22,784,550

Employee fringe benefit costs are appropriated in various special purpose accounts. In addition, department operating budgets include an estimated employee fringe benefit factor in order to reflect the total cost of department operations. In prior years this second appropriation, or "double" budget, was offset by a "paper" revenue to avoid levying twice for employee benefits. The 2006 budget offsets this "double" budget with a budget offset, as opposed to a revenue offset. This approach avoids overstating the total city budget by the fringe benefit factor, which in 2006 amounts to approximately $118.5 million.

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

EXECUTIVE SUMMARY

MISSION: To determine the amount of resources needed to support city services and to evaluate the most appropriate revenue stream for recovering costs, including general government revenue, user fees, and local taxes.

SERVICES: Local tax policy can be an important factor in decisions concerning residential and business investments. For Milwaukee to grow and prosper, local tax policies should not impede the expansion of the local economy.

Structural changes in the economy, originating well beyond the city's borders are impacting Milwaukee's fiscal environment. These changes have influenced, among other things, job trends in the city, tax base growth, and income trends. It is expected that structural change in the broader macro-economy will continue to influence fiscal conditions in Milwaukee well into the future.

STRATEGIC ISSUES: Limit the tax burden on local property owners by further diversifying the city's revenue base.

Prepare a multi-year fiscal stability plan to guide fiscal policy in upcoming years.

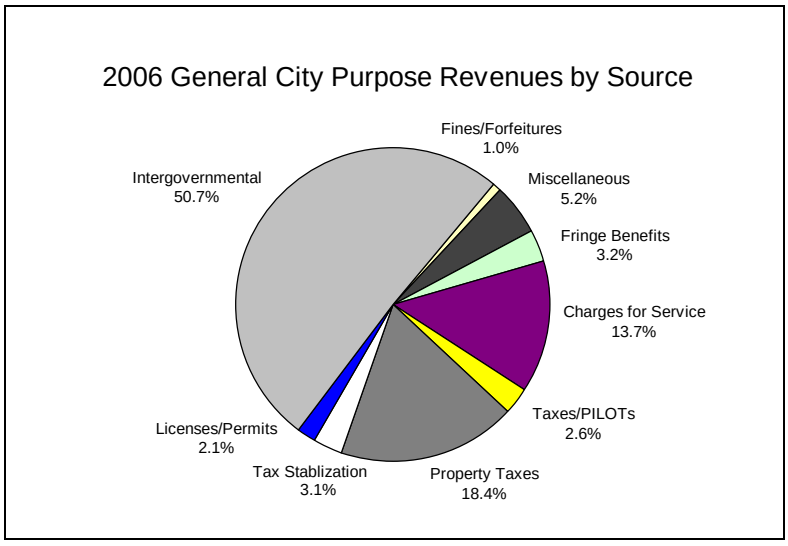
BACKGROUND

State law requires the city to balance its annually budgeted expenditures with its anticipated revenues. Each year, the Comptroller's Office works with departments to develop revenue estimates for the upcoming budget year. Once these estimates are finalized, the city determines the needed property tax levy and reserve fund withdrawals to offset budgeted expenditures. In 2006, the city anticipates it will generate approximately $536.4 million in revenue for general city purposes. Figure 1 provides a breakdown of these revenues by major category.

Diversification and enhancement to revenues provides the city with the means to retain existing service levels. Property tax increases have been limited by state legislation and state aids have continued to decrease, both placing pressure on other revenue sources or service reductions. State restrictions on the type of charges for service that are available to municipalities further erode the city's ability to diversify its revenues.

Despite the limitations, the budget includes an increase in the Solid Waste Fee of $57 per year. The fee increased from an annual charge of $75 to $132. The new fee level translates into a charge of $11 per month. More importantly, the change generates $10.6 million in additional revenues. This additional revenue allowed the city to retain an equivalent dollar amount of services that would have otherwise been cut.

Figure 1



Even with the Solid Waste Fee increase, the increase in general city purpose revenue was only 4.1%. Although this is an improvement from the past, the overall general city purpose revenues have grown at a rate less than inflation (see Figure 2) for the majority of the period. In fact, revenues in 1995 adjusted for inflation equaled $415 million and 2006 inflation adjusted revenues will be $409 million. This is a loss of $6 million.

There are a variety of source of funds for the general city purposes budget. Figure 3 illustrates the distribution of the different revenue categories in the 1995 budget and the 2006 budget. A noticeable shift in intergovernmental, property taxes, and charges for service is evident over the time period.

As shown in Figure 3, the city was much more reliant on intergovernmental aid in 1995 when it accounted for 63.7% of total revenues versus 50.7% in 2006.

Over the same time period, the city's reliance on property taxes increased from 10.6% to 18.4% although it only slightly increased in terms of real dollars. The city has increased its efforts to diversify revenues by increasing charges for service as a percentage of revenue from 4.3% to 13.7%.

Intergovernmental revenues have remained flat from 1995 to 2006. From 2003 to 2006, intergovernmental revenues decreased from $284.6 million to $272.2 million. This is shown in Figure 4 along with the inflation adjusted amounts.

The 2006 property tax levy of $98.8 million for general city purposes is part of the total property tax levy of $213 million. The total tax levy meets the state imposed tax levy limit of 2.127% plus the adjustment for debt service. The total property tax levy will increase by slightly less than 5% after the debt adjustment is applied.

Figure 5 illustrates the increased city reliance on user based fees. In the past several years, charges for service revenues increased from $19.4 million in 1995 to $73.6 million in 2006. This trend is also evident in Figure 3, where charges for service revenues increased from 4.3% of revenues to 13.7% in the same time

Figure 2

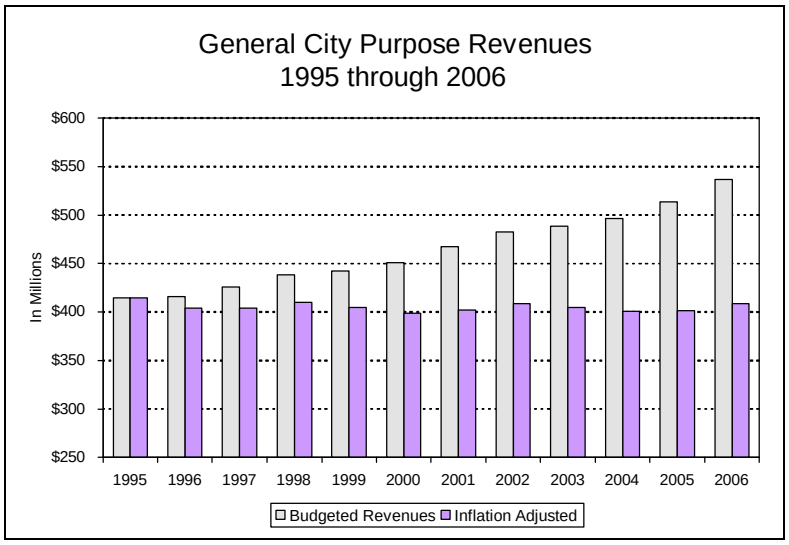


Figure 3

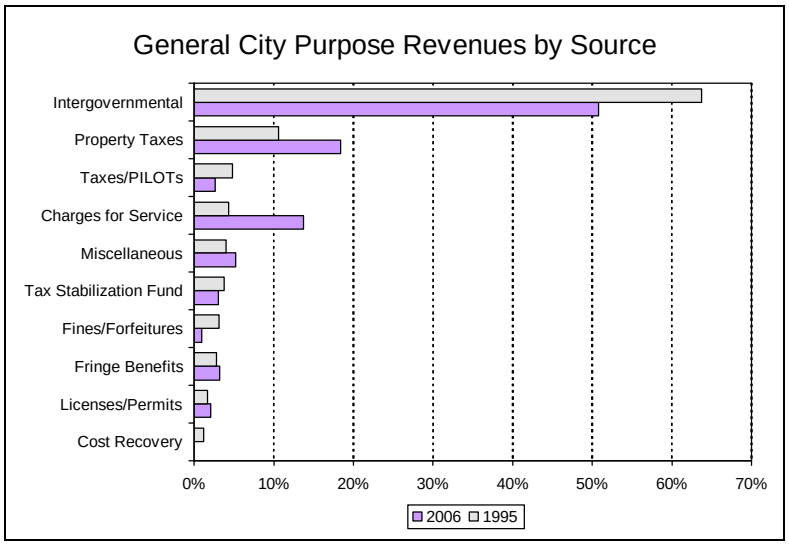
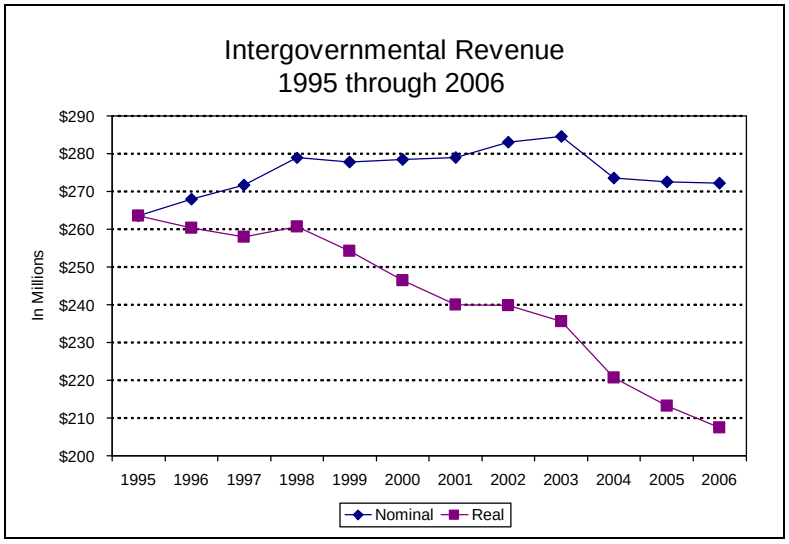


Figure 4



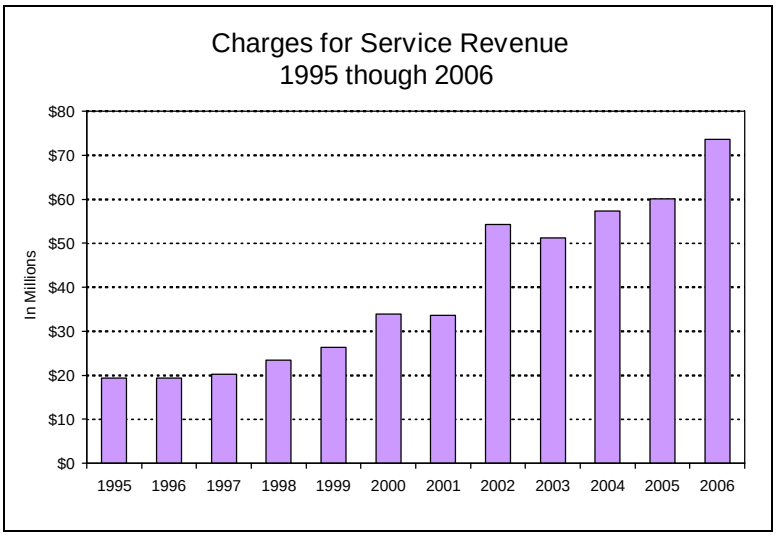
period. Fees for Solid Waste, Snow and Ice, and Sewer Maintenance are now charged to city property owners according to usage, instead of through the tax levy.

The following discussion provides more specific detail on the different categories of general purpose revenues.

Intergovernmental Revenue: These revenues include funding received from other governmental jurisdictions, state and federal aid formulas, grants, and other program specific government aids.

In the 2006 budget, intergovernmental revenues total $272.2 million. The city anticipates an overall decrease in state aids of $0.3 million from 2005 to 2006.

Figure 5



The state transportation aids and Expenditure Restraint Program payment are determined by either the amount that is spent or the level of the property tax levy. In either case, these programs are in direct opposition to expenditure and tax levy restraint programs. These two aids total $34.3 million in 2006. This is down $230,000 from the amount of $34.6 million estimated for 2005.

The largest amount of state aids received by the city comes in the form of state shared revenue. In 2006, the city expects to receive $230.6 million of shared revenue. Unfortunately, this is roughly the same amount estimated to be received in 2005. Since the state fixed the allocation for shared revenue in 1995 and later fixed the amount municipalities received, the city was unable to rely on shared revenue to assist in addressing its structural budget issues. An increase of 1% in the payment would generate an additional $2.3 million in revenues to the city. The city has turned to other sources of funds or service cuts to offset the lack of growth in shared revenue.

Property Taxes: The property tax levy will provide $98.8 million in revenue for the general city purposes budget in 2006. This represents an increase of $5 million from 2005, but is partially offset by decreases in the tax levy for capital improvements and employee retirement. The total city tax levy increased from $203 million in 2005 to $213 million in 2006 or a $10 million increase.

Taxes and Payments in Lieu of Taxes: The 2006 budget includes an estimated $14.1 million in revenue attributable to Taxes and Payments in Lieu of Taxes (PILOTs), an increase of $1.5 million from 2005. These funds include revenues raised by non-property tax levies; occupation taxes; trailer park taxes; principal, interest, and penalties on delinquent taxes; property tax adjustments; and payments from property tax exempt governmental entities for city services.

In 2006 the city will close six Tax Incremental Districts. As part of the process of closing the districts, any incremental revenue that is beyond expenditure need is returned to the various taxing jurisdictions. Net revenue generated from the closures for the city will be $1.8 million.

Charges for Services: The 2006 budget includes $73.6 million in revenue from charges for services, an increase of $13.5 million. This category of funding encompasses revenue received for services provided by city operating departments. Charges for services revenue has steadily increased since 1995 (see Figure 5).

For 2006, the fee for solid waste collection is increased from an annual charge of $75 to $132. This change will allow the city to generate an additional $10.6 million. The last time the Solid Waste Fee increased was in 2002 when it went from $44 per year to $75. At the $75 fee, the fee generated $14 million in revenue, so combined with the increase in the fee the city will receive $24.6 million in solid waste fees in 2006.

The Solid Waste Fee is a charge that mainly recovers a portion of the cost of weekly garbage collection. Other service costs for related solid waste services like recycling, brush collection, self-help stations and special collection are also partially recovered through the fee. At the level of $75 the city recovers approximately 50% of its operating costs. The increased fee will recover nearly 87% of solid waste operating costs.

There are sound policy reasons for the Solid Waste Fee increase that include:

- It reduces the level of subsidy from the property tax to service users thus creating an equitable means of charging for the service.
- The Solid Waste Charge represents a fair and understandable method to charge the costs of solid waste services to those households who benefit.
- Increased cost recovery through the Solid Waste Charge is consistent with the city's funding policy for services and is similar to the policy to charge for sewer services.
- Increasing the Solid Waste Charge will enable the city to respond to tight levy limits with an alternate revenue stream. Revenue diversification is essential given state levy limits and frozen state aids, unless there is a willingness to significantly reduce service levels.
- Charges clarify the costs of providing a particular service, which allows for more meaningful public comment and policymaker judgment regarding the value of such services, and the tradeoffs between service level and cost.

Charges reduce reliance on variable and uncertain revenues such as intergovernmental aids. They can also make a local government's cost structure more competitive. No changes are planned to the Snow and Ice Control Fee, which will be maintained at its current rate of $0.2736 per foot of property frontage and will generate $2.4 million. Leaf pickup and street sweeping costs will continue to be recovered through the Sewer Maintenance Fee in the form of a $4.6 million transfer from the Sewer Fund to the General Fund.

Miscellaneous Revenues: Miscellaneous revenues includes the transfer from the Parking Fund, interest on investments, funds from the sale of surplus property, real estate property sales, several spending offset accounts, and other revenues not included in any other category. For 2006, these revenues are expected to total $28 million.

The increase of $2.5 million in miscellaneous revenues is primarily due to higher estimated interest earnings. Interest earning will increase by $2.6 million from a 2005 level of $2.6 million to the 2006 estimate of $5.3 million. Two-thirds of the interest on the city's unrestricted investments is counted as general city purpose revenue (one-third accrues to the Public Debt Amortization Fund). For 2006, a 3.50% rate of return on unrestricted investments of approximately $200 million is assumed.

Fines and Forfeitures: Revenue of $5.2 million related to fines and forfeitures is included in the 2006 budget. Fines and forfeitures include payments received from individuals as penalties for violating municipal laws. The revenue in this account reflects collections made by Municipal Court.

Licenses and Permits: Revenue from licenses and permits in 2006 is estimated at $11 million, an increase of $0.8 million from 2005. These funds include charges administered by various departments for legal permission to engage in a business, occupation, or other regulated activity. An adjustment was made to numerous licenses and permits as a means to continue revenue diversification. These changes generated an additional $427,300 in licenses and permits and another $60,400 in charges for service.

Fringe Benefit Offset: The fringe benefit costs associated with reimbursables, grants, Enterprise Funds, and capital activity are gross budgeted in the General Fund. These other funds make a payroll payment to the General Fund to offset the cost of their General Fund budgeted fringe benefit, which is anticipated to be more than $17.25 million in 2006.

Cost Recovery: Cost Recovery Funds do not represent actual revenue to the city. They offset Tax Levy Funds included in departmental equipment rental accounts to pay the depreciation portion of internal service agency charges.

Tax Stabilization Fund (TSF): The Tax Stabilization Fund is used to accumulate unexpended appropriations and revenue surpluses. It assists in stabilizing the city's tax rate and protects citizens from tax rate fluctuations that can result from erratic variations in non-property tax revenues. Approximately $16.2 million lapsed into the fund at the end of 2004.

The balance in the fund (as of April 15, 2005) totals $33.9 million. After the 2006 withdrawal, $17.5 million will remain in the TSF in 2006. Combined with anticipated regeneration of $13 million at the end of 2005, the TSF should end 2006 with a fund balance of at least $30.5 million. The 2006 withdrawal of $16.3 million represents 48.4% of the available fund balance and a decrease of $293,000 from 2005.

The TSF policy discussed with the 2002 budget suggested the city maintain a fund balance of 5% of the three year average General Fund expenditures. The 2006 TSF withdrawal adheres to this guideline.

Fiscal Stability Plan: The Budget and Management Division has developed an outline of a multi-year fiscal stability plan to guide future policy decisions. The plan will become more detailed during 2006 and expects to identify operating and capital revenue sources and establish expenditure priorities that can be funded within the revenue sources.

2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2003 ACTUAL EXPENDITURES	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Taxes and Payments in Lieu of Taxes					
Housing Authority	$921,633	$895,367	$855,000	$800,000	$-55,000
Parking	1,159,089	1,149,285	1,203,000	1,050,000	-153,000
Water Services Division	7,723,956	7,899,648	8,441,000	8,275,000	-166,000
Trailer Park Taxes	140,165	122,180	120,000	120,000	0
Occupational Taxes	60,173	12,352	5,200	12,000	6,800
Payment in Lieu of Taxes Other	300,156	320,369	255,000	280,000	25,000
Interest/Penalties on Taxes	1,167,107	1,732,688	1,480,000	1,524,000	44,000
TID Excess Revenue	1,458,626	0	0	1,800,000	1,800,000
Other Taxes	269,713	479,879	200,000	200,000	0
Total Taxes	$13,200,618	$12,611,768	$12,559,200	$14,061,000	$1,501,800
Licenses and Permits					
Licenses					
Amusement Dance/Music	$778,498	$546,226	$745,000	$671,100	$-73,900
Dog and Cat	137,409	115,255	128,700	135,400	6,700
Food Health Department	1,476,437	1,480,342	1,400,250	1,467,600	67,350
Health Department Non-Food	29,395	27,474	27,100	12,100	-15,000
Liquor and Malt	920,072	1,018,504	913,000	1,035,500	122,500
Sales	199,165	178,504	177,200	230,200	53,000
Miscellaneous City Clerk	14,355	273,399	19,400	6,840	-12,560
Miscellaneous Neighborhood Services	306,815	347,414	274,200	363,500	89,300
Miscellaneous DPW Administration	8,637	23,436	8,000	12,000	4,000
Permits					
Board of Zoning Appeals	$169,305	$223,218	$190,800	$209,000	$18,200
Zoning Change Fees	46,743	118,247	33,000	45,000	12,000
Building	2,190,523	2,432,997	2,153,000	2,234,200	81,200
Building Code Compliance	136,575	170,810	140,000	150,000	10,000
Curb Space Special Privilege	26,135	98,182	2,800	107,800	105,000
Electrical	710,863	874,987	695,000	765,000	70,000
Elevator	147,880	116,217	120,000	125,000	5,000
Occupancy	257,074	242,033	257,000	240,000	-17,000
Plumbing	643,271	740,347	700,000	700,000	0
Miscellaneous Neighborhood Services	32,654	129,298	37,000	65,600	28,600
Sign and Billboard	168,595	73,412	107,000	120,600	13,600
Special Events	218,315	173,295	170,000	210,000	40,000
Miscellaneous Department of Public Works	314,085	324,503	265,000	318,200	53,200
Special Privilege Miscellaneous City Clerk	9,360	8,320	7,100	14,782	7,682
Special Privilege Misc Neighborhood Services	300,619	133,367	250,000	235,000	-15,000
Sprinkler Inspection	77,143	59,407	65,000	60,000	-5,000
Use of Streets Excavating	867,548	830,447	795,000	870,500	75,500
Plan Exam Department of City Development	695,873	770,212	550,000	613,900	63,900
Total Licenses and Permits	$10,883,344	$11,529,853	$10,230,550	$11,018,822	$788,272
Intergovernmental Revenue					
Fire Insurance Premium	$798,880	$873,454	$900,000	$911,000	$11,000
Local Street Aids	26,754,744	25,608,345	25,000,000	25,200,000	200,000
Payment for Municipal Services	2,684,856	2,528,287	2,550,000	2,450,000	-100,000
State Payments Police	627,627	745,613	611,100	690,000	78,900
State Shared Revenue (General)	240,375,416	229,835,434	230,650,000	230,605,000	-45,000

