
Mayor's Public Hearing on the 2015 City Budget

August 19, 2014

DOA Budget & Management Division

Presentation Goals

1. Establish an understanding of City budget revenues, expenditures, and structural conditions
2. Discuss the City's financial performance and key program results from recent years
3. Identify key issues from departmental 2015 Budget requests
4. Provide opportunities for audience input and questions about the Budget

City Strategic Objectives

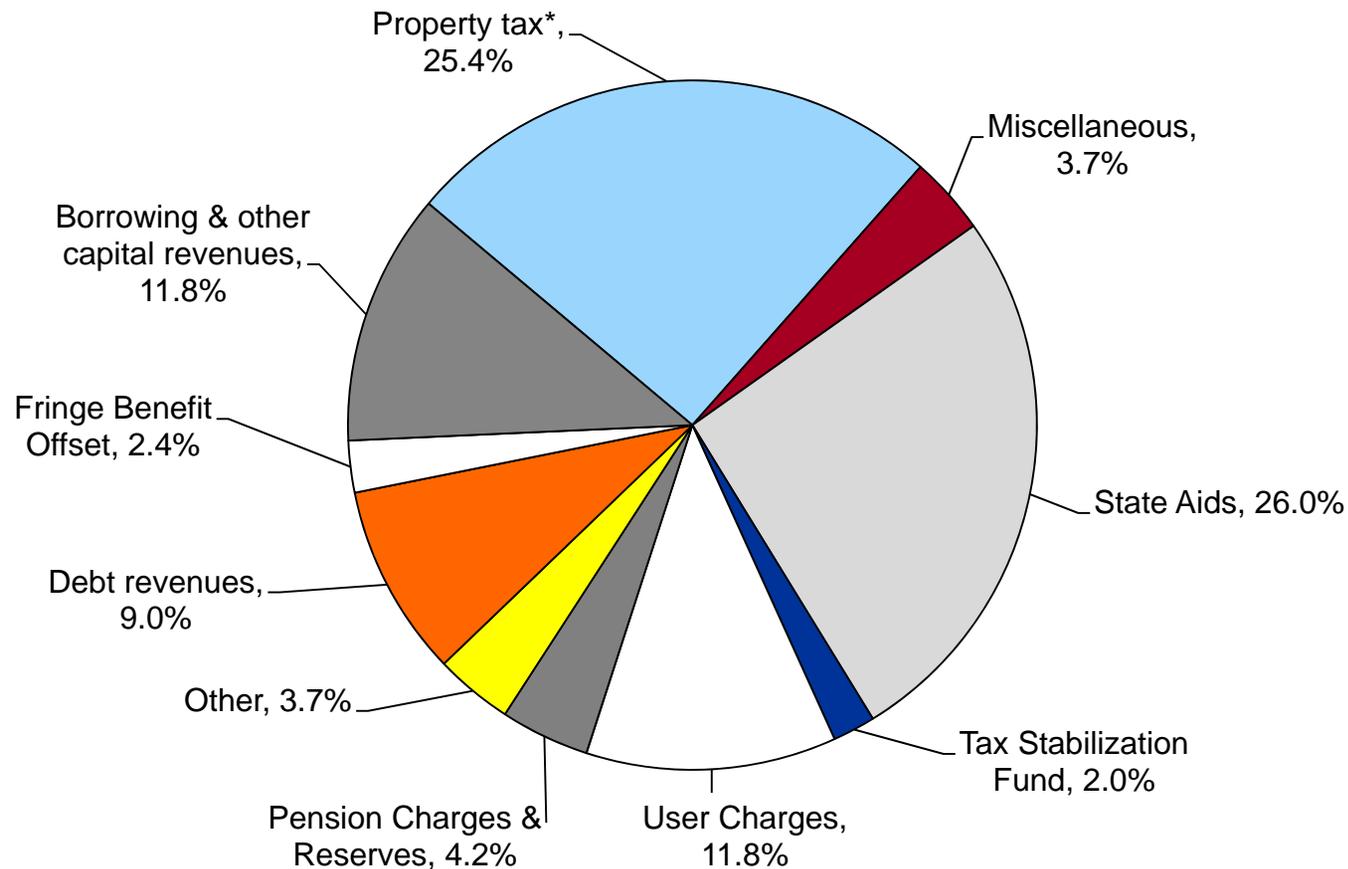
Mission Delivery

1. Build safe and healthy neighborhoods.
2. Increase investment and economic vitality throughout the city.
3. Improve workforce development and connect more citizens to family supporting jobs.
4. Help children succeed, prepare for post-secondary education, and meet their full potential.
5. Sustain Milwaukee's natural environmental assets.

Financial Performance Measures

1. Provide mission critical services through budgets that limit the impact of tax levy and municipal service charge changes on the typical residential property to 3% or less a year.
2. Manage long term obligations such as core infrastructure, debt, and pension benefits in a manner that stabilizes ongoing funding requirements.

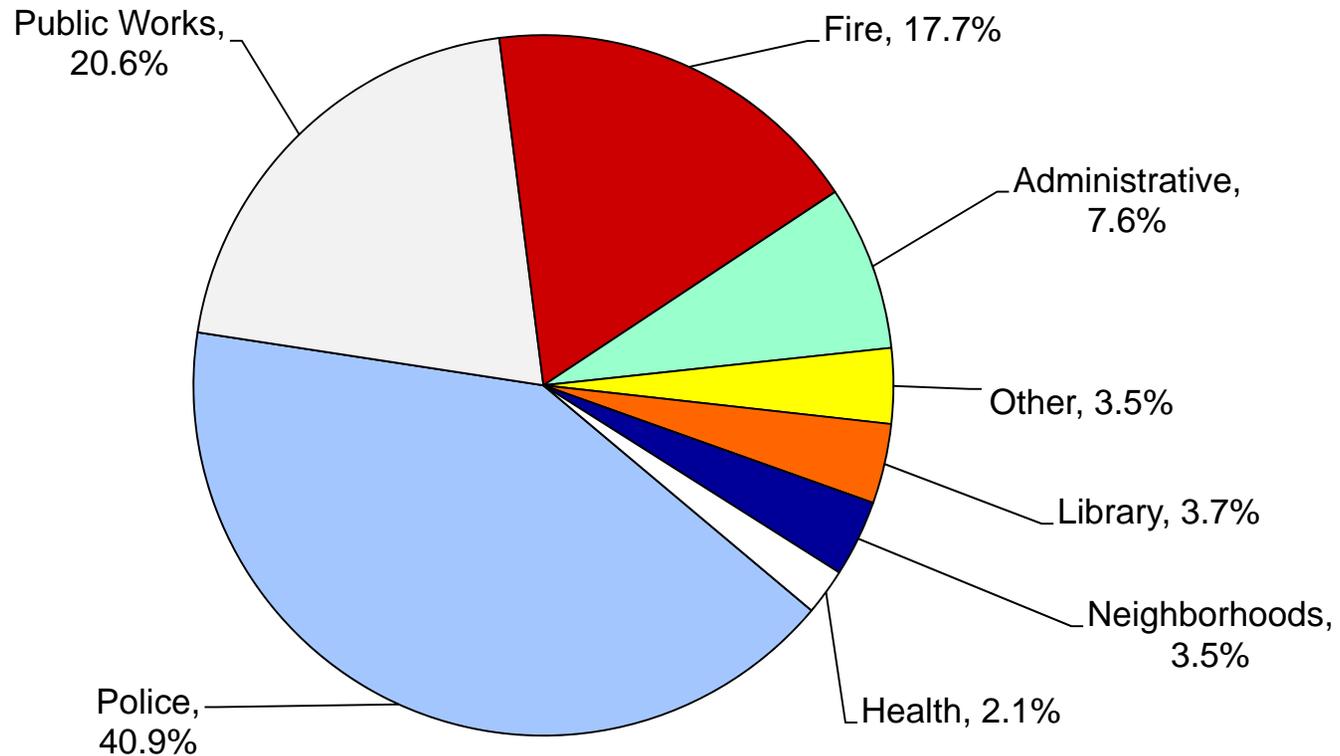
City of Milwaukee 2014 Revenue Sources: Levy-Supported Funds



* Property tax revenue for all levy supported funds. This includes the budgets for the General Fund, Capital Improvements, City Debt, Retirement Provisions and the Contingent Fund.

