



Waukesha County

Department of Administration

December 7, 2023

Dear Honorable County Board Supervisors:

The 2024 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 \$391.4 million, an increase of \$14.4 million from the prior year. Operating budget expenditures increase \$7.1 million or 2.1%. Capital project expenditures increase \$7.3 million for a total capital budget of \$52.9 million and includes the 2024 construction phase for the courthouse renovation project, repaving and rehabilitation of County Trunk Highways, and improvements to park infrastructure and facilities.

Across the nation employers continue to face labor shortages, and Waukesha County is no exception. This year, the County completed its planned in-depth compensation study. The results of this major effort are in the budget before you, including adjustments to pay range assignments, performance pay, benefit eligibility, vacation time, and holidays. These changes are necessary to better align compensation with our counterparts in local government and the private sector in order to remain competitive in the labor market and staff operations critical to the County's mission. The fiscal impact of these adjustments is projected to be \$2.7 million. Recognizing this financial challenge, early on we set aside tax levy resources to help ensure that over half of these costs are funded with ongoing revenue. The budget includes \$1.3 million of temporary American Rescue Plan Act (ARPA) funding to continue this effort and phase-in over time.

The budget continues careful management of personnel. Even with the compensation study impact, overall personnel costs increase 4.8% in the 2024 budget. This includes a net reduction in funded regular full-time and part-time positions of 1.65 FTE, offset by the cost to continue existing staff. This is mostly due to a net 8.50 FTE decrease in ARPA-funded positions sunsetting for the temporary sixth criminal court.

The 2024 budget includes changes in key revenue sources.

- State Shared Revenue is budgeted to increase about \$3.5 million. This limited, one-time bump in funding is being used to help continue services in the Sheriff's Department (\$900,000), Courts (\$245,000), County Dispatch in Emergency Preparedness (\$230,000), and the Transportation Fund (\$100,000). The remaining \$2.0 million is budgeted to cover transportation needs in the capital plan.
- The 2024 budget includes \$27.3 million in ARPA-funded initiatives, a decrease of about \$1.5 million from the 2023 budget, with some of the major highlights listed below. For greater transparency and monitoring, the budget document includes a section dedicated to detailing planned uses of this funding (pages 474-479).
 - \$16 million to partially fund core infrastructure in the renovation of the 1959 Courthouse (capital project #201705), which offsets borrowing needs, saving county taxpayers.
 - \$4.5 million to expand the GROW Fund, which is a revolving loan program designed to retain, expand, and attract businesses, as well as increase workforce housing stock to help meet the growing demand for employment in the

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County. This contribution is funded with ARPA revenues and brings the County's total investment in the fund up to \$9.0 million.

- \$1.4 million for various Health and Human Services initiatives, including embedding crisis service staff with law enforcement, transitioning client records from paper to a more efficient digital environment, upgrading public health operations to a level three status, and developing data-driven programs to address child welfare and overdose related fatalities.
 - \$1.3 million to improve recruitment and retention of employees that are critical to carrying out the county's mission, by phasing in the impact of the total compensation study recommendations.
 - \$1.3 million for implementation of an Enterprise Resource Planning (ERP) system that combines human resources, payroll, time and attendance, and financial management. This project is expected to generate efficiencies through greater integration, automated workflows, and better reporting.
 - \$720,000 for the Sheriff's Department to phase-in the cost of pay increases to sworn officers, approved during 2022 to promote recruitment and retention.
- The Federal Reserve has increased interest rates in an effort to slow inflation, which has affected key County revenue sources. This includes improving investment income, which is budgeted to increase \$1.6 million in the Treasurer's Office. This is partially offset by a decrease in document recording fees and real estate transfer fees in the Register of Deeds Office by \$228,000 and \$145,700.
 - Continuing strong demand for quality outdoor recreation leads to an increase in various parks fees (e.g., annual/entrance stickers, camping fees) of \$313,600.

PROJECT FUNDING AND DEBT MANAGEMENT

The County values strategic, long-range capital planning, budgeting and debt management policies and practices. Down payment support for the capital budget increases a net \$1.5 million, including an increase in state Shared Revenue by \$2.0 million, partially offset by a tax levy decrease of \$503,000. Tax levy, Shared Revenue, the use of governmental fund balance of \$4.7 million, and other revenues of \$22.0 million, including \$18.5 million of ARPA funding toward multiple projects, maintains the County's "down payment" at 61% of net capital costs, above the target policy of 20%.

Borrowed funds are budgeted at \$20.8 million, an increase of \$8.3 million from the 2023 budget. This includes \$17.0 million in borrowing for the capital plan, an increase of \$7.0 million from the 2023 budget, and \$3.8 million in borrowing for major vehicle replacements, an increase of \$1.3 million. The County's 2024 debt service expenses are budgeted at \$16.8 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.

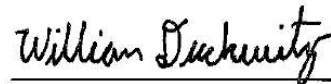
ACKNOWLEDGEMENTS

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



William Duckwitz
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