

Chairman Holloway, members of the County Board, members of my cabinet, Director Faltz, students, staff and parents – as well as residents of Milwaukee County, it is a pleasure to deliver this report on the State of Milwaukee County. I am particularly pleased to be here at the Central City Cyberschool and to have students here – as well as the students watching from their classrooms – to join me.

As I've said before, it's a new day in Milwaukee County. Together, we've made a great deal of progress over the past year and I'm excited to report that the State of the County is strong.

In a few moments, I'm going to highlight some of great things that we've been able to accomplish in areas all across Milwaukee County. Without a doubt, we had some real challenges over the past twelve months. Facing these challenges required real leadership.

Cleaning the mess left over from the last administration is often not easy and it requires some dramatic actions. I am happy to report that our aggressive work over the past year really put the county in a position to prosper in 2004 and in the future.

As we prepared for the 2004 budget, my administration faced five major issues that threatened to overtake the process. Paying for the pension enhancements granted in November of 2000 costs the county \$36 million. Sick leave benefits pushed by the Ament administration were also a problem, as they never banked any money to pay when employees retired from the county.

In addition, previously negotiated contracts that run through the end of 2004 include wage and benefit increases. Each weighs heavily on the budget.

Finally, the state budget included major cuts in aid to Milwaukee County. The pain could have been far greater, but we worked with members of the State Legislature to reduce the cuts included in the budget originally proposed by the Governor.

The size of these challenges led some to say darkness had fallen on our great county, but I was certain that our great employees would find some creative ways to solve our budget crisis.

Our goals were simple:

- Balance the budget and hold the line on the tax levy while maintaining key county services
- Continue to reform county government
- Create an environment to grow more jobs in Milwaukee County

I am happy to say that we accomplished these goals and I am looking forward to even better things in the new year.

Before taking office, I told the taxpayers of this county that they would not be asked to pay for the pension and sick leave scandal left by the Ament administration. In our 2003 budget - and again in 2004 - I presented a way to actually lower our tax levy while providing key county services.

Thanks to a unique working relationship with the county board, we actually lowered the property tax levy in Milwaukee County. Special thanks to the leadership of Chairman Holloway, Finance Chair Nyklewicz and to a committed group of new Supervisors lead by Paul Cesar.

This is in stark contrast to the budgets of the past. In 2001, the tax levy increase was 5.45% and in 2002, it went up 5.8%. Months after that budget passed, the board had to come back and find \$5 million more in cuts to balance the budget in the middle of the year. This year, we passed a balanced budget and we did more than just reverse the trend of tax levy increases; we actually made

Milwaukee County more affordable to live in and to work in as compared to the tax increases in surrounding counties.

While we dropped our taxes, property tax levies in Racine went up 3.7%, Waukesha went up 4.6%, Washington went up 3% and Ozaukee went up 7.2%. For those of you who moved your homes or your businesses out of the county, the message is clear: it's a new day and we want you back! Milwaukee County is an affordable place to live and a great place to do business.

Most importantly, this budget helps residents in our county like Bob Bitters and Alma Linda Ramirez. You might remember that I introduced each of them at my budget address. Bob is a retiree who lives in Milwaukee and is concerned that high taxes are driving seniors like him out of their homes. Alma Linda is a working mother of three great kids. She was the first in her family to live the American dream and own her home, but she was afraid that high taxes would force her to sell her house.

I am happy to report that the property tax bills for Bob and Alma Linda both went down this year. Thank you to the county board for helping to make this happen. Plus, the fact that 20 of the 25 members of the board voted for this budget not only changed the debate over taxes; it also changed the tone of the debate. I believe that this positive working relationship will continue throughout the year.

It is a new day in Milwaukee County and the new day brings more than a cut in taxes, it brings better ways to run county government. Last year, Linda Seemeyer and her team started the trend with the new Department of Administrative Services when they reduced administrative overhead, cut costs and improved service.

Our new Department of Parks and Public Infrastructure follows the same patterns. Ending duplication by putting all of our folks who do plowing together or all of our mechanics together just makes good sense. In the end, we will be able to reduce our administrative overhead and move more bodies out in the field to provide key services. Thanks to Terry Kocourek for taking on the new assignment of bringing this department together.

And it's clearly a new day for our Milwaukee County Parks System. As of start of the year, we have a new Parks Superintendent. Sue Black spent six years making the state parks system in to one of the best in the country and she brings that same enthusiasm to Milwaukee County.

