

2004 PLAN AND BUDGET SUMMARY

CITY OF MILWAUKEE

STATE OF WISCONSIN

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Budget and Policy 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 2004 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.

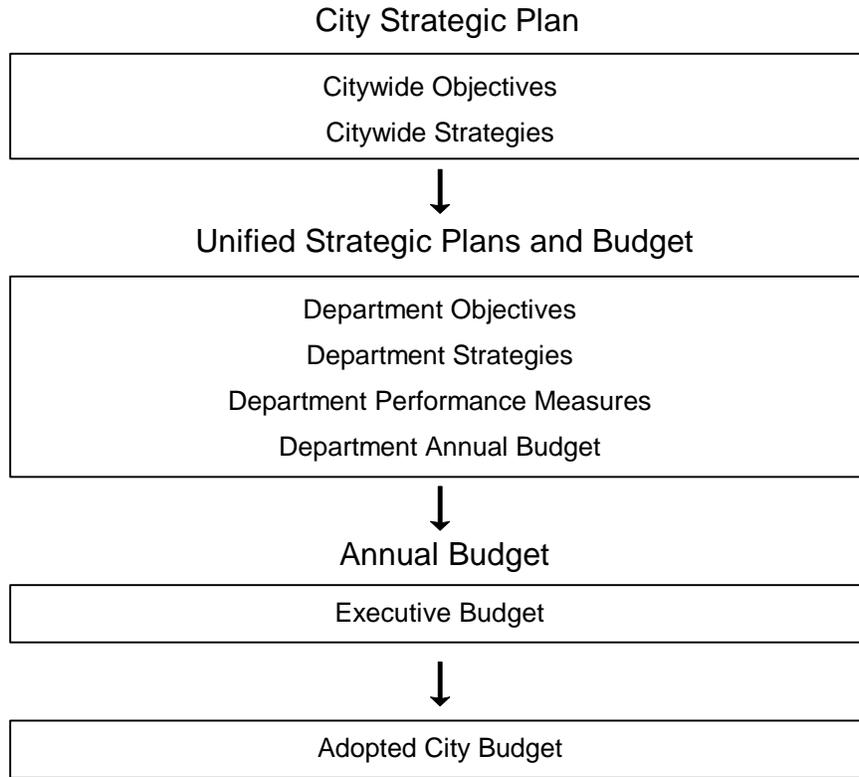
To obtain copies of the: *Proposed Plan and Executive Budget Summary*, *Plan and Budget Summary*, *Budget*, *Six Year Capital Plan* and the *2004 Fiscal Outlook and Strategic Plan* contact the:

Budget and Policy Division
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Visit the Budget and Management Home Page at:
www.ci.mil.wi.us/citygov/da/bmd/bmd.htm

BUDGET AND PLANNING PROCESS



CALENDAR DATE	ACTIVITY
January - March	Departments Prepare Plans, Objectives, and Performance Measures
Mid-March	Departments Receive Budget Materials
May 13*	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 6 and 7	Finance and Personnel Committee Budget Amendment Days
November 14***	Common Council Action on Budget

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

ELECTED OFFICIALS

MAYOR John O. Norquist
CITY ATTORNEY..... Grant F. Langley
CITY COMPTROLLER W. Martin Morics
CITY TREASURER Wayne F. Whittow

COMMON COUNCIL

PRESIDENT Marvin E. Pratt

DISTRICT

ALDERPERSON

FIRST Marvin E. Pratt
SECOND Joe Davis Sr.
THIRD Michael S. D’Amato
FOURTH Paul A. Henningsen
FIFTH James A. Bohl, Jr.
SIXTH Marlene E. Johnson-Odom
SEVENTH Fredrick G. Gordon
EIGHTH Robert G. Donovan
NINTH Donald F. Richards
TENTH Willie C. Wade
ELEVENTH Joseph Dudzik
TWELFTH Angel Sanchez
THIRTEENTH Terry L. Witkowski
FOURTEENTH Suzanne M. Breier
FIFTEENTH Thomas G. Nardelli
SIXTEENTH Michael J. Murphy
SEVENTEENTH Willie L. Hines

MUNICIPAL JUDGES

BRANCH 1 David Halbrooks
BRANCH 2 Derek C. Mosley
BRANCH 3 James A. Gramling, Jr.

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John O. Norquist

Mayor
City of Milwaukee

Budget Transmittal Statement from Mayor John O. Norquist



By now, there's no mystery left in how we budget.

Our budgets are an open book - what you see is what you get.

Call it boring if you want to, but here's what we do:

- We look for ways to improve city government and run it more efficiently.
- We reduce the size of the city workforce.
- We hold down spending.
- We keep taxes and fees as low as possible.
- We maintain good-sized reserves so taxpayers don't get stuck with surprises down the road.

If you're like me, you once thought that this kind of responsible budgeting was the norm. It's what's expected of public officials. And it's what our constituents deserve.

But the last few years have taught us that not everybody shares this opinion.

We've seen accounting tricks and insider dealing from companies like Enron and WorldCom and learned that those problems don't stop with the private sector.

Tommy Thompson and Scott McCallum touted themselves as conservative Republicans committed to creating a pro-business tax climate. Instead, they jacked up state spending and piled on new state employees, creating a train wreck that left the state with a \$3 billion dollar deficit. Instead of rolling up his sleeves and cutting state government like it needed to be cut, McCallum balanced his first budget by raiding all of the state's tobacco money. Then for an encore, he proposed eliminating all aid payments to cities. In other words, he left a mess.

Tom Ament was seen as a steady hand who had kept county government on an even keel. Editorials praised him for "honestly trying to meet the county's diverse ... needs while also keeping taxes in check". But he passed huge pension and sick leave payouts for himself and insiders in his administration that sent the county into major budgetary distress.

Scott Walker has the challenge of fixing this mess and he has the right instincts in wanting to protect taxpayers from the effects of the pension scandal. But to meet a no-tax-increase campaign pledge, last year he cut some budgeting corners - under funding the pension, overestimating revenues, and draining reserves down to nothing. The results included unexpected park layoffs this summer and other budget problems that could erupt later.

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Given how reckless the Thompson-McCallum and Ament administrations were in squandering tax dollars, who can blame taxpayers for being fed up? Who can blame them for calling for relief at every level of government?

In his short time in office, Governor Doyle has demonstrated his character as a budgeter. He recognized that budgeting tricks appear to give taxpayers what they want in the short run, but backfire and hurt taxpayers in the long run. So Governor Doyle cut 2,900 positions from the state's bloated bureaucracy. This was his first step towards his goal of cutting 12,000 positions and getting state government back to the size it was before Tommy Thompson took office.

He also had the good sense to reject the Republican's local tax freeze proposal as the political stunt it was. Doyle knew that legislators who proposed the freeze for local government would never do that with state tax collections.

The governor did ask local officials to share in the pain and help the state out of its mess. He proposed big but acceptable cuts in shared revenue - a \$9.7 million cut for the City of Milwaukee, far short of the \$24 million that Republicans would have bled from the city so they could transfer it to the wealthy communities they represent.

With this budget, we maintain our long term record of keeping levy increases under the rate of inflation. In inflation-adjusted dollars, our property tax levy is \$18.7 million smaller now than it was in 1988. The Common Council should be proud of its role in establishing a record of protecting and respecting the taxpayers of this city. It is unmatched by county, state, or federal governments.

In 1988, the county tax levy was \$112.8 million compared to the city's tax levy of \$144.5 million for the same year. The county levy has since grown to \$219 million in 2003 compared to \$199 million for the city. This growth in the county levy occurred despite the addition of a countywide one-half percent sales tax.

Since 1988, we have held our operating spending under the rate of inflation, while the state's has increased at twice the rate of inflation.

This budget also lowers the tax rate to \$9.73 per \$1,000 of assessed value - 42 cents less than last year's rate and \$3.36 less than the rate in 1988 when I took office. And there are no increases in the major fees we charge and no increases in parking meter rates.

We found we could adopt a budget responsibly. Here's how we did it and didn't do it:

We didn't short-change the pension system, as the county chose to do in 2003. That just puts off a tax obligation and leaves a big bill for future taxpayers.

Even though our pension system is considered fully funded, we will put \$2.5 million into pension reserves again. This is a tough budget year but we will make the same responsible contribution as last year.

We are not draining our reserves. We're standing by our practice of maintaining our stabilization fund at 5% of general operating expenditures.

This budget uses the fund as it was intended - to stabilize taxes at a time when the state is in fiscal crisis and we're having to absorb a major loss of shared revenue.

A responsible withdrawal will leave the fund with an ending balance of about \$30 million. That is about \$30 million larger than the reserves of the state or county combined.

We're protecting our debt reserves. With the enthusiastic approval of City Comptroller Wally Morics, we are withdrawing a million less from them than last year.

We're maintaining our infrastructure with a capital budget slightly higher than last year, including money that will help us plan for a new north side regional library and build a new fire repair shop.

We're maintaining our traditional \$12 million contribution to Milwaukee Public Schools for school buildings.

We're not overestimating revenues. They are estimated very conservatively in consultation with the Comptroller. You won't see the city experience the county's mid-summer park's budget collapse.

We're not spinning off any departments or proposing new taxing jurisdictions.

No gimmicks: we're freezing the levy with responsible cost reductions.

As we absorbed the \$9.7 million loss of shared revenue, we had one major factor in our favor: our health care costs came in more than \$9 million under projections. If our increase had been more in line with other major employers, freezing the levy responsibly would have been impossible.

Through several rounds of negotiations with unions and several budgets, we have created incentives for them to get out of the expensive fee-for-service plan, where provider choice is unlimited and costs are high. Employees have responded by choosing lower cost plans.

It wasn't easy to get unions to accept these incentives, but this work is now paying off for taxpayers.

The school board's health plan is out of control. The county's is unaffordable. Ours is helping us save money while still providing good health insurance for employees.

Our health care cost increase this year came in at 2% - compared to a 25% increase at the county. To put this budget together, we needed more than just health care savings. We needed more cost cuts in city government. And we've made them.

As a result, operating spending in this budget increases less than 2% - well under the rate of inflation. The tax levy in 2004 is actually \$18.7 million smaller than the levy in 1988 in inflation adjusted dollars.

In doing the right thing for taxpayers, we're not shortchanging employees, however. We're not reopening labor contracts. We're not asking employees to work a shorter week.

Our city employees enjoy fair pay and good benefits. They deserve to earn a decent living. But we need to face the fact that our citizens can only afford so much. That is why that number had to go down and why city government must continue to shrink.

We've been cutting government for years. Between 1988 and 2003, we cut 750 positions from city government. This budget cuts 351 more positions. By the time these cuts are implemented, our workforce will be 11% smaller.

We've worked to minimize layoffs. About 75 of the eliminated positions are currently filled. Some of the affected employees will retire or bump into other positions, but some will actually be laid off.

Fortunately, because of our renewed commitment to a hiring freeze, many of the eliminated positions are already unfilled and layoffs are much smaller than they would have been otherwise.

When you eliminate nearly 351 positions, there is no way to make these cuts invisible. Citizens will notice some changes in how city services are delivered. But I believe they will find these changes acceptable. Under this budget, Milwaukee taxpayers will still be well served by the city. They will just be receiving the government that they can afford.

Holding taxes as low as possible makes sense for other reasons.

First, it sends the right message to the Governor and the legislature at a time when the state is finally reviewing its own budgets. By keeping our spending low while maintaining acceptable service levels, we show the state that we're responsible stewards of the state revenue they share with us every year.

Second, freezing the levy reduces the long term costs of municipal government for Milwaukee taxpayers. In the short term, having 351 fewer employees on the books saves the city about \$15 million per year. In future years, it will help hold down the increases in our employee health care costs. And having 300 fewer people enrolled in our pension system significantly improves its financial stability.

Finally, holding down taxes helps the city thrive. It helps us keep our cost of living competitive, which invites people to live and invest in the city and appreciate the great advantages of urban life.

Our downtown housing market is booming, with 2,040 units added since 1998. The downtown population has increased 77% since 1990.

The hot residential market and re-energized office market are fueling a building boom. We added \$301 million in new construction in 2002, according to the State Department of Revenue.

This unprecedented level of investment creates jobs.

We've done a lot to encourage this renaissance by creating a pro-growth tax climate. When I took office, Milwaukee had the second highest tax rate in the county. That ranking confirmed our reputation for high taxes and acted as a drag on development.

Our tax rate is currently the eighth highest in the county - closely bunched with others near the middle of the pack. At a time when other municipalities have announced their intention to freeze their levies, this budget will again help us stay competitive.

Milwaukee is a great city, a beautiful city and for a long time, people had negative feelings about cities in general - and Milwaukee was no exception.

But that has changed. There is a significant part of the real estate market that wants to live, work, and play in the city. If companies want highly educated and creative tech workers, they need to be in an urban setting. As local real estate broker, Robert Flood told the Journal in explaining why a tech company would choose a downtown site: "If I am a 20-something IT engineer, I want to look at the services and amenities of downtown instead of going out to a cornfield."

Milwaukee has a rich culture, a tradition of excellence in the workplace and beautiful neighborhoods and a downtown that are gaining confidence every day.

People in Milwaukee are starting to realize that our city is someplace very special. You saw this with Harley Fest and on Martin Luther King Drive and on Lincoln Avenue, Mitchell Street, West Vliet Street and Chavez Drive.

Now we have more work to do. This budget comes at an important time in the city's history when we need to demonstrate fiscal responsibility to our bond rating agencies, to state legislators and the governor, and most of all to our own taxpayers.

Thank you,

A handwritten signature in black ink, appearing to read "John O. Norquist". The signature is stylized with a large, sweeping initial "J" and a long horizontal line extending to the right.

JOHN O. NORQUIST
Mayor

FREDRICK G. GORDON
ALDERMAN, 7TH DISTRICT



CITY HALL
MILWAUKEE, WISCONSIN

CHAIRMAN:
FINANCE & PERSONNEL COMMITTEE

VICE CHAIRMAN:
STEERING & RULES COMMITTEE

MEMBER:
JUDICIARY & LEGISLATION COMMITTEE
WISCONSIN CENTER DISTRICT BOARD
REDEVELOPMENT AUTHORITY
PRIVATE INDUSTRY COUNCIL
LIBRARY BOARD

FINANCE & PERSONNEL COMMITTEE REPORT ON THE 2004 ADOPTED CITY BUDGET

Each year, the Finance & Personnel Committee reviews the Mayor's Proposed Budget for the City of Milwaukee, and submits its recommended amendments to the Common Council. On November 14, 2003, the Council adopted a 2004 City Budget.

In its review and deliberations over the Mayor's 2004 Proposed Budget, the City of Milwaukee Common Council based its final actions on providing specific levels of service which residents agreed were most critical to their neighborhoods' quality of life, and which they were most willing to pay for.

The property tax rate resulting from the Common Council's actions on the Mayor's 2004 Proposed Budget resulted in a property tax rate of **\$9.73**; a 10 cent *increase* from the Mayor's proposed rate of \$9.63, yet a 42 cent *decrease* from the 2003 Adopted Budget rate of \$10.15.

The Council's actions added \$7.1 million in spending to the Mayor's proposal, with nearly \$2 million of that coming from the property tax levy, but still keeping the City within the \$2 million tax levy "freeze" as advocated by state republican lawmakers. The Total 2004 Adopted City Budget is \$1.084 billion. The budget, as adopted, qualifies for the State Expenditure Restraint Program.

The owner of a \$100,000 house who paid \$1,015 in city taxes in this year would pay \$1,041 next year, a \$26 increase, if the house saw the average 7% assessment increase. That homeowner's overall property tax bill could go up about \$71, based upon action by the county and other entities.

Fees for Services: There were no new fees for services in the Mayor's 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 2003 levels:

- The Solid Waste Fee will remain at \$75. It will continue to generate \$13.9 million (43% recovery of costs) in 2004.
- 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 2004.

Council Action on Proposed Significant Service Changes

- **Winter Garbage Pickup:** The 2004 Proposed Budget included a change to lengthen the number of days between garbage collections during the “winter season”, December 1 to April 1. Holidays and snow and ice control operations would have further lengthened the time between pickups. A related proposed reduction of 22 drivers may also have impacted the City's ability to quickly staff trucks during snowplow operations. **The Council restored winter garbage pickup to the current weekly schedule, at a cost of \$281,978.**
- **Sanitation Special Pickups:** The 2004 Proposed Budget included a change to lengthen the current guarantee of 10 business days to 15 business days for free pickup of bulky refuse items, such as furniture, appliances, etc. **The Council restored the current 10-day special pickup guarantee at a cost of \$202,867.**
- **Department of Public Works – Operations Division – Forestry:**
 - a. From 1994 through 2003, the City adopted a “3/6” pruning cycle for its trees, that is, younger trees (those less than or equal to 12 inches in diameter) were pruned every 3 years and older trees (those greater than 12 inches in diameter) were pruned every 6 years. The 2004 Proposed Budget created a flat 5 year pruning cycle for all trees. **The Council restored funding for certain positions to help the Forestry Section better respond to an increase in calls for service as a result of the new 5-year pruning cycle, at a cost of \$242,623.**
 - b. The 2004 Proposed Budget allocated funding for the installation only of “bed-only” watering systems in new and replacement boulevard medians. The 2003 budget included \$381,000 for this purpose. **The Council restored full funding for this purpose at a cost of \$381,000.**
 - c. The 2004 Proposed Budget reduced boulevard bed maintenance and provided less frequent bed watering, less edging, mulching and weed control, and less irrigation repair on City boulevards. **The Council fully restored these items, specifying that the current number of boulevard flower beds be maintained, but with planting of perennial flowers only in these beds, at a total cost of \$546,583.**

- d. The 2004 Proposed Budget reduced the pool of seasonal laborers ("Urban Forestry Laborer (Seasonal)") from the 51 allocated in the 2003 budget to 20. **The Council restored funding for the full 51 seasonal positions to ensure proper maintenance of the City's boulevards.**
- **Department of Public Works – Infrastructure Services Division:** In order to maintain timely pavement and concrete repair and replacement of the City's streets, sidewalks, curbs and other infrastructure, **the Council restored \$563,765 for various concrete and crack fill crews.**
 - **Neighborhood Libraries:** The 2004 Proposed Budget would have closed the Villard Avenue Library, and provided funding for only the first six months of operation for the Center Street Library. **The Council restored full funding to keep both branches open throughout 2004, at a cost of \$784,182.**
 - **Fire Department Staffing:** The 2004 Proposed Budget eliminated funding for 54 firefighter positions, thereby reducing staffing on 18 of 21 engines from 5 to 4 per shift. **The Council restored funding for 12 of the 54 positions at a cost of \$705,732 and added 44 unfunded positions of auxiliary firefighter.**
 - **Police Department Staffing:** The Common Council restored 113 vacant unfunded positions of police officer. **The Council also moved up the start date of 2 planned recruit classes, to put a total of 120 new officers on the street, at a cost of \$918,591.**
 - **Position Cuts:** The Mayor's Proposed Budget would have eliminated 643 mostly vacant positions. The Council restored 268 positions, many unfunded.

Other Council Actions

- **Management Salary Freeze:** **The Council froze the salaries of all management, non-represented employees in Salary Grade 11 and above, for a savings of \$281,000.** These employees would not be granted a cost of living adjustment (COLA) in 2004.
- **Mayor and Council Member Salary Freeze:** **The Council froze the Mayor's salary and their own salaries for 2004, for a savings of \$27,106.** The Council also eliminated the \$12.60 monthly subsidy for Council members' home phones, for a savings of \$2,369.

- **Parking Fund Reserves:** The Mayor's Proposed Budget included a payment of \$10.93 million from the Parking Fund to the General Fund. The Council took an additional withdrawal of \$1.1 million.

The members of the Finance & Personnel Committee, and the Common Council, displayed a sense of collegiality and focused unanimity in their decisiveness to maintain quality services to citizens in the 2004 Budget, without significantly impacting the property tax levy. All Council members recognized the need to lay a firm fiscal foundation to ensure the City's continued quality of life and economic growth in 2004 and beyond.

Respectfully submitted,



Ald. Fredrick G. Gordon
Alderman, 7th District
Chair, Finance & Personnel Committee

fgg.o4.budget.letter

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 reducing spending while giving residents and businesses the highest quality services possible. The city also works to create local, state, and federal policies (especially transportation, welfare, 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.

Charting the Course for Continued Success

The course for change in Milwaukee during 2004 has been charted. A new Mayor will take office, along with a new city government administration. There will be two fewer members of the Common Council. A new Fire Chief, appointed in late 2002, was joined by a new Police Chief in November, 2003.

While new leadership will be at the helm of city government, Milwaukee will face the same fundamental challenges: how to provide high quality services at the lowest possible cost, while recognizing fiscal constraints, so as to make Milwaukee a more attractive place to live, work, play and conduct business.

Milwaukee's record is strong. Taxes and spending have been controlled while core services have been maintained. A solid foundation for continued improvement and development has been established, evidenced by growth in housing opportunities and property values, and by major redevelopment projects such as the Park East Corridor and Menomonee Valley.

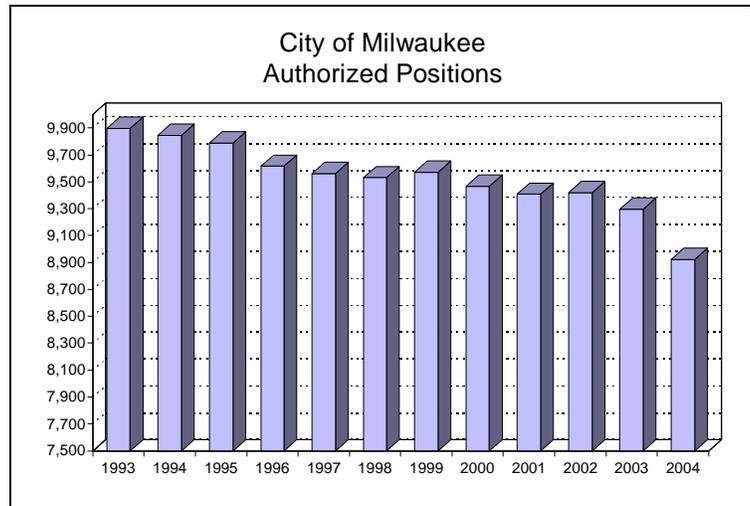
In 2004, balancing services and costs presents a daunting challenge. State and federal aids are decreasing while the upward pressure of salary and health care costs continues. Demands for city services remain high at the same time that demands to lower or freeze taxes increase.

In these challenging times, the city must establish a vision for the future that is supported by clear goals and strategies, accompanied by policies that ensure fiscal health and stability. The 2004 budget helps chart the course to a successful future for Milwaukee by controlling spending while meeting the demand for high quality services.

Record on Taxes and Spending

Fiscal stability requires controlling taxes and spending. Fortunately, one of the city's strengths has been responsible fiscal management. Sound and disciplined fiscal planning

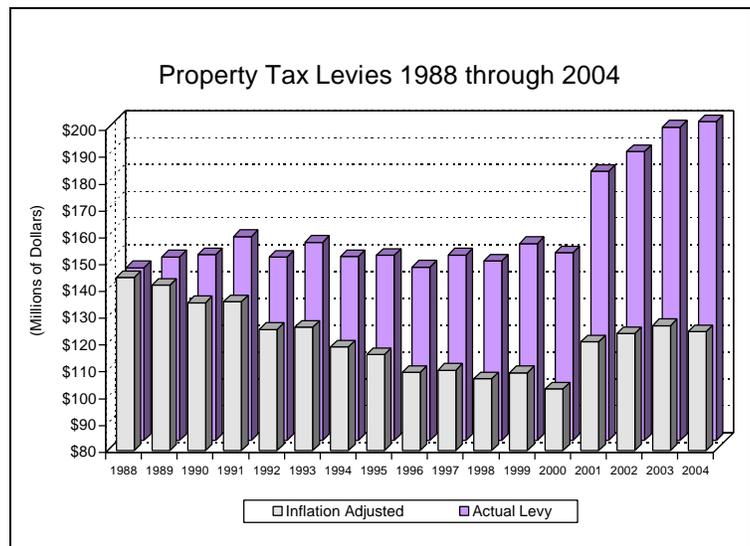
Figure 1



and management have enabled city policymakers to successfully control taxes and spending.

To control costs, the city has reassessed service levels, streamlined operations, eliminated unnecessary expenditures and consolidated departments. The focus has been on controlling municipal spending and reducing taxes, including supporting shared revenue and similar programs that provide aid to fiscally responsible municipalities.

Figure 2



The number of positions and employees has been significantly reduced. The total number of authorized positions has fallen by 1,118 or 11.1% since 1988. The 2004 budget continues this policy by eliminating 375 positions (see Figure 1).

Positions have been reduced with the goal of maintaining essential services. Position reductions have helped limit growth in the property tax levy in the past and are necessary to limit growth in the levy in future years.

Since 1988, the “real” or inflation adjusted property tax levy has fallen by \$18.8 million (see Figure 2). This has enabled the city to lower its property tax rate by \$3.36 since 1988. The city’s property tax rate for 2004 is \$9.73, which is nearly 26% below the 1988 rate of \$13.09 (see Figure 3).

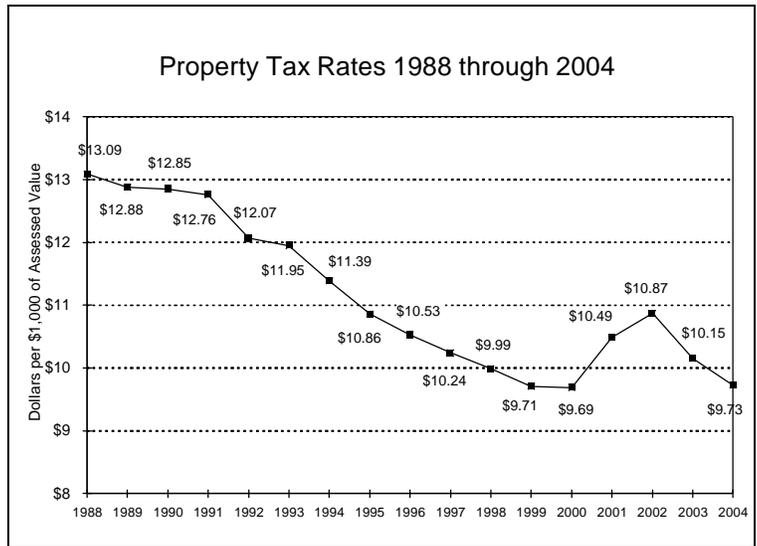
Since 1988, the City of Milwaukee has successfully minimized spending increases. The property tax levy increased an average of 2.0% per year during this period with many years experiencing a decline in both property tax rates and levies.

Milwaukee’s fiscal responsibility is evident by its qualification for the Expenditure Restraint Payment (ERP). ERP is a revenue distribution program established by the State of Wisconsin in 1990 that rewards cities that limit their spending growth. Milwaukee has qualified for an ERP payment in every year it has been available.

In recent years, however, it has become more difficult to match this record. Reductions in state aid, such as shared revenue, along with rising salary and health care costs have contributed to higher levy increases in recent years. The 2004 budget, although it increases the tax levy, limits growth in the levy to less than the amount that would have been allowed under the tax levy freeze for local governments proposed by the Joint Finance Committee and the Senate Republicans in the Wisconsin State Legislature. The levy increase is also limited to less than the rate of inflation. The levy increased by 1%, while inflation is anticipated to be 1.8%.

While controlling both spending and the tax levy, the city has been fiscally responsible. Proper funding of the pension system continues, with \$2.5 million added to pension reserves in the 2004 budget. In ad-

Figure 3



dition, the level of city reserves, in both the Tax Stabilization Fund (TSF) and the Public Debt Amortization Fund (PDAF), are maintained. The PDAF withdrawal in 2004 will be \$4 million, which is \$1 million less than the \$5 million withdrawal in 2003. The TSF withdrawal allows the city to adhere to its informal policy of maintaining the TSF balance at 5% of general fund expenditures.

Record on Services and Outcomes

Service delivery improvements and efficiencies have enabled the city to enhance service outcomes while controlling costs. Significant improvements have occurred in each of the city’s six strategic planning areas.

Public Safety: Milwaukee is a safe place to live, work, shop, and visit. The violent crime rate has decreased as has the overall crime rate. The number of fires and hazardous emergencies has declined, while the public structure fire incident rate remains lower than the national average. Fire deaths have been reduced from 26 in 1990 to 6 in 2002, a 77% decrease.

Public Health: Milwaukee’s environmental health and the personal health of its citizens have improved. Tuberculosis incidence has decreased. The percentage of children with high levels of lead in their blood has decreased, as has the infant mortality rate. The percent of city residents with health insurance coverage increased from 85% in 1995 to 90% in 2002.

Neighborhoods and Housing: The quality of neighborhoods and housing has improved. The overall assessed value of residential property has consistently increased since 1988. Owner occupancy for all housing units has increased, with almost 80% of single family homes and duplexes owner occupied. Household income has increased and a resurgent housing market, with 5,340 new residential housing units constructed between 1990 and 2002 continues to improve.

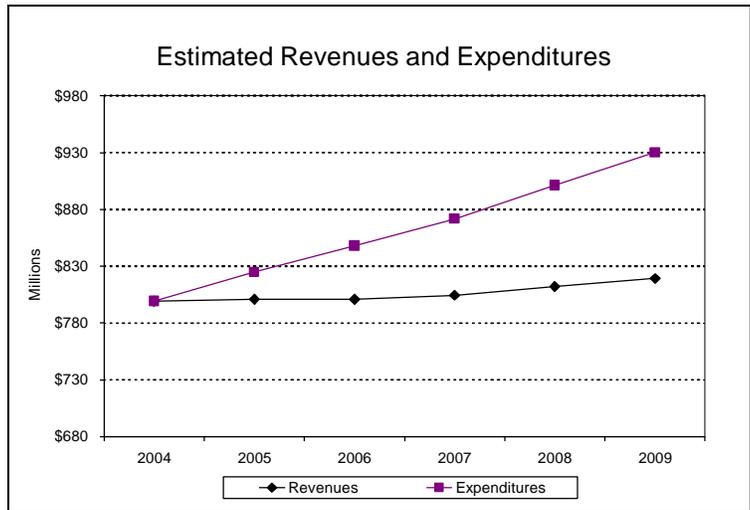
Economic Development: Policies supporting private sector growth and innovation have strengthened the local economy. The equalized value of commercial and manufacturing properties increased, as has the city's overall assessed value. The number of jobs in Milwaukee increased by 24,500 or 8% between 1994 and 2001. There has also been real growth in wages, with service sector wages growing about 14%, and manufacturing wages growing about 28% between 1992 and 2001.

Land Use and Transportation: Efforts to develop a balanced land use and transportation systems have been enhanced by proposing an alternative Marquette Interchange Improvement Reconstruction Plan that would reduce costs, speed reconstruction, and improve the interchange to meet Milwaukee's needs; encouraging pedestrian friendly development, such as well designed streetscapes and the River-Walk system; emphasizing multi-modal transportation through support of mass transit and rail transportation; and encouraging the use of bicycles for commuting and recreation, including a Bicycle Task Force and support for new bicycle paths.

Quality Education: Milwaukee's education system has been reformed to better support the needs of children and empower parents to improve their children's education. The city has championed school reform efforts such as School Choice, Charter Schools, and the Neighborhood Schools Initiative. City government has also expanded residents' access to computer technology and resources through public libraries, with hours of computer use by patrons at the library increasing by 255% since 1996.

More detailed information on the aforementioned accomplishments and how they have been achieved is included in the individual city department budget

Figure 4



summaries which follow and in the *City of Milwaukee's 2004 Fiscal Outlook and Strategic Plan*, which is available on the city website at www.milwaukee.gov.

Today Milwaukee is a more attractive place to live, work, and conduct business. Public safety and health have improved. The economy is growing. Neighborhoods are more vibrant and educational choices have been expanded. At the same time, the size and cost of municipal government has been reduced as the city has lowered the tax rate, streamlined government, and improved essential services.

City government has added value to Milwaukee by efficiently providing quality services. City efforts will continue to add value only if they are based on a solid fiscal foundation and guided by strategic goals and objectives. To this end, the 2004 budget establishes appropriate service and spending levels.

Fiscal Forecast: Challenges for 2004 and Beyond

Milwaukee annually forecasts its budget for the next five year period. The forecast assumes that the tax rate will remain constant, that assessed values will grow 4% per year, and health care costs will increase by 15% per year. These assumptions and others help city policymakers assess the impact of fiscal changes outside the control of policymakers on the city and its budget process.

The city's forecast (see Figure 4) depicts the gap between revenue raising capacity and expenditure need, not actual revenues and expenditures. Needs

and capacities change as a result of changes in environmental elements. Actual expenditures and revenues vary both because of changes in environmental elements and because of internal changes, such as the city's fiscal, managerial, and program delivery policies. By projecting only the needs capacity gap, policymakers are able to plan for policy changes they will need to make in the future.

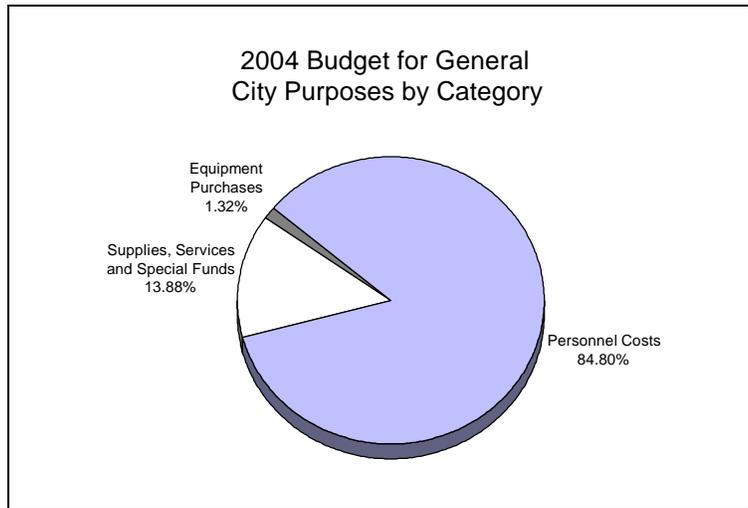
As the forecast shows, costs are projected to increase more rapidly than revenues. There are several factors influencing this projection.

State Aid: Intergovernmental revenue, including state aid, is a major revenue source for the city. State aids comprise 47.4% of total city revenues in 2004. Much of Milwaukee's current fiscal uncertainty stems from recent and proposed changes to the state's Shared Revenue Program. The state froze shared revenue payments for seven years, from 1995 through 2001. The 2003-2005 State Budget cuts shared revenue by \$50 million, including a \$9.8 million cut for Milwaukee. Milwaukee had the foresight to address the problem of declining state aid as early as the late 1980's, by exploring revenue diversification and alternative funding sources and by seeking ways to reduce expenses by making government function more efficiently and effectively. These efforts will continue as future funding levels for state aid are uncertain and will likely decline.

The state's reduction of shared revenue payments have made it harder for Milwaukee to meet the expenditure limits established by the state in the Expenditure Restraint Program (ERP). Nevertheless, Milwaukee has qualified for an ERP payment in every year it has been available. Unfortunately, the city has done so in the face of wage and benefit costs rising at rates higher than the rate of inflation. Since wages and benefits account for over 80% of the city's budget, meeting the standards set forth for the yearly ERP payment puts additional constraints on the city's annual budget.

Municipal Workforce: City employees, those individuals that provide city services, represent the city's largest costs. In 2004, employee salaries and fringe benefits will account for 84.8% of the city's general purpose budget (see Figure 5).

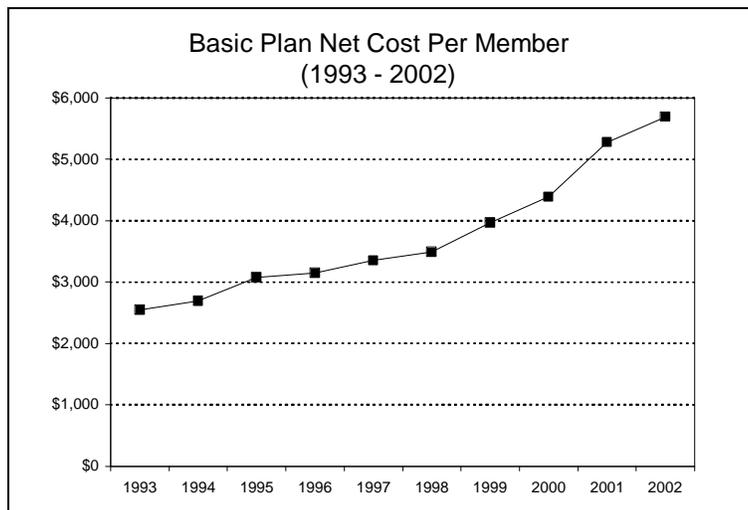
Figure 5



These costs include those related to health care, workers' compensation, employee retirement, and others. Controlling expenditures for city employees is key to ensuring fiscal stability.

One of the expenditures that the city is attempting to manage is that of health care. The City of Milwaukee currently offers two types of health care plans: the Basic Plan, a self-insured plan, and multiple Health Maintenance Organizations (HMO's). The city's fiscal struggle with salary and fringe benefit costs is reflected in the Basic Plan trends. The city's costs have increased at an alarming rate considering that both utilization and membership have decreased (see Figure 6).

Figure 6



One of the major factors driving city costs and making it more difficult to control spending has been health care. The health care budget has increased from \$47.4 million in 1996 to \$79.9 million in 2004. During this same time period, the percentage of the property tax levy comprised by health care has increased from 30.4% to 40.1%. While health care has increased significantly in recent years, the 2004 budget represents a decrease in the rate of growth. Continued reduction in the growth of health care costs is critical to ensuring overall fiscal stability.

Revenue Diversification and Tax Exemptions: Proliferation of tax exemptions and the resulting growth in the proportion of exempt properties forces a shrinking number of city taxpayers to pay higher taxes to subsidize city services for owners of exempt properties. Most recently, Wisconsin has enacted a personal property tax exemption for computers and special use valuations (such as agricultural use value) for farmlands. Special treatment of narrow classes of properties decreases the tax base, increases the tax rate, and shifts taxes to homeowners.

In recent years, the city has moved towards revenue diversification. Charging user based fees for some city services shifts payment to those directly benefiting from the service. In such cases, when tax exempt properties use a service, like garbage collection, they pay for the service, thus eliminating their previous taxpayer subsidy. This approach also reduces city reliance on the property tax and intergovernmental aid in times of fiscal uncertainty.

The city is continuing to improve cost recovery. While every year operating costs increase as a result of inflation, wage rates increase and health care cost rise, fees do not automatically increase to offset these costs. Fees are reviewed annually to determine if they should be increased to improve recovery of operating costs. In 2004, many fees including several for permits and licenses are increased. This improves the city's ability to recover costs through fees charged directly to those who benefit from services, rather than shifting this burden to property taxpayers.

In addition, more proactive efforts to aggressively pursue revenue collection have been implemented, including the "egregious defendants" list at the Municipal Court, participation in the Tax Intercept Program, and an improved use of *In Personam* actions to better collect delinquent taxes.

Cities in Wisconsin have limited ability to collect revenues from their citizens; they are unable to collect significant revenues from any source other than the property tax. Cities in many other states have more flexibility in available revenue sources. Because of this constraint, Milwaukee is dependent on taxable property value. This constraint makes it vitally important to strengthen the city's tax base for future tax collection purposes.

The city also faces fiscal challenges from changing economic conditions.

National Economy

The national economy is continuing a steady growth. Forecasts project growth in 2003 at 2.6% and in 2004 at 3.9%. However, economic growth has continued without employment growth. This has led economists to believe that this is a jobless economic recovery.

It is expected that employment should begin to improve as business inventories continue to fall. Unfortunately, business inventories have fallen to near record lows and employment has continued to be sluggish. It appears that businesses are reluctant to hire to build inventories, which suggests they are considering the recovery to be short term.

Federal policies that reduced taxes to promote business investment have not produced increased business investments. The tax cuts have occurred while interest rates are low. This combination with low inventories should have stimulated business investment.

Perhaps there are larger structural issues that have suppressed business investment. Terrorism continues to be on the mind of investors and consumers. Large government expenditures on terrorist prevention will place pressure to increase interest rates. This may worry investors that any sustained economic growth is only temporary.

Local Economy

The same issues facing the national economy are being felt locally. Unemployment remains high with limited business investment. This will especially be felt in the manufacturing sector.

Compounding the employment issue is a continued mismatch of available jobs with those seeking employment. Transportation to employment is one cause of this mismatch. Many qualified individuals do not have the transportation means to accept jobs in many of the suburbs. Another factor is a mismatch between the qualifications of the individuals and the duties of the job. For example, the Milwaukee area is experiencing a shortage of qualified people in the nursing profession. Job training and education will help narrow this mismatch.

The city has had some success attracting high-tech industries. These industries provide relatively high wage jobs. While it is important to continue this effort, these firms have been reluctant to invest due to the devastation of the last recession on this industry.

Milwaukee will continue to judiciously provide appropriate subsidies to promote business development. The intent will be to stimulate a stagnant economy but hold government spending at a level that does not inadvertently deter or crowd out investment. This spending control is also important in the continuing effort to retain a strong housing market.

Additional details on the local economy can be found in the city's *2004 Fiscal Outlook and Strategic Plan*.

Vision and Strategies for Milwaukee

As the fiscal forecast demonstrates, Milwaukee faces a challenging future. This requires policymakers to make critical decisions on service priorities and spending levels. Clear priorities can only be established through a strategic framework that guides policy decisions based on long term goals and objectives.

This strategic framework is established in the city's *Fiscal Outlook and Strategic Plan*. It is to improve the quality and efficiency of service delivery while effectively addressing the core goals of public safety, public health, neighborhoods and housing, economic development, land use and transportation, and education. Improvements in these areas will make Milwaukee a better place to live and work. The 2004 budget establishes a solid foundation for accomplishing these goals.

Streamlining Management and Operations to Improve Service

Several initiatives in the 2004 budget restructure and reorganize departments to improve service efficiency and delivery.

- The Department of Administration (DOA) is reorganized to create operational efficiencies. Budget and Management and Intergovernmental Relations staff are consolidated in a single division. All DOA division directors will be funded at salary grade 15, for some this is a decrease from the current salary grade 17. This reorganization results in savings of \$235,000.
- Milwaukee Printing and Records will be reorganized as Document Services to provide more efficient and cost effective services. High speed and color copying will not be provided in-house and some printing operations will be contracted out. This will eliminate four positions, with the remaining non-management positions being cross-trained to better provide services. Tax levy savings of \$82,000 will result from this change.
- The City Attorney will reorganize its legal management and support staff to consolidate legal functions and increase efficiency. Two positions will be eliminated with savings of \$168,640. This will more closely align related areas and streamline the support staff according to legal function.
- The Assessor's Office will continue to reorganize appraisal staff. Nine positions will be reduced with savings of \$301,787. Increased cross training and broader assignments will create greater flexibility in assigning work and dividing tasks.
- The Fire Department will consolidate the Bureau of Emergency Medical Services and Special Teams into a new Bureau of Special Operations. This eliminates one position and saves \$86,427 while improving services. EMS and specialized rescue teams responses will be coordinated more effectively and there will be a more effective and efficient response to HazMed situations.
- The Central Library will combine administration of the Humanities and the Art and Music areas to eliminate two positions and save \$117,000.

Technology to Improve Service

The city is aggressively utilizing technology to increase efficiencies and improve the quality of services.

- The Department of Administration Information Technology and Management Division will coordinate expanded e-government initiatives, including accessing various payments and services via online and the telephone. To improve its ability to focus on information policy administration and e-government, ITMD will reorganize its operations. The six existing sections will be eliminated and replaced by three sections.
- In late 2003, the city implemented a five year contract for maintenance and support of the city's Financial Management Information System (FMIS). This will save more than \$500,000 over the contract period. By allowing an outside entity to maintain the FMIS hardware and software, city staff can focus on how to better use the FMIS system. This change will ensure system reliability, improved system performance, and cost stability and predictability.
- The Fire and Police Departments will implement Computer Aided Dispatch (CAD) Systems to improve public safety service response, management, and accountability. The Police Department will also continue to develop the infrastructure for a digital, trunked radio communication system to be completed in 2005. This will more efficiently use radio frequencies and improve communication with other law enforcement agencies during emergencies.
- The Fire Department will enhance its ability to reduce fire deaths by adding thermal imaging cameras to its fire fighting equipment.
- The Department of Employee Relations will improve the employee benefit enrollment process by implementing a new e-benefits system. This \$275,000 project will establish an online e-benefits process for health, dental, flexible choice, and long term disability benefits plans. This will allow employees to view benefits and make benefit enrollment directly from their desktop or at a shared kiosk. This will reduce multiple cop-

ies of paper, entry errors, processing time, staffing and supply needs.

- An online permit system will allow issuance of certain high volume development permit types beginning in 2004. DCD will continue to expand the Project Tracking System to consolidate information, review and approvals into a single electronic record and facilitate permit issuance.
- The Parking Fund plans to develop kiosks (ATM-like technology) to sell and disburse night parking permits and to pay parking citations. The intent is to locate these machines in city facilities and high traffic locations such as the University of Wisconsin Milwaukee and Marquette University. The machines will provide a more convenient way to purchase night parking permits and pay citations.

Enhancing the Quality of Services

While the city is controlling spending, it is also implementing initiatives to improve the level and quality of services provided to the public.

- DPW is streamlining the code enforcement process for weeds and debris to allow some Forestry staff to directly issue citations for code violations involving weeds and debris rather than relying solely on Sanitation Supervisors for enforcement.
- The new Washington Park Library opened in April, 2003. This is the largest neighborhood library and offers improved services, including additional computers for public use; community meeting space; a larger area for children and young adults; an expanded collection of materials; and expands the Adult Tutoring Program.
- The Fire Department will continue its expanded FOCUS (Fire Fighters Out Creating Urban Safety) Program to better protect residents from home, health, and fire hazards. FOCUS centers around Fire Fighters going door-to-door in high fire risk areas to install smoke detectors, replace batteries, and distribute fire prevention information to improve fire prevention. In addition to fire education and smoke detector inspections, the expanded FOCUS Program will provide blood pressure/stroke screening, home safety inspec-

tions, and 9-1-1 and social service access information.

- The Fire Department will also implement the “Sleep Safely” Program throughout Milwaukee neighborhoods to further prevent and minimize the effects of fire and other trauma. This program will focus on communities around the city’s 36 fire houses. Fire Fighters will canvas the neighborhoods in their response areas to locate, test and install smoke detectors, develop emergency exit plans with residents, and distribute emergency contact information. This will further improve fire prevention in neighborhoods outside the FOCUS areas.
- The Health Department will combine public health nursing services with the Health Department Women Infants and Children (WIC) Clinic services to provide a “one stop shopping” environment for clients. This will allow clients to receive Public Health Nurse services while waiting for their WIC appointment. Services will target the reduction of infant mortality by education and counseling on such topics as safe sleep environment, early signs of labor, and safety for children.

Intergovernmental Cooperation to Improve Service

The city is one government among several in the Milwaukee area. Cooperation among all governmental entities is essential to improving service delivery.

The city will enter into a new contract with Milwaukee County for its Paramedic Program providing

Advanced Life Support (ALS). The city will increase MED units by one to improve ALS services and strengthen the paramedic system citywide.

- The Assessor’s Office will pursue service agreements with other Milwaukee County communities.
- The Milwaukee Public Library will work with Milwaukee Public Schools to create more partnerships between neighborhood library branches and neighborhood schools.
- In 2004, Milwaukee will continue its work to streamline operations across government lines. The city will work with Milwaukee County to explore consolidation of services. These services include, but are not limited to, information systems, greenhouse operations, procurement activities, and both “live” and online auctions.
- The Milwaukee Public Library will be renegotiating its member agreement and re-source library contract with the Milwaukee County Federated Library System to ensure the seamless countywide system continues to benefit all county residents.

Conclusion

Milwaukee faces many challenges. Addressing these challenges requires a continuing commitment to the strategic planning, strong fiscal management, and effective policy leadership which have helped Milwaukee successfully control costs while improving services. The 2004 budget, in conjunction with the *Fiscal Outlook and Strategic Plan*, charts the course for Milwaukee’s continued success.

2004 ADOPTED BUDGET AND TAX RATE COMPARED TO PRIOR YEAR

PURPOSE OF EXPENDITURE AND FUNDING SOURCE	TAX RATE / \$1,000					
	2003 ADOPTED BUDGET*	2004 ADOPTED BUDGET*	CHANGE 2004 MINUS 2003 ADOPTED	2003 ADOPTED	2004 ADOPTED	CHANGE 2004 MINUS 2003 ADOPTED
A. GENERAL CITY PURPOSES						
1. Budget (Expend. Auth.)	\$488,429,001	\$496,631,541	\$8,202,540			
2. Non Tax Levy Funding	403,694,620	411,475,813	7,781,193			
3. Tax Levy Funding	84,734,381	85,155,728	421,347	\$4.37	\$4.16	\$-0.20
B. EMPLOYEE RETIREMENT						
1. Budget (Expend. Auth.)	\$66,634,994	\$68,172,487	\$1,537,493			
2. Non Tax Levy Funding	25,697,662	25,786,249	88,587			
3. Tax Levy Funding	40,937,332	42,386,238	1,448,906	\$2.11	\$2.07	\$-0.04
C. CAPITAL IMPROVEMENTS						
1. Budget (Expend. Auth.)	\$107,128,383	\$109,649,250	\$2,520,867			
2. Non Tax Levy Funding	96,540,580	98,173,740	1,633,160			
3. Tax Levy Funding	10,587,803	11,475,510	887,707	\$0.55	\$0.56	\$0.02
D. CITY DEBT						
1. Budget (Expend. Auth.)	\$118,803,887	\$118,727,769	\$-76,118			
2. Non Tax Levy Funding	64,041,654	64,732,859	691,205			
3. Tax Levy Funding	54,762,233	53,994,910	-767,323	\$2.82	\$2.64	\$-0.18
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	\$0.26	\$0.24	\$-0.01
SUBTOTAL (A+B+C+D+E+F)						
1. Budget (Expend. Auth.)	\$786,996,265	\$799,181,047	\$12,184,782			
2. Non Tax Levy Funding	589,974,516	600,168,661	10,194,145			
3. Tax Levy Funding	197,021,749	199,012,386	1,990,637	\$10.15	\$9.73	\$-0.42
G. PARKING FUND						
1. Budget (Expend. Auth.)	\$42,387,797	\$44,806,125	\$2,418,328			
2. Non Tax Levy Funding	42,387,797	44,806,125	2,418,328			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
H. GRANT AND AID						
1. Budget (Expend. Auth.)	\$83,572,350	\$71,908,461	\$-11,663,889			
2. Non Tax Levy Funding	83,572,350	71,908,461	-11,663,889			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
I. ECONOMIC DEVELOPMENT FUND						
1. Budget (Expend. Auth.)	\$4,504,379	\$4,761,827	\$257,448			
2. Non Tax Levy Funding	4,504,379	4,761,827	257,448			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
J. WATER DEPARTMENT						
1. Budget (Expend. Auth.)	\$90,118,579	\$108,075,206	\$17,956,627			
2. Non Tax Levy Funding	90,118,579	108,075,206	17,956,627			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
K. SEWER MAINTENANCE FUND						
1. Budget (Expend. Auth.)	\$46,248,059	\$45,665,233	\$-582,826			
2. Non Tax Levy Funding	46,248,059	45,665,233	-582,826			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
M. COUNTY DELINQUENT TAXES FUND						
1. Budget (Expend. Auth.)	\$9,000,000	\$9,500,000	\$500,000			
2. Non Tax Levy Funding	9,000,000	9,500,000	500,000			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
SUBTOTAL (G+H+I+J+K+L+M)						
1. Budget (Expend. Auth.)	\$275,831,164	\$284,716,852	\$8,885,688			
2. Non Tax Levy Funding	275,831,164	284,716,852	8,885,688			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
TOTAL (A thru M)						
1. Budget (Expend. Auth.)	\$1,062,827,429	\$1,083,897,899	\$21,070,470			
2. Non Tax Levy Funding	865,805,680	884,885,513	19,079,833			
3. Tax Levy Funding	197,021,749	199,012,386	1,990,637	\$10.15	\$9.73	\$-0.42

Tax Rates and Assessed Value – 2004 adopted rate column is based on an estimated assessed value of \$20,460,009,116 as of December 4, 2003. * Totals may not add due to rounding.

PROPERTY TAX PROFILE
COMBINED PROPERTY TAX RATES 2000-2004
(PER \$1,000 ASSESSED VALUATION, ROUNDED TO THE NEAREST FULL CENT)
(RATES MAY NOT ADD DUE TO ROUNDING)

	2000	2001	2002	2003	2004
City of Milwaukee (Controlled by the Common Council)					
General City Purposes	\$3.58	\$4.43	\$4.30	\$4.37	\$4.16
Provision for Employee Retirement	2.37	2.09	2.21	2.11	2.07
Capital Improvement Program	0.17	0.13	0.58	0.55	0.56
City Debt (Including School Debt)	3.16	3.46	3.41	2.82	2.64
Delinquent Tax Fund	0.09	0.09	0.06	0.05	0.05
Common Council Contingent Fund	<u>0.32</u>	<u>0.29</u>	<u>0.31</u>	<u>0.26</u>	<u>0.24</u>
Subtotal - City of Milwaukee	\$9.69	\$10.49	\$10.87	\$10.16	\$9.73
Area Board of Vocation, Technical, and Adult					
Education District Nine	\$2.16	\$2.00	\$2.23	\$2.05	\$2.04
Milwaukee School Board	10.38	9.87	10.12	9.34	8.96
Metropolitan Sewerage District	1.80	1.68	1.87	1.74	1.64
State - Forestry	0.21	0.20	0.22	0.23	0.23
Milwaukee County	<u>5.82</u>	<u>5.46</u>	<u>5.91</u>	<u>5.17</u>	<u>4.92</u>
Subtotal - Other Taxing Bodies	\$20.37	\$19.21	\$20.35	\$18.53	\$17.79
Total Combined Tax Rate	\$30.06	\$29.70	\$31.22	\$28.69	\$27.52
State Tax Credit	\$-2.00	\$-1.69	\$-1.66	\$-1.43	\$-1.35
Net Tax Rate	\$28.06	\$28.01	\$29.56	\$27.26	\$26.17

PROPERTY TAX LEVIES FOR COMMON COUNCIL CONTROLLED PURPOSES

	2000	2001	2002	2003	2004
General City Purposes	\$55,385,058	\$76,260,767	\$74,364,442	\$84,734,381	\$85,155,728
Provision for Employee Retirement	36,670,849	35,942,562	38,090,209	40,937,332	42,386,238
Capital Improvement Program	2,637,480	4,044,209	6,284,793	10,587,803	11,475,510
City Debt	48,973,382	59,490,256	58,915,763	54,762,233	53,994,910
Delinquent Tax Fund	1,400,000	1,600,000	1,000,000	1,000,000	1,000,000
Common Council Contingent Fund	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,420,458</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total Property Tax Levies for Common Council Controlled Purposes	\$150,066,769	\$182,337,794	\$184,075,665	\$197,021,749	\$199,012,386

TAXABLE ASSESSED VALUATION
City of Milwaukee 2000-2004

	2000	2001	2002	2003	2004
Residential	\$9,163,659,090	\$10,292,622,989	\$10,358,670,619	\$12,027,394,755	\$12,938,633,380
Commercial	5,104,209,557	5,612,521,788	5,716,180,475	6,176,360,800	6,493,804,441
Manufacturing	<u>633,181,600</u>	<u>741,471,600</u>	<u>717,830,700</u>	<u>765,130,300</u>	<u>729,858,200</u>
Total Real Estate	\$14,901,050,247	\$16,646,616,377	\$16,792,681,794	\$18,968,885,855	\$20,162,296,021
Personal Property	\$873,822,920	\$936,378,220	\$997,177,244	\$897,397,660	\$847,221,220
Total Taxable Assessed Valuation	\$15,774,873,167 (a)	\$17,582,994,597 (b)	\$17,789,859,038 (c)	\$19,866,283,515 (d)	\$21,009,517,241 (e)

*Amount Includes Tax Increment District Assessed Value.

- (a) Based upon assessed values as of December 14, 1999
- (b) Based upon assessed values as of November 30, 2000.
- (c) Based upon assessed values as of December 5, 2001.
- (d) Based upon assessed values as of December 5, 2002.
- (e) Based upon assessed values as of December 4, 2003

**COMPARISONS BY BUDGET SECTION
BETWEEN 2004 ADOPTED AND 2003 ADOPTED BUDGETS,
REVENUES, TAX LEVIES, AND RESULTING CHANGES**

	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
A. GENERAL CITY PURPOSES			
Appropriations			
Salaries and Wages	\$309,455,851	\$322,168,267	\$12,712,416
Fringe Benefits	97,517,405	98,974,152	1,456,747
Operating Expenditures	59,720,346	56,920,362	-2,799,984
Equipment Purchases	6,498,337	6,565,862	67,525
Special Funds	112,754,467	110,977,050	-1,777,417
Fringe Benefit Offset	-97,517,405	-98,974,152	-1,456,747
TOTAL APPROPRIATIONS	\$488,429,001	\$496,631,541	\$8,202,540
Funding Sources			
General City Revenues	\$394,394,620	\$394,605,813	\$211,193
Tax Stabilization Fund Withdrawal	9,300,000	16,870,000	7,570,000
Potential Anticipated Revenues	0	0	0
Property Tax Levy	84,734,381	85,155,728	421,347
TOTAL REVENUES	\$488,429,001	\$496,631,541	\$8,202,540
B. EMPLOYEE RETIREMENT			
TOTAL APPROPRIATIONS	\$66,634,994	\$68,172,487	\$1,537,493
Funding Sources			
Non-Property Tax Revenue	\$25,697,662	\$25,786,249	\$88,587
Property Tax Levy	40,937,332	42,386,238	1,448,906
TOTAL REVENUES	\$66,634,994	\$68,172,487	\$1,537,493
C. CAPITAL IMPROVEMENTS			
TOTAL CAPITAL IMPROVEMENTS PROGRAM			
Appropriations	\$107,128,383	\$109,649,250	\$2,520,867
Funding Sources			
1. BORROWING (General Obligation)			
a. New	\$64,985,180	\$61,494,450	\$-3,490,730
b. Carryover	(60,768,188)	(104,144,922)	(43,376,734)
2. BORROWING (Tax Incremental Districts)			
a. New	\$14,000,000	\$19,000,000	\$5,000,000
b. Carryover	(15,629,180)	(27,916,180)	(12,287,000)
3. SPECIAL ASSESSMENTS (Internal Borrowing)			
a. New	\$7,955,400	\$5,179,290	\$-2,776,110
b. Carryover	(17,320,926)	(19,196,326)	(1,875,400)
4. CASH FINANCED			
a. FROM REVENUES			
1. New	\$9,600,000	\$12,500,000	\$2,900,000
2. Carryover	(0)	(0)	(0)
b. FROM TAX LEVY	10,587,803	11,475,510	887,707
c. TOTAL CASH FINANCED	\$20,187,803	\$23,975,510	\$3,787,707
TOTAL REVENUES (Capital Improvements)	\$107,128,383	\$109,649,250	\$2,520,867
D. CITY DEBT			
TOTAL APPROPRIATIONS	\$118,803,887	\$118,727,769	\$-76,118
(Includes borrowing for Milwaukee Public Schools)			
Funding Sources			
Revenues	\$35,411,106	\$33,174,616	\$-2,236,490

	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
TID Increments	15,653,716	13,944,841	-1,708,875
Delinquent Tax Revenue	12,976,832	13,613,402	636,570
Property Tax Levy	54,762,233	53,994,910	-767,323
PDAF Withdrawal	<u>0</u>	<u>4,000,000</u>	<u>4,000,000</u>
TOTAL REVENUES	\$118,803,887	\$118,727,769	\$-76,118
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)	\$786,996,265	\$799,181,047	\$12,184,782
Less: Non-Property Tax Revenues	<u>589,974,516</u>	<u>600,168,661</u>	<u>10,194,145</u>
PROPERTY TAX LEVIES	\$197,021,749	\$199,012,386	\$1,990,637
SPECIAL REVENUE ACCOUNTS (ITEMS G THROUGH M)			
G. PARKING			
TOTAL APPROPRIATIONS	\$42,387,797	\$44,806,125	\$2,418,328
Funding Sources			
Current Revenues	\$16,434,597	\$16,817,255	\$382,658
Capital Improvements from Reserves	5,000,000	5,000,000	0
Withdrawal from Reserves	0	2,323,546	2,323,546
Citation Revenue and Processing	19,292,200	19,359,424	67,224
New Borrowing	1,661,000	1,305,900	-355,100
Other Funding (Carryover Borrowing)	(200,000)	(1,094,000)	(894,000)
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$42,387,797	\$44,806,125	\$2,418,328
H. GRANT AND AID			
TOTAL APPROPRIATIONS	\$83,572,350	\$71,908,461	\$-11,663,889
Funding Sources			
Grantor Share	\$83,572,350	\$71,908,461	\$-11,663,889
Out of Pocket Current Year	0	0	0
In Kind-City	0	0	0
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$83,572,350	\$71,908,461	\$-11,663,889
I. ECONOMIC DEVELOPMENT			
TOTAL APPROPRIATIONS	\$4,504,379	\$4,761,827	\$257,448
Funding Sources			
Business Improvement District Assessment	<u>\$4,504,379</u>	<u>\$4,761,827</u>	<u>\$257,448</u>
TOTAL REVENUES	\$4,504,379	\$4,761,827	\$257,448

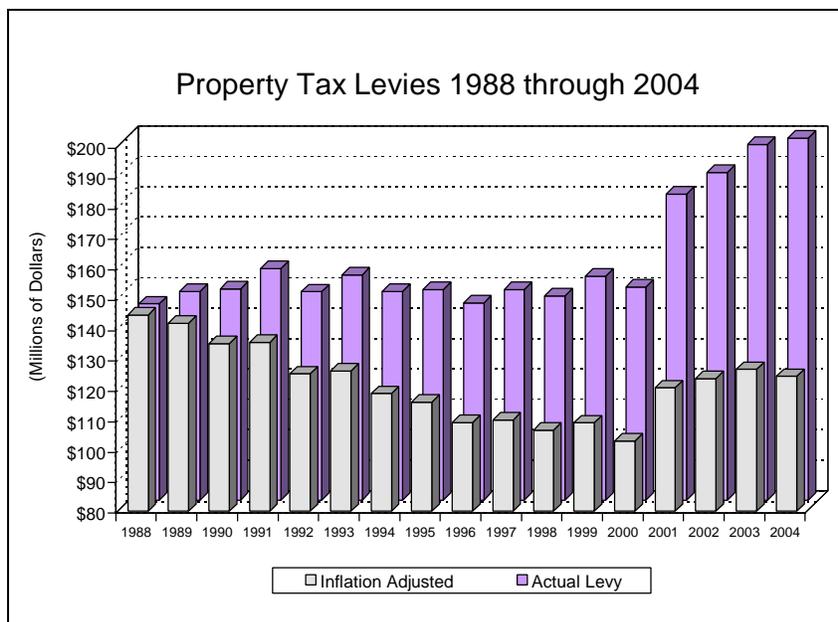
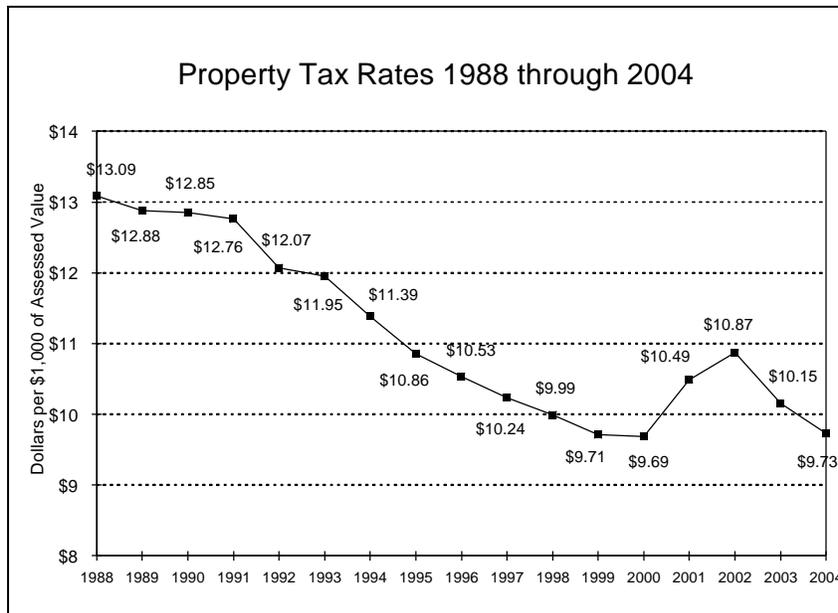
	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
J. WATER WORKS			
Appropriations			
Operating Budget	\$52,418,579	\$55,085,206	\$2,666,627
Capital Improvements Program	14,900,000	22,620,000	7,720,000
Debt Service (Principal and Interest)	8,500,000	8,350,000	-150,000
Capital Funding from Retained Earnings	14,300,000	22,020,000	7,720,000
TOTAL APPROPRIATIONS	\$90,118,579	\$108,075,206	\$17,956,627
Funding Sources			
Current Operating Revenues	\$69,232,872	\$69,611,574	\$378,702
Non-Operating Revenues	6,100,000	7,260,000	1,160,000
Proceeds from Borrowing	0	0	0
Use of Retained Earnings	14,785,707	31,203,632	16,417,925
Property Tax Levy	0	0	0
TOTAL REVENUES	\$90,118,579	\$108,075,206	\$17,956,627
K. SEWER MAINTENANCE			
Appropriations			
Operating Budget	\$26,548,059	\$24,165,233	\$-2,382,826
Capital Improvements Program	19,700,000	21,500,000	1,800,000
TOTAL APPROPRIATIONS	\$46,248,059	\$45,665,233	\$-582,826
Funding Sources			
Sewer User Fee	\$28,236,959	\$31,661,733	\$3,424,774
Charges for Services	261,100	220,500	-40,600
Miscellaneous Revenue	0	83,000	83,000
Proceeds from Borrowing	17,750,000	13,700,000	-4,050,000
TOTAL REVENUES	\$46,248,059	\$45,665,233	\$-582,826
M. COUNTY DELINQUENT TAXES			
Appropriations			
Operating Budget	\$9,000,000	\$9,500,000	\$500,000
TOTAL APPROPRIATIONS	\$9,000,000	\$9,500,000	\$500,000
Funding Sources			
Operating Revenue	\$9,000,000	\$9,500,000	\$500,000
TOTAL REVENUES	\$9,000,000	\$9,500,000	\$500,000
SUBTOTALS SPECIAL REVENUE ACCOUNT BUDGETS (ITEMS G THROUGH M)			
TOTAL BUDGETS	\$275,831,164	\$284,716,852	\$8,885,688
TOTAL REVENUES (NON-PROPERTY TAX)	\$275,831,164	\$284,716,852	\$8,885,688
GRAND TOTALS (ITEMS A THROUGH M)			
BUDGET APPROPRIATIONS	\$1,062,827,429	\$1,083,897,899	\$21,070,470
LESS: NON-PROPERTY TAX REVENUES	\$865,805,680	\$884,885,513	\$19,079,833
PROPERTY TAX LEVIES	\$197,021,749	\$199,012,386	\$1,990,637

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 1988 through the 2004 budget. The 2004 tax rate of \$9.73 is \$0.42 lower than the 2003 rate of \$10.15. The 2004 tax levy of \$199 million totals an increase of \$2 million from the 2003 levy of \$197 million. Since 1988, the prop-

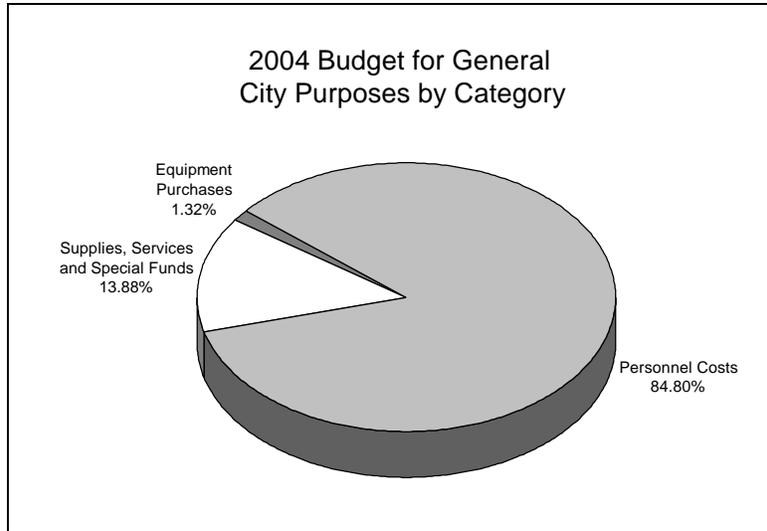
erty tax rate has decreased by \$3.36, from \$13.09 in 1988 to the 2004 rate of \$9.73. During this same period, the “real” or inflation adjusted property tax levy has fallen \$18.7 million.



GENERAL CITY PURPOSES SPENDING

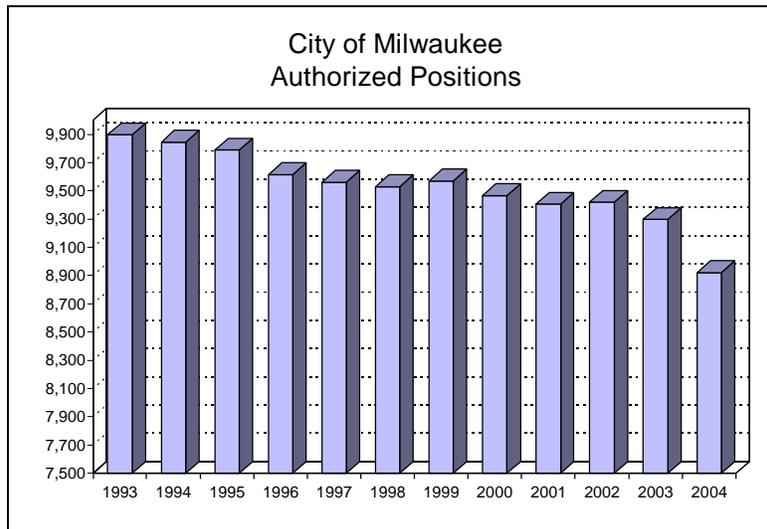
The pie chart below depicts the proportions of general city purposes spending allocated to Personnel Costs (84.8%), Supplies, Services, and Special Funds (13.88%), and Equipment Purchases (1.32%) in the 2004 budget.

It should be noted that the 2004 budget funds approximately \$9.9 million of major equipment purchases in the capital budget.



The following bar graph indicates changes in authorized positions from 1993 to 2004. Funding for personnel costs (which include salary and wages) relates directly to the number of positions author-

ized citywide. Excluding temporary and seasonal staff, the 2004 budget reflects a net decrease of 375 positions from 2003 levels (9,297 in 2003 to 8,922 in 2004).



CHANGE IN POSITIONS 2004 ADOPTED BUDGET VS 2003 ADOPTED BUDGET

	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
GENERAL CITY PURPOSES			
Administration, Department of	119	108	-11
Assessor's Office	65	56	-9
Attorney, City	65	61	-4
Common Council City Clerk	114	102	-12
City Development, Department of	325	252	-73
Comptroller	66	70	4
Court, Municipal	46	45	-1
Debt Commission, Public	5	0	-5
Election Commission	72	110	38
Employee Relations, Department of	105	99	-6
Fire Department	1,146	1,151	5
Health	367	359	-8
Library	445	409	-36
Mayor's Office	18	15	-3
Neighborhood Services	216	223	7
Police Department	2,952	2,951	-1
Port of Milwaukee	34	33	-1
Public Works, Department of (Total)	(3,344)	(2,820)	(-524)
DPW-Administrative Services	69	64	-5
DPW-Infrastructure Services	783	728	-55
DPW-Operations	2,492	2,028	-464
SPA-Board of Zoning Appeals	11	11	0
Treasurer, City	61	60	-1
GENERAL CITY PURPOSES TOTAL	9,576	8,935	-641
*GENERAL CITY PURPOSES TOTAL	9,511	8,832	-679
PENSIONS			
Employes' Retirement System	42	48	6
Deferred Compensation	2	2	0
Policemen's Annuity and Benefit Fund	1	1	0
PENSIONS TOTAL	45	51	6
Parking Fund	128	128	0
Water Works	382	363	-19
Sewer Maintenance Fund	209	198	-11
SUB-TOTAL BUDGETED POSITIONS	10,340	9,675	-665
Less Temporary Positions	1,043	753	-290
TOTAL BUDGETED POSITIONS	9,297	8,922	-375

* Does not include Election Commissioners and Election Commission Temporary Office Assistants (65 positions in 2003 and 103 positions in 2004) due to staffing fluctuations between election and non-election years.

ESTIMATED FULL-TIME EQUIVALENTS BY DEPARTMENT O & M FUNDED

	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Administration, Department of	75.43	67.05	-8.38
Assessor's Office	57.66	48.55	-9.11
Attorney, City	54.80	58.40	3.60
City Development	55.91	46.75	-9.16
Common Council City Clerk	99.19	95.07	-4.12
Comptroller	57.63	54.53	-3.10
Court, Municipal	41.78	40.80	-0.98
Debt Commission, Public	2.00	0.00	-2.00
Election Commission*	7.00	7.00	0.00
Employee Relations, Department of	69.24	65.65	-3.59
Fire Department	1,157.49	1,146.51	-10.98
Health	192.93	185.42	-7.51
Library	322.92	328.60	5.68
Mayor's Office	13.50	13.21	-0.29
Neighborhood Services, Department of	163.80	166.58	2.78
Police Department	2,591.50	2,636.84	45.34
Port of Milwaukee	19.00	19.50	0.50
Public Works, Department of (Total)	(1,273.15)	(1,204.28)	(-68.87)
DPW-Administrative Services	56.90	54.38	-2.52
DPW-Infrastructure Services	303.58	267.01	-36.57
DPW-Operations	912.67	882.89	-29.78
Special Purpose Accounts	3.00	3.00	0.00
Treasurer, City	32.43	31.90	-0.53
TOTAL	6,290.36	6,219.64	-70.72
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	108.84	109.35	0.51
Water Works	375.63	360.12	-15.51
GRAND TOTAL	6,943.67	6,857.95	-85.72

* Election Commission does not include Temporary Office Assistants (7.98 FTEs 2003/11.29 FTEs 2004) due to staffing fluctuations between election and non-election years.

ESTIMATED DIRECT LABOR HOURS BY DEPARTMENT O & M FUNDED

	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Administration, Department of	135,774	120,690	-15,084
Assessor's Office	103,800	87,400	-16,400
Attorney, City	98,640	105,120	6,480
City Development	100,638	84,150	-16,488
Common Council City Clerk	178,542	171,122	-7,420
Comptroller	103,734	98,154	-5,580
Court, Municipal	75,200	73,500	-1,700
Debt Commission, Public	3,600	0	-3,600
Election Commission*	12,600	12,600	0
Employee Relations, Department of	124,632	118,170	-6,462
Fire Department	2,684,604	2,558,512	-126,092
Health	347,274	333,756	-13,518
Library	581,256	591,480	10,224
Mayor's Office	24,753	23,970	-783
Neighborhood Services, Department of	294,840	299,844	5,004
Police Department	4,275,975	4,350,787	74,812
Port of Milwaukee	34,200	35,100	900
Public Works, Department of (Total)	(2,291,610)	(2,167,704)	(-123,906)
DPW-Administrative Services	102,420	97,884	-4,536
DPW-Infrastructure Services	546,384	480,618	-65,766
DPW-Operations	1,642,806	1,589,202	-53,604
Special Purpose Accounts	5,400	5,400	0
Treasurer, City	58,366	57,416	-950
TOTAL	11,535,438	11,294,875	-240,563
PENSIONS			
Employes' Retirement System	72,000	73,340	1,340
Deferred Compensation	3,600	3,600	0
Policemen's Annuity and Benefit Fund			
Administration	1,066	1,066	0
TOTAL	76,666	78,006	1,340
Parking	227,250	227,250	0
Sewer Maintenance Fund	195,912	196,830	918
Water Works	676,134	648,216	-27,918
GRAND TOTAL	12,711,400	12,445,177	-266,223

* Election Commission does not include Temporary Office Assistants (14,360 DLHs 2003/20,322 DLHs 2004) due to staffing fluctuations between election and non-election years.

**COMPARISON OF 2004 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**

	2001 ACTUAL EXPENDITURES**	2002 ACTUAL EXPENDITURES**	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	2004 ADOPTED VERSUS 2003 ADOPTED
A. GENERAL CITY PURPOSES					
1. BUDGETS FOR GENERAL CITY PURPOSES					
Administration, Department of	\$8,273,788	\$8,578,413	\$8,498,269	\$7,340,588	\$-1,157,681
Assessor's Office	4,607,143	4,947,547	4,603,519	4,120,568	-482,951
Attorney, City	6,503,802	6,130,966	6,437,106	6,301,050	-136,056
City Development, Department of	4,309,983	4,613,301	4,290,826	3,534,627	-756,199
Common Council City Clerk	7,464,018	7,684,106	7,861,232	7,212,879	-648,353
Comptroller	4,497,766	4,591,716	5,005,043	5,237,466	232,423
Debt Commission, Public	501,225	562,272	593,799	0	-593,799
Election Commission	950,491	2,015,664	1,079,917	1,639,802	559,885
Employee Relations, Department of	4,556,184	4,750,240	5,576,493	5,077,262	-499,231
Fire and Police Commission	1,049,009	1,128,795	0	0	0
Fire Department	85,720,340	81,223,968	78,433,193	89,377,106	10,943,913
Health Department	13,867,057	13,429,965	13,814,912	13,201,538	-613,374
Library Board	21,146,658	23,245,658	21,727,872	21,191,333	-536,539
Mayor's Office	1,160,317	1,148,640	1,202,032	953,978	-248,054
Municipal Court	3,103,094	3,252,402	3,385,806	3,174,955	-210,851
Neighborhood Services, Department of	12,544,679	12,698,137	12,702,465	12,946,562	244,097
Police Department	170,556,537	175,356,495	168,810,655	179,947,129	11,136,474
Port of Milwaukee	2,148,002	3,248,046	3,280,923	3,422,909	141,986
Public Works Department: (Total)	(73,194,473)	(108,252,230)	(109,952,867)	(103,001,134)	(6,951,733)
Administrative Services	4,485,772	4,676,074	4,856,904	4,553,338	-303,566
Buildings and Fleet	35,378,500	0	0	0	0
Forestry	10,961,183	0	0	0	0
Infrastructure Services	22,369,018	22,061,243	23,748,383	22,476,509	-1,271,874
Operations	0	81,514,913	81,347,580	75,971,287	-5,376,293
Special Purpose Accounts	118,945,824 *	103,506,053 *	125,665,617	125,007,912	-657,705
Treasurer, City	2,900,953	2,945,902	3,023,860	2,916,895	-106,965
Fringe Benefit Offset	-93,147,829	-100,359,578	-97,517,405	-98,974,152	-1,456,747
TOTAL BUDGETS FOR GENERAL CITY PURPOSES	\$454,853,514 **	\$472,950,938 **	\$488,429,001	\$496,631,541	\$8,202,540
* 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	\$12,688,302	\$12,139,772	\$12,876,500	\$11,953,500	\$-923,000
Licenses and Permits	10,486,223	10,814,079	9,053,700	10,025,300	971,600
Intergovernmental Revenue	278,968,470	283,067,696	284,217,956	273,548,000	-10,669,956
Charges for Services	39,464,202	62,098,365	51,180,864	57,376,613	6,195,749
Fines and Forfeitures	4,402,849	5,209,573	4,113,000	4,784,700	671,700
Miscellaneous Revenue	26,586,160	18,539,402	16,692,600	20,407,700	3,715,100
Fringe Benefits	22,197,836	18,711,469	16,250,000	16,500,000	250,000
Cost Recovery	10,000	10,000	10,000	10,000	0
TOTAL REVENUES	\$394,804,042	\$410,590,356	\$394,394,620	\$394,605,813	\$211,193
Tax Stabilization Fund Withdrawals	\$5,500,000	\$11,000,000	\$9,300,000	\$16,870,000	\$7,570,000
Potential Anticipated Revenues	0	0	0	0	0
Property Tax Levy	76,260,767	74,364,442	84,734,381	85,155,728	421,347
TOTAL FINANCING FOR GENERAL CITY PURPOSES	\$476,564,809	\$495,954,798	\$488,429,001	\$496,631,541	\$8,202,540
B. EMPLOYEE RETIREMENT					
1. BUDGETS FOR EMPLOYEE RETIREMENT					
FIREMEN'S PENSION FUND					
Pension Contribution	\$262,681	\$263,000	\$296,000	\$267,500	\$-28,500
Lump-Sum Supplement Contribution	1,100,212	0	500,000	500,000	0
POLICEMEN'S PENSION FUND					
Pension Contribution	\$229,109	\$360,513	\$473,708	\$975,773	\$502,065
Administration	94,729	96,086	106,295	104,107	-2,188
Employer's Share of Employees' Annuity Contribution	4,187	3,641	5,000	0	-5,000
Lump-Sum Supplement Contribution	1,395,349	150,000	500,000	500,000	0

	2001 ACTUAL EXPENDITURES**	2002 ACTUAL EXPENDITURES**	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	2004 ADOPTED VERSUS 2003 ADOPTED
EMPLOYEE'S RETIREMENT FUND					
Pension Contribution	\$0	\$0	\$205,000	\$36,740	\$-168,260
Administration	19,308,782	19,764,113	24,006,425	23,872,035	-134,390
Employer's Share of Employees Annuity Contribution	20,536,793	20,452,173	20,153,000	21,412,000	1,259,000
Annuity Contribution - Employers' Reserve Fund	0	1,000,000	3,000,000	2,450,000	-550,000
SOCIAL SECURITY					
Social Security Tax	\$15,665,597	\$15,971,827	\$16,136,000	\$16,680,500	\$544,500
FORMER TOWN OF LAKE EMPLOYEES RETIREMENT FUND					
Pension Contribution	\$114,799	\$114,799	\$114,799	\$176,000	\$61,201
FORMER TOWN OF LAKE FIREMEN'S RETIREMENT FUND					
Pension Contribution	\$28,398	\$28,104	\$28,850	\$28,850	\$0
DEFERRED COMPENSATION	\$0	\$841,712	\$1,109,917	\$1,168,982	\$59,065
TOTAL BUDGETS FOR EMPLOYEE RETIREMENT	\$58,740,636 **	\$59,045,968 **	\$66,634,994	\$68,172,487	\$1,537,493
2. SOURCE OF FUNDS FOR EMPLOYEE RETIREMENT					
Fringe Benefits - Pension	\$539,826	\$682,235	\$775,134	\$802,267	\$27,133
Charges to Retirement Fund	19,080,179	19,669,609	23,812,611	23,659,000	-153,611
Charges to Deferred Compensation	0	813,547	1,109,917	1,168,982	59,065
Employers' Reserve Fund	2,500,561	0	0	0	0
Miscellaneous ERS	0	-445	0	156,000	156,000
Property Tax Levy	35,942,562	38,090,209	40,937,332	42,386,238	1,448,906
TOTAL FINANCING FOR EMPLOYEE RETIREMENT	\$58,063,128	\$59,255,155	\$66,634,994	\$68,172,487	\$1,537,493
C. CAPITAL IMPROVEMENTS					
1. BUDGETS FOR CAPITAL IMPROVEMENTS					
Special Capital Projects or Purposes	\$3,452,454	\$669,538	\$11,325,000	\$10,325,000	\$-1,000,000
Administration, Department of	0	535,568	811,500	630,000	-181,500
Attorney, City	27,441	89,082	0	0	0
City Development, Department of	23,324,270	17,574,834	16,850,000	23,950,000	7,100,000
Common Council City Clerk	6,293	61,058	0	0	0
Court, Municipal	338	26,842	0	250,000	250,000
Fire Department	412,800	2,194,952	5,105,000	5,840,000	735,000
Health Department	230,896	71,359	1,129,700	1,240,000	110,300
Library Board	835,027	3,133,743	990,000	2,000,000	1,010,000
Neighborhood Services, Department of	2,518,365	3,696,076	260,000	0	-260,000
Police Department	22,127,707	7,297,784	4,571,793	6,510,000	1,938,207
Port of Milwaukee	653,146	196,281	400,000	650,000	250,000
Department of Public Works (Total):	(42,678,361)	(33,522,418)	(65,685,390)	(58,254,250)	(7,431,140)
Administration	602,033	488,337	626,000	626,000	0
Buildings and Fleet	6,979,652	0	0	0	0
Forestry	943,182	0	0	0	0
Infrastructure	34,042,532	25,531,239	35,533,185	30,629,750	-4,903,435
Sanitation	110,962	0	0	0	0
Operations	0	7,502,842	29,526,205	26,998,500	-2,527,705
TOTAL BUDGETS FOR CAPITAL IMPROVEMENTS -Other than Parking, Water Department and Sewer Maintenance	\$96,267,098 **	\$69,069,535 **	\$107,128,383	\$109,649,250	\$2,520,867
2. SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS					
General Obligation Borrowings					
New Borrowing	\$61,557,359	\$46,279,392	\$64,985,180	\$61,494,450	\$-3,490,730
Carryover Borrowing	0 (a)	0 (a)	60,768,188 (a)	104,144,922 (a)	43,376,734 (a)
Tax Increment District - Public Improvements					
New Borrowing	20,547,737	12,793,544	14,000,000	19,000,000	5,000,000
Carryover Borrowing	0 (a)	0 (a)	15,629,180 (a)	27,916,180 (a)	12,287,000 (a)
Anticipated Special Assessments					
New Authorizations	7,046,689	3,095,438	7,955,400	5,179,290	-2,776,110
Carryover Special Assessments	0 (a)	0 (a)	17,320,926 (a)	19,196,326 (a)	1,875,400 (a)
Capital Improvement Revenues					
Cash Revenues	3,071,104	616,368	9,600,000	12,500,000	2,900,000
Carryover Capital Revenues	0 (a)	0 (a)	0 (a)	0 (a)	0 (a)

	2001 ACTUAL EXPENDITURES**	2002 ACTUAL EXPENDITURES**	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	2004 ADOPTED VERSUS 2003 ADOPTED
Property Tax Levy	4,044,209	6,284,793	10,587,803	11,475,510	887,707

TOTAL FINANCING FOR CAPITAL IMPROVEMENTS -Other than Parking, Water Department and Sewer Maintenance \$96,267,098 * \$69,069,535 * \$107,128,383 \$109,649,250 \$2,520,867

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

* Does not include School Board expenditures.

D. CITY DEBT (INCLUDING SCHOOL PURPOSES)

1. BUDGET FOR CITY DEBT

Bonded Debt (Principal)	\$73,647,248	\$78,509,045	\$82,662,123	\$77,950,064	\$-4,712,059
Bonded Debt (Interest)	40,426,122	39,504,166	39,437,264	44,611,924	5,174,660
Subtotal	\$114,073,370	\$118,013,211	\$122,099,387	\$122,561,988	\$462,601
LESS: Prepayment					
Prepayment Deduction (PDAF)					
Special Assessment	\$-3,548,915	\$-3,295,465	\$-3,295,500	\$-3,834,219	\$-538,719
TOTAL BUDGET FOR CITY DEBT (a)	\$110,524,455 **	\$114,717,746 **	\$118,803,887	\$118,727,769	\$-76,118

Milwaukee School Board

(a) Included in City Debt amounts above are the following amounts for school purposes, not controlled by the Common Council:	2001	\$14,447,637
	2002	\$14,179,494
	2003	\$14,145,935
	2004	\$13,206,168 (est.)

2. SOURCE OF FUNDS FOR CITY DEBT

Revenues	\$30,413,448	\$30,389,719	\$35,411,106	\$33,174,616	\$-2,236,490
TID Increments from Prior Year	9,649,639	14,440,831	15,653,716	13,944,841	-1,708,875
Delinquent Tax Revenues	12,998,908	13,371,861	12,976,832	13,613,402	636,570
Public Debt Amortization Fund Withdrawal	0	0	0	4,000,000	4,000,000
Property Tax Levy	59,490,256	58,915,763	54,762,233	53,994,910	-767,323
TOTAL FINANCING FOR CITY DEBT	\$112,552,251	\$117,118,174	\$118,803,887	\$118,727,769	\$-76,118

E. DELINQUENT TAX

1. BUDGET FOR DELINQUENT TAX

Delinquent Tax Fund	\$1,600,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
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2. SOURCE OF FUNDS FOR DELINQUENT TAX

Property Tax Levy	\$1,600,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
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F. COMMON COUNCIL CONTINGENT FUND

1. BUDGET FOR COMMON COUNCIL CONTINGENT FUND

Common Council Contingent Fund	\$-4,299,600 *	\$-5,420,458 *	\$5,000,000	\$5,000,000	\$0
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2. SOURCE OF FUNDS FOR COMMON COUNCIL CONTINGENT FUND

Property Tax Levy	\$5,000,000	\$5,420,458	\$5,000,000	\$5,000,000	\$0
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*2001 and 2002 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)	\$721,985,703	\$716,784,187	\$786,996,265	\$799,181,047	\$12,184,782
Non-Tax Levy	567,709,492	563,742,455	589,974,516	600,168,661	10,194,145
Tax Levy	182,337,794	184,075,665	197,021,749	199,012,386	1,990,637

SUBTOTAL FINANCING FOR (ESTIMATED REVENUES) - COMMON COUNCIL CONTROLLED BUDGETS (Except Water and Special Accounts) \$750,047,286 \$747,818,120 \$786,996,265 \$799,181,047 \$12,184,782

SPECIAL REVENUE ACCOUNTS SECTIONS G THROUGH M

G. PARKING

1. BUDGET FOR PARKING PROGRAM

Operating and Maintenance Expense	\$23,621,635	\$24,416,376	\$27,426,797	\$26,500,225	\$-926,572
Transfer to General Fund	15,041,085	8,250,000	8,300,000	12,000,000	3,700,000
Deposit to Retained Earnings	0	4,983,469	0	0	0

	2001 ACTUAL EXPENDITURES**	2002 ACTUAL EXPENDITURES**	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	2004 ADOPTED VERSUS 2003 ADOPTED
Capital Improvement Program	2,132,592	832,348	1,661,000	1,305,900	-355,100
Capital Improvements to be Financed from Available Cash Reserves	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>
TOTAL BUDGET FOR PARKING	\$40,795,312 **	\$38,482,193 **	\$42,387,797	\$44,806,125	\$2,418,328
2. SOURCE OF FUNDS FOR PARKING PROGRAM					
Parking Permits	\$1,893,102	\$2,445,442	\$2,409,000	\$2,408,000	\$-1,000
Meters	3,778,605	3,998,011	3,886,000	3,921,400	35,400
Rental and Lease of Facilities	6,571,342	6,828,838	6,784,188	6,787,855	3,667
Towing of Vehicles	1,721,192	2,088,090	1,903,000	2,000,000	97,000
Miscellaneous	<u>2,108,003</u>	<u>2,040,686</u>	<u>1,452,409</u>	<u>2,059,424</u>	<u>607,015</u>
FINANCING OF PARKING OPERATIONS - SUBTOTAL	\$16,072,244	\$17,401,067	\$16,434,597	\$17,176,679	\$742,082
Other Funding Sources:					
Withdrawal from Reserves	\$2,956,615	\$0	\$0	\$2,323,546	\$2,323,546
Municipal and Traffic Citations	0	0	392,200	0	-392,200
Citation Revenue	19,633,861	20,248,778	18,900,000	19,000,000	100,000
Capital Improvements to be Financed from Available:					
Cash Reserves	0	0	5,000,000	5,000,000	0
New Borrowing	2,132,592	832,348	1,661,000	1,305,900	-355,100
Carryover Borrowing	(0)	(0)	(200,000) (a)	(1,094,000) (a)	(894,000) (a)
Other Funding Sources - Subtotal	24,723,068	21,081,126	25,953,200	27,629,446	1,676,246
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FINANCING FOR PARKING	\$40,795,312	\$38,482,193	\$42,387,797	\$44,806,125	\$2,418,328
(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)	\$61,164,577	\$67,954,977	\$83,572,350	\$71,908,461	\$-11,663,889
TOTAL FOR GRANT AND AID PROJECTS					
(Except Capital)	\$61,164,577	\$67,954,977	\$83,572,350	\$71,908,461	\$-11,663,889
Less In-Kind City Share	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FOR GRANT AND AID	\$61,164,577 **	\$67,954,977 **	\$83,572,350	\$71,908,461	\$-11,663,889
2. SOURCE OF FUNDS FOR GRANT AND AID PROJECTS					
Grantor Share (Non-City)	\$61,164,577	\$67,954,977	\$83,572,350	\$71,908,461	\$-11,663,889
Out of Pocket City Share	0	0	0	0	0
In-Kind City Share	0	0	0	0	0
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FINANCING FOR GRANT AND AID PROJECTS (EXCEPT CAPITAL PROJECTS)	\$61,164,577	\$67,954,977	\$83,572,350	\$71,908,461	\$-11,663,889
I. ECONOMIC DEVELOPMENT FUND					
1. BUDGET FOR ECONOMIC DEVELOPMENT FUND					
Business Improvement Districts	\$0	\$0	\$4,504,379	\$4,761,827	\$257,448
TOTAL BUDGET FOR ECONOMIC DEVELOPMENT FUND	\$0	\$0	\$4,504,379	\$4,761,827	\$257,448
2. SOURCE OF FUNDS FOR ECONOMIC DEVELOPMENT FUND					
Business Improvement District Assessments	\$0	\$0	\$4,504,379	\$4,761,827	\$257,448
TOTAL SOURCE OF FUNDS FOR ECONOMIC DEVELOPMENT FUND	\$0	\$0	\$4,504,379	\$4,761,827	\$257,448
J. WATER WORKS					
1. BUDGET FOR WATER WORKS-DEPARTMENT OF PUBLIC WORKS					
Operating Budget	\$55,207,989	\$50,533,642	\$52,418,579	\$55,085,206	\$2,666,627
Capital Improvements Program	8,631,613	9,902,984	14,900,000	22,620,000	7,720,000
Debt Service (Principal and Interest)	0	5,716,317	8,500,000	8,350,000	-150,000

	2001 ACTUAL EXPENDITURES**	2002 ACTUAL EXPENDITURES**	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	2004 ADOPTED VERSUS 2003 ADOPTED
Deposits to Special Accounts (Retained Earnings)	12,120,000	18,577,284	14,300,000	22,020,000	7,720,000
TOTAL EXPENDITURES AND DEPOSITS	\$75,959,602 **	\$84,730,227 **	\$90,118,579	\$108,075,206	\$17,956,627
2. SOURCE OF FUNDS FOR WATER WORKS					
Operating Revenue	\$61,649,201	\$68,552,488	\$69,232,872	\$69,611,574	\$378,702
Retained Earnings	6,304,665	6,351,410	14,785,707	31,203,632	16,417,925
Non-Operating Revenue	8,005,736	9,826,329	6,100,000	7,260,000	1,160,000
Proceeds from Borrowing	0	0	0	0	0
Property Tax Levy	0	0	0	0	0
TOTAL SOURCE OF FUNDS FOR WATER WORKS	\$75,959,602	\$84,730,227	\$90,118,579	\$108,075,206	\$17,956,627
K. SEWER MAINTENANCE					
1. BUDGET FOR SEWER MAINTENANCE					
Operating Budget	\$14,145,343	\$20,167,832	\$26,548,059	\$24,165,233	\$-2,382,826
Capital Budget	10,331,571	16,288,590	19,700,000	21,500,000	1,800,000
TOTAL BUDGET FOR SEWER MAINTENANCE	\$24,476,914 **	\$36,456,422 **	\$46,248,059	\$45,665,233	\$-582,826
2. SOURCE OF FUNDS FOR SEWER MAINTENANCE					
Sewer User Fee	\$17,374,681	\$27,865,587	\$28,236,959	\$31,661,733	\$3,424,774
Charges for Services	1,440,257	56,772	261,100	220,500	-40,600
Miscellaneous Revenue	84,609	343,666	0	83,000	83,000
Proceeds from Borrowing	29,095,000	8,190,397	17,750,000	13,700,000	-4,050,000
TOTAL SOURCE OF FUNDS FOR SEWER MAINTENANCE	\$47,994,547	\$36,456,422	\$46,248,059	\$45,665,233	\$-582,826
L. SOLID WASTE FUND					
1. BUDGET FOR SOLID WASTE FUND					
Operating Budget	\$34,662,453	\$0	\$0	\$0	\$0
TOTAL BUDGET FOR SOLID WASTE FUND	\$34,662,453	\$0	\$0	\$0	\$0
2. SOURCE OF FUNDS FOR SOLID WASTE FUND					
City Contribution	\$27,112,587	\$0	\$0	\$0	\$0
Other Miscellaneous Revenue	1,207,119	0	0	0	0
Solid Waste Fee	8,265,947	0	0	0	0
TOTAL SOURCE OF FUNDS FOR SOLID WASTE FUND	\$36,585,653	\$0	\$0	\$0	\$0
M. DELINQUENT COUNTY TAXES					
1. BUDGET FOR DELINQUENT COUNTY TAXES					
Delinquent County Taxes and Tax Certificate Purchases	\$8,343,368	\$8,531,457	\$9,000,000	\$9,500,000	\$500,000
TOTAL BUDGET FOR DELINQUENT COUNTY TAXES	\$8,343,368	\$8,531,457	\$9,000,000	\$9,500,000	\$500,000
2. SOURCE OF FUNDS FOR DELINQUENT COUNTY TAXES					
Purchase of Milwaukee County Delinquent Taxes	\$8,343,368	\$8,531,457	\$9,000,000	\$9,500,000	\$500,000
TOTAL SOURCE OF FUNDS FOR DELINQUENT COUNTY TAXES	\$8,343,368	\$8,531,457	\$9,000,000	\$9,500,000	\$500,000
SUBTOTAL BUDGET AUTHORIZATION FOR SPECIAL REVENUE ACCOUNTS	\$245,402,226	\$236,155,276	\$275,831,164	\$284,716,852	\$8,885,688
SUBTOTAL ESTIMATED REVENUES FOR SPECIAL REVENUE ACCOUNTS	\$270,843,059	\$236,155,276	\$275,831,164	\$284,716,852	\$8,885,688
TOTAL ALL BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL* (Includes Water and Special Revenue Accounts)	\$967,387,929	\$952,939,463	\$1,062,827,429	\$1,083,897,899	\$21,070,470
TOTAL FINANCING REVENUES OF BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL (Includes Water and Special Revenue Accounts)	\$1,020,890,345	\$983,973,396	\$1,062,827,429	\$1,083,897,899	\$21,070,470

** Expenditures include funding carried over from prior years.

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

	2002	2003	2004
General Obligation Bonds or Short-Term Notes			
New Borrowing			
General City Purposes	\$64,612,401	\$66,646,180	\$62,800,350
Schools	<u>12,000,000</u>	<u>12,000,000</u>	<u>212,000,000</u>
Subtotal New Borrowing	\$76,612,401	\$78,646,180	\$274,800,350
Carryover Borrowing*	<u>(60,045,643)</u>	<u>(63,548,188)</u>	<u>(104,141,422)</u>
SUBTOTAL	\$76,612,401	\$78,646,180	\$274,800,350
Special Assessment Borrowing			
New Borrowing	\$4,936,093	\$7,955,400	\$5,179,290
Carryover Borrowing*	<u>(16,599,821)</u>	<u>(17,320,926)</u>	<u>(19,196,326)</u>
SUBTOTAL	\$4,936,093	\$7,955,400	\$5,179,290
Contingency Borrowing			
New Borrowing	\$30,000,000	\$30,000,000	\$30,000,000
Carryover Borrowing*	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$30,000,000	\$30,000,000	\$30,000,000
Tax Incremental District Borrowing			
New Borrowing	\$14,500,000	\$14,000,000	\$19,000,000
Carryover Borrowing*	<u>(14,734,180)</u>	<u>(15,629,180)</u>	<u>(27,916,180)</u>
SUBTOTAL	\$14,500,000	\$14,000,000	\$19,000,000
Delinquent Taxes Borrowing			
New Borrowing	\$15,000,000	\$15,000,000	\$15,000,000
Carryover Borrowing*	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$15,000,000	\$15,000,000	\$15,000,000
Revenue Anticipation Borrowing			
New Borrowing	\$250,000,000	\$250,000,000	\$300,000,000
Carryover Borrowing*	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$250,000,000	\$250,000,000	\$300,000,000
Water Works Borrowing			
New Borrowing	\$0	\$0	\$0
Carryover Borrowing*	<u>(14,300,000)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$0	\$0	\$0
Sewer Maintenance Fund Borrowing			
New Borrowing	\$16,138,500	\$17,750,000	\$13,700,000
Carryover Borrowing*	<u>(29,095,000)</u>	<u>(16,138,500)</u>	<u>(3,500)</u>
SUBTOTAL	\$16,138,500	\$17,750,000	\$13,700,000
Total - All Borrowing			
New Borrowing	\$407,186,994	\$413,351,580	\$657,679,640
Carryover Borrowing*	<u>(134,774,644)</u>	<u>(112,636,794)</u>	<u>(151,257,428)</u>
TOTAL	\$407,186,994	\$413,351,580	\$657,679,640

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

**2003 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 adoption of the 2004 budget. (Please refer to note at the end of schedule for procedure and assumption utilized in determining salary and wage appropriations in the 2004 budget.)

