



City of Milwaukee Meeting Minutes

200 E. Wells Street
Milwaukee, Wisconsin
53202

FINANCE & PERSONNEL COMMITTEE

ALD. MICHAEL J. MURPHY, CHAIR
Ald. Michael S. D'Amato, Vice-Chair
Ald. Joe Davis, Sr., Ald. Robert Donovan, Ald. James Witkowiak

Staff Assistant, Terry MacDonald
Fax: (414) 286-2233, E-mail: tmacdo@milwaukee.gov
File Specialist, Charlotte Rodriguez, E-mail: crodri@milwaukee.gov

**Italicized comments following the titles of Council files are explanatory only and not intended to limit the scope of the debate or any possible amendments.*

Wednesday, October 6, 2004

1:30 PM

Room 301-B, City Hall

BUDGET HEARINGS

Meeting Convened: 1:37 P.M.

Members Present: ALD. MURPHY, ALD. D'AMATO, ALD. DAVIS, ALD. DONOVAN and ALD. WITKOWIAK

1) [040795](#)

Communication from Mayor Tom Barrett transmitting the 2005 Proposed Budget for the City of Milwaukee.

[2005 Proposed Plan & Executive Budget Summary.doc](#)
[Comparison of the 2005 Proposed Expenditures and Funding Source with prior years](#)
[10-1-04 Budget Overview - 2005 Proposed Budget powerpoint presentation.ppt](#)
[10-7-04 letter from DPW employees.PDF](#)
[10/12/04 Dept. Employee Relations and Employee Benefits powerpoint presentations](#)
[10-7-04 DPW-Sanitation presentation.ppt](#)
[10-15-04 ERS 2005 Budget Presentation.ppt](#)
[040795 Ald. Hines 2005 Budget News Release 9-23-04.pdf](#)
[10-22-04 DCD's 2005 budget presentation.ppt](#)
[11-4-04 2005 Budget Amendments 1-77.pdf](#)
[11/4/04 Amendments to the Amendments.PDF](#)
[Municipal Court-Fiscal Report.PDF](#)
[Municipal Court-Map.PDF](#)
[Department of Employee Relations-Fiscal Report.PDF](#)
[DER-Employee Benefit Accounts-Fiscal Report.PDF](#)
[Port of Milwaukee-Fiscal Report.PDF](#)
[Deferred Compensation-Fiscal Report.PDF](#)
[Grant & Aid Fund-Fiscal Report.PDF](#)
[Comptroller and Public Debt-Fiscal Report.PDF](#)
[City Debt-Fiscal Report.PDF](#)
[Delinquent Tax Fund-Fiscal Report.PDF](#)
[City Revenues-Fiscal Report.PDF](#)
[Tax Stabilization Fund-Fiscal Report.PDF](#)
[Common Council Contingent Fund-Fiscal Report.PDF](#)
[Mayor's Office-Fiscal Report.PDF](#)
[City Clerk's Office-Fiscal Report.PDF](#)
[Election Commission-Fiscal Report.PDF](#)
[City Attorney-Fiscal Report.PDF](#)
[Assessor's Office-Fiscal Report.PDF](#)
[DOA-Fiscal Report.PDF](#)
[DPW-Administration-Fiscal Report.PDF](#)
[DPW-Sanitation -Fiscal Report.PDF](#)
[DPW - Forestry Executive summary.PDF](#)
[DPW-Forestry-Fiscal Report.PDF](#)
[DPW-Bldgs and Fleet-Fiscal Report.PDF](#)
[Capital Improvement Plan.PDF](#)
[DPW-Infrastructure-Fiscal Report.PDF](#)
[DPW-Sewer Maintenance Fund-Fiscal Report1 \(6\).PDF](#)
[DPW-Parking-Fiscal Report.PDF](#)
[DPW-Water Works-Fiscal Report.PDF](#)
[Employees' Retirement System-Fiscal Report.PDF](#)
[Policemen's Annuity & Benefit Fund-Fiscal ReportPDF](#)
[Treasurer-Fiscal Report.PDF](#)
[Health-Fiscal Report.PDF](#)
[Department of Neighborhood Services-Fiscal Report.PDF](#)
[Department of City Development-Fiscal Report.PDF](#)
[Special Purpose Accounts Overview & Misc. SPA'S-Fiscal Report.PDF](#)
[Communication from Chief Wentlandt-Fiscal Report.PDF](#)
[Communication from Health Dept.PDF](#)
[E-mail Communication.PDF](#)
[Communication from City Engineer.PDF](#)
[Communication from Office of the Chief-MPD.PDF](#)

