



**Tom Barrett**  
Mayor, City of Milwaukee

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November 11, 2016

Honorable Members of the Common Council  
Room 205 City Hall

Honorable Members of the Common Council:

My introductory message to the Common Council regarding the 2017 Budget emphasized the need to maintain a multi-year perspective in order to support financial stability. I appreciate the fact that the Common Council evaluated service levels and new initiatives with the future impacts in mind. The Council's adopted Budget preserved reserve levels and took a responsible approach to revenues. In short, we have collaborated on a 2017 Budget that supports financial sustainability.

I am pleased that the 2017 Budget you adopted includes my priorities, including police strength, preservation of core infrastructure, the initiation of a plan to remove lead water service lines, and the Strong Neighborhoods Program. Alderwoman Milele Coggs and the members of the Finance & Personnel Committee conducted a thorough review of my budget, and spoke with conviction regarding how City services support our community.

The Council added thoughtful initiatives to the 2017 Budget, including programs to improve police/community collaboration and enhance public health protection. I do have concerns regarding the conversion of cash finance to debt for certain capital projects in order to enable the funding of a Disparity Study.

I have submitted four vetoes that I have explained in detail below. If the Council sustains these vetoes and adopts my proposed substitute actions, there will be a Budget reduction of \$-505,000 and a tax levy reduction of \$-5,000, compared to the Council's adopted Budget.

Thank you for your consideration.

Sincerely,

Tom Barrett  
Mayor

## **Veto of Certain Lines and Items included in Common Council Amendment 1A**

Amendment 1A transfers the position of Emergency Communications and Policy Director from the Department of Administration to the Fire and Police Commission. I disagree with the transfer of this position and I am vetoing the lines and amounts associated with amendment 1A.

The Emergency Communications and Policy Director is responsible for the advancement of the enterprise wide emergency communications through the development and implementation of strategic plans that define and establish an optimal organizational structure and facilitate the consolidation of critical emergency and citywide communications systems. It oversees the operation of citywide emergency and communications activities through the development, administration and implementation of policies, rules, standards of operation, budget plans, information technology, strategic planning and goal setting. Typically these types of policy and citywide oversight duties are provided by the Department of Administration (DOA).

The complex strategies that will be developed under this position require departments to dedicate time and make investments in change management, which can be difficult to accept at its inception. Particularly, the shift in the strategic management of the City's Emergency Communications resources will have the largest impact on the budget and staffing of Police Information Technology section.

I acknowledge the Common Council's concern that there are currently differences of opinion in the direction of communication policy between the Emergency Communications and Policy Director and staff in the Police Department. I also understand the intent of moving the position is to provide the Director with more authority to implement changes that affect Police and Fire Departments. However, I think this concern can be addressed in a different manner while retaining the Director's independence from any department. I will be presenting legislation that will enhance the authority of the Emergency Communications and Policy Director and formalize a currently informal group that meets regularly. The newly formed committee would be responsible for the development of a strategic and operating plan that would be reviewed by the City Information Management Committee. The City information Management Committee would then direct the Chiefs to implement the plan and provide regular updates regarding the implementation.

It is the responsibility of the Emergency Communications and Policy Director to serve as the City's liaison and primary contact for external agencies and intergovernmental committees in addressing inquiries and discussions related to the City's emergency communications systems, polices, and procedures. The position works closely with the Intergovernmental Relations Division (IRD) in DOA to coordinate external relations. They have recently been in sensitive discussions regarding County and City dispatch and with both of these responsibilities provided in DOA can coordinate a more effective City position.

There is also a misunderstanding related to the responsibilities of this position. Some suggested that this transfer is needed to improve dispatching time, dispatch prioritization and the hiring of Emergency Communications Operators. These issues are personnel related and fall under the purview of the Fire and Police Commission and the Police Department. The Emergency Communications and Policy Director focuses on the development and implementation of

strategic plans that define and establish an optimal organizational structure and facilitate the consolidation of critical emergency and citywide communications systems and not the day to day activities of dispatch.

My veto and proposed substitute action, if approved by the Council, will result in a Budget effect of \$0, and a reduced levy of \$0.

Based on the above reasons, I ask that you sustain my veto and proposed substitute action.

