

Congressional Medal of Honor recipient Gary Wetzel, constitutional officers, members of the County Board, members of the State Legislature, Mayors and Village Presidents, County Executives from throughout the region, honored veterans, distinguished guests and friends. Thank you for attending our State of the County address here at the Milwaukee County Zoo.

Despite what some may say, these really are exciting times in Milwaukee County. For example, later this year, the USS Freedom will be commissioned on our lakefront at Veteran's Park. The Navy could have picked anywhere in the country for this important honor, but they chose Milwaukee.

And others feel the same way - businesses like GE Healthcare. They could be based anywhere in the world, yet a number of their most important business units are located right here in Milwaukee County.

Bucyrus International also has sites elsewhere in the county but they opted to choose Milwaukee County to grow their business.

And the folks who run the Falk Corporation could have left town after the tragic explosion last December but they decided to rebuild right here in Milwaukee County. These are just a few of the examples of those who are choosing Milwaukee.

Despite the challenges we faced in county government last year, Milwaukee County is again on the rise.

In the Book of Romans, Paul wrote that suffering leads to perseverance, perseverance to character and character to hope. We face some enormous challenges, but through perseverance we are changing the culture and that creates hope. Today, the state of the county is headed in the right direction.

A year ago, I gave an honest report about the looming financial challenges facing Milwaukee County. Thankfully, that message was heard.

As a result of my Reality Tour, key stakeholders came to the table to assist me in putting together ideas for the long-term financial stability of our county. The Greater Milwaukee Committee put together a task force. The Governor appointed a task force to look at our finances and possible state assistance. Both panels confirmed the fiscal realities I laid out early last year.

As a result of our perseverance, the county's status is much better. Make no mistake; our fiscal challenges are structural and developed over a number of years. It will take time and continued diligence, but now we are headed in the right direction. We have hope, but we also have much work to be done.

Let me take a few moments to talk about our progress. I want to highlight our fiscal, social and economic progress. Thankfully there is positive news in each area.

Our fiscal condition 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 an agreement with our largest union, we isolated the biggest pension problem. Not one more new employee will be eligible for the lump sum backdrop payment.

In addition, we filed a federal lawsuit against the actuarial firm that gave incorrect information to the county prior to the vote on the pension plan enhancements in 2000. We are confident about our chances for success in this lawsuit. With a win, a court would award damages to cover a significant part of the pension liability.

Finally, with or without a win in the lawsuit, we will pursue a pension obligation bond plan this year- as recommended by both the Governor's task force and the GMC task force. I am pleased that the Governor put language into the state budget to help us get the job done this year.

Using the Pension Obligation Bond plan that was unveiled in my budget, the county would (conservatively) save \$6.25 million annually over the next 30 years. That is long-term budgetary relief with a strong stabilization fund that provides long-term protection. *Through the workgroup defined in the budget, we will prepare a plan to approve yet this year.*

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 made progress on this front as well.

During the last year, we converted our employee health care system from fully insured to self-insured resulting in projected savings of \$18.7 million over the next five years. In addition, we negotiated labor agreements with increased employee contributions and lower cost plan alternatives leading to even further savings to county taxpayers.

For example, the agreement we just negotiated with the county's largest union will save the county at least a quarter of a million dollars per month. We will continue to negotiate better rates with our health care providers and invest in the wellness of our employees to ensure continued efficiencies and savings in this area.

Our next step should be to work with the other leaders in the Milwaukee 7 coalition 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 all of my budgets were approved, the tax levy would be \$22.3 million less than it is today.

Still, we did change the debate over taxes. I proposed no tax levy increase budgets while the board passed budgets with levy increases. In the end, we held the average increase over the past five budgets to just 2% - compared to twice as much over the previous five years. *This year, I will propose my sixth budget with no levy increase.*

One area of concern that I will continue to monitor is efforts to push for a new sales tax. 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 55%. *I will oppose efforts to raise the sales tax, period.*

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 by the community on serving people with mental illness brought the city and the county together – along with many other groups – to address housing options. Just last month, we approved plans for 48 new housing units that grew out of the cooperative efforts Mayor Barrett and I initiated last year.

