

**State of the County Address**  
**Milwaukee County Executive Scott Walker**  
**Monday, January 10, 2005**

Let me begin by thanking Ricardo Diaz and the staff here at the United Community Center (UCC). First, thank you for hosting our State of the County address today. Second, thank you for the great service you provide to the community. From providing for the education of our young people to care for older adults, the UCC is a great partner with the county.

I particularly want to thank the fifth graders who are here with us today. Tonette and I have two sons – Matt is in 5<sup>th</sup> grade and Alex is in 4<sup>th</sup> grade – so I am impressed with how nice you are sitting and listening this morning.

We should also thank all of the men and women in uniform who are serving in places like Iraq and Afghanistan – as well as those helping with relief efforts for the victims of the Tsunami. A number of our county employees are still deployed and we continue to keep them and their families in our thoughts and prayers.

Just a month ago, property tax bills were sent to homeowners across Milwaukee County. Last year, I introduced you to Alma Linda Ramirez. I first met her at the budget briefing we held here at the UCC.

Alma Linda lives in her own duplex on the near Southside of Milwaukee with her three kids. Alma Linda is the first one in a family of 13 to own a home. Now, she continues to be concerned that high property taxes might force her to lose her piece of the American dream.

Donna Banaszak raised a similar concern when she sent me a letter on December 29<sup>th</sup> that said, “I am at the end of my rope and being forced to sell my home, because at age 65 I can no longer afford the property taxes.” She is not alone.

Donald Schultz from West Allis wrote me about the panic in many households when they got their property tax bills in December. I took a similar call from a man who lives in Sherman Park.

Scott Obernberger lives on Newport Avenue on the eastside of Milwaukee. His tax bill went up \$664. Sadly, he said he’s now looking to move out of the county.

Frank & Marilyn Wiels live on the northwest side of Milwaukee. They are xxxx. Heather Fraaza is a recent homeowner within the City of Milwaukee. It XXX.

June Veteska is an 83-year-old widow from Cudahy. She and her neighbor Ann Psenko (Senko) are here today because they each received an increase of about \$200 on their tax bill and they don't know how they're going to cover the cost. Stories like these can be found in every part of Milwaukee County.

To keep residents and jobs in our great county, we need to control our property tax burden. **With this in mind, I pledge to present a county budget for 2006 that freezes the tax levy.** We need to send a clear message to our residents and our employers that they can afford to stay and grow in Milwaukee County.

Holding the line on the county tax levy, however, is not enough to keep people and jobs in our community. When the levy goes up by more than 13% for Milwaukee schools, it's not enough for the county to hold the line. Ultimately, we need to hold the line on every portion of our tax bills. **This is why I am asking the Governor to reconsider his position and sign the Property Tax Levy Freeze legislation this year.**

To set the stage for another tax freeze county budget for 2006, we must consider all of our financial options. With this in mind, **I will work with members of the County Board this year to pass a responsible Pension Obligation Bond plan.**

Similar deals were used by Illinois, New Jersey and even Wisconsin - as well as in companies like General Motors. In fact, 130 states and cities have issued some \$36 billion in pension refinancing bonds over the past decade. This plan would not borrow from the pension system.

Milwaukee County already has a \$261.3 million obligation that it owes to the pension system - with or without Pension Obligation Bonds. This obligation has increased dramatically over the past few years due to increases in the benefits. Similar to bonded debt, the obligation is paid over 30 years, but it accrues interest at 8.5%.

If we do nothing, the county will make payments totaling \$982 million over the next 30 years to pay for the \$261.3 million liability. By issuing Pension Obligation Bonds to cover the same liability, we will save \$259 million over the next 30 years.

Pension Obligation Bonds can be used to refinance the liability that is paid at the current rate of 8.5% to approximately 5.8% in the current market. Our proposal would only count on a rate of 7.5%, so the remainder of the savings can go into a debt service reserve fund that will "lock in" payments and protect against periods of lower investment returns. This will provide continuity in the payments to the system each year.

With this plan, I will reduce the cost to taxpayers of paying for these benefits. The bond market was right for such a plan back in September. I just hope that the market continues to allow this to be a viable option in 2005.

