

MMAC Board Member

Dear XXX,

I was pleased to be able to share a progress report on the condition of Milwaukee County government at the last MMAC Board of Directors meeting. As a preview to my State of the County address, I want to review a few of the items I spoke about at lunch, as well as give you an advance preview of my full State of the County report which I will deliver on February 19th at the Milwaukee County Zoo.

A year ago, I laid out a honest picture about the looming financial challenges facing the county. Thankfully, my diligence got the attention of the public, and other policymakers. The Greater Milwaukee Committee put together a task force. The Governor appointed one too. Each group looked at the numbers we assembled for the next five years and all agreed that our projections were accurate.

Today, however, I am pleased to report that through our diligence, the county is on a better track. There is hope, but there is also much work to be done.

Fiscal Progress

Our fiscal condition has improved greatly in the past year. As you may recall, my 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 the agreement with our largest union, we have isolated the largest pension problem. Not one more employee will be eligible for the lump sum backdrop payment.

In addition, we filed a federal lawsuit against the firm that advised 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 award damages to cover a significant part of the pension liability.

Regardless of the outcome of the lawsuit, we will pursue a pension obligation bond (POB) plan this year. A number of the groups that reviewed our finances identified POBs as the way to cover the unfunded liability for the retirement system.

Using the plan that was unveiled in my budget, the county could save \$6.25 million annually over the next 30 years. Doing so provides a steady, long-term financial relief to our budgetary needs while putting into place strong protective measures through a large stabilization fund. Through the workgroup defined in the budget, we will prepare a plan to approve this yet this year.

As it is with many businesses, 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. We were able to begin to tackle these costs by finalizing an agreement with our largest union. The county will save \$300,000 per month moving to the newly agreed upon health care package.

We've also addressed the tax burden. In September, I introduced my fifth straight budget with no increase in the property tax levy. If the County Board had adopted a budget with the tax levy I presented since my first for 2003, the tax levy would be \$22.3 million less in 2007.

Nonetheless, our efforts have succeeded in changing the debate on taxes. While I have fought for no increase, and the board has persisted in increasing them, the average levy increase over the past five budgets is just 1.97%.

While there is hope here too, I still have great concerns about the push to raise taxes. If we are to keep people and jobs here, and to recruit new ones to the area, we must not send the wrong message. That also includes the push for new sales taxes. 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%. We do not need another tax increase.

Social Progress

Making tough choices to balance our budget hasn't stopped us from providing important services to the public. Our second area of progress is with social programs.

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. On Thursday, the county approved plans for 48 new housing units that were recommended by the panel the Mayor and I appointed last year.

Furthermore, I am happy with the progress we are making to acquire the former St. Michael's Hospital property. The county mental health complex should move into a new structure that would help it become a world-class facility.

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. 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 sell this land.

In addition to 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 that created a deficit. Now, the program has a surplus, which not only provides repayment to the county, it also allows the program to serve more older adults. The number of people served by the county through FamilyCare went up from 6,887 in 2005 to 7,181 in 2006.

The next phase for us is to craft a way for people with disabilities who are under 60 to get service through FamilyCare. Having gone through this process before, we know the pitfalls and we want to avoid financial troubles with the state.

Last year, we also worked to sustain the critical relationship between the County and local municipalities to coordinate the EMS system. Despite difficult budgetary choices, we maintained funding for the paramedic program and the county will continue to coordinate the program through a new two-year agreement.

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 working to finalize a plan this year.

In 2006, we started taking child support related calls for Racine County. Saving taxpayers in both counties money made this pilot program a win-win all the way around. Now, we hope to expand that concept to surrounding counties.

These are just a few of the ways we care for people in Milwaukee County. 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. We are making huge improvements through e-government and LEAN Six Sigma.

In addition, the size of our workforce is 20% less than five years ago. Finding better ways to do more with less is the key to our success.

Economic Progress

Finally, I want to brief you on the economic progress of the community. This is more than just projects related to economic development, but also from using all of our assets to improve the quality of life in our county – and in turn the business climate.

One of our greatest assets is the airport. In 2006, more than 7 million passengers came through General Mitchell International Airport. In fact, we broke the record again with 7,299,294 passengers. Just three years ago, we broke the record then 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 also expanded security gates and remodeled the center mall.

While these improvements are important to all at the airport, the largest beneficiary from the changes is Midwest Airlines. They are our largest tenant and one of the largest employers in the county. Most importantly, they are one of our key brands in the region – like Harley and Miller. We want them to stay and grow and we are doing all that we can to help them.

Speaking of key brands, GE Healthcare is an anchor tenant at the Milwaukee County Research Park. And we are growing there too. Last month, we broke ground for a new corporate headquarters and work is already started on a Crowne Plaza Hotel.

We will move forward on the development of the northeast quadrant of the county grounds by this summer, and with the move of the mental health complex to the St. Michael's site, I propose that the county put bids out for the land across the street. That could be a major new addition to the regional medical center.

We are also working with the University of Wisconsin – Milwaukee to find a home for their expanding studies in engineering and sciences. Access to the talent on the county grounds is key to their future growth.

Another area of potential growth is in our transit system. Currently, I am working with the Mayor of Milwaukee to designate a portion of the \$91.5 million of federal funds for a new Bus Rapid Transit pilot project.

And I also draw attention to a legislative initiative by Rep. Jeff Stone to move the revenue currently collected on the sales of automobiles from the general fund to the transportation fund. These revenues can then be used to support transit systems all across the state.

New developments are also happening in the parks system. Work will begin on the aquatic center in Lincoln Park this year and the new season pass for our pools will start this summer. We also hope to have Bradford and McKinley beaches open through the Adopt-A-Beach program.

This year, we added two links to the Oak Leaf Trail. We replaced more than 100 outdated playgrounds and nearly 400,000 rounds of golf took place (some 3,000 of them in December) on our courses. And our friends groups grew from 10 to 42.

Finally, there are plenty of amazing things at the zoo. 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 are two such exhibits in 2006.

By the fall, we break ground for the US Bank Gathering Place as a new grand entrance to the zoo. At the same time, we will begin work on a new home for the return of the flamingos.

Within the next month, we will have bids out for a new water park and hotel at the corner of the Zoo property. We have one of the best zoos in the country and these improvements make it even better and it could not happen without a great partnership with the community.

Overview

As I said, 2006 was a year full of progress. We made progress tackling our financial challenges. We made progress finding new and better ways to provide key services. And we made progress building a climate for more economic growth in our county and region. In 2007, we must build on that progress.

Today, the state of our county is much better than it was a year ago. There is hope. There is also much work to be done and I am prepared to work with each of you to get positive things done for Milwaukee County in 2007.

The commissioning of the USS Freedom will take place at Veterans' Park this year. In July, we host the U.S. Wheelchair Games. In 2007, Summerfest will celebrate its 40th anniversary, the Brewers will honor the 25th anniversary of the 1982 World Series team and the Parks System will observe our 100th anniversary. This is going to be one exciting year. We are going out on our Harleys in early June to promote these great events across the state and through neighboring states.

I look forward to working with you, the board of the MMAC and with our partners through the Milwaukee 7 to make things even better in this county and in this region.

Sincerely,

Scott Walker
County Executive

P.S. You are invited to join me for the State of the County address on Monday, February 19. It will be held at 11:00 am in the Karen Peck Katz Conservation Education Center at the Milwaukee County Zoo. Space is limited so please RSVP to Dorothy Moore at 278-5262.