

2006 PROPOSED EXECUTIVE BUDGET

**SPECIAL PURPOSE ACCOUNT
INFORMATION SHEETS**

**Legislative Reference Bureau
Fiscal Review Section
October 24, 2005**

**2006 SPECIAL PURPOSE ACCOUNT:
ALTERNATIVE TRANSPORTATION FOR CITY EMPLOYEES**

PURPOSE: This program began in April 2000. It is designed to provide all city employees with the opportunity to purchase reduced fare bus passes. Most city employees are eligible to participate. This program is known as the Milwaukee County Transit System Commuter Value Pass Program and is valid on local and freeway flier bus routes. This program is offered to encourage bus ridership and decrease the number of autos driven to work. This program is an employee benefit that does not require labor negotiations.

This program has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The number of employees who participate in the program determines the funding level.

365 participants are currently enrolled in the Commuter Value Pass (CVP) program. This number represents an 11% increase over the 2004 participation of 329. While it is feasible that the increase in gasoline prices may have an impact on this program, DER is unable to project what, if any, increase in participation may be expected.

While the Milwaukee County Transit System has not officially notified the City, public statements by MCTS and elected Milwaukee County officials with respect to the County budget process for 2006 have indicated that fare increases are possible for bus fares in 2006 related to the current rapid fluctuations in the price of fuel.

This 2006 SPA is budgeted for a similar amount as in 2005. The cost to the city is \$23.00 per month per participant. The participant shares a \$19.00 per month cost through payroll deduction.

With the exception of the sworn uniformed protective service employees, all active employees are eligible for this program.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$90,550	\$95,000	4%	\$95,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: ANNUAL PAYMENT TO DNR

PURPOSE:

This account represents a refund to the State Department of Natural Resources of its payment-in-lieu-of-taxes to the City of Milwaukee for the operation and maintenance of the Havenwoods property.

The State maintains Havenwoods as a State park and is required to pay the City on an annual basis to use the property as a State park. The required payment was initially set at \$100,000 in the first year, to be reduced until it reached the \$7,100 level, which it did in 1998. It will remain at \$7,100 as long as the property is a State park.

The City agreed to return each annual payment to the State for park operation and maintenance costs. This account merely reflects that offsetting exchange.

FACTORS AFFECTING FUND LEVEL

The level will remain at \$7,100 by agreement with the State. This is a return of a payment from the State; it is not funded through the tax levy.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$7,034	\$7,100	1%	\$7,100	0%

Prepared by: James Carroll, 286-8679
LRB - Fiscal Review Section
October 17, 2005

2006 SPECIAL PURPOSE ACCOUNT: AUDIT FUND

PURPOSE:

This account provides for the preparation of the City's Comprehensive Annual Financial Report (CAFR).

This account has a tax levy impact. Funds from City component units also contribute to the cost of CAFR preparation.

FACTORS AFFECTING FUND LEVEL

This contract is awarded on a competitive basis. Factors such as the number and complexity of required deliverables affect bidders' charges. Contracts have typically included inflationary adjustments. The provisions of the contract call for the contract to be awarded on a four-year basis. The contract is renewed based on a satisfactory performance by the vendor. The Council approved a four-year contract with KMPG-Peat Marwick beginning in 1995. This contract was renewed in 1999.

The audit contract was put out for bids through a RFP. KMPG-Peat Marwick was awarded the contract. In the past, a contractor could only hold the contract for two four-year periods. The amended policy, File #990957, allows auditors to be selected for consecutive four-year periods without limitation provided there is a competitive bidding process every four years. The current auditor has the contract for a third four-year period. 2006 represents the third year of a 4-year contract. In the 2006 Proposed Budget, the account increases by \$10,800 with respect to costs associated with the services.

DEPARTMENT MANAGING ACCOUNT:

The City Clerk's Office is responsible for administering this account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$195,750	\$205,000	4.7%	\$215,800	5.3%

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section - LRB
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
BOARDS AND COMMISSIONS REIMBURSEMENT EXPENSE**

PURPOSE: This account reimburses public members of certain boards and commissions for expenses incurred in attending meetings. The salary ordinance authorizes \$20 per meeting for citizen members of certain boards and commissions and \$60 for Board of Assessment and \$180 for Administrative Review Appeals Board members. The allowance is not to exceed \$400 annually for all board members except those on the Board of Assessment and the Administrative Review Appeals Board.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

The amounts and limits of reimbursement are set by ordinance. Boards and commissions, which are to be reimbursed in this manner, are listed in each year's salary ordinance. Actual number of meetings and attendance level also affect the total expenditures.

The funding provided in the 2006 Budget is a \$2,000 reduction from the amount provided in the 2005 Budget. This account funds the reimbursement of private citizens who serve on City boards and commissions for expenses related to their service. In 2000, the reimbursement was increased from \$15 to \$20 per meeting. Members of the Board of Assessment receive \$60 per meeting and members of the Administrative Review Board receive \$180 per meeting. Members of other City boards and commissions are paid through departmental administrative funds.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$19,680	\$24,000	22%	\$22,000	-8%

Prepared by: James Carroll
LRB – Fiscal Review Section
October 17, 2005

B06Boards.SPA

2006 SPECIAL PURPOSE ACCOUNT: BOARD OF ETHICS

PURPOSE:

This account supports expenditures for the administrative costs related to the Board of Ethics. This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL:

Board administrative costs are affected primarily by expenditures for its contract for research assistance. The contract for research assistance costs are driven by the hourly reimbursement and number of hours worked.

The Board's 2006 Proposed Budget includes funding for contingency legal counsel, research assistance, legal consultation, supplies, material and computer maintenance.

DEPARTMENT MANAGING ACCOUNT:

Pursuant to Council resolution, the Board of Ethics determines expenditures for this account. The City Clerk's Office performs a ministerial role in administering the account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% CHANGE</u>	<u>2006 PROPOSED</u>	<u>% CHANGE</u>
\$20,314	\$25,100	23.6%	\$26,341	4.9%

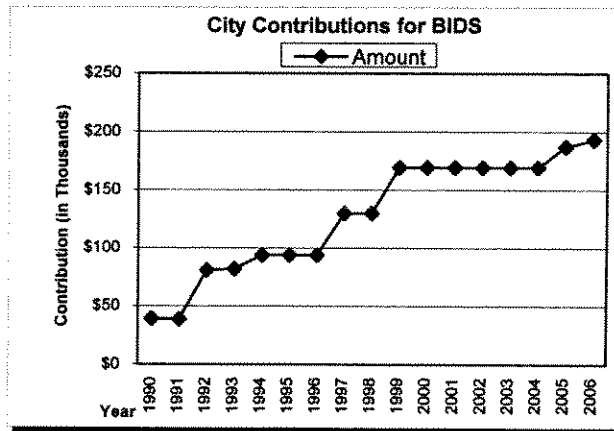
Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section - LRB
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
BUSINESS IMPROVEMENT DISTRICTS (BIDs)**

PURPOSE

Cities are authorized under state statute (s.66.1109) to establish BIDs consisting of contiguous parcels for promoting business development. Public improvements or operating activities within the district are financed through property tax levies on non-residential property. BID plans are subject to City Plan Commission and Common Council approval and may not proceed if owners of 40% or more of the assessed value of the proposed assessable property file an objection. BID Boards have at least five members appointed by the Mayor, subject to confirmation by the Common Council.

The tax levy impact varies; the funding decision is discretionary. In some cases, the City has contributed tax levy funding for BIDs. City support increased from \$39,246 in 1990, to \$130,000 during 1997 and 1998, and annual city support rose to \$169,000 from 1999 to 2004. The 2005 Budget provided \$187,000, and \$193,000 is proposed for 2006.



FACTORS AFFECTING FUND LEVEL

Beginning in 2003, this special purpose account only provides for city contributions. All other BID funding have moved from this Special Purpose Account to a new Economic Development Fund. Because of negotiations with BID #2 (Historic Third Ward), annual city contributions to the BID increased from \$18,000 to \$36,000 in 2005, and will increase to \$42,000 in 2006.