Good things started happening even before the start of the year. After a yearlong absence, we re-opened the Slice of Ice at Red Arrow Park. Good promotions and excellent coverage helped us break the all time skate rental and revenue records with 17,356 skaters and \$32,550 in just one month. That is more than what was generated all winter in the 2000/2001 season. Thanks to Jack Tackerian and the dedicated crew out in the parks for helping get to this point.

Furthermore, three of our downtown parks hosted the grand holiday lights display, lagoons are cleared for skating in each region, the toboggan hill at Whitnall Park is up and running, the Coast restaurant opened at O'Donnell Park and revenues at our golf courses were up at the end of the year.

The new welcome and education center at the Boerner Botanical Gardens is running well and serves as a good example of public/private partnerships. The last of the three phases of new, floating docks was installed at the McKinley Marina making this an excellent attraction. Currently, we are getting things ready to have our golf courses, pools and parks running in the spring. Revenue estimates for the Park System were lowered in the budget, so they will be on track for the entire year.

While the staff of our Parks System will continue to focus on improving our operations, I will push for a long-term method to support our parks. ***With this in mind, I am working with legislative leaders to introduce enabling legislation for the creation of a Parks District.*** This legislation will allow the county to create a Parks District and will insure that property taxes would not be driven up as part of the transfer to a new system.

Long before my tenure at the county, quality of life programs – such as the parks - had to compete with social service and public safety programs for tax levy support. In 1980, park expenditures comprised 45% (or \$24.7 million) of the overall County property tax levy. In 2000, less than 10% (or \$19.4 million) of the overall levy was devoted to the parks.

Pushing for a new Parks District is a long-term solution to this challenge. Creating a new department – which consolidates many of the areas of overlap such as plowing, mowing, architecture and mechanical while preserving the distinctions between parks and transportation assets - is key way to address our immediate needs and situation.

It's a new day in how we address our many transportation areas too. Last month, I greeted the 6,076,629th passenger at General Mitchell International Airport. That breaks the all-time record for passengers and it is part of a positive trend.

The total number of passengers in 2003 was up 9.41% over 2002. Nationally, the number of passengers dropped by 2.7%. Clearly, good things are happening at our airport.

From the air to the ground, we are moving forward on many improvements to our roads and highways. Several key projects came online this year including our consolidated plowing efforts for the county are working very well too.

To support our bus system, I am working with State Representative Jeff Stone to identify a new source of funding to aid the Milwaukee County Transit System. Representative Stone is re-introducing a measure he included in the state budget to add vehicle related sales tax collections to the state transportation fund. We are working with him to designate a fixed percentage of that amount to transit.

In addition to preserving our infrastructure, we are also caring for our residents. Milwaukee County continues to support our older adults through our partnership with the state on FamilyCare to make sure older adults and their families have a single spot for help on long-term care needs. We continue our meal programs at various locations and through home deliveries. We are also excited about our partnerships with the public housing authority.

Our senior centers are open and running strong. Our fitness program – Wellness Works - just won a national NUSTEP award for innovation – making Milwaukee County the first government agency to win this prestigious award. Aside from the recognition, our centers received a new piece of equipment to put in one of our centers. Congratulations to Stephanie Sue Stein and Linda Cieslik and the entire staff – along with our partners through the UWM.

It's also a new day in the way we support our veterans in Milwaukee County. As part of a partnership with the state Department of Veterans Services, I am pleased to announce that the number of veterans receiving benefits in our county rose by 11.8% this year. Domingo Leguizamon in my office helped organize this partnership with the state that sent two state workers to the courthouse and he also helped get two more staff members from Interfaith to help our county veterans service office.

We hosted a reception for veterans at the War Memorial, a breakfast before the parade at the Historical Society, and several more events. ***In 2004, the state is willing to fund a move to the VA grounds where our employees will be working with the state employees to provide veterans with a one-stop location for benefits.*** I am sending the board a resolution to affirm this move. I want to publicly thank new Secretary John Scocos for his commitment to our veterans.

In addition to veterans of past wars, we saw a great many men and women from our area deployed for war during the past year. I've tried to make each deployments from Milwaukee at places like the 440th, 128th, 84th and others to personally let our troops know that we support them and to let their families and employers know that we are available to assist them.