	2003 ACTUAL EXPENDITURES	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Other State Payments	195,090	28,134	7,000	7,000	0
Expenditure Restraint Aid	9,455,121	10,604,963	9,550,000	9,120,000	-430,000
Computer Exemption Aid	3,673,188	3,641,643	3,276,000	3,250,000	-26,000
Total Intergovernmental Revenues	$284,564,922	$273,865,873	$272,544,100	$272,233,000	$-311,100
Charges for Services					
General Government					
City Attorney	$876,047	$774,088	$721,600	$796,900	$75,300
Department of Employee Relations	211,524	219,299	200,000	210,000	10,000
City Treasurer	138,966	353,399	133,840	351,200	217,360
Common Council City Clerk	3,726,271	3,729,382	3,624,365	3,687,800	63,435
Comptroller	182,705	224,956	180,000	180,000	0
Election Commission	59,093	0	8,000	0	-8,000
Municipal Court	1,858,238	1,546,030	1,362,800	1,305,600	-57,200
Public Debt Commission	185,745	155,466	1,000,000	1,000,000	0
Assessor	1,310	628	552,000	450,000	-102,000
Department of City Development	510,854	1,214,194	467,200	513,700	46,500
Department of Administration	80,858	114,853	80,700	110,000	29,300
MPS Service Charges	3,501,588	3,557,613	3,639,438	3,737,000	97,562
Fire Department	1,556,430	4,945,282	5,710,000	5,725,000	15,000
Police Department	307,188	297,679	250,213	255,800	5,587
Department of Neighborhood Services	4,000,579	5,184,671	3,537,164	4,264,000	726,836
Building Razing	1,150,379	1,400,343	1,090,000	1,150,000	60,000
Fire Prevention Inspections	1,239,384	1,241,079	1,100,000	1,235,000	135,000
Essential Services	94,594	83,992	75,000	80,000	5,000
DPW Operations Buildings and Fleet	3,830,739	3,895,202	1,976,500	3,000,000	1,023,500
DPW Infrastructure Services	4,365,366	3,996,200	3,283,500	3,458,500	175,000
DPW Operations Forestry	348,606	402,815	340,000	350,000	10,000
Harbor Commission	3,453,522	3,557,378	3,557,378	3,882,471	325,093
DPW Administrative Services	1,729,620	1,157,447	1,236,500	1,182,000	-54,500
DPW Operations Sanitation	938,881	1,160,327	631,000	647,000	16,000
Solid Waste Fee	14,126,784	14,163,402	14,000,000	24,600,000	10,600,000
Snow and Ice Control Fee	2,449,171	2,422,370	2,400,000	2,400,000	0
Street Sweeping and Leaf Control	4,086,101	4,200,000	4,200,000	4,600,000	400,000
Apartment Garbage Collection	901,136	906,506	800,000	800,000	0
Recycling Contract	0	1,000,000	1,400,000	1,000,000	-400,000
Health Department	889,741	911,115	750,638	756,860	6,222
Public Library	498,023	538,526	472,100	485,000	12,900
County Federated System	1,868,364	1,873,003	1,300,000	1,359,000	59,000
Total Charges for Services	$59,167,807	$65,227,245	$60,079,936	$73,572,831	$13,492,895
Fines and Forfeitures					
Municipal Court	$6,115,060	$5,634,941	$5,213,000	$5,206,000	$-7,000
Total Fines and Forfeitures	$6,115,060	$5,634,941	$5,213,000	$5,206,000	$-7,000
Miscellaneous Revenue					
Parking Fund Transfer	$8,300,000	$12,000,000	$15,210,000	$15,200,000	$-10,000
Interest on Temporary Investments	1,929,742	2,524,354	2,625,000	5,250,000	2,625,000
Contributions	874,992	1,719,863	1,500,000	1,700,000	200,000
Department of Administration Property Sales	277,004	266,471	174,500	214,000	39,500
DCD Property Sales	641	21,287	0	50,000	50,000
DPW Operations Rent	238,419	232,024	222,200	212,000	-10,200
Comptroller Rent	144,380	180,380	141,200	161,200	20,000

	2003 ACTUAL EXPENDITURES	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Department of City Development Rent	327,600	250,086	315,000	250,000	-65,000
Other Miscellaneous	1,202,286	1,681,058	544,795	423,599	-121,196
Potawatomi	3,659,401	3,856,626	3,380,000	3,380,000	0
LIMP Revenue	35,011	29,919	30,000	30,000	0
Harbor Commission Transfer	960,000	960,000	1,200,000	1,090,000	-110,000
Pabst Revenue	0	0	213,000	0	-213,000
Total Miscellaneous Revenue	$17,949,476	$23,722,068	$25,555,695	$27,960,799	$2,405,104
Fringe Benefits					
Fringe Benefit Offset	$17,752,497	$17,430,354	$16,739,500	$17,250,000	$510,500
Total Fringe Benefits	$17,752,497	$17,430,354	$16,739,500	$17,250,000	$510,500
Cost Recovery					
Sewer Maintenance	$10,000	$0	$10,000	$10,000	$0
Total Cost Recovery	$10,000	$0	$10,000	$10,000	$0
Total General Fund Revenue	$409,643,724	$410,022,102	$402,931,981	$421,312,452	$18,380,471
Amount to be Raised Pursuant to 18-02-6	$94,034,381	$103,603,738	$110,460,022	$115,136,600	$4,676,578
Less:					
Tax Stabilization Fund Withdrawal (Sustainable)	$9,300,000	$16,870,000	$16,621,000	$16,328,000	$-293,000
Property Tax Levy	84,734,381	86,733,738	93,839,022	98,808,600	4,969,578
Total Sources of Funds for General City Purposes	$503,678,105	$513,625,840	$513,392,003	$536,449,052	$23,057,049

B. PROVISION FOR EMPLOYES' RETIREMENT FUND

EXECUTIVE SUMMARY

PURPOSE: To provide the means by which the city can track and monitor retirement related expenditures and resources. Maintain the health of the retirement related funds in an era of increasing costs and variable earnings.

SERVICES: Retirement system.

SUMMARY OF EXPENDITURES

BUDGETS	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Firemen's Pension Fund				
Employer's Pension Contribution	$220,821	$228,200	$232,000	$3,800
Lump Sum Supplement Contribution	497,200	400,000	350,000	-50,000
SUBTOTAL	$718,021	$628,200	$582,000	$-46,200
Policemen's Pension Fund				
Employer's Pension Contribution	$975,773	$975,773	$295,975	$-679,798
Administration	94,323	95,242	99,497	4,255
Lump Sum Supplement Contribution	500,000	400,000	0	-400,000
SUBTOTAL	$1,570,096	$1,471,015	$395,472	$-1,075,543
Employees' Retirement Fund				
Employer's Pension Contribution	$0	$19,914	$21,550	$1,636
Administration	19,826,339	22,562,869	20,976,648	-1,586,221
Annuity Contribution Tax Levy	21,785,004	21,915,000	22,975,200	1,060,200
Annuity Contribution Reserve Fund	5,450,000	0	0	0
SUBTOTAL	$47,061,343	$44,497,783	$43,973,398	$-524,385
Social Security Tax	$16,541,822	$16,810,000	$17,350,500	$540,500
Former Town of Lake Employees' Fund				
Employer's Pension Contribution	$175,631	$0	$0	$0
Firemen's Pension Fund	13,470	20,250	8,700	-11,550
SUBTOTAL	$189,101	$20,250	$8,700	$-11,550
Deferred Compensation Plan	$900,978	$1,261,029	$1,403,719	$142,690
TOTAL	$66,981,361	$64,688,277	$63,713,789	$-974,488
REVENUES				
Fringe Benefits Pensions	$774,542	$832,074	$1,033,127	$201,053
Charges for Service Employes' Retirement System	19,615,535	22,337,100	20,719,400	-1,617,700
Charges for Service Deferred Compensation	900,978	1,261,029	1,403,719	142,690
Property Tax Levy	42,386,238	40,091,374	40,387,713	296,339
Miscellaneous Employes' Retirement System	149,141	166,700	169,830	3,130
TOTAL	$63,826,434	$64,688,277	$63,713,789	$-974,488

BACKGROUND

The Employes' Retirement Fund includes provisions for employee pensions, the Policemen's Annuity and Benefit Fund, the Firemen's Pension Fund, Social Security contributions, and the city's Deferred Compensation Program.

The Employes' Retirement System (ERS) is responsible for administering the city's defined benefit pension plan for city employees and other members of the system. The system operates under the direction of the Annuity and Pension Board, a body of eight members (three elected by active system members, one by city retirees, three appointed by the President of the Common Council, and the City Comptroller, ex-officio). Retirement contributions for employees of the Milwaukee Metropolitan Sewerage District, the Wisconsin Center District, the Water Works, Milwaukee Public School Board (excluding teachers), and the Milwaukee Area Technical College are borne by those respective governmental units and are not included in these appropriations. There were approximately 27,000 members in the system as of December 31, 2004.

The Policemen's Annuity and Benefit Fund (PABF) administers pensions for city Police Officers employed prior to 1947. There were 177 members as of August 30, 2005.

Funds in the Firemen's Pension Fund are provided for retired Fire Fighters who were employed prior to 1947. This fund had 159 members as of January 1, 2005.

The Former Town of Lake Employes' Retirement Fund provides retirement benefits to former Town of Lake employees who became city employees when the Town of Lake was annexed. There are five members.

ERS also oversees the city's contribution for payment of the employer's share of Social Security tax. The Deferred Compensation Board is responsible for administration of the city's Deferred Compensation Plan.

SERVICES

Annuity Contribution: In the 2006 budget, $23 million is provided for the city's share of employees' annuity contributions (5.5% of pay for general city employees and 7% for Police Officers, Fire Fighters, and elected officials).

Social Security Payments: In the 2006 budget, $17.4 million is provided for Social Security payments.

Administration: In the 2006 budget, ERS administrative costs are $21 million.

Pension Reserve Fund: The 2006 budget includes no additional pension reserve funding. An actuarial study finished in early 2005 indicated that minimal risk exists to the overall fund until approximately 2017. The city's continued reductions to the number of employees reduced future pension liability. Currently, the Pension Fund is funded at 116% of its actuarial determined funding level and there is a balance of approximately $17 million in the reserve fund.

Employer's Pension Contribution (ERS): The 2006 budget includes $21,550 in funding for duty disability payments for non-consenters of the Global Pension Settlement.

Employer's Pension Contribution (PABF): The 2006 budget includes a $295,975 contribution that amortizes the unfunded past service liability of the Policemen's Annuity and Benefit Fund. This represents a significant reduction from the $975,773 contribution and a $400,000 supplemental contribution in 2005. This was due to recently approved changes in the benefit structure and the amortization period of the fund liability.

The benefit change becomes effective January 1, 2006 for all members and includes an increase from $427 to $500 per month for 83 members receiving the minimum monthly payment and a $60 per month increase for the other

94 members. Those members receiving the minimum payment will realize a 17% increase in their monthly benefit.

The amortization period was changed from five to ten years to smooth out current unfunded liability in the fund. This improved cash flow will allow payment of the enhanced benefits.

Change in Governance of PABF: The transfer of fiduciary duty and administrative responsibility for the Policemen's Annuity and Benefit Fund from the PABF Board to the Annuity and Pension Board is currently under consideration. The city proposed this change as the membership of the PABF is aging and declining in numbers. The PABF Board has approved this transfer and is endorsing it for a vote of the membership. The Annuity and Pension Board has a unanimous sense of the board that it is in favor of the transfer. The transfer will allow continued professional management of PABF's investment portfolio and administration of fund payments, survivor pension determinations, and other administrative tasks. PABF membership will be able to participate in an annual informational meeting that will recap investment results for the PABF portfolio and the financial condition of the fund.

Lump Sum Contribution for Firemen's Annuity and Benefit Fund (FABF): A total of $350,000 is provided in the 2006 budget for a pension supplement to members of this fund. This will provide a supplement fund payment per member that is roughly equivalent to the payment received in 2005.

EMPLOYES' RETIREMENT SYSTEM

EXECUTIVE SUMMARY

MISSION: To administer the payment of retirement and other benefits to eligible persons as provided under the City Charter and to safeguard and protect the funds of the Employes' Retirement System (ERS) by investing them in a prudent and vigilant manner.

SERVICES: Investment management.

Customer service to members and beneficiaries.

Development of the Pension Management Information System (MERITS).

STRATEGIC ISSUES: Monitor and analyze all investment activities and provide oversight of the investment portfolio to maximize returns while minimizing the variability of the fund's asset value.

Implementation and installation of a Milwaukee Employee Retirement Information Technology Solutions (MERITS) to provide effective and efficient pension administrative services.

Improve member communication through the ERS website, pre-retirement counseling seminars, brochures, and newsletters.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	40.00	40.00	40.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	48	48	48	0
EXPENDITURES				
Salaries and Wages	$2,145,984	$2,285,024	$2,432,788	$147,764
Fringe Benefits	765,700	822,600	1,021,800	199,200
Operating Expenditures	13,656,484	15,905,739	16,450,376	544,637
Equipment	8,398	10,000	10,000	0
Special Funds	3,249,773	3,539,506	1,061,684	-2,477,822
TOTAL	$19,826,339	$22,562,869	$20,976,648	$-1,586,221
REVENUES				
Charges for Services	$19,615,535	$22,337,100	$20,719,400	$-1,617,700
Miscellaneous	149,141	166,700	169,830	3,130
TOTAL	$19,764,676	$22,503,800	$20,889,230	$-1,614,570

BACKGROUND

The Employes' Retirement System of the City of Milwaukee was created in 1937 to provide retirement related benefits for members and their beneficiaries. ERS also administers the city's contribution of Social Security, the Group Life Insurance Program, and health care for city retirees including COBRA health and dental plans. On December 31, 2004 there were approximately 27,000 members (actives, inactives, and retirees) in the system and the value of the Fund was $4.4 billion.

The Annuity and Pension Board is trustee of the Funds in the system and is charged with general administration of the system. The Secretary and Executive Director function under the direction of the board and are responsible for daily operation of the office.

Service 1

Investment Management

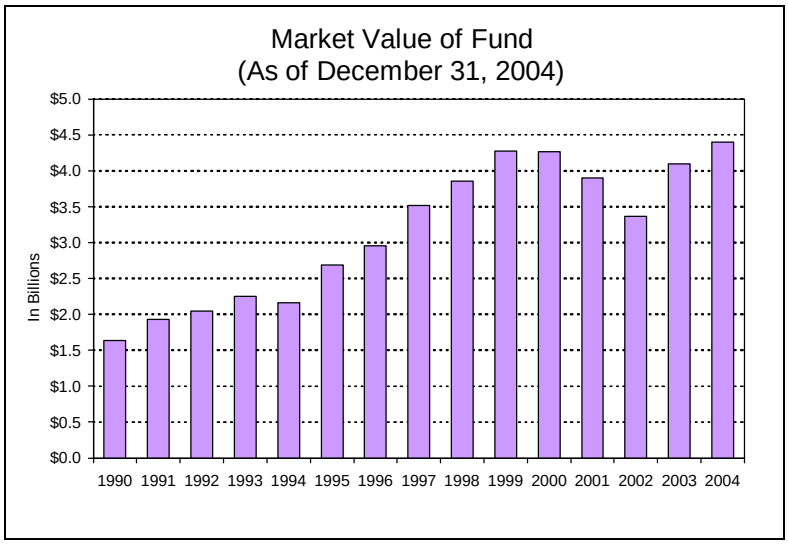
Activities: Cash flow analysis, negotiate investment manager contracts, monitor investment performance, and compliance monitoring of investment managers.

		2004 Experience	2005 Budget	2006 Projection
Service Outcome:	Exceed the gross rate of return of the Blended Benchmark Index.	1.9%	0.5%	0.5%
Funding by Source:	Operating Funds	$11,775,219	$13,807,790	$14,376,692
	Total:	$11,775,219	$13,807,790	$14,376,692

SERVICE RESULTS

Figure 1 shows growth in the value of the Fund over time. The Fund's returns reflect economic and market conditions with strong returns in the bull market from 1995 to 1999. The 2000 through 2002 gross returns declined due to the recession. Since 2003, the Fund has rebounded with a gross rate of return of 27.7% in 2003 and 12.9% in 2004.

Figure 1

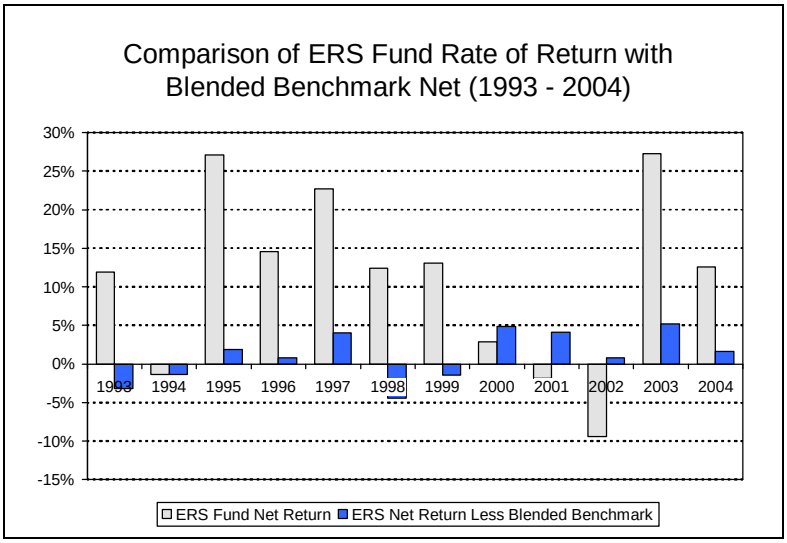


Actuaries assume an 8.5% return on the assets of the Fund. This actuarial assumed rate of return approximately covers the growth of liabilities of the Fund. For the five year period ending December 31, 2004 the Fund's annual rate of return was 5.6% net of fees, trailing the 8.5% actuarial rate. However, over the last ten year period ending December 31, 2004, the Fund experienced a gross annualized gross return of 11.7%. Since inception, the Fund's annual return has been 10.4% net of fees.

To further measure the Fund's performance, ERS compares the return of the retirement fund against a blended benchmark index consisting of the following indices: Russell 3000 Stock Index, the Lehman Brothers Aggregate Bond Index, the Morgan Stanley Capital International EAFE (Europe, Australiasia, Far East) Index, and the NCREIF Index. The blended benchmark is weighed according to the asset allocation strategy adopted by the Annuity and Pension Board, which administers the system.

Over the long term, ERS' objective is for the Fund to outperform the blended benchmark by 1.0% points. ERS' asset allocation strategy is designed to take advantage of long term investment and market trends that occur over the life of an investment cycle. As seen in Figure 2, the Fund's rate of return net of fees paid to investment managers has exceeded the blended benchmark since 2000.

Figure 2



SERVICE CHANGES

The Annuity and Pension Board in conjunction with the Chief Investment Officer, the Investment Consultant, and legal staff will continue to explore and implement enhanced asset allocation opportunities.

Service 2

Customer Service

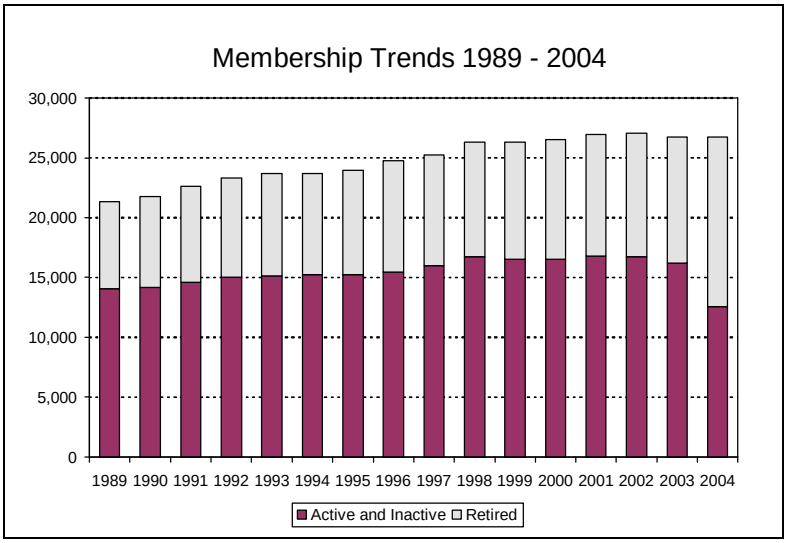
Activities: Prepare pension estimates, counsel members on benefits, calculate pension allowances and adjustments, process retirement applications, enroll new members, pay benefits, and review disability cases.

		2004 Experience	2005 Budget	2006 Projection
Service Outcome:	Exceed 95.0% favorable rating on customer satisfaction surveys.	100.0%	95.0%	95.0%
Funding by Source:	Operating Funds	$4,229,159	$4,602,156	$4,875,474
	Total:	$4,229,159	$4,602,156	$4,875,474

SERVICE RESULTS

Customer service is enhanced through a series of public awareness projects. A retiree newsletter is issued monthly in order to keep members informed on a variety of issues including the Global Pension Settlement, tax issues, and health insurance issues. Thousands of letters are generated to inform individuals of their specific entitlements and answers to their questions. Community presentations and pre-retirement seminars are conducted on a regular basis. New member handbooks, brochures, a partially interactive website, and telephone system also enhance customer service delivery.

Figure 3



ERS has developed a number of measures of its service quality to city employees. To measure the quality of its counseling services, ERS will continue a series of exit surveys for new employees, pre-retirement seminar participants, and retirees. In addition, customer service will be evaluated based on timely servicing of walk-ins and scheduled appointments through the use of reception cards. The goal is to exceed the 95% satisfaction level in all areas. Customer satisfaction was at 100% in 2004 for the 986 pension estimates and 1,292 major counseling provided. Figure 3 shows membership trends.

