



September 24, 2013

Dear Honorable County Board Supervisors:

It is my privilege to present the proposed 2014 County Executive Budget which holds the line on taxes, supports our vital infrastructure and reflects our County values. Last year, Waukesha County began updating and reenergizing the County's strategic plan. As the first step of this process our Strategic Planning Committee compiled a list of the County's core values. Among them were collaboration, ethics and integrity, innovation, efficiency and our Aaa/AAA standard. We reference these values in our daily decision making, a practice that is clear in the 2014 Budget.

I would like to thank you in advance for your continued commitment and contribution to the County's value-based decision making. I greatly appreciate your willingness to work collaboratively with my administration on the passage of our County's budget while we keep our sights on the interests of our citizens and taxpayers.

TAX IMPACT ON HOMEOWNERS

My administration diligently works in partnership with the County Board of Supervisors to limit property taxes on hard working families and job creating businesses. Based on the budget I am proposing, a **County homeowner, with a median valued home estimated at about \$238,900, will see no change on the county portion of their property tax bill.** Businesses and citizens in the County will continue to benefit from our stable tax environment and the fact that Waukesha County has the lowest county property tax rate among counties without a county sales tax. I remain committed to maintaining low taxes for County residents and businesses.

The proposed 2014 County general property tax levy totals \$99.5 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 \$282.2 million. Included as part of total expenditure figure is a state mandated change to the way the County reports payments a third party administrator makes to service providers for children with long-term support needs. That change inflates expenditures in the 2014 Budget by \$3.2 million. The money is offset dollar for dollar with an equal revenue increase. The Budget contains \$254.1 million in operating appropriations. The remaining \$28.1 million is dedicated to our capital project budget for infrastructure investments. This budget maintains our low employee per capita ratio of 3.5 employees to 1,000 residents by controlling positions and limiting net personnel costs increases to 1.3 %.

COLLABORATION & COOPERATION

Waukesha County exercises its value of collaboration by working with other governments to gain economies of scale and streamline government services while saving money. The 2014 budget includes several new areas where we will join forces with other governments to reduce taxes. These partnerships include:

- Radio Service operations working with Milwaukee County on the Digital Radio Upgrade project allowing for interoperable radio communications across county lines while saving both county's taxpayers money for capital investment and annual operating costs.
- Partnering with the City of Milwaukee to jointly process recyclables in a single stream facility and leverage over 20,000 tons each of recyclables to obtain optimal private sector processing proposals.
- Soliciting proposals for an on-site medical/wellness center with City and School District of Waukesha to save on health insurance costs
- Studying courthouse remodel/replacement options that may include co-locating with City of Waukesha

BUDGET DRIVERS

The 2014 budget addresses areas where revenue streams are declining and areas where operational costs are escalating. Some areas are seeing rate increases greater than inflation, such as jail inmate costs - especially medical and food costs, vehicle fuel prices, mental health and related prescription drugs costs.

The 2013-2015 State Budget had a much more modest impact on the County than previous budgets. Several of the key revenue and expenditure impacts to deal with in this 2014 County Budget are indicated below:

- Most major state revenue funding sources remained at or near their current 2011-2013 levels. This includes human services basic community aids, youth aids, general transportation aids, circuit court support grant and shared revenues. However, the lack of increases impacts tax levy pressure to fund cost to continue needs. The state budget restored Child Support and Victim Witness funding. The youth aids allocation also benefited from 2013 allocation adjustments.
- The 2014 Budget recognizes declining trends in prisoner board revenue for Federal prisoners and Huber room and board totaling \$259,000. Court revenues also decline \$180,000
- Investment Income is estimated to decrease by \$127,000 to \$4,438,000, reflecting continued historically low rates. Also, the estimate for Delinquent Taxes Penalty and Interest is reduced by \$42,000 to \$2,808,000 as outstanding Delinquent Taxes declined during 2012 into 2013.
- The real estate market has improved with expected increases in real estate transfer fees and document recording fee revenues of \$200,000 over the 2013 budget. The 2014 budget will also utilize an increase of \$400,000 of the redaction portion of the recording fee revenue for the Register of Deeds. The 2013-14 State Budget allows counties to use redaction fee revenue for general purposes.
- The Health and Human Services budget includes State/Federal revenue increases of \$667,000 related to the 2013 mid-year creation of ten regular full time Economic Support Specialist positions to assist individuals applying for health insurance under the Affordable Care Act. These positions will sunset when the funding is reduced or terminated in 2015.
- Emergency Preparedness expenditures are increased by \$269,000. This includes full year costs of both the transfer of New Berlin dispatch activity to the Communications Center and the implementation of the new computer aided dispatch software including licensing and computer hardware charges.
- The County's Crisis Line call center transitions to a new service delivery model due to loss of the previous provider. Costs are budgeted to increase \$177,200. Crisis intervention services were also brought in-house resulting in increased overtime costs of \$40,000.
- Mental Health Outpatient and Support Services expenditures are budgeted to include an anticipated increase in room, board and treatment costs for the Comprehensive Community Services clients, Community Recovery Services clients and residential care placements costs increase by about \$413,000 for an anticipated increase in days of care. Increased client fee revenues increase by \$102,000.

