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Prepared Remarks by Mayor Tom Barrett to the Milwaukee Common Council
2014 City Budget
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During 2013, the nation's news media have devoted increasing attention to the financial challenges facing America's cities. Attention has focused on an unprecedented level of bankruptcies, growing pension liabilities, and layoffs of employees—including police officers and firefighters. This summer, the negative news contributed to a major meltdown in the municipal bond market. Increasingly, the notion of “ungovernable cities” is taking root in public perception.

In sharp contrast is Milwaukee. Our City's municipal finances are strong. I am pleased to report that, due to the significant progress we have made since the global financial crisis, my 2014 Proposed Budget does more than keep our heads above water. This budget preserves critical service levels, continues to improve our essential infrastructure, and supports economic development and employment growth. In addition, my proposed budget includes more than \$11 million to help our community resolve the difficult conditions that have resulted from the breakdown of the housing market. The 2014 budget establishes a strong link between our solid financial sustainability and the revitalization of our neighborhoods.

Let's begin by recounting how we have reached economic stability. It didn't result from ignoring our challenges or by being satisfied with merely “balancing the budget.” It certainly isn't a product of undisciplined borrowing or false economies. Our progress is based on solid fundamentals: multi-year planning, careful priority setting, innovative operational improvements, effective fringe benefit restructuring and responsible financing of our long-term obligations. Here are some of the highlights from the last four years that have made this 2014 budget possible:

- First, we have eliminated 400 funded positions for a total annual savings of approximately \$32 million. We have done this without resorting to layoffs and we have reduced department operating costs by \$45 million since 2009.

- We have restructured and refinanced employee health care benefits saving \$27.8 million.
- Reductions to overtime and our furlough program have saved \$18 million since 2009.
- Careful capital budgeting, smart financing and effective debt management have enabled significant infrastructure improvements. Our debt service tax levy has stabilized and our per capita general obligation debt has declined 11% since 2011;
- We avoided short-term thinking to resolve our pension funding challenges. We have made all required contributions, built a strong employer's reserve for pensions, and established a stable pension contribution policy which eliminates annual funding volatility. We did this without passing costs on to future generations. None of this would have been possible without your help, particularly Alderman Michael Murphy, offering guidance and support.

Dysfunctional partisanship is too common in government. But, the City of Milwaukee's effective executive and legislative branch collaboration on the budget has put our residents, not politics, first. Thank you for working together.

Now let's start talking about 2014. First, some budget basics:

- My proposed 2014 tax levy increase is 1.6 %, or \$3.98 million. This allows us to complete the conversion of 50 police officers funded for three years by the federal stimulus program to local funding, without sacrificing essential capacity in other departments. Importantly, it also allows us to make a significant investment in my Strong Neighborhoods Investment Plan.
- To implement my Strong Neighborhoods initiative and to improve neighborhood-based City infrastructure and facilities, I have increased tax levy support for the capital program by approximately \$14 million. The proposed capital budget includes \$2.2 million for Concentrated Blight elimination; \$2.2 million for the repair of City-owned properties; \$600,000 for the Housing Trust Fund; and \$200,000 for vacant lot renewal and beautification.
- I have also proposed \$21.9 million of City funding for our street programs, which is a \$5.5 million increase over 2013, and \$1.8 million for Neighborhood Libraries. I want to thank City Comptroller Martin Matson and the Public Debt commission for their work on making these investments financially feasible

- State Shared Revenue and the Expenditure Restraint Program Aid have declined more than \$89 million in inflation-adjusted terms since 2003. The State's declining commitment to local government services coincides with its policy of pitting one group of City employees against another. Adding injury to insult, the State tries to intrude on municipal authority to establish employee residency requirements.
- Overall, a 1.3% increase in the proposed tax levy and municipal service charges is less than the projected change to inflation and enables us to continue critical service levels while increasing investments in our neighborhoods and core infrastructure. For the typical homeowner, it is an estimated \$18.44 increase.

Budgets are more than an exercise in bookkeeping. My 2014 budget capitalizes on our solid financial management.

It includes \$11.6 million in total funding for the Strong Neighborhoods Investment Plan as the first allocation toward a three-year comprehensive initiative to deal with City-owned properties while stabilizing the City's neighborhoods.

