



# City of Milwaukee

City Hall  
200 East Wells Street  
Milwaukee, WI 53202

## Meeting Minutes FINANCE & PERSONNEL COMMITTEE

**ALD. FREDRICK G. GORDON, CHAIR**

**Ald. Michael J. Murphy, Vice Chair**

**Ald. Paul A. Henningsen, Ald. Michael S. D'Amato, Ald. Willie L. Hines**

**Staff Assistant, Kathleen Marquardt, 286-2231**

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

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Wednesday, October 9, 2002

1:30 PM

Room 301-B, City Hall

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### BUDGET HEARINGS

**Meeting Convened: 1:37 P.M.**

**Present** 3 - Murphy, Henningsen, D'Amato

**Excused** 1 - Hines Jr.

**1:30 P.M.**

[020851](#)

Communication from the Mayor transmitting the 2003 City Budget.

*ALSO APPEARED: Laura Engan, Cassandra Patterson, Marianne Walsh, Wally Morics*

#### *FIRE & POLICE COMMISSION*

*Joseph Czarnezki, David Heard, Jennifer Gonda & Mark Ramion appeared.*

*Ms. Gonda presented her budget highlights, and Mr. Ramion thereupon read from his fiscal report. A formal budget for the Fire and Police Commission as a Budgetary Control Unit was not submitted for 2003. The 2003 proposed budget includes a merger of the Fire & Police Commission with the Department of Employee Relations. 1.2 million is the requested budget. 36% of sworn police personnel are minorities.*

*Ald. Henningsen asked what was the purpose of the merger. Ms. Engan replied this was what they thought was a logical fit because both have similar missions. By bringing these two groups together, it allowed them to eliminate the deputy of DER and allows the City to save over \$100,000. Ald. Henningsen asked why this merger would not allow greater savings. Ms. Engan replied that this year they want to bring the two groups together and see how it works. They cut three positions from the DER side. They will be able to share copiers and office space. Ald. Henningsen asked if perhaps the space previously used by Fire & Police could be used by City Plan for a hearing room. Ms. Engan replied that could be a possibility. Mr. Czarnezki stated the Board*

met with the Police and Fire chiefs and established mutually agreeable performance criteria. As part on the ongoing plan with the Fire department, they worked on plans to increase diversity. The Board created an Ad Hoc committee on cultural diversity. Ald. Henningsen asked if any policy reviews have to deal with how the department uses the computer for more efficient uses for employees. He stated they should make a rule where dispatcher reports could be saved longer on the hard drive. He asked if they could have access to the CAD report. Mr. Czarnezki stated he didn't know if that was technically possible. He asked if the Fire and Police Commission is looking at overtime of the Police Department. They observed when the current chief first came into office he reduced overtime by the police department. Just last year, the commission discussed an increase in overtime with the police chief. Ald. Henningsen wants to know how many people are working on any day in the police department all day long. If 1/3 of the all the officers are working on any one day, he feels that is wrong. He feels the F&P Commission has not efficiently supervised the police department. Mr. Czarnezki stated the day to day operations of the department is the responsibility of the Chief. The procedure when the chief wants to change a rule is, he has to submit it to the F&P Commission, and the Commission has to hold a hearing and many times the Commission modifies the rules of the chief. They had the cease fire operation and the F&P Commission was the pass through organization to accept the money from the state and Ald. Murphy was responsible for getting that grant. Ald. D'Amato stated general frustration in what he believes no accountability of the police chief. He feels aldermen are unable to effect police policy. In the last several years, he feels it is a bad thing because people call him and are frustrated that they are not able to do anything about police policy. Mr. Czarnezki stated the Fire & Police Commission and the City Service Commissions are both separate entities and will remain that way. The position of executive director of the F&P is a cabinet position appointed by the Mayor. Mr. Czarnezki stated he takes his direction from the Mayor and the Fire and Police Commission. He stated if he sends a letter to the chief asking to inspect something, they generally are not refused. He stated in his tenure the F&P Commission has never issued a directive to the chief. Ald. D'Amato asked Mr. Czarnezki for a list of items, which are direct citizen requests of the Chief. Mr. Czarnezki stated he would do his best. The Commission may take a look at the procedure on issuing search warrants. The Commission has not yet decided if they are going to do that. Ald. D'Amato stated he has a problem with not knowing what they deployment of the officers is. Thus it is difficult to find out if they need more officers on the street. He asked Mr. Czarnezki to get that information for him. He asked if he could get deployment on any given day. Mr. Czarnezki stated they have access to that information by State Law. Ald. D'Amato asked about minority hiring. Since 1986 minority hiring has been better, but since 1997 it has gone down. The court order (33% hiring of minority every year) expired in 1997 and they are using a new test established by a hiring consultant. He stated in 2001 the results were much higher. Ald. D'Amato stated part of the problem with the COMPASS program was there was little to no cooperation from the Police Department. He asked if the F&P Commission did anything about it. Mr. Czarnezki stated they were never asked to do anything about it. He stated maybe it was a failure of the F&P Commission. He stated maybe those questions need to be asked of the police chief. Ald. Gordon stated there was a discussion between the Commission and the Police Chief and he asked what were the results of that conversation. If the commission is having these discussions with the chief, what is coming out of these discussions and what did the chief say. Mr. Czarnezki stated some commissioners were satisfied with the chief's response and others were not. He stated you have to ask the chief about overtime in the Police Department. The Commission has been told that they should not micro manage the Police Department. Ald. Gordon stated there was a meeting where Sheriff Clark expressed his willingness to help with cruising problems in the City. The Chief pointed

