



**Tom Barrett**  
Mayor, City of Milwaukee

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November 21, 2017

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

Honorable Members of the Common Council:

I commend you on your thorough and thoughtful work on the 2018 Budget. This budget was exceptionally difficult. The challenges facing the City in this budget will not be reduced next year. I appreciate the Council's sensitivity on the tax levy and hope we can continue to work together on our long-term financial challenges.

I am pleased to see that the Council increased funding for street lighting, voting access, and DNS inspectors, as well as efforts to improve traffic safety. I share the Council's desire to make sure our neighborhoods are safe and stable.

I have submitted three vetoes that I have explained in detail below.

I have concerns related to the reduction of over \$500,000 included for General City salary increases. The reductions in an already tight budget may reduce or delay planned raises for General City employees. I am especially concerned with the growing wage disparity between General City employees and public safety personnel.

I am also concerned with the additional borrowing added to the budget. It is important that we commit to borrow at a level that is equal to the amount of debt retired. The debt cost we add to the tax levy needs to be stable. Departing from this policy will create much larger future problems. Furthermore, increases to the debt service levy reduces revenue available for the operating budget.

I am troubled by Amendment 72 which cut the salary of the Chairman of the Board of Zoning Appeals. There is a process that reviews duties and compensation for every city position, and we owe it to ourselves and our residents to follow that process instead of making hasty decisions on personnel.

If the Council sustains these vetoes and adopts my proposed substitute actions, there will be a Budget reduction of \$-507,500 and a tax levy reduction of \$-7,500, compared to the Council's adopted Budget.

Thank you for your consideration.

Sincerely,

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

Tom Barrett  
Mayor

### **Veto of Certain Lines and Items included in Common Council Amendments 2B, 3A and 41A**

I am vetoing certain lines of Amendment 3A that provide funding for a Neighborhood Investment Beautification Program. In amendment 41A, I am vetoing certain lines that add to the average sworn police officer strength in late October 2018. I am vetoing certain lines of amendment 2B that impact departmental salaries, and I intend to restore most of the salaries with the savings from vetoes of amendments 3A and 41A.

These amendments cut over \$500,000 included in the 2018 Budget for General City employee salaries. I included funding for raises for General City employees in the budget because I am concerned about a growing wage disparity between General City employees and public safety personnel.

As you and I know all too well, employees in Public Works, Health, Neighborhood Services, and the Library can face safety risks. Action to cut salaries or increase critical department vacancies sends a message to General City employees that their work is not valued as much as the work of sworn personnel.

Since the State passed Act 10, the gap between Police and Fire salaries and General City salaries has continued to grow. Police officer positions have been funded, while General City employee positions remain vacant, or are eliminated. Since 2008, we have cut nearly 400 vacant FTE from City departments as our budgets have tightened. I feel strongly that a first class city is more than Police and Fire, and we need to make sure all of our employees know their work is critical to our success.

To avoid service reductions in 2018, General City employee salary adjustments may need to be delayed or reduced below the planned 2%. Positions may be held vacant for longer periods of time, and new positions will be filled later in the year, if at all. This is the only way to be certain there will not be a salary shortfall or impact to services.

These amendments also increase the rate of growth of the Police budget in 2019. At the proposed level of 1,855 officers, the Budget Office estimates an additional \$5.8 million will be needed in the 2019 budget just to maintain Police strength.

If the veto is sustained, a substitute action is attached that will restore \$350,373 of the \$572,650 salary reduction included in amendment 2B.

My veto and proposed substitute action, if approved by the Council, will result in a Budget effect of \$0, and a reduced levy of \$0.

I ask that you sustain my veto and adopt the proposed substitute action.

VARIOUS DEPARTMENTS  
AMENDMENTS 2B, 3A AND 41A

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2018 budget: (which were affected by Common Council Amendment #2B which added \$500,000 for a Disparity Study and \$72,650 for Police Officers by decreasing General City department salaries, Amendment 3A which added \$165,000 for Neighborhood Beautification, and Amendment #41A which increased funding for Police Officers by eliminating funding for a Media Producer and an Assistant Chief of Police):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2018 Positions</u> <u>or Units</u>	<u>2018 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
DEPARTMENT OF ADMINISTRATION- ENVIRONMENTAL COLLOABORATION OFFICE			
110.14-22	Neighborhood Investment Beautification Program	--	\$165,000
HEALTH DEPARTMENT			
220.12-16	Personnel Cost Adjustment	--	\$-451,437
220.18-16	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$3,431,748
LIBRARY ADMINISTRATIVE SERVICES DECISION UNIT			
230.7-14	Personnel Cost Adjustment	--	\$-269,702
230.8-12	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,122,645
DEPARTMENT OF NEIGHBORHOOD SERVICES			
260.7-23	Personnel Cost Adjustment	--	\$-473,787
260.9-7	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$5,218,847
POLICE DEPARTMENT			
270.18-12	Personnel Cost Adjustment	--	\$-14,452,452

