

Fiscal Review Section Legislative Reference Bureau



2005 BUDGET BRIEFING TO THE COMMON COUNCIL

Monday, October 11, 2004

2005 Proposed Budget Expenditures

- Total City Budget - \$1,101,167,796
(+1.6%)
- Tax Levy-Supported - \$800,718,593
(+0.19)
- Operating Budget - \$512,232,930
(+3.14%)

2005 Tax Levy with No Changes to Proposed Budget

- 2005 Proposed Tax Levy: \$202,992,634
- Change from Prior Year: \$3,980,248 (+2%)
- Tax Rate: \$9.22 (\$-.51 or -5.5% from 2004)
- 2004 Adopted Tax Levy: \$199,012,386
- Change from Prior Year: \$1,990,637 (+4.9%)
- Tax Rate: \$9.73 (\$-.42 or -4.1% from 2003)

2005 Tax Rate with No Changes to Proposed Budget

- 2002 Adopted City Budget Tax Rate: \$10.87 (38 cent *increase* from 2001)
- 2003 Adopted City Budget Tax Rate: \$10.15 (72 cent *decrease* from 2002)
- 2004 Adopted City Budget Tax Rate: \$9.73 (42 cent *decrease* from 2003)
- 2005 Proposed City Budget Tax Rate: \$9.22 (51 cent *decrease* from 2004)

Funding for 2005 General City Budget Purposes by Category

- Personnel Costs: 85%
- Services & Special Funds: 14%
- Equipment Purchases: 1%

2005 Intergovernmental Revenues

- \$271.9 million in the 2005 Budget
- \$230.6 million are state shared revenues
 - approx. \$100,000 *less* than in 2004
 - Adjusting for inflation, intergovernmental revenues have fallen since 1992

Property Tax Levy

- \$93.8 million for general city purposes in 2005
- Increase of \$8.7 million from 2004 levy
- Levy for all tax supported purposes is \$203 million in 2005, an increase of \$4 million from '04, but within the state republican definition of a tax levy freeze

City Revenues

- Revenue from Fines & Forfeitures is \$5.2 million in the 2005 Proposed Budget, an increase \$428,300 from 2004
- Increase due to Tax Intercept Program; allows courts to collect payments from individuals through reduction in their income tax returns, by amount owed to City

Potawatomi Gaming Agreement

- Receipt of minimum payment of \$3.38 million every August since initial agreement in 1999
- Counted as general city revenue

Interest on Investments

- 2/3 of interest on City's unrestricted investments is counted as general city purpose revenue; 1/3 accrues to PDAF
- For 2005, a 1.75% rate of return on \$225 million is assumed, resulting in \$2.6 million in general city purpose revenue, an increase of \$750,000 from 2004

Charges for Service

- 2005 Proposed Budget includes \$59.5 million in revenue from service charges; \$2.1 million increase from 2004
- No DPW user fee increases in 2005:
 - Solid Waste Fee: \$75 (\$14 million);
 - Snow & Ice Control Fee: 27 cents per foot of property frontage (\$2.4 million);
 - Leaf Pick-Up & Street Sweeping costs recovered through Sewer Maintenance fee (\$4.2 million)

Payment from Parking Fund

- Projected payment of \$15 million from the Parking Fund to the General Fund in 2005, an increase of \$3 million from the '04 payment
- Greater than anticipated revenue in 2003 – 04 account for increased payment
- Unlikely such a large payment will be repeated in 2006 or beyond

New Appraisal Service Charge

- A new appraisal service charge proposed by Assessor in '05 Proposed Budget
- Service charge would apply only to new construction and building additions where an appraiser from the Assessor's Office must inspect the property
- Anticipate \$550,000 in new revenue; temporarily shown as a TSF drawdown until revenue is recognized by the Comptroller

Fair Share PILOT Program

- Estimated \$12.6 million in revenue from Payments in Lieu of Taxes (PILOTS) in '05, an increase of \$600,000 from '04
- New initiative by Assessor in '05 to recover costs of doing city business from tax exempt properties. Difficult to project revenues now; none included in '05 Proposed Budget

City Debt

- As of December 31, 2003, outstanding debt totaled \$868.6 million
- \$311.6 million or 36% of that amount is Self-Supporting Debt
- \$556.9 million or 64% is Tax Levy Supported Debt

Tax Levy for Debt Service

- 2005 debt service needs total \$122.7 million (an increase of nearly \$4 million from the 2004 debt budget)
- The tax levy-supported portion of 2005 debt budget is \$52.9 million, a decrease of \$1 million from the 2004 tax levy contribution

Public Debt Amortization Fund

- The PDAF withdrawal for 2005 budget purposes totals \$4.0 million, the same as for '04, the lowest withdrawal in over a decade
- Estimated '04 year end balance: \$44.6 million, expected to grow slightly in '05

MPS Debt

- 2005 Proposed Budget includes \$11.5 million in debt service costs for school borrowing, an increase of \$1.2 million from '04
- '04 debt budget included new appropriation of \$5.1 million related to MPS's \$170 million unfunded pension liability; \$295,000 included in '05 related to this purpose
- \$200 million bond issue to be funded over 20 years; MPS to fully reimburse City for costs

Tax Stabilization Fund

- April 15, 2004 balance of \$34.3 million
- 2005 withdrawal totals \$16.3 million, but another \$550,000 must be shown as withdrawal, in anticipation of revenue recognition by Comptroller related to new appraisal charge by Assessor
- After '05 withdrawal, \$18 million remains
- With anticipated regeneration of \$13 million, TSF will likely end '04 with balance of \$31 million

Underfunded Sinking Fund?