And speaking of benefits, we hope to reach agreements early in the year with our various unions on contracts. Because of the overly generous benefits granted four years ago and the major cuts in state aid that will come in Governor Doyle's budget in just a few weeks, we do not have much to offer in our negotiations. In other words, the county does not have an ability to pay for this level of benefits and provide wage increases in 2005 and 2006.

It is clear to me that **we must pull back the ill-gotten pension benefits and sick leave enhancements** granted four years ago by Tom Ament and the old County Board. And let me be clear, it was not our unions that asked for these enhanced benefits, but a small group from the previous administration.

In addition, it is clear that **the county can only afford wage increases if they are paid for out of health care cost savings**. The 2005 county budget clearly reflects this position. Anything else would put the county on the verge of financial disaster.

Prior to the passage of the budget, the fringe benefit line was headed for 70% of the salary line in 2005 and up to 100% of the salary line in 2008. Thankfully, we were able to work with our health care providers to lower our cost increases and get the fringe rate closer to 60% this year. Still, no business or governmental body will survive with this level of fringe benefits.

According to data from the Bureau of Labor Statistics in the US Department of Labor, fringe benefits typically make up 28.6% of the salary line in the private sector and only make up 31.4% of the salary line in most state and local governments. The benefits granted four years ago put Milwaukee County in a league of their own and they must be changed in order for us to survive.

In addition to the continuing effort to correct our financial situation, we must continue to reform the operations of county government. With this in mind, I am forcefully enacting the recommendations of the Blue Ribbon Panel headed by former Supreme Court Justice Janine Geske.

Already, I signed a resolution creating a new review panel for the selection of bids for contracts. Now, **I propose that we create a new Open Records Compliance Officer assigned to the Corporation Counsel Office**. Similar to the position in the City of Milwaukee, this would be an attorney who would insure that all requests from the media and the public would be complied with in a timely manner and in full compliance of the law.

In addition, I support stricter guidelines for the reporting of information on public officials' ethics reports. Good government should be transparent to all.

Reform is needed in our election system too. **I will ask the Milwaukee County Election Commission to create uniform criteria for the number of ballots granted to each municipality.** In addition, **I support the commission's call for a photo ID requirement and I will ask the state to reform the absentee ballot process** so it does not interfere with the ability of local election officials to process voter registration information.

Part of true reform means more than just clean government; it means a lean and effective government too. To that end, I propose a series of changes to improve the operations of our government.

The county should join forces with the City of Milwaukee on a series of issues. **I propose that we consolidate our greenhouse operations at the city facility and share our staff.** This would allow the county to get rid of the current greenhouses that are XX years past their life expectancy and greatly reduce overhead costs.

We should work with the City of Milwaukee on plans to improve the neighborhood around the Coggs Center and near King Park. The Department of City Development and the Public Housing Authority have some aggressive plans for this area and the county should be an active partner.

In addition, **I am committed to reaching an agreement on a consolidated Enhanced 911 system with the City of Milwaukee.** I will work with the Mayor, the Sheriff and other law enforcement officials to get the job done this year.

I would also like the city to allow the Marcus Center for the Performing Arts to move forward on a project to **construct a new building on the site of the current parking structure that includes parking, retail and office space.** This would provide a dependable stream of revenue to support the arts without relying on more tax levy support.

**I will also push to consolidate portions of the operations of the Marcus Center, the Milwaukee Theater, the Bradley Center and Midwest Airlines Center.** These are all taxpayer support venues and we should do more to lower the costs of their operations.

Improvements will also be made in the parks. The partnership between the county and Starbucks at Red Arrow Park is a model for other relationships. Initially, **I would like to revitalize a series of parks like Juneau Park.** There, I propose that we replace the current bathrooms with a new structure that includes public bathrooms and space to lease out to a coffee shop and lift the tree line so people can see the lake. Similar changes can be made elsewhere in the system.

Similarly at the zoo, **I will send the county board a proposal to take bids for a water park to be built by private investors** on the southeast corner of Bluemound Road and Mayfair Road in Wauwatosa. The site is on property owned by the Milwaukee County Zoo and the investors would make lease payments to the zoo for the water park.