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 2014 Capital Budget continues capital spending at \$28.1 million. We continue to reinforce our mutual objectives of striking a balance between maintaining our infrastructure to ensure economic viability while delivering critical core services to those people who need them most.

Major 2014 Capital budget spending highlights are outlined in the following key areas: County Facilities, Transportation, Technology and Parks and Environment projects.

County Facilities

In the 2014 Budget, building infrastructure improvements total about \$1.5 million. Facility project improvements include about \$1 million for replacement of chiller and controls at UW-Waukesha. The budget also includes \$243,000 for a project to retrofit the old Public Health Building to develop an on-site medical/wellness center for county employees. The clinic is expected to involve an intergovernmental agreement, with the School District of Waukesha and City of Waukesha participating with combined medical cost savings over the first five years of \$6.9 million, including \$400,000 per year for the County.

Energy efficiency improvements at County facilities include \$215,000 to install digital controls on all HVAC equipment at Retzer Nature Center, the Expo Center and Eble and NagaWaukee Ice Arenas. These improvements are expected to maximize the efficiencies of the HVAC system and save staff time troubleshooting issues at remote locations.

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 the County values of public safety and economic development. My proposed 2014 capital budget devotes over \$6.7 million for key highway improvements including \$3.2 million for road surface repaving, intersection signal and safety improvements. In addition, \$915,000 is budgeted for the rehabilitation of CTH F (Redford Boulevard), from Busse Road to State Trunk Highway 190 (Capitol Drive) in the City of Pewaukee. Another project to rehab CTH C (Genesee Street) in the City of Delafield, from Mill Street to Oakwood Road, begins in 2014 with design work costs at \$130,000.

Design and land acquisition related to the expansion of the CTH O (Moorland Road) in the City of New Berlin from two lanes to four is budgeted at \$140,000. Construction will follow in 2015.

By far the largest County highway project to date is CTH L (Janesville Road) in the City of Muskego with a total project cost of over \$29 million. This budget includes final year \$1.5 million construction funding, reflecting updated costs for design, land acquisition, environmental remediation and construction for the last phase of the project.

Technology

The Capital Budget continues to make key technology investments to improve operational efficiencies. For the Justice and Public Safety areas, the Capital Budget continues a \$9.5 million project migrating the County's public safety radio technology from an analog to a digital signal in 2014. This is made possible with County funding being supplemented by funding from municipal partners who may elect to receive County loans for their cost share to be paid back, interest free, over eight years. Based on a consultant study recommendation, Waukesha County is planning to partner with Milwaukee County to implement this upgrade. The budget also includes a project to replace radio console equipment for \$900,000, funded with previously reserved fund balance designated for equipment replacement at the Communications Center.

Other Technology projects include \$1.2 million for the first year of a two-year plan to implement the County's election system through process improvements and automated system enhancements. Other technology projects include \$375,500 for the last year of funding the implementation of a Voice Over Internet Protocol (VOIP) equipment to replace the County's aging telephone system (2-5 year payback); \$300,000 continued funding for the workforce management system replacement project, to extend the schedule and provide consultant assistance to minimize the impact of implementation work on regular staff duties (4-year payback).

Parks and Recycling

Major projects in this area total \$6.7 million, an increase of about \$2.7 million from the 2013 budget level. This includes \$5.4 million as the County's share for a project to develop a collaborative Material Recycling Facility with the City of Milwaukee in 2014. This budget includes \$540,000 for the final year of restroom renovations at reserved picnic sites throughout County parks, \$500,000 for the Parks pavement management plan, \$160,000 to begin replacement of bridges at Wanaki Golf Course, and \$50,000 for preliminary design work for a multi-use trail connecting Frame Park in the City of Waukesha to Mitchell Park in the City of Brookfield.

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, a decrease of \$7 million mostly due to the completion of the Health and Human Service project in 2013. Tax levy and the use of governmental fund cash balance of nearly \$6.2 million and general revenues of \$650,000 maintains the County's "down payment" at 46% of net capital expenditures.

The County's 2014 debt service payment is budgeted at \$14.4 million, which is well within to the County's key benchmark ratio of debt service expenditure budget to the total governmental operating expenditures targeted at less than 10%. Maintaining debt service on borrowing at a lower level in the range of 6.5% to 7.5% assures that the County will be able to maintain its infrastructure without diminishing funding needed for direct services for future generations.

ACKNOWLEDGEMENTS

We are ensuring the County maintains its key values by focusing on our core service priorities, establishing strategic collaborative partnerships and using teamwork to continue to streamline operations and achieve ongoing cost-savings. I would like to take this opportunity to thank Waukesha County's devoted employees, entrusted appointed representatives, and capable elected officials for their professionalism and dedication in helping me in preparing the 2014 County Executive's Budget. The County strives to deliver quality services and make wise investments for the future to ensure we maintain our low taxes. As the County Board begins its budget deliberations, I ask for your support of my budget proposal. I believe that you will find this proposed budget balances the County's service delivery needs while controlling tax spending.

Sincerely,



Daniel P. Vrakas
County Executive