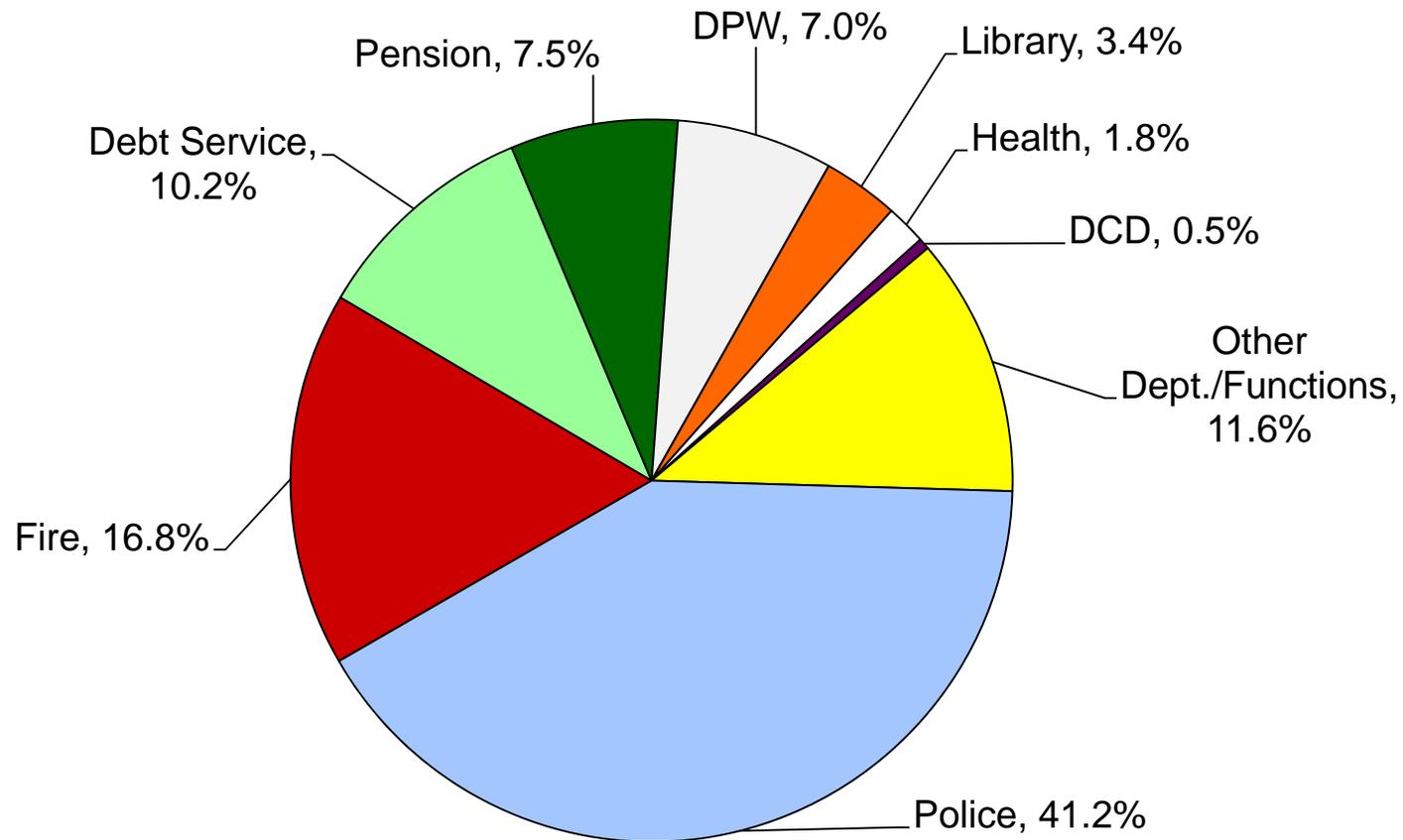
Tax Levy-Funded Operating Budget: By Department

2014 Adopted Budget



Note: Does not include \$250 million of DPW-operated Enterprise Funds (Parking, Sewer, Water). Three departments (DPW, Police, Fire) comprise 79.6% of the 2014 Operating Budget.

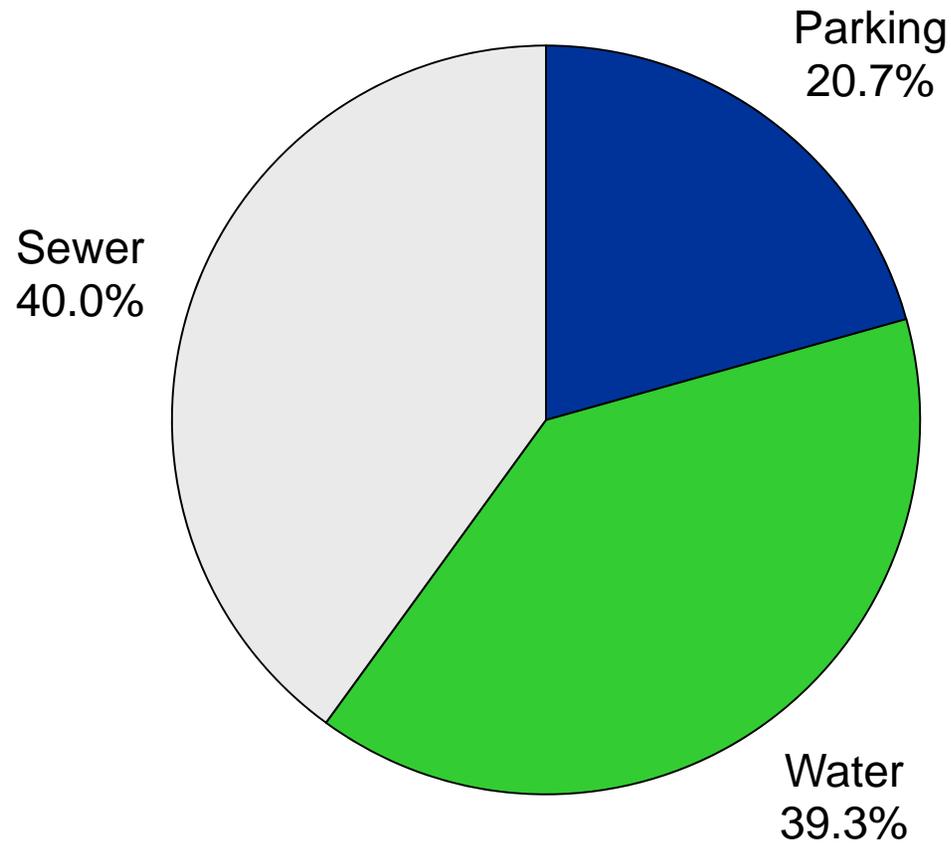
Distribution of Free Cash Flow in City Budget By Department & Function



Free cash flow refers to undesignated revenues available for any purpose.

City of Milwaukee 2014 Enterprise Funds

Total Combined Budget = \$250 Million



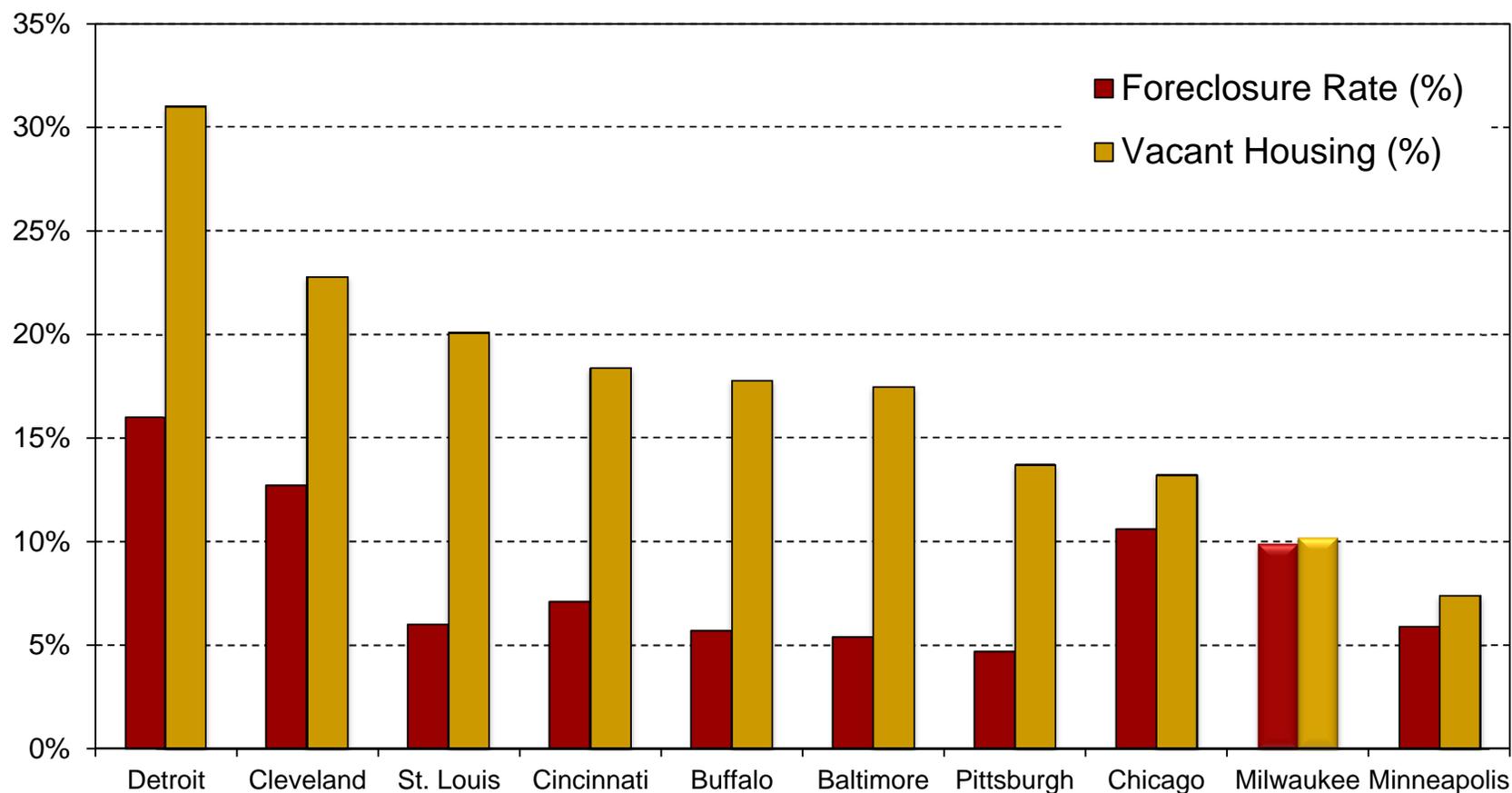
Enterprise Funds rely on revenues from their own operations. They receive no property tax support.