[MPD-Communication re: 2005 Budget.PDF](#)
[Fire Department-Fiscal Report.PDF](#)
[Library-Fiscal Report.PDF](#)
[Police Department-Fiscal Report.PDF](#)
[Part 1 and 2 Approved amendments & 24 hr. Amendment Pack 1 & 2 and more.PDF](#)
[11/12/04 Comptrollers Office letter.pdf](#)

Also appeared: Mark Nicolini, Director (DOA-Budget), Wally Morics (Comptroller's Office), Marianne Walsh, Manager (Fiscal Review),

DEFERRED COMPENSATION

William Thompson, Thomas Bell and Jim Carroll appeared.

Chairman Murphy briefly explained the Deferred Compensation Plan and noted that 65% of current eligible employees participate in the Plan. Mr. Thompson explained that compared to the other 457 Plans and municipalities, the city is about twice that of the national rate. The national rate is at about 32%.

Mr. Morics gave a brief overview of a conference on deferred compensation plans that he attended.

Ald. Davis asked how the current providers are performing. Mr. Thompson replied that all of the providers perform very well. He advised that a performance audit has been done and it came back with no problems. They have posted the audit on the website for all to see. He then noted that they haven't had any major problems or scandals with their mutual funds in the Plan. He also noted that their cost is extremely low as far as mutual funds and they try to keep the cost down. Ald. Davis asked when the current contracts are up in 2005, is there a bid process or is it done on a RFP basis? Mr. Thompson replied that it is done on an RFP basis, unless they want to negotiate with the currently provider so they can maintain the low fee that they presently pay.

GRANT & AID FUND

Eric Pearson and Angelyn Ward appeared.

Mr. Pearson presented his budget overview. Ms. Ward then gave a summary of her fiscal report.

Chairman Murphy asked if someone could explain further about the reduction in the Police Department. Mr. Pearson replied that some of the reduction is due to the Juvenile Accountability Block Grant that isn't reflected in the 2005 budget and the Local Law Enforcement Technology Grant, which was at \$3 million in 2004 and is going down \$1 million in 2005. There are also some

smaller grants that aren't being reflected in the 2005 Budget.

Ald. D'Amato asked where the Homeland Security Grant is being reflected or are they not? Mr. Pearson replied that some of the grant is reflected in the Fire Department.

Ald. D'Amato asked if the \$81 million reflect all of the non-governmental grants provided to the City. Mr. Pearson replied that it reflects all of the Operating Grants, but it doesn't reflect Capitol Grants. Ald. D'Amato then asked, if out of the \$81 million, is only \$30,000 Fire Department's grants? Mr. Pearson replied yes, and noted that there are no new grants for the Fire Department and also noted that the 2005 Budget doesn't reflect the Urban Area Security Initiative grant, because that grant was receive in 2004.

Ald. D'Amato asked if the Library grant amount reflects the amount raised by the Friends. Mr. Pearson replied that it doesn't reflect the Friends funding in the Grant and Aid, but advised that it is reflected in the Contribution account in the Special Purpose Accounts.

Ald. D'Amato asked what do the DOA numbers reflect? Mr. Pearson replied that it reflects all the block grant administration grants which are CDBG, HOME, Housing Opportunity for persons with AIDS, HIDTA, American Dreams Initiative, Weed & Seed and ITMD is anticipating grant funding for digital cadastral mapping and COMPASS.

