City of Milwaukee

City Hall
200 East Wells Street
Milwaukee, WI 53202

Meeting Agenda

STEERING & RULES COMMITTEE

ALD. WILLIE L. HINES, Jr., CHAIR
Ald. Michael J. Murphy, Vice-Chair
Ald. Joe Davis, Sr., Ald. Ashanti Hamilton, Ald. James Witkowiak, Ald. Robert Bauman, Ald. Robert Donovan, and Ald. James Bohl, Jr.

Staff Assistant, Terry MacDonald, (414)-286-2233
Fax: (414) 286-3456, E-mail: tmacdo@milwaukee.gov

Thursday, July 16, 2009 | **1:30 PM** | **Room 301-B, City Hall**

AMENDED 7/10/09

1. **090329** Communication from the Department of Transportation relating to the proposed reconstruction of the Zoo Interchange.

Sponsors: THE CHAIR

Attachments: Hearing Notice List

2. **090256** Substitute resolution expressing the City of Milwaukee's position on the proposed reconstruction of the Zoo Interchange.

Sponsors: Ald. Murphy and Ald. Bauman

Attachments: Fiscal note
S&R Cmte Hearing Notice List
Proposed Substitute A
Proposed Substitute B
Hearing Notice List

---May be referred from the Public Works Committee

3. **090089** Substitute motion amending the Common Council's Procedure and Rules relating to committee assignment of capital improvement projects.

Sponsors: Ald. Murphy, Ald. Dudzik and Ald. Bohl

Attachments: Legislative Reference Bureau Memorandum
Hearing Notice List
Proposed Sub. A

4. **090324** Communication from the Department of City Development relating to a status report regarding the Citywide Policy Plan, which will contain broad policy recommendations regarding land use, economic development, transportation, cultural/natural resources and sustainability, housing and neighborhoods, community facilities and utilities and intergovernmental cooperation.

Sponsors: THE CHAIR

Attachments: Hearing Notice List
Memo from Dept of City Development re Comprehensive Plan Update

5. **090042** Communication from the Budget and Management Division regarding the city's fiscal condition.

Sponsors: THE CHAIR

Attachments: Cover Letter
7-16-09 Steering & Rules Committee meeting PowerPoint Presentation
6-15-09 Finance & Personnel Committee meeting PowerPoint Presentation
5-14-09 Steering & Rules Committee meeting PowerPoint Presentation re Over
Hearing Notice List

This meeting will be webcast live at www.milwaukee.gov/channel25.

Members of the Common Council and its standing committees who are not members of this committee may attend this meeting to participate or to gather information. Notice is given that this meeting may constitute a meeting of the Common Council or any of its standing committees, although they will not take any formal action at this meeting.

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX)286-3456, (TDD)286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, (City Clerk's Office) or the first floor Information Booth in City Hall.

Persons engaged in lobbying as defined in s. 305-43-4 of the Milwaukee Code of Ordinances are required to register with the City Clerk's Office License Division. Registered lobbyists appearing before a Common Council committee are required to identify themselves as such. More information is available at www.milwaukee.gov/lobby.

City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Legislation Details (With Text)

File #:	090329 **Version:** 0		
Type:	Communication	**Status:**	In Committee
File created:	7/7/2009	**In control:**	STEERING & RULES COMMITTEE
On agenda:		**Final action:**	
Effective date:			
Title:	Communication from the Department of Transportation relating to the proposed reconstruction of the Zoo Interchange.		
Sponsors:	THE CHAIR		
Indexes:	EXPRESSWAY, WISCONSIN DEPARTMENT OF TRANSPORTATION		
Attachments:	Hearing Notice List		

Date	Ver.	Action By	Action	Result	Tally
7/7/2009	0	COMMON COUNCIL	ASSIGNED TO		
7/10/2009	0	STEERING & RULES COMMITTEE	HEARING NOTICES SENT		

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Number
090329

Version
ORIGINAL

Reference

Sponsor
THE CHAIR

Title

Communication from the Department of Transportation relating to the proposed reconstruction of the Zoo Interchange.

Drafter
CC
tjm
7/6/09

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FILE NUMBER: 090329
Steering & Rules Committee

NAME	ADDRESS	DATE SENT		
Jeff Mantes	Commissioner of Public Works	7/10/09		
Jeff Polenske	City Engineer	7/10/09		
Clark Wantoch	DPW-Infrastructure Services	7/10/09		
Ald. Murphy		7/10/09		
Ald. Bauman		7/10/09		
Paul Vornholt	DOA	7/10/09		
Mary Olinger	DOA	7/10/09		
Brenda Wood	City Clerk's Office	7/10/09		

City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Legislation Details (With Text)

File #:	090256 **Version:** 1		
Type:	Resolution	**Status:**	In Committee
File created:	6/16/2009	**In control:**	PUBLIC WORKS COMMITTEE
On agenda:		**Final action:**	
Effective date:			
Title:	Substitute resolution expressing the City of Milwaukee's position on the proposed reconstruction of the Zoo Interchange.		
Sponsors:	ALD. MURPHY, ALD. BAUMAN		
Indexes:	EXPRESSWAY, STREET IMPROVEMENTS		
Attachments:	Fiscal note, Hearing Notice List, S&R Cmte Hearing Notice List		

Date	Ver.	Action By	Action	Result	Tally
6/16/2009	0	COMMON COUNCIL	ASSIGNED TO		
6/19/2009	0	PUBLIC WORKS COMMITTEE	HEARING NOTICES SENT		
6/19/2009	0	PUBLIC WORKS COMMITTEE	HEARING NOTICES SENT		
6/22/2009	1	CITY CLERK	DRAFT SUBMITTED		
6/24/2009	1	PUBLIC WORKS COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
7/10/2009	1	STEERING & RULES COMMITTEE	HEARING NOTICES SENT		
7/10/2009	1	PUBLIC WORKS COMMITTEE	HEARING NOTICES SENT		

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Number
090256
Version
SUBSTITUTE 1
Reference

Sponsor
ALD. MURPHY, BAUMAN AND KOVAC
Title
Substitute resolution expressing the City of Milwaukee's position on the proposed reconstruction of the Zoo Interchange.
Analysis
With this resolution, the City of Milwaukee takes the following position relating to the proposed reconstruction of the Zoo Interchange:

1. The preferred alternative is to rebuild the interchange with 6 lanes and safety improvements.

2. The money saved by reconstructing the Interchange with 6 lanes, rather than proceeding with the option that expands it to 8 lanes, should be appropriated to local governments for the maintenance and reconstruction of existing local roads and bridges.

3. Any reconstruction of the Zoo Interchange should make provisions for a transit right-of-way that extends from the former West Allis Air Line railroad right-of-way on the southern edge of the Interchange northward toward the Milwaukee County Grounds to preserve the option of installing mass transit service from downtown Milwaukee to the County Grounds at a future time.

4. As a traffic mitigation measure, commuter rail service should be operated along the Canadian Pacific mainline between Milwaukee and Watertown throughout the duration of the construction phase of the Zoo Interchange project.
Body
Whereas, The Wisconsin Department of Transportation has released a draft environmental impact statement for the proposed reconstruction of the Zoo Interchange (the junction of Interstates 94 and 894 and U.S. Highway 45) that describes 4 alternatives for the project with the following costs:

1. Do nothing	$0
2. Rebuild interchange in its current configuration	$960 million
3. Rebuild the interchange with 6 lanes and safety improvements	$2.16 billion
4. Rebuild the interchange with 8 lanes and safety improvements	$2.31 billion

; and

Whereas, An expansion of the Zoo Interchange to 8 lanes will encourage motor vehicle use and dependence, thereby increasing air pollution and reliance on foreign oil supplies, and leaving the Milwaukee-area economy and residents of the region at the mercy of gasoline price fluctuations; and

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Whereas, The Zoo Interchange reconstruction plans make no provisions for improved mass transit in or around the Interchange and ignore the public's growing preference for a balanced, multi-modal transportation system that gives travelers and shippers a variety of options for personal and business travel and cargo transport; and

Whereas, An audit of the City's residential street paving program by the City Comptroller found that over one-fifth of Milwaukee's residential streets are in poor condition and that the cost of bringing all residential streets up to fair or good condition could be as much as $780 million over 25 years; and

Whereas, It is fundamentally unjust for the federal and state governments to saddle local property taxpayers with the burden of paying to maintain and reconstruct existing local streets and bridges while at the same time funding the expansion of Interstate highways; and

Whereas, The Common Council finds that the costs to the City of Milwaukee, its residents and taxpayers of reconstructing and expanding the Zoo Interchange to 8 lanes far outweigh the benefits of the additional lanes; and

Whereas, The Common Council further finds that the $150 million that may be spent to expand the Zoo Interchange from 6 lanes to 8 lanes could be more wisely used to provide additional aid to local governments for street and bridge maintenance, thereby preserving and improving the region's existing infrastructure; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee takes the following position with respect to the proposed reconstruction of the Zoo Interchange:

1. The preferred alternative for reconstruction of the Interchange is option 3, which makes various necessary safety improvements but does not increase the number of lanes in the Interchange.

2. The money saved by reconstructing the Interchange as outlined in option 3, rather than proceeding with option 4, should be appropriated to local governments for the maintenance and reconstruction of existing local roads and bridges.

3. Any reconstruction of the Zoo Interchange should make provisions for a transit right-of-way that extends from the former West Allis Air Line railroad right-of-way on the southern edge of the Interchange northward toward the Milwaukee County Grounds to preserve the option of installing rapid transit service from downtown Milwaukee to the County Grounds at a future time.

4. As a traffic mitigation measure, commuter rail service should be operated along the Canadian Pacific mainline between Milwaukee and Watertown, with intermediary stops at Wauwatosa, Elm Grove, Brookfield, Pewaukee, Hartland and Oconomowoc, throughout the duration of the construction phase of the Zoo Interchange project.

; and, be it

Further Resolved, That the City Clerk is directed to send copies of this resolution to Governor Doyle, the City of Milwaukee's representatives in the Wisconsin Legislature and Secretary of Transportation Busalacchi.

Requestor

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Drafter
LRB09247-2
JDO
06/18/2009

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..Number
090256
..Version
PROPOSED SUBSTITUTE B
..Reference

..Sponsor
ALD. MURPHY, BAUMAN AND KOVAC
..Title
Substitute resolution expressing the City of Milwaukee's position on the proposed reconstruction of the Zoo Interchange.
..Analysis
With this resolution, the City of Milwaukee takes the following position relating to the proposed reconstruction of the Zoo Interchange:

1. The preferred alternative is to rebuild the interchange under the 6-lane Modernization Alternative, which minimizes the total cost of the interchange reconstruction project and the number of property acquisitions in the City of Milwaukee.

2. The preferred alternative for the east leg of the interchanges is the E1 alternative identified in the Draft Environmental Impact Statement, which utilizes "Texas U-turns" to provided I-94 access to and from 76th Street and 84th Street. The 6-lane E1 alternative eliminates the need for the acquisition of 20 residential properties and one commercial property.

3. The preferred alternative for the north leg of the interchange is the NI alternative identified in the Draft Environmental Impact Statement, which utilizes frontage roads to provide freeway access to and from the local street system. The N1 alternative also introduces a new roadway crossing US 45 between Wisconsin Avenue and Watertown Plank Road, thereby creating a more direct link between the Milwaukee County Research Park and the Milwaukee Regional Medical Center and providing some traffic relief to the existing street system.

4. The Wisconsin Department of Transportation should provide access to I-94 from Blue Mound Road, as long as further property acquisitions can be avoided (note: the remaining alternatives under consideration for the north leg of the interchange provide for Blue Mound Road access to I-894 and US 45, but not I-94).

5. The money saved by reconstructing the Interchange with 6 lanes, rather than proceeding with the option that expands it to 8 lanes, should be appropriated to local governments for the maintenance and reconstruction of existing local roads and bridges.

6. The number of structures in the city of Milwaukee acquired and demolished for this project should be kept to a minimum.

7. Any reconstruction of the Zoo Interchange should make provisions for a transit and bicycle-trail right-of-way that extends from the former West Allis Air Line railroad right-of-way on the southern edge of the Interchange northward toward the Milwaukee County Grounds and Swan Boulevard to preserve the option of installing mass transit service and bicycle facilities from downtown Milwaukee to the County Grounds at a future time.

8. As a mitigation measure, the Wisconsin Department of Transportation should provide a westerly extension of the Hank Aaron State Trail along the former West Allis Air Line railroad.

9. As a traffic mitigation measure, commuter rail service should be operated along the Canadian Pacific mainline between Milwaukee and Watertown throughout the duration of the construction phase of the Zoo Interchange project.
..Body
Whereas, The Wisconsin Department of Transportation has released a draft environmental impact statement for the proposed reconstruction of the Zoo Interchange (the junction of Interstates 94 and 894 and U.S. Highway 45) that describes 4 alternatives for the project with the following costs:

1. Do nothing	$0
2. Rebuild interchange in its current configuration	$960 million
3. Rebuild the interchange with 6 lanes and safety improvements (6-Lane Modernization Alternative)	$2.16 billion
4. Rebuild the interchange with 8 lanes and safety improvements (8-Lane Modernization Alternative)	$2.31 billion

; and

Whereas, An expansion of the Zoo Interchange to 8 lanes will encourage motor vehicle use and dependence, thereby increasing air pollution and reliance on foreign oil supplies, and leaving the Milwaukee-area economy and residents of the region at the mercy of gasoline price fluctuations; and

Whereas, The Zoo Interchange reconstruction plans make no provisions for improved mass transit in or around the Interchange and ignore the public's growing preference for a balanced, multi-modal transportation system that gives travelers and shippers a variety of options for personal and business travel and cargo transport; and

Whereas, An audit of the City's residential street paving program by the City Comptroller found that over one-fifth of Milwaukee's residential streets are in poor

condition and that the cost of bringing all residential streets up to fair or good condition could be as much as $780 million over 25 years; and

Whereas, It is fundamentally unjust for the federal and state governments to saddle local property taxpayers with the burden of paying to maintain and reconstruct existing local streets and bridges while at the same time funding the expansion of Interstate highways; and

Whereas, The Common Council finds that the costs to the City of Milwaukee, its residents and taxpayers of reconstructing and expanding the Zoo Interchange to 8 lanes far outweigh the benefits of the additional lanes; and

Whereas, The Common Council further finds that the $150 million that may be spent to expand the Zoo Interchange from 6 lanes to 8 lanes could be more wisely used to provide additional aid to local governments for street and bridge maintenance, thereby preserving and improving the region's existing infrastructure; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee takes the following position with respect to the proposed reconstruction of the Zoo Interchange:

1. The preferred alternative is to rebuild the interchange under the 6-lane Modernization Alternative, which minimizes the total cost of the interchange reconstruction project and the number of property acquisitions in the City of Milwaukee.

2. The preferred alternative for the east leg of the interchanges is the E1 alternative identified in the Draft Environmental Impact Statement, which utilizes "Texas U-turns" to provided I-94 access to and from 76th Street and 84th Street. The 6-lane E1 alternative eliminates the need for the acquisition of 20 residential properties and one commercial property.

3. The preferred alternative for the north leg of the interchange is the NI alternative identified in the Draft Environmental Impact Statement, which utilizes frontage roads to provide freeway access to and from the local street system. The N1 alternative also introduces a new roadway crossing US 45 between Wisconsin Avenue and Watertown Plank Road, thereby creating a more direct link between the Milwaukee County Research Park and the Milwaukee Regional Medical Center and providing some traffic relief to the existing street system.

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5. The money saved by reconstructing the Interchange with 6 lanes, rather than proceeding with the option that expands it to 8 lanes, should be appropriated to local

governments for the maintenance and reconstruction of existing local roads and bridges.

6. The number of structures in the city of Milwaukee acquired and demolished for this project should be kept to a minimum.

7. Any reconstruction of the Zoo Interchange should make provisions for a transit and bicycle-trail right-of-way that extends from the former West Allis Air Line railroad right-of-way on the southern edge of the Interchange northward toward the Milwaukee County Grounds and Swan Boulevard to preserve the option of installing mass transit service and bicycle facilities from downtown Milwaukee to the County Grounds at a future time.

8. As a mitigation measure, the Wisconsin Department of Transportation should provide a westerly extension of the Hank Aaron State Trail along the former West Allis Air Line railroad.

9. As a traffic mitigation measure, commuter rail service should be operated along the Canadian Pacific mainline between Milwaukee and Watertown throughout the duration of the construction phase of the Zoo Interchange project.

; and, be it

Further Resolved, That the City Clerk is directed to send copies of this resolution to Governor Doyle, the City of Milwaukee's representatives in the Wisconsin Legislature and Secretary of Transportation Busalacchi.
..Requestor

..Drafter
LRB09247-4
JDO
07/14/2009

CC-170 (REV. 6/86)

CITY OF MILWAUKEE FISCAL NOTE

A) DATE June 22, 2009 **FILE NUMBER:** 090256

Original Fiscal Note [x] Substitute [ ]

SUBJECT: Substitute resolution expressing the City of Milwaukee's position on the proposed reconstruction of the Zoo Interchange.

