

2008 PROPOSED PLAN AND EXECUTIVE BUDGET SUMMARY

CITY OF MILWAUKEE

STATE OF WISCONSIN

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GUIDE TO BUDGET DOCUMENTS

PLAN AND BUDGET SUMMARY

A document containing a fiscal summary of the 2008 budget; a budget forecast for Milwaukee; detailed narrative descriptions of each department's mission, services, outcome measures and related activities; and a summary of appropriations by expenditure category. This document is printed annually in proposed and final form as follows: the *Proposed Plan and Executive Budget Summary* contains the Mayor's Executive Budget as presented to the Common Council for review. The *Plan and Budget Summary* contains the budget as adopted by the Common Council.

BUDGET

The official City of Milwaukee line-item budget provides a listing of all appropriation accounts by department and is published after the final budget adoption.

SIX-YEAR CAPITAL PLAN

A presentation of the city's six year capital program. Includes details on planning, financing, infrastructure, and urban development undertakings involved in the capital plan and is published the spring following budget adoption.

2004 FISCAL OUTLOOK AND STRATEGIC PLAN

A strategic framework that guides policy decisions based on long term strategic goals and objectives.

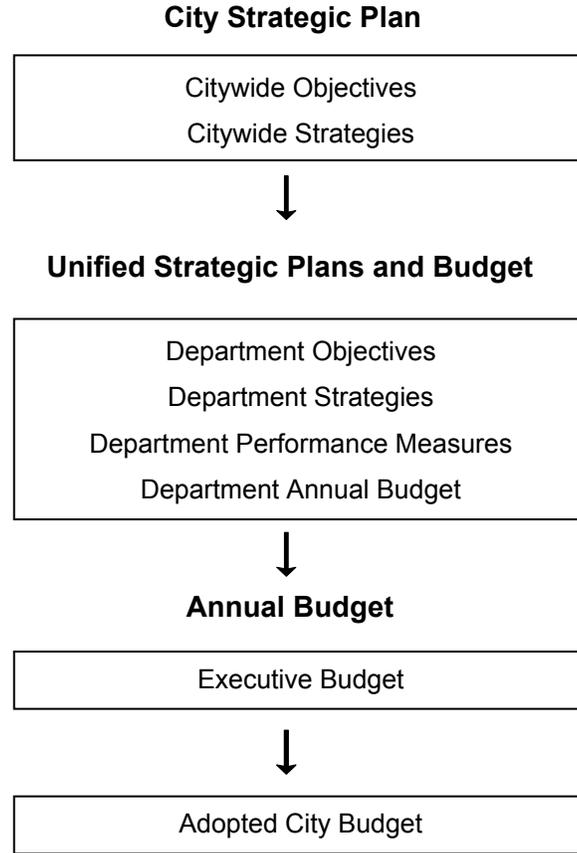
To obtain copies of the: *Proposed Plan and Executive Budget Summary, Plan and Budget Summary, Budget, Six Year Capital Plan* and the *2004 Fiscal Outlook and Strategic Plan* contact the:

Budget and Management Division
City Hall - Room 307
200 East Wells Street
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(414) 286-3741
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Visit the Budget and Management website at:
www.city.milwaukee.gov

BUDGET AND PLANNING PROCESS



Calendar Date	Activity
January - March	Departments Prepare Plans, Objectives, and Performance Measures
Mid-March	Departments Receive Budget Materials
May 9*	Plans and Budget Requests Due
July	Mayor's Public Hearings on Plans and Budgets
July - September	Mayor's Executive Plan and Budget Review
September 25**	Plan and Budget Submitted to Common Council
Mid-October	Legislative Hearings
November 1 and 2	Finance and Personnel Committee Budget Amendment Days
November 9***	Common Council Action on Budget

* Second Tuesday in May
 ** Legal Deadline September 28
 *** Legal Deadline November 14

ELECTED OFFICIALS

Mayor Tom Barrett
City Attorney Grant F. Langley
City Comptroller W. Martin Morics
City Treasurer Wayne F. Whittow

COMMON COUNCIL

President Willie L. Hines, Jr.

DISTRICT

ALDERMEN

First Ashanti Hamilton
Second Joe Davis Sr.
Third Michael S. D'Amato
Fourth Robert J. Bauman
Fifth James A. Bohl, Jr.
Sixth Michael McGee, Jr.
Seventh Willie C. Wade
Eighth Robert G. Donovan
Ninth Robert W. Puente
Tenth Michael J. Murphy
Eleventh Joseph A. Dudzik
Twelfth James N. Witkowiak
Thirteenth Terry L. Witkowski
Fourteenth Tony Zielinski
Fifteenth Willie L. Hines, Jr.

MUNICIPAL JUDGES

Branch 1 Valarie A. Hill
Branch 2 Derek C. Mosley
Branch 3 Phil Chavez

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THE VALUE OF MILWAUKEE

Milwaukee exists because it possesses natural economic advantages, which cause people and businesses to concentrate in large and increasing numbers. As a result of the proximity and connectedness of Milwaukee's diverse people and enterprises, huge benefits flow - jobs are created, markets are formed and expanded, wealth is created, and surplus wealth leads to culture.

OUR VISION FOR MILWAUKEE

We want Milwaukee to become an even more desirable place to live and work. Our city's attributes include:

- Dynamic and accessible markets gainfully employing citizens;
- Safe, strong, and beautiful neighborhoods with well maintained housing and a healthy environment; and
- A flourishing culture recognized for its arts, recreation, museums, and institutions of education.

MISSION

City government is dedicated to controlling spending while giving residents and businesses the highest quality services possible. The city also works to create local, state, and federal policies (especially transportation, environmental, community development, and education policies) that enhance the natural advantage of Milwaukee. We are committed to:

- Making Milwaukee safer from crime to leverage tremendous opportunities for investment, quality of life, and personal well being;
- Nurturing investment throughout Milwaukee to make the city an attractive place to own a home and operate a business;
- Strengthening the quality and enhancing the value of neighborhoods and housing;
- Developing Milwaukee's workforce as a competitive advantage to enable residents to qualify for quality jobs throughout the region and to make the region a more attractive location for new investment;
- Creating early childhood conditions that lead to success; and
- Providing for a healthy environment so that environmental conditions positively affect urban quality of life, public health, and economic competitiveness.

THE 2008 CITY BUDGET: VALUE IMPROVEMENT CONTINUES

The 2008 City of Milwaukee budget continues to improve fiscal sustainability and the value that residents, property owners, and business firms receive from city services. This process of improvement began in 2006 with the initiation of the Mayor's three year budget plan. The city's structural fiscal improvement has enabled the 2007 and 2008 budgets to respond to community needs within citizens' ability to pay. In short, the last two budgets have provided improved value and have established opportunities for future improvement.

BACKGROUND

In 2005, Mayor Tom Barrett directed the city's Budget and Management Division to develop a three year budget plan to improve the city's budget sustainability through 2008. The Mayor believed that a planning perspective would improve the city's fiscal prospects by defining multi-year structural problems and strategies for improvement. This approach departed from reliance on short term fixes that dealt only with annual budget shortfalls.

Budget sustainability describes a condition under which ongoing revenues are adequate to fund the current level of services. The absence of budget sustainability is termed a "structural imbalance". The 2006-2008 budget plan estimated a three year structural imbalance between baseline revenues and expenditures of approximately \$166 million. In other words, had the city continued its expenditures according to existing service levels and operational practices within the established revenue structure, a cumulative shortfall of \$166 million would have occurred over three years. This projection illustrated the challenge the city faced to achieve budget balance over the three year time frame.

In order to reduce the structural imbalance, the 2006 budget initiated several strategies that are directly focused on its major causes. The following table defines these causes; identifies the strategies developed to address the causes; and summarizes the status of strategy implementation.

STATUS OF 2006 - 2008 BUDGET PLAN ON REDUCING STRUCTURAL IMBALANCE

Cause of Structural Imbalance	Strategies to Address the Cause	Strategy Progress
<p>State Shared Revenue Freeze: 2007 aid to Milwaukee is \$10 million less than the 2003 level. In inflation adjusted terms, since 1996 Shared Revenue has declined \$73.2 million (-23%). Shared Revenue is the city's largest revenue source.</p>	<ol style="list-style-type: none"> 1) Diversify own source non-property tax revenues. 2) Continue to prioritize operating expenditures. 3) Improve service quality and productivity. 4) Achieve a return to Shared Revenue growth in the 2007-2009 State Budget. 	<ol style="list-style-type: none"> 1) The 2008 proposed budget, if adopted, reflects a \$39 million (+30%) increase to "own source" general fund revenues since 2005. The 2006 Budget established a Storm Water Fee (\$13 million annual impact) to improve Sewer Maintenance Fund sustainability. 2) The 2006 through 2008 proposed budgets reduce O&M baseline department expenditures by a combined total of approximately \$22 million. 3) The Mayor has initiated Accountability in Management (AIM) Program for cabinet departments. Improved inter-departmental coordination and new service delivery strategies have improved services and driven at least \$2 million in savings. 4) State budget is in conference committee. Comptroller has recognized \$3.6 million in Shared Revenue growth for 2008 budget to reflect bipartisan support for Governor's proposed increase.
<p>Debt Service Levy: The debt levy as a proportion of Shared Revenue and property taxes grew from 10.7% in 1996 to 14.7% in 2007 and to a projected 16.3% for 2008.</p>	<ol style="list-style-type: none"> 1) Limit new GO levy-supported borrowing authorizations for city and school purposes to ~ \$57 million/year by 2008, which is the approximate pace of annual levy-supported debt retirements. 2) Smooth the impact of Tax Increment Finance (TIF) debt on the debt levy. 	<ol style="list-style-type: none"> 1) The 2008 budget limits the new authorizations to < \$60 million, compared to \$73 million in 2003. New authorizations over the next three years are projected to average \$60 million annually. 2) Cooperative planning involving multiple departments has resulted in strategies to improve asset/liability match and reduce volatility of TIF debt.

Cause of Structural Imbalance	Strategies to Address the Cause	Strategy Progress
<p>Health Benefits: Between 1996 and 2006 budgets for employee health care benefits increased \$56 million (+118%) compared to a CPI-U change of 29% during this time period.</p>	<ol style="list-style-type: none"> 1) Implement changes to Basic Plan rates and pharmaceutical benefit management. 2) Bargain structural changes to plan design that improve the sustainability of health benefits. 	<ol style="list-style-type: none"> 1) Changes are estimated to reduce budgets relative to the baseline trend by almost \$19 million (combined) for 2007 and 2008. 2) The Administration has implemented a collective bargaining strategy which includes strategies to improve health care benefits sustainability on an ongoing basis.

The table demonstrates that the three-year plan has made substantial progress regarding all of these strategies. However, continuing progress beyond 2008 will not be automatic. Significant annual cost increases are embedded in the city’s business practices. Structural improvements to non-property tax revenues, expenditures, debt service, and employee health care benefits are necessary in order to achieve improved budgetary balance on an ongoing basis.

APPROACH TO 2008 BUDGET

An assessment of the 2008 city budget reveals an initial structural imbalance of approximately \$14.6 million. This projection represents the difference between cost increases to departmental services, health care benefits, and debt service, and baseline growth in general fund revenues. A combination of increased reserve use, financing changes, and approximately \$5 million of reductions to baseline expenditures resolved the structural imbalance.

However, Mayor Barrett has prioritized improvements to public safety, infrastructure, and economic development for the 2008 Budget. These improvements are not feasible within the current revenue structure, without reducing baseline services to a level the mayor believes is inappropriate. Therefore, the 2008 proposed budget includes an increase to the city’s Snow and Ice Fee. Adoption of this fee, which has remained constant since 2002, will allow reallocation of \$1.8 million of tax levy to other services, upon revenue recognition by the Comptroller. The Mayor recommends that if the Council adopts this fee increase, that the Council through budget amendments add the following service improvements:

- \$320,000 to increase the duration of the street maintenance work season by four weeks above the 2007 level. (In addition, the proposed 2008 capital budget includes \$200,000 of additional funding for capital maintenance activities.)
- \$45,100 for the restoration of street line painting to the 2004 level of service. This activity will support accident prevention and improve pedestrian safety.
- \$98,000 for purchases of electronic data bases for the Milwaukee Public Library. This funding will allow the Library to extend opportunities for enhancing knowledge and enjoyment to a wider public.
- \$332,400 to extend a school security partnership with Milwaukee Public Schools (MPS). Based on a 50/50 cost sharing arrangement with MPS, this funding will allow for two police officers to be stationed throughout the school year at four additional high schools. Baseline funding allows for this arrangement at two high schools. This partnership has reduced incidents at the schools, decreased calls for service to the schools, and has

improved the schools' learning environment. A 1.5 shift factor results in an increased strength level of twelve officers, six of whom will be grant funded through MPS.

- \$405,000 for almost complete civilianization of background checks in the Police Department. This funding would allow for the creation of ten additional Police Service Specialist Investigator (PSSI) positions. The use of the PSSIs will allow six Detectives and two Sergeants to return to direct crime fighting activity. In addition, baseline funding continues 6.5 FTE PSSIs and 18 FTE Police Service Assistants (PSAs). The Police Department will use the PSAs in the booking function, which will allow the redeployment of 18 Police Officers to patrol activity.
- \$211,000 for civilian IT positions in the Police Department to enable more effective use of the department's technology resources. The Police Department has been moving aggressively to data driven deployment strategies to reduce crime. These positions will be assigned to improve applications and report writing so that the department can use trends and real-time information about crime to improve clearance rates and implement proactive prevention activities.
- \$227,000 for the creation of an Integrity Unit in the Police Department's Professional Performance Division. This initiative will supplement recent department efforts to ensure that all police staff are performing their duties in a manner which justifies the public's confidence and trust.
- \$160,700 for the purchase of additional patrol vehicles for the Police Department. Combined with baseline funding, the proposal allows for the purchase of 15 additional patrol cars. This will reduce operating expenses for repairs and ensure that the department can deploy recent increases effectively.

If approved, the snow and ice charge increase will add about \$9 to the typical household's annual municipal services bill. When combined with the proposed local sewer charges, tax levy, and the full year impact of the 2007 Public Service Commission approved water rate, the owner of a median valued residential property will experience an increase of approximately \$24 in their cost for city services. This is an increase of approximately 1.7%.

Note: The 2008 proposed budget presents the aforementioned \$1.8 million of expenditures for information only. Pending revenue offsets are used to portray the mayor's proposal without resulting in appropriations that exceed revenue recognized by the Comptroller.

In addition, the Mayor's proposed revenue files include an adjustment to several licenses, permits, and user charges. The Finance and Personnel Committee has recommended this file for adoption. Upon adoption of the file by the Common Council and revenue recognition by the Comptroller, these changes will add approximately \$290,000 in general fund revenue.

Note: The 2008 proposed appropriation for the Wages Supplement Fund is reduced by \$290,000 to reflect a pending official revenue estimate from the Comptroller's Office. The Mayor recommends adoption of a budget amendment to add this amount to the Wages Supplement Fund once the Comptroller has recognized the revenue.

IMPACT OF STATE BIENNIAL BUDGET

As of this writing, State Government has not adopted its 2007-2009 biennial budget. The Governor proposed an increase to State Shared Revenue that would have resulted in a \$4 million increase for Milwaukee in 2008. The Joint Committee on Finance recommended that this proposal be included in the Budget on a unanimous 16-0 vote. Currently the State Budget is in Conference Committee.

The Comptroller has recognized \$3.6 million of additional State Shared Revenue as part of the 2008 official revenue estimates. The Mayor has proposed the use of this funding as follows:

- \$859,200 for an increase in the Police Overtime Account to enable continuation of the Neighborhood Safety Initiative during 2008.
- \$498,675 for an additional expansion of the school security partnership with Milwaukee Public Schools (MPS). Based on a 50/50 cost sharing arrangement with MPS, this funding will allow for two Police Officers to be stationed throughout the school year at six additional high schools. This funding is in addition to baseline budget funding and that recommended via reallocation of levy if the Common Council adopts the Mayor's revenue file. A 1.5 shift factor results in an increased strength level of 18 Officers, nine of whom will be grant funded through MPS.
- \$230,000 for additional resources in the Department of Public Works (DPW). This will enable DPW to extend its Clean and Green Program during periods of peak apartment "move outs" throughout the city. DPW's Clean and Green efforts, combined with changes in city policy, have enabled a substantial reduction to costly special collections. The funding will also allow DPW to continue recycling pilot projects that implement twice-monthly collections along routes whose participation make the additional level of service cost effective in terms of environmental benefits and proceeds from recycled material.
- \$125,000 for student interns at the Milwaukee Public Library. This funding will enable the Library to increase its 2008 neighborhood library public service hours by 1% over 2007, and avoid service disruptions that could otherwise result from vacation and sick leave use. The interns will underfill Librarian II positions.
- \$90,400 to allow the Milwaukee Health Department to continue its present levels of health care outreach, that otherwise would be reduced as a result of a loss in grant funding. Outreach activities will enable citizens of Milwaukee to enroll in state and federal programs that provide health care to the uninsured and underinsured. These activities are a crucial element in reducing the disparity in health outcomes among Milwaukeeans.
- \$20,000 for replacement computer hardware in the Assessor's Office.

The remaining \$1.77 million has been allocated to control the proposed property tax levy.

If this Shared Revenue increase does not materialize and the Comptroller reduces the city's revenue estimates, the Mayor will recommend and support the elimination of the funding for these services via budget amendment. The remaining impact will result in a \$11.8 million increase to the proposed tax levy, if all other factors remain constant.

CONCLUSION

The Mayor's three year budget plan has enabled substantial progress towards ongoing sustainability. The 2008 budget provides the community with enhanced value for the money it pays to city government. This should help build confidence among Milwaukeeans in city government as it continues to deal with its fiscal challenges.

The city needs to continue its work towards improved structural budget conditions. The 2008 budget makes additional progress towards reduced borrowing, expenditure control, and revenue diversification. Key challenges that remain include redesign of health care benefits so that employees and the city share responsibility for sustainable cost control; reduction of levy-supported borrowing and management of TIF borrowing so that debt service becomes sustainable; and improvement of the city's fiscal relationship with state government so that state aids will resume annual growth.

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2008 PROPOSED BUDGET AND TAX RATE COMPARED TO PRIOR YEAR

PURPOSE OF EXPENDITURE AND FUNDING SOURCE	2007	2008	CHANGE	2007* ADOPTED	2008* PROPOSED	CHANGE* 2008 MINUS 2007 ADOPTED
	ADOPTED BUDGET	PROPOSED BUDGET	2008 MINUS 2007 ADOPTED			
A. GENERAL CITY PURPOSES						
1. Budget (Expenditure Authority)	\$551,924,743	\$575,249,454	\$23,324,711			
2. Non Tax Levy Funding	455,941,862	471,461,906	15,520,044			
3. Tax Levy Funding	95,982,881	103,787,548	7,804,667	\$3.49	\$3.66	\$0.17
B. EMPLOYEE RETIREMENT						
1. Budget (Expenditure Authority)	\$70,104,208	\$66,874,072	\$-3,230,136			
2. Non Tax Levy Funding	28,989,286	26,470,802	-2,518,484			
3. Tax Levy Funding	41,114,922	40,403,270	-711,652	\$1.49	\$1.42	\$-0.07
C. CAPITAL IMPROVEMENTS						
1. Budget (Expenditure Authority)	\$155,512,190	\$139,362,814	\$-16,149,376			
2. Non Tax Levy Funding	146,452,734	135,348,534	-11,104,200			
3. Tax Levy Funding	9,059,456	4,014,280	-5,045,176	\$0.33	\$0.14	\$-0.19
D. CITY DEBT						
1. Budget Expenditure Authority)	\$132,020,403	\$156,630,308	\$24,609,905			
2. Non Tax Levy Funding	64,598,714	82,431,563	17,832,849			
3. Tax Levy Funding	67,421,689	74,198,745	6,777,056	\$2.45	\$2.61	\$0.17
E. DELINQUENT TAX						
1. Budget (Expenditure Authority)	\$1,000,000	\$0	\$-1,000,000			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	1,000,000	0	-1,000,000	\$0.04	\$0.00	\$-0.04
F. CONTINGENT FUND						
1. Budget (Expenditure Authority)	\$5,500,000	\$5,000,000	\$-500,000			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	5,500,000	5,000,000	-500,000	\$0.20	\$0.18	\$-0.02
SUBTOTAL (A+B+C+D+E+F)						
1. Budget (Expenditure Authority)	\$916,061,544	\$943,116,648	\$27,055,104			
2. Non Tax Levy Funding	695,982,596	715,712,805	19,730,209			
3. Tax Levy Funding	220,078,948	227,403,843	7,324,895	\$7.99	\$8.01	\$0.02
G. PARKING FUND						
1. Budget (Expenditure Authority)	\$47,454,606	\$50,740,922	\$3,286,316			
2. Non Tax Levy Funding	47,454,606	50,740,922	3,286,316			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
H. GRANT AND AID						
1. Budget (Expenditure Authority)	\$74,433,047	\$76,339,580	\$1,906,533			
2. Non Tax Levy Funding	74,433,047	76,339,580	1,906,533			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
I. ECONOMIC DEVELOPMENT FUND						
1. Budget (Expenditure Authority)	\$6,306,718	\$6,680,101	\$373,383			
2. Non Tax Levy Funding	6,306,718	6,680,101	373,383			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
J. WATER DEPARTMENT						
1. Budget (Expenditure Authority)	\$117,409,842	\$128,047,700	\$10,637,858			
2. Non Tax Levy Funding	117,409,842	128,047,700	10,637,858			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
K. SEWER MAINTENANCE FUND						
1. Budget (Expenditure Authority)	\$63,887,171	\$70,037,619	\$6,150,448			
2. Non Tax Levy Funding	63,887,171	70,037,619	6,150,448			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
M. COUNTY DELINQUENT TAX FUND						
1. Budget (Expenditure Authority)	\$9,855,000	\$10,329,620	\$474,620			
2. Non Tax Levy Funding	9,855,000	10,329,620	474,620			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
SUBTOTAL (G+H+I+J+K+M)						
1. Budget (Expenditure Authority)	\$319,346,384	\$342,175,542	\$22,829,158			
2. Non Tax Levy Funding	319,346,384	342,175,542	22,829,158			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
TOTAL (A thru M)						
1. Budget (Expenditure Authority)	\$1,235,407,928	\$1,285,292,190	\$49,884,262			
2. Non Tax Levy Funding	1,015,328,980	1,057,888,347	42,559,367			
3. Tax Levy Funding	220,078,948	227,403,843	7,324,895	\$7.99	\$8.01	\$0.02

Tax Rates and Assessed Value - 2008 proposed rate column is based on an estimated assessed value of: \$28,375,341,961 as of September 5, 2007. *Totals may not add due to rounding.

**COMPARISONS BY BUDGET SECTION
BETWEEN 2008 PROPOSED BUDGET VERSUS 2007 ADOPTED AND 2008 REQUESTED
BUDGETS, REVENUES, TAX LEVIES, AND RESULTING CHANGES**

	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
				2007 ADOPTED	2008 REQUESTED
A. General City Purposes					
Appropriations					
Salaries and Wages	\$332,137,848	\$341,442,836	\$337,489,366	\$5,351,518	\$-3,953,470
Fringe Benefits	122,018,607	120,959,138	119,810,018	-2,208,589	-1,149,120
Operating Expenditures	59,276,142	61,720,750	62,140,450	2,864,308	419,700
Equipment Purchases	6,230,470	7,857,536	7,134,775	904,305	-722,761
Special Funds	154,280,283	178,309,480	168,484,863	14,204,580	-9,824,617
Fringe Benefit Offset	-122,018,607	-120,959,138	-119,810,018	2,208,589	1,149,120
Total Appropriations	\$551,924,743	\$589,330,602	\$575,249,454	\$23,324,711	\$-14,081,148
Funding Sources					
General City Revenues	\$432,766,862	\$436,541,091	\$442,004,406	\$9,237,544	\$5,463,315
Tax Stabilization Fund Withdrawal	23,175,000	23,175,000	29,457,500	6,282,500	6,282,500
Property Tax Levy	95,982,881	129,614,511	103,787,548	7,804,667	-25,826,963
Total Revenues	\$551,924,743	\$589,330,602	\$575,249,454	\$23,324,711	\$-14,081,148
B. Employee Retirement					
Total Appropriations	\$70,104,208	\$68,961,324	\$66,874,072	\$-3,230,136	\$-2,087,252
Funding Sources					
Non-Property Tax Revenue	\$28,989,286	\$26,470,802	\$26,470,802	\$-2,518,484	\$0
Property Tax Levy	41,114,922	42,490,522	40,403,270	-711,652	-2,087,252
Total Revenues	\$70,104,208	\$68,961,324	\$66,874,072	\$-3,230,136	\$-2,087,252
C. Capital Improvements					
Total Capital Improvements Program					
Appropriations	\$155,512,190	\$160,097,149	\$139,362,814	\$-16,149,376	\$-20,734,335
Funding Sources					
1. Borrowing (General Obligation)					
a. New	\$61,105,490	\$81,359,800	\$59,937,385	\$-1,168,105	\$-21,422,415
b. Carryover	(88,099,468)	(111,400,558)	(111,400,558)	(23,301,090)	(-)
2. Borrowing (Tax Incremental Districts)					
a. New	\$70,280,000	\$54,000,000	\$60,451,000	\$-9,829,000	\$6,451,000
b. Carryover	(71,151,734)	(109,648,810)	(109,648,810)	(38,497,076)	(-)
3. Special Assessments (Internal Borrowing)					
a. New	\$2,867,244	\$2,760,149	\$2,760,149	\$-107,095	\$0
b. Carryover	(19,151,639)	(14,476,383)	(14,476,383)	(-4,675,256)	(-)
4. Cash Financed					
a. From Revenues	\$12,200,000	\$12,200,000	\$12,200,000	\$0	\$0
b. From Tax Levy	9,059,456	9,777,200	4,014,280	-5,045,176	-5,762,920
c. Total Cash Financed	21,259,456	21,977,200	16,214,280	-5,045,176	-5,762,920
Total Revenues (Capital Improvements)	\$155,512,190	\$160,097,149	\$139,362,814	\$-16,149,376	\$-20,734,335
D. City Debt					
Total Appropriations (Includes Borrowing for Milwaukee Public Schools)	\$132,020,403	\$159,137,455	\$156,630,308	\$24,609,905	\$-2,507,147
Funding Sources					
Revenues	\$32,659,490	\$46,115,231	\$51,141,200	\$18,481,710	\$5,025,969
TID Increments	16,965,898	17,905,285	15,805,700	-1,160,198	-2,099,585
Delinquent Tax Revenue	14,973,326	13,836,310	15,484,663	511,337	1,648,353
Property Tax Levy	67,421,689	81,280,629	74,198,745	6,777,056	-7,081,884
Total Revenues	\$132,020,403	\$159,137,455	\$156,630,308	\$24,609,905	\$-2,507,147
E. Delinquent Tax					
Total Appropriations	\$1,000,000	\$0	\$0	\$-1,000,000	\$0
Funding Sources					
Total Revenue (Property Tax Levy)	\$1,000,000	\$0	\$0	\$-1,000,000	\$0
F. Common Council Contingent Fund					
Total Appropriations	\$5,500,000	\$5,500,000	\$5,000,000	\$-500,000	\$-500,000
Funding Sources					
Total Revenue (Property Tax Levy)	\$5,500,000	\$5,500,000	\$5,000,000	\$-500,000	\$-500,000
Subtotals (Items A through F)					

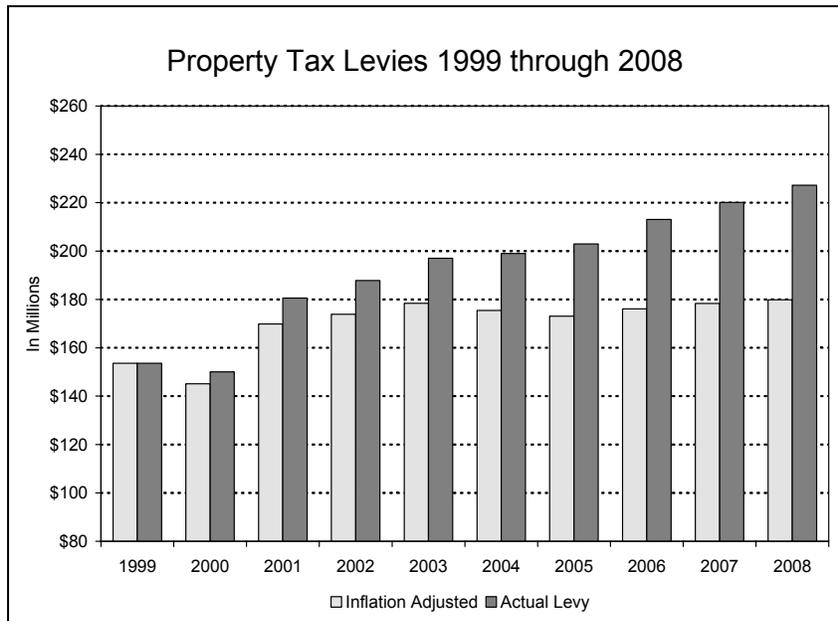
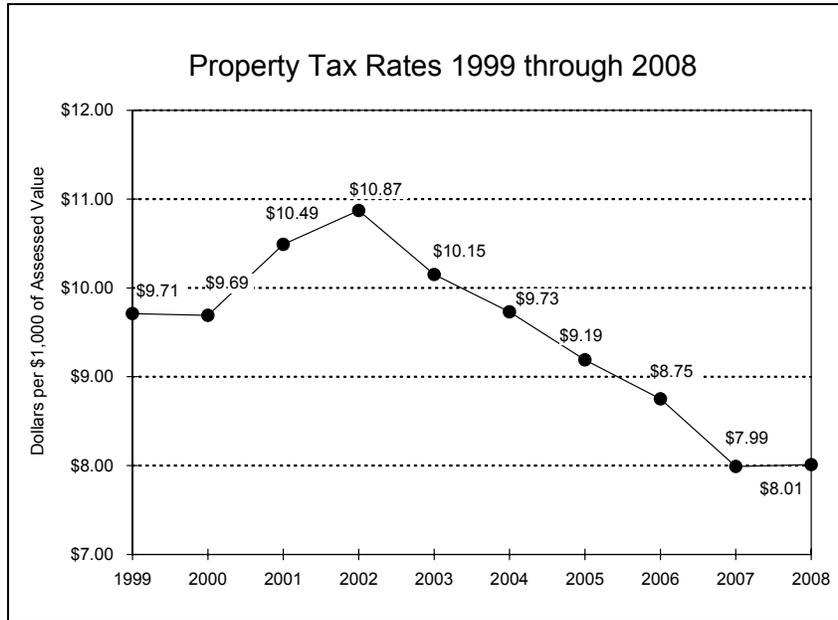
	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
				2007 ADOPTED	2008 REQUESTED
City Budget Appropriations (Excluding Special Revenue Accounts)	\$916,061,544	\$983,026,530	\$943,116,648	\$27,055,104	\$-39,909,882
Less: Non-Property Tax Revenues	\$695,982,596	\$714,363,668	\$715,712,805	\$19,730,209	\$1,349,137
Property Tax Levies	\$220,078,948	\$268,662,862	\$227,403,843	\$7,324,895	\$-41,259,019
Special Revenue Accounts (Items G through M)					
G. Parking					
Total Appropriations	\$47,454,606	\$50,489,936	\$50,740,922	\$3,286,316	\$250,986
Funding Sources					
Current Revenues	\$18,429,388	\$19,370,813	\$19,421,799	\$992,411	\$50,986
Capital Improvements from Reserves	5,000,000	5,000,000	5,000,000	0	0
Withdrawal from Reserves	3,830,218	3,819,123	4,019,123	188,905	200,000
Citation Revenue and Processing	19,600,000	19,600,000	19,600,000	0	0
New Borrowing	595,000	2,700,000	2,700,000	2,105,000	0
Carryover Borrowing	(3,681,369)	(2,636,369)	(2,636,369)	(-1,045,000)	(-0)
Total Revenues	\$47,454,606	\$50,489,936	\$50,740,922	\$3,286,316	\$250,986
H. Grant and Aid					
Total Appropriations	\$74,433,047	\$76,695,135	\$76,339,580	\$1,906,533	\$-355,555
Funding Sources					
Grantor Share	\$74,433,047	\$76,695,135	\$76,339,580	\$1,906,533	\$-355,555
Total Revenues	\$74,433,047	\$76,695,135	\$76,339,580	\$1,906,533	\$-355,555
I. Economic Development					
Total Appropriations	\$6,306,718	\$6,680,101	\$6,680,101	\$373,383	\$0
Funding Sources					
Business Improvement District Assessment	\$6,306,718	\$6,680,101	\$6,680,101	\$373,383	\$0
Excess TID Revenues	0	0	0	0	0
Total Revenues	\$6,306,718	\$6,680,101	\$6,680,101	\$373,383	\$0
J. Water Works					
Appropriations					
Operating Budget	\$62,069,842	\$62,803,142	\$62,699,700	\$629,858	\$-103,442
Capital Improvements Program	25,140,500	36,769,000	36,769,000	11,628,500	0
Debt Service (Principal and Interest)	5,659,000	5,010,000	5,010,000	-649,000	0
Capital Funding from Retained Earnings	24,540,500	36,069,000	23,569,000	-971,500	-12,500,000
Total Appropriations	\$117,409,842	\$140,651,142	\$128,047,700	\$10,637,858	\$-12,603,442
Funding Sources					
Current Operating Revenues	\$66,849,681	\$69,825,297	\$69,825,297	\$2,975,616	\$0
Non-Operating Revenues	9,564,000	10,619,000	10,619,000	1,055,000	0
New Borrowing	0	0	12,500,000	12,500,000	12,500,000
Use of Retained Earnings	40,996,161	60,206,845	35,103,403	-5,892,758	-25,103,442
Total Revenues	\$117,409,842	\$140,651,142	\$128,047,700	\$10,637,858	\$-12,603,442
K. Sewer Maintenance					
Appropriations					
Operating Budget	\$39,387,171	\$40,489,894	\$40,087,619	\$700,448	\$-402,275
Capital Improvements Program	24,500,000	25,000,000	29,950,000	5,450,000	4,950,000
Total Appropriations	\$63,887,171	\$65,489,894	\$70,037,619	\$6,150,448	\$4,547,725
Funding Sources					
Sewer User Fee	\$23,605,260	\$22,463,034	\$25,382,000	\$1,776,740	\$2,918,966
Storm Water Management Fee	13,451,392	13,339,424	12,600,000	-851,392	-739,424
Charges for Services	211,122	145,800	768,800	557,678	623,000
Miscellaneous	281,864	295,000	295,000	13,136	0
Retained Earnings	1,837,533	4,246,636	3,291,819	1,454,286	-954,817
Proceeds from Borrowing	24,500,000	25,000,000	27,700,000	3,200,000	2,700,000
Carryover Borrowing	(49,909,500)	(46,261,582)	(46,261,582)	(-3,647,918)	(-0)
Total Revenues	\$63,887,171	\$65,489,894	\$70,037,619	\$6,150,448	\$4,547,725

	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
				2007 ADOPTED	2008 REQUESTED
M. County Delinquent Taxes					
Appropriations					
Operating Budget	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0
Total Appropriations	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0
Funding Sources					
Operating Revenue	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0
Total Revenues	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0
Subtotals Special Revenue Account Budgets (Items G through M)					
Total Budgets	\$319,346,384	\$350,335,828	\$342,175,542	\$22,829,158	\$-8,160,286
Total Revenues (Non-Property Tax)	\$319,346,384	\$350,335,828	\$342,175,542	\$22,829,158	\$-8,160,286
Grand Totals (Items A through M)					
Budget Appropriations	\$1,235,407,928	\$1,333,362,358	\$1,285,292,190	\$49,884,262	\$-48,070,168
Less: Non-Property Tax Revenues	\$1,015,328,980	\$1,064,699,496	\$1,057,888,347	\$42,559,367	\$-6,811,149
Property Tax Levies	\$220,078,948	\$268,662,862	\$227,403,843	\$7,324,895	\$-41,259,019

Note: All adopted budgets for governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance reserved for tax stabilization. For budget purposes, the fund balance reserved for tax stabilization is reflected as other financing sources. However, for accounting purposes it is reflected as part of the overall fund balance.

PROPERTY TAX RATE AND LEVY COMPARISON

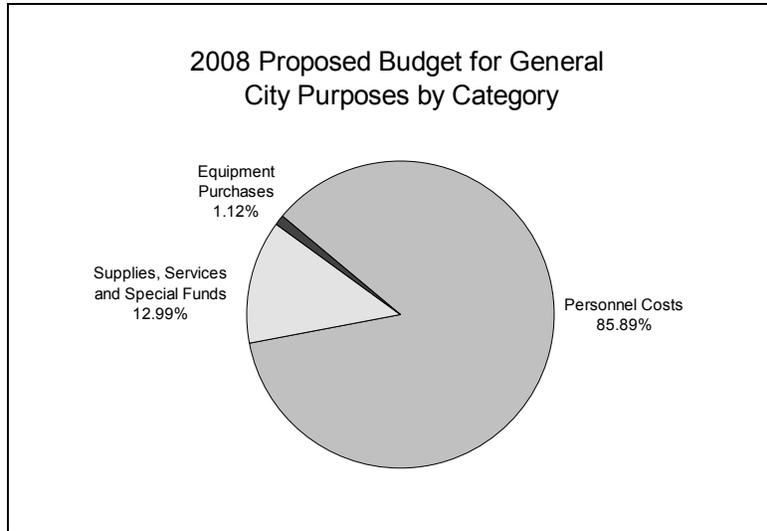
The graphs below show property tax rates and levies for the City of Milwaukee from 1999 through the 2008 proposed budget. The 2008 proposed tax rate of \$8.01 is \$0.02 higher than the 2007 rate of \$7.99. The 2008 proposed tax levy of \$227.4 million totals an increase of \$7.3 million from the 2007 levy of \$220.1 million. Since 1999, the property tax rate has decreased by \$1.70 from \$9.71 in 1999 to the 2008 proposed rate of \$8.01. During this same period, the “real” or inflation adjusted property tax levy has increased \$26.3 million.



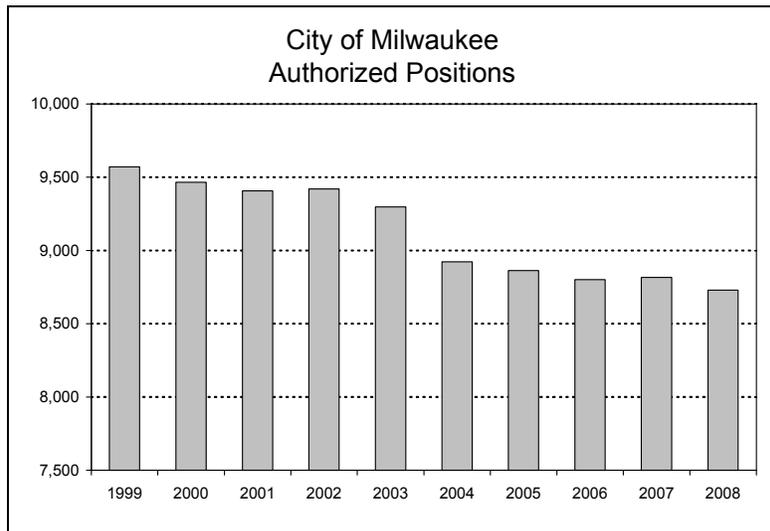
GENERAL CITY PURPOSES SPENDING

The pie chart below depicts the proportions of general city purposes spending allocated to Personnel Costs (85.89%), Supplies, Services, and Special Funds (12.99%), and Equipment Purchases (1.12%) in the 2008 proposed budget.

It should be noted that the 2008 proposed budget funds approximately \$8.2 million of major equipment purchases in the capital budget.



The following bar graph indicates changes in authorized positions from 1999 to 2008. Funding for personnel costs (which include salary and wages) relates directly to the number of positions authorized citywide. Excluding temporary and seasonal staff, the 2008 proposed budget reflects a net decrease of 87 positions from 2007 levels (8,817 in 2007 to 8,730 in 2008).



CHANGE IN POSITIONS

	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
				2007 ADOPTED	2008 REQUESTED
General City Purposes					
Administration, Department of	105	105	107	2	2
Assessor's Office	60	59	58	-2	-1
City Attorney	64	64	64	0	0
City Development, Department of	257	243	245	-12	2
Common Council City Clerk	111	111	111	0	0
Comptroller's Office	66	66	66	0	0
Election Commission	37	113	113	76	0
Employee Relations, Department of	83	83	82	-1	-1
Fire and Police Commission	16	16	16	0	0
Fire Department	1,152	1,093	1,140	-12	47
Health Department	337	314	310	-27	-4
Library	398	387	396	-2	9
Mayor's Office	14	14	14	0	0
Municipal Court	44	45	45	1	0
Neighborhood Services, Department of	228	228	228	0	0
Police Department	2,986	3,035	3,001	15	-34
Port of Milwaukee	31	31	35	4	4
Public Works, Department of (Total)	(2,405)	(2,373)	(2,355)	(-50)	(-18)
Administrative Services Division	64	63	63	-1	0
Infrastructure Services Division	698	681	696	-2	15
Operations Division	1,643	1,629	1,596	-47	-33
Special Purpose Account	11	11	11	0	0
Treasurer's Office	59	58	58	-1	0
General City Purposes Total	8,464	8,449	8,455	-9	6
General City Purposes Total*	8,435	8,420	8,354	-81	-66
Pensions					
Deferred Compensation	2	2	2	0	0
Employees' Retirement System	49	52	52	3	0
Pensions Total	51	54	54	3	0
Parking Fund	128	129	129	1	0
Sewer Maintenance Fund	189	179	179	-10	0
Water Works	346	345	346	0	1
Subtotal Budgeted Positions	9,178	9,156	9,163	-15	7
Less Temporary Positions	361	433	433	72	0
Total Budgeted Positions	8,817	8,723	8,730	- 87	7

*Does not include Election Commissioners and Election Commission Temporary Office Assistants (29 positions in 2007 and 101 in 2008) due to staffing fluctuations between election and non-election years.

ESTIMATED FULL TIME EQUIVALENTS O&M Funded

	2007	2008	2008	CHANGE	
	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
General City Purposes					
Administration, Department of	64.04	72.69	75.04	11.00	2.35
Assessor's Office	48.55	47.55	46.55	-2.00	-1.00
City Attorney	58.40	58.15	56.15	-2.25	-2.00
Common Council City Clerk	94.15	91.00	91.00	-3.15	0.00
Comptroller's Office	50.24	50.04	50.04	-0.20	0.00
Department of City Development	44.74	45.00	44.50	-0.24	-0.50
Election Commission*	9.16	12.00	12.00	2.84	0.00
Employee Relations, Department of	53.86	64.96	53.38	-0.48	-11.58
Fire and Police Commission	7.00	8.50	8.50	1.50	0.00
Fire Department	1,140.82	1,153.51	1,120.51	-20.31	-33.00
Health Department	157.24	154.95	162.83	5.59	7.88
Library	325.96	312.29	323.82	-2.14	11.53
Mayor's Office	12.50	12.50	12.50	0.00	0.00
Municipal Court	39.50	39.50	39.50	0.00	0.00
Neighborhood Services, Department of	167.58	167.58	171.08	3.50	3.50
Police Department	2,816.72	2,871.72	2,879.90	63.18	8.18
Port of Milwaukee	19.00	21.00	22.00	3.00	1.00
Public Works, Department of (Total)	(1,054.93)	(1,009.92)	(1,049.48)	(-5.45)	(39.56)
Administrative Services Division	51.45	50.78	50.78	-0.67	0.00
Infrastructure Services Division	240.65	227.89	234.28	-6.37	6.39
Operations Division	762.83	731.25	764.42	1.59	33.17
Special Purpose Accounts	3.00	3.00	3.00	0.00	0.00
Treasurer's Office	29.26	30.11	30.11	0.85	0.00
General City Purposes Total	6,196.65	6,225.97	6,251.89	55.24	25.92
Pensions					
Deferred Compensation	2.00	2.00	2.00	0.00	0.00
Employees' Retirement System	40.50	42.00	42.00	1.50	0.00
Pensions Total	42.50	44.00	44.00	1.50	0.00
Parking Fund	125.75	126.75	126.75	1.00	0.00
Sewer Maintenance Fund	110.65	113.80	113.80	3.15	0.00
Water Works	362.66	368.82	330.59	-32.07	-38.23
Grand Total	6,838.21	6,879.34	6,867.03	28.82	-12.31

*Election Commission does not include Temporary Office Assistants (2.86 FTEs in 2007 and 11.11 FTEs in 2008) due to staffing fluctuations between election and non-election years.

**COMPARISON OF 2008 PROPOSED EXPENDITURES AND FUNDING SOURCES
WITH PRIOR YEARS BY MAJOR BUDGET SECTIONS AND SUBSECTIONS
SECTION 1. CITY BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL**

	2005 ACTUAL** EXPENDITURES	2006 ACTUAL** EXPENDITURES	2007 ADOPTED BUDGET	2008 PROPOSED BUDGET	CHANGE 2008 PROPOSED VERSUS 2007 ADOPTED
A. General City Purposes					
1. Budgets for General City Purposes					
Administration, Department of	\$7,213,765	\$8,227,774	\$7,848,579	\$8,732,821	\$884,242
Assessor's Office	4,694,234	4,983,836	4,776,668	4,674,328	-102,340
City Attorney	7,190,965	7,354,787	6,797,710	7,023,288	225,578
City Development, Department of	3,091,483	3,434,378	3,455,591	3,401,531	-54,060
City Treasurer	2,922,604	2,881,743	2,885,100	2,881,523	-3,577
Common Council City Clerk	7,945,561	8,053,596	8,051,323	7,990,033	-61,290
Comptroller	5,568,607	5,374,799	5,578,279	5,395,594	-182,685
Election Commission	1,267,805	1,874,080	1,368,875	2,636,184	1,267,309
Employee Relations, Department of	5,645,947	5,679,148	5,038,022	4,970,504	-67,518
Fire and Police Commission	0	0	698,174	969,917	271,743
Fire Department	99,015,868	101,643,132	96,206,578	97,412,829	1,206,251
Health Department	14,240,505	14,194,928	13,709,885	13,881,021	171,136
Library	22,364,568	23,662,271	22,910,154	22,343,379	-566,775
Mayor's Office	1,194,358	1,207,505	1,212,958	1,224,428	11,470
Municipal Court	3,356,279	3,355,056	3,380,984	3,372,712	-8,272
Neighborhood Services, Department of	13,944,852	14,013,670	13,809,436	14,027,926	218,490
Police Department	208,749,187	213,226,781	214,065,388	216,653,855	2,588,467
Port of Milwaukee	3,477,511	3,460,828	4,224,941	4,328,059	103,118
Public Works Department (Total)	(112,115,706)	(109,407,021)	(109,442,122)	(110,754,667)	(1,312,545)
Administrative Services Division	4,717,193	4,905,041	4,827,996	4,774,419	-53,577
Infrastructure Services Division	24,642,135	24,273,837	23,848,511	24,467,168	618,657
Operations Division	82,756,378	80,228,143	80,765,615	81,513,080	747,465
Special Purpose Accounts	121,735,617 *	118,223,651 *	148,482,583	162,384,873	13,902,290
Fringe Benefit Offset	-120,103,869	-125,713,097	-122,018,607	-119,810,018	2,208,589
Total Budgets for General City Purposes	\$525,631,553 **	\$524,545,887 **	\$551,924,743	\$575,249,454	\$23,324,711
* Special Purpose Account expenditures do not include wage supplement funding; these funds are reflected in departmental expenditures.					
2. Source of Funds for General City Purposes					
Revenues					
Taxes and Payment in Lieu of Taxes	\$12,464,360	\$14,412,353	\$12,518,100	\$12,935,000	\$416,900
Licenses and Permits	13,374,620	13,725,933	11,775,550	12,741,175	965,625
Intergovernmental Revenue	272,874,520	272,416,824	273,032,000	274,494,714	1,462,714
Charges for Services	67,191,547	77,471,690	76,802,841	78,641,384	1,838,543
Fines and Forfeitures	5,884,753	5,530,127	5,206,000	5,502,000	296,000
Miscellaneous Revenue	29,613,005	35,078,784	32,422,371	35,430,133	3,007,762
Fringe Benefits	22,580,701	\$23,739,528	21,000,000	22,250,000	1,250,000
Cost Recovery	0	0	10,000	10,000	0
Total Revenues	\$423,983,506	\$442,375,239	\$432,766,862	\$442,004,406	\$9,237,544
Tax Stabilization Fund Withdrawals	\$16,621,000	\$16,328,000	\$23,175,000	\$29,457,500	\$6,282,500
Property Tax Levy	93,839,022	98,808,600	95,982,881	103,787,548	7,804,667
Total Financing for General City Purposes	\$534,443,528	\$557,511,839	\$551,924,743	\$575,249,454	\$23,324,711
B. Employees' Retirement					
1. Budgets for Employees' Retirement					
Firemen's Pension Fund					
Pension Contribution	\$197,630	\$137,710	\$138,000	\$122,000	\$-16,000
Lump Sum Supplement Contribution	400,000	338,972	300,000	250,000	-50,000
Policemen's Pension Fund					
Pension Contribution	\$0	\$295,975	\$307,582	\$190,177	\$-117,405
Administration	92,381	0	0	0	0
Lump Sum Supplement Contribution	0	0	0	0	0
Employees' Retirement Fund					
Pension Contribution	\$19,914	\$21,550	\$25,000	\$25,000	\$0
Administration	23,343,873	23,462,283	26,677,643	24,261,700	-2,415,943
Employers' Share of Employees' Annuity Contribution	22,809,607	22,831,449	23,700,000	23,001,449	-698,551
Annuity Contribution Employer's Reserve Fund	0	0	0	0	0

	2005 ACTUAL** EXPENDITURES	2006 ACTUAL** EXPENDITURES	2007 ADOPTED BUDGET	2008 PROPOSED BUDGET	CHANGE 2008 PROPOSED VERSUS 2007 ADOPTED
Social Security					
Social Security Tax	\$16,531,718	\$17,256,439	\$17,540,000	\$17,560,704	\$20,704
Former Town of Lake Employees' Retirement Fund					
Pension Contribution	\$8,673	\$8,673	\$8,700	\$8,700	\$0
Former Town of Lake Firemen's Retirement Fund					
Pension Contribution	\$0	\$0	\$0	\$0	\$0
Deferred Compensation	<u>\$951,036</u>	<u>\$1,009,696</u>	<u>\$1,407,283</u>	<u>\$1,454,342</u>	<u>\$47,059</u>
Total Budgets for Employees' Retirement	<u>\$64,354,832 **</u>	<u>\$65,362,747 **</u>	<u>\$70,104,208</u>	<u>\$66,874,072</u>	<u>\$-3,230,136</u>
2. Source of Funds for Employees' Retirement					
Fringe Benefits Pension	\$962,986	\$945,700	\$1,035,200	\$1,042,400	\$7,200
Charges to Retirement Fund	23,036,218	23,172,066	26,365,403	23,895,460	-2,469,943
Charges to Deferred Compensation	951,036	1,009,696	1,407,283	1,454,342	47,059
Miscellaneous Revenue	157,114	152,160	181,400	78,600	-102,800
Property Tax Levy	<u>40,091,374</u>	<u>40,387,713</u>	<u>41,114,922</u>	<u>40,403,270</u>	<u>-711,652</u>
Total Financing for Employees' Retirement	<u>\$65,198,728</u>	<u>\$65,667,335</u>	<u>\$70,104,208</u>	<u>\$66,874,072</u>	<u>\$-3,230,136</u>
C. Capital Improvements					
1. Budgets for Capital Improvements					
Special Capital Projects or Purposes	\$72,118	\$961,315	\$11,075,000	\$8,825,000	\$-2,250,000
Administration, Department of	590,063	585,078	1,276,000	455,720	-820,280
City Attorney	71,529	29	250,000	0	-250,000
City Development, Department of	25,142,667	11,197,738	77,855,000	71,629,500	-6,225,500
City Treasurer	148,075	9,469	0	0	0
Common Council City Clerk	0	15,610	525,000	0	-525,000
Employee Relations, Department of	0	0	400,000	0	-400,000
Fire Department	3,689,337	5,177,696	2,918,000	3,208,000	290,000
Health Department	772,694	553,872	476,000	800,000	324,000
Library	2,113,256	1,069,564	830,000	1,238,000	408,000
Municipal Court	271,250	598,627	50,000	429,620	379,620
Neighborhood Services, Department of	0	0	0	0	0
Police Department	3,484,351	5,085,270	1,670,000	2,745,000	1,075,000
Port of Milwaukee	507,694	568,033	750,000	500,000	-250,000
Public Works, Department of (Total)	(73,295,691)	(88,471,783)	(57,437,190)	(49,531,974)	(-7,905,216)
Administration Division	1,336,716	940,029	625,000	1,925,000	1,300,000
Infrastructure Services Division	47,733,221	34,275,236	28,997,490	27,810,739	-1,186,751
Operations Division	<u>24,225,754</u>	<u>53,256,518</u>	<u>27,814,700</u>	<u>19,796,235</u>	<u>-8,018,465</u>
Total Budgets for Capital Improvements (Other than Parking, Water Works and Sewer Maintenance)	<u>\$110,158,725 **</u>	<u>\$114,294,084 **</u>	<u>\$155,512,190</u>	<u>\$139,362,814</u>	<u>\$-16,149,376</u>
2. Source of Funds for Capital Improvements					
General Obligation Borrowings					
New Borrowing	\$68,473,498	\$93,735,674	\$61,105,490	\$59,937,385	\$-1,168,105
Carryover Borrowing	0 (a)	0 (a)	88,099,468 (a)	111,400,558 (a)	23,301,090 (a)
Tax Increment District Public Improvements					
New Borrowing	\$22,042,559	\$9,142,899	\$70,280,000	\$60,451,000	\$-9,829,000
Carryover Borrowing	0 (a)	0 (a)	71,151,734 (a)	109,648,810 (a)	38,497,076 (a)
Anticipated Special Assessments					
New Authorizations	\$5,100,582	\$3,223,155	\$2,867,244	\$2,760,149	\$-107,095
Carryover Special Assessments	0 (a)	0 (a)	19,151,639 (a)	14,476,383 (a)	-4,675,256 (a)
Capital Improvement Revenues					
Cash Revenues	\$224,128	\$52,108	\$12,200,000	\$12,200,000	\$0
Carryover Capital Revenues	0 (a)	0 (a)	0 (a)	0 (a)	0 (a)
Property Tax Levy	<u>14,317,958</u>	<u>8,140,248</u>	<u>9,059,456</u>	<u>4,014,280</u>	<u>-5,045,176</u>
Total Financing for Capital Improvements (Other than Parking, Water Works and Sewer Maintenance)	<u>\$110,158,725 *</u>	<u>\$114,294,084 *</u>	<u>\$155,512,190</u>	<u>\$139,362,814</u>	<u>\$-16,149,376</u>

(a) Reiteration of prior year's authority does not affect budget totals.

*Does not include school board expenditures.

	2005 ACTUAL** EXPENDITURES	2006 ACTUAL** EXPENDITURES	2007 ADOPTED BUDGET	2008 PROPOSED BUDGET	CHANGE 2008 PROPOSED VERSUS 2007 ADOPTED
D. City Debt (Including School Purposes)					
1. Budget for City Debt					
Bonded Debt (Principal)	\$89,835,899	\$82,506,794	\$89,105,823	\$113,146,295	\$24,040,472
Bonded Debt (Interest)	43,640,884	34,831,872	52,728,342	53,415,862	687,520
Bonded Debt (Fees)	0	0	40,000	40,000	0
Bonded Debt (Issuance Expenses)	0	484,373	1,000,000	1,000,000	0
Subtotal	\$133,476,783	\$117,823,039	\$142,874,165	\$167,602,157	\$24,727,992
Less: Prepayment					
Prepayment Deduction (PDAF)	(\$-5,000,000)	\$-5,000,000	\$-7,300,000	\$-7,400,000	\$-100,000
Special Assessment	-3,551,000	-3,551,000	-3,553,762	-3,571,849	-18,087
Total Budget for City Debt (a)	\$124,925,783 **	\$109,272,039 **	\$132,020,403	\$156,630,308	\$24,609,905
		Milwaukee School Board			
(a) Included in city debt amounts above are the following amounts for school purposes not controlled by the Common Council.		2005	\$14,578,173		
		2006	\$18,722,113		
		2007	\$19,652,958	(est.)	
		2008	\$20,763,771	(est.)	
2. Source of Funds for City Debt					
Revenues	\$38,593,942	\$28,363,000	\$32,659,490	\$51,141,200	\$18,481,710
TID Increments from Prior Year	18,596,773	18,804,333	16,965,898	15,805,700	-1,160,198
Delinquent Tax Revenues	14,793,546	14,076,527	14,973,326	15,484,663	511,337
Property Tax Levy	52,941,522	58,725,236	67,421,689	74,198,745	6,777,056
Total Financing for City Debt	\$124,925,783	\$119,969,096	\$132,020,403	\$156,630,308	\$24,609,905
E. Delinquent Tax					
1. Budget for Delinquent Tax Fund					
Delinquent Tax Fund	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$-1,000,000
2. Source of Funds for Delinquent Tax Fund					
Property Tax Levy	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$-1,000,000
F. Common Council Contingent Fund					
1. Budget for Common Council Contingent Fund					
Common Council Contingent Fund	\$5,000,000 *	\$5,436,801 *	\$5,500,000	\$5,000,000	\$-500,000
2. Source of Funds for Common Council Contingent Fund					
Property Tax Levy	\$5,000,000	\$5,500,000	\$5,500,000	\$5,000,000	\$-500,000
*2005 and 2006 experience shown for informational purposes only.					
Expenditure experience represents transfers and expenditures authorized by resolution.					
Subtotal Budget Authorizations Common Council Controlled Purposes (Except Water and Special Revenue Accounts)					
	\$826,070,893	\$814,474,757	\$916,061,544	\$943,116,648	\$27,055,104
Non-Tax Levy	\$633,536,888	\$651,380,557	\$695,982,596	\$715,712,805	\$19,730,209
Tax Levy	\$207,189,876	\$212,561,797	\$220,078,948	\$227,403,843	\$7,324,895
Subtotal Financing for (Estimated Revenues) Common Council Controlled Budgets (Except Water and Special Revenue Accounts)	\$840,726,764	\$863,942,354	\$916,061,544	\$943,116,648	\$27,055,104
Special Revenue Accounts Sections G through M					
G. Parking					
1. Budget for Parking Program					
Operating and Maintenance Expense	\$25,363,993	\$24,257,234	\$26,059,606	\$26,040,922	\$-18,684
Transfer to General Fund	15,210,000	15,210,000	15,800,000	17,000,000	1,200,000
Capital Improvement Program	889,335	1,008,146	595,000	2,700,000	2,105,000
Capital Improvements to be Financed from Available Cash Reserves	0	0	5,000,000	5,000,000	0
Total Budget for Parking Program	\$41,463,328 **	\$40,475,380 **	\$47,454,606	\$50,740,922	\$3,286,316

	2005 ACTUAL** EXPENDITURES	2006 ACTUAL** EXPENDITURES	2007 ADOPTED BUDGET	2008 PROPOSED BUDGET	CHANGE 2008 PROPOSED VERSUS 2007 ADOPTED
2. Source of Funds for Parking Operations					
Parking Permits	\$2,672,788	\$2,760,514	\$2,714,000	\$2,713,000	\$-1,000
Meters	4,197,616	4,159,082	4,081,000	4,122,000	41,000
Rental and Lease of Facilities	6,741,466	6,863,094	6,734,388	6,760,813	26,425
Towing of Vehicles	2,315,415	3,252,855	2,500,000	3,050,986	550,986
Vehicle Disposal	2,636,887	2,572,173	2,400,000	2,500,000	100,000
Miscellaneous	151,172	280,741	0	275,000	275,000
Subtotal Financing of Parking Operations	\$18,715,344	\$19,888,459	\$18,429,388	\$19,421,799	\$992,411
Other Funding Sources					
Withdrawal from Reserves	\$0	\$0	\$3,830,218	\$4,019,123	\$188,905
Citation Revenue	19,757,472	20,444,892	19,600,000	19,600,000	0
Miscellaneous	1,535,964	601,473	0	0	0
Capital Improvements to be Financed from Available:					
Cash Reserves	\$0	\$0	\$5,000,000	\$5,000,000	\$0
New Borrowing	889,335	1,008,146	595,000	2,700,000	2,105,000
Carryover Borrowing	0	0	3,681,369 (a)	2,636,369 (a)	-1,045,000 (a)
Subtotal Other Funding Sources	\$22,182,771	\$22,054,511	\$29,025,218	\$31,319,123	\$2,293,905
Total Financing for Parking	\$40,898,115	\$41,942,970	\$47,454,606	\$50,740,922	\$3,286,316
(a) Reiteration of prior year's authority does not affect budget totals.					
H. Grants and Aids Projects (Except Capital Projects)					
1. Budget for Grants and Aids Projects					
Grantor Share (Non-City)	\$62,702,361	\$65,463,666	\$74,433,047	\$76,339,580	\$1,906,533
Total for Grants and Aids Projects	\$62,702,361 **	\$65,463,666 **	\$74,433,047	\$76,339,580	\$1,906,533
2. Source of Funds for Grants and Aids Projects					
Grantor Share (Non-City)	\$62,702,361	\$62,112,981	\$74,433,047	\$76,339,580	\$1,906,533
Total Financing for Grants and Aids Projects (Except Capital Projects)	\$62,702,361	\$62,112,981	\$74,433,047	\$76,339,580	\$1,906,533
I. Economic Development Fund					
1. Budget for Economic Development Fund					
Business Improvement Districts	\$5,052,590	\$9,295,599	\$6,306,718	\$6,680,101	\$373,383
Total Budget for Economic Development Fund	\$5,052,590	\$9,295,599	\$6,306,718	\$6,680,101	\$373,383
2. Source of Funds for Economic Development Fund					
Business Improvement District Assessments	\$5,052,590	\$9,296,519	\$6,306,718	\$6,680,101	\$373,383
Total Source of Funds for Economic Development Fund	\$5,052,590	\$9,296,519	\$6,306,718	\$6,680,101	\$373,383
J. Water Works					
1. Budget for Water Works, Department of Public Works					
Operating Budget	\$61,274,238	\$60,482,646	\$67,728,842	\$67,709,700	\$-19,142
Capital Improvements Program	15,212,549	13,171,894	25,140,500	36,769,000	11,628,500
Deposits to Special Accounts (Retained Earnings)	15,155,257	14,486,417	24,540,500	23,569,000	-971,500
Total Expenditures and Deposits	\$91,642,044 **	\$88,140,957 **	\$117,409,842	\$128,047,700	\$10,637,858
2. Source of Funds for Water Works					
Operating Revenue	\$69,050,322	\$64,423,714	\$66,849,681	\$69,825,297	\$2,975,616
Non-Operating Revenue	7,199,361	10,608,382	9,564,000	10,619,000	1,055,000
Proceeds from Borrowing	0	0	0	12,500,000	12,500,000
Retained Earnings	15,392,361	13,108,861	40,996,161	35,103,403	-5,892,758
Total Source of Funds for Water Works	\$91,642,044	\$88,140,957	\$117,409,842	\$128,047,700	\$10,637,858
K. Sewer Maintenance					
1. Budget for Sewer Maintenance					
Operating Budget	\$31,798,526	\$31,134,316	\$39,387,171	\$40,087,619	\$700,448
Capital Budget	19,840,982	15,054,609	24,500,000	29,950,000	5,450,000
Total Budget for Sewer Maintenance	\$51,639,508 **	\$46,188,925 **	\$63,887,171	\$70,037,619	\$6,150,448

	2005 ACTUAL** EXPENDITURES	2006 ACTUAL** EXPENDITURES	2007 ADOPTED BUDGET	2008 PROPOSED BUDGET	CHANGE 2008 PROPOSED VERSUS 2007 ADOPTED
2. Source of Funds for Sewer Maintenance					
Sewer User Fee	\$30,532,791	\$26,758,568	\$23,605,260	\$25,382,000	\$1,776,740
Storm Water Fee	0	6,393,295	13,451,392	12,600,000	-851,392
Charges for Services	534,451	1,109,171	211,122	768,800	557,678
Miscellaneous Revenue	322,110	369,152	281,864	295,000	13,136
Retained Earnings	409,174	0	1,837,533	3,291,819	1,454,286
Proceeds from Borrowing	19,840,982	15,054,609	24,500,000	27,700,000	3,200,000
Total Source of Funds for Sewer Maintenance	\$51,639,508	\$49,684,795	\$63,887,171	\$70,037,619	\$6,150,448
M. Delinquent County Taxes					
1. Budget for Delinquent County Taxes					
Delinquent County Taxes and Tax Certificate Purchases	\$9,111,076	\$10,069,377	\$9,855,000	\$10,329,620	\$474,620
Total Budget for Delinquent County Taxes	\$9,111,076	\$10,069,377	\$9,855,000	\$10,329,620	\$474,620
2. Source of Funds for Delinquent County Taxes					
Purchase of Milwaukee County Delinquent Taxes	\$9,111,076	\$10,069,377	\$9,855,000	\$10,329,620	\$474,620
Total Source of Funds for Delinquent County Taxes	\$9,111,076	\$10,069,377	\$9,855,000	\$10,329,620	\$474,620
Subtotal Budget Authorization for Special Revenue Accounts	\$261,610,907	\$259,633,904	\$319,346,384	\$342,175,542	\$22,829,158
Subtotal Estimated Revenues for Special Revenue Accounts	\$261,045,694	\$261,247,599	\$319,346,384	\$342,175,542	\$22,829,158
Total All Budgets Under the Control of the Common Council (Includes Water and Special Revenue Accounts)	\$1,087,681,800	\$1,074,108,661	\$1,235,407,928	\$1,285,292,190	\$49,884,262
Total Financing Revenues of Budgets Under the Control of the Common Council (Includes Water and Special Revenue Accounts)	\$1,101,772,458	\$1,125,189,953	\$1,235,407,928	\$1,285,292,190	\$49,884,262

** Expenditures include funding carried over from prior year.

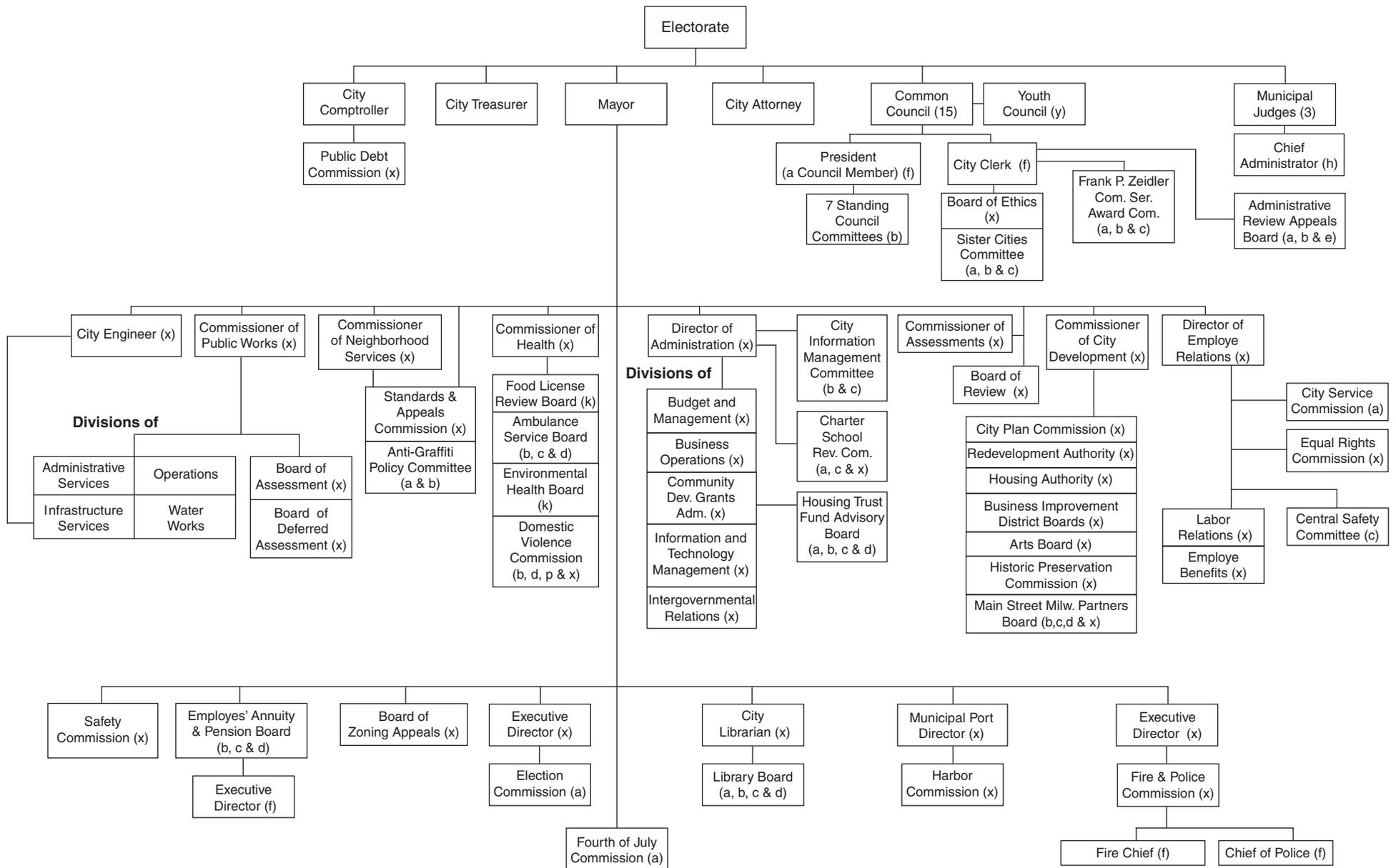
SECTION II. SUMMARY OF PROPOSED BORROWING AUTHORIZATIONS (Including School Purposes)

	2006	2007	2008
General Obligation Bonds or Short Term Notes			
New Borrowing			
General City Purposes	\$84,610,072	\$61,700,490	\$62,637,385
Schools	11,000,000	6,000,000	2,000,000
Subtotal New Borrowing	\$95,610,072	\$67,700,490	\$64,637,385
Carryover Borrowing*	(101,402,901)	(97,780,837)	(127,276,094)
Subtotal	\$95,610,072	\$67,700,490	\$64,637,385
Special Assessment Borrowing			
New Borrowing	\$2,804,799	\$2,867,244	\$2,760,149
Carryover Borrowing*	(17,029,740)	(19,151,639)	(14,746,383)
Subtotal	\$2,804,799	\$2,867,244	\$2,760,149
Contingency Borrowing			
New Borrowing	\$110,000,000	\$110,000,000	\$110,000,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	\$110,000,000	\$110,000,000	\$110,000,000
Tax Incremental District Borrowing			
New Borrowing	\$58,000,000	\$70,280,000	\$60,451,000
Carryover Borrowing*	(33,525,914)	(71,151,734)	(109,648,810)
Subtotal	\$58,000,000	\$70,280,000	\$60,451,000
Delinquent Taxes Borrowing			
New Borrowing	\$17,000,000	\$17,000,000	\$17,000,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	\$17,000,000	\$17,000,000	\$17,000,000
Revenue Anticipation Borrowing			
New Borrowing	\$300,000,000	\$300,000,000	\$300,000,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	\$300,000,000	\$300,000,000	\$300,000,000
Water Works Borrowing			
New Borrowing	\$0	\$0	\$12,500,000
Carryover Borrowing*	(0)	(0)	(0)
Subtotal	\$0	\$0	\$12,500,000
Sewer Maintenance Fund Borrowing			
New Borrowing	\$23,500,000	\$24,500,000	\$27,950,000
Carryover Borrowing*	(36,409,500)	(49,909,500)	(46,261,582)
Subtotal	\$23,500,000	\$24,500,000	\$27,950,000
Total All Borrowing			
New Borrowing	\$606,914,871	\$592,347,734	\$595,298,534
Carryover Borrowing*	(188,368,055)	(237,993,710)	(43,380,681)
Total	\$606,914,871	\$592,347,734	\$595,298,534

* Not included in budget totals, reiteration of prior years authority.

CITY OF MILWAUKEE ORGANIZATION CHART

Source: Legislative Reference Bureau • September 2007



KEY	(a) Appointment by Mayor, not confirmed by Common Council	(d) Members selected by other external bodies	(h) Appointment by Chief Municipal Judge, confirmed by Common Council	(x) Appointment by Mayor, confirmed by Common Council
	(b) Members appointed by Common Council President	(e) Appointment by City Attorney	(k) Appointment by Health Department	(y) Appointment by connected council, confirmed by Common Council
	(c) Members serve ex-officio; by law	(f) Appointment by connected board or department	(p) Appointment by Police Chief	

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I. CITY BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL

PROPERTY TAX SUPPLEMENTED FUNDS SUMMARY OF EXPENDITURES

EXPENSE CATEGORY	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS	2007 ADOPTED 2008 REQUESTED
A. General City Purposes	\$524,545,887	\$551,924,743	\$589,330,602	\$575,249,454	\$23,324,711	\$-14,081,148
B. Employees' Retirement	65,362,747	70,104,208	68,961,324	66,874,072	-3,230,136	-2,087,252
C. Capital Improvements	114,294,084	155,512,190	160,097,149	139,362,814	-16,149,376	-20,734,335
D. City Debt	109,272,039	132,020,403	159,137,455	156,630,308	24,609,905	-2,507,147
E. Delinquent Tax Fund	1,000,000	1,000,000	0	0	-1,000,000	0
F. Contingent Fund	*[5,436,801]	5,500,000	5,500,000	5,000,000	-500,000	-500,000
TOTAL	\$814,474,757	\$916,061,544	\$983,026,530	\$943,116,648	\$27,055,104	\$-39,909,882

* Contingent Fund experience shown for informational purposes only. Expenditure experience represents transfers to other expense categories.

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A. GENERAL CITY PURPOSES

1. BUDGET APPROPRIATIONS AND EXPENDITURES

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DEPARTMENT OF ADMINISTRATION

EXECUTIVE SUMMARY

- MISSION:** To make Milwaukee one of the Nation's most attractive cities in which to live, work, and do business.
- SERVICES:** Budgeting and financial management.
- Grants management.
- Intergovernmental relations.
- Procurement and materials management.
- Information technology management.
- STRATEGIC ISSUES:** Manage city services within the state levy limit and limited own source revenue.
- Utilize the Mayor's Accountability in Management Initiative to realize operating efficiencies and improvements.
- Identify opportunities for better project management through information technology standardization and interdepartmental coordination.
- Improve financial risk management of city capital projects.
- Promote environmental sustainability, including efforts to protect and enhance Lake Michigan's environmental and economic resources.

BUDGET SUMMARY

	2006	2007	2008	2008	CHANGE	
	ACTUAL	ADOPTED	REQUESTED	PROPOSED	PROPOSED BUDGET	
	EXPENDITURES	BUDGET	BUDGET	BUDGET	2007 ADOPTED	2008 REQUESTED
					VERSUS	
PERSONNEL						
FTEs - Operations and Maintenance	61.14	64.04	72.69	75.04	11.00	2.35
FTEs - Other	31.24	36.16	27.35	27.00	-9.16	-0.35
Total Positions Authorized	103	105	105	107	2	2
EXPENDITURES						
Salaries and Wages	\$4,536,219	\$4,417,267	\$4,666,548	\$4,825,698	\$408,431	\$159,150
Fringe Benefits	1,925,937	1,855,252	1,913,285	1,978,537	123,285	65,252
Operating Expenditures	592,591	464,560	721,374	725,951	261,391	4,577
Equipment	20,536	17,500	28,000	22,500	5,000	-5,500
Special Funds	1,152,491	1,094,000	1,180,135	1,180,135	86,135	0
TOTAL	\$8,227,774	\$7,848,579	\$8,509,342	\$8,732,821	\$884,242	\$223,479
REVENUES						
Charges for Services	\$3,803,397	\$3,975,800	\$4,086,000	\$4,086,000	\$110,200	\$0
Miscellaneous	516,782	262,500	336,200	336,200	73,700	0
TOTAL	\$4,320,179	\$4,238,300	\$4,422,200	\$4,422,200	\$183,900	\$0

BACKGROUND

The Department of Administration (DOA) performs several management roles in city government. DOA works with city departments to ensure that they obtain the goods and services needed to meet their objectives, develops the Mayor’s budget, provides analysis and recommendations on fiscal and management issues that affect the city, represents the city’s interests to local, state, and federal governments, distributes grant funds to city agencies and neighborhood organizations, helps represent the interests of disadvantaged local businesses in their efforts to obtain both city and other government contracts, and assists in development of strategic policy, including in the areas of homeland security and environmental sustainability. DOA is working to decrease budget instability and improve the city’s fiscal condition. Key initiatives include improving capital project management, consolidating and standardizing information technology, increasing operating grant funding, establishing more intergovernmental and multi-jurisdictional cooperation, and implementing environmental sustainability initiatives.

Service 1

Office of the Director and Budgeting and Financial Management		2006	2007	2008
Activities:		Experience	Budget	Projection
Operating and capital budget administration and planning, forecasting, revenue analysis, strategic and fiscal planning, performance measurement, environmental sustainability, homeland security, and workforce development.				
Performance Measures:	Increase in general city non-tax levy own source revenues.	14.3%	N/A	6.0%
	Meet Expenditure Restraint Program expenditure limit.	Yes	Yes	Yes
	Implement three service improvements through the AIM process.	7	N/A	3
	Increase in miles of infrastructure replacement.	N/A	N/A	17.3%
	Percentage reduction in energy use in city facilities.	N/A	N/A	3.0%
	Percentage reduction in stormwater runoff from city properties.	N/A	N/A	1.0%
Funding by Source:	Operating Funds	\$1,380,111	\$1,404,167	\$1,516,265
	Grants and Reimbursables	50,494	102,170	207,424
	Totals	\$1,430,605	\$1,506,337	\$1,723,689

SERVICE IMPROVEMENTS AND RESULTS

This service strengthens Milwaukee’s competitive position by improving city management, leveraging resources beyond city government that benefit Milwaukee, and maintaining the city’s fiscal health. The city’s efforts to control tax levy spending while increasing non-tax levy own source revenues are critical to improving fiscal sustainability.

A key goal for DOA is improving the city’s fiscal sustainability, as this is a necessary condition for maintaining core service levels and implementing new initiatives, such as the Neighborhood Safety Initiative. Two measures for this goal are the percentage increase in general city purpose non-tax levy own source revenues, which increased by 14.3% in 2006, and meeting the expenditure limit of the State Expenditure Restraint Program. Controlling expenditure growth while increasing own source revenue improves the city’s long term fiscal sustainability.

Fiscal sustainability is also needed to provide sufficient resources to improve the replacement cycles for the city’s core infrastructure systems, including major and local streets, sewer mains, and water mains. The 2008 proposed budget will increase the budgeted replacement miles for these infrastructure assets by 17.3% from the 2007 budgeted amounts. As fiscal sustainability improves, the amount of replacement miles budgeted on an annual basis will increase.