**CURRENT RATES
(MINIMUM - MAXIMUM)**

Pay Range	Annual Rate Minimum	Annual Rate Maximum	Pay Range	Annual Rate Minimum	Annual Rate Maximum	Pay Range	Annual Rate Minimum	Annual Rate Maximum	Pay Range	Annual Rate Minimum	Annual Rate Maximum	Pay Range	Annual Rate Minimum	Annual Rate Maximum
001	31,914	44,676	255	34,448	38,440	440	30,277	33,379	572	40,291	46,882	734	34,110	42,500
002	34,007	47,604	258	34,731	39,382	441	30,569	33,671	576	45,696	54,073	740	30,967	33,939
003	36,241	50,735	260 *	35,013	39,392	445 *	30,890	34,183	587	47,663	56,846	741	31,670	34,834
004	38,634	54,086	262	35,439	39,898	450	30,158	34,888	588	39,876	61,974	742	31,970	35,797
005	41,182	57,658	265	36,082	40,672	455 *	32,307	36,018	589	49,112	55,276	750	25,649	40,284
006	43,889	61,451	268	36,303	41,357	460 *	33,071	37,063	591	51,907	63,071	785	45,714	51,452
007	46,785	65,496	270	37,011	42,066	475	33,976	40,783	592	33,499	40,197	786		53,498
008	49,853	69,792	272	25,710	28,244	478	31,533	42,079	593	37,131	44,948	788	49,953	56,223
009	53,158	74,419	274	29,330	31,300	480	18,862	26,061	594	38,455	46,660	796	46,562	61,687
010	56,651	79,313	275	37,011	42,865	490	26,292	31,835	595	39,888	48,440	798	54,157	70,122
011	60,397	84,553	276	32,654	34,625	495	29,955	34,509	596	41,412	50,291	801	38,951	52,517
012	64,363	90,108	278	36,863	38,378	500 *	29,601	32,615	598	46,352	56,300	804	51,495	54,836
013	68,596	96,041	280		40,684	503	27,818	33,224	599	50,675	65,220	808	54,225	58,598
014	73,128	102,383	281	39,014	44,640	504	29,601	34,183	600	27,029	32,637	810	56,671	60,603
015	77,943	109,118	282	39,486	45,300	505 *	30,890	34,183	602	31,444	38,516	812	58,636	62,570
016	83,074	116,309	285	39,699	45,605	508	29,955	34,509	604	36,702	49,145	813	56,368	68,440
017	88,550	123,972	287	38,858	47,120	510	31,580	35,043	606	43,189	55,564	831	43,859	53,237
018	94,388	132,141	290	41,159	52,138	515	30,315	37,063	607	54,157	64,567	835	49,264	59,809
019	100,605	140,843	291	39,863	52,138	516	32,307	36,695	619	35,354	42,243	836	51,211	62,178
020	107,230	150,128	300	24,319	28,722	520	33,071	37,063	620	36,896	50,051	839	57,534	69,869
			305	25,202	29,316	522	33,152	37,556	621	41,936	50,051	842	64,641	78,520
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	665	33,084	38,367			
225	30,380	33,393	360	33,875	38,152	546	37,844	46,267	666	38,367	47,114			
230	30,622	33,723	400 *	21,473	26,872	547	38,858	47,120	670	46,623	56,452			
235	31,314	34,581	404	22,665	28,126	549	43,072	50,586	694	37,304	42,339			
238	31,670	34,982	405 *	23,930	28,126	550	39,014	44,640	696	40,970	47,029			
240	32,025	35,385	406	23,082	29,332	553	39,014	46,356	698	42,373	48,665			
245	32,792	36,253	410 *	24,928	29,332	555	40,291	46,005	704	30,923	33,923			
247	34,272	38,000	415 *	26,191	30,585	556	40,291	49,128	710	32,166	35,407			
248	33,183	36,910	424 *	26,191	31,360	557	41,196	46,892	722	28,886	34,663			
249	33,252	37,172	425 *	28,348	31,360	558	39,014	47,926	724	28,455	36,373			
250	33,576	37,567	430	29,007	31,888	559	44,893	51,766	726	30,468	37,518			
252	34,049	38,024	435 *	29,601	32,615	560	43,072	49,176	732	33,557	41,035			
254	33,184	38,440	437	28,812	33,123	565	44,331	50,982	733	34,110	42,085			

*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 2004 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 **	21.67	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

2004 Budget - For 2004 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 and Local 215 members which are at 2003 rates of pay and MPSO and Local 195 who are at 2000 rates of pay. In addition, \$17.7 million was provided within the Wages Supplement Fund to supplement departmental salary and wage accounts during 2004 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*

	2000-2001 BUDGET	2001-2002 BUDGET	2002-2003 BUDGET	2003-2004 BUDGET
Appropriations and Expenditures	<u>\$850,293,630</u>	<u>\$857,325,253</u>	<u>\$959,077,084</u>	<u>\$983,615,986</u>
TOTAL APPROPRIATIONS AND EXPENDITURES	\$850,293,630	\$857,325,253	\$959,077,084	\$983,615,986

B. SOURCE OF FUNDS FOR SCHOOL BOARD*

Non-Property Tax Revenue and Surpluses	\$680,402,698	\$682,590,660	\$778,030,933	\$800,417,549
TAX LEVIES				
Property Tax Levy	<u>\$169,890,932</u>	<u>\$174,734,593</u>	<u>\$181,046,151</u>	<u>\$183,198,437</u>
TOTAL FINANCING OF SCHOOL BOARD BUDGET	\$850,293,630	\$857,325,253	\$959,077,084	\$983,615,986

*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	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
A. General City Purposes	\$472,950,938	\$488,429,001	\$496,631,541	\$8,202,540
B. Employee Retirement	59,045,968	66,634,994	68,172,487	1,537,493
C. Capital Improvements	69,069,535	107,128,383	109,649,250	2,520,867
D. City Debt	114,717,746	118,803,887	118,727,769	-76,118
E. Delinquent Tax Fund	1,000,000	1,000,000	1,000,000	0
F. Contingent Fund	(5,420,458) *	5,000,000	5,000,000	0
TOTAL	<u>\$716,784,187</u>	<u>\$786,996,265</u>	<u>\$799,181,047</u>	<u>\$12,184,782</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.
- STRATEGIC ISSUES:** Influence forces external to city government to strengthen Milwaukee's position as a thriving economic, social, and cultural center.
- Use the department's resources to assure Milwaukee's government provides cost effective services that add value to the city.
- Build alliances with other U.S. cities, rural areas, and regional decisionmakers to persuade state and federal policymakers to create better solutions regarding low income adults, transportation, housing, and the environment.
- INITIATIVES FOR 2004:** Maximize operational efficiencies by reorganizing the department.
- Reorganize the Information and Technology Management Division to reflect the changing information technology environment as well as to reflect the city's increased focus on information policy administration and e-government.
- Implement a contract for management of the city's Financial Management Information System.
- Restructure the city's printing processes based on decreased departmental demand.
- Implement a system to monitor capital expenditures.
- Work with Milwaukee County to explore opportunities for intergovernmental cooperation.
-

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 "behind the scenes" role in providing government services. The department works with departments throughout the city to ensure that they obtain the goods and services needed to meet their objectives, develops the Mayor's budget, provides analysis and recommendations on fiscal and management issues that affect the city, represents

the city's interests to both the state and federal governments, works to equitably distribute 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 2000, the department reorganized to further enhance its ability to provide several of these critical services. DOA created a new Information and Technology Management Division (ITMD) to improve management and coordination of the city's information and technology systems. The reorganization also merged printing and records management activities with purchasing functions in the Business Operations Division. In 2002, the department continued to reorganize by consolidating the Equal Op-

portunity Enterprise Program into the Business Operations Division.

In 2004, the department is further reorganizing to take advantage of operating efficiencies. This reorganization eliminates the Administration Division, Budget and Management Division, and Intergov-

ernmental Relations Division and creates two new divisions: Budget and Policy Division and Community Block Grant Division. This department-wide reorganization also makes significant changes within the Business Operations and Information and Technology Management Divisions.

OBJECTIVE 1

Influence policies and leverage resources beyond city government so as to improve the quality of life for city residents by increasing the number of jobs available and reducing the ratio of persons looking for work compared to job openings to 1:18 or less by 2004.

OUTCOME HISTORY

The 2004 budget provides \$250,677 in tax levy funding to support the department’s efforts to provide jobs and improve the quality of life of Milwaukee’s residents. Federal Community Block Grants will provide an additional \$784,643 in staffing costs towards this goal. The department measures its success toward achieving this objective by whether it has improved or maintained the ratio of persons looking for or expected to work to the number of job openings in the Milwaukee metropolitan area.

DOA contributes to the success of this measure in a variety of ways. The Community Block Grant Division administers and monitors services and activities that enrich and improve the quality of life in target areas of Milwaukee. The Budget and Policy Division will continue to work to reduce the cost of city government, keeping city spending constant in inflation adjusted dollars (see Figure 1) and leaving more money (with which businesses can create jobs) in the private economy. This division will also continue to focus on reducing the tax burden on residents and businesses by achieving more equitable state revenue sharing and school aid formulas.

The department will focus on numerous strategies to meet this objective in 2004 including: 1) enhancing clustering activities for Community Development Block Grant (CDBG) dollars; 2) redrawing CDBG

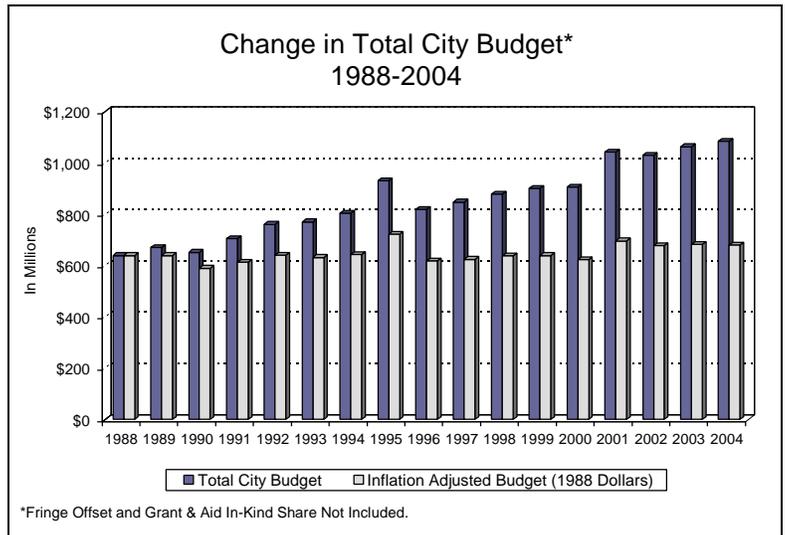
boundaries; and 3) expanding health care, services, jobs and training to non-custodial parents.

ACTIVITIES

- Administration of community development block grants
- Purchasing activities
- Intergovernmental relations and lobbying
- Budget development

Outcome Indicators and Funding			
	2002	2003	2004
Ratio of persons looking for work to the number of job openings in the metropolitan area.	Experience 1:21 to 1	Budget 1:18:1	Projection 1:18 to 1
Funding by Source:			
Operating Funds	\$308,350	\$314,673	\$250,677
Grant and Reimbursable	603,281	702,756	784,643
Total:	\$911,631	\$1,017,429	\$1,035,320

Figure 1



PROGRAM CHANGES

Community Development Block Grant Funding: The 2004 budget includes \$11.1 million in funding for community development programs supported by city departments, approximately \$640,000 less than in 2003. The only additional community development program supported by city departments in the 2004 budget is the Milwaukee Aids Initiative (\$314,200).

The 2004 budget assumes \$600,000 in reprogramming funding for the following programs:

- Department of Neighborhood Services - \$50,000;
- Library – Community Outreach and Technology Center - \$50,000;
- Police Department - Operation Safe Neighborhoods - \$500,000.

Position Changes: In addition to the position changes resulting from DOA’s reorganization, one new position of Rental Rehabilitation Specialist is added to the Community Block Grant Administration staff. This position will be responsible for maintaining compliance with the HOME Program affordability requirements found at 24 CFR Part 92 of the Cranston-Gonzales National Affordable Housing Act. Primary duties will include the maintenance of a 500 unit rental portfolio, obtaining annual rental and income certifications, as well as scheduling and performing onsite property inspections. This position will also be responsible for ensuring compliance with Section 104(d) of the Housing and Community Development Act by creating and maintaining a CBGA residential demolition and replacement log.

OBJECTIVE 2

Strengthen Milwaukee’s competitive position within the region through a reduction in the share of Milwaukee’s economy used for city taxes by adopting a tax rate of no more than 122.1% of the metropolitan area average in 2004.

OUTCOME HISTORY

The 2004 budget provides \$1.5 million in funding to support Milwaukee’s efforts to strengthen its competitive position in the marketplace. Milwaukee’s 1998 tax rate (adopted in 1997) totaled 115.9% of the average property tax rate of other municipalities in the metropolitan area, exceeding for the first time the city’s tax rate goal of 120% of the metropolitan area average. As shown in Figure 2, in the 2000 budget the city again surpassed its goal, adopting a tax rate equal to 116.6% of the metropolitan area average. In 2001 and 2002, however, the city tax rate as a percent of the metropolitan area average did not meet its goal.

In 2004, the estimated city tax rate as a percent of the metropolitan area average is 122.1%. This is the same as the 2003 projection. Shrinking state aids, increasing health care costs, as well as arbitration driven wage settlements that exceed the rate of inflation continue to present major obstacles to the city’s efforts to reduce costs, preserve service levels, and maintain improvement in its tax rate compared to the metropolitan average.

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
City tax rate as a percent of metro area average.	123.0%	122.1%	122.1%
Funding by Source:			
Operating Funds	\$1,361,066	\$1,663,688	\$1,246,367
Grant and Reimbursable	379,991	345,526	226,099
Capital Budget	38,968	0	0
Total:	\$1,780,025	\$2,009,214	\$1,472,466

The department will focus on numerous strategies to meet this objective in 2004 including: 1) implementing a capital project management system; 2) developing an expenditure and revenue report; and 3) ensuring that a “poverty factor” is included in the distribution of state, municipal, and school aids.

ACTIVITIES

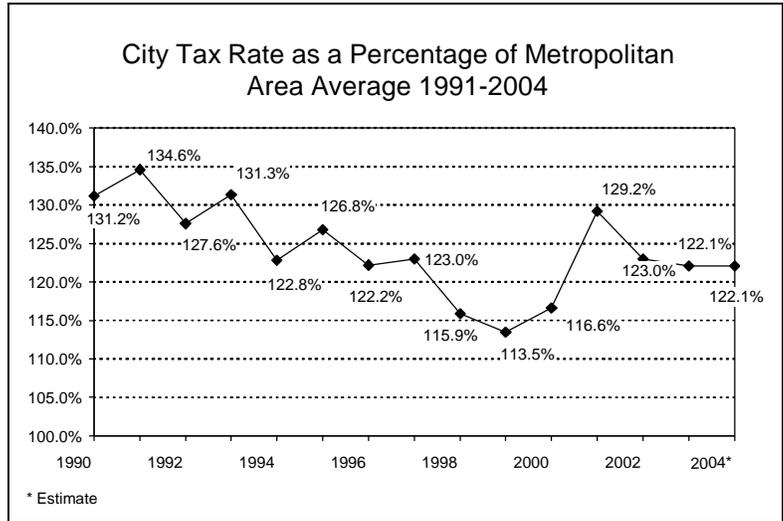
- Administration
- Budget analysis
- Capital financing and debt management
- Intergovernmental relations
- Purchasing
- Emerging Business Enterprise Program

PROGRAM CHANGES

Capital Monitoring System: In 2004, a formal capital monitoring system will be implemented. This system will follow capital projects from the planning stages through their completion to ensure that projects will be completed on time and on budget. This system will ensure that no capital project is funded until a project plan has been completed and reviewed. The Budget and Policy Division will also enact guidelines for capital projects that will be used by departments in preparing their capital project plans. In an effort to ensure that decisionmakers have enough information to make informed decisions, this capital monitoring system will also include a reporting process for each capital project.

Intergovernmental Cooperation: In 2004, the City of Milwaukee will continue its work to streamline operations across government lines. The city will work with Milwaukee County to explore which services might be better provided through a single effort. These services include, but are not limited to, information systems, greenhouse operations, procurement activities, the use of the online auction, and the combination of the city's "live" heavy equipment and vehicle auctions.

Figure 2



Citywide Purchasing: To coincide with the city's efforts to explore ideas to streamline operations across government lines, the city will also explore ideas to streamline operations internally. In 2004, an internal study will be conducted to determine if there are opportunities to make the city's purchasing activities more efficient. This study will encompass all city purchasing activities conducted by the Department of Administration, Department of City Development, Department of Public Works, Library, and the Port of Milwaukee.

OBJECTIVE 3

Provide services and tools to other city departments that lead to improved city management and maintenance of the city's fiscal health as measured by maintaining or improving the city's Aa2/AA+ bond ratings in 2004.

OUTCOME HISTORY

A key indicator of a city's financial health is its bond ratings. The City of Milwaukee has maintained high investment grade ratings even in the face of declining state aids and a national economic downturn. Since the mid-1990's, the city has worked to improve its financial condition through various efforts, including diversifying its revenue base. Some significant changes have included identifying and financing appropriate city

services through user fees, rather than the tax levy, as the city did with its solid waste expenses.

The 2004 budget provides approximately \$1.4 million to support this objective. The new Budget and Policy Division will continue to act as a resource for other departments to assist in strategic planning,

	2002 Experience	2003 Budget	2004 Projection
Maintain the city's bond rating.	Aa2/AA+	Aa2/AA+	Aa2/AA+
Funding by Source:			
Operating Funds	\$1,251,226	\$1,045,812	\$1,150,769
Grant and Reimbursable	187,160	195,596	199,401
Capital Budget	59,450	0	0
Total:	\$1,497,836	\$1,241,408	\$1,350,170

developing performance measures, and evaluating the success and effectiveness of specific programs.

The department will focus on numerous strategies to meet this objective in 2004 including: 1) publishing a city Performance Report; 2) implementing the strategies issued by the city's Strategic Plan; and 3) revising the Residents' Preference Program.

ACTIVITIES

- Information resource policy analysis
- Intergovernmental lobbying
- Procurement of goods and services
- Printing and records storage
- Budget analysis
- Strategic planning

PROGRAM CHANGES

Milwaukee Printing and Records (MPR): In 2004, Milwaukee Printing and Records will phase out some of its printing operations and develop several master contracts through a competitive process to better utilize the city's collective buying power for its printing needs. The section will undergo a name change to Document Services to reflect these changes. Increased competition in the printing industry has resulted in more reasonable costs in the marketplace, more convenience copiers located within city departments' offices, and decreased reliance on "hard" copies of documents. All of these factors have diminished the need for these operations to be offered as an internal service. The option for city departments to have high speed copying and

color copying provided by in-house staff will be eliminated in 2004. Staff will continue to provide some offset printing, paper ordering and delivery, mail services, and records management to city departments.

These changes will result in the elimination of two full time positions and two auxiliary positions, all funded through reimbursable funding. The seven remaining non-management staff positions will be eliminated and recreated into seven positions of Document Technician. This change will allow MPR staff to be cross-trained to perform the remaining activities in MPR which are in high demand and essential to the daily operations of city government. The two remaining management positions in MPR are also retitled to reflect the changed operations. The MPR change also eliminates the need for the Docutech printer and the color copier leases. As a result, funding for these leases has been removed from departmental accounts resulting in tax levy savings of approximately \$82,000.

Citywide Printing Services: In a continuing effort to streamline city printing services, a feasibility study of combining the Police Department Print Shop with Milwaukee Printing and Records will be conducted in 2004. This study will evaluate the printing needs of the Police Department, as well as other city departments that receive its services, and determine if these needs could be met more efficiently and cost effectively by combining them with the services offered by MPR and the city's master printing contracts. The results of this study will be used in the development of the 2005 budget

OBJECTIVE 4

Manage information and information systems more effectively so as to maximize their value to city residents and city departments by increasing the number of persons visiting the city web site to 3,300,000 in 2004.

OUTCOME HISTORY

Since the 2000 reorganization that created the Information and Technology Management Division (ITMD), the division's role has slowly but steadily evolved. Once solely a provider of information and technology

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Number of "visits" on the city's web site.	2,297,342	3,000,000	3,300,000
Number of service requests received and processed through the city's web site.	2,453	15,000	15,000
Funding by Source:			
Operating Funds	\$5,657,771	\$5,474,096	\$4,692,775
Grant and Reimbursable	394,427	318,810	492,629
Capital Budget	466,196	1,811,500	630,000
Special Purpose Accounts	76,330	130,000	50,000
Total:	\$6,594,724	\$7,734,406	\$5,865,404

services to internal city departments, ITMD can now serve citizens directly, through the city's web site. ITMD has also become a leader in developing Milwaukee's e-government capabilities, a coordinator of citywide initiatives, and a facilitator in seeking broader acceptance of citywide information management standards.

Guided by the citywide Strategic Information Plan, ITMD advises policymakers on information related issues, coordinates departmental information systems, and evaluates requests for technology improvements. The division also maintains existing infrastructure systems and applications, including "CityWeb", Milwaukee's presence on the World Wide Web, and the financial, human resource and purchasing components of the PeopleSoft Enterprise System. In addition, ITMD continues to provide limited support services, offering desktop and network systems maintenance to departments that lack the internal resources needed to maintain their own systems. The 2004 budget provides approximately \$5.9 million to support this objective.

The department will focus on numerous strategies to meet this objective in 2004 including: 1) expanding e-government services to include online and phone access to payments and services; and 2) developing and implementing a plan for the City of Milwaukee to be at the forefront of broadband technology.

Program Result Measures: To coincide with ITMD's reorganization, the division is revising its program result measures in 2004 to reflect the city's increased focus on information policy administration and e-government.

Beginning in 2004, ITMD will track performance in several critical services areas using the following measures:

- Web Site Usability – Percent of city departments using standardized web page design;
- Web Site Utility – Number of applications that allow users to conduct transactions, request services, and obtain information interactively from the city's web site;
- Asset Management – Percent of city departments with comprehensive information technology asset inventory;
- FMIS Efficiency – Cost per enterprise system transaction;
- System Security – Security threats repelled at firewall;
- Disaster Planning – Percent of city departments with complete disaster recovery plans; and
- Corporate Database Usage – Amount of disk space needed for corporate database tables.

ACTIVITIES

- Information policy and administration
- City information systems
- Department information systems

PROGRAM CHANGES

Financial Management Information System (FMIS): Beginning in late 2003, the City of Milwaukee will implement a five year contract for the maintenance and support of the city's FMIS system. It is estimated that this contract will save more than \$500,000 over the course of the contract. By allowing an outside entity to maintain the FMIS hardware and software, city staff may focus on how to use the product better. In addition, this contract provides system reliability, disaster recovery, improved system performance, and cost stability and predictability over the course of the contract.

ITMD Reorganization: In addition to changes related to the DOA reorganization, ITMD is undergoing a major reorganization in 2004. The division's six existing sections will be eliminated and replaced with three new sections (Policy and Administration, Citywide Information Systems, and Infrastructure and Technology Development). This reorganization is necessary to reflect the changing information technology environment as well as to reflect the city's increased focus on information policy administration and e-government.

Position Changes: In addition to the position changes resulting from ITMD's reorganization, the 2004 budget includes the elimination of a Systems Analyst/Project Leader position associated with the COMPASS Project. One vacant position of Systems Analyst Senior is also eliminated and one position of Security Administrator is transferred to the Comptroller's Office.

OTHER ACTIVITIES AND CHANGES

Departmental Reorganization: DOA will undergo a major reorganization in 2004. As part of this reorganization, three divisions (Administration, Budget and Management, and Intergovernmental Relations) will be eliminated and two new divisions (Budget and Policy, and Community Block Grant Administration) will be created. The division of Budget and Policy will include staff from both the former Budget and Management and Intergovernmental Relations Divisions. The Business Operations Division will incorporate the two staff positions of the former Administration Division while the Administration Director will be transferred to the Budget and Policy Division.

Many staffing changes result from this reorganization. One new position of Budget and Policy Director is created in the Budget and Policy Division. The existing positions of Budget and Management and Intergovernmental Relations Directors are funded only for the first nine pay periods of the year. The new Budget and Policy Director position is funded for the remaining 17 pay periods of the year. Across the department, all DOA division heads will be funded at salary grade 15 beginning in pay period 1. This reorganization results in total savings of approximately \$235,000.

CAPITAL PROJECTS

Upgrade to Financials System: In addition to the changes to the FMIS system discussed above, the City of Milwaukee will also be undergoing a major upgrade to the PeopleSoft's Version 8 of the financials module in 2004. Like the previously installed Version 8 on the human resources side, this upgrade will introduce to the system the ease of use associ-

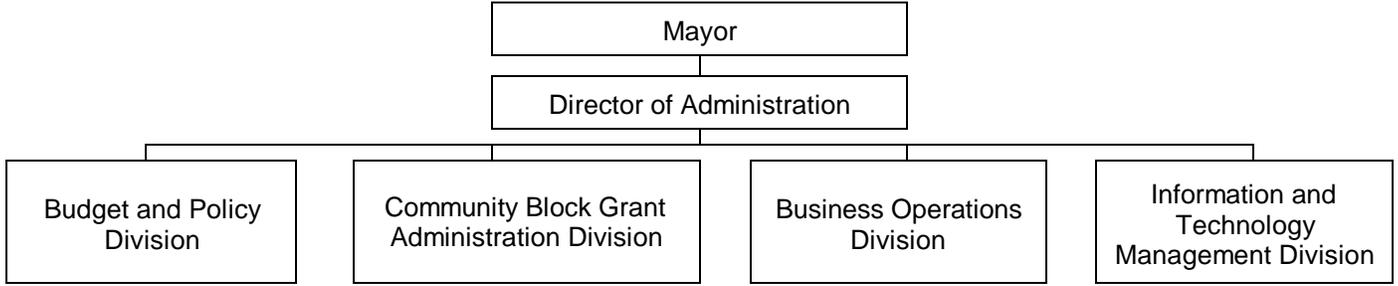
ated with web based applications while offering enhanced features and operations. This upgrade will also ensure that the city remains eligible for full PeopleSoft support for all its resource management systems. The 2004 capital budget includes \$630,000 for this purpose.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	70.99	75.43	67.05	-8.38
FTEs - Other	36.65	33.92	34.15	0.23
Total Positions Authorized	132	119	108	-11
DLH - Operations and Maintenance	127,790	135,774	120,690	-15,084
DLH - Other Funds	65,970	61,056	61,470	414
EXPENDITURES				
Salaries and Wages	\$4,430,557	\$4,477,706	\$4,006,056	\$-471,650
Fringe Benefits	1,640,596	1,656,752	1,482,241	-174,511
Operating Expenditures	904,732	1,039,095	868,291	-170,804
Equipment	95,210	22,880	13,000	-9,880
Special Funds	1,507,318	1,301,836	971,000	-330,836
TOTAL	\$8,578,413	\$8,498,269	\$7,340,588	\$-1,157,681
REVENUES				
Charges for Services	\$3,491,217	\$3,605,500	\$3,622,150	\$16,650
Miscellaneous	271,880	146,500	133,500	-13,000
TOTAL	\$3,763,097	\$3,752,000	\$3,755,650	\$3,650

CAPITAL PROJECTS - Includes \$630,000 for the FMIS Financials Upgrade.

ORGANIZATION CHART



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
					Budget and Policy Division	
1	1.00		\$101,375		Administration Director	Transferred from Administration Division.
1	0.35		\$37,772		Budget and Management Director	Transferred from Budget and Management Division.
2	2.00		\$117,443		Budget and Management Special Assistant	
1	1.00		\$84,357		City Economist	
1	1.00		\$48,929		Fiscal Planning Specialist	
2	2.00		\$91,048		Budget and Management Analyst Lead	
1	1.00		\$44,678		Office Supervisor II	
1	1.00		\$40,523		Administrative Services Specialist	
1	0.35		\$37,772		Legislative Liaison Director	Transferred from Intergovernmental Relations Division.
1	1.00		\$83,478		Legislative Fiscal Manager Sr	
1	1.00		\$63,058		Legislative Fiscal Manager	
1					Legislative Coordinator Sr (Aux.)	
1	1.00		\$71,053		Budget and Policy Manager Sr	Position reclassified and transferred from Budget and Management Division.

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00		\$57,147		Budget and Management Special Assistant	Positions retitled and transferred from Budget and Management Division.
1	1.00		\$59,457		Fiscal Planning Specialist Sr	
1	0.90	0.10	\$61,098	\$7,000	Budget and Policy Manager	
1	1.00		\$47,604		Administrative Specialist	Position retitled and transferred from Intergovernmental Relations Division.
1	0.65		\$50,963		Budget and Policy Director	Position created to administer new division.
Community Block Grant Administration Division						
1		1.00		\$85,549	Block Grant Director	Transferred from Administration Division.
1		1.00		\$81,633	Associate Director	
1		1.00		\$67,985	Grant Compliance Manager	
6		6.00		\$303,805	Grant Monitor	
1		1.00		\$33,101	Administrative Assistant I	
1		1.00		\$38,175	Program Assistant I	
2		2.00		\$99,393	Administrative Specialist Sr	
1		1.00		\$35,209	Office Assistant IV	Transferred from Intergovernmental Relations Division.
1		1.00		\$39,793	Rental Rehabilitation Specialist	New position to perform HUD-regulatory mandated functions.
Administration Division						
-1	-1.00		\$-101,375		Administration Director	Transferred to Budget and Policy Division.
-1	-1.00		\$-61,451		Management and Accounting Officer	Transferred to Business Operations Division.
-1	-1.00		\$-39,013		Administrative Assistant III	
-1		-1.00		\$-83,058	Block Grant Director	Transferred to Community Block Grant Administration Division.
-1		-1.00		\$-79,256	Associate Director	
-1		-1.00		\$-66,005	Grant Compliance Manager	
-6		-6.00		\$-294,956	Grant Monitor	
-1		-1.00		\$-32,137	Administrative Assistant I	
-1		-1.00		\$-37,063	Program Assistant I	
-2		-2.00		\$-96,497	Administrative Specialist Sr	

DEPARTMENT OF ADMINISTRATION

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-2		-1.00		\$-29,332	Office Assistant II	Elimination of vacant positions.
-1	-1.00		\$-35,522		Budget and Management Division Program Assistant I	Position eliminated due to reorganization.
-1	-1.00		\$-70,880		Budget and Management Team Leader	Position reclassified and transferred to Budget and Policy Division.
-1	-1.00		\$-57,147		Capital Planning and Finance Specialist	Positions retitled and transferred to Budget and Policy Division.
-1	-1.00		\$-59,457		Program Evaluation Specialist	
-1	-0.90	-0.10	\$-61,098	\$-7,000	Budget and Management Team Leader	
-1	-1.00		\$-97,045		Budget and Management Director	Transferred to Budget and Policy Division.
-2	-2.00		\$-117,443		Budget and Management Special Assistant	
-1	-1.00		\$-84,357		City Economist	
-1	-1.00		\$-48,929		Fiscal Planning Specialist	
-2	-2.00		\$-91,048		Budget and Management Analyst Lead	
-1	-1.00		\$-44,678		Office Supervisor II	
-1	-1.00		\$-40,523		Administrative Services Specialist	
-1	-1.00		\$-32,615		Business Operations Division Purchasing Assistant II	Positions eliminated due to department reorganization.
-1	-0.50		\$-16,307		Purchasing Assistant II (0.5 FTE)	
1	1.00		\$61,451		Management and Accounting Officer	Transferred from Administration Division.
1	1.00		\$39,013		Administrative Assistant III	
-1		-1.00		\$-43,641	Printing Operations Supervisor	Positions changes resulting from the reorganization of Milwaukee Printing and Records to Document Services.
-1		-1.00		\$-65,495	Printing and Records Manager	
1		1.00		\$65,195	Document Services Manager	
-1		-1.00		\$-47,604	Microfilm Supervisor	
1		1.00		\$47,604	Records Supervisor	
-1		-1.00		\$-33,723	Lead Offset Press Operator	
-1		-1.00		\$-33,723	Duplicating Equipment Operator II	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1		-1.00		\$-31,360	Mail Processor	Positions changes resulting from the reorganization of Milwaukee Printing and Records to Document Services.
-1		-1.00		\$-33,378	Microfilm Technician II	
-1		-1.00		\$-31,888	Microfilm Technician I	
-1		-1.00		\$-29,332	Microfilm Processor	
-1		-1.00		\$-31,613	Computer Assistant I	
7		7.00		\$229,254	Document Technician	
-1		-1.00		\$-26,191	Mail Processor	Elimination of vacant positions.
-1					Offset Press Operator II (Aux.)	
-1					Mail Processor II (Aux.)	
Intergovernmental Relations Division						
-1	-1.00		\$-60,397		Legislative Fiscal Manager	Elimination of vacant position.
-1	-1.00		\$-110,996		Legislative Liaison Director	Transferred to Budget and Policy Division.
-1	-1.00		\$-83,478		Legislative Fiscal Manager Sr	
-1	-1.00		\$-63,058		Legislative Fiscal Manager	
-1					Legislative Coordinator Sr (Aux.)	
-1	-1.00		\$-47,604		Office Supervisor II	Position retitled and transferred to Budget and Policy Division.
-1	-1.00		\$-34,183		Office Assistant IV	Transferred to Community Block Grant Administration Division.
Information and Technology						
-1	-1.00		\$-84,553		Information Resource Manager	Position changes resulting from divisional reorganization.
1	1.00		\$84,553		Policy and Administration Manager	
-1	-1.00		\$-90,107		Systems Analyst Manager	
1	1.00		\$90,107		Applications Development Manager	
-1	-1.00		\$-82,012		Geographic Information Systems Manager	
1	1.00		\$82,012		Corporate Information Systems Manager	
-1	-1.00		\$-48,101		City Web Administrator	
1	1.00		\$48,221		Internet Services Coordinator	
-1	-1.00		\$-48,031		Programmer II	
1	1.00		\$48,772		Programmer Analyst	

DEPARTMENT OF ADMINISTRATION

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-109,118		Information Systems Manager	Position changes resulting from divisional reorganization.
1	1.00		\$96,041		Enterprise Systems Manager	
-1	-1.00		\$-94,364		Enterprise Systems Manager	
1	1.00		\$90,107		Systems Analyst Manager	
-1	-1.00		\$-69,792		Systems Analyst Sr	
1	1.00		\$71,012		Systems Analyst Lead	Position changes resulting from divisional reorganization.
	-1.00	1.00	\$-60,061	\$60,060	Systems Analyst Sr	
	-0.50	0.50	\$-28,150	\$28,150	Programmer Analyst	
	-0.84	0.84	\$-68,641	\$68,641	Systems Analyst/Project Leader	Elimination of vacant positions.
-1		-1.00		\$-58,638	Systems Analyst/Project Leader	
-1	-1.00				Systems Analyst Sr	Function transferred to Comptroller's Office.
-1	-1.00		\$-69,792		Security Administrator	
	1.11	-0.11			Experience Adjustment	
-11	-8.38	0.23	\$-502,282	\$98,657	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.
- STRATEGIC ISSUES:** Ensure that cost for municipal services are distributed equally among all those who receive such services by uniformly valuing all taxable property in the city, closely scrutinizing proposed property tax exemptions, and efficiently processing assessment appeals.
- Add value to the city by providing services and information to the public, other city departments, and public agencies.
- INITIATIVES FOR 2004:** Conduct a citywide revaluation.
- Connect the different components of the assessment system together to enable more user friendly access and to facilitate office restructuring.
- Continue to streamline the department's operations, increasing productivity due to the change in Property Appraiser classifications.
- Pursue service agreements with other Milwaukee County communities.
- Develop fees for processing tax exempt property applications and non-compliance charges for personal property reporting.
-

BACKGROUND

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

In recent years, the department has focused on improving its valuation systems by upgrading and migrating from the mainframe computer. By maximizing technology, the department has been able to improve quality while reducing costs.

Another major function of the Assessor's Office is to provide public information and assistance. The Assessor's Office continues to focus on more efficient, user friendly methods to provide this service. By using technology to make this 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.

OBJECTIVE 1

To produce equitable, accurate, fair, and understandable assessments by focusing on each of the four components of the assessment program.

OUTCOME HISTORY

The primary objective of the Assessor's Office is to establish assessments that are fair, accurate, and eq-

uitable. This results in every property paying only its fair share for the municipal services financed through the property tax. To accomplish its objective, the Assessor's Office focuses on four primary components of the assessment program: assessments, appeals, exemptions, and public information. In 2004, the Assessor's Office will dedicate \$4,120,568 in operating funds and \$500,000 in special

purpose account funding to accomplish this objective.

The assessment component includes ongoing inspection of real property and maintenance of all property and ownership records. Activities also include review and field verification of sales; inspection of properties for which building permits have been issued; ongoing analysis of sales data and assessment equity; audits of personal property; processing personal property returns; and creating real and personal property assessment rolls.

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). Measuring the coefficient of dispersion and the price related differential against the assessment level further tests the uniformity of the assessment roll. The coefficient of dispersion measures the average distance that 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. An assessment is defined to be regressive if low dollar value property is generally over assessed while high dollar value property is under assessed. A progressive assessment is the reverse situation. The target of the calculation is one. If it 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.

The second component of the assessment program focuses on assessment appeals. Both the Wisconsin State Constitution and state law require an appeal process for those wishing to contest the assessment of their property. The Board of Assessors and the

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Assessment level.	96.1%	100.0%	100.0%
Coefficient of dispersion.	9.35	<9.0	<9.0
Price related differential.	1.02	1.00	1.00
Average Internet hits per year.	1,489,880	1,750,000	1,800,000
Funding by Source:			
Operating Funds	\$4,947,547	\$4,603,519	\$4,120,568
Special Purpose Accounts	500,000	500,000	500,000
Total:	\$5,447,547	\$5,103,519	\$4,620,568

Figure 1

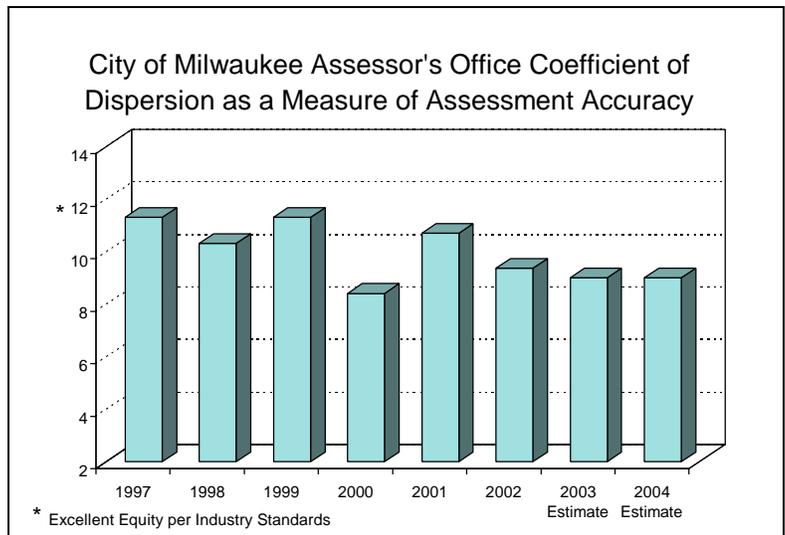
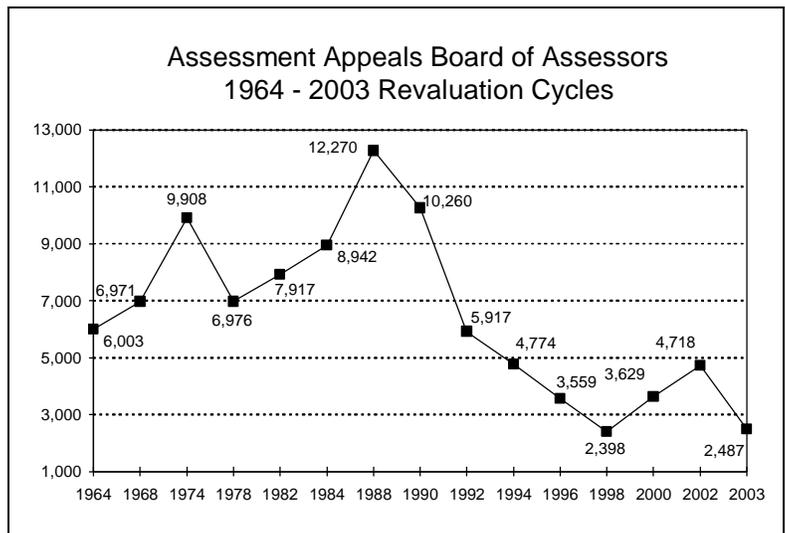


Figure 2



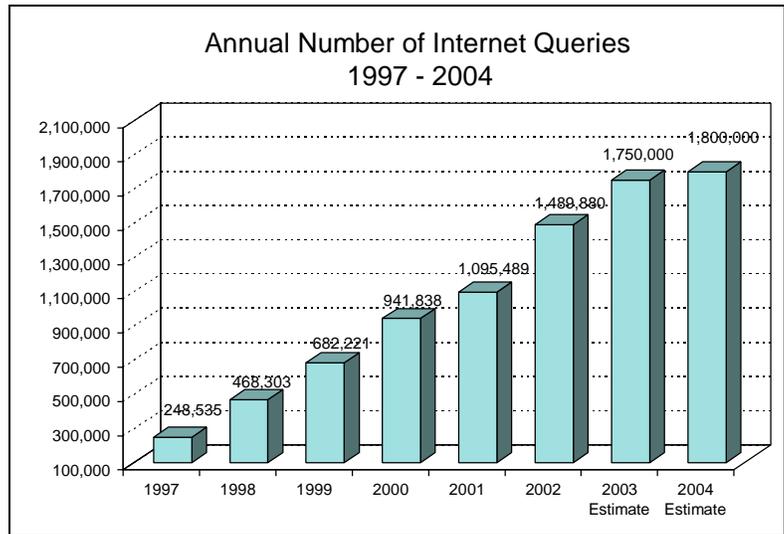
Board of Review hear appeals affording citizens the opportunity to voice concerns or contest an assessment. Figure 2 shows the total number of assessment appeals to the Board of Assessors for each revaluation cycle between 1964 through 2003. Moving to annual revaluations tends to decrease the percentage of appeals overall. This has proven to be the case as the 2003 appeal numbers at 2,487 were about 1.5% of property assessed. Municipalities that have annual revaluations typically find that the appeal numbers continue to dwindle as yearly revaluations become the norm.

In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales data so as to reduce the number of objections. These efforts have resulted in over an 80% reduction in appeals between the 1988 and 2003 revaluations (see Figure 2). Although since the 2000 revaluation, appeals have increased from 1998. This is attributable to property values increasing rapidly and state aids, which are available to municipalities, decreasing. The Assessor's Office remains committed to reducing objections and appeals by increasing opportunities for customer access to information.

The Assessor's Office is also responsible for reviewing requests for tax exemption to determine eligibility. In accordance with Chapter 70 of Wisconsin State Statutes, certain properties are exempt from taxation as determined by the Wisconsin State Legislature. In the City of Milwaukee, there are approximately 7,000 tax exempt properties with an estimated value of \$3.5 billion, an increase of 36% 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. Ongoing reviews are necessary to protect all taxpayers in the city that subsidize tax exempt properties. As an important yet costly component of the assessment program, the Assessor's Office continually strives for greater efficiency in issuing, monitoring, and classifying property tax exemptions. In 2004, the Assessor's Office will work to enhance the computerization of the exemption process and streamline it with the existing valuation system. This will assure that the exemp-

Figure 3



tion requirements continue to be met so that exemptions are properly earned and granted.

The final component of the assessment program is providing public information and education to increase understanding of assessments and the assessment process. The Assessor's Office has found that computer technology enhances its ability to deliver efficient, customer focused service. Automation of some processes via the Internet, electronic updating of ownership data, and distribution of assessment information at local libraries have all proven effective at increasing access to property information while increasing efficiency. Since the inception of Internet based property information, the Assessor's Office has experienced dramatic annual increases in the total number of Internet queries (see Figure 3). The increase in Internet usage indicates the level of public information provided by the Assessor's Office. The department expects usage to increase in 2004.

ACTIVITIES

- Assessment of property
- Processing assessment appeals
- Determining eligibility for exemption
- Providing public information and education

PROGRAM CHANGES

State Mandated Payment for Manufacturing Assessments: The State of Wisconsin is responsible for the assessment of real and personal property of

manufacturing properties. Beginning in 2004, the state will charge local communities for this service. The cost to the city is \$75,000. The 2004 budget includes \$75,000 for the city's payment of this new state mandated service fee.

Complete Mainframe Conversion: As resources become available, the Assessor's Office will be adding exempt information as a component of the Property Valuation System. This will allow for more up-to-date exempt property valuation. In addition to adding this component, the Assessor's Office will work to tie together individual valuation systems to create a seamless system where modifications coincide with the appraiser classification changes.

Annual Revaluations: An ideal property assessment program is one in which assessments are updated annually to assure all properties are assessed at market value. In 2004, the city will provide the second annual revaluation. This will result in even greater equity in distributing costs for city services.

Implement Department Restructuring: In 2004, the Assessor's Office will continue the reorganization of the Appraisal staff, which involves extensive cross training of all Appraisers in the department. Every Appraiser needs knowledge, skills, and abilities to

appraise all types of properties rather than specializing in one class of property. This should create greater flexibility in assigning work and dividing tasks.

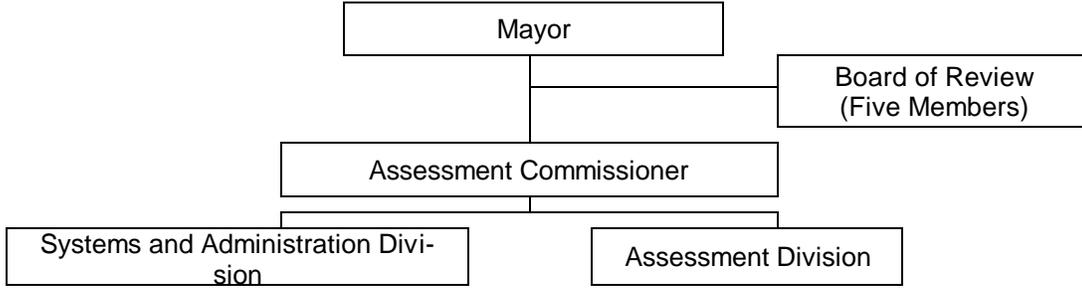
For 2004, implementation involves technical training for all Appraisal staff on property types, valuation methodologies, and valuation systems as well as a "Learning Partner Program". This combined classroom and one-on-one training will result in a smooth transition to the broader assignments required for annual revaluations. This restructuring, along with increased efficiencies and prioritization will further reduce staff by five Appraisers, three Administrative support staff, and one Supervising Assessor for savings of \$301,787.

Fees for Service: The department will seek changes in state law to allow charges for tax exempt property application processing and non-compliance of personal property reporting requirements. Not only will these fees generate revenue for the city but they will also reduce the number of questionable tax exemption applications and encourage personal property owners to comply with reporting requirements. It is expected that these fees will be implemented sometime in 2004.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	61.33	57.66	48.55	-9.11
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	70	65	56	-9
DLH - Operations and Maintenance	114,077	103,800	87,400	-16,400
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$3,295,782	\$3,047,434	\$2,724,779	\$-322,655
Fringe Benefits	1,191,470	1,127,551	1,008,168	-119,383
Operating Expenditures	361,689	338,534	267,621	-70,913
Equipment	0	0	0	0
Special Funds	98,606	90,000	120,000	30,000
TOTAL	\$4,947,547	\$4,603,519	\$4,120,568	\$-482,951
REVENUES				
Charges for Services	\$31,154	\$1,000	\$2,000	\$1,000
TOTAL	\$31,154	\$1,000	\$2,000	\$1,000
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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
-3	-3.00		\$-69,128		Senior Property Appraiser	] Reorganization.
-2	-2.00		\$-80,377		Property Appraiser	
-2	-2.00		\$-56,148		Office Assistant II	
-1	-1.00		\$-63,519		Supervising Assessor Assistant	
-1	-1.00		\$-32,615		Account Assistant I	
	-0.11				Miscellaneous	
-9	-9.11		\$-301,787		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.
- STRATEGIC ISSUES:** Improve effectiveness of office management and procedures through enhanced technology and increased productivity.
- Provide quality legal services to clients.
- Effectively address city liability issues.
- INITIATIVES FOR 2004:** Implement reorganizations of City Attorney management and support staffs to consolidate legal functions and increase efficiency.
- Establish a citywide protocol for *in rem* property tax foreclosures.
- Continue to utilize the Parking Citation Review Manager position to increase customer service for those with parking citations.
-

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.

OBJECTIVE 1

To protect the legal interests of the city and its various agencies, departments, boards, and commissions by increasing the percent of cases resolved by pre-trial evaluation to 59% and decreasing the percent of claims which result in lawsuits to 5% in 2004.

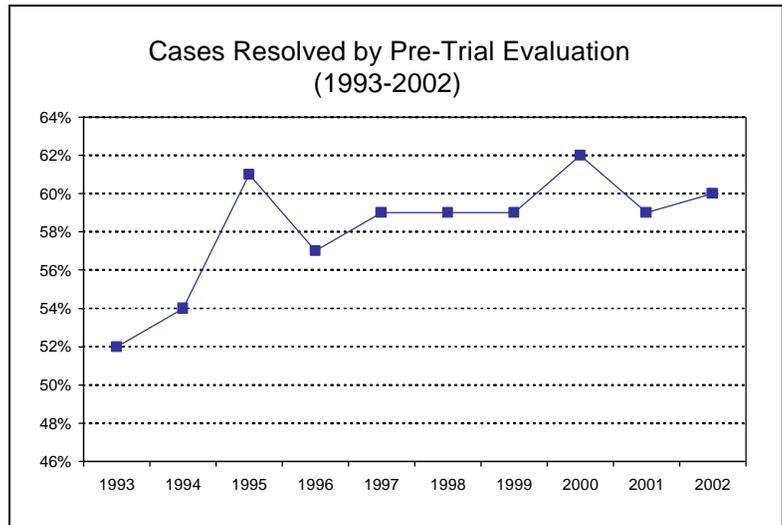
OUTCOME HISTORY

The primary objective of the City Attorney's Office is to protect the legal interests of the City of Milwaukee. The 2004 budget allocates \$11.3 million towards this purpose. To reflect the focus of its activities and programs, the department has two indicators

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Cases resolved by pre-trial evaluation.	60.0%	59.0%	59.0%
Claims that result in lawsuits (reflects claims filed three years prior).	6.8%	4.0%	5.0%
Funding by Source:			
Operating Funds	\$6,130,966	\$6,437,106	\$6,301,050
Grant and Reimbursable	0	0	72,237
Capital Budget	89,082	0	0
Special Purpose Accounts	5,332,623	4,725,000	4,950,000
Total:	\$11,552,671	\$11,162,106	\$11,323,287

that will 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 Figure 1 shows, from 1993 to 1995 the percent of cases resolved by pre-trial evaluation steadily increased. This percentage increased again in 2000, then returned to 1997-1999 levels in 2001. In 2002, 60% of cases were resolved by pre-trial evaluations, a slight increase over the 2001 level.

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 2002, 6.8% of all claims filed against the city resulted in a lawsuit. The City Attorney's goal is to lower this percentage to 5% by 2004.

ACTIVITIES

- Prepare and review corporate and general documents
- Special legal services
 - Police legal services
 - Legislation review
 - Meetings attended and client counseling
 - Risk management
 - Outside counsel/expert witness
- Represent the city in litigation cases
 - Liability claims
 - Civil actions
 - Administrative hearings
 - Litigation documents
- Collection enforcement
 - Real estate taxes
 - Eviction and rent collection
 - Collection contract
 - Mortgage foreclosures
 - Other collection cases
- Ordinance violation prosecution

- Municipal and circuit court prosecutions
- Case review
- Continuing legal education

PROGRAM CHANGES

Reorganization of City Attorney Management and Support Staffs: In 2003, the City Attorney reorganized its legal management team. The reorganization consolidated the office's legal sections from four to three in an effort to more closely align related areas of work. While this reorganization was approved by the Common Council in 2003, the 2004 budget reflects these position changes and the savings generated \$-130,752.

The budget also reflects a reorganization of the City Attorney's support staff. The goal of this reorganization is to streamline the support staff according to legal function. As part of this reorganization, one position of Administrative Specialist Senior is created and a Legal Office Assistant IV and Legal Office Assistant II position are eliminated for savings of \$-37,888.

Establish a Protocol for *In Rem* Actions: The City Attorney's Office has been working with other city departments to develop a protocol for proactive use of *in rem* property tax foreclosures. The protocol will establish criteria to determine which tax delinquent properties to proceed against an *in rem*, rather than an *in personam*, basis. The goal of the protocol is to use *in rem* remedy actions effectively, in a proactive and cost effective manner, to achieve certain

community improvement goals such as brownfield redevelopment; blight and nuisance elimination; and development and improvement.

As part of that process, the City Attorney may need to bring separate *in rem* actions that are apart from the regular *in rem* filings by the City Treasurer. The costs associated with proceeding with those community improvement *in rems* will be borne by the department requesting the filing. In 2003, a resolution will be presented to the Council directing the City Attorney to finalize that protocol and to coordinate interdepartmental *in rem* efforts.

Parking Citation Review Update: The 2003 budget transferred the Parking Citation Review Manager position to the Ordinance Enforcement Division of the City Attorney's Office. Experience has shown that this transfer has been extremely successful in meeting the original goals set for this position. The position has significantly decreased the time Assistant City Attorneys work on parking citation related matters, resulting in the reassignment of one position to the main office in City Hall to concentrate on more pressing legal duties such as court appearances, appeals, civil litigation, and legal opinions. Finally, the position has been able to improve customer service through more consistent decision making for ticket challenges and decreasing wait time for review appointments.

OTHER ACTIVITIES AND CHANGES

Special Purpose Accounts: The City Attorney is responsible for administering six special purpose accounts: Damages and Claims Fund, Outside Counsel and Expert Witness Fund, Fire and Police Discipline and Citizen Complaint Fund, Insurance Fund, Collection Contract, and Receivership Fund.

The Damages and Claims Fund pays for general liability judgments against the city. In 2004, funding will total \$2.4 million, maintaining the 2003 funding level. Funding reflects average expenditures from previous years while also considering more recent legal trends.

The Outside Counsel and Expert Witness Fund is funded at \$225,000 in 2004. This account funds the costs of other law firms when the city needs to retain outside counsel, as well as witnesses who have expertise in certain fields.

The Fire and Police Discipline and Citizen Complaint Fund pays the legal defense expenses for exonerated Police and Fire personnel allowing the city to more clearly track Police Officer and Fire Fighter investigations and the subsequent legal fees paid for sworn

personnel cleared of wrongdoing. The 2004 budget decreases funding for this account by \$25,000 to \$75,000, reflecting current and expected needs.

The 2004 budget includes \$700,000 for the Insurance Fund, an increase of \$100,000 from 2003. This fund pays city premiums for policies such as; property insurance, auto liability, and public officials bonds. Funding for the Insurance Fund is based on estimated premium increases.

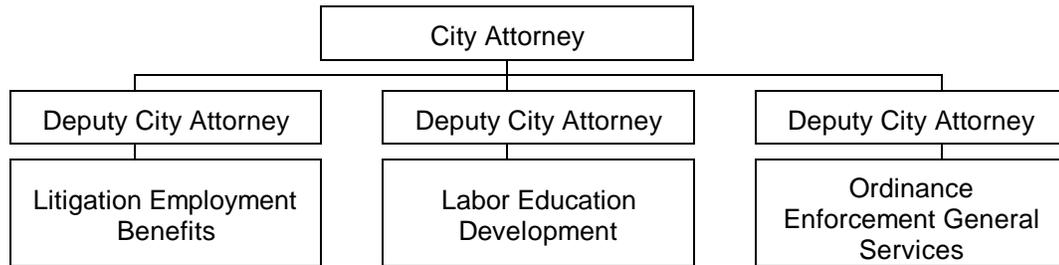
The 2004 budget also allocates \$1.25 million for the Collection Contract Special Purpose Account, an increase of \$250,000 from the 2003 budget. This increase reflects the impact of the tax intercept program, which has generated over \$1.9 million in revenue for the city in the first six months of 2003.

The Receivership Fund pays for costs related to property abatement, related services and supplies, and continuing obligations of previous receiverships. The fund contains \$300,000 for 2004, a decrease of \$100,000 from 2003 levels.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	66.51	54.80	58.40	3.60
FTEs - Other	0.00	1.00	1.00	0.00
Total Positions Authorized	67	65	61	-4
DLH - Operations and Maintenance	96,966	98,640	105,120	6,480
DLH - Other Funds	0	1,800	1,800	0
EXPENDITURES				
Salaries and Wages	\$4,307,766	\$4,287,952	\$4,211,208	\$-76,744
Fringe Benefits	1,227,292	1,586,542	1,558,147	-28,395
Operating Expenditures	516,814	507,612	488,695	-18,917
Equipment	66,422	55,000	43,000	-12,000
Special Funds	12,672	0	0	0
TOTAL	\$6,130,966	\$6,437,106	\$6,301,050	\$-136,056
REVENUES				
Charges for Services	\$942,722	\$322,900	\$373,300	\$50,400
TOTAL	\$942,722	\$322,900	\$373,300	\$50,400
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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	2.00		\$237,510		Deputy Chief Attorney	] Reorganization of City Attorney management (approved in 2003).
-3	-3.00		\$-368,262		Special Deputy City Attorney	
1	1.00		\$40,752		Administrative Specialist Sr	] Reorganization of City Attorney support staff.
-1	-1.00		\$-42,620		Legal Office Assistant IV	
-1	-1.00		\$-36,020		Legal Office Assistant II	
-1					Assistant City Attorney (Aux.)	] Position authority no longer needed.
-1					Paralegal	
	5.60				Various Positions	Refinement of FTE calculation.
-4	3.60		\$-168,640		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 and at the same time respects equity, economy, and ecology.

STRATEGIC ISSUES: Promote an economic climate that fosters lasting investment, innovation, and job creation.

Lead the community's development related, decision making processes to achieve a productive balance between competing land uses and economic interests, ensuring that the physical and economic growth of the city adds value in the urban context.

Enhance and expand the city's housing assets.

Ensure processes, reviews, and approvals are efficient, consistent, and user friendly.

INITIATIVES FOR 2004: Continue implementation of the Menomonee Valley Plan and the Downtown Plan.

Cluster residential and commercial development throughout the city. In 2004, the clustering of neighborhood economic development resources will be invested through a new competitive Neighborhood Commercial Revitalization Program, tentatively named the Citywide Main Street Program.

Facilitate construction of market rate, owner occupied housing throughout downtown and neighborhoods, including the Third Ward, Beerline B, Midtown, Lindsay Heights, and Merrill Park.

Facilitate development of public and private lands at the Fond du Lac and North Neighborhood Plan area and 27th and Wisconsin; also redevelopment of the city's major shopping centers including the Shops at Grand Avenue and Granville Station.

Work with partners to advance the region's technology based economy and sell Milwaukee as a desirable place to live, work, and play.

Continue construction of the RiverWalk north and south of downtown.

Continue to market Milwaukee's mainstreets as viable commercial districts and actively recruit retailers to these areas.

Continue preparation of the citywide comprehensive plan and begin two neighborhood plans.

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 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:

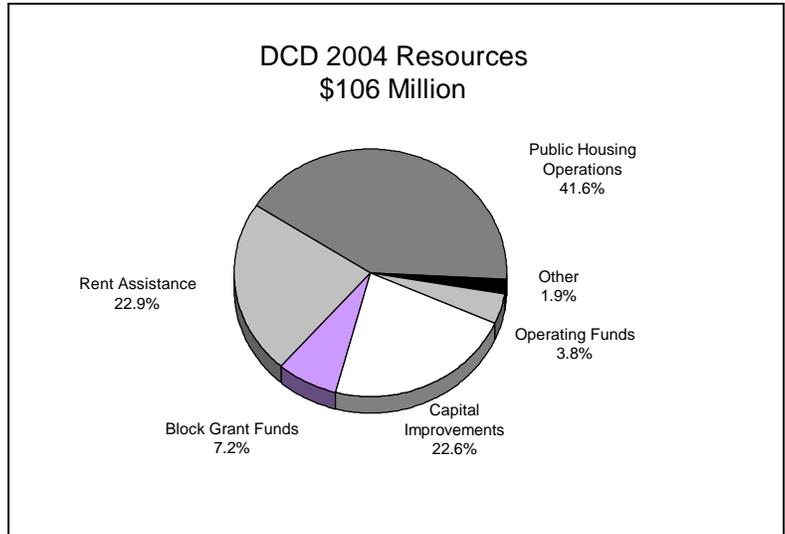
- Housing Authority
- Redevelopment Authority
- Milwaukee Economic Development Corporation
- Neighborhood Improvement Development Corporation

In addition, DCD provides advisory and other support to:

- City Plan Commission
- Historic Preservation Commission
- Milwaukee Arts Board
- Board of Zoning Appeals
- Business Improvement Districts
- Fourth of July Commission
- Common Council Committee on Economic Development

City funding to support the department's operating efforts represents only a small portion, roughly 3.8% of the total resources it controls and uses to fulfill its mission (Figure 1). This amount does not include approximately \$24 million in capital funds, repre-

Figure 1



senting 22.6% of DCD's resources. In addition to city resources, the department expects to administer approximately \$78 million from a variety of non-city funding sources, including federal block grant funds (\$7.7 million), federal rent assistance funds (\$24.3 million), federal public housing funds (\$44.1 million), and other grants (\$2 million). In total, DCD anticipates that it will receive and have responsibility for approximately \$104.4 million in funding for fiscal year 2004. DCD also oversees \$491,000 in special purpose accounts and \$4.8 million in the Economic Development Fund used by the department and other organizations.

OBJECTIVE 1

Promote an economic climate that fosters lasting investment, innovation, and job creation in the City of Milwaukee, as measured by creating and retaining 4,000 jobs in 2004.

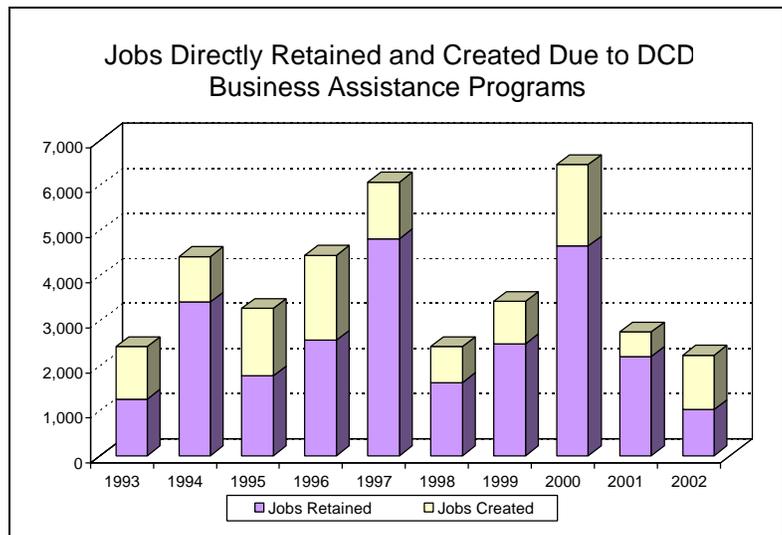
OUTCOME HISTORY

One of DCD's objectives is to facilitate the creation of job opportunities for Milwaukee residents. When DCD provides assistance to businesses through loans, façade grants, tax exempt bonds, development zone tax credits, and other programs, it tracks the number of jobs created and retained as a result of its actions.

	2002 Experience	2003 Budget	2004 Projection
Private investment for every city dollar.	\$7.44	\$8.00	\$8.00
Jobs retained.	1,207	2,300	2,300
Jobs created.	1,026	1,700	1,700
Funding by Source:			
Operating Funds	\$2,183,227	\$1,716,852	\$1,112,334
Grant and Reimbursable	4,588,460	3,639,200	4,584,104
Capital Budget	17,089,237	16,500,000	23,600,000
Special Purpose Accounts	4,271,014	516,000	491,000
Total:	\$28,131,938	\$22,372,052	\$29,787,438

During 2002, DCD worked stringently with numerous businesses to retain 1,026 jobs and create 1,207 new jobs within the city. DCD also measures its effectiveness in attracting jobs by tracking the amount of private investment generated by city programs. Of the businesses that received assistance in 2002, they invested a total of \$475 million in Milwaukee. On average, for every dollar that DCD programs provided, private companies invested \$7.44 of their own funds in their project. When MEDC activities are included, every dollar invested in 2002 increased to \$10.54. In 2004, \$1.1 million of DCD operating resources will contribute to a total of \$29.8 million of total city resources focused on this private investment and job creation objective.

Figure 2



ACTIVITIES

- Market Milwaukee as a business location
- Economic Development Business Assistance
 - Make loans to businesses (MEDC)
 - Provide development zone certification
 - Provide bonds (RACM)
 - Develop/market industrial land (MEDC)
 - Assemble and cleanup sites
 - Assist business improvement districts
 - Provide other capital resources
 - Support to tax incremental districts
- Operate Milwaukee's Citywide Main Street Program

PROGRAM CHANGES

Position Changes: DCD intensely pursues economic stimulation and development for Milwaukee while creatively reducing the cost of its operations to the city. In 2004, DCD will eliminate in the General Management and Policy Development Decision Unit positions of Administrative Assistant I, Urban Development Manager, Personnel Payroll Assistant II, and an auxiliary Real Estate Specialist and Real Estate Analyst Senior. The changes will produce operating salary savings of \$37,203. Also within this decision unit, the positions of Economic Development Policy Coordinator, Redevelopment and Special Projects Manager, Small Business Development Officer, Real Estate Analyst Senior, Relocation Specialist III, Program Monitor, Management Accountant Senior, Accounting Manager, and Office Assistant III will move

from city to direct HACM or RACM funding. This produces operating salary savings of \$89,623. To better reflect their responsibilities, various other positions in the General Management and Policy Development Decision Unit and Community Planning and Development Services Decision Unit will experience funding changes that total \$269,041 in operating salary savings.

Milwaukee's Citywide Main Street Program: Throughout 2003, DCD and the Community Block Grant Administration (CBGA) analyzed the city's approach to neighborhood commercial revitalization. It is anticipated that in 2004 a fresh approach, which may be similar to the National Main Street Program, will be introduced.

The Main Street Center's model for commercial revitalization utilizes a four point approach (organization, promotion, economic restructuring, and design). This model embraces a competitive selection and designation process. As many as four districts could be designated in 2004. Subsequently, these districts would receive a multi-year commitment by the city for technical support, leveraged funding, and basic organizational funding support.

This new initiative is being designed to bring new resources to neighborhood commercial revitalization, increase capacity and sustainability of neighborhood partners, and result in better clustering of development resources.

Retail Investment Fund (RIF): The RIF Program continues to successfully leverage private investment, create jobs, and put new businesses in neighborhood commercial districts. Since the fund was established in 1999, a total of \$1,161,500 in grants has been awarded to more than 47 small businesses. Those dollars have leveraged an additional \$12.2 million in private investment and helped create 352 jobs. Of the businesses assisted, 30 have been minority-owned and 17 women-owned. In 2002, grants totaling \$520,500 have been awarded to 22 businesses, creating 174 new jobs and leveraging \$3.3 million upon completion of the projects.

Citywide Façade Grant: Since its inception in 1998, the Façade Grant Program has awarded more than \$3.1 million to more than 350 businesses while leveraging approximately \$8 million in private investment. In 2002 and 2003, the program awarded nearly \$1 million to 100 businesses located throughout the city. In 2004, DCD will continue to provide resources to businesses to improve retail commercial storefronts throughout the city.

Downtown Development: DCD will continue to pursue retail, office, and entertainment developments consistent with the objectives of the Downtown Plan. Major initiatives will include the redevelopment of the former Park East Freeway Corridor, also the former Pabst Brewery complex is proposed as an entertainment center known as Pabst City. DCD will also continue to work to develop the city owned property located at North Fourth Street and West Wisconsin Avenue. Focus will be in facilitating high quality mixed use developments throughout downtown with a special emphasis on preserving the built environment.

Business Improvement Districts: Business Improvement Districts (BIDs) are special assessment districts created at the petition of local commercial property owners. BID initiatives tend to grow out of local business organizations that have identified needs for creating a positive environment for development. DCD considers creating business associations, BIDs, and other groups interested in economic development vital in cultivating the partnerships necessary to sell Milwaukee as a marketplace.

For 2004, there are 24 active BIDs in Milwaukee, each governed by a local board. Collectively, these BIDs

raise over \$4.8 million annually for activities such as economic development, administration, streetscaping, and public safety projects.

In 2003 and 2004, the newly formed Atkinson Capitol Teutonia (ACT) Business Improvement District will launch its \$870,000 streetscape project funded by a WISDOT Enhancement Grant. BIDs located on East Capitol Drive (Riverworks), West Burleigh Street, and West North Avenue will complete streetscaping projects in their districts.

Park East - U.S. Highway 145 Reconfiguration and Redevelopment: The removal of the Park East Freeway opens up 26 acres for development, with a potential of more than \$250 million in new development. The city's draft "Park East Redevelopment Plan", prepared in 2002, envisions a mix of uses throughout the corridor, including residential, office, retail, and entertainment. The plan divides the former freeway corridor into three districts, each with their own distinct uses and design standards. The plan also encourages the extension of the RiverWalk along the Milwaukee River. The planning process for the draft redevelopment plan emerged from a broad consensus of downtown stakeholders, business owners, neighborhood organizations, and city and county officials.

RiverWalk Extension: The city's RiverWalk is spurring economic development and improving access to the Milwaukee River. Since the project's inception in 1994, the property values in the downtown Milwaukee River BID area have increased by nearly \$182 million, an increase of 54%. Much of this is attributable to new residential development directly on the river and new commercial development in the area. In 2003, work was completed on a major portion of the Historic Third Ward RiverWalk between Clybourn Street and the Broadway Bridge.

Market Milwaukee: A main focus of DCD's Economic Development Division is the retention and expansion of Milwaukee businesses. The products and services developed for that purpose (MEDC loans, bond issues, site searches, etc.) are marketed to the Milwaukee area business community. To expand DCD's business recruitment reach even further, the division participated in the Spirit of Milwaukee venture that developed a unified brand image and message for the Milwaukee area.

Menomonee River Valley: In 2003, the Redevelopment Authority of the City of Milwaukee completed condemnation proceedings against CMC Heartland Partners and purchased 134 acres for \$3.5 million. Completion of that property purchase will allow the city to proceed with massive site preparation work throughout 2004. This will include demolition of thousands of square feet of relic building foundations and more than six miles of derelict brick sewers, extensive environmental cleanup, filling, and mass grading. Canal Street will be built in time to serve as a mitigation route beginning in 2005 for the Marquette Interchange reconstruction. Clean and buildable industrial sites will be for sale to private end users beginning in 2005.

Real Estate Services: The Department of City Development is responsible for the management and disposition of real estate acquired by the City of Milwaukee. Land use planning and urban design principles that ensure orderly platting and growth and sustainable human scale development guide these activities.

In 2002, DCD closed 400 sales that generated income in excess of \$4.4 million. The amount of private investment in those residential and commercial sales was approximately \$51 million.

Blight elimination and land acquisition activities have increased over recent years and seem to be in direct correlation to improved local economic conditions. In 2000, 15 acquisition projects were completed. In 2002, DCD staff managed 70 cases that will facilitate industrial, residential, commercial, and institutional investments in many neighborhoods. The Redevelopment Authority, as part of larger neighborhood development projects, carries out these activities.

Brownfield Redevelopment: With years of experience in brownfield redevelopment, the city has now participated in over 66 brownfields projects. On average, every dollar that the city has contributed to testing or cleanup has resulted in \$56 of redevelopment activity. In 2002, additional funding of more than \$2.1 million was obtained from the U.S. Environmental Protection Agency, Wisconsin Department of Natural Resources, and Wisconsin Department of Commerce to conduct site testing and remediation. In 2002, \$250,000 of CDBG resources was used in combination with MEDC, city, and grant funds to assist with this work. CDBG funding was used for 23 properties, which assisted in funding the removal of 18 underground storage tanks, the demolition of 2 buildings, and provided testing and cleanup resources that led to committed redevelopment of approximately \$7 million. DCD will continue to actively seek grant funding and develop staff capacity for brownfields redevelopment in 2004.

Program Result Measures: The department has developed management indicators related to the retention and creation of jobs and increase in the tax base. These measures include the following:

- Dollars of private investment in job-creating projects assisted by the City of Milwaukee;
- Dollars of private investment in neighborhood-based businesses;
- Dollars of private investment for every dollar of public investment; and
- Number of businesses certified in development zones.

These measures will be enhanced or modified as needed.

OBJECTIVE 2

Support investment in new, diverse housing choices and operate federally funded, low income programs as measured by creating 500 new housing units in 2004.

OUTCOME HISTORY

DCD supports the development of both market rate and affordable housing in the city by

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Number of new housing units.	714	514	500
Number of units rehabilitated.	542	464	446
Funding by Source:			
Capital Budget	\$199,719	\$200,000	\$200,000
Grant and Reimbursable	8,257,285	9,842,967	7,450,000
Total:	\$8,457,004	\$10,042,967	\$7,650,000

providing assistance to potential housing developers. Specific services include assembling, preparing, and marketing property for residential development and facilitating the development process.

Milwaukee continued to experience large gains in the number of new housing units in 2002, with 714 units completed (see Figure 3). These figures include NIDC Community Homes Program activities. A significant number of conversions of vacant and underutilized buildings added to the range of housing options. Demand is strong throughout the city and assessed values and levels of owner occupancy are increasing.

New units are being developed across a range of price levels and represent a mix of both new construction and conversion, and renovation of former commercial, manufacturing, and warehouse properties. The success of recent projects continues to fuel strong interest in housing in the city from both developers and residents, many of whom are moving in from residences outside the city.

DCD is involved in providing support and advice for neighborhood based, single family housing developments. DCD also collaborates with the Department of Neighborhood Services to promote new residential infill development in neighborhoods. In 2004, DCD will dedicate a total of \$7.7 million in capital and grant and aid funds toward this objective.

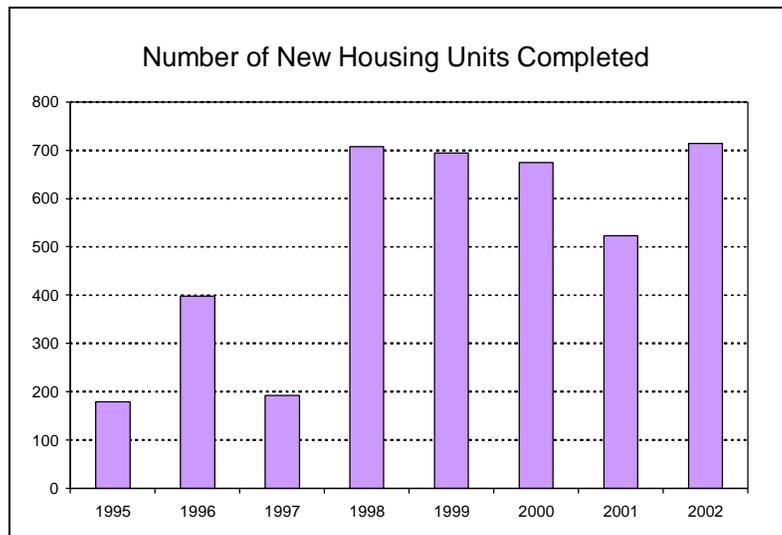
ACTIVITIES

- Support private housing development
- Promote opportunities for new housing development
- Facilitate the regulatory and approval process for residential developers
- Assemble, prepare, and market sites suitable for new housing development
- Analyze housing markets

PROGRAM CHANGES

Beer Line “B” Housing: In 2004, DCD will continue implementation of the master plan for development of this 44 acre project area along the Milwaukee River near the Brewers Hill neighborhood. Construction will continue and/or be completed on eight signifi-

Figure 3



cant new development projects in the area. These projects will bring 514 new housing units to the neighborhood and more than \$97 million in new investment.

Neighborhood Development: In 2004, construction will continue on several new neighborhood residential projects representing more than \$70 million in new development. Many involve the restoration of vacant properties and revitalization of under utilized public lands. The second phase of Cherokee Point, a high quality, traditional single family development being built on long vacant, decommissioned freeway lands, will be underway in 2004. When completed, the development will contain 77 owner occupied homes, 6 town homes, and 40 condominiums with a value of more than \$25 million.

DCD created a TID to support single family infill development on vacant city owned lots and the rehabilitation of existing properties in the Lindsay Heights neighborhood, between Walnut and Locust Streets and 12th to 20th Streets. This unique initiative, which involves neighborhood residents, WHEDA, the local financial community, and non-profit organizations is expected to result in more than \$8 million of residential investment in the neighborhood. In 2004, a high quality new subdivision will be underway at 14th and Lloyd Streets that will further support infill development efforts in the neighborhood and add an estimated 40 new single family homes with a value of more than \$6 million.

Downtown and Near Downtown Neighborhoods: Milwaukee's Downtown Plan calls for the addition of a variety of housing options in the downtown neighborhood. Between 1999 and 2002, almost 1,200 new housing units were either completed or under construction in the downtown area. With continuing strong interest in downtown living, a number of projects will be under development in 2004, ranging from loft conversions, new town homes, and high rise buildings.

The construction of Cathedral Place, at the corner of Jefferson and East Wells Street, includes 30 new condominiums with a value of over \$8 million. Across from Milwaukee's lakefront, two luxury high rise condominium developments will be under construction in 2004. Kilbourn Tower and University Club Tower will contain a combined 125 condominium units and will add over \$120 million to the city's tax base.

In the Third Ward, the second and third phases of the Jefferson Block Apartments will be completed in 2004 on former Redevelopment Authority owned land at Jefferson and Menomonee Streets. The project

contains 207 apartments, ground floor retail space, and represents more than \$30 million in new investment. Immediately adjacent, at Milwaukee and Menomonee Streets, a combination of 140 apartments and condominium units, along with retail space, is being developed on vacant land. This project has an estimated value of more than \$20 million.

Along Wisconsin Avenue, two prominent buildings are being converted to create additional residential rental opportunities. The Boston Lofts, located above Boston Store, will contain 74 units with a value of more than \$8 million. At the historic Majestic Building at Second and Wisconsin Avenue, affordable rental opportunities will be created when the building is converted into 113 apartments, representing \$12 million in new investment.

The residential market is also active just south of the Third Ward in the nearby Fifth Ward/Walker's Point neighborhood. Water Street Lofts a \$16 million, 80 unit condominium project and The Waterfront, a \$20 million, 64 unit condominium development, both located on South Water Street, will be completed in 2004.

OBJECTIVE 3

Use planning and permitting as a tool to guide and support public and private investments as measured by 95% of construction plans completed in 15 days or less in 2004.

OUTCOME HISTORY

Overall, a trend of increasing property values is continuing citywide. Sustainability of this trend over the long term requires that both public and private investments not only respect the context of the neighborhoods in which they are located but also add value.

City planning and permitting activities provide the guidance required for value adding development. Guidance comes in the form of the zoning ordinance, land use plans, urban design standards, the historic preservation ordinance, and building codes.

Administration of these regulations by staff requires sensitivity to both the long range goal of appropriate physical development and the more immediate mar-

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Percent of construction plans completed in 15 days or less.	73.0%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$2,362,954	\$2,573,974	\$2,422,293
Grant and Reimbursable	336,185	485,800	485,800
Capital Budget	285,878	150,000	150,000
Total:	\$2,985,017	\$3,209,774	\$3,058,093

ket realities to which the development community must react. In 2004, the department will allocate a total of \$3.1 million, including \$2.4 million in operating funds, toward this objective.

ACTIVITIES

- Land use planning
 - Create land use plans
 - Provide planning reviews

- Create and administer urban design standards
- Development and Permit Center
 - Review project plans
 - Issue permits

PROGRAM CHANGES

Position Changes: For 2004, the Community Planning and Development Services Decision Unit has made changes in its positions and funding. Vacant positions of Associate Planner, Office Assistant III, and Office Assistant II are eliminated, creating operating salary savings of \$52,428. Various operating and non-operating funding changes are made for the positions of Planning Director, Graduate Intern, Office Assistant III, and Associate Planner.

Neighborhood Planning: The neighborhood planning process is a collaborative effort between the city and area stakeholders, such as community-based organizations, business groups, churches, non-profits, and other private sector agencies. Neighborhood selection is based upon the urgency of redevelopment issues facing the area and its partners. In 2002 and 2003, the Fond du Lac Neighborhood Plan, the Design Guidelines for Westown, the UWM Neighborhood Study, and the Park East Redevelopment Plan was completed. In 2004, work will continue on the Historic Third Ward and the Menomonee Valley East End Redevelopment Plans.

Historic Preservation: In 2004, staff will work to revise Milwaukee’s historic preservation ordinance to simplify and clarify procedures. Staff will work to make local preservation activities more visible through media such as the Internet and publication

of a twice-a-year newsletter for owners of historic properties.

Development Center: In 2003, the Development Center expanded its use of the Project Tracking System (PTS) to departments outside of DCD that are involved in development plan reviews. The database consolidates information about reviews and approvals by a variety of city staff into a single electronic record. PTS also facilitates the issuance of permits.

An online permit system developed with a \$164,000 Technology Improvement Grant from the Department of Administration will allow issuance of certain high volume permit types in 2004. The center has significantly expanded its presence on the Internet and will continue to make permit forms and customer information available to the public through its web site. The center has also moved to electronic property record retention; records such as building permits are now widely available to city staff via the Intranet.

Program Result Measures: A key component in completing any development project is the receipt of the appropriate permits. The city can affect this phase through the use of an efficient permit center. Management will use indicators that include the following to monitor the permitting function:

- Number of development plans approved;
- Average length of time to approve 80% of the development plans;
- Number of permits issued;
- Average waiting time for walk-in customers;
- Number of certificates of appropriateness; and
- Average length of time to issue certificates of appropriateness.

OBJECTIVE 4

Operate federally funded and low income housing programs.

OUTCOME HISTORY

The Housing Authority of the City of Milwaukee (HACM) was chartered in 1944 and is responsible for the construction, management, and provision of safe, affordable, and quality

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Housing Authority rating.	94	N/A	95
Funding by Source:			
Operating Funds	\$61,120	\$0	\$0
Grant and Reimbursable	72,758,299	76,485,080	68,342,170
Total:	\$72,819,419	\$76,485,080	\$68,342,170

housing with services that enhance residents' self-sufficiency. Non-city funding of \$68.3 million supports this objective in 2004. HACM receives the majority of their funding from the U.S. Department of Housing and Urban Development.

ACTIVITIES

- Lease, maintain, and improve public housing units
- Issue and renew rent assistance certificates and vouchers
- Inspect privately owned housing units for rent assistance contracts
- Increase the self-sufficiency of residents through partnerships with other organizations

Position Changes: DCD's Public Housing Programs Decision Unit consists of Housing Authority and Neighborhood Improvement Development Corporation (NIDC) staffs. In 2004, both HACM and NIDC reduced staffing in response to reductions in federal and block grant funding. For additional details, please refer to the "Detailed Listing of Positions and Full Time Equivalents' Changes".

The Housing Authority has developed a number of award winning programs that focus on the development of healthy communities, which provide safe environments for families and children. It measures the impact of these programs by looking at changes in property values, educational levels, and income. The 2004 budget reflects four major initiatives:

- Economic self-sufficiency initiatives;
- Homeownership;
- Public safety;
- Physical improvements to ensure the long term viability of city housing.

Economic Self-Sufficiency Initiatives: Long term economic self-sufficiency will only be achieved through employment. The Housing Authority has a number of initiatives to help residents obtain and retain family supporting jobs. The Housing Authority has two resident employment coordinators who work very closely with the W-2 coordinating agencies to ensure that residents do not "fall through the cracks".

In 2002, the Housing Authority's Strategic Alliance of Workforce Development, a collaboration of the Housing Authority with employers in high growth industries, resulted in 13 residents being hired at family supporting wages.

The Hillside Family Resource Center continues to play a significant role in sustaining self-sufficiency of public housing residents. In 2002, over 35,000 visits were made to the Resource Center. The Resource Center also functions as an informational center on the Earned Income Tax Credit Program.

The Housing Authority is also involved in several educational initiatives that are designed to help every young person achieve academic excellence. In 2002, 35 HACM Scholarships were awarded to residents pursuing post-secondary education.

Homeownership: Since 1994, the Housing Authority has helped 200 of its residents purchase their own homes. Ninety-two Housing Authority residents purchased their home as part of HACM's 5(h) Program, which is a HUD approved program for selling Scattered Sites, adding more than \$4 million to the city's tax base. HACM staff helped another 94 residents purchase homes in the private market. HACM has taken applications from 953 residents interested in its Homeownership Program.

Public Safety: HACM has a high quality, in-house public safety program. December of 2002 saw the end to the HUD grant funded Drug Elimination Program, which funded HACM's Public Safety Program. HACM has addressed the loss of \$1.5 million to pay for public safety services by reducing staffing, overheads, and creating efficiencies in other areas. A Homeland Security Grant to HACM in the amount of \$225,000 partially offset the loss of HUD funds.

Physical Improvements: The Housing Authority has received four Hope VI Grants from HUD to revitalize Hillside Terrace, Parklawn, the Lapham Park Family Development (funding for the Lapham Park revitalization includes \$9.6 million of equity generated from low income tax credits), and Highland Park. The revitalization of these family developments included a reduction in both the density and the physical and social isolation of these communities by reconnecting them to the surrounding neighborhoods.

HACM is planning to revitalize Highland Park within the next 18 months. All revitalization is being performed without any local tax dollars.

Program Result Measures: The Housing Authority will refine program measures as needed. The current

measures include: occupancy and lease-up; revitalization of distressed public housing; homeownership; crime; minority, women, and disadvantaged business participation; increased wage income; and partnerships.

SPECIAL PURPOSE ACCOUNTS

In 2004, DCD will oversee the administration of \$491,000 in Special Purpose Accounts (SPA). This includes the \$169,000 city contribution for Business Improvement Districts. DCD also administers accounts for the Fourth of July Committee (\$130,000)

and the Milwaukee Arts Board (\$192,000). The Arts Board funding is reduced by \$25,000, which is consistent with 2000 funding. The reduction will eliminate funding for the additional consultant that was added in 2001.

CAPITAL IMPROVEMENTS

The 2004 budget includes \$23,950,000 in capital funding. Projects include:

Table 1

Advance Planning Fund: The 2004 budget includes \$150,000 for DCD to conduct preliminary planning studies and research into land use, marketing, development and redevelopment proposals, and other issues.

Neighborhood Commercial Revitalization: This fund contains \$500,000 for street improvements. The city forms public/private partnerships with neighborhood merchants for the purpose of upgrading the appearance of commercial streets.

Business Improvement Districts: The 2004 budget provides \$500,000 in funding that allows the city to continue this program, allowing a BID to borrow the cost of the project through the city and repay the city over time, both principal and interest.

Tax Incremental Financing: The 2004 budget provides for \$19,000,000 in capital funding based on an annual forecast of borrowing authority required to

Department of City Development Summary of Capital Funds		
Account Description	2003 Capital Budget	2004 Proposed Capital Budget
Advance Planning Fund	\$150,000	\$150,000
Neighborhood Commercial Revitalization	500,000	500,000
Business Improvement District	500,000	500,000
Tax Incremental Districts	14,000,000	19,000,000
TID Developer Revenues	0	1,600,000
Development Fund	1,700,000	2,200,000
Total City Funding:	\$16,850,000	\$23,950,000

sustain TID expenditure needs. This is \$5,000,000 more than 2003 due to the size and rapid advancement of several large projects like the Park East and Menomonee Valley. For 2004, the capital budget also includes \$1.6 million for developer revenues.

Development Fund: The 2004 budget includes funding of \$2,200,000 for the Development Fund. The fund is utilized when a project is too small to warrant or is not appropriate to create a TID. This is an increase of \$500,000 from 2003.

