

A year ago, I laid out a warning about the looming financial challenges of the county in my State of the County address and through a series of presentations I called our Reality Tour. Initially, some suggested that the financial picture we painted was too strong.

Thankfully, we got the attention of the public. The Greater Milwaukee Committee put together a task force. The Governor appointed one too. Each of them looked at the numbers we put together for 2007 and beyond and all of them agreed that our projections were correct.

So, how are we tackling the challenges we raised last year? Today, I want to share a progress report on our county.

In short, our status is much better today. There is hope, but there is also much work to be done to protect the vital services provided by the county and still protect the taxpayers.

In the next few moments, I want to talk about our fiscal progress, our social progress and our economic progress. Thankfully there is good news in each area.

Our fiscal condition improved greatly in the past year. Our Reality Tour predicted a major shortfall in 2007 and over the next five years. Pension and health care costs were the main drivers for the budget gaps.

Thanks to a tentative agreement with our largest union, we have isolated the largest pension problem for all of our employees. Not one more person will be eligible for the lump sum backdrop payment. This will save the county \$XX over the next XX years.

In addition, we filed a federal lawsuit against the actuaries who gave incorrect information to the county prior to the vote on the pension plan in 2000. We are confident about our chances for success and we hope that the court would require them to cover a significant part of pension liability.

With or without a win in the lawsuit, we will pursue a pension obligation bonds (POB) plan this year. A number of the groups that reviewed our finances identified POBs the way to cover the unfunded liability for the retirement system.

Using the plan that was unveiled in our budget, the county could save \$6.25 million over the next 30 years. That is long-term budgetary relief with a strong stabilization fund that provides long-term stability. We will work with the County Board leadership on a workgroup to put this all together in 2007.

The cost of health care is another area of concern for the county. Last year, we projected a 100% increase in these costs over the next five years. Again, thanks to the tentative agreement with our largest union, the county will save \$300,000 per month. That's real money to protect core services.

Our next step should be to work with the other leaders in the Milwaukee 7 project to get local governments from the region into the state health care plan or into a regional plan that can drive down costs even further.

The third area of fiscal progress is with our tax burden. In September, I introduced my fifth straight budget with no increase in the property tax levy. If each of my budgets were approved, the tax levy would be \$22.3 million less in 2007.

Still, we changed the debate over taxes. While I want no increase and the board has added some increases, the average increase over the past five budgets is X%.

One area of concern that I will continue to monitor is efforts to push for a sales tax increase to fund various programs. In 1991, the county enacted a .5% sales tax with the promise of property tax relief. From 1992 to 2002, the tax levy went up 52%. The facts speak loud and clear and the public opposes another tax increase.

Making tough choices to balance our budget hasn't stopped us from providing important services to the public. We made progress in many of our social programs too.

The renewed attention on serving people with mental illness brought the city and the county together – along with many community groups – to address housing options for people with mental illness. Several new projects are on the table and we hope to do more with the resources I identified in the budget.

Furthermore, I am happy with progress we made with the members of the County Board to acquire the former St. Michael's Hospital property. The county mental health complex could move into a new structure that would help it become a world-class facility. It would also protect the neighborhood from the blight of a vacant building once they move out.

Once we negotiate an agreement for the building, we need to put out bids for the sale of the property currently holding the mental health complex. Many, if not all, of the medical institutions on the Milwaukee Regional Medical Complex grounds would love to acquire the area and a reasonable sale price should cover the costs of acquiring St. Mike's, transforming it into a mental health complex and having some left over to create a fund to protect mental health services for years to come. It is clear to me that we must sale this land – not only to cover the costs of a move, but to insure that we have the resources needed to care for those in need.

In improving services for the mentally ill, we have made great progress with FamilyCare. Just two years ago, the state changed the terms of the program with the county and created a deficit. Now, the program has a surplus, which not only allows them to repay the county, but to serve many more older adults. The number of people served by the county through FamilyCare in 2006 went up XXX.

The next phase for us is to craft a way for people with disabilities who are under 60 to get service through FamilyCare.

Young or old, an effective EMS system is important to all of us. Last year, we maintained funding for the paramedic program. Then, we reached a two-year agreement with all of the municipal governments in the county on the system. This is a great example of regional cooperation and I want to thank the Mayors and Village Presidents who are here today.

We also have a unique partnership with the hospitals in the county. The GAMP program is a national model. Because of state and federal changes, we need to move one step ahead and our health care task force is meeting to prepare those changes.

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Fight SVP site.

So how do we balance our fiscal needs with our social needs? Much credit goes to our employees for finding new ways to provide more with less. In particular, many of our areas are making huge improvements through e-government.

XXXXXX

Workforce 20% less than five years ago.

Economic progress comes not just from economic development projects, but also from using all of our assets to improve the quality of life in our county – and in turn the business climate.

One our greatest assets is the airport. In 2006, we again broke the record for passengers at General Mitchell International Airport with 7 million. Just three years ago, we broke the record with 6 million.

Since the airport is our front door to the business traveler, keeping ahead of the competition is important. In addition to the expanded parking garage, we remodeled each of our concourses and opened up new levels for Midwest and Skyway. We expanded security gates and redid the center mall. Next up will be a project to get the baggage screening out from in front of the ticket stands.

While these improvements are important to all of the airlines at the airport, the largest beneficiary from the changes is Midwest Airlines. They are the largest tenant at the airport, one of the largest employers in the county and one of the most important brands out of Milwaukee. We want them to stay and grow and we are doing all that we can to help them.

The Zoo is another exciting destination for the county. Thanks to our partnership with the Zoological Society of Milwaukee County, we added several new landmarks this year. The Florence Mila Borchert Big Cat Country and Miller Brewing Company Giraffe Experience were two such exhibits this year.

By the fall, we break ground for the new US Bank Gathering Place and for a new home for the return of the flamingos. In addition, we hope to have bids out for a new water park and hotel at the northwest corner of the Zoo property by the spring. We have one of the best zoos in the country and these improvements make it even better.

There is progress just up the way from the zoo at the Milwaukee County Research Park with the development of several new buildings including a new Crowne Plaza Hotel. And we are looking to see further growth at the Milwaukee Regional Medical Center, which is already one of the highest concentrations of jobs in the state.

Parks: season pass for pools; Adopt-A-Beach program; Lincoln Park Aquatic Center;

CE Ride

Finally, I want to say a special thank you to the men and women who are stationed over seas or who were stationed over seas. Since last January, our County Veterans Service Office Domingo Legisizomon was based in Baghdad with the XXX of the United States Army.

To honor these special people and their families – as well as the veterans who went before them – I am declaring 2007 to be Armed Forces and Veterans Year.

Once again, we will host these heroes at the zoo for Operation Freedom. During the summer, we will honor them as we host the commissioning of the USS Freedom. In July, we will host the Wheelchair Games. And throughout the year – on Memorial Day, Armed Forces Day/Week, Patriots Day, Veterans Day, Pearl Harbor Day, and all other times – we will honor these heroes and their families. This is a year full of activities to celebrate the members of the Armed Forces and our Veterans.

VA grounds with the state DVA.