B) SUBMITTED BY (Name/title/dept./ext.): Paul Vornholt/Dept. of Admin., Intergov. Relations/Ext. 5562

C) CHECK ONE:

- [ ] ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES
- [ ] ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.
- [x] NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO:

- [ ] DEPARTMENT ACCOUNT(DA)
- [ ] CAPITAL PROJECTS FUND (CPF)
- [ ] PERM. IMPROVEMENT FUNDS (PIF)
- [ ] OTHER (SPECIFY)
- [ ] CONTINGENT FUND (CF)
- [ ] SPECIAL PURPOSE ACCOUNTS (SPA)
- [ ] GRANT & AID ACCOUNTS (G & AA)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:					
TOTALS					

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

[ ] 1-3 YEARS	[ ] 3-5 YEARS	
[ ] 1-3 YEARS	[ ] 3-5 YEARS	
[ ] 1-3 YEARS	[ ] 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE [ ]

PW FILE NUMBER: 090256

NAME	ADDRESS	DATE SENT		
Jeff Mantes	Commissioner of Public Works	6/19/09	7/10/09	
Jeff Polenske	City Engineer	x	x	
Clark Wantoch	DPW-Infrastructure Services	x	x	
Ald. Murphy		x	x	
Ald. Bauman		x	x	
Paul Vornholt	DOA	x	x	
Mary Olinger	DOA	x	x	
Brenda Wood	City Clerk's Office	x	x	

FILE NUMBER: 090256
Steering & Rules Committee

NAME	ADDRESS	DATE SENT		
Jeff Mantes	Commissioner of Public Works	7/10/09		
Jeff Polenske	City Engineer	7/10/09		
Clark Wantoch	DPW-Infrastructure Services	7/10/09		
Ald. Murphy		7/10/09		
Ald. Bauman		7/10/09		
Paul Vornholt	DOA	7/10/09		
Mary Olinger	DOA	7/10/09		
Brenda Wood	City Clerk's Office	7/10/09		

City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Legislation Details (With Text)

File #:	090089 **Version:** 1		
Type:	Motion	**Status:**	In Committee
File created:	5/5/2009	**In control:**	STEERING & RULES COMMITTEE
On agenda:		**Final action:**	
Effective date:			
Title:	Substitute motion amending the Common Council's Procedure and Rules relating to committee assignment of capital improvement projects.		
Sponsors:	ALD. MURPHY, ALD. DUDZIK, ALD. BOHL		
Indexes:	CAPITAL IMPROVEMENTS, COMMON COUNCIL RULES		
Attachments:	Legislative Reference Bureau Monorandum, Hearing Notice List		

Date	Ver.	Action By	Action	Result	Tally
5/5/2009	0	COMMON COUNCIL	ASSIGNED TO		
6/3/2009	1	CITY CLERK	DRAFT SUBMITTED		
7/10/2009	1	STEERING & RULES COMMITTEE	HEARING NOTICES SENT		

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Number
090089
Version
SUBSTITUTE 1
Reference

Sponsor
ALD. MURPHY, DUDZIK AND BOHL
Title
Substitute motion amending the Common Council's Procedure and Rules relating to committee assignment of capital improvement projects.
Analysis
The Common Council's Procedure and Rules requires that all matters be referred to the "appropriate standing committees". Currently, all files relating to capital improvements are referred to the Public Works committee. This amendment to Procedure and Rules specifies the Finance and Personnel committee as an additional committee to which all capital improvement projects with changes to cost exceeding the larger of 10 percent or $50,000 will be referred.
Body
It is moved by the Common Council of the City of Milwaukee that Article II, Section 1-2-n of the Common Council Procedure and Rules is created to read:

ARTICLE II: COMMITTEES
Section 1. Standing Committees.
2. Finance and Personnel.
n. After public works committee review, capital improvement projects with changes to cost exceeding the larger of 10 percent or $50,000.

Drafter
LRB09197-2
MST
6/03/09

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..Number
090089
..Version
PROPOSED SUBSTITUTE A
..Reference

..Sponsor
ALD. MURPHY, DUDZIK AND BOHL
..Title
Substitute motion amending the Common Council's Procedure and Rules relating to committee assignment of capital improvement projects.
..Analysis
The Common Council's Procedure and Rules requires that all matters be referred to the "appropriate standing committees". Currently, all files relating to capital improvements are referred to the Public Works committee. This amendment to Procedure and Rules specifies the Finance and Personnel committee as an additional committee to which all capital improvement projects with increases to cost exceeding the larger of 10 percent or $50,000 will be referred.
..Body
It is moved by the Common Council of the City of Milwaukee that Article II, Section 1-2-n of the Common Council Procedure and Rules is created to read:

ARTICLE II: COMMITTEES
Section 1. Standing Committees.
2. Finance and Personnel.
n. After public works committee review, capital improvement projects with increases to cost exceeding the larger of 10 percent or $50,000.

..Drafter
LRB09197-3
MST
7/14/09

City of Milwaukee

INTERDEPARTMENTAL CORRESPONDENCE
LEGISLATIVE REFERENCE BUREAU

Memorandum

To: Ald. Michael J. Murphy, Ald. Joseph A. Dudzik and Ald. James A. Bohl, Jr.

From: Michael Talarczyk, Legislative Fiscal Analyst

Date: May 8, 2009

Re: Motion Amending Common Council Procedures and Rules for Committee Assignments of Capital Improvement Projects

Attached is a draft motion amending the Common Council's Procedures and Rules relating to the committee assignments of capital improvement projects. As initially articulated, this motion would require capital improvement projects with initial estimated costs of at least $500,000 and a proposed "change in scope" greater than 10% of this initial cost to come before the Finance and Personnel committee. This memorandum serves as an addendum to the draft resolution, providing brief clarification on two issues.

As written, this motion sets the parameters for Finance and Personnel committee review of capital improvement projects at "*changes to cost exceeding the larger of 10 percent or $50,000*". This "clean" phrasing effectively captures the intent of the $500,000/10 percent parameter while also including large dollar changes to projects with initial projected costs below $500,000. As an example, this motion will not only include a project with an initial estimated cost of $500,000 that has increased to $555,000, but also a project with initial projected costs of $200,000 that has doubled to $400,000. The motion, as written, includes smaller dollar projects with large dollar changes under the added purview of the Finance and Personnel committee.

Second, as written, this motion will embrace all capital improvement projects that meet the 10 percent/$50,000 change threshold, whether those changes are city dollars or not. That being said, this may serve as a good "check", as city participation is not always readily apparent. For example, File #081582 relates to a revised project agreement for the replacement of the West Forest Home Avenue Bridge over the Kinnickinnic River "*with 100% federal and/or state aid*" and a "*total cost of the project at $4,472,500, which is an increase of $2,295,000.*" While on the surface this project may appear to have no city financing, in reality municipal participation has increased from the $78,750 approved in File #041289 to the $122,500 disclosed in the revised project agreement attached to File #081582. As another example, File #081667 relates to a revised project agreement for the improvement of East State Street from North Edison Street to North Prospect Avenue, with "*90% federal and/or state aid*" and an "*estimated total cost of the project at $1,978,500, which is an increase of $1,374,300.*" In this case, city participation increases from the $20,550 approved in File #950972 to the $180,375 disclosed in the revised project agreement.

FILE NUMBER: 090089
Steering & Rules Committee

NAME	ADDRESS	DATE SENT		
Ronald Leonhardt	City Clerk	7/10/09		
Rhonda Kelsey	DOA-Purchasing	7/10/09		
Jeff Mantes	Commissioner of Public Works	7/10/09		
Jeff Polenske	City Engineer	7/10/09		
All Council Members		7/10/09		
Mike Talarczyk	LRB	7/10/09		

City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Legislation Details (With Text)

File #:	090324 **Version:** 0		
Type:	Communication-Report	**Status:**	In Committee
File created:	7/7/2009	**In control:**	STEERING & RULES COMMITTEE
On agenda:		**Final action:**	
Effective date:			
Title:	Communication from the Department of City Development relating to a status report regarding the Citywide Policy Plan, which will contain broad policy recommendations regarding land use, economic development, transportation, cultural/natural resources and sustainability, housing and neighborhoods, community facilities and utilities and intergovernmental cooperation.		
Sponsors:	THE CHAIR		
Indexes:	DEPARTMENT OF CITY DEVELOPMENT, ECONOMIC DEVELOPMENT, HOUSING, LAND USE PLANNING, NEIGHBORHOOD DEVELOPMENT, REPORTS AND STUDIES, TRANSPORTATION, UTILITIES		
Attachments:	Hearing Notice List		

Date	Ver.	Action By	Action	Result	Tally
7/7/2009	0	COMMON COUNCIL	ASSIGNED TO		
7/10/2009	0	STEERING & RULES COMMITTEE	HEARING NOTICES SENT		

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Number
090324

Version
ORIGINAL

Reference

Sponsor
THE CHAIR

Title
Communication from the Department of City Development relating to a status report regarding the Citywide Policy Plan, which will contain broad policy recommendations regarding land use, economic development, transportation, cultural/natural resources and sustainability, housing and neighborhoods, community facilities and utilities and intergovernmental cooperation.

Drafter
DCD:MCP:mcp
07/07/09/A

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Department of City Development

City Plan Commission
Historic Preservation Commission
Neighborhood Improvement
Development Corporation
Redevelopment Authority

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

MEMO

Date: July 9, 2009

To: The Honorable Members of the Common Council

From: Vanessa Koster
Planning Manager

RE: Comprehensive Plan Update

While we have talked to you about the specific Comprehensive Area Plans we are currently developing, I'd like to take this opportunity to update you on the status of those area plans and the Citywide Policy Plan.

A few years ago, we committed to undertake comprehensive land use planning for the entire city of Milwaukee. We have raised over $325,000 to support our comprehensive planning effort and appreciate the investment by the philanthropic and business communities for this endeavor. To date, our activities have energized citizens in neighborhoods in every part of the city, empowering them to work for positive change. In many instances, the planning process has generated development and supported the formation of strong community stakeholder groups like the Airport Gateway Business Association, Granville-Brown Deer Chamber of Commerce and Friends of Norris Park. Our stakeholders have volunteered thousands of hours to the comprehensive planning effort.

Nine of the thirteen Area Plans are now complete. Currently, we have three area plans underway and are in the process of updating the Downtown Plan. When all of the plans are adopted, we will have land use and redevelopment recommendations for the entire City.

Our staff also has made significant progress on the citywide comprehensive (Smart Growth) plan. Last November, you were invited to participate in the kickoff meeting for the plan. At that time, we formed seven topical workgroups with private and public stakeholders with diverse interests and expertise to guide the plan development. The workgroups include: Land Use; Transportation; Economic Development; Sustainability, Cultural and Natural Resources; Housing and Neighborhoods; Community Facilities, and Intergovernmental Cooperation. Each of these workgroups has met several times since November and identified the key principles for each topic that the policy plan should address.

In order to keep the Council informed about the Citywide Policy plan progress, we will present a short update to the Steering and Rules Committee on Thursday, July 16th at 1:30 p.m. We appreciate all of your help in supporting the planning effort and will continue to keep you informed about individual plan progress. If you have any questions, please contact me at ext. 5716.

FILE NUMBER: 090324
Steering & Rules Committee

NAME	ADDRESS	DATE SENT		
Maria Pandazi	DCD	7/10/09		
Vanessa Koster	DCD	7/10/09		

City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Legislation Details (With Text)

File #:	090042 **Version:** 0		
Type:	Communication	**Status:**	In Committee
File created:	5/5/2009	**In control:**	STEERING & RULES COMMITTEE
On agenda:		**Final action:**	
Effective date:			
Title:	Communication from the Budget and Management Division regarding the city's fiscal condition.		
Sponsors:	THE CHAIR		
Indexes:	BUDGET, BUDGET AND MANAGEMENT DIVISION		
Attachments:	Cover Letter, 6-15-09 Finance & Personnel Committee meeting PowerPoint Presentation, 5-14-09 Steering & Rules Committee meeting PowerPoint Presentation re Overview of City Fiscal Condition, Hearing Notice List		

Date	Ver.	Action By	Action	Result	Tally
5/5/2009	0	COMMON COUNCIL	ASSIGNED TO		
5/8/2009	0	STEERING & RULES COMMITTEE	HEARING NOTICES SENT		
5/14/2009	0	STEERING & RULES COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	7:0
6/5/2009	0	CITY CLERK	REFERRED TO		
6/8/2009	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
6/8/2009	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
6/8/2009	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
6/8/2009	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
6/15/2009	0	FINANCE & PERSONNEL COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
7/10/2009	0	CITY CLERK	REFERRED TO		

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Number
090042
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title
Communication from the Budget and Management Division regarding the city's fiscal condition.

Drafter
Budget and Management Division
MN:BF10-3C
April 27, 2009
Finance/resolutions/titleonly communication fiscal condition.rtf

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From: Nicolini, Mark
Sent: Thursday, July 09, 2009 11:19 AM
To: Hines Jr., Willie
Cc: MacDonald, Terry; Runner, Alex; Holloway, Denise; Curley, Patrick; Silletti, Leslie; Owczarski, Jim
Subject: request for update to file 090042 for Steering & Rules: Communication from the Budget and Management Division regarding the city's fiscal condition

Date: July 9, 2009

To: Ald. Willie Hines
Common Council President

From: Mark Nicolini
Budget & Management Director

Re: July 16 Steering & Rules Agenda

I am respectfully requesting your consideration to allow the Budget office to present an update to the Steering & Rules Committee on July 16 regarding file 090042. This file is a communication regarding the City's fiscal condition. We have discussed the possibility of periodic updates to the Committee on this file.

The "new" content that I would intend to provide includes:

1) Current status of 2010 Proposed Executive Budget levy target
2) Update on non-property tax revenue initiatives
3) Update on requests for revenue re estimates to Comptroller
4) Capital Budget priorities & financing targets
5) Current status of pension contribution issue and impact on Budget planning
6) Current status of projected department O&M budget impacts resulting from fiscal situation

The Finance & Personnel Committee also has heard this file. If you believe an update is more appropriate for that Committee, I will pursue appropriate procedures to request Ald. Murphy to place it on the next F&P agenda.

Thank you. Please feel free to call me at x 5062 if you wish to discuss this matter.

April 28, 2009

Ref: BF10-3C

Common Council
City of Milwaukee

Subject: Introduction of Title Only Resolutions

Dear Honorable Members:

We are submitting the attached resolutions for introduction at the May 5, 2009 Common Council meeting. We are requesting the following files to be introduced by title at this time and will provide the detailed resolution and fiscal note for this purpose at a later date.

1. Communication from the Budget and Management Division Regarding the City's Fiscal Condition. This communication will summarize the city's current fiscal condition as it will affect the next three city budgets, and will outline some options that the city may consider to address its structural budget imbalance. We have discussed this with Council leadership and understand that it will be referred to the Steering and Rules Committee.
2. Resolution Approving a 2009 Budget Management Plan. This resolution will include actions, many already initiated, which are intended to improve the city's ongoing structural budget condition. We have discussed this with Council leadership and understand that it will be referred to the Finance and Personnel Committee.
3. Resolution Amending the 2009 Local Snow and Ice Removal Charge in Accordance with Sub-Section 2(a) and (b) of Section 309-83 of the Milwaukee Code of Ordinances. As part of the 2009 Budget Management Plan, the Administration recommends modifying the 2009 charge to reflect recent expenditure trends to enable full cost recovery of 2009 snow and ice control operations. We have discussed this with Council leadership and understand that it will be referred to the Finance and Personnel Committee.