Ald. Davis noted that he was disappointed in the grant and aid funding, because it seems like they are earmarking CDBG funds and he feels that those funds shouldn't be included in the budget process. Ald. Davis also stated that he is going to move that those funds be stricken from the budget. Mr. Pearson advised that there is a separate process for CDBG funds, but historically they showed it as anticipated funds in the budget just to be clear what they are anticipating.

Chairman Murphy asked Mr. Pearson why are they recognizing an increase of \$8 million in unanticipated funds. Mr. Pearson replied that there might be Home Land Security money coming in. Chairman Murphy asked that Mr. Pearson check into what other cities the size of Milwaukee receive in terms of Fire & Police governmental aid and grant.

Ald. D'Amato asked what is the status of the recommendation for the Comptroller that was made in the KPMG Audit dated May 28, 2002, to take on the process of creating a citywide policy governing grant cultivation procedures for all city departments. Mr. Morics commented that there are two parts to that; one was to update the grant procedures and guidelines, and that has been done. The second part was to be done when the new administration

came and now that they are in, they will be moving on it. Ald. D'Amato asked if they can expect a report sometime early next year. Mr. Morics advised that they will have a report by early next year. Mr. Nicolini stated that they are already scheduling meetings to initiate this proactive approach to citywide grant funding and should have something to report in a few months.

COMPTROLLER (and PUBLIC DEBT)

W. Martin Morics, John Egan, Mike Daun, Richard Li, Dennis Yaccarino and Jim Carroll appeared.

Mr. Morics appeared and addressed the Committee. He noted that the budget maintains the current function and contains no new major changes.

Mr. Yaccarino read his budget highlights. Mr. Carroll then gave a summary of his fiscal report.

Ald. Davis referred to the statement in the fiscal review summary, stating that in 1994, the Public Debt Commission approved modifications to the City's Official Statements to emphasize the City's commitment to minority participation in competitive bond offering. He then asked Mr. Morics to elaborate on that and how effective has it been. Mr. Morics replied that they have a series of annual report that he can furnish to Ald. Davis for his review. Mr. Morics then elaborated on the competitive issue.

Ald. D'Amato referred to a list that was submitted to him by the City Clerk's Office, which lists the budget changes in particular departments from 2002 to 2005. He also referred to the write up from Legislative Reference Bureau, which shows the changes in the amounts of expenditures for the Comptroller's Office over the years. He then asked Mr. Morics why the Comptroller's Office has grown more than, and higher than any other Department. Mr. Morics replied that in the 2004 budget the Public Debt Commission had been consolidated into the Comptrollers Office budget and in the 2005 Budget he noted that \$800,000 was added to the budget due to the GAAP Accounting change. Mr. Morics noted that his budget has gone down 1% from last year. Ald. D'Amato asked about the four positions that were added in 2004, other than the two from the Public Debt Commission. Mr. Egan replied that the Public Debt Commission had one position which they converted into two part time positions and two positions were eliminated in 2004.

Ald. Witkowiak asked about the status of FMIS. Mr. Morics replied that it is up and running and they are currently in the midst of an upgrade and they are working well with ITMD to keep it running. They are currently discussing the activation of the accounts receivable function and that may come up next year.

Chairman Murphy asked about the newly established fraud hotline. Mr. Morics replied that they received about 34 calls so far.

Chairman Murphy asked about the large debate over the accounts receivable system in terms of the Audit of DPW's billings and collections, where DPW indicated a citywide receivable system would make the process more efficient. Are there any plans to pursue that in the coming year? Mr. Morics replied that they have and are paying a maintenance fee on a citywide receivables system that is a part of the PeopleSoft system. He also noted that they would probably wait until after the implementation of the Fixed Assets Management System before they start looking at the receivable issue.

CITY DEBT

W. Martin Morics, Craig Kammholz and Marianne Walsh appeared.

Mr. Kammholz read from his budget highlights. Ms. Walsh then presented her fiscal report.