DEPARTMENT MANAGING ACCOUNT

The Department of City Development assists in BID planning, and provides technical assistance.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$169,000	\$187,000	+10.65%	\$193,000	+3.21%

Prepared By: Emma J. Stamps (286-8666)
LRB - Fiscal Review Section
October 17, 2005

2006 PROPOSED BUDGET BID FUNDING

The 2006 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID 3</u>	<u>BID NAME</u>	<u>CITY GRANT</u>	<u>SELF SUPPORTING</u>	<u>LOAN REPAYMENT</u>	<u>TOTAL</u>
2	Historic 3rd Ward	\$ 42,000	TBD	TBD	\$ 610,841
3	Riverwalk		TBD	TBD	111,276
4	Greater Mitchell St.	25,000	TBD	TBD	106,560
5	Westown	18,000	TBD	TBD	94,823
8	Historic King Dr.	21,000	TBD	TBD	160,313
9	735 W Water - Riverwalk		TBD	TBD	23,682
10	Avenues West	12,000	TBD	TBD	165,999
11	Brady St. Business Area		TBD	TBD	153,967
13	Oakland Ave.		TBD	TBD	53,500
15	Riverwalks	40,000	TBD	TBD	388,042
16	Uptown Triangle		TBD	TBD	91,270
17	Northwest Area Business / 76th & Brown Deer		TBD	TBD	48,150
19	Villard		TBD	TBD	94,410
20	North Ave./ Prospect/ Farwell		TBD	TBD	181,959
21	Downtown Mgmt District	35,000	TBD	TBD	2,633,198
25	Riverworks		TBD	TBD	176,996
26	The Valley (Menomonee)		TBD	TBD	24,238
27	Burleigh/ Sherman		TBD	TBD	41,778
28	North Avenue Gateway District		TBD	TBD	29,966
29	(ACT) Atkinson/ Capital/ Teutonia		TBD	TBD	65,495
31	Havenswood - National Avenue*		TBD	TBD	148,088
32	5 th Ward - Amani*		TBD	TBD	71,054
35	Becher/KK		TBD	TBD	23,001
36	Riverworks II		TBD	TBD	50,000
37	Center Street Market Place		TBD	TBD	50,000
38	Cesar E. Chavez Dr.		TBD	TBD	50,000
39	5 th Ward		TBD	TBD	50,000
40	ICC		TBD	TBD	50,000
41	Midtown		TBD	TBD	50,000

* Totals Proposed (subject to change by amendment) \$ 193,000 \$ TBD \$ TBD \$ 5,784,254

City Contributions - The \$193,000 city contributions funding is budgeted in the Business Improvement District Special Purpose Account.

Self-Supporting Funds - Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Loan Repayments - Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

**2006 SPECIAL PURPOSE ACCOUNT:
ECONOMIC DEVELOPMENT FUND (EDF)**

PURPOSE

Beginning in 2003, BID self-supporting activity and loan repayment funds have been moved from the BID Special Purpose Account to the new Economic Development Fund Special Purpose Account.

Cities are authorized under state statute (s.66.1109) to establish BIDs consisting of contiguous parcels for promoting business development. Public improvements or operating activities within the district are financed through property tax levies on non-residential property. Because BIDs do not have taxing authority, the city collects the assessment on their behalf. Through an appropriation in the city budget, the dollars collected by the city on behalf of the BIDs is given to the BIDs from the Economic Development Fund Special Purpose Account appropriations.

This account has no tax levy impact.

FACTORS AFFECTING FUND LEVEL

As conditions within the Business Improvement Districts improve, property values should increase providing increased tax revenues. Exempt properties are not on the tax roll, imposing an adverse effect on the BID property tax base.

DEPARTMENT MANAGING ACCOUNT

The Department of City Development assists in BID planning, and provides technical assistance.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$4,623,673	\$5,388,818	+ 16.55%	\$5,784,254	+ 7.34%

Prepared By: Emma J. Stamps (286-8666)
LRB – Fiscal Review Section
October 17, 2005

2006 PROPOSED BUDGET BID FUNDING

The 2006 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID 3</u>	<u>BID NAME</u>	<u>CITY GRANT</u>	<u>SELF SUPPORTING</u>	<u>LOAN REPAYMENT</u>	<u>TOTAL</u>
2	Historic 3rd Ward	\$ 42,000	TBD	TBD	\$ 610,841
3	Riverwalk		TBD	TBD	111,276
4	Greater Mitchell St.	25,000	TBD	TBD	106,560
5	Westtown	18,000	TBD	TBD	94,823
8	Historic King Dr.	21,000	TBD	TBD	160,313
9	735 W Water - Riverwalk		TBD	TBD	23,682
10	Avenues West	12,000	TBD	TBD	165,999
11	Brady St. Business Area		TBD	TBD	153,967
13	Oakland Ave.		TBD	TBD	53,500
15	Riverwalks	40,000	TBD	TBD	388,042
16	Uptown Triangle		TBD	TBD	91,270
17	Northwest Area Business / 76th & Brown Deer		TBD	TBD	48,150
19	Villard		TBD	TBD	94,410
20	North Ave./ Prospect/ Farwell		TBD	TBD	181,959
21	Downtown Mgmt District	35,000	TBD	TBD	2,633,198
25	Riverworks		TBD	TBD	176,996
26	The Valley (Menomonee)		TBD	TBD	24,238
27	Burleigh/ Sherman		TBD	TBD	41,778
28	North Avenue Gateway District		TBD	TBD	29,966
29	(ACT) Atkinson/ Capital/ Teutonia		TBD	TBD	65,495
31	Havenswood - National Avenue*		TBD	TBD	148,088
32	5 th Ward - Amani*		TBD	TBD	71,054
35	Becher/KK		TBD	TBD	23,001
36	Riverworks II		TBD	TBD	50,000
37	Center Street Market Place		TBD	TBD	50,000
38	Cesar E. Chavez Dr.		TBD	TBD	50,000
39	5 th Ward		TBD	TBD	50,000
40	ICC		TBD	TBD	50,000
41	Midtown		TBD	TBD	50,000
		<u>\$ 193,000</u>	<u>\$ TBD</u>	<u>\$ TBD</u>	<u>\$ 5,784,254</u>

* Totals Proposed (subject to change by amendment) \$ 193,000 \$ TBD \$ TBD \$ 5,784,254
City Contributions - The \$193,000 city contributions are funded through the Business Improvement District Special Purpose Account.

Self-Supporting Funds - Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Loan Repayments - Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

**2006SPECIAL PURPOSE ACCOUNT:
CABLE TV FRANCHISE REGULATION AND NEGOTIATION**

PURPOSE:

This account provides funding for a consultant to provide technical assistance associated with the City's cable television franchise.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL:

Level of funding and associated expenditures is dependent upon the City's need for consultant services, new federal regulations and court decisions.

DEPARTMENT MANAGING ACCOUNT:

The City Clerk's Office is responsible for administering this account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% CHANGE</u>	<u>2006 Proposed</u>	<u>% CHANGE</u>
\$0	\$20,000	0.0%	\$20,000	0.0%

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section - LRB
October 18, 2005

2006 SPECIAL PUROSE ACCOUNT: CARE OF PRISONERS FUND

PURPOSE: Sections 303.18 and 800.095, Wisconsin State Statutes, require the City to reimburse the County for certain costs related to transporting and housing persons convicted of city ordinance violations at the House of Corrections.

This program has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

The number and length of convictions for municipal violations significantly affect the fund level. However, the County charges the City based on a per-diem, per capita fee and it is the County's full cost of providing House of Corrections services that ultimately determines funding requirements. The County historically does not set this rate until almost mid-year, after which it retroactively charges the City to the first of the year. The City Comptroller periodically audits the County's per diem calculation and has previously found ineligible charges included.

Based on its annual analysis of recent data for this account, the Comptroller's Office requested \$230,000 to fund this SPA for 2006. The 2006 Proposed Budget reduced the request to \$200,000. The Comptroller's Office indicates that based on its analysis \$200,000 does not adequately fund this account and could necessitate a request for a transfer from the 2006 Common Council Contingent Fund.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$192,879	\$230,000	16%	\$200,000	-13%

Prepared by: James Carroll
LRB – Fiscal Review Section
October 17, 2005

2006 SPECIAL PURPOSE ACCOUNT: CITY ATTORNEY COLLECTION CONTRACT

PURPOSE: This account funds private collection agencies' contracts with the city for the collection of outstanding personal property taxes and other city receivables. The Collection Contract generates over \$4 million in net revenue for the city.

Collection fees vary significantly, depending on the type, size and legal status of each account. The various rates are set forth in their contract with the City. The average or "blended" fee for all collections to date in 2005 calculates out to 16.9%.

There is no net tax levy impact because the amount expended is offset by collection revenue.

FACTORS AFFECTING FUND LEVEL: The 2006 proposed budget includes \$1,250,000 for this account, a similar amount to the 2005 budget. This funding includes the Tax Intercept Program and funds Professional Placement Services (PPS), L.L.C., the agency that collects overdue Municipal Court judgments.

DEPARTMENT MANAGING ACCOUNT: City Attorney

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$1,102,378	\$1,250,000	13%	\$1,250,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: CLERK OF COURT WITNESS FEES

PURPOSE

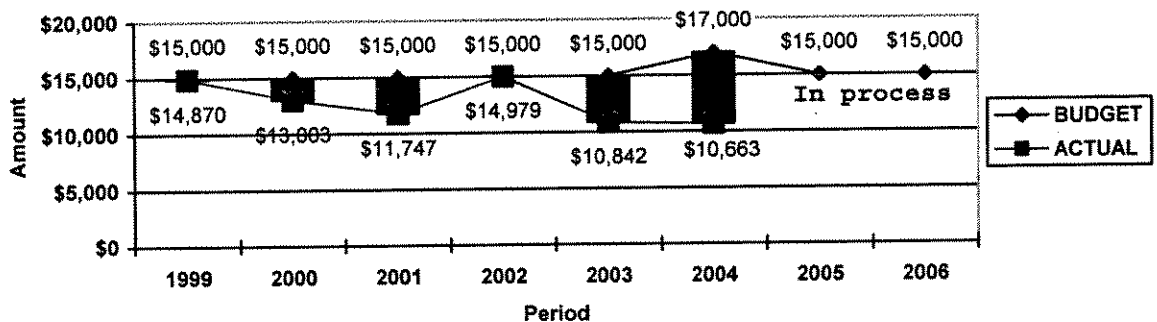
This account reimburses witnesses subpoenaed by the City to appear before the Municipal Court, excluding police officers. Even though subpoenas require witnesses to appear, fees are believed to encourage court attendance.

