

2005 PLAN AND BUDGET SUMMARY

CITY OF MILWAUKEE

STATE OF WISCONSIN

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Budget and Management Division

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GUIDE TO BUDGET DOCUMENTS

PLAN AND BUDGET SUMMARY

A document containing an overview of economic conditions in Milwaukee; a fiscal summary of the 2005 budget; an economic forecast for Milwaukee; detailed narrative descriptions of each department's mission, objectives, outcome measures and related activities; and a summary of appropriations by expenditure category. This document is printed annually in proposed and final form as follows: the *Proposed Plan and Executive Budget Summary* contains the Mayor's Executive Budget as presented to the Common Council for review. The *Plan and Budget Summary* contains the budget as adopted by the Common Council.

BUDGET

The official City of Milwaukee line-item budget provides a listing of all appropriation accounts by department and is published after the final budget adoption.

SIX-YEAR CAPITAL PLAN

A presentation of the city's six year capital program. Includes details on planning, financing, infrastructure, and urban development undertakings involved in the capital plan and is published the spring following budget adoption.

2004 FISCAL OUTLOOK AND STRATEGIC PLAN

A strategic framework that guides policy decisions based on long term strategic goals and objectives.

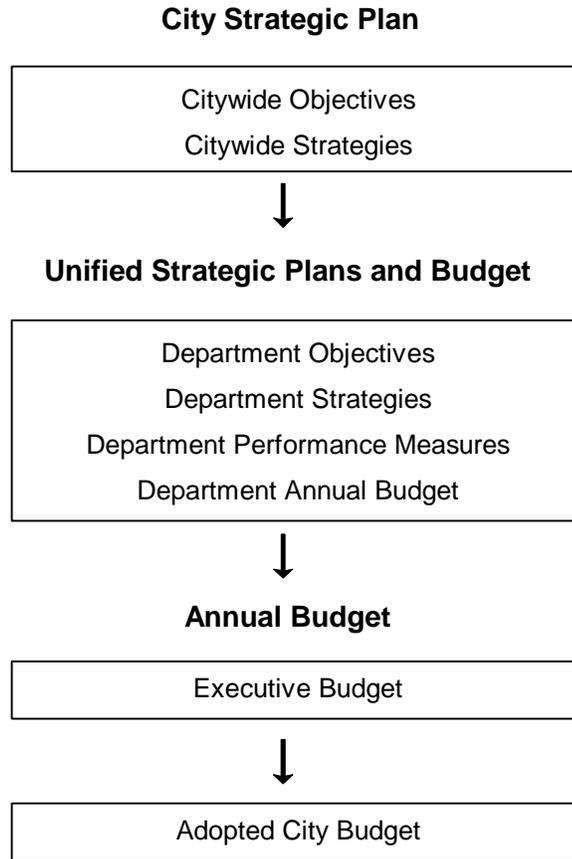
To obtain copies of the: *Proposed Plan and Executive Budget Summary*, *Plan and Budget Summary*, *Budget*, *Six Year Capital Plan* and the *2004 Fiscal Outlook and Strategic Plan* contact the:

Budget and Management Division
City Hall - Room 307
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or

Visit the Budget and Management Home Page at:
www.Milwaukee.gov/budget

BUDGET AND PLANNING PROCESS



CALENDAR DATE	ACTIVITY
January - March	Departments Prepare Plans, Objectives, and Performance Measures
Mid-March	Departments Receive Budget Materials
May 11*	Plans and Budget Requests Due
Mid-June	Mayor's Public Hearings on Plans and Budgets
July - September	Mayor's Executive Plan and Budget Review
September 23**	Plan and Budget Submitted to Common Council
Mid-October	Legislative Hearings
November 4 and 5	Finance and Personnel Committee Budget Amendment Days
November 12***	Common Council Action on Budget

* Second Tuesday in May
 ** Legal Deadline September 28
 *** Legal Deadline November 14

ELECTED OFFICIALS

MAYOR Tom Barrett
CITY ATTORNEY Grant F. Langley
CITY COMPTROLLER W. Martin Morics
CITY TREASURER Wayne F. Whittow

COMMON COUNCIL

PRESIDENT Willie L. Hines, Jr.

DISTRICT

ALDERMEN

FIRST Ashanti Hamilton
SECOND Joe Davis Sr.
THIRD Michael S. D'Amato
FOURTH Robert J. Bauman
FIFTH James A. Bohl, Jr.
SIXTH Michael McGee, Jr.
SEVENTH Willie C. Wade
EIGHTH Robert G. Donovan
NINTH Robert W. Puente
TENTH Michael J. Murphy
ELEVENTH Joseph A. Dudzik
TWELFTH James N. Witkowiak
THIRTEENTH Terry L. Witkowski
FOURTEENTH Tony Zielinski
FIFTEENTH Willie L. Hines, Jr.

MUNICIPAL JUDGES

BRANCH 1 Valarie A. Hill
BRANCH 2 Derek C. Mosley
BRANCH 3 James A. Gramling, Jr.

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Budget Transmittal Statement from Mayor Tom Barrett

Months ago, I promised the citizens of Milwaukee a budget that would include a legislative levy freeze and a reduced property tax rate. I am proud to say we have kept that promise.

The 2005 property tax levy is \$203 million, an increase of just 2% over 2004; in inflation adjusted dollars that is 0.4% less than the 2004 levy. The tax rate is \$9.19, which is 54 cents lower than the 2004 rate.

When we began this process, we were faced with a structural imbalance of more than \$30 million. Not an ideal situation for a new Mayor or for a new Council.

I applaud our city employees who are already doing more with less for working diligently with me to close the budget gap and for graciously exceeding my expectations.

The 2005 budget has very few bells and whistles - it's not a holiday tree loaded with fancy ornaments. We simply cannot afford to do everything we would like to.

In just two years, the city's State Shared Revenue payment has been reduced in inflation adjusted dollars by more than \$19 million. In spite of those cuts, this budget complies with the legislative property tax levy freeze. We are upholding our end of the bargain. Legislators in Madison must uphold their end of the deal by not cutting shared revenue.

There is no question that escalating health care costs aggravate our fiscal condition. In 2005, the city will pay \$94.7 million for health insurance, an increase of 11.8% (adjusted for carryover of funds and accounting change). I will work with anybody at anytime to reduce those costs. As we saw in the General Accounting Office Report, which I requested, we pay too much for health care.

Reductions in State Shared Revenue and increases in health care costs are not the only reasons to hold the line on taxes. In 2003, Milwaukee's unemployment rate hit an unacceptable 11% and between 2001 and 2003, Milwaukee households experienced a 2.6% decline in adjusted growth income. Economic growth has been slow and too many Milwaukee families continue to struggle.

I have made the retention and attraction of jobs a top priority. Our commitment to making Milwaukee an attractive and competitive place to do business has already paid off. We just completed negotiations with Capital Returns, a logistical service company for the pharmaceutical industry. As a

result of our negotiations, Capital Returns will not only stay in Milwaukee, the company will expand moving to a location easily accessible to our workforce and adding an additional 150 family supporting jobs that include full benefits.

Since taking office I have hosted Brown Bag lunches with citizens from around the city. I have heard concerns about taxes, sewers, streets, and trash collections. The one issue that received as much attention as taxes is the issue of making our city safer - because public safety is essential for our quality of life and for our economic growth.

We already have good news to report. Violent crimes are down by almost 18%. The number of homicides has fallen to 61 compared with 77 last year at this time. And, the crime clearance rate has dramatically increased. I commend Chief Nannette Hegerty, our Police force, and our citizens for the progress being made.

We will maintain critical Police staffing levels. This budget preserves the number of uniformed Police Officers and fully funds one recruitment class - bringing the number of classes to 3 in a 20 month period. This will help further reduce crime.

Despite the good news, there is still work to be done to improve community relations and trust between citizens, police, and city government. I am committed to that and I know you are too.

At the start of the budget process, we faced the threat of serious cuts in Fire personnel. The Fire Department's initial budget submission proposed to close three engine companies and provide no funding for recruitment and cadet classes that seek out under-represented groups of people. Fortunately, we are able to avoid these draconian cuts. Our Fire Department will continue to meet or exceed national staffing standards, continue to deliver timely and quality service and no Fire Fighters will be laid off.

Another issue that has received a lot of attention - and rightly so - is sewers. After the heavy spring rains and unacceptable sewer overflows, I convened an MMSD Audit Committee. I want to thank Alderman Ashanti Hamilton for agreeing to be a member of that committee and for sitting through hours of testimony - testimony that was not always exciting but was certainly important.

The Audit Committee recommendations focus on the problem of Inflow and Infiltration or I&I, I&I is basically rainwater seeping into the sewer system and capturing capacity in the deep tunnel.

From 1994 to 2004, the City of Milwaukee has invested more than \$200 million in sewer system improvements. This effort includes system evaluation, manhole rehabilitation, sewer sealing, and lining and sanitary sewer improvements.

In 2005, the city will spend \$26.2 million more on those efforts. The city is contributing \$4.5 million to the Canal Street Reconstruction Project to separate a part of the Menomonee Valley combined sewer system. We are also working with the State and MMSD to develop a system to capture the initial flush of polluted storm water from the Marquette Interchange drainage areas.

In addition to those efforts, the budget includes \$1.2 million for four pilot initiatives, which should result in less I&I and, ultimately, to fewer sewer overflows. I want to thank Aldermen Michael

Murphy and Michael McGee Jr. for their ideas and input into the development of these initiatives, which include a downspout disconnect program, an inlet restrictor initiative, a pilot for the removal of foundation drain connections to sanitary sewers, and a pilot for flat roof drainage flow control.

I would also like to take this opportunity to publicly acknowledge Council President and Housing Authority Chairman Willie Hines and the Housing Authority staff for their leadership and insight into making Milwaukee's public housing a national model for green building. The redevelopment plan for Highland Park includes a 20 thousand square foot green roof garden and several rain gardens. And, the roof drains at the Carver Park townhouses have been disconnected.

Our efforts to be innovative and cost efficient will lead to cleaner water and less sewer overflows. Communities within the region must work together to solve the sewer problem and Milwaukee must continue to do its part.

In my seven months in office, I have learned that some of the best ideas to improve services come from the citizens themselves. Most of you have probably heard complaints from citizens about putting bulky items such as mattresses, sofas, and other large items next to their green garbage carts. People are frustrated because the bulky items are not getting picked up at the regular garbage pick up time. I want to change that. We are structuring pick up times so that these items will be picked up with your regular trash without sacrificing collection cycles during the wintertime.

And, we are addressing citizen concerns about local street conditions by increasing street repaving and reconstruction funding more than \$2 million over last year's level.

We have also implemented a new initiative called Project Clean and Green. City crews will work with citizens to clean up their neighborhoods and businesses will provide seed money to plant flowers and trees.

Our focus on growing economic opportunity should not be concentrated on how we can divide a shrinking budget pie. We must intensify our efforts to leverage limited resources and to partner with other public and private entities.

This effort includes implementing the Main Streets Program. This successful program model has already received substantial financial commitments from private entities - commitments that we will secure and leverage for neighborhood revival.

The 2005 budget also includes support for the Menomonee Valley Business Park, the Harley Museum Development, Tower Automotive, and the continued development of the Park East and the Bronzeville Entertainment District.

The Emerging Business Enterprise Program will continue to provide services so that small, emerging businesses can compete in the public and private sectors. I look forward to working with you as we refine this important program.

As I said earlier, this budget is not a holiday tree adorned with expensive ornaments.

One of the few initiatives included in the budget is a new mentoring program. As a father of four, I know how important it is to shape and mold the minds of children. Many children grow up in single parent homes, have difficulty in school, or face serious economic hardship. I want to help these children, give them opportunities, and make sure they do not fall by the wayside. That is why we are launching a mentoring program. Under this plan the City of Milwaukee will partner with Milwaukee Public Schools to provide one-on-one mentoring for students who are at-risk of dropping out. Citizens who successfully complete training and participate will be eligible for a \$360 property tax credit.

We continue to fund the Library's award winning Books2Go Program and the Center Street Library's Community Outreach and Technology Center. Center Street has formed several partnerships with schools and neighborhood organizations and their efforts have given residents access to technology that they otherwise would not have.

And, we will start a Summer Youth Internship Program here at City Hall. Milwaukee high school students will get a chance to see and learn how government works. This Internship Program will go a long way in preparing young people with employment and career skills they need to be successful.

We are also making it a priority to promote access to health care, reduce lead poisoning, and reduce infant mortality. We have launched a media ad campaign, increasing awareness about infant mortality. We will also talk about infant mortality at schools, health fairs, and fatherhood support groups.

In addition to establishing these priorities for our city government, the 2005 budget also includes key initiatives that will provide the momentum needed to achieve more sustainable future budgets.

We will develop a plan that looks at the next three years in an effort to make our budget and programs fiscally sound. The plan will identify constraints and opportunities facing Milwaukee. It will establish fiscal policies, programs, and action plans. We will also implement a comprehensive performance monitoring initiative that establishes a process for improving service delivery. Cities such as Baltimore have found that performance measurement programs that are based on operational realities and strategic goals can improve the effectiveness of city programs. CitiStats saved Baltimore more than \$13 million in its first year of operation by helping the city manage more effectively.

Ensuring long term economic growth will require greater government efficiencies.

For example, following the Comptroller's recent audit of the city's passenger fleet, I included no funding for the purchase of cars and cut funding for other passenger vehicles.

We will spearhead the formation of intra- and inter-agency teams to find more cost-effective ways to deliver city services. This can be achieved by fostering greater cooperation between city departments and other governments.

We are all part of the same team and have the same interests - serving the citizens of our city with integrity and getting the most "bang" out of our hard earned tax dollars.

As a member of Congress, I learned how to ask for the money.

In 2004, our city applied for about \$400,000 in federal grant funds to help two of Milwaukee Public Schools' Community Learning Centers that provide after school learning programs and activities for children.

We also received an \$8 million grant to support Homeland Security in efforts to prevent and respond to terrorist attacks.

These are examples of how we need to be more aggressive in seeking outside dollars. Federal funds are going to be spent somewhere and I want some spent in Milwaukee.

Despite our challenges, we are a city with vibrant neighborhoods and tremendous potential for economic growth. Every neighborhood in Milwaukee is unique and deserves the opportunity to thrive.

The 2005 budget will move our city forward in a manner that is positive and responsive to the needs of all the people in our community. I look forward to working together with the Common Council to continue to improve Milwaukee.

Securing long term financial stability in every neighborhood will require fresh ideas, a commitment to planning, and an end to the politics of blame and sound bites. It will require a commitment from each of us to work together on a united front. We must agree on the right mix of quality services and funding to enable Milwaukee to grow and become a successful player in the regional, national, and global economy.

Thank you,

A handwritten signature in black ink that reads "Tom Barrett". The signature is written in a cursive, flowing style with a large initial "T" and "B".

TOM BARRETT
Mayor

MICHAEL J. MURPHY
ALDERMAN, 10TH DISTRICT

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CHAIR:
Finance & Personnel Committee
Milwaukee Arts Board

MEMBER:
Judiciary & Legislation Committee
Steering & Rules Committee
Zoning, Neighborhoods & Development

FINANCE AND PERSONNEL COMMITTEE REPORT ON THE 2005 ADOPTED CITY BUDGET

Each year, the Common Council's Finance and Personnel Committee reviews the Mayor's Proposed Budget for the City of Milwaukee, and submits its recommended amendments to the Common Council.

This year's budget process had its own unique twists and turns, including the changeover of 3 mayoral administrations from Mayor John Norquist to Acting Mayor Marvin Pratt to Mayor Tom Barrett, all within a 4-month period in early 2004. Coupled with a reduction in aldermanic districts from 17 to 15, the April 2004 election saw a turnover in 7 of the 15 Common Council seats, with the remaining 8 members being re-elected. As in any aldermanic election aftermath, there was the anticipated change in Council committee chairmanships and memberships, adding to the political transition in city government.

In the meantime, with the City of Milwaukee facing a revenue gap of more than \$30 million for 2005 budgetary purposes, city departments were preparing their 2005 requested budgets, based on allocations assigned to departments by the mayoral administration preceding Mayor Tom Barrett.

Mayor Barrett was committed to a property tax levy freeze for 2005, which the Common Council ultimately maintained via its actions on Mayor Barrett's Proposed Budget.

The 2005 City Budget adopted by the Common Council on November 12, 2004, increased the property tax levy by 2.37%, about \$743,000 above the 2% increase set by Mayor Barrett, who fulfilled his campaign pledge to meet the property tax levy "freeze" as advocated by state Republicans in Madison. The resulting property tax rate of \$9.25 was a 3 cent increase from the \$9.22 rate per \$1,000 of assessed value under Mayor Barrett's proposal. But those 3 cents were eliminated on November 23 when the Council sustained three vetoes issued by the mayor (subsequent changes in assessed value of property and school tax credit pushed the tax rate lower, to **\$9.19** per \$1,000 of assessed

value). The 2005 City Budget ultimately approved by the Council included a 54-cent dip in the tax rate and eliminated more than 200 estimated full-time equivalent positions, mostly vacant.

The Mayor's vetoes rejected Council amendments that added funding for an initiative to increase funding for Milwaukee Alliance community prosecution efforts in the 2nd Police District, and a measure that would have moved up the start date of a police recruit class from December to August 2005. A third veto rejected an amendment to provide 12 months of funding for two additional assistant city attorneys to focus on community prosecution efforts, but the Council accepted and approved a substitute amendment suggested by the Mayor to fund the positions for 10 months instead, recognizing time needed to recruit for the positions.

The 2005 Adopted City Budget is about \$1.1 billion. State shared revenue (\$231 million) makes up the city's largest revenue source, not the property tax. Adjusting for inflation, intergovernmental revenues have actually fallen since 1992. In 2004, the city received a reduction of \$10 million in its state shared revenue allocation. In 2005, the amount of shared revenue will be almost the same as 2004, representing a \$19.6 million real decline from 2003. State spending and hiring have steadily increased over the past 10 - 15 years, while the city's workforce has been trimmed by more than 1,000 positions.

Property taxes paid by City of Milwaukee property owners support 5 units of government, not just the city. While Mayor Barrett and the Common Council sent a strong message of budgetary self-restraint to Madison, the other 4 units of government included in the total property tax rate of \$25.86 per \$1,000 of assessed value all increased their levies. MPS's increase tallied 13.2%; Milwaukee County, 3%; MMSD, 4.2%; MATC, 5.7%; and the amount collected for state forestry services, 8%.

The City of Milwaukee's tax levy represents only 34% (34 cents) of each property tax dollar; Milwaukee Public Schools – 35%; Milwaukee County – 17%; MATC – 7%; and the Sewerage District – 6%. The State of Wisconsin also receives about one cent of each dollar.

Service Level Changes

The most visible city service level changes residents may notice in 2005 are reductions in library hours and certain boulevard plantings. There will also be a change in the way bulky items ("special pick-ups") are collected: bulky items will be collected on regularly scheduled garbage collection days; collection of major appliances will be discontinued; and brush will be collected only from March to November, with a reduction in the maximum amount of brush collected to 4 cubic yards.

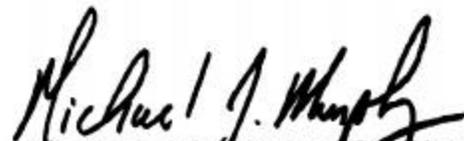
Fees for Services

There were no new fees for services in the Mayor's 2005 Proposed Budget. The Council supported the Mayor's recommendation to maintain the following fees for services provided by the Department of Public Works at the current 2004 levels:

- The Solid Waste Fee will remain at \$75. It will continue to generate \$13.9 million (43% recovery of costs) in 2005.
- The Snow and Ice Control Fee will remain at its current rate of \$0.2736 per foot of property frontage, and generate \$2.4 million.
- Leaf pick-up and street-sweeping costs are recovered through the City's sewer maintenance fee. These will be in the form of service charges to the Sewer Fund by the Department of Public Works – Operations Division. Revenue received for this service is projected at \$4.2 million in 2005.

The members of the Finance and Personnel Committee, and the Common Council, worked resolutely together to fulfill Mayor Barrett's commitment to a property tax levy freeze for 2005 without sacrificing the quality of services to our neighborhoods. But the next greater challenge is at hand: the Common Council must continue to work with Mayor Barrett and his administration to seek new, sustainable sources of revenue to maintain and improve city services, while easing pressure on the property tax levy, for 2006 budget purposes and beyond.

Respectfully submitted,



Ald. Michael J. Murphy, 10th District
Chair, Finance & Personnel Committee

THE VALUE OF MILWAUKEE

Milwaukee exists because it possesses natural economic advantages, which cause people and businesses to concentrate in large and increasing numbers. As a result of the proximity and connectedness of Milwaukee's diverse people and enterprises, huge benefits flow - jobs are created, markets are formed and expanded, wealth is created, and surplus wealth leads to culture.

OUR VISION FOR MILWAUKEE

We want Milwaukee to become an even more desirable place to live and work. Our city's attributes include:

- Dynamic and accessible markets gainfully employing citizens;
- Safe, strong, and beautiful neighborhoods with well maintained housing and a healthy environment; and
- A flourishing culture recognized for its arts, recreation, museums, and institutions of education.

MISSION

City government is dedicated to controlling spending while giving residents and businesses the highest quality services possible. The city also works to create local, state, and federal policies (especially transportation, community development, and education policies) that enhance the natural advantage of Milwaukee. We are committed to:

- Protecting citizens and visitors from crime, fire, and other hazards;
- Improving the health of residents and their physical environment;
- Strengthening the quality and enhancing the value of neighborhoods and housing;
- Promoting an economic climate that supports job creation, lasting investment, and economic opportunity;
- Furthering land use policies that promote diverse transportation options; and
- Fostering an effective educational system that improves educational attainment and promotes job readiness.

Strengthening Milwaukee's Role In The Metropolitan Economy

Success Factors in the Metropolitan Economy

Milwaukee is part of a larger metropolitan economy with a population of 1.5 million, a workforce of close to 1 million people, and total economic output of more than \$60 billion. Labor and property markets transcend municipal and county boundaries. For example, almost 120,000 people from outside Milwaukee County commute to the county for work, and more than 80,000 county residents leave the county for work as part of their daily commute. These interconnected metropolitan markets create mutual interests among the city and its suburban neighbors.

Globalization and technology change over the last 20 years have generated new factors that determine metropolitan economic competitiveness. This "New Economy" is not about "high tech", or even a new set of industries; it affects Milwaukee's traditional industrial strengths as much as Silicon Valley in California or Austin, Texas. The New Economy has established new sources of competitive advantage that are applicable to a wide range of goods and service producing industries. These sources of competitive advantage include:

- **Speed:** Success in the New Economy depends on getting products and services to market quickly. Transportation time and transaction costs are important to meeting customer expectations.
- **Quality:** No longer is "low cost" alone adequate to win in the New Economy. By competing on quality, firms meet customer expectations and differentiate their unique features. The auto industry is a major example of how quality has revolutionized the Midwest economy and the supplier firms that operate here.
- **Knowledge:** Intellectual capital has become a major source of competitive advantage. Knowledge helps firms respond quickly and creatively to customer needs and market conditions. Knowledgeable people are necessary in order to employ capital equipment effectively.
- **Networks:** Competing firms benefit from sharing common pools of talent, intellectual capital, and specialized expertise. Industry clusters are concentrations of competing, complementary, and interdependent firms and industries that create metropolitan wealth through exports.

Cities remain a crucial component of metropolitan success by virtue of their capacity to support the New Economy's success factors. The networks that are vital to metropolitan success function most effectively when they are clustered together geographically. Vibrant urban neighborhoods promote the interaction between people that contributes to the creativity that the New Economy values. Creative work is concentrating in urban centers because of the work-life integration that can occur in mixed-use settings. Management guru Peter Drucker predicts that the organization of work in the future will involve an intimate mixture, rather than separation of living and working places. This would result in a significant competitive advantage for communities like Milwaukee.

City Government and Metropolitan Success

Governments don't create wealth, but local governments can help establish the conditions through which cities can contribute to metropolitan economic competitiveness. The following illustrates how city government helps create conditions that support the New Economy's success factors.

- The city's role in protecting public safety and property is an essential requirement for a functioning modern economy. Perceptions regarding the level of crime play a huge role regarding business and residential investment decisions. Safe neighborhoods support property values and allow for an environment in which family life can thrive.

- The city's infrastructure serves the entire metropolitan economy by virtue of Milwaukee's role as a central business, cultural, and entertainment location. Almost 21% of metro area employment is within three miles of Milwaukee's Central Business District, and more than 65% is within ten miles. City infrastructure serves the needs of people throughout the metropolitan area for work, home life, and recreation. Infrastructure programs also support the preservation of natural resources and clean water. Environmental quality is increasing in importance as a location factor.
- A predictable and expeditious regulatory process facilitates investment. City government manages "transaction costs" through understandable and timely zoning and permitting processes. For example, the city's Development Center is serving all customers within 16 minutes of their arrival. The Board of Zoning Appeals is processing routine cases in less than 6 weeks, compared to an average of 27 weeks in 1998.
- Neighborhood conditions are a major factor in home buying and residential investment. City government maintains clean neighborhoods and protects property values through fire prevention and suppression, solid waste collections, nuisance abatement, and code and zoning enforcement programs. City government programs also leverage private investment in neighborhoods and downtown through economic development finance and technical assistance.
- City government is not an education agency, but city programs leverage school readiness, improve literacy, and develop technology capabilities that promote a capable workforce. The Library reinforces the schools' efforts through summer reading programs and partnerships with child care providers to develop pre-reading skills. The Library has also increased access to information technology and the capacity to use it through a variety of programs. The Health Department plays a significant role in helping children become "school ready" through programs that enhance children's health and development and that reduce environmental health risks.

The 2005 adopted budget establishes priorities that strengthen Milwaukee's capacity to contribute to the metropolitan economy. These include:

- Providing for affordable government through a property tax levy increase of 2%, consistent with the proposed legislative freeze that called for holding levy increases to the percentage increase in property value associated with new construction. In addition, there are no increases to the major user charges that affect property owners.
- Preserving existing staffing levels in the Police Department by funding the two recruit classes added in 2004 and providing funding for another recruit class in 2005.
- Maintaining a weekly solid waste collection cycle and improving the impact and efficiency of special collections, and continuing the current service levels for code enforcement and nuisance abatement.
- Investing more than \$115 million for infrastructure, including \$1.2 million of funding for pilot projects to improve the operation of the sewerage system and reduce the risk of backups and overflows.
- Stimulating economic development through approximately \$27 million of capital programs.
- Supporting learning through a Mentoring Initiative designed to keep high school students at risk of dropping out on track to graduation.

Economic and Fiscal Forecast

The national economy should continue its economic recovery during 2005, albeit at a somewhat slower pace than in 2004. For example, the State Department of Revenue forecast (hereafter referred to as DOR forecast, which is based on a forecast prepared by *Global Insight*) projects real Gross Domestic Product (GDP) to increase by 3.6% in 2005. Key factors relevant to Wisconsin and Milwaukee in the DOR national forecast include:

- Continued dollar decline, driven by the current account deficit. The 1990's boom was accompanied by a steady deterioration in the U.S. Balance of Payments. The dollar's decline is expected to continue, which will contribute to an 11.4% increase in the real value of exports during 2005. Wisconsin's economy, and that of the Milwaukee region, has historically benefited from rising exports.
- Non-residential fixed investment is projected to grow 12.2% at the national level in 2005. This should be favorable to durable goods manufacturing in Wisconsin generally, and for the Milwaukee region in particular.
- The DOR forecast pegs national inflation as measured by the CPI-U at a modest 1.7%. Although some inflation has surfaced recently, the impacts of increased globalization on supply have deflationary implications on a secular basis. Increases in unit labor costs remain very muted relative to historical trends.

The Institute of Supply Managers (ISM) Manufacturing Index (PMI) remains positive. The August 2004 PMI reading was 59, down from 62 in July. A reading of 50 or above indicates that the manufacturing economy is expanding. The PMI reflects that manufacturing activity nationally has now grown for 15 consecutive months. The ISM August Survey of Business reflected growth in manufacturing new orders, production, backlogs, and employment. Information on inventories was mixed, with overall inventories growing, but some of which is attributable to customers rebuilding inventories from low July levels.

Wisconsin's economy was disproportionately affected by the recession and has experienced a less robust recovery than the nation as a whole. The importance of manufacturing to the state has had a major bearing on this. For example, the state experienced a loss of more than 100,000 manufacturing jobs from "peak to trough". However, manufacturing has experienced a gradual rebound of 9,000 jobs in the first half of 2004 after 17 consecutive quarters of decline.

The state's Index of Leading Indicators points to continued improvement in the Wisconsin economy. The index has improved 8 of the last 12 months and is 30% higher than the reading of 12 months ago. The DOR forecast calls for state employment to increase by 1.8% in 2005, with another 12,000 jobs in manufacturing projected.

State personal income prospects have improved considerably. Declines in manufacturing employment and slow overall wage growth contributed to average growth of only 3.3% during 2001-2003. Total state personal income is expected to grow 5% in 2005 after a projected 5.9% increase during 2004.

Improvement in the state's economic situation is reflected in improved tax receipts. General Purpose Revenue (GPR) tax collections for fiscal year 2003-2004 increased 5.3% over the prior year. GPR is the funding source for state school aids and shared revenue for municipalities. GPR tax collections are .6% ahead of earlier estimates.

The DOR forecast also projects conditions for metropolitan areas. The Milwaukee/Waukesha metro area experienced a severe cyclical downturn between 2001 and 2003. Personal income growth for the area increased just 2.5% annually during 2002-2003. Data on tax collections suggest that personal income in the City of Milwaukee grew at an even slower rate, as Adjusted Gross Income (AGI) in the city fell an average of -2.2% in 2001 and 2002.

Metropolitan area personal income is expected to grow 4.7% during 2005. Unemployment in the city, which was almost 11% just a year ago, had declined to 8.7% in July 2004. Employment in the metro area is expected to grow

1.2% in 2005, after experiencing declines during 2001 through 2003. It should be noted that employment conditions overall have remained weaker in the city, compared to both the county and the metropolitan area. The city's civilian work force has a substantial exposure to the cyclical trends in manufacturing, which is only now showing signs of a modest rebound.

Milwaukee's Fiscal Forecast

There is a structural problem with the city budget caused by expenses increasing faster than revenues. Expenses have increased in the 3.5% to 4.5% range while revenues have been nearly flat. This has left an annual structural budget problem that is \$20 to \$30 million depending on tax policy.

The structural budget problem exists mainly due to stagnant state funding of shared revenue, efforts to control property tax growth, lack of a diversified revenue base, and health care benefit costs that are increasing at 3 to 4 times the rate of inflation.

State shared revenue makes up the city's largest revenue source. The state has reduced the amount of shared revenue provided to municipalities. Between 1995 to 2004, the funding for shared revenue was roughly the same. In 2004, the city received a reduction of \$10 million in its shared revenue allocation. In 2005, the amount of shared revenue will be almost the same as 2004, representing a \$19.6 million real decline from 2003.

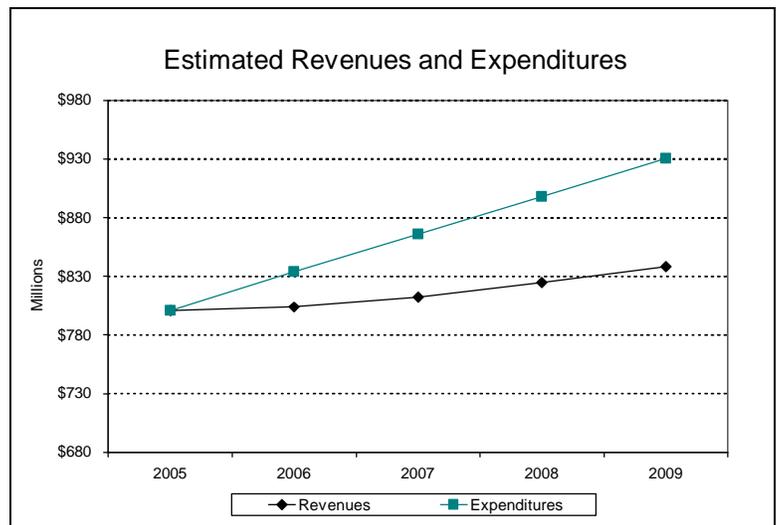
Property taxes make up roughly 18% of city revenues. Because of current political interest to control property taxes, there has been very little growth in this revenue source. Despite effective municipal control of property taxes, state officials are considering limiting local authority ability to increase property taxes through legislation. This will reduce flexibility the city has to generate reasonable revenue growth.

With shared revenue and property taxes at nearly 40% of city revenue, the remaining revenue growth does not neutralize the impact of the stagnant shared revenue and property taxes. Although some efforts have been made to diversify revenue through the creation of a Solid Waste Fee and the Snow and Ice Control Fee, state law restricts the city's ability to create user fees or to charge tax exempt properties for police and fire protection.

The city has had to rely on service reductions to balance the budget given the revenue situation. Continual expenditure reductions to balance the budget will force the city to cut services. Eventually, the city will hit an expected minimum service level where no further service reduction will be acceptable. The fine balance between services and taxes could shift towards a greater demand for services rather than pressure to reduce taxes or seek other revenue sources. The potential for future retirement system contributions and even higher health benefit costs adds to this dilemma.

The city's forecast for 2006-2009 continues to reflect the structural budget problem. As indicated above, expenditures are expected to increase 3.5% to 4.5% annually. This increase is driven by wage and benefit increases assumed to be consistent with recent labor settlements and an increase slightly greater than 10% for health care. On the revenue side, property taxes are assumed to experience an annual growth of 4%. Other revenues are expected to grow at recent growth rates and no large fee increases or new fees have been

Figure 1



factored into the projections. The impact of these trends and assumptions are reflected in Figure 1 which shows the growth in expenses relative to the growth in revenues.

The tax levy assumption causes revenues to grow where, in the past, no revenue growth was expected. However, the 4% growth is not sufficient to offset the expected growth in expenditures. The imbalance is initially expected to be around \$30 million in 2006. The imbalance is expected to fall to approximately \$20 to \$25 million in 2008 and 2009. However, unless new revenue sources can be found or existing fees increased, service reductions will be required even as property taxes are expected to increase.

2005 ADOPTED BUDGET AND TAX RATE COMPARED TO PRIOR YEAR

PURPOSE OF EXPENDITURE AND FUNDING SOURCE	2004 ADOPTED BUDGET*	2005 ADOPTED BUDGET*	CHANGE 2005 MINUS 2004 ADOPTED	2004 ADOPTED	2005 ADOPTED	CHANGE 2005 MINUS 2004 ADOPTED
A. GENERAL CITY PURPOSES						
1. Budget (Expend. Auth.)	\$496,631,541	\$513,392,003	\$16,760,462			
2. Non Tax Levy Funding	411,475,813	419,552,981	8,077,168			
3. Tax Levy Funding	85,155,728	93,839,022	8,683,294	\$4.16	\$4.25	\$0.09
B. EMPLOYEE RETIREMENT						
1. Budget (Expend. Auth.)	\$68,172,487	\$64,688,277	\$-3,484,210			
2. Non Tax Levy Funding	25,786,249	24,596,903	-1,189,346			
3. Tax Levy Funding	42,386,238	40,091,374	-2,294,864	\$2.07	\$1.82	\$-0.26
C. CAPITAL IMPROVEMENTS						
1. Budget (Expend. Auth.)	\$109,649,250	\$94,881,921	\$-14,767,329			
2. Non Tax Levy Funding	98,173,740	84,762,496	-13,411,244			
3. Tax Levy Funding	11,475,510	10,119,425	-1,356,085	\$0.56	\$0.46	\$-0.10
D. CITY DEBT						
1. Budget (Expend. Auth.)	\$118,727,769	\$122,711,665	\$3,983,896			
2. Non Tax Levy Funding	64,732,859	69,770,143	5,037,284			
3. Tax Levy Funding	53,994,910	52,941,522	-1,053,388	\$2.64	\$2.40	\$-0.24
E. DELINQUENT TAX						
1. Budget (Expend. Auth.)	\$1,000,000	\$1,000,000	\$0			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	1,000,000	1,000,000	0	\$0.05	\$0.05	\$-0.00
F. CONTINGENT FUND						
1. Budget (Expend. Auth.)	\$5,000,000	\$5,000,000	\$0			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	5,000,000	5,000,000	0	\$0.24	\$0.23	\$-0.02
SUBTOTAL (A+B+C+D+E+F)						
1. Budget (Expend. Auth.)	\$799,181,047	\$801,673,866	\$2,492,819			
2. Non Tax Levy Funding	600,168,661	598,682,523	-1,486,138			
3. Tax Levy Funding	199,012,386	202,991,343	3,978,957	\$9.73	\$9.19	\$-0.54
G. PARKING FUND						
1. Budget (Expend. Auth.)	\$44,806,125	\$47,584,804	\$2,778,679			
2. Non Tax Levy Funding	44,806,125	47,584,804	2,778,679			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
H. GRANT AND AID						
1. Budget (Expend. Auth.)	\$71,908,461	\$81,360,664	\$9,452,203			
2. Non Tax Levy Funding	71,908,461	81,360,664	9,452,203			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
I. DEVELOPMENT FUND						
1. Budget (Expend. Auth.)	\$4,761,827	\$5,388,818	\$626,991			
2. Non Tax Levy Funding	4,761,827	5,388,818	626,991			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
J. WATER DEPARTMENT						
1. Budget (Expend. Auth.)	\$108,075,206	\$102,222,241	\$-5,852,965			
2. Non Tax Levy Funding	108,075,206	102,222,241	-5,852,965			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
K. SEWER MAINTENANCE FUND						
1. Budget (Expend. Auth.)	\$45,665,233	\$54,529,316	\$8,864,083			
2. Non Tax Levy Funding	45,665,233	54,529,316	8,864,083			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
M. COUNTY DELINQUENT TAXES FUND						
1. Budget (Expend. Auth.)	\$9,500,000	\$9,500,000	\$0			
2. Non Tax Levy Funding	9,500,000	9,500,000	0			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
SUBTOTAL (G+H+I+J+K+M)						
1. Budget (Expend. Auth.)	\$284,716,852	\$300,585,843	\$15,868,991			
2. Non Tax Levy Funding	284,716,852	300,585,843	15,868,991			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
TOTAL (A thru M)						
1. Budget (Expend. Auth.)	\$1,083,897,899	\$1,102,259,709	\$18,361,810			
2. Non Tax Levy Funding	884,885,513	899,268,366	14,382,853			
3. Tax Levy Funding	199,012,386	202,991,343	3,978,957	\$9.73	\$9.19	\$-0.54

Tax Rate and Assessed Value – 2005 Adopted rate column is based on an estimated assessed value of \$22,085,159,578 as of December 3, 2004. *Totals may not add due to rounding.

PROPERTY TAX PROFILE
COMBINED PROPERTY TAX RATES 2001 - 2005
(PER \$1,000 ASSESSED VALUATION, ROUNDED TO THE NEAREST FULL CENT)
(RATES MAY NOT ADD DUE TO ROUNDING)

	2001	2002	2003	2004	2005
City of Milwaukee (Controlled by the Common Council)					
General City Purposes	\$4.43	\$4.30	\$4.37	\$4.16	\$4.25
Provision for Employee Retirement	2.09	2.21	2.11	2.07	1.82
Capital Improvement Program	0.13	0.58	0.55	0.56	0.46
City Debt (Including School Debt)	3.46	3.41	2.82	2.64	2.40
Delinquent Tax Fund	0.09	0.06	0.05	0.05	0.05
Common Council Contingent Fund	0.29	0.31	0.26	0.24	0.23
Subtotal - City of Milwaukee	\$10.49	\$10.87	\$10.16	\$9.73	\$9.19
Area Board of Vocation, Technical, and Adult Education District Nine					
Milwaukee School Board	\$2.00	\$2.23	\$2.05	\$2.04	\$2.00
Metropolitan Sewerage District	9.87	10.12	9.34	8.96	9.40
State - Forestry	1.68	1.87	1.74	1.64	1.59
Milwaukee County	0.20	0.22	0.23	0.23	0.21
Subtotal - Other Taxing Bodies	\$19.21	\$20.35	\$18.53	\$17.79	\$17.90
Total Combined Tax Rate	\$29.70	\$31.22	\$28.69	\$27.52	\$27.09
State Tax Credit	\$-1.69	\$-1.66	\$-1.43	\$-1.35	\$-1.23
Net Tax Rate	\$28.01	\$29.56	\$27.26	\$26.17	\$25.86

PROPERTY TAX LEVIES FOR COMMON COUNCIL CONTROLLED PURPOSES

	2001	2002	2003	2004	2005
General City Purposes	\$76,260,767	\$74,364,442	\$84,734,381	\$85,155,728	\$93,839,022
Provision for Employee Retirement	35,942,562	38,090,209	40,937,332	42,386,238	40,091,374
Capital Improvement Program	4,044,209	6,284,793	10,587,803	11,475,510	10,119,425
City Debt	59,490,256	58,915,763	54,762,233	53,994,910	52,941,522
Delinquent Tax Fund	1,600,000	1,000,000	1,000,000	1,000,000	1,000,000
Common Council Contingent Fund	5,000,000	5,420,458	5,000,000	5,000,000	5,000,000
Total Property Tax Levies for Common Council Controlled Purposes	\$182,337,794	\$184,075,665	\$197,021,749	\$199,012,386	\$202,991,343

TAXABLE ASSESSED VALUATION

City of Milwaukee 2001 - 2005

	2001	2002	2003	2004	2005
Residential	\$10,292,622,989	\$10,358,670,619	\$12,027,394,755	\$12,938,633,380	\$14,301,661,916
Commercial	5,612,521,788	5,716,180,475	6,176,360,800	6,493,804,441	6,903,490,064
Manufacturing	741,471,600	717,830,700	765,130,300	729,858,200	733,599,500
Total Real Estate	\$16,646,616,377	\$16,792,681,794	\$18,968,885,855	\$20,162,296,021	\$21,938,751,480
Personal Property	\$936,378,220	\$997,177,244	\$897,397,660	\$847,221,220	\$833,668,020
Total Taxable Assessed Valuation	\$17,582,994,597 (a)	\$17,789,859,038 (b)	\$19,866,283,515 (c)	\$21,009,517,241 (d)	\$22,772,419,500 (e)

*Amount Includes Tax Increment District Assessed Value.

- (a) Based upon assessed values as of November 30, 2000.
- (b) Based upon assessed values as of December 5, 2001.
- (c) Based upon assessed values as of December 5, 2002.
- (d) Based upon assessed values as of December 4, 2003.
- (e) Based upon assessed values as of December 3, 2004.

**COMPARISONS BY BUDGET SECTION
BETWEEN 2005 ADOPTED AND 2004 ADOPTED BUDGETS,
REVENUES, TAX LEVIES, AND RESULTING CHANGES**

	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
A. GENERAL CITY PURPOSES			
Appropriations			
Salaries and Wages	\$322,168,267	\$306,872,364	\$-15,295,903
Fringe Benefits	98,974,152	95,670,728	-3,303,424
Operating Expenditures	56,920,362	55,164,771	-1,755,591
Equipment Purchases	6,565,862	5,706,256	-859,606
Special Funds	110,977,050	145,648,612	34,671,562
Fringe Benefit Offset	-98,974,152	-95,670,728	3,303,424
TOTAL APPROPRIATIONS	<u>\$496,631,541</u>	<u>\$513,392,003</u>	<u>\$16,760,462</u>
Funding Sources			
General City Revenues	\$394,605,813	\$402,931,981	\$8,326,168
Tax Stabilization Fund Withdrawal	16,870,000	16,621,000	-249,000
Property Tax Levy	85,155,728	93,839,022	8,683,294
TOTAL REVENUES	<u>\$496,631,541</u>	<u>\$513,392,003</u>	<u>\$16,760,462</u>
B. EMPLOYEE RETIREMENT			
TOTAL APPROPRIATIONS	\$68,172,487	\$64,688,277	\$-3,484,210
Funding Sources			
Non-Property Tax Revenue	\$25,786,249	\$24,596,903	\$-1,189,346
Property Tax Levy	42,386,238	40,091,374	-2,294,864
TOTAL REVENUES	<u>\$68,172,487</u>	<u>\$64,688,277</u>	<u>\$-3,484,210</u>
C. CAPITAL IMPROVEMENTS			
TOTAL CAPITAL IMPROVEMENTS PROGRAM			
Appropriations	\$109,649,250	\$94,881,921	\$-14,767,329
Funding Sources			
1. BORROWING (General Obligation)			
a. New	\$61,494,450	\$46,667,446	\$-14,827,004
b. Carryover	(92,467,422)	(107,763,520)	(15,296,098)
2. BORROWING (Tax Incremental Districts)			
a. New	\$19,000,000	\$20,000,000	\$1,000,000
b. Carryover	(27,916,180)	(30,715,914)	(2,799,734)
3. SPECIAL ASSESSMENTS (Internal Borrowing)			
a. New	\$5,179,290	\$3,895,050	\$-1,284,240
b. Carryover	(19,196,326)	(18,070,783)	(1,125,543)
4. CASH FINANCED			
a. FROM REVENUES			
1. New	\$12,500,000	\$14,200,000	\$1,700,000
2. Carryover	(0)	(0)	(0)
b. FROM TAX LEVY	11,475,510	10,119,425	-1,356,085
c. TOTAL CASH FINANCED	<u>\$23,975,510</u>	<u>\$24,319,425</u>	<u>\$343,915</u>
TOTAL REVENUES (Capital Improvements)	<u>\$109,649,250</u>	<u>\$94,881,921</u>	<u>\$-14,767,329</u>
D. CITY DEBT			
TOTAL APPROPRIATIONS	\$118,727,769	\$122,711,665	\$3,983,896
(Includes Borrowing for Milwaukee Public Schools)			
Funding Sources			
Revenues	\$33,174,616	\$36,379,821	\$3,205,205
TID Increments	13,944,841	18,596,776	4,651,935
Delinquent Tax Revenue	13,613,402	14,793,546	1,180,144
Property Tax Levy	53,994,910	52,941,522	-1,053,388
PDAF Withdrawal	4,000,000	0	-4,000,000
TOTAL REVENUES	<u>\$118,727,769</u>	<u>\$122,711,665</u>	<u>\$3,983,896</u>

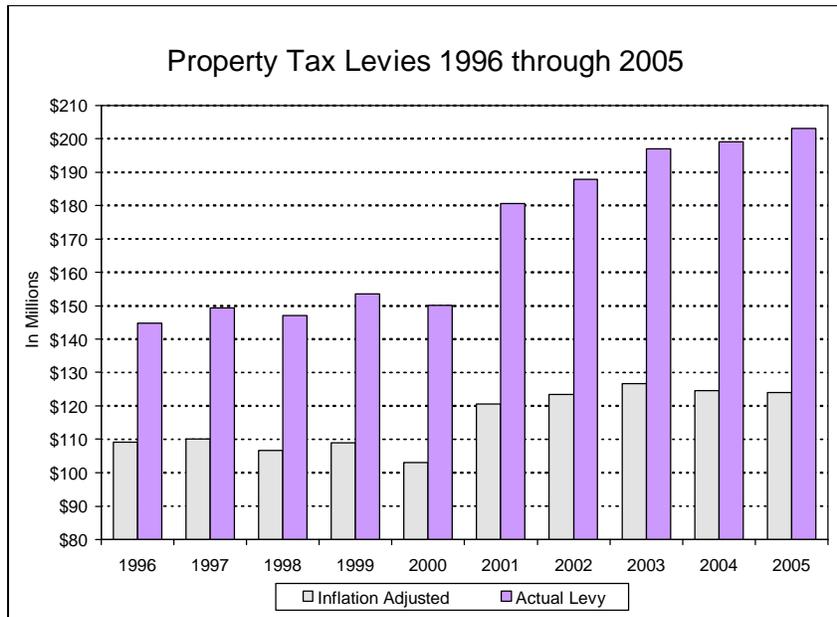
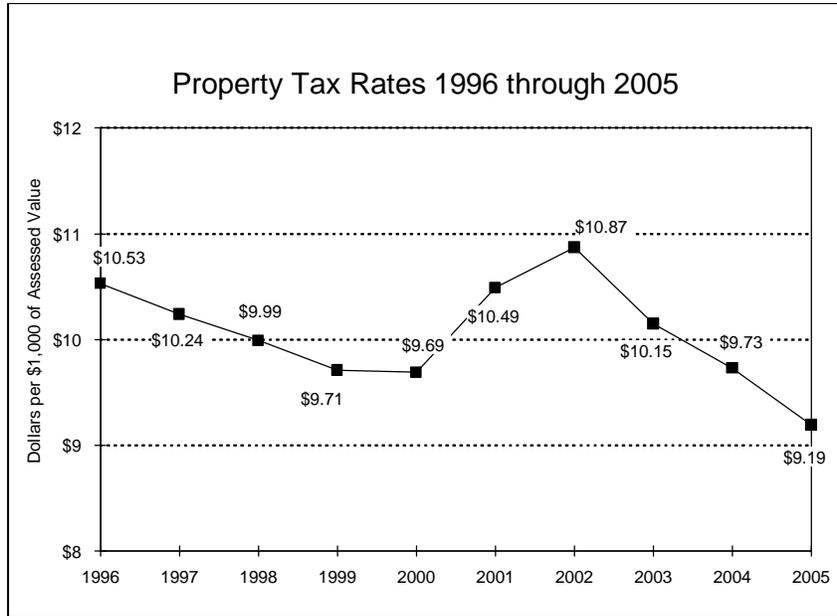
	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
E. DELINQUENT TAX			
TOTAL APPROPRIATIONS	\$1,000,000	\$1,000,000	\$0
Funding Sources			
TOTAL REVENUE (Property Tax Levy)	\$1,000,000	\$1,000,000	\$0
F. COMMON COUNCIL CONTINGENT FUND			
TOTAL APPROPRIATIONS	\$5,000,000	\$5,000,000	\$0
Funding Sources			
TOTAL REVENUE (Property Tax Levy)	\$5,000,000	\$5,000,000	\$0
SUBTOTALS (ITEMS A THROUGH F)			
CITY BUDGET APPROPRIATIONS (Excluding Special Revenue Accounts)	\$799,181,047	\$801,673,866	\$2,492,819
Less: Non-Property Tax Revenues	600,168,661	598,682,523	-1,486,138
PROPERTY TAX LEVIES	\$199,012,386	\$202,991,343	\$3,978,957
SPECIAL REVENUE ACCOUNTS (ITEMS G THROUGH M)			
G. PARKING			
TOTAL APPROPRIATIONS	\$44,806,125	\$47,584,804	\$2,778,679
Funding Sources			
Current Revenues	\$17,176,679	\$17,573,369	\$396,690
Capital Improvements from Reserves	5,000,000	5,000,000	0
Withdrawal from Reserves	2,323,546	4,811,435	2,487,889
Citation Revenue and Processing	19,000,000	19,000,000	0
New Borrowing	1,305,900	1,200,000	-105,900
Other Funding (Carryover Borrowing)	(1,094,000)	(1,800,369)	(706,369)
TOTAL REVENUES	\$44,806,125	\$47,584,804	\$2,778,679
H. GRANT AND AID			
TOTAL APPROPRIATIONS	\$71,908,461	\$81,360,664	\$9,452,203
Funding Sources			
Grantor Share	\$71,908,461	\$81,360,664	\$9,452,203
TOTAL REVENUES	\$71,908,461	\$81,360,664	\$9,452,203
I. ECONOMIC DEVELOPMENT			
TOTAL APPROPRIATIONS	\$4,761,827	\$5,388,818	\$626,991
Funding Sources			
Business Improvement District Assessment	\$4,761,827	\$5,388,818	\$626,991
TOTAL REVENUES	\$4,761,827	\$5,388,818	\$626,991
J. WATER WORKS			
Appropriations			
Operating Budget	\$55,085,206	\$57,592,241	\$2,507,035
Capital Improvements Program	22,620,000	18,790,000	-3,830,000
Debt Service (Principal and Interest)	8,350,000	7,650,000	-700,000
Capital Funding from Retained Earnings	22,020,000	18,190,000	-3,830,000
TOTAL APPROPRIATIONS	\$108,075,206	\$102,222,241	\$-5,852,965
Funding Sources			
Current Operating Revenues	\$69,611,574	\$70,765,322	\$1,153,748
Non-Operating Revenues	7,260,000	7,859,000	599,000
Use of Retained Earnings	31,203,632	23,597,919	-7,605,713
TOTAL REVENUES	\$108,075,206	\$102,222,241	\$-5,852,965

	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
K. SEWER MAINTENANCE			
Appropriations			
Operating Budget	\$24,165,233	\$31,823,316	\$7,658,083
Capital Improvements Program	<u>21,500,000</u>	<u>22,706,000</u>	<u>1,206,000</u>
TOTAL APPROPRIATIONS	\$45,665,233	\$54,529,316	\$8,864,083
Funding Sources			
Sewer User Fee	\$31,661,733	\$31,000,000	\$-661,733
Charges for Services	220,500	149,871	-70,629
Miscellaneous and Retained Earnings	83,000	673,445	590,445
Proceeds from Borrowing	<u>13,700,000</u>	<u>22,706,000</u>	<u>9,006,000</u>
TOTAL REVENUES	\$45,665,233	\$54,529,316	\$8,864,083
M. COUNTY DELINQUENT TAXES			
Appropriations			
Operating Budget	<u>\$9,500,000</u>	<u>\$9,500,000</u>	<u>\$0</u>
TOTAL APPROPRIATIONS	\$9,500,000	\$9,500,000	\$0
Funding Sources			
Operating Revenue	<u>\$9,500,000</u>	<u>\$9,500,000</u>	<u>\$0</u>
TOTAL REVENUES	\$9,500,000	\$9,500,000	\$0
SUBTOTALS SPECIAL REVENUE ACCOUNT BUDGETS (ITEMS G THROUGH M)			
TOTAL BUDGETS	\$284,716,852	\$300,585,843	\$15,868,991
TOTAL REVENUES (NON-PROPERTY TAX)	\$284,716,852	\$300,585,843	\$15,868,991
GRAND TOTALS (ITEMS A THROUGH M)			
BUDGET APPROPRIATIONS	\$1,083,897,899	\$1,102,259,709	\$18,361,810
LESS: NON-PROPERTY TAX REVENUES	\$884,885,513	\$899,268,366	\$14,382,853
PROPERTY TAX LEVIES	\$199,012,386	\$202,991,343	\$3,978,957

NOTE: All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance reserved for tax stabilization. For budget purposes, the fund balance reserved for tax stabilization is reflected as other financing sources. However, for accounting purposes it is reflected as part of the overall fund balance.

PROPERTY TAX RATE AND LEVY COMPARISON

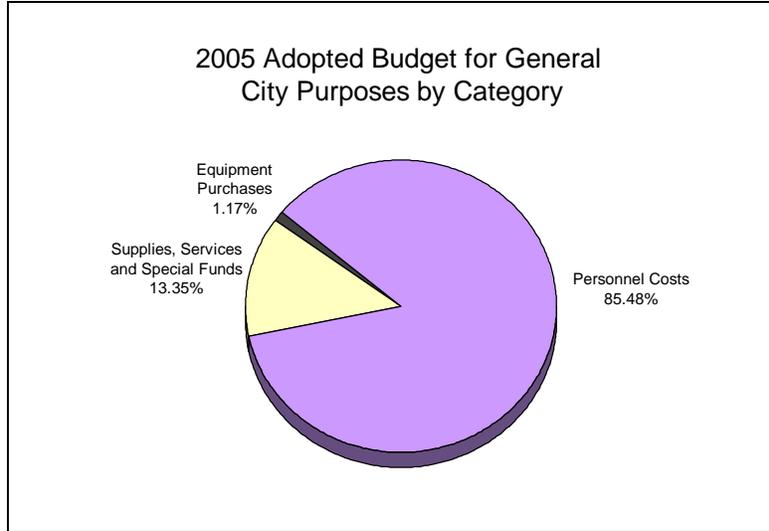
The graphs below show property tax rates and levies for the City of Milwaukee from 1996 through the 2005 budget. The 2005 tax rate of \$9.19 is \$0.54 lower than the 2004 rate of \$9.73. The 2005 tax levy of \$203 million totals an increase of \$4 million from the 2004 levy of \$199 million. Since 1996, the property tax rate has decreased by \$1.34, from \$10.53 in 1996 to the 2005 rate of \$9.19. During this same period, the “real” or inflation adjusted property tax levy has increased \$14.9 million.



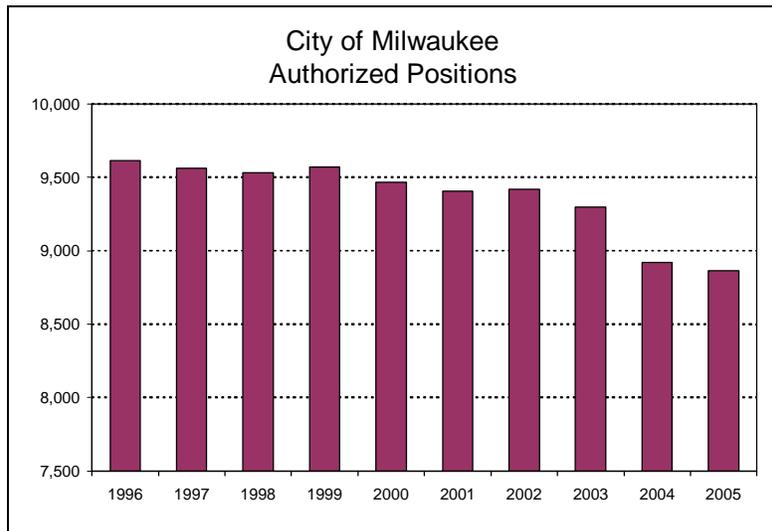
GENERAL CITY PURPOSES SPENDING

The pie chart below depicts the proportions of general city purposes spending allocated to Personnel Costs (85.48%), Supplies, Services, and Special Funds (13.35%), and Equipment Purchases (1.17%) in the 2005 budget.

It should be noted that the 2005 budget funds approximately \$10.8 million of major equipment purchases in the capital budget.



The following bar graph indicates changes in authorized positions from 1996 to 2005. Funding for personnel costs (which include salary and wages) relates directly to the number of positions authorized citywide. Excluding temporary and seasonal staff, the 2005 budget reflects a net decrease of 59 positions from 2004 levels (8,922 in 2004 to 8,863 in 2005).



CHANGE IN POSITIONS 2005 ADOPTED BUDGET VS 2004 ADOPTED BUDGET

	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
GENERAL CITY PURPOSES			
Administration, Department of	108	105	-3
Assessor's Office	56	56	0
Attorney, City	61	62	1
Common Council City Clerk	102	102	0
City Development, Department of	252	238	-14
Comptroller	70	68	-2
Court, Municipal	45	44	-1
Debt Commission, Public	0	0	0
Election Commission	110	70	-40
Employee Relations, Department of	99	98	-1
Fire Department	1,151	1,154	3
Health	359	345	-14
Library	409	409	0
Mayor's Office	15	14	-1
Neighborhood Services	223	227	4
Police Department	2,951	2,953	2
Port of Milwaukee	33	29	-4
Public Works, Department of (Total)	(2,820)	(2,456)	(-364)
DPW-Administrative Services	64	65	1
DPW-Infrastructure Services	728	711	-17
DPW-Operations	2,028	1,680	-348
SPA-Board of Zoning Appeals	11	11	0
Treasurer, City	60	60	0
GENERAL CITY PURPOSES TOTAL	8,935	8,501	-434
*GENERAL CITY PURPOSES TOTAL	8,832	8,438	-394
PENSIONS			
Employees' Retirement System	48	48	0
Deferred Compensation	2	2	0
Policemen's Annuity and Benefit Fund	1	1	0
PENSIONS TOTAL	51	51	0
Parking Fund	128	128	0
Water Works	363	363	0
Sewer Maintenance Fund	198	198	0
SUB-TOTAL BUDGETED POSITIONS	9,675	9,241	-434
Less Temporary Positions	753	378	-375
TOTAL BUDGETED POSITIONS	8,922	8,863	-59

* Does not include Election Commissioners and Election Commission Temporary Office Assistants (103 positions in 2004 and 63 positions in 2005) due to staffing fluctuations between election and non-election years.

**ESTIMATED FULL-TIME EQUIVALENTS BY DEPARTMENT
O & M FUNDED**

	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Administration, Department of	67.05	63.03	-4.02
Assessor's Office	48.55	48.55	0.00
Attorney, City	58.40	57.56	-0.84
City Development	46.75	45.02	-1.73
Common Council City Clerk	95.07	91.90	-3.17
Comptroller	54.53	53.30	-1.23
Court, Municipal	40.80	39.50	-1.30
Debt Commission, Public	0.00	0.00	0.00
Election Commission*	7.00	7.00	0.00
Employee Relations, Department of	65.65	64.87	-0.78
Fire Department	1,146.51	1,080.46	-66.05
Health	185.42	169.35	-16.07
Library	328.60	325.84	-2.76
Mayor's Office	13.21	12.50	-0.71
Neighborhood Services, Department of	166.58	167.58	1.00
Police Department	2,636.84	2,602.65	-34.19
Port of Milwaukee	19.50	15.00	-4.50
Public Works, Department of (Total)	(1,204.28)	(1,104.30)	(-99.98)
DPW-Administrative Services	54.38	53.98	-0.40
DPW-Infrastructure Services	267.01	254.38	-12.63
DPW-Operations	882.89	795.94	-86.95
Special Purpose Accounts	3.00	3.00	0.00
Treasurer, City	31.90	30.98	-0.92
TOTAL	6,219.64	5,982.39	-237.25
PENSIONS			
Employees' Retirement System	40.00	40.00	0.00
Deferred Compensation	2.00	2.00	0.00
Policemen's Annuity and Benefit Fund Administration	0.59	0.59	0.00
TOTAL	42.59	42.59	0.00
Parking	126.25	126.25	0.00
Sewer Maintenance Fund	109.35	113.33	3.98
Water Works	360.12	385.28	25.16
GRAND TOTAL	6,857.95	6,649.84	-208.11

* Election Commission does not include Temporary Office Assistants (11.29 FTEs 2004/7.76 FTEs 2005) due to staffing fluctuations between election and non-election years.

**COMPARISON OF 2005 ADOPTED EXPENDITURES AND FUNDING SOURCES
WITH PRIOR YEARS BY MAJOR BUDGET SECTIONS AND SUBSECTIONS
SECTION 1. CITY BUDGET UNDER THE CONTROL OF THE COMMON COUNCIL**

	2002 ACTUAL** EXPENDITURES	2003 ACTUAL** EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
A. GENERAL CITY PURPOSES					
1. BUDGETS FOR GENERAL CITY PURPOSES					
Administration, Department of	\$8,578,413	\$8,055,021	\$7,340,588	\$7,171,555	\$-169,033
Assessor's Office	4,947,547	4,503,644	4,120,568	4,139,804	19,236
Attorney, City	6,130,966	6,279,151	6,301,050	6,185,158	-115,892
City Development, Department of	4,613,301	4,254,068	3,534,627	3,219,144	-315,483
Common Council City Clerk	7,684,106	7,763,485	7,212,879	7,097,667	-115,212
Comptroller	4,591,716	4,243,594	5,237,466	6,140,809	903,343
Court, Municipal	3,252,402	3,231,848	3,174,955	3,120,575	-54,380
Debt Commission, Public	562,272	450,114	0	0	0
Election Commission	2,015,664	1,316,923	1,639,802	1,090,490	-549,312
Employee Relations, Department of	4,750,240	5,522,541	5,077,262	5,188,291	111,029
Fire and Police Commission	1,128,795	0	0	0	0
Fire Department	81,223,968	90,364,927	89,377,106	88,404,023	-973,083
Health Department	13,429,965	13,437,762	13,201,538	12,565,109	-636,429
Library Board	23,245,658	21,722,615	21,191,333	20,627,107	-564,226
Mayor's Office	1,148,640	1,216,325	953,978	1,050,410	96,432
Neighborhood Services, Department of	12,698,137	12,319,189	12,946,562	12,945,618	-944
Police Department	175,356,495	196,560,228	179,947,129	185,962,917	6,015,788
Port of Milwaukee	3,248,046	3,237,878	3,422,909	3,557,378	134,469
Public Works Department (Total)	(108,252,230)	(105,178,070)	(103,001,134)	(97,357,142)	(-5,643,992)
Administrative Services	4,676,074	4,645,595	4,553,338	4,610,376	57,038
Infrastructure Services	22,061,243	22,752,888	22,476,509	21,482,735	-993,774
Operations	81,514,913	77,779,587	75,971,287	71,264,031	-4,707,256
Special Purpose Accounts	103,506,053 *	104,369,453 *	125,007,912	140,531,639	15,523,727
Treasurer, City	2,945,902	2,948,825	2,916,895	2,707,895	-209,000
Fringe Benefit Offset	-100,359,578	-98,739,662	-98,974,152	-95,670,728	3,303,424
TOTAL BUDGETS FOR GENERAL CITY PURPOSES	\$472,950,938 **	\$498,235,999 **	\$496,631,541	\$513,392,003	\$16,760,462
* Special Purpose Account expenditures do not include wage supplement funding. These funds are reflected in departmental expenditures.					
2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES (REVENUES)					
Taxes and Payment in Lieu of Taxes	\$12,139,772	\$13,200,618	\$11,953,500	\$12,559,200	\$605,700
Licenses and Permits	10,814,079	10,883,344	10,025,300	10,230,550	205,250
Intergovernmental Revenue	283,067,696	284,564,922	273,548,000	272,544,100	-1,003,900
Charges for Services	62,098,365	59,167,807	57,376,613	60,079,936	2,703,323
Fines and Forfeitures	5,209,573	6,115,060	4,784,700	5,213,000	428,300
Miscellaneous Revenue	18,539,402	17,949,476	20,407,700	25,555,695	5,147,995
Fringe Benefits	18,711,469	17,752,497	16,500,000	16,739,500	239,500
Cost Recovery	10,000	10,000	10,000	10,000	0
TOTAL REVENUES	\$410,590,356	\$409,643,724	\$394,605,813	\$402,931,981	\$8,326,168
Tax Stabilization Fund Withdrawals	\$11,000,000	\$9,300,000	\$16,870,000	\$16,621,000	\$-249,000
Property Tax Levy	74,364,442	84,734,381	85,155,728	93,839,022	8,683,294
TOTAL FINANCING FOR GENERAL CITY PURPOSES	\$495,954,798	\$503,678,105	\$496,631,541	\$513,392,003	\$16,760,462
B. EMPLOYEE RETIREMENT					
1. BUDGETS FOR EMPLOYEE RETIREMENT					
FIREMEN'S PENSION FUND					
Pension Contribution	\$263,000	\$268,234	\$267,500	\$228,200	\$-39,300
Lump-Sum Supplement Contribution	0	499,999	500,000	400,000	-100,000
POLICEMEN'S PENSION FUND					
Pension Contribution	\$360,513	\$473,708	\$975,773	\$975,773	\$0
Administration	96,086	88,505	104,107	95,242	-8,865
Employer's Share of Employees' Annuity Contribution	3,641	964	0	0	0
Lump-Sum Supplement Contribution	150,000	500,000	500,000	400,000	-100,000

	2002 ACTUAL** EXPENDITURES	2003 ACTUAL** EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
EMPLOYEE'S RETIREMENT FUND					
Pension Contribution	\$0	\$53,589	\$36,740	\$19,914	\$-16,826
Administration	19,764,113	\$20,826,385	23,872,035	22,562,869	-1,309,166
Employer's Share of Employees Annuity Contribution	20,452,173	\$21,589,091	21,412,000	21,915,000	503,000
Annuity Contribution - Employers' Reserve Fund	1,000,000	0	2,450,000	0	-2,450,000
SOCIAL SECURITY					
Social Security Tax	\$15,971,827	\$16,637,057	\$16,680,500	\$16,810,000	\$129,500
FORMER TOWN OF LAKE EMPLOYEES RETIREMENT FUND					
Pension Contribution	\$114,799	\$114,799	\$176,000	\$0	\$-176,000
FORMER TOWN OF LAKE FIREMEN'S RETIREMENT FUND					
Pension Contribution	\$28,104	\$22,536	\$28,850	\$20,250	\$-8,600
DEFERRED COMPENSATION	\$841,712	\$927,388	\$1,168,982	\$1,261,029	\$92,047
TOTAL BUDGETS FOR EMPLOYEE RETIREMENT	\$59,045,968 **	\$62,002,255 **	\$68,172,487	\$64,688,277	\$-3,484,210
2. SOURCE OF FUNDS FOR EMPLOYEE RETIREMENT					
Fringe Benefits - Pension	\$682,235	\$715,474	\$802,267	\$832,074	\$29,807
Charges to Retirement Fund	19,669,609	20,771,411	23,659,000	22,337,100	-1,321,900
Charges to Deferred Compensation	813,547	927,570	1,168,982	1,261,029	92,047
Employers' Reserve Fund	0	0	0	0	0
Miscellaneous Revenue	-445	245	156,000	166,700	10,700
Property Tax Levy	38,090,209	40,937,332	42,386,238	40,091,374	-2,294,864
TOTAL FINANCING FOR EMPLOYEE RETIREMENT	\$59,255,155	\$63,352,032	\$68,172,487	\$64,688,277	\$-3,484,210
C. CAPITAL IMPROVEMENTS					
1. BUDGETS FOR CAPITAL IMPROVEMENTS					
Special Capital Projects or Purposes	\$669,538	\$3,437,965	\$10,325,000	\$10,325,000	\$0
Administration, Department of	535,568	20,582	630,000	0	-630,000
City Attorney	89,082	50,752	0	0	0
City Development, Department of	17,574,834	25,792,167	23,950,000	26,650,000	2,700,000
City Treasurer	0	0	0	232,160	232,160
Common Council City Clerk	61,058	1,717	0	0	0
Fire Department	2,194,952	3,782,181	5,840,000	5,060,000	-780,000
Health Department	71,359	879,386	1,240,000	1,028,500	-211,500
Library Board	3,133,743	2,791,082	2,000,000	1,700,000	-300,000
Municipal Court	26,842	359,833	250,000	0	-250,000
Neighborhood Services, Department of	3,696,076	444,893	0	0	0
Police Department	7,324,283	1,612,631	6,510,000	2,400,000	-4,110,000
Port of Milwaukee	196,281	1,412,869	650,000	725,000	75,000
Department of Public Works (Total)	(33,468,657)	(43,173,037)	(58,254,250)	(46,761,261)	(-11,492,989)
Administration	488,337	486,385	626,000	625,000	-1,000
Infrastructure	25,467,488	33,620,320	30,629,750	20,962,463	-9,667,287
Operations	7,512,832	9,066,332	26,998,500	25,173,798	-1,824,702
TOTAL BUDGETS FOR CAPITAL IMPROVEMENTS Other than Parking, Water Department and Sewer Maintenance	\$69,042,273 **	\$83,759,095 **	\$109,649,250	\$94,881,921	\$-14,767,329
2. SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS					
General Obligation Borrowings					
New Borrowing	\$46,279,392	\$47,477,350	\$61,494,450	\$46,667,446	\$-14,827,004
Carryover Borrowing	0 (a)	0 (a)	92,467,422 (a)	107,763,520 (a)	15,296,098 (a)
Tax Increment District - Public Improvements					
New Borrowing	12,793,544	22,127,080	19,000,000	20,000,000	1,000,000
Carryover Borrowing	0 (a)	0 (a)	27,916,180 (a)	30,715,914 (a)	2,799,734 (a)
Anticipated Special Assessments					
New Authorizations	3,095,438	4,070,769	5,179,290	3,895,050	-1,284,240
Carryover Special Assessments	0 (a)	0 (a)	19,196,326 (a)	18,070,783 (a)	-1,125,543 (a)
Capital Improvement Revenues					
Cash Revenues	616,368	1,975,763	12,500,000	14,200,000	1,700,000
Carryover Capital Revenues	0 (a)	(a)	0 (a)	0 (a)	0 (a)
Property Tax Levy	6,284,793	8,108,133	11,475,510	10,119,425	-1,356,085
TOTAL FINANCING FOR CAPITAL IMPROVEMENTS Other than Parking, Water Department and Sewer Maintenance	\$69,069,535 *	\$83,759,095 *	\$109,649,250	\$94,881,921	\$-14,767,329

(a) Reiteration of prior year's authority does not affect budget totals.

