



Waukesha County

Department of Administration

December 10, 2021

Dear Honorable County Board Supervisors:

The 2022 Adopted County Budget meets the needs of a growing county while keeping taxes low. This is accomplished through the County's commitment to continuous improvement, strategic planning and adherence to sound fiscal management policy. The budget innovates, supports collaboration and makes investments to support growth and provide high quality services.

COUNTY EXPENDITURES AND REVENUES

Expenditures in the budget total \$337.4 million, an increase of \$23.4 million from the prior year. Operating budget expenditures increase \$14.0 million or 4.8% and is funded largely by state and federal grant awards, described below. Capital project expenditures increase \$9.3 million for a total capital budget of \$28.5 million and includes \$16 million to complete the design phase and begin construction for the Courthouse Project Step II: Renovate 1959 Courthouse.

This budget continues careful management of personnel with cost increases of 2.8% for 2022. After a net increase in budgeted positions of 19.72 (full-time equivalent) FTEs, the number of positions per 1,000 residents are expected to remain at 3.4 employees, unchanged from 2021. The increase in positions include those from County Board-approved ordinances in the current year, resulting in an additional net 9.00 FTE (after abolishments). The net increase of 19.72 FTE positions for 2022 are largely funded with state and federal grant revenues, many of which are summarized below.

The 2022 budget includes changes in key revenue sources.

- In March of 2021, the federal government approved the American Rescue Plan Act (ARPA), which allocated \$350 billion of direct aid to state and local governments through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program to support public health; respond to negative economic impacts from the public health emergency; provide premium pay for essential workers; invest in water, sewer, and broadband infrastructure; and support general county government services and infrastructure by offsetting revenue loss due to the pandemic. Waukesha County's CSLFRF allocation is \$78.5 million and allows for project costs to be spent or obligated by December 31, 2024 and completed by December 31, 2026.

It is important that ARPA funds are spent judiciously, and in-line with the goals and principles that have long established Waukesha County as a fiscally conservative leader: addressing the pandemic response; promoting economic recovery, growth, and workforce/community development; investing in initiatives that enhance productivity and generate a return on investment; and leveraging partnerships with other local governments and agencies. These grant funds are temporary and should only be used for projects that are temporary in nature. With these goals in mind, Waukesha County has established an ARPA Response Team with representation for countywide functional areas and will utilize established boards and committees that are either elected by citizens or appointed by elected offices to address the needs of the community.

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For greater transparency and monitoring, the budget document includes a section dedicated to detailing planned uses of this funding (pages 478-479). The 2022 budget includes approximately \$8 million of ARPA-CSLFRF funds, with some significant allocations detailed below:

- \$6 million to partially offset costs of core infrastructure in the renovation of the 1959 Courthouse (Capital Project #201705), with another \$24 million planned to be used in 2023-2024. Use of ARPA funds offset borrowing needs, saving county taxpayers (including interest expense) an estimated \$33 million.
 - \$1,053,600 to help address the criminal case backlog caused by the COVID-19 pandemic. This allocation funds 11.50 positions and related operating expenses in Circuit Courts and the District Attorney’s Office, with a cross-charge to the Sheriff’s Department for bailiff services. The County Board approved this initiative to begin in the fourth quarter of 2021, with the positions sunsetting when either the courts backlog is eliminated or December 31, 2023, whichever date is sooner.
 - \$287,700 to upgrade Public Health operations from level 2 to level 3 status, which will see the county’s Public Health Division assume a chief health strategist role, overseeing the appropriate use of health data and data systems to identify insights and trends and systematically use that data to inform decisions and promote positive health outcomes. The budget funds the creation of 2.50 FTE positions to align staff with the requirements of attaining level 3 status. The plan is to phase-in tax levy support for these positions through reductions in other costs for services that can be readily referred to community healthcare providers.
- Reflecting recent favorable trends in real estate market activity and valuation, real estate transfer fee revenues in the Register of Deeds Office increases \$136,500. Also, increasing online requests for records and data access helps generate an additional \$89,700 of revenue.
 - Continuing strong demand for quality outdoor recreation leads to an increase in various Parks fees (e.g., annual/entrance stickers, camping fees) of \$229,300.

PROJECT FUNDING AND DEBT MANAGEMENT

The County values strategic, long-range capital planning, budgeting and debt management policies and practices. Property tax levy support for the capital budget decreases \$223,800 to \$1.3 million, partly due to increases in other revenues. Tax levy and the use of governmental fund balance of \$4.8 million and other revenues of \$7.7 million, including \$6 million of ARPA funding toward the courthouse project, maintains the County’s “down payment” at 59% of net capital costs, above the target policy of 20%.

Borrowed funds are budgeted at \$11.3 million, a decrease of \$700,000 from the 2021 budget. This includes \$9.5 million in borrowing for the capital plan, a decrease of \$2.5 million from the 2021 budget, and \$1.8 million in first-time borrowing for major vehicle replacements. The County’s 2022 debt service expenses are budgeted at \$15.1 million, which is well within the County’s key benchmark ratio of debt service expenditures to the total governmental operating expenditures of less than 10%. Maintaining debt service on borrowing at a lower level in the range of 5.5% to 6.5% assures the county will be able to maintain its infrastructure without diminishing funding needed for direct services for future generations.

ACKNOWLEDGEMENTS

We take this opportunity to thank the County Board for their continued support and detailed review of programs and initiatives. The development of this budget reflects the tremendous dedication and hard work of department administrators and their staff in making the decisions that truly reflect the County’s standards of service excellence.

Sincerely,



Andrew Thelke
Director



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