The Clerk of Court Witness Fees has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

The number of municipal cases and witnesses necessary for their prosecution affect fund levels. As witnesses are not called to appear in pre-trial proceedings, the use of mandatory pre-trials has reduced the demand for account reimbursement.

Historic Budget and Actual Expenditures: Clerk of Cour-Witness Fees Fund



DEPARTMENT MANAGING ACCOUNT

Municipal Court

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Adopted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>%Change</u>
\$10,663	\$15,000	40.68%	\$15,000	-

Prepared by: Emma J. Stamps (286-8666)
 LRB – Fiscal Review Section
 October 17, 2005
 clerkwitness_spa

2006

2006 SPECIAL PURPOSE ACCOUNT: CONTRIBUTION FUND - GENERAL

PURPOSE: This account, which was first added in the 1991 budget, provides expenditure authority to the City, City departments, or City employees for contributions received by the City. Actual contributions are received as revenues by the City; contributions must be expended under the guidelines set forth in Section 304-24 of the Milwaukee Code of Ordinances. There is no tax levy impact as the amount in the account is offset by contribution revenues.

FACTORS AFFECTING FUND LEVEL

The 2006 proposed funding of \$1,700,000 is a \$200,000 increase in funding from 2005. The increase reflects the increase in contributions that City departments, particularly the Library and Police Department, are expected to receive in 2006. This account has a revenue offset, and therefore, does not have a tax levy impact.

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$0	\$1,500,000	-	\$1,700,000	13%

Prepared by: Jim Carroll
LRB - Fiscal Review Section
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: DAMAGES AND CLAIMS

PURPOSE: The Damages and Claims Fund Account is used to cover the cost of judgments against the city for the following:

- Liability and claims incurred in the provision of general services.
- Miscellaneous damages and claims.
- Vehicular-related claims.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The amount needed to meet claims against the city is difficult to predict. The number of claims against the city settled in a year, as well as the size of the judgment awards, affect the fund level.

The 2006 Proposed Budget provides \$1.875 million for the Damages and Claims Account, a similar amount to the 2005 budget. The proposed funding for 2006 is based on the average of previous years and looks at current legal trends. The City Attorney believes that the proposal to fund the Damages & Claims Fund at \$1.875 million is adequate to fund routine settlements. However, the City Attorney has stated that matters pending could result in judgments/settlements that could be well over \$1 million and possibly in the neighborhood of several million dollars. In the event that occurs, the City Attorney will have to request additional funding for those judgments/settlements, including any carryover funds from 2005.

Approximately \$35,000 to \$55,000 is paid out monthly for routine claim and lawsuit payments. Another \$75,000 is paid annually for uninsured motorist claims.

In 2003, the Damages and Claims SPA was supplemented with \$600,000 from the Common Council Contingent Fund.

No additional appropriation has been required, to date, in 2005.

DEPARTMENT MANAGING ACCOUNT: City Attorney

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$1,845,753	\$1,875,000	1%	\$1,875,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT E-Government Payment Systems

Purpose

This account, which was created in the 2003 Adopted Budget, provides funding for development and ongoing maintenance of applications that enable City residents and businesses to conduct business through the City's web site. Examples include online payment, via credit card or electronic check, of property taxes, Health Department license fees and Municipal Court fines. The account provides funds for purchase of hardware and software required to improve the City's E-government capabilities, as well as for technical support for the City web site's Content Management System and license fees for web-related software. The E-Government Payment Systems SPA is also used to pay for electronic check transaction fees imposed by the bank for payment processing and for base monthly maintenance fees paid to U.S. Bank.

The Information and Technology Management Division has no operating funds designated specifically for the purpose of improving the City's web site and E-government capabilities other than its current hardware and software support contracts, which are included in the "Information Technology Services" line item of ITMD's budget (proposed budget of \$380,750 for 2006). ITMD uses in-house programming staff and its E-government partners to build the actual web applications.

Factors Affecting Fund Level

The factors affecting the fund level for this special purpose account include: 1) the costs of the hardware and software needed to enhance the City's E-government capabilities; 2) the needs of City departments and Milwaukee citizens and businesses for web-site improvements; 3) the ITMD staff time required to make these enhancements; 4) the volume of E-government transactions conducted annually; 4) license fees for web-related software; 5) the monthly and per-transaction bank fees for electronic payments processed by the City.

The 2006 Proposed Budget provides an allocation of \$25,000 for this fund, half the amount budgeted for 2005. The level of funding is being reduced for 2006 because no new E-government hardware or software purchases are anticipated for next year. Rather, the E-Government Payment Systems SPA will be used primarily to pay for electronic check transaction fees imposed by the bank for payment processing, as well as for base monthly maintenance fees paid to U.S. Bank, technical support for the City web site's Content Management System and license fees for web-related software.

Department Managing the Account: Department of Administration – Information and Technology Management Division

Expenditure Trends

2004 Actual	2005 Budget	Change, 04-05	2006 Proposed	Change, 05-06
\$14,814	\$50,000	238%	\$25,000	-50%

Prepared by: Jeff Osterman
Legislative Fiscal Analyst
LRB
286-2262

2006 SPECIAL PURPOSE ACCOUNT E-Civis Grants Locator

Purpose

This new special purpose account provides funding to maintain the eCivis grants locator service that assists City departments in locating grants that may be available to support their functions. Specifically, City employees can use eCivis to perform customized grant searches, receive e-mail notifications of grant opportunities and obtain assistance in writing grant applications. The City purchased the eCivis software in 2005.

Factors Affecting Fund Level

The funding level for this account is the amount necessary to maintain the subscription to eCivis for 2006. This subscription will give City employees unlimited access to eCivis resources through a web-based interface.

The 2006 Proposed Budget provides \$23,500 for this special purpose account. Since it is a new account, there is no 2005 Budget figure for comparison.

Department Managing the Account: Department of Administration

Expenditure Trends

	2004 Actual	2005 Budget	Change, 04-05	2006 Proposed	Change, 05-06
E-Civis Grants Locator	\$0	\$0	0	\$23,500	N.A.

Prepared by: **Jeff Osterman**
Legislative Fiscal Analyst
LRB
286-2262

**2006 SPECIAL PURPOSE ACCOUNT:
ECONOMIC DEVELOPMENT COMMITTEE FUND**

 **PURPOSE:**

This fund supports costs related to advertising and marketing the City for industrial and commercial development, business attraction and retention, and tourism.

The fund has a tax levy impact.

FACTORS AFFECTING FUND LEVEL:

Funding level is discretionary. Actual costs include items such as mailings, publications, travel and displays. In recent years, more emphasis has been placed on neighborhood events and marketing, tourism promotion, and special event production, industrial retention efforts, and studies of economic development opportunities.

In 2004 after the spring general election, the Economic Development Committee merged with the Community Development Committee to become the Community and Economic Development Committee to oversee Community Development Block Grant funding and administer the Economic Development Committee Fund.

 **DEPARTMENT MANAGING ACCOUNT:**

The City Clerk manages the account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$37,836	\$20,000	-47.1%	\$30,000	50.0%

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section - LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: EMPLOYEE TRAINING FUND

PURPOSE: Funds in this account are used to provide technical training and policy training to city employees. Training includes, for example, computer technology, management principles, ethics and leadership principles. Other subjects for training are provided as requested or as needed by individual departments.

In conjunction with DER's planning process, a recommendation will be made to develop mandatory training for new managers and supervisors in employment-related topics including basic supervisory skills, working in a unionized environment and employment law. DER anticipates using this account to partially fund this initiative.

Continuing initiatives will highlight *Safety Training* for Safety Officers and managers and supervisors in general. The focus of the training sessions will be on how to identify safety hazards in the workplace and how to address those hazards in an effort to reduce the number of injuries.

In 2005, up to \$10,000 from this account was allocated to the police department in support of their cultural competency and diversity initiatives and training with continuation in 2006.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The fund level is affected by the city's need for training programs that are eligible to be supported by this account and the requests for training that are received.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$49,565	\$50,000	1%	\$50,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: FIRE FACILITIES LOCATIONAL ASSESSMENT

PURPOSE: This new account will provide an assessment of the location of fire facilities. This study will examine the location of firehouses in relationship to population shifts and national standards for fire protection.

A final report will recommend shifting of resources to align firehouse location more effectively.

This fund has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The 2006 proposed budget provides funding for the estimated cost of the study, to be conducted by a professional research organization and awarded by RFP.

DEPARTMENT MANAGING ACCOUNT: DER

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
NA	NA	NA	\$75,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: FIREMEN'S RELIEF FUND

PURPOSE: This account helps defray the costs of the Fire Department Relief Association, established under Section 20-18 of the City Charter. The Association provides assistance to injured or fatally injured firefighters and their families. Funding is set per Charter, and represents 1/8 of the State Aids for Fire Insurance Premiums ("Fire Dues").

The City Fire Department Relief Association provides death benefits to active and retired Fire Department employees. The funds received by the organization through the Firemen's Relief Fund Special Purpose Account are invested in equities and fixed-income securities until distributed to beneficiaries.