* Does not include School Board expenditures.

	2002 ACTUAL** EXPENDITURES	2003 ACTUAL** EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
D. CITY DEBT (INCLUDING SCHOOL PURPOSES)					
1. BUDGET FOR CITY DEBT					
Bonded Debt (Principal)	\$78,509,045	\$80,879,456	\$77,950,064	\$89,735,899	\$11,785,835
Bonded Debt (Interest)	39,504,166	36,181,130	44,611,924	40,444,262	-4,167,662
Subtotal	\$118,013,211	\$117,060,586	\$122,561,988	\$130,180,161	\$7,618,173
LESS: Prepayment					
Prepayment Deduction (PDAF)	\$0	\$0	\$0	\$-4,000,000	\$-4,000,000
Special Assessment	-3,295,465	-3,295,953	-3,834,219	-3,468,496	365,723
TOTAL BUDGET FOR CITY DEBT (a)	\$114,717,746 **	\$113,764,633 **	\$118,727,769	\$122,711,665	\$3,983,896
	Milwaukee School Board				
(a) Included in City Debt amounts above are the following amounts for school purposes, not controlled by Common Council:		2002		\$14,179,494	
		2003		\$14,145,935	
		2004		\$13,206,168 (est.)	
		2005		\$14,036,413 (est.)	
2. SOURCE OF FUNDS FOR CITY DEBT					
Revenues	\$30,389,719	\$33,515,691	\$33,174,616	\$36,379,821	\$3,205,205
TID Increments from Prior Year	14,440,831	15,574,422	13,944,841	18,596,776	4,651,935
Delinquent Tax Revenues	13,371,861	12,945,000	13,613,402	14,793,546	1,180,144
Public Debt Amortization Fund Withdrawal	0	0	4,000,000	0	-4,000,000
Property Tax Levy	58,915,763	54,762,233	53,994,910	52,941,522	-1,053,388
TOTAL FINANCING FOR CITY DEBT	\$117,118,174	\$116,797,346	\$118,727,769	\$122,711,665	\$3,983,896
E. DELINQUENT TAX					
1. BUDGET FOR DELINQUENT TAX					
Delinquent Tax Fund	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
2. SOURCE OF FUNDS FOR DELINQUENT TAX					
Property Tax Levy	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
F. COMMON COUNCIL CONTINGENT FUND					
1. BUDGET FOR COMMON COUNCIL CONTINGENT FUND					
Common Council Contingent Fund	(\$-5,420,458) *	(\$-5,000,000) *	\$5,000,000	\$5,000,000	\$0
2. SOURCE OF FUNDS FOR COMMON COUNCIL CONTINGENT FUND					
Property Tax Levy	\$5,420,458	\$5,000,000	\$5,000,000	\$5,000,000	\$0
*2002 and 2003 experience shown for informational purposes only. Expenditure experience represents transfers and expenditures authorized by resolution.					
SUBTOTAL BUDGET AUTHORIZATIONS - COMMON COUNCIL CONTROLLED PURPOSES					
(Except Water and Special Revenue Accounts)	\$716,756,925	\$758,761,982	\$799,181,047	\$801,673,866	\$2,492,819
Non-Tax Levy	538,101,718	569,219,903	600,168,661	598,682,523	-1,486,138
Tax Levy	178,655,207	189,542,079	199,012,386	202,991,343	3,978,957
SUBTOTAL FINANCING FOR (ESTIMATED REVENUES) COMMON COUNCIL CONTROLLED BUDGETS					
(Except Water and Special Revenue Accounts)	\$747,818,120	\$773,586,578	\$799,181,047	\$801,673,866	\$2,492,819
SPECIAL REVENUE ACCOUNTS SECTIONS G THROUGH M					
G. PARKING					
1. BUDGET FOR PARKING PROGRAM					
Operating and Maintenance Expense	\$24,416,376	\$24,609,432	\$26,500,225	\$26,174,804	\$-325,421
Transfer to General Fund	8,250,000	8,300,000	12,000,000	15,210,000	3,210,000
Capital Improvement Program	832,348	582,671	1,305,900	1,200,000	-105,900
Capital Improvements to be Financed from Available Cash Reserves	0	0	5,000,000	5,000,000	0
TOTAL BUDGET FOR PARKING	\$33,498,724 **	\$33,492,103 **	\$44,806,125	\$47,584,804	\$2,778,679
2. SOURCE OF FUNDS FOR PARKING PROGRAM					
Parking Permits	\$2,445,442	\$2,631,394	\$2,408,000	\$2,710,000	\$302,000
Meters	3,998,011	4,130,220	3,921,400	4,114,600	193,200
Rental and Lease of Facilities	6,828,838	6,937,448	6,787,855	6,739,345	-48,510
Towing of Vehicles	2,088,090	1,955,597	2,000,000	1,950,000	-50,000

	2002 ACTUAL** EXPENDITURES	2003 ACTUAL** EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Vehicle Disposal	1,711,686	1,846,005	1,700,000	1,700,000	0
Miscellaneous	85,745	2,115,007	359,424	359,424	0
FINANCING OF PARKING OPERATIONS - SUBTOTAL	\$17,157,812	\$19,615,671	\$17,176,679	\$17,573,369	\$396,690
Other Funding Sources					
Withdrawal from Reserves	\$0	\$0	\$2,323,546	\$4,811,435	\$2,487,889
Citation Revenue	20,248,778	20,148,770	19,000,000	19,000,000	0
Capital Improvements to be Financed from Available					
Cash Reserves	\$0	\$0	\$5,000,000	\$5,000,000	\$0
New Borrowing	832,348	582,671	1,305,900	1,200,000	-105,900
Carryover Borrowing	0	0	1,094,000 (a)	1,800,369 (a)	706,369 (a)
Other Funding Sources - Subtotal	21,081,126	20,731,441	27,629,446	30,011,435	2,381,989
TOTAL FINANCING FOR PARKING	\$38,238,938	\$40,347,112	\$44,806,125	\$47,584,804	\$2,778,679
(a) Reiteration of prior year's authority does not affect budget totals.					
H. GRANT AND AID PROJECTS (EXCEPT CAPITAL)					
1. BUDGET FOR GRANT AND AID PROJECTS					
Grantor Share (Non-City)	\$67,954,977	\$72,221,627	\$71,908,461	\$81,360,664	\$9,452,203
TOTAL FOR GRANT AND AID PROJECTS	\$67,954,977 **	\$72,221,627 **	\$71,908,461	\$81,360,664	\$9,452,203
2. SOURCE OF FUNDS FOR GRANT AND AID PROJECTS					
Grantor Share (Non-City)	\$67,954,977	\$72,295,821	\$71,908,461	\$81,360,664	\$9,452,203
TOTAL FINANCING FOR GRANT AND AID PROJECTS (EXCEPT CAPITAL PROJECTS)	\$67,954,977	\$72,295,821	\$71,908,461	\$81,360,664	\$9,452,203
I. ECONOMIC DEVELOPMENT FUND					
1. BUDGET FOR ECONOMIC DEVELOPMENT FUND					
Business Improvement Districts	\$0	\$4,228,673	\$4,761,827	\$5,388,818	\$626,991
TOTAL BUDGET FOR ECONOMIC DEVELOPMENT FUND	\$0	\$4,228,673	\$4,761,827	\$5,388,818	\$626,991
2. SOURCE OF FUNDS FOR ECONOMIC DEVELOPMENT FUND					
Business Improvement District Assessments	\$0	\$4,228,673	\$4,761,827	\$5,388,818	\$626,991
TOTAL SOURCE OF FUNDS FOR ECONOMIC DEVELOPMENT FUND	\$0	\$4,228,673	\$4,761,827	\$5,388,818	\$626,991
J. WATER WORKS					
1. BUDGET FOR WATER WORKS-DEPARTMENT OF PUBLIC WORKS					
Operating Budget	\$50,412,711	\$59,163,207	\$63,435,206	\$65,242,241	\$1,807,035
Capital Improvements Program	9,902,984	11,713,229	22,620,000	18,790,000	-3,830,000
Deposits to Special Accounts (Retained Earnings)	19,068,300	17,539,479	22,020,000	18,190,000	-3,830,000
TOTAL EXPENDITURES AND DEPOSITS	\$79,383,995 **	\$88,415,915 **	\$108,075,206	\$102,222,241	\$-5,852,965
2. SOURCE OF FUNDS FOR WATER WORKS					
Operating Revenue	\$68,552,488	\$73,814,123	\$69,611,574	\$70,765,322	\$1,153,748
Non-Operating Revenue	6,351,410	3,070,666	7,260,000	7,859,000	599,000
Retained Earnings	9,826,329	11,531,126	31,203,632	23,597,919	-7,605,713
TOTAL SOURCE OF FUNDS FOR WATER WORKS	\$84,730,227	\$88,415,915	\$108,075,206	\$102,222,241	\$-5,852,965
K. SEWER MAINTENANCE					
1. BUDGET FOR SEWER MAINTENANCE					
Operating Budget	\$20,167,832	\$21,673,855	\$24,165,233	\$31,823,316	\$7,658,083
Capital Budget	16,288,590	19,692,165	21,500,000	22,706,000	1,206,000
TOTAL BUDGET FOR SEWER MAINTENANCE	\$36,456,422 **	\$41,366,020 **	\$45,665,233	\$54,529,316	\$8,864,083
2. SOURCE OF FUNDS FOR SEWER MAINTENANCE					
Sewer User Fee	\$27,865,587	\$32,054,649	\$31,661,733	\$31,000,000	\$-661,733
Charges for Services	56,772	536,928	220,500	149,871	-70,629
Miscellaneous Revenue	343,666	200,466	83,000	276,570	193,570
Retained Earnings	0	-11,118,188	0	396,875	396,875
Proceeds from Borrowing	8,190,397	19,692,165	13,700,000	22,706,000	9,006,000
TOTAL SOURCE OF FUNDS FOR SEWER MAINTENANCE	\$36,456,422	\$41,366,020	\$45,665,233	\$54,529,316	\$8,864,083

	2002 ACTUAL** EXPENDITURES	2003 ACTUAL** EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
M. DELINQUENT COUNTY TAXES					
1. BUDGET FOR DELINQUENT COUNTY TAXES					
Delinquent County Taxes and Tax Certificate Purchases	\$8,531,457	\$8,928,153	\$9,500,000	\$9,500,000	\$0
TOTAL BUDGET FOR DELINQUENT COUNTY TAXES	\$8,531,457	\$8,928,153	\$9,500,000	\$9,500,000	\$0
2. SOURCE OF FUNDS FOR DELINQUENT COUNTY TAXES					
Purchase of Milwaukee County Delinquent Taxes	\$8,531,457	\$8,928,153	\$9,500,000	\$9,500,000	\$0
TOTAL SOURCE OF FUNDS FOR DELINQUENT COUNTY TAXES	\$8,531,457	\$8,928,153	\$9,500,000	\$9,500,000	\$0
SUBTOTAL BUDGET AUTHORIZATION FOR SPECIAL REVENUE ACCOUNTS	\$225,825,575	\$248,652,491	\$284,716,852	\$300,585,843	\$15,868,991
SUBTOTAL ESTIMATED REVENUES FOR SPECIAL REVENUE ACCOUNTS	\$235,912,021	\$255,581,694	\$284,716,852	\$300,585,843	\$15,868,991
TOTAL ALL BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL* (Includes Water and Special Revenue Accounts)	\$942,582,500	\$1,007,414,473	\$1,083,897,899	\$1,102,259,709	\$18,361,810
TOTAL FINANCING REVENUES OF BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL (Includes Water and Special Revenue Accounts)	\$983,730,141	\$1,029,168,272	\$1,083,897,899	\$1,102,259,709	\$18,361,810

** Expenditures include funding carried over from prior years.

SECTION II. SUMMARY OF BORROWING AUTHORIZATIONS (INCLUDING SCHOOL PURPOSES)

	2003	2004	2005
General Obligation Bonds or Short-Term Notes			
New Borrowing			
General City Purposes	\$66,646,180	\$62,800,350	\$47,864,446
Schools	12,000,000	212,000,000	12,000,000
Subtotal New Borrowing	<u>\$78,646,180</u>	<u>\$274,800,350</u>	<u>\$59,864,446</u>
Carryover Borrowing*	(60,045,643)	(104,141,422)	(119,804,331)
SUBTOTAL	<u>\$78,646,180</u>	<u>\$274,800,350</u>	<u>\$59,864,446</u>
Special Assessment Borrowing			
New Borrowing			
General City Purposes	\$7,955,400	\$5,179,290	\$3,895,050
Carryover Borrowing*	(17,320,926)	(19,196,326)	(18,070,783)
SUBTOTAL	<u>\$7,955,400</u>	<u>\$5,179,290</u>	<u>\$3,895,050</u>
Contingency Borrowing			
New Borrowing			
General City Purposes	\$30,000,000	\$30,000,000	\$50,000,000
Carryover Borrowing*	(0)	(0)	(0)
SUBTOTAL	<u>\$30,000,000</u>	<u>\$30,000,000</u>	<u>\$50,000,000</u>
Tax Incremental District Borrowing			
New Borrowing			
General City Purposes	\$14,000,000	\$19,000,000	\$20,000,000
Carryover Borrowing*	(15,629,180)	(27,916,180)	(30,715,914)
SUBTOTAL	<u>\$14,000,000</u>	<u>\$19,000,000</u>	<u>\$20,000,000</u>
Delinquent Taxes Borrowing			
New Borrowing			
General City Purposes	\$15,000,000	\$15,000,000	\$17,000,000
Carryover Borrowing*	(0)	(0)	(0)
SUBTOTAL	<u>\$15,000,000</u>	<u>\$15,000,000</u>	<u>\$17,000,000</u>
Revenue Anticipation Borrowing			
New Borrowing			
General City Purposes	\$250,000,000	\$300,000,000	\$300,000,000
Carryover Borrowing*	(0)	(0)	(0)
SUBTOTAL	<u>\$250,000,000</u>	<u>\$300,000,000</u>	<u>\$300,000,000</u>
Water Works Borrowing			
New Borrowing			
General City Purposes	\$0	\$0	\$0
Carryover Borrowing*	(0)	(0)	(0)
SUBTOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Sewer Maintenance Fund Borrowing			
New Borrowing			
General City Purposes	\$17,750,000	\$13,700,000	\$22,706,000
Carryover Borrowing*	(16,138,500)	(3,500)	(13,703,500)
SUBTOTAL	<u>\$17,750,000</u>	<u>\$13,700,000</u>	<u>\$22,706,000</u>
Total - All Borrowing			
New Borrowing			
General City Purposes	\$413,351,580	\$657,679,640	\$473,468,496
Carryover Borrowing*	(109,134,249)	(151,257,428)	(182,294,528)
TOTAL	<u>\$413,351,580</u>	<u>\$657,679,640</u>	<u>\$473,465,496</u>

* Not included in budget totals, reiteration of prior years authority.

**2005 SALARY AND WAGE INFORMATION USED FOR BUDGET PURPOSES
(FOR INFORMATIONAL PURPOSES ONLY)**

The salary and rates shown in the following salary and wage schedule are based on the most current information available as of the date of the submittal of the 2005 adopted budget. (Please refer to note at the end of schedule for procedure and assumption utilized in determining salary and wage appropriations in the 2005 budget.)

**CURRENT RATES
(MINIMUM - MAXIMUM)**

Pay Range	Annual Rate		Pay Range	Annual Rate		Pay Range	Annual Rate		Pay Range	Annual Rate		Pay Range	Annual Rate	
	Minimum	Maximum		Minimum	Maximum		Minimum	Maximum		Minimum	Maximum		Minimum	Maximum
001	33,530	- 46,938	255	34,448	- 38,440	440	30,277	- 33,379	572	40,291	- 46,882	733	34,110	- 42,085
002	35,730	- 50,014	258	34,731	- 39,382	441	30,569	- 33,671	576	45,696	- 54,073	734	34,110	- 42,500
003	38,076	- 53,303	260 *	35,013	- 39,392	445 *	30,890	- 34,183	587	47,663	- 56,846	740	30,967	- 33,939
004	40,590	- 56,825	262	35,439	- 39,898	450	30,158	- 34,888	588	39,876	- 61,974	741	31,670	- 34,834
005	43,267	- 60,577	265	36,082	- 40,672	455 *	32,307	- 36,018	589	49,112	- 55,276	742	31,970	- 35,797
006	46,111	- 64,562	268	36,303	- 41,357	460 *	33,071	- 37,063	591	51,907	- 63,071	750	25,649	- 40,284
007	49,154	- 68,811	270	37,011	- 42,066	475	33,976	- 40,783	592	33,499	- 40,197	785	45,714	- 51,452
008	52,377	- 73,325	272	25,710	- 28,244	478	31,533	- 42,079	593	37,131	- 44,948	786		- 53,498
009	55,849	- 78,186	274	29,330	- 31,300	480	18,862	- 26,061	594	38,455	- 46,660	788	49,953	- 56,223
010	59,519	- 83,328	275	37,011	- 42,865	490	26,292	- 31,835	595	39,888	- 48,440	796	46,562	- 61,687
011	63,455	- 88,833	276	32,654	- 34,625	495	29,955	- 34,509	596	41,412	- 50,291	798	54,157	- 70,122
012	67,621	- 94,669	278	36,863	- 38,378	500 *	29,601	- 32,615	598	46,352	- 56,300	801	38,951	- 52,517
013	72,068	- 100,903	280		- 40,684	503	27,818	- 33,224	599	50,675	- 65,220	804	51,495	- 54,836
014	76,830	- 107,566	281	39,014	- 44,640	504	29,601	- 34,183	600	27,029	- 32,637	808	54,225	- 58,598
015	81,889	- 114,642	282	39,486	- 45,300	505 *	30,890	- 34,183	602	31,444	- 38,516	812	58,636	- 62,570
016	87,279	- 122,197	285	39,699	- 45,605	508	29,955	- 34,509	604	36,702	- 49,145	813	56,368	- 68,440
017	93,032	- 130,248	287	38,858	- 47,120	510	31,580	- 35,043	606	43,189	- 55,564	831	48,276	- 58,598
018	99,167	- 138,830	290	41,159	- 52,138	515	30,315	- 37,063	607	54,157	- 64,567	835	54,225	- 65,832
019	105,699	- 147,973	291	39,863	- 52,138	516	32,307	- 36,695	619	35,354	- 42,243	836	56,368	- 68,440
020	112,658	- 157,728	300	24,319	- 28,722	520	33,071	- 37,063	620	36,896	- 50,051	839	63,327	- 76,905
			305	25,202	- 29,316	522	33,152	- 37,556	621	41,936	- 50,051	842	71,151	- 86,427
036	- 3,000		309 *	24,929	- 30,585	525	33,875	- 38,152	622	43,765	- 56,846	850	31,123	- 52,517
037	- 4,200		314	26,555	- 31,198	526	33,152	- 39,652	624	41,936	- 50,051	851	30,412	- 52,517
040	- 6,350		324 *	27,743	- 31,888	528	33,443	- 38,982	625	46,562	- 61,687	853	39,243	- 55,615
041	- 6,600		325 *	29,007	- 31,888	529	21,945	- 23,435	626	47,663	- 56,846	856	50,181	- 58,598
047	- 45,148		329	28,338	- 32,615	530 *	34,735	- 39,322	627	51,911	- 61,882	857	56,368	- 68,440
050	- 14,960		330	29,601	- 32,615	532	33,083	- 39,397	628	54,157	- 64,567	858	31,541	- 42,090
			335 *	30,277	- 33,379	534	34,446	- 40,599	629	54,157	- 70,122	863	63,327	- 76,905
148	45,199	- 106,987	338	30,585	- 33,723	535 *	35,710	- 40,599	630	61,574	- 73,346	865	71,151	- 86,427
200	23,774	- 29,441	340 *	30,890	- 34,183	536	34,446	- 37,979	635	31,063	- 35,622	867	97,138	- 118,045
205 *	25,646	- 31,305	345	31,580	- 35,043	540	36,755	- 41,977	640	33,152	- 37,556			
210	27,274	- 31,916	347	32,778	- 35,385	541	36,755	- 43,586	642	38,858	- 47,120			
215	29,787	- 32,666	350	32,307	- 36,018	542	38,426	- 43,586	644	44,862	- 54,513			
220	30,083	- 33,029	355	33,071	- 37,063	545	37,844	- 43,380	646	50,100	- 60,090			
225	30,380	- 33,393	360	33,875	- 38,152	546	37,844	- 46,267	665	33,084	- 38,367			
230	30,622	- 33,723				547	38,858	- 47,120	666	38,367	- 47,114			
235	31,314	- 34,581	400 *	21,473	- 26,872	549	43,072	- 50,586	670	46,623	- 56,452			
238	31,670	- 34,982	405 *	23,930	- 28,126	550	39,014	- 44,640	694	37,304	- 42,339			
240	32,025	- 35,385	406	23,082	- 29,332	553	39,014	- 46,356	696	40,970	- 47,029			
245	32,792	- 36,253	410 *	24,928	- 29,332	555	40,291	- 46,005	698	42,373	- 48,665			
247	34,272	- 38,000	415 *	26,191	- 30,585	556	40,291	- 49,128	704	32,678	- 35,849			
248	33,183	- 36,910	424 *	26,191	- 31,360	557	41,196	- 46,892	710	34,409	- 37,833			
249	33,252	- 37,172	425 *	28,348	- 31,360	558	39,014	- 47,926	722	28,886	- 34,663			
250	33,576	- 37,567	430	29,007	- 31,888	559	44,893	- 51,766	724	28,455	- 36,373			
252	34,049	- 38,024	435 *	29,601	- 32,615	560	43,072	- 49,176	726	30,468	- 37,518			
254	33,184	- 38,440	437	28,812	- 33,123	565	44,331	- 50,982	732	33,557	- 41,035			

*These rates apply to positions represented by District Council 48, AFSCME, AFL-CIO. Rates for positions that are not represented by a certified bargaining unit and those represented by Local 61, Laborers' International Union, in the DPW-Solid Waste Fund, and ALEASP differ somewhat, as specified in the Salary Ordinance. According to the 2005 Salary Ordinance, in no case shall the salary of any city official exceed that of the Mayor.

CURRENT RATES (Continued)

Pay Range	Hourly Rate	Pay Range	Hourly Rate	Pay Range	Hourly Rate	Pay Range	Hourly Rate
900	5.29	931	13.95 - 14.94	955 **	18.34	984	22.40
902	6.33 - 7.40	934 **	23.93	956	22.23	985	24.15
906	6.49 - 7.92	936 **	16.10	957	22.81	986	23.02
910	8.45 - 11.09	939	11.99 - 12.29	958	23.87	987	22.58
918	7.51 - 8.76	940	15.45 - 16.96	960	23.08	988	24.84
923	8.64 - 9.72	943	10.00	961	23.66	989	26.35
924	9.21 - 11.32	944	12.00	962	23.42	990	24.11
925 **	9.07	945	13.00	974	14.67 - 18.27	991	25.46
926	9.77 - 11.09	947 ***	64.73	975	11.97 - 21.54	992	25.97
927	10.75 - 12.77	948 ***	76.50	978	23.93	993	24.24
928	10.86 - 13.49	950	39.30	981	21.71		
929	10.06 - 10.61	951 **	16.69 - 17.95	982	22.30		
930	11.66 - 14.67	954	18.64	983	22.08		

** Official Rate - Biweekly

*** Official Rate - Daily

2005 Budget - For 2005 Budget Purposes

The individual salary and wage rate lines were based on 2002 rates of pay for most salary groups with the exception of MPA, MPSO and Local 215 members which are at 2003 rates of pay and Management which is at 2004 rates of pay. In addition, \$19.3 million was provided within the Wage Supplement Fund to supplement departmental salary and wage accounts during 2005 on an "as needed" basis and to cover shortages caused by wage rate changes.

**SCHOOL BOARD BUDGET
(NOT UNDER THE CONTROL OF THE COMMON COUNCIL)
(FOR INFORMATIONAL PURPOSES ONLY)**

A. BUDGET FOR SCHOOL BOARD*

	2001-2002 BUDGET	2002-2003 BUDGET	2003-2004 BUDGET	2004-2005 BUDGET
Appropriations and Expenditures	<u>\$857,325,253</u>	<u>\$959,077,084</u>	<u>\$983,615,986</u>	<u>\$940,879,677</u>
TOTAL APPROPRIATIONS AND EXPENDITURES	\$857,325,253	\$959,077,084	\$983,615,986	\$940,879,677

B. SOURCE OF FUNDS FOR SCHOOL BOARD*

Non-Property Tax Revenue and Surpluses	\$682,590,660	\$778,030,933	\$800,417,549	\$729,443,133
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TAX LEVIES

Property Tax Levy	<u>\$174,734,593</u>	<u>\$181,046,151</u>	<u>\$183,198,437</u>	<u>\$211,436,544</u>
TOTAL FINANCING OF SCHOOL BOARD BUDGET	\$857,325,253	\$959,077,084	\$983,615,986	\$940,879,677

*School Board budget is based on fiscal year ending June 30.

**I. CITY BUDGET UNDER THE CONTROL
OF THE COMMON COUNCIL
PROPERTY TAX SUPPLEMENTED FUNDS
SUMMARY OF EXPENDITURES**

EXPENSE CATEGORY	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
A. General City Purposes	\$498,235,999	\$496,631,541	\$513,392,003	\$16,760,462
B. Employee Retirement	62,002,255	68,172,487	64,688,277	-3,484,210
C. Capital Improvements	83,759,095	109,649,250	94,881,921	-14,767,329
D. City Debt	113,764,633	118,727,769	122,711,665	3,983,896
E. Delinquent Tax Fund	1,000,000	1,000,000	1,000,000	0
F. Contingent Fund	(-5,000,000) *	5,000,000	5,000,000	0
TOTAL	<u>\$758,761,982</u>	<u>\$799,181,047</u>	<u>\$801,673,866</u>	<u>\$2,492,819</u>

* Shown for informational purposes only. Actual expenditures reflected in departmental budgets.

A. GENERAL CITY PURPOSES

1. BUDGET APPROPRIATIONS AND EXPENDITURES

DEPARTMENT OF ADMINISTRATION

EXECUTIVE SUMMARY

- MISSION:** To make Milwaukee one of the Nation's most attractive cities in which to live, work, and do business.
- PROGRAMS:** Fiscal policy and planning, including intergovernmental relations, budget planning and administration, revenue analysis, and public debt analysis.
- Procurement and materials management, including contract and Procard administration, inventory, materials and records management, and Emerging Business Enterprise Program.
- Information technology management, including enterprise systems, e-government, geographic information systems, systems development and support, and information policy.
- INITIATIVES FOR 2005:** Establish a multi-year strategic and fiscal plan that provides a three year stability approach for the city's budget and programs.
- Establish a comprehensive performance measurement and management system that identifies key goals and outcomes for major programs and regularly reports on progress toward meeting the goals and improving program performance.
- Implement an effort to consolidate and standardize information technology and procurement and to better share services and equipment on an inter- and intra-governmental basis.
- Develop a citywide grant cultivation process to increase the potential grant funding for all city departments.
- Improve e-government capabilities on the city website, including more online application forms, service request and payment options, and expanded GIS-based applications.
- Improve FMIS through implementation of self-service applications, implementing Asset Management, and simplifying access to financial and human resource information for managers.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	71.68	67.05	63.03	-4.02
FTEs - Other	28.32	34.15	36.72	2.57
Total Positions Authorized	119	108	105	-3
EXPENDITURES				
Salaries and Wages	\$4,519,856	\$4,006,056	\$4,034,606	\$28,550
Fringe Benefits	1,656,010	1,482,241	1,452,458	-29,783
Operating Expenditures	860,608	868,291	640,491	-227,800
Equipment	130,923	13,000	13,000	0
Special Funds	887,624	971,000	1,031,000	60,000
TOTAL	\$8,055,021	\$7,340,588	\$7,171,555	\$-169,033
REVENUES				
Charges for Services	\$3,582,446	\$3,622,150	\$3,720,138	\$97,988
Miscellaneous	277,004	133,500	174,500	41,000
TOTAL	\$3,859,450	\$3,755,650	\$3,894,638	\$138,988

BACKGROUND

In 1989, the City of Milwaukee implemented a cabinet form of government. As part of that restructuring, the city also consolidated various administrative and policymaking activities formerly performed by the Department of Budget and Management Analysis, the Department of Intergovernmental Fiscal Liaison, the Central Board of Purchases, Central Electronic Data Services, and the Community Development Agency into a newly created Department of Administration (DOA).

DOA plays a critical policy and management role in providing government services. DOA works with city departments to ensure that they obtain the goods and services needed to meet their objectives, develops the Mayor’s proposed budget, provides analysis and recommendations on fiscal and management issues that affect the city, represents the city’s interests to local, state, and federal governments, distributes grant funds to city agencies and neighborhood organizations, helps represent the interests of disadvantaged local businesses in their efforts to obtain both city and other government contracts, and assists in development of strategic policy.

In 2004, the department reorganized to take advantage of operating efficiencies. This reorganization eliminated the Administration Division and created the Community Block Grant Division. This departmental reorganization also made significant changes within the Business Operations and Information and Technology Management Divisions.

Given the fiscal constraints facing the city, it is imperative to implement strategies to ensure a sustainable long term budget by reducing the cost and increasing the efficiency of city government. DOA will implement several initiatives in 2005 to achieve this goal. Initiatives will include efforts to better consolidate and standardize information technology, to standardize and share goods and services procured, to better identify and increase grant awards, and to establish more intergovernmental and multi-jurisdictional cooperation.

Program 1

Fiscal Policy and Planning				
Activities:	Operating and capital budget administration and planning, grant administration, forecasting, revenue analysis, strategic and fiscal planning, performance measurement, and intergovernmental relations.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	City tax rate as a percent of metro area average.	125.7%	122.1%	120.0%
	Maintain the city's bond rating.	Aa2/AA+	Aa2/AA+	Aa2/AA+
Funding by Source:	Operating Funds	\$1,913,186	\$1,573,178	\$1,737,890
	Grant and Reimbursable	916,617	988,000	1,023,461
	Capital Budget	1,679	0	0
	Total:	\$2,831,482	\$2,561,178	\$2,761,351

PROGRAM RESULTS

The purpose of the program is to strengthen Milwaukee’s competitive position by improving city management, influencing policies and leveraging resources beyond city government that benefit Milwaukee, and maintaining the city’s fiscal health. The city’s efforts to control tax levy spending have had moderate success relative to the average metropolitan tax rates. Shrinking state aids, increasing health care costs, and arbitration driven wage settlements exceeding inflation present major obstacles in the city’s efforts to control costs, preserve services, and maintain improvement in its tax rate compared to the metropolitan average. The bond rating, a key indicator of the city’s fiscal health, has been maintained at a high investment grade rating.

PROGRAM CHANGES

Funding of Director Positions: The 2005 budget funds both the Legislative Liaison Director and the Budget and Management Director. The difficult financial challenges facing the city and the importance of intergovernmental relations to the city's success require filling these positions.

Enterprise Funds: The 2005 budget includes an increased reimbursable deduction to recover the costs of budget, planning, and administrative functions from Enterprise Funds rather than through the tax levy. A total of \$20,192 in salaries will be charged to various funds, reflecting a transfer of 0.33 full time equivalents (FTEs) from operating to non-operating funding.

Reduced Operating Expenses: Operating expenses are reduced by \$7,000 for a variety of items, including equipment, supplies, printing, and facility rent.

Multi-Year Strategic and Fiscal Plan: The Budget and Management Division will develop a 2006-2008 Strategic and Fiscal Plan to provide a three year stability approach for the city's budget and programs. The plan will identify constraints and opportunities facing Milwaukee, establish fiscal policies, prioritize strategic goals and the programs supporting these goals, develop action plans for achieving goals, and provide a basis for policy and budget decisions that support Milwaukee's long term success.

Performance Monitoring: In conjunction with the strategic and fiscal plan, a comprehensive performance monitoring initiative will be implemented. This will identify key goals and outcomes for major programs supporting strategic and fiscal goals and establish a process for reporting on progress toward meeting goals and identifying opportunities for improving program performance. Cities such as Baltimore have found that performance measurement programs that are based on operational realities and strategic goals can improve the effectiveness of city programs.

Consolidated Plan: The city will submit a revised consolidated plan for grant programs managed by the Federal Department of Housing and Urban Development, including Community Development Block Grants (CDBG), HOME, and Emergency Shelter Grants in 2004. This plan will establish priorities and strategies for grant funding between 2005 and 2009.

Improve Grant Cultivation Process: To develop a more coherent approach to securing external funding sources that will move toward more sustainable budgets, DOA will implement a plan to heighten efforts to identify and secure federal, state, foundation, and other funding sources for the City of Milwaukee. This will include research and communication of grant and contract opportunities, inter- and intra-governmental coordination in grant writing, initiating contacts with federal, state and local granting agencies, and lobbying for additional grant appropriations. A more proactive and coordinated grant cultivation process will add new revenue sources and will enhance city programs and services.

Program 2

Procurement and Materials Management			
Activities:	Purchasing administration, competitive bidding, contract administration, Procard administration, inventory monitoring, Emerging Business Enterprise, and material disposal and sale.		
	2003	2004	2005
	Experience	Budget	Projection
Program Outcome:			
Number of purchasing appeals.	1	3	3
Number of EBE certifications.	78	96	114
Number of items sold online.	475	700	700
Funding by Source:			
Operating Funds	\$1,071,825	\$1,074,635	\$975,962
Grant and Reimbursable	1,014,967	569,117	666,395
Capital Budget	20,582	0	0
Total:	\$2,107,374	\$1,643,752	\$1,642,357

PROGRAM RESULTS

This program includes numerous activities. Key goals are ensuring that bidding and purchasing requirements are met, streamlining business processes, and increasing Emerging Business Enterprise (EBE) participation in the bid process. The department has maintained a low number of purchasing appeals, has increased EBE certifications, and has increased the number of items sold online through the city website. The department continues to seek ways to utilize technology to make operations more efficient, simplify and enhance the EBE certification process, and provide the best combination of price and value for purchases.

PROGRAM CHANGES

Decreased Operating Expenditures: A total of \$10,870 is reduced in various operating expenditure accounts, including general office, professional services, and other operating services.

Full Recovery of Administrative Costs: Currently, not all administrative costs that support document services activities performed for city departments are recovered through reimbursable charges to these departments. In 2005, an additional \$24,200 in costs will be recovered through reimbursable charges, reflecting a transfer of 0.40 FTEs from operating to non-operating funding.

CDBG Funding of Emerging Business Enterprise Program: Community Development Block Grant funding of the Emerging Business Enterprise Program is increased in 2005. This better reflects the benefits the program provides to businesses and residents in the Neighborhood Strategic Plan areas. Approximately two-thirds of the Emerging Business Enterprise Program Manager and one Business Analyst will be grant funded, reflecting a transfer of 1.23 FTEs from operating to non-operating funding.

Reduction of Document Technician: A Document Technician position is reduced as a result of improved business operations, which eliminates the need to retain the position. Reorganization and cross training in the Document Services Section created more efficiencies in operations than originally anticipated. Monthly billing, inventory entry and disbursement processes have been streamlined significantly, and accounts payable functions have been centralized with other Business Operations Division staff duties. In 2005, changes to mail delivery services, paper ordering, inventory and delivery processes will minimize the need for additional staff.

Improve Procurement Processes: Consistent with DOA's responsibility for purchasing under Chapter 310 of the City Charter, DOA will spearhead formation of intra- and inter-agency, cross functional teams to move toward the goal of increased standardization of goods and services procured, as well as sharing of services and underutilized equipment.

Program 3

Information Technology and Management			
Activities:	Enterprise Systems, Geographic Information Systems, Information Policy, Systems Development and Support, E-Government, and city website.		
	2003	2004	2005
	Experience	Budget	Projection
Program Outcome:	Number of "visits" on the city's website.		
	4,120,734	3,300,000	4,500,000
	Number of service requests processed through the city's website.		
	12,096	15,000	18,000
	Number of financial transactions completed through the city's website.		
	28,628	10,000	30,000
Funding by Source:	Operating Funds		
	\$5,070,010	\$4,692,775	\$4,457,703
	Grant and Reimbursable		
	509,570	633,802	1,014,741
	Capital Budget		
	77,720	630,000	181,920
	Special Purpose Accounts		
	51,804	50,000	50,000
Total:	\$5,709,104	\$6,006,577	\$5,704,364

PROGRAM RESULTS

A major focus of the department is creating a simple-to-use, consistent, and comprehensive e-government portal using the city's website, that will provide resident and business users with easy access to information and services. Progress toward this goal is measured by the number of visits to the website and the number of service requests and financial transactions processed through the website. Each of these increased in 2003 and the department has several ongoing projects to improve the website and enhance e-government services.

PROGRAM CHANGES

Reduced Operating Expenses: A total of \$213,058 in various operating expenses is reduced through decreased training, consulting service, and software costs. The Information and Technology Management Division has worked to reduce licensing and other software related fees.

Position Changes: A vacant Project Assistant II position is eliminated and various other position changes have been made that better match position titles with duties and responsibilities.

Increased Enterprise System Maintenance Costs: Support for new FMIS modules, including Asset Management, Budget Planning, Enterprise Portal, as well as employee "selfservice" capabilities, resulted in a \$60,000 increase in the Enterprise Resource Management Special Fund. Enterprise Systems, FMIS, and HRMS will be improved through self-service capabilities, by implementing Asset Management, and simplifying access to financial and human resource information for managers.

Expanded E-Government Services: An e-payments special purpose account provides support for continued expansion of e-government services. Efforts will focus on establishing a single e-payment system for all departments, expanding GIS-based applications, and establishing more online applications, forms, and service request options.

Improve Information Technology Governance: Consistent with DOA's responsibility for information and technology management under Chapter 310 of the City Charter, DOA will form intra- and inter-agency, cross functional teams to move toward increased consolidation and standardization of technology and information in the city. This will be done in cooperation with the new citywide Information Management Committee.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1		-1.00		\$-29,332	Document Technician	Efficiencies in document services.
	-0.10	0.10	\$-9,486	\$9,486	City Purchasing Director	Reimbursable funding of Administrative support for document services.
	-0.10	0.10	\$-3,932	\$3,932	Administrative Assistant III	
	-0.10	0.10	\$-4,330	\$4,330	Network Coordinator Associate	
	-0.10	0.10	\$-6,456	\$6,546	Management and Accounting Officer	
	0.09	-0.09			Various Positions	
	-0.60	0.60	\$-35,392	\$-35,392	Emerging Business Enterprise Program Manager	Increased CDBG funding.
	-0.63	0.63	\$-27,077	\$27,077	Business Analyst Senior	
-1	-0.65		\$-50,963		Budget and Policy Director	Eliminate position.
	0.65		\$71,925		Budget and Management Director	Fully fund positions.
	0.65		\$55,260		Legislative Liaison Director	
	-0.12	0.12	\$-5,648	\$5,648	Fiscal Planning Specialist	Budget support for Enterprise Funds.
	-0.06	0.06	\$-3,626	\$3,626	Fiscal Planning Specialist Senior	
	-0.02	0.02	\$-1,238	\$1,238	Budget and Management Special Assistant	
	-0.13	0.13	\$-9,679	\$9,679	Budget and Management Analyst Lead	
2	2.00		\$100,204		Budget and Management Special Assistant	Position change to better reflect duties and responsibilities and provide staffing flexibility.
-2	-2.00		\$-91,048		Budget and Management Analyst Lead	
-1	-0.60		\$-27,996		Project Assistant II	Eliminate vacant position.
	-0.50	0.50	\$-44,416	\$44,416	Systems Analyst/Project Leader	Grant funding.
	-0.50		\$-29,583		Network Systems Integrator	Position will be vacant for part of the year.
-2	-1.50	-0.50	\$-124,839	\$-42,927	Systems Analyst/Project Leader	Title change to better reflect duties and responsibilities.
-2	-1.00	-1.00	\$-65,062	\$-65,062	Systems Analyst Senior	
2	1.50	0.50	\$124,839	\$42,927	GIS Developer Senior	
2	1.00	1.00	\$65,062	\$65,062	GIS Developer	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-73,325		Systems Analyst Senior	] Provide additional programming skills to meet department priorities.
1	1.00		\$51,241		Programmer Analyst	
-1	-1.00		\$-36,343		Information Technology Specialist	] More accurately reflect duties and responsibilities of the position.
1	1.00		\$44,877		Network Analyst Assistant	
-1			\$-71,012		Systems Analyst Lead	
1			\$79,821		Systems Analyst/Project Leader	
-1			\$-88,839		Corporate Information Systems Manager	] Title change to create consistency with Salary Ordinance.
1			\$88,839		Enterprise Information Manager	
	-0.20	0.20	\$-22,000	\$22,000	Various Positions	Technology Fund projects.
	-1.00	1.00	\$-65,000	\$65,000	Various Positions	Reimbursable projects.
-3	-4.02	2.57	\$-215,222	\$138,254	TOTAL	

ASSESSOR'S OFFICE

EXECUTIVE SUMMARY

- MISSION:** To administer the city's assessment program in a manner that assures public confidence in the accuracy, efficiency, and fairness of the assessment process. Ensure that the city's property tax levy is distributed equally by uniformly valuing taxable property, scrutinizing proposed property tax exemptions, and efficiently processing assessment appeals.
- PROGRAMS:** Property assessment.
- INITIATIVES FOR 2005:** Conduct a citywide revaluation.
- Connect the different components of the assessment system together to enable more user-friendly access and to facilitate office restructuring.
- Develop fees for processing tax exempt property applications, non-compliance charges for personal property reporting and an inspection/property maintenance fee for appraising the value added of new construction or alterations.
- Implement a Fair Share Payment in Lieu of Tax Program to recover city costs relating to providing services to tax exempt properties.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	57.66	48.55	48.55	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	65	56	56	0
EXPENDITURES				
Salaries and Wages	\$3,058,172	\$2,724,779	\$2,762,540	\$37,761
Fringe Benefits	1,089,824	1,008,168	994,514	-13,654
Operating Expenditures	284,420	267,621	260,750	-6,871
Equipment	0	0	0	0
Special Funds	71,228	120,000	122,000	2,000
TOTAL	\$4,503,644	\$4,120,568	\$4,139,804	\$19,236
REVENUES				
Licenses and Permits	\$0	\$0	\$550,000	\$550,000
Charges for Services	1,310	2,000	2,000	0
TOTAL	\$1,310	\$2,000	\$552,000	\$550,000

BACKGROUND

The Assessor's Office is responsible for uniformly and accurately assessing taxable property in the City of Milwaukee. Accurate assessments ensure that all areas of the city and classes of property equitably share property taxes.

The department has focused on improving its valuation systems by maximizing technology. This has allowed the department to improve quality while reducing costs. Most of the recent technology improvement has been directed at providing public information and assistance. By using technology to make assessment information readily available, the Assessor's Office has significantly reduced the number of assessment objections and telephone calls for data while dramatically increasing the availability of property information and the number of customers serviced via the Internet.

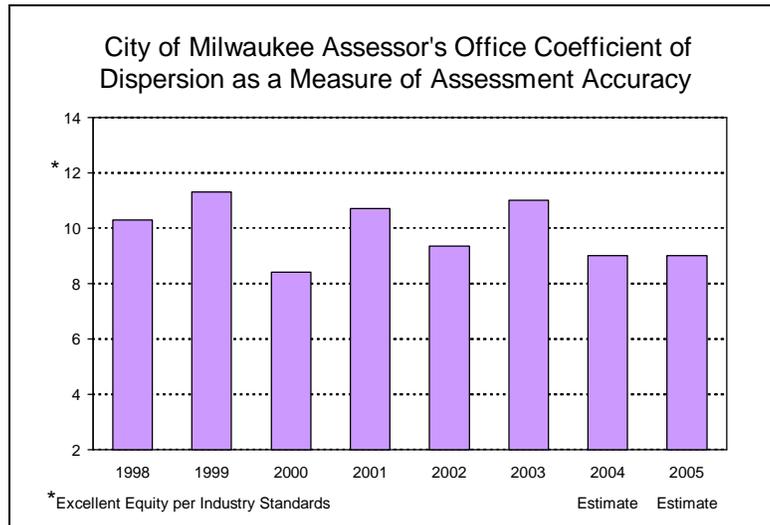
Program 1

Property Assessments				
Activities:	Assessment of property, processing assessment appeals, determining eligibility for exemption, providing public information and education.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Assessment level.	100.0%	100.0%	100.0%
	Coefficient of dispersion.	<9.0	<9.0	<9.0
	Price related differential.	1.00	1.00	1.00
Funding by Source:	Operating Funds	\$4,503,644	\$4,120,568	\$4,139,804
	Special Purpose Accounts	500,000	500,000	500,000
	Total:	\$5,003,644	\$4,620,568	\$4,639,804

PROGRAM RESULTS

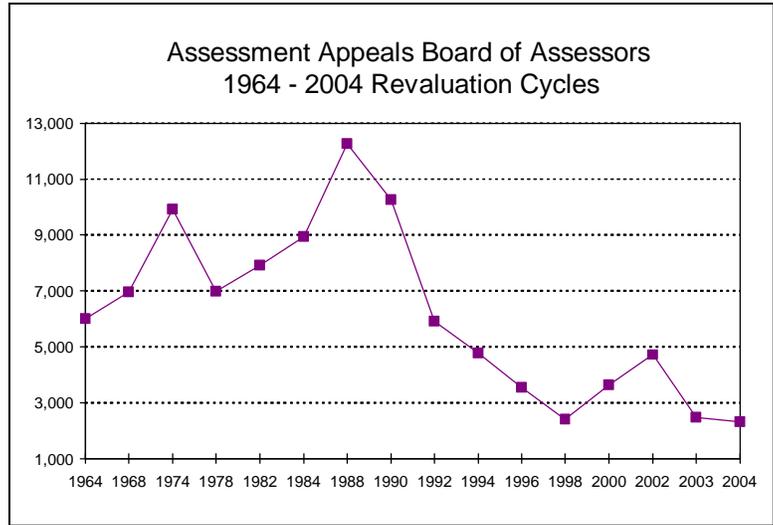
The performance of the Assessor's Office in producing fair, accurate, and equitable assessments is measured statistically using assessment ratios. An analysis of assessments to sales is used in determining the assessment level (calculated by dividing the assessment by the sale price). The coefficient of dispersion and the price related differential further test the uniformity of the assessment roll. The coefficient of dispersion measures the average distance those sales are from the median sales ratio (see Figure 1). For example, if the target is an assessment level of 100%, and the coefficient of dispersion is 10, this means that the average assessment is within 10% of the target of 100%. The price related differential is a statistical measure used to determine the degree to which assessments are either regressive or progressive. If the differential is greater than one, the assessment is regressive, if it is less than one, the assessment is progressive. The Assessor's Office has consistently met or exceeded both statutory and industry standards for these measures indicating a high degree of accuracy in valuing property.

Figure 1



The Board of Assessors and the Board of Review hear appeals affording citizens the opportunity to voice concerns or contest an assessment. In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales data to reduce the number of objections. These efforts resulted in over an 81% reduction in appeals between the 1988 and 2004 revaluations (see Figure 2).

Figure 2



In the City of Milwaukee, there are approximately 7,000 tax exempt properties with an estimated value of \$4.5 billion, an increase of 45% since 1985. To protect the city's tax base, the Assessor's Office critically reviews all tax exemptions on an ongoing basis to ensure that all exempt properties continue to serve the public good and provide the services that rendered them tax exempt.

PROGRAM CHANGES

Increased Permit Service Charge: The Assessor's Office will be recovering a portion of their costs through an increase in the permit service charge for new construction and alterations. It is expected that the service charge will generate \$550,000 in additional revenue for 2005. The service charge is expected to have minimal impact on the amount of new construction or alterations. The service charge for a single family house will be \$150 to \$200 with higher charges for multi-family housing. Commercial properties will be assessed a service charge based on the square feet of the building with a minimum charge of \$500. The square foot charge will be \$0.03.

Fair Share Program: In 2005, the Assessor's Office will be implementing a new initiative aimed at recovering city costs for providing services to tax exempt properties. The city has over 1,300 tax exempt properties that make up 33% of the city's property. Institutions will be asked to make voluntary payment in lieu of taxes to help reduce the burden of rising city costs on taxable residences and businesses.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-49,145		Property Records Draft Technician IV	To eliminate a redundancy in the mapping process.
1	1.00		\$34,735		Assessment Technician	
0	0.00		\$-14,410		TOTAL	

CITY ATTORNEY

EXECUTIVE SUMMARY

MISSION: To provide quality legal services and successfully meet clients' needs in accordance with the city charter and statutory requirements.

PROGRAM: City Attorney legal services.

INITIATIVES FOR 2005: Initiate recovery of staff time devoted to Tax Incremental District (TID) properties.

Continue to utilize the Parking Citation Review Manager position to increase customer service for those with parking citations.

Expand the Community Prosecution Program.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	55.68	58.40	57.56	-0.84
FTEs - Other	0.00	1.00	2.50	1.50
Total Positions Authorized	65	61	62	1
EXPENDITURES				
Salaries and Wages	\$4,243,813	\$4,211,208	\$4,207,910	\$-3,298
Fringe Benefits	1,531,518	1,558,147	1,514,848	-43,299
Operating Expenditures	416,905	488,695	402,400	-86,295
Equipment	58,287	43,000	60,000	17,000
Special Funds	28,628	0	0	0
TOTAL	\$6,279,151	\$6,301,050	\$6,185,158	\$-115,892
REVENUES				
Charges for Services	\$876,047	\$373,300	\$721,600	\$348,300
TOTAL	\$876,047	\$373,300	\$721,600	\$348,300

BACKGROUND

The City Attorney is a publicly elected official who serves a four year term. The City Attorney conducts all of the legal business for the city and its "clients", including departments, boards, commissions, and other agencies of city government. The City Attorney's Office handles city litigation and keeps a docket of cases to which the city may be a party, provides legal advice and opinions, and prepares and examines legislation for the Common Council. In addition, the City Attorney is responsible for drafting all legal documents that are required in conducting the business of the city, collecting claims and delinquencies, and prosecuting violations of city ordinances. The City Attorney's Office is also responsible for the city's liability risk management function.

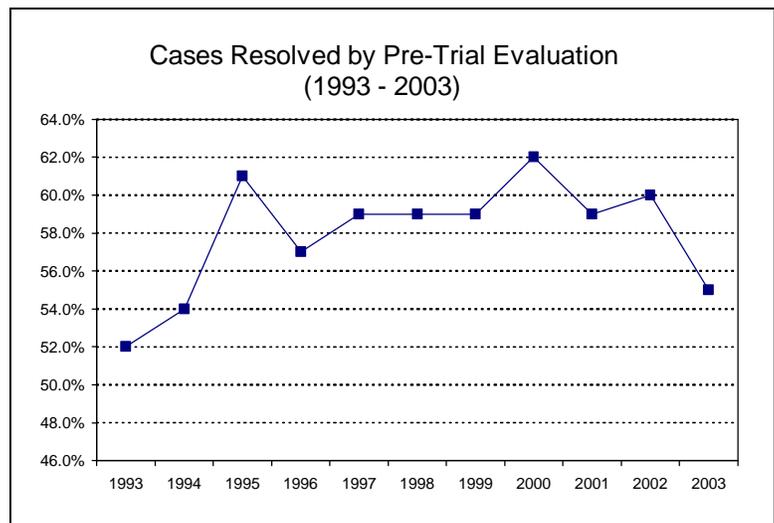
Program 1

City Attorney Legal Services			
Activities:	Prepare and review corporate and general documents, special legal services, represent the city in litigation cases, collection enforcement, and ordinance violation prosecution.		
	2003	2004	2005
	Experience	Budget	Projection
Program Outcome:			
Cases resolved by pre-trial evaluation.	55.0%	61.0%	61.0%
Claims that result in lawsuits (reflects claims filed three years prior).	6.0%	6.0%	6.0%
Funding by Source:			
Operating Funds	\$6,279,151	\$6,301,050	\$6,185,158
Grant and Reimbursable	45,252	72,237	207,117
Special Purpose Accounts	5,682,013	4,950,000	4,350,000
Total:	\$12,006,416	\$11,323,287	\$10,742,275

PROGRAM RESULTS

The primary objective of the City Attorney’s Office is to protect the legal interests of the City of Milwaukee. To reflect the focus of its activities and programs, the department has two indicators that measure achievement of this objective. The first is the percent of cases resolved by pre-trial evaluation. After a defendant has passed through intake, the City Attorney’s Office tries to resolve the case without further court appearances. If cases can be resolved in this manner, court time can be used for more serious offenses. As shown in Figure 1, 2003 saw a reduction to the cases resolved by pre-trial evaluation.

Figure 1



The second measure is the percent of claims filed three years prior that result in lawsuits.

When claims between the city and claimant cannot be resolved, they expose the city to increased liability and additional time spent in court. Therefore, it is in the best interests of the city to minimize the number of claims that proceed to litigation. However, claimants have three years after filing a claim to file a lawsuit. In 2003, 6.0% of all claims filed against the city resulted in a lawsuit, representing an improvement from the 2002 level of 6.8%.

PROGRAM CHANGES

Expand Community Prosecution Program: In 2005, two Assistant City Attorney positions are created to expand the City Attorney’s resources for prosecuting and abating nuisances and other city ordinance violations. These positions will work with community groups, city departments, and the District Attorney to reduce these violations and improve Milwaukee neighborhoods. The addition of these positions results in an increase in salary funding of \$109,852 and an increase in equipment and supplies funding of \$6,000 in 2005.

Continue Reorganization of City Attorney Support Staff: In 2004, the department reorganized its support staff according to legal function. This allowed the elimination of two Legal Office Assistant positions in 2004 and will result in the elimination of one Office Assistant II position in 2005.

Temporary Relocation of City Attorney Staff: In 2005, extensive restoration work will be performed on City Hall's roof, windows, and dormers as part of the City Hall Restoration Project. Due to the close proximity of this work to the City Attorney's Offices on the eighth floor of City Hall, a portion of City Attorney staff will be relocated to the tenth floor of the Zeidler Municipal Building in a manner that accommodates the construction schedule. From 2005 to 2007, an estimated 30% of City Attorney staff will be relocated to the tenth floor of Zeidler Municipal Building.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-25,495		Office Assistant II	Reduce Office Assistant staff.
2	1.66		\$109,852		Assistant City Attorney	New Community Prosecution Program.
	-1.50	1.50	\$-150,000	\$150,000	Miscellaneous Adjustment	Charge TIDs for legal services.
1	-0.84	1.50	\$-65,643	\$150,000	TOTAL	

DEPARTMENT OF CITY DEVELOPMENT

EXECUTIVE SUMMARY

- MISSION:** To improve the quality of life in Milwaukee by guiding and promoting development that creates jobs, builds wealth, and strengthens the urban environment.
- PROGRAMS:**
- Economic development.
 - Federally assisted housing.
 - Land use and policy planning.
- INITIATIVES FOR 2005:**
- Sustain development momentum in the Menomonee Valley, through the construction of the Menomonee Valley West Business Park and the Harley Davidson Museum Complex.
 - Encourage high value redevelopment of the Park East Corridor by completing infrastructure work and cooperating with property owners to market land for development.
 - Undertake land assembly and infrastructure improvement to support development of the Bronzeville Entertainment District.
 - Support development and renovation of housing through a new Targeted Investment Neighborhoods Strategy.
 - Energize efforts to develop and market industrial land and vacant buildings suitable for industrial use.
 - Work cooperatively with other city departments to reduce holding costs for tax foreclosed properties and speed the sale of these properties.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	50.81	46.75	45.02	-1.73
FTEs - Other	174.73	188.25	175.98	-12.27
Total Positions Authorized	325	252	238	-14
EXPENDITURES				
Salaries and Wages	\$2,558,623	\$2,175,478	\$2,079,846	\$-95,632
Fringe Benefits	919,770	804,927	748,744	-56,183
Operating Expenditures	610,346	460,974	305,597	-155,377
Equipment	0	0	0	0
Special Funds	165,329	93,248	84,957	-8,291
TOTAL	\$4,254,068	\$3,534,627	\$3,219,144	\$-315,483
REVENUES				
Charges for Services	\$510,854	\$383,700	\$467,200	\$83,500
Licenses and Permits	742,616	641,500	583,000	-58,500
Miscellaneous	328,241	415,000	315,000	-100,000
TOTAL	\$1,581,711	\$1,440,200	\$1,365,200	\$-75,000

BACKGROUND

The Department of City Development (DCD) has a wide range of responsibilities in housing, planning, development, business assistance, and marketing. While these are diverse responsibilities, nearly every program and project in which DCD is involved in requires cooperative efforts with citizens, businesses, and neighborhoods.

One aspect of DCD's active partnership is its provision of assistance to commissions, authorities, and citizen boards. DCD's activities include administration and support for the:

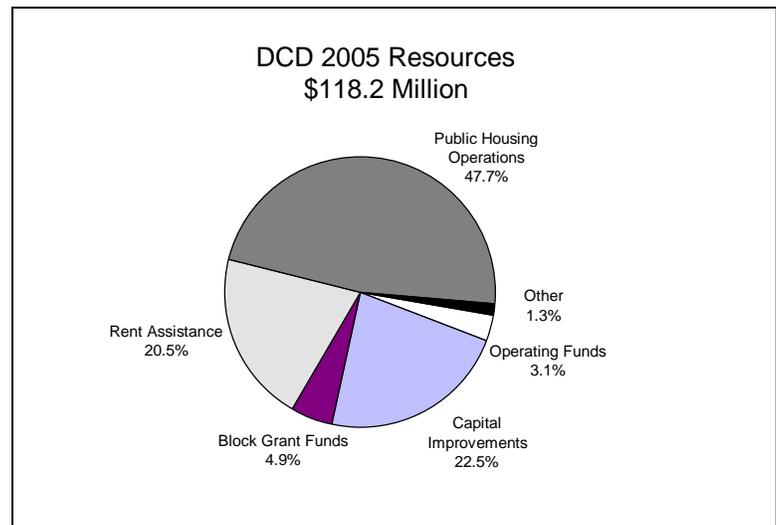
- Housing Authority of the City of Milwaukee;
- Redevelopment Authority of the City of Milwaukee;
- Milwaukee Economic Development Corporation; and the
- Neighborhood Improvement Development Corporation.

In addition, DCD provides advisory and other support to the:

- City Plan Commission;
- Historic Preservation Commission;
- Milwaukee Arts Board;
- Board of Zoning Appeals;
- Business Improvement Districts;
- Fourth of July Commission; and the
- Common Council Community and Economic Development Committee.

City funding to support the department's operating efforts represents only a small portion, roughly 3.1% of the total resources it controls and uses to fulfill its mission (see Figure 1). This amount does not include approximately \$27 million in capital funds, which represents 22.5% of DCD's resources. In addition to city resources, the department administers approximately \$88 million from a variety of non-city funding sources, including federal block grant funds (\$5.8 million), federal rent assistance funds (\$24.3 million), federal public housing funds (\$56.3 million), and other grants (\$1.5 million). In total, DCD anticipates that it will receive and have responsibility for approximately \$118.2 million in funding for 2005. DCD also oversees \$489,000 in Special Purpose Accounts and \$5.4 million in the Economic Development Fund used by the department and other organizations.

Figure 1



Program 1

Economic Development

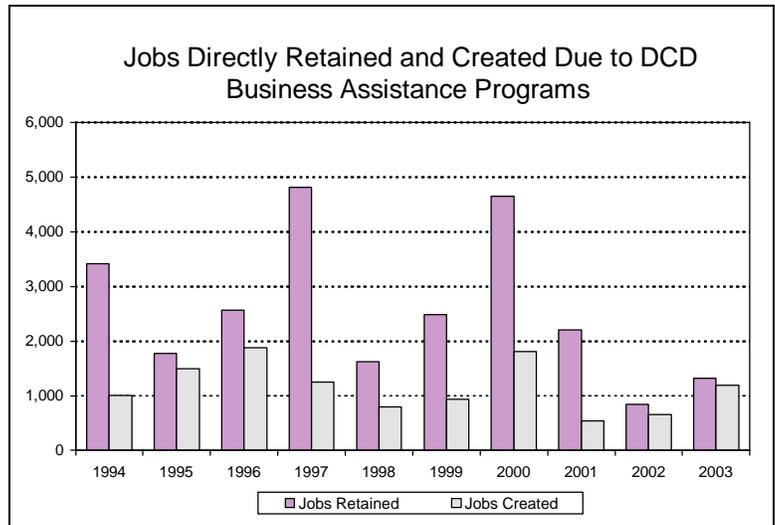
Activities: Administer Tax Incremental Financing Program, support private development investment, small business loans through the Milwaukee Economic Development Corporation, façade grants, retail investment grants, support to Business Improvement Districts, develop and market industrial corridors, home improvement and in-fill housing, development permitting and plan review, upgrade streets in neighborhood commercial districts, prepare and market sites for new development, support development of market rate housing, sell city owned real estate for development and brownfield redevelopment.

		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Private investment leveraged by public investment and assistance by DCD.	\$5.24	\$8.00	\$6.00
	Jobs created by employers receiving city assistance and support.	1,193	2,300	2,000
	Jobs retained by employers receiving city assistance and support.	1,321	1,700	2,500
	New housing units constructed.	1,223	500	300
Funding by Source:	Operating Funds	\$1,680,094	\$1,112,334	\$1,800,828
	Grant and Reimbursable	4,052,270	4,584,104	6,720,867
	Capital Budget	25,442,167	23,600,000	26,300,000
	Special Purpose Accounts	497,747	491,000	561,800
	Total:	\$31,672,278	\$29,787,438	\$35,383,495

PROGRAM RESULTS

This program exemplifies the Department of City Development’s mission: to encourage the growth of employment opportunities for the citizens of Milwaukee, and to support private investment that grows the city’s tax base. Such results are achieved through the application of four key approaches: 1) direct financial assistance to small business that helps clients take advantage of opportunities to increase sales and employment; 2) use of tax incremental financing to provide public infrastructure improvements or other assistance to encourage major private investments that will contribute significantly to the growth of the tax base, employment, or availability of commercial services in underserved areas; 3) partnerships with organizations that represent businesses and employers to improve the business environment, either in a particular geographic area or a particular industry segment; and 4) management of projects that invest city resources to redevelop under-utilized or vacant properties for eventual sale to private owners. The positive results of these actions are represented in the number of jobs that are created or retained, which showed a notable increase from 2002 (see Figure 2).

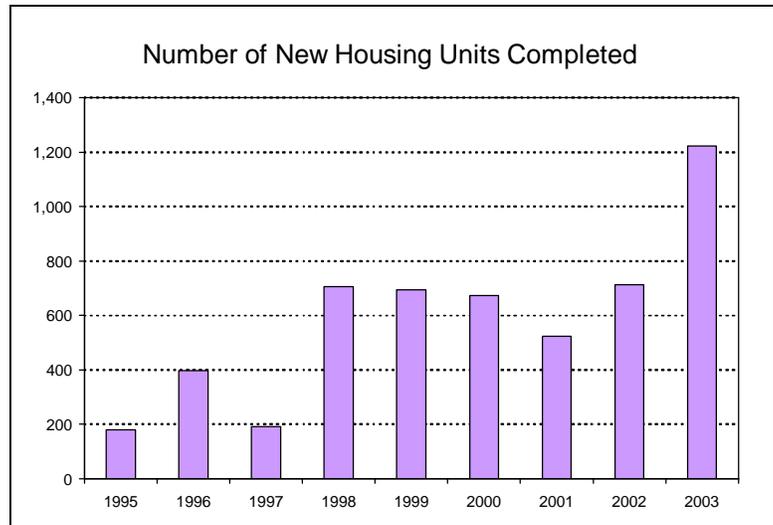
Figure 2



While development investment decisions are largely governed by market forces, city government has the ability to encourage such investment by providing support in the form of efficient permitting processes, investment in

infrastructure and brownfield cleanup, marketing land owned by the city and Redevelopment Authority, acquiring property for assembly into buildable sites, and providing targeted financial assistance in areas where the private market is weak. In 2005, city activities will encourage private investment throughout Milwaukee, with an emphasis on the Park East corridor, central city residential neighborhoods and commercial corridors, riverfront property, underused industrial properties, and the Memonomee Valley. One of the ways DCD measures success is with the number of new housing units constructed, which has dramatically increased in recent years (see Figure 3).

Figure 3



PROGRAM CHANGES

In 2005, DCD will energize efforts to attract and retain manufacturing employment, implement a targeted manufacturing recruitment program, and undertake strategic planning efforts to build on the strengths of Milwaukee’s traditional manufacturing corridors.