Back in July, we held our first Welcome Home ceremony at the Zoo. Despite a day filled with rain, more than 2,000 members of the Armed Forces and their families – along with veterans from the area, enjoyed a free day at our Zoo and very special ceremony. Thanks to Jim Tietjen, Darlene Wink and a whole host of other local businesses and volunteers who made this a success. We plan to hold similar events in the future.

We also sent special gifts during the holidays to the families of Milwaukee County employees who are still deployed as part of the war. Currently, 16 employees are activated and more are headed overseas. One such employee is Paul Mackey who is the director of our King Center. Paul serves his community everyday by positively touching the lives of so many young people. Now, he is headed off to serve his country and we salute him and the others like him. We will keep you in our prayers for a speedy return.

Milwaukee County is also finding new ways to care for those in need. We just started a program to target young women in the criminal justice system. Our employees are working with Judge Chris Foley and a large group of partners to increase the number of foster homes in Milwaukee County.

Working closely with our municipal partners, we reached an agreement for a new version of the EMS/paramedic program. Special thanks to Paula Lucey and to Pat Haslbeck for their leadership.

To address mental health care, I am holding a summit with all of the major health care providers in 2004. We cannot address this situation alone and we need the support of others in the community.

As part of our mission to care for people with disabilities and the families who support them, we are working with the state to address the issue of the waiting list for services. We are also working on changes to the case management system.

While the state budget cut funding for positions in our Economic Support Division, we were able to work out a deal to bring some of those positions back this past month. ***In 2004, we are even looking to include a childcare center at the new Marcia P. Coggs Center.*** This will be a benefit to our clients who visit and for our employees, but it can also serve as a training site for childcare providers.

From young kids to young cubs, several exciting things are on track at the Zoo. The new Animal Health Center opened this past year. It is a combination of a much-needed improvement for animal care and an interesting new exhibit. Still to come are Big Cat Country, the Giraffe Experience, the new Conservation Education Center and the Gathering Place Orientation Center – all part of our New Zoo partnership with the Zoological Society of Milwaukee.

As you can see, we held the line on taxes this year and yet, amazing things are happening all over Milwaukee County. This is a tribute to our employees who are really stepping up to the challenge and finding new ways to provide services. ***With this in mind, I am committed to presenting a county budget for 2005 that – once again – reduces the property tax levy.***

It's a new day in Milwaukee County when it comes to reforming government, too.

This past year, I appointed three new members to the Pension Board. The appointments were based on new standards that require financial literacy and no conflicts of interest. I am hopeful that the county board will take up my resolution to make these changes permanent.

I was also happy to sign the resolution to reduce the number of members on the county board. Plenty of people talked to me about cutting the size of the board, but few thought it would actually happen. Now, 19 new districts are in place for the spring elections.

I will continue my policy of not taking campaign contributions from any of my top managers in the Executive Compensation Program. There will be no shakedowns in this administration.

We consolidated several departments and improved the way we operate county government.

In 2004, we will push a plan to change the Executive Compensation Program so that fewer positions are political appointments. Chuck McDowell and Jertha Ramos-Colon worked on this for a good part of last year to prepare a system that awards merit and not connections. The plan will move from 101 classifications to four major classifications and will move many positions in to the Civil Service System.

Also, in 2004, I will push a new ethics code that makes it clear that all employees – as well as all appointees – must refrain from taking things of significant personal value from anyone who has an interest in the business of county government. We want to make sure that the business we do is in the best interest of the public.

And I will continue to give \$60,000 of my salary back in 2004. While it may seem like a small thing (although my wife wouldn't say that), it is part of a larger plan to reduce the size and cost of county government. Since I took office, each of my new cabinet members took salaries that are considerably less than the people they replaced because we knew we had some real budget challenges.

All of our non-represented managers and supervisors have gone two years without a pay raise and they all participated in four weeks of reduced work hours and pay last year. We are making a sacrifice because we are dedicated to providing vital service to the people of Milwaukee County. When every day folks talk about their wages being the same or less than they were a year ago, I can relate with them.

A key part of how we address future budgets will be determined as we prepare new contracts for 2005 and beyond. Currently, about 85% of our workforce is represented by unions, and 8 out of the 9 collective bargaining units have contracts that run through the end of 2004. Four main goals will be considered as we look forward to negotiating new contracts.

First, the contracts must balance fair compensation with the responsibility to support our assets and to provide vital programs and services. In the end, the county must be able to afford the contracts and still fulfill our duties to the public.