SERVICE CHANGES

No new program services are anticipated in 2006 but the department will continue with member service activities as outlined.

Service 3

Development of Pension Management Information System

Activities: Development of a Pension Management Information System (MERITS), assist and support existing operations by lending software and systems expertise, and support the ERS network infrastructure.

		2004 Experience	2005 Budget	2006 Projection
Funding by Source:	Operating Funds	$3,821,961	$4,152,923	$1,724,482
	Total:	$3,821,961	$4,152,923	$1,724,482

SERVICE RESULTS

The greater incorporation of information technologies into the delivery of pension related services promises to substantively improve the administration of ERS. There is currently no measure developed to monitor this program's performance.

SERVICE CHANGES

In October 2005, there was a user training/acceptance testing and rollout phase of the project for the MERITS Line-of-Business Computer System. Depending upon the success of this phase, the new system will go live in either the fourth quarter of 2005 or the first quarter of 2006. After the successful rollout of the main Line-of-Business System, the Member Self Service and Configuration Management modules will be completed and implemented. A Post Implementation Support Phase of the project will begin after the rollout has been completed and is scheduled for two years. The project will be delivered on budget.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

DEFERRED COMPENSATION PLAN

EXECUTIVE SUMMARY

MISSION: To provide a tax deferred retirement savings option for city employees that is cost effective and responsive to the needs of its participants and which is in accordance with Section 457 of the Internal Revenue Code.

SERVICES: Deferred compensation administration.

STRATEGIC ISSUES: Market deferred compensation plan to the 30% of employees that do not participate.

Control program audit and insurance costs.

Control the cost of fiduciary insurance.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1.90	2.00	2.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	2	2	2	0
EXPENDITURES				
Salaries and Wages	$120,892	$122,880	$130,146	$7,266
Fringe Benefits	41,077	44,237	54,661	10,424
Operating Expenditures	736,443	1,018,912	1,141,912	123,000
Equipment	2,566	0	2,000	2,000
Special Funds	0	75,000	75,000	0
TOTAL	$900,978	$1,261,029	$1,403,719	$142,690
REVENUES				
Charges for Services	$900,978	$1,261,029	$1,403,719	$142,690
TOTAL	$900,978	$1,261,029	$1,403,719	$142,690

BACKGROUND

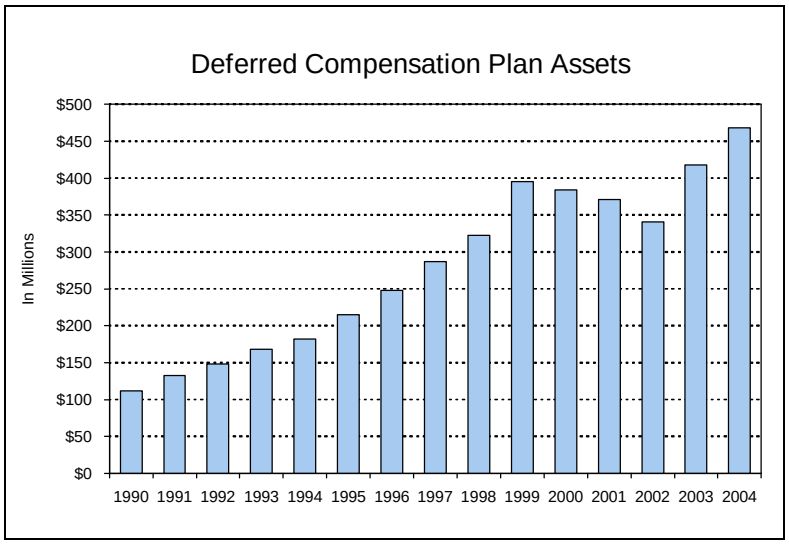
Section 5-50 of the Milwaukee City Charter allows for establishment of a Deferred Compensation Plan. The plan is a non-qualified, tax deferred retirement plan governed under Section 457 of the Internal Revenue Code. Such a plan allows city employees to set aside a portion of their income before federal and state taxes are withheld. The income is not taxed until it is withdrawn from the plan, usually at retirement when an individual's marginal tax rate may be lower.

The Deferred Compensation Plan is funded entirely by payroll and rollover contributions of city employees and associated earnings. The plan is administered by a nine member Deferred Compensation Board, which has hired contractors to perform daily activities in enrollment, record keeping, marketing and investment selection, and monitoring. The plan has approximately 7,500 active and retired participants, a 70% rate of active participation, and assets of $468 million as of December 31, 2004 (see Figure 1).

Between 1990 and 1999, plan assets increased dramatically peaking at $394.5 million. The plan experienced below average growth between 1999 and 2002, due to a slowing in the economy and the stock market. The fund has since rebounded and is valued at approximately $476 million as of June 30, 2005, a record high value.

The Deferred Compensation Plan is self-sustaining and does not impact the city's property tax levy.

Figure 1



Service 1

Deferred Compensation

Activities: Enrollment, agreement processing, payroll changes, future allocations changes, participant advising, investing, and depositing participants contributions.

		2004 Experience	2005 Budget	2006 Projection
Services:	Increase active employee participation by 3.0%.	70.5%	72.0%	72.0%
	Increase participant cash flow by 4.0%.	$5,150	$5,500	$5,500
Funding by Source:	Operating Funds	$900,979	$1,261,029	$1,403,719
	Total:	$900,979	$1,261,029	$1,403,719

SERVICE RESULTS

The success of Deferred Compensation in maintaining a cost effective and responsive plan is measured by increased employee participation and cash flow.

Plan participants can deposit their payroll contribution into seven different investment options: Stable Value Account, Income Account, Socially Conscious Balanced Account, Passively Managed U.S. Equity Account, Actively Managed Equity Account, Passively Managed International Equity Account, and Schwab Personal Choice Retirement Account. The board is responsible for specifying the options from which participants make their choices and focuses on broad investment categories in making options available to participants.

By offering a variety of investment options, the board provides plan participants with an opportunity to diversify their investments. The board has improved investment returns to participants by actively seeking out manager fee reductions, institutional class fund shares, 12 B-1 fee credits, and low operating cost funds.

To assist plan members in developing an investment plan the Deferred Compensation Board has issued a pamphlet designed to assist members in discovering their investment styles. The pamphlet includes a quiz that measures attitudes regarding risk tolerance and reward expectations. Based on the results of the quiz, members can get an understanding of their risk tolerance and invest accordingly.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES - None

C. CAPITAL IMPROVEMENTS

EXECUTIVE SUMMARY

MISSION: To maintain and enhance the city's infrastructure in a cost efficient and effective way to ensure that the city remains economically competitive.

SERVICES: Prepare a six year capital improvements plan to identify long range capital needs and to establish spending, debt, and tax rate goals.

Develop investment strategies to ensure favorable rates of return on city capital investments.

STRATEGIC ISSUES: Reducing capital borrowing to match debt retirements in order to manage the debt levy and enhance the city's financial flexibility.

Establishing a robust capital project management process to improve the ability to monitor capital expenditures on a real time basis for specific projects.

Evaluating the condition and replacement cycles of the city's infrastructure assets to help determine capital funding levels.

BACKGROUND

The 2006 capital improvements budget represents the initial year of a six year capital improvements plan. The budget and plan identify the city's capital funding needs and provides funding sources to support these identified needs. In general, capital improvements include projects to reconstruct, rehabilitate, or otherwise restore an existing system or facility to full functionality. They may also include projects to construct a new or more expansive facility to meet increased demands or to enhance economic development through job creation, business formation, and housing production.

HIGHLIGHTS

In 2006, the capital improvement budget is in a transitional period. Past capital improvement borrowing levels have translated into a destabilizing debt service tax levy. Problems with cost overruns on several larger capital improvement projects have led to a need for stricter monitoring. Although it is important to fix these problems, the side effect is a capital improvement budget that is difficult to compare to the 2005 capital improvement budget. To address the debt tax levy, the 2006-2011 Capital Improvements Plan will reduce borrowing levels to a point where the amount of borrowing will equal the amount of debt retired.

When the 2006 budget is adjusted for two large projects and a change in the funding of Tax Incremental Districts, the 2006 capital improvement budget would total $87.2 million, which would be a decrease of $8.7 million from 2005. The tax levy to borrowing ratio would be 22.5%. The total tax levy supported borrowing will be approximately $67.5 million, which is above the ultimate goal of $56 million for city and school purposes combined. The borrowing goal will be met in 2008 when the City Hall Restoration project will no longer need major funding. The following shows the capital improvement comparisons as they appear in the budget.

The 2006 general city capital improvements budget totals $164.9 million, an increase of $70 million or 73.8% from the 2005 budget of $94.9 million. The tax levy supported portion of the capital budget, which includes tax levy cash resources as well as tax levy supported general obligation debt, totals $76.2 million. Tax levy cash resources will decrease $1.5 million from $10.1 million in 2005 to $8.6 million in 2006.

The city's long term goal is to reduce tax levy supported borrowing authorizations to match tax levy debt retirements in order to limit future increases in the city's debt service tax levy. Control of new levy supported debt will be accomplished through a combination of prioritizing capital programs and projects through the annual budget process and converting some currently levy supported programs to other revenue sources. For example, the 2006 capital budget decreases levy supported borrowing for MPS from $10 million to $9 million and the Menomonee Valley DPW Facilities Relocation project is being financed through RACM with debt service paid by lease payments from the Sewer Fund and Water Works.

Figure 1

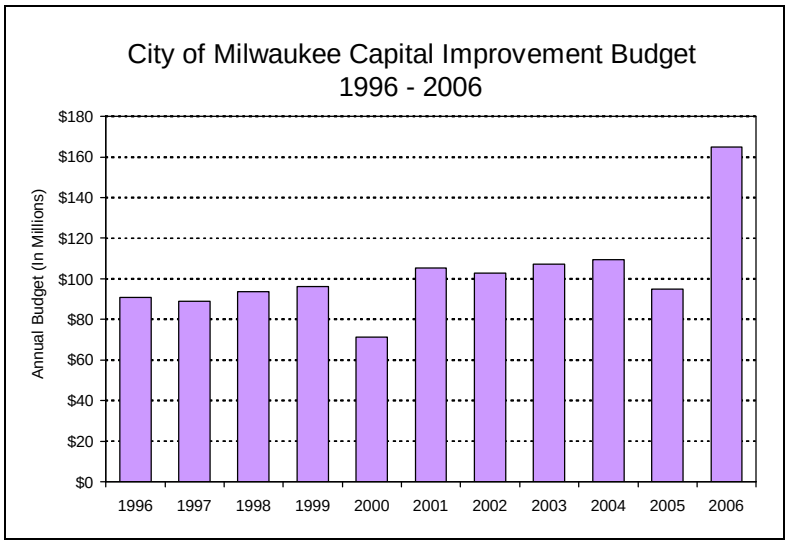
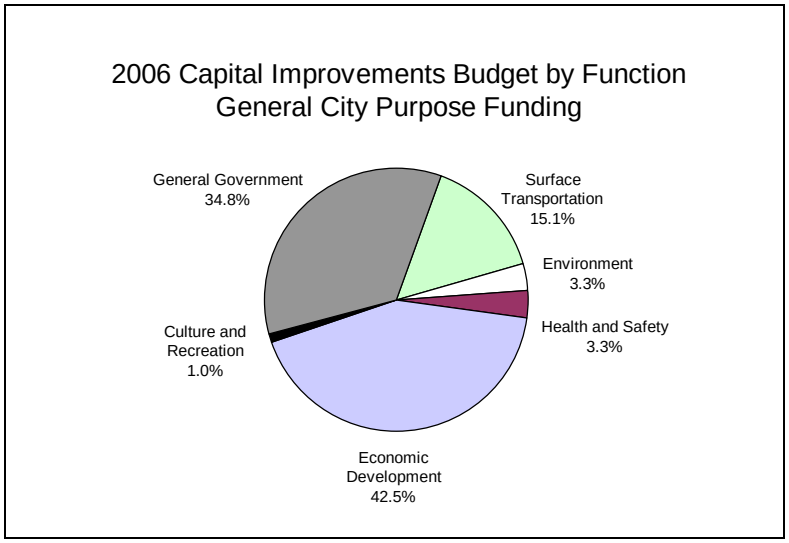


Figure 1 shows capital improvement budgets from 1996 to 2006. As shown, the capital improvements budget steadily increased between 1996 and 1999. In 2000, the capital improvements budget was significantly reduced due to increased federal and state grant funding. From 2001 to 2004, the capital improvements budget stabilized between $102.8 million and $109.6 million. In 2005, the capital improvements budget was reduced to $94.9 million, a level that is considered sustainable in the long term. The 2006 capital budget increased to $164.9 million, however this is the result of two large one time projects ($41.7 million) and a large increase in TID funding ($38.7 million).

Figure 2



Functional Categories: Projects included in the 2006 general city funded capital improvements budget are categorized in six functional categories including Surface Transportation, Environment, Health and Public Safety, Economic Development, Culture and Recreation, and General Government. Figure 2 illustrates the portion of the capital budget allocated to each functional area (Water, Parking, Sewer Relief and Relay, and Grant and Aids are excluded).

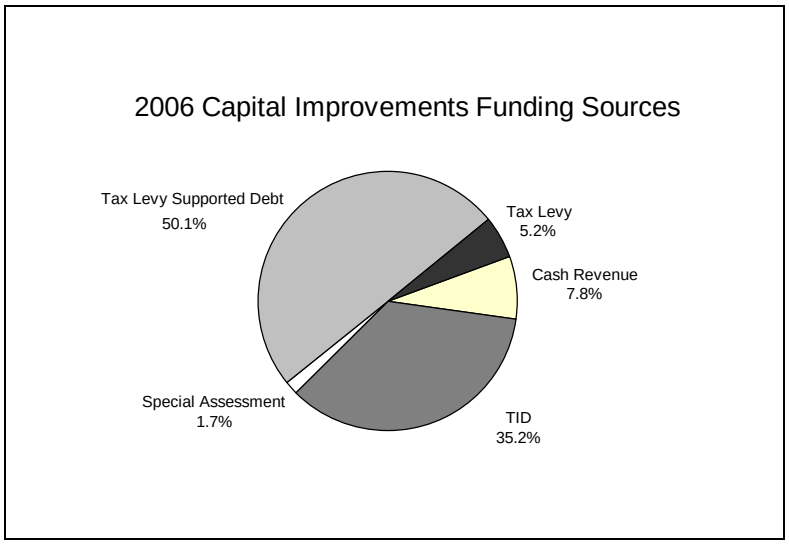
Economic Development projects constitute the largest functional category, which is 42.5% of the general city funded capital budget or $66.6 million. Tax Incremental Districts (TIDs) amount to $62.2 million or 93% of funding for economic development projects.

The General Government project category is the second largest capital functional area, with $54.5 million, or 34.8% provided for this purpose. This is a significant increase from 2005, primarily as the result of the $24 million budgeted for the Menomonee Valley Relocation Project and a $9.5 million increase for the City Hall Restoration Project. These two large one time projects primarily account for the size of the General Government functional area relative to the other functional areas.

Surface Transportation projects constitute the third largest functional area or 15% of the general city funded capital budget. An increase of approximately $5.3 million from 2005 is the result of increased funding for streets and bridges.

The Health and Safety projects and Environment projects functional categories comprise an approximately equal percentage of the 2006 general city funded capital budget. Both are funded at approximately $5.1 million, or about 3.3%. Among Environmental Programs is the expansion of sewer capacity, which includes $3.1 million of tax levy supported city funding. Culture and Recreation projects are the smallest functional category with $1.5 million, or 1% of the city funded capital budget. Within this category, central and neighborhood libraries capital projects funding totals $1.1 million.

Figure 3



Funding Sources: The 2006 capital budget is financed through several funding sources including the property tax levy, tax levy supported debt, Tax Incremental Districts, special assessments, cash revenues, and grants and aids. Figure 3 shows funding sources for the 2006 city funded capital budget (excluding grant and aid).

The largest source of funding for capital projects is tax levy supported debt financing, which is approximately $67.5 million, or 40.9% of total funding. This is a significant increase from 2005 resulting from funding of the City Hall Restoration project. Given the long life expectancy of the facilities to be constructed, borrowing is the appropriate funding mechanism.

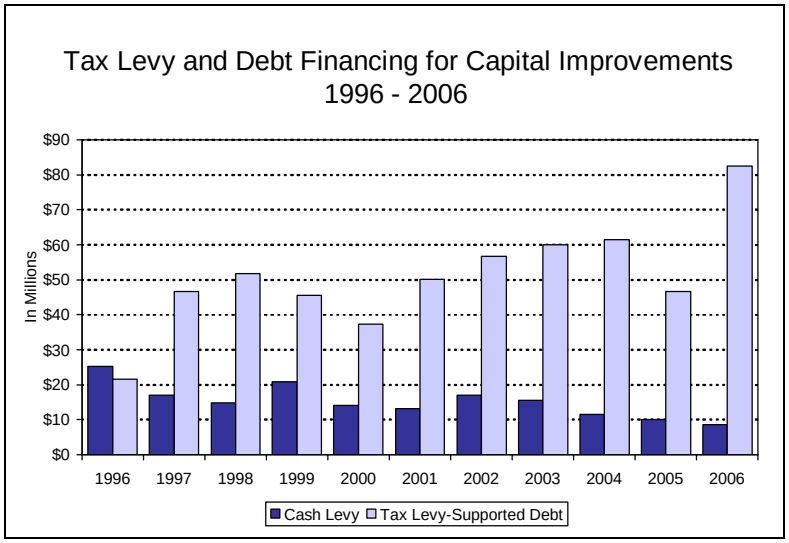
The second largest funding source is Tax Incremental District borrowing with $58 million, or 35.2% of total funding sources. TID borrowing is considered self-supporting because the improvements made within these districts are financed through property tax revenue generated from the incremental values resulting from the improvements.

In addition to TID financing, other self-supporting funding sources include $12.9 million of cash revenues, which is 7.8% of the total and $2.8 million of special assessments, which represent 1.7% of the total. Not included in Figure 3 are capital grant and aids, which are anticipated to be $42.8 million in 2006.

In addition to tax levy supported debt, cash tax levy is the other non-self supporting funding source for capital. In 2006, tax levy supported capital totals $8.6 million, or 5.2% of all funding sources. Figure 4 shows cash and debt financing trends for capital improvements from 1996 to 2006. As shown, cash financing, while it has fluctuated somewhat, has generally declined from $25.3 million in 1996 to $8.6 million in 2006.

Cash Conversion Policy: In 1986, the Comptroller proposed and the Common Council adopted a resolution that gradually converts funding for recurring infrastructure projects from borrowing to cash financing. This strategy was employed to decrease overall debt and ultimately reduce costs and resulting tax levies for what are, in effect, annually recurring replacement projects.

Figure 4



The 2006 capital budget temporarily suspends the Infrastructure Cash Conversion (ICC) Policy goal of 100%. The percentage financing for 2006 is 76.3%. The suspension is intended to relieve the pressure on the tax levy created by the State of Wisconsin mandated property tax levy limit.

Note: For purposes of the 2003 and earlier budgets, the Public Debt Amortization Fund (PDAF) withdrawal was reflected in the capital improvements budget by shifting cash funded improvements to debt funded improvements. Fund assets were used to purchase the additional debt. The additional debt was then immediately canceled, thus avoiding future debt service costs. Beginning in 2004, the PDAF draw was applied to reduce the city debt tax levy rather than the capital improvements tax levy. For 2006 the draw is $5 million. At the end of 2005, fund assets will be used to prepay a portion of the principal and interest on city debt due in 2005, which will result in a reduction in the debt levy portion of the 2006 city debt budget.

2006 HIGHLIGHTS AND CHANGES

Major Capital Equipment: Instituted in 2002, Major Capital Equipment Accounts in the Fire Department and Department of Public Works' (DPW) budgets will continue to fund the purchase of durable equipment with an original unit cost of $50,000 or more through the capital budget. In 2006, the Fire Department will use $2.9 million and the DPW Operations Division will use $6.5 million to replace major fleet equipment.

City Hall Restoration: Milwaukee's City Hall is an architecturally significant landmark building listed in the National Register of Historic Places. A significant building restoration project is needed to restore the building's watertight integrity and address structural problems with the towers, exterior walls, interior walls, and supporting structure. The 2006 capital budget provides $17.7 million to continue this multi-year project. The total cost of this project is expected to be approximately $70 million. This project dramatically affects borrowing authorizations, as it comprises 21.5% of the new general obligation authorizations in 2006.

Menomonee Valley DPW Facilities Relocation: The 2006 budget includes $24 million for the Menomonee Valley Facilities Relocation Project, which will relocate DPW facilities at North Sixth and West Canal Streets to the Tower Automotive Distribution site. Financing through the Redevelopment Authority will allow this project to move forward. This project also dramatically affects borrowing authorizations, as it comprises 29% of the 2006 authorizations.

Tax Increment Financing Districts: The 2006 capital budget includes $62.2 million of funding ($58 million self supported borrowing and $4.2 million cash revenues) to promote economic development and job growth through the tax increment financing district vehicle.

MPS Facilities: The 2006 budget includes levy borrowing authority of $9 million for MPS facilities, a decrease of $3 million or 25% for 2006. Of the total, $7 million is for building maintenance projects and $2 million is for the Bradley School of Technology Project to develop recreation facilities.

Capital projects are described in more detail in the department's operating budget sections of the *2006 Plan and Budget Summary*. Please refer to these sections for more detail on capital improvement projects included in the 2006 budget.