out that one of reasons the overtime was up, was the problem of dealing with cruising. Ald. Murphy stated one of the issues concerning him was technology report of the new police communication section. Mr. Czarnezki stated each department submitted their proposals and their proposals were ranked. The fire and police can each have their own CAD systems as long as those CAD systems talk to each other. Thereby information can be shared as quickly and cost efficiently as possible. Ms. Engan stated that about a year ago the procurement of those two large investments by the City and were put together to look at the process. Their goal was to make sure they had a system that work efficiently and was as cost efficient and would work well for the two entities. They found out through the RP process that if you used the same vendor for both it would cost about \$4 million. Ald. Murphy asked if she could assure the council that the system would be able to communicate with both departments. Ms. Engan assured them it would. Gun confiscations have decreased in recent years. Operation Safe Summer was a effort to take guns off the street. The Commission has spoken to the chief on the decreased effort. Ald. Gordon asked where we are in the process of hiring a new fire chief. Mr. Czarnezki stated they have narrowed it down to 8 candidates and they are now conducting an assessment and the Commission will conduct additional interviews. The Commission hopes to conduct interviews in November. Ald. Murphy asked if it has been an issue about curfew violations. Mr. Czarnezki stated the F&P Commission has discussed this with the chief. Ald. Murphy asked if there has been a decrease. Mr. Czarnezki stated there was not. Ald. Murphy expressed his concern and Mr. Czarnezki stated the Commission would agree with him on that. The number of disciplines in both the Fire and Police departments are discussed with the Chief on a quarterly basis. Ald. Murphy stated he has heard concerns that officers are afraid to take any initiatives on the street as they may be taken up on charges. He stated he asked for a list of block grant captains in his area from the chief and he was denied that. He asked Mr. Czarnezki if he could send a letter to the chief and get that information for him under the open record request. Mr. Czarnezki said the F&P Commission could get this information, but wondered whether this is public information (address) and may be a question that should be asked of the City Attorney. Ald. D'Amato stated that information on crime in the area should be submitted to block watch captains and the chief will not do that. He asked if Mr. Czarnezki could bring their concerns to the Commission. Geographically the chief can put the officers wherever he wants. He stated their resource is the F&P Commission. The Commission should indicate to the chief that he should see if policing can be done in cooperation with another policing agency. Ald. D'Amato asked about notification prior to transfer of police personnel. Mr. Czarnezki responded the chief provides notification to F&P Commission and the officer. Ald. D'Amato wants to make sure Mr. Czarnezki takes the committee's concerns on the lack of cooperation of the police chief relative to the Compass grant back to the Commission. The Commission hasn't issued any directives to the chief in the last two years. The Board of Fire and Police Commission is a very diverse board and requires a majority of the Board and the Board hasn't always agreed. Ald. Henningsen asked why Fire and Police Commission couldn't issue a directive to hire some Laotian speaking officers or a civilian to answer the phone. Mr. Czarnezki stated they have at least two Hmong police officers. Ald. Gordon asked if it was possible to compel members of the F&P Commission to appear before them. Mr. Czarnezki stated they would be happy to do that if they were asked. Ald. Henningsen stated when Harold Breier was chief they had the exact same number of officers assigned to every district. He wants to know why we have 1/3 of the officers working on any one day? Ald. Henningsen asked how the lawsuit with the Fire Department testing is going. Mr. Czarnezki replied 23% in the fire department is currently minority. 54% of the fire fighters hired in 2002 were minority. Mr. Czarnezki stated in the Fire department top administration they have an Adm. Captain that is Hispanic; 4 African American Bat. Chiefs, the chief dispatcher of alarm

is African American, 2 African American deputy chiefs and one is female. Ald. Henningsen feels to many police officers are assigned to relatively minor calls. Mr. Czarnezki stated the F&P Commission does not assign those standards and does not deploy.