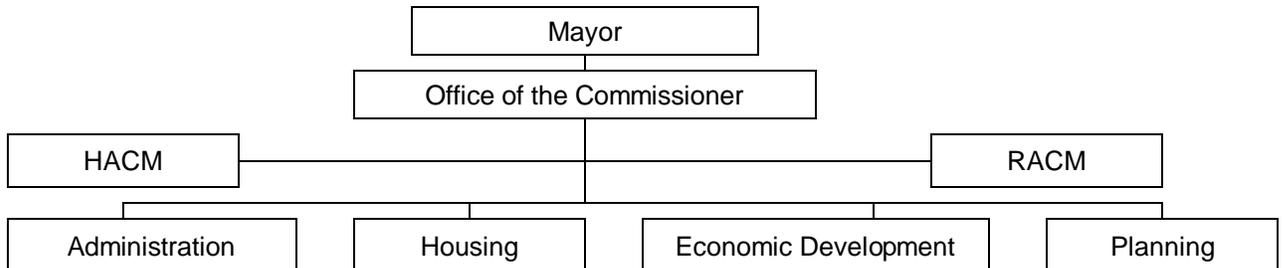
BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	57.70	55.91	46.75	-9.16
FTEs - Other	152.77	243.59	188.25	-55.34
Total Positions Authorized	271	325	252	-73
DLH - Operations and Maintenance	103,855	100,638	84,150	-16,488
DLH - Other Funds	274,991	440,262	338,850	-101,412
EXPENDITURES				
Salaries and Wages	\$2,911,267	\$2,635,366	\$2,175,478	\$-459,888
Fringe Benefits	1,052,414	975,085	804,927	-170,158
Operating Expenditures	504,294	577,475	460,974	-116,501
Equipment	0	0	0	0
Special Funds	145,326	102,900	93,248	-9,652
TOTAL	\$4,613,301	\$4,290,826	\$3,534,627	\$-756,199
REVENUES				
Charges for Services	\$420,284	\$447,200	\$383,700	\$-63,500
Licenses and Permits	806,331	592,000	641,500	49,500
Miscellaneous	624,885	300,000	415,000	115,000
TOTAL	\$1,851,500	\$1,339,200	\$1,440,200	\$101,000

CAPITAL PROJECTS - Includes \$23,950,000 for the following projects:

- a. Advance Planning Fund - \$150,000
- b. Neighborhood Commercial Revitalization - \$500,000
- c. Business Improvement Districts - \$500,000
- d. Tax Incremental Districts - \$19,000,000
- e. TID Developer Revenues - \$1,600,000
- f. Development Fund - \$2,200,000

ORGANIZATION CHART



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		\$-29,601	Administrative Assistant I	Positions eliminated.
-1	-0.44	-0.56	\$-37,203	\$-47,350	Urban Development Manager	
-1		-1.00		\$-30,890	Personnel Payroll Assistant II	
-2		-2.00		\$-49,856	Office Assistant II	
-1					Real Estate Specialist (Aux.)	
-1					Real Estate Analyst Senior (Aux.)	
-1	-1.00		\$-53,158		Economic Development Policy Coordinator	Positions eliminated (to direct HACM or RACM).
-1	-0.49	-0.51	\$-36,465	\$-37,954	Redevelopment and Special Projects Manager	
-1		-1.00		\$-65,496	Small Business Development Officer	
-1		-1.00		\$-50,756	Real Estate Analyst Senior	
-1		-1.00		\$-39,259	Relocation Specialist III	
-1		-1.00		\$-41,182	Program Monitor	
-1		-1.00		\$-38,634	Management Accountant Sr	
-1		-1.00		\$-38,634	Accounting Manager City Development	
-1		-1.00		\$-31,240	Office Assistant III	
	-0.52	0.52	\$-42,246	\$42,246	Marketing Development Services Manager		Funding changes to better represent positions' duties and responsibilities.
	-0.62	0.62	\$-26,662	\$26,662	Marketing Program Coordinator	
	-0.50	0.50	\$-8,788	\$8,788	College Intern	
	-0.75	0.75	\$-60,280	\$60,280	Neighborhood Development Manager	
	-0.70	0.70	\$-35,259	\$35,259	Economic Development Specialist	
	-1.00	1.00	\$-38,516	\$38,516	Geographic Information Technician II	
	-0.38	0.38	\$-32,130	\$32,130	Budget and Management Reporting Manager	
	-0.51	0.51	\$-25,160	\$25,160	DCD Personnel Officer	
	0.19	-0.19			Miscellaneous Adjustment	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
Public Housing Programs Decision Unit						
-1		-1.00		\$-43,889	Administrative Assistant I	Position changes due to reduction in grant funding.
-1		-1.00		\$-41,182	Housing Manager III	
-1		-1.00		\$-54,086	Housing Manager II	
-1		-1.00		\$-29,787	Custodial Worker II/City Laborer	
-1		-1.00		\$-30,890	Office Assistant IV	
-2		-2.00		\$-59,574	Custodial Worker II/City Laborer	
1		1.00		\$33,183	Building Maintenance Mechanic II	
-2		-2.00		\$-61,780	Office Assistant IV	
-1		-1.00		\$-28,348	Office Assistant III	
-1		-1.00		\$-46,785	Tenant Selection and Certification Manager	
-2		-2.00		\$-56,696	Office Assistant III	
-1		-1.00		\$-75,491	Section 8 Program Manager	
-1		-1.00		\$-47,549	Rent Assistance Inspector	
-1		-1.00		\$-46,785	Housing Production Manager	
-2		-1.00		\$-34,008	Management Accountant II (0.5 FTE)	
-1		-1.00		\$-24,928	Office Assistant II	
-7		-7.00		\$-288,274	Housing Rehabilitation Specialist Sr	
-1		-1.00		\$-36,241	Housing Rehabilitation Specialist	
-1		-1.00		\$-34,007	Administrative Specialist	
-2		-2.00		\$-49,856	Office Assistant II	
-1		-1.00		\$-36,241	Housing Program Specialist	
-1		-1.00		\$-34,007	Administrative Specialist	
-1		-1.00		\$-34,007	Loan Specialist	
-3		-3.00		\$-88,056	Office Assistant III	
-1		-1.00		\$-41,182	Housing Rehabilitation Specialist Sr	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-2		-2.00		\$-77,268	Administrative Specialist Sr	Position changes due to reduction in grant funding.
-1		-1.00		\$-90,328	Housing and Neighborhood Development Manager	
-1		-1.00		\$-65,571	Fiscal Officer	
-1		-1.00		\$-54,086	Housing Program Supervisor	
-1		-1.00		\$-61,451	Community Housing and Preservation Manager	
-3		-3.00		\$-150,218	Housing Rehabilitation Specialist Sr	
-1		-1.00		\$-54,086	Administrative Specialist Sr	Transferred to Department of Neighborhood Services.
-1		-1.00		\$-43,889	Code Enforcement Assistant Supervisor	
-1		-1.00		\$-41,182	Housing Rehabilitation Coordinator	
-2		-2.00		\$-95,030	Housing Rehabilitation Inspector	
-1		-1.00		\$-40,910	Administrative Specialist Sr	
-1		-1.00		\$-28,348	Office Assistant III	
-1		-1.00		\$-46,785	Financial Service and Marketing Manager	Position eliminated (to direct RACM).
		5.00			Miscellaneous Adjustment	Various HACM positions.
Community Planning and Development Services Decision Unit						
-2	-0.54	-1.46	\$-21,068	\$-56,960	Associate Planner	Vacant positions eliminated.
-1	-1.00		\$-31,360		Office Assistant III	
-1		-0.50		\$-12,464	Office Assistant II (0.5 FTE)	
	-0.20	0.20	\$-20,052	\$20,052	Planning Director	Funding changes to better represent positions' duties and responsibilities.
					Graduate Intern	
	-0.50	0.50	\$-15,680	\$15,680	Office Assistant III	
	-0.20	0.20			Associate Planner	
-73	-9.16	-55.34	\$-484,027	\$-2,405,121	TOTAL	

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

NOTE: The budget of this agency is not under control of the Common Council. This information is being provided to portray more fully the activities administered by the Department of City Development.

The Housing Authority of the City of Milwaukee (HACM) 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.

ACTIVITIES

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

Table 1 provides an illustration of funding levels of various programs operated by the Housing Authority.

Budget: 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.

Homeownership: HACM has an extremely successful homeownership program which has helped more than 200 residents purchase homes and added more than \$4 million to Milwaukee's tax base during the past eight years. Forty new homes will be available for sale to public housing families this year, and 24 new market rates homes will be available for sale in 2004 as part of the Highland Park revitalization.

Table 1

HOUSING AUTHORITY PROGRAMS AND FUNDING		
PUBLIC HOUSING PROGRAM	2003 FUNDING	2004 ESTIMATED FUNDING LEVEL
1. LOW INCOME HOUSING		
Rental Income and Reserves	\$12,709,970	\$13,091,270
Federal Operating Subsidy	8,621,940	7,759,750
Subtotal:	\$21,331,910	\$20,851,020
2. URBAN REVITALIZATION (HOPE VI)		
Lapham	\$2,000,000	\$0
Parklawn	2,000,000	0
Highland Park	10,000,000	9,000,000
3. RENT ASSISTANCE PROGRAM		
	\$23,579,240	\$24,286,610
4. VETERAN'S HOUSING		
Operating and Maintenance	\$4,908,210	\$5,104,540
Capital Improvements	\$2,000,000	0
5. OTHER		
	\$2,180,000	\$2,200,000
Total:	\$67,999,360	\$61,442,170

Partnerships: The Housing Authority works in partnership with community based organizations to maximize public and private sector funding. S.E.T. Ministry provides case management services for elderly and disabled persons in the highrise developments. Through a HUD Community Outreach Partnership Center Grant, the Medical College of Wisconsin is providing programming, including a Health Advocacy Program. This program trains residents to intervene in appropriate ways in health care issues affecting their neighbors at all of HACM's low-income housing developments. Each of the four family developments also has at least one on site social service provider. The Housing Authority also operates the Family Resource Center at Hillside Terrace, which house services provided by Day Care Services for Children, Inc., and MATC. The Housing Authority continues to work with Milwaukee County, the Private Industry Council, and W-2 coordinating agencies to help public housing residents successfully transition from welfare to work.

Resident Safety: In 2002, HACM's Public Safety Section responded to 7,514 calls for service. By responding to these calls, HACM saved the Milwaukee Police Department more than \$255,000 and the Milwaukee Fire Department more than \$1,500,000. Public Safety Staff also issued parking tickets that totaled

more than \$86,000 in potential revenue for the city. In 2002, HACM received a Homeland Security Grant which is being used to upgrade the response skills of Public Safety staff and to recruit resident volunteers to assist with Homeland Security activities, including being trained for CPR and First Aid Fast.

Revitalization Funds: HACM revitalized Hillside Terrace, Parklawn, and Lapham Park with over \$90 million of Hope VI funding from HUD. HACM also

received tax credits for the revitalization of Lapham Park and recently received a \$19 million Hope VI grant from HUD for the revitalization of the Highland Park Housing Development. Through the Lapham Park Venture, a public private partnership involving the Milwaukee County Department on Aging, SET Ministry, Community Care Organization, and St. Mary's Hospital, 95% of Lapham residents age in place while saving over \$1 million in Medicaid funding per year.

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE (RACM)

NOTE: The budget of this agency is not under control of the Common Council. This information is being provided to give a complete picture of the activities administered by the Department of City Development.

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 discreet relationship with the City of Milwaukee is more particularly described in the 1998 audited financial statements of the Authority, which are appended hereto.

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.

The Redevelopment Authority had assets totaling more than \$60 million as of December 31, 2002 but

with an equal corresponding liability (outstanding loans, bonds, and other obligations). This includes an inventory of real estate being held for development with a gross value of approximately \$8 million.

The Redevelopment Authority is expert in the field of economic development. Over the years, it has issued bonds in excess of \$500 million to leverage and support private investments. It has participated directly in the planning, design and development of retail and cultural centers, business parks, residential subdivisions and stand-alone commercial ventures.

The Redevelopment Authority has a reputation for promoting and attracting development in both stable and marginal markets, and for creating model solutions to complex real estate development and environmental challenges throughout Milwaukee's neighborhoods.

The following are some representative examples of the types of projects and activities administered by the Redevelopment Authority in cooperation with the Department of City Development:

- Assemblage and sale of land, Tax Increment District (TID) loan administration and the issuance of bonds for the construction of offices and institutional facilities, affordable rental and owner occupied housing, and retail projects.
- Publication of RFPs for the purchase and renovation of historic structures in such neighborhoods as King Drive, Brewers Hill, Walker's Point, Concordia, and Cold Spring Park.
- Capital investment and continued participation in the Housing Partnership Corporation revolving loan fund for below market rate loans to non-profit organizations for affordable housing production.
- Preparation of comprehensive plans to guide future development in the Menomonee River Valley, Midtown, and Beerline areas.
- Miscellaneous bond transactions for business recruitment, retention and expansion in locations throughout the city for real estate purchase, facility construction and equipment.

MILWAUKEE ECONOMIC DEVELOPMENT CORPORATION (MEDC)

NOTE: The budget of this agency is not under control of the Common Council. This information is being provided to give a complete picture of the activities administered by the Department of City Development.

The Milwaukee Economic Development Corporation (MEDC) 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.

A 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 under a service agreement that is reviewed periodically. The MEDC reimburses the city for any personnel and resources provided to the corporation under this agreement. Total MEDC assets in 2003 were \$53 million.

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: Through this program, eligible businesses can receive second mortgage funds for 25% to 45% (up to \$1,300,000) of a project's total cost. This program has been used ef-

fectively to assist fixed asset projects ranging in size from \$300,000 up to \$3 million.

Second Mortgage Program: This program is used primarily to assist in providing second mortgage financing for small businesses expanding or locating in the City of Milwaukee. Funds for up to 40% (not to exceed \$500,000) of the total cost of a fixed-asset project are available. A 10% equity injection is required.

Land Development Program: MEDC uses some of its funds to acquire, improve, develop, and market industrial sites to promote economic development. Revenues are derived from the sale, lease, or rental of land holdings from which the expenses of administering the program and maintaining properties are paid.

Target Loan Program: This program was designed to aid start-up and existing businesses in obtaining conventional bank funds or SBA guaranteed bank funds to undertake a business project. Low cost loans are made available for up to 40% of a project's total cost (not to exceed \$300,000). The program is available to all minority, women, and disadvantaged business owners and all businesses located in the Community Block Grant area. A 10% equity injection is required.

Partnership Loan Program: The Partnership Loan Program is MEDC's most flexible program. Under this program, the corporation will invest or lend in partnership with a venture capitalist and asset-based lender.

Capital Access Program (CAP): MEDC began this program in 1992 to provide access to private capital for small businesses. MEDC, the State of Wisconsin, and the City of Milwaukee fund the program. CAP is structured as a public/private loan loss reserve program. Most loans range from \$10,000 to \$50,000.

NEIGHBORHOOD IMPROVEMENT DEVELOPMENT CORPORATION (NIDC)

NOTE: The budget of this agency is not under control of the Common Council. NIDC is an independent corporation that works in cooperation with the Department of City Development.

The Neighborhood Improvement Development Corporation (NIDC) 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. In addition, the NIDC 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 (CDBG) Program).

NIDC Transfer: Consistent with the city's strategic objective of utilizing a comprehensive approach to the planning and redevelopment of neighborhoods, NIDC was reassigned to the Department of City Development in 2003. NIDC's housing activities will be coordinated with DCD's planning and neighborhood economic development activities to efficiently leverage resources and add maximum value to city neighborhoods.

Recent NIDC activities include:

- NIDC will continue to work within the housing strategy guidelines to increase and target new housing production. NIDC maximizes and utilizes all available resources to revitalize and target neighborhoods in cooperation with city departments and other neighborhood stakeholders. NIDC continues to work with all ten TIN program areas.
- Participating in an action to improve the fiscal soundness and physical conditions at the Woodlands Condominium (also known as North Meadow Condominium), a 500 unit complex on the city's northwest side. As a result, the North Meadow Board of Directors has taken steps to improve maintenance of the complex, to centralize the tenant screening process, to increase owner occupancy rates in the complex, and to improve the collection of condominium fees to make the complex financially solvent. NIDC continues to work with the lending industry to make it possible for prospective owners to obtain conventional mortgages.
- Partnering with Wisconsin Housing and Economic Development Authority (WHEDA), DCD, lenders, realists, and counseling agencies encourages new homeownership on vacant parcels of land owned by the City of Milwaukee. The Lindsay Heights area, which neighbors CityHomes on the east and bounded by West Walnut, North 20th Street, West Center Street, and North 12th Street, is an example of this partnership. In an effort to economically diversify the neighborhood, NIDC has participated in creating a TID, which will provide a development contribution. As of June 30, 2003 there were 21 new Lindsey Heights homes funded with both NIDC dollars and TID funds. To date, 68 lots have been sold and are either built-out or under construction with another 10 accepted offers in progress. In 2004, NIDC will continue its collaborative efforts in this area as well as other areas of the city.
- Collaborating with the Merrill Park Neighborhood Association on the Historic Merrill Park Estates Project, which has resulted in the construction of five new homes on North 29th Street between Michigan and Clybourn. The model home, which was built by NIDC to encourage infill new construction, has hosted many tours and open houses. As of July 2003, five of the seven sites have been sold and either built-out or are under construction. The remaining two sites continue to be marketed for affordable homeownership.

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.

STRATEGIC ISSUES: Perform the legislative function by conducting Common Council and committee meetings, providing meeting and research support services, administering licensing functions, and administering the city's cable television franchise.

Ensure the delivery of city services to constituents by responding to requests for service and overseeing the operation of city departments.

Deliver information about the operation of city government by providing access to and disseminating official documents and records of city government, conducting public relations activities, and television programming.

INITIATIVES FOR 2004: Introduce wireless computing capabilities in meeting rooms.

Continue to cross train personnel to accommodate workload fluctuations and reduced staffing.

Improve public access to license information via the Internet.

Implement 24 hour business establishment licensing.

BACKGROUND

The Common Council City Clerk's Office constitutes the legislative branch of city government. Following the 2004 aldermanic election, the council will consist of 15 members, representing separate districts, who are elected for four year terms. 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 Council Services Division, the Legislative Reference Bureau, and the License Division.

Central Administration staff provides general administrative support functions for the department and assists council members in their work with constituents. The Council Services Division provides a

diverse range of support to council members, including staffing council committees, producing public relations material, and operating 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 2004 operating budget totals \$7,688,938 including \$417,471 in special purpose accounts and \$58,588 in grant funding.

OBJECTIVE 1

Perform the legislative, constituent service, and public information functions of the Common

Council and City Clerk's Office effectively and efficiently.

OUTCOME HISTORY

The 2004 budget for the Common Council City Clerk’s Office totals \$7,688,938, which allows it to carry out the objectives of legislative activity, constituent services support, and public information. Salaries and fringe benefit costs represent 83.2% of allocated funds.

ACTIVITIES

Common Council:

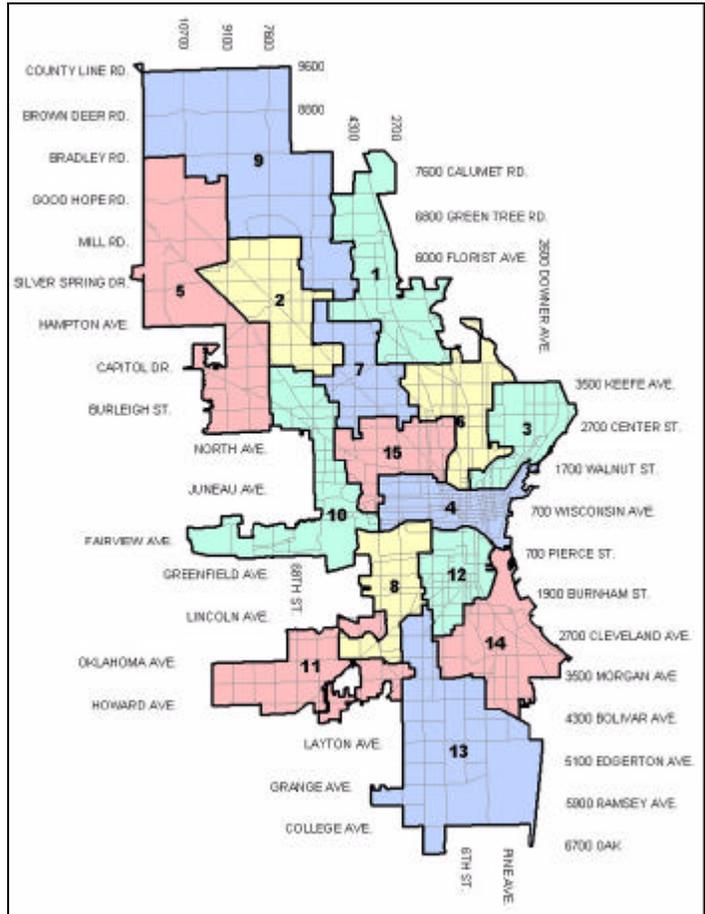
- Conduct regular and special council and committee meetings
- Adopt resolutions, ordinances, and motions
- Confirm appointments
- Grant licenses
- Adopt an annual city budget
- Respond to numerous requests for service and information from individual constituents and neighborhood organizations
- Ensure that city services are being adequately provided to districts

City Clerk’s Office:

- Keep official records of all council business
- Issue agendas, minutes, hearing notices, and other documents in support of council business
- Produce and distribute the official copy of the city charter and code of ordinances to city departments and the public
- Provide general research, fiscal research, budget analysis, and legislative drafting services to the council
- Administer over 100 types of licenses which are granted by the council
- Support council service delivery efforts by providing constituent support staff
- Publicize Common Council business by official notices, cable television broadcast, press releases, and newsletters issued by individual council members
- Produce newsletters, press releases, and other city publications, including web pages related to city government functions
- Operate a reference library for use by all city departments and the public
- Administer the city’s cable television agreement
- Operate the city cable television channel

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Funding by Source:			
Operating Funds	\$7,684,106	\$7,861,232	\$7,212,879
Grant and Reimbursable	168,303	117,658	58,588
Capital Budget	61,058	0	0
Special Purpose Accounts	409,502	447,158	417,471
Total:	\$8,322,969	\$8,426,048	\$7,688,938

Map 1



PROGRAM CHANGES

Reduction in Aldermanic Districts: Following the general election in April 2004, the number of aldermanic districts will be reduced from 17 to 15 (see Map 1). This implements the change adopted by the Mayor and Common Council in File 021316. As a result of this change, the number of Alderman positions will be reduced by two. The number of Legislative Assistant positions will also be reduced by two effective at the beginning of the 2004 budget

year. These reductions are estimated to save \$3.1 million from 2004 through 2012.

Operating Expenditure Reductions: The “Other Operating Services Account” is reduced by \$97,074 (19%) as a result of reduced mailing, printing, and training activities. This also reflects eliminating the monthly home phone reimbursement payment to Common Council members.

Reduction in Special Funds: The 2004 budget reduces funding for several special funds within the City Clerk’s budget. The Aldermanic Travel Fund is reduced by \$22,000 (56%); the Computer System Upgrades Fund is reduced by \$12,000 (15%), and the Sale of Code and Charter Fund is reduced by \$5,000 (18%).

Increase in Audit Fund Account: The Common Council City Clerk’s Office has expenditure authority for a special purpose account that funds audits completed by the city’s outside auditor. The Comptroller’s Office manages the audits but the audit contract is executed through the City Clerk’s Office. The 2004 budget increases funding for this account by \$40,000 (23.5%). Part of this increase is the result of the expanded audit and accounting requirements under GASB 34. The current four year contract for auditing services expires in 2003 and a new contract will be completed this year.

Changes in Other Special Purpose Accounts: The City Clerk is responsible for several other special purpose accounts. Changes in these accounts for 2004 include eliminating funding for the Handgun Violence Media Campaign account and reducing funding for the Economic Development Committee Fund by \$30,000.

Legislative Reference Bureau Cross Training: The 2003 budget created a new position title, Legislative Fiscal Analyst (Salary Grade 7), to combine the functions of the Legislative Research Analyst Senior and the Fiscal Review Analyst Senior (both Salary Grade 6) into a single position. The 2004 budget continues this staffing initiative by creating two more Legislative Fiscal Analyst positions and eliminating one Legislative Research Analyst Senior and two Fiscal Review Analyst Senior positions. This change facilitates additional cross training of staff in the Legislative Reference Bureau so that staff can perform both legislative research and fiscal review functions. This provides the bureau with more operational and

staffing flexibility, enabling staff to be utilized for different functions as needed.

Community Services Positions: The 2004 budget eliminates the two Community Services positions, the Community Services Coordinator and the Community Services Specialist Senior. This results in salary savings of \$111,744. While the 2003 budget assumed one of these positions would be funded through Community Development Block Grant re-programming dollars, these positions do not qualify for this grant funding. Other staff in the City Clerk’s Office, including Legislative Assistants, will assume responsibility for addressing issues previously addressed by the Community Services positions.

24 Hour Business Establishment Licensing: The Common Council passed legislation in October, 2003 (File 030511) that will require licensing of 24 hour business establishments. The 2004 budget creates an additional License Specialist position to support administration of the new licensing rules and regulations. The additional position, with salary expenses in 2004 of \$26,094, will provide the License Division with adequate staffing for the administration and issuance of the new license.

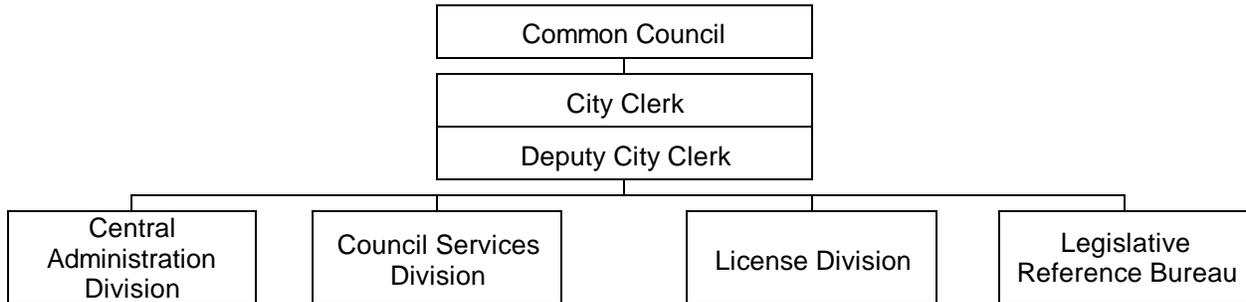
Freeze in Common Council Salaries: The Common Council passed legislation in November, 2003 (File 030516) that will freeze the salary of the Mayor and the members of the Common Council. During the first year (2004-2005) of the 2004-2008 term of office, the Mayor and the Common Council members will be paid the same salary as paid in the prior years (2003-2004) of the previous term. The change is expected to save \$24,233 in aldermanic salaries and \$2,873 in mayoral salaries.

Other Position Changes: The 2004 budget includes reductions in several other positions. These reductions include eliminating unfunded positions of Administrative Assistant II, Production Assistant, and Graduate Intern. Additional position reductions include eliminating a vacant Administrative Assistant II position (savings of \$34,183), eliminating two College Intern positions (savings of \$9,387), eliminating one Librarian I position (savings of \$36,742) and eliminating one Personnel Payroll Assistant I (savings of \$34,183). Other position changes include funding the Staff Assistant to the Finance and Personnel Committee position for one-third of the year and reducing the salary of the Deputy City Clerk position.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	99.12	99.19	95.07	-4.12
FTEs - Other	0.97	2.00	1.00	-1.00
Total Positions Authorized	109	114	102	-12
DLH - Operations and Maintenance	178,409	178,542	171,122	-7,420
DLH - Other Funds	1,750	3,600	1,800	-1,800
EXPENDITURES				
Salaries and Wages	\$4,761,020	\$4,972,437	\$4,624,205	\$-348,232
Fringe Benefits	1,745,207	1,839,802	1,710,955	-128,847
Operating Expenditures	863,119	808,458	715,784	-92,674
Equipment	87,055	81,500	40,900	-40,600
Special Funds	227,705	159,035	121,035	-38,000
TOTAL	\$7,684,106	\$7,861,232	\$7,212,879	\$-648,353
REVENUES				
Charges for Services	\$3,532,827	\$3,014,400	\$3,514,200	\$499,800
Licenses and Permits	1,681,628	1,481,000	1,822,700	341,700
TOTAL	\$5,214,455	\$4,495,400	\$5,336,900	\$841,500
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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
	-1.42		\$-66,998		Alderman	] Aldermanic districts reduced from 17 to 15.
-2	-2.00		\$-69,401		Legislative Assistant	
	-0.66		\$-37,351		Staff Assistant Finance and Personnel Committee	Anticipated vacancy.
-1	-1.00		\$-34,183		Personnel Payroll Assistant I	Eliminate anticipated vacant position.
-1	-1.00		\$-34,183		Administrative Assistant II	Eliminate vacant position.
-1		-1.00		\$-54,086	Community Service Specialist Sr	Elimination of grant funding and position.
-1	-1.00		\$-57,658		Community Service Coordinator	] Elimination of positions.
-2	-0.50		\$-9,387		College Interns	
-1					Administrative Assistant II	Eliminate unfunded auxiliary position.
-1					Production Assistant	] Eliminate unfunded part time position.
-1					Graduate Intern	
1	0.81		\$26,094		License Specialist	Position will support 24 hour business establishment licensing.
-1	-1.00		\$-36,742		Librarian I	Reduce staffing in Library Section.
-1	-1.00		\$-63,454		Legislative Research Analyst Sr	] Reorganization of Legislative Reference Bureau staff.
-2	-1.00		\$-41,884		Fiscal Review Analyst Sr	
2	2.00		\$112,142		Legislative Fiscal Analyst	
	3.65				Miscellaneous Adjustments	
-12	-4.12	-1.00	\$-313,005	\$-54,086	TOTAL	

COMPTROLLER

EXECUTIVE SUMMARY

- MISSION:** To fulfill the responsibilities of the independently elected Comptroller of the City of Milwaukee.
- STRATEGIC ISSUES:**
- Develop, refine, and encourage adherence to financial policies that promote and support the city's sound fiscal health, safeguard the city's assets, and maintain the city's bond ratings.
 - Audit, develop, enhance, maintain, and support financial systems to ensure integrity of financial operations, timely production of payroll, and adherence to laws and regulations.
 - Develop revenue projections to ensure appropriate estimates of non-property tax resources.
 - Coordinate and monitor financial activity of grants to ensure compliance with grantor agency requirements.
 - Efficiently manage the debt issuance process to maximize competitive bidding activity as well as minority and/or disadvantaged business participation.
 - Issue debt in adequate amounts and within acceptable time horizons to limit potential arbitrage rebate costs as well as interim utilization of general city moneys for financing purposes.
 - Efficiently manage the Public Debt Amortization Fund (PDAF) to maximize fund returns consistent with statutory and liquidity requirements.
 - Manage and evaluate the city's debt to identify and quantify potential opportunities for re-funding, restructuring, defeasance, or similar cost saving initiatives.
- INITIATIVES FOR 2004:**
- Continue to improve the city's financial system and processes.
 - Conduct a functional needs study of the Comptroller's Office divisions to include a review of staffing, functional responsibilities, and reporting relationships
 - Review Public Debt Amortization Fund balance policy.
 - Maintain the Internet-based bid submission process, which supplements the more traditional sealed bid submission process.
 - Execute a funding plan to reduce the Milwaukee Public Schools (MPS) unfunded pension liability to the State of Wisconsin Retirement System.
 - Consolidate the Public Debt Commission into the Comptroller budget.

BACKGROUND

The City of Milwaukee Comptroller is an elected official whose duties include administration of city financial activities, such as 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 other city policymakers on financial matters involving the city. The Comptroller, his deputy, and his special deputies provide leadership and representation to city sponsored committees and various projects. These committees include the Common Council's Finance and Personnel Committee, the Community Development Committee, the Wisconsin Center District Board, the Charter School Review Committee, the Pension Board, Pabst Theater Board, City Records Committee, Milwaukee Information Policy Committee, Milwaukee Economic Development Committee (MEDC), Neighborhood Improvement Development Corporation (NIDC), Summerfest, Purchasing Appeals Board, and the Deferred Compensation Board.

The 2004 budget consolidates the Public Debt Commission with the Comptroller's Office. The Milwaukee

City Charter (Chapter 15) established a "Public Debt Commission" to superintend the issuance of city debt. Such superintendence 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, a fund created by Wisconsin State Statute for the purpose of debt retirement. Such oversight consists of both investment and use responsibilities 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 and the City Treasurer serves as the ex-officio treasurer to the commission.

OBJECTIVE 1

Provide independent financial and program analysis to ensure city compliance with federal, state, local requirements, and to meet city financial obligations in a complete and timely manner as measured by the following:

- **Estimate revenues within 100% to 102% of actual revenues; and**
- **Complete a minimum of ten audits.**

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Accuracy of revenue estimates.	101.7%	100.0%	100.0%
Completed audit reports.	11	10	10
Funding by Source:			
Operating Funds	\$1,397,702	\$1,411,408	\$1,398,028
Total:	\$1,397,702	\$1,411,408	\$1,398,028

OUTCOME HISTORY

The Comptroller's Office performance is measured by the accuracy of the city's budgeted revenue estimates. For 2002, actual revenues exceeded the Comptroller's budgeted revenue estimates by \$8.6 million with actual revenues totaling 101.7% of the estimates¹, well within the Comptroller's performance standard. 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.

A second measure of performance is the Comptroller's audit activity. During 2002, the Comptroller's

Office produced eleven audits. The following audits were among those completed:

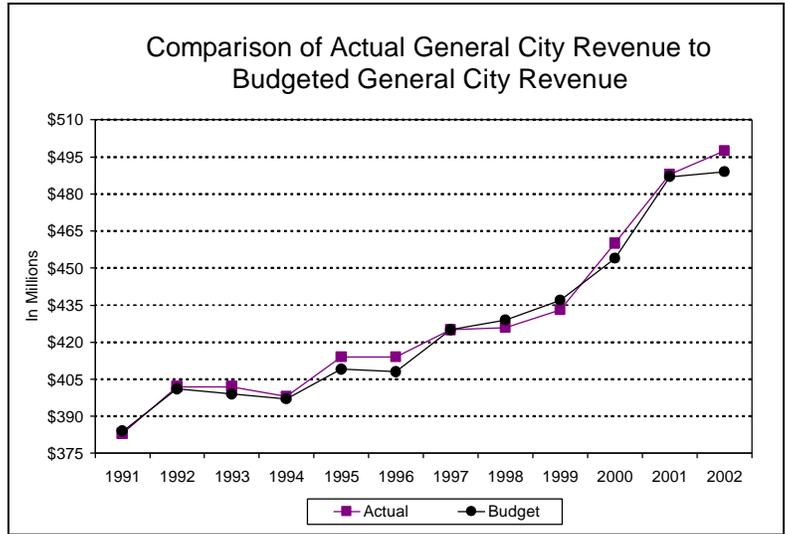
- Performance Audit of City's Anti-Graffiti Program;
- Audit of 2001 Payroll W-2's;
- Real Estate Tax Exemptions Audit;
- Audit of City Tow Lot Operations;
- Audit of City Clerk License System;
- Performance Audit of Health Department Restaurant Regulation;
- Audit of City Treasurer's 2001 Cash Processing and Accounting; and
- Audit of City Payroll System Software Upgrade.

During 2003, a number of audits have been accomplished or will be completed including:

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

- Compliance Audit of Development Contracts Managed by the Department of City Development;
- 2002 Payroll W-2 Audit;
- 2002 Audit of City Treasurer’s Cash Processing;
- Water Department Billing and Collections;
- Legislative Fund Audit;
- Audit of City Credit Card Usage and Process;
- Third District Police Station Capital Projects Audit; and
- Department of Public Works Billing and Collections Audit.

Figure 1



The Comptroller’s Office continued to provide independent analyses of proposed economic development projects to determine their likely success and the need for city financial assistance. Since the beginning of 2002, the Comptroller has examined ten major development projects including the relocation of Sigma Aldrich Corporation to the city’s northside. The Comptroller assisted the Department of City Development in negotiating the terms of the Sigma Aldrich Corporation relocation.

The Comptroller’s Office will dedicate approximately \$1.4 million to accomplishing these objectives in 2004.

ACTIVITIES

- Auditing
- Revenue estimates
- Review economic development projects

PROGRAM CHANGES

Pilot Audit Project: In 1999, the Comptroller began a pilot audit project aimed at utilizing targeted consultant assistance to expand the Comptroller’s audit expertise and personnel resources. Thus far, four consultant assisted audit projects have been initi-

ated. The audits that have been successfully completed include the Audit of Basic Health Insurance Plan, Audit of Payroll System Software Upgrade Process, Restaurant Regulation Audit and an Audit of the Police Facility Construction Project.

Recovering City Funded TID Costs: Since the early 1970’s, the Tax Incremental District (TID) Program has spurred the addition of well over \$400 million in property value. The city induces private development in a target geographic area (Tax Incremental District) by making public improvements and loans to developers. The city later recovers its costs through the additional property taxes generated (from all local governments) by the new development. However, since each TID project normally requires 15 to 22 years to generate the property value necessary to repay city costs, the city loses many years of interest earnings on the funds it initially provided. Starting in 2003, the Budget and Policy Division, the Department of City Development, and the Comptroller’s Office are proposing that the city include this “carrying cost”, or lost interest cost, in the amount to be recovered by the city from future property taxes generated within a TID. Such a change will reduce future tax levies for this purpose by over \$900,000.

OBJECTIVE 2

Process, maintain, analyze, and report on financial position and operating results in such a manner as to ensure accuracy, efficiency, and reliability as measured by an unqualified audit opinion in 2004.

OUTCOME HISTORY

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. Yet, despite the importance of maintaining accurate account information, it is difficult to measure the effect of such records separately. Timely, reliable, and accurate accounting records are essential to delivery of important public services such as garbage collection and public health services. Systematic audits of the accounting system warrants against failures in important information by ensuring that accurate accounting records are being kept. In 2004, a total of \$3.8 million in operating and grant funds will be allocated to this objective.

ACTIVITIES

- General accounting
- Payroll administration
- Oversight of federal, state, and other financial assistance
- Coordination of the city’s financial operations and systems

PROGRAM CHANGES

Functional Study: The 2003 budget included \$30,000 for an outside study of the functional areas of the Comptroller’s Office. Changes in technology and process procedures necessitate a review of staffing, functional responsibilities, and reporting relationships. This study should aid the Comptroller in improving the efficiency and work effectiveness of this division. It is likely that this study will not begin until after the financial system upgrade in mid-2004.

Governmental Accounting Standards (GASB) Statement #34: In June, 1999 the GASB established a new framework for the financial reports of state and local governments. While the new government reporting model retains many features of the current public sector accounting and financial reporting model, several new features were added, including

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Unqualified audit opinion by the city’s outside auditor.	Yes	Yes	Yes
Funding by Source:			
Operating Funds	\$3,194,014	\$3,593,635	\$3,262,757
Grant and Reimbursable	402,622	635,913	485,767
Total:	\$3,596,636	\$4,229,548	\$3,748,524

government-wide financial reporting (to provide a clear picture of the government as a single unified entity), additional long term focus for governmental activities (including inflows, outflows, and balances of spendable financial resources), narrative overview and analysis (of the basic financial statements), information on major funds (to highlight those funds’ activities), and expanded budgetary reporting (including comparison of the original budget to actual activities and elimination of aggregated budget presentations). This major change in financial reporting is intended to make financial statements more useful to specialized users, governmental officials, and the public.

The new Governmental Accounting Financial Reporting Model (GASB 34) was implemented by the City of Milwaukee in 2003 for 2002 financial reporting.

In 2004, Comptroller’s Office staff will continue to review and improve procedures and processes to efficiently address the new financial reporting requirements. The 2004 budget includes \$404,000 for this implementation.

Sarbanes–Oxley Act: Public accounting firms and public companies have been dramatically effected by the passage of the Sarbanes-Oxley Act of 2002. The act establishes a Public Company Accounting Oversight Board that will have authority to establish auditing standards, study partner rotation schedules and inspect auditors’ performance. While the city is not a public company, the dramatic changes caused by the Sarbanes-Oxley Act will effect the City of Milwaukee’s audits and its relationship with its auditors. The Comptroller’s Office will work cooperatively in 2004 with the city’s external auditors and the city’s internal financial managers to invoke the spirit of the Sarbanes-Oxley Act.

OBJECTIVE 3

Maintain the city’s general obligation bond ratings in 2004 through effective issuance, management, and reporting of city debt in compliance with applicable laws and regulations, and management and reporting of the investment and performance of the Public Debt Amortization Fund.

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Bond Rating (Fitch).	AA+	AA+	AA+
Funding by Source:			
Operating Funds	\$0	\$0	\$576,681
Total:	\$0	\$0	\$576,681

OUTCOME HISTORY

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 purposes, 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 included in the recently passed State of Wisconsin Budget Bill. 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. In previous years, it was used purchase debt, thus, lowering the levy in the capital budget. The withdrawal for 2004 will be \$4 million, which is \$1 million less than the withdrawal in 2003.

The city’s tax stabilization reserve for 2003 and future years totaled \$33.7 million at year end 2002. It’s important that the city maintains a balance between the goals of continuing to stabilize the reserve fund and limiting property tax increases. The city expects to fully replenish the tax stabilization reserve, resulting in a year end 2003 balance of approximately \$30 million. In 2004, the Comptrollers Office will

dedicate approximately \$577,000 towards maintaining the city’s bond rating.

ACTIVITIES

In order to maintain and improve bond ratings, the Comptroller’s Office performs the following activities:

- New debt issuance
- Management of city debt
- PDAF management

PROGRAM CHANGES

Monitoring Financial Performance: The department will continue to improve its financial related indicators as needed. Internal management indicators for the department are used to monitor debt reserve earnings, debt interest costs, and total annual debt. Current indicators focus on the level of bond sales and cost, earnings of the debt reserve funds compared to the *Shearson Lehman Intermediate Bond Index*, minority participation, and the true interest costs rate of bond sales in comparison to *The Bond Buyer 20 Index*.

MPS Pension Borrowing: The state has given the authority to issue pension bonds to reduce the cost of financing MPS’s unfunded pension liability. Currently, MPS pays a portion of its unfunded liability to the state with an 8% interest rate attached. This funding mechanism will allow MPS to take advantage of current low interest rates in the bond market. The city is working with MPS to effectuate this bond sale.

Review of PDAF Policy: In 2004, the PDAF policy will be reviewed. This review will explore the effectiveness of the current policy and recommend any necessary changes. It is the intent that any modifications will be in place for the 2005 budget.

Alternative Debt Structure: Currently, most of the city's debt is general obligation debt, regardless of whether or not the project will generate any revenues. Since 2000, the city budget has provided borrowing authority in the form of general obligation or revenue bonds for projects with revenue sources. Borrowing initiatives completed in the past year include the refunding of \$160 million in city debt, saving the city \$7.5 million in present value tax levy savings. Aggressive preparation and scheduling allowed the bond sale to take place at a 30 year low point in municipal interest rates, maximizing city savings. The Comptroller's Office also executed its first competitive sale of sewer revenue bonds (\$33,885,000) in 2003, assisted the Wisconsin Center District in financing to avoid raising taxes to complete the Milwaukee Theatre remodeling, and helped structure a refunding of over \$34 million in city Redevelopment Authority debt. This latter initiative enables the Milwaukee Public Schools (MPS) to assume ownership of two school buildings at the end of the lease term while at the same time lowering

total MPS lease costs by over \$1.7 million in current dollars.

The use of revenue bonds will remove taxpayer liability for debt payment if revenues are not available to retire the debt. It is expected that projects funded with revenue bonds should have a sufficient revenue stream to cover debt service or the city should avoid investment in the project.

To help support debt related initiatives, a new structuring and tracking program will be implemented in 2004.

Internet Bidding: In 1999, the city implemented a new Internet-based submission process. Internet bidding was initiated with the June, 1999 sale and has been used for all subsequent debt offerings. These Internet sales were made with the assistance of either Bloomberg Financial Service or MuniAuction and will continue in 2004.

OTHER ACTIVITIES AND CHANGES

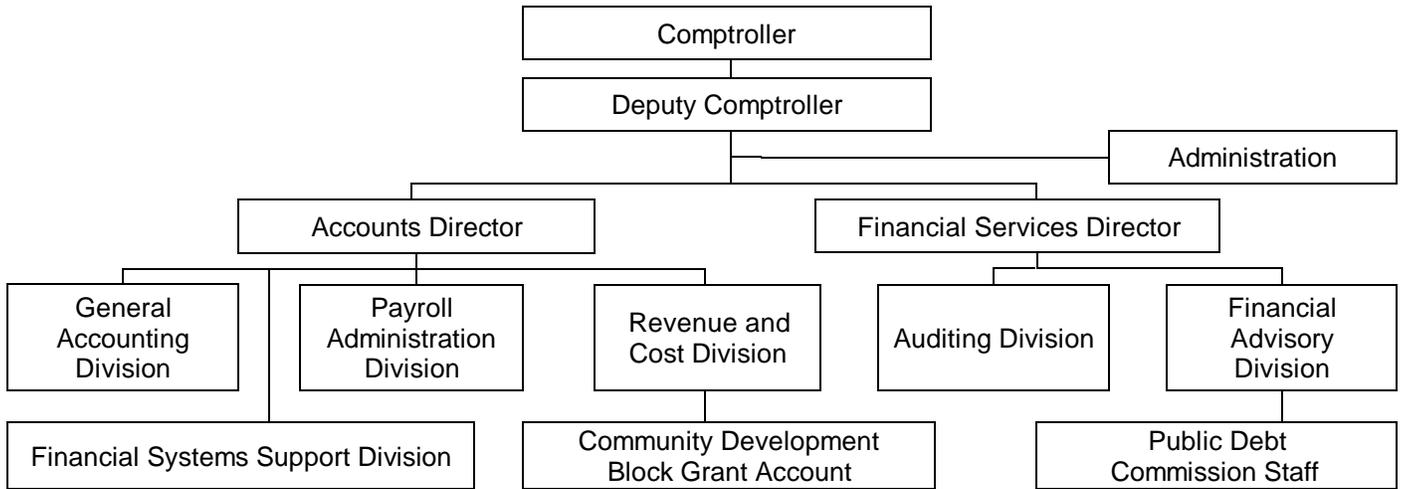
Special Purpose Accounts: The Comptroller's Office is responsible for several special purpose accounts totaling \$3.2 million that are not defined in any of its objectives. Some examples of these accounts are the Reserve for the 27th Payroll (\$1.90 million) and the Contribution Fund (\$950,000). Additional information can be found in the "Special Purpose Accounts Miscellaneous" section.

Position Changes: The 2004 budget includes the addition of an Accounting Intern. This position change reflects a reallocation of CDBG grant funding to better meet departmental needs in this area. An Office Assistant III (\$28,347) and an Administrative Assistant I (\$30,890) are eliminated in the 2004 budget due to a more efficient use of clerical staff.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	50.55	57.63	54.53	-3.10
FTEs - Other	7.48	8.37	8.97	0.60
Total Positions Authorized	68	66	70	4
DLH - Operations and Maintenance	90,999	103,734	98,154	-5,580
DLH - Other Funds	13,464	15,066	16,146	1,080
EXPENDITURES				
Salaries and Wages	\$2,840,125	\$2,994,666	\$3,011,891	\$17,225
Fringe Benefits	1,059,188	1,108,026	1,114,400	6,374
Operating Expenditures	612,091	854,751	1,063,175	208,424
Equipment	76,688	42,600	43,000	400
Special Funds	3,624	5,000	5,000	0
TOTAL	\$4,591,716	\$5,005,043	\$5,237,466	\$232,423
REVENUES				
Charges for Services	\$390,909	\$530,000	\$403,000	\$-127,000
TOTAL	\$390,909	\$530,000	\$403,000	\$-127,000
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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		0.50		\$15,187	Accounting Intern	To meet grant accounting workload.
-1	-1.00		-\$28,347		Office Assistant III	] To reflect more efficient use of clerical staff.
-1	-1.00		-\$30,890		Administrative Assistant I	
3					Public Debt Commissioner	] Transfer of Debt Commission.
1	1.00		\$34,949		Administrative Assistant II	
1	1.00		\$74,600		Public Debt Specialist	
	-3.10	0.10			Miscellaneous	Experience adjustment.
4	-3.10	0.60	\$50,312	\$15,187	TOTAL	

ELECTION COMMISSION

EXECUTIVE SUMMARY

- MISSION:** To conduct elections that build public trust in the democratic process.
- STRATEGIC ISSUES:** Enhance delivery of election related services.
Increase customer satisfaction with the election process.
- INITIATIVES FOR 2004:** Conduct four citywide elections in 2004, including Mayoral and Presidential elections.

BACKGROUND

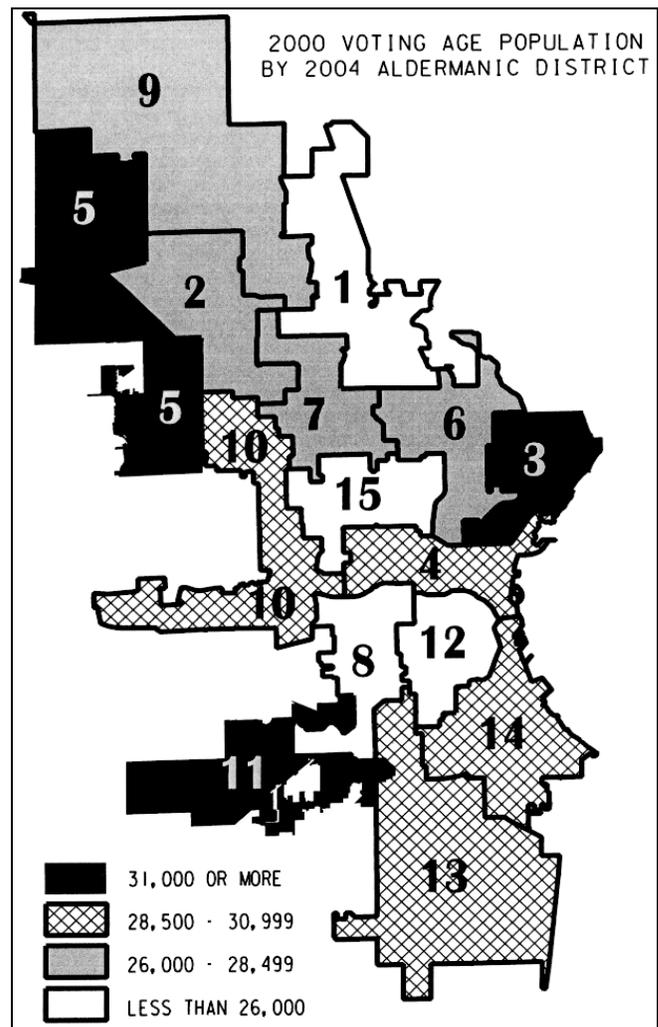
The Election Commission staff manages all aspects of public elections in the City of Milwaukee. In addition to registering the 425,980 potential voters (based on the 2000 census) in Milwaukee, the commission has responsibility for establishing more than 193 polling locations with appropriate workers, supplies, and ballots on election days (see Map 1). The commission administers the statutory obligations for elected officials and potential candidates for city-wide offices. Two elections are usually held during odd numbered years and four generally occur in even numbered years. In 2004, the Election Commission will hold four elections for the Mayor's office and the Presidency.

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 dominant political parties. Two of the three members represent the victorious party of the most recent gubernatorial election.

In 2002 and 2003, the Election Commission held several special elections in addition to its regularly

Map 1



scheduled ones. Citizen recalls and resignations of elected officials led to the need for additional elections. Additionally, the commission was required to

rework the structure of polling locations due to the reduction of the Common Council from 17 members to 15 (see Map 1).

OBJECTIVE 1

Increase customer satisfaction with the election process as measured by polling location surveys.

OUTCOME HISTORY

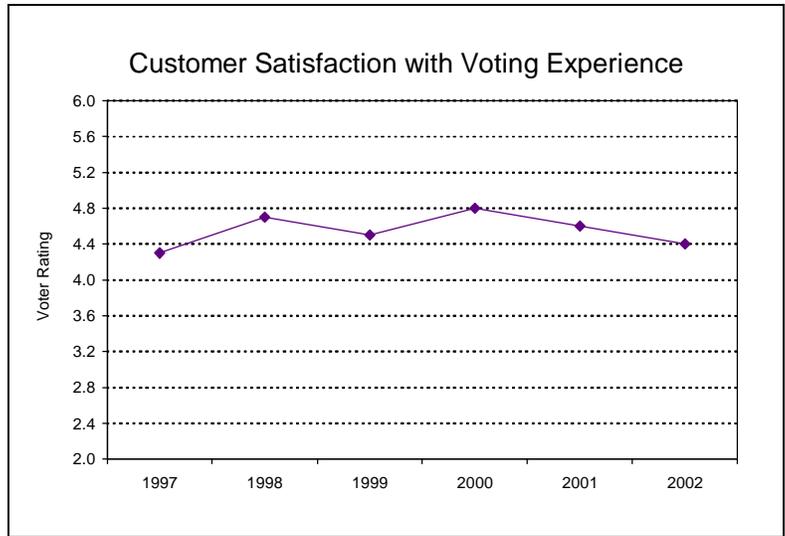
The Election Commission’s concern for voter satisfaction with the election process has consistently been at the forefront of its strategic issues and initiatives. In an ongoing effort to address the city’s strategic goal of ensuring that residents obtain high value from city services, the Election Commission became one of the first in the state to create an Internet web site that allows residents to find their polling location simply by entering their street address. The commission’s web site allows residents to determine what aldermanic district and ward they live in, as well as providing a list of elected municipal, county, state, and federal officials based on their address. The web site helps to make the commission’s activities more efficient by reducing the number of information requests by telephone.

The 2004 budget includes \$1.5 million in funding for this objective. This represents a 52% increase from last year due to the biennial election cycle, as four elections will be held in 2004. As part of the increase, the Election Commission will hire 38 more temporary Office Assistants.

Through voluntary surveys conducted at all polling locations, voters are given the opportunity to indicate their level of satisfaction with the voting experience. As Figure 1 shows, customer satisfaction with the voting experience has been consistently above 4.5 on a 5.0 point scale. The survey is a useful tool for highlighting areas in which the commission can improve the voting experience. However, the survey has been administered sporadically and more complete data needs to be gathered.

Outcome Indicators and Funding			
	2002	2003	2004
Customer satisfaction with voting experience (5 point scale; with 5.0 being the highest rating).	Experience 4.4	Budget 4.9	Projection 4.6
Funding by Source:			
Operating Funds	\$1,869,586	\$1,001,654	\$1,520,666
Total:	\$1,869,586	\$1,001,654	\$1,520,666

Figure 1



ACTIVITIES

- Conduct elections
- Supervise registration
- Communicate with the public
- Enhance election technology
- Comply with statutory election requirements

PROGRAM CHANGES

Technology Review: In conjunction with the Department of Administration’s Information Technology and Management Division (ITMD), the Election

Commission finished updating its aging computer system in 2003. The new system allows for faster updating of records and will be more reliable than the old system. The federal "Help America Vote

Act" requires that Wisconsin have a statewide voter registration system in place by 2006. The Election Commission's current system should be sufficient until that time.

OBJECTIVE 2

Encourage greater voter participation as measured by increasing voter registration.

OUTCOME HISTORY

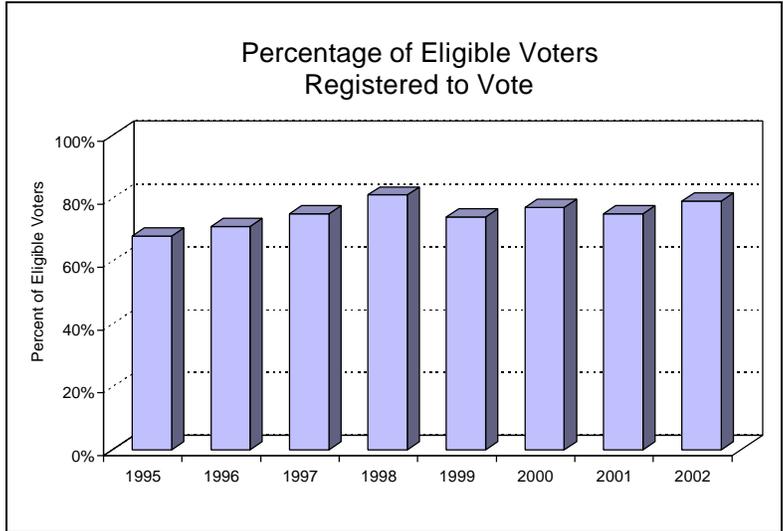
Wisconsin has a long tradition of easy, open access to voting for all of its citizens. For example, Wisconsin is one of only five states allowing same day registration. The Election Commission strives to encourage voter participation through its work with churches, colleges and universities, and community based organizations. School-based initiatives attempt to register students when they become 18 years old. These efforts have garnered some success, as voter registration has increased steadily over the years (see Figure 2).

In the 2004 budget, \$119,136 is allocated to encourage voter participation and registration. This funding supports advertising that promotes voter participation and encourages those who are eligible to use absentee ballots.

For this objective, the Election Commission measures the number of eligible residents registered to vote. Voter registration and turnout is expected to rise in 2004, as more citizens tend to register and vote in presidential elections than in other elections

	2002 Experience	2003 Budget	2004 Projection
Percentage of eligible persons who are registered to vote.	79.0%	78.0%	81.0%
Funding by Source:			
Operating Funds	\$146,078	\$78,263	\$119,136
Total:	\$146,078	\$78,263	\$119,136

Figure 2



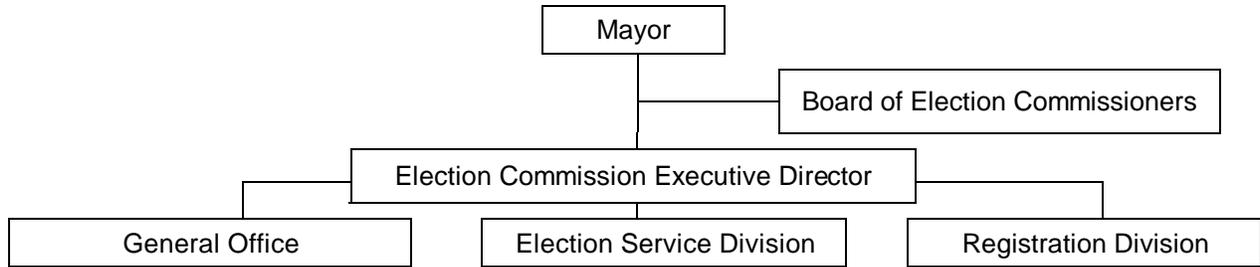
ACTIVITIES

- Create voting opportunities
- Increase voter registration
- Increase deputy registration activities

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	26.48	14.98	18.29	3.31
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	110	72	110	38
DLH - Operations and Maintenance	47,663	26,960	32,922	5,962
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$665,892	\$450,034	\$537,574	\$87,540
Fringe Benefits	257,238	108,218	110,602	2,384
Operating Expenditures	1,088,279	506,640	984,113	477,473
Equipment	4,255	15,025	7,513	-7,512
Special Funds	0	0	0	0
TOTAL	\$2,015,664	\$1,079,917	\$1,639,802	\$559,885
REVENUES				
Charges for Services	\$13,267	\$7,500	\$13,000	\$5,500
TOTAL	\$13,267	\$7,500	\$13,000	\$5,500
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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	-2.00		\$-60,596		Office Assistant III	] Reclassified in 2003.
2	2.00		\$66,141		Program Assistant I	
38	4.18		\$91,048		Temporary Office Assistant II	Increase due to biennial election cycle (four citywide elections in 2004).
-1	-1.00		\$-34,899		Office Assistant IV	] Reclassification.
1	1.00		\$39,014		Administrative Assistant IV	
	-0.87				Various	Miscellaneous adjustments.
38	3.31		\$100,708		TOTAL	

DEPARTMENT OF EMPLOYEE RELATIONS

EXECUTIVE SUMMARY

- MISSION:** To assist city agencies and the Milwaukee Public School system in carrying out their respective missions by providing and helping 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.
- STRATEGIC ISSUES:**
- Facilitate change in the city's culture and leadership to one that values customer focus, personal development, continuous improvement, diversity, and open and honest communication.
 - Define roles and relationships of labor and management, and employees and management.
 - Assist city departments in meeting their long term human resource needs.
 - Attract and retain the best employees.
 - Ensure the quality and effectiveness of the Fire and Police Departments' policies, practices, and performances through appropriate utilization of the Fire and Police Commission's oversight authority.
- INITIATIVES FOR 2004:**
- Recruit and select two Police Officer and one Fire Fighter recruit classes.
 - Implement a new Diversity and Outreach Office that will handle all external and internal Equal Employment Opportunity, Affirmative Action and Diversity issues as well as citizen complaints filed with the Fire and Police Commission.
 - Continue to improve labor/management relations.
 - Initiate a comprehensive review of the management pay plan structure.
 - Improve the employee benefit enrollment process by implementing a new e-benefits system.
 - Work toward a narrow network health care provision focusing on patient choice.

BACKGROUND

The Department of Employee Relations (DER) provides services to city agencies and the Milwaukee Public Schools (MPS), including employee selection, compensation, job classification, equal employment opportunity, employee benefits, worker compensation, safety training and development, and labor contract negotiation and administration. These services are provided in compliance with a variety of legal mandates and procedures. DER focuses on recruiting and retaining a well trained, diverse

workforce, and leading efforts to effect citywide organizational change through course offerings in diversity training and total quality management.

The Department of Employee Relations also administers the Fire and Police Commission, a civilian body that oversees general policy in the Milwaukee Fire Department and the Milwaukee Police Department. The commission is also responsible for hiring and promotions for the two public safety departments.

The Board of Fire and Police Commissioners, which was established in 1885, is the oldest civil service authority in Wisconsin and the first such commission to be established by law in the United States. The commission's authority and responsibility are set

forth in Sec. 62.50 Wis. Stats. and in the Milwaukee City Charter. The five citizen members of the commission are appointed by the Mayor and approved by the Common Council. Members serve overlapping five year terms.

OBJECTIVE 1

Find, hire, and retain the best employees possible by focusing on recruitment, hiring, diversity, and employee development achieved by appointing minorities to at least 35% of vacant positions and by achieving a customer satisfaction rating of at least 4.25 on a scale of 1-5 in 2004.

OUTCOME HISTORY

In the 2004 budget, \$2,220,778 in operating funds and \$188,096 in reimbursable funds have been allocated to support this objective. The department will use these funds to focus on aggressive recruitment, selection, classifications, and services for city departments. These activities will ensure a high quality workforce for the city's future.

Workforce management through customer service to departments is one of DER's most visible activities. DER annually surveys its customers for satisfaction in the areas of recruitment, exam administration, candidate quality, timeliness of the selection process, and communication during the selection process. The 2002 survey results revealed that 100% of the responding departments felt the service was acceptable or better, with an average rating of 4.14 on a scale of one to five.

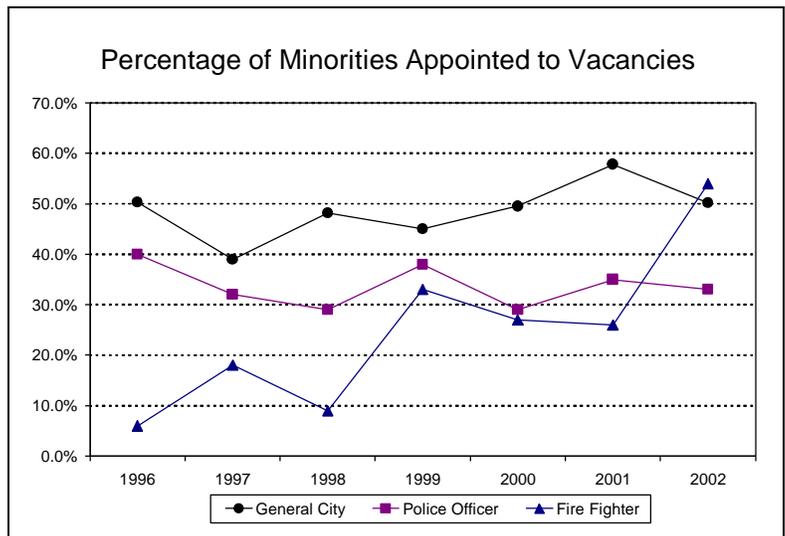
In 2004, DER will continue to evaluate and improve all phases of the selection and hiring process, including recruitment, testing, and customer communication to meet the goals of this objective. DER will also continue to recruit higher levels of minorities in the city's workforce. DER strives to maintain a high rate (35% or better) of minority appointments to job vacancies to better reflect our diverse community. In 2002, over 50% of those appointed to vacancies were minorities compared to 41% in 1994. Figure 1 illustrates DER and the Fire

and Police Commission's progress in minority hiring from 1996 through 2002.

The Fire and Police Commission actively pursues increased minority and female representation in the Fire and Police Departments. The staff promotes employment in public safety departments through recruitment at high schools, job fairs, community events, and through community groups. In 2002,

	2002 Experience	2003 Budget	2004 Projection
Percentage of minorities appointed to vacancies.	50.2%	35.0%	35.0%
Customer satisfaction with DER services (scale of 1-5).	4.14	4.25	4.25
Funding by Source:			
Operating Funds	\$1,523,274	\$2,553,120	\$2,220,778
Grant and Reimbursable	115,278	188,096	188,096
Total:	\$1,638,552	\$2,741,216	\$2,408,874

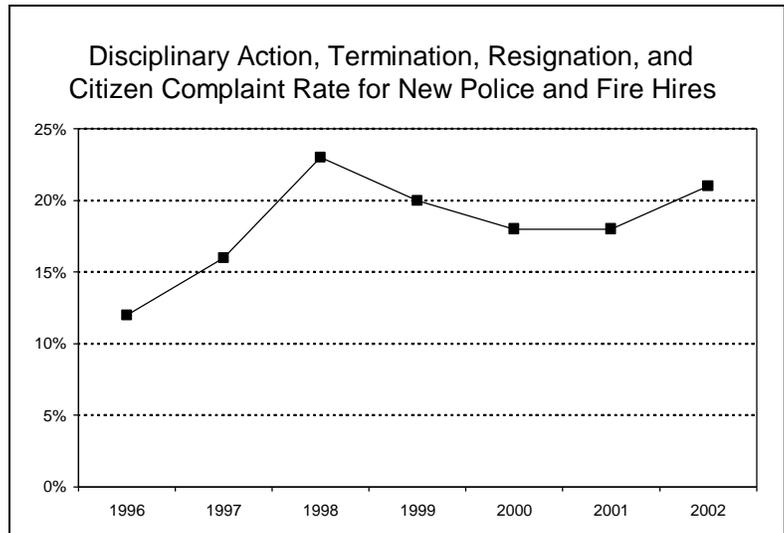
Figure 1



33% of all Police Officer appointments and 54% of all Fire Fighter appointments were minorities meeting the goals for both departments. This is the highest level in history for Fire Fighter recruits. Female recruitment exceeded its goal in the Police Department with 21% of recruits being female. Female Fire Fighter recruits for 2002 decreased from the 1998 high of 14% to 6%, but still met its goal of 5%.

The Fire and Police Commission is charged with ensuring that the Fire and Police Departments have quality employees, appropriate policies and practices, and satisfactory performance by employees and management. The commission tracks the overall disciplinary action, termination, resignation, and citizen complaint rate for new hires as its primary indicator of success in this area. For purposes of this indicator, new hires are defined as Police and Fire Academy graduates who are in their first four years of service. Figure 2 demonstrates the rate over the past seven years. After peaking at 23% in 1998, it declined to 21% in 2002.

Figure 2



policies to keep pace with changes in laws, will facilitate training on its Equal Employment Opportunity and Affirmative Action issues, prepare a biannual citywide Diversity Equal Employment Opportunity and Affirmative Action Plan, and investigate internal and external complaints.

ACTIVITIES

- Staffing
- Classification
- Entry level testing
- Promotional testing
- Recruitment
- Succession planning
- Intern and auxiliary resource programs
- Equal Employment Opportunity and Affirmative Action
- Diversity policy
- Police and Fire monitoring and oversight
- Outreach and community relations

PROGRAM CHANGES

Diversity and Outreach Office: In 2003, DER created a new initiative to promote the importance, benefit, and necessity of maintaining diversity within the workforce and to ensure compliance with applicable city policies, state and federal laws, and regulations regarding Equal Employment Opportunity and Affirmative Action. A new Diversity and Outreach Office will develop, revise, and disseminate

Specifically, the office will investigate three types of complaints: discrimination or harassment in the workplace by city employees, discrimination against any city resident in employment or housing, and complaints filed by any citizen who believes they were treated in a manner that violates Fire and Police Commission or departmental rules by a member of the Police or Fire Departments. Through investigation and resolution of these complaints, the office aims to make the city a safe, positive, and diverse place in which to work and live. Three reclassified and retitled positions, a Diversity Outreach Officer and two Diversity Specialist Senior, will perform these responsibilities. Two other positions have been eliminated from this area, a Diversity Officer and an Office Assistant II.

Management Pay Plan Review: The Compensation Section will perform a review of the pay structure and classification levels for management pay plan employees in 2004. It has been 15 years since these positions have been comprehensively reviewed for comparability across positions and accuracy of pay. The project envisions the use of market surveys and benchmarking with comparable cities in the Midwest. Final project design will be determined by ex-

isting departmental staff and will likely be supplemented by student help from the University of Wisconsin Milwaukee for data collection.

Management Reduction: In 2004, one Human Resources Manager has been eliminated in the Staffing Section. It was determined that a management reduction would have a lesser impact on productivity than further reducing the frontline workforce in DER.

The responsibilities of this manager will be absorbed by an Employment Administrator, salary grade 08, which will be reclassified to an Employment Manager, salary grade 10. Additionally, an Administrative Specialist, salary grade 02, will be reclassified to Management Services Specialist, salary grade 03. Total savings related to these changes is approximately \$82,000 in 2004.

OBJECTIVE 2

Maintain a competitive salary and benefits package as measured by maintaining 95% of total eligible employees enrolled in the health and dental programs.

OUTCOME HISTORY

Two major components in maintaining a well qualified workforce and attracting qualified applicants for city service are the compensation and benefits offered. DER relies heavily on workforce data to ensure an appropriate level of competitiveness with external employers and internal equity among employees. In the 2004 budget, \$2,129,971 in operating funds and \$89,561,690 in special purpose account funding is dedicated to meet this objective.

One of the primary indicators of whether the city offers a competitive salary and benefits package is enrollment rates for health and dental programs. In 2002, 87.4% of eligible employees were enrolled in the health care program and 86.7% of eligible employees were enrolled in the dental care program. This is a decline from recent years, probably due to employees shifting to their spouses' coverage as costs increase.

ACTIVITIES

- Health and dental care
- Worker's compensation
- Occupational health
- Employee safety
- Long term disability
- Commuter value pass
- Preplacement exams and drug testing
- Unemployment compensation

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Percent of eligible employees enrolled in health care program.	87.4%	95.0%	95.0%
Percent of eligible employees enrolled in dental care program.	86.7%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$2,099,012	\$2,117,278	\$2,129,971
Special Purpose Accounts	83,753,342	89,417,000	89,561,690
Total:	\$85,852,354	\$91,534,278	\$91,691,661

PROGRAM CHANGES

E-Benefits Technology Initiative: During 2003, DER was awarded a Technology Fund Initiative project of \$275,000. The project plans to establish an online e-benefits process for health, dental, flexible choice, and long term disability benefits plans. This would connect directly to the city's PeopleSoft information management system, allowing employees to view benefits and make enrollment decisions related to benefits right on their desktop or at a shared kiosk.

This project begins to eliminate the multiple copies of paper that both the city and the benefits vendors accumulate with the annual open enrollment process, as well as the form entry time when changes are made. Entry errors would be reduced and enrollment information could be directly transmitted between the city and the benefit vendors, greatly reducing processing time, staffing, and supply needs.

Position Changes: In 2004, two positions are eliminated in the area of Compensation and Benefits, a Medical Benefits Assistant III, and an Unemployment Compensation Specialist. The Unemployment Com-

pensation Section will be managed by a former Network Coordinator Associate position that will be re-

classified to Employee Relations Specialist. This change saves approximately \$88,000 in 2004.

OBJECTIVE 3

Create an organizational climate that encourages every city employee to share the city’s vision and mission and to participate in achieving the city’s objectives by aiming to settle all 19 labor contracts voluntarily and encouraging at least 1,750 requests for tuition benefit reimbursement in 2004.

OUTCOME HISTORY

DER meets this objective by utilizing a vision that city employees are the backbone of the entire organization. In the 2004 budget, \$726,513 in operating funds and \$810,000 in special purpose account funds support this objective. The department will work toward establishing fair and mutually respectful employment relations by fully and fairly representing the interests of the city through the adoption of the “win-win” bargaining process. This philosophy establishes a non-adversarial negotiating process by looking beyond the individual needs of the negotiation process to the city’s collective interests and needs. Since 1993, all but two labor agreements have been settled voluntarily. In 2004, DER will work to negotiate successful agreements with all 19 of the city’s bargaining units.

Additionally, DER is charged with the task of ensuring the city’s workforce has adequate skills to be effective in the workplace. To this end, DER offers a wide variety of computer training, leadership development, customer service, and other courses to city employees. These courses reflect the wide variety of software used by city departments and general skills needed to be an effective employee. About 200 classes are conducted each year. In 2002, DER trained 1,860 employees through its courses. Training provided by the city is supplemented with the Tuition Reimbursement Program, where employees are eligible to receive reimbursement for coursework, participation in professional associations, and other external training events.

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Number of contracts settled voluntarily.	17	19	19
Number of employees requesting tuition benefit reimbursement.	2,277	1,750	1,750
Funding by Source:			
Operating Funds	\$1,128,129	\$906,095	\$726,513
Grant and Reimbursable	156,510	61,108	0
Special Purpose Accounts	774,500	810,000	810,000
Total:	\$2,059,139	\$1,777,203	\$1,536,513

ACTIVITIES

- Labor negotiation
- Labor unit contract administration
- Labor management dispute resolution
- Workplace Violence Prevention Program
- Employee Training Program
- Tuition reimbursement
- Total quality improvement

PROGRAM CHANGES

Employee Placement Program: Budget reductions in the 2004 budget and in the 2003 budget adjustment plans will result in the loss of numerous permanent positions. During 2003, the Department of Employee Relations developed an Employee Placement Program for those employees at-risk for layoff due to these reductions. Employees in the program will be given special consideration for city vacancies and other assistance to support their pursuit of re-employment. The primary goal of the program is to minimize the number of employees laid-off. Proactive efforts to retain loyal employees, will improve morale, and save on training and unemployment compensation costs. This program will extend through mid-2004 or until all at-risk employees have been placed.

Labor Relations Section: One position, a Labor Relations Representative, has been eliminated from this section in 2004 for savings of \$46,000. A Human Re-

sources Representative from the Staffing Section will assume the responsibilities of this position.

OTHER ACTIVITIES AND CHANGES

Strategic Planning Process: Now that the merger with the Fire and Police Commission has physically taken place, it has become necessary for the combined department to revisit its strategic direction. Beginning in 2003, DER will undertake a comprehensive revision of its mission, goals, and objectives and incorporate them into a new strategic plan. The department has formed a committee to evaluate statutory requirements of the department and its various activities and anticipates the new plan will be in place by early 2004.

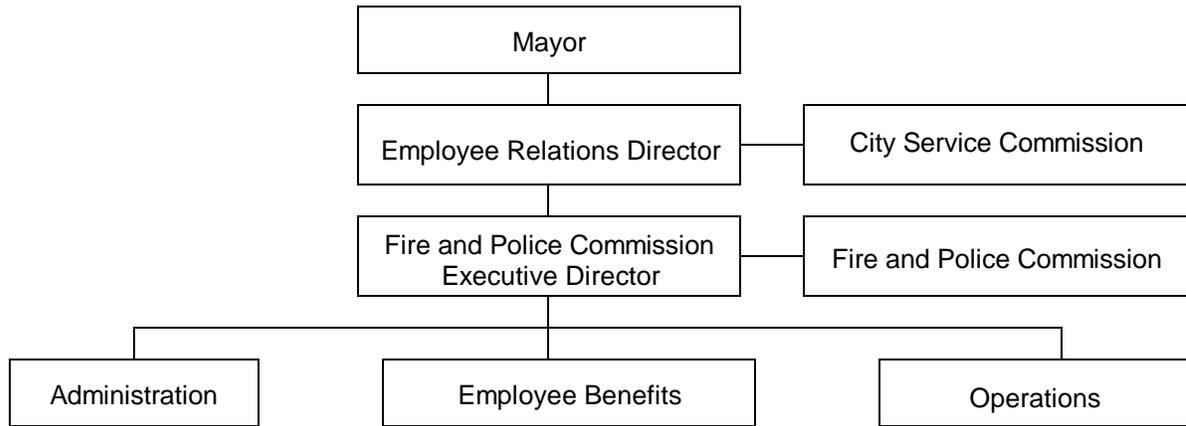
Special Purpose Accounts: The Department of Employee Relations will administer \$90,371,690 in special purpose accounts in 2004, including:

• Employee Health Care	\$79,901,100
• Worker's Compensation	\$7,778,590
• Unemployment Compensation	\$1,200,000
• Tuition Reimbursement	\$760,000
• Long Term Disability Insurance	\$552,000
• Commuter Value Pass	\$95,000
• Employee Training Fund	\$50,000
• Flexible Spending Account	\$35,000

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	64.72	69.24	65.65	-3.59
FTEs - Other	2.70	8.60	7.60	-1.00
Total Positions Authorized	84	105	99	-6
DLH - Operations and Maintenance	116,498	124,632	118,170	-6,462
DLH - Other Funds	4,857	15,480	13,680	-1,800
EXPENDITURES				
Salaries and Wages	\$3,131,414	\$3,572,366	\$3,288,372	\$-283,994
Fringe Benefits	1,146,493	1,321,776	1,216,698	-105,078
Operating Expenditures	462,617	533,359	422,828	-110,531
Equipment	9,716	66,992	10,000	-56,992
Special Funds	0	82,000	139,364	57,364
TOTAL	\$4,750,240	\$5,576,493	\$5,077,262	\$-499,231
REVENUES				
Charges for Services	\$307,854	\$300,000	\$205,000	\$-95,000
TOTAL	\$307,854	\$300,000	\$205,000	\$-95,000
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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		\$65,883		Administration Division Business Operations Manager	Reclassification.
-1	-1.00		\$-61,451		Management and Accounting Officer	
-1	-1.00		\$-26,261		Office Assistant II	Transferred to Operations Division and reclassified.
1	1.00		\$70,585		Diversity Outreach Officer	New Diversity and Outreach Office.
1	1.00		\$45,779		Diversity Specialist Sr	
1	1.00		\$45,779		Diversity Specialist Sr	
-1	-1.00		\$-65,496		Certification and Salaries System	Transferred to Operations Division.
-1	-1.00		\$-41,977		Pay Services Specialist	
-2	-2.00		\$-78,644		Program Assistant II	
-1	-1.00		\$-34,183		Office Assistant III	Transferred to Operations Division and reclassified.
-1	-1.00		\$-47,604		Administrative Specialist	Reclassification for increased responsibilities.
1	1.00		\$49,499		Management Services Specialist	
-1	-1.00		\$-52,028		Network Coordinator Associate	
1	1.00		\$53,790		Employee Relations Specialist	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-45,894		Labor Relations Representative	Position eliminated.
-1	-1.00		\$-55,654		Employee Benefits Division Unemployment Compensation Specialist	] Positions eliminated.
-1	-1.00		\$-34,140		Medical Benefits Assistant III	
1	1.00				Employee Benefits Specialist	] Retitled.
-1	-1.00				Benefits Specialist	
-1	-1.00		\$-79,313		Worker's Compensation and Safety Administrator	] Reclassification.
1	1.00		\$87,924		Worker's Compensation and Safety Manager	
1	1.00		\$65,496		Operations Division Certification and Salaries System Administrator	] Transferred from Administration Division.
1	1.00		\$41,977		Pay Services Specialist	
2	2.00		\$78,644		Program Assistant II	
1	1.00		\$34,371		Program Assistant I	] Transferred from Administration Division and reclassified.
1	1.00		\$34,183		Personnel Clerk	
-1	-1.00		\$-69,757		Public Relations Officer	] New Diversity and Outreach Office.
-1	-1.00		\$-65,496		Diversity Officer	
-1	-1.00		\$-42,017		Community Relations Specialist Sr	
-1	-1.00		\$-44,755		Equal Rights Specialist Sr	
-1	-1.00		\$-29,332		Office Assistant II	
-1	-1.00		\$-90,108		Human Resources Manager	Position eliminated.
-1	-1.00		\$-69,792		Employment Administrator	] Reclassification for increased responsibilities.
1	1.00		\$75,796		Employment Manager	
	1.00	-1.00	\$63,006	\$-63,006	Human Resources Training Coordinator	Reimbursable eliminated.
	1.41				Miscellaneous Adjustment	
-6	-3.59	-1.00	\$-221,190	\$-63,006	TOTAL	

FIRE DEPARTMENT

EXECUTIVE SUMMARY

MISSION: To protect people and property within the city. The department responds to the needs of citizens by providing rapid, professional, and humanitarian services essential to the health, safety, and well being of city residents.

STRATEGIC ISSUES: Provide fire and life safety educational services, which will reduce the incidence of fire and emergency medical events to citizens.

Reduce personal injury, fatalities, and property loss through the timely provision of fire suppression, emergency medical, and other emergency services unique to the changing threats to our society.

Timely provision of fire suppression, emergency medical, and other emergency services that help make the city a desirable and safe place to live, work, and conduct business.

Reduce the loss of Fire Fighters to other jurisdictions as this is costly to the department both in terms of losing experienced personnel as well as training new recruits.

INITIATIVES FOR 2004: 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.

Implement the "Sleep Safely" Program throughout Milwaukee neighborhoods to further prevent and minimize the effects of fire and other trauma.

Strengthen the Emergency Medical Services (EMS) system by working to establish contracts with private ambulance providers for Basic Life Support (BLS) services and continuing participation in the countywide paramedic system.

Modify staffing levels on some non-special teams engine companies from five Fire Fighters to four.

Focus on Fire Fighter safety through investments in equipment and training.

Consolidate the Bureaus of Emergency Medical Services and Special Teams into a new Bureau of Special Operations.

BACKGROUND

The Milwaukee Fire Department (MFD) has provided public safety services since 1875. The department currently operates 36 fire houses that are geographically organized into six battalions. Housed in these facilities are 37 engine companies, 16 ladder companies, 9 paramedic units, and 3 rescue squads. 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 in a system to provide basic life support services with private sector ambulance providers, and provides paramedic or advanced life support services under Milwaukee County oversight.

OBJECTIVE 1

Reduce the number of fire deaths, as measured by a three year average to six or below in 2004 through educating the public about services available in the City of Milwaukee that reduce the incidence of fire, morbidity, and negative environmental impacts.

OUTCOME HISTORY

Fire deaths ranged from a high of 31 in 1987 to a low of 4 in 1998. Figure 1 shows the overall decline in the three year moving average of fire deaths since the late 1980's. Reductions in the number of fire deaths have coincided with increased efforts in fire prevention. In the 2004 budget, \$13.1 million of operating funding and \$462,000 of grant funding is allocated to this objective.

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 2002, Fire Fighters installed 502 smoke detectors, 314 fire alarm batteries, and visited over 1,390 residences as part of this program.

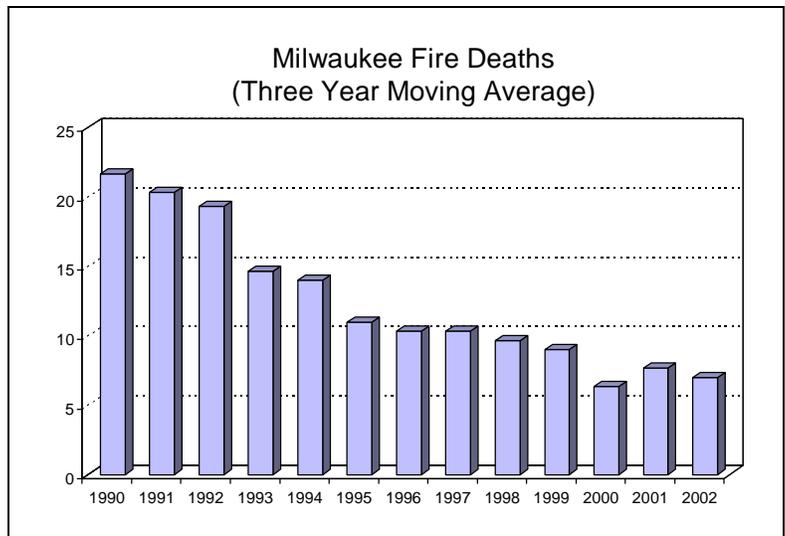
Educational programs, such as Survive Alive House and Sesame Street, teach children how to react when there is a fire in the home, including proper escape procedures and calling 9-1-1. Fire prevention programs like Sesame Street, Elder Safe, the Survive Alive House, Mobile Survive Alive Houses, and others reached 139,229 citizens through 985 programs in 2002.

ACTIVITIES

- Fire prevention
 - FOCUS Program
 - Survive Alive House/Mobile Survive Alive Trailers
 - Elder Safe Program

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Three year average number of fire deaths.	7.0	6.0	6.0
Funding by Source:			
Operating Funds	\$12,183,595	\$11,704,277	\$13,062,444
Grant and Reimbursable	350,000	462,000	462,000
Total:	\$12,533,595	\$12,166,277	\$13,524,444

Figure 1



- Operation First Responder
- Inspections

PROGRAM CHANGES

Fire Fighters Out Creating Urban Safety (FOCUS): The FOCUS Program centers around Fire Fighters going door-to-door in high fire risk areas to install smoke detectors, replace batteries, and distribute fire prevention information in an effort to increase fire prevention knowledge and decrease fire deaths.

The FOCUS Program has been partially funded through Community Development Block Grant

(CDBG) funds since the 2002 budget. CDBG funds are allocated to the Fire Department to expand the FOCUS Program throughout the Neighborhood Strategic Planning (NSP) area. The expanded FOCUS Program ensures that citizens in these areas receive information to protect them from home, health, and fire hazards. In addition to fire education and smoke detector inspections, Fire Fighters also conduct blood pressure/stroke screenings, home safety inspections, and provide 9-1-1 and social service access information to residents. The 2004 budget provides \$462,000 in CDBG funding to continue this expanded program.

provide fire prevention education throughout the City of Milwaukee. This new program will focus on the communities around the city's 36 fire houses by providing residents with fire prevention information. As part of this program, Fire Fighters will canvas the neighborhoods in their response areas to locate, test, and install smoke detectors, develop emergency exit plans with residents, and distribute emergency contact information. The goal of this new program is to increase fire prevention knowledge and decrease fire deaths in neighborhoods outside of the traditional FOCUS areas. The Fire Department hopes to partner with local businesses and individuals to support this program in 2004.

“Sleep Safely” Program: In 2004, the Fire Department will implement the “Sleep Safely” Program to

OBJECTIVE 2

Reduce effects of personal injury and property loss through timely provision of fire suppression, emergency medical, and other emergency services as measured by a response time of five minutes or less for 95.0% of calls received in 2004.

OUTCOME HISTORY

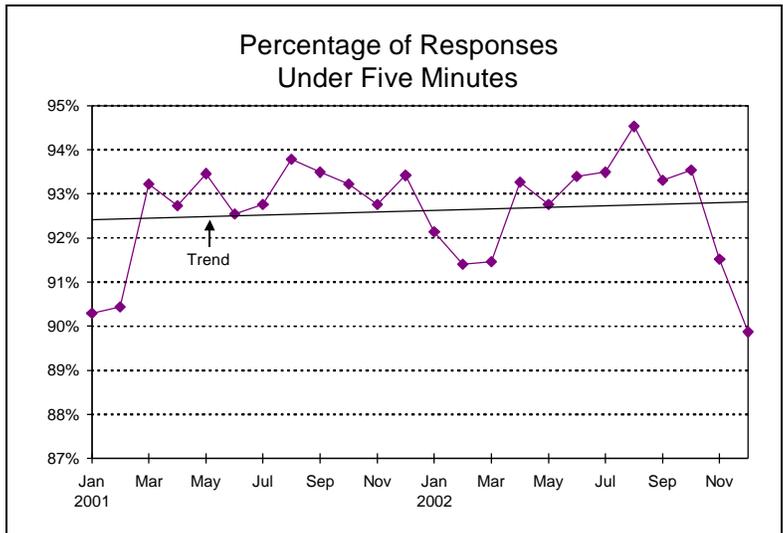
In 2002, the Fire Department responded to roughly 64,000 incidents. Response time to these incidents totaled five minutes or less in 92.6% of all cases. While slightly lower than the 95.0% goal, the 2002 response time data shows improvement in this area over past years. For example, for the years 1993, 1995, and 1996 only 90.5% of calls were responded to within five minutes.

Figure 2 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 2001 and 2002. The Fire Department's goal is to improve this trend in 2004 by responding to 95.0% of calls received in less than five minutes.

In the 2004 budget, \$76.3 million in operating resources will contribute to a total of \$82.3 million allocated to this objective.

	2002 Experience	2003 Budget	2004 Projection
Percentage of responses within five minutes of call.	92.6%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$69,040,373	\$66,728,916	\$76,314,662
Grant and Reimbursable	4,725,228	5,018,628	178,588
Capital Budget	2,194,952	5,105,000	5,840,000
Total:	\$75,960,553	\$76,852,544	\$82,333,250

Figure 2



ACTIVITIES

- EMS operations
- Fire suppression
- Special teams emergency services
 - HazMat
 - HURT
 - Dive Rescue
- Facility and equipment maintenance
- Inspections

PROGRAM CHANGES

Modifying Staffing on Engine Companies: In 2004, the Fire Department will change staffing levels on 14 of its 18 non-special teams single engine companies from five Fire Fighters to four. The remaining four single engine companies will continue to be staffed at five Fire Fighters and these companies will be assigned by the Fire Chief to areas of the city with the greatest need. Staffing levels on special teams engine companies and ladder companies will also remain at five Fire Fighters in 2004. This staffing change will create savings of \$2.5 million in salary and overtime costs.

Focus on Fire Fighter Safety: In 2004, the Fire Department will implement several new initiatives to insure the safety of its Fire Fighters. An additional \$260,000 is included in the equipment budget for the purchase of new radios, air cylinders, and self-contained breathing apparatus. The capital budget includes an additional \$25,000 per apparatus purchased in 2004 for a thermal imaging camera. Finally, the MFD will establish a training program for all officers with a focus on maintaining safety in the fire house and in emergency situations.

Create the Bureau of Special Operations: The 2004 budget consolidates the Bureaus of Emergency Medical Services and Special Teams into a new Bureau of Special Operations. This consolidation will integrate the Fire Department’s Emergency Medical Services (EMS), HazMed Response System, specialized rescue (HURT, Dive, and HazMat Teams), and special event activities.

Currently, EMS and Special Teams personnel respond to emergency incidents together. By combining the two sections, the department will insure that the response will be coordinated appropriately and effectively. Other advantages of this consolidation include expanding the staff base available for special teams functions, a more effective and effi-

cient Fire Department response to HazMed situations and better coordination of special events. One position of Deputy Chief will be eliminated as part of this consolidation for savings of \$86,427.

Strengthen Emergency Medical Services (EMS)

Basic Life Support Services (BLS): Basic Life Support calls include requests for medical assistance where the caller’s complaint is not life threatening. When a patient is taken to the hospital, the primary private ambulance provider assigned to that sector conducts the transport. Currently, the MFD provides BLS level transports on a back-up basis when private providers are unable to respond to a call within the required response times.

In 2004, the City of Milwaukee will work to establish service contracts with private ambulance companies for the upcoming 2005-2009 contract period. The main objectives of these contracts will be to strengthen and improve BLS transport services by standardizing care levels among providers, establishing measures on which to evaluate patient care and provider performance, and recovering a portion of the city’s dispatch costs for these calls. The city has a goal of executing contracts with each of the five private ambulance providers by January 1, 2005.

Advanced Life Support Services (ALS): Milwaukee Fire Department Paramedics provide Advanced Life Support (ALS) treatment for patients with life threatening, or potential life threatening, illnesses or injuries. In 2003, the MFD’s Paramedic Program included nine Mobile Emergency Department (MED) units and five Paramedic First Responder (PFR) engine companies.

The Milwaukee Fire Department Paramedic Program operates as part of a countywide paramedic system, but primarily serves the City of Milwaukee. The countywide system is the responsibility of the Milwaukee County Division of County Health Related Programs (CHRP), who contracts with the City of Milwaukee for ALS level services.

In 2004, the city will enter into a new contract with Milwaukee County for its Paramedic Program. As part of this contract, the city will increase the number of MED units by one (from nine in 2003 to ten in 2004). The new unit will be put into service July 1, 2004, and will serve the northwest part of the city. This additional unit will improve ALS services not only in the northwest area but strengthen the paramedic system citywide.

The City of Milwaukee anticipates receiving approximately \$4.9 million in 2004 from Milwaukee County as its payment for participating in this sys-

tem. In 2004, this payment will be reflected as revenue to the department as opposed to a grant payment.

OTHER ACTIVITIES AND CHANGES

Business Operations Manager: The 2004 budget includes one new position of Business Operations Manager. This new position will manage all aspects of the Fire Department's financial operations, including budget preparation, expenditure and revenue tracking, grants management, and purchasing functions. The budgetary impact of this new position is approximately \$59,900 (excluding fringe benefits).

(\$42,085) due to reassigning these tasks to other MFD Repair Shop staff. Two positions of Carpenter (\$103,792) and one position of Custodial Worker II/City Laborer (\$32,666) are transferred to the Fire Department from the Department of Public Works. One position of Network Coordinator (\$46,414) is created to manage the Fire Department's new Computer Aided Dispatch (CAD) System that will go online in 2004.

Other Position Changes: The 2004 budget eliminates one vacant Fire Equipment Fabricator position

CAPITAL PROJECTS

The Fire Department is responsible for maintenance of its facilities and fire stations. Included in the 2004 budget is capital funding for several projects including: \$200,000 for engine house ventilation upgrades and window replacements, and \$75,000 for repair of the five story fire training tower at the Training Academy.

Significant capital projects include:

Equipment Replacement Program: The 2004 budget includes \$3.8 million for the purchase of three engines, four ladder trucks, and two ambulances.