SUMMARY OF DEPARTMENTAL APPROPRIATIONS
OVERVIEW OF 2006 CAPITAL BUDGET
GENERAL CITY PURPOSES

City Funded	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Special Projects	$10,325,000	$8,415,000	$-1,910,000
Administration	0	521,000	521,000
City Development	26,650,000	65,550,000	38,900,000
City Treasurer	232,160	0	-232,160
Common Council City Clerk	0	175,000	175,000
Fire Department	5,060,000	3,381,000	-1,679,000
Health Department	1,028,500	550,000	-478,500
Library	1,700,000	1,060,000	-640,000
Police Department	2,400,000	1,179,000	-1,221,000
Port of Milwaukee	725,000	1,025,000	300,000
Public Works	46,761,261	83,007,924	36,246,663
Subtotal City Funded	$94,881,921	$164,863,924	$69,982,003
Grant & Aid Funding			
Fire Department	$1,000,000	$0	$-1,000,000
Police Department	2,065,000	0	-2,065,000
Port of Milwaukee	0	2,000,000	2,000,000
Public Works	52,026,833	40,829,229	-11,197,604
Subtotal Grant & Aid Funding	$55,091,833	$42,829,229	$-12,262,604
Enterprise Funds			
Parking	$1,200,000	$2,080,000	$880,000
Water	18,790,000	20,120,000	1,330,000
Sewer Maintenance	22,706,000	23,500,000	794,000
Subtotal Enterprise Funds	$42,696,000	$45,700,000	$3,004,000
Total Capital Plan	$192,669,754	$253,393,153	$60,723,399

2006 CAPITAL IMPROVEMENTS FINANCED BY CATEGORY

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
SPECIAL CAPITAL PROJECTS								
City Network Equipment Upgrade								
Budget	$90,000	$0	$0	$0	$0	$90,000	$0	$90,000
Technology Initiative								
Carryover	($0)	($820,000)	($0)	($0)	($0)	($820,000)	($0)	($820,000)
Grant and Aid								
Budget	0	300,000	0	0	8,000,000	8,300,000	0	8,300,000
Carryover	(0)	(2,200,000)	(0)	(0)	(0)	(2,200,000)	(0)	(2,200,000)
Municipal Art Fund								
Budget	25,000	0	0	0	0	25,000	0	25,000
TOTAL SPECIAL PROJECTS								
Budget	$115,000	$300,000	$0	$0	$8,000,000	$8,415,000	$0	$8,415,000
Carryover	($0)	($3,020,000)	($0)	($0)	($0)	($3,020,000)	($0)	($3,020,000)
DEPARTMENT OF ADMINISTRATION								
Remodel ITMD 809 Building Fourth Floor								
Carryover	($0)	($461,500)	($0)	($0)	($0)	($461,500)	($0)	($461,500)
Single E-Mail Store								
Budget	0	215,000	0	0	0	215,000	0	215,000
Server Consolidation/Storage Area Network								
Budget	0	306,000	0	0	0	306,000	0	306,000
TOTAL DEPARTMENT OF ADMINISTRATION								
Budget	$0	$521,000	$0	$0	$0	$521,000	$0	$521,000
Carryover	($0)	($461,500)	($0)	($0)	($0)	($461,500)	($0)	($461,500)
CITY TREASURER'S OFFICE								
Cashier System Upgrade								
Carryover	($0)	(232,160)	(0)	(0)	(0)	(232,160)	(0)	($232,160)
TOTAL CITY TREASURER'S OFFICE								
Carryover	($0)	($232,160)	($0)	($0)	($0)	($232,160)	($0)	($232,160)
DEPARTMENT OF CITY DEVELOPMENT								
Advance Planning								
Budget	$150,000	$0	$0	$0	$0	$150,000	$0	$150,000
Neighborhood Commercial District Street Improvement Fund								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(1,500,000)	(0)	(0)	(0)	(1,500,000)	(0)	(1,500,000)
Tax Increment Financed Urban Renewal Projects (Including Grant Funded Projects)								
Budget	0	0	58,000,000	0	4,200,000	62,200,000	0	62,200,000
Carryover	(0)	(0)	(33,525,914)	(0)	(0)	(33,525,914)	(0)	(33,525,914)
Development Fund								
Budget	0	2,200,000	0	0	0	2,200,000	0	2,200,000
Carryover	(0)	(5,900,000)	(0)	(0)	(0)	(5,900,000)	(0)	(5,900,000)
Business Improvement Districts								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(1,500,000)	(0)	(0)	(0)	(1,500,000)	(0)	(1,500,000)
TOTAL DEPARTMENT OF CITY DEVELOPMENT								
Budget	$150,000	$3,200,000	$58,000,000	$0	$4,200,000	$65,550,000	$0	$65,550,000
Carryover	($0)	($8,900,000)	($33,525,914)	($0)	($0)	($42,425,914)	($0)	($42,425,914)
COMMON COUNCIL CITY CLERK								
License Management System Requirements Study								
Budget	$0	$175,000	$0	$0	$0	$175,000	$0	$175,000
TOTAL COMMON COUNCIL CITY CLERK								
Budget	$0	$175,000	$0	$0	$0	$175,000	$0	$175,000
FIRE DEPARTMENT								
Ventilation System and Window Replacement								
Carryover	($0)	($100,000)	($0)	($0)	($0)	($100,000)	($0)	($100,000)
Computer Aided Dispatch								
Carryover	(0)	(430,516)	(0)	(0)	(0)	(430,516)	(0)	(430,516)

SPECIAL CAPITAL PROJECTS	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
Engine Company 2 Alterations								
Carryover	(0)	(190,000)	(0)	(0)	(0)	(190,000)	(0)	(190,000)
Fire Digital Radio System								
Carryover	(0)	(500,000)	(0)	(0)	(0)	(500,000)	(0)	(500,000)
Fire Repair Shop Design and Construction								
Carryover	(0)	(1,675,000)	(0)	(0)	(0)	(1,675,000)	(0)	(1,675,000)
Interior Building Maintenance								
Budget	0	96,000	0	0	0	96,000	0	96,000
Mechanical Systems Maintenance								
Budget	0	200,000	0	0	0	200,000	0	200,000
Exterior Building Maintenance								
Budget	0	143,000	0	0	0	143,000	0	143,000
Major Capital Equipment								
Budget	0	2,942,000	0	0	0	2,942,000	0	2,942,000
Carryover	(0)	(4,835,000)	(0)	(0)	(0)	(4,835,000)	(0)	(4,835,000)
TOTAL FIRE DEPARTMENT								
Budget	$0	$3,381,000	$0	$0	$0	$3,381,000	$0	$3,381,000
Carryover	($0)	($7,730,516)	($0)	($0)	($0)	($7,730,516)	($0)	($7,730,516)
HEALTH DEPARTMENT								
Keenan Renovation for Tuberculosis Clinic								
Carryover	($0)	($55,000)	($0)	($0)	($0)	($55,000)	($0)	($55,000)
Mechanical Systems Maintenance Program								
Budget	0	65,000	0	0	0	65,000	0	65,000
Carryover	(0)	(651,786)	(0)	(0)	(0)	(651,786)	(0)	(651,786)
Exterior Building Maintenance Program								
Budget	0	200,000	0	0	0	200,000	0	200,000
Carryover	(0)	(671,175)	(0)	(0)	(0)	(671,175)	(0)	(671,175)
Interior Building Maintenance Program								
Budget	0	185,000	0	0	0	185,000	0	185,000
Carryover	(0)	(631,575)	(0)	(0)	(0)	(631,575)	(0)	(631,575)
Client Tracking System Replacement								
Budget	100,000	0	0	0	0	100,000	0	100,000
Carryover	(0)	(250,000)	(0)	(0)	(0)	(250,000)	(0)	(250,000)
TOTAL HEALTH DEPARTMENT								
Budget	$100,000	$450,000	$0	$0	$0	$550,000	$0	$550,000
Carryover	($0)	($2,259,536)	($0)	($0)	($0)	($2,259,536)	($0)	($2,259,536)
LIBRARY								
CENTRAL LIBRARY								
Central Library Improvements Fund								
Budget	$0	$750,000	$0	$0	$0	$750,000	$0	$750,000
Carryover	(0)	(222,661)	(0)	(0)	(0)	(222,661)	(0)	(222,661)
NEIGHBORHOOD LIBRARIES								
Neighborhood Library Improvement Fund								
Budget	0	310,000	0	0	0	310,000	0	310,000
Carryover	(0)	(2,545,899)	(0)	(0)	(0)	(2,545,899)	(0)	(2,545,899)
TOTAL LIBRARY								
Budget	$0	$1,060,000	$0	$0	$0	$1,060,000	$0	$1,060,000
Carryover	($0)	($2,768,560)	($0)	($0)	($0)	($2,768,560)	($0)	($2,768,560)
MUNICIPAL COURT								
Court Case Management System								
Carryover	($0)	($240,841)	($0)	($0)	($0)	($240,841)	($0)	($240,841)
TOTAL MUNICIPAL COURT								
Carryover	($0)	($240,841)	($0)	($0)	($0)	($240,841)	($0)	($240,841)
POLICE DEPARTMENT								
Remodel Administration Building Offices								
Budget	$0	$800,000	$0	$0	$0	$800,000	$0	$800,000
Carryover	(0)	(2,270,271)	(0)	(0)	(0)	(2,270,271)	(0)	(2,270,271)
Trunked Radio Communications Citywide								
Carryover	(0)	(4,553,138)	(0)	(0)	(0)	(4,553,138)	(0)	(4,553,138)

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
District Station 6 Repairs								
Budget	0	150,000	0	0	0	150,000	0	150,000
Evidence Storage Warehouse								
Budget	0	89,000	0	0	0	89,000	0	89,000
Carryover	(0)	(405,000)	(0)	(0)	(0)	(405,000)	(0)	(405,000)
Training Academy Parking Lot								
Budget	0	140,000	0	0	0	140,000	0	140,000
Training Academy Firing Range								
Carryover	(0)	(900,000)	(0)	(0)	(0)	(900,000)	(0)	(900,000)
TOTAL POLICE DEPARTMENT								
Budget	$0	$1,179,000	$0	$0	$0	$1,179,000	$0	$1,179,000
Carryover	($0)	($8,128,409)	($0)	($0)	($0)	($8,128,409)	($0)	($8,128,409)
PORT OF MILWAUKEE								
Secured Ferry Terminal Parking Facilities								
Budget	$0	$200,000	$0	$0	$0	$200,000	$0	$200,000
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
Major Maintenance Terminals and Piers								
Budget	0	150,000	0	0	0	150,000	0	150,000
Dockwall Rehabilitation								
Budget	0	100,000	0	0	0	100,000	0	100,000
Carryover	(0)	(50,000)	(0)	(0)	(0)	(50,000)	(0)	(50,000)
Cargo Handling Equipment								
Carryover	(0)	(50,000)	(0)	(0)	(0)	(50,000)	(0)	(50,000)
Analyze and Upgrade Sewer System								
Carryover	(0)	(150,000)	(0)	(0)	(0)	(150,000)	(0)	(150,000)
Pier Berth and Channel Improvements								
Budget	0	400,000	0	0	0	400,000	2,000,000	2,400,000
Carryover	(0)	(400,000)	(0)	(0)	(0)	(400,000)	(0)	(400,000)
Confined Disposal Facility								
Budget	75,000	0	0	0	0	75,000	0	75,000
Carryover	(0)	(175,000)	(0)	(0)	(0)	(175,000)	(0)	(175,000)
Port Security								
Budget	0	100,000	0	0	0	100,000	0	100,000
Carryover	(0)	(250,000)	(0)	(0)	(0)	(250,000)	(0)	(250,000)
TOTAL PORT								
Budget	$75,000	$950,000	$0	$0	$0	$1,025,000	$2,000,000	$3,025,000
Carryover	($0)	($1,275,000)	($0)	($0)	($0)	($1,275,000)	($0)	($1,275,000)
DPW ADMINISTRATION								
Public Safety Communications								
Budget	$235,000	$0	$0	$0	$0	$235,000	$0	$235,000
Carryover	(0)	(625,000)	(0)	(0)	(0)	(625,000)	(0)	(625,000)
TOTAL DPW ADMINISTRATION								
Budget	$235,000	$0	$0	$0	$0	$235,000	$0	$235,000
Carryover	($0)	($625,000)	($0)	($0)	($0)	($625,000)	($0)	($625,000)
DPW OPERATIONS DIVISION								
BUILDINGS AND FLEET SECTION								
City Hall Complex Remodeling								
Budget	$0	$22,100	$0	$0	$0	$22,100	$0	$22,100
Carryover	(0)	(1,319,987)	(0)	(0)	(0)	(1,319,987)	(0)	(1,319,987)
Space Planning Facilities								
Budget	0	150,000	0	0	0	150,000	0	150,000
Recreational Facilities Citywide								
Budget	439,725	0	0	0	0	439,725	0	439,725
ADA Compliance Program								
Budget	0	248,900	0	0	0	248,900	0	248,900
Carryover	(0)	(706,800)	(0)	(0)	(0)	(706,800)	(0)	(706,800)
Facility Systems Program								
Budget	0	2,952,200	0	0	0	2,952,200	0	2,952,200
Carryover	(0)	(6,594,582)	(0)	(0)	(0)	(6,594,582)	(0)	(6,594,582)
Facilities Exterior Upgrades Program								
Budget	0	646,300	0	0	0	646,300	0	646,300
Carryover	(0)	(1,484,118)	(0)	(0)	(0)	(1,484,118)	(0)	(1,484,118)

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
Environmental Remediation Program								
Budget	0	570,000	0	0	0	570,000	0	570,000
Carryover	(0)	(700,000)	(0)	(0)	(0)	(700,000)	(0)	(700,000)
City Hall Restoration Program								
Budget	0	17,700,000	0	0	0	17,700,000	0	17,700,000
Municipal Garages/Outlying Facilities Remodeling								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(3,062,659)	(0)	(0)	(0)	(3,062,659)	(0)	(3,062,659)
Major Capital Equipment								
Budget	0	6,500,000	0	0	0	6,500,000	0	6,500,000
Carryover	(0)	(6,704,002)	(0)	(0)	(0)	(6,704,002)	(0)	(6,704,002)
Two Way Radio Replacement								
Budget	0	248,000	0	0	0	248,000	0	248,000
Carryover	(0)	(170,000)	(0)	(0)	(0)	(170,000)	(0)	(170,000)
Menomonee Valley Facilities Relocation								
Budget	0	24,000,000	0	0	0	24,000,000	0	24,000,000
TOTAL BUILDINGS AND FLEET SECTION								
Budget	$439,725	$53,537,500	$0	$0	$0	$53,977,225	$0	$53,977,225
Carryover	($0)	($20,742,148)	($0)	($0)	($0)	($20,742,148)	($0)	($20,742,148)
FORESTRY SECTION								
Concealed Irrigation and General Landscaping								
Budget	$0	$631,000	$0	$0	$0	$631,000	$0	$631,000
Carryover	(0)	(631,000)	(0)	(0)	(0)	(631,000)	(0)	(631,000)
Planting Program								
Budget	0	650,000	0	0	0	650,000	0	650,000
Carryover	(0)	(650,000)	(0)	(0)	(0)	(650,000)	(0)	(650,000)
Greenhouses (Intergovernmental Agreement with Milwaukee County)								
Carryover	(0)	(150,000)	(0)	(0)	(0)	(150,000)	(0)	(150,000)
TOTAL FORESTRY SECTION								
Budget	$0	$1,281,000	$0	$0	$0	$1,281,000	$0	$1,281,000
Carryover	($0)	($1,431,000)	($0)	($0)	($0)	($1,431,000)	($0)	($1,431,000)
SANITATION SECTION								
Sanitation Headquarters Modifications (Various Sites)								
Carryover	($0)	($1,354,000)	($0)	($0)	($0)	($1,354,000)	($0)	($1,354,000)
TOTAL SANITATION SECTION								
Carryover	($0)	($1,354,000)	($0)	($0)	($0)	($1,354,000)	($0)	($1,354,000)
TOTAL DPW OPERATIONS DIVISION								
Budget	$439,725	$54,818,500	$0	$0	$0	$55,258,225	$0	$55,258,225
Carryover	($0)	($23,527,148)	($0)	($0)	($0)	($23,527,148)	($0)	($23,527,148)
DPW INFRASTRUCTURE SERVICES								
SEWER CONSTRUCTION								
Expansion of Capacity Sewer Program								
Budget	$0	$3,052,500	$0	$0	$0	$3,052,500	$0	$3,052,500
Carryover	(0)	(6,203,494)	(0)	(566,138)	(0)	(6,769,632)	(0)	(6,769,632)
Sewers Out of Program Developer Financed								
Budget	0	0	0	0	300,000	300,000	0	300,000
TOTAL SEWER CONSTRUCTION								
Budget	$0	$3,052,500	$0	$0	$300,000	$3,352,500	$0	$3,352,500
Carryover	($0)	($6,203,494)	($0)	($566,138)	($0)	($6,769,632)	($0)	($6,769,632)
BRIDGE CONSTRUCTION								
Major Bridge Program								
Budget	$0	$4,431,000	$0	$0	$0	$4,431,000	$17,369,000	$21,800,000
Carryover	(0)	(9,163,765)	(0)	(0)	(0)	(9,163,765)	(0)	(9,163,765)
TOTAL BRIDGE CONSTRUCTION								
Budget	$0	$4,431,000	$0	$0	$0	$4,431,000	$17,369,000	$21,800,000
Carryover	($0)	($9,163,765)	($0)	($0)	($0)	($9,163,765)	($0)	($9,163,765)

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
STREET/PAVING CONSTRUCTION								
Street Reconstruction City Contribution to State and Federally Aided Projects								
Budget	$0	$6,467,072	$0	$682,900	$0	$7,149,972	$23,460,229	$30,610,201
Carryover	(0)	(15,624,641)	(0)	(4,822,350)	(0)	(20,446,991)	(0)	(20,446,991)
Street Reconstruction or Resurfacing Regular City Program								
Budget	1,336,454	2,300,000	0	1,126,946	0	4,763,400	0	4,763,400
Carryover	(0)	(2,000,000)	(0)	(4,909,963)	(0)	(6,909,963)	(0)	(6,909,963)
Alley Reconstruction Program								
Budget	292,547	0	0	582,453	0	875,000	0	875,000
Carryover	(0)	(0)	(0)	(1,345,911)	(0)	(1,345,911)	(0)	(1,345,911)
New Street Construction Program								
Budget	0	0	0	0	400,000	400,000	0	400,000
Carryover	(0)	(656,000)	(0)	(218,621)	(0)	(874,621)	(0)	(874,621)
TOTAL STREET CONSTRUCTION PROGRAM								
Budget	$1,629,001	$8,767,072	$0	$2,392,299	$400,000	$13,188,372	$23,460,229	$36,648,601
Carryover	($0)	($18,280,641)	($0)	($11,296,845)	($0)	($29,577,486)	($0)	($29,577,486)
Street Improvements Sidewalk, Driveway, and Gutter Replacement								
Budget	$337,500	$0	$0	$412,500	$0	$750,000	$0	$750,000
Carryover	(0)	(0)	(0)	(3,346,650)	(0)	(3,346,650)	(0)	(3,346,650)
Street Improvements Street Lighting								
Budget	4,500,000	45,000	0	0	0	4,545,000	0	4,545,000
Carryover	(0)	(1,133,382)	(0)	(1,820,107)	(0)	(2,953,489)	(0)	(2,953,489)
Street Improvements Traffic Control Facilities								
Budget	700,000	0	0	0	0	700,000	0	700,000
Underground Electrical Manhole Reconstruction								
Budget	0	200,000	0	0	0	200,000	0	200,000
Carryover	(0)	(299,188)	(0)	(0)	(0)	(299,188)	(0)	(299,188)
Street Improvements Underground Conduit and Manholes								
Budget	347,827	0	0	0	0	347,827	0	347,827
Carryover	(0)	(977,950)	(0)	(0)	(0)	(977,950)	(0)	(977,950)
TOTAL DPW INFRASTRUCTURE SERVICES								
Budget	$7,514,328	$16,495,572	$0	$2,804,799	$700,000	$27,514,699	$40,829,229	$68,343,928
Carryover	($0)	($36,058,420)	($0)	($17,029,740)	($0)	($53,088,160)	($0)	($53,088,160)
TOTAL DEPARTMENT OF PUBLIC WORKS								
Budget	$8,189,053	$71,314,072	$0	$2,804,799	$700,000	$83,007,924	$40,829,229	$123,837,153
Carryover	($0)	($60,210,568)	($0)	($17,029,740)	($0)	($77,240,308)	($0)	($77,240,308)
TOTAL PROJECTS								
Budget	$8,629,053	$82,530,072	$58,000,000	$2,804,799	$12,900,000	$164,863,924	$42,829,229	$207,693,153
Carryover	($0)	($95,227,090)	($33,525,914)	($17,029,740)	($0)	($145,782,744)	($0)	($145,782,744)

D. CITY DEBT

EXECUTIVE SUMMARY

PURPOSE: To finance needed capital improvements at the lowest possible cost and to manage and control the amount of debt outstanding.

SERVICES: Debt management, including monitoring city debt levels and the overlapping debt burden imposed on city residents by other local governments.

STRATEGIC ISSUES: Stabilizing the debt service property tax levy by developing a comprehensive debt policy for debt capacity and capital financing to reduce the amount of debt issued annually.

Ensure compliance with debt policy by developing a working debt forecast model that analyzes the impact of debt financing in future years.

BACKGROUND

The city has strong bond ratings for general obligation debt from all three major rating agencies. Recently, Fitch Ratings assigned an AA+ rating to city bonds, Moody's Investors Services rated them Aa2, and Standard & Poor's rated them AA Stable. These ratings have been maintained despite the economy's slow growth and continued lack of growth in state shared revenue payments. Overall, the city's capacity to meet its financial obligations remains strong.

The agency ratings reflect a combination of Milwaukee's moderate overall debt burden, rapid debt repayment, and manageable capital needs. Strong growth in property values and a diverse tax base have also been cited as strengths. Table 1 details the city's performance on several commonly used debt indicators.