Strong Neighborhoods Plan: Rebuilding from the Housing Crisis

Objectives

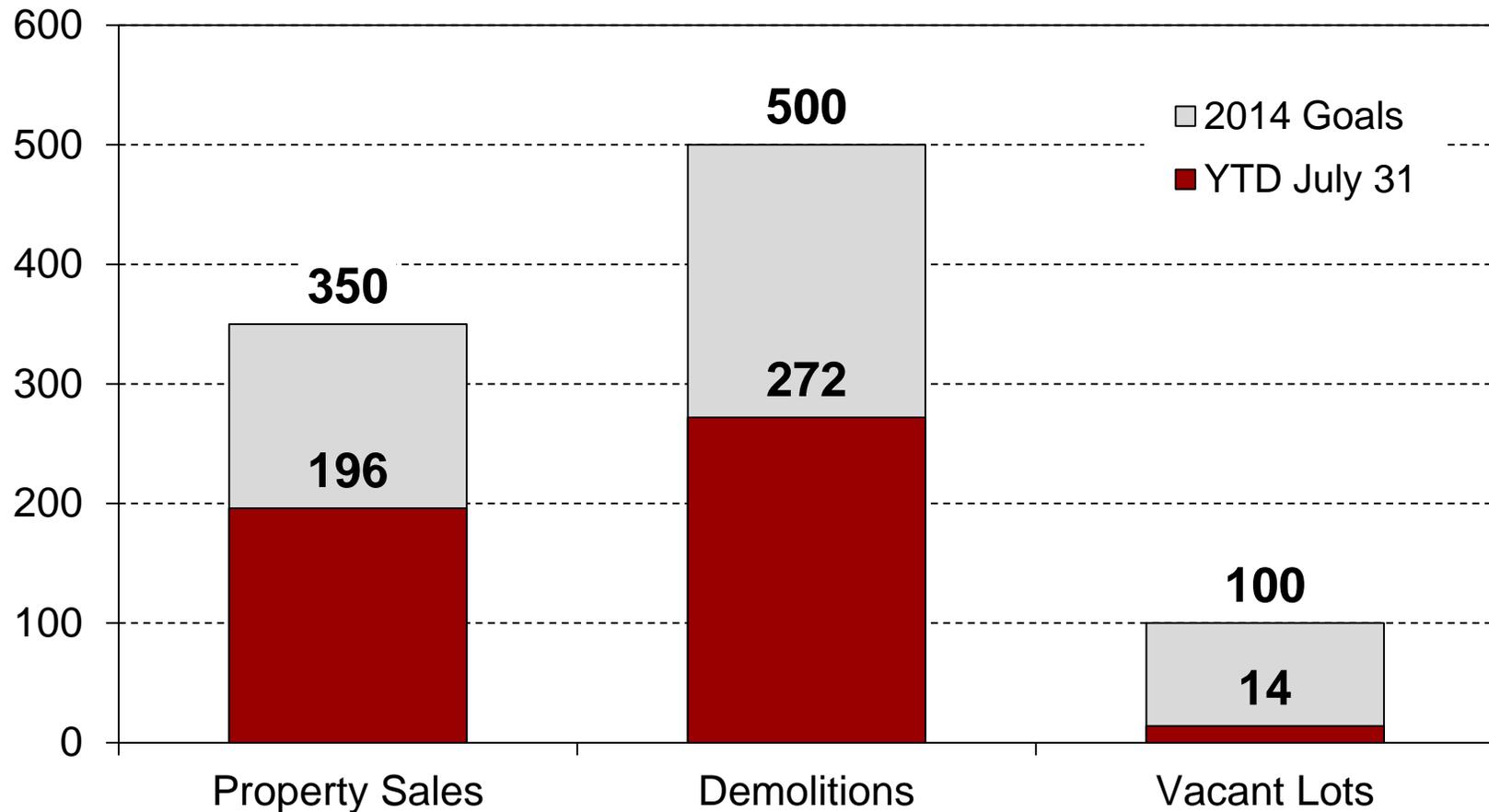
1. Prevent & eliminate blight
2. Reduce the City's property inventory
3. Increase investment in City Neighborhoods
4. Generate employment and business opportunities for City residents

Vacant Housing Units and Foreclosure Rates in Peer Cities, 2013



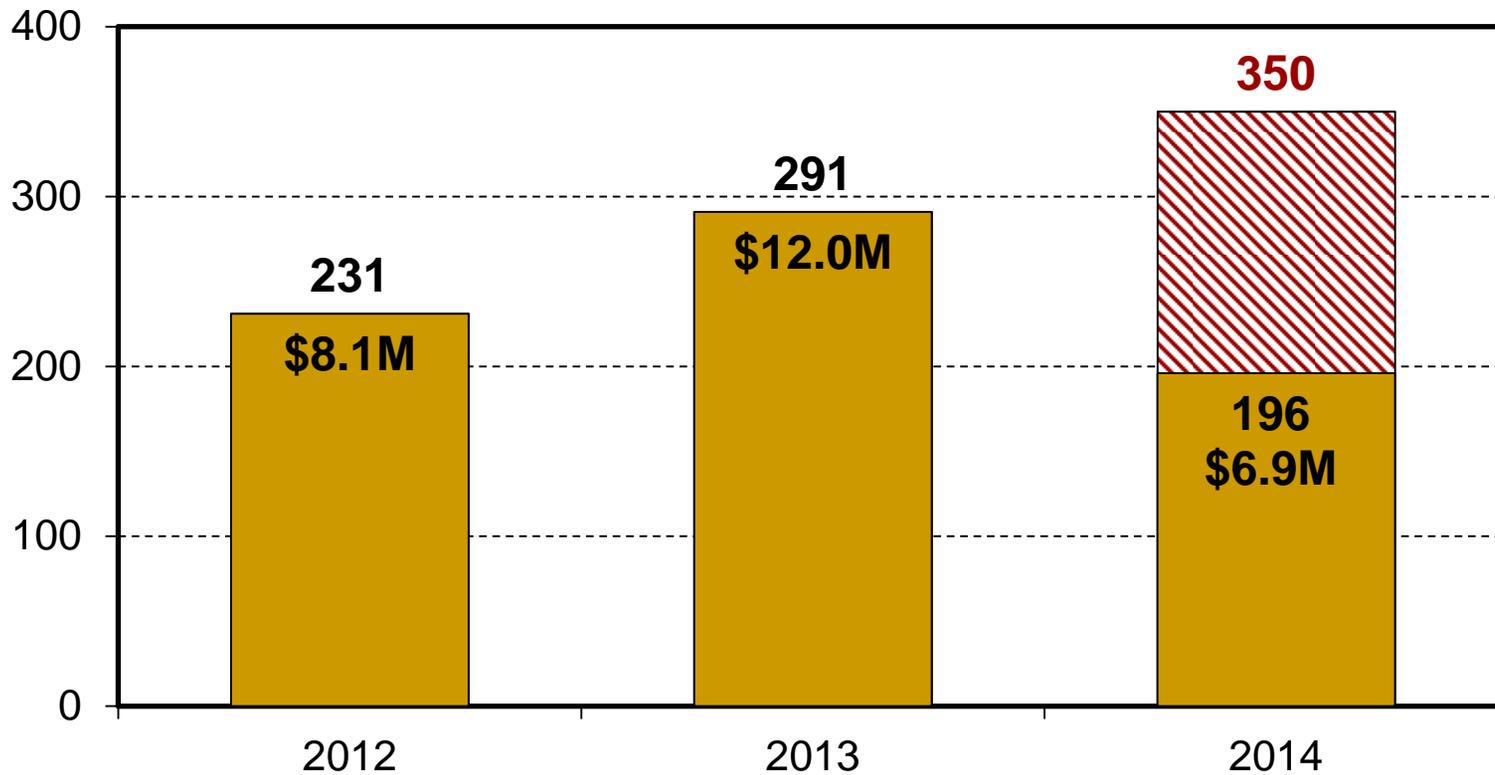
Source: American Community Survey, 2012; Brookings Institution; U.S. Dept. of Housing and Urban Development

Eliminating Blight: 950 Properties in 2014



Reducing the City's Property Inventory & Returning Tax Base

2014 sales through July 31: **59%** Owner-Occ. & **41%** Investor
2012 – 2014 sales put \$27M in value back on the tax roll for 2015



Reducing Inventory & Promoting Opportunity: Sales Initiatives

	Homebuyer Assistance (HBA) Loans	Rental Rehab	Rent-To-Own	Foreclosure/ REO Brokerage	ACTS Housing Partnership	All Sales
Properties July 31 YTD	4	6	4	78	14	196
Max. City Funding per Property	Up to \$20,000	Up to \$12,500	Up to \$20,000	-	-	
Buyer Match	Up to \$20,000	Up to \$12,500	Sweat equity	-	Sweat equity & grants	-
Goal	40	20	15	100	36	350

Strong Neighborhoods Plan: 2015 Goals

- ❑ Prevent blight and tax foreclosure through stabilization and outreach
- ❑ Reduce demolition volume and increase property rehab funding
- ❑ Increase sales through existing and new programs
- ❑ Increase partner capacity and continue to innovate
- ❑ Milwaukee continues to be a leader in foreclosure and vacancy mitigation

Transitional Jobs: Building a path to Employment Opportunity

- ❑ Provides employment and training opportunities for individuals who face employment challenges.
- ❑ The Mayor and Common Council provided funding for 100 placements within the Department of Public Works. Currently, 62 individuals are at work in the department, and by the beginning of September, 91 individuals will be at work.
- ❑ Individuals are gaining work experience and building skills in road maintenance, electrical services, fleet operations, and sanitation. This experience improves their ongoing prospects.
- ❑ 2015 target: More than 100 opportunities