While improving fiscal sustainability is a high priority, of equal importance is improving the quality and effectiveness of city services. As the city works to control the cost of city services, it also strives to identify and implement service improvement initiatives. The Mayor's AIM process is one forum for developing these initiatives, and the goal is to implement at least three service improvements through the AIM process each year. Improvements implemented in 2006 and 2007 include changed nuisance litter abatement procedures and monitoring of capital projects. Each improvement, regardless of its magnitude, adds value to the services provided to the public.

DOA has assumed additional responsibilities in recent years with a minimal addition of staff. Staffing levels in the 2008 proposed budget are almost 25% lower than in 1997. Between 2000 and 2007, DOA's operating budget decreased by 12.5%, compared to a total increase of 16.9% for all city departments.

One of the additional responsibilities is coordinating the city's efforts to improve environmental sustainability. Two major goals for this service are the percentage reduction in energy use in city facilities and the percentage reduction in stormwater runoff from city properties. In 2006, the city achieved a 9% reduction in energy use in the City Hall Complex and will be expanding these efforts to more city facilities. The Energy Challenge Fund proposed for 2008 is a key element of this strategy.

The city faces key environmental sustainability issues, such as energy use, water quality and stormwater management, and promoting a "green" sector in Milwaukee's economy. The Office of Environmental Sustainability manages and coordinates the city's strategies in making improvements in these areas. Activities include training Building Facility Managers on energy efficiency, ongoing energy audits of city facilities, advocating for diversification of the city fleet, developing recommendations on green building standards, working with ICLEI on baseline greenhouse gas inventory, working with the Center on Wisconsin Strategy to evaluate opportunities for residential energy efficiencies, and working with other organizations on developing stormwater management projects and improvements.

SERVICE AND RESOURCE CHANGES

Environmental Sustainability: The Environmental Sustainability Director heads the Office of Sustainability and works with city departments in implementing the recommendations of Mayor Barrett's Green Team. The Director steers citywide environmental policy, helps set departmental goals and strategies, and tracks departmental performance. The main activity of the office has been to implement the Mayor's sustainability initiatives. Primary activities focus on increasing energy efficiency, reducing stormwater runoff, and working to create economic opportunities related to the "green" sector.

The office has been involved in efforts to protect Lake Michigan and its tributaries, including serving on a Legislative Council Special Committee to draft legislation adopting the Great Lakes Water Resource Compact and working to oppose actions by other jurisdictions that would harm the lake. The office has also convened a Green Building Task Force to develop policy recommendations on a green building standard for the city and has been working with the Milwaukee Urban Agriculture Network to promote urban agriculture as a means to reduce stormwater runoff and energy costs. The Director will continue to work with policymakers throughout city government to ensure the City of Milwaukee achieves the cost savings and sustainable environmental outcomes envisioned by the Mayor.

Energy Challenge Fund: The Environmental Sustainability Director will manage the Energy Challenge Fund proposed for 2008. The Energy Challenge Fund is a capital project funded at \$500,000 that will help city departments meet the goal of reducing energy consumption from 2005 to 2012 by 15%. Funds will be awarded to departments for capital projects that result in energy efficiencies or that use renewable energy or alternative fuel sources. Funds will be distributed based on projected reductions in energy use and demand charges and demonstration of project payback within a reasonable time period. Project proposals will include an assessment of baseline energy consumption, an estimate of the project cost and payback period, a plan to ensure any new equipment is performing to specifications, and a plan to train appropriate staff on the operation and maintenance of any new equipment or systems.

Multi-Year Strategic and Fiscal Plan: The 2008 proposed budget reflects the third year of a three year strategic and fiscal plan. The goal is to achieve improved fiscal sustainability by 2009, thereby allowing policymakers to better manage the financial challenges facing the city. Please refer to the introduction section of the *2008 Proposed Plan and Executive Budget Summary* for more information.

Improving Performance and Accountability: In 2006, DOA assisted the Mayor in implementing a management performance and accountability process called Accountability in Management or AIM. AIM's goal is to improve service quality and accountability in city government. The Mayor uses this process to oversee departmental operations, hold departments accountable for their performance, and as a forum to regularly discuss with departments their performance and trends in the areas of service delivery, fiscal and personnel management, and diversity. In 2008, the Mayor will use AIM to support specific service improvements in each participating department. Departments meeting with the Mayor through AIM include the Police Department, the Fire Department, the Health Department, the Department of Public Works, the Department of Neighborhood Services, Milwaukee Public Library, Fire and Police Commission, Election Commission, Department of Employee Relations, Assessor's Office, and the Department of Administration.

Some of the successful initiatives emerging from the AIM process include:

- Upgrading E-Notify to include verified criminal offenses by location.
- Policy and operational changes to improve the timeliness of nuisance litter abatement.
- Completion of the Library Facilities Plan.
- Created the Youth Development Coordinator position to oversee the Summer Internship Program and other youth job and training initiatives.
- Implemented a customer satisfaction survey for the Development Center.
- Improving capital project reporting and monitoring for major capital projects.
- Established response time goals and performance tracking for pothole filling, missed garbage collections, missed recycling collections, special collections, and nuisance litter cleanup.
- Monitoring fleet size and usage to ensure it is being used efficiently.
- Implemented new strategies to reduce illegal hydrant tampering.
- Ensuring adequate steps are being taken to eliminate sanitary sewer overflows and compliance with the Circuit Court Stipulation Agreement governing overflows.
- Using review of sick leave to improve management controls over sick leave and reduce costs.

Workforce Development: The 2006 budget included \$143,000 for a Training and Certification Program for specified skilled trades for Milwaukee residents. DOA has implemented this program via a cooperation agreement with the Milwaukee Metropolitan Sewage District (MMSD). The program goals are to:

- Place residents on construction job sites,
- Get residents ready and placed in apprenticeship programs; and
- Get residents construction or apprenticeship placements with city contractors.

Through July 2007, the program has spent \$127,790 and the program should be completed by September 2007. Outcomes include:

- 39 training certificates completed.
- 21 apprenticeship tests passed.
- 20 residents holding construction jobs for more than 30 days.
- 25 residents placed in apprenticeships.
- 15 residents placed on construction job sites.

The city also provided \$250,000 for a job training program associated with Tax Incremental District #41. This Urban Trades Partnership Initiative was created to train and certify Milwaukee County residents from diverse backgrounds in the building and construction trades. As of August, 2007, the program has completed three classes. Forty-nine of the 52 persons signing up completed the coursework. Of these participants, 32 persons have entered employment, with wages ranging from \$12 to \$19 per hour.

Homeland Security Office: The Homeland Security Coordinator manages the city's homeland security and emergency management functions. This includes coordinating the planning, training and exercising of all city departments relating to emergency management and homeland security and maintaining liaison with emergency management and homeland security organizations and agencies at other governmental levels. The three main functions of the Coordinator are grant cultivation and management, planning and preparedness, and emergency response support. The Coordinator has secured and is managing four primary grants, including the Buffer Zone Protection, Critical Infrastructure Protection, Port Security, and Urban Area Security Initiative (UASI) Grants. The latter provides funding and develops emergency planning initiatives to the private sector and public safety agencies throughout Southeastern Wisconsin. These grants will strengthen critical infrastructure and enhance the city's ability to prevent, detect, respond, and recover from emergency events.

In the area of planning and preparedness, the Coordinator managed a comprehensive revision of Chapter 6 of the City Charter, which governs and defines the city's organization and procedures for the management of emergencies. The Coordinator also participated on the Wisconsin Legislative Council's Special Committee on Disaster Preparedness, which recommended legislative changes to ease funding restrictions in times of emergency, and promoted increased training and exercising throughout the state. The Coordinator also serves on the statewide Homeland Security Grant Planning Committee, which provides programming and funding recommendations to the Office of Justice Assistance for statewide implementation. Ongoing activities involve developing a continuity of operations plan for all city departments, including determining information technology disaster recovery needs and backup recovery systems, and updating the city's Emergency Response Plan.

The Coordinator also manages the city's Emergency Operations Center, including training city departments on Emergency Operation Center operations, ESponder Awareness Training, and training in the National Incident Management System. In this capacity, the Coordinator is responsible for managing the center's operation during large scale emergency and pre-planned response incidents. The emergency response function also includes on scene incident command support, after action reviews of the public safety response to large scale incidents that are designed to increase operational effectiveness and efficiencies, and assisting departments in designing, conducting, and reviewing exercises to test operational response plans.

All UASI funded planning positions are united in a single Division of Homeland Security under the direction of the Homeland Security Coordinator in order to meet grant requirements and work objectives. The office includes the Coordinator, and one position each from the Police Department, Fire Department, and Health Department. These positions are detailed to the Coordinator and remain employees of their respective departments.

Service 2

Grants Management		2006	2007	2008
Activities:		Experience	Budget	Projection
	Grants administration, coordination, and planning.			
Performance Measures:	Dollar amount of new grant funding.	\$779,520	N/A	\$1,000,000
	Number of successful grant applications.	5	N/A	8
Funding by Source:	Operating Funds	\$102,153	\$85,982	\$88,028
	Grants and Reimbursables	1,424,423	1,081,958	1,352,390
	Special Purpose Accounts	23,100	23,100	25,468
	Totals	\$1,549,676	\$1,191,040	\$1,465,886

SERVICE IMPROVEMENTS AND RESULTS

The grant management goals are to increase and diversify the non-tax levy revenue for the city, as a key strategy for supporting the Mayor’s outcomes and maintaining and improving city services. DOA manages several grants, including the annual Community Development Block Grant Program (CDBG) and HOME Grant, and coordinates the citywide cultivation of additional grant awards. A Grant Manager position was created in 2006 to assist in providing a more systematic and coordinated approach to grant cultivation. Staff are accelerating the search for new grant dollars and improving the city’s capacity to respond to notifications of funding availability.

SERVICE AND RESOURCE CHANGES

Grant Initiative: The Grant Compliance Manager was created to improve the grant cultivation process. This position is critical to establishing a more systematic and coordinated approach to grant management by researching and coordinating grant opportunities, writing grant proposals, maintaining contacts with federal, state and local granting agencies, advocating for additional appropriations on the federal level, and assisting departments in their grant efforts. In 2006, the Manager, by taking the lead in grant applications, has been successful in obtaining five grant awards with total funding of \$779,520. In 2007, the Manager has assisted in obtaining six grant awards with total funding of \$1,276,019. As of mid-August, eight grant applications are still pending, with potential grant funding of \$750,684. These grants support city efforts in the areas of public safety, employment and training, environment, strengthening families and infrastructure.

The Grant Compliance Manager continues to work to increase grant funding, including working with departments to identify and apply for public grant and other private source opportunities. The Manager will also be a resource to the Mayor’s Office of Workforce Development in the pursuit of grants that support job training and ex-offender reentry into the Milwaukee workforce system. The Manager’s focus in 2008 will be on improving efforts to increase funding from foundations, implementing options for improving and streamlining current grant processes and procedures, and working with other key city grants development personnel to develop a more rapid response to grant opportunities.

E-Civis: The 2008 proposed budget includes \$25,468 in funding to maintain the city’s subscription to the e-Civis grant locator service. In 2007, there were two online group training sessions for new and continuing subscribers of the e-Civis Program. Another session is being planned for Fall of 2007. Approximately, 100 city employees are signed up for e-Civis and of these about two dozen staff use e-Civis at least once a week. E-Civis simplifies grant opportunity searches, especially federal grant information, and saves time to identify grant announcements. The Grant Compliance Manager has worked with e-Civis staff to provide more assistance to city staff in developing better search engines to identify grant announcements that best match their departments’ needs.

Grant Monitor: In 2007, a new Grant Monitor position was added to DOA, increasing the number of Grant Monitors to seven. This position is needed to ensure an appropriate level of oversight and monitoring of housing related activities. There has been an increase in housing activities, including Housing Tax Credit projects, Homebuyer Assistance, and Freshstart/Youthbuild. The requirement for onsite monitoring has also increased.

Service 3

Information Technology and Management		2006	2007	2008
Activities:		Experience	Budget	Projection
Enterprise Systems, Geographic Information Systems, information policy, systems development and support, E-Government, and city website.				
Performance Measures:	Number of "visits" on the city's website.	3,860,819	2,900,000	4,100,000
	Number of service requests processed through the city's website.	6,727	7,000	10,000
	Number of registered E-Government users.	28,601	30,000	36,000
	Number of E-Notify subscribers.	9,517	14,000	15,000
Funding by Source:	Operating Funds	\$5,170,111	\$4,781,757	\$5,237,250
	Grants and Reimbursables	579,205	412,045	254,945
	Capital Budget	585,078	1,276,000	455,720
	Special Purpose Accounts	46,604	25,000	60,000
	Totals	\$6,380,998	\$6,494,802	\$6,007,915

SERVICE IMPROVEMENTS AND RESULTS

A major focus of DOA is creating a simple-to-use, consistent, and comprehensive E-Government portal using the city's website that will provide residents and business users with easy access to information and services. Progress toward this goal is measured by the number of visits to the website, the number of service requests, the number of registered E-Government users, and the number of E-Notify subscribers. Each of these increased in 2006, website visits increased by 49.9%, service requests increased by 28.4%, E-Government users increased by 142%, and E-Notify subscribers increased by 58.7%. Visits and service request data are not included for departments not participating in the city's Content Management System (CMS), which manages website content and is maintained and operated by DOA, including the Library, the Department of Public Works, and the Department of City Development.

DOA has several ongoing projects to improve the website and enhance E-Government applications and services. Other functions include supporting and maintaining citywide and departmental information systems; maintaining and developing applications and interfaces, including GIS map based capabilities that make information quickly and easily available; supporting information systems integral to departmental operations and their long term strategic goals; and advising and coordinating departments on the security of information technology infrastructure, systems, and data.

SERVICE AND RESOURCE CHANGES

E-Notify: E-Notify is an online web service developed by DOA that uses Internet technologies to deliver news and information to citizens in a timely manner. E-Notify is available to anyone with access to the Internet and an e-mail account. Subscribers can use E-Notify to establish a free subscription to desired city information feeds. E-Notify continues to expand to provide users with more information. Improvements include the addition of police verified offenses, neighborhood service requests, permits, violations and recording, and City Clerk license application notices within geographic proximity to City of Milwaukee addresses of interest to the subscriber. As of August 2007, 14,309 users had E-Notify subscriptions. In 2007, notifications are increasing significantly, with a

50.4% increase from March through August 2007. In 2006, subscribers increased by 58.7%. The number of active notification categories is currently at 87, an increase from 29 in 2003.

E-Notify is a powerful tool for residents and others to stay informed of city activities in their neighborhood. By providing more information to city residents and customers, E-Notify improves the quality of city services and streamlines processes by eliminating the need to rely on phone calls and paperwork. DOA is planning continued enhancements to E-Notify, including:

- Expanding the categories of activities that are notified by geographic proximity to a specific address;
- Expanding the notification of activities for certain bounded areas, such as by Aldermanic District;
- Expanding the categories available for mass notifications, such as additional departments or specific type of subscribers;
- Consolidating city bid notices; and
- Increasing automation of notice sending for additional departmental processes.

E-Government Improvements: As of August 2007, there were 34,789 registered users of the city's E-Government applications, which includes E-Notify, E-Payment, E-Service Request, My Milwaukee Home, Where Do I Vote, lobbyist application form, COMPASS, and Map Milwaukee. In 2007, the number of registered users is increasing significantly, with a 21.6% increase from March through August 2007. In 2006, the number of registered users increased by 142%. There have been several improvements to the E-Government applications. DOA's Information Technology Management Division (ITMD) worked with the Health Department to develop a new web application for the city website that provides real time information on restaurant inspections

Map Data Maintenance: The 2008 proposed budget creates a Geographic Information Technician II position, with salary funding of \$35,390, to maintain zoning, historic district, planning boundary, and other citywide map resources. This will allow DOA to begin centralization of map data maintenance functions and provide more current data to citizens using web applications like MapMilwaukee and My Milwaukee Home.

Server Consolidation: The 2008 proposed budget includes capital funding of \$24,000 to support the third and final year of the server consolidation project. The goal of this project is to improve the efficiency of managing and supporting computer servers and server systems. ITMD has already made incremental changes in server management but this project will take a comprehensive citywide approach to maximize savings and avoid future costs. ITMD has consolidated servers from 16 departments and divisions, including the Mayor's Office, City Clerk's Office, Comptroller's Office, Assessor, DER, and DOA. Consolidation of additional servers will continue in 2008. As ITMD gains greater experience in the management and capabilities of virtualized and consolidated servers with attached storage area network disk, servers citywide approaching the end of their life cycles over the next two to three years will offer additional opportunities for consolidation.

Human Resource Management System Upgrade: The city's enterprise system comprises two major applications: the Financial Management Information System (FMIS) and the Human Resources Management System (HRMS). HRMS is the citywide personnel management system and is used for many functions, including payroll and benefits. This application, to remain functional, requires periodic upgrades. Such upgrades ensure continued maintenance from the vendor and can improve functionality. The 2007 budget included \$710,000 for an HRMS upgrade. This upgrade will be completed in September 2007 and will be completed on time and on budget.

E-Mail Archival and Retrieval System: The 2007 budget included capital funding of \$350,000 for this project. The goal of this project is to implement a technological application that will improve the city's ability to archive and retrieve electronic mail and related electronic documents and records. By improving the management of electronic mail records, this project is intended to reduce or eliminate the city's liability for failing to properly retain public records. An e-mail archival and retrieval system will enable the city to meet all existing legal requirements, including retention of e-mail as public records and compliance with federal and state rules on electronic discovery. The system will provide non-technical users with easy-to-use capabilities to conduct simple or complex searches

and assist the city in storing, managing, and accessing the information and knowledge contained in e-mail messages citywide. In July 2007, a Request for Proposal for this project was issued.

E-Benefits: Funding of \$167,000 was provided in 2007 for this project. All newly hired employees currently use the system to enroll in benefit programs, eliminating the need for paper forms. Planned expansion for the Fall of 2007 will allow all employees to use the system for the annual open enrollment period for benefits. Some capital funds may be carried over into 2008 for follow-up activities based on feedback from the open enrollment experience. This project remains on schedule and on budget.

E-mail Consolidation: DOA has successfully converted all but four departments to the consolidated Microsoft Exchange E-mail System. By the end of 2008, two of the remaining departments will be converted. The final two departments, Employee Retirement System and Department of Neighborhood Services, will be converted in early 2008. This project will reduce complexity, improve efficiency, and reduce the amount of work required to maintain e-mail on a citywide basis. It also provides a combined global address book and enhanced meeting scheduling capabilities.

2008 IT Projects: The 2008 proposed budget includes \$431,720 in capital funding for three new information technology projects managed by DOA. This includes \$115,000 for a new web application server, a project which will install and configure new hardware and software for a web application server to provide better performance for city web applications and greater ability for development of future applications. The continued development of new and expanded applications, such as E-Notify, E-Service Request and others, makes this a critical project. There is \$204,800 included for a Clustered Corporate Database Server project, which will provide equipment and software to ensure that the city can provide reliable database support for critical web based applications such as COMPASS, Map Milwaukee, E-Notify, and E-Service Request. The final project is \$111,860 to replace the E-Server Tape Subsystem, which ensures the ability to back up critical data and applications.

Service 4

Procurement and Materials Management		2006	2007	2008
Activities:		Experience	Budget	Projection
Purchasing administration, competitive bidding, contract administration, Procard administration, inventory monitoring, Emerging Business Enterprise, and material disposal and sale.				
Performance Measures:	Number of purchasing appeals.	0	2	2
	Number of EBE certifications and recertifications.	85	95	95
	EBE participation rate.	17.2%	18.0%	18.0%
	Percent of requisitions for items under \$5,000.	24.4%	23.0%	22.0%
	Number of Procard transactions.	15,925	16,000	16,000
	Estimated cost savings from procurement processes.	\$1,350,587	\$1,000,000	\$1,250,000
Funding by Source:	Operating Funds	\$987,699	\$989,792	\$1,322,087
	Grants and Reimbursables	1,198,922	754,589	525,656
	Special Purpose Accounts	0	45,000	0
	Totals	\$2,186,621	\$1,789,381	\$1,847,743

SERVICE IMPROVEMENTS AND RESULTS

The key goals of this service are ensuring that bidding and purchasing requirements are met, streamlining business processes, and increasing Emerging Business Enterprise (EBE) participation in the bid process. DOA has achieved a low number of purchasing appeals, maintained the number of EBE certifications, and continues to increase the efficiency of procurement processes. DOA processed 930 requisitions in 2006 valued at \$93.8 million. A

transparent, impartial, and fair bidding process is maintained in order to ensure that the public interest is met. Maintaining high purchasing standards has resulted in a low number of appeals. Between 2003 and 2007, there have been five appeals, and all have been denied by the Purchasing Appeals Board. The department is working on an action plan to improve the EBE Program. In 2006, there were 85 certifications and recertifications and an overall EBE participation rate of 17.2%. The costs of city purchasing can be reduced by increasing Procard usage and decreasing the number of requisitions for items under \$5,000. Between 2003 and 2006 Procard usage has increased 34.6% and the number of requisitions under \$5,000 has decreased by 28.2%. Improvements such as these have resulted in estimated cost savings of \$1.3 million for 2006. The department continues to seek ways to utilize technology to make operations more efficient, simplify and enhance the EBE certification process, and provide the best combination of price and value for purchases.

SERVICE AND RESOURCE CHANGES

Records Center and Mail Services Changes: The 2008 proposed budget includes a new approach to funding records center and mail services. These services, provided by the Document Services Section of the DOA Business Operations Division, have been charged to departments on a reimbursable basis. This involve extensive and often cumbersome administrative cost tracking and billing procedures. These functions are enterprise functions that do not need to be supported through internal billings. The 2008 proposed budget shifts these services from a reimbursable basis to a non-reimbursable basis. The costs for these services are budgeted in the DOA operating budget and departments will not be billed for most of the associated costs. Grants will continue to be charged for their costs, as the tax levy should not subsidize grant activities.

EBEP Study: The purpose of the Emerging Business Enterprise Program is to enhance opportunities for individuals who are at a disadvantage to successfully compete as independent business owners. The Mayor is committed to conducting a thorough review of the EBE Program’s effectiveness in order to ensure that the program continues to serve those it was designed to serve. This study was begun in 2006 and will be completed in late 2007. The study researched and analyzed the city’s certification, procurement and contracting policies and procedures, and will include several recommendations for improving the EBE Program. DOA will develop an action plan to implement those recommendations that can enhance the program.

Service 5

Intergovernmental Relations				
Activities:	Intergovernmental relations, lobbying, fiscal and budget analysis, and planning.			
		2006	2007	2008
		Experience	Budget	Projection
Funding by Source:	Operating Funds	\$587,700	\$586,881	\$569,191
	Totals	\$587,700	\$586,881	\$569,191

SERVICE IMPROVEMENTS AND RESULTS

This service involves numerous activities, including identifying and seeking new and additional funding sources, promoting opportunities to solve intergovernmental issues to the city’s advantage, and representing the city and its elected officials before other governmental bodies. A key goal is successfully promoting and managing the city’s legislative agenda and ensuring this agenda supports the Mayor’s outcomes. Given the city’s continuing fiscal constraints, it is imperative to identify and analyze opportunities to diversify revenues and develop strategies to cooperate with other levels of government to the city’s advantage.

SERVICE AND RESOURCE CHANGES

No major service changes are included in the 2008 proposed budget.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
Community Development Grants Administration Division				
-1		-1.00	Emergency Government Coordinator (B)	Position retitled in CCFN 061090.
1		1.00	Homeland Security Coordinator (B)(Y)	
1		1.00	Grant Monitor	Increase in housing activities.
Business Operations Division				
-1	-1.00		Office Assistant I	Position retitled in CCFN 060948.
1	1.00		Office Assistant II	
	0.75	-0.75	Document Services Manager	Record storage and mail services moving to operating from reimbursable.
	1.00	-1.00	Document Services Supervisor	
	4.06	-4.06	Document Technician	
	0.90	-0.90	Document Services Assistant (0.25 FTE)	
Information and Technology Management Division				
-1	-1.00		Office Supervisor I	Position change to reflect increased duties.
1	1.00		Office Supervisor II	
1	1.00		Applications Development Coordinator	
-1	-1.00		Systems Analyst Senior	
-1	-1.00		Operations Analyst	
1	1.00		Automated Systems Specialist	
-1	-1.00		Community Information Services Coordinator	Position change to reflect a change in duties.
1	1.00		Systems Analyst Senior	
1	1.00		Internet Analyst Technician	
-1	-1.00		Programmer Analyst	
1	1.00		Geographic Information Technician II	Improve map data maintenance.
	3.29	-3.45	Various Positions	Miscellaneous adjustments.
2	11.00	-9.16		

ASSESSOR'S OFFICE

EXECUTIVE SUMMARY

MISSION: Assure public confidence in the accuracy, efficiency, and fairness of the assessment process and ensure the equal distribution of the city's property tax levy.

SERVICES: Property assessment.

STRATEGIC ISSUES: Utilize technology to enable the department to maintain assessment accuracy while controlling operating costs.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	48.55	48.55	47.55	46.55	-2.00	-1.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	58	60	59	58	-2	-1
EXPENDITURES						
Salaries and Wages	\$3,194,145	\$3,099,414	\$3,004,204	\$3,004,204	\$-95,210	\$0
Fringe Benefits	1,374,757	1,301,754	1,231,724	1,231,724	-70,030	0
Operating Expenditures	285,022	243,500	288,400	288,400	44,900	0
Equipment	0	0	0	0	0	0
Special Funds	129,912	132,000	130,000	150,000	18,000	20,000
TOTAL	<u>\$4,983,836</u>	<u>\$4,776,668</u>	<u>\$4,654,328</u>	<u>\$4,674,328</u>	<u>\$-102,340</u>	<u>\$20,000</u>
REVENUES						
Charges for Services	<u>\$530,243</u>	<u>\$425,000</u>	<u>\$501,500</u>	<u>\$501,500</u>	<u>\$76,500</u>	<u>\$0</u>
TOTAL	<u>\$530,243</u>	<u>\$425,000</u>	<u>\$501,500</u>	<u>\$501,500</u>	<u>\$76,500</u>	<u>\$40,000</u>

BACKGROUND

The Assessor's Office is responsible for uniformly and accurately assessing taxable property in the City of Milwaukee. Accurate assessments ensure that all areas of the city and classes of property equitably share property taxes.

The department has focused on improving its valuation systems by maximizing technology. This has allowed the department to improve quality while reducing costs. Recent technology improvements have been directed at providing public information and assistance. By using technology to make assessment information readily available, the Assessor's Office has significantly reduced the number of assessment objections and telephone inquiries while dramatically increasing the availability of property information and the number of customers serviced via the Internet.

Service 1

Property Assessment		2006	2007	2008
Activities:		Experience	Budget	Projection
An assessment of real and personal property, supporting the Board of Assessors and Board of Review, reviewing exemption requests.				
Performance	Assessment level.	100.0%	100.0%	100.0%
Measures:	Coefficient of dispersion.	9.2%	< 9.0	< 9.0
	Price related differential.	1.00	1.00	1.00
Funding by Source:	Operating Funds	\$4,654,643	\$4,776,668	\$4,654,325
	Special Purpose Accounts	1,163,795	500,000	500,000
Totals		\$5,818,438	\$5,276,668	\$5,154,325

SERVICE IMPROVEMENTS AND RESULTS

The performance of the Assessor's Office in producing fair, accurate, and equitable assessments is measured statistically using assessment ratios. The assessment level is calculated by dividing the assessment by the sale price. The coefficient of dispersion and the price related differential further test the uniformity of assessments. The coefficient of dispersion measures the average distance that sales are from the median sales ratio (see Figure 1). For example, if the target is an assessment level of 100%, and the coefficient of dispersion is 10, this means that the average assessment is within 10% of the target of 100%. The price related differential is a statistical measure used to determine the degree to which assessments are either regressive or progressive. If the differential is greater than one, the assessment is regressive; if it is less than one, the assessment is progressive. The Assessor's Office has consistently met or exceeded both statutory and industry standards for these measures, indicating a high degree of accuracy and fairness in valuing property.

The Board of Assessors and the Board of Review hear assessment appeals, affording property owners the opportunity to voice concerns or contest an assessment. In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales

Figure 1

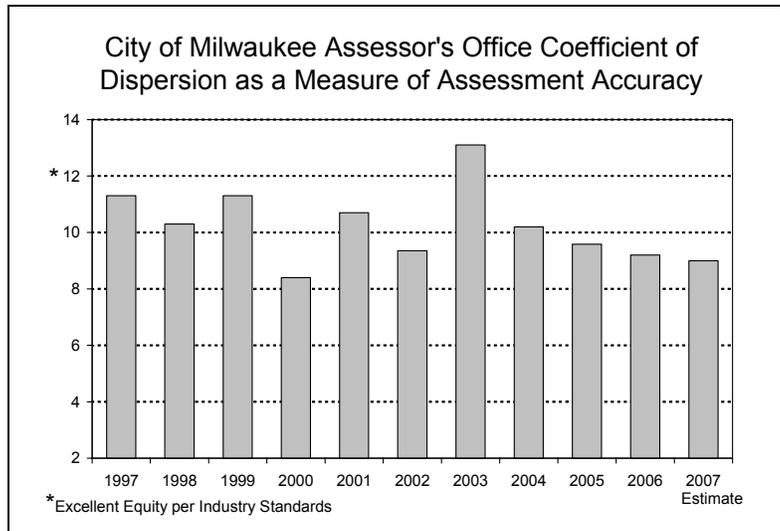
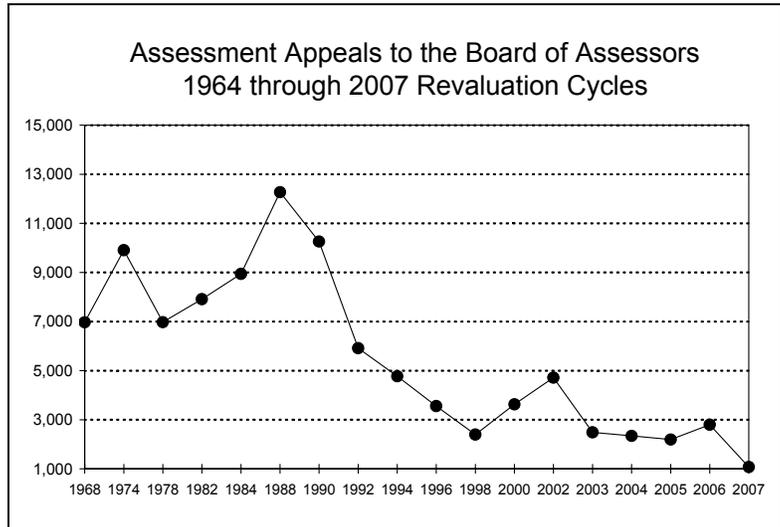


Figure 2



data to reduce the number of appeals. These efforts resulted in a significant reduction in appeals between the 1988 and 2006 revaluations (see Figure 2).

In the City of Milwaukee, there are approximately 1,812 non-governmental tax exempt properties with an estimated value of \$5.5 billion, an increase in value of 203% since 2000. To protect the city's tax base, the Assessor's Office critically reviews all tax exemptions on an ongoing basis to ensure that all exempt properties continue to serve the public good and provide the services that rendered them tax exempt.

SERVICE AND RESOURCE CHANGES

There are no significant changes in service for 2008. The department will continue to make improvements to increase assessment efficiency and accuracy.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Senior Property Appraiser	Elimination of vacant positions due to productivity improvements.
-1	-1.00		Network Manager	
-2	-2.00	0.00	Totals	

CITY ATTORNEY

EXECUTIVE SUMMARY

- MISSION:** To provide legal services and meet the city's needs in accordance with the City Charter and statutory requirements.
- SERVICES:** Legal services.
- STRATEGIC ISSUES:** Use legal expertise to identify policy options for Mayor and Common Council.
 Manage risk so that liabilities do not disrupt finances.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	55.85	58.40	58.15	56.15	-2.25	-2.00
FTEs - Other	1.05	3.70	2.25	4.25	0.55	2.00
Total Positions Authorized	64	64	64	64	0	0
EXPENDITURES						
Salaries and Wages	\$4,808,216	\$4,465,289	\$4,804,039	\$4,657,970	\$192,681	\$-146,069
Fringe Benefits	2,059,800	1,875,421	1,969,656	1,909,768	34,347	-59,888
Operating Expenditures	416,599	412,000	399,050	399,050	-12,950	0
Equipment	70,172	45,000	56,500	56,500	11,500	0
Special Funds	0	0	0	0	0	0
TOTAL	<u>\$7,354,787</u>	<u>\$6,797,710</u>	<u>\$7,229,245</u>	<u>\$7,023,288</u>	<u>\$225,578</u>	<u>\$-205,957</u>
REVENUES						
Charges for Services	<u>\$902,809</u>	<u>\$861,600</u>	<u>\$1,025,500</u>	<u>\$1,025,500</u>	<u>\$163,900</u>	<u>\$0</u>
TOTAL	<u>\$902,809</u>	<u>\$861,600</u>	<u>\$1,025,500</u>	<u>\$1,025,500</u>	<u>\$163,900</u>	<u>\$0</u>

BACKGROUND

The City Attorney is a publicly elected official who serves a four year term. The City Attorney conducts all of the legal business for the city and its "clients" including departments, boards, commissions, and other agencies of city government. The City Attorney's Office handles litigation and maintains a docket of cases to which the city may be a party, provides legal advice and opinions, and prepares and examines legislation for the Common Council. In addition, the City Attorney is responsible for drafting all legal documents that are required in conducting the business of the city, in collecting claims and delinquencies, and in prosecuting violations of city ordinances.

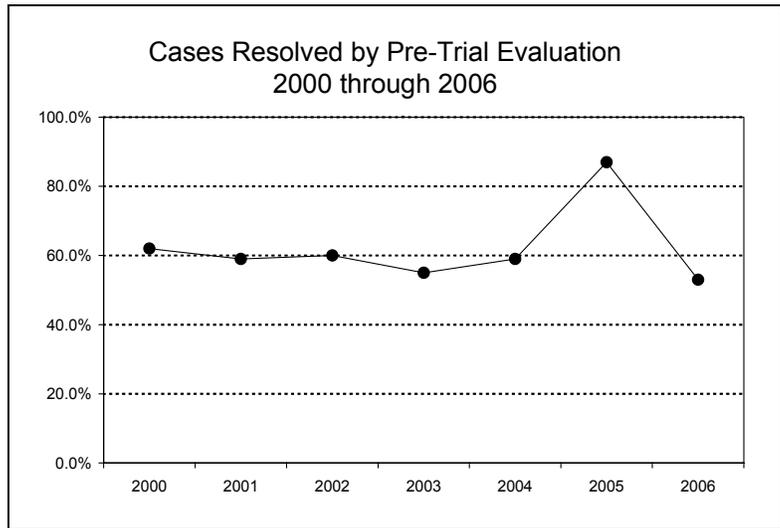
Service 1

City Attorney Legal Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Prepare and review corporate and general documents, special legal services, represent the city in litigation cases, collection enforcement, and ordinance violation prosecution.				
Performance Measures:	Cases resolved by pre-trial evaluation.	53.0%	80.0%	55.0%
	Claims that result in lawsuits (reflects claims filed three years prior).	7.5%	5.0%	5.0%
Funding by Source:	Operating Funds	\$7,354,787	\$6,797,710	\$7,023,288
	Grants and Reimbursables	308,274	460,249	138,145
	Special Purpose Accounts	3,236,450	6,265,000	3,665,000
	Capital Budget	0	250,000	0
	Totals	\$10,899,511	\$13,772,959	\$10,826,433

SERVICE IMPROVEMENTS AND RESULTS

The primary objective of the City Attorney’s Office is to protect the legal interests of the City of Milwaukee. The department has two indicators that measure achievement of this objective. The first is the percent of cases resolved by pre-trial evaluation. After a defendant has passed through intake, the City Attorney’s Office tries to resolve the case without further court appearances. If cases can be resolved in this manner, court time can be used for more serious offenses. As shown in Figure 1, 2006 saw a return to the historic trend after 2005’s dramatic increase to the cases resolved by pre-trial evaluation.

Figure 1



The second measure is the percent of claims filed three years prior that result in lawsuits.

When claims between the city and claimant cannot be resolved they expose the city to increased liability and additional time spent in court. Therefore, it is in the best interests of the city to minimize the number of claims that proceed to litigation. However, claimants have three years after filing a claim to file a lawsuit. In 2006, 7.5% of all claims filed against the city resulted in a lawsuit, consistent with 2005 experience of 8%.

SERVICE AND RESOURCE CHANGES

Community Prosecution: Since 2005, the Community Prosecution Unit of the City Attorney’s Office has teamed up with community agencies and other City of Milwaukee departments to abate nuisance properties and eliminate known drug houses. Created to address the devastating effects of vacant, boarded-up properties, the abatement initiative has rehabilitated or razed 85% of the 300 nuisance properties referred through the end of 2006. The second component, known drug house reduction resulted in 215 cases opened by the Community Prosecution Unit in 2006. A total of 384 nuisance property or drug house cases were resolved in 2006. The unit now includes permanently assigned Police Officers and an inspection team from the Department of Neighborhood Services in addition to City Attorney staff.

Special Purpose Accounts: The City Attorney’s Office utilizes various Special Purpose Accounts to manage the legal issues encountered by the City of Milwaukee. These funds support ordinance enforcement, payment of legal claims and settlements, insuring the city against loss, expert witnesses, and receivership obligations. The 2008 proposed budget provides \$1.4 million for the Damages and Claims Fund for anticipated liability exposure. Anticipated carryover adds approximately \$500,000 to available funds. Funding again decreases in the Insurance Fund due to anticipated lower policy premiums based on recent favorable experience. Other Special Purpose Account funding (Collection Contract, Outside Counsel/Expert Witness, and Receivership Fund) remains stable.

Capital Projects: The eighth floor of City Hall is in need of an updated HVAC system and general remodeling. The restoration of City Hall and subsequent relocation of City Attorney staff to the Zeidler Municipal Building creates an opportunity to remodel the space without disrupting the legal activities of the office. In 2007, funding of \$250,000 was provided for design and renovation planning activities. Since the City Hall Restoration Project will not be completed before November 2008, funding for the eighth floor renovation will be postponed.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
	-0.25	0.25	Assistant City Attorney	Legal services to Grant and Aid Administration.
	-0.50	0.50	Assistant City Attorney	Legal services for development activities.
	-1.50	-0.20	Various Positions	Miscellaneous experience adjustment.
0	-2.25	0.55	Totals	

DEPARTMENT OF CITY DEVELOPMENT

EXECUTIVE SUMMARY

- MISSION:** Improve the quality of life in Milwaukee by guiding and promoting development that creates jobs, builds wealth, and strengthens the urban environment.
- SERVICES:** Economic development.
 Development Center permits processing.
 Federally assisted housing.
 Land use and policy planning.
- STRATEGIC ISSUES:** Shift economic development marketing to a regional approach.
 Link city services to support neighborhood economic development.
 Focus available department resources toward workforce development.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	45.13	44.74	45.00	44.50	-0.24	-0.50
FTEs - Other	178.68	195.26	183.00	185.50	-9.76	2.50
Total Positions Authorized	261	257	243	245	-12	2
EXPENDITURES						
Salaries and Wages	\$2,101,088	\$2,182,395	\$2,165,809	\$2,106,341	\$-76,054	\$-59,468
Fringe Benefits	936,416	916,605	887,981	863,599	-53,006	-24,382
Operating Expenditures	311,461	271,634	271,634	271,634	0	0
Equipment	0	0	0	0	0	0
Special Funds	85,413	84,957	84,957	159,957	75,000	75,000
TOTAL	<u>\$3,434,378</u>	<u>\$3,455,591</u>	<u>\$3,410,381</u>	<u>\$3,401,531</u>	<u>\$-54,060</u>	<u>\$-8,850</u>
REVENUES						
Charges for Services	\$550,499	\$477,800	\$517,000	\$517,000	\$39,200	\$0
Licenses and Permits	896,405	657,300	715,000	715,000	57,700	0
Miscellaneous	190,364	350,000	215,000	215,000	-135,000	0
TOTAL	<u>\$1,637,268</u>	<u>\$1,485,100</u>	<u>\$1,447,000</u>	<u>\$1,447,000</u>	<u>\$-38,100</u>	<u>\$0</u>

BACKGROUND

The Department of City Development (DCD) has a wide range of responsibilities in housing, planning, development, business assistance, real estate, and marketing. These responsibilities, and the department's achievement of goals for each responsibility, are designed to meet the specific needs of various segments of the population, including entrepreneurs, job seekers, and residents of the city.

One aspect of DCD’s administration is its responsibility to renters and homeowners of the city to provide an environment that promotes affordable housing and increased homeownership opportunities. DCD is able to accomplish this through its administrative support for several entities including the:

- Housing Authority of the City of Milwaukee (HACM);
- Redevelopment Authority of the City of Milwaukee (RACM); and the
- Neighborhood Improvement Development Corporation (NIDC).

Through these entities and through DCD as a whole, the department has created single family homeownership opportunities by selling buildable city lots for infill housing and providing Tax Incremental Financing at project locations including Lindsay Heights, Josey Heights, 20th and Walnut, Metcalfe Park, and 20th and Brown. In addition, the department continues to use its resources to replenish the stock of affordable rental housing for city residents through financial and technical assistance to various projects throughout the city.

The department is constantly looking for opportunities to build the city’s tax base while helping to create and retain job opportunities for city residents. The department structures projects that combine city resources (grants, loans, city owned real estate, and tax incremental financing) with those of its administrative partners, the Milwaukee Economic Development Corporation (MEDC) and RACM. The result is successful projects including Manpower, Midtown, and Menomonee Valley. These investments will add significant value to the city’s tax base and have created thousands of job opportunities for local residents.

Service 1

Economic Development		2006	2007	2008
Activities:		Experience	Budget	Projection
Administer Tax Incremental Financing Program, support private development investment, small business loans through MEDC, façade grants, retail investment grants, support to BIDs, develop and market industrial corridors, home improvement and in-fill housing, development permitting and plan review, upgrade streets in neighborhood commercial districts, prepare and market sites for new development, support development of market rate housing, sell city owned real estate for development and brownfield redevelopment.				
Performance Measures:	Total number of permits issued	43,744	N/A	40,000
	Jobs created by employers receiving city assistance and support.	3,492	500	2,000
	Jobs retained by employers receiving city assistance and support.	9,182	2,000	2,000
	City owned buildable lots sold.	65	N/A	100
Funding by Source:	Operating Funds	\$2,481,180	\$2,450,540	\$2,390,640
	Grants and Reimbursables	5,943,972	4,072,705	5,982,854
	Capital Budget	65,400,000	77,680,000	71,429,500
	Special Purpose Accounts	719,026	689,800	689,800
	Totals	\$74,544,178	\$84,893,045	\$80,492,794

SERVICE IMPROVEMENTS AND RESULTS

DCD provides incentives for the growth of employment opportunities and supports private investment that grows the city’s tax base. The department utilizes four key approaches to accomplish its mission:

- Direct financial assistance to small businesses,
- Use of Tax Incremental Financing,

- Partnerships with organizations that represent businesses and employers, and
- Management of redevelopment projects.

In 2006, Tax Incremental Financing was used to create jobs, provide affordable housing, and continue to build the city’s tax base. Six Tax Incremental Districts (TIDs) were created in 2006, including the Pabst Brewery Project, the Metcalfe Homes Project, and the expansions of Direct Supply and Falk. Investment in those districts will create nearly 1,700 jobs, over 700 housing units, and over \$343 million in private investment.

The main employers in any community are existing small businesses. In 2006, DCD continued its commitment to the growth of jobs and local industry in Milwaukee. This was accomplished through financial and technical assistance provided to small and mid-sized businesses. This assistance comes from the various funds and programs under DCD’s control including the Main Street Milwaukee Program, facade grants, various grant and loan programs, and a Retail Investment Fund. Combined, these programs were responsible for over 700 new jobs, 1,467 retained jobs, 135 renovated homes, and over \$47 million in leveraged private investment (see Figure 1).

The City of Milwaukee Development Center is responsible for the processing of all permits for the construction or remodeling of buildings in the city. In 2006, there was a slight increase in the number of permits issued through the Development Center. More than 43,000 permits were issued for various projects including bathroom remodels, new home construction, and commercial developments (see Figure 2). It also includes 603 permits for new residential construction. This number is significant because it illustrates commitment by residents to build their homes in Milwaukee’s many safe and prosperous neighborhoods, which helps to grow the city’s tax base. DCD is also using technology to better serve permit customers. The Development Center began offering online processing for electrical permits in 2006; by mid-2007, 60% of all electrical permits were issued online. Online permitting was expanded in 2007 to include plumbing permits; by late Summer, about 50% of plumbing permits were issued online.

While investment decisions are largely governed by market forces, city government has the ability to encourage such investment by providing support in the form of efficient permitting processes, investment in infrastructure and brownfield cleanup, marketing land owned by the city and Redevelopment Authority, acquiring property for assembly into buildable sites, and providing targeted financial assistance in areas where the private market is weak. In 2008, city activities will encourage private investment throughout Milwaukee, with an emphasis on the

Figure 1

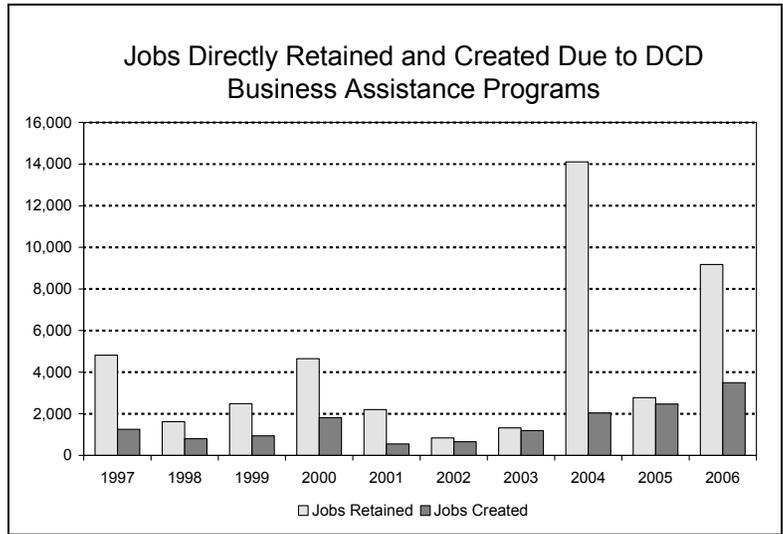
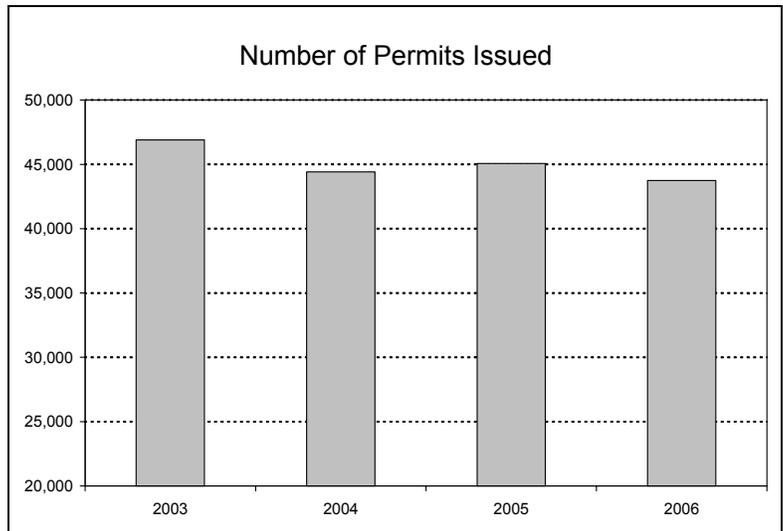


Figure 2



Park East Corridor, the 30th Street Industrial Corridor, central city residential neighborhoods and commercial corridors, riverfront property, underused industrial properties, and the Memonomee Valley.

SERVICE AND RESOURCE CHANGES

Administrative Reorganization: In light of new federal regulations regarding the expenditure of public housing funds, the department and Housing Authority took significant steps during 2007 to reorganize certain administrative responsibilities of the two entities. This reorganization is reflected in the 2008 proposed budget by the assignment of all DCD employees to one of two decision units; one decision unit consists entirely of DCD employees whose salaries are reimbursed through federal public housing funds. Several new positions are proposed in the 2008 budget to provide administrative services previously provided to the department by the Authority. The administrative reorganization also includes an agreement to add Redevelopment Authority employees to the city's Human Resources Management System (HRMS) for activities such as payroll processing.

30th Street Industrial Corridor Redevelopment: The 2008 proposed budget includes \$3 million in capital funds that will be invested in the redevelopment of the 30th Street Industrial Corridor. Potential activities include property acquisition, brownfield remediation, and land use planning. The funding will be used in coordination with a Tax Increment Finance Plan and various grant funds.

City/County Special Needs Housing Action Team Recommendations: During 2007, the department provided staff support to a multi-jurisdictional task force charged with improving the quality of housing available to individuals with mental illness or at risk of homelessness. DCD's 2008 proposed budget includes two special funds, with total funding of \$75,000, to implement of several of the group's recommendations.

Healthy Neighborhoods Initiative: The Healthy Neighborhoods Initiative will provide funding for the city to work in cooperation with local neighborhood organizations and foundations in order to promote investment in some of Milwaukee's stronger neighborhoods. Funds will be available for various projects including general home improvement and small scale neighborhood projects.

Economic Development Specialist: The budget proposes creation of an additional Economic Development Specialist position to manage development projects. This position will be filled as project activity warrants.

Renovation: The 2008 proposed budget includes capital funds to renovate the third floor of the 809 Building, which houses staff who performs administrative functions. This space has not been upgraded since DCD moved into the building in 1984. The project includes installation of more efficient workspaces, new carpeting, and new communications and data cabling.

CAPITAL PROJECTS

Tax Increment Districts (TIDs): The 2008 proposed budget provides the following TID borrowing authority:

- **New Borrowing for Existing TIDs (\$15.6 million):** This portion will fully fund all existing TID expenditure needs, although all of these funds may not be utilized in 2008.
- **New Borrowing for Potential New TIDs (\$38.4 million):** This portion will provide funding authority for potential new TIDs that will be created in 2008. These TIDs will still undergo the existing approval process through the Joint Review Board, Mayor, and Common Council.
- **Developer Revenues (\$4.2 million):** Provides budget authority to pay the increment on current developer financed TIDs. There are offsetting revenues for these payments.
- **Capitalized Interest (\$5.4 million):** Provides budget authority to pay for interest costs associated with TID borrowing.

- Potential New Developer Financed TIDs (\$1 million):** This additional budget authority provides the city greater flexibility for dealing with developer financed TIDs. This authority allows the city to consider general obligation borrowing when analyzing potential and existing developer financed TIDs. These TIDs undergo the same approval process all TIDs experience.

Service 2

Federally Assisted Housing		2006	2007	2008
		Experience	Budget	Projection
Activities:	Operate 5,200 units of public housing for low income residents, administer 5,800 Section 8 vouchers for low income residents, implement HOPE VI Grants to re-engineer public housing developments and increase self-sufficiency of public housing residents through partnerships with service providers.			
Performance Measures:	Achieve U.S. Department of Housing and Urban Development "high achiever" status.	Achieved	Achieved	Achieved
Funding by Source:	Grants and Reimbursables	\$68,975,439	\$73,214,451	\$74,588,306
	Totals	\$68,975,439	\$73,214,451	\$74,588,306

SERVICE IMPROVEMENTS AND RESULTS

This program provides quality housing for more than 10,000 low income households that pay 30% of their income for rent. The program has vigorously and successfully sought Federal HOPE VI funding to reinvent public housing developments by reconnecting them to surrounding neighborhoods and developing onsite facilities such as Neighborhood Network Centers, public and charter schools and youth centers. Development projects currently underway include single family homes for homeownership and a "green" apartment building in the Park East Corridor (Convent Hill).

Recognized as a national pioneer in developing self-sufficiency opportunities for residents, Milwaukee's Public Housing staff and community partner agencies provide job placement and training, daycare, a homeownership program, and onsite family resource centers.

SERVICE AND RESOURCE CHANGES

Reduced Federal Funding: Federal funding for the public housing operating and capital funds was reduced in 2007. Coupled with HUD's planned implementation of new regulations that require conversion to a system of site based funding and asset management, this presents significant challenges for Milwaukee's public housing programs in 2007 and beyond. The Housing Authority will need to implement significant administrative changes to comply with the new regulations.

The Housing Authority continues to seek other HUD grants and non-federal funding to upgrade and replace its public housing portfolio. Federal funding for the Section 8 Housing Choice Voucher Program will remain the same in 2008 at approximately \$28 million, which will require reduced levels of program activities.

Service 3

Land Use and Policy Planning		2006	2007	2008
		Experience	Budget	Projection
Activities:	Prepare citywide Comprehensive Plan elements, prepare neighborhood land use and redevelopment plans to guide investment, administer Milwaukee's zoning ordinance, data analysis and policy development, design guidance for city assisted development and redevelopment, and staff support for the City Plan Commission and Historic Preservation Commission.			
Performance Measures:	Percent completion of Comprehensive Plans as required by state law.	44.0%	40.0%	60.0%
	Prepare neighborhood land use and redevelopment plans.	6	8	8
Funding by Source:	Operating Funds	\$953,198	\$1,005,051	\$1,010,891
	Grants and Reimbursables	589,056	307,107	385,000
	Capital Budget	150,000	175,000	200,000
	Totals	\$1,692,254	\$1,487,158	\$1,595,891

SERVICE IMPROVEMENTS AND RESULTS

Successful city planning activities guide private property owners as they make decisions about how to invest in their property. Guidance comes in the form of zoning ordinances, land use plans, redevelopment plans, urban design standards, and the historic preservation ordinance. DCD's administration of these regulations requires sensitivity to both the long range goal of appropriate physical development and the more immediate market realities to which the development community must react.

In order to comply with Wisconsin's Comprehensive Planning Law, which requires completion of a citywide Comprehensive Plan by January 1, 2010, DCD will devote resources to data gathering, analysis, and public outreach. These activities are the foundation of policy recommendations required to implement provisions of the law. Also, while not required by the state, the department has enriched the Comprehensive Planning effort by developing a series of neighborhood land use plans in partnership with a variety of community stakeholders.

SERVICE AND RESOURCE CHANGES

Update Downtown Area Plan: The 2008 proposed budget includes funds to update the downtown plan.

Data Analysis: The 2008 proposed budget creates a new full time Associate Planner position to gather and analyze economic and land use data required for comprehensive planning efforts.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1		1.00	Delivery Driver	Transfer of positions to Housing Authority.
-1		-1.00	Delivery Driver	
1		1.00	Accountant I	
-1		-1.00	Accountant I	
7			Member Housing Authority	
-7			Member Housing Authority	
2		2.00	Accounting Assistant II	
-2		-2.00	Accounting Assistant II	
1		1.00	Business Systems Supervisor	
-1		-1.00	Business Systems Supervisor	
1		1.00	Housing Manager II	
-3		-3.00	Office Assistant IV	
-2		-2.00	Building Maintenance Mechanic I	
-7		-7.00	Custodial Worker II	
-2		-2.00	Office Assistant II	
-1		-1.00	Administrative Specialist Senior	
1		1.00	Rent Assistant Coordinator	Realignment of positions within Decision Unit 1.
1	0.20	0.80	Administrative Services Manager	
-1		-1.00	DCD Personnel Officer	
	0.19	-0.19	Youth Development Coordinator	
			Administrative Specialist	
-1	-0.51	-0.49	Associate Planner	
1		1.00	Associate Planner	
1		1.00	Neighborhood Business Development Manager	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1			MEDC Director	Realignment of positions within Decision Unit 1.
		-1.00	Economic Development Marketing Manager	
-1	-0.20	-0.80	Director of Finance and Administration	
1	0.60	0.40	Finance and Administration Manager	
-1		-1.00	Lead Accountant/BID/TID	
1		1.00	Accounting Manager City Development	
		1.00	Economic Development Specialist	
	0.25	-0.25	Real Estate Specialist	
	-0.27	0.27	Office Assistant IV	
-1			Plan Examiner Assistant Supervisor	
1	0.50	0.50	Assistant Manager Development Center	
1		1.00	Management Accounting Specialist	
1		1.00	Economic Development Specialist	
1		1.00	Associate Planner	
-1	-1.00		Geographic Information Supervisor	Transfer of GIS duties to DOA ITMD.
-1		-1.00	Geographic Information Technician II	
-12	-0.24	-9.76	Totals	

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

The Housing Authority of the City of Milwaukee is a body politic and corporate of the State of Wisconsin and is responsible for construction, management, provision of safe, affordable, and quality housing with services that enhance residents' self-sufficiency. HACM is administered by a seven member board of commissioners. Members are appointed for staggered terms by the Mayor and confirmed by the Common Council.

HACM's principal funding source is the federal government through various programs administered by the U.S. Department of Housing and Urban Development (HUD). HUD provides an operating subsidy to help offset the difference between the expenses associated with managing public housing and the revenues received from 30% of resident's income (rental revenue). The Housing Authority anticipates additional reductions in future federal funding associated with the transition to asset based management. The Housing Authority continues to look for additional opportunities to maximize its resources.

HACM activities include:

- Low rent public housing management;
- Rent Assistance Program (Section 8);
- Development and rehabilitation;
- Affordable housing; and
- Homeownership and self-sufficiency services.

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE (RACM)

The Redevelopment Authority is an independent corporation created by State Statute in 1958 and derives its powers solely from state law. The Redevelopment Authority's relationship with the City of Milwaukee is more particularly described in the audited financial statements of the Authority.

A board whose members are appointed by the Mayor and confirmed by the Common Council oversees the Redevelopment Authority. The Redevelopment Authority relies upon the Department of City Development for the professional, technical, and administrative support necessary to carry out its mission. This is accomplished through an annual cooperation agreement with the City of Milwaukee, with operating funds provided through the city's CDBG Program for:

- Management of financial affairs;
- Land use planning and urban design guidance;
- Real estate acquisition and disposition;
- Relocation assistance for displaced families and businesses;
- Property management and environmental investigation; and
- Housing and economic development project management.

The mission of the Redevelopment Authority is to eliminate blighting conditions that inhibit neighborhood reinvestment; foster and promote business expansion and job creation; and facilitate new business and housing development. Toward that end, the Redevelopment Authority:

- Prepares and implements comprehensive redevelopment plans;
- Assembles real estate for redevelopment;
- Is empowered to borrow money, issue bonds, and make loans; and
- Can condemn property (eminent domain) in furtherance of redevelopment objectives.

MILWAUKEE ECONOMIC DEVELOPMENT CORPORATION (MEDC)

The Milwaukee Economic Development Corporation is a non-stock, non-profit organization formed in 1971 to promote economic development for the benefit of the citizens of the City of Milwaukee. The principal objective of the corporation is to benefit the community by fostering the increase of employment opportunities and expansion of business and industry within the metropolitan Milwaukee area. The corporation uses its own funds to finance projects to achieve that objective. The corporation is exempt from federal and state income taxes under a provision of Section 501(c) (3) of the Internal Revenue Code.

A 27 member Board of Directors including the Mayor, the Comptroller, the President of the Common Council, 2 council members, and 13 representatives of the business community oversee MEDC's activities. MEDC's board has delegated authority for policy actions to its Executive Committee that consists of the Mayor, the Comptroller, the President of the Common Council, one Council member, and six representatives of the business community.

Some services are provided to MEDC by the city through an agreement that is reviewed periodically. The city is reimbursed for any personnel and resources provided to the corporation under this agreement. MEDC uses its resources, as well as those of the Small Business Administration, to make financing available to businesses promising to create job opportunities and new investment in Milwaukee. The programs available through MEDC include:

- SBA 504 Debenture Program
- Second Mortgage Program
- Land Development Program
- Target Loan Program
- Partnership Loan Program
- Capital Access Program

NEIGHBORHOOD IMPROVEMENT DEVELOPMENT CORPORATION (NIDC)

The Neighborhood Improvement Development Corporation is a non-profit corporation established by the city in 1973 for the purpose of performing activities that assist and encourage reinvestment in residential property as part of an overall neighborhood economic stabilization strategy. NIDC programs encourage investments by private lending institutions and property owners by providing financial assistance in the form of grants, rehabilitation loans, and other financial incentives. NIDC also acts as a developer to stabilize and encourage neighborhood housing markets, it provides technical assistance, and it serves as a liaison between community based organizations, city departments, and residents.

NIDC is headed by a nine member board of directors, which includes at least four city residents. Federal funding supports many NIDC programs (received through the Community Development Block Grant Program) and NIDC has also obtained financial support for its programs through local foundations and corporations.

NIDC's key neighborhood redevelopment strategy is its Targeted Investment Neighborhood (TIN) Program. The TIN Program is a neighborhood revitalization strategy in which NIDC, working with neighborhood partners, focuses resources in a defined geographic area in an effort to stabilize and increase owner occupancy, strengthen property values, and assist property owners in improving the physical appearance and quality of life in their neighborhood.

COMMON COUNCIL CITY CLERK

EXECUTIVE SUMMARY

- MISSION:** To establish city policy and law, oversee the administration of city government, adopt an annual budget, ensure the delivery of services to constituents, and provide public information about city government.
- SERVICES:** Council administration, including legislative and research support, constituent services, and public information.
- STRATEGIC ISSUES:** Streamline licensing operations while implementing a new license information system and improving customer service with the use of internet transactions.
- Use technology to reduce costs while improving productivity and efficiency of legislative and constituent services.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	92.90	94.15	91.00	91.00	-3.15	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	102	111	111	111	0	0
EXPENDITURES						
Salaries and Wages	\$5,024,726	\$4,926,928	\$4,957,419	\$4,934,448	\$7,520	\$-22,971
Fringe Benefits	2,162,411	2,069,310	2,032,542	2,023,124	-46,186	-9,418
Operating Expenditures	762,765	849,000	795,476	795,476	-53,524	0
Equipment	17,423	82,050	54,550	54,550	-27,500	0
Special Funds	86,271	124,035	189,535	182,435	58,400	-7,100
TOTAL	<u>\$8,053,596</u>	<u>\$8,051,323</u>	<u>\$8,029,522</u>	<u>\$7,990,033</u>	<u>\$-61,290</u>	<u>\$-39,489</u>
REVENUES						
Charges for Services	\$3,797,987	\$3,801,900	\$3,570,300	\$3,717,300	\$-84,600	\$147,000
Licenses and Permits	2,107,475	1,925,100	2,001,800	2,001,800	76,700	0
Miscellaneous	-13,540	11,000	5,000	5,000	-6,000	0
TOTAL	<u>\$5,891,922</u>	<u>\$5,738,000</u>	<u>\$5,577,100</u>	<u>\$5,724,100</u>	<u>\$-13,900</u>	<u>\$147,000</u>

BACKGROUND

The Common Council City Clerk's Office constitutes the legislative branch of city government. The 15 members represent geographically distinct districts (see Map 1) and are elected to serve four year terms, the most recent of which began April 20, 2004. The City Clerk's Office supports the activities of the Council and general operations of city government. It is comprised of the Central Administration Division, the Public Information Division, the Legislative Reference Bureau, and the License Division.

Central Administration staff provides general administrative support functions for the department, staffs Council and committee meetings, and assists Council members in their work with constituents. The Public Information Division produces public relations material and operates the city's cable television channel. Legislative Reference Bureau staff author and analyze legislative initiatives; review and make recommendations on fiscal matters; and maintain a library of books, reports, periodicals, newspapers, and online databases. The License Division

administers the liquor, cigarette, bartender, home improvement, and public passenger vehicle licenses, and registers lobbyists. The Common Council City Clerk’s 2008 proposed operating budget totals nearly \$8 million.

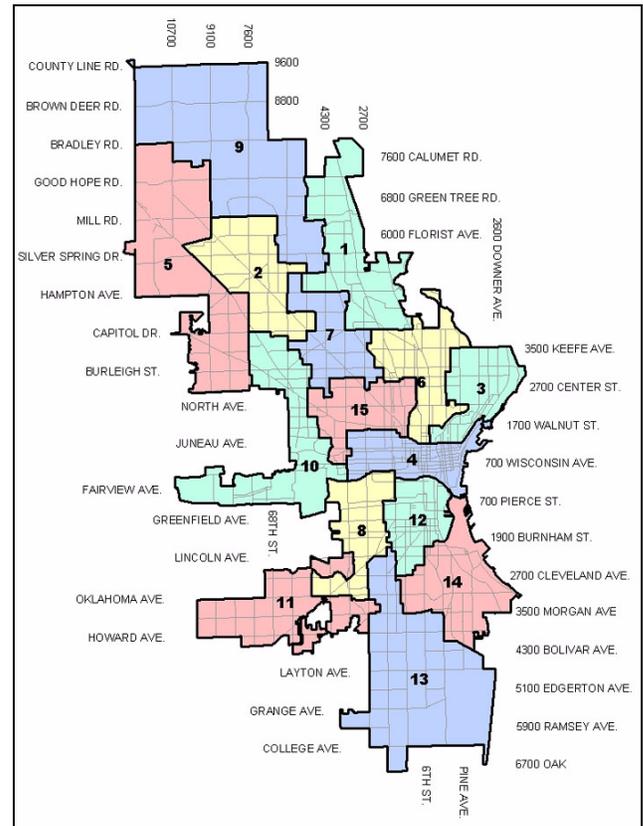
Service 1

Council Administration		2006	2007	2008
Activities:		Experience	Budget	Projection
Legislative and research support, constituent services, public information, licensing, public relations, and television programming.				
Funding by Source:	Operating Funds	\$8,053,596	\$8,051,323	\$7,990,033
	Special Purpose Accounts	352,842	446,855	473,932
	Capital Budget	15,610	525,000	0
	Totals	\$8,422,048	\$9,023,178	\$8,463,965

SERVICE AND RESOURCE CHANGES

License Information System: Progress toward replacement of the current mainframe based License Information System continues. A comprehensive study of city license business requirements and workflow processes was completed in early 2007. The study included a review of city departments’ utilization and roles in the License Division application process and other aspects of license administration. The study also includes recommended changes to streamline the city’s licensing structure and the process used to apply for, process, and administer licenses. A Request for Proposal to replace the license system will be published in late September 2007 and the project is expected to be completed in 2008. Total costs for the project will be approximately \$700,000, which includes \$175,000 in capital funding from 2006 and \$525,000 from 2007.

Map 1



DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
	-3.15		Various Positions	Experience adjustment.
0	-3.15	0.00	Totals	

COMPTROLLER

EXECUTIVE SUMMARY

- MISSION:** To fulfill the responsibilities of the independently elected Comptroller of the City of Milwaukee.
- SERVICES:** Independent fiscal, financial and program analysis, revenue estimation, and auditing.
- Process, maintain, and report on financial position, operating results, and cash flow projections to ensure accurate, efficient, and reliable financial operations.
- Maintain bond rating and issue debt in compliance with applicable regulations.
- STRATEGIC ISSUES:** Create efficiencies to improve the city's financial system and processes.
- Maintain the city as a high quality credit while managing debt in a manner that supports improvements to the overall fiscal environment.

BUDGET SUMMARY

	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	2007 ADOPTED	2008 REQUESTED VERSUS
PERSONNEL						
FTEs - Operations and Maintenance	58.25	50.24	50.04	50.04	-0.20	0.00
FTEs - Other	8.97	9.26	9.46	9.46	0.20	0.00
Total Positions Authorized	67	66	66	66	0	0
EXPENDITURES						
Salaries and Wages	\$3,198,482	3,241,175	\$3,228,032	\$3,228,032	\$-13,143	\$0
Fringe Benefits	1,366,780	1,361,354	1,323,494	1,323,494	-37,860	0
Operating Expenditures	795,467	939,750	855,850	807,868	-131,882	-47,982
Equipment	9,070	30,000	30,000	30,000	0	0
Special Funds	5,000	6,000	6,200	6,200	200	0
TOTAL	\$5,374,799	\$5,578,279	\$5,443,576	\$5,395,594	\$-182,685	\$-47,982
REVENUES						
Charges for Services	\$560,043	\$545,000	\$460,000	\$460,000	\$-85,000	\$0
TOTAL	\$560,043	\$545,000	\$460,000	\$460,000	\$-85,000	\$0

BACKGROUND

The City of Milwaukee Comptroller is an elected official, whose duties include general and grant accounting, payroll, debt issuance and management, and auditing. The Comptroller also provides general oversight of city activities to ensure compliance with Generally Accepted Accounting Principles (GAAP) and various other regulations imposed by city ordinance, state law, or grant contract.

The Comptroller advises city policymakers on financial matters and provides leadership and representation on city sponsored committees including the Common Council's Finance and Personnel Committee. The Comptroller also holds positions on the Wisconsin Center District Board, Charter School Review Committee, Pension Board, Pabst Theater Board, City Information Management Committee, Milwaukee Economic Development Committee,

Neighborhood Improvement Development Corporation, Summerfest, Purchasing Appeals Board, and the Deferred Compensation Board.

The Public Debt Commission is the superintendent of the issuance of city debt. Responsibility includes determining the timing, structuring, call provisions, and similar aspects of both city general obligation and revenue anticipation borrowings. The Commission is also charged with oversight of the Public Debt Amortization Fund, which includes investment and the annual withdrawal. The Commission is comprised of three city residents appointed by the Mayor and confirmed by the Common Council. The Comptroller serves as the ex-officio secretary and staff to the Commission.

Service 1

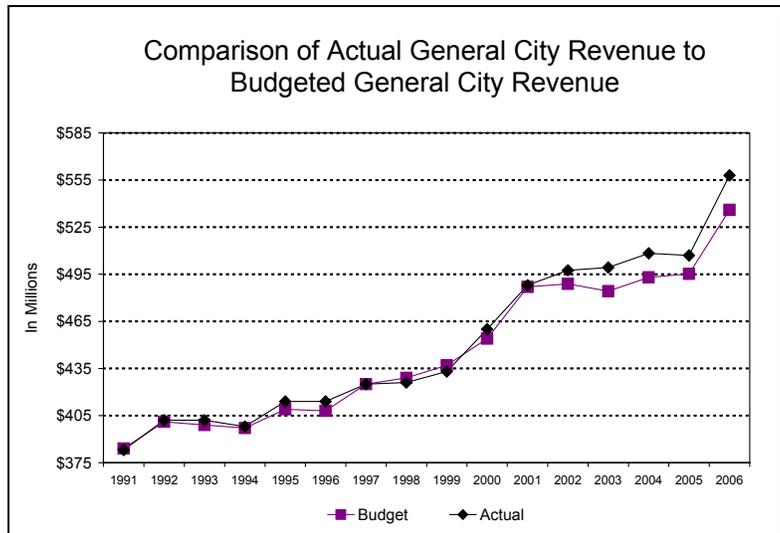
Financial Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Performance Measures:	Financial analysis, revenue estimation, auditing, and accounting.			
	Accuracy of revenue estimates within 2.0% of actual revenues.	105.1%	100.0%	100.0%
	Completed audit reports.	10	10	10
Funding by Source:	Operating Funds	\$1,188,780	\$1,317,386	\$1,322,757
	Totals	\$1,188,780	\$1,317,386	\$1,322,757

SERVICE IMPROVEMENTS AND RESULTS

The Comptroller’s Office performance is measured by the accuracy of the city’s budgeted revenue estimates. As shown in Figure 1, with the exception of 1998, 2003, and 2004, the Comptroller has estimated revenues within 2% of actual revenues received in each of the last ten years. These conservative revenue estimates help the city avoid deficits, or the deferral of this year’s costs to next year’s tax levy.

At the same time, if the Comptroller’s revenue estimates are too conservative, this will require the Mayor and Common Council to make other fiscal changes to ensure a balanced budget. This may include reducing budget appropriations further than necessary, increasing the property tax levy higher than necessary, or making a larger withdrawal from the Tax Stabilization Fund (TSF). If actual revenues are higher than the Comptroller’s revenue estimates, the surplus revenue is deposited in the TSF. The TSF withdrawal, in effect, recoups the unrecognized revenue from the prior budget. Use of the TSF is a prudent and responsible fiscal measure that minimizes property tax levy increases.

Figure 1



Variations in TSF withdrawals are strongly affected by revenues that exceed estimates. The higher that actual revenue amounts exceed the Comptroller’s estimates, the larger the TSF balance that is available to minimize the

increase in the property tax levy. In 2006, General Fund revenues exceeded the Comptroller’s estimate by \$21.4 million or 5.1%. This additional revenue will contribute to the TSF balance for 2008 budget purposes. A second measure of performance is the Comptroller’s audit activity. During 2006, the Comptroller’s Office produced ten audits. Copies of major audit reports are provided on the Comptroller’s web page.

The Comptroller’s Office performs four major types of audits. The audits include:

- Financial related audits are conducted to determine if financial records are accurate and the proper controls are in place.
- Compliance audits are conducted to determine if departments are in compliance with funding or regulatory guidelines.
- Program audits are conducted to determine if a program is being operated in the most efficient and effective manner.
- Information Technology audits are conducted to ensure that controls and security measures are in place to protect the city’s networks and IT systems.

SERVICE AND RESOURCE CHANGES

The department has no service changes for 2008 but will continue to improve its revenue estimates and produce audits that improve city services.

Service 2

General Accounting		2006	2007	2008
Activities:	General accounting, payroll administration, oversight of financial assistance, coordination of financial operations and systems, and financial reporting.	Experience	Budget	Projection
Performance Measures:	Unqualified audit opinion by the city's outside auditor.	Yes	Yes	Yes
Funding by Source:	Operating Funds	\$3,367,953	\$3,606,893	\$3,490,771
	Grants and Reimbursables	554,232	521,170	544,745
	Totals	\$3,922,185	\$4,128,063	\$4,035,516

SERVICE IMPROVEMENTS AND RESULTS

The official accounting records of the city play an important role in its operations. Without reliable information on accounts payable, accounts receivable, and payroll the city could not meet its obligations, bills would go unpaid, city employees would not receive paychecks, and important services could not be provided.

Reliable accounting records help the city determine its present financial position. They also serve to guide its future direction. Timely, reliable, and accurate accounting records are essential to the delivery of important public services such as garbage collection and public health services. Systematic audits of the accounting system warrants against failures in important information by ensuring that accurate accounting records are being kept.

SERVICE AND RESOURCE CHANGES

While there are no specific service changes in 2008, revisions in accounting processes and procedures have occurred in recent years. Outside auditing firms that review the year end city accounting books have increased

their scrutiny of these books to assure greater accuracy of the numbers and processes that are followed. The department will respond to changes as they occur.

Service 3

Debt Management				
Activities:	Public debt management, preparation and sale of city debt and financial services.			
		2006	2007	2008
		Experience	Budget	Projection
Performance Services:	Bond Rating (Fitch).	AA+	AA+	AA+
Funding by Source:	Operating Funds	\$818,066	\$654,000	\$582,066
	Totals	\$818,066	\$654,000	\$582,066

SERVICE IMPROVEMENTS AND RESULTS

Retaining the city’s high “investment grade” bond ratings is of prime importance and serves to maintain low borrowing costs. The low cost of borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. The city continues to maintain high investment grade ratings of AA+ from Fitch, Aa2 from Moody’s, and AA from Standard & Poor’s.

These ratings have been maintained during the recent slow economic growth and continued frozen state aids. As the ratings indicate, the city’s capacity to meet its financial commitments on outstanding obligations is strong.

The rating agencies indicate that the ratings reflect a combination of moderate overall debt burden, rapid debt repayment, manageable capital needs, strong growth in assessed value, and a diverse tax base. The city also assists in keeping the overall debt burden affordable by controlling the level of annual debt issued.

In 2007, the Public Debt Amortization Fund will be used to prepay debt due the following year. This will have the effect of lowering the levy portion of the debt budget for 2008.

SERVICE AND RESOURCE CHANGES

There are no specific service changes in 2008.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
	-0.20	0.20	Miscellaneous Adjustment	
0	-0.20	0.20	Totals	

ELECTION COMMISSION

EXECUTIVE SUMMARY

- MISSION:** Conduct elections that build public trust in the democratic process and encourage registration and voting.
- SERVICES:** Conduct fair and efficient elections.
- STRATEGIC ISSUES:** Work with the State Elections Board and vendor to resolve technical and operational problems with the new Statewide Voter Registration System.
- Preserve the credibility of Milwaukee's election processes, in light of the city's anticipated critical role in the 2008 national elections.
- Encourage Online Campaign Finance Reporting by candidates' campaign organizations and Political Action Committees.

BUDGET SUMMARY

	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	2007 ADOPTED	2008 REQUESTED VERSUS
PERSONNEL						
FTEs - Operations and Maintenance	19.16	12.02	23.11	23.11	11.09	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	110	37	113	113	76	0
EXPENDITURES						
Salaries and Wages	\$716,874	\$532,674	\$1,110,780	\$1,103,282	\$570,608	\$-7,498
Fringe Benefits	350,894	223,723	455,420	453,346	229,623	-2,074
Operating Expenditures	794,428	552,800	1,155,075	1,079,556	526,756	-75,519
Equipment	11,884	59,678	0	0	-59,678	0
TOTAL	\$1,874,080	\$1,368,875	\$2,721,275	\$2,636,184	\$1,267,309	\$-85,091

BACKGROUND

The Election Commission manages all aspects of public elections in the City of Milwaukee. In addition to registering potential voters in Milwaukee, the department also establishes more than 200 polling locations with appropriate workers, supplies, and ballots on election days. The Commission administers the statutory obligations for elected officials and potential candidates for citywide offices including the nomination process and campaign finance reporting. Two elections are usually held during odd numbered years and four generally occur in even numbered years. In 2008, the Election Commission will conduct four elections; the Spring 2008 primary and general elections for state and local offices, including the Mayoral and Aldermanic races, and the Fall 2008 primary and general elections for federal, state and local offices, including the Presidential.

The Election Commission staff is comprised of three board members, an Executive Director, an Election Services Manager, and staff members whose responsibilities include the administration of absentee voting, voter registration, voting machine maintenance, Election Day poll worker assignments, and general office management. During the election season, up to 2,000 additional temporary poll workers are hired to staff the polling locations, register voters on site at the polls, respond to calls from voters, and process absentee ballots.

The Election Commission website includes voter eligibility requirements, registration instructions, and an interactive polling location feature. Potential voters can find their polling location simply by entering their street address. This feature lists their aldermanic district, ward and also their municipal, county, state, and federal elected officials. Residents may access this information at their convenience. This also makes the Commission’s staff more efficient by reducing the number of routine information requests received by telephone or in person.

