



Tom Barrett
Mayor, City of Milwaukee

November 21, 2018

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

Honorable Members of the Council Members:

Thank you, again, for your hard work on the City's 2019 budget. I appreciate the thoughtful approach of the Council and your staff to hear and evaluate this year's budget. I also appreciate the careful attention you paid to the priorities we set for our city through the annual budget.

Next year, and in the years to come, the City faces consistently difficult budgets. I am glad you share my commitment to funding the pension reserve. Your actions and continued support of sustainable pension funding will improve our financial sustainability in future years. I was also pleased by your support for my proposed funding for lead abatement and awareness. Together, we are taking the right steps to promote health for Milwaukee's kids and families.

As pleased as I am with your support for those items, I was disappointed to see that Council amendments raised the property tax levy by \$947,478 from my proposed budget. The Council also added \$4.7 million of additional debt authorizations, by far the biggest increase in new borrowing in the last six years. The City's finances need to balance the tax burden on residents, the need for services and our obligations to pay debt and pension costs. More debt and a higher tax levy will increase the City's structural budget problems.

A footnote was added to the budget expressing the Council's intent to implement a wage increase for General City employees effective in mid-2019. The Council expressed a desire to distribute a wage increase in a fair and responsible way. I have significant concerns about the impact of this decision on our ability to fund wage increases in the 2020 budget.

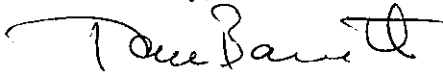
I am hopeful that the Common Council will support methodology for the distribution of the wage increase when the Department of Employee Relations presents it in early 2019. Such recommendations must ensure the wage increases effectively address internal pay equity challenges, strengthen the City's ability to recruit and retain talent, and maintain the accountability standards put in place over the last several years.

I have chosen to veto a small number of items, based on my concerns regarding the property tax levy and increased debt authorizations in the Council's Adopted Budget.

I have submitted five vetoes, explained in detail in the attachments. If the Council sustains these vetoes and adopts my proposed substitute actions, there will be a Budget reduction of \$1,754,335 and a tax levy reduction of \$254,335 compared to the Council's Adopted Budget.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Tom Barrett". The signature is written in black ink and is positioned above the printed name.

Tom Barrett
Mayor

Veto of Certain Lines and Items included in Common Council Amendment 11A

Amendment 11A provides \$200,000 in property tax levy funds for Healthy Food Establishment Special Fund. I am vetoing the additional tax levy funding for this effort.

I agree with Council members' position that Milwaukee residents need more options for fresh and healthy food. Together, in the last ten years, we have used City funds and incentives to create five new grocery stores, including the new Pete's Market on Martin Luther King Drive. In addition, we have made major improvements to the Fondy farmer's market. We have also elevated nutrition as a health priority through our employee wellness program and in our MKE Elevate health plan.

The Council's 2018 Adopted Budget included \$200,000 for Healthy Food Establishments that has yet to be spent. I am always happy to support partnerships that help increase food access, and the achievements I cited all came from clear and committed partnerships.

I pledge to work with Alderman Rainey and others to grow new partnerships. We can use existing funds to help implement the Food Access strategies we created together in April 2017.

I ask that you sustain my veto.

DEPARTMENT OF CITY DEVELOPMENT
AMENDMENT 11A

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2019 budget: (which were affected by Common Council Amendment #11A which added funding for the Healthy Food Establishment Special Fund in the Department of City Development):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	DEPARTMENT OF CITY DEVELOPMENT- GENERAL MANAGEMENT & POLICY DEVELOPMENT DECISION UNIT		
	SPECIAL FUNDS		
140.10-12	Healthy Food Establishment Fund*	--	\$200,000

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

B. SUBSTITUTE ACTION

NONE

C. COMBINED EFFECT OF ACTIONS A & B ABOVE:

1. Budget Effect = \$-200,000
2. Levy Effect = \$-200,000
3. Rate Effect = \$-0.008

Veto of Certain Lines and Items included in Common Council Amendments 28B

Amendment 28B reduces average sworn police strength by ten officers and adds four Community Outreach Liaisons, one Health Project Coordinator and a \$425,000 special purpose account to in the Health Department.