DEPARTMENT OF ADMINISTRATION, FIRE AND POLICE COMMISSION  
AMENDMENT 1A

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2017 budget: (which were affected by Common Council Amendment #1A which transferred the Emergency Communications and Policy Director from the Department of Administration to the Fire and Police Commission):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
DEPARTMENT OF ADMINISTRATION- BUDGET AND MANAGEMENT DIVISION			
SALARIES & WAGES OFFICE OF THE DIRECTOR			
110.3-15	Emergency Communications & Policy Dir.	--	--
110.5-5	O&M FTE'S	18.40	--
110.5-18	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$617,446
FIRE AND POLICE COMMISSION			
190.1-23	Emergency Communications & Policy Dir.	1	\$80,442
190.2-17	O&M FTE's	14.90	--
190.3-4	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$458,404

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In lieu of the above disapproved item I recommend adoption of the following substitute action:

**B. SUBSTITUTE ACTION**

BMD-2  
Page and  
Line No.

Item Description

2017 Positions  
or Units

2017 Amount

SECTION I.A.1. BUDGETS FOR GENERAL  
CITY PURPOSES

DEPARTMENT OF ADMINISTRATION-  
BUDGET AND MANAGEMENT DIVISION

SALARIES & WAGES  
OFFICE OF THE DIRECTOR

110.3-15	Emergency Communications & Policy Dir.	1	\$80,442
110.5-5	O&M FTE'S	19.40	--
110.5-18	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$653,645
FIRE AND POLICE COMMISSION			
190.2-17	O&M FTE'S	13.90	--
190.3-4	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$422,205

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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

1. Budget Effect	=	\$0
2. Levy Effect	=	\$0
3. Rate Effect	=	\$0.000

## **Veto of Certain Lines and Items included in Common Council Amendment 2E**

I have vetoed certain lines and items included in Amendment 2E, which creates a Special Fund in the Department of Administration (DOA) with \$500,000 to conduct a Disparity Study. This amendment also includes \$191,538 in a DOA special fund for small business capacity building. My veto affects only the Disparity Study; the entire amount of funding for small business capacity building remains as provided through the Council's action.

It's my understanding that the amendment's intent is for the Disparity Study to proceed early in 2018. My veto does not prevent that approach, and a thorough RFI process will make this option more effective if the City pursues a Disparity Study. In the meantime, I support an aggressive effort to increase the capacity of local small, minority-owned, and women-owned business firms to become involved in City contracts.

My veto reflects several concerns. First, undertaking a Disparity Study has several programmatic, legal, and financial implications. These implications should be identified and discussed thoroughly through a deliberate policy-making process. Since the Council has indicated the amendment's intent would initiate a Disparity Study in 2018, I recommend that we undertake a thorough review of the important policy issues prior to making a financial commitment.

Policy review can include work that would contribute to an effective implementation of a Disparity Study, if one were undertaken. This can include a thorough Request for Information (RFI) process, to enable the collection of information about the capabilities and experience of potential Study vendors. An RFI process can also assist in the development of an approach to an eventual Request for Proposals (RFP) that is well-framed to the City's particular circumstances as well as pertinent legal requirements. Policy review could also engage the small business community and the various minority chambers of commerce to determine their concerns and gather information about their contracting potential.

Second, I believe we should concentrate on increasing opportunities for small business contracting during 2017. Race-based contracting requirements depend, in part, on well-documented underutilization of vendors that has resulted from discrimination. An obvious prerequisite for utilization is meaningful contractor capacity and availability. The funding in the DOA special fund for small business capacity building is a practical means to generate additional opportunities for the small business community. The recently-completed Model Inclusion Program and existing data about gaps in firm availability serve as a basis for focused technical assistance activities to increase capacity.

Third, the method of financing the amendment is problematic. As the Budget & Management Division pointed out during the Budget review process, recent levy-supported borrowing increases have contributed to an escalating tax levy for debt service. Amendment 2E effectively increases the level of debt included in the 2017 Budget by converting cash funded capital projects to borrowing, in order to reallocate cash to the operating budget. If the Council determines that a Disparity Study is called for, it should be funded in a manner that avoids adding, directly or indirectly, to City debt.

In order to ensure that the City increases its efforts to build small business capacity and addresses the concerns reflected in Amendment 2E, I will direct the Department of Administration (DOA) to do the following if my veto is sustained:

- Develop by February 3, 2017 a plan and schedule to utilize the funding in the small business capacity building special fund during 2017. The plan must include specific performance measures for improved small business capacity that are expected to result from implementing the plan.
- Develop by February 3, 2017 a Request for Information, (responses to be submitted by April 7, 2017) that will (a) obtain information about the experience and capabilities of potential vendors for engagement in a Disparity Study; (b) identifies the primary legal issues that must be resolved by such a study, if one were conducted; (c) outlines a set of deliverables to be included in a Disparity Study; and (d) provides estimates of potential Disparity Study cost based on the deliverables.
- The results of the RFI process would be the subject of a special review committee consisting of Council members, the contracting community, and City staff, to take place during the summer of 2017.

