



September 23, 2014

Dear Honorable County Board Supervisors:

Each spring I, along with the budget team and key staff, embark on the process of creating the County's budget with the goal of continuing to provide Waukesha County's outstanding services while also holding the line on taxes. This process requires strategic thinking and making difficult decisions, but also provides the opportunity to examine new and innovative ways to save tax dollars. This budget is no exception. I am proud of the innovations, partnerships and strategic decisions made throughout this budget that, if approved by the County Board, will continue our commitment to being a low tax leader. In fact, a **County homeowner, with a median valued home estimated at about \$246,300, will see no change from last year on the county portion of their property tax bill.**

I am proud of the relationship between the Executive and Legislative Branches in Waukesha County and appreciate your willingness to work with my administration on the passage of the 2015 Budget.

### **TAX IMPACT ON HOMEOWNERS**

The proposed 2015 County general property tax levy totals \$100.5 million. County Departments have worked diligently to be innovative, use technology to improve efficiency and seek collaborative efforts to control spending. Proposed expenditures in the budget total \$279.1 million. The Budget contains \$261.2 million in operating appropriations and the remaining \$17.9 million is dedicated to our capital project budget for infrastructure investments. Total expenditures are down \$3.0 million from the 2014 budget. This budget maintains our low employee per capita ratio of 3.5 employees to 1,000 residents by controlling positions and limiting net personnel cost increases to 1.45%.

### **COLLABORATION & COOPERATION**

Waukesha County values collaboration and working with other governments to gain economies of scale and streamline government services while saving money. The 2015 budget includes the implementation of several collaborative capital projects funded in the prior 2014 budget. As a result, the capital budget is reduced over \$10 million. The operating budgets are increased, reflecting project impacts and other initiatives as follows:

- The Radio Upgrade project (Project expenditure of \$9.5 million) will be implemented in mid 2015. Radio Services expenditures increase \$734,700, primarily due to a \$531,100 increase in depreciation charges and a \$189,400 increase in system maintenance charges. Depreciation charges are offset with Radio Services fund balance. Increased system maintenance costs will be charged to users, based on the formula in the 2014 Trunked Radio System Contract Addendum.

- A jointly operated single stream recyclable processing facility (Project expenditure of \$7.7 million) with the City of Milwaukee begins operation in 2015. The Material Recovery Facility (MRF) Fund budget includes an expenditure increase of \$1.0 million for the new vendor contract offset with an additional budgeted revenue increase of \$1.1 million in material sales with revenue sharing increasing from 50% to 80%. The community dividend also increases \$582,000 (funded with fund balance) to assist communities with obtaining new recycling bins and assist municipalities with the direct hauling of recyclable materials.
- A full year operation of the on-site health and wellness center is included in the 2015 budget. Based on the contract signed in 2014 with the City and School District of Waukesha, each entity will pay its share directly. The 2015 budget includes an increase in fund balance of \$172,000 to \$736,000 and center fee revenue of \$100,000 to fund the \$880,000 operation. The County is estimated to save \$3.1 million in health care costs over a 5 year period.
- At mid-year, the 2015 budget implements a more cost-effective shelter care operation for boys and girls by partnering with the private sector. This change is projected to result in an annual savings of \$130,000 which will allow the Department to invest in other Health and Human Services priorities.
- A new collaborative effort in the 2015 budget is a contract with Walworth County for Waukesha County to serve as its Medical Examiner, allowing a third forensic pathologist position to be funded. A similar contract will be implemented with Washington County. Each county will maintain its own field investigators, however will share protocols, policies and procedures under the supervision of a Waukesha County forensic medical pathologist. The additional position will allow more long term and stable staffing for 24/7 service needs. This increases expenditures and revenues \$442,000.

## **BUDGET DRIVERS**

The 2015 budget addresses key revenue shortfalls.

