



October 24, 2013

Members of the Finance and Personnel Committee:

Re: 2014 Proposed Budget

The annual budgeting process, especially in tight economic times, is understandably focused on the current year. In contrast, capital planning takes a much longer outlook. The Capital Improvements Committee believes that without effective and responsible planning for the long term, decision making in the short term can be compromised. The Capital Improvements Committee recognizes and supports the efforts of the Administration and the Council to incorporate the long term perspective into the City's budget process.

The proposed budget reflects several ongoing initiatives that the committee strongly supports. In particular, this committee applauds the Administration's commitment to the Library Facilities Initiative. The committee has indicated for several years that maintenance on the neighborhood libraries can no longer be deferred. The Facilities Initiative, which is now moving forward, was developed and refined to balance the service needs of the community with the long term maintenance needs of existing buildings. The City's recent investment in the Land Management System will provide a powerful tool for managing permitting and code enforcement. The system will provide long term productivity and efficiency benefits and enhance the City's ability to respond to the continuing challenges of the foreclosure crisis. The committee was also pleased to see support for regular rate increases for the Milwaukee Water Works. Such increases which will provide the Milwaukee Water Works with the funds it needs to ensure proper maintenance of the City's water treatment and delivery systems.

The committee realizes that in challenging fiscal times there are difficult choices to be made. The committee believes that the 2014 Proposed Budget effectively manages competing priorities and demonstrates a real commitment to the maintenance and proper stewardship of the City's assets. After reviewing the departmental capital requests and listening to testimony at the Finance & Personnel budget hearings, the committee would like to make the following observations and recommendations.

The Capital Improvements Committee has been carefully watching the progress that is being made to address the concerns raised about the poor condition of the local street system. The committee is optimistic that the commitment to increased funding that the Administration has shown and the new

strategies being employed by the Department of Public Works will provide the necessary foundation for measurable improvements.

This committee supports the Department of Public Work's High Impact Street program as a strategy for maximizing available resources. It will make a highly visible impact on the City's streets, will minimize maintenance expenses and will prolong the life of pavements on high traffic streets and in commercial corridors until grant funding is available.

The effects of the economic downturn continue to linger for many communities including Milwaukee. Equalized property values continue to fall and a large number of homes are in danger of falling into disrepair as they proceed through the foreclosure process. The City has made significant operational changes to help reduce the harmful and destabilizing effects of blighted and vacant houses. The committee approves of the Administration's proposed Strong Neighborhood Investment Plan. The plan represents yet another step in the proactive management of Milwaukee's housing stock. The early phases of the plan focus on the mitigation of blight. The committee recognizes that demolition is a necessary component of an effective housing management strategy. However, the committee urges caution to ensure that demolition activities do not further destabilize neighborhoods that have been most affected by the foreclosure crises. Strategic removal of the most problematic structures as well as transparency and accountability in the process will be critical for this program to be successful.

This committee respectfully requests that the Finance and Personnel Committee support the Strong Neighborhood Investment Plan while ensuring that the strategic removal of structures is precise, that the process is transparent and that appropriate accountability metrics are developed and implemented.

The committee would also urge that to the extent possible, prevention strategies be employed to save as much housing stock as possible. Milwaukee is fortunate to have many unique, historic and architecturally significant homes. These houses are integral to the character of the neighborhoods in which they are located. Their loss would be a permanent loss to the City's character, personality and history. The Housing Infrastructure Preservation Fund allows for the preservation of the legacy of these homes.

This committee respectfully requests that the Finance and Personnel Committee support efforts to provide funding for the Housing Infrastructure Preservation Fund at a level at least as high as was recommended by this committee to the Administration.

The 8th floor of City Hall has been vacant for nearly eight years. In reviewing the capital requests for the 2014 Budget, the committee became aware that several departments are facing space constraints. While the committee believes that there should be a comprehensive plan for addressing the space needs of the City's departments, at this time, no such plan exists. Because there are departments that

need additional space, the committee believes the opportunity cost of leaving the 8th floor vacant for any longer is too high. The renovation will be a multi-year project, therefore, the committee recommends providing enough funding to begin the replacement of mechanical systems in 2014. The committee recommends that prior to moving forward with additional phases of this renovation project, a thorough review of all the potential uses for the space be conducted. The committee also recommends that the final design of the 8th floor of City Hall receive approval from the Common Council before receiving additional funding.

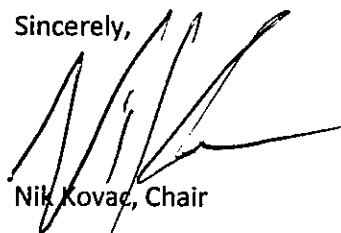
This committee respectfully requests that the Finance and Personnel Committee support efforts to provide only the necessary funding to begin the renovation of the 8th floor of City Hall and to provide for the replacement of mechanical and electrical systems.

In order to maximize the use of limited financial resources, the Capital Improvements Committee has been working with departments to establish the condition of the City's infrastructure and capital assets. For some segments of the City's infrastructure, especially its streets and buildings, the challenges presented by deferred maintenance are extremely daunting. Effective capital planning requires carefully examining the future and intended use of assets and infrastructure before investing funds in their maintenance. Many factors need to be considered including operational changes within City departments. The committee feels that it would be appropriate to review the building assets used by the Fire Department to ensure that they meet the strategic needs of the department and serve the public in the most cost effective manner possible.

This committee respectfully requests that the Finance and Personnel Committee support efforts to fund a study that would evaluate the current and future needs of the City of Milwaukee relative to the provision of firefighting services.

Again, the committee would like to thank the Administration, the Finance & Personnel Committee and the entire Common Council for their diligent efforts to ensure Milwaukee's fiscal health and for the opportunity to bring the long term perspective to the City's Executive Budget process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nik Kovac', written over a white background.

Nik Kovac, Chair

Capital Improvements Committee

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