Table 1

City Debt Indicators Relationship to Standard & Poor's Debt Benchmarks

Debt Indicators		S & P Rating
Economic		
Income as Percent of 2000 National Average	76.0%	Low
Market Value Per Capita	$44,310	Moderate
Taxpayer Concentration (Top Ten Taxpayers)	5.0%	Diverse
Financial		
Total General Fund Balances	15.9%	Adequate
Unreserved Fund Balance	9.0%	Adequate
Debt		
Direct Debt Per Capita	$1,483	Moderate
Direct Debt Percent of Market Value	3.3%	Moderate
Debt Maturing Within Ten Years	81.0%	Standard is 50.0%

OVERVIEW

City debt can be categorized as either self-supporting or property tax levy supported debt. The property tax levy supported debt category includes general city capital improvement borrowing and the majority of city borrowing for school purposes. Self-supporting debt includes debt related to Tax Incremental Financing Districts, special assessments, delinquent taxes, Water Works, Parking Fund, Sewer Fund and a portion of school related borrowing. Each type of self-supported debt is financed with earnings from the operation of the particular program.

The 2006 debt expenditure needs total $125.5 million, an increase of $2.8 million from 2005. Table 2 shows expenditures for self-supporting and tax levy supported city debt while Table 3 illustrates the distribution of their funding sources. Highlights of the major changes in city debt expenditures and funding sources follow.

Table 2

CITY DEBT EXPENDITURES

	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Self Supporting Debt			
Parking	$3,968,083	$2,620,828	$-1,347,255
Tax Increment Districts	13,063,219	11,953,000	-1,110,219
Delinquent Tax Financing	14,793,546	15,239,027	445,481
Special Assessments	3,468,496	3,555,000	86,504
Industrial Land Bank	0	42,000	42,000
Water Works	6,463,794	6,050,000	-413,794
Sewer Maintenance Fund	11,327,283	9,948,000	-1,379,283
Brewer MEDC Loan	1,808,660	1,749,352	-59,308
Port South Harbor	186,523	0	-186,523
MPS Energy Retrofit	528,318	256,088	-272,230
MPS Loans from the State	4,194,487	2,182,046	-2,012,441
MPS Pension Refunding Bonds	295,000	1,265,460	970,460
Subtotal	$60,097,409	$54,860,801	$-5,236,608
Tax Levy Debt			
Schools	$11,486,413	$10,789,002	$-697,411
General City	51,223,839	54,537,024	3,313,185
RANs City and MPS	7,372,500	13,910,000	6,537,500
Subtotal	$70,082,752	$79,236,026	$9,153,274
Total Debt Needs	$130,180,161	$134,096,827	$3,916,666
Deduction for PDAF Prepayment	$-4,000,000	$-5,000,000	$-1,000,000
Deduction for Segregated S.A.	-3,468,496	-3,555,000	-86,504
Total	$122,711,665	$125,541,827	$2,830,162

Table 3

CITY DEBT SOURCE OF FUNDS

	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Self Supporting Debt			
Parking	$3,968,083	$2,620,828	$-1,347,255
Tax Increment Districts	18,596,776	18,804,333	207,557
Delinquent Tax Financing	14,793,546	14,489,027	-304,519
Land Bank	0	0	0
Water Works	6,463,794	6,050,000	-413,794
Sewer Maintenance Fund	0	7,000,000	7,000,000
Brewer MEDC Loan	1,063,339	1,063,339	0
Port South Harbor	50,000	0	-50,000
MPS Energy Retrofit	528,318	256,000	-272,318
MPS Loans from the State	4,194,486	2,182,046	-2,012,440
MPS Pension Refunding Bonds	295,000	1,265,460	970,460
Subtotal	$49,953,342	$53,731,033	$3,777,691
General Obligation Debt Financing			
Other Revenues	$19,816,801	$13,085,558	$-6,731,243
Tax Levy	52,941,522	58,725,236	5,783,714
Subtotal	$72,758,323	$71,810,794	$-947,529
Total Debt Needs	$122,711,665	$125,541,827	$2,830,162

DEBT POLICY AND THREE YEAR PLAN

The city has a structural problem with its budget that is created by limited revenue sources, wage and health care benefits, and instability in the debt budget due to past borrowing practices. Probably the easiest of these to address is the debt instability.

Any debt stability plan must start with a solid capital improvements plan. Limits on the level of borrowing directly influence future debt payments. To stabilize the debt tax levy, authorized borrowing must be lowered to the level of annual debt retirements. The city currently retires about $55 million to $60 million in property tax levy supported debt annually. Recent capital plans authorized somewhere between $70 million and $80 million in annual borrowing.

Two factors in addition to the amount of debt issued have led to the debt instability. The first is the lag between when the borrowing is authorized and when debt payments begin. There may be a lag of several years. Just as important is the speed at which the city pays its debt. The level principal borrowing generally used by the city forces the highest payment to come in the first year. The combination of these factors has increased the debt service levy by millions annually.

Under a controlled borrowing approach, the city can reduce its annual increase in the debt service tax levy to zero. Although borrowing is controlled, it will take three to four years before the debt service levy becomes flat. The 2006 budget reflects this change and the city can expect to level its debt tax levy by the 2009 budget.

CITY DEBT EXPENDITURES AND SOURCES OF FUNDS

General City (Excluding Schools and Revenue Antici pation Notes): Debt service costs associated with city borrowing for capital improvement projects are estimated to total $54.5 million in 2006, an increase of $3.3 million. The property tax levy for debt service in 2006 is $58.7 million, an increase of $5.8 million from 2005. The increase is due to a decrease in revenues of $3 million and an increase in tax related debt of $2.8 million.

Milwaukee Public Schools (MPS): Tax levy debt service costs for school borrowing will be $10.8 million in 2006, a decrease of $0.7 million from 2005. Since 1989, the city has provided MPS with $178.3 million in borrowing authority for school improvements. These funds represent a significant commitment on the part of the city to help MPS maintain and upgrade its facilities in order to enhance the educational environment for Milwaukee students.

Besides providing assistance to MPS with regards to their capital improvement needs, the city also issues short term Revenue Anticipation Notes (RANs) to assist them in their cash flow needs. MPS debt service expenditures related to the Energy Retrofit Program and loans from the state are reimbursed by MPS.

Tax Incremental Districts (TIDs): The incremental property taxes collected on the value increment portion of the property are used to retire the debt incurred for city funded district improvements. In the 2006 debt budget, debt service associated with Tax Incremental Districts (TIDs) is expected to be $12 million while revenues are projected to be $18.8 million or $6.8 million greater than debt service payments. The disparity results from timing differences inherent in some TID revenue streams. Early in a TIDs life, revenues are generally insufficient to cover traditionally structured debt service payments. To minimize this disparity, the city structures TID debt differently. This debt structure capitalizes the first two years of interest payments and has a 17 year bond term.

Delinquent Taxes: The 2006 debt budget includes $15.2 million to finance debt service costs for delinquent tax borrowing which is $0.4 million more than 2005. Sources of funding for delinquent taxes are expected to be $14.5 million in 2006, a decrease of $0.3 million from 2005. These revenues represent collections of delinquent taxes and a portion of related interest and penalties assessed.

Parking Debt: The Parking Fund revenues are used to fund administrative and operational costs related to parking operations, including debt service costs. A transfer from the Parking Fund equivalent to the amount of annual

outstanding debt service entirely offsets Parking related debt service costs. In the 2006 debt budget, the Parking Fund provides $2.6 million to finance debt service costs associated with parking capital projects.

Special Assessments: Infrastructure improvements, like repaving streets or alleys, are partially offset by an assessed charge to the abutting property owners for a portion of the project's cost. The property owner may pay either the entire amount when the bill is received or pay the amount over six years with interest charged for the final five years. When taxpayers choose the six year option, the city borrows money to finance the project. The interest cost to the city is then offset by the interest charged to the property owners. The 2006 debt budget includes approximately $3.6 million to finance debt service costs associated with special assessment borrowing.

Water Works: The 2006 debt budget includes revenues of $6 million for the purpose of retiring Water Works' debt service costs. Debt service costs for Water Works are paid from Water Works' annual earnings.

Sewer Maintenance: Approximately $9.9 million in debt service for 2006 relates to sewer capital projects. Beginning in 2005, a portion of the general obligation debt service related to large diameter sewer projects was supported by the Sewer Maintenance Fund. The Sewer Maintenance Fund made a payment to debt service in 2005 of $7 million. It will continue to make the $7 million payment in 2006. In the future, it will be determined if the Sewer Maintenance Fund can support full payment of sewer costs through the Sewer Maintenance Fund.

Miller Park Project: The 2006 city debt budget includes approximately $1.1 million in revenue to partially offset the $1.7 million debt service incurred by the city as a result of the Miller Park Stadium project. This amount reflects an agreement that the city would transfer the payment stream from a Milwaukee Economic Development Corporation (MEDC) loan to the Southeastern Wisconsin Professional Baseball Park District.

Tower Lease Payment: The city will construct a new facility for the Sewer Maintenance Fund and Water Works at the Tower Automotive site. The city will provide the upfront financing and will require the Sewer Maintenance Fund and Water Works to make a rental payment. The first year will be a partial payment of $1.6 million. Future payment should be around $2 million.

Because of accounting rules, the budget and accounting books will present the lease payment differently. For accounting purposes, the lease payment will be received by the General Fund and a transfer payment will be made from the General Fund to debt service. For budget purposes, the lease revenue will only appear as a revenue in the debt budget.

PUBLIC DEBT AMORTIZATION FUND

The Public Debt Commission oversees the use of the Public Debt Amortization Fund (PADF), which was created in 1925. The fund balance is composed of interest earned by assets of the fund, one-third of the general interest earnings of the city, and one-third of interest received on delinquent personal property taxes. At the end of 2005, fund assets are used to prepay a portion of the principal and interest on city debt due in 2005, which will result in a reduction in the debt tax levy in the 2006 debt budget.

The annual withdrawal balances the competing goals of reducing the debt service tax levy versus maintaining a sufficient reserve balance. The PDAF withdrawal for the 2006 budget is $5 million.

Figure 1

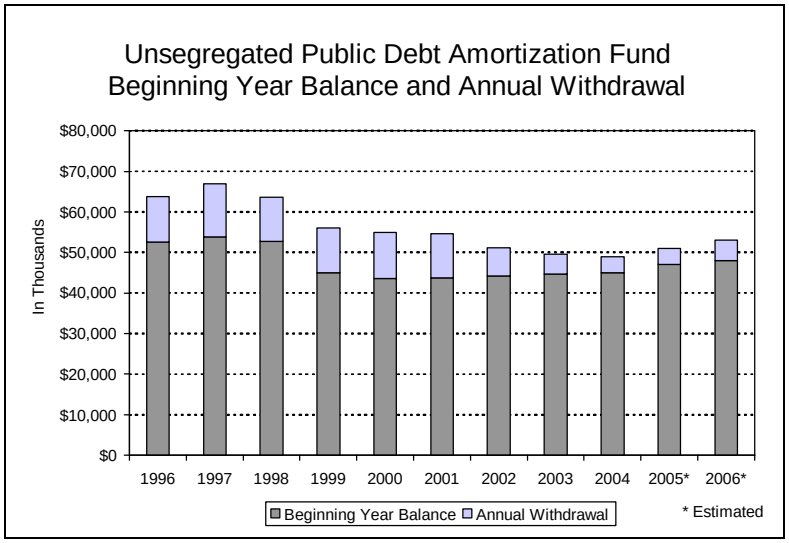


Figure 1 illustrates how the unsegregated portion of the PDAF balance has fluctuated over time. These fluctuations are largely due to the PDAF's investments in interest rate sensitive long term U.S. Treasury Securities. Interest earnings in the late 1990's hovered around $10 million annually. Declining interest rates have reduced returns in recent years. As a result, revenues are forecasted to be about $6 million this year. When combined with the 2005 withdrawal of $4 million, the $45 million fund balance is projected to increase in 2005 by $2 million.

OUTSTANDING DEBT AND DEBT STRUCTURE

As detailed in Table 4, the outstanding debt service requirements for the city totaled $879.8 million at the end of 2004. Approximately 65.6% or $576.9 million of total outstanding debt is tax levy supported. About $200.3 million is for the street, sewer, and bridge systems. An additional $205.9 million is for public facilities, $126.7 million for schools, $29.2 million for economic development, and $14.8 million for other miscellaneous projects.

Table 4

Outstanding Debt Service Requirements by Purpose
City of Milwaukee General Obligation Bonds and Notes
As of December 31, 2004
(In Thousands)

Purpose	Principal	Interest	Total	% of Total
Self Supporting Debt				
Tax Incremental Districts	$98,051	$36,008	$134,059	15.24%
Parking	16,613	3,623	20,236	2.30%
Water	32,801	8,595	41,396	4.71%
Delinquent Taxes	26,260	1,530	27,790	3.15%
Special Assessments	22,824	7,541	30,365	3.45%
Land Bank	209	30	239	0.03%
School Debt	23,465	25,389	48,854	5.55%
Subtotal	$220,223	$82,716	$302,939	34.43%
Tax Levy Debt				
Economic Development	$23,120	$6,104	$29,224	3.32%
Public Facilities	160,792	45,082	205,874	23.40%
Streets, Sewers, Bridges	157,000	43,327	200,327	22.77%
Other	13,376	1,391	14,767	1.68%
School Debt	98,420	28,238	126,658	14.40%
Subtotal	$452,708	$124,142	$576,850	65.57%
Less Prepayment	$0	$0	$0	0.00%
Total Requirements	$672,931	$206,858	$879,789	100.00%

Source: 2004 Comprehensive Annual Financial Report Exhibit I-3

The remaining $302.9 million or 34.4% in general obligation debt is self-supported debt. The largest component of self-supporting debt are Tax Incremental Districts, which total $134.1 million.

General Obligation Debt Limits: State statutes limit direct general obligation borrowing to 5% of the equalized value of taxable property in the city for municipal services and an additional 2% for school purposes. As of December 31, 2004 the city used 62% of its general obligation debt limit.

Debt Structure and Payout: The general policy of the Public Debt Commission for general obligation bonds is to issue 15 year, level principal payment bond issues. As a result of this rapid debt amortization schedule, 81% of the principal is retired in ten years. This is well above the industry standard of 50%.

Overlapping Debt: Not only do city taxpayers pay for debt incurred by the city but they also pay for the debt of overlapping taxing jurisdictions. For Milwaukee residents, this includes the combined debt obligation of all local

Table 5

Summary of Net Direct and Overlapping Debt
As of December 31, 2004
(In Thousands)

Governmental Unit	Net Debt Outstanding	Percent Applicable to City	City Share of Debt	% of Total
Direct Debt				
City of Milwaukee	$629,124	100.00%	$629,124	52.60%
Overlapping Debt				
MATC	$72,346	37.24%	$26,942	2.26%
Milwaukee County	469,734	45.77%	214,997	17.98%
MMSD	692,619	46.87%	324,631	27.16%
Total Debt	$1,863,823		$1,195,694	100.00%

Source: 2004 Comprehensive Annual Financial Report, Table 11

units of government including the City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewerage District (MMSD), and Milwaukee Area Technical College (MATC). Table 5 shows the total direct and overlapping debt for all jurisdictions as of December 31, 2004.

OTHER DEBT (REVENUE BONDING)

Housing Authority and Redevelopment Authority Debt: The Housing Authority and the Redevelopment Authority are public corporations established under state law with authority to issue debt. The Housing Authority issues debt for the construction and renovation of housing for the elderly and low income persons, including veterans. Redevelopment Authority obligations are issued for blight elimination, economic development, and urban renewal projects. Debt issued by either entity is not considered a direct obligation of the city and, consequently, is not backed by its general credit or taxing powers. For additional discussion on the Housing Authority and Redevelopment Authority, see the *Department of City Development* summary in the *2006 Plan and Budget Summary*.

Sewerage System Revenue Bonds: Sewerage System Revenue Bonds finance the cost of improvements of plant and equipment for the collection, transportation and storage of storm water and surface water including lateral, main, and interception sewers. The Sewer Maintenance Fee, charged to system users, is used to repay these bonds. For further discussion on the Sewer Maintenance Fund see the *Sewer Maintenance Fund* section in the *2006 Plan and Budget Summary*.

E. DELINQUENT TAX FUND

EXECUTIVE SUMMARY

PURPOSE: To provide tax levy appropriation authority to fund the loss or shortfall resulting from the sale of tax deed parcels and to provide a reserve for delinquent taxes based on prior uncollectables.

SERVICES: Provide a mechanism to finance uncollectable taxes without affecting the city's tax levy.

STRATEGIC ISSUES: Return tax delinquent properties to the tax rolls.

Pursue *in personam* actions against delinquent taxpayers.

SUMMARY OF EXPENDITURES

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Delinquent Tax Fund	$1,000,000	$1,000,000	$1,000,000	$0
TOTAL	$1,000,000	$1,000,000	$1,000,000	$0

SOURCE OF FUNDS

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Property Tax Levy	$1,000,000	$1,000,000	$1,000,000	$0
TOTAL	$1,000,000	$1,000,000	$1,000,000	$0

BACKGROUND

When a tax deed parcel is sold or transferred for city use, the net profit or loss on each transaction is charged to the Delinquent Tax Fund Appropriation Account. The Delinquent Tax Fund uses tax levy dollars to fund losses suffered on uncollectable taxes and on the sale of tax deed properties. All costs related to maintenance, destruction, and hazardous waste removal by the city prior to the city's acquisition of the property are delinquent tax costs.

The Comptroller has implemented accounting changes that became effective July, 2001. The Delinquent Tax Fund in the General Fund will be used exclusively to absorb losses on sales of delinquent tax properties acquired prior to July 1, 2001. Subsequent to July 1, losses on delinquent tax properties will be absorbed in the Delinquent Tax Fund that is not part of the General Fund.

SERVICE RESULTS

On average, the city acquires approximately 300 vacant lots and 150 to 200 improved properties per year. Once the city acquires ownership, the Department of City Development (DCD) manages the property until it can be sold. The city has been able to sell approximately the same number of properties as it acquires annually.

Unfortunately, the city is not able to sell all properties. The maintenance costs related to the retained properties creates a budgetary problem because the Delinquent Tax Fund only covers costs to the time of foreclosure. Maintenance costs in the DCD budget are increasing rapidly. Alternatives are being explored that will reduce or eliminate the maintenance cost impact.

F. COMMON COUNCIL CONTINGENT FUND

EXECUTIVE SUMMARY

PURPOSE: To provide budgetary authority and funding to pay for emergencies that may arise during the year for which no express provisions have been made elsewhere in the city's budget.

SERVICES: Contingent Fund.

STRATEGIC ISSUES: Adhere to guidelines and standards in considering requests for withdrawals. Maintain the Fund's integrity as an "emergencies only" source of funds.

SUMMARY OF EXPENDITURES

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Common Council Contingent Fund	$5,000,000	$5,000,000	$5,500,000	$500,000
TOTAL	$5,000,000	$5,000,000	$5,500,000	$500,000

SOURCE OF FUNDS

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Property Tax Levy	$5,000,000	$5,000,000	$5,500,000	$500,000
TOTAL	$5,000,000	$5,000,000	$5,500,000	$500,000

BACKGROUND

The Common Council Contingent Fund provides funding for emergency situations that require expenditures above budget authorizations. Requests must be approved by three-quarters of the Common Council before funds can be used and must meet one of the following criteria:

- Emergency circumstances;
- Obligatory circumstances; or
- Fiscal advantage and/or compliance with fiscal management principles.

Additional established guidelines and standards must be met relative to the Finance and Personnel Committee's review of Contingent Fund requests. The guidelines and standards focus on:

- Timelines and process requirements; and
- Information that must be provided to the Finance and Personnel Committee upon request, including:
  - Statement of action requested, including the account where the Contingent Fund appropriation is needed;
  - Purpose of action, including the impact on program service or activity and program objectives; and
  - A description of the emergency that prompts the request.

Limiting Contingent Fund requests to these criteria forces departments to manage within their allocated budgets and discourages use of the fund for initiating new projects or programs.

Funding Change: The Common Council Contingent Fund's budget is increased by $500,000 over the 2006 funding level. As a result, funding increases to $5.5 million for 2006. With uncertainty in the fuel markets, an accurate projection of gasoline, electrical, and natural gas prices is difficult. To compensate for this additional risk the Contingent Fund was increased. The Contingent Fund will still remain at roughly 0.6% of total tax levy supported funds.

SPECIAL REVENUE FUNDS

This section of the budget includes funds supported by revenues other than the city property tax levy. Revenues other than the city property tax offset the appropriations in this section. Any property tax levies related to these special revenue funds are provided in other sections of the city's budget.

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
G. Parking Fund	$38,719,366	$47,584,804	$49,271,593	$1,686,789
H. Grant and Aid Project Fund	60,449,144	81,360,664	79,020,376	-2,340,288
I. Economic Development Fund	4,624,620	5,388,818	10,534,254	5,145,436
J. Water Works	85,627,692	102,222,241	107,370,974	5,148,733
K. Sewer Maintenance Fund	43,325,307	54,529,316	58,920,730	4,391,414
M. Delinquent County Taxes Fund	8,785,085	9,500,000	9,000,000	-500,000
TOTAL	$241,531,214	$300,585,843	$314,117,927	$13,532,084

G. PARKING FUND

EXECUTIVE SUMMARY

MISSION: To provide clean and safe on- and off-street parking in a manner, which integrates parking policies and economic development goals and maintains the financial solvency of the Parking Fund and independence from city tax levy funding.

SERVICES: Parking regulation including on- and off-street parking activities.

STRATEGIC ISSUES: Procure and install multi-space meters in advantageous areas of the Central Business District.

Explore new technology to improve the efficiency of parking enforcement.