Service 1

Elections		2006	2007	2008
Activities:	Conduct elections and encourage registration and voting by eligible residents through media advertising, canvassing, and other special events.	Experience	Budget	Projection
Performance Measures:	Percentage of eligible persons registered to vote.	85.0%	85.0%	85.0%
	Percentage of polling places with Election Day voting machine problems.	40.0%	2.0%	2.0%
Funding by Source:	Operating Funds	\$1,815,237	\$1,368,875	\$2,636,184
	Totals	\$1,815,237	\$1,368,875	\$2,636,184

SERVICE IMPROVEMENTS AND RESULTS

The November 2004 election presented a number of unforeseen challenges including a record absentee ballot turnout, particularly “early voting”, and large volumes of new registrants. Problems discovered during that election were the focus of the City of Milwaukee Election Commission Task Force, a State Elections Board analysis, and have been the focus of Election Commission AIM meetings. The Election Commission has experienced significant success in a number of areas during the most recent five elections based on the recommendations of both outside and internal reviews. Accomplishments include:

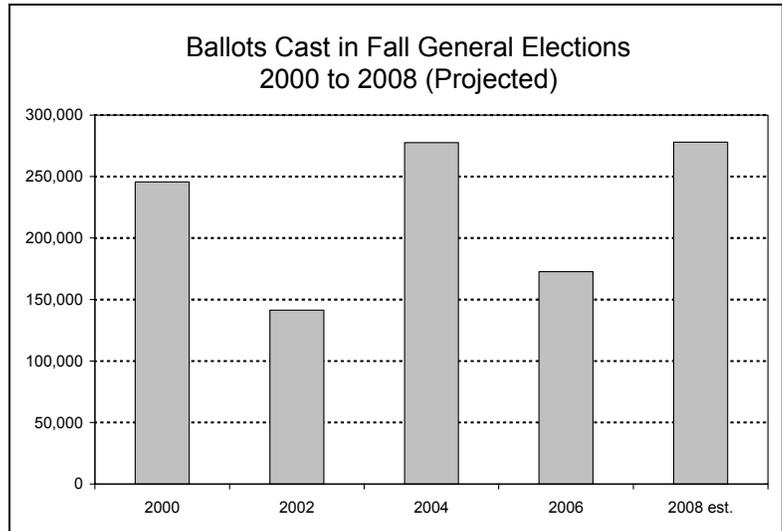
- The passage of Assembly Bill 451, including key legislative changes to enable better election operations.
- The purge of over 105,000 inactive voter records from the voter registration database.
- Transitioning to the Statewide Voter Registration System (SVRS).
- The entry of all voter registration applications prior to elections.
- Compliance with Help America Vote Act mandated deadlines, including accessibility at all polling sites.
- The implementation of the AutoMark voting machine (ballot marker for people with disabilities).
- Development of a two hour Election Worker Training Program, including a training manual and reduced class sizes.
- Increased staffing at polling sites.
- Decreased poll worker no show rates on Election Day.
- Significant improvement in the quality of polling place election documents and a subsequent decrease in the amount of time required to reconcile after an election.
- A more skilled and knowledgeable staff of Chief Inspectors.
- A streamlined process for in-person absentee ballot voting.
- Consistent reviews of campaign finance reports.
- Upgraded of election programming and results management software.

During April 2007, the Election Commission staff met to evaluate the department’s performance during the 2006-2007 elections and determine long range strategic goals in order to prepare for 2008.

SERVICE AND RESOURCE CHANGES

In 2008, the four elections scheduled include the Presidential Preference and General, Mayoral and Aldermanic races and County Supervisors, as well as other state and federal contests. Challenges to the department will be comparable to the 2004 Presidential election, with voter turnout projected as high as 280,000 voters for the Fall Presidential General Election. Variance from year to year in turnout numbers (see Figure 1), as well as increased accountability for all election processes, creates the need for more financial resources in the 2008 proposed budget to manage the challenges the Commission will face in the coming year.

Figure 1



Staffing at Election Sites: The 2008 proposed budget increases funding for temporary office staff and poll workers to handle the anticipated increase in registrations and voter turnout. The 2007 budget added a new position of Elections Recruiter/Trainer to perform duties related to the recruiting and training of poll workers. Recent elections have highlighted the critical role volunteers and paid temporary employees have in effectively running elections. The Election Commission is in the process of recruiting a full time person dedicated to engaging business and community partners to find and prepare the highest level of staff for Milwaukee's polls.

Absentee Ballot Processing: During high voter turnout elections, such as the 2004 Fall election, there were significant problems experienced in the timely processing of absentee voters' ballots. Prior to July 2006, Wisconsin Election Law required the physical processing of absentee voters' ballots at the voters' polling sites. The number of absentee ballots to be processed in an election ranges from 7,000 to 20,000, depending on the election. The City of Milwaukee advocated heavily for a change in state law that would allow for the processing of absentee ballots at a central location. The Wisconsin Legislature responded to this request and enacted this change with an effective date of July 2006. The Election Commission is in the process of submitting a plan to the State Elections Board for central absentee ballot processing.

Statewide Voter Registration System: The Election Commission has successfully transitioned to the Statewide Voter Registration System. There continue to be challenges with the system which the Commission has been documenting and working with the state to resolve. The city is still experiencing difficulty with the report writing functions and the absentee ballot record components. Due to the complexity and slowness of the system, and the increased workload anticipated for the 2008 elections, data entry temporary staff hours are increased for 2008. The Election Commission has negotiated with the state to continue to have a full time SVRS staff person located in Milwaukee.

Campaign Finance Reporting: There are 135 candidates and elected office holders registered with the Election Commission. One hundred and four are required to file campaign finance reports, and 31 are exempt from filing requirements. There continues to be increased public and media scrutiny of candidate and elected official campaign finance reports. While the burden of filing a complete and accurate campaign finance report falls on the candidate/elected official, the Election Commission has a statutory obligation to complete a facial review of each report and notify the sender of errors.

The Election Commission has invited the State Elections Board and the Milwaukee County Election Commission to provide a collaborative training to all elected office holders and Spring election candidates and their Treasurers with the goal of increasing accuracy and electronic filing of the reports. Additionally, the Election Commission staff is completing a "Common Errors" fact sheet for distribution to candidates.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
73	9.87		Temporary Office Assistant II	Increase due to biennial election cycle.
2	0.22		Temporary Election Laborer	
1	1.00		Management Services Specialist	Increase due to ongoing staffing needs.
76	11.09	0.00	Totals	

DEPARTMENT OF EMPLOYEE RELATIONS

EXECUTIVE SUMMARY

MISSION: To maintain a productive, diverse workforce that is well trained, motivated, adequately compensated, prepared to protect the lives and property of the citizens of Milwaukee, and committed to efficient and effective customer service delivery.

SERVICES: Employee Relations, including labor contract negotiations and grievance administration, diversity outreach and complaint investigations, and employee training and development.

Compensation and Employee Benefits Administration, including health and dental benefits, disability insurance, and unemployment compensation.

Staffing, including recruitment, examination, and certification of eligible employees.

Worker's Compensation and Safety.

STRATEGIC ISSUES: Increasing workplace safety awareness, training, and accountability.

Developing strategies to reduce worker's compensation and sick leave costs.

Establishing uniformity in the interpretation and application of civil service rules for general city and protective service departments.

Providing data driven information for policy decisions and collective bargaining.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	59.05	53.86	64.96	53.38	-0.48	-11.58
FTEs - Other	7.60	7.60	7.60	7.60	0.00	0.00
Total Positions Authorized	93	83	83	82	-1	-1
EXPENDITURES						
Salaries and Wages	\$3,584,356	\$3,219,593	\$3,179,493	\$3,142,785	\$-76,808	\$-36,708
Fringe Benefits	1,544,795	1,352,229	1,303,592	1,288,542	-63,687	-15,050
Operating Expenditures	424,773	350,581	361,188	423,558	72,977	62,370
Equipment	21,362	3,000	3,000	3,000	0	0
Special Funds	103,862	112,619	112,619	112,619	0	0
TOTAL	<u>\$5,679,148</u>	<u>\$5,038,022</u>	<u>\$4,959,892</u>	<u>\$4,970,504</u>	<u>\$-67,518</u>	<u>\$10,612</u>
REVENUES						
Charges for Services	\$202,861	\$237,000	\$184,400	\$184,400	\$-52,600	\$0
Miscellaneous	251,893	200,000	229,150	229,150	29,150	0
TOTAL	<u>\$454,754</u>	<u>\$437,000</u>	<u>\$413,550</u>	<u>\$413,550</u>	<u>\$-23,450</u>	<u>\$0</u>

BACKGROUND

The Department of Employee Relations (DER) provides human resources support to city agencies and the Milwaukee Public Schools with the goal of attracting, retaining, and motivating a competent and diverse workforce. DER meets this goal while complying with state and federal employment laws, civil service rules, and applicable collective bargaining agreements. It does this through four services:

- Employee Relations;
- Compensation and Employee Benefits;
- Staffing; and
- Worker’s Compensation and Safety.

DER also staffs the City Service Commission, a civilian body that ensures that all human resource activities are done in compliance with civil service rules and applicable state statutes.

Service 1

Employee Relations		2006	2007	2008
Activities:		Experience	Budget	Projection
	Labor relations, grievance administration, labor contract negotiation, diversity outreach and claims investigation, and employee training and development.			
Performance Measures:	Percentage of grievances closed and settled prior to arbitration.	60.0%	70.0%	65.0%
	Operating Funds	\$2,102,367	\$1,099,300	\$1,120,075
	Grants and Reimbursables	74,092	207,886	207,886
Funding by Source:	Special Purpose Accounts	860,217	780,000	800,000
	Totals	\$3,036,676	\$2,087,186	\$2,127,961

SERVICE IMPROVEMENTS AND RESULTS

The Employee Relations service entails a variety of activities that provide the city with productive and well trained employees and support positive labor/management relations. DER continues to assess the training needs of managerial and supervisory personnel in the areas of safety, basic supervision, and workplace investigations. In 2007, DER conducted numerous training sessions on performance management and coaching skills as the city prepares to revamp its performance management guidelines and standards as part of an effort to change the Management Pay Plan. Higher performance review standards with an increased emphasis on accountability and productivity will ensure that compensation adjustments are determined to a certain extent by employee performance and contributions as well as time on the job.

DER began utilizing a new Exit Interview Questionnaire in 2006 to collect and analyze data from separated employees. Data from the questionnaire allows DER to proactively identify departmental issues and develop strategies to address communication, training, supervision, and morale challenges. The key findings are summarized below:

- **Reason for Leaving City Employment:** Retirement was cited by 65% of the respondents as their reason for leaving city employment. Other respondents resigned because of Organizational Culture (16%), Career Change (6%), Compensation (2%), and Other (10%), which includes pursuing education; job security; family circumstances; and dislike of type of work. None of the respondents cited residency as their primary reason for leaving city employment.

- **Departmental Culture:** More than half of respondents rated the following areas as good or excellent: labor/management cooperation, cooperation with other departments, communication between employee and supervisor, job satisfaction, and training and development opportunities. Problem areas were identified as well. More than half of the respondents rated the following as fair or poor: internal departmental communication, morale, and growth potential.
- **Supervisory Assessment:** Respondents consistently indicated their supervisors sometimes or almost always demonstrated fair/equal treatment (86%), provided recognition for a job well done (79%), encouraged cooperation and teamwork (88%), listened to and welcomed employee suggestions (88%), resolved complaints and problems (84%), and followed policies and practices (90%).
- **Salary and Benefits:** Well over half of the respondents rated all areas included in the salary and benefits package as good or excellent. The percentages ranged from a low of 57% for the Long Term Disability Plan to a high of 86% for the Sick Leave Benefit.
- **Recommendation:** 39% of respondents said they would recommend the city as a place to work, 47% said they would recommend the city but with reservations, and 10% said they would not recommend the city as a place to work. The other 4% of respondents did not respond.

SERVICE AND RESOURCE CHANGES

Policy Review: In 2007, DER reviewed citywide policies on sick leave, harassment, retaliation, and the communication and enforcement of the city’s residency rule. As a result of the sick leave policy review, DER created standard sick leave usage reports that could be shared with all departments in order to help identify and assess instances of sick leave abuse. DER will continue working with the Sick Leave Committee and departments to update the Sick Leave Control Program, refine sick leave policies, and provide guidance on consistent interpretation and enforcement of sick leave guidelines.

By the end of 2007, a new Supervisory Leadership Training Program will be developed to provide hands-on training and education to new managers and supervisors. It is DER’s intent to make this new program mandatory for employees who are promoted or hired into managerial and supervisory positions.

Position Changes: An Office Assistant II position is added to the Business Section to increase capacity to handle phone calls and walk-ins within DER’s reception area and to assist in processing and performing data entry activities for over 9,000 employment applications received on an annual basis.

Service 2

Compensation and Employee Benefits		2006	2007	2008
Activities:	Health benefits, dental benefits, flexible spending accounts, job classification, pay administration, unemployment compensation, long term disability insurance, and Commuter Value Pass Program.	Experience	Budget	Projection
Performance Measures:	Increase in active employee health costs.	2.0%	2.0%	10.4%
	Percentage of total health care costs paid by active employees.	15.0%	10.0%	9.0%
Funding by Source:	Operating Funds	\$625,559	\$1,034,625	\$1,039,240
	Special Purpose Accounts	93,752,186	108,519,000	111,736,032
	Totals	\$94,377,745	\$109,553,625	\$112,775,272

SERVICE IMPROVEMENTS AND RESULTS

The Employee Benefits service ensures that eligible city employees and retirees receive the health care they need. Expenditures include costs related to health care, dental insurance and administration. In 2007, 10,873 employees

and retirees participated in the city's health care plans. The city strives to provide good benefits to its employees while aggressively pursuing plans and options that contain the growth in these costs. This is a particular challenge in this region of the country, as the cost of health care in Southeastern Wisconsin is well above the national average. Since 2000, overall health care expenditures for the city have increased \$53.2 million or 94% from \$56.7 million to \$110.2 million budgeted in 2008. These increases result from growth in medical costs and the comprehensive nature of the city's current health benefit designs for the HMO and Basic Plans. For 2008, the Employee Health Care budget is increased 3.1% over the 2007 budgeted amount.

For further discussion, please see the *Special Purpose Account Employee Health Care Benefits* section in the *2008 Proposed Plan and Executive Budget Summary*.

SERVICE AND RESOURCE CHANGES

Health Care Cost Containment Plans: In 2007, the city continues to contract with a consultant to provide advice on health care cost control initiatives; a third party administrator for the Basic Plan to obtain the best discounts from providers; and a prescription benefit manager for the Basic Plan drugs to provide transparency and smart utilization of medications. Cost savings from these three contracts have exceeded expectations. In 2008, the city will carve out the prescription benefit services for the HMO plan and will contract with the Prescription Benefit Manager that manages the Basic Plan medications. The consultant has helped the city gain a better understanding of the health care utilization by city members and will continue to assist the city in devising long term strategies to minimize health care costs increases and strengthen the city's Health Insurance Programs.

Well City Milwaukee Initiative: In 2007, the city began a wellness initiative designed to encourage long term behavior change and control health care costs. Each city department is actively promoting a variety of wellness efforts. The city is also participating with other Milwaukee public and private employers and the Wellness Council of America in an effort to get 25% of all Milwaukee workers to actively participate in wellness efforts. The initiative will concentrate primarily on health education, risk assessment and screening, lifestyle modifications, and disease management and prevention.

Incentives for Employees: The city is also exploring the possibility of providing incentives to employees who actively participate in wellness and disease management programs. The incentives would lower employee costs for those individuals who commit to making positive health changes such as quitting smoking and participating in and following the recommendations of a comprehensive Health Risk Analysis.

Management Pay Plan: As part of the mission to retain a highly qualified and motivated workforce, DER has been conducting a review of the city's Management Pay Plan and current compensation and pay practices for management employees. This review has resulted in a desire to revise the pay philosophy currently in place for management employees. The new pay plan will strive to establish a compensation system that is more compatible with the private sector in that it should be flexible enough to attract and retain qualified talent, equitable in terms of providing incentive for superior performance, and efficient in addressing pay compression and labor market considerations. If approved in 2008, the new plan will recognize and compensate employees based on their skills and contributions, require all departments to utilize a performance management system, increase recruitment flexibility, create a more efficient classification structure, and better address pay inequities.

Employee Self-Service: In 2006, DER initiated a pilot program, Employee Self-Service, to give employees the opportunity to view their personal information online, and during open enrollment electronically modify their health and dental benefits, long term disability, life insurance and flexible spending plans. In 2007, the program was made available to all city employees. The Employee Self-Service Program will be used during the open enrollment period to facilitate a more efficient workflow process and allow employees to easily switch health care and other benefit plans. The program will give employees responsibility for their personal information, the ability to view their paychecks and allow a paperless flow of employee benefit selections to vendors.

Service 3

Staffing		2006	2007	2008
Activities:		Experience	Budget	Projection
Recruitment, examinations, certification of eligible applicants, and outplacement services.				
Performance Measures:	Number of applications processed.	9,387	9,100	9,300
	Number of positions filled from eligible lists.	358	350	360
	Percentage of candidates referred who were minorities.	55.0%	54.0%	55.0%
	Percentage of candidates referred who were women.	72.0%	72.0%	72.0%
	Number of terminations during probationary period.	13	21	19
Funding by Source:	Operating Funds	\$1,420,093	\$1,404,374	\$1,434,685
	Grants and Reimbursables	143,506	0	0
	Totals	\$1,563,599	\$1,404,374	\$1,434,685

SERVICE IMPROVEMENTS AND RESULTS

The Staffing service recruits qualified candidates to fill vacant positions in the city consistent with civil service regulations. This involves recruitment activities, processing employment applications, job analysis and test development, test administration including test scoring and eligible list preparation, and making referrals to city departments for final selection. In 2006, the department processed 9,387 applications and filled 358 positions from eligible lists. To address this workload with reduced staff, DER has been working with city agencies to maximize the use of existing eligible lists to fill comparable positions. DER also encourages departments to promote from within the organization through use of the transfer/promotional opportunity process, which streamlines recruitment and improves employee morale.

SERVICE AND RESOURCE CHANGES

Fire and Police Commission Best Practices Review: As a result of a 2006 Best Practices Review of the Fire and Police Commission, DER and the Commission formally separated in 2007. It was determined that DER would continue to carry out the recruitment and staffing duties of the Commission with the exception of the Fire and Police Chief positions. With this change, the Commission can now concentrate on its policy review responsibilities and citizen complaint and disciplinary appeal functions. A resolution was adopted between the Commission and DER to outline the revised working relationship between the two departments and detail DER’s role in keeping the Commission apprised on all related hiring matters.

Police Officer Hiring Practices: Recent high profile events have highlighted some potential problems with current Police hiring practices. In 2007, DER worked with the Milwaukee Police Department and the Fire and Police Commission to implement a number of improvements to the hiring process to increase the quality of prospective candidates and avoid potential hiring delays. Some of the changes include making applications more readily available, adding a written exercise test component, modifying background standards, enhancing the physical abilities test, and improving assessment of applicant integrity, honesty, and anger management. In addition, DER has streamlined internal procedures to expedite the overall recruitment and hiring process. Continuous testing and recruitment will more evenly distribute the workload and facilitate a predictable workflow schedule. In order to maximize the effectiveness of the background investigative process, all testing components will now be finalized prior to the commencement of investigations. A revised referral process will also identify disqualifications earlier to free up investigator time to complete additional background checks. The reimplementation of an orientation session will assist candidates with completion of the personal history questionnaire as well as share information on job standards and expectations.

Position Changes: A Human Resources Analyst Senior position is added to improve the recruitment and examination process.

Service 4

Worker's Compensation		2006	2007	2008
Activities: Administration, data analysis, and departmental safety monitoring.		Experience	Budget	Projection
Performance Measures:	Number of worker's compensation claims (receipts).	3,004	4,500	3,078
	Average cost per claim.	\$3,913	\$2,562	\$3,939
	Number of recordable cases.	1,162	1,170	1,160
Funding by Source:	Operating Funds	\$1,531,129	\$1,499,723	\$1,376,504
	Capital Budget	0	400,000	0
	Special Purpose Accounts	11,761,619	11,555,000	12,150,000
	Totals	\$13,292,748	\$13,454,723	\$13,526,504

SERVICE IMPROVEMENTS AND RESULTS

City employees who are injured on the job are entitled to worker's compensation payments in accordance with state and federal law. The City of Milwaukee self-insures itself to pay worker's compensation claims. The department processes claims and generates reports per state regulations and requirements. DER has two measures of the worker's compensation environment. The first is the "number of recordable injuries to city employees" and second the "average cost per successful claim". The number of recordable injury cases decreased 0.8% from 1,171 in 2005 to 1,162 in 2006. DER processes and manages all claims of injuries or illnesses for the city. DER works with city agencies to pursue return to work options for injured workers and reduce the number of lost workdays. The implementation of a new worker's compensation system will provide the DER and other city departments with improved worker's compensation data and allow for more active claim management. For more information, please see the *Special Purpose Account Worker's Compensation* section in the *2008 Proposed Plan and Executive Budget Summary*.

SERVICE AND RESOURCE CHANGES

Workplace Safety Coordination: Prior to 2005, DER processed worker's compensation claims as they arrived and was not adequately staffed to focus on accident prevention and improving worker safety. In the early 1990's, safety personnel were moved to individual city departments where they could more closely supervise workplace safety conditions. While some departments have had success in reducing injuries, others such as the Police and Fire Departments as well as the Department of Public Works have experienced an increase in injuries.

DER continues to take a more proactive role in workplace safety. DER, through the work of the city's Central Safety Committee, engaged in a number of safety initiatives to raise safety awareness through training and data gathering and reporting. An online Worksite Safety Survey was developed to help departments improve risk management at various city work locations. Departments are able to utilize the data to identify workplace hazards and analyze workplace safety as well as develop departmental safety plans. The information garnered from the surveys will also help the Central Safety Committee better target its training programs to prevent workplace accidents. An online newsletter was also implemented that focuses on central safety committee news, safety training information, worker's compensation, and accident prevention. The newsletter will publish departmental accident statistics and provide updates on recent safety law changes.

The Department of Public Works reinstated the Injury Review Committee to provide an increased emphasis on injury prevention. Under the injury review process, a committee composed of management and labor representatives works with employees who have a history of reoccurring injuries to prevent future incidents by identifying the cause and reason for the injury and documenting and implementing required actions to address those concerns. The Committee started with DPW Operations and Infrastructure and is being expanded to include DPW Administration, Parking, and Water Works.

The Milwaukee Fire Department is also in the process of implementing a pilot Injury Review Program and DER will be working with the Milwaukee Police Department to develop and implement a similar initiative as well.

New Worker’s Compensation System: In 2006 DER submitted a Request for Proposals and awarded a contract for a new claims processing and risk management system. The new system is currently being implemented and will be fully functional by the end of 2007. The new system will create workflow efficiencies and lead to more comprehensive claims management. In anticipation of the new system, DER has strengthened its contract with CorVel to receive a broader range of services. CorVel will now scan all medical bills, administer bill review, and apply fee schedules to all medical bills. This enhanced relationship will result in additional bill review savings and improved workflow efficiencies.

Position Changes: Due to anticipated efficiencies from the new worker’s compensation system, three positions are eliminated an Occupational Health Nurse, an Office Assistant III, and a Claims Processor II.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	0.50		Office Assistant II	Position created to provide additional support to reception area.
1	1.00		Benefits Services Specialist I	Retitled and reclassified to better reflect duties of positions.
-1	-1.00		Administrative Services Assistant	
1	1.00		Program Assistant II	
-1	-1.00		Program Assistant I	
-1	-1.00		Occupational Health Nurse Senior	Reduction due to operational efficiencies from new Worker’s Compensation System.
-1	-1.00		Claims Processor II	
-1	-1.00		Office Assistant III	
1	1.00		Human Resource Analyst Senior	Position created to help with recruitment and examination process.
	1.02		Miscellaneous Adjustment	
-1	-0.48	0	Totals	

FIRE AND POLICE COMMISSION

EXECUTIVE SUMMARY

- MISSION:** To ensure that the Fire and Police Departments are prepared to protect the lives and property of the citizens of the City of Milwaukee.
- SERVICES**
- Monitor the Milwaukee Fire and Police Departments to enforce accountability of departmental actions and identify opportunities for systemic change.
- Provide independent and objective review of citizen complaints to ensure complaints are addressed in a fair and timely manner.
- Carry out the authority to hear appeals from departmental disciplines and conduct citizen complaint hearings.
- Improve community relations and enhance public confidence in the new Commission through transparent operations and improved accessibility to information.
- STRATEGIC ISSUES:** Promote a performance based system of review of the Fire and Police Departments that evaluates systemic issues and seeks accountability.
- Identify and implement the necessary protocols to streamline citizen complaint processing and investigations and the Commission's oversight authority over these processes.
- Monitor the community's satisfaction with the Commission and the Fire and Police Departments.
-

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	0.00	7.00	8.50	8.50	1.50	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	0	16	16	16	0	0
EXPENDITURES						
Salaries and Wages	\$0	\$456,905	\$597,359	\$597,359	\$140,454	\$0
Fringe Benefits	0	191,900	244,917	244,917	53,017	0
Operating Expenditures	0	46,834	65,641	65,641	18,807	0
Equipment	0	2,535	12,000	12,000	9,465	0
Special Funds	0	0	0	50,000	50,000	50,000
TOTAL	<u>\$0</u>	<u>\$698,174</u>	<u>\$919,917</u>	<u>\$969,917</u>	<u>\$271,743</u>	<u>\$50,000</u>

BACKGROUND

The Fire and Police Commission is a civilian body, which oversees general policy in the Milwaukee Fire Department and the Milwaukee Police Department (MPD). The Commission is responsible for hiring and promotions for the two public safety departments. The Board of Fire and Police Commissioners, which was

established in 1885, is the oldest civil service authority in Wisconsin, and the first such Commission to be established by law in the United States. The Commission's authority and responsibility are set forth in Section 62.50 Wisconsin Statutes and in the Milwaukee City Charter.

The five citizen members of the Commission are appointed by the Mayor subject to Common Council approval. Members serve overlapping five year terms. Commission functions historically have included recruitment and testing for entry level positions in the Fire and Police Departments; testing for promotional positions; hearing appeals by members of either department who have been disciplined by their Chief; hearing citizen complaints; and general policy oversight.

In 2003, the Fire and Police Commission was merged with the Department of Employee Relations in order to capitalize on the similar nature of the two organizations' personnel functions and to reduce administrative overlap between the two departments. However, during the last few years, the Fire and Police Commission has undergone increased public scrutiny and has been criticized for its inability to conduct police oversight. The Commission has also been scrutinized for its lack of public relations and community outreach initiatives.

The Mayor's Office commissioned the Police Assessment Resource Center (PARC) to recommend improvements to the Fire and Police Commission and a formal study was completed in June 2006. Using the PARC recommendations as a foundation for improving the visibility and effectiveness of the Fire and Police Commission, the city determined that the Commission should separate from DER and become an independent department.

The PARC study illuminated a number of challenges with the current Commission structure including the underutilization of policy review power, insufficient staff resources, failure to analyze the practices of the Police and Fire Departments, an unsatisfactory citizen complaint process, lack of consistent outreach with the community, delays in the appeals process, and too much time spent on personnel functions. The study also recommended that the city strengthen the existing Fire and Police Commission, rather than build an entirely new Commission. Lastly, the PARC study determined that the personnel related functions of the Commission, aside from hiring the Chiefs, should be handled by another department. The city decided to have the Department of Employee Relations carry out the personnel related functions of the Commission.

In order to adequately strengthen the Commission's oversight, PARC recommended adopting a Monitor Model of oversight which focuses on maintaining organizational accountability through systemic change. This occurs through performance based monitoring which examines how a department and its individuals perform while carrying out day-to-day functions and responding to both normal and crisis situations.

In 2007, the Commission formally separated from the Department of Employee Relations and began the process of hiring additional staff and launched a search for a new Executive Director. As part of the transition, a resolution was submitted and approved by the Fire and Police Commission Board to delegate the Commission's personnel functions, aside from the hiring of Police and Fire Chiefs, to the Department of Employee Relations. To ensure that the Board is continually apprised on all hiring practices related to the Commission, the Department of Employee Relations developed protocols for consistent and periodic communications to the Board regarding police and fire personnel functions.

SERVICE IMPROVEMENTS AND RESULTS

As the revamped Commission continues to strengthen its staff and policy review powers it will be empowered to identify and correct poor management and organizational practices within the Police and Fire Departments. The Commission will also have the authority to audit closed internal investigations, monitor the investigation of citizens' complaints, and evaluate the overall MPD citizen complaint process. In addition, the Commission will utilize improved methods of assessment to address systemic problems and influence positive organizational change.

As a result of the 2007 Supreme Court Ruling regarding the Castaneda case, the Commission's citizen complaint process is being revamped to change provisions which make it difficult for individuals to file complaints and revise how complaints are referred to the MPD. The PARC report also pointed out a number of issues with the citizen complaint procedure which the Commission is addressing through revisions to the overall complaint process and by increasing staff to help with functions like intake and complaint assistance.

The Commission continues to examine the number of citizen complaints filed by year and type (see Figure 1). In 2006, of the complaints filed with the Commission, 37% involved excessive use of force. The Commission is working to improve its methods of monitoring complaints filed with the Police and Fire Departments. As part of its regular oversight functions the Commission plans to incorporate this type of review on complaints filed with the MPD. Other components of the complaint process will be evaluated like the police district where the complaint was filed to better pinpoint areas of concern within the department (see Figure 2). Additional oversight improvements will include evaluating the MPD's process for receiving, processing, investigating and resolving citizen complaints. Closed citizen complaints will also be audited to assess the quality, timeliness and objectivity of the investigation process.

The Commission tracks appeals from Disciplinary Actions that have been filed and resolved, and has been trying to reduce the backlog of pending appeals (see Figure 3). The Commission is working to make the appeals process more efficient by scheduling appeal hearings more frequently and hired additional staff in 2007 to assist the Hearing Examiner. The city continues to pursue legislation which will streamline the hearing process and have a positive impact on the number of disciplinary appeals heard. That legislation includes expanding the number of Commissioners, changing the right to an automatic adjournment, and changing the

Figure 1

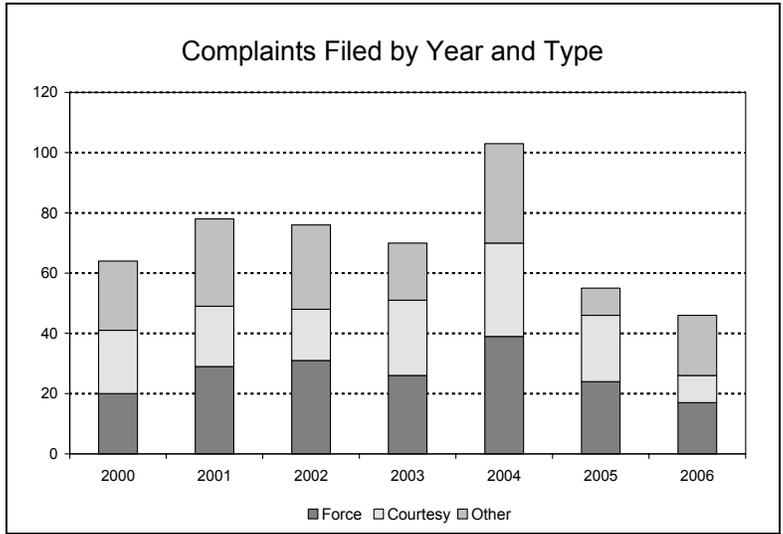
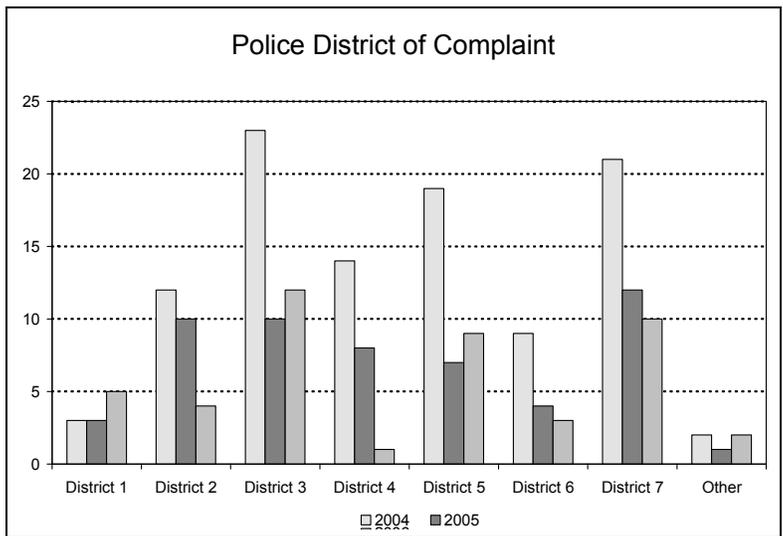


Figure 2



statutory deadline for disciplinary appeal trials.

The Commission is working to establish a program for continual policy review of the Fire and Police Departments. In-depth analysis of departmental practices and procedures will highlight systemic problems and allow the Commission to make recommendations for organizational change. As part of its oversight function, the Commission will track the number of policies and processes that are recommended for change and report on these annually to the Fire and Police Departments.

In 2007, the Commission began to identify appropriate outcome measures that can be utilized to determine its overall effectiveness.

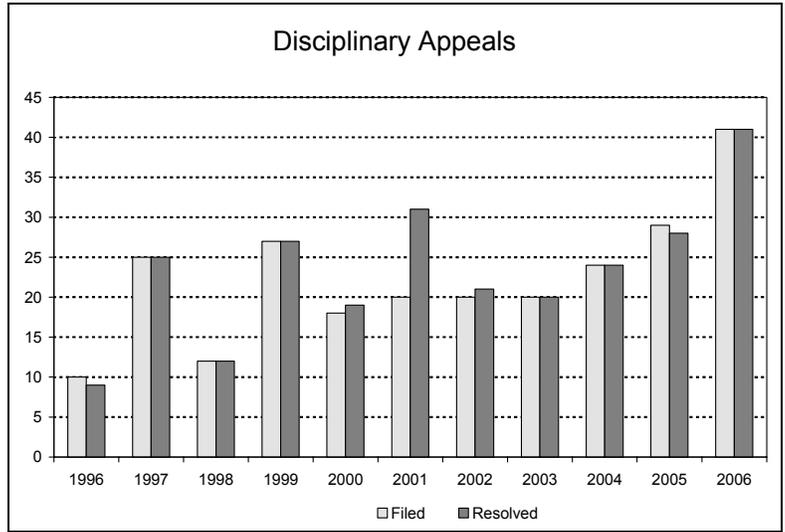
The outcome measures for various service areas will be reported to the public on an annual basis in order to demonstrate that the Commission is meeting its newly outlined responsibilities. The Commission is pursuing methods to better track, analyze, and report the following:

- Citizen complaints filed with the Commission and departments (the number, type, amount per district, etc.).
- Timeliness of complaint resolution and results.
- Appeals from disciplinary actions (the number, type, amount per district, etc.).
- Timeliness of appeal resolution and results.
- Findings on audits of investigations per year.
- How disciplines are imposed at the departmental level.
- Number of conciliations.
- Outcomes of conciliations.
- Number of policies reviewed and recommendations for change.
- Improved methods of communicating with the public (periodic surveys, a more thorough annual report, quarterly or semi-annual publications on the Commission’s activities, issue papers, etc.).
- Survey of public satisfaction with overall processes and Commission performance.

SERVICE AND RESOURCE CHANGES

The 2008 proposed budget provides funding to fully staff the Fire and Police Commission. The Commission will be able to strengthen its policy review powers through the addition of two Research and Policy Specialists and one Auditing Specialist. These staff members will improve the critical functions of analyzing various organizational policies, identifying disturbing patterns and trends, and recommending improvements. The policy oversight function will also be aided through the addition of a Fire and Police Commission Oversight Special Fund which will strengthen the Commission’s ability to assess the quality and effectiveness of key functions within the Fire and Police Departments. The addition of an Executive Director will allow the Community Relations Manger to increase outreach activities and solicit feedback from the community to increase public awareness of the commission and gauge public perception of the Commission and Fire and Police Departments. Additional funding is also allocated to increase the number of Fire and Police Commissioners from five to seven. This particular change requires an amendment to state statute and is currently being pursued by the city.

Figure 3



DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Auditing Specialist	Positions fully funded and retitled to better reflect duties of positions.
1	1.00		Research and Policy Specialist	
-2	-0.50		Investigator	
0	1.50		Totals	

FIRE DEPARTMENT

EXECUTIVE SUMMARY

- MISSION:** To protect people and property within the city by providing rapid and professional public safety services essential to the health, safety, and well being of city residents.
- SERVICES:** Emergency operations including fire suppression, emergency medical, and other emergency response services.
- Fire safety community education programming, Fire Fighter training, and support services.
- STRATEGIC ISSUES:** Allocating the resources of fire and emergency medical services based on community needs.
- Using technology and resources to develop community fire safety awareness programs.
- Reducing injury and sick leave impacts by implementing health and safety programs in the field.
- Align the resources of Emergency Medical Services based on demographic shifts in the community and establish contracts with private ambulance providers that implement accountability measures.

BUDGET SUMMARY

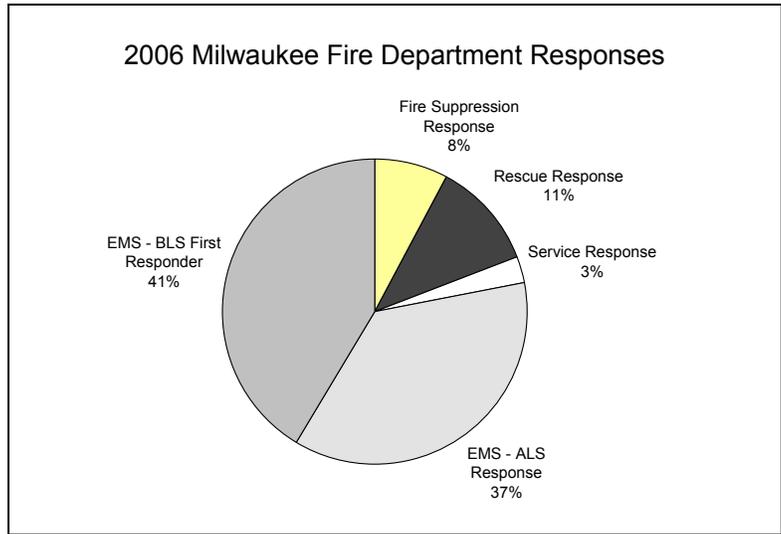
	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	1,167.12	1,140.82	1,153.51	1,120.51	-20.31	-33.00
FTEs - Other	9.67	9.10	6.96	6.96	-2.14	0.00
Total Positions Authorized	1,151	1,152	1,093	1,140	-12	47
EXPENDITURES						
Salaries and Wages	\$71,106,100	\$68,430,091	\$70,304,923	\$69,045,794	\$615,703	\$-1,259,129
Fringe Benefits	25,463,872	23,265,243	23,903,673	23,475,570	210,327	-428,103
Operating Expenditures	4,466,623	4,172,339	4,598,600	4,598,600	426,261	0
Equipment	544,608	199,905	203,865	203,865	3,960	0
Special Funds	61,929	139,000	139,000	89,000	-50,000	-50,000
TOTAL	<u>\$101,643,132</u>	<u>\$96,206,578</u>	<u>\$99,150,061</u>	<u>\$97,412,829</u>	<u>\$1,206,251</u>	<u>\$-1,737,232</u>
REVENUES						
Charges for Services	<u>\$5,906,660</u>	<u>\$5,764,400</u>	<u>\$5,734,400</u>	<u>\$5,734,400</u>	<u>\$-30,000</u>	<u>\$0</u>
TOTAL	<u>\$5,906,660</u>	<u>\$5,764,400</u>	<u>\$5,734,400</u>	<u>\$5,734,400</u>	<u>\$-30,000</u>	<u>\$0</u>

BACKGROUND

The Milwaukee Fire Department (MFD) has provided emergency and fire suppression services since 1875. The department serves the residents of Milwaukee and West Milwaukee through 36 firehouses that are structured into five organizational bureaus. Some units have the added responsibilities of special teams: Dive Rescue, Hazardous Materials (HazMat), and the Heavy Urban Rescue Team (HURT). The department is staffed to provide an aggressive level of fire prevention and public safety activities.

The Milwaukee Fire Department responds to a variety of calls for service beyond fire suppression. Calls can range from five alarm structure fires to residential heating or lock out troubles to auto extrications (see Figure 1). Since the 1970's, the department has also provided Emergency Medical Services (EMS). The department participates as a first responder in the citywide system to provide Basic Life Support services with private sector ambulance providers, and provides paramedic or Advanced Life Support services under Milwaukee County oversight. Total EMS calls constitute 78% of all requests to the Fire Department for emergency services. In 2006 the department provided 51,862 EMS responses. Of those, 24,477 were for Advanced Life Support services and 27,385 were for first responses to Basic Life Support call.

Figure 1



Service 1

Emergency Operations		2006	2007	2008
Activities:		Experience	Budget	Projection
Fire suppression, Emergency Medical Services, other emergency services (HURT, HAZMAT, Dive Rescue) and disaster preparedness.				
Performance Measures:	Percentage of responses within five minutes of call.	90.1%	95.0%	95.0%
	Percentage of fires held to room of origin.	42.2%	50.0%	50.0%
Funding by Source:	Operating Funds	\$91,609,802	\$87,893,765	\$88,997,165
	Grants and Reimbursables	426,905	339,036	274,436
	Capital Budget	5,177,696	2,918,000	3,208,000
	Totals	\$97,214,403	\$91,150,801	\$92,479,601

SERVICE IMPROVEMENTS AND RESULTS

The Emergency Operations Division promotes the Mayor's key outcome of neighborhood investment through the provision of high capacity fire suppression, emergency medical, and specialized rescue services. The ability to respond rapidly and with appropriate resources to an emergency incident fosters investment as citizens are assured that their health and assets are protected. This service also provides for a healthy and safe citizenry through the provision of Emergency Medical Services at the Basic Life Support (BLS) and Advanced Life Support (ALS) levels.

Timely response to events has a direct impact on the outcome of any emergency. The success of this strategy is measured by an average response time of five minutes or less for 95% of calls received for EMS, Dive Rescue, Fire Suppression, HAZMAT, Heavy Urban Rescue, and other non-fire emergencies (the National Fire Protection Association sets the standard goal at 90% of calls being responded to in five minutes or less). As Figure 2 indicates, the department is meeting its goal for the most critical types of Fire and EMS calls. These are the calls where quick

response is most critical to saving lives. Of the total 66,364 calls for service responded to by the MFD in 2006, 90.1% were responded to within five minutes or less.

The department uses several other measures to track its progress in fire suppression efforts. The CAD system has allowed the department to participate effectively in the Mayor’s AIM program and use a high level of data in analyzing public safety efforts. In 2006, the department set a goal to increase the number of structure fires held to room of origin. This goal impacts both safety for residents and Fire Fighters when on scene and also decreases the amount of damage and lost value to property. In 2006 the Milwaukee Fire Department kept 42.2% of fires to room of origin, up from 37% in 2005.

Indicators tracked through the AIM program also show that the Advanced Life Support responses provided by the Milwaukee Fire Department have a positive impact on survival rates for penetrating trauma incidents. In 2006, of the 144 stabbings incidents responders treated, 143 patients or 99.3% survived. Of the 381 gun shot wound EMS responses, 357 or 93.7% of the victims survived. Since 2004, the Mayor has added two MED units to the department, and in 2008 maintains the city’s funding commitment to this critical service. With the implementation of the new units, the Milwaukee Fire Department has been better able to meet national response and run volume standards for its ALS Program.

Figure 2

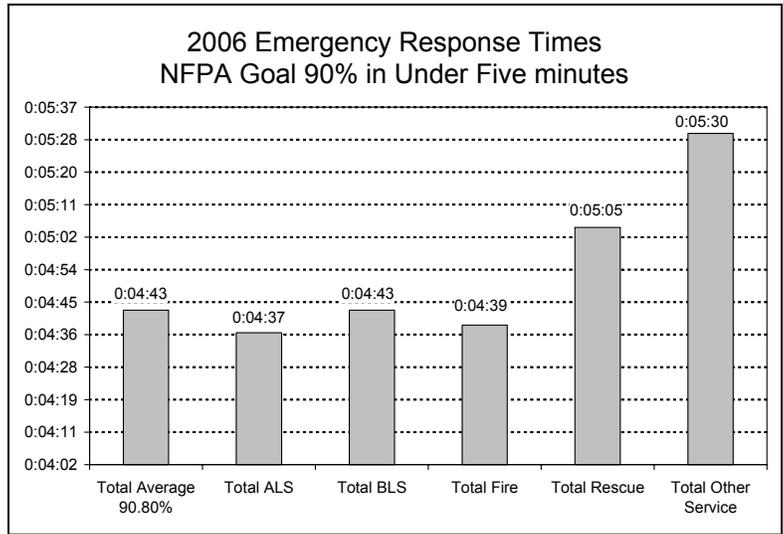
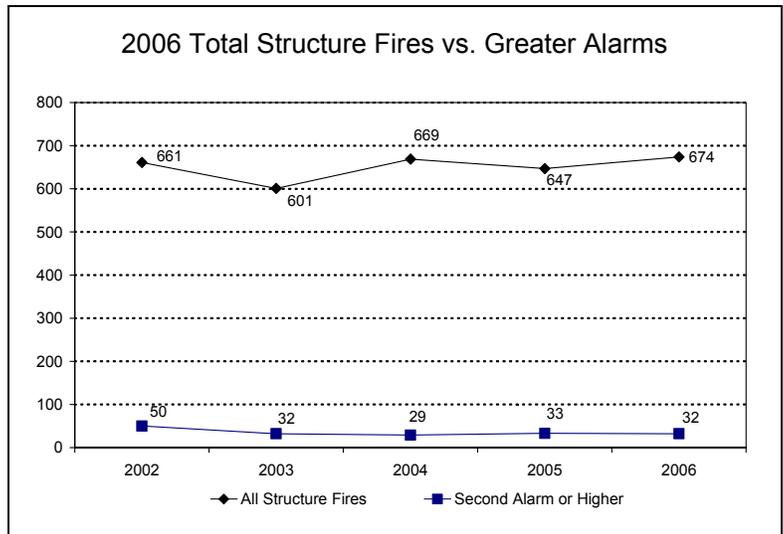


Figure 3



SERVICE AND RESOURCE CHANGES

National Staffing Standards on Ladder Companies: A staffing study finalized in 2005 confirmed that Fire Station density conditions within the City of Milwaukee show significant overlap and that moving Milwaukee Fire Department staffing levels toward the nationally accepted standard of four Fire Fighters on ladders does not change the effective coverage areas or emergency response times. Figure 3 shows the number of structure fires that reached the second alarm or higher level between 2002 and 2006. Structure fires totaled 674 in 2006, 32 of which went above a single alarm. GIS analysis also demonstrates more than 88% of calls could receive 24 or more Fire Fighters on scene for a full structure fire response within the nationally recommended eight minutes or less, meeting the national standard for cities of our size. This study also determined the level of response overlap and number of stations provides sufficient coverage for call concurrency.

The 2008 proposed budget reduces staffing on three of the city’s 16 Ladder Companies from five to four personnel. This proposed reduction continues the 2007 move that proposed staffing half of the city’s 16 ladder companies with

four personnel (five are currently staffed at four Fire Fighters). The remaining eight Ladder Companies will continue to be staffed at five Fire Fighters and these companies will be assigned by the Fire Chief to areas of the city with the greatest need in terms of housing stock, housing age and density conditions. Reductions in previous years have not shown impacts on response times or other measures used to determine effective levels of service. The 2008 proposed budget also reduces the fifth Fire Fighter on Engine 20.

Service 2

Fire Education, Training, and Support Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Fire education, inspections, pre-incident planning, infrastructure support (shop, IT services, dispatch) training and administrative support.				
Performance Measures:	Number of residential fire prevention contacts.	11,039	20,000	25,000
	Smoke Detectors found operational in one and two family residential units	10,543	15,000	15,000
Funding by Source:	Operating Funds	\$10,033,330	\$8,312,813	\$8,415,664
	Grants and Reimbursables	144,104	166,100	232,744
	Totals	\$10,177,434	\$8,478,913	\$8,648,408

SERVICE IMPROVEMENTS AND RESULTS

This division nurtures investment by ensuring that MFD employees are trained to provide the highest level of fire suppression and Emergency Medical Services. This service also provides for a healthy environment by providing fire safety and fire prevention education to the community, especially to neighborhoods at highest risk of fire.

Currently, the department’s Bureau of Instruction and Training conducts over 40,000 hours of initial training, refresher, and skill enhancing courses each year. This training encompasses all levels of fire suppression, Emergency Medical Services (BLS and ALS) and specialized rescue operations ensuring that responding personnel have the knowledge, skill, and experience to effectively address any emergency situation. The department also has extensive fire safety, fire prevention, and life safety education programs.

The department’s community programs emphasize fire prevention because fewer fires create fewer situations where a fire death could occur. Fire Fighters Out Creating Urban Safety (FOCUS) involves Fire Fighters going door-to-door to install smoke detectors, replace batteries, and distribute fire prevention and medical services information in the areas of the city with the greatest incidence of fire. The 2008 Community Development Block Grant funding allocation plan maintains funding for this program at the 2007 level of \$255,000.

In 2005 the department made 13,104 fire prevention contacts in the community and 11,039 in 2006. Education programs include Sesame Street, Elder Safe, the Survive Alive House, and the Mobile Survive Alive Houses. These programs teach children and adults how to react when there is a fire in the home, including proper escape procedures and calling 9-1-1. The department continues to evaluate its outreach efforts and in 2008 will analyze new technologies in smoke detectors that make it more difficult for homeowners to disable them.

SERVICE RESOURCES AND CHANGES

Managing emergency and non-emergency injuries in the Fire Department continues to be a challenge. These injuries have a major budget impact. The 2006 and 2007 budgets invested in managing Fire Fighter safety through the funding of Incident Safety Officers in the Fire Fighting Division and a Health and Safety Officer in the Support Services Section. The aim was to coordinate fire house programs and review workplace conditions. In 2006,

slightly over 35% of injuries in the Fire Fighting Division of the department are occurring in non-emergency situations, no change from 2005. The Fire Chief is working closely with the Department of Employee Relations and labor representatives to address this critical safety and financial issue.

CAPITAL PROJECTS

The 2008 capital budget supports the critical needs of the Fire Department in terms of major equipment and facilities maintenance. The department will replace roofs on four fire houses in 2008 and continue the replacement cycle for its pumpers, ladder trucks and ambulances.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-12	-12.00		Fire Fighter	Reduction of staffing from 5 to 4 personnel on 3 ladder companies and 1 engine company.
-1		-1.00	Battalion Chief Fire	Change to UASI Grant.
1		1.00	Homeland Security Preparedness Chief	
1		1.00	UASI Grant Intelligence Analyst	
-1			Auxiliary Deputy Chief	Reduction in unfunded Auxiliary authority.
	-8.31	-3.14	Various Positions	FTE and special duty adjustments to reflect changes.
-12	-20.31	-2.14	Totals	

HEALTH DEPARTMENT

EXECUTIVE SUMMARY

MISSION:	To ensure that services are available to enhance the health of individuals and families, promote healthy neighborhoods, and safeguard the health of the Milwaukee community.
SERVICES:	Disease control and prevention. Maternal and child health. Home environmental health. Consumer environmental health. Healthy behaviors and health care access.
STRATEGIC ISSUES:	Control communicable diseases, manage hazardous contamination of air, soil, and water and coordinate the preparation and response for public health emergencies. Promote healthy birth outcomes for infants and focus on school readiness efforts for preschool children including immunizations. Focus on preventable conditions like childhood lead poisoning and asthma through the health and safety of the home and family environment. Through licensing, inspection, investigation, enforcement and education, promote outcomes of safe food, equity, fairness and safety of consumer purchases in retail establishments. Promote health insurance and other benefits that improve the overall well being of families and neighborhoods. Continue to refine alternatives to achieve community health goals rather than simply providing more services. Forming partnerships with other public and private organizations has become more critical.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	167.55	157.24	154.95	162.83	5.59	7.88
FTEs - Other	108.79	127.00	112.30	110.80	-16.20	-1.50
Total Positions Authorized	326	337	314	310	-27	-4
EXPENDITURES						
Salaries and Wages	\$8,554,556	\$8,081,618	\$8,032,371	\$8,357,867	\$276,249	\$325,496
Fringe Benefits	3,766,252	3,394,280	3,293,272	3,426,725	32,445	133,453
Operating Expenditures	1,763,507	1,827,987	1,900,429	1,900,429	72,442	0
Equipment	0	15,000	15,000	15,000	0	0
Special Funds	110,613	391,000	251,000	181,000	-210,000	-70,000
TOTAL	\$14,194,928	\$13,709,885	\$13,492,072	\$13,881,021	\$171,136	\$388,949
REVENUES						
Charges for Services	\$666,685	\$718,175	\$797,675	\$755,575	\$37,400	-\$42,100
Licenses and Permits	1,878,612	1,943,200	1,950,075	1,889,375	-53,825	-60,700
TOTAL	\$2,545,297	\$2,661,375	\$2,747,750	\$2,644,950	-\$16,425	-\$102,800

BACKGROUND

The Milwaukee Health Department focuses its efforts on public health assessment, policy development and service availability as well as accessibility to health related services. The Health Department operates from three health centers located throughout the city

The Health Department's 2008 proposed budget emphasizes services that create early childhood conditions that lead to success and provide for a healthy environment, two of Mayor Barrett's Key Outcomes to improve residents' lives in Milwaukee. Operating efficiencies in administrative support functions allow the Health Department to continue serving the city's neediest client populations. The 2008 proposed budget maintains services

to mothers, babies, young children, and women. It provides funding to ensure that all city residents have access to health care coverage. It maintains monitoring and response capabilities for a wide range of communicable diseases including tuberculosis, sexually transmitted diseases, emergent threats such as West Nile Virus, and bioterrorism. Food inspections of restaurants and other necessary inspection practices continue to be a priority. State mandated programs and projects also are maintained at required levels.

It provides funding to ensure that all city residents have access to health care coverage. It maintains monitoring and response capabilities for a wide range of communicable diseases including tuberculosis, sexually transmitted diseases, emergent threats such as West Nile Virus, and bioterrorism. Food inspections of restaurants and other necessary inspection practices continue to be a priority. State mandated programs and projects also are maintained at required levels.

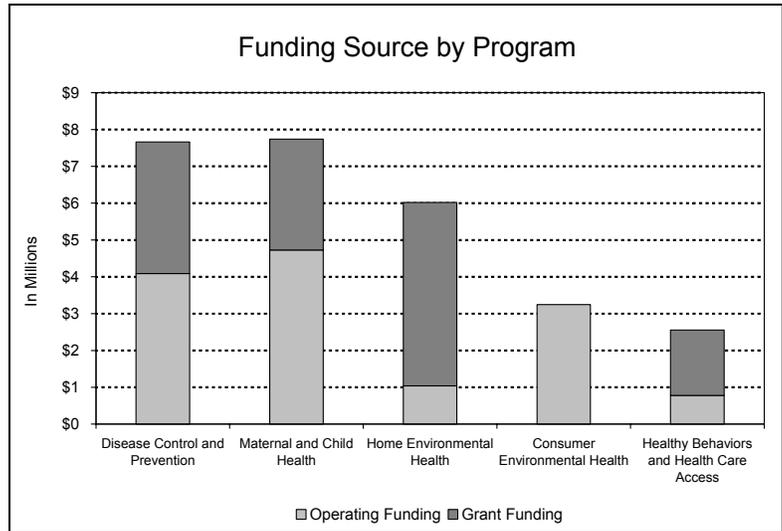
The 2008 proposed budget provides \$13.9 million of local tax levy funding. Grant funding from state and federal governments and foundations is expected to total \$13.3 million, which is a slight increase over 2007 expected grants. Overall grant and operating funding of \$27.2 million represents a \$900,000 increase from the \$26.3 million in 2007 (see Figure 1). Capital facilities funding for the Health Department's three health centers, laboratory facilities, and administrative offices totals \$800,000, a 68% increase from 2007.

In 2007, the Municipal Health Services Program (MHSP), which served clients at the Johnston Community Health Center and the Isaac Coggs Community Health Center, ceased operations. The loss of this grant funded health care program, resulted in the closure of the Johnston and Coggs Community Health Centers. The city anticipates significant savings of \$1.5 million in capital costs and \$500,000 in operating expenditures from the closure.

In order to ensure that the clients from the Johnston and Coggs Health Centers continue to receive crucial health services, the city established a partnership with the Sixteenth Street Community Health Center (SSCHC) and Milwaukee Health Services (MHS). Through this partnership, patients from Johnston and Coggs were able to make a smooth transition to the SSCHC and MHS. In 2007, to help accommodate the increase in clients the city committed \$280,000 through the Community Health Services Special Fund and is committing \$70,000 in 2008 to assist SSCHC and MHS complete the transition.

In 2008, the city continues to identify and fund critical services to address health disparity issues that exist in the community. Ensuring access to health care coverage for Milwaukee residents so they can obtain needed medical care and treatment will help improve overall health outcomes for the city. In 2005, approximately 100,000 or roughly 17% of city residents, including 7,000 children did not have health care coverage for all or part of the year. The Health Department's Medical Assistance Outreach Program, which identifies and assists eligible city residents enroll in health insurance, helps to fill this gap in the community. In 2008, grant funding will expire for three critical positions in the Medical Assistance Outreach Program. The 2008 proposed budget provides funding for those positions in order to maintain current service levels and emphasize the city's commitment to decrease existing health disparities.

Figure 1



In 2007, the Milwaukee Health Department underwent a reorganization to facilitate a more evenly distributed workload among the divisions and promote greater efficiencies within the department. The current organizational structure is based on a national model and will allow the department to effectively respond to the changing health needs of the city. The department will continue to focus on policies and provide services in the key areas of disease control and prevention, maternal and child health, home environmental health, consumer environmental health, and healthy behaviors.

Service 1

Disease Control and Prevention		2006	2007	2008
Activities:	Communicable disease surveillance and control, immunizations, HIV Aids prevention, tuberculosis prevention, water borne disease control, emergency preparedness and response, and environmental assessments.	Experience	Budget	Projection
Performance Measures:	Number of immunizations administered for the city and MPS.	27,444	26,119	27,000
	Number of clients seen at the STD clinic	6,912	7,000	7,250
Funding by Source:	Operating Funds	\$5,482,835	\$3,654,365	\$4,091,119
	Grants and Reimbursables	3,664,438	2,649,141	3,569,213
	Capital Budget	213,850	126,878	235,782
	Totals	\$9,361,123	\$6,430,384	\$7,896,114

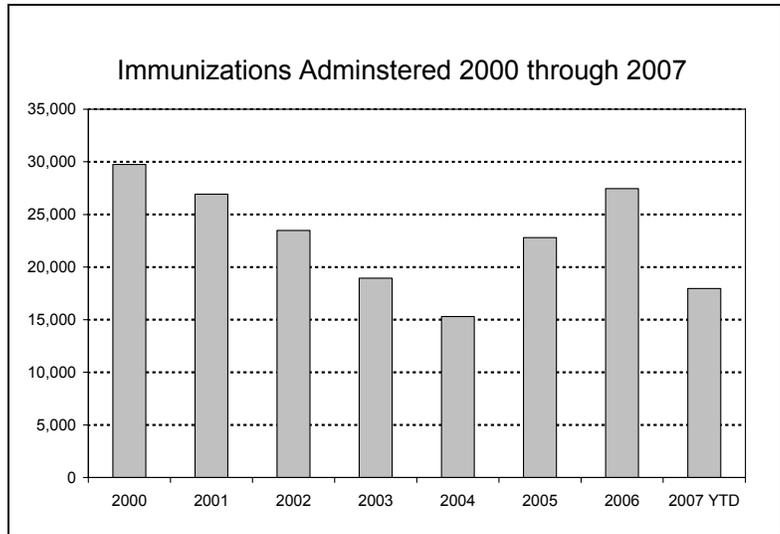
SERVICE IMPROVEMENTS AND RESULTS

The Health Department’s efforts in Disease Control and Prevention are focused on immunizations, sexually transmitted diseases, communicable disease surveillance and control, and bioterrorist preparedness.

The United States Department of Health and Human Services (DHHS) has established a goal to have 90% of children complete the primary immunization series. The goal of 90% is considered an appropriate level of protection to prevent or minimize outbreaks of vaccine-preventable diseases which have become more prevalent in the United States.

The city has adopted the DHHS goal of 90% and is working to improve immunization rates remains a high priority. Although the amount of immunizations administered in the city steadily decreased from 2000 through 2004, in 2005 rates started to increase and continued through 2006 when 27,444 immunizations were administered to 11,095 individuals. This represents an increase of 20% over the amount of immunizations administered in 2005. In 2007, the department has administered approximately 17,958 immunizations through the beginning of September (see Figure 2).

Figure 2



Despite the recent increase in immunizations, the city’s primary immunization rates lag behind other communities in Wisconsin, and both Milwaukee County and the State of Wisconsin have primary immunization rates that are

roughly twice as high as Milwaukee. An Immunization Task Force was assembled to examine the city’s low immunization rates, identify immunization challenges that are unique to Milwaukee, and determine goals to address those challenges. The task force is comprised of members from the Milwaukee Health Department, MPS, the Wisconsin Division of Public Health, and the Milwaukee County District Attorney’s Office. The task force is finalizing short and long term recommendations that will provide strategic guidance to improve immunization rates.

SERVICE AND RESOURCE CHANGES

School Readiness Immunization Initiative: The 2008 proposed budget provides continues funding for the School Readiness Immunization Initiative to help improve immunization rates in the city. Funding for the program is used to support the establishment of more reliable baseline immunization data for the city and provide outreach to child care and health care providers to bridge any gaps in immunization data with those organizations. The initiative also helps to establish offsite immunization clinics and enhance immunization outreach and educational efforts.

Communicable and Emerging Infectious Disease Surveillance: In 2007, the Health Department became a trial site for the Wisconsin Electronic Disease Surveillance System (WEDSS) developed through the State of Wisconsin Division of Public Health. WEDSS represents a significant technological advancement in the electronic reporting of communicable diseases by medical providers and laboratories to local public health agencies in the region. This system will strengthen and enhance rapid reporting and response by the Health Department to potential emerging infectious diseases as well as communicable disease outbreaks. This includes earlier detection and warning to regional events such as the mumps and multi-state E. coli 0157:H7 spinach outbreaks which occurred in 2006 and routine monitoring of emerging infectious diseases such as West Nile Virus and multi-drug resistant tuberculosis.

Homeland Security and Public Health Emergency Preparedness: The Health Department has become integrally involved in several multi-disciplinary planning initiatives directed toward improving public health response to natural disasters and bioterrorism. The Health Department actively participates on a number of regional hospital and local public health boards, work groups and committees as well as coalitions involving private sector and non-governmental stakeholders involved in comprehensive communitywide emergency planning. The Urban Area Security Initiative (UASI) and Cities Readiness Initiative (CRI) are examples of collaborative regional approaches to emergency preparedness and response within the Milwaukee metropolitan area that focuses on public health coordination of medical surge capacity and distribution of pharmaceutical stockpiles in response to a bioterrorism event.

Service 2

Maternal and Child Health		2006	2007	2008
Activities:		Experience	Budget	Projection
	Prenatal and reproductive health, newborn screening, immunization, health education, preschool health, infant mortality reduction, and family health clinic.			
Performance Measures:	Number of new, return, and no response home visits	7,224	8,650	10,500
Funding by Source:	Operating Funds	\$3,731,874	\$5,065,010	\$4,726,692
	Grants and Reimbursables	3,151,966	3,810,646	3,011,316
	Capital Budget	145,556	175,854	272,412
	Totals	\$7,029,396	\$9,051,510	\$8,010,420

SERVICE IMPROVEMENTS AND RESULTS

The infant mortality rate (the number of children who die before their first birthday out of every 1,000 live births) is an important indicator of a community's overall social and economic well being. In 2005, non-Hispanic African Americans in the City of Milwaukee experienced a 15.7 per 1,000 infant mortality rate compared to a 7.0 rate for Hispanic residents and an 8.4 rate for non-Hispanic White residents. The rate for African Americans is 1.8 times higher than for whites. This disparity has remained over time as shown in Figure 3.

To help address infant health disparities in the city, the Health Department has implemented two intensive home visiting programs which emphasize healthy birth outcomes. The first program, the Empowering Families of Milwaukee project is a home visitation program targeting high risk pregnant women in zip codes 53204, 53205, 53206, 53208, 53212, and 53233. The program follows a multidisciplinary approach with a team of practitioners including nurses and social workers that provide outreach and home visitation services to clients. Visits begin in early pregnancy and continue up to the child's first five years. The Empowering Families of Milwaukee program began accepting enrollments in September of 2006. Through August 2007, the program has enrolled 230 new clients. There have been 56 infants born full term and 2 infants born prematurely through the program. In addition, 92% of the infants scored at or above age appropriate developmental levels.

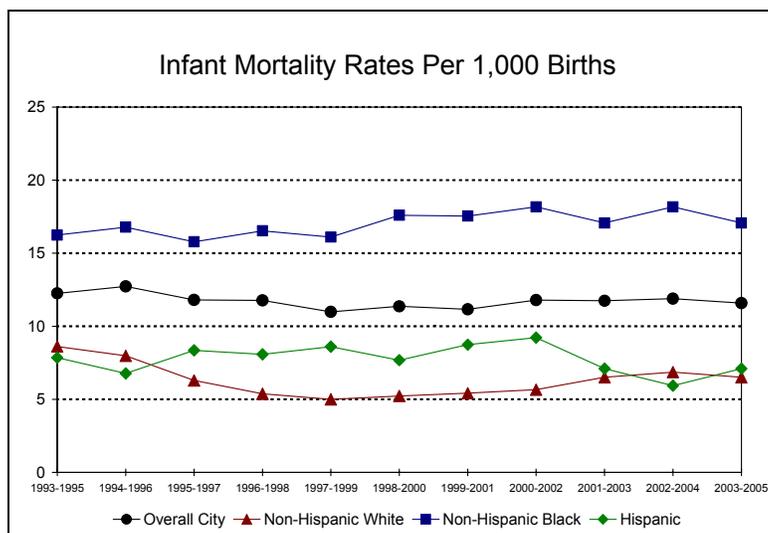
Another new program entitled the Nurse Family Partnership is funded through the University of Wisconsin and a partnership with Columbia/St. Mary's. The program, based on the "Olds Model" for improved birth outcomes, is the first of its kind to be implemented in Wisconsin. The Nurse Family Partnership provides nurse home visitation services to low income, first time pregnant women in zip codes 53204, 53210, 53212, and 53218. The program is being implemented with strict adherence to the national model where case management is carried out through a team of nurses. Visits begin in early pregnancy and continue until the child's second birthday. The Nurse Family Partnership focuses on improving pregnancy outcomes, improving child health and development as well as affecting positive maternal life change.

SERVICE AND RESOURCE CHANGES

The Health Department's 2008 proposed budget dedicates \$7.7 million to promote maternal and child health, including \$3 million of state and federal grant funds. Activities include promoting prenatal and reproductive health, improving birth outcomes, assessment and monitoring of vulnerable and chronically ill children, the WIC Nutrition Program, Health Check Screening Clinics, and immunizations.

Columbia/St. Mary's Funding Initiative: The 2008 proposed budget includes continued funding from Columbia/St. Mary's to help support the Nurse Family Partnership Program. The program was further expanded in 2007 with an additional funding commitment from the University of Wisconsin.

Figure 3



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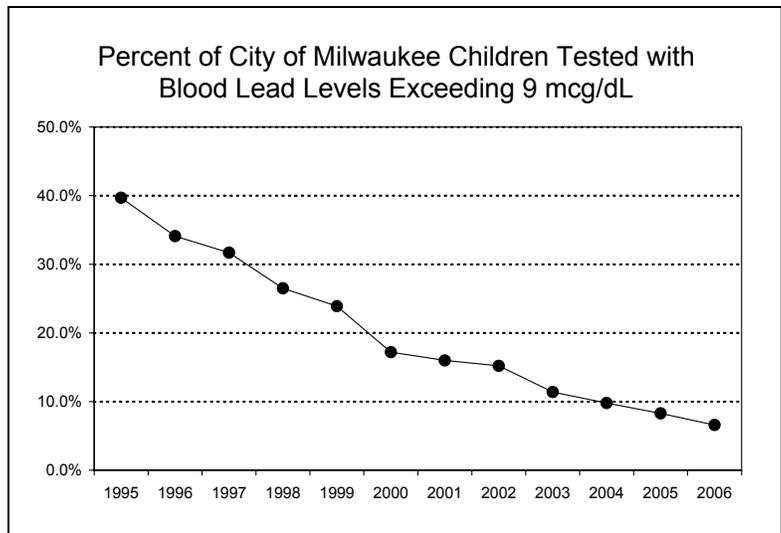
Service 3

Home Environmental Health		2006	2007	2008
Activities:		Experience	Budget	Projection
Lead poisoning prevention and treatment, asthma control, injury prevention, lead abatement, research, and surveillance.				
Performance Measures:	Percent of children aged 0-5 tested with blood lead levels exceeding 9 mcg/dL.	6.6%	N/A	6.3%
	Number of units made lead safe.	1,916	1,195	785
Funding by Source:	Operating Funds	\$1,202,939	\$1,004,451	\$1,038,873
	Grants and Reimbursables	6,905,689	4,010,969	4,981,273
	Capital Budget	46,919	34,874	59,873
	Totals	\$8,155,547	\$5,050,294	\$6,080,019

SERVICE IMPROVEMENTS AND RESULTS

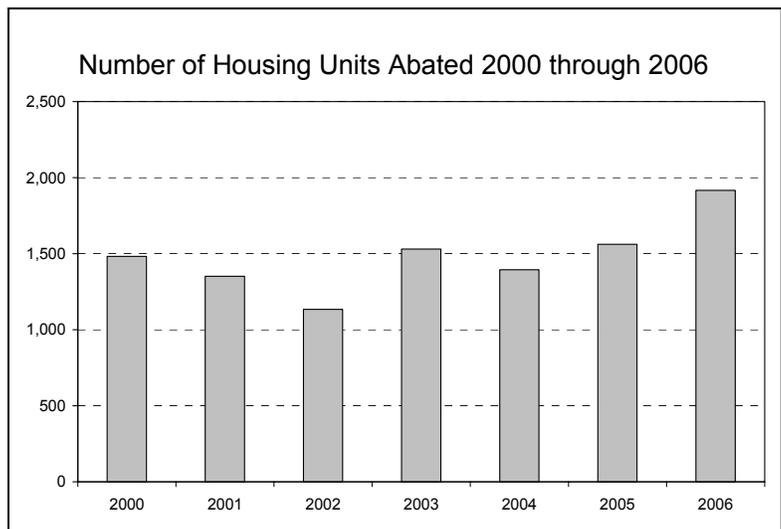
The Health Department continues to focus on health issues related to the home environment including lead poisoning, asthma, and unintended injuries. Recognized as one of the most successful lead poisoning control programs in the country, the Health Department’s Lead Program has significantly reduced the rate of lead poisoning among Milwaukee’s children. As Figure 4 indicates, the percentage of children aged 0 to 5 with high blood lead levels has declined from about 40% in 1995 to 6.6% in 2006. Approximately 1,916 units were made lead safe in 2006, an increase of almost 23% over the number abated in 2005 (see Figure 5). In 2007, 1,195 units are expected to be made lead safe.

Figure 4



The program’s success is due to aggressive treatment practices, which target city areas containing homes with the highest concentration of lead. The program also strives to proactively abate hazardous conditions in homes before children are poisoned.

Figure 5



SERVICE AND RESOURCE CHANGES

The 2008 proposed budget provides \$6 million in funding for comprehensive home environmental health activities including over \$4.9 million in federal and state grant program funding. Activities include lead poisoning prevention and treatment, unintentional injury prevention, and clinical and environmental lead laboratory work.

Position and Funding Changes: A number of lead grants are changing in 2008 which has resulted in some staff rearrangements. Although a funding reduction is expected due to the transition of HUD grant cycles, the department is working to secure other grant awards that will supplement the HUD funding. In 2008, CDBG lead grant funding will increase and fund one additional Lead Risk Assessor and increase the number of units abated.

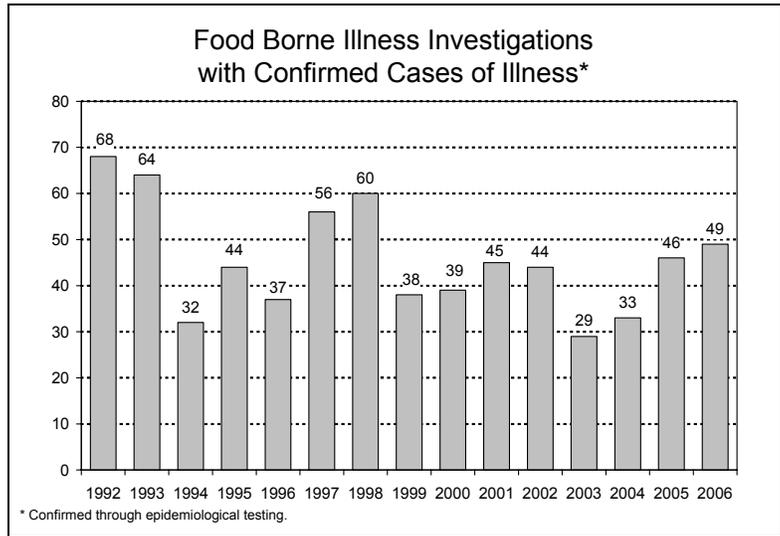
Service 4

Consumer Environmental Health		2006	2007	2008
Activities:	Food safety regulation and education, weights and measures, sales ordinance investigations, and fire safety inspections.			
		Experience	Budget	Projection
Performance Measures:	Percent of all food inspections with one or more critical risk violations.	34.0%	34.0%	32.0%
Funding by Source:	Operating Funds	\$2,739,787	\$3,218,686	\$3,245,596
	Grants and Reimbursables	8,821	14,200	14,100
	Capital Budget	106,861	111,751	187,052
	Totals	\$2,855,469	\$3,344,637	\$3,446,748

SERVICE IMPROVEMENTS AND RESULTS

The Health Department's success in protecting consumer environmental health is measured in part by the percent of inspections with critical risk violations. The department has a goal to reduce critical risk violations for all inspections, including initial site visits and follow-up inspections. In 2006, 34% of all inspections resulted in the identification of one or more critical risk violations. The most prevalent risks include improper holding, cross contamination, and personal hygiene. There was no change in the percentage of critical risk violations from 2005 to 2006. The Health Department continues to use the Hazard Analysis and Critical Control Point (HACCP) techniques in its inspections. These techniques allow Food Inspectors to identify hazards to food safety or product in relation to food preparation or processing and determine the critical control points required to prevent or control these hazards. As shown in Figure 6, the department investigated 49 possible food borne outbreaks that included confirmed cases of illness in 2006.

Figure 6



SERVICE AND RESOURCE CHANGES

The 2008 proposed budget includes over \$3.2 million in funding dedicated to improving the quality and safety of health related consumer products and services. Activities include food safety regulation and education, weights and measures enforcement, sales ordinance investigations, fire inspections in Health Department permitted facilities, convenience store security inspections, and tattoo and piercing establishment licensing.

Electronic Field Inspection System: Completion of a new electronic field inspection system took place in 2007. The new system allows food inspectors to establish mobile offices through the use of PC tablets and printers in the field to document and print inspection reports for operators immediately upon inspection completion. Inspectors are able to access the department’s main database, actively track inspection violations, provide immediate feedback to inspection violators, better analyze and track inspection data over time, and generate a variety of reports related to inspection activity.

Online Food Establishment Inspection Reporting System: In 2007, the Health Department unveiled a new system that allows the public to view inspection reports from restaurants, and food, and retail establishments that have been completed since January. The reports are updated daily so the information remains current and consumers can view the most recent conditions of city food establishments.

Service 5

Healthy Behaviors and Health Care Access		2006	2007	2008
Activities:	Health care access, cancer prevention, tobacco control and prevention, women's wellness program, domestic violence and sexual assault, elementary and adolescent school health.			
Performance Measures:	Number of clients signed up for insurance	Experience 2,416	Budget 4,200	Projection 8,000
Funding by Source:	Operating Funds	\$1,043,152	\$767,373	\$778,741
	Grants and Reimbursables	4,338,766	2,188,736	1,777,000
	Capital Budget	40,687	26,643	44,881
	Totals	\$5,422,605	\$2,982,752	\$2,600,622

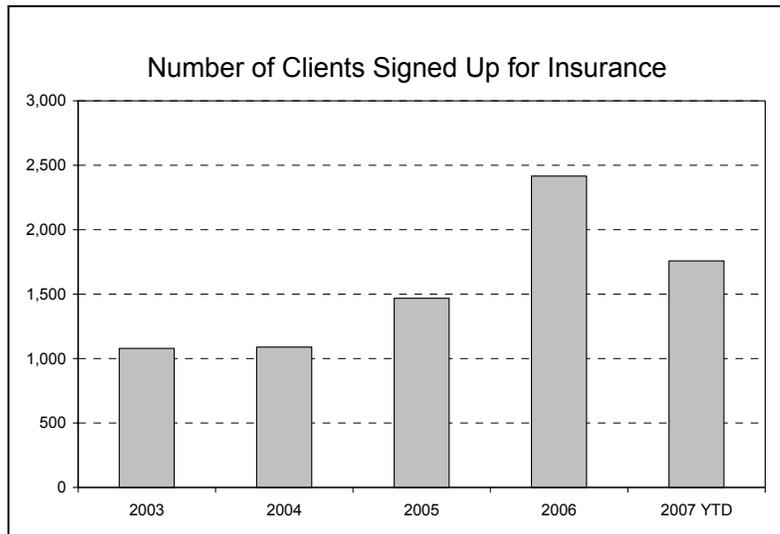
SERVICE IMPROVEMENTS AND RESULTS

Promoting healthy behaviors and access to health services in Milwaukee improves the health of residents. Poor health habits started in youth contribute to disease, disability, early death, and high health care costs. Rising rates of obesity and diabetes are becoming important public health concerns, emphasizing the importance of exercise and nutrition.

SERVICE AND RESOURCE CHANGES

The 2008 proposed budget devotes \$2.5 million in funding for Healthy Behaviors and Health Care Access including \$1.8 million in grant funding from state and federal governments. Activities include promoting and facilitating health care access for at-risk populations, tobacco control and prevention, and outreach to vulnerable and chronically ill adults.

Figure 7



Milwaukee continues to rank low in the state for health insurance coverage and has the state’s largest population of uninsured individuals. The Health Department’s Medical Assistance Outreach Program has been increasingly

successful in identifying and assisting individuals to sign up for insurance. Providing access to primary health care coverage allows citizens to seek adequate medical care through routine doctor visits and helps prevent future costly health interventions. In addition, increasing access to health insurance will help improve the overall health outcomes of the city. Since 2003, the program has helped over 7,000 clients sign up for insurance and has referred over 6,200 individuals to other support programs. In 2006, the program saw 3,452 individuals and helped 2,416 clients gain access to insurance (see Figure 7).