Respectfully submitted,

Mark Nicolini
Budget and Management Director

MN:dmr
Attachments
Common/finance/resolutions/titleonlyletter3resolutions

Update Report on File 090042 City's Fiscal Condition

Steering & Rules Committee

July 16, 2009

Budget & Management Division

Presentation Goals

1. Provide an update on changes to Budget environment since May
   - State Budget final action
2. Discuss Administration 2010 Budget revenue initiatives
3. Discuss potential impact of 2010 Budget on department operations
4. Discuss 2010 Capital Improvement Budget priorities
5. Obtain input from Committee on Budget process issues and timeframes

Post-May Changes to Budget Environment

1. May presentation cited a 2010 structural budget imbalance of ~ $85-$90 million
2. State Budget Adoption: Key Impacts
   - State Shared Revenue: additional reduction of $ - 2.2 million (2010 change = $ - 2.6 m.)
   - Tipping fees increased $2.05 million
   - Basic Recycling Grant decreased $115,000
   - Elimination of Recycling Incentive Grant
   - Levy limits: 3% or net new construction
   - ERP Aid PY Budget eligibility threshold set at minimum of 3%
3. Health benefit cost increase may be limited to $10-$12 million ($16 million in May/June presentations)

2010 Revenue Initiatives

1. Budget office request to Comptroller for revenue re-estimates: $2-$3.0 million
2. Annual OMNIBUS file to adjust licenses, permits, & specialized service charges: $3.6-$4.2 million
3. Full cost recovery for solid waste charge, snow & ice removal charge, & tree care expense: $8-$10 million
4. 2010 debt service reduction: apply $2.7 million change to 2009 Snow & Ice charge to cancel emergency borrowing for 2008 expenses
5. Water Works Dividend

Request for Revenue Re Estimates

1. City Charter bestows Comptroller the authority to recognize Budget revenue
2. Initial estimates: Second Tuesday in May
3. Budget Office works with Comptroller to consider changes
4. Current Request status: $2.0-$3.0 million increase

Annual Omnibus File

1. Updates licenses, permits, & specialized user charges
2. Implicit full cost recovery policy
3. Existing items: $3.0-$3.5 million
4. New Revenues: ~ $1.5 million
   - Includes 2 new DNS program initiatives
5. Discuss handout document detail

Cost Recovery for DPW Services

1. 2009 Solid Waste Charge: ~ 95% of cost recovery ($28.5 million)
   - 2010 cost increases/revenue decreases: ~ $3.5 million
   - Administration proposal for 2010 Budget
2. 2009 Snow & Ice Removal Charge: $5.0 million
   - 5-year program cost average: ~ $7.7 million
   - Salt price projected increase
   - Administration proposal for 2010 Budget

Cost Recovery for DPW Services (cont'd)

3. Tree care services: ~ $6.9 million for DPW-desired service levels
   - 2009 budget allocates $5.0 million from storm water charge to offset large portion of levy support
   - Administration proposal for 2010 Budget

Change 2009 Snow & Ice Removal Charge: Cancel $2.7 m in Debt

1. 2008 net costs: ~ $14.8 million
2. Final 2008 charge: $6.2 million
3. 2009 adopted charge: $5.0 million
4. Council approved $2.7 million of emergency borrowing this year to cover 2008 snow & ice operations deficit—2-year term
5. Administration proposal: increase 2009 charge by $2.7 million & cancel debt
   - Reduces 2010 D/S levy & cancels debt
   - Enables ~ 40 > FTE and associated services in 2010 Budget
   - Typical homeowner charge: $34.81 versus $28.04 in 2008
   - Improves 2011 D/S Budget as well

Water Works Dividend

- Various options were considered for additional Water Works contribution to improving the City's fiscal conditions
- A dividend approach is the best short-term solution for balancing competing policy considerations
- City of Milwaukee residents were the early "investor" in the Water Works
- Pending Council approval, the Water Works will submit a rate case to Public Service Commission
- New revenue included in the proposal can support a $3 million annual dividend to the General Fund
- $3 million could support 40-45 FTEs and associated services
- Suburban customers would contribute $600,000 of the $3 million
- A change to the City Charter relative to Water Works debt reserves may be needed

2010 Budget Potential Impact on Department Operations

1. Current projection: ~$40-$45 million of operating budget reductions
   - This equates to about 10% of baseline department operations
   - Reductions will be greater if revenue items fall short of targets
   - Impact of Dividend
2. Service levels will change
   - Budget will identify clear priorities
   - Service delivery changes can stretch available funds

2010 Capital Improvement Budget Priorities

1. Target for new levy-supported borrowing: ~ $70 million
   - Debt levy stabilization goal
2. Program priorities to include:
   - Local street preservation
   - City Hall foundation repair
   - New Villard Library
   - Redevelopment in 30th Street Industrial Corridor

Budget Process & Timeframe

1. July 22 Finance & Personnel Committee
   - Advantages of early action on revenues
   - Briefings July 16-24
2. Council member briefings during August on Budget updates
3. Proposed Budget delivered on September 24
4. Council input on information needs

Update of City Fiscal Condition

Finance & Personnel Committee

June 15, 2009

DOA Budget & Management Division

Presentation Goals

1. Establish a common understanding of budget structural conditions
2. Identify near-term budget challenges
3. Identify the purpose & value of 2009 Budget adjustments
4. Discuss development of 2010 Budget

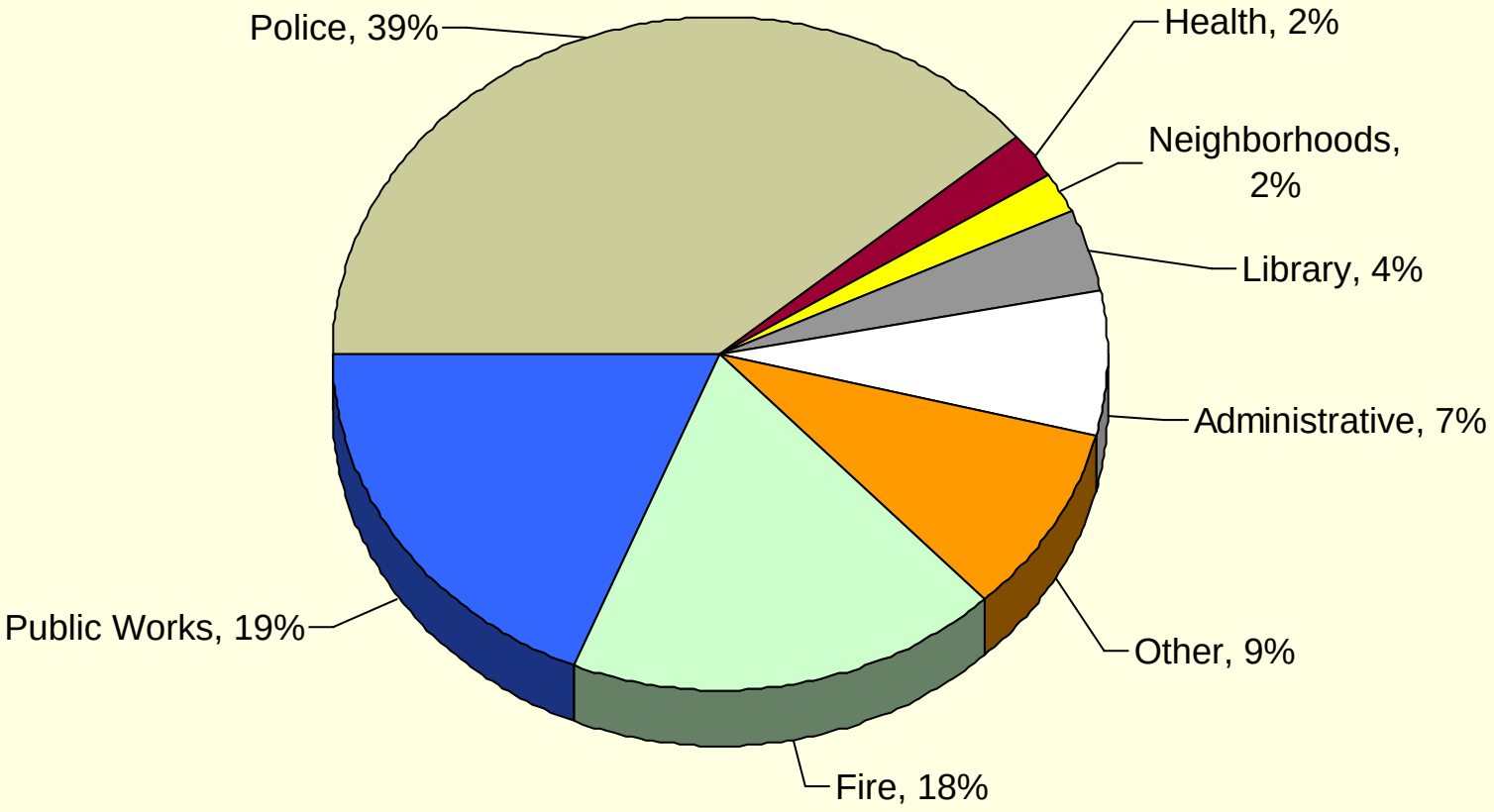
City Budget: Structural Condition

1. Structural balance = ongoing revenues can support continuation of service levels
2. City has an ongoing structural imbalance
   - Economic cycle increases the problem but does not “cause” it
3. 2010 = a higher level of urgency
   - Pension contribution issue
4. Expenditure & Revenue Overview

Expenditure Overview: Key Takeaways

1. Dominant role of public safety departments in O&M Budget
2. Cost recovery opportunities are limited
3. Fringe benefits = the crucial sustainability issue

Tax Levy Funded Operating Budget: By Department



Note: Does not include $253.8 million of DPW-operated Enterprise Funds (Parking, Sewer, Water).

Three departments comprise 76% of the $598.6 million 2009 Operating Budget.

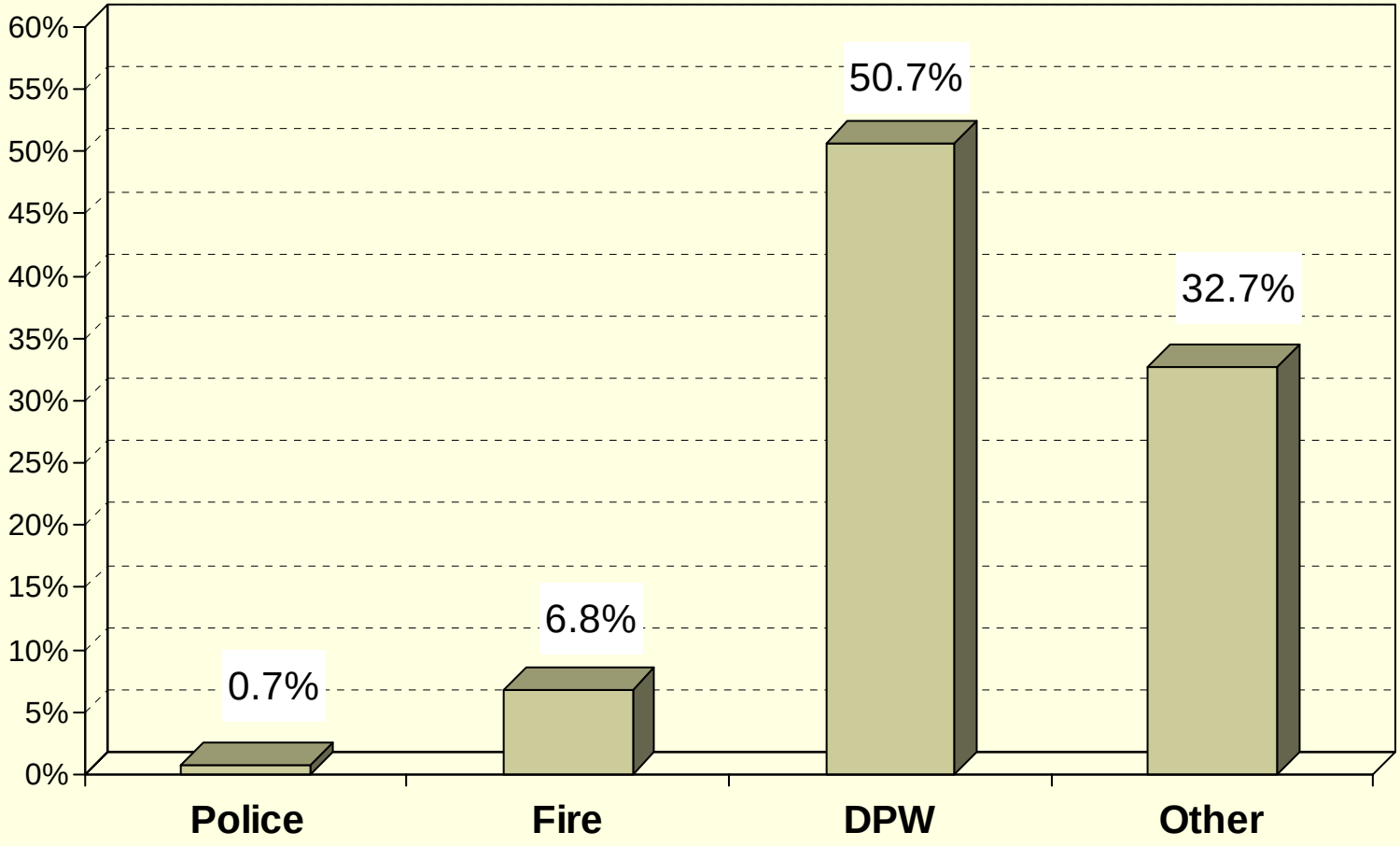
Revenue Consumption: "Where are my property taxes going?"

1. "Discretionary" revenue = funds not tied to an enterprise, specific service or regulatory activity, or debt service
2. Debt service = 30% of total 2009 levy
3. 2009 discretionary revenue: ~ $508.8 m
4. Shares of discretionary revenue:
   - Police: 45%
   - Fire: 19.2%
   - DPW: 11%
   - Admin depts: 5.2%
   - Library: 4%
   - Health: 1.9%
   - DNS: ~ 0%

O&M Budget Cost Drivers

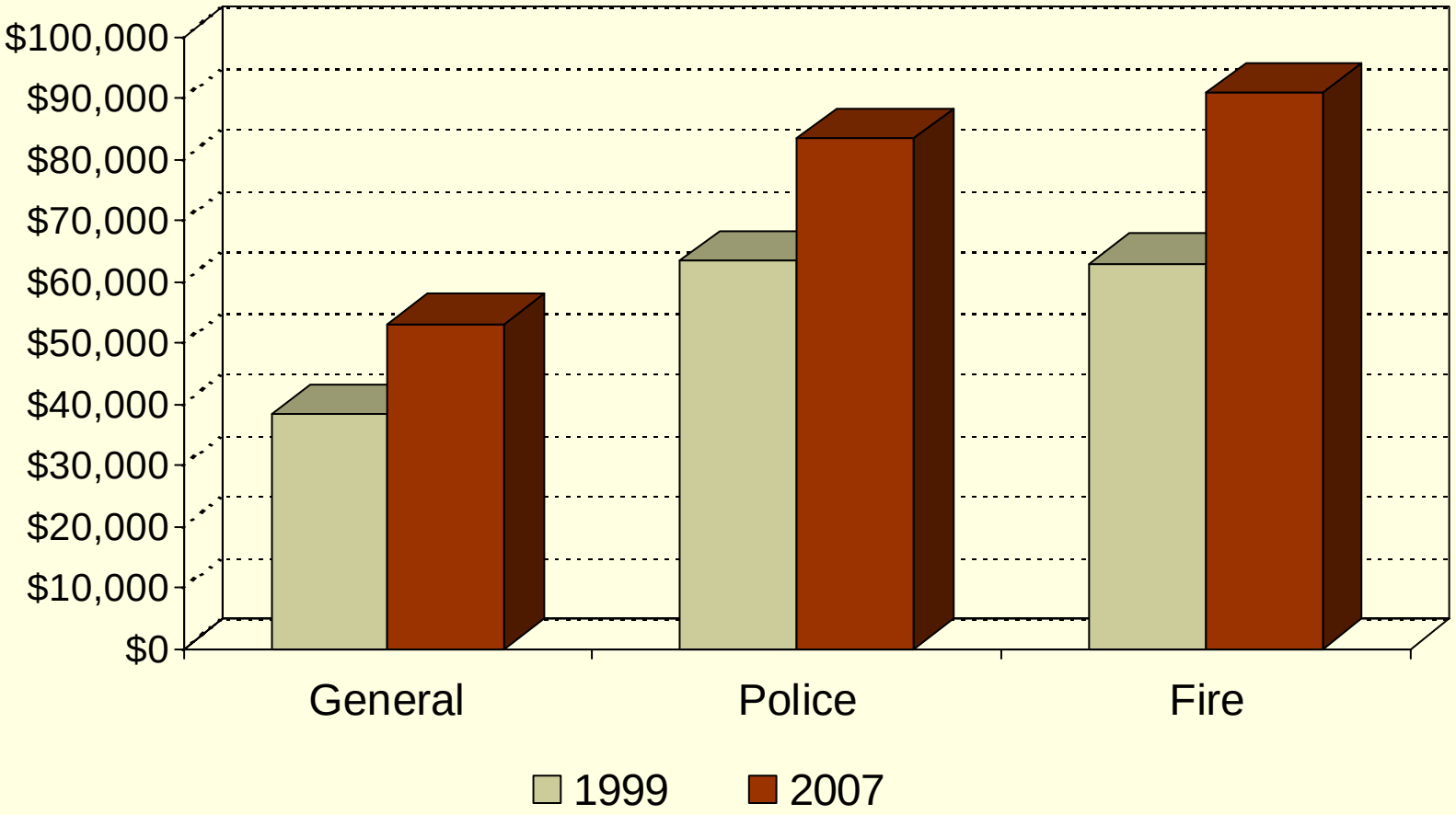
1. Service delivery choices and level of service
2. Community conditions and citizen expectations (“demand” does not decline in recessions)
3. Wages & fringe benefits increase at a rate much higher than revenue growth
   - Health care benefits reemerging as a major cost pressure
   - End of employer pension contribution “holiday” => a threat to future budget viability

Percentage of General Fund Operations Budget Recovered



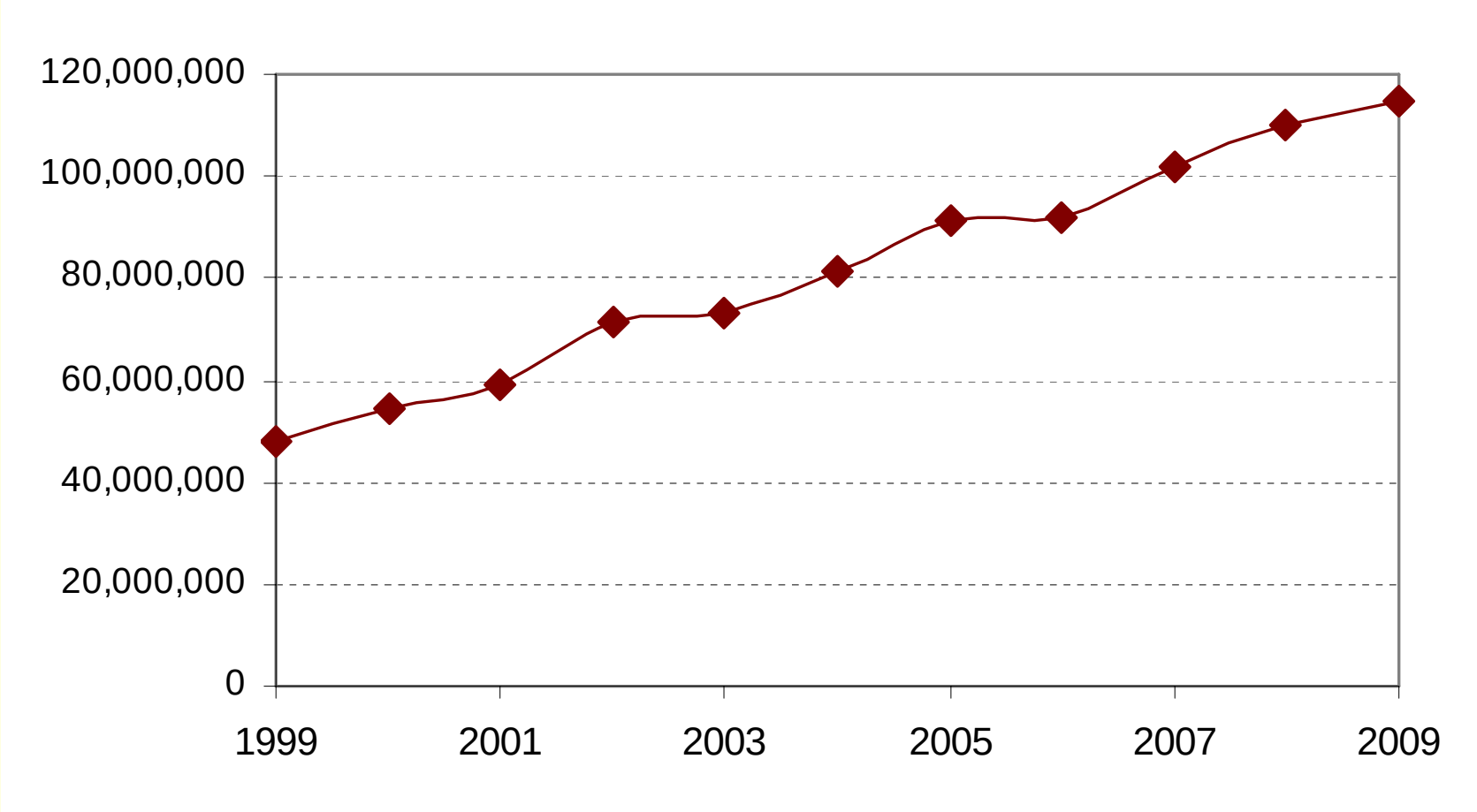
DPW recovers an above average percentage of its operating costs while Police and Fire recover only a small portion of their costs.