To ensure the most efficient operations and internal communications, DCD will move the following sections to the General Management and Policy Development Decision Unit in 2005:

- The Development Center, because efficient permitting processes are critical to the city’s efforts to encourage private development investment; and the
- Housing Development and Rehabilitation staff, which recognizes the linkages between their work and the work of the staff that handle real estate and Development Center activities.

Program 2

Federally Assisted Housing				
Activities:	Operate 5,200 units of public housing for low income residents, administer 5,800 Section 8 Vouchers for low income residents, implement HOPE VI Grants to re-engineer public housing developments and increase self-sufficiency of public housing residents through partnerships with service providers.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Achieve U.S. Department of Housing and Urban Development "high achiever" status.	Achieved	N/A	Achieved
Funding by Source:	Capital Budget	\$200,000	\$200,000	\$200,000
	Grant and Reimbursable*	9,842,967	7,450,000	77,440,692
	Total:	\$10,042,967	\$7,650,000	\$77,640,692
* Includes Housing Authority funding previously accounted for in a discontinued objective titled "Operate Federally Funded and Low Income Housing Programs".				

PROGRAM RESULTS

This program provides quality housing for more than 10,000 low income households who pay 30% of their income for rent. The program has vigorously and successfully sought federal HOPE VI funding to reinvent public housing developments by reconnecting them to surrounding neighborhoods and building onsite facilities such as public and charter schools and youth centers. Development projects currently underway include single family homes for homeownership and a “green” apartment building in the Highland Park development.

Recognized as a national pioneer in developing self-sufficiency opportunities for residents, Milwaukee’s Public Housing staff and community partner agencies provide job placement and training, daycare, a homeownership program, and onsite family resource centers.

PROGRAM CHANGES

Reductions in federal low income housing budgets, and changes in federal Department of Housing and Urban Development Program rules affecting public housing agencies, will present significant challenges to Milwaukee’s Public Housing Program during 2005. An organizational study underway at the end of 2004 will recommend appropriate local responses to these challenges.

In 2004, the Housing Authority was awarded a \$19.5 million HOPE VI Grant for housing revitalization in the Midtown neighborhood. This latest HOPE VI Grant will be used to replace aging public housing units with new housing for 121 families. The Housing Authority will act as its own developer and will have all construction completed by December 2005.

Program 3

Land Use and Policy Planning				
Activities:		2003 Experience	2004 Budget	2005 Projection
Prepare citywide Comprehensive Plan elements, prepare neighborhood land use and redevelopment plans to guide investment, administer Milwaukee’s zoning ordinance, data analysis and policy development, design guidance for city assisted development and redevelopment, and staff support to City Plan Commission and Historic Preservation Commission.				
Program Outcome:	Percent completion of Comprehensive Plans as required by state law.	N/A	N/A	30%
	Prepare neighborhood land use and redevelopment plans.	4	N/A	4
Funding by Source:	Operating Funds	\$2,573,974	\$2,422,293	\$1,418,316
	Grant and Reimbursable	485,800	485,800	485,800
	Capital Budget	150,000	150,000	150,000
	Total:	\$3,209,774	\$3,058,093	\$2,054,116

PROGRAM RESULTS

Successful city planning activities guide private property owners as they make decisions about how to invest in their property. Guidance comes in the form of zoning ordinances, land use plans, urban design standards, and the historic preservation ordinance. DCD’s administration of these regulations requires sensitivity to both the long range goal of appropriate physical development and the more immediate market realities to which the development community must react.

In order to comply with Wisconsin's Comprehensive Planning Law, which requires completion of a citywide Comprehensive Plan by January 1, 2010, DCD will devote resources to data gathering, analysis, and public outreach. These activities are the foundation of policy recommendations required to implement provisions of the law. Also, while not required by the state, the department has enriched the Comprehensive Planning effort by developing a series of neighborhood land use plans in partnership with a wide variety of community stakeholders.

PROGRAM CHANGES

In late 2003, a resignation left the position of City Planning Director vacant. In mid-2004, the Common Council adopted a Memorandum of Understanding (MOU) between the City of Milwaukee and the University of Wisconsin Milwaukee (UWM) through which direction of planning and design services was provided by the Dean of the School of Architecture and Urban Planning. This arrangement will continue at least through June 2005, at which time the city and UWM have the option to renew the MOU. A position of Assistant Planning Director (currently titled Permit and Development Center Manager) has been created within the Planning Division to ensure that day-to-day operational matters are handled efficiently.

To improve the data collection and analysis that are critical components of planning efforts, DCD's Geographic Information Systems (GIS) staff will be moved into the Community Planning and Development Services Decision Unit in 2005.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
General Management and Policy Development Decision Unit						
-1		-1.00		-\$47,772	Economic Development and Media Specialist	Change to direct HACM.
-1		-1.00		-\$46,694	Network Analyst Assistant	
1		1.00		\$56,825	Administrative Specialist Senior	Transfer Grant Management from Public Housing Programs Decision Unit.
2		2.00		\$113,650	Management Accountant Senior	
2		2.00		\$77,522	Management Accountant	
1		1.00		\$29,601	Accounting Assistant I	
1	1.00		\$64,652		Plan Examiner Assistant Supervisor	
3	3.00		\$194,401		Plan Examiner III	Transfer Development Center from Community Planning and Development Services Decision Unit.
3	3.00		\$167,654		Plan Examiner II	
2	2.00		\$128,201		Mechanical Plan Examiner	
1	1.00		\$56,846		Zoning and Development Coordinator	
1	0.50	0.50	\$15,680	\$15,680	Office Assistant III	
3	3.00		\$114,555		Program Assistant II	
1	1.00		\$34,183		Office Assistant IV	
2	2.00		\$59,708		Office Assistant III	
2	2.00		\$58,513		Office Assistant II	

DEPARTMENT OF CITY DEVELOPMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
2	2.00		\$122,179		Plan Examiner II	Transfer Development Center from Community Planning and Development Services Decision Unit.
1	1.00		\$83,328		Planning Administration Manager	
1		1.00		\$31,554	Office Assistant IV	
1		1.00		\$29,601	Administrative Assistant I	Transfer Housing Rehabilitation and Development from Public Housing Programs Decision Unit.
6		6.00		\$363,462	Housing Rehabilitation Specialist Senior	
1		1.00		\$31,360	Office Assistant III	
1		1.00		\$60,577	Rental Rehabilitation Specialist	
2		2.00		\$102,040	Housing Program Specialist	
1		1.00		\$50,014	Administrative Specialist	
1		1.00		\$64,652	Residential Rehabilitation Supervisor	
1		1.00		\$58,550	Commercial and Residential Rehab Manager	
1		1.00		\$32,616	Accounting Assistant II	
-1		-1.00	\$-47,926		Geographic Information Specialist		Transfer GIS to Community Planning and Development Services Decision Unit.
-1	-1.00			\$-55,373	Geographic Information Supervisor	
-2		-2.00	\$-77,032		Geographic Information Technician II	
	-0.73	0.73	\$-25,000	\$25,000	Office Assistant IV	Change of funding source.
Public Housing Programs Decision Unit						
-1		-1.00		\$-86,554	Housing Management Director	Change to direct HACM.
-1		-1.00		\$-90,108	Housing Operations Manager	
-1		-1.00		\$-28,418	Office Assistant IV	Eliminate vacant HACM positions.
-3		-3.00		\$108,108	Building Maintenance Mechanic II	
-2		-2.00		\$64,654	Custodial Worker II/City Laborer	
-1		-1.00			Office Coordinator	
-1		-1.00		\$-36,036	Building Maintenance Mechanic II	
-1		-1.00		\$-32,327	Custodial Worker II/City Laborer	
-1		-1.00		\$-56,825	Administrative Specialist Senior	Transfer Grant Management to General Management and Policy Development Decision Unit.
-2		-2.00		\$-113,650	Management Accountant Senior	
-2		-2.00		\$-77,522	Management Accountant	
-1		-1.00		\$-29,601	Accounting Assistant I	

DEPARTMENT OF CITY DEVELOPMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1		-1.00		\$-29,601	Administrative Assistant I	Transfer Housing Rehabilitation and Development to General Management and Policy Development Decision Unit.
-6		-6.00		\$-363,462	Housing Rehabilitation Specialist Senior	
-1		-1.00		\$-31,360	Office Assistant III	
-1		-1.00		\$-60,577	Rental Rehabilitation Specialist	
-2		-2.00		\$-102,040	Housing Program Specialist	
-1		-1.00		\$-50,014	Administrative Specialist	
-1		-1.00		\$-64,652	Residential Rehabilitation Supervisor	
-1		-1.00		\$-58,550	Commercial and Residential Rehabilitation Manager	
-1		-1.00		\$-32,616	Accounting Assistant II	
					Community Planning and Development Services Decision	
-1	-1.00			\$-38,516	Drafting Technician II	Eliminate vacant position.
-1	-1.00		\$-64,652		Plan Examiner Assistant Supervisor	Transfer Development Center to General Management and Policy Development Decision Unit.
-3	-3.00		\$-194,401		Plan Examiner III	
-3	-3.00		\$-167,654		Plan Examiner II	
-2	-2.00		\$-128,201		Mechanical Plan Examiner	
-1	-1.00		\$-56,846		Zoning and Development Coordinator	
-1	-0.50	-0.50	\$-15,680	\$-15,680	Office Assistant III	
-3	-3.00		\$-114,555		Program Assistant II	
-1	-1.00		\$-34,183		Office Assistant IV	
-2	-2.00		\$-59,708		Office Assistant III	
-2	-2.00		\$-58,513		Office Assistant II	
-2	-2.00		\$-122,179		Plan Examiner II	
-1	-1.00		\$-83,328		Planning Administration Manager	
-1		-1.00		\$-31,554	Office Assistant IV	
1		1.00	\$47,926		Geographic Information Specialist	
1	1.00			\$55,373	Geographic Information Supervisor	
2		2.00	\$77,032		Geographic Information Technician II	
-14	-1.73	-12.27	\$-25,000	\$-208,663	TOTAL	

NOTE: The budgets of the following agencies are not under control of the Common Council. This information portrays more fully the activities administered by the Department of City Development.

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

The Housing Authority of the City of Milwaukee is responsible for construction, management, and provision of safe, affordable, and quality housing with services that enhance residents' self-sufficiency. HACM is administered by a seven member board of commissioners. Members are appointed for staggered terms by the Mayor and confirmed by the Common Council.

HACM's principal funding source is the federal government through various programs administered by the Department of Housing and Urban Development (HUD). HUD provides an operating subsidy to make up the difference between the cost of managing public housing and the revenues received from 30% of resident's income. The Housing Authority anticipates additional reductions in future federal funding as Congress and the Administration move to adjust spending to meet federal budget caps. The Housing Authority is considering additional opportunities for funding available through the Quality Housing and Responsibility Act of 1998 and the Wisconsin State Statutes.

HACM activities include:

- Low rent public housing management
- Rent Assistance Program (Section 8)
- Housing development and rehabilitation
- Veterans' housing
- Homeownership and self-sufficiency services

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE (RACM)

The Redevelopment Authority is an independent corporation created by State Statute in 1958 and derives its powers solely from state law. The Redevelopment Authority's relationship with the City of Milwaukee is more particularly described in the audited financial statements of the Authority.

A board whose members are appointed by the Mayor and confirmed by the Common Council oversees the Redevelopment Authority. The Redevelopment Authority relies upon the Department of City Development for the professional, technical, and administrative support necessary to carry out its mission. This is accomplished through an annual cooperation agreement with the City of Milwaukee, with operating funds provided through the city's CDBG Program for:

- Management of financial affairs;
- Land use planning and urban design guidance;
- Real estate acquisition and disposition;
- Relocation assistance for displaced families and businesses;
- Property management and environmental investigation; and
- Housing and economic development project management.

The mission of the Redevelopment Authority is to eliminate blighting conditions that inhibit neighborhood reinvestment; foster and promote business expansion and job creation; and facilitate new business and housing development. Toward that end, the Redevelopment Authority:

- Prepares and implements comprehensive redevelopment plans;
- Assembles real estate for redevelopment;
- Is empowered to borrow money, issue bonds, and make loans; and
- Can condemn property (eminent domain) in furtherance of redevelopment objectives.

MILWAUKEE ECONOMIC DEVELOPMENT CORPORATION (MEDC)

The Milwaukee Economic Development Corporation is a non-stock, non-profit organization formed in 1971 to promote economic development for the benefit of the citizens of the City of Milwaukee. The principal objective of the corporation is to benefit the community by fostering the increase of employment opportunities and expansion of business and industry within the metropolitan Milwaukee area. The corporation uses its own funds to finance projects to achieve that objective. The corporation is exempt from federal and state income taxes under a provision of Section 501(c) (3) of the Internal Revenue Code.

An 18 member Board of Directors consisting of the Mayor, the Comptroller, the President of the Common Council, 2 council members, and 13 representatives of the business community oversee MEDC's activities. MEDC's board has delegated authority for policy actions to its Executive Committee that consists of the Mayor, the Comptroller, the President of the Common Council, one Council member, and six representatives of the business community.

Some services are provided to MEDC by the city through an agreement that is reviewed periodically. The city is reimbursed for any personnel and resources provided to the corporation under this agreement. MEDC uses its resources, as well as those of the Small Business Administration, to make financing available to businesses promising to create job opportunities and new investment in Milwaukee. The programs available through MEDC include:

- SBA 504 Debenture Program
- Second Mortgage Program
- Land Development Program
- Target Loan Program
- Partnership Loan Program
- Capital Access Program

NEIGHBORHOOD IMPROVEMENT DEVELOPMENT CORPORATION (NIDC)

The Neighborhood Improvement Development Corporation is a non-profit corporation established by the city in 1973 for the purpose of performing activities that assist and encourage reinvestment in residential property as part of an overall neighborhood economic stabilization strategy. NIDC programs encourage investments by private lending institutions and property owners by providing financial assistance in the form of grants, rehabilitation loans, and interest subsidy payments on conventional loans. NIDC also acts as a developer to stabilize and encourage neighborhood housing markets, it also provides technical assistance, and serves as a liaison between community-based organizations, city departments, area businesses, and associations.

NIDC is headed by a nine member board of directors, which includes at least four city residents. Board members serve for a period of three years, with one-third of the terms expiring each year. Federal funding supports many NIDC programs (received through the Community Development Block Grant Program).

NIDC will continue to work within the housing strategy guidelines to increase and target new housing production and to work with all ten TIN program areas. In cooperation with city departments and other neighborhood stakeholders, NIDC will maximize and utilize all available resources to revitalize and target neighborhoods.

Partnering with the Wisconsin Housing and Economic Development Authority (WHEDA), DCD, lenders, realists, and counseling agencies, NIDC encourages new homeownership on vacant parcels of land owned by the City of Milwaukee.

COMMON COUNCIL CITY CLERK

EXECUTIVE SUMMARY

- MISSION:** To establish city policy and law, oversee the administration of city government, adopt an annual budget, ensure the delivery of services to constituents, and provide public information about city government.
- PROGRAMS:** Council administration, including legislative and research support, constituent services, and public information.
- INITIATIVES FOR 2005:** Realign Legislative Reference Bureau staffing to provide research and fiscal analysis flexibility
Continue to cross train personnel to accommodate workload fluctuations and reduced staffing.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	99.19	95.07	91.90	-3.17
FTEs - Other	2.00	1.00	1.00	0.00
Total Positions Authorized	114	102	102	0
EXPENDITURES				
Salaries and Wages	\$5,049,673	\$4,624,205	\$4,558,819	\$-65,386
Fringe Benefits	1,816,766	1,710,955	1,641,174	-69,781
Operating Expenditures	717,672	715,784	722,639	6,855
Equipment	51,461	40,900	40,000	-900
Special Funds	127,913	121,035	135,035	14,000
TOTAL	\$7,763,485	\$7,212,879	\$7,097,667	\$-115,212
REVENUES				
Charges for Services	\$3,726,271	\$3,514,200	\$3,624,365	\$110,165
Licenses and Permits	1,748,420	1,822,700	1,687,300	-135,400
TOTAL	\$5,474,691	\$5,336,900	\$5,311,665	\$-25,235

BACKGROUND

The Common Council City Clerk's Office constitutes the legislative branch of city government. The 15 members represent geographically distinct districts (see Map 1) and are elected to serve four year terms, the most recent of which began April 20, 2004. The City Clerk's Office supports the activities of the council and general operations of city government. It is comprised of the Central Administration Division, the Public Information Division, the Legislative Reference Bureau, and the License Division.

Central Administration staff provides general administrative support functions for the department, staffs council and committee meetings, and assists council members in their work with constituents. The Public Information Division produces public relations material and operates the city's cable television channel. The Legislative Reference Bureau staff author and analyze legislative initiatives; review and make recommendations on fiscal matters; and maintain a library of books, reports, periodicals, newspapers, and online databases. The License Division administers the liquor, cigarette, bartender, home improvement, and public passenger vehicle licenses. The Common Council City Clerk's 2005 budget, including grants and special purpose accounts, totals \$7.6 million.

Program 1

Council Administration				
Activities:	Legislative and research support, constituent services, public information, licensing, public relations, and television programming.			
		2003	2004	2005
		Experience	Budget	Projection
Funding by Source:	Operating Funds	\$7,763,485	\$7,212,879	\$7,097,667
	Grant and Reimbursable	40,283	42,770	44,053
	Special Purpose Accounts	354,639	417,471	416,820
	Total:	\$8,158,407	\$7,673,120	\$7,558,540

PROGRAM CHANGES

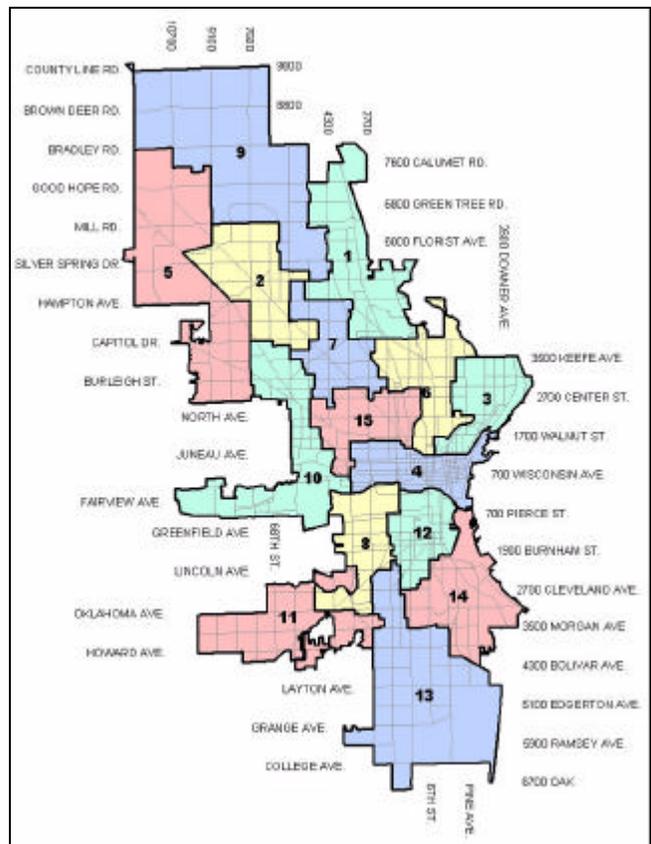
Reduction in Aldermanic Districts: Following the general election in April 2004, the number of aldermanic districts was reduced from 17 to 15 (see Map 1). The 2005 budget eliminates three positions partially funded in the 2004 budget, two Alderman and a Staff Assistant Finance and Personnel Committee position. Projected savings in personnel and support costs were estimated to be \$365,000 in 2005 and \$3.1 million from 2004 through 2012.

Council Records Section: The Council Administration Manager position is moved into the newly named Council Records Section, which consolidates positions from the previous Council Services Division and Council Section. A vacant Council File Specialist position is eliminated with savings of \$32,307. In 2005, the Council Records Section will become a component of the Central Administration Division.

Public Information Division: The Public Relations Communications Section will be known as the Public Information Division, consisting of the Public Relations Section and the Television Services Section. This change is a more accurate description of the functions of these sections and streamlines the division. A Production Services Coordinator position in the Television Services Section is eliminated with a savings of \$51,846.

Legislative Reference Bureau Realignment: A number of positions in the Legislative Reference Bureau will be realigned to provide more research and analysis flexibility. The Legislative Reference Section is divided into a Library Section and a Legislative Research Section. A Librarian II and two Librarian III positions will be moved to the Library Section. The Legislative Research Section will include a Legislative Research Supervisor, two Legislative Fiscal Analyst Leads, and two Legislative Research Analyst Senior positions. The Code Information Specialist will be shifted from the Legislative Reference Section to the Administrative Services Section.

Map 1



Other Position Changes: The 2005 budget eliminates one Communications Assistant I position resulting in savings of \$30,585. The remaining Communications Assistants I and II will be augmented by other office staff as needed. Six Auxiliary Office Assistant I positions are added without funding to provide occasional office support during vacations, absences, and vacancies.

Lobbyist Registration: In the ordinance currently under consideration by the Common Council, the License Division would assume the administration of Lobbyist Registration. Current staff will be able to absorb this function at the adopted funding level.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-2	-0.67		\$-12,564		Alderman	Aldermanic districts reduced from 17 to 15.
-1	-1.00		\$-20,199		Staff Assistant Finance and Personnel Committee	] Elimination of positions.
-1	-1.00		\$-30,585		Communications Assistant I	
6					Office Assistant I (Aux.)	Provide occasional office support.
-1	-1.00		\$-32,307		Council File Specialist	Elimination of vacant position.
-1	-1.00		\$-51,846		Production Services Coordinator	Operational efficiencies.
	0.50		\$16,154		License Specialist	Anticipated Lobbyist Registration.
	1.00				Various Positions	Miscellaneous adjustment.
0	-3.17		\$-131,347		TOTAL	

COMPTROLLER

EXECUTIVE SUMMARY

- MISSION:** To fulfill the responsibilities of the independently elected Comptroller of the City of Milwaukee.
- PROGRAMS:** Independent fiscal, financial and program analysis, estimation of revenue, auditing, and financial analysis.
- Process, maintain and report on financial position, operating results and cash flow projections of the City of Milwaukee, to ensure accurate, efficient, and reliable financial operations.
- Maintain bond rating and effective issuance of debt in compliance with applicable regulations.
- INITIATIVES FOR 2005:** Continue to improve the city's financial system and processes.
- Implement change in budgeting practice related to underwriting fees and bond issuance costs for compliance with generally accepted accounting principles.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	57.63	54.53	53.30	-1.23
FTEs - Other	8.37	8.97	9.70	0.73
Total Positions Authorized	66	70	68	-2
EXPENDITURES				
Salaries and Wages	\$2,784,774	\$3,011,891	\$3,155,867	\$143,976
Fringe Benefits	1,011,191	1,114,400	1,136,112	21,712
Operating Expenditures	384,038	1,063,175	1,800,830	737,655
Equipment	58,786	43,000	43,000	0
Special Funds	4,805	5,000	5,000	0
TOTAL	\$4,243,594	\$5,237,466	\$6,140,809	\$903,343
REVENUES				
Charges for Services	\$368,450	\$403,000	\$1,180,000	\$777,000
TOTAL	\$368,450	\$403,000	\$1,180,000	\$777,000

BACKGROUND

The City of Milwaukee Comptroller is an elected official whose duties include administration of city financial activities, including general and grant accounting, payroll, debt issuance and management, and auditing. The Comptroller also provides general oversight of city activities to ensure compliance with Generally Accepted Accounting Principals (GAAP) and various other regulations imposed by city ordinance, state law, or grant contract.

The Comptroller advises city policymakers on financial matters involving the city. The Comptroller provides leadership and representation on city sponsored committees including the Common Council's Finance and Personnel and Community Economic Development Committees. The Comptroller also holds positions on the Wisconsin Center District Board, the Charter School Review Committee, the Pension Board, the Pabst Theater Board, the City Information Management Committee, the Milwaukee Economic Development Committee (MEDC),

Neighborhood Improvement Development Corporation (NIDC), Summerfest, the Purchasing Appeals Board, and the Deferred Compensation Board.

The Public Debt Commission is the superintendent of the issuance of city debt. Responsibility extends to determining the timing, structuring, call provisions, and similar aspects of both city general obligation and revenue anticipation borrowings. The commission is also charged with oversight of the Public Debt Amortization Fund, which consists of investment and use decisions for the fund.

The commission is comprised of three city residents appointed by the Mayor and confirmed by the Common Council. The City Comptroller serves as the ex-officio secretary to the commission.

Program 1

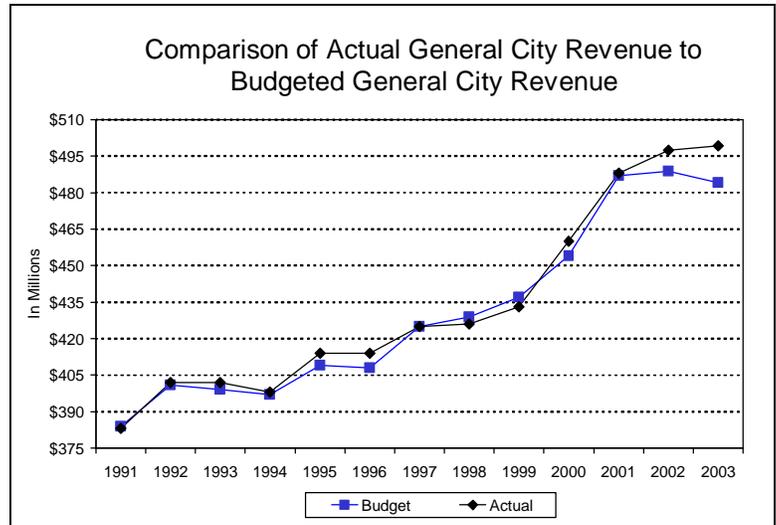
Independent fiscal, financial and program analysis and estimation of revenue, auditing and financial analysis.				
Activities:	Financial services, revenue estimation, auditing and accounting.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Accuracy of revenue estimates.	103.9%	100.0%	100.0%
	Completed audit reports.	6	10	10
Funding by Source:	Operating Funds	\$1,209,883	\$1,241,292	\$1,269,565
	Total:	\$1,209,883	\$1,241,292	\$1,269,565

PROGRAM RESULTS

The Comptroller’s Office performance is measured by the accuracy of the city’s budgeted revenue estimates. As shown in Figure 1, with the exception of 1998, the Comptroller has estimated revenues within 2% of actual revenues received in each of the last ten years. These conservative, accurate revenue estimates help the city avoid deficits and the deferral of this year’s costs to next year’s tax levy. For 2003, actual revenues exceeded the Comptroller’s budgeted revenue estimates by \$12.3 million with actual revenues totaling 103.9% of the estimates¹, well within the Comptroller’s performance standard.

A second measure of performance is the Comptroller’s audit activity. During 2003, the Comptroller’s Office produced six audits. The most significant audit during 2003 was the Third District Police Station Capital Projects Audit that made recommendations to improve the capital project analysis process.

Figure 1



PROGRAM CHANGES

¹This comparison of actual to budgeted revenues is made after eliminating revenues budgeted with an equal, offsetting expenditure amount.

The department has no program changes for 2005 but will continue to improve its estimates of revenue and produce audits that improve city services.

Program 2

Process, maintain, and report on financial position, operating results and cash flow projections, and ensure accurate, efficient, and reliable financial operations.				
Activities:	General accounting, payroll administration, oversight of financial assistance, coordination of financial operations and systems, and financial reporting.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Unqualified audit opinion by the city's outside auditor.	Yes	Yes	Yes
Funding by Source:	Operating Funds	\$3,033,711	\$3,362,757	\$3,366,539
	Grant and Reimbursable	635,913	485,767	493,740
	Total:	\$3,669,624	\$3,848,524	\$3,860,279

PROGRAM RESULTS

The official accounting records of the city play an important role in its operations. Without reliable information on accounts payable, accounts receivable, and payroll the city could not meet its obligations, bills would go unpaid, city employees would not receive paychecks, and important services could not be provided.

Reliable accounting records help the city determine its present financial position. They also serve to guide its future direction. Timely, reliable, and accurate accounting records are essential to the delivery of important public services such as garbage collection and public health services. Systematic audit of the accounting system warrants against failures in important information by ensuring that accurate accounting records are being kept.

PROGRAM CHANGES

Although there are no specific program changes in 2005, continual revisions in accounting processes and procedures have occurred in recent years. In the early 2000's, Enron and Arthur Anderson accounting improprieties created a greater emphasis on accounting reporting and process. Outside auditing firms that review the year end city accounting books have increased their scrutiny of these books thus assuring greater accuracy of the numbers and processes that are followed. The department will respond to changes as they occur.

Program 3

Maintain bond rating and effective issuance of debt in compliance with applicable regulations.				
Activities:	Public debt management, preparation and sale of city debt and financial services.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Bond Rating (Fitch).	AA+	AA+	AA+
Funding by Source:	Operating Funds	\$0	\$633,417	\$1,504,705
	Total:	\$0	\$633,417	\$1,504,705

PROGRAM RESULTS

Retaining the city's high "investment grade" bond ratings continues to be of prime importance and serves to keep borrowing interest costs lower. The lower cost of any required borrowing, both for capital and cash flow pur-

poses, produces direct benefits to the taxpayer. The city continues to maintain high investment grade ratings of AA+ from Fitch, Aa2 from Moody's, and AA from Standard & Poor's.

These ratings have been maintained during the past year in spite of the second year of national economic downturn and 2004 reductions in state shared revenue to municipalities. As these ratings indicate, the city's capacity to meet its financial commitments on outstanding obligations is very strong.

According to the rating agencies, these ratings reflect a combination of moderate overall debt burden, rapid debt repayment, and manageable capital needs. Strong growth in assessed value and a diverse tax base were also cited as strengths. The city's "Infrastructure Cash Conversion" policy also assists in keeping the overall debt burden affordable.

In 2004, the Public Debt Amortization Fund will be used to prepay debt due the following year. This will have the effect of lowering the levy portion of the debt budget.

PROGRAM CHANGES

There is a change in the budgeting related to underwriting fees and bond insurance costs for compliance with General Acceptable Accounting Principles (GAAP). An increase of \$844,000 is included in the Comptroller's budget for gross fund underwriting fees and insurance costs that are now offset by General Fund revenues. These costs were previously netted against bond premiums.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-2	-1.00	0.00	\$-27,314		Accounting Intern (0.5 FTE)	Efficiency improvements.
	-0.23	0.73			Miscellaneous	Experience adjustment.
-2	-1.23	0.73	\$-27,314		TOTAL	

ELECTION COMMISSION

EXECUTIVE SUMMARY

MISSION: To conduct elections that build public trust in the democratic process and to encourage registration and voting by eligible residents through media advertising, canvassing, and other special events.

PROGRAMS: Elections.

INITIATIVES FOR 2005: Conduct a primary and a general election for offices including State Supreme Court Associate Justice, ten circuit court judgeships, and four school board members.

Encourage Online Campaign Finance Reporting by candidates' campaign organizations and Political Action Committees.

Implement additional provisions of the Federal Help America Vote Act of 2002, including statewide registration and Election Inspector ongoing training.

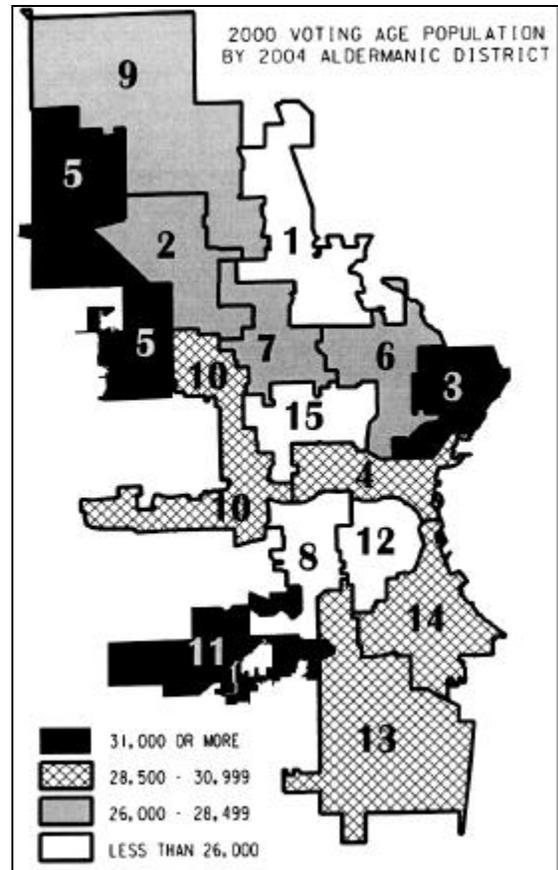
BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	14.98	18.29	14.76	-3.53
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	72	110	70	-40
EXPENDITURES				
Salaries and Wages	\$528,396	\$537,574	\$455,733	\$-81,841
Fringe Benefits	177,712	110,602	108,710	-1,892
Operating Expenditures	602,687	984,113	518,534	-465,579
Equipment	8,128	7,513	7,513	0
TOTAL	\$1,316,923	\$1,639,802	\$1,090,490	\$-549,312
REVENUES				
Charges for Services	\$59,093	\$13,000	\$8,000	\$-5,000
TOTAL	\$59,093	\$13,000	\$8,000	\$-5,000

BACKGROUND

The Election Commission staff manages all aspects of public elections in the City of Milwaukee. In addition to registering the 410,249 potential voters (based on the 2002 census estimate) in Milwaukee, the Commission establishes more than 200 polling locations with appropriate workers, supplies, and ballots on election days (see Map 1). The Commission administers the statutory obligations for elected officials and potential candidates for citywide offices including the nomination process and campaign finance reporting. Two elections are usually held during odd numbered years and four generally occur in even numbered years. In 2005, the Election Commission will hold a spring primary and general elections for state and local offices including four school board districts, ten circuit court judgeships, and a State Supreme Court Associate Justice.

Map 1



The Election Commission staff is comprised of three board members, one Executive Director, an Election Services Manager, and five full time staff members whose responsibilities cover the administration of absentee voting, voter registration, voting machine maintenance, election day poll worker designation, and general office management. During the election season, 1,100 to 1,600 additional temporary poll workers are hired to staff the polling locations, register voters on-site at the polls on election days, respond to calls from voters, and process absentee ballots.

Election Commissioners are appointed by the Mayor and confirmed by the Common Council. The three Election Commissioners represent the two major political parties. Two of the three members represent the victorious party in the most recent gubernatorial election.

The Commission conducted primary and general elections for President, United States House and Senate, State Assembly and Senate, Mayor, Aldermen, and other municipal offices in 2004. Several polling places and wards were changed due to the reduction of aldermanic districts from 17 to 15 effective in April 2004 (see Map 1). This followed a busy 2002 and 2003, in which the Election Commission held several special elections in addition to those regularly scheduled. Citizen recalls and resignations of elected officials led to the need for additional elections. These recalls and special elections led to higher than expected 2003 expenditures and revenue reimbursement for elections involving state and county offices.

Program 1

Elections		2003	2004	2005
Activities:	Conduct elections that build public trust in the democratic process and encourage registration and voting by eligible residents through media advertising, canvassing, and other special events.	Experience	Budget	Projection
Program Outcomes:	Percentage of eligible persons who are registered to vote.	80.0%	81.0%	82.0%
	Percentage of registered voters who vote.	15.0%	28.0%	17.0%
	Percentage of polling places with election day voting machine problems.	6.4%	4.2%	3.5%
Funding by Source:	Operating Funds	\$1,316,923	\$1,639,802	\$1,090,490
	Total:	\$1,316,923	\$1,639,802	\$1,090,490

PROGRAM RESULTS

The percentage of eligible people registered to vote continues to increase. As of the November 2, 2004 election, 396,600 people (or 97%) of a potential 410,249 eligible voting age residents (2002 Census Bureau estimate) were registered. This exceeded the proportion projected in the 2004 budget and is the highest percentage registered since 1985.

The Election Commission website includes voter eligibility requirements, registration instructions, and an interactive polling location feature. Potential voters are able to find their polling location simply by entering their street address. This feature also lists their aldermanic district, ward, and municipal, county, state, and federal elected officials. Residents may access this information at their convenience. This also makes the Commission’s staff more efficient by reducing the number of routine information requests received by telephone or in person.

The number of actual voters in the April 2004 election was 163,026 or 47% of registered voters. This high registration turnout reflected a high degree of interest in the various local races for Mayor, County Executive, supervisor, alderman, and judgeships that appeared on the ballot. The November Presidential Election resulted in a turnout of 277,344 voters including over 7,900 early voters and 17,000 other absentee ballots.

The Election Commission made a concerted effort to reach the maximum number of potential voters through media advertising, canvassing by community groups, and other special events. The November 2004 Presidential Election heightened interest as demonstrated by high registration volume and absentee ballot application requests. Citywide turnout approached 70%.

PROGRAM CHANGES

In June 2004, the Election Commission implemented Online Campaign Finance Reporting as an option for elected municipal officials, candidates, and Political Action Committees (PACs). This feature will assist these people and entities in properly completing the reports and provide the public with online information regarding campaign finances. A number of officeholders and one PAC utilized this option for the July 2004 Continuing Campaign Finance Report. The Commission expects further utilization by candidate committees and PACs in the January 2005 reporting cycle.

The Help America Vote Act of 2002 (HAVA) requires a statewide registration list effective January 2006. The Election Commission is working closely with the State of Wisconsin Elections Board to implement this requirement. Both the city’s Election Commission and the State Elections Board are confident this requirement will be readily met.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-40	-4.40		\$-95,480		Temporary Office Assistant II	Decrease due to biennial election cycle (two citywide elections in 2005).
	0.87				Various	Miscellaneous adjustments.
-40	-3.53		\$-95,480		TOTAL	

DEPARTMENT OF EMPLOYEE RELATIONS

EXECUTIVE SUMMARY

- MISSION:** To maintain a productive, diverse workforce that is well trained, empowered, motivated, adequately compensated, high in morale, prepared to protect the lives and property of the citizens of Milwaukee, and fully attuned to efficient and effective customer service delivery.
- PROGRAMS:** Employee relations, including labor contract negotiations and grievance administration, diversity outreach and complaint investigations, and employee training and development.
- Employee benefits administration, including health and dental benefits, disability insurance, and unemployment compensation.
- Staffing including recruitment, examination, and certification of eligible employees.
- Worker's compensation.
- INITIATIVES FOR 2005:** Increase employee performance accountability and recognition.
- Leadership Development Institute for supervisors.
- Department of Employee Relations Intervention Program.
- Develop and implement "Total Rewards" philosophy.
- Recruit and select one Police Officer and one Fire Fighter recruit class.
- Reduce the amount of time to fill vacancies.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	88.91	65.65	64.87	-0.78
FTEs - Other	2.42	7.60	7.60	0.00
Total Positions Authorized	105	99	98	-1
EXPENDITURES				
Salaries and Wages	\$3,469,767	\$3,288,372	\$3,427,147	\$138,775
Fringe Benefits	1,275,546	1,216,698	1,267,864	51,166
Operating Expenditures	622,251	422,828	377,661	-45,167
Equipment	89,244	10,000	3,000	-7,000
Special Funds	65,733	139,364	112,619	-26,745
TOTAL	\$5,522,541	\$5,077,262	\$5,188,291	\$111,029
REVENUES				
Charges for Services	\$211,524	\$205,000	\$200,000	\$-5,000
Miscellaneous	4,097	0	0	0
TOTAL	\$215,621	\$205,000	\$200,000	\$-5,000

BACKGROUND

The Department of Employee Relations (DER) provides human resources and support to city agencies and the Milwaukee Public Schools with the goals of attracting, retaining, and motivating a competent and diverse workforce. DER must meet these goals while complying with State and Federal Employment Laws, civil service rules, and applicable collective bargaining agreements. It does this through its four programs: Employee Relations, Compensation and Employee Benefits, Staffing, and Worker’ Compensation. These services are provided in compliance with a variety of legal mandates and procedures.

The Department of Employee Relations administers the City Service Commission, a civilian body that ensures that hiring and terminations of general city employees comply with the rules of Civil Service. The department also staffs the Fire and Police Commission, a civilian body that oversees general policy in the Fire and Police Departments. The commission is also responsible for hiring and promotions for the two public safety departments. The five citizen members of the commission serve overlapping five year terms and are appointed by the Mayor and approved by the Common Council.

In 2004 and 2005, the department will complete a strategic planning process which will systematically diagnose areas for improvement and identify approaches for improved service. As a result of the initial phases of this process, DER has reorganized the way its programs will report expenditures and has selected new Program Outcome Measures that will more effectively demonstrate the department’s performance. Because the strategic plan has not been completed in time for the 2005 budget, listed initiatives may not have been specifically funded. DER will thus have to free resources from other areas or delay implementation until 2006.

Program 1

Employee Relations				
Activities:	Labor relations including grievance administration, labor contract negotiation, Fire and Police Commission citizen complaint process, diversity outreach and claims investigation, and employee training and development.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Number of vacancies filled through transfers, promotions or the reinstatement process.	500	400	400
	Percentage of grievances resolved prior to arbitration.	New Measure	70.0%	80.0%
Funding by Source:	Operating	\$1,636,112	\$2,038,368	\$2,093,784
	Grant and Reimbursable	248,685	188,096	195,323
	Special Purpose Accounts	735,820	810,000	770,000
	Total:	\$2,620,617	\$3,036,464	\$3,059,107

PROGRAM RESULTS

The Employee Relations Program entails a variety of activities that provide an organization with productive employees and supports positive labor/management relations. The program contains two new performance measures that are intended to better identify the extent to which the program is meeting its goals. The first measure is the “Number of vacancies filled through transfers, promotions, or the reinstatement process”. This measure attempts to identify how well the city develops the skills of its employees and qualifies them for other job opportunities within the city. The second measure is the “Percentage of grievances that are resolved prior to arbitration”. Employees or unions file grievances against the city when they believe management has violated provisions of the

labor contract. By working with managers and unions, DER strives to resolve these contract disputes internally, rather than resorting to the more costly and contentious arbitration process.

PROGRAM CHANGES

Performance Appraisal for Management Employees: In 2005, DER will provide guidance and direction to city departments in the development and implementation of performance appraisal of managers and supervisors. Performance appraisal measures the impact of city managers and holds them accountable for their performance. By regularly evaluating and tracking their performance, department heads can help managers get the training they need to succeed, document areas for improvement, and, if need be remove managers who routinely fail to meet their job exceptions.

Leadership Development Institute for Supervisors: In 2005, DER will develop curriculum for mandatory training briefings for new City of Milwaukee managers and supervisors to assist them in developing key managerial competencies needed for successful leadership. Knowledge of employment practices within the context of the city’s organizational culture will establish clear expectations, roles, and responsibilities and will improve relations between managers and their subordinates. Additionally, DER plans to issue regular briefs to managers that highlight changes to employment law and other employment policies, procedures, and best practices.

DER Intervention Program: DER will track and analyze employee exit interviews, grievance data, turnover data, and employment complaints to identify patterns and trends that indicate a need for DER support. It will then provide direct consultation, training, and outreach to city departments and their managers to create and maintain a positive work environment for all employees.

Labor Relations Additions: In August 2004, a new Labor Negotiator was appointed which should lead to more labor contracts being resolved. The 2005 budget adds a Research Analyst position to the Labor Relations Section. The position will help to collect and analyze data needed in collective bargaining, grievance, and interest arbitration.

Program 2

Compensation and Employee Benefits				
Activities:	Health benefits, dental benefits, flexible spending accounts, job classification, pay administration, unemployment compensation, long term disability insurance, and Commuter Value Pass Program.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Increase in active employee health costs.	4.8%	4.3%	11.2%
	Percentage of total health care costs paid by active employees.	14.3%	13.5%	N/A
Funding by Source:	Operating Funds	\$803,107	\$499,791	\$577,889
	Special Purpose Accounts	78,837,211	81,783,100	96,213,100
	Total:	\$79,640,318	\$82,282,891	\$96,790,989

PROGRAM RESULTS

The Employee Benefits Program ensures that eligible city employees receive the health care they need. The city strives to provide good benefits to its employees while containing the growth in these costs. This is a particular challenge in this region of the country, as the cost of health care in Southeastern Wisconsin is well above the national average. The new “Increase in active employee health care costs” measure is an indicator of how well city

strategies to contain costs are working. However, health care costs are driven largely by the regional market for these services. Additionally, the department tracks the percent of the total health care budget paid by active employees. This figure is determined by labor contract negotiations, taxing goals, and other factors. This measure contains no specific target. Rather, it is intended to facilitate discussion about the “right” level of employee funding. For further discussion, please see the “*Special Purpose Account Employee Health Care Benefits*” section.

PROGRAM CHANGES

Health Care Task Force: DER is pursuing several recommendations issued in 2003 by the Health Care Task Force to contain costs. These include the introduction of “Patient Choice” to management employees and other strategies.

“Total Rewards” Philosophy: DER will develop approaches to track and communicate employees’ “total rewards” in order to effectively attract, retain, and motivate employees. “Total rewards” clearly communicates the monetary value of all employee benefits including direct pay, health care benefits, dental benefits, life insurance, long term disability insurance, pension, vacation, and other benefits.

Program 3

Staffing				
Activities:	Recruitment, examinations, certification of eligible applicants, and outplacement services.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Number of terminations during probationary period.	16	15	15
	Percentage of referrals containing minorities or women.	New Measure	60.0%	60.0%
	Customer satisfaction (scale of 1 - 5).	4.1	4.1	4.2
Funding by Source:	Operating Funds	\$1,761,625	\$1,310,343	\$1,184,417
	Total:	\$1,761,625	\$1,310,343	\$1,184,417

PROGRAM RESULTS

The Staffing Program identifies qualified candidates to fill vacant positions in the city. The program entails processing applications, testing prospective employees, certifying a list of eligible candidates, and referring the list to city departments for final selection. The program has three measures. The first is “Number of employees terminated during the probationary period”. Most new hires are put on probation for the first six months of employment. During this period, employees’ performance is evaluated and they can be easily removed if they do not meet job requirements. By measuring the number of employees terminated during this period, DER can evaluate how well it is screening applicants and referring the most qualified. Additionally, the department will track the percentage of referrals it makes to departments that contain minorities or women. DER will continue efforts to increase the applicant pool of minorities and women that can compete for city vacancies. This helps create a diverse workforce that looks like the people it serves. Finally, DER will continue to measure customer satisfaction of the departments it serves with staffing assistance.

PROGRAM CHANGES

Police Officer and Fire Fighter Class Recruitment: In 2005, DER will recruit and hire one Police Officer recruit class and one Fire Fighter recruit class.

Shorten Vacancy Review and Approval Process: Through its strategic planning process, DER will explore methods for reducing the amount of time it takes to fill needed vacancies. Under current practice, all vacancies are heavily scrutinized before being filled which can lead to delays in filling critical positions. In 2005, the city will explore methods for streamlining this process to meet the city's service, budget, and diversity goals more quickly. Additionally, DER will maximize the use of existing eligible lists to shorten the hiring process.

Program 4

Worker's Compensation				
Activities:	Administration, data analysis, and departmental safety programs.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Number of recordable injuries.	1,142	N/A	N/A
	Average cost per claim.	\$2,063	N/A	N/A
Funding by Source:	Operating Funds	\$1,321,697	\$1,228,760	\$1,332,201
	Special Purpose Accounts	8,924,689	7,778,590	8,910,000
	Total:	\$10,246,386	\$9,007,350	\$10,242,201

PROGRAM RESULTS

City employees who are injured in the line of duty are entitled to worker's compensation payments in accordance with state and federal law. The City of Milwaukee self insures itself to pay worker's compensation claims. The department processes claims and reports to state agencies as required. DER has two measures of the worker's compensation environment. The first is the "number of recordable injuries to city employees", and the other is the "average cost per successful claim". DER can only process claims as they arrive. It is currently the duty of individual departments to create a safe environment and properly train and supervise employees. For more information, please see the "*Special Purpose Account Worker's Compensation*" section.

PROGRAM CHANGES

New Positions: In late 2003, the State of Wisconsin expanded reporting requirements related to worker's compensation. During 2004, DER added position authority for three new positions to meet the requirements, which were ultimately filled with promotions. After evaluating these new positions, the Worker's Compensation Section will eliminate two vacant positions in the 2005 budget while meeting state requirements.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00		\$78,013		Labor Relations Officer	] Reclassed.
-1	-1.00		\$-65,496		Labor Relations Representative Senior	
1	1.00		\$35,729		Research Analyst	Assist with labor negotiations.
-1	-1.00		\$-65,496		Claims Adjuster Supervisor	] Voluntary reclass.
1	1.00		\$64,704		Claims Adjuster Specialist	
1	1.00		\$39,031		Management Services Adjuster	] Added in 2004 to Worker's Compensation Section to meet state mandate.
1	1.00		\$45,648		Claims Adjuster	
-2	-2.00		\$-61,856		Claims Representative	Budget cuts based on program needs.
2	2.00		\$57,942		Office Assistant III	One reclassified and one position added.
3	3.00		\$64,196		Claims Processor II	] Two reclassified and one position added.
-2	-2.00		\$-61,170		Claims Processor II	
-2	-2.00		\$-58,664		Office Assistant II	One transfer and one reclass.
1	1.00		\$88,833		Employment Manager	] Reclassed to Salary Grade 11.
-1	-1.00		\$-75,796		Employment Manager	
2	2.00		\$74,043		Human Resources Representative	] Reclassed and one position eliminated.
-1	-1.00		\$-74,419		Examination Supervisor Fire and Police (Y)	
-2	-2.00		\$-106,274		Personnel Analyst Senior	
-1	-1.00		\$-39,322		Program Assistant II	Moved to Diversity Section.
1	1.00		\$68,253		Recruiting and Training Specialist	] Retitled.
-1	-1.00		\$-63,006		Human Resource Training Specialist	
-1	-0.78				Graduate Intern	Budget cut.
-1	-0.78		\$-55,107		TOTAL	

FIRE DEPARTMENT

EXECUTIVE SUMMARY

- MISSION:** To protect people and property within the city by providing rapid, professional, and humanitarian services essential to the health, safety, and well being of city residents.
- PROGRAMS:** Emergency services including fire suppression, emergency medical and other emergency services.
- Emergency support services, including fire and life safety educational services.
- INITIATIVES FOR 2005:** Continue to provide fire prevention education programs to citizens, including the Fire Fighters Out Creating Urban Safety (FOCUS), Operation First Responder, Sesame Street, Elder Safe, and Survive Alive Programs.
- Strengthen the Emergency Medical Services system by working to establish contracts with private ambulance providers for Basic Life Support (BLS) services and continuing participation in the countywide paramedic system.
- Focus on Fire Fighter safety through investments in equipment and training.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1,157.49	1,146.51	1,080.46	-66.05
FTEs - Other	8.38	9.20	8.54	-0.66
Total Positions Authorized	1,146	1,151	1,154	3
EXPENDITURES				
Salaries and Wages	\$67,526,864	\$64,899,165	\$64,487,145	\$-412,020
Fringe Benefits	19,226,741	20,120,793	19,384,783	-736,010
Operating Expenditures	3,252,464	3,661,642	3,843,689	182,047
Equipment	245,419	608,506	598,606	-9,900
Special Funds	113,439	87,000	89,800	2,800
TOTAL	\$90,364,927	\$89,377,106	\$88,404,023	\$-973,083
REVENUES				
Charges for Services	\$1,556,430	\$6,093,304	\$5,710,000	\$-383,304
TOTAL	\$1,556,430	\$6,093,304	\$5,710,000	\$-383,304

BACKGROUND

The Milwaukee Fire Department (MFD) has provided emergency and public safety services since 1875. The department serves the more than 596,000 residents of Milwaukee and West Milwaukee currently operating 36 firehouses that are structured into five organizational bureaus. Some units have the added responsibilities of special teams: Dive Rescue, Hazardous Materials (HazMat), and the Heavy Urban Rescue Team (HURT).

The department has dramatically increased its fire prevention activities since the late 1980's. A high number of fire deaths in 1987 (31) prompted the department to take an aggressive, interactive approach to fire prevention and safety education. In 1997, the Fire Department began providing fire inspection services for public buildings. It also works with building managers to identify any potential fire hazards.

Since the 1970's, the department has provided Emergency Medical Services (EMS). EMS calls constitute nearly 80% of all requests to the Fire Department for emergency services. The department also participates as a first responder in the system to provide basic life support services with private sector ambulance providers and provides paramedic or advanced life support services under Milwaukee County oversight.

The Fire Department has categorized its services under two distinct programs: Emergency Services (encompassing the core services of fire suppression and EMS) and Emergency Services Support (all of the other departmental activities and services that support the core services). The Emergency Services Program measures include the traditional response time goal and several new internal objectives to determine the effectiveness of fire suppression strategies. Measures for Emergency Services Support focus on the fire education component and reducing the number of fire deaths.

Program 1

Emergency Services				
Activities:	Fire suppression, emergency medical services, other emergency services (HURT, HAZMAT, Dive Rescue), and disaster preparedness.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percentage of responses within five minutes of call.	93.9%	95.0%	95.0%
Funding by Source:	Operating Funds	\$83,623,153	\$81,371,318	\$81,186,072
	Grant and Reimbursable	5,388,628	462,000	554,977
	Capital Budget	836,090	3,902,500	4,627,500
	Total:	\$89,847,871	\$85,735,818	\$86,368,549

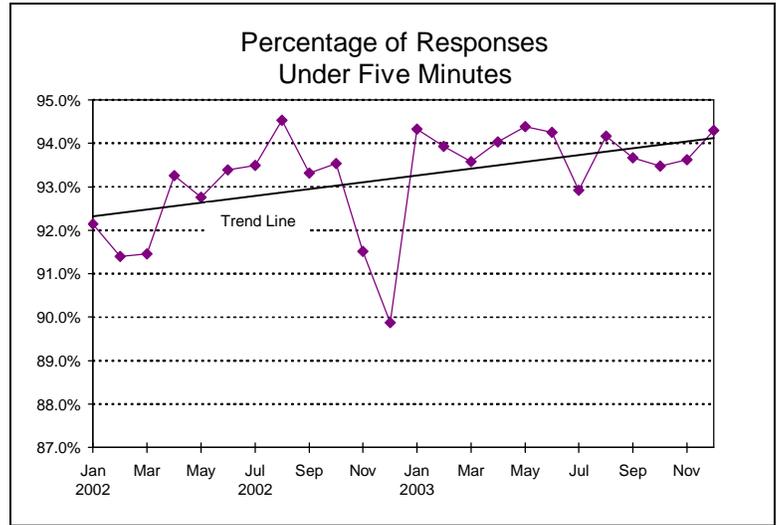
PROGRAM RESULTS

Timely response to events has a direct impact on the outcome of any emergency. The success of this strategy is measured by a response time of five minutes or less for 95% of calls received for EMS, Dive Rescue, Fire Suppression, HAZMAT, Heavy Urban Rescue and other non-fire emergencies. Other measures going forward into 2005 will include an analysis of property value lost due to fire and examination of improved patient condition as a result of MFD arrival at an incident scene in EMS calls.

In 2003, the Fire Department responded to roughly 60,697 incidents. Response time to these incidents totaled five minutes or less in 93.9% of all cases. While slightly lower than the 95% goal, the 2003 response time data shows improvement in this area over past years. For example, for the years 1993, 1995, and 1996 only 90.5% of calls were responded to within five minutes.

Figure 1 illustrates that response times tend to lengthen during the winter months when weather conditions can adversely affect travel. The trend line indicates that the percentage of calls responded to in five minutes or less has improved slightly between 2002 and 2003. The Fire Department's goal is to improve this trend in 2005 by responding to 95% of calls received in less than five minutes.

Figure 1



PROGRAM CHANGES

Convert a BLS Squad into the 11th MED Unit

Mid-Year: This change shifts one BLS level ambulance provided by the MFD and will implement the department's 11th MED Unit on July 1, 2005. The MFD will focus its EMS services on the ALS level, working to achieve the goal of a 90% response in less than ten minutes in all ALS areas. The remaining BLS Unit will be analyzed to determine if it should be converted into a Med Unit. This change results in savings of \$453,446 and reduces six Fire Fighter positions.

Currently, the city is negotiating its BLS ambulance transport contracts with the private ambulance companies. These contracts have the potential to add revenue for 2006 in the form of a dispatch fee and will provide greater quality control and accountability in this vital service area.

Staffing and Facilities Study: In 2006 the MFD will be conducting a staffing and facilities study to evaluate the current staffing structure and numbers, as well as the location of Fire Houses and Engine Companies throughout the city. The department seeks to tie staffing and company locations to Milwaukee's population shifts and NFPA standards. The final report may recommend shifting of resources within the city to align funds more effectively.

Fire Equipment: The capital improvement budget provides the funding for fire apparatus and ambulances. There is \$4.3 million included to purchase three fire engines, three ladder trucks, one tower ladder truck, a dive team rig and two paramedic ambulances. An additional ladder was included to address a considerable concern from the department regarding the replacement cycle of ladder trucks.

Program 2

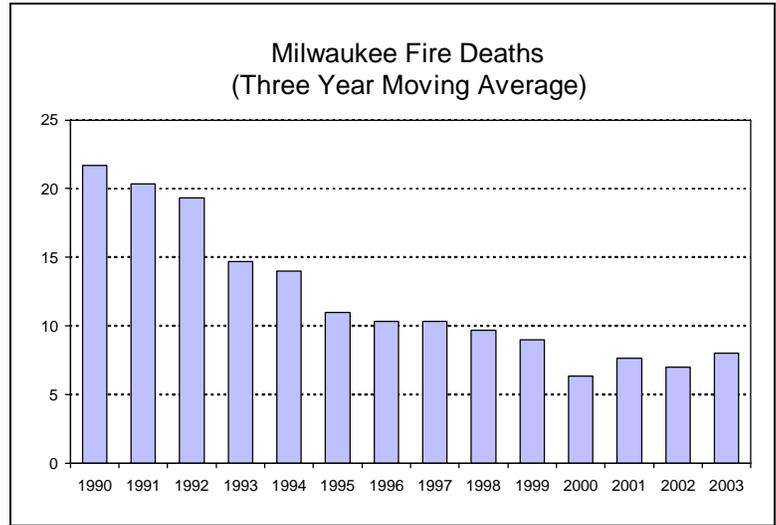
Emergency Support Services		2003	2004	2005
Activities:		Experience	Budget	Projection
	Fire education, inspections, pre-incident planning, infrastructure support (Shop, IT services, dispatch, training and administrative support.			
Program Outcome:	Three year average number of fire deaths.	8	6	6
Funding by Source:	Operating Funds	\$6,741,774	\$8,005,788	\$7,217,951
	Grant and Reimbursable	0	0	99,977
	Capital Budget	2,946,091	1,937,500	432,500
	Total:	\$9,687,865	\$9,943,288	\$7,750,428

PROGRAM RESULTS

Fire deaths ranged from a high of 31 in 1987 to a low of 4 in 1998. Figure 2 shows the overall decline in the three year moving average of fire deaths since 1990. Reductions in the number of fire deaths have coincided with increased fire prevention efforts. In the 2005 budget, \$7.8 million is allocated to this program.

Many of the department's programs emphasize fire prevention, because fewer fires create fewer situations where a fire death could occur. FOCUS, the department's major fire prevention program, is provided in areas of the city with the highest incidence of fires. In 2003, Fire Fighters installed 1,087 smoke detectors, 788 fire alarm batteries, and visited over 8,832 residences as part of this program.

Figure 2



Educational programs, such as Survive Alive House and Sesame Street, teach children how to react when there is a fire in the home, including proper escape procedures and calling 9-1-1. Fire prevention programs like Sesame Street, Elder Safe, the Survive Alive House, Mobile Survive Alive Houses, and others reached nearly 100,000 citizens through over 1,600 programs in 2003.

PROGRAM CHANGES

New CAD System: Fiscal changes for the Emergency Services Support Unit are primarily due to maintenance contracts for the new CAD system and realignment of positions to meet the most critical needs of the new software.

UASI Grant: The grant will be used to enhance the security and overall preparedness of the Milwaukee Urban Area to prevent, respond, and recover from acts of terrorism in a multi-jurisdictional, multi-disciplinary manner. Included in this grant is one position of Fire Captain (\$68,440), which will coordinate interdepartmental and inter-governmental responses to terrorism and disaster preparedness. MFD will work closely with MPD on evaluating and updating the Emergency Operation Plan for the City of Milwaukee.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
Firefighting Decision Unit						
-9	-12.00		\$-476,100		Fire Fighter	Elimination of one BLS squad and implementation of 11th MED Unit July 1, 2005.
6					Fire Fighter (Aux.)	
3	3.00		\$119,025		Fire Lieutenant	
			\$-96,371		Special Duty Reduction	
3	3.00		\$119,025		Fire Lieutenant	MED unit implementation.
-6	-6.00		\$-238,050		Fire Fighter	
-2					Fire Fighter (Aux.)	Technical corrections.
3	3.00		\$169,104		Para Field Lieutenant/Fire Para Field Lieutenant	
1		1.00		\$76,905	Battalion Chief Fire	Marquette Interchange Grant.
	-59.05	-3.66			Various Positions	FTE calculation adjustment.
Support Services Decision Unit						
1	1.00		\$54,967		Fire Lieutenant	Classification change.
-1	-1.00		\$-54,967		Administrative Fire Lieutenant	
-1	-1.00		\$-68,440		Vehicle Operations Manager	Reclassified.
1	1.00		\$58,598		Vehicle Operations Training	
-1	-1.00		\$-84,552		Information Technician Manager	Realignment of technology staff for new CAD system support and monitoring.
1	1.00		\$40,590		Network Coordinator Associate	
1	1.00		\$35,729		Records Management Systems	
1	1.00		\$30,890		Inventory Control Assistant II	
1		1.00		\$68,440	Fire Captain	UASI Grant funded position Emergency Preparedness Coordination.
1		1.00		\$76,905	MMRS Coordinator	MMRS Grant.
3	-66.05	-0.66	\$-390,552	\$222,250	TOTAL	

HEALTH DEPARTMENT

EXECUTIVE SUMMARY

- MISSION:** To ensure that services are available to enhance the health of individuals and families, promote healthy neighborhoods, and safeguard the health of the Milwaukee community.
- PROGRAMS:** Disease control and prevention.
 Promote reproductive health, healthy child development, and school readiness in Milwaukee.
 Improve the quality and safety of consumer products in Milwaukee.
 Reduce illness and injury related to home environments in Milwaukee.
 Promote healthy behaviors and access to health services for all Milwaukee residents.
- INITIATIVES FOR 2005:** Reduce infant mortality by promoting pre-conception planning, early prenatal care, WIC enrollment, and focus newborn services on risks and behaviors associated with infant death.
 Improve preparedness for bioterrorism and other public health emergencies, including vector borne diseases like West Nile Virus, SARS, and Monkey Pox.
 Enhance asthma prevention and add injury prevention to successful lead poisoning prevention strategies in the Home Environmental Health Program.
 Complete the transition to hazard assessment and critical control point practices in consumer safety programs.
 Implement a wireless field inspection system for improved client records and rapid communications with health professionals and the public consistent with new federal regulations.
 Continue consolidation of clinic locations and operations for greater efficiency.
 Increase public and private funding for lead hazard control in high-risk housing to meet the goal of eradication of childhood lead poisoning by 2010.
 Promote health insurance and other benefits that improve the overall well being of families and neighborhoods.

BUDGET SUMMARY

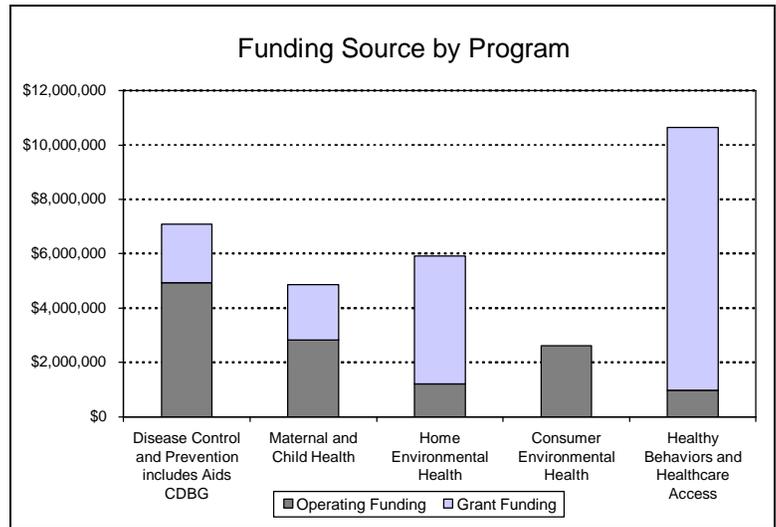
	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	192.93	185.42	169.35	-16.07
FTEs - Other	128.12	127.53	123.61	-3.92
Total Positions Authorized	367	359	345	-14
EXPENDITURES				
Salaries and Wages	\$8,152,259	\$8,318,975	\$7,863,636	\$-455,339
Fringe Benefits	3,076,603	3,078,020	2,830,909	-247,111
Operating Expenditures	2,000,430	1,717,743	1,757,970	40,227
Equipment	36,082	20,800	15,800	-5,000
Special Funds	172,388	66,000	96,794	30,794
TOTAL	\$13,437,762	\$13,201,538	\$12,565,109	\$-636,429
REVENUES				
Charges for Services	\$889,741	\$579,000	\$750,638	\$171,638
Licenses and Permits	1,704,997	1,579,200	1,604,550	25,350
TOTAL	\$2,594,738	\$2,158,200	\$2,355,188	\$196,988

BACKGROUND

The Milwaukee Health Department has served residents of the City of Milwaukee since 1867. Today, the department focuses its efforts on public health assessment, policy development and leadership, and assuring service availability and accessibility. The Health Department operates from five health centers located throughout the city. In 2004, the Tuberculosis Clinic was moved from the Southside Health Center to Keenan Health Center.

The Health Department's 2005 budget reflects ongoing efforts to improve the department's strategic planning driven outcomes. Five management units focus on specific program areas, including home environmental health, consumer environmental health, healthy behaviors and health care access, maternal and child health, and disease control and prevention. These programs are supported by the Health Department's laboratory and business sections. Departmental staff developed the 2005 initiatives by identifying the best practices to achieve community health goals rather than simply providing more services. Partnerships with other public and private organizations have become more critical.

Figure 1



In 2005, the Health Department will continue to receive an increasing proportion of grant funding. As seen in Figure 1, the Health Department expects to supplement its \$12.6 million operating budget with over \$18.5 million in grant funding. While operating funding decreased approximately \$600,000 (-4.5%), expected state and federal grants increased \$1.9 million or 11.4%. Capital facilities funding for the Health Department's five health centers, laboratory facilities, and administrative offices totals \$1,028,500, a \$211,500 decrease from 2004.

The 2005 budget includes multiple changes in positions. As in past years, the Health Department will absorb the reduced operating budget by eliminating current or anticipated vacant positions and utilizing increased grant funding.

Program 1

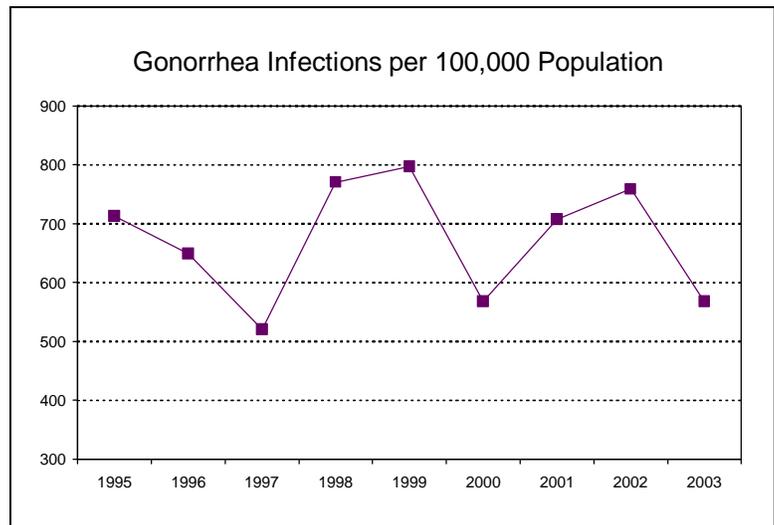
Disease Control and Prevention				
Activities:	Communicable disease surveillance and control, emergency preparedness and response, HIV/Aids prevention, tuberculosis prevention, water borne disease control, and environmental assessments.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Incidence of gonorrhea infections per 100,000 population.	568	750	600
Funding by Source:	Operating Funds	\$5,322,436	\$5,348,311	\$4,939,637
	Grant and Reimbursable	1,696,265	1,397,200	2,140,506
	Capital Budget	348,308	498,190	404,328
	Special Purpose Accounts	315,567	0	0
	Total:	\$7,682,576	\$7,243,701	\$7,484,471

PROGRAM RESULTS

The Health Department's efforts in Disease Control and Prevention are focused on sexually transmitted diseases and communicable disease surveillance and control. Sexually transmitted diseases are the predominant form of communicable disease that the Health Department works to prevent. In 2003, there were 568 gonorrhea infections reported per 100,000 population in the city. As shown in Figure 2, the rate has fluctuated over the past nine years.