Medical Assistance Outreach: Funding is provided to maintain current staff levels in order to ensure that Milwaukee’s low income, uninsured and underinsured populations have access to health insurance coverage. Funding in 2008 will help cover one Public Health Educator and three Health Access Assistants who assist in identifying eligible populations, inform clients of the programs available, help with the application process and participate in outreach activities.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Injury and Prevention Program Manager	Position created in Office of Violence Prevention.
	0.50	-0.50	Health Project Coordinator	Funding shifted to O&M.
1	1.00		Health Information Specialist] Retitled and reclassified to better reflect duties of positions.
-1	-1.00		Public Health Nurse	
	-0.75		Custodial Worker II/City Laborer	Reduction due to operational efficiencies.
1	1.00		Program Assistant I] Retitled and reclassified to better reflect duties of positions.
-1	-1.00		Office Assistant IV	
-4	-4.00		Environmental Health Specialist II] Consolidation of South office to Northwest and Central.
4	4.00		Environmental Health Specialist II	
-1	-1.00		Environmental Health Specialist II	Reduction due to operational efficiencies.
1	1.00		MCH Operations Manager	Position created as part of departmental reorganization.
2		1.75	Public Health Nurse	Positions created through Nurse Family Partnership Grant.
-1		-1.00	Public Health Nurse	Position reduced in Child Care Preventive Health Services Grant.
-1	-0.50		Office Assistant II	Reduction due to operational efficiencies.
4	4.00		Public Health Nurse] Positions reassigned to Communicable Disease rotation.
-4	-4.00		Public Health Nurse	

HEALTH DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
5	5.00		Public Health Nurse	Positions reassigned to Comprehensive Home Visiting Program.
-5	-5.00		Public Health Nurse	
-1	-1.00		Public Health Nurse	Position reduced in Case Coordination Program.
-1		-1.00	Public Health Nurse	Position reduced in Health and Safety in Child Care Grant.
1		0.60	Public Health Nurse	Position created in Child Care Provider Assistance Grant.
-1		-1.00	Public Health Nurse	Positions reduced in Childhood Lead Detection Grant.
-1		-1.00	Program Assistant I	
1		0.75	Office Assistant II	Positions transferred to Childhood Lead Detection Grant.
1		0.50	Lead Hazard Prevention Manager	
-1		-1.00	Chemist II	Positions reduced in Lead Demonstration Grant.
-2		-2.00	Lead Risk Assessor II	
-1		-1.00	Office Assistant II	
-1		-1.00	Lead Project Coordinator	
-1		-1.00	Program Assistant II	
1		1.00	Lead Risk Assessor II	Position created through CDBG Lead Grant.
-1		-1.00	Health Project Coordinator Lead	Positions reduced in Lead Outreach Grant.
-1		-1.00	Lead Education Assistant	
-1		-1.00	Lead Hazard Prevention Manager	Positions reduced in Lead Based Paint Hazard Control Grant.
-3		-3.00	Lead Risk Assessor II	
-1		-1.00	Community Lead Program Manager	
-1		-1.00	Chemist II	
-1		-1.00	Laboratory Assistant II	
-1		-1.00	Health Services Assistant II	
-1		-1.00	Program Assistant II	

HEALTH DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1		1.00	Lead Project Coordinator	Positions added through Lead Hazard Reduction Demonstration Grant.
2		2.00	Lead Risk Assessor II	
1		1.00	Program Assistant II	
1		1.00	Health Education Assistant	
1		1.00	Chemist II	
	-0.40		Employee Assistance Coordinator	Reduction needed to balance budget.
-1		-0.40	Public Health Nurse	Position reduced in Adolescent Community Health Grant.
		0.50	Office Assistant II	Positions added through Preventive Health Grant.
1		0.50	Health Project Coordinator	
-1		-0.25	MHSP Program Manager	Positions reduced in Municipal Health Services Grant.
-1		-0.25	Office Assistant III	
	3.00	-3.00	Health Access Assistant	Positions shifted to O&M funding in Medical Assistance Outreach Program.
	0.75		Public Health Educator	
-1	-1.00		Office Assistant II	Reduction due to operational efficiencies.
-1	-0.50		Office Assistant II	
1		1.00	Health Project Coordinator	Position created through Bioterrorism Grant.
-1		-1.00	Public Health Nurse	Positions reduced in Immunization Action Plan Grant.
-1		-0.50	Office Assistant II	
1		1.00	Public Health Nurse	Positions changed through Childhood Immunization Disparities Grant.
1		0.50	Office Assistant II	
-1		-1.00	Public Health Educator II	
-1		-1.00	Health Services Assistant	
1	1.00		Chief Molecular Scientist	Retitled to better reflect duties of positions.
-1	-1.00		Chief Virologist	

HEALTH DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1		-1.00	Microbiologist III	Reduction in Bioterrorism Focus C Grant.
-10			Auxiliary Public Health Nurse	Reduction in vacant Auxiliary positions.
	3.36		Personal Cost Adjustment to FTE	
-1	1.13	-0.40	Miscellaneous Adjustment	
-27	5.59	-16.20	Totals	

LIBRARY

EXECUTIVE SUMMARY

- MISSION:** Provide a gateway to an expanding world of information and to library services, guide citizens in their pursuit of knowledge and lifelong learning.
- SERVICES:** Library services, including collections, technology resources, and educational programs that promote literacy and economic development, enhance residents well being and meet the informational needs of Milwaukee's diverse population.
- STRATEGIC ISSUES:** Develop programs and services that enhance literacy, school success, and employability.
- Use technology to make services more effective and less costly.
- Align facilities to provide sustainable delivery of services.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	330.00	325.96	312.29	323.82	-2.14	11.53
FTEs - Other	26.72	24.47	23.92	24.12	-0.35	0.20
Total Positions Authorized	402	398	387	396	-2	9
EXPENDITURES						
Salaries and Wages	\$12,965,160	\$12,850,330	\$12,712,719	\$12,978,290	\$127,960	\$265,571
Fringe Benefits	5,480,163	5,397,139	5,212,215	5,321,089	-76,050	108,874
Operating Expenditures	2,082,348	2,185,939	2,234,679	2,234,679	48,740	0
Equipment	2,334,291	1,976,746	1,840,202	1,809,321	-167,425	-30,881
Special Funds	800,309	500,000	0	0	-500,000	0
TOTAL	<u>\$23,662,271</u>	<u>\$22,910,154</u>	<u>\$21,999,815</u>	<u>\$22,343,379</u>	<u>\$-566,775</u>	<u>\$343,564</u>
REVENUES						
Charges for Services	\$1,891,976	\$1,895,500	\$1,904,200	\$1,904,200	\$8,700	\$0
TOTAL	<u>\$1,891,976</u>	<u>\$1,895,500</u>	<u>\$1,904,200</u>	<u>\$1,904,200</u>	<u>\$8,700</u>	<u>\$0</u>

BACKGROUND

The Milwaukee Public Library provides materials, services, and facilities for citizens of Milwaukee and the county in order to meet present and future informational needs. Over three million items and various online resources are available at 13 libraries located throughout the city. These libraries enhance the quality of life in Milwaukee's neighborhoods and contribute to community awareness, school readiness, academic success, literacy, and job skills development.

Library services include access to information and training related to developing a skilled workforce. Information needed for self-improvement in the area of job skills is available at all libraries but are given special emphasis in four neighborhood libraries that are designated as job centers and at the Central Library. In addition, several of these libraries offer walk-in assistance for help in completing resumes, online job applications, and assistance with online job searches. The Library's commitment to workforce and economic development also includes its partnerships with the UW Milwaukee Small Business Development Center, MATC, SCORE, and other community

organizations. These partnerships have resulted in the Library gaining the capacity to offer various programs, including business planning assistance and GED studies, aimed at developing entrepreneurship and economic self-sufficiency skills for city and county residents.

Four additional libraries are designed literacy centers, that provide tutoring programs and special materials designed to develop basic reading skills. The Library focuses on developing adult literacy in order to address problems with employability, job retention, and basic literacy. One-on-one tutoring is available at five libraries with walk-in tutoring offered at Washington Park Library. Public computer classes are offered in partnership with private donors and there is access to public computer workstations and the Internet at each library. These workstations are available during all library hours. In 2008, eight libraries will be open six days a week; four libraries will be open five days a week. Hours will range from 36.5 to 60 hours per week, with three libraries (Zablocki, Capital, and Central) open on Sundays from October through April.

Early and continued exposure of children to books and reading leads to reading-readiness skills, which translate into reading achievement and success in school and life. Children’s Librarians are assigned to all libraries. They select and recommend appropriate materials for young children, provide guidance to parents and caregivers, and offer in-house, distance and online reading programs. In addition, the Books2Go Program provides outreach services to childcare providers in the neediest areas. Librarians visit childcare centers, train providers, and facilitate library visits. As children grow, the Library has various programs and services to support their educational needs including age appropriate summer reading programs and homework assistance during the school year.

Service 1

Library Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Circulation services, Ready Reference, collection development, Mobile Library and Outreach Services, Milwaukee County Federated Library System Resource Library, Wisconsin Regional Library for the Blind and Physically Handicapped, adult literacy, tutoring, computer training, children's programs, community outreach, and information technology services.				
Performance Measures:	Library program attendance.	85,861	90,150	91,950
	Hours of computer use per capita	0.81	0.85	0.89
	Library circulation per capita.	4.73	4.55	4.43
	Library cardholders as percentage of population.	58.1%	54.0%	58.0%
	Visits per capita.	4.16	4.24	3.94
Funding by Source:	Operating Funds	\$23,662,271	\$22,910,154	\$22,343,379
	Grants and Reimbursables	1,015,833	1,837,108	1,840,062
	Capital Budget	1,060,000	830,000	1,238,073
	Totals	\$25,738,104	\$25,577,262	\$25,421,514

SERVICE IMPROVEMENTS AND RESULTS

Traditional measures of library use, including circulation and patron count, have been on a downward trend in recent years (see Figure 1). There may be several factors influencing this trend, including decreases in materials purchased and public service hours and changes in digital content delivery. The Library is working to change this trend through innovative programming designed to attract more patrons and through expanded technological resources and services.

The amount and type of Library programming affects the Library's ability to attract patrons. In recent years, the number of programs offered, and the number of program attendees has increased. The Library has offered programs for a variety of audiences, from Harry Potter and Curious George events for youth, Life After High School seminars for young adults, to poetry discussions for adult residents. Overall, the number of program attendees increased 15% since 2004 (see Figure 2).

The Library will continue its successful efforts to increase the number of residents using its resources by strategically aligning its technical resources and neighborhood facilities to the changing needs of Milwaukee's population. In 2007, the Library began to develop a strategic facilities plan. The plan will examine each Library facility and evaluate its long term viability and condition. The planning process includes opportunities for community input.

The Library's provision of information resources has expanded beyond traditional collections and reference to include an increasing amount of computer based information and technical skills development. In 2006, the Library offered 432 computer classes which focused on providing residents with basic computer skills. Class attendance totaled over 4,200 people, with most classes at or near capacity. Since the Public Training Program was created in 1999, the Library has offered 3,625 classes with attendance of nearly 32,000. The overall number of

computer hours used throughout the Library also continued to increase in 2006. The number of library computer hours registered in 2006 increased by 1.2% over the 2005 amount to 475,765. In addition, more residents are accessing library information and materials through online sources as evidenced by the increased use of remote services offered through the Library's website. The Library's focus on technology, including Internet based databases, virtual reference and other services via the web page, and adaptive and assistive technologies, has increased its ability to serve different populations, including the elderly and physically handicapped, who do not always have access to traditional library resources.

SERVICE AND RESOURCE CHANGES

Books and Materials: The Library's 2008 proposed budget for materials is decreased by \$209,932. Material purchases will be prioritized to support the Library's strategic plan.

Figure 1

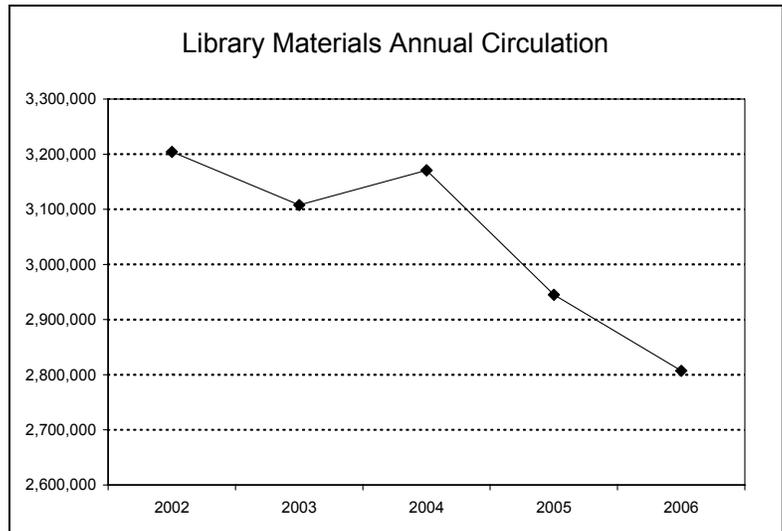
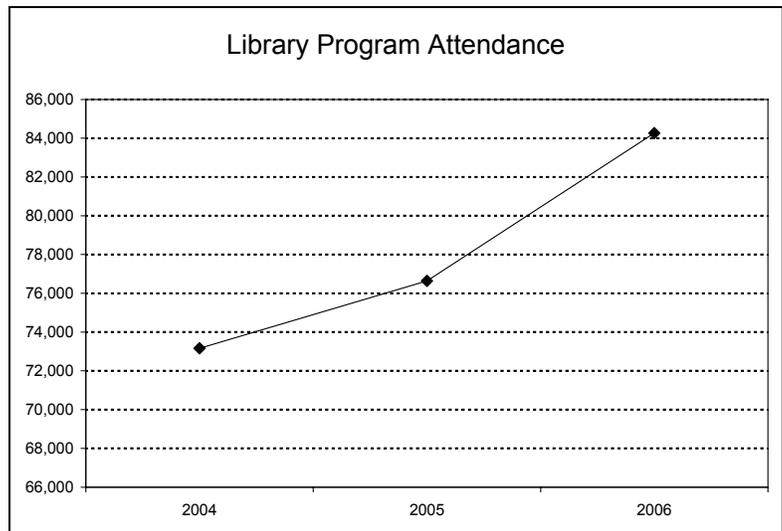


Figure 2



Consolidation of Central Library Services: Central Library will reconfigure public service staffing in 2008. The periodicals and business desks will be consolidated and staff cross trained to provide service with fewer staff. Services in the Media Room will rely more on paraprofessional staff, who will handle most common requests for assistance and be trained to assist with the circulation of media materials.

Library Hours: The 2008 proposed budget changes the number of public service hours at most Neighborhood Libraries. This change allows the Library to offer a high level of services throughout the city despite a reduction in overall personnel. The Library will make adjustments in order to standardize opening times, moving the opening of some libraries from 10:30 a.m. to 10:00 a.m. More standardized and predictable hours are expected to improve service.

Elimination of Media Holds: As a result of the realignment of services in the Central Library Media Room and a reduction in the neighborhood services pool, in 2008, the Library will be discontinuing holds of media items throughout Central and all Neighborhood Libraries. This service reduction will allow Library staff to focus more attention on public service and will allow for more media materials to be available to walk-in library patrons on a daily basis.

Reduction of Periodicals Binding: The Library will eliminate most binding of periodicals, limiting binding to a select number of the most critical titles. Other periodicals will be retained and shelved in specially designed boxes. This change will allow the Library to maintain the periodicals collection with one less bindery position.

Reorganization of Teen and Community Outreach Services: To provide better services to teens, daycares, nursing homes, and other outside organizations; mobile, community outreach and young adult services will all be managed as one department. A current Librarian IV position will be replaced by a Management Librarian that will report to the Coordinator of Children’s Services.

Additional Materials Purchases: The 2008 proposed budget includes an additional \$98,000 for the purchase of library materials, including electronic databases and books. These purchases will provide the residents of the city and county additional access to information and resources while allowing the Library to continue to promote its goal of increased literacy. This expenditure will be funded by reallocation of tax levy, pending Council approval of the Mayor’s proposed revenue initiative. Expenditure authority must be provided through budget amendment. *(For further information see the Introduction Section to the Proposed Plan and Executive Budget Summary.)*

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-0.96		Librarian II	Efficiencies.
-1	-0.54		Library Circulation Aide] Reduction needed to balance the budget.
-2	-1.93		Library Circulation Assistant I	
-2	-1.93		Librarian II	
-1	-0.96		Bookbinder	
1	0.96		Library Services Assistant	Adjusted service level for MLOS.

LIBRARY

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason	
-1	-0.96		Inventory Control Assistant	Adjusted service levels and priorities.	
1	0.96		Program Assistant Ii		
1	0.96		Librarian III		
-1	-0.96		Librarian III		
-1	-0.96		Library Business Manager		
1	0.77	0.19	Library Business Manager		
1			Security Manager		
4	3.42		Librarian II		
1	0.96		Library Reference Assistant		
-1	-0.96		Library Services Assistant		
1	0.96		Library Services Assistant		
-2	-1.93		Library Circulation Assistant II		
2	1.93		Library Circulation Assistant II		
-1	-0.96		Librarian IV		
1	0.96		Management Librarian		
-1	-0.96		Librarian III		
1	0.96		Community Outreach Specialist		
-1	-0.96		Library Reference Assistant		
-1	-0.96		City Librarian		Position reclassifications.
1	0.96		Milwaukee Public Library Director		
-1	-0.96		Manager of Neighborhood and Extension Services		
1	0.96		N/L's and Community Partnerships Director		
-1	-0.96		Manager of Central Library Serviced		
1	0.96		Central Library and Special Projects Director	Funding loss due to grant level changes.	
-1		-0.54	Librarian Circulation Aide		
	-0.01		Miscellaneous Adjustment		
-2	-2.14	-0.35	Totals		

MAYOR'S OFFICE

EXECUTIVE SUMMARY

- MISSION:** Effectively manage city government, provide community leadership, and advance the city's interests with other governments so the citizens of Milwaukee can prosper and achieve a high quality of life. Empower the city to serve as the economic, social, and cultural hub of the metropolitan area.
- SERVICES:** Develop and implement policies and programs that ensure that the citizens of Milwaukee receive a high value of services and that the city and its residents prosper.
- STRATEGIC ISSUES:** Creating an accountable government structure that works to:
- Use Milwaukee's competitive advantages to spark economic growth and development in the City of Milwaukee.
 - Invest public resources to make Milwaukee safer and stronger.
 - Foster regional cooperation with other surrounding government entities.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	12.50	12.50	12.50	12.50	0.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	14	14	14	14	0	0
EXPENDITURES						
Salaries and Wages	\$821,958	\$825,540	\$837,263	\$837,265	\$11,725	\$2
Fringe Benefits	345,222	346,726	343,278	343,278	-3,448	0
Operating Expenditures	33,232	40,692	43,885	43,885	3,193	0
Equipment	7,093	0	0	0	0	0
TOTAL	<u>\$1,207,505</u>	<u>\$1,212,958</u>	<u>\$1,224,426</u>	<u>\$1,224,428</u>	<u>\$11,470</u>	<u>\$2</u>

BACKGROUND

The Mayor of Milwaukee is elected to a four year term and as Chief Executive Officer of the city is the primary representative of the people of Milwaukee. The Mayor's Office provides a leadership role in establishing priorities, coordinating the implementation of services and policies, and providing crisis management. The managers of all the city's major service delivery agencies (with the exception of the Fire and Police Chiefs and other elected officials) are appointed by and are directly accountable to the Mayor.

Service 1

Mayor's Office				
Activities:	Strategic planning for administration, constituent relations, intergovernmental relations, intragovernmental coordination, private sector liaison, and public information dissemination.			
		2006	2007	2008
		Experience	Budget	Projection
Performance Strategies:	Ensure timely communication and response to community and government requests. Coordinate policy and initiative implementation through AIM and effective relationships with local and regional partners.			
Funding by Source:	Operating Funds	\$1,165,922	\$1,212,958	\$1,224,428
	Totals	\$1,165,922	\$1,212,958	\$1,224,428

SERVICE IMPROVEMENTS AND RESULTS

Making Milwaukee safer and stronger, improving government services to taxpayers, and working with elected officials, Milwaukee Public Schools, other government entities, and the community are priorities of Mayor Barrett's Administration. In 2008, several initiatives are being implemented that focus on accountability and effectiveness. These initiatives are discussed in the Budget Introduction, *The 2008 City Budget: Value Improvement*, and in the various departmental sections.

The Mayor's Office, in conjunction with other elected officials and the Department of Administration, works to develop performance and outcome guides as a focus for funding choices in 2008. Through the AIM program, the City of Milwaukee has developed responsive budget planning and has helped departments manage their programs and ensure that the city meets the needs of taxpayers. This process will continue in 2008.

The Mayor's Office has been working to promote focused initiatives that address the needs of the community. Policy concentrations for 2008 will include:

- Establishing Milwaukee as the lead agency for workforce development in the region through efforts like Youth Summer Jobs/Earn and Learn and the Office of Workforce Development,
- Strategic economic development initiatives,
- Bringing together the community to improve public safety through common ground,
- Driver's Licensure and Employment Project,
- Fatherhood Initiative,
- Lead Abatement Program growth,
- Healthy children and families,
- Infrastructure improvements,
- Regional water resources planning,
- Transit policy implementation,
- Stronger accountability in city management through AIM,
- Continue efforts to improve police and community relations and enhance public confidence in the operations and policies of the Fire and Police Departments through the Fire and Police Commission,
- Implement "Green" policies to preserve and improve Milwaukee's environment and resources,
- Increased funding for focused policing activities and increases to police strength levels, including school safety,

- Continue to lead on the sweeping M-7 plan to establish and strengthen the regional economy of Southeastern Wisconsin.

Workforce Development: In 2007 the Mayor took action to make the City of Milwaukee the lead agency for workforce development in the region. Since assuming responsibility in July for administration of the Workforce Development Board, efforts have focused on putting in place new ideas to address pressing problems, including increased coordination between businesses and job seekers and better integration of existing city resources. Current city programs such as the DCD Summer Youth Jobs Initiative, various Tax Incremental District funded job training programs, and the Emerging Businesses Enterprise Program can anticipate playing a crucial role in the City of Milwaukee's new coordinated workforce development endeavors. In the next few months, stakeholders can expect the announcement of a management team and a timeline to implement an aggressive workforce plan that will serve both the business community and job seekers. The goal is to transform workforce development efforts in the city into an integrated system that will better serve employers and residents.

Staffing: The City of Milwaukee's Mayor's Office is one of the smallest big city mayoral staffs in the United States. Staff is responsible for coordinating timely and responsive communication to all levels of government and the Milwaukee community. Funded full time staff positions in the Mayor's Office have dropped by nearly 25% since 2000. No further staff reductions will occur in 2008. Current staffing levels are necessary to effectively manage city policies and services.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES - None

MUNICIPAL COURT

EXECUTIVE SUMMARY

MISSION: Adjudicate ordinance violation cases impartially to safeguard the legal rights of individuals and protect the public interest, enhance public safety, make court services accessible to the public, and enforce court judgments.

SERVICES: Adjudication.

STRATEGIC ISSUES: Implement technology in order to streamline operations and reduce operating costs, particularly in the area of case management.

Continue effective enforcement of court judgments through various collection methods.

Use alternative sentencing to increase respect for the law.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	39.50	39.50	39.50	39.50	0.00	0.00
FTEs - Other	0.00	0.00	1.00	1.00	1.00	0.00
Total Positions Authorized	44	44	45	45	1	0
EXPENDITURES						
Salaries and Wages	\$1,966,818	\$1,969,723	\$1,984,830	\$1,984,830	\$15,107	\$0
Fringe Benefits	848,321	827,284	831,444	831,444	4,160	0
Operating Expenditures	479,139	494,802	468,438	468,438	-26,364	0
Equipment	3,596	39,000	4,000	4,000	-35,000	0
Special Funds	57,182	50,175	51,000	84,000	33,825	33,000
TOTAL	\$3,355,056	\$3,380,984	\$3,339,712	\$3,372,712	-\$8,272	\$33,000
REVENUES						
Charges for Services	\$1,498,038	\$1,743,700	\$1,653,700	\$1,578,700	-\$165,000	-\$75,000
Forfeitures	5,530,127	5,206,000	5,802,000	5,502,000	296,000	-300,000
Miscellaneous	1,349	6,000	0	2,000	-4,000	2,000
TOTAL	\$7,029,514	\$6,955,700	\$7,455,700	\$7,082,700	\$127,000	-\$373,000

BACKGROUND

The Municipal Court, part of the statewide court system, adjudicates city ordinance violations including traffic and building code cases. The Court has three elected Judges who preside over the Court's three branches. The Presiding Judge appoints the Chief Court Administrator who oversees the administrative functions of the Court.

Because of the volatility in the number of case filings, the Court uses Municipal Court Commissioners to augment its judicial resources. There are five authorized part time Municipal Court Commissioners (equivalent to one-half of a full time position) available to hear traffic pre-trials and cases of defendants in the custody of the Milwaukee County Sheriff. The Commissioners hear cases in the Municipal Intake Courtroom at Milwaukee County's Criminal Justice Facility.

The Court is staffed by 37 employees who prepare case files for hearings, provide clerk services to the Judges and Commissioners, receive and account for defendant payments, and perform other administrative functions. The staff is responsible for processing between 130,000 and 180,000 cases per year and accounting for \$7 million in revenues, largely from fines and forfeitures.

The Court provides its services through regular daily court sessions, evening court sessions, and a variety of community based options. Evening court meets the needs of a large number of people busy during the day. Judges also meet with defendants in a variety of locations including at community organizations, such as the Milwaukee Urban League and Project REACH, which have programs specifically aimed at children and young adults. These sessions have experienced a good turnout and provide more time for the Judges to communicate with and counsel defendants.

The Court refers certain first time juvenile and adult offenders who appear for arraignment in retail theft cases to classes conducted by the Institute for Criminal Justice at the University of Wisconsin Milwaukee. When appropriate, traffic offenders who appear at pre-trial are referred to the Driver Safety Program conducted by the City Safety Division. The Court also makes community service referrals to many non-profit community organizations, including Youth Services at the Social Development Commission, Career Youth Development, and the Youth Development Boot Camp.

Service 1

Municipal Court Adjudication		2006	2007	2008
Activities:	Impartially adjudicate ordinance violation cases and effectively enforce judgments.	Experience	Budget	Projection
Performance Measures:	Percentage of non-priority cases that are tried within 90 days of intake date.	99.9%	99.0%	99.0%
	Ratio of warrants and commitments to cases adjudicated.	39.0%	37.0%	37.0%
Funding by Source:	Operating Funds	\$3,355,056	\$3,380,984	\$3,372,712
	Capital Budget	598,627	50,000	429,620
	Special Purpose Accounts	382,795	521,000	521,000
	Totals	\$4,336,478	\$3,951,984	\$4,323,332

SERVICE IMPROVEMENTS AND RESULTS

The Municipal Court’s 2008 proposed budget is based on an estimated 140,000 cases. After case volume in the low 130,000 in 2005 and 2006, the 2007 volume is anticipated to be approximately 135,000 to 140,000. Growth in municipal citations and parking citations largely account for the increase. The ratio of warrants and commitments to cases adjudicated in 2006 was 39%, an increase from 37% in 2005 (see Figures 1 and 2).

Participation in the state’s Tax Refund Intercept Program (TRIP) has been very successful. Compared to other municipal organizations in Wisconsin, the Court has collected the second most revenue through this program, with total collections of \$6.3 million through December 2006. Collection efforts have been very successful, particularly using direct electronic interface with the State Department of Revenue and Department of Transportation and electronic databases of the Court’s collection agency. In 2006, the Court collected \$1.3 million in payments to be applied to outstanding forfeitures and fines, equal to the amount collected in 2005. Total Court revenues decreased approximately \$300,000 from \$7.27 million in 2005 to \$7 million in 2006 largely due to a \$340,000 (or 6%) decrease in forfeiture and fine collections (see Figure 3).

Evening court sessions, begun in 2003, continued their success in 2006 and into 2007. Since evening court is more convenient, a high percentage of defendants scheduled actually appear for their hearings. In 2006, the appearance rate was 77%. A high appearance rate makes the Municipal Court more efficient.

The Court continues to experience a shift in caseload to contested parking citations. This is largely due to record citation issuance over the last several years. There were 6,287 parking cases filed in 2006 compared to 5,205 in 2005 and 1,994 in 2002. Contested parking citations account for almost 5% of Municipal Court's total case filings, up from 1% in 2002.

SERVICE AND RESOURCE CHANGES

Court Lobby Renovation: The 2008 proposed budget includes \$33,000 in funding to renovate the Municipal Court lobby area. Funding will provide for repair and refurbishment of lobby walls, floor, stair treads and railings, public restrooms, and repainting to improve the appearance and functionality of the lobby area. The Court's lobby needs repairs to restore a professional appearance.

Improving Case Management: The 2008 proposed capital budget includes \$429,620 in funding for the first year of the second phase of the Court Case Management System Project. The first phase of this project was funded in the 2002 budget at \$1.75 million. Additional funding of \$250,000 was appropriated in 2004, for total funding of \$2 million. The first phase of the project is virtually complete with approximately \$1.8 million expended.

The 2007 budget provided \$50,000 for a feasibility study to prepare for the next phase of the project, Electronic Case Files and Document Records Management. The study was recently completed and found that electronic case management and document retention would substantially improve process workflows from acceptance of citations through court hearings and

Figure 1

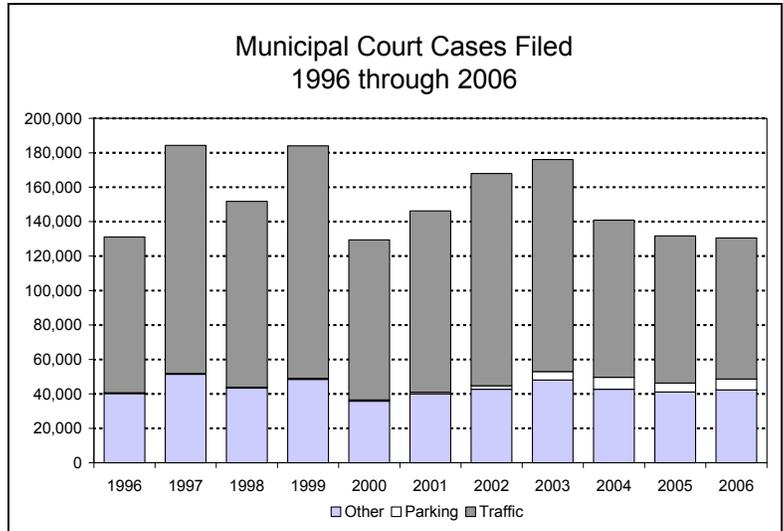


Figure 2

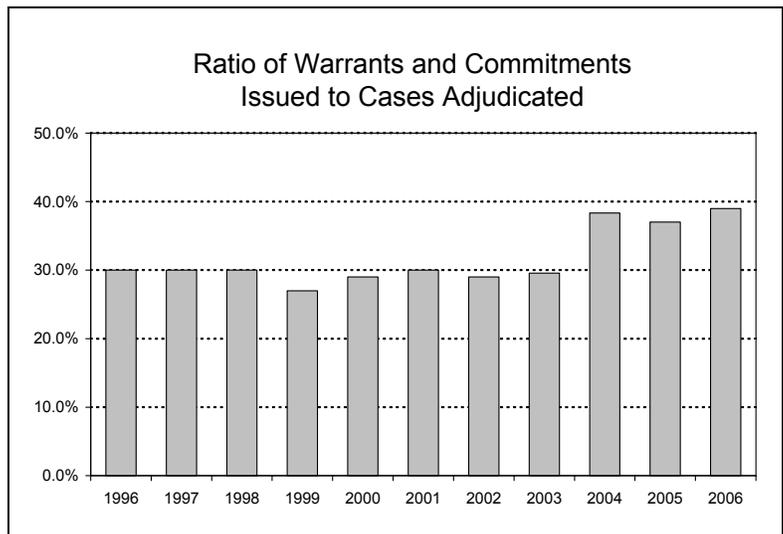
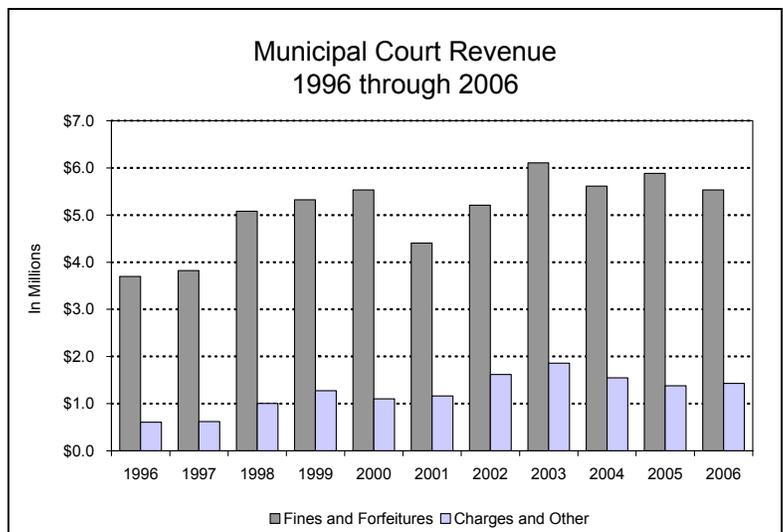


Figure 3



adjudication. Court staff, Judges and Commissioners, and the public will benefit from these significant improvements in court operations. The study estimated the total cost for phase two of the case management project at \$980,000, subject to adjustment for upgrade of the city’s present document imaging capabilities. Operating cost savings of \$2 million is projected through 2015.

Drivers Licensure and Employment Initiative: The 2008 proposed budget includes \$200,000 for the Drivers Licensure and Employment Project. Funding includes \$75,000 from a Special Purpose Account and \$125,000 through CDBG reprogramming. In recent years, the Court has pursued initiatives to assist residents in restoring suspended or revoked licenses; this project is an expansion of these initiatives. The goal is to reduce a significant barrier to employment for many residents. For example, manufacturing job openings currently exist in the exurban counties, but there is a lack of mass transit to enable city residents to obtain these jobs. In addition a valid driver’s license may be required to perform certain jobs. Consequently, lack of a valid driver’s license makes it difficult to pursue jobs in surrounding counties.

Studies indicate that more than 100,000 Milwaukee County residents are under license suspension or revocation and that the majority of license suspensions are the result of failing to pay fines. The majority of these individuals should be able to restore their licenses by taking a few steps within the court system. However, these individuals, many of whom are young and poor, require assistance in taking these steps. The project is providing this assistance primarily through orientation, guidance, and legal support for persons willing to work for license restoration. Project staff are:

- Coordinating services provided by project partners and managing operations;
- Performing intake and triage to determine clients’ eligibility, reviewing revocation and suspension circumstances, and assessing needs for program services;
- Performing case management to provide non-legal services to clients, such as developing payment plans, making referrals for needed services, making community service placements, and monitoring efforts to clear driving records; and
- Providing legal services to clients where expert advocacy is needed.

The project also involves advocacy for changes in state laws that cause license suspension and revocation for non-driving offenses, and sustained effort to improve the availability of driver’s education programs. The project is managed by The Center for Driver’s License Recovery and Employability, a non-profit organization created specifically for this purpose. Most of the project cost is for staff, as professional case management is needed to make the project successful. The provision of city funding is intended to help attract funding from other sources, including foundations, the state and federal governments, and the business community.

The project commenced in April 2007 and has served 662 people through mid-July 2007. Staff expects to serve about 2,000 through the year. Of the 662, nearly 120 have been processed on a “fast-track” to restore their driving privileges, another 99 are receiving extended case management services, and the Center is providing 93 with legal services to resolve their cases. After only two and a half months of operation, 32 people have obtained their licenses, with 18 obtaining a job, 11 having likely job prospects, and 3 having a disability which impairs their ability to work. These results bode well for the future success of the program.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS’ CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1		1.00	Programmer	Implement information technology applications.
1	0.00	1.00	Totals	

NEIGHBORHOOD SERVICES

EXECUTIVE SUMMARY

MISSION:	To enhance Milwaukee's competitive advantage as a vibrant urban community and to protect the value of investments in neighborhoods and property.
SERVICES:	Code Enforcement Services. Trade and Commercial Inspection Services. Nuisance Control Services.
STRATEGIC ISSUES:	Involving property owners in improving neighborhood conditions. Balancing voluntary compliance and reasonable costs with enforcement.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	156.97	167.58	167.58	171.08	3.50	3.50
FTEs - Other	24.90	39.00	39.00	35.50	-3.50	-3.50
Total Positions Authorized	224	228	228	228	0	0
EXPENDITURES						
Salaries and Wages	\$7,918,026	\$7,926,395	\$7,849,239	\$8,051,259	\$124,864	\$202,020
Fringe Benefits	3,403,819	3,329,086	3,218,188	3,301,016	-28,070	82,828
Operating Expenditures	708,211	770,155	806,405	810,895	40,740	4,490
Equipment	67,500	59,800	40,756	40,756	-19,044	0
Special Funds	1,916,114	1,724,000	1,824,000	1,824,000	100,000	0
TOTAL	\$14,013,670	\$13,809,436	\$13,738,588	\$14,027,926	\$218,490	\$289,338
REVENUES						
Charges for Services	\$7,864,757	\$7,124,500	\$7,501,900	\$7,231,900	\$107,400	\$-270,000
Licenses and Permits	6,562,362	5,481,200	6,303,800	6,303,800	822,600	0
Intergovernmental Aids	1,008,240	1,025,000	1,100,000	1,100,000	75,000	0
TOTAL	\$15,435,359	\$13,630,700	\$14,905,700	\$14,635,700	\$1,005,000	\$-270,000

BACKGROUND

The Department of Neighborhood Services (DNS) was created in 1999 to address resident concerns that city responses to neighborhood problems had been fragmented, ineffective, and slow. The primary role of DNS is to improve city neighborhoods by enforcing standards for buildings, property, and land use. These standards help protect the safety and health of residents and ensure neighborhood stability. The department uses its enforcement, financial, and educational resources to encourage investment in housing and other buildings in Milwaukee's neighborhoods.

The Code Enforcement and Trade and Commercial Inspection Services contribute to the Mayor's Neighborhood Investment Outcome. These inspection and enforcement services ensure compliance with building and property codes to maintain an attractive investment environment and to foster reinvestment into buildings and

neighborhoods. The services support improved neighborhood conditions that should discourage crime and other disorders while encouraging positive actions. The Nuisance Control Service supports improved neighborhood conditions that should discourage crime. The environmental activities in this service, such as direct regulation of certain contaminants, help reduce environmental risks.

DNS has been participating in the Mayor’s Accountability in Management (AIM) initiative in 2006 and 2007. Issues that have been discussed include comparing Milwaukee’s permit fees to other municipalities, complaint response time, overdue violation actions, housing conditions for special needs populations, nuisance garbage, and vacant lot maintenance. The 2008 proposed budget includes changes in nuisance garbage abatement policy based on AIM meeting data. The two major service goals that are being tracked through AIM are response time to complaints and closing of violations in a timely manner. The complaint response goal is to respond to all complaints within 14 days. Through July 2007, the average complaint response is 7.1 days. The violation goal is to close all violations within 45 days of the compliance date established by Inspectors. Through July 2007, an average of 83.8% of violations met this goal. The goals are to respond to complaints and resolve violations as quickly as possible.

Service 1

Code Enforcement		2006	2007	2008
Activities:		Experience	Budget	Projection
Residential code enforcement, Code Compliance Program, court enforcement, and graffiti abatement.				
Performance Measures:	Average days to resolve complaints.	8.8	14.0	14.0
	Percent of orders completed on time.	87.7%	87.0%	87.0%
	Number of violation orders closed out.	23,432	18,750	18,750
	Graffiti complaints closed out.	5,186	4,025	4,025
Funding by Source:	Operating Funds	\$4,311,801	\$4,003,416	\$4,015,985
	Grants and Reimbursables	1,774,766	1,621,724	1,710,871
	Special Purpose Accounts	1,459,308	1,321,000	1,321,000
	Totals	\$7,545,875	\$6,946,140	\$7,047,856

SERVICE IMPROVEMENTS AND RESULTS

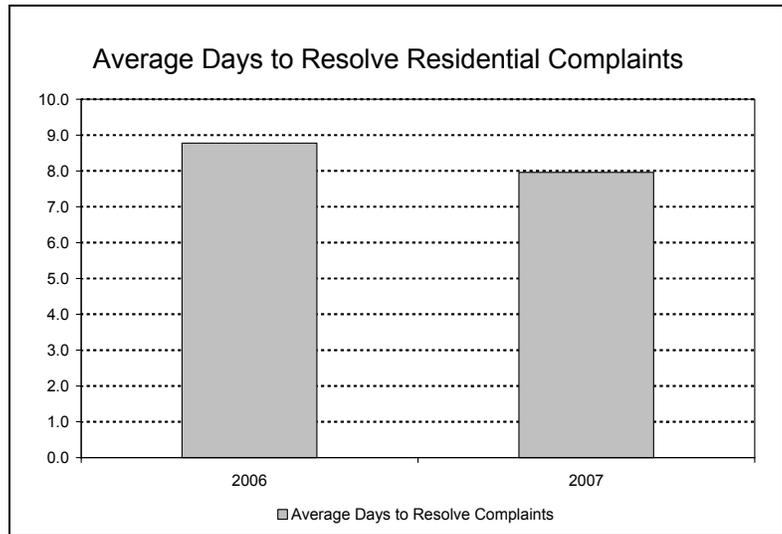
The Code Enforcement Service supports efforts to resolve problems in neighborhoods, such as building code violations, graffiti, peeling paint, and buildings with structural problems, as quickly as possible. Timely abatement minimizes further deterioration in neighborhood conditions while supporting reinvestment into properties. Over time, this service can enhance the value of neighborhoods. One measure of this service is the timeliness of resolving complaints, as measured by the average time to close out complaints. In 2006, complaints were closed out on average in 8.8 days. Verified complaints result in orders to correct conditions that violate city ordinances. Once orders are issued, the key measure is the timeliness of abating violations. In 2006, an average of 87.7% violations were abated within 45 days of the initial compliance date. The department attempts to work cooperatively with property owners on abatement, which can result in extensions for compliance. As shown in the table above, in 2006 there were 23,432 violation orders closed out and 5,186 graffiti complaints closed out. As shown in Figure 1, the average time to close out residential complaints has improved in 2007 compared to 2006.

SERVICE AND RESOURCE CHANGES

GPS in Inspectors' Cellular Phones: The 2007 budget included \$10,000 in funding to allow DNS management to track Inspectors using GPS technology embedded in Inspectors' cellular phones. The goal is to determine if this technology can assist in identifying methods of improving the productivity of Inspectors. It also increases the ability to provide for Inspectors' safety. DNS is currently using GPS cell phones to track Inspectors' activities in the field. However, it is too early to determine if any advantage or cost savings are possible. Currently, 28 GPS phones are assigned to various staff. DNS will complete an assessment of the GPS cell phones in early 2008. This assessment will identify if there

was improvement in shifting office time to field time, increasing accountability for inspector time, improving routing of field stops, and enhancing supervisors' oversight of staff.

Figure 1



E-Notify by Location Initiative: E-Notify is a DOA initiative that uses internet technology to improve the ability of residents to obtain real time access to city records. E-Notify is available to anyone with access to the Internet. Residents can use E-Notify to set up a free subscription to various city records. In 2006, E-Notify was expanded to include the option of location based information. This allows subscribers to receive complaint, violation, permit, and recorded ownership information on any address in the city and up to a half mile around the address. The information is sent automatically to users via e-mail. As of August 2007, 1,158 users had E-Notify by location subscriptions. The number of subscribers has been increasing steadily in 2007. In 2006, 61,741 notifications were provided to users. In 2007, notifications are increasing significantly, with a 103% increase from January through July of 2007 compared to the same period in 2006. This indicates that users find the information useful and that there is a demand for this service. The system was recently upgraded to enable users to subscribe to all DNS related information about addresses in a specific Business Improvement District.

E-Notify allows residents to easily access city records, which helps landlords, community groups, residents, and others monitor their properties and neighborhoods. Users are immediately notified when something significant happens at a specific property, or in a geographic area surrounding the property. Residents can use E-Notify to determine if the city has followed up on a complaint, to know if a contractor has taken out the appropriate permits, or to be alerted when there is a complaint on a rental property. By providing more information to city residents and customers, E-Notify improves the quality of city services and accountability to the public.

Position Reclassifications: The 2008 proposed budget reflects a department wide reclassification of management positions that was approved in 2007. See the *Detailed Listing of Position and Full Time Equivalents' Changes* table for additional information.

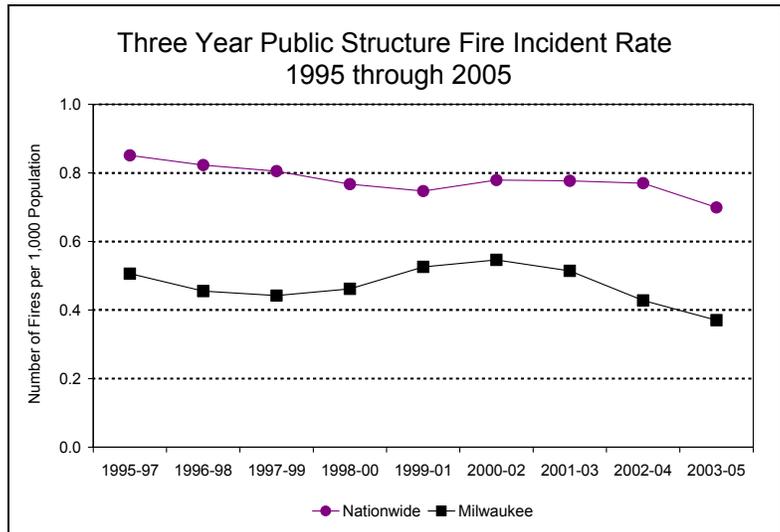
Service 2

Trades and Commercial Inspection Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Construction, electrical, boiler, elevator, plumbing and commercial code enforcement, and fire prevention inspections.				
Performance Measures:	Three year average public fire incident rate per 1,000 residents.	0.44	0.44	0.44
	Permits processed (closed).	33,511	31,950	31,950
	Value of work (in millions) for processed (closed) permits.	\$643.7	\$591.2	\$591.2
	Number of complaints closed out.	2,928	2,850	2,850
	Number of violation orders closed out.	12,815	9,760	9,760
Funding by Source:	Operating Funds	\$5,607,405	\$5,719,271	\$5,856,570
	Grants and Reimbursables	126,233	762,215	825,519
	Totals	\$5,733,638	\$6,481,486	\$6,682,089

SERVICE IMPROVEMENTS AND RESULTS

The primary purpose of the Trade and Commercial Inspection Service is to protect public safety by ensuring compliance with building codes, including appropriate fire prevention and safety requirements. The major outcome measure for this program is the public fire incident rate, which measures the incidence of fires in buildings inspected by DNS. The most recent available data is from 2005. As shown in Figure 2, the fire incident rate has declined significantly since 2000. The three year rate of 0.37 is significantly lower than the national rate of 0.70. Historically, Milwaukee’s fire incident rate has been maintained well below the national average. Milwaukee has maintained a low per capita fire incidence rate in part by reducing the number of fires. Since 1995, the number of fires, on a three year rolling average basis, has decreased by 110 or 33.3%.

Figure 2



Other important measures for this service are the number of permits processed, number of complaints processed, and number of violation orders closed. In 2006, 33,511 permits were processed, 2,928 complaints were processed, and 12,815 violation orders were closed. As shown in Figure 3, the number of new permits opened has been steadily increasing since 2000. Between 2000 and 2006, new permits have increased by 16.6% or by an average of 2.6% each year.

SERVICE AND RESOURCE CHANGES

Electrical Inspection: The 2008 proposed budget adds a new Electrical Inspector, resulting in a total of nine Inspectors. Electrical Inspectors check the installation and modification of a building’s electrical facilities, including wiring and equipment for power, lighting, control, communication, and life safety systems. Inspectors inspect main electrical service updates and new installations and any electrical system alteration or new installation of equipment. Inspectors also investigate complaints. The City of Milwaukee requires an electrical

permit to be obtained prior to installation. In 2006, there were 7,883 electrical permits issued resulting in estimated work valued at \$86.5 million.

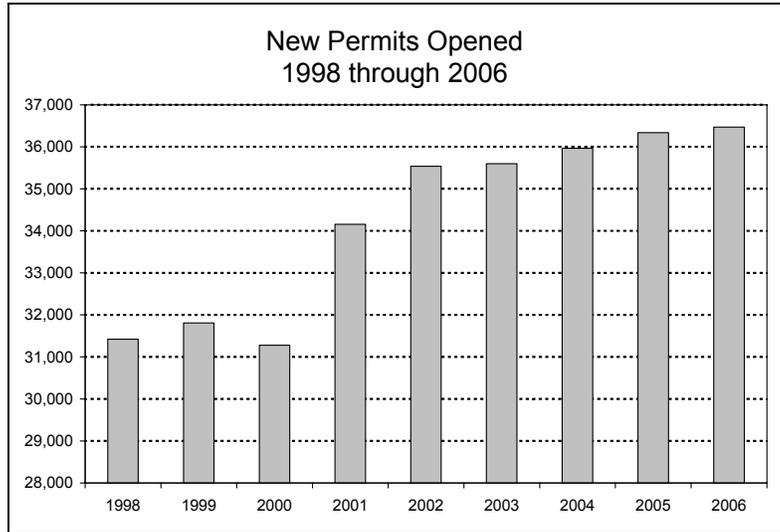
DNS Electrical Inspectors inspect the work conducted under the permit. The permit workload necessitates the addition of another Inspector to ensure the timeliness of inspections.

Sprinkler Inspection: The 2008 proposed budget adds a new Sprinkler Inspector position, resulting in a total of three Inspectors. Sprinkler Inspectors inspect the installation of new sprinkler systems, and conduct periodic and test inspections of systems already installed. Sprinklers are tested on an annual basis and dry standpipes are tested on a three year basis. Sprinklers are key components of fire suppression systems in buildings.

In 2006, there were 569 sprinkler permits issued resulting in estimated work valued at \$16.2 million. As permits are issued, Sprinkler Inspectors inspect the work conducted under the permit. After sprinklers are installed, an annual safety inspection typically occurs in subsequent years. Pending changes in code requirements will require more sprinklers for certain types of buildings. This will increase the number of buildings requiring sprinklers, resulting in more permits and more inspections. The increasing permit workload necessitates the addition of another Inspector to ensure the timeliness of inspections.

Special Needs Housing: The city and county are developing strategies to improve the availability and quality of housing for special needs populations. DNS has met with the county to discuss ways to collaborate to ensure proper maintenance and oversight of the West Samaria and other dwelling units housing the mentally challenged. In Milwaukee, facilities that house three or more mentally challenged persons not licensed by the state are known as Transitional Living Facilities. These facilities must be approved by the Board of Zoning Appeals, and this process gives all concerned parties an opportunity to evaluate a plan-of-operation to determine if the facility is conducive for the care and safety of the occupants. This collaboration with the county on Transitional Living Facilities will be an ongoing initiative in 2008.

Figure 3



Service 3

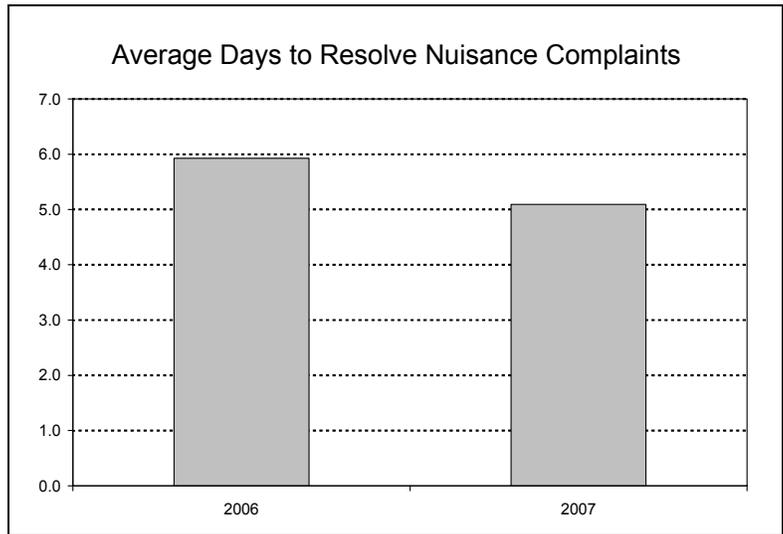
Nuisance Control Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Animal control, pest control, rodent control, chronic nuisance property, community prosecution, nuisance vehicles, environmental health, and payment to the Milwaukee Area Domestic Animal Control Commission.				
Performance Measures:	Voluntary compliance with nuisance litter orders.	72.9%	72.0%	72.0%
	Average days to confirm nuisance litter abatement.	12.3	13.0	13.0
	Average days to resolve complaints.	5.9	14.0	14.0
	Percent of orders completed on time.	95.6%	95.0%	95.0%
	Number of violation orders closed out.	17,418	16,200	16,200
	Number of complaints closed out.	12,222	14,200	14,200
	Properties and sewers baited for rats.	2,553	2,685	2,685
Funding by Source:	Operating Funds	\$4,094,464	\$4,086,749	\$4,155,371
	Grants and Reimbursables	180,260	84,405	66,497
	Special Purpose Accounts	10,000	0	0
	Totals	\$4,284,724	\$4,171,154	\$4,221,868

SERVICE IMPROVEMENTS AND RESULTS

The primary purpose of the Nuisance Control Service is to enforce codes relating to rats, litter and garbage nuisances, and various animal control regulations. By abating these nuisances, these activities enhance the appearance and value of neighborhoods. The Environmental Health Section performs a variety of functions, including enforcement of license and permit requirements such as public and private swimming pools, and for massage establishments.

Responding to complaints quickly is essential to identifying code violations in a timely manner. In 2006, the department responded to complaints within 6 days and through July 2007, the department is averaging a 5.1 day complaint response. As shown in Figure 4, the average time to close out complaints has improved in 2007 compared to 2006.

Figure 4



Once violations are identified, the goal is to abate these as quickly as possible. In 2006, 95.6% of violation orders were completed on time and in 2007, the department is averaging 96.3%. In the area of nuisance litter, the department achieved a 72.9% voluntary compliance rate in 2006. A high voluntary compliance rate is desirable as it fosters responsible property maintenance by property owners and builds better community relations. In addition, it is less costly for property owners to maintain their property than it is for the city to cleanup private property. In 2007, the voluntary compliance rate is averaging 75.3%. In 2006, the Nuisance Control Service closed out 12,222 complaints, or about 35% of total complaints, and closed out 17,418 violation orders, or about 31% of total violation orders. This is a highly visible service in which timely abatement is critical.

Rat and Graffiti Abatement: CDBG funding has been allocated to DNS to provide support to both Rat and Graffiti Abatement Programs. Within CDBG, both of these activities are defined as “public services”, a category in which the city is reducing funding in order to ensure compliance with HUD regulations and program guidelines. The 2008 proposed budget moves \$18,300 in funding for Rat Abatement and \$51,760 in funding for Graffiti Abatement from CDBG to the tax levy-supported budget. The intent is to maintain the level of service provided by these programs. In 2006, the Rat Abatement Program baited 770 properties, placed 1,907 bait doses, and baited 1,783 sewers, and the Graffiti Abatement Program received 5,173 complaints and supported 5,186 graffiti abatements.

MPD Referrals: DNS works in collaboration with the Milwaukee Police Department to address nuisance problems in city neighborhoods. DNS collaboration with MPD can help to close problem properties that contribute to crime problems in neighborhoods. DNS works with the Police Department in several ways, including:

- Police Officers call DNS when they enter a property, find poor living conditions, and believe the property should be placarded. These often involve drug houses.
- The Community Prosecution Unit calls for services at properties for a variety of reasons, including excessive police calls to a particular property.
- MPD sends referrals to DNS related to the Chronic Property Code requesting an exterior inspection of a property. In 2006, DNS received 624 chronic nuisance referrals from MPD.
- MPD sends referrals to DNS regarding nuisance activities such as gang activity, drug activity, overcrowding, sale of stolen property, and chronic nuisances such as noise, dog fighting, illegal rooming houses, and illegal automobile repair.

Tripwire Cameras: In 2007, DNS used \$28,000 to purchase tripwire cameras for the surveillance of graffiti vandalism and criminal activity. Graffiti can create insecurity among residents and if not abated can destabilize neighborhoods by contributing to crime, drugs, and gangs. Timely apprehension of graffiti vandals can minimize the threats to a neighborhood. Tripwire cameras, known as intelligent surveillance systems, aid in the apprehension of graffiti vandals. The cameras detect heat and motion within a designated perimeter and within seconds capture an image of activity in the area. These images are quickly transmitted to an operations base, cell phone, or server based e-mail enabling an immediate response to the message. The cameras are programmable and can easily be relocated to different sites.

The cameras will be placed at areas targeted by graffiti vandals, with the intent of increasing the apprehension of these vandals. Twelve cameras have been purchased. Staff from DNS, MPD, and DPW have been trained in the operation and deployment of the cameras. The cameras’ effectiveness will be evaluated using the number of arrests attributed to their use and the reduction in graffiti in areas where they are used. Apprehending graffiti vandals will lead to safer neighborhoods.

Nuisance Garbage Abatement Change: In 2007, city procedures were changed to have DPW provide all cleanup services for nuisance garbage, including cleanup on vacant lots. DNS now refers all unabated nuisance garbage violations to DPW for cleanup. The goal is to reduce the time it takes to cleanup unabated nuisance garbage violations, thereby improving the cleanliness of neighborhoods.

Additional efforts to improve nuisance garbage collection continue to be implemented. In November 2006, DNS implemented a “three strikes” policy. A \$100 fee is assessed for the third litter violation at the same property within any continuous one year period. Between November 2006 and August 2007, there were 9,952 cleanup orders issued, of these there were 224 total cases with multiple strikes, including 182 third strikes, 34 fourth strikes, 7 fifth strikes, and 1 sixth strike. This policy change will continue to be implemented and analyzed to determine its effectiveness in improving abatement and if any additional changes, such as increasing the amount of the fee, are warranted.

In August 2007, DNS implemented an accelerated abatement pilot program in one of its nuisance control districts. The pilot program targets nuisance litter violations that involve food garbage on the ground. Property owners are given either 24 hours or 3 days to voluntarily cleanup the litter before DNS refers the litter to DPW for cleanup. The amount of time given depends upon the amount of garbage on the ground and the magnitude of any threat to public health. An analysis of cleanup orders on a citywide basis indicated that targeting food garbage on the ground could result in between 10% and 15% of the orders being addressed under the accelerated 24 hours or 3 day abatement policy. The pilot program will continue in order to gather more data for analysis purposes and may be expanded to the entire city.

Both of these changes to nuisance litter policies are intended to improve the timeliness of abatement. The department will continue its efforts to improve nuisance garbage abatement and the results of these efforts will be monitored through the Mayor’s Accountability in Management Initiative

Service 4

Vacant Lot Maintenance		2006	2007	2008
Activities:		Experience	Budget	Projection
	Grass cutting, snow removal, trash and debris removal, and related maintenance activities on city owned vacant lots.			
Performance Measures:	Per acre costs.	\$1,488	\$1,954	N/A
	Number of complaints received.	380	235	N/A
Funding by Source:	Grants and Reimbursables	\$160,998	\$226,115	\$0
	Special Purpose Accounts	465,544	596,735	0
	Totals	\$626,542	\$822,850	\$0

SERVICE AND RESOURCE CHANGES

The primary purpose of the Vacant Lot Maintenance Service is to maintain vacant lots owned by the city and the Redevelopment Authority of the City of Milwaukee (RACM).

Change in Vacant Lot Maintenance: The 2008 proposed budget transfers vacant lot maintenance responsibilities from DNS to the DPW Operations Division. Vacant lot maintenance activities include grass cutting, snow removal, tire removal, litter and trash removal, and other miscellaneous maintenance services which best correspond to DPW’s core competencies. This includes transferring two positions, CDBG funding and funding in a special purpose account. Total funding of \$822,850 will transfer from DNS to DPW. For more information, refer to the *Department of Public Works Operations Division* section of the *2008 Proposed Plan and Executive Budget Summary*.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Network Services Coordinator Senior	Reclassification of management positions in CCFN 070398.
1	1.00		Network Administrator	
-1	-1.00		Business Operations Manager	
1	1.00		Business Operations Manager Neighborhood Services	
-1	-1.00		Building Construction Inspection Supervisor	
1	1.00		Building Construction Inspection Division Manager	
-1	-1.00		Code Enforcement Assistant Supervisor	
1	1.00		Building Construction Inspection Supervisor	
-1	-1.00		Electrical Inspection Assistant Supervisor (X)	
1	1.00		Electrical Inspection Supervisor (X)	
-1	-1.00		Plumbing Inspector Assistant Supervisor (X)	
1	1.00		Plumbing Inspection Supervisor (X)	
-1		-1.00	Plumbing Inspector Assistant Supervisor (X)	
1		1.00	Plumbing Inspection Supervisor (X)	
-1	-1.00		Code Enforcement Inspection Supervisor (X)(Y)	
1	1.00		Building Codes Enforcement Manager (X)(Y)	
-1	-1.00		Code Enforcement Assistant Supervisor (X)	
1	1.00		Building Codes Enforcement Supervisor (X)	
-1	-1.00		Building Construction Inspection Assistant Supervisor (X)	
1	1.00		Building Construction Inspection Supervisor (X)	
-1	-1.00		Code Enforcement Inspection Supervisor (X)(Y)	
1	1.00		Building Codes Enforcement Manager (X)(Y)	
-1	-1.00		Code Enforcement Assistant Supervisor (X)	

NEIGHBORHOOD SERVICES

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-1.00		Building Construction Inspection Assistant Supervisor (X)	Reclassification of management positions in CCFN 070398.
2	2.00		Building Codes Enforcement Supervisor (X)	
-1	-1.00		Code Enforcement Assistant Supervisor (X)(Y)	
1	1.00		Building Codes Enforcement Supervisor (X)(Y)	
-1		-1.00	Landlord Training and Development Manager (A)(X)	
1		1.00	Property Management Program Coordinator (A)(X)	
-1		-1.00	Code Enforcement Assistant Supervisor (A)(X)	
-1		-1.00	Grant Monitor (A)(X)	
2		2.00	Building Codes Enforcement Supervisor (A)(X)	
-1		-1.00	Code Enforcement Assistant Supervisor (A)(X)	
1		1.00	Neighborhood Improvements Project Manager (A)(X)	
-1	-1.00		Nuisance and Environmental Health Manager (X)(Y)	
1	1.00		Environmental Code Enforcement Manager (X)(Y)	
-1	-1.00		Nuisance Control Supervisor (X)(Y)	
1	1.00		Environmental Code Enforcement Supervisor (X)(Y)	
1	1.00		Electrical Inspector II (X)	Increase in permit workload.
1	1.00		Sprinkler Inspector II (X)	
-1		-1.00	Site Improvement Specialist (A)	Transfer of vacant lot maintenance to DPW.
-1		-1.00	Program Assistant II (A)(X)	
	1.00	-1.00	Customer Service Representative II	Positions moving from CDBG to operating.
	0.50	-0.50	Nuisance Control Officer II (0.5 FTE)	
0	3.50	-3.50	Totals	

POLICE DEPARTMENT

EXECUTIVE SUMMARY

MISSION: To reduce crime and enhance the quality of life in the City of Milwaukee.

SERVICES: Investigations.
Patrol operations and community contact.

STRATEGIC ISSUES: Improve citywide safety and quality of life by efficient and effective direction of policing resources.

Employ new policies and procedures to ensure effective, fair hiring practices that create the highest quality Police Officers.

Utilize technology resources to provide data driven deployment decisions and program implementation.

Continue to civilianize processes to maximize the deployment of sworn personnel to crime fighting.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	2,752.53	2,816.72	2,871.72	2,879.90	63.18	8.18
FTEs - Other	19.22	35.76	32.76	34.25	-1.51	1.49
Total Positions Authorized	2,961	2,986	3,035	3,001	15	-34
EXPENDITURES						
Salaries and Wages	\$149,186,430	\$149,656,495	\$157,157,113	\$152,415,249	\$2,758,754	\$-4,741,864
Fringe Benefits	51,279,023	50,883,209	50,290,276	48,772,880	-2,110,329	-1,517,396
Operating Expenditures	10,890,062	11,427,993	12,604,132	12,488,943	1,060,950	-115,189
Equipment	1,871,266	2,085,576	3,621,783	2,976,783	891,207	-645,000
Special Funds	0	12,115	0	0	-12,115	0
TOTAL	<u>\$213,226,781</u>	<u>\$214,065,388</u>	<u>\$223,673,304</u>	<u>\$216,653,855</u>	<u>\$2,588,467</u>	<u>\$-7,019,449</u>
REVENUES						
Intergovernmental	\$614,865	\$705,000	\$1,075,400	\$1,075,400	\$370,400	\$0
Charges for Services	570,843	263,200	921,800	921,800	658,600	0
TOTAL	<u>\$1,185,708</u>	<u>\$968,200</u>	<u>\$1,997,200</u>	<u>\$1,997,200</u>	<u>\$1,029,000</u>	<u>\$0</u>

BACKGROUND

The Milwaukee Police Department (MPD) has ensured the safety of the community since 1855. Law enforcement personnel, most of them recruited and trained by the department, serve the public from an Administration Building, seven District Stations, a Data Communications Center, and Training Academy. The city continues its commitment with a competitive level of resources to its law enforcement efforts.

Crime prevention policies and programs are not delivered in a vacuum. A single policy/program may not deter actions that have profound impacts on a perpetrator or victim of crime. Factors in police success include

deployment strategies based on real time crime data and intelligence; accountability at the precinct command level; follow up and assessment; and a positive relationship with the community

Most crime prevention results from the web of institutional settings of human development and daily life. These institutions include communities, families, schools, labor markets, as well as the legal institutions of policing and criminal justice. Strong parental attachments to consistently disciplined children (Hirschi, 1995) in watchful and supportive communities (Braithwaite, 1989) are the best vaccine against street crime and violence. Schools, labor markets and marriage may prevent crime, even among those who have committed crime in the past, when they attract commitment to a conventional life pattern that would be endangered by criminality.

Public safety is one of the many dynamics that are essential for a city to thrive. Since policing cannot control all variables; good schools, employment opportunities, families, communities, and other supporting agencies play essential roles in preventing crime. One theory is that the effectiveness of crime depends heavily on local conditions of these other aspects. Schools cannot succeed without supportive families, families cannot succeed without supportive labor markets, labor markets cannot succeed without well policed safe streets, and police cannot succeed without community participation in the labor market.

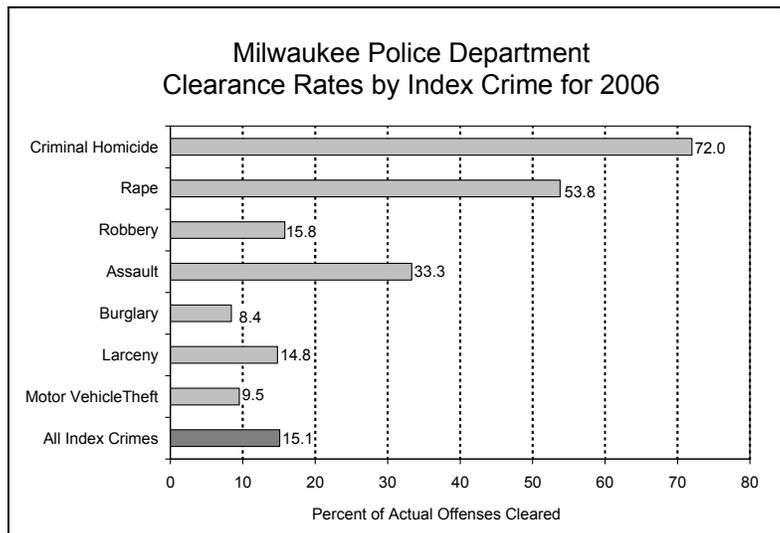
Service 1

Investigations		2006	2007	2008
Activities:	Homicide investigations, crimes against persons and property, sensitive crimes, child abuse neglect and custody, missing person investigations, non-criminal investigations, ATF investigations, and internal investigations.			
		Experience	Budget	Projection
Performance Measures:	Percent of index crimes cleared by arrest.	15.1%	15.0% - 18.0%	16.0% - 19.0%
Funding by Source:	Operating Funds	\$91,740,289	N/A	\$93,445,485
	Grants and Reimbursables	1,753,338	N/A	4,068,910
	Capital Budget	2,187,925	N/A	1,181,029
	Totals	\$95,681,552	\$0	\$98,695,424

SERVICE IMPROVEMENTS AND RESULTS

Clearance rates refer to the percentage of reported crimes for which one or more arrests are made (or, the suspect is identified but due to death or other "exceptional" circumstances cannot be arrested). Figure 1 shows that Milwaukee's total clearance rate of 15.1% in 2006 includes much higher rates for crimes against persons (murder, rape, robbery, and assault). Property crimes (burglary, larceny, and motor vehicle theft) typically have lower clearance rates due to the large volume and lack of direct contact between the criminal and the victim. This clearance rate is a significant increase from the 8.3% clearance rate of 2005.

Figure 1



A high clearance rate is important for two reasons; arrests deter the arrested offender (specific deterrence) and a consistently high clearance rate deters would be perpetrators. The deterrent effect of police investigations and arrests ultimately depends on criminals promptly facing real consequences for their actions, including incarceration.

Clearance rates only represent part of the Police Department's impact on public safety and criminal behavior. This service includes funding for the Vice and Intelligence Divisions and other efforts related to tracking and halting the trade of drugs in Milwaukee. Narcotics offenses do not factor into the FBI index for clearance reports. Consequently, although many crimes reported to the FBI are in fact drug related, the FBI reported clearance rate does not directly measure the effectiveness of these special units, nor their impact on other types of serious crime.

SERVICE AND RESOURCE CHANGES

Police Officer Recruitment: Since November of 2006 the Fire and Police Commission (FPC), the Department of Employee Relations (DER), and the Milwaukee Police Department (MPD) have been identifying changes to the recruitment, hiring and selection process for Police Officers. These recommendations have already been approved or under consideration by the Fire and Police Commission.

- **Recruitment/Application:** Past announcements have required applicants living less than 200 miles away to complete applications in person at a designated city location during a two week recruitment period. Applicants were accepted or rejected on the spot based on minimum qualifications and disqualifiers, and rejected applicants were not allowed to file applications. The new process allows applicants to obtain applications from the city's website, by calling DER, or by coming to DER in person, and, are now able to submit applications by mail or in person.
- **Continuous Recruitment:** The city has gone to a continuous recruitment model that uses a continuous application period and a written test administration twice per year. Continuous recruitment has the impact of avoiding significant delays between the applicants' expression of interest and their inclusion in the examination process. Infrequent testing and the length of time between testing and the job offer may cause the loss of good applicants/candidates to other employers.
- **Written Test:** The city has revised the scoring of the written test. The scoring of the Life Experience Survey (personality test) and the Work Styles Questionnaire (biographical data inventory) has been revised to emphasize the following job dimensions: anger management and the ability to deal with authority, leadership, and honesty. The cognitive test, which previously served as a screen, has been weighted for the new test administrations.
- **Inclusion of Writing Sample:** To be an effective Police Officer, it is necessary to write reports which clearly communicate information regarding elements of crimes, witness statements, or facts about incidents which are adequate for use in court. The FPC approved the inclusion of a writing sample component as a part of the selection process to be administered at the time of the oral examination.
- **Physical Ability Test (PAT):** Based on discussions with Police Department personnel there has been a revised focus through changes of the PAT. The Police Department strongly advocated for the inclusion of a one and a half mile run in the PAT.
- **Revision of Background Standards:** The department is recommending revisions to the background standards regarding misdemeanor criminal convictions. Because the Wisconsin Fair Employment Law protects individuals against employment discrimination due to conviction record and because misdemeanor crimes vary in job relatedness and severity, it is proposed to evaluate each applicant's misdemeanor crime record based on whether the crime is substantially related to the job of Police Officer versus the current standard that used simply a count and timing of most the most recent offense.

In the MPD, the Background Investigation Section (BIS) recently made changes to its structure in response to the new personnel. The Mayor and Common Council approved the creation of ten temporary Police Services Specialists Investigator (PSSI) positions in early 2007. For the 2008 proposed budget, these ten PSSI positions are made permanent with corresponding additional salaries and fringes totaling over \$535,000. All PSSI's are former and retired law enforcement officers and are now in a civilian position. The quality of these new employees is high and their effective utilization has made for a seamless transition from a completely sworn unit to a mostly civilian unit. These civilian positions replace sworn personnel that have returned to street duty. These PSSI positions are proposed to be funded by reallocation of tax levy, pending Council approval of the Mayor's proposed revenue initiative. Expenditure authority must be provided through budget amendment. *(For further information, see the Introduction Section to the Proposed Plan and Executive Budget Summary.)*

To best utilize the PSSI positions, the MPD has created Investigative Teams headed by a "Team Leader" who is an experienced, sworn BIS Investigator. This approach facilitates the efficient and thorough training of new investigators, provides a career progression, allows the efficient flow of information in a dynamic field, and improves the quality of supervision by having a defined staffing structure. MPD has also raised the standards in which individuals pass the background process by strictly enforcing the background standards regarding the disqualification of applicants for untruthfulness in their applications. This in turn reduces the workload of BIS investigators by eliminating the need to complete time consuming investigations on disqualified applicants and reduces the workload of the Applicant Review Committee. All processes have been carefully developed and monitored to improve consistency in investigations, which minimizes the city's exposure for any unfair hiring practices.

Addressing MPD Information Technology Issues: A Comptroller's audit of the MPD's Crime Data Systems was released in late July, 2007. The Crime Data System is comprised of four major subsystems, Computer Aided Dispatch, Corrections Management, Automated Reporting, and Records Management Systems. The audit recommended the city to address MPD IT staffing size and skill sets to better address the numerous IT systems the MPD has implemented. The 2008 proposed budget provides for two additional Network Coordinator Senior positions, a Network Manager Assistant, a Wireless Interface Manager, and a Systems Analyst Project Leader position with additional salaries and fringes of \$375,000. The Network Coordinator Senior positions will be utilized to address the most urgent operational needs of the MPD and the other positions' final job titles and duties will be determined after a joint Department of Administration Information Technology Management Division, Budget and Management Division, and MPD study and review of MPD IT systems and staffing. It is expected that the study and its recommendations will be completed by the end of the first quarter of 2008. These IT positions are proposed to be funded by reallocation of tax levy, pending Council approval of the Mayor's proposed revenue initiative. Expenditure authority must be provided through budget amendment. *(For further information, see the Introduction Section to the Proposed Plan and Executive Budget Summary.)*

Operation and Staffing Strategies: The City of Milwaukee has retained the services of Matrix Consulting Group in 2006 to provide analysis of police officer staffing in MPD's Patrol Bureau. The report will provide the "best use" of current resources available in the Patrol Bureau by analyzing workloads, personnel availability, and proactive times available. The report will determine optimal level of patrol staffing within the MPD based on workloads as well as alternative service level targets. The report also utilizes the Patrol Resource Allocation Manual developed by the Center of Public Safety at Northwestern University as well as another patrol officer utilization model.

As part of the Patrol Bureau, Matrix has been evaluating and will be making recommendations on the sections of the Motorcycle Unit, Accident Reconstruction Unit, Harbor Patrol, Mounted Patrol, the Tactical Enforcement Units, and to current processes such as prisoner booking and conveyance, use of civilians, and other specialty assignments. The final report is expected to be released in late September or early October of 2007.

The city has also become fortunate in obtaining the services of the Hanover Justice Group, LLC to review violent criminal activity and identify specific strategies the MPD can employ to have sustainable, positive impacts. This work will be led by Dr. George Kelling, one of the country's best known crime control analysts and co-author of

the “broken windows” theory of crime control. This work will dovetail with other strategies and initiatives already underway. This work is expected to be completed in the coming months.

Professional Performance Division Integrity Unit: The 2008 proposed budget staffs and funds the creation of a MPD Integrity Unit with two Detectives and two Sergeants and over \$315,000 in salaries, fringes, and operating costs.

The intention and duties of the Integrity Unit is to conduct regular, targeted, and random integrity checks, or “sting” operations (“sting audits”), to identify and investigate officers engaging in at-risk behavior, including: unlawful stops, searches, seizures (including false arrests), uses of excessive force, or violations of the Milwaukee Police Department’s rules and regulations. These operations shall also seek to identify officers who discourage the filing of a complaint or fail to report misconduct or complaints.

Additionally, the Integrity Unit will conduct integrity audits in other areas of potential misconduct to include the commission of a criminal offense, neglect of duty, violation of department policies, rules or procedures, and conduct which may tend to reflect unfavorably upon the employee or the department.

Additional information for a better understanding of the Integrity Unit includes three objectives to ensure that the goals of the unit are met:

1. Develop objective integrity audits that accurately test a department employee’s conduct when placed in a situation with the potential for at-risk behavior.
2. Create a tool for investigators to identify and investigate department employees involved in potential at-risk behavior.
3. Create a sense of omnipresence throughout the department with the goal of ensuring all employees handle each assignment legally and ethically, adhering to department policies and procedures.

The expenditure of these additional positions will be funded by reallocation of tax levy, pending Council approval of the Mayor’s proposed revenue initiative. Expenditure authority must be provided through budget amendment. *(For further information, see the Introduction Section to the Proposed Plan and Executive Budget Summary.)*

E-Notify: Through the Mayor’s Accountability In Management (AIM) program which brings departments together for regular issue meetings, the MPD and the Department of Administration Information and Technology Management Division collaborated to expand the city’s E-Notify system to now include a Police Verified Offense Notification category. This new feature went live on January 9, 2007 and allows residents to receive all reported crime incidents within a chosen distance from any address, such as their own resident or any property they may own in Milwaukee.

Service 2

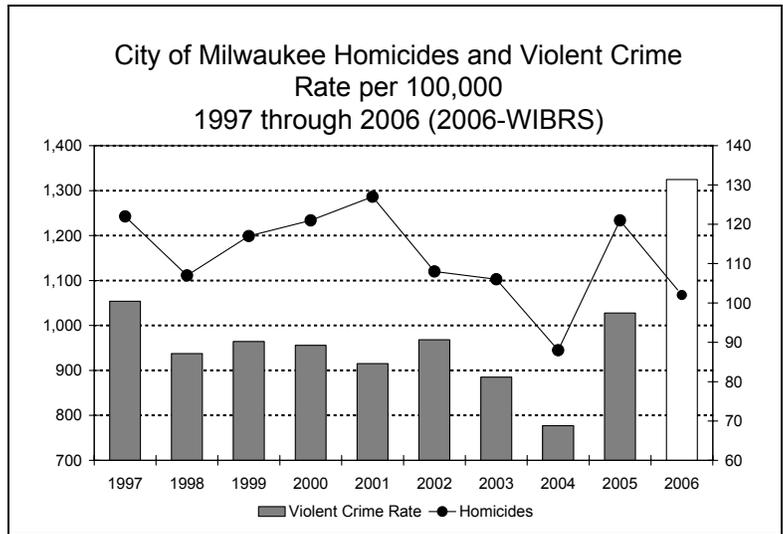
Patrol Operations		2006	2007	2008
Activities:		Experience	Budget	Projection
Weed and seed operations, Area Specific Patrol, Bicycle Patrol, Neighborhood Foot Patrol, Mounted Patrol, Harbor Patrol, Special Operations Patrol Support, and Tactical Enforcement.				
Performance Measures:	Percent change in reported violent crimes.	N/A	N/A	TBD
Funding by Source:	Operating Funds	\$121,486,492	N/A	\$123,208,370
	Grants and Reimbursables	2,321,846	N/A	5,388,229
	Capital Budget	2,897,345	N/A	1,563,971
	Totals	\$126,705,683	\$0	\$130,160,570

SERVICE IMPROVEMENTS AND RESULTS

Tracking the percentage change in reported violent crimes per 100,000 residents assists in measuring the effectiveness in preventing, deterring, and suppressing crime. The FBI Violent Crime Index, a uniform national reporting instrument, is composed of reported crimes of homicide, rape, robbery, and aggravated assault.