Average Employee Compensation Comparison*



* Including fringe benefits.

Total Net Health Care Costs



Pension Costs….
the defining challenge for Budget Sustainability

Pension “Normal Cost”

- The City operates its own home rule defined benefit pension plan, the City Employes Retirement System (ERS)
- As of 1/1/2008, the ERS had a “funded ratio” (ratio of actuarial asset value to total liabilities) of 131%--second best of approximately 150 major public employe retirement systems (PERS).
- Normal cost (NC) is the actuarially calculated value of future pension benefits annually earned by active employees.
  - Conceptually similar to a mortgage. The normal cost in 2008 for City employes was about $63 million.
- The Charter splits the responsibility for normal cost between the employe and employer contribution.
  - As a result of collective bargaining, the employer (City) pays most of the “employe” contribution-- ~ $23 million/year
- For many years the ERS has had a funded ratio of > 100%, and hence the employer contribution was $0—the employer’s normal cost share of ~ $40 million was “absorbed” by the Plan’s funded status.

Average Normal Cost per Active Employee (2008 Valuation)

Department	Average Salary	Gross Normal Cost	Employee Contribution	Net Normal Cost
Police	$59,989.39	$13,737.57	$4,199.26	$9,538.31
Fire	$64,409.94	$16,360.12	$4,508.70	$11,851.43
General City	$45,890.61	$5,185.64	$2,523.98	$2,661.66

Projected Pension Contribution: Increased City Budget Impacts

The Annuity & Pension Board approves an annual valuation that includes contribution amounts. Current projections:

- 2010- $49 million-$92 million
- 2011- $67 million-$126 million
- 2012- $80 million-$148 million

2010 Budget Expense Projections

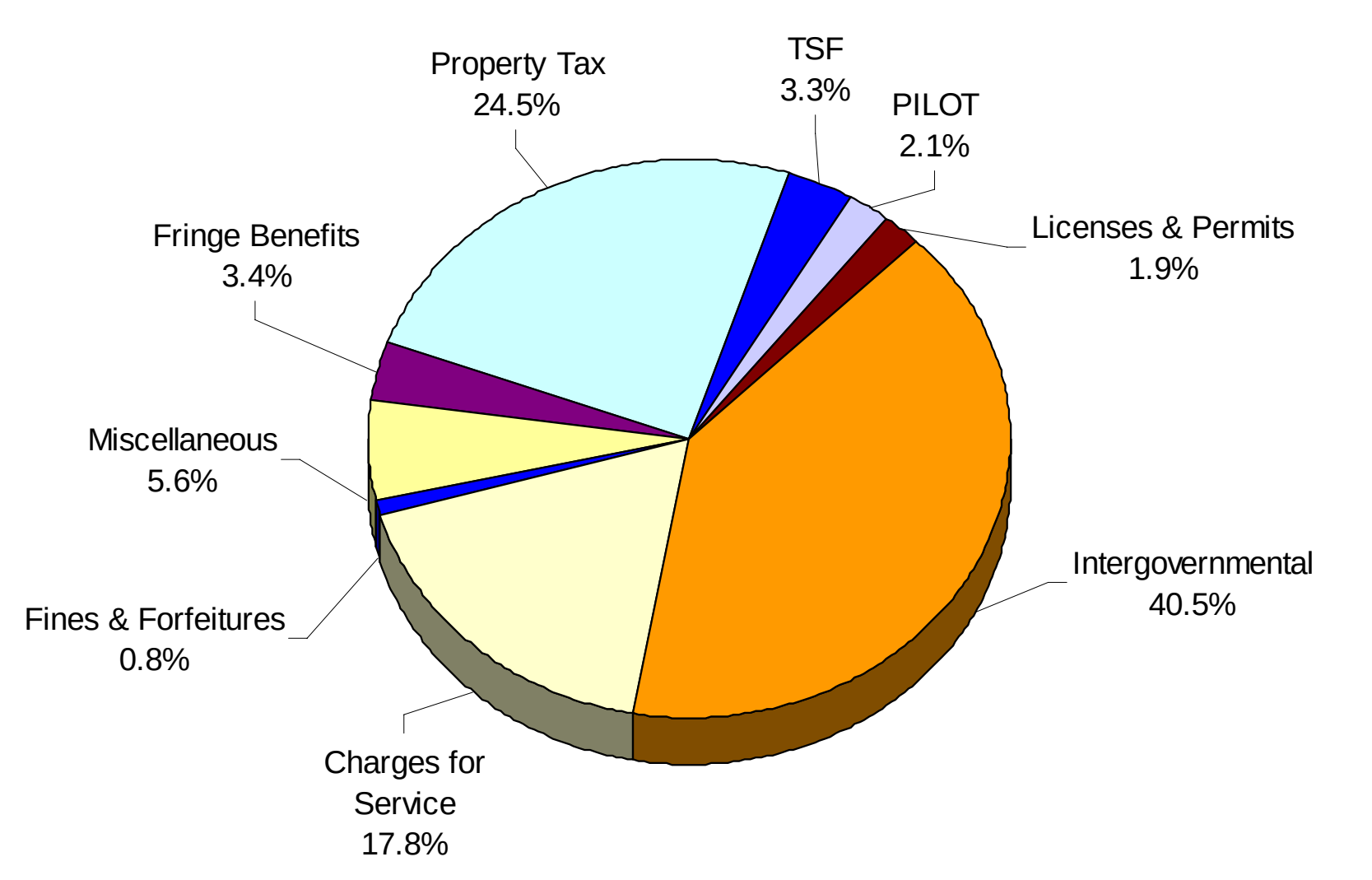
Based on Current Trends…

- Wages increase approximately $15 million per year.
- Health Care costs are expected to increase $16 million annually in 2010 and 2011 and $17.5 million in 2012.
- Workers' Compensation costs are increasing by $1.5 million annually.
- Normal growth in departmental non-salary accounts is about $2.2 million annually.
- Debt service levy expected to grow by $3 million.
- **Pension contribution increase brings 2010 "cost to continue" current service levels to ~ $90 million!!**

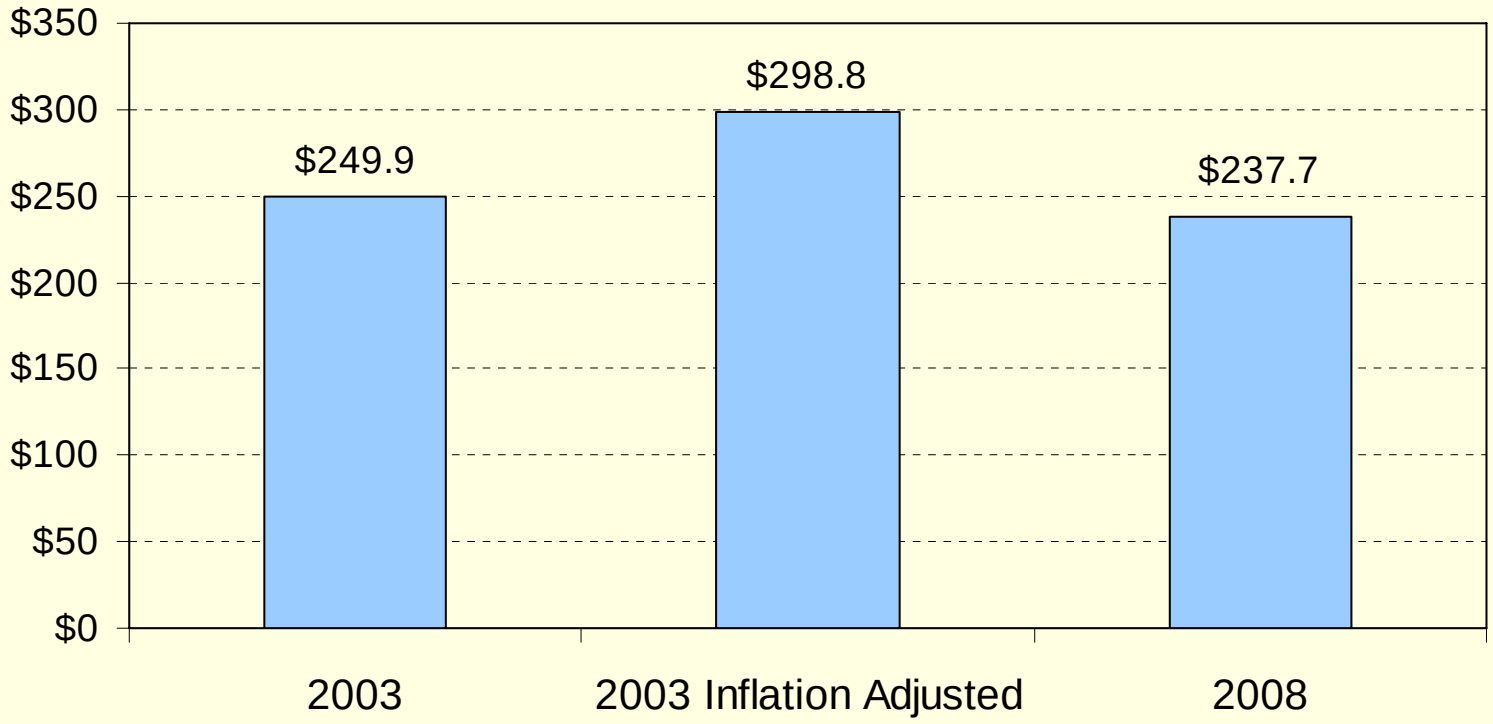
Revenue Overview: Key Takeaways

1. The City has applied user charges & levies above inflation, in addition to annual service & position reductions, to offset Shared Revenue decline.
2. Above trend TSF withdrawals in 2007-2009 enabled modest service reductions and moderate property tax levy increases.
3. Ability to offset Shared Revenue loss from future user charge increases is now very limited.
4. Reserves will present far less opportunity to offset cost increases and the Shared Revenue freeze.
5. The City's tax base is projected to decline from current levels, and the positive impacts of new construction on the City's tax rate will decline from 2-3% in recent years to less than 1%.

General Fund Revenues



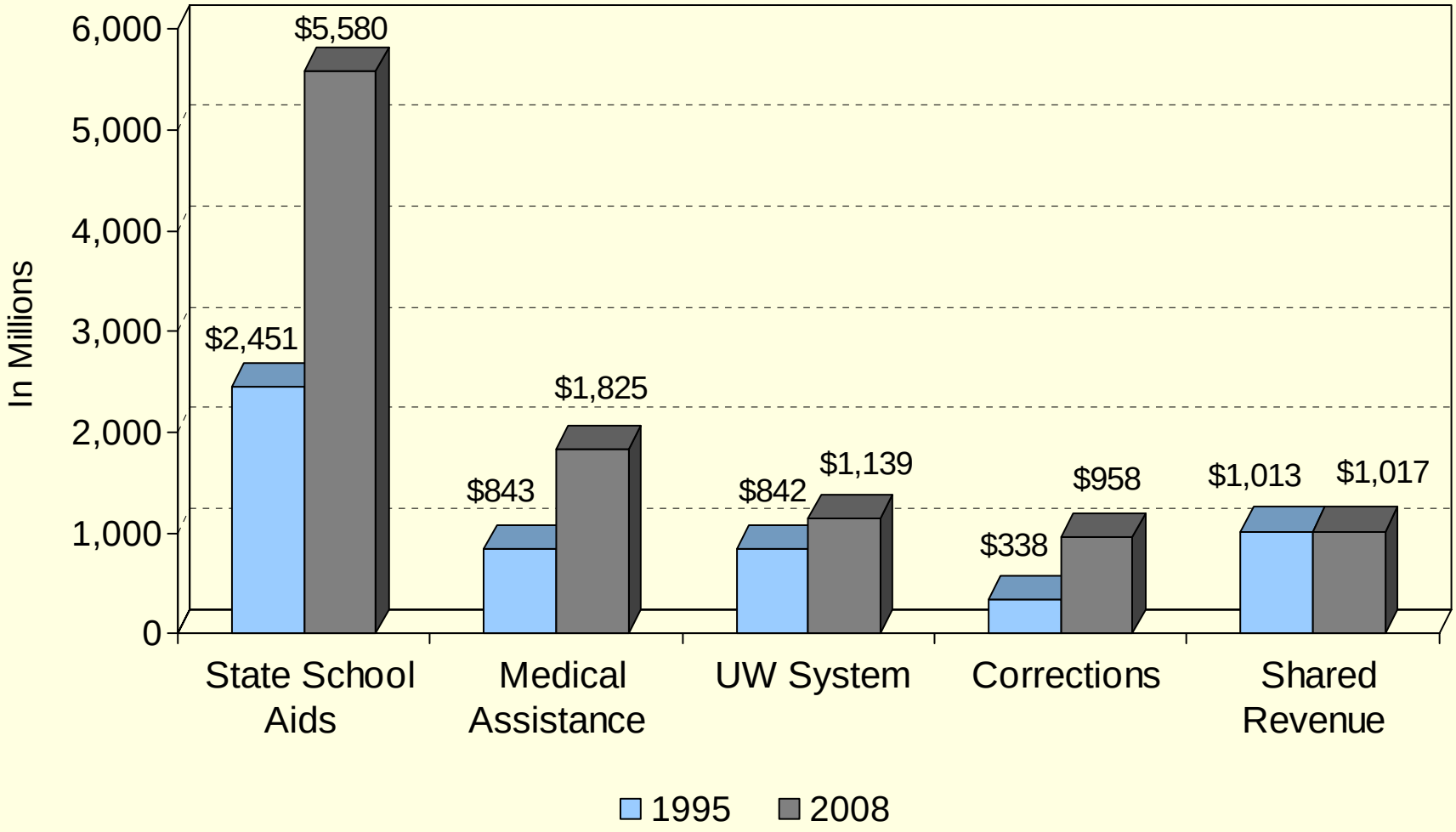
DECLINE IN STATE SHARED REVENUE & EXPENDITURE RESTRAINT PROGRAM (ERP) PAYMENTS to MILWAUKEE



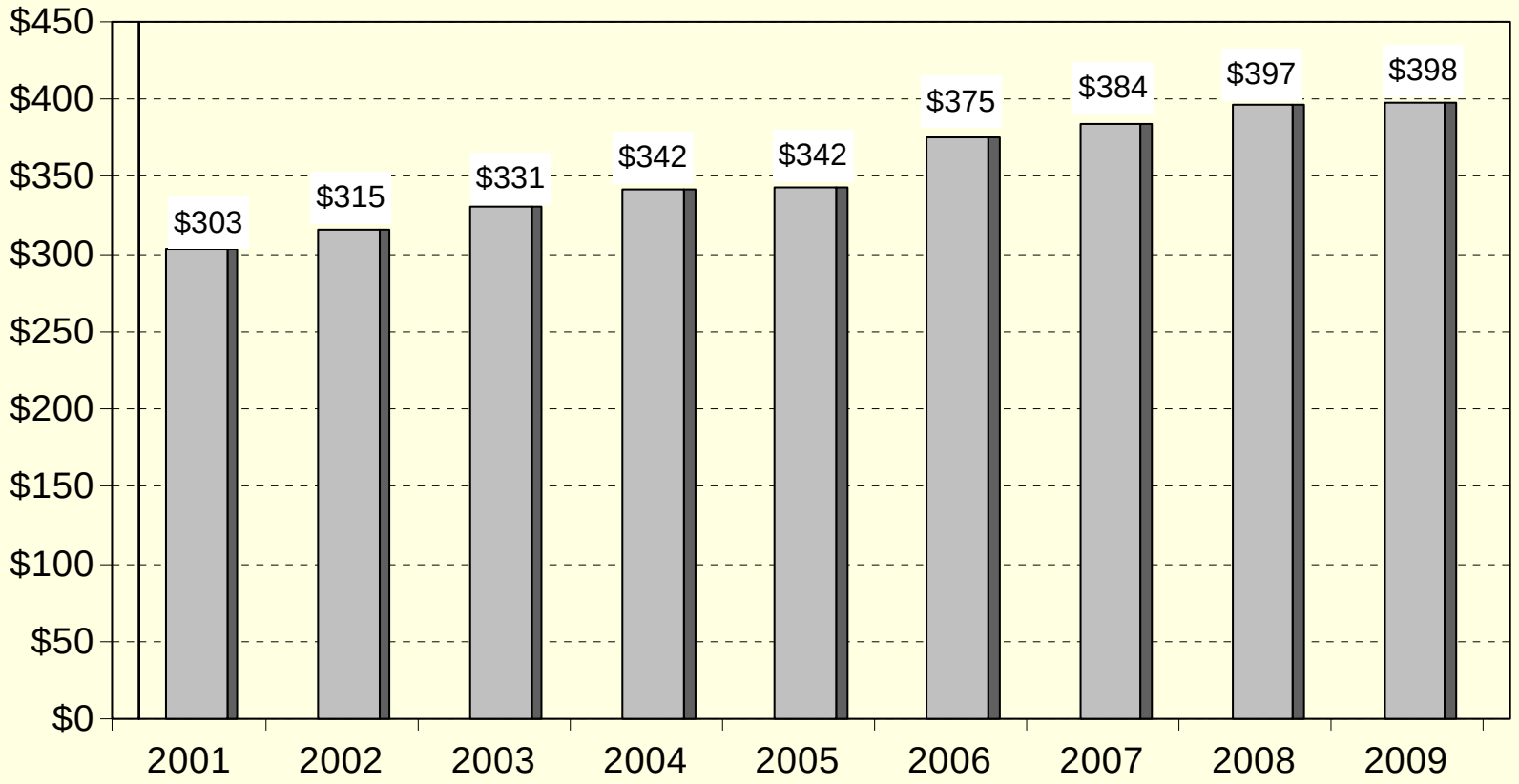
The inflation-adjusted decline in Shared Revenue and ERP between 2003 & 2008 is $61.1m.