In addition, **I will create a Blue Ribbon Panel on the future of the relationship of the zoo and the Milwaukee County Zoological Society.** They are great partners and I want to build on that relationship and redesign an admission policy that helps both the county and the society prosper in the future.

And speaking of the zoo, I am pleased that we will return to this site again on **July 3 for Operation Freedom.** Two years ago, we welcomed home military personal from Afghanistan along with their families at the zoo on July 6, 2003. Now, as many units return home from their tour of duty, we want to welcome them, their families and all veterans to our zoo with a very special celebration on Independence Day weekend.

My **2005 Executive's Ride on a Harley** will also invite members of the Armed Forces and their families from around the state to join us at the zoo that weekend for a time of thanks. This fits perfectly with the intent of our Harley tour to promote the many attractions and businesses in Milwaukee County.

Bringing more people to area is good for the tourism business. In 2005, we will be aggressive in other areas to bring more business and jobs to our area. Since the benefit of a job doesn't stop at the county line, **Waukesha County Executive Dan Finley and I will appoint a Business Recruitment Council** that will meet with us to explore ways to bring more jobs to our entire region.

Medical research is one of the areas that is ripe for growth in our region. We need to take advantage of the construction of the GE Healthcare Technologies facility in the middle of the Milwaukee County Research Park.

With this in mind, **I propose that we include the creation of wet labs** in the area we are developing with the City of Wauwatosa in the northeast quadrant of the County Grounds. I instructed our Economic Development Division to have the **Requests for Proposals process ready for the area by March.** This is an exciting project and it may generate more interest than the Park East corridor if the Community Benefits Resolution is enacted in February.

Since the city has invested so much time and resources into the preparation of the Park East corridor, I still hold out hope that seven members of the County Board will see the harm that will be done to development if the resolution is enacted and vote to sustain my veto. I would certainly hate to be talking about a missed opportunity in a future State of the County address.

**Either way, our Economic Development Division will prepare RFPs for the use of the land** – with or without the barriers of the resolution. We want to see the maximum development of that area because it will bring value to the surrounding neighborhoods and because it will help **create a Community and Economic Development (CED) fund.**

Last month, we learned that the metropolitan area had one of the highest job growth bursts in the country. The metro unemployment rate is down from 5.8% a year ago to 5.1% and the county rate is down from 6.4% to 5.7%. Unfortunately, the unemployment rate in the City of Milwaukee – and particularly amongst African-Americans – is too high.

A flourishing CED fund would allow the county to invest in areas of high unemployment and to target individual entrepreneurs who are often disadvantaged by the marketplace. Maximizing our land sales in the Park East will help us invest in the areas of great need.

There is one other reason that we should limit the barriers to the sale and development of this land. Under the federal guidelines, approximately 50% of the revenue generated from land sales in the Park East corridor must go to the Wisconsin Department of Transportation. In turn, these funds must be spent on a federal highway project in Milwaukee County.

For some time, we were working to apply these funds to the removal and replacement of the courthouse annex parking structure – as an addendum to the Marquette Interchange project. Taking the annex down during the project would cut the cost in half and using Park East funds allows us to do it without tax levy funding. It just seems illogical to wait a few more years until we're forced to take it down at twice the cost.

This is one of the areas where the state could actually be of help to the county. **I propose that we officially request that the state use their portion of the land sales from the Park East corridor to remove and replace the annex parking structure.**

As part of that discussion, I would like the members of the county board to seriously consider our proposal to **replace the office space the county leases at various locations with a centralized administration building.** We suggested a location at the 6<sup>th</sup> and State Street site or in the Pabst City Development.

Either way, the change would save the county up to \$X per year. As we seek to hold the line on property taxes, while bracing for cuts in state aid, we cannot afford to ignore any option.

In just a few weeks, Governor Doyle will present his 2005/2007 state budget and I fear that the news will not be good for Milwaukee County. A number of the requests that came in from state agencies suggest major cuts in aid for our county.