Measuring the change in violent crime from year-to-year clarifies the city's trend in public safety. Figure 2 depicts the number of homicides and the city's violent crime rate per 100,000 residents for the years 1997 through 2006. Since the MPD now reports all crimes data in the Wisconsin Incident Based Reporting System (WIBRS) format, through its conversion it is no longer comparable to previous Uniform Crime Report (UCR) data (prior to 2006 on chart).

Figure 2



While the chart shows a sharp increase in the violent crime rate from 2005, it is not likely the case. The continuation of reporting in this new format will enable the city to better compare crime data in the coming years.

The number of homicides, the most serious factor of the violent crime index, has shown a decrease from 2005. In 2006, the city had 103 homicides, compared to 121 in 2005, a 15.7% decrease. The department is continuing to address any controllable factors that lead to homicides and study all homicides to identify additional factors that contribute to their occurrence.

The Milwaukee Police Department's central mission is improving the "quality of life" in Milwaukee. In order to achieve this mission, the department relies on a weekly process known as "crime analysis" which centers on examining localized crime trends in detail and holding supervisors accountable for addressing specific trends or concerns. Implementation of quality of life policing has helped officers and supervisors at all levels be more proactive than reactive, and focus resources on the tasks, problems, and geographic areas with the largest potential for improving Milwaukee's overall safety.

SERVICE AND RESOURCE CHANGES

School Safety Initiative: On February 8, 2007 School Resource Officers (SRO) were deployed within Bradley Tech High School to handle calls for service and begin a School Security Pilot Program. The assigned officers were from the Community Services section and had prior training to work in this capacity. Through the pilot program, it was found that the officers assigned to Bradley Tech played a valuable role in assisting the district as it relates to calls for service and building relationships with the school faculty and student body. The MPD reviewed their Computer Aided Dispatch (CAD) records and found that calls for service declined significantly after the pilot program began. The student body also found great acceptance of the SRO's and generated a great demand for one-on-one contact with the officers.

The MPD also initiated a "cluster" pilot program which did not use a dedicated team of officers at one school, like the Bradley Tech Program. While it also showed positive results, the "cluster" program did not have the same level of success as the Bradley Tech Program. The MPD and Milwaukee Public Schools (MPS) will be instituting dedicated SRO's at Bradley Tech and Custer High Schools for this coming school year. The agreement with MPS will split the costs associated with the SRO's salaries and overtime.

The 2008 proposed budget further expands this program with additional SRO's to be deployed at MPS schools. Half of these positions are to be funded through an expected agreement with MPS. Six of these SRO's are proposed to be funded by reallocation of tax levy, pending Council approval of the Mayor's proposed revenue initiative. Expenditure authority must be provided through budget amendment. *(For further information, see the Introduction Section to the Proposed Plan and Executive Budget Summary.)*

Video Surveillance Cameras: In 2007, the City of Milwaukee has begun to install video surveillance cameras at points of critical infrastructure and in neighborhoods with significant levels of crime. This project is utilizing grant and levy supported funds for the camera installation, monitoring, and recording. For 2008, the proposed budget includes funding and position authority for nine Police Services Specialist positions to aid the MPD in the continuous monitoring of these cameras. Additional equipment is also included in the 2008 capital budget, mentioned under the Police Department's Capital Projects section.

Neighborhood Safety Initiative: The 2008 proposed budget contains additional resources for the MPD to implement a Neighborhood Safety Initiative (NSI) in the Summer of 2008. The MPD overtime budget increases over \$1.8 million to total more than \$13.8 million in 2008. The MPD should also experience a greater number of sworn positions available from the additional recruit classes and increased funding in 2007. With the greater available sworn strength, the MPD will be able to rely on less overtime to implement a 2008 NSI.

Redistricting: The MPD will be redefining the existing patrol district boundaries to better distribute the calls for service, general workload, and create lower response times by taking into account natural and man made barriers. The shift of boundaries will enable the districts to minimize the shifting of officers and keep them in their assigned districts more often. In November, 2007 the size of Districts One, Five, and Seven will be altered, along with their staffing levels, to better equalize workloads among all districts.

Police Services Assistants: In 2007, the formally titled position of Community Services Officer (CSO) were finalized as Police Services Assistant (PSA) through the position classification process, necessary since the CSO position was also a new position title. The MPD proposes to use the PSA positions to begin to civilianize the booking process at the districts. To better enable the MPD to pilot this change, the 2008 proposed budget increases the number of PSA positions from 15 to 18, with total salary funding of almost \$500,000. It is expected that any duties the PSA positions ultimately perform, would allow for current sworn positions to move back to higher priority street duties.

Additional Equipment: The MPD has been experiencing a shrinking vehicle fleet in which more squad cars are dismantled or wrecked than they purchase every year. The MPD has also been experiencing an increase in their vehicle repair and maintenance costs due to the increasing age and mileage of the fleet. To address these issues, the 2008 proposed budget includes funding for eleven additional squad cars and corresponding equipment. An additional four fully equipped squad cars are to be funded by reallocation of tax levy, pending Council approval of the Mayor's proposed revenue initiative. Expenditure authority must be provided through budget amendment. *(For further information, see the Introduction Section to the Proposed Plan and Executive Budget Summary.)*

CAPITAL PROJECTS

Remodeling Police Administration Building (PAB): The 2008 proposed capital budget continues the department's general remodeling of the PAB with \$1,635,000 in capital funding. The PAB was built in 1970 and until 2001 had not undergone any major remodeling since its original construction. The electrical and mechanical systems are inadequate to support the needs of modern technology and current staffing levels. As funding allows, the department plans to completely renovate and remodel the building. The MPD is in the process of completing the sixth floor and will continue through the building with asbestos abatement, redesign of plumbing, electrical, ventilation, and cabling runs within each floor. For 2008, funding will be used for an electrical substation replacement, jail cell renovation, and construction of a new HVAC shaft from the sixth to eight floors.

Criminal Investigation Video Capture System: The 2008 proposed capital budget includes \$275,000 in funding to continue the implementation of the Criminal Investigation Video Capture System. Funding will cover costs associated with server and related electronic storage, project management, media management software and licensing fees, cameras, and other cabling and physical location changes necessary for implementation. In September 2005, legislation was introduced (2005 Wisconsin Act 60) to improve the accuracy and efficiency of Wisconsin's criminal justice system. The legislation is the result of work by the Avery Task Force, a legislative commission appointed after the absolution of Innocence Project client Steven Avery. The Task Force was created to examine the causes of wrongful convictions such as Avery's, and more broadly, other ways that the criminal justice system can be improved to ensure conviction of the guilty, and only the guilty. The new legislation first codifies the requirements of the *Jerrell* case (Wisconsin Supreme Court Case 2002AP3423), requiring electronic recording of interrogations with juvenile suspects.

Evidence Storage Warehouse: An additional \$340,000 is included in the proposed capital budget to continue reconfiguration of the Evidence Storage Warehouse in 2008. These funds will be used for the installation of air conditioning, fire alarms, and fire suppression to better protect and preserve physical evidence.

Professional Performance Division Facility/Relocation: The 2008 proposed capital budget contains \$200,000 of general obligation borrowing as a place holder for a possible relocation of the MPD Professional Performance Division (PPD). Currently, PPD is located within the Police Academy at 6680 North Teutonia Avenue and consists of the Internal Affairs Section, Criminal Investigation Section, Background Investigation Section, and Risk Management Section. It would be desirable for the MPD to move from this current limited space to a facility that is more conducive for interviewing police and non-Police personnel that take place on a daily basis and include private citizens, public officials, and attorneys, as well as officers from other jurisdictions. A different facility would also house the proposed Integrity Unit and allow it to operate in a more convenient location.

The city is currently assessing multiple locations for a possible relocation. All of the identified locations have varying issues that may require funding such as remodeling, accessibility, and connectivity to the city's fiber network. Some of these facilities also require approval from other departments or levels of government. Due to these continuing issues, the timeline for this project has not been fully established.

Surveillance Cameras: To extend and support the Neighborhood Surveillance Camera project, the 2008 proposed capital budget includes \$150,000 for hardware such as a monitoring console, cameras, and required connection and storage costs.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Administration Services Decision Unit	
2	2.00		Detective	New positions for creation of the Professional Performance Division Integrity Unit.
2	2.00		Sergeant	
-3	-3.00		Police Alarm Operator (G)	Police Alarm Operators to be replaced by Police Dispatchers upon vacancy as per settlement to Case No. 98-CV-009353.
3	3.00		Police Dispatcher (G)	
-1	-1.00		Communications Maintenance Manager	Reclassification approved in CC File 060835.
1	1.00		Communications Systems Manager	
1	1.00		Electronic Technician	Additional position to repair and install radios and mobile data computers.
-2	-2.00		Electronic Technician Helper	Reclassification approved in CC File 060948.
2	2.00		Electronic Technician Assistant	
-1	-0.50		Data Entry Operator I (0.5FTE)	Eliminate vacant position.
2	2.00		Network Coordinator Senior	Additional positions to address IT systems issues brought out in 2007 audit. Final position duties and titles will be determined through a joint needs analysis and study by DOA ITMD, DOA BMD, and Police Department in the first quarter of 2008. To be funded via reallocation of tax levy.
1	1.00		Network Manager Assistant	
1	1.00		Wireless Interface Manager	
1	1.00		Systems Analyst Project Leader	
9	9.00		Police Services Specialist	New positions for Surveillance Camera monitoring.
10	10.00		Police Services Specialist Investigator PPD	New positions to civilianize Background Unit. To be funded via reallocation of tax levy.
-15			Police Telecommunicator (Auxiliary)	Eliminate unused Auxiliary position authority.
-3			Building Maintenance Supervisor I (Auxiliary)	
-1			Systems Analyst Project Leader (Auxiliary)	
			Operations Decision Unit	
1		1.00	Lieutenant of Detectives (C)	UASI Grant funded.
2		2.00	Police Officer (H)	
-15	-7.50		Community Services Officer	Reclassification approved in CC File 070036. Additional positions for civilianization purposes.
18	18.00		Police Services Assistant	

POLICE DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
	27.68		All Decision Units Various Positions	Overtime adjustment.
	-1.24	-1.51	Various Positions	Miscellaneous adjustments.
15	65.44	1.49	Totals	

PORT OF MILWAUKEE

EXECUTIVE SUMMARY

MISSION:	To enhance the overall economic environment of the Milwaukee region by stimulating trade, business, and employment.
SERVICES:	Administer 467 acres of land at or near the lakefront. Stimulate trade, economic development, and employment.
STRATEGIC ISSUES:	Diversify the Port's revenue sources. Implement a staff succession plan that ensures continued successful Port operations. Ensure that Port's investments address the risk of regulatory changes affecting the Great Lakes.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	18.00	19.00	21.00	22.00	3.00	1.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	30	31	31	35	4	4
EXPENDITURES						
Salaries and Wages	\$934,979	\$1,161,461	\$1,194,081	\$1,228,764	\$67,303	\$34,683
Fringe Benefits	400,388	487,814	489,573	503,793	15,979	14,220
Operating Expenditures	845,698	870,136	632,446	962,019	91,883	329,573
Special Funds	1,279,763	1,705,530	1,435,000	1,633,483	-72,047	198,483
TOTAL	\$3,460,828	\$4,224,941	\$3,751,100	\$4,328,059	\$103,118	\$576,959
REVENUES						
Charges for Services	\$3,882,471	\$4,224,941	\$4,224,941	\$4,328,059	\$103,118	\$103,118
TOTAL	\$3,882,471	\$4,224,941	\$4,224,941	\$4,328,059	\$103,118	\$103,118

BACKGROUND

The Port of Milwaukee administers 467 dry acres of city owned property at or near the lakefront. Milwaukee World Festivals, Inc. currently leases approximately two-thirds of the Port's north harbor land for the Maier Festival Grounds, home of Summerfest, various ethnic festivals, and the Marcus Amphitheater. Smaller leaseholders and city owned facilities account for most of the remaining acreage.

The Port of Milwaukee has a major role in the local economy by providing land for businesses that need to be near the water. These businesses generate approximately \$80 million in annual revenue and employ nearly 400 people. In fact, the Port's operations are directly responsible for the creation of over 1,000 jobs and approximately another 900 jobs are indirectly related to the Port's operations. Nearly 80 jobs have been created within the last few years. These family supporting jobs generate approximately \$94 million in wages and salaries.

The Port of Milwaukee plays a role in nurturing investment in Milwaukee by stimulating trade and business and by serving as a regional transportation and distribution hub for Southeastern Wisconsin. The Port links

waterborne, rail, and ground transportation in an accessible location close to downtown. As a result, the Port's tenants and customers are able to ship and receive products to and from all parts of the world.

The seven member Board of Harbor Commissioners governs the Port of Milwaukee. This group is responsible for developing the Port's strategic plan and governing its operations.

The changes in Milwaukee's economy have resulted in a cargo mix that is quite different from 30 years ago. The major commodities are cement, coal, steel, and salt and are primarily used locally. The Port seeks to diversify its activities through the promotion of recreational businesses and passenger related travel services.

Service 1

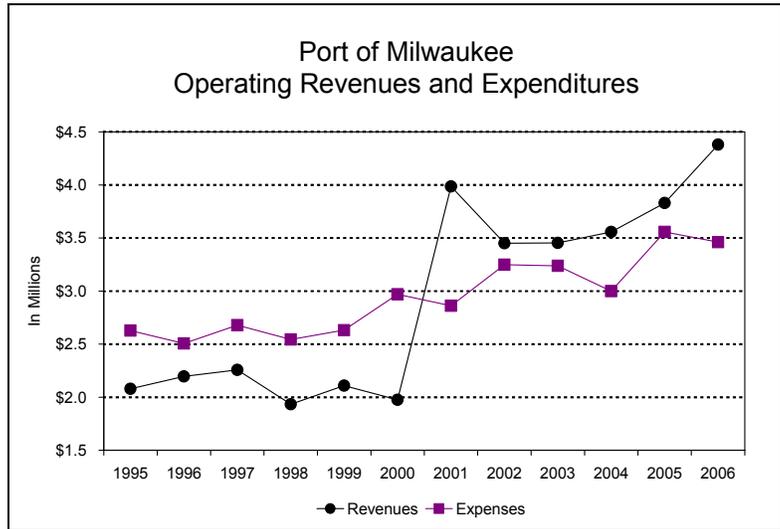
Port Economic Development		2006	2007	2008
Activities:	Market and promote Port facilities, seek changes in federal laws to promote regional trade and provide harbor equipment, vessel, and crane services.	Experience	Budget	Projection
Performance Measures:	Tonnage growth.	1.66%	3.00%	3.00%
	Percent of total expenses covered by revenues.	100.0%	100.0%	100.0%
	Port related job growth.	N/A	N/A	30
Funding by Source:	Operating Funds	\$3,460,828	\$4,224,941	\$4,328,059
	Grants and Reimbursables	2,046,684	2,106,590	800,000
	Capital Budget	568,033	750,000	600,000
	Totals	\$6,075,545	\$7,081,531	\$5,728,059

SERVICE IMPROVEMENTS AND RESULTS

In 2006, the Port of Milwaukee generated operating revenue of \$3.9 million, which marked the fourth consecutive year of increased revenues. Figure 1 shows that Port revenues have exceeded expenditures in each of the last six years.

Approximately 53% of the Port's 2006 revenues are derived from a combination of facility rentals and the lease of Maier Festival Park to Milwaukee World Festivals, Inc. Milwaukee World Festivals, Inc. annually holds Summerfest and a host of ethnic festivals on the 75 acre Maier Festival Grounds. This lease alone will generate almost \$1.1 million in 2008. The Port transfers any excess revenue to the city's General Fund to ease the property tax burden.

Figure 1



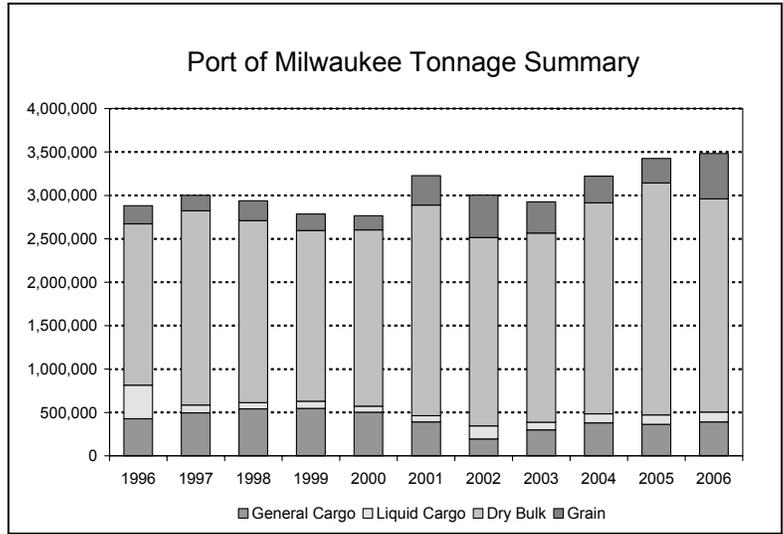
The increasing Port revenues can be attributed to increased tonnage and nearly all available space being leased. In 2006, tonnage increased by approximately 57 tons or about 1.7% (see Figure 2). This represents another record breaking year for the Port.

The local economy remains strong and the Port continues to play an important role in the region's transportation infrastructure. The Port continues to replace low productivity tenants with higher productivity ones to take full advantage of Port properties and services.

SERVICE AND RESOURCE CHANGES

Staff Succession Plan: The Port of Milwaukee has established itself as a world class port. The Port's reputation is the result of being strategically located, being exceptionally maintained, and having an experienced and knowledgeable staff. However, eight of the Port's key management staff are or will become eligible for retirement within the next 18 months. As a result, the 2008 proposed budget includes Auxiliary position authority that will allow the Port to act quickly in case key employees decide to retire. Including these positions in the budget will also allow the Port to maintain some of the institutional knowledge that will be lost if no plan is in place.

Figure 2



In addition, the Port is in the process of developing and implementing a formal succession plan, that will allow the Port to continue operating as a world class port, even as key personnel retire.

Capital Infrastructure Improvements: To effectively market the Port, its transportation infrastructure must be developed and maintained at a high standard. The 2008 proposed operating and capital budgets includes a total of \$1.7 million for Port facilities including \$500,000 in city funding and \$800,000 in state and federal aid. Many of these funds will support ongoing capital maintenance programs that ensure that the Port's facilities are maintained at a high level.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Civil Engineer Technician II	Implementing a Succession Plan.
1			Port Operations Supervisor (Auxiliary)	
1			Harbor Engineer (Auxiliary)	
1			Civil Engineer III (Auxiliary)	
	2.00		FTE Correction	
4	3.00	0.00	Totals	

DEPARTMENT OF PUBLIC WORKS ADMINISTRATIVE SERVICES DIVISION

EXECUTIVE SUMMARY

- MISSION:** Provide administrative support, guidance, and direction for the Department of Public Works.
- SERVICES:** Provide support services for the Department of Public Works including finance and planning, payroll, personnel support, contract management, and communication and media relations.
- Responsible for technology related services for the Department of Public Works and the city including server/desktop computing, application development, and telecommunications infrastructure.
- STRATEGIC ISSUES:** Manage DPW's response to decreasing budget resources.
- Provide access to information for management and policy decisions.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	52.18	51.45	50.78	50.78	-0.67	0.00
FTEs - Other	8.13	7.86	7.53	7.53	-0.33	0.00
Total Positions Authorized	65	64	63	63	-1	0
EXPENDITURES						
Salaries and Wages	\$2,797,891	\$2,832,494	\$2,822,257	\$2,822,257	\$-10,237	\$0
Fringe Benefits	1,212,194	1,189,647	1,159,112	1,159,112	-30,535	0
Operating Expenditures	860,543	766,855	754,050	754,050	-12,805	0
Equipment	34,413	39,000	39,000	39,000	0	0
TOTAL	\$4,905,041	\$4,827,996	\$4,774,419	\$4,774,419	\$-53,577	\$0
REVENUES						
Charges for Services	\$585,588	\$2,007,000	\$1,362,500	\$1,361,000	\$-646,000	\$-1,500
Licenses and Permits	2,160,907	1,377,650	1,784,100	1,711,100	333,450	-73,000
TOTAL	\$2,746,495	\$3,384,650	\$3,146,600	\$3,072,100	\$-312,550	\$-74,500

BACKGROUND

The Administrative Services Division provides planning and support to the Department of Public Works (DPW) in a variety of areas. The entire Department of Public Works employs approximately 2,000 FTE employees and is responsible for a budget of more than \$85 million. The administrative functions include budget preparation and control, accounting, payroll, human resources, employee safety, contract administration, purchasing and inventory, communications, special event permitting, technology support, and the Call Center operation. In addition to providing overall administrative planning, management, and coordination the division also supports administration and management of the Parking Fund.

The Administrative Services Division's 2008 proposed budget includes operating funds totaling \$4.8 million with an additional \$1.9 million in capital funding. Most of the division's activities support other DPW divisions and

Enterprise Funds in achieving their program objectives. The Administrative Services Division’s costs are distributed across fourteen Public Works programs.

SERVICE AND RESOURCE CHANGES

286-CITY: In 2006, DPW implemented a single access telephone number to provide the public with an easier method for obtaining city services and information. The new citizen request and information line deemed 286-CITY streamlines access to city government by providing two telephone numbers: 9-1-1 for emergency calls and 286-CITY (2489) for non-emergency calls.

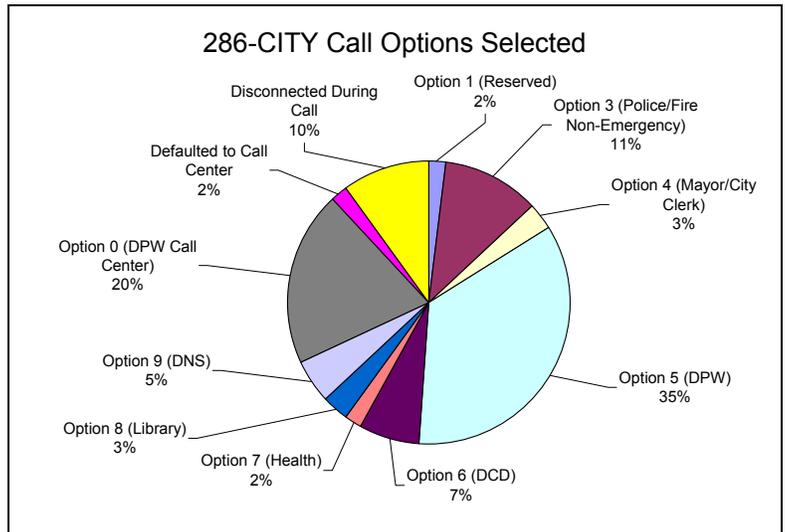
Prior to 286-CITY, the city printed several documents with hundreds of telephone numbers for city agencies and services. This practice was not only costly, but also confusing for residents who were trying to find particular city services or agencies. With the implementation of 286-CITY, residents now only need to remember one number in order to access city government for non-emergency purposes.

Providing single number access to city government has allowed for intake, routing, and resolution of service and information requests in an efficient and effective manner. Calls for information are received on the single access number and the caller is directed to an Interactive Voice Recording (IVR) System. The IVR provides a list of departments in both English and Spanish that can be selected by the caller. Once the desired option is selected, the call is either connected directly to the department or to a submenu with specific service options. The IVR can be programmed to respond to seasonal fluctuations in call volume for elections, property assessments, property tax payments, and emergencies whereby various hotline numbers can be provided. Customer Service Representatives are also available during normal business hours to help callers with requests and provide additional information as needed.

Since the implementation of 286-CITY in June 2006, over 42,000 calls were made to the system. The number of calls logged through July 2007 is 48,745. Of the calls placed in 2006, 96% chose the English option, 2% chose the Spanish option, and 2% did not choose an option and defaulted to the DPW Call Center. From the options available on 286-CITY, 35% of the callers selected the option for the Department of Public Works, 20% selected zero which defaults to the Call Center, 11% selected the option for Police and Fire, 7% selected the option for the Department of City Development, 5% selected the option for the Department of Neighborhood Services, 3% selected the options for the Mayor/City Clerk and for the Library, 2% selected the option for the Health Department, and 2% defaulted to the Call Center by selecting no option. The remaining 10% of callers hung up during the call before making a selection (see Figure 1). An additional 2% of callers chose the seasonal request option which varies and is specially programmed to respond to cyclical city events.

Call Center: In 2006, the Call Center received 167,253 calls and online requests for service and information, representing a decrease of 3% from 2005. The ongoing decrease in call volume is due to a significant change in the provision of special collection services that was implemented by the DPW Operations Division in 2005. Since routine special collections are now picked up on the garbage collection day, the number of requests for special pickups has dramatically decreased. Special pickups accounted for more than half

Figure 1



of the Call Center's requests in 2004, but only accounted for 15.7% of the Center's requests in 2006.

DPW added a Call Center option called skid referrals to track requests that are made for large special pickups. For more detailed information on the types of service requests that are processed at the Call Center see Figures 2 and 3.

Service requests can also be made through www.dpwworks.mpw.net and online requests have been steadily increasing. In 2005, the department processed over 7,800 online requests and in 2006 the number of online requests received was 8,748.

Currently all DPW service related requests, aside from Water and Parking, are received and processed through the Call Center. A centralized Call Center allows DPW to better track and more efficiently respond to the many calls the department receives for services like sanitation, forestry, street maintenance, and street lighting.

City Network Services: In 2005, DPW entered into an agreement with the Department of Administration Information Technology Management Division to be the exclusive provider of network support services to city agencies. In 2006, DPW assumed responsibility for network services and equipment servicing City Hall. Consolidation has eliminated duplication of services, ensured a higher level of security, and provided more cost effective network services. DPW is now responsible for the design, acquisition, installation, maintenance, documentation, management and support of network equipment and services for all city departments except the Department of City Development and the Milwaukee Public Library.

DPW continues to pursue and develop projects that require data communications through wireless technology. The new multi-space meters use wireless technology to process credit card and cash payments. Some Parking Enforcement jeeps are equipped with mobile PCs that have high speed wireless data modems that communicate to a server containing parking space expiration data. The expiration information is displayed automatically on the mobile PC screen, which also contains a GPS device that provides continuous location information. Wireless technology is being used for the Milwaukee Advance Parking Management System which will display current downtown parking availability through electronic signs.

Application Development: DPW provides custom built applications to support the ongoing operations of the department and to provide enhanced solutions to address both departmental and citywide issues. Some examples

Figure 2

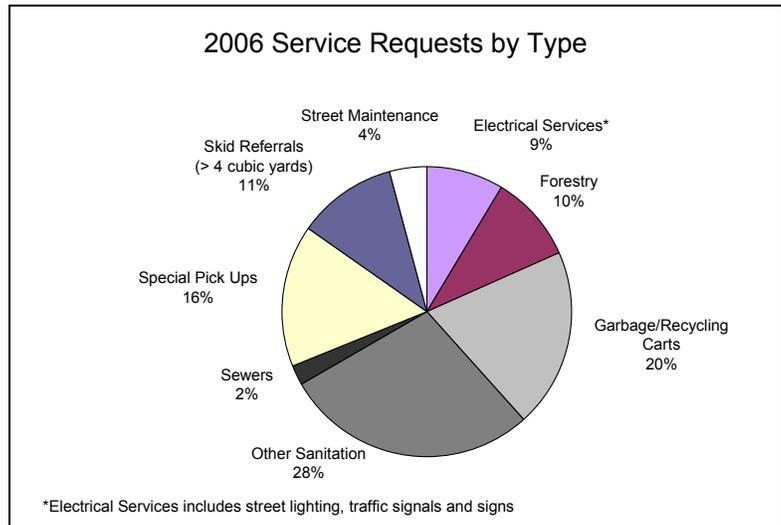
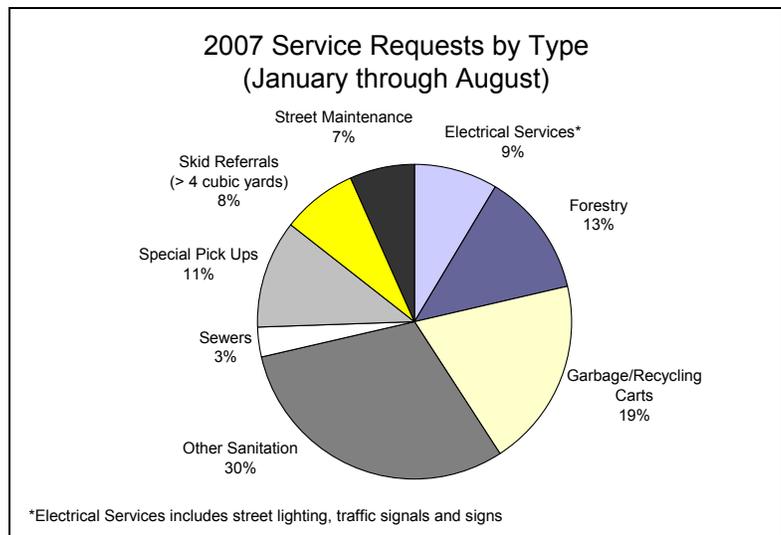


Figure 3



of recent application developments include a Hardships Programs for Sanitation to track the properties needing special cart returns, a Parking Meter Hoods database to track the scheduling and statistics for meter hood placement and the Infrastructure Information Management System. The Infrastructure Information Management System will allow the public to view ongoing construction and paving projects through MapMilwaukee. A prototype application is currently being tested and the system should be fully implemented in late 2007.

CAPITAL PROJECTS

Capital Projects: The 2008 capital budget provides \$625,000 for public safety communication needs. This funding will be utilized primarily to install new fiber routes as well as redundant connections for various city agencies, specifically for public safety purposes. A CSWAN/COMMON upgrade will receive \$1,100,000 in capital funding to replace Ethernet routing switches and portions of the Nortel network. This upgrade is needed to support critical services for City Hall, the Milwaukee Police and Fire Departments, and other city facilities. Funding of \$200,000 is also being provided for the Hartung Redevelopment Project to support the conversion of the Hartung quarry into a neighborhood park.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-0.67	-0.33	Management and Accounting Officer	Reduction due to operational efficiencies.
1	1.00		Program Assistant III] Retitled and reclassified to better reflect duties of positions.
-1	-1.00		Program Assistant II	
2	2.00		Accounting Assistant II	
-2	-2.00		Accounting Assistant I	
-1	-0.67	-0.33	Totals	

DEPARTMENT OF PUBLIC WORKS INFRASTRUCTURE SERVICES DIVISION

EXECUTIVE SUMMARY

MISSION: To promote the health, safety, mobility, and quality of life for all City of Milwaukee residents and visitors by providing safe, attractive, and efficient surface infrastructure systems.

SERVICES: Administration.
Transportation.
Construction.
Streets and bridges.
Electrical services.

STRATEGIC ISSUES: Plan and manage capital projects in order to control financial risk.
Balance resources between maintenance and capital investments.
Address increasing costs of electricity.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	237.51	240.65	227.89	234.28	-6.37	6.39
FTEs - Other	246.88	273.64	276.50	277.43	3.79	0.93
Total Positions Authorized	703	698	681	696	-2	15
EXPENDITURES						
Salaries and Wages	\$12,050,022	\$11,847,905	\$11,742,090	\$12,078,946	\$231,041	\$336,856
Fringe Benefits	5,283,956	4,976,120	4,892,899	4,952,368	-23,752	59,469
Operating Expenditures	6,907,495	6,947,686	7,091,354	7,346,354	398,668	255,000
Equipment	32,364	76,800	89,000	89,500	12,700	500
TOTAL	<u>\$24,273,837</u>	<u>\$23,848,511</u>	<u>\$23,815,343</u>	<u>\$24,467,168</u>	<u>\$618,657</u>	<u>\$651,825</u>
REVENUES						
Charges for Services	\$4,420,554	\$3,470,250	\$3,251,900	\$3,765,100	\$294,850	\$513,200
TOTAL	<u>\$4,420,554</u>	<u>\$3,470,250</u>	<u>\$3,251,900</u>	<u>\$3,765,100</u>	<u>\$294,850</u>	<u>\$513,200</u>

BACKGROUND

The Infrastructure Services Division is responsible for design, construction, and maintenance of the city's infrastructure systems, including streets and alleys, bridges, sewers, sidewalks, traffic control devices, street lights, and underground conduits. In addition, the division coordinates transportation improvements with other governmental agencies and railroad companies. The division also undertakes engineering studies and investigates various permits, plans, and easements.

Infrastructures Service’s primary objective is to provide safe attractive and efficient public ways and infrastructure systems. These systems contribute to the city’s goal of strengthening the local economy, maintaining quality neighborhoods, and promoting economic activity and development. In 2008, a total of \$111.5 million will be used to achieve these objectives.

In 2008, the Infrastructure Services Division will devote approximately \$24.5 million in operating funds and \$27.8 million in capital funds to its services. In addition, \$56.5 million in state and federal aid assists in funding the city’s infrastructure needs. The primary sources of capital funding are the city’s property tax and federal and state grant and aid, which together constitute 65% of Infrastructure’s capital budget. Other funding sources include special assessments and charges for services.

Grant and aid funds are used primarily for two capital programs: the Major Bridge Program and the state and federal aided Major Street Improvements Program. Grant and aid funds constitute 74.6% of the Major Bridge Program and 80.1% of the Major Street Improvements Program in the 2008 proposed budget. Grant and aid funds help the city preserve and maintain its street and bridge systems, which are critical components of the overall infrastructure system.

Service 1

Streets, Alleys, and Sidewalks		2006	2007	2008
Activities:	Street paving, street maintenance, alley resurfacing, reconstruction and maintenance, and sidewalk replacement.			
		Experience	Budget	Projection
Performance Measures:	Percentage of projects heard by May 1st.	80.0%	90.0%	90.0%
	Local street replacement cycle.	6.2	6.0	6.0
Funding by Source:	Operating Funds	\$8,466,313	\$8,979,160	\$7,967,004
	Capital Budget	20,011,289	13,881,490	15,561,489
	Grants and Reimbursables	11,193,705	25,636,136	45,093,636
	Totals	\$39,671,307	\$48,496,786	\$68,622,129

SERVICE IMPROVEMENTS AND RESULTS

Many of the Infrastructure Services Division’s activities improve the condition of the city’s surface public ways, primarily streets, sidewalks, and alleys. Activities include resurfacing or reconstructing existing pavement, curb and gutter, and constructing new streets as part of residential, commercial, and industrial development. Infrastructure Service’s 2008 proposed budget includes approximately \$8 million in operating funds, an additional \$15.6 million in capital funding, and \$45.1 million in state and federal aid and reimbursable funding. Maintaining the city’s streets, alleys, and sidewalks assists in promoting economic development in Milwaukee by providing the infrastructure necessary to move people, goods, and services efficiently throughout the city.

Maintaining streets, alley, and sidewalks improves the livability of city neighborhoods. The division uses paving projects to increase city green space by determining whether the borders for trees and boulevards can be increased through the Street Paving Program. The division also encourages the use of alternative modes of transportation by enhancing pedestrian and bicycle mobility in neighborhoods, which contributes to reducing traffic congestion and enhancing air quality.

Maintaining safe and efficient surface public ways and services encourages economic development and expansion by providing a way for businesses to efficiently transport goods to their customers. Currently over 5.4 million trips are made each day on Milwaukee’s streets. This includes rides to work, school, church and hundreds of other

activities. Clearly, without a well maintained infrastructure system this would not be possible.

The City of Milwaukee street network includes approximately 1,400 miles of freeways, highways, arterials, collectors and local roads. Government agencies other than the City of Milwaukee

are responsible for approximately 50 of these miles. Another 450 miles are part of the Federal Aid Transportation System and are eligible for federal, state, and county funding. The remaining 900 miles of streets are the sole responsibility of the City of Milwaukee. The city maintains all its streets under its Resurfacing/Reconstruction, Major Street, and Street Maintenance Programs.

Major Streets: The city’s 450 miles of arterials and collectors are resurfaced and maintained as part of the city’s Major Streets Program. Arterials and collectors are the most important streets in the city. These streets move the people, vehicles, and commerce in the most efficient manner.

Arterials and collectors are a part of the Federal Aid Transportation System and are eligible for county, state, and federal funding. Over the past five years an average of \$33 million per year, have been dedicated to the preservation and reconstruction of these vital streets. The average annual total includes \$8.7 million in city funding and \$28.5 million in state and federal funding. These totals allow the city to reconstruct nearly seven miles of pavement each year. As a result of this level of funding, the city’s major streets are on a 67 year replacement cycle. The 2008 proposed budget includes \$50.2 million for the Major Streets Program and will allow the city to resurface or reconstruct approximately 9.6 miles of street (see Table 1).

Local Streets: The city has approximately 900 miles of streets that are not eligible for state and federal funding and are not the responsibility of another government entity. These streets are maintained, repaired, reconstructed and resurfaced with capital funds budgeted for the Resurfacing/Reconstruction Program. This program is primarily funded through a combination of city funding and special assessments to abutting property owners. The city has provided an average of \$4.5 million to the Reconstruction/Resurfacing Program over the past four years. This represents a 70% increase over the \$2.6 million budgeted the previous four years (see Figure 1).

The six year capital plan for local streets is further evidence that the City of Milwaukee is committed to maintaining its streets at safe and drivable level (see Table 2). The average city funding for the six year period is approximately 62% greater than the 2006 and 2007 budget. The six year plan will allow the city to complete an average of 14.1 miles of resurfacing or reconstruction per year. The average replacement cycle for the six year plan is approximately 64 years. This represents a significant improvement over the current replacement cycle.

Table 1

Major Streets Plan						
Source of Funds	2004 Experience	2005 Experience	2006 Experience	2007 Budget	2008 Budget	Average
City Funding	\$5,537,049	\$15,444,786	\$10,794,679	\$5,397,190	\$6,471,340	\$8,729,009
Assessable	2,127,290	1,894,512	975,933	661,000	875,000	1,306,747
Annual Totals	\$7,664,339	\$17,339,298	\$11,770,612	\$6,058,190	\$7,346,340	\$10,035,756
Expected Miles Completed	5.73	5.94	7.77	5.75	9.63	6.96
Replacement Cycle (Years)	79	76	58	78	47	67

Figure 1

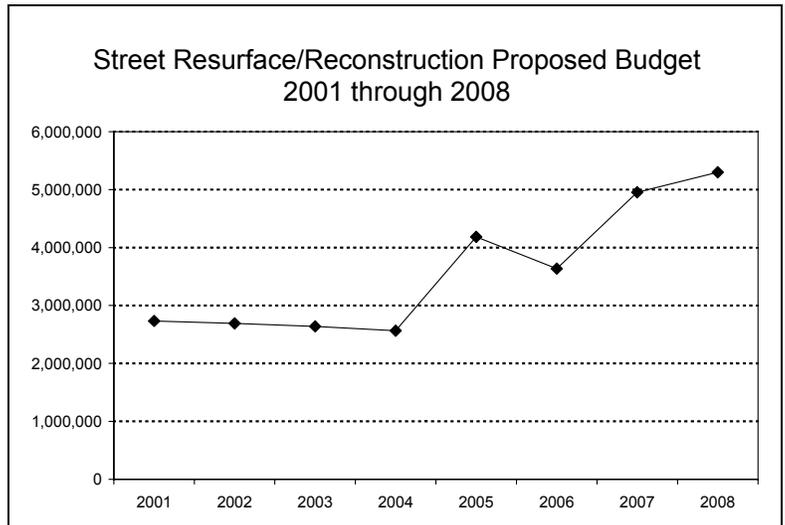


Table 2

Local Street Resurfacing/Reconstruction Funding 2008-2013 Plan									
Source of Funds	2006 Experience	2007 Budget	2008 Proposed	2009 Plan	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2008-2013 Average
City Funding (1)	\$3,636,454	\$4,154,556	\$4,700,000	\$6,700,000	\$6,033,745	\$7,300,000	\$7,000,000	\$8,200,000	\$6,655,624
Assessable (2)	\$593,946	\$1,661,822	\$2,300,000	\$2,680,000	\$2,947,198	\$2,920,000	\$3,333,700	\$3,280,000	\$2,910,150
LRIP (3) State Funding	\$1,067,445	\$0	\$1,067,445	\$0	\$1,067,445	\$0	\$1,067,445	\$0	\$533,723
City Match	\$533,000	\$0	\$533,745	\$0	\$533,745	\$0	\$533,745	\$0	\$266,873
Assessable Match	\$533,000	\$0	\$533,700	\$0	\$533,700	\$0	\$533,700	\$0	\$266,850
Annual Totals	\$6,363,845	\$5,816,378	\$9,134,890	\$9,380,000	\$11,115,833	\$10,220,000	\$12,468,590	\$11,480,000	\$10,633,219
Expected Miles Completed	10.57	7.76	12.18	12.51	14.82	13.63	16.62	15.31	14.18
Replacement Cycle (years)	85	116	74	72	61	66	54	59	64

(1) City funds do not include funds for capital street maintenance
 (2) 2008 assessable includes \$1.3 million in existing assessable authority
 (3) LRIP is included in the Major Streets Program

The 2008 capital budget allocates \$9.1 million for the Reconstruction/Resurfacing Program. This total includes approximately \$5.2 million from the city, \$2.8 million in assessable funds, and \$1.1 million from the State of Wisconsin’s Local Road Improvement Program (LRIP). This level of funding will ensure that over twelve miles of local streets are either resurfaced or reconstructed.

SERVICE AND RESOURCE CHANGES

Street Maintenance: The City of Milwaukee normally budgets enough funding to complete 37 miles of street maintenance. The 2008 budget provides an additional \$520,000 for street maintenance which will fund additional crack filling, patching, maintenance overlay, and pothole filling repairs.

The 2008 proposed budget will reallocate \$320,000 in tax levy funds to DPW for additional street maintenance. These funds will be available as a result of the Snow and Ice Fee recovering a higher percentage of the costs associated with snow and ice removal. The 2008 proposed operating budget will increase the seasonal Street Maintenance Program up to four weeks. The additional four weeks will allow crews to complete six additional miles of street maintenance. This additional four weeks requires reallocation of tax levy, pending Common Council approval of the Mayor’s budget revenue files and a budget amendment.

The 2008 capital budget includes \$200,000 for skin patching. Skin patching is used on streets that require a great deal of crack filling. Instead of crack filling, a thin layer of asphalt is laid over the entire area. This process will allow crews to do more work in a more efficient manner.

Service 2

Bridges			
Activities:	Bridge reconstruction, bridge repair and maintenance, operation of movable and automated bridges.		
		2006	2007
		Experience	Budget
2008			Projection
Performance Measures:	Percentage of bridges with a condition rating above 50.	88.0%	85.0%
			88.0%
Funding by Source:	Operating Funds	\$3,949,803	\$3,776,029
	Capital Budget	3,363,543	4,316,000
	Grants and Reimbursables	1,866,388	12,648,000
	Totals	\$9,179,734	\$20,740,029
			\$4,973,379
			4,486,000
			13,922,000
			\$23,381,379

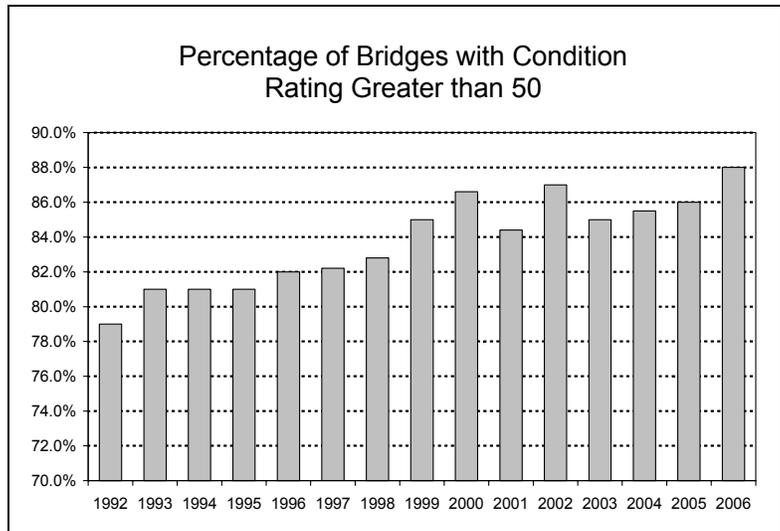
SERVICE IMPROVEMENTS AND RESULTS

This service provides for a safe and efficient infrastructure system by maintaining the conditions of bridges at a high level.

The Bridge Service preserves and maintains a bridge system that meets the needs of the city, ensures the safety of motorists, and provides for efficient movement of vehicles, people, and commodities. The 2008 proposed budget includes total operating and capital funding of nearly \$23.4 million for this service.

The Infrastructure Services Division measures the condition of bridges using a sufficiency condition rating ranging from 0 to 100. Ratings are conducted every two years through physical bridge safety inspections. Bridges with a rating below 50 are inspected annually. In 2006, 88% of the rated bridges had a sufficiency rating above 50 (see Figure 2).

Figure 2



There currently are 18 bridges within the city with sufficiency ratings less than 50. The six year capital plan addresses 12 of these bridges. The remaining six bridges are safe and operable, but non-safety related issues such as street and sidewalk capacity contribute to their lower sufficiency rating.

SERVICE AND RESOURCE CHANGES

There are no specific service changes in 2008.

CAPITAL PROJECTS

The 2008 capital Bridge Program includes \$4.5 million in city funding and another \$13.9 million in grant and aid funding. The aforementioned funding will be used for major repair or reconstruction of six bridges. The work schedule for 2008 includes the design, painting, and complete renovation of several bridges. The East Lincoln Avenue viaduct over the Union Pacific Railway is the most expensive bridge project scheduled for 2008. Total funding for this project is \$6.4 million, including \$1.3 million in city funds.

Service 3

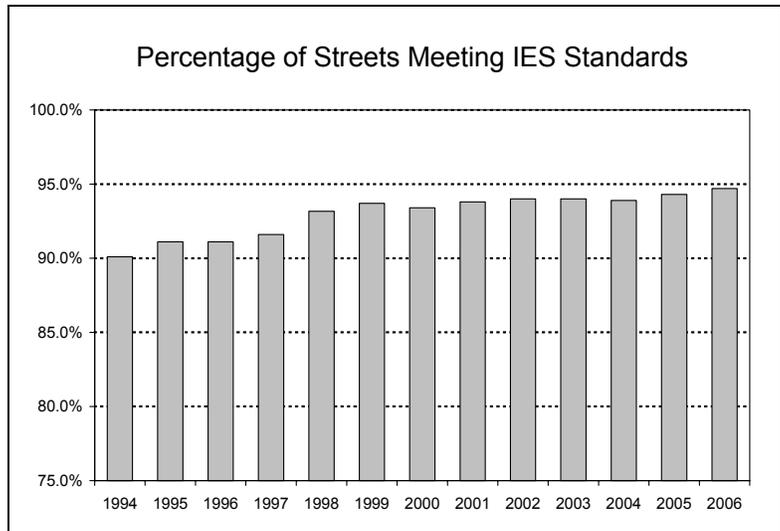
Lighting				
Activities:	Lighting systems operations, street light repair, circuitry replacement, and capital improvements.			
		2006	2007	2008
		Experience	Budget	Projection
Performance Measures:	Complaints responded to within 30 days.	83.6%	80.0%	80.0%
	Streets meeting IES standards.	94.7%	95.0%	95.0%
Funding by Source:	Operating Funds	\$8,644,026	\$8,367,069	\$7,030,762
	Capital Budget	6,085,305	6,000,000	6,563,250
	Grants and Reimbursables	74,124	184,905	183,277
	Totals	\$14,803,455	\$14,551,974	\$13,777,289

SERVICE IMPROVEMENTS AND RESULTS

The Street Lighting Program provides residents with pleasant and secure neighborhoods by providing a safe and reliable lighting system. The livability of city neighborhoods is monitored by ensuring that streets meet the Illuminating Engineering Society (IES) lighting standards. The 2008 proposed budget includes funding of \$7 million in the operating budget and \$6.6 million in the capital budget for this program.

The IES scale establishes optimal levels of lighting for streets. As shown in Figure 3, the division continues to maintain a high percentage of streets meeting IES standards. In 2006, 94.7% of all streets met or exceeded IES standards. The division continues to upgrade lighting in the streets that do not meet IES standards.

Figure 3



SERVICE AND RESOURCE CHANGES

Energy costs have increased 9.9% citywide. The 2008 proposed infrastructure budget includes \$4 million for energy related to street lighting and traffic controls. This represents an approximate 5.3% increase in energy funding over the 2007 budget. The increase in energy funding can be attributed to the continually rising energy costs.

CAPITAL PROJECTS

The 2008 proposed Street Lighting Program includes \$6.6 million in capital, grant and reimbursable funding. Approximately \$4 million will be expended on paving related improvements. Infrastructure Services routinely performs electrical upgrades in conjunction with the Paving Program because it is the most cost effective manner to perform upgrades.

Approximately \$1.6 million will be used for the Neighborhood Lighting Program. Infrastructure Services will expend \$500,000 on removing and upgrading series circuit. This program will yield immediate benefits. As a result of the Series Circuitry Upgrade Program, electrical maintenance costs and electrical outages will decline. The upgrade will make the city’s electrical system more reliable and will allow DPW’s maintenance crews to be more responsive.

The Neighborhood Lighting Program also includes funding for:

- Upgrades to street and alley lighting;
- Miscellaneous upgrades;
- Pole knockdown repairs; and
- Excavation repairs.

The balance of the 2008 street lighting funds will be used for improvements to street lighting substations and engineering costs.

Service 4

Traffic Control		2006	2007	2008
Activities:		Experience	Budget	Projection
Install and replace traffic control signs, pavement markings and traffic signals, provide review and design for special events and street paving traffic control plans, and provide for the safe and uniform flow of traffic.				
Performance Measures:	Complaints responded to in less than 60 days.	80.0%	75.0%	75.0%
	Reduce the number of traffic accidents by 5.0%.	12,465	13,000	13,000
Funding by Source:	Operating Funds	\$3,073,748	\$2,628,541	\$4,398,410
	Capital Budget	1,068,151	700,000	700,000
	Grants and Reimbursables	13,221	3,706	3,706
	Totals	\$4,155,120	\$3,332,247	\$5,102,116

SERVICE IMPROVEMENTS AND RESULTS

This service designs and operates transportation systems that support the safe and efficient movement of people and goods and helps maintain the economic viability of the city. The Traffic Control Service reduces the number of traffic crashes and helps to improve traffic flow, reduce pollution, and promote the health and safety of residents and visitors. The 2008 proposed budget provides funding of \$5.1 million for this service.

The Mayor is proposing \$45,000 in additional funding to restore crosswalk painting to the 2004 levels, including two positions. This additional service level requires reallocation of tax levy, pending Common Council approval of the Mayor’s revenue files and a budget amendment.

The Department of Public Works follows the Manual of Uniform Traffic Control Devices for Streets and Highways and the American Association of State Highway and Transportation Officials in order to maintain consistent traffic control design standards and facilities. Uniformity in design standards maintains roadway safety and increases recognition and compliance with traffic control facilities, including traffic signals, signal systems, and traffic signs by system users.

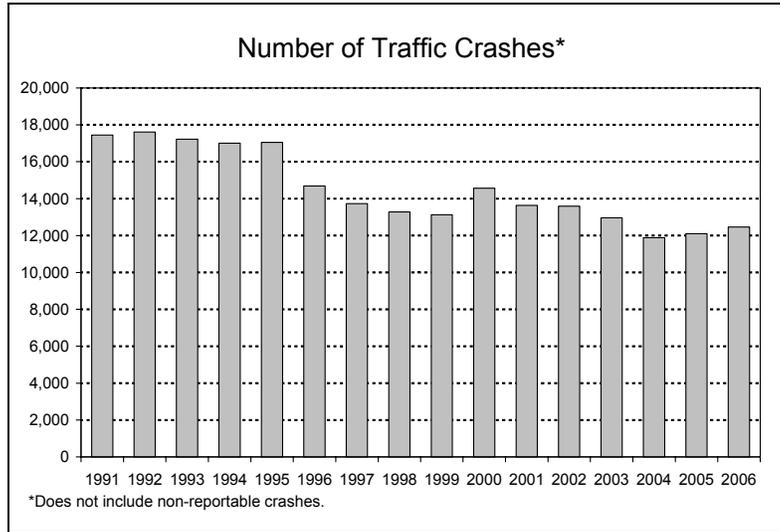
As shown in Figure 4, the number of traffic accidents increased from 12,000 in 2005 to 12,465 in 2006. This represents a 3% increase in traffic accidents from 2005 to 2006. This increase follows another slight increase in

2005. While two consecutive years of increased traffic accidents is a reason for concern, it should be noted that the 2006 accident total is 47.8% less than the total for 1991.

SERVICE AND RESOURCE CHANGES

While there are no specific changes budgeted for 2008, most areas of the city should have Light Emitting Diodes (LED) traffic signals installed by the end of 2008. The LED traffic signals are brighter and use less energy. It is expected that as a result of installing the LED traffic signals that there will be fewer traffic accidents and energy cost associated with traffic controls will decline by 80%.

Figure 4



The City of Milwaukee has already started realizing the benefits of installing LED traffic signals. The average monthly energy usage for traffic signals has decreased by 50,000 kilowatts, or 11.4% since July of 2005. This is especially important because energy cost for traffic controls have increased by 25.2% since January of 2004. As the city completes more intersections, energy use for traffic controls will continue to decline. Once all of the city’s intersections have been converted, maintenance will also decline because the LED bulbs can last up to ten years and therefore require less changing.

CAPITAL PROJECTS

The 2008 proposed budget dedicates \$700,000 in capital funding for the Traffic Control Program. The funding will be used for traffic signs, traffic signals, engineering, and other miscellaneous costs. Approximately \$450,000 or 64% of the 2008 funding will be used for traffic signs or signal upgrades and replacements.

Service 5

Underground Conduit and Manholes		2006	2007	2008
Activities:	Install and replace underground communication conduits, maintain and replace electric manholes.			
		Experience	Budget	Projection
Performance Measures:	Percentage of customers satisfied with communication services.	100.0%	90.0%	90.0%
Funding by Source:	Operating Funds	\$139,947	\$97,712	\$97,613
	Capital Budget	703,855	600,000	500,000
	Grants and Reimbursables	15,775	3,976	3,976
	Totals	\$859,577	\$701,688	\$601,589

SERVICE IMPROVEMENTS AND RESULTS

The Underground Conduit Program provides quality support services by satisfying customers with internal communication services. The underground conduit system is designed and maintained by the Infrastructure Services Division and provides a secure and weatherproof means of connecting communication cables among

various city departments, including the Fire Department, Police Department, Health Department, Milwaukee Public Library, Milwaukee Water Works, and the Department of Public Works. The conduit system also provides a secure and reliable route for traffic signals and street lighting cable circuits and systems. The 2008 proposed operating budget provides approximately \$98,000 in funding for this service. Although the Infrastructure Services Division designs and maintains the conduit, the Administrative Services Division of DPW funds and provides staff for the actual operation of the communication services.

SERVICE AND RESOURCE CHANGES

There are no specific service changes in 2008.

CAPITAL PROJECTS

The 2008 capital budget dedicates \$500,000 in capital funding for the Underground Conduit and Electrical Manhole Programs. The Electrical Manhole Reconstruction Program is approximately \$100,000 and the remaining \$400,000 is budgeted for the Underground Conduit Program.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Construction	
-1	-0.08	-0.92	Engineer Technician V	Positions eliminated.
-1	-0.05	-0.95	Engineer Technician IV	
-1	-0.05	-0.95	Engineer Technician II	
			Streets and Bridges Street Maintenance	
-2	-2.00		Street Repair District Manager	New title proposed to increase the overall efficiency and flexibility of crew structure by reducing the number of individual titles.
2	2.00		Street Repair District Manager	
-8			Asphalt Repair Crew Leader	
-10			Street Repair Crew Leader	
-17			Labor Crew Leader I	
43			Infrastructure Repair Worker I	
16			Infrastructure Repair Worker II	
-18			Asphalt Worker	
-6			Special Street Repair Laborer	
			Seasonal Crews	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
			Auxiliary	
-2			Asphalt Repair Crew Leader	New title proposed to increase the overall efficiency and flexibility of crew structure by reducing the number of individual titles.
-1			Street Repair Crew Leader	
-5			Labor Crew Leader I	
12			Infrastructure Repair Worker I	
3			Infrastructure Repair Worker II	
-5			Asphalt Worker	
-2			Special Street Repair Laborer	
			Plant and Equipment	
-1			Plant and Equipment Repair Supervisor	New title proposed to increase the overall efficiency and flexibility of crew structure by reducing the number of individual titles.
1			Plant and Equipment Repair Supervisor	
-1			Labor Crew leader	
-2			Special Street Repair laborer	
3			Infrastructure Repair Worker I	
			Stores	
1	1.00		Inventory Services Manager	New title proposed to increase the overall efficiency and flexibility of crew structure by reducing the number of individual titles.
-1	-1.00		Inventory Services Manager	
-1	-0.30	-0.70	Inventory Assistant IV	
2	0.85	1.15	Inventory Assistant II	
-1	-0.55	-0.45	Office Assistant II	
			Bridge Operations and Maintenance	
-2			Bridge Labor Crew Leader	New title proposed to increase the overall efficiency and flexibility of crew structure by reducing the number of individual titles.
2			Infrastructure Worker II	
-1			Labor Crew leader I	
1			Infrastructure Worker I	
-1			Bridge Labor Crew Leader (Auxiliary)	
1			Infrastructure Worker II (Auxiliary)	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-1	-0.50	-0.50	Electrical Services Street Lighting Communications Assistant II] Positions reclassified.
-1	-1.00		Laborer, Electrical Services	
1	1.00		Office Assistant IV	Additional position to provide clerical support in Electrical Services.
	-4.78	4.78	Various Positions	Move funding to capital.
2	0.70	0.42	Sign Shop Painter	New positions to restore crosswalk line painting.
	-1.61	1.91	Miscellaneous Adjustment	
-2	-6.37	3.79	Totals	

DEPARTMENT OF PUBLIC WORKS OPERATIONS DIVISION

EXECUTIVE SUMMARY

MISSION: Improve the safety, cleanliness, and sustainability of Milwaukee neighborhoods and the environment.

SERVICES: City cleanliness and solid waste collection.

Recycling and solid waste reduction.

Snow and ice control.

Urban forest maintenance and boulevard beautification.

City facility maintenance and development.

City fleet maintenance and services.

STRATEGIC ISSUES: Minimize demand for special collection services.

Improve the city's rate of return on investment in its recycling program.

Preserve the city's aging facilities within the constraints of the Mayor's initiative to control borrowing.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	751.40	762.83	731.25	764.42	1.59	33.17
FTEs - Other	106.73	122.64	136.64	115.98	-6.66	-20.66
Total Positions Authorized	1,654	1,643	1,629	1,596	-47	-33
EXPENDITURES						
Salaries and Wages	\$38,469,794	\$38,256,074	\$37,229,350	\$38,323,809	\$67,735	\$1,094,459
Fringe Benefits	16,488,738	16,067,551	15,266,384	15,712,761	-354,790	446,377
Operating Expenditures	23,567,585	24,931,110	24,972,395	24,974,775	43,665	2,380
Equipment	1,693,026	1,498,880	1,819,380	1,778,000	279,120	-41,380
Special Funds	9,000	12,000	12,000	723,735	711,735	711,735
TOTAL	<u>\$80,228,143</u>	<u>\$80,765,615</u>	<u>\$79,299,509</u>	<u>\$81,513,080</u>	<u>\$747,465</u>	<u>\$2,213,571</u>
REVENUES						
Charges for Services	\$39,716,287	\$39,112,000	\$39,761,000	\$40,211,000	\$1,099,000	\$450,000
Miscellaneous	1,858,824	212,000	236,700	236,700	24,700	0
TOTAL	<u>\$41,575,111</u>	<u>\$39,324,000</u>	<u>\$39,997,700</u>	<u>\$40,447,700</u>	<u>\$1,123,700</u>	<u>\$450,000</u>

BACKGROUND

The Department of Public Works Operations Division contributes to strong neighborhoods and a healthy environment through the services it provides to citizens.

Environmental Services: The Sanitation Section is responsible for collecting and disposing of the city’s residential solid waste. Solid waste collection protects city residents from vermin and infectious disease. The section also sweeps city streets, which protects the environment by reducing harmful stormwater run off into streams, rivers, and lakes. Additionally, Sanitation reduces the amount of materials sent to landfills through public education, brush collection, and the city’s Recycling Program. A high performance recycling program generates revenue for recyclables and reduces garbage tipping fees. Environmental Services is also making additional efforts to reduce nuisance garbage and maintain vacant lots owned by the city until they can be sold by the Department of City Development.

DPW’s Forestry Section is primarily responsible for tree and landscape management. The program currently maintains 200,000 trees and 120 miles of boulevards that provide Milwaukee with a natural beauty both residents and visitors enjoy. The urban tree canopy and boulevard system contribute to the environmental sustainability of the city by helping to manage stormwater runoff. The city’s trees and other vegetation also absorb carbon dioxide, which contributes to global warming, from the environment.

Fleet Services and Fleet Operations: Fleet Operations works cooperatively with the Environmental Services section to clear city streets of snow and ice, a critical component to the Administration’s key objective of nurturing investment in the city. The Fleet Services and Fleet Operations Sections also operate and maintain the Department of Public Works (DPW) centralized fleet of over 4,000 motor vehicles and related equipment. The Fleet Services Section provides equipment to other DPW divisions and provides repair services for vehicles owned by the Library, Health Department, Police Department, Water Works, Sewer Maintenance Fund, and Parking Fund

Facilities Development and Management: The Facilities Development and Management Section manages the city’s building facility assets. This entails improving the functionality of existing facilities while identifying opportunities to divest from facilities that do not add adequate value to city services. The section’s central strategic challenge is to prioritize projects that preserve the city’s critical building infrastructure within the context of declining resources. The section provides building services, such as design, construction, and maintenance for city facilities excluding the Port of Milwaukee, Milwaukee Public Library, and Health Department clinics. Consequently, this section oversees 160 of the city’s 220 buildings.

Service 1

City Cleanliness and Solid Waste Collection		2006	2007	2008
Activities:		Experience	Budget	Projection
Weekly residential garbage collection, bulky garbage collection, operation of two Self-Help Centers, Neighborhood "Clean and Green" Programs, street and alley sweeping, and weed enforcement.				
Performance Measures:	Percent of nuisance litter removals completed in four days or less.	New Service		90%
	Special collection of bulky garbage.	28,260	20,000	7,000
	Calls for missed garbage collection as percent of total collections.	0.10%	0.10%	0.10%
Funding by Source:	Operating Funds	\$24,876,691	\$29,246,931	\$32,938,193
	Capital Budget	165,394	2,260,500	0
	Grants and Reimbursables	254,617	657,442	228,512
	Special Purpose Accounts	60,000	115,000	115,000
	Totals	\$25,356,702	\$32,279,873	\$33,281,705

SERVICE IMPROVEMENTS AND RESULTS

Table 1

Nuisance Litter Cleanups: Private Property						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Number of Clean-Ups	76	145	293	466	435	154
Average of Response Time	2.27	2.35	2.57	2.81	2.84	2.39
Maximum Response Time	5.51	7.05	15.00	18.00	20.23	6.98
Average Goal:	4 Days or Less					
Maximum Target:	7 Days or Less					
Number Completed Within Goal	66	122	257	387	364	145
Number Completed Within Max Target	76	145	287	457	429	154
% Completed Within Goal	87%	84%	88%	83%	84%	94%
% Completed Within Max Target	100%	100%	98%	98%	99%	100%

The first area of service performance reviewed in DPW Operations through the AIM program was the weekly garbage collection service. On a weekly basis, DPW collects waste from about 190,000 households. The AIM process reviewed DPW Call Center requests and compared the number of citizen calls about missed garbage collections with the total number of collections. In 2006, DPW received 9,714 calls

regarding missed garbage collection. This represents about one call per 1,000 collections made. An analysis of the 76 calls received during one month of February indicated that only 38% of the calls were related to DPW crew performance. This high performance has led the Administration to shift more complex neighborhood cleanliness duties to DPW.

Over the last two years, Environmental Services has cooperated with the Accountability in Management program to proactively develop new tactics to improve city cleanliness. As a result of interdepartmental AIM meetings in 2006, the city began a new approach to reduce the cleanup time of nuisance litter. The Department of Neighborhood Services (DNS) remains responsible for inspecting nuisance litter complaints on private property and issuing cleanup orders to property owners. However, beginning in 2007, once a property owner’s grace period has expired, DNS refers all cleanup orders to DPW. As a direct service agency, DPW is able to execute cleanup operations more rapidly than DNS could using private contractors.

The AIM team together with DPW established performance targets for nuisance operations. Table 1 shows monthly DPW performance from January through June of 2007. DPW’s goal is to remediate most nuisance garbage situations in four calendar days or less and clean 100% of referrals in seven days or less.

The performance indicates that, overall, DPW has very good response time to DNS referrals, with 85% completed within the four day goal. In a few instances, the response fell outside of the acceptable range. As DPW becomes more experienced with providing this service, the Administration’s expectation is that all of these “outliers” will be eliminated. The shift of cleanup responsibilities to DPW represents improvement in one phase of the nuisance litter process. The inspection time and the amount of time allotted to the property owner to remove the nuisance on their own are topics that remain under discussion. DNS has also begun a pilot program to accelerate the nuisance litter control process when the litter involves food waste. For more information, refer to the *Department of Neighborhood Services* section of the *Proposed Plan and Executive Budget Summary*.

SERVICE AND RESOURCE CHANGES

Clean and Green Program and Bulky Garbage Collection: In addition to regularly scheduled weekly garbage collection, DPW has historically provided special collection services for large bulky items at residents’ request. This system was inefficient and costly for taxpayers. From 2005 through 2007, the Department of Public Works made a series of changes to this policy which has increased the efficiency of bulky item collection and reduced city expenses.

- Implemented the “Clean and Green” Spring Cleanup Program. Residents across the city are notified to set out their bulky items on a designated week in April or May, so that DPW can thoroughly clean one neighborhood at a time. Residents may set out any volume of bulky items (excluding construction debris) during this period.

Table 2

Calls for Special Bulky Collections				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Annual Total	85,713	30,749	28,260	
January - July	48,077	17,952	17,656	10,992
July Only	9,895	3,164	2,898	722

- Residents have been advised to set out up to 4 cubic yards of bulky items to be collected by DPW crews along with the regularly scheduled garbage collection. By limiting the size of the bulky collection, regular sanitation crews are usually able to collect the extra waste.
- In 2007, the city began charging a \$50 fee to collect bulky items that exceeded the 4 cubic yard threshold. As expected by the Administration, this change has provided an incentive for property owners to comply with the 4 cubic yard limit or use the Clean and Green Program. Special collections have declined considerably.

Table 2 demonstrates how these changes have reduced the number of special collection requests.

Due to the success of the Clean and Green Program and HUD restrictions on CDBG funding to public services, the Administration is not proposing CDBG funding for the Neighborhood Weekend Box Program for 2008. As an alternative, the 2008 proposed budget allocates an additional \$100,000 for targeted Clean and Green initiatives through DPW’s operating budget.

The Clean and Green Program, the policy for garbage setouts, and the availability of Self-Help Centers provide ample opportunities for citizens to dispose of their solid waste in an orderly manner. The Administration encourages Council members to work with the Department of Public Works and community groups to utilize the Clean and Green program as an alternative to the Weekend Box program.

The Administration is also working with the Department of Public Works to identify strategies for controlling excessive sick leave usage in the driver pool that reduces crew productivity. As a result of improved sick leave control and the reduction to special collection calls for service, the Administration’s 2008 proposed budget reduces the number of Operations Driver Workers by seven. This change is expected to save \$235,000 annually without affecting services to residents.

Vacant Lot Maintenance: The city is responsible for maintaining approximately 2,600 vacant lots that it owns until they can be resold to private developers. In 2007, the Administration transferred nuisance litter removal on these properties from DNS to DPW. In 2008, the Administration proposes shifting all custodial duties of vacant lots from DNS to DPW, including lawn mowing, weed removal, and snow removal. The move is believed to improve service, as direct provision of city cleanliness is the core mission of DPW Operations. The change will put city owned vacant lots on a regular maintenance cycle, which should reduce complaints and improve neighborhoods. New funding in DPW’s budget has been transferred from the former DNS Special Purpose Account and CDBG funding for the same purpose.

Replacement Garbage Carts: DPW’s 2008 proposed budget allows for the replacement of more than 18,000 garbage carts, which represents a 9% reduction from 2007. The department will monitor households that routinely request replacements and approve requests for additional carts on a more managed basis. For 2009, the Administration will work with the Council to develop a comprehensive approach for funding solid waste services, including cart replacements.

Service 2

Recycling and Solid Waste Reduction		2006	2007	2008
Activities:		Experience	Budget	Projection
Curbside recycling collection, fall leaf, brush, and yard waste collection and composting, recycling and waste reduction education, and Self-Help Center Recycling Programs.				
Performance Measures:	Tons diverted from landfill.	59,466	56,000	60,000
	Tons of recyclables from curbside collections.	25,301	N/A	25,500
Funding by Source:	Operating Funds	\$1,993,423	\$2,930,912	\$2,382,953
	Capital Budget	0	0	0
	Grants and Reimbursables	3,404,289	2,974,880	3,025,676
	Totals	\$5,397,712	\$5,905,792	\$5,408,629

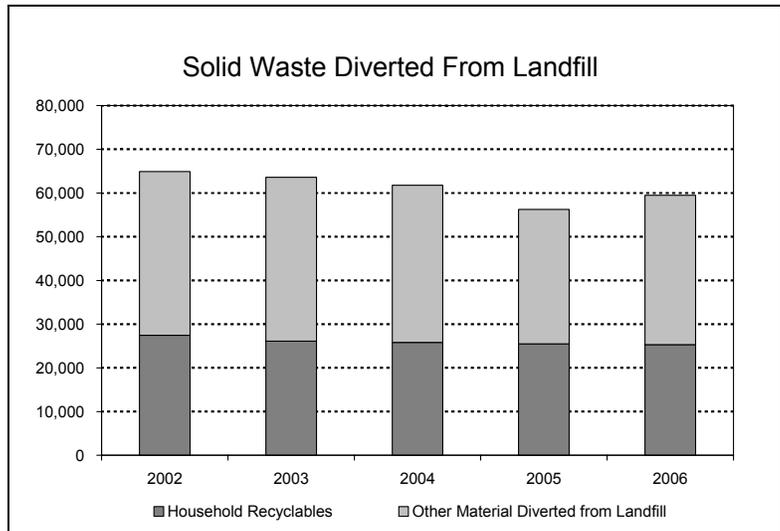
SERVICE IMPROVEMENTS AND RESULTS

As indicated in Figure 1, DPW reversed the downward trend in tons of waste diverted from landfills in 2006. While recycling tonnage from household residents fell by about 1% in 2006, other materials such as brush and recyclable materials from self-help facilities increased by about 11%.

As a quasi-business operation, the recycling program’s central mission is to recover an increasing amount of recyclables from the waste stream. In 2007, the Environmental Services Section has been trying a variety of approaches to do this.

Under current policy, DPW provides monthly collection in areas of the city where households are assigned large recycling carts. Other areas of the city receive smaller recycling bins and receive weekly collection. The bins are intended to reduce contamination of the recyclables. During 2007, DPW has converted a portion of one route totaling 1,200 houses from bins to carts. This change was made possible due to increasing homeownership in that area. Through the two month trial period, the tonnage of recyclables collected from these properties increased by 18%.

Figure 1



DPW has also identified two areas in the city with the highest per household recycling tonnage. DPW is targeting a pilot initiative to these two neighborhoods to provide twice monthly collection. The change is intended to reinforce high participation areas of the city, increase recycling tonnage, and increase the taxpayers’ return on investment for city services. Under the current monthly collection in those areas, household carts are quickly filling up and some recyclable material may be thrown away. Thus, twice monthly collection is expected to increase recyclable tonnage and revenue and reduce garbage tonnage.

The pilot is ongoing and definitive conclusions cannot be drawn without more experience. The Mayor’s Accountability in Management process and DPW will assess the effects of this policy change on crew productivity and tonnage. If the pilot is successful, the city may continue or expand the initiative through 2008. The Department of Public Works will identify a recycling threshold to determine which collection routes will be eligible for the twice monthly service.

SERVICE AND RESOURCE CHANGES

As of this writing, the State of Wisconsin budget deliberations may include additional recycling grants. If recycling grant increases are available, DPW will apply the increased funding to expand the pilot programs and explore additional cost-effective strategies for boosting recycling tonnage.

Service 3

Snow and Ice Control		2006	2007	2008
Activities:		Experience	Budget	Projection
	Snow plowing operations, salting operations, and special snow cleanup.			
Performance Measures:	Inches of snow.	31.8	39.0	39.0
	Number of snow and ice operations.	25	27	27
Funding by Source:	Operating Funds	\$6,303,022	\$4,885,314	\$4,918,942
	Totals	\$6,303,022	\$4,885,314	\$4,918,942

SERVICE IMPROVEMENTS AND RESULTS

The Department of Public Works’ goal is to remove snow and ice as quickly and economically as possible to restore safe motorist and pedestrian travel, ensure public safety, and minimize economic losses. The estimated average daily gross city product in Milwaukee is \$86.7 million. A well run snow and ice removal operation adds value to the economy by allowing year round operation of the regional economy.

The extent to which snow and ice control operations are performed is largely dependent upon weather conditions. Snow and ice control expenditures are largely dependent upon snowfall, which has fluctuated tremendously over the past decade. Over the last five years, DPW has improved the efficiency of its snow and ice control operations by utilizing more salt trucks with underbelly plows. Underbelly plows allow DPW staff to respond more quickly to rapid accumulations of snow on the roadway. Additionally, expansion of snow driver pool overtime has allowed for more sustained snow removal operations using only city forces.

SERVICE AND RESOURCE CHANGES

In 2008, DPW will eliminate the number of private contractors who are on paid standby. The city had historically paid these contractors a flat rate simply to be available in the event of a large snowfall for when city crews are not sufficient. These contractors were used once in 2005 and once in 2002. Contracts for 51 pieces of standby equipment were eliminated in the 2007 budget, and remaining contracts will be eliminated for 2008. The change will save \$250,000.

Snow and Ice Removal Fee: The Snow and Ice Removal Fee recovers a portion of the city’s cost for snow and ice operations. The fee is charged based on the estimated street frontage for all properties. The rate for this fee has not changed since its inception in 2002, and has consequently not kept pace with the cost to provide the service. For 2008, the administration is proposing to increase the Snow and Ice Removal Fee. The rate will change from \$0.2736 per front street footage to \$0.4788. The average homeowner would experience about a \$9 increase to their municipal services bill as a result of this rate change. The change is expected to raise an additional \$1,875,000 and is necessary to preserve this critical city service, and to reallocate tax levy to other critical city services. The Administration is proposing this fee as a key element of the executive budget, though it has not yet been formally recognized by the Comptroller’s Office.

Service 4

Urban Forest Maintenance and Boulevard Beautification.		2006	2007	2008
Activities:		Experience	Budget	Projection
Tree planting, tree production at the city nursery, pruning and maintenance of trees, removal of hazardous and damaged trees and stumps, developing strategies to control emerging pests, turf maintenance, irrigation systems repair, and flowerbed maintenance.				
Performance Measures:	Calls for service for broken branches on street trees.	1,504	New Measure	1,200
	Trees planted.	3,515	4,148	4,052
	Trees removed	3,617	3,600	3,600
	Number of citizen complaints regarding the condition of boulevards.	82	50	50
Funding by Source:	Operating Funds	\$12,165,507	\$12,007,349	\$12,402,132
	Capital Budget	1,357,432	1,965,000	1,961,435
	Grants and Reimbursables	564,528	794,120	431,460
	Totals	\$14,087,467	\$14,766,469	\$14,795,027

SERVICE IMPROVEMENTS AND RESULTS

In 2006 and 2007, the Emerald Ash Borer emerged as a potential threat to the state’s ash tree population. Milwaukee’s urban forest contains around 36,000 ash trees, with a replacement value of about \$27 million. Other states have tried to control the pest by clear cutting ash trees once the pests have been detected. This strategy has proven to be largely ineffective. The Emerald Ash Borer is an extremely elusive pest and is difficult to detect until it has firmly established itself in the tree population.

While the pest has not yet been found in Wisconsin, DPW has been working with the State of Wisconsin on an alternative pest control strategy. This strategy involves an intense educational campaign to discourage transport of firewood from other regions, which could spread the pest. An alternative strategy could also involve targeted use of recently developed pesticides.

Throughout 2007 and 2008, DPW will map Milwaukee’s ash tree population, including ash trees on private property and parks. The department has applied for a federal grant to conduct a citywide ash tree inventory utilizing emergent Hyperspectral Imaging technology.

SERVICE AND RESOURCE CHANGES

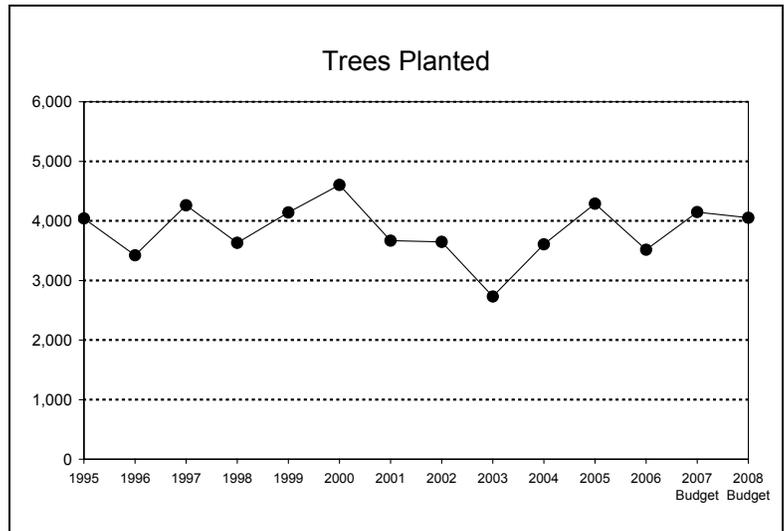
Boulevard System: In 2005, DPW enlisted the advice of citizens, landscape design professionals, and environmentalists to develop recommendations for a long term boulevard strategy. Annual fiscal pressures have required the department to craft alternatives for the boulevards that increase the system’s environmental and financial sustainability while preserving its aesthetic value. As a result of this process, the department has created a Sustainable Boulevard Plan. The plan’s key elements include:

- Reordering boulevard types as landmarks, gateways, and connecting;
- Removing flower beds from street segments that connect key intersections;
- Planting shade and ornamental trees on connecting street segments where beds have been eliminated, as funding becomes available, as a means of reducing maintenance costs and improving the city’s air quality;
- Enhancing planting beds at key street intersections through the use of a mix of annuals, perennials, shrubs, native plants, decorative edging and automated irrigation systems; and
- Introducing rain garden elements into boulevard segments.

The 2008 through 2010 capital budgets will invest a total of \$1.5 million into this Sustainable Boulevard Plan. After its completion, the department will be able to achieve annual operational savings of \$150,000 from its seasonal staff. This plan was postponed by the Common Council as part of the 2007 budget process, with a directive to seek more community input into the plan.