Source: City of Milwaukee Budget & Management Division

State Appropriations: 1995 and 2008 By Major Category



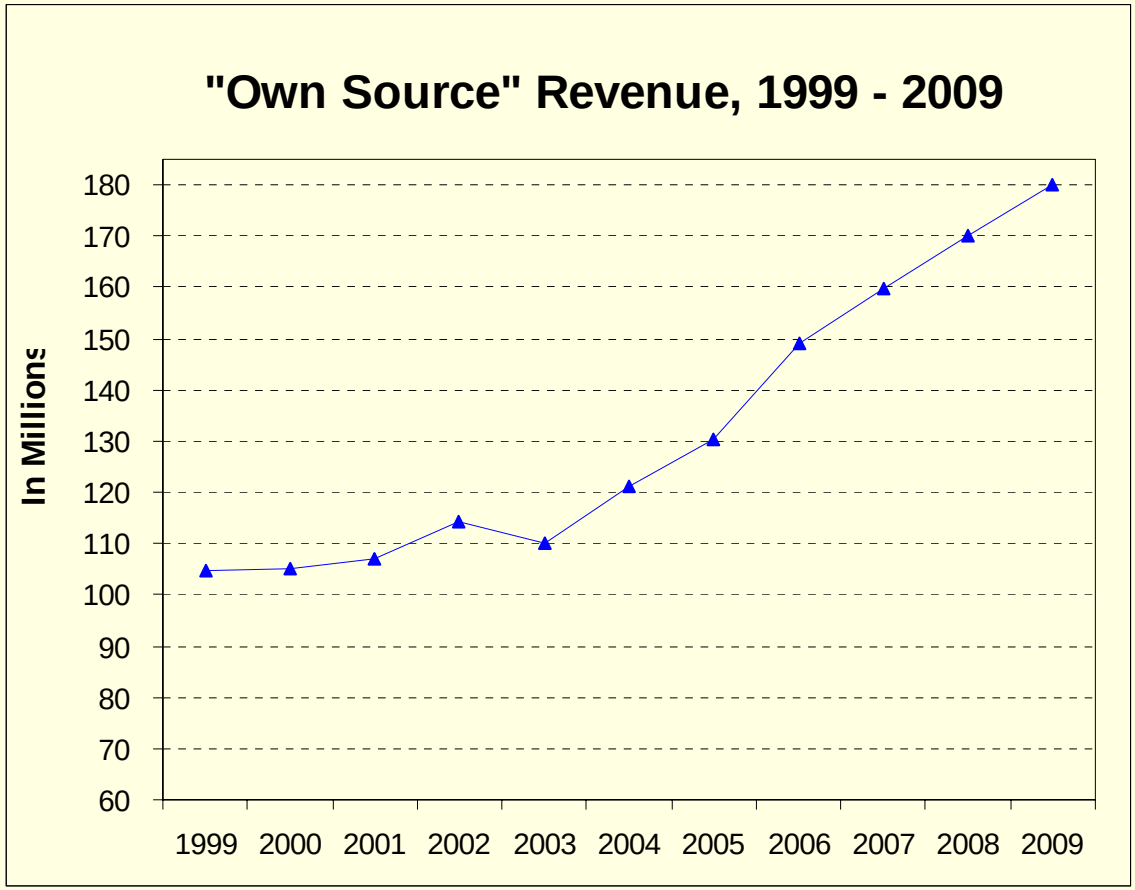
City Tax Levy Per Capita



Source: City of Milwaukee Budget & Management Division

“Own Source” Non-Property Tax Revenue: City of Milwaukee

Year *	"Own Source" Revenue
1999	$104,536,238
2000	$105,232,512
2001	$107,011,389
2002	$114,432,852
2003	$110,176,664
2004	$121,057,813
2005	$130,387,881
2006	$149,079,452
2007	$159,734,862
2008	$169,810,095
2009	$180,240,515



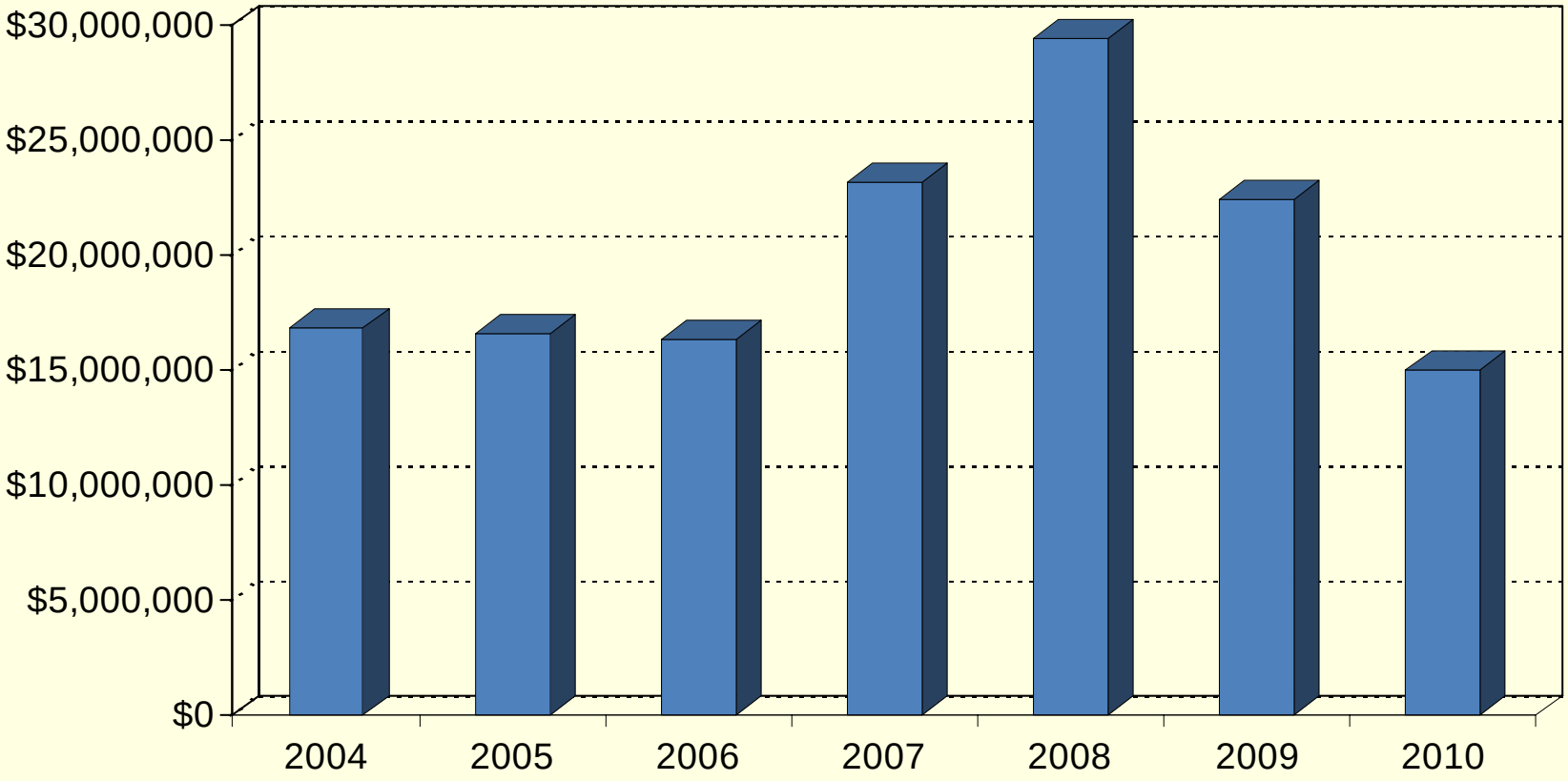
*Amounts = Budgeted Levels

City of Milwaukee Municipal Service Fees: Annual Revenues

	Solid Waste Charges	Snow & Ice Fee	Storm Water Charge	Local Sewer Charge
1999	---	---	---	9,522,524
2000	---	---	---	15,539,870
2001	7,951,900	---	---	17,255,434
2002	13,875,000	3,000,000	---	25,097,111
2003	13,875,000	2,400,000	---	26,286,959
2004	13,875,000	2,400,000	---	23,861,733
2005	14,000,000	2,400,000	---	31,000,000
2006	24,600,000	2,400,000	6,575,552	27,600,000
2007	25,000,000	2,400,000	13,451,392	23,605,260
2008	25,000,000	6,100,000	12,600,000	25,382,000
2009	28,500,000	4,965,402	18,720,330	26,617,000

Source: City of Milwaukee Budget & Management Division

Tax Stabilization Fund Use: 2004-2009 & 2010 Projected



Source: City of Milwaukee Budget & Management Division

Tax Base Projections

1. Residential property values will decline by more than 5% for 2009. Flat to moderately negative growth expected for 2-4 years thereafter.
2. Commercial property values are expected to be flat for 2009, with the possibility of negative growth for 2-3 years thereafter.
3. Value of new construction will decline from 2-3% annual increases in recent years to less than 1% a year.

2010 Budget Revenue Change from 2009 Budget

PILOTs	+$0.5 million
Licenses & Permits	-$1.0 million
Intergovernmental	-$1.4 million
Charges for Service	-$0.2 million
Fines & Forfeitures	-$0.3 million
Miscellaneous	-$3.4 million
Fringe Benefits	+$0.4 million
Total	-$4.3 million

Implications for 2010 Budget Challenge

Projected cost to continue current services

\- Projected available revenues #

= Structural Imbalance

Assumes a trend total levy increase of 3.5%

- Based on our initial projections, the opening 2010 imbalance = $85-$90 million

Competitive Problems: City Revenue System

Comparative Revenue & Expenditure Report (2008)

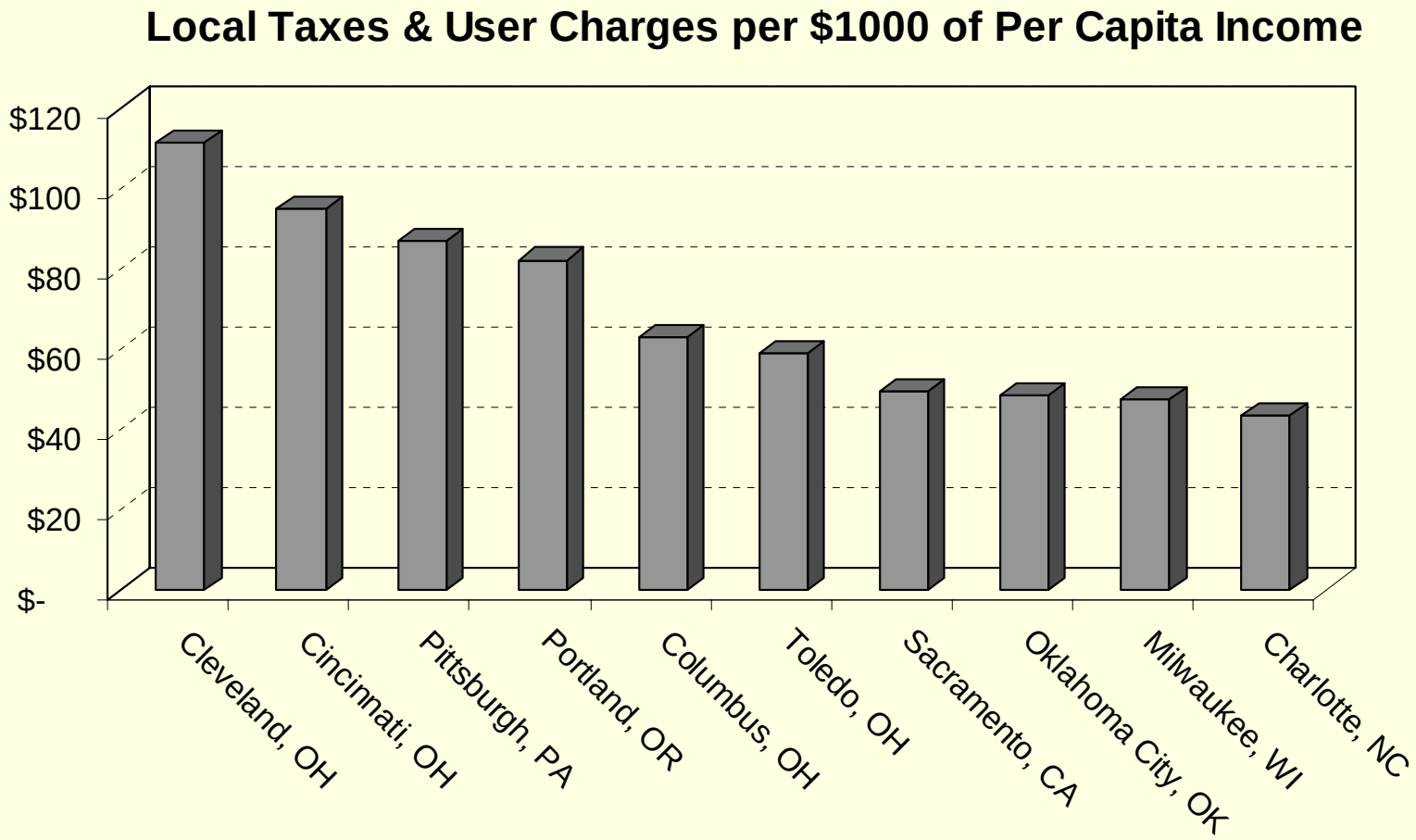
1. Annual report from Comptroller's Office analyzes City government revenues & expenditures from 10 regional "lead cities", including Milwaukee.
2. Key findings include:
   - Milwaukee's per capita total revenue is 23% less than the 10-city average
   - Milwaukee's per capita total expenditures are 17% less than the 10-city average (8th highest of 10)
   - Milwaukee's per capita total local revenues are 49% less than the 10-city average (10th highest of 10)
   - Milwaukee's per capita property taxes are 32% higher than the 10-city average (4th highest of 10)
   - Milwaukee's per capita intergovernmental revenues are 31% higher than the 10-city average (3rd highest of 10)
   - The other cities in the 10-city sample average $482 in per capita "other" local taxes ($0 per capita for Milwaukee)

Competitive Problems: City Revenue System (cont'd)

<u>*Comparative Report*: Policy Implications</u>

1. State-local government fiscal relationship no longer equalizes fiscal capacity:
   - Purpose of Shared Revenue was to equalize local government fiscal capacity by redistributing state tax revenues while limiting local option taxes.
   - Fiscal capacity results from the interaction of state aids & the local revenue system
2. Milwaukee's local revenue diversification relies heavily on extractions from property & the residential sector.
3. Milwaukee's local revenue portfolio lacks a consumption component to redistribute some of the tax burden from residential property & export some cost of government to non-residents.
4. State income tax and sales tax revenue growth is being applied to the other 4 major State GPR programs—not to Shared Revenue.
5. Interaction of a stagnant state shared revenue component combined with a poorly diversified local revenue structure => uncompetitive fiscal capacity.

Impacts on Income from City Own Source Revenues



Source: City of Milwaukee Comptroller 2008 "Comparative Revenue and Expenditure Report" adjusted with 2006 population and income data.

2010 BUDGET DEVELOPMENT

Goals:

1. Ensure crucial service priorities are adequately funded.
2. Establish new approaches to operations that improve ongoing sustainability.
3. Fund pension costs responsibly.
4. Limit new levy-supported borrowing authorizations to less than $70 million.
5. Limit the combined impact of tax levy increase for City purposes & municipal service charge increases on “typical” homeowner to 4% or less.

