



**2005 Proposed Executive Budget
Finance and Personnel Committee
October 1, 2004**

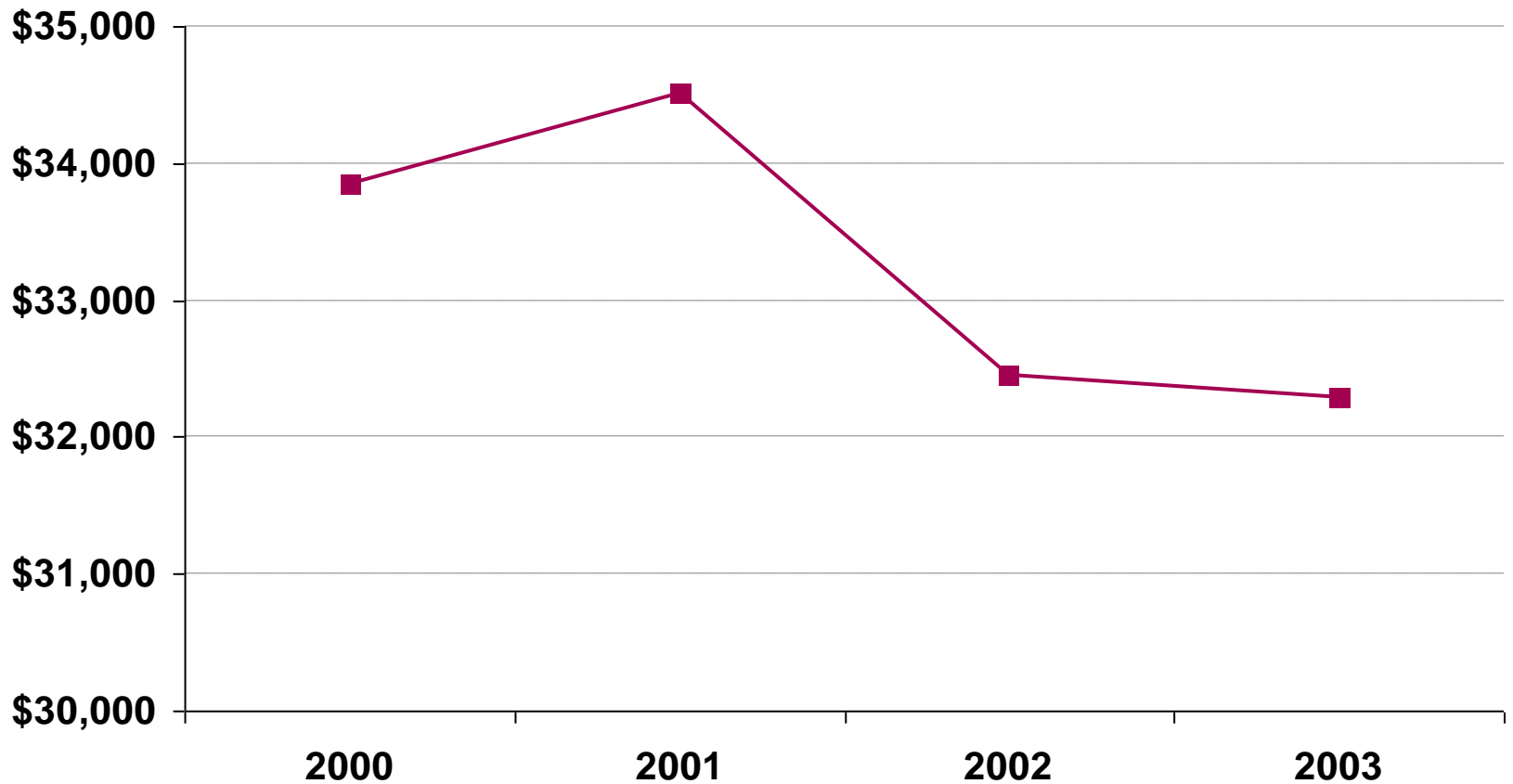
2005 Proposed Budget: Key Items

- Delivers Property Tax Relief
- Controls the cost of City Government
- Focuses funding on service priorities
- Limits new borrowing
- Transition Budget to 2006-2008 Plan