Study the feasibility of the sale of city owned parking structures to private entities.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	126.25	126.25	126.75	0.50
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	128	128	129	1
EXPENDITURES				
Salaries and Wages	$4,474,217	$4,532,356	$4,948,159	$415,803
Fringe Benefits	1,769,756	1,631,648	1,974,234	342,586
Operating Expenditures	12,556,094	12,934,600	12,950,200	15,600
Equipment	239,246	265,000	494,000	229,000
Special Funds	6,126,554	6,811,200	6,625,000	-186,200
Transfer to General Fund	12,000,000	15,210,000	15,200,000	-10,000
TOTAL OPERATING	$37,165,867	$41,384,804	$42,191,593	$806,789
Capital Projects	$1,553,499	$6,200,000	$7,080,000	$880,000
TOTAL BUDGET	$38,719,366	$47,584,804	$49,271,593	$1,686,789

STATEMENT OF REVENUES AND EXPENSES

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
OPERATING EXPENDITURES				
Structures	$2,497,479	$2,651,029	$2,304,937	$-346,092
Meters	648,566	702,972	666,074	-36,898
Permits	36,807	59,667	173,861	114,194
Towing	3,727,458	4,236,990	4,166,028	-70,962
Lots	189,006	169,582	166,894	-2,688
Parking Enforcement	11,105,395	10,886,585	12,045,972	1,159,387
Debt Service	4,977,269	5,082,200	5,100,000	17,800
PILOT	1,149,285	1,304,000	1,100,000	-204,000
Administration	834,602	656,779	842,827	186,048
Contingent Fund	0	425,000	425,000	0
Transfer Excess Revenue to General Fund	12,000,000	15,210,000	15,200,000	-10,000
TOTAL	$37,165,867	$41,384,804	$42,191,593	$806,789
OPERATING REVENUES				
Structures	$6,704,364	$6,713,345	$6,739,857	$26,512
Meters	4,312,104	4,114,600	4,098,000	-16,600
Permits	2,964,859	2,710,000	2,915,000	205,000
Towing	2,248,716	1,950,000	1,950,000	0
Lots	194,391	26,000	30,000	4,000
Parking Citation Revenue	21,974,206	19,000,000	19,000,000	0
Miscellaneous	135,609	0	0	0
Vehicle Disposal	2,680,182	1,700,000	2,300,000	600,000
Sale of Real Property	323,803	359,424	0	-359,424
Withdrawal from Reserves	0	4,811,435	5,158,736	347,301
TOTAL	$41,538,234	$41,384,804	$42,191,593	$806,789
CAPITAL EXPENDITURES				
Structures	$1,553,499	$6,200,000	$7,080,000	$880,000
TOTAL	$1,553,499	$6,200,000	$7,080,000	$880,000
CAPITAL FINANCING				
Proceeds from Borrowing	$1,553,499	$1,200,000	$2,080,000	$880,000
Retained Earnings	0	5,000,000	5,000,000	0
Carryover Borrowing (Informational Purposes Only)	(0)	(1,800,369)	(1,935,369)	(135,000)
TOTAL	$1,553,499	$6,200,000	$7,080,000	$880,000

BACKGROUND

The Parking Fund is an Enterprise Fund administered by the Department of Public Works (DPW). It receives revenues from parking activities, which finance the city's on- and off-street parking expenses. The Parking Fund's responsibilities include managing city owned parking structures and lots, towing, storing and disposing of vehicles, managing parking enforcement, information desk operations, and the citation processing contract. Operating the Parking Fund as an Enterprise Fund allows the city to finance parking activities through parking revenues rather than burdening taxpayers through the property tax.

The Parking Fund oversees five city owned parking structures; operates and maintains approximately 6,300 parking meters throughout the city; manages approximately 50 metered, leased, and permit parking lots; issues more than one million parking citations each year; tows approximately 30,000 illegally parked and abandoned vehicles

per year to the city's Tow Lot; and works with the Police Department to issue more than 190,000 parking permits each year. Combined, these activities provide clean and safe on- and off-street parking for Milwaukee's residents, businesses, and visitors.

Service 1

Parking Regulation

Activities: Parking meter operation and maintenance, parking structure operation and capital management, parking lot management, towing and tow lot management, parking ordinance enforcement, citation processing and collection, and parking permit administration.

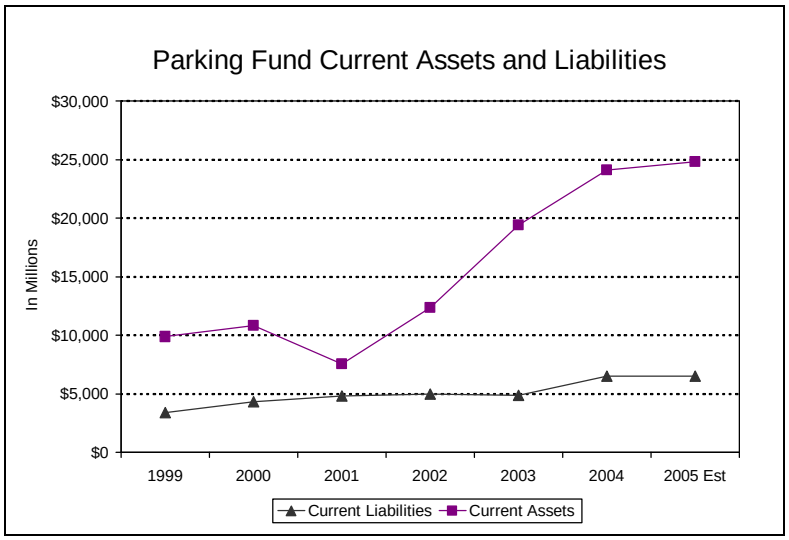
		2004 Experience	2005 Budget	2006 Projection
Services:	Asset to liability ratio.	3.70	3.00	3.00
Funding by Source:	Operating Funds	$37,165,867	$41,384,804	$42,191,593
	Capital Budget*	1,553,499	1,200,000	2,080,000
	Total:	$38,719,366	$42,584,804	$44,271,593

*Note: Program funding does not include capital improvements funded from the Permanent Reserve Fund.

SERVICE RESULTS

As of December 31, 2004 the Parking Fund had $66.9 million in assets and $19.4 million in total liabilities, most of which is for outstanding debt. This is a notable improvement from the 2003 year end position of $62.8 million assets and $21 million liabilities. The fund's assets consist primarily of parking structures and cash reserves. To remain financially viable, the Parking Fund's goal is to maintain a 2:1 ratio of current assets to liabilities. Due to high levels of unanticipated revenues, the fund had a 3.7:1 ratio at the end of 2004 (see Figure 1).

Figure 1



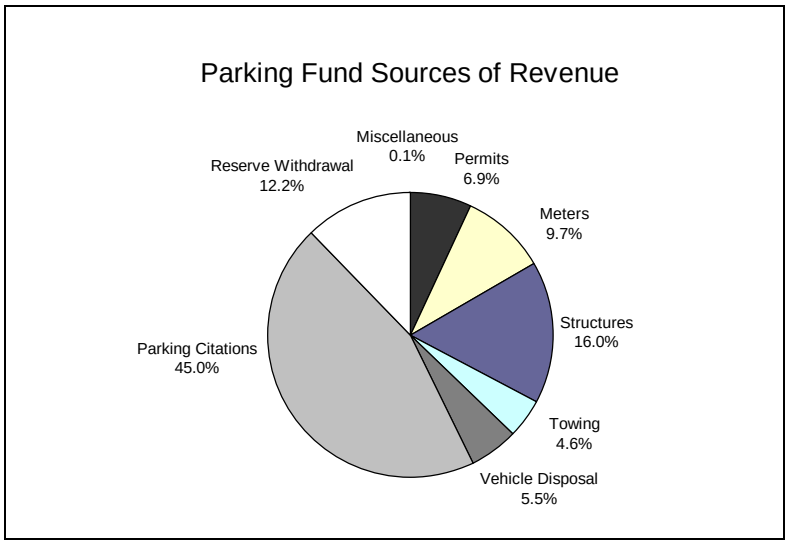
The fund's strength results from its diverse array of revenue streams (see Figure 2). This diversity is highly desirable because it provides financial stability. If one type of revenue underperforms in any given year, it is not as damaging as a fund with more limited revenue sources. The largest source of parking revenue is parking citations. In 2006, citation issuance activities are projected to generate $19 million in revenue.

SERVICE CHANGES

Multi-Space Parking Meters: The Summer 2004 pilot program was successful and increased revenues at the pilot locations. Four multi-space meters were placed on Jefferson Street between Wells and Mason Streets and existing parking posts were replaced with markers indicating a parking space number. The new meters conveniently accepted coins, credit, and debit cards. Surveys were conducted of the users and of the businesses located on this block and feedback from the project was very positive.

The results of the pilot project revealed the following: 1) 25% of all meter revenue was derived from credit cards; 2) 14% of all transactions used credit cards for payment; 3) the average payment with a credit card totaled $1.71 compared to $0.78 with cash; 4) 64% of all credit card payments were at the maximum value of $2 compared to 6% of coin payments; and 5) meter revenue increased 3.2%. In addition, the meter management system provided real time information for adjudication, financial management, auditing, monitoring meter uptime and cashbox capacity, a more efficient parking enforcement, and a reduction in frequency of coin collection.

Figure 2



In 2005, the city reviewed the results of the pilot project and determined that parking patrons, area businesses, and the city would benefit if multi-space parking meters were installed in areas of the city with high meter use and turnover. As a result, the 2006 Parking Fund capital budget includes $1.3 million to purchase and install electronic, multi-space meters (and appropriate signage) to replace approximately 1,500 single space meters in the downtown central business district. Each meter would control eight to ten parking spaces. The new meters will accept credit and debit card payments. These meters will communicate with Parking management to advise when malfunctions occur, the coin receptacles are filling, or are out-of-order for other reasons to minimize revenue loss and maximize space availability for parking patrons.

Outstanding Parking Revenue Collection Strategies: In recent years, the Department of Public Works has taken a proactive approach to increase the collection of unpaid parking citations and outstanding towing and storage fees. Results indicate these efforts to be successful.

- **Tax Revenue Intercept Program (TRIP):** The city began participating in the TRIP Program in 2002. Currently, all persons with unpaid parking citation balances exceeding $100 are registered with the Wisconsin Department of Revenue (DOR). In 2004, the city intercepted over $1.8 million through this program. In the first six months of 2005, more than $1.2 million has been intercepted. Although TRIP has been successful in collecting citations that would have otherwise gone unpaid, DOR requirements for a social security number or driver's license number to certify the debt have reduced certifications to about 47% of those eligible. A recent change in state law and a cooperative working relationship with the State Department of Transportation (DOT) will allow the city to obtain driver's license number information more readily. DPW anticipates this will improve the certification rate to 90% and significantly increase TRIP collections.

- **Billing for Towing and Storage Fees:** In 2004, the state enacted legislation that enables the city to place registration holds on vehicles for non-payment of towing and storage fees. In September 2004, the Tow Lot began billing those that "turned-in" a vehicle title. Since that time, the Tow Lot now bills whenever a valid license plate and vehicle registration information are obtained. If payment is not received within 58 days, a registration hold is placed on the vehicle. Through July 2005, the Tow Lot has billed nearly $1.1 million (67%) and placed registration holds on 518 vehicles. To date over $84,000 has been collected. Based on past experience with registration holds, DPW anticipates to collect 25% to 40% of those with suspended vehicle registrations, the uncollectible proportion largely due to people who have moved out-of-state, declared bankruptcy, died, or did not renew the vehicle's Wisconsin registration.

- **Bundling Vehicle Registration Holds:** Currently, the city pays $5 to place a registration hold on a vehicle that has a least one parking citation 58 days overdue. If there are multiple citations overdue, the city places a

registration hold on the oldest citation. If a registration hold is placed, the statute of limitations to adjudicate the citation increases from two to four years. The city requests over 100,000 registration holds per year. In 2005, the Municipal Court Judges issued an order requiring the City Attorney to prevent the filing of any actions in the Municipal Court which contains parking citations that are more than two years old unless the citations have been submitted to the DOT for registration holds. Because it is cost prohibitive to place a registration hold on every outstanding citation, the city began negotiations with the DOT to allow for bundling of citations under one registration hold. Preliminarily, the DOT has agreed with this policy, however, modifications to the DMV database will need to be made. DPW is hopeful that this modification can be completed by the end of 2005.

Parking Kiosks: Customer service kiosks that sell and dispense quarterly and annual night parking permits and accept payments for parking citations were installed at three Police Stations (Districts 2, 5, and 6) in late 2004, tested and put into practical use by the second quarter of 2005. The kiosks accept cash, check, or credit cards and electronically dispense parking permits 24 hours a day and 7 days a week. No transaction fees are assessed to purchase a night parking permit. Third quarter data show that over 15,000 or approximately 55% of the 28,000 quarterly permits sold in those three districts were sold using the kiosks. In addition, to date over 3,200 parking citations have been paid totaling over $69,000. This self-serve technology has significantly reduced Police Department staff workload related to processing parking permits freeing officers and support staff for other crime fighting duties. DPW intends to eventually install kiosks in all Police District Stations. In addition, DPW has negotiated at least one agreement with a utility company to allow payment of utility bills through the kiosk. The city will receive $0.50 for each transaction processed.

New Revenue Control Equipment: In the Fall of 2004, the Parking Fund installed new parking access and revenue control equipment in four city owned parking structures (the fifth is leased to a private corporation for its employee parking). The equipment provides payment options for the public including credit card payment on entrance, exit, and at pay-on-foot machines. This technology has significantly reduced the number of cashiers needed to staff the parking structures. This investment has enhanced financial management, monitoring auditing capabilities, and provides maintenance alerts. In addition, the new equipment provides daily usage reports enabling DPW to better assess use and determine changes to rate structures.

New Parking Technology: Parking enforcement has utilized handheld computers since 1998 to issue parking citations. This equipment is now seven years old and needs to be replaced. Under the city's citation processing contract, 72 new AutoCite Series X3's will be leased. They will have the same functionality as the existing AutoCites, but will have expanded memory to enable full integration of the scofflaw, stolen vehicle, and night parking permit databases. In addition, under the citation processing contract, the city purchased two AutoVu/AutoFind units for mobile license plate recognition. This equipment will be able to read license plates from a moving vehicle and provide an efficient and effective means to automate detection of violators for time zones, night parking permits, stolen vehicles and scofflaws.

Parking Enforcement Radio Replacement: The Milwaukee Police Department is completing an FCC required upgrade to digital communications. In 2006, the Parking Fund will spend $240,000 to purchase digital radios for its parking enforcement and support vehicles to enable continued communication with the Police Department during enforcement activities. The new system provides more flexible communications, more efficient uses of radio frequencies, is GPS compatible, will link to the Parking Checkers' vehicle based computers, and will have the ability to record radio communications.

Parking Information System Grant: The city received a $1.5 million grant from the Wisconsin Department of Transportation's Congestion Mitigation/Air Quality (CMAQ) Program to purchase and install a parking information system in downtown Milwaukee. The system is intended to reduce congestion related to Summerfest, the several Summer weekend festivals, and other downtown activities. Information about available parking spaces will be provided to drivers by means of variable message signs with conventional signs providing directions to parking structures within one block of the Summerfest shuttle route. Similar systems have been successfully implemented in other major cities. Implementation task force members include city employees from DPW Parking, DPW Infrastructure, and parking structure operators. The project is on schedule for operation in mid-

DPW Infrastructure, and parking structure operators. The project is on schedule for operation in mid-June 2006, in anticipation of the start of the Summer festival season.

Transfer to the General Fund: The 2006 budget includes a transfer of $15.2 million to the General Fund. This payment reflects sustained increases in parking revenues. The increase in parking revenues is due, in part, to the revenue collection strategies mentioned in the above discussion as well as unanticipated revenue from the sale of various parking lots. Parking Fund management believes that this level of transfer is sustainable for the next year to two years based on revenue projections, decreasing debt service, and continued technological improvements in revenue collection.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	0.50		Graduate Intern (0.5 FTE)	Analysis and research of Parking Fund operations.
1	**0.50**		**TOTAL**	

H. GRANT AND AID FUND

EXECUTIVE SUMMARY

PURPOSE: The Grant and Aid Fund provides expenditure authority for federal, state, and other grants whose proceeds are restricted to operating expenditures for specific purposes. These expenditures are to be made in accordance with the grant and aid process as stated in Common Council Ordinance 940843. Grants support the services and outcomes of departments.

STRATEGIC ISSUES: Decreasing Community Development Block Grant (CDBG) funding and potential changes in the allowable uses of CDBG funding.

Increasing operating grant funding for core city services and new initiatives.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Grantor Share (Non-City)	$60,449,144	$81,360,664	$79,020,376	$-2,340,288
TOTAL	$60,449,144	$81,360,664	$79,020,376	$-2,340,288

BACKGROUND

The Grant and Aid Fund is a "parent" account that accumulates grant funds prior to allocation on a project-by-project basis during the fiscal year. In order to expend funds, a Common Council resolution is adopted to authorize a specific project, create a sub-account, and allocate specific funding from the "parent" account. The fund provides expenditure authority for both planned and potential or unanticipated grants.

SERVICE CHANGES

The 2006 grant and aid budget reflects a decrease in anticipated grants of $2.3 million (-3.7%) from the 2005 budget (see Table 1). However, compared to actual 2004 expenditures there is an increase of $570,000 or 1%.

Community Block Grant Administration (CBGA): The Community Block Grant Administration anticipates receiving approximately $27.7 million in grant funds. These funds will be used to continue neighborhood strategic planning efforts to ensure that the city's federal block grant allocation is targeted toward city neighborhood priorities and needs. Approximately $18.5 million of this anticipated funding is through the Community

Table 1

Comparison of Projected Grant Activity (Grantor Share)

Department	2005	2006	Difference
DOA Administration	$30,172,450	$27,725,367	$-2,447,083
City Development	1,540,000	1,540,000	0
Fire	30,000	257,500	227,500
Health	18,532,665	15,008,619	-3,524,046
Library	1,001,499	1,022,750	21,251
Police	8,985,646	12,214,536	3,228,890
Public Works	3,098,404	3,251,604	153,200
Unanticipated	18,000,000	18,000,000	0
Totals	$81,360,664	$79,020,376	$-2,340,288

Development Block Grant Program, a decrease of $1.5 million (-7.5%) from 2005. The actual allocation could be as low as $18 million. Continued reductions in the CDBG Program will make it more difficult to target services to city neighborhood priorities and needs. All other grants received by CDBG decreased in 2006 compared to 2005. Given likely future decreases in CDBG funding and potential changes in allowable uses for funding, the Department of Administration will lobby to maintain funding and work to transition the city through changes in the CDBG Program.

Reduction in CDBG Funding: The City of Milwaukee's 2006 CDBG allocation may decrease by as much as $2 million from 2005. DOA is managing this decrease by recommending funding of $10.4 million for grant projects managed through city departments and $8.1 million for direct grants to community based organizations. The Council approved this recommendation. Funding from 2005 is reduced for community organizations by approximately 6% and for city departments by approximately 8%. City department reductions from their 2005 CDBG funding levels include:

- DOA - $45,539 or 3.4%
- DCD and RACM - $343,672 or 10.3%
- City Clerk - $60,352 or 100%
- Comptroller - $39,000 or 6.1%
- Health Department - $76,208 or 4.1%
- DNS - $486,304 or 19.8%

The decrease from the 2005 funding level, however, understates the full impact of the reductions. There is also a significant reduction in reprogramming funds for city programs. The 2005 budget allocated $1.3 million in CDBG reprogramming funds to city departments. The 2006 budget allocates $250,000 in reprogramming funds to city departments, including $200,000 to DPW for the Clean and Green Program and $50,000 to DNS for the Landlord Training Program.

The reduction in CDBG funding for city programs from the 2005 funding level results in a reduction in services to neighborhoods and their residents, including:

- Eliminating the Library Bookmobile Program
- Reducing the DNS Code Enforcement Interns Program
- Reducing the DNS Demolition Program
- Reducing the Health Department Lead Abatement Program
- Reducing the Police Department Operation Safe Neighborhoods Program
- Reducing the Summer Youth Internships Program
- Reducing the RACM Land Management Program

Given the federal government's priorities, it is likely that Milwaukee's CDBG allocation will continue to decrease. This will require careful and active evaluation of CDBG funded programs and services, including projects managed by city departments and by community based organizations.

Increasing Operating Grant Funding: Given the decrease in CDBG funding, as well as funding decreases in other grants, it is critical for Milwaukee to aggressively seek out new grant funding sources. Decreasing grant revenue combined with state government imposed property tax levy limits will make it difficult to maintain city services at their current levels or to implement any new program initiatives. The Department of Administration is taking action to better identify and increase operating grant awards. In 2005, the eCivis Grants Locator was purchased and is now available for all city departments to use. A new position of Grant Manager is added to the Department of Administration in 2006 to further assist in improving grant cultivation. For more information, refer to the *Department of Administration* section of the *2006 Plan and Budget Summary*.

OTHER GRANT CHANGES

- Department of City Development grant funding remains at the same level as 2005.
- Fire Department grant funding increases as a result of the Metropolitan Medical Response System Grant ($227,500).
- Health Department grant funding decreases by $3.5 million (-19%), primarily the result of no funding from the HUD Primary Prevention Grant. The HUD grant was a one-time, multi-year grant award.
- Library grant funding increases marginally (2%) as its two grants increase in funding.
- Police Department grant funding increases by $3.2 million (36%), with increased grant funding including the Brewers Grant and the Urban Areas Security Initiative Grant.
- Department of Public Works grant funding increases by $150,000 (5%), as a result of increased Recycling Grant funding and a new Erosion Control Information and Training Grant.
- Unanticipated grant funding is maintained at $18 million.

Capital Grant Funding: In addition to operating grants, certain city departments, particularly the Department of Public Works, also receive significant grant funding for capital improvement projects. For information on capital grants see the *Capital Improvements* section of the *2006 Plan and Budget Summary*.

