



Tom Barrett
Mayor, City of Milwaukee

November 12, 2015

To the Honorable, the Common Council
of the City of Milwaukee

Honorable Members of the Common Council:

The 2016 Budget completes a four-year transition that was needed to adjust to increased pension funding requirements and to the impact of a persistent imbalance between current service delivery costs and ongoing revenue growth. Fortunately, with your help the City is in a position to achieve ongoing budget sustainability while maintaining the most essential service levels.

I am pleased that the 2016 Budget you adopted reflects my priorities, including police strength, core infrastructure, and the Strong Neighborhoods Program. I am grateful for the leadership of Alderman Nik Kovac and the other members of the Finance & Personnel Committee, who conducted a productive and thorough review of my budget proposals.

The Council added some of its own priorities to the 2016 Budget, such as an increase to neighborhood library service hours, through increases to estimated budget revenues and reasonable reallocations. I do have concerns regarding the impact of using reserves to finance certain expenditure increases on ongoing Budget sustainability. We will need to revisit the sustainability of these expenditures in next year's Budget.

I have submitted one veto that I have explained in detail below.

I have vetoed certain lines and items included in Amendment 4, which transfers the Office of Small Business Development (OSBD) in the Department of Administration to the City Clerk. This amendment fails to make a substantive case for how the proposed transfer of this operation will actually produce better results. It's also not clear how oversight of the City Clerk's program administration would occur, if this transfer takes place.

The arguments in favor of Amendment 4 focused on the issue of accountability, without substantiating how the transfer would reflect an improvement in operational strategy or a change in policy. In fact, the Council can and should continue its oversight role with respect to OSBD performance, as well as that of the City departments which execute the RPP program. I am committed to transparent reporting that will contribute to effective oversight.

Government functions effectively when program operations are based on clearly-established rules and procedures. This clarity of direction is most feasible within the executive branch, subject to active legislative oversight. That is also the reason the Manager of OSBD was established as a Mayoral appointment. Additionally, the necessary interdepartmental collaboration can be stronger if OSBD's functions remain within a cabinet department. My proposed substitute amendment keeps OSBD within the Department of Administration, as a direct report to my Director of Administration.

I share the Common Council's interest in ensuring that OSBD enables small business development and provides accurate and timely information regarding the employment of persons who participate in the City's Resident Preference Program (RPP) and other local economic participation programs. It appears the Common Council is especially concerned with OSBD's tracking of, and reporting on, RPP compliance. It is essential that the City improve collaboration among City departments so that such tracking is as timely and accurate as possible.

The Director of the Department of Administration has provided, through a detailed memorandum dated October 27, 2015, information regarding the progress OSBD has made in tracking workforce compliance. My Proposed Executive Budget provided funding to improve the technology that OSBD uses to perform these responsibilities (known as LCPTracker), and the Council included this funding in the adopted 2016 Budget. OSBD is prepared to track, monitor, and certify payroll for at least 158 projects with RPP requirements, and is capable of enlarging this list as additional RPP-pertinent contracts are developed. It should be noted that the fact that OSBD has taken on RPP reporting for major development projects under Chapter 355 does not translate into control over that program.

Even more importantly, the Director's correspondence identifies very specific challenges associated with existing RPP practices, and a strategy to resolve these challenges. As the Director indicates, the City must create uniformity in our practices and ordinances. I will direct the DOA Director and other Cabinet officers to standardize RPP policies, practices, and procedures across all City operations that have RPP responsibilities. I will also ask them to work with the Council to draft and implement legislation to support that standardization.

I also commit to establishing specific benchmarks and timelines, applicable to all Cabinet departments, for implementing improvements that support my executive responsibilities and Common Council oversight. Following the veto and proposed substitute amendment is a resolution creating an action plan on RPP which will result in not only better performance, but a better approach to engaging Milwaukee residents in the historic levels of downtown development.

This effort will be comprised of representatives from the Department of Administration, Department of Public Works, Department of City Development, Department of Neighborhood Services, Milwaukee Public Library, Office of Environmental Sustainability, and the Mayor's Office. I welcome the opportunity to have the Common Council President designate a representative to ensure that the Common Council's oversight role is part and parcel of this improvement effort. President Murphy has already introduced legislation to amend and revise the

relevant ordinances based on the recommendations of this group and the input of the Council in that process.