2010 BUDGET DEVELOPMENT (cont'd)

<u>Some Basic Issues:</u>

1. Cost recovery levels for municipal service fees
2. New operational approaches
3. Strategies to reduce impact of fringe benefits
4. Making central services more effective
5. Integrating operating and capital strategies

Value of 2009 Budget Adjustments

1. Increase TSF “regeneration”
   - Improve future budgets’ reserve capacity
   - Address rating agency concerns
2. Enhance 2010 budget flexibility
   - Vacancies => reduced layoff exposure
   - Carryover potential in limited cases
3. Ensure adequate funding for Q4 snow & ice operations
4. Reduce future debt impact of emergency borrowing in 2009
   - $15 million of expenses for 2008 snow & ice operations => $2.8 million estimated borrowing

Comments & Questions??

- You may contact Mark Nicolini (x 5060) or Dennis Yaccarino (x 8552) for information about this presentation

Overview of City Fiscal Condition

Steering & Rules Committee

May 14, 2009

DOA Budget & Management Division

Presentation Goals

1. Establish a common understanding of budget structural conditions
2. Identify near-term budget challenges & options
3. Identify the purpose & value of 2009 Budget adjustments

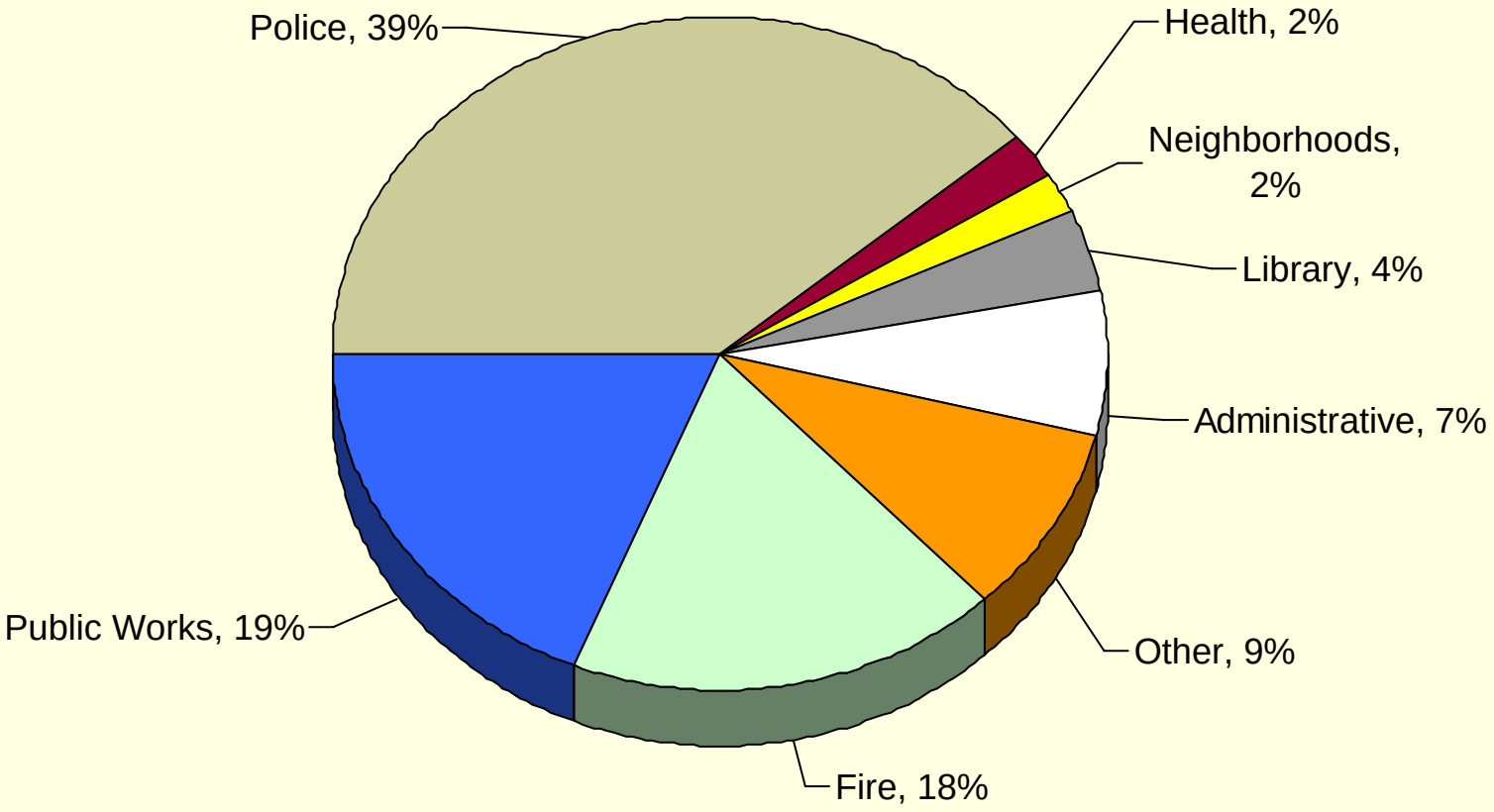
City Budget: Structural Condition

1. Structural balance = ongoing revenues can support continuation of service levels
2. City has an ongoing structural imbalance
   - Economic cycle increases the problem but does not “cause” it
3. 2010 = a higher level of urgency
   - Pension contribution issue
4. Expenditure & Revenue Overview

Expenditure Overview: Key Takeaways

1. Dominant role of public safety departments in O&M Budget
2. Cost recovery opportunities are limited
3. Fringe benefits = the crucial sustainability issue

Tax Levy Funded Operating Budget: By Department



Note: Does not include $253.8 million of DPW-operated Enterprise Funds (Parking, Sewer, Water).

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4. Shares of discretionary revenue:
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   - DPW: 11%
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   - Library: 4%
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O&M Budget Cost Drivers

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2. Community conditions and citizen expectations (“demand” does not decline in recessions)
3. Wages & fringe benefits increase at a rate much higher than revenue growth
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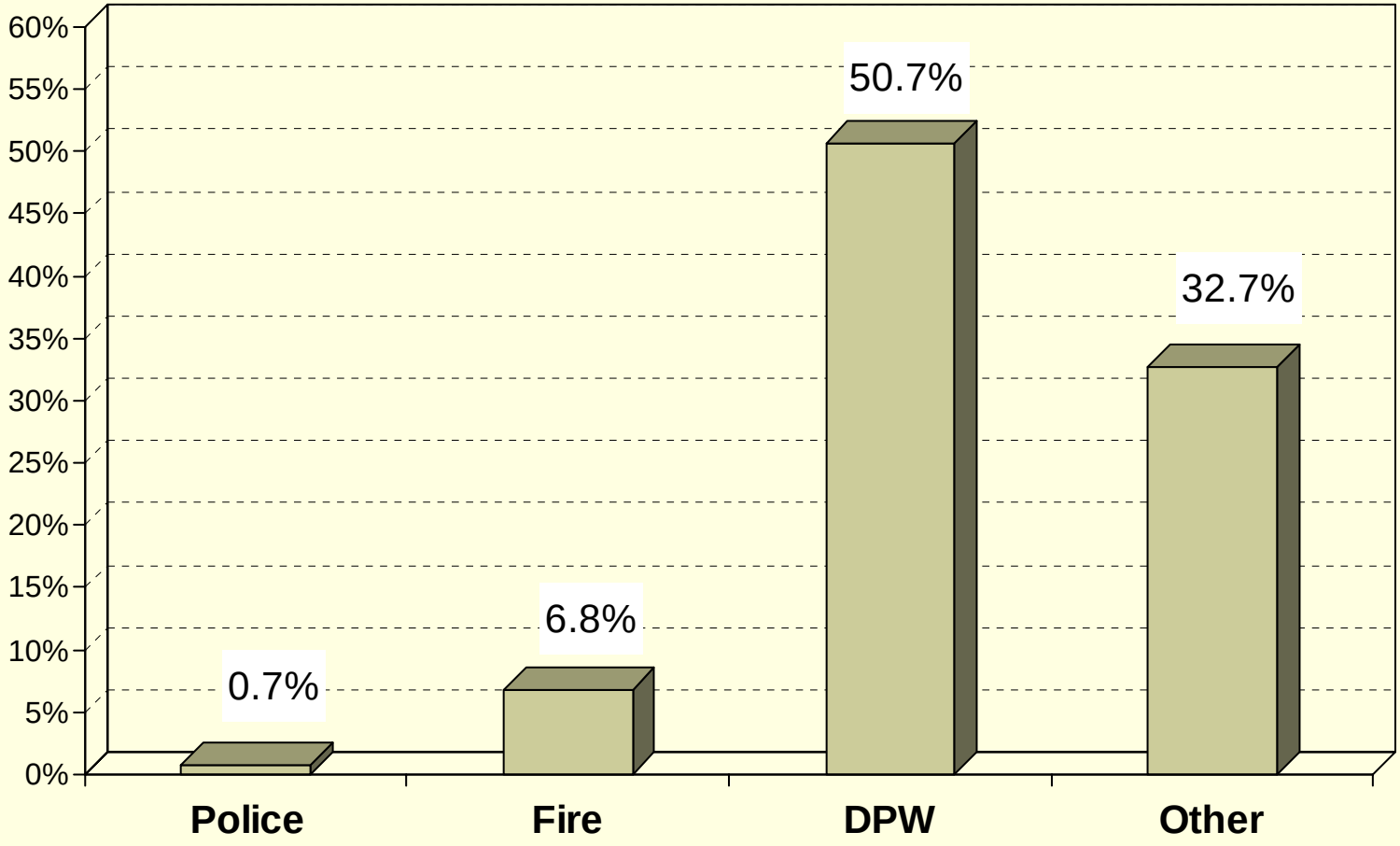
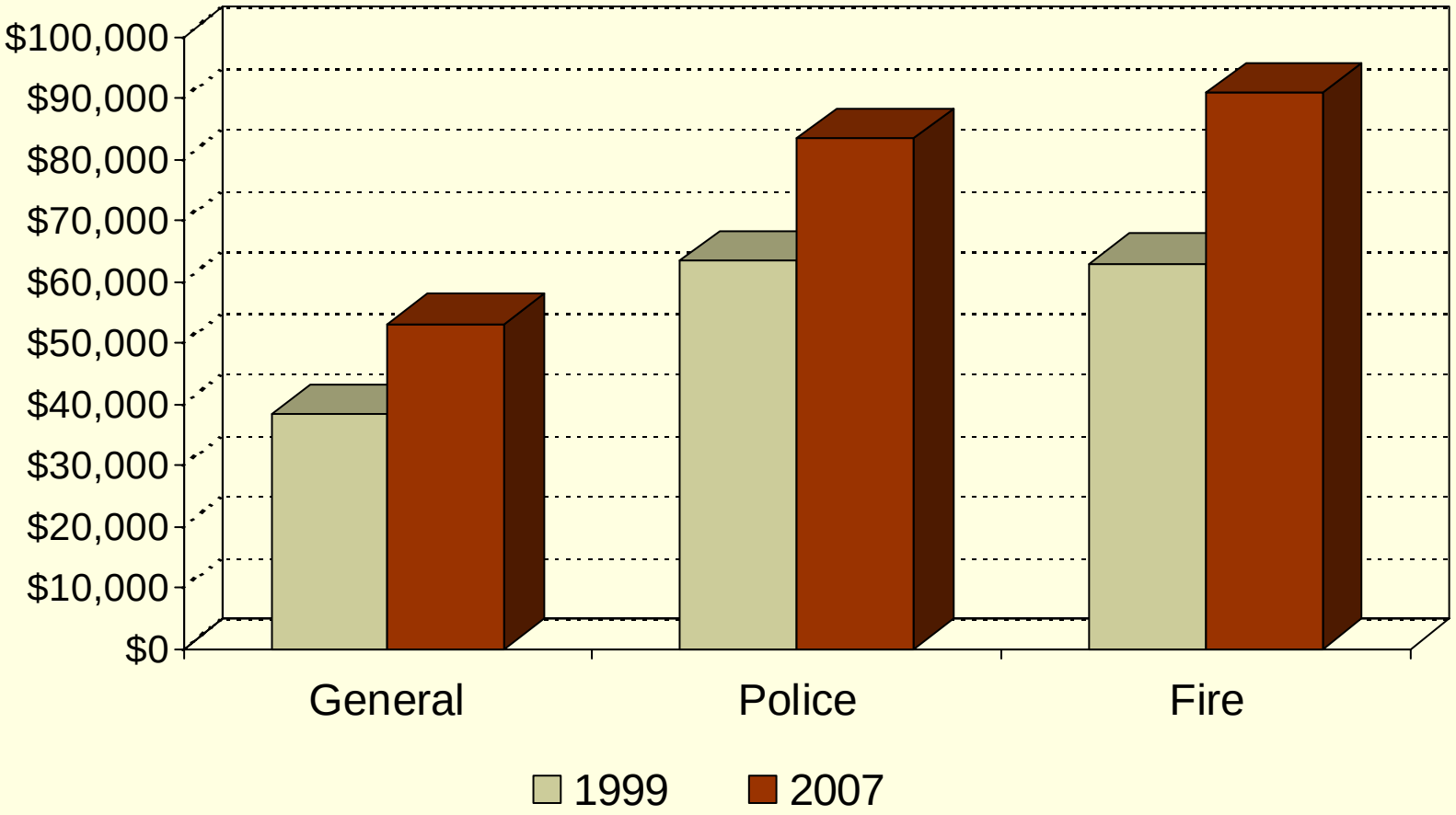
Percentage of General Fund Operations Budget Recovered



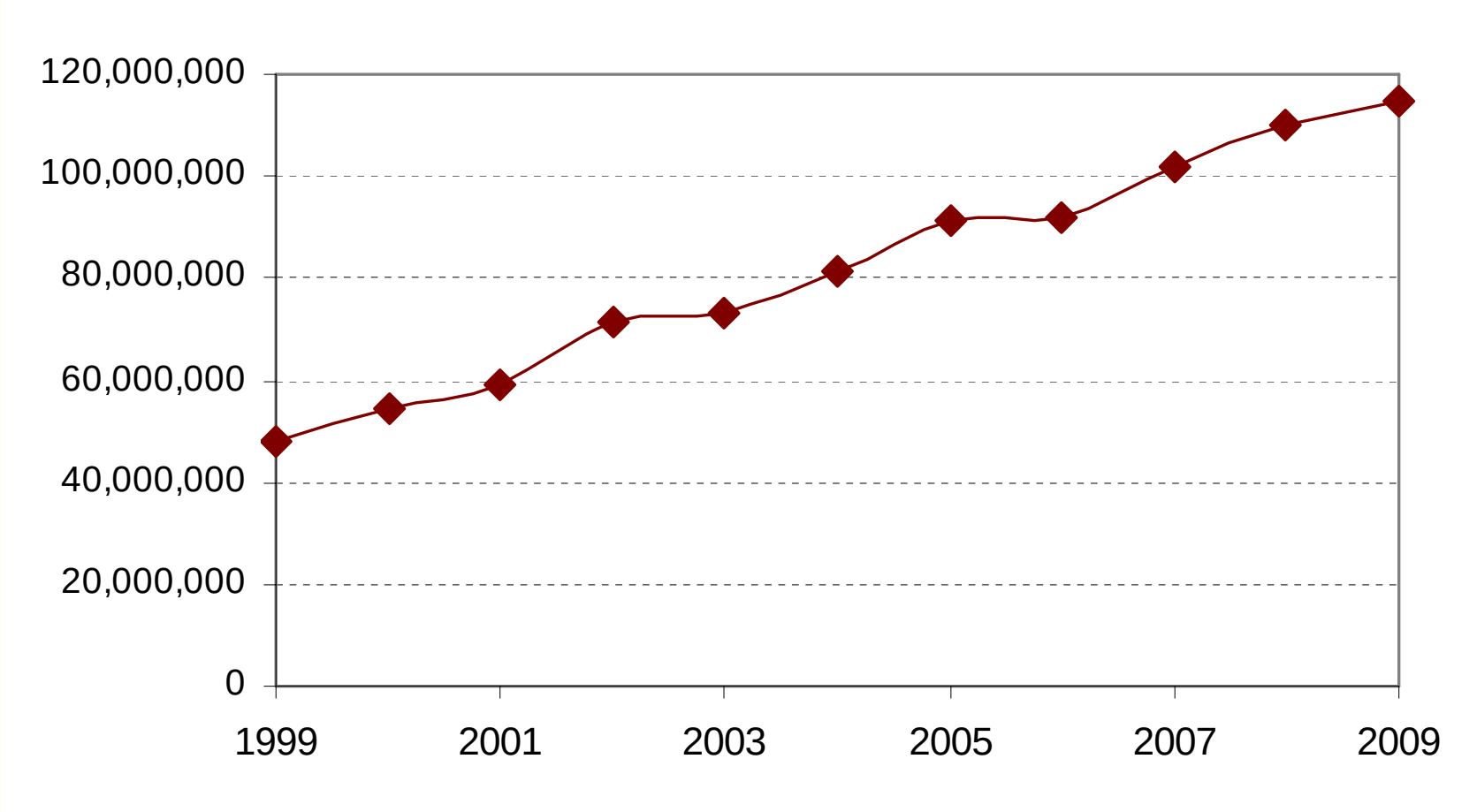
DPW recovers an above average percentage of its operating costs while Police and Fire recover only a small portion of their costs.

Average Employee Compensation Comparison*



* Including fringe benefits.

