

March 19, 2009

Ref: 08009

Common Council File 081334 contains a resolution authorizing carryover of certain fund balances from 2008 to 2009 in accordance with Section 65.07(1)(p), Wisconsin Statutes. The total recommended carryovers compared to last year's approved carryovers are listed below.

	<u>2007-2008</u>	<u>2008-2009</u>	<u>Difference</u>
General City Funds	\$5,853,298	\$4,319,348	(\$1,533,951)
Wages Supplement Fund	\$14,527,013	\$14,606,490	\$79,477
Enterprise Funds	\$496,368	\$374,154	(\$122,214)
Retirement Funds	\$3,966,610	\$3,103,291	(\$863,319)
Contribution Fund	<u>\$1,916,145</u>	<u>\$1,500,475</u>	<u>(\$415,670)</u>
Total Carryover Recommended**:	\$26,759,434	\$23,903,757	(\$2,855,676)

Discussion Issues

- Of the \$4.3 million of General City Funds recommended for carryover, approximately \$2 million is related to health care and other fringe benefit accounts, considered when proposing the 2009 budget. These accounts are still awaiting final accruals, which will likely reduce the balances available for carryover by at least \$1 million.
- The current available balance for the Wages Supplement Fund is \$31.6 million. The recommended carryover of \$14.6 million is based on the upcoming distribution of \$17 million to departments' salary accounts, to occur before the closing of the 2008 books.
- The recommendation to carryover \$150,000 of the Receivership Fund Special Purpose Account includes \$100,000 for the Milwaukee Foreclosure Partnership Initiative Court Appointed Mediation Program. There are currently over 1,800 vacant lender-owned properties in the City of Milwaukee. Of even more concern are foreclosure cases in process. There are the over 4,700 open foreclosure filings in the City and almost 70% of them involve owner-occupied properties. The Legal Aid Society of Milwaukee reports that over 90% of homeowners facing foreclosure do not receive legal assistance in the foreclosure process.

The majority of local foreclosures are being instituted by out-of-state lenders and servicers with no local ties to the community. Borrowers report significant challenges communicating with their lender or loan servicer, especially for loans that have been securitized and that are managed by large out-of-state servicing companies. Many homeowners may have the income and resources to make a monthly loan payment, but are in a situation that involves a high interest subprime loan, and they have not been able to successfully renegotiate the situation prior to the time a foreclosure action is filed.

To address the situation, a Foreclosure Mediation Program is being proposed which would offer homeowners the opportunity to mediate their case with their lender, and would compel the

lender/servicer to come to the table and determine whether a workout or settlement option is possible.

Marquette University Law School will act as fiscal agent and oversee the mediation program. Marquette has a highly regarded "Center for Dispute Resolution Education" which provides both undergraduate and Master's programs in dispute resolution. The program seeks to train professionals, primarily those in the fields of law, health care, education and business to practice as third party neutrals in the field of dispute resolution, or to be knowledgeable participants in the dispute resolution process.

- The Health Department is being recommended to carryover approximately \$260,000 of salary and operating funds to deal with Columbia St. Mary's reduced funding for the Nurse Family Partnership (NFP) program in early 2009. This created a funding gap of approximately \$150,000 for three public health nurse positions in the NFP program. The MHD is in the process of pursuing additional funding for this important program in 2010. The NFP program is an intensive home visiting program that focuses on improving birth outcomes as well as child health and development. MHD intensive home visitation programs have proven success rates and reduce the number of infants who are born preterm and at low birth weight, factors that contribute to Milwaukee's high infant mortality rate.

The additional operating expenditure funds will be used to cover an outstanding 2008 invoice and an unexpected funding shortage in 2009 STD services. State Funding was reduced for STD services in early 2009 creating a funding gap of approximately \$90,000. The STD Clinic has implemented a number of new initiatives and a revised service delivery model which has increased the number of clients seen and treated at the clinic.

- The Fire & Police Commission is being recommended to carryover approximately \$90,000 of salary funds to cover expenses related to clearing up a backlog of citizen complaints from 2008. A Wisconsin Supreme Court Ruling led to a complete revamp of the FPC citizen complaint process and caused a delay in processing 2008 complaints. In addition, \$20,000 in salary funds will be used to offset increased firefighter testing costs that resulted from late 2008 changes in the firefighter testing procedures and \$4,000 will cover other costs associated with a partnership with the UW Milwaukee Criminal Justice Department that was finalized in late 2008. The partnership includes a potential student internship program along with academic research and consulting services.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE 081334.

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