270.18-23	O&M FTE'S	2,701.19	--
270.21-6	ESTIMATED EMPLOYEE BENEFITS	--	\$87,067,970
DPW-INFRASTRUCTURE SERVICES DIVISION- TRANSPORTATION INFRASTRUCTURE DECISION UNIT			
310.13-4	Personnel Cost Adjustment	--	\$-231,894
310.13-24	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,567,874
DPW-OPERATIONS DIVISION SANITATION SECTION			
320.19-18	Personnel Cost Adjustment	--	\$-481,770
320.20-23	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$7,043,194
380.1-3	FRINGE BENEFIT OFFSET	--	\$-176,458,924

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

**B. SUBSTITUTE ACTION**

<u>BMD-2 Page and Line No.</u>	<u>Item Description</u>	<u>2018 Positions or Units</u>	<u>2018 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
HEALTH DEPARTMENT			
220.12-16	Personnel Cost Adjustment	--	\$-416,503
220.18-16	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$3,447,818
LIBRARY ADMINISTRATIVE SERVICES DECISION UNIT			
230.7-14	Personnel Cost Adjustment	--	\$-211,603
230.8-12	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,149,371

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DEPARTMENT OF NEIGHBORHOOD SERVICES

260.7-23	Personnel Cost Adjustment	--	\$-421,422
260.9-7	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$5,242,935

POLICE DEPARTMENT

270.18-12	Personnel Cost Adjustment	--	\$-14,639,825
270.18-23	O&M FTE'S	2,698.19	--
270.21-6	ESTIMATED EMPLOYEE BENEFITS	--	\$86,981,779

DPW-INFRASTRUCTURE SERVICES DIVISION-  
TRANSPORTATION INFRASTRUCTURE  
DECISION UNIT

310.13-4	Personnel Cost Adjustment	--	\$-155,224
310.13-24	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,603,143

DPW-OPERATIONS DIVISION

SANITATION SECTION

320.19-18	Personnel Cost Adjustment	--	\$-351,465
320.20-23	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$7,103,135
380.1-3	FRINGE BENEFIT OFFSET	--	\$-176,534,827

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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

1. Budget Effect	=	+\$0
2. Levy Effect	=	+\$0
3. Rate Effect	=	+\$0.000

### **Veto of Certain Lines and Items included in Common Council Amendments 61A and 64**

I am vetoing lines in Amendments 61A and 64. Amendment 61A adds \$150,000 to the Housing Infrastructure Preservation Fund and Amendment 64 adds \$350,000 to the Strong Homes Loan Program.

I remain concerned about the city's debt levels, given our financial forecast. In 2018, our debt service and pensions are equivalent to nearly half the property tax levy. That significantly impacts our ability to fund services and maintain our infrastructure. My 2018 Proposed Budget included \$76.9 million in general obligation borrowing. This reduced borrowing by \$12 million from the 2017 budget, and roughly matches the level of debt retired.

The Council increased levy-supported borrowing in 2017 by \$700,000, and this year by \$500,000. Increased borrowing commits the City to future debt service payments and increases the debt service tax levy.

We all agree that our neighborhoods are a priority. Since the Great Recession in 2009, the city has made huge direct and partnered capital investments into our neighborhoods. The Strong Neighborhoods Plan alone has allocated over \$58 million to neighborhood stabilization. That initiative has generated thousands of home sales which have resulted in nearly \$100 million in recovered tax base. We should all be proud of partnerships like the Westlawn Development that have added more than 6,500 affordable and supportive housing units in our neighborhoods.

Providing an additional \$150,000 to the Housing Infrastructure Preservation fund is difficult to justify. In total, 23 of the properties that were funded by this program remain for sale, and most are in a small area of the city. Our plan should be to devote more effort to marketing and selling the nearly two dozen homes already in the HIPF inventory.

The Strong Homes Loan Program was provided with approximately the same level of funding in 2018 as in 2017. The 2018 Proposed Budget funding is consistent with demand for loans and our forecasted debt levels. Amendment 64 would increase funding beyond the 2017 level. My Administration is working with several interested lenders to provide additional private capital and leverage for these efforts so the City need not be the sole funder of this important effort.

My veto and a proposed substitute action, if approved by the Council, will result in a Budget effect of \$507,500, and a reduced levy of \$7,500.

I ask that you sustain my veto and proposed substitute action.