- Investment income is decreased \$805,000 to \$3,608,000 reflecting continued historically low rates. Delinquent Taxes Penalty and Interest is also reduced by \$50,000 as outstanding Delinquent Taxes declined during 2013 into 2014.
- The 2014 use of the 2013-14 State Budget one time allowance of county redaction fee revenue of \$400,000 is removed from the 2015 budget. The 2015 Budget will use general fund balance of \$300,000 in the Register of Deed revenue budget and will be phased down in future budgets.
- State revenues include more stable revenue sources overall. Human services basic community aids are reduced slightly and youth aids are unchanged. General Transportation Aid (GTA) is reduced \$200,000 for 2015 as a result of an unfavorable State aid formula. The Circuit Court support grant is restored to the 2011 level, resulting in a budget increase of \$72,000.
- The 2015 budget continues to recognize declining trends in prisoner board revenue for Federal prisoners with a reduction of \$196,000 to account for a reduction in inmates. Circuit Court revenues for fines and forfeitures and court fees are reduced \$175,000 overall from the 2014 budget.

## **SMART USE OF STATE FUNDS**

A number of program areas will see increased service levels resulting from increases in State revenue. Some areas will see reductions as planned. This includes:

- Additional State funds of almost \$700,000 will provide services for children with long term needs and fund two service coordinator positions.
- An additional \$613,000 in State revenues in the Comprehensive Community Services (CCS) program resulting from a federal reimbursement change to cover 100% of costs. This funding provides psychosocial rehabilitative treatment in the community and in residential care facilities and will expand services to children.
- A new regional crisis grant of \$109,100 will fund training for County staff and law enforcement to improve crisis intervention services.

- The Treatment Alternates and Diversion (TAD) grant approved by ordinance in 2014, will allow the drug court to continue in 2015 with \$143,000 of grant funding. The tax levy funding portion of the Alcohol Treatment Court of \$125,000 continues after the expansion grant ended year end 2014.
- Additional State funds of \$925,000 will meet the State request for an increase in highway maintenance on State roads and fund 4.0 FTE patrol workers. A portion of the increase will be in a performance based contract.

The 2015 budget will also address County priority areas including an expenditure increase of \$259,000 for Emergency Preparedness for costs associated with 2.0 FTE positions and one time purchase of fire emergency dispatch software for \$109,000 using fund balance. The additional positions will allow the department to meet industry benchmarks and to avoid overtime costs incurred when new employees are being trained.

## **INVESTING IN INFRASTRUCTURE**

The County has consistently demonstrated its value of prudent financial planning by continuing to make sound strategic investment decisions to maintain our critical infrastructure. My proposed 2015 capital budget spends \$17.9 million, and strikes a balance between maintaining our infrastructure to ensure economic viability and delivering critical core services to the people who need them most. Major 2015 Capital budget spending highlights are outlined in the following key areas: County Facilities, Transportation, Technology, and Parks projects.

### **County Facilities**

In the 2015 Budget, building infrastructure improvements total about \$7.1 million. Facility project improvements include about \$2.8 million at the UW-Waukesha campus, with \$1.4 for replacement of boilers and controls with new, more energy-efficient equipment and \$1.4 million for roofing upgrades. HVAC upgrades at County facilities include \$694,000 to replace the chiller at the Mental Health Center and \$45,000 for project design to replace the HVAC system at the Highway Operations Building. The budget includes \$211,000 for roof replacement at the Administration Center. Project design for replacement of the brinemaker and construction of a canopy roof at the Highway Operations Building is budgeted at \$10,500.

The 2015 Budget includes funding for project concept estimated at \$220,000 to replace HVAC equipment at the Law Enforcement Center which is expected to help reduce energy consumption through newer, high-efficiency equipment with direct digital controls. The future expansion of the Waukesha County Communications Center (WCC) begins with design, estimated at \$45,000. The WCC expansion will allow for additional municipal police and fire agencies to join County dispatch and provide space needed for handling large-scale emergency events.