This is a good start, but we must do more. *Today, I propose an ambitious plan to construct housing for senior citizens and people with disabilities – including those suffering from mental illness – at several sites owned by the county. At two of the sites, we hope to build new senior centers. The leadership of the Commission for Persons with Disabilities proposed a new non-profit Abilities Community Corporation That organization would work directly with the private sector to construct the sites. Under our plan, the county would provide access to the land for the non-profit corporation.*

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 so that it can become a world-class facility that better meets the needs of those served.*

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 world class mental health complex and having some left over to create a trust fund to protect mental health services for years to come.

We must sell this land – not because we are trying to offload county property, but because it is the only realistic and responsible way to secure the resources that are necessary to achieve this dynamic vision. Today, I call on the members of the County Board to act on this bold proposal.

In addition to improving services for the mentally ill, we 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 step for us, is to craft a similar approach for people with disabilities who are under 60 to receive long-term care services so that they can finally eliminate the lengthy waiting lists. Having gone through this process before, we know the fiscal risks, so we will plan a system that minimizes the burden on county taxpayers and maximizes a true partnership with the state.

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. 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 will finalize a GAMP redesign plan this year.*

In 2006, we started taking child support calls for Racine County. It saved them money and earned us revenue: a win all the way around. Now, we hope to expand that concept to surrounding counties.

The architect of that plan was our director John Hayes. Late last year, John lost his battle with cancer. It was clear that John's work was more than just a job - it was his passion. *To honor his legacy,*

today I am introducing a resolution to declare that the office that holds the staff of Child Support Enforcement will forever be named the John P. Hayes Center.

John's wife Eileen is with us here today – along with members of his family. On behalf of the county, I want to thank you for the support you gave to John throughout the years as he worked so hard to support families in this county. You will always be a part of our family as well.

John Hayes was also a mentor. One of the people he trained well was his deputy. Together, they transformed the department. *Today, I nominate Lisa Jo Marks to head the Department of Child Support Enforcement.*

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.

For example, the county is now accepting bids online. We are taking registrations in parks via the Internet. The Interactive Voice Response System will field benefits calls more efficiently and will be available 24 hours a day. Work orders will be tracked with barcodes. And zoo tickets will be available on the website. These are just a few of the benefits of e-government.

The result of this and many other reforms is that the size of our workforce is 20% less than five years ago. We took advantage of the retirements and reassigned duties. Finding better ways to do more with less is the key to our success.

Our third progress report is economic and that 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.

Last year, the Milwaukee 7 set out to survey businesses all throughout the region. Along with health care costs and tax burdens, the need for a qualified workforce was at the top of the list of concerns shared by employers.

Last week, Mayor Barrett asked the Governor to designate the City of Milwaukee as the base for the workforce development agency. He is right to put a focus on training the workforce in Milwaukee – particularly in areas of high unemployment.

Still, of the 132 employers in the area with 500 or more employees, 48 are located outside of Milwaukee County. The best way to address the workforce issue in our region is not to shrink the efforts to just the boundaries of the City of Milwaukee. The best way is to expand the boundaries and to connect a willing workforce in the city to the jobs found throughout the region.

I am glad that the leaders of the Milwaukee 7 heard my concerns and are meeting with the Mayor and me this week. We should make certain that our economic goals in the region match our workforce development plans.

Today, I ask the Governor and his administration to wait on changing the designation until the Milwaukee 7 is able to review the merits of moving to a regional plan.

And one our greatest regional assets is the airport. In 2006, more than 7.3 million passengers came through General Mitchell International Airport. Just three years ago, we broke the record then with 6 million and we haven't looked back.

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 areas for Midwest and Skyway. We also expanded security gates and remodeled the center mall.

This year, I will pursue a long-term plan to add an additional runway and extend the major runways to provide for additional safety and more efficient operations. We have a growing airport and we must accommodate that growth.

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.

In 2004, we stepped up – along with Racine County and County Executive Bill McReynolds - to keep Midwest in business. We want to keep our hometown airlines here.