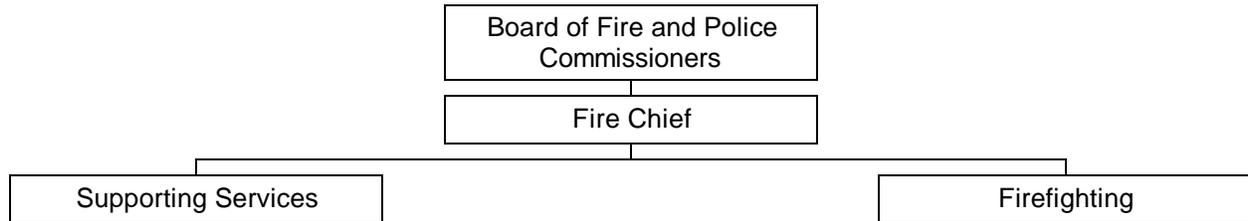
Fire Repair Shop Design and Construction: The 2002 budget included \$150,000 to study the needs of the Fire Department's and the Department of Public Work's fleet maintenance facilities. This study is now complete, and recommends that the MFD design and construct a new repair facility rather than remodeling the existing site. The estimate of this new facility is approximately \$10.7 million over a two to three year period. The 2004 budget includes \$1.8 million for the first phase of this project.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1,182.01	1,157.49	1,146.51	-10.98
FTEs - Other	83.19	83.75	9.20	-74.55
Total Positions Authorized	1,148	1,146	1,151	5
DLH - Operations and Maintenance	3,061,970	2,684,604	2,558,512	-126,092
DLH - Other Funds	203,483	198,320	20,893	-177,427
EXPENDITURES				
Salaries and Wages	\$57,361,462	\$56,415,656	\$64,899,165	\$8,483,509
Fringe Benefits	19,277,735	18,053,010	20,120,793	2,067,783
Operating Expenditures	3,800,359	3,503,691	3,661,642	157,951
Equipment	726,244	358,736	608,506	249,770
Special Funds	58,168	102,100	87,000	-15,100
TOTAL	\$81,223,968	\$78,433,193	\$89,377,106	\$10,943,913
REVENUES				
Charges for Services	\$1,633,325	\$1,450,500	\$6,093,304	\$4,642,804
TOTAL	\$1,633,325	\$1,450,500	\$6,093,304	\$4,642,804

CAPITAL PROJECTS - Includes \$5,840,000 for the following four projects:
 a. Major Capital Equipment - \$3,765,000
 b. Ventilation and Window Replacement Projects - \$200,000
 c. Fire Repair Shop Design and Construction - \$1,800,000
 d. Repair Five Story Fire Training Tower and Splashboard - \$75,000

ORGANIZATION CHART



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		\$-86,427		Fire Fighting Decision Unit Deputy Chief Fire	Elimination due to creation of the Bureau of Special Operations.
10	10.00		\$585,980		Fire Lieutenant	Position change upon vacancy.
-10	-10.00		\$-585,980		Paramedic Field Lieutenant/Fire Paramedic Field Lieutenant	

FIRE DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-42	-42.00		\$-2,492,018		Fire Fighter	Reduction of personnel on single engine companies.
44					Fire Fighter (Aux.)	
-1	-1.00		\$-51,211		Administrative Lieutenant	Transfer to Support Services decision unit.
		-77.66	\$5,559,265	\$-5,559,265	Various Fire Fighter/Paramedic Positions	Conversion of Paramedic contract from grant to operating.
		3.11		\$178,588	Various Fire Fighter Positions	MMSD service contract.
	29.22				Various Positions	Reflects work reduction and FTE adjustment.
					Support Services Decision Unit	
-1	-1.00		\$-107,245		First Assistant Chief Engineer	Retitled Assistant Chief's position.
1	1.00		\$118,045		Assistant Fire Chief	
-1	-1.00		\$-73,972		Battalion Chief, Fire	Reclassification of vehicle operations function.
1	1.00		\$68,440		Vehicle Operations Manager	
1	1.00		\$76,905		Deputy Chief, Fire	Position Ordinance change with vacancy.
-1	-1.00		\$-76,905		Deputy Chief, Training and Special Services	
-1	-1.00		\$-42,085		Fire Equipment Metal Fabricator	Elimination of vacant position.
-1	-1.00		\$-53,237		Fire Audiovisual Training Specialist	Civilianization of audiovisual function.
1	1.00		\$34,183		Audiovisual Specialist II	
1	1.00		\$51,211		Administrative Fire Lieutenant	Transfer from Fire Fighting Decision Unit.
2	2.00		\$103,792		Carpenter	Transfer of employees from Department of Public Works.
1	1.00		\$32,666		Custodial Worker II/City Laborer	
1	1.00		\$59,893		Business Operations Manager	Improve budget and financial administration of department.
1	1.00		\$46,414		Network Coordinator	New CAD system management.
	-1.20				Various Positions	Reflects work reduction and FTE adjustment.
5	-10.98	-74.55	\$3,167,714	\$-5,380,677	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.
- STRATEGIC ISSUES:**
- Prevent and control communicable and chronic diseases in Milwaukee.
 - 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 2004:**
- 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 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.

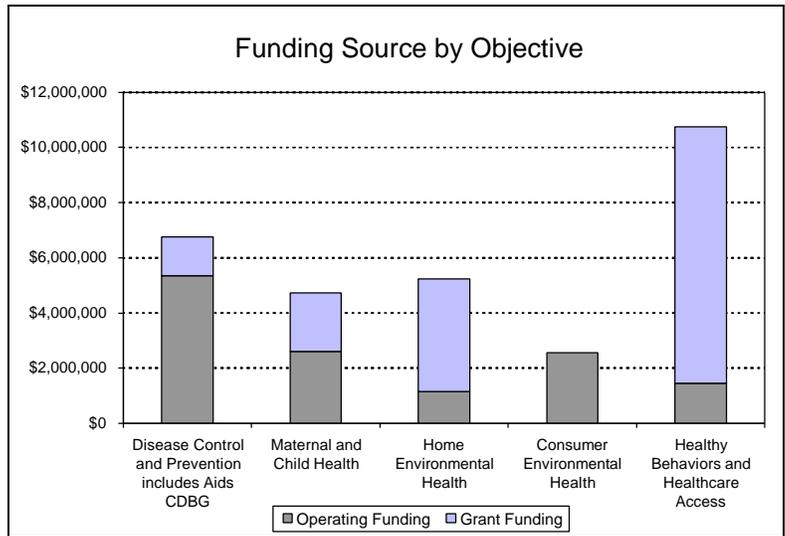
BACKGROUND

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 formerly operated from six locations throughout the city, including five health cen-

ters and one remote STD Clinic site. In 2003, the remote STD Clinic site moved into the Keenan Health Center building as part of a reorganization of clinic operations. In 2004, the Tuberculosis Clinic will be moved from Southside Health Center to Keenan Health Center.

The Health Department's 2004 budget reflects their ongoing efforts to improve its strategic planning driven outcomes. Five management units focus on specific program outcome areas, including home environmental health, consumer environmental health, healthy behaviors and health care access, maternal and child health, and disease control and prevention. These program areas are supported by the Health Department's laboratory and business sections. Departmental staff developed the 2004 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 ever more critical for such planning.

Figure 1



In 2004, 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 \$13.2 million operating budget with over \$16.6 million in grant funding.

OBJECTIVE 1

To reduce illness and injury from communicable disease, pollution, and disasters in Milwaukee by reducing the incidence of gonorrhea infections per 100,000 population to less than 100 by 2010.

OUTCOME HISTORY

Increasingly, sexually transmitted diseases have become the predominant form of communicable disease that the Health Department works to prevent. In 2003, the department began tracking the incidence of gonorrhea infections as their primary indicator of success in the area of disease control and prevention. In 2002, 759 gonorrhea infections were reported per 100,000 population. As shown in Figure 2, the rate has fluctuated over the past eight years and has shown an increase in recent years. In 2004, the department will strive to decrease the rate to 750 infections per 100,000 population.

Figure 3 shows the degree to which sexually transmitted infections overshadow other reportable disease rates in the community. Combating these diseases will require community collaboration with the department and a sustained and innovative effort in

Outcome Indicators and Funding

	2002 Experience*	2003 Budget	2004 Projection
Incidence of gonorrhea infections per 100,000 population.	759	600	750
Funding by Source:			
Operating Funds	\$5,422,298	\$5,347,082	\$5,348,311
Grant and Reimbursable	768,534	1,130,855	1,397,200
Capital Budget	13,176	443,862	498,190
Special Purpose Accounts	248,529	314,200	0
Total:	\$6,452,537	\$7,235,999	\$7,243,701

*2002 Experience reflects a prior communicable disease objective that has been revised.

the years to come. The 2004 budget allocates \$7.2 million to disease control and prevention.

ACTIVITIES

- Regional public health emergency preparedness and response
- Tuberculosis surveillance, prevention, and control
- Sexually transmitted disease surveillance, prevention, and control

- HIV/AIDS prevention
- Vector and water borne disease control
- Communicable disease surveillance and control (SURVNET)
- Environmental property audits and assessments
- Toxic materials planning and management
- Outdoor air quality surveillance

PROGRAM CHANGES

Outbreak Preparedness: In 2004, the Health Department will continue to improve public health emergency preparedness and coordinated response. The Health Department has already augmented its ability to respond to communicable disease outbreaks, bioterrorism, and other emergencies (such as hazardous materials spills or heat waves) by integrating medical, nursing, environmental, and epidemiologic staff within a single unit. The staff within this unit is supplemented by grant funded initiatives like the countywide communicable disease tracking system, SURVNET, and Centers for Disease Control and Prevention (CDC) Bioterrorism Program.

The department has also 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. This team closely coordinates community response with the Fire Department's Hazmat and EMS Units, various local and federal law enforcement agencies, and the Milwaukee County Division of Emergency Management.

Emerging Infectious Diseases: The Health Department continues to face new challenges associated with the identification, control, and prevention of emerging infectious diseases like SARS and Monkey Pox. During 2003, the department performed extensive surveillance and prepared for responses to the global SARS epidemic and a regional appearance and outbreak of Monkey Pox. The department's response to both of these disease episodes included, but was not limited to: rapid development of sentinel surveillance systems in the community; assurance of local laboratory capacity for clinical and environ-

Figure 2

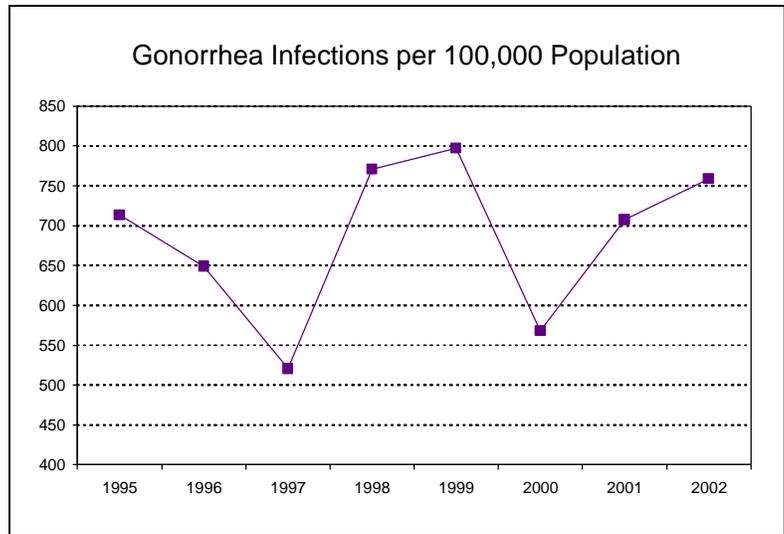
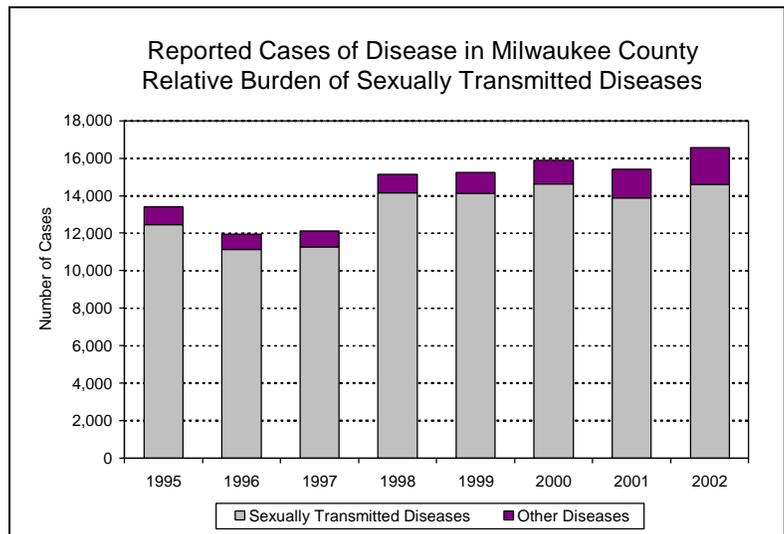


Figure 3



mental specimen analysis; deployment of alert messaging and routine risk communication to the health care community, the media and general public through electronic networks. Many of these activities already coincide with current public health emergency preparedness for bioterrorism. During 2004, the Health Department will continue regional partnerships with other local public health agencies to strengthen capacity and enhance assets necessary to ensure public health initiatives underway including review and assessment of early warning and detection surveillance systems; continuation of joint staff training and exercises with other first responder agencies; and formation of a departmental clinical response team.

West Nile Virus: The department continues to conduct surveillance for West Nile Virus within the city as a result of initial detection of the virus in select bird species in 2001. Surveillance activities include collecting and tracking reports of dead birds made by citizens, adult mosquito trapping and analysis, and collaborating with local hospitals and other health care providers in reporting suspected cases of human infections. In 2003 the department targeted larvicide application throughout the city for purposes of mosquito control and limiting West Nile Virus transmission to the community. City employees of the Health Department, Department of Public Works, and Department of City Development placed larvicide in catch basins and other select habitat throughout the summer and fall. The Health Department also maintains a public hotline and web site to update citizens as to surveillance activities and prevention measures. During 2004, the department anticipates conducting similar levels and types of surveillance,

public outreach, and mosquito control to reduce the probability of the West Nile Virus outbreak in the community.

Communicable Disease Reduction Initiative: In 2004, the department will further strengthen a Community Development Block Grant (CDBG) 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 disease in the community. The STD Clinic was moved into the Keenan Health Center in the summer of 2003 and the Tuberculosis Clinic will be moved into the same facility in 2004. The collocation of these clinics and associated services will provide increased accessibility for clients and will enable the department to provide a more focused, neighborhood approach to communicable disease education, identification, and prevention.

OBJECTIVE 2

To promote reproductive health, healthy child development, and school readiness in Milwaukee by reducing the ratio of African American infant mortality rate to White infant mortality rate to less than 1.3% by 2010.

OUTCOME HISTORY

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. When different parts of the city experience very different rates of infant mortality, it indicates significant disparities in underlying health conditions. In Milwaukee, as well as nationally, the decline in the African American infant mortality and other adverse birth outcomes has failed to keep pace with that of Whites. In Milwaukee, the rate of infant death in Non-Whites was 1.7 times that of Whites in 1968, but 2.8 times that of Whites in 2001. The disparity between Whites and African Americans is even greater. In Milwaukee, the 2001 Non-Hispanic African American infant mortality was 17.7 per 1,000 live births versus a Non-Hispanic White rate of 4.9.

Outcome Indicators and Funding

	2002 Experience*	2003 Budget	2004 Projection
Percent difference in African American vs White infant mortality rate.	N/A	2.50	2.50
Funding by Source:			
Operating Funds	\$2,694,825	\$2,907,529	\$2,676,469
Grant and Reimbursable	2,092,440	2,549,937	2,121,000
Capital Budget	22,503	241,602	202,306
Total:	\$4,809,768	\$5,699,068	\$4,999,775

*2002 Experience reflects a prior maternal and child health objective that has been revised.

The difference between the African American and Non-Hispanic White infant mortality rates is the major indicator of success in the Maternal Child Health Division. As Figure 4 illustrates, while the overall city infant mortality is on the decline, the disparity between White and Non-White infants remains wide.

The Health Department's 2004 budget dedicates approximately \$5 million to promote maternal and child health, which includes over \$2.1 million in state and federal grants.

ACTIVITIES

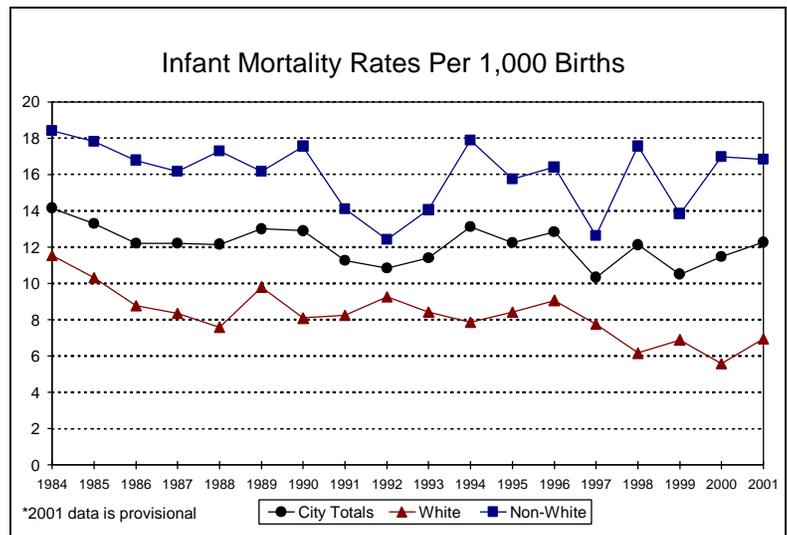
- Prenatal and reproductive health
- Care coordination
- Infant and preschool health
- Pregnancy testing and counseling
- Assessment and monitoring of vulnerable and chronically ill children
- WIC Nutrition Program
- Newborn screening for heritable disorders
- Sudden unexpected infant death services
- Refugee child health
- Fetal infant mortality review
- Vital statistics/epidemiology
- Health Check Screening Clinics
- Immunizations

PROGRAM CHANGES

Home Visit Program: In 2004, two vacant Public Health Nurse positions in the Maternal and Child Health Division will be replaced by two Public Health Social Worker positions. These staff will join the current team of Public Health Nurses, Clinic Assistants, Health Educators, and Physicians who provide services to mothers and children. The Public Health Social Workers will assess, counsel, and refer clients on any number of problems such as: inadequate housing; lack of health insurance; or domestic violence. The use of Social Workers will increase the capacity of the Public Health Nurses who are currently providing these services.

Combined Service Locations: A new initiative in 2004 is the combination of public health nursing services with the Health Department's Women Infants and Children (WIC) Clinic services to provide a "one stop shopping" environment for clients. Counseling, pregnancy testing, medical assistance, outreach, and immunizations are just a few of the many services provided while clients are being seen for WIC. This change allows clients to receive Public Health Nurse services while waiting for part of the WIC appointment. Services provided in the "one stop" visit will target the reduction of infant mortality by education and counseling on such topics as safe sleep environment, early signs of labor, and safety for children.

Figure 4



Health and Safety in Child Care Grant: In 2003, the Health Department received \$497,000 from the Health Resource Services Administration for continuation of child care health consultant services to 52 child care centers enrolled in the project. Public Health Nurses, Clinic Assistants, a Health Educator, and an Environmental Hygienist provide health assessments, health screenings, educational and environmental assessments, counseling and referrals to children, parents and child care workers. This population was previously not being serviced by the department.

Healthcare Outreach Coordinator: In 2004, a Healthcare Outreach Coordinator position is created in the Maternal and Child Health Division. This position will work to assure that physicians, clinics, hospitals, managed care organizations, and other service providers adopt recommendations to reduce infant mortality and meet other public health goals. A recent outcome-based strategic planning session identified a need to make health care providers more active partners in Health Department programs. This position will be filled by an experienced public health nurse that will provide professional to professional contact with the goal of improving the preventative effectiveness of the hundreds of millions of dollars spent on health care in our community each year.

OBJECTIVE 3

To reduce illness and injury related to the home environment in Milwaukee by reducing the percent of all children aged 0-5 years with blood lead levels exceeding 9 mcg/dL to 0% by 2010.

OUTCOME HISTORY

The Health Department has stepped up its focus on health issues related to the home environment, primarily lead poisoning, asthma, and unintentional injuries. Recognized as one of the most successful lead poisoning control programs in the United States, the Health Department's Lead Program has significantly reduced the rate of lead poisoning among Milwaukee children. As Figure 5 shows, the percent of children tested aged 0-5 with high blood lead levels has declined from about 40% in 1995 to 14% in 2002. The program's success is derived in part from focusing on cost effective abatement of hazardous homes before the children are poisoned.

The 2004 budget provides \$5.4 million in funding for comprehensive home environmental health activities including \$4.1 million in funding from federal and state grant programs.

ACTIVITIES

- Lead poisoning prevention and treatment
- Asthma control
- Unintentional injury prevention
- Clinical and environmental lead laboratory

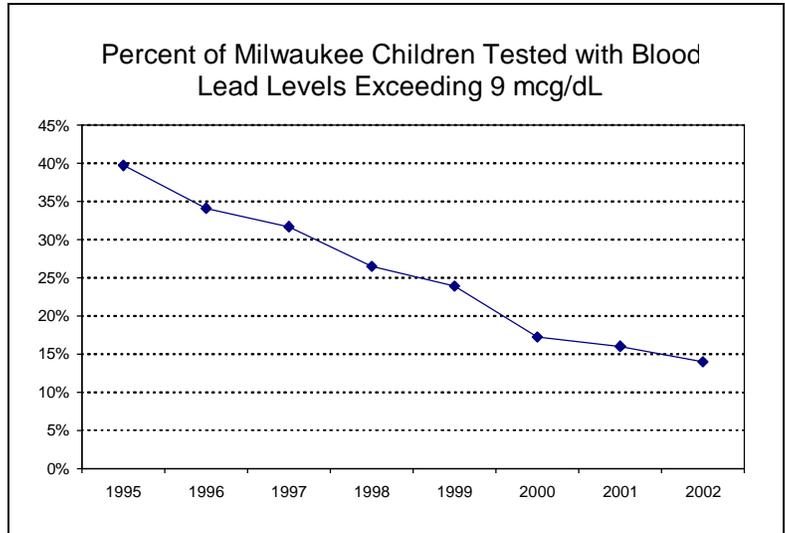
PROGRAM CHANGES

Asthma Grants: The Health Department will add two new positions for the Fight Asthma Milwaukee Allies Grant. Asthma related services include case coordination and case management of families impacted by asthma, collection, and correlation of outdoor air quality measurements, and research to determine the impact of home allergens and the cost effectiveness of reducing these environmental triggers.

Outcome Indicators and Funding			
	2002 Experience*	2003 Budget	2004 Projection
Percent of children aged 0-5 tested with blood lead levels exceeding 9 mcg/dL.	14.0%	14.0%	13.0%
Funding by Source:			
Operating Funds	\$1,166,471	\$1,121,489	\$1,155,368
Grant and Reimbursable	2,907,643	1,997,983	4,080,920
Capital Budget	7,501	82,856	134,876
Total:	\$4,081,615	\$3,202,328	\$5,371,164

* 2002 Experience reflects a prior environmental quality objective that is no longer tracked.

Figure 5



Lead Hazard Abatement: The Health Department's Lead Program is recognized as one of the most comprehensive control efforts in the United States, combining screening and case management with innovative community mobilization, public policy advocacy, and environmental abatement. The refinement of low cost abatement techniques and responsiveness to concerns of property owners has increased local demand for voluntary and partially subsidized abatement of low income rental properties. The Health Department receives the maximum available funding from the U.S. Department of Housing and Urban Development for lead abatement. CDBG funding of \$550,000 provided to supplement the department's lead efforts in the 2003 budget will be reduced to \$500,000 in 2004. Additionally, the Lead Paint Lawsuit, filed by the city against former manufacturers of lead based household paints and dismissed in 2003, will be appealed.

OBJECTIVE 4

To improve the quality and safety of consumer products and services in Milwaukee by reducing the percent of establishments with critical foodborne illness violations on the initial inspection to 30% by 2010.

OUTCOME HISTORY

The Health Department's success on this objective is measured by the percent of food establishments with critical violations on the initial inspection. In 2002, 58% of establishments had at least one critical violation, an increase from 45% in the prior year. The Health Department continues to focus on the Hazard Analysis and Critical Control Point (HACCP) techniques. These techniques allow the Food Inspectors to identify hazards and assess risks posed to a food ingredient or food product in relation to food preparation or processing and determine the critical control points required to prevent or control these hazards. As shown in Figure 6, the department investigated 44 possible foodborne outbreaks that involved confirmed cases of illness in 2002.

In the 2004 budget, funding of \$2.6 million is dedicated toward improving the quality and safety of health related consumer products and services.

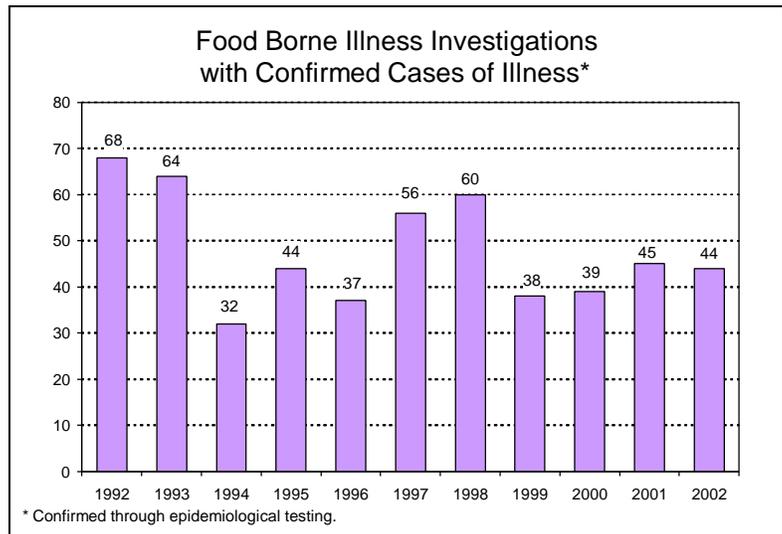
ACTIVITIES

- Food safety regulation and education
- Weights and measures
- Sales ordinance investigations
- Fire inspections (in Health Department permitted facilities)
- Convenience store security inspections
- Tattoo and piercing establishment licensing

PROGRAM CHANGES

Mobile Consumer Environmental Health Inspection System: In 2003, the Health Department developed a new inspection database system that will permit wireless portable access and data entry from the field. In 2004, the inspection system will use wireless PC tablet technology to create a mobile

	2002 Experience	2003 Budget	2004 Projection
Percent of food inspections with critical foodborne illness risk factors.	58.0%	45.0%	55.0%
Funding by Source:			
Operating Funds	\$2,708,978	\$2,982,641	\$2,559,930
Capital Budget	7,501	240,109	67,438
Total:	\$2,716,479	\$3,222,750	\$2,627,368

Figure 6

connected office for Food Inspectors to perform routine data entry.

This system will eliminate many return trips to the office and allow the inspector to remain in the field longer to perform more inspections on a daily basis. The department is currently exploring the best way to make more food inspection information available to the public through its web site, once the new database and mobile inspection system are fully operational.

Reduction of Health Inspection Staff: The 2004 budget eliminates one Health Inspector and one Office Assistant III position in the Consumer Environmental Health Division. Inspector efficiencies are expected from a new hazard analysis approach that utilizes the identification, correction and/or control of the Centers for Disease Control (CDC) recognized foodborne illness risk factors. Under this system a reduction in the issuance of non-CDC orders is expected. In addition, a new enforcement policy in the form of inspection and reinspection fees will address repeat violators and those who fail to comply in a timely manner.

OBJECTIVE 5

To promote healthy behaviors and access to health services in Milwaukee by reducing the percent of youth in grades 9-12 reporting tobacco use in the past 30 days to 16% by 2010.

OUTCOME HISTORY

Lifelong habits learned in youth contribute to wellness, or alternately to disease, disability, early death, and high health care costs. The 2004 budget includes \$11.1 million in funding to promote healthy behaviors and assure access to prevention oriented health care to improve the health and economic vitality of our city. Of this amount, \$9.3 million comes from grant funds.

Rising rates of obesity and diabetes are becoming important public health concerns emphasizing the importance of exercise and nutrition. The Health Department contains the only non-WIC local Public Health Nutritionist in Wisconsin to deal with these issues.

Tobacco the Number One Killer: Preventing people from starting the use of tobacco and encouraging current smokers to quit has been a program focus in the department since 1997.

The department is the fiscal agent for 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. In 2004, the Health Department seeks to reduce the illegal sale of tobacco products to minors through education, inspections for retailer compliance with state and local statutes, and enforcement. In addition, preventing youth purchase of tobacco products and its subsequent lifelong addiction has been enhanced through community partnerships and collaborative efforts to prevent licensed Milwaukee tobacco retailers from illegally selling to minors.

The department's focus on education, surveillance, enforcement, cessation, and community based best practice is in direct alignment with the CDC's Best Practice recommendation to reduce the morbidity and mortality associated with tobacco use. This comprehensive approach to reduce the percentage of young

Outcome Indicators and Funding

	2002	2003	2004
	Experience*	Budget	Projection
Percent of youth grades 9-12 using tobacco products in the past 30 days.	N/A	19.0%	19.0%
Funding by Source:			
Operating Funds	\$1,437,393	\$1,456,171	\$1,461,460
Grant and Reimbursable	6,771,628	9,726,049	9,286,200
Capital Budget	20,678	121,271	337,190
Total:	\$8,229,699	\$11,303,491	\$11,084,850

*2002 Experience reflects a prior adult health objective that is no longer tracked.

people who smoke will target the department's 2010 goal of reducing the percent of high school smokers.

ACTIVITIES

- Health care access
- Tobacco control and prevention
- Nutrition
- Municipal Health Services Program
- Well Women's Program
- Breast and cervical cancer prevention and testing
- Domestic violence and sexual assault prevention
- Mental health in elementary students and adolescents
- Teen pregnancy prevention
- Intentional injury prevention
- Responsible sexual behavior for adolescents
- Adolescent school health and depression screening
- Employee Assistance Program
- Cardiovascular risk reduction
- Vulnerable and chronically ill adults

PROGRAM CHANGES

Mental Health/Substance Abuse: The Healthy Behaviors and Healthcare Access Division (HBHA), received a three year (\$500,000 annually) federal grant to provide mental health and substance abuse care to a targeted population of women and children. Health services will also be provided to these women and their children.

Public/Private Partnership: In 2004, The Health Department will partner with META House, Inc. to increase its capacity to serve primarily African American women and address the many health disparities experienced by this population. The program addresses substance abuse and provides a treatment program while providing health services for both women and children. This program will also promote healthy behaviors and health care access and provide for education, prevention, and intervention services. The results of this project will be reported quarterly with an outcomes report completed annually.

Promoting Health Insurance Enrollment: Lack of health insurance causes problems for the individual as well as the organizations providing preventive care and treatment. Between 1996 and 1998,

thousands of families lost their connection with low income health insurance programs during early welfare reform efforts. The Health Department has intensified efforts to help families find insurance and primary health care through its Medical Assistance Outreach and MHSP Grants, facilitating the BadgerCare Coordinating Network, and serving the Milwaukee County Health Care Policy Taskforce. Over 40,000 Milwaukee County residents have been enrolled in Medicaid and BadgerCare since the BadgerCare Coordinating Network began its work in 1999.

In 2003, the Health Department experienced 3,000 families being referred and 1,300 becoming eligible for a variety of health care programs. In 2004, referrals are expected to increase to 3,500 and 1,600, respectively.

OTHER ACTIVITIES AND CHANGES

Clinic Operations Reorganization: The department has taken advantage of its expired STD Clinic lease to reorganize its clinic operations. In 2003, the STD Clinic moved into the Keenan Health Center to better serve clients in need. The WIC and walk-in clinics at Keenan continue to be staffed by the district nurses with service levels remaining unchanged. In 2004, the Tuberculosis Clinic will also be moved from the Southside Health Center to Keenan, in order to provide increased coordination between these important communicable disease control units. The WIC Clinic at Johnston Health Center will then be moved into Southside Health Center so that all three WIC sites will be co-located with the Family Health Walk-In Clinics.

Other Position Changes: As part of a comprehensive effort to streamline city government, funding for several other positions has been eliminated. In 2004, two vacant Public Health Nurse positions providing school based nursing services are eliminated for salary reductions of \$61,387. These nurses provided contracted services to schools that desired services above what was provided by the Health Department through its general service agreement with Milwaukee Public Schools. These schools have indicated that they do not require additional services.

In 2004, one vacant Health Project Coordinator (0.5 FTE) is eliminated reducing salaries by \$14,598. This position has remained vacant since the 2003 creation of the Tobacco Control Project Manager (1.0 FTE). The Tobacco Control Project Manager will continue to carry out the duties of this vacant position.

Due to the increasing difficulty in securing funding from Medicaid for services provided by the Health Department, one vacant Public Health Nurse position in the Case Coordination Unit will be eliminated in 2004. Funding received by Medicaid has not been sufficient to warrant three positions in this unit.

Additional position changes include replacing the Chief Chemist position with an Administrative Lab Manager position, replacing one Graphics Coordinator position with one Graphics Designer II position. Also, one of two Delivery Driver positions is eliminated. With one Delivery Driver remaining, an Auxiliary Delivery Driver position is created to allow staff to still perform deliveries when the regular Delivery Driver is on leave or vacation.

Reduction to Information Technology Special Fund: In 2004, the Health Department is reducing its Information Technology Special Fund by \$100,000 to \$66,000. This reduction is made possible by a technology grant and represents a one time reduction in 2004.

CAPITAL PROJECTS

During 2002, the Health Department performed a comprehensive assessment of the capital needs for its five health center buildings. Growing concern over the need for improvements related to the Americans with Disabilities Act (ADA) prompted increased funding for interior and exterior projects related to ADA requirements. This assessment resulted in increased capital funding in 2003 of approximately \$1 million from previous years' funding levels of approximately \$100,000. The 2004 budget continues to provide adequate funding for maintenance and any necessary redesign of Health Department facilities.

Exterior Building Maintenance Projects: In 2004, \$315,000 is provided for roof repairs at Johnston, Northwest, and Keenan Health Centers. This funding also provides for tuck pointing and exterior ADA accommodations, such as access ramps and doors.

Interior Building Maintenance Projects: In 2004 \$250,00 is budgeted for ceiling improvements at the Southside Health Center, as well as various ADA

accommodation improvements, such as redesigned restrooms.

Mechanical Systems Maintenance Projects: In 2004, \$375,000 in funding is provided for this account. Included in this amount is \$175,000 for removal of the Coggs and Southside Health Centers boilers and replacement with smaller, more efficient models. In addition, \$25,000 is provided for elevator repairs at several of the Health Centers.

Keenan Renovation for the Tuberculosis Clinic: Moving of the Tuberculosis Clinic from the Southside Health Center to Keenan Health Center is funded in 2004 at \$300,000. Initially, the Tuberculosis Clinic was intended to be located on the same floor as the newly relocated STD Clinic at the Keenan Health Center. When relocation of the STD Clinic was completed in the summer of 2003, it became evident that additional space would be needed for the Tuberculosis Clinic. Funding in 2004 will allow for the redesign of the basement floor at Keenan Health Center to accommodate the Tuberculosis Clinic.

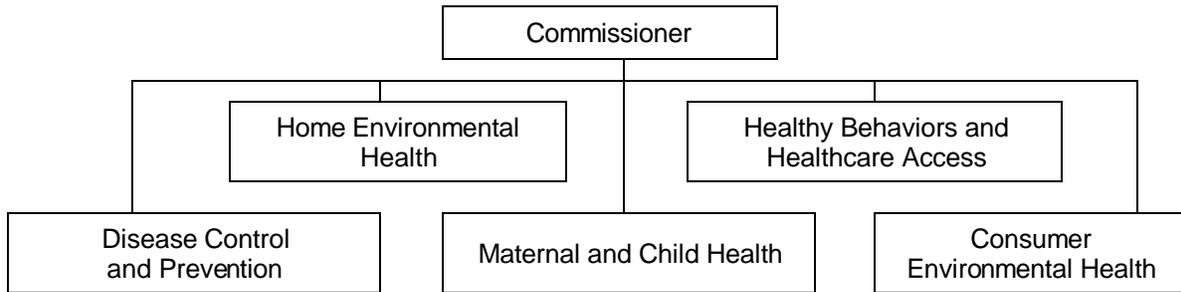
BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	234.10	192.93	185.42	-7.51
FTEs - Other	96.27	128.12	127.53	-0.59
Total Positions Authorized	377	367	359	-8
DLH - Operations and Maintenance	319,932	347,274	333,756	-13,518
DLH - Other Funds	274,736	230,616	229,554	-1,062
EXPENDITURES				
Salaries and Wages	\$8,395,649	\$8,630,612	\$8,318,975	-\$311,637
Fringe Benefits	3,126,298	3,193,326	3,078,020	-115,306
Operating Expenditures	1,801,047	1,799,174	1,717,743	-81,431
Equipment	4,143	25,800	20,800	-5,000
Special Funds	102,828	166,000	66,000	-100,000
TOTAL	\$13,429,965	\$13,814,912	\$13,201,538	-\$613,374
REVENUES				
Charges for Services	\$876,999	\$576,200	\$579,000	\$2,800
Licenses and Permits	1,618,651	1,674,800	1,579,200	-95,600
TOTAL	\$2,495,650	\$2,251,000	\$2,158,200	-\$92,800

CAPITAL PROJECTS - Includes \$1,240,000 for the following projects:

- Mechanical Systems Maintenance Program - Various Health Department Buildings - \$375,000
- Exterior Building Maintenance Program - Various Health Department Buildings - \$315,000
- Interior Building Maintenance Program - Various Health Department Buildings - \$250,000
- Keenan Renovation for Tuberculosis Clinic - \$300,000

ORGANIZATION CHART



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		\$-32,055		Office Assistant IV	Revised Business Section staffing levels.
-1	-1.00		\$-47,604		Administrative Specialist	
1	1.00		\$42,427		Office Supervisor II	
-1	-1.00		\$-33,379		Delivery Driver	
1	1.00		\$30,890		Accounting Assistant II	
-1	-1.00		\$-54,086		Graphics Coordinator	
1	1.00		\$33,710		Graphic Designer II	
1		1.00		\$44,862	Microbiologist III	Increased Bioterrorism Grant funding.
1		1.00		\$44,862	LIS/QA Technical Specialist	
2	2.00		\$76,000		Public Health Social Worker	District Nursing assignment adjustment to allow for Social Work Services.
-2	-2.00		\$-76,733		Public Health Nurse	
-1	-1.00				Office Assistant II	
	0.20				Public Health Nurse	FTE reporting correction.
-1	-1.00		\$-38,367		Public Health Nurse	Reduction in Medicaid case coordination.
-1		-1.00		\$-31,360	Office Assistant II	Reclassification of positions.
1		1.00		\$34,305	Program Assistant I	

HEALTH DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1		1.00		\$38,364	Health Project Coordinator	New Racial and Ethnic Disparities in Immunizations Grant.
1		1.00		\$47,007	Public Health Nurse	
1		0.50		\$11,436	Office Assistant II (0.5 FTE)	
	0.25	-0.25	\$16,374	-\$16,374	Public Health Nurse Supervisor	Adjustment for reduced Congenital Disorders Grant funding.
	0.40	-0.40	\$12,184	-\$12,184	Office Assistant II	
	-0.15	0.15	-\$7,360	\$7,360	Public Health Nurse	
	-0.50	0.50	-\$15,293	\$15,293	Clinic Assistant	Early Childcare Grant.
	-0.50	0.50	-\$14,666	\$14,666	Office Assistant II	Change in CDBG funding.
-1	-0.50		-\$14,598		Health Project Coordinator (0.5 FTE)	Elimination of Tobacco Control Program.
-2	-1.60		-\$61,387		Public Health Nurse (0.8 FTE)	Reduction in School Based Special Services.
-1		-0.50		-\$14,666	Office Assistant II (0.5 FTE)	Reduction in Preventive Health Grant.
-2		-2.00		-\$65,993	X-Ray Technician III	Reduction in Milwaukee Breast Cancer Awareness Grant.
	-0.13	0.13	-\$5,000	\$5,000	Health Access Interpreter	Increased Medical Assistance Program funding.
1	0.50	0.50	\$13,648	\$13,648	Office Assistant II	
-1	-1.00		-\$31,360		Office Assistant III	New Food Inspection Handheld Technology.
-1	-1.00		-\$36,755		Environmental Health Specialist II	
2		2.00		\$81,535	Environmental Hygienist	Urban Toxins and Emergency Preparedness Grant.
-1		-1.00		-\$28,348	Office Assistant III	Intervention to Prevent the Spread of AIDS Grant ends.
-1		-1.00		-\$29,332	Office Assistant II	SURVNet Grant reclassification.
1		1.00		\$31,360	Office Assistant III	
-1		-1.00		-\$38,367	Public Health Nurse	Childhood Lead Poisoning Prevention Grant staffing change.
1		1.00		\$35,635	Program Assistant II	
-1		-1.00		-\$29,316	Public Health Aide	Reduction in Childhood Lead Detection Program.

HEALTH DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1		-1.00		\$-41,182	Lead Hazard Prevention Manager	Lead Pilot Project Grant is complete.
-1		-1.00		\$-34,735	Lead Project Assistant	
-1		-1.00		\$-23,345	Office Assistant II	
-2		-2.00		\$-75,876	Lead Risk Assessor II	
-1		-1.00		\$-38,371	Chemist II	
		0.50		\$16,715	Public Health Aide	Increased funding for Lead Hazard Reduction Grant.
-1		-1.00		\$-44,302	Lead Project Coordinator	Pilot Ordinance Evaluation Grant is completed.
-1		-1.00		\$-28,322	Public Health Aide	
1		1.00		\$45,678	Project Coordinator	Health Homes Demonstration Project.
1		1.00		\$36,755	Environmental Health Specialist	
1		1.00		\$38,367	Public Health Nurse	
-1		-1.00		\$-34,430	Lead Risk Assessor II	Reduced CDBG Lead Grant funding.
1		1.00		\$38,364	Health Project Coordinator	Fight Asthma Milwaukee Allies Grant.
1		1.00		\$24,928	Office Assistant II	
1	1.00		\$46,785		Administrative Lab Manager	Revised Laboratory staffing.
-1	-1.00		\$-29,332		Office Assistant II	
-1	-1.00		\$-90,108		Chief Chemist	
	0.22	-0.22	\$10,000	\$-10,000	Chemist II	
1					Delivery Driver (Aux.)	Added for unexpected delivery Driver needs.
1	1.00		\$46,785		Healthcare Outreach Coordinator	Added to increase coordination improvements to private health care delivery to infants and their families.
	-0.70		\$-96,826		PCA Increase	Adjustment to reflect miscellaneous experience.
-8	-7.51	-0.59	\$-356,106	\$29,637	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.
- STRATEGIC ISSUES:** Provide collections, services, and programs to enhance the longterm economic well being of our community and meet the informational needs of a diverse population.
- Provide Milwaukee citizens with a competitive advantage through technology.
- Assure that all Milwaukee citizens have access to current and future forms of information.
- INITIATIVES FOR 2004:** Improve the Milwaukee Public Library's presence in the community through partnerships, collaboration and outreach efforts, and programs.
- Increase the use of the Milwaukee Public Library through remote web access.
- Work with the Milwaukee Public Library Foundation to increase corporate and individual contribution levels.
- Renegotiate contracts with the Milwaukee County Federated Library System.
- Continue initiatives to increase the number and use of library cards.
- Provide computer training for the public at all libraries and train staff in computer technology and customer service.
- Increase public awareness of reciprocal borrowing issues by education, collection enhancement, and neighborhood facility renovations.
- Work with Milwaukee Public Schools to create partnerships between neighborhood library branches and neighborhood schools.
- Create a long range plan for system facilities and capital projects with direction from the Library Board.

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 26 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 system, the Central Library

serves as the resource library for MCFLS. The Library also serves as the administrator and headquarters for the Wisconsin Regional Library for the Blind and Physically Handicapped.

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 docu-

ments, 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. The Library's 2004 budget totals \$21.2 million. In addition, the Library will receive \$1.6 million in grant funding and \$2 million in capital funding.

OBJECTIVE 1

Respond to the informational needs of the city's diverse population by increasing the number of library cardholders, hours of computer use, and visits per capita.

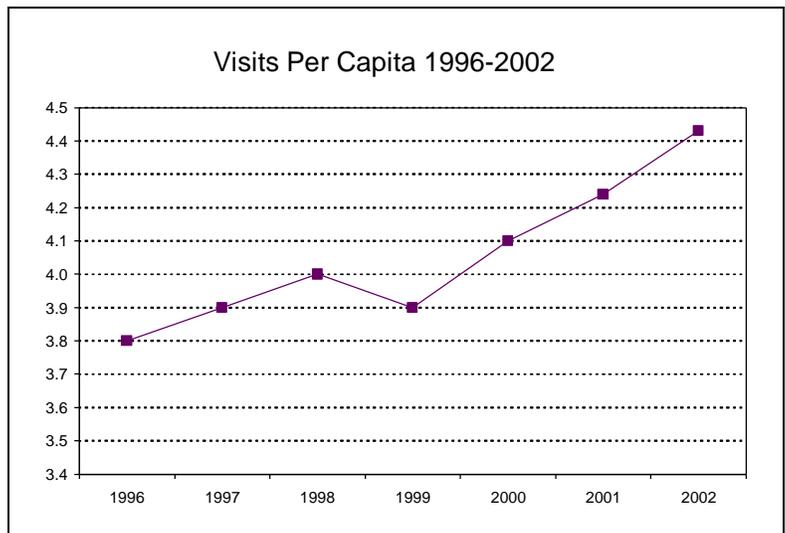
OUTCOME HISTORY

One of the Milwaukee Public Library's (MPL) long range goals is to be connected to every home in the city. To that end, the Library recently started tracking the number of library cardholders per capita. In 2002, a record high 61% of Milwaukee residents were registered for a library card. The Library will continue to work to increase this measure through various marketing activities designed to bring more patrons into the libraries. The number of visits per capita has also been steadily increasing since 1996 (see Figure 1). In 2002, patron count at all Milwaukee Public Library facilities totaled 2,645,559 or a 9% increase from 1996. Much of this increase can be attributed to improved technology and Internet access at the branches.

The use of computer technology continues to expand. In 2002, the public used 598,845 hours of computer time, over three times as much as in 1996 (see Figure 2). Many economically disadvantaged residents are not financially capable of purchasing computers for their home. Computer and Internet access in areas with high poverty rates is rising rapidly due to the informational needs of residents in those areas. The Milwaukee Public Library is committed to targeting communities with 10% or more of its service population below the poverty rate for improved services and resources. Several initiatives have been developed over the past few years to further the Library's progress toward this goal.

	2002 Experience	2003 Budget	2004 Projection
Library cardholders per capita.	0.61	0.57	0.58
Hours of computer use.	598,845	625,000	625,000
Visits per capita.	4.43	4.45	4.45
Funding by Source:			
Operating Funds	\$23,245,658	\$21,727,872	\$21,191,333
Grant and Reimbursable	1,123,821	1,691,941	1,579,731
Capital Budget	3,133,743	990,000	2,000,000
Total:	\$27,503,222	\$24,409,813	\$24,771,064

Figure 1



ACTIVITIES

- Wisconsin Regional Library for the Blind and Physically Handicapped
- Ready reference
- Circulation services

- Collection development
- Bookmobile and materials delivery
- Community outreach
- Information technology services
- Milwaukee County Federated Library System Resource Library
- Adult literacy
- Tutoring
- Computer training
- Children's programs
- Young adult programs

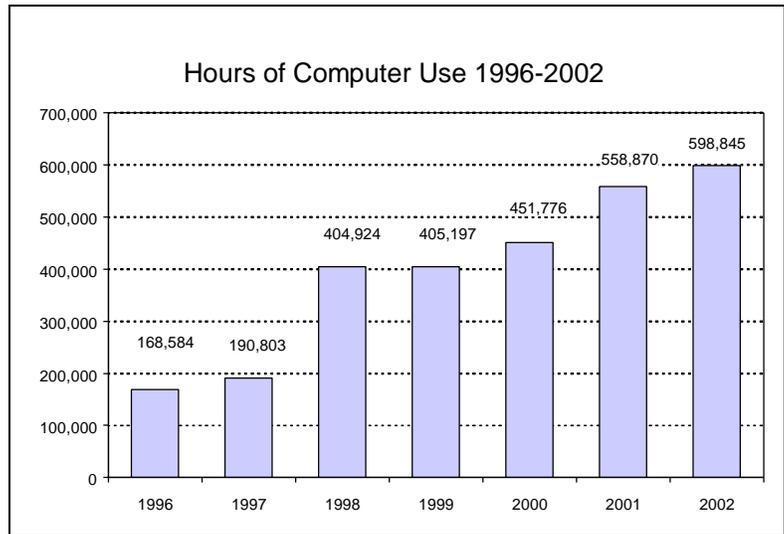
Books-2-Go Grant: In 2000, the Library began a new grant program using federal Library Services and Technology Act funding that provides outreach to Milwaukee preschoolers living in poverty and cared for in daycare settings. By training childcare providers, the Library is helping to develop pre-reading skills in young children, a key predictor of later academic success. In 2003, MPL was able to garner funding for a new Books2Go Program, *Libros para Llevar*, which focuses on Spanish speaking families and childcare providers.

Summer Reading Program: Milwaukee Public Library's Summer Reading Program reached an all time high participation in the summer of 2003, with more than 15,000 children and teens signing up and reading books. The Library continues to pursue initiatives that increase the number of Milwaukee area youth signing up in its reading programs.

Hewlett Packard Library Technology Access Project: In 2003, MPL was one of four public libraries in the United States that was selected to pilot a new program sponsored by Hewlett Packard aimed at addressing the technology needs of people with disabilities. Hewlett Packard provided \$16,000 worth of accessible computer workstations that are now available at the Central Library for any person with special needs who wishes to benefit from the informational resources offered at the library. The Library successfully implemented the project with the help of the Regional Library of the Blind and Physically Handicapped, Volunteer Services for the Handicapped, the Badger Association of the Blind and Visually Impaired and Independence First.

Bookmobile Links Communities and Technology: A new Bookmobile Program initiated in 2002, provides public access to the Internet and computer

Figure 2



resources in the city's Neighborhood Strategic Planning Areas. This enhanced program provides direct access to educational technology for children and adults in disadvantaged areas. A marked increase in bookmobile usage by city residents since its inception is evidence of the program's success. The 2004 budget funds this service with Community Development Block Grant funding of \$257,000.

COMPASS Guide: In its second year of operation, the COMPASS Guide project helps low income and minority teenagers explore options and make plans for after graduation. COMPASS Guide is a web site that includes Milwaukee's first searchable database of local scholarship information, in addition to general information on career, college, and apprenticeship choices. The Library hosts one-on-one training and professional academic counseling at targeted sites, and hands-on training to classes during library visits. A volunteer teen advisory board helps promote the project to the community and their peers. Operating in close partnership with University of Wisconsin-Milwaukee and Milwaukee Public Schools, this project is funded through a grant from the Greater Milwaukee Foundation.

Center Street: The 2003 budget provided Community Development Block Grant funding to enhance the Center Street Library branch into a new Community Outreach Technology Center. The program allowed the Library to add 32 new computers and provide an increase in the number of free computer training workshops for library patrons. Because of the new program, the number of patrons visiting

Center Street increased 18.5% by the end of October 2003 and 31.6% over October 2002 statistics. Center Street also participates in the library-wide Teach Grant, which provides classes in word processing, spreadsheets, and the Internet. These classes are offered free-of-cost to the community.

Many of the inner city library branches have lines for computer use at various times of the day and experience much higher patron counts than circulation counts. This indicates that visiting patrons have increased their use of computer resources for access to information, in addition to checking out materials. This program allows for expanded access to information resources as well as computer training programs for interested patrons. In addition, the Library is exploring coordination with Milwaukee Public Schools to increase student technology use.

The program has also attracted strong public interest and demonstrates potential for developing partnerships with local organizations, businesses, and schools. The branch has already established partnerships with several organizations, schools, and day-care centers such as the Neighborhood Parenting Group, the Certicare Daycare, the Next Door Foundation, the Starms Early Childhood, the Clarke Street School, the Khamit Institute, and the Phyllis Wheatley School. To further enhance the technology program, the Library will explore more of these partnership possibilities in 2004. In 2004, \$492,431 in CDBG entitlement funds and \$50,000 in reprogramming funds will be used to fund this project.

CAPITAL PROJECTS

Maintaining and updating a system of 13 library buildings that are heavily used by the public is an ongoing task. The 2004 capital budget includes \$2 million in funding for the following Milwaukee Public Library capital projects:

Central Library Improvements Fund: The 2004 capital budget includes \$625,000 for various projects to improve Central Library. Projects planned for 2004 include painting the Humanities Room for \$75,000, exterior building maintenance anticipated to cost about \$50,000, and removal and replacement of the HVAC equipment located above the Rare Books Room. Recent leaks prompted this \$500,000 project, which will ensure the valuable assets in this room will be preserved for generations to come.

PROGRAM CHANGES

Interlibrary Loan Services Grant: The State of Wisconsin Department of Public Instruction has provided the Interlibrary Services Grant to fund staff and equipment to receive, retrieve, and distribute requests from residents statewide for Milwaukee Public Library materials since 1968. Under the provisions of the grant, Milwaukee area users have also been able to obtain materials from other libraries in the state if they are unavailable in Milwaukee area library collections. At the end of 2003, the \$94,000 grant program has been eliminated from the state budget. This will result in the reduction of two positions, a Library Services Assistant and a Library Circulation Assistant I in the 2004 budget.

Combining Central Library Subject Areas: Beginning in 2004, the subject areas of Humanities and Art and Music will be administratively combined. This change will eliminate one management Librarian V and one Librarian IV for savings of approximately \$117,000. One management Librarian V will oversee both areas.

Other Position Changes: An Office Assistant II has been eliminated from the Administrative Support Section and a Library Technician II has been eliminated from the Technical Service Pool. The duties of these positions will be absorbed by other Library administrative support positions.

Closed Circuit Camera Security System: In 2004, the Library plans to replace its Closed Circuit Camera Security System at all 13 locations. The current system is no longer supported for maintenance and spare parts. Replacing this system is essential for the safety of Library staff and patrons, as well as security of library collections. The project is budgeted at \$200,000 for Central Library and \$175,000 for the neighborhood branches.

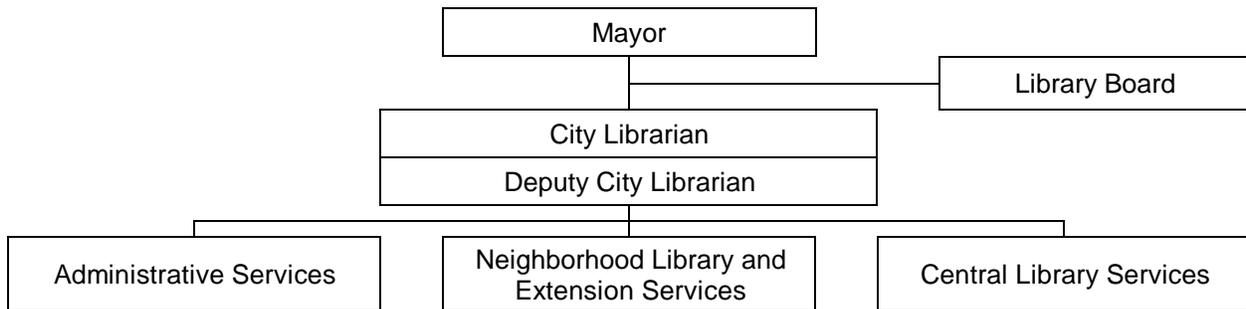
Other Library Improvements: In the 2004 capital budget, \$1 million has been earmarked for either the remodeling of one of the northside library branches or for the initial phase of a consolidated library branch on the northside. A special subcommittee of the Library Board has been set up to determine the best long range option for this funding.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	316.09	322.92	328.60	5.68
FTEs - Other	18.96	35.56	28.24	-7.32
Total Positions Authorized	449	445	409	-36
DLH - Operations and Maintenance	568,969	581,256	591,480	10,224
DLH - Other Funds	34,124	64,008	50,832	-13,176
EXPENDITURES				
Salaries and Wages	\$12,032,672	\$11,756,591	\$11,748,754	\$-7,837
Fringe Benefits	4,454,712	4,349,938	4,347,039	-2,899
Operating Expenditures	1,956,292	2,121,904	2,080,434	-41,470
Equipment	2,475,835	2,369,439	2,214,997	-154,442
Special Funds	<u>2,326,147</u>	<u>1,130,000</u>	<u>800,109</u>	<u>-329,891</u>
TOTAL	\$23,245,658	\$21,727,872	\$21,191,333	\$-536,539
REVENUES				
Charges for Services	<u>\$2,307,583</u>	<u>\$2,259,000</u>	<u>\$2,324,400</u>	<u>\$65,400</u>
TOTAL	\$2,307,583	\$2,259,000	\$2,324,400	\$65,400

CAPITAL PROJECTS - Includes \$2,000,000 for the following projects:
 a. Central Library Improvements Fund - \$825,000
 b. Neighborhood Library Improvements Fund - \$1,175,000

ORGANIZATION CHART



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 Division						
-1	-1.00		\$-28,953		Office Assistant II	Administrative services reduction.
-1	-1.00		\$-25,211		Library Technician II	Reduction in technical processing.
-30		-4.76		\$-40,000	Computer Service Aide (0.16)	State funding for TEACH grant eliminated.
1	1.00		\$33,492		Library Circulation Assistant I	DC-48 Contract Administrator position transferred from DPW.
Neighborhood Division						
-7	-7.00		\$-221,383		Library Services Assistant	] Position retitled.
7	7.00		\$221,383		Library Reference Assistant	
		-0.50	\$-20,781	\$-20,781	Librarian II	] Changes in bookmobile staffing.
		0.50	\$-21,572	\$21,572	Librarian III	
-3		-1.68		\$-22,570	Computer Service Aide (0.56)	] Center Street Community Outreach and Technology Center staffing changes.
2		2.00		\$54,036	Library Circulation Assistant I	
2		1.12		\$15,840	Library Circulation Aide (0.56)	
-1		-1.00		\$-31,116	Library Services Assistant	
1		1.00		\$31,116	Library Reference Assistant	
-1		-1.00		\$-10,577	Library Circulation Assistant I	] Reduction in state funding for the Regional Library for the Blind and Physically Handicapped.
-1		-1.00		\$-16,721	Librarian II	
Central Library Division						
-1	-1.00		\$-65,771		Librarian V	] Combining subject areas of Art and Music with Humanities.
-1	-1.00		\$-50,982		Librarian IV	
-1		-1.00		\$-34,183	Library Services Assistant	] Loss of state Interlibrary Services Grant funding.
-1		-1.00		\$-27,873	Library Circulation Assistant I	
	-1.00	-2.00			Library Services Assistant	] Position retitled.
	1.00	2.00			Library Reference Assistant	
	8.68		\$288,387		PCA Difference	] Reduction in personnel cost adjustment.
				\$36,211	Miscellaneous Adjustment	
-36	5.68	-7.32	\$108,609	\$-45,046	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.
- STRATEGIC ISSUES:** Ensure that the services the city delivers add value to the lives of Milwaukee residents.
- Maintain and improve citizen satisfaction with city services, especially safety.
- Maintain equitable and effective funding relationships with other levels of government.
- INITIATIVES FOR 2004:** Provide leadership and support to city departments in pursuing the city's goals and objectives as outlined in the strategic plan and budget.

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. In this capacity, 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.

The Mayor's vision for the city helps shape and is incorporated in the city's strategic plan. The plan in turn is the guide or direction for the activities of the rest of the administration. The city's strategic vision focuses on allowing private markets to work and give residents the opportunity to succeed in those markets (either as entrepreneurs or consumers) by taking from them less money in taxes and leaving them with greater disposable incomes. By creating a strong vibrant city with family supporting jobs, strong neighborhoods, and attractive recreation opportunities, Milwaukee adds value to the lives of all its residents.

OBJECTIVE 1

Provide leadership strategies, formulate, support, and implement policies and initiatives which lower city residents' tax burden, and ensure that residents receive added value for the tax dollars they do pay as measured by maintaining a city tax rate of no more than 122.1% of the metropolitan area average in 2004.

OUTCOME HISTORY

Ongoing control over city spending and continued efficiencies in government allowed Milwaukee to achieve its goal of having a tax

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
City tax rate as a percent of the metro area average.	123.0%	122.1%	122.1%
Funding by Source:			
Operating Funds	\$229,728	\$240,406	\$190,796
Total:	\$229,728	\$240,406	\$190,796

rate less than 120% of the metropolitan area average for the first time in 1998.

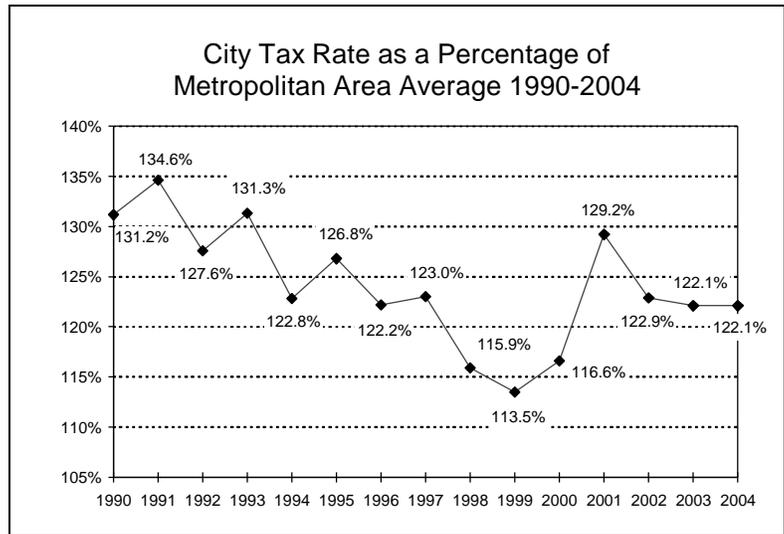
Figure 1 illustrates Milwaukee's progress in reducing its tax rate relative to other taxing jurisdictions in the metropolitan area. Fluctuations in year-to-year rates may result from differences in the timing of reassessments and the rate of growth in value between Milwaukee and other communities. For 2004, estimates suggest that the city will maintain a tax rate at approximately 122.1% of the metropolitan average.

Continued reductions in Milwaukee's tax rate compared to the metropolitan area average may prove a sterner challenge in the future. Milwaukee's largest single source of revenue, state aids, continues to grow at a rate less than inflation. In 2004, total state aids decreased by over \$10.6 million or 5.5% in inflation adjusted terms from 2003 funding levels. In addition, many of the city's general fund revenue sources have failed to grow at a rate sufficient to offset operating costs.

The largest component of state aid is the Shared Revenue and Expenditure Restraint Program. In 2004, this revenue decreased by \$9.5 million from 2003, a decrease of 3.8%. In addition, the future of these programs is uncertain. While Governor Doyle proposed a reduction of approximately \$10 million in shared revenue for Milwaukee, the State Legislature attempted to change the distribution of this revenue in a manner that would harm poorer, urban areas like Milwaukee while benefiting more wealthy suburban and rural areas. Governor Doyle successfully vetoed these changes in the distribution of state aid. However, given the state's ongoing budget problems, continued funding of the Shared Revenue and Expenditure Restraint Programs at a level necessary to provide property tax relief is uncertain.

With the future of state aids in question, Milwaukee faces a challenge in increasing its general fund revenues at a rate sufficient to offset increases in operating costs. The city remains committed to controlling costs by finding more efficient ways to provide services and diversifying its revenue sources. This strategy will enable Milwaukee to reduce the tax rate gap between itself and its neighbors. The Mayor's Office will allocate \$190,796 towards this objective in 2004.

Figure 1



ACTIVITIES

- Budget coordination and planning
- Strategic planning

PROGRAM CHANGES

Freeze in Mayoral Salary: The Common Council passed legislation in November, 2003 (File 030516) that will freeze the salary of the Mayor and the members of the Common Council. During the first year (2004-2005) of the 2004-2008 term of office, the Mayor and the Common Council members will be paid the same salary as paid in the prior year (2003-2004) of the previous term. This change is expected to save \$24,233 in aldermanic salaries and \$2,873 in mayoral salaries.

Reclassification of Positions in the Mayor's Office: The 2004 budget makes several changes in staffing and compensation for positions in the Mayor's Office. Three Staff Assistant to the Mayor positions, all currently vacant, are eliminated. This reduces the number of Staff Assistant positions from five to two. In addition, the salary grades for seven position titles are downgraded. The reduction in salary grades results in less compensation to these positions. Total savings are expected to be \$86,332 in 2004.

Program Result Measures: The Mayor's Office in conjunction with the Budget and Policy Division, will continue its efforts to shift the focus of funding decisions from inputs to outcomes. Program result

measures will aid departments in assessing their performance in meeting departmental and citywide strategic objectives. In order to provide a citywide

perspective, departments will routinely report their progress toward achieving objectives as part of the city's strategic planning efforts.

OBJECTIVE 2

Continue to make Milwaukee an even more desirable place to live, work, play, and do business by strengthening Milwaukee's key attributes:

- **Dynamic and accessible markets gainfully employing citizens;**
- **Safe, strong, and beautiful neighborhoods; and**
- **Recreational opportunities and a flourishing culture.**

Progress is measured by the percentage of residents surveyed who say their neighborhood is the same or getting better which is projected to be 75% in 2004.

OUTCOME HISTORY

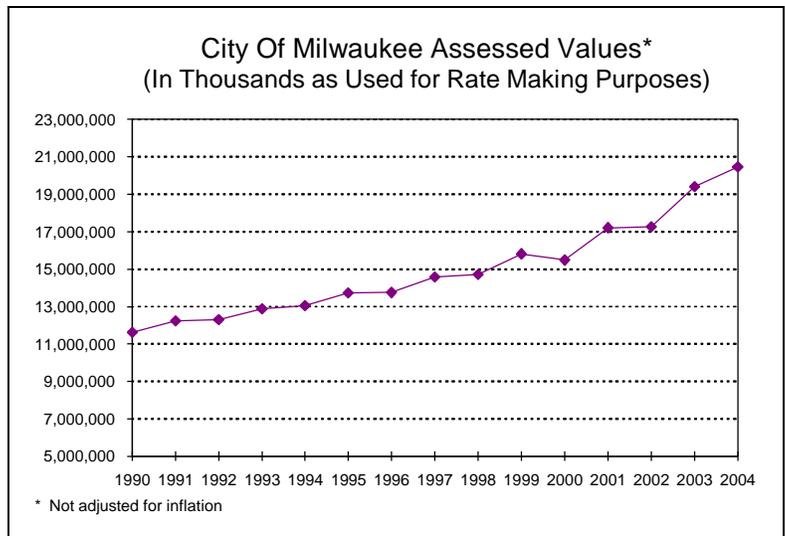
Improving Milwaukee's neighborhoods has been a major focus of the Mayor's Office. In recent years, mayoral initiatives, including creating the Department of Neighborhood Services and dedicating more Police Officers to quality of life efforts, have sought to improve life in Milwaukee's neighborhoods. In 2004, the Mayor's Office estimates that 75% of surveyed residents will state that their neighborhood is the same or getting better. In 2002, a survey conducted of city residents showed that 74% of residents believe that their neighborhood is the same or getting better. The Mayor's Office will allocate \$763,182 to this objective in 2004.

In a city committed to supporting strong markets, no measure more accurately captures citizens' satisfaction with their city than the value of their property. The buying and selling of property marks the ultimate vote of confidence in a city and its government. Property values reflect residents making decisions with their hard earned incomes on whether the city offers a good return for their tax dollars.

As Milwaukee becomes a more desirable place to live, work, and do business, the demand for prop-

	2002 Experience	2003 Budget	2004 Projection
Percent of residents surveyed who say neighborhood is the same or getting better.	74.0%	75.0%	75.0%
Funding by Source:			
Operating Funds	\$918,912	\$961,626	\$763,182
Grant and Reimbursable	107,733	0	0
Total:	\$1,026,645	\$961,626	\$763,182

Figure 2



erty increases. This increase in demand for limited city property causes prices or values to rise. Figure 2 shows the marked upward trend in city property values.

In 2004, there was a 5.4% increase in assessed value from 2003 levels. In addition, 99.3% of the city's assessment areas realized property value growth above the rate of inflation. These data illustrate that property values are becoming stronger across all of the city's neighborhoods.

The Mayor and his staff add value to the city by working closely with other elected city officials and

department heads to develop new strategies, policies, and programs that improve or maintain the strength of neighborhoods and the city economy. These improvements often result from simply listening and responding to the suggestions of constituents, labor unions, community-based organizations, and business groups. Individual service requests are also answered either by Mayoral staff or through appropriate representatives.

As part of its leadership role, the Mayor's Office also serves as the principal advocate for the city at the local, state, and national levels. In the role of citizen representative, the Mayor and his staff work to ensure that citizens and interested parties are accurately informed of city activities, programs, and policies through the media, public meetings, newsletters, and other activities.

ACTIVITIES

- Constituent relations
- Intergovernmental relations
- Intragovernment coordination
- Strategic planning
- Public information
- Private sector liaison

PROGRAM CHANGES

COMPASS Project: In 2001, the Mayor's Office implemented a COMPASS Project funded by the United States Department of Justice. COMPASS stands for Community Mapping, Planning, and Analysis for Safety Strategies. The COMPASS Project has helped develop a database and GIS application that integrates data from multiple departments. While this project is ongoing, the Mayor's Office is no longer receiving grant funding to support the project. The Information Technology and Management Division of the Department of Administration will assume primary responsibility for ongoing project management, including continued development of an institutional framework and data infrastructure to support COMPASS efforts. The loss of COMPASS Grant funding results in elimination of the full time COMPASS Project Policy Director in the 2004 budget.

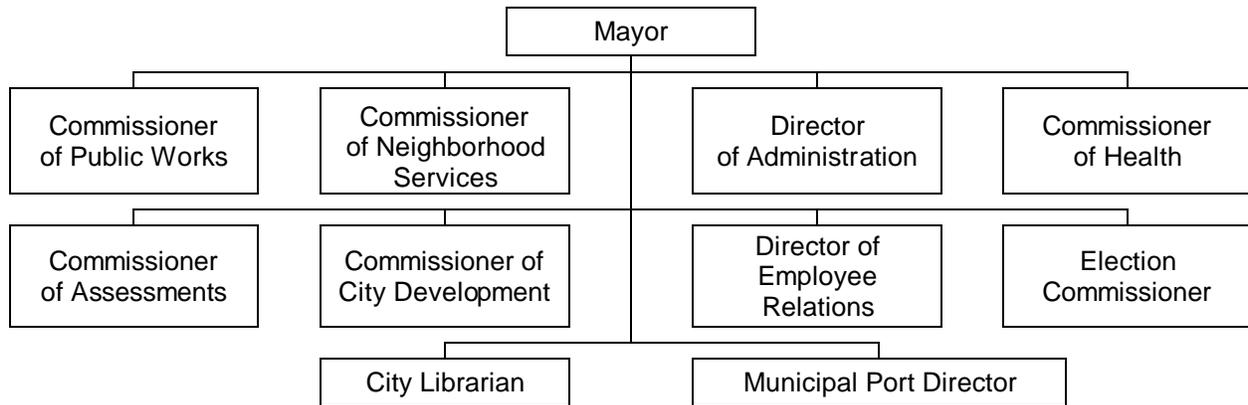
Mayoral Vacancy: Mayor Norquist will resign early in 2004. Between the date of his resignation and April 20, 2004 the position of Mayor will be vacant. Common Council President Marvin Pratt will assume the role of Acting Mayor, although his salary will continue to be paid from the Common Council City Clerk's budget. To reflect the savings from the vacancy in the position of Mayor, the personnel cost adjustment for the Mayor's Office is increased by \$38,114.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	13.33	13.50	13.21	-0.29
FTEs - Other	1.00	0.00	0.00	0.00
Total Positions Authorized	23	18	15	-3
DLH - Operations and Maintenance	23,986	24,753	23,970	-783
DLH - Other Funds	1,795	0	0	0
EXPENDITURES				
Salaries and Wages	\$809,020	\$843,527	\$663,709	\$-179,818
Fringe Benefits	303,979	312,105	245,572	-66,533
Operating Expenditures	35,641	46,400	44,697	-1,703
Equipment	0	0	0	0
Special Funds	0	0	0	0
TOTAL	\$1,148,640	\$1,202,032	\$953,978	\$-248,054

CAPITAL PROJECTS - None

ORGANIZATION CHART



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		\$-66,744	COMPASS Project Policy Director	No grant funding to support position.
-3					Staff Assistant to the Mayor	Eliminate vacant positions.
	-0.29		\$-38,114		Mayor	Vacancy in position of Mayor.
-4	-0.29	-1.00	\$-38,114	\$-66,744	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.
- STRATEGIC ISSUES:**
- Provide fair and reliable adjudication of cases despite varying caseloads.
 - Enhance public safety.
 - Ensure public accessibility to Municipal Court services.
 - Continue effective enforcement of Municipal Court judgments.
 - Provide accountability for public resources.
- INITIATIVES FOR 2004:**
- Installation of a new case management system (MCMIS).
 - Manage the Court's increasing caseload to improve service to the public and minimize delay while being responsive to the public.

BACKGROUND

The Municipal Court, part of the statewide court system, adjudicates exclusively city ordinance violations. The Court has three publicly 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 one full time position) available to hear traffic pre-trials and cases of defendants in the custody of the Milwaukee County Sheriff. Funds were provided to allow the commissioners to hear cases at the Municipal Intake Courtroom at Milwaukee County's Criminal Justice Facility.

OBJECTIVE 1

Provide fair, reliable, and efficient adjudication of cases as measured by maintaining a level of at least 85% of non-priority cases filed and tried within 90 days after intake date.

OUTCOME HISTORY

Since 1999, the time lag between offense date and arraignment date met the target of 60 days or less. Pre-trials and trials also met the strategic target of 90 days or less. The Court adjudicated over 168,000 cases in 2002 and

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Percentage of non-priority cases that are tried within 90 days of intake date.	99.0%	85.0%	85.0%
Funding by Source:			
Operating Funds	\$2,088,130	\$2,187,216	\$2,034,650
Special Purpose Accounts	298,697	264,049	276,844
Capital	0	0	160,210
Total:	\$2,386,827	\$2,451,265	\$2,471,704

expects to hear 185,000 cases in both 2003 and 2004 (see Figure 1). About 10% of all cases advance from intake to pre-trial and to trial. In 2004, the Municipal Court will dedicate approximately \$2.5 million to this objective.

As a result of quality of life policing by the Milwaukee Police Department, the number of related municipal citations has increased dramatically since 2001. The Municipal Court responded by having the number of court sessions heard by commissioners increased to the equivalent three-fourths of one full time Judge. This allows some pre-trials to be shifted to the commissioners. Changes to streamline processing and response to increased caseloads will be implemented as needed.

ACTIVITIES

- Court Commissioner Program at the Milwaukee County Criminal Justice Facility (CJF)
- Centralized data entry activities

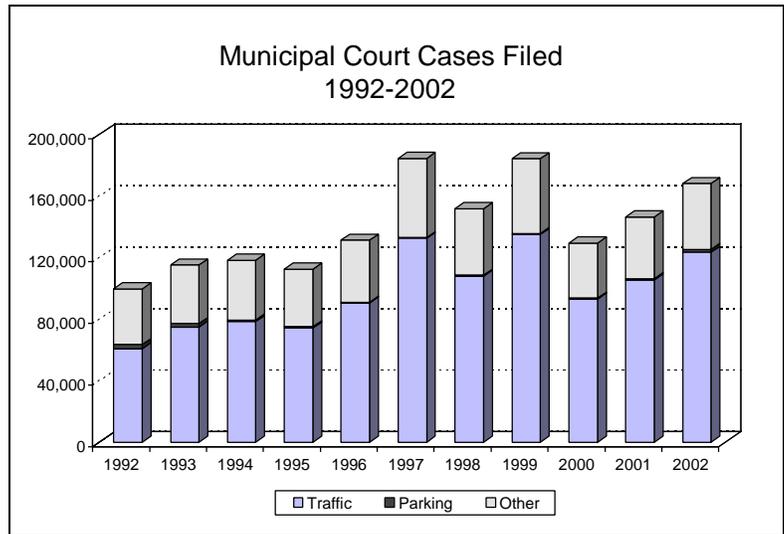
PROGRAM CHANGES

Municipal Court Commissioner Program: The 2004 budget includes \$58,950 in salaries to continue Court Commissioner services. The Court Commissioners hear cases against people who have been arrested on warrants or summarily arrested. In addition, the Court Commissioners are hearing most pre-trials in 2003. Without the assistance of Court Commissioners, these pre-trials and in-custody cases would be heard by Municipal Judges, causing serious delays in adjudication.

Court scheduling has also improved with the addition of Court Commissioners. Compared to prior lag time of 120 days or more, the Court is now well within 90 days between intake, pre-trial, and trial.

Court Commissioners will continue to hear cases in the Municipal Intake Courtroom at the Criminal Justice Facility (CJF) since there is no space on the Court's premises for a court commissioner hearing room. Courier services transport case files to the CJF and back to the Municipal Court on a daily basis

Figure 1



Night Court: The Municipal Court started conducting night court pre-trials during 2003, which has been a success. Since night court is more convenient for citizens, approximately 95% of the defendants scheduled to appear actually appear.

MCMIS Replacement: In the first half of 2001 the Court and the Department of Administration Information Technology and Management Division co-managed a detailed analysis of the Court's existing case management software (MCMIS). Imerge Consulting, a consultant hired for the project, recommended the replacement of the current MCMIS with software built in a more commonly used programming language and a newer database design.

Based on interviews, site visits, and the consultant's recommendation a vendor for the new MCMIS has been selected. The Municipal Court has hired a Project Manager to finish analyzing system options. The 2002 capital budget included funding of \$1.75 million for the purchase of the system. An additional \$250,000 has been included in the 2004 capital budget to ensure that the system is properly installed. The new system is in the installation process and will be completed by September of 2004.

Reorganization: As a result of efficiencies gained from the Court's reorganization they have achieved a net position reduction of one and a net FTE reduction of 0.98.

OBJECTIVE 2

Ensure public accessibility to the Court as measured by increasing the number of defendants using the automated voice response system's recorded information to 100,000 in 2004.

OUTCOME HISTORY

In an effort to strengthen the Court's role as a service provider, the Court will dedicate \$423,698 of its 2004 budget to continue to effectively use computer and other systems to make the Court more accessible to the public. The Court analyzes data on an ongoing basis to determine optimal court hours, schedules, and locations to ensure public accessibility. The Court's automated voice response system provides pre-recorded information for the most commonly asked questions.

In 2002, the Court received over 113,000 calls to its voice response system. A majority of the callers proceeded further into the information menu without being transferred to staff. While relying on the response system for most calls, the Court is also developing other ways to transact business with defendants that would further reduce the need to make multiple contacts. The Court's web site has been changed to include individual case data and to accommodate more information on court policies and procedures. It now allows defendants to download forms that they can mail or fax to the Court.

Special services, such as language interpretation for non-English speaking defendants through in-house

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Number of defendants using automated voice response system's recorded information.	113,036	100,000	100,000
Funding by Source:			
Operating Funds	\$356,832	\$367,323	\$348,778
Special Purpose Accounts	44,890	44,315	47,457
Capital	0	0	27,463
Total:	\$401,722	\$411,638	\$423,698

staff and through purchased interpretation services, will remain in place during 2004.

ACTIVITIES

- Staff assistance to defendants with disabilities
- Telephone and in-person language interpreters
- Automated voice response system
- Internet based cases information system

PROGRAM CHANGES

Credit Card Payments: Since August, 1999 the Court has been distributing credit card payment forms to defendants as they leave the courtrooms. In 2004, these efforts are expected to further increase the number of transactions completed by fax or mail and to reduce the number of calls into the Court's automated voice response system to no more than 100,000. In 2002, the Court expanded the number of phone lines available for credit card payments based upon defendant's feedback and requests.

OBJECTIVE 3

Provide effective enforcement of court judgments as measured by keeping the ratio of warrants and commitments to cases adjudicated below 30% in 2004.

OUTCOME HISTORY

The Court has allocated \$535,859 to this objective in 2004. Through cooperative agreements between the Court and the Police Department, Police Officers check for outstanding city writs on defendants brought in by other jurisdictions at the Criminal Justice Facility. These defendants are then brought

before the Municipal Intake Court to be heard by Municipal Court Commissioners.

The Court seeks to keep the ratio of warrants to citations issued at no more than 30% in 2004 as its own measure of effectiveness of court orders (see Figure 2). Keeping this ratio low requires making indigence determination as soon as possible. This will reduce reissuance of warrants and will also allow for an immediate commitment of those who have the ability to pay but fail to pay their fine. Studies of defendant compliance behavior show that timely and decisive court actions are key factors. The ratio of

writs to adjudicated cases has dropped from a high of 43% in 1993 to 29% for the year 2002. By screening defendants immediately, compliance can be achieved through community service and fines paid to the Court. Immediate screenings saved defendants 7,147 jail days and allowed the city to avoid over \$164,667 in incarceration costs in 2001.

ACTIVITIES

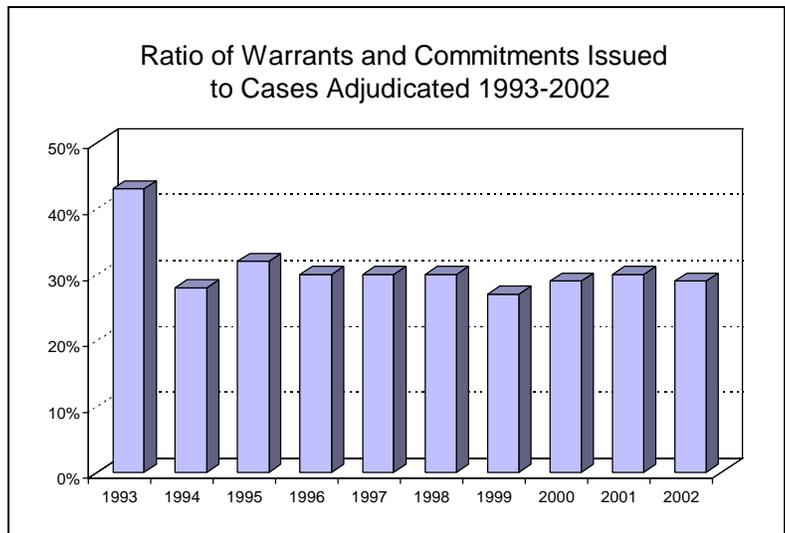
- Collection agency services and judgment due notices
- Coordination of policies with law enforcement officials
- Communication with public and private agencies for enforcement of judgments
- Wisconsin Correctional Services referrals

PROGRAM CHANGES

Tax Intercept Program: The Municipal Court implemented a pilot program to respond to a change in state law that allows courts to intercept tax refunds for outstanding judgments. The pilot program required the Court to file paperwork manually when a social security number of a defendant could be obtained. While the Court had success with the pilot program, it was very labor intensive. As of spring 2003, the Court's new collection agency has developed an electronic interface to file the intercepts directly with the Wisconsin Department of Revenue and has enhanced the ability to obtain most defendants' social security numbers. Since the program's inception, the Court

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Ratio of warrants and commitments issued to the number of cases adjudicated.	29.0%	30.0%	30.0%
Funding by Source:			
Operating Funds	\$451,291	\$461,268	\$441,107
Special Purpose Accounts	56,772	55,650	60,019
Capital	26,842	0	34,733
Total:	\$534,905	\$516,918	\$535,859

Figure 2



has collected over \$2,000,000 in owed judgements. The Court anticipates higher collections in 2004 by taking advantage of the next tax season.

OBJECTIVE 4

Provide accountability for public resources as measured by posting 100% of collections within 24 hours of receipt in 2004.

OUTCOME HISTORY

The Court has a track record of successfully posting all of its collections within 24 hours of their receipt. In 1998, due to further computerization, the Court was able to reallocate 1.5 FTEs from activities relating to driving records to perform needed courtroom proceedings, case preparation, and records man-

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Percentage of collections posted within 24 hours of receipt.	100.0%	100.0%	100.0%
Funding by Source:			
Operating Funds	\$253,860	\$259,559	\$248,131
Special Purpose Accounts	31,936	31,314	33,762
Capital	0	0	19,538
Total:	\$285,796	\$290,873	\$301,431

agement functions. In 1999, by implementing electronic printing, the Court has eliminated the use of pre-printed forms for producing court notices. This enabled the Court to transmit information electronically to the Wisconsin Department of Administration via an electronic interface and realize savings by reducing postage and mailing supply costs. In 2004, the Municipal Court will dedicate approximately \$301,431 to this objective.

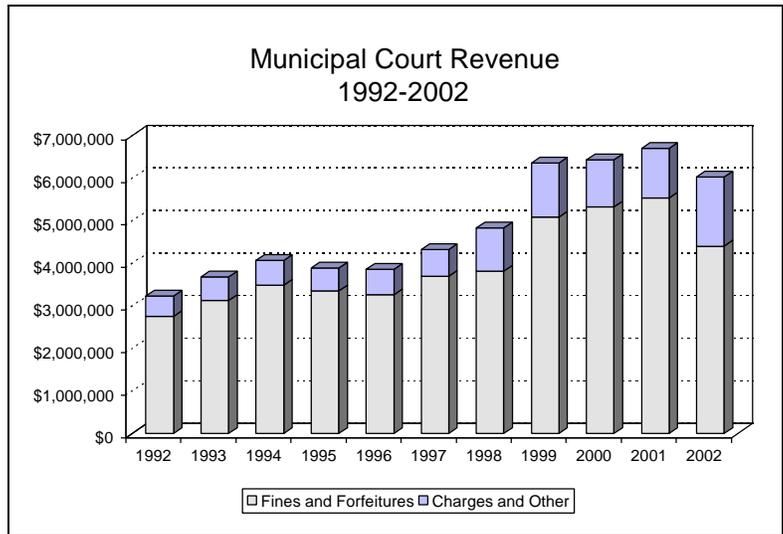
ACTIVITIES

- Accounting controls
- Public information
- Internet posting of court statistics and reports
- Cost effective policy and procedures changes

PROGRAM CHANGES

Revenue Generating Activities: Over the last five years, the Court has experienced a general increase in revenues (see Figure 3). Municipal Court revenue for 2002 was slightly less than 2001 revenues. However due to the Tax Intercept Program, 2003 actual revenues will exceed budgeted 2003 totals by at least

Figure 3



\$2 million dollars. These revenues help offset the city's cost of various regulatory enforcement functions, such as policing and inspection services. These revenue increases result from increased court judgments related to higher case filing levels over the past five years. They also result from the Court's efforts to become more effective in collecting payments.

OBJECTIVE 5

Enhance the effectiveness of educational alternative programs by having 95% of defendants who complete court alternative programs for first time offenders indicate that the programs made them better understand the social and personal consequences of their offenses in 2004.

OUTCOME HISTORY

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

Of those class attendees who completed course evaluations, 95% stated that the classes helped them better understand the consequences of their offense.

Outcome Indicators and Funding

	2002 Experience	2003 Budget	2004 Projection
Percentage of defendants who indicate that the programs made them better understand the consequences of their offenses.	95.0%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$102,289	\$110,440	\$102,289
Special Purpose Accounts	13,165	13,324	13,918
Capital	0	0	8,055
Total:	\$115,454	\$123,764	\$124,262

Since December 1999, the Court has required the mandatory appearance of juveniles in non-traffic cases. A warrant of arrest is issued on those who fail to appear. Juveniles who appear are given the opportunity to perform community service instead of paying a fine in order to reduce the likelihood of payment default. Community service referrals are

made to Youth Services of the Social Development Commission, Career Youth Development, the Graffiti Abatement Program of the Milwaukee Christian Center and Boot Camp.

The Court will continue to use and monitor the usefulness of these programs and will dedicate approximately \$124,262 to explore other effective ways of reducing recidivism.

ACTIVITIES

- Traffic Safety School
- Justice Alternative Court Program
- Supervise graffiti and other community cleanup programs

PROGRAM CHANGES

Community Court Sessions: The Municipal Court is increasing its community outreach by holding community court sessions at a variety of locations, including Journey House. These sessions have experienced a good turnout and provide more time for the Judges to work and communicate with defendants.

The Court also works with defendants, mostly adults, at the Milwaukee Urban League, Milwaukee Community Service Corps, and other groups upon request. In 2003, the Court was recognized by the Public Policy Forum Board for Local Government for excellence.

Juvenile Traffic Offenders: At the directive of the Chief Judge, the jurisdiction for juvenile traffic offenders age 12 and over has moved to Municipal Court from the jurisdiction of Children’s Court. This will result in about 150 additional cases per year for the Court. As with non-traffic cases, these cases will require the mandatory appearance of juveniles and also additional time and attention of the Judges.

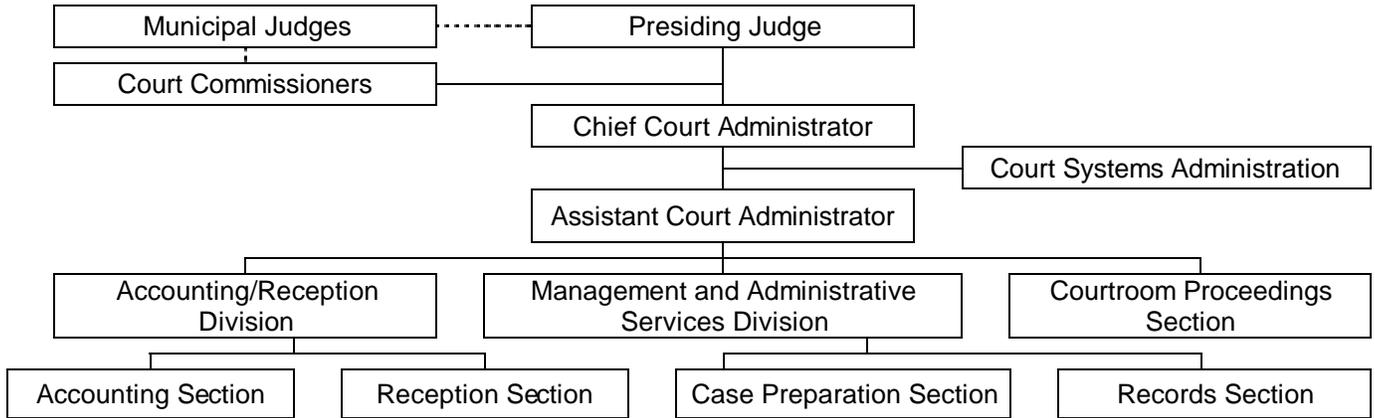
Underage Drinking Citations: Changes to city ordinances on underage drinking will increase the citations addressed by the Municipal Court. Previously, underage drinkers could only be cited if they were consuming in a public place, meaning that those at private house parties could not be cited. The public place reference has been removed in the ordinance, allowing for Police Officers to cite underage drinkers at residences.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	44.17	41.78	40.80	-0.98
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	46	46	45	-1
DLH - Operations and Maintenance	67,391	75,200	73,500	-1,700
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$1,728,878	\$1,889,140	\$1,858,709	\$-30,431
Fringe Benefits	660,981	698,982	687,723	-11,259
Operating Expenditures	786,999	714,234	564,523	-149,711
Equipment	4,156	18,450	4,000	-14,450
Special Funds	71,388	65,000	60,000	-5,000
TOTAL	\$3,252,402	\$3,385,806	\$3,174,955	\$-210,851
REVENUES				
Charges for Services	\$1,619,894	\$1,150,800	\$1,253,100	\$102,300
Forfeitures	5,209,573	4,113,000	4,784,700	671,700
TOTAL	\$6,829,467	\$5,263,800	\$6,037,800	\$774,000

CAPITAL PROJECTS - Finish MCMIS installation - \$250,000

ORGANIZATION CHART



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		\$-49,341		Administrative Specialist Sr	] Reorganization efficiencies.
-2	-2.00		\$-45,280		Office Assistant II	
1	1.00		\$28,341		Court Services Assistant III	
2	2.00		\$84,338		Administrative Specialist	
-1	-1.00		\$-37,008		Administrative Assistant III	
	0.02				Miscellaneous Adjustment	
-1	-0.98		\$-18,950		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.
- STRATEGIC ISSUES:** Develop a culture that is customer friendly, responsive, efficient, and visionary with regard to neighborhood service delivery and regulatory enforcement.
- Protect the city's environmental quality and building stock through education and enforcement of safety, health, property use, and maintenance regulations.
- Strengthen and stabilize neighborhoods through programs that leverage greater private sector investment in neighborhoods.
- INITIATIVES FOR 2004:** Continue the Neighborhood Clean Up Program and expand the Special Pick-Up Program.
- Develop and implement electronic route sheets for inspectors to improve the efficiency and effectiveness of supervision.
- Implement the housing strategy in collaboration with other city agencies.
- Provide the landlord training class and materials in Spanish.
- Develop inspection checklists to assist in the implementation of newly revised state commercial building codes as it impacts construction projects in the city.
- Continue to work with the Milwaukee Police Department to implement the Chronic Nuisance Property Code.

BACKGROUND

The Department of Neighborhood Services (DNS) was created in 1999 as a response to 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. 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. DNS also provides support to the city's Standards and Appeals Board and will continue to work with the Neighborhood Improvement Development Corporation.

OBJECTIVE 1

Improve the appearance of neighborhoods as measured by more than 95% of assessment areas experiencing growth in property values greater than the rate of inflation.

OUTCOME HISTORY

One strong indicator of how neighborhoods are faring is trends in property values. Neighborhoods with the most desirable characteristics increase in value most quickly, while less desirable areas with code violations, such as widespread graffiti, peeling paint, or buildings with a variety of structural problems will experience declining property values. Property value captures the effects in a variety of inter-related variables from measurable trends in crime rates, graffiti, building maintenance and homeownership, to intangibles such as neighborhood cohesiveness and a sense of community. Although many of these factors are not under city control, knowledge about trends in assessed value can help the city develop more effective strategies for neighborhood improvement.

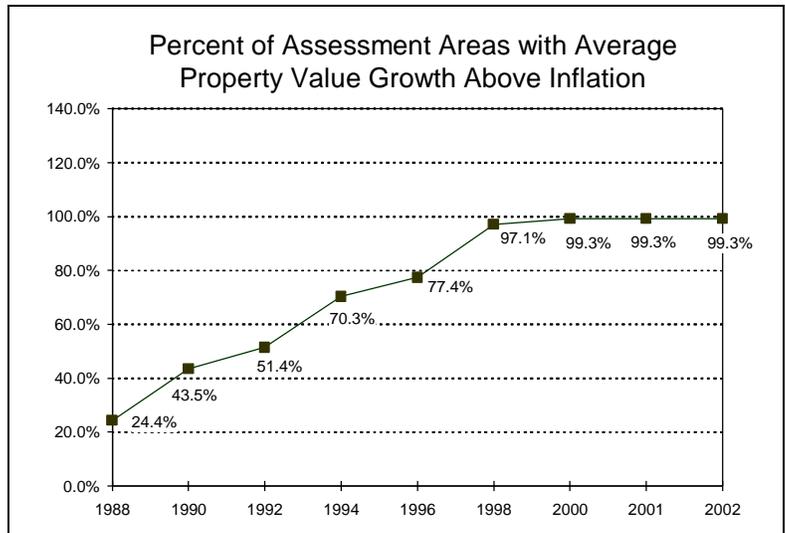
Figure 1 shows that Milwaukee has made significant progress in improving neighborhood property values. For the 1988 assessments, only 24% of assessment areas had average property values that grew faster than the inflation rate. In 2002, all 139 assessment districts grew and over 99% of areas had value growth that exceeded the inflation rate. DNS' 2004 goal is to maintain this trend so that 95% or more of the city's assessment areas continue to grow faster than the inflation rate.

In 2004, DNS will dedicate \$7.8 million in operating funds to improve the appearance of neighborhoods. In addition, approximately \$1.7 million in special purpose accounts and \$2.6 million in grant funding will support this objective.

DNS works to improve and increase the efficiency of activities that enhance the appearance of neighborhoods, such as litter citation, towing abandoned autos, and building code enforcement. In 2004, DNS will continue to develop and implement strategies to enhance neighborhood appearance.