Local Economic Context

- Strong property value growth continues
- Negative household income trend
- Housing value/income moving apart
- Slow rebound in employment
- Manufacturing outlook has improved

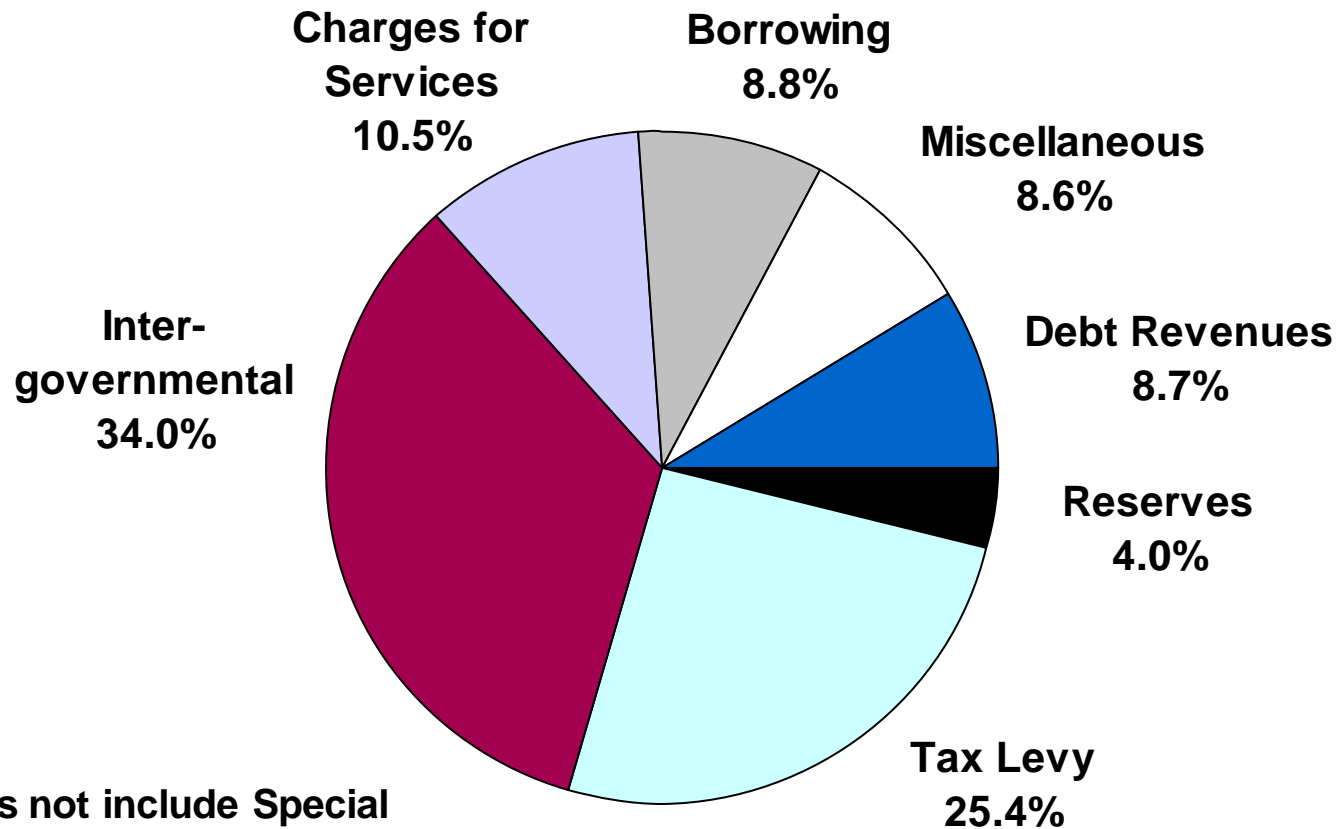
Milwaukee's Household Income (in Real \$)