Communicable disease surveillance and control has grown to include preparation for bioterrorism. The city has received a substantial multi-department, multi-year grant in the Urban Area Security Initiative, which includes \$750,000 in 2005 for Health Department bioterrorism preparations.

Figure 2



PROGRAM CHANGES

Outbreak Preparedness: The Health Department is integrally involved in planning for a variety of possible public health emergencies that could occur, such as disease outbreaks or terrorist attacks. The department has created a multi-disciplinary response team that operates 24 hours a day for a more efficient response to community emergencies demanding a field response and public health risk assessment. It integrates medical, nursing, environmental and epidemiologic staff in a single team to respond to such emergencies. Grant funded initiatives such as the countywide communicable disease tracking system (SURVNET) and the Centers for Disease Control and Prevention Bioterrorism Program supplement city funding in this area.

Emerging Infectious Diseases: The Health Department continues to face new challenges associated with the identification, control, and prevention of infectious diseases like West Nile Virus, SARS, and Monkey Pox. During 2003, the department performed extensive surveillance and prepared for responses to the global SARS epidemic, a regional appearance of Monkey Pox, and the possible transmission of West Nile Virus to humans. The department has developed capabilities in coordination with other agencies to rapidly detect and respond to infectious disease outbreaks.

Communicable Disease Reduction Initiative: In 2005, the department will further strengthen a Community Development Block Grant funded program designed to reduce communicable disease in a targeted neighborhood. The goal of this program is to provide a coordinated approach to combating sexually transmitted diseases, tuberculosis, and other communicable diseases in the community.

Other Changes: The 2005 budget includes the elimination of two Environmental Specialist/Hygienist positions due to a reduction of grant funding. One Environment and Disease Control Specialist position will be moved from operating funding to a grant funded position. The Urban Toxics Grant and Emergency Preparedness Grant has expired while new grants for 2005 include the Environmental Capacity Grant and an additional Bioterrorism FOCUS Grant.

One vacant Public Health Nurse position at the Sexually Transmitted Disease Clinic is eliminated. In addition, an STD/HIV Training Grant has expired shifting funding for a Public Health Nurse to an alcohol related HIV/AIDS Counseling Grant. A new Public Health Nurse position will be funded through the new Bioterrorism FOCUS Grant.

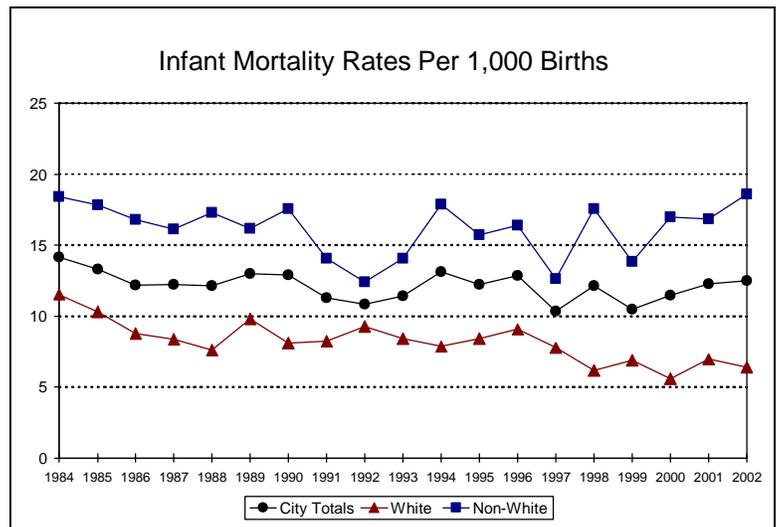
Program 2

Maternal and Child Health				
Activities:	Prenatal and reproductive health, newborn screening, immunization, health education, pre-school health, infant mortality reduction, and family health clinic.			
Program Outcome:	Percent difference in African American vs White infant mortality rate.	2003 Experience 12.2% (2002)	2004 Budget 2.5%	2005 Projection 2.5%
Funding by Source:	Operating Funds	\$3,023,147	\$2,676,469	\$2,833,121
	Grant and Reimbursable	2,184,814	2,121,000	2,030,587
	Capital Budget	197,839	202,306	231,901
	Total:	\$5,405,800	\$4,999,775	\$5,095,609

PROGRAM RESULTS

The infant mortality rate (the number of children who die before their first birthday out of every 1,000 live births) is an important indicator of a community's overall social and economic well being. In 2002, the most recent statistics available, non-Hispanic African Americans in the City of Milwaukee experienced an 18.6 per 100,000 infant mortality rate compared to an 8.6 rate for Hispanic residents and a 6.4 rate for non-Hispanic White residents. The rate for African Americans in the city is 2.9 times higher than for Whites. This disparity between White and non-White infants has remained wide over time, as shown in Figure 3.

Figure 3



The Health Department's 2005 budget dedicates \$5.1 million to promote maternal and child health, including \$2 million of state and federal grant funds. Activities include, promoting prenatal and reproductive health, assessment and monitoring of vulnerable and chronically ill children, the WIC Nutrition Program, Health Check Screening Clinics, and immunizations.

PROGRAM CHANGES

Position and Funding Changes: Two vacant Public Health Nurse positions at the Northwest Health Center and one vacant Immunization Public Health Nurse position are eliminated in the 2005 budget. Service level impact will be minimized as these positions have been vacant for much of the prior year and service to the public has been sustained. Two Health Project Coordinator positions are eliminated due to reductions in the Fetal Mortality and Racial and Ethnic Disparity Grants. Funding for the Fetal Mortality Coordinator will shift to a vacant Social Worker position and the READ II Coordinator will shift to a vacant Immunization Public Health Nurse position.

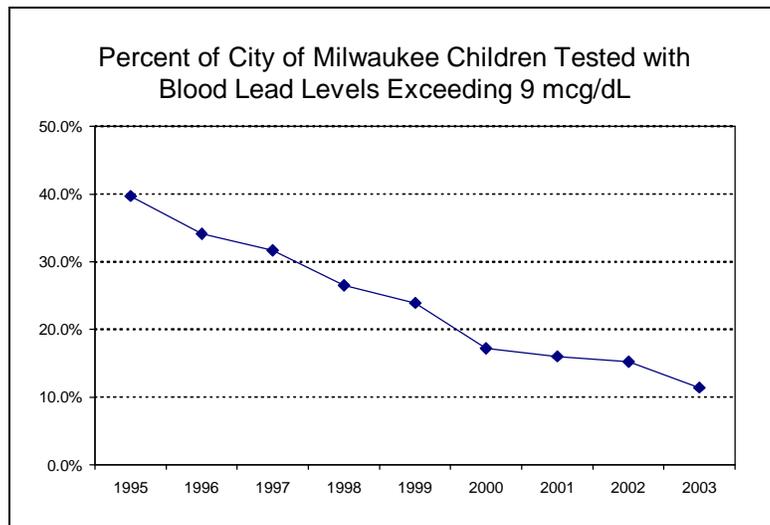
Program 3

Home Environmental Health				
Activities:	Lead poisoning prevention and treatment, asthma control, injury prevention, lead abatement, research, and surveillance.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percent of children aged 0-5 tested with blood lead levels exceeding 9 mcg/dL.	11.4%	13.0%	14.0%
Funding by Source:	Operating Funds	\$1,289,477	\$1,155,368	\$1,207,820
	Grant and Reimbursable	3,868,077	4,080,920	4,696,372
	Capital Budget	84,385	134,876	98,864
	Total:	\$5,241,939	\$5,371,164	\$6,003,056

PROGRAM RESULTS

The Health Department continues to focus on health issues related to the home environment including lead poisoning, asthma, and unintended injuries. Recognized as one of the most successful lead poisoning control programs in the country, the Health Department's lead program has significantly reduced the rate of lead poisoning among Milwaukee's children. As Figure 4 indicates, the percentage of children aged 0 to 5 with high blood lead levels has declined from about 40% in 1995 to 11.4% in 2003. The program's success is due in part to abatement of hazardous conditions in homes before children are poisoned.

Figure 4



PROGRAM CHANGES

The 2005 budget provides \$6 million in funding for comprehensive home environmental health activities including approximately \$4.7 million in federal and state grant program funding. Activities include lead poisoning prevention and treatment, asthma control, unintentional injury prevention, and clinical and environmental lead laboratory work.

Position and Funding Changes: An Asthma Grant has been reduced, leading to a reduction of one Project Coordinator, funding will shift to either a vacant Social Worker position or another grant funded position. The new Lead Urban Initiatives Grant adds a Chemist II position, a Virologist eliminated in the Laboratory Section will move to this position. Increased Lead Grant funding also results in the addition of a Lead Risk Assessor.

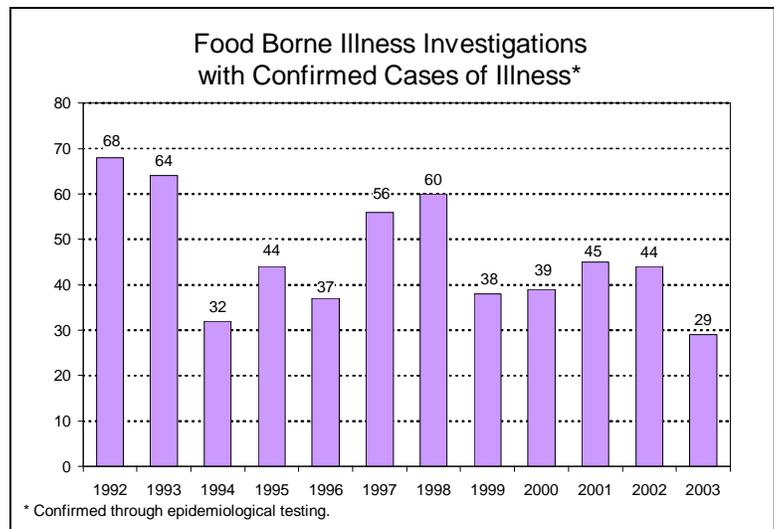
Program 4

Consumer Environmental Health				
Activities:	Food safety regulation and education, weights and measures, sales ordinance investigations, and fire safety inspections.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percent of food inspections with critical food borne illness risk factors.	44.0%	55.0%	45.0%
Funding by Source:	Operating Funds	\$2,755,668	\$2,559,930	\$2,601,371
	Capital Budget	180,335	67,438	212,932
	Total:	\$2,936,003	\$2,627,368	\$2,814,303

PROGRAM RESULTS

The Health Department’s success in protecting consumer environmental health is measured in part by the percent of food establishments with critical violations at the initial inspection. In 2003, 44% of establishments had at least one critical violation upon first inspection, a reduction from the 2002 figure of 58% and nearly identical to 2001, 45%. The Health Department continues to use the Hazard Analysis and Critical Control Point (HACCP) techniques in its inspections. These techniques allow Food Inspectors to identify hazards and assess risks posed to a food ingredient or product in relation to food preparation or processing and determining the critical control points required to prevent or control these hazards. As shown in Figure 5, the department investigated 29 possible foodborne outbreaks that included confirmed cases of illness in 2003.

Figure 5



PROGRAM CHANGES

The 2005 budget includes \$2.8 million of funding dedicated toward improving the quality and safety of health related consumer products and services. Activities include food safety regulation and education, weights and measures enforcement, sales ordinance investigations, fire inspections in Health Department permitted facilities, convenience store security inspections, and tattoo and piercing establishment licensing.

Funding for one vacant Food Inspector is shifted to Auxiliary status and a Food Inspector Supervisor position will be eliminated in mid-2005. The two remaining Food Inspectors will share the inspection workload.

Program 5

Healthy Behaviors and Health Care Access				
Activities:	Health care access, healthy behaviors, Municipal Health Services Program, Women's Wellness Program, domestic violence and sexual assault, elementary and adolescent school health.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percent of youth grades 9-12 using tobacco products in the past 30 days.	13.6%	19.0%	19.0%
Funding by Source:	Operating Funds	\$1,047,034	\$1,461,460	\$983,160
	Grant and Reimbursable	7,499,201	9,725,049	9,665,200
	Capital Budget	68,519	337,190	80,475
	Total:	\$8,614,754	\$11,523,699	\$10,728,835

PROGRAM RESULTS

Promoting healthy behaviors and access to health services in Milwaukee improves the health of residents. Lifelong habits started in youth contribute to wellness/disease, disability, early death, and high health care costs. Rising rates of obesity and diabetes are becoming important public health concerns, emphasizing the importance of exercise and nutrition. The Health Department includes the only non-WIC local Public Health Nutritionist in Wisconsin to advocate on these issues.

Tobacco related disease remains the number one killer of Americans. Preventing people from starting tobacco use and encouraging current users to quit has been a focus of the department since 1997. The department heads the Milwaukee Tobacco Coalition, which engages over 20 community organizations in the implementation of outcome based strategies to reduce and eliminate tobacco use in our community. The department's focus on education, surveillance and enforcement, cessation, and community partnerships is directly aligned with the Center for Disease Control's best practice recommendation to reduce the morbidity and mortality rate associated with tobacco use. The percentage of young people in grades 9 through 12 who reported tobacco use in the past 30 days in 2003 was 13.6%, well below the Health Department's 19% goal. This demonstrates the effectiveness of the Health Department's and other agencies efforts in tobacco cessation.

PROGRAM CHANGES

The 2005 budget devotes \$10.7 million in funding for Healthy Behaviors and Health Care Access including \$9.7 million in grant funding from the state and federal governments. Activities include promoting and facilitating health care access for at-risk populations, tobacco control and prevention, the Municipal Health Services Program, and outreach to vulnerable and chronically ill adults.

The Injury and Violence Prevention Program Coordinator and two support staff positions are moved from the Healthy Behaviors and Health Care Access Division to a new Office of Violence Prevention, which will report directly to the Health Commissioner. This change has no budget impact but emphasizes the importance that the Mayor and the Health Commissioner place on this program, which includes staffing the Domestic Violence and Sexual Assault Task Force.

Administration and Other Changes: One Public Health Educator will be shifted from operating funds to the Making Connections Grant. Public Health Nurses, serving schools, will be moved from operating funding to the Adolescent School Health Grant, resulting in an increase of one Public Health Nurse. The Breast Cancer Awareness Program adds a grant funded Radiological Technician Mammographer.

Changes in the support area include the elimination of a Public Health Nurse that facilitated the Nursing Training Program whose duties will be assumed by the Training Manager and Nursing Director. A Public Health Nurse

shifts to a grant funded Public Health Nurse Coordinator position in the Maternal and Child Health Area. Also, a Public Health Nurse position is added to quality check information that will be submitted to the state's SPHERE Public Health Database. In the Laboratory, a Chemist II position is eliminated, resulting in possible delays in testing of lead whole blood samples and analysis of lead dust wipes from homes and other buildings.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-57,390		Management Accounting Specialist	Reclassification of position.
1	1.00		\$43,316		Administrative Specialist Senior	
1	1.00		\$49,064		Public Health Nurse	SPHERE data collection review.
-1	-1.00		\$-32,615		Accounting Assistant I	Operational efficiencies.
-1	-1.00		\$-29,283		Office Assistant III	
1	1.00		\$35,210		Accounting Assistant II	
-2	-2.00		\$-93,375		Public Health Nurse	Eliminate vacant positions.
-1	-1.00		\$-31,360		Office Assistant III	Operational efficiency transfers to Lead Program.
2	2.00		\$61,171		Clinic Assistant	New positions at Northwest Health Center.
-1	-1.00		\$-38,367		Public Health Nurse	Operational efficiency Training Manager and Nursing Director will assume duties.
-1		-1.00		\$-41,808	Public Health Nurse	Reduction in Immunization Grant.
-1		-1.00		\$-38,637	Health Project Coordinator	READII Grant reduced to impact evaluation study.
-1		-1.00		\$-47,007	Public Health Nurse	
-1		-0.50		\$-11,436	Office Assistant II	
1		1.00		\$40,816	Public Health Nurse	Early Childcare Grant adjustments.
-1		-1.00		\$-36,755	Environmental Health Specialist	
-2		-2.00		\$-61,170	Clinic Assistant	
-2		-2.00		\$-55,303	Clinic Assistant	Reduction in WIC Nutrition Grant.
-2		-2.00		\$-51,561	Office Assistant	
1					Office Assistant (Aux.)	
-1	-1.00		\$-34,689		Public Health Educator	Reduction in Healthy Behaviors Health Care Access Program.
-1	-0.80	1.00	\$-38,367	\$47,950	Public Health Nurse	Adjust Adolescent School Health Grant Program FTE and staffing.
1		1.00		\$38,367	Radiology Technician Mammographer	New position in Milwaukee Breast and Cervical Cancer Awareness Program.

HEALTH DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1		-1.00		\$-24,928	Office Assistant II	Operating efficiency.
-1	-0.50	-0.50	\$-12,464	\$-12,464	Health Access Assistant II	Eliminate vacant position.
1		1.00		\$37,131	Public Health Educator II	Funded through Making Connections Grant.
1		1.00		\$56,825	Health Project Coordinator	Funded through Meta House Family Project Grant.
	-0.50		\$-29,451		Environmental Health Supervisor	Operational efficiency.
-1	-1.00		\$-33,216		Environmental Health Specialist II	
1					Environmental Health Specialist II (Aux.)	
-5	-5.00		\$-223,241		Environmental Hygienist	Operational efficiency and reclass.
4	4.00		\$187,959		Environmental and Disease Control Specialist	
-2		-2.00		\$-81,535	Environmental Hygienist	Elimination of Urban Toxics and Emergency Preparedness Grant.
2		1.50		\$61,066	Environmental and Disease Control Specialist	New Environmental Capacity Grant and Bioterrorism FOCUS Grant.
1		1.00		\$46,540	Public Health Nurse	New Bioterrorism FOCUS Grant.
-1	-1.00		\$-53,663		Public Health Nurse	Reduction in Sexually Transmitted Disease Clinic services.
	-0.50		\$-14,666		Office Assistant II	
1		1.00		\$38,858	Chemist II	Adjustment to Lead Program for grant changes.
		-0.50		\$-13,019	Health Services Assistant II	
1	-1.00	2.00	\$-29,078	\$69,470	Lead Risk Assessor II	
1		1.00		\$43,586	Lead Risk Assessor III	
-2		-2.00		\$-54,354	Office Assistant II	
2		2.00		\$60,996	Office Assistant III	
1		1.00		\$30,890	Program Assistant II	
-1		-1.00		\$-29,316	Public Health Aide	
-1	-1.00		\$-46,785		Laboratory Operations Manager	Eliminate vacant position.
-1	-1.00		\$-34,183		Accounting Assistant II	Operational efficiencies.
-1	-1.00		\$-45,991		Virologist II	
-1	-1.00		\$-38,858		Chemist II	Operational change.
	-2.77	-0.92			Miscellaneous Adjustment	
-14	-16.07	-3.92	\$-540,322	\$13,202	TOTAL	

LIBRARY

EXECUTIVE SUMMARY

- MISSION:** The Milwaukee Public Library is every person's gateway to an expanding world of information. Providing the best in library service, the Library guides Milwaukee citizens in their pursuit of knowledge, enjoyment, and lifelong learning, ultimately enriching individual lives and our community as a whole.
- PROGRAM:** Library services, including collections, technology resources, and educational programs that enhance Milwaukee's long term economic well-being and meet the informational needs of its diverse population.
- INITIATIVES FOR 2005:** Support legislative efforts to increase state funding for library systems.
- Work with the Milwaukee County Federated Library System to capture reimbursement for non-Milwaukee County usage of Central Library.
- Work with the Library Foundation to secure a multi-year fundraising campaign for library materials support.
- Kick-off a new library strategic planning process to revise the long range vision for Milwaukee's library services.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	298.12	328.60	325.84	-2.76
FTEs - Other	27.11	28.24	29.72	1.48
Total Positions Authorized	445	409	409	0
EXPENDITURES				
Salaries and Wages	\$11,619,565	\$11,748,754	\$11,974,094	\$225,340
Fringe Benefits	4,166,968	4,347,039	4,310,673	-36,366
Operating Expenditures	2,063,568	2,080,434	2,162,654	82,220
Equipment	2,441,464	2,214,997	1,679,686	-535,311
Special Funds	1,431,050	800,109	500,000	-300,109
TOTAL	\$21,722,615	\$21,191,333	\$20,627,107	\$-564,226
REVENUES				
Charges for Services	\$2,366,387	\$2,324,400	\$1,772,100	\$-552,300
TOTAL	\$2,366,387	\$2,324,400	\$1,772,100	\$-552,300

BACKGROUND

The Milwaukee Public Library System, the largest public library system in the State of Wisconsin, consists of the Central Library and 12 neighborhood libraries located throughout the city. The entire system is a member in the Milwaukee County Federated Library System (MCFLS), which consists of 27 libraries in Milwaukee County that have an agreement to serve one another's patrons through a system of reciprocal borrowing. With the largest reference collection in the county system, the Central Library serves as the resource library for MCFLS and pro-

vides reference services to residents in the entire region. The Library also serves as the administrator and headquarters for the Wisconsin Regional Library for the Blind and Physically Handcapped.

The Library operates a computer network system that gives patrons access to numerous databases through CD-ROM and the Internet. The Library currently offers a collection of over 2.5 million volumes, as well as over 1 million government documents, 183,000 maps, 9,700 periodical subscriptions, 73,000 audio and visual materials, and numerous archival collections. Library patrons have 24 hour access to library services through the Library's web site and access to the resources of every library in the state through inter-library loan services.

In addition, each neighborhood library offers balanced collections and programs of particular interest to the residents living in the library's neighborhood. Examples include job and career centers, adult literacy collections, business development resources, and cultural resources. Over the past several years, the Library has implemented several successful community program initiatives at its branches including the award-winning Books2Go Program that helps childcare providers develop pre-reading skills in young children, a Summer Reading Club that encourages city youth to read over their summer break, and the COMPASS Guide Program funded by the Greater Milwaukee Foundation that supports volunteer student advisors who develop leadership skills while learning about planning and financing their post-secondary education.

In 2005, the Library will kick-off a new strategic planning process that will look at its services, operations and facilities in the long range. This multi-year approach will better enable Library management to plan for future library service needs of Milwaukee residents and to incorporate city fiscal impacts into their plan.

Program 1

Library Services		2003	2004	2005
Activities:		Experience	Budget	Budget
Circulation services, Ready Reference, collection development, Mobile Library and Outreach Services, Milwaukee County Federated Library System Resource Library, Wisconsin Regional Library for the Blind and Physically Handicapped, adult literacy, tutoring, computer training, children's programs, community outreach, and information technology services.				
Program Outcome:	Library cardholders per capita.	0.55	0.58	0.55
	Hours of computer use per capita.	1.02	1.00	0.75
	Visits per capita.	4.41	4.45	4.46
Funding by Source:	Operating Funds	\$21,722,615	\$21,191,333	\$20,627,107
	Grant and Reimbursable	1,612,854	1,579,731	1,594,339
	Capital Budget	2,791,082	2,000,000	1,700,000
	Total:	\$26,126,551	\$24,771,064	\$23,921,446

PROGRAM RESULTS

Over the past several years, the Milwaukee Public Library has successfully increased the usage at its facilities, as measured by library visits per capita. Even with reduced hours at several facilities in the second half of the year, the system experienced over 4.4 visits per capita in 2003. Although slightly down from 2002, this statistic has been steadily climbing since the Library began tracking it in 1996 (see Figure 1).

Many factors impact the Library's ability to attract patrons including the attractiveness of its facilities, the comprehensiveness of its collection, the variety of programs offered, and the number of service hours it provides. The entire range of library funding is designed to support these factors. The Library also measures the number of cardholders per capita to track its effectiveness at reaching out to as much of the city population as possible. In 2003, 55% of city residents had a library card. The Library will continue efforts to increase the number of residents taking advantage of its resources.

As the information age expands, so does the Library's need to keep up with technological resources for its patrons. The Library's role in providing information resources has greatly expanded beyond the traditional role of collections and reference to encompass an increasing reliance on computer based information. The city has a large population that is unable to afford a computer at home. Likewise, the Library has increased its ability to serve the elderly and physically handicapped populations through its remote access to Internet databases, delivery services, and online catalog system.

Computer usage has skyrocketed since 1996, from under 20 minutes of per capita computer usage to over 1 hour in 2003 (see Figure 2). In 2005, the Milwaukee Public Library will provide 438 full service public computer stations for its patrons. Heavy usage is particularly evident in central city branches where many residents are unable to afford their own computer and monthly Internet access charges.

PROGRAM CHANGES

Neighborhood Library Hours Reduction: The 2005 budget includes a reconfiguration of neighborhood library hours. Hours at most branches are reduced to range from 42 to 54 hours per week in the winter. Current branch hours range from 53 to 60 hours of operation per week in the winter. The change saves approximately \$269,000 in 2005. Bay View and Washington Park will each gain one hour per week and Center Street Community Outreach and Technology Center will maintain the same hours.

Books and Materials Purchases: The 2005 budget includes a one time reduction to library materials purchases of \$705,000. The reduction will be spread over all types of materials. The Library will focus on its core collections; those that need continuity to maintain their integrity and those most directly supporting the library's mission. In 2006, the Library plans to resume its normal acquisitions cycle. Library staff will be working with the Library Foundation to increase its commitment to library materials support in the future.

Milwaukee County Federated Library System (MCFLS) Membership: The Library has five contractual agreements with MCFLS including the Resource Library Contract, Bibliographic Database Maintenance Agreement, Delivery Services Agreement, Member Agreement and a Lease Agreement. In 2005, total revenue from these agreements exceeds \$1.3 million.

MCFLS is statutorily required to designate the largest library in the system as its resource library and to negotiate a payment for the provision of backup reference and information services, and development of and access to specialized collections. From 2001 to 2004, the Library received \$1.3 million in its Resource Library Contract to pro-

Figure 1

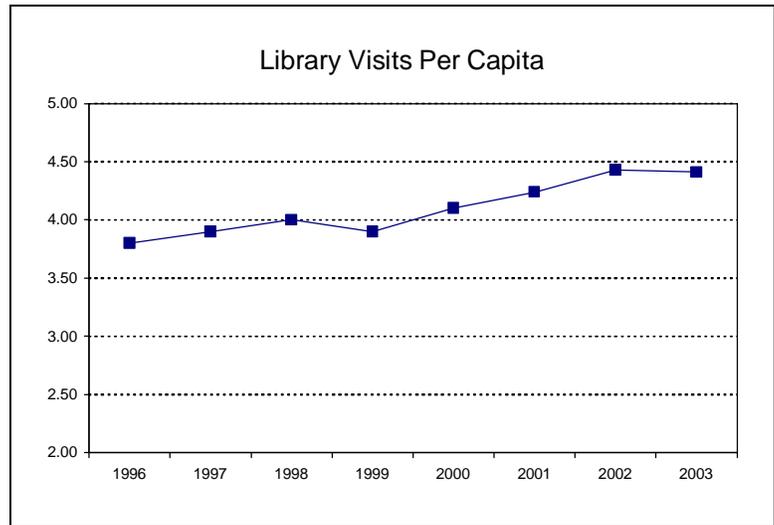
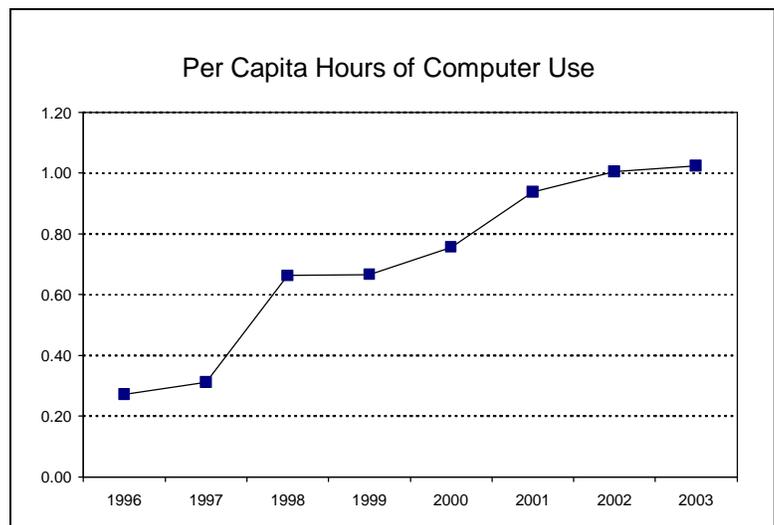


Figure 2



vide these services. Rising personnel and health care costs combined with reduced system aid from the state have made it increasingly difficult for MCFLS to sustain this level of payment. In recognition of these financial challenges, Milwaukee agreed to a reduced payment of \$725,000 annually from 2005 to 2007. This annual reduction of \$575,000 in revenue takes into account that MCFLS will no longer reimburse Milwaukee for non-county resident usage of Central Library resources. The system has, however, agreed to work with Milwaukee to request reimbursement from the state and adjacent counties for these costs.

During 2004, Milwaukee also signed a new 2005 to 2007 Member Agreement with MCFLS. This new agreement removed all language relating to reciprocal borrowing payments amongst member libraries, in recognition that it is not a statutorily required function of the system to regulate these payments. Despite the removal of this membership requirement, Milwaukee will continue to pay for its net borrowing transactions. Due to the city's reduced Resource Contract revenue, this payment will accordingly be reduced from the \$1 per circulation reimbursement that was provided in the old member agreement. The 2005 budget includes \$500,000 for this purpose, a reduction of \$400,000 from 2004.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
					Neighborhood Library and Extension Services Division	
-1	-1.00		\$-96,041		Assistant City Librarian	] Retitled.
1	1.00		\$96,041		Manager of Neighborhood and Extension Services	
-4	-4.00		\$-164,784		Librarian III	] Neighborhood library hours reduction.
1	1.00		\$31,084		Library Reference Assistant	
-3		-3.00		\$-102,102	Library Services Assistant (E)	] Reclassified.
3		3.00		\$102,102	Library Reference Assistant (E)	
					Central Library Services Division	
-1	-1.00		\$-92,983		Deputy City Librarian	] Retitled.
1	1.00		\$92,983		Manager of Central Library Services	
1	1.00		\$49,154		Management Librarian	] Change in staffing.
1	1.00		\$31,979		Librarian II	
-1	-1.00		\$-50,982		Librarian IV	
1		0.50		\$14,349	Library Circulation Assistant I (H)	] New Interlibrary Services Grant funded position.
1		1.00		\$34,183	Library Reference Assistant (H)	
	-0.76	-0.02	\$328,889	\$11,897	Miscellaneous Adjustments	
0	-2.76	1.48	\$225,340	\$60,429	TOTAL	

MAYOR'S OFFICE

EXECUTIVE SUMMARY

- MISSION:** To enable the citizens of Milwaukee to prosper and achieve a high quality of life and to allow the city to serve as the economic, social, and cultural hub of the metropolitan area by effectively managing city government, providing community leadership, and advancing Milwaukee's interests with other governments.
- PROGRAM:** Ensure that city services add value to the lives of residents, effectively manage city government, provide community leadership, and advance Milwaukee's interests with other cities.
- INITIATIVES FOR 2005:** Provide leadership and support to city departments in pursuing the city's goals and objectives as outlined in the strategic plan and budget.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	13.50	13.21	12.50	-0.71
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	18	15	14	-1
EXPENDITURES				
Salaries and Wages	\$868,982	\$663,709	\$738,868	\$75,159
Fringe Benefits	300,443	245,572	265,992	20,420
Operating Expenditures	42,520	44,697	43,450	-1,247
Equipment	4,380	0	2,100	2,100
TOTAL	\$1,216,325	\$953,978	\$1,050,410	\$96,432

BACKGROUND

The Mayor of Milwaukee is elected to a four year term and acts as the city's Chief Executive Officer and representative of the citizens of the city. The Mayor's Office provides a leadership role in establishing priorities, coordinating the implementation of programs, and when necessary, providing crisis management. The managers of all the city's major service delivery agencies (with the exception of the Fire and Police Chiefs and other elected officials) are appointed by and are directly accountable to the Mayor.

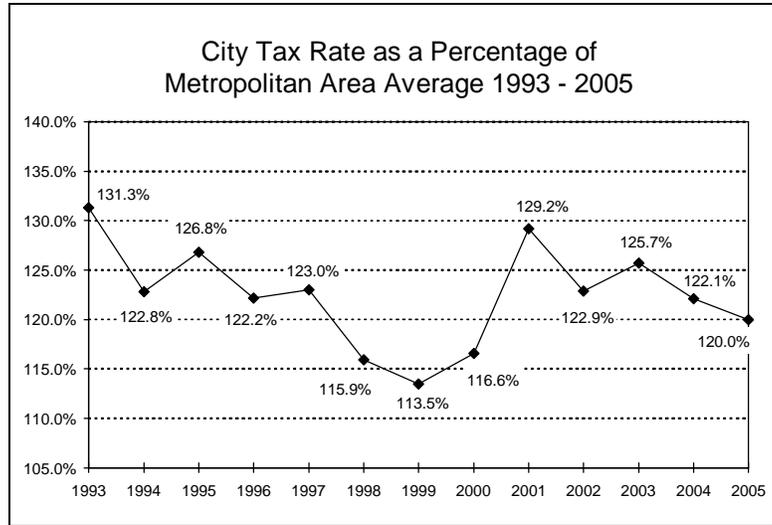
Program 1

Mayor's Office				
Activities:	Strategic planning for administration, constituent relations, intergovernmental relations, intragovernmental coordination, private sector liaison, and public information dissemination.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	City tax rate as a percent of the metro area average.	125.7%	122.1%	120.0%
	Percent of residents surveyed who say neighborhood is same or getting better.	74.0%	74.0%	75.0%
Funding by Source:	Operating Funds	\$1,216,325	\$953,978	\$1,050,410
	Total:	\$1,216,325	\$953,978	\$1,050,410

PROGRAM RESULTS

Improving Milwaukee's tax base and strengthening neighborhoods will be a major focus of Mayor Barrett's administration. Two measures have been used historically to gauge success in these areas; tax rate as a percent of the metro area average (see Figure 1), and citizen surveys regarding neighborhood progress. In 2005, a review of these measures and development of new initiatives to meet the needs of Milwaukee residents and business owners will be implemented.

Figure 1



PROGRAM CHANGES

Program Measures: Freezing the tax levy will not be enough to solve the fiscal challenges facing the city. The Mayor's Office, in conjunction with the Department of Administration and other elected officials, will work to develop performance and outcome guides as a focus for funding choices in the future. Expenditure decisions will be linked closely to performance benchmarks and priority service needs. The goal will be to develop a sustainable three year budget plan to help departments manage their programs and ensure that the city meets the needs of taxpayers. Intergovernmental cooperation and creativity will be key components of moving this plan forward.

Staffing: Funded full time staff positions in the Mayor's Office have dropped by nearly 25% since 2000. The 2005 budget will see an additional position decrease in the administrative services area. Future budgets will have to closely review current staffing levels and analyze reduction impacts on city management, policies, and services.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
	0.29				Mayor	Position not fully funded in 2004.
-1	-1.00		\$32,615		Administrative Assistant I	Reorganization of support staff assignments.
-1	-0.71		\$32,615		TOTAL	

MUNICIPAL COURT

EXECUTIVE SUMMARY

- MISSION:** To adjudicate ordinance violation cases impartially to ensure that the legal rights of individuals are safeguarded while the public interest is protected. To provide fair and reliable adjudication while enhancing public safety, public accessibility to court services, and enforcement of court judgments.
- PROGRAMS:** Adjudication.
- INITIATIVES FOR 2005:** Consolidate the Pre-Trial Case Preparation and Post-Trial Record Processing and Maintenance Sections into the Records and Case Preparation Section.
- Reduce Court Commissioner hours to reflect actual utilization.
- Manage the Court's caseload to minimize delays and improve service to the public.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	41.78	40.80	39.50	-1.30
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	46	45	44	-1
EXPENDITURES				
Salaries and Wages	\$1,762,600	\$1,858,709	\$1,799,426	\$-59,283
Fringe Benefits	631,361	687,723	647,793	-39,930
Operating Expenditures	725,347	564,523	570,881	6,358
Equipment	14,246	4,000	31,000	27,000
Special Funds	98,294	60,000	71,475	11,475
TOTAL	\$3,231,848	\$3,174,955	\$3,120,575	\$-54,380
REVENUES				
Charges for Services	\$1,858,238	\$1,253,100	\$1,362,800	\$109,700
Forfeitures	6,115,060	4,784,700	5,213,000	428,300
TOTAL	\$7,973,298	\$6,037,800	\$6,575,800	\$538,000

BACKGROUND

The Municipal Court, part of the statewide court system, adjudicates city ordinance violations including traffic and building code cases. The Court has three elected Judges who preside over the Court's three branches. The presiding Judge appoints the Chief Court Administrator who oversees the administrative functions of the Court.

Recognizing the volatility in the number of case filings, the Court uses Municipal Court Commissioners to augment its judicial resources. There are five authorized part time Municipal Court Commissioners (equivalent to two-thirds of a full time position) available to hear traffic pre-trials and cases of defendants in the custody of the Milwaukee County Sheriff. The Commissioners hear cases in the Municipal Intake Courtroom at Milwaukee County's Criminal Justice Facility.

The Court is staffed by 35 employees who prepare case files for hearings, provide clerk services to the Judges and Commissioners, and perform other administrative functions. The staff is responsible for processing between 130,000 and 180,000 cases per year and accounting for over \$6 million in net revenues to the city, largely from fines and forfeitures.

The Court provides its services through regular daily court sessions, evening court sessions, and a variety of community based options. Evening court meets the needs of a large number of people busy during the day. Judges also meet with defendants in a variety of locations including at community organizations, such as the Milwaukee Urban League and Project REACH, which have programs specifically aimed at children and young adults. These sessions have experienced a good turnout and provide more time for the Judges to communicate with and counsel defendants.

The Court refers certain first time juvenile and adult offenders, who appear for arraignment in retail theft cases, to classes conducted by the Institute for Criminal Justice at the University of Wisconsin Milwaukee. When appropriate, traffic offenders who appear at pre-trial are referred to the Driver Safety Program at the Milwaukee Area Technical College.

The Court also makes community service referrals to many non-profit community organizations including Youth Services at the Social Development Commission, Career Youth Development, and the Youth Development Boot Camp.

Program 1

Municipal Court Adjudication				
Activities:	Impartially adjudicate ordinance violation cases and effectively enforce judgments.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Percentage of non-priority cases that are tried within 90 days of intake date.	97.0%	85.0%	90.0%
	Ratio of warrants and commitments to cases adjudicated.	29.6%	30.0%	30.0%
Funding by Source:	Operating Funds	\$3,231,848	\$3,174,955	\$3,120,575
	Capital Budget	359,833	250,000	0
	Special Purpose Accounts	406,326	432,000	430,000
	Total:	\$3,998,007	\$3,856,955	\$3,550,575

PROGRAM RESULTS

Municipal Court's 2005 budget is based on an estimated 150,000 cases. This would be a reduction of about 26,100 from the 176,107 cases heard in 2003 and 35,000 fewer than the 185,000 estimated in the 2004 budget. Actual caseload through the end of July 2004 was almost 71,000 cases. The ratio of warrants and commitments to cases adjudicated remained steady at about 30% (see Figures 1 and 2).

As of the August 18th completion of scheduled return dates for the program, the 2004 Driver's License Workforce Development Initiative successfully reinstated the suspended licenses of 640 drivers. An additional 665 defendants are in the process of completing payments of reduced fines to clear their suspensions. In total, 1,305 people utilized the opportunity provided to them by city policymakers and the Municipal Court.

Participation in the State Tax Refund Intercept Program has been very successful. The Court has collected more through this program than any other Wisconsin municipality. In 2003, using the new collection agency's databases and direct electronic interface with the State Department of Revenue, the Court collected \$1.2 million in payments to be applied to outstanding forfeitures and fines. Overall revenues increased 16% to nearly \$8 million, including \$6.1 million of fines and forfeitures (see Figure 3).

Evening court sessions continued their success in 2003 and thus far in 2004. Since evening court is more convenient, approximately 95% of defendants scheduled actually appear for their hearings. This high appearance rate makes Municipal Court more efficient.

PROGRAM CHANGES

Municipal Court will consolidate two work sections, Pre-Trial Case Preparation and Post-Trial Record Processing and Maintenance into the Records and Case Preparation Section. This initiative will increase the Court's efficiency by cross training staff for more flexible response to changing workloads. It also reduces the number of Office Assistant III's from two to one.

Reflecting actual utilization, the Court Commissioners' budgeted hours are being reduced from 1,500 to 1,000 with an accompanying salary reduction from \$58,950 to \$39,300. The Court Commissioners hear traffic pre-trials and cases of defendants in the custody of the Milwaukee County Sheriff. Hearings are conducted in the Municipal Intake Courtroom at the Milwaukee County Criminal Justice Facility. Without the assistance of the Court Commissioners, these pre-trials and in-custody cases would be heard by Municipal Judges, causing serious delays in adjudication of these and other cases.

Parking Citation Processing: The 2005 budget creates a new special fund, the Parking Citation Electronic Case Transfer Account. Funding of \$11,475 will pay a contractor to prepare and submit citation records to the Court's Electronic Case Management System.

Figure 1

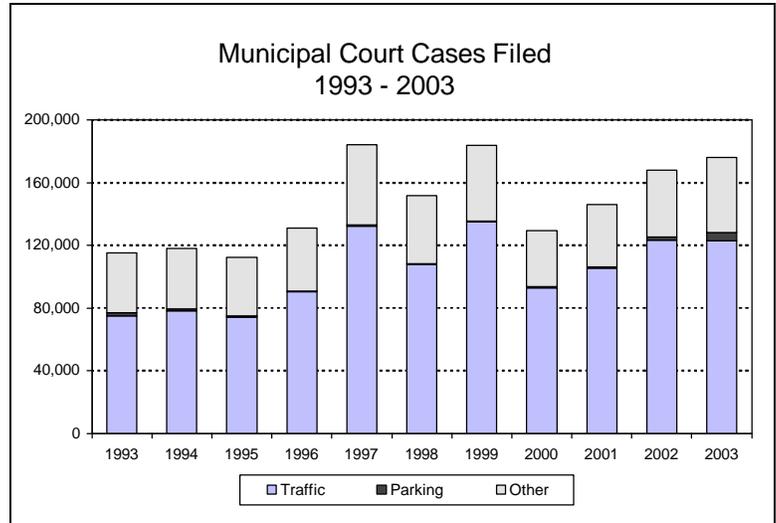


Figure 2

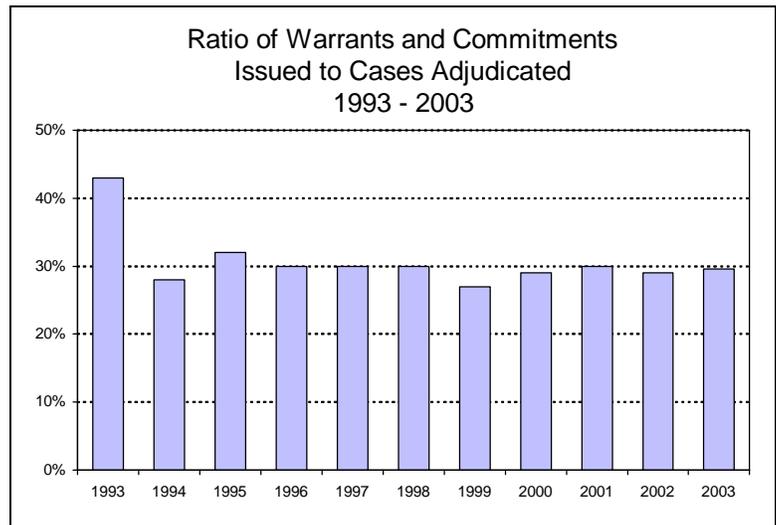
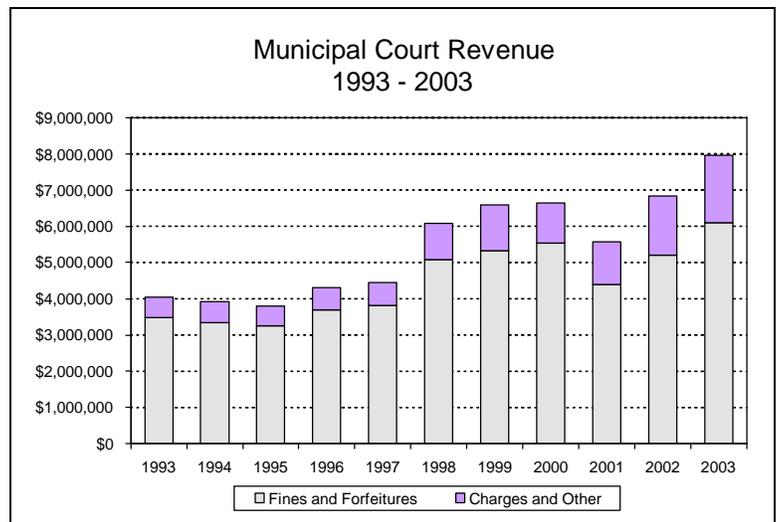


Figure 3



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-31,360		Office Assistant III	Reorganization efficiencies.
	-0.30		\$-19,560		Court Commissioner	Adjust to actual staffing pattern.
-1	-1.30		\$-50,920		TOTAL	

NEIGHBORHOOD SERVICES

EXECUTIVE SUMMARY

- MISSION:** To enhance Milwaukee's competitive advantage as a vibrant urban community. To work in cooperation with public and private partnerships and neighborhood residents to promote investment and improve the physical, environmental, and aesthetic conditions of Milwaukee's neighborhoods.
- PROGRAMS:** Trade Inspection Program, including construction, electrical, boiler, elevator, and plumbing inspections, and commercial code enforcement and fire prevention inspections.
- Neighborhood Improvement Program, including Residential Inspection and Code Enforcement, Nuisance Control and Environmental Health.
- INITIATIVES FOR 2005:** Implement an expanded cross connection control program for non-residential properties.
- Enhance electrical inspection staffing to ensure adequate oversight of installation and modification of electrical facilities in buildings.
- Reorganize the Nuisance and Environmental Health Division to add staffing flexibility and to ensure sufficient technical ability to meet division responsibilities.
- Reorganize the clerical support in the Trades Inspection Section to provide flexibility in meeting clerical needs between the Plumbing, Construction, and Electrical Sections.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	163.80	166.58	167.58	1.00
FTEs - Other	20.50	30.50	33.50	3.00
Total Positions Authorized	216	223	227	4
EXPENDITURES				
Salaries and Wages	\$7,045,267	\$7,303,827	\$7,373,382	\$69,555
Fringe Benefits	2,555,528	2,702,416	2,654,417	-47,999
Operating Expenditures	1,004,595	1,040,319	1,040,319	0
Equipment	89,248	90,000	67,500	-22,500
Special Funds	1,624,551	1,810,000	1,810,000	0
TOTAL	\$12,319,189	\$12,946,562	\$12,945,618	\$-944
REVENUES				
Charges for Services	\$6,484,936	\$5,273,700	\$5,802,164	\$528,464
Licenses and Permits	5,141,317	4,649,200	4,989,000	339,800
Intergovernmental Aids	798,880	750,000	900,000	150,000
TOTAL	\$12,425,133	\$10,672,900	\$11,691,164	\$1,018,264

BACKGROUND

The Department of Neighborhood Services (DNS) was created in 1999 to address resident concerns that city responses to neighborhood problems had been fragmented, ineffective, and slow. In order to address these concerns, a variety of city programs were consolidated to create DNS. The department includes most of the positions formerly within the Department of Building Inspection, the Asbestos Program and the Vector Nuisance Program from the Health Department’s Bureau of Consumer Protection and Environmental Health, and the Vacant Lot Program from the Department of City Development. Although DNS previously included the Neighborhood Improvement Development Corporation, this organization and function transferred to DCD in the 2003 budget. Prior to 1999, NIDC was housed in DCD.

The primary role of DNS is to improve city neighborhoods by enforcing standards for buildings, property, and land use. These standards help protect the safety and health of residents and ensure neighborhood stability. The department uses its enforcement, financial, and educational resources to encourage investment in housing and other buildings in Milwaukee’s neighborhoods. DNS also provides support to the city’s Standards and Appeals Board, works closely with the Milwaukee Police Department on a variety of issues and continues to support the Neighborhood Improvement Development Corporation in its efforts.

Program 1

Neighborhood Improvement Program				
Activities:	Residential code enforcement, Code Compliance Program, court enforcement, graffiti abatement, animal control, pest control, rodent control, chronic nuisance property, nuisance vehicles, and garbage nuisances.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percent of assessment areas with average property value growth higher than inflation.	77.0%	95.0%	95.0%
Funding by Source:	Operating Funds	\$7,587,432	\$7,806,489	\$7,343,959
	Grant and Reimbursable	2,166,605	2,551,010	2,551,605
	Capital Budget	260,000	0	0
	Special Purpose Accounts	1,648,436	1,680,000	1,680,000
	Total:	\$11,662,473	\$12,037,499	\$11,575,564

PROGRAM RESULTS

A significant measure of how well neighborhoods are doing is property values. Neighborhoods with valuable characteristics increase in value more quickly than neighborhoods with problems such as code violations, graffiti, peeling paint, and buildings with structural problems. The Neighborhood Improvement Program provides services that enhance the appearance and value of neighborhoods, such as litter abatement, towing nuisance vehicles, and building code enforcement. The primary outcome measure for this program is the percentage of assessment areas with average property value growth higher than inflation. As shown in Figure 1, there has been strong growth in property values in the majority of city assessment areas. While there was a decline in 2003, property values rebounded in 2004, with 94.2% of assessment areas increasing above inflation.

PROGRAM CHANGES

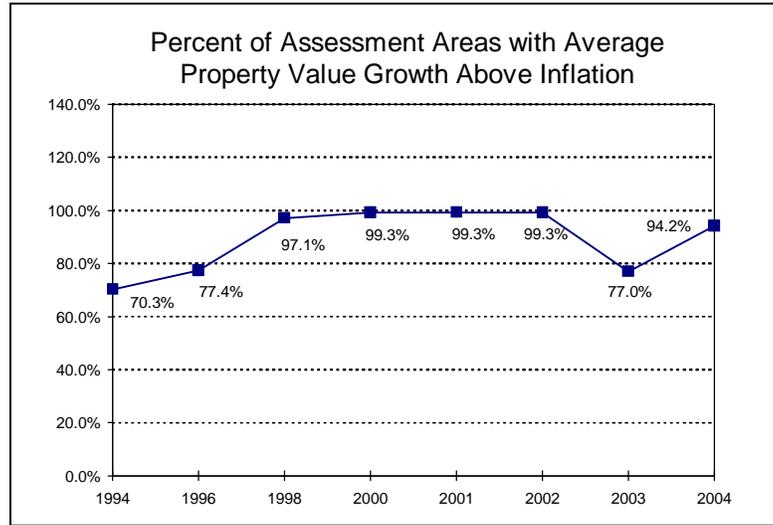
Reorganization of Nuisance and Environmental Health Division: Two support positions are reclassified to match responsibilities and duties and two Environmental Health Specialists are reclassified as Environmental Hygienists to provide higher level responsibilities and increased staffing flexibility. One Environmental Health Specialist position is eliminated. The five technical positions will be more capable of conducting license, permit,

and complaint inspections of various businesses for health, maintenance and fire codes, and providing necessary enforcement. This reorganization was approved in Common Council File 031689.

Reduced Computer Replacement: Budget constraints result in a \$22,500 reduction in equipment funding for computer replacement.

Property Recording Changes: The 2005 budget includes an increase in the residential and commercial building recording code enforcement fee from \$50 to \$75. An Office Assistant II position is added to assist in the administration of the property recording program. The additional revenue resulting from the fee increase is anticipated to offset the cost of the additional position.

Figure 1



Increased Vacancy Deduction: The Personnel Cost Adjustment, which accounts for the anticipated level of position vacancies, is increased to better reflect historical experience.

Program 2

Trades and Commercial Inspection Program				
Activities:	Construction, electrical, boiler, elevator, plumbing, and commercial code enforcement and fire prevention inspections.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Three year average public fire incident rate per 1,000 residents.	0.54	0.44	0.44
Funding by Source:	Operating Funds	\$5,115,033	\$5,140,073	\$5,601,659
	Grant and Reimbursable	0	0	205,000
	Total:	\$5,115,033	\$5,140,073	\$5,806,659

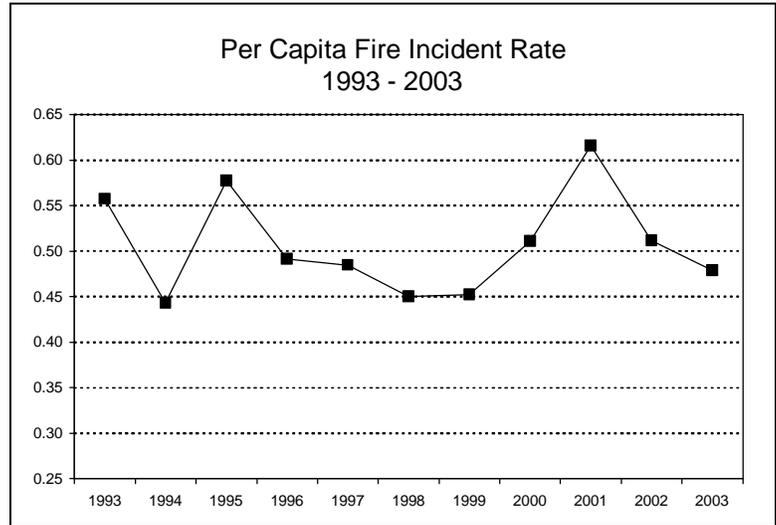
PROGRAM RESULTS

The primary purpose of the Trade Inspection Program is to ensure public safety, by ensuring compliance with building codes, including appropriate fire prevention and safety requirements. DNS inspects buildings for appropriate fire exits and firewalls, inspects electrical modifications to ensure they are installed properly, and conducts periodic fire and sprinkler inspections of commercial buildings and apartment complexes. The major outcome measure for this program is the public fire incident rate, which measures the incidence of fires in buildings inspected by DNS. As shown in Figure 2, the fire incident rate has declined significantly since 2001. The three year rate of 0.54 will be compared to the national rate when data is available. Historically, Milwaukee's fire incident rate has been maintained well below the national average. Milwaukee has maintained a low per capita fire incidence rate in part by reducing the number of fires. Since 1993, the number of fires has decreased by 66 or 23%. This is particularly noteworthy because of the relatively old building stock in Milwaukee.

PROGRAM CHANGES

Expanded Cross Connection Control Program: State of Wisconsin Administrative Regulations (NR 811.09) require that the Milwaukee Water Works implement a Cross Connection Control Program. This program prevents the contamination of drinking water. Water Works uses the DNS Plumbing Inspectors to provide cross connection inspections for commercial and industrial buildings when new plumbing permits are issued. The 2005 budget adds three additional plumbing staff to better protect public health and to ensure compliance with state statutes. The program staff will be further increased in 2006 and 2007 to provide inspection of all non-residential buildings every ten years. Water Works will reimburse DNS for all program costs.

Figure 2



Enhanced Electrical Inspection Program: DNS inspectors check the installation and modification of a building's electrical facilities, including service updates, new installations, alterations, and complaints. Inspections ensure compliance with building codes and proper installation of wiring and equipment associated with power, lighting, control, communication, and life safety systems for all buildings. The 2005 budget adds one additional Electrical Inspector to ensure a staffing level necessary to perform inspections.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00		\$26,564		Office Assistant II	Assist in administration of property recording program.
1	1.00		\$46,048		Electrical Inspector II	Enhance electrical inspections.
1		1.00		\$55,397	Plumbing Inspector Assistant Supervisor (X)	Expand commercial cross connection inspections.
1		1.00		\$50,953	Plumbing Inspector II	
1		1.00		\$31,136	Office Assistant III	
-1	-1.00		-\$34,183		Office Assistant IV	
2	2.00		\$62,692		Office Assistant III	Reorganize Nuisance and Environmental Health Division.
-1	-1.00		-\$28,005		Office Assistant II	
2	2.00		\$86,239		Environmental Hygienist	
-3	-3.00		-\$127,322		Environmental Health Specialist II (X)	
4	1.00	3.00	\$32,033	\$137,486	TOTAL	

POLICE DEPARTMENT

EXECUTIVE SUMMARY

MISSION: To reduce crime and enhance the quality of life in the City of Milwaukee.

PROGRAMS: Investigations.

General patrol.

Community education and prevention.

INITIATIVES FOR 2005: Continue to direct policing resources where they are most needed and in a way that maximizes impacts on citywide safety and quality of life through reorganization, policy, and procedure changes.

Develop an Early Intervention System to identify and assist Milwaukee Police Department (MPD) employees who show symptoms of job stress, training deficiencies, or personal problems that affect job performance.

Develop a Homicide Review Committee to identify societal factors connected to homicides, which can be addressed to reduce homicides.

Ensure all members of the MPD receive Cultural Competency Training for better community relations and communication.

Purchase a court management software package to reduce overtime cost for unnecessary court appearances by cross referencing court dates with officers' schedules.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2,799.51	2,636.84	2,602.65	-34.19
FTEs - Other	15.48	36.45	39.01	2.56
Total Positions Authorized	2,952	2,951	2,953	2
EXPENDITURES				
Salaries and Wages	\$145,708,452	\$129,572,402	\$136,576,767	\$7,004,365
Fringe Benefits	39,433,166	38,871,721	38,241,495	-630,226
Operating Expenditures	9,973,825	10,075,629	9,803,774	-271,855
Equipment	1,444,785	1,427,377	1,340,881	-86,496
Special Funds	0	0	0	0
TOTAL	\$196,560,228	\$179,947,129	\$185,962,917	\$6,015,788
REVENUES				
Fines and Forfeitures	\$15,013	\$0	\$0	\$0
Intergovernmental	627,627	516,000	611,100	95,100
Charges for Services	307,188	241,500	250,213	8,713
TOTAL	\$949,828	\$757,500	\$861,313	\$103,813

BACKGROUND

The Milwaukee Police Department has ensured the safety of the community since 1855. Law enforcement personnel, most of them recruited and trained by the department, serve the public from an Administration Building, seven District Stations, a Data Communications Center, and a Training Academy.

MPD continues to protect citizens from crime by strategically focusing on the quality of life in Milwaukee. The Police Department recognizes that its strategic vision is about the quality of life in the community it serves, rather than shortening response times, or some other measure of “outputs”. The MPD responds aggressively to emerging crime trends and enforces minor municipal violations. This dual strategy allows the department to minimize disorder, prevent more serious crimes from occurring, and continues its focus on the quality of life in Milwaukee’s neighborhoods.

MPD also adds value to the community in less direct ways. For example, directed missions make Milwaukee’s famous festivals and special events run smoothly and safely. More importantly, a strong, visible police presence downtown, at festivals, and in neighborhoods creates a lasting impression of safety in the minds of tourists and business visitors.

Increasingly, MPD relies on partnerships with other agencies and community leaders to address neighborhood safety issues from a broader strategic perspective. These collaborations help to leverage the city’s resources and create long term benefits for the entire city.

Program 1

Investigations		2003	2004	2005
Activities:	Homicide investigations, crimes against persons and property, sensitive crimes, child abuse neglect and custody, missing person investigations, non-criminal investigations, and ATF investigations.			
		Experience	Budget	Projection
Program Outcome:	Percent of index crimes cleared by arrest.	9.5%	12.5%	12.5%
Funding by Source:	Operating Funds	\$94,165,348	\$94,642,371	\$99,088,535
	Grant and Reimbursable	4,663,554	460,716	2,954,582
	Capital Budget	772,557	3,621,228	1,135,698
	Total:	\$99,601,459	\$98,724,315	\$103,178,815

PROGRAM RESULTS

Clearance rates refer to the percentage of reported crimes for which one or more arrests are made (or, the suspect is identified but due to death or other “exceptional” circumstances cannot be arrested). Figure 1 shows that Milwaukee’s total clearance rate of 9.5% in 2003 includes much higher rates for crimes against persons (murder, rape, robbery, and assault). Property crimes (burglary, larceny, and motor vehicle theft) typically have lower clearance rates due to the large volume and lack of direct contact between the criminal and the victim.

A high clearance rate is important for two reasons; arrests deter the arrested offender (specific deterrence) and a consistently high clearance rate deters would be perpetrators. The deterrent effect of police investigations and arrests ultimately depends on criminals promptly facing real consequences for their actions, including incarceration. Early prison release undermines deterrence effects.

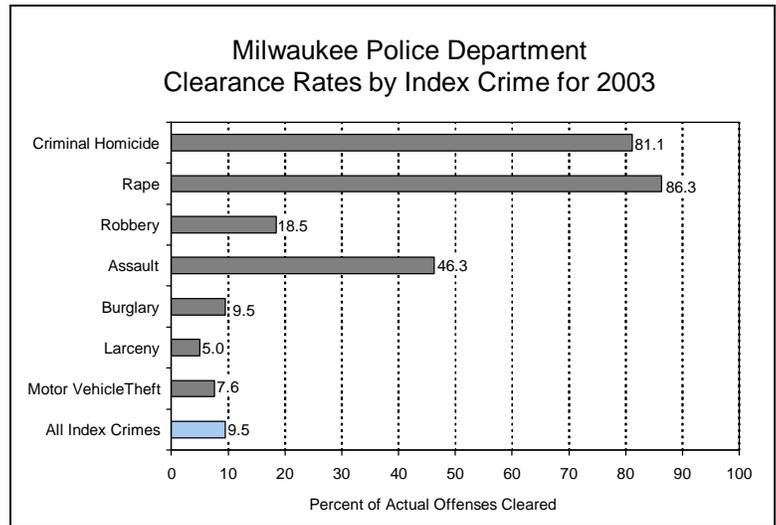
Clearance rates only represent part of the Police Department's impact on public safety and criminal behavior. This program includes funding for the Vice and Intelligence Divisions and other efforts related to tracking and halting the trade of drugs in Milwaukee. Narcotics offenses do not factor into the FBI index for clearance reports. Consequently, although many crimes reported to the FBI are in fact drug related, the FBI reported clearance rate does not directly measure the effectiveness of these special units, nor their impact on other types of serious crime.

PROGRAM CHANGES

Department Reorganization: The MPD has been reorganized into three bureaus from its previous six to reduce bureaucracy and improve overall operations. The Gang Crimes Unit has also been reestablished to dismantle, disrupt, and prosecute criminal gangs. The department has also decentralized authority to the District Commanders in order to empower them to respond rapidly to problems and crime trends in their districts.

Professionalism: In an effort to promote professionalism, the Internal Affairs Division was renamed the Professional Performance Division. A priority for the division is the development of an Early Intervention System, which is a computer-based, proactive program, designed to identify and assist MPD employees who show symptoms of job stress, training deficiencies, or personal problems that affect job performance. The Early Intervention System works by measuring employee performance against established "benchmarks" or "thresholds". When an employee reaches a pre-established "benchmark" in a particular category, a review will be conducted and if necessary, a course of action will be implemented to assist the employee in the identified area. After a course of action has been implemented, post monitoring of the employee will be conducted to ensure that the course of action has been effective.

Figure 1



Program 2

General Patrol		2003	2004	2005
Activities:		Experience	Budget	Projection
Weed and seed operations, Area Specific Patrol, Bicycle Patrol, Neighborhood Foot Patrol, Mounted Patrol, Harbor Patrol, Special Operations/Patrol Support and Tactical Enforcement.				
Program Outcome:	Percent change in reported violent crimes.	-8.6%	-5.8%	-8.6%
Funding by Source:	Operating Funds	\$60,628,844	\$40,396,151	\$47,363,952
	Grant and Reimbursable	3,002,647	1,714,985	1,902,323
	Capital Budget	497,414	1,571,918	740,279
	Total:	\$64,128,905	\$43,683,054	\$50,006,554

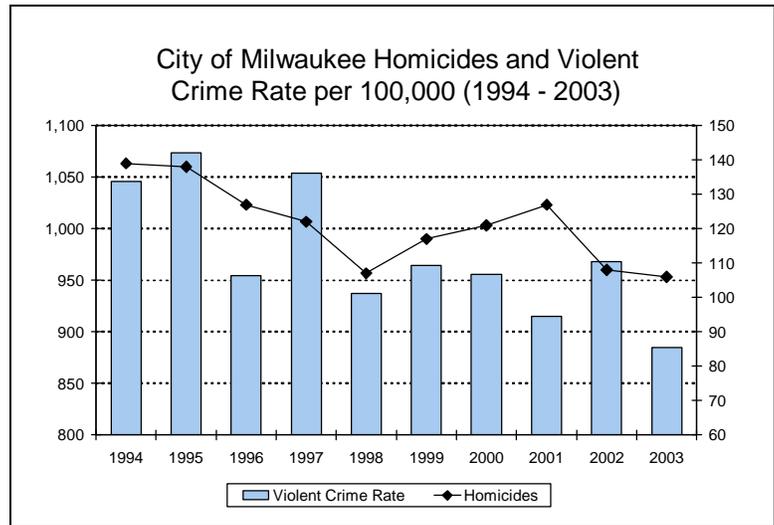
PROGRAM RESULTS

In 2001, a new outcome indicator to measure the department's effectiveness in preventing, deterring, and suppressing crime was introduced. This measure tracks the percentage change in reported violent crimes per 100,000 residents. The FBI Violent Crime Index, a uniform national reporting instrument, is composed of reported crimes of homicide, rape, robbery, and aggravated assault.

Measuring the change in violent crime from year-to-year makes the city's trend in public safety more clear. Figure 2 depicts the number of homicides and the city's violent crime rate per 100,000 residents for the years 1994 through 2003. The chart shows that Milwaukee's 2003 violent crime rate of 884.8 crimes per 100,000 residents was 8.6% lower than the 2002 rate, and was the lowest in the past ten years.

The number of homicides, the most serious factor of the violent crime index, has shown a decrease from 2002. In 2003, the city had 106 homicides, compared to 108 in 2002, a 1.9% decrease. While the department's ideal would be to have zero homicides, homicides have decreased 23.7% from 1994.

Figure 2



The FBI Violent Crime Index, while valid for a means of measurement, includes only "serious" crimes. In order to be effective, police departments must also be successful at reducing "minor" crimes and municipal ordinance violations that could potentially lead to more serious crime.

The Milwaukee Police Department has a central mission focused on the "quality of life" in Milwaukee. In order to achieve this mission, the department relies on a weekly process known as "crime analysis" which centers on examining localized crime trends in detail and holding supervisors accountable for addressing specific trends or concerns. Implementation of quality of life policing has helped officers and supervisors at all levels be more proactive than reactive, and focus resources on the tasks, problems, and geographic areas with the largest potential for improving Milwaukee's overall safety.

PROGRAM CHANGES

False Alarms: The department has made numerous changes recently to aid in its ability to quickly respond to and deter crime. Included in these changes is a verified burglar response policy that was implemented in late 2004 to ensure that officers only respond to legitimate alarms and do not waste limited hours and resources responding to false alarms. This policy will increase the number of Police Officers available to respond to calls for service, thus reducing response times and allowing officers more time to proactively patrol.

Redeployment: To increase the efficiency of police services, a redeployment of Police Officers occurred in 2004. The early power shift was eliminated and an ongoing study is being conducted by local academia to assess the effectiveness of the late power shift. The starting times for the three main shifts were staggered to provide coverage during shift changes. In addition, 32 Police Officers were transferred from administrative assignments to patrol duties. The MPD is continually evaluating resources for the most efficient deployment.

Dispatching: The Communications Division Priority Dispatching procedures were amended to ensure that Police Officers are dispatched swiftly to serious crimes. Dispatch response procedures for Detectives were also modified so that they are no longer dispatched as first responders. This allows them to focus on investigating, conducting follow up, and clearing crimes by arresting those responsible.