My veto and proposed substitute action, if approved by the Council, will result in a Budget effect of \$-505,000, and a reduced levy of \$-5,000.

Based on the above reasons, I ask that you sustain my veto and proposed substitute action.



DEPARTMENT OF ADMINISTRATION, CAPITAL IMPROVEMENTS  
AMENDMENT 2E

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2017 budget: (which were affected by Common Council Amendment #2E which added funding for a Community Disparity Study and shifted capital tax levy funding to general obligation borrowing):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
DEPARTMENT OF ADMINISTRATION- BUDGET AND MANAGEMENT DIVISION			
SPECIAL FUNDS			
110.7-7	Community Disparity Study	--	\$500,000
SECTION 1.C.1 BUDGETS FOR CAPITAL IMPROVEMENTS			
DEPARTMENT OF ADMINISTRATION			
IT Upgrades			
450.4-8	New Borrowing	--	\$300,000
450.4-9	Cash Levy	--	\$0
DEPARTMENT OF CITY DEVELOPMENT			
Century City Site Improvements			
450.10-3	Cash Levy	--	\$0
450.10-4	New Borrowing	--	\$400,000
SECTION 1.C.2 SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET			
450.33- 13	New Authorizations – City Share	--	\$89,620,000
450.33-	Cash Levy	--	\$300,000



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## SECTION 1.D.1. BUDGET FOR CITY DEBT

Bonded Debt (Interest – expense)	--	\$40,240,105
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460.1-8

SECTION II. BORROWING  
AUTHORIZATIONS

A. Renewal and Development Projects.	--	\$8,350,000
Subtotal Renewal and Development Projects.		

570.1

B. Public Improvements	--	\$24,832,000
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570.1

1. Public buildings for housing machinery and equipment.		
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In lieu of the above disapproved item I recommend adoption of the following substitute action:

**B. SUBSTITUTE ACTION**

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
	SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS		
	DEPARTMENT OF ADMINISTRATION		
	IT Upgrades		
450.4-8	New Borrowing	--	\$200,000
450.4-9	Cash Levy	--	\$100,000
	DEPARTMENT OF CITY DEVELOPMENT		
	Century City Site Improvements		
450.10-3	Cash Levy	--	\$400,000
450.10-4	New Borrowing	--	\$0
	SECTION 1.C.2 SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET		
450.33- 13	New Authorizations – City Share	--	\$89,120,000
450.33-	Cash Levy	--	\$800,000

22 SECTION 1.D.1 BUDGET FOR CITY DEBT

Bonded Debt (Interest – expense) -- \$40,235,105

460.1-8 SECTION II. BORROWING  
AUTHORIZATIONS

A. Renewal and Development Projects -- \$7,950,000  
Subtotal Renewal and Development Projects.

570.1

B. Public Improvements -- \$24,732,000

1. Public buildings for housing machinery and  
equipment.

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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

1. Budget Effect = \$-505,000
2. Levy Effect = \$-5,000
3. Rate Effect = \$-0.001

### **Veto of Certain Lines and Items included in Common Council Amendment 9**

I have vetoed several budget lines and amounts impacted by amendment 9 which eliminated three Police Service Special Investigator (PSSI) positions to provide \$100,000 in additional recruiting funding to the Fire and Police Commission. I am not objecting to the increase in funding for the increased recruiting effort. I am vetoing the elimination of the PSSI positions by striking the line in the budget with PSSI positions and asking that the Common Council, in a substitute action, restore those eliminated positions. In that same substitute action, I am suggesting that the police department salaries be reduced by \$100,000 to prevent a property tax levy increase. The adjustment to overall salaries in the police department will give the Police Chief greater flexibility in management of personnel.

It concerns me that the PSSI positions whose role is to perform background checks on new police officer hires would be eliminated as part of an amendment relating to the hiring of police officers. Throughout the budget hearings there was discussion on the potential large number of sworn positions that are eligible for retirement or will become eligible for retirement in 2017. It is premature to eliminate the PSSI positions when the City faces the potential for numerous sworn vacancies and may have to increase its level of police officer hires in 2017 to maintain the current strength level.

A general reduction to police department salaries would continue to be consistent with the amendments intent to avoid impact to the property tax levy while providing the Police Chief the ability to meet future police hiring needs.