Total Net Health Care Costs



Pension Costs….
the defining challenge for Budget Sustainability

Pension “Normal Cost”

- The City operates its own home rule defined benefit pension plan, the City Employes Retirement System (ERS)
- As of 1/1/2008, the ERS had a “funded ratio” (ratio of actuarial asset value to total liabilities) of 131%--second best of approximately 150 major public employe retirement systems (PERS).
- Normal cost (NC) is the actuarially calculated value of future pension benefits annually earned by active employees.
  - Conceptually similar to a mortgage. The normal cost in 2008 for City employes was about $63 million.
- The Charter splits the responsibility for normal cost between the employe and employer contribution.
  - As a result of collective bargaining, the employer (City) pays most of the “employe” contribution-- ~ $23 million/year
- For many years the ERS has had a funded ratio of > 100%, and hence the employer contribution was $0—the employer’s normal cost share of ~ $40 million was “absorbed” by the Plan’s funded status.

Average Normal Cost per Active Employee (2008 Valuation)

Department	Average Salary	Gross Normal Cost	Employee Contribution	Net Normal Cost
Police	$59,989.39	$13,737.57	$4,199.26	$9,538.31
Fire	$64,409.94	$16,360.12	$4,508.70	$11,851.43
General City	$45,890.61	$5,185.64	$2,523.98	$2,661.66

Projected Pension Contribution: Increased City Budget Impacts

The Annuity & Pension Board approves an annual valuation that includes contribution amounts. Current projections:

- 2010- $49 million-$92 million
- 2011- $67 million-$126 million
- 2012- $80 million-$148 million

2010 Budget Expense Projections

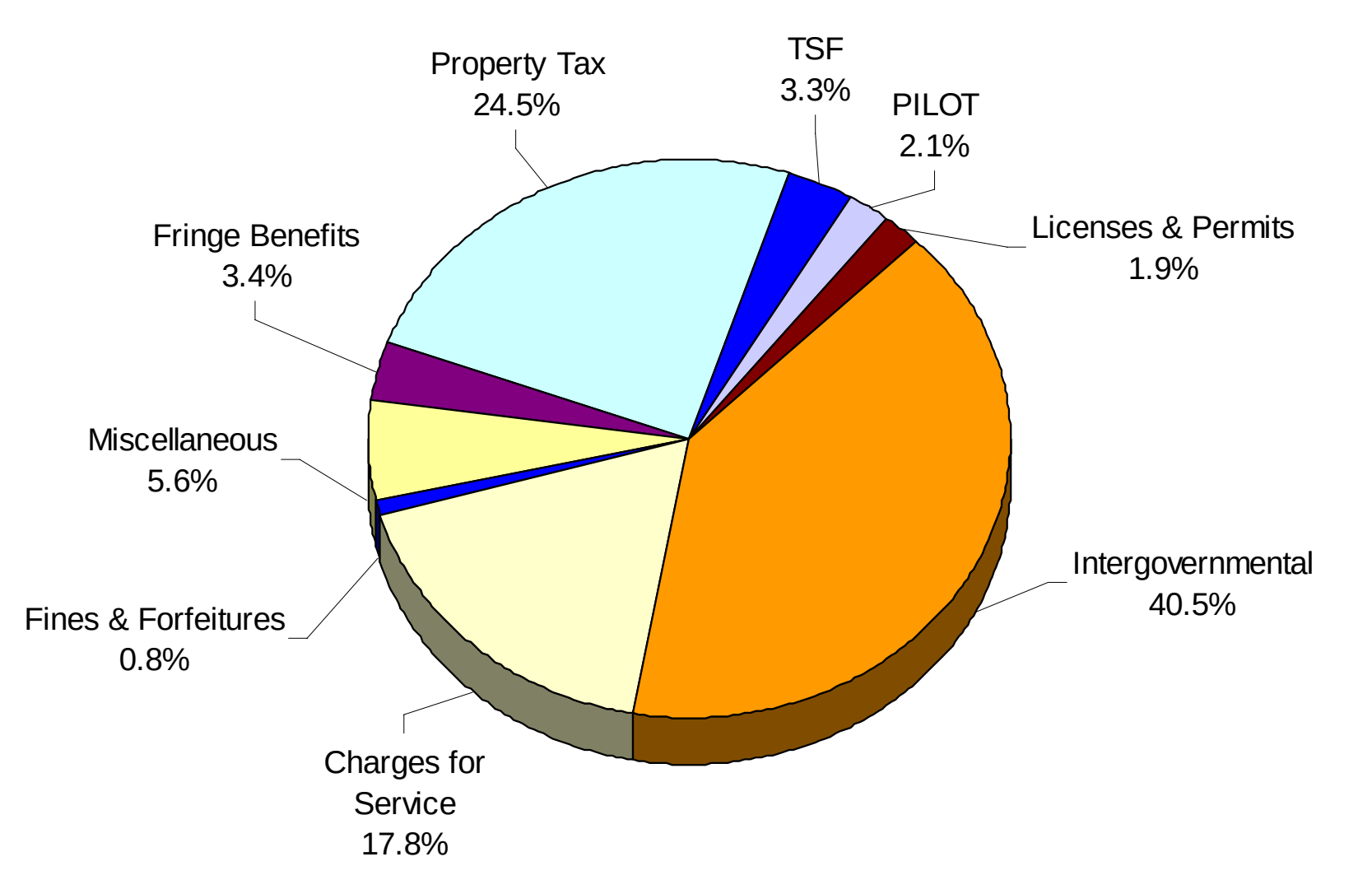
Based on Current Trends…

- Wages increase approximately $15 million per year.
- Health Care costs are expected to increase $16 million annually in 2010 and 2011 and $17.5 million in 2012.
- Workers' Compensation costs are increasing by $1.5 million annually.
- Normal growth in departmental non-salary accounts is about $2.2 million annually.
- Debt service levy expected to grow by $3 million.
- **Pension contribution increase brings 2010 "cost to continue" current service levels to ~ $90 million!!**

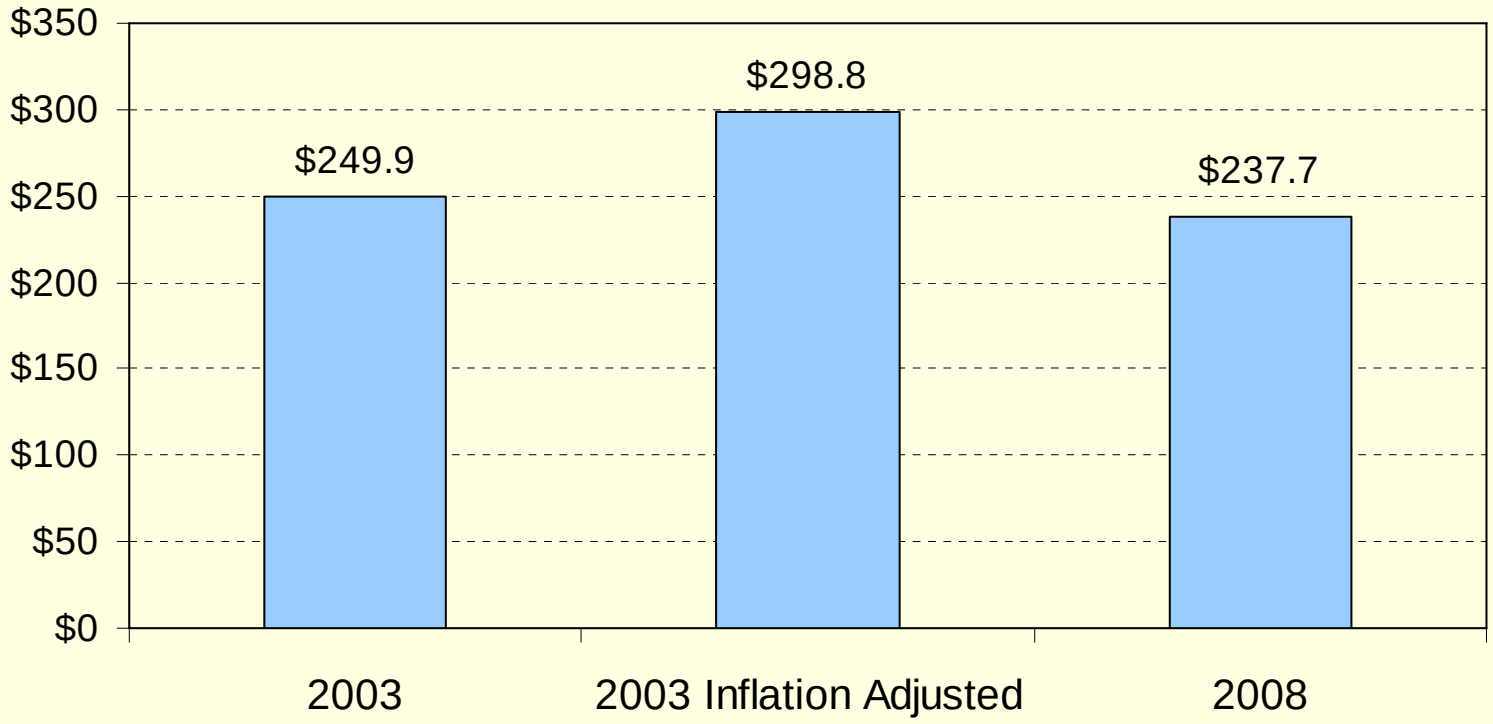
Revenue Overview: Key Takeaways

1. The City has applied user charges & levies above inflation, in addition to annual service & position reductions, to offset Shared Revenue decline.
2. Above trend TSF withdrawals in 2007-2009 enabled modest service reductions and moderate property tax levy increases.
3. Ability to offset Shared Revenue loss from future user charge increases is now very limited.
4. Reserves will present far less opportunity to offset cost increases and the Shared Revenue freeze.
5. The City's tax base is projected to decline from current levels, and the positive impacts of new construction on the City's tax rate will decline from 2-3% in recent years to less than 1%.

General Fund Revenues



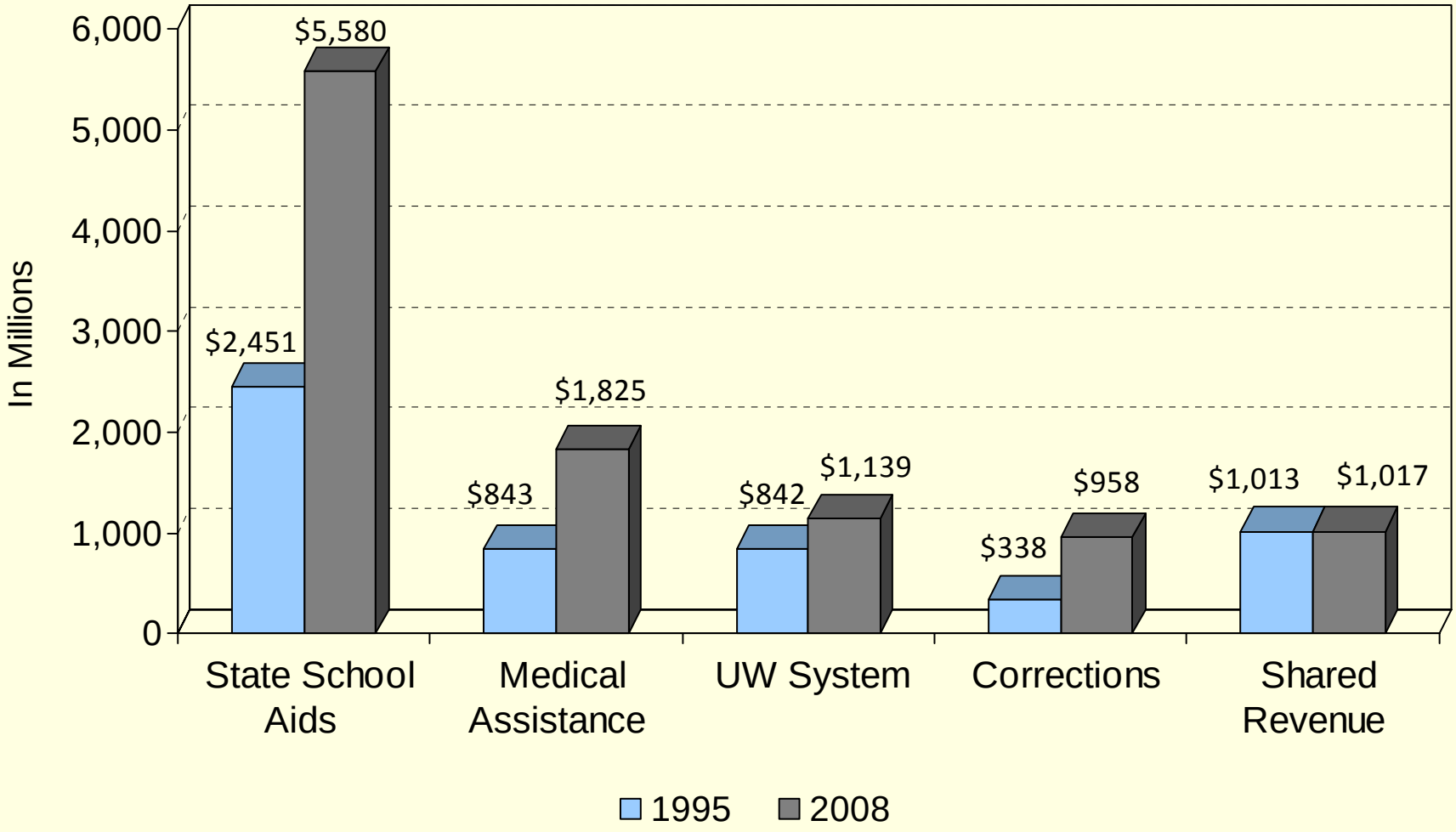
DECLINE IN STATE SHARED REVENUE & EXPENDITURE RESTRAINT PROGRAM (ERP) PAYMENTS to MILWAUKEE



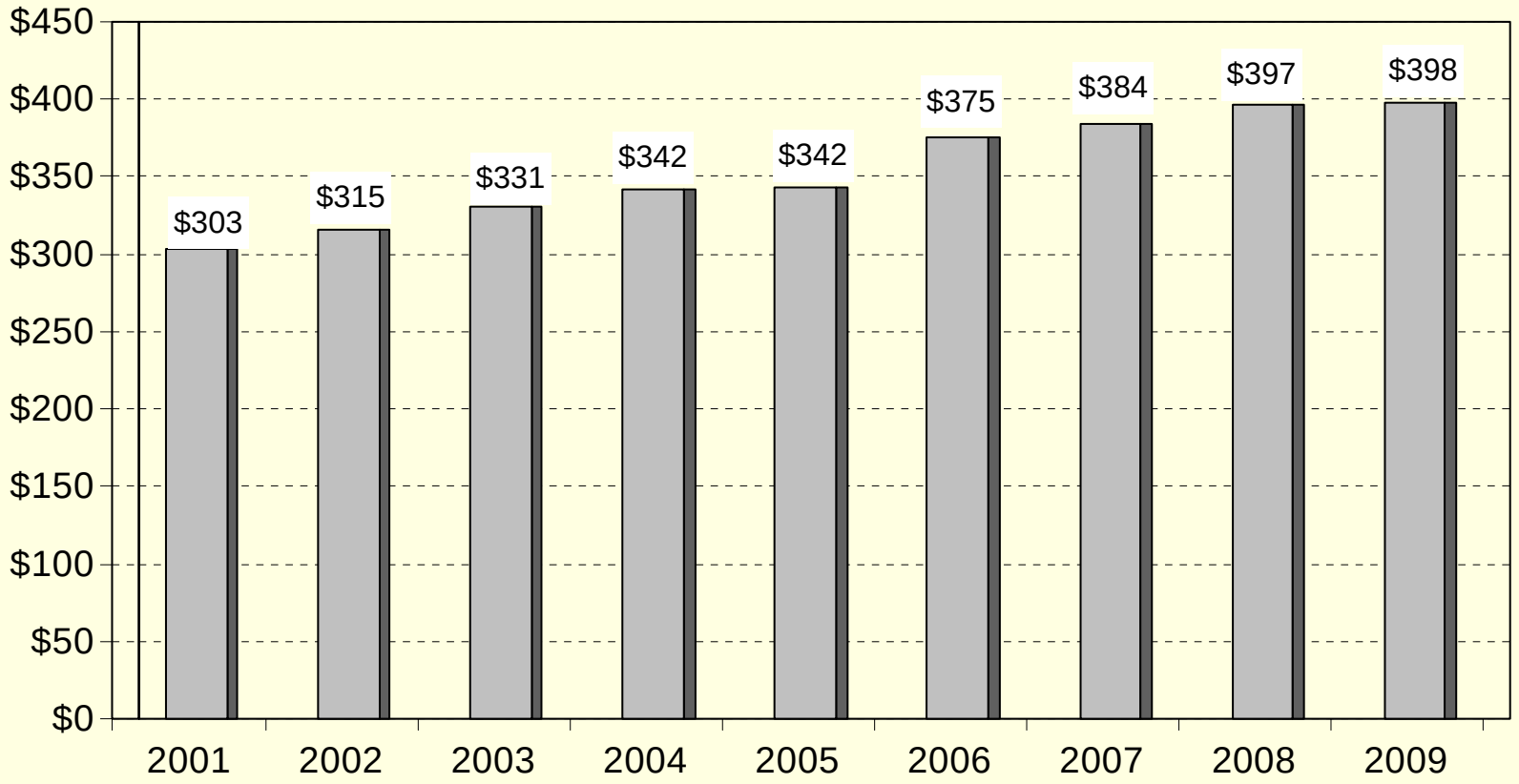
The inflation-adjusted decline in Shared Revenue and ERP between 2003 & 2008 is $61.1m.