The City is taking more tax foreclosed homes than ever before. We now have more than 1000 improved properties in our inventory. That's more than thirteen times the number before the financial meltdown. It has presented challenges for departments and our resources.

More importantly, it's a burden for many of our neighborhoods. Too often these homes are vacant and deteriorating and too often the location of criminal activity. And even more tax-foreclosed properties will soon be in City hands.

It's time to re-double our efforts. My Strong Neighborhoods Investment Plan will help preserve our housing stock and stabilize neighborhoods through a comprehensive approach: prevention, mitigation, revitalization, and renewal.

When it comes to prevention, we will work to avoid future tax foreclosures whenever possible by securing properties at an earlier stage, working with owners, maintaining property registration records, and inspecting properties to reduce deterioration.

As part of our mitigation efforts, we will significantly reduce the backlog of structures that are on our must-raze list. We will turn to City workers for much of this demolition and have entered into a new partnership with Wisconsin Community Services for additional re-entry job placements.

In the revitalization component of my Strong Neighborhoods Investment Plan, we are increasing City staff in both property management and property marketing efforts. We're providing funding for property rehab efforts. In a new program with local brokers, we'll test a fresh way to market properties. And, with the encouragement of Council President Hines, we are stepping up the rent-to-own program for tenants who already live in City-owned tax foreclosed properties.

Ultimately, we want to get these homes, whenever possible, into the hands of responsible homeowners. That's a big part of the renewal section. We're working with private partners; particularly community based organizations for the re-sale and targeted rehab of City-owned properties. We're going to work with the Housing Authority to find specific properties that it can turn into scattered site rental housing. And as part of my HOME GR/OWN effort, we are identifying the best use of City-owned vacant lots.

Our goals are ambitious and our results will be measurable. Our benchmarks include: 300 blighted or unsafe homes demolished and a goal of 350 home sales. As the Strong Neighborhoods Investment Plan progresses and demolition backlogs are eliminated, more funding will be dedicated to rehab and stabilization efforts, benefiting both neighbors and neighborhoods.

My intent and hope is that our efforts to resolve the problems caused by external forces will leverage real financial commitment from other partners.

My 2014 budget integrates the Strong Neighborhoods Investment Plan with traditional City services.

The Police Department's data driven deployment, staffing and service delivery, and constructive community relations have contributed to a 13% decline in violent crime and a 35% decline in property crime since mid-2007. Lots of people have stepped up their efforts – including our crime-fighting Alderman, Joe Dudzik.

However, the last six months have generated increased concerns about robbery, which has seen a 20% spike since mid-2012. In addition, in July and August the City experienced a total of 145 non-fatal shootings and 29 homicides, a big increase over 2012. The department's strategy to combat gun violence includes deploying resources to hotspots, increasing neighborhood presence, expanding the group violence reduction initiative, and engaging with the community.

My budget provides \$2.7 million for 100 new police Officers to be hired during 2014, including a class of 50 that will be deployed to neighborhoods in early summer. My

proposal includes an additional \$1.8 million of tax levy funding to complete the absorption of 50 Police Officers that the City hired in mid-2011 with federal stimulus funding. This \$4.5 million financial commitment will enable an average funded strength of 1,855 sworn police.

The proposed Police Department budget also includes a restructuring innovation to add more officers to the street. The department currently uses sworn and civilian personnel to perform crime analysis. In 2014, the department will begin fully staffing crime analysis with civilians. It plans to hire eight Civilian Crime Analysts. That means eight additional sworn personnel will be assigned to policing work. Public Safety Committee Chairman, Alderman Terry Witkowski has encouraged this approach, and his perspective is helpful.

The police partner with other City departments to accomplish their mission. To strengthen this collaboration, the 2014 proposed budget adds two additional Special Enforcement Inspectors in the Department of Neighborhood Services. The new staff will work with the Police Department and Community Prosecution Unit to investigate specific complaints in neighborhoods that occur after hours, such as drug houses, party houses, and illegal auto repairs.