FACTORS AFFECTING FUND LEVEL

The \$115,000 provided in the 2006 Proposed Budget is the same amount that was provided in the 2005 Budget. This proposed funding level reflects 2004 expenditures.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$111,919	\$115,000	3%	\$115,000	0%

Prepared by: James Carroll (286-8679)
Fiscal Review Section-LRB
October 17, 2005

2006 SPECIAL PURPOSE ACCOUNT: FLEXIBLE SPENDING ACCOUNT

PURPOSE: The Flexible Spending Account was initiated in 1992.

The Flexible Spending Account (FSA) program allows employees to set aside pre-tax dollars for certain medical care and dependent care expenses. The city cost for this program is \$3.50 per month per participant. This ongoing account provides funding to contract with a third party administrator to coordinate and manage the program.

Currently 685 employees participate in the Flexible Spending Program with 755 separate accounts (some participants have both a medical and a dependent care account). This number represents an increase of 18% over 2004 participation rate. DER has not projected participation increases for 2006, although it is certainly a possibility in light of the changes in health plan design and choices available to employees in 2006.

Employees are either enrolled in a FSA Medical or FSA Dependent Account and/or both. In 2006, the maximum contribution for medical expenses is \$3000 per participant and \$5,000 per participant for dependent care.

This SPA for 2006 is budgeted according to estimated participants for the year.

FACTORS AFFECTING FUND LEVEL: The fund level is affected by the number of employees that enroll in the Flexible Spending Account and the monthly fee per plan that is charged to the city by the third party administrator.

Since the city is not required to make Social Security contributions for wages deposited in this account, it is anticipated that the cost of program is offset by a decrease in Social Security contributions.

In 2006, a possibility exists for increased participation in the Medical Savings Account due to the new health care options available to management employees as well as the 20% co-insurance for prescription medications.

This SPA for 2006 is budgeted according to estimated participants for the year.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$25,941	\$30,000	15%	\$32,000	6%

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
GRAFFITI ABATEMENT FUND**

PURPOSE:

This account was established by amendment to the 1996 Budget. It provides funding for residential and commercial graffiti abatement throughout Milwaukee. The Anti-Graffiti Policy Committee is responsible for developing and implementing graffiti abatement strategies.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL:

Costs will depend on the frequency and volume of graffiti which "taggers" leave on city and private property.

DEPARTMENT MANAGING ACCOUNT: Department of Neighborhood Services

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$139,962	\$145,000	3.6%	\$95,000	-34.5%

Prepared by: Angelyn Ward, (286-8661)
Fiscal Review Section-LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: VACANT LOT MAINTENANCE

PURPOSE:

This is a new account, established in the 2006 Proposed Budget, to provide the Department of Neighborhood Services (DNS) with the funding to maintain city-owned vacant lots acquired more than three years ago.

This is tax-levy supported.

FACTORS AFFECTING FUND LEVEL:

In the past, CDBG provided grant funding for the maintenance of vacant lots. The U.S. Department of Housing and Urban Development (HUD), which oversees CDBG, determined that CDBG funding is allowed for maintenance of vacant lots for a maximum of 3 years after they are acquired by the city.

The city maintains over 2,600 vacant lots. This new account will fund activities associated with the maintenance of vacant lots that were acquired more than three ago.

Maintenance activities include grass cutting, snow removal, trash and debris removal.

DEPARTMENT MANAGING ACCOUNT:

Department of Neighborhood Services is responsible for administering this account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$0	\$0	NA	\$811,735	100.0%

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section-LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: WAGES SUPPLEMENT FUND

PURPOSE:

This account funds anticipated wage and fringe benefit shortages resulting from negotiated collective bargaining agreements. In many circumstances, settlements are achieved after the budget has been prepared or adopted which results in shortages in departmental wage and salary accounts late in the year. The Wages Supplement Fund may be allocated to such accounts upon Council resolution. The fund is not intended to address either internal budget problems or new/expanded program initiatives.

Allocating resources for the funding of undetermined settlements to a central fund, as opposed to departmental accounts, preserves some management bargaining advantage since exact parameters become less easy to determine. A centralized approach allows allocation to departments as needed, and can enable budgeted levels to be somewhat lower than if wage supplements were allocated "up front" to departmental accounts.

FACTORS AFFECTING FUND LEVEL

The timing of collective bargaining agreements affects the fund level. To the extent bargaining agreements are in place for a budget year, wages and salaries can be budgeted in departmental accounts, thereby negating the need for supplemental funds.

In any given budget year, the amount of available carryover from prior year budgeted amounts in this special purpose account reduces current year funding requirements. The following table shows actual experience and total funding availability between 1992 and 2003.

<u>Year</u>	<u>Carryover</u>	<u>Budgeted Amount</u>	<u>Total Available</u>	<u>Transfers*</u>
1992	16,522,727	7,768,216	24,290,943	6,475,527
1993**	0	12,998,000	12,998,000	2,038,668
1994	9,600,000	15,000,000	24,600,000	11,646,830
1995	11,700,000	16,200,000	27,900,000	26,003,694
1996	1,896,306	15,977,368	17,873,674	22,379,985***
1997	0	3,400,000	3,400,000	2,763,717
1998	636,283	11,050,000	11,686,283	3,379,047
1999	8,307,236	9,000,000	17,307,236	11,381,916
2000	11,381,916	18,555,000	29,936,916	31,583,858****
2001	0	19,938,000	19,938,000	12,795,463
2002	12,795,463	14,419,500	27,214,963	3,950,137
2003	23,264,826	18,570,000	41,834,826	32,181,841
2004	9,652,985	19,300,000	28,952,985	16,435,435

*Transfers represent allocations to specific departmental wage and salary accounts, and are a proxy for Budget consumption.

** 1993 transfers are relatively low because very few collective bargaining agreements had been settled.

***Large amounts were withdrawn for end of the year 1996 due to collective bargaining agreements. All 1997 accounts were budgeted at 1996 wage levels, except for Police and Fire, which were budgeted at 1997 wage levels. The WSF was supplemented with a \$4,537,882 Contingent Fund appropriation in 1996.

****The Contingent Funded supplemented the account with \$1,646,942 in 2001.

Source: Various Budget summaries, accounting system reports, and Comptroller's Office.

In addition, expectations regarding collective bargaining parameters for yet-to-be-determined contracts affect the fund level. Elements which have to be considered are the costs of across-the-board wage increases, classification progression ("step") increases, local issues, and new fringe benefits. The management pay plan can also be supplemented via the Wages Supplement Fund.

DEPARTMENT MANAGING ACCOUNT:

Funds may be released by Council resolution only.

2006 Proposed Budget Highlights

The 2006 Proposed Budget provides \$10,275,000 for the Wages Supplement SPA, a decrease of \$9,025,000, 46.8%, from the \$19,300,000 provided in the 2005 Budget. The primary reason for the decrease in funding is the wage and fringe benefit increases resulting from collective bargaining agreements are budgeted in the departmental accounts. The 2006 Proposed Budget is based on the 2005 wage agreement.

EXPENDITURE TRENDS:

<u>2004 Actual*</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$0	\$19,300,000	N/A	\$10,275,000	-46.8%

*Represents transfers to department appropriations. Dollar amount for this year is not included.

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section - LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: WORKER'S COMPENSATION

PURPOSE: This on-going account covers expenses incurred by the city as result of employee job-related injuries. This SPA consists of two sub-accounts.

The Worker's Compensation Fund sub-account (**\$10.811 million** for the 2006 proposed budget) covers expenses incurred by the city as a result of employee job-related injuries. Payments are made from the fund to those injured. These payments are partially offset by the recovery of payments from third parties.

In addition, funds are provided for the Required Employer Law Compliance (**\$50,000** for the 2006 proposed budget) in a sub-account to cover expenses incurred as a result of exposure to bloodborne pathogens in the workplace.

The 2006 proposed budget for this SPA is a **21%** increase from the 2005 budget anticipating a proportionate increase in the cost of health care.

This SPA is approximately 12.3% over its 2005 budget with projected expenditures of \$9,937,071 for 2005 as of the end of August 2005. Consequently, the 2005 Worker's Compensation SPA required a transfer of \$800,000 from the Common Council Contingent Fund to the Worker's Compensation Special Purpose Account for 2005 expenses. The primary reason for the shortfall this year is that medical costs have a significant impact on these claims. The cost of workers compensation medical claims increased 19% from 2003 to 2004. Additionally, state law allows employees to go to the doctor of their choice for worker's compensation injuries, which sometimes leads to a higher charge by the clinic or physician.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The increase in expenditures in this account is due primarily to increases in medical payments for injuries sustained by city employees while on the job. DER indicated the number of injuries has remained fairly constant in 2005. Also there are *no fee schedules or caps* for injury payments. In addition the employee can go to *any doctor* for treatment. Employees enrolled in an HMO can choose to obtain treatment from any doctor. State law mandates that the city pay for the treatment if it is related to an injury sustained on the job.

The increase in this SPA for 2006 reflects an anticipated rise in the cost of health care with the current inflationary climate and average in the health market considered. Also, the projections for 2006 are based upon current experience to date in 2005. Actual expenditures in 2006, however, may vary from the current projections.