Fiscal Context

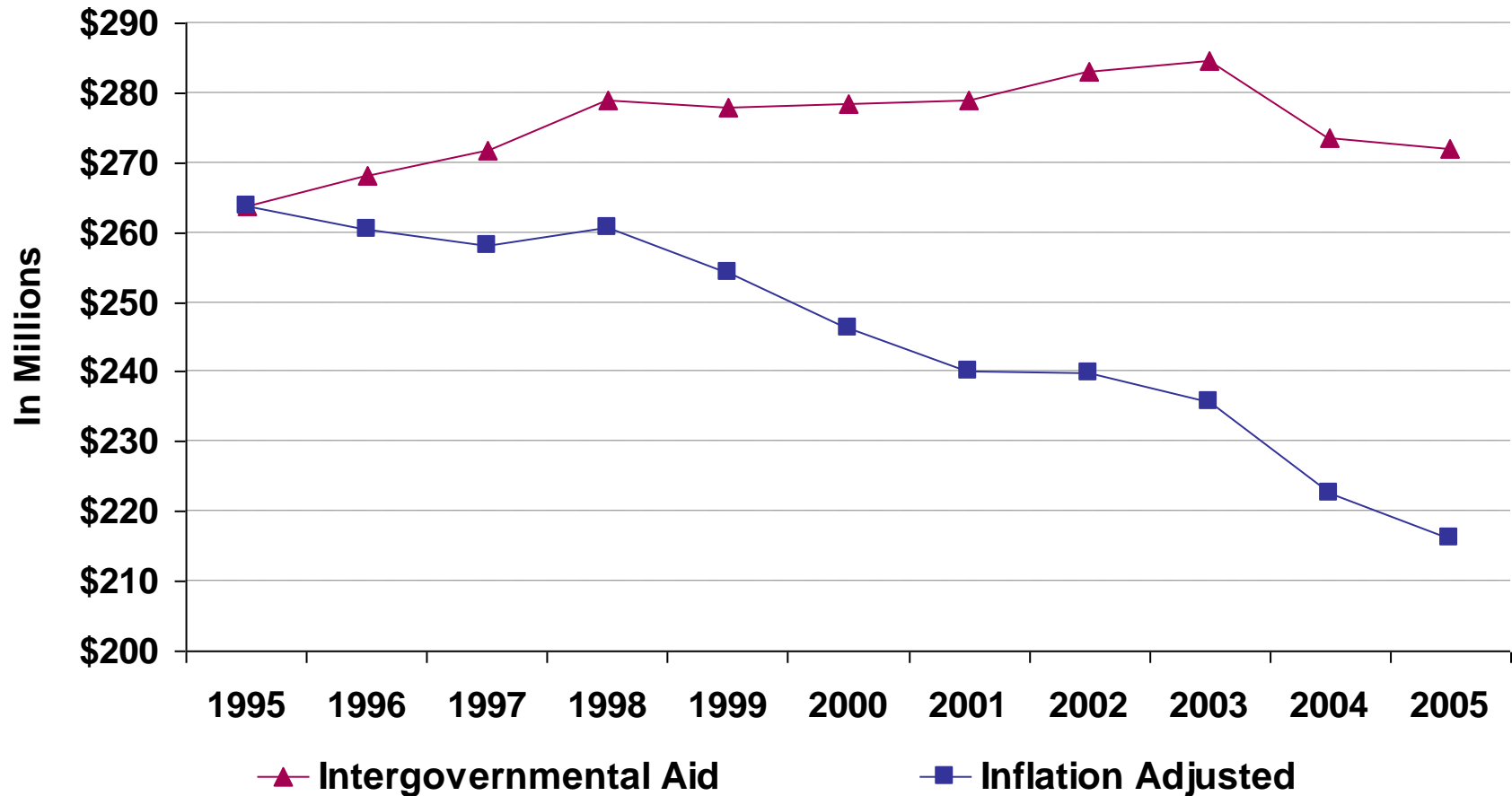
- Historical State/Local Relationship:
 - Shared Revenue to equalize taxes for local services in exchange for limits on “own source” revenue
- 2003-2005: \$19.5 million real dollar decline in Shared Revenue payments to Milwaukee
- Potential for Shared Revenue loss is a key credit risk
- Change in state policy creates huge pressure on the property tax