CAPITAL IMPROVEMENTS, CITY DEBT, BORROWING AUTHORIZATIONS  
AMENDMENTS 61A AND 64

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2018 budget: (which were affected by Common Council Amendments #61A and #64 which increased funding for the Housing Infrastructure Preservation Fund and the Strong Homes Loan Program capital projects):

<u>BMD-2 Page and Line No.</u>	<u>Item Description</u>	<u>2018 Positions or Units</u>	<u>2018 Amount</u>
	SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS		
	DEPARTMENT OF CITY DEVELOPMENT		
450.9-10	Housing Infrastructure Preservation Fund New Borrowing	--	\$250,000
450.9-17	Strong Homes Loan Program New Borrowing	--	\$750,000
	SECTION I.C.2 SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET		
450.32-13	New Authorizations – City Share	--	\$77,424,000
	SECTION I.D.1 BUDGET FOR CITY DEBT		
460.1-8	Bonded Debt (Interest – expense)	--	\$39,807,500
	SECTION II. BORROWING AUTHORIZATIONS		
	A. Renewal and Development Projects		
570.1	Subtotal Renewal and Development Projects.	--	\$5,365,000

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

**B. SUBSTITUTE ACTION**

<u>BMD-2 Page and Line No.</u>	<u>Item Description</u>	<u>2018 Positions or Units</u>	<u>2018 Amount</u>
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SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS

DEPARTMENT OF CITY DEVELOPMENT

450.9-10	Housing Infrastructure Preservation Fund (A) New Borrowing	--	\$100,000
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(A) A study will be conducted in 2018 to determine how houses are selected and how funding amounts are determined.

Strong Homes Loan Program  
New Borrowing

SECTION I.C.2 SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET

450.9-17	New Authorizations – City Share	--	\$400,000
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SECTION I.D.1 BUDGET FOR CITY DEBT

450.32-13	Bonded Debt (Interest – expense)	--	\$76,924,000
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SECTION II. BORROWING AUTHORIZATIONS

460.1-8	A. Renewal and Development Projects	--	\$39,800,000
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570.1	Subtotal Renewal and Development Projects.	--	\$4,865,000
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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

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|------------------|---|------------|
| 1. Budget Effect | = | \$-507,500 |
| 2. Levy Effect   | = | \$-7,500   |
| 3. Rate Effect   | = | \$-0.001   |

**Veto of Certain Lines and Items included in Common Council Amendment 72**

I am vetoing Amendment 72, which adds funding to administer Neighborhood Improvement Districts by reducing the funding for the Chair of the Board of Zoning Appeals.

I understand that this amendment was introduced in the “loose” packet on Budget Adoption Day. As stewards of the public trust, and consistent with the City Code and Civil Service provisions, we owe all those who work for or with the city a basic level of fairness and respect. This kind of targeted funding cut is not the kind of government our citizens expect or deserve. As the level of government closest to the people, we need to hold ourselves to a higher standard.

I have directed a study of the BOZA Chair position, including a compensation review, and expect the Department of Employee Relations to bring it forward to Council by mid-January 2018. I simply ask that the Council abide by that process as you would for any other city funded position.

My veto and proposed substitute action, if approved by the Council, will result in a Budget effect of \$0, and a reduced levy of \$0.

I ask that you sustain my veto and adopt the proposed substitute action.

BOARD OF ZONING APPEALS, SPECIAL PURPOSE ACCOUNTS-MISCELLANEOUS  
AMENDMENT 72

**A. DISAPPROVAL ACTION**

The Mayor disapproves of the following budget line(s) in the 2018 budget: (which were affected by Common Council Amendment #72 which decreased funding for the BOZA Chairman by \$25,000 and created a new Neighborhood Improvements SPA):

BMD-2 Page and <u>Line</u> <u>No.</u>	<u>Item Description</u>	2018 Positions or Units	<u>2018 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	SPECIAL PURPOSE ACCOUNTS- MISCELLANEOUS		
330.4-12	Neighborhood Improvements	--	\$25,000
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	SPECIAL PURPOSE ACCOUNTS- BOARD OF ZONING APPEALS		
360.1-6	Chairman Board of Zoning Appeals	--	\$27,945
360.2-4	O&M FTE'S	4.00	--
360.2-10	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$58,696
380.1-3	FRINGE BENEFIT OFFSET	--	\$-176,458,924

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

**B. SUBSTITUTE ACTION**

BMD-2 Page and <u>Line No.</u>	<u>Item Description</u>	2018 Positions or Units	<u>2018 Amount</u>
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SECTION I.A.1. BUDGETS FOR GENERAL CITY  
PURPOSES

SPECIAL PURPOSE ACCOUNTS-  
BOARD OF ZONING APPEALS

360.1-6	Chairman Board of Zoning Appeals	--	\$52,945
360.2-4	O&M FTE'S	4.50	--
360.2-10	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$70,196
380.1-3	FRINGE BENEFIT OFFSET	--	\$-176,470,424

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**C. COMBINED EFFECT OF ACTIONS A & B ABOVE:**

1. Budget Effect = \$0
2. Levy Effect = \$0
3. Rate Effect = \$0.000