My veto is intended to preserve the five new positions in the Health Department, and restores authority for six officers. I am vetoing the new special purpose account funding provided to the Health Department.

I appreciate the Council's vigorous public policy debate on the need to have numerous approaches to reducing violence and crime. I agree that public health provides another set of tools to address crime and violence. My proposed substitute accomplishes what the Council sought to do, additional resources for both public health and the police.

I share the concerns expressed by the Council on retirements and the need to maintain a reasonable level of police staffing. The six officers added to sworn strength in my proposed substitute will help to lower the impact of anticipated retirements.

Commissioner Kowalik will be working on a strategic plan that helps align staff, partnerships, and funding to increase positive health outcomes throughout the city. She will continue to update my office and the Council and request resources to fit her strategic goals for the department. I am committed to providing her with the resources she needs for this important work, and hope you will continue to be supportive of the needs of the Health Department.

The Health Department is also anticipated to have significant available funding to carryover to 2019 that could be carried over to address funding needs that develop from the strategic plan.

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

HEALTH DEPARTMENT, POLICE DEPARTMENT, SPECIAL PURPOSE ACCOUNTS,
PROVISIONS FOR EMPLOYEE RETIREMENT
AMENDMENT 28B

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2019 budget: (which were affected by Common Council Amendment #28B which reduced Police average sworn strength by 10 and created a new Special Purpose Account named Milwaukee Health Initiative):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	POLICE DEPARTMENT		
270.20-14	Personnel Cost Adjustment	--	-\$13,520,171
270.20-25	O&M FTE'S	2,714.60	--
270.23-3	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$89,936,109
270.23-11	Other Operating Supplies	--	\$2,083,555
	SPECIAL PURPOSE ACCOUNTS – MISCELLANEOUS		
330.3-26	Milwaukee Health Initiative	--	\$425,331
	SPECIAL PURPOSE ACCOUNTS – EMPLOYEE HEALTH CARE BENEFITS		
350.1-10	UHC Choice EPO	--	\$91,935,000
380.1-3	FRINGE BENEFIT OFFSET	--	\$-178,597,761
	SECTION I.B.1 BUDGET FOR PROVISIONS FOR EMPLOYEE RETIREMENT		
410.2-6	Social Security Tax	--	\$18,911,080

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

B. SUBSTITUTE ACTION

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	POLICE DEPARTMENT		
270.20-14	Personnel Cost Adjustment	--	-\$13,236,180
270.20-25	O&M FTE'S	2,720.60	--
270.23-3	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$90,069,585
270.23-11	Other Operating Supplies	--	\$2,170,975
	SPECIAL PURPOSE ACCOUNTS -- EMPLOYEE HEALTH CARE BENEFITS		
350.1-10	UHC Choice EPO	--	\$92,000,000
380.1-3	FRINGE BENEFIT OFFSET	--	\$-178,731,237
	SECTION I.B.1 BUDGET FOR PROVISIONS FOR EMPLOYEE RETIREMENT		
410.2-6	Social Security Tax	--	\$18,900,000

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 63A

Amendment 63A provides an additional \$1.5 million in borrowing authority, intended to fund deconstruction.

I am vetoing the increased funding until the City's Code can be amended to improve the deconstruction and demolition process. Under current ordinance nearly all property demolitions are required to be deconstructed.

Numerous concerns have been raised about the delay in removing blighted properties not owned by the City and the overall cost of deconstruction. The deconstruction ordinance currently in effect has serious cost impacts on property owners, who must bear the whole cost of deconstruction.