Infrastructure is essential to our economy and to a high quality of life. My 2014 budget continues our progress that has reduced replacement cycles. My proposals reflect a strong investment focus for the City's neighborhoods.

- \$14.7 million funding will be available for local street replacement. In addition, the Tax Increment District plan for the Northwestern Mutual project includes \$4 million for local street and related improvements near its new tower, and \$8.5 million for City infrastructure, all part of the lakefront gateway project.
- The 2014 Street Lighting Program includes \$9.3 million. We have more than doubled funding for street lighting since I took office.
- The budget includes \$10.1 million for bridges. Major projects in 2014 include replacement of the West North Avenue and the West Lisbon Avenue bridges over the 30th Street rail corridor, as well as rehabilitation projects and design for future bridge replacements.
- The budget includes \$3 million for the High Impact Street program, a \$2 million increase over 2013. Thousands of drivers every day will enjoy better pavement condition on high volume streets as a result of this investment focus.

I am proud to propose a significant financial commitment to neighborhood libraries. This budget provides funding to initiate replacement of the Forest Home library in Alderman Perez's district and – in Alderman Puente's district – Mill Road library. New facilities are needed and will improve the library's efficiency and delivery of services. I am also including funding for a major renovation of Tippecanoe Library, which will ensure its ability to serve patrons for many more years.

Our libraries anchor neighborhoods. A child learning to read, a teenager completing homework, an adult looking for work, a retiree satisfying curiosity – they all turn to our libraries. The Milwaukee Public Library has evolved and innovated to increase digital inclusion, improve literacy, support school achievement, and foster creativity. Sunday hours continue a great atmosphere for families learning together. Aldermen Hamilton, Kovac, and Alderwoman Coggs, your service to the Library Board is much appreciated.

My focus for economic development is improving employment and neighborhood conditions for all Milwaukeeans.

The impacts of several recent initiatives stand out. The Menomonee Valley Industrial Center continues to add businesses and jobs – more than 1,200 since 2006. Recently, we have approved land sales there to both Rishi Tea and Solaris, and by next year, they, too, will be hiring more people.

The Brewery Project has redeveloped former Pabst facilities, adding 350 jobs and 20 acres of affordable housing and office space. Significantly, the Brewery and the Valley redevelopments are within a short distance of Milwaukeeans looking for work. That is also true of Century City where we are making sites available for up to 1,000 workers on about 80 acres of land that is now clean and ready for business development. Alderman Wade, your support of the work underway at Century City is an important part of what we have accomplished.

New initiatives will continue this progress. Bulldozers are now moving earth at the City-funded Reed Street Yards. It is a center for water technology business with great potential. And right next door, the Global Water Center recently opened a \$22 million, 98,000 square foot technology and business incubator.

A “crown jewel” of City development is the planned construction of a new one-million square foot office tower headquarters for Northwestern Mutual. This \$450 million investment is expected to generate 1,700 new jobs over the next 15 years. We are partnering with Northwestern Mutual through a tax incremental district and the

enthusiastic support from Aldermen Bob Bauman and Jim Bohl has been important in moving this forward.

Since 2011 the City's Office of Environmental Sustainability has operated the Me3 sustainable manufacturing grant program which improves business competitiveness by reducing waste, pollution, and achieving production efficiencies. Me3 has helped twenty two manufacturing firms improve their bottom line and growth prospects. My budget includes \$75 thousand to continue this program.

A quality work force has become an increasingly important factor in investment and industrial location decisions. That's why I brought our workforce investment board into close collaboration with our economic development efforts. Our manufacturing partnership and several sector initiatives are providing training for real job opportunities. This collaboration will grow in importance as we make the 30th Street corridor a focal point for industrial renewal.

As you begin work on the 2014 City budget, please don't mistake my optimism for a lack of concern about the challenges that remain. In many respects, we have little margin for error. We need to continue to innovate, and provide essential services with a smaller, more productive workforce. Priority setting and multi-year planning are essential.

However, the track record that has led us to the relatively fortunate position we are in drives my confidence that City government can help move Milwaukee forward. Since 2004, we have responded responsibly to many financial challenges. If we approach this process with a community focus and a spirit of collaboration, the 2014 budget will continue to move Milwaukee forward!

Thank you.