

Reply to Common Council File No. 001659

From DOA-Budget and Management Division

June 11, 2001

Ref: 01044

Common Council File 001659 is a substitute resolution communicating the 2001 Budget reduction and revenue adjustments planned by City departments as directed by the Mayor.

The City faced extreme financial pressures during fiscal year 2000, including health care cost increases of 12%, salary arbitration awards exceeding inflationary levels, and significant expenses for the snow and ice control program. This resulted in an operating shortfall of approximately \$9 million. Because State Statutes prevent the City of Milwaukee from transferring between departments with surplus funds and departments with account shortfalls, the City will have to borrow additional funds to close fiscal year 2000 books.

The City needs to continue to develop long-term financing and budget control strategies to control the growth of property taxes. This file contains planned adjustments for 2001 and identifies areas for additional study. Areas of additional study include:

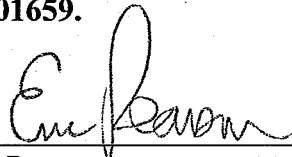
- Working creatively with other Milwaukee County taxing jurisdictions to reduce employee health care costs;
- Pursuing intergovernmental cooperation agreements for city services;
- Developing cost reduction and efficiency initiatives in the city's value-adding programs and operations;
- Identifying for elimination non value-adding city programs and operations; and
- Exploring new revenue options and alternatives for financing city services.

Spending reductions and revenue adjustments for 2001 are detailed in the File and include:

- reductions in miscellaneous operating expenses among various City departments;
- increases in existing revenues and creation of new revenues; and
- changes in service levels, including Library hours, boulevard maintenance, street sweeping, street lighting, and Fleet equipment purchases.

These spending reductions and revenue adjustments will help the City improve its financial position by building reserves and committing to rapid repayment of borrowing costs. They should result in unspent appropriations of approximately \$3.8 million and increased revenues of approximately \$1.3 million in 2001. These additional monies will revert to the Tax Stabilization Fund, in accordance with Section 304-29-3, Milwaukee Code of Ordinances.

RECOMMENDATION: APPROVE FILE 001659.



Eric C. Pearson

Budget and Management Team Leader

ECP:

FINANCE:001659srsb2.doc

2001 Budget Adjustments: Changes to Adopted Budget

DEPARTMENT	APPROPRIATION CHANGE	REVENUE CHANGE
Administration, Dept. of	\$ (142,803)	\$ 137,692
Assessor's Office	\$ (26,766)	\$ -
City Attorney	\$ (35,633)	\$ -
City Development, Dept. of	\$ (78,656)	\$ -
City Comptroller	\$ (28,000)	\$ -
Election Commission	\$ (34,101)	\$ -
Employee Relations, Dept. of	\$ (45,982)	\$ -
Fire and Police Commission	\$ (22,923)	\$ -
Fire Department	\$ -	\$ 150,000
Health Department	\$ (123,917)	\$ 75,000
Library	\$ (677,000)	\$ 163,943
Mayor's Office	\$ (35,000)	\$ -
Neighborhood Services, Dept. of	\$ (46,200)	\$ 108,000
<i>Public Works, Dept. of</i>	<i>\$ (2,425,081)</i>	<i>\$ 712,000</i>
DPW-Buildings & Fleet Division	\$ (1,736,581)	\$ -
DPW-Forestry Division	\$ (275,500)	\$ 75,000
DPW-Infrastructure Division	\$ (243,000)	\$ -
DPW-Parking	\$ -	\$ 494,000
DPW-Solid Waste	\$ (170,000)	\$ 143,000 *
Treasurer's Office	\$ (28,172)	\$ -
TOTAL	\$ (3,750,234)	\$ 1,346,635

NOTE: This is an updated summary that reflect changes to some of the revenues. These changes adjust revenues where appropriate for changes in the anticipated date of implementation.