2015 Operating Budget Requests: Overview

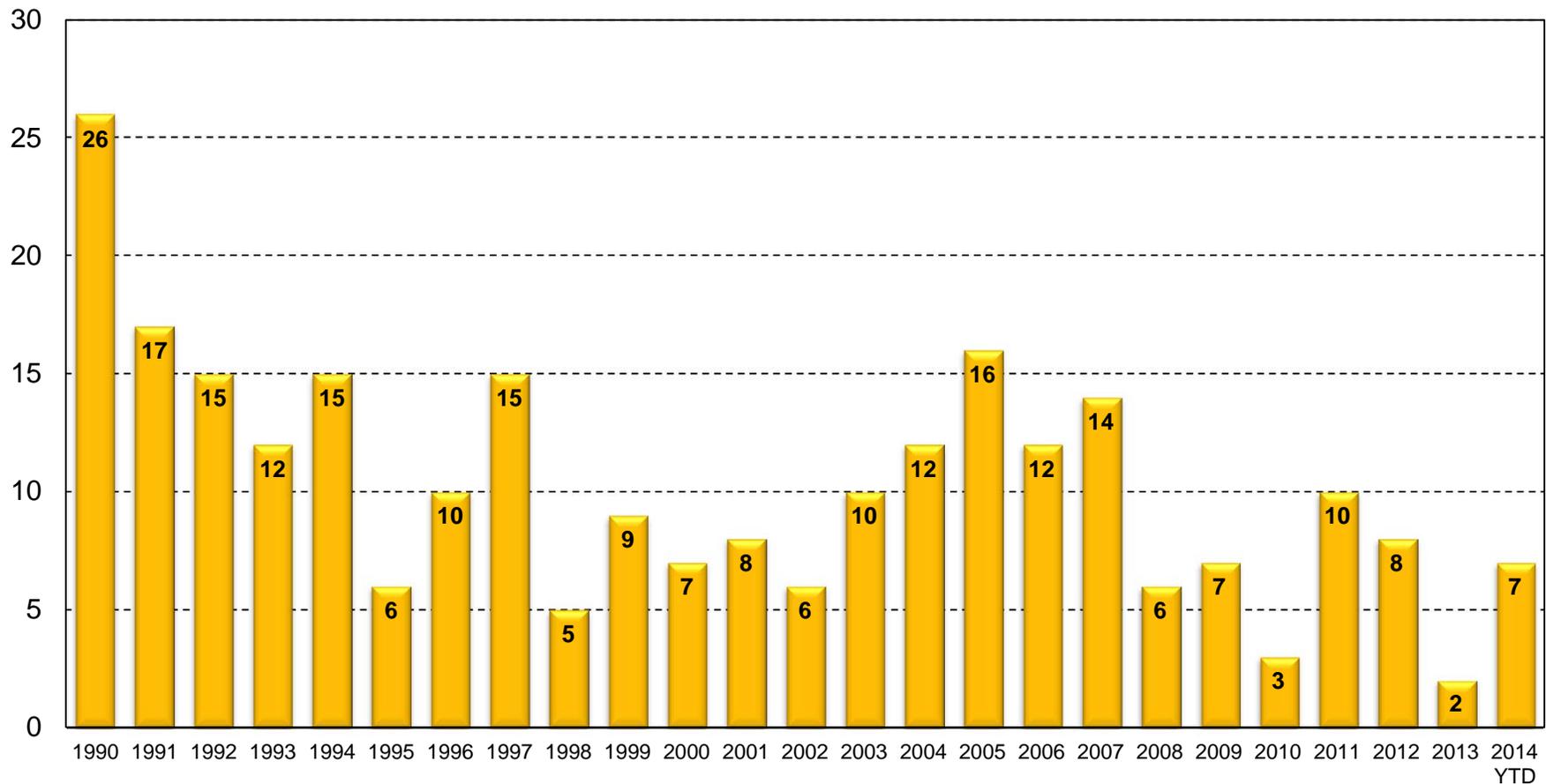
1. Implied \$42.4 million levy increase (**“The GAP”**)
2. Non-property tax revenues: Flat
3. Tax Stabilization Fund withdrawal: - \$5 million
4. Parking Transfer to General Fund: - \$1.4 million
5. Department Expenses: + \$24.2 million (+ 5.1%)
6. Health Care Benefits/Workers’ Comp net: + \$8.5 million (+ 6.8%); includes plan design changes

Fire Department: 2015 Budget Request

1. Maintain all currently operating Fire Suppression and Medical Unit Apparatus – 220 Daily Staffing -- \$1.5 million additional annual expense
2. Restructuring and Expansion of the FOCUS program citywide
3. Approximately 26 Fire Cadets will be available to fill vacant Firefighter positions
4. Major 3 year capital investment for new repair shop to improve productivity and reserve fleet availability
5. Continuing focused wellness program to prevent injuries and reduce time off work

City of Milwaukee Fire Fatality Report

25 Year Overview 1990 - 2014

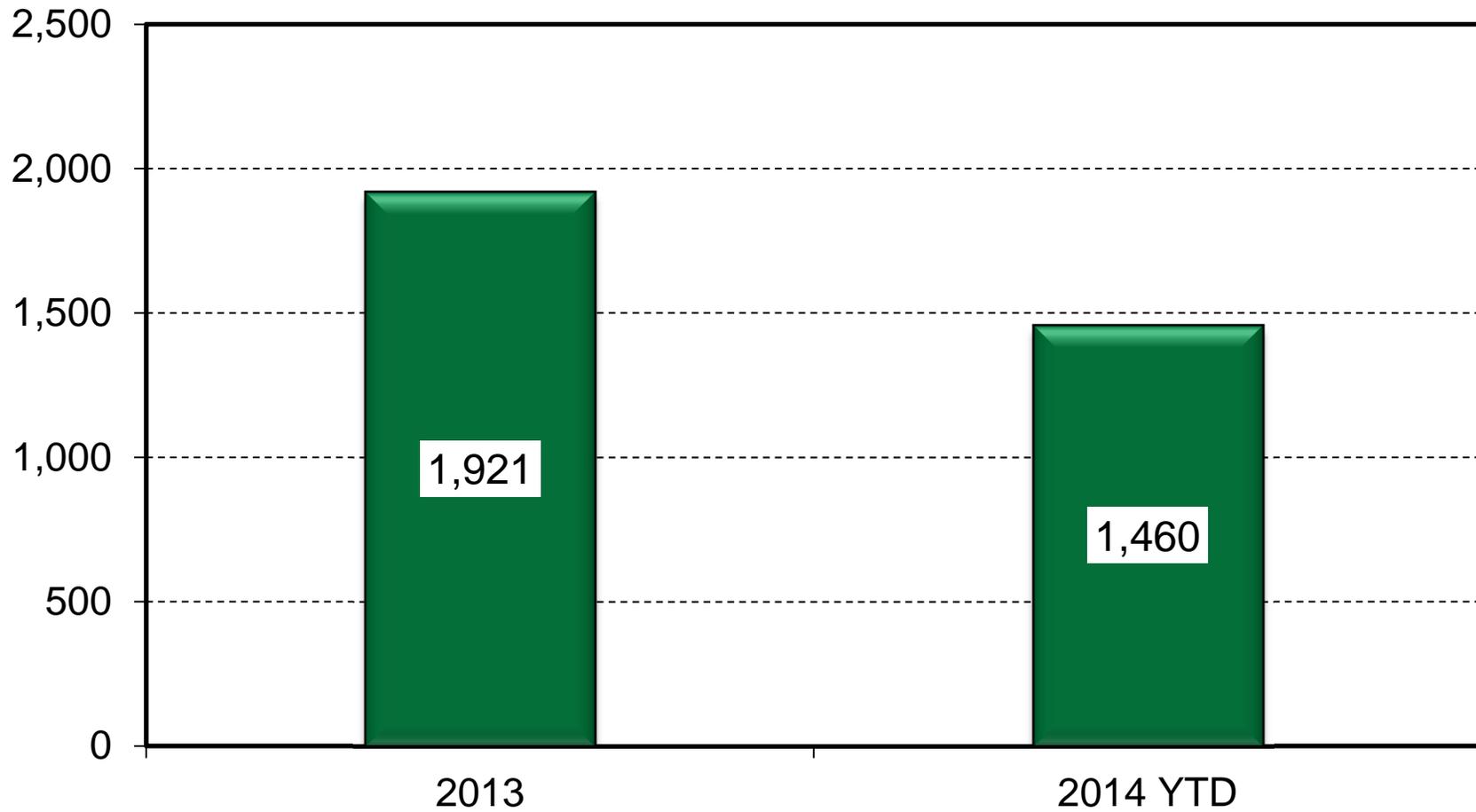


Note: All 2014 year to date fatalities occurred in structures without a working smoke detector.

Police Department: 2015 Budget Request

1. Accelerated 15 recruits to final recruit class of 2014
 - 135 recruits will be hired during 2014
 - 2015 sworn strength remains under development
 - The additional 2015 cost to maintain existing strength is ~ \$3.4 million
2. Increases in funding for civilian positions
 - Provides a Force Multiplier ⇒ Redeployment of Police Officers ~ 43 > “equivalents” since 2004
3. Strategic “hot spot” deployments
4. Group Violence Reduction Initiative
5. 2014 Shotspotter expansion will be maintained in 2015
6. Request for 50 replacement autos: => ~ \$2.5 million

Police Department Gun Seizure Data



2014 data through 8/10/14

Department of City Development: 2015 Budget Request

1. Commercial Revitalization Initiative

- Citywide focus on neighborhood commercial areas
- Additional dedicated staff resources
- Capital programs for street improvements and property remodeling & repair
- KIVA program

2. Strong Neighborhoods Program

- Continue Rent-to-Own, Owner occupancy, & Rental Rehab loan programs
- Continue partnership with private brokers on City sales effort
- Partnership with DNS on expanded Compliance Loan program
- Other initiatives under development

3. Tax Increment Finance

Tax Increment Finance Projects: Redevelopment throughout the City

- ❑ Menomonee Valley Business Park
- ❑ Reed Street Yards
- ❑ The Brewery
- ❑ Century City
- ❑ Northwestern Mutual Life & Gateway projects
- ❑ City's "net new construction" property value growth has exceeded 1% two years in a row!