The Community Development Block Grant Program Projects and Amounts for Each Project Approved by the Common Council Under Resolution for 2006 are as Follows:

2006 Community Development Contract Awards

(Total Award Amounts Listed Alphabetically by Organization)

Organization Name	Source of Funds					Total Awards
	CDBG	HOME	SHELTER	HOPWA	ADDI	
Acquire/Rehab/Sell and New Construction Pool	$392,000	$320,000				**$712,000**
Agape Community Center	29,000					**29,000**
AIDS Resource Center of Wisconsin				428,000		**428,000**
American Red Cross Greater Milwaukee Chapter			26,189			**26,189**
ASHA Family Services, Inc	55,092					**55,092**
Benedict Center Inc	41,000					**41,000**
Boys and Girls Club of Greater Milwaukee	335,000					**335,000**
Burleigh Street Community Development Corporation	70,000					**70,000**
Career Youth Development	69,000					**69,000**
Center for Teaching Entrepreneurship	24,000					**24,000**
Children's Outing Association	172,000					**172,000**
City Attorney's Office	30,000					**30,000**
Community Advocates	222,586		52,120			**274,706**
Community Block Grant Administration	958,000	591,000				**1,549,000**
Community Enterprises of Greater Milwaukee	25,000					**25,000**
Comptroller's Office	600,000	89,000				**689,000**
Council for the Spanish Speaking Inc	25,000					**25,000**
Counseling Center of Milwaukee Pathfinders Program	25,892		21,157			**47,049**
DAAR Development Corporation		336,000				**336,000**
Daughters of Luke Ltd	222,700					**222,700**
Daystar Inc	26,590		29,514			**56,104**
Department of Administration	331,327					**331,327**
Department of City Development	1,381,412	396,000				**1,777,412**
Department of Neighborhood Services	1,964,670					**1,964,670**
Department of Public Works	295,000					**295,000**
Esperanza Unida Inc	24,000					**24,000**
Gilbraltar Development Corporation	70,000	245,000				**315,000**
Grand Avenue Club	30,000					**30,000**
Guest House of Milwaukee Inc	73,160		100,522			**173,682**
Harambee Ombudsman Project Inc	277,750	344,000				**621,750**
Health Department	1,790,944					**1,790,944**
Hispanic Chamber of Commerce of Wisconsin	55,000					**55,000**
Hmong/American Friendship Association Inc	124,000					**124,000**
Hope House of Milwaukee Inc	168,740		89,526			**258,266**
Housing Resources Inc	235,000					**235,000**
Howard Fuller Educational Foundation Inc	141,000	100,000				**241,000**
Interfaith Older Adult Programs Inc	25,000					**25,000**
Journey House Inc	100,000					**100,000**
LaCausa Inc	27,590		30,975			**58,565**
Lao Family Community Inc	25,000					**25,000**
Latino Community Center	104,000					**104,000**
Layton Boulevard West Neighbors	70,000					**70,000**
Legacy Redevelopment Corporation		336,000				**336,000**
Legal Aid Society of Milwaukee Inc	50,000					**50,000**

Organization Name	CDBG	HOME	SHELTER	HOPWA	ADDI	Total Awards
Lincoln Neighborhood Redevelopment Corporation	$65,000					**$65,000**
Lincoln Park Community Center	60,000					**60,000**
Lincoln Village Business Association	70,000					**70,000**
Lisbon Avenue Neighborhood Development	177,250					**177,250**
Merrill Park Neighborhood Association	79,000					**79,000**
Metcalfe Park Residents Association	40,000					**40,000**
Metro Milwaukee Fair Housing Council	124,000					**124,000**
Milwaukee Alliance	122,500					**122,500**
Milwaukee Careers Cooperative	55,000					**55,000**
Milwaukee Christian Center	75,000					**75,000**
Milwaukee Christian Center NIP	562,000	1,685,500				**2,247,500**
Milwaukee Community Service Corporation		240,000				**240,000**
Milwaukee Fire Department	455,000					**455,000**
Milwaukee Health Services	75,000					**75,000**
Milwaukee LGBT Community Center Inc	$24,000					**$24,000**
Milwaukee Police Department	350,000					**350,000**
Milwaukee Public Library	610,803					**610,803**
Milwaukee Urban League	25,000					**25,000**
Milwaukee Women's Center Inc	110,205		83,413			**193,618**
Modjeska Youth Theater Company Inc	24,000					**24,000**
Neighborhood House of Milwaukee	48,800					**48,800**
Non-Profit Center of Milwaukee Inc	100,000					**100,000**
Northcott Neighborhood House	49,000	100,000				**149,000**
Northwest Side Community Development Corporation	65,000					**65,000**
NSP Area #4 Pool	40,000					**40,000**
Pearls for Teen Girls Inc	24,000					**24,000**
Project RESPECT Inc	40,000					**40,000**
RACM	1,607,944					**1,607,944**
Residential Living Services Inc	24,000					**24,000**
Richard's Place				59,000		**59,000**
Riverworks Development Corporation	156,000					**156,000**
Rosalie Manor Community and Family Services	24,000					**24,000**
Running Rebels Community Organization Inc	73,000					**73,000**
Safe and Sound	268,000					**268,000**
Salvation Army			99,882			**99,882**
Select Milwaukee Inc	110,000				210,000	**320,000**
Sherman Park Community Association	122,250					**122,250**
Silver Spring Neighborhood Center	50,000					**50,000**
Social Development Commission	203,112	245,000	101,790			**549,902**
Sojourner Truth House Inc	152,006		54,521			**206,527**
Southside Organizing Committee	97,250					**97,250**
Task Force on Family Violence Inc	97,896					**97,896**
Teen Approach Inc	24,000					**24,000**
United Community Center	105,000					**105,000**
Walker's Point Center for the Arts	25,000					**25,000**
Walker's Point Youth and Family Center	74,364		23,792			**98,156**
West End Development Corporation	322,000	1,405,000				**1,727,000**
Wisconsin Community Service Inc	115,000					**115,000**
Wisconsin Regional Training Partnership	50,000					**50,000**
Wisconsin Women's Business Initiative Corporation	45,000					**45,000**
Wiscraft Inc	25,000					**25,000**
Woodland Pattern Inc	25,000					**25,000**

Organization Name	CDBG	HOME	SHELTER	HOPWA	ADDI	Total Awards
Word of Hope Ministries Inc	$44,000					**$44,000**
YMCA of Metro Milwaukee Community Development Corp	275,000	367,500				**642,500**
YMCA of Metro Milwaukee Holton Center	55,000					**55,000**
YMCA of Metro Milwaukee Northside	54,000					**54,000**
YMCA of Metro Milwaukee Parklawn	65,000					**65,000**
YWCA of Greater Milwaukee	54,167		44,254			**98,421**
Total All Sources of Funds	**$18,500,000**	**$6,800,000**	**$757,655**	**$487,000**	**$210,000**	**$26,754,655**

I. ECONOMIC DEVELOPMENT FUND

EXECUTIVE SUMMARY

PURPOSE: The Economic Development Fund provides expenditure authority for economic development purposes, including the Business Improvement District Program.

SERVICES: Business Improvement Districts.

Excess Tax Incremental District revenues.

STRATEGIC ISSUES: Continue to promote development in commercial areas by providing owner financed development.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Business Improvement Districts	$4,624,620	$5,388,818	$5,784,254	$395,436
Excess TID Revenue	0	0	4,750,000	4,750,000
TOTAL	$4,624,620	$5,388,818	$10,534,254	$5,145,436

BACKGROUND

The 2006 budget for the Economic Development Fund is $10.5 million. There is no tax levy impact in this fund. Revenue of $10.5 million will be received from the BID assessments and excess TID revenues.

Business Improvement Districts are special assessment districts created at the petition of local commercial property owners. In accordance with Sec. 66.608 Wis. Stats., the city has established over 40 Business Improvement Districts (BIDs). Each year the BIDs, along with the city, develop a plan and budget. This budget becomes the basis for an assessment charged to area businesses in the BID. Because the BIDs do not have taxing authority, the city collects the assessment on their behalf. Through an appropriation in the city budget, the city provides the dollars it collects to the BIDs.

For 2006, excess Tax Incremental District (TID) revenue will also be budgeted in the Economic Development Fund. This excess revenue is to be paid out to the other taxing jurisdictions (Milwaukee County, Milwaukee Public Schools, Milwaukee Area Technical College) when a TID is closed. It is expected that $4.75 million in excess revenue will be paid to the other jurisdictions in 2006. There is additional net revenue of $1.8 million that is represented in the General Fund Revenues.

SERVICES

There are 29 active BIDs throughout Milwaukee; each is governed by a local board. Collectively, these BIDs raise nearly $5.8 million annually for activities ranging from economic development to administration and streetscaping to public safety. The following is a list of the BIDs for 2006 with their corresponding budgeted amount:

BID #2 (Historic Third Ward) $610,841
BID #3 (RiverWalk) $111,276
BID #4 (Greater Mitchell Street) $106,560
BID #5 (Westown) $94,823
BID #8 (Historic King Drive) $160,313
BID #9 (739 North Water RiverWalk) $23,682
BID #10 (Avenues West) $165,999
BID #11 (Brady Street Business Area) $153,967
BID #13 (Oakland Avenue) $53,500
BID #15 (RiverWalk) $388,042
BID #16 (Uptown Triangle) $91,270
BID #17 (Northwest Area Business) $48,150
BID #19 (Villard Avenue) $94,410
BID #20 (North, Prospect, Farwell Avenues) $181,959
BID #21 (Downtown Management District) $2,633,198
BID #25 (Riverworks) $176,996
BID #26 (The Valley) $24,238
BID #27 (Burleigh) $41,778
BID #28 (North Avenue Gateway District) $29,966
BID #29 (Teutonia, Capitol, Atkinson) $65,495
BID #31 (Havenwoods) $148,088
BID #32 (Fifth Ward) $71,054
BID #35 (Becher/Kinnickinnic) $23,001
BID #36 (Riverworks II) $35,648
BID #37 (Center Street Market Place) $50,000
BID #38 (Ceasar Chavez) $50,000
BID #39 (Fifth Ward) $50,000
BID #40 (ICC) $50,000
BID #41 (Midtown) $50,000

J. WATER WORKS

EXECUTIVE SUMMARY

MISSION: Maintain highest quality service while providing a safe, reliable, and aesthetically pleasing supply of water.

Ensure that water service is a key contributor in sustaining the economic prosperity of the City of Milwaukee, while protecting the quality of Milwaukee's environment.

SERVICES: Water distribution and customer service.

Drinking water supply and treatment.

STRATEGIC ISSUES: Developing a position on selling water to communities that "straddle" the intercontinental divide.

Completing transition to a new customer billing system and analyzing the potential for monthly billing in 2007.

Achieving operational efficiencies through consolidation of two distribution facilities at the former Tower Automotive site.

Developing a long term strategy to address the utility's aging distribution infrastructure and the effects of declining consumption on the utility's finances.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	319.06	385.28	373.04	-12.24
FTEs - Other	11.60	10.06	10.29	0.23
Total Positions Authorized	363	363	355	-8
EXPENDITURES				
Salaries and Wages	$16,482,764	$17,550,064	$17,790,078	$240,014
Fringe Benefits	5,568,259	6,493,523	7,518,033	1,024,510
Operating Expenditures	28,885,128	31,617,654	33,292,263	1,674,609
Equipment	1,282,730	1,731,000	1,704,600	-26,400
Special Funds	8,147,496	7,850,000	7,426,000	-424,000
TOTAL	$60,366,377	$65,242,241	$67,730,974	$2,488,733

CAPITAL BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
CAPITAL BUDGET				
Main Program	$9,305,509	$14,800,000	$15,220,000	$420,000
Plants and Other	3,449,296	3,990,000	4,900,000	910,000
TOTAL CAPITAL BUDGET	$12,754,805	$18,790,000	$20,120,000	$1,330,000
CAPITAL FINANCING				
Retained Earnings	$12,506,510	$18,190,000	$19,520,000	$1,330,000
Assessments	0	0	0	0
Developer Financed	248,295	600,000	600,000	0
TOTAL CAPITAL FINANCING	$12,754,805	$18,790,000	$20,120,000	$1,330,000

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
REVENUES				
Operating	$65,791,948	$70,765,322	$67,485,733	$-3,279,589
Non-Operating	8,539,453	7,259,000	8,016,000	757,000
Developer Capital and Assessments	248,295	600,000	600,000	0
Withdrawal From Retained Earnings	0	5,407,919	11,749,241	6,341,322
TOTAL REVENUES	$74,579,696	$84,032,241	$87,850,974	$3,818,733
EXPENDITURE AUTHORIZATIONS				
Operating	$60,366,377	$65,242,241	$67,730,974	$2,488,733
Capital Funding	12,754,805	18,790,000	20,120,000	1,330,000
Deposit to Retained Earnings	1,458,514	0	0	0
TOTAL AUTHORIZATIONS AND DEPOSITS	$74,579,696	$84,032,241	$87,850,974	$3,818,733

BACKGROUND

The Department of Public Works Water Works is a municipally owned water utility regulated by the State of Wisconsin Public Service Commission (PSC). From its Howard Avenue and Linnwood Plants, Water Works pumps and treats more than 44 billion gallons of water annually from Lake Michigan. It delivers this water through 1,960 miles of mains to approximately 833,000 customers. In addition to water sales to Milwaukee residents and businesses, Water Works also provides wholesale water services to Milwaukee County institutions and nine suburbs including Brown Deer, Butler, Greendale, Menomonee Falls, Shorewood, Wauwatosa, West Allis, Mequon, and New Berlin and also provides water and billing services to West Milwaukee. Water Works also provides retail service to Greenfield, Hales Corners, and St. Francis.

The PSC regulates the rates at which water is sold. The last rate increase was effective July 2002. The rate will remain constant from 2003 through 2006 at $1.18 per 100 cubic feet of water.

Service 1

Water Distribution and Customer Service

Activities: Distribution main design, operation, maintenance and repairs, meter reading, customer accounts, cross connection inspections, and administration.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percentage of main breaks in service within 24 hours.	94.0%	95.0%	95.0%
	Miles of mains installed or replaced.	14.1	13.8	14.2
	Rank of residential water rate in Southeastern Wisconsin.	50	50	50
Funding by Source:	Capital Budget	$9,305,509	$14,940,000	$15,220,000
	Operating Funds	35,929,100	39,344,904	40,950,360
	Total:	$45,234,609	$54,284,904	$56,170,360

SERVICE RESULTS

In 2004, Water Works met its performance goals by repairing 94% of main breaks within 24 hours. Water mains are replaced according to the frequency of main breaks. Since 2000, the department has been installing an average of 11.88 miles of water mains annually and will increase this replacement program in the coming years. Aging water infrastructure is a nationwide problem and a proactive replacement strategy will help mitigate long term rate increases. In the last five years, the Water Works has been replacing less than 0.75% of all water mains annually. In addition to age, the quality of this system can also be measured through water loss. In 1970, 96% of all water pumped from the Water Works treatment facilities was metered at customer's properties. In 2000, 92% of the water pumped was metered and for 2004, 84% was metered. The actual water loss may not be as high as the figures indicate due to measurement error, but the overall trend should not be dismissed. To avoid widespread disruptions to the distribution system in the next two decades, the Water Works should significantly increase its capital Water Main Program.

Water Works will continue to provide some of the most inexpensive water in Southeastern Wisconsin. Of the 54 water utilities in Milwaukee, Racine, Waukesha, Washington, and Ozaukee Counties the City of Milwaukee continues to be ranked the 50th least expensive. Water Works will continue to work with business groups to market this locational advantage nationally.

SERVICE CHANGES

Distribution Facility Financing: In 2004, $8 million was budgeted to consolidate two Water Works distribution facilities and the department requested an additional $2,650,000 for 2006. The consolidation will occur on the former Tower Automotive property at which other DPW operations are also consolidating. However, this capital funding will be suspended. Instead, the Water Works will lease space at the city owned facility. In 2006, the Water Works will move into the facility in April and enter into a nine month lease totaling $924,383. This funding approach improves the short term cash flow of the Water Works. The Distribution Facility consolidation will gradually yield staffing efficiencies, which are highlighted in the Positions Table at the end of this section.

Computer Information System: In 2005 Water Works completed the installation of a new customer information and billing system. In the third quarter of 2006, the Water Works will begin billing the new Storm Water Fee, which finances a part of the Sewer Maintenance Fund.

Service 2

Drinking Water Supply and Treatment

Activities: Water pumping, water treatment, water quality monitoring, plant operation and maintenance.

		2004 Experience	2005 Budget	2006 Projection
Services:	Percent compliance with Safe Drinking Water Act standards.	99.0%	100.0%	100.0%
	Substantiated water quality complaints.	1	5	5
Funding by Source:	Capital Budget	$3,449,296	$3,850,000	$4,900,000
	Operating Budget	24,437,277	25,897,337	26,780,614
	Total:	$27,886,573	$29,747,337	$31,680,614

SERVICE RESULTS

In 2004, Water Works achieved its program goal of providing safe, high quality drinking water. The utility was in full compliance with the Safe Drinking Water Act 362 days last year. The three problem days were due to reporting issues not water quality issues. The outstanding quality of Milwaukee Water Works water is demonstrated by the fact that the utility had only one substantiated water quality complaint.

A long term strategic issue for the Water Works is declining water consumption. While declining water consumption is good for the environment, it presents a significant challenge to the Water Works long term finances. Since 1970, the Water Works pumpage has decreased by 15 billion gallons, or 25%. On a typical day, Water Works two treatment facilities pump at about 38% capacity. In 2004, the Howard Avenue treatment facility was incapacitated for three months after a main break at the Texas Avenue Pumping Station. Yet Water Works was able to supply its customers with water service using the excess capacity at the Linnwood Treatment facility. While this episode demonstrated the excess capacity of the Water Works assets, it also demonstrated the professionalism of Water Works management, who reliably delivered clean water to Water Works' customers while the main break was repaired.

Despite the declining water consumption, Water Works still maintains the same amount of fixed assets. This has required increasing water rates to finance the large amount of fixed expenses. In the coming years, the city must strategically consider the costs, benefits, risks, and opportunities of maintaining two treatment facilities, including the opportunity to sell water to more communities within the Great Lakes basin.

SERVICE CHANGES

No service changes are planned for 2006. However, the rising cost of energy is placing increasing pressure on Water Work's finances. In 2006, Water Works will be budgeting about 25% more for energy than was spent in 2004. Water treatment is an especially energy intensive process. To plan for this challenge, the utility recently hired a consultant to study the energy reliability of the two treatment facilities. The study may eventually recommend significant energy related capital projects in 2007 and beyond to improve energy efficiency and reliability in the case of regional power blackouts.

CAPITAL PROJECTS

Water Main Replacement Program: In 2006, Water Works plans to increase its Water Main Replacement Program to address the problems in the aging distribution system. The funding of $15.2 million will add 14.2 miles of water mains. This includes $13.6 million for replacement distribution mains, hydrants and valves, $1,020,000 for the Feeder Main Program, and $600,000 for developer financed mains.

Kilbourn Reservoir: In 2006, Water Works will decommission the Kilbourn Reservoir on North Avenue. The reservoir is no longer needed and is currently fenced off from the public. This $4.5 million project will pay for

filling in the holding tank and capping it. It will also fund landscaping and regrading of the area to transform it into a public park with scenic vistas.

Linnwood Plant Treatment Improvements: In 2006, $400,000 is funded to continue a multi-year project to replace bearings and shafts on the plants flocculator system, which removes particles from the water during treatment.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Business Operations	
1	1.00		Security Manager	Needed to secure physical premises of the utility.
-1	-1.00		Network Coordinator Senior	Moved to Plants North.
-1	-1.00		Network Manager	CIS project completion.
-1	-1.00		Meter Reader Supervisor	
-5	-5.00		Communications Assistant V	Moved to Distribution Section.
-1	-1.00		Management Accounting Specialist	Unit clarification.
1	1.00		Business Services Specialist	
1	1.00		Water Claims Specialist	Retitled due to Distribution Facility consolidation.
-1	-1.00		Claims Adjuster Specialist	
-1	-1.00		Program Assistant I	Technical correction.
1	1.00		Accounting Assistant III	
-1	1.00		Project Manager	CIS project completion shift to half time.
1	0.50		Project Manager	
-1	-1.00		Water Meter Investigator	Workload shift.
1	0.50		Water Meter Specialist	
	-2.56		Miscellaneous Adjustment	
			Plants North	
-1	-1.00		Metal Fabricator	Shifted to Plants South.
1	1.00		Network Coordinator Senior	Moved from Business Operations.
1	1.00		Electrical Mechanic	Additional mechanical assistance needed.
	-0.09		Miscellaneous Adjustment	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Engineering	
4	3.92	0.07	Civil Engineer III	Position reclassified.
-4	-4.00		Civil Engineer II	
			Distribution	
5	5.00		Communications Assistant V	Moved from Business Unit.
1	1.00		Water Distribution Operations Manager	
-1	-1.00		Water Distribution District Supervisor	
3	3.00		Water Distribution Construction Manager	
-2	-2.00		Water Distribution Supervisor II	
4	4.00		Water Distribution Field Operator Supervisor	
-4	-4.00		Water Distribution Supervisor I	
5	5.00		Water Distribution Utility Investigator	
-5	-5.00		Field Investigator	
1	1.00		Water Distribution Systems Manager	Reclassification due to facility consolidation.
-1	-1.00		System and Special Projects Manager	
4	4.00		Water Distribution Field Operator Supervisor	
-4	-4.00		Water Distribution Supervisor I	
-1	-1.00		Communications Assistant IV	
1	1.00		Office Assistant IV	
5	5.00		Water Distribution Utility Investigator	
-5	-5.00		Field Investigator	
-1	-1.00		Water Distribution District Supervisor	
-1	-1.00		Communications Assistant III	Efficiency due to facility consolidation.
-1	-1.00		Network Coordinator Senior	
-9	-9.00		Water Distribution Laborer	Position phased out due to facility consolidation.
6	3.00		Water Distribution Laborer (Aux.)	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Inventory Assistant IV	Transferred to DPW Infrastructure as a reimbursable employee.
-1	-1.00		Inventory Manager	
-2	-2.00		Inventory Assistant IV	
-1	-1.00		Water Materials Handler	
1	0.33		Water Distribution Operations Manager	Reclassification due to facility consolidation.
1	0.33		Water Distribution Field Operator Supervisor	
-1	-0.33		Water Distribution Supervisor I	
1	0.33		Water Distribution Utility Investigator	
-1	-0.33		Field Investigator	
2	0.50		Hydrant Service Worker	Summer supplemental work.
	1.85	0.16	Overtime Adjustment	
			Water Quality	
	-0.05		Miscellaneous Adjustment	
			Plants South	
1	-1.00		Metal Fabricator	Moved from Plants North.
-1	-0.25		Sewer Water Treatment Plant Operator	Unneeded vacant positions.
-1	-0.50		Water Plant Laborer	
1	1.00		Water System Operator In Charge	Extra shift help needed in the Control Center.
	1.61		Overtime Adjustment	
-8	**-12.24**	**0.23**	**TOTAL**	

K. SEWER MAINTENANCE FUND

EXECUTIVE SUMMARY

MISSION: Protect people, property, and the environment from sewage, flooding, erosion, and polluted runoff.