Operation Safe Neighborhoods: The 2005 budget utilizes \$725,000 in Community Development Block Grant funding to continue an Operation Safe Neighborhoods Patrol Program. The funds will pay for additional neighborhood patrols in the Neighborhood Strategic Planning Areas. The additional patrols will allow the department to quickly address situations in these neighborhoods.

Overtime: The 2005 budget provides \$9.7 million for overtime, a decrease of \$75,000 from the 2004 budget. The decrease is attributed to the purchase of a court management software package. This software will reduce overtime cost for unnecessary court appearances by intergrading court dates with Police Officer's schedules and better tracking their court arrival and departure times. This system will be further researched and implemented in 2005.

Program 3

Community Education and Prevention				
Activities:	Safety and community services.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percentage of city residents rating interactions with police as "satisfactory" or "better".	86.4%	92.0%	92.0%
Funding by Source:	Operating Funds	\$41,766,036	\$44,908,607	\$39,510,430
	Grant and Reimbursable	2,068,465	7,494,238	1,310,473
	Capital Budget	342,660	1,316,854	524,023
	Total:	\$44,177,161	\$53,719,699	\$41,344,926

PROGRAM RESULTS

A positive image of the police among Milwaukee residents reinforces the department's efforts to reduce disorder, prevent and deter criminal activity, and clear crimes that are committed. The department maintains an impressive record in terms of citizen satisfaction. In 2003, 86.4% of citizens interviewed who had interaction with the Police Department indicated that police services were "satisfactory" or "better", far surpassing the expected level of around 70%. The survey instrument used to determine satisfaction was developed in 1994 with the assistance of an independent consultant. It covers citizen satisfaction with response time, usefulness of officer actions, officer conduct, and an overall rating of the citizen's contact with the department.

The Police Department also reaches out into the community with home safety training, educational programs in schools, and other information on avoiding crime. These activities allow the Police Department to focus on the diversity of the citizens they serve.

PROGRAM CHANGES

Community Relations: The MPD has made and will continue to make many changes to how the department operates to improve community relations and communication. In recent months, the department has accomplished the following:

- Created the Milwaukee Commission on Police and Community Relations;
- Assigned two Sergeants as Community Liaison Coordinators;
- Assigned two Sergeants as Public Information Officers;
- All members of the Milwaukee Police Department received Cultural Competency Training in 2004;
- The department, in conjunction with the District Attorney's Office, Mayor's Office, and Health Department are developing a Homicide Review Committee. The committee will review homicides and attempt to identify societal factors, which can be addressed to reduce future instances of homicide; and
- As a means of providing timely information to the community, the department is participating in the web based "Citizen's Observer".

Safety Commission: The purpose of the Safety Commission is to advise the city concerning methods of providing safety to the public and city employees. In the 2002 budget, the role of all citywide emergency and safety re-

lated duties was transferred from the Police Department to the Department of Administration. The 2005 budget moves these functions back to the Police Department.

Urban Area Security: The 2005 budget includes an added position of Administrative Lieutenant of Police. This position is funded through the Urban Areas Security Initiative Grant, funded through the Department of Homeland Security Office for Domestic Preparedness, and administered through the Wisconsin Office of Justice Assistance. This grant will enhance security and overall preparedness to prevent, respond, and recover from terrorism in a multi-jurisdictional, multi-disciplinary manner.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
					Administration Services Decision Unit	
1	1.00		\$49,154		Public Relations Manager	New position.
1		1.00		\$62,044	Administrative Lieutenant of Police	New position created for UASI Grant.
1	1.00		\$102,367		Deputy Chief of Police	] Positions transferred from Operations Decision Unit.
1	1.00		\$33,742		Administrative Assistant II	
1	1.00		\$73,255		Safety Director	] Being studied for reclass in 2004.
-1	-1.00		\$-69,316		Safety Manager	
-1	-1.00		\$-48,328		Police Electronic Technician Foreman	] Civilianized.
1	1.00		\$51,326		Electronic Technician Supervisor	
-1	-1.00		\$-60,994		Administrative Lieutenant of Police	] Special Assignment Division transferred to Operations Division.
-3	-3.00		\$-152,682		Police Officer	
-1	-1.00		\$-53,164		Police Sergeant	
-1	-1.00		\$-58,508		Detective	
-2	-2.00		\$-106,328		Police Sergeant	
-2	-2.00		\$-109,672		Court Liaison Officer	] Court Administration Section transferred to Operations Division.
-21	-21.00		\$-1,068,774		Police Officer	
-1	-1.00		\$-31,101		Office Assistant III	
-2	-2.00		\$-55,404		Office Assistant II	

POLICE DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
	27.93				Various Positions	Adjustments to personnel cost and overtime.
		-3.00			Various Positions	Expiration of grant funding.
					Operations Decision Unit	
1	1.00		\$60,994		Administrative Lieutenant of Police	Special Assignment Division transferred from Administration Services Division.
3	3.00		\$152,682		Police Officer	
1	1.00		\$53,164		Police Sergeant	
1	1.00		\$58,508		Detective	
2	2.00		\$106,328		Police Sergeant	Court Administration Section transferred from Administration Services Division.
2	2.00		\$109,672		Court Liaison Officer	
21	21.00		\$1,068,774		Police Officer	
1	1.00		\$31,101		Office Assistant III	
2	2.00		\$55,404		Office Assistant II	Position transferred to Administration Services Division.
-1	-1.00		-\$102,367		Deputy Chief of Police	
-1	-1.00		-\$33,742		Administrative Assistant II	
		19.81			CDBG Overtime Funding	
	-63.12				Various Positions	Experience adjustment.
		-15.25			Various Positions	Expiration of grant funding and experience adjustment.
2	-34.19	2.56	\$56,091	\$62,044	TOTAL	

PORT OF MILWAUKEE

EXECUTIVE SUMMARY

MISSION: To enhance the overall economic environment of the Milwaukee region by stimulating trade, business, and employment.

PROGRAM: Port economic development.

INITIATIVES FOR 2005: Diversify revenue sources for the Port.
Implement improved security measures to ensure homeland security.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	15.70	19.50	15.00	-4.50
FTEs - Other	0.33	0.50	0.00	-0.50
Total Positions Authorized	34	33	29	-4
EXPENDITURES				
Salaries and Wages	\$947,549	\$1,039,399	\$1,012,616	\$-26,783
Fringe Benefits	337,737	384,578	364,542	-20,036
Operating Expenditures	894,084	778,831	865,220	86,389
Special Funds	1,058,508	1,220,101	1,315,000	94,899
TOTAL	\$3,237,878	\$3,422,909	\$3,557,378	\$134,469
REVENUES				
Charges for Services	\$3,453,522	\$3,422,909	\$3,557,378	\$134,469
TOTAL	\$3,453,522	\$3,422,909	\$3,557,378	\$134,469

BACKGROUND

The Port of Milwaukee administers 467 dry acres of city owned property at or near the city's lakefront. Milwaukee World Festivals, Inc. currently leases approximately two-thirds of the Port's north harbor land for the Maier Festival Grounds, home of Summerfest, various ethnic festivals, and the Marcus Amphitheater. Smaller leaseholders and city owned facilities account for most of the remaining acreage.

The Port of Milwaukee stimulates trade, business, and employment by serving as a regional transportation and distribution hub for Southeastern Wisconsin. The Port links waterborne, rail, and ground surface transportation in an accessible location close to downtown. The seven member Board of Harbor Commissioners governs the promotion, marketing, maintenance, and operations functions of the Port.

Over the last 30 years, as the economy of Milwaukee and the United States has changed, the Port of Milwaukee has adapted. The mix of cargoes has shifted largely to imports, especially salt and coal, which are used locally and throughout the region. In addition to these commodities, the Port seeks to diversify its activities through partnerships with recreational businesses and passenger related travel services.

Program 1

Port Economic Development				
Activities:	Market and promote Port facilities, seek changes in federal laws to promote regional trade, and provide harbor equipment, vessel, and crane services.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percent of total expenses covered by revenues.	100.0%	100.0%	100.0%
Funding by Source:	Operating Funds	\$3,237,878	\$3,422,909	\$3,557,378
	Grant and Reimbursable	1,195,876	1,150,000	0
	Capital Budget	1,412,869	650,000	725,000
	Total:	\$5,846,623	\$5,222,909	\$4,282,378

PROGRAM RESULTS

In 2003, the Port of Milwaukee generated operating revenue of more than \$3.4 million. Revenues exceeded expenses by almost 7%. From 1994 to 2003, Port revenues covered 91% of operating expenses on average. The gap between revenues and expenditures is shown in Figure 1, with revenues still exceeding expenditures in 2003.

The Port doubled its revenue between 2000 and 2001 by securing a new lease of the Maier Festival Grounds and increasing tonnage. Milwaukee World Festivals, Inc. annually holds Summerfest and a host of ethnic festivals on the 75 acre Maier Festival Grounds. This lease alone will generate \$1.2 million in 2005 for the Port, with the revenue transferred to the city's General Fund to ease the property tax burden.

In 2003 there was a slight decrease in tonnage. Compared to 2002, total tonnage dropped by about 75,000 tons to 2,926,496 (see Figure 2). While a decrease, the Port still managed almost three million tons in shipping at the same time increasing revenues. This demonstrates the Port's increasing health and importance to the transportation infrastructure in the region. The Port is continuing efforts to replace low productivity tenants with higher productivity ones to take full advantage of Port properties and services.

Figure 1

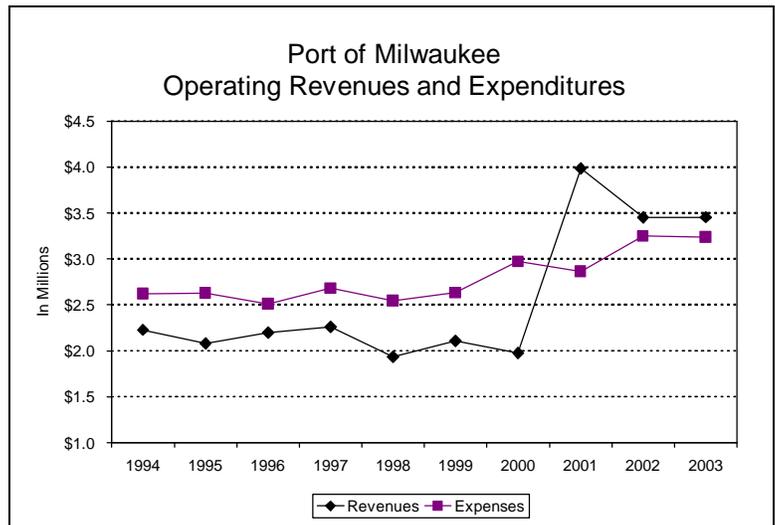
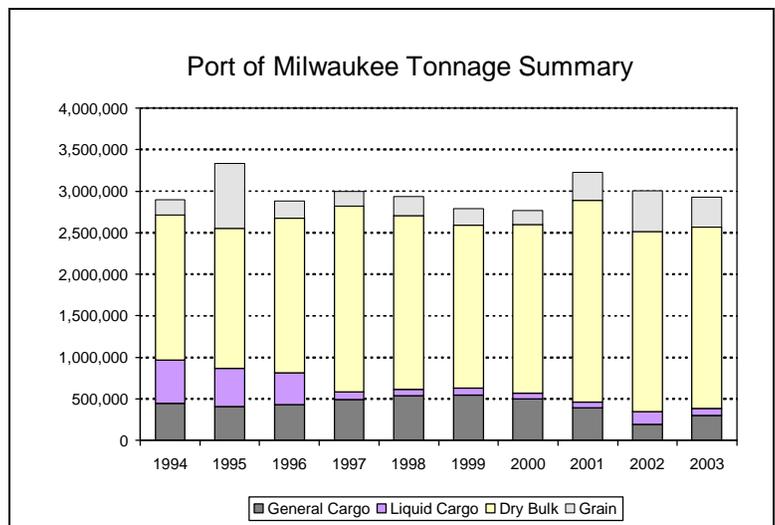


Figure 2



PROGRAM CHANGES

Diversifying Port Revenue: Although the Port faces many difficult challenges such as struggles in the world economy and stricter trade security measures it continues to operate at a profit. For the past several years, the Port of Milwaukee has been working with international cruise ship owners to stimulate demand for Great Lakes based cruise ship service and more particularly, to integrate Milwaukee as a preferred cruise ship destination on the Great Lakes. Cruise offerings continue to grow out of Milwaukee, increasing the city’s profile in the international cruise market. In addition, in 2004 the Port, working with Lake Express LLC, brought to fruition its long anticipated High Speed Ferry Project. The innovative new vessel crosses Lake Michigan between Milwaukee and Muskegon, Michigan in less than two and one-half hours and can carry 46 autos and 250 passengers. The 2005 ferry terminal operation plans include fully functional ferry service from May 1st through December 31st, making three round trips per day during the summer months and two per day in May and the fall months.

Improving Port Security: To address concerns about terrorism, the Department of Homeland Security has established regulations requiring increased Port security. The Port of Milwaukee, along with each individual terminal operator, is working with Coast Guard officials to develop and implement Port security plans. These plans call for the Port to “harden” its facilities against potential terrorist acts, including restricting public access, providing additional lighting, gating, fencing, and security personnel. The Coast Guard and Port are also developing contingency plans that escalate preparedness and response with increased threat levels.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-49,154		Trade Development Representative Senior	Vacant positions eliminated.
-1	-1.00		\$-24,928		Office Assistant II	
-1					Civil Engineer II (Aux.)	
-2					Inspector Docks and Dredging (Aux.)	
-1					Port Maintenance Technician II (Aux.)	
1					Trade Development Representative Senior (Aux.)	New position authority.
1					Office Assistant II (Aux.)	
	-2.50				Experience Adjustment	
		-0.50			Elimination of Capital Deduction	
-4	-4.50	-0.50	\$-74,082		TOTAL	

DEPARTMENT OF PUBLIC WORKS ADMINISTRATIVE SERVICES DIVISION

EXECUTIVE SUMMARY

- MISSION:** Provide administrative support, guidance, and direction for the department.
- PROGRAMS:** Support and services for the Department of Public Works (DPW).
- INITIATIVES FOR 2005:** Continue to develop and enhance Department of Public Works computer applications, including updating Infrastructure's databases for monitoring streets, alleys, and sewers.
- Complete installation of the new municipal telephone system and continue to address communication needs of the Fire Department and the Police Department.
- Continue to enhance the Call Center application by integrating it with the new telephone system switch.
- Replace the city's voice mail system to serve approximately 1,200 employees.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	56.90	54.38	53.98	-0.40
FTEs - Other	8.10	6.12	6.33	0.21
Total Positions Authorized	69	64	65	1
EXPENDITURES				
Salaries and Wages	\$2,692,744	\$2,649,106	\$2,720,234	\$71,128
Fringe Benefits	975,961	980,169	979,284	-885
Operating Expenditures	946,899	873,063	871,858	-1,205
Equipment	29,991	51,000	39,000	-12,000
Special Funds	0	0	0	0
TOTAL	\$4,645,595	\$4,553,338	\$4,610,376	\$57,038
REVENUES				
Charges for Services	\$2,630,756	\$826,500	\$2,036,500	\$1,210,000
Licenses and Permits	1,408,585	1,131,800	1,238,000	106,200
TOTAL	\$4,039,341	\$1,958,300	\$3,274,500	\$1,316,200

BACKGROUND

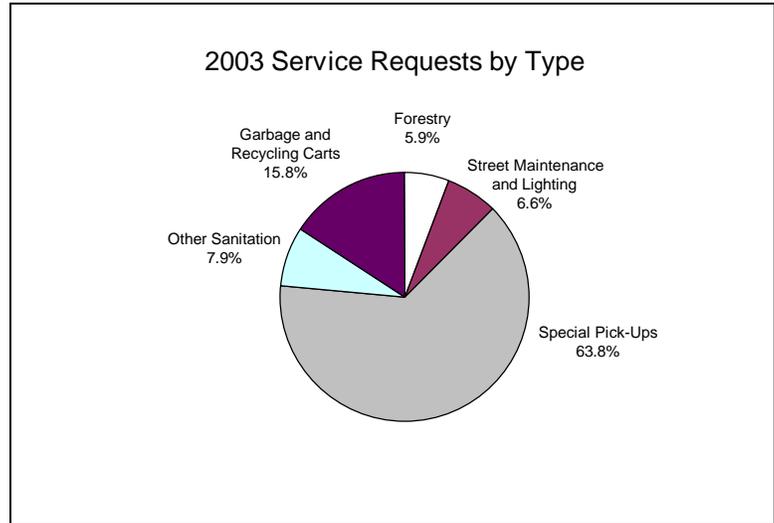
The Administrative Services Division provides planning and support to the Department of Public Works in a variety of areas. The administrative functions include budget preparation and control, accounting, payroll, human resources, employee safety, contract administration, purchasing and inventory, communications, special event permitting, technology support, and the Call Center operation. In addition to providing overall administrative planning, management, and coordination the division also supports administration and management of the Parking Fund.

The Administrative Services Division's 2005 budget includes operating funds totaling \$4.6 million and another \$425,000 in capital funding. Most of the division's activities support other DPW divisions and Enterprise Funds in achieving their program objectives. The Administrative Services Division's costs are distributed across 14 Public Works programs

PROGRAM CHANGES

Call Center: In 2003, the number of service requests processed through the departments' Call Center totaled 192,609, an increase of 12% from 2002. This increase is primarily due to the Call Center processing special collection related service requests that were previously processed by the district offices. As shown in Figure 1, special pickups account for 63% of all service requests. Special pickups include appliances, brush, and furniture. This figure is slightly lower than in 2002 due to an increase in street maintenance service related calls. Previously, the Infrastructure Services Division processed these calls.

Figure 1



During 2003, Administrative Services and the Operations Division's Environmental Services Section completed implementation of SanScan. SanScan is a program where all Sanitation related service requests are redirected to the Call Center and entered into the Call Center database. Sanitation Managers use this automated program to prioritize, route, and track all service requests.

In the 2005 budget, DPW Operations Division is implementing a significant change in the provision of special collection services. The Call Center will no longer need to be called for routine special collection requests; instead they will be picked up on residents' normal garbage collection day. In the short term, Call Center staff will be responding to citizen's questions regarding this change. The Call Center's regular staff will be supplemented with temporary staff until this change is fully operational.

Computer Application Development: During 2005, the Technical Services Section will continue to assist the Infrastructure Services Division in the replacement of their databases to monitor streets, alleys, bridges, and sewers. Replacement of these databases will allow Infrastructure to better coordinate monitoring and information sharing. The road life street database and the alley database have already been converted from a mainframe system to a Java/Oracle platform. This project will be completed at the end of 2005.

DPW will continue to make information available to the public through the city's website with the development of new applications. Recognizing the need to make frequently requested information readily available; a new site for special assessments has been created. Special assessments are those charges for specific services performed by the city that can be placed on an owner's property tax bill if it is not paid within the specified time-frame. Upon entering a property's taxkey number, this site will provide information regarding capital paving projects, boardups, encroachments, apartment garbage collection, and weed notices. Previously, title companies looking for special assessment information had to call several DPW divisions. Making this information available to title companies and citizens via the Internet reduces the amount of time staff spends handling phone calls. Other information DPW has made available through the Internet includes the ability to look up employees' phone numbers and e-mail addresses and also to be able to send employees e-mail through a small web form.

Telephone Switch Replacement: DPW is in the process of replacing the Rolm telephone switch. A pilot project has been completed and project implementation is underway. Although not part of the original project plan, the city's health centers will also receive the new Avaya telephones due to project costs coming in substantially lower than budgeted. In 2005, DPW will be evaluating replacement of the Fire Department's telephones and upgrading the Police Department's Avaya telephone switch to take advantage of new technology.

As part of the telephone switch replacement, DPW is developing a new citywide voicemail system to serve approximately 1,200 employees. The department is building a custom voicemail system, using Asterisk, an open source application suite. The Asterisk system costs are substantially less than commercial software and are supported for five years. The open source software is free and allows the city to have an unlimited number of voicemail users. The system will also be able to deploy unified messaging, auto attendant functions, custom interfaces using text to voice, and a full range of custom Interactive voice response applications that could be linked to existing information.

The project will also integrate the existing Call Center software with the telephone switch. The Call Center Program will be able to track a caller's name, address, and call history information immediately based on the caller's identification data. This will reduce redundant entry of information from the same phone number.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
	0.25	-0.25	\$3,800	\$-3,800	Safety Specialist Senior	Funding adjustment.
	0.01	-0.01	\$717	\$-717	Electrical Engineer III	
	-0.10	0.10	\$-8,144	\$8,144	Communications Facilities Coordinator	
	0.15	-0.15	\$6,990	\$-6,990	Engineer Drafting Technician IV	
	-0.25	0.25	\$-22,612	\$22,612	Telecommunications Engineer	
1					Customer Service Representative II (Aux.)	Increased Call Center support.
	-0.27	0.27	\$-25,199	\$25,199	Reimbursable Deduction	Funding adjustment.
	-0.19		\$-6,282		Overtime	
1	-0.40	0.21	\$-50,730	\$44,448	TOTAL	

DEPARTMENT OF PUBLIC WORKS INFRASTRUCTURE SERVICES DIVISION

EXECUTIVE SUMMARY

MISSION: To promote the health, safety, mobility, and quality of life for all City of Milwaukee residents and visitors by providing a safe, attractive, and efficient surface infrastructure systems.

PROGRAMS: Streets, alleys, and sidewalks.

Bridges.

Lighting.

Traffic control.

Underground conduits.

INITIATIVES FOR 2005: Continue local street improvements to replace the Park East Freeway spur.

Proceed with the extension of West Canal Street from North 25th Street to Miller Park.

Continue to implement the Downtown Pedestrian Corridor Plan and continue involvement in the Downtown Connector Study.

Enlist private developers to perform design and engineering work for development projects.

Represent city interests in the design of the Marquette Interchange.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	303.58	267.01	254.38	-12.63
FTEs - Other	274.87	268.83	264.08	-4.75
Total Positions Authorized	783	728	711	-17
EXPENDITURES				
Salaries and Wages	\$12,148,534	\$11,513,048	\$11,121,791	\$-391,257
Fringe Benefits	4,116,502	4,259,827	4,003,844	-255,983
Operating Expenditures	6,423,456	6,653,034	6,306,600	-346,434
Equipment	64,396	50,600	50,500	-100
TOTAL	\$22,752,888	\$22,476,509	\$21,482,735	\$-993,774
REVENUES				
Charges for Services	\$4,365,366	\$2,945,500	\$3,283,500	\$338,000
TOTAL	\$4,365,366	\$2,945,500	\$3,283,500	\$338,000

BACKGROUND

The Infrastructure Services Division is responsible for design, construction, and maintenance of the city’s infrastructure systems, including streets and alleys, bridges, sewers, sidewalks, traffic control devices, street lights, and underground conduits. In addition, the division coordinates transportation improvements with other governmental agencies and railroad companies. The division also undertakes engineering studies and investigates various permits, plans, and easements.

In 2005, the Infrastructure Services Division will devote approximately \$21.5 million in operating funds and \$21 million in capital funds to its program. In addition, \$52 million in state and federal aid assists in funding the city’s infrastructure needs. The primary sources of capital funding are the city’s property tax, federal and state grants and aid, which together constitute 87.6% of Infrastructure’s capital budget. Other funding sources include special assessments and charges for services.

The Infrastructure Services Division receives a significant amount of grant and aid. These funds are used primarily for two capital programs: the Major Bridge Program and the state and federal aided Major Street Improvements Program. Grant and aid funds constitute 62% of the Bridge Program and 83% of the Street Program, enabling the city to better preserve and maintain its street and bridge systems, which are critical components of the overall infrastructure system.

Program 1

Streets, Alleys, and Sidewalks				
Activities:	Street paving, street maintenance, alley resurfacing, alley reconstruction, alley maintenance, sidewalk replacement.			
		2003	2004	2005
		Experience	Budget	Projection
Program measures	Percentage of projects heard by May 1st.	78.0%	100.0%	90.0%
	Pavement Condition Index	6.3	6.0	6.0
Funding by Source:	Operating Funds	\$8,567,254	\$10,530,320	\$7,783,541
	Capital Budget	18,436,164	14,914,339	10,241,507
	Grant and Reimbursable	3,965,317	38,185,745	35,630,659
	Total:	\$30,968,735	\$63,630,404	\$53,655,707
*2003 and 2005 Operating Funds do not include program costs outside of DPW Infrastructure Services Division.				

PROGRAM RESULTS

Many of the Infrastructure Services Division’s activities improve the condition of the city’s surface public ways, primarily streets and alleys. Activities include resurfacing or reconstructing existing pavement, curb and gutter, and constructing new streets as part of residential, commercial, and industrial development. The 2005 Infrastructure Services budget includes approximately \$7.8 million in operating funds and \$45.9 million in capital and grant funds for this program. In addition, another \$7.8 million in direct costs are in the Fleet Services operating budget.

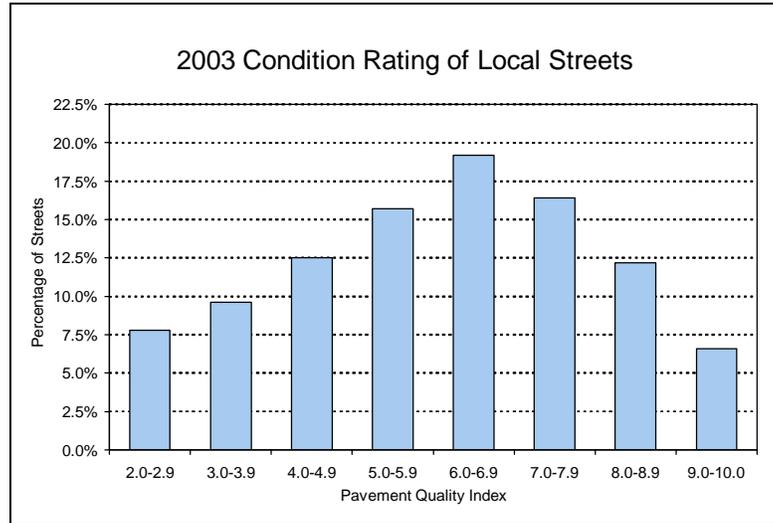
Maintaining safe and efficient surface public ways and services provides a way for businesses to transport goods to their customers. Pavement condition is measured through a Pavement Quality Index (PQI), which rates street conditions on a scale of 2 to 10 based upon visual observations, historic records, and non-destructive testing on non-residential streets.

PQI ratings are calculated for two general street categories: locals and collector/arterial. Each category has a minimum acceptable PQI. A rating below the minimum indicates that the street segment requires rehabilitation or reconstruction. Based on previous street condition and age data and older, less sophisticated versions of a

Pavement Management System (PMS), minimum PQI's of 4.0 for locals and 5.5 for collectors/arterials were established. The minimum PQI level for collectors/arterials was established at a higher level than that of the locals because of their greater importance to a larger population base in providing access to goods and services and employment.

In 2003, approximately 82% of local streets had a PQI rating greater than 4 (see Figure 1). Using computer modeling, the PMS is now predicting pavement quality and life, and the need for repair. PMS will be utilized to formulate the annual preliminary paving program and will assist in formulating and updating the six year paving programs. Time and monitoring of PMS outputs compared to actual field conditions will determine the system's accuracy and value.

Figure 1



Infrastructure Services has collected data to develop a condition index to evaluate alley pavement. Infrastructure Services will use the knowledge gained from working on the Street Pavement Management Program to monitor the quality of the city's alley system.

Although pavement condition is a critical outcome measure, maintaining pavements in an acceptable condition is not the only goal of the street, alley, and sidewalk programs. These programs also improve and maintain the livability of city neighborhoods while reducing the environmental impact of the automobile. Progress toward meeting these goals is more difficult to measure, as these goals are more intangible than the actual physical condition of pavements. However, the division supports these goals in two ways:

1. The division uses paving projects to increase city green space. In conjunction with the city's Street Paving Program, the Infrastructure Services Division determines whether the borders for trees and boulevards can be increased, thereby improving the quality of the city's public spaces.
2. The division encourages the use of alternative modes of transportation. By enhancing pedestrian and bicycle mobility in neighborhoods, reliance on the automobile is lessened. This, in turn, contributes to reducing traffic congestion and enhanced air quality. Spending on alternative modes of transportation includes funding earmarked for sidewalk and handicap pedestrian ramps, bicyclists, transit, and other clean air activities. The division continues to seek external funding sources for this purpose.

PROGRAM CHANGES

The 2005 budget includes a reduction in Pavement Maintenance Crews. The reduction will result in the elimination of one Router Crew, one Sidewalk Grinder Crew, and one Mini-Concrete Crew. These reductions will result in the elimination of eight Street Maintenance positions. Also, these changes will result in increased duties for other Street Maintenance Crews and sidewalk grinding will be by request only. Temporary patches will stay in place longer as a result of eliminating a Maintenance Crew. These street maintenance reductions will generate savings of approximately \$128,000. The duties of the eliminated crews will be assumed by the remaining Street Maintenance Crews. In addition, the Major Projects Area was moved from the Construction Area to the Transportation Area. This will result in 13 positions being transferred to the Transportation Area.

Program 2

Bridges				
Activities:	Bridge reconstruction, bridge repair and maintenance, and operation of movable and automated bridges.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Percentage of bridges with a condition rating above 50.	85.0%	85.0%	85.0%
Funding by Source:	Operating Funds	\$4,249,908	\$5,607,173	\$4,094,599
	Capital Budget	3,520,934	5,650,809	1,686,956
	Grant and Reimbursable	50,000	9,117,236	9,556,174
	Total:	\$7,820,842	\$20,375,218	\$15,337,729
*2003 and 2005 Operating Funds do not include program costs outside of DPW Infrastructure Services Division.				

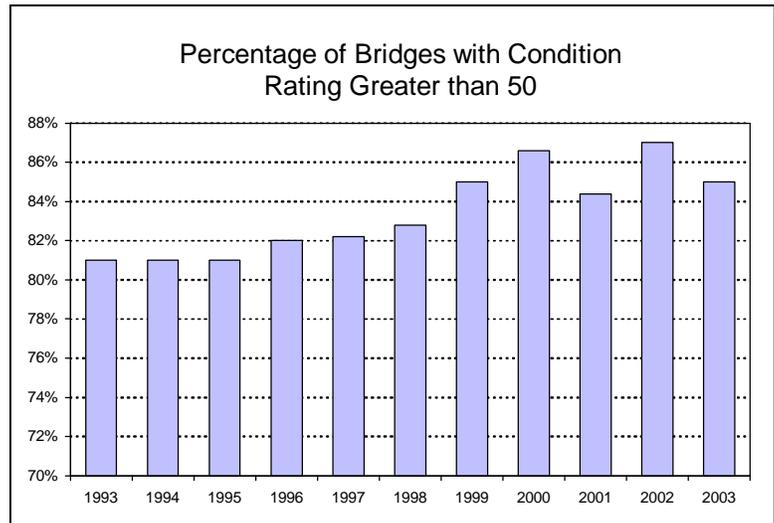
PROGRAM RESULTS

This program provides for safe and efficient infrastructure systems by maintaining the conditions of bridges at a high level.

Infrastructure Services Division operates and maintains the city’s 220 bridges. The purpose of the Bridge Program is to preserve and maintain a bridge system that meets the needs of the city, ensures the safety of motorists, and provides for efficient movement of vehicles, people, and commodities. The 2005 budget includes total operating and capital funding of \$15.3 million for this program. In addition, another \$450,000 of direct costs is in the Fleet Services budget.

The division measures the condition of bridges using a sufficiency condition rating ranging from 0 to 100. Ratings are conducted every two years through mandatory physical bridge safety inspections. In 2003, 85% of the rated bridges had a sufficiency rating above 50. As Figure 2 shows, since 1994 bridge condition ratings have steadily improved indicating the division is maintaining bridges at a satisfactory level.

Figure 2



PROGRAM CHANGES

The 2005 budget includes the elimination of three seasonal City Laborers and one Carpenter position in the Bridge Maintenance Section. The duties of these positions will be assumed by the remaining maintenance staff. In addition, two Bridge Operator positions will be laid off during the non-navigable season.

Program 3

Lighting			
Activities:	Lighting systems operations, street light repair, circuitry replacement, and capital improvements.		
	2003	2004	2005
	Experience	Budget	Projection
Program Outcome:	Complaints responded to within 30 days.	94.0%	80.0%
Funding by Source:	Operating Funds	\$6,739,012	\$9,932,889
	Capital Budget	4,292,613	3,643,602
	Grant and Reimbursable	2,538,793	49,000
	Total:	\$13,570,418	\$13,625,491
			\$7,296,845
			3,540,000
			0
			\$10,836,845

*2003 and 2005 Operating Funds do not include program costs outside of DPW Infrastructure Services Division.

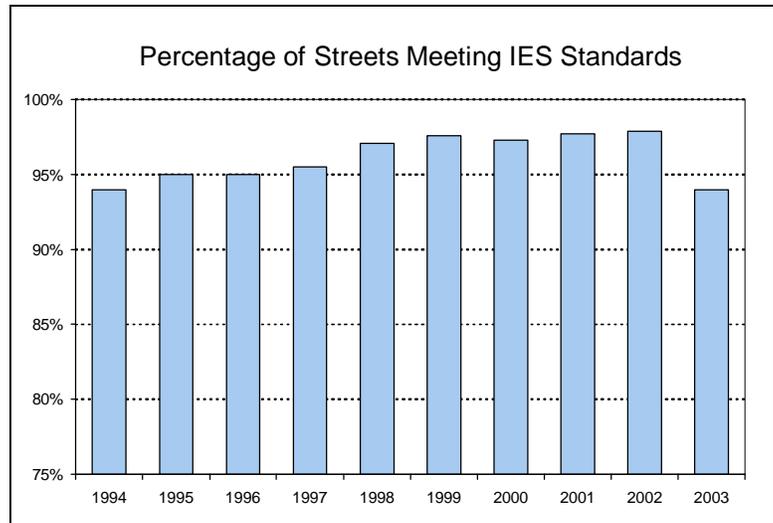
PROGRAM RESULTS

The Lighting Program maintains the livability of city neighborhoods by ensuring that streets meet the Illuminating Engineering Society (IES) lighting standards.

The purpose of the Street Lighting Program is to provide residents with pleasant and secure neighborhoods by providing a safe and reliable lighting system. The 2005 budget includes funding of \$10.8 million in Infrastructure and \$407,000 in Fleet Services for this program.

The IES’s scale establishes optimal levels of lighting for streets. As shown in Figure 3, the division continues to improve the percentage of streets meeting IES standards. In 2003, 94% of the lighted streets in the City of Milwaukee met or exceeded IES standards.

Figure 3



PROGRAM CHANGES

In the 2005 budget, the Sign Shop will be moved from Electrical Services to Support Services, moving 14 positions. This move is being made to better match the duties of the Sign Shop to the duties of its assigned section.

Program 4

Traffic Control				
Activities:	Install and replace underground communications, maintain and replace manholes, and provide access to the underground electrical conduit system.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Complaints responded to in less than 60 days.	100.0%	75.0%	75.0%
	Reduce the number of traffic accidents by 5%.	12,958	13,000	13,000
Funding by Source:	Operating Funds	\$3,061,585	\$2,843,112	\$2,228,848
	Capital Budget	1,910,528	920,000	800,000
	Grant and Reimbursable	0	0	16,475
	Total:	\$4,972,113	\$3,763,112	\$3,045,323

*2003 and 2005 Operating Funds do not include program costs outside of DPW Infrastructure Services Division.

PROGRAM RESULTS

This program designs and operates transportation systems that support the safe and efficient movement of people and goods and help maintain the economic viability of the city by reducing the number of traffic crashes.

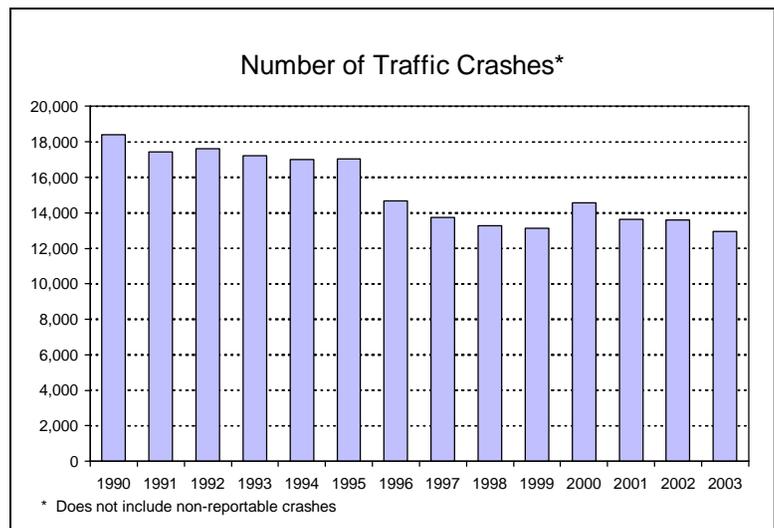
The Infrastructure Services Division follows the Manual of Uniform Traffic Control Devices for Streets and Highways and the American Association of State Highway and Transportation Officials in order to maintain consistent traffic control design standards and facilities. Uniformity in design standards maintains roadway safety and increases recognition and compliance with traffic control facilities, including traffic signals, signal systems, and traffic signs by system users.

The Traffic Control Program provides for the safe, efficient, and economical movement of the public and their goods and services, which helps to improve traffic flow, reduces pollution, and promotes the health and safety of residents and visitors. The 2005 budget provides funding of \$3 million in Infrastructure and \$168,000 in Fleet Services for this program.

As shown in Figure 4, the number of traffic accidents decreased to 13,592 in 2002 to 12,598 in 2003. While part of the reduction in crashes results from a change in the State Division of Motor Vehicles’ reporting requirements, enhanced enforcement of traffic laws have also contributed to the decline in crashes.

Although the primary purpose of this program is to improve the safety and efficiency of public ways, another important outcome is reducing the environmental impact of the automobile. While more difficult to measure, the division conducts traffic surveys every two years to measure the number of persons per automobile entering and leaving downtown between 7 a.m. and 7 p.m. The goal is to increase the number of persons per automobile.

Figure 4



PROGRAM CHANGES

The 2005 budget reduces crosswalk maintenance by 50%. As a result, crosswalks will be repainted less often but will still be based on a particular street’s traffic and condition. Two part-time Painter positions are eliminated as a result of this reduction. In addition, a vacant Civil Engineer IV position is eliminated as a result of a reorganization of the Electrical Services Area.

Program 5

Underground Conduit and Manholes			
Activities:	Install and replace underground communication conduits, maintain and replace electric manholes.		
		2003	2004
		Experience	Budget
Program Outcome:	Percentage of customers satisfied with communication services.	86.0%	90.0%
			2005
			Projection
Funding by Source:	Operating Funds	\$135,129	\$155,389
	Capital Budget	145,097	1,200,000
	Grant and Reimbursable	0	900,000
	Total:	\$280,226	\$2,056,389
*2003 and 2005 Operating Funds do not include program costs outside of DPW Infrastructure Services Division.			

PROGRAM RESULTS

The Underground Conduit Program provides quality support services by satisfying customers with internal communication services.

The underground conduit system is designed and maintained by the Infrastructure Services Division and provides a secure and weatherproof means of connecting communication cables among various city departments, including the Fire Department, Police Department, Health Department, Milwaukee Public Library, Milwaukee Water Works, and the Department of Public Works. The conduit system also provides a reliable route for traffic signals and street lighting cable circuits and systems. The 2005 budget provides approximately \$1.4 million in funding in Infrastructure and another \$9,500 in Fleet Services for this program.

Although the Infrastructure Services Division designs and maintains the conduit, the Administrative Services Division funds and provides staff for the actual operation of the communications services.

PROGRAM CHANGES

No major operating changes will occur in 2005.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
	-0.83	-0.18	\$-25,139		Street Operations Supervisor	] Retirement.
-1	-0.63	-0.37	\$-45,402	\$26,664	Civil Engineer IV	
-1	-0.15	-0.15	\$-5,068	\$-5,068	Street Repair Crew Leader	] Mini-Concrete Crew eliminated.
-1	-0.15	-0.15	\$-5,068	\$-5,068	Cement Finisher Helper	
-1	-0.14	-0.14	\$-5,069	\$-5,069	City Laborer	
-1	-1.00		\$-38,634		Street Repair Supervisor	] Asphalt Crew personnel modified.
1	1.00		\$31,314		Asphalt Worker	
-1	-0.75		\$-25,160		Labor Crew Leader I	] Router Crew eliminated.
-2	-1.00		\$-33,546		City Laborer	
-1	-0.53	-0.06	\$-19,445	\$-2,201	Labor Crew Leader I	] Sidewalk Grinder Crew eliminated.
-1	-0.53	-0.05	\$-19,445	\$-1,834	City Laborer	
	-0.67		\$-29,154		Bridge Operators	] Reduce Bridge Maintenance staffing.
	-0.92	-0.08	\$-33,038	\$-2,873	Carpenter	
-1	-1.70	-0.30	\$-52,221	\$-9,215	City Laborer	
-1	-0.50	-0.50	\$-30,289	\$-30,289	Machine Shop Supervisor	] Positions eliminated.
-1	-0.34	-0.24	\$-11,476	\$-8,269	Laborer Electrical Services	
-1	-0.60	-0.40	\$-18,351	\$-12,241	Inventory Assistant II	
-1	-0.34	-0.25	\$-15,211	\$-10,961	Painter	Reduce crosswalk painting.
-1	-0.58	-0.42	\$-20,581	\$-14,903	Equipment Mechanic I	Transferred to Environmental Section.
-2	-0.30	-1.70	\$-13,237	\$-75,010	Engineering Technician V	Crews reorganized.
	-1.97	0.24			Miscellaneous Adjustment	
-17	-12.63	-4.75	\$-414,220	\$-156,337	TOTAL	

DEPARTMENT OF PUBLIC WORKS OPERATIONS DIVISION

EXECUTIVE SUMMARY

- MISSION:** Improve the safety, cleanliness, and attractiveness of Milwaukee neighborhoods.
- PROGRAMS:** City cleanliness and solid waste collection.
 Recycling and solid waste reduction.
 Snow and ice control.
 Urban forest maintenance.
 Boulevard beautification.
 City facility maintenance and development.
 City fleet maintenance and services.
- INITIATIVES FOR 2005:** Increase the efficiency of bulky garbage collection by collecting bulky garbage on scheduled regular garbage collection days and by limiting the type and amount of items collected.
 Implement Project Clean and Green to support neighborhood cleanup efforts and encourage neighborhood beautification through planting flowers, shrubs, and trees.
 Reduce boulevard flowerbed maintenance costs by eliminating boulevard beds in areas of lower visibility while improving design and plant variety of flowerbeds in highly visible areas.
 Begin construction activity for City Hall Restoration and Traser Yard Relocation Projects.
 Review the size and cost of the Department of Public Works vehicle fleet.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	837.55	882.89	795.94	-86.95
FTEs - Other	107.67	119.91	118.98	-0.93
Total Positions Authorized	2,492	2,028	1,680	-348
EXPENDITURES				
Salaries and Wages	\$38,210,446	\$37,011,850	\$34,828,695	\$-2,183,155
Fringe Benefits	13,840,622	13,694,386	12,538,331	-1,156,055
Operating Expenditures	24,015,352	23,323,882	22,182,335	-1,141,547
Equipment	1,713,167	1,941,169	1,714,670	-226,499
Special Funds	0	0	0	0
TOTAL	\$77,779,587	\$75,971,287	\$71,264,031	\$-4,707,256
REVENUES				
Charges for Services	\$25,780,282	\$25,796,700	\$24,947,500	\$-849,200
Miscellaneous	238,419	220,000	222,200	2,200
TOTAL	\$26,018,701	\$26,016,700	\$25,169,700	\$-847,000

BACKGROUND

In 2002, the Department of Public Works (DPW) combined the Forestry, Sanitation, and Buildings and Fleet Divisions into the Operations Division. This facilitated coordination of personnel, materials, and equipment resulting in more effective and efficient service delivery to Milwaukee residents. Five position titles of Driver/Loader, Special Equipment Operator, Truck Driver (3.5 tons and over), Driver Worker, and Equipment Operator/Worker were combined into a single title of Operations Driver Worker, enabling DPW to utilize staff more effectively. Other examples of efficient service delivery include the sharing of weed and debris property code inspection duties between Urban Forestry Technicians and Sanitation Supervisors and the use of Urban Forestry Specialists for snow and ice operations.

Forestry: The Forestry Section is primarily responsible for tree and landscape management. Milwaukee's Urban Forestry Program has been recognized as a model by national forestry organizations, businesses, and visitors to the city. The program currently maintains 200,000 trees and 120 miles of boulevards that provide Milwaukee with a natural beauty both residents and visitors enjoy.

Sanitation: The Sanitation Section is responsible for collecting and disposing of the city's residential solid waste. It also provides services that encourage an attractive and environmentally healthy city. For example, solid waste collection protects city residents from vermin and infectious disease and street sweeping maintains attractive streets and reduces harmful storm water run-off into streams, rivers, and lakes. Additionally, Sanitation works to reduce the amount of materials sent to landfills through public education, solid waste reduction efforts, and the city's Recycling Program.

Fleet Services and Fleet Operations: The Fleet Services and Fleet Operations Sections operate and maintain DPW's centralized fleet of over 4,000 motor vehicles and related equipment. The Fleet Services Section provides equipment to other DPW divisions (excluding the Water Works, Sewer Maintenance Fund, and Parking Fund) free of charge. It also rents vehicles and equipment on a permanent or temporary basis to other city departments as well as rents equipment from the private sector to augment the city's existing fleet. In addition, the section provides maintenance and repair services for vehicles owned by the Library, Health Department, Police Department, Water Works, Sewer Maintenance Fund, and Parking Fund.

Facilities Development and Management: The Facilities Development and Management Section provides building services, such as design, construction, and maintenance for city facilities excluding the Port of Milwaukee and the Milwaukee Public Library. Consequently, this section oversees 160 of the city's 220 buildings. As part of its facilities management responsibilities, the section operates an around the clock Information Center located in City Hall. It also provides physical security and access control at the downtown complex and other key facilities by using security guards and closed circuit television.

Solid Waste Fee: The 2001 budget established a fee for solid waste expenses. The Solid Waste Fee (created in accordance with Sec. 66.0627 Wis. Stats.) partially recovers solid waste collection costs through a user fee rather than the property tax. The 2005 rate for the Solid Waste Fee remains unchanged at \$75 per year per residential unit. This rate will recover \$14 million or approximately 70% of the city's household solid waste collection costs.

Snow and Ice Control Fee: The 2002 budget created a new fee to recover the cost of snow and ice control. The fee is based on property foot frontage and is recovered on the Municipal Service Bill for all properties in the city, including tax exempt properties. The 2005 rate for the Snow and Ice Control Fee remains unchanged at \$0.2736 per foot of property footage. In 2005, approximately 43% or \$2.4 million of the estimated total costs will be recovered through the Snow and Ice Control Fee.

Program 1

City Cleanliness and Solid Waste Collection			
Activities:	Weekly residential garbage collection, bulky garbage collection, operation of two Self-Help Centers, Neighborhood "Clean and Green" Programs, street and alley sweeping, and weed enforcement.		
	2003	2004	2005
	Experience	Budget	Projection*
Program Outcome:	Photometric Index.	5.80	6.00
Funding by Source:	Operating Funds	\$37,011,851	\$34,948,071
	Capital Budget	559,314	2,746,000
	Grant and Reimbursable	282,750	500,000
	Special Purpose Accounts	59,395	60,000
	Total:	\$37,913,310	\$37,310,162
*2003 and 2005 Operating Funds do not include program costs outside of DPW Operations Division.			

PROGRAM RESULTS

In 2000, the Sanitation Section began utilizing the Photometric Index to gauge the cleanliness of city streets. The Index is certified by Keep America Beautiful, Inc. (KAB) and must be used to participate in the Clean Community System, a behaviorally based program to reduce litter by changing attitudes and practices relating to the handling of waste. Over 500 cities, including Houston, Indianapolis, and Chicago make use of a Photometric Index to quantify city cleanliness. The process involves the use of 120 photographic slides taken randomly in various locations throughout the city. Pictures are taken of streets, public right-of-ways, vacant lots, parking lots, loading docks, and commercial refuse storage areas. The Photometric Index is recorded as a number between 0 and 96 that reflects the amount of litter detected when randomly generated pictures are analyzed. In this index, the lower the number, the less the amount of litter detected. In 2003, the Sanitation Section found that Milwaukee surpassed its Photometric Index goal of 6.00 with a Photometric Index of 5.80.

PROGRAM CHANGES

Scheduled Bulky Garbage Collection: Bulky garbage, or garbage set outs that do not fit within garbage carts, will be collected on scheduled regular garbage collection days. This represents a change from the current process, which requires residents to place a special bulky garbage collection request with the city, upon which the bulky garbage items are collected within a response time not to exceed ten business days. By placing bulky items out on the day of their regularly scheduled garbage collection, residents can expect their bulky items to be collected that day. Bulky garbage items that are of a size which cannot be accommodated by that day's regular garbage collection crew will be collected in two to three business days. Bulky garbage that is not set out on the scheduled day of regular garbage collection will be collected on the following scheduled regular garbage collection day.

Also, bulky garbage items consisting of major appliances, such as washers, dryers, stoves, and refrigerators will no longer be collected by city garbage crews. Alternative and affordable means for disposal of discarded major appliances items are available to residents through private scrap dealers or retail stores. Residents will also have the option of delivering their discarded major appliances to the city's self-help disposal sites. Additionally, brush will only be collected from April through November in amounts not to exceed 4 cubic yards. Amounts in excess of 4 cubic yards must be appropriately disposed of by the property owner, or delivered to the city's self-help centers. By implementing a scheduled method of collecting bulky garbage and by setting limits on the type and amount of bulky garbage that will be collected, the city is able to improve collection response time and provide a level of service that is comparable to other cities of its size while reducing costs. This change reduces the 2005 budget by \$710,000 and 15.5 full time staff.

Solid Waste Disposal Contract Savings: As of July 2004, the city entered into a new contract for the disposal of solid waste materials. This contract represents a reduction to the per ton cost of waste disposal from \$30.72 to \$24.19. In 2005, this new contract is expected to reduce waste disposal costs by \$750,000.

Implement Project Clean and Green: The city, in conjunction with non-profit partners, will implement Project Clean and Green to promote a clean, healthy, and beautiful environment for Milwaukee neighborhoods. This program will coordinate existing cleanup efforts and combine them with new initiatives including: targeted collection of bulky items from landlords and residents; partnerships with non-profit waste reduction and greening groups, and projects with neighborhood groups that promote neighborhood pride and ownership through cleaning activities and planting of flowers, plants, and trees. Community Block Grant Funds totaling \$200,000 will be used in combination with over \$200,000 in city and private resources to implement this new program in 2005.

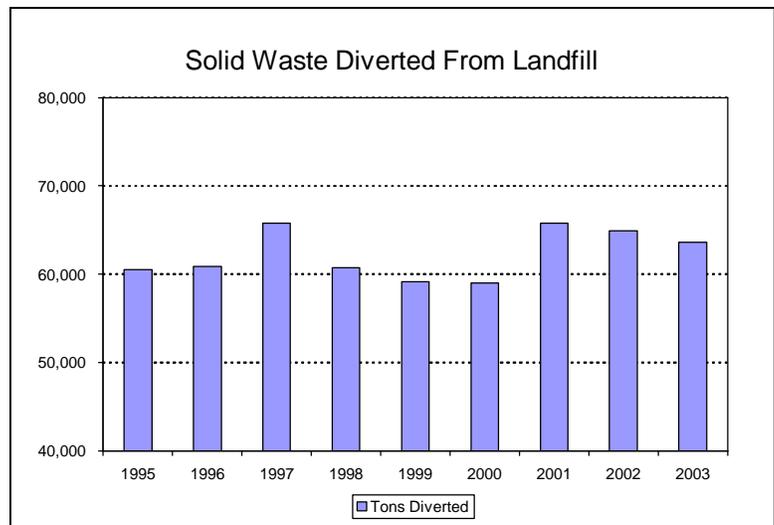
Program 2

Recycling and Solid Waste Reduction			
Activities:	Curbside recycling collection, fall leaf, brush, and yard waste collection and composting, recycling and waste reduction education, and self-help center recycling programs.		
	2003 Experience	2004 Budget	2005 Projection*
Program Outcome:	Tons diverted from landfill.	63,581	60,000
	Residential recycling participation.	75.0%	85.0%
Funding by Source:	Operating Funds	\$3,431,959	\$3,069,801
	Capital Budget	574,291	336,000
	Grant and Reimbursable	2,814,641	3,029,432
	Total:	\$6,820,891	\$6,435,233
*2003 and 2005 Operating Funds do not include program costs outside of DPW Operations Division.			

PROGRAM RESULTS

The Department of Public Works is committed to improving environmental quality through waste reduction efforts. DPW emphasizes waste reduction through educational outreach. The importance of “reduction” before “recycling” is stressed through classroom presentations at city schools, Recycling Education Center Programs, and direct constituent contact. DPW is also actively involved in the Southeastern Wisconsin Waste Reduction Coalition whose mission is “to reduce the amount of waste generated by residents and businesses throughout Southeastern Wisconsin through a regionally coordinated waste reduction campaign”. Activities of the coalition include radio and television public service announcements, displays at civic events, and a scholarship competition for high school

Figure 1



students. As indicated in Figure 1, DPW has made progress toward reducing the amount of residential solid waste landfilled. The amount of residential waste diverted from landfills has increased approximately 5%, from 60,535 tons in 1995 to 63,581 tons in 2003.

PROGRAM CHANGES

Recycling Contract Revenues: Effective July 2004, the city entered into a new contract for the processing of its recycling materials that included sharing the revenue from the sale of those materials. This contract guarantees payment of \$104 per ton of recyclable materials from July 2004 through June 2005. Thereafter, payment is based upon 50% of the per ton market value for recyclable materials. This new contract is expected to generate new recycling revenues of \$1.4 million in 2005.

Program 3

Snow and Ice Control		2003	2004	2005
Activities:		Snow plowing operations, salting operations, and special snow cleanup.		
Program Outcome:		Experience	Budget	Projection*
	Salt used (tons).	42,917	43,000	43,000
	Expenditure per inch.	99,595	150,000	150,000
	Number of snow and ice operations.	25	30	30
Funding by Source:				
	Operating Funds	\$3,589,675	\$5,990,847	\$4,473,956
	Capital Budget	887,149	997,000	1,100,000
	Total:	\$4,476,824	\$6,987,847	\$5,573,956

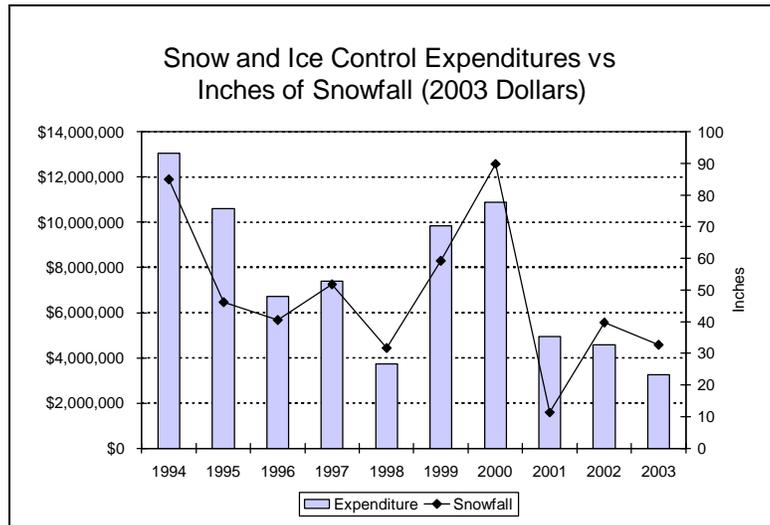
*2003 and 2005 Operating Funds do not include program costs outside of DPW Operations Division.

PROGRAM RESULTS

The city’s Snow and Ice Control policy states that its primary mission is to remove snow as expeditiously and economically as possible to restore safe motorist and pedestrian travel, ensure public safety, and minimize economic losses. Salt is applied at the minimum rate to ensure public safety.

The extent to which snow and ice control operations are performed is largely dependent upon weather conditions. Figure 2 shows snow and ice control expenditures (2003 dollars) and the annual inches of snowfall since 1994. As can be seen, snow and ice control expenditures are largely dependent upon snowfall, which has fluctuated tremendously over the past decade.

Figure 2



Program 4

Urban Forest Maintenance and Planting

Activities: Tree planting, tree production at the city nursery, pruning and maintenance of trees, removal of hazardous and damaged trees and stumps, and developing strategies to control emerging pests.

		2003	2004	2005
		Experience	Budget	Projection*
Program Outcome:	Tree mortality rate.	1.84%	1.96%	2.00%
	Trees planted.	2,731	3,200	4,290
Funding by Source:	Operating Funds	\$8,834,647	\$10,377,973	\$9,448,367
	Capital Budget	669,459	1,281,070	1,279,000
	Total:	\$9,504,106	\$11,659,043	\$10,727,367

*2003 and 2005 Operating Funds do not include program costs outside of DPW Operations Division.

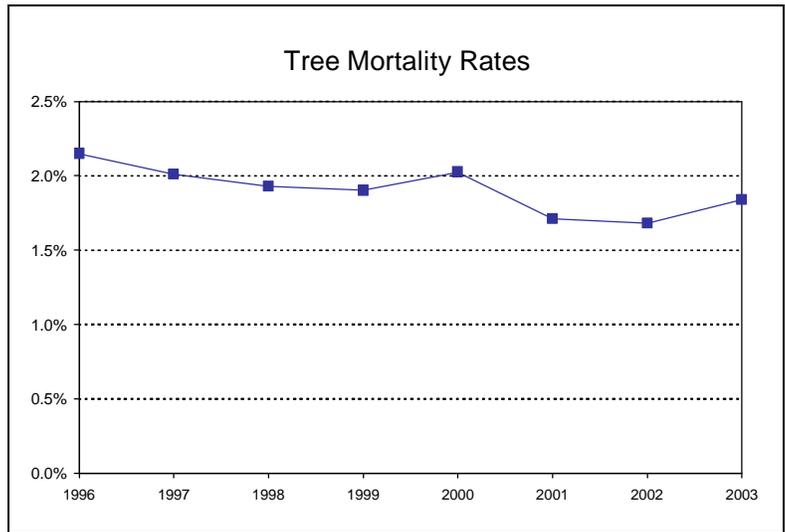
PROGRAM CHANGES

Other factors that influence the cost of snow and ice control are rate of snowfall, moisture content, type of precipitation, current and forecasted temperatures, wind, time of day, and day of week. As a result, the Operations Division budget for snow and ice operations is based on the average snow and ice control expenditures from recent years. In 2005, funding for snow and ice control is reduced by \$1 million from the 2004 budget to reflect average snow and ice control expenditures from the past three years.

PROGRAM RESULTS

A healthy urban forest improves urban air quality, decreases wind chill in winter, provides shade in summer, and beautifies the urban landscape of the city, all of which adds value to Milwaukee’s neighborhoods.

Figure 3



The Urban Forest Program maintains the health of the city’s urban forest through tree planting and removal, implementing a five year pruning cycle, inspecting sidewalk construction projects to protect the root structure of adjacent trees, and preventing the spread of pests and disease. Since 1996, the tree mortality rate has fluctuated between 1.5% and 2.5% (see Figure 3).

The Forestry Section also operates a 160 acre nursery at which the majority of the 2,731 trees planted in 2003 were grown.

PROGRAM CHANGES

Reduced Pruning Costs: From 1994 through 2003, Forestry pruned trees on a three and six year cycle. This cycle pruned younger, faster growing trees every three years and pruned older larger trees every six years. In 2004, Forestry returned to its former schedule of pruning all trees every five years. This reduction to pruning activities resulted in cost reductions in 2004 of \$300,000. The 2005 budget has been adjusted to reflect this reduction in pruning costs.

Increased Tree Planting: As part of the new Project Clean and Green initiative, Forestry anticipates increasing the number of trees planted in 2005 by approximately 1,500 trees from 2003. Over 80% of the trees planted in 2005 will have been grown at the city nursery.

Program 5

Boulevard Beautification		2003	2004	2005
Activities:	Turf maintenance, irrigation systems repair, and flowerbed maintenance.	Experience	Budget	Projection*
Program Outcome:	Number of citizen complaints regarding the condition of boulevards.	46	50	50
Funding by Source:	Operating Funds	\$2,944,882	\$4,535,983	\$3,469,263
	Capital Budget	498,111	473,972	771,000
	Grant and Reimbursable	0	0	70,000
	Total:	\$3,442,993	\$5,009,955	\$4,310,263

*2003 and 2005 Operating Funds do not include program costs outside of DPW Operations Division.

PROGRAM RESULTS

The Boulevard Beautification Program maintains the city’s boulevards in a manner that beautifies Milwaukee streets and neighborhoods. Through regular mowing, flowerbed design and maintenance, and flowerbed irrigation, the Boulevard Beautification Program contributes to the aesthetic quality of the city. The Forestry Section continually strives to conduct this program more efficiently. In past years, Forestry has achieved cost savings by consolidating mowing routes, increasing use of perennials, and other initiatives.

PROGRAM CHANGES

Reduce Boulevard Flowerbeds: In 2005, The Forestry Section will reduce the square footage of boulevard annual flowerbeds by 15%. This represents an estimated reduction of 9,500 square feet. To minimize the impact of this reduction, Forestry will eliminate annual flowerbeds in lower traffic and less visible areas, while improving the design and plant variety of flowerbeds in higher traffic areas to enhance their visual impact. This reduction results in the elimination of one Urban Forestry Specialist position and six Urban Forestry Laborers (Seasonal) for savings of \$124,279 in 2005.

Project Clean and Green: In addition to coordinating cleanup efforts with area non-profits and neighborhood groups, Project Clean and Green will support neighborhood beautification through the planting of flowers, shrubs, and trees, and the care of the city’s green spaces.

Program 6

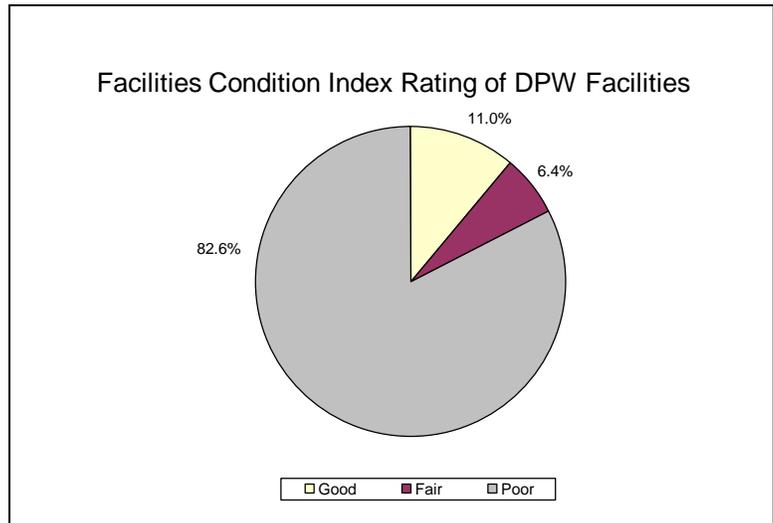
City Facility Maintenance and Development				
Activities:	Architectural and mechanical design, construction management, building maintenance services, energy management, and facility systems controls.			
		2003	2004	2005
		Experience	Budget	Projection*
Program Outcome:	Percentage of city buildings with condition assessments.	75.0%	83.0%	83.0%
Funding by Source:	Operating Funds	\$12,057,333	\$10,077,309	\$9,377,897
	Capital Budget	5,440,375	19,583,556	17,202,798
	Grant and Reimbursable	2,406,862	0	1,592,653
	Total:	\$19,904,570	\$29,660,865	\$28,173,348
*2003 and 2005 Operating Funds do not include program costs outside of DPW Operations Division.				

PROGRAM RESULTS

Facility Maintenance and Development Program activities focus on providing quality support for facilities used by city agencies and for city recreational facilities and playlots.

In 2002, condition assessments were performed on 109 DPW buildings and structures. These did not include non-DPW buildings (Police, Fire, City Development, Neighborhood Services, Water Fund, etc.). Of the 109 buildings assessed 12 buildings rated “good”, 7 buildings rated “fair”, and 90 buildings rated “poor”. In all, these buildings have an estimated maintenance requirement of approximately \$140 million to bring them all into a condition rating of “good”. DPW will continue long term planning to improve the condition of its facilities while minimizing the cost of those improvements.

Figure 4



PROGRAM CHANGES

Reduce Non-Daily Facility Maintenance: In 2005, non-daily cleaning and maintenance activities such as floor refinishing, carpet cleaning, painting, and window cleaning will be reduced eliminating 11 Facility Maintenance and Custodial positions and saving \$435,679 in salaries. Also, funding for contracted maintenance and cleaning services will be reduced by \$147,225 or approximately 7%.

City Hall Restoration and Traser Yard Relocation: Construction for relocating the city’s Street and Sewer Maintenance facility from the Menomonee Valley to a new facility at 35th and Capital Streets will begin in 2005, with occupancy scheduled for February of 2006. Also, the \$43.5 million exterior and structural restoration of City Hall will begin in 2005 and continue through 2007.

Program 7

Fleet Services to Other Departments				
Activities:	Preventive maintenance and repair of vehicles and equipment, provide vehicles and equipment operators.			
		2003	2004	2005
		Experience	Budget*	Projection
Program Outcome:	Total unscheduled work orders completed on DPW equipment.	14,532	14,700	14,300
Funding by Source:	Operating Funds	\$9,909,240	\$0	\$7,189,487
	Capital Budget	437,633	0	940,000
	Total:	\$10,346,873	\$0	\$8,129,487
*Fleet Services to Other Departments not reported as a distinct program in 2004 budget.				

PROGRAM RESULTS

The Fleet Services Program provides repair and maintenance services to over 4,000 vehicles and pieces of equipment. It also provides equipment operators for a variety of DPW functions. Because equipment repair, maintenance, and operations are performed on behalf of the majority of Operations Division program areas, the cost of fleet services are included in the total cost of those programs. However, fleet services are also performed on behalf of city programs provided by other DPW divisions and Enterprise Funds, such as street and bridge maintenance, sewer maintenance, lighting, and water distribution. The cost for fleet services to program areas not provided directly by Operations Division total \$8.1 million in 2005.

PROGRAM CHANGES

Fleet Reductions: Following a 2004 Comptroller audit that recommended a reduction to the size of DPW’s fleet of passenger vehicles, DPW will analyze reducing its fleet of cars, pickup trucks, SUVs, passenger vans, and wagons. As a result, the Operations Division 2005 budget includes no funding for the purchase of cars, and has reduced budgeted funding for the purchase of pickups, trucks, and vans by \$178,000 or 29.2% from 2004. In addition to analyzing the reduction of DPW’s fleet of passenger vehicles, in 2005 the Department of Administration will work with DPW to recommend reductions to DPW’s fleet of major capital equipment (equipment over \$50,000 each) including garbage trucks, salt trucks, street sweepers, and dump trucks.

Fleet Maintenance Staff Reductions: The 2005 budget includes the elimination of ten Fleet Maintenance positions, \$373,454 in salary funding, and a reduction of \$100,000 in parts. It is expected that a reduction to the number of vehicles in the fleet, combined with improvements over the past three years to funding for vehicle replacement, will lower the demand for vehicle maintenance.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
					Fleet Services	
-1	-1.00		\$-42,908		Field Service Mechanic	Reduce Vehicle Maintenance staff.
-2	-2.00		\$-78,082		Auto Maintenance Mechanic	
-2	-2.00		\$-87,318		Vehicle Services Technician	
-5	-5.00		\$-165,146		Garage Attendant	
-2	-2.00		\$-78,770		Vehicle Services Technician Heavy	Change position titles.
2	2.00		\$78,770		Vehicle Evaluator	
-1	-1.00		\$-28,928		Office Assistant II	
1	1.00		\$28,928		Vehicle Service Writer	
4					Field Service Mechanic (Aux.)	Increase Auxiliary position.
	0.60	-1.70			FTE Adjustment	
					Fleet Operations	
-1	-1.00		\$-56,825		Equipment Operations Supervisor I	Eliminate positions.
-1	-1.00		\$-36,018		Clerk Dispatcher II	
-1	-1.00		\$-35,385		Garage Custodian	
-4					Field Service Mechanic (Aux.)	Eliminate un-used Auxiliary positions.
-50					Truck Driver (Winter Relief)	
-9					Equipment Operator (Winter Relief)	
-2					Equipment Operator Supervisor (Winter Relief)	
	-2.47		\$-126,000		Tractor Bulldozer Endloader or Grad Operator	Limit brush collection to 4 cubic yards.
		-0.50			FTE Adjustment	
					Facilities Development and Maintenance	
-2	-2.00		\$-91,784		Building Services Supervisor	Reduce Building Supervisory staff.
1	1.00		\$47,330		Area Maintenance Supervisor	
1	1.00		\$33,723		Custodial Worker III	Increase Custodial Worker III position.
-5	-5.00		\$-162,020		Custodial Worker II/City Laborer	Reduce Facility Maintenance staff.