In 2006, DER intends to work with all city departments and agencies to pursue effective return to work options for injured workers and other cost control strategies that will impact the overall Worker's Compensation expenditures incurred by the city.

The chart below details the 2004 payments for departments with over \$1 million in Worker's Compensation Claim payments.

Dept.	1/1/04 through 12/31/04
DPW-Infrastructure	\$1,245,138
DPW-Buildings & Fleet	\$2,534,266
Police	\$2,463,250
Fire	\$1,944,855

* Excludes DPW-Water Works and DPW-Parking

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$9,118,826	\$8,910,000	-2%	\$10,810,970	21%

Prepared by: Mark A. Ramion, 286-8680
 Fiscal Review Analyst-Senior
 Legislative Reference Bureau
 October 18, 2005

City labor contracts require the City to offer a Basic Plan and an HMO to represented employees. DER will continue to make every effort to identify and select the highest value health care plans from a quality and cost basis.

Any change in benefit structure or benefit plan design for represented employees must be negotiated with each affected union. The process for charging management employees is through Common Council action. Dialogue with all bargaining groups is ongoing in a continued effort to bring some uniformity to the premium structure. The city has proposed to the unions a structure that requires employees to pay the difference for a higher cost plan, regardless of whether they are HMO plans or basic PPO plans. Under this structure or plan, the city would not pay more than 100% of the lowest cost plan.

2. The 2006 proposed budget increases the Basic Plan Claims account by \$3.4 million from \$30.8 million in 2005 to \$34.2 million in 2006 (11%). The major component of this increase is related to the rising cost of health care in southeastern Wisconsin as well as usage and the types of medical procedures undergone by the enrollees.

To date in 2005, no Contingent Fund transfer has been required to supplement the 2005 Basic Plan claims account.

3. The 2006 proposed budget increases Health Maintenance Organizations (HMOs) funding to \$65.125 million, an 8.5% increase over the 2005 budget of \$60 million. In June 2005, the Common Council approved new rates for one health plan offering two distinct HMO plans. Both plans used the City of Milwaukee uniform benefits. One has a narrow network of providers, the other, more expensive, has a very large network of providers to provide service to city employees and retirees in 2006. The Aurora Family Network HMOs' total cost to the city increased from 2005 to 2006, with the increase for single and family active employees approximately 9.5%. The city pays 100% of this cost. The total cost of the CompCareBlue Broad Network monthly premium has increased 29% with the employee share for city active employees increasing approximately 195%. General reasons for this steep increase in the CompCareBlue plan include the relatively open nature of this network, no co-pays for physician office visits, low co-pays for prescription medications, high usage of health care and the higher than national average of health care costs in southeastern Wisconsin
4. For 2006, city employees will have the choice of two HMO networks from one provider, **CompCareBlue: CompCareBlue Aurora Family Network and CompCareBlue Broad Network.**

The city's monthly contribution for active city employees enrolled in an HMO in 2006 will be **\$385.75 for single management coverage and \$ 1,053.55 for family management coverage and \$389.30 for single represented employees and \$1,063.05 for family coverage for represented employees**, as the city pays the full premium of the lowest HMO monthly rate. These 2006 figures represent a **9.4%** increase for single coverage and a **9.4%** increase for family coverage from 2005 rates.

For management employees (bargaining groups will pay @ 1% more per month based upon a lower co-pay for prescription medications) choosing the CompCareBlue Broad

Network, the single coverage employee share will be **\$252.50** (+195% from 2005) per month and the family coverage employee share will be **\$685.90** (+194% from 2005) per month. Whereas the Aurora Family Network HMO *Family* coverage is defined as to medical staff and location, the *Broad Network* HMO coverage offers a wider choice among hospitals and physicians in the Milwaukee area.

*(Aurora Family Network HMO in the Greater Milwaukee area includes 40 clinics and physician offices that include approximately 400 physicians. Choice is "defined" in that the patient agrees to a specific location and physician for care and, if needed, referrals for specialty care. The Family network has in-house pharmacies, labs, other diagnostic and health-related services. Hospital choice includes five hospitals in the network affiliations and includes Sinai, Saint Luke's South Shore, West Allis Memorial, the Women's Pavilion and Children's Hospital of Wisconsin).

For retirees over the age of 65 years, the city pays 25% of the cost of the total health care premium for the Basic Plan or one of the two HMOs. Based upon the retirees' Medicare status and the plan chosen (there are 9 scenarios for retirees' plans) the monthly rates payable by the retirees range from \$337.31 per month for single coverage to \$1,271.25 for family coverage.

5. The city pays 100% of the Basic Plan costs or a corresponding amount for an HMO with lower costs for management employees who retired prior to 2004. City of Milwaukee management employees, less than 65 years of age, who retired after December 31, 2003, however, contribute the same amount to their health care as active management employees and have no cost for the Aurora family Network HMO. Fire and Police retirees pay for health insurance based on a formula related to their sick leave. For represented retirees after January 1, 2005, the retiree pays the difference for the more expensive HMO and a \$30 Single and \$60 Family premium for the Basic Plan. The lowest cost HMO is the only no cost plan.

The Medicare Act of 2003 is seeking to offer alternatives for the delivery and payment of health care services for those 65 years of age and older. This Act will have implications for the health care coverage for city retirees. DER will examine new Medicare provisions and opportunities in the Milwaukee market in relationship to coverage for city retirees.

6. The 2006 proposed budget decreases by 4% the dental insurance sub-account to \$2.3 million from 2005 funding. The city's contribution for dental insurance has not changed since 1992. \$13.00 is contributed monthly for single coverage and \$37.50 for family coverage. The City will continue to offer prepaid dental plans Care-Plus, DentalBlue and First Commonwealth. Delta Dental will continue as the fee-for-service dental plan.
7. The 2006 proposed budget for Administrative Expenses increases from 2005 with \$1,675,000 in total funding. For 2006, the fees for the cost containment sub-account are rolled into the administrative sub-account. The fees for the basic plan administrator, as well as cost containment oversight, are funded through this sub-account. This fee reflects per contract per month charges. Approximately 22.8% of active employees and 60% of retired employees are enrolled in the Basic Plan.

8. DER continues to seek health care cost containment by a variety of means:

The discount drug program provides prescription drugs to members at a discount price. Currently, the City reimburses participants in the Basic Health Plan 80% of the cost of prescription drugs. This program provides 15% to 20% discounts for brand name drugs and up to a 40% discount for generic drugs. All Basic Plan members are automatically enrolled in this program, although they do not have to participate. The administrator of the plan in 2006 will be Navitus Health Services. Navitus is providing incentives to members who use generic drugs and to members who use mail order prescriptions.

Beginning in 2005, all city management employees enrolled in an HMO plan began to pay 20% co-insurance for prescription medications with a \$1,000 annually out-of-pocket maximum. This co-insurance was authorized by Common Council File 040427 that sought to encourage and increase the use of generic prescription medications by city management employees with the intention of furthering generic prescription usage by all city employees. City employees in the Basic Plan currently pay 20% of prescription medications, as will management enrollees in the Tier 1 and Tier 2 plans.

Effective January 1, 2005, any City of Milwaukee management employee who is enrolled for family health insurance coverage as a dependent through a participant in a health insurance that is sponsored for its employees by any state, local, school district or federal governmental body is not eligible for family health insurance coverage under a City of Milwaukee health insurance plan.

Basic Plan participants are also subject to utilization review (an approach to monitoring health care use) by Blue Cross/Blue Shield CMS in 2006. Utilization Review includes pre-authorization and monitoring of services and proactive case management of hospital stays and medical testing and procedures.

9. The City has awarded a contract to a new third party administrator (TPA) for the Basic Plan, Blue Cross Blue Shield /CMS. The City is hopeful the new TPA will help the City avoid larger health care increases. The new TPA will also initiate a Disease Management Program in 2006.

The City has awarded a contract to a new Prescription Benefit Manager (PBM), Navitus Health Solutions. The new PBM for Basic Plan member prescriptions will help the City avoid escalating drug costs. The PBM will work with the doctors of employee and retiree members who utilize higher amounts of prescription drugs to make sure the drugs are appropriate and are the most competitive costs relative to the needs of the member.

The City will also be working with the American Pharmacists Association Foundation and Milwaukee pharmacists in a demonstration program for persons with diabetes based on a very successful program in Ashville, South Carolina. The members will be notified about these services. Health plan providers in Milwaukee will cooperate to make sure their patients who can benefit from this program are aware of this diabetes initiative.

The City will be working with additional unions to explain the Basic Plan Tier 1 and Basic Plan Tier 2 options that are available in 2006 to Management, MBCTC and Local 494 Electrical Workers. The two unions have agreed to pay the full cost of the difference between the low cost HMO premium and the Basic Plan and be eligible for the additional health insurance options.

10. Changes in health benefit premiums for management employees have affected the approach to the rate structures for the various bargaining groups in the city.

The City of Milwaukee "managed competition health care model" continues to provide incentives for employees, both management and represented, to select the best health care value. In 2006 there are significant differences in the costs of the three plans for represented employees and the costs of the five choices for Management, MBCTC and Local 494 Electrical Workers.