SERVICES: Sewer system services.

STRATEGIC ISSUES: Planning for the financial stability of the Sewer Maintenance Fund in the context of overall city finances.

Equitably distributing storm water conveyance costs among customer classes.

Developing a strategic plan for the fund that balances the needs of traditional sewer pipe projects, stormwater flow reduction projects, and water quality projects.

BUDGET SUMMARY

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	89.59	113.33	113.71	0.38
FTEs - Other	26.96	30.17	30.17	0.00
Total Positions Authorized	198	198	199	1
EXPENDITURES				
Salaries and Wages	$4,565,605	$5,072,457	$5,366,567	$294,110
Fringe Benefits	1,495,004	1,876,809	2,253,958	377,149
Operating Expenditures	6,495,615	6,761,750	7,301,340	539,590
Equipment	814,882	660,300	448,500	-211,800
Special Funds	8,476,220	17,452,000	20,050,365	2,598,365
TOTAL	$21,847,326	$31,823,316	$35,420,730	$3,597,414
Capital Projects	$21,477,981	$22,706,000	$23,500,000	$794,000
TOTAL	$43,325,307	$54,529,316	$58,920,730	$4,391,414
REVENUES				
Charges for Services	$210,638	$149,871	$198,818	$48,947
Miscellaneous Revenue	330,842	276,570	294,928	18,358
Proceeds from Borrowing	13,677,981	22,706,000	23,500,000	794,000
Sewer Maintenance Fee	30,737,508	31,000,000	27,600,000	-3,400,000
Stormwater Maintenance Fee	0	0	6,575,552	6,575,552
Retained Earnings (-Deposit/+Withdrawal)	-1,631,662	396,875	751,432	354,557
TOTAL	$43,325,307	$54,529,316	$58,920,730	$4,391,414

BACKGROUND

The City of Milwaukee maintains a sewer system that transports sanitary sewage to Milwaukee Metropolitan Sewerage District (MMSD) facilities and prevents flooding during storms. About two-thirds of Milwaukee is served by a separated sewer system that consists of two sewer pipes: a sanitary sewer and a storm sewer. The sanitary sewer takes sewage from homes and businesses to MMSD's interceptor sewer. The storm sewer collects storm water runoff from streets and yards and delivers that water directly to a river or lake without the benefit of any pollution removal. The central city, including downtown, is served by an older combined sewer system that transports both sanitary sewage and storm water to MMSD facilities.

The Sewer Maintenance Fund is a self-supporting Enterprise Fund that recovers sewer maintenance costs through a user fee rather than through the property tax. The Department of Public Works Infrastructure Services Division administers the Sewer Maintenance Fund, including oversight of personnel and activities.

The Environmental Section plans and designs sewer replacements and repairs. The Environment Section also manages the city's storm water permit, which includes reviewing storm water management plans for new developments, testing storm outfalls, and educating the public on storm water management. The Underground Section cleans sewers, performs minor repairs of sewers, manholes, catch basins and outfalls, and examines the structural integrity of sewers through inspections and smoke testing. The Sewer Maintenance Fund also funds the city's street sweeping and leaf collection program, which keeps the sewers free of debris and reduces flooding and backups.

Service 1

Sewer System Services

Activities: Sewer examinations, sewer cleaning, structure cleaning, structure repair, main repair, booster pump operation and maintenance, engineering and design, permit administration, and street sweeping.

		2004 Experience	2005 Budget	2006 Projection
Services:	Miles of new and replacement sewers installed.	14.89	13.00	11.50
	Sewer service backups.	32	50	50
	Street flooding complaints.	1,724	6,000	4,000
Funding by Source:	Sewer Maintenance Fund	$21,847,326	$31,823,316	$35,420,730
	Capital Budget*	25,455,720	26,200,000	26,800,000
	Grant and Reimbursable	137,824	6,981,235	188,453
	Total:	$47,440,870	$65,004,551	$62,409,183

*Includes $3.3 million for expansion of sewer capacity that is supported through general city borrowing.

SERVICE RESULTS

The City of Milwaukee has approximately 2,436 miles of sewers. The Department of Public Works (DPW) annually replaces a small portion of the sewers to reduce leaks and prevent costly sewer collapses. In 2004, DPW installed 14.89 miles of sewer mains. In 2006, DPW plans to install 11.5 miles of mains. The cost per mile of sewers is increasing due to annual inflation and to the type of sewer installed. In 2006, DPW will install more large diameter sewers than in 2004.

The Sewer Maintenance Fund has experienced approximately 1,724 street flooding complaints, down from approximately 2,500 complaints the year before. Back water complaints have also declined.

SERVICE CHANGES

New Erosion Control Information and Training Program: Construction site erosion is a major contributor to river and lake pollution. The Wisconsin Department of Natural Resources (DNR) has recently required the city to improve its erosion control practices as part of its storm water permit. DPW will accept a grant to begin a new program in 2006, to educate developers, construction crews, and inspectors on DNR requirements for controlling erosion during construction projects. The city will contribute $30,000 to this $80,000 project, which should improve the quality of Milwaukee's waterways.

CAPITAL PROJECTS

Relief and Relay Sewer Program: In 2006, $22.5 million has been budgeted in the Sewer Maintenance Fund and $3.3 million has been funded in the city's general capital fund to replace 11.5 miles of sewer mains. This is an increase in funding from 2005 but a reduction in the amount of miles replaced due to the rising cost of sewer contracts.

Menomonee Valley Biofiltration Facility: In July of 2005, the Common Council passed a resolution authorizing the city to enter into an agreement with the Menomonee Valley Partners to build a biofiltration facility in the Menomonee Valley. This facility will remove pollutants from storm water that runs off in a 17 acre tributary, including portions of Canal Street and the 13 acre "Stockyards" property, which is currently being marketed for private redevelopment. Included in the Sewer Fund's 2006 capital budget is $1 million for this phase of the project. If it is successful, DPW may request further funding to service an expanded 37 acre tributary of private properties. This concept of a common storm water facility among private properties is new in Milwaukee, but should provide further incentive for businesses to locate in the Menomonee Valley.

FINANCING CHANGES

Storm Water Management Fee: Sewer Maintenance activities are currently financed by the Sewer Maintenance Fee, also known as the Local Sewerage Charge. This charge is based upon the amount of water use metered at each property. Metered water is a proxy for the amount of sewage generated by each property. However, the sewer system not only conveys sewage to MMSD for treatment, but also plays a critical role in flood prevention by conveying storm water away from properties to rivers and lakes. Funding the sewer system entirely with the Local Sewerage Charge is inequitable, since large properties such as parking lots that do not pay much in sewerage fees benefit from the sewer system but do not pay their fair share to maintain it. In the third quarter of 2006, the city will begin charging a Storm Water Management Charge to all developed properties. The Storm Water Management Charge is based on the amount of impervious surface (areas that do not allow storm water to penetrate into the soil). Impervious surface area is a good indicator of how much storm water a property delivers to the sewer system. All residential properties will be charged a flat rate of $8.00 per quarter. Non-residential properties will be charged based upon their actual amount of impervious surface. The Local Sewerage Charge based on water use will remain but will be reduced to reflect the additional revenue generated by the Storm Water Fee. In the first two quarters of 2006, sewer users will be charged $1.27 per 100 cubic feet (CCF) of sewage. In the latter two quarters, customers will be charged $0.85/CCF, as the Storm Water Fee is charged. This will stabilize the average residential bill at about $24.22 per quarter in 2006. For more information, please consult Common Council File 050324.

Tower Facility Leasing: Since its inception, the Sewer Maintenance Fund has been gradually moving toward recovering the full cost of sewer services. In 2006, the Fund will take another step by paying the city a $702,955 lease payment for its use of space at the new DPW facility on the former Tower Automotive site. This lease payment will cover ten months of rent, as the Sewer Fund is scheduled to move into the facility in March of 2006.

Capital Financing: In 2006, the Sewer Maintenance Fund will borrow for the full capital program. In the past few years, the Sewer Fund has been utilizing Revenue Bonds for its capital borrowing needs. For the first time, the Sewer Fund will apply to utilize the State of Wisconsin's Clean Water Fund. The Clean Water Fund is administered by the Department of Natural Resources and provides below market interest loans to communities to fi-

nance storm water control projects. DPW will maximize this program to fund its 2006 capital program. Any sewer capital projects that do not qualify for this funding will be financed with General Obligation (GO) debt. The Sewer Fund will then make payments to the city to cover the debt service. This financing strategy will save ratepayer's money, as Clean Water Funding and General Obligation Bonds have a lower interest rate than Revenue Bonds, and do not have other "reserve" requirements that further cost ratepayers.

Debt Transfer: The budget includes a $7 million ongoing transfer from the Sewer Maintenance Fund to the Debt Fund for sewer related general obligation debt service. This payment would annually retire principal on GO Debt associated with the Relief and Relay Sewer Program. The number may be reduced in the future as the outstanding debt service requirements decline. However, it will be reviewed annually in the context of the city's larger financial picture.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Civil Engineer II	Increased storm water flow monitoring.
-1	-1.00		Engineering Technician II	Under utilized vacant position.
1	0.69		Civil Engineer II (Aux.)	Needed to investigate requests for Storm Water Fee adjustments.
1	0.69		Engineering Drafting Technician II (Aux.)	Needed to maintain impervious surface database for Storm Water Fee.
-1	-1.00		Sewer Operations Supervisor	Efficiency due to consolidation of Underground Districts at new facility.
1			Sewer Services District Manager (Aux.)	Position authority needed if consolidation at new facility is delayed.
-1	-1.00		Sewer Services District Manager Senior (Aux.)	Unneeded Auxiliary position.
	1.00		Miscellaneous Adjustment	
1	**0.38**		**TOTAL**	

M. COUNTY DELINQUENT TAX FUND

EXECUTIVE SUMMARY

PURPOSE: To provide appropriation authority to purchase Milwaukee County delinquent property taxes.

SERVICES: Provide a funding mechanism to purchase delinquent county property taxes without affecting the city's tax levy.

STRATEGIC ISSUES: Continue efforts to return tax delinquent properties to the tax rolls and increase future city revenue.

SUMMARY OF EXPENDITURES

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
Purchase of Delinquent County Taxes	$8,785,085	$9,500,000	$9,000,000	$-500,000
TOTAL	$8,785,085	$9,500,000	$9,000,000	$-500,000

SOURCE OF FUNDS

	2004 ACTUAL EXPENDITURES	2005 ADOPTED BUDGET	2006 ADOPTED BUDGET	CHANGE 2006 ADOPTED VERSUS 2005 ADOPTED
County Delinquent Taxes Collected	$8,785,085	$9,500,000	$9,000,000	$-500,000
TOTAL	$8,785,085	$9,500,000	$9,000,000	$-500,000

In accordance with Sec. 74.83 Wis. Stats., the City of Milwaukee is authorized to enter into an agreement with Milwaukee County to purchase county delinquent personal property taxes and real estate tax certificates. The initial agreement was executed on December 18, 1987.

The authority to collect county delinquent property taxes enables the City Treasurer to consolidate the collection of delinquent taxes. Consolidation of the delinquent taxes provides a more efficient and effective tax collection administration by eliminating the burden of duplicate collections by the city and county.

The city purchases the county's delinquent personal property and real estate taxes at the close of the current tax collection period each February. In addition, the city also purchases the county's real estate taxes that become delinquent during the installment collection cycle each month. In effect, the city is acquiring an asset, delinquent county property taxes receivable, and generating revenue by keeping the interest and penalty charges collected on the delinquent taxes outstanding.

This account is the city's mechanism to purchase the county's delinquent property taxes. It is related to other delinquent tax collection efforts in the City Debt budget and Delinquent Tax Fund.

II. BORROWING AUTHORIZATIONS
General Obligation Bonds or Short Term Notes

Purpose	Reauthorization of 2005 Authority (1)(2)	New 2006 Authority	Total
A. GRANT AND AID PROJECTS Specific purposes not contemplated at the time the budget was adopted.			
1. For public improvements authorized under section 62.11(5) for any of the purposes enumerated in section 67.05(5)(b).			
2. For harbor improvements authorized under section 30.30.			
3. For library improvements authorized under section 229.11 and 229.17.			
4. For convention complex and exposition center improvements authorized under section 229.26.			
5. For blight elimination, slum clearance, redevelopment, community development and urban renewal projects under section 66.1301 to 66.1327, 66.1331, 66.1333, 66.1335, 66.1337 and 66.1105.			
6. For developing sites for industry and commerce to expand the tax base as authorized under section 66.1101 and 66.1103.			
Subtotal Grant and Aid Projects (3)	$2,200,000	$300,000	$2,500,000
B. RENEWAL AND DEVELOPMENT PROJECTS			
1. For providing financial assistance to blight elimination, slum clearance, redevelopment and urban renewal projects under section 66.1301 to 66.1327, 66.1331, 66.1333, 66.1335, 66.1337 and 66.1105.			
MEDC Loan Program.			
Subtotal Renewal and Development Projects	$7,400,000	$2,700,000	$10,100,000
C. PUBLIC IMPROVEMENTS			
1. Public buildings for housing machinery and equipment.	$26,110,185	$54,683,500	$80,793,685
2. Harbor improvements.	1,275,000	950,000	2,225,000
3. Parking facility improvements.	1,935,369	2,080,000	4,015,369
4. Purchase of sites for and construction of engine houses, fire stations reconstruction, remodeling, planning, design and site acquisition.	7,730,516	3,381,000	11,111,516
5. Police Department facility construction.	8,128,409	1,179,000	9,307,409
6. Bridge and viaduct.	9,163,765	4,431,000	13,594,765
7. Sewage disposal, sewer improvement and construction.	6,203,494	3,052,500	9,255,994
8. Street improvements and construction.	22,816,161	9,512,072	32,328,233
9. Parks and public grounds.	1,431,000	1,281,000	2,712,000
10. Library improvements authorized under section 229.11 and 229.17.	2,768,560	1,060,000	3,828,560
Subtotal General Obligation Bonds or Short Term Notes (Sections A through C)	$97,162,459	$84,610,072	$181,772,531
D. CONTINGENT BORROWING			
Borrowing for a public purpose not contemplated at the time the budget was adopted.			
Contingent borrowing.	$0	$110,000,000	$110,000,000
Subtotal General Obligation Bonds or Short Term Notes	$0	$110,000,000	$110,000,000
E. SCHOOL BOARD BORROWING			
1. School purposes (A).	$4,240,442	$11,000,000	$15,240,442
2. For school purposes authorized under section 119.498 and/or 66.1333.	0	0	0
Subtotal General Obligation Bonds or Short Term Notes	$4,240,442	$11,000,000	$15,240,442

Purpose	Reauthorization of 2005 Authority (1)(2)	New 2006 Authority	Total
F. BORROWING FOR SPECIAL ASSESSMENTS			
1. To finance public improvements in anticipation of special assessments levied against property.			
2. General city.	$17,029,740	$2,804,799	$19,834,539
Subtotal General Obligation Bonds or Local Improvements Bonds	$17,029,740	$2,804,799	$19,834,539
G. TAX INCREMENTAL DISTRICTS			
1. For paying project costs in accordance with project plans for Tax Incremental Districts.			
2. For providing financial assistance to urban renewal projects authorized under section 67.05(5)(b).	$33,525,914	$58,000,000	$91,525,914
Subtotal General Obligation Bonds, Short Term Notes or Revenue Bonds	$33,525,914	$58,000,000	$91,525,914
H. BORROWING FOR DELINQUENT TAXES			
To finance general city purposes for anticipated delinquent taxes.	$0	$17,000,000	$17,000,000
Subtotal General Obligation Bonds or Short Term Notes	$0	$17,000,000	$17,000,000
I. REVENUE ANTICIPATION BORROWING			
To borrow in anticipation of revenue in accordance with section 67.12 of the Wisconsin state statutes.	$0	$300,000,000	$300,000,000
Subtotal General Obligation Bonds or Short Term Notes	$0	$300,000,000	$300,000,000
J. WATER WORKS BORROWING			
Water Works mortgage revenue bonds or general obligation bonds.	$0	$0	$0
Subtotal Revenue Bonds or General Obligation Bonds	$0	$0	$0
K. SEWER MAINTENANCE FUND BORROWING			
Sewer Maintenance Fund revenue bonds or general obligation bonds including prior years.	$36,409,500	$23,500,000	$59,909,500
Subtotal Revenue Bonds or General Obligation Bonds	$36,409,500	$23,500,000	$59,909,500
TOTAL GENERAL OBLIGATION BONDS OR SHORT TERM NOTES	$188,368,055	$606,914,871	$795,282,926

(1) Reauthorization of Prior Unused Borrowing Authority:

It is the intent of such reauthorization to expressly authorize the issuance and sale of such obligations (either bonds or notes) as set forth in this borrowing section of the budget, for the purposes and amounts enumerated herein. Such carryover borrowing (reauthorization of prior unused borrowing authority) is also reflected in the capital budget for informational purposes but such amounts are excluded from the capital budget totals to avoid duplication.

(2) Bond authorizations included and approved by the Common Council in the preceding municipal budget and further approved by the adoption of a resolution of intent are herein continued and are deemed to be with the same force and effect as though they had been specifically enumerated, both as to purpose and amount in this municipal budget.

(3) The purpose of this borrowing is to provide funds in connection with projects undertaken by the city with federal or other financial assistance. Expenditures shall be made only after adoption of a Common Council resolution adopted in accordance with Common Council Resolution File 66-1893 as amended.

(A) Design plans for any alteration to building exteriors and interiors shall be reviewed and approved by the city.

III. CLARIFICATION OF INTENT

Employee Fringe Benefits

Employee fringe benefit costs are allocated to operating and capital budgets on an estimated basis for informational purposes only. Such estimated expenditures are 100% appropriation offset for operating budgets and 100% revenue offset for the capital budget to avoid any impact on the city's tax levy. Actual fringe benefit costs, such as health care benefits, life insurance, and pensions, are budgeted separately in non-departmental accounts, which are funded from the property tax levy.

The amount included in each departmental (or budgetary control unit) operating budget on the line entitled "Estimated Employee Fringe Benefits" is subject to adjustment by unilateral action of the City Comptroller, during the budget year, if the actual rate charged against salaries paid is at variance with the estimated rate used in calculating the budgeted amount.

Changes to Performance Measures to Correct Possible Errors or Omissions

The Budget and Management Division is authorized to make or approve changes in performance measures including additions, deletions, and modifications during the budget year.

Departmental Salary Appropriations

Department net salary and wage appropriations reflect current wage rates and expenditures are limited to these amounts. Funding of future salary increases from the Wages Supplement Fund will be restricted to wage settlements only. These transfers must be pre-approved by the Budget and Management Director.

Footnotes

Section 18-07-12 of the Milwaukee City Charter states that the adoption of the budget shall be the authority for the expenditure by a department for the purposes therein provided and of the amounts assigned to the department thereby and no further action by the Common Council shall be necessary to authorize any department to make such expenditures. The City Attorney has advised that footnotes contained in the line item budget are informational only and not controlling over expenditures unless a corresponding resolution specifying the footnote's intent is also adopted by the Common Council.

POSITIONS ORDINANCE AND

SALARY ORDINANCE

The Positions Ordinance and the Salary Ordinance for the city may be obtained from the City Clerk's Office upon request. They therefore have not been included in this publication.

TAX LEVY TO RATE CONVERSION TABLE

Assessed Value Used in Conversion Calculation: $24,337,563,772

Tax Rate Per $1,000 of Assessed Valuation	Levy Change	Levy Change	Tax Rate Per $1,000 of Assessed Valuation
$0.01	$243,376	$5,000	$0.00
$0.05	$1,216,878	$10,000	$0.00
$0.10	$2,433,756	$50,000	$0.00
$0.25	$6,084,391	$100,000	$0.00
$0.50	$12,168,782	$500,000	$0.02
$1.00	$24,337,564	$1,000,000	$0.04

Formula for deriving tax rate per $1,000 of assessed value from known assessed value and levy:

$$\text{TAX RATE} = \frac{\text{TAX LEVY}}{\text{ASSESSED VALUE/1,000}}$$

Formula for deriving levy from known rate and assessed value:

TAX LEVY = TAX RATE x (ASSESSED VALUE/1,000)

Formula for deriving assessed value from known rate and levy:

ASSESSED VALUE = (TAX LEVY/TAX RATE) x 1,000

Note: Results are Approximate Due to Rounding