

Mayor Tom Barrett's 2011 Proposed Executive Budget Speech
Delivered September 23, 2010 ~ Common Council Chambers

Good morning President Hines, members of the Common Council, City Attorney Langley, Comptroller Morics, City Treasurer Whittow, members of the Cabinet, honored guests and residents of our great City.

I want to start by thanking all of you for working with me and our budget staff as we continue to confront the most difficult economic period our City and Country have faced since the Great Depression.

Before I speak to my proposed 2011 City of Milwaukee Budget, it's important to acknowledge the hard work and dedication that was on display in response to the July flood and FEMA appeal efforts. First, and foremost, I want to thank the people of Milwaukee who not only cleaned and repaired their own homes, but who also assisted their neighbors in the clean-up effort. I want to thank all our citizens and businesses who volunteered their time and made contributions to the relief efforts. And, I want to thank all those people who patiently cooperated as we worked through the FEMA appeal. To these incredible and inspirational Milwaukeeans, thank you!

Immediately after the flood, we launched a clean-up effort to assist the elderly and disabled. To date we have cleaned 135 homes. The Milwaukee Community Service Corps and volunteer organizations continue to assist the elderly and disabled. Thank you for your service.

We were all disappointed with FEMA's initial decision not to grant Milwaukee flood victims individual assistance. Disappointed, but not deterred. As I said at the time, we would leave no stone unturned in our efforts to get assistance for our residents. On August 18th, with the strong support of Common Council President Hines, we launched an aggressive effort to produce, distribute and collect flood damage survey forms.

On August 20th, FEMA officials travelled to Milwaukee to meet in my office and discuss the appeal process. We reviewed our supplemental information and survey strategy.

Over the next few days, workers collected more than 1,200 forms. We then contacted survey respondents by phone and through a door-to door canvass.

The results were stunning. A total of 231 properties were identified as having suffered major damage, and hundreds more were identified as having minor, though significant, damage. These results, the product of hard work and dedicated individuals, lead to our successful appeal. I am delighted to share with you that as of this morning, 9,900 applicants have registered and \$6 million has already been disbursed.

In addition to City staff who manned the phone bank, I'd like to thank our partners in this important work:

Barb Notestein
Joe Kubisiak
and Tim Shermetzler
From Safe and Sound and Community Partners

On behalf of the citizens of Milwaukee, I offer thanks and appreciation to the many City departments who responded to the flood and helped in the aftermath including:

The Office of Emergency Management Staff:
Steve Fronk
Battalion Chief Jim Ley
Lieutenant Kurt Drezek
Desiree Matel Anderson
And Gene Oldenburg

The brave men and women of the Milwaukee Fire and Police Departments who rescued flood victims and brought them to safety.

The Department of Public Works Call Center staff as well as sanitation, street and sewer maintenance personnel

Health Department staff who coordinated the distribution of more than 12,000 clean-up kits.

Staff from Intergovernmental Relations, The Department of City Development and our IT department for their work on drafting our supplemental appeal

and members of the Common Council and your aides who assisted and supported the effort.

I thank you. Please join me in a round of applause.

Now back to the task at hand.

Because of the responsible actions we took last year, we are in a much better position today to confront the challenges that lie ahead.

In our 2010 budget, I decided it was better to make the \$49 million pension contribution than to borrow for it. We had to cut more than \$31 million in operating spending and we eliminated 360 full-time equivalent positions.

Over the last six years, we have approached each budget with a longer-range view. We have not allowed ourselves to get trapped into a "one-year-and-done" mentality. The difficult and challenging budget we passed last year – with over \$31 million in operating cost cuts and making the full pension contribution without borrowing, has produced a level of stability in these unstable times.

We have established a budget process that serves Milwaukee well. We identify the issues; address the problems and craft strong solutions. We don't kick the can the down the road and push today's obligations onto future generations.

The budget I present today continues that process. It is a responsible and reasonable budget; a budget that recognizes that the economy has been slow to recover and that our neighbors, our families and our businesses are hurting.

My budget keeps the property tax levy flat, does not increase municipal fees and draws the line on total levy-supported borrowing. We would not have been able to do this if we had not made the difficult decisions last year.

Because we made the entire required employer pension contribution without resorting to borrowing, implemented changes to the ERS funding policy and achieved a strong 2009 investment return, the Employee Retirement System now enjoys a funded ratio of approximately 113% on an actuarial basis. The result of these actions is that no employer contribution is required for the 2011 budget. I want to thank Alderman Michael Murphy and Comptroller Wally Morics for their steadfast leadership and guidance on the City's pension issues.

Pension funding is one of the biggest challenges we face. We did the right thing by funding our pension obligations without borrowing. However, it would be irresponsible to pretend that we can ignore the impact that pension contributions will have on future City budgets.