In 2007, Environmental Services conducted a series of public meetings to present the plan and get citizen feedback. While a small minority of people favored the existing approach, the majority of citizens understood the need for a plan to make the boulevards financially and environmentally more sustainable and ultimately favored the Sustainable Boulevard Plan.

Figure 2



CAPITAL PROJECTS

Tree Planting and Production: The 2008 proposed budget fully funds the Tree Planting and Production Program at \$1,107,235. The program will fund 4,052 replacement street trees, as part of the Mayor’s commitment to improve Milwaukee’s environment. This includes 600 street trees that were cut as part of the 2006 budget. Figure 2 demonstrates this increased commitment to improve the urban tree canopy. These capital accounts also fund nursery staff time devoted to tree production.

Sustainable Boulevard Plan: The 2008 proposed budget includes \$500,000 for the Sustainable Boulevard Plan. This includes funding for 20 seasonal employees to assist with the boulevard conversion. The Plan is discussed in more detail above.

Concealed Irrigation and Landscaping: The 2008 proposed budget provides \$288,000 in funding for irrigation replacements and landscaping that coordinate with street reconstruction projects. The replacement irrigation systems are to support planting beds only and not turf. The Sustainable Boulevard Plan will reduce the need for irrigation on connecting boulevards.

Nursery Deer Fence: The 2008 proposed budget provides \$66,200 for the installation of a deer management fence along the perimeter of the 160 acre city owned and operated nursery located in the City of Franklin. Rapid residential and commercial development in Franklin has resulted in increased deer damage to nursery trees. The fence should limit losses attributable to deer damage that totals approximately \$54,000 annually.

Service 5

City Facility Maintenance and Development				
Activities:	Architectural and mechanical design, construction management, building maintenance services, energy management, and facility systems controls.			
		2006	2007	2008
		Experience	Budget	Projection
Performance Measures:	Percentage of DPW buildings with condition assessments.	92.0%	100.0%	100.0%
Funding by Source:	Operating Funds	\$10,453,210	\$9,853,663	\$9,623,369
	Capital Budget	45,594,159	17,339,200	11,834,800
	Grants and Reimbursables	2,448,967	1,627,239	1,494,600
	Totals	\$58,496,336	\$28,820,102	\$22,952,769

SERVICE IMPROVEMENTS AND RESULTS

The Facility Maintenance and Development Program activities focus on providing quality support for facilities used by city agencies and for recreational facilities and playlots.

The department has completed condition assessments on nearly all DPW managed buildings. The department will continue long term capital budget planning to improve the condition of its facilities while minimizing the cost of those improvements.

Through 2006 and 2007, the department is on schedule with its major facility project, City Hall Restoration. While change orders are inevitable on a project of this scale, they remain within the contingencies budgeted for this project.

SERVICE AND RESOURCE CHANGES

Reduce Facility Maintenance: The 2008 proposed budget reduces facility maintenance, including the elimination of five positions. The five positions include one Building Service Manager, two Custodians, and two Electrical Mechanics. These reductions will require DPW to prioritize the most critical maintenance items while less critical items may experience some delay. The Administration has elected to focus DPW resources on direct services to residents, including preserving sanitation, boulevard services, and public infrastructure. However, the city’s capital program for facility maintenance services has been well funded in recent years, which should make the maintenance cuts manageable.

Through the AIM process, the administration is working with DPW to create a system for tracking carpenter and mechanic productivity. Establishing a productivity tracking system will allow the city to identify the optimum level of facility maintenance staffing.

Energy Efficiency Improvements: As directed by the Mayor, DPW has proactively identified ways to reduce energy consumption in city facilities. In the City Hall Complex, the department installed vending machine misers and more efficient lighting and removed space heaters. Through these measures, energy consumption in the complex declined by approximately 9%. The department has been evaluating approaches for reducing off-peak energy use to fully comply with the Mayor’s target of a 10% reduction for the complex. DPW is currently undertaking energy audits of its outlying facilities to identify similar opportunities for improvement.

For 2008, the department continues to explore the opportunity to install solar hot water heating in Fire Department engine houses. These devices work with the existing hot water heaters to save energy by pre-heating hot water using the sun. This will allow for a reliable supply of hot water at the fire houses while reducing

natural gas consumption. By working in partnership with We Energies, the project is expected to have a payback to taxpayers of about eight years and serve as a model for similar projects in the broader community.

CAPITAL PROJECTS

City Hall Restoration: This program was introduced in 2002 to address the structural and historical integrity of Milwaukee's City Hall, which is listed as a National Historic Landmark. This program restores the exterior façade and roofs of City Hall to ensure a watertight, energy efficient, and safe condition.

J. P. Cullen & Sons, Inc. is providing repair and restoration work to address the deterioration of key exterior elements such as brick, terra cotta, sandstone, windows, embedded structural steel, copper and slate roofing. The project is scheduled for completion in late 2008. The 2008 proposed capital budget includes \$6.3 million to address the expected cash flow requirements of the project.

City Hall Foundation and Hollow Walk Repairs: This project will commence upon completion of the City Hall Restoration Project. Ongoing investigation has found significant foundation settling, particularly on the three sides of the northern half of the building. City Hall was built on a foundation of wood pilings as was common in the late 1890s. Some of the pilings have been deteriorating, a substantial contributor to the settling that has occurred. Work to repair and underpin the existing pile caps and install monitoring wells is necessary to correct this condition. In conjunction with the foundation work, the sidewalks, hollow sidewalk areas, and the associated interior walls will be repaired and restored. The 2008 proposed capital budget includes \$1.2 million to conduct a detailed evaluation to determine condition changes since the last analysis in mid-2004. Considerable project risk exists due to the large portion of the foundation that is buried and not directly observable. After work is complete, the building's foundation is expected to perform its support function into the long-term future.

MacArthur Square Plaza Restoration: The 2008 proposed capital budget provides \$500,000 of funding to perform interim repairs to the roof membrane and expansion joint that forms the roof of MacArthur Square Parking Structure and the base of the Plaza. Severe deterioration along the expansion joint threatens the long-term structural integrity of the parking facility and the plaza. The 2008 proposed Parking Fund budget includes \$1.5 million of capital funds for its portion of the necessary work. In addition to the necessary structural work, several minor health and safety renovations, including rebuilding plaza stairways and sidewalk, to prevent tripping hazards and rehabilitating electrical fixtures will take place.

Environmental Remediation Program: The 2008 proposed budget includes \$200,000 for the city's Environmental Remediation Program. This ongoing program funds lead and asbestos abatement in city facilities, as well as soil and groundwater remediation that resulted from leaking underground storage tanks.

ADA Compliance Program: The 2008 proposed budget includes \$160,800 for the city's ADA Compliance Program. This ongoing program funds various accessibility improvements including building entrances, office modifications, and rest rooms.

Facilities Exterior Program: The 2008 proposed budget includes \$469,000 for projects to maintain building watertight integrity, improve energy efficiency and provide for safe conditions.

Municipal Garage/Outlying Facility Remodeling: The 2008 proposed budget includes \$175,000 for HVAC modifications to the Lincoln Ave. Garage. In July 2007, the Common Council released \$2.5 million in prior year funding for improvements to the Central Repair Garage and outlying facilities. These improvements are needed to ensure safe and efficient working conditions for city employees at these facilities.

Facilities Systems Program: The 2008 proposed budget includes \$2.4 million for facility systems improvements. This includes funding for emergency repairs, electrical code compliance work, and other initiatives to support the city's HVAC systems and other mechanical systems in city facilities.

Recreational Facilities Program: The 2008 proposed budget includes \$300,000 for recreational facilities improvements, including playfield reconstruction to meet ADA standards at 29th and Melvina, 29th and Meinecke, 40th and Douglas and Reiske Park. Cooper tennis courts will also be reconstructed.

Space Planning, Alterations, and Engineering: The 2008 proposed budget includes \$110,000 to fund engineering, facilities inspections, and office reorganizations.

Service 6

Fleet Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Preventive maintenance and repair of vehicles and equipment, provide vehicles, and equipment operators.				
Performance Measures:	Total unscheduled work orders completed on DPW equipment.	28,738	25,000	29,000
	Preventative Maintenance (PMs) conducted.	6,618	6,000	7,000
	Fleet availability percentage.	94.7%	95.0%	95.0%
Funding by Source:	Operating Funds	\$24,436,290	\$21,841,446	\$19,247,491
	Capital Budget	6,139,533	6,250,000	6,000,000
	Grants and Reimbursables	1,749,262	2,007,600	1,153,115
	Totals	\$32,325,085	\$30,099,046	\$26,400,606

SERVICE IMPROVEMENTS AND RESULTS

The Fleet Services Program provides repair and maintenance services to over 4,000 vehicles and pieces of equipment. It also provides equipment operators for a variety of DPW functions. In 2006, Fleet Services met its goal of Preventative Maintenance checks and ensured that fleet vehicles were available 95% of the time.

SERVICE AND RESOURCE CHANGES

In 2006, DPW conducted an analysis of its garbage packer, front-end loader, and street sweeper fleet. Through detailed analyses of the daily usage of these vehicles, DPW identified opportunities for fleet reduction. These analyses were included in the 2006 Fleet Report contained in Council File 060508. These reductions to the fleet will reduce the workload for vehicle service staff.

The 2008 proposed budget eliminates four positions in Fleet Services, including an Auto Maintenance Mechanic, a Vehicle Service Technician, a Garage Attendant, and a Garage Custodian. These reductions will require DPW to prioritize the most critical maintenance items while less critical fleet maintenance may experience some delay. The Administration expects that the reduced size of the fleet and increased investment in replacement equipment in recent years will reduce the service impact to these staffing reductions.

Additionally, through the AIM process, the Administration is working with DPW to develop a system for tracking vehicle technician productivity. Identifying the baseline level of technician productivity and identifying areas for improvement will place fleet operations on a more sustainable trajectory.

CAPITAL PROJECTS

Major Capital Equipment: The 2008 proposed budget includes \$6 million for major capital equipment that cost more than \$50,000 per unit and a life cycle of at least ten years. Equipment items costing less than \$50,000 are included in the Operations Division's operating budget. The 2008 major capital equipment list includes the replacement of street sweepers, aerial trucks, heavy dump trucks, and garbage and recycling packers.

Two-Way Radio Replacement and AVL/GPS Initiative: This program does not receive new funding in the 2008 proposed budget. The replacement of the current radio infrastructure with a new digital radio trunking system by the Milwaukee Police Department is pending and other city departments that utilize this system will need to upgrade and replace their current radios when the Police Department begins the transition. The department is also looking to use Global Positioning System (GPS) capabilities associated with the system to better manage city crews in the field.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
Fleet Services Section				
-1	-1.00		Auto Maintenance Mechanic	Reduce fleet maintenance to balance the budget and reflect impact of increased fleet purchases.
-1	-1.00		Vehicle Service Technician	
-1	-1.00		Garage Attendant	
Fleet Operations/Dispatch Section				
-1	-1.00		Garage Custodian	Operational efficiency.
	1.38	-2.70	Operations Driver Worker	Eliminate Weekend Box enhance Clean and Green Programs.
Facilities Development and Management Section				
-3			Communications Assistant IV (Auxiliary)	Unneeded Auxiliary positions.
-1			Program Assistant I (Auxiliary)	
-1			Program Assistant II (Auxiliary)	
-1			Security Guard (Auxiliary)	
-1			Network Analyst Associate (Auxiliary)	
Operations and Maintenance Unit				
-1	-1.00		Building Services Manager	Operational efficiency
-2	-2.00		Custodial Worker II/City Laborer	Reduce positions to balance the budget.
-2	-2.00		Electrical Mechanic	Reduce non-daily facility maintenance to balance the budget.
-1	-1.00		Carpenter	
Auxiliary Personnel				
-1			Building Services Supervisor II	Unneeded Auxiliary positions.
-2			Custodial Worker III	
-1			Custodial Worker II City Laborer	
-2			Custodial Worker I	
-2			Electrical Services Supervisor II	
-5			Electrical Mechanic	
-2			Electrical Worker	
-1			Carpenter Supervisor	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-4			Carpenter	Unneeded Auxiliary positions.
-1			Painter, Lead worker, House	
-2			Painter	
-1			Cement Finisher	
-1			Bricklayer Buildings	
-1			Bridge Labor Crew Leader II	
-2			Bridge Laborer II	
-2			Laborer/Electrical Services	
	0.25		Custodial Worker II (3 months)	
10			General Auxiliary Positions	Generalize Auxiliary titles.
Construction Management Unit				
-1			Architectural Designer II (Auxiliary)	Unneeded auxiliary positions.
-1			Architect III (Auxiliary)	
-1			Construction Coordinator (X) (Auxiliary)	
-2			Bridges and Public Buildings Coordinator (X) (Auxiliary)	
-1			Engineering Drafting Tech II (Auxiliary)	
-1			Engineering Drafting Tech IV (Auxiliary)	
-1			Mechanical Engineer II (Auxiliary)	
Sanitation Section				
-2	-2.00		Field Headquarters Coordinator	Reorganization.
2	2.00		Office Assistant IV	
-5	-5.00		Sanitation Worker	Operational efficiency.
5	5.00		Operations Driver Worker (D)	
-7	-7.00		Operations Driver Worker (D)	Operational efficiency.
12	8.00		Sanitation Inspector	Shift from Auxiliary to meet operational needs.
1		1.00	Site Improvement Specialist (A)	Vacant Lot Program transfer from DNS.
1		1.00	Program Assistant II (A)(X)	

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
-12	-5.00		Sanitation Inspector (Auxiliary)	Shift to regular to meet operational needs.
	5.96	-5.96	Various Positions	Correction for Nuisance Garbage Collection.
			Forestry Section	
1	1.00		Equipment Mechanic III] Reclassify position.
-1	-1.00		Utility Crew Worker	
3			Urban Forestry Specialists (Auxiliary)	Operational efficiency.
	8.00		Various (Auxiliary)	Correct FTE to include funded seasonal positions.
-47	1.59	-6.66	Totals	

SPECIAL PURPOSE ACCOUNTS

EXECUTIVE SUMMARY

PURPOSE: Special Purpose Accounts appropriate funds for purposes not included in departmental budgets. These accounts may include funding for short term programs, programs that affect numerous departments, or programs that warrant distinction from departmental budgets. Every year, the Common Council adopts a resolution that authorizes expenditure of funds from the various Special Purpose Accounts by specific departments or by Common Council resolution.

The 2008 proposed budget provides funding of \$40 million for Miscellaneous Special Purpose Accounts and funding of \$162.7 million total for Special Purpose Accounts. Highlights of the 2008 Miscellaneous Special Purpose Accounts (SPAs) include:

New Accounts

Housing Trust Fund: The 2007 city budget provides \$2.5 million of GO borrowing authority to the City of Milwaukee's Housing Trust Fund. The 2008 proposed budget continues this commitment to this affordable housing initiative with tax levy funding of \$400,000. The Fund is dedicated to the construction, rehabilitation, and accessibility modification of affordable housing for low to moderate income households. City money is intended to leverage financial support such as tax credits, private investment, and the involvement of other government and non-profit agencies. In addition, the proposed budget for the Department of City Development includes \$75,000 for joint efforts with the county and local foundations to implement initiatives to provide assistance for homeless persons and others with special housing needs.

The Housing Trust Fund Special Purpose Account will be one of many programs in the city that focuses on housing, with total funding for affordable housing estimated at \$62 million in 2007.

Discontinued Accounts

Emerging Business Enterprise Program Effectiveness Study: This was a one time appropriation in 2007 that is discontinued in 2008. The account provided \$45,000 to help fund a study of the effectiveness of the Emerging Business Enterprise (EBE) Program. The Mayor is committed to improving the EBE Program and will use this study to develop recommendations for improving the program's effectiveness. For more information, refer to the *Department of Administration* section of the *2008 Proposed Plan and Executive Budget Summary*.

Fire and Police Department Monitoring/Auditing: This account was created in the 2007 budget, with funding of \$50,000, to provide for periodic monitoring and auditing of the Fire and Police Departments. The 2008 proposed budget eliminates this account and replaces it with a new special fund within the Fire and Police Commission funded at \$50,000. This fund will assist the Commission in monitoring and auditing certain operational functions and policy issues within the Fire and Police Departments. For more information, refer to the *Fire and Police Commission* section of the *2008 Proposed Plan and Executive Budget Summary*.

Vacant Lot Maintenance: This accounts funds maintenance of city owned vacant lots. Maintenance activities include grass cutting, snow removal, fencing and posting, grading and seeding, and trash and debris removal. Responsibility for vacant lot maintenance is transferred from the Department of Neighborhood Services to the Department of Public Works. Funding for vacant lot maintenance is established within a special fund in the DPW

Operations Division operating budget rather than in a Special Purpose Account. For more information, refer to the *Department of Public Works* section of the *2008 Proposed Plan and Executive Budget Summary*.

Other Significant Changes

Audit Fund: The Audit Fund has been increased in the 2008 proposed budget by \$24,000 to \$250,000 to pay for the increased cost of contracting for a private audit of the city's Comprehensive Annual Financial Report, among other audit activities.

Damages and Claims Fund: This account provides funding for the payment of city legal obligations, including payment of claims, settlements of lawsuits, and payment of judgments. This account is decreased by \$2.5 million in the 2008 proposed budget to \$1.4 million. This decrease adjusts funding to a normal level after a one time increase of \$2 million in the 2007 budget to ensure that the city had sufficient resources for the liability in the *Alexander* case.

Driver Licensure and Employment Initiative: This account provides \$75,000 in 2008, the same amount of funding as provided in 2007, to help fund an initiative to reduce barriers to employment for Milwaukee residents. This is the second year that tax levy funding is supporting this initiative. A significant percentage of residents have revoked or suspended driver's licenses. The lack of a valid driver's license creates a significant barrier to employment, particularly since there are many jobs located in the suburban and exurban areas outside of the City of Milwaukee and there is a lack of public transit to allow individuals without driver's licenses to access these jobs. This project will assist residents in restoring suspended and revoked licenses and enable them to seek employment. More information on this project is included in the *Municipal Court* section of the *2008 Proposed Plan and Executive Budget Summary*.

Economic Development Committee Fund: This account is funded at \$38,000 in 2008. This amount is consistent with recent expenditure trends.

Group Life Insurance Premium: This account funds the city's obligations with respect to life insurance benefits for city employees. The account is increased by \$92,000 to \$3.26 million in 2008, reflecting an increase in salary settlements.

Insurance Fund: This account provides funding for insurance premiums for city policies. The account is decreased by \$100,000 in 2008 for total funding of \$490,000, to more accurately reflect premium payments anticipated for 2008.

Long Term Disability Insurance: This account funds a negotiated benefit that provides income continuation to employees who are unable to work because of a disabling injury or illness. The account is increased by \$161,000 to \$801,000 in 2008, reflecting higher anticipated long term disability rates in 2008.

Retirees Benefit Adjustment: This account makes supplemental pension benefits for certain non-employee retirement services retirees. The account is decreased by \$51,900 in 2008 for total funding of \$240,000, reflecting the trend in anticipated expenditures.

Tuition Reimbursement Fund: The city provides a Tuition Benefit Program to eligible employees to help them further develop skills related to their current job or a reasonable promotional opportunity within city government. The amount of tuition benefits available to each employee depends upon the particular employee group to which they belong, with specific maximum reimbursement levels determined by collective bargaining agreements. The account is increased by \$20,000 in 2008 for total funding of \$760,000.

SPECIAL PURPOSE ACCOUNT WORKER'S COMPENSATION

SUMMARY OF EXPENDITURES

	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
Worker's Compensation	\$11,755,087	\$11,530,000	\$12,030,000	\$12,125,000	\$595,000	\$95,000
Required Employer Law Compliance Expenses	6,532	25,000	25,000	25,000	0	0
TOTAL	<u>\$11,761,619</u>	<u>\$11,555,000</u>	<u>\$12,055,000</u>	<u>\$12,150,000</u>	<u>\$595,000</u>	<u>\$95,000</u>

The Worker's Compensation Special Purpose Account, administered by the Employee Benefits Division of the Department of Employee Relations, consists of two sub-accounts. One sub-account compensates city employees who incur job related injuries. The other sub-account covers expenses incurred because of exposure to bloodborne pathogens in the workplace, as mandated by the bloodborne pathogen law.

The 2008 proposed budget for the Worker's Compensation account totals approximately \$12.1 million, an increase of 5.1% from the 2007 budget. This is largely due to expected annual increases in wage rates. To combat the continual increase in medical costs, the Department of Employee Relations hired a private vendor, CorVel, to perform additional Worker's Compensation bill processing. CorVel's ability to generate billing reductions through medical and hospital discounts has resulted in a net savings of over \$2.1 million in 2006 and over \$1.4 million in savings during the first six months of 2007.

A contract was awarded in 2006 for the development of a new Worker's Compensation claims system and will be implemented in the Fall of 2007. The new system will improve the productivity of claims administration and processing through automated claims management, allowing all claims information to be electronically stored and easily retrieved from a central location, and greatly expand reporting capabilities. Enhanced data and reporting functions will allow the city to better analyze claims information at a departmental level and proactively pursue strategies to reduce workplace injuries.

As the new Worker's Compensation system is implemented, an expanded contract is being pursued with CorVel to increase the bill review and fee schedule application to cover all medical bills. In addition, CorVel will scan all medical bills and continue to process bill payments.

Several other initiatives are in place to reduce Worker's Compensation costs, including safety training and awareness, accident prevention through work site assessment and analysis, and implementation of the injury review process. In 2006, the Department of Public Works reinstated the Injury Review Committee to address employees with reoccurring injuries. DPW Operations and Infrastructure employees meet with the committee to discuss safe work practices and address strategies to reduce injuries. The injury review process is being expanded to include DPW Administration, Parking Fund, and Water Works employees. The Fire Department is developing a similar initiative and is drafting details for the implementation of a pilot injury review program. The Milwaukee Police Department has agreed to pursue a similar initiative and will be working with DER to develop and implement an Injury Review Program as well.

SPECIAL PURPOSE ACCOUNT EMPLOYEE HEALTH CARE BENEFITS

SUMMARY OF EXPENDITURES

	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS	2007 ADOPTED 2008 REQUESTED
Claims	\$34,755,523	\$29,920,000	\$38,800,000	\$36,850,000	\$6,930,000	\$-1,950,000
Health Maintenance Organizations	52,984,139	71,610,000	76,525,000	67,625,000	-3,985,000	-8,900,000
Dental Insurance	2,173,920	2,200,000	2,200,000	2,200,000	0	0
Administrative Expense	1,974,108	3,000,000	3,200,000	3,500,000	500,000	300,000
TOTAL	\$91,887,690	\$106,730,000	\$120,725,000	\$110,175,000	\$3,445,000	\$-10,550,000

This Special Purpose Account covers employee health care costs for the self-insured Health Care Program (the "Basic" Plan), Health Maintenance Organizations (HMOs), dental insurance, administrative expenses, and cost containment measures. The Department of Employee Relations manages the account.

The 2008 Employee Health Care budget is approximately \$109.9 million, an increase of 3% from 2007.

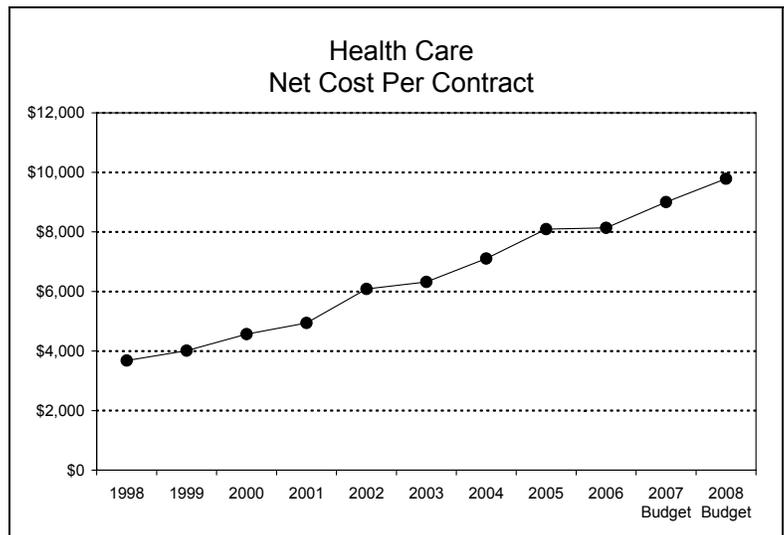
The city will benefit in 2008 from contracts that were negotiated in 2006. The Basic Plan is administrated by Claim Management Services. Prescription drugs are carved out of this plan and are administered by Navitus. Basic plan contract costs are expected to grow 7.2% from the estimated 2007 budgeted amount. This growth will increase costs by \$2.4 million for the Basic Plan in 2008. In addition, the estimated budgeted Basic Plan costs for 2008 will increase by \$4.2 million to reflect changes in plan enrollment for a total change of \$6.6 million.

For 2008, the HMO contract was awarded to United Health Care. HMO rates will increase on average by approximately 6% from 2007 to 2008. This rate increase translates into an increase in the HMO budget of \$4.2 million. In 2008, prescription drugs were carved out of this plan and will be administered by Navitus. Overall the HMO costs will fall by \$4 million from the 2007 level to reflect plan enrollment changes and the rate change.

Due to personal decisions and declining city employee numbers, enrollment has declined by approximately 230 from 2006 levels. The impact of this change has been a savings of \$2.4 million. This savings was partially offset by an increase in administrative cost of \$0.5 million to reflect the change in prescription drug administration by Navitus for HMOs.

When comparing the cost per contract for active and retirees, the city will experience consistent growth in health care costs between the 1998 actual experience and 2008 budgets. Figure 1 shows that the cost per contract increases by approximately \$2,000 every three years. On a percentage basis, costs from 2002 to 2005 increased 33.1% while costs from 2005 to 2008 are expected to grow 20.9%.

Figure 1



The picture is still unclear for the actual results for 2007. Year end accruals and normal contract startup claims processing delays make any prediction difficult. Current projections suggest that no supplemental appropriation will be needed in 2007.

2008 Rates: HMO rates for 2008 are set equally to all employees with a set city share and employee share. The employee share for the HMO in 2008 will be \$0. For the Basic Plan, the share paid by employees varies by the employee representation. Management employees who choose the Basic Plan will have a choice of two tiers with monthly payments that are the amount above 100% of the lowest HMO. Other employees have one Basic Plan option with a fixed payment amount based on contract negotiations.

Health Care Future: Although the city will realize some stabilization of health care costs, structural issues within the health care market suggest that annual growth rates will be maintaining their trend since 1998 as shown in Figure 1. With this in mind, the city will continue to work with unions to explore new cost control measures. The cost control measures may include employee choice incentives and initiatives that will influence utilization in ways that improve health outcomes in a cost effective manner.

SPECIAL PURPOSE ACCOUNT BOARD OF ZONING APPEALS

BUDGET SUMMARY

	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	3.00	3.00	3.00	3.00	0.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	11	11	11	11	0	0
EXPENDITURES						
Salaries and Wages	\$205,444	\$210,937	\$205,837	\$205,837	\$-5,100	\$0
Fringe Benefits	19,359	57,160	53,708	53,708	-3,452	0
Operating Expenditures	57,770	51,494	51,494	51,494	0	0
TOTAL	\$282,573	\$319,591	\$311,039	\$311,039	\$-8,552	\$0
REVENUES						
Licenses and Permits	\$209,076	\$255,000	\$208,000	\$208,000	\$-47,000	\$0
TOTAL	\$209,076	\$255,000	\$208,000	\$208,000	\$-47,000	\$0

BACKGROUND

The Board of Zoning Appeals (BOZA) is composed of seven members appointed by the Mayor and confirmed by the Common Council. The board hears and decides on appeals of rulings on city zoning ordinances.

Service 1

Zoning Appeals		2006	2007	2008
Activities:		Experience	Budget	Projection
Board action on appeals, BOZA hearings, appeals processing and inquiries on appeals.				
Performance	Routine appeals (weeks to complete).	4	4 to 6	5 to 7
Measures:	Complex appeals (weeks to complete).	17	12 to 24	12 to 24
Funding by Source:	Operating Funds	\$282,573	\$319,591	\$311,039
	Totals	\$282,573	\$319,591	\$311,039

SERVICE IMPROVEMENTS AND RESULTS

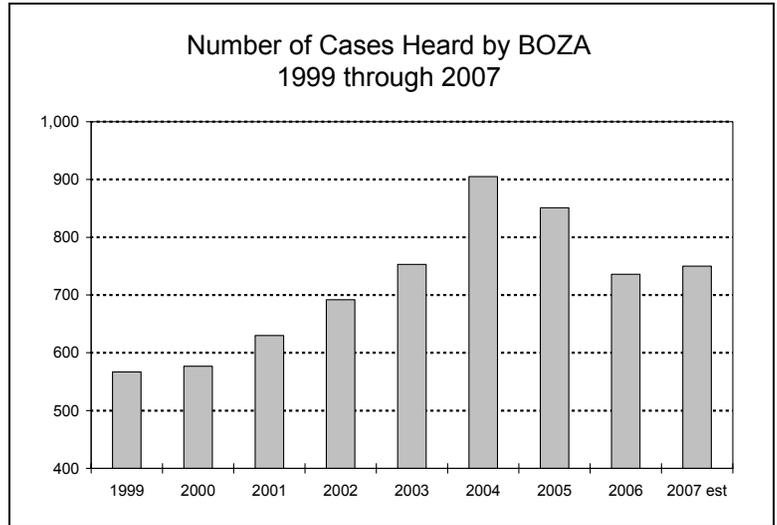
Before 1998, written decisions on BOZA cases took an average of 27 weeks between the customer's application and a final letter communicating the board's decision. As a result of revisions to the ordinances governing the appeals process and continuing process improvement initiatives, the board now averages less than six weeks to issue a written decision on a routine appeal.

Ordinance revisions and process improvements have not only reduced the length of time necessary to receive a routine written decision, they have also increased the level of communication and coordination with customers and citizens. However, the time it takes to complete a complex appeal has increased in recent years. Much of this increased time can be directly attributed to the significant increase in caseload (see Figure 1). The number of cases has increased nearly 30% from 1999 to 2006 and the number of cases filed will most likely exceed 750 in 2007.

In addition, there are a number of factors that have resulted in a greater percentage of cases requiring at least two hearings (complex appeals) before a decision is rendered. Often, the laws related to religious assembly facilities and cases involving persons with disabilities have contributed to this increase. There is also an unprecedented amount of information that is disseminated to community groups and leaders from the city via E-Notify and the Department of City Development. With more individuals and entities expressing interest in cases, an additional proceeding may be necessary.

In 2008, BOZA will continue to improve communication with customers and citizens to reduce the waiting time for hearings. BOZA’s goal for 2008 is to hear and decide routine appeals within 5 to 7 weeks and complex appeals within 12 to 24 weeks.

Figure 1



SPECIAL PURPOSE ACCOUNTS SUMMARY

LINE DESCRIPTION	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
Special Purpose Accounts Miscellaneous						
Alternative Transportation for City Employees	\$126,156	\$124,000	\$130,032	\$130,032	\$6,032	\$0
Annual Payment to Department of Natural Resources	7,034	7,100	7,100	7,100	0	0
Audit Fund	195,000	226,000	250,000	250,000	24,000	0
Board of Ethics	22,384	26,340	28,999	28,999	2,659	0
Boards and Commissions Reimbursement Expense	18,933	22,000	20,000	20,000	-2,000	0
BIDs						
BID #2 (Historic Third Ward) City Contribution	\$36,000	\$36,000	\$36,000	\$36,000	\$0	\$0
BID #4 (Greater Mitchell Street) City Contribution	25,000	25,000	25,000	25,000	0	0
BID #5 (Westtown) City Contribution	18,000	18,000	18,000	18,000	0	0
BID #8 (Historic King Drive) City Contribution	21,000	21,000	21,000	21,000	0	0
BID #10 (Avenues West) City Contribution	12,000	12,000	12,000	12,000	0	0
BID #15 (RiverWalk) City Contribution	40,000	40,000	40,000	40,000	0	0
BID #21 (Downtown Management District)	35,000	35,000	35,000	35,000	0	0
Total BIDs	\$187,000	\$187,000	\$187,000	\$187,000	\$0	\$0
Cable TV Franchise Regulation	\$2,940	\$2,595	\$3,000	\$3,000	\$405	\$0
Care of Prisoners Fund	137,827	180,000	167,000	167,000	-13,000	0
City Attorney Collection Contract	1,173,545	1,250,000	1,250,000	1,250,000	0	0
City Memberships	115,683	153,920	153,933	153,933	13	0
Clerk of Court Witness Fees Fund	6,774	12,000	12,000	12,000	0	0
Community Services Staffing	0	0	0	0	0	0
Contribution Fund General	0	1,700,000	1,900,000	1,900,000	200,000	0
Damages and Claims Fund	1,213,158	3,875,000	1,875,000	1,375,000	-2,500,000	-500,000
Drivers Licensure and Employment Project	0	75,000	200,000	75,000	0	-125,000
eCivis Grants Locator	23,100	23,100	25,468	25,468	2,368	0
Economic Development Committee Fund	16,835	38,000	75,000	38,000	0	-37,000
E-Government Payment Systems	46,604	25,000	60,000	60,000	35,000	0
Emerging Business Enterprise Effectiveness Study	0	45,000	0	0	-45,000	0
Employee Training Fund	40,749	40,000	40,000	40,000	0	0
Fire and Police Department Monitoring/Auditing (A)	0	50,000	0	0	-50,000	0
Firemen's Relief Fund	128,786	117,000	133,000	133,000	16,000	0
Flexible Spending Account	35,687	50,000	50,000	50,000	0	0
Graffiti Abatement Fund	92,233	95,000	95,000	95,000	0	0
Group Life Insurance Premium	3,066,927	3,165,000	3,257,000	3,257,000	92,000	0
Housing Trust Fund	0	0	0	400,000	400,000	400,000
Insurance Fund	352,368	590,000	590,000	490,000	-100,000	-100,000
Land Management	189,068	200,000	200,000	200,000	0	0
Long Term Disability Insurance	628,211	640,000	640,000	801,000	161,000	161,000
Low Interest Mortgage Loan Program	12,347	7,500	7,500	7,500	0	0
Maintenance of Essential Utility Services	35,889	75,000	75,000	75,000	0	0
Mentoring Program	11,000	0	0	0	0	0
Milwaukee Arts Board Projects	169,225	172,800	172,800	172,800	0	0
Milwaukee Fourth of July Commission	123,733	130,000	130,000	130,000	0	0
MMSD User Charge	0	34,926,431	34,528,821	34,528,821	-397,610	0
Less Recover MMSD User Charge	0	-34,926,430	-34,528,820	-34,528,820	397,610	0
Municipal Court Intervention Program	376,021	434,000	434,000	434,000	0	0
Neighborhood Clean and Green Initiative	70,000	0	0	0	0	0
Outside Council/Expert Witness Fund (B)	211,587	225,000	225,000	225,000	0	0
Razing and Vacant Building Protection Fund	1,331,186	1,151,000	1,151,000	1,151,000	0	0

SPECIAL PURPOSE ACCOUNTS SUMMARY

LINE DESCRIPTION	2006	2007	2008	2008	CHANGE	
	ACTUAL EXPENDITURES	ADOPTED BUDGET	REQUESTED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
Receivership Fund	285,792	325,000	325,000	325,000	0	0
Regional Economic Development Initiative	50,000	0	0	0	0	0
Reimbursable Services Advance Fund	0	50,000,001	50,000,001	50,000,001	0	0
Less Recover Reimbursable Services Advance Fund	0	-50,000,000	-50,000,000	-50,000,000	0	0
Remission of Taxes Fund	1,163,795	500,000	500,000	500,000	0	0
Reserve for 27th Payroll	3,064	1,500,000	1,500,000	1,500,000	0	0
Retirees Benefit Adjustment Fund	272,673	291,900	263,000	240,000	-51,900	-23,000
Tuition Reimbursement Fund	808,468	740,000	760,000	760,000	20,000	0
Unemployment Compensation Fund	1,074,443	975,000	975,000	880,000	-95,000	-95,000
Vacant Lot Maintenance	465,544	711,735	711,735	0	-711,735	-711,735
Wages Supplement Fund	0	9,720,000	21,500,000	22,500,000	12,780,000	1,000,000
Total Miscellaneous SPAs	\$14,291,769	\$29,877,992	\$40,079,569	\$40,048,834	\$10,170,842	\$-30,735
Board of Zoning Appeals	\$282,573	\$319,591	\$311,039	\$311,039	\$-8,552	\$0
Workers' Compensation Fund	11,761,619	11,555,000	12,055,000	12,150,000	595,000	95,000
Employee Health Care Benefits						
Administration Expenses	\$1,974,108	\$3,000,000	\$3,200,000	\$3,500,000	\$500,000	\$300,000
Claims	34,755,523	29,920,000	38,800,000	36,550,000	6,630,000	-2,250,000
Dental Insurance	2,173,920	2,200,000	2,200,000	2,200,000	0	0
HMOs	52,984,139	71,610,000	76,525,000	67,625,000	-3,985,000	-8,900,000
Total Employee Health Care Benefits	\$91,887,690	\$106,730,000	\$120,725,000	\$109,875,000	\$3,145,000	\$-10,850,000
Grand Total Special Purpose Accounts	\$118,223,651	\$148,482,583	\$173,170,608	\$162,384,873	\$13,902,290	\$-10,785,735

CITY TREASURER

EXECUTIVE SUMMARY

- MISSION:** To fulfill the duties and responsibilities of the independently elected City Treasurer, who serves as the chief investment and revenue collection officer of the City of Milwaukee, as set forth in Wisconsin State Statutes, the City of Milwaukee Charter and Code of Ordinances, and Common Council resolutions.
- SERVICES:** Financial management, including investing city funds and collecting city revenue.
- STRATEGIC ISSUES:** Maintain high quality standards in providing tax collection services to city residents and in the accounting and investment of city funds.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	27.74	29.26	30.11	30.11	0.85	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	59	59	58	58	-1	0
EXPENDITURES						
Salaries and Wages	\$1,541,016	\$1,547,145	\$1,567,080	\$1,559,080	\$11,935	\$-8,000
Fringe Benefits	661,274	649,800	642,505	639,223	-10,577	-3,282
Operating Expenditures	655,508	658,295	648,755	648,755	-9,540	0
Equipment	0	0	0	0	0	0
Special Funds	23,945	29,860	34,465	34,465	4,605	0
TOTAL	<u>\$2,881,743</u>	<u>\$2,885,100</u>	<u>\$2,892,805</u>	<u>\$2,881,523</u>	<u>\$-3,577</u>	<u>\$-11,282</u>
REVENUES						
Charges for Services	\$119,753	\$156,075	\$107,150	\$107,150	\$-48,925	\$0
Licenses and Permits	120,171	136,100	120,100	120,100	-16,000	0
Taxes and Payment in Lieu of Taxes	13,022	9,000	10,000	10,000	1,000	0
Miscellaneous	9,332,358	7,633,000	8,151,000	8,151,000	518,000	0
TOTAL	<u>\$9,585,304</u>	<u>\$7,934,175</u>	<u>\$8,388,250</u>	<u>\$8,388,250</u>	<u>\$454,075</u>	<u>\$0</u>

BACKGROUND

The City Treasurer is one of 22 elected officials within Milwaukee's municipal government. Under authority provided by Wisconsin State Statutes and the Milwaukee City Charter, the Office of the City Treasurer receives and accounts for all monies paid to the city, makes disbursements vouchered for payment by the Comptroller, invests city funds that are not needed to meet current expenditures, collects current property taxes and delinquencies for all six tax levies within the City of Milwaukee, settles property tax collections on a prorated basis, and remits to each taxing jurisdiction their share of the monies collected.

One of the most important functions performed by the Treasurer's Office is the investment of city funds that are not needed immediately to meet current expenditures, i.e. property taxes and lump sum revenue payments such as State Shared Revenue. In making investment decisions, the Treasurer's Office considers the safety, liquidity, and rate of return of various investment instruments. The Treasurer's 2008 proposed operating budget totals approximately \$2.9 million.

Service 1

City Financial Management		2006	2007	2008
Activities:	Receive and account for all monies paid to the city, make disbursements that have been vouchered for payment by the Comptroller, invest city funds not needed immediately to meet current expenditures, and collect property taxes and delinquent taxes for all six levies within the city.			
Performance Measures:	Rate of return on investments.	Experience 4.78%	Budget 5.00%	Projection 5.00%
	State of Wisconsin Local Government Investment Pool (LGIP) rate of return (benchmark).	4.90%	TBD	TBD
	Cost of tax collection as a percentage of total taxes collected.	0.2722%	0.3083%	0.2621%
	Total percentage of delinquent city property taxes collected after two years of the close of the levy.	94.5%	90.0%	90.0%
Funding by Source:	Operating Funds	\$2,881,743	\$2,885,100	\$2,881,523
	Capital Budget	9,469	0	0
	Totals	\$2,891,212	\$2,885,100	\$2,881,523

SERVICE IMPROVEMENTS AND RESULTS

The City Treasurer is responsible for investing available city fund balances. These balances consist of tax dollars collected and revenues received, including State Shared Revenue and aid payments, as well as various fines and fees. Since the city's cash flow requirements do not always equal the current fund balance, the city invests any funds that are not needed immediately into low risk investments. In turn, earnings from these investments are used to reduce the tax levy.

The primary goal of the Treasurer is to maximize the city's rate of return, while ensuring the safety and liquidity of invested funds. The rate of return is a critical component in determining the amount of investment earnings. Due to market conditions, the Treasurer has obtained rates of return ranging between 1.23% and 6.26% during the period of 2000 to 2006. As shown in Figure 1, this has translated into city General Fund investment revenue of \$8.8 million in 2006, an increase of \$3.9 million from the previous year. This strong growth was the result of a higher average daily investable balance combined with higher interest rates. In 2008, the total city investment revenue is projected to be \$12 million with \$8 million being credited to the General Fund and \$4 million to the Public Debt Amortization Fund. The prorated

Figure 1

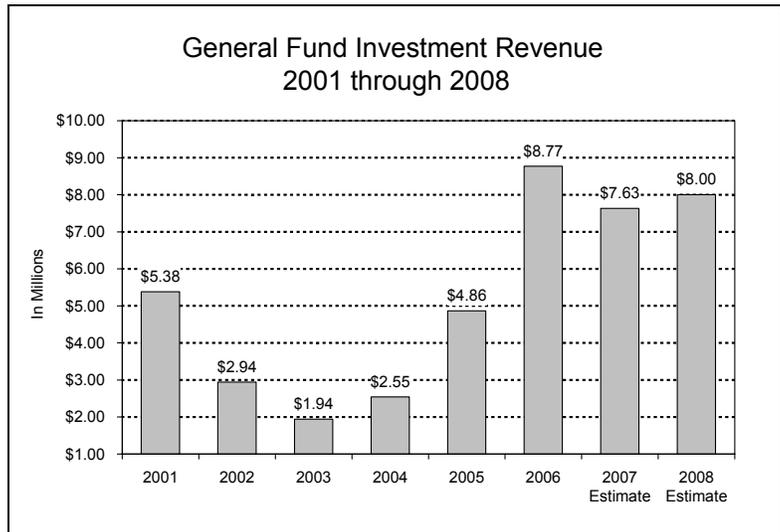
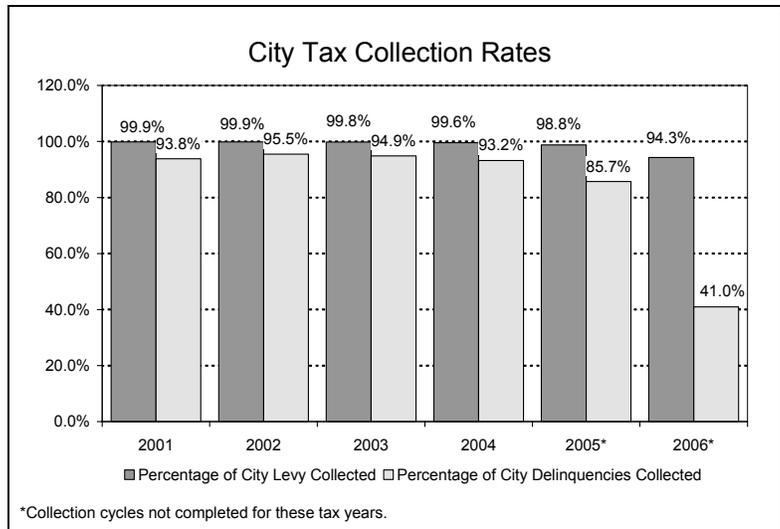


Figure 2



distribution of investment revenue between the General Fund and Public Debt Amortization Fund is required by Wisconsin State Statutes.

The City Treasurer is responsible for the collection of property taxes, including delinquent taxes for all six levies within the city. As seen in Figure 2, the Treasurer has been successful at collecting almost 100% of the total city levy and an average of over 94% of the resulting delinquent accounts. The Treasurer’s Office strives to collect all delinquent property tax accounts. One of the ways that the department has succeeded in its collection efforts is by having the city’s collection agent, the Kohn Law Firm, attempt to collect delinquent real estate property taxes for the period of six months prior to the city pursuing a foreclosure action. An additional benefit of this approach has been the reduction in the number of tax delinquent parcels acquired through foreclosure, reducing the city’s property management costs. The number of parcels has decreased from 593 in 2005 to 385 in 2007.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Program Assistant II	Establish single title for Administrative staff.
-1	-1.00		Program Assistant I	
-1	-1.00		Customer Service Representative Lead	Establish single title for Customer Service staff.
-3	-3.00		Customer Service Representative I	
-2	-2.00		Customer Service Representative I (0.53 FTE)	
4	4.00		Customer Service Representative II	
2	2.00		Customer Service Representative II (0.53 FTE)	
-1	-0.20		Accountant I	Reallocation of duties.
	1.05		Various Positions	Adequately staff tax collection period.
-1	0.85	0.00	Totals	

FRINGE BENEFIT OFFSET

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
Fringe Benefit Offset	\$-125,713,097	\$-122,018,607	\$120,959,138	\$119,810,018	\$241,828,625	\$-1,149,120
TOTAL	\$-125,713,097	\$-122,018,607	\$120,959,138	\$119,810,018	\$241,828,625	\$-1,149,120

Employee fringe benefit costs are appropriated in various special purpose accounts. In addition, department operating budgets include an estimated employee fringe benefit factor in order to reflect the total cost of department operations. In prior years, this second appropriation, or “double” budget, was offset by a “paper” revenue to avoid levying twice for employee benefits. The 2008 proposed budget offsets this “double” budget with a budget offset, as opposed to a revenue offset. This approach avoids overstating the total city budget by the fringe benefit factor, which in 2008 amounts to approximately \$119.8 million.

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

EXECUTIVE SUMMARY

MISSION: Provide fee and tax policies that balance affordable residential and business charges for city services and the need to provide quality city services that provide safety, job growth, improved health and quality infrastructure.

SERVICES: Continue to develop new revenue sources that equitably distribute costs.

STRATEGIC ISSUES: Prepare a multi-year fiscal stability plan to guide fiscal policy in upcoming years.

BACKGROUND

State law requires the city to balance its annually budgeted expenditures with its anticipated revenues. Each year, the Comptroller's Office works with departments to develop revenue estimates for the upcoming budget year. Once these estimates are finalized, the city determines the needed property tax levy and reserve fund withdrawals to offset budgeted expenditures. In 2008, the city anticipates it will generate approximately \$575.2 million in revenue for general city purposes. Figure 1 provides a breakdown of these revenues by major category.

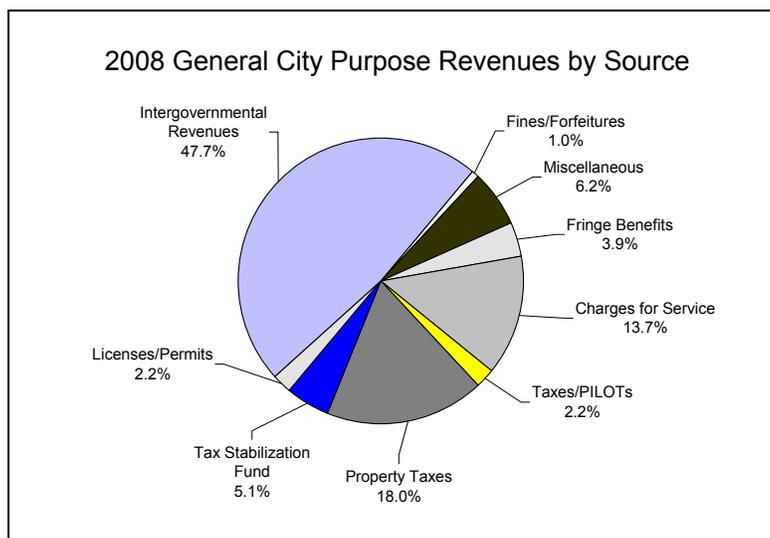
Diversification and enhancement to revenues provides the city with the means to retain existing service levels. Property tax increases have been limited by state legislation and state aids have continued to decrease, both placing pressure on other revenue sources or requiring service reductions. State restrictions on the type of charges for service that are available to municipalities further erode the city's ability to diversify its revenues.

The overall general city purpose revenues have grown at a rate less than inflation (see Figure 2) for the majority of the period. In fact, revenues in 1995 adjusted for inflation equaled \$415 million and 2008 inflation adjusted revenues will be \$417 million. This is a gain of 0.4% since 1995.

There are a variety of sources of funds for the general city purposes budget. Figure 3 illustrates the distribution of the different revenue categories in the 1995 budget and the 2008 budget. A noticeable shift in intergovernmental, property taxes, and charges for service is evident over the time period.

As shown in Figure 3, the city was much more reliant on intergovernmental aid in 1995 when it accounted for 63.7% of total revenues versus 47.7% in 2008.

Figure 1



Over the same time period, the city's reliance on property taxes increased from 10.6% to 18% although it only slightly increased in terms of real dollars. The city has increased its efforts to diversify revenues by increasing charges for service as a percentage of revenue from 4.3% to 13.7%.

Intergovernmental revenues have remained flat from 1995 to 2008. From 2003 to 2008, intergovernmental revenues decreased from \$284.6 million to \$274.5 million. This is shown in Figure 4 along with the inflation adjusted amounts.

The 2008 property tax levy of \$103.8 million for general city purposes is part of the total property tax levy of \$227.4 million. Currently there is no levy limit for 2008. There was a levy limit in place for the 2006 and 2007 budgets.

Figure 2

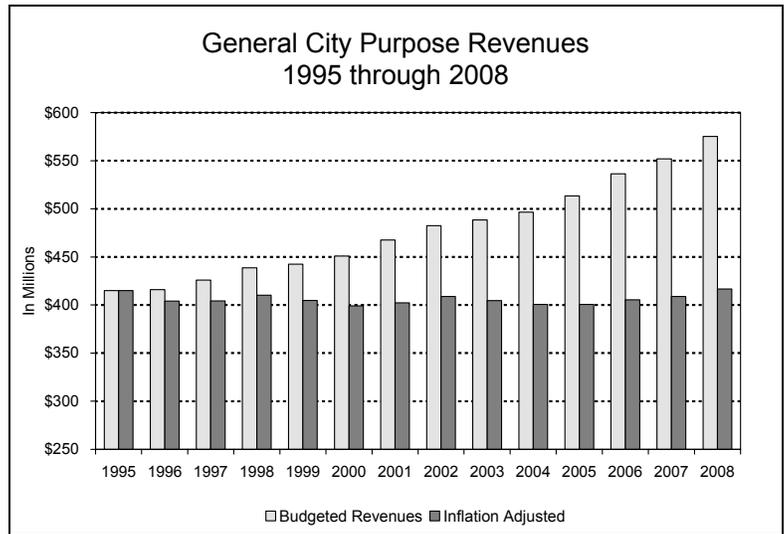


Figure 5 illustrates the increased city reliance on user based fees. In the past several years, charges for service revenues increased from \$19.4 million in 1995 to \$78.6 million in 2008. This trend is also evident in Figure 3, where charges for service revenues increased from 4.3% of revenues to 13.7% in the same time period. Fees for Solid Waste, Snow and Ice, and Sewer Maintenance are now charged to city property owners according to usage, instead of through the tax levy.

The following discussion provides more specific detail on the different categories of general purpose revenues.

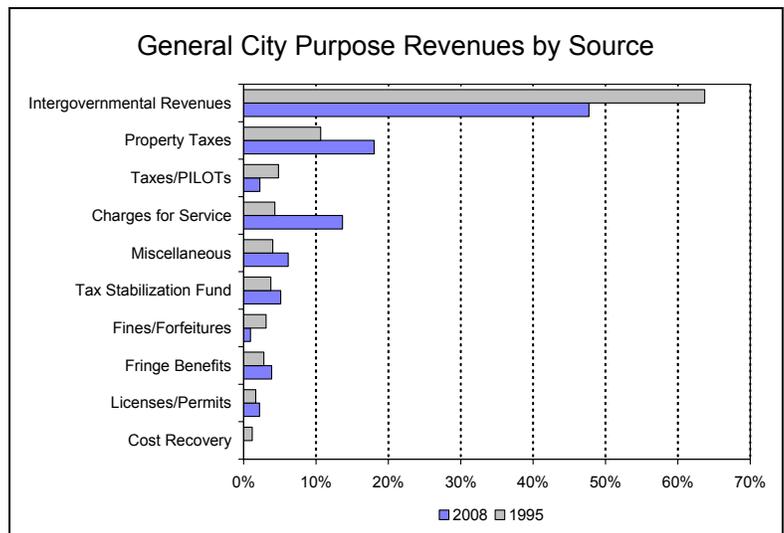
Intergovernmental Revenue: These revenues include funding received from other governmental jurisdictions, state and federal aid formulas, grants, and other program specific government aids.

In the 2008 proposed budget, intergovernmental revenues total \$274.5 million. The city anticipates an overall increase in state aids of \$1.5 million from 2007 to 2008.

The largest amount of state aids received by the city comes in the form of state shared revenue. In 2008, the city expects to receive \$234.2 million of shared revenue. This is an increase of \$3.65 million from the 2007 budget to reflect anticipated action by the State.

Since the state fixed the allocation for shared revenue in 1995 and later fixed the amount municipalities received, the city was unable to rely on shared revenue to assist in addressing its structural budget issues. Each increase of 1% in the payment would generate an additional \$2.3 million in revenues to the city. The city has turned to other sources of funds or service cuts to offset the lack of growth in shared revenue. Anticipated action by the

Figure 3



state will reduce some of this pressure for 2008, however, the city will experience a nearly \$80 million decrease in “real” intergovernmental aids since 1995 as shown in Figure 4.

Continued delay with adoption of a State of Wisconsin 2007-2009 budget has placed many communities including Milwaukee in a difficult position of not knowing what shared revenue to anticipate in 2008. The Governor and State Senate have proposed increases of \$4 million and \$3.6 million for Milwaukee respectively. The State Assembly has not yet agreed to this increase, however, it is thought that the state budget will include an increase. With this information, the Comptroller was willing to increase the revenue estimate for shared revenue for 2008 by \$3.65 million from the initial requested amount.

In the event that the shared revenue increase does not materialize, the Mayor will propose a plan that will include expenditure reductions and an increase in the property tax levy.

The state transportation aids are determined by the amount that is spent in specific transportation related accounts and the funds made available in the state budget for this purpose. This program is in direct opposition to expenditure control initiatives that are in other parts of the state budget because higher expenses result in more revenue received. These aids total \$26 million in 2008. This is up \$200,000 from the amount of \$25.8 million estimated for 2007.

Another of the larger state aids is the expenditure restraint payment. The intent of this program is to reward communities who control their general fund expenditures. General Fund expenses are allowed to increase by the CPI (September) and 60% of the net new construction. The other qualifying factor is an equalized property tax rate above \$5 per \$1,000 of equalized value. The problem is in the distribution of the program funds. They are distributed by the percentage of excess property tax level which means the higher you tax the more money you receive. Unfortunately, Milwaukee has continued to do an excellent job of controlling our property tax levy, thus causing the expenditure restraint aids to fall from an estimated \$9.2 million for 2007 to \$7.1 million for 2008. This is a 22.8% or \$2.1 million drop from the 2008.

Property Taxes: The property tax levy will provide \$103.4 million in revenue for the general city purposes budget in 2008. The total city tax levy increased from \$220.1 million in 2007 to \$227.4 million in 2008 or a \$7.3 million increase.

Figure 4

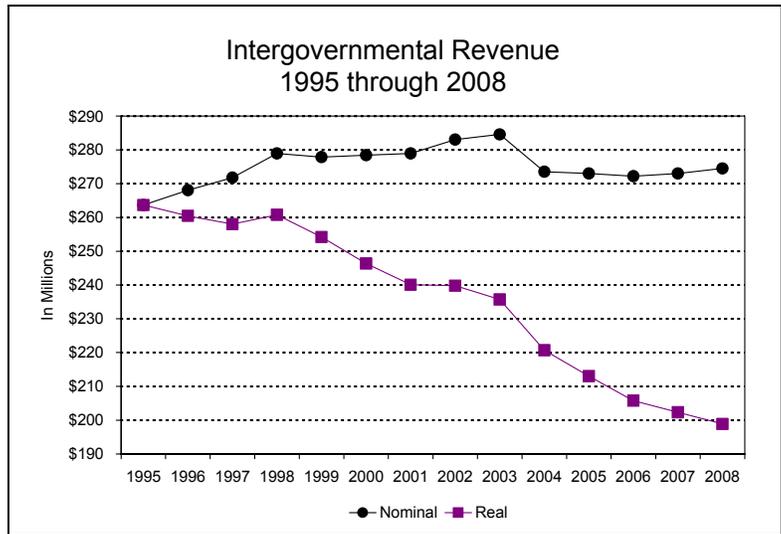
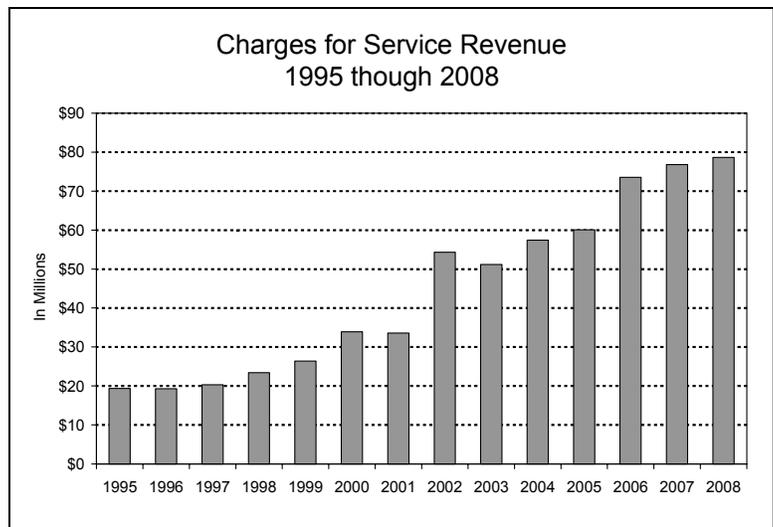


Figure 5



Taxes and Payments in Lieu of Taxes: The 2008 proposed budget includes an estimated \$12.9 million in revenue attributable to Taxes and Payments in Lieu of Taxes (PILOTs), an increase of \$0.4 million from 2007.

These funds include revenues raised by non-property tax levies; occupation taxes; trailer park taxes; principal, interest, and penalties on delinquent taxes; property tax adjustments; and payments from property tax exempt governmental entities for city services.

Charges for Services: The 2008 proposed budget includes \$78.6 million in revenue from charges for services, an increase of \$1.8 million. This category of funding encompasses revenue received for services provided by city operating departments. Charges for services revenue has steadily increased since 1995 (see Figure 5).

The Solid Waste Fee is a charge that mainly recovers a portion of the cost of weekly garbage collection. Other service costs for related solid waste services like recycling, brush collection, self-help stations and special collection are also partially recovered through the fee. The current fee recovers nearly 80% of solid waste operating costs.

Charges reduce reliance on variable and uncertain revenues such as intergovernmental aids. They can also make a local government's cost structure more competitive. No changes are planned to the Solid Waste Fee for 2008. The Solid Waste Fee will remain at \$132 per year for residential units and generate \$25 million. Leaf pickup and street sweeping costs will continue to be recovered through the Sewer Maintenance Fee in the form of a \$5 million transfer from the Sewer Fund to the General Fund.

For 2008, the Snow and Ice Fee will be proposed to increase from its current rate of \$0.2736 per foot of property frontage to an annual rate of \$0.4788 per foot of property frontage. The fee increase will generate a total of \$4.3 million in 2008 which is an increase of \$1.8 million. It is also proposed the annual fee become a quarterly fee. A resolution adopting this rate increase has been introduced but not yet approved by the Common Council nor recognized by the Comptroller. To balance the budget until the rate increase is adopted several appropriations are made contingent in the 2008 proposed budget.

The Mayor is proposing a new assessment fee for plumbing. The fee will be charged based on the cost of the permit. It will be 25% of the permit cost and will recover costs associated with the Assessor's Office to assess property. Revenue from this fee is estimated at \$115,000 for 2008. Timing did not allow the passage of legislation prior to proposing this budget so the Comptroller was unable to recognize this as revenue.

Miscellaneous Revenues: Miscellaneous revenues includes the transfer from the Parking Fund, interest on investments, funds from the sale of surplus property, real estate property sales, several spending offset accounts, and other revenues not included in any other category. For 2008, these revenues are expected to total \$35.4 million.

The increase of \$3 million in miscellaneous revenues is primarily due to a higher transfer from the Parking Fund to the General Fund of \$1.2 million and a larger Potawatomi payment which will increase \$1.2 million above the 2007 payment.

Interest earning will increase by \$0.4 million from a 2007 level of \$7.6 million to the 2008 estimate of \$8 million. Two-thirds of the interest on the city's unrestricted investments is counted as general city purpose revenue (one-third accrues to the Public Debt Amortization Fund). For 2008, a 5.00% rate of return on unrestricted investments of approximately \$240 million is assumed.

Fines and Forfeitures: Revenue of \$5.5 million related to fines and forfeitures is included in the 2008 budget. Fines and forfeitures include payments received from individuals as penalties for violating municipal laws. The revenue in this account reflects collections made by the Municipal Court.

Licenses and Permits: Revenue from licenses and permits in 2008 is estimated at \$12.7 million, an increase of \$1 million from 2007. These funds include charges administered by various departments for legal permission to

engage in a business, occupation, or other regulated activity. An adjustment was made to numerous licenses and permits as a means to continue revenue diversification.

The Mayor is proposing increases to several licenses and permits that are estimated to generate \$175,000. Timing did not allow the passage of legislation prior to proposing this budget so the Comptroller was unable to recognize this as revenue.

Fringe Benefit Offset: The fringe benefit costs associated with reimbursables, grants, Enterprise Funds, and capital activity are gross budgeted in the General Fund. These other funds make a payroll payment to the General Fund to offset the cost of their General Fund budgeted fringe benefit, which is anticipated to be \$22.3 million in 2008.

Cost Recovery: Cost Recovery Funds do not represent actual revenue to the city. They offset Tax Levy Funds included in departmental equipment rental accounts to pay the depreciation portion of internal service agency charges.

Tax Stabilization Fund (TSF): The Tax Stabilization Fund is used to accumulate unexpended appropriations and revenue surpluses. It assists in stabilizing the city's tax rate and protects citizens from tax rate fluctuations that can result from erratic variations in non-property tax revenues. Approximately \$35.4 million lapsed into the Fund at the end of 2006 bringing the balance in the Fund (as of April 15, 2007) to \$58.9 million.

The 2008 withdrawal will be \$29.457 million and will be 50% of the fund balance. After the 2008 withdrawal and anticipated regeneration at the end of 2007, the TSF should have a fund balance of approximately \$47.5 million.

2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2005 ACTUAL EXPENDITURES	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 PROPOSED BUDGET	CHANGE 2008 PROPOSED VERSUS 2007 ADOPTED
Taxes and Payments in Lieu of Taxes					
Housing Authority	\$923,419	\$886,548	\$850,000	\$850,000	\$0
Interest/Penalties on Taxes	1,760,719	1,911,782	1,760,000	1,840,000	80,000
Occupational Taxes	8,678	13,022	9,000	10,000	1,000
Other Taxes	226,426	870,557	425,000	755,000	330,000
Parking	1,091,862	967,300	1,019,100	981,000	-38,100
Payment in Lieu of Taxes Other	320,775	348,616	335,000	350,000	15,000
TID Excess Revenue	338,205	1,837,040	0	0	0
Trailer Park Taxes	126,535	116,674	120,000	120,000	0
Water Services Division	7,667,741	7,460,814	8,000,000	8,029,000	29,000
Total Taxes	\$12,464,360	\$14,412,353	\$12,518,100	\$12,935,000	\$416,900
Licenses and Permits					
Licenses					
Amusement Dance/Music	\$552,396	\$584,127	\$825,000	\$450,000	-\$375,000
Dog and Cat	126,068	120,171	136,100	120,100	-16,000
Food Health Department	1,529,377	1,596,110	1,585,700	1,600,000	14,300
Health Department Non-Food	47,158	65,764	32,500	54,375	21,875
Liquor and Malt	977,273	1,093,373	1,011,100	1,067,000	55,900
Scales	364,401	216,738	325,000	235,000	-90,000
Miscellaneous City Clerk	363,947	311,927	35,000	421,300	386,300
Miscellaneous Neighborhood Services	385,971	396,459	375,400	382,000	6,600
Miscellaneous Department Public Works Administration	5,295	18,396	10,300	16,500	6,200
Permits					
Board of Zoning Appeals	\$244,124	\$209,076	\$255,000	\$208,000	-\$47,000
Zoning Change Fees	60,276	85,088	60,000	65,000	5,000
Building	3,066,002	3,033,082	2,503,200	2,858,700	355,500
Building Code Compliance	216,565	177,140	165,000	175,000	10,000
Curb Space Special Privilege	34,180	105,755	40,000	50,000	10,000
Electrical	939,178	903,652	795,000	900,000	105,000
Elevator	137,649	140,660	125,000	130,000	5,000
Occupancy	267,206	315,096	240,000	275,000	35,000
Plumbing	802,953	713,652	700,000	725,000	25,000
Miscellaneous Neighborhood Services	114,501	133,098	91,100	119,100	28,000
Sign and Billboard	67,310	91,797	103,000	97,000	-6,000
Special Events	192,597	191,039	185,000	185,600	600
Miscellaneous Department of Public Works	468,239	675,919	325,700	541,000	215,300
Special Privilege Miscellaneous City Clerk	12,272	12,293	14,000	13,500	-500
Special Privilege Miscellaneous Neighborhood Services	635,833	388,343	325,000	375,000	50,000
Sprinkler Inspection	58,456	60,308	58,500	59,000	500
Use of Streets Excavating	911,557	1,275,553	856,650	968,000	111,350
Plan Exam Department of City Development	793,836	811,317	597,300	650,000	52,700
Total Licenses and Permits	\$13,374,620	\$13,725,933	\$11,775,550	\$12,741,175	\$965,625
Intergovernmental Revenue					
Fire Insurance Premium	\$892,618	\$1,008,240	\$1,025,000	\$1,100,000	\$75,000
Local Street Aids	25,168,747	25,447,972	25,750,000	25,950,000	200,000
Payment for Municipal Services	2,698,899	2,560,532	2,695,000	2,350,000	-345,000
State Payments Police	604,532	614,865	705,000	1,075,400	370,400
State Shared Revenue (General)	230,626,383	230,599,908	230,600,000	234,174,800	3,574,800
Other State Payments	7,034	17,134	7,000	7,000	0

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2005	2006	2007	2008	CHANGE
	ACTUAL EXPENDITURES	ACTUAL EXPENDITURES	ADOPTED BUDGET	PROPOSED BUDGET	2008 PROPOSED VERSUS 2007 ADOPTED
Expenditure Restraint Aid	9,472,698	9,120,656	9,200,000	7,087,514	-2,112,486
Computer Exemption Aid	3,403,609	3,047,517	3,050,000	2,750,000	-300,000
Total Intergovernmental Revenue	\$272,874,520	\$272,416,824	\$273,032,000	\$274,494,714	\$1,462,714
Charges for Services					
General Government					
City Attorney	\$862,425	\$902,809	\$861,600	\$1,025,500	\$163,900
Department of Employee Relations	189,489	202,861	237,000	184,400	-52,600
City Treasurer	138,506	119,753	156,075	107,150	-48,925
Common Council City Clerk	3,691,773	3,797,987	3,801,900	3,717,300	-84,600
Comptroller	278,924	269,750	245,000	245,000	0
Election Commission	0	788	0	1,800	1,800
Municipal Court	1,380,443	1,498,038	1,743,700	1,578,700	-165,000
Debt Commission	308,602	290,293	300,000	215,000	-85,000
Assessor	427,380	530,243	425,000	501,500	76,500
Department of City Development	591,942	550,499	477,800	517,000	39,200
Department of Administration	124,097	66,397	111,800	87,300	-24,500
Milwaukee Public School Service Charges	3,639,438	3,737,000	3,864,000	3,998,700	134,700
Fire Department	5,872,522	5,906,660	5,764,400	5,984,400	220,000
Police Department	262,808	570,843	263,200	921,800	658,600
Department of Neighborhood Services	5,289,243	5,506,625	4,726,500	4,926,900	200,400
Building Razing	1,076,455	1,035,418	975,000	975,000	0
Fire Prevention Inspections	1,251,035	1,249,176	1,333,000	1,245,000	-88,000
Essential Services	107,277	73,539	90,000	85,000	-5,000
Department of Public Works Operations Division Buildings and Fleet	4,110,842	4,347,261	3,470,000	3,909,000	439,000
Department of Public Works Infrastructure Division	4,570,124	4,420,004	3,469,250	3,764,100	294,850
Department of Public Works Operations Division Forestry	288,177	166,040	100,000	135,000	35,000
Harbor Commission	3,829,470	3,882,471	4,224,941	4,328,059	103,118
Department of Public Works Administrative Services	1,220,740	585,588	2,007,000	1,361,000	-646,000
Department of Public Works Operations Division Sanitation	1,216,463	897,022	1,312,000	1,417,000	105,000
Solid Waste Fee	14,179,296	24,942,022	25,000,000	25,000,000	0
Snow and Ice Control Fee	2,415,402	2,505,632	2,400,000	2,500,000	100,000
Street Sweeping and Leaf Collection	4,200,000	4,600,000	4,600,000	5,000,000	400,000
Apartment Garbage Pickup	914,505	1,091,245	980,000	1,000,000	20,000
Health Department	684,737	666,685	718,175	755,575	37,400
Public Library	502,801	509,850	498,800	504,200	5,400
County Federated System	1,304,626	1,382,126	1,396,700	1,400,000	3,300
Recycling Contract	2,262,005	1,167,065	1,250,000	1,250,000	0
Total Charges for Services	\$67,191,547	\$77,471,690	\$76,802,841	\$78,641,384	\$1,838,543
Fines and Forfeitures					
Municipal Court	\$5,884,753	\$5,530,127	\$5,206,000	\$5,502,000	\$296,000
Total Fines and Forfeitures	\$5,884,753	\$5,530,127	\$5,206,000	\$5,502,000	\$296,000
Miscellaneous Revenue					
Parking Fund Transfer	\$15,210,000	\$15,200,000	\$15,800,000	\$17,000,000	\$1,200,000
Interest on Investment	4,613,624	9,244,004	7,633,000	8,000,000	367,000
Contributions	1,168,110	1,625,776	1,700,000	1,900,000	200,000
Department of Administration Property Sales	516,782	516,782	262,500	336,200	73,700
Department of City Development Property Sales	345,430	141,527	100,000	150,000	50,000
Department of Public Works Operations Division Rent	205,995	1,847,668	212,000	236,700	24,700
Comptroller Rent	161,702	162,130	159,200	160,300	1,100
Department of City Development Rent	84,958	6,098	250,000	10,000	-240,000

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2005	2006	2007	2008	CHANGE
	ACTUAL	ACTUAL	ADOPTED	PROPOSED	2008 PROPOSED
	EXPENDITURES	EXPENDITURES	BUDGET	BUDGET	VERSUS
					2007 ADOPTED
Other Miscellaneous	935,120	780,742	785,671	811,800	26,129
Insurance Recovery	206,359	251,893	200,000	229,150	29,150
Potawatomi	4,916,432	4,182,221	4,200,000	5,400,000	1,200,000
Midtown/LIMP Revenues	48,493	29,943	30,000	30,000	0
Harbor Commission Transfer	1,200,000	1,090,000	1,090,000	1,165,983	75,983
Total Miscellaneous Revenue	<u>\$29,613,005</u>	<u>\$35,078,784</u>	<u>\$32,422,371</u>	<u>\$35,430,133</u>	<u>\$3,007,762</u>
Fringe Benefits					
Fringe Benefit Offset	\$22,580,701	\$23,739,528	\$21,000,000	\$22,250,000	\$1,250,000
Total Fringe Benefits	<u>\$22,580,701</u>	<u>\$23,739,528</u>	<u>\$21,000,000</u>	<u>\$22,250,000</u>	<u>\$1,250,000</u>
Cost Recovery					
Sewer Maintenance	\$0	\$0	\$10,000	\$10,000	\$0
Total Cost Recovery	<u>\$0</u>	<u>\$0</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>
Total General Fund Revenue	\$423,983,506	\$442,375,239	\$432,766,862	\$442,004,406	\$9,237,544
Amount to be Raised Pursuant to 18-02-6	\$110,460,022	\$115,136,600	\$119,157,881	\$133,245,048	\$14,087,167
Less:					
Tax Stabilization Fund Withdrawal (Sustainable)	\$16,621,000	\$16,328,000	\$23,175,000	\$29,457,500	\$6,282,500
Property Tax Levy	\$93,839,022	\$98,808,600	\$95,982,881	\$103,787,548	\$7,804,667
Total Sources of Fund for General City Purposes	<u>\$534,443,528</u>	<u>\$557,511,839</u>	<u>\$551,924,743</u>	<u>\$575,249,454</u>	<u>\$23,324,711</u>

B. PROVISION FOR EMPLOYEES' RETIREMENT FUND

EXECUTIVE SUMMARY

PURPOSE: Provide the means by which the city can track and monitor retirement related expenditures and resources. Maintain the health of the retirement related funds in an era of increasing costs and variable earnings.

SERVICES: Retirement system.

SUMMARY OF EXPENDITURES

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
Firemen's Pension Fund						
Employer's Pension Contribution	\$137,710	\$138,000	\$122,000	\$122,000	\$-16,000	\$0
Lump Sum Supplement Contribution	338,972	300,000	250,000	250,000	-50,000	0
Subtotal	\$476,682	\$438,000	\$372,000	\$372,000	\$-66,000	\$0
Policemen's Pension Fund						
Employer's Pension Contribution	\$295,975	\$307,582	\$307,582	\$190,177	\$-117,405	\$-117,405
Administration	0	0	0	0	0	0
Lump Sum Supplement Contribution	0	0	0	0	0	0
Subtotal	\$295,975	\$307,582	\$307,582	\$190,177	\$-117,405	\$-117,405
Employees' Retirement Fund						
Employer's Pension Contribution	\$21,550	\$25,000	\$25,000	\$25,000	\$0	\$0
Administration	23,462,283	26,677,643	24,261,700	24,261,700	-2,415,943	0
Annuity Contribution Tax Levy	22,831,449	23,700,000	24,222,000	23,001,449	-698,551	-1,220,551
Subtotal	\$46,315,282	\$50,402,643	\$48,508,700	\$47,288,149	\$-3,114,494	\$-1,220,551
Social Security Tax	\$17,256,439	\$17,540,000	\$18,310,000	\$17,560,704	\$20,704	\$-749,296
Former Town of Lake Employees' Fund						
Firemen's Pension Fund	\$8,673	\$8,700	\$8,700	\$8,700	\$0	\$0
Subtotal	\$8,673	\$8,700	\$8,700	\$8,700	\$0	\$0
Deferred Compensation Plan	\$1,009,696	\$1,407,283	\$1,454,342	\$1,454,342	\$47,059	\$0
Total	\$65,362,747	\$70,104,208	\$68,961,324	\$66,874,072	-\$3,230,136	-\$2,087,252
Revenues						
Fringe Benefits Pensions	\$945,700	\$1,035,200	\$1,042,400	\$1,042,400	\$7,200	\$0
Charges for Service Employees' Retirement System	23,172,066	26,365,403	23,895,460	23,895,460	-2,469,943	0
Charges for Service Deferred Compensation	1,009,696	1,407,283	1,454,342	1,454,342	47,059	0
Property Tax Levy	40,387,713	41,114,922	42,490,522	40,403,270	-711,652	-2,087,252
Miscellaneous Employees' Retirement System	152,160	181,400	78,600	78,600	-102,800	0
Total	\$65,667,335	\$70,104,208	\$68,961,324	\$66,874,072	-\$3,230,136	-\$2,087,252

BACKGROUND

The Employees' Retirement Fund includes provisions for employee pensions, the Policemen's Annuity and Benefit Fund, the Firemen's Pension Fund, Social Security contributions, and the city's Deferred Compensation Plan.

The Employees' Retirement System (ERS) is responsible for administering the city's defined benefit pension plan for city employees and other members of the system. The system operates under the direction of the Annuity and Pension Board, a body of eight members (three elected by active system members, one by city retirees, three appointed by the President of the Common Council, and the City Comptroller, ex-officio). Retirement contributions for employees of the Milwaukee Metropolitan Sewerage District, the Wisconsin Center District, the Water Works, Milwaukee Public School Board (excluding teachers), and the Milwaukee Area Technical College are borne by those respective governmental units and are not included in these appropriations. There were 26,446 members in the system as of December 31, 2006.

The Policemen's Annuity and Benefit Fund (PABF) administers pensions for city Police Officers employed prior to 1947. There were 144 members as of July 31, 2007.

Funds in the Firemen's Pension Fund are provided for retired Fire Fighters who were employed prior to 1947. This fund had 121 members as of August 13, 2007.

The Former Town of Lake Employees' Retirement Fund provides retirement benefits to former Town of Lake employees who became city employees when the Town of Lake was annexed. There are currently three members.

ERS also oversees the city's contribution for payment of the employer's share of Social Security tax. The Deferred Compensation Board is responsible for administration of the city's Deferred Compensation Plan.

SERVICES

Annuity Contribution: In the 2008 proposed budget, \$23 million is provided for the city's share of employees' annuity contributions (5.5% of pay for general city employees and 7% for Police Officers, Fire Fighters, and elected officials).

Social Security Payments: In the 2008 proposed budget, \$17.6 million is provided for Social Security payments.

Administration: In the 2008 proposed budget, ERS administrative costs are \$24.3 million.

Pension Reserve Fund: The 2008 proposed budget includes no additional pension reserve funding. An actuarial study finished in early 2005 indicated that minimal risk exists to the overall fund through 2017. The city's continued reductions to the number of employees also reduces future pension liability. Currently, the Pension Fund is funded at 127% of its actuarial determined funding level and there is a balance of over \$23.2 million in the reserve fund.

Employer's Pension Contribution (ERS): The 2008 proposed budget includes \$25,000 in funding for duty disability payments for non-consenters of the Global Pension Settlement.

Employer's Pension Contribution (PABF): The 2008 proposed budget includes a \$190,177 contribution that amortizes the unfunded past service liability of the Policemen's Annuity and Benefit Fund. This represents a significant reduction from the \$307,582 contribution in 2006. This continues the recent trend due to improved investment performance and the ten year amortization of the unfunded liability approved in 2005.