#### DEFERRED COMPENSATION

William Thompson, Katie O'Sullivan & James Carroll appeared.

Ms. O'Sullivan read from her budget overview, whereupon Mr. Carroll gave his fiscal report stating that the proposed budget increases approximately 2.2% from the 2002 Adopted Budget. This budget has no tax levy impact. The value of the entire plan, as of June 30, 2002, was approximately \$358 million.

Mr. Thompson stated the amount that can be saved yearly in Deferred Compensation goes from \$8,500 to \$11,000, if over 50 goes to \$12,000 and if in a retirement catch-up, you can do \$22,000. Ald. Murphy asked Mr. Morics about the benchmark and Mr. Morics replied, equity markets have been rough except the fixed income market. This is a 457 Deferred Compensation Plan. Ald. Henningsen asked if you can rollover the lump sum after retirement. Mr. Thompson replied yes. Ald. Murphy asked if the people that are managing our money are doing better than the benchmark. Mr. Thompson stated he would get back to Committee with that information.

#### GRANT & AID FUND

Eric Pearson & Angelyn Ward appeared.

Mr. Pearson gave his budget highlights, and Ms. Ward followed with her fiscal narrative. The 2003 Proposed Budget anticipates grants with a grantor share of \$83,572,350 will be awarded to the City in 2003. This includes a grantor share of \$11,842,292 for unanticipated grants. That's 14% of the total Grant and Aid Fund. The Health Department receives the most grants. The Police Department is expected to receive the most next year.

Ald. Henningsen asked if the Departments are responsible for going after the grants. Ms. Engan stated DOA – Intergovernmental Relations notifies the departments and it is the department's responsibility to go after them. He asked who is looking at the federal register on possible grants. Ms. Engan replied DOA – Intergovernmental Relations. Ald. Henningsen feels this should be charted. How much was available and how much we applied for. Under Fire dept. we anticipate getting \$5 million from the County. Ald. D'Amato stated we have goals for everything we do that regards funding. He asked if we have a goal for how much revenue we should count on from grants. Ms. Engan replied Health Department does a great job in getting grants. Ald. D'Amato stated perhaps next year we should challenge the people that are writing/searching for grants to have a certain percentage of our revenue from grants. Ms. Engan stated we have been very effective in bringing more resources to the City, but feels the Fire Department could do a much better job. They requested that the Fire Dept. add a resource person to apply for grants. Ald. D'Amato asked Ms. Engan if she could chart how much cities of comparable size receive from grants. Ald. Murphy stated the health department has seen a decrease in grants. Ms. Engan stated she would have to look at that number and go back and see what that change is. She feels the 2002 number reflected a grant that is a three-year grant, which she

*feels is the Lead grant. She stated they are clearly not losing ground by bringing money to the health department. We're receiving about 100 million in grants.*

COMPTROLLER

*W. Martin Morics, Michael Daun, Sandra Rotar & James Carroll appeared.*

*Ms. Rotar gave a brief overview of her budget report, and Mr. Carroll followed up with his fiscal presentation. The 2003 Proposed Comptroller's Office Budget authorizes 66 positions, 2 fewer than the 68 positions that were authorized in the 2002 budget. It also provides \$30,000 for independent study of the functional area of the General Accounting Division.*