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Percent of assessment areas with average property value growth higher than inflation.	99.3%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$7,559,686	\$7,587,432	\$7,806,489
Grant and Reimbursable	4,279,459	2,166,605	2,551,010
Capital Budget	1,995,882	260,000	0
Special Purpose Accounts	2,013,559	1,680,605	1,725,000
Total:	\$15,848,586	\$11,694,642	\$12,082,499

Figure 1



ACTIVITIES

- Housing and building inspections including:
 - Litter and vector
 - Building maintenance
 - Nuisance auto
 - Graffiti
 - Waste tires
 - Asbestos
 - Ordinance required inspections (i.e., laundromats, massage parlors, rooming houses)
- Certificate of Code Compliance Program
- Condemnation and demolition
- Public nuisance cases
- Resident and owner education programs
- Vacant lot maintenance

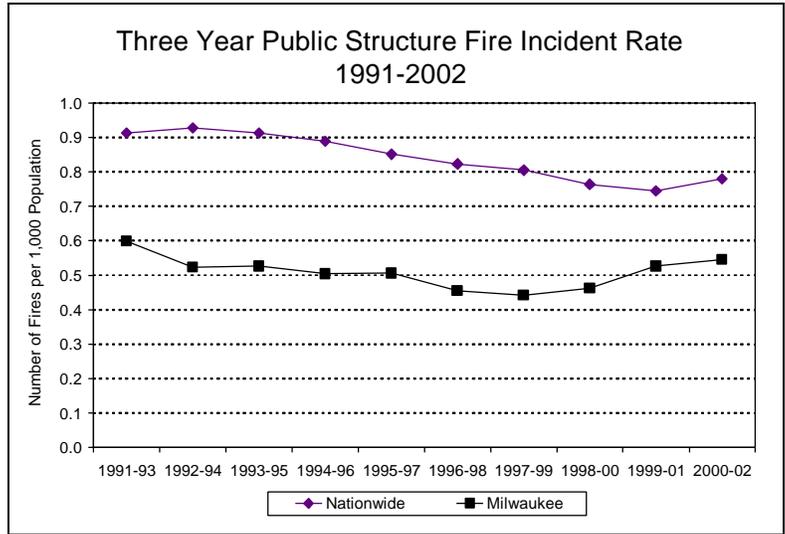
PROGRAM CHANGES

Milwaukee Area Domestic Animal Control Commission (MADACC): MADACC is responsible for the handling and holding of stray, running at large, and quarantined domestic animals. In 2004, DNS will continue to work on a number of issues related to the licensing of domestic animals with the other 18 municipalities that are part of MADACC. The 2004 budget includes \$1.4 million for animal control services, an increase of \$60,106 from 2003.

Targeted Enforcement Efforts: The city's housing strategy calls for DNS to target program resources in specific areas to maximize benefits. This includes loan and grant programs, inspection and enforcement programs, and to the extent possible, coordination with other city programs. In 2002, DNS began targeting its discretionary resources in the ten designated Targeted Investment Neighborhoods (TINs) and the catalytic project areas that were developed in collaboration with DCD. In addition, the Milwaukee Police Department provided a high level of policing activities within the TINs in conjunction with intensive enforcement efforts. These collaborative efforts among these departments will continue in 2004. Anticipated grant funding of \$282,750 is provided for this effort.

Transfer of Neighborhood Improvement Program to DNS from DCD: The 2003 budget transferred NIDC to the Department of City Development (DCD). This transfer included the Neighborhood Improvement Program. This program provides home rehabilitation services to low and very low income owner occupants in the 17 Neighborhood

Figure 2



Strategic Planning areas. A potential conflict of interest between DCD and NIDC resulted in the transfer of the NIP Program back to DNS. The Common Council approved this transfer of positions in July, 2003. This results in the transfer of seven positions from DCD to DNS. Total grant funding of \$385,000 is anticipated for the NIP Program in 2004. (See the Department of City Development section of the 2004 Plan and Budget Summary for more information on the NIP transfer.)

Property Recording Staff: Funding for one half time Office Assistant II position in the Administrative Service Section is eliminated in the 2004 budget, with salary savings of \$12,616. This reduces the staff available to maintain the Property Recording System, including entry of ownership data. The system will continue to be maintained and updated, although there may be some delays in entering and processing changes.

OBJECTIVE 2

Maintain the city's three year public structure fire incident rate per 1,000 residents at or below the national average of 0.78 fires.

OUTCOME HISTORY

A number of DNS activities and programs are focused on creating safer City of Milwaukee buildings by reducing the risk of fire. DNS inspects buildings for appropriate fire exits

	2002 Experience	2003 Budget	2004 Projection
Three-year average public fire incident rate per 1,000 residents.	0.55	0.44	0.44
Funding by Source:			
Operating Funds	\$5,138,451	\$5,115,033	\$5,140,073
Capital Budget	1,700,194	0	0
Total:	\$6,838,645	\$5,115,033	\$5,140,073

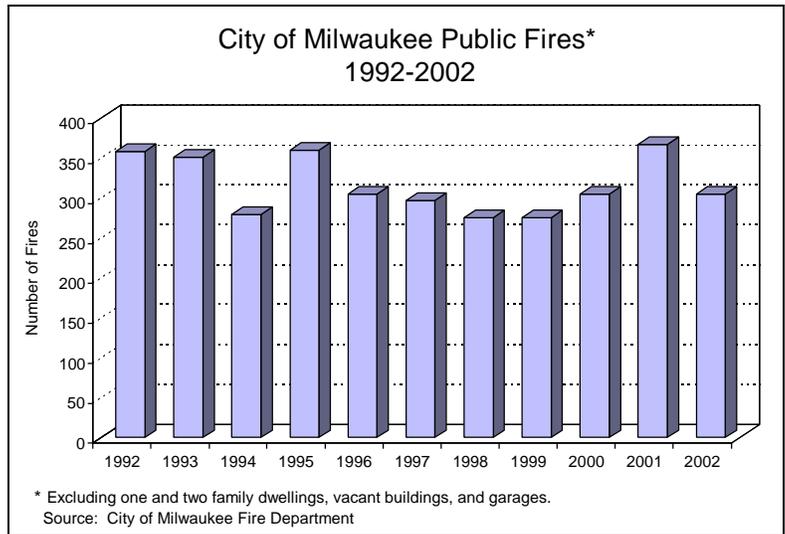
and firewalls, inspects electrical modifications to insure that they are installed properly, and conducts periodic fire and sprinkler inspections of commercial buildings and apartment complexes in order to create safer buildings. The 2004 budget includes \$5.1 million to meet this objective.

While other city department activities also influence Milwaukee's fire incident rate, work conducted by DNS has helped the city consistently maintain its three year average public fire incident rate well below the national average (see Figure 2). Milwaukee's three year average fire incident rate from 2000 to 2002 was about 30% lower than the national rate. In addition, Milwaukee has maintained a low per capita fire incident rate even though over the last three years the number of fires have increased and the population has decreased (see Figure 3). Since 1989, the number of fires has decreased by 200 or 39.6%. This is particularly noteworthy due to the aging building stock in Milwaukee.

ACTIVITIES

- Permit inspections
 - Construction
 - Electrical

Figure 3



- Heating, HVAC, boiler
- Elevator
- Plumbing/sprinkler
- Hazardous tanks
- Commercial fire inspections
- Restaurant fire inspections
- Licensing
- Periodic inspection
- Cross connections

OTHER ACTIVITIES AND CHANGES

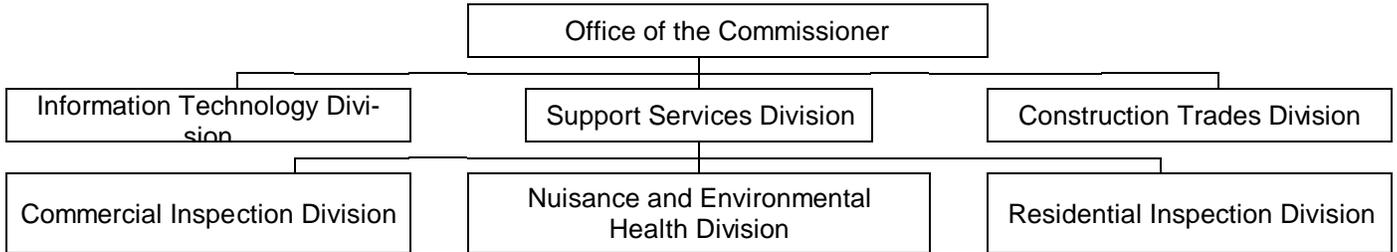
Increasing Revenue: DNS has made several efforts to increase revenue and to improve the recovery of its operating costs. The department oversees the issuance of numerous licenses and permits as well as several other charges for service. Revenues have increased from \$9.8 million in 1999 to \$12 million in 2002. In 2002, revenues offset more than 90% of DNS direct operating costs. The more that revenue is increased, the more that DNS costs are offset from

non-levy sources rather than burdening the property taxpayer with this expense. The 2004 budget includes numerous changes in DNS revenues. The changes include fee increases to account for inflationary cost increases, increases to make fees comparable to those charged in surrounding municipalities, and creating new fees to better recover costs incurred by the department. Approximately \$500,000 in new revenue should be realized in 2004.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	164.14	163.80	166.58	2.78
FTEs - Other	53.28	20.50	30.50	10.00
Total Positions Authorized	288	216	223	7
DLH - Operations and Maintenance	295,448	294,840	299,844	5,004
DLH - Other Funds	95,906	36,900	54,900	18,000
EXPENDITURES				
Salaries and Wages	\$7,357,182	\$7,290,980	\$7,303,827	\$12,847
Fringe Benefits	2,634,475	2,697,663	2,702,416	4,753
Operating Expenditures	1,044,635	999,318	1,040,319	41,001
Equipment	137,174	89,610	90,000	390
Special Funds	<u>1,524,671</u>	<u>1,624,894</u>	<u>1,810,000</u>	<u>185,106</u>
TOTAL	\$12,698,137	\$12,702,465	\$12,946,562	\$244,097
REVENUES				
Charges for Services	\$6,128,816	\$4,257,000	\$5,273,700	\$1,016,700
Licenses and Permits	5,181,437	4,105,800	4,649,200	543,400
Intergovernmental Aids	<u>675,812</u>	<u>580,000</u>	<u>750,000</u>	<u>170,000</u>
TOTAL	\$11,986,065	\$8,942,800	\$10,672,900	\$1,730,100
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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
	-0.50		\$-12,616		Office Assistant II (0.5 FTE)	Reduction in property recording staffing.
-1	-1.00		\$-61,451		Health Enforcement Specialist	Reclassification approved in 2003.
1	1.00		\$50,252		Code Enforcement Assistant Supervisor	
1		1.00		\$60,872	Code Enforcement Assistant Supervisor	Neighborhood Improvement Program staff transferred to DNS from DCD.
1		0.00			Housing Rehabilitation Coordinator	
3		3.00		\$142,900	Housing Rehabilitation Inspector	
1		1.00		\$41,000	Administrative Specialist Sr	
1		1.00		\$32,000	Office Assistant III	
	3.28	4.00			Miscellaneous Adjustment	
7	2.78	10.00	\$-23,815	\$276,772	TOTAL	

POLICE DEPARTMENT

EXECUTIVE SUMMARY

- MISSION:** To reduce crime and enhance the quality of life in the City of Milwaukee.
- STRATEGIC ISSUES:** Enhance and improve the quality of life in Milwaukee's neighborhoods by addressing minor offenses that often lead to more serious crime.
- Reduce crime in order to retain residents and businesses within the city.
- Provide services in a manner that meets the needs of a diverse community.
- Use statistical analysis to target resources effectively and to hold managers accountable for results.
- Achieve the city's public safety goals by working cooperatively with city agencies and other components of the criminal justice process.
- INITIATIVES FOR 2004:** Finish implementation of the new Computer Aided Dispatch and Records Management System at the Data and Communications Center.
- Work to implement the Mayor's Commission on Crime recommendations to improve public safety and lower the violent crime rate.
- Continue upgrading the city's current radio infrastructure and improving emergency communications.
- Continue to direct policing resources where they are most needed and in a way that maximizes impacts on citywide safety and quality of life.
- Utilize block grant funding to implement the "Operation Safe Neighborhoods" Program through additional patrols.

BACKGROUND

The Milwaukee Police Department (MPD) has ensured the safety of the community since 1855. Law enforcement personnel, most of them recruited and trained by the department itself, serve the public from an administration building, seven district stations, a data communications center, and a training academy.

The Milwaukee Police Department continues its commitment to the city's strategic plan goal of protecting citizens from crime by continuing its strategic focus on the quality of life in the community. Police departments are recognizing that their strategic vision is about the quality of life in the communities they serve, rather than shortening response times, or some other measure of "outputs".

In Milwaukee, the Police Department responds aggressively to emerging crime trends, as well as enforcing minor municipal violations. This dual strategy allows the department to minimize disorder, prevent more serious crimes from occurring, and continue its focus on the quality of life in Milwaukee's neighborhoods.

The Milwaukee Police Department 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, the Milwaukee Police Department relies on partnerships with other agencies and community leaders to address neighborhood safety is-

ssues from a broader strategic perspective. These collaborations help to leverage the city's resources and create long term results for the city as a whole.

OBJECTIVE 1

Respond to the commission on crimes, successfully detect criminal activity, and identify, apprehend, and assist in the prosecution of criminal offenders by clearing at least 12.5% of reported crimes by arrest in 2004.

OUTCOME HISTORY

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). In 2004, the Police Department will devote approximately \$98.7 million to investigating, solving, and clearing crimes by arrest.

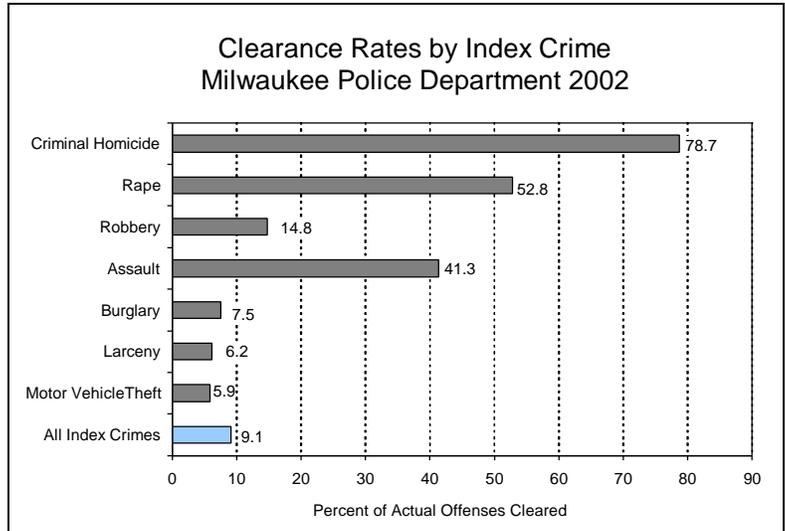
Figure 1 shows that Milwaukee's total clearance rate of 9.1% (2002) includes much higher rates for crimes against persons (murder, rape, robbery, and assault). Property crimes (burglary, larceny, and motor vehicle theft) typically have lower clearance rates due to the large volume and lack of direct 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 sends the message to would be perpetrators that few people get away with committing crimes (general deterrence). But 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.

The Police Department estimates that Milwaukee's overall total clearance rate will be 12.5% in 2004, the same it was in 2001. However, clearance rates only represent part of the Police Department's impact on public safety and criminal behavior. This objective 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 or clearance

	2002 Experience	2003 Budget	2004 Projection
Percent of reported crimes cleared by arrest.	9.1%	12.0%	12.5%
Funding by Source:			
Operating Funds	\$91,545,245	\$86,136,683	\$94,642,371
Grant and Reimbursable	146,000	2,644,325	460,716
Capital Budget	4,074,177	2,495,446	3,621,228
Total:	\$95,765,422	\$91,276,454	\$98,724,315

Figure 1



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.

ACTIVITIES

- Criminal investigations
- Drug abatement
- Vice control
- Intelligence operations
- Special initiatives
- Training resolving and clearing crimes

PROGRAM CHANGES

High Intensity Drug Trafficking Area Project (HIDTA): Since 1998, the Police Department has participated in a cooperative anti-drug initiative known as HIDTA. HIDTA, funded by the Office of National Drug Control Policy, combines the efforts

of federal, state, and local law enforcement agencies to stop drug trafficking. The Milwaukee Police Department receives reimbursement by the HIDTA project for staff time committed to the project's several task forces. In 2004, this grant will fund 17 positions at 50%.

OBJECTIVE 2

Prevent, deter, and suppress crime by decreasing violent crimes per 100,000 residents by 5.8% in 2004 as measured by the FBI Violent Crime Index.

OUTCOME HISTORY

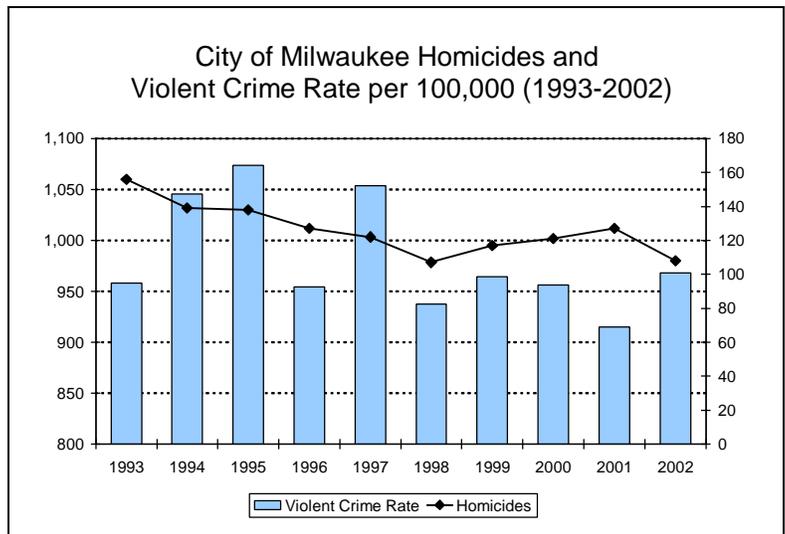
In 2004, the MPD will devote approximately \$43.7 million to minimizing criminal activity. In 2001, a new outcome indicator to measure the department's effectiveness in preventing, deterring, and suppressing crime was introduced. This measure tracks the percentage change in reported violent crimes per 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 1993 through 2002. The chart shows that Milwaukee's 2002 violent crime rate of 968.0 crimes per 100,000 residents was 5.8% higher than the 2001 rate, which was the lowest in the past ten years. The MPD will utilize all available resources to ensure the rise in the violent crime rate does not continue.

The number of homicides, the most serious factor of the violent crime index, has shown a decrease from 2001. In 2002, the city had 108 homicides, compared to 127 in 2001, a 14.9% decrease. While the department's ideal would be to reduce this number to as close to zero as possible, homicides have decreased 30.8% from 1993. The department projects that the violent crime rate, including the number of homicides, will decrease by an additional 5.8% in 2003.

	2002 Experience	2003 Budget	2004 Projection
Percent change in reported violent crimes.	5.80%	-5.80%	-5.80%
Funding by Source:			
Operating Funds	\$39,688,900	\$37,335,901	\$40,396,151
Grant and Reimbursable	337,060	637,880	1,714,985
Capital Budget	1,768,537	1,084,496	1,571,918
Total:	\$41,794,497	\$39,058,277	\$43,683,054

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 around 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.

ACTIVITIES

- Patrol
- Area specific patrol
- Bicycle patrol
- Neighborhood foot patrol
- Mounted patrol
- Boat patrol
- Special Operations Bureau/Patrol Support Division activities
- Tactical enforcement
- Coordination with neighborhood groups and businesses
- Community relations and public information

PROGRAM CHANGES

Operation Safe Neighborhoods: The 2004 budget utilizes \$500,000 in Community Development Block Grant (CDBG) reprogramming funding to continue an “Operation Safe Neighborhoods” Patrol Program. The funds will pay for police officer overtime when those officers are performing additional neighborhood patrols in the Neighborhood Strategic Planning Areas. The additional patrols will allow the MPD to quickly address situations in these neighborhoods. This program began in 2003, utilizing \$400,000 of CDBG funding.

Overtime: The 2004 budget provides \$9.8 million, an increase of \$700,000 from the 2003 budget for

overtime expenses. This amount is similar to the MPD’s current amount when adjusted for the recent Milwaukee Police Association contract settlement.

Mayor’s Commission on Crime: In 2000, the Mayor formed a community-based commission to make recommendations on how to reduce violent crimes. Since its creation, the commission and Police Department have acted on many recommendations such as the opening of the Third District Community Justice Center at 1953 North 34th Street. Two additional Community Justice Centers, one at 2501 West Galena Street and one at 2128 North 23rd Street have opened since the Third District center in 2001. Ongoing quarterly crime meetings provide residents with face-to-face contact with service providers like the Police Department and other governmental departments such as the Department of Public Works and Neighborhood Services. City personnel take complaints from citizens and report outcomes at subsequent meetings. Other ongoing activities include increasing the number of safe place sites operated through the Safe and Sound Program, which has grown from 51 to 106 since 1999.

The Milwaukee Police Department has worked with the Crime Commission and the Fire and Police Commission to implement other crime reduction strategies in each police district.

Community Safety Coalition: Since its inception in April 2000, the Community Safety Coalition, a collaborative effort by members of law enforcement, the faith-based community, and community-based organizations, has continued to grow. It currently has 162 listed members who are concerned about the quality of life in their communities. The Coalition continues to meet monthly to develop cooperative, strategic approaches to fighting and reducing crime in the City of Milwaukee.

OBJECTIVE 3

Provide services in a manner acceptable to a diverse community with varying needs and demands for police services maintaining at least 92% of city residents rating interactions with police as “satisfactory” or “better” in 2004.

OUTCOME HISTORY

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 2001, approximately 92% 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%. Due to personnel and computer problems, the department was unable to complete this survey in 2002. The survey has reconvened for 2003 and that data will be available for the 2005 budget.

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.

Educational programs for officers and city residents contribute to this objective. Officers and supervisors receive training on diversity, sensitivity, and community relations. 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. In 2004, the Police Department estimates they will maintain the 92% level of citizen satisfaction with police services that was experienced in 2001.

It is not only training that determines how well services are delivered. In 2000, this objective was reformulated to incorporate efforts to maintain a fleet of vehicles, radio communications infrastructure, dispatching systems and communications personnel that keep Police Officers “on the street” and in touch with events and each other. It also includes expenditures for technologies that create efficient processes and provide sworn and civilian managers with better and more timely information. The expenditure level for this objective reflects the fact that each officer on the street and each detective investigating crimes relies on a large supporting cast to meet the needs of the community. The 2004 budget provides \$53.7 million toward this objective.

ACTIVITIES

- Community services
- Safety Division
- Building and fleet maintenance
- Communications operations and maintenance
- Central records

Outcome Indicators and Funding			
	2002	2003	2004
	Experience	Budget	Projection
Percentage of city residents rating interactions with Police as "satisfactory" or "better."	N/A	92.0%	92.0%
Funding by Source:			
Operating Funds	\$44,122,349	\$45,338,071	\$44,908,602
Grant and Reimbursable	7,201,193	7,465,477	7,494,238
Capital Budget	1,481,569	991,851	1,316,854
Total:	\$52,805,111	\$53,795,399	\$53,719,694

- Identification
- Property control
- License investigation

PROGRAM CHANGES

Position Changes: With the advancements in desktop computer systems and the reduction of computer mainframe systems, the 2004 budget funds the position of Systems Analyst Project Leader for six months which produces salary and fringe benefit savings of \$52,499. With the introduction of the highly computerized Computer Aided Dispatch and Records Management Systems, along with the Digital Radio System currently being implemented, the focus of the Police Department’s Technical Services Bureau has drastically changed to this PC format.

Departmental Printing: The 2004 budget originally eliminated the Police Department’s Print Shop, which was consistent with the city actions regarding Milwaukee Printing and Records (MPR). The city is currently phasing out some of its printing operations and is developing several master contracts through a competitive process to better utilize the city’s collective buying power for its printing needs. This change however, was reversed through a Common Council amendment. Instead, the MPD and the Department of Administration will together study the possibilities of utilizing the Police Department’s Print Shop for other city departments, outsourcing future printing, and consolidating the remaining city printing operations.

Improving the City’s Radio Infrastructure: The Federal Communications Commission (FCC) has changed radio and television transmission regulations, necessitating the replacement of the current MPD radio system by sometime around 2005.

Through an open Request for Proposal process, the MPD has procured a contract with MA/Com for a replacement radio system. The Police Department is currently in the process of constructing the first two phases of a digital radio system with \$6.5 million of grant funding and \$2 million of 2003 capital funds. This new technology will greatly enhance the city's communications capabilities. Phase one of the project involves the purchase of the radio infrastructure necessary to support mobile data computers and voice communications. Phase two of the project involves the purchase of Mobile Data Computers (MDC's) for squad cars. For 2004, the MPD will continue its implementation plan for voice transmission. There will be three more radio tower sites and mobile repeaters added to the basic infrastructure for optimal transmission coverage. The MPD will also purchase new mobile radios for the rest of the department vehicles in order to transmit voice to all squads. The MPD is aggressively pursuing grant funding for this and the remaining phases of the project.

The Vehicle Fleet: The 2004 budget provides funding for 35 police cars, a decrease from the 47 police cars that were funded in 2003. While there is a decrease of police cars being purchased in 2004, the MPD is expanding its purchasing of sergeant patrol trucks to five, cargo vans to three, prisoner conveyance vehicles to six, and a Suburban for the Tactical Unit. As in 2003, the MPD will purchase eight Harley Davidson motorcycles in 2004 for patrols. The MPD will also utilize Local Law Enforcement Block Grant Funds to purchase an additional 24 police cars, 1 sergeant patrol truck, and 7 motorcycles in 2004.

Police Officer Recruitment Classes: The 2004 budget includes funding for two Police Officer recruitment classes. These two classes will bring approximately 120 new Police Officers into the sworn ranks.

OTHER ACTIVITIES AND CHANGES

Grant Programs: The 2004 budget contains a total of 31.5 positions, or 23.5 full time equivalents supported by grant programs, not including the "Operation Safe Neighborhoods" Program block grant funding for overtime. This is an increase of one position from 2003 due to a change with the Judicial Oversight Initiative, which adds funding for a Victim's Advocate position. The department will continue to make a good faith effort to retain all positions created through grant programs with other available grant resources. Grant funded positions contribute to the department's ability to ensure public safety and provide effective law enforcement. The department will continue to seek additional grants when they make a significant contribution to the city's law enforcement efforts. The Police Department continues a policy of aggressively pursuing grants to supplement its investments in equipment and technology and to fund one time expenditures.

Position Reclassifications: The 2004 budget reflects several position changes that were reclassified during 2003. These positions include the Mail Processor, Identification Technician, and a Telecommunication Supervisor. The 2004 budget also reclassifies the Safety Director into a Safety Manager position, reducing its salary grade to one consistent with similar positions.

Civilianization: The 2004 budget continues to civilianize positions in the department that are not directly involved in law enforcement and perform duties similar to positions in other departments. This is represented in the budget by the replacement of two Police Electronic Technicians with two Electronic Technicians and two Police Alarm Operators with two Police Dispatchers. This is part of the final phase of civilianizing the Dispatcher positions, a process that began in 1999. These changes create salary and fringe savings of \$65,273. These changes were made during the 2003 budget year but are now represented in the 2004 budget.

CAPITAL PROJECTS

The 2004 capital budget includes \$6.5 million in new funding for MPD projects. Key projects in 2004 include:

Digital Radio System: The 2004 capital budget includes \$5 million for a portion of the new digital radio system required to meet new FCC transmission standards effective in 2005. The \$5 million will fund a portion of phase two of the project. Phase one (infrastructure) is being funded through \$6.5 million in grant funds and \$2 million in 2003 approved capital funds. Capital funding for 2004 will fund the voice transmission portion of the implementation plan. The MPD must add three more radio tower sites and mobile repeaters and new mobile radios for department vehicles in order to transmit voice to all MPD squads.

Firing Range at Training Academy: The current firing range at the Training Academy was constructed in the early 1980's. Since that time, firearms training programs have progressed, increasing the number of rounds fired to attain state certification and maintain proficiency. The MPD shoots approximately one million rounds of ammunition per year in the Live Firearms Training Program. The current range was also built to handle smaller caliber ammunition that was used at that time. Current MPD firearms are of a higher caliber. Between the number of rounds and the higher caliber, the current range deceleration chambers have worn out and experience a constant buildup of lead. This can cause unsafe firing conditions, requiring their replacement. The 2004 capital budget includes \$950,000 for this project.

District Six Repairs: Police District Six main office space has experienced significant wear and deterioration since it was built over 16 years ago. The carpeting that was installed has completely worn out and numerous horizontal files and partitions are unusable due to breakdowns. The 2004 capital budget funds \$100,000 for the installation of high wear tile flooring and replacement of office furniture. The new flooring will reduce maintenance costs for the MPD by eliminating the need for carpet cleaning.

Evidence Storage Warehouse: The Police Department's Evidence Storage Warehouse needs expansion. Recent court decisions and identification technology advancements have increased the evidence retention needs and requirements. Pursuant to ACT 109, DNA evidence must be retained for the length of a convicted individual's sentence or their death, whichever comes first. This means the MPD must store more evidence for a longer period of time. To expand the warehouse into floors currently not used, \$425,000 in funding has been provided for this project.

District Five Generator: The current generator at Police District Five is 27 years old and has become very expensive to maintain. There has also been difficulty in obtaining parts for repairs and maintenance. The capital budget provides \$35,000 to replace the generator.

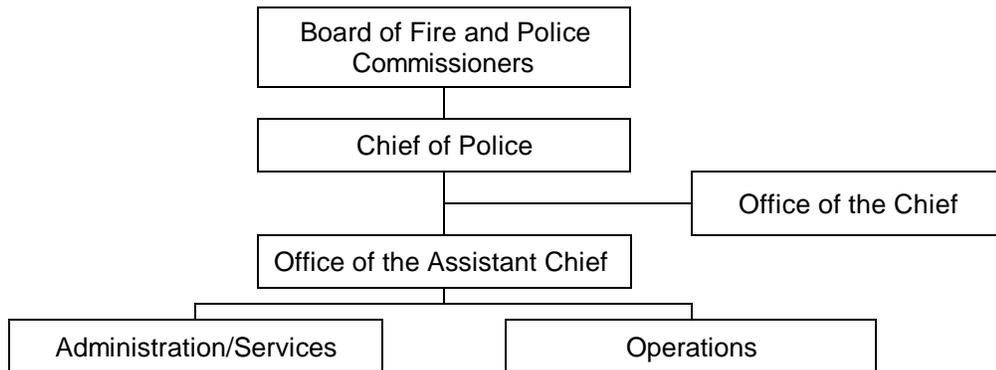
BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2,747.38	2,591.50	2,636.84	45.34
FTEs - Other	17.60	32.80	36.45	3.65
Total Positions Authorized	2,952	2,952	2,951	-1
DLH - Operations and Maintenance	4,533,183	4,275,975	4,350,787	74,812
DLH - Other Funds	29,040	54,120	60,143	6,023
EXPENDITURES				
Salaries and Wages	\$125,216,459	\$120,087,582	\$129,572,402	\$9,484,820
Fringe Benefits	39,094,415	37,227,151	38,871,721	1,644,570
Operating Expenditures	9,759,167	9,949,514	10,075,629	126,115
Equipment	1,286,454	1,546,408	1,427,377	-119,031
Special Funds	0	0	0	0
TOTAL	\$175,356,495	\$168,810,655	\$179,947,129	\$11,136,474
REVENUES				
Intergovernmental	\$675,960	\$575,000	\$516,000	\$-59,000
Charges for Services	319,958	191,500	241,500	50,000
TOTAL	\$995,918	\$766,500	\$757,500	\$-9,000

CAPITAL PROJECTS - Includes \$6,510,000 for the following projects:

- a. Digital Radio System - \$5,000,000
- b. Firing Range at Training Academy - \$950,000
- c. District Six Repairs - \$100,000
- d. Evidence Storage Warehouse - \$425,000
- e. District Five Generator - \$35,000

ORGANIZATION CHART



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						
8	8.00				Various Positions	Technical corrections.
1	1.00		\$58,671		Administrative Lieutenant of Police	Transfer Special Assignment Division to Office of Assistant Chief.
3	3.00		\$150,759		Police Officer	
1	1.00		\$53,112		Police Sergeant	
1	1.00		\$58,410		Detective	
-1	-1.00		\$-44,571		Personnel Officer	Position correction.
1	1.00		\$41,822		Personnel Analyst Sr	
-1	-1.00		\$-69,316		Safety Director	Positions reclassified.
1	1.00		\$69,316		Safety Manager	
-1	-1.00		\$-44,571		Telecommunications Supervisor	
1	1.00		\$44,571		Telecommunications Supervisor	
-2	-2.00		\$-62,720		Mail Processor	
2	2.00		\$62,720		Mail Processor	
-37	-37.00		\$-1,973,420		Identification Technician	Positions reclassified.
37	37.00		\$1,973,420		Identification Technician	
0	-0.50		\$-40,384		Systems Analyst Project Leader	Position funded for only six months.
-2	-2.00		\$-172,140		Commander of Police	Title change.
2	2.00		\$177,494		Police Inspector	
-2	-2.00		\$-109,672		Police Alarm Operator	Civilianization.
2	2.00		\$69,738		Police Dispatcher	
-2	-2.00		\$-110,117		Police Electronic Technician	
2	2.00		\$99,840		Electronic Technician	
		0.70			Grant Funding FTE Change	
	28.28				Experience and Vacancy Adjustment	

POLICE DEPARTMENT

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
					Operations Decision Unit	
-8	-8.00				Various Positions	Technical corrections.
-1	-1.00		\$-58,671		Administrative Lieutenant of Police	Transfer Special Assignment Division to Office of Assistant Chief.
-3	-3.00		\$-150,759		Police Officer	
-1	-1.00		\$-53,112		Police Sergeant	
-1	-1.00		\$-58,410		Detective	
1		1.00		\$33,416	Administrative Services Specialist	Judicial Oversight Grant.
-2		-2.00		\$-123,815	Lieutenant of Police	HIDTA Grant.
1		1.00		\$61,958	Lieutenant of Detectives	
2		2.00		\$116,821	Detective	
-1		-1.00		\$-27,780	Office Assistant II	
-2		-2.00		\$-106,032	Police Sergeant	
1		1.00		\$50,253	Police Officer	
-1		-1.00		\$-27,780	Office Assistant II	
		3.95			Grants and Aids Deduction Change	
	17.56				Experience and Vacancy Adjustment	
					TOTAL	
-1	45.34	3.65	\$-87,990	\$-22,959		

PORT OF MILWAUKEE

EXECUTIVE SUMMARY

- MISSION:** To enhance the overall economic environment of the Milwaukee region by stimulating trade, business, and employment.
- STRATEGIC ISSUES:** Become universally recognized as a quality provider of transportation and distribution services in the Midwest.
- Maintain financial self-sufficiency.
- Accentuate competitiveness and individualized customer services.
- INITIATIVES FOR 2004:** Construct the boarding terminal for the new high speed auto/passenger ferry, which will begin service in June, 2004.
- Renew land lease agreements with private companies.
- Study and evaluate alternative uses for vacant Port property in cooperation with other city departments.
-

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 roughly 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 America has shifted from manufacturing to services and other goods, 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.

OBJECTIVE 1

To focus on business based operations and to be financially self-sustaining in 2004 by recovering 100% of operating expenses or more with revenue from Port activities.

OUTCOME HISTORY

In 2002, the Port of Milwaukee generated operating revenue of almost \$3.5 million. Revenues exceeded expenses by more than 6%. This represented a dra-

matic improvement from previous years. From 1993 to 2002, Port revenues covered 88.8% of operating expenses on average. The gap between revenues and expenditures is shown in Figure 1, with revenues still exceeding expenditures in 2002.

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 generates \$960,000 for the Port, with the revenue transferred to the city's General Fund to ease the property tax burden. In 2004, the Port will continue to transfer revenues from this lease to the General Fund.

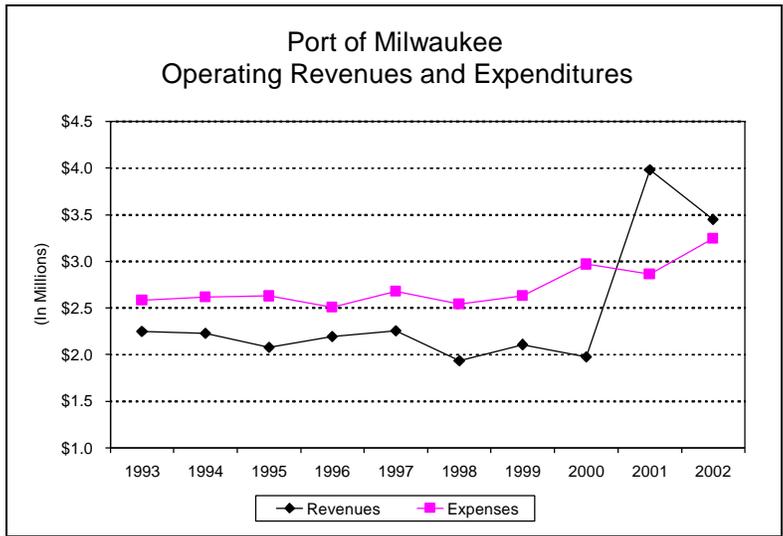
In 2002 there was a slight decrease in tonnage. Compared to 2001, total tonnage dropped by about 200,000 tons to 3,002,947 (see Figure 2). However, the Port still managed over 3 million tons in shipping for the second year in a row, an event not experienced since the 1960's. This demonstrates the Port's 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.

ACTIVITIES

- Market and promote Port facilities
- Seek changes in federal laws to promote regional trade
- Provide complementary services
 - Harbor equipment and vessels
 - Crane operation

	2002 Experience	2003 Budget	2004 Projection
Percent of total expenses covered by revenues.	106.2%	100.0%	100.0%
Funding by Source:			
Operating Funds	\$3,248,046	\$3,280,923	\$3,422,909
Grant and Reimbursable	0	1,600,000	1,150,000
Capital Budget	196,281	400,000	650,000
Total:	\$3,444,327	\$5,280,923	\$5,222,909

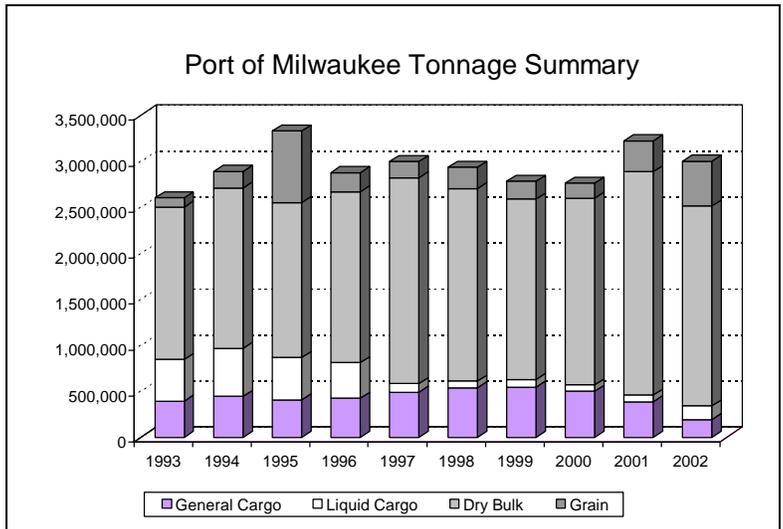
Figure 1



OTHER ACTIVITIES AND CHANGES

Cruise Ships: 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. The German cruise ship "c. Columbus" will be returning to the Great Lakes in 2004 and will make four stops in Milwaukee during July and September. Two voyages will be booked with European passengers and two with North Americans. The latest cruise ship to enter the Great Lakes market is the newly built "Orion," which will undergo its sea trial in Northern Europe this fall. Four cruises will be offered by the Orion's owners between Montreal, Canada and Milwaukee in 2004 for North American passengers. The American Canadian Carib-

Figure 2



bean Cruise Line (ACCL) will again be scheduling four to five cruises in 2004 and will be making stops in Milwaukee. This will be the fourth year in a row that ACCL ships will be calling Milwaukee. Cruise offerings continue to grow out of Milwaukee, increasing the city's profile in the international cruise market.

High Speed Ferry: In 2003, the Port working with Lake Express LLC, brought to fruition its long anticipated High Speed Ferry Project. The innovative new vessel, which will cross Lake Michigan between Milwaukee and Muskegon, Michigan in less than two and one-half hours, will carry 46 autos and 250 passengers. This vessel will be the first of its kind to operate in the continental United States and will bring Milwaukee national and international recognition. The first cross lake voyage will take place in June, 2004 when the company initiates its inaugural service. The vessel will normally operate from May 1st through December 31st each year and will make three round trips per day during the summer months and two per day in May and the fall months.

The Port has entered into a long term lease with Lake Express and is in the process of developing a passenger terminal on Port property adjacent to the U.S. Coast Guard Base. The Port estimates based on information provided by the Convention and Visitors Bureau that the economic impact of the ferry on Milwaukee will be in excess of \$26 million per year.

Strong interest in recreating in Milwaukee has been expressed by Western Michigan customers surveyed by the Port.

Land Use: In 2004, the Port will continue to study and evaluate alternative land uses for Port property in cooperation with the Department of City Development to convert vacant land to more productive and economically beneficial uses. About 85% of Port land is currently leased and the Port will help evaluate the best uses for the remaining 15% that is vacant. Between 20 and 30 acres are available adjacent to the Kinnickinnick River, which could be used to expand Port operations or be redeveloped for mixed commercial and residential or industrial uses.

Jones Island East Bank Public Fishing Project: The Port of Milwaukee, working with the Milwaukee Metropolitan Sewage District (MMSD) and the Department of Natural Resources (DNR), will be a "project sponsor" to expand public access and fishing opportunities on Lake Michigan. The Port will receive a DNR stewardship grant contract and receive reimbursement for incurred costs. The Port's special funds contain \$137,500 in authority for this purpose. These funds are for reimbursement authority so that no actual city funds are used for the project.

CAPITAL PROJECTS

Port Security: As a result of the events of 9/11, the Department of Homeland Security has directed increased port security regulations. Through the U.S. Coast Guard, the department has increased the intensity and volume of regulations with which the Nation's ports and transportation systems must cope. The Port of Milwaukee, along with each individual terminal operator, is working with local Coast Guard officials in developing and implementing port security plans. While not yet complete, it is certain that these plans will call for the Port to "harden" its facilities as a target, 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. The 2004 capital budget includes \$250,000 for Port security, along with an additional \$250,000 grant that was awarded to the Port this year.

Pier, Berth, and Channel Improvements: In 2004, the Port will use \$1 million to maintain and improve channel, berths, and piers on the South Harbor Track of the Port. The Wisconsin Harbor Assistance Program will cover \$800,000 of the cost (80%) and the city will provide the remaining \$200,000.

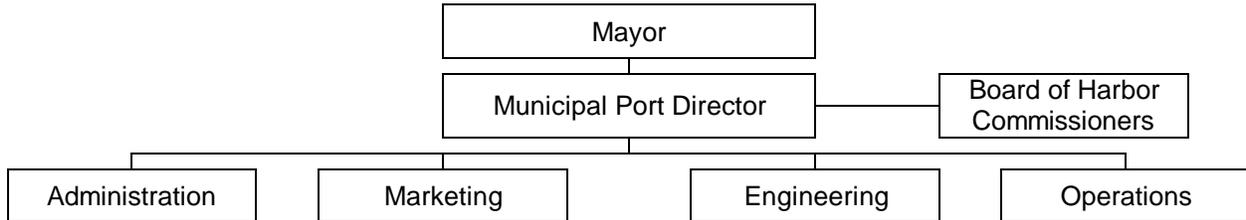
Dockwall Rehabilitation: The Port maintains ten miles of dockwall to serve its leased tenants. Rehabilitation is necessary to avert costly emergency repairs and disruptions to cargo operations. The Port will spend \$100,000 in 2004 for this purpose.

Rail Track and Service Upgrades: Project funding of \$100,000 in 2004 is the city's match for a Railroad Grant Program run by the State of Wisconsin Department of Transportation. The upgrades to the rail system are necessary because of increasing rail car sizes, weights, and higher track and safety standards.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	16.36	19.00	19.50	0.50
FTEs - Other	0.04	1.00	0.50	-0.50
Total Positions Authorized	35	34	33	-1
DLH - Operations and Maintenance	29,442	34,200	35,100	900
DLH - Other Funds	72	1,800	900	-900
EXPENDITURES				
Salaries and Wages	\$950,057	\$1,054,393	\$1,039,399	\$-14,994
Fringe Benefits	379,513	390,125	384,578	-5,547
Operating Expenditures	958,476	753,805	778,831	25,026
Equipment	0	0	0	0
Special Funds	960,000	1,082,600	1,220,101	137,501
TOTAL	\$3,248,046	\$3,280,923	\$3,422,909	\$141,986
REVENUES				
Charges for Services	\$3,453,522	\$3,280,923	\$3,422,909	\$141,986
TOTAL	\$3,453,522	\$3,280,923	\$3,422,909	\$141,986
CAPITAL PROJECTS - Includes \$650,000 for the following projects:				
a. Port Security - \$250,000				
b. Dockwall and Breakwater Rehabilitation - \$100,000				
c. Pier, Berth, and Channel Improvements - \$200,000				
d. Rail Track and Service Upgrades - \$100,000				

ORGANIZATION CHART



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		\$-25,710		Port Maintenance Worker I	Elimination of vacant position.
0	1.50				Miscellaneous Adjustment	
0		-0.50			Reduction in Capital Deduction	
-1	0.50	-0.50	\$-25,710	\$0	TOTAL	

DEPARTMENT OF PUBLIC WORKS

EXECUTIVE SUMMARY

MISSION: To promote the health, safety, mobility, and quality of life for all City of Milwaukee residents and visitors by providing:

- Safe, attractive, and efficient surface infrastructure systems;
- Solid waste collection, disposal, recycling, and waste reduction;
- Safe, aesthetically pleasing, and sufficient drinking water;
- Storm water and waste water conveyance; and
- Support services and facilities for the Department of Public Works (DPW) and other city departments.

STRATEGIC ISSUES: Provide a transportation system that adequately balances the use of mass transit, automobiles, and other modes of transportation.

Improve the environment by reducing solid waste in landfills and reducing air and water pollution to federally required levels.

Improve the attractiveness and safety of neighborhoods in a way that enhances the identity of neighborhoods and attracts people to them.

Address regional problems at a regional level instead of at a local level.

INITIATIVES FOR 2004: Continue to work with the state and county governments on major transportation projects, including the Park East Freeway and Marquette Interchange.

Continue to realize more efficient and effective utilization of personnel resources in the Operations and Infrastructure Division.

Improve operational efficiency by coordinating service delivery with other government entities.

Reduce plowing on non-arterial streets.

Work with other departments and local entities in developing Menomonee Valley.

BACKGROUND

The Department of Public Works was created in 1910. While the department's activities have evolved through the years, the organizational structure basically remained unchanged until 1996. As a result of the strategic planning process, the 1996 budget restructured the Department of Public Works into the following divisions:

- Administrative Services Division;
- Buildings and Fleet Division;

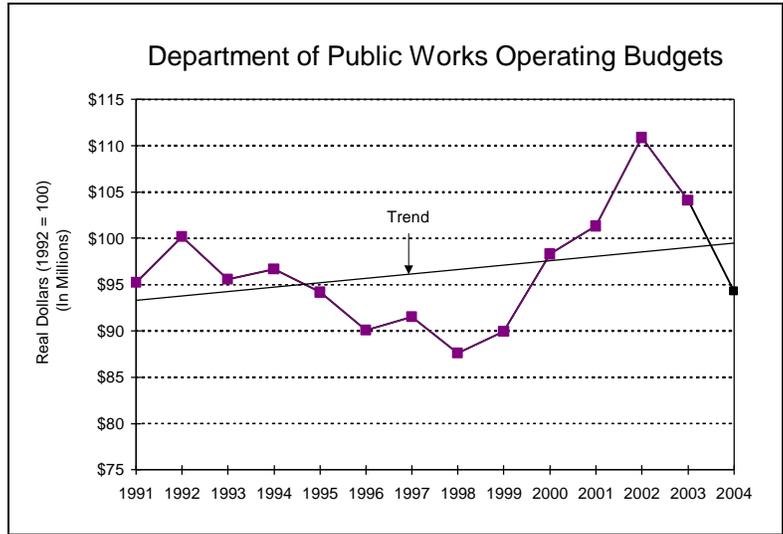
- Forestry Division;
- Infrastructure Services Division;
- Sanitation Division; and
- Water Works Division

As part of the 2002 budget, the Operations Division was created. This new division includes Sanitation, Forestry, and Buildings and Fleet. The 2004 budget includes a further restructuring of the DPW by con-

solidating Infrastructure's Administration and Transportation Decision Units.

The operating and maintenance budget, excluding the Water Works and Parking Funds, for DPW operating divisions (in real dollars) has increased by only 3.5% since 1991 (see Figure 1). However, Figure 1 also indicates that despite the decrease in the 2004 budget, DPW's budget has increased by 23% since 1996. Most of recent increases can be attributed to wage and salary settlements and increased funding for equipment replacement, equipment maintenance, and repair. The level of funding provided to the Department of Public Works demonstrates the city's commitment to delivering quality public services to the community.

Figure 1



The reduction in DPW's budget over the past two years represents a combination of efficiencies; from the reorganization of the Infrastructure and Operations Divisions and a reduction in state shared revenue. Despite this decrease in operating funds, DPW's budget is 7% greater than its average appropriation (in real terms) for the past 13 years.

In 2004, DPW will continue focusing on delivering the high quality services that the citizens of Milwaukee expect. DPW will use a combination of improved efficiency, better utilization of technology, and creative management to deliver services at a reduced cost.

OBJECTIVES

To help meet its objectives, the 2004 budget for the Department of Public Works operating divisions includes operating and maintenance funding totaling approximately \$103 million, state and federal grant funding totaling approximately \$51.8 million, and capital funding totaling approximately \$58.3 million. Approximately \$48.2 million in state and federal aid will be provided in 2004 for city infrastructure needs. In addition, the Water Works 2004 budget includes \$63.4 million in operating funds and \$22.6 million in capital funds. The Parking Fund's 2004 budget includes approximately \$38.5 million in operating funds and \$6.3 in capital funds. The 2004 Sewer Fund's budget includes approximately \$24.2 million in operating funds and \$21.5 million in capital funds.

Table 1 shows the percentage of DPW's funding allocated to each of its objectives. Aggregate funding levels for each DPW objective are included in the Outcome Indicator and Funding Table at the end of this section. In 2000, all divisions provided new program result measures for their programs. In addition, some new outcome indicators were created, including reduction of citizen complaints re-

Table 1

Percentage of DPW Funding by Objective	
Objective	
Drinking Water	6.9%
Sewer System Services	13.5%
City Cleanliness	9.6%
Parking Regulation and Compliance	11.5%
Public Way Condition	16.6%
Building Services	7.6%
Street Lighting and Playgrounds	3.8%
Tree Mortality	3.0%
Snow and Ice Control	1.8%
Communication Services	0.7%
Bridge Condition	5.3%
Traffic Accidents	1.0%
Boulevard Appearance	1.3%
Water Distribution	15.7%
Solid Waste Reduction	1.7%
TOTAL	100.0%

garding the condition of boulevards and maintaining city cleanliness as measured by the Photometric Index. DPW will continue to work on developing meaningful data driven outcome measures for all of

its objectives in order to enable policymakers to analyze program's success. Detailed descriptions of individual objectives, including outcome history, activities, and funding levels are included in each division's summary.

ACTIVITIES

- Design, maintenance, and repair of 216 bridges
- Maintenance of 220 city owned buildings
- Design, construction, and maintenance of streets, sewers, water facilities, alleys, sidewalks, and bridges
- Maintenance of city trees, boulevards, playgrounds, and parking lots
- Collection and disposal of garbage and operation of the City Recycling Program
- Snow and ice control on city streets
- Design, construction, and maintenance of the street and alley lighting systems
- Traffic control through design, regulation, and control systems
- Management of city parking operations
- Maintenance and service of the city owned automobile and construction equipment fleets
- Implementation of kiosks. (Three qualified vendors have responded and are currently negotiating with the city's contractor)
- Operation of the city water utility
- Maintenance of the city's sewer system

PROGRAM CHANGES

The 2004 budget reflects several program changes for the Department of Public Works. The majority of program changes are discussed in detail in the division summaries. The following are highlights of departmental wide changes.

CAPITAL PROJECTS

The 2004 capital improvements budget for the Department of Public Works totals approximately \$108.7 million (including Water, Parking, and Sewer Capital Funds). Major DPW capital projects include street resurfacing and reconstruction, facilities maintenance and repair, and maintenance of the water

Cooperation Agreements with Other Government

Entities: As a result of efficiencies created, the Forestry and Sanitation Sections have been able to forge cooperation agreements with other local government entities. The department is also looking at other government entities to form partnership agreements that will be beneficial to the City of Milwaukee.

Technology Improvements: DPW will continue its efforts to improve city administration and service delivery through the use and enhancement of technology. In 2003, the city's citation processing contractor issued a RFI to vendors for the development of kiosks (ATM-like technology) to sell and disburse night parking permits as well as to pay parking citations. The intent is to have these machines located in any city facility as well as high traffic locations such as UWM and Marquette University. These machines will provide a more convenient way to purchase night parking permits. DPW hopes to have a prototype available for demonstration by the end of 2003.

Menomonee Valley: DPW is in the process of developing plans to move the Tracer Yard operation to another site. This move will serve as a catalyst to redevelopment in the Menomonee Valley.

Conduit and Fiber: As a result of the impending rebuilding of the Marquette Freeway, Infrastructure Services and Administrative Services will be required to reroute the city conduit and fiber. The State of Wisconsin has allocated \$900,000 to assist in this move.

The details of these and other changes are explained in more detail in the associated sections of the *2004 Plan and Budget Summary*.

and sewer systems. More detailed discussions of capital projects are included in division summaries, as well as the "Capital Improvements Funds" section of the *2004 Plan and Budget Summary*.

OUTCOME INDICATORS AND FUNDING

		2002 Experience	2003 Budget	2004 Projection
Objective 1:	Public Way Condition			
Outcome Indicator:	Street Pavement Condition Index.	6.0	6.3	6.0
	Alley Condition Index.	74	74	74
	Funding by Source:			
	Operating	\$11,187,653	\$11,001,793	\$10,530,320
	Capital	17,649,976	23,591,116	15,620,339
	Grant	6,116,730	28,106,580	38,185,745
	Total:	\$34,954,359	\$62,699,489	\$64,336,404
Objective 2:	Bridge Condition			
Outcome Indicator:	Percentage of bridges rated above a condition rating of 50.	87.2%	85.2%	88.0%
	Funding by Source:			
	Operating	\$5,835,297	\$6,016,968	\$5,607,173
	Capital	3,441,628	2,144,645	5,678,472
	Grant	1,798,382	7,911,000	9,117,236
	Total:	\$11,075,307	\$16,072,613	\$20,402,881
Objective 3:	Street Lights and Playgrounds			
Outcome Indicator:	Percentage of streets meeting IES standards.	97.9%	94.0%	98.0%
	Citizen satisfaction rating for playgrounds.	0	70	0
	Funding by Source:			
	Operating	\$7,144,584	\$8,511,289	\$9,932,889
	Capital	5,911,176	6,433,837	4,869,135
	Grant	394,538	77,370	49,000
	Total:	\$13,450,298	\$15,022,496	\$14,851,024
Objective 4:	Boulevard Appearance			
Outcome Indicator:	Reduce the number of citizen complaints regarding the condition of boulevards to less than 50 per year*.	31	40	50
	Funding by Source:			
	Operating	\$4,823,302	\$4,661,239	\$4,535,983
	Capital	564,676	770,216	473,972
	Total:	\$5,387,978	\$5,431,455	\$5,009,955

		2002 Experience	2003 Budget	2004 Projection
Objective 5:	Tree Mortality			
Outcome Indicator:	Tree mortality rate.	1.7%	2.0%	2.0%
	Funding by Source:			
	Operating	\$8,682,207	\$10,351,137	\$10,377,973
	Capital	792,659	1,047,710	1,281,070
	Total:	\$9,474,866	\$11,398,847	\$11,659,043
Objective 6:	Water Distribution			
Outcome Indicator:	Percentage of main breaks back in service within 24 hours.	0	95	0
	Funding by Source:			
	Operating	\$0	\$1,252,783	\$1,182,008
	Capital	0	11,600,000	20,920,000
	Water Works	0	36,939,591	38,929,225
	Total	\$0	\$49,792,374	\$61,031,233
Objective 7:	Snow and Ice Control			
Outcome Indicator:	Pounds of salt spread per street lane mile.	252	250	250
	Funding by Source:			
	Operating	\$4,478,382	\$7,398,890	\$5,990,847
	Capital	135,963	887,149	997,000
	Total:	\$4,614,345	\$8,286,039	\$6,987,847
Objective 8:	Traffic Accidents			
Outcome Indicator:	Reduce the number of traffic accidents by 5%.	13,592	12,958	13,000
	Funding by Source:			
	Operating	\$3,345,143	\$4,822,084	\$2,843,112
	Capital	844,277	1,064,408	1,079,603
	Total:	\$4,189,420	\$5,886,492	\$3,922,715
Objective 9:	Solid Waste Reduction			
Outcome Indicator:	Residential solid waste land filled per capita (lbs.).	669	700	700
	Funding by Source:			
	Operating	\$4,612,269	\$4,220,699	\$3,069,801
	Capital	140,028	465,508	336,000
	Grant	2,800,636	2,814,641	3,029,432
	Total:	\$7,552,933	\$7,500,848	\$6,435,233

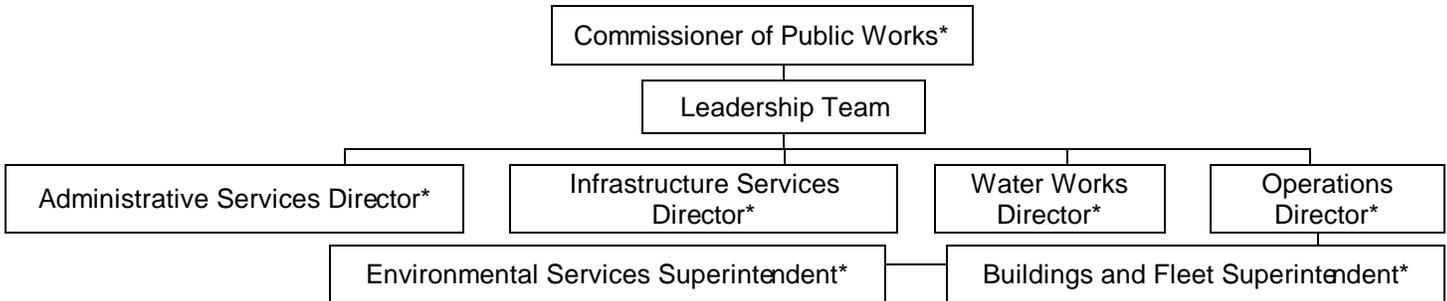
		2002 Experience	2003 Budget	2004 Projection
Objective 10:	Drinking Water			
Outcome Indicator:	Percent compliance with Safe Drinking Water Act standards.	100	100	100
	Funding by Source:			
	Operating	\$1,767,231	\$814,638	\$767,867
	Capital	9,902,983	3,300,000	1,700,000
	Water Works	50,533,642	23,978,988	24,505,981
	Total:	\$62,203,856	\$28,093,626	\$26,973,848
Objective 11:	City Cleanliness			
Outcome Indicator:	Maintain the overall cleanliness of the city as measured by the Photometric Index.	5.83	6.00	6.00
	Funding by Source:			
	Operating	\$39,025,011	\$36,264,183	\$34,948,071
	Capital	1,479,327	2,705,660	2,020,341
	Grant	299,147	282,750	282,750
	Total:	\$40,803,485	\$39,252,593	\$37,251,162
Objective 12:	Sewer System Services			
Outcome Indicator:	Sewer service back-ups.	58	45-55	45-55
	Street flooding incidents.	2,728	5,000	3,000
	Funding by Source:			
	Operating	\$2,496,708	\$2,259,593	\$2,236,044
	Capital	19,853,496	23,159,000	26,000,000
	Grant	222,661	132,905	100,000
	Sewer Maintenance Fund	20,167,856	26,382,275	24,165,233
	Total:	\$42,740,721	\$51,933,773	\$52,501,277
Objective 13:	Building Services			
Outcome Indicator:	Percentage of city buildings with condition assessments.	60.0%	75.0%	83.0%
	Funding by Source:			
	Operating	\$13,117,330	\$11,489,241	\$10,077,309
	Capital	5,727,275	21,694,720	19,583,556
	Total:	\$18,844,605	\$33,183,961	\$29,660,865

	2002 Experience	2003 Budget	2004 Projection
Objective 14: Communication Services			
Outcome Indicator: Percentage of customers satisfied with communication services.	95.0%	90.0%	90.0%
Funding by Source:			
Operating	\$998,671	\$128,235	\$155,389
Capital	780,215	1,388,421	1,814,762
Grant	0	0	900,000
Sewer Maintenance Fund	17,619	165,784	0
Total:	\$1,796,505	\$1,682,440	\$2,870,151

Objective 15: Parking Regulation			
Outcome Indicator: Percentage change in net operating revenue.	3.1%	29.0%	0.0%
Funding by Source:			
Operating	\$738,442	\$760,095	\$746,346
Capital	0	1,661,000	1,305,900
Parking Fund	32,571,927	35,726,797	38,500,225
Total:	\$33,310,369	\$38,147,892	\$40,552,471

Note: Objective funding does not include Parking capital improvements funded from the Permanent Reserve Fund.

ORGANIZATION CHART



* Positions included in Department of Public Works Leadership Team.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL*				
FTEs - Operations and Maintenance	1,757.96	1,883.87	1,800.00	-83.87
FTEs - Other	424.64	450.78	441.29	-9.49
Total Positions Authorized	4,141	4,063	3,509	-554
DLH - Operations and Maintenance	3,126,223	3,390,906	3,240,000	-150,906
DLH - Other Funds	764,347	811,404	794,322	-17,082
EXPENDITURES GENERAL CITY PURPOSES				
Administrative Services	\$4,676,074	\$4,856,904	\$4,553,338	\$-303,566
Infrastructure Services	22,061,243	23,748,383	22,476,509	-1,271,874
Operations	81,514,913	81,347,580	75,971,287	-5,376,293
SUBTOTAL-GENERAL CITY PURPOSES	\$108,252,230	\$109,952,867	\$103,001,134	\$-6,951,733
WATER WORKS (Public Utility)				
Operating Budget	\$50,533,642	\$60,918,579	\$63,435,206	\$2,516,627
Capital Improvements Program	9,902,984	14,900,000	22,620,000	7,720,000
TOTAL WATER WORKS**	\$60,436,626	\$75,818,579	\$86,055,206	\$10,236,627
PARKING BUDGET				
Operating and Maintenance Budget	\$24,416,376	\$27,426,797	\$26,500,225	\$-926,572
Capital Improvements	832,348	1,661,000	1,305,900	-355,100
Addition to Parking Reserves	4,983,469	0	0	0
Transfer to the General Fund	8,250,000	8,300,000	12,000,000	3,700,000
Capital Improvements to be Financed from Permanent Improvement Reserve Fund - Parking	0	5,000,000	5,000,000	0
TOTAL PARKING BUDGET	\$38,482,193	\$42,387,797	\$44,806,125	\$2,418,328
SEWER MAINTENANCE FUND				
Operating and Maintenance Budget	\$20,167,832	\$26,548,059	\$24,165,233	\$-2,382,826
Capital Improvements	16,288,590	19,700,000	21,500,000	1,800,000
TOTAL SEWER FUND BUDGET	\$36,456,422	\$46,248,059	\$45,665,233	\$-582,826
GRAND TOTAL-DEPARTMENT OF PUBLIC WORKS	\$243,627,471	\$274,407,302	\$279,527,698	\$5,120,396

* Personnel totals reflect Operating Divisions, Water Works, Sewer Maintenance Fund, and Parking Fund

** Does not include retained earnings.

OPERATING BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
Maintenance	1,205.29	1,273.15	1,204.28	-68.87
FTEs - Other	388.55	403.88	394.86	-9.02
Total Positions Authorized	3,432	3,344	2,820	-524
DLH - Operations and Maintenance	2,147,591	2,291,610	2,167,704	-123,906
DLH - Other Funds	699,390	726,984	710,748	-16,236
EXPENDITURES				
Salaries and Wages	\$53,923,985	\$54,627,640	\$51,174,004	\$-3,453,636
Fringe Benefits	20,218,944	20,212,227	18,934,382	-1,277,845
Operating Expenditures	31,499,556	33,305,603	30,849,979	-2,455,624
Equipment	2,609,745	1,805,897	2,042,769	236,872
Special Funds	0	1,500	0	-1,500
TOTAL	\$108,252,230	\$109,952,867	\$103,001,134	\$-6,951,733
REVENUES				
Charges for Services	\$31,732,144	\$29,483,101	\$29,568,700	\$85,599
Licenses and Permits	1,271,960	1,033,800	1,131,800	98,000
Miscellaneous	241,518	242,100	220,000	-22,100
TOTAL	\$33,245,622	\$30,759,001	\$30,920,500	\$161,499

CAPITAL PROJECTS - Capital funds in Administration, Infrastructure, and Operations total \$58,254,250 in city funds, plus an additional \$48,202,981 in state and federal grant and aid funding.

DEPARTMENT OF PUBLIC WORKS ADMINISTRATIVE SERVICES DIVISION

EXECUTIVE SUMMARY

STRATEGIC ISSUES: Provide administrative support, guidance, and direction for all of the department's strategic issues. These strategic issues are specified in the Department of Public Works Summary.

INITIATIVES FOR 2004: Continue to enhance the Call Center application to improve routing, tracking and response times for service requests received through the Call Center.

Continue to develop and enhance Department of Public Works computer applications.

Install the city's new telephone switch.

Implement a joint management/union review of employee accidents.

BACKGROUND

The Administrative Services Division provides planning and support to the Department of Public Works (DPW) in a variety of areas. The administrative functions including, 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 were formerly provided by each individual service

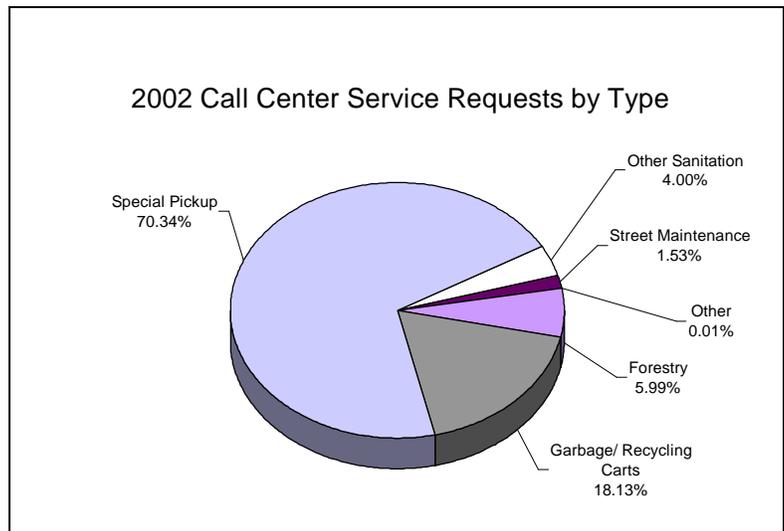
division. In 1998, these activities were consolidated within the Administrative Services Division.

The Administrative Services Division's 2004 budget includes operating funds totaling \$4.6 million. Most of the division's activities serve to support the efforts of other DPW divisions to achieve their objectives. Therefore, costs of the Administrative Services Division's activities are distributed across all DPW objectives.

ACTIVITIES

- Administrative management and coordination
- Planning, budgeting, payroll, and accounting
- Contract administration
- Public information and special event permits
- Personnel administration
- Call Center operation
- Inventory management
- Safety Program
- Technology support services
- Parking Fund administration and management

Figure 1



PROGRAM CHANGES

Call Center: In 2002, the number of service requests processed through the Call Center totaled 171,569, a 4% increase from 2001. Of these service requests, 64% were dispatched to field locations for resolution and 36% were resolved immediately upon receipt by the Call Center staff. As Figure 1 shows, the majority of service requests are for special pickup of items such as appliances, brush, and furniture. For the first time in 2002, the Call Center staff began processing street maintenance requests, which represent less than 2% of all requests. Street lighting service requests were also added to the Call Center application in late 2002.

As an additional aspect to the Call Center Program, DPW Administrative Services and Sanitation have developed a new program called SanScan. When a service request is received by the Call Center and entered into the system, the program will separate the information by geographic area and other categories as defined by Sanitation. The south area of Sanitation has been operating SanScan since July, 2003. It is expected that the remaining areas (central and north) will be operational by the fall of 2003.

Prior to implementation of SanScan, Sanitation districts received many service requests directly. This information was not entered into the Call Center database but processed manually. Under this program, all sanitation related service requests will be processed through the Call Center. Calls for service will be redirected to the Call Center although some may need to be received by the districts directly, namely internal calls from other city departments, employees, elected officials, aldermanic aides, or calls transferred from the Call Center for services or questions they are unable to process.

Sanitation Managers utilize the Call Center Program to track, route, and prioritize service requests, generate work sheets for the field crews, and eliminate duplicate requests. With this data, management is able to analyze productivity, response times, and route schedules as well as quantify the number and type of requests in order to provide services more efficiently and effectively.

A public interface to the Call Center Program has been placed on DPW's web page so citizens can request services through the Internet. To maintain production data integrity, a Call Center Manager must approve these service requests before they are forwarded to the appropriate division. In 2002,

there were 2,520 requests received through the citizen service application. Through July 2003, there have been 3,030 requests.

Community Safety Wide Area Network: DPW Administrative Services Division provides local and wide area network planning, designing, engineering, installation, maintenance, and support for the Police and Fire Departments, all major DPW facilities including Water Works, all health centers, some libraries, the Department of Neighborhood Services, and numerous unique operations.

In 2002, the most critical portion of the network became operational. This portion of the network is referred to as the Community Safety Wide Area Network (CSWAN). This network requires DPW to provide rapid response due to the critical public safety requirements for voice, radio, video, and data over multiple high speed communication links. The network is designed for near 100% reliability critical to the Police and Fire Departments' ability to provide community safety.

In 2003, the department completed two major CSWAN projects. The two largest projects consisted of network upgrades for the Fire Department and Water Works. The Fire Department, which was the largest of the projects, required installation of 80 distribution ports in 10 different sites across the city. The Water Works' project required installation of 10 distribution ports at 5 locations and a total of 432 10/100 ports at 7 water sites. In addition, Water Works has set up on their own VLAN and IP Subnet. As a result, the network traffic from Water Works is kept separate from other city departments.

Computer Application Development: In 2004, the Technology Support Services Section will continue maintenance, support, and development of the DPW Call Center application, CityTime (timecard entry), e-government initiatives, DPW's internal Invoice/Accounts Receivable Program, and DPW facility databases and work management systems.

Currently, DPW is in the process of creating a database driven adjustments panel to greatly reduce the manual paperwork the payroll clerks do to record pay adjustments. Working with the Comptroller's Office, DPW plans to implement electronic submission of "timecard adjustments" through CityTime instead of the current paper process. The current process allows for significant errors, many of which could have been prevented with an adjustment module.

By the end of 2003, the department plans to replace the apartment garbage billing system, currently running on paradox. This will allow apartment garbage billings to be integrated with DPW's Invoice/Accounts Receivable Program. In addition, there will be development of a system to track DPW issued tax roll charges. Currently, this information is scattered throughout the department and consolidation will enable more accurate information to be given to title companies and residents.

In early 2004, DPW will complete an application to replace the mainframe based "roadlife" database, which tracks the street infrastructure installed, owned, and maintained by the city. In addition, DPW is developing an application to track the copper telecommunication infrastructure installed, owned, and maintained by the city. Information about the thousands of conductors (wires) in hundreds of cables is currently maintained in a large manual ledger, called the "cable book". This electronic cable book will be an important tool in the relocation of circuits resulting from the reconstruction of the Marquette Interchange. The department also plans to use this database to collect information about private entities that lease city conduits. This will facilitate a more accurate billing of these entities. And lastly, DPW will develop a Salt Inventory Program that will be available to all eight salt storage sites. It is anticipated that this program will be completed by the 2003-2004 snow season.

Replacement of the Telephone Switch: Although funding was provided for replacement of the municipal telephone switch in 2002, the funding was not

released until early 2003. Consequently, installation is not expected until 2004. In 2003, DPW contracted with a consultant to prepare a report on the replacement of the telephone switch that will guide the city as it prepares either an RFP or bid to replace the system, establish a timeline for replacement, identify core and optional features, and determine the requirements for the communications infrastructure. In addition, DPW conducted a survey of telephone users to assess current usage of the telephone system and desired features. This information was incorporated into the consultant report. The total amount of time that will be needed to complete the installation of the new system is estimated to be five months.

Safety Program: Along with training, site inspections and evaluation of the OSHA 300 Logs, the Safety Section will implement an Accident Review Committee in 2004. This process will involve consultation with employees who have three or more accidents a year. The consultation, which will include management, the union, and the employee will be a fact-finding session to assist the Safety Section in finding ways to make the employee's job safer. In the 2004 budget, one position of Safety Specialist Senior is eliminated, saving approximately \$39,000 in capital fundings.

Other Position Changes: The 2004 budget includes the elimination of three operating funded positions an Office Assistant III, an Administrative Assistant I, and an Engineering Drafting Technician IV for savings of \$113,120. In addition, one non-operating funded Personnel Payroll Assistant position is eliminated.

CAPITAL PROJECTS

Public Safety Communications: The 2004 capital budget includes \$626,000 to interconnect the majority of the city's 200 buildings to a Wide Area Network (WAN) for telephone and data communications.

During 2004, the department will begin planning and design for relocation of the fiber due to the re-

construction of the Marquette Interchange. This project will be done to ensure that there are no disruptions to any of the city's critical services. In addition, all other major street paving projects involving the installation of fibers will continue.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	65.91	56.90	54.38	-2.52
FTEs - Other	5.77	8.10	6.12	-1.98
Total Positions Authorized	73	69	64	-5
DLH - Operations and Maintenance	96,699	102,420	97,884	-4,536
DLH - Other Funds	10,383	14,580	11,016	-3,564
EXPENDITURES				
Salaries and Wages	\$2,673,774	\$2,693,429	\$2,649,106	\$-44,323
Fringe Benefits	980,203	996,569	980,169	-16,400
Operating Expenditures	955,973	1,110,406	873,063	-237,343
Equipment	66,124	55,000	51,000	-4,000
Special Funds	0	1,500	0	-1,500
TOTAL	\$4,676,074	\$4,856,904	\$4,553,338	\$-303,566
REVENUES				
Charges for Services	\$1,350,342	\$819,000	\$826,500	\$7,500
Licenses and Permits	1,271,960	1,033,800	1,131,800	98,000
TOTAL	\$2,622,302	\$1,852,800	\$1,958,300	\$105,500

CAPITAL PROJECTS - Includes \$626,000 for Public Communications.

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		\$-34,183	Administrative Services Personnel Payroll Assistant	Positions vacant; duties consolidated into other positions.
-1	-0.52		\$-31,630		Office Assistant III	
-1		-0.98		\$-38,634	Safety Specialist Sr	
-1	-1.00		\$-45,145		Engineering Drafting Technician IV	
-1	-1.00		\$-32,615		Administrative Assistant I	
-5	-2.52	-1.98	\$-109,390	\$-72,817	TOTAL	

DEPARTMENT OF PUBLIC WORKS INFRASTRUCTURE SERVICES DIVISION

EXECUTIVE SUMMARY

STRATEGIC ISSUES: Provide a transportation system that efficiently distributes travel between mass transit, automobiles, and other modes of transportation.

Increase accessibility to employment throughout the region.

Improve air and water quality to meet federal requirements.

Improve the attractiveness of neighborhoods.

INITIATIVES FOR 2004: Continue with the completion of 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.

Consolidate the management of the Administration and Transportation Units.

Consolidate all bridge design engineering functions with maintenance activities under a single manager in the Streets and Bridges Unit of the Operations Section.

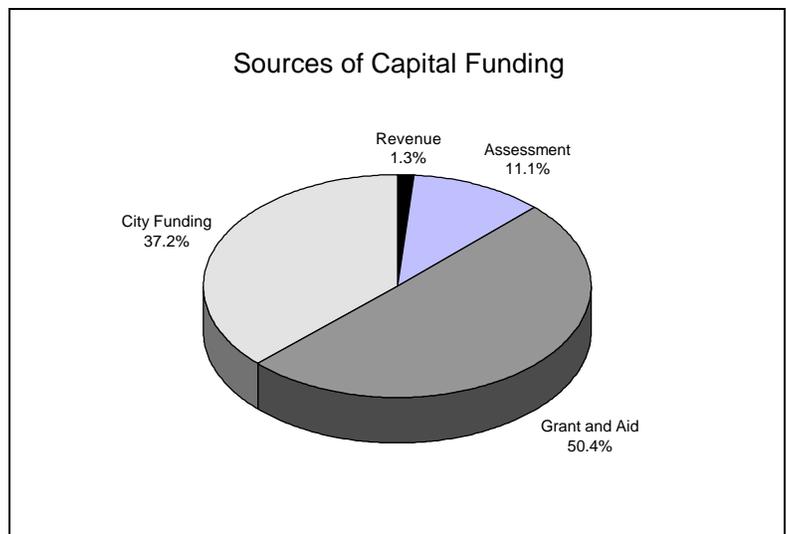
Consolidate all major street design engineering with the local street and alley designers under a single manager in the Construction Unit of the Operations Section.

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 2004, the Infrastructure Services Division will devote approximately \$22.5 million in

Figure 1



operating funds and \$30.6 million in capital funds. In addition, \$48.2 million in state and federal aid assists in funding the city’s infrastructure needs to this mission. The primary sources of capital funding (see Figure 1) are the city’s property tax and federal and state grants and aid, which together constitutes 87.6% of infrastructure’s capital budget. Other sources of funding include special assessments and revenue.

Although 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, critical components of the overall infrastructure system.

DPW OBJECTIVE 1

Ensure that the surface transportation system provides a safe, attractive, and efficient means to maintain the economic vitality of the city, complement land use development, serve the needs of the business community, and preserve residents quality of life by maintaining a Pavement Quality Index of 6.0 and an Alley Condition Index of 74 in 2004.

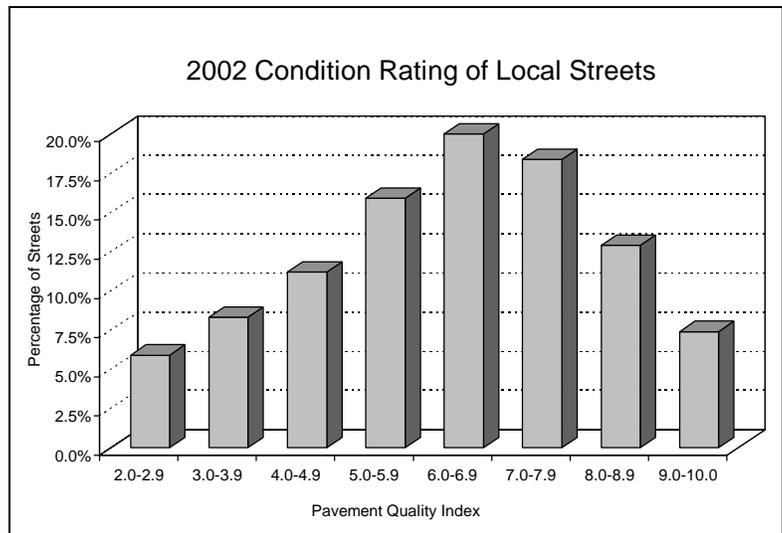
OUTCOME HISTORY (see page 159)

Many of Infrastructure Services Division’s activities are designed to improve the condition of the city’s surface public ways, primarily streets and alleys. Activities include resurfacing or reconstructing existing pavement, curbs and gutters, and constructing new streets as part of residential, commercial, and industrial development. The 2004 budget includes approximately \$10.5 million in operating funds and \$53.8 million in capital and grant funds for this objective. This level of funding will pave 11.23 miles of arterial, collector and local streets, and 3.8 miles of alleys.

Maintaining safe and efficient surface public ways furnishes residents with access to employment, goods and services, and also 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. Figure 2 represents the state of the system as of 2002 for those streets that are city maintained.

PQI ratings are calculated for two general street categories: locals and collector/arterial. Each cate-

Figure 2



gory 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.

To the degree possible with computer modeling, the PMA is now predicting pavement quality and life, and the need for repair more accurately. PMA will be utilized to formulate the initial annual preliminary paving program and as a basis in formulation and updating of the local and the major six year paving programs. Time and monitoring of PMA outputs compared to actual field conditions will be

the ultimate indicator of the system’s accuracy and value.

Infrastructure Services has also collected data to develop a similar condition index to evaluate the condition of 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 objective for Infrastructure Services’ street, alley, and sidewalk programs. These programs are also intended to 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 reduced traffic congestion and enhanced air quality. Spending on alternative modes of transportation includes funding earmarked for sidewalk and handicap pedestrian ramps, bicycle lanes, transit, and other clean air activities. The division continues to seek external funding sources for this purpose.

ACTIVITIES

- Street Paving Program
 - State and/or federal paving
 - Reconstruction and resurfacing
 - New street construction
 - Developer financed new street construction
- Street maintenance
 - Crack filling and repairing
 - Pothole patching
 - Seal coating
- Alley resurfacing and reconstruction
- Alley maintenance

- Pothole patching
- Surface patching
- Sidewalk replacement
- Bicycle Task Force
- Bicycle, Transit, and Rideshare Enhancement Program

PROGRAM CHANGES

Canal Street: In 2004, the Canal Street reconstruction and extension will be the largest of Infrastructure’s projects. This project, which began in 2003, when completed will extend Canal Street from Sixth Street to Miller Park. It is one of the very early and vital keys to the economic development that is planned for the Menomonee Valley. Over \$14 million is budgeted for this project in 2004.

Combining DPW Stores: In 2004, the Infrastructure Services and Buildings and Fleet stores will be combined. As a result one vacant position will be eliminated in Infrastructure Services. The combining of these stores will result in savings of approximately \$75,737. It will also allow DPW to reduce duplication of services that comes as a result of operating two facilities.

Reorganization: The Administration Section will be combined with the Transportation Section thus eliminating the Administration and Projects Manager position. The Transportation Design Manager position is anticipated to become vacant due to a year end retirement and will be filled by the current Administration and Design Manager. A Public Works Inspector II, and a vacant, unfunded Engineering Systems Specialist are being eliminated along with an Office Assistant II from the Construction Unit who will be moved to the Administration Unit.

In the Transportation Unit, two Engineering Technician II’s are eliminated, one in the Project Programming area and one in Traffic and Lighting. An Engineering Technician IV in the Traffic and Lighting Design Unit and a Civil Engineer II in Planning and Development are also being eliminated. The duties of these four positions will be absorbed by other positions within these areas. A Management Civil Engineer Senior position and two additional Civil Engineer II’s from the Major Projects area are also being eliminated. The remaining 13 positions in the Major Projects area will be reassigned to the Construction Unit. A Civil Engineer IV position currently in the Structural Design area will be reassigned to the Construction Decision Unit to serve as

the new Lead Supervisor over the 13 former positions from the Major Projects area. The four remaining work areas in the Transportation Unit (Project Programming, Traffic and Lighting, Planning and Development, and Central Drafting and Records)

will be combined with the Infrastructure Services Administration Unit. In the Support Services Unit, the consolidation of the stores area with the stores area in Buildings and Fleets results in a net reduction of one Inventory Assistant II.

DPW OBJECTIVE 2

Provide safe and efficient infrastructure systems by maintaining 88% of bridges at a condition rating greater than 50 in 2004.

OUTCOME HISTORY (see page 159)

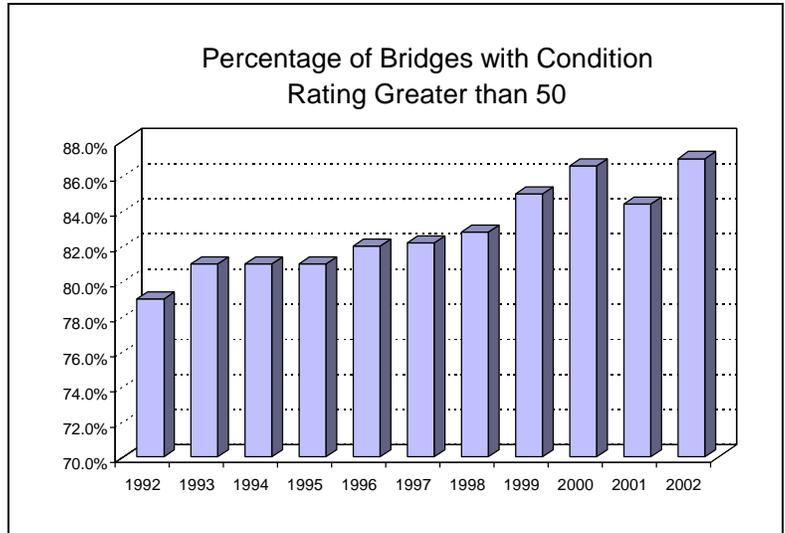
As part of its efforts to provide safe and efficient public ways, the Infrastructure Services Division operates and maintains the city’s 216 bridges. The purpose of the bridge program is to preserve and maintain a bridge system that meets the needs of the city, ensure the safety of motorists and provide for efficient movement of vehicles, people, and commodities. The 2004 budget includes operating funding of \$5.6 million, capital funding of \$5.7 million and \$9.1 million in grant funding for this objective.

Infrastructure Services 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 2002, 87.2% of the rated bridges had a sufficiency rating above 50. As Figure 3 shows, since 1992 bridge condition ratings have steadily improved indicating the division is maintaining bridges at a satisfactory level.

ACTIVITIES

- Bridge Reconstruction Program
- Bridge repair and maintenance
- Operation of the city’s movable bridge system, including automated openings

Figure 3



PROGRAM CHANGES

Consolidation of Bridge Maintenance and Engineering: As part of the restructuring that will occur in 2004, the Structural Design Section of the Transportation Decision Unit is moved to the Street and Bridges Decision Unit. This change included moving the following positions: one Civil Engineer IV, two Civil Engineer II’s, four Civil Engineer II’s, one Engineering Drafting Technician IV, one Auxiliary Civil Engineer I; and the creation of a Bridge Design Manager position. It also involves the elimination of one Civil Engineer IV and one Civil Engineer V. This reorganization will consolidate all bridge engineering design functions and bridge maintenance activities under the same decision unit.

DPW OBJECTIVE 3

Maintain the livability of city neighborhoods by ensuring that 98% of streets meet IES lighting standards in 2004.

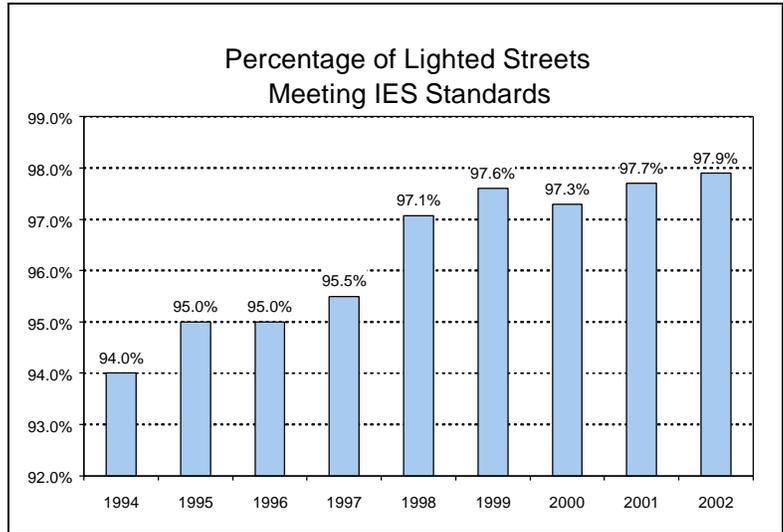
OUTCOME HISTORY (see page 159)

The purpose of the Infrastructure Services Division’s Street Lighting Program is to provide residents with pleasant and secure neighborhoods by providing a

safe and reliable lighting system. The 2004 budget includes operating funding of \$9.9 million for this objective. In addition, \$4.9 million in capital and \$49,000 in grant funding is provided.

The measurement for this objective is a scale developed by the Illuminating Engineering Society (IES) which establishes optimal levels of lighting for streets. As shown in Figure 4, the division continues to improve the percentage of streets meeting IES standards. In 2002, 97.9% of the lighted streets in the city met or exceeded IES standards. This represents approximately 1,288 miles of lighted streets.

Figure 4



ACTIVITIES

- Lighting system operations
- Street lighting repair
- Replacing series circuitry with multiple circuitry to improve reliability and flexibility
- Converting mercury vapor and incandescent lighting to more efficient high pressure sodium lighting
- Capital Improvements
 - Replace deteriorated poles
 - Replace defective underground cable
 - Replace and repair substations
- Business improvement district, neighborhood association and commercial area pedestrian level lighting

PROGRAM CHANGES

Group Lamp Replacement: In 2004, the Group Lamp Replacement Program will be eliminated.

This change will result in the elimination of a City Laborer and one Electrical Worker. Savings of \$86,000 will occur as a result of this change. Infrastructure Services currently does lamp replacement on a regular schedule. In 2004, Infrastructure will do lamp replacement on an as needed basis.

Crew Elimination: In the 2004 budget, one Pole Crew and one Cable Paving Crew is eliminated. These changes will result in the elimination of six positions and savings of approximately \$191,000. The elimination of these crews will result in delays in finishing projects.

Position Changes: In the Electrical Services Decision Unit, other reductions include two positions in the Sign Shop, nine positions on miscellaneous crews and three positions that respond to electrical outages and problems.

DPW OBJECTIVE 8

Design and operate transportation systems, which support the safe and efficient movement of people and goods, and maintain the economic viability of the city by reducing the number of traffic crashes by 5% in 2004.

OUTCOME HISTORY (see page 160)

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.

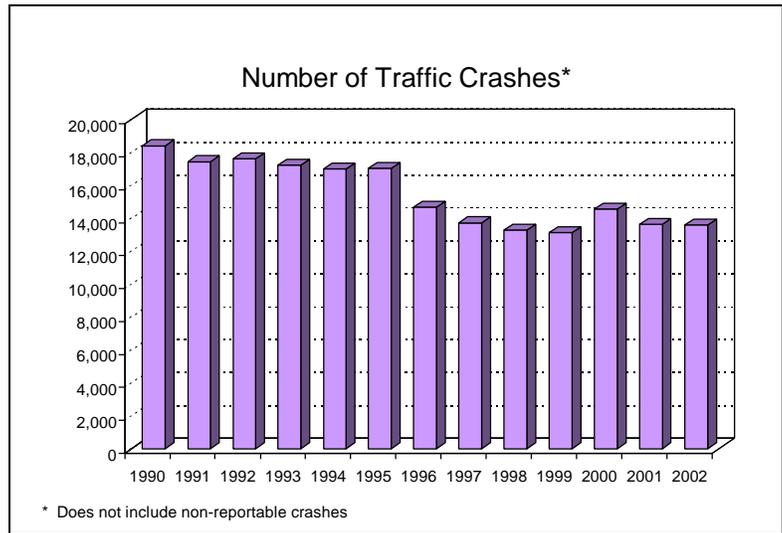
The Traffic Control Facilities Program provides for the safe, efficient, and economical movement of the

public and their goods and services, which helps to improve traffic flow, reduce pollution, and promote the health and safety of residents and visitors. The 2004 budget provides funding of \$2.8 million in operating funding for this objective. In addition, \$1.1 million in capital funding is devoted to this objective.

While factors outside of Infrastructure’s control, such as enforcement of traffic regulations by the Police Department and changes in traffic patterns resulting from economic development, influence the number of traffic crashes, the division’s activities do affect traffic safety. As shown in Figure 5, the number of traffic accidents in 2002 decreased to 13,592, a 26% decrease since 1990. 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 to reduce the environmental impact of the automobile. While more difficult to measure, the division does conduct 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 5



ACTIVITIES

- Traffic control facilities
 - Install new traffic control facilities
 - Modify or upgrade existing traffic control facilities
 - Timing of traffic signals
- Repair of traffic signals
- Review land use access needs
- Participate in the Milwaukee Safety Commission
- Meter installation
 - Traffic pattern analysis

DPW OBJECTIVE 14

Provide quality support services by satisfying 90% of customers with internal communication services in 2004.

OUTCOME HISTORY (see page 162)

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 2004 budget provides funding of \$155,389 in operating funds for this objective. In addition, \$1.8 million in

capital funding and \$900,000 of grant funding from the State of Wisconsin. These funds will be used to reroute conduit during the reconstruction of the Marquette Interchange.

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 services.

ACTIVITIES

- Install and replace underground communication conduit
- Maintain and replace manholes providing access to the underground electrical conduit system

CAPITAL PROGRAMS

The Infrastructure Services Division will manage \$78.8 million in ongoing capital programs in 2004. Funding for these programs includes \$30.6 million in city funding, in addition to \$48.2 million in grant funding.

Infrastructure is responsible for managing six capital programs that preserve and maintain the city's streets, alleys, and sidewalk systems. The programs are:

- **Major Bridge Program:** This program maintains the city's bridge system at a level that is considered safe, provides efficient movement of vehicles, people and commodities, and improves and expands the bridge system. In 2004, \$14.8 million is allocated to this program, including \$5.7 million in city funding and \$9.1 million in federal and state aids. In 2004, \$4.1 million of the allocated funds will be expended on new bridges as part of the West Canal Street Expansion project. This program plays a major role in helping Infrastructure Service meet its objective relating to the condition of the city's bridges.
- **Major Streets Program:** Major streets (arterials) are designated as part of the Federal Transportation System and are eligible for state, county, and federal funding to assist the city with financing the cost of resurfacing, reconstruction, and associated traffic control improvements. In 2004, a total of \$7.7 million in city funding will be allocated to this program. In addition, another \$38.1 million in grant funding will be allocated to this program. This program, in conjunction with the Street Reconstruction/Resurfacing Program, is vital to preserving and maintaining the city's streets and meeting Infrastructure's objective regarding the condition of the city's streets.
- **Street Resurface/Reconstruction Program:** This program addresses streets, curbs and gutters in the need of rehabilitation. These projects are financed by the city with a major portion of the cost passed on to abutting property owners via a special assessment. This helps to maintain the city's streets at a level considered safe for both motorists and pedestrians. This program helps Infrastructure achieve its objective related to the condition of the city's streets. The 2004 budget allocates \$4 million to this program, including \$1.4 million in special assessments.
- **Alley Reconstruction/Resurfacing Program:** This program addresses alleys that are in need of reconstruction or new construction. Ninety percent of the assessable cost of this program is charged to property owners whose properties abutt the reconstructed alleys. In 2004, \$1 million is allocated for this program, including \$477,000 in special assessments.
- **Sidewalk Replacement Program:** This program replaces approximately 400,000 square feet of sidewalk each year. The program's goal is to eliminate cracked, spalled, or out-of-grade sidewalk slabs in the public way. Sidewalks are designated for replacement based on age, citizen complaints, and associated street and water projects. The 2004 budget allocates \$1.85 million for this program. This funding includes \$700,000 in special assessments.
- **New Streets Program:** This program provides for the construction of streets in presently unimproved areas to serve new residential, commercial, and industrial properties. A portion of the cost of this program are recovered via a special assessment. In 2004, \$400,000 is allocated to this program.