Lump Sum Contribution for Firemen's Annuity and Benefit Fund (FABF): A total of \$250,000 is provided in the 2008 proposed budget for a pension supplement to members of this fund. This will provide a supplement fund payment per member that is roughly equivalent to the payment received in 2007.

EMPLOYEES' RETIREMENT SYSTEM

EXECUTIVE SUMMARY

- MISSION:** Administer the payment of retirement and other benefits to eligible persons as provided under the City Charter and safeguard and protect the funds of the Employees' Retirement System (ERS) by investing them in a prudent and vigilant manner.
- SERVICES:** Investment management.
Customer service to members and beneficiaries.
Develop and support a pension management information system.
- STRATEGIC ISSUES:** Monitor and analyze all investment activities and provide oversight of the investment portfolio to maximize returns while minimizing the variability of the Fund's asset value.
Implement and install the Milwaukee Employee Retirement Information Technology Solutions (MERITS) system to provide effective and efficient pension administrative services.
Improve member communication through the ERS website, pre-retirement counseling seminars, brochures, and newsletters.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	40.00	40.50	42.00	42.00	1.50	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	48	49	52	52	3	0
EXPENDITURES						
Salaries and Wages	\$2,252,061	\$2,464,651	\$2,542,400	\$2,542,400	\$77,749	\$0
Fringe Benefits	945,700	1,035,200	1,042,400	1,042,400	7,200	0
Operating Expenditures	14,334,560	19,591,868	20,235,200	20,235,200	643,332	0
Equipment	2,957	435,000	141,700	141,700	-293,300	0
Special Funds	5,927,005	3,150,924	300,000	300,000	-2,850,924	0
TOTAL	\$23,462,283	\$26,677,643	\$24,261,700	\$24,261,700	\$-2,415,943	\$0
REVENUES						
Charges for Services	\$23,172,066	\$26,365,403	\$23,895,460	\$23,895,460	\$-2,469,943	\$0
Miscellaneous	152,160	181,400	78,600	78,600	-102,800	0
TOTAL	\$23,324,226	\$26,546,803	\$23,974,060	\$23,974,060	\$-2,572,743	\$0

BACKGROUND

The Employees' Retirement System of the City of Milwaukee was established in 1937 to provide retirement related benefits for members and their beneficiaries. ERS also administers the city's contribution of Social Security, the Group Life Insurance Program, and health care for city retirees including COBRA health and dental plans. On December 31, 2006 there were 26,446 members (actives, inactive, and retirees) in the system and the value of the Fund was \$5.1 billion.

The Annuity and Pension Board is trustee of the funds in the system and is charged with general administration of the system. The Secretary and Executive Director function under the direction of the board and are responsible for daily operation of the office.

Service 1

Investment Management		2006	2007	2008
Activities:	Cash flow analysis, negotiate investment manager contracts, monitor investment performance, and compliance monitoring of investment managers.			
Performance Measures:	Exceed the gross rate of return of the Blended Benchmark Index.	Experience 1.3%	Budget 0.5%	Projection 0.5%
Funding by Source:	Operating Funds	\$12,696,421	\$15,989,951	\$15,433,399
	Totals	\$12,696,421	\$15,989,951	\$15,433,399

SERVICE IMPROVEMENTS AND RESULTS

The current asset value in the city pension system is \$5.1 billion at year end 2006. This is a \$500 million increase from the 2005 year end value of \$4.6 billion.

Figure 1 shows how well the pension system has been funded. It illustrates the ratio of assets to liabilities, which is known as the funded ratio. A ratio of 100% indicates a fully funded pension system. The city has a well funded system that is currently at 127.4% funding as of January 1, 2007. From 1997 to 2007, the funded ratio has exceeded 115%.

To measure the Fund's performance, ERS compares the investment return of the retirement fund against a blended benchmark index consisting of the following indices: Russell 3000 Stock Index, the Lehman Brothers Aggregate Bond Index, the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Stock Index, and the NCREIF Property Index. The blended benchmark is weighted according to the asset allocation strategy adopted by the Annuity and Pension Board.

Over the long term, ERS' objective is for the Fund to outperform the blended benchmark by 0.5%. ERS' asset allocation strategy is designed to take advantage of long term

Figure 1

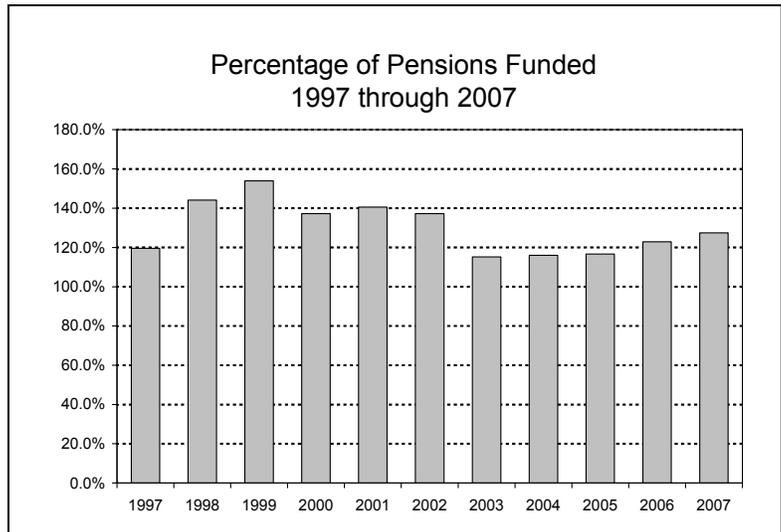
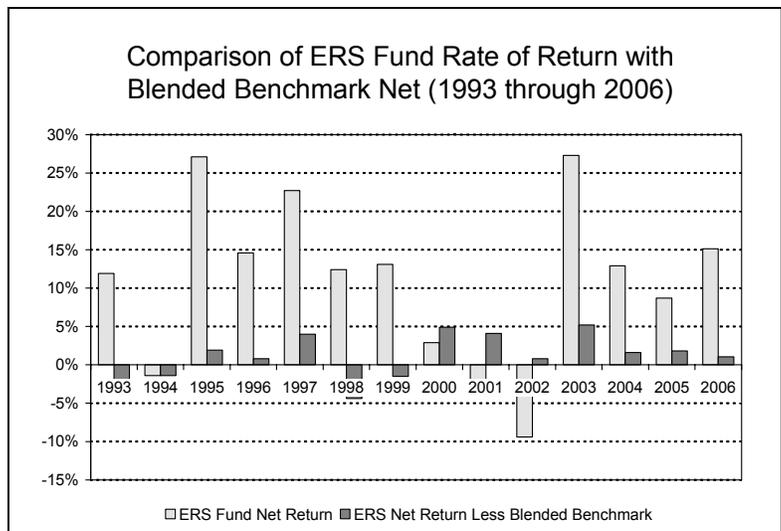


Figure 2



investment and market trends that occur over the life of an investment cycle. In 2006, the Funds net rate of return was 15.1% while the index was at 14.1%. As seen in Figure 2, the Fund's rate of return net of fees paid to investment managers has exceeded the blended benchmark since 2000.

SERVICE AND RESOURCE CHANGES

The Annuity and Pension Board, in conjunction with the Chief Investment Officer, the Investment Consultant, and legal staff will continue to explore and implement enhanced asset allocation opportunities.

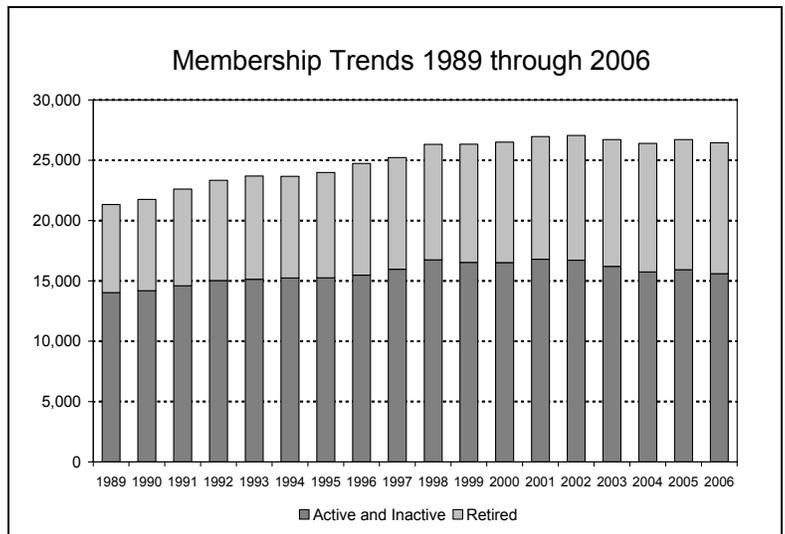
Service 2

Customer Service		2006	2007	2008
Activities:	Prepare pension estimates, counsel members on benefits, calculate pension allowances and adjustments, process retirement applications, enroll new members, pay benefits, and review disability cases.			
		Experience	Budget	Projection
Performance Measures:	Exceed 95% favorable rating on customer satisfaction surveys.	100.0%	95.0%	95.0%
Funding by Source:	Operating Funds	\$4,240,772	\$5,734,648	\$5,518,820
	Totals	\$4,240,772	\$5,734,648	\$5,518,820

SERVICE IMPROVEMENTS AND RESULTS

Customer service is enhanced through a series of public awareness projects. A monthly retiree newsletter keeps members informed on a variety of issues including the Global Pension Settlement, tax issues, and health insurance issues. Thousands of letters are generated to inform individuals of their specific entitlements and answers to their questions. Community presentations and pre-retirement seminars are conducted on a regular basis. New member handbooks, brochures, a partially interactive website and telephone system also enhance customer service delivery. Figure 3 shows membership trends.

Figure 3



ERS has developed a number of measures of its service quality to city employees. To measure the quality of its counseling services, ERS will continue a series of exit surveys for new employees, pre-retirement seminar participants, and retirees. In addition, customer service will be evaluated based on timely servicing of walk-ins and scheduled appointments through the use of reception cards. The goal is to exceed the 95% satisfaction level in all areas. Customer satisfaction approached 100% in 2006.

SERVICE AND RESOURCE CHANGES

In 2007, the department consolidated its functions into one commercial office location near City Hall. Previously, information technology functions were located in a rented downtown office building while remaining services were

located in City Hall. Sufficient space to consolidate the department was not available in the City Hall complex. The consolidation has promoted office efficiency, especially information technology support to ERS staff utilizing the newly adopted MERITS pension management information system.

Service 3

Development of Pension Management Information System				
Activities:	Development of a Pension Management Information System (MERITS), assist and support existing operations by lending software and systems expertise, and support the ERS network infrastructure.			
		2006	2007	2008
		Experience	Budget	Projection
Funding by Source:	Operating Funds	\$6,525,090	\$4,953,044	\$3,309,481
	Totals	\$6,525,090	\$4,953,044	\$3,309,481

SERVICE IMPROVEMENTS AND RESULTS

The incorporation of modern information technologies into the delivery of pension related services promises to improve the administration of benefits for ERS members. There is currently no measure developed to monitor this service's performance.

SERVICE AND RESOURCE CHANGES

The implementation of the MERITS Line-of-Business Computer System including Member Self Service and Configuration Management modules will be completed by the end of 2007. The Post-Implementation Support Phase of the project is underway and will continue throughout the life of the system. Implementation of the line-of-business system was delivered on budget, although later than planned, and is being used in regular business operations. The implementation of MERITS has improved pension administration by producing consistent and accurate calculations, reducing manual processing and possible human error, and reducing storage and backup of members' information to eliminate lost data.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Management Accountant Senior	Customer service improvement.
1			ERS Financial Officer (Auxiliary)	Succession planning.
1	0.50		College Intern	Operational improvement
3	1.50	0.00	Totals	

DEFERRED COMPENSATION PLAN

EXECUTIVE SUMMARY

- MISSION:** To provide a tax deferred retirement savings option for city employees that is cost effective and responsive to the needs of its participants and which is in accordance with Section 457 of the Internal Revenue Code.
- SERVICES:** Deferred compensation administration.
- STRATEGIC ISSUES:** Increase employee participation.
Increase participant understanding of post-retirement distribution options.

BUDGET SUMMARY

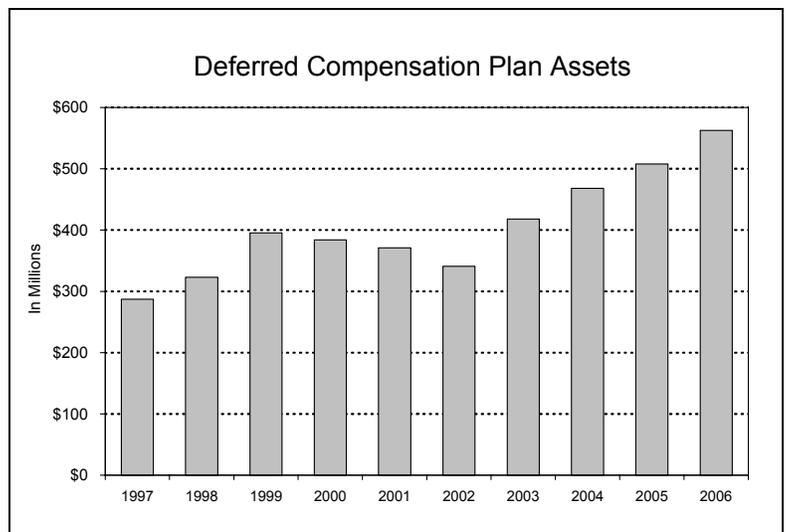
	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE	
					PROPOSED BUDGET 2007 ADOPTED	VERSUS 2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	2.31	2.00	2.00	2.00	0.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	2	2	2	2	0	0
EXPENDITURES						
Salaries and Wages	\$132,191	\$133,157	\$134,334	\$134,334	\$1,177	\$0
Fringe Benefits	56,877	55,926	55,077	55,077	-849	0
Operating Expenditures	819,633	1,143,200	1,189,931	1,189,931	46,731	0
Equipment	995	0	0	0	0	0
Special Funds	0	75,000	75,000	75,000	0	0
TOTAL	\$1,009,696	\$1,407,283	\$1,454,342	\$1,454,342	\$47,059	\$0
REVENUES						
Charges for Services	\$1,009,696	\$1,407,283	\$1,454,342	\$1,454,342	\$47,059	\$0
TOTAL	\$1,009,696	\$1,407,283	\$1,454,342	\$1,454,342	\$47,059	\$0

BACKGROUND

Section 5-50 of the Milwaukee City Charter allows for establishment of a Deferred Compensation Plan. The Plan is a non-qualified, tax deferred retirement plan governed under Section 457 of the Internal Revenue Code. Such a plan allows city employees to set aside a portion of their income before federal and state taxes are withheld. The income is not taxed until it is withdrawn from the Plan, usually at retirement when an individual's marginal tax rate may be lower.

The Deferred Compensation Plan is funded entirely by payroll and rollover contributions

Figure 1



of city employees and associated earnings. The Plan is administered by a nine member Deferred Compensation Board, which hires contractors to perform daily activities in enrollment, recordkeeping, marketing and investment selection, and monitoring. The Plan has approximately 7,700 active and retired participants, a 71.3% rate of participation by active employees, and assets of \$562.7 million as of December 31, 2006 (see Figure 1).

Between 1990 and 1999, plan assets increased dramatically peaking at \$394.5 million. The Plan experienced below average growth between 1999 and 2002, due to a slowing in the economy and the stock market. The Fund has grown from \$340.8 million in 2002 to \$619 million as of July of 2007. This is an 81.6% increase in the Funds value. This tremendous growth can be attributed to a long upswing in the market and increased deferrals from plan members.

The Deferred Compensation Plan is self-sustaining and does not impact the city’s property tax levy. The Plan’s expenses are paid through the Plan’s member deferrals. The Plan’s administrators have managed to keep the Plan’s operating expenditures at less the 2/10 of 1% of the Fund’s value.

Service 1

Deferred Compensation		2006	2007	2008
Activities:		Experience	Budget	Projection
	Enrollment, agreement processing, payroll changes, future allocations changes, participant advising, investing, and depositing participants contributions.			
Performance Measures:	Increase active employee participation by 3.0%.	5,303	5,462	5,462
	Increase participant cash flow by 4.0%.	\$5,900	\$6,137	\$6,137
Funding by Source:	Operating Funds	\$1,009,696	\$1,407,283	\$1,454,342
	Totals	\$1,009,696	\$1,407,283	\$1,454,342

SERVICE IMPROVEMENTS AND RESULTS

The success of deferred compensation in maintaining a cost effective and responsive plan is measured by increased employee participation and cash flow.

Plan participants can deposit their payroll contribution into seven different investment options: Stable Value Account, Income Account, Socially Conscious Balanced Account, Passively Managed U.S. Equity Account, Actively Managed Equity Account, Passively Managed International Equity Account, and Schwab Personal Choice Retirement Account. The Board is responsible for specifying the options from which participants make their choices and focuses on broad investment categories in making options available to participants.

By offering a variety of investment options, the Board provides plan participants with an opportunity to diversify their investments. The Board has improved investment returns to participants by actively seeking out manager fee reductions, institutional class fund shares, 12 B-1 fee credits, and low operating cost funds.

To assist members in developing an investment plan, the Deferred Compensation Board hosted 39 “Building Your Portfolio” workshops in 2006. These workshops assist plan participants in making informed investment decisions. In addition, information was provided at 31 new employee orientations.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS’ CHANGES - None

C. CAPITAL IMPROVEMENTS

EXECUTIVE SUMMARY

- MISSION:** To maintain and enhance the city's infrastructure in a cost efficient and effective way to ensure that the city remains economically competitive.
- SERVICES:** Prepare a six year capital improvements plan to identify long range capital needs and to establish spending, debt, and tax rate goals.
- Develop investment strategies to ensure favorable rates of return on city capital investments.
- STRATEGIC ISSUES:** Reducing capital borrowing to match debt retirements in order to manage the debt levy and enhance the city's financial flexibility.
- Implementing consultant recommendations for capital project management process to improve the ability to monitor capital expenditures on a real time basis for specific projects.
-

BACKGROUND

The 2008 capital improvements budget represents the initial year of a six year capital improvements plan. The budget and plan identify the city's capital funding needs and provide funding sources to support these identified needs. In general, capital improvements include projects to reconstruct, rehabilitate, or otherwise restore an existing system or facility to full functionality. They may also include projects to construct a new or more expansive facility to meet increased demands or to enhance economic development through job creation, business formation, and housing production.

HIGHLIGHTS

For 2008, the capital improvement budget continues a transitional period. Past capital improvement borrowing levels have translated into a destabilizing debt service tax levy. Problems with cost overruns on several larger capital improvement projects have led to a need for improved monitoring. Although it is important to fix these problems, the side effect is a capital improvement budget that is difficult to compare to previous capital improvement budgets. To address the debt tax levy, the 2008-2013 Capital Improvements Plan will reduce borrowing levels to a point where the amount of borrowing will approximate the amount of debt retired.

The 2008 general city capital improvements budget totals \$139.4 million, a decrease of \$15.9 million or 10.3% from the 2007 budget of \$155.5 million. The tax levy supported portion of the capital budget, which includes tax levy cash resources as well as tax levy supported general obligation debt, totals \$64.1 million. Tax levy cash resources will decrease \$5.1 million from \$9.1 million in 2007 to \$4 million in 2008.

The city's long term goal is to reduce tax levy supported borrowing authorizations to match tax levy debt retirements in order to limit future increases in the city's debt service tax levy. Control of new levy supported debt will be accomplished through a combination of prioritizing capital programs and projects through the annual budget process and converting some currently levy supported programs to other revenue sources. For example, the 2008 capital budget suspends levy supported borrowing for Milwaukee Public Schools which was \$4 million in 2007. The city has utilizes lease payments from the Sewer Fund and Water Works for the jointly occupied Tower Facility to pay General Obligation (GO) debt service.

Figure 1 shows capital improvement budgets from 1999 to 2008. As shown, the capital improvements budget was significantly reduced in 2000 due to increased federal and state grant funding. From 2001 to 2004, the capital improvements budget stabilized between \$102.8 million and \$109.6 million. In 2005, the capital improvements budget was reduced to \$94.9 million, a level that is considered sustainable in the long term. The 2006 capital budget increased to \$164.9 million; however this is the result of two large one time projects (\$41.7 million) and a large increase in TID funding (\$38.7 million). The 2008 capital budget is also significantly impacted by one large one time project (\$15 million) and the continuing policy of full, upfront TID funding that began in 2006. Levy supported GO borrowing is about \$59.9 million for city purposes, down from \$75 million in 2003.

Figure 1

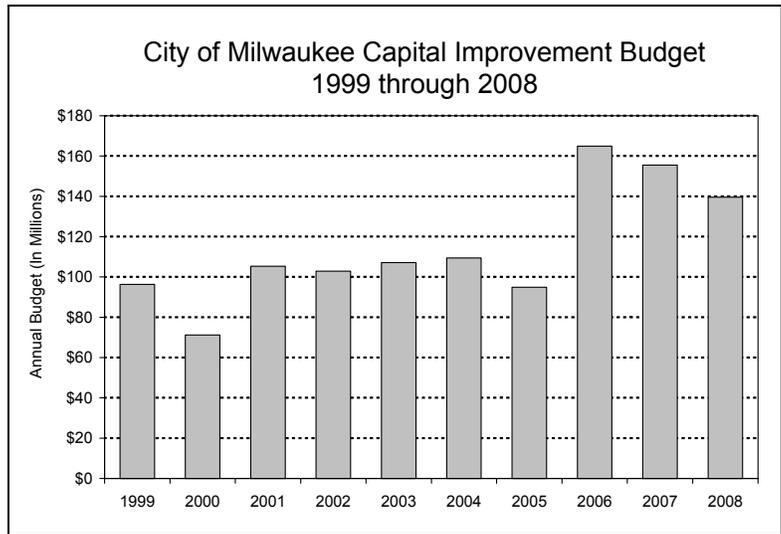
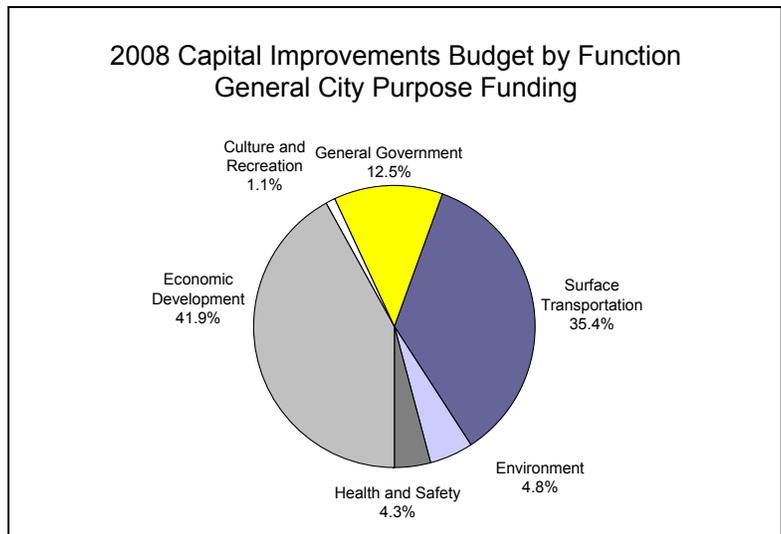


Figure 2



Functional Categories: Projects included in the 2008 general city funded capital improvements budget are categorized in six functional categories including Surface Transportation, Environment, Health and Public Safety, Economic Development, Culture and Recreation, and General Government. Figure 2 illustrates the portion of the capital budget allocated to each functional area (Water, Parking, Sewer Relief and Relay, and Grant and Aids are excluded).

Economic Development projects constitute the largest functional category, which is 41.9% of the general city funded capital budget or \$66.3 million. Tax Incremental Districts (TIDs) amount to \$60.5 million or 91.3% of funding for economic development projects.

Surface Transportation projects is the second largest capital functional area at 35.4% of the general city funded capital budget. This area experiences a significant increase of funding for streets, bridges, and street lighting projects.

The General Government project category constitutes the third largest functional area, with \$19.7 million, or 12.5% provided for this purpose. This is a decrease from 2007, but includes significant funding of \$7.5 million for completion of the City Hall Restoration Project and engineering costs for the City Hall Foundation and Hollow Walk Project.

The Health and Safety projects and Environment projects functional categories comprise a total of about 9.1% of the 2008 general city funded capital budget. Health and Safety has funding of \$6.7 million and Environment has funding of \$7.6 million, respectively. Environment Programs include the expansion of sewer capacity and infiltration and inflow reduction programs, now included in the Sewer Maintenance Fund for 2008. Culture and

Recreation projects are the smallest functional category with \$1.6 million, or 1.1% of the city funded capital budget. Within this category, central and neighborhood libraries capital projects funding totals \$1.2 million.

Funding Sources: The 2008 capital budget is financed through several funding sources including the property tax levy, tax levy supported debt, Tax Incremental Districts, special assessments, cash revenues, and grants and aids. Figure 3 shows funding sources for the 2008 city funded capital budget (excluding grant and aid).

Continuing in 2008, the largest funding source is Tax Incremental District borrowing with \$60.5 million, or 43.3% of total funding sources. TID borrowing is considered self-supporting because the improvements made within these districts are financed through property tax revenue generated from the incremental values resulting from the improvements. The significantly larger TID funding amounts started in 2006 and will continue due to the policy change to fully fund all approved TIDs upfront rather than on an expenditure cash flow basis. While this policy has not changed how TIDs are analyzed, approved, or expended, it produces a major change to capital budget funding.

The second largest source of funding for capital projects is tax levy supported debt financing, which is approximately \$59.9 million or 42.9% of total funding. This is a decrease from 2007. Given the life expectancy of the facilities to be constructed, borrowing is an appropriate funding mechanism.

In addition to TID financing, other self-supporting funding sources include \$12.2 million of cash revenues, which is 8.7% of the total and \$2.8 million of special assessments, which represent 2.0% of the total. Not included in Figure 3 are capital grant and aids, which are anticipated to be \$58.2 million in 2008.

In addition to tax levy supported debt, cash tax levy is the other non-self supporting funding source for capital. In 2008, tax levy supported capital totals \$4 million, or 3% of all funding sources. This tax levy supported total is a decrease of \$5.1 million from 2007. Figure 4 shows cash and debt financing trends for capital improvements from 1999 to 2008. As shown, cash financing, while it has fluctuated somewhat, has generally declined from the peak of \$20.9 million in 1999 to \$4 million in 2008.

Debt Levy Control: The 2006 capital budget suspended the Infrastructure Cash Conversion (ICC) Policy goal to institute a change in overall philosophy to managing capital and debt levy impacts. The focus has changed from

Figure 3

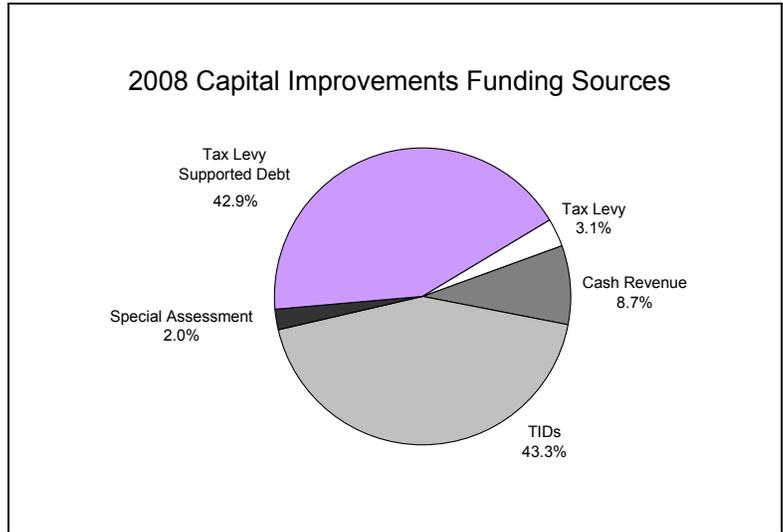
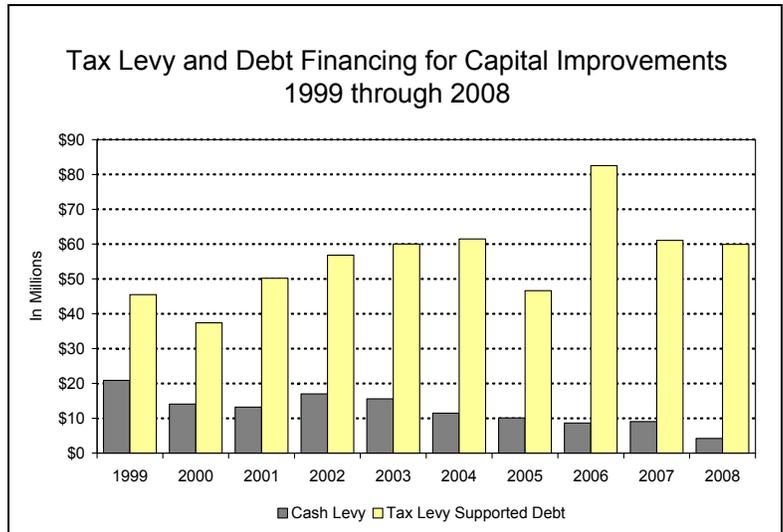


Figure 4



the basic ICC goal of funding an increasing amount of cash for a defined set of projects considered recurring infrastructure to the larger issue of controlling all capital debt. Through the years, even while the cash percentage for the defined ICC projects increased, overall capital borrowing also increased at an unsustainable rate. This created a situation of significant annual increases to the debt service levy, impacting the city's ability to fund other programs. The capital budget will continue to move in the direction of limiting debt issuance to debt retirements to better stabilize the debt service levy.

Note: For purposes of the 2003 and earlier budgets, the Public Debt Amortization Fund (PDAF) withdrawal was reflected in the capital improvements budget by shifting cash funded improvements to debt funded improvements. Fund assets were used to purchase the additional debt. The additional debt was then immediately canceled, thus avoiding future debt service costs. Beginning in 2004, the PDAF draw was applied to reduce the city debt tax levy rather than the capital improvements tax levy. For 2008 the draw is \$7.4 million. At the end of 2007, fund assets will be used to prepay a portion of the principal and interest on city debt due in 2008, which will result in a reduction in the debt levy portion of the 2008 city debt budget.

2008 HIGHLIGHTS AND CHANGES

Capital Project Management: The city has retained the services of the Matrix Consulting Group to conduct a review of the Capital Budget Management Process, including a review of the policies, procedures, and approaches utilized in organizing, developing, managing, and implementing capital projects in the Department of Public Works. The review also includes a review of the procedures utilized within the Budget Office. The management audit being performed includes interviewing key staff members, a confidential employee survey, data collection to document workloads, cost, service levels, and operating practices, and profile development of each DPW division involved in capital project management. From this data and analysis, Matrix will be providing a series of recommendations to be implemented by DPW and the city as a whole. It is expected that the final report will be available in October of 2007.

Major Capital Equipment: Instituted in 2002, Major Capital Equipment Accounts in the Fire Department and Department of Public Works' budgets will continue to fund the purchase of durable equipment with an original unit cost of \$50,000 or more through the capital budget. In 2007, the Fire Department will use \$2.4 million and the DPW Operations Division will use \$6 million to replace major fleet equipment.

City Hall Restoration: Milwaukee's City Hall is an architecturally significant landmark building listed in the National Register of Historic Places. A significant building restoration project is needed to restore the building's watertight integrity and address structural problems with the towers, exterior walls, interior walls, and supporting structure. The 2008 capital budget provides \$6.3 million to complete this multi-year project. The total cost of this restoration contract is expected to be approximately \$70 million and is expected to be completed in late 2008. The 2008 proposed capital budget also includes funding for the next phase of restoring City Hall with \$1.2 million for the first phase of the foundation and hollow walk repairs. A multi-year project, the Foundation and Hollow Walk Project for 2008 will consist of the selection of a professional design firm, a second opinion of work and project cost estimate, and completion of the design/contract documents for this project to be bid. This process will better determine the project's ultimate scope and cost. These projects dramatically affect borrowing authorizations, as it comprises over 12.5% of the new general obligation authorizations in 2008.

Tax Increment Financing Districts: The 2008 capital budget includes \$64.7 million of funding (\$60.5 million self supported borrowing and \$4.2 million cash revenues) to promote economic development and job growth through tax increment financing.

Street Replacement Cycles: Maintaining and replacing the city's aging infrastructure continues to be a challenging task considering significant revenue limitations imposed on the city. The current Administration has made it a priority to reduce the replacement cycles for the Local Streets Program through additional capital fund appropriations.

Tables 1 and 2 show the Administration’s plan to increase funding and reduce the replacement cycles. Table 1, the Major Streets Plan, represents funding to resurface and maintain the city’s 450 miles of arterials and collectors. These arterials and collectors are a part of the Federal Aid Transportation System and are eligible for county, state, and federal

Table 1

Major Streets Plan						
Source of Funds	2004	2005	2006	2007 Budget	2008 Budget	Average
	<u>Experience</u>	<u>Experience</u>	<u>Experience</u>			
City Funding	\$5,537,049	\$15,444,786	\$10,794,679	\$5,397,190	\$6,471,340	\$8,729,009
Assessable	2,127,290	1,894,512	975,933	661,000	875,000	1,306,747
Annual Totals	\$7,664,339	\$17,339,298	\$11,770,612	\$6,058,190	\$7,346,340	\$10,035,756
Expected Miles Completed	5.73	5.94	7.77	5.75	9.63	6.96
Replacement Cycle (Years)	79	76	58	78	47	67

funding. These other funding sources drive the amount of capital funds the city budgets in this program. Over the past five years an average of \$33 million per year have been dedicated to the preservation and reconstruction of these vital streets. The average annual total includes \$8.7 million in city funding and \$28.5 million in state and federal funding and permits the city to reconstruct nearly seven miles of pavement each year. As a result of this level of funding, the city’s major streets are on a 67 year replacement cycle.

Table 2, the Local Street Resurfacing/Reconstruction Plan, represents the 900 miles of streets that are not eligible for state and federal funding and are not the responsibility of another government entity. These streets are maintained, repaired, reconstructed and resurfaced with capital funds budgeted for the Resurfacing/Reconstruction Program funded through a combination of city funding and special assessments to abutting property owners. The city has provided an average of \$4.5 million to the Reconstruction/Resurfacing Program over the past four years. This represents a 70% increase over the \$2.6 million budgeted the previous four years.

The Local Street Resurfacing/Reconstruction Plan shows the city’s commitment to maintaining its streets at a safe and drivable level. The average city funding for the six year plan is approximately 62% greater than the 2006 and 2007 budget. The six year plan will allow the city to complete an average of 14 miles of resurfacing or reconstruction per year. The average replacement cycle for the six year plan is approximately 64 years, representing a significant improvement to past replacement cycles.

Table 2

Local Street Resurfacing/Reconstruction Funding 2008-2013 Plan									
Source of Funds	2006		2008					2008-2013	
	<u>Experience</u>	<u>2007 Budget</u>	<u>Proposed</u>	<u>2009 Plan</u>	<u>2010 Plan</u>	<u>2011 Plan</u>	<u>2012 Plan</u>	<u>2013 Plan</u>	<u>Average</u>
City Funding (1)	\$3,636,454	\$4,154,556	\$4,700,000	\$6,700,000	\$6,033,745	\$7,300,000	\$7,000,000	\$8,200,000	\$6,655,624
Assessable (2)	\$593,946	\$1,661,822	\$2,300,000	\$2,680,000	\$2,947,198	\$2,920,000	\$3,333,700	\$3,280,000	\$2,910,150
LRIP (3) State Funding	\$1,067,445	\$0	\$1,067,445	\$0	\$1,067,445	\$0	\$1,067,445	\$0	\$533,723
City Match	\$533,000	\$0	\$533,745	\$0	\$533,745	\$0	\$533,745	\$0	\$266,873
Assessable Match	\$533,000	\$0	\$533,700	\$0	\$533,700	\$0	\$533,700	\$0	\$266,850
Annual Totals	\$6,363,845	\$5,816,378	\$9,134,890	\$9,380,000	\$11,115,833	\$10,220,000	\$12,468,590	\$11,480,000	\$10,633,219
Expected Miles Completed	10.57	7.76	12.18	12.51	14.82	13.63	16.62	15.31	14.18
Replacement Cycle (years)	85	116	74	72	61	66	54	59	64

(1) City funds do not include funds for capital street maintenance
 (2) 2008 assessable includes \$1.3 million in existing assessable authority
 (3) LRIP is included in the Major Streets Program

Other capital projects are described in more detail in the departmental operating budget sections of the 2008 Proposed Plan and Executive Budget Summary. Please refer to these sections for more detail on capital improvement projects included in the 2008 proposed budget.

**SUMMARY OF DEPARTMENTAL APPROPRIATIONS
OVERVIEW OF 2008 PROPOSED CAPITAL BUDGET
GENERAL CITY PURPOSES**

	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE	
				2007 ADOPTED	2008 REQUESTED
				PROPOSED BUDGET VERSUS	
City Funded					
Special Projects	\$11,075,000	\$8,325,000	\$8,825,000	\$-2,250,000	\$500,000
Administration, Department of	1,276,000	2,796,220	455,720	-820,280	-2,340,500
City Attorney	250,000	5,184,000	0	-250,000	-5,184,000
City Development, Department of	77,855,000	65,623,000	71,629,500	-6,225,500	6,006,500
Common Council City Clerk	525,000	0	0	-525,000	0
Employee Relations, Department of	400,000	0	0	-400,000	0
Fire Department	2,918,000	3,054,000	3,208,000	290,000	154,000
Health Department	476,000	850,000	800,000	324,000	-50,000
Library	830,000	1,215,000	1,238,000	408,000	23,000
Municipal Court	50,000	462,620	429,620	379,620	-33,000
Police Department	1,670,000	3,770,000	2,745,000	1,075,000	-1,025,000
Port of Milwaukee	750,000	1,825,000	500,000	-250,000	-1,325,000
Public Works, Department of	57,437,190	67,792,309	49,531,974	-7,905,216	-18,260,335
Subtotal City Funded	<u>\$155,512,190</u>	<u>\$160,897,149</u>	<u>\$139,362,814</u>	<u>\$-16,149,376</u>	<u>\$-21,534,335</u>
Grants & Aids Funding					
Fire Department	\$0	\$0	\$0	\$0	\$0
Police Department	0	0	0	0	0
Port of Milwaukee	1,700,000	800,000	800,000	-900,000	0
Public Works, Department of	36,090,160	56,382,825	56,382,825	20,292,665	0
Subtotal Grants & Aids Funding	<u>\$37,790,160</u>	<u>\$57,182,825</u>	<u>\$57,182,825</u>	<u>\$19,392,665</u>	<u>\$0</u>
Enterprise Funds					
Parking	\$595,000	\$2,700,000	\$2,700,000	\$2,105,000	\$0
Sewer Maintenance	24,500,000	25,000,000	29,950,000	5,450,000	4,950,000
Water	25,140,500	36,769,000	36,769,000	11,628,500	0
Subtotal Enterprise Funds	<u>\$50,235,500</u>	<u>\$64,469,000</u>	<u>\$69,419,000</u>	<u>\$19,183,500</u>	<u>\$4,950,000</u>
Total Capital Plan	<u>\$243,537,850</u>	<u>\$282,548,974</u>	<u>\$265,964,639</u>	<u>\$22,426,789</u>	<u>\$-16,584,335</u>

C. CAPITAL IMPROVEMENTS

2008 CAPITAL IMPROVEMENTS FINANCED BY CATEGORY

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
SPECIAL CAPITAL PROJECTS								
Grant and Aid								
Budget	\$0	\$300,000	\$0	\$0	\$8,000,000	\$8,300,000	\$0	\$8,300,000
Carryover	(0)	(900,000)	(0)	(0)	(0)	(900,000)	(0)	(900,000)
Municipal Art Fund								
Budget	25,000	0	0	0	0	25,000	0	25,000
Housing Trust Fund								
Carryover	(0)	(2,500,000)	(0)	(0)	(0)	(2,500,000)	(0)	(2,500,000)
Energy Challenge Fund								
Budget	0	500,000	0	0	0	500,000	0	500,000
TOTAL SPECIAL CAPITAL PROJECTS								
Budget	\$25,000	\$800,000	\$0	\$0	\$8,000,000	\$8,825,000	\$0	\$8,825,000
Carryover	(\$0)	(\$3,400,000)	(\$0)	(\$0)	(\$0)	(\$3,400,000)	(\$0)	(\$3,400,000)
DEPARTMENT OF ADMINISTRATION								
Single E-Mail Store								
Budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carryover	(0)	(401,846)	(0)	(0)	(0)	(401,846)	(0)	(401,846)
Server Consolidation/Storage Area Network								
Budget	0	24,000	0	0	0	24,000	0	24,000
Carryover	(0)	(56,263)	(0)	(0)	(0)	(56,263)	(0)	(56,263)
HRMS Upgrade								
Budget	0	0	0	0	0	0	0	0
Carryover	(0)	(504,955)	(0)	(0)	(0)	(504,955)	(0)	(504,955)
Web Application Server								
Budget	0	115,000	0	0	0	115,000	0	115,000
Cluster Corporate Database Server								
Budget	0	204,860	0	0	0	204,860	0	204,860
E-Benefits								
Carryover	(0)	(167,000)	(0)	(0)	(0)	(167,000)	(0)	(167,000)
E-Server Tape Subsystem								
Budget	0	111,860	0	0	0	111,860	0	111,860
TOTAL DEPARTMENT OF ADMINISTRATION								
Budget	\$0	\$455,720	\$0	\$0	\$0	\$455,720	\$0	\$455,720
Carryover	(\$0)	(\$1,130,064)	(\$0)	(\$0)	(\$0)	(\$1,130,064)	(\$0)	(\$1,130,064)
CITY TREASURER'S OFFICE								
Cashier System Upgrade								
Carryover	(\$0)	(\$74,417)	(\$0)	(\$0)	(\$0)	(\$74,417)	(\$0)	(\$74,417)
TOTAL CITY TREASURER'S OFFICE								
Carryover	(\$0)	(\$74,417)	(\$0)	(\$0)	(\$0)	(\$74,417)	(\$0)	(\$74,417)
DEPARTMENT OF CITY DEVELOPMENT								
Advance Planning								
Budget	\$200,000	\$0	\$0	\$0	\$0	\$200,000	\$0	\$200,000
Neighborhood Commercial District Street Improvement Fund								
Budget	0	1,000,000	0	0	0	1,000,000	0	1,000,000
Carryover	(0)	(2,000,000)	(0)	(0)	(0)	(2,000,000)	(0)	(2,000,000)
Tax Increment Financed Urban Renewal Projects (Including Grant Funded Projects)								
Budget	0	0	60,451,000	0	4,200,000	64,651,000	0	64,651,000
Carryover	(0)	(0)	(109,648,810)	(0)	(0)	(109,648,810)	(0)	(109,648,810)
Development Fund								
Budget	0	1,800,000	0	0	0	1,800,000	0	1,800,000
Carryover	(0)	(6,181,134)	(0)	(0)	(0)	(6,181,134)	(0)	(6,181,134)
Business Improvement Districts								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(1,500,000)	(0)	(0)	(0)	(1,500,000)	(0)	(1,500,000)
809 Building Remodeling								
Budget	0	378,500	0	0	0	378,500	0	378,500
30th Street Industrial Corridor								
Budget	0	3,000,000	0	0	0	3,000,000	0	3,000,000
Development Fund								
Healthy Neighborhoods Initiative	0	100,000	0	0	0	100,000	0	100,000
TOTAL DEPARTMENT OF CITY DEVELOPMENT								
Budget	\$200,000	\$6,778,500	\$60,451,000	\$0	\$4,200,000	\$71,629,500	\$0	\$71,629,500
Carryover	(\$0)	(\$9,681,134)	(\$109,648,810)	(\$0)	(\$0)	(\$119,329,944)	(\$0)	(\$119,329,944)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
COMMON COUNCIL CITY CLERK								
License Management System Requirements Study								
Carryover	(\$0)	(\$681,900)	(\$0)	(\$0)	(\$0)	(\$681,900)	(\$0)	(\$681,900)
TOTAL COMMON COUNCIL CITY CLERK								
Carryover	(\$0)	(\$681,900)	(\$0)	(\$0)	(\$0)	(\$681,900)	(\$0)	(\$681,900)
DEPARTMENT OF EMPLOYEE RELATIONS								
Worker's Compensation Computer System								
Carryover	(0)	(359,254)	(0)	(0)	(0)	(359,254)	(0)	(359,254)
TOTAL DEPARTMENT OF EMPLOYEE RELATIONS								
Carryover	(\$0)	(\$359,254)	(\$0)	(\$0)	(\$0)	(\$359,254)	(\$0)	(\$359,254)
FIRE DEPARTMENT								
Ventilation System and Window Replacement								
Carryover	(\$0)	(\$100,000)	(\$0)	(\$0)	(\$0)	(\$100,000)	(\$0)	(\$100,000)
Engine Company 2 Alterations								
Carryover	(0)	(70,000)	(0)	(0)	(0)	(70,000)	(0)	(70,000)
Fire Digital Radio System								
Carryover	(0)	(202,000)	(0)	(0)	(0)	(202,000)	(0)	(202,000)
Fire Repair Shop Design and Construction								
Carryover	(0)	(1,675,000)	(0)	(0)	(0)	(1,675,000)	(0)	(1,675,000)
Interior Building Maintenance								
Budget	86,000	0	0	0	0	86,000	0	86,000
Carryover	(0)	(85,000)	(0)	(0)	(0)	(85,000)	(0)	(85,000)
Mechanical Systems Maintenance								
Budget	0	260,000	0	0	0	260,000	0	260,000
Carryover	(0)	(391,000)	(0)	(0)	(0)	(391,000)	(0)	(391,000)
Exterior Building Maintenance								
Budget	0	400,000	0	0	0	(400,000)	0	400,000
Carryover	(0)	(127,000)	(0)	(0)	(0)	(127,000)	(0)	(127,000)
Major Capital Equipment								
Budget	0	2,362,000	0	0	0	2,362,000	0	2,362,000
Carryover	(0)	(3,354,000)	(0)	(0)	(0)	(3,354,000)	(0)	(3,354,000)
Auxiliary Power Supply								
Budget	0	100,000	0	0	0	100,000	0	100,000
Carryover	(0)	(100,000)	(0)	(0)	(0)	(100,000)	(0)	(100,000)
TOTAL FIRE DEPARTMENT								
Budget	\$86,000	\$3,122,000	\$0	\$0	\$0	\$3,208,000	\$0	\$3,208,000
Carryover	(\$0)	(\$6,104,000)	(\$0)	(\$0)	(\$0)	(\$6,104,000)	(\$0)	(\$6,104,000)
HEALTH DEPARTMENT								
Mechanical Systems Maintenance Program								
Budget	\$0	\$90,000	\$0	\$0	\$0	\$90,000	\$0	\$90,000
Carryover	(\$0)	(\$280,816)	(\$0)	(\$0)	(\$0)	(\$280,816)	(\$0)	(\$280,816)
Exterior Building Maintenance Program								
Budget	0	305,000	0	0	0	305,000	0	305,000
Carryover	(0)	(732,175)	(0)	(0)	(0)	(732,175)	(0)	(732,175)
Interior Building Maintenance Program								
Budget	0	305,000	0	0	0	305,000	0	305,000
Carryover	(0)	(559,916)	(0)	(0)	(0)	(559,916)	(0)	(559,916)
Public Health Information Network								
Budget	0	100,000	0	0	0	100,000	0	100,000
Carryover	(0)	(100,000)	(0)	(0)	(0)	(100,000)	(0)	(100,000)
TOTAL HEALTH DEPARTMENT								
Budget	\$0	\$800,000	\$0	\$0	\$0	\$800,000	\$0	\$800,000
Carryover	(\$0)	(\$1,672,907)	(\$0)	(\$0)	(\$0)	(\$1,672,907)	(\$0)	(\$1,672,907)
LIBRARY								
CENTRAL LIBRARY								
Central Library Improvements Fund								
Budget	\$0	\$628,000	\$0	\$0	\$0	\$628,000	\$0	\$628,000
Carryover	(0)	(894,661)	(0)	(0)	(0)	(894,661)	(0)	(894,661)
Central Library Improvements Fund Mechanical Systems								
Budget	0	315,000	0	0	0	315,000	0	315,000
Carryover	(0)	(103,000)	(0)	(0)	(0)	(103,000)	(0)	(103,000)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
NEIGHBORHOOD LIBRARIES								
Neighborhood Library Improvement Fund								
Budget	\$0	\$295,000	\$0	\$0	\$0	\$295,000	\$0	\$295,000
Carryover	(0)	(983,528)	(0)	(0)	(0)	(983,528)	(0)	(983,528)
TOTAL LIBRARY								
Budget	\$0	\$1,238,000	\$0	\$0	\$0	\$1,238,000	\$0	\$1,238,000
Carryover	(\$0)	(\$1,981,189)	(\$0)	(\$0)	(\$0)	(\$1,981,189)	(\$0)	(\$1,981,189)
MUNICIPAL COURT								
Court Case Management System								
Budget	\$0	\$429,620	\$0	\$0	\$0	\$429,620	\$0	\$429,620
Carryover	(0)	(159,332)	(0)	(0)	(0)	(159,332)	(0)	(159,332)
TOTAL MUNICIPAL COURT								
Budget	\$0	\$429,620	\$0	\$0	\$0	429,620	\$0	429,620
Carryover	(\$0)	(\$159,332)	(\$0)	(\$0)	(\$0)	(\$159,332)	(\$0)	(\$159,332)
POLICE DEPARTMENT								
Remodel Administration Building Offices								
Budget	\$0	\$1,635,000	\$0	\$0	\$0	\$1,635,000	\$0	\$1,635,000
Carryover	(0)	(1,503,112)	(0)	(0)	(0)	(1,503,112)	(0)	(1,503,112)
Trunked Radio Communications Citywide								
Carryover	(0)	(4,553,138)	(0)	(0)	(0)	(4,553,138)	(0)	(4,553,138)
District Station Six Repairs								
Carryover	(0)	(135,349)	(0)	(0)	(0)	(135,349)	(0)	(135,349)
Evidence Storage Warehouse								
Budget	0	340,000	0	0	0	340,000	0	340,000
Carryover	(0)	(209,000)	(0)	(0)	(0)	(209,000)	(0)	(209,000)
Training Academy Parking Lot								
Carryover	(0)	(81,381)	(0)	(0)	(0)	(81,381)	(0)	(81,381)
Training Academy Firing Range								
Carryover	(0)	(158)	(0)	(0)	(0)	(158)	(0)	(158)
Criminal Investigation Video Capture System								
Budget	0	275,000	0	0	0	275,000	0	275,000
Carryover	(0)	(750,000)	(0)	(0)	(0)	(750,000)	(0)	(750,000)
District #5 HVAC Replacement								
Budget	\$0	\$145,000	\$0	\$0	\$0	\$145,000	\$0	\$145,000
PPD Relocation/Renovation								
Budget	\$0	\$200,000	\$0	\$0	\$0	\$200,000	\$0	\$200,000
Surveillance Camera Program								
Budget	\$0	\$150,000	\$0	\$0	\$0	\$150,000	\$0	\$150,000
TOTAL POLICE DEPARTMENT								
Budget	\$0	\$2,745,000	\$0	\$0	\$0	\$2,745,000	\$0	\$2,745,000
Carryover	(\$0)	(\$7,232,138)	(\$0)	(\$0)	(\$0)	(\$7,232,138)	(\$0)	(\$7,232,138)
PORT OF MILWAUKEE								
Secured Ferry Terminal Parking Facilities								
Carryover	(\$0)	(\$212,580)	(\$0)	(\$0)	(\$0)	(\$212,580)	(\$0)	(\$212,580)
Major Maintenance Terminals and Piers								
Carryover	(0)	(138,500)	(0)	(0)	(0)	(138,500)	(0)	(138,500)
Dockwall Rehabilitation								
Carryover	(0)	(400,000)	(0)	(0)	(0)	(400,000)	(0)	(400,000)
Cargo Handling Equipment								
Carryover	(0)	(50,000)	(0)	(0)	(0)	(50,000)	(0)	(50,000)
Analyze and Upgrade Sewer System								
Carryover	(0)	(79,500)	(0)	(0)	(0)	(79,500)	(0)	(79,500)
Pier Berth and Channel Improvements								
Budget	0	100,000	0	0	0	100,000	400,000	500,000
Carryover	(0)	(800,000)	(0)	(0)	(0)	(800,000)	(0)	(800,000)
Confined Disposal Facility								
Carryover	(0)	(140,858)	(0)	(0)	(0)	(140,858)	(0)	(140,858)
South Harbor Tract Electrical Serv Rehab								
Budget	0	100,000	0	0	0	100,000	0	100,000
Port Security								
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
Harbor Maintenance Dredging								
Budget	0	100,000	0	0	0	100,000	400,000	500,000
Terminal Resurfacing								
Budget	0	100,000	0	0	0	100,000	0	100,000

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
Port Facility Systems								
Budget	0	100,000	0	0	0	100,000	0	100,000
TOTAL PORT OF MILWAUKEE								
Budget	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$800,000	\$1,300,000
Carryover	(\$0)	(\$2,021,438)	(\$0)	(\$0)	(\$0)	(\$2,021,438)	(\$0)	(\$2,021,438)
DPW ADMINISTRATION								
Public Safety Communications								
Budget	\$400,000	\$225,000	\$0	\$0	\$0	\$625,000	\$0	\$625,000
Carryover	(0)	(240,000)	(0)	(0)	(0)	(240,000)	(0)	(240,000)
CSWAN/Common Upgrade								
Budget	0	1,100,000	0	0	0	1,100,000	0	1,100,000
Hartung Redevelopment Phase I								
Budget	0	200,000	0	0	0	200,000	0	200,000
TOTAL DPW ADMINISTRATION								
Budget	\$400,000	\$1,525,000	\$0	\$0	\$0	\$1,925,000	\$0	\$1,925,000
Carryover	(\$0)	(\$240,000)	(\$0)	(\$0)	(\$0)	(\$240,000)	(\$0)	(\$240,000)
DPW OPERATIONS DIVISION								
BUILDINGS AND FLEET SECTION								
City Hall Complex Remodeling								
Carryover	(\$0)	(\$929,900)	(\$0)	(\$0)	(\$0)	(\$929,900)	(\$0)	(\$929,900)
Space Planning Facilities								
Budget	0	110,000	0	0	0	110,000	0	110,000
Carryover	(0)	(79,635)	(0)	(0)	(0)	(79,635)	(0)	(79,635)
Recreational Facilities Citywide								
Budget	300,000	0	0	0	0	300,000	0	300,000
ADA Compliance Program								
Budget	0	160,800	0	0	0	160,800	0	160,800
Carryover	(0)	(955,700)	(0)	(0)	(0)	(955,700)	(0)	(955,700)
Facility Systems Program								
Budget	0	2,400,000	0	0	0	2,400,000	0	2,400,000
Carryover	(0)	(4,412,074)	(0)	(0)	(0)	(4,412,074)	(0)	(4,412,074)
Facilities Exterior Upgrades Program								
Budget	0	469,000	0	0	0	469,000	0	469,000
Carryover	(0)	(1,029,118)	(0)	(0)	(0)	(1,029,118)	(0)	(1,029,118)
Environmental Remediation Program								
Budget	0	200,000	0	0	0	200,000	0	200,000
Carryover	(0)	(834,000)	(0)	(0)	(0)	(834,000)	(0)	(834,000)
City Hall Restoration Program								
Budget	0	6,320,000	0	0	0	6,320,000	0	6,320,000
Carryover	(0)	(23,720,272)	(0)	(0)	(0)	(23,720,272)	(0)	(23,720,272)
City Hall Foundation & Hollow Walk								
Budget	0	1,200,000	0	0	0	1,200,000	0	1,200,000
Municipal Garages/Outlying Facilities Remodeling								
Budget	0	175,000	0	0	0	175,000	0	175,000
Carryover	(0)	(2,650,298)	(0)	(0)	(0)	(2,650,298)	(0)	(2,650,298)
Major Capital Equipment								
Budget	0	6,000,000	0	0	0	6,000,000	0	6,000,000
Carryover	(0)	(3,843,202)	(0)	(0)	(0)	(3,843,202)	(0)	(3,843,202)
Two Way Radio Replacement								
Carryover	(0)	(568,000)	(0)	(0)	(0)	(568,000)	(0)	(568,000)
Menomonee Valley Facilities Relocation								
Carryover	(0)	(2,500,000)	(0)	(0)	(0)	(2,500,000)	(0)	(2,500,000)
MacArthur Square Plaza Restoration								
Budget	0	500,000	0	0	0	500,000	0	500,000
TOTAL BUILDINGS AND FLEET SECTION								
Budget	\$300,000	\$17,534,800	\$0	\$0	\$0	\$17,834,800	\$0	\$17,834,800
Carryover	(\$0)	(\$41,522,199)	(\$0)	(\$0)	(\$0)	(\$41,522,199)	(\$0)	(\$41,522,199)
FORESTRY SECTION								
Concealed Irrigation and General Landscaping								
Budget	\$0	\$288,000	\$0	\$0	\$0	\$288,000	\$0	\$288,000
Carryover	(0)	(800,000)	(0)	(0)	(0)	(800,000)	(0)	(800,000)
Planting Program								
Budget	0	1,107,235	0	0	0	1,107,235	0	1,107,235
Carryover	(0)	(817,000)	(0)	(0)	(0)	(817,000)	(0)	(817,000)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
Boulevard Plan								
Budget	0	500,000	0	0	0	500,000	0	500,000
Nursery Deer Fence								
Budget	66,200	0	0	0	0	66,200	0	66,200
TOTAL FORESTRY SECTION								
Budget	\$66,200	\$1,895,235	\$0	\$0	\$0	\$1,961,435	\$0	\$1,961,435
Carryover	(\$0)	(\$1,617,000)	(\$0)	(\$0)	(\$0)	(\$1,617,000)	(\$0)	(\$1,617,000)
SANITATION SECTION								
Sanitation Headquarters Modifications (Various Sites)								
Carryover	(0)	(2,048,447)	(0)	(0)	(0)	(2,048,447)	(0)	(2,048,447)
TOTAL SANITATION SECTION								
Carryover	(\$0)	(\$2,048,447)	(\$0)	(\$0)	(\$0)	(\$2,048,447)	(\$0)	(\$2,048,447)
TOTAL DPW OPERATIONS DIVISION								
Budget	\$366,200	\$19,430,035	\$0	\$0	\$0	\$19,796,235	\$0	\$19,796,235
Carryover	(\$0)	(\$45,187,646)	(\$0)	(\$0)	(\$0)	(\$45,187,646)	(\$0)	(\$45,187,646)
DPW INFRASTRUCTURE SERVICES								
SEWER CONSTRUCTION								
Expansion of Capacity Sewer Program								
Budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carryover	(0)	(5,312,500)	(0)	(20,829)	(0)	(5,333,329)	(0)	(5,333,329)
TOTAL SEWER CONSTRUCTION								
Budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carryover	(\$0)	(\$5,312,500)	(\$0)	(\$20,829)	(\$0)	(\$5,333,329)	(\$0)	(\$5,333,329)
BRIDGE CONSTRUCTION								
Bridge State and Federal Funded								
Budget	\$0	\$3,046,000	\$0	\$0	\$0	\$3,046,000	\$13,922,000	\$16,968,000
Carryover	(0)	(2,841,000)	(0)	(0)	(0)	(2,841,000)	(0)	(2,841,000)
Bridge Reconstruction Local								
Budget	0	1,440,000	0	0	0	1,440,000	0	1,440,000
Carryover	(0)	(6,047,956)	(0)	(0)	(0)	(6,047,956)	(0)	(6,047,956)
TOTAL BRIDGE CONSTRUCTION								
Budget	\$0	\$4,486,000	\$0	\$0	\$0	\$4,486,000	\$13,922,000	\$18,408,000
Carryover	(\$0)	(\$8,888,956)	(\$0)	(\$0)	(\$0)	(\$8,888,956)	(\$0)	(\$8,888,956)
STREET/PAVING CONSTRUCTION								
Street Reconstruction City Contribution to State and Federally Aided Projects								
Budget	\$0	\$6,471,340	\$0	\$1,260,149	\$0	\$7,731,489	\$42,460,825	\$50,192,314
Carryover	(0)	(11,864,262)	(0)	(4,381,413)	(0)	(16,245,675)	(0)	(16,245,675)
Street Reconstruction or Resurfacing Regular City Program								
Budget	1,020,000	4,480,000	0	1,000,000	0	6,500,000	0	6,500,000
Carryover	(0)	(3,983,862)	(0)	(4,193,282)	(0)	(8,177,144)	(0)	(8,177,144)
Alley Reconstruction Program								
Budget	0	150,000	0	100,000	0	250,000	0	250,000
Carryover	(0)	(0)	(0)	(862,631)	(0)	(862,631)	(0)	(862,631)
New Street Construction Program								
Budget	0	200,000	0	0	0	200,000	0	200,000
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
TOTAL STREET/PAVING CONSTRUCTION								
Budget	\$1,020,000	\$11,301,340	\$0	\$2,360,149	\$0	\$14,681,489	\$42,460,825	\$57,142,314
Carryover	(\$0)	(\$16,048,124)	(\$0)	(\$9,437,326)	(\$0)	(\$25,485,450)	(\$0)	(\$25,485,450)
Street Improvements Sidewalk, Driveway, and Gutter Replacement								
Budget	\$0	\$480,000	\$0	\$400,000	\$0	\$880,000	\$0	\$880,000
Carryover	(0)	(0)	(0)	(3,468,121)	(0)	(3,468,121)	(0)	(3,468,121)
Street Improvements Street Lighting								
Budget	817,080	5,746,170	0	0	0	6,563,250	0	6,563,250
Carryover	(0)	(1,586,776)	(0)	(1,820,107)	(0)	(3,406,883)	(0)	(3,406,883)
Street Improvements Traffic Control Facilities								
Budget	700,000	0	0	0	0	700,000	0	700,000
Underground Electrical Manhole Reconstruction								
Budget	0	100,000	0	0	0	100,000	0	100,000
Carryover	(0)	(600,000)	(0)	(0)	(0)	(600,000)	(0)	(600,000)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT PROGRAM TOTAL
Street Improvements Underground Conduit and Manholes								
Budget	400,000	0	0	0	0	400,000	0	400,000
Carryover	(0)	(877,950)	(0)	(0)	(0)	(877,950)	(0)	(877,950)
TOTAL DPW INFRASTRUCTURE SERVICES								
Budget	\$2,937,080	\$22,113,510	\$0	\$2,760,149	\$0	\$27,810,739	\$56,382,825	\$84,193,564
Carryover	(\$0)	(\$33,314,306)	(\$0)	(\$14,746,383)	(\$0)	(\$48,060,689)	(\$0)	(\$48,060,689)
TOTAL DEPARTMENT OF PUBLIC WORKS								
Budget	\$3,703,280	\$43,068,545	\$0	\$2,760,149	\$0	\$49,531,974	\$56,382,825	\$105,914,799
Carryover	(\$0)	(\$78,741,952)	(\$0)	(\$14,746,383)	(\$0)	(\$93,488,335)	(\$0)	(\$93,488,335)
TOTAL PROJECTS								
Budget	\$4,014,280	\$59,937,385	\$60,451,000	\$2,760,149	\$12,200,000	\$139,362,814	\$57,182,825	\$196,545,639
Carryover	(\$0)	(\$113,239,725)	(\$109,648,810)	(\$14,746,383)	(\$0)	(\$237,634,918)	(\$0)	(\$237,634,918)

D. CITY DEBT

EXECUTIVE SUMMARY

- PURPOSE:** To equitably finance capital improvements and to manage and control outstanding debt.
- SERVICES:** Debt management, including monitoring city debt levels and the overlapping debt burden imposed on city residents by other local governments.
- STRATEGIC ISSUES:** Stabilizing the debt service property tax levy by developing a comprehensive debt policy for debt capacity and capital financing to reduce the amount of debt issued annually.
- Ensure compliance with debt policy by developing a working debt forecast model that analyzes the impact of debt financing in future years.

BACKGROUND

Milwaukee faces many of the issues that effect older Midwestern cities. Aging infrastructure and comparably lower income levels than surrounding areas are among the negative issues facing the city.

There are a number of strengths the city has that have offset the impact of the negatives. In 2007, the city experienced property value growth of over 5% including 2.5% of net new construction. The city's strength is also seen in its strong financial management, which is reflected in sizable fund balances and moderate levels of debt. Overall, the city's capacity to meet its financial obligations remains strong.

Table 1

City Debt Indicators Relationship to Standard & Poor's Debt Benchmarks		
Debt Indicators	S & P Rating	
Economic		
Income as Percent of 2000 National Average	76.0%	Low
Market Value Per Capita	\$54,117	Moderate
Taxpayer Concentration (Top Ten Taxpayers)	5.0%	Diverse
Financial		
Unreserved Debt Reserve Balance	10.1%	N/A
Unreserved General Fund Balance	10.3%	Adequate
Debt		
Direct Debt Per Capita	\$1,319	Moderate
Direct Debt Percent of Market Value	2.4%	Moderate
Debt Maturing Within Ten Years	80.0%	Standard is 50.0%

The current mix of strengths and negatives results in the city having a high bond rating for general obligation debt. Recently, Fitch Ratings assigned an AA+ rating to city bonds, Moody's Investors Services rated them Aa2, and Standard & Poor's rated them AA Stable. Table 1 details the city's performance on several commonly used debt indicators.

OVERVIEW

The 2008 debt expenditure needs total \$156.6 million, an increase of \$24.6 million from 2007. A temporary cash flow borrowing for the Sewer Fund increased the debt budget by \$22.1 million. The rest of the increase in the debt budget is attributable to growth in borrowing for capital improvements. Table 2 shows expenditures for self-supporting and tax levy supported city debt while Table 3 illustrates the distribution of their funding sources. Highlights of the major changes in city debt expenditures and funding sources follow.

Table 2

	CITY DEBT EXPENDITURES			CHANGE	
	2007	2008	2008	PROPOSED BUDGET	
	ADOPTED	REQUESTED	PROPOSED	VERSUS	
	BUDGET	BUDGET	BUDGET	2007 ADOPTED	2008 REQUESTED
Self Supporting Debt					
Brewer MEDC Loan	\$1,063,339	\$1,063,339	\$1,063,339	\$0	\$0
Delinquent Tax Financing	15,130,432	14,586,310	16,234,663	1,104,231	1,648,353
Industrial Land Bank	37,104	32,822	32,822	-4,282	0
MPS Energy Retrofit	250,623	130,475	130,475	-120,148	0
MPS Loans from the State	2,759,223	2,370,256	2,370,256	-388,967	0
MPS Pension Refunding Bonds	25,000	0	0	-25,000	0
Parking	2,256,394	2,265,167	2,265,167	8,773	0
Sewer Maintenance Fund	9,796,003	9,319,003	9,319,003	-477,000	0
Special Assessments	2,833,261	2,575,084	2,575,084	-258,177	0
Tax Increment Districts	15,723,326	17,572,516	17,572,516	1,849,190	0
Water Works	4,482,529	3,804,016	3,804,016	-678,513	0
Subtotal	\$54,357,234	\$53,718,988	\$55,367,341	\$1,010,107	\$1,648,353
Tax Levy Debt					
General City	\$62,856,453	\$86,676,545	\$85,253,545	\$22,397,092	\$-1,423,000
RANs City and MPS	12,437,500	13,162,500	12,830,000	392,500	-332,500
Schools	12,182,978	13,111,271	13,111,271	928,293	0
Subtotal	87,476,931	112,950,316	111,194,816	23,717,885	-1,755,500
Total Debt Needs	\$141,834,165	\$166,669,304	\$166,562,157	\$24,727,992	\$-107,147
Fees and Issuance Costs	\$1,040,000	\$1,040,000	\$1,040,000	\$0	\$0
Deduction for PDAF Prepayment	-7,300,000	-5,000,000	-7,400,000	-100,000	-2,400,000
Deduction for Segregated S.A.	-3,553,762	-3,571,849	-3,571,849	-18,087	0
Total	\$132,020,403	\$159,137,455	\$156,630,308	\$24,609,905	\$-2,507,147

Table 3

	CITY DEBT SOURCE OF FUNDS			CHANGE	
	2007	2008	2008	PROPOSED BUDGET	
	ADOPTED	REQUESTED	PROPOSED	VERSUS	
	BUDGET	BUDGET	BUDGET	2007 ADOPTED	2008 REQUESTED
Self Supporting Debt					
Brewer MEDC Loan	\$1,063,339	\$1,063,339	\$1,063,339	\$0	\$0
Delinquent Tax Financing	14,973,326	13,836,310	15,484,662	511,336	1,648,352
Industrial Land Bank	0	0	0	0	0
MPS Energy Retrofit	250,623	130,477	130,477	-120,146	0
MPS Loans from the State	2,759,223	2,370,256	2,370,256	-388,967	0
MPS Pension Refunding Bonds	25,000	0	0	-25,000	0
Parking	2,256,394	2,270,167	2,270,167	13,773	0
Sewer Maintenance Fund	9,843,546	29,800,000	32,110,000	22,266,454	2,310,000
Tax Increment Districts	16,965,898	17,905,285	15,805,700	-1,160,198	-2,099,585
Water Works	5,715,038	5,104,016	5,104,016	-611,022	0
Subtotal	\$53,852,387	\$72,479,850	\$74,338,617	\$20,486,230	\$1,858,767
General Obligation Debt Financing					
Fees and Issuance Costs	\$1,040,000	\$1,040,000	\$1,040,000	\$0	\$0
Other Revenues	9,706,327	4,336,976	7,052,946	-2,653,381	2,715,970
Tax Levy	67,421,689	81,280,629	74,198,745	6,777,056	-7,081,884
Subtotal	\$78,168,016	\$86,657,605	\$82,291,691	\$4,123,675	\$-4,365,914
Total Debt Needs	\$132,020,403	\$159,137,455	\$156,630,308	\$24,609,905	\$-2,507,147

CITY DEBT EXPENDITURES AND SOURCES OF FUNDS

General City (Excluding Schools and Revenue Anticipation Notes): Debt service costs associated with city borrowing for capital improvement projects, not including \$22.1 million of Sewer Fund cash flow borrowing, will total \$63.2 million in 2008, an increase of \$1 million from 2007 (excludes \$22.1 million sewer cash flow borrowing). The property tax levy for debt service is \$74.2 million, an increase of \$6.8 million from 2007. The change is due to an increase in tax related debt of \$2.5 million and a decrease in revenues of \$4.3 million.

Milwaukee Public Schools (MPS): The tax levy debt cost for school borrowing will be \$13.1 million in 2008, an increase of \$0.9 million from 2007. Since 1989, the city has provided MPS with \$182.3 million in borrowing authority for school improvements.

Tax Incremental Districts (TIDs): The incremental property taxes collected on the value increment portion of the property are used to retire the debt incurred for city funded district improvements. In the 2008 proposed budget, debt service for Tax Incremental Districts is \$17.6 million while revenues are \$15.8 million.

Delinquent Taxes: The 2008 proposed budget includes \$16.2 million to finance delinquent tax borrowing which is \$1.1 million greater than 2007. Estimates of sources of funds from the collection of delinquent taxes and interest penalties are \$15.5 million in 2008, an increase of \$0.5 million from 2007.

Parking Debt: A transfer from the Parking Fund, equivalent to the amount of annual outstanding debt service, entirely offsets parking related debt service costs. In the 2008 debt budget, the Parking Fund provides \$2.3 million to finance debt service costs associated with parking capital projects.

Special Assessments: Infrastructure improvements, like repaving streets or alleys, are partially offset by an assessed charge to the abutting property owners for a portion of the project's cost. When taxpayers choose a six year payment option, the city borrows money to finance the project. The 2008 debt budget includes approximately \$2.6 million to finance debt service costs associated with special assessment borrowing.

Water Works: The 2008 debt budget includes \$3.8 million for Water Works' debt service costs. Debt service costs for Water Works are paid from Water Works' annual earnings.

Sewer Maintenance: Approximately \$9.3 million in debt service for 2008 relates to sewer capital projects. Beginning in 2005, a portion of the general obligation debt service related to large diameter sewer projects was supported by the Sewer Maintenance Fund. The Sewer Maintenance Fund made a payment to debt service in 2007 of \$9 million. It will make a \$9.3 million payment in 2008. In addition, the Sewer Fund will finance a temporary cash flow borrowing of \$22.1 million in 2008.

Miller Park Project: The 2008 proposed budget includes \$1.1 million in revenue to offset debt service costs related to the Miller Park Stadium Project. This amount reflects an agreement with the Milwaukee Economic Development Corporation (MEDC) and the Southeastern Wisconsin Professional Baseball Park District.

Field Operations Facility Lease Payment: The city has constructed a new facility for the Sewer Maintenance Fund and Water Works at the Tower Automotive site. An annual rental payment from the Sewer Maintenance Fund and Water Works will fund this project. In 2008, the rental payment is \$2.1 million.

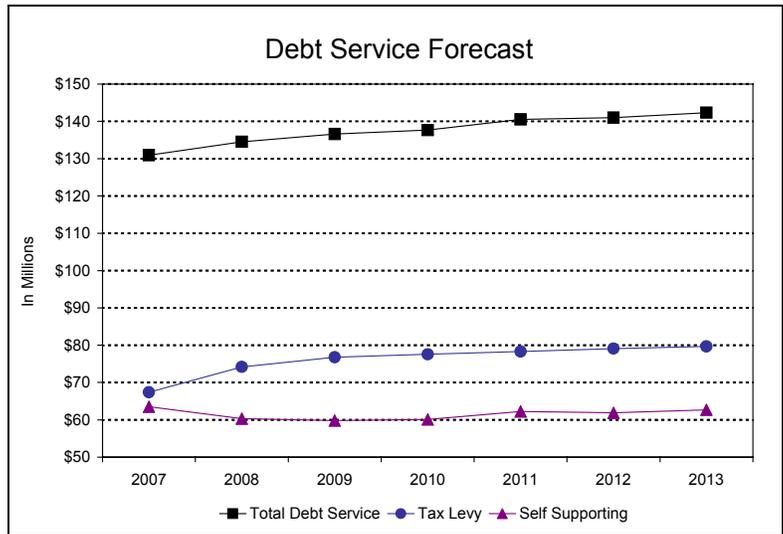
DEBT TAX LEVY STABILITY

The city has structural budget problems created by limited revenue sources and substantial wage and health care benefits growth, and instability with the debt budget due to past borrowing practices.

A debt stability plan must start with a solid capital improvements plan. Limits on the level of borrowing directly influence future debt payments. To stabilize the debt tax levy, borrowing must be lowered to the level of annual debt retirements. The city currently retires \$55 million to \$60 million in property tax levy supported debt annually.

Under a controlled borrowing approach, the city can reduce its annual increase in the debt service tax levy to a stable level. Although borrowing is controlled, it will take several more years before the debt service levy becomes flat. As shown in Figure 1, the tax levy debt service levels off in 2010 at roughly \$77.6 million. Total debt service will continue to grow at a relatively slow rate to a total of \$142.4 million by 2012.

Figure 1

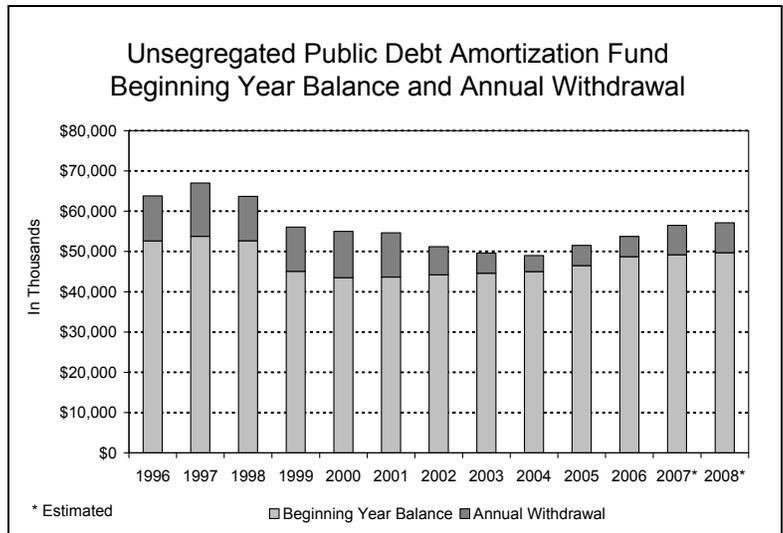


TAX INCREMENTAL DISTRICT FINANCING

The city is able to use Tax Incremental District financing to stimulate economic development through the building of infrastructure or loans. City expenditures are funded using property taxes collected on the incremental value growth in the Tax Incremental District (TID). Often, the city must expend its TID resources prior to generation of incremental revenue. The lag between the investment by the city and the incremental revenue can vary.

During the lag period, any city debt payments that are not covered by incremental revenues are funded through the tax levy. To alleviate some of the start up pressures on the property tax, the city capitalizes the first two interest payments and begins principal payments in the third year. In many TID start ups, this method of issuing debt removed any property tax levy problem. Some of the development projects take longer to generate their incremental revenue, especially when the city provides infrastructure improvements prior to development projects beginning.

Figure 2

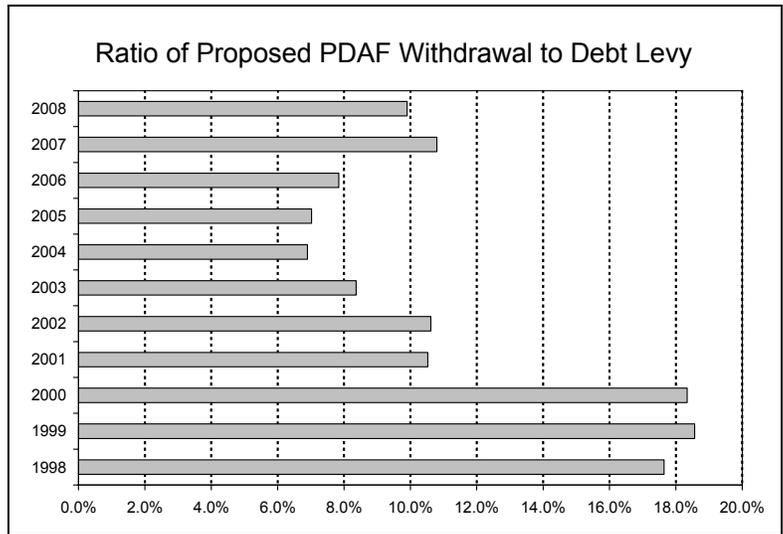


The Budget and Management Division, Comptroller, Department of City Development, and the City Attorney Offices formed a working group to explore the possibility of using other financing mechanisms to eliminate any short term property tax levy issues from TIDs. Preliminary financing alternatives developed by this group include the following:

- Extend the capitalization of interest from two years to three years.
- Extend the length of borrowing to 20 years or greater.
- Use variable rate debt that allows variable amortization of principal.

- Increase consideration of RACM and developer financing.
- Use tax increments as cash financing to reduce the cost of taxable borrowings.
- Explore refinancing existing TID debt to restructure it to reduce existing pressure on the property tax.

Figure 3



This group will continue to meet to refine these preliminary alternatives. Procedures to utilize these financing alternatives will need to be developed that allow input from all involved in the TID process.

