



December 12, 2008

Dear Honorable County Board Supervisors:

The Adopted 2009 Budget is themed "Committed to Excellence" as Waukesha County is widely recognized as a public sector government innovator, and we are very proud to say that our commitment to excellence is imbedded in all that we do. As the result of the strong partnership which has been established between Waukesha County's Executive and Legislative branches, our talented staff are empowered to make critical recommendations that have a direct impact on short and long-term operations. The County Board's rigorous review and support of this 2009 budget helps to maintain high quality service levels and the County's position as a low tax leader.

The 2009 County's Adopted Budget makes justice and public safety the top priority; effectively serves at-risk individuals and families; and proposes strategic investments in County roads and buildings to ensure their useful life while maintaining them in a safe and functional manner.

LIMITS TAXES AND SPENDING

In spite of the lowest tax base growth in the last 22 years, the 2009 Adopted Budget maintains our low tax rate at \$1.79 per \$1,000 of property value by limiting expenditure increases to four-tenths of one percent. The Adopted expenditure budget totals \$256.4 million (up \$920,833 from 2008), of which \$237.0 million is committed to operational costs that ensure the delivery of core services and \$19.4 million is dedicated to capital project infrastructure preservation.

For 2009 budget purposes, the 2008 County property tax (General and Federated Library tax) totals \$95.8 million. At an increase of 2.8% from last year's budget, it is well below the rate of inflation and is below the State of Wisconsin's limit on tax levy increases. Controlling personnel costs is one of the key areas that has enabled us to keep spending in check. For the 2009 Budget, personnel costs increases are held to a 2.1 % increase. Additionally, we are proud to disclose that the adopted budget continues to limit the cost of health insurance with a 4% increase; generates cost avoidance of nearly \$815,000 by discontinuing funding for 12.7 Full Time Equivalent positions and maintains our low employee ratio of 3.6 employees to 1,000 residents.

This fiscally prudent budget has a direct positive impact to our residents as the homeowner of an average Waukesha County home (\$281,100) will only realize a \$3 increase in the County portion of their property tax bill. Even with a downturn in the housing market and the lowest tax base increase (2.1%) in 22 years, the County's tax rate will increase by only one penny from \$1.78 to \$1.79 per \$1,000 of equalized property value.

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KEY BUDGET ASSUMPTIONS

Broad assumptions provide the framework and establish the basic foundation for building this budget. General assumptions are used to assist in setting priorities, determining service levels, and allocating limited financial resources. Key assumptions guiding the development of the County's 2009 Adopted Budget include the following:

- Overall inflation factor estimates for the cost to continue existing services are projected at a range from 2.5% to 3.5% for 2009, depending upon the particular service or commodity. Major exceptions include cost increases for energy costs (utilities and fuel), prescription drugs, medical services, food costs and some commodity prices such as paper.
- Energy costs are estimated to rise faster than the rate of inflation. The price of electricity to power County facilities is assumed to increase 7.5%. Water is projected to rise 11.0%, while natural gas price increases are expected to increase by 9.0%, resulting in higher budgeted energy costs of nearly \$60,000.
- Average vehicle fuel costs are assumed to increase to \$3.00 per gallon (equivalent to approximately \$3.33 retail), up from the 2008 Budget at \$2.65 per gallon (equivalent to \$2.98 retail) resulting in increases in fuel costs County-wide by over \$90,000. While at this printing the estimate may seem high, it is based on the average cost expected for all of 2009.
- Due to continuing State and Federal budget deficits, the County assumes key revenues for several areas will remain unchanged or be reduced.