2005 Proposed Budget Revenue Sources



Note: Does not include Special Revenue Accounts

Trends in Intergovernmental Aid



2005 Budget Request Summary

- Property Tax Supported Budget = \$858 million
- Property Tax Levy = \$229 million
- Property Tax Rate = \$10.36
- Total Budget = \$1.15 billion
- Still need \$27 million in reductions or revenue increases to achieve legislative tax levy freeze

Structural Budget Basics

Revenues

- Declining IG Revenues
- Expectations for property tax control
- Limited revenue alternatives

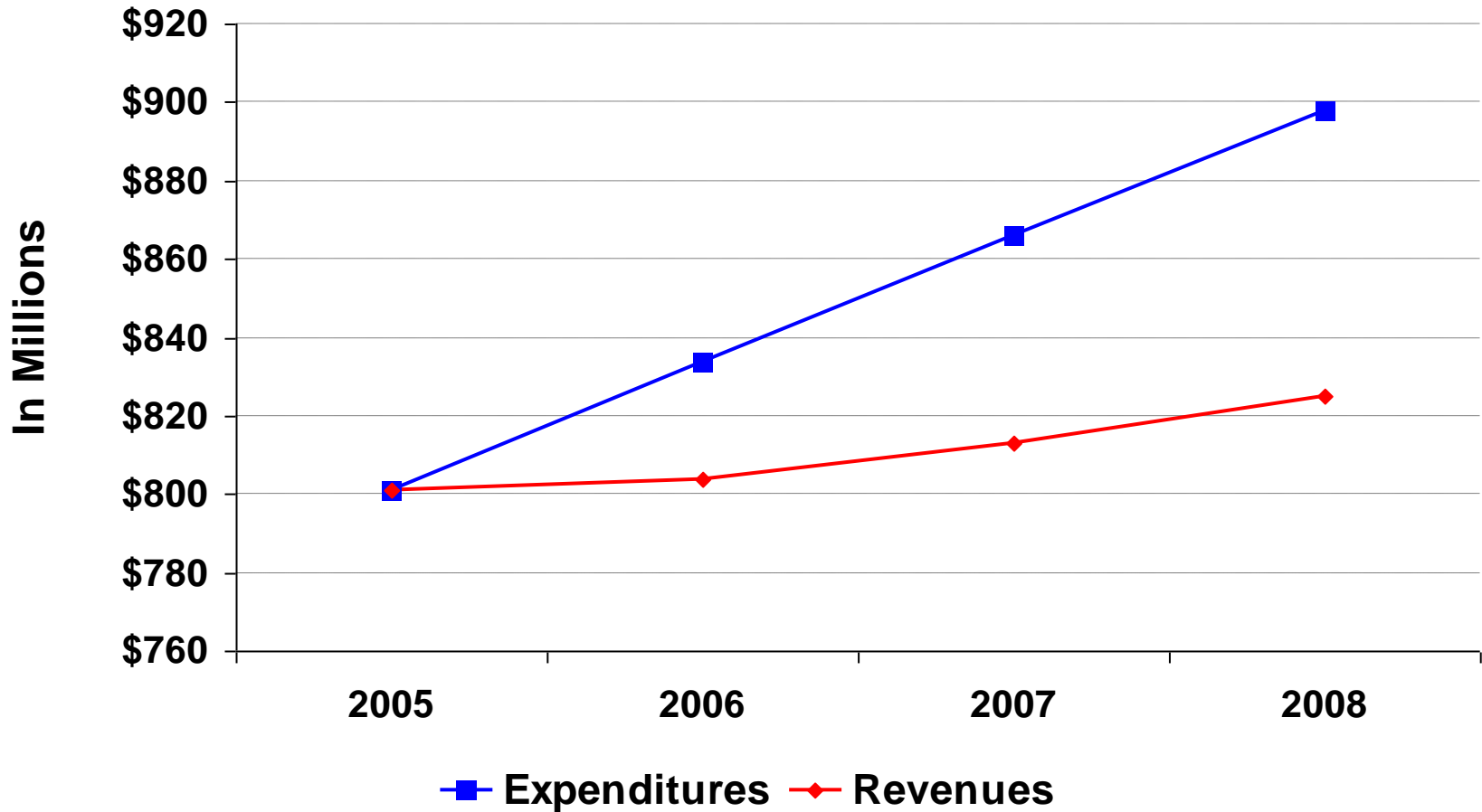
Expenditures

- Compensation about 80% of operations
- Health benefit trend projected at 10%
- Capital & debt service are ongoing challenges

Structural Budget Result

- Existing trends produce ongoing expenditure/revenue imbalance
- “Cost-to-continue” budgets are unsustainable under current trend
- Shared revenue generates massive “leverage”

Estimated Structural Imbalance



2006-2008 Fiscal Stability Plan

Goal: Improve budget sustainability over a 3-year time period

- Revenue options and choices
- Link expenditure priorities to strategic goals
- Develop budget incentives for performance and productivity
- Manage future debt via controlled borrowing plan
- Coordinate with intergovernmental strategy

2005 Proposed Budget “Bottom Line”

- Total Budget is 1.6% > 2004 Budget
- Tax Levy Supported Budget is 0.2% > 2004 Budget
- \$4 million tax levy increase = proposed legislative property tax freeze
- No increases to major user fees

2005 Proposed Budget - Funding Priorities -

- Public Safety
- Neighborhood Quality
- Education and School Readiness
- Economic Development
- Infrastructure

2005 Proposed Budget - Priorities -

Public Safety