Therefore, my Proposed Budget includes a \$17.35 million voluntary contribution to the Employer's Pension Reserve. This action represents an important step toward reducing the destabilizing impacts that pension funding could have on future budgets.

It is critical that the Common Council maintains this proposed action as part of the adopted Budget. I will veto any expenditure included in the Budget adopted by the Council that uses a reduction to my proposed reserve as a funding source.

Last year, we successfully completed collective bargaining agreements with AFSCME, our largest public employee union, which resulted in real savings and continuity in service delivery. These provisions were eventually included in agreements with other general city unions covering the same time periods.

I understand that not everybody in our labor ranks is happy. As we move forward, it is imperative that the City's fiscal integrity, service delivery and affordability remain

priorities. I thank the leadership of those bargaining units who have recognized these priorities.

Significant challenges remain in achieving ongoing fiscal sustainability. The increase in health care costs from 2003 through 2011 is 98%. This increase is more than five times the rate of inflation during this same time period. For 2011, the cost increase is \$25.1 million or 21% above the 2010 estimate.

The breakdown in the State's Shared Revenue program has created substantial consequences for the city's fiscal sustainability. Since 2003, the city has absorbed a \$60 million loss in inflation adjusted dollars as a result of changes in State Shared Revenue policy.

In my 2011 budget, I have put in place a plan to implement a vacancy control program that will actually begin in the 4th quarter of 2010. And, to allow for future sustainability, our net reserve use is proposed at \$7 million less than in 2010.

I am proposing four mandatory furlough days for City employees in departments other than the Police and Fire Departments. There will no furlough days for sworn police personnel.

The Police and Fire Departments will continue to receive the resources they need to make Milwaukee a safer city. Included in the 2011 budget is a full year of COPS grant funding. Because of these federal dollars, we are able to increase the sworn strength of the department. This year's police recruit class will be ready to hit the street in early 2011. Under the leadership of Chief Ed Flynn, the men and women of the Milwaukee police department continue to stabilize our neighborhoods. I'm pleased during the last year we've added several new crime watch groups. Total violent crime is down 12.3% from last year and 31% from three years ago. Thank you Chief Flynn and the Milwaukee Police Department's brave men and women who serve us so well.

Our Fire Department continues to provide an exceptionally high level of service. The proposed budget will maintain the Fire Department's capacity to respond to fire and medical emergencies at a rate which is superior to national standards. Our Emergency Medical response teams continue to outpace our peers in speed and quality of care. The Fire Department response to emergency medical service calls continues to produce impressive results. The Fire Chief is finalizing a plan that will make the administrative structure of the department more accountable and efficient. Again, welcome Chief Rohlfing and thank you for diving right in and making a difference. And to the brave men and women of the Milwaukee Fire Department, thank you for serving the citizens of Milwaukee.

I take my responsibility to maintain our City's infrastructure very seriously. If we are to continue to redevelop our City and retain and attract jobs, we must have world-class infrastructure.

In 2011, I want to increase our investment in what I call our "invisible infrastructure." Because sewers are out-of-sight, it's easy to underestimate the critical role they play in protecting human health and property. We must address the fact that large portions of the sewer system are approaching the end of their useful life.

The capital budget includes \$14.3 million of important infiltration and inflow reduction projects, including a \$2.8 million MMSD grant, to reduce the amount of rainwater that enters the sanitary sewer system. This represents a 75% increase in city investment for this purpose from 2010. The majority of I&I funds will be used to reduce I&I in the public right of way, including inspecting manholes, sealing manholes, and lining sewers.

The Sewer Maintenance capital budget includes a commitment to partner with MMSD on a lateral inspection program. The results of these inspections will be used to craft a demonstration program to address leaking laterals and other issues within a well defined area. I'm committed to working with the Common Council to shape this proposal and to draft appropriate ordinance revisions.

The proposed budget includes \$14.3 million in capital funding for local streets and continues the steady increase in investments we've made since I became Mayor.

The budget for local streets is a 19.1 % increase from the 2010 budget and a 257% increase from the 2004 budget. This budget should allow for the repaving and reconstruction of almost 15 miles of local streets and will also enable a greater level of preservation activity.

The 2011-2016 capital improvement plan for local streets will produce a 61-year replacement cycle, a significant improvement to the replacement cycle of 160 years reported by the Comptroller in 2008.

The 2011 proposed budget includes \$59.8 million for the Major Streets program of which \$51.5 million is grant funding. The 2011 city match is \$8.3 million, which is \$3.6 million higher than the 2010 adopted budget amount.