Source: City of Milwaukee Budget & Management Division

State Appropriations: 1995 and 2008 By Major Category



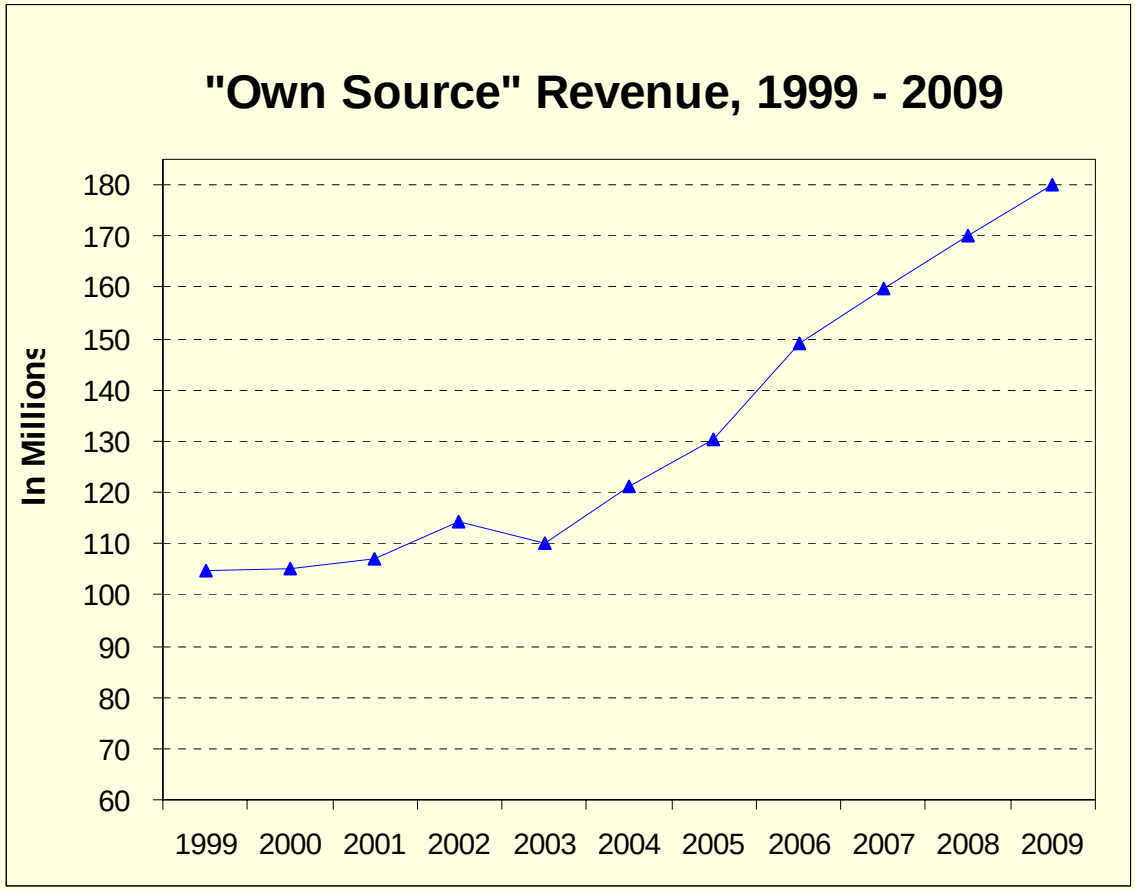
City Tax Levy Per Capita



Source: City of Milwaukee Budget & Management Division

“Own Source” Non-Property Tax Revenue: City of Milwaukee

Year *	"Own Source" Revenue
1999	$104,536,238
2000	$105,232,512
2001	$107,011,389
2002	$114,432,852
2003	$110,176,664
2004	$121,057,813
2005	$130,387,881
2006	$149,079,452
2007	$159,734,862
2008	$169,810,095
2009	$180,240,515



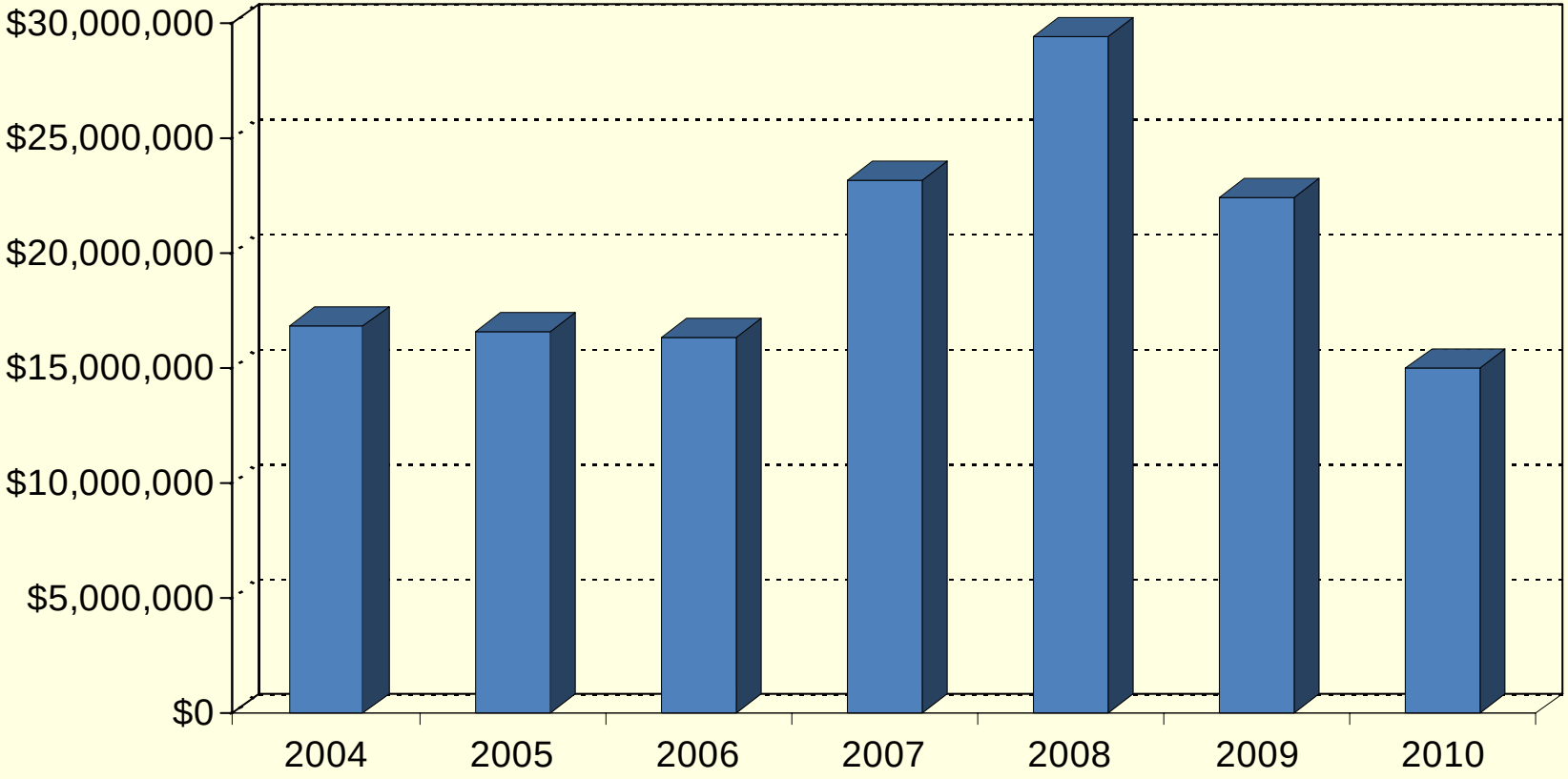
*Amounts = Budgeted Levels

City of Milwaukee Municipal Service Fees: Annual Revenues

	Solid Waste Charges	Snow & Ice Fee	Storm Water Charge	Local Sewer Charge
1999	---	---	---	9,522,524
2000	---	---	---	15,539,870
2001	7,951,900	---	---	17,255,434
2002	13,875,000	3,000,000	---	25,097,111
2003	13,875,000	2,400,000	---	26,286,959
2004	13,875,000	2,400,000	---	23,861,733
2005	14,000,000	2,400,000	---	31,000,000
2006	24,600,000	2,400,000	6,575,552	27,600,000
2007	25,000,000	2,400,000	13,451,392	23,605,260
2008	25,000,000	6,100,000	12,600,000	25,382,000
2009	28,500,000	4,965,402	18,720,330	26,617,000

Source: City of Milwaukee Budget & Management Division

Tax Stabilization Fund Use: 2004-2009 & 2010 Projected



Source: City of Milwaukee Budget & Management Division

Tax Base Projections

1. Residential property values will decline by more than 5% for 2009. Flat to moderately negative growth expected for 2-4 years thereafter.
2. Commercial property values are expected to be flat for 2009, with the possibility of negative growth for 2-3 years thereafter.
3. Value of new construction will decline from 2-3% annual increases in recent years to less than 1% a year.

2010 Budget Revenue Change from 2009 Budget

PILOTs	+$0.5 million
Licenses & Permits	-$1.0 million
Intergovernmental	-$1.4 million
Charges for Service	-$0.2 million
Fines & Forfeitures	-$0.3 million
Miscellaneous	-$3.4 million
Fringe Benefits	+$0.4 million
Total	-$4.3 million

Implications for 2010 Budget Challenge

Projected cost to continue current services

\- Projected available revenues #

= Structural Imbalance

Assumes a trend total levy increase of 3.5%

- Based on our initial projections, the opening 2010 imbalance = $85-$90 million

Competitive Problems: City Revenue System

Comparative Revenue & Expenditure Report (2008)

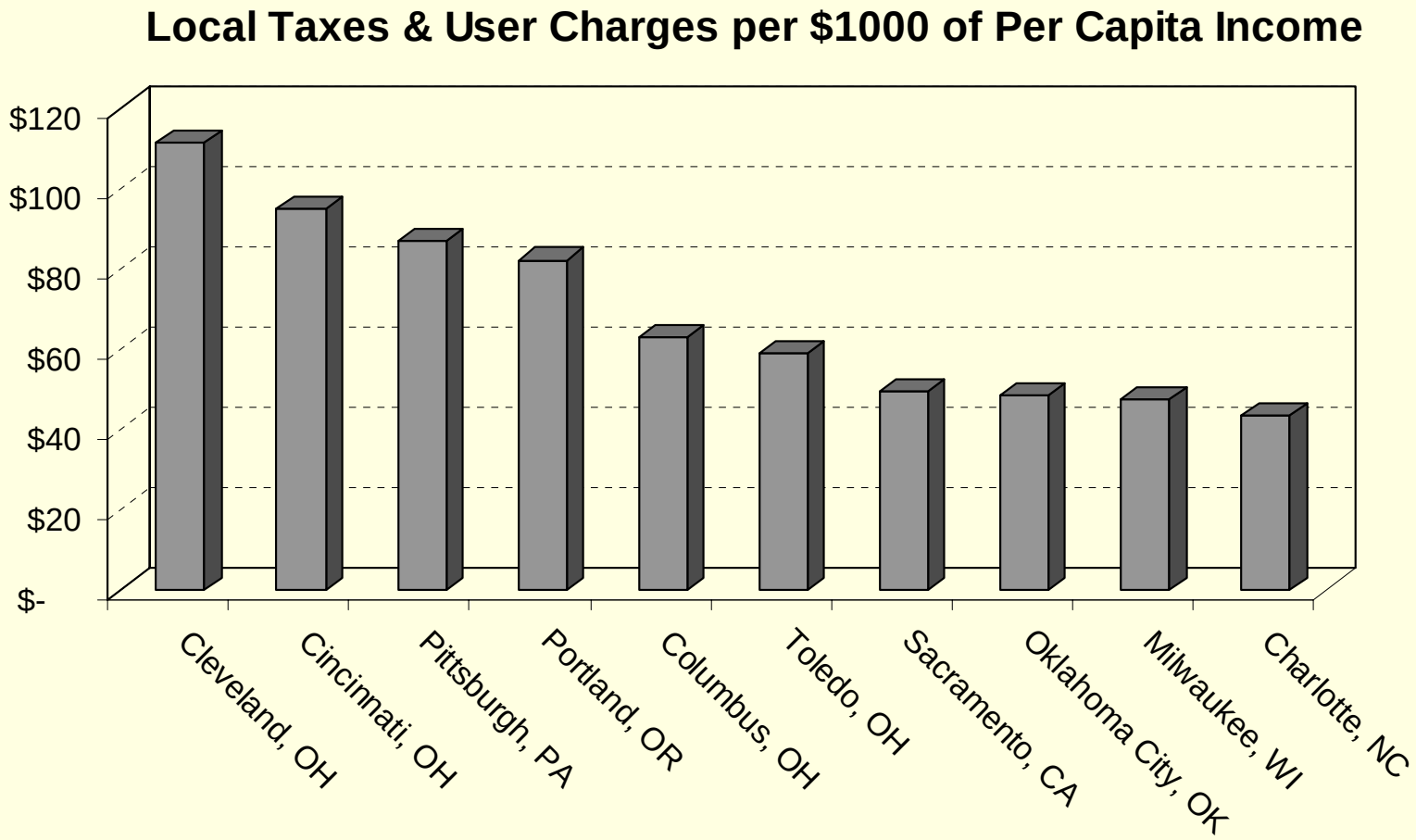
1. Annual report from Comptroller's Office analyzes City government revenues & expenditures from 10 regional "lead cities", including Milwaukee.
2. Key findings include:
   - Milwaukee's per capita total revenue is 23% less than the 10-city average
   - Milwaukee's per capita total expenditures are 17% less than the 10-city average (8th highest of 10)
   - Milwaukee's per capita total local revenues are 49% less than the 10-city average (10th highest of 10)
   - Milwaukee's per capita property taxes are 32% higher than the 10-city average (4th highest of 10)
   - Milwaukee's per capita intergovernmental revenues are 31% higher than the 10-city average (3rd highest of 10)
   - The other cities in the 10-city sample average $482 in per capita "other" local taxes ($0 per capita for Milwaukee)

Competitive Problems: City Revenue System (cont'd)

<u>*Comparative Report*: Policy Implications</u>

1. State-local government fiscal relationship no longer equalizes fiscal capacity:
   - Purpose of Shared Revenue was to equalize local government fiscal capacity by redistributing state tax revenues while limiting local option taxes.
   - Fiscal capacity results from the interaction of state aids & the local revenue system
2. Milwaukee's local revenue diversification relies heavily on extractions from property & the residential sector.
3. Milwaukee's local revenue portfolio lacks a consumption component to redistribute some of the tax burden from residential property & export some cost of government to non-residents.
4. State income tax and sales tax revenue growth is being applied to the other 4 major State GPR programs—not to Shared Revenue.
5. Interaction of a stagnant state shared revenue component combined with a poorly diversified local revenue structure => uncompetitive fiscal capacity.

Impacts on Income from City Own Source Revenues



Source: City of Milwaukee Comptroller 2008 "Comparative Revenue and Expenditure Report" adjusted with 2006 population and income data.

2010 Revenue Options

1. Solid Waste Fee
   - Current charge ($37.62 per quarter) recovers ~ 90% of applicable costs
   - Full cost recovery => ~ $4 m increased revenue (~ $5.25 per quarter increase)
   - Potential for enterprise fund approach to recover capital and pension contribution costs
2. Snow & Ice Removal Charge
   - 10-year average costs of ~ $7 million
   - 2009 annual charge: 52.83 cents per foot of street frontage ($22.71 on a 43' wide lot) => $5 million
   - Full cost recovery for $7 million budget => ~ $32/year for typical residential property, versus $22.71 in 2009 (74.4 cents per foot of street frontage)

2010 Revenue Options (cont'd)

3. Adjust license, fee, municipal service components, and special charges for inflation & pension contribution costs
   - Results in 8-10% increase ($3-$5 million) for applicable items
   - Potential economic & avoidance impacts
4. Accident Response Charge
   - Charged to insurance companies for extrications from vehicles
   - $500,000--$1 million annual potential

2010 Revenue Options (cont'd)

5. Implement Red Light Running Traffic Enforcement (in Proposed State Budget)
   - Widely used in many communities
   - $5-$10 million of annual revenue appears feasible (offset traffic control and enforcement costs)
   - Limited potential 2010 Budget impact
6. Employer's Pension Reserve
   - Can help "bridge" transition to a major contribution increase
   - Projected $12-$15 million available for 2010 Budget

Value of 2009 Budget Adjustments

1. Increase TSF “regeneration”
   - Improve future budgets’ reserve capacity
   - Address rating agency concerns
2. Enhance 2010 budget flexibility
   - Vacancies => reduced layoff exposure
   - Carryover potential in limited cases
3. Ensure adequate funding for Q4 snow & ice operations
4. Reduce future debt impact of emergency borrowing in 2009
   - $15 million of expenses for 2008 snow & ice operations => $2.8 million estimated borrowing

Comments & Questions??

- Note: Any recommended 2009 Budget adjustments will be presented during the next Council cycle.

- You may contact Mark Nicolini (x 5060) or Dennis Yaccarino (x 8552) for information about this presentation

NOTICES SENT TO FOR FILE 090042
Steering & Rules Committee

NAME	ADDRESS	DATE NOTICE SENT		
Mark Nicolini	DOA-Budget & Management Div.	5/8/09	7/13/09	
All Common Council Members		5/8/09	7/13/09	