Health Department: 2015 Budget Request

- ❑ Maintain Home Visitation programs
 - ✓ 17.25 tax levy-funded FTE
 - ✓ 8.0 grant-funded FTE
- ❑ Nursing staff strength
- ❑ Multiple STD Prevention strategies, including clinic at Keenan Health center
- ❑ Modify restaurant enforcement to focus on most problematic facilities

MHD Premier Home Visitation Programs Program Birth Outcomes 2012-2013

Birth Outcome Comparison

2012	MHD HV	City of Milwaukee	11 Highest Risk Zip Codes
Number of babies born*	193	9,651	5,192
% Born full term* (≥ 37 weeks)	92.2%	89.2%	87.6%
% Born >2500 grams*	89.1%	90.4%	89.9%

2013	MHD HV
Number of babies born*	177
% Born full term* (≥ 37 weeks)	91.0%
% Born >2500 grams*	89.3%



*Singleton Births Only

Library: 2015 Budget Request

- ❑ Maintain Public Service Hours, including Sundays; average of 646.5 hours per week
- ❑ Reduce digital divide through continued computer training and technology replacement initiatives
- ❑ Support school achievement through reading programs and Teacher in the Library
- ❑ Emphasis on early literacy
- ❑ Commitment to keeping Libraries as safe places in neighborhoods
- ❑ Major capital investments in new and refurbished neighborhood libraries
- ❑ Volunteer initiative to aid in connecting users with resources

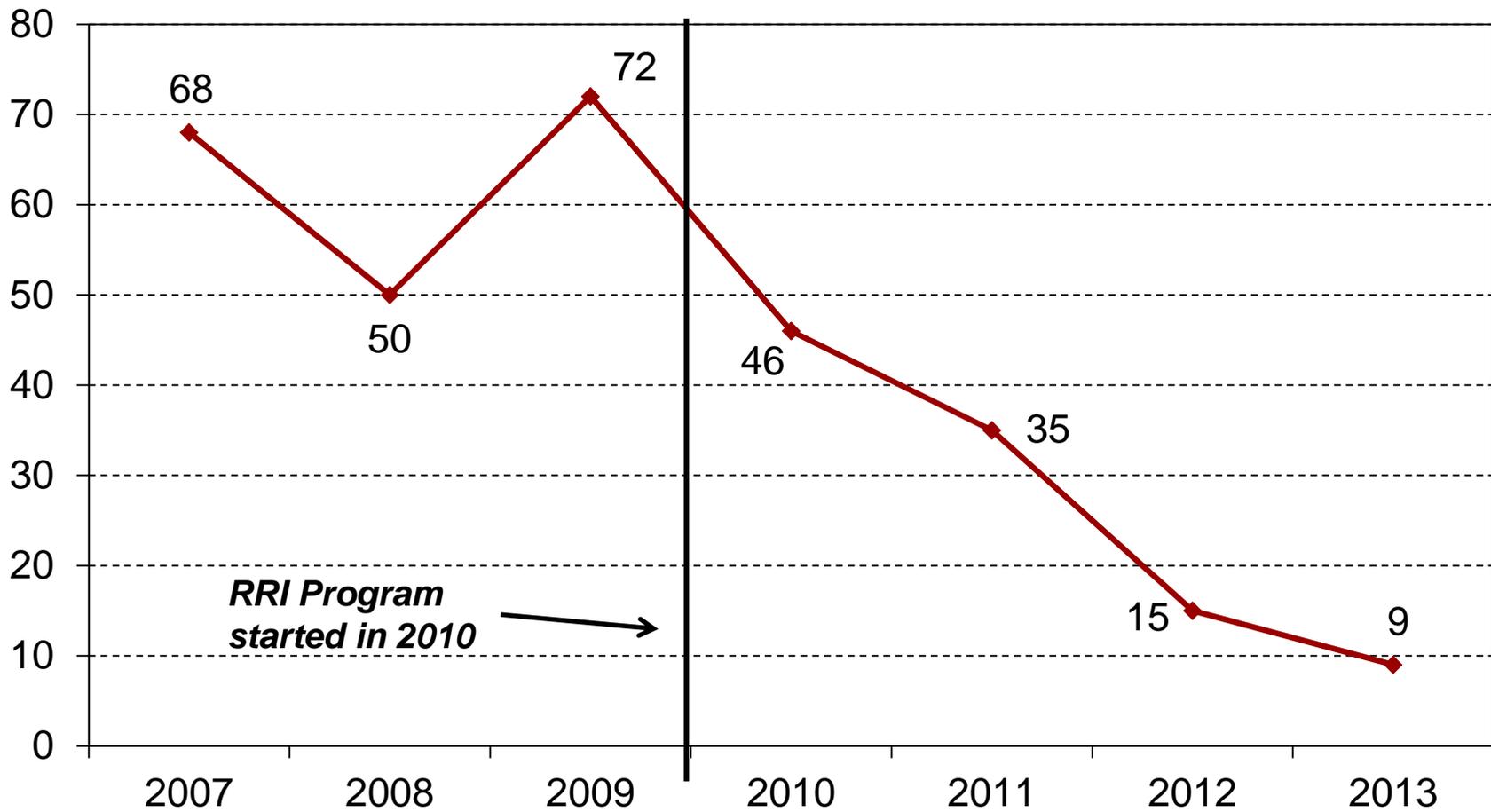
Digital Inclusion: A Key Component of Library Strategy

- Technology Resources & 2013 Services
 - 312 laptops
 - 3,589 people helped with resumes & job applications
 - 13,695 people helped with computer questions
 - 487,000 hours of computer use
 - 582 drop-in labs held
 - 4,400 people completed computer courses
 - 800 computer training sessions offered
 - 156 computer courses instructed in Spanish

Department of Neighborhood Services: 2015 Budget Request

- ❑ Special enforcement program links to Police resources
- ❑ Accelerated blight elimination through high impact demolition
- ❑ Link proactive code enforcement to City investment programs
- ❑ Possible expansion of Residential Rental Inspection Program to improve housing
- ❑ Continue active vacant property blight prevention

Aldermanic Service Request Complaints on Properties in Residential Rental Inspection Program (Districts 3 & 15)



Department of Public Works: 2015 Budget Request

Dept. of Public Works (DPW) Operations

1. Progress on garbage tonnage reduction
 - 2.1% decrease y-t-d in tonnage
 - Recycling tonnage up 4% since 2012
2. Cost pressures;
 - Tipping fees for garbage: + 14% (> \$1 million)
 - Salt for winter operations: + 14% (\$575,000)
3. Cost reductions:
 - Automated solid waste and recycling collection
 - Continued conversion to CNG vehicles (-\$258,000 annually)

DPW 2015 Budget Request (cont'd)

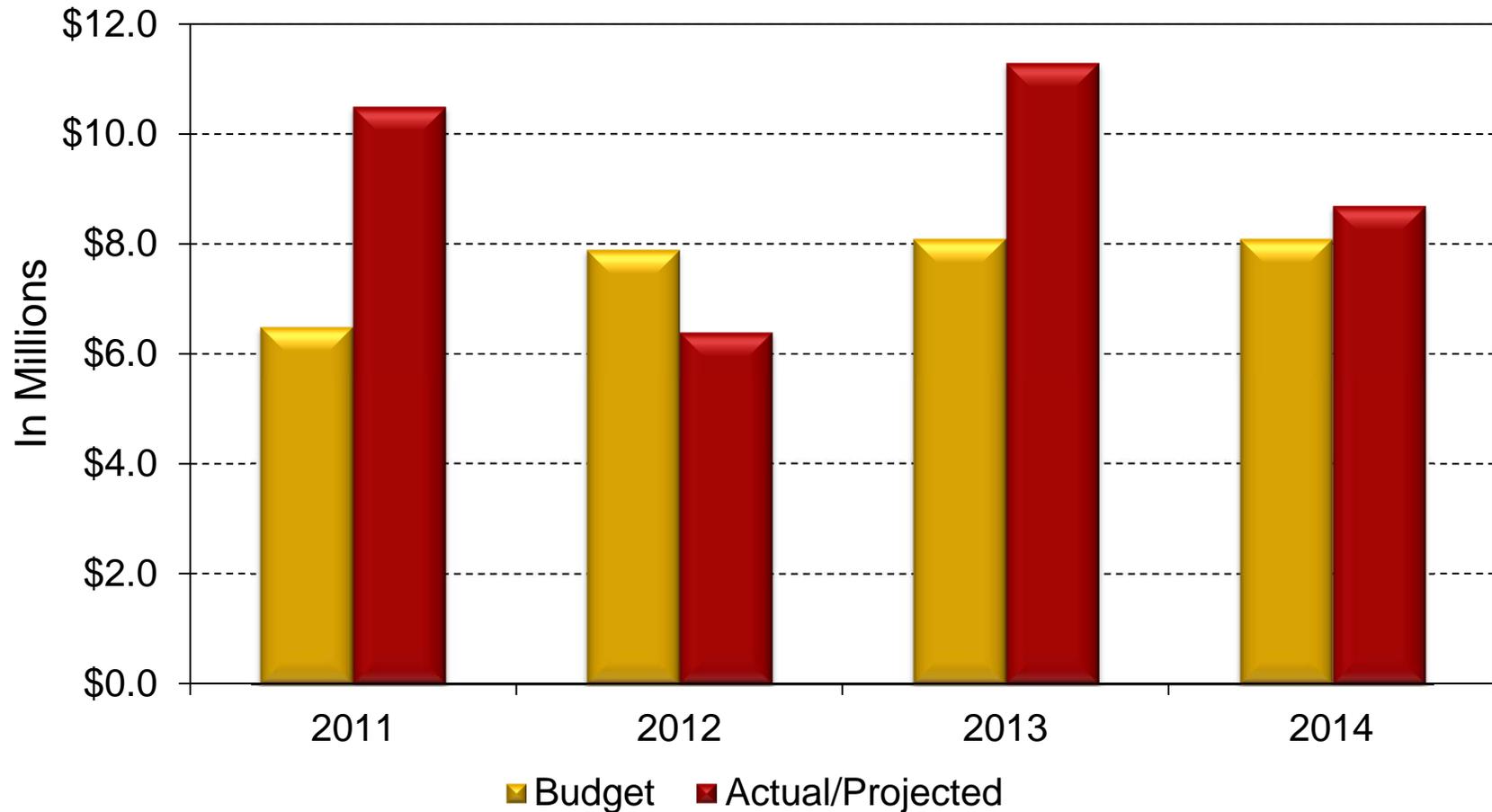
4. Forestry Challenges

- Protecting assets from Emerald Ash Borer
- Improving the pruning cycle
- In rem property management

5. Fleet Services

- Adapting to new automated packers and CNG vehicles
- Fleet availability remains high despite aging vehicles

Snow and Ice Expenditures: A Challenge from Mother Nature



2014 is a projection based on Q1 experience and typical Q4 experience.