- As a result of the Global Pension Settlement, an ERS sinking fund was created in anticipation of potential liability of \$70 million by 2009
- A consultant's report on the fund is not yet complete; no contribution was allocated to the sinking fund in the '05 Proposed Budget
- Another reason to worry about danger of structural imbalances in the City budget
- Today's budgetary choices determine tomorrow's fiscal stability for City

Positions Eliminated in 2005 Proposed Budget

- Most of the 243.89 estimated fulltime equivalent (FTE) positions proposed for elimination are vacant
- Includes 39 positions currently filled
- Actual number of persons to be laid off is in flux (bumping rights, retirements, other attrition)

Sanitation Service Level Changes

- DPW-Operations Division-Sanitation: '05
Proposed Budget reduces funding for snow & ice control by \$1.2 million, from \$6 million in 2004 to \$4.8 million in '05
- Major changes relating to pick-up of bulky items, resulting in savings of \$710,000: Bulky items to be placed at collection point on regular collection days (4 items max.); no more collection of major appliances; max. amount of brush collected is reduced to 4 cubic yards (March to November only)

More Sanitation Service Level Changes

- In '05, owners of multifamily dwellings of 5 or more units who use City collections can request an additional box for tenant move-out cleaning; they will be charged an additional \$10 per quarter to fund this service; City will deliver box in a.m./pickup in p.m.
- \$1 million in '05 Proposed Budget for 25,000 garbage & recycling carts; will need contingent funding in '04 for 3,000-5,000 carts to handle requests through Jan. '05 (number of carts was reduced from 25,000 to 20,000 by amendment to '04 Budget)

Forestry Service Level Changes

- DPW-Operations Division-Forestry: Allocates \$631,000 for repair of concealed irrigation systems and drainage systems on boulevards; increase from '04 is attributable to large number of new street paving projects
- Forestry plans to reduce flower beds on boulevards by 19,000 sq. feet or 30%; roughly 100 flower beds eliminated, distributed proportionately among 15 Council districts; beds to be seeded over

DPW Buildings and Fleet

- In light of Comptroller's audit, no funding for new automobiles in '05 Proposed Budget
- 2005 Capital Budget includes \$8.2 million related to City Hall restoration (total project estimated at \$44 million over 4 years); work scheduled for '05 to include scaffolding, demolition and partial restoration of City Hall's south tower
- \$439,725 for neighborhood recreation facilities & play areas; upgrade play areas at Carmen, Sijan and Lewis Playfields, reconstruct tennis court at Vincent Playfield

DPW Infrastructure Division

- '05 Proposed Budget has 12% less staffing in construction season & approx. 12% less Street & Bridge maintenance; elimination of various street maintenance crews such as mini concrete, crackfill, and sidewalk grinder crews
- No reduction in streetlight burn time in '05

DPW Sewer Maintenance

- If adopted for '05, ongoing annual transfers from Sewer Maintenance Fund to City for annual debt service related to pre-2000 sewer expansion & rehab projects will be paid by quarterly user fee collections; Warning: This transfer of tax levy debt could increase sewer user rates in future years.
- '05 Budget includes \$1,080,000 for Flow Reduction Project for 3 separate pilot projects: Downspout Disconnections, Inlet Restrictors, Footing Drain Disconnections

DPW Parking Fund

- Installation of parking access and revenue control equipment in 4 city-owned parking structures; will be able to use credit/debit cards
- Installation of kiosks on a trial basis at Police Districts 2, 5 and 6 to dispense night parking permits and receive payments for parking citations
- Payment of \$15 million from Parking Fund to General Fund in '05, an increase of \$3 million from '04 payment; probably not sustainable in future years

Fire Department Changes

- '05 Proposed Budget would standardize staffing on non-special team engine companies (18 citywide) at 4 personnel instead of 5; impacts 4 remaining engine companies, reducing 12 Firefighter positions for a savings of \$650,000
- A BLS Squad would convert into the 11th Med Unit in mid-2005 for a savings of \$453,446 and reduction of 6 Firefighter positions; MFD will focus its EMS services on the ALS level; remaining BLS unit to be reviewed for conversion to Med Unit

Milwaukee Public Library

- '05 Proposed Budget would reduce neighborhood library hours at most branches to range from 35-54 hrs. per week in winter (current range is from 53-60); saves about \$357,000 in '05
- Center Street Library would maintain current hours; Bay View & Washington Park would each gain one hour per week
- Hours reduced from 63 to 57 per week at Central Library; close at 5:30 p.m. instead of 8:30 p.m. on Wed. & Thurs.; saves \$72,000 in '05
- One-time reduction of \$750,000 in Library's books & materials acquisitions

CDBG Reprogramming Funds

- **'05 Proposed Budget anticipates reprogramming of \$1.7 million in CDBG funds:**
Police-Operation Safe Neighborhoods: \$481,000;
DPW-Street Lighting: \$460,000; DPW-Clean & Green: \$200,000; Library-Center St.: \$110,000;
Bookmobile: \$244,000; DNS-Targeted Code Enforcement: \$90,267; DNS-Landlord Training: \$50,000;
DNS-Neighborhood Improvement Program: \$50,000; DNS-Vacant Lot Maintenance: \$58,500; GRAND TOTAL: \$1,743,767

The End