Speaking of key brands, GE Healthcare is our anchor 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, 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 will find a home close to the regional medical center for the University of Wisconsin – Milwaukee, to expand studies in engineering and sciences. Access to the talent on the county grounds is key to their future growth in the region.

Another key link in our economic plan is a strong transit system. People without access to cars need to be connected to jobs throughout the region.

Since 2000, the state increased operating assistance funding by less than 1.5% annually. That is not enough to keep up with inflation.

The lack of state transit operating assistance keeping pace with inflation and the pressures on the tax levy driven by the pension and health care costs as well as state mandate costs may require up to a 35% reduction in service by 2010.

Recently, all sorts of ideas have surfaced about adding rail components to the existing bus system. I say that it is time to focus on saving the current bus system.

To that end, I propose that the state government take the growth in the current sales tax on motor vehicle related sales and designate it for mass transit. If enacted, this plan would provide \$33.4 million for the 2007/2009 state budget and \$103.5 million for the next state budget cycle.

I also call for the quasi-public company that runs Milwaukee County Transit to do more to lower its costs. Management positions make considerably more than similar positions in county government and labor contracts are much more generous than the county contracts. Controlling costs must also be a part of saving the bus system for years to come.

Another area of economic growth is in the Park East corridor. Despite the barriers put in place to slow development of this area, the county is moving forward. To maximize the potential of this area, I am hopeful that the city will provide assistance in a manner similar to the other properties in the area.

Up to this point, the city has been somewhat reluctant to act. It is my hope that a better understanding of the facts will make it clear that the county is required to sell the land at fair market value. Per the federal government, the county must then turn over approximately half of those funds to the state Department of Transportation. Last year, those funds were committed to the demolition of the annex parking structure as part of the Marquette Interchange project.

Millions of dollars of new development is on hold and I am confident that we will find a way to work with the city on TIF funding similar to other projects in the area. If it works for a project to bring jobs from

one part of the county to the other, it should work for projects that create new jobs.

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.

Last year, we added two links to the Oak Leaf Trail. We finished work on upgrading more than 100 outdated playgrounds and nearly 400,000 rounds of golf took place on our courses. Our friends groups grew to 42.

This year, we will kickoff the 100th anniversary of the parks system with a major celebration. 100 concerts and 100 tree plantings are just a sample of the excitement planned for this summer.

Finally, the reason that we are here is to highlight the amazing things happening at our 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 were two such exhibits.

By the fall, we will 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.

In addition, within the next month, we will have bids out for a new water park and hotel at the northwest corner of the Zoo property. We have one of the best zoos in the country and these improvements make it even better.

One of the super events we hold at the zoo each year is called Operation Freedom. Last year, over 17,000 military personnel, their families and veterans visited the zoo for free – thanks to the generosity of many local businesses. This year, the Military Order of the Purple Heart will organize the event and we will once again host it at the zoo on Independence Day weekend.

This is an amazing year for our Armed Forces and veterans from Milwaukee County. Since last January, our County Veterans Service Office Director Domingo Leguizamon was based in Baghdad with Company A of the 378th Military Intelligence Battalion of the U.S. Army Reserve. Today, we are glad to have you back at home Domingo. Still, many more from the county are currently deployed.

To honor these special men and women and their families – as well as the veterans who went before them – I declare 2007 to be Armed Forces and Veterans Year. I want Domingo to come up here and receive this proclamation on their behalf.

In 2007, we will host the commissioning of the USS Freedom. In July, we host the U.S. Wheelchair Games. And throughout the year – on Memorial Day, Armed Forces Day, Patriots Day, Veterans Day, Pearl Harbor Day, and all other times – we will honor these heroes and their families.

Overall, this is a year full of activities to celebrate the members of the Armed Forces and our Veterans. That is why we declare a full year in their honor.

We will visit each of our military and veteran organizations this year to personally tell them thank you. This week, I begin with stops at the Allied Veterans Council, XXXX, XXXX and XXXX.

2006 was a year full of great 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. I am pleased that our perseverance has lead to action and that action has lead to hope.

We mustn't forget that to fulfill our hopes for the future, all of us must work even harder. I am ready for the challenge and ready to get the job done. I look forward to working with each of you to achieve even greater things in the next year.

Thank you.