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-3	-1.50	-1.50	\$-76,628	\$-76,628	Electrical Mechanic	Reduce Facility Maintenance staff.
-1	-0.50	-0.50	\$-23,941	\$-23,941	Carpenter	
-1	-0.30	-0.70	\$-13,563	\$-31,647	Painter	
-1	-1.00		\$-34,580		Bridge Laborer I	
-2					Mechanical Maintenance Supervisor (Aux.)	Eliminate unused Auxiliary positions.
-1					Heating and Ventilating Mechanic III (Aux.)	
-3					Heating and Ventilating Mechanic II (Aux.)	
-1					Equipment Mechanic I (Aux.)	
-1					Carpenter Supervisor (Aux.)	
-1					Painter Leadworker House (Aux.)	
-2					Painter (Aux.)	
-1					Cement Finisher (Aux.)	
-1					Bricklayer Buildings (Aux.)	
-1	-0.25	-0.75	\$-25,596	\$-76,787	Facilities Design and Construction Manager	Reduce Facility Design Management positions.
1	1.00		\$64,567		Architect IV	Change position titles.
-1	-1.00		\$-64,567		Architect III	
-1	-1.00		\$-64,567		Mechanical Engineer III	
1	1.00		\$64,567		Methods and Standards Engineer	
-1		-1.00		\$-56,846	Engineering Technician V	Reduce Recreational Facility Design staff.
	1.00	-1.00	\$47,882	\$-47,882	FTE Correction	Correct for reduced charges to capital accounts.
-3	-3.00		\$-104,502		Sanitation Field Headquarters Coordinator	Eliminate one position and transfer two to DPW Administration Division.
	1.00		\$34,834		Union Representative Local 61	Funding for Union representative.

DEPARTMENT OF PUBLIC WORKS - OPERATIONS DIVISION

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-7	-7.00		\$-237,572		Sanitation Worker	Change in bulky garbage collection.
-6	-6.00		\$-596,772		Operations Driver Worker	
-250					Emergency City Laborer (Aux.)	Eliminate unused Auxiliary positions.
-12					Sanitation Crew Leader (Snow)	
40					Operations Driver Worker (Relief)	
-12					Sanitation Supervisor (Winter Relief)	
4					Office Assistant IV (Aux.)	
6					Sanitation Inspector (Aux.)	
	-44.08	1.00			FTE Correction for Overtime and Recycling	
		5.00	\$150,000		Various Positions	Increase grant funding for new Project Clean and Green.
					Forestry	
-1	-1.10		\$41,250		Urban Forestry Specialist	Reduce boulevard annual flower bed square footage by 15%.
-6	-4.35		\$-76,154		Urban Forestry Laborer	
-1		-1.00		\$-41,250	Urban Forestry Specialist	Adjust to reflect capital funding for tree planting.
		1.72		\$70,950	FTE Correction	Adjust FTEs to reflect reimbursable charges.
-348	-86.95	-0.93	\$-1,715,775	\$-284,031	TOTAL	

SPECIAL PURPOSE ACCOUNTS

EXECUTIVE SUMMARY

PURPOSE: Special purpose accounts appropriate funds for purposes not included in departmental budgets. These accounts may include funding for short term programs, programs that affect numerous departments, or programs that warrant distinction from departmental budgets. Every year, the Common Council adopts a resolution that authorizes expenditure of funds from the various special purpose accounts by specific departments or by Common Council resolution.

Highlights of the 2005 Special Purpose Accounts (SPAs) include:

Discontinued Accounts

Actuarial Study of Employer Reserve Fund: This account was created in 2004 to provide \$50,000 for an actuarial study of the Employer Reserve Fund. The Employer Reserve Fund was established in 2001 to reserve contributions from the city for the purpose of offsetting future pension obligations. The actuarial study will assist in determining the level of funding provided for the Employer Reserve Fund in future years.

Fire and Police Discipline and Citizen Complaint: This account was created in 2002 to more clearly track Police Officer and Fire Fighter investigations and the subsequent legal fees paid for sworn personnel cleared of wrongdoing. In 2005, \$75,000 is included in the Damages and Claims Fund for this purpose.

New Accounts

Fire Department Study of Sworn Staff: This account provides \$50,000 in 2005 to prepare a study of the staffing levels, deployment, and utilization of the Fire Departments' approximately 1,100 sworn positions. This account is footnoted to require separate Common Council action to authorize expenditure of these funds.

Mentoring Program: In 2005, \$36,000 will be used to implement a new mentoring program for at-risk high school students in Milwaukee. This program will screen, train, and match Milwaukee residents with high school students so they may be provided with resources and guidance that will keep them in school and on course for graduation.

Pabst Theatre Debt Service: The Pabst Theater Board completed a \$9 million renovation of the Pabst Theater in 2002. This project was supported by a fundraising campaign that raised \$9 million. Of this amount, \$233,683 in pledges has not been collected. The city is obligated to fund the outstanding project costs as a budget expense. The \$213,000 included in this new account in the 2005 budget reflects project costs to be recovered from pledges collected in 2005.

Other Significant Changes

Contribution Fund: This account provides expenditure authority for contributions received during the year per City Ordinance 304-24. When a contribution is received, spending authority is transferred from this account to the respective departmental budget for which the contribution was received. Funding for this account in the 2005 budget is \$1.5 million, reflecting a \$550,000 increase in anticipated contributions.

Damages and Claims Fund: This account provides funding for the payment of city legal obligations including payment of claims, settlements of lawsuits, and payment of judgments. In 2004, the city made its final payment for a settlement with the Milwaukee Brotherhood of Fire Fighters. The account is reduced by \$600,000 in 2005 to reflect the conclusion of this settlement.

Neighborhood Clean and Green Initiative: In 2005, the city will coordinate several of its cleanup activities with a new initiative entitled “Project Clean and Green”, which combines city cleaning efforts with community partnership, environmental education, and a greening component that involves planting of flowers, plants, and trees. This account, which was formerly called “Neighborhood Cleanup Initiative”, is re-named “Neighborhood Clean and Green Initiative” in 2005 to reflect this coordination.

Reserve for 27th Payroll: Every 11 years the city has a 27th employee pay period. The purpose of this account is to amortize the cost of the 27th payroll over an 11 year period in contrast to the normal 26 pay periods each year. The 2005 budget includes \$1,800,000 in this account based on the calculation of 27th payroll needs in light of recent salary settlements and previous expenditures.

Unemployment Compensation Fund: This account pays the city’s portion of unemployment compensation benefit payments to city employees that are separated from city service. In 2004, expenditures for this purpose were projected to be several hundred thousand dollars below budget. In 2005, this account is decreased by \$400,000 to reflect this experience.

SPECIAL PURPOSE ACCOUNT WORKER'S COMPENSATION

SUMMARY OF EXPENDITURES

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Worker's Compensation	\$8,868,278	\$7,705,000	\$8,850,000	\$1,145,000
Required Employer Law Compliance Expenses	56,411	73,590	60,000	-13,590
TOTAL	\$8,924,689	\$7,778,590	\$8,910,000	\$1,131,410

The Worker's Compensation Special Purpose Account, administered by the Employee Benefits Division of the Department of Employee Relations, consists of two sub-accounts. One sub-account compensates city employees who incur job related injuries. Recovery of payments from third parties helps to offset part of these worker's compensation claims. A second sub-account, Required Employer Law Compliance Expenses, covers expenses incurred as a result of exposure to bloodborne pathogens in the workplace, as mandated by the bloodborne pathogen law.

The 2005 budget for the worker's compensation expenses sub-account totals approximately \$8.9 million, an increase of \$1.1 million from the 2004 budget. This appropriation is based upon previous full year and year-to-date experience and reflects increases in health care costs.

SPECIAL PURPOSE ACCOUNT EMPLOYEE HEALTH CARE BENEFITS

SUMMARY OF EXPENDITURES

EXPENSE CATEGORY	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Claims	\$25,243,939	\$24,500,000	\$30,800,000	\$6,300,000
Health Maintenance Organizations	47,841,061	51,400,000	60,000,000	8,600,000
Dental Insurance	2,365,312	2,475,000	2,400,000	-75,000
Administrative Expense	1,161,879	1,226,100	1,226,100	0
Cost Containment	319,716	300,000	300,000	0
TOTAL	\$76,931,907	\$79,901,100	\$94,726,100	\$14,825,000

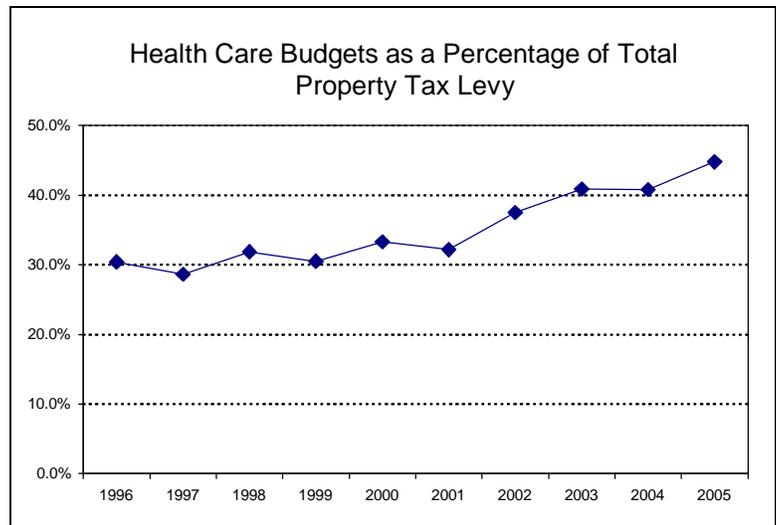
This special purpose account covers employee health care costs for the self-insured Health Care Program (the "Basic" Plan), Health Maintenance Organizations (HMO's), dental insurance, administrative expenses, and cost containment measures. The Department of Employee Relations manages the account.

The 2005 employee health care budget is approximately \$94.7 million, an increase of 18.5% from 2004. Of this increase, 4.6% was to account for some 2006 health care charges for health services received in 2005. The remaining increase was due to rate changes and expected utilization.

HMO costs are paid on a per member basis, with rates set through annual contracts. Actual utilization and prices drive the expenses for the Basic Plan. In 2005, HMO contract costs rose approximately 18%. In contrast, the Basic Plan costs have been stabilizing in 2003 and 2004. Cost increases in the Basic Plan will be 11% for 2005.

Health care costs place tremendous pressure on the city's tax levy. To illustrate, the percentage of the city's property tax levy that funds health care has increased from 30.4% to 44.8% from 1996 to 2005 as shown in Figure 1. This reduces the resources available for city services.

Figure 1



2005 Rates: HMO rates for 2005 are set equally to all employees with a set city share and employee share. For the Basic Plan, the share paid by employees varies by the employee representation. Management employees who choose the Basic Plan will have a choice of three tiers with monthly payments that are the amount above 100% of the lowest HMO. Others will have one Basic Plan option with a fixed payment amount based on contract negotiations.

SPECIAL PURPOSE ACCOUNT BOARD OF ZONING APPEALS

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	3.12	3.00	3.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	11	11	11	0
EXPENDITURES				
Salaries and Wages	\$183,500	\$183,252	\$187,977	\$4,725
Fringe Benefits	16,462	41,775	42,346	571
Operating Expenditures	45,107	51,494	51,494	0
Equipment	0	0	0	0
Special Funds	0	0	0	0
TOTAL	\$245,069	\$276,521	\$281,817	\$5,296
REVENUES				
Licenses and Permits	\$169,305	\$169,600	\$190,800	\$21,200
TOTAL	\$169,305	\$169,600	\$190,800	\$21,200

BACKGROUND

The Board of Zoning Appeals (BOZA) is composed of five members appointed by the Mayor and confirmed by the Common Council. The board hears and decides on appeals of rulings on city zoning ordinances.

Program 1

Zoning Appeals		2003	2004	2005
Activities:	Board action on appeals, BOZA hearings, appeals processing and inquiries on appeals.	Experience	Budget	Projection
Program Outcome:	Routine Appeals	5.9	4 - 8	5
	Complex Appeals	17.4	10 - 14	12 - 24
Funding by Source:	Operating Funds	\$245,069	\$276,521	\$281,817
	Total:	\$245,069	\$276,521	\$281,817

PROGRAM RESULTS

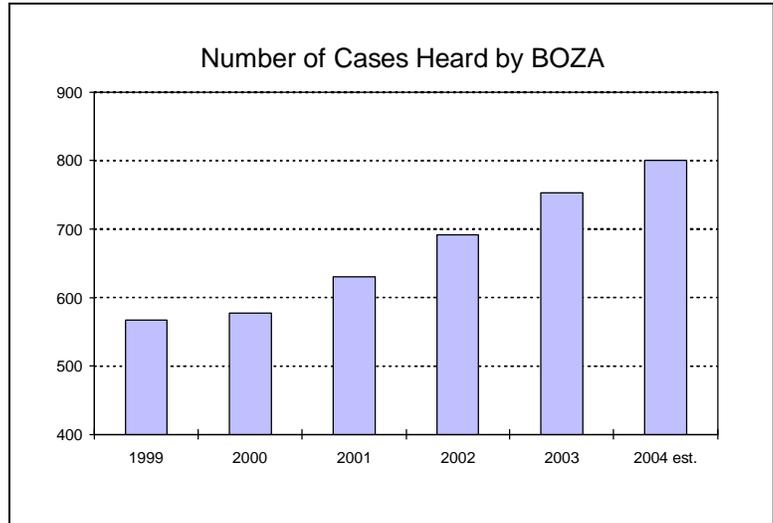
Before 1998, written decisions on BOZA cases took an average of 27 weeks between the customer's application and a final letter communicating the board's decision. The board now averages less than six weeks to issue a written decision on a routine appeal as a result of revisions to the ordinances governing the appeals process and continuing process improvement initiatives.

Ordinance revisions and process improvements have not only reduced the length of time necessary to receive a written decision, they have also increased the level of communication and coordination with customers and citizens. However, the time it takes to complete an appeal has increased, especially complex appeals. Much of this

increased time can be directly attributed to the significant increase in caseload (see Figure 1). The number of cases has increased almost 33% from 1999 to 2003, and the number of cases may exceed 800 in 2004. The board will analyze the impacts of federal and state laws, as well as the city's new zoning codes so that recommendations can be made to the Department of City Development and the Common Council for ordinance changes and simplification.

In 2005, BOZA will continue to improve communication with customers and citizens to reduce the waiting time for hearings. BOZA's goal for 2005 is to hear and decide routine appeals within 5 weeks and complex appeals within 12 to 24 weeks.

Figure 1



PROGRAM CHANGES

Efficiencies through Technology: BOZA has increased its efficiency by maximizing the new Master Customer Database. Utilizing this new database, BOZA now has the ability to quickly query property information for customers and officials and be able to link that information directly into spreadsheets and soon to mapping programs.

BOZA will also be taking advantage of the Development Center's new E-Permitting System, which will allow its fees to be paid online, in addition to being paid in person. This new cashiering module of the EPermitting System updates automatically and will inform BOZA when their fees have been paid, allowing for faster and smoother customer processing.

SPECIAL PURPOSE ACCOUNTS SUMMARY

LINE DESCRIPTION	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Special Purpose Accounts Miscellaneous				
Actuarial Study of Employers Reserve Fund	\$0	\$50,000	\$0	\$-50,000
AIDS Initiative	315,567	0	0	0
Alternative Transportation for City Employees	80,375	95,000	95,000	0
Annual Payment to DNR	7,034	7,100	7,100	0
Audit Fund	170,000	210,000	205,000	-5,000
Boards and Commissions Reimbursement Expense	23,180	20,000	24,000	4,000
Board of Ethics	17,301	24,101	25,100	999
BIDs				
BID #2 (Historic Third Ward) City Contribution	\$18,000	\$18,000	\$36,000	\$18,000
BID #4 (Greater Mitchell Street) City Contribution	25,000	25,000	25,000	0
BID #5 (Westown) City Contribution	18,000	18,000	18,000	0
BID #8 (Historic King Drive) City Contribution	21,000	21,000	21,000	0
BID #10 (Avenues West) City Contribution	12,000	12,000	12,000	0
BID #15 (RiverWalk) City Contribution	40,000	40,000	40,000	0
BID #21 (Downtown Management District) City Contribution	35,000	35,000	35,000	0
Total BIDs	\$169,000	\$169,000	\$187,000	\$18,000
Cable TV Franchise Regulation	\$6,930	\$20,000	\$20,000	\$0
Care of Prisoners Fund	224,514	200,000	230,000	30,000
City Attorney Collection Contract	1,416,365	1,250,000	1,250,000	0
Clerk of Court - Witness Fees Fund	10,842	17,000	15,000	-2,000
Constituent Service Referral System	6,936	0	0	0
Contribution Fund - General	0	950,000	1,500,000	550,000
Damages and Claims Fund	2,978,309	2,400,000	1,875,000	-525,000
E-Government Payment Systems	28,928	50,000	50,000	0
Economic Development Committee Fund	15,240	20,000	20,000	0
Employee Training Fund	32,437	50,000	50,000	0
Fire and Police Discipline and Citizen Complaint	29,891	75,000	0	-75,000
Fire Department Study of Sworn Staff	0	0	50,000	50,000
Firemen's Relief Fund	102,138	90,000	115,000	25,000
Flexible Spending Account	26,656	35,000	30,000	-5,000
Graffiti Abatement Fund	146,636	145,000	145,000	0
Group Life Insurance Premium	2,607,208	2,683,200	2,640,000	-43,200
Handgun Violence Media Campaign	3,169	0	0	0
Information and Technology Study	20,663	0	0	0
Insurance Fund	625,294	700,000	700,000	0
Long Term Disability Insurance	552,000	552,000	562,000	10,000
Low Interest Mortgage Loan Program	14,680	20,000	10,000	-10,000
Maintenance of Essential Utility Services	60,168	75,000	75,000	0
Memberships, City	138,232	143,370	146,720	3,350
Mentoring Program	0	0	36,000	36,000
Milwaukee Arts Board Projects	209,004	192,000	172,800	-19,200
Milwaukee Fourth of July Commission	119,743	130,000	130,000	0
Municipal Court Intervention Program	395,484	415,000	415,000	0
Neighborhood Clean and Green Initiative	69,972	69,000	70,000	1,000
Outside Council/Expert Witness Fund	256,314	225,000	225,000	0
Pabst Theater Board Fund	150,000	0	0	0
Pabst Theater Debt Service	0	0	213,000	213,000
Razing and Vacant Building Protection Fund	1,431,055	1,450,000	1,450,000	0
Receivership Fund	375,840	300,000	300,000	0
Reimbursable Services Advance Fund	0	50,000,001	50,000,001	0
Less Recover Reimbursable Services Advance Fund	0	-50,000,000	-50,000,000	0
Remission of Taxes Fund	2,979,356	500,000	500,000	0
Reserve for 27th Payroll	16,091	1,900,000	1,800,000	-100,000

SPECIAL PURPOSE ACCOUNTS SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Retirees Benefit Adjustment Fund	362,540	415,200	335,000	-80,200
Sewer Maintenance Fee	104,982	115,500	120,000	4,500
MMSD User Charge	0	31,302,733	33,425,636	2,122,903
Less Recover - MMSD User Charge	0	-31,302,732	-33,425,635	-2,122,903
Snow and Ice Control Fee City Portion	18,058	0	0	0
Tuition Reimbursement Fund	703,383	760,000	720,000	-40,000
Unemployment Compensation Fund	1,246,273	1,200,000	800,000	-400,000
Wages Supplement Fund	0	19,329,228	19,300,000	-29,228
Total Miscellaneous SPAs	<u>\$18,267,788</u>	<u>\$37,051,701</u>	<u>\$36,613,722</u>	<u>\$-437,979</u>
Board of Zoning Appeals	\$245,069	\$276,521	\$281,817	\$5,296
Workers' Compensation Fund	8,924,689	7,778,590	8,910,000	1,131,410
Employee Health Care Benefits				
Claims	\$25,243,939	\$24,500,000	\$30,800,000	\$6,300,000
HMO	47,841,061	51,400,000	60,000,000	8,600,000
Dental Insurance	2,365,312	2,475,000	2,400,000	-75,000
Administration Expenses	1,161,879	1,226,100	1,226,100	0
Cost Containment Program	319,716	300,000	300,000	0
Employee Health Care Subtotal	<u>\$76,931,907</u>	<u>\$79,901,100</u>	<u>\$94,726,100</u>	<u>\$14,825,000</u>
GRAND TOTAL	<u>\$104,369,453</u>	<u>\$125,007,912</u>	<u>\$140,531,639</u>	<u>\$15,523,727</u>

CITY TREASURER

EXECUTIVE SUMMARY

- MISSION:** To fulfill the duties and responsibilities of the independently, citywide elected City Treasurer, who serves as the chief investment and revenue collection officer of the City of Milwaukee, as set forth in Wisconsin State Statutes, the City of Milwaukee Charter and Code of Ordinances, and Common Council Resolutions.
- PROGRAMS:** Financial management, including investing city funds and collecting city revenue.
- INITIATIVES FOR 2005:** Maintain high quality standards in providing tax collection services to city residents and in the accounting and investment of city funds.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	32.43	31.90	30.98	-0.92
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	61	60	60	0
EXPENDITURES				
Salaries and Wages	\$1,511,744	\$1,497,280	\$1,505,265	\$7,985
Fringe Benefits	533,642	553,995	541,895	-12,100
Operating Expenditures	879,448	783,590	635,625	-147,965
Equipment	780	0	0	0
Special Funds	23,211	82,030	25,110	-56,920
TOTAL	\$2,948,825	\$2,916,895	\$2,707,895	\$-209,000
REVENUES				
Charges for Services	\$138,966	\$103,650	\$133,840	\$30,190
Licenses and Permits	137,409	31,300	128,700	97,400
Taxes and Payment in Lieu of Taxes	60,173	3,500	5,200	1,700
Miscellaneous	1,929,742	1,875,000	2,625,000	750,000
TOTAL	\$2,266,290	\$2,013,450	\$2,892,740	\$879,290

BACKGROUND

The City Treasurer is one of 19 elected officials within Milwaukee's municipal government. Under authority provided by Wisconsin State Statutes and the Milwaukee City Charter, the Office of the City Treasurer receives and accounts for all monies paid to the city, makes disbursements vouchered for payment by the Comptroller, invests city funds that are not needed to meet current expenditures, collects current property taxes and delinquencies for all six tax levies within the City of Milwaukee, settles property tax collections on a pro-rata basis, and remits to each taxing jurisdiction their share of the monies collected.

One of the most important functions performed by the Treasurer's Office is the investment of city funds that are not needed immediately to meet current expenditures, i.e. property taxes and lump sum revenue payments such as state shared revenue. In making investment decisions, the Treasurer's Office considers the safety, liquidity, and rate of return of various investment instruments. The City Treasurer's 2005 operating and capital budgets total approximately \$2.9 million.

Program 1

City Financial Management			
Activities:	Receive and account for all monies paid to the city, make disbursements that have been vouchered for payment by the City Comptroller, invest city funds not needed immediately to meet current expenditures, and collect property taxes and delinquent taxes for all six levies within the city.		
	2003 Experience	2004 Budget	2005 Projection
Program Outcome:			
Rate of return on investments.	1.225%	1.250%	1.750%
State of Wisconsin Local Government Investment Pool (LGIP) rate of return (benchmark).	1.135%	TBD	TBD
Cost of tax collection as a percentage of total taxes collected.	0.3718%	0.3308%	0.3292%
Total percentage of delinquent city property taxes collected after two years of the close of the levy.	93.21%	85.00%	85.00%
Funding by Source:			
Operating Funds	\$2,948,825	\$2,916,895	\$2,707,895
Capital Budget	0	0	232,160
Total:	\$2,948,825	\$2,916,895	\$2,940,055

PROGRAM RESULTS

The City Treasurer is responsible for investing available city fund balances. These balances consist of tax dollars collected and revenues received, including state shared revenue and aid payments, as well as various fines and fees. Since the city's cash flow requirements do not always equal the current fund balance, the city invests any funds that are not needed immediately into low-risk investments. In turn, earnings from these investments are used to reduce the tax levy.

The primary goal of the Treasurer is to maximize the city's rate of return, while ensuring the safety of invested funds. The rate of return is a critical component in determining the amount of investment earnings. Due to market conditions, the Treasurer has obtained rates of return ranging between 1.23% and 6.26% during the period of 2000 to 2003. As shown in Figure 1, this has translated into city General Fund investment revenue of \$1.94 million in 2003, a decrease of \$1.01 million from the previous year. In 2005, the total city investment revenue is projected to be \$3.9 million with \$2.6 million being credited to the General Fund and \$1.3 million to the Public Debt Amortization Fund.

The City Treasurer is responsible for the collection of property taxes, including delinquent taxes for all six levies within the city. As seen in Figure 2, the Treasurer has been successful at collecting almost 100% of the total city levy

Figure 1

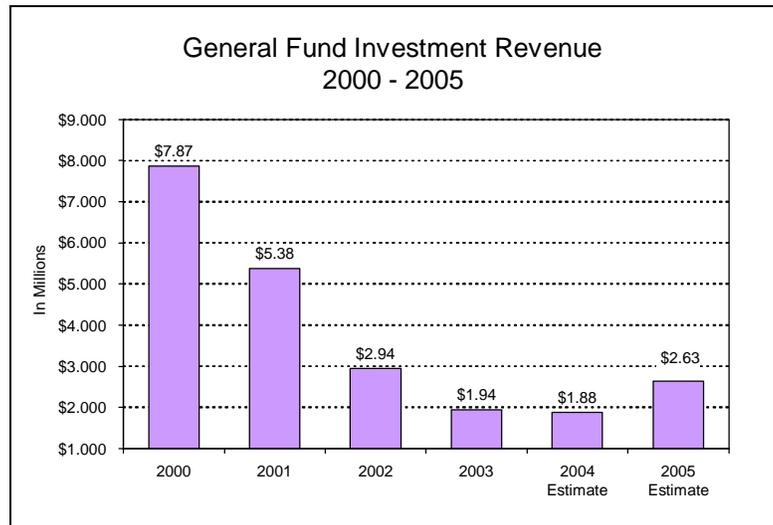
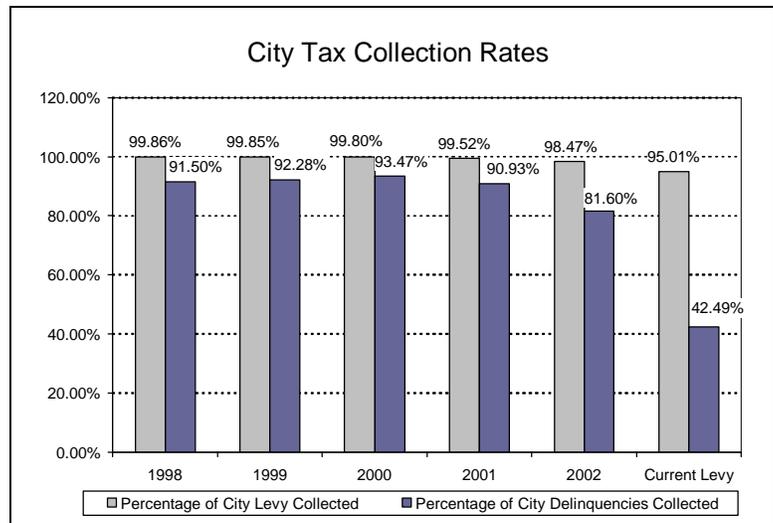


Figure 2



and over 90% of the resulting delinquent accounts. The Treasurer’s Office strives to collect all delinquent property tax accounts. One of the ways that the department has succeeded in its collection efforts is by having the city’s collection agent, the Kohn Law Firm, attempt to collect delinquent real estate property taxes for the period of six months prior to the city taking legal action. An additional benefit of this approach should be a reduction in the number of foreclosure actions against tax delinquent parcels, reducing the city’s property management costs.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
	-0.92				Various Positions	Reduction in temporary staffing.
	-0.92				TOTAL	

FRINGE BENEFIT OFFSET

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Fringe Benefit Offset	\$-98,739,662	\$-98,974,152	\$-95,670,728	\$3,303,424
TOTAL	\$-98,739,662	\$-98,974,152	\$-95,670,728	\$3,303,424

Employee fringe benefit costs are appropriated in various special purpose accounts. In addition, department operating budgets include an estimated employee fringe benefit factor in order to reflect the total cost of department operations. In prior years this second appropriation, or “double” budget, was offset by a “paper” revenue to avoid levying twice for employee benefits. The 2005 budget offsets this “double” budget with a budget offset, as opposed to a revenue offset. This approach avoids overstating the total city budget by the fringe benefit factor, which in 2005 amounts to approximately \$95.7 million.

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

EXECUTIVE SUMMARY

MISSION: To determine the amount of resources needed to support city services and to evaluate the most appropriate revenue stream for recovering costs, including general government revenue, user fees, and local taxes.

PROGRAMS: In an ever competitive economy, local tax policy can be an important factor in decisions concerning residential and business investment. For Milwaukee to grow and prosper, local tax policies should not impede the expansion of the local economy.

Structural changes in the economy, originating well beyond the city's borders are impacting Milwaukee's fiscal environment. These changes have influenced, among other things, job trends in the city, tax base growth, and income trends. It is expected that structural change in the broader macro-economy will continue to influence fiscal conditions in Milwaukee well into the future.

INITIATIVES FOR 2005: Limit the tax burden on local property owners by further diversifying the city's revenue base.

Prepare a multi-year fiscal stability plan to guide fiscal policy in upcoming years.

Implement a Fair Share Payment in Lieu of Tax Program to recover city business costs from tax exempt institutions.

BACKGROUND

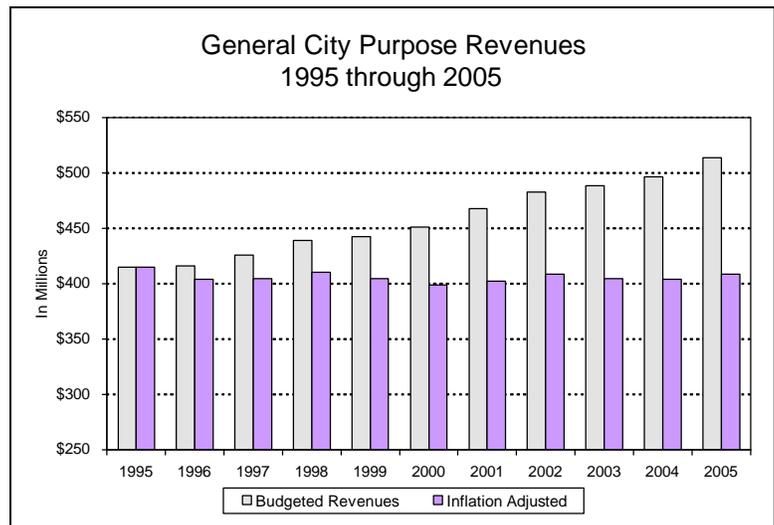
State law requires the city to balance its annually budgeted expenditures with its anticipated revenues. Each year, the Comptroller's Office works with departments to develop revenue estimates for the upcoming budget year. Once these estimates are finalized, the city determines the needed property tax levy and reserve fund withdrawals to offset budgeted expenditures. In 2005, the city anticipates it will generate approximately \$513.4 million in revenue for general city purposes.

Overall, general city purpose revenues have increased since 1995 but have grown at a rate less than inflation (see Figure 1). As a result, revenues have decreased in "real" or inflation adjusted terms. At the same time, city costs for salaries, equipment, and supplies continue to rise in response to the effects of inflation.

The combined impact of these two trends is that the city's buying power with these revenues has actually declined.

There are a variety of sources of funds for the general city purposes budget. These revenues are all deposited into the city's General Fund and used to support the expenditures from general city purpose budgets. Figure 2 illustrates the distribution of the different revenue categories in the 1995 budget and the 2005 budget. A noticeable shift in the proportion of different revenue sources is evident over the time period.

Figure 1



State shared revenue, an intergovernmental aid program, is the single largest city revenue source. Shared revenue is projected to be \$230.6 million in 2005. As shown in Figure 2, the city was much more reliant on intergovernmental aid in 1995 when it accounted for nearly 64% of total revenues versus 53% in 2005.

Over the same time period, the city's reliance on property taxes increased from 10.6% to 18.3% although it only slightly increased in terms of real dollars. As the levy remains stable and intergovernmental revenues decline, the tax levy accounts for an increasing share of revenues for general city purposes. In 2005, the city continues to strive to hold the line on property taxes instead of increasing them to offset the loss of state shared revenue (see Figure 3).

The 2005 property tax levy of \$93.8 million is the second largest source of revenue for general city purposes. The total property tax levy for all city purposes is approximately \$203 million, an increase of \$4 million from 2004. This total tax levy increase is indicative of the Mayor and the Common Council's commitment to freeze property taxes according to a property tax freeze plan proposed by Republican State Legislators in 2003.

Intergovernmental revenues and the property tax levy account for 71.4% of revenue for general city purposes. The combination of stress on these primary revenue sources and costs that are increasing faster than the rate of inflation creates a challenging budgeting atmosphere for city officials. Recently, annual budgets have included numerous minor service reductions and efficiency initiatives to streamline city business processes. In recent years, these marginal reductions have become more and more difficult to find, leaving the city with two frustrating options: make significant service reductions or find alternative revenue sources.

Figure 4 illustrates the increased city reliance on user based fees in the past several years, from \$19.4 million in 1995 to \$60.1 million in 2005. This trend is also evident in Figure 2, where Charges for Service revenues increased from 4.3% of revenues to 11.7% in the same time period. Fees for Solid Waste, Snow and Ice, and Sewer Maintenance are now charged to city property owners according to usage, instead of through the tax levy.

This move toward revenue diversification lessens the impact of large reductions that are out of the city's control. While not always popular, this policy has strengthened the city's fiscal health by reducing the impact of decisions by the state legislature to reduce shared revenue payments to Milwaukee. It also expands the city's base of revenue generation to tax exempt institutions, which occupy one-third of city properties and would not otherwise contribute to the cost of city services. The following discussion provides more specific detail on the different categories of general purpose revenues.

Figure 2

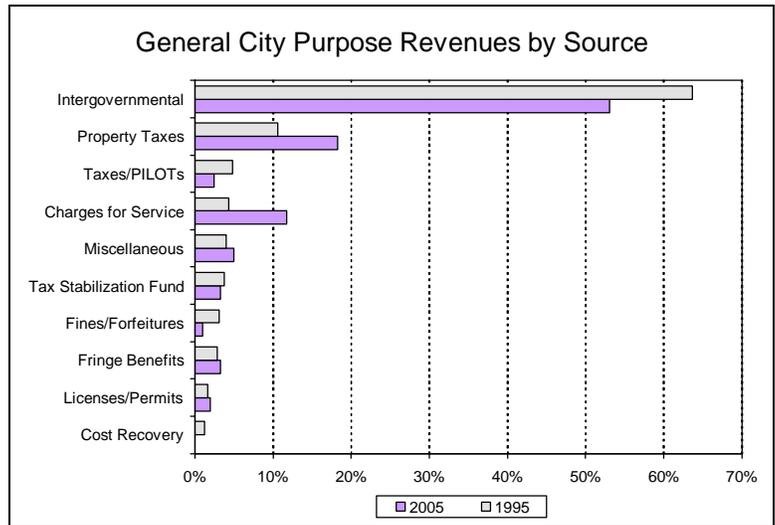
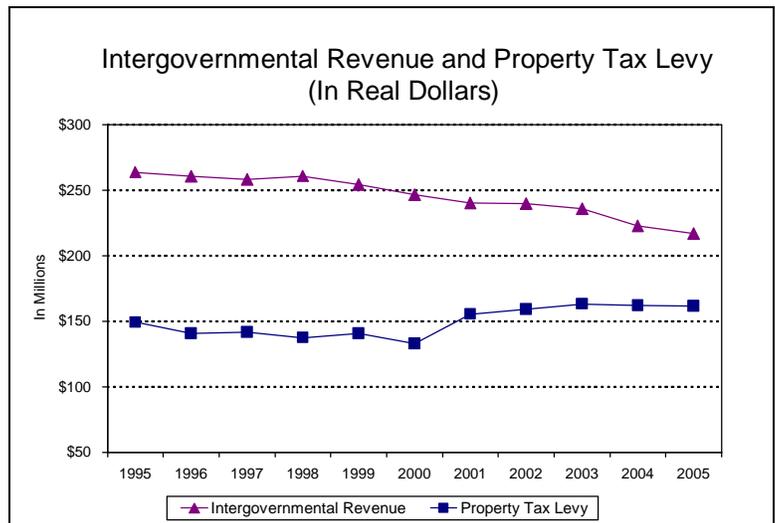


Figure 3



Intergovernmental Revenue: These revenues include funding received from other governmental jurisdictions, state and federal aid formulas, grants, and other program specific government aids.

In the 2005 budget, intergovernmental revenues total \$272.5 million. In 2005, the city anticipates General Transportation Aid will decline by more than \$1.5 million due to reductions to city expenditures that are included in the aid formula.

The 2003-2005 State Budget decreased funding for state shared revenue and the Expenditure Restraint Program by more than \$10 million in 2004 and 2005. Milwaukee receives a sizeable payment since it has proportionally lower levels of wealth compared to other cities in the state. The program is intended to equalize the ability of local governments across the state to provide public services. Unfortunately, the equalizing effects of the program are currently frozen while state policymakers review the future of the appropriation.

Property Taxes: The property tax levy will provide \$93.8 million in revenue for the general city purposes budget in 2005. This represents an increase of \$8.7 million from 2004, but is partially offset by decreases in the tax levy for capital improvements, debt service, and employee retirement. The total city tax levy increased from \$199 million in 2004 to \$203 million in 2005 or a \$4 million increase. The entire increase is related to new construction growth and adheres to the Mayor's pledge to freeze taxes according to a plan sponsored by Republican State Legislators.

Taxes and Payments in Lieu of Taxes: The 2005 budget includes an estimated \$12.6 million in revenue attributable to taxes and Payments in Lieu of Taxes (PILOTs), an increase of \$0.6 million from 2004. These funds include revenues raised by non-property tax levies; occupation taxes; trailer park taxes; principal, interest, and penalties on delinquent taxes; property tax adjustments; and payments from property tax exempt governmental entities for city services.

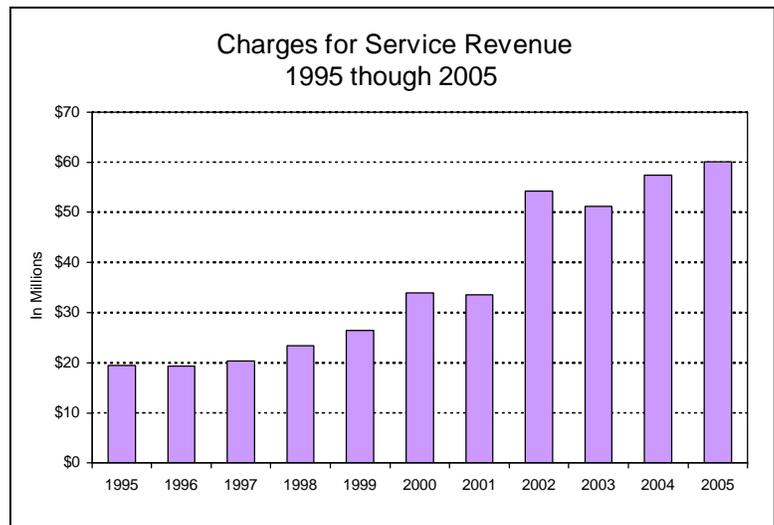
In 2005, the city will implement a Fair Share PILOT Program, intended to recover the costs of doing city business from tax exempt properties. No revenues are included in the 2005 source of funds for general city purposes, since it is difficult to project how much could be generated. However, any revenue that is received from this new program will be used toward future property tax relief.

Charges for Services: The 2005 budget includes \$60.1 million in revenue from charges for services, an increase of \$2.7 million. This category of funding encompasses revenue received for services provided by city operating departments. Charges for services revenue has steadily increased since 1995 (see Figure 4).

No changes are planned to any of the city's user fees in 2005. The Solid Waste Fee is maintained at \$75 per unit and will generate approximately \$14 million. The Snow and Ice Control Fee is also maintained at its current rate of \$0.2736 per foot of property frontage and will generate \$2.4 million. Leaf pickup and street sweeping costs will continue to be recovered through the Sewer Maintenance Fee in the form of \$4.2 million transfer from the Sewer Fund to the Department of Public Works.

The Assessor's Office has proposed a new service charge for appraisal services. This service charge would be charged for new construction and building additions/remodeling where an appraiser from the Assessor's Office is required to make an inspection of the property. Initial review of the proposal indicates that approximately \$550,000 could be generated by implementing this service charge.

Figure 4



Miscellaneous Revenues: Miscellaneous revenues includes the transfer from the Parking Fund, interest on investments, funds from the sale of surplus property, real estate property sales, several spending offset accounts, and other revenues not included in any other category. For 2005, these revenues are expected to total \$25.6 million.

The increase is primarily due to a higher Parking Fund transfer. Greater than anticipated revenues in 2003 and 2004 account for this \$3.2 million increase. The sustainability of this transfer amount will depend upon future Parking Fund revenue generation. Other increases include an increased transfer from the Port of Milwaukee due to a higher Summerfest lease payment for 2005, and new revenue related to donations contributed by the Friends of the Pabst Theater toward paying city revenue bonds incurred when the theater was renovated.

Two-thirds of the interest on the city's unrestricted investments is counted as general city purpose revenue (one-third accrues to the Public Debt Amortization Fund). For 2005, a 1.75% rate of return on unrestricted investments of approximately \$225 million is assumed. This translates into \$2.6 million in general city purpose revenue (two-thirds of the \$3.9 million in estimated interest earnings) an increase of \$750,000 from 2004.

Fines and Forfeitures: Revenue of \$5.2 million related to fines and forfeitures is included in the 2005 budget. Fines and forfeitures include payments received from individuals as penalties for violating municipal laws. The revenue in this account reflects collections made by Municipal Court. An increase of \$428,300 is primarily related to the recent history of Tax Return Intercept Program collections. This program allows the court to receive payments from individuals through a reduction to their income tax returns by the amount owed to the city.

Licenses and Permits: Revenue from licenses and permits in 2005 is estimated at \$10.2 million, an increase of \$200,000 from 2004. These funds include charges administered by various departments for legal permission to engage in a business, occupation, or other regulated activity. There are no major changes for licenses and permits in 2005.

Fringe Benefit Offset: The fringe benefit costs associated with reimbursables, grants, Enterprise Funds, and capital activity are gross budgeted in the General Fund. These other funds make a payroll payment to the General Fund to offset the cost of their General Fund budgeted fringe benefit, which is anticipated to be more than \$16.7 million in 2005.

Cost Recovery: Cost Recovery Funds do not represent actual revenue to the city. They offset Tax Levy Funds included in departmental equipment rental accounts to pay the depreciation portion of internal service agency charges.

Tax Stabilization Fund (TSF): The Tax Stabilization Fund is used to accumulate unexpended appropriations and revenue surpluses. It assists in stabilizing the city's tax rate and protects citizens from tax rate fluctuations that can result from erratic variations in non-property tax revenues. Approximately \$19 million lapsed into the fund at the end of 2003. This regeneration was one of the highest in recent history and is primarily due to savings generated by the 2003 Budget Adjustment Plan and high levels of unanticipated revenues.

The balance in the fund (as of April 15, 2004) totals \$34.3 million. After the 2005 withdrawal, \$17.7 million will remain in the TSF in 2005. Combined with anticipated regeneration of \$13 million at the end of 2004, the TSF should end 2005 with a fund balance of at least \$30.7 million. The 2005 withdrawal of \$16.6 million represents 48.4% of the available fund balance and a decrease of \$249,000 from 2004.

The TSF policy adopted with the 2002 budget, suggested the city maintain a fund balance of 5% of the three year average General Fund expenditures. The 2005 TSF withdrawal adheres to this guideline. If the fund balance falls below that level, withdrawals for tax purposes will be limited to prior year fund regeneration.

Fiscal Stability Plan: One of the city's top 2005 priorities is to work toward securing the city's financial future. The current atmosphere of fiscal stress experienced by the city is projected to continue in coming years. For this reason, the Budget and Management Division will develop a multi-year fiscal stability plan to guide future policy decisions.

The plan will identify operating and capital revenue sources. The plan will also establish expenditure priorities that can be funded within the revenue sources. This process will involve elected officials, institutional stakeholders, and the general public.

2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2002 ACTUAL EXPENDITURE	2003 ACTUAL EXPENDITURE	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
TAXES AND PAYMENTS IN LIEU OF TAXES					
Housing Authority	\$903,288	\$921,633	\$890,000	\$855,000	\$-35,000
Parking	1,220,782	1,159,089	1,150,000	1,203,000	53,000
Water Services Division	7,974,459	7,723,956	8,050,000	8,441,000	391,000
Trailer Park Taxes	141,854	140,165	120,000	120,000	0
Occupational Taxes	3,615	60,173	3,500	5,200	1,700
Payment in Lieu of Taxes Other	336,756	300,156	280,000	255,000	-25,000
Interest/Penalties on Taxes	1,099,768	1,167,107	1,260,000	1,480,000	220,000
TID Excess Revenue	0	1,458,626	0	0	0
Other Taxes	459,250	269,713	200,000	200,000	0
TOTAL TAXES	\$12,139,772	\$13,200,618	\$11,953,500	\$12,559,200	\$605,700
LICENSES AND PERMITS					
LICENSES					
Amusement Dance/Music	\$586,146	\$778,498	\$745,000	\$745,000	\$0
Bicycle	293	0	0	0	0
Dog and Cat	126,410	137,409	31,300	128,700	97,400
Food Health Department	1,374,755	1,476,437	1,350,400	1,400,250	49,850
Health Department Non-Food	37,568	29,395	22,000	27,100	5,100
Liquor and Malt	997,343	920,072	980,000	913,000	-67,000
Scales	206,328	199,165	206,800	177,200	-29,600
Miscellaneous City Clerk	0	14,355	4,000	19,400	15,400
Miscellaneous Department of Neighborhood Services	302,177	306,815	304,900	274,200	-30,700
Miscellaneous DPW Administration	15,278	8,637	13,000	8,000	-5,000
PERMITS					
Board of Zoning Appeals	\$127,662	\$169,305	\$169,600	\$190,800	\$21,200
Zoning Change Fees	110,221	46,743	63,000	33,000	-30,000
Building	2,240,448	2,190,523	2,039,500	2,153,000	113,500
Building Code Compliance	213,300	136,575	140,000	140,000	0
Curb Space Special Privilege	84,534	26,135	80,000	2,800	-77,200
Electrical	719,384	710,863	695,000	695,000	0
Elevator	148,100	147,880	120,000	120,000	0
Occupancy	360,962	257,074	275,000	257,000	-18,000
Plumbing	679,139	643,271	717,000	700,000	-17,000
Miscellaneous Department of Neighborhood Services	25,988	32,654	36,800	37,000	200
Sign and Billboard	43,740	168,595	71,000	107,000	36,000
Special Events	180,794	218,315	175,000	170,000	-5,000
Miscellaneous Department of Public Works	273,369	314,085	239,300	265,000	25,700
Special Privilege Miscellaneous City Clerk	13,312	9,360	13,700	7,100	-6,600
Special Privilege Miscellaneous Neighborhood Services	359,661	300,619	200,000	250,000	50,000
Sprinkler Inspection	88,538	77,143	50,000	65,000	15,000
Use of Streets Excavating	802,519	867,548	704,500	795,000	90,500
Plan Exam Department of City Development	696,110	695,873	578,500	550,000	-28,500
TOTAL LICENSES AND PERMITS	\$10,814,079	\$10,883,344	\$10,025,300	\$10,230,550	\$205,250

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2002 ACTUAL EXPENDITURE	2003 ACTUAL EXPENDITURE	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
INTERGOVERNMENTAL REVENUE					
Fire Insurance Premium	\$675,812	\$798,880	\$750,000	\$900,000	\$150,000
Local Street Aids	26,785,538	26,754,744	26,550,000	25,000,000	-1,550,000
Payment for Municipal Services	2,396,129	2,684,856	2,550,000	2,550,000	0
State Payments Police	675,960	627,627	516,000	611,100	95,100
State Shared Revenue (General)	238,181,655	240,375,416	230,750,000	230,650,000	-100,000
Other State Payments	7,034	195,090	7,000	7,000	0
Expenditure Restraint Aid	10,048,320	9,455,121	9,625,000	9,550,000	-75,000
Computer Exemption Aid	4,297,248	3,673,188	2,800,000	3,276,000	476,000
TOTAL INTERGOVERNMENTAL REVENUES	\$283,067,696	\$284,564,922	\$273,548,000	\$272,544,100	-\$1,003,900
CHARGES FOR SERVICES					
GENERAL GOVERNMENT					
City Attorney	\$942,722	\$876,047	\$373,300	\$721,600	\$348,300
Department of Employee Relations	307,854	211,524	205,000	200,000	-5,000
City Treasurer	144,537	138,966	103,650	133,840	30,190
Common Council City Clerk	3,532,827	3,726,271	3,514,200	3,624,365	110,165
Comptroller	390,909	182,705	213,000	180,000	-33,000
BID Assessment	3,759,790	0	0	0	0
Deferred Compensation	813,547	0	0	0	0
Election Commission	13,267	59,093	13,000	8,000	-5,000
Municipal Court	1,619,894	1,858,238	1,253,100	1,362,800	109,700
Public Debt Commission	178,016	185,745	190,000	1,000,000	810,000
Assessor	31,154	1,310	2,000	552,000	550,000
Department of City Development	420,284	510,854	383,700	467,200	83,500
Department of Administration	85,003	80,858	64,550	80,700	16,150
MPS Service Charges	3,406,214	3,501,588	3,557,600	3,639,438	81,838
Fire Department	1,633,325	1,556,430	6,093,304	5,710,000	-383,304
Police Department	319,958	307,188	241,500	250,213	8,713
Department of Neighborhood Services	3,675,475	4,000,579	3,038,700	3,537,164	498,464
Building Razing	1,104,230	1,150,379	1,090,000	1,090,000	0
Fire Prevention Inspections	1,261,356	1,239,384	1,075,000	1,100,000	25,000
Essential Services	87,755	94,594	70,000	75,000	5,000
DPW Operations Buildings and Fleet	4,618,055	3,830,739	3,756,700	1,976,500	-1,780,200
Department of Public Works Infrastructure Services	3,143,691	4,365,366	2,945,500	3,283,500	338,000
Department of Public Works Operations Forestry	370,530	348,606	225,000	340,000	115,000
Harbor Commission	3,453,522	3,453,522	3,422,909	3,557,378	134,469
Department of Public Works Administrative Services	1,350,342	1,729,620	826,500	1,236,500	410,000
Department of Public Works Operations Sanitation	1,021,896	938,881	540,000	631,000	91,000
Solid Waste Fee	14,097,921	14,126,784	13,875,000	14,000,000	125,000
Snow and Ice Control Fee	2,451,109	2,449,171	2,400,000	2,400,000	0
Street Sweeping and Leaf Control	3,845,000	4,086,101	4,200,000	4,200,000	0
Apartment Garbage Collection	833,600	901,136	800,000	800,000	0
Recycling Contract	0	0	0	1,400,000	1,400,000
Health Department	876,999	889,741	579,000	750,638	171,638
Public Library	441,802	498,023	451,400	472,100	20,700
County Federated System	1,865,781	1,868,364	1,873,000	1,300,000	-573,000
TOTAL CHARGES FOR SERVICES	\$62,098,365	\$59,167,807	\$57,376,613	\$60,079,936	\$2,703,323
FINES AND FORFEITURES					
Municipal Court	\$5,209,573	\$6,115,060	\$4,784,700	\$5,213,000	\$428,300
TOTAL FINES AND FORFEITURES	\$5,209,573	\$6,115,060	\$4,784,700	\$5,213,000	\$428,300
MISCELLANEOUS REVENUE					
Parking Fund Transfer	\$8,250,000	\$8,300,000	\$12,000,000	\$15,210,000	\$3,210,000
Interest on Temporary Investments	2,673,186	1,929,742	1,875,000	2,625,000	750,000
Contributions	624,332	874,992	950,000	1,500,000	550,000
Department of Administration Property Sales	271,880	277,004	133,500	174,500	41,000

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2002 ACTUAL EXPENDITURE	2003 ACTUAL EXPENDITURE	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Department of City Development Property Sales	87,202	641	50,000	0	-50,000
Department of Public Works Operations Rent	241,518	238,419	220,000	222,200	2,200
Comptroller Rent	151,333	144,380	136,000	141,200	5,200
Department of City Development Rent	537,683	327,600	365,000	315,000	-50,000
Other Miscellaneous	1,006,841	1,202,286	298,200	544,795	246,595
Flexible Spending	1,394	0	0	0	0
Potawatomi	3,673,670	3,659,401	3,380,000	3,380,000	0
LIMP Revenue	60,363	35,011	40,000	30,000	-10,000
Harbor Commission Transfer	960,000	960,000	960,000	1,200,000	240,000
Pabst Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>213,000</u>	<u>213,000</u>
TOTAL MISCELLANEOUS REVENUE	\$18,539,402	\$17,949,476	\$20,407,700	\$25,555,695	\$5,147,995
FRINGE BENEFITS					
Fringe Benefit Offset	<u>\$18,711,469</u>	<u>\$17,752,497</u>	<u>\$16,500,000</u>	<u>\$16,739,500</u>	<u>\$239,500</u>
TOTAL FRINGE BENEFITS	\$18,711,469	\$17,752,497	\$16,500,000	\$16,739,500	\$239,500
COST RECOVERY					
Sewer Maintenance	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>
TOTAL COST RECOVERY	\$10,000	\$10,000	\$10,000	\$10,000	\$0
TOTAL GENERAL FUND REVENUE	\$410,590,356	\$409,643,724	\$394,605,813	\$402,931,981	\$8,326,168
Amount to be Raised Pursuant to 18-02-6	\$85,364,442	\$94,034,381	\$102,025,728	\$110,460,022	\$8,434,294
Less:					
Tax Stabilization Fund Withdrawal (Sustainable)	\$11,000,000	\$9,300,000	\$16,870,000	\$16,621,000	\$-249,000
Property Tax Levy	<u>74,364,442</u>	<u>84,734,381</u>	<u>85,155,728</u>	<u>93,839,022</u>	<u>8,683,294</u>
TOTAL SOURCES OF FUNDS FOR GENERAL CITY PURPOSES	\$495,954,798	\$503,678,105	\$496,631,541	\$513,392,003	\$16,760,462

B. PROVISION FOR EMPLOYEES' RETIREMENT FUND

EXECUTIVE SUMMARY

PURPOSE: To provide the means by which the city can track and monitor retirement related expenditures and resources. Maintain the health of the retirement related funds in an era of increasing costs and variable earnings.

PROGRAM: Retirement system.

SUMMARY OF EXPENDITURES

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
BUDGETS				
Firemen's Pension Fund				
Employer's Pension Contribution	\$268,234	\$267,500	\$228,200	\$-39,300
Lump Sum Supplement Contribution	499,999	500,000	400,000	-100,000
SUBTOTAL	\$768,233	\$767,500	\$628,200	\$-139,300
Policemen's Pension Fund				
Employer's Pension Contribution	\$473,708	\$975,773	\$975,773	\$0
Administration	88,505	104,107	95,242	-8,865
Annuity Contribution	964	0	0	0
Lump Sum Supplement Contribution	500,000	500,000	400,000	-100,000
SUBTOTAL	\$1,063,177	\$1,579,880	\$1,471,015	\$-108,865
Employees' Retirement Fund				
Employer's Pension Contribution	\$53,589	\$36,740	\$19,914	\$-16,826
Administration	20,826,385	23,872,035	22,562,869	-1,309,166
Annuity Contribution - Tax Levy	21,589,091	21,412,000	21,915,000	503,000
Annuity Contribution - Reserve Fund	0	2,450,000	0	-2,450,000
SUBTOTAL	\$42,469,065	\$47,770,775	\$44,497,783	\$-3,272,992
Social Security Tax	\$16,637,057	\$16,680,500	\$16,810,000	\$129,500
Former Town of Lake Employees' Fund				
Employer's Pension Contribution	\$114,799	\$176,000	\$0	\$-176,000
Firemen's Pension Fund	22,536	28,850	20,250	-8,600
SUBTOTAL	\$137,335	\$204,850	\$20,250	\$-184,600
Deferred Compensation Plan	\$927,358	\$1,168,982	\$1,261,029	\$92,047
TOTAL	\$62,002,225	\$68,172,487	\$64,688,277	\$-3,484,210
REVENUES				
Fringe Benefits - Pensions	\$715,474	\$802,267	\$832,074	\$29,807
Charges for Service - Employees' Retirement System	20,771,411	23,659,000	22,337,100	-1,321,900
Charges for Service - Deferred Compensation	927,570	1,168,982	1,261,029	92,047
Property Tax Levy	40,937,332	42,386,238	40,091,374	-2,294,864
Miscellaneous - Employees' Retirement System	245	156,000	166,700	10,700
TOTAL	\$63,352,032	\$68,172,487	\$64,688,277	\$-3,484,210

BACKGROUND

The Employees' Retirement Fund includes provisions for employee pensions, the Policemen's Annuity and Benefit Fund, the Firemen's Pension Fund, social security contributions, and the city's Deferred Compensation Program.

The Employees' Retirement System (ERS) is responsible for administering the city's defined benefit pension plan for city employees and other members of the system. The system operates under the direction of the Annuity and Pension Board, a body of eight members (three elected by active system members, one by city retirees, three appointed by the President of the Common Council, and the City Comptroller, ex-officio). Retirement contributions for employees of the Milwaukee Metropolitan Sewerage District, the Wisconsin Center District, the Water Works, Milwaukee Public School Board (excluding teachers), and the Milwaukee Area Technical College are borne by those respective governmental units and are not included in these appropriations. There were approximately 27,000 members in the system as of December 31, 2003.

The Policemen's Annuity and Benefit Fund (PABF) administers pensions for city Police Officers employed prior to 1947. There were 204 members as of August 25, 2004.

Funds in the Firemen's Pension Fund are provided for retired Fire Fighters who were employed prior to 1947. This fund had 165 members as of August 25, 2004.

The Former Town of Lake Employees' Retirement Fund provides retirement benefits to former Town of Lake employees who became city employees when the Town of Lake was annexed. There are five members.

ERS also oversees the city's contribution for payment of the employer's share of social security tax. The Deferred Compensation Board is responsible for administration of the city's Deferred Compensation Plan.

ACTIVITIES

Annuity Contribution: In the 2005 budget, \$21.9 million is provided for the city's share of employees' annuity contributions (5.5% of pay for general city employees and 7% for Police Officers, Fire Fighters, and elected officials).

Social Security Payments: In the 2005 budget, \$16.8 million is provided for social security payments.

Administration: In the 2005 budget, ERS administrative costs are \$22.6 million.

Pension Reserve Fund: The 2005 budget includes no additional pension reserve funding. An actuarial study is in progress and should be completed by the end of 2004. The study will provide an estimate of the future risk to the pension fund given the global settlement and the increasing number of retired members. Currently, the pension fund is funded at 115.2% of its actuarial determined funding level and there is a balance of approximately \$17 million in the reserve fund.

Since the time of the initial actuarial study regarding the reserve fund in the late 1990's, the city has continued to reduce the number of employees thus reducing future pension liability. Until all factors can be analyzed, it was determined that no funding be provided in 2005. It is expected that the recommendations in the actuarial study will play a role in the 2006 budget.

Employer's Pension Contribution (ERS): The 2005 budget includes \$19,914 in funding for duty disability payments for non-consenters of the Global Pension Settlement.

Employer's Pension Contribution (PABF): The 2005 budget includes a \$975,773 contribution that includes funds to cover unfunded past service liability in the Policemen's Annuity and Benefit Fund.

OTHER ACTIVITIES AND CHANGES

Lump-Sum Contribution for Firemen's and Police Annuity and Benefit Fund (F&PABF): A total of \$800,000 is provided in the 2005 budget for a pension supplement to members of these funds. This will provide a supplement fund payment per member that is slightly lower than the one made in 2004.

EMPLOYEES' RETIREMENT SYSTEM

EXECUTIVE SUMMARY

MISSION: To administer the payment of retirement and other benefits to eligible persons as provided under the city charter and to safeguard and protect the funds of the Employees' Retirement System (ERS) and to invest them in a prudent and vigilant manner.

PROGRAMS: Investment management.
 Support service.
 Pension Management Information System.

INITIATIVES FOR 2005: Monitor and analyze all investment activities and provide oversight of the investment portfolio to maximize returns while minimizing the variability of the fund's asset value.
 Continue implementation and installation of a Milwaukee Employee Retirement Information Technology Solutions (MERITS).
 Continue to improve internal control issues to properly safeguard pension assets.
 Continue improvements to member communication through the ERS website, pre-retirement counseling seminars, brochures, and newsletters.

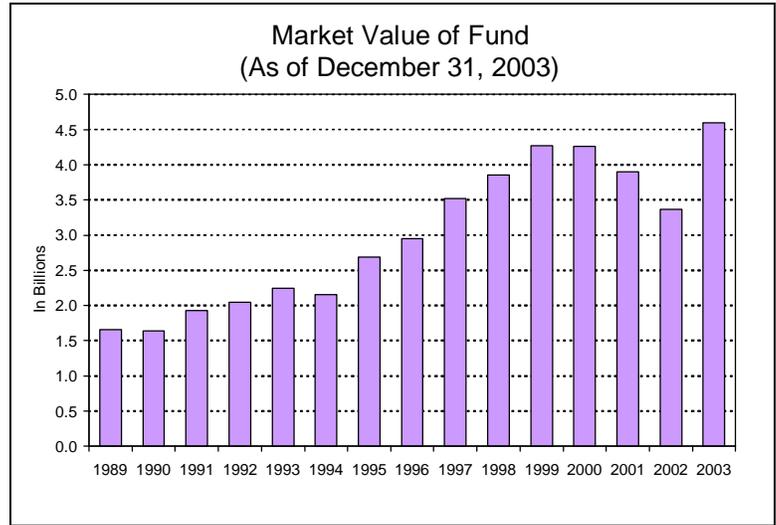
BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	40.00	40.00	40.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	42	48	48	0
EXPENDITURES				
Salaries and Wages	\$1,971,545	\$2,143,245	\$2,285,024	\$141,779
Fringe Benefits	715,474	793,000	822,600	29,600
Operating Expenditures	15,349,041	16,085,790	15,905,739	-180,051
Equipment	58,701	50,000	10,000	-40,000
Special Funds	2,731,624	4,800,000	3,539,506	-1,260,494
TOTAL	\$20,826,385	\$23,872,035	\$22,562,869	\$-1,309,166
REVENUES				
Charges for Services	\$20,771,411	\$23,659,000	\$22,337,100	\$-1,321,900
Miscellaneous	245	156,000	166,700	10,700
TOTAL	\$20,771,656	\$23,815,000	\$22,503,800	\$-1,311,200

BACKGROUND

The Employees' Retirement System of the City of Milwaukee was created by an act of the Wisconsin Legislature in 1937 to provide retirement related benefits for members and their beneficiaries. ERS also administers the city's contribution for payment of the employer's share of social security, the Group Life Insurance Program, and COBRA health care for retirees. On December 31, 2003 there were approximately 27,000 members (actives, inactive, and retirees) in the system and the value of the fund was an estimated \$4.6 billion. Figure 1 shows growth in the value of the fund over time. The fund's returns reflect economic and market conditions with strong returns in the bull market from 1995 to 1999. The 2000 through 2002 returns reflect the recent recession with a 2.9% return in 2000; -1.9% in 2001; and -9.2% in 2002. In 2003, the fund rebounded with a rate of return of 27.7%. Over the last ten year period ending December 31, 2003, the fund experienced a gross annualized return of 10.2%.

Figure 1



The Annuity and Pension Board is trustee of the funds in the system and is charged with general administration of the system. The Secretary and Executive Director function under the direction of the board and are responsible for daily operation of the office.

Program 1

Investment Management				
Activities:	Cash flow analysis, negotiate investment manager contracts, monitor investment performance, and compliance monitoring of investment managers.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Exceed the rate of return of the Blended Benchmark Index.	5.2%	0.5%	0.5%
Funding by Source:	Operating Funds	\$13,606,259	\$13,955,772	\$13,807,790
	Total:	\$13,606,259	\$13,955,772	\$13,807,790

PROGRAM RESULTS

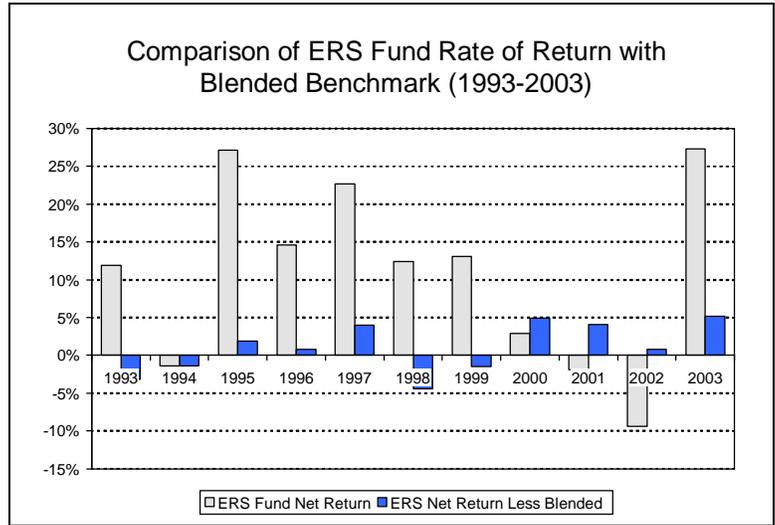
To measure the fund's performance, ERS compares the return of the retirement fund against a blended benchmark index consisting of the following indices: Russell 3000 Stock Index, the Lehman Brothers Aggregate Bond Index, the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index, and the NCREIF Index. The blended benchmark is weighed according to the asset allocation strategy adopted by the Annuity and Pension Board.

Over the long term, ERS' objective is for the fund to outperform the blended benchmark by 1.0% points. ERS' asset allocation strategy is designed to take advantage of long term investment and market trends that occur over the life of an investment cycle.

As seen in Figure 2, the fund's rate of return net of fees paid to investment managers exceeded the blended benchmark in 1997, fell below the benchmark in 1998 and 1999 but then exceeded the blended benchmark from 2000 to 2003.

Another benchmark is the fund's assumed 8.5% return on the assets of the fund. This actuarial assumed rate of return approximately covers the growth of liabilities of the fund. For the five year period ending December 31, 2003 the fund's annual rate of return was 6.2%, net of fees, trailing the 8.5% actuarial rate. Since inception, the fund's annual return has been 10.4% net of fees.

Figure 2



PROGRAM CHANGES

The Annuity and Pension Board in conjunction with the Chief Investment Officer, the Investment Consultant, and legal staff will continue to explore and implement enhanced asset allocation opportunities, including but not limited to private equity investment products.