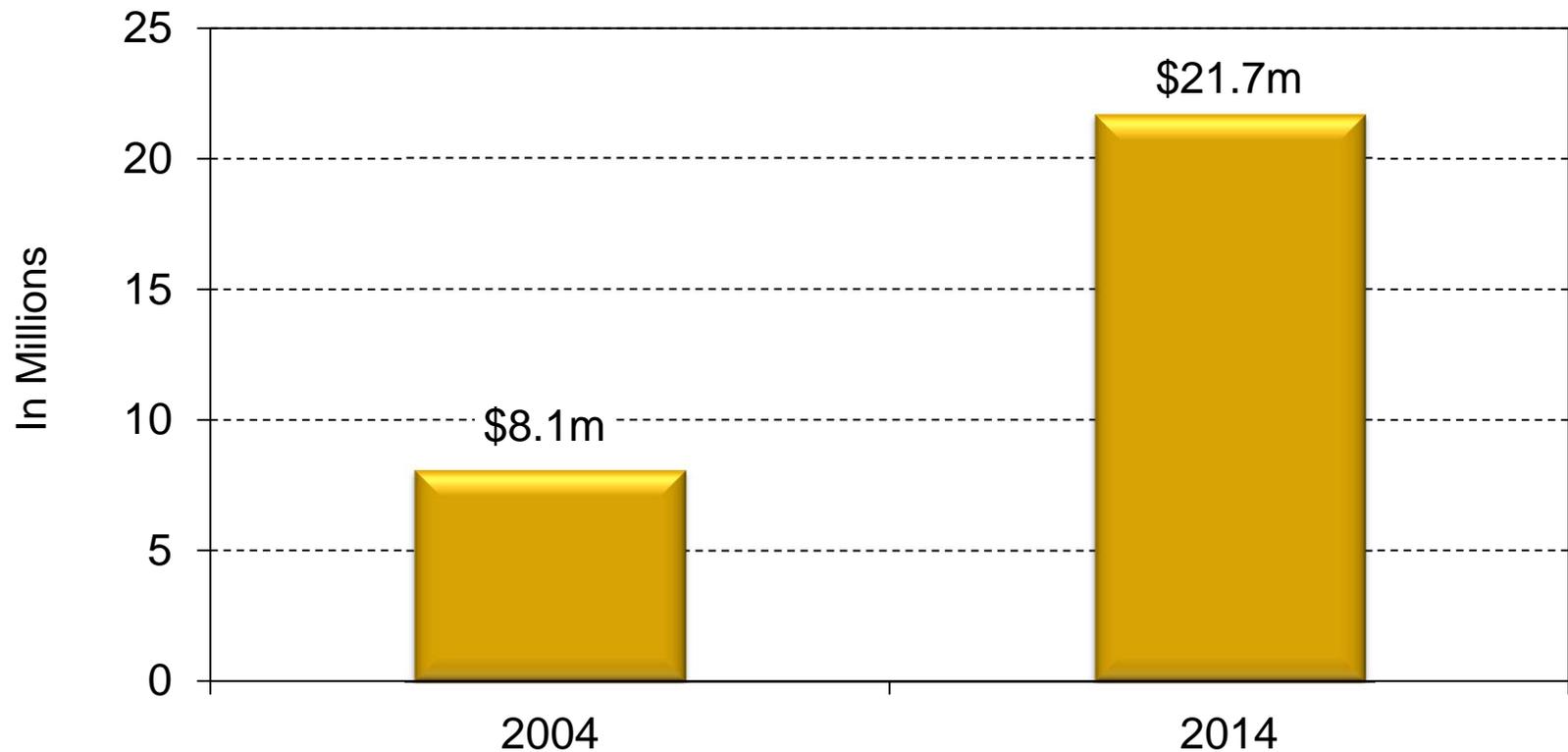
DPW: 2015 Budget Request (cont'd)

DPW-Infrastructure Services

1. Continue infrastructure maintenance service levels
2. Extend pavement useful life through “High Impact program”
3. Electricity costs
 - Traffic, Alley & Street Lighting: \$4.85 million in 2013
 - 8.6% increase from 2012
4. Maintain progress on core infrastructure replacement cycles