Chairman Murphy noted that the schools are the biggest concern, with the City doing the bonding for them and also noted that early this year there was a substantial increase in their borrowing cost due to improvements. He asked Mr. Morics how are his discussions going with the schools superintendent in communicating the seriousness of the cost problem. Mr. Morics replied that the reason they fund the schools as part of the budget is specifically related to the constitutional mandate, which states that a limit of 5% of the City's net equalize value as our outstanding debt. The school board has its own debt limit of 2%. All this borrowing falls under our 5% limitation and increases or decreases the capability and increases our utilizations of our total debt ability. The reason they do that is in order to utilize its 2% margin and have the borrowing account against its own limitation, the school board borrowing must go to referendum. Mr. Nicolini replied they have begun some discussions with the Finance Department in the public schools regarding their potential needs in the future. Chairman Murphy commented that this committee wants a message sent to the schools that it is not sustainable to continue the current trend, especially with fewer student enrollments this year than last and the rate of borrowing is putting the City in jeopardy. Ald. D'Amato asked for an itemized statement as far where those school projects are.

DELINQUENT TAX FUND

W. Martin Morics, Dennis Yaccarino and Jeffrey Osterman appeared.

Mr. Nicolini commented that the budget has remained the same over the last several years at \$1 million.

CITY REVENUES

W. Martin Morics, Michael Daun, Jennifer Gonda and Marianne Walsh appeared.

Ms. Gonda read from the budget highlights. Ms. Walsh presented her fiscal report.

Mr. Morics commented that the Comptroller's office recently released a comparative expenditure report. He noted that it is on their web site and he further discussed what was in the report. Alderman D'Amato referred to the report, noting that the city's spending is less than other cities and he also referred to a study done by the Institute of Wisconsin's Future and noted that the study showed the property tax burden has been lower than it has been in 50 years. Ald. D'Amato asked if people have a problem with paying property taxes, why doesn't the City raise fees instead? Mr. Morics replied that is an option and that avenue is always open to the Council. Ald. D'Amato noted that the three fees in the proposed 2005 budget are not increased and asked why they're taking the entire budget increase in property taxes? Ms. Gonda replied that the City is pretty closed to actual cost in relation to the fees. The solid waste fee is the only fee that isn't at actual cost, it is at 43% and basically it comes from residential properties, not many non-exempt property. Ald. D'Amato asked Mr. Nicolini to supply him with a breakdown of all three fees and include the gap amount. Ald. D'Amato then asked about Ald. Davis's comment on the Comptroller's revenue projections.

Chairman Murphy commented that \$203 million is collected in property taxes, and then noted that the City doesn't collect enough in property taxes to pay for our Police and Fire Departments. Chairman Murphy then asked about the parking funds.

Ald D'Amato asked for a clarification on the unanticipated revenues. Ms. Gonda advised that in 2003 and 2004 there has been quite a bit of revenue that has come in from the tax refund intercept program. Also, in addition there are other revenue collection areas that are higher than what was in the 2004 budget. Ald. D'Amato asked what is the tax revenues, year to date? Ms. Gonda said she would supply that info. to him. Ald. D'Amato further discussed the DPW parking fund. Ald. D'Amato then asked about tax intercept for property taxes. Mr. Yaccarino noted that it is a state law that they can't use tax intercept for property tax. Ald. D'Amato commented that the delinquent water bills currently go on the Property Tax Bills and asked if they can be put in the tax intercept program.

TAX STABILIZATION FUND

W. Martin Morics, Jennifer Gonda, Mark Ramion appeared.

Ms. Gonda read her Budget highlights. Mr. Ramion then gave a summary of his fiscal report.

CC. CONTINGENT FUND

Dennis Yaccarino and Mark Ramion appeared.

Mr. Nicolini advised that there is no change to the Common Council Contingent Fund. Mr. Yaccarino then gave his budget overview. Mr. Ramion gave a summary of his fiscal report.

A motion was made by Vice Chair D'Amato that this matter be HELD TO CALL OF THE CHAIR. The motion carried by the following vote:

Ayes: 5 - ALD. MURPHY, ALD. D'AMATO, ALD. DAVIS, ALD. DONOVAN and ALD. WITKOWIAK

Noes: 0

Meeting Adjourned: 2:50 P.M.

*Terry J. MacDonald
Staff Assistant*