PUBLIC DEBT AMORTIZATION FUND

The Public Debt Commission oversees the use of the Public Debt Amortization Fund (PADF). The primary sources of revenue for the fund are one-third of earnings on city investments and earnings on the fund’s investments.

The PADF withdrawal for the 2008 proposed budget is \$7.4 million. The 2007 fund balance will be approximately \$49.3 million or \$0.6 million more than the 2006 balance of \$48.7 million.

The annual withdrawal balances the competing goals of reducing the debt service tax levy versus maintaining a sufficient reserve balance. Figure 2 illustrates how the unsegregated balance of the PADF was drawn down to approximately \$43.5 million. Since 2001, the fund balance has grown from a low of \$43.5 million to the current balance of \$48.7 million.

The 2008 PADF withdrawal reflects the need to use the fund to control the debt service property tax levy. Even with this level of withdrawal, the debt tax levy increased over \$6.9 million from 2007 to 2008. Figure 3 shows the ratio of the PADF withdrawal to the debt tax levy. A reasonable 10% ratio will exist for 2008 purposes. This level is consistent with recent years.

OUTSTANDING DEBT AND DEBT STRUCTURE

As detailed in Table 4, the outstanding debt service requirements for the city totaled \$1,020 million at the end of 2006.

Table 4

Purpose	Principal	Interest	Total	% of Total
Self Supporting Debt				
Tax Incremental Districts	\$146,232	\$55,405	\$201,637	19.75%
Parking	12,747	2,930	15,677	1.54%
Water	23,258	5,618	28,876	2.83%
Delinquent Taxes	27,070	1,838	28,908	2.83%
Special Assessments	18,449	5,414	23,863	2.34%
Land Bank	108	13	121	0.01%
School Debt	30,933	28,165	59,098	5.79%
Subtotal	\$258,797	\$99,383	\$358,180	35.09%
Tax Levy Debt				
Economic Development	\$25,436	\$7,113	\$32,549	3.19%
Public Facilities	227,172	65,749	292,921	28.69%
Streets, Sewers, Bridges	163,948	47,110	211,058	20.67%
Other	9,923	1,989	11,912	1.17%
School Debt	88,196	26,003	114,199	11.19%
Subtotal	\$514,675	\$147,964	\$662,639	64.91%
Less Prepayment	\$0	\$0	\$0	0.00%
Total Requirements	\$773,472	\$247,347	\$1,020,819	100.00%

Source: 2006 Comprehensive Annual Financial Report Exhibit I-3

Approximately 65% or \$662.6 million of total outstanding debt is tax levy supported. About \$211.1 million is for the street, sewer, and bridge systems. An additional \$292.9 million is for public facilities, \$114.2 million for schools, \$32.5 million for economic development, and \$11.9 million for other miscellaneous projects.

The remaining \$358.2 million or 35% in general obligation debt is self-supported debt. The largest component of self-supporting debt is Tax Incremental Districts totaling \$201.6 million.

General Obligation Debt Limits: State statutes limit direct general obligation borrowing to 5% of the equalized value of taxable property in the city for municipal services and an additional 2% for school purposes. The city used 50% of its general obligation debt limit as of December 31, 2006.

Debt Structure and Payout: The general policy of the Public Debt Commission for General Obligation bonds is to issue 15 year, level principal payment bond issues. This rapid debt amortization schedule results in an 80% principal retirement in ten years. This is well above the industry standard of 50%.

F. COMMON COUNCIL CONTINGENT FUND

EXECUTIVE SUMMARY

- PURPOSE:** To provide budgetary authority and funding to pay for emergencies that may arise during the year for which no express provisions have been made elsewhere in the city's budget.
- SERVICES:** Contingent Fund.
- STRATEGIC ISSUES:** Adhere to guidelines and standards in considering requests for withdrawals. Maintain the Fund's integrity as an "emergencies only" source of funds.

SUMMARY OF EXPENDITURES

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
Common Council Contingent Fund	\$5,436,801	\$5,500,000	\$5,500,000	\$5,000,000	\$-500,000	\$-500,000
TOTAL	<u>\$5,436,801</u>	<u>\$5,500,000</u>	<u>\$5,500,000</u>	<u>\$5,000,000</u>	<u>\$-500,000</u>	<u>\$-500,000</u>

SOURCE OF FUNDS

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
Property Tax Levy	\$5,500,000	\$5,500,000	\$5,500,000	\$5,000,000	\$-500,000	\$-500,000
TOTAL	<u>\$5,500,000</u>	<u>\$5,500,000</u>	<u>\$5,500,000</u>	<u>\$5,000,000</u>	<u>\$-500,000</u>	<u>\$-500,000</u>

BACKGROUND

The Common Council Contingent Fund provides funding for emergency situations that require expenditures above budget authorizations. Requests must be approved by three-quarters of the Common Council before funds can be used and must meet one of the following criteria:

- Emergency circumstances;
- Obligatory circumstances; or
- Fiscal advantage and/or compliance with fiscal management principles.

Additional established guidelines and standards must be met relative to the Finance and Personnel Committee's review of Contingent Fund requests. The guidelines and standards focus on:

- Timelines and process requirements; and
- Information that must be provided to the Finance and Personnel Committee upon request, including:
 - Statement of action requested, including the account where the Contingent Fund appropriation is needed;
 - Purpose of action, including the impact on program service or activity and program objectives; and
 - A description of the emergency that prompts the request.

Limiting Contingent Fund requests to these criteria forces departments to manage within their allocated budgets and discourages use of the Fund for initiating new projects or programs.

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SPECIAL REVENUE FUNDS

This section of the budget includes funds supported by revenues other than the city property tax levy. Revenues other than the city property tax offset the appropriations in this section. Any property tax levies related to these special revenue funds are provided in other sections of the city's budget.

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
G. Parking Fund	\$40,475,380	\$47,454,606	\$50,489,936	\$50,740,922	\$3,286,316	\$250,986
H. Grant and Aid Project Fund	65,463,666	74,433,047	76,695,135	76,339,580	1,906,533	-355,555
I. Economic Development Fund	9,295,599	6,306,718	6,680,101	6,680,101	373,383	0
J. Water Works	88,140,957	117,409,842	140,651,142	128,047,700	10,637,858	-12,603,442
K. Sewer Maintenance Fund	46,188,925	63,887,171	65,489,894	70,037,619	6,150,448	4,547,725
M. Delinquent County Taxes Fund	10,069,377	9,855,000	10,329,620	10,329,620	474,620	0
TOTAL	<u>\$259,633,904</u>	<u>\$319,346,384</u>	<u>\$350,335,828</u>	<u>\$342,175,542</u>	<u>\$22,829,158</u>	<u>\$-8,160,286</u>

G. PARKING FUND

EXECUTIVE SUMMARY

- MISSION:** To provide clean and safe on- and off-street parking in a manner which integrates parking policies and economic development goals and maintains the financial solvency of the Parking Fund and independence from city tax levy funding.
- SERVICES:** Parking regulation including on- and off-street parking activities.
- STRATEGIC ISSUES:** Explore new technology to improve the efficiency of the city's parking operations.
- Respond to opportunities that accompany development and redevelopment projects.
- Continue efforts to enhance citation collection and adjudication.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
PERSONNEL						
FTEs - Operations and Maintenance	126.75	125.75	126.75	126.75	1.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions Authorized	129	128	129	129	1	0
EXPENDITURES						
Salaries and Wages	\$4,839,087	\$5,032,933	\$5,098,526	\$5,098,526	\$65,593	\$0
Fringe Benefits	1,976,887	2,013,173	2,039,410	2,090,396	77,223	50,986
Operating Expenditures	12,842,560	13,381,000	13,817,000	13,817,000	436,000	0
Equipment	384,361	187,500	129,000	129,000	-58,500	0
Special Funds	4,214,339	5,445,000	4,906,000	4,906,000	-539,000	0
Transfer to General Fund	15,210,000	15,800,000	16,800,000	17,000,000	1,200,000	200,000
TOTAL OPERATING	<u>\$39,467,234</u>	<u>\$41,859,606</u>	<u>\$42,789,936</u>	<u>\$43,040,922</u>	<u>\$1,181,316</u>	<u>\$250,986</u>
Capital Projects	\$1,008,146	\$5,595,000	\$7,700,000	\$7,700,000	\$2,105,000	\$0
TOTAL BUDGET	<u>\$40,475,380</u>	<u>\$47,454,606</u>	<u>\$50,489,936</u>	<u>\$50,740,922</u>	<u>\$3,286,316</u>	<u>\$250,986</u>

STATEMENT OF REVENUES AND EXPENSES

	2006 ACTUAL	2007 ADOPTED	2008 REQUESTED	2008 PROPOSED	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED	2008 REQUESTED
OPERATING EXPENDITURES						
Structures	\$2,645,569	\$2,500,000	\$2,705,000	\$2,705,000	\$205,000	\$0
Meters	651,252	675,000	700,000	700,000	25,000	0
Permits	115,181	192,000	120,000	120,000	-72,000	0
Towing	4,454,547	4,175,000	4,500,000	4,550,986	375,986	50,986
Lots	241,606	175,000	245,000	245,000	70,000	0
Parking Enforcement	11,124,893	12,040,000	11,953,936	11,953,936	-86,064	0
Debt Service	3,247,040	4,000,000	3,500,000	3,500,000	-500,000	0
PILOT	967,299	1,020,000	981,000	981,000	-39,000	0
Administration	809,847	857,606	860,000	860,000	2,394	0
Contingent Fund	0	425,000	425,000	425,000	0	0
Transfer Excess Revenue to						
General Fund	15,210,000	15,800,000	16,800,000	17,000,000	1,200,000	200,000
TOTAL	<u>\$39,467,234</u>	<u>\$41,859,606</u>	<u>\$42,789,936</u>	<u>\$43,040,922</u>	<u>\$1,181,316</u>	<u>\$250,986</u>

G. PARKING FUND

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
OPERATING REVENUES						
Structures	\$6,840,452	\$6,704,388	\$6,740,813	\$6,740,813	\$36,425	\$0
Meters	4,159,082	4,081,000	4,122,000	4,122,000	41,000	0
Permits	2,760,514	2,714,000	2,713,000	2,713,000	-1,000	0
Towing	3,252,855	2,500,000	3,000,000	3,050,986	550,986	50,986
Lots	22,642	30,000	20,000	20,000	-10,000	0
Parking Citation Revenue	20,444,892	19,600,000	19,600,000	19,600,000	0	0
Miscellaneous	280,741	0	275,000	275,000	275,000	0
Vehicle Disposal	2,572,173	2,400,000	2,500,000	2,500,000	100,000	0
Sale of Real Property	601,473	0	0	0	0	0
Withdrawal From Reserves	0	3,830,218	3,819,123	4,019,123	188,905	200,000
TOTAL OPERATING	\$40,934,824	\$41,859,606	\$42,789,936	\$43,040,922	\$1,181,316	\$250,986
CAPITAL EXPENDITURES						
Structures	\$1,008,146	\$5,595,000	\$2,700,000	\$2,700,000	\$-2,895,000	\$0
TOTAL EXPENDITURES	\$1,008,146	\$5,595,000	\$2,700,000	\$2,700,000	\$-2,895,000	\$0
CAPITAL FINANCING						
Proceeds from Borrowing	\$1,008,146	\$595,000	\$2,700,000	\$2,700,000	\$2,105,000	\$0
Retained Earnings	0	5,000,000	5,000,000	5,000,000	0	0
Carryover Borrowing (Informational Purposes Only)	(0)	(3,681,369)	(0)	(2,636,369)	(-1,045,000)	(2,636,369)
TOTAL FINANCING	\$1,008,146	\$5,595,000	\$7,700,000	\$7,700,000	\$2,105,000	\$0

BACKGROUND

The Parking Fund is an Enterprise Fund administered by the Department of Public Works (DPW). It receives revenues from parking activities, which finance the city's on- and off-street parking expenses. The Parking Fund's responsibilities include managing city owned parking structures and lots, towing, storing and disposing of vehicles, managing parking enforcement, information desk operations, and the citation processing contract. Operating the Parking Fund as an Enterprise Fund allows the city to finance parking activities through parking revenues rather than burdening taxpayers through the property tax.

The Parking Fund oversees five city owned parking structures; operates and maintains approximately 6,300 parking meters throughout the city; manages approximately 50 metered, leased, and permit parking lots; issues more than 900,000 parking citations each year; tows approximately 31,000 illegally parked and abandoned vehicles per year to the city's Tow Lot; and works with the Police Department to issue more than 183,000 night parking permits each year. Combined, these activities provide convenient, efficient, and cost effective on- and off-street parking for Milwaukee's residents, businesses, and visitors.

Through advancements in technology the Parking Fund has been able to assume increased responsibility for tasks like issuing citations and night parking permits, so the Milwaukee Police Department can reallocate staff efforts to more critical service areas. The number of parking citations issued by the Police Department has declined over 125% during the past five years, as the Parking Enforcement Officers in DPW have assumed most citation issuance duties.

Service 1

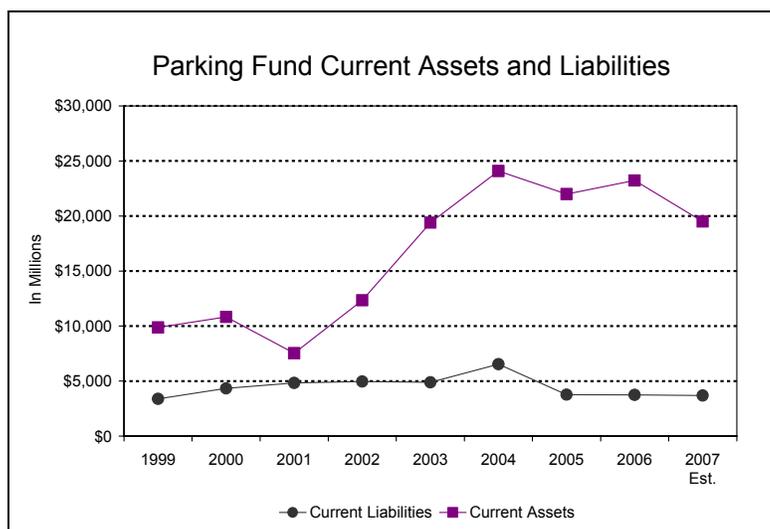
Parking Regulation		2006	2007	2008
Activities:	Parking meter operation and maintenance, parking structure operation and capital management, parking lot management, towing and tow lot management, parking ordinance enforcement, citation processing and collection, and parking permit administration.			
Performance Measures:	Asset to liability ratio.	Experience 6.21	Budget 4.40	Projection 4.80
Funding by Source:	Operating Funds	\$39,467,234	\$41,859,606	\$43,040,922
	Capital Budget*	1,008,146	595,000	2,700,000
	Totals	\$40,475,380	\$42,454,606	\$45,740,922

*Note: Program funding does not include capital improvements funded from the Permanent Reserve Fund.

SERVICE IMPROVEMENTS AND RESULTS

As of December 31, 2006 the Parking Fund had \$63.2 million in total assets and \$14.9 million in total liabilities, most of which is for outstanding debt. This represents a slight increase in assets from 2005 and a notable improvement from the 2005 yearend liabilities of \$15.7 million. The Fund's assets consist primarily of parking structures and cash reserves. To remain financially viable, the Parking Fund's goal is to maintain a 2:1 ratio of current assets to liabilities. Due to an increase in revenues and relatively constant levels of expenditures, the Fund had a 6.2:1 ratio at the end of 2006 (see Figure 1).

Figure 1



The Fund's strength results from its diverse revenue streams (see Figure 2). This diversity is highly desirable because it provides financial stability. If one type of revenue underperforms in any given year, it is not as damaging as a fund with more limited revenue sources. The largest source of parking revenue is parking citations. In 2008, citation issuance activities are projected to generate \$19.6 million in revenue.

SERVICE AND RESOURCE CHANGES

Multi-Space Parking Meters: Based on a successful pilot program that was implemented in 2004, the 2006 Parking Fund capital budget included \$1.3 million to purchase and install 103 electronic, multi-space meters to replace approximately 1,100 single space meters in the downtown central business district. The installation of the meters was completed in the Summer of 2007 with all of the meters fully operational by the end of July. Each meter controls multiple parking spaces, and will accept coins, credit and debit card payments. The meters communicate through wireless communications and provide real time information for adjudication, financial management, auditing, monitoring meter uptime and cashbox capacity, malfunctions, and frequency of coin collection. Usage data on the meters for the first few months of operation indicates the following:

- 32% of all meter revenue was derived from credit cards;
- 23% of all transactions used credit cards for payment;
- The average payment with a credit card totaled \$1.50 compared to \$0.93 with cash;
- An average of 18,400 weekly transactions was made generating \$19,000 per week.

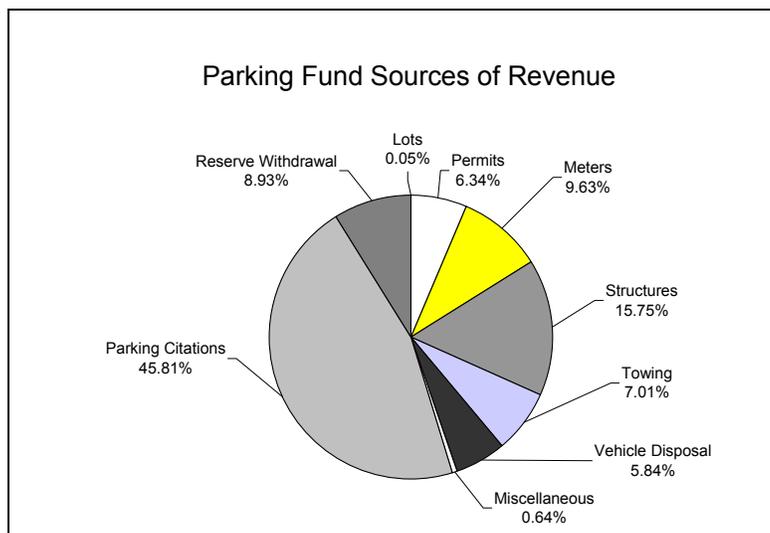
This is the first phase of a three phase project. The second phase of the project, which is receiving \$1 million in capital funding through the 2008 proposed budget, will install 100 additional meters in the central business district.

Outstanding Parking Revenue Collection Strategies:

DPW continues to take a proactive approach to increase the collection of unpaid parking citations and outstanding towing and storage fees. Results from the following initiatives have been successful at maximizing the collection of outstanding fees.

- **Tax Revenue Intercept Program (TRIP):** The city began participating in the TRIP Program in 2002. Beginning in 2007, all persons with unpaid parking citation balances exceeding \$45 are registered with the Wisconsin Department of Revenue (DOR). In 2005, the city intercepted over \$1.3 million through this program and in 2006, nearly \$2.6 million was collected. Through July 2007, \$1.9 million has been collected through TRIP. Although TRIP has been successful in collecting citations that would have otherwise gone unpaid, DOR requirements for a social security number or driver's license number to certify the debt have reduced certifications. A recent change in state law that took effect in August 2006 allows the city to obtain driver's license numbers as part of the standard vehicle registration information supplied by the DOT. Data show that over the last year, the certification rate of citations sent to the DOR is 89%.
- **Bundling Vehicle Registration Holds:** Previously, the city paid \$5 to place a registration hold on a vehicle that had at least one parking citation 58 days overdue. If there were multiple citations overdue, the city placed a registration hold on the oldest citation. If a registration hold was placed, the statute of limitations to adjudicate the citation increased from two to six years. The city requests over 100,000 registration holds per year. In 2005, the Municipal Court Judges issued an order providing that the City Attorney prevent the filing of any actions in the Municipal Court which contained parking citations that were more than two years old unless the citations had been submitted to the DOT for registration holds. Because it was cost prohibitive for the city to place a registration hold on every outstanding citation, the city worked with the DOT to allow the city to bundle all overdue citations under one registration hold. In July 2007, the DOT modified the Traffic Violation and Registration Program relating to electronic batching of outstanding parking citations. The DOT is charging \$2.50 per case to electronically batch parking citations. A case is defined as one or more citations submitted at the same time for the same license plate number. Citations subsequently incurred after the case has been submitted cannot be added to the existing batch. In addition, the DOT is providing real time electronic access to their records to verify holds and releases. Currently, the city is working with the DOT to phase in the program and determine how to transfer the necessary citation data. The city is also working to develop a policy to batch parking citations in order to determine the most cost effective way to request vehicle registration holds.

Figure 2



- **Towing or Booting Legally/Illegally Parked Vehicles:** A recommendation of the Outstanding Debt Task Force to encourage payment of outstanding parking citations is to seek legislation that would allow municipalities to ticket and tow or boot any legally parked vehicle with three or more outstanding parking citations and require the citations to be paid or scheduled to be adjudicated prior to releasing the vehicle. Under current law, if a vehicle with outstanding citations is legally parked, the city cannot tow or boot the vehicle for unpaid citations. The proposed legislation is an attempt to encourage violators to adjudicate or pay outstanding parking citations in a timely manner. DPW estimates that there are over 110,800 violators with three or more open citations valued at \$33.3 million. Currently the legislation is drafted and the city is working to secure its passage in the 2007/2008 legislative session.
- **Time Limitations for Citation Adjudication:** Another recommendation of the Outstanding Debt Task Force to encourage timely payment of outstanding parking citations is to seek legislation establishing a time frame to adjudicate parking citations for cities of the first class. The legislation would require a parking citation to be paid, adjudicated or arranged to be adjudicated within 180 days after issuance. For a violator who does not do any of these things, the legislation would allow the Municipal Court to enter a default judgment without requiring signed acceptance or responsibility by the vehicle owner or violator. The city is working to pursue this legislation in 2007/2008 legislative session.

Parking Kiosks: Customer service kiosks that sell and dispense night parking permits and accept payments for parking citations are installed at Police Stations (Districts 2, 3, 4, 5, 6, and 7) and available for public use. The kiosks accept cash, check, or credit cards and electronically dispense parking permits 24 hours a day, 7 days a week. No transaction fees are assessed to purchase a night parking permit. In 2006, over 95,100 quarterly and annual permits were sold in these districts through the automated payment centers. In addition, over 25,400 parking citations were paid totaling \$621,000. This self-serve technology has significantly reduced Police Department staff workload related to processing parking permits, freeing officers and support staff for crime fighting duties. More permits are sold through the kiosks (52%) than the amount issued manually. In addition, 2007 kiosk permits have increased 40% over permits sold during the same time period in 2006. Payment for WE Energy utility bills can also be made through the kiosks. The city receives \$0.50 for each transaction processed. In 2006, 1,140 utility bills were paid through the kiosks.

Refinancing Debt on City Owned Parking Structures: Due to the recent development activity in the Park East Corridor and its proximity to two city owned parking structures (1000 North Water Street and Fourth and Highland), DPW has received numerous requests for long term, off-street parking by prospective developers. Because the parking structures were built and maintained using tax exempt bonds, the city is extremely limited in its ability to pursue long term parking agreements. In 2007, under a Common Council resolution, the department was authorized to enter into multi-year lease agreements for parking spaces in city owned parking structures. The department is required to consult with the Comptroller's Office to determine whether the tax exempt status of the bonds are at issue and if so, work cooperatively with them to develop and implement a least cost financing option to issue debt for capital improvements. Currently, the department is negotiating several multi-year leases regarding parking spaces in the Fourth and Highland structure. These leases will require Common Council approval.

Transfer to the General Fund: The 2008 proposed budget includes a transfer of \$17 million to the General Fund. The transfer represents a \$1,200,000 increase over the amount transferred in 2007. In 2006, Parking Fund revenues were higher and expenditures were lower than projections. Consequently, the Parking Fund generated \$1 million more than the budgeted withdrawal from reserves in 2006.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
1	1.00		Office Assistant IV	Created to provide clerical support to Parking Enforcement information desk.
2	2.00		Tow Lot Assistant II	Retitled and reclassified to better reflect duties of positions.
-1	-1.00		Accounting Assistant II	
-1	-1.00		Office Assistant IV	
1	1.00		Tow Lot Supervisor	
-1	-1.00		Office Supervisor II	
7	7.00		Tow Lot Assistant III	
-7	-7.00		Office Assistant III	
1	1.00		Parking Operations Coordinator	
-1	-1.00		Parking Operations Assistant	
1	1.00		Accounting Program Assistant III	
-1	-1.00		Office Assistant IV	
1	1.00	0.00	Totals	

H. GRANT AND AID FUND

EXECUTIVE SUMMARY

PURPOSE: The Grant and Aid Fund provides expenditure authority for federal, state, and other grants whose proceeds are restricted to operating expenditures for specific purposes. These expenditures are to be made in accordance with the grant and aid process as stated in Common Council Ordinance 940843. Grants support the services and outcomes of departments.

STRATEGIC ISSUES: Manage potential decreases in Community Development Block Grant (CDBG) funding and potential changes in the allowable uses of CDBG funding.

Identify and successfully pursue new grant funding sources.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
Grantor Share (Non-City)	\$65,463,666	\$74,433,047	\$76,695,135	\$76,339,580	\$1,906,533	\$-355,555
TOTAL	\$65,463,666	\$74,433,047	\$76,695,135	\$76,339,580	\$1,906,533	\$-355,555

BACKGROUND

The Grant and Aid Fund is a "parent" account that accumulates grant funds prior to allocation on a project-by-project basis during the fiscal year. In order to expend funds, a Common Council Resolution is adopted to authorize a specific project, create a sub-account, and allocate specific funding from the "parent" account. The fund provides expenditure authority for both planned and potential or unanticipated grants.

SERVICE AND RESOURCE CHANGES

The 2008 proposed grant and aid budget of \$76.3 million reflects an increase in anticipated grant funding of \$1.9 million (2.6%) from the 2007 budget (see Table 1).

Community Development Grants Administration (CDGA): The Community Development Grants Administration anticipates receiving approximately \$26.4 million in grant funds. This is a decrease of \$118,000 or 0.4% from the 2007 budget. Approximately \$17.7 million of this anticipated funding is through the Community Development Block Grant Program (CDBG), the same funding amount as anticipated in the 2007 budget.

Table 1

Comparison of Projected Grant Activity (Grantor Share)			
Department	2007	2008	Difference
DOA Administration	\$26,521,515	\$26,403,729	\$-117,786
City Development	1,837,000	1,237,000	-600,000
Fire	815,000	1,000,000	185,000
Health	13,632,200	15,521,900	1,889,700
Library	1,038,488	998,619	-39,869
Police	9,708,986	10,074,284	365,298
Public Works	2,879,858	3,104,048	224,190
Unanticipated	18,000,000	18,000,000	0
Totals	\$74,433,047	\$76,339,580	\$1,906,533

CDBG funds support neighborhood strategic planning efforts that target the city's federal block grant allocation

toward city neighborhood priorities and needs. The 2008 proposed budget includes \$125,000 in CDBG reprogramming funds for the Drivers Licensure and Employment Project, the same amount of funding recommended in the 2007 budget.

OTHER GRANT CHANGES

- Department of City Development grant funding decreases by \$600,000 to \$1.2 million, a 33% decrease. The 2008 proposed budget includes the same grants as last year, but two of these grants, the Economic Development Initiative Grant and Brownfield Grant have decreased funding. Both of these grants are funded by the federal government.
- Fire Department grant funding increases by \$185,000 (22.7%) to \$1 million, primarily as a result of an anticipated increase of \$160,000 for the Urban Areas Security Initiative Program.
- Health Department grant funding increases by \$1.9 million (13.9%) to \$15.5 million. This is the result of anticipated funding in grants that were not anticipated in the 2007 budget, including the following:
 - Intensive Home Visiting/MHD Center for Health Equity, funding of \$500,000;
 - Lead Demonstration Project, funding of \$4 million;
 - Lead Hazard Reduction grant, funding of \$3 million;
 - Lead Prevention Grant, funding of \$692,100; and
 - Preventive Health Grant, funding of \$71,000.
- The Health Department also anticipates increased funding for several grants in 2008, including:
 - Adolescent Community Health Program, increase of \$51,000;
 - Bioterrorism Grant - Focus C/CRI Pandemic Flu, increase of \$333,800;
 - Refugee Health Services Grant, increase of \$46,000; and
 - Women's Infants and Children's Grant, increase of \$55,000.
- Library grant funding decreases by \$39,869 (3.8%) to \$998,619, the result of a \$41,332 decrease in the Wisconsin Regional Library for the Blind and Physically Handicapped Grant.
- Police Department grant funding increases by \$365,298 (3.8%) to \$10.1 million. The department anticipates several new grants in 2008, including grants for COPS in Schools (\$750,000), Digital Recording (\$150,000) and the TraCS Project (\$100,000).
- Department of Public Works grant funding increases by \$224,190 (7.8%) to \$3.1 million, a result of funding for the Recycling Efficiency Incentive Grant (\$226,500).
- Unanticipated grant funding is maintained at \$18 million.

Capital Grant Funding: In addition to operating grants, certain city departments, particularly the Department of Public Works, also receive significant grant funding for capital improvement projects. For information on capital grants, see the *Capital Improvements* section of the *2008 Proposed Plan and Executive Budget Summary*.

I. ECONOMIC DEVELOPMENT FUND

EXECUTIVE SUMMARY

- PURPOSE:** The Economic Development Fund provides expenditure authority for economic development purposes, including the Business Improvement District Program.
- SERVICES:** Business Improvement Districts.
Excess Tax Incremental District revenues.
- STRATEGIC ISSUES:** Promote development in commercial areas by providing owner financed development.

BUDGET SUMMARY

	2006	2007	2008	2008	CHANGE	
	ACTUAL	ADOPTED	REQUESTED	PROPOSED	PROPOSED BUDGET	VERSUS
	EXPENDITURES	BUDGET	BUDGET	BUDGET	2007 ADOPTED	2008 REQUESTED
Business Improvement Districts	\$5,587,134	\$6,306,718	\$6,680,101	\$6,680,101	\$373,383	\$0
Excess TID Revenue	<u>3,708,465</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$9,295,599	\$6,306,718	\$6,680,101	\$6,680,101	\$373,383	\$0

BACKGROUND

The 2008 proposed budget for the Economic Development Fund is \$6.7 million. There is no tax levy impact in this fund. Revenue of \$6.7 million will be received from BID assessments to finance budgeted expenses.

Business Improvement Districts are special assessment districts created at the petition of local commercial property owners. In accordance with Sec. 66.608 Wis. Stats., the city has established over 40 Business Improvement Districts (BIDs). Each year the BIDs, working with the city, develop a plan and budget. This budget becomes the basis for an assessment charged to businesses in the BID area. Because the BIDs do not have taxing authority, the city collects the assessment on their behalf. Through an appropriation in the city budget, the city provides the dollars it collects to the BIDs.

SERVICES

There are 33 active BIDs throughout Milwaukee; each is governed by a local board. Collectively, these BIDs annually raise over \$6 million for activities ranging from economic development and administration to streetscaping and public safety. The following is a list of active BIDs for 2008 and their corresponding budgets:

BID #2 (Historic Third Ward) \$543,952	BID #3 (RiverWalk) \$111,276
BID #4 (Greater Mitchell Street) \$130,104	BID #5 (Westtown) \$96,151
BID #8 (Historic King Drive) \$181,590	BID #9 (739 North Water RiverWalk) \$22,677
BID #10 (Avenues West) \$141,029	BID #11 (Brady Street Business Area) \$170,477

BID #13 (Oakland Avenue) \$52,000	BID #15 (RiverWalk) \$384,286
BID #16 (Uptown Triangle) \$119,428	BID #17 (Northwest Area Business) \$46,800
BID #19 (Villard Avenue) \$99,176	BID #20 (North, Prospect, Farwell Avenues) \$199,262
BID #21 (Downtown Management District) \$2,800,942	BID #25 (Riverworks) \$184,601
BID #26 (The Valley) \$85,309	BID #27 (Burleigh) \$53,360
BID #28 (North Avenue Gateway District) \$49,601	BID #29 (Teutonia, Capitol, Atkinson) \$71,564
BID #31 (Havenwoods) \$153,920	BID #32 (North Avenue Market Place) \$86,044
BID #35 (Becher/Kinnickinnic) \$9,858	BID #36 (Riverworks II) \$35,785
BID #37 (ICC) \$174,720	BID #38 (Ceasar Chavez) \$28,080
BID #39 (Center Street Market Place) \$68,637	BID #40 (AGBA - Airport Gateway) \$329,472
BID #41 (National) \$50,000	BID #42 (Lincoln Avenue) \$50,000
BID #43 (West End Vliet Street) \$50,000	BID #44 (Midtown) \$50,000
BID #45 (South 27 th Street) \$50,000	

J. WATER WORKS

EXECUTIVE SUMMARY

MISSION: Provide a safe, reliable, and aesthetically pleasing supply of water at a competitive price.

SERVICES: Water distribution and customer service.
Drinking water supply and treatment.

STRATEGIC ISSUES: Ensure that water service is a key contributor in sustaining the economic prosperity of the City of Milwaukee, while protecting the quality of Milwaukee's environment.
Assist the Mayor and Common Council in policy development regarding sale of water to other communities.
Developing a long term strategy to address the utility's aging distribution infrastructure and the effects of declining consumption on the utility's finances.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	300.42	362.66	368.82	330.59	-32.07	-38.23
FTEs - Other	11.68	11.03	10.63	10.63	-0.40	0.00
Total Positions Authorized	355	346	345	346	0	0
EXPENDITURES						
Salaries and Wages	\$16,421,736	\$17,951,083	\$18,810,258	\$18,762,427	\$811,344	\$-47,831
Fringe Benefits	6,026,139	7,539,454	6,957,684	6,938,073	-601,381	-19,611
Operating Expenditures	28,869,836	34,675,055	35,032,500	34,921,500	246,445	-111,000
Equipment	1,793,881	1,704,250	1,802,700	1,877,700	173,450	75,000
Special Funds	7,371,054	5,859,000	5,210,000	5,210,000	-649,000	0
TOTAL	\$60,482,646	\$67,728,842	\$67,813,142	\$67,709,700	\$-19,142	\$-103,442

CAPITAL BUDGET SUMMARY

CAPITAL BUDGET						
Main Program	\$11,130,705	\$15,640,500	\$16,260,000	\$16,260,000	\$619,500	\$0
Plants and Other	2,041,189	9,500,000	20,509,000	20,509,000	11,009,000	0
TOTAL CAPITAL BUDGET	\$13,171,894	\$25,140,500	\$36,769,000	\$36,769,000	\$11,628,500	\$0
CAPITAL FINANCING						
Retained Earnings	\$13,108,861	\$24,540,500	\$36,069,000	\$23,569,000	\$-971,500	\$-12,500,000
Bond Issue	0	0	0	12,500,000	12,500,000	12,500,000
Assessments	0	0	100,000	100,000	100,000	0
Developer Financed	63,033	600,000	600,000	600,000	0	0
TOTAL CAPITAL FINANCING	\$13,171,894	\$25,140,500	\$36,769,000	\$36,769,000	\$11,628,500	\$0

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE	
					2007 ADOPTED	2008 REQUESTED
					PROPOSED BUDGET VERSUS	
REVENUES						
Operating	\$64,423,714	\$66,849,681	\$69,825,297	\$69,825,297	\$2,975,616	\$0
Non-Operating	10,545,349	8,964,000	9,919,000	9,919,000	955,000	0
Developer Capital and Assessments	63,033	600,000	700,000	700,000	100,000	0
Bond Issue	0	0	0	12,500,000	12,500,000	12,500,000
Withdrawal From Retained Earnings	0	16,455,661	24,137,845	11,534,403	-4,921,258	-12,603,442
TOTAL REVENUES	\$75,032,096	\$92,869,342	\$104,582,142	\$104,478,700	\$11,609,358	\$-103,442
EXPENDITURE AUTHORIZATIONS						
Operating	\$60,482,646	\$67,728,842	\$67,813,142	\$67,709,700	\$-19,142	\$-103,442
Capital Funding	13,171,894	25,140,500	36,769,000	36,769,000	11,628,500	0
Deposit To Retained Earnings	1,377,556	0	0	0	0	0
TOTAL AUTHORIZATIONS AND DEPOSITS	\$75,032,096	\$92,869,342	\$104,582,142	\$104,478,700	\$11,609,358	\$-103,442

BACKGROUND

A safe, reliable supply of water is critical to a modern economy and economic development. The Great Lakes are the world’s largest source of fresh water. Milwaukee’s proximity to Lake Michigan gives it an economic advantage over other areas of the country. A sustainable supply of drinking water gives businesses and homeowners confidence that they can locate here and continue to operate for decades to come. Additionally, by greatly reducing the risk of waterborne pathogens, a safe supply of drinking water at a reasonable cost may be the single most important factor in protecting the public’s health. Milwaukee’s advanced multi-barrier treatment process, which includes ozone disinfection, allows it to provide some of the cleanest water in the country.

The City of Milwaukee Water Works is a municipally owned water utility regulated by the State of Wisconsin Public Service Commission (PSC) and the Wisconsin Department of Natural Resources. From its Howard Avenue and Linnwood Plants, Water Works pumps and treats more than 42 billion gallons of water annually from Lake Michigan. It delivers this water through 1,960 miles of mains to approximately 831,000 customers. In addition to water sales to Milwaukee residents and businesses, Water Works also provides wholesale water services to Milwaukee County institutions and eight suburbs including Brown Deer, Butler, Greendale, Menomonee Falls, Shorewood, Wauwatosa, West Allis, New Berlin, and We Energies and also provides water and billing services to West Milwaukee. Water Works also provides retail service to Greenfield, Hales Corners, and St. Francis.

The PSC regulates the rates at which water is sold. The PSC granted the Water Works an inflation based rate increase of 3.4% effective September 2006. The Public Service Commission approved an additional 6% rate increase effective June 1, 2007.

The rate increases were the first since 2002. By PSC rule, the Water Works may not seek another increase until 2009.

The utility’s production structure directly affects Milwaukee’s water rates. The majority of Water Works costs are “fixed”, meaning that they do not change significantly with the amount of water that is purchased by consumers. Costs for water mains, plant infrastructure, and the staff to support them remain, even as water consumption declines. Water sales continued to decline in 2006, dropping 7.7% from 2005. Since 2000, metered water sales have declined nearly 15%. Consequently, rates on water sales must increase to support the fixed costs of the utility.

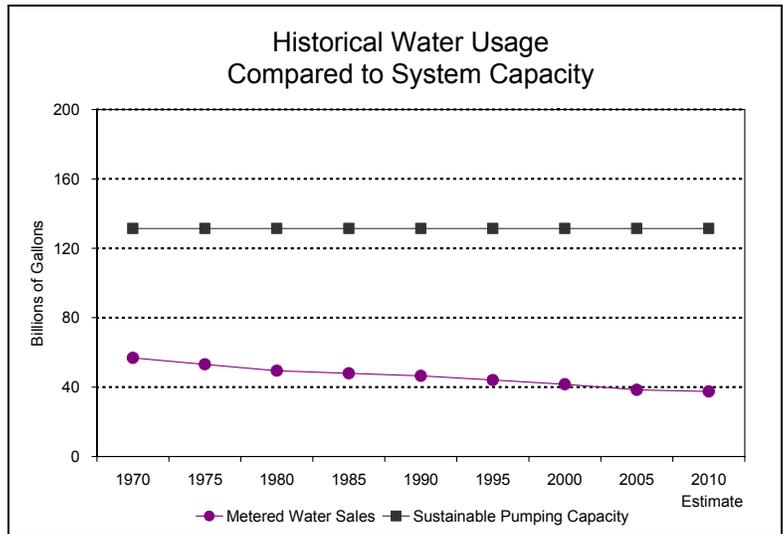
Figure 1 demonstrates how water sales have declined over the last 35 years, while plant pumping capacity has remained constant. The annual treatment capacity is based on the sustainable pumping capacity of 360 million gallons per day. Plant pumping capacity far outstrips actual usage due to demographic trends in the region. The

last water treatment plant was built in 1962 at a time when Milwaukee’s population was much higher and expected to grow, and per capita water consumption was much higher due to heavy industries and personal habits. Instead, population declined in the last 30 years, many heavy industrial users ceased operations, and consumers began to conserve water and use it more efficiently.

Because of these trends, city policymakers ultimately must come to grips with three strategic options:

- Regularly raise water rates,
- Sell more water, or
- Optimize operations to reduce cost.

Figure 1



The Administration has already begun to address these strategic challenges within the context of regional water needs. In late 2006, the Mayor convened an Integrated Water Infrastructure Review Workshop. This group evaluated and recommended approaches to integrated water management that optimize Milwaukee’s competitive economic advantage while protecting the region’s environment. In short, the group recommended that the city wait until the passage of the revised Great Lakes Compact before selling water outside of the Great Lakes basin. Additionally, the work group discussed the possible use of intergovernmental agreements, separate from the PSC regulated water sale contracts, as a way to achieve economic development goals when selling water to other communities.

The Southeast Wisconsin Regional Planning Commission (SEWRPC) is also conducting a Regional Water Supply Study. It is expected to find that there is substantially more treatment capacity within the Great Lakes basin than is needed to meet current and future demand. With its excess capacity, the Milwaukee Water Works is uniquely positioned to play an even greater role in serving the drinking water needs within the Great Lakes basin.

Service 1

Water Distribution and Customer Service		2006	2007	2008
Activities:	Distribution main design, operation, maintenance and repairs, meter reading, customer accounts, cross connection inspections, and administration.			
		Experience	Budget	Projection
Performance Measures:	Percentage of main breaks in service within 24 hours.	93.0%	95.0%	95.0%
	Miles of mains installed or replaced.	13.00	14.31	14.5
	Rank of residential water rate in Southeastern Wisconsin.*	74 of 77	69 of 77	70 of 77
Funding by Source:	Capital Budget	\$12,061,518	\$22,440,500	\$31,686,000
	Operating Funds	35,055,264	40,484,546	41,276,051
	Totals	\$47,116,782	\$62,925,046	\$72,962,051

* In prior budget presentations, Milwaukee’s water rates were ranked against utilities in the five county metropolitan area. This metric has been modified to compare Milwaukee to the seven county metropolitan area as defined by the Milwaukee 7 initiative. This includes Milwaukee, Kenosha, Ozaukee, Racine, Walworth, Washington, and Waukesha counties.

SERVICE IMPROVEMENTS AND RESULTS

Through the AIM process, the Administration has worked to reduce illegal tampering of fire hydrants. In some parts of the city, residents have illegally opened hydrants on hot summer days to create a sprinkler effect on city streets, in which children play. This behavior is problematic in several ways: it reduces the Milwaukee Fire Department’s ability to respond to fires, wastes water, costs ratepayers to repair the hydrants, and is dangerous to children. In 2005, 387 hydrants were illegally opened. In 2006, this number increased to 776. In response, the Water Works installed 500 locking devices on neighborhood hydrants, began a media campaign to discourage the behavior, and provide sprinkling equipment for nine “Cool Spot” locations at various MPS schools. Cool Spots discharge water through sprinklers at a safe pressure and provide a safe environment for neighborhood children. Through August 2007, these efforts have succeeded in reducing the number of illegal hydrant openings to 164.

In 2006, Water Works repaired 93% of main breaks within 24 hours, slightly short of the utility’s goal of 95%. In addition to this goal, Water Works is tracking the average time that water service is turned off to customers while the main breaks are repaired. In 2006, the average time out of service was 4.5 hours.

Water mains are replaced primarily according to the frequency of main breaks. In 2006, Water Works installed 13 miles of water mains. In 2008, the utility expects to install approximately 14.5 miles of water mains.

Even with the rate increases discussed above, Milwaukee’s water rate will continue to be among the lowest in the metropolitan area. Of the 77 water utilities in the region, Milwaukee provides the ninth least expensive water. Milwaukee’s residents believe that the Milwaukee Water Works is a good value. At public hearings on the budget, residents have consistently ranked “Drinking Water” among the best values of any city service (defined as “what-you-get” for “what-you-pay”).

SERVICE AND RESOURCE CHANGES

The 2008 budget proposes no changes to the services the Water Works provides. The 2008 proposed budget is the cost to continue existing services.

Service 2

Drinking Water Supply and Treatment		2006	2007	2008
Activities:	Water pumping, water treatment, water quality monitoring, plant operation and maintenance.	Experience	Budget	Projection
Performance Measures:	Percent compliance with Safe Drinking Water Act standards.	100%	100%	100%
	Substantiated water quality complaints.	1	5	5
Funding by Source:	Capital Budget	\$1,110,376	\$2,700,000	\$5,083,000
	Operating Budget	25,427,382	27,244,296	26,433,649
	Totals	\$26,537,758	\$29,944,296	\$31,516,649

SERVICE IMPROVEMENTS AND RESULTS

In 2006, Water Works achieved its program goal of providing safe, high quality drinking water. The utility was in full compliance with the Safe Drinking Water Act 365 days last year. The utility substantiated only one water quality complaint that was the responsibility of the Milwaukee Water Works. Typically, issues with the plumbing within the customer’s building explain other complaints customers have about water quality.

Additionally, the U.S. Environmental Protection Agency (EPA) has endorsed Milwaukee's drinking water as among the highest quality in the nation. The EPA has notified the Water Works that its water investment in ozone disinfection and continuous monitoring of process control parameters are in full compliance, five years ahead of time, with new regulations to control disinfection byproducts.

SERVICE AND RESOURCE CHANGES

The 2008 budget proposes no changes to the services the Water Works provides. The 2008 proposed budget is the cost to continue existing services.

CAPITAL PROJECTS

The 2008 budget proposes increasing Water Works capital to \$36,769,000. The \$12.5 million proposed backup power generation project accounts for the majority of the increase. Other increases address the aging infrastructure in the utility. Due to this increased level of capital investment in the utility, the Administration will closely monitor the Water Works capital program through the AIM process. While the Water Works typically cash finances its capital program, the 2008 proposed budget includes \$12.5 million in capital borrowing authority to accommodate the increased capital needs. If possible, the Water Works will utilize the State Safe Drinking Water Fund to secure below market interest loans.

Water Main Replacement Program: In 2008, Water Works plans to increase its Water Main Replacement Program to address the problems in the aging distribution system. Funding of \$16.26 million will add 14.5 miles of water mains. This includes \$14.5 million for replacement distribution mains, hydrants and valves, \$1,060,000 for the Feeder Main Program, and \$600,000 for developer financed mains, and \$100,000 for assessable main replacements.

Linnwood Plant Building and Treatment Improvements: The 2008 proposed budget allocates \$4,465,000 for capital improvements at the Linnwood Facility. This includes an additional \$3,000,000 for a roof and gutter replacement at this key facility. The 2007 budget allocated \$400,000 for this purpose, but the roof conditions were worse than anticipated. The utility is proposing replacing both the upper tile and lower roof membranes in a single contract to control mobilization costs and ensure warranty coverage on both sections by one vendor. The current scope definition of the project is as follows:

- Complete tear-off of existing tile roof, underlying membrane, and copper gutters on upper roof of the filter building. Replacement with Spanish clay tile, underlayment, improved insulation, and galvanized steel gutters, totaling \$1.4 million.
- Complete tear-off of lower ballasted roof, underlayment, and damaged vapor barrier. Replacement of underlayment, insulation, vapor barrier, and new asphalt roof, totaling \$1.6 million.

The Administration expects that the utility will improve the scope definition of major projects going forward to allow for better planning. In addition to the roof replacement, \$250,000 is allocated to replace a service elevator, \$140,000 for HVAC improvements, \$700,000 for replacement of large sluice gates, and \$375,000 for valve replacements.

Howard Plant Building and Treatment Improvements: Funding of \$618,000 is allocated for improvements to the Howard Avenue building and treatment facility, including \$176,000 for the pump room roof replacement, \$242,000 for LOX electric vaporizers, and \$200,000 for energy efficiency improvements. The Water Works is one of the city's largest users of energy, spending \$5.4 million for energy in 2006. The 2008 budget proposes a new position in the Water Works to identify and implement opportunities for energy efficiency improvements.

Pump Facility Improvements: The 2008 proposed budget allocates \$955,000 for pump facility improvements, including \$675,000 for low service pumps at the Howard pumping facility, \$220,000 for replacement substation switchgear at Florist, and \$60,000 for other Florist facility upgrades.

Storage Facility Improvements: Funding of \$145,000 is included to design and scope a replacement clear well roof at the Howard storage facility. Projects totaling \$3.8 million from the requested budget have been deferred to accommodate the pressing roof replacement need at the Linnwood Treatment Facility. These projects include the construction of the Howard clear well roof and painting of the Greenfield storage tank.

Capital Contingent Budget: Funding of \$1,826,000 is included to cover capital contingencies that may arise in 2008. This method for budgeting allows the utility to address potential needs that do not yet have an adequate scope definition. Potential projects include facility repairs at the Menomonee storage facility and structural repairs to the Meter Shop.

Backup Power Generation: Following the 2003 blackouts in the Northeast part of the country, the Milwaukee Water Works commissioned a consultant to study the reliability of electric power to the Milwaukee Water Works. The study was completed in 2006, and a report issued to the Common Council in File 061500. The study examined the risk of a similar blackout occurring in the Milwaukee region, its implications for the Milwaukee Water Works, and measures the utility could take to ensure a reliable supply of water in the event a blackout. The study found that while the probability of a blackout is low, the consequences of not having backup electric power in a blackout are very high. The Milwaukee Water Works is critical to the regional economy, and this project will ensure a reliable water supply for fire fighting and drinking. Maintaining adequate water pressure in the distribution system during a blackout scenario is also critical to reduce the risk of main breaks and water contamination.

Providing backup power at all critical Water Works locations will cost an estimated \$23 to \$25 million over six years. The 2008 budget proposes \$12.5 million to provide backup power at the Riverside Pumping Station.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
Business Operations Unit				
1	1.00		Network Coordinator Senior (X)	To provide backup support to Water Work's IT network.
1	1.00		Accounting Assistant II	To improve customer billing services.
-1	-0.50		Project Manager (Auxiliary)	Completion of CIS project.
	0.33		Meter Reader Supervisor (Auxiliary)	Utilization of Auxiliary authority.
	0.20		Various Positions	Miscellaneous adjustment.
Plants North				
1	1.00		Water Plant Steamfitter/HVAC Specialist] Reassignment of duties.
-1	-1.00		Machine Repair Person	
	-0.02		Various Positions	Miscellaneous adjustment.
Engineering Design				
	0.39	-0.40	Various Positions	Capital adjustment.

J. WATER WORKS

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
Distribution				
-2	-2.00		Water Distribution Construction Manager (X)	Reclassification during 2007.
2	2.00		Water Distribution Scheduling Manager (X)	
-1	-1.00		Water Distribution Business Systems Mgr (X)	
1	1.00		Water Distribution Systems Manager (X)	
-8	-8.00		Water Distribution Field Operations Supervisor	
8	8.00		Water Distribution Field Supervisor (X)	
-1	-0.33		Water Distribution Field Operations Supervisor (Auxiliary)	
1	0.33		Water Distribution Field Supervisor (Auxiliary)	
-1	-1.00		Equipment Mechanic III (Auxiliary)	Efficiency due to distribution facility consolidation.
-1	-1.00		Water Maintenance Worker (Auxiliary)	
	-25.69		Various Positions	Discontinue counting overtime hours in FTE calculation.
Water Quality Section				
	-0.07		Various Positions	Miscellaneous adjustment.
Plants South				
1	1.00		Energy Efficiency Specialist	To identify and implement energy efficiency measures at Water Works treatment facilities and pumping stations.
	-7.71		Various Positions	Discontinue counting overtime hours in FTE calculation.
0	-32.07	-0.40	Totals	

K. SEWER MAINTENANCE FUND

EXECUTIVE SUMMARY

MISSION: Protect people, property, and the environment from sewage, flooding, erosion, and polluted runoff.

SERVICES: Sewer system services.

STRATEGIC ISSUES: Planning for the financial stability of the Sewer Maintenance Fund in the context of overall city finances.

Developing a strategic plan for the fund that balances the needs of traditional sewer pipe projects, stormwater flow reduction projects, and water quality projects.

Developing a capital plan that complies with the 2020 Milwaukee Metropolitan Sewerage District Facility Plan and the 2005 Stipulation Agreement with the State of Wisconsin.

BUDGET SUMMARY

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS 2007 ADOPTED 2008 REQUESTED	
PERSONNEL						
FTEs - Operations and Maintenance	122.15	110.65	113.80	113.80	3.15	0.00
FTEs - Other	21.00	31.83	25.49	25.49	-6.34	0.00
Total Positions Authorized	199	189	179	179	-10	0
EXPENDITURES						
Salaries and Wages	\$4,827,395	\$5,402,763	\$5,388,524	\$5,388,524	\$-14,239	\$0
Fringe Benefits	2,086,298	2,269,160	2,209,295	2,209,295	-59,865	0
Operating Expenditures	5,988,547	8,083,448	7,396,275	6,284,000	-1,799,448	-1,112,275
Equipment	362,944	206,800	126,800	126,800	-80,000	0
Special Funds	17,869,132	23,425,000	25,369,000	26,079,000	2,654,000	710,000
TOTAL	\$31,134,316	\$39,387,171	\$40,489,894	\$40,087,619	\$700,448	\$-402,275
Capital Projects	\$15,054,609	\$24,500,000	\$25,000,000	\$29,950,000	\$5,450,000	\$4,950,000
TOTAL	\$46,188,925	\$63,887,171	\$65,489,894	\$70,037,619	\$6,150,448	\$4,547,725
REVENUES						
Sewer Maintenance Fee	\$26,758,568	\$23,605,260	\$22,463,034	\$25,382,000	\$1,776,740	\$2,918,966
Stormwater Maintenance Fee	6,393,295	13,451,392	13,339,424	12,600,000	-851,392	-739,424
Charges for Services	1,109,171	211,122	145,800	768,800	557,678	623,000
Interest Revenue	369,152	255,150	290,000	290,000	34,850	0
Miscellaneous Revenue	0	26,714	5,000	5,000	-21,714	0
Proceeds from Borrowing	15,054,609	24,500,000	25,000,000	27,700,000	3,200,000	2,700,000
Retained Earnings (-Deposit/+Withdrawal)	-3,495,870	1,837,533	4,246,636	3,291,819	1,454,286	-954,817
TOTAL	\$46,188,925	\$63,887,171	\$65,489,894	\$70,037,619	\$6,150,448	\$4,547,725

BACKGROUND

The regional sewer system is a critical contributor to the Administration’s key objective of providing for a healthy environment. The City of Milwaukee maintains a sewer system that transports sanitary sewage to Milwaukee Metropolitan Sewerage District (MMSD) facilities for treatment. An effective sewerage system improves community sanitation and is one of the most critical elements to protecting public health. By treating our wastewater before returning it to our rivers and Lake Michigan, our sewerage system reduces the risk of waterborne illnesses and protects water quality. The sewer system also plays a key role in protecting property by preventing flooding in the city.

About two-thirds of Milwaukee is served by a separated sewer system that consists of two sewer pipes: a sanitary sewer and a storm sewer. The sanitary sewer takes sewage from homes and businesses to MMSD’s interceptor sewer. The storm sewer collects stormwater runoff from streets and yards and delivers that water directly to a river or lake with minimal pollution removal. The central city, including downtown, is served by an older combined sewer system that transports both sanitary sewage and stormwater to MMSD facilities.

The Sewer Maintenance Fund is a self-supporting Enterprise Fund that recovers sewer maintenance costs through user fees rather than through the property tax. The Department of Public Works Infrastructure Services Division administers the Sewer Maintenance Fund, including oversight of personnel and activities.

The Environmental Section plans and designs sewer replacements and repairs. The Environmental Section also manages the city’s stormwater permit, which includes reviewing stormwater management plans for new developments, testing storm outfalls, and educating the public on stormwater management. The Underground Section cleans sewers, performs minor repairs of sewers, manholes, catch basins and outfalls, and examines the structural integrity of sewers through inspections and smoke testing. The Sewer Maintenance Fund also funds the city’s Street Sweeping and Leaf Collection Program, which keeps the sewers free of debris and reduces flooding and backups.

Service 1

Sewer System Services		2006	2007	2008
Activities:		Experience	Budget	Projection
Sewer examinations, sewer cleaning, structure cleaning, structure repair, main repair, booster pump operation and maintenance, engineering and design, permit administration, and street sweeping.				
Performance Measures:	Total sewerage system miles.	2,437	2,437	2,437
	Miles replacement sewers installed.	14.84	16.80	17.00
	Sanitary sewer overflows.	3.0	0.0	0.0
	Miles of sanitary sewers cleaned.	327	New Measure	327
Funding by Source:	Sewer Maintenance Fund	\$31,134,316	\$39,387,171	\$40,087,619
	Capital Budget*	18,149,810	28,000,000	29,950,000
	Grants and Reimbursables	75,916	0	150,000
	Totals	\$49,360,042	\$67,387,171	\$70,187,619

*Includes funding for the Expansion of Capacity Sewer Program that was supported through general city borrowing in 2006 and 2007.

SERVICE IMPROVEMENTS AND RESULTS

A well functioning sewer system requires intensive planning efforts to ensure the integrity of the system for the future. Over the last few years, the public has increased scrutiny of the system due to sewer overflows and their effect on overall water quality.

There are two types of sewer overflows: Sanitary Sewer Overflows (SSOs) and Combined Sewer Overflows (CSOs). The city's stormwater permit prohibits any SSOs within the city's sewer system. Due to several occurrences of SSOs in the regional sewer system, the Milwaukee County Circuit Court in 2005 stipulated a variety of actions that the Milwaukee Metropolitan Sewerage District (MMSD) and its tributary communities, including Milwaukee, must take to eliminate SSOs.

The Administration maintains a goal of having zero Sanitary Sewer Overflows from the municipality's sewer system. Through the Accountability in Management (AIM) initiative, the Administration has been monitoring the Department of Public Works to ensure that DPW is taking the actions required under the stipulation agreement.

The department has already:

- Identified sewer basins that contribute to sanitary sewer overflows;
- Begun flow monitoring of sewers to understand the sources of infiltration and inflow in these basins;
- Implemented a regular Manhole Inspection Program; and
- Started to develop a Capacity, Management, Operations, and Maintenance (CMOM) Program.

The Capacity Management Operations and Maintenance Program is an emerging strategy throughout the wastewater industry to incorporate better quantitative program measures into the planning and daily operations of wastewater utilities. The implementation of a rigorous CMOM program is consistent with the principals of the Mayor's AIM program. The Department of Public Works has already completed a study to identify areas in its operations it must enhance to comply with CMOM. A focus of the AIM program in 2008 will be to ensure that DPW implements this CMOM program and that associated program measures are established, communicated, and inform resource decisions.

Combined Sewer Overflows occur when too much stormwater overwhelms the regional sewer system and MMSD treatment capacity. The Department of Natural Resources does not prohibit CSOs, but the public has an interest in limiting CSOs to less than two per year on average. Through its 2020 Facilities Planning process and a parallel planning initiative by the Southeastern Wisconsin Regional Planning Commission (SEWRPC), local leaders are working to identify integrated solutions to sewer overflows and water quality.

Research indicates that polluted stormwater runoff is the biggest threat to water quality. Thus, while the region must work to reduce Combined Sewer Overflows, adding enough hard infrastructure to eliminate the risk of all Combined Sewer Overflows is not the most cost effective approach to improving water quality. Rather, the region needs to adopt a variety of strategies to address the multiple threats to water quality.

For 2008, the State of Wisconsin has imposed mandates on local communities related to polluted stormwater runoff. The Wisconsin Administrative Code (NR 151.13) states:

"To the maximum extent practicable, a 20% reduction in total suspended solids in runoff that enters waters of the state as compared to no controls."

Note: It is expected that the municipality will be able to achieve the 20% reduction by municipal street sweeping, using either conventional or high efficiency sweepers, regular catch basin cleaning, deicer management, and education to change human behavior toward reducing pollution.

Milwaukee expects to comply with this mandate per the plain language note in the code.

Through the Accountability in Management initiative, the Administration began monitoring DPW response time to calls about sewer backwaters. In 2006, DPW received over 1,377 calls about sewer backwaters through its Call Center. The majority of complaints about backwaters are usually linked to problems with a homeowner’s lateral, for which the city is not responsible. City investigations of these 1,377 calls linked 47 to issues with the city’s sewer system. Regardless of the cause of the backwaters, the city works to be responsive to citizen concerns. Table 1 shows data from DPW’s Call Center, and demonstrates that DPW is responding to a higher percentage of calls within the Administration’s goal of 48 hours.

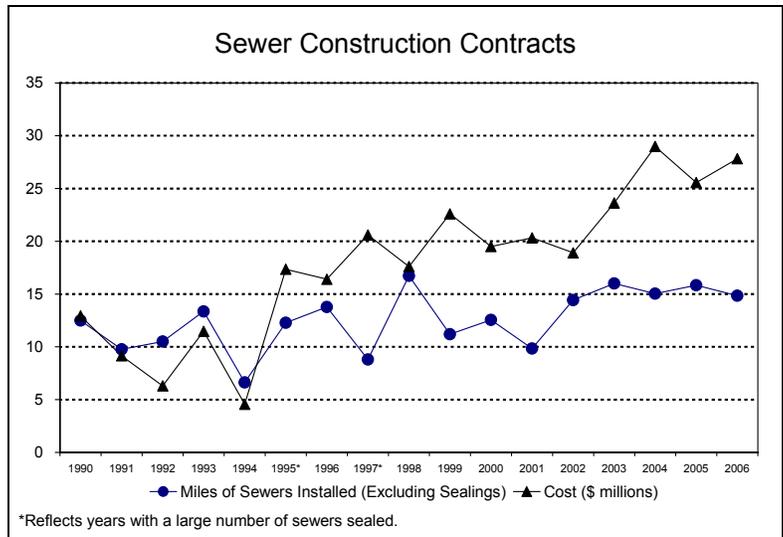
Table 1

Backwater Calls for Service		
	2006	2007, Jan - July
Total Calls	1,377	788
Average Response	0 days 23 hrs 35 min	0 days 7 hrs 31 min
Minimum Response	0 days 0 hrs 0 min	0 days 0 hrs 0 min
Maximum Response	69 days 21 hrs 1 min	5 days 18 hrs 34 min
Target Response Time	48 hrs or less	48 hrs or less
Number of Responses within Goal	1,251	774
Percent Responded to Within Goal	91%	98%

SERVICE AND RESOURCE CHANGES

Complying with the Circuit Court Stipulation Agreement and the 2020 Facilities Plan will be the central strategic issue over the next six years. Throughout the remainder of 2007 and 2008, the Administration will be working to assess the financial requirements needed to meet these mandates.

Figure 1



In addition to providing some new resources to meet these mandates, the Administration is working to ensure that the Department of Public Works targets existing resources to the sewer basins that most directly contribute to sewer overflows. Projects requested in the capital budget and reviewed by the Common Council’s Public Works Committee will be linked with the broader system capacity goals as set forth in the Stipulation Agreement and 2020 Facilities Plan.

CAPITAL PROJECTS

Relay Sewer Program: In 2008, \$26.6 million has been budgeted in the Sewer Maintenance Fund to replace 17 miles of sewer mains. In prior years, the majority of sewer capital was funded through the Sewer Maintenance Fund, with an additional \$3 million to \$4 million budgeted in the Expansion of Capacity Program in the general city capital budget. In 2008, the Administration proposes eliminating the Expansion of Capacity Program and consolidating it with the Relay Program. Thus, all sewer projects will be funded directly through the Sewer Maintenance Fund.

Sewer construction reduces sewer backups, addresses structural deficiencies, and reduces infiltration into the system that contributes to sewer overflows. The city has about 2,437 miles of sewers. Over the last ten years, the city has been steadily increasing the amount of sewer construction to maintain the integrity of the system (see Figure 1). From 2004 through 2006, the city installed 15.2 miles of sewers on average each year. From 1994

through 1996, the city was replacing an average of only 10.9 miles of sewers annually, excluding miles of sewer sealing. However, due to cost increases in the construction industry, the average cost per mile of sewer installed has been steadily increasing.

DNR Stipulation Projects: Three million dollars is included in the 2008 proposed budget for DPW to improve the sewer basins that contribute to Sanitary Sewer Overflows, as identified in the stipulation agreement with the Department of Natural Resources. DPW is conducting Sewer System Evaluation Surveys of the affected basins to determine the best course for corrective action. DPW will program the \$3 million for specific projects based on the findings of these surveys. This may include sewer linings or manhole inspections and rehabilitation. DPW will likely allocate about \$2 million to manhole rehabilitation.

Water Quality Projects: A total of \$100,000 is included as the city portion of a \$250,000 project to cleanup the Menomonee River at the Ember Lane Bridge. Due to configuration of the river at that point, garbage and debris collects around the bridge. This project will improve the configuration so that the debris will flow downstream where the MMSD's river skimmer can easily remove it. The Department of Public Works has applied for a grant from the Wisconsin Coastal Management Program to fund the non-city portion of the project.

Pump Facility Projects: A total of \$250,000 has been budgeted to replace lift station pumps in 2008. These funds had been included in the operating budget in prior years. The move reflects correct budgeting for system assets and will allow for better monitoring of the projects. These capital projects will be cash financed to preserve the sustainability of the Sewer Maintenance Fund.

FINANCING CHANGES

Stormwater Management Fee: In July of 2006, the Milwaukee Water Works began billing the new Stormwater Management Fee. The fee is intended to more equitably distribute the cost of the sewer system across customer classes and preserve the financial sustainability of the Sewer Fund. In 2008, the Stormwater Management Fee will remain constant at \$8 per quarter per Equivalent Residential Unit (ERU). All one to four unit residential properties are charged one ERU per quarter. Commercial properties are charged based on their actual estimated impervious surface (one ERU is equivalent to 1,610 square feet of impervious surface).

Sewer Maintenance Fee: In 2008, the rate will increase to \$1.036 per one hundred cubic feet of water (CCF). As a result, the average residential bill, including the Stormwater Management Fee, will increase by approximately 8%.

Capital Financing: The Sewer Fund will attempt to use the State of Wisconsin's Clean Water Fund to finance some debt. The Clean Water Fund provides below market interest loans to communities to finance stormwater control projects. General Obligation (GO) debt will finance sewer capital projects that do not qualify for the Clean Water Fund. The Sewer Fund will then make payments to the city to cover the debt service. This financing strategy will save ratepayer's money, as clean water funding and General Obligation bonds have a lower interest rate than revenue bonds, and do not have other "reserve" requirements that increase costs. In 2008, the city will cash finance \$2,250,000 in sewer capital to improve fund sustainability. This cash financing will cover the pump replacement projects, as well as salary and fringe benefits associated with the design and project management of sewer capital projects.

Debt Fund Transfer: The 2008 proposed budget includes a \$9.3 million transfer from the Sewer Maintenance Fund to the Debt Fund for sewer related GO debt service. The debt transfer is partially financed using retained earnings from prior years. Retained earnings will be gradually used over several years to reduce the need to increase sewer rates. In the interim, the Sewer Maintenance Fund will make changes to both revenues and expenditures to ensure the Fund's long term sustainability.

Payment to the General Fund: The Sewer Fund makes an annual payment to the General Fund to finance street sweeping and leaf collection services, provided by DPW-Operations. In 2008, this payment is increased to \$5 million to reflect increases in employee expenses and fuel.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated Full Time Equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Position Title	Reason
Environmental Section				
-1	-1.00		Engineer Technician II	Efficiency.
	-4.10	4.25	Various Positions	Experience adjustment.
Underground Section				
-2	-1.84	-0.16	Sewer Mason	Reduced masonry work due to increased use of pre-cast structures in lieu of bricks and blocks.
-1			Sewer Service District Manager (Auxiliary)	Excess Auxiliary positions no longer needed.
-1			Sewer Repair Crew Leader (Auxiliary)	
-2			Sewer Crew Leader I (Auxiliary)	
-2			Sewer Laborer II (Auxiliary)	
-1			Sewer Field Investigator (Auxiliary)	
	10.09	-10.43	Various Positions	Experience adjustment.
-10	3.15	-6.34	Totals	

M. COUNTY DELINQUENT TAX FUND

EXECUTIVE SUMMARY

- PURPOSE:** Provide appropriation authority to purchase Milwaukee County delinquent property taxes.
- SERVICES:** Provide a funding mechanism to purchase delinquent county property taxes without affecting the city's tax levy.
- STRATEGIC ISSUES:** Return tax delinquent properties to the tax rolls and increase future city revenue.

SUMMARY OF EXPENDITURES

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
Purchase of Delinquent County Taxes	\$10,069,377	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0
TOTAL	\$10,069,377	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0

SOURCE OF FUNDS

	2006 ACTUAL EXPENDITURES	2007 ADOPTED BUDGET	2008 REQUESTED BUDGET	2008 PROPOSED BUDGET	CHANGE PROPOSED BUDGET VERSUS	
					2007 ADOPTED	2008 REQUESTED
County Delinquent Taxes Collected	\$10,069,377	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0
TOTAL	\$10,069,377	\$9,855,000	\$10,329,620	\$10,329,620	\$474,620	\$0

In accordance with Sec. 74.83 Wis. Stats., the City of Milwaukee is authorized to enter into an agreement with Milwaukee County to purchase county delinquent personal property taxes and real estate tax certificates. The initial agreement was executed on December 18, 1987.

The authority to collect county delinquent property taxes enables the City Treasurer to consolidate the collection of delinquent taxes. Consolidation of the delinquent taxes provides a more efficient and effective tax collection administration by eliminating the burden of duplicate collections by the city and county.

The city purchases the county's delinquent personal property and real estate taxes at the close of the current tax collection period each February. In addition, the city also purchases the county's real estate taxes that become delinquent during the installment collection cycle each month. In effect, the city is acquiring an asset, delinquent county property taxes receivable, and generating revenue by keeping the interest and penalty charges collected on the delinquent taxes outstanding.

This account is the city's mechanism to purchase the county's delinquent property taxes. It is related to other delinquent tax collection efforts in the city debt budget and Delinquent Tax Fund.

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II. PROPOSED BORROWING AUTHORIZATIONS

General Obligation Bonds or Short Term Notes

	Reauthorization of 2007 Authority (1)(2)	New 2008 Authority	Total
A. Grants and Aids Projects Specific purposes not contemplated at the time the budget was adopted			
1. For public improvements authorized under section 62.11(5) for any of the purposes enumerated in section 67.05(5)(b).			
2. For harbor improvements authorized under section 30.30.			
3. For library improvements authorized under section 229.11 and 229.17.			
4. For convention complex and exposition center improvements authorized under section 229.26.			
5. For blight elimination, slum clearance, redevelopment, community development and urban renewal projects under section 66.1301 to 66.1327, 66.1331, 66.1333, 66.1335, 66.1337 and 66.1105.			
6. For developing sites for industry and commerce to expand the tax base as authorized under section 66.1101 and 66.1103.			
Subtotal Grants and Aids Projects (Lines 1 to 6) (3).	\$900,000	\$300,000	\$1,200,000
7. Low interest mortgage loans under section 62.237.			
8. For blight elimination, slum clearance, redevelopment, community development and urban renewal projects under section 66.1301 to 66.1327, 66.1331, 66.1333, 66.1335, 66.1337 and 66.1105.			
9. Parking lots or other parking facilities.			
10. Housing public purpose under section 67.12(12).			
Subtotal Grants and Aids Projects (Lines 7 to 10) (3).	\$0	\$0	\$0
B. Renewal and Development Projects			
1. For providing financial assistance to blight elimination, slum clearance, redevelopment and urban renewal projects under section 66.1301 to 66.1327, 66.1331, 66.1333, 66.1335, 66.1337 and 66.1105.			
MEDC Loan Program.			
Subtotal Renewal and Development Projects.	\$7,681,134	\$5,400,000	\$13,081,134
C. Public Improvements			
1. Public buildings for housing machinery and equipment.	\$47,648,520	\$21,398,640	\$69,047,160
2. Harbor improvements.	2,021,438	500,000	2,521,438
3. Parking facility improvements.	2,636,369	2,700,000	5,336,369
4. Purchase of sites for and construction of engine houses, fire stations reconstruction, remodeling, planning, design and site acquisition.	6,104,000	3,122,000	9,226,000
5. Police Department facility construction.	7,232,138	2,745,000	9,977,138
6. Bridge and viaduct.	8,888,956	4,486,000	13,374,956
7. Sewage disposal, sewer improvement and construction.	5,312,500	0	5,312,500
8. Street improvements and construction.	21,352,850	18,852,510	40,205,360
9. Parks and public grounds.	1,617,000	1,895,235	3,512,235
10. Library improvements authorized under section 229.11 and 229.17.	1,981,189	1,238,000	3,219,189
Subtotal General Obligation Bonds or Short Term Notes (Sections A through C).	\$113,376,094	\$62,637,385	\$176,013,479
D. Contingent Borrowing			
Borrowing for a public purpose not contemplated at the time the budget was adopted.			
Contingent borrowing.	\$0	\$110,000,000	\$110,000,000
Subtotal General Obligation Bonds or Short Term Notes.	\$0	\$110,000,000	\$110,000,000
E. School Board Borrowing			
1. School purposes (A).	\$11,400,000	\$2,000,000	\$13,400,000
2. For school purposes authorized under section 119.498 and/or 66.1333.	0	0	0
Subtotal General Obligation Bonds or Short Term Notes.	\$11,400,000	\$2,000,000	\$13,400,000

II. PROPOSED BORROWING AUTHORIZATIONS

	Reauthorization of 2007 Authority (1)(2)	New 2008 Authority	Total
F. Borrowing for Special Assessments			
1. To finance public improvements in anticipation of special assessments levied against property.			
2. General city.	\$14,746,383	\$2,760,149	\$17,506,532
Subtotal General Obligation Bonds or Local Improvements Bonds.	<u>\$14,746,383</u>	<u>\$2,760,149</u>	<u>\$17,506,532</u>
G. Tax Incremental Districts			
1. For paying project costs in accordance with project plans for Tax Incremental Districts.			
2. For providing financial assistance to urban renewal projects authorized under section 67.05(5)(b).	\$109,648,810	\$60,451,000	\$170,099,810
Subtotal General Obligation Bonds, Short Term Notes or Revenue Bonds.	<u>\$109,648,810</u>	<u>\$60,451,000</u>	<u>\$170,099,810</u>
H. Borrowing for Delinquent Taxes			
To finance general city purposes for anticipated delinquent taxes.	\$0	\$17,000,000	\$17,000,000
Subtotal General Obligation Bonds or Short Term Notes.	<u>\$0</u>	<u>\$17,000,000</u>	<u>\$17,000,000</u>
I. Revenue Anticipation Borrowing			
To borrow in anticipation of revenue in accordance with section 67.12 of the Wisconsin State Statutes.	\$0	\$300,000,000	\$300,000,000
Subtotal General Obligation Bonds or Short Term Notes.	<u>\$0</u>	<u>\$300,000,000</u>	<u>\$300,000,000</u>
J. Water Works Borrowing			
Water Works mortgage revenue bonds or general obligation bonds.	\$0	\$12,500,000	\$12,500,000
Subtotal Revenue Bonds or General Obligation Bonds.	<u>\$0</u>	<u>\$12,500,000</u>	<u>\$12,500,000</u>
K. Sewer Maintenance Fund Borrowing			
Sewer Maintenance Fund revenue bonds or general obligation bonds including prior years.	\$46,261,582	\$27,950,000	\$74,211,582
Subtotal Revenue Bonds or General Obligation Bonds.	<u>\$46,261,582</u>	<u>\$27,950,000</u>	<u>\$74,211,582</u>
Total General Obligation Bonds or Short Term Notes	\$295,432,869	\$595,298,534	\$890,731,403
(1) Reauthorization of Prior Unused Borrowing Authority:			
It is the intent of such reauthorization to expressly authorize the issuance and sale of such obligations (either bonds or notes) as set forth in this borrowing section of the budget, for the purposes and amounts enumerated herein. Such carryover borrowing (reauthorization of prior unused borrowing authority) is also reflected in the capital budget for informational purposes but such amounts are excluded from the capital budget totals to avoid duplication.			
(2) Bond authorizations included and approved by the Common Council in the preceding municipal budget and further approved by the adoption of a resolution of intent are herein continued and are deemed to be with the same force and effect as though they had been specifically enumerated, both as to purpose and amount in this municipal budget.			
(3) The purpose of this borrowing is to provide funds in connection with projects undertaken by the city with federal or other financial assistance. Expenditures shall be made only after adoption of a Common Council resolution adopted in accordance with Common Council Resolution File 66-1893 as amended.			
(A) Design plans for any alteration to building exteriors and interiors shall be reviewed and approved by the city.			

III. CLARIFICATION OF INTENT

Employee Fringe Benefits

Employee fringe benefit costs are allocated to operating and capital budgets on an estimated basis for informational purposes only. Such estimated expenditures are 100% appropriation offset for operating budgets and 100% revenue offset for the capital budget to avoid any impact on the city's tax levy. Actual fringe benefit costs, such as health care benefits, life insurance, and pensions, are budgeted separately in non-departmental accounts, which are funded from the property tax levy.

The amount included in each departmental (or budgetary control unit) operating budget on the line entitled "Estimated Employee Fringe Benefits" is subject to adjustment by unilateral action of the City Comptroller, during the budget year, if the actual rate charged against salaries paid is at variance with the estimated rate used in calculating the budgeted amount.

Changes to Performance Measures to Correct Possible Errors or Omissions

The Budget and Management Division is authorized to make or approve changes in performance measures including additions, deletions, and modifications during the budget year.

Departmental Salary Appropriations

Department net salary and wage appropriations reflect current wage rates and expenditures and are limited to these amounts. Funding of future salary increases from the Wages Supplement Fund will be restricted to wage settlements only. These transfers must be pre-approved by the Budget and Management Director.

Footnotes

Section 18-07-12 of the Milwaukee City Charter states that the adoption of the budget shall be the authority for the expenditure by a department for the purposes therein provided and of the amounts assigned to the department thereby and no further action by the Common Council shall be necessary to authorize any department to make such expenditures. The City Attorney has advised that footnotes contained in the line item budget are informational only and not controlling over expenditures unless a corresponding resolution specifying the footnote's intent is also adopted by the Common Council.

**POSITIONS ORDINANCE AND
SALARY ORDINANCE**

The Positions Ordinance and the Salary Ordinance for the city may be obtained from the City Clerk's Office upon request. They therefore have not been included in this publication.

TAX LEVY TO RATE CONVERSION TABLE

Assessed Value Used in Conversion Calculation: \$28,375,341,961

Tax Rate Per \$1,000 of Assessed Valuation	<u>Levy Change</u>	<u>Levy Change</u>	Tax Rate Per \$1,000 of Assessed Valuation
\$0.01	\$283,753	\$5,000	\$0.00
\$0.05	\$1,418,767	\$10,000	\$0.00
\$0.10	\$2,837,534	\$50,000	\$0.00
\$0.25	\$7,093,835	\$100,000	\$0.00
\$0.50	\$14,187,671	\$500,000	\$0.02
\$1.00	\$28,375,342	\$1,000,000	\$0.04

Formula for deriving tax rate per \$1,000 of assessed value from known assessed value and levy:

$$\text{TAX RATE} = \frac{\text{TAX LEVY}}{\text{ASSESSED VALUE}/1,000}$$

Formula for deriving levy from known rate and assessed value:

$$\text{TAX LEVY} = \text{TAX RATE} \times (\text{ASSESSED VALUE}/1,000)$$

Formula for deriving assessed value from known rate and levy:

$$\text{ASSESSED VALUE} = (\text{TAX LEVY}/\text{TAX RATE}) \times 1,000$$

Note: Results are Approximate Due to Rounding