The Labor Relations Section of DER has been successful in negotiating higher co-pays for the Basic Plan in these groups, up to \$75 single and \$150 family in 2006. The Basic Plan contributions from retirees covered by these labor contracts will be \$30 single and \$60 family, and for the more expensive HMO, the difference between the low cost HMO and higher cost HMO. The City anticipates additional progress in future contracts mirroring the choices for management employees, management retirees, MBCTC and Local 494 Electrical Workers. The basis of the managed competition model is to give employees and retirees choices, allowing them to choose and pay for a more expensive choice based on their needs.

In 2006, the City anticipates that additional represented employees will leave the high cost CompcareBlue Broad Network HMO and migrate to either the CompcareBlue Aurora Family Network plan that currently includes 50% of active employees, or to the City Basic Plan, which currently includes 20% of active employees. The City anticipates that management employees will also migrate away from the high cost CompcareBlue Broad Network HMO to either the Aurora Family Network HMO or the lower cost Basic Plan Tier 1.

The 2005 changes for management employees included a 20% co-insurance for prescription drugs when they select an HMO. This has resulted in an avoided cost of about 1%. If implemented for all active and retired employees, based on a \$62M HMO budget, the savings would be about \$620,000. The avoided cost results when employees or retirees select an effective lower cost or generic prescription drug based on the 20% co-insurance rather than \$4/\$8 co-pay that gives little incentive to select the effective lower cost higher value medication.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

EHCB Sub-Account	2004 Actual	2005 Budget	Change	2006 Proposed	Change
Claims	\$ 27,083,894	\$ 30,800,000	13%	\$ 34,200,000	11%
HMO	54,090,293	60,000,000	10%	65,125,000	8.5%
Dental Insurance	2,219,943	2,400,000	8%	2,300,000	-4%
Admin. Expenses	1,264,221	1,226,100	-3%	1,675,100	36%
Cost Containment	312,474	300,000	-3%	0 *	-
TOTAL	\$ 84,970,825	\$ 94,726,100	11%	\$ 103,300,100	9.1%

* In 2006, the Cost Containment expenses are combined with the Administrative Expenses into one sub-account.

Prepared by: Mark A. Ramion, 286-8680
 Fiscal Review Analyst-Senior
 Legislative Reference Bureau
 October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: GROUP LIFE INSURANCE PREMIUM

PURPOSE

This account covers the City's share of the premium for the Group Life Insurance benefit for all eligible City employees.

FACTORS EFFECTING FUND LEVEL

For 2006, funding for the Group Life SPA is increased by \$360,000 to \$3,000,000. The increase reflects wage settlements and a rate increase based upon Mutual of Omaha's experience for the past 2.5 years. At the request of ERS, Mercer, the consultant who originally evaluated the proposals, reviewed Mutual of Omaha's proposed rate increase and concluded that the increase was appropriate.

This account has a tax levy impact.

DEPARTMENT MANAGING ACCOUNT:

Employees' Retirement System (ERS)

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$2,653,727	\$2,640,000	-1%	\$3,000,000	14%

Prepared by: Jim Carroll (286-8679)
Fiscal Review Section – LRB
October 15, 2005

2006 SPECIAL PURPOSE ACCOUNT: INSURANCE FUND

PURPOSE: Funds are provided in this account to pay the insurance premiums on various policies carried by the city, and to pay the fee of the city's risk management consultant, who advises the office on an as-needed basis (approximately \$10,000 per year).

The 2006 proposed budget designates \$700,000 for this account, a similar amount as in 2005.

This fund has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: Policy costs, the number of policies and private insurance consultant expenses are factors that affect the funding level of this account.

DEPARTMENT MANAGING ACCOUNT: City Attorney

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$488,192	\$700,000	43%	\$700,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
LAND MANAGEMENT**

PURPOSE

In 2006, a land management fund is created to replace a lost federal revenue source once used to maintain and market improved tax deed properties for sale. RACM and the City of Milwaukee acquired these improved properties through tax foreclosure. Federal regulations limit the period that the city can management vacant parcels funded with CDBG monies to 3 years, after which, alternative funding sources must be secured to continue the necessary property maintenance.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Tax deed property inventory, the costs related to maintaining and marketing RACM and city owned properties and changing market factors.

DEPARTMENT MANAGING ACCOUNT

Redevelopment Authority through the administration of the Department of City Development.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
N/A	N/A	N/A	\$200,000	N/A

Prepared By: Emma J. Stamps (286-8666)
LRB – Fiscal Review Section
October 17, 2005

2006 SPECIAL PURPOSE ACCOUNT: LONG-TERM DISABILITY INSURANCE

PURPOSE: This account funds an income replacement program for employees who cannot work due to injury or illness. Currently, about 3,400 employees are eligible as a result of collective bargaining and extension to non-represented and management employees. Insured benefits begin 180 days from the date an employee can no longer work because of illness or injury.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The program covers all DC 48, Local 75 Plumbers Union, Staff Nurses Council, TEAM, Scientific Personnel, Association of Municipal Employees, management and non-management/non-represented employees who have been on the payroll for at least six months. The expenditure level is determined, primarily, by the amount of eligible employee-covered wages.

The Long-Term Disability Insurance program is an insured product and program variability is, for the most part, shifted to the vendor.

The 2006 proposed budget for this SPA represents an increase of \$78,000 from the 2005 budget related to, primarily, the addition of two more bargaining groups to this benefit.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$541,852	\$562,000	3%	\$640,000	13%

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT: LOW INTEREST MORTGAGE PROGRAM
(LIMP)**

PURPOSE:

The Low Interest Mortgage Program, which had been accounted for as an Enterprise Fund, was closed out at the end of 1996. The debt utilized to finance mortgages under the program has been retired. No new loans have been made since 1985 and all remaining outstanding mortgages will be transferred to the General Fund. This account provides the necessary expenditure authority for mortgage servicing fees, mortgage guarantee insurance and foreclosure expenditures.

FACTORS AFFECTING FUND LEVEL

The \$10,000 included in the 2006 Proposed Budget is the same amount that was provided in the 2005 Budget. There are approximately 19 mortgages with an outstanding value of approximately \$227,308. The Comptroller's Office estimates 2006 revenue of \$30,000 from mortgage interest, which should decline as mortgages are repaid.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$1,034	\$10,000	867%	\$10,000	0%

Prepared by ; Jim Carroll (286-8679)
Fiscal Review Section-LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: MAINTENANCE OF ESSENTIAL SERVICES

PURPOSE:

This account was established in 1995 to provide Department of Neighborhood Services (DNS) (Building Inspection in 1995) with the funding needed to make repairs or provide needed maintenance of essential equipment (such as heating, electrical or sanitary facilities) whose failure would constitute a substantial threat to the health and safety citizens per Section 200-21 of the Milwaukee Code. DNS can make those repairs only after the landlords have been informed of the conditions and do not correct them. The cost of the repairs is charged to the owner and placed on the owner's tax bill. A revenue estimate offsets the appropriation.

FACTORS AFFECTING FUND LEVEL:

Increased activities necessitated by lack of attention by property owners, any increased cost of materials or utilities used to improve the housing, and/or cold weather conditions can affect the funding level of this account.

In June, 2001, through resolution #010239, the account received an appropriation of \$50,000 from the 2001 Contingent Fund to cover unanticipated costs related to the correction of emergency situations in residential units. Most of the repairs were due to the age of the infrastructure components and the seasonal cold weather.

DEPARTMENT MANAGING ACCOUNT:

Department of Neighborhood Services is responsible for administering this account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$71,348	\$75,000	5.1%	\$75,000	0.0%

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section-LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: CITY MEMBERSHIPS

PURPOSE:

This account provides funds to cover the City's membership in various organizations.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL:

Fund level is discretionary. Any increase or decrease in the cost of memberships could affect the funding level. Increasing or decreasing the number of organizations that the City joins affects the funding level. In recent years, the Wisconsin Alliance of Cities membership has experienced the most significant cost increase.

DEPARTMENT MANAGING ACCOUNT:

The City Clerk's Office is responsible for administering this account.

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$135,753	\$146,720	7.5%	\$146,905	0.1%

Prepared by: Angelyn Ward (286-8661)
Fiscal Review Section - LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: MENTORING PROGRAM

PURPOSE: This account is created in 2005 in order to provide a property tax credit incentive for city of Milwaukee residents who mentor high-risk high school students in Milwaukee. This program will screen, train and match Milwaukee residents with students in order to provide students with resources and guidance to keep them in school and on course for graduation.

This fund has a tax levy impact; however, funds issued will be returned to the city in the form of a property tax credit for the mentor as explained below.

FACTORS AFFECTING FUND LEVEL: The 2006 proposed budget provides funding for approximately 100 mentors. Mentors will be issued a check from the City of Milwaukee Treasurer in the amount of \$360 with the City of Milwaukee as a co-payee. This check will be for the express purpose of crediting the mentor's property tax bill.

There are no federal or state tax implications for the mentor.

DEPARTMENT MANAGING ACCOUNT: DER

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
NA	\$36,000	NA	\$36,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
MILWAUKEE ARTS BOARD PROJECTS**

PURPOSE

Funding is included to promote and support cultural diversity in the artistic life of the City, the formation and growth of programs, and the development and enjoyment of the arts.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

This fund provides a discretionary level of services. A variety of factors drive funding requests, including arts support available from other sources. In 1994, \$20,000 began the fund as match for a National Endowment for the Arts grants. The matching program continued in recent years.