This cost has a negative impact on development and infill housing in the neighborhoods that need it most. The City Attorney also has serious statutory and Constitutional concerns about the existing deconstruction mandate.

I share the Council's desire to connect work and jobs to neighborhood stabilization. I also share the desire of Council members and neighbors to deal with blighted homes that attract nuisance activity as quickly as we can.

I urge the Council to work with the Department of Neighborhood Services to revise the ordinances governing demolition and deconstruction so we can effectively deal with blight and create new opportunities in our neighborhoods.

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

CAPITAL IMPROVEMENTS, CITY DEBT, BORROWING AUTHORIZATIONS,
AMENDMENT 63A

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2019 budget: (which were affected by Common Council Amendment #63A which added funding for the Concentrated Blight Elimination capital project in the Department of Neighborhood Services):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS		
	DEPT. OF NEIGHBORHOOD SERVICES		
	Concentrated Blight Elimination (A)		
450.20-5	New Borrowing	--	\$2,750,000
	SECTION 1.C.2. SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET		
	General Obligation Borrowings**		
450.36-13	New Authorizations – City Share	--	\$84,709,000
	SECTION 1.D.1 BUDGET FOR CITY DEBT		
460.1-8	Bonded Debt (Interest-expense)	--	\$53,705,500
	SECTION II. BORROWING AUTHORIZATIONS		
	A. Renewal and Development Projects		
570.1	Subtotal Renewal and Development Projects	--	\$5,875,000

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

B. SUBSTITUTE ACTION

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
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SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS

DEPT. OF NEIGHBORHOOD SERVICES

450.20-5	Concentrated Blight Elimination (A) New Borrowing	--	\$1,250,000
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SECTION 1.C.2. SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET

450.36-13	General Obligation Borrowings** New Authorizations – City Share	--	\$83,209,000
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SECTION 1.D.1 BUDGET FOR CITY DEBT

460.1-8	Bonded Debt (Interest-expense)	--	\$53,675,500
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SECTION II. BORROWING AUTHORIZATIONS

570.1	A. Renewal and Development Projects Subtotal Renewal and Development Projects	--	\$4,375,000
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C. COMBINED EFFECT OF ACTIONS A & B ABOVE:

1.	Budget Effect	=	\$-1,530,000
2.	Levy Effect	=	\$-30,000
3.	Rate Effect	=	\$-0.001

Veto of Certain Lines and Items included in Common Council Amendments 70A

Amendment 70A eliminates funding for the Police Auto License Plate Recognition (ALPR) project and authorizes new borrowing for 4 “COP Houses”.

I am vetoing this amendment and offering a substitute action that restores funds for ALPR upgrades in the Police Department.

The ALPR system provides vital intelligence to officers and has become a standard tool for over 30 Wisconsin police departments. License plate reading technology also saves officers critical time and effort connecting dots and working together to respond to crime and conduct investigations. It has been used to locate suspects, help solve sexual assault cases, and find missing children. The Police Department needs ALPRs to remain a viable tool, and my proposed budget included dedicated funding to make sure that capacity is maintained.

The Council had a robust discussion during budget hearings on the COP House concept. I believe that we need the police to work with the community and the community to work with the police. That’s why community-police partnerships have to start with community partnerships and anchor institutions.

COP Houses that exist in Racine and Mount Pleasant were developed with large private donations for both development and operating costs. The Mount Pleasant COP house was built with a donation S.C. Johnson Wax and continued grant funding from the Racine Community Foundation, along with other supporters from the community.

Milwaukee is not Racine or Mount Pleasant, but we also have a great history of building these kinds of public-private partnerships that support public safety and bring together neighborhoods. Community Prosecution, Healthy Neighborhoods, and City departments’ support of the Building Neighborhood Capacity Program are just a few examples.

The Police Department sees promise in the “resource house” model proposed by Journey House and Andre Lee Ellis. I am sure each neighborhood will have its own anchors and funding partners to make these work. Without that clear commitment of support and funding from community partners, I cannot support eliminating funds for ALPR to support COP Houses.