Nothing is more important to the economic vitality of Milwaukee than the availability of good jobs. I have made a priority of working with the private sector to retain existing jobs and create new employment opportunities. Over the past year, coordinated city efforts have helped attract new employers such as Ingeteam, the Spanish wind energy company, which will employ hundreds of people in a Menomonee Valley factory slated to open in 2011 and Talgo, the high-speed train manufacturer moving to Century City.

As co-chair of the M-7, I am committed to the cooperative economic development approach we have developed and I have included the City's financial contribution in this year's budget. It's a wise investment and we've achieved impressive results.

Milwaukee is continuing to remediate and market older industrial sites. It is an effort that returns jobs to underutilized land and creates employment opportunities in areas where joblessness is high. Milwaukee's 30th Street Corridor, including the Century City site, is a location of significant redevelopment activity in 2011. I want to thank Alderman Wade for his support and leadership on the corridor's redevelopment.

I also want to thank Alderman Terry Witkowski for his work on the Aerotropolis and for setting the stage for new employment possibilities for our residents.

The Milwaukee Public Library is one of our greatest community assets.

This past summer, more than 20,000 school kids participated in the Super Reader summer program.

And just this past Friday, I took part in the groundbreaking for a new mixed-use development called Villard Square on 35th and Villard. This four-story building includes a new library on the ground floor to replace the current outdated, energy-inefficient Villard Avenue Library, with three additional floors of apartment homes for grandparents who are raising their grandchildren. This development certainly adds vitality to the neighborhood. It shows we're doing things differently in Milwaukee, plus these amenities come at a lower cost to taxpayers. I commend Library Director Paula Kiely and Milwaukee Public Library Board of Trustees President Ald. Ashanti Hamilton, for their vision and hard work on this wonderful addition to the Villard Avenue neighborhood.

For 2011, I am including funding so that four Milwaukee Public Libraries can increase their hours of operation. Ten hours of additional public service time per week will enable more kids to get help with school work, more adults to access computer training and all Milwaukeeans to explore new avenues of learning and cultural enrichment.

In the most recent state budget, the State increased the "tipping fees" imposed on each ton of solid waste the city collects from residents and disposes in a landfill. As a result, the City's costs to collect garbage from our residents increased by approximately \$2 million. Collecting garbage isn't cheap, and our costs will only increase if we do nothing. We need to be creative in finding ways to decrease our costs. Today, I'm once again proposing a greener option.

Since this increased cost is based on the number of tons of waste collected, we begin to implement an initiative that aims to reduce the amount of waste generated by city residents. The mandate I've given to the Department of Public Works is to achieve a

40% diversion of Milwaukee's waste from landfills by the year 2020. We have achieved approximately half of that goal so far.

I am proposing to move to a volume based, pay-as-you-throw system that will allow us to decrease the tonnage of solid waste and increase revenues from recycling. My proposed budget includes the initial steps. Rest assured, our popular Clean and Green program will remain intact.

Home foreclosure is a tragedy for individuals and families. And, the harm extends to neighborhoods throughout the entire city.

From the outset of the foreclosure crisis, I have insisted the city and its partners take an active role in mitigating negative impacts. We have worked together to bring to the table banks and real estate professionals, neighborhood groups and educational institutions, housing counselors and government representatives. We succeeded in obtaining \$35 million in federal resources to support our efforts – the latest grant was announced just a few weeks ago. Cooperatively, we have solved problems, come up with innovative solutions, and prodded everyone involved to step up.

By working together, hundreds of individuals in Milwaukee are in better situations. In some cases, good homeowners have kept their homes through mediation settlements. Yvette Murrell is here today. She's a life-long Milwaukee resident, and I am glad she remains a caring homeowner in Brewer's Hill. Mediation, reliable homeowner counseling, and responsible lenders are having positive impacts when difficult circumstances arise, and Yvette and her neighborhood are among the beneficiaries.

When the city ends up with properties because of tax delinquency, too often the condition of those houses has deteriorated long before the city steps in. In this budget, we are changing our approach; instead of waiting for the once-yearly date to foreclose on tax-delinquent properties, the city will process these matters quarterly in order to better protect individual houses and the neighborhoods where they are located. I want to acknowledge Alderman Bob Bauman for advancing this idea.

We are increasing the expenditures for maintaining city-owned foreclosed homes; we are establishing a new fund to start repairs on city-owned homes and we are increasing the amount of money we spend to manage and market city-owned properties.

The road to economic recovery is rougher than we would have hoped. There are difficult days ahead. That's why it is so critically important to take a longer view; to make the hard decisions and not kick the can down the road so that future generations are saddled with more debt, more costs. We have a responsibility and duty to the people we work for to budget responsibly; to invest reasonably and to protect essential services. Just as we took the bull by the horns in putting the 2010 budget together, I am confident that, together, we will do the same for the hard-working people of Milwaukee for 2011. I look forward to working with you.