The Milwaukee Arts Board also receives private contributions from donors including donations of reimbursement allowances by members of its Board. Contributions cannot exceed \$100,000. Board members typically donate their allowances by waiver or check endorsement.

DEPARTMENT MANAGING ACCOUNT

Department of City Development

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$201,596	\$172,800	-14.29%	\$172,800	-0-

Prepared By: Emma J. Stamps (286-8666)
LRB – Fiscal Review Section
October 6, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
MILWAUKEE FOURTH OF JULY COMMISSION**

PURPOSE

The Fourth of July Commission was created under section 320-25 of the City Code and is responsible for providing suitable activities for Fourth of July celebrations in 16 Milwaukee County parks.

Historically, the County provided in-kind services to the City by waiving customary fees related to site preparation and clean up. Recent cuts at the County level may result in donors or the City contributing toward clean up efforts. Also, the County has not announced whether it will continue providing for electricity.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Each individual park is responsible for raising money through sponsorships and/or in-kind donations from private sector corporations to cover the activities that happen throughout the city.

In 2006, the Mayor's Office will make an effort to obtain increased private funding to support these initiatives and cover the \$30,000 or 23.08% reduction in city contributions.

The Commission has no staff budget; volunteers provide staff support. The eleven members receive \$20 in salary reimbursements per meeting, up to \$400 per year.

DEPARTMENT MANAGING ACCOUNT

Department of City Development, Marketing, Development Services Division

EXPENDITURE TRENDS

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$128,700	\$130,000	1.01%	\$100,000	(23.08%)

Prepared by: Emma J. Stamps (286-8666)
LRB – Fiscal Review Section
October 6, 2005

2006 SPECIAL PURPOSE ACCOUNT: MUNICIPAL COURT INTERVENTION PROGRAM

PURPOSE

This fund supports the Court Alternative Services contract, the current contract was awarded to Justice 2000 on July 1, 2003.

Justice 2000 is a community based not-for-profit organization located in Milwaukee. The contractor provides a service for indigent screening and social service referral for offenders at risk of incarceration for nonpayment of fines.

The purpose of this program is to ensure that indigent offenders are not incarcerated solely because of their inability to pay their forfeiture, giving offenders alternative ways to fulfill the judgment. The need for incarceration alternatives for indigents is a constitutional requirement.

Based on interviews with offenders, Justice 2000 may recommend to judges alternative sentences such as participation in educational programs, working in nonprofit community agencies, or participation in treatment programs. Other offenders are placed on payment plans.

To the extent that intervention services cause people to be diverted from the House of Corrections, there is a net savings per defendant screened by the contractor.

The account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

In the past, fund variations and increases were more related to increasing in the contractors' salary and fringe benefit costs, rather than to changes in Municipal Court workload.

DEPARTMENT MANAGING ACCOUNT

Municipal Court

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Adopted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$406,414	\$415,000	2.12%	\$415,000	-

Prepared by: Emma J. Stamps (286-8666)
LRB – Fiscal Review Section
October 6, 2005

2006 SPECIAL PURPOSE ACCOUNT: NEIGHBORHOOD CLEAN AND GREEN INITIATIVE

PURPOSE:

This SPA provides funding for neighborhood cleanup initiatives conducted jointly by Sanitation and the Department of Neighborhood Services (DNS).

FACTORS AFFECTING FUND LEVEL:

For 2006, the proposed budget will continue funding for the Neighborhood Clean and Green Initiative SPA. The 2006 Proposed Budget includes \$70,000 for this SPA.

The account has a tax levy impact.

DEPARTMENT MANAGING ACCOUNT: Department of Neighborhood Services

EXPENDITURE TRENDS:

<u>2004 Actual</u>	<u>2005 Budget</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$68,096	\$70,000	2.7%	\$70,000	0%

Prepared by: James Carroll 286-8679
Fiscal Review Section – LRB
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: OUTSIDE COUNSEL/EXPERT WITNESS FUND

PURPOSE: This account supports outside legal services in specific major court cases. Funds are approved case-by-case and appropriated to a sub-account under City Attorney expenditure authority; the City Attorney's Office tracks costs for each case and can transfer unspent funds among cases with Common Council approval. The purpose of the fund is to minimize Contingent Fund exposure and large unspent balances in closed cases.

This account has a tax levy impact.

Common Council File 030183 placed the expenditure authority for the Outside Counsel/Expert Witness Fund under the City Attorney's Office so that all expenditures for outside counsel and experts are now paid through this fund subject to certain reporting requirements imposed by the Judiciary and Legislation Committee.

The 2006 Proposed Budget provides \$225,000 for this purpose, a similar amount as budgeted in 2005.

FACTORS AFFECTING FUND LEVEL: The amount needed to fund cases is difficult to predict. Historical data is used to identify trends and, along with knowledge of existing and upcoming cases, the account may be budgeted accordingly.

In 2005, File 050436 appropriated \$75,000 from the Common Council Contingent Fund to the Outside Counsel/Expert Witness Fund Special Purpose Account. A significant amount of this year's SPA, 31% or \$70,483, has been paid to fulfill legal expenses related to the case of Alexander, et al. v. City of Milwaukee. This supplement is the first since 2001.

DEPARTMENT MANAGING ACCOUNT: City Attorney

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$183,056	\$225,000	22%	\$225,000	0

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: RECEIVERSHIP FUND

PURPOSE: This SPA was created in 2003. The Receivership Fund expends funds related to legal expenses for nuisance properties and receivership lawsuits. Funding for this SPA in 2003 was a result of the division of the Department of Neighborhood Services Razing Fund.

Funds from the SPA are allocated to Neighborhood Incorporated Development Corporation (NIDC) to eliminate the City's debt to NIDC for NIDC's prior receivership related costs.

The Receivership SPA funds are used for recurring expenses from year to year and for new projects and program-related expenses.

Recurring expenses include the indebtedness to NIDC for the Woodlands project. These expenditures will continue until the units are sold and/or line-of-credit is paid in full. The receivership expenditures will continue to fund court-appointed receivers to manage, secure, and abate nuisance properties. The program will continue to provide emergency services, such as hiring a security company to guard a building or conduct an immediate human health hazard clean up. The program anticipates utilizing SPA funds for new projects, such as lead-abatement and demolition cases as well as filing several nuisance abatement cases.

FACTORS AFFECTING FUND LEVEL: Primary factors affecting funding are based upon the number of nuisance properties requiring the legal intervention of the City Attorney's Office.

The Receivership Fund is budgeted for \$400,000 for 2006, a 33% increase from the 2005 adopted budget. With the additional \$100,000 in the 2006 proposed budget (\$300,000 was budgeted for 2005), the Community Prosecutors in the City Attorney's Office will work to accomplish the Common Council's initiative and pursue potential nuisance abatement matters.

DEPARTMENT MANAGING ACCOUNT: City Attorney

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$232,183	\$300,000	29%	\$400,000	33%

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
REGIONAL ECONOMIC DEVELOPMENT INITIATIVE**

PURPOSE

A new account, this multi-year, 7 County job retention, expansion and attraction campaign is spearheaded by the Mayor, Greater Milwaukee Committee and Milwaukee Metropolitan Association of Commerce. The initiative is the result of a yearlong analysis of best practice models in other regions of the country like Cincinnati, Columbus, Cleveland, Chicago, Atlanta, and other major metropolitan areas. Over 5 years, the anticipated cost investment needed is \$12 million, primarily from private sources. The City's commitment is \$100,000.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Undetermined.

DEPARTMENT MANAGING ACCOUNT

The Department of City Development

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
N/A	N/A	N/A	\$100,000	N/A

Prepared By: Emma J. Stamps (286-8666)
LRB – Fiscal Review Section
October 17, 2005

2006 SPECIAL PURPOSE ACCOUNT
Reimbursable Services Advance Fund

Purpose

This account enables City departments to receive advance funding for services and materials which they purchase and for which they are ultimately reimbursed from other sources, namely other City departments. Expenditures from this account (which are funded by a temporary transfer from the General Fund) are completely offset by revenues received from billings; therefore, there is no tax levy impact.

Factors Affecting Fund Level

The funding level for this account is established to make certain that adequate funds are available for departments performing reimbursable activities.

The 2006 Proposed Budget provides \$50,000,001 for this account, the same amount allocated in the 2005 Budget.

Department Managing the Account: Department of Administration –
Budget and Management Analysis Division

Expenditure Trends

	2004 Actual	2005 Budget	Change, 04-05	2006 Proposed	Change, 05-06
Advance Fund	\$0	\$50,000,001	N.A.	\$50,000,001	0
Less Recovery from Reimbursable Operations	\$0	-50,000,000	N.A.	-\$50,000,000	0

NOTE: The net of \$1 represents an accounting mechanism needed for the establishment of accounts.

Prepared by: **Jeff Osterman**
Legislative Fiscal Analyst
LRB
286-2262

2006 SPECIAL PURPOSE ACCOUNT Remission of Taxes Fund

Purpose

The Remission of Taxes Fund special purpose account provides the money needed to refund property taxes and applicable interest to property owners who have had their tax liability cancelled or reduced as a result of Board of Review or State Tax Appeals Commission actions. Actual disbursements from the Fund are made pursuant to Common Council resolutions.