The budget also includes \$3.3 million in 2015 to demolish the former Health and Human Services (H&HS) Building, which is now vacant after the new Health and Human Services facility was opened in October 2013.

### **Transportation**

The County's first rate County Trunk Highway (CTH) system is a critical contributor to our strong economic future. These important infrastructure assets promote public safety and economic development. My proposed 2015 capital budget devotes more than \$6.8 million for key highway improvements including \$3.8 million for road surface repaving and intersection signal and safety improvements. In addition, \$818,000 is budgeted to begin rehabilitating CTH NN, from State Highway 83 to CTH ES, in the Village of Mukwonago; \$353,000 for design to rehabilitate CTH I (Beloit Road), from CTH ES (National Avenue) to CTH O (Moreland Road), in the City of New Berlin; and \$103,000 for design work to rehabilitate CTH C (Genesee Street) from Mill Street to Oakwood Road in the City of Delafield.

The 2015 budget includes about \$1.1 million for project design work to widen 2.1 miles of CTH M (North Avenue), from CTH YY (Pilgrim Road) to the East County Line (124th Street), in the City of Brookfield and Village of Elm Grove. Construction is planned to begin in 2018. Total project costs are estimated at \$17 million. Federal aid is expected to cover \$10.3 million of project costs, and the City and Village will add an additional \$210,000 for local street amenities. The remaining \$6.5 million is County funded.

### **Technology**

County technology projects include \$1.0 million to complete an upgrade the County's election system through process improvements and automated system enhancements. The budget also includes the last year of funding for multiple technology projects, including \$150,000 to implement an enterprise wide content management system; \$110,000 to transition the County to a new, more affordable data reporting system; and \$100,000 to implement a workforce management system.

### **Parks and Recycling**

Projects in this functional area total \$1.6 million. This includes \$800,000 for the Parks pavement management plan, \$450,000 for design work for a multi-use trail connecting Frame Park in the City of Waukesha to Mitchell Park in the City of Brookfield, \$195,500 for orthophotography to update digitized maps for Land Information Systems (GIS), \$75,000 for energy-saving lighting upgrades at clubhouse facilities at Nagawaukee and Wanaki golf courses, and about \$70,000 for preliminary design work for park beach house improvements and the expansion of Camp Pow Wow at Menomonee Park. The growing popularity and usage of Camp Pow Wow has necessitated an expansion to include a private nurse room, ADA code updates and restroom expansions to meet current and future needs.

### **PROJECT FUNDING AND DEBT MANAGEMENT**

The County values strategic long range capital planning, budgeting and debt management policies and practices. Borrowed funds are budgeted at \$10 million, the same level as the 2014 budget. Investment income is budgeted at \$300,000, an increase of \$50,000 from the 2014 budget. Property tax levy funding at \$1,850,000 is a reduction of \$100,000 from the 2014 Adopted Budget. Tax levy and the use of governmental fund balance of \$3.0 million and other revenues of \$700,000 maintain the County's "down payment" at 35% of net capital expenditures, well above the target of 20%.

The County's 2015 debt service payment is budgeted at \$14.6 million, which is well within to the County's key benchmark ratio of debt service expenditure budget to the total governmental operating expenditures of less than 10%. Maintaining debt service on borrowing at a lower level in the range of 6.5% to 7.5% assures the County will be able to maintain its infrastructure without diminishing funding needed for direct services for future generations.

### **ACKNOWLEDGEMENTS**

Year-after-year, through strategy, innovation and partnerships, we are able to ensure streamlined services and cost-savings to our taxpayers. In conclusion, I would like to thank the Waukesha County staff that helped prepare the 2015 County Executive's Budget and the County Board Supervisors that sat beside me in countless meetings in preparation of this budget. As you, the County Board, begin your budget review process, I ask that you support the presented budget that will continue our commitment as a low tax leader.

Sincerely,



Daniel P. Vrakas  
County Executive