City Capital Funding for Street Reconstruction & Improvements

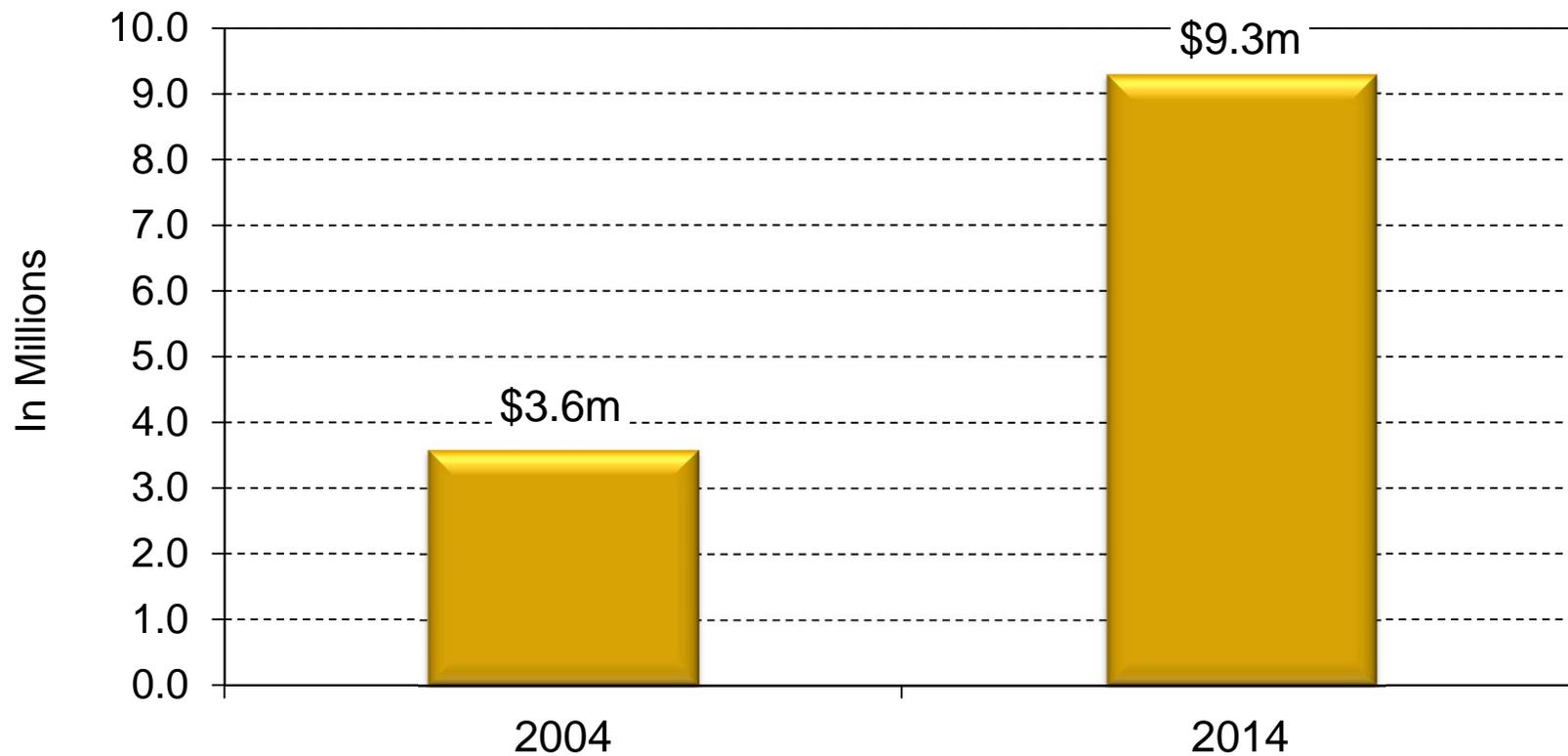
2004 vs. 2014



**Includes non-assessable City funding for Local Street, Major Street and High Impact Street Capital Programs*

City Capital Funding for Street Lighting

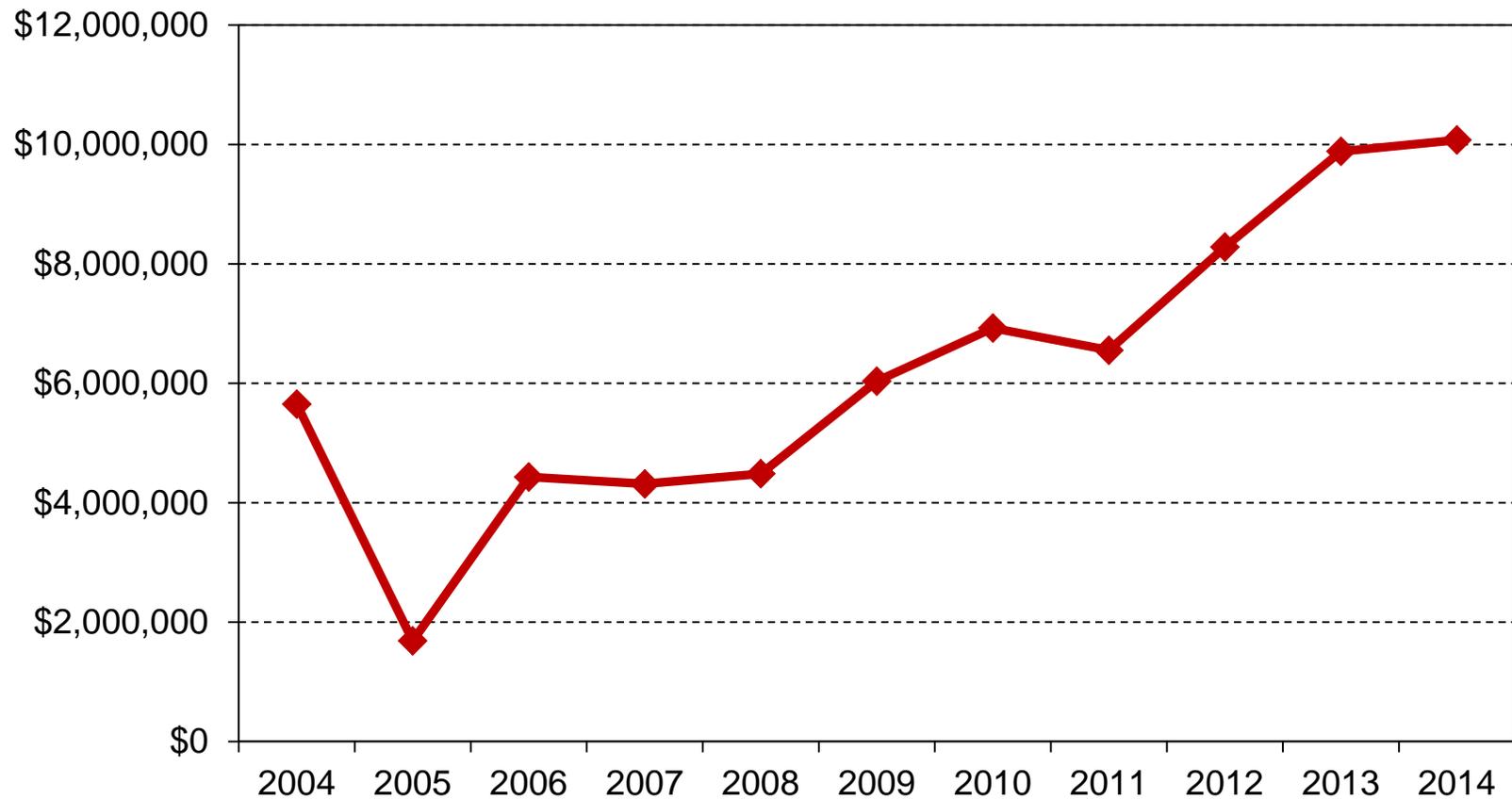
2004 vs. 2014



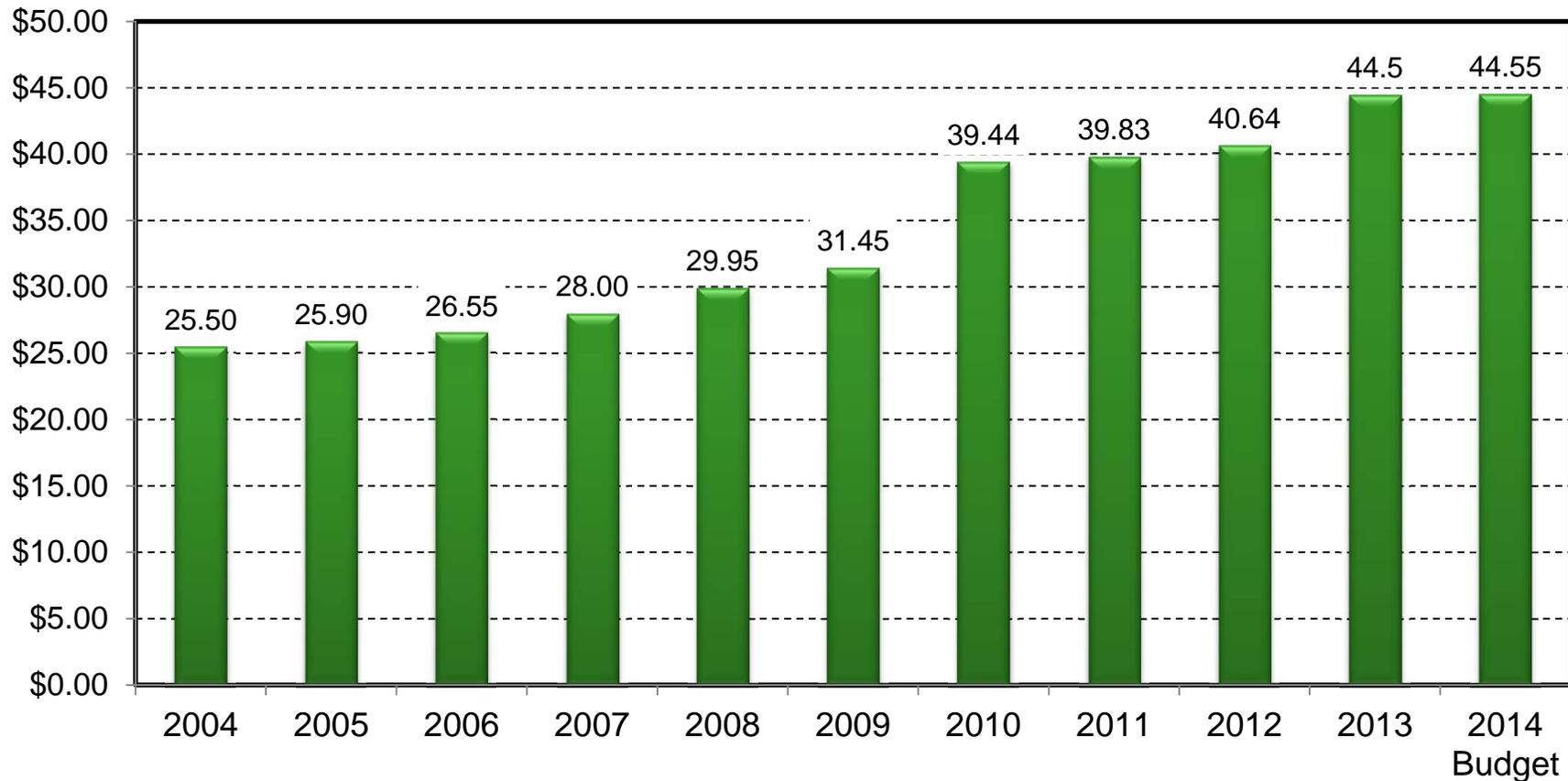
Bridge Program

- ❑ From 1998 to 2020, DPW will have rehabilitated or reconstructed all 21 of the City's moveable bridges
- ❑ City funding for the Bridge Program has increased by \$4.4 million from 2004 to 2014, a 78% increase

Bridge Program Capital Funding: 2004 to 2014



Sewer Maintenance Fund: Capital Improvement Allocation (In Millions)



In 2010, \$15.5 million of Federal stimulus money was available for the Sewer capital program. In 2011, \$2.8 million of MMSD grant funds were budgeted for Infiltration and Inflow reduction projects. In 2012, \$2.6 million of MMSD grant funds were budgeted for Infiltration and Inflow reduction projects. In 2013, \$2.6 million of MMSD grant funds were budgeted for Infiltration and Inflow reduction projects. In 2014, \$1.65 million of MMSD grant funds were budgeted for Infiltration and Inflow reduction projects.

Department of Administration: 2015 Budget Request

Sustainability Division – 2015 Goals

- ❑ 100 Me2 home energy improvements
- ❑ 60 Solar installs in city neighborhoods
- ❑ 40 Vacant lots converted to food-related uses
- ❑ 10 Small manufacturers improved
- ❑ 2% Reduction in City building energy use
- ❑ \$250,000 in new grant awards

Resolving Challenges to Structural Budget Balance

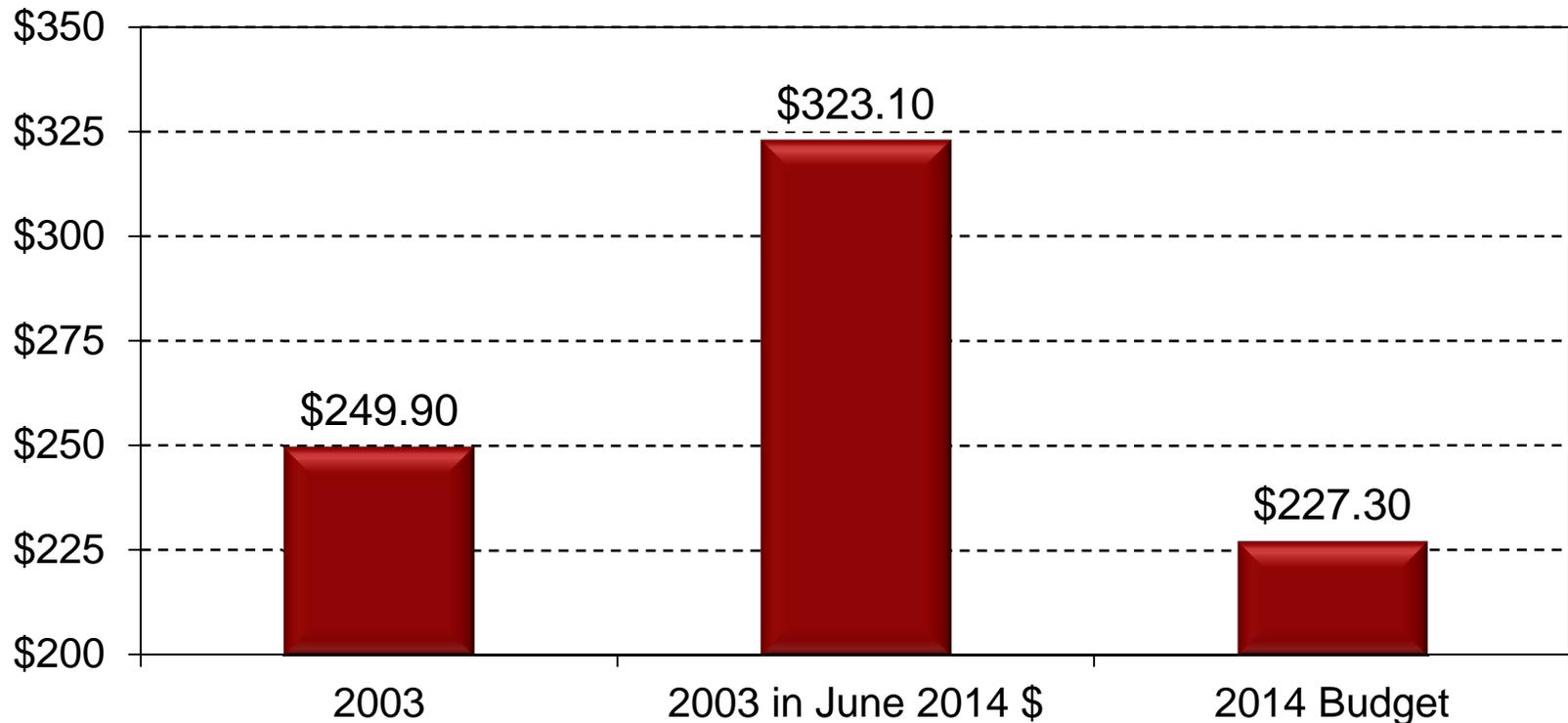
1. State Shared Revenue declines
2. Sustainable pension financing
3. Adjustments to City operations
4. Manage City debt