Two of the capital programs managed by Infrastructure relate to expansion of sewers. The programs are:

- **Out of Pocket Developer Sewer Program:** This program provides sewer service to new developments. This program is used when developers request sewer service to their properties or the current sewer system requires modifications. This program is fully funded by developers. The 2004 budget allocates \$500,000 to this program.
- **Expansion of Sewer Capacity Program:** This program extends sewer service to areas of the city that do not have sewer service, expands capacity in areas of growth currently served by city sewers and where there are health concerns due to failing septic tanks and standing water, or at the request of abutting property owners. In 2004, \$4 million will be allocated to this program. The allocated funds will allow Infrastructure to complete two major sewer expansion projects.

Two other Infrastructure capital programs are related to underground facilities and manholes. The programs are:

- **Underground Conduit and Manholes Program:** This program provides secure weatherproof public safety conduits to be installed to various city agencies. It provides a reliable route for city communications, control of signalized intersections, and provides for street lighting cables. The 2004 budget provides \$780,000 for this program. The State of Wisconsin will provide an additional \$900,000 for rerouting conduit as part of the reconstruction of the Marquette Interchange.
- **Electrical Manhole Program:** This program rebuilds electrical manholes that are in the street right-of-way. It also provides the necessary safe and secure entrance for all communications, traffic control, and street lighting cable circuits that serve the City of Milwaukee governmental buildings and agencies. The 2004 budget allocates \$221,000 to this program.

The final two capital programs are related to safety:

- **Street Lighting Program:** This program strives to maintain adequate levels of lighting in neighborhoods and business districts to preserve a sense of safety and security for area residents. In addition, this program is also responsible for improving the street lighting facilities. This includes replacing worn out equipment and the removal of overhead wires and modernizing street control facilities. The 2004 budget allocates \$3.6 million to this program. This program helps Infrastructure Services to achieve their objective related to street lighting standards.
- **Traffic Control Facilities Program:** This program provides for the installation and modification of existing traffic control facilities. This includes traffic signs, signal systems, traffic signals, and other traffic control facilities. Traffic control facilities meet a basic public need by assigning the right-of-way for pedestrians and motorists, while providing guidance and warning of danger or unusual road conditions. The 2004 budget allocates \$920,000 for this program. This includes \$85,000 for traffic signal installation at the corner of South 30th Street and West Oklahoma Avenue which is being installed as a result of traffic that occurs around St. Luke's Hospital.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	246.94	303.58	267.01	-36.57
FTEs - Other	267.60	274.87	268.83	-6.04
Total Positions Authorized	783	783	728	-55
DLH - Operations and Maintenance	444,495	546,384	480,618	-65,766
DLH - Other Funds	481,683	494,766	483,894	-10,872
EXPENDITURES				
Salaries and Wages	\$11,151,874	\$12,553,706	\$11,513,048	\$-1,040,658
Fringe Benefits	4,385,661	4,644,872	4,259,827	-385,045
Operating Expenditures	6,472,754	6,459,355	6,653,034	193,679
Equipment	50,954	90,450	50,600	-39,850
Special Funds	0	0	0	0
TOTAL	\$22,061,243	\$23,748,383	\$22,476,509	\$-1,271,874
REVENUES				
Charges for Services	\$3,143,691	\$3,005,000	\$2,945,500	\$-59,500
TOTAL	\$3,143,691	\$3,005,000	\$2,945,500	\$-59,500

CAPITAL PROJECTS - Infrastructure Services will manage a total \$78.8 million in capital projects. This includes approximately \$48.2 million in grant and aid funds. City funded projects of \$30,629,750 include:

- a. Expansion of Capacity Sewers - \$4,000,000
- b. Out of Pocket Sewers Program - \$500,000
- c. Underground Conduit - \$780,000
- d. Major Bridge Program - \$5,650,809
- e. Street Improvements - \$7,664,339
- f. Street Reconstruction/Improvement - \$4,000,000
- g. Alley Reconstruction and Resurfacing - \$1,000,000
- h. Sidewalk Replacement Program - \$1,850,000
- i. New Streets - \$400,000
- j. Street Lighting - \$3,643,602
- k. Traffic Control Facilities - \$835,000
- l. Traffic Signal Installation (30th and Oklahoma) - \$85,000
- m. Electrical Manhole - \$221,000

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		\$-37,063		Administration Engineer Technician VI	Anticipated vacancy.
1	0.60	0.40	\$63,659	\$42,439	Administration and Transportation Design Manager	New position.
-1	-0.90	-0.10	\$-92,148	\$-10,235	Administration and Project Manager] Positions eliminated.
-1	-1.00		\$-48,240		Public Works Inspector II	
-1					Microcomputer Services Assistant	
	-0.22	0.22			Miscellaneous Adjustment	
-1	-0.60	-0.40	\$-90,108		Transportation Transportation Design Manager	Anticipated vacancy.
-1	-1.00		\$-64,567		Civil Engineer III] Retitled to Engineer Technician VI.
1	1.00		\$-64,567		Engineer Technician VI	
-4	-4.00		\$-180,361		Civil Engineer I	
4	4.00		\$180,361		Engineer Technician IV	Position retitled.
-1					Engineer Technician II] Positions eliminated.
-1	-1.00		\$-90,108		Management Civil Engineer Sr	
-4	-0.40	-3.60	\$-102,939	\$-154,406	Civil Engineer III] Moved to Construction Section.
-9	-0.90	-8.10	\$-44,036	\$-396,302	Civil Engineer II	
-1	-0.40	-0.60	\$-19,658	\$-29,487	Engineer Drafting Technician IV	
-1					Civil Engineer II (Aux.)	
-1					Engineering Intern	
-1	-0.10	-0.90	\$-7,519	\$-67,668	Civil Engineer V] Moved to Streets and Bridges Section.
-2	-0.80	-1.20	\$-29,338	\$-44,008	Civil Engineer IV	
-2	-0.80	-1.20	\$61,654	\$-77,480	Civil Engineer III	
-4	-0.40	-3.60	\$-21,539	\$-193,854	Civil Engineering II	
-1	-0.10	-0.90	\$-4,915	\$-44,231	Engineering Drafting Technician IV	
-1					Civil Engineer II (Aux.)	
1	1.00		\$64,567		Electrical Engineer III	New position.
-1	-0.90	-0.10			Engineering Technician VI] Positions vacant.
-1					Engineering Technician IV	
-1					Engineering Technician II	

DEPARTMENT OF PUBLIC WORKS – INFRASTRUCTURE SERVICES DIVISION

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-0.15	-0.85	\$-4,194	\$-37,742	Civil Engineer II	Title change.
1	0.15	0.85	\$4,194	\$37,742	Engineer Technician IV	Anticipated vacancy.
-1	-0.15	-0.85	\$-4,194	\$-37,742	Engineering Technician II] Positions eliminated.
1	0.15	0.85	\$5,777	\$32,739	Engineering Technician VI	
1	0.45	0.55	\$25,485	\$31,148	Engineering Drafting Technician IV	
	-0.63	0.33			Miscellaneous Adjustment	
Construction						
1	1.00	1.00	\$58,778		Field Operator Inspection Specialist	
-1	-1.00		\$-64,567		Civil Engineer III	
1		1.00		\$33,841	Administrative Assistant II	Position faces layoff.
-1	-1.00		\$-22,120		Office Assistant II] Position eliminated.
-2		-1.00		\$-35,619	Engineering Technician II	
-1	-0.90	-0.10	\$-42,983	\$-4,776	Sidewalk Repair Supervisor] Moved from auxiliary.
-4		-4.00		\$-128,788	Public Work Inspector II	
-1		-1.00		\$-64,567	Civil Engineer III	
-1		-1.00		\$-41,977	Inspection Specialist	
1		1.00		\$47,759	Sidewalk Repair Supervisor	
1		1.00		\$41,977	Inspection Specialist	
-2	-1.00		\$-38,516		Engineering Technician II	
5	1.12		\$54,255		Engineering Technician II (.33 FTE)	
3	0.64		\$104,360		Public Works Inspector	
3	0.25		\$20,950		Engineering Inspection Assistant	
-5	-1.12		\$-54,255		Engineering Technician II (.33 FTE)	
-3	-0.64		\$-104,360		Public Works Inspector	
-3	-0.25		\$-20,950		Engineering Inspection Assistant	
1	1.00		\$64,567		Engineer Technician VI	Retitled from Civil Engineer III.
-1	-1.00		\$-64,567		Civil Engineer III	Retitled to Engineer Technician VI.
7		7.00		\$252,671	Public Work Inspector] Moved from Streets.
1		1.00		\$64,567	Engineering Technician IV	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-4		-4.00		\$-217,514	Civil Engineer II	Three positions retitled and one eliminated.
3		3.00		\$160,669	Engineer Technician V	
-4		-4.00		\$-179,942	Civil Engineer I	
3		3.00		\$129,893	Engineer Technician IV	
4	1.00		\$43,404		Engineering Technician II (.33 FTE)	Moved from auxiliary to permanent.
2	1.00		\$31,143		Public Works Inspector II	
3	1.00		\$20,950		Engineering Inspection Assistant	
-4	-1.00		\$-43,404		Engineering Technician II (.33 FTE)	
-3	-1.00		\$-20,950		Engineering Inspection Assistant	
1		1.00		\$64,567	Engineering Technician VI	New position.
-4		-4.00		\$-185,244	Civil Engineer II	Three positions retitled and one eliminated.
3		3.00		\$165,503	Engineering Technician V	
-4		-4.00		\$-185,244	Civil Engineer I	
3		3.00		\$135,525	Engineering Technician IV	
1		1.00		\$69,995	Civil Engineer IV	Moved from Transportation.
3		3.00		\$192,780	Civil Engineer III	
6		6.00		\$314,553	Civil Engineer II	
1		1.00			Engineering Drafting Technician IV	
1					Civil Engineer II (Aux.)	
1					Engineering Intern	
	0.15	-0.28			Miscellaneous Adjustment	
Streets						
1	0.50	0.50	\$37,407	\$37,407	Bridge Design Manager	New positions.
1	1.00		\$46,841		Street Repair Supervisor	
1	0.50	0.50	\$37,174	\$37,174	Civil Engineer IV	Moved from Transportation Unit.
2	1.00		\$64,567	\$64,567	Civil Engineer III	
4	4.00		\$215,393		Civil Engineer II	
1	1.00		\$49,415		Engineering Drafting Technician IV	
1			\$-46,784		Civil Engineer II (Aux.)	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-23,392		Asphalt Repair Crew Leader	Seasonal positions eliminated.
3	2.00		\$32,484		Cement Finisher Helper	
9	4.00		\$171,669		City Laborer	Seasonal position added.
5	5.00		\$107,691		Labor Crew Leader I	Moved from auxiliary.
6	3.00		\$152,621		Asphalt Worker	
					Auxiliary	Seasonal positions eliminated.
-3	-1.50				Street Repair Supervisor	
-3	-1.50				Asphalt Repair Crew leader	
-4	-2.00				Street Repair Crew Leader	
-5	-2.50				Labor Crew leader I	
-5	-2.50				Asphalt Worker	
-5	-2.50				Cement Finisher	
-1	-1.00				Cement Finisher helper	
-1	-1.00				Asphalt Raker	
-3	-1.50				Special Street Repair Laborer	
-5	-2.50				Driver/Worker	
					Bridges	Positions eliminated.
-1	-1.00		\$-35,254		Bridge Laborer Crew leader	
1	1.00		\$23,054		Labor Crew leader I	
1	1.00		\$24,772		City Laborer	
-1	-1.00		\$-46,592		Painter Bridge and Iron	
					Auxiliary	Seasonal positions eliminated.
-2	-1.00				Bridge Operator Leadworker	
-2	-1.00				Bridge Operator	
-3	-3.00				Carpenter	
-2	-1.00				Bridge Laborer Crew leader	
2	1.00				City Laborer (Regular)	
-1	-0.50				Ironworker	
-1	-0.50				Painter Bridge and Iron	Duties will be assumed by similar titles.

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00				Field Operations inspection Specialist	Moved to Construction.
-1	-1.00				Administrative Assistant II	
-5	-2.50				Public Works Inspector II	
-2	-1.00				Public Works Inspector II (Aux.)	
-1	-0.50				Field Operations inspection Specialist	
	0.75	2.07			Experience Adjustment	
					Electrical Services	
2	2.00		\$81,883		Electrical Mechanic	Position eliminated.
-1	-0.33		\$-36,235		Traffic Sign Worker II	
-1	-1.00		\$-68,060		Traffic Signal Manager	Title changed.
4	2.00	2.00	\$222,952		Electrical Services Manager	
1	1.00		\$69,791		Electrical Services Supervisor	
-1	-1.00		\$-69,791		Traffic Sign Manager	
-2	-2.00		\$-153,291		Lighting Services Manager	
19	14.00		\$167,211		Laborer Electrical services	Moved from auxiliary to permanent.
4	4.00		\$99,088		City Laborer	New position.
-4	-4.00		\$-161,285		Electrical Worker	
5	1.33		\$68,715		Special Laborer Electrical Services	
					Auxiliary	
					Electrical Services Manager	New position.
-7	-7.00		\$-150,908		Electrical Mechanic	Moved from auxiliary to permanent.
-2	-2.00		\$-76,657		Painter	
1					Traffic Sign Worker II	
-4	-4.00		\$-148,033		Special Laborer Electrical Services	
-26	-18.90	-7.10	\$-741,906		Laborer Electrical Services	
	1.00	-2.49			Experience Adjustment	
					Support Services	
-1	-1.00		\$-37,063		Communication Assistant III	Position retitled.
1	1.00		\$37,063		Program Assistant I	
1		1.00		\$38,440	Equipment Mechanic IV	New position.
1		1.00		\$33,393	Specialist Street Repair Laborer	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
2		2.00		\$72,035	Inventory Assistant IV	Position moved from Operations.
-2	-2.00		\$-69,446		Inventory Assistant II	] Position eliminated.
-1	-0.75				Inventory Assistant II	
	-0.32	1.06			Experience Adjustment	
-55	-36.57	-6.04	\$-732,968	\$-35,442	TOTAL	

DEPARTMENT OF PUBLIC WORKS

OPERATIONS DIVISION

EXECUTIVE SUMMARY

STRATEGIC ISSUES:

Maintain an efficient and effective garbage collection system.

Keep Milwaukee's neighborhoods clean and healthy.

Reduce the amount of residential solid waste disposed in city landfills.

Maintain safe driving conditions during snow and ice weather events while minimizing the use of salt.

Maintain a healthy urban forest.

Improve the environment and appearance of Milwaukee by encouraging citizens to plant and maintain trees on private property.

Provide affordable and effective fleet and building services to city departments and agencies.

Improve the condition of city owned buildings and facilities.

INITIATIVES FOR 2004:

Continue to realize more efficient and effective utilization of personnel resources through the consolidation of employees within the Operations Division. Specifically, the enforcement of city codes regulating weeds on properties will be streamlined.

Pursue opportunities for the consolidation of facilities and service provisions.

Maintain solid waste and special collection crew levels year round.

Prioritize snow plowing resources to achieve bare pavement on city arterial streets and safe driving conditions on non-arterial streets during snow and ice weather events.

Maintain an attractive boulevard system while increasing the use of perennials on low traffic boulevards.

Implement a new tree pruning cycle for the city's urban forest.

BACKGROUND

The Department of Public Works (DPW) provides services that impact the lives of Milwaukee residents on a daily basis. In providing these services, DPW must adapt to changing equipment technology, needs of citizens, and weather impacts. To assist in meeting these challenges, DPW continuously reviews and revises its procedures and organizational structure to gain the necessary efficiencies that allow it to continue to provide high service levels.

Operations Division

In 2002, DPW addressed some of these challenges by combining the Forestry, Sanitation, and Buildings

and Fleet Divisions into the Operations Division. Through improved coordination of personnel, administration, and equipment, creation of the Operations Division has improved service delivery to Milwaukee residents. For example, in the Sanitation and Fleet Operations Sections, the 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. The consolidation of these titles into one classification enables DPW to utilize existing staff more effectively. In 2004, 18 Sanitation Worker titles are to be replaced by 14 of the more flexibly assigned Opera-

tions Driver/Worker titles, allowing for a net reduction of 4 positions.

Additionally, in 2004 the Operations Division will continue restructuring its management personnel. This allows for the elimination of the Sanitation Superintendent and City Forester positions which are replaced by an Environmental Services Superintendent. In addition, assigning weed and debris property code violation inspection duties to Urban Forestry Technicians, as well as Sanitation Supervisors, will allow for the reduction of three Sanitation Supervisor positions.

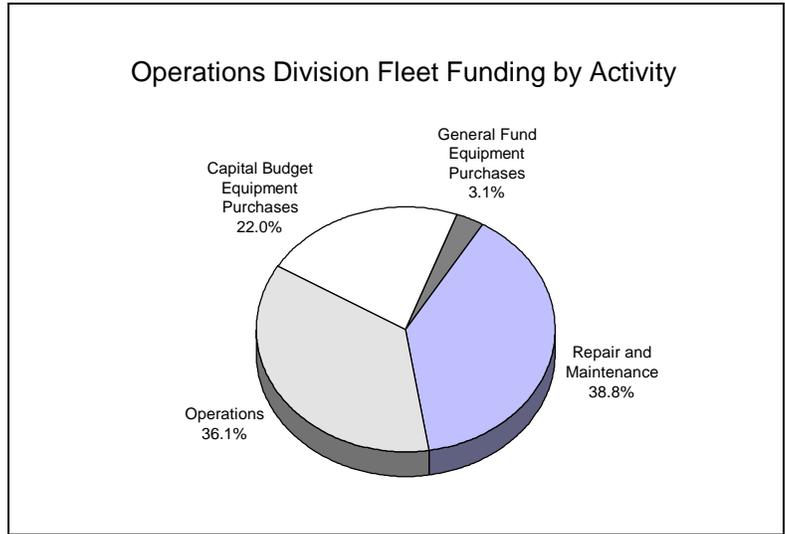
Forestry: The Forestry Section of the Department of Public Works Operations Division is primarily responsible for tree and landscape management. Milwaukee’s Urban Forestry Program has been recognized as a model by national forestry organizations, businesses, and visitors to the city. The program currently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

Sanitation: The responsibility of the Sanitation Section is to collect and dispose of solid waste and to protect the environmental health of the city. Sanitation activities protect city residents from infectious diseases and protect area lakes and rivers from harmful storm water run-off by collecting solid waste and sweeping city streets and alleys. Additionally, Sanitation efforts reduce the amount of materials sent to landfills through both its 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 (see Figure 1). 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

Figure 1



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.

Approximately, \$76 million in operating funds are included in the 2004 budget for the Department of Public Works Operations Division. In addition to operating funds, the 2004 budget includes capital funding of \$27 million and grant funding of approximately \$3.3 million.

Solid Waste Fee

The 2001 budget established a new fee for solid waste expenses. The Solid Waste Fee (created in accordance with Sec. 66.0627 Wis. Stats. which permits municipalities to implement a special charge for current services which may allocate all or part of the service costs onto the properties served) partially recovers solid waste collection costs through a user fee rather than the property tax. The City of Milwaukee implemented the Solid Waste Fee to distribute solid waste costs according to usage and to require property tax exempt refuse users to pay for their portion of the city’s solid waste costs.

The 2004 rate for the Solid Waste Fee remains unchanged at \$75 per year per residential unit. This

rate will recover \$13.9 million or approximately half 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 actual snow and ice control costs. The 2004 rate for the snow and ice

control fee remains unchanged at \$0.2736 per foot of property footage. Operating and capital snow and ice control costs in 2004 are expected to be \$7 million. State law requires the city to recover only actual costs. In 2004 only 34.3%, or \$2.4 million of the estimated total costs will be recovered through the Snow and Ice Control Fee. This fee is recovered on the municipal service bill for all properties in the city, including tax exempt properties.

DPW OBJECTIVE 4

Maintain fewer than 50 citizen complaints regarding the condition of the boulevards in the year 2004.

OUTCOME HISTORY (see page 159)

The Forestry Section beautifies Milwaukee through its work on the city's boulevard system. Forestry takes pride in designing, planting, and maintaining the landscapes on city boulevards, which typically contain a combination of turf, trees, and colorful flower and shrub beds. Forestry continually strives to provide this urban benefit more efficiently. In past years, Forestry has achieved cost savings without reducing service by consolidating mowing routes, increasing use of perennials, and other initiatives.

In 2004, DPW will allocate \$4.5 million in operating funding and \$473,972 in capital funding to beautify the city's 476 acres of boulevards and green spaces. The section will plant over 115,000 annuals as well as perennials, shrubs, and trees. To measure resident's satisfaction with the appearance of boulevards, Forestry will continue to track the number of complaints on the condition of the city's boulevards.

Mayor's Landscape Awards Program: The Forestry Section will continue to provide technical support and expertise to the Mayor's Landscape Awards Program. The presentation of these annual awards has been conducted under the sponsorship of Greening Milwaukee since 1997. It honors members of the community who beautify Milwaukee's neighborhoods through their "greening efforts".

ACTIVITIES

- Turf maintenance
- Irrigation systems repair
- Flower bed maintenance

PROGRAM CHANGES

Reduced Boulevard Flower Beds: Due to fiscal constraints, Forestry will convert 40% of the flower beds it maintained in 2003 to perennials. While perennials will not be substantially cheaper to plant in 2004, this could lead to savings in future years. Forestry will maximize the value of its remaining flowerbeds by retaining colorful showcase boulevards in high traffic areas.

DPW OBJECTIVE 5

Maintain a tree mortality rate of less than 1.96% in the year 2004.

OUTCOME HISTORY (see page 160)

The 2004 budget for the Operations Division includes \$10.4 million in operating funding and \$1.3 million in capital funding for the maintenance of approximately 200,000 trees in public spaces throughout Milwaukee. A healthy urban forest improves urban air quality, decreases energy bills for

homeowners, and provides beauty to the city, which adds value to Milwaukee's neighborhoods.

Forestry cares for its trees by keeping a regular pruning cycle, inspecting sidewalk construction projects to protect the root structure of adjacent trees, and by preventing the spread of pests. Proper pruning decreases tree mortality and reduces cleanup time for fallen branches and debris after windstorms. Since 1987, the tree mortality rate has fluctuated between 1.4% and 2.5% (see Figure 2).

In addition to pruning, Forestry works with other levels of government to control encroaching pests such as the Gypsy Moth and Asian Longhorn Beetle. Forestry has identified defoliation in the most northern section of the city and anticipates continued defoliation from the Gypsy Moth. In 2004, Forestry will work to identify problem areas, administer pesticides, and educate homeowners on how to address the problem on their own properties to mitigate damage from this pest. In addition to caring for existing trees, the Operations Division removes damaged or diseased trees and replaces them to maintain a vibrant urban forest (see Figure 3).

The capital improvements program funds trees purchased from private vendors as well as salaries and fringes for planting trees. The cost of tree production at the municipal nursery are funded with the operating account.

ACTIVITIES

- Tree planting
- Production of trees at the city nursery
- Pruning and maintenance of trees
- Removal of hazardous and damaged trees and stumps
- Inspect construction projects to protect trees
- Develop strategies to control emerging pests

PROGRAM CHANGES

Change in Pruning Cycle: Pruning reduces tree branch interference with pedestrian and vehicular traffic, promotes healthy tree growth and structure, and reduces damage from limbs falling in storms. In 2004 Forestry will change its pruning cycle. 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 will return to its former schedule of pruning all trees every five years. Savings will occur as Forestry crews visit different sections of the city every five years, rather than every three under the old system. A five year pruning cycle, is still within the standards set by national urban forestry organizations and exceeds the cycle of other large cities. This change results in the elimination of one Shop position, and at least three field staff positions for savings of \$186,000.

Figure 2

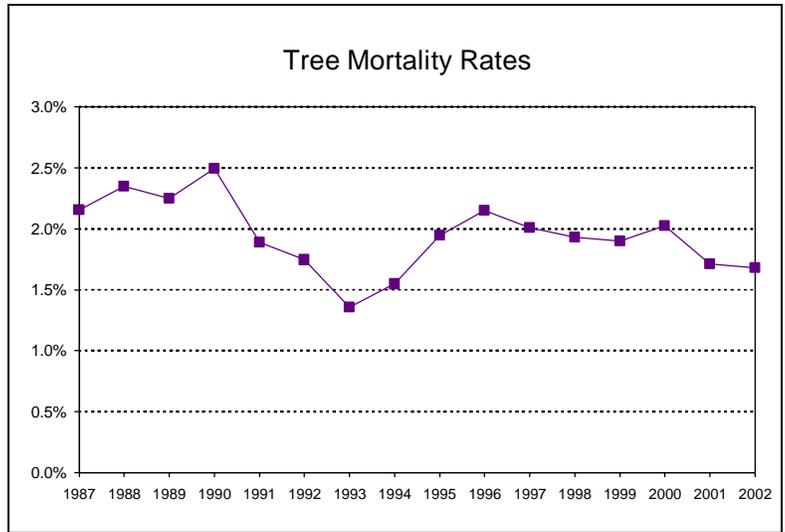
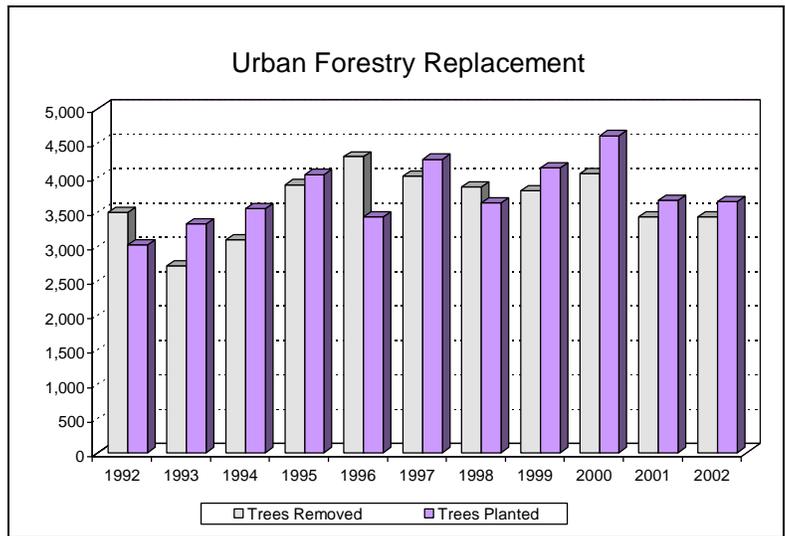


Figure 3



Environmental Policy Analyst: In 2004, Forestry will add an Environmental Policy Analyst position. The position will be located in Forestry but will be funded through a Sanitation grant. This use of funds is possible due to the consolidation of the two sections under the Operations Division. The position will be responsible for securing new environmental grants for the city, as well as developing policies and coordinating environmental efforts in DPW.

Greening Milwaukee’s Schools: Since the 1950’s, many of Milwaukee’s public school playgrounds have been paved with asphalt to reduce maintenance costs. This has resulted in public school playgrounds devoid of trees, grass, and playable surfaces for our children. Asphalt surfaces are on average 10 to 15 degrees hotter than shaded playgrounds and are inherently more dangerous than a natural landscape. In 1999, the city began the Greening Milwau-

kee's Schools Program, a public/private partnership. The program replaces asphalt surfaces with turf, trees, and mulched beds. Since inception, 22 schools have been recipients of the program. In 2004, For-

estry will continue to work with Milwaukee Public Schools, corporate donors, Greening Milwaukee, and the UPAF/Visions Urban Forest Fund to provide this valuable service to Milwaukee's children.

DPW OBJECTIVE 7

Maintain current levels of public safety during snow and ice emergencies while minimizing the amount of salt used to 250 pounds per lane mile in 2004.

OUTCOME HISTORY (see page 160)

Snow and ice control operations are conducted to ensure public safety and to offset the adverse effect winter snow and ice events have on city commerce, education, medical services, and emergency services. The Department of Public Works Operations Division 2004 budget includes approximately \$6 million in operating funding and \$997,000 in capital funding for snow and ice control.

The extent to which snow and ice control operations are performed is largely dependent upon weather conditions. Due to the unpredictable nature of the weather, budgeting for snow and ice operations in a given year proves difficult. Figure 4 shows snow and ice control expenditures (2002 dollars) and the annual inches of snowfall since 1983. As can be seen in Figure 4, snow and ice control expenditures are largely dependent upon snowfall, which has fluctuated tremendously over the past two decades.

In addition to snowfall quantity, rate of snowfall, moisture content, type of precipitation, current and forecasted temperatures, wind, time of day, and day of week are but some of the factors that can influence the actual cost of snow and ice control. As a result, the Operations Division budget for snow and ice operations is based on average snow and ice control expenditures from prior years.

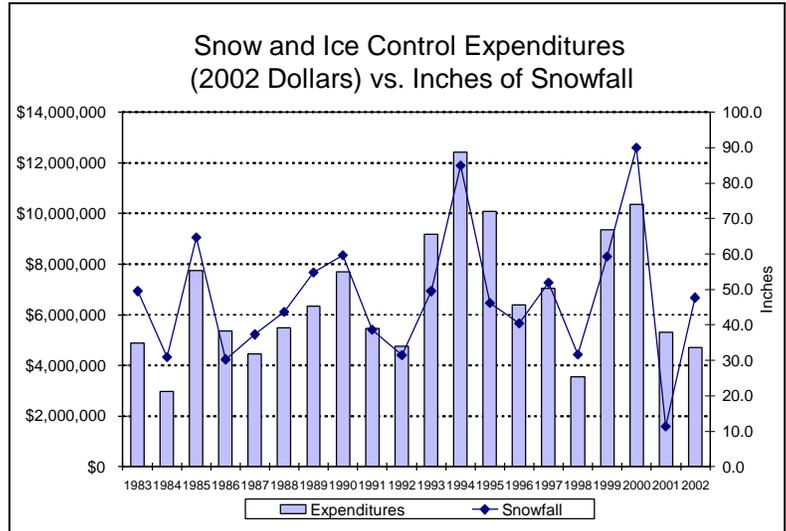
ACTIVITIES

- Snow plowing operations
- Salting operations

PROGRAM CHANGES

Snow and Ice Control Changes: Over the last ten years, DPW has used an average of 50,000 tons of

Figure 4



salt annually to maintain drivability of city streets during snow and ice events. Due to the negative effect salt use has on the city's waterways, wildlife, plants, and vehicles, DPW strives to limit its salt usage, while preserving public safety during snow and ice events.

The city's snow and ice control policy and procedures 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. DPW's snow and ice control procedures explain that the department's goal is to return arterial driving lanes to bare pavement condition.

In 2004, funding for snow and ice control is reduced by \$1.4 million from 2003 funding of \$7.4 million to reflect prior year snowfall averages and recent changes in DPW's management of snow and ice control operations that emphasize reducing cost of service. The operational changes, implemented in the winter of 2003 as part of the 2003 budget, included reducing plowing operations on non-arterial streets and reducing the extent to which staff are placed on paid stand-by in anticipation of snow events. This also included a reduction to the quantity of salt applied during salting operations, reducing the purchase of salt by 7,000 tons in 2004.

DPW OBJECTIVE 9

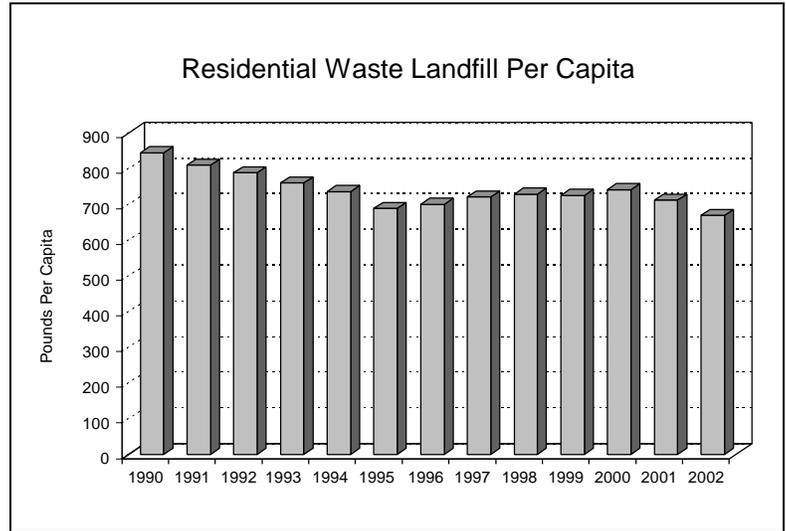
Maintain the amount of residential solid waste landfilled per capita at 700 pounds in 2004.

OUTCOME HISTORY (see page 160)

The Department of Public Works is committed to improving environmental quality through waste reduction efforts. As indicated in Figure 5, DPW has made progress toward achieving the objective of reducing the amount of residential solid waste landfilled. The amount of residential waste disposed in landfills per capita decreased approximately 20.8%, from 844 pounds in 1990 to 669 pounds in 2002.

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 Southeast Wisconsin Waste Reduction Coalition whose mission is “to reduce the amount of waste generated by residents and businesses throughout Southeast 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 students. DPW’s 2004 budget includes approximately \$3.1 million in operating, \$336,000 in capital funding, and \$3 million in grant funding for residential solid waste reduction.

Figure 5



ACTIVITIES

- Curbside recycling collection
- Fall leaf, brush, and yard waste collection and composting
- Recycling and waste reduction education
- White goods and tire collection
- Self-help center recycling programs

PROGRAM CHANGES

Reduced Overtime Due to recycling route adjustments, the need for overtime is anticipated to be reduced by approximately 4,500 hours annually, generating \$112,588 in savings in 2004.

DPW OBJECTIVE 11

Maintain the overall cleanliness of the city as measured by the Photometric Index projection of 6.0 in 2004.

OUTCOME HISTORY (see page 161)

The Department of Public Works Operations Division’s 2004 budget includes approximately \$34.9 million in operating funding, \$2 million in capital funding, and approximately \$282,750 in grant funding for city cleanliness.

In 2000, the Sanitation Section began utilizing a formal measure to gauge the cleanliness of city streets. The outcome measure used is the Photometric Index,

which measures changes in accumulations of loose trash in cities. The Index is certified by Keep America Beautiful, Inc. (KAB) and must be used to participate in the Clean Community System the behaviorally based program to reduce litter by changing attitudes and practices relating to the handling of waste. This measurement technique was developed in 1974 by the Research Foundation American Public Works Association, under contract to KAB. The process involves the use of 120 photographic slides taken at random 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. These slides are then analyzed and measured against a baseline year

for comparative cleanliness. 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. Over 500 cities, including Houston, Indianapolis, and Chicago make use of a Photometric Index to quantify city cleanliness. In 2002, the Sanitation Section found that Milwaukee surpassed its Photometric Index goal of 6.0 with Photometric Index of 5.83. In this index, the lower the number, the less the amount of litter detected.

ACTIVITIES

- Weekly residential garbage collection
- Operation of two self-help centers
- Cleanup Box Program (each weekend from April through October)
- Systematic neighborhood cleanups
- Street and alley sweeping
- Weed cutting (in compliance with city ordinances) costs recovered from property owners
- Cleanup and support for civic and special events ranging from the Great Circus Parade to neighborhood block parties
- Special collection services to residential property owners

PROGRAM CHANGES

Funding for Cart Replacement: In 1981, the Sanitation Section began utilizing an automated garbage cart flipper system to increase the efficiency of waste collection operations. The system requires the use of flipper system compatible carts, which were provided to households at no charge.

Since that time, the Sanitation Section has maintained a citywide inventory of approximately 360,000 flipper compatible garbage and recycling carts, repairing damaged carts, and replacing carts that are lost or have exceeded their useful life of approximately ten years. In 2004, \$800,000 is included for the purchase of approximately 20,000 new carts for replacement of lost or severely damaged carts. This represents an estimated 18 year cart replacement schedule. However, this also represents an improvement over the 15,000 carts budgeted in 2003. Increasing the replacement of carts that have exceeded their useful life is expected to reduce the cost of cart maintenance, allowing for the reduction of one vacant cart Maintenance Technician position for a savings of \$46,495 in salaries and fringe benefits.

Targeted Neighborhood Box Program: Community Development Block Grant Funds will provide \$282,750 in 2004 for the provision of 56 boxes per week for the targeted Neighborhood Box Program. In 2004, the Neighborhood Box Program will again target cleanups within the city's 17 Neighborhood Strategic Planning Areas (NSPs). In the Operations Division's operating budget, \$20,000 is provided to fund neighborhood cleanups that fall outside of the community development block grant boundaries.

Solid Waste Disposal Contract: In 2004, DPW will have awarded a new contract for the delivery and disposal of the city's solid waste. Due to the presence of competing bids for this contract, it is expected that the contract award will represent a \$1 million reduction from 2003 solid waste disposal costs.

DPW OBJECTIVE 13

Provide quality support to facilities by ensuring 83% of city buildings have condition assessments in 2004.

OUTCOME HISTORY (see page 161)

The Department of Public Works Operations Division Facilities Development and Management Section's 2004 budget includes approximately \$10.1 million in operating funding and \$19.6 million in capital funding to provide quality support for facilities.

The Facilities Development and Management Section's activities focus on providing quality support for facilities used by city agencies (all facilities excluding those of the Port and Library) with the exception of playlots. The section maintains HVAC systems, provides custodial services, and oversees architectural design work for 160 city buildings. The section is also responsible for a wide variety of building repairs that range from window to roof replacements.

DPW tracks its performance of providing quality support facilities through performing condition assessments on city buildings. Condition assessments

involve a physical inspection of buildings by staff. The information gathered through the assessment allows planning for the maintenance and repair of the city facilities.

In 2002, DPW completed a total assessment of the condition of city facilities and used this information to update its Facilities Condition Index (FCI). The FCI is a computerized index that DPW uses to evaluate building conditions and to prioritize maintenance needs. The FCI is a relative index, based upon a facility's current repair cost and the costs to replace the facility in like materials and design at current labor and material costs. Index values directly identify those facilities most in need of immediate repair, allowing the city to prioritize facility maintenance projects and funding.

ACTIVITIES

- Architectural and mechanical design and construction management
- Communication and data cable installation and repair services
- Custodial, electrical, heating, and ventilation services
- Masonry, carpentry, painting, and concrete work
- Inspection, maintenance, and repair of recreational facilities

CAPITAL PROJECTS

The 2004 capital improvements budget provides approximately \$27 million in funding. These funds will be allocated to 12 different projects.

City Hall Restoration Program: City Hall is a building of historical and architectural significance. Listed on the National Register of Historic Places, City Hall has stood for 106 years as a beacon of the city. The City Hall Restoration Program addresses the structural and historical integrity of City Hall. This program restores the exterior façade and roofs of City Hall to ensure water tight, energy efficient, and safe conditions. An evaluation by an architectural engineering firm experienced in evaluating historic structures, followed by a peer review of architects, engineers, and historic restoration experts, identified repairs needed to address aging related deterioration of key exterior elements such as the brick, terra cotta, sandstone, windows, embedded structural steel, and copper roofing.

- Energy management
- Management of various Department of Public Works contracts for services, including cleaning, cafeteria and vending, and security guard services

PROGRAM CHANGES

Reduced Facilities Maintenance Staff: Building maintenance positions, including titles such as Carpenter, Painter, Electrical Mechanic, and Maintenance Technician, are reduced by 12 positions in 2004. This represents a reduction from 87 to 75 positions in Mechanical, Electrical, and Construction and Repair Services. This reduction is anticipated to generate \$592,859 in salary savings, but will increase the time required to respond to building maintenance needs.

Reduced Custodial Services: Custodial positions assigned to the City Hall complex are reduced by 3 vacant positions to a total of 27 positions in 2004. Also, contracted services at outlying facilities are reduced to reflect decreased frequency of custodial services such as window cleaning and vacuuming. This reduction in custodial services will generate \$96,485 in salary and \$31,843 in operating savings.

The total cost of the restoration project is estimated at \$31.7 million over four years, from years 2003 through 2006. Of that amount, \$11.2 million is included in the capital budget in 2004.

Tree, Shrub, and Evergreen Planting: As part of the 2004 capital budget, \$600,000 will be allocated to plant approximately 3,757 trees and shrubs. In 2003, Forestry reduced the number of trees it planted because the municipal nursery did not have a sufficient number of trees to meet the demand, and the city would have had to purchase more costly trees from private vendors. In 2003, Forestry planted 5,800 small trees, or "whips" at the nursery, ensuring a ready supply of inexpensive trees in the coming years. As a result, the city will fully fund the tree planting program for 2004, and Forestry will work to fill the backlog of tree replacements created in 2003.

Concealed Irrigation and General Landscaping of City Boulevards: In 2004, Forestry's capital budget includes \$196,500 in funding for installation of

flower bed irrigation systems in newly constructed boulevards. The system is designed to keep boulevard vegetation vibrant throughout the spring and summer. However, this represents a change from prior years, in which irrigation systems were built to water both flower beds and turf. This policy change is coordinated with the change to mow boulevards biweekly rather than weekly, as less water will necessitate less mowing.

Municipal Garages and Outlying Facilities: The 2004 capital budget includes \$1,500,000 to design and construct phase two of the remodeling of the Central Municipal Repair Garage. Phase one of this project included consolidating the functions of the Southwest Municipal Repair Garage into the Central Municipal Garage in 2003. Phase two will replace outdated mechanics' equipment to improve vehicle repair efficiency and safety, and replace outdated building systems to meet current building codes for energy efficient lighting, HVAC and digital controls, fire, and life/safety systems.

Environmental Program: This program helps to provide a safe environment for the public and city employees in city owned buildings through removal of hazardous building materials. The project areas consist of asbestos abatement, lead abatement, and soil and groundwater remediation. Funding of \$685,000 is included in the 2004 capital budget for this program.

ADA Compliance Program: The 2004 budget includes capital funding of \$400,000 for this program which improves access to offices, restrooms, telephones, and drinking fountains at the downtown complex and at outlying facilities. These efforts are needed to comply with federal regulations governing the Americans With Disabilities Act.

Recreation Facilities Program: The 2004 capital budget includes \$400,000 for improvements to neighborhood recreation facilities, including children's play areas and stand-alone recreation sites. In addition to the replacement of equipment subject to normal wear and tear, DPW works to improve the accessibility of play areas and insure that they meet safety and ADA requirements. In 2004, DPW plans to upgrade children's play areas at Ellen Park and Lewis Playfield, restore the play area at 90th and Bender Road, and restore various baseball diamonds.

Facility Systems Program: The 2004 capital budget includes approximately \$2.5 million to keep the city's building mechanical and control systems in

good operating condition. This program involves the replacement and repair of a variety of building systems, including air handling units (AHUs); elevator motors and controls; compressors; security systems; circuit breakers and transfer switches; fuel dispensing systems; and other various electrical and mechanical systems.

City Hall Complex Remodeling: This program provides funding for interior remodeling and upgrades for various city agencies. Upgrades include meeting the new State Energy Code requirements for lighting controls and HVAC's. Services provided by the program include office space planning and development of cost proposals to meet the changing needs of city agencies. In 2004, this program includes \$440,000 in capital funding for the completion of office remodeling of the Comptroller Office on the fourth floor of City Hall. This funding is in addition to \$1.7 million included in the 2002 budget for this project.

Facility Exterior Program: This program helps to maintain the exterior of city facilities in a watertight and energy efficient condition and to replace yard and parking lot pavements as needed. The project includes various replacements and maintenance items, as recommended by the Facility Condition Information System. This program is funded at \$431,000 in the 2004 capital budget.

Fleet Municipal Equipment Replacement: This program funds major durable equipment that ordinarily exceeds \$50,000 and has a life expectancy of approximately ten years. Examples of major equipment that are typically funded in this account include garbage trucks, dump trucks, back-hoes, and street sweepers. In 2004, \$6.1 million is provided in the Operations Division's capital budget for equipment replacement.

Menomonee Valley Relocation: As part of the city's effort to encourage business development in the Menomonee Valley, which includes the new Sixth Street Viaduct and extension of Canal Street to the Miller Park Baseball Stadium, the city is exploring the opportunity to relocate its Infrastructure, Sewer, Electrical Services, and Building Services Garages and office from their current locations on Canal Street in the Menomonee Valley. In 2004, \$2.5 million is included for design and preliminary site preparation for the relocation of those facilities. However, no funding for this project may be expended until the Common Council has approved a project plan.

OTHER ACTIVITIES AND CHANGES

Reduce Fleet Maintenance Staff: Fleet Maintenance staff was reduced by eight positions, for salary savings of \$242,372 to reflect recent years' improved funding for fleet capital equipment funding. Maintaining adequate replacement schedules for equipment will result in reductions so repair costs and work disruptions due to equipment breakdowns.

Transfer Anderson Building Maintenance Costs to the Department of Neighborhood Services: The former Town of Lake's Municipal Building, also known as the Robert A. Anderson Municipal Building, is owned by the city and occupied solely by the Department of Neighborhood Services. In 2003, DPW provided funding for maintenance and custodial services to this building totaling approximately \$120,000. In 2004, these costs will be budgeted in the Department of Neighborhood Services departmental budget.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	892.44	912.67	882.89	-29.78
FTEs - Other	115.18	120.91	119.91	-1.00
Total Positions Authorized	2,576	2,492	2,028	-464
DLH - Operations and Maintenance	1,606,397	1,642,806	1,589,202	-53,604
DLH - Other Funds	207,324	217,638	215,838	-1,800
EXPENDITURES				
Salaries and Wages	\$40,098,337	\$39,380,505	\$37,011,850	\$-2,368,655
Fringe Benefits	14,853,080	14,570,786	13,694,386	-876,400
Operating Expenditures	24,070,829	25,735,842	23,323,882	-2,411,960
Equipment	2,492,667	1,660,447	1,941,169	280,722
Special Funds	0	0	0	0
TOTAL	\$81,514,913	\$81,347,580	\$75,971,287	\$-5,376,293
REVENUES				
Charges for Services	\$27,238,111	\$25,659,101	\$25,796,700	\$137,599
Miscellaneous	241,518	242,100	220,000	-22,100
TOTAL	\$27,479,629	\$25,901,201	\$26,016,700	\$115,499

CAPITAL PROJECTS - Includes \$26,998,500 in funding for the following projects:

- a. ADA Compliance Program - \$400,000
- b. City Hall Complex Remodeling - \$440,000
- c. City Hall Restoration Program - \$11,200,000
- d. Concealed Irrigation and General Landscaping of City Boulevards - \$196,500
- e. Environmental Program - \$685,000
- f. Facilities Exterior Program - \$431,000
- g. Facilities Systems Program - \$2,500,000
- h. Fleet Equipment Replacement - \$6,146,000
- i. Menomonee Valley Facilities Relocation - \$2,500,000
- j. Municipal Garages and Outlying Facilities - \$1,500,000
- k. Recreation Facilities Program - \$400,000
- l. Trees, Shrubs, and Evergreen Replacement - \$600,000

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
Operations Division Administration						
-1	-1.00		\$-70,375		Finance Manager	] Retitled position.
1	1.00		\$73,254		Administrative Services Manager	
-1	-1.00		\$-33,307		Accounting Assistant II	Reduce vacant Administrative staff.
Fleet Services						
-1	-1.00		\$-90,583		Fleet Services Manager	] Reduce pay range from 14 to 13.
1	1.00		\$77,521		Fleet Services Manager	
1	1.00		\$69,791		Equipment Acquisition and Disposal Supervisor	] Retitled position.
-1	-1.00		\$-69,791		Vehicle and Equipment Specialist	
-1	-1.00		\$-37,062		Personnel Payroll Assistant II	
1	1.00		\$37,062		Program Assistant II	] Retitled position.
-1	-1.00		\$-57,658		Auto Mechanic Supervisor II	Reduce vacant supervisory position.
1	1.00		\$40,672		Mechanic Lead Worker	] Reduce two vacant Vehicle Technician Heavy positions and retitle one to Mechanic Lead Worker and one to Vehicle Services Technician.
-4	-4.00		\$-149,508		Vehicle Services Technician Heavy	
1	1.00		\$38,816		Vehicle Services Technician	
-1	-1.00		\$-40,136		Automotive Electrician	Eliminate vacant position.
-2	-2.00		\$-60,166		Garage Attendant	Eliminate two vacant positions.
-1	-1.00		\$-27,950		Office Assistant II	] Eliminate vacant positions.
-2	-2.00		\$-72,604		Auto Body Repair/Painting Technician	
-1	-1.00		\$-37,237		Equipment Inventory Supervisor	
1	1.00		\$35,710		Inventory Assistant V	] Retitled positions.
-1	-1.00		\$-34,394		Equipment Parts Assistant	
-1					Vehicle Services Technician (Aux.)	] Retitle auxiliary positions to increase flexibility assigning duties.
2					Mechanic Lead Worker (Aux.)	
-1					Fuel Systems Technician (Aux.)	
Fleet Operations/Dispatch						
1	1.00		\$56,207		Equipment Operations and Training Coordinator	Created to increase coordination of consolidated dispatch function.

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-3	-3.00		\$-108,054		Communications Assistant IV	Consolidate titles reducing one filled position.
-4	-4.00		\$-136,732		Communications Assistant III	
6	6.00		\$216,108		Clerk Dispatcher II	
-1					Equipment Operations Manager (Aux.)	Reduce un-needed vacant auxiliary positions.
-4					Field Service Mechanic (Aux.)	
-25					City Laborer (Regular) (Aux.)	
-50					Truck Driver (Winter Relief) (Aux.)	
-2					Communication Assistant III (Aux.)	
-1					Communication Assistant IV (Aux.)	
3					Clerk Dispatcher II (Aux.)	
-21					Snow Driver (Aux.)	
-9					Snow Operator Heavy (Aux.)	
-9					Operations Driver Worker (Aux.)	
Facilities Development and Management						
-1	-1.00		\$-108,633		Buildings and Fleet Director	Retitled positions.
1	1.00		\$112,006		Buildings and Fleet Superintendent	
-1	-1.00		\$-36,018		Administrative Assistant II	
1	1.00		\$39,038		Program Analyst II	
-2	-1.00				Communications Assistant II (Aux.)	Eliminate un-needed and create needed auxiliary positions.
-2	-0.35				Communications Assistant III (Aux.)	
1					Network Analyst Associate (Aux.)	
-3	-3.00		\$-96,485		Custodial Worker II/City Laborer	Reduce vacant positions due to reduced custodial services at City Hall complex.
-2	-2.00		\$-78,147		Maintenance Technician II	Reduce 13 Facility Maintenance positions (5 filled) due to decreased Facilities Maintenance, retitle Painter Supervisor House position to Painter Leadworker House position to reduce supervisory staff, and retitle Laborer/Electrical Services to Special Laborer Electrical Services.
-1	-1.00		\$-38,441		Equipment Mechanic IV	
-3	-3.00		\$-50,928		Electrical Mechanic	
	-1.00		\$-45,573		Electrical Mechanic (Aux.)	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00		\$33,723		Special Laborer Electrical Services	Reduce 13 Facility Maintenance positions (5 filled) due to decreased Facilities Maintenance, retitle Painter Supervisor House position to Painter Leadworker House position to reduce supervisory staff, and retitle Laborer/Electrical Services to Special Laborer Electrical Services.
-2	-1.00	-1.00	\$-30,565	\$-30,563	Carpenter	
-1	-1.00		\$-48,610		Painter Supervisor House	
1	1.00		\$44,574		Painter Leadworker House	
-3	-3.00		\$-126,474		Painter	
-1	-1.00		\$-45,490		Bricklayer Buildings	
-1	-1.00		\$-34,028		Cement Finisher	
-1	-1.00		\$-33,723		Laborer/Electrical Services	
-3	-3.00		\$-108,054		Inventory Assistant IV	Transfer position function to Infrastructure Services.
-1	-1.00		\$-33,723		Inventory Assistant II	
-1					Inventory Assistant IV (Aux.)	Reduce un-needed auxiliary positions.
-2					Mason Helper (Aux.)	
1					Bridge Labor Crew Leader II (Aux.)	
-2					Bridge Laborer I (Aux.)	
0	-2.00		\$-52,694		Bridge Laborer II (Aux.)	Reduce facilities maintenance.
0		4.35			Carpenter	Fund board-up services as reimbursable charge.
-1	-0.25		\$-31,422		Sanitation Sanitation Services Superintendent	Eliminate vacant position due to new Environmental Services Superintendent.
1	1.00		\$34,735		Program Assistant II	Retitled position.
-1	-1.00		\$-32,615		Administrative Assistant I	
-1	-0.50		\$-12,126		Graduate Intern	Reduce vacant position.
-1	-1.00		\$-59,800		Shop and Maintenance Supervisor	Transfer to Forestry Section.
-1	-1.00		\$-34,834		Utility Crew Worker	
-3	-3.00		\$-156,206		Sanitation Supervisor	Reduce three positions due to inspection functions assigned to Forestry Technicians.
-18	-18.00		\$-597,085		Sanitation Worker	Transfer title to Operations Driver Worker title to increase worker assignment flexibility.
-1	-1.00		\$-33,938		Cart Maintenance Technician	Reduce vacant position due to increase cart replacement funding.

DEPARTMENT OF PUBLIC WORKS – OPERATIONS DIVISION

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
14	14.00	0.25	\$683,633	\$7,500	Operations Driver Worker	Transferred from Sanitation Worker title with net reduction of four positions.
-250					Emergency City Laborer (Aux.)	
-18					Sanitation Crew Leader (Snow)	Reduce un-needed vacant auxiliary positions.
-19					Sanitation Worker (Aux.)	
-10					Sanitation Supervisor (Winter Relief)	
6	1.00				Sanitation Inspector	Increase code inspection flexibility of staff.
	9.22				Experience Adjustment	
1	1.00		\$113,738		Forestry Environmental Services Supervisor	Reclassification, position oversees Sanitation in addition to Forestry.
-1	-1.00		\$-110,217		City Forester	
1		1.00		\$38,634	Environmental Policy Analyst	New position funded through recycling grant in Sanitation Section.
-1	-1.00		\$-38,221		Engineering Draft Technician IV	Reclassification.
1	1.00		\$38,221		Landscape Designer	
-1	-1.00		\$-41,668		Technical Services Coordinator	Reclassified to streamline enforcement of codes regulating weeds.
1	1.00		\$45,016		Technical Services Manager	
-3	-3.00		\$-130,193		Urban Forestry Technician	
-3	-3.00		\$-122,013		Forestry Inspector II	
6	6.00		\$265,986		Urban Forestry Technician	
-2					Urban Forestry Technician (Aux.)	
4	1.00		\$40,000		Urban Forestry Technician (Aux.)	
1	1.00		\$61,608		Shop and Maintenance Supervisor	Transfer from Sanitation Section.
1	1.00		\$34,834		Utility Crew Leader	
-6	-3.00	-3.00	\$-121,498	\$-100,000	Urban Forestry Specialist	Service reductions.
-1	-1.00		\$-32,363		Nursery Laborer	
-1	-1.00		\$-34,834		Equipment Mechanic	
-1					Equipment Mechanic III (Aux.)	
0	7.10	-2.60			Experience Adjustment	
-464	-29.78	-1.00	\$-1,389,923	\$-84,429	TOTAL	

SPECIAL PURPOSE ACCOUNTS

EXECUTIVE SUMMARY

PURPOSE: Special purpose accounts are used to 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 2004 special purpose accounts (SPAs) include:

Discontinued Accounts

Aids Initiative: In 2003, this special purpose account provided \$314,200 in tax levy funding for distribution to community agencies providing AIDS awareness and prevention services. In 2004, the account is no longer funded by the tax levy. Instead, community-based AIDS initiatives will be funded using the city's 2004 award of federal Community Development Block Grant funds

City Employee Innovation Award Fund: This account was created in 2003 and provided \$10,000 to reward city employees for contributing towards the improved quality of city services. Due to difficulties associated with implementing the program in a manner that proved equitable to all participants, no awards were given in 2003 and the program is being discontinued in 2004.

Excess TID Funds: The 2003 budget included \$1,055,000 as a payment to qualifying taxing jurisdictions resulting from excess incremental tax revenue from Tax Increment Districts #1 (Menomonee Valley Industrial Area), #10 (Park East/Lake North Freeway Corridors), and #26 (Tannery). In 2004, no excess TID funding is anticipated.

Handgun Violence Media Campaign: This SPA was created in 2000 to provide matching funds for the public education component of Operation Ceasefire, a joint law enforcement initiative aimed at reducing handgun violence. In 2004, the city will seek to provide funding for this purpose from other sources, such as funds acquired through the forfeiture of assets seized by the Police Department.

Information and Technology Study: In 2003, this account included \$50,000 to study options for replacement of the Election Commission's Voter Registry Database. No project is planned in 2004 and no funding is budgeted for this account.

Pabst Theater Board Fund: In 2002, the Pabst Theater was transferred from the city to the non-profit Cudahy Foundation. Provisions of that transfer specified a one time payment of \$150,000 in 2003 to assist in the transfer of the Theater Board function to the Cudahy Foundation. This account is eliminated in the 2004 budget.

Snow and Ice Control Fee City Portion: Created in 2002, this account funded the city's payment of the city snow and ice control fee. However, making a payment to itself for services it provides to itself proved fiscally redundant. As a result, this account is eliminated in 2004.

Other Significant Highlights and Changes

Actuarial Study of the Employer Reserve Fund: This new special purpose account includes \$50,000 to fund 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.

Audit Fund: The Audit Fund has been increased in the 2004 budget by \$40,000 to \$210,000 to pay for the increased cost of contracting for a private audit of the city's Comprehensive Annual Financial Report (CAFR).

Care of Prisoners Fund: A 2003 increase to the per diem rate paid to the county (\$6.80 to \$7.71) for persons incarcerated by the city at the County House of Corrections resulted in a \$113,510 increase in 2003 budgeted funding for this purpose. However, current cost projections indicate that this increase was greater than needed. Consequently, the account is reduced by \$80,000 to \$200,000 in 2004.

City Attorney Collection Contract: This account funds contracts with private collection companies for the collection of outstanding city receivables and overdue Municipal Court judgements. In 2003 the Municipal Court implemented the Tax Refund Intercept Program as a strategy to collect overdue judgments. This program has been successful and has increased the collections processed, resulting in the increased cost for contracted collections services. This account is increased by \$250,000 to \$1,250,000 in 2004.

Contribution Fund: This account provides expenditure authority for contributions received during the year per City Ordinance 304-24. Funding for this account in the 2004 budget is \$950,000 reflecting a \$75,000 increase in anticipated contributions.

Economic Development Committee Fund: This fund is decreased by \$30,000 in 2004 for total funding of \$20,000.

Fire and Police Discipline and Citizen Complaint Account: This account is reduced by \$25,000 to \$75,000 in 2004 to reflect expenditure experience in 2002.

Group Life Insurance Premium: This account funds the city's obligations with respect to life insurance benefits for its employees. The account is increased by \$78,200 to \$2,683,200 in 2004 the standard 3% inflationary increase over 2003 costs.

Insurance Fund: Funding for this account has been increased by \$100,000 in 2004 to \$700,000. This account provides funding for insurance premiums for

city policies. The funding increase reflects increased insurance premium payments for 2004

Milwaukee Arts Board: This account provides funding to community organizations to enhance and promote public art in the city. Funding for 2004 is reduced by \$25,000 to \$192,000.

Receivership Fund: This account is used for abatement of any condition at a residential or commercial property that has been adjudicated to constitute a nuisance or human health hazard. In 2004, this account is reduced by \$100,000 to \$300,000. This represents an effort to prioritize nuisance abatements to reduce the cost of this program.

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 2004 budget includes \$1,900,000 in this account based on the calculation of 27th payroll needs in light of recent salary settlements and previous expenditures.

Retirees Benefit Adjustment: The 2004 budget includes a decrease in funding of this account by \$49,800. Funding of \$415,200 is provided for supplemental pension benefits for certain non-ERS retirees.

Unemployment Compensation Fund: This account pays the city's portion of unemployment payments to city employees who are separated from service. Due to increased expenditures in 2003, this account is increased by \$400,000 to \$1,200,000.

Wages Supplement Fund: This fund acts as a "savings account" for city salary and specified fringe benefit costs while labor contracts are pending. A funding increase of approximately \$759,000 in 2004 (from \$18,570,000 to \$19,329,228) reflects anticipated wage and fringe benefit increases resulting from collective bargaining agreements.

SPECIAL PURPOSE ACCOUNTS REIMBURSABLE SERVICE ADVANCE FUND

The Reimbursable Service Advance Fund serves as a mechanism for advancing funds to city departments to pay for services and materials which will subsequently be reimbursed through non-tax levy funding sources. Funds must be appropriated by Common Council resolution.

Funding for this account is provided by temporary transfer of general city funds in accordance with Sec. 925-130a, Wis. Acts 919. General city funds are then reimbursed from revenues received from interdepartmental billings. This mechanism may also be

used to address greater than expected expenses when related to the generation of additional revenue.

Currently, increased costs relating to revenue generating activities normally require a supplemental contingent fund appropriation. For example, an increase in citation processing activity will likely require a contingent fund appropriation to cover additional costs even though the increased activity results in greater than anticipated revenue to the city. A mechanism that would allow for recognition of additional revenue to offset increases in costs would help to preserve the contingent fund for other purposes.

	2002* ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Reimbursable Service Advance Fund	\$0	\$50,000,001	\$50,000,001	\$0
Less Cost Recovery From Reimbursable Operations	<u>0</u>	<u>-50,000,000</u>	<u>-50,000,000</u>	<u>0</u>
TOTAL	\$0	\$1	\$1	\$0

*Note: 2002 experience is reflected in departmental expenditures

SEWER USER CHARGES

This account provides expenditure authority of \$31,302,733 to pay the Milwaukee Metropolitan Sewerage Commission's sewer user charges. The account also covers the city's expenses associated

with administering and collecting the sewer user charge. The expenditure authority is offset, except for \$1, by anticipated collection of the user charge from sewer users in the city.

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
MMSD-Sewer User Charge Advance Fund Account	\$0	\$31,369,498	\$31,302,733	\$-66,765
Less Cost Recovery from Sewer User Charge	<u>0</u>	<u>-31,369,497</u>	<u>-31,302,732</u>	<u>66,765</u>
TOTAL	\$0	\$1	\$1	\$0

Note: The budget amounts are for the Reimbursable Service Advance Fund and Sewer User Charges which is included in the Special Purpose Account Miscellaneous total. This summary is provided for informational purposes only.

SPECIAL PURPOSE ACCOUNT WORKER'S COMPENSATION

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 workers' 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 2004 budget for the worker's compensation expenses sub-account totals approximately \$7.7 million, an increase of \$0.7 million from the 2003 budget. This appropriation is based upon previous full year and year-to-date experience. The second sub-account, Required Employer Law Compliance Expenses is budgeted at \$73,590 for 2004.

In total, the 2004 budget for these two sub-accounts is \$7.78 million.

SUMMARY OF EXPENDITURES

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Worker's Compensation	\$7,149,302	\$7,000,000	\$7,705,000	\$705,000
Required Employer Law Compliance Expenses	54,348	60,000	73,590	13,590
TOTAL	\$7,203,650	\$7,060,000	\$7,778,590	\$718,590

SPECIAL PURPOSE ACCOUNT EMPLOYEE HEALTH CARE BENEFITS

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 2004 employee health care budget is approximately \$79.9 million, a decrease of 1.2% from \$80.9 million in 2003. Of the \$79.9 million, \$75.9 million is provided for two types of health care plans; HMO’s and the “Basic Plan”. An additional \$2 million will be provided from funds carried over from 2003 to 2004. This will provide total appropriations of \$81.9 million in 2004.

HMO costs are paid on a per member basis, with rates set through annual contracts. Actual utilization and health care prices drive the expenses for Basic Plan coverage. Rising drug costs, increased usage, and an aging workforce are factors driving the city health care costs. Figure 1 shows the growth in net cost per member of the Basic Plan from 1993 to 2002.

For 2003, the city is experiencing decreasing basic plan costs. Part of the reason is due to decreasing enrollment in the Basic Plan and increasing employee contributions. However, other reasons for the decrease are not so clear. Further research will determine if this is a change in the cost trend or if it is just an anomaly.

For 2004, the city received bids for the city’s HMO contract. The winning bid increased the HMO rates by 9.5% far below the 15% increase that was expected. Due to this difference, the departmental request was reduced by \$3.1 million.

Even with this slowing in the growth of health care costs, there is still 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 40.8% from 1996 to 2004 as shown in Figure 2.

Figure 1

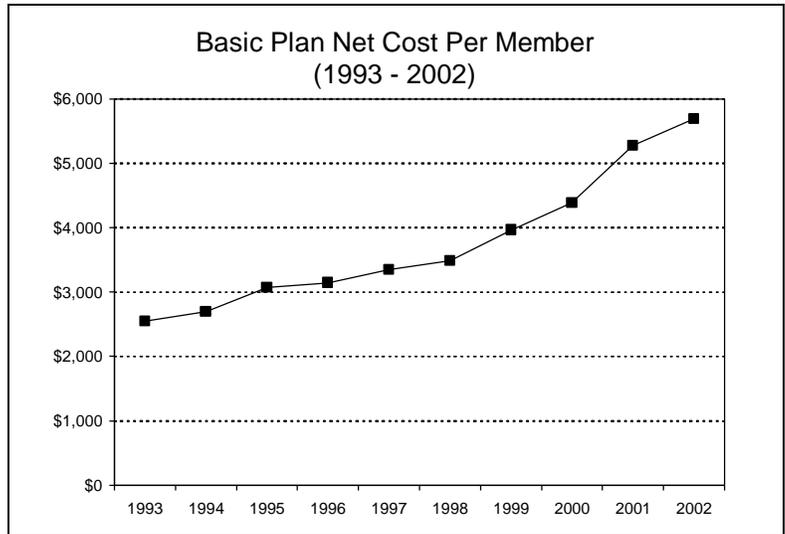
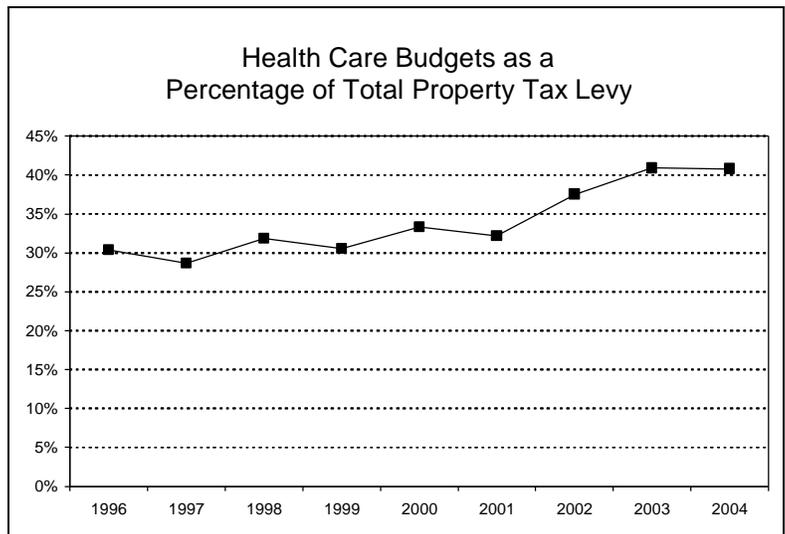


Figure 2



2004 Rates: In 2003, HMO rates were negotiated for 2004. The re-negotiated rates increased 9.5% over 2003 rates. Approximately \$2.4 million is provided in the 2004 budget to cover this increase. One provider is providing two HMO plans.

In 2004, management employees who choose the Basic Plan health care coverage will be required to pay an additional monthly contribution. The

estimated cost is \$186.46 per month for single coverage and \$326.14 per month for family coverage.

Through negotiations, the members of the Police and Fire unions will pay \$60 for single and \$120 for family Basic Plan coverage per month. This is up from the previous contribution of \$25 for single and \$50 for family.

Coincidentally the change in the cost of the city's health care cost occurred simultaneously with increased interest by business leaders and consumers in rising health care costs.

The Mayor formed a Health Care Task Force in 2001 to address the issue of rising health care costs. Their major recommendations included:

Encourage Employee Health Care Choices: Real health care choice involves allowing employees to select from multiple, easy-to-compare health plans that are priced on their efficiency and cost-effectiveness. Choice allows health providers to compete with each other on the same basis. A rational market can emerge when providers offering high value are rewarded by being identified and chosen by employees.

Careful attention to benefit design by employers helps control costs. Employers cannot give their employees access to any services without financial impact on the employee or provider.

Promote Health and Prevent Disease for a Healthier Milwaukee: Considerable health costs result from preventable causes that could be addressed by community health promotion, disease prevention, environmental health programs, and healthy public policy.

Both employers and employees can reduce health care costs by promoting fitness. Creating a healthier

Milwaukee must be part of any long term effort to control health care costs.

Improve Health Care Quality Measurement: Unnecessary spending that does not improve patient health (unneeded testing and treating with the wrong diagnosis) is wasteful and injurious. The health care industry lags behind many others in quality improvement. Milwaukee has characteristics that might allow it to lead other communities in this area.

Promote Cost Effective Prescription Drug Use: The cost of prescription drugs has been increasing rapidly. In this area, the Health Department will seek partnerships to find effective ways to promote the use cost effective medications. Part of this effort will be to educate employees, employers, and clinicians regarding the actual cost of medications and how to better control those costs. Improved benefit design should reward the clinically appropriate drug selections.

Assure an Adequate Supply of Health Care Workers and Resources: There is a shortage of trained health care staff in the Milwaukee area. Addressing the workforce shortage will require: 1) enhancing the image of health care workers; 2) developing mentoring programs to encourage people to enter a health care field; 3) developing financial assistance opportunities for residents to obtain training and education; and, 4) pursuing diversity initiatives.

Eliminate Legislative Obstacles: Laws that impact the health care market remove the ability of providers and employees to react rationally. Subsidies produce inefficient service provisions or capital investments. Some laws, however, produce social good by providing health care services to those who cannot afford it. It is important to separate laws that promote poor social policy and those that produce overall good.

SUMMARY OF EXPENDITURES

EXPENSE CATEGORY	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Claims	\$26,777,355	\$27,900,000	\$24,500,000	\$-3,400,000
Health Maintenance Organizations	44,390,816	49,000,000	51,400,000	2,400,000
Dental Insurance	2,366,782	2,475,000	2,475,000	0
Administrative Expense	1,095,417	1,200,000	1,226,100	26,100
Cost Containment	<u>286,905</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
TOTAL	\$74,917,275	\$80,875,000	\$79,901,100	\$-973,900

SPECIAL PURPOSE ACCOUNT BOARD OF ZONING APPEALS

BACKGROUND

The Board of Zoning Appeals (BOZA) is composed of five members appointed by the Mayor, subject to confirmation by the Common Council. The board's

duty is to hear and decide appeals of rulings on city zoning ordinances.

OBJECTIVE 1

Provide decisions on routine zoning appeals within 4 to 8 weeks of application and within 10 to 14 weeks for decisions on complex or controversial appeals.

OUTCOME HISTORY

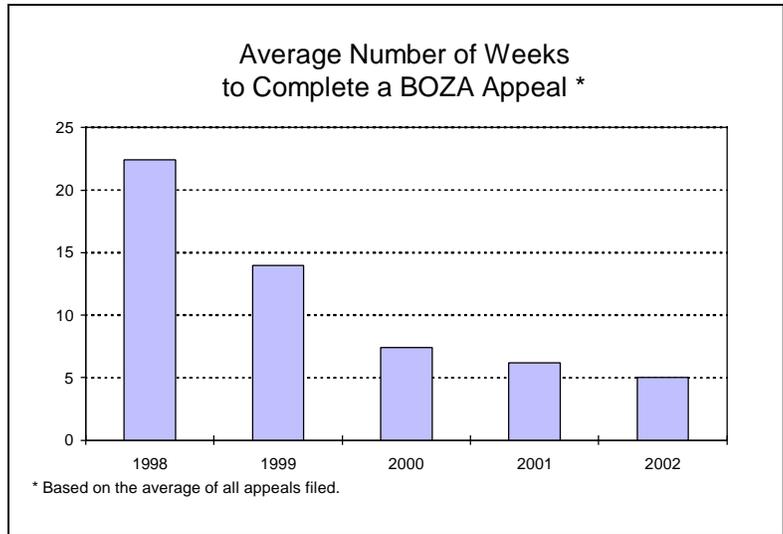
Several years ago, written decisions on BOZA cases took an average of 27 weeks between the customer's application and a final letter communicating the board's decision. It took slightly more than 12 of these 27 weeks for a case to be heard before the board, followed by a 15 week wait for a final decision letter. Due to revisions to the ordinances governing the appeals process and continuing process improvement initiatives, the board now averages less than six weeks to issue a written decision (see Figure 1). The board will continue its efforts to reduce this time frame by identifying efficiencies and streamlining processes.

Ordinance revisions and process improvements have not only reduced the length of time necessary to receive a written decision, they have increased the level of communication and coordination with customers and citizens. For example, a new web site allows customers to receive application information and general assistance. The web site also provides an online database of zoning appeals as well as an archive of agendas and minutes. This information helps citizens and neighborhood groups remain apprised of developments that are of concern to them.

In 2004, BOZA will continue to improve communication with customers and citizens and reduce the waiting time for hearings. BOZA's goal for 2004 is to hear and decide 75% of all cases within eight

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Average number of weeks to complete a BOZA appeal.			
Routine Appeals	4	6	4-8
Complex Appeals	19.7	12	10-14
Funding by Source:			
Operating Funds	\$237,893	\$273,505	\$276,521
Total:	\$237,893	\$273,505	\$276,521

Figure 1



weeks. The Board of Zoning Appeals will dedicate \$276,521 to meeting this goal.

PROGRAM CHANGES

Web Site Improvements: The BOZA web site is continually updated with agendas, minutes, and

information about the appeals process. In 2004, the web site will be upgraded to allow viewers to access pictures of projects that have submitted applications to the board.

Information Sharing: The Board of Zoning Appeals along with the Development and Permit Center has created a Master Customer Database. This database allows for linking between BOZA applications and Development Center applications. Data fields such as contact names, addresses, phone numbers, and fax numbers can be shared and automatically updated for either party. This allows these different entities to share information and reduces the amount of data entry required, thus increasing efficiency and communication. A person submitting an application with the board will now be identified in this system, if for example, they have already met with another department regarding the same project. If that applicant’s contact information changes, either BOZA or the Development Center can perform updates.

Efficiencies through Technology: BOZA has increased its efficiency by maximizing the new Master Customer Database and other City of Milwaukee web products. They are expanding the customer’s ability to look up statuses on properties that may have multiple addresses due to being on corners or from being large parcels. The “also-known-as” feature will link properties with these multiple addresses.

BOZA is also taking advantage of the City of Milwaukee’s COMPASS web site to save costs. Before, BOZA had to request the Information and Technology Management Division (ITMD) of DOA to perform GIS mapping to identify neighboring parcel owners of zoning variance applicants. ITMD then printed mailing labels so that BOZA could send those owners proper hearing notifications. By utilizing the COMPASS Program, BOZA can now perform this mapping process and print the envelopes for notification mailings itself.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	3.00	3.00	3.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	11	11	11	0
DLH - Operations and Maintenance	5,025	5,400	5,400	0
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$173,517	\$181,051	\$183,252	\$2,201
Fringe Benefits	15,615	40,960	41,775	815
Operating Expenditures	48,761	51,494	51,494	0
Equipment	0	0	0	0
Special Funds	0	0	0	0
TOTAL	\$237,893	\$273,505	\$276,521	\$3,016
REVENUES				
Licenses and Permits	\$127,662	\$141,000	\$169,600	\$28,600
TOTAL	\$127,662	\$141,000	\$169,600	\$28,600
CAPITAL PROJECTS - None				

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

SPECIAL PURPOSE ACCOUNTS SUMMARY

LINE DESCRIPTION	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Special Purpose Accounts - Miscellaneous				
Actuarial Study of Employers Reserve Fund	\$0	\$0	\$50,000	\$50,000
AIDS Initiative	248,529	314,200	0	-314,200
Alternative Transportation for City Employees	80,000	95,000	95,000	0
Annual Payment to DNR	7,034	7,100	7,100	0
Audit Fund	141,000	170,000	210,000	40,000
Boards and Commissions Reimbursement Expense	18,890	19,000	20,000	1,000
Board of Ethics	16,292	23,101	24,101	1,000
BID #2 (Historic Third Ward) City Contribution	18,000	18,000	18,000	0
BID #2 (Historic Third Ward) Self-Supporting	221,894	0	0	0
BID #2 (Historic Third Ward) Loan Repayment	0	0	0	0
BID #3 (RiverWalk) Self-Supporting	0	0	0	0
BID #3 (RiverWalk) Loan Repayment	31,531	0	0	0
BID #4 (Greater Mitchell Street) City Contribution	25,000	25,000	25,000	0
BID #4 (Greater Mitchell Street) Self-Supporting	84,947	0	0	0
BID #5 (Westtown) City Contribution	18,000	18,000	18,000	0
BID #5 (Westtown) Self-Supporting	88,482	0	0	0
BID #8 (Historic King Drive) City Contribution	21,000	21,000	21,000	0
BID #8 (Historic King Drive) Self-Supporting	119,491	0	0	0
BID #9 (739 North Water RiverWalk) Loan Repayment	30,314	0	0	0
BID #9 (739 North Water RiverWalk) Self-Supporting	0	0	0	0
BID #10 (Avenues West) City Contribution	12,000	12,000	12,000	0
BID #10 (Avenues West) Self-Supporting	109,466	0	0	0
BID #11 (Brady Street Business Area) Self-Supporting	50,275	0	0	0
BID #11 (Brady Street Business Area) Loan Repayment	58,698	0	0	0
BID #13 (Oakland Avenue) Loan Repayment	24,355	0	0	0
BID #13 (Oakland Avenue) Self-Supporting	25,645	0	0	0
BID #15 (RiverWalk) Self-Supporting	10,000	0	0	0
BID #15 (RiverWalk) City Contribution	40,000	40,000	40,000	0
BID #15 (RiverWalk) Loan Repayment	292,605	0	0	0
BID #16 (Uptown Triangle) Loan Repayment	43,194	0	0	0
BID #16 (Uptown Triangle) Self-Supporting	37,294	0	0	0
BID #17 (Northwest Area Business) Loan Repayment	16,537	0	0	0
BID #17 (Northwest Area Business) Self-Supporting	18,463	0	0	0
BID #19 (Villard) Loan Repayment	24,100	0	0	0
BID #19 (Villard) Self-Supporting	64,335	0	0	0
BID #20 (North Avenue/Prospect/Farwell) Self-Supporting	63,808	0	0	0
BID #20 (North Avenue/Prospect/Farwell) Loan Repayment	69,500	0	0	0
BID #21 (Downtown Management District) Self-Supporting	2,064,715	0	0	0
BID #21 (Downtown Management District) City Contribution	35,000	35,000	35,000	0
BID #25 (Capitol Drive/RiverWorks) Self-Supporting	141,785	0	0	0
BID #26 (The Valley) Self-Supporting	30,826	0	0	0
BID #27 (Burleigh/Sherman) Self-Supporting	36,032	0	0	0
BIDs				
Self-Supporting	3,167,458	0	0	0
City Contribution	169,000	169,000	169,000	0
Loan Repayment	590,834	0	0	0
Total BIDs	\$3,927,292	\$169,000	\$169,000	\$0
Cable TV Franchise Regulation	\$12,990	\$20,000	\$20,000	\$0
Care of Prisoners Fund	192,879	280,000	200,000	-80,000
City Attorney Collection Contract	879,731	1,000,000	1,250,000	250,000
City Employee Innovation Award	0	10,000	0	-10,000
Clerk of Court - Witness Fees Fund	14,979	15,000	17,000	2,000
Constituent Service Referral System	28,536	0	0	0
Contribution Fund - General	0	875,000	950,000	75,000
Damages and Claims Fund	3,606,936	2,400,000	2,400,000	0
E-Government Citizen Response System	76,330	0	0	0
E-Government Payment Systems	0	80,000	50,000	-30,000
Economic Development Committee Fund	31,660	50,000	20,000	-30,000
Employee Training Fund	74,500	50,000	50,000	0
Excess TID Funds	0	1,055,000	0	-1,055,000
Fire and Police Discipline and Citizen Complaint	72,909	100,000	75,000	-25,000

SPECIAL PURPOSE ACCOUNTS SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Firemen's Relief Fund	86,291	78,000	90,000	12,000
Flexible Spending Account	30,898	35,000	35,000	0
Graffiti Abatement Fund	136,402	145,000	145,000	0
Group Life Insurance Premium	2,386,170	2,605,000	2,683,200	78,200
Handgun Violence Media Campaign	50,000	50,000	0	-50,000
Information and Technology Study	0	50,000	0	-50,000
Insurance Fund	527,918	600,000	700,000	100,000
Long Term Disability Insurance	552,000	552,000	552,000	0
Low Interest Mortgage Loan Program	1,034	10,000	20,000	10,000
Maintenance of Essential Utility Services	73,345	75,000	75,000	0
Memberships, City	129,024	134,057	143,370	9,313
Milwaukee Arts Board Projects	213,722	217,000	192,000	-25,000
Milwaukee Fourth of July Commission	130,000	130,000	130,000	0
Municipal Court Intervention Program	430,481	393,652	415,000	21,348
Neighborhood Clean Up Initiative	69,977	70,000	69,000	-1,000
Outside Council/Expert Witness Fund	245,129	225,000	225,000	0
Pabst Theater Board Fund	150,000	150,000	0	-150,000
Pabst Theater Rent Fund	10,000	0	0	0
Razing and Vacant Building Protection Fund	1,793,230	1,450,000	1,450,000	0
Receivership Fund	0	400,000	300,000	-100,000
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	655,029	500,000	500,000	0
Reserve for 27th Payroll	1,820,000	1,980,000	1,900,000	-80,000
Retirees Benefit Adjustment Fund	416,574	465,000	415,200	-49,800
Sewer Maintenance Fee	82,500	105,000	115,500	10,500
MMSD User Charge	0	31,369,498	31,302,733	-66,765
Less Recover - MMSD User Charge	0	-31,369,497	-31,302,732	66,765
Snow and Ice Control Fee City Portion	12,578	185,000	0	-185,000
State Lottery and Gaming Credit Recertification	0	0	0	0
Tuition Reimbursement Fund	700,000	750,000	760,000	10,000
Unemployment Compensation Fund	969,519	800,000	1,200,000	400,000
Wages Supplement Fund	0	18,570,000	19,329,228	759,228
Total Miscellaneous SPAs	\$21,102,308	\$37,457,112	\$37,051,701	\$-405,411
Board of Zoning Appeals	\$237,893	\$273,505	\$276,521	\$3,016
Workers' Compensation Fund	7,203,650	7,060,000	7,778,590	718,590
Employee Health Care Benefits				
Claims	26,777,355	27,900,000	24,500,000	-3,400,000
HMO	44,390,816	49,000,000	51,400,000	2,400,000
Dental Insurance	2,366,782	2,475,000	2,475,000	0
Administration Expenses	1,095,417	1,200,000	1,226,100	26,100
Cost Containment Program	286,905	300,000	300,000	0
Employee Health Care Subtotal	\$74,917,275	\$80,875,000	\$79,901,100	\$-973,900
Intern Program	\$44,927	\$0	\$0	\$0
GRAND TOTAL	\$103,506,053	\$125,665,617	\$125,007,912	\$-657,705

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.
- STRATEGIC ISSUES:** Fulfill the mission of the City Treasurer Department in an environment of fiscal constraint.
- Utilize technology wherever feasible and cost justified to compile and to transfer needed information.
- Provide quality services to customers.
- INITIATIVES FOR 2004:** Maintain high quality standards in providing tax collection services to city residents and in the accounting and investment of city funds.

BACKGROUND

The City Treasurer is one of 24 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 2004 budget totals approximately \$2.9 million.

OBJECTIVE 1

Fulfill its mission to the satisfaction of the Milwaukee electorate as measured by the rate of return on city investments and the cost of tax collection services.

OUTCOME HISTORY

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

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Rate of return on investments.	1.73%	1.628%	1.25%
State of Wisconsin Local Government Investment Pool (LGIP) rate of return (benchmark).	1.7288%	TBD	TBD
Cost of tax collection as a percentage of total taxes collected.	0.3458%	0.3535%	0.3308%
Total percentage of delinquent city property taxes collected after two years of the close of the levy.	91.43%	85.00%	85.00%
Funding by Source:			
Operating Funds	\$2,945,902	\$3,023,860	\$2,916,895
Total:	\$2,945,902	\$3,023,860	\$2,916,895

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 1.73% and 6.26% during the period of 1999-2002. As shown in Figure 1, this has translated into city general fund investment revenue of \$2.94 million in 2002, a decrease of \$2.44 million from the previous year. In 2004, the total city investment revenue is projected to be \$2,812,500 with \$1.875 million being credited to the General Fund and \$937,500 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 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.

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
- Collect property taxes and delinquent taxes of all six levies within the city

Figure 1

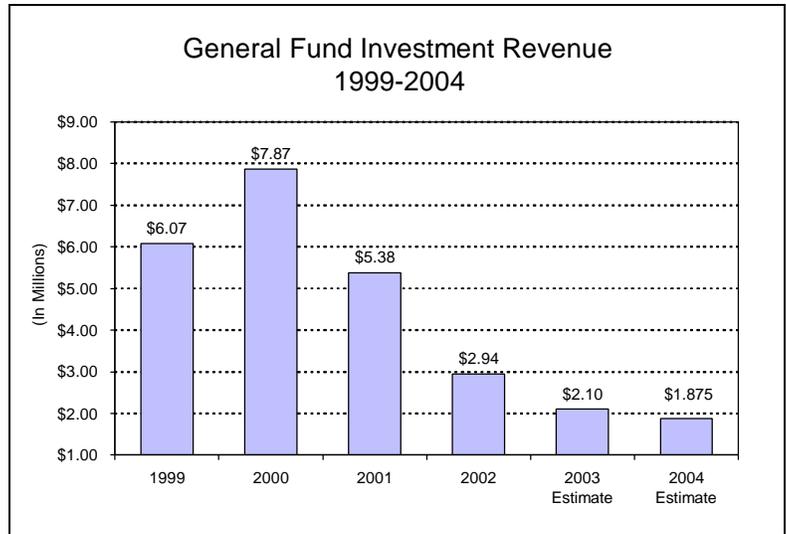
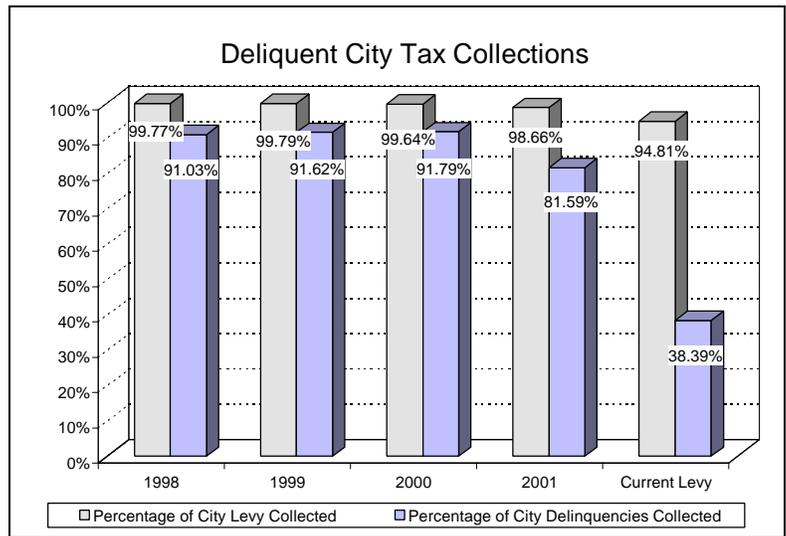


Figure 2



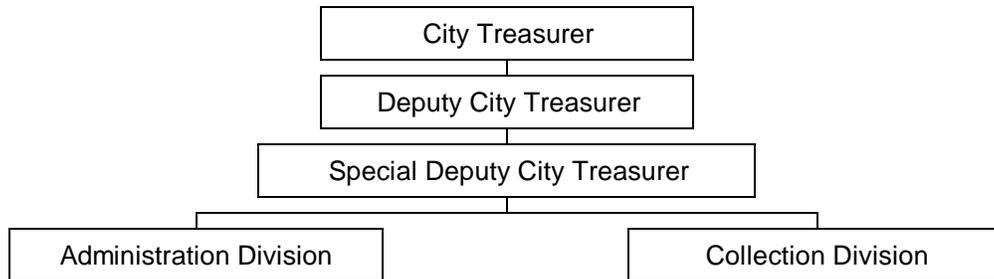
POSITION CHANGES

The 2004 budget includes a number of position changes. One vacant Customer Service Representative I position is eliminated in the Customer Services Unit. To diminish any potential for increases in wait time, one position of Tax Enforcement Specialist is transferred to this unit from the Administrative Services and Information System Support Unit and is being re-titled Tax Collection Specialist. The support staff structure in the Cash Management, Investments, and Financial Services Unit is restructured in the budget to mirror the structure in the other sections of the department. As a result, one position of Accounting Assistant II and one position of Office Assistant III are eliminated and two positions of Accounting Assistant I are added.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	32.45	32.43	31.90	-0.53
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	65	61	60	-1
DLH - Operations and Maintenance	58,404	58,366	57,416	-950
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$1,568,531	\$1,565,595	\$1,497,280	\$-68,315
Fringe Benefits	577,906	579,270	553,995	-25,275
Operating Expenditures	727,405	859,505	783,590	-75,915
Equipment	6,198	0	0	0
Special Funds	65,862	19,490	82,030	62,540
TOTAL	\$2,945,902	\$3,023,860	\$2,916,895	\$-106,965
REVENUES				
Charges for Services	\$144,537	\$108,340	\$103,650	\$-4,690
Licenses and Permits	126,410	25,300	31,300	6,000
Taxes and Payment in Lieu of Taxes	3,615	3,500	3,500	0
Miscellaneous	2,673,186	2,100,000	1,875,000	-225,000
TOTAL	\$2,947,748	\$2,237,140	\$2,013,450	\$-223,690
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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		\$-48,143		Administration Services Coordinator	] Technical change to reflect the Positions Ordinance.
1	1.00		\$36,393		Program Assistant II	
-1	-1.00		\$-59,524		Tax Enforcement Specialist	] Position title change and technical correction to reflect the Positions Ordinance.
1	1.00		\$41,977		Tax Collection Specialist	
-1	-1.00		\$-29,188		Customer Service Representative I	Elimination of vacant position.
-1	-1.00		\$-34,055		Accounting Assistant II	] Position changes creating similar support staff structure as in other units.
-1	-1.00		\$-29,236		Office Assistant III	
2	2.00		\$64,672		Accounting Assistant I	
	0.55				Temporary Customer Service Representative I	Adjustment of direct labor hour allocation.
	-0.08				Various Positions	Overtime adjustment.
-1	-0.53		\$-57,104		TOTAL	

FRINGE BENEFIT OFFSET

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 2004 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 2004 amounts to approximately \$98.9 million.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Fringe Benefit Offset	\$-100,359,578	\$-97,517,405	\$-98,974,152	\$-1,456,747
TOTAL	\$-100,359,578	\$-97,517,405	\$-98,974,152	\$-1,456,747

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

EXECUTIVE SUMMARY

PURPOSE: 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.

STRATEGIC ISSUES: 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 2004: Limit the tax burden on local property owners by further diversifying the city's revenue base.

BACKGROUND

A variety of revenue sources support the general city purpose budget (see Figure 1). The largest of these, intergovernmental revenues and the property tax levy, together account for nearly three-fourths of total revenue for general city purposes. Nearly 50% of these revenues is in the form of state shared revenue.

The city has faced budgetary pressures from the state since 1995 when the state first froze the level of funding for shared revenue. The freeze lasted until 2001.

In the 2002-2003 State Budget, the state increased funding for shared revenue, which increased payments to cities by 1%. This increase was reflected in the city's 2003 budget.

Unfortunately, by the time the 2004 shared revenue payment was being determined by the state, the state was facing serious budgetary issues. In the end, the state cut \$50 million from the program. The impact on the city was a reduction of approximately \$9.8 million.

The state shared revenue cuts reduce intergovernmental revenue as a percentage of total revenues.

Figure 1

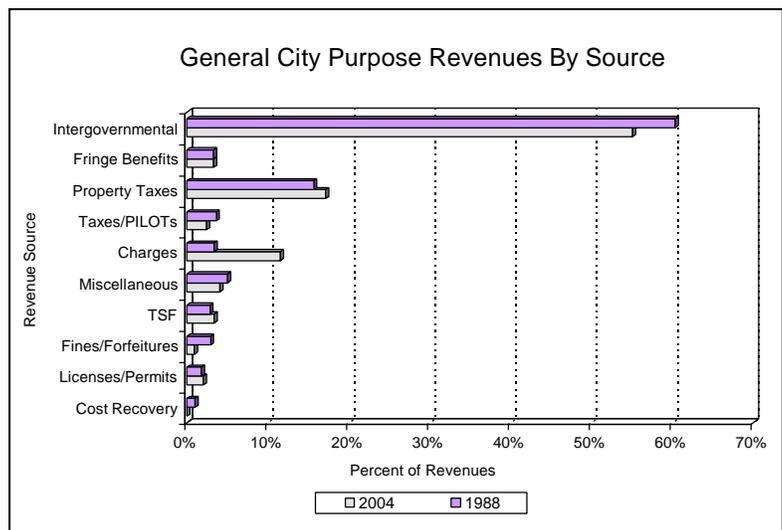


Figure 2 shows that in 1998 approximately 55.4% of the general fund revenue were intergovernmental revenue. By 2004, intergovernmental revenue dropped to 47.4% of total revenue.

With a policy to hold the line on property taxes, less state shared revenue has increased the city's efforts to look not only at expenditure cuts but also at alternative funding sources. If new revenue options were not considered, the city could only resort to severe service cuts.

To further illustrate the shared revenue problem, consider a scenario where shared revenue grew at a rate of 2% annually from 1995 to the present. The city's shared revenue payment would be \$43.3 million higher than the amount received in 1995 and \$37.4 million higher than the \$230.8 million included in the 2004 budget. This \$37.4 million is roughly equivalent to the amount of funding for the Library, Department of City Development, and the Health Department.

Efforts to control property taxes have expanded the gap between revenues and expenses. Not only is it important to control taxes because of resident pressure, it is vital to a continuing strong housing market and economic investment by the private sector. However, controlling taxes impacts the ability to provide services.

Property taxes and intergovernmental revenues make up roughly 71.3% of general fund revenue. The remaining revenues cannot be increased to offset the loss of shared revenue let alone cover expenditures that are increasing faster than the rate of inflation. This leaves choices of cuts in service or a large new fee. The 2004 budget does not create any new fees.

Overall, actual general city purpose revenues have increased since 1994 but have grown at a rate less than inflation (see Figure 3). As a result, revenues have decreased in "real" or inflation adjusted terms. At the same time, costs continue to rise in response to the effects of inflation.

The 2004 general city purpose budget is \$496.6 million; an increase of \$8.2 million or 1.8% over the 2003 adopted budget.

In 2004, total revenues are expected to increase by 1.8% over 2003 estimated levels, which equals the projected rate of inflation for 2004 of 1.8%. A combination of expenditure reductions and an adjustment to existing fees were used to maintain a balanced budget.