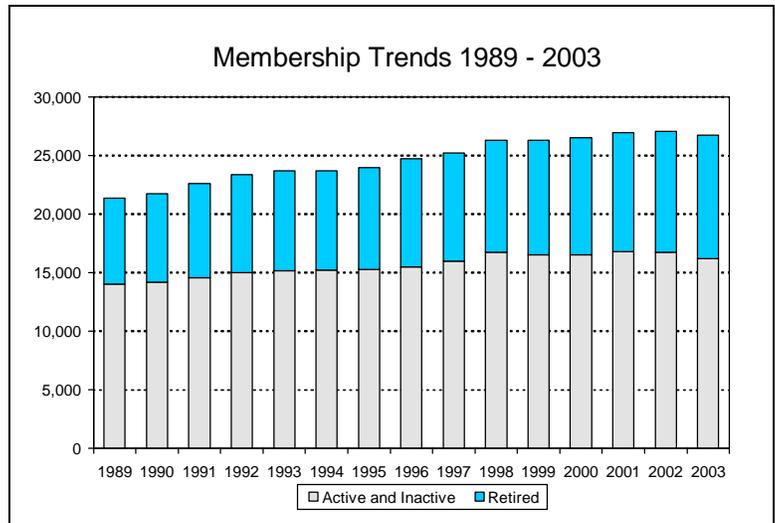
Program 2

Customer Service		2003 Experience	2004 Budget	2005 Projection
Activities:	Prepare pension estimates, counsel members on benefits, calculate pension allowances and adjustments, process retirement applications, enroll new members, pay benefits, and review disability cases.			
Program Outcome:	Exceed 95% favorable rating on customer satisfaction surveys.	100.0%	95.0%	95.0%
Funding by Source:	Operating Funds	\$3,931,818	\$4,796,402	\$4,602,156
	Total:	\$3,931,818	\$4,796,402	\$4,602,156

PROGRAM RESULTS

Customer service is enhanced through a series of public awareness projects. A retiree newsletter is issued monthly in order to keep members informed on a variety of issues including the Global Pension Settlement, tax issues, and health insurance issues. Thousands of letters are generated to inform individuals of their specific entitlements and answers to their questions. Community presentations and pre-retirement seminars are conducted regularly. New member handbooks, brochures, a partially inter-active web site, and telephone system also enhance customer service delivery.

Figure 3



ERS has developed a number of measures of its service quality to city employees. To measure the quality of its counseling services, ERS will continue a series of exit surveys for new employees, pre-retirement seminar participants, and retirees. In addition, customer service will be evaluated based on timely servicing of walk-ins and scheduled appointments through the use of reception cards. The goal is to exceed the 95% satisfaction level in all areas. Customer satisfaction was at 100% in 2003 for the 1,060 pension estimates and 1,113 major counseling provided. Figure 3 shows membership trends.

PROGRAM CHANGES

No new program changes are anticipated in 2005 but the department will continue with member service activities as outlined.

Program 3

Development of Pension Management Information System				
Activities:	Development of the Pension Management Information System (PMIS), assist and support existing operations by lending software and systems expertise, and support the ERS network infrastructure.			
		2003	2004	2005
		Experience	Budget	Projection
Funding by Source:	Operating Funds	\$3,288,308	\$5,119,861	\$4,152,923
	Total:	\$3,288,308	\$5,119,861	\$4,152,923

PROGRAM RESULTS

To assure that services are provided in a timely, accurate, efficient, and cost effective manner, it is essential to examine the delivery of ERS' services. The greater incorporation of information technologies into the delivery of pension related services promises to substantively improve the administration of ERS. There is currently no measure developed to monitor this program's performance.

PROGRAM CHANGES

ERS anticipates installing 17 modules, which represents the full Pension Management Information System known as MERITS, in late 2005. This system is a web based n-tier architecture system utilizing enterprise Java beans with a SQL server 2000 database and WSAD (WebSphere Application Development) tools. Besides enrollment and demographic information, the system will also include case management for disability retirees, a history of member earnings, benefit calculation and estimates, and pension payments. Some member self service features such as change of address and pension information will be available following the rollout of the basic features.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

DEFERRED COMPENSATION PLAN

EXECUTIVE SUMMARY

MISSION: To provide a tax deferred retirement savings option for city employees that is cost effective and responsive to the needs of its participants and which is in accordance with Section 457 of the Internal Revenue Code.

PROGRAM: Deferred Compensation administration.

INITIATIVES FOR 2005: Continue to administer for the Deferred Compensation Plan in the most efficient manner.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2.00	2.00	2.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	2	2	2	0
EXPENDITURES				
Salaries and Wages	\$114,655	\$116,459	\$122,880	\$6,421
Fringe Benefits	41,464	43,090	44,237	1,147
Operating Expenditures	696,269	930,433	1,018,912	88,479
Equipment	0	4,000	0	-4,000
Special Funds	75,000	75,000	75,000	0
TOTAL	\$927,388	\$1,168,982	\$1,261,029	\$92,047
REVENUES				
Charges for Services	\$927,570	\$1,168,982	\$1,261,029	\$92,047
TOTAL	\$927,570	\$1,168,982	\$1,261,029	\$92,047

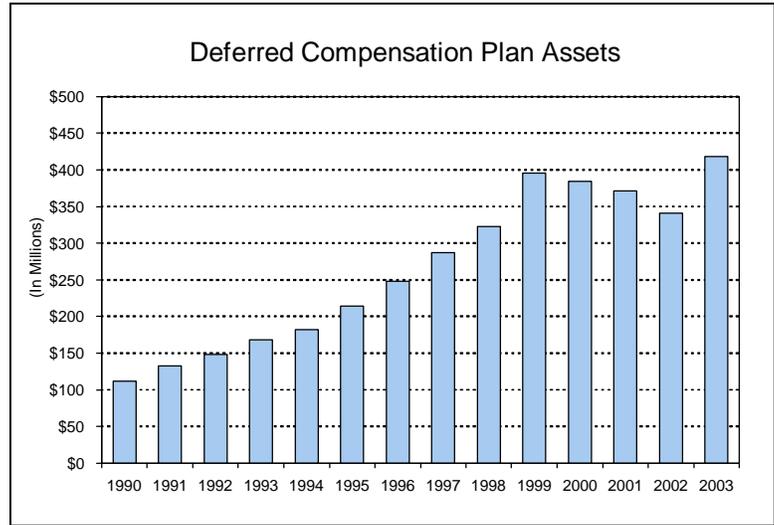
BACKGROUND

Section 5-50 of the Milwaukee City Charter allows for establishment of a Deferred Compensation Plan. The plan is a non-qualified, tax deferred retirement plan governed under Section 457 of the Internal Revenue Code. Such a plan allows city employees to set aside a portion of their income before federal and state taxes are withheld. The income is not taxed until it is withdrawn from the plan, usually at retirement when an individual's marginal tax rate may be lower.

The Deferred Compensation Plan has been in existence since 1974 and was opened to all employees in 1977. It is funded entirely by payroll and rollover contributions of city employees and associated earnings. The plan is administered by a nine member Deferred Compensation Board, which has hired contractors to perform daily activities in enrollment, record keeping, marketing and investment selection, and monitoring. In 1987, the plan was unbundled to offer participants five investment options in which to invest their funds. The plan has grown to its present size of approximately 7,500 active and retired participants, which is a 65% rate of active participation with assets of \$418 million as of December 31, 2003 (see Figure 1).

Between 1990 and 1999, plan assets increased dramatically peaking at \$394.5 million. The plan experienced below average growth between 1999 and 2002, due to a slowing in the economy and the stock market. The fund has since rebounded and is valued at approximately \$429 million as of June 30, 2004, a record high value.

Figure 1



The Deferred Compensation Plan was previously administered by the Comptroller’s Office but a separate budgetary control unit was established in 1996. The plan is self-sustaining and does not impact the city’s property tax levy. In 2002, funding for deferred compensation expenses was moved from the General City Purpose Section to the Provision for Employee’s Retirement Fund to more appropriately reflect this account as a retirement-related account.

Program 1

Deferred Compensation				
Activities:	Enrollment, agreement processing, payroll changes, future allocations changes, participant advising, investing, and depositing participants contributions.			
		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Increase active employee participation by 3%.	68.5%	70.5%	72.0%
	Increase participant cash flow by 4%.	\$5,057	\$5,150	\$5,500
Funding by Source:	Operating Funds	\$927,388	\$1,168,982	\$1,261,029
	Total:	\$927,388	\$1,168,982	\$1,261,029

PROGRAM RESULTS

Maintain a qualified, cost effective, and responsive Deferred Compensation Plan in accordance with Section 457 of the Internal Revenue Code and employees’ needs, as measured by increased employee participation and cash flow.

The present menu of investments consists of “new plan” and “old plan” investments. The “old plan” investments are two insurance company contracts, which provide a fixed return and a variable return for as long as funds are accumulated during an employee’s working years. “Old plan” investments of this sort were used exclusively during the first decade of the plan’s existence, largely because no real alternative existed for 457 plans. In 1987, the board closed “old plan” investments to new monies. Arrangements were made with the insurance carriers to enable participants to move out of these investments if they so desired. As a result, today only about \$2 million of the plan’s assets remain in “old plan” investments.

Participants can choose their payroll contribution to be deposited into seven different investment options. The seven investment options are: Stable Value Account, Income Account, Socially Conscious Balanced Account, Passively Managed U.S. Equity Account, Actively Managed Equity Account, Passively Managed International Equity Account, and Schwab Personal Choice Retirement Account. Supporting the investment options are either

a group of investment contracts selected by the plan's discretionary investment manager for the Stable Value Account or a group of mutual funds selected by the board for the other five accounts. The last option is the Schwab Personal Choice Retirement Account where participants can buy and sell stocks, bonds, and mutual funds of their choice. Since this is a participant directed plan, the decision of which investment option(s) to use is made entirely by the participant. The board hires a third party administrator to educate participants about the characteristics of each of investment option. The board has assumed responsibility for specifying the options from which participants make their choices. The board focuses on broad investment categories, or strategies, in making options available to participants.

By offering a variety of investment options, the board provides plan participants with an opportunity to diversify their investments. The board has improved investment returns to participants by actively seeking out manager fee reductions, institutional class fund shares, 12 B-1 fee credits, and low operating cost funds.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

C. CAPITAL IMPROVEMENTS

EXECUTIVE SUMMARY

- MISSION:** To maintain and enhance the city's infrastructure in a cost efficient and effective way to ensure that the city remains economically competitive.
- PROGRAMS:** Prepare a six year capital improvements plan to identify long range capital needs and to establish spending, debt, and tax rate goals.
- Develop investment strategies to ensure favorable rates of return on city capital investments.
- INITIATIVES FOR 2005:** Reduce capital borrowing to match debt retirements in order to manage the debt levy and enhance the city's financial flexibility.
- Continue to convert funding for recurring infrastructure preservation projects from borrowing to cash financing as required by Common Council resolution.
- Continue to evaluate the condition and replacement cycles of the city's infrastructure assets in determining appropriate capital funding levels.
- Continue to fund the City Hall Restoration Project to repair and restore the exterior walls, roof, towers, and supporting structures.
-

BACKGROUND

The 2005 capital improvements budget represents the initial year of a six year capital improvements plan. The budget and plan identify the city's capital funding needs and provides funding sources to support these identified needs. In general, capital improvements include projects to reconstruct, rehabilitate, or otherwise restore an existing system or facility to full functionality. They may also include projects to construct a new or more expansive facility to meet increased demands or to enhance economic development through job creation, business formation, and housing production.

HIGHLIGHTS

The 2005 general city capital improvements budget totals \$94.9 million, a decrease of \$14.7 million or 13.4% from the 2004 budget of \$109.6 million. The tax levy supported portion of the capital budget, which includes tax levy cash resources as well as tax levy supported general obligation debt, totals \$56.8 million a decrease of \$16.2 million or 22.2% from the 2004 budget of \$73 million. Tax levy cash resources will decrease \$1.4 million from \$11.5 million in 2004 to \$10.1 million in 2005. The decrease is largely due to a reduction in cash funded remodeling and renovation projects in 2005. In percentage terms, tax levy cash increased relative to tax levy general obligation debt to 21.7% from 18.7% in 2004. The city's new tax levy supported borrowing authorizations for 2005 totals \$46.7 million, a reduction of \$14.8 million or 24.1% from 2004. Tax levy supported borrowing authorizations were reduced to meet tax levy debt retirements in order to limit future increases in the city's debt service tax levy.

Figure 1 shows capital improvement budgets from 1991 to 2005. As shown, the capital improvements budget steadily increased between 1991 and 1999. In 2000, the capital improvements budget was significantly reduced due to increased federal and state grant funding. From 2001 to 2004, the capital improvements budget stabilized between \$102.8 million and \$109.6 million. In 2005, the capital improvements budget is reduced to \$94.9 million, a level that is sustainable.

Figure 1 has been adjusted to remove sewer relief and relay projects to provide accurate year-to-year comparisons of capital funding levels. In 2000, all sewer relief and relay projects were transferred to the Sewer Maintenance Fund and financed through a portion of the Sewer Maintenance Fee, thereby reducing the amount of capital supported by the tax levy.

Functional Categories: Projects included in the 2005 general city funded capital improvements budget are categorized in six functional categories, including surface transportation, environment, health and public safety, economic development, culture and recreation, and general government. Figure 2 illustrates the portion of the capital budget allocated to each functional area (Water, Parking, Sewer Relief and Relay, and Grant and Aids are excluded).

Economic development projects constitute the largest functional category, which is 29.9% of the general city funded capital budget or \$25.4 million. Tax Incremental Districts (TIDs), amount to \$23.5 million or 92.5% of funding for economic development projects. Some of the projects to be funded include improvement of the former Park East Freeway Corridor, Granville Station, and the CMC parcel in the Menomonee Valley.

The general government project category is the second largest capital functional area. Approximately \$25.1 million, or 29.6% is provided for this purpose. In 2004, \$28.5 million was provided for this purpose. The primary reason for the decrease from 2004 is the postponement of permanent financing for the Menomonee Valley Relocation Project until 2006, at which point the interim financing for the project will expire. A large portion of the general city functional area consists of \$8.2 million in funding for the City Hall Restoration Project, which partially accounts for the size of the general government functional area relative to the other functional areas.

Surface transportation projects constitute the third largest functional area, or 21.5% of the general city funded capital budget. Approximately \$18.2 million is provided for this purpose in 2005 compared to \$25.1 million in 2004. The reduction in tax levy supported capital funding is due to an increase in transportation related grant funding, including an additional \$5 million grant from the Wisconsin Department of Transportation for the completion of the Canal Street project.

Health and safety related projects represent the fourth largest portion of the 2005 general city funded capital budget. Approximately 10%, or \$8.5 million of the city's capital budget is provided for this purpose. Environmental program funding comprises 6.4% or nearly \$5.5 million of the city's capital budget. Among environmental programs is the expansion of sewer capacity which consists of \$3.2 million of tax levy supported city funding. In 2005, city funding for sewers leverage an additional \$6.8 million in grant funding. Culture and recreation related

Figure 1

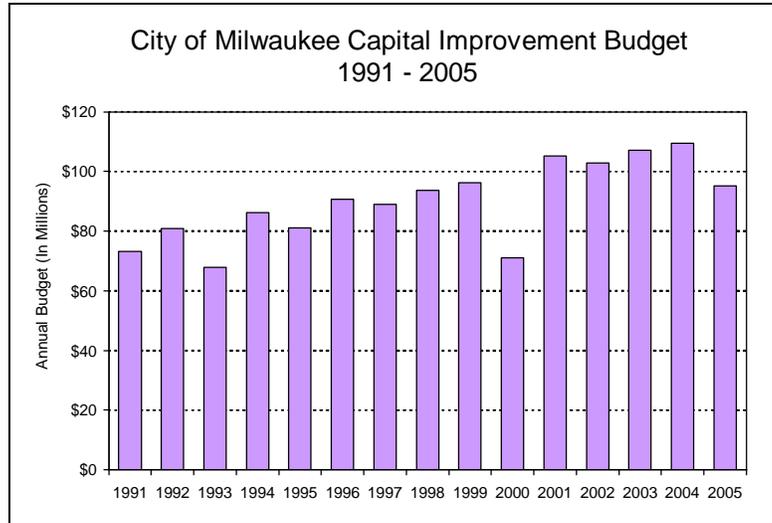
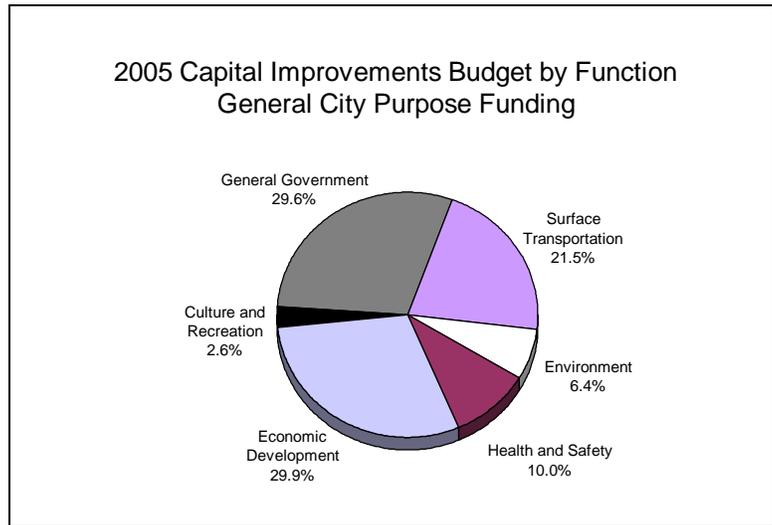


Figure 2



projects represent approximately 2.6% of the city funded capital budget, or \$2.1 million. Within this category, Central and Neighborhood Libraries capital projects funding totals \$1.7 million.

Funding Sources: The 2005 capital budget is financed through several funding sources including the property tax levy, tax levy supported debt, Tax Incremental Districts, special assessments, cash revenues, and grants and aids. Figure 3 shows funding sources for the 2005 city funded capital budget (excluding grant and aid).

The largest source of funding for capital projects is tax levy supported debt financing, which is approximately \$46.7 million, or 49.2% of total funding. This is a significant decrease from 2004 as a result of matching tax levy borrowing authorizations to tax levy supported debt retirements.

The second largest funding source is Tax Incremental District borrowing, with \$20 million, or 21.1% of total funding sources. TID borrowing is considered self supporting because the improvements made within these districts are financed through property tax revenue generated from the incremental values resulting from the improvements.

In addition to TID financing, other self supporting funding sources include \$14.2 million of cash revenues, which are 15.0% of the total and \$3.9 million of special assessments, which represent 4.1% of the total. Not included in Figure 3 are capital grant and aids, which are anticipated to be \$55.1 million in 2005.

Figure 3

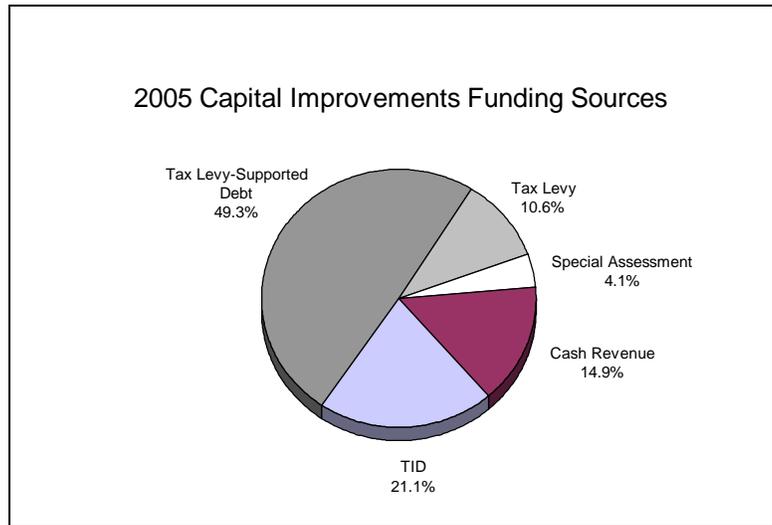
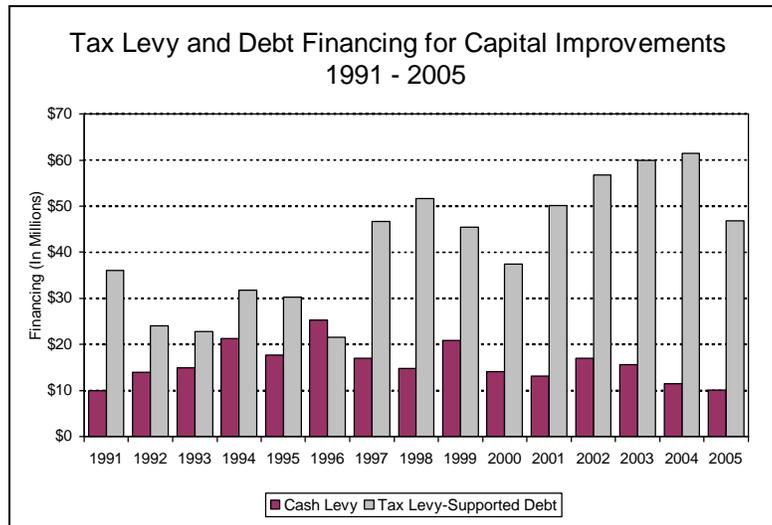


Figure 4

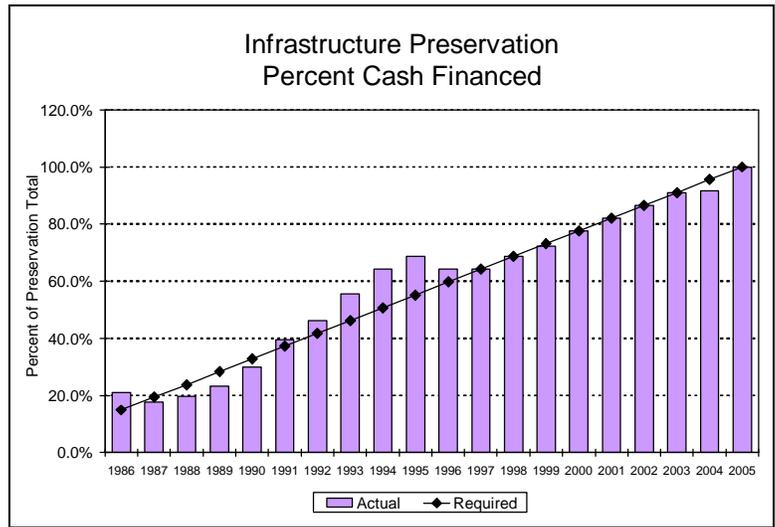


In addition to tax levy supported debt, cash tax levy is the other non-self supporting funding source for capital. In 2005, tax levy supported capital totals \$10.1 million, or 10.6% of all funding sources. Figure 4 shows cash and debt financing trends for capital improvements from 1991 to 2005. As shown, from 1991 to 1999 cash financing of capital improvements increased from \$10 million to \$20 million, with as much as \$25 million in 1996. However, since 2000, the trend has reversed with the amount of tax levy decreasing to slightly over \$10 million in 2005. In terms of the percentage of tax levy to debt supported financing, the 2005 capital budget is an increase to 21.7% from 18.7% in 2004 but well below the five year and ten year historical averages of 27.7% and 42.6%, respectively. All amounts in Figure 4 have been adjusted to remove sewer relief and relay projects to provide accurate year-to-year comparisons of capital funding levels. As stated previously, in 2000, all sewer relief and relay projects were transferred to the Sewer Maintenance Fund, thereby reducing the amount of capital supported by the city tax levy. The Sewer Maintenance Fee is paid by both property tax exempt entities and property taxpayers. This reduces the burden on property taxpayers and properly charges tax exempt entities based on their usage.

Cash Conversion Policy: In 1986, the Comptroller proposed and the Common Council adopted, a resolution that gradually converts funding for recurring infrastructure projects from borrowing to cash financing through the year 2005. This strategy was employed to decrease overall debt and ultimately reduce costs and resulting tax levies for what are, in effect, annually recurring replacement projects. Figure 5 graphically illustrates the effects of the cash conversion policy since 1986.

The 2005 capital budget meets the Infrastructure Cash Conversion (ICC) Policy goal of 100%. However, in 2004, due to a Common Council amendment to the Mayor’s proposed budget, the ICC Policy goal was not met. The amendment increased funding for recreational facilities from \$219,000 to \$400,000 and changed program financing from cash to borrowing.

Figure 5



For 2005, as part of an overall review of the city’s capital and debt policies, the ICC Policy will be analyzed to better understand the policy’s impact on cash financed infrastructure and examine approaches to enhance the ICC Policy. In addition to this review, the 2005-2010 Capital Improvements Plan will include other revenues in the cash conversion program, such as program and Community Block Grant revenue, to enhance the tax levy support for ICC Policy infrastructure items.

Note: For purposes of the 2003 and earlier budgets, the Public Debt Amortization Fund (PDAF) withdrawal was reflected in the capital improvements budget by shifting cash funded improvements to debt funded improvements. Fund assets were used to purchase the additional debt. The additional debt was then immediately canceled, thus avoiding future debt service costs. Beginning in 2004, the PDAF draw was applied to reduce the city debt tax levy rather than the capital improvements tax levy. For 2005 the draw is \$4 million. At the end of 2004, fund assets will be used to prepay a portion of the principal and interest on city debt due in 2004, which will result in a reduction in the debt levy portion of the 2005 city debt budget.

2005 HIGHLIGHTS AND CHANGES

Major Capital Equipment: Instituted in 2002, Major Capital Equipment Accounts in the Fire Department and Department of Public Works’ (DPW) budgets will continue to fund the purchase of durable equipment, with an original unit cost of \$50,000 or more through the capital budget. In 2005, the Fire Department will use \$4.3 million to purchase major fleet equipment. Also in 2005, the DPW Operations Division will procure replacements for a range of equipment that is beyond economical repair. Total funding of \$6.5 million is provided for DPW capital equipment.

City Hall Restoration: Milwaukee’s City Hall is an architecturally significant landmark building listed in the National Register of Historic Places. City Engineering staff’s observations determined that City Hall’s tower, roof, and walls needed work to restore the building’s watertight integrity. Subsequent detailed studies by engineering and architectural experts have found significant structural problems with the towers, exterior walls, interior walls, and supporting structure. These studies included an initial close visual examination and follow on exploratory disassembly and evaluation of specific areas of concern. A peer review by other experts in building restoration then critiqued these studies and found them sound. City staff is scrutinizing these plans to determine if cost savings are available. The 2005 capital budget provides \$8.2 million to continue this multi-year project. The total cost of this project is expected to be \$43.5 million.

West Canal Street Reconstruction and Extension: The improvement and extension of West Canal Street from North Sixth Street to the Miller Park Baseball Stadium began in 2003. Approximately \$6.8 million was allocated in 2003 as the city's match to grant funding received from the state. In 2004, an additional \$14.2 million city share was provided through the Majors Streets, Bridges, and Sewer Expansion Programs. The total city cost of this multi-year project will be approximately \$26 million. In 2005, a combination of grant fund and tax increment financing will support the remaining \$8.1 million in city funded needs identified for this project. This project is considered vital to the redevelopment of the Menomonee Valley. Combined with the recently completed replacement of the Sixth Street Viaduct, it will also serve as an alternate travel route during the planned upcoming reconstruction of the Marquette Interchange.

Menomonee Valley DPW Facilities Relocation: The 2004 budget included \$2.5 million to relocate DPW facilities at North Sixth and West Canal Streets. For 2005, no additional funding is provided. Interim financing through the Redevelopment Authority will allow this project to move forward. In 2006, permanent financing for this project will "take-out" this interim financing for the Menomonee Valley DPW Facilities Relocation Project and the adjoined Water Works Distribution Center Relocation Project.

Tax Increment Financing Districts: The 2005 capital budget includes \$23.5 million of funding (\$20 million self supported borrowing and \$3.5 cash revenues) to promote economic development and job growth through the tax increment financing district vehicle. Large, ongoing, and upcoming projects include the redevelopment of the former Park East Freeway Corridor from I-43 to Broadway; the redevelopment of the 140 acre former CMC rail yard parcel in the Menomonee Valley, and redevelopment of the former Tower Automotive facilities on the northside of Milwaukee.

**SUMMARY OF DEPARTMENTAL APPROPRIATIONS
OVERVIEW OF 2005 CAPITAL BUDGET
GENERAL CITY PURPOSES**

	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2005 ADOPTED
Special Projects	\$10,325,000	\$10,325,000	\$0
Administration	630,000	0	-630,000
City Attorney	0	0	0
City Development	23,950,000	26,650,000	2,700,000
City Treasurer	0	232,160	232,160
Common Council-City Clerk	0	0	0
Fire Department	5,840,000	5,060,000	-780,000
Health Department	1,240,000	1,028,500	-211,500
Library	2,000,000	1,700,000	-300,000
Municipal Court	250,000	0	-250,000
Neighborhood Services	0	0	0
Police Department	6,510,000	2,400,000	-4,110,000
Port of Milwaukee	650,000	725,000	75,000
Public Works	58,254,250	46,761,261	-11,492,989
SUBTOTAL CITY FUNDED	\$109,649,250	\$94,881,921	\$-14,767,329
GRANT AND AID FUNDING			
Fire Department	\$0	\$1,000,000	\$1,000,000
Police Department	0	2,065,000	2,065,000
Port of Milwaukee	1,150,000	0	-1,150,000
Public Works	48,202,981	52,026,833	3,823,852
SUBTOTAL GRANT AND AID	\$49,352,981	\$55,091,833	\$5,738,852
ENTERPRISE FUNDS			
Parking	\$1,305,900	\$1,200,000	\$-105,900
Water	22,620,000	18,920,000	-3,700,000
Sewer Maintenance	21,500,000	22,580,000	1,080,000
SUBTOTAL ENTERPRISE	\$45,425,900	\$42,700,000	\$-2,725,900
TOTAL CAPITAL PLAN	\$204,428,131	\$192,673,754	\$-11,754,377

C. CAPITAL IMPROVEMENTS

2005 CAPITAL IMPROVEMENTS FINANCED BY CATEGORY

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
SPECIAL CAPITAL PROJECTS								
Equipment Replacement Program								
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
Technology Initiative								
Carryover	(0)	(1,000,000)	(0)	(0)	(0)	(1,000,000)	(0)	(1,000,000)
Grant and Aid								
Budget	0	300,000	0	0	10,000,000	10,300,000	0	10,300,000
Carryover	(0)	(3,500,000)	(0)	(0)	(0)	(3,500,000)	(0)	(3,500,000)
Municipal Art Fund								
Budget	25,000	0	0	0	0	25,000	0	25,000
TOTAL SPECIAL CAPITAL PROJECTS								
Budget	\$25,000	\$300,000	\$0	\$0	\$10,000,000	\$10,325,000	\$0	\$10,325,000
Carryover	(\$0)	(\$4,500,000)	(\$0)	(\$0)	(\$0)	(\$4,500,000)	(\$0)	(\$4,500,000)
DEPARTMENT OF ADMINISTRATION								
Remodel ITMD 809 Building Fourth Floor								
Carryover	(0)	(461,500)	(0)	(0)	(0)	(461,500)	(0)	(461,500)
Record Retention Movable Shelving								
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
Financial Mgmt Information System Upgrade								
Budget	0	0	0	0	0	0	0	0
TOTAL DEPARTMENT OF ADMINISTRATION								
Budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carryover	(\$0)	(\$661,500)	(\$0)	(\$0)	(\$0)	(\$661,500)	(\$0)	(\$661,500)
CITY ATTORNEY'S OFFICE								
Five Additional Attorney Offices								
Carryover	(\$0)	(\$162,717)	(\$0)	(\$0)	(\$0)	(\$162,717)	(\$0)	(\$162,717)
TOTAL CITY ATTORNEY'S OFFICE								
Carryover	(\$0)	(\$162,717)	(\$0)	(\$0)	(\$0)	(\$162,717)	(\$0)	(\$162,717)
CITY TREASURER'S OFFICE								
Cashier System Upgrade								
Budget	\$0	\$232,160	\$0	\$0	\$0	\$232,160	\$0	\$232,160
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
TOTAL CITY TREASURER'S OFFICE								
Budget	\$0	\$232,160	\$0	\$0	\$0	\$232,160	\$0	\$232,160
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
DEPARTMENT OF CITY DEVELOPMENT								
Advance Planning								
Budget	\$150,000	\$0	\$0	\$0	\$0	\$150,000	\$0	\$150,000
Neighborhood Commercial District Street Improvement Fund								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(1,288,000)	(0)	(0)	(0)	(1,288,000)	(0)	(1,288,000)
Tax Increment Financed Urban Renewal Projects (Including Grant Funded Projects)								
Budget	0	0	20,000,000	0	3,500,000	23,500,000	0	23,500,000
Carryover	(0)	(0)	(30,715,914)	(0)	(0)	(30,715,914)	(0)	(30,715,914)
Development Fund								
Budget	0	2,000,000	0	0	0	2,000,000	0	2,000,000
Carryover	(0)	(5,381,090)	(0)	(0)	(0)	(5,381,090)	(0)	(5,381,090)
Business Improvement Districts								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(1,000,000)	(0)	(0)	(0)	(1,000,000)	(0)	(1,000,000)
TOTAL DEPT OF CITY DEVELOPMENT								
Budget	\$150,000	\$3,000,000	\$20,000,000	\$0	\$3,500,000	\$26,650,000	\$0	\$26,650,000
Carryover	(\$0)	(\$7,669,090)	(\$30,715,914)	(\$0)	(\$0)	(\$38,385,004)	(\$0)	(\$38,385,004)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
FIRE DEPARTMENT								
Ventilation System and Window Replacement								
Budget	\$0	\$100,000	\$0	\$0	\$0	\$100,000	\$0	\$100,000
Computer Aided Dispatch								
Carryover	(0)	(430,516)	(0)	(0)	(0)	(430,516)	(0)	(430,516)
Engine Company #3 Alterations								
Carryover	(0)	(248,797)	(0)	(0)	(0)	(248,797)	(0)	(248,797)
Engine Company #2 Alterations								
Budget	0	190,000	0	0	0	190,000	0	190,000
Fire Digital Radio System								
Budget	0	500,000	0	0	0	500,000	1,000,000	1,500,000
Fire Repair Shop Design and Construction								
Budget	0	0	0	0	0	0	0	0
Carryover	(0)	(1,675,000)	(0)	(0)	(0)	(1,675,000)	(0)	(1,675,000)
Major Capital Equipment								
Budget	0	4,270,000	0	0	0	4,270,000	0	4,270,000
Carryover	(0)	(565,000)	(0)	(0)	(0)	(565,000)	(0)	(565,000)
TOTAL FIRE DEPARTMENT								
Budget	\$0	\$5,060,000	\$0	\$0	\$0	\$5,060,000	\$1,000,000	\$6,060,000
Carryover	(\$0)	(\$2,919,313)	(\$0)	(\$0)	(\$0)	(\$2,919,313)	(\$0)	(\$2,919,313)
HEALTH DEPARTMENT								
Keenan Renovation for Tuberculosis Clinic								
Carryover	(\$0)	(\$280,000)	(\$0)	(\$0)	(\$0)	(\$280,000)	(\$0)	(\$280,000)
Mechanical Systems Maintenance Program								
Budget	0	378,500	0	0	0	378,500	0	378,500
Carryover	(0)	(273,286)	(0)	(0)	(0)	(273,286)	(0)	(273,286)
Exterior Building Maintenance Program								
Budget	0	300,000	0	0	0	300,000	0	300,000
Carryover	(0)	(371,175)	(0)	(0)	(0)	(371,175)	(0)	(371,175)
Interior Building Maintenance Program								
Budget	0	350,000	0	0	0	350,000	0	350,000
Carryover	(0)	(416,575)	(0)	(0)	(0)	(416,575)	(0)	(416,575)
Client Tracking System Replacement								
Carryover	(0)	(250,000)	(0)	(0)	(0)	(250,000)	(0)	(250,000)
TOTAL HEALTH DEPARTMENT								
Budget	\$0	\$1,028,500	\$0	\$0	\$0	\$1,028,500	\$0	\$1,028,500
Carryover	(\$0)	(\$1,591,036)	(\$0)	(\$0)	(\$0)	(\$1,591,036)	(\$0)	(\$1,591,036)
LIBRARY								
CENTRAL LIBRARY								
Central Library Improvements Program								
Budget	\$0	\$540,000	\$0	\$0	\$0	\$540,000	\$0	\$540,000
Carryover	(0)	(432,661)	(0)	(0)	(0)	(432,661)	(0)	(432,661)
NEIGHBORHOOD LIBRARIES								
Neighborhood Library Improvement Fund								
Budget	0	1,160,000	0	0	0	1,160,000	0	1,160,000
Carryover	(0)	(1,490,899)	(0)	(0)	(0)	(1,490,899)	(0)	(1,490,899)
TOTAL LIBRARY								
Budget	\$0	\$1,700,000	\$0	\$0	\$0	\$1,700,000	\$0	\$1,700,000
Carryover	(\$0)	(\$1,923,560)	(\$0)	(\$0)	(\$0)	(\$1,923,560)	(\$0)	(\$1,923,560)
MUNICIPAL COURT								
Court Case Management System								
Carryover	(\$0)	(\$240,841)	(\$0)	(\$0)	(\$0)	(\$240,841)	(\$0)	(\$240,841)
TOTAL MUNICIPAL COURT								
Carryover	(\$0)	(\$240,841)	(\$0)	(\$0)	(\$0)	(\$240,841)	(\$0)	(\$240,841)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
POLICE DEPARTMENT								
Remodel Administration Building Offices								
Budget	\$0	\$350,000	\$0	\$0	\$0	\$350,000	\$0	\$350,000
Carryover	(0)	(2,370,271)	(0)	(0)	(0)	(2,370,271)	(0)	(2,370,271)
Trunked Radio Communications Citywide								
Budget	0	2,000,000	0	0	0	2,000,000	2,065,000	4,065,000
Carryover	(0)	(5,353,138)	(0)	(0)	(0)	(5,353,138)	(0)	(5,353,138)
Interim Radio Replacements Trunked Radio								
Carryover	(0)	(18,217)	(0)	(0)	(0)	(18,217)	(0)	(18,217)
District Station #2 Renovation								
Carryover	(0)	(1,720,000)	(0)	(0)	(0)	(1,720,000)	(0)	(1,720,000)
District Station #4 Repairs								
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
District Station #5 Generator								
Budget	0	0	0	0	0	0	0	0
District Station #6 Repairs								
Budget	50,000	0	0	0	0	50,000	0	50,000
Evidence Storage Warehouse								
Carryover	(0)	(405,000)	(0)	(0)	(0)	(405,000)	(0)	(405,000)
Training Academy Firing Range								
Budget	0	0	0	0	0	0	0	0
Carryover	(0)	(900,000)	(0)	(0)	(0)	(900,000)	(0)	(900,000)
TOTAL POLICE DEPARTMENT								
Budget	\$50,000	\$2,350,000	\$0	\$0	\$0	\$2,400,000	\$2,065,000	\$4,465,000
Carryover	(\$0)	(\$1,766,626)	(\$0)	(\$0)	(\$0)	(\$1,766,626)	(\$0)	(\$1,766,626)
PORT OF MILWAUKEE								
Secured Ferry Terminal Parking Facilities								
Budget	\$0	\$200,000	\$0	\$0	\$0	\$200,000	\$0	\$200,000
Dockwall Rehabilitation								
Budget	0	50,000	0	0	0	50,000	0	50,000
Cargo Handling Equipment								
Budget	0	50,000	0	0	0	50,000	0	50,000
Analyze and Upgrade Sewer System								
Budget	0	150,000	0	0	0	150,000	0	150,000
Pier, Berth, and Channel Improvements								
Budget	0	0	0	0	0	0	0	0
Carryover	(0)	(770,000)	(0)	(0)	(0)	(770,000)	(0)	(770,000)
Acquire and Rehab KK River Site								
Budget	0	175,000	0	0	0	175,000	0	175,000
Port Security								
Budget	0	100,000	0	0	0	100,000	0	100,000
Carryover	(0)	(150,000)	(0)	(0)	(0)	(150,000)	(0)	(150,000)
TOTAL PORT								
Budget	\$0	\$725,000	\$0	\$0	\$0	\$725,000	\$0	\$725,000
Carryover	(\$0)	(\$920,000)	(\$0)	(\$0)	(\$0)	(\$920,000)	(\$0)	(\$920,000)
DPW ADMINISTRATION								
City Telephone Switch Replacement								
Carryover	(\$0)	(\$1,498,512)	(\$0)	(\$0)	(\$0)	(\$1,498,512)	(\$0)	(\$1,498,512)
Public Safety Communications								
Budget	0	625,000	0	0	0	625,000	0	625,000
TOTAL DPW ADMINISTRATION								
Budget	\$0	\$625,000	\$0	\$0	\$0	\$625,000	\$0	\$625,000
Carryover	(\$0)	(\$1,498,512)	(\$0)	(\$0)	(\$0)	(\$1,498,512)	(\$0)	(\$1,498,512)
DPW OPERATIONS DIVISION								
BUILDINGS AND FLEET SECTION								
City Hall Complex Remodeling								
Budget	\$0	\$367,800	\$0	\$0	\$0	\$367,800	\$0	\$367,800
Carryover	(0)	(952,187)	(0)	(0)	(0)	(952,187)	(0)	(952,187)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
Space Planning Facilities								
Budget	50,000	0	0	0	0	50,000	0	50,000
Recreational Facilities Citywide								
Budget	439,725	0	0	0	0	439,725	0	439,725
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
ADA Compliance Program								
Budget	0	422,000	0	0	0	422,000	0	422,000
Carryover	(0)	(284,800)	(0)	(0)	(0)	(284,800)	(0)	(284,800)
Facility Systems Program								
Budget	0	4,273,273	0	0	0	4,273,273	0	4,273,273
Carryover	(0)	(2,321,309)	(0)	(0)	(0)	(2,321,309)	(0)	(2,321,309)
Facilities Exterior Upgrades Program								
Budget	0	750,000	0	0	0	750,000	0	750,000
Carryover	(0)	(959,118)	(0)	(0)	(0)	(959,118)	(0)	(959,118)
Environmental Remediation Program								
Budget	0	700,000	0	0	0	700,000	0	700,000
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
City Hall Restoration Program								
Budget	0	8,200,000	0	0	0	8,200,000	0	8,200,000
Carryover	(0)	(23,412,214)	(0)	(0)	(0)	(23,412,214)	(0)	(23,412,214)
Muni Garages/Outlying Facilities Remodeling								
Budget	0	2,000,000	0	0	0	2,000,000	0	2,000,000
Carryover	(0)	(1,287,659)	(0)	(0)	(0)	(1,287,659)	(0)	(1,287,659)
Major Capital Equipment								
Budget	0	6,520,000	0	0	0	6,520,000	0	6,520,000
Carryover	(0)	(2,209,002)	(0)	(0)	(0)	(2,209,002)	(0)	(2,209,002)
Two-Way Radio Replacement								
Budget	0	170,000	0	0	0	170,000	0	170,000
Menomonee Valley Facilities Relocation								
Budget	0	0	0	0	0	0	0	0
Carryover	(0)	(2,500,000)	(0)	(0)	(0)	(2,500,000)	(0)	(2,500,000)
TOTAL BUILDINGS AND FLEET SECTION								
Budget	\$489,725	\$23,403,073	\$0	\$0	\$0	\$23,892,798	\$0	\$23,842,798
Carryover	(\$0)	(\$33,926,289)	(\$0)	(\$0)	(\$0)	(\$33,926,289)	(\$0)	(\$33,926,289)
FORESTRY SECTION								
Concealed Irrigation and General Landscaping								
Budget	\$0	\$631,000	\$0	\$0	\$0	\$631,000	\$0	\$631,000
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Planting Program								
Budget	0	650,000	0	0	0	650,000	0	650,000
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Greenhouses (Intergovernmental Agreement with Milwaukee County)								
Carryover	(0)	(150,000)	(0)	(0)	(0)	(150,000)	(0)	(150,000)
TOTAL FORESTRY SECTION								
Budget	\$0	\$1,281,000	\$0	\$0	\$0	\$1,281,000	\$0	\$1,281,000
Carryover	(\$0)	(\$150,000)	(\$0)	(\$0)	(\$0)	(\$150,000)	(\$0)	(\$150,000)
SANITATION SECTION								
Sanitation Headquarters Modifications (Various Sites)								
Budget	0	0	0	0	0	0	0	0
Carryover	(0)	(1,481,693)	(0)	(0)	(0)	(1,481,693)	(0)	(1,481,693)
TOTAL SANITATION SECTION								
Budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carryover	(\$0)	(\$1,481,693)	(\$0)	(\$0)	(\$0)	(\$1,481,693)	(\$0)	(\$1,481,693)
TOTAL DPW OPERATIONS DIVISION								
Budget	\$489,725	\$24,684,073	\$0	\$0	\$0	\$25,173,798	\$0	\$25,123,798
Carryover	(\$0)	(\$35,557,982)	(\$0)	(\$0)	(\$0)	(\$35,557,982)	(\$0)	(\$35,557,982)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
DPW INFRASTRUCTURE SERVICES								
SEWER CONSTRUCTION								
Expansion of Capacity Sewer Program								
Budget	\$0	\$2,659,000	\$0	\$535,000	\$0	\$3,194,000	\$6,840,000	\$10,034,000
Carryover	(0)	(6,544,494)	(0)	(0)	(0)	(6,544,494)	(0)	(6,544,494)
Sewers Out of Program Developer Financed								
Budget	0	0	0	0	300,000	300,000	0	300,000
TOTAL SEWER CONSTRUCTION								
Budget	\$0	\$2,659,000	\$0	\$535,000	\$300,000	\$3,494,000	\$6,840,000	\$10,334,000
Carryover	(\$0)	(\$6,544,494)	(\$0)	(\$0)	(\$0)	(\$6,544,494)	(\$0)	(\$6,544,494)
BRIDGE CONSTRUCTION								
Major Bridge Program								
Budget	\$0	\$1,686,956	\$0	\$0	\$0	\$1,686,956	\$9,556,174	\$11,243,130
Carryover	(0)	(7,660,314)	(0)	(0)	(0)	(7,660,314)	(0)	(7,660,314)
TOTAL BRIDGE CONSTRUCTION								
Budget	\$0	\$1,686,956	\$0	\$0	\$0	\$1,686,956	\$9,556,174	\$11,243,130
Carryover	(\$0)	(\$7,660,314)	(\$0)	(\$0)	(\$0)	(\$7,660,314)	(\$0)	(\$7,660,314)
PAVING PROGRAM								
Street Reconstruction City Contribution to State and Federally Aided Projects								
Budget	\$0	\$1,438,807	\$0	\$0	\$0	\$1,438,807	\$35,630,659	\$37,069,466
Carryover	(0)	(17,137,965)	(0)	(5,389,783)	(0)	(22,527,748)	(0)	(22,527,748)
Street Reconstruction or Resurfacing Regular City Program								
Budget	4,184,000	0	0	1,968,700	0	6,152,700	0	6,152,700
Carryover	(0)	(2,000,000)	(0)	(5,020,000)	(0)	(7,020,000)	(0)	(7,020,000)
Alley Reconstruction Program								
Budget	442,400	0	0	882,600	0	1,325,000	0	1,325,000
Carryover	(0)	(224,000)	(0)	(2,046,000)	(0)	(2,270,000)	(0)	(2,270,000)
New Street Construction Program								
Budget	0	0	0	0	400,000	400,000	0	400,000
Carryover	(0)	(1,256,000)	(0)	(225,000)	(0)	(1,481,000)	(0)	(1,481,000)
TOTAL PAVING PROGRAM								
Budget	\$4,626,400	\$1,438,807	\$0	\$2,851,300	\$400,000	\$9,316,507	\$35,630,659	\$44,947,166
Carryover	(\$0)	(\$20,617,965)	(\$0)	(\$12,680,783)	(\$0)	(\$33,298,748)	(\$0)	(\$33,298,748)
STREET CONSTRUCTION PROGRAM								
Street Improvements Sidewalk, Driveway, and Gutter Replacement								
Budget	\$416,250	\$0	\$0	\$508,750	\$0	\$925,000	\$0	\$925,000
Carryover	(0)	(150,000)	(0)	(3,670,000)	(0)	(3,820,000)	(0)	(3,820,000)
Street Improvements Street Lighting								
Budget	3,540,000	0	0	0	0	3,540,000	0	3,540,000
Carryover	(0)	(4,133,382)	(0)	(1,720,000)	(0)	(5,853,382)	(0)	(5,853,382)
Emergency Response Management Opticom Program								
Carryover	(0)	(147,000)	(0)	(0)	(0)	(147,000)	(0)	(147,000)
Street Improvements Traffic Control Facilities								
Budget	800,000	0	0	0	0	800,000	0	800,000
Traffic Signal Installation South 30th and West Oklahoma Avenue								
Budget	0	0	0	0	0	0	0	0
Traser Yard Parking and Storage Facility								
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
North Avenue Paving Project								
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

C. CAPITAL IMPROVEMENTS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
Underground Electrical Manhole Reconstruction								
Budget	0	200,000	0	0	0	200,000	0	200,000
Carryover	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Street Improvements Underground Conduit and Manholes								
Budget	22,050	977,950	0	0	0	1,000,000	0	1,000,000
Carryover	(0)	(99,188)	(0)	(0)	(0)	(99,188)	(0)	(99,188)
TOTAL STREET CONSTRUCTION PROGRAM								
Budget	\$4,778,300	\$1,177,950	\$0	\$508,750	\$0	\$6,465,000	\$0	\$6,465,000
Carryover	(\$0)	(\$4,529,570)	(\$0)	(\$5,390,000)	(\$0)	(\$9,919,570)	(\$0)	(\$9,919,570)
TOTAL DPW INFRASTRUCTURE SERVICES								
Budget	\$9,404,700	\$6,962,713	\$0	\$3,895,050	\$700,000	\$20,962,463	\$52,026,833	\$72,989,296
Carryover	(\$0)	(\$39,352,343)	(\$0)	(\$18,070,783)	(\$0)	(\$57,423,126)	(\$0)	(\$57,423,126)
TOTAL DEPARTMENT OF PUBLIC WORKS								
Budget	\$9,894,425	\$32,271,786	\$0	\$3,895,050	\$700,000	\$46,761,261	\$52,026,833	\$98,738,094
Carryover	(\$0)	(\$76,408,837)	(\$0)	(\$18,070,783)	(\$0)	(\$94,479,620)	(\$0)	(\$94,479,620)
TOTAL PROJECTS								
Budget	\$10,119,425	\$46,667,446	\$20,000,000	\$3,895,050	\$14,200,000	\$94,881,921	\$55,091,833	\$149,923,754
Carryover	(\$0)	(\$107,763,520)	(\$30,715,914)	(\$18,070,783)	(\$0)	(\$156,550,217)	(\$0)	(\$156,550,217)

D. CITY DEBT

EXECUTIVE SUMMARY

- PURPOSE:** To finance needed capital improvements at the lowest possible cost and to manage and control the amount of debt outstanding. Maintain the city's bond rating by ensuring that the city's outstanding debt level is manageable and affordable.
- PROGRAMS:** Debt management, including monitoring city debt levels, and the overlapping debt burden imposed on city residents by other local governments.
- INITIATIVES FOR 2005:** Continue to develop and implement policies that utilize alternatively structured debt (i.e., revenue bonds) to reduce the city's reliance on general obligation debt.
- Monitor Milwaukee Public Schools' capital improvement needs and the impact on city debt levels and the tax levy.
- Work to develop and adopt a comprehensive debt policy for long term debt capacity planning and capital financing guidance.
- Develop a working debt forecast model that will allow city policymakers to analyze the impact of debt financing in future years.

BACKGROUND

The city has strong investment grade bond ratings for general obligation debt from all three major rating bureaus. Recently, Fitch Ratings assigned an AA+ rating to city bonds, Moody's Investors Services rated them Aa2, and Standard & Poor's rated them AA Stable. These ratings have been maintained during the past year in spite of the second year of a national economic downturn and a reduction in state shared revenue to municipalities. As these ratings confirm, the city's capacity to meet its financial obligations is strong.

The agency ratings reflect a combination of Milwaukee's moderate overall debt burden, rapid debt repayment, and manageable capital needs. Strong growth in property values and a diverse tax base have also been cited as strengths. The city's "Infrastructure Cash Conversion Policy" has been recognized for keeping overall debt burden affordable, given the city's sizeable capital program. Table 1 details the city's performance on several commonly used debt indicators.

Table 1

City Debt Indicators Relationship to Standard & Poor's Debt Benchmarks		
Debt Indicators		S & P Rating
Economic		
Income as Percent of 2000 National Average	76.0%	Low
Market Value Per Capita	\$36,460	Moderate
Taxpayer Concentration (Top Ten Taxpayers)	5.0%	Diverse
Financial		
Total General Fund Balances	17.0%	Adequate
Unreserved Fund Balance	6.5%	Adequate
Debt		
Direct Debt Per Capita	\$2,122	Moderate
Direct Debt Percent of Market Value	5.8%	Moderate
Debt Maturing Within Ten Years	80.0%	Standard is 50%

OVERVIEW

City debt can be categorized as either self-supporting or property tax levy supported debt. The property tax levy supported debt category includes general city capital improvement borrowing and the majority of city borrowing for school purposes. Self-supporting debt includes debt related to Tax Incremental Financing Districts, special assessments, delinquent taxes, Water Works, Parking Fund, Sewer Fund and a portion of school related borrowing. Each type of self-supported debt is financed with earnings from the operation of the particular program for which debt was incurred.

The 2005 debt expenditure needs total \$122.7 million, an increase of \$4 million from 2004. Table 2 shows expenditures for self-supporting and tax levy supported city debt while Table 3 illustrates the distribution of their funding sources. Highlights of the major changes in city debt expenditures and funding sources are contained in the following summary.

Table 2

CITY DEBT EXPENDITURES			
PURPOSE	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
SELF-SUPPORTING DEBT			
Parking	\$4,058,736	\$3,968,083	\$-90,653
Tax Increment Districts	11,938,412	13,063,219	1,124,807
Delinquent Tax Financing	13,947,302	14,793,546	846,244
Special Assessments	3,834,219	3,468,496	-365,723
Land Bank	88,593	0	-88,593
Water Works	6,866,957	6,463,794	-403,163
Sewer Maintenance Fund	11,934,100	11,327,283	-606,817
Brewer MEDC Loan	1,870,991	1,808,660	-62,331
Port - South Harbor	203,617	186,523	-17,094
MPS - Energy Retrofit	540,103	528,318	-11,785
MPS - Loans From the State	4,695,695	4,194,487	-501,208
MPS - Pension Refunding Bonds	5,100,000	295,000	-4,805,000
Pension System	614,658	0	-614,658
SUBTOTAL	\$65,693,383	\$60,097,409	\$-5,595,974
TAX LEVY DEBT			
Schools	\$10,331,893	\$11,486,413	\$1,154,520
General City	41,576,712	51,223,839	9,647,127
RANs-City and MPS	4,960,000	7,372,500	2,412,500
SUBTOTAL	\$56,868,605	\$70,082,752	\$13,214,147
TOTAL DEBT NEEDS	\$122,561,988	\$130,180,161	\$7,618,173
Deduction for PDAF Prepayment	0	-4,000,000	-4,000,000
Deduction for Segregated S.A.	-3,834,219	-3,468,496	365,723
TOTAL	\$118,727,769	\$122,711,665	\$3,983,896

CITY DEBT EXPENDITURES AND SOURCES OF FUNDS

General City (Excluding Schools and Revenue Anticipation Notes): Debt service costs associated with city borrowing for capital improvement projects are estimated to total \$51.2 million in 2005, an increase of \$9.7 million. The increase results from increased debt for Police, Fire, and transportation related projects.

The property tax levy for debt service in 2005 totals \$52.9 million, a decrease of approximately \$1 million from 2004. The decrease in the debt service tax levy is primarily due to the conversion of \$7 million in sewer relief and relay debt from tax levy supported debt to self-supported debt. In addition to this revenue, other self-supporting debt revenues as well as general debt budget revenues, such as debt service sinking funds, help stabilize the debt service tax levy. One of these general debt sources, "excess budgeted interest" contains funds budgeted in previous years to make interest payments on outstanding city debt that were not expended. This can occur when budgeted future interest expenditures are greater than what actually is needed, and as a result, the city carries funds over in this account from one year to be made available in the next.

Due to difficulty predicting exactly how much interest is going to be expended in a single budget year, the excess budgeted interest reserve has been subject to variability over the years. The estimate to be applied to reduce debt service costs in 2005 is \$3.4 million, an increase of \$500,000 from 2004.

Milwaukee Public Schools (MPS): Debt service costs associated with school borrowing will be \$11.5 million in 2005, an increase of \$1.2 million from 2004 (see Figure 1). Since 1989, the city has provided MPS with a total of \$178.3 million in borrowing authority to help fund school improvements. These funds represent a significant

commitment on the part of the city to help MPS maintain and upgrade its facilities in order to enhance the educational environment for Milwaukee students.

Besides providing assistance to MPS with regards to their capital improvement needs, the city also issues short term Revenue Anticipation Notes (RANs) on behalf of the schools to assist them in their cash flow needs. Two other MPS debt service expenditures are related to the Energy Retrofit Program and loans from the state. The city is fully reimbursed by MPS for debt service costs related to these issuances.

Tax Incremental Districts (TIDs): Wisconsin State Law provides a mechanism for municipalities to create Tax Incremental Districts for the purpose

of generating revenue to pay for public improvements associated with development. Funding for these districts is provided from borrowing and other outside sources. When a district is created, an initial tax base value for the property is established and frozen for the tax collections for overlapping jurisdictions. City investment in redevelopment projects within the TIDs is predicated on the assumption there will be increases in the property value above this base value, a value increment. The taxes collected on the value increment portion of the property are collected as revenue to retire the debt incurred for city funded district improvements. In the 2005 debt budget, debt service associated with Tax Incremental Districts is estimated to total \$13.1 million.

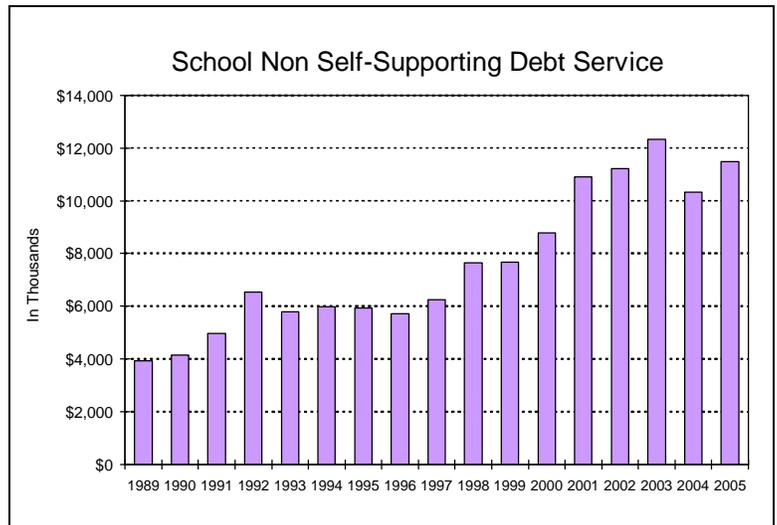
TID revenues are projected to total \$18.6 million in 2005, \$5.5 million greater than TID uses. The disparity results from timing differences inherent in some TID revenue streams. Early in a TIDs life, revenues are generally insufficient to cover traditionally structured debt service payments. Beginning in 1998, the city started structuring TID debt differently to help minimize the revenue stream timing difference. This debt structure capitalized the first 2 years of interest payments and has a 17 year bond term. Some highly successful TIDs experience revenues in excess of their debt service requirements later in their lives. As a result, those TIDs often make distributions and closeout prior to the end of their statutory life.

Delinquent Taxes: The 2005 debt budget includes \$14.8 million to finance debt service

Table 3

CITY DEBT SOURCE OF FUNDS			
PURPOSE	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
SELF-SUPPORTING DEBT			
Parking	\$4,058,736	\$3,968,083	\$-90,653
Tax Increment Districts	13,944,841	18,596,776	4,651,935
Delinquent Tax Financing	13,613,402	14,793,546	1,180,144
Special Assessments	0	0	0
Land Bank	0	0	0
Water Works	6,866,957	6,463,794	-403,163
Sewer Maintenance Fund	0	0	0
Brewer MEDC Loan	1,063,339	1,063,339	0
Port - South Harbor	203,617	50,000	-153,617
MPS - Energy Retrofit	540,103	528,318	-11,785
MPS - Loans From the State	4,657,127	4,194,486	-462,641
MPS - Pension Refunding Bonds	5,100,000	295,000	-4,805,000
Pension System	0	0	0
SUBTOTAL	\$50,048,122	\$49,953,342	\$-94,780
GENERAL OBLIGATION DEBT FINANCING			
Other Revenues	\$10,684,737	\$19,816,801	\$9,132,064
Public Debt Amortization Fund Withdrawal	4,000,000	0	-4,000,000
Tax Levy	53,994,910	52,941,522	-1,053,388
SUBTOTAL	\$68,679,647	\$72,758,323	\$4,078,676
TOTAL DEBT NEEDS	\$118,727,769	\$122,711,665	\$3,983,896

Figure 1



costs associated with delinquent tax borrowing or approximately \$846,000 more than in 2004. The increase is a small fluctuation in the annual program. Sources of funding for delinquent taxes are expected to be \$14.8 million in 2005, an increase of approximately \$1.2 million from 2004. These revenues represent collections of delinquent taxes and a portion of related interest and penalties assessed.

Parking Debt: The Parking Fund was established to account for revenues from parking meters, parking permits, rental and leasing of Parking facilities, and other revenues attributable to parking. Revenues are used to fund administrative and operational costs related to Parking operations, as well as to fund debt service costs related to borrowing for Parking capital projects. A transfer from the Parking Reserve Fund equivalent to the amount of annual outstanding debt service entirely offsets Parking related debt service costs. In the 2005 debt budget, the Parking Fund provides nearly \$4 million to finance debt service costs associated with Parking capital projects.

Special Assessments: Certain infrastructure improvements, such as repaving a street or alley, includes a charge to the abutting property owners for a portion of the project's cost. The property owner may pay either the entire amount when the bill is received, have the assessment placed on the next tax bill, or pay the amount over six years with interest charged for the final five years. When taxpayers choose the six year option, the city borrows money to finance the project. The interest cost to the city is then offset by the interest charged to the property owners. The 2005 debt budget includes approximately \$3.5 million to finance debt service costs associated with special assessment borrowing.

Water Works: The 2005 debt budget includes \$6.5 million in debt service costs associated with the Water Works Enterprise Fund. Debt service costs associated with these borrowings are reimbursed from Water Works' annual earnings. The 1995 budget included \$89 million in borrowing authority for capital projects to upgrade the water processing system, including an extension of the Texas Avenue Water Intake further into Lake Michigan, installation of ozone disinfection systems at the Howard and Linnwood Plants, and filtration process improvements at both plants.

Sewer Maintenance: Approximately \$11.3 million in debt service for 2005 relates to sewer capital projects. This amount includes \$4.3 million for expansion of city sewers and \$7 million for the city's Relief and Relay Program. Since 2001, the city's Relief and Relay Program has been funded through Sewer Maintenance Fund revenue bonds. Given that the last general city funded debt issuance for sewer relief and relay took place in 2000, the debt service related to sewer relief and relay projects will be fully retired in 2020. Beginning in 2005, the general obligation debt service related to sewer relief and relay projects will be supported by the Sewer Maintenance Fund.

Miller Park Project: The 2005 city debt budget includes approximately \$1.1 million in revenue to partially offset the \$1.8 million debt service incurred by the city as a result of the Miller Park Stadium project. This amount reflects an agreement that the city would transfer the payment stream from a Milwaukee Economic Development Corporation (MEDC) loan (for which the city issued general obligation debt) to the Southeastern Wisconsin Professional Baseball Park District.

In addition, the stadium agreement also called for the issuance of \$5.9 million of Parking Fund supported general obligation debt. In total, this agreement fulfilled the city's commitment to the Miller Park project. All debt service expense associated with this agreement is funded with revenues from the Parking Fund.

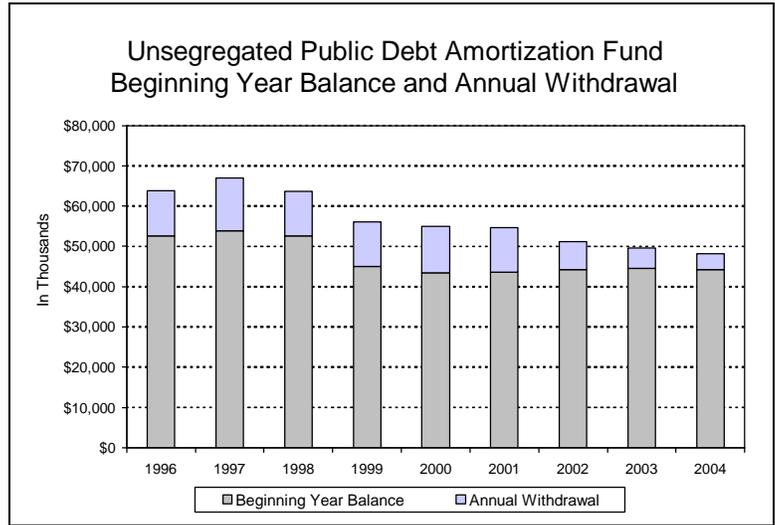
PUBLIC DEBT AMORTIZATION FUND (PDAF)

The Public Debt Commission oversees the use of the Public Debt Amortization Fund, which was created in 1925. The fund balance is composed of interest earned by assets of the fund, one-third of the general interest earnings of the city, and one-third of interest received on delinquent personal property taxes. At the end of 2004, fund assets will be used to prepay a portion of the principal and interest on city debt due in 2004, which will result in a reduction in the debt levy portion of the 2005 city debt budget. This change was first implemented in the 2004 budget. For the 2003 and earlier budgets, the PDAF withdrawal was reflected in the capital improvements budget by shifting cash funded improvements to debt funded improvements. Fund assets were used to purchase the additional debt. The additional debt was then immediately canceled, thus avoiding future debt service costs.

The annual withdrawal is determined by balancing the competing goals of reducing the following year's debt service tax levy versus maintaining a reserve balance sufficient to help preserve the city's bond rating and meet potential debt related budget issues in future years. The PDAF withdrawal for 2005 budget purposes will be \$4 million.

Figure 2 illustrates how the unsegregated portion of the PDAF balance has fluctuated over time. These fluctuations are largely due to the PDAF's investments in interest rate sensitive long term U.S. Treasury Securities. Interest earnings in the late 1990's hovered around \$10 million annually. Declining interest rates have greatly reduced those returns in recent years. As a result, revenues are forecasted to be about \$4 million this year. When combined with the \$4 million withdrawal, the \$44.2 million fund balance is projected to slightly increase in 2005.

Figure 2



OUTSTANDING DEBT AND DEBT SERVICE POLICY

As detailed in Table 4, the outstanding debt service requirements for the city totaled \$868.6 million at the end of 2003. Approximately 64% or \$557 million of total outstanding debt is tax levy supported. About \$217.2 million is for the street, sewer, and bridge systems the largest component of debt. An additional \$179.4 million is for public facilities, \$114.6 million is for schools, \$30.7 million is for economic development related activities, and \$15.2 million is for other miscellaneous projects.

The remaining \$311.6 million, or 36% in general obligation debt is self-supported debt. The concept of self-supported debt is that the use of borrowing proceeds will generate a stream of revenue that will offset related principal and interest payments. The six major categories of self-supporting debt are: Tax Incremental Districts, special assessments, delinquent taxes, Parking, Water, and land bank. In addition, there is a portion of school debt that is considered self-supported because the debt service is supported by the Milwaukee Public School System rather than the city. The largest component of self-supporting debt is Tax Incremental Dis-

Table 4

Outstanding Debt Service Requirements by Purpose City of Milwaukee General Obligation Bonds and Notes As of December 31, 2003 (In Thousands)				
Purpose	Principal	Interest	Total	% of Total
Self-Supporting Debt				
Tax Incremental Districts	\$88,436	\$32,187	\$120,623	13.89%
Parking	19,635	4,278	23,913	2.75%
Water	37,809	10,454	48,263	5.56%
Delinquent Taxes	24,190	1,295	25,485	2.93%
Special Assessments	24,838	8,708	33,546	3.86%
Land Bank	257	43	300	0.03%
School Debt	41,100	18,335	59,435	6.84%
Subtotal	\$236,265	\$75,300	\$311,565	35.87%
Tax Levy Debt				
Economic Development	\$24,156	\$6,537	\$30,693	3.53%
Public Facilities	138,918	40,445	179,363	20.65%
Streets, Sewers, Bridges	168,242	48,938	217,180	25.00%
Other	13,260	1,898	15,158	1.75%
School Debt	79,241	35,351	114,592	13.19%
Subtotal	\$423,817	\$133,169	\$556,986	64.13%
Less Prepayment	\$0	\$0	\$0	0.00%
TOTAL REQUIREMENTS	\$660,082	\$208,469	\$868,551	100.00%

Source: 2003 Comprehensive Annual Financial Report Exhibit I-3

tricts, which total \$120.6 million. The remaining components are schools \$59.4 million; Water Works \$48.3 million; special assessments \$33.5 million; Parking Fund \$23.9 million; delinquent taxes \$25.5 million; and land bank \$300,000.