I intend to have this new framework introduced, if not in place, within 3 months. I ask for your support and cooperation to improve our performance on what we all agree is a priority-getting Milwaukee residents and businesses fully involved in our city's significant economic development.

In addition, I will direct the cabinet departments to work with OSBD on a regular basis to identify opportunities to expand and document impact of City contracting for local businesses. In addition, other City programs, such as the Strong Neighborhoods Plan, Commercial Corridor initiatives, and the City's ongoing capital improvements program represent opportunities for small business contracting.

My proposed substitute action restores \$53,082 of salary funding, \$32,850 of operating expenditure funding and a grant-in-aid deduction of \$148,305 to the Department of Administration, as well as 4 FTE, from the City Clerk. Corresponding changes are included for the City Clerk.

My proposed substitute action, if you sustain this veto, will have a budget and levy decrease of \$3,550.

For the reasons above, I ask that you sustain my veto and adopt my recommended substitute action.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom Barrett", with a stylized flourish at the end.

Tom Barrett
Mayor

DEPARTMENT OF ADMINISTRATION, COMMON COUNCIL-CITY CLERK
AMENDMENT 4

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2016 budget: (which were affected by Common Council Amendment #4 which transferred the Small Business Development Program in DOA Business Operations Division and associated funding, FTEs, position authority and operating expenditures to the City Clerk's Office):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2016 Positions</u> <u>or Units</u>	<u>2016 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	DEPARTMENT OF ADMINISTRATION- BUDGET AND MANAGEMENT DIVISION		
110.4-20	Grants and Aids Deduction	--	\$-84,940
110.4-24	O&M FTE'S	18.60	--
110.4-25	NON-O&M FTE'S	1.40	--
110.5-5	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$648,838
	OPERATING EXPENDITURES		
110.5-13	Other Operating Supplies	--	\$500
	COMMON COUNCIL-CITY CLERK		
	SALARIES & WAGES		
150.1-25	SMALL BUSINESS DEVELOPMENT PROGRAM		
150.1-26	Small Business Development Mgr. (C)(Y)	1	\$59,309
150.2-2	Business Analyst-Sr. (C)(Y)	2	\$90,610
150.2-3	Contract Compliance Officer (Y)	1	\$51,468
150.4-17	Grant & Aids Deduction	--	\$-148,305
150.4-22	O&M FTE'S	95.00	--
150.4-23	NON-O&M FTE'S	4.00	--
150.5-12	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,592,375
	OPERATING EXPENDITURES		
150.5-16	General Office Expense	--	\$275,785
150.5-25	Information Technology Services	--	\$132,900
150.6-3	Other Operating Services	--	\$157,680
150.6-5	Reimburse Other Departments	--	\$108,110

In lieu of the above disapproved item I recommend adoption of the following substitute action:

B. SUBSTITUTE ACTION

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2016 Positions</u> <u>or Units</u>	<u>2016 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	DEPARTMENT OF ADMINISTRATION- BUDGET AND MANAGEMENT DIVISION		
	SALARIES & WAGES OFFICE OF THE DIRECTOR		
	SMALL BUSINESS DEVELOPMENT PROGRAM		
	Small Business Development Mgr. (A)(Y)	1	\$59,309
	Business Analyst-Sr. (A)(Y)	2	\$90,610
	Contract Compliance Officer (Y)	1	\$51,468
110.4-20	Grants and Aids Deduction	--	\$-233,245
110.4-24	O&M FTE'S	19.60	--
110.4-25	NON-O&M FTE'S	4.40	--
	(A) To terminate upon expiration of the CDBG program year unless grant agreement is renewed or fiscal year is altered by Common Council action.		
110.5-5	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$674,317
	OPERATING EXPENDITURES		
110.5-13	Other Operating Supplies	--	\$29,800
	COMMON COUNCIL-CITY CLERK		
	SALARIES & WAGES		
150.4-17	O&M FTE'S	94.00	--
150.4-18	NON-O&M FTE'S	1.00	--
150.5-7	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,566,896
	OPERATING EXPENDITURES		

150.5-11	General Office Expense	--	\$275,000
150.5-20	Information Technology Services	--	\$103,600
150.5-24	Other Operating Services	--	\$155,200
150.5-26	Reimburse Other Departments	--	\$107,825

C. COMBINED EFFECT OF ACTIONS A & B ABOVE:

1. Budget Effect = \$-3,550
2. Levy Effect = \$-3,550
3. Rate Effect = \$-0.001