Second, the contracts must include changes to our health care coverage, which will reduce the overall cost of health insurance. We made changes last year, which lowered the amount of the projected health insurance increase, but just like all other employers in southeastern Wisconsin, the cost of health insurance is one of the driving forces in the county's budget. Some have suggested that we look at other models - like the one used by the City of Milwaukee. This chart, however, shows that county health care costs would be higher utilizing the city model.

In the end, we will need to implement changes that will make our employees better consumers of health insurance, live a healthier lifestyle, and encourage preventive medicine. This will require help from our unions, but I believe this is a common objective - as increases in health care costs make it more difficult to support our workforce.

Third, the contracts must allow the county to return to a level of pension benefits that was in place before January of 2001 for all new employees. The benefits provided were not asked for by the union or its members, but by a handful of people in the old administration.

Fourth, the contracts must return the level of sick leave benefits to that which was in place prior to January of 2001 for all employees. Two years ago, we made these changes in sick leave benefits for all non-represented employees because the level of benefits prior to January of 2001 was fair and it was the right thing to do, so we will attempt to apply this same standard to the rest of our represented employees.

How we achieve these goals will be discussed during negotiations with each of our collective bargaining units. Once bargaining commences I will not negotiate particular details of the contracts in the media because I want to bargain in good faith with our unions. It is, however, important for everyone to understand our goals.

One other acknowledgment to our positive working relationship with the board was the approval of the debt restructuring last year. Taking advantage of the bond market allowed the county to free up \$18.4 million for the budget. More importantly, it put in place a long-term cap on borrowing.

This policy, along with our conservative borrowing practices, impressed the bond rating agencies when they met with the board leadership and me last week. Because we limited the number of new projects in our capital budget and – instead – focused on maintaining our current infrastructure, we have one of the best principal payout ratios for urban counties at 81%.

Hennepin County in Minnesota is at 65.2%, Oakland County in Michigan is at 75%, Dane County is at 64% and Cook County is at 23.7%. Our changes to the county borrowing practices helped lower our debt service payments in the 2004 budget. This is a very positive type of reform that insures good fiscal practices for years to come.

Beyond reforming government, it is a new day in Milwaukee County for our economy and that means we should take a more active role in creating jobs.

Keeping the lid on property taxes is clearly part of keeping jobs here and part of attracting new jobs - just as it benefits residents. It is my belief that we must broaden our tax base through more jobs rather than look to increase our tax burden.

And it is starting to pay off. A year ago, the unemployment rate in Milwaukee County was 6.8%. Last month, it dropped to 6.1%. **By the end of 2004, I want that rate well below 6.0% and my goal is to get near the 4.7% rate we had in the late 1990s.**

Exciting job growth is happening all over our county. Roundy's moved their corporate headquarters here this past year. Others, like Northwestern Mutual, Direct Supply and Harley-Davidson are expanding their operations here.

In addition to working on an overall policy of job growth, we are going to target a number of specific areas for development. With a premier medical research institution like the Medical College of Wisconsin looking to expand, the Milwaukee County Research Park is in a perfect position for growth in medical research and technology.

Our successful efforts to bring a state forest to the northeast quadrant of the county grounds is a major victory and it should also help in bringing employers to the research park who are looking for a campus-like setting. In addition, our partnership with the state DNR will help to develop the area around the Eshweiler buildings in a way that is consistent with the public sentiment felt at meetings I held with the Mayor of Wauwatosa last year.

In another part of the county, many of you know that we have control over 16 of the 27 acres in the old Park East Freeway area. During the past year, we secured EPA funds to clean up several of the sites and the land will be ready for sale by the end of the year.

Later this week, the mayor and I will announce the first of many steps to promote the sale and development of that land. **Signs will go up with the statement, "Got Jobs?" along with a phone number and web site.** In addition, I will travel to a national convention in May to talk with developers about the potential uses of the Park East land – as well as other sites in Milwaukee County.

We are also kicking off the growmilwaukeecounty.com web site. The first feature will be the Park East land. Then, the site will be expanded to highlight other job growth areas throughout the county.

And I look forward to working with the members of the board on details for the new CED – Community and Economic Development revolving loan fund. As mentioned in my budget address, I propose that this fund be created from the land sales of the Park East properties. These funds can then provide a long-term catalyst for jobs in areas of high unemployment throughout the county.