*Mr. Morics stated this represents basically a status quo budget. Ald. Gordon asked Mr. Morics about his feeling on the change of name, etc. of the Central Board of Purchases. Mr. Morics stated the changes are positive as long as we maintain the integrity of the purchasing process. He stated they use outside services for audit of the health department and are also using an outside firm to do an audit of 3rd District Police Station. He said it doesn't make sense for the City to hire a fulltime auditor that is skilled in these services and is thus far been much more efficient to use an outside auditor on an as needed basis. The Proposed 2003 budget also includes the completion of 12 audits as an internal management indicator. Ald. D'Amato asked Mr. Morics who prints their reports. Mr. Morics stated they are printed on the outside. Mr. Morics stated he would supply the Committee with his printing budget, how much is City and how much is on the outside. Ald. Henningsen asked about the low interest mortgage program. Mr. Morics replied there is approximately 41 mortgages with a total value of approximately \$623,625. No new loans have been made since 1985. He stated he asked for the HUD regulation memos on the Block Grant. Ald. Henningsen stated they have project managers who look at it and say it looks okay and then they send it to the Comptroller. Mr. Morics stated his department is essentially financial oversight. Ald. Henningsen wants to know why it takes 7 and ½ people to review what the block grant office does. Mr. Morics stated his department does an audit function and they do site visits, etc. Audits that are analytical by their nature are labor intensive. Ald. Murphy asked about the 2000 audit they did on Williamsburg heights and asked why their wasn't some follow-up at that time. Mr. Morics stated perhaps they were satisfied with the response or they referred it to the City Attorney's office. Mr. Morics stated he would get back to Ald. Murphy relative to that. Governmental Accounting Standards Board Statement No. 34 probably went on for 10 years and there is no way we can opt out of this. \$44,000 is included in this budget to implement the plan. Ald. D'Amato asked Mr. Morics about the health clinic (Milwaukee Health Connection) that went before Judiciary and Legislation Committee several times re. to rent, etc. Mr. Morics stated it is a work in progress and has been making progress. Ald. Murphy and Ald. Gordon stated Mr. Morics has always been very fair.*

CITY DEBT

*W. Martin Morics, John Ledvina & Marianne Walsh appeared.*

*Mr. Ledvina then presented his budget highlights, after which Ms. Walsh recited her fiscal overview. The forecast for City Debt is partly sunny. The City Budget for Debt Service includes Milwaukee Public School Debt and all City government-related purposes. The City may also use its own borrowing authority for school purpose MPS debt service is \$131.5 million. As of December 31, 2001, the outstanding debt service requirements for the City totaled \$842.7 million, an increase of \$47.2 million or 5.9%*

from 2000 levels. The tax levy for debt service will total \$55.8 million. Mr. Morics stated one of things he pushed for many years is to break out the self-supporting debt. They used general obligation debt because it is the cheapest form of debt available. Ald. Henningsen asked about the school debt and whether we must use our authority for any and all they submit to us. Mr. Morics stated we are not. Ms. Engan stated there is a lot of backlog for maintaining those facilities (schools). They are trying to get the district to look at the ongoing maintenance plan. They are trying to work with the district to see if they can get a waiver from the State. We have about \$95 million outstanding for school debt. Ald. Henningsen stated that in future budgets we should look at MPS as they don't have but 1/10th of the budget hearings we have and will not vote for anymore borrowing for them until they submit a 5% decrease in their budget. Ms. Engan stated the level of reserves we wanted in that fund was between 15 and 20%. We are about 10% so we are below the level we wanted. Ald. Murphy stated this committee will have to be answering and looking at some tough policy decisions. On the issue of the cash financing, we are one of the few cities that are doing this and this is a good thing. Mr. Morics stated as you look at reserves and look at policies, you have to remember that these things are your savings accounts. These are one timers. You have to understand that you want to maintain it there. Mr. Morics stated the reason you are cash financing these things is because you're doing the same thing every year. He stated we adopted this 20 years ago. Ms. Engan stated it certainly is a policy call. You have to look at the bottom line. She passed out a chart for the Tax Stabilization Fund. In terms of the drop, it was a goal to bring it down to a more manageable level. In 1992 it went up to \$55.7 million, down to \$29.1 in 2001. Mr. Morics stated the plan is independent of interest rates. It is predicated on the premise that you pay for today's expenses with today's funds. Ms. Engan stated it is a policy call on how much debt you want to place in the budget. Ms. Engan stated her and Mr. Morics will be telling the Committee not to make a change.

#### CITY REVENUES

W. Martin Morics, Dennis Yaccarino, James Carroll & Marianne Walsh appeared.

Mr. Yaccarino read from his budget report, while Ms. Walsh recited her fiscal narrative. The forecast was City Revenues is partly cloudy. The 2003 general City purpose budget totals \$488.8 million, an increase of \$6.25 million from the 2002 adopted budget. Intergovernmental revenues and the property tax levy account for nearly ¾ of the total revenues for general City purposes in the 2003 proposed budget. Intergovernmental Revenues have continued to fall. The solid waste fee will increase from \$75 to \$78. Ald. Henningsen asked the definition of General City purpose. The General City Purpose is generally what we speak of, goes for most general city services (safety, Fire and Police etc.)