SIGNIFICANT BUDGET DRIVERS

- The **Sheriff's Budget** includes personnel costs to continue increases of \$731,450 to \$27,050,745 which is nearly 81% of the entire Sheriff's Budget. This increase includes a net reduction of 2.0 FTE administrative staff, including a programs and projects analyst position and computer services coordinator position resulting in over \$191,250 of salary and benefit cost savings. Estimated operating expenses increase by \$141,450 largely due to \$200,000 increase for potential out of county inmate placement costs; \$69,100 increase to \$1.4 million for inmate medical care; and \$68,620 increase to \$357,220 for jail commissary purchases. Interdepartmental charges for vehicle fuel, maintenance and repair costs are budgeted to increase by \$148,725. These budgeted expenditure increases are partially offset by a \$74,000 reduction in inmate meal costs that result from favorable terms of a new food service vendor contract.
- **Emergency Preparedness** expenditure budget increases by \$273,300 largely due to \$155,915 increase in personnel costs and \$96,351 increase in interdepartmental charges largely due to the transfer of hardware and software maintenance subsidy funding from the End User Technology internal service fund.
- **Parks and Land Use General Fund** is not continuing funding for 3.0 FTE vacant positions in an effort to limit the growth in personnel costs. This includes an environmental health supervisor in the Licensing program area; a land conservation supervisor in the Agricultural and Urban Land and Water Conservation program areas; and a clerk typist in the Environmental Health program area.
- Salt expenditures for snow removal in the **Transportation Budget** increases \$75,000, mainly as a result of an expected 11% increase in the cost per ton.
- The new **Aging and Disability Resource Center (ADRC)**, a Special Revenue Fund, was created effective April 1, 2008 as part of the state of Wisconsin's Family Care reform initiative. It includes grant funding for information, referrals, long-term care financial and functional eligibility determination, long-term care options counseling, short-term case management, disability benefits counseling, and referral to the State contracted Managed Care Organizations (MCO's). Other services and assistance to older adults and individuals with disabilities age 18 and above also includes the Benefits Specialist, Information and Assistance and Case Management programs formerly in Senior Services general fund in prior years.

- The **ADRC** fund expenditures increase nearly \$1.8 million to \$3.7 million for the first full year of the Aging and Disability Resource Center operations. Staff transition from H&HS- Long Term Care fund including Developmental Disabilities Services, Community Integration and Community Options waiver programs, which are discontinued in the 2009 budget. Clients are being assessed by ADRC staff to determine eligibility for enrollment and transitioned to the Managed Care Organizations (MCO's). The two MCO's are contracting directly with the State Department of Health and Family Services to provide client care services.
- The **Department of Health and Human Services Long-Term Care Fund** expenditures are budgeted to decrease \$24 million mostly related to the phasing out of the Community Integration Program (CIP) and the Community Option Program (COP) Federal/State waiver funded services as eligible Long Term Care clients are transitioned throughout 2008 to the MCO's under the State's Family Care Reform initiative. The State will pay the MCO's directly for placement costs rather than through the County. In addition, 11.5 FTE staff from the Long Term Care division are transitioned to the Aging Disability Resource Center.
- The **Department of Health and Human Services Long-Term Care Fund Adult Protective Services/Community Care program** remains the responsibility of the County, and includes an increase of \$560,275 for the department's share of Intermediate Care Facility – Mental Retardation placement costs for County residents at Dodge County's Clearview Facility.
- **HHS Human Services Fund - Mental Health Outpatient services** program operating expenditures increase \$310,985 mostly due to the former Long Term Care COP clients who are determined **not** eligible for the MCO services are planned to be transitioned into this program area which increases \$223,100 (related revenues are also shifted).
- The **County Board** was reduced by 10 members beginning in April 2008 resulting in approximately \$66,860 in personnel cost savings for the eight month period of 2008. An additional four months of cost savings is being realized in 2009, which results in \$37,340 of additional personnel cost savings for a total annual cost savings over the 12 month period of \$104,200.
- The **County Clerk** expenditures decrease by \$152,514 to \$517,070, mainly due to the removal of \$120,000 of General Fund Balance appropriation budgeted in 2008 to cover higher one-time election costs resulting from the 2008 Presidential Elections and more election activity.
- 2009 represents the first year budgeting for the **new Health and Dental Insurance Fund**. This Internal Service Fund increases overall expenditure budget by nearly \$21.4 million and includes the following major expenditure items, mostly based on actuarial recommendations, \$18.1 million for estimated claims paid; \$1.6 million in estimated claims incurred but not reported; \$942,000 in outside third party plan administration costs; and \$484,000 for stop loss insurance. Also, the Employee Wellness Initiative program includes \$104,000 to contract with a firm to administer the program and \$50,000 in program incentives to encourage employees participation.

INFRASTRUCTURE INVESTMENTS

To demonstrate the County's "Committed to Excellence", the Adopted 2009-2013 Capital Projects Plan balances between delivering critical services and maintaining critical infrastructure to ensure the County's future growth and economic viability while holding tax increases at a minimum level. It also introduces a number of environmentally sustainable initiatives that minimize our impact on the ecosystem and save significant ongoing dollars in the future. For your convenience, project highlights have been broken down into four key areas: Facilities, Transportation, Technology, and Parks.