Intergovernmental Revenue: These revenues include funding received from other governmental jurisdictions, state and federal aid formulas, grants, and other program specific government aids. From 1990, intergov-

Figure 2

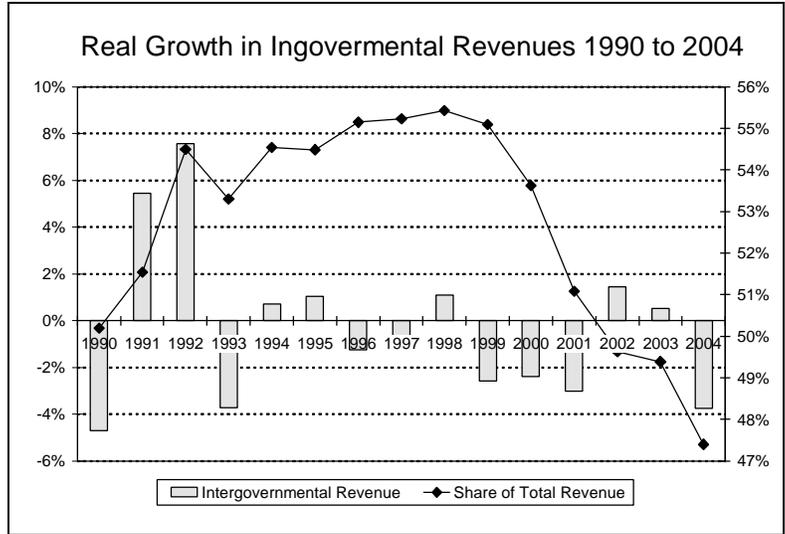


Figure 3

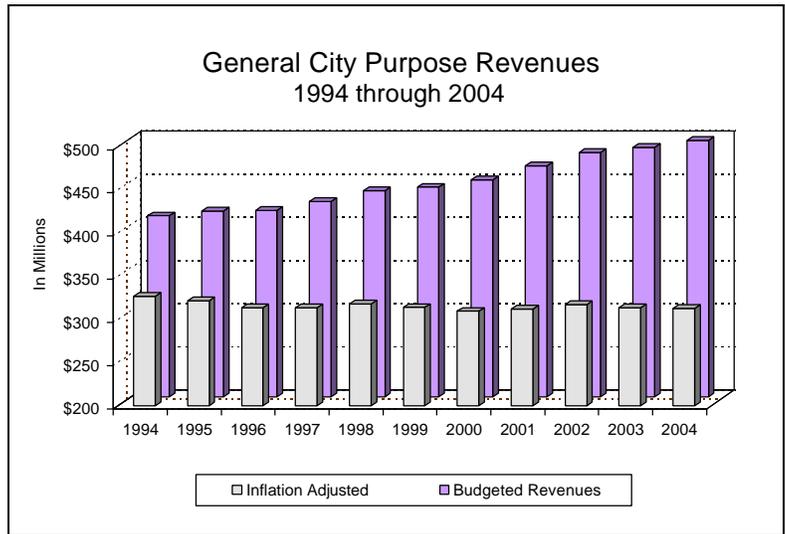
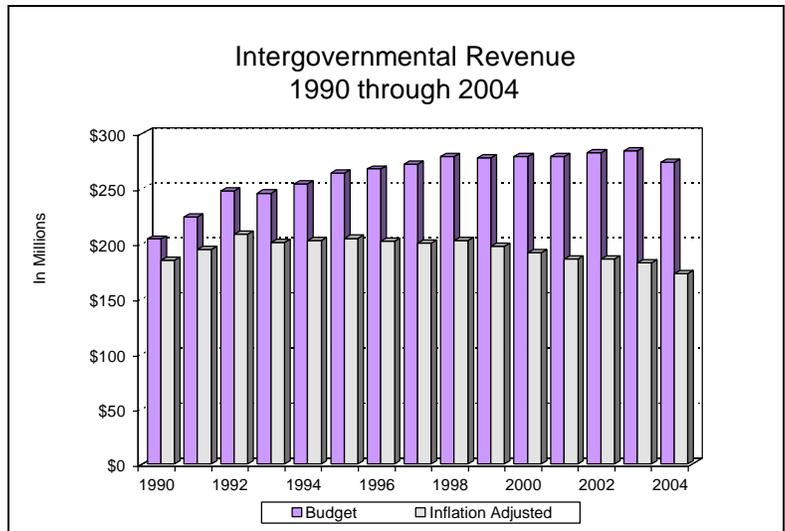


Figure 4



ernmental revenues have experienced steady, though moderate, annual growth through 1998. Unfortunately, the city has experienced declining intergovernmental revenue in 1999 and 2001.

The 2003-2005 State Budget decreased funding for shared revenue and the Expenditure Restraint Program. Intergovernmental revenues not only decreased in nominal terms in 2004 but also in “real” or inflation-adjusted dollars, a trend that started in 1993 (see Figure 4).

For the 2004 budget, intergovernmental revenues total \$273.5 million. Of this amount, \$230.8 million will consist of state shared revenues, \$9.8 million less than received in 2003. This represents a decrease of 4.1% from the 2003 amount. The city will receive \$0.2 million more in expenditure restraint revenue.

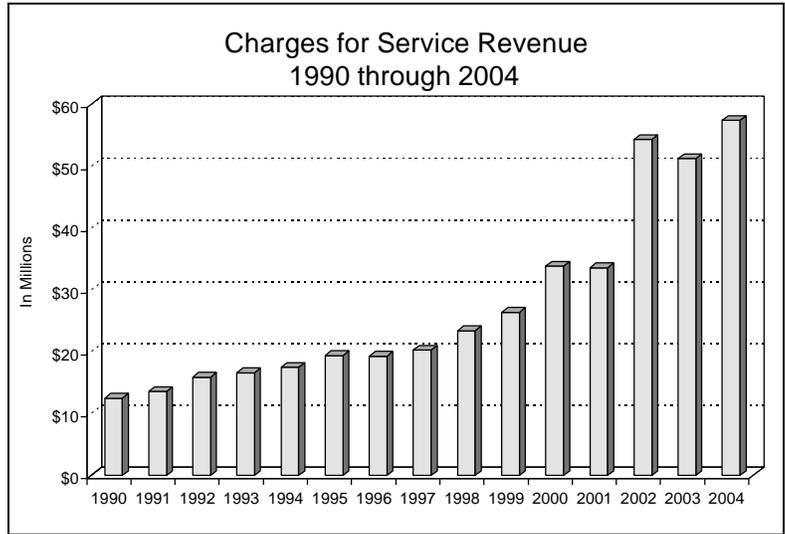
As shown in Figure 1, the city relies heavily on intergovernmental revenues such as state shared revenue which make up the majority of general revenues. The shared revenue program is intended to equalize the ability of local governments to provide public services. Milwaukee receives a sizeable payment since it has proportionally lower levels of wealth compared to other cities in the state. Unfortunately, the equalizing effects of the program are not always apparent.

Property Taxes: The property tax levy will provide \$85.2 million in revenue for the general city purposes budget in 2004. This represents an increase of \$0.5 million from the 2003 levy for general city purposes. The levy for all tax supported purposes increased to \$199 million from the 2003 level of \$197 million.

Taxes and Payments in Lieu of Taxes: The 2004 budget includes an estimated \$12 million in revenue attributable to taxes and Payments in Lieu of Taxes (PILOTs). 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. Revenue from 2004 interest and penalties increased \$0.4 million from the final estimates contained in the 2003 budget. The increase is attributable to a change in the interest rate charged on delinquent taxes from 12% to 18% annually.

Charges for Services: The 2004 budget includes \$57.4 million in revenue from charges for services.

Figure 5



This source of general city purpose funding encompasses revenue received for services provided by city operating departments. Public works charges are the largest component, accounting for slightly over 50% of this revenue source. Charges for services revenue has increased almost every year since 1990 (see Figure 5). The increase in 2004 is due to a shift of the paramedic contract from a grant to revenue offset. This accounted for \$4.9 million of the \$6 million increase from 2003 budget.

The Solid Waste Fee is maintained at \$75 and will generate \$13.9 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 are recovered through the Sewer Maintenance Fee. These will be in the form of charges to the Sewer Fund from the Department of Public Works Operations Division. Total revenues received for this service is \$4.2 million.

Miscellaneous Revenues: Miscellaneous revenues include transfers 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 2004, these revenues are expected to total \$20.4 million.

The Parking Fund will provide a payment to the General Fund that is equal to the net revenue generated from parking citations. In 2004, the Department of Public Works (DPW) collected citation revenues

will first pass through the Parking Fund to allow for payment of citation processing costs before making their way back to the General Fund in a net revenue form. The payment will be \$12 million in 2004. This is an increase of \$3.7 million from the \$8.3 million payment made in 2003.

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 2004, a 1.25% rate of return on unrestricted investments of approximately \$225 million is assumed. This translates into \$1.9 million in general city purpose revenue (two-thirds of the \$2.7 million in estimated interest earnings), down \$0.22 million from the budget adopted for 2003.

Fines and Forfeitures: Revenue of \$4.8 million related to fines and forfeitures is included in the 2004 budget. Fines and forfeitures include payments received from individuals as penalties for violating municipal laws. The \$4.8 million is an increase of \$0.7 million from 2003. This increase is related to the Tax Intercept Program that allows the courts 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 2004 is estimated at \$10 million, an increase of \$1 million from 2003. These funds include charges for legal permission to engage in a business, occupation, or other regulated activity.

Fringe Benefits: The fringe benefit costs associated with reimbursable, grants, enterprise funds, and capital activity are gross budgeted in the General Fund. The fringe benefit offset provides a payment to the General Fund from these other funds to offset

the benefit costs associated with activities in those funds.

Cost Recovery: Cost Recovery Funds do not represent an 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: The Tax Stabilization Fund (TSF) is used to accumulate unexpended appropriations and revenue surpluses. A total of \$13.9 million was transferred into the fund at the end of 2002. The purpose of the fund is to assist in stabilizing the city's tax rate and to protect citizens from tax rate fluctuations that can result from failure to capture accurate property values in non-reassessment years and erratic variations in non-property tax revenues.

The balance in the fund (as of April 15, 2002) totals \$33.7 million. After the 2004 withdrawal, \$16.9 million will remain in the TSF in 2003. Combined with anticipated regeneration of \$13.4 million, the TSF should end 2003 with a fund balance of at least \$30.2 million. The 2004 withdrawal represents 50% of the available fund balance and an increase of \$7.6 million from 2004 levels. The 2004 TSF withdrawal totals \$16.9 million.

The TSF policy, with the 2002 budget, suggested the city maintain a balance in the fund of 5% of the three year average General Fund expenditures. The 2004 TSF withdrawal follows the policy guidelines, leaving a balance of approximately 5.6% of the city's 2002 General Fund expenditures. If the fund balance falls below that level, withdrawals for tax purposes will be limited to prior year fund regeneration (see *Basis of Budgeting* for further details).

2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2001 ACTUAL EXPENDITURE	2002 ACTUAL EXPENDITURE	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
REVENUES IN DOLLARS					
TAXES AND PAYMENTS IN LIEU OF TAXES					
Housing Authority	\$918,338	\$903,288	\$920,000	\$890,000	\$-30,000
Parking	1,209,550	1,220,782	1,312,000	1,150,000	-162,000
Water Services Division	8,030,879	7,974,459	8,091,000	8,050,000	-41,000
Trailer Park Taxes	116,555	141,854	110,000	120,000	10,000
Occupational Taxes	23,474	3,615	3,500	3,500	0
Payment in Lieu of Taxes Other	348,206	336,756	175,000	280,000	105,000
Interest/Penalties on Taxes	1,237,761	1,099,768	890,000	1,260,000	370,000
TID Excess Revenue	755,966	0	1,375,000	0	-1,375,000
Other Taxes	47,573	459,250	0	200,000	200,000
TOTAL TAXES	\$12,688,302	\$12,139,772	\$12,876,500	\$11,953,500	\$-923,000
LICENSES AND PERMITS					
LICENSES					
Amusement Dance/Music	\$692,076	\$586,146	\$610,000	\$745,000	\$135,000
Bicycle	50	293	0	0	0
Dog and Cat	31,200	126,410	25,300	31,300	6,000
Food Health Department	1,365,513	1,374,755	1,425,400	1,350,400	-75,000
Health Department Non-Food	22,630	37,568	22,200	22,000	-200
Liquor and Malt	903,924	997,343	840,000	980,000	140,000
Scales	229,080	206,328	227,200	206,800	-20,400
Miscellaneous City Clerk	16,271	0	7,000	4,000	-3,000
Miscellaneous Department of Neighborhood Services	296,294	302,177	250,300	304,900	54,600
Miscellaneous DPW Administration	13,514	15,278	13,000	13,000	0
PERMITS					
Board of Zoning Appeals	\$204,470	\$127,662	\$141,000	\$169,600	\$28,600
Zoning Change Fees	20,570	110,221	25,000	63,000	38,000
Building	2,106,233	2,240,448	1,809,600	2,039,500	229,900
Building Code Compliance	267,725	213,300	140,000	140,000	0
Curb Space Special Privilege	32,030	84,534	14,000	80,000	66,000
Electrical	612,653	719,384	550,000	695,000	145,000
Elevator	103,402	148,100	115,000	120,000	5,000
Occupancy	313,225	360,962	240,000	275,000	35,000
Plumbing	694,473	679,139	608,000	717,000	109,000
Miscellaneous Department of Neighborhood Services	57,726	25,988	45,900	36,800	-9,100
Sign and Billboard	108,381	43,740	107,000	71,000	-36,000
Special Events	161,653	180,794	190,000	175,000	-15,000
Miscellaneous Department of Public Works	262,551	273,369	214,800	239,300	24,500
Special Privilege Miscellaneous City Clerk	4,160	13,312	10,000	13,700	3,700
Special Privilege Miscellaneous Neighborhood Services	190,389	359,661	190,000	200,000	10,000
Sprinkler Inspection	427,006	88,538	50,000	50,000	0
Use of Streets Excavating	783,977	802,519	616,000	704,500	88,500
Plan Exam Department of City Development	565,047	696,110	567,000	578,500	11,500
TOTAL LICENSES AND PERMITS	\$10,486,223	\$10,814,079	\$9,053,700	\$10,025,300	\$971,600
INTERGOVERNMENTAL REVENUE					
State Shared Revenues Fire Insurance Premium	\$583,111	\$675,812	\$580,000	\$750,000	\$170,000
Local Street Aids	27,705,802	26,785,538	26,700,000	26,550,000	-150,000
Payment for Municipal Services	2,006,630	2,396,129	2,684,856	2,550,000	-134,856

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2001 ACTUAL EXPENDITURE	2002 ACTUAL EXPENDITURE	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
State Payments Police	569,726	675,960	575,000	516,000	-59,000
State Shared Revenue (General)	235,887,915	238,181,655	240,521,000	230,750,000	-9,771,000
Other State Payments	7,876	7,034	7,100	7,000	-100
Expenditure Restraint Aid	7,792,065	10,048,320	9,400,000	9,625,000	225,000
Computer Exemption Aid	4,415,345	4,297,248	3,750,000	2,800,000	-950,000
TOTAL INTERGOVERNMENTAL REVENUES	\$278,968,470	\$283,067,696	\$284,217,956	\$273,548,000	\$-10,669,956
CHARGES FOR SERVICES					
GENERAL GOVERNMENT					
City Attorney	\$2,028,464	\$942,722	\$322,900	\$373,300	\$50,400
Department of Employee Relations	320,786	307,854	300,000	205,000	-95,000
City Treasurer	183,249	144,537	108,340	103,650	-4,690
Common Council City Clerk	3,442,303	3,532,827	3,014,400	3,514,200	499,800
Comptroller	395,194	390,909	530,000	213,000	-317,000
BID Assessment	4,435,924	3,759,790	0	0	0
Deferred Compensation	760,663	813,547	0	0	0
Election Commission	8,489	13,267	7,500	13,000	5,500
Municipal Court	1,164,192	1,619,894	1,150,800	1,253,100	102,300
Public Debt Commission	113,595	178,016	195,000	190,000	-5,000
Assessor	2,448	31,154	1,000	2,000	1,000
Department of City Development	30,503	420,284	447,200	383,700	-63,500
Department of Administration	352,174	85,003	104,000	64,550	-39,450
MPS Service Charges	3,294,041	3,406,214	3,501,500	3,557,600	56,100
Fire Department	1,742,037	1,633,325	1,450,500	6,093,304	4,642,804
Police Department	266,857	319,958	191,500	241,500	50,000
Department of Neighborhood Services	2,346,514	3,675,475	1,933,500	3,038,700	1,105,200
Building Razing	1,708,966	1,104,230	1,202,500	1,090,000	-112,500
Fire Prevention Inspections	1,092,337	1,261,356	1,055,000	1,075,000	20,000
Essential Services	88,525	87,755	66,000	70,000	4,000
DPW Operations Buildings and Fleet	4,074,504	4,618,055	3,888,000	3,756,700	-131,300
Department of Public Works Infrastructure Services	2,428,356	3,143,691	3,005,000	2,945,500	-59,500
Department of Public Works Operations Forestry	95,512	370,530	100,000	225,000	125,000
Harbor Commission	3,985,312	3,453,522	3,280,923	3,422,909	141,986
Department of Public Works Administrative Services	2,089,332	1,350,342	819,000	826,500	7,500
Department of Public Works Operations Sanitation	0	1,021,896	510,000	540,000	30,000
Solid Waste Fee	0	14,097,921	13,875,000	13,875,000	0
Snow and Ice Control Fee	0	2,451,109	2,400,000	2,400,000	0
Street Sweeping and Leaf Control	0	3,845,000	4,086,101	4,200,000	113,899
Apartment Garbage Collection	0	833,600	800,000	800,000	0
Health Department	716,634	876,999	576,200	579,000	2,800
Public Library	479,520	441,802	444,000	451,400	7,400
County Federated System	1,815,530	1,865,781	1,815,000	1,873,000	58,000
Department Central Services Cost Recovered	2,241	0	0	0	0
TOTAL CHARGES FOR SERVICES	\$39,464,202	\$62,098,365	\$51,180,864	\$57,376,613	\$6,195,749
FINES AND FORFEITURES					
Municipal Court	\$4,402,849	\$5,209,573	\$4,113,000	\$4,784,700	\$671,700
TOTAL FINES AND FORFEITURES	\$4,402,849	\$5,209,573	\$4,113,000	\$4,784,700	\$671,700
MISCELLANEOUS REVENUES					
Parking Fund Transfer	\$15,046,495	\$8,250,000	\$8,300,000	\$12,000,000	\$3,700,000
Interest on Temporary Investments	4,802,266	2,673,186	2,100,000	1,875,000	-225,000
Contributions	675,000	624,332	875,000	950,000	75,000
Department of Administration Property Sales	251,189	271,880	146,500	133,500	-13,000
Department of City Development Property Sales	133,045	87,202	50,000	50,000	0

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2001 ACTUAL EXPENDITURE	2002 ACTUAL EXPENDITURE	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Department of Public Works Operations Rent	242,348	241,518	242,100	220,000	-22,100
Comptroller Rent	139,545	151,333	141,000	136,000	-5,000
Department of City Development Rent	441,934	537,683	250,000	365,000	115,000
Other Miscellaneous	425,764	1,006,841	163,000	298,200	135,200
Flexible Spending	7,164	1,394	0	0	0
Potawatomi	3,380,000	3,673,670	3,380,000	3,380,000	0
LIMP Revenue	84,660	60,363	85,000	40,000	-45,000
Harbor Commission Transfer	956,750	960,000	960,000	960,000	0
TOTAL MISCELLANEOUS REVENUE	\$26,586,160	\$18,539,402	\$16,692,600	\$20,407,700	\$3,715,100
FRINGE BENEFITS					
Fringe Benefit Offset	\$22,197,836	\$18,711,469	\$16,250,000	\$16,500,000	\$250,000
TOTAL FRINGE BENEFITS	\$22,197,836	\$18,711,469	\$16,250,000	\$16,500,000	\$250,000
COST RECOVERY					
Sewer Maintenance	\$10,000	\$10,000	\$10,000	\$10,000	\$0
TOTAL COST RECOVERY	\$10,000	\$10,000	\$10,000	\$10,000	\$0
TOTAL GENERAL FUND REVENUE	\$394,804,042	\$410,590,356	\$394,394,620	\$394,605,813	\$211,193
Amount to be Raised Pursuant to 18-02-6	\$81,760,767	\$85,364,442	\$94,034,381	\$102,025,728	\$7,991,347
Less:					
Tax Stabilization Fund Withdrawal (Sustainable)	\$5,500,000	\$11,000,000	\$9,300,000	\$16,870,000	\$7,570,000
Property Tax Levy	76,260,767	74,364,442	84,734,381	85,155,728	421,347
TOTAL SOURCE OF FUNDS FOR GENERAL CITY PURPOSES	\$476,564,809	\$495,954,798	\$488,429,001	\$496,631,541	\$8,202,540

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.
STRATEGIC ISSUES:	Maintain the health of the retirement related funds in an era of increasing costs and variable earnings.

BACKGROUND

The Employees' Retirement Fund includes provisions for employee pensions, the Police and Annuity Fund, the Firemen 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, 2002.

The Policemen's Annuity and Benefit Fund (PABF) administers pensions for city Police Officers employed prior to 1947. There were 239 members as of July 31, 2003. Police Officers who started working for the city after 1947 are covered by the Employees' Retirement System.

Funds in the Firemen's Pension Fund are provided for retired Fire Fighters who were employed prior to 1947. This fund had 182 members as of July 31, 2003. Fire Fighters who started working for the city after 1947 are members of the ERS.

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. At the present time 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 2004 budget, \$21.4 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 2004 budget, \$16.7 million is provided for social security payments.

Administration: In the 2004 budget, ERS administrative costs have essentially remained unchanged from the 2003 budgeted total of \$24 million, with a decrease of \$134,390.

Pension Reserve Fund: The 2004 budget includes a \$2.5 million city contribution to the Employers Reserve Fund. This will allow the city to reduce future liability and risk if the rate of return on investment falls below the actuarial estimate. An actuarial study will be conducted in 2004 to determine the extent of the city's future liability and develop a payment schedule that addresses this future obligation.

Employer's Pension Contribution (ERS): The 2004 budget includes \$36,740 in funding for duty disability payments for non-consenters of the Global Pension Settlement.

Employer's Pension Contribution (PABF): The 2004 budget includes an additional \$470,000 to fund part of the unfunded past service liability in the Po-

licemen's Annuity and Benefit Fund. This liability amount will be amortized beginning in 2004 over the next five years.

OTHER ACTIVITIES AND CHANGES

Lump-Sum Contribution for Firemen's and Police Annuity and Benefit Fund (F&PABF): As in 2003, a

total of \$1 million is provided in the 2004 budget for a pension supplement to members of these funds.

SUMMARY OF EXPENDITURES

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
BUDGETS				
Firemen's Pension Fund				
Employer's Pension Contribution	\$263,000	\$296,000	\$267,500	\$-28,500
Lump-Sum Supplement Contribution	0	500,000	500,000	0
SUBTOTAL	\$263,000	\$796,000	\$767,500	\$-28,500
Policemen's Pension Fund				
Employer's Pension Contribution	\$360,513	\$473,708	\$975,773	\$502,065
Administration	96,086	106,295	104,107	-2,188
Annuity Contribution	3,641	5,000	0	-5,000
Lump-Sum Supplement Contribution	150,000	500,000	500,000	0
SUBTOTAL	\$610,240	\$1,085,003	\$1,579,880	\$494,877
Employees' Retirement Fund				
Employer's Pension Contribution	\$0	\$205,000	\$36,740	\$-168,260
Administration	19,764,113	24,006,425	23,872,035	-134,390
Annuity Contribution - Tax Levy	20,452,173	20,153,000	21,412,000	1,259,000
Annuity Contribution - Reserve Fund	1,000,000	3,000,000	2,450,000	-550,000
SUBTOTAL	\$41,216,286	\$47,364,425	\$47,770,775	\$406,350
Social Security Tax	\$15,971,827	\$16,136,000	\$16,680,500	\$544,500
Former Town of Lake Employes' Fund				
Employer's Pension Contribution	\$114,799	\$114,799	\$176,000	\$61,201
Firemen's Pension Fund	28,104	28,850	28,850	0
SUBTOTAL	\$142,903	\$143,649	\$204,850	\$61,201
Deferred Compensation Plan	\$841,712	\$1,109,917	\$1,168,982	\$59,065
TOTAL	\$59,045,968	\$66,634,994	\$68,172,487	\$1,537,493
REVENUES				
Fringe Benefits - Pensions	\$682,235	\$775,134	\$802,267	\$27,133
Charges for Service - ERS	19,669,609	23,812,611	23,659,000	-153,611
Charges for Service - Deferred Compensation	813,547	1,109,917	1,168,982	59,065
Property Tax Levy	38,090,209	40,937,332	42,386,238	1,448,906
Miscellaneous - ERS	-445	0	156,000	156,000
TOTAL	\$59,255,155	\$66,634,994	\$68,172,487	\$1,537,493

EMPLOYEES' RETIREMENT SYSTEM

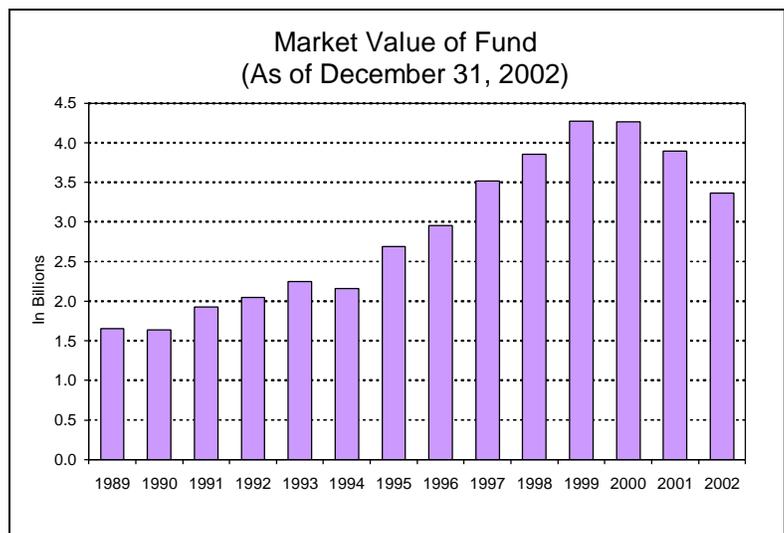
EXECUTIVE SUMMARY

- 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.
- STRATEGIC ISSUES:** Maintain the financial health of the pension fund through sound financial and investment management techniques.
- Respond in a timely manner to requests for information from pension system members, city departments and agencies, and outside entities.
- Improve the efficiency and responsiveness of the system's administration through automation.
- INITIATIVES FOR 2004:** Monitor and analyze all investment activities and provide oversight of the investment portfolio so as to maximize returns while minimizing the variability of the fund's asset value.
- Continue implementation and installation of a Pension Management Information System (PMIS) and a document management/imaging system which will improve benefit administration and to remediate existing data sources to ensure data integrity in the new system.
- 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.

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 as well as the Group Life Insurance Program for city workers and COBRA health care for retirees. As of December 31, 2002 there were approximately 27,051 members (actives, inactive, and retirees) in the system and the value of the fund stood at an estimated \$3.4 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 -9.4% in 2002. Over the five year period ending December 31, 2002,

Figure 1



the fund experienced an annualized return of 3.0% net of fees.

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.

OBJECTIVE 1

Achieve a higher than average rate of return on the fund over a full market cycle as measured by exceeding the rate of return of the Blended Benchmark Index by .5%.

OUTCOME HISTORY

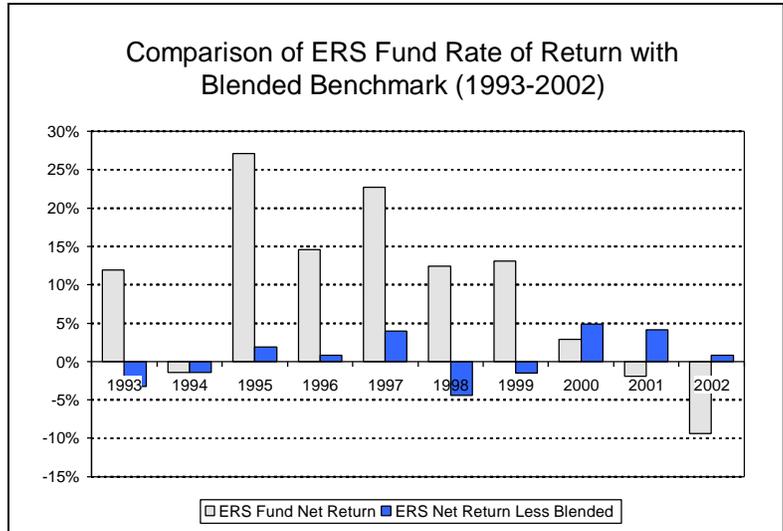
To attract, hire, and retain quality employees, the city must provide employee benefits competitive with those available in the private market. In an era of increasing uncertainty about the funding of social security and increased longevity of employees, retirement benefits are an area of growing concern to both prospective and current employees.

An important objective of ERS is to manage the retirement fund prudently and efficiently so that sufficient resources will be available in the future to pay retirees' pension benefits as defined by the City Charter. To meet this objective, ERS strives to achieve a balance between high returns and variability of the fund's asset value. Both theory and evidence strongly support that a tradeoff exists between these two objectives; that is, the higher the return of the fund, the greater its variability. In essence, a higher than average return on a stock or bond is an investor's reward for taking on additional risk and accepting the potential for greater variability. In 2004, the department will allocate \$14 million towards meeting this objective.

Program Result Measures: 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, Australiasia, Far East) Index and the NCREIF Index. The NCREIF Index pertains to real estate investments. The blended benchmark is

	2002 Experience	2003 Budget	2004 Projection
Exceed the rate of return of the Blended Benchmark Index.	0.8%	1.0%	0.5%
Funding by Source:			
Operating Funds	\$11,892,647	\$13,866,434	\$13,955,772
Total:	\$11,892,647	\$13,866,434	\$13,955,772

Figure 2



weighted 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 funds' rate of return net of fees paid to investment managers, exceeded the blended benchmark by 4.0% in 1997, fell below the blended benchmark in 1998 by 4.5%, and in 1999 by

.7% but exceeded the blended benchmark in 2000 by 4.9%, in 2001 by 4.1%, and .8% in 2002.

Another benchmark for comparison purposes is the fund's policy of 8.5% return on the assets of the fund. This policy is the actuarial assumed rate of return that approximately covers the growth of liabilities of the fund; i.e., the pensions owed to present and future retirees. For the five year period ending December 31, 2002 the fund's annual rate of return was 3.0% net of fees, trailing the 8.5% actuarial rate. Since inception, the fund's annual return has been 9.7% net of fees.

ACTIVITIES

- Design and update the fund's asset allocation and investment policy

- Select and negotiate money management contracts
- Monitor and evaluate money manager returns, investment strategies, and adherence to stated investment goals and objectives

PROGRAM CHANGES

Money Management Contracts, Investment Fees, and ERS Administrative Costs: Actual expenditures in 2004 will depend on how well the money managers perform. In accordance with the Global Pension Settlement Agreement, all management contracts, investment fees, and administration expenses are paid from fund assets making the financing of ERS consistent with the standards of the industry.

OBJECTIVE 2

Maintain high levels of customer service for active and separated members, and retirees for all services provided by ERS by exceeding a 95% favorable rating on customer satisfaction surveys.

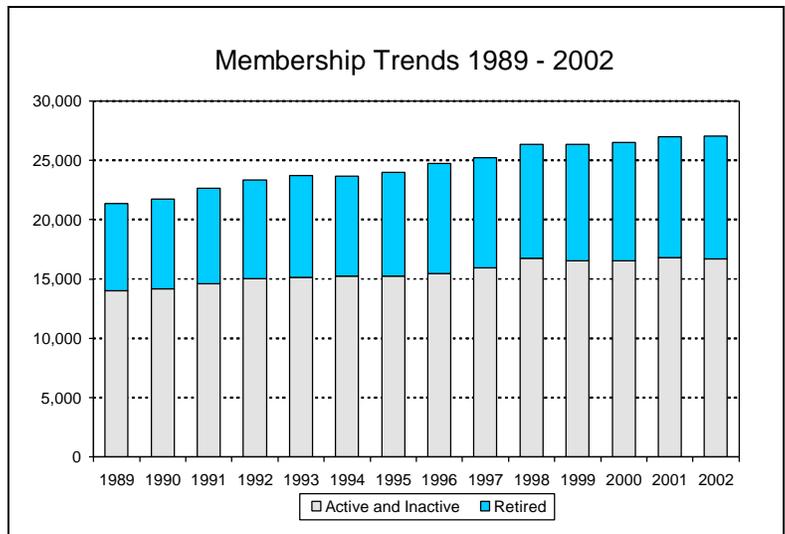
OUTCOME HISTORY

Essential to the goal of customer service excellence, is the ability of ERS to attract and retain the most qualified employees through a hiring process that combines an internal upward mobility approach and a community outreach effort. The focus for 2003 was to promote customer service through staff training and member awareness. Each employee receives extensive pension related training in order to provide uniform application of ERS policies and procedures. Counselors are enrolled in programs that will provide them with certifications in the area of pension benefit administration.

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 presentation and pre-retirement seminars are conducted regularly. New member handbooks, brochures, and a partially inter-

	2002	2003	2004
	Experience	Budget	Projection
Exceed 95% favorable rating on customer satisfaction surveys.	100.0% (4th Qtr)	90.0%	95.0%
Funding by Source:			
Operating Funds	\$5,735,566	\$4,064,845	\$4,796,402
Total:	\$5,735,566	\$4,064,845	\$4,796,402

Figure 3



active web site and telephone system also enhance customer service delivery.

ERS interacts with city employees on a variety of levels. It provides general information, generates

pension estimates, researches member history files, conducts one-on-one counseling sessions, determines eligibility for benefits, and provides benefit payments. Services also include management and oversight of the city's life insurance program and retiree health/dental insurance.

The goal for 2004 is to expand the existing customer services being provided and evaluate those services through a series of satisfaction surveys. Participants in new employee orientation and counseling sessions will be provided with organized informational folders with enhanced brochures and literature. Figure 3 shows the growing membership of the pension system ERS serves. In 2004, the department will dedicate \$4.8 million towards this objective.

Program Result Measures: ERS has developed a number of outcome indicators to measure the quality of its services 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 ap-

pointments through the use of reception cards. The goal is to exceed the 95% satisfaction level in all areas.

In addition, ERS will conduct a series of internal audits and random case reviews in the Group Life and Health Insurance Programs to assess the processing timeline and compliance with contract provisions. These reviews will help in ERS' quality assurance effort and result in program modifications and process reviews.

ACTIVITIES

- Provide pension information
- Provision of benefit estimates
- Counsel members
- Maintenance of membership records and update payroll records
- Administer the Group Life Insurance Program and process death claims
- Administer COBRA health care and dental care payments for retirees
- Administer disability programs

OBJECTIVE 3

Improve ERS' customer service and operational effectiveness through the continuation of the acquisition, design, development, and implementation of information systems solutions.

OUTCOME HISTORY

It is essential to continually examine the delivery of ERS' services to assure that they are provided in a timely, accurate, efficient, and cost-effective manner. The greater incorporation of information technologies into the delivery of pension related services promises to substantively improve the administration of ERS. In 2004, ERS has allocated \$5.1 million towards information systems development.

ACTIVITIES

- Continue the implementation of the document management system project begun in 2003
- Continue the multi-year implementation of the Pension Management Information System (PMIS) begun in 2003

Outcome Indicators and Funding			
	2002 Experience	2003 Budget	2004 Projection
Funding by Source:			
Operating Funds	\$2,135,900	\$6,075,146	\$5,119,861
Total:	\$2,135,900	\$6,075,146	\$5,119,861

- Continue the multi-phased data remediation project
- Continue the near term maintenance of existing systems including mainframe and server based applications
- Maintain the Business Process Models and related systems
- Enhance and maintain the ERS web site and web services

PROGRAM CHANGES

Technology Improvements: At present, much of the administration of pension benefits requires human intervention in the calculation and updating of benefits. In estimating pension benefits, the necessary data must now be gathered manually from files that

contain individual employee histories. The actual calculation of benefits requires an evaluation of the retrieved data to ascertain the values of the key variables required to compute projected benefits. Updating payroll records to conform with the city cost of living adjustment policy, retroactive pay adjustments for retirees, and other pension enhancements also requires manual intervention and calculation.

The objective of the Pension Management Information System (PMIS) project is to automate the core business functions of ERS as they relate to member services, both before and during retirement. Specifically, the PMIS will include:

- Historical record keeping of pension data for employees of the City of Milwaukee and related agencies for which ERS provides pension management services;
- Improved accounting for agency and member contributions;
- Calculation of pension benefits and estimates that follow the rules established in Chapter 36 of the City Charter;
- Automation of pension payments and deductions in a manner that ensures timely processing of accurate payments for retired members;

- Administration of life, health, and COBRA dental programs; and
- Query, reporting, and information sharing technologies.

The 2004 budget includes \$4.5 million in funding for these technology improvements. This funding is in addition to \$5.5 million provided in the 2003 budget.

The ERS' Document Management and Data Remediation projects will continue with funds appropriated in 2002 and 2003.

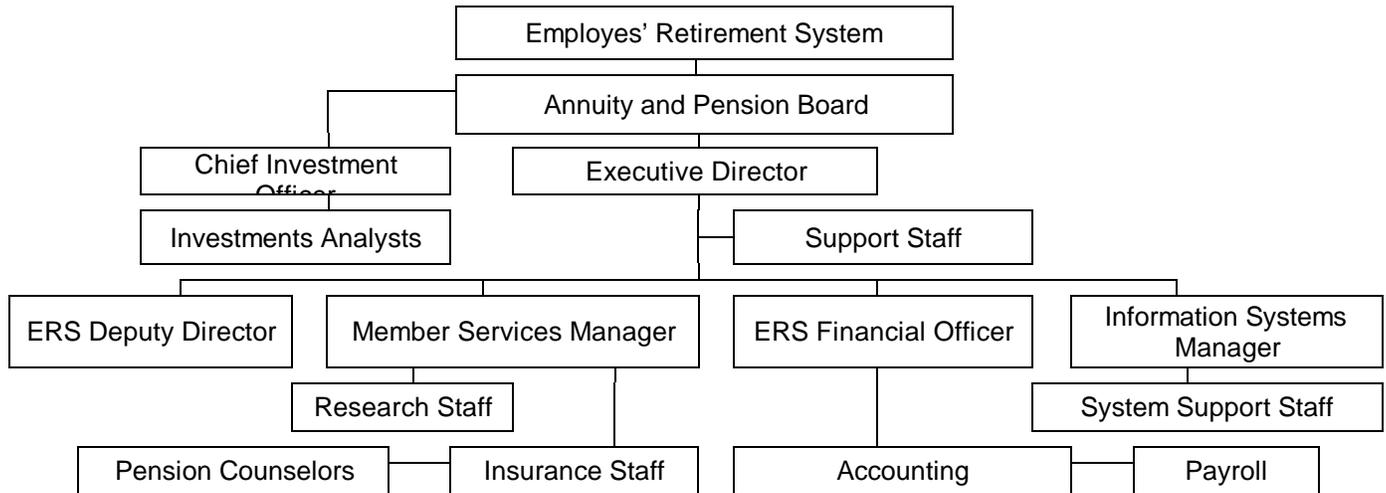
The objectives of the Document Management System are to protect the critical business information contained in the ERS member records by conversion and indexing into a computer based system, provide timely electronic access to records at ERS employee workstations, and substantially reduce the filing and retrieval problems fostered by a manual paper based system.

The objectives of the Data Remediation project is to ensure that the electronic recording of information in paper format is correct and complete and to verify that all required documents for active employee and deferred retiree files are present.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	35.34	40.00	40.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	40	42	48	6
DLH - Operations and Maintenance	63,611	72,000	73,340	1,340
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$1,799,296	\$2,070,668	\$2,143,245	\$72,577
Fringe Benefits	674,435	766,147	793,000	26,853
Operating Expenditures	13,448,800	15,419,610	16,085,790	666,180
Equipment	5,750	50,000	50,000	0
Special Funds	3,835,832	5,700,000	4,800,000	-900,000
TOTAL	\$19,764,113	\$24,006,425	\$23,872,035	\$-134,390
REVENUES				
Charges for Services	\$19,669,609	\$23,812,611	\$23,659,000	\$-153,611
Miscellaneous	-445	0	156,000	156,000
TOTAL	\$19,669,164	\$23,812,611	\$23,815,000	\$2,389
CAPITAL PROJECTS - None				

ORGANIZATION CHART



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
6	0.00		\$0		Board Members	Changes to reflect the Positions Ordinance.
6	0.00	0.00	\$0	\$0	TOTAL	

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.
STRATEGIC ISSUES:	Continue a responsive organizational structure and enhance labor/management partnerships. Offer a wide variety of investment options to meet the needs of participants.
INITIATIVES FOR 2004:	Continue to provide administration for the Deferred Compensation Plan in the most efficient manner.

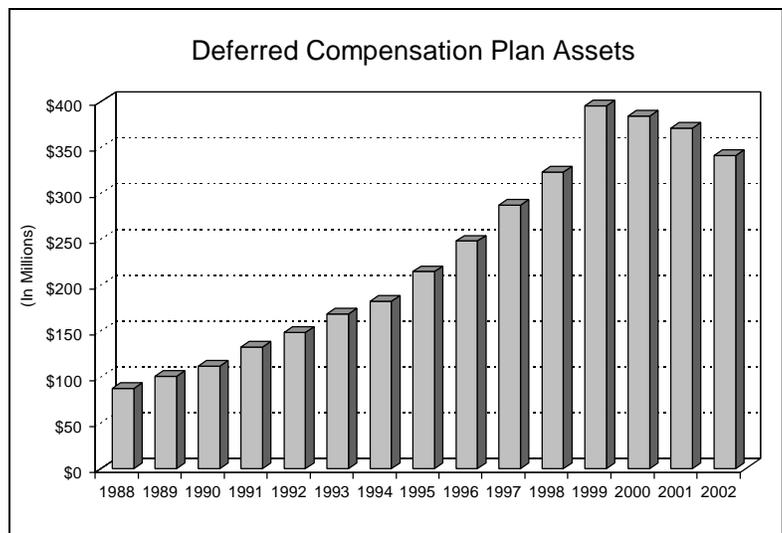
BACKGROUND

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 defer, or 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. As shown in Figure 1, the plan has grown to its present size of approximately 7,400 active and retired participants, which is a 64.9% rate of active participation with assets of \$335 million (as of March 31, 2003).

Between 1988 and 1999, plan assets increased dramatically peaking at \$394.5 million. Since 1999, plan assets have declined due to both a slowing in the economy and in the stock market.

Figure 1



The Deferred Compensation Plan was previously administered by the Office of the Comptroller but a separate budgetary control unit was established in 1996. The plan is self-sustaining and does not impact the City of Milwaukee's property tax levy; participants pay for all plan expenses. 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.

OBJECTIVE 1

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.

OUTCOME HISTORY

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 \$2.1 million of the plan's assets remain in "old plan" investments.

Participants can choose their payroll contribution to be deposited into different investment options. Seven plan investment options are offered to employees. 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 provide education to participants about the varying investment characteristics of each of the seven options. 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. The seven investment options are: Stable Value Account, Income Account, Socially Conscious Balanced Account, Passively Managed U.S. Equity

Outcome Indicators and Funding

	2002 Experience	2003 Budget	2004 Projection
Increase active employee participation by 3%.	64.9%	68.5%	70.5%
Increase participant cash flow by 4%.	\$4,396	\$5,057	\$5,150
Funding by Source:			
Operating Funds (Employee Contributions)	\$841,712	\$1,109,917	\$1,168,982
Total:	\$841,712	\$1,109,917	\$1,168,982

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.

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 the participants by actively seeking out manager fee reductions, institutional class fund shares, 12 B-1 fee credits, and low operating cost funds.

The 2004 budget provides approximately \$1.2 million in funding towards this objective.

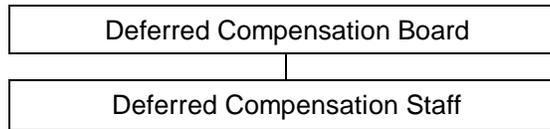
ACTIVITIES

- Enrollment, agreement processing, payroll changes, future allocation changes, quarterly reporting, participant advising, and educational seminars
- Invest in seven investment options
- Receive and deposit participant contributions

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1.93	2.00	2.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	2	2	2	0
DLH - Operations and Maintenance	3,482	3,600	3,600	0
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$110,681	\$108,830	\$116,459	\$7,629
Fringe Benefits	39,436	40,267	43,090	2,823
Operating Expenditures	691,595	885,820	930,433	44,613
Equipment	0	0	4,000	4,000
Special Funds	0	75,000	75,000	0
TOTAL	\$841,712	\$1,109,917	\$1,168,982	\$59,065
REVENUES				
Charges for Services	<u>\$813,547</u>	<u>\$1,109,917</u>	<u>\$1,168,982</u>	<u>\$59,065</u>
TOTAL	\$813,547	\$1,109,917	\$1,168,982	\$59,065
CAPITAL PROJECTS - None				

ORGANIZATION CHART



C. CAPITAL IMPROVEMENTS FUNDS

EXECUTIVE SUMMARY

- MISSION:** To maintain and enhance the city's infrastructure in a cost efficient and effective way so as to ensure that the city remains economically competitive.
- STRATEGIC ISSUES:** 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 2004:** Continue to fund the City Hall Restoration Project to repair and restore the exterior walls, roof, towers, and supporting structures.
- Invest in the Police Digital Trunked Radio Communication System to comply with FCC mandate and provide flexible communication between various agencies in response to emergencies.
- 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 of the city's infrastructure by utilizing databased condition assessment project planning.
- Continue the Major Capital Equipment Program within the Department of Public Works (DPW) and Fire Department.
- Continue to promote economic development and family supporting job growth through Tax Increment Financing Districts and similar development vehicles.
- Replace the Fire Equipment Repair Shop with a new facility that will better meet departments needs.

BACKGROUND

The 2004 capital improvements budget represents the initial year of a six year capital improvements plan. The budget reflects the city's capital needs and identifies project costs and funding sources. Capital improvements may 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 2004 general city purposes capital improvements budget totals \$109.6 million, an increase of \$2.5 million or 2.4%, from the 2003 budget of \$107.1 million. This increase is in line with the rate of inflation for this time period. 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 \$73 million a decrease of \$2.6 million or 3.4% from the 2003 budget of \$75.6 million. Tax levy cash resources will decrease \$4.1 million from \$15.6 million in 2003 to \$11.5 million in 2004. The decrease is largely due to utilization of

carryover balances for a portion of infrastructure program funding and a substantial reduction in remodeling and renovation projects in 2004.

The city's new borrowing authorizations for 2004 total \$61.5 million, approximately a \$1.5 million or 3% increase over 2003. Borrowing authorizations were only slightly higher than 2003 levels due to close scrutiny of larger projects.

Figure 1 shows capital improvement budgets from 1991 to 2004. As shown, the capital improvement budget steadily increased between 1991 to 1999. In 2000, the capital improvement budget was significantly lower than those for the period between 1991 to 1999 due to increased grant funding. Since 2001, the capital improvements budget has been stabilized between \$102.8 million and \$109.6 million, a level that is sustainable and provides for a strong infrastructure, efficient service delivery to residents, well maintained city owned buildings, and is a catalyst to economic development and attracting additional family supporting jobs.

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 city.

Functional Categories: Projects included in the 2004 city funded capital improvements budget are categorized in six functional areas, 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)

The general government project category is the largest capital functional area. Approximately \$27.6 million or 27.8% of capital budget resources are provided for this purpose. In 2003, \$29.5 million was provided for this purpose. The primary reasons for the decrease from 2003 are the continuing City Hall Restoration Project (\$11.2 million down \$1.2 million) and decreased remodeling and renovation projects.

Figure 1

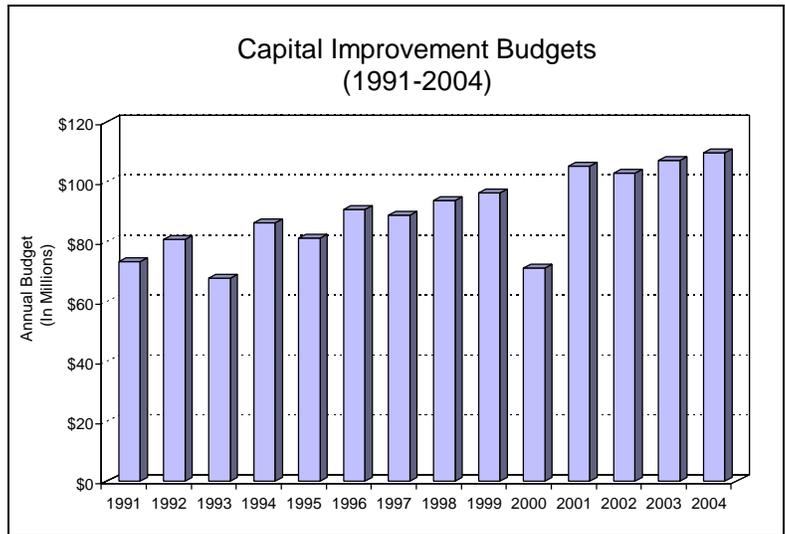
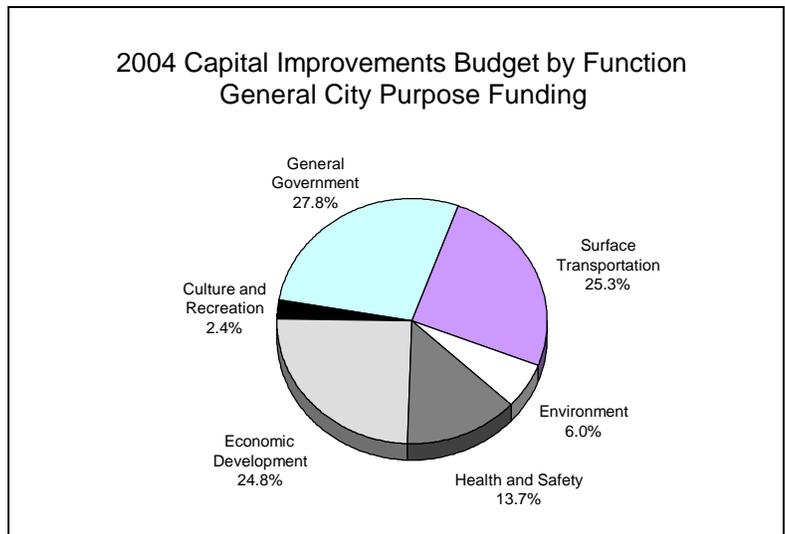


Figure 2



The 2004 budget provides \$6.1 million (compared to \$5 million in 2003) in major equipment for DPW Operations Division including sweepers, tractors, aerial trucks, dump trucks, and garbage packers. This purchase will replace aged equipment that is beyond economical repair.

Surface transportation projects constitute the second largest functional area or 25.3% of the capital budget. Approximately \$25.1 million is provided for this purpose. Major transportation projects include:

- Streets and alleys (\$13,064,339)
- Street lights and controls (\$4,563,602)
- Major bridges (\$5,650,809)

Economic development projects constitute 24.8% of tax levy-supported capital funding or \$24.6 million. Tax Incremental Districts (TIDs), amount to \$20.6 million or 83.7% of the funding for economic development projects. Continuing projects to be funded include improvement of the former Park East Freeway Corridor, the Shops at Grand Avenue New Arcade, the residential Beerline B development along the Milwaukee River north of downtown, and the Midtown Center (the former Capitol Court Mall). New projects include site preparation of the recently acquired approximately 140 acre CMC parcel in the Menomonee Valley. Development district projects are the second largest type of projects within the economic development function amounting to \$2.4 million or 9.6%. Development districts fund smaller projects on an expedited basis to spur economic development.

Health and safety related projects represent the fourth largest portion of the 2004 capital budget. Approximately 13.7%, or \$13.6 million of the city's capital budget is provided for this purpose. Funding allocated to this functional area will provide for renovation of the Keenan Health Center to accommodate the Tuberculosis Clinic as well as making essential facilities and systems renovations. The Police Department will receive funding to procure and implement a new trunked digital radio system, make needed improvements to the Evidence Storage Warehouse, and replace the Training Academy Firing Range. The Fire Department will continue its equipment replacement plan, acquiring three pumper trucks, four aerial ladder trucks, one compressed air support truck, and two paramedic ambulances. Funding is also provided for design, land acquisition, and site preparation to replace the Fire Equipment Repair Garage.

Environmental program funding comprises 6.0% or nearly \$6 million of the city's capital budget. Among environmental programs are expansion of sewer capacity (\$4 million of city funding) and environmental remediation (\$685,000).

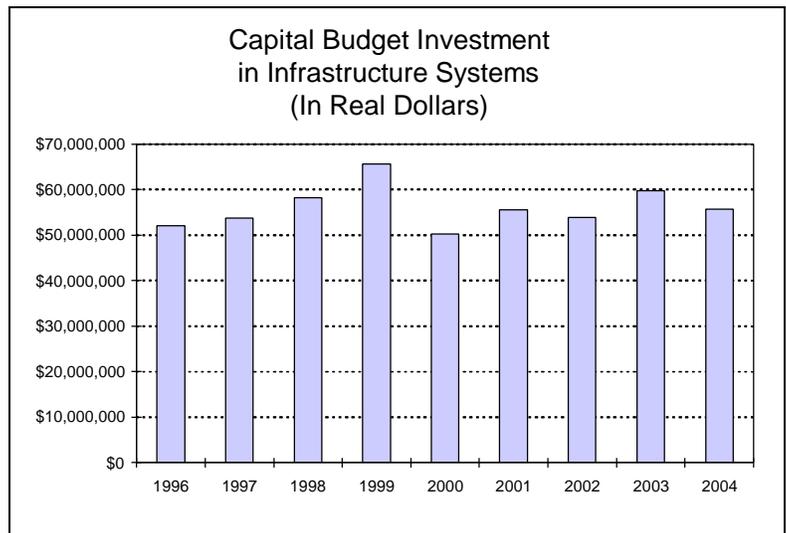
Culture and recreation related projects represent approximately 2.4% of the capital budget, or \$2.4 million. Central and neighborhood libraries capital projects funding totals \$2 million. Improvement of the city's totlots and playgrounds (\$400,000) include children's play area reconstruction to current safety and accessibility standards, tennis court restoration, and ball diamond restoration.

Infrastructure Versus Total: Over the past decade, the city has made a concerted effort to adequately fund the maintenance, replacement, and when appropriate, the expansion of the city's infrastructure system. Analysis conducted by the Budget and Policy Division concluded that during the eleven years from 1985 to 1996, capital investments by the city not only replaced infrastructure value lost due to normal wear and tear, but also increased the inflation adjusted value of Milwaukee's share of regional public infrastructure by 4.6%.

Figure 3 shows the city's annual investment in infrastructure systems, including Water and Sewer Maintenance Enterprise Funds. These are real dollar amounts, meaning they have been adjusted for inflation. The core investment of \$50,000,000 is constant throughout the nine years. This demonstrates the city's ongoing commitment to sufficiently fund its infrastructure needs.

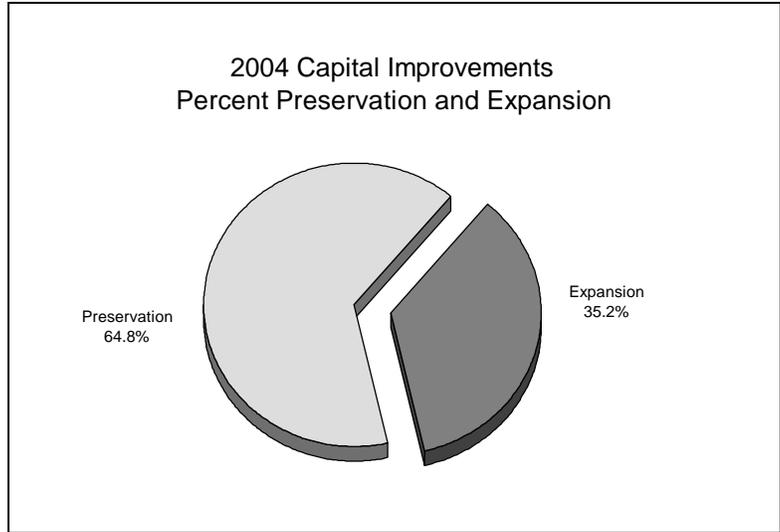
In nominal terms, the portion of the city's 2004 capital budget dedicated to infrastructure (which includes sewer expansion, streets, alleys, sidewalks, traffic controls, etc.) totals \$30.6 million. This is a \$4.9 million decrease from 2003, reflecting an evaluation of the condition of infrastructure components, close review of prior year infrastructure expenditures, and higher grant and aid to be received from the state and federal governments for projects such as the reconstruction and extension of West Canal Street from North Sixth Street to Miller Park Way.

Figure 3



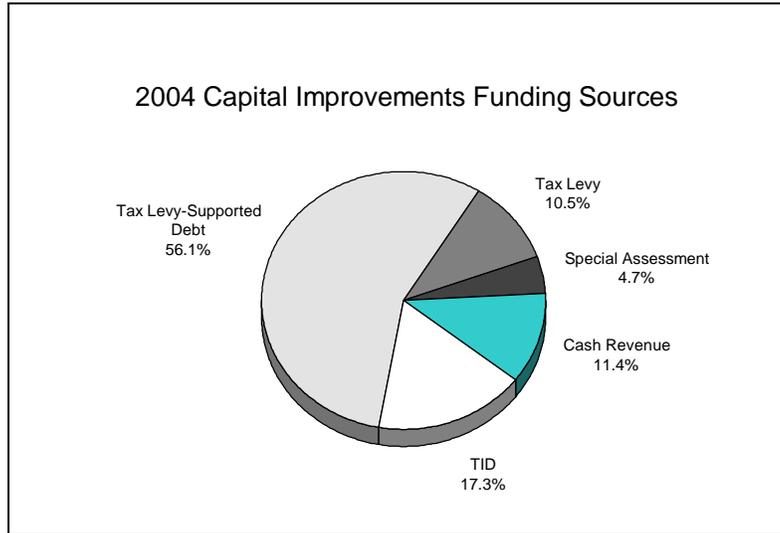
Preservation Versus Expansion: Capital projects are further classified into two categories: preservation and expansion. Figure 4 illustrates the proportion of capital projects that either preserve or expand the city’s infrastructure. As shown, a major portion of the total capital budget, approximately \$71 million (excluding sewer relief and relay and grant and aid funding), or 64.8% is allocated to preserving existing equipment, facilities, and infrastructure, including the city’s sewer and transportation systems. This level of funding for preservation projects reflects the advancing age of many of the city’s facilities and infrastructure systems and the level of investment needed to maintain the condition of these systems.

Figure 4



The 2004 capital budget provides \$38.6 million, or 35.2% for expansion projects. These projects include economic development related projects and new street and expansion of capacity sewer construction projects, most notably the West Canal Street reconstruction and extension and development related infrastructure.

Figure 5



Funding Sources: The 2004 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 (grant and aid not directly spent by the city is excluded). Figure 5 shows funding sources for the 2004 city funded capital budget.

The largest source of funding for capital projects is tax levy-supported debt financing, approximately \$61.5 million, or 56.1% of total funding. This is an increase of approximately \$1.5 million from the 2003 budget.

The second largest funding source is tax levy (cash) financing which totals \$11.5 million, or 10.5% of total city funding in 2004. This is a \$4.1 million decrease from the 2003 levy of \$15.6 million.

Figure 6 shows cash and debt financing trends for capital improvements from 1991 to 2004. As shown, cash financing of capital improvements increased to as much as \$25 million between 1991 and 1999. This increase is due largely to the infrastructure cash conversion policy. The lower levels of cash levy financing since 1999 are due to infrastructure program adjustments and expanded use of special assessment. Tax levy-supported debt has fluctuated

between \$21 million and \$61.5 million between 1991 and 2004 with increases primarily due to the effects of large one time capital projects.

All amounts in Figure 6 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.

Other non-tax levy related funding sources for the 2004 capital budget include cash revenues totaling

\$12.5 million, special assessments of \$5.2 million, and tax incremental financing totaling \$19 million (cash revenues include \$1.6 million of TID related revenues). In addition, state and federal grant and aid funding provides \$49.4 million for certain city infrastructure projects and Port development projects. These funds are reflected in the budget as footnotes since the city does not control how they are expended.

Cash Conversion Policy: In 1986, 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 7 graphically illustrates the effects of the cash conversion policy since 1986.

The 2004 capital budget does not meet its Infrastructure Cash Conversion (ICC) Policy goal of 95.52% due to a Common Council amendment to the Mayor’s proposed budget. The amendment increased funding for Recreational Facilities from \$219,000 to \$400,000 and changed program financing from cash to borrowing. As a result, infrastructure project funding totals \$10.1 million in cost to the city of which \$844,000 will be borrowed and \$9.2 million or 91.63% is cash financed. The cash financing is \$392,000 short of the 95.52% goal.

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. For 2004 budget purposes, the Public Debt Commission approved a \$4 million withdrawal to be applied to reduce the city debt tax levy rather than the capital improvements tax levy. At the end of 2003, fund assets will be used to prepay a portion of the princi-

Figure 6

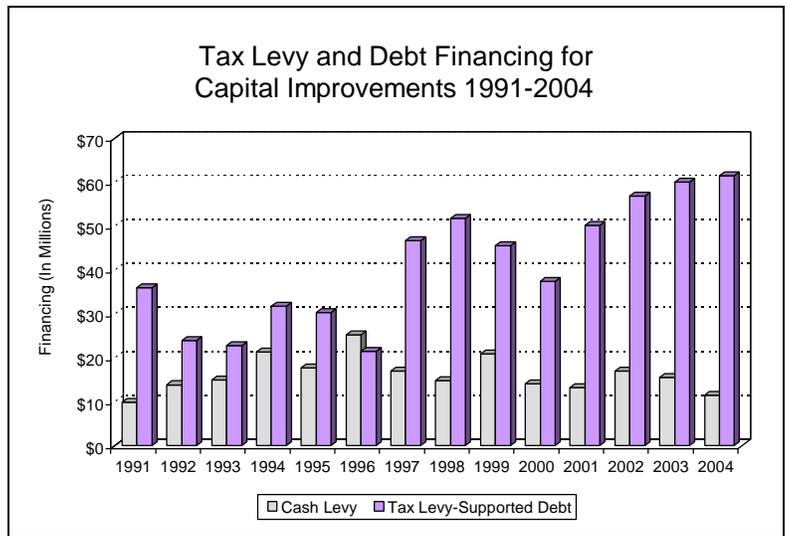
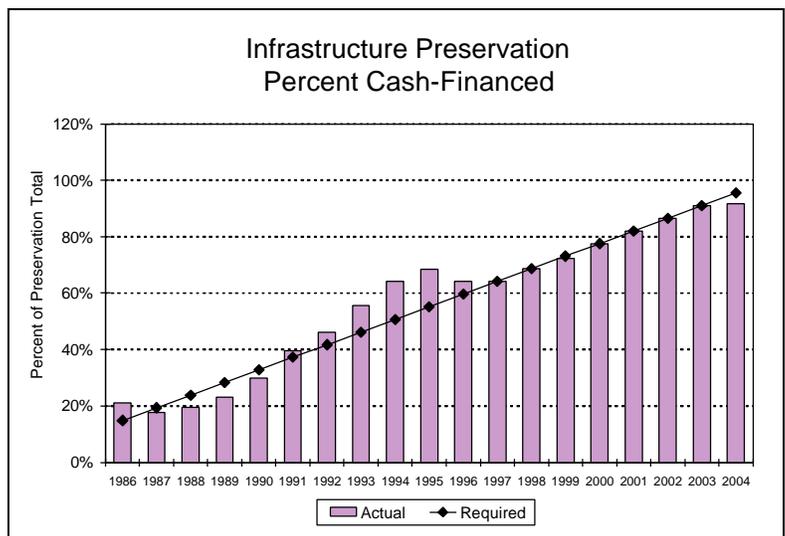


Figure 7



pal and interest on city debt due in 2003, which will result in a reduction in the debt levy portion of the 2004 city debt budget. This change will increase the tax levy funded portion of the 2004 Capital Improvements budget.

Capital Project Detail: Specific capital project and program appropriations are listed in the departmental project table at the end of this section.

2004 HIGHLIGHTS AND CHANGES

Major Capital Equipment: Instituted in 2002, Major Capital Equipment Accounts in the Fire Department

and Department of Public Works’ 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 2004, the Fire Department will use \$3.8 million to purchase three pumper engines, four aerial ladders, two paramedic ambulances, and one compressed air support truck.

In 2004, DPW Operations Division will procure replacements for a range of equipment that is beyond economical repair, including ten garbage and three recycling packers, ten general purpose dump trucks with underbody plows, four multi-purpose tractors, three road sweepers, and four tri-axle dump trucks. Total funding of \$6.1 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 2004 capital budget provides \$11.2 million to continue this multi-year project, in addition to the \$12.4 million for the initial stages of the project in 2003. The total for this project is expected to be \$31.7 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 is received from the state. In 2004, an additional \$14.2 million city share will be provided through the Majors Streets, Bridges, and Sewer Expansion Programs. The total city cost of this multi-year project will be approximately \$19 million. 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.

Trunked Radio Communications: In 2004, \$5 million is provided in addition to \$2 million provided in 2003 to lay the infrastructure for a new Police Radio

Communications System. This will serve as a base for full conversion to be implemented in 2004 and 2005. It is imperative that this conversion takes place, as the Federal Communications Commission is reallocating frequency ranges in 2005. A FCC compliant digital system will allow several users to communicate over the same frequency simultaneously. It will also ensure that various local agencies are able to communicate on mutually accessible frequencies when responding to emergencies. The overall cost of this project will be \$18.8 million including an expected \$6.8 million in federal and state grants.

Menomonee Valley DPW Facilities Relocation: The 2004 budget includes \$2.5 million to relocate Department of Public Works' facilities at North Sixth and West Canal Streets. The relocation will open this valuable corner for redevelopment, capitalizing on the greatly improved accessibility provided by the reconstructed Sixth Street Bridge. It will also serve as a gateway to the newly reconstructed and extended West Canal Street. These projects are expected to be catalysts for the long awaited revitalization of the Menomonee Valley into a vibrant light industrial, commercial, and recreational area.

Tax Increment Financing Districts: The 2004 capital budget includes \$20.6 million funding (\$19 million self-supported borrowing and \$1.6 cash revenues) to promote economic development and job growth through the tax increment financing district vehicle. Large, ongoing projects include the redevelopment of the former Park East Freeway Corridor from I-43 to Broadway; residential, retail, and riverwalk development along the Milwaukee River from the Port to North Avenue; the Midtown Center development transforming the former Capitol Court Mall; and the renovation of the Shops at Grand Avenue arcade. New projects include site preparation of the recently acquired approximately 140 acre former CMC railyard parcel in the Menomonee Valley, development of the former Solvay Coke site in the Historic Third Ward, and redevelopment of the former Tower Automotive facilities on the northside of Milwaukee.

Keenan Renovation for Health Department's Tuberculosis Clinic: In 2003, the Health Department moved its Tuberculosis Clinic to the Keenan Health Center from the Southside Health Center in an effort to make services more accessible to clients. The basement of the Keenan facility will be extensively renovated to accommodate this needed clinical and office space. In 2004, \$300,000 will be provided for this project. This project is needed because existing clinical space was determined to be insufficient after

the Sexually Transmitted Disease Clinic moved in to Keenan Health Center.

Fire Repair Shop Design and Construction: In 2004, \$1.8 million is provided for this project. The total cost is expected to be \$10.7 million. The Fire Department's Repair Shop was constructed in 1928, and reflects the needs of the department during the 1920's and 1930's. Since then, the types of vehicles being repaired have changed dramatically (in both

size and technology) and the existing facility is inadequate to meet the maintenance needs of the department. A study funded in the 2002 capital budget determined that the fire equipment and general city equipment repair and maintenance functions were too diverse to consolidate into one facility. The new facility will greatly improve the working environment and productivity of the fire equipment repair force.

**SUMMARY OF DEPARTMENTAL APPROPRIATIONS
OVERVIEW OF 2004 CAPITAL BUDGET
GENERAL CITY PURPOSES**

	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Special Projects	\$11,325,000	\$10,325,000	\$-1,000,000
Administration	811,500	630,000	-181,500
City Attorney	0	0	0
City Development	16,850,000	23,950,000	7,100,000
Fire Department	5,105,000	5,840,000	735,000
Health Department	1,129,700	1,240,000	110,300
Library	990,000	2,000,000	1,010,000
Municipal Court	0	250,000	250,000
Neighborhood Services	260,000	0	-260,000
Police Department	4,571,793	6,510,000	1,938,207
Port of Milwaukee	400,000	650,000	250,000
Public Works	<u>65,685,390</u>	<u>58,254,250</u>	<u>-7,431,140</u>
SUBTOTAL CITY FUNDED	\$107,128,383	\$109,649,250	\$2,520,867
GRANT AND AID FUNDING			
Port of Milwaukee	\$1,600,000	\$1,150,000	\$-450,000
Police Department	3,000,000	0	-3,000,000
Public Works	<u>36,094,950</u>	<u>48,202,981</u>	<u>12,108,031</u>
SUBTOTAL GRANT AND AID	\$40,694,950	\$49,352,981	\$8,658,031
ENTERPRISE FUNDS			
Parking	\$1,661,000	\$1,305,900	\$-355,100
Water	14,900,000	22,620,000	7,720,000
Sewer Maintenance	<u>19,700,000</u>	<u>21,500,000</u>	<u>1,800,000</u>
SUBTOTAL ENTERPRISE	\$36,261,000	\$45,425,900	\$9,164,900
TOTAL CAPITAL PLAN	\$184,084,333	\$204,428,131	\$20,343,798

C. CAPITAL IMPROVEMENTS FUNDS

2004 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)	(\$3,300,000)	(\$0)	(\$0)	(\$0)	(\$3,300,000)	(\$0)	(\$3,300,000)
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)	(4,580,487)	(0)	(0)	(0)	(4,580,487)	(0)	(4,580,487)
Municipal Art Fund								
Budget	25,000	0	0	0	0	25,000	0	25,000
TOTAL SPECIAL PROJECTS								
Budget	\$25,000	\$300,000	\$0	\$0	\$10,000,000	\$10,325,000	\$0	\$10,325,000
Carryover	(\$0)	(\$8,880,487)	(\$0)	(\$0)	(\$0)	(\$8,880,487)	(\$0)	(\$8,880,487)
DEPARTMENT OF ADMINISTRATION								
Remodel ITMD 809 Building Fourth Floor								
Carryover	(0)	(561,500)	(0)	(0)	(0)	(561,500)	(0)	(561,500)
Record Retention Movable Shelving								
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
Financial Mgmt Information System Upgrade								
Budget	\$0	\$630,000	\$0	\$0	\$0	\$630,000	\$0	\$630,000
TOTAL DEPARTMENT OF ADMINISTRATION								
Budget	\$0	\$630,000	\$0	\$0	\$0	\$630,000	\$0	\$630,000
Carryover	(\$0)	(\$761,500)	(\$0)	(\$0)	(\$0)	(\$761,500)	(\$0)	(\$761,500)
CITY ATTORNEY'S OFFICE								
Five Additional Attorney Offices								
Carryover	(\$0)	(\$252,000)	(\$0)	(\$0)	(\$0)	(\$252,000)	(\$0)	(\$252,000)
TOTAL CITY ATTORNEY'S OFFICE								
Carryover	(\$0)	(\$252,000)	(\$0)	(\$0)	(\$0)	(\$252,000)	(\$0)	(\$252,000)
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)	(885,000)	(0)	(0)	(0)	(885,000)	(0)	(885,000)
Tax Increment Financed Urban Renewal Projects (Including Grant Funded Projects)								
Budget	0	0	19,000,000	0	1,600,000	20,600,000	0	20,600,000
Carryover	(0)	(0)	(27,916,180)	(0)	(0)	(27,916,180)	(0)	(27,916,180)
Development Fund								
Budget	0	2,200,000	0	0	0	2,200,000	0	2,200,000
Carryover	(0)	(5,206,988)	(0)	(0)	(0)	(5,206,988)	(0)	(5,206,988)
Business Improvement Districts								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(500,000)	(0)	(0)	(0)	(500,000)	(0)	(500,000)
TOTAL DEPARTMENT OF CITY DEVELOPMENT								
Budget	\$150,000	\$3,200,000	\$19,000,000	\$0	\$1,600,000	\$23,950,000	\$0	\$23,950,000
Carryover	(\$0)	(\$6,591,988)	(\$27,916,180)	(\$0)	(\$0)	(\$34,508,168)	(\$0)	(\$34,508,168)
FIRE DEPARTMENT								
Ventilation System and Window Replacement								
Budget	\$200,000	\$0	\$0	\$0	\$0	\$200,000	\$0	\$200,000
Computer Aided Dispatch								
Carryover	(0)	(2,059,900)	(0)	(0)	(0)	(2,059,900)	(0)	(2,059,900)
Engine Company #3 Alterations								
Carryover	(0)	(470,000)	(0)	(0)	(0)	(470,000)	(0)	(470,000)
Repair Fire Training Tower and Splashboard								
Budget	75,000	0	0	0	0	75,000	0	75,000
Fire Repair Shop Design and Construction								
Budget	0	1,800,000	0	0	0	1,800,000	0	1,800,000
Major Capital Equipment								
Budget	370,000	3,395,000	0	0	0	3,765,000	0	3,765,000
Carryover	(0)	(710,000)	(0)	(0)	(0)	(710,000)	(0)	(710,000)
TOTAL FIRE DEPARTMENT								
Budget	\$645,000	\$5,195,000	\$0	\$0	\$0	\$5,840,000	\$0	\$5,840,000
Carryover	(\$0)	(\$3,239,900)	(\$0)	(\$0)	(\$0)	(\$3,239,900)	(\$0)	(\$3,239,900)

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
HEALTH DEPARTMENT								
Keenan Renovation for Tuberculosis Clinic								
Budget	\$0	\$300,000	\$0	\$0	\$0	\$300,000	\$0	\$300,000
Mechanical Systems Maintenance Program								
Budget	0	375,000	0	0	0	375,000	0	375,000
Carryover	(0)	(267,000)	(0)	(0)	(0)	(267,000)	(0)	(267,000)
Exterior Building Maintenance Program								
Budget	0	315,000	0	0	0	315,000	0	315,000
Carryover	(0)	(300,700)	(0)	(0)	(0)	(300,700)	(0)	(300,700)
Interior Building Maintenance Program								
Budget	0	250,000	0	0	0	250,000	0	250,000
Carryover	(0)	(262,000)	(0)	(0)	(0)	(262,000)	(0)	(262,000)
Client Tracking System Replacement								
Carryover	(0)	(300,000)	(0)	(0)	(0)	(300,000)	(0)	(300,000)
TOTAL HEALTH DEPARTMENT								
Budget	\$0	\$1,240,000	\$0	\$0	\$0	\$1,240,000	\$0	\$1,240,000
Carryover	(\$0)	(\$1,129,700)	(\$0)	(\$0)	(\$0)	(\$1,129,700)	(\$0)	(\$1,129,700)
LIBRARY								
CENTRAL LIBRARY								
Central Library Improvements Program								
Budget	\$0	\$825,000	\$0	\$0	\$0	\$825,000	\$0	\$825,000
Carryover	(0)	(260,000)	(0)	(0)	(0)	(260,000)	(0)	(260,000)
NEIGHBORHOOD LIBRARIES								
Neighborhood Library Improvement Fund								
Budget	0	1,175,000	0	0	0	1,175,000	0	1,175,000
Carryover	(0)	(450,000)	(0)	(0)	(0)	(450,000)	(0)	(450,000)
TOTAL LIBRARY								
Budget	\$0	\$2,000,000	\$0	\$0	\$0	\$2,000,000	\$0	\$2,000,000
Carryover	(\$0)	(\$710,000)	(\$0)	(\$0)	(\$0)	(\$710,000)	(\$0)	(\$710,000)
MUNICIPAL COURT								
Court Case Management System								
Budget	\$0	\$250,000	\$0	\$0	\$0	\$250,000	\$0	\$250,000
TOTAL MUNICIPAL COURT								
Budget	\$0	\$250,000	\$0	\$0	\$0	\$250,000	\$0	\$250,000
NEIGHBORHOOD SERVICES								
Remodel Municipal Building and Anderson Building								
Carryover	(\$0)	(\$260,000)	(\$0)	(\$0)	(\$0)	(\$260,000)	(\$0)	(\$260,000)
TOTAL NEIGHBORHOOD SERVICES								
Carryover	(\$0)	(\$260,000)	(\$0)	(\$0)	(\$0)	(\$260,000)	(\$0)	(\$260,000)
POLICE DEPARTMENT								
Remodel Administration Building Offices								
Carryover	(\$0)	(\$3,048,137)	(\$0)	(\$0)	(\$0)	(\$3,048,137)	(\$0)	(\$3,048,137)
Trunked Radio Communications Citywide								
Budget	0	5,000,000	0	0	0	5,000,000	0	5,000,000
Carryover	(0)	(900,000)	(0)	(0)	(0)	(900,000)	(0)	(900,000)
Interim Radio Replacements Trunked Radio								
Carryover	(0)	(244,000)	(0)	(0)	(0)	(244,000)	(0)	(244,000)
District Station #2 Renovation								
Carryover	(0)	(2,000,000)	(0)	(0)	(0)	(2,000,000)	(0)	(2,000,000)
District Station #4 Repairs								
Carryover	(0)	(250,000)	(0)	(0)	(0)	(250,000)	(0)	(250,000)
District Station #5 Generator								
Budget	35,000	0	0	0	0	35,000	0	35,000
District Station #6 Repairs								
Budget	100,000	0	0	0	0	100,000	0	100,000
Evidence Storage Warehouse								
Budget	0	425,000	0	0	0	425,000	0	425,000
Training Academy Firing Range								
Budget	0	950,000	0	0	0	950,000	0	950,000
TOTAL POLICE DEPARTMENT								
Budget	\$135,000	\$6,375,000	\$0	\$0	\$0	\$6,510,000	\$0	\$6,510,000
Carryover	(\$0)	(\$6,442,137)	(\$0)	(\$0)	(\$0)	(\$6,442,137)	(\$0)	(\$6,442,137)
PORT OF MILWAUKEE								
Dockwall Rehabilitation								
Budget	\$100,000	\$0	\$0	\$0	\$0	\$100,000	\$0	\$100,000
Pier, Berth, and Channel Improvements								
Budget	200,000	0	0	0	0	200,000	800,000	1,000,000
Carryover	(0)	(1,175,000)	(0)	(0)	(0)	(1,175,000)	(0)	(1,175,000)

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
Rail Track and Service Upgrades								
Budget	100,000	0	0	0	0	100,000	100,000	200,000
Port Security								
Budget	0	250,000	0	0	0	250,000	250,000	500,000
TOTAL PORT								
Budget	\$400,000	\$250,000	\$0	\$0	\$0	\$650,000	\$1,150,000	\$1,800,000
Carryover	(\$0)	(\$1,175,000)	(\$0)	(\$0)	(\$0)	(\$1,175,000)	(\$0)	(\$1,175,000)
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	626,000	0	0	0	0	626,000	0	626,000
TOTAL DPW ADMINISTRATION								
Budget	\$626,000	\$0	\$0	\$0	\$0	\$626,000	\$0	\$626,000
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	\$440,000	\$0	\$0	\$0	\$440,000	\$0	\$440,000
Carryover	(\$0)	(\$1,426,400)	(\$0)	(\$0)	(\$0)	(\$1,426,400)	(\$0)	(\$1,426,400)
Recreational Facilities Citywide								
Budget	0	400,000	0	0	0	400,000	0	400,000
Carryover	(0)	(155,000)	(0)	(0)	(0)	(155,000)	(0)	(155,000)
ADA Compliance Program								
Budget	0	400,000	0	0	0	400,000	0	400,000
Carryover	(0)	(913,200)	(0)	(0)	(0)	(913,200)	(0)	(913,200)
Facility Systems Program								
Budget	0	2,500,000	0	0	0	2,500,000	0	2,500,000
Carryover	(0)	(5,584,750)	(0)	(0)	(0)	(5,584,750)	(0)	(5,584,750)
Facilities Exterior Upgrades Program								
Budget	0	431,000	0	0	0	431,000	0	431,000
Carryover	(0)	(2,042,500)	(0)	(0)	(0)	(2,042,500)	(0)	(2,042,500)
Environmental Remediation Program								
Budget	0	685,000	0	0	0	685,000	0	685,000
Carryover	(0)	(775,400)	(0)	(0)	(0)	(775,400)	(0)	(775,400)
City Hall Restoration Program								
Budget	0	11,200,000	0	0	0	11,200,000	0	11,200,000
Carryover	(0)	(15,183,037)	(0)	(0)	(0)	(15,183,037)	(0)	(15,183,037)
Muni Garages/Outlying Facilities Remodeling								
Budget	0	1,500,000	0	0	0	1,500,000	0	1,500,000
Carryover	(0)	(871,220)	(0)	(0)	(0)	(871,220)	(0)	(871,220)
Major Capital Equipment								
Budget	0	6,146,000	0	0	0	6,146,000	0	6,146,000
Carryover	(0)	(1,101,000)	(0)	(0)	(0)	(1,101,000)	(0)	(1,101,000)
Menomonee Valley Facilities Relocation								
Budget	0	2,500,000	0	0	0	2,500,000	0	2,500,000
TOTAL BUILDINGS AND FLEET SECTION								
Budget	\$0	\$26,202,000	\$0	\$0	\$0	\$26,202,000	\$0	\$26,202,000
Carryover	(\$0)	(\$28,052,507)	(\$0)	(\$0)	(\$0)	(\$28,052,507)	(\$0)	(\$28,052,507)
FORESTRY SECTION								
Concealed Irrigation and General Landscaping								
Budget	\$196,500	\$0	\$0	\$0	\$0	\$196,500	\$0	\$196,500
Carryover	(0)	(381,000)	(0)	(0)	(0)	(381,000)	(0)	(381,000)
Planting Program								
Budget	600,000	0	0	0	0	600,000	0	600,000
Carryover	(0)	(348,485)	(0)	(0)	(0)	(348,485)	(0)	(348,485)
Greenhouses (Intergovernmental Agreement with Milwaukee County)								
Carryover	(0)	(150,000)	(0)	(0)	(0)	(150,000)	(0)	(150,000)
TOTAL FORESTRY SECTION								
Budget	\$796,500	\$0	\$0	\$0	\$0	\$796,500	\$0	\$796,500
Carryover	(\$0)	(\$879,485)	(\$0)	(\$0)	(\$0)	(\$879,485)	(\$0)	(\$879,485)
SANITATION SECTION								
Sanitation Hdq Modifications (Various Sites)								
Carryover	(\$0)	(\$1,629,000)	(\$0)	(\$0)	(\$0)	(\$1,629,000)	(\$0)	(\$1,629,000)
TOTAL SANITATION SECTION								
Carryover	(\$0)	(\$1,629,000)	(\$0)	(\$0)	(\$0)	(\$1,629,000)	(\$0)	(\$1,629,000)

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
TOTAL DPW OPERATIONS DIVISION								
Budget	\$796,500	\$26,202,000	\$0	\$0	\$0	\$26,998,500	\$0	\$26,998,500
Carryover	(\$0)	(\$30,560,992)	(\$0)	(\$0)	(\$0)	(\$30,560,992)	(\$0)	(\$30,560,992)
DPW INFRASTRUCTURE SERVICES SECTION								
SEWER CONSTRUCTION								
Expansion of Capacity Sewer Program								
Budget	\$0	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$0	\$4,000,000
Carryover	(0)	(3,169,000)	(0)	(0)	(0)	(3,169,000)	(0)	(3,169,000)
Sewers Out of Program Developer Financed								
Budget	0	0	0	0	500,000	500,000	0	500,000
TOTAL SEWER CONSTRUCTION								
Budget	\$0	\$4,000,000	\$0	\$0	\$500,000	\$4,500,000	\$0	\$4,500,000
Carryover	(\$0)	(\$3,169,000)	(\$0)	(\$0)	(\$0)	(\$3,169,000)	(\$0)	(\$3,169,000)
BRIDGE CONSTRUCTION								
Major Bridge Program								
Budget	\$0	\$5,650,809	\$0	\$0	\$0	\$5,650,809	\$9,117,236	\$14,768,045
Carryover	(0)	(4,767,000)	(0)	(0)	(0)	(4,767,000)	(0)	(4,767,000)
TOTAL BRIDGE CONSTRUCTION								
Budget	\$0	\$5,650,809	\$0	\$0	\$0	\$5,650,809	\$9,117,236	\$14,768,045
Carryover	(\$0)	(\$4,767,000)	(\$0)	(\$0)	(\$0)	(\$4,767,000)	(\$0)	(\$4,767,000)
PAVING PROGRAM								
Street Reconstruction City Contribution to State and Federally Aided Projects								
Budget	\$0	\$5,537,049	\$0	\$2,127,290	\$0	\$7,664,339	\$38,185,745	\$45,850,084
Carryover	(0)	(14,792,916)	(0)	(4,351,076)	(0)	(19,143,992)	(0)	(19,143,992)
Street Reconstruction or Resurfacing Regular City Program								
Budget	2,565,000	0	0	1,435,000	0	4,000,000	0	4,000,000
Carryover	(0)	(2,000,000)	(0)	(5,655,000)	(0)	(7,655,000)	(0)	(7,655,000)
Alley Reconstruction Program								
Budget	523,000	0	0	477,000	0	1,000,000	0	1,000,000
Carryover	(0)	(224,000)	(0)	(3,295,000)	(0)	(3,519,000)	(0)	(3,519,000)
New Street Construction Program								
Budget	0	0	0	0	400,000	400,000	0	400,000
Carryover	(0)	(1,691,000)	(0)	(247,000)	(0)	(1,938,000)	(0)	(1,938,000)
TOTAL CONSTRUCTION PROGRAMS								
Budget	\$3,088,000	\$5,537,049	\$0	\$4,039,290	\$400,000	\$13,064,339	\$38,185,745	\$51,250,084
Carryover	(\$0)	(\$18,707,916)	(\$0)	(\$13,548,076)	(\$0)	(\$32,255,992)	(\$0)	(\$32,255,992)
STREET IMPROVEMENTS								
Street Improvements Sidewalk, Driveway, and Gutter Replacement								
Budget	\$710,000	\$0	\$0	\$1,140,000	\$0	\$1,850,000	\$0	\$1,850,000
Carryover	(0)	(150,000)	(0)	(3,549,500)	(0)	(3,699,500)	(0)	(3,699,500)
Street Improvements Street Lighting								
Budget	3,200,010	443,592	0	0	0	3,643,602	0	3,643,602
Carryover	(0)	(3,689,790)	(0)	(2,069,000)	(0)	(5,758,790)	(0)	(5,758,790)
Emergency Response Mgmt Opticom Program								
Carryover	(0)	(147,000)	(0)	(0)	(0)	(147,000)	(0)	(147,000)
Street Improvements Traffic Control Facilities								
Budget	835,000	0	0	0	0	835,000	0	835,000
Traffic Signal Installation South 30th and West Oklahoma								
Budget	85,000	0	0	0	0	85,000	0	85,000
Traser Yard Parking and Storage Facility								
Carryover	(0)	(313,500)	(0)	(0)	(0)	(313,500)	(0)	(313,500)
North Avenue Paving Project								
Carryover	(0)	(0)	(0)	(29,750)	(0)	(29,750)	(0)	(29,750)
Underground Electrical Manhole Reconstruction								
Budget	0	221,000	0	0	0	221,000	0	221,000
Carryover	(0)	(21,000)	(0)	(0)	(0)	(21,000)	(0)	(21,000)
Street Improvements Underground Conduit and Manholes								
Budget	780,000	0	0	0	0	780,000	900,000	1,680,000
TOTAL DPW-INFRASTRUCTURE SERVICES								
Budget	\$8,698,010	\$15,852,450	\$0	\$5,179,290	\$900,000	\$30,629,750	\$48,202,981	\$78,832,731
Carryover	(\$0)	(\$30,965,206)	(\$0)	(\$19,196,326)	(\$0)	(\$50,161,532)	(\$0)	(\$50,161,532)
TOTAL DEPARTMENT OF PUBLIC WORKS								
Budget	\$10,120,510	\$42,054,450	\$0	\$5,179,290	\$900,000	\$58,254,250	\$48,202,981	\$106,457,231
Carryover	(\$0)	(\$63,024,710)	(\$0)	(\$19,196,326)	(\$0)	(\$82,221,036)	(\$0)	(\$82,221,036)
TOTAL PROJECTS								
Budget	\$11,475,510	\$61,494,450	\$19,000,000	\$5,179,290	\$12,500,000	\$109,649,250	\$49,352,981	\$159,012,231
Carryover	(\$0)	(\$92,467,422)	(\$27,916,180)	(\$19,196,326)	(\$0)	(\$139,579,928)	(\$0)	(\$139,579,928)

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.
- STRATEGIC ISSUES:** Maintain the city's bond rating by ensuring that the city's outstanding debt level is manageable and affordable.
- Continue to monitor the city's debt levels, as well as the overlapping debt burden imposed on city residents by other local governments.
- INITIATIVES FOR 2004:** 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.
- Issue \$200 million in Pension Refunding Bonds to fund Milwaukee Public School's unfunded pension liability with the Wisconsin Retirement System.
- 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 national economic downturn and reductions in state shared revenue to municipalities during State of Wisconsin budget deliberations. As these ratings confirm, the city's capacity to meet its financial obligations is very strong.

These agency ratings reflect a combination of Milwaukee's moderate overall debt burden, rapid debt repayment, and manageable capital needs. Strong growth in property value and a diverse tax base have also been cited as strengths. The city's "Infrastructure Cash Conversion Policy" has been recognized for

Table 1

City Debt Indicators Relationship to Standard & Poor's Debt Benchmarks		
Debt Indicators		S & P Rating
Economic		
Income as % of 2000 National Avg.	79.0%	Low
Market Value per Capita	\$32,102	Moderate
Taxpayer Concentration (ten top taxpayers)	5.30%	Diverse
Financial		
Total General Fund Balances	14.00%	Adequate
Unreserved Fund Balance (three year average)	4.00%	Adequate
Property Tax Burden	5.70%	Moderately High
Debt		
Direct Debt per Capita	\$1,843	Moderate
Direct Debt Percent of Market Value	5.7%	Moderate
Debt Maturing Within Ten Years	83.6%	Standard is 50%

keeping overall debt burden affordable. Overall, these strengths offset the perceived weaknesses of moderate economic growth and lagging income

levels when compared to state and national averages. Table 1 details the city's performance on several commonly used debt indicators.

OVERVIEW

City debt is categorized as self-supporting debt and property tax levy supported debt. Included in the tax levy supported debt category is borrowing for school purposes, general city capital improvement borrowing, and all other purposes not included in the self-supporting debt category. Self-supporting debt includes debt related to Parking, Tax Incremental Districts, delinquent taxes, special assessments, land bank, and Water Works. Each debt category is financed with earnings from the opera-

tion of the particular program for which debt was incurred.

The 2004 city debt expenditure needs total \$118.7 million, a decrease of \$76,118 from 2003. 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.

CITY DEBT EXPENDITURES AND SOURCES OF FUNDS

General City (Excluding Schools and Revenue Anticipation Notes): Debt service costs associated with city borrowing, namely for capital improvement projects, are estimated to total \$41.6 million in 2004, a decrease of \$5.6 million. The decrease is primarily due to the use of \$1 million in refunding savings and the use of \$5.5 million in sales premiums from August, 2003.

The property tax levy for debt service in 2004 totals \$54 million, a decrease of approximately \$760,000 from 2003. If not for a change in the way the Public Debt Amortization Fund withdrawal is used in the 2004 budget compared to 2003, there would be a \$3.2 million increase in the levy. This year, it is reflected as a reduction in the city debt tax levy, whereas it has been reflected as a reduction in the capital budget tax levy in prior years. Other important sources of revenue for the debt service fund are self-supporting debt revenues and other general debt budget revenues such as debt service sinking funds.

One of these sources, "excess budgeted interest" contains funds budgeted in previous years to make interest payments on outstanding city debt that were not expended. Sometimes, 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 fund has been subject to variability over the years. The estimate to be applied to reduce debt service costs in 2004 is \$2.9 million, a decrease of \$500,000 from 2003. Other sinking fund sources for general city debt repayment total about \$14.1 million in 2004.

Milwaukee Public Schools (MPS): The city is required under state law to issue debt for Milwaukee Public Schools and make principal and interest payments on this debt. Debt service costs associated with school borrowing will be \$10.3 million in 2004, a decrease of \$2 million from 2003 (see Figure 1).

Since 1989, the city has provided MPS with a total of \$164.3 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.

Table 2

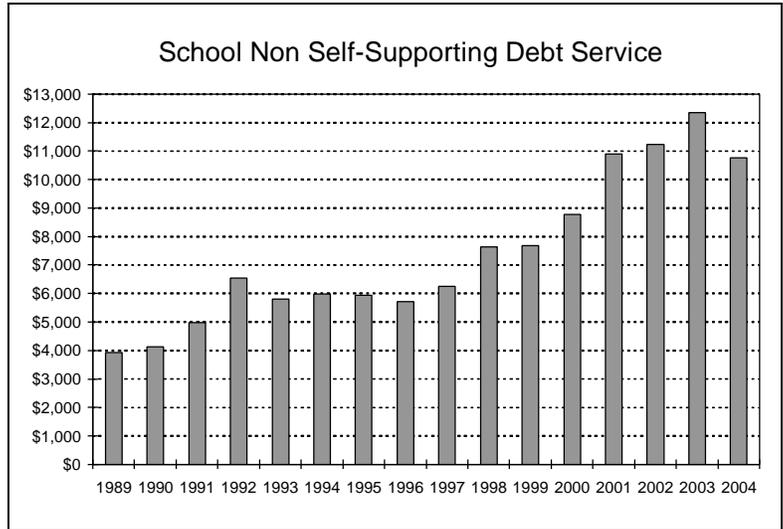
CITY DEBT EXPENDITURES			
PURPOSE	2003 ADOPTED	2004 ADOPTED	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
SELF-SUPPORTING DEBT			
Parking	\$4,036,857	\$4,058,736	\$21,879
Tax Increment Districts	10,822,048	11,938,412	1,116,364
Delinquent Tax Financing	13,205,086	13,947,302	742,216
Special Assessments	3,594,743	3,834,219	239,476
Land Bank	90,885	88,593	-2,292
Water Works	7,272,938	6,866,957	-405,981
Sewer Maintenance Fund	11,040,936	11,934,100	893,164
Brewer MEDC Loan	1,931,800	1,870,991	-60,809
Port - South Harbor	0	203,617	203,617
MPS - Energy Retrofit	555,263	540,103	-15,160
MPS - Loans From the State	3,497,385	4,695,695	1,198,310
MPS - Pension Refunding Bonds	0	5,100,000	5,100,000
Pension System	641,328	614,658	-26,670
SUBTOTAL	\$56,689,269	\$65,693,383	\$9,004,114
TAX LEVY DEBT			
Schools	\$12,339,814	\$10,331,893	\$-2,007,921
General City	47,152,804	41,576,712	-5,576,092
RANs-City and MPS	5,917,500	4,960,000	-957,500
SUBTOTAL	\$65,410,118	\$56,868,605	\$-8,541,513
TOTAL DEBT NEEDS			
	\$122,099,387	\$122,561,988	\$462,601
Deduction for S.A. Gain	0	0	0
Deduction for Segregated S.A.	-3,295,500	-3,834,219	-538,719
TOTAL	\$118,803,887	\$118,727,769	\$-76,118

Table 3

CITY DEBT SOURCE OF FUNDS			
PURPOSE	2003 ADOPTED	2004 ADOPTED	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
SELF-SUPPORTING DEBT			
Parking	\$4,036,857	\$4,058,736	\$21,879
Tax Increment Districts	15,653,716	13,944,841	-1,708,875
Delinquent Tax Financing	12,976,832	13,613,402	636,570
Special Assessments	0	0	0
Land Bank	0	0	0
Water Works	7,272,938	6,866,957	-405,981
Sewer Maintenance Fund	0	0	0
Brewer MEDC Loan	1,063,339	1,063,339	0
Port - South Harbor	0	203,617	203,617
MPS - Energy Retrofit	555,263	540,103	-15,160
MPS - Loans from the State	3,497,385	4,657,127	1,159,742
MPS - Pension Refunding Bonds	0	5,100,000	5,100,000
Pension System	641,328	0	-641,328
SUBTOTAL	\$45,697,658	\$50,048,122	\$4,350,464
GENERAL OBLIGATION DEBT FINANCING			
Other Revenues	\$18,343,996	\$10,684,737	\$-7,659,259
Public Debt Amortization Fund Withdrawal	0	4,000,000	4,000,000
Tax Levy	54,762,233	53,994,910	-767,323
SUBTOTAL	\$73,106,229	\$68,679,647	\$-4,426,582
TOTAL DEBT NEEDS	\$118,803,887	\$118,727,769	\$-76,118

MPS Pension Refunding Bond Issue: The 2004 city debt budget includes a new appropriation of \$5.1 million for expenses related to MPS's \$170 million unfunded pension liability in its main Wisconsin Retirement System (WRS) Pension Fund. In the early 1980's, the state merged three pension systems together, raising participant benefits and creating an \$80 million unfunded liability to be financed by all participating jurisdictions. At the time, WRS estimated an additional 2% payroll contribution would be sufficient to fund the liability over a 40 year period. This estimate turned out to be too liberal, and the MPS portion of the liability has increased to its current level of \$170 million, assessed at an 8% interest rate until it is repaid.