#### TAX STABILIZATION FUND

W. Martin Morics, Dennis Yaccarino & Mark Ramion appeared.

Mr. Yaccarino gave his budget overview, after which Mr. Ramion presented his fiscal review. The Tax Stabilization Fund balance available for 2003 purposes is \$29,122,000. The 2003 proposed budget TSF annual withdrawal of \$10,000,000 would leave a remaining available balance of \$19,122,000 prior to 2003 regeneration. The proposed withdrawal includes \$1,000,000 in anticipation of recognition by the Comptroller for changes in various fees. Mr. Morics stated one of the aspects of a good reserve policy is, it does meet something. He feels this should be brought

before the Committee and discussed because there are ramifications. Ald. Murphy stated you are increasing my solid waste fee yet you are decreasing the service. This is a question that every constituent is going to ask. Mr. Morics encouraged members to contact his office if they wanted any workups on things they planned to offer for the budget. Ms. Engan stated that if they go to a special pickup fee, they will have to look at decreasing the solid waste fee. Special pickups were considered in that fee. Ald. Murphy stated we are providing free service to absentee landlords. Ald. D'Amato stated this year we are projected to do 400,000 special pickups. Ald. Murphy stated he was looking at possibly the first one is free and after that start documenting and charging for. He feels a crew or sanitation supervisor could mark it down, send it downtown to sanitation and have them submit a bill. Ald. Gordon stated there has to be an education process tied to this. Ms. Engan stated she is not saying we can't do it. They were convinced by the staff of Sanitation that it would be too costly by staff to implement that charge. Ald. D'Amato asked Mr. Morics about the policy for TSFs. Mr. Morics stated there will be times you want to take more out. The difficult thing is you anchor it on a 3-year plan and it will retain its status as something meaningful.

#### PUBLIC DEBT COMMISSION

W. Martin Morics, Michael Daun, John Ledvina & James Carroll appeared.

Mr. Ledvina gave a recitation of his budget highlights, and then Mr. Carroll presented his fiscal report. The budget of the Public Debt Commission annually provides funding for 2 positions. The 2003 Proposed Budget provides \$105,123 for Salaries and Wages. This is approximately a 4% decrease. Ald. Henningsen asked about the service fees. We pay \$500,000. Would it be more cost effective if we had on staff a bond counsel and a financial advisor. Mr. Morics stated bond counsel is a very specialized field. He stated it wouldn't make sense to do it in house. Ald. Gordon asked about the 30% goal, which has not been met. Mr. Morics stated on negotiated offers their rating has been better. They have made a point of including a policy statement and everyone does receive a list of MBE and DBE. He stated at the end of the day, the low bidder still wins. Ald. Henningsen stated the law says low, qualified bid. Mr. Daun stated they have spent advanced effort and time in contacting MBD, DBE organizations. Well over \$40 million will be placed with meaningful, minority firms. The major firm maintains the underwriting. Our December sewer revenue bond was totally underwritten by a minority firm. They spent a lot of time and attention in developing it. Ald. Gordon asked for an analysis and who these firms are, something in writing that Mr. Daun stated about minority firm participation. Mr. Daun asked for 60 days to put it together a meaningful report. They moved to the competitive side for Internet bidding. He stated they would like to work with the City Attorney to work within the laws. Ald. Henningsen asked how the language would have to be changed in a bond if we wanted more liberal refunding provisions? Would it reflect the rating? Mr. Morics stated it would affect the rating. The Federal government says you can only refund a bond once. A general obligation, state law limits us to 20 years. Ms. Engan stated the Comptroller will only go to market for what we need for one year of spending.

#### COMMON COUNCIL CONTINGENT FUND

W. Martin Morics, Dennis Yaccarino & Mark Ramion appeared.

Mr. Yaccarino read the budget overview, and Mr. Ramion gave his fiscal recitation. The 2003 proposed budget provides \$5,000,000 for the Contingent Fund. As of 2002, 70% of that fund remains. Ms. Engan reminded the committee about the Police overtime issues. Ald. Henningsen asked if we had money from the Wages

*Supplement Fund. This money is invested. Ald. D'Amato asked if the Council can do anything to stop the Police Department from using all this overtime. Ms. Engan stated you could get into some legal issues over time worked. She stated perhaps in 2003 you could require the department to come before the Committee for the formal release of overtime money. It's hard to control overtime without a strong directive from the Chief. The reduction in overtime will come about with management initiatives to control the cost. Ald. Gordon asked Ms. Engan to provide the top five departments that raid the contingent fund over the last five years.*

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

**Aye** 4 - Gordon, Murphy, Henningsen and D'Amato

**No** 0

**Excused** 1 - Hines Jr.

*Meeting Adjourned: 5:15 P.M.*

*KATHLEEN M. MARQUARDT  
Staff Assistant*