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

CAPITAL IMPROVEMENTS, BORROWING AUTHORIZATIONS
AMENDMENT 70A

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2019 budget: (which were affected by Common Council Amendment #70A which added funding for a new capital program establishing four COP Houses in the Department of City Development and eliminated funding for the Auto License Plate Recognition capital project in the Police Department):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS		
	DEPARTMENT OF CITY DEVELOPMENT		
450.11-8	COP HOUSES	--	\$375,000
	POLICE DEPARTMENT		
450.22-19	Auto License Plate Recognition New Borrowing	--	\$0
	SECTION II. BORROWING AUTHORIZATIONS		
	A. Renewal and Development Projects		
570.1	Subtotal Renewal and Development Projects.	--	\$5,875,000
	B. Public Improvements		
570.1	5. All Police borrowing.	--	\$6,566,000

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

B. SUBSTITUTE ACTION

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
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SECTION I.C.1. BUDGETS FOR CAPITAL
IMPROVEMENTS

POLICE DEPARTMENT

450.22-19	Auto License Plate Recognition New Borrowing	--	\$375,000
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SECTION II. BORROWING AUTHORIZATIONS

A. Renewal and Development Projects

570.1	Subtotal Renewal and Development Projects.	--	\$5,500,000
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B. Public Improvements

570.1	5. All Police borrowing.	--	\$6,941,000
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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 13A

Amendment 13A provides partial funding for the Inspector General position created in the Common Council City Clerk's Office.

I am vetoing the funding for the Inspector General position for the same reasons I vetoed the legislation creating the position. An Inspector General position needs to be free from political interference and able to investigate all parts of City government. That includes those activities within the City Clerk's Office and the Common Council.

An Inspector General appointed by the Common Council could not be truly independent. Political issues and disagreements could easily determine what departments or individuals are investigated.

Liquor license applicants and applicants for Community Development Block Grant funding would not have independent recourse if they felt their approval or denial was politically motivated. Political interference could also result in potential retaliation to whistleblowers. City Clerk and Council contracts would not face independent scrutiny.

Other cities place their Inspector General in independent offices, with adequate staff and clear standards for their oversight activities. Those cities have worked to assure that the office is free from political influence by providing independent funding appropriations, terms of office outside the election cycle, or a citizen panel who appoints the position.

Finally, it should be noted that the City already has an independently elected Comptroller whose office provides audits of City programs under auditing standards that are free from political influence.

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

COMMON COUNCIL-CITY CLERK
AMENDMENT 13A

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2019 budget: (which were affected by Common Council Amendment #13A which added funding, position authority and FTE for the Inspector General position in the City Clerk's Office):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	COMMON COUNCIL – CITY CLERK		
	CENTRAL ADMINISTRATION DIVISION		
	SALARIES & WAGES		
160.1-11	Inspector General (C)	1	\$24,335
160.4-25	O&M FTE'S	101.57	--
160.5-8	(C) It is recommended that the Inspector General position be exempt from City Service.		
160.5-15	ESTIMATED EMPLOYEE FRINGE BENEFITS	--	\$2,557,415
380.1-3	FRINGE BENEFIT OFFSET	--	\$-178,597,761

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

B. SUBSTITUTE ACTION

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2019 Positions</u> <u>or Units</u>	<u>2019 Amount</u>
	SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES		
	COMMON COUNCIL – CITY CLERK		
160.4-25	O&M FTE'S	101.07	--
160.5-15	ESTIMATED EMPLOYEE FRINGE BENEFIT	--	\$2,546,464

380.1-3 FRINGE BENEFIT OFFSET

--

\$-178,586,810

C. COMBINED EFFECT OF ACTIONS A & B ABOVE:

1. Budget Effect = \$-24,335
2. Levy Effect = \$-24,335
3. Rate Effect = \$-0.001