Financial Performance Overview

- The City has responded effectively to the challenges posed by the 2007-2008 Global Financial Crisis
 - Budget strategy has adjusted to changing circumstances via a 3-pronged strategy => “Resize, Restructure, and Reinvest”
 - Improved pension plan and fringe benefit sustainability
 - Redevelopment enhances future tax base
 - Strong Neighborhood Plan
 - Commitment to Safe Neighborhoods
 - Improvements to Core Infrastructure
 - 493 funded FTE reductions since 2009

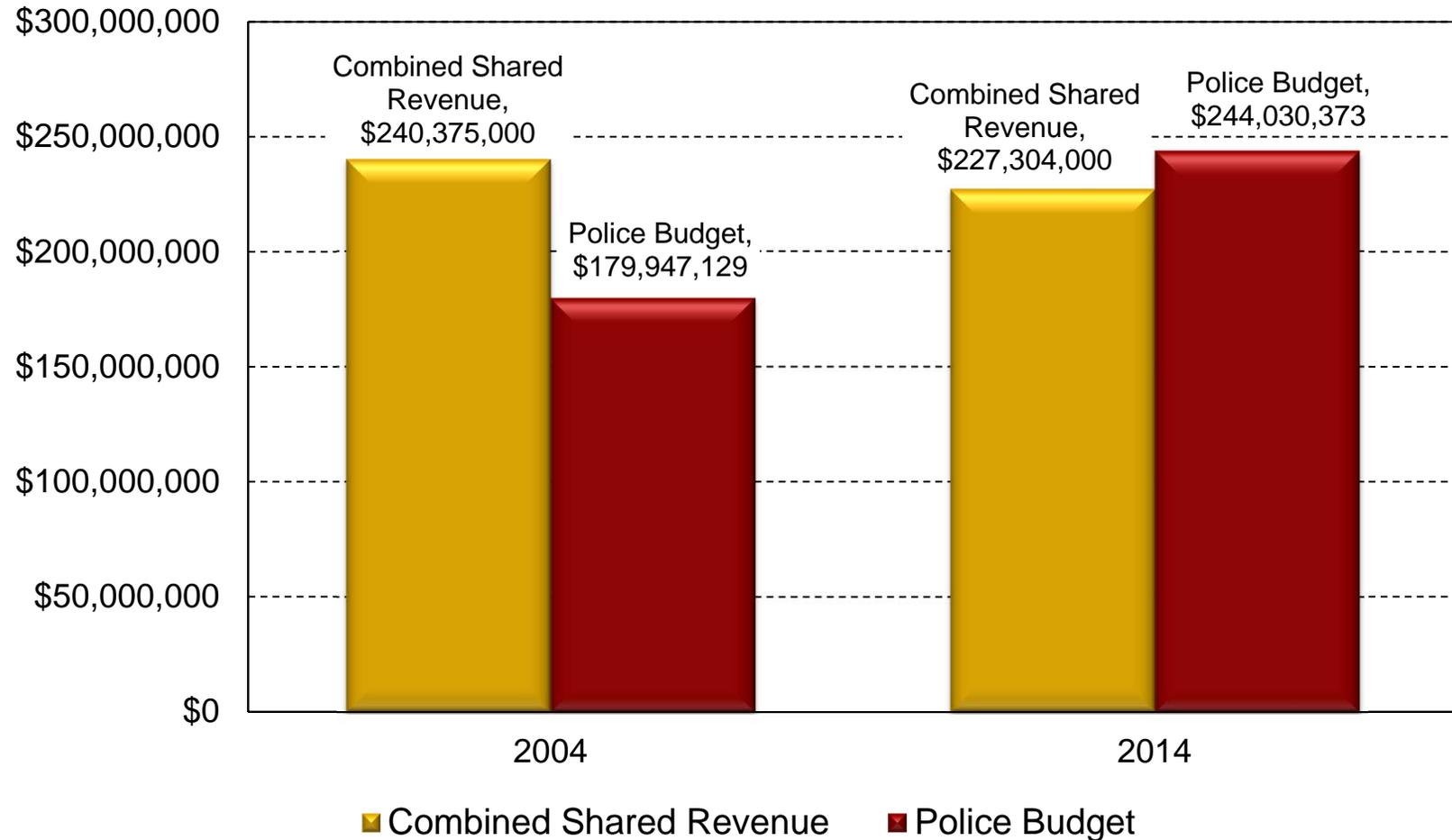
State Shared Revenue Trend

Decline in State Shared Revenue and Expenditure Restraint Program (ERP) Payments to Milwaukee
2003 – 2014 (In Millions)



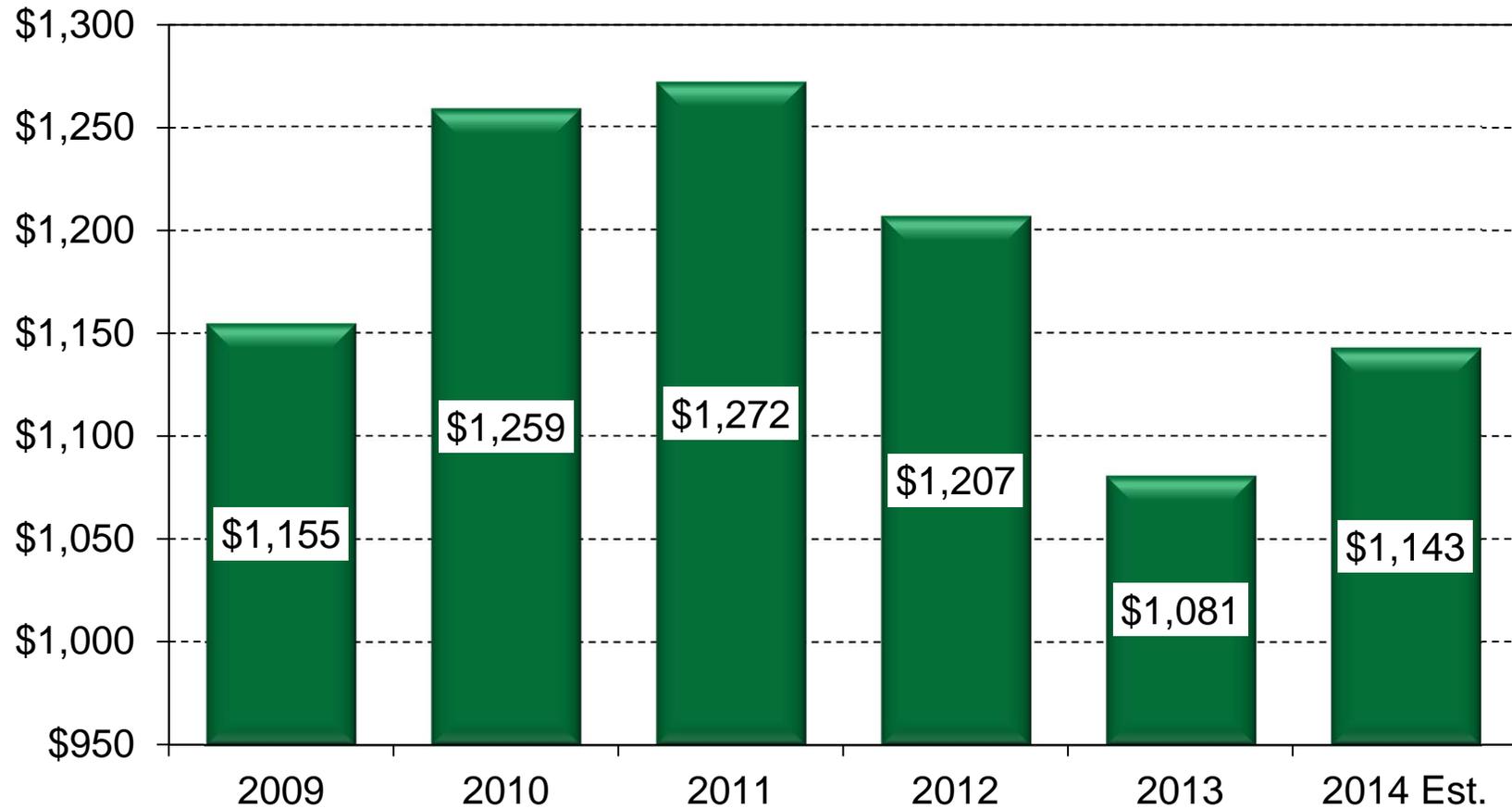
*Inflation adjusted decline in Shared Revenue and ERP payments = ~ \$95.8 million (-29.6%).
Source: U.S. Bureau of Labor Statistics: CPI-U Tables; City Budget documents*

State Shared Revenue & Expenditure Restraint Program Compared to Police Dept. Budget



City Debt is Stabilizing

GO Debt Per Capita



Funded Status of Peer City Pension Plans, 2013

CITY	FUNDED STATUS
Baltimore Employees' Retirement System	68.1%
Baltimore Fire & Police ERS	76.6%
Chicago Municipal Employees A&B Fund	36.9%
Chicago Policemen's A&B Fund	30.3%
Chicago Firemen's A&B Fund	24.2%
Chicago Laborer's & Retirement Bd. A&B Fund	56.7%
Cincinnati Retirement System	63.2%
Milwaukee Employes' Retirement System	94.8%
Pittsburgh Municipal Pension Plan	62.4%
Pittsburgh Policemen's Relief & Pension Plan	56.6%
Pittsburgh Firemen's Relief & Pension Plan	56.7%
St. Louis Police Retirement System	78.0%
St. Louis Firemen's Retirement System	86.5%
St. Louis Employees' Retirement System	77.1%

Key Takeaways

- ❑ City Budget needs to prioritize given State aid declines
- ❑ City government is managing long-term obligations in a responsible fashion
- ❑ Redevelopment & the Strong Neighborhoods Plan are designed to build a revitalized future
- ❑ City's Transitional Jobs initiative addresses a key community need—we need more partners

Important Timelines

9/23	Mayor submits Proposed 2015 Executive Budget to the Common Council
10/6	Joint Public Hearing in the Common Council Chambers
10/7- 10/20	Finance & Personnel Committee hearings on the Proposed Budget
10/31	Finance & Personnel Committee consideration of Budget amendments
11/7	Common Council adopts the 2015 City Budget

Presenter Information

If you have questions, comments, or desire more information, you may contact:

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View the City's budget and this presentation at
www.city.milwaukee.gov/budget