Factors Affecting Fund Level

Expenditures from the Remission of Taxes Fund may vary considerably from year to year as a result of successful appeals for large assessment reductions, typically for commercial properties. Refunds for successful appeals of residential assessments tend to be quite small and have little impact on the balance of the Fund. Appropriations from the Common Council Contingent Fund have been used to make up shortfalls in this Fund in the past. In 2003 and 2004, expenditures from the Remission of Taxes Fund totaled \$2,979,356 and \$1,559,184, respectively -- far in excess of the \$500,000 budgeted each year. This trend has continued in 2005: by early August, the Remission of Taxes Fund 2005 appropriation was depleted. On September 27 the Common Council adopted File Number 050596, a resolution appropriating \$500,000 from the 2005 Common Council Contingent Fund to the Remission of Taxes Fund.

However, the Assessor's Office has indicated that these "overdrafts" from the Remission of Taxes Fund may become less common as the department continues to make progress in reducing the backlog of assessment appeals. The 2005 revaluation process generated only 2,192 appeals, a 6.5% reduction from 2004 and the lowest number in over 20 years. Also, the department now has fewer than a dozen pre-2005 appeals outstanding, indicating that it has almost completely eliminated its once-substantial backlog of appeals cases.

The 2006 Proposed Budget provides \$500,000 in funding for the Remission of Taxes Fund, the same amount allocated in the 2005 Budget.

Department Managing the Account: Assessor's Office, pursuant to Common Council resolution

Expenditure Trends

2004 Actual	2005 Budget	Change, 04-05	2006 Proposed	Change, 05-06
\$1,559,184	\$500,000	-68%	\$500,000	0

Prepared by: Jeff Osterman
Legislative Fiscal Analyst
LRB
286-2262

2006 SPECIAL PURPOSE ACCOUNT: RESERVE FOR 27TH PAYROLL

PURPOSE: Funds in this account are used for the accrual of extra days' salary costs beyond the annual standard of 26 pay periods. City of Milwaukee employees are paid bi-weekly with the salaries and wages recorded for full pay periods only. A 27th pay period occurs every 11 years, most recently in 2005. This reserve supports the use of Generally Accepted Accounting Principles; promotes the principle of paying for current services with current funds; and avoids a huge tax levy impact every eleven years, when funding for a 27th payroll is required. The next year where 27 payrolls occur is 2016.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Adjustments to the annual fund level are based on negotiated wage settlements and management pay plan increases.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

Expenditure Trends

2004 Budget	2005 Budget	% Change	2006 Proposed	% Change
\$1,900,000	\$1,900,000	0%	\$1,500,000	-21%

Prepared by: James Carroll (286-8679)
Fiscal Review Section-LRB
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT
RETIREES BENEFIT ADJUSTMENT FUND**

PURPOSE: This account funds the cost of supplemental pension benefits to certain former City employees, who retired prior to 1984. Supplemental benefits are intended to offset some of the impact of inflation and compensate those individuals who retired prior to 1984. Recipients may include members and surviving spouses of the Employees' Retirement System and the Firemen's Annuity and Benefit Fund, the Policemen's Annuity and Benefit Fund and the Former Town of Lake Pension Fund. These supplements are non-contractual, and are subject to continuation or termination by Council action.

The City's legislation restricts the combination of pension plus City supplements to no more than \$1,180 a month. Supplements are structured to provide the greatest amount of benefits to those individuals retired for the longest period of time, and who have experienced the most exposure to inflation.

This account has a tax levy impact.

FACTORS EFFECTING FUND LEVEL:

The proposed budget is based on the 2004 actual expenditures.

Expenditure Trends

2004 Actual	2005 Adopted	% Change	2006 Proposed	% Change
\$326,954	\$335,000	2%	\$325,000	-3%

Prepared by: Jim Carroll (286-8679)
Fiscal Review Section – LRB
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT: MMSD - SEWER USER CHARGE -
PASS THROUGH LESS RECOVERY FROM SEWER USER CHARGE**

PURPOSE: This account provides authority for the records and administration of sewer user charge billing. The City collects sewer charges equal to the Milwaukee Metropolitan Sewer District's (MMSD) charges for sewer use plus the City's cost of administering the billing, minus \$1 dollar. The City then pays the MMSD an amount equal to the MMSD's wholesale charges.

There is no tax levy impact other than the \$1 net required to open an account.

FACTORS AFFECTING FUND LEVEL

The amount and cost of sewer service, administration costs (billing and collection, purchase of supplies and equipment), and depreciation.

DEPARTMENT MANAGING ACCOUNT

City Comptroller

EXPENDITURE TRENDS					
	<u>2004 Actual</u>	<u>2005 Adopted</u>	<u>%Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
Sewer-User Charge Pass Through	\$0	\$33,425,636	NA	\$34,090,896	1.9%
Less Cost Recovery From User Charge	\$0	(\$33,425,635)	NA	(\$34,090,895)	1.9%

Prepared by: Jim Carroll (286-8679)
Fiscal Review Section-LRB
October 17, 2005

2006 SPECIAL PURPOSE ACCOUNT: TUITION REIMBURSEMENT FUND

PURPOSE: This ongoing account is used to reimburse tuition costs for City employees. Specific maximum reimbursement levels are determined by collective bargaining. The annual maximum reimbursement depends upon the bargaining unit.

Benefits eligible for reimbursement include professional membership dues, eligible promotional and continuing education courses at approved centers/institutions of learning, conferences and conventions and DER-sponsored courses.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The fund level is affected by the number of employees who take advantage of this benefit and by the level of reimbursement provided. Increases and decreases in course fees also have an impact.

In 2004, 2,192 employees took advantage of the Tuition Benefit Program. This represents an increase of approximately 10% over 2003 usage. Through August 2005, there have been 1,338 participants. This represents an increase of approximately 7% over the same time period in 2004.

Since 1997, employees, at the discretion of the department head, may attend training courses on city time using their tuition benefit.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$674,563	\$720,000	6%	\$740,000	2%

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

2006 SPECIAL PURPOSE ACCOUNT: UNEMPLOYMENT COMPENSATION FUND

PURPOSE: This account is funded in order to pay unemployment compensation in accordance with federal and state law.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL: The fund level is affected by the following factors-

- The city's *callback* and *lay-off* schedule for seasonal employees as well as the number of employees that are laid-off due to departmental reorganizations.
- The required amount of compensation per employee, determined by the state.
- The number of weeks that compensation must be paid, determined by the state.

The \$780,000 budgeted for 2006 compares to \$800,000 in 2005. At the current pace through August 2005, DER expects that the current year expenditures will match closely the 2004 expenditures of \$721,477. The 2005 SPA should be adequately funded to serve the projected claims through the end of the year.

Unemployment Compensation is limited to 26 weeks of eligibility, although special extensions may be implemented by the state.

The amount of proposed funding for 2006 is based upon an estimate of the amount that will most likely be required.

DEPARTMENT MANAGING ACCOUNT: Department of Employee Relations

EXPENDITURE TRENDS

2004 Actual	2005 Budget	Change	2006 Proposed	Change
\$721,477	\$800,000	10%	\$780,000	-2%

Prepared by: Mark A. Ramion, 286-8680
Fiscal Review Analyst-Senior
Legislative Reference Bureau
October 18, 2005

**2006 SPECIAL PURPOSE ACCOUNT:
BOARD OF ZONING APPEALS**

PURPOSE

The Board of Zoning Appeals (BOZA) is composed of five members and two alternates appointed by the Mayor, subject to confirmation by the Common Council. The Board's duty is to approve or deny special uses and variances, and hear and decide appeals of rulings from city departments on city zoning ordinances.

For several years, funding for BOZA support staff was contained in the Department of City Development operating budget while salaries for BOZA board members were contained in a Special Purpose Account. BOZA became a separate budgetary entity through Council-initiated legislation in 1998. City Salary Ordinance controls commission members' salaries.

The account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

The 2006 Proposed Operating budget provides \$314,468, an increase of \$32,651 or 11.59% compared to \$281,817 provided in 2005. The budget provides \$262,974 in salary and fringe benefits to support 11 positions or 3.0 FTE staff. Operating Expenditures funding remains constant at \$51,494, a level unchanged since 2003.

The 2006 Proposed Budget estimates BOZA will generate \$209,000 in revenue, an increase of \$18,200 or 9.54% compared to the \$190,800 projected for 2005.

OTHER INFORMATION

Cases:

In 2002, it took 4 weeks on average to complete routine appeals and 19.7 weeks on average to complete complex appeals. In 2004 and 2005, those averages are estimated at 6 weeks and 14 weeks, respectively, by adding one additional hearing for appeals. In 2006 the averages are estimated at 5-7 weeks and 12-24 weeks.

Technology:

BOZA plans to recognize efficiencies by centralizing information into DCD's Master Customer Database, allowing it to share case information with the Plan Review System and compare addresses against the city's Master Address Index (MAI) which contains all known valid addresses..

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$253,352	\$281,817	11.24%	\$314,468	11.59%

Prepared By:

Emma J. Stamps (286-8666)
LRB - Fiscal Review Section
September 27, 2005