The request from the state Department of Workforce Development would be devastating to Child Support Enforcement. It includes a cut of \$1.3 million. And since these funds are matched by the federal government at 66%, the total cut is nearly \$4 million. That equates to the loss of 65 positions or close to 30% of the staff in that department.

Community Aids were frozen once again, but the costs to hold juveniles in commitment will increase 20%.

Despite our pleas last year, the budget does not appear to include any help for guardian ad litem cases and those costs will continue to be a growing, unfounded mandate placed on the county by the state. Two years ago, the Governor's budget included a \$500 million raid on the segregated transportation fund. Hopefully, a similar raid will not cut into local transportation aids.

The area of greatest concern is not addressed in the state agency requests. The state faces a significant Medicaid deficit. In the last budget, the Governor's budget cut Income Maintenance payments to the county by \$XX million. Thankfully, lawmakers representing Milwaukee County reduced the size of that cut.

A reduction of that size equates to the loss of XX Economic Support Specialist (ESS) positions. These are the people who determine eligibility for things like Medicaid, Childcare and Food Stamps. Since the size of the Medicaid shortfall is greater than it was two years ago, I am gravely concerned that the cut to Milwaukee County will be greater in the Governor's new budget.

Since I know that the state government does not have many options for additional revenue, **my request to the Governor and to lawmakers is simple: give us some flexibility to deal with the cuts in the Governor's budget in the best way possible.**

For example, currently, state policy requires that public employees do ESS work. If, however, state employees did this work instead of the county employees, the state could cut funding by \$X and still not cut the number of people doing ESS work.

Alternatively, if they will not consider using state employees at least give the county the authority to contract with surrounding counties or with the private sector to reduce the costs brought on by the huge benefit packages. In either

case, it would allow the county to serve people with great needs while still absorbing the cut.

Since employee benefits are driving so much of the budget debate, I suggest that the state grant local governments language similar to the Qualified Economic Offer (QEO) that was granted to school districts a decade ago. Managing increases in benefits and wages would be an excellent way to deal with the state aid cuts without having to cut back on vital services.

Another idea is to let the county recover retroactive Medicaid payments for patients who use the General Assistance Medical Program (GAMP). Last month, I met with former Governor Tommy Thompson and several officials from the HHS who told me that the state could continue this practice that was started in Kenosha, Dane and Waukesha counties. In one year alone, we found nearly \$3 million worth of eligible claims that we not paid for by Medicaid. I ask the state to allow us to do what the other counties have done for several years.

These are but a few of the ideas to deal with the anticipated cuts that will come in Governor Doyle's state budget document. I raise these concerns for two reasons:

- First, we need to be prepared to face changes in our county operations after the budget goes into effect in July.
- Second, we need to consider alternatives to cutting staff and services now so we can seek those changes before the state budget takes effect in July.

Overall, the state of things in Milwaukee County is pretty good. Despite the incredible problems we inherited, we are making progress. We leveled off the exodus of residents and jobs from our county. We're trying new ideas that are producing positive results. We're proud to promote the many wonderful attractions in our community.

Finally, I want to issue a challenge to all of the people of Milwaukee County. Join me as a walker. Last month, the Wisconsin Counties Health Rankings showed that we are getting healthier, but we are still ranked 65 out of 72 counties in health outcomes. That is better than the rank of 71 of 72 in 2003, but it is still too low.

I ask you to join in our "Be A Walker" campaign. We are hoping to get people to commit to walk 30 minutes for three days or more each week. That is just 90 minutes out of the 10,080 minutes we all have each week.

Today, I am sending out notices to employers, schools and places of worship all across Milwaukee County asking them to pass the word about our "Be A Walker" campaign. Throughout the year, we will highlight great places to walk – like our



parks, the lakefront, the zoo or any of our shopping malls – throughout Milwaukee County.

To kick off this effort, I am going to change into my walking shoes and join the seniors from the UCC who walk every day and the 5<sup>th</sup> graders for a walk down the hall to the gym for a couple of laps this morning. We are working for a better and healthier Milwaukee County and we need your help.

Thursday, January 06, 2005 3:30 pm