My veto and proposed substitute action, if approved by the Council, will result in a Budget effect of \$0, and a reduced levy of \$0.

Based on the above reasons, I ask that you sustain my veto and proposed substitute action.

FIRE AND POLICE COMMISSION, POLICE DEPARTMENT  
 AMENDMENT 9

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2017 budget: (which were affected by Common Council Amendment #9 which added funding for recruitment advertising in the Fire and Police Commission and eliminated funding, position authority and FTEs for three Police Services Investigators in the Police Department):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
POLICE DEPARTMENT			
260.17- 25	Police Services Specialist - Investigator	5	\$165,864
	Personnel Cost Adjustment	--	\$-8,980,744
260.35- 19	O&M FTE'S	2,726.27	--
260.36-5			

In lieu of the above disapproved item I recommend adoption of the following substitute action:

**B. SUBSTITUTE ACTION**

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
POLICE DEPARTMENT			
260.17- 25	Police Services Specialist - Investigator	8	\$265,864
	Personnel Cost Adjustment	--	\$-9,080,744
260.35- 19	O&M FTE'S	2,729.27	--
260.36-5			

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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

- 1. Budget Effect = \$0
- 2. Levy Effect = \$0
- 3. Rate Effect = \$0.000

### **Veto of Certain Lines and Items included in Common Council Amendment 43**

I have vetoed certain lines and items included in Amendment 43 which increases funding for the MPS Driver's License Training special purpose account by \$50,000 to \$100,000. In order to enable a neutral tax levy and budget impact, the amendment also deletes my proposed funding of \$50,000 for a Children's Savings Account special purpose account.

I have made this veto for two reasons. First, while driver's education opportunities serve an important community need, the City's 2016 Budget contribution of \$50,000, which I have continued in my Proposed 2017 Budget, is adequate and reasonable. MPS reports that it has already identified \$700,000 of the funding needed to provide programming for an estimated 2,400 students next year. The City's funding serves as an important indicator of our support, but need not be increased in order to enable MPS to expand this offering.

Second, my proposed special purpose account funding of \$50,000 for Children's Savings Accounts addresses a key element for Milwaukee's future progress. The Children's Savings Account (CSA) working group was formed in response to a Milwaukee Growing Prosperity Plan action item to investigate national children's savings account models that change aspirations of students of low income families.

The Milwaukee CSA program is a public private partnership involving city government, MPS, the Greater Milwaukee Foundation, United Way, and other community stakeholders. The proposed Children's Savings Accounts special purpose account will assist with the program's implementation and administrative costs. Seed deposits, matching and savings incentives will be provided by partnering organizations. The City's funding is intended as initial leverage and I do not expect for it to exceed three years.

It's important to emphasize that CSA's are not primarily intended to serve a financial assistance role. Rather, the program objective (based on its supporting research) is to generate increased interest and family involvement in planning for post-secondary education for Milwaukee's children. Most of these children have limited aspirations for post-secondary education. Research cited in the Milwaukee Children's Savings Account program concept paper shows that with a small amount for college savings low and moderate income students are three times more likely to enroll in college and four times more likely to graduate.

I am confident that our non-City partners are committed to making this program a success. All of us understand the importance of education to success in the New Economy.

My veto and my proposed substitute action return the 2017 Budget to my proposed funding levels for both the MPS Driver's License Training and Children's Savings Accounts special purpose accounts to their proposed funding levels. Therefore, there is no net Budget or tax levy impact from my proposed action.

Based on the above reasons, I ask that you sustain my veto and proposed substitute action.

SPECIAL PURPOSE ACCOUNTS-MISCELLANEOUS  
AMENDMENT 43

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2017 budget: (which were affected by Common Council Amendment #43 which increased funding for the MPS Driver's Education SPA by \$50,000 and eliminated funding for the children's Saving Accounts SPA):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
SPECIAL PURPOSE ACCOUNTS- MISCELLANEOUS			
320.1-17	Children's Savings Accounts	--	\$0
320.4-3	MPS Driver's Education	--	\$100,000

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In lieu of the above disapproved item I recommend adoption of the following substitute action:

**B. SUBSTITUTE ACTION**

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2017 Positions</u> <u>or Units</u>	<u>2017 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
SPECIAL PURPOSE ACCOUNTS- MISCELLANEOUS			
320.1-17	Children's Savings Accounts	--	\$50,000
320.4-3	MPS Driver's Education	--	\$50,000

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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

1. Budget Effect	=	\$0
2. Levy Effect	=	\$0
3. Rate Effect	=	\$0.000