Facilities:

As we embark on the 50th anniversary of the Courthouse next year, the 2009-2013 Capital Projects Plan addresses long-term facility needs. It includes the construction of a new secure connector to separate the public from inmate movement in the Courthouse. The plan also calls for the general maintenance of the existing Courthouse facility and its equipment until a major infrastructure renovation happens in 2016. Other facility projects include: planning for the construction of a new Human Services Center, and expanding space at the Medical Examiner's Office to address current and projected County and contracted service needs.

Transportation:

About \$54 million or 57% of plan spending is dedicated to highway improvements, of which more than \$21 million will be spent on repaving roads, repairing bridges, and making safety improvements. It also provides the necessary funding to enhance safety at three highly traveled intersections over the next year, and these important projects: C.T.H. Y (Racine Avenue); C.T.H. VV (Silver Spring Drive); and completing the second phase of roadwork on C.T.H. L (Janesville Road).

Technology:

The plan makes significant technology investments within the Justice and Public Safety areas. At the top of this list is the replacement of the Computer Aided Dispatch (CAD) system at the Communications Center, as well as a new project to migrate the radio technology from analog to digital in 2014 with cooperative funding from municipal partners.

Parks:

Park projects include \$2.3 million for park roadway maintenance improvements and \$775,000 for paving the Lake Country and Bugline Recreational Trails. New park facility infrastructure projects include multi-year building upgrades and a phased replacement of two remaining parks maintenance buildings for almost \$1.3 million.

The Capital Projects planning process is an excellent opportunity for us to make infrastructure improvements and operational changes that save real, ongoing tax dollars through environmentally friendly conservation efforts. We are also proud to indicate that Waukesha County’s 2009-2013 Capital Projects Plan identifies a number of “green” projects and project applications that are better for the environment and can be accomplished at a lower cost than when using conventional approaches. When appropriate, County staff recommend recycling existing pavement and reusing it in construction projects and implementing energy efficient facility improvements, such as the use of low flow fixtures, waste composting systems, solar thermal water heating, solar electric lighting, as well as solar powered and natural ventilation systems to minimize utility connections.

PROJECT FUNDING AND DEBT MANAGEMENT:

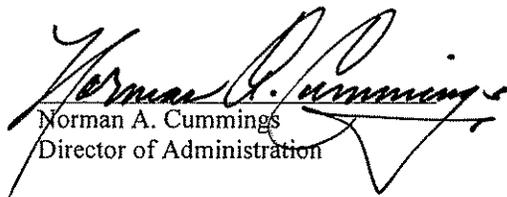
Waukesha County remains “Committed to Excellence” with reference to our prudent capital budgeting and debt management practices. To cover costs associated with infrastructure improvements, the 2009 Adopted County Budget ensures that the 2009-2013 Capital Projects Plan is funded with a tax levy down payment of \$3.0 million, or 24% of the net Capital expenditures. In addition, debt borrowing is being reduced to \$10 million in 2009, which is a decrease in borrowing of \$1.85 million from the 2008-2012 Adopted Capital Projects Plan.

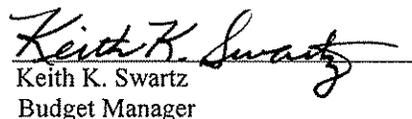
Due to the prepayment of the 2000 bond issue, which reduced the 2009 payment by \$1.2 million, the 2009 Debt Service budget is estimated to increase by less than 1%. The ratio between the Debt Service expenditure budget and total governmental operating expenditure budget is projected at about 7.0 %, which is considerably lower than the County’s performance measure target of less than 10%. Maintaining borrowing costs at this low level assures that it will not affect the County’s ability to fund direct services for years to come.

ACKNOWLEDGEMENTS

By focusing on core service priorities, implementing innovative ways of doing business and establishing strategic partnerships this budget prepares us for the future as we continue our “commitment to excellence”. We would like to take this opportunity to thank the County Board for its thorough review and continued support and department administrators and their staff for their dedication to this challenging process. Without their combined efforts this fiscally prudent budget would not have been possible.

Sincerely,


Norman A. Cummings
Director of Administration


Keith K. Swartz
Budget Manager