- Police: Maintain staffing levels
- Fire: Maintain engine companies, standardize engine staffing, implement 11th MED Unit

2005 Proposed Budget - Priorities -

Neighborhood Quality

- Maintain code & zoning enforcement staff levels
- 7-day regular garbage collection
- Integrate special collections with smaller routes
- Implement “Clean and Green” program

2005 Proposed Budget - Priorities -

Education & School Readiness

- Maintain Neighborhood Libraries
- Technology Initiatives to reduce “Digital Divide”
- Child health & environmental protection
- Implement Mentoring Initiative

2005 Proposed Budget - Priorities -

Economic Development

- \$20 million in new TIF borrowing authority
- \$2 million in Development Fund
- Development Center

2005 Proposed Budget - Priorities -

Infrastructure

- Sewers, Bridges, Major Streets funded as requested
- Storm Water Pilot Projects: \$1.1 million
- Local streets increased \$2 million > 2004
- \$460 K CDBG reprogramming for street lighting

Capital Projects and Borrowing

- Align new borrowing with debt retirement
 - \$14.6 million < 2004 Budget
- Cash/borrowing ratio increases
- Use of Sewer Fund for Sewer-related debt service

Reserve Funds

- TSF Withdrawal is \$550,000 < 2004 Budget level
- PDAF Withdrawal = 2004 Budget level
- Parking Transfer increases by \$3 million
- Actuarial study to determine future Pension reserve

Budget Files

- Appraisal Service Charge
 - Only new revenue initiative
 - Recover costs for appraising new construction & alterations
 - Supports assessment accuracy and equity
- Special Collections Program Changes
- Mentoring Program
- Safety Commission return to Police Department



City of Milwaukee
On the Web:
www.milwaukee.gov