It was exciting to be a part of the announcement for the Harley-Davidson museum last week. When company officials notified us that the old site was too costly, I had our staff jump on it and help Harley-Davidson find another home here in Milwaukee County. I was pleased to lobby the board of the Menomonee Valley Partners to get this deal going.

We saw the economic impact of Harley enthusiasm last summer and soon, we will see that impact at 6th and Canal. We will also work with the City of Milwaukee to see that this is the start of many new developments in the valley.

The county has some pretty exciting projects of our own, too. Working with Sup. Beth Coggs-Jones, we were able to move the reconstruction of our building at 12th and Vliet up so that it will be open this spring. Not only will this provide a state-of-the-art facility for our employees and our clients, it will also provide a wonderful new addition to Vliet Street.

It is our goal to have the new development of the Marcia P. Coggs Human Services Center be the start of even more good things in the neighborhood. The wonderful new windows and the outstanding artwork should motivate other landowners to fix up their storefronts. This will connect to

King Park and the King Center and to the new Highland Park area where the HOPE 6 funds we helped obtain through the public housing authority will redo affordable housing options in the area.

Our partnerships with the public housing authority continued with the Jobs Corps Center and the federal grant of \$28 million that Milwaukee received this past year. Our partnerships continued with the Private Industry Council – which helped us fund jobs in the parks and training for workers – as well as efforts to put more young people to work during the summer.

Transportation is also a key part of our job growth plan. Working with Greenfield Mayor Tim Seider and Greendale Village President Scott Leonard, we got 76th Street done on time and on budget before the holiday retail season. This is key to keeping the Southridge area vibrant for the economy.

Next Tuesday, we will mark the start of Lake Express ferry. I was happy to work with the White House – as did Congressman Jerry Kleczka – to get this project back on track, which will help the Port of Milwaukee and will bring business and tourists into our county.

Clearly one of the most important impressions of our community comes from the airport. While low fares and easy access fueled record numbers of passengers at Mitchell, we can do more to improve our front door to business travelers.

Last year, we opened the new parking garage and new car rental facilities. Now, the county is moving forward on aggressive plans to redo our center court area and remodel and expand our concourses. While the rest of the country sees a stalled airline industry, we are setting records.

Special thanks to Chairman Holloway and the board for helping to keep the airport strong by helping keep Midwest Airlines as our hometown airline. Using our financial tools – but not using any taxpayer funds – we were able to keep this Milwaukee County-based company - and the 2,800 jobs with it - here. That is important to a lot of other employers too.

Many of the visitors who came to visit for this summer used Midwest when they came for the National Association of Counties convention. I remember talking to NACo officials weeks after I took office and they were very concerned that the uproar in 2002 would prevent us from holding a great event. As so many of you know from first hand experience, we really wowed our counterparts from across the county.

In fact, when Mayor Pratt and I traveled to D.C. this past fall to promote conventions in Milwaukee with the convention and visitors' bureau, the NACo convention was used as a prime example of our hospitality. The very special exhibit, "The Quest for Immortality: Treasures of Ancient Egypt" will be another draw to the area beginning on March 28 at the Milwaukee Public Museum. We have so much to offer and we can grow our convention and tourism business.

We saw a number of great conventions and gatherings during the past year. From the traditional agents meeting with Northwestern Mutual to the hundredth anniversary of Rockwell International, we hosted some extraordinary events in Milwaukee County.

Nothing, however, can replace the roar of hundreds of thousands of Harleys this past August. The entire week leading up to the parade and celebration was a triumph for the county and the region and we were happy to host events at King Park, Veterans' Park and the entire lakefront.

On the day of the parade, our very own Milwaukee County Zoo provided staging for 10,000 bikers – including Mayor Norquist and myself. Then, on Sunday, we saw Veterans' Park be transformed into

a massive birthday party for some 150,000 guests. The event was truly awesome and – best of all – Harley paid to have the park put back into perfect shape.

The great feelings from all of us in town and from visitors from all across the globe really summarize a year's worth of great accomplishments – as well as our prospects for the new year. This is a great place to live, to work, to play and to visit and others are taking notice – so we should too.

We are at the dawn of a new day where we can afford to live and work here in Milwaukee County, yet we can also care for the people, the resources and the assets that make our home so special. It is the dawn of a new day where we can be proud of our leaders and where government serves the people – and not the other way around. And we are at the dawn of a new day where we can help find ways to bring more jobs to this area and ways to put more people to work. Together, we can continue to make this new day shine even brighter for everyone in Milwaukee County.