General Obligation Debt Limits: Since the city’s ability to repay debt is primarily measured by its property tax base wealth, the relationship between debt and property tax base trends is highly important from the perspective of national bond rating agencies. State statutes also limit direct general obligation borrowing to 5% of the equalized value of taxable property in the city for municipal services and an additional 2% for school purposes. As of December 31, 2003 the city used 61% of its general obligation debt limit, a decline of 4% from 2002. This decline is due to the city’s growing property values as the total amount of debt has increased from 2002.

Debt Structure and Payout: The general policy of the Public Debt Commission for general obligation bonds is to issue 15 year, level principal payment bond issues. This policy produces higher payments in the early years of a bond issue but produces lower total financing costs. As a result of this rapid debt amortization schedule, 81% of principal is retired in ten years. Although the ten year payout decreased from 84% in 2002, it is still well above the industry standard of 50%.

Overlapping Debt: Not only do city taxpayers pay for debt incurred by the City of Milwaukee but they also pay for the debt of overlapping taxing jurisdictions. For Milwaukee residents, this includes the combined debt obligation of all local units of government including the City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewerage District (MMSD), and Milwaukee Area Technical College (MATC).

Table 5 shows the total direct and overlapping debt for all jurisdictions as of December 31, 2003. The city share totals \$1.18 billion, of which the city’s direct debt totaled \$624.7 million, or 54.14% of total overlapping debt.

Table 5

Summary of Net Direct and Overlapping Debt				
As of December 31, 2003				
(In Thousands)				
Governmental Unit	Net Debt Outstanding	Percent Applicable to City	City Share of Debt	Percent of Total
Direct Debt				
City of Milwaukee	\$624,717	100.00%	\$624,717	54.14%
Overlapping Debt				
MATC	\$75,069	37.35%	\$28,038	2.38%
Milwaukee County	473,237	45.86%	217,026	18.40%
MMSD	660,036	46.97%	310,019	26.28%
TOTAL DEBT	\$1,833,059		\$1,179,801	100.00%

Source: 2003 Comprehensive Annual Financial Report, Table 9

OTHER DEBT (REVENUE BONDING)

Housing Authority and Redevelopment Authority Debt: The Housing Authority and the Redevelopment Authority of the City of Milwaukee are public corporations established under state law with authority to issue debt. The Housing Authority issues debt for the construction and renovation of housing for the elderly and low income persons, including veterans. Redevelopment Authority obligations are issued for blight elimination, economic development, and urban renewal projects. Debt issued by either entity is not considered a direct obligation of the city and, consequently, is not backed by its general credit or taxing powers. For additional discussion on the Housing Authority and Redevelopment Authority, see the “Department of City Development” summary in the *2005 Plan and Budget Summary*.

Sewerage System Revenue Bonds: In 2001, the city issued its first Sewerage System Revenue Bonds instead of financing the Sewer Relief and Relay Program through general city debt. These bonds finance the cost of improvements of plant and equipment for the collection, transportation and storage of storm water and surface water including necessary lateral, main, and interception sewers. This effort will preserve the condition of the current sewer system infrastructure by annually replacing a portion of the sewer system. The Sewer Maintenance Fee, charged to system users, is used to repay these bonds. Further discussion on the Sewer Maintenance Fund can be found in the “Sewer Maintenance Fund” section in the *2005 Plan and Budget Summary*.

E. DELINQUENT TAX

EXECUTIVE SUMMARY

PURPOSE: To provide tax levy appropriation authority to fund the loss or shortfall resulting from the sale of tax deed parcels and to provide a reserve for delinquent taxes based on prior uncollectables.

PROGRAMS: Provide a mechanism to finance uncollectable taxes without affecting the city's tax levy.

INITIATIVES FOR 2005: Continue efforts to return tax delinquent properties to the tax rolls.
Continue to pursue *in personam* actions against delinquent taxpayers.

SUMMARY OF EXPENDITURES

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Delinquent Tax Fund	\$1,000,000	\$1,000,000	\$1,000,000	\$0
TOTAL	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$0</u>

SOURCE OF FUNDS

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Property Tax Levy	\$1,000,000	\$1,000,000	\$1,000,000	\$0
TOTAL	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$0</u>

BACKGROUND

When a tax deed parcel is sold or transferred for city use, the net profit or loss on each transaction is charged to the Delinquent Tax Fund Appropriation Account. The Delinquent Tax Fund uses tax levy dollars to fund losses suffered on uncollectable taxes and on the sale of tax deed properties. All costs related to maintenance, destruction, and hazardous waste removal by the city prior to the city's acquisition of the property are delinquent tax costs.

The Comptroller has implemented accounting changes that became effective July 2001. The Delinquent Tax Fund in the General Fund will be used exclusively to absorb losses on sales of delinquent tax properties acquired prior to July 1, 2001. Subsequent to July 1, losses on delinquent tax properties will be absorbed in the Delinquent Tax Fund that is not part of the General Fund.

PROGRAM RESULTS

On average, the city acquires approximately 300 vacant lots and 150 to 200 improved properties per year. Once the city acquires ownership, the Department of City Development manages the property until it can be sold. The city has been able to sell roughly the same number of properties as it acquires annually.

Unfortunately, the city is not able to sell all properties. The maintenance costs related to the retained properties creates a budgetary problem because the Delinquent Tax Fund only covers costs to the time of foreclosure. Maintenance costs in the DCD budget are increasing rapidly thus putting added pressure on their budget allocation. Alternatives are being explored that will reduce or eliminate the maintenance cost impact.

F. COMMON COUNCIL CONTINGENT FUND

EXECUTIVE SUMMARY

PURPOSE: To provide budgetary authority and funding to pay for emergencies that may arise during the year for which no express provisions have been made elsewhere in the city's budget.

PROGRAM: Contingent Fund.

INITIATIVES FOR 2005: Adhere to guidelines and standards in considering requests for withdrawals. Maintain the Fund's integrity as an "emergencies only" source of funds.

SUMMARY OF EXPENDITURES

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Common Council Contingent Fund	[\$5,000,000]	\$5,000,000	\$5,000,000	\$0
TOTAL	<u>[\$5,000,000]</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$0</u>

SOURCE OF FUNDS

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Property Tax Levy	\$5,000,000	\$5,000,000	\$5,000,000	\$0
TOTAL	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$0</u>

BACKGROUND

The Common Council Contingent Fund provides funding for emergency situations that require expenditures above budget authorizations. Requests must be approved by three-quarters of the Common Council before funds can be used and must meet one of the following criteria:

- Emergency circumstances;
- Obligatory circumstances; or
- Fiscal advantage and/or compliance with fiscal management principles.

Additional established guidelines and standards must be met relative to the Finance and Personnel Committee's review of Contingent Fund requests. The guidelines and standards focus on:

- Timelines and process requirements; and
- Information that must be provided to the Finance and Personnel Committee upon request, including:
 - Statement of action requested, including the account where the Contingent Fund appropriation is needed;
 - Purpose of action, including the impact on program service or activity and program objectives; and
 - A description of the emergency that prompts the request.

Limiting Contingent Fund requests to these criteria forces departments to manage within their allocated budgets and discourages use of the fund for initiating new projects or programs.

SPECIAL REVENUE FUNDS

This section of the budget includes funds supported by revenues other than the city property tax levy. Revenues other than the city property tax offset the appropriations in this section. Any property tax levies related to these special revenue funds are provided in other sections of the city's budget.

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
G. Parking Fund	\$33,492,103	\$44,806,125	\$47,584,804	\$2,778,679
H. Grant and Aid Project Fund	72,221,627	71,908,461	81,360,664	9,452,203
I. Economic Development Fund	4,228,673	4,761,827	5,388,818	626,991
J. Water Works	88,415,915	108,075,206	102,222,241	-5,852,965
K. Sewer Maintenance Fund	41,366,020	45,665,233	54,529,316	8,864,083
M. Delinquent County Taxes Fund	8,928,153	9,500,000	9,500,000	0
TOTAL	<u>\$248,652,491</u>	<u>\$284,716,852</u>	<u>\$300,585,843</u>	<u>\$15,868,991</u>

G. PARKING FUND

EXECUTIVE SUMMARY

- MISSION:** To provide clean and safe on- and off-street parking in a manner which integrates parking policies and economic development goals and maintains the financial solvency of the Parking Fund and independence from city tax levy funding.
- PROGRAMS:** Parking regulation, including on- and off-street parking activities.
- INITIATIVES FOR 2005:** Study and provide recommendations on the results of the Multi-Space Meter Pilot Program.
- Fully implement the Vehicle Registration Hold Program for towing and storage fees.
- Explore new technology to improve the efficiency of parking enforcement.
- Study the feasibility of the sale of city owned parking structures.
- Install a new Parking Information System to provide better information on parking space availability for motorists traveling to downtown activities.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	126.25	126.25	126.25	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	128	128	128	0
EXPENDITURES				
Salaries and Wages	\$4,176,112	\$4,523,008	\$4,532,356	\$9,348
Fringe Benefits	1,558,699	1,628,283	1,631,648	3,365
Operating Expenditures	12,287,373	13,095,400	12,934,600	-160,800
Equipment	237,972	242,600	265,000	22,400
Special Funds	6,349,276	7,010,934	6,811,200	-199,734
Transfer to General Fund	<u>8,300,000</u>	<u>12,000,000</u>	<u>15,210,000</u>	<u>3,210,000</u>
TOTAL OPERATING	\$32,909,432	\$38,500,225	\$41,384,804	\$2,884,579
Capital Projects	<u>\$582,671</u>	<u>\$6,305,900</u>	<u>\$6,200,000</u>	<u>\$-105,900</u>
TOTAL BUDGET	\$33,492,103	\$44,806,125	\$47,584,804	\$2,778,679

STATEMENT OF REVENUES AND EXPENSES

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
OPERATING EXPENDITURES				
Structures	\$2,448,443	\$2,674,872	\$2,651,029	\$-23,843
Meters	649,053	735,098	702,972	-32,126
Permits	46,466	61,397	59,667	-1,730
Towing	3,989,588	4,249,880	4,236,990	-12,890
Lots	117,655	172,116	169,582	-2,534
Parking Enforcement	10,390,226	11,047,171	10,886,585	-160,586
Debt Service	5,190,187	5,286,598	5,082,200	-204,398
PILOT	1,159,089	1,292,000	1,304,000	12,000
Administration	618,725	548,757	656,779	108,022
Contingent Fund	0	432,336	425,000	-7,336
Transfer Excess Revenue to General Fund	8,300,000	12,000,000	15,210,000	3,210,000
TOTAL	\$32,909,432	\$38,500,225	\$41,384,804	\$2,884,579
OPERATING REVENUES				
Structures	\$6,717,594	\$6,571,855	\$6,713,345	\$141,490
Meters	4,130,220	3,921,400	4,114,600	193,200
Permits	2,631,394	2,408,000	2,710,000	302,000
Towing	1,955,597	2,000,000	1,950,000	-50,000
Lots	219,854	216,000	26,000	-190,000
Parking Citation Revenue	20,148,770	19,000,000	19,000,000	0
Miscellaneous	1,151,999	0	0	0
Vehicle Disposal	1,846,005	1,700,000	1,700,000	0
Sale of Real Property	963,008	359,424	359,424	0
Withdrawal from Reserves	0	2,323,546	4,811,435	2,487,889
TOTAL	\$39,764,441	\$38,500,225	\$41,384,804	\$2,884,579
CAPITAL EXPENDITURES				
Structures	\$582,671	\$6,305,900	\$6,200,000	\$-105,900
TOTAL	\$582,671	\$6,305,900	\$6,200,000	\$-105,900
CAPITAL FINANCING				
Proceeds from Borrowing	\$582,671	\$1,305,900	\$1,200,000	\$-105,900
Retained Earnings	0	5,000,000	5,000,000	0
Carryover Borrowing (informational purposes only)	(0)	(1,094,000)	(1,800,369)	(706,369)
TOTAL	\$582,671	\$6,305,900	\$6,200,000	\$-105,900

BACKGROUND

The Parking Fund is an Enterprise Fund administered by the Department of Public Works (DPW). It receives revenues from parking activities, which finance the city's on- and off-street parking expenses. The Parking Fund was established in 1949 to finance the operation and maintenance of parking meters. Since that time its responsibilities have expanded to include managing city owned parking structures and lots, towing, storing and disposing of vehicles, managing parking enforcement, information desk operations, and the citation processing contract. Operating the Parking Fund as an Enterprise Fund rather than a city department allows the city to finance parking activities through parking revenues rather than burdening taxpayers through the property tax.

The Parking Fund oversees five city owned parking structures: Milwaukee and Michigan, Second and Plankinton, MacArthur Square, Fourth and Highland, and 1000 North Water. It also operates and maintains approximately 6,400 parking meters throughout the city; manages approximately 51 metered, leased, and permit parking lots;

issues more than 830,000 parking citations each year; tows approximately 30,000 illegally parked and abandoned vehicles per year to the city's Tow Lot; and works with the Police Department to issue more than 170,000 parking permits each year. Combined, these activities provide clean and safe on- and off-street parking for Milwaukee's residents, businesses, and visitors.

Program 1

Parking Regulation

Activities: Parking meter operation and maintenance, parking structure operation and capital management, parking lot management, towing and tow lot management, parking ordinance enforcement, citation processing and collection, and parking permit administration.

		2003	2004	2005
		Experience	Budget	Projection
Program Outcome:	Asset to liability ratio.	4.00	3.00	3.00
Funding by Source:	Operating Funds	\$32,909,432	\$38,500,225	\$41,384,804
	Capital Budget*	582,671	1,305,900	1,200,000
	Total:	\$33,492,103	\$39,806,125	\$42,584,804

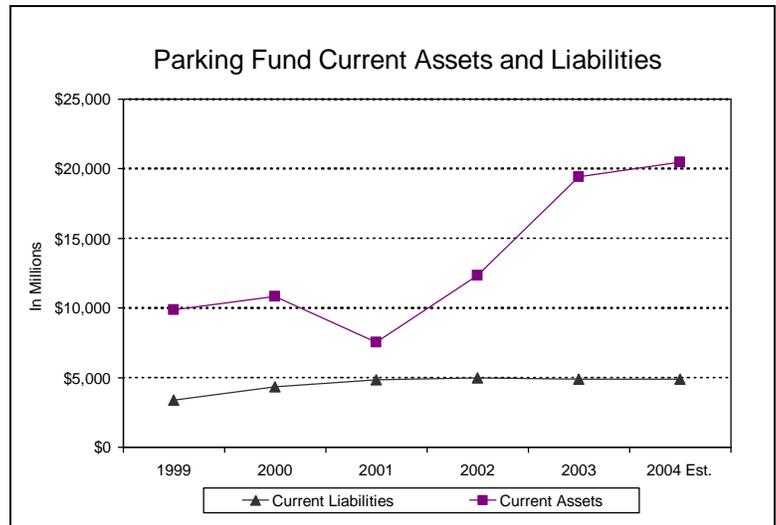
*Note: Program funding does not include capital improvements funded from the Permanent Reserve Fund.

PROGRAM RESULTS

As of December 31, 2003 the Parking Fund had \$62.8 million in assets and \$21 million in total liabilities, most of which is for outstanding debt. The fund's assets consist primarily of parking structures and cash reserves. To remain financially viable, the Parking Fund's goal is to maintain a 2:1 ratio of current assets to liabilities. Due to high levels of unanticipated revenues, the fund exceeded a 4:1 ratio at the end of 2003 (see Figure 1).

The fund's strength results from its diverse array of revenue streams (see Figure 2). This diversity is highly desirable because it provides financial stability. If one type of revenue underperforms in any given year, it is not as damaging as a fund with more limited revenue sources. The largest source of parking revenue is parking citations. In 2005, citation issuance activities are projected to generate \$19 million in revenue.

Figure 1



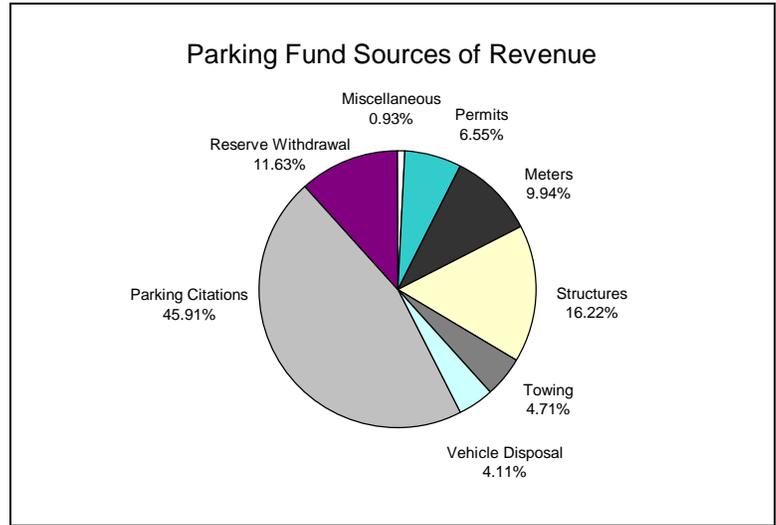
PROGRAM CHANGES

Multi-Space Parking Meter Pilot Program: In the summer of 2004, a three month pilot program was undertaken that introduced multi-space parking meters to downtown Milwaukee. Four multi-space meters were placed on Jefferson Street between Wells and Mason Streets and existing parking meters were replaced with markers indicating a parking space number. The new meters conveniently accept coins, credit, and debit cards. Surveys were

conducted of the users and of the businesses located on this block of Jefferson Street. The initial feedback from the project has been very positive.

The results of the pilot project revealed the following: 1) 25% of all meter revenue was derived from credit cards; 2) 14% of all transactions used credit cards for payment; 3) the average payment with a credit card totaled \$1.71 compared to \$0.78 with cash; 4) 64% of all credit card payments were at the maximum value of \$2.00 compared to 6% of coin payments; and 5) meter revenue increased 3.2%. In addition, the meter management system provided real time information for adjudication, financial management, auditing and monitoring meter uptime and cashbox capacity, a more efficient parking enforcement and a reduction in frequency of coin collection.

Figure 2



In 2005, the city will review the results of the pilot project and determine whether to permanently install these types of meters in areas of the city with high meter use and turnover.

Outstanding Parking Revenue Collection Strategies: In recent years, the Department of Public Works has taken a proactive approach to increase the collection of unpaid parking citations and outstanding towing and storage fees. Initial results indicate these efforts to be successful.

- Tax Revenue Intercept Program (TRIP):** The city began participating in the TRIP Program in 2002. Currently, all persons with unpaid parking citation balances exceeding \$100 are registered with the Wisconsin Department of Revenue. In 2003, the city intercepted over \$1.2 million through this program. As of July 31, 2004, more than \$1.7 million has been intercepted. These collections are over and above projected annual parking citation revenues, thereby increasing Parking Fund reserves.
- Vehicle Registration Holds:** In 2004, the state enacted legislation that enables the city to place registration holds on vehicles for non-payment of towing and storage fees. The Tow Lot began implementing this new process on September 1, 2004, beginning with those vehicles that have good license plate and vehicle registration information.
- Notice of Appearance Form:** Parking scofflaws who miss their scheduled appointments with the Parking Citation Review Manager are now required to sign a "Notice of Appearance" form that transfers their case to the Municipal Court if they want to adjudicate their outstanding parking citations. Since about 50% of the appointments scheduled with the Citation Review Manager are missed, there are a large number who try to reschedule. The consequences of missing a court appointment are much more severe, thereby forcing a number of parking scofflaws into the Municipal Court system to adjudicate their outstanding parking citations that would not have done so previously. By going to Municipal Court, the person is able to participate in a payment plan that will keep their vehicle registration current.
- Issuance of Summons and Complaint:** When a person with five or more parking citations over 30 days old retrieves their vehicle at the Tow Lot, they are now being personally served with a summons and complaint form by the Tow Lot staff. The form provides them with a Municipal Court date, as well as a summary of outstanding parking citations. Initial results indicate that the program is successful for parking scofflaws who would not otherwise schedule a court date.

Parking Kiosks: The Department of Public Works has negotiated an amendment to the parking citation processing contract to require the development and installation of kiosks that will sell and dispense night parking permits and accept payments for parking citations. The kiosks will accept cash, check, or credit cards and will electronically dispense the permits. This self-serve technology will significantly reduce the workload for Police Department staff that currently processes these transactions. The new kiosks are scheduled to be installed in Police District Stations 2, 5, and 6 at the end of 2004. The department intends to eventually install kiosks in all Police District Stations as well as other locations.

New Revenue Control Equipment: The Parking Fund purchased new parking access and revenue control equipment for four city owned parking structures, which will be installed in the fall of 2004. This investment will enhance financial management and auditing capabilities and provide payment options for the public. The equipment will have the ability to provide for credit card payment on entrance, exit, and at pay-on-foot machines. Overtime, it is anticipated that this technology will reduce the number of cashiers needed to staff the parking structures.

Parking Information System Grant: The city received a \$1.5 million grant from the Wisconsin Department of Transportation's Congestion Mitigation/Air Quality (CMAQ) Program to purchase and install a parking information system in downtown Milwaukee. The system will be installed at parking structures within one block of the Summerfest shuttle route (MacArthur Square and Second Street and Plankinton Avenue). The system is intended to reduce congestion related to Summerfest and other downtown activities. DPW Parking will coordinate with DPW Infrastructure to implement this initiative.

Transfer to the General Fund: The 2005 budget includes a transfer of \$15.2 million to the General Fund, an increase of \$3.2 million from the 2004 budget. This payment reflects projected increases in parking revenues in 2004 totaling \$3.6 million and an unexpected payment from the Grand Avenue parking structure of \$1 million in 2003. The increase in parking revenues is due, in part, to the revenue collection strategies mentioned in the above discussion. The sustainability of this transfer amount will depend on revenue performance in 2005 and beyond.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

H. GRANT AND AID FUND

EXECUTIVE SUMMARY

PURPOSE: The Grant and Aid Fund provides expenditure authority for federal, state, and other grants whose proceeds are restricted to operating expenditures for specific purposes. These expenditures are to be made in accordance with the grant and aid process as stated in Common Council Ordinance 940843.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Grantor Share (Non-City)	\$72,221,627	\$71,908,461	\$81,360,664	\$9,452,203
Local Share Out-of-Pocket (Current Levy)	0	0	0	0
TOTAL	\$72,221,627	\$71,908,461	\$81,360,664	\$9,452,203

BACKGROUND

This fund serves as a "parent" account wherein grant funds accumulate prior to allocation on a project-by-project basis as the year progresses. Expenditures cannot be made directly against the parent account. In order to expend funds, a Common Council resolution must be adopted to authorize a specific project, create a sub-account, and allocate specific funding from the parent account. The fund provides expenditure authority for both planned and potential projects during the calendar year.

PROGRAM CHANGES

The 2005 grant and aid budget reflects an increase in expenditure authority for grantor share of \$9.1 million above 2003 actuals and an increase of \$9.4 million from the 2004 budget (see Table 1). The total grant and aid budget is 12.7% over 2003 actual expenditures and 13% above the 2004 budget.

Most departments are anticipating more grant awards in 2005 compared to 2004. The exceptions are the Fire Department, which remains at the same level and the Police Department, which anticipates a \$1.6 million reduction. A significant reason for the large increase in the grant and aid budget is an \$8 million increase in the unanticipated amount for grant awards. This increase reflects the potential of receiving additional funding through the Urban Areas Security Initiative Program Grant in 2005.

Table 1

Comparison of Projected Grant Activity			
(Grantor Share)			
Department	2004	2005	Difference
DOA Administration	\$29,782,000	\$30,172,450	\$390,450
City Development	1,525,000	1,540,000	15,000
Fire	30,000	30,000	0
Health	16,204,120	18,532,665	2,328,545
Library	846,300	1,001,499	155,199
Police	10,569,459	8,985,646	-1,583,813
Public Works	2,951,582	3,098,404	146,822
Unanticipated	10,000,000	18,000,000	8,000,000
Totals	\$71,908,461	\$81,360,664	\$9,452,203

Community Block Grant Administration: The Community Block Grant Administration anticipates receiving approximately \$29.9 million in grant funds in 2005. These funds will be used to continue neighborhood strategic planning efforts to ensure that the city's federal block grant allocation is targeted toward city neighborhood priorities and needs. Approximately \$20 million of this anticipated funding will be applied toward the Community

Development Block Grant (CDBG) Program. This is an increase of \$350,000 from 2004, a result of the new \$360,000 grant for the American Dream Down Payment Initiative, which will assist low income families and individuals with down payment assistance. In addition, an anticipated \$7 million will be applied to the HOME Program, the same as provided in 2004. Other programs will receive anticipated funding of \$2.8 million.

The 2005 budget anticipates the reprogramming of \$1.3 million of 2005 CDBG funds to maintain or enhance city programs, including:

• Police Department – Operation Safe Neighborhoods	\$481,000
• Department of Public Works – Clean and Green	\$200,000
• Library – Mobile Library Technology Services	\$244,000
• Library – Community Outreach and Technology Center	\$110,000
• Department of Neighborhood Services – Targeted Code Enforcement	\$90,267
• Department of Neighborhood Services - Vacant Lot Maintenance	\$58,500
• Department of Neighborhood Services – Landlord Training	\$50,000
• Department of Neighborhood Services – Neighborhood Improvement Program	\$50,000

Health Department Grants: Excluding the Community Development Block Grants, the Health Department is the largest recipient of grant funding among city departments. The total amount of grant projects anticipated in 2005 is \$18.5 million, an increase of \$2.3 million from 2004. The Municipal Health Services Grant is the department’s largest grant at \$6 million, although this is reduced by \$1 million from 2004. Other large grants include two new grants, the HUD 11 (\$3 million), which advances housing and community based primary prevention services, and the STEPS Grant (\$1.5 million), which promotes healthy behaviors, including fitness, tobacco use prevention, and obesity reduction in targeted areas. The Health Department also anticipates \$750,000 in UASI funding to support emergency preparedness, planning, and response within the defined urban area of Milwaukee, Washington, and Waukesha counties.

Police Department Grants: The Police Department anticipates grant funding of at least \$9 million for 2005. This funding will primarily be applied toward the Miscellaneous Homeland Security Grants (\$4 million), Law Enforcement Technology Grant (\$1 million), High Intensity Drug Trafficking Area (\$0.8 million), and the Local Law Enforcement Block Grant (\$0.7 million). Reduced funding primarily reflects a decrease in the Law Enforcement Technology Grant.

Fire Department Grants: The Fire Department anticipates one grant totaling \$30,000 in 2005 for EMS funding assistance. In 2004, the County Paramedic Agreement was converted from a grant award to revenue received within the city’s general fund from Milwaukee County. This revenue offsets operating costs within the Fire Department previously funded through the grant.

Milwaukee Public Library: The Library anticipates \$1 million in funding for two grants, Interlibrary Services Loan Grant and Wisconsin Regional Library for the Blind and Physically Handicapped. This is an increase of \$155,000 or 18% from 2004.

Department of Public Works (DPW): DPW anticipates \$3.1 million in grant funding, an increase of \$147,000 from 2005. The majority of grant funding, 98%, supports recycling efforts. DPW also receives significant grant funding for capital improvement projects. For more information, see the *Capital Improvements Funds* section of the *2005 Plan and Budget Summary*.

The Community Development Block Grant Program projects and amounts for each project approved (by the Common Council under resolution) for 2005 are as follows:

2005 Community Development Contract Awards
(Total award amounts listed alphabetically by organization)

Organization Name	Source of Funds					Total Awards
	CDBG	HOME	SHELTER	HOPWA	ADDI	
Acquire/Rehab/Sell and New Construction Pool	\$138,000	\$510,000				\$648,000
Agape Community Center	29,000					29,000
AIDS Resource Center of Wisconsin				450,000		450,000
American Red Cross Greater Milwaukee Chapter			26,189			26,189
ASHA Family Service Inc	55,092					55,092
Benedict Center Inc	41,326					41,326
BIG STEP Inc	82,000					82,000
Boys and Girls Club of Greater Milwaukee	335,000					335,000
Career Youth Development	69,000					69,000
Center for Teaching Entrepreneurship	24,000					24,000
Children's Outing Association	179,020					179,020
City Attorney's Office	30,000					30,000
Clara Mohammed School Inc	13,000					13,000
Common Council/City Clerk's Office	60,352					60,352
Community Advocates	213,600		60,914			274,514
Community Block Grant Administration	996,000	212,000				1,208,000
Comptroller's Office	639,000	85,000				724,000
Council for the Spanish Speaking Inc	33,000					33,000
Counseling Center of Milwaukee - Pathfinders Program	25,892		21,157			47,049
Daughters of Luke Ltd	222,720					222,720
Daystar Inc	26,590		29,514			56,104
Department of Administration	298,850					298,850
Department of City Development	1,536,926	1,800,000				3,336,926
Department of Neighborhood Services	2,450,974					2,450,974
Department of Public Works	291,375					291,375
Esperanza Unida Inc	199,000					199,000
Execute Media	32,000					32,000
Friends of Housing	40,000	200,000				240,000
Gibraltar Development Corporation	70,000	245,000				315,000
Grand Avenue Club	30,000					30,000
Guest House of Milwaukee Inc	73,160		100,522			173,682
Harambee Ombudsman Project Inc	294,583	394,000				688,583
Health Department	1,867,152					1,867,152
Hispanic Chamber of Commerce of Wisconsin	55,000					55,000
Hmong/American Friendship Association Inc	104,000					104,000
Hope House of Milwaukee Inc	168,740		89,526			258,266
Housing Resources Inc	60,000					60,000
Housing Trust Fund Capitalization	25,000					25,000
Howard Fuller Educational Foundation Inc	100,325	50,000				150,325
Interfaith Program for the Elderly Inc	50,000					50,000
Journey House Inc	103,000					103,000
LaCausa Inc	27,590		30,975			58,565
Lao Family Community Inc	25,000					25,000
Large Impact Development Pool	100,000					100,000
Latino Community Center	104,000					104,000
Layton Boulevard West Neighbors	25,000					25,000
Lincoln Neighborhood Redevelopment Corporation	50,000					50,000
Lincoln Park Community Center	70,000					70,000
Lisbon Avenue Neighborhood Development	196,583					196,583
Mainstreet Pool	280,000					280,000
Merrill Park Neighborhood Association	129,000					129,000
Metcalfe Park Residents Association	40,000					40,000
Metro Milwaukee Fair Housing Council	114,024					114,024
Milwaukee Alliance	95,000					95,000
Milwaukee Careers Cooperative	30,000					30,000
Milwaukee Christian Center	75,000					75,000
Milwaukee Christian Center - NIP	688,041	1,249,500				1,937,541
Milwaukee Community Service Corporation	130,000	200,000				330,000
Milwaukee Fire Department	455,000					455,000
Milwaukee LGBT Community Center Inc	24,000					24,000

H. GRANT AND AID FUND

Organization Name						Total Awards
	CDBG	HOME	SHELTER	HOPWA	ADDI	
Milwaukee Midtown Housing Corporation	\$64,000	\$320,000				\$384,000
Milwaukee Police Department	244,000					244,000
Milwaukee Public Library	492,431					492,431
Milwaukee Urban League	30,000					30,000
Milwaukee Women's Center Inc	110,205		83,413			193,618
Modjeska Youth Theater Company Inc	24,000					24,000
Neighborhood House of Milwaukee	48,832					48,832
Neighborhood Housing Services of Milwaukee	331,583					331,583
Neu-Life Community Resource Center	24,000					24,000
New Horizon Center Inc	25,000					25,000
Non-Profit Center of Milwaukee Inc	100,000					100,000
North Avenue Community Development Corporation	32,500					32,500
Northcott Neighborhood House	49,000	50,000				99,000
Northwest Side Community Development Corporation	50,000					50,000
Opportunities Industrialization Center of Greater Milwaukee	25,000					25,000
Pearls for Teen Girls Inc	24,000					24,000
Project RESPECT Inc	40,000					40,000
RACM	1,796,102					1,796,102
Richard's Place				62,000		62,000
Riverworks Development Corporation	120,000					120,000
Rosalie Manor Community and Family Services	24,000					24,000
Running Rebels Community Organization Inc	24,000					24,000
Safe and Sound	264,000					264,000
Salvation Army			99,882			99,882
Select Milwaukee Inc	90,000				369,000	459,000
Sherman Park Community Association	126,583					126,583
Silver Spring Neighborhood Center	40,000					40,000
Social Development Commission	487,916		101,790			589,706
Sojourner Truth House Inc	152,006		54,521			206,527
Southside Organizing Committee	80,000					80,000
Task Force on Family Violence Inc	97,896					97,896
Teen Approach Inc	24,000					24,000
United Community Center	90,000					90,000
Walker's Point Center for the Arts	25,000					25,000
Walker's Point Youth and Family Center	74,364		23,792			98,156
West End Development Corporation	393,000	1,317,000				1,710,000
Wisconsin Community Service Inc	70,000					70,000
Wisconsin Women's Business Initiative Corporation	22,500					22,500
Wiscraft Inc	25,000					25,000
Woodland Pattern Inc	25,000					25,000
Word of Hope Ministries Inc	30,000					30,000
YMCA of Metro Milwaukee Community Development Corp	255,000	367,500				622,500
YMCA of Metro Milwaukee Holton Center	55,000					55,000
YMCA of Metro Milwaukee Northside	54,000					54,000
YMCA of Metro Milwaukee Parklawn	65,000					65,000
YWCA of Greater Milwaukee	54,167		44,254			98,421
Total All Sources of Funds	\$20,000,000	\$7,000,000	\$766,449	\$512,000	\$369,000	\$28,647,449

I. ECONOMIC DEVELOPMENT FUND

EXECUTIVE SUMMARY

PURPOSE: The Economic Development Fund provides expenditure authority for economic development purposes, including the Business Improvement District Program.

PROGRAM: Business Improvement Districts.

INITIATIVES FOR 2005: Continue to promote development in commercial areas by providing owner-financed development.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Business Improvement Districts	\$4,228,673	\$4,761,827	\$5,388,818	\$626,991
TOTAL	\$4,228,673	\$4,761,827	\$5,388,818	\$626,991

BACKGROUND

Business Improvement Districts are special assessment districts created at the petition of local commercial property owners. In accordance with Sec. 66.608 Wis. Stats., the city has established over 30 Business Improvement Districts (BIDs). Each year the BIDs, along with the city, develop a plan and budget. This budget becomes the basis for an assessment charged to area businesses in the BID. Because the BIDs do not have taxing authority, the city collects the assessment on their behalf. Through an appropriation in the city budget, the city provides the dollars it collects to the BIDs.

The 2005 budget for the Economic Development Fund is \$5.4 million. There is no tax levy impact in this fund. Revenue of \$5.4 million will be received from the BID assessments.

PROGRAMS

There are 26 active BIDs throughout Milwaukee; each is governed by a local board. Collectively, these BIDs raise nearly \$5.4 million annually for activities ranging from economic development to administration and streetscaping to public safety. The following is a list of the BIDs for 2005 with their corresponding budgeted amount:

BID #2 (Historic Third Ward) \$482,392	BID #3 (RiverWalk) \$33,738
BID #4 (Greater Mitchell Street) \$104,790	BID #5 (Westown) \$94,257
BID #8 (Historic King Drive) \$159,496	BID #9 (739 North Water RiverWalk) \$28,444
BID #10 (Avenues West) \$127,772	BID #11 (Brady Street Business Area) \$137,698
BID #13 (Oakland Avenue) \$53,500	BID #15 (RiverWalk) \$433,439
BID #16 (Uptown Triangle) \$82,425	BID #17 (Northwest Area Business) \$48,150
BID #19 (Villard Avenue) \$94,625	BID #20 (North, Prospect, Farwell Avenues) \$162,545
BID #21 (Downtown Management District)	BID #25 (Riverworks) \$176,180

BID #26 (The Valley) \$32,949

BID #28 (North Avenue Gateway District) \$24,788

BID #31 (Havenwoods) \$141,871

BID #33 (North Avenue Market Place) \$40,000

BID #35 (Becher/Kinnickinnic) \$150,000

BID #27 (Burleigh) \$37,616

BID #29 (Teutonia, Capitol, Atkinson) \$59,517

BID #32 (Fifth Ward) \$110,000

BID #34 (Howell Avenue) \$55,000

BID #36 (Fond du Lac Market Place) \$40,000

J. WATER WORKS

EXECUTIVE SUMMARY

- MISSION:** Maintain the highest quality of service while providing a safe, reliable, and aesthetically pleasing supply of water.
- Ensure that water service is a key contributor in sustaining the economic prosperity of the City of Milwaukee, while protecting the quality of Milwaukee's environment.
- PROGRAMS:** Drinking water supply and treatment.
- Water distribution and customer service.
- INITIATIVES FOR 2005:** Implement new Commercial Cross-Connection Program to ensure the safety of the drinking water supply.
- Consolidate two distribution facilities with other Department of Public Work facilities to achieve operational efficiencies.
- Complete the installation of a new customer information system.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	329.71	360.12	385.28	25.16
FTEs - Other	13.16	12.28	10.06	-2.22
Total Positions Authorized	382	363	363	0
EXPENDITURES				
Salaries and Wages	\$15,722,300	\$15,862,484	\$17,550,064	\$1,687,580
Fringe Benefits	5,434,107	5,869,117	6,493,523	624,406
Operating Expenditures	28,521,046	31,680,385	31,617,654	-62,731
Equipment	1,390,887	1,463,220	1,731,000	267,780
Special Funds	8,094,867	8,550,000	7,850,000	-700,000
TOTAL	<u>\$59,163,207</u>	<u>\$63,425,206</u>	<u>\$65,242,241</u>	<u>\$1,817,035</u>

CAPITAL BUDGET SUMMARY

CAPITAL BUDGET				
Main Program	\$7,785,949	\$12,620,000	\$14,800,000	\$2,180,000
Plants and Other	3,927,280	10,000,000	3,990,000	-6,010,000
TOTAL CAPITAL BUDGET	<u>\$11,713,229</u>	<u>\$22,620,000</u>	<u>\$18,790,000</u>	<u>\$-3,830,000</u>
CAPITAL FINANCING				
Retained Earnings	\$11,531,126	\$22,020,000	\$18,190,000	\$-3,830,000
Assessments	87,832	0	0	0
Developer Financed	94,271	600,000	600,000	0
TOTAL CAPITAL FINANCING	<u>\$11,713,229</u>	<u>\$22,620,000</u>	<u>\$18,790,000</u>	<u>\$-3,830,000</u>

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS**

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
REVENUES				
Operating	\$73,814,123	\$69,611,574	\$70,765,322	\$1,153,748
Non-Operating	2,888,563	6,660,000	7,259,000	599,000
Developer Capital and Assessments	182,103	600,000	600,000	0
Withdrawal From Retained Earnings	0	9,183,632	5,407,919	-3,775,713
TOTAL REVENUES	\$76,884,789	\$86,055,206	\$84,032,241	\$-2,022,965
EXPENDITURE AUTHORIZATIONS				
Operating	\$59,163,207	\$63,435,206	\$65,242,241	\$1,807,035
Capital Funding	11,713,229	22,620,000	18,790,000	-3,830,000
Deposit to Retained Earnings	6,008,353	0	0	0
TOTAL AUTHORIZATIONS AND DEPOSITS	\$76,884,789	\$86,055,206	\$84,032,241	\$-2,022,965

BACKGROUND

The Department of Public Works Water Works is a municipally owned water utility regulated by the State of Wisconsin Public Service Commission (PSC). From its Howard Avenue and Linnwood Plants, Water Works pumps and filters more than 46 billion gallons of water annually from Lake Michigan. It delivers this water via 1,954 miles of mains to approximately 853,000 customers. In addition to water sales to Milwaukee residents and businesses, Water Works also provides wholesale water services to Milwaukee County institutions and nine suburbs including Brown Deer, Butler, Greendale, Menomonee Falls, Shorewood, Wauwatosa, West Allis, Mequon, and New Berlin. Water Works also provides retail service to Greenfield, Hales Corners, and St. Francis.

The rates at which water is sold are regulated by the PSC. The last rate increase was effective July 2002. The rate will remain constant through 2003, 2004, and 2005 at \$1.18 per 100 cubic feet of water. In 2005, Water Works may seek a rate increase effective for the 2006 budget. The utility will work with policymakers to identify an appropriate rate of return, which will guide the PSC's decision on the matter.

Program 1

Water Distribution and Customer Service				
Activities:	Distribution main design, operation, maintenance and repairs, meter reading, customer accounts, cross-connection inspections, and administration.			
		2003 Experience	2004 Budget	2005 Projection
Program Outcome:	Percentage of main breaks in service within 24 hours.	94.0%	95.0%	95.0%
	Miles of mains installed or replaced.	10.4	11.6	13.8
	Rank of residential water rate in Southeastern Wisconsin.	50	33	50
Funding by Source:	Capital Budget	\$7,785,949	\$20,920,000	\$14,940,000
	Water Works	35,163,300	38,919,225	39,344,904
	Total:	\$42,949,249	\$59,839,225	\$54,284,904

PROGRAM RESULTS

In 2003, Water Works met its performance goals by repairing 94.0% of main breaks within 24 hours. Water mains are replaced according to the frequency of main breaks. Since 2000, the department has been installing an average of 11.88 miles of water mains annually and will increase this replacement program in the coming years. Aging water infrastructure is a nationwide problem and a proactive replacement strategy will help mitigate long term rate increases.

By holding the line on water rates in 2005, Water Works will continue to provide some of the most inexpensive water in Southeastern Wisconsin. Of the 55 water utilities in Milwaukee, Racine, Waukesha, Washington, and Ozaukee Counties the City of Milwaukee ranked 50th least expensive. Water Works will continue to work with business groups to nationally market this locational advantage.

PROGRAM CHANGES

Commercial Cross-Connection Inspection Program: In 2005, Water Works will implement a Commercial Cross-Connection Inspection Program. This program is mandated by the Department of Natural Resources. Cross-connections present a potential public health hazard. They occur when water spigots in businesses are connected to hazardous materials. Main breaks or other factors that occur in the area of the cross-connection can cause negative pressure in the system and suck the hazardous materials into the water supply. Inspectors will ensure that businesses do not have illegal connections on their premises. Water Works will contract with the Department of Neighborhood Services to inspect commercial properties every ten years. The cost of the program in 2005 is \$205,000 and will be fully phased in over the next three years.

Distribution Facility Consolidation: In 2004, \$8 million was budgeted to consolidate two Water Works distribution facilities. The consolidation will occur on the former Tower Automotive property. Other Department of Public Works (DPW) facilities currently located in the Menomonee Valley will also relocate to this site. Construction will occur throughout 2005 and is scheduled to be completed in 2006. DPW will identify operational efficiencies that can be implemented at that time.

Computer Information System: In 2005, Water Works should complete the installation of a new customer information and billing system. The new system will allow for faster customer service and provide more convenient features to customers. By 2006, customers will be able to pay with credit cards online or over the phone and have more complete access to their account history.

Program 2

Drinking Water Supply and Treatment		2003	2004	2005
Activities:		Experience	Budget	Projection
	Water pumping, water treatment, water quality monitoring, plant operation and maintenance.			
Program Outcome:	Percent compliance with Safe Drinking Water Act standards.	100.0%	100.0%	100.0%
	Substantiated water quality complaints.	2	5	5
Funding by Source:	Capital Budget	\$3,927,280	\$1,700,000	\$3,850,000
	Water Works	23,999,907	24,505,981	25,897,337
	Total:	\$27,927,187	\$26,205,981	\$29,747,337

PROGRAM RESULTS

In 2003, Water Works achieved its program goal of providing safe, high quality drinking water by being fully in compliance with the Safe Drinking Water Act 365 days a year and reporting only two substantiated water quality complaints.

PROGRAM CHANGES

No major changes will occur in 2005.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-36,839		Network Coordinator Assistant	Retitled
2	2.00		\$97,428		Network Coordinator Associate	
-1	-1.00		\$-64,562		Water Communications Control Supervisor	
1	1.00		\$40,320		Accountant III	Technical adjustment.
-1	-0.50		\$-32,281		Accountant III (Aux.)	
-3	-3.00		\$-116,818		Program Assistant II	Reclassified to reflect current underfill.
2	2.00		\$80,215		Program Assistant I	
1	1.00		\$40,107		Accounting Assistant III	
-1	-0.50		\$-17,957		Customer Service Representative (Aux.)	Computer system efficiency.
-1	-1.00		\$-62,862		Water Revenue Manager (Aux.)	Retitled.
1	1.00		\$66,825		Project Manager	
1	1.00		\$41,598		Water Meter Specialist	Workload adjustment.
-1	-1.00		\$-36,493		Meter Shop Laborer	
1	1.00		\$40,714		Network Coordinator Associate	New Plant maintenance monitoring.
-1	-0.25		\$-9,376		Water Treatment Plant Operator	Unneeded emergency authority.
-1	-0.50		\$-21,663		Water Chemist II	
1	0.50		\$17,694		Water Plant Laborer	Correction from 2004.
1	1.00		\$36,008		Engineering Technician II	More monitoring of distribution system.
1	1.00		\$34,545		Water Distribution Laborer	Workload needs.
-1	2.26		\$-9,375		Water Treatment Plant Operator (Aux.)	Unneeded Auxiliary authority.
	13.61				Various Positions	Overtime adjustment.
	6.54	-2.22			Various Positions	Miscellaneous adjustment.
0	25.16	-2.22	\$87,228		TOTAL	

K. SEWER MAINTENANCE FUND

EXECUTIVE SUMMARY

MISSION: Protect people, property, and the environment from sewage, flooding, erosion, and polluted runoff.

PROGRAMS: Sewer system services.

INITIATIVES FOR 2005: Initiate four pilot projects to reduce the flow of rainwater into combined sewers, thereby reducing the threat of MMSD sewer overflows.

Study and implement strategic sewer separation under qualified conditions.

Examine non-point source pollution abatement strategies.

Work to improve the environmental quality of Milwaukee's beaches.

BUDGET SUMMARY

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	91.18	109.35	113.33	3.98
FTEs - Other	23.44	34.15	30.17	-3.98
Total Positions Authorized	209	198	198	0
EXPENDITURES				
Salaries and Wages	\$4,418,401	\$4,954,373	\$5,072,457	\$118,084
Fringe Benefits	1,619,235	1,833,118	1,876,809	43,691
Operating Expenditures	7,874,750	7,422,750	6,761,750	-661,000
Equipment	333,548	623,040	660,300	37,260
Special Funds	7,427,921	9,331,952	17,452,000	8,120,048
TOTAL	\$21,673,855	\$24,165,233	\$31,823,316	\$7,658,083
Capital Projects	\$19,692,165	\$21,500,000	\$22,706,000	\$1,206,000
TOTAL	\$41,366,020	\$45,665,233	\$54,529,316	\$8,864,083
REVENUES				
Charges for Services	\$536,928	\$220,500	\$149,871	\$-70,629
Miscellaneous Revenue	200,466	83,000	276,570	193,570
Proceeds from Borrowing	19,692,165	13,700,000	22,706,000	9,006,000
Sewer Maintenance Fee	32,054,649	31,661,733	31,000,000	-661,733
Retained Earnings (-Deposit/+Withdrawal)	-11,118,188	0	396,875	396,875
TOTAL	\$41,366,020	\$45,665,233	\$54,529,316	\$8,864,083

BACKGROUND

The City of Milwaukee maintains a sewer system that transports sanitary sewage to Milwaukee Metropolitan Sewerage District (MMSD) treatment facilities and prevents flooding during storms. About two-thirds of Milwaukee is served by a separated sewer system that consists of two sewer pipes: a sanitary sewer and a storm sewer. The sanitary sewer takes sewage from homes and businesses to one of two MMSD treatment plants. The storm sewer collects storm water runoff from streets and yards and delivers that water directly to a river or lake without the benefit of any pollution removal. The central city, including downtown, is served by an older combined sewer system that transports both sanitary sewage and storm water to MMSD for treatment. This area extends approximately from the lakefront on the east, 43rd Street to the west, Capital Drive to the north, and Oklahoma Avenue to the south.

The Sewer Maintenance Fund was created in 1998 as a self-supporting Enterprise Fund that recovers sewer maintenance costs through a user fee rather than through the property tax. The city bills and collects for the sewer fee as part of the city's quarterly Municipal Service Bill, which is administered by the Milwaukee Water Works. The Department of Public Works Infrastructure Services Division administers the Sewer Maintenance Fund, including oversight of personnel and activities.

The 2005 rate for the Sewer Maintenance Fee will equal \$1.1094 per 100 cubic feet (ccf) of discharged water, representing no rate increase over the 2003 or 2004 rates. Because sewers are not metered for usage, residential customers are charged based on a portion of their water usage as measured by the Water Works. In 2003, the average annual household bill for the fee was \$84.31.

The Sewer System Services Program has several facets. The Environmental Section is responsible for planning and designing sewer replacements and repairs. This section also manages the city's storm water permit, which includes reviewing storm water management plans for new developments, testing storm outfalls, and educating the public on storm water management. The Underground Section is responsible for cleaning public sewers, performing minor repairs of sewers, manholes, catch basins and outfalls, and examining the structural integrity of sewers through inspections and smoke testing. The Sewer Maintenance Fund also funds the city's street sweeping and leaf collection program, which keeps the sewers free of debris and reduces flooding and backups.

Program 1

Sewer System Services		2003	2004	2005
Activities:		Experience	Budget	Projection
Sewer examinations, sewer cleaning, structure cleaning, structure repair, main repair, booster pump operation and maintenance, engineering and design, permit administration, and street sweeping.				
Program Outcome:	Miles of new and replacement sewers installed.	15.92	17.34	13.00
	Sewer service backups.	58	45-55	50
	Street flooding complaints.	2,500	3,000	6,000
Funding by Source:	Sewer Maintenance Fund	\$21,673,855	\$24,165,233	\$31,823,316
	Capital Budget*	25,007,149	26,000,000	26,200,000
	Grant and Reimbursable	40,288	100,000	6,981,235
	Total:	\$46,721,292	\$50,265,233	\$65,004,551

*Approximately \$3.5 million for expansion of sewer capacity is supported through general city borrowing.

PROGRAM RESULTS

The City of Milwaukee has approximately 2,436 miles of sewers. DPW annually replaces a small portion of the sewers to reduce leaks and prevent costly sewer collapses. In 2003, DPW installed 16 miles of sewer mains, of which 0.7 miles were new sewers and the remaining were replacement sewers and sewer linings.

The 2005 capital program will install approximately 13 miles of sewers. The Sewer Maintenance Fund has experienced approximately 2,500 complaints regarding street flooding, due primarily to the lower than average rainfall. Back water complaints increased but still remained within a “normal” range. City officials have noticed a growing problem of grease in residential sewers, which clog sewers and contribute to backups. Residents are encouraged to limit the amount of grease they pour down their drains. The city is responsible for cleaning and removing any clogs that cause flow problems in city sewer mains. Flow problems that result from clogs in the private sewer lateral that connect the home to the street are the responsibility of the property owner.

PROGRAM CHANGES

Infiltration and Inflow (I&I) Reduction Efforts: A continued problem in the Milwaukee metropolitan area is overflows of partially treated or untreated sewage into Lake Michigan from MMSD and city facilities. During large rain events, rainwater from the combined sewer area and leaky sanitary sewers can overwhelm MMSD treatment facilities and city sewers, necessitating dumping or basement backups. Mayor Barrett’s task force on the issue has highlighted the problem of “Infiltration and Inflow” (I&I) into the sewer system as a large cause of the overflows. I&I is rainwater that enters sanitary sewers through leaks in the mains and private sewer laterals, leaking manholes, and other illegal connections. Over the past decade the city has spent approximately \$49,566,000 on projects to reduce I&I, including manhole rehabilitation and sewer linings. In 2005, the Sewer Maintenance Fund has allotted \$22,706,000 in capital projects of which \$10,486,000 is to reduce I&I into the system. Of this amount, \$9.3 million is to repair leaky sewer mains. I&I reduction will be an ongoing program, as new leaks constantly develop while others are repaired. Additionally, the city will spend \$1,206,000 on four new pilot projects to reduce the amount of storm water that enters sewers. These include:

- **Downspout Disconnection:** Many homes in the city have roof downspouts that are connected directly to the combined sewer system, which delivers a large volume of water to MMSD for treatment during rain events. In areas with sufficient green space, disconnecting downspouts can be an effective approach to reducing inflow into the system. This pilot project will disconnect 1,200 downspouts from single-family and two-family residential buildings in the Washington Park neighborhood, upon voluntary consent of the homeowners. Downspouts in this neighborhood are connected to the combined sewer system, but disconnections will direct rainwater onto green spaces or the street, which has separate storm mains. The total project cost is \$300,000. In 2002 the plumbing code was changed to allow qualified downspouts from one and two family homes to be disconnected from the combined sewer system. In 2005, the Department of Neighborhood Services will introduce a change in the plumbing code to allow any building in the combined sewer service area to disconnect qualified downspouts.
- **Footing Drain Disconnection:** Homes built prior to 1954 have foundation footing drains that drain ground water directly into sanitary sewers. This pilot project would disconnect these footing drains in one area of the Lincoln Creek water shed, upon voluntary consent of the homeowners. In recent years, the Lincoln Creek area has had a large number of basement backups. This \$505,000 project will determine whether this method is an effective tool to reduce these backups.
- **Inlet Restrictors and Downspout Disconnection:** The city will install inlet restrictors in catch basins to reduce the flow of rainwater runoff into the combined sewers. The streets in these areas would thus store rainwater until more space is available in the Deep Tunnel. The city will also disconnect home downspouts in this area to further divert rainwater from the combined sewers. Similar initiatives have been successful in Skokie and Evanston, Illinois. The city is projecting an increase in street flooding complaints during the first year of the program, as residents adjust to the change. The city will make an outreach effort to communicate and explain the change to residents. The total project cost is \$275,000.

- Roof Restrictors:** The city will install roof restrictors on city owned buildings in the combined sewer area. These devices will slow the flow of water into the combined sewers by temporarily storing rainwater on the buildings' roof. The structural integrity of 125 buildings in the combined sewer area will be examined to determine where the restrictors will be feasible. A total of \$126,000 has been allocated for this project.

Strategic Sewer Separation: One possible solution to the MMSD overflow problem would be to separate combined sewers, which would reduce the burden to MMSD treatment facilities during storms. However, the current combined system allows polluted runoff to be treated and is only a problem during the largest storm events. Additionally, completely separating the combined system is enormously expensive. However, the Department of Public Works has adopted a policy in which it will evaluate all road construction and reconstruction projects in the combined sewer area to determine if limited strategic separation could be achieved in a cost effective manner that does not undermine water quality.

Non-Point Source Pollution Abatement: The city storm water discharge permit focuses on reducing the amount of polluted runoff that enters Milwaukee's waters. Rainwater runoff becomes polluted as it collects grease, oil, heavy metals, fertilizers, and other toxins from the city's streets. Residents can help solve the problem by disposing of oil and hazardous chemicals at the city's self-help disposal centers, limiting the use of fertilizers and pesticides on lawns, and by ensuring that their automobiles are in good working condition. Additionally, the city will study methods of improving street sweeping efforts to more effectively remove pollutants. The Department of Natural Resources will be implementing stricter requirements on non-point source pollution later in the decade, necessitating scrutiny of current practices.

Swimmable Beach Initiative: During Mayor Barrett's MMSD audit hearings, a scientific panel that included scientists from the University of Wisconsin Milwaukee's Water Institute noted that pollution from storm sewer outfalls on Bradford Beach and South Shore Beach are a much more likely cause of beach closings than MMSD sewer overflows. In 2005, the city will work with the County of Milwaukee to pinpoint the cause of the pollution and work to correct it. This will help ensure that those beaches are safe for swimming and recreation and protect these important amenities in Milwaukee.

Capital Financing: In recent years, the Sewer Maintenance Fund has experimented with various mixes of cash and borrowing to finance sewer construction. In 2005, the Sewer Maintenance Fund will borrow for the full capital program. This change will allow tighter controls on fund equity and will spread the costs of long term system improvements over the asset life.

Debt Transfer: The budget proposes a \$7 million ongoing transfer from the Sewer Maintenance Fund to the Debt Fund for sewer related general obligation debt service. This payment would annually retire principal on G.O. Debt associated with the Relief and Relay Sewer Program.

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-102,383		Engineer In Charge (Y)	] Reclassed.
1	1.00		\$118,501		Environmental Manager (Y)	
-1		-1.00		-\$36,910	Sewer Examiner I	Phasing out vacant position title.
1	1.00		\$35,455		Sewer Equipment Mechanic	Transfer from the Infrastructure Services Division.
	2.98	-2.98			Miscellaneous Adjustments	
0	3.98	-3.98	\$51,573	-\$36,910	TOTAL	

M. COUNTY DELINQUENT TAX FUND

EXECUTIVE SUMMARY

PURPOSE: To provide appropriation authority to purchase Milwaukee County delinquent property taxes.

PROGRAMS: Provide a funding mechanism to purchase delinquent county property taxes without affecting the city's tax levy.

INITIATIVES FOR 2005: Continue efforts to return tax delinquent properties to the tax rolls and increase future city revenue.

SUMMARY OF EXPENDITURES

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
Purchase of Delinquent County Taxes	\$8,928,153	\$9,500,000	\$9,500,000	\$0
TOTAL	\$8,928,153	\$9,500,000	\$9,500,000	\$0

SOURCE OF FUNDS

	2003 ACTUAL EXPENDITURES	2004 ADOPTED BUDGET	2005 ADOPTED BUDGET	CHANGE 2005 ADOPTED VERSUS 2004 ADOPTED
County Delinquent Taxes Collected	\$8,928,153	\$9,500,000	\$9,500,000	\$0
TOTAL	\$8,928,153	\$9,500,000	\$9,500,000	\$0

In accordance with Sec. 74.83 Wis. Stats., the City of Milwaukee is authorized to enter into an agreement with Milwaukee County to purchase county delinquent personal property taxes and real estate tax certificates. The initial agreement was executed on December 18, 1987.

The authority to collect county delinquent property taxes enables the City Treasurer to consolidate the collection of delinquent taxes. Consolidation of the delinquent taxes provides a more efficient and effective tax collection administration by eliminating the burden of duplicate collections by the city and county.

The city purchases the county's delinquent personal property and real estate taxes at the close of the current tax collection period each February. In addition, the city also purchases the county's real estate taxes that become delinquent during the installment collection cycle each month. In effect, the city is acquiring an asset, delinquent county property taxes receivable, and generating revenue by keeping the interest and penalty charges collected on the delinquent taxes outstanding. Increased funding in 2004 and 2005 reflects the fund's experience in prior years.

This account is the city's mechanism to purchase the county's delinquent property taxes. It is related to other delinquent tax collection efforts in the city debt budget and delinquent tax fund.

II. BORROWING AUTHORIZATIONS

GENERAL OBLIGATION BONDS OR SHORT-TERM NOTES

PURPOSE	Reauthorization of 2004 Authority (1)(2)	New 2005 Authority	Total
A. GRANT AND AID PROJECTS - Specific Purposes Not Contemplated at th Time the Budget was Adopted			
1. For Public Improvements Authorized under Section 62.11(5) for any of the Purposes Enumerated in Section 67.05(5)(b)			
2. For Harbor Improvements Authorized under Section 30.30			
3. For Library Improvements Authorized under Section 229.11 and 229.17			
4. For Convention Complex and Exposition Center Improvements Authorized under Section 229.26			
5. For Blight Elimination, Slum Clearance, Redevelopment, Community Development, and Urban Renewal Projects under Section 66.405 to 66.425, 66.43, 66.431, 66.4325, 66.435, and 66.46			
6. For Developing Sites for Industry and Commerce to Expand the Tax Base as Authorized under Section 66.52 and 66.521			
Subtotal - Grant and Aid Projects (3)	\$3,500,000	\$300,000	\$3,800,000
B. RENEWAL AND DEVELOPMENT PROJECTS			
1. For Providing Financial Assistance to Blight Elimination, Slum Clearance, Redevelopment, and Urban Renewal Projects under Section 66.405 to 66.425, 66.43, 66.431, 66.4325, 66.435, and 66.46			
MEDC Loan Program			
Subtotal - Renewal and Development Projects	\$6,381,090	\$2,500,000	\$8,881,090
C. PUBLIC IMPROVEMENTS			
1. Public Buildings for Housing Machinery and Equipment	\$40,562,588	\$24,663,733	\$65,226,321
2. Harbor Improvements	920,000	725,000	1,645,000
3. Parking Facility Improvement	1,800,369	1,200,000	3,000,369
4. Purchase of Sites for and Construction of Engine Houses, Fire Stations Reconstruction, Remodeling, Planning, Design, and Site Acquisition	2,919,313	5,060,000	7,979,313
5. Police Department Facility Construction	10,766,626	2,350,000	13,116,626
6. Bridge and Viaduct	7,660,314	1,686,956	9,347,270
7. Sewage Disposal - Sewer Improvement and Construction	6,544,494	2,659,000	9,203,494
8. Street Improvements - Street Improvement and Construction	26,435,535	3,741,757	30,177,292
9. Parks and Public Grounds	150,000	1,281,000	1,431,000
10. Library Improvements Authorized under Section 229.11 and 229.17	1,923,560	1,700,000	3,623,560
Subtotal - General Obligation Bonds or Short-Term Notes (Sections A through C)	\$109,563,889	\$47,867,446	\$157,431,335
D. CONTINGENT BORROWING			
Borrowing for a Public Purpose not Contemplated at the Time the Budget was Adopted			
Contingent Borrowing	\$0	\$50,000,000	\$50,000,000
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$50,000,000	\$50,000,000
E. SCHOOL BOARD BORROWING			
1. School Purposes (A)	\$10,240,442	\$12,000,000	\$22,240,442
2. For School Purposes authorized under Section 119.498 and/or 66.1333	0	0	0
Subtotal - General Obligation Bonds or Short-Term Notes	\$10,240,442	\$12,000,000	\$22,240,442

II. BORROWING AUTHORIZATIONS

PURPOSE	Reauthorization of 2004 Authority (1)(2)	New 2005 Authority	Total
F. BORROWING FOR SPECIAL ASSESSMENTS			
1. To Finance Public Improvements in Anticipation of Special Assessments Levied Against Property			
2. General City	\$18,070,783	\$3,895,050	\$21,965,833
Subtotal - General Obligation Bonds or Local Improvements Bonds	<u>\$18,070,783</u>	<u>\$3,895,050</u>	<u>\$21,965,833</u>
G. TAX INCREMENTAL DISTRICTS			
1. For Paying Project Costs in Accordance with Project Plans for Tax Incremental Districts			
2. For Providing Financial Assistance to Urban Renewal Projects Authorized under Section 66.405	\$30,715,914	\$20,000,000	\$50,715,914
Subtotal - General Obligation Bonds, Short-Term Notes, or Revenue Bonds	<u>\$30,715,914</u>	<u>\$20,000,000</u>	<u>\$50,715,914</u>
H. BORROWING FOR DELINQUENT TAXES			
To Finance General City Purposes for Anticipated Delinquent Taxes	\$0	\$17,000,000	\$17,000,000
Subtotal - General Obligation Bonds or Short-Term Notes	<u>\$0</u>	<u>\$17,000,000</u>	<u>\$17,000,000</u>
I. REVENUE ANTICIPATION BORROWING			
To Borrow in Anticipation of Revenue in Accordance with Section 67.12 (1a) of the Wisconsin State Statutes	\$0	\$300,000,000	\$300,000,000
Subtotal - General Obligation Bonds or Short-Term Notes	<u>\$0</u>	<u>\$300,000,000</u>	<u>\$300,000,000</u>
J. WATER WORKS BORROWING			
Water Works Mortgage Revenue Bonds or General Obligation Bonds	\$0	\$0	\$0
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
K. SEWER MAINTENANCE FUND BORROWING			
Sewer Maintenance Fund Revenue Bonds or General Obligation Bonds	\$13,703,500	\$22,706,000	\$36,409,500
	<u>\$13,703,500</u>	<u>\$22,706,000</u>	<u>\$36,409,500</u>
TOTAL BORROWING AUTHORIZATION	\$182,294,528	\$473,468,496	\$655,763,024

(Sections A through K)

(1) Reauthorization of prior unused borrowing authority:

It is the intent of such reauthorization to expressly authorize the issuance and sale of such obligations (either bonds or notes) as set forth in this borrowing section of the budget, for the purposes and amounts enumerated herein. Such carryover borrowing (reauthorization of prior unused borrowing authority) is also reflected in the capital budget for informational purposes, but such amounts are excluded from the capital budget totals to avoid duplication.

(2) Bond authorizations included and approved by the Common Council in the preceding municipal budget and further approved by the adoption of a resolution of intent are herein continued and are deemed to be with the same force and effect as though they had been specifically enumerated, both as to purpose and amount in this municipal budget.

(3) The purpose of this borrowing is to provide funds in connection with projects undertaken by the city with federal or other financial assistance. Expenditures shall be made only after adoption of a Common Council resolution adopted in accordance with Common Council Resolution File 66-1893, as amended.

(A) Design plans for any alteration to building exteriors and interiors shall be reviewed and approved by the city.

III. CLARIFICATION OF INTENT

Employee Fringe Benefits

Employee fringe benefit costs are allocated to operating and capital budgets on an estimated basis for informational purposes only. Such estimated expenditures are 100% appropriation offset for operating budgets and 100% revenue offset for the capital budget to avoid any impact on the city's tax levy. Actual fringe benefit costs, such as health care benefits, life insurance, and pensions, are budgeted separately in non-departmental accounts, which are funded from the property tax levy.

The amount included in each departmental (or budgetary control unit) operating budget on the line entitled "Estimated Employee Fringe Benefits" is subject to adjustment by unilateral action of the City Comptroller, during the budget year, if the actual rate charged against salaries paid is at variance with the estimated rate used in calculating the budgeted amount.

Changes to Performance Measures to Correct Possible Errors or Omissions

The Budget and Management Division is authorized to make or approve changes in performance measures including additions, deletions, and modifications during the budget year.

Departmental Salary Appropriations

Department net salary and wage appropriations reflect current wage rates and expenditures are limited to these amounts. Funding of future salary increases from the Wages Supplement Fund will be restricted to wage settlements only. These transfers must be pre-approved by the Budget and Management Director.

Footnotes

Section 18-07-12 of the Milwaukee City Charter states that the adoption of the budget shall be the authority for the expenditure by a department for the purposes therein provided and of the amounts assigned to the department thereby and no further action by the Common Council shall be necessary to authorize any department to make such expenditures. The City Attorney has advised that footnotes contained in the line item budget are informational only and not controlling over expenditures unless a corresponding resolution specifying the footnote's intent is also adopted by the Common Council.

POSITIONS ORDINANCE AND
SALARY ORDINANCE

The Positions Ordinance and the Salary Ordinance for the city may be obtained from the City Clerk's Office upon request. They therefore have not been included in this publication.

TAX LEVY TO RATE CONVERSION TABLE

Assessed Value Used in Conversion Calculation: \$22,085,159,578

<u>Tax Rate Per \$1,000 of Assessed Valuation</u>	<u>Levy Change</u>	<u>Levy Change</u>	<u>Tax Rate Per \$1,000 of Assessed Valuation</u>
\$0.01	\$220,852	\$5,000	\$0.00
\$0.05	\$1,104,258	\$10,000	\$0.00
\$0.10	\$2,208,516	\$50,000	\$0.00
\$0.25	\$5,521,290	\$100,000	\$0.00
\$0.50	\$11,042,580	\$500,000	\$0.02
\$1.00	\$22,085,160	\$1,000,000	\$0.05

Formula for deriving tax rate per \$1,000 of assessed value from known assessed value and levy:

$$\text{TAX RATE} = \frac{\text{TAX LEVY}}{\text{ASSESSED VALUE}/1,000}$$

Formula for deriving levy from known rate and assessed value:

$$\text{TAX LEVY} = \text{TAX RATE} \times (\text{ASSESSED VALUE} / 1,000)$$

Formula for deriving assessed value from known rate and levy:

$$\text{ASSESSED VALUE} = (\text{TAX LEVY} / \text{TAX RATE}) \times 1,000$$

NOTE: Results are approximate due to rounding.