Figure 1



With low interest rates in the 2003 bond market, it was determined that it would be beneficial to MPS taxpayers to borrow the funds at a lower interest rate and prepay the liability. The \$200 million bond issue will be financed over 20 years and will provide for pre-payment of the liability, a reserve fund if needed, and issuance costs. MPS will fully reimburse the city for any costs related to this issue and will make annual debt service payments on the debt.

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 close-out prior to the end of their statutory life.

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 2004 debt budget, debt service associated with Tax Incremental Districts is estimated to total \$11.9 million.

Delinquent Taxes: The 2004 debt budget includes \$13.9 million to finance debt service costs associated with delinquent tax borrowing or approximately \$742,000 more than in 2003. The increase is a small fluctuation in the annual program. Sources of funding for delinquent taxes are expected to be \$13.6 million in 2004, an increase of approximately \$637,000 from 2003. These revenues represent collections of delinquent taxes and a portion of related interest and penalties assessed.

TID revenues are projected to total \$13.9 million in 2004, \$2 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 struc-

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 2004 debt budget, the Parking Fund provides nearly \$4.1 million to finance debt service costs associated with parking capital projects.

Special Assessments: Certain infrastructure improvements, such as repaving a street or alley, include a charge to the abutting property owners for a portion of the project's cost. The property owner may either pay 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 2004 debt budget includes over \$3.8 million to finance debt service costs associated with special assessment borrowing.

Water Works: The 2004 debt budget includes \$6.9 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 \$11.9 million in debt service for 2004 relates to Sewer Maintenance capital projects. These payments represent the outstanding Relief and Relay Sewer capital program, now funded within the Sewer Maintenance Fund. The last general city funded debt issuance for this purpose took place in 2000, therefore, this debt service obligation will be fully retired in 2020.

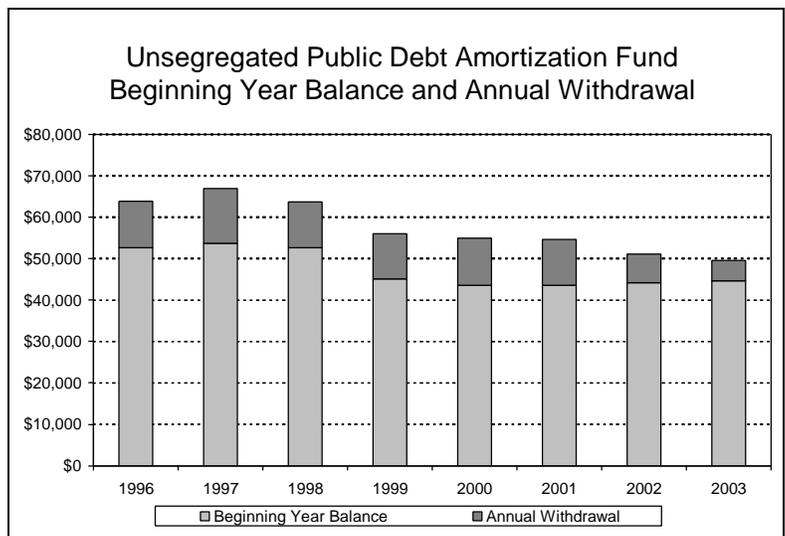
Miller Park Project: The 2004 city debt budget includes approximately \$1.1 million in revenue to partially offset the \$1.9 million debt service incurred by the city as a result of the Miller Park Stadium project. This amount reflects an agreement that the city would transfer the payment stream from 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 by law. 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 2003, fund assets will be used to prepay a portion of the principal and interest on city debt due in 2003, which will result in a reduction in the debt levy portion of the 2004 city debt budget. For purposes of 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.

Figure 2



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 2004 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 \$44.6 million fund balance will remain stable in 2004.

OUTSTANDING DEBT AND DEBT SERVICE POLICY

As detailed in Table 4, the outstanding debt service requirements for the city totaled \$855.3 million at the end of 2002. Approximately 53% or \$453 million of total outstanding debt service requirements is related to general city capital purposes. About \$224 million is for the street, sewer, and bridge systems, the largest component of debt. An additional \$177 million is for public facilities, \$33 million is for economic development related activities and \$19 million is for other miscellaneous projects.

The remaining obligation is split between MPS related debt service (\$139.4 million) and self-supporting debt service (\$263.1 million). A significant portion of city debt is self-supporting even though it is issued as general obligation debt. The concept of self-supporting debt is that the use of borrowing proceeds will generate a stream of revenue that will offset related principal and interest payments. Since general obligation debt generally carries lower interest rates than revenue anticipation notes, it is less expensive to issue.

The six major categories of self-supporting debt are: Tax Incremental Districts, special assessments, delinquent taxes, Parking, Water, and land bank. Outstanding debt service requirements for these purposes as of December 31, 2002, was \$263.1 million or approximately 30.8% of total debt service requirements. The largest component of self-supporting

debt is Tax Incremental Districts, which total \$128.7 million. The remaining components are Water \$54.9 million; Parking \$27.6 million; special assessments \$27.6 million; delinquent taxes \$23.9 million; and land bank \$381,000.

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 obli-

Table 4

Outstanding Debt Service Requirements by Purpose City of Milwaukee General Obligation Bonds and Notes As of December 31, 2002 (In Thousands)				
Purpose	Principal	Interest	Total	% of Total
Self-Supporting Debt				
Tax Incremental Districts	\$92,727	\$35,996	\$128,723	15.05%
Parking	22,589	4,999	27,588	3.23%
Water	42,489	12,422	54,911	6.42%
Delinquent Taxes	22,645	1,267	23,912	2.80%
Special Assessments	21,291	6,262	27,553	3.22%
Land Bank	324	57	381	0.04%
SUBTOTAL	\$202,065	\$61,003	\$263,068	30.76%
Tax Levy Debt				
Economic Development	\$25,726	\$7,236	\$32,962	3.85%
Public Facilities	135,137	41,572	176,709	20.66%
Streets, Sewers, Bridges	172,015	51,819	223,834	26.17%
Other	17,154	2,188	19,342	2.26%
School Debt	107,452	31,959	139,411	16.30%
SUBTOTAL	\$457,484	\$134,774	\$592,258	69.24%
Less Prepayment	\$0	\$0	\$0	0.00%
TOTAL REQUIREMENTS	\$659,549	\$195,777	\$855,326	100.00%

Source: 2002 Comprehensive Annual Financial Report Exhibit I-3

gation 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, 2002, the city had used about 65% of its general obligation debt limit, a decline of 5% since 2000.

Debt Structure and Payout: The general policy of the Public Debt Commission for general obligation bonds is to issue a 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, 55% of principal is retired in five years and 83.6% is scheduled to retire in ten years.

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 Dis-

Table 5

Summary of Net Direct and Overlapping Debt As of December 31, 2002 (In Thousands)				
Governmental Unit	Net Debt Outstanding	Percent Applicable to City	City Share of Debt	Percent of Total
Direct Debt				
City of Milwaukee	\$619,083	100.00%	\$619,083	54.14%
Overlapping Debt				
MATC	77,313	37.32%	28,853	2.55%
Milwaukee County	489,152	45.70%	223,542	19.78%
MMSD	551,321	46.87%	258,404	22.87%
TOTAL DEBT	\$1,736,869		\$1,129,883	100.00%

Source: 2002 Comprehensive Annual Financial Report, Table 9

trict (MMSD), and Milwaukee Area Technical College (MATC).

Table 5 shows the total direct and overlapping debt for all jurisdictions as of December 31, 2002. The city share totals \$1.13 billion, of which the city's direct debt totaled \$619.1 million, or 54.14% of total overlapping debt.

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 *2004 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" summary in the *2004 Plan and Budget Summary*.

E. DELINQUENT TAX (APPROPRIATION ACCOUNT)

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.
- STRATEGIC ISSUES:** Provide a funding mechanism to finance uncollectable taxes without affecting the city's tax levy.
- INITIATIVES FOR 2004:** Continue efforts to return tax delinquent properties to the tax rolls and increase future city revenue.
- Continue to pursue *in personam* actions against delinquent taxpayers.
-

BACKGROUND

Over 50 years ago, the city created the Tax Deficit Fund, the predecessor to the Delinquent Tax Fund. Initially, this fund grew as a result of profits on the sale of tax deed properties. This pattern held true until the mid-1970's. However, since the mid-1970's, tax deed properties have generally been sold at a loss.

By 1981, the reserve balance for the Tax Deficit Fund became negative. In 1990, the Comptroller identified a liquidity problem relating to the city's holdings of uncollectable delinquent real estate and personal property taxes. This contributed to the creation of the Delinquent Tax Fund. The Delinquent Tax Appropriation Account provides tax levy resources to the Delinquent Tax Fund.

In the past, when a tax deed parcel was sold or transferred for city use, the net profit or loss on each

transaction was charged to the Delinquent Tax Fund Appropriation Account. Therefore, the Delinquent Tax Fund used 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 performed 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 Appropriation Account 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.

ACTIVITIES

Administration: The Comptroller's Office administers the appropriation to the Delinquent Tax Fund. Changes effective July 1, 2001 were made to the way the Comptroller's Office administers foreclosed tax deed properties. The Delinquent Tax Fund Appropriation Account, in the General Fund, will be used exclusively to absorb losses on the sale of delinquent properties acquired before July, 2001. Delinquent taxes foreclosed as of July 1, 2001 will be accounted

for in the special revenue Delinquent Tax Fund. Delinquent properties on the books as of June 30, 2001 will remain in the General Fund.

The 2004 Delinquent Tax Appropriation Account totals \$1 million. The city will continue to take a pro-active approach to redevelopment by expediting the foreclosure of these properties so they may be sold and revitalized for future use. Funding will be

used to offset any losses incurred through the sale of these properties.

Delinquent Tax Property Maintenance: Maintenance of delinquent tax properties is the responsibility

of the Department of City Development. These duties include acting as a landlord if there is a tenant present, paying utility bills, and yard maintenance. Costs associated with maintenance can potentially be recovered at the time the property is sold.

PROGRAM CHANGES

Sec. 75.106 Wis. Stats.: According to Sec. 75.106 Wis. Stats., the city can assign the right to property tax foreclosure judgement (i.e. the right to become owner) regarding tax delinquent environmental brownfield properties to developers or other interested parties. This new law allows the city to use its foreclosure powers to help third parties remediate and redevelop brownfields.

In Personam Actions: By using *in personam* actions, the city has recovered approximately \$1 million in

delinquent taxes. To move from the test phase to regular use of *in personam* actions, the Common Council authorized an amendment of the Kohn Law Firm Collection Contract. This contract enables Kohn to use *in personam* actions to collect delinquent real estate taxes, in addition to collecting delinquent personal property taxes. To the extent this program is successful, future tax deed foreclosures will be reduced in the special revenue Delinquent Tax Fund.

SUMMARY OF EXPENDITURES

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Delinquent Tax Fund	\$1,000,000	\$1,000,000	\$1,000,000	\$0
TOTAL	\$1,000,000	\$1,000,000	\$1,000,000	\$0

SOURCE OF FUNDS

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Property Tax Levy	\$1,000,000	\$1,000,000	\$1,000,000	\$0
TOTAL	\$1,000,000	\$1,000,000	\$1,000,000	\$0

F. COMMON COUNCIL CONTINGENT FUND

EXECUTIVE SUMMARY

PURPOSE:	To provide budgetary authority and funding to pay for emergencies and other purposes that may arise during the year for which no express provisions have been made elsewhere in the city's budget.
STRATEGIC ISSUES:	Maintain the integrity of the fund as an "emergencies only" source of funds.
INITIATIVES FOR 2004:	Continue to adhere to adopted guidelines and information standards in considering requests for Contingent Fund withdrawals.

BACKGROUND

The Common Council Contingent Fund provides budgetary authority and funding to pay for emergency situations that require expenditures above and beyond budget authorizations. The fund also covers those situations for which no express provisions have been made in the annual budget. Requests for Contingent Funds must meet one of the following criteria:

- Emergency circumstances;
- Obligatory circumstances; and
- Fiscal advantage and/or compliance with fiscal management principles.

Monies in this account may be expended only if approved by three-quarters of the Common Council. Recent expenditures from the fund have been made for snow and ice control, global pension settlement expenses, the city's collection contract, and legal fees for outside counsel and expert witnesses. Funds that are not expended from the Contingent Fund revert to the Tax Stabilization Fund.

On December 18, 1992 the Common Council passed file number 921360 which established guidelines and information standards relative to the Finance and Personnel Committee's review of Contingent Fund requests. These guidelines focus on:

- Timelines and process requirements; and
- Information that must be provided to the Finance and Personnel Committee when a department requests a Contingent Fund appropriation, including:
 1. A statement of the action requested, including the specific departmental account to which the Contingent Fund appropriation is requested to be made;
 2. Purpose of the action, which includes the program service or activity to be supported by the funding as well as the objectives to be accomplished; and
 3. A description of the emergency that prompts the request.

These information standards were established to ensure that the Finance and Personnel Committee is fully aware of all issues affecting Contingent Fund requests.

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.

ACTIVITIES

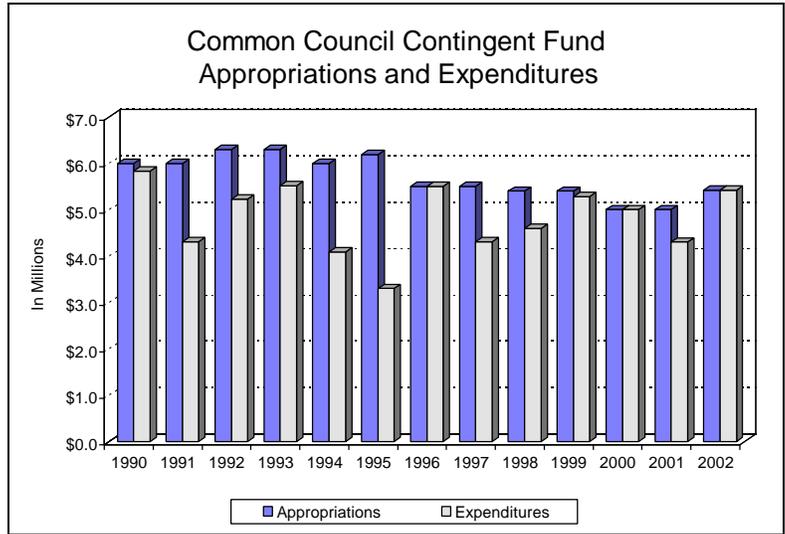
The 2004 budget includes \$5 million for the Common Council Contingent Fund. This is identical to the amount provided in 2003.

As shown in Figure 1, Contingent Fund appropriations ranged between \$5 million and \$6.3 million from 1990 through 2002. During that period, total expenditures ranged from 53% of the appropriation

in 1995 to 100% in 2000 and 2002. Although the Contingent Fund budget has been reduced since 1993 because expenditures were well below appropriations, in recent years expenditures have increased. Average expenditures from the Contingent Fund between 1996 and 2002 were \$4.9 million, compared to average expenses of \$4.5 million between 1994 and 1999.

In 2000, the entire fund was expended, partly as a result of a severe snowstorm in December, the largest snowfall in a single month in Milwaukee since 1918. The snowstorm was so severe that for the first time since the 1970's Wisconsin governments received federal disaster aid for snow removal.

Figure 1



SUMMARY OF EXPENDITURES

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Common Council Contingent Fund	[\$5,420,458]	\$5,000,000	\$5,000,000	\$0
TOTAL	[\$5,420,458]	\$5,000,000	\$5,000,000	\$0

SOURCE OF FUNDS

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Property Tax Levy	\$5,420,458	\$5,000,000	\$5,000,000	\$0
TOTAL	\$5,420,458	\$5,000,000	\$5,000,000	\$0

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.

EXPENSE CATEGORY	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
G. Parking Fund	\$38,482,193	\$42,387,797	\$44,806,125	\$2,418,328
H. Grant and Aid Project Fund	67,954,977	83,572,350	71,908,461	-11,663,889
I. Economic Development Fund	0	4,504,379	4,761,827	257,448
J. Water Works	84,730,227	90,118,579	108,075,206	17,956,627
K. Sewer Maintenance Fund	36,456,422	46,248,059	45,665,233	-582,826
M. Delinquent County Taxes Fund	8,531,457	9,000,000	9,500,000	500,000
TOTAL	\$236,155,276	\$275,831,164	\$284,716,852	\$8,885,688

G. PARKING FUND

EXECUTIVE SUMMARY

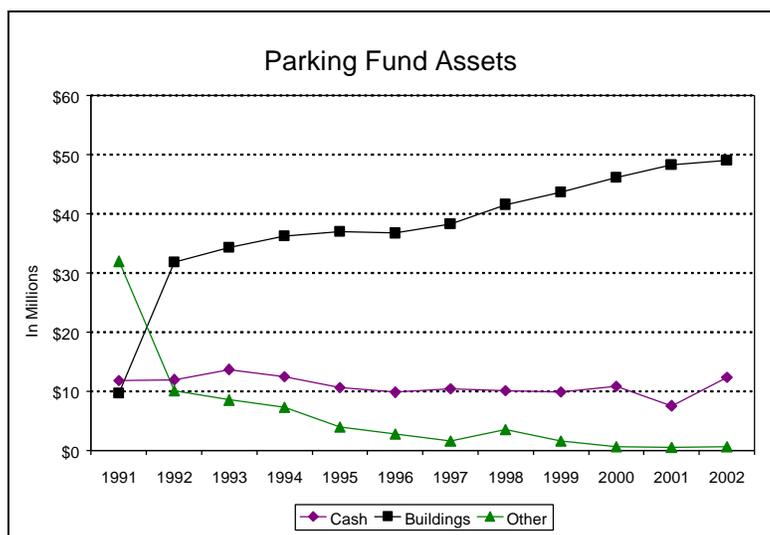
- MISSION:** To provide clean, safe on- and off-street parking in a manner which maintains the financial solvency of the Parking Fund and independence from city tax levy funding.
- STRATEGIC ISSUES:** Integrate parking policies and economic development goals.
Maintain the fiscal health of the Parking Fund.
- INITIATIVES FOR 2004:** Implement strategies for adjudication and collection of outstanding parking citations.
Pursue agreement for the disposition of unclaimed vehicles.
Continue to pursue implementation of kiosks for the payment and disbursement of night parking citations and the payment of parking citations.
Continue to implement a public awareness campaign on city parking regulations, registration of vehicles, and disposal of abandoned vehicles.
Pursue the sale of city owned parking structures.

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, and managing parking enforcement, information desk operations and the citation processing contract.

The purpose of the Parking Fund is to allow the city to finance parking activities through parking revenues rather than burdening taxpayers through the property tax. As of December 31, 2002 the Parking Fund had \$61 million in assets and \$23.9 million in total liabilities, most of which is for outstanding debt. General obligation debt decreased by \$3 million from 2001 to 2002. As shown in Figure 1, the fund's assets are comprised primarily of buildings, whose value continues to increase. In addition, the fund's cash assets had a significant turnaround from

Figure 1



a decrease of \$3.3 million from 2000 to 2001 to an increase of \$4.8 million from 2001 to 2002. This increase reflects higher than anticipated revenues and lower than anticipated expenditures.

DPW OBJECTIVE 15

Maintain the financial solvency of the Parking Fund by generating net revenues from parking activities and making additions to the fund's cash reserves.

OUTCOME HISTORY (see page 162)

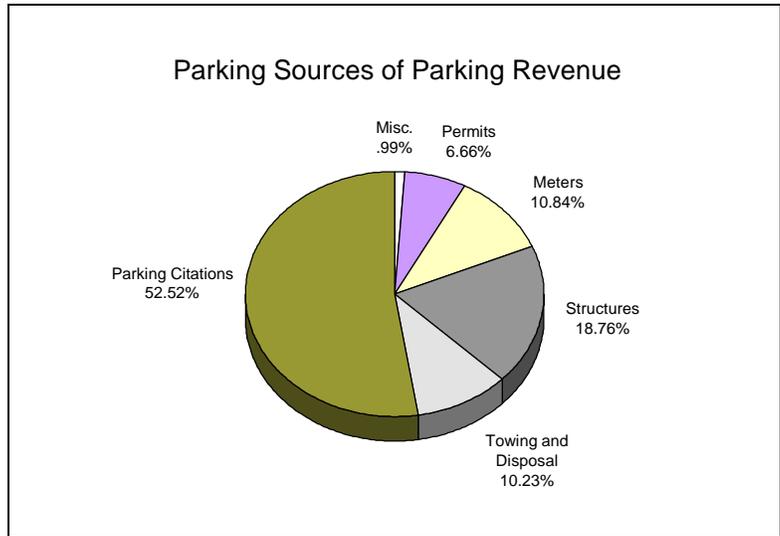
Since the purpose of the Parking Fund is to provide a self-supporting source of revenue for city parking operations, a meaningful measure of the fund's performance is whether it fully funds its expenses and makes additions to its cash reserves. In order to fully fund expenses, including operating and non-operating expenses, the Parking Fund must generate sufficient revenue from its operating activities. In 2004, this objective is allocated at \$40.6 million including \$1.3 million in capital funding.

Figure 2 shows the sources of revenue to fund parking operations exclusive of the withdrawal from reserves. As shown, the sources of revenue for the Parking Fund are diverse and include at least six different sources. The largest source of revenue is generated from parking citations. Parking citations are budgeted to generate \$19 million or 52.52% of the Parking Fund's total revenue in 2004. The second most significant source of revenue is generated from city owned parking structures and lots. Approximately \$6.8 million or 18.76% is projected to be generated in 2004. The 2004 budget projects that 33,000 abandoned or illegally parked vehicles will be towed. Towing and disposal of vehicles is expected to generate \$3.7 million, or 10.23% of total revenues. A reflection of increased parking enforcement is the projected increase in parking meter and night parking permit revenues. These revenues are projected to total \$6.3 million and comprise of 17.5% of total revenues. In addition, \$359,424 or .99% in miscellaneous revenues is projected to be generated.

Monitoring Performance: It is critical for the fund to monitor its performance. The Parking Fund uses the following performance measures for its programs:

- **Towing:** The Parking Fund has established as its goal for 2004 to recover 100% of the cost associated with vehicle towing and to have 50% of the 33,000 towed vehicles returned to their owners.

Figure 2



- **Surface Lots:** The fund expects to recover 100% of the costs associated with operating the surface lots.
- **Parking Meters:** The Parking Fund's 2004 goal for parking meters is to keep 99% of its approximately 6,400 meters operational at all times and to service broken or malfunctioning meters within 24 hours of receiving a service call.
- **Parking Structures:** The 2004 goal for the Parking Fund is to recover 100% of the cost associated with operating the structures.
- **Parking Enforcement:** The 2004 goal is to respond to parking complaints within one hour and to respond to 95% of abandoned vehicle complaints within eight hours.
- **Parking Information Desk:** The 2004 goal is to answer all queued telephone calls within two minutes.

ACTIVITIES

- Operation and maintenance of approximately 6,400 parking meters located throughout the city
- Operation of four and capital management of five city owned parking structures
- Management of approximately 54 metered, leased, and permit parking lots
- Towing illegally parked and abandoned vehicles and operating the city's Tow Lot
- Enforcement of the city's parking ordinances
- Administration of the city's citation processing and collection contract

- Administration of parking information desk and night parking permissions

PROGRAM CHANGES

Tax Refund Intercept Program (TRIP): The city began participating in TRIP in the fall of 2002 for unpaid parking citations for those persons with outstanding balances over \$300. This included 20,148 violators and \$10.4 million in outstanding parking citations. In the summer of 2003, TRIP was expanded to include those with outstanding balances between \$200 to \$300. This includes an additional 16,557 violators who have \$4.1 million in outstanding parking citations. In the fall of 2003, the outstanding balance will be lowered to \$100. This will include 32,968 violators with \$4.8 million in overdue parking citations. Based on the city's TRIP experience to date, 50% of TRIP eligible accounts are actually certified with the State Department of Revenue of which 18% of the amount certified was returned in the first tax quarter. As of June 30, 2003 \$1.1 million has been intercepted for unpaid parking citations.

Strategies for Adjudication and Enhanced Collection Efforts: The Department of Public Works has worked cooperatively with the City Attorney's Office and the Municipal Court to develop and implement strategies to deal with the large number of parking scofflaws. These strategies include the Municipal Court obtaining jurisdiction for adjudication and enhanced collection efforts. These strategies will be implemented in the fall of 2003.

1. **Utilization of Notice of Appearance Form:** The purpose of this form is to address those individuals who schedule an appointment with the Citation Review Manager and miss the appointment. Over 50% of the individuals who schedule an appointment miss the first appointment. If the individual wants to schedule a court appearance to contest a parking citation, he/she must now sign a "Notice of Appearance" form, which will be available at the Violation Bureau locations and at the Tow Lot. The form contains the date on which the individual must appear in Municipal Court and information on all outstanding parking citations. Failure to appear in court may result in a default judgment and include suspension of vehicle registration, lien on assets, or warrant for an arrest.
2. **Utilization of Summons and Complaint Form:** The purpose of this form is to address parking

scofflaws whose vehicles are towed by the city and are retrieved by the owners. When the individual retrieves his/her vehicle at the Tow Lot and there are eligible outstanding parking citations, a summons and complaint will be personally served by the Tow Lot staff. A municipal court date will be assigned to the individual along with a summary of outstanding parking citations. Failure to appear in court may result in a default judgment and include suspension of vehicle registration, lien on assets, or warrant for an arrest.

3. **Issue of Summons and Complaint on Major Scofflaws:** Under this proposal the City Attorney will issue a summons and complaint to major parking scofflaws. Failure to appear in municipal court may result in suspension of vehicle registration, lien on assets, or warrant for an arrest.
4. **Credit Bureau Reporting:** The city's citation processing contractor will report major scofflaws to the Credit Bureau. This information will be included on overdue notices to inform the scofflaw that failure to pay a parking citation will result in a notification to the credit bureau.

Disposition of Unclaimed Vehicles: In 2002, over 19,400 vehicles were left unclaimed at the city's Tow Lot. The city has two options to dispose of these vehicles: recycle the vehicle or sell the vehicle for parts. Over 16,400 were recycled in 2002. The city incurs costs to initially tow the vehicle, store the vehicle, tow the vehicle to the recycler, and process the vehicle. The city receives revenue for the vehicles scrap value. In 2003, the city negotiated a contract with Miller Compressing to receive \$4 more per vehicle for scrap value and save \$9.50 per vehicle for towing and processing charges. The city should save nearly \$2 million over the 10 year contract.

Implementation of Kiosks: In June, 2003 the city's citation processing contractor issued a RFI to vendors for the development of kiosks (ATM-like technology) to sell and disburse night parking permits and to pay parking citations. Three qualified vendors have responded and are currently negotiating with the city's contractor. The intent is to locate these machines in city facilities and high traffic locations such as UWM and Marquette University. These machines will provide a more convenient way to purchase night parking permits and will divert residents from the Police District Stations. DPW plans to have a prototype available for demonstration by the end of 2003.

Implementation of Public Awareness Campaign:

DPW is launching a public awareness campaign, "Park Smart Milwaukee", to educate the public on the city's parking regulations. The campaign will focus on issues such as night parking, night parking permits, winter parking, vehicle registration, and vehicle disposal. The campaign will include notices in student and community newspapers and public service announcements on television and radio. In addition, the city is partnering with ParkMilwaukee.com to expand their web site to include all the parking structures and lots east of the Milwaukee River. Currently, the web site only includes parking information for west of the river.

RFP for the Sale of City Owned Parking Structures:

In 2004, the city will attempt to sell four city owned parking structures. A recent financial analysis prepared by the Comptroller's Office reveals that the present value of the structures range from \$49 million to \$113 million with a baseline projection of \$65 million. In 2000, the city received a bid proposal of \$25.2 million for three structures. At that time, the

City Comptroller recommended against the sale due to the financial implications of losing state shared revenue. Because the state shared revenue formula is no longer used to determine the payment, it is prudent to revisit the sale of the parking structures.

Parking Revenues: The 2004 budget includes \$19 million in parking citation revenue. Although issuance is expected to decline due to greater compliance with parking regulations, the city's participation in the Tax Refund Intercept Program (TRIP) should offset this decline. All other parking revenues are expected to remain consistent with 2002 actuals and 2003 budgeted levels.

Transfer to the General Fund: The 2004 budget includes a transfer of \$12 million to the General Fund, an increase of \$3.7 million from the 2003 budget. Most of this increase reflects one time revenues from the sale of a parking lot, stormwater grants, and less than anticipated expenditures in 2002. This payment finances all on-street parking activities and the sale of night parking permits.

CAPITAL PROJECTS

The 2004 budget includes capital funding totaling \$1,305,900 for several projects. Funding of \$250,000 is provided for mechanical and structural maintenance projects in the city owned parking structures. In addition, \$367,000 is included for structural re-

pairs at the Second and Plankinton, and 1000 North Water Street parking structures. Finally, \$688,900 is included for repairs to the MacArthur Square structure, including major repairs to the plaza area.

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

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 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
DLH - Operations and Maintenance	211,085	227,250	227,250	0
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$4,210,310	\$4,520,011	\$4,523,008	\$2,997
Fringe Benefits	1,505,202	1,672,404	\$1,628,283	-44,121
Operating Expenditures	12,242,127	13,587,174	\$13,095,400	-491,774
Equipment	130,786	251,700	\$242,600	-9,100
Special Funds	6,327,951	7,395,508	\$7,010,934	-384,574
Retained Earnings	4,983,469	0	0	0
Transfer to General Fund	8,250,000	8,300,000	12,000,000	3,700,000
TOTAL	\$37,649,845	\$35,726,797	\$38,500,225	\$2,773,428
Capital Projects	<u>\$832,348</u>	<u>\$6,661,000</u>	<u>\$6,305,900</u>	<u>-\$355,100</u>
TOTAL	\$38,482,193	\$42,387,797	\$44,806,125	\$2,418,328

STATEMENT OF REVENUES AND EXPENSES

OPERATING EXPENDITURES				
Structures	\$2,216,579	\$2,715,673	\$2,674,872	\$-40,801
Meters	538,036	715,159	735,098	19,939
Permits	40,323	64,355	61,397	-2,958
Towing	4,081,133	4,597,492	4,249,880	-347,612
Lots	167,650	232,000	172,116	-59,884
Parking Enforcement	9,074,054	11,182,190	11,047,171	-135,019
Debt Service	5,012,710	5,173,800	5,286,598	112,798
PILOT	1,220,782	1,312,000	1,292,000	-20,000
Administration	480,944	524,420	548,757	24,337
Addition to Reserves	6,567,634	0	0	0
Contingent Fund	0	909,708	432,336	-477,372
Transfer Excess Revenue to General Fund	8,250,000	8,300,000	12,000,000	3,700,000
TOTAL	\$37,649,845	\$35,726,797	\$38,500,225	\$2,773,428
OPERATING REVENUES				
Structures	\$6,589,508	\$6,556,188	\$6,571,855	\$15,667
Meters	3,998,011	3,886,000	3,921,400	35,400
Permits	2,445,442	2,409,000	2,408,000	-1,000
Towing	2,088,090	1,903,000	2,000,000	97,000
Lots	239,330	228,000	216,000	-12,000
Citation Processing Service	0	392,200	0	-392,200
Parking Citation Revenue	20,248,778	18,900,000	19,000,000	100,000
Miscellaneous	329,000	0	359,424	359,424
Vehicle Disposal	1,711,686	1,452,409	1,700,000	247,591
Withdrawal from Reserves	0	0	2,323,546	2,323,546
TOTAL	\$37,649,845	\$35,726,797	\$38,500,225	\$2,773,428
CAPITAL EXPENDITURES				
Structures	<u>\$832,348</u>	<u>\$6,661,000</u>	<u>\$6,305,900</u>	<u>-\$355,100</u>
TOTAL	\$832,348	\$6,661,000	\$6,305,900	-\$355,100
CAPITAL FINANCING				
Proceeds from Borrowing	\$832,348	\$1,661,000	\$1,305,900	-\$355,100
Retained Earnings	0	5,000,000	5,000,000	0
Carryover Borrowing (informational purposes only)	(0)	(200,000)	(1,094,000)	(894,000)
TOTAL	\$832,348	\$6,661,000	\$6,305,900	-\$355,100

CAPITAL PROJECTS: Includes \$1,305,900 for the following projects:
a. Mechanical and Structural Maintenance - \$250,000
b. Second and Plankinton - \$217,000
c. 1000 North Water - \$150,000
d. MacArthur Square - \$688,900

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.

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 2004 grant and aid budget reflects an increase in expenditure authority for grantor share of \$3.9 million above 2002 actuals and a decrease of \$11.7 million below the 2003 budget (see Table 1). The total grant and aid budget is 5.8% over 2002 actual expenditures and 14% below the 2003 budget.

Most departments are anticipating less grant awards in 2004 compared to 2003. However, some of the reductions do not reflect actual decreased funding amounts. The Fire Department reduction is the result of converting the County Paramedic Agreement to a revenue offset operating expense and much of the decrease in the Health Department is the result of multi-year grants awarded in 2003 not being counted for 2004 grant purposes. In addition, the unanticipated amount for grant awards is decreased by \$1.8 million.

Community Block Grant Administration: The Community Block Grant Administration anticipates receiving approximately \$29.5 million in grant funds in 2004. These funds will be used to continue neighborhood strategic planning efforts so as 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

Table 1

Comparison of Projected Grant Activity (Grantor Share)			
Department	2003	2004	Difference
DOA-Administration	\$32,224,000	\$29,782,000	\$-2,442,000
City Development	1,525,000	1,525,000	0
Fire	5,047,428	30,000	-5,017,428
Health	17,701,822	16,204,120	-1,497,702
Library	940,000	846,300	-93,700
Police	11,112,467	10,569,459	-543,008
Public Works	3,179,341	2,951,582	-227,759
Unanticipated	11,842,292	10,000,000	-1,842,292
Totals	\$83,572,350	\$71,908,461	-\$11,663,889

Development Block Grant (CDBG) Program. This is a reduction of \$386,000 from 2003. In addition, an anticipated \$7 million will be applied to the HOME Program, a decrease of \$2 million from 2003. Other various programs throughout the administration will also receive anticipated funding of \$2.5 million.

The 2004 budget anticipates the reprogramming of \$600,000 of 2004 CDBG funds to enhance city programs, including:

- Police - Police Overtime \$500,000
- DNS - Various Programs \$50,000
- Library - Community Outreach and Technology Center \$50,000

Health Department Grants: Excluding the CDBG Grant, the Health Department is the largest recipient of grant funding among city departments. The total amount of grant projects anticipated in 2004 is \$16.2 million. The Municipal Health Services Grant is the department's largest grant at \$7 million, although this is reduced by \$1 million from 2003. Other large grants include the Women's, Infant's, and Children's Program (WIC) (\$835,000), the Adolescent School Health Grant (\$515,000) and five grants related to lead detection, poisoning prevention, and hazard reduction that total approximately \$4 million. Grant funding for the Health Department is lower than in 2003 in part because multi-year grant awards received in 2003 are not reflected in 2004 grant totals.

Police Department Grants: The Police Department anticipates receiving grants totaling \$10.6 million for

2004. This funding will primarily be applied toward the Law Enforcement Technology Grant (\$3 million), Miscellaneous Homeland Security Grants (\$3 million), High Intensity Drug Trafficking Area (\$0.8 million), and the Juvenile Accountability Block Grant (\$0.8 million).

Fire Department Grants: The Fire Department anticipates receiving one grant totaling \$30,000 in 2004 for EMS funding assistance. In 2004, the County Paramedic Agreement is converted from a grant award to revenue received within the city's general fund from Milwaukee County. This new revenue offsets operating costs within the Fire Department previously funded through the grant. For more information on the change in the County Paramedic Agreement, please see the Fire Department section of the *2004 Plan and Budget Summary*.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Grantor Share (Non-City)	\$67,954,977	\$83,572,350	\$71,908,461	\$-11,663,889
Local Share Out-of-Pocket (Current Levy)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$67,954,977	\$83,572,350	\$71,908,461	\$-11,663,889

The Community Development Block Grant Program projects and amounts for each project approved
(by the Common Council under resolution) for 2004 are as follows:

2004 Community Development Contract Awards

(Total award amounts listed alphabetically by organization)

Organization Name	Source of Funds				Total Awards
	CDBG	HOME	SHELTER	HOPWA	
Agape Community Center	\$25,000				\$25,000
AIDS Resource Center of Wisconsin				448,000	448,000
Allied Churches Teaching Self-Empowerment (ACTS)	50,000				50,000
American Red Cross Greater Milwaukee Chapter			26,189		26,189
ASHA Family Service Inc	55,092				55,092
Boys and Girls Club of Greater Milwaukee	383,629				383,629
Career Youth Development	40,700				40,700
Center for Teaching Entrepreneurship	25,950				25,950
Children's Outing Association	185,020				185,020
City Clerk's Office	58,588				58,588
Community Advocates	196,049		68,465		264,514
Community Block Grant Administration	981,000	206,000			1,187,000
Comptroller's Office	593,000	74,000			667,000
Council for the Spanish Speaking Inc	33,257				33,257
Counseling Center of Milwaukee - Pathfinders Program	24,712		21,157		45,869
Daughters of Luke Ltd	222,720				222,720
Daystar Inc	26,590		29,514		56,104
Department of Administration	39,908				39,908
Department of City Development	1,695,900	2,400,579			4,096,479
Department of Neighborhood Services	2,551,605				2,551,605
Department of Public Works	282,750				282,750
Esperanza Unida Inc	180,102				180,102
Ezekial Community Development Corporation		160,000			160,000
Grand Avenue Club	42,511				42,511
Guest House of Milwaukee Inc	73,160		100,522		173,682
Harambee Ombudsman Project Inc	192,849	245,000			437,849
Health Department	1,931,352				1,931,352
Hispanic Chamber of Commerce of Wisconsin	60,000				60,000
Hmong American Peace Academy LTD	25,000				25,000
Hmong Educational Advancements	35,000				35,000
Hmong American Friendship Association	83,211				83,211
Hope House of Milwaukee Inc	147,740		89,526		237,266
Housing Resources Inc	55,700				55,700
Howard Fuller Educational Fund Inc	66,325				66,325
Journey House Inc	161,257				161,257
LaCausa Inc	27,590		30,975		58,565
Lao Family Community Inc	25,000				25,000
Latino Community Center	50,000				50,000
Layton Boulevard West Neighbors	65,000				65,000
Lincoln Neighborhood Redevelopment Corporation	100,000				100,000
Lincoln Park Community Center	90,510				90,510
Lisbon Avenue Neighborhood Development	327,956				327,956
Martin Luther King Economic Development Corporation	107,510				107,510
Merrill Park Neighborhood Association	133,000				133,000
Metcalfe Park Residents Association	38,000				38,000
Metro Milwaukee Fair Housing Council	114,024				114,024
Mid-Town Neighborhood Association	79,326				79,326
Milwaukee Alliance	50,000				50,000
Milwaukee Careers Cooperative	85,020				85,020
Milwaukee Christian Center	94,500				94,500
Milwaukee Christian Center - NIP	880,990	1,225,000			2,105,990
Milwaukee Community Service Corporation	100,000				100,000
Milwaukee Fire Department	462,000				462,000
Milwaukee LGBT Community Center Inc	25,000				25,000

H. GRANT AND AID FUND

Organization Name	Source of Funds				Total Awards
	CDBG	HOME	SHELTER	HOPWA	
Milwaukee Public Library	\$749,431				\$749,431
Milwaukee Urban League	75,000				75,000
Milwaukee Women's Center Inc	110,205		83,413		193,618
Minor Home Repair Pool-Security Installation-NON NSP	50,000				50,000
Modjeska Youth Theater Company	36,900				36,900
National Association of Minority Contractors Wisconsin	42,844				42,844
Neighborhood House of Milwaukee	60,788				60,788
Neighborhood Housing Services of Milwaukee	341,123				341,123
Non-Profit Center of Milwaukee Inc	95,020				95,020
North Avenue Community Development Corporation	48,344				48,344
Northeast Milwaukee Industrial Development Corporation	143,310				143,310
Northwest Side Community Development Corporation	215,010				215,010
Opportunities Industrialization Center of Greater Milwaukee	98,656	342,500			441,156
Project RESPECT Inc	38,000				38,000
RACM	1,642,930				1,642,930
Richard's Place				60,000	60,000
Rosalie Manor Community and Family Services	27,000				27,000
Safe and Sound	280,000				280,000
Salvation Army			99,882		99,882
Select Milwaukee Inc	77,810	270,000			347,810
Sherman Park Community Association	119,017				119,017
Silver Spring Neighborhood Center	65,000				65,000
Social Development Commission	383,789		101,790		485,579
Sojourner Truth House Inc	152,006		54,521		206,527
South Community Organization	276,553	763,097			1,039,650
Southside Organizing Committee	141,000				141,000
Task Force on Family Violence Inc	97,896				97,896
United Community Center	99,547				99,547
Walker's Point Youth and Family Center	73,184		23,792		96,976
West End Development Corporation	350,880	995,324			1,346,204
Wisconsin Correctional Services	42,510				42,510
Woodland Pattern Inc	25,000				25,000
Word of Hope Ministries Inc	42,510				42,510
Work for Wisconsin Inc	100,000				100,000
YMCA of Metro Milwaukee Community Development Corp	301,467	318,500			619,967
YMCA of Metro Milwaukee Holton Center	45,000				45,000
YMCA of Metro Milwaukee Northside	54,000				54,000
YMCA of Metro Milwaukee Parklawn	63,000				63,000
YWCA of Greater Milwaukee	54,167		44,254		98,421
Total All Sources of Funds	\$20,000,000	\$7,000,000	\$774,000	\$508,000	\$28,282,000

I. ECONOMIC DEVELOPMENT FUND

EXECUTIVE SUMMARY

- PURPOSE:** The Economic Development Fund provides expenditure authority for economic development purposes, including the Business Improvement District Program.
- STRATEGIC ISSUES:** Fund business improvement districts without impacting the city's tax levy.
- INITIATIVES FOR 2004:** Continue to promote development in commercial areas by providing owner-financed development.

BACKGROUND

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 gives the dollars it collects to the BIDs.

The 2004 budget for the Economic Development Fund is \$4.8 million. There is no tax levy impact in this fund. Revenue of \$4.8 million will be received from the BIDs.

PROGRAM CHANGES

Business Improvement Districts are special assessment districts created at the petition of local commercial property owners. There are 24 active BIDs throughout Milwaukee; each is governed by a local board. Collectively, these BIDs raise nearly \$4.8 million annually for activities ranging from economic development to administration and street-scaping to public safety. The following is a list of the BIDs for 2004 with their corresponding budgeted amount:

BID #2 (Historic Third Ward)	\$502,484
BID #3 (RiverWalk)	\$33,738
BID #4 (Greater Mitchell Street)	\$99,464
BID #5 (Westtown)	\$94,170
BID #8 (Historic King Drive)	\$156,777
BID #9 (739 North Water RiverWalk)	\$28,444
BID #10 (Avenues West)	\$124,243

BID #11 (Brady Street Business Area)	\$130,594
BID #13 (Oakland Avenue)	\$53,500
BID #15 (RiverWalk)	\$384,393
BID #16 (Uptown Triangle)	\$87,628
BID #17 (Northwest Area Business)	\$37,450
BID #19 (Villard Avenue)	\$94,410
BID #20 (North, Prospect, Farwell Avenues)	\$154,622
BID #21 (Downtown Management District)	\$2,339,590
BID #25 (Riverworks)	\$161,560
BID #26 (The Valley)	\$32,949
BID #27 (Burleigh)	\$32,955
BID # 28 (North Avenue Gateway District)	\$22,857
BID # 29 (Teutonia, Capitol, Atkinson)	\$57,409
BID #30 (Northern Junction)	\$0
BID #31 (Havenwoods)	\$132,590
BID #32 (Fifth Ward)	\$0
BID #33 (Avenues Point)	\$0

BUDGET SUMMARY

	2002* ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Business Improvement Districts	<u>\$0</u>	<u>\$4,504,379</u>	<u>\$4,761,827</u>	<u>\$257,448</u>
TOTAL	\$0	\$4,504,379	\$4,761,827	\$257,448

* Included in the Miscellaneous Special Purpose Account Total
2002 - \$3,927,292

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.
- STRATEGIC ISSUES:** Maintain the ability to respond to the presence of chemical and biological threats in Lake Michigan.
- Enhance the utility's finances by adding new customers without incurring major capital expenditures.
- Improve customer service and satisfaction.
- INITIATIVES FOR 2004:** Continue to negotiate agreements to provide water service to new customers.
- Continue implementation of organizational changes to achieve operational efficiencies.
- Improve security to facilities based on the 2001 vulnerability assessment.

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 eight suburbs including Brown Deer, Butler, Greendale, Menomonee Falls, Shorewood, Wauwatosa, West Allis, and Mequon. In 2003, the Common Council authorized Water Works to begin working on an agreement to provide wholesale service to New Berlin. Water Works also provides retail service to Greenfield, Hales Corners, and St. Francis. Sales to these suburban customers represent approximately 20.7% of total revenue.

Table 1

MILWAUKEE WATER WORKS RATE OF RETURN			
	2000 Actual	2001 Actual	2002 Actual
GROSS REVENUE*	\$62,102,777	\$61,923,561	\$69,584,144
Operating Expenses*			
Operating Expenses	\$33,064,663	\$33,071,776	34,531,670
Depreciation	8,956,247	8,917,426	10,514,028
Taxes	9,276,712	9,132,975	8,936,288
TOTAL OPERATING EXPENSES	\$51,297,622	\$51,122,177	\$53,981,986
NET OPERATING INCOME	\$10,805,155	\$10,801,384	\$15,602,158
RATE BASE			
Utility Plant in Service	\$459,374,170	\$466,668,127	\$474,354,457
Materials and Supplies	2,180,318	2,612,570	2,262,672
Accumulated Depreciation	(117,975,776)	(126,309,205)	(137,020,311)
Contributions for Construction	(71,994,889)	(71,856,794)	(72,212,968)
RATE BASE - End of Year	\$271,583,823	\$271,114,698	\$267,383,850
RATE BASE - Average Net Investment	\$269,976,677	\$271,349,261	\$269,249,274
RATE OF RETURN	4.00%	3.98%	5.79%
(Net Operating Income/Rate Base)			
*Revenues and Expenditures are based on PSC accounting requirements and may differ from budgeted amounts.			

Since a high in 1976, water consumption has declined 32% as a result of water conservation measures, as well as the loss of some water intensive industries. To cope with this declining consumption, Water Works has cut costs by finding operational efficiencies, searched for new customers, and raised rates.

The utility is implementing a long term strategy of reducing operating expenses by enhancing the efficiency of its operations. Methods include upgrading technology, cross training and consolidating staff, and conducting more preventative maintenance to avoid more costly repairs.

Water Works projects that 2004 operating revenues will increase slightly to \$69.6 million. Increased revenues will result by selling water to other com-

munities. Water Works will continue to look for new customers in the suburbs and the city.

The rates at which water is sold are regulated by the PSC. In 2001, the PSC authorized a rate increase and the Common Council made the increase effective as of July, 2002. The new rate allows Water Works to achieve a maximum rate of return of 6.5%. As indicated in Table 1, between 2000 and 2002 the rate of return has ranged from 4% to 5.79%. The rate of return will likely exceed 6% in 2003, as the 2002 rate increase will have been in effect for the entire year. Typically, the rate of return initially rises after a rate increase, then decreases as the ratio of operating income to asset value declines. The rate will remain constant through 2003 and 2004 at \$1.18 per 100 cubic feet of water.

DPW OBJECTIVE 6

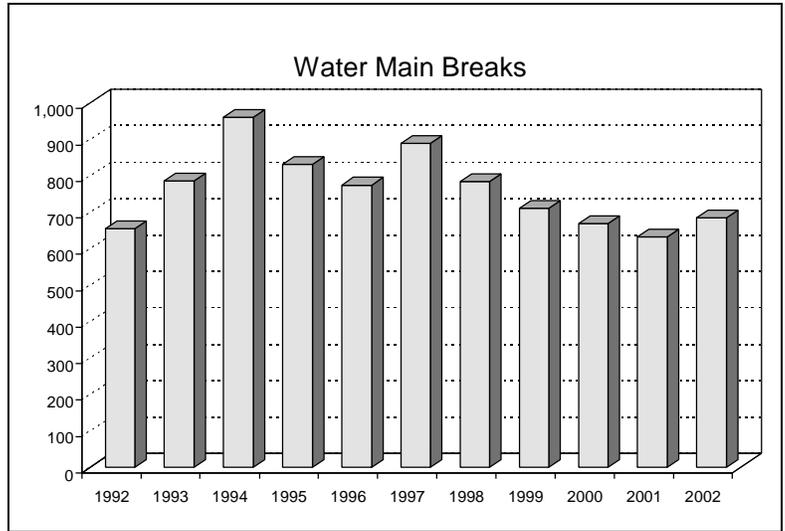
Deliver sufficient water 100% of the time, as measured by the percent of main breaks back in service within 24 hours.

OUTCOME HISTORY (see page 160)

Water Works plays an important economic role in the community. By delivering a reliable and abundant source of water, businesses and residents alike can be certain that this essential commodity will be available when needed. Additionally, Water Works helps protect public safety by providing water to the Fire Department via 19,623 hydrants.

The 2004 budget allocates \$61 million to meet the objective of fostering economic growth through reliable service including \$38.9 million in Water Works expenditures, \$20.9 million in capital funds, and \$1.2 in operating funds. The funds support business aspects of the operation such as meter reading and service, billing, and customer service. Additionally, these funds will support maintenance and operation of Water Works distribution system as well as the design and engineering of mains. Capital funds of \$12.6 million will support the replacement of mains, hydrants, and valves, maintaining the necessary investment in capital infrastructure. Capital funds of \$8 million will be allocated to allow Water Works to purchase a new distribution facility. The new facility will replace the

Figure 1



department's two existing facilities on Cameron Avenue and Lincoln Avenue.

To ensure reliable delivery, Water Works employs an extensive crew of repair workers to perform preventative maintenance on distribution mains and to repair them in the event of breaks. Water Works strives to quickly repair mains and have them back in service within 24 hours of a break. Water Works Preventative Maintenance Program has proved effective, as main breaks have declined 23% since 1997 (see Figure 1). More breaks occurred in 2002 than the previous year, due to a lack of snow accumulation. Snow cover insulates underground mains from

the cold, reducing the likelihood of breaks. The utility also works diligently to repair ruptured mains quickly. Water Works had 99% of main breaks back in service within 24 hours in 2002, surpassing its goal of 95%.

ACTIVITIES

- Customer accounts
 - Provide accurate billing and collection services
 - Quickly repair meter damages
 - Handle all customer inquiries in a timely, efficient, and satisfactory manner
- Distribution
 - Perform preventative maintenance
 - Repair ruptured mains
 - Engineer new and replacement mains, valves, and other capital facilities and assets

PROGRAM CHANGES

Providing Service to New Customers: The Water Works has excess capacity at its two plants. It could produce significantly more water with low marginal cost by taking advantage of this excess capacity. Water Works therefore has the opportunity to increase net revenue by expanding water sales to new customers. Water Works currently sells water to residents of Milwaukee and 12 suburban communities and is currently in negotiations to provide water to New Berlin. Additionally, it is evaluating the sale of water to Brookfield, Elm Grove, and Germantown.

Water service will be extended to new customers when engineering studies indicate that it is feasible, is consistent with city goals, and does not violate the federal prohibition against inter-basin water diversion. This regulation prevents the utility from diverting water outside of the Great Lake Basin, which extends into eastern Waukesha County. Water used in the basin flows back towards the Great Lakes, while water used outside the basin flows toward the Mississippi River. By law, distribution of water from the Great Lakes is limited to consumption for those within the Great Lakes Basin.

In addition to looking for new customers among suburban communities, Water Works will work to

attract water based industries to Milwaukee. The 2003 budget created a new position that will market Milwaukee's inexpensive and plentiful water to industries nationwide in an effort to have them relocate or expand here. If successful, this initiative would create jobs in the city and minimize future rate increases.

Operational Efficiencies: The 2004 budget includes several changes which are part of a multi-year effort to achieve significant operational efficiencies in the Water Works. This effort will reduce the need for significant future rate increases by implementing the best operating practices from other utilities. These practices will enable Water Works to maintain and improve the high quality of its services while significantly reducing operating costs. Position changes are highlighted in the table at the end of this section. Reductions to personnel in the Business Unit are expected to have no adverse service impact.

Consolidating distribution facilities will allow Water Works management to more efficiently assign staff and will reduce the need for some supervisory positions. These efficiencies will be phased in over the coming years as retirements allow for position reductions.

New Computer System: Water Works seeks to take full advantage of technology to provide efficient operations and excellent customer service. The 2004 budget contains \$3 million to replace Water Works' billing and customer data system, known as Municipal Utility Package Software (MUPS). Water Works is not only responsible for collecting revenue from water sales, but also collects revenue for a variety of other municipal services such as Sewer Treatment and Sewer Maintenance. The current system is cumbersome to use, slows the response time of customer service representatives, and is unable to handle current demands. An additional \$2 million was allocated in each of the 2002 and 2003 budgets for this project. Water Works has hired a consultant to select a vendor that will ensure that the new system meets all of the utility's and city's needs.

To transition into the new system without disruption to service and revenue collections, Water Works will hire one permanent and three temporary managers and technicians.

DPW OBJECTIVE 10

Provide safe, sufficient, and aesthetically pleasing water at standards equal to or more stringent than required by the Safe Drinking Water Act by having a 100% compliance rate in 2004.

OUTCOME HISTORY (see page 161)

The Water Works' activities are intended to ensure that customers are supplied with the highest quality drinking water. In 2004, the budget provides \$24.5 million in Water Works funding, \$1.7 million in capital funding and \$800,000 in operating funds for this objective.

In 2000, Water Works implemented a new outcome indicator to provide a more thorough and meaningful measure of the safety of Milwaukee's water: percentage compliance with the Environmental Protection Agency's (EPA) Safe Drinking Water Act Standards. Full conformance with this measure indicates that Water Works follows required water treatment processes, monitor procedures, and meets maximum allowable contaminant levels 365 days of the year or 100% of the time. Compliance is based upon monthly reports filed with the State of Wisconsin Department of Natural Resources. Compliance will protect the public's health by reducing the risk of contaminants, such as cryptosporidium, in drinking water. In 2000, Water Works achieved 100% compliance with the Safe Drinking Water Act. Water Works employs a number of strategies to minimize contaminants, including ozone disinfection, alum coagulation, dual media filtration, fluoridation, chloramine post-disinfection, as well as corrosion control strategies to minimize lead contamination from customer's pipes. These multiple strategies not only eliminate dangerous contaminants but also ensure clear, odor free water.

ACTIVITIES

- **Supply and Pumping** - Optimize operation to minimize costs while ensuring proper maintenance of purification, pumping, and storage facilities.

- **Water Treatment** - Minimize plant operating and maintenance costs while fully complying with federal and state water quality standards.

PROGRAM CHANGES

Vulnerability Assessment: In 2001, security experts from Sandia National Laboratories conducted a thorough vulnerability assessment of Water Works facilities. The assessment identified areas in which Water Works did well but also noted ideas for improvement. As a result of the study, Water Works has been upgrading its electronic surveillance and its physical security barriers, such as fences and door locks. Water Works will make security a top priority now and in the years ahead. It is currently one of ten utilities that serve on the Critical Infrastructure Protection Advisory Group, a national organization formed in 2000 at the behest of former President Clinton.

Operational Efficiencies: During the last few years, Water Works has reorganized its labor structure in its treatment facilities. Previously, the treatment plants had 7 managers and 57 individuals in 15 different job titles. Job descriptions were very strictly defined and to complete one job required numerous individuals, in sequence, to do their discrete tasks. This was inefficient and allowed very little flexibility in assigning work. Maintenance personnel were promoted to new titles after successfully competing for a higher level of vacancy. With the reorganization, each treatment plant now has a maintenance staff who can respond to workload at either plant. A total of 3 managers oversee 37 individuals in 7 job titles.

A three-level skill based career track was developed for 18 of these positions. Individuals are promoted to a higher level when they demonstrate proficiency in specified skills and do not need to wait for a vacancy. The benefits include cross training, increased skill level, and fuller utilization of personnel to fully complete assigned tasks. Employees are motivated to achieve higher skill levels as they are financially rewarded when they reach the next tier.

CAPITAL PROJECTS

The six year capital plan was completely reevaluated in 2001 to reflect changes in priorities as a result of the completion of the major water quality plant

improvement projects. The 2004 Water Works' capital improvements budget is \$22.6 million. This includes:

- \$12.6 million for water main, hydrant, and valve improvements \$11 million of this amount will replace distribution mains (16 inches in diameter and smaller) and \$1 million will replace feeder mains (20 inches in diameter and larger). These improvements will maintain the reliability of water delivered to citizens, businesses, and fire protection services. The replacement program targets mains that have a history of breaks. The remaining \$600,000 will be funded by developers for mains in new developments in accordance with the Milwaukee Code of Ordinances.
- \$8 million for purchasing a new distribution facility. This central facility would replace the two current distribution facilities on Cameron and Lincoln Avenues, and will reduce unnecessary duplication of services and equipment. Realizing these efficiencies could save up to \$1.1 million dollars annually. Rehabilitation of these existing facilities to keep them in service would require \$5 million. Water Works was authorized to spend \$9 million on this project but the authority has expired.
- \$300,000 to replace the roof covering the Ozone Building at the Linnwood Purification Plant, which houses equipment to disinfect the water supply. The current roof leaks rainwater and failure to correct the problem could lead to contamination of the water supply after it has been treated.
- \$450,000 to replace current filter valve controls to increase the efficiency of the chemical treatment process at the Linnwood Plant.
- \$200,000 to replace a chemical mixing system at the Howard Treatment Plant. The current system requires frequent repairs. An additional \$200,000 is scheduled for this project in 2005.
- \$750,000 to replace switch gears at the Linnwood Plant. The current system is old and replacement parts are difficult to acquire. An additional \$750,000 is scheduled for this project in 2005.
- \$300,000 to replace the roof covering the Meter Repair Shop. The current roof is 20 years old and is leaking.

The remaining \$2 million in the capital budget is primarily for improvements in the Water Works plants, including:

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	327.06	375.63	360.12	-15.51
FTEs - Other	12.50	12.28	12.28	0.00
Total Positions Authorized	388	382	363	-19
DLH - Operations and Maintenance	588,704	676,134	648,216	-27,918
DLH - Other Funds	22,492	22,104	22,104	0
EXPENDITURES				
Salaries and Wages	\$15,236,385	\$15,527,137	\$15,862,484	\$335,347
Fringe Benefits	5,029,746	5,745,039	5,869,117	124,078
Operating Expenditures	25,984,793	29,285,228	31,680,385	2,395,157
Equipment	1,024,935	1,511,175	1,473,220	-37,955
Special Funds	<u>3,257,783</u>	<u>8,850,000</u>	<u>8,550,000</u>	<u>-300,000</u>
TOTAL	\$50,533,642	\$60,918,579	\$63,435,206	\$2,516,627

CAPITAL BUDGET SUMMARY

CAPITAL BUDGET				
Main Program	\$8,787,036	\$11,600,000	\$12,620,000	\$1,020,000
Plants and Other	<u>1,115,948</u>	<u>3,300,000</u>	<u>10,000,000</u>	<u>6,700,000</u>
TOTAL CAPITAL BUDGET	\$9,902,984	\$14,900,000	\$22,620,000	\$7,720,000
CAPITAL FINANCING				
Retained Earnings	\$9,826,329	\$14,300,000	\$22,020,000	\$7,720,000
Assessments	10,800	0	0	0
Developer Financed	<u>65,855</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
TOTAL CAPITAL FINANCING	\$9,902,984	\$14,900,000	\$22,620,000	\$7,720,000

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS**

REVENUES				
Operating	\$68,552,488	\$69,232,872	\$69,611,574	\$378,702
Non-Operating	6,274,755	5,500,000	6,660,000	1,160,000
Withdrawal From Retained Earnings	<u>0</u>	<u>485,707</u>	<u>9,183,632</u>	<u>8,697,925</u>
TOTAL REVENUES	\$74,827,243	\$75,218,579	\$85,455,206	\$10,236,627
EXPENDITURE AUTHORIZATIONS				
Operating	\$50,533,642	\$60,918,579	\$63,435,206	\$2,516,627
Capital Funding	9,826,329	14,300,000	22,020,000	7,720,000
Debt Service on Principal	5,716,317	0	0	0
Deposit to Retained Earnings	<u>8,750,955</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL AUTHORIZATIONS				
OPERATING AND DEPOSITS	\$74,827,243	\$75,218,579	\$85,455,206	\$10,236,627

CAPITAL PROJECTS - Includes \$22,620,000 for the following eight projects:

- a. Replacement of Mains - \$11,000,000
- b. Extension of Mains - \$1,620,000
- c. New Distribution Facility - \$8,000,000
- d. Roof Replacement of Ozone Building at Linnwood Plant - \$300,000
- e. Linnwood Plant Improvements - \$450,000
- f. Howard Plant Improvements - \$200,000
- g. Roof Replacement at Meter Repair Shop - \$300,000
- h. Pump Facilities Improvement - \$750,000

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
					Business Decision Unit	
-1	-1.00		\$-65,496		Water Systems Analyst] Reclassification of one position and addition of one position for computer system upgrade.
2	2.00		\$139,738		Network Manager	
1	1.00		\$61,941		Database Analyst] Added for computer system upgrade.
1	0.50		\$58,090		Water Revenue Manager (Aux.)	
			\$20,838		Water Security Manager] Positions reclassified.
-1	-1.00		\$-55,154		Management Accounting Specialist	
			\$26,261		Accountant III	
-1	-1.00		\$-46,785		Economic Development Specialist Sr	
1	1.00		\$50,415		Water Marketing Specialist] Vacant positions eliminated.
-1	-1.00		\$-27,159		Office Assistant II	
-1					Water Meter Services Coordinator	
-1	-1.00		\$-38,152		Water Meter Investigator (Aux.)] 2003 Meter Services consolidation.
-2	-2.01		\$-61,812		Water Meter Technician I	
-1	-1.00		\$-34,888		Water Meter Technician II	
1	1.00		\$47,986		Meter Reader Supervisor (Aux.)	
-1	-1.00		\$-36,109		Water Meter Specialist] Process Improvement.
-1	-1.00		\$-40,083		Water Revenue Collector	
					Plants North Decision Unit	
-1	-1.00		\$-61,451		Water Plant Maintenance Assistant Supervisor] Positions reclassified.
-1	-1.00				Water Plant Manager	
1	1.00		\$64,562		Water Maintenance Manager	Vacant position eliminated.
-1	-1.00		\$-45,300		Water Plant Steamfitter] Plant Maintenance reorganization.
-1	-1.00		\$-42,066		Water Plant HVAC Specialist	
2	2.00		\$91,789		Water Plant Steamfitter/HVAC Specialist	
-8	-8.00		\$-294,785		Plant Mechanic II	
-4	-4.17		\$-177,965		Machinist I	
8	8.00		\$319,669		Machine Repair Person] Part time position consolidated to full time.
-2	-0.50		\$17,290		Water Plant Laborer	

J. WATER WORKS

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-57,658		Water Maintenance Scheduler	Positions reclassified.
-1	-1.00		\$-37,063		Program Assistant I	
2	2.00		\$78,376		Program Assistant II	
-5	-5.00		\$-214,323		Instrument Technician I	
5	5.00		\$234,498		Water Plant Instrument Specialist	
-1	-1.00		\$-34,309		Electrical Mechanic Apprentice	Process improvement.
					Engineering Decision Unit	
-1	-1.00		\$-31,136		Office Assistant III	Vacant positions eliminated.
-1	-1.00		\$-42,325		Engineering Drafting Technician IV	
	-0.09				Miscellaneous Adjustment	
			\$7,870		Distribution Decision Unit Water Distribution District Supervisor	Positions reclassified.
			\$5,291		Water Distribution Supervisor II	
-1	-1.00		\$-45,016		Water Distribution Supervisor I	Vacant position eliminated.
-2	-2.00		\$-68,366		Office Assistant IV	Positions reclassified.
2	2.00		\$72,986		Communications Assistant IV	
-3	-3.00		\$-96,903		Office Assistant IV	
3	3.00		\$104,378		Communications Assistant III	
			\$11,647		Field Investigator	
-1	-1.00		\$-36,253		Pipe Yard Crew Leader	
1	1.00		\$38,089		Water Materials Handler	
-1	-1.00		\$-41,070		Technical Coordinator	
1	1.00		\$46,111		Network Coordinator Sr	
-1	0.84		\$50,693		Water Distribution Laborer	Part time positions consolidated into full time positions.
-1	-1.00		\$-55,310		Distribution Services Specialist	Vacant position eliminated.
	-1.42				Miscellaneous Adjustment	
					Water Quality Decision Unit	
-1	-0.99		\$-61,941		Plants Operation Manager	Management consolidation.
	1.00		\$65,496		Water Quality Analyst	Improved water quality monitoring.
					Plants South Decision Unit	
-1	-1.00		\$-43,889		Water Plant Maintenance Assistant Supervisor	Positions reclassified.
1	1.00		\$64,562		Water Maintenance Manager	

J. WATER WORKS

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
-1	-1.00		\$-45,300		Water Plant Steamfitter	Plant Maintenance reorganization.
-1	-1.00		\$-42,066		Water Plant HVAC Specialist	
2	2.00		\$91,789		Water Plant Steamfitter/HVAC Specialist	
-4	-4.00		\$-144,768		Plant Mechanic II	
-3	-3.00		\$-130,085		Machinist I	
-2	-2.00		\$-75,135		Booster Station Operator	
9	8.83		\$382,141		Machine Repair Person	
-19	-15.51		\$-177,615		TOTAL	

K. SEWER MAINTENANCE FUND

EXECUTIVE SUMMARY

STRATEGIC ISSUES:	Provide for fair distribution of sewer maintenance costs based on usage. Maintain an efficient and effective sewer system. Improve storm water quality to meet federal and state requirements. Provide a high level of customer service and satisfaction.
INITIATIVES FOR 2004:	Increase cash financing for the Relay Sewer Capital Program. Continue to implement requirements of the Wisconsin Department of Natural Resources (DNR) Storm Water Permit, including revising existing ordinances for erosion control and storm water. Continue the study of storm sewer fee options and recommend an option for implementation.

BACKGROUND

The City of Milwaukee maintains a sewer system that transports sanitary sewage to Milwaukee Metropolitan Sewerage District (MMSD) treatment facilities, and storm water to lakes and rivers.

The 1998 budget established a new enterprise fund for sewer maintenance expenses. The Sewer Maintenance Fund (created in accordance with Wisconsin State Statutes, Section 66.0821, which permits municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities) recovers sewer maintenance costs through a user fee rather than through the property tax.

The City of Milwaukee implemented a Sewer Maintenance Fee to achieve three principal goals:

- To fairly distribute sewer maintenance costs according to usage;
- To require property tax exempt sewer users to pay their portion of the sewer costs; and
- To allow for direct comparison of costs and tax rates with other municipalities that recover sewer costs through a user fee.

The Department of Public Works Infrastructure Services Division administers the Sewer Maintenance Fund, including oversight of personnel and activities. The city bills and collects for the sewer fee as part of the city's quarterly Municipal Service Bill. The Milwaukee Water Works records billing and collection information and revises fee amounts as needed.

2004 Sewer Maintenance Rate

The 2004 rate for the Sewer Maintenance Fee will equal \$1.1094 per 100 cubic feet (ccf) of discharged water, representing no increase over the 2003 rate.

Sewer fees are charged to three customer classes: residential, certified, and non-certified. Residential customers pay a fee based on the amount of water they discharge into the sewer system. Because sew-

ers are not typically metered, the city has experimented with different methods of estimating residential sewer usage.

In 2002, residential sewer usage was estimated to be 96% of actual water consumption. In 2003, the Common Council changed the method for estimating residential sewer consumption to a "modified

winter quarter” approach. This method will remain in effect through 2004. Under this method, the amount of water consumed in the winter quarter is used as the basis for estimating the average amount of water that is returned to the sewer. Water consumption in the winter tends to be lower than water consumption in the other three months. During non-winter months, water may be used for purposes, such as watering lawns and washing cars, that involve little or no discharge into the city’s sewer system.

In the winter quarter, actual water consumption is used for billing purposes. In the subsequent three quarters, actual water consumption or winter quarter consumption of at least 21 ccf, whichever is less, is used for billing purposes. The winter quarter consumption floor of 21 ccf ensures that residents who have extremely low winter quarter usage will pay an appropriate amount for sewer usage in non-winter months.

One inequity with the winter quarter method that was used in prior years was that residents who had low winter quarter usage, in some cases zero usage, did not pay their fair share for sewer usage in the other three quarters. The amount of 21 ccf is based on the median winter quarter usage for residents in 2002.

Consumption for non-residential properties is based on either actual consumption or certified consumption. Some companies, such as Miller Brewing Company, use large quantities of water that is not discharged into the city’s sewer system. These companies certify the amount of water discharged to the sewer through the Milwaukee Metropolitan Sewerage District and are charged accordingly.

As indicated in Table 1, the sewer maintenance rate will not increase in 2004. Consumption in 2003 has been higher than estimated, and consequently, the actual average annual sewer maintenance bill for single family homeowners is also substantially higher than the estimated bill of \$85.20. In 2004, the average single family homeowner will likely pay \$106.52 for sewer maintenance, which is approximately what they paid in 2003.

Table 1

Change in Sewer Maintenance Rate Charge per 100 Cubic Feet (ccf)					
	Change from 2003	Percent Change in Rate	Change in Rate	Impact on Single Family Residence	
Revenue Changes					
Consumption Estimate Revision	3,424,774	-12.02%	\$-0.1333	\$18.76	
Non-Fee Revenues	42,400	-0.15%	\$-0.0017	\$-0.03	
Total	\$3,467,174	-12.17%	\$-0.1350	\$18.73	
Cost Changes					
Personnel	315,927	1.11%	\$0.0123	\$0.24	
Operating Expenses	-1,892,644	-6.64%	\$-0.0737	\$-1.42	
Equipment	-521,960	-1.83%	\$-0.0203	\$-0.39	
Other Expenses	-284,149	-1.00%	\$-0.0111	\$-0.21	
Capital Cash Financing	5,850,000	20.53%	\$0.2277	\$4.38	
Total Cost	\$3,467,174	12.17%	\$0.1350	\$2.59	
Total Change	\$0	0%	\$0	\$21.32	
	Est. Total Consumption	User Fee	Rate	Est. Single Family Consumption	Single Family Impact
Total 2004	28,539,511 ccf	\$31,661,733	\$1.1094	96 ccf	\$106.52
Total 2003	25,452,460 ccf	\$28,236,959	\$1.1094	77 ccf	\$85.20
Difference	3,087,051 ccf	\$3,424,774	\$0.0000	19 ccf	\$21.32

Storm Fee Study: Under the Wisconsin Pollutant Discharge Elimination System (WPDES) Municipal Storm water Permit, the city is responsible for improving water quality in Milwaukee by reducing the amount of pollutants entering storm water runoff or otherwise entering the storm sewer system. To ensure permit compliance, the city is required to monitor storm water quality, clean catch basins and storm inlets, collect leaves and sweep the streets, clean sewers, detect and remove illicit connections and discharges, reduce construction site runoff, educate the public about runoff pollution, reduce pollution from city facilities, and construct and reconstruct sewers that carry storm water.

These activities are currently funded through the Sewer Maintenance Fund and recovered through a consumption based fee. Consumption is directly related to the volume of sanitary sewage that is discharged into the city’s sewer system, making this an appropriate basis for recovering the costs of maintaining the sanitary sewer system. However, recovering storm water management costs on the basis of consumption does not allocate these costs to residents and businesses in the most equitable manner.

A more equitable method for recovering storm water costs would be on the basis of impervious surface area. An impervious surface does not allow storm water to soak into the ground. The amount and quality of storm water runoff is strongly correlated with the amount of impervious surface area. Impervious surfaces, such as roofs, sidewalks, and drive-

ways, result in more runoff and limited infiltration. This increases the rate and volume of storm runoff and reduces groundwater recharge.

Additional study and analysis is needed before implementing a storm fee. One key area is ensuring that the storm fee satisfies all applicable legal requirements. Analysis needs to be conducted to identify properties in the city that could have adjustments or exemptions from the fee, because they do not use the city's sewer system or for other reasons.

Future Pressures on Sewer Maintenance Rate:

Although it will not increase in 2004, several factors will likely drive the rate higher in the coming years, including rising capital costs, increased cash financing of capital, and possible DNR or MMSD mandates.

First, to adequately maintain the city's aging sewer system, the city will have to invest more in its Sewer Replacement Program in the coming years. Although sewers are replaced according to their actual condition, age of the system is a good proxy for estimating

the amount of sewers that need to be replaced. In the 1920's and 1950's, the city dramatically expanded the sewer system as the city grew. The average useful life of a sewer is 90 years and the large amount of sewers installed during the first wave of expansion will likely need to be replaced in the next decades. City management will seek new ways to contain this looming cost, and develop approaches to fix the most critical sewers first; however sewer costs and the sewer fee will rise in the years ahead. Failure to replace aging sewers in a timely manner could lead to costly sewer backups, failures, and flooding.

Second, the city is experimenting with approaches to finance more sewers construction with cash, rather than debt. Cash financing reduces the long-run cost of capital by avoiding interest payments on debt. Cash financing places upward pressure on the sewer fee rate in the short term, but will allow the fee to stabilize in the long term.

Finally, mandates from DNR or MMSD could affect costs in the Sewer Fund, and consequently, the sewer rate.

DPW OBJECTIVE 12

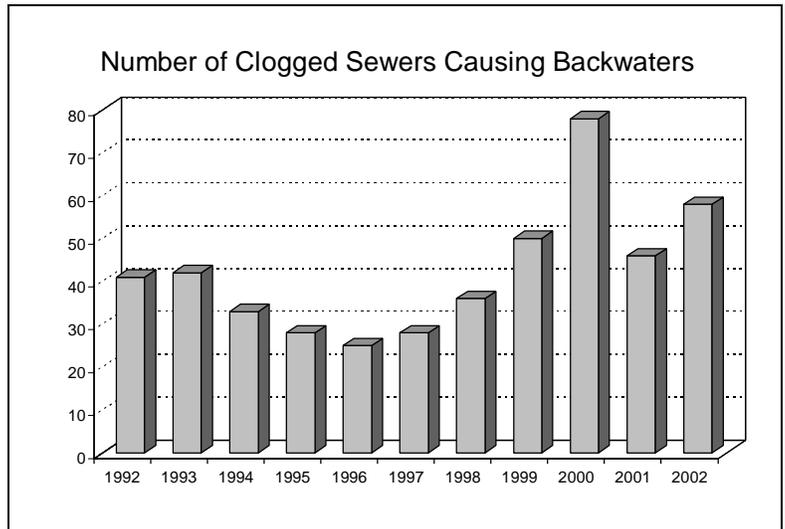
Provide and maintain systems for storm and waste water conveyance by limiting service backups to 45 to 55 incidents and street flooding to 3,000 incidents in 2004.

OUTCOME HISTORY (see page 161)

The City of Milwaukee has 2,458 miles of underground sewers with over 120,000 manholes, catch basins, and storm inlets. In 2004, \$52.5 million is allocated to this objective including \$26.4 million in operating funding of which \$24.2 million is under the direction of the Sewer Maintenance Fund. This includes \$26 million in capital funding of which \$21.5 million is in the Sewer Fund.

The number of clogged sewers causing backwater and the number of street floodings are important indicators of the condition of the city's sewer systems. These types of complaints indicate potential clogged sewers and catch basins/storm

Figure 1



inlets, inflow/infiltration both from the city system and private services, illegal connections, collapsed sewers, and/or poor hydraulics.

Figure 1 shows the number of incidents where back waters or sewerage flowed into homes between 1992 and 2002 because the main sewer was either clogged or had collapsed. In 2002, the number of incidents increased to 58, a 26% increase from 2001. In the last several years, reports of back waters have increased due to several temporary circumstances that have influenced the ability to maintain a regular cleaning cycle. The Sewer Fund is updating its equipment in an effort to maintain its cleaning schedule and reduce back water problems.

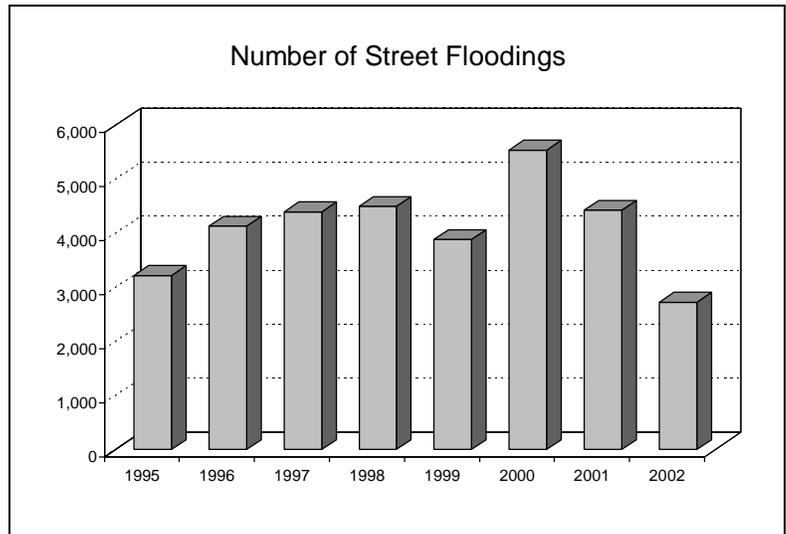
Figure 2 shows the number of reported street floodings between 1995 and 2002. These reports decreased by 38% to 2,728 in 2002, in part because of improvement to Lincoln Creek and the absence of major storm incidents. The fund continues to exceed its goals of keeping the number of reported street floodings under 5,000.

Weather conditions play a major role in these outcomes, explaining the extreme variability in the number of complaints received from year-to-year. For example, severe storms in both 1997 and 1998 resulted in severe flooding of the area's drainage channels, streams, and rivers. The city received disaster relief funding from the Federal Emergency Management Agency in both years.

Although the primary goal of the Sewer Fund is to maintain an efficient sewerage system, another goal is to improve storm water quality. Unlike sewerage, storm water runoff generally flows untreated into area rivers and lakes. As the runoff moves toward these bodies of water, it picks up and carries various forms of pollutants, adversely affecting water quality. The city improves the quality of the storm water by meeting Federal Clean Water Standards monitored by the Wisconsin Department of Natural Resources (DNR).

In 2002, the city complied with most of the Wisconsin Pollutant Discharge Elimination System Permit issued by the DNR. The DNR requires implementation of "Best Management Practices" designed to reduce types and amounts of pollutants that flow into storm sewers. These practices range from regulating lawn fertilizing to street sweeping. However, the DNR charged that the city failed to adequately enforce erosion control ordinances. As a result, the city will hire a consultant to recommend improvements in the city's erosion control practices.

Figure 2



ACTIVITIES

- Design, engineering, and construction of new and existing sewers
- Clean and maintain sewers
- Assess and examine sewer conditions
- Review storm water management plans for private properties over one acre.
- Fund leaf collection, street sweeping, and the river skimmer

PROGRAM CHANGES

Completion of Infiltration and Inflow Activities: The Sewer Maintenance Fund, in accordance with a mandate from the Milwaukee Metropolitan Sewerage District, has completed its program of more intensive investigation and remediation of infiltration and inflow into the city's sewer system. The purpose of these activities was to reduce the amount of infiltration and inflow into the city's sewer system, thereby minimizing the number of backups and other problems in the sewer system. As a result, the Sewer Fund will decrease its operating budget in 2004 by approximately \$1.1 million.

The Sewer Fund will purchase less equipment than in 2003. The fund was given authority to purchase several pieces of expensive sewer cleaning equipment in 2003, and with an updated fleet \$500,000 less in equipment is needed for 2004. Also the budgeted cost to de-water waste removed from sewers before it is land filled was adjusted to more closely reflect

past experience, saving approximately \$200,000. The amount budgeted for contingencies was reduced by \$275,000, as a small fund balance will likely be available after 2003 and could be used in the event of emergencies. The budgeted amount for debt service

will also decrease by \$138,000 to reflect bond covenants. These changes and other reductions, when combined with salary growth, yield a net reduction of \$2.38 million in the Sewer Fund's operating budget.

CAPITAL PROJECTS

The 2000 budget transferred the Relief and Relay Sewer Capital Program from the city's capital improvement budget to the Sewer Maintenance Fund. This ongoing maintenance component of the city's sewer capital program is partly cash financed. The capital improvement budget still includes the expansion of capacity and developer financed sewer programs, which are managed by the Department of Public Works Infrastructure Services Division. The amount in new and existing sewer construction for 2004 is \$26 million, with \$21.5 million in the Sewer Maintenance Fund and \$4.5 million in the city's capital budget. See the Capital Improvements Section of

the *2004 Plan and Budget Summary* for more information on sewer capital programs.

Cash Financing of Sewer Relay Program: In order to realize long term savings by avoiding unnecessarily high debt service costs, a portion of the Sewer Maintenance Relay Program is cash financed. The 2004 budget cash finances 36%, or approximately \$7.8 million of the Sewer Maintenance Relay Program. The fund is annually increasing the amount of capital it finances in each year until full cash financing is reached.

BUDGET SUMMARY

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	99.36	108.84	109.35	0.51
FTEs - Other	23.59	34.62	34.15	-0.47
Total Positions Authorized	193	209	198	-11
DLH - Operations and Maintenance	178,843	195,912	196,830	918
DLH - Other Funds	42,465	62,316	61,470	-846
EXPENDITURES				
Salaries and Wages	\$4,591,254	\$4,723,769	\$4,954,373	\$230,604
Fringe Benefits	1,711,891	1,747,795	1,833,118	85,323
Operating Expenditures	7,772,352	9,315,394	7,422,750	-1,892,644
Equipment	302,557	1,145,000	623,040	-521,960
Special Funds	5,789,778	9,616,101	9,331,952	-284,149
TOTAL	\$20,167,832	\$26,548,059	\$24,165,233	\$-2,382,826
Capital Projects	\$16,288,590	\$19,700,000	\$21,500,000	\$1,800,000
TOTAL	\$36,456,422	\$46,248,059	\$45,665,233	\$-582,826
REVENUES				
Retained Earnings	\$-8,098,193	\$0	\$0	\$0
Charges for Services	56,772	261,100	220,500	-40,600
Miscellaneous Revenue	343,666	0	83,000	83,000
Proceeds from Borrowing	16,288,590	17,750,000	13,700,000	-4,050,000
Sewer Maintenance Fee	27,865,587	28,236,959	31,661,733	3,424,774
TOTAL	\$36,456,422	\$46,248,059	\$45,665,233	\$-582,826

CAPITAL PROJECTS - The Sewer Maintenance Fund contains \$21.5 million for the replacement or repair of existing segments of the sewer system of which \$7.8 million is financed with cash and \$13.7 million is funded with proceeds from borrowing.

The city's capital budget includes an additional \$4.5 million in the Department of Public Works Infrastructure Services Division for the following projects:

- a. Expansion of Capacity Sewer Program - \$4,000,000
- b. Developer Financed Sewers - \$500,000

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		\$-40,523		Environmental Decision Unit Engineering Drafting Tech IV	Transferred to Infrastructure Services Division.
	1.10	-0.10			Experience Adjustment	Shift 0.10 FTE from capital to O&M.
	0.41	-0.37			Underground Decision Unit Miscellaneous Adjustment	Shift 0.37 FTE from capital to O&M.
	-1.00		\$-81,134		Sewer Services District Manager	] District Manager will be unfunded until incumbent District Manager Senior retires.
	1.00		\$79,313		Sewer Services District Manager Sr	
-2					Sewer Examiner I	Unfunded positions.
-4					Sewer Laborer II	] Unneeded auxiliary.
-4					Sewer Laborer I	
-11	0.51	-0.47	\$-42,344		TOTAL	

M. COUNTY DELINQUENT TAX FUND

EXECUTIVE SUMMARY

PURPOSE:	To provide appropriation authority to purchase Milwaukee County delinquent property taxes.
STRATEGIC ISSUES:	Provide a funding mechanism to purchase delinquent county property taxes without affecting the city's tax levy.
INITIATIVES FOR 2004:	Continue efforts to return tax delinquent properties to the tax rolls and increase future city revenue.

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 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.

SUMMARY OF EXPENDITURES

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
Purchase of Delinquent County Taxes	\$8,531,457	\$9,000,000	\$9,500,000	\$500,000
TOTAL	<u>\$8,531,457</u>	<u>\$9,000,000</u>	<u>\$9,500,000</u>	<u>\$500,000</u>

SOURCE OF FUNDS

	2002 ACTUAL EXPENDITURES	2003 ADOPTED BUDGET	2004 ADOPTED BUDGET	CHANGE 2004 ADOPTED VERSUS 2003 ADOPTED
County Delinquent Taxes Collected	\$8,531,457	\$9,000,000	\$9,500,000	\$500,000
TOTAL	<u>\$8,531,457</u>	<u>\$9,000,000</u>	<u>\$9,500,000</u>	<u>\$500,000</u>

II. BORROWING AUTHORIZATIONS

GENERAL OBLIGATION BONDS OR SHORT-TERM NOTES

PURPOSE	Reauthorization of 2003 Authority (1)(2)	New 2004 Authority	Total
A. GRANT AND AID PROJECTS - Specific Purposes Not Contemplated at the 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)	\$4,580,487	\$300,000	\$4,880,487
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	0	0	0
Subtotal - Renewal and Development Projects	\$5,706,988	\$2,700,000	\$8,406,988
C. PUBLIC IMPROVEMENTS			
1. Public Buildings for Housing Machinery and Equipment	\$38,041,719	\$27,922,000	\$65,963,719
2. Harbor Improvements	1,175,000	250,000	1,425,000
3. Parking Facility Improvement	1,094,000	1,305,900	2,399,900
4. Purchase of Sites for and Construction of Engine Houses, Fire Stations Reconstruction, Remodeling, Planning, Design, and Site Acquisition	3,239,900	5,195,000	8,434,900
5. Police Department Facility Construction	6,442,137	6,375,000	12,817,137
6. Bridge and Viaduct	4,767,000	5,650,809	10,417,809
7. Sewage Disposal - Sewer Improvement and Construction	3,169,000	4,000,000	7,169,000
8. Street Improvements - Street Improvement and Construction	23,600,706	6,701,641	30,302,347
9. Parks and Public Grounds	1,034,485	400,000	1,434,485
10. Library Improvements Authorized under Section 229.11 and 229.17	710,000	2,000,000	2,710,000
Subtotal - General Obligation Bonds or Short-Term Notes (Sections A through C)	\$93,561,422	\$62,800,350	\$156,361,772
D. CONTINGENT BORROWING			
Borrowing for a Public Purpose not Contemplated at the Time the Budget was Adopted			
Contingent Borrowing	\$0	\$30,000,000	\$30,000,000
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$30,000,000	\$30,000,000
E. SCHOOL BOARD BORROWING			
1. School Purposes (A)	\$10,580,000	\$12,000,000	\$22,580,000
2. For School Purposes authorized under Section 119.498 and/or 66.1333	0	200,000,000	200,000,000
Subtotal - General Obligation Bonds or Short-Term Notes	\$10,580,000	\$212,000,000	\$222,580,000

II. BORROWING AUTHORIZATIONS

PURPOSE	Reauthorizator of 2003 Authority (1)(2)	New 2004 Authority	Total
F. BORROWING FOR SPECIAL ASSESSMENTS			
1. To Finance Public Improvements in Anticipation of Special Assessments Levied Against Property			
2. General City	<u>\$19,196,326</u>	<u>\$5,179,290</u>	<u>\$24,375,616</u>
Subtotal - General Obligation Bonds or Local Improvements Bonds	\$19,196,326	\$5,179,290	\$24,375,616
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	<u>\$27,916,180</u>	<u>\$19,000,000</u>	<u>\$46,916,180</u>
Subtotal - General Obligation Bonds, Short-Term Notes, or Revenue Bonds	\$27,916,180	\$19,000,000	\$46,916,180
H. BORROWING FOR DELINQUENT TAXE:			
To Finance General City Purposes for Anticipated Delinquent Taxe:	<u>\$0</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$15,000,000	\$15,000,000
I. REVENUE ANTICIPATION BORROWING			
To Borrow in Anticipation of Revenue in Accordance with Section 67.12 (1a) of the Wisconsin State Statutes	<u>\$0</u>	<u>\$300,000,000</u>	<u>\$300,000,000</u>
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$300,000,000	\$300,000,000
J. WATER WORKS BORROWING			
Water Works Mortgage Revenue Bonds or General Obligation Bonds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	\$0	\$0	\$0
K. SEWER MAINTENANCE FUND BORROWING			
Sewer Maintenance Fund Revenue Bonds or General Obligation Bonds	<u>\$3,500</u>	<u>\$13,700,000</u>	<u>\$13,703,500</u>
	\$3,500	\$13,700,000	\$13,703,500
TOTAL BORROWING AUTHORIZATION	\$151,257,428	\$657,679,640	\$808,937,068

(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 Policy Division is authorized to make or approve changes in performance measures including additions, deletions, and modifications during the budget year.

The City Comptroller shall reflect such performance measure changes that are approved by the Budget and Policy Division in the establishment of the necessary accounts for reporting purposes.

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 Policy 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: \$20,460,009,116

<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	\$204,600	\$5,000	\$0.00
\$0.05	\$1,023,000	\$10,000	\$0.00
\$0.10	\$2,046,001	\$50,000	\$0.00
\$0.25	\$5,115,002	\$100,000	\$0.00
\$0.50	\$10,230,005	\$500,000	\$0.02
\$1.00	\$20,460,009	\$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.

BASIS OF BUDGETING

The city's budgetary policies generally conform to Generally Accepted Accounting Principles (GAAP) applicable to governmental units. The city's governmental funds (general, special revenue, debt service, capital projects) use the modified accrual basis. Under the modified accrual basis, revenues are recorded when both available and measurable. Certain fines and forfeitures, however, are recorded when received as they are not subject to accrual. Expenditures are recognized when the related liability is incurred. The accrual basis of accounting is

used for the city's proprietary funds (enterprise and internal service agencies). The city prepares financial statements annually in conformity with GAAP for governmental entities which are audited by an independent certified public accounting firm. The city's Comprehensive Annual Financial Report (CAFR) is generally available about four months after December 31. The city's most recent CAFR for the fiscal year ended December 31, 2002 was audited by the accounting firm KPMG Peat Marwick LLP and is available for review.

UNRESERVED FUND BALANCE

The city utilizes two separate reserve funds. One reserve fund, the Tax Stabilization Fund (TSF) is associated with the general fund balance. The other reserve fund, the Public Debt Amortization Fund (PDAF), is related to the debt service fund. Each reserve fund was created via state statute and city ordinance and each is restricted in the manner in which funds are used. Table 1 shows the level of unreserved fund balances in each of the funds. There are additional funds in the city fund balance; however, these funds are reserved for other uses.

As Table 1 indicates, the PDAF withdrawal in 2004 will be \$4 million, which is \$1 million less than the 2003 withdrawal of \$5 million. It is expected that the balance in the PDAF will remain the same for 2005 purposes. The TSF withdrawal will increase by \$7.6 million to \$16.9 million. The \$16.9 million withdrawal will allow the city to meet its informal policy of maintaining the TSF balance at 5% of general fund expenditures.

As a part of the 2002 budget, a TSF policy was proposed. The policy will require a minimum TSF balance that is equal to 5% of the three year average

general fund expenditures. A withdraw that allows the balance to fall below the minimum will require actions in future years to replenish the amount in the TSF above the minimum. Other intended changes would set a mid-point and maximum TSF balance.

Table 1

Unreserved Fund Balance			
(In Thousands)			
TSF Unreserved Balance		PDAF Unsegregated Balance	
2001 Year End Balance	\$29,122	2001 Year End Balance	\$44,193
2003 Budget Withdraw	<u>9,300</u>	2003 Utilization	<u>5,000</u>
Subtotal	\$19,822	Subtotal	\$39,193
2002 Regeneration	<u>13,923</u>	2002 Earnings	<u>5,414</u>
Available for 2004 Purposes	\$33,745	Available for 2004 Purposes	\$44,607
2004 Withdraw	\$16,870	2004 Utilization	\$4,000
Remaining Balance Prior to 2003 Regeneration	\$16,875	Remaining Balance Prior to 2003 Earnings	\$40,607
Est. 2003 Regeneration	\$13,370	Est. 2003 Earnings	\$4,000
Est. Available for 2005	\$30,245	Est. Available for 2005	\$44,607
Total Unreserved TSF and Unsegregated PDAF Balance for 2004 Purposes		\$78,352	
Total Unreserved TSF and Unsegregated PDAF Balance Used in 2004		\$20,870	
Total Unreserved TSF and Unsegregated PDAF Balance Used in 2003		\$14,300	
Change in Reserves Used in 2004 Compared to 2003		\$6,570	
Est. Total Unreserved TSF and Unsegregated PDAF Balance for 2005 Purpose:		\$74,852	