



September 22, 2015

Dear Honorable County Board Supervisors:

As you know, every year we begin the budget process in late spring. This year is my first budget. Working together with the budget team, department heads, members of the County Board, I created an Executive Budget with two key goals in mind, maintaining the outstanding services we provide to the citizens of Waukesha County and continue to hold 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. I am proud of the strategic decisions made throughout the budget, which if approved by the County Board, will continue our commitment to maintaining a low tax climate. In fact, a **County homeowner, with a median valued home estimated at about \$251,000, will see no change from last year on the county portion of their property tax bill.**

I am look forward to continue building upon the strong relationship between the Executive and Legislative Branches in Waukesha County and appreciate your willingness to work with my administration on the passage of the 2016 Budget.

#### **TAX IMPACT ON HOMEOWNERS**

The proposed 2016 County general property tax levy totals \$100.9 million, an increase of \$455,900 or 0.45%. This increase in levy is against an equalized property tax base of \$49.4 billion, which experienced a 2.4% increase. This increase includes a net new construction growth rate of 1.07% with new residential construction value over 20% higher than 2014. This results in a rate reduction of almost 2% or \$0.04 to \$2.04. The median home value in Waukesha County increased by almost 2% from \$249,300 to \$251,000 in 2015. The reduced rate applied to an increased home value results in no change from last year's bill of \$512 for the county portion of the property tax bill.

#### **COUNTY EXPENDITURES AND REVENUES**

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 \$285.4 million. The Budget contains \$264.6 million in operating appropriations and the remaining \$20.8 million is dedicated to our capital project budget for infrastructure investments. Operating expenditures increase \$3.4 million or 1.3%. 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 0.7%.

## **STABLE OPERATING BUDGET**

The 2016 budget includes changes in key revenue sources.

- Investment income is decreased \$200,000 to \$3,408,000 reflecting continued historically low rates. Delinquent Taxes Penalty and Interest is also reduced by \$55,000 as outstanding Delinquent Taxes declined during 2014. The prior budget reduced investment income \$800,000 and delinquent tax revenue by \$50,000.
- The real estate market has shown increased property sales with expected increases in real estate transfer fees of \$60,000 to \$1,428,500. This is offset by a reduction of \$130,000 in document recording fees due to a continuing trend of reductions in home mortgage refinancing.
- State revenues include stable revenue sources overall, including Human Services basic community aids, youth aids and the Circuit Court support grant funding. These sources total \$16.2 million and fund significant on-going services. General Transportation Aids (\$4.6 million) recovered from prior year reductions.

## **SMART USE OF STATE FUNDS**

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

- State funds for Economic Assistance include targeted funding increases for FoodShare's new job training requirements (\$169,400) and additional funding of \$43,900 for Child Care administration work. The FoodShare increase will fund 2.0 FTE Economic Support positions. This is offset with a reduction of \$71,000 in Patient Protection Affordable Care Act and involves the sunset of 1 FTE Economic Support position as caseloads from first year implementation subside.
- Children and Family Services funding includes an increase of \$95,000 for qualifying children to remain in foster care through age 21 and \$90,000 for family post-unification services.
- Older Americans Act grant funding increases \$46,000, along with State Specialized Transportation funding increase of \$20,000. This funds supportive services for elderly to foster safe independent community living.
- An additional \$770,000 in State revenues in the Comprehensive Community Services (CCS) program is due to 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 grant of \$115,000 will fund a State contracted special prosecutor in the District Attorney's office to specialize in cases of violence against women and to train local law enforcement and prosecutors in best practices.
- CDBG grant funds will fund \$150,000 of handicap accessible improvements at UW-Waukesha and County park facilities, including an accessible fishing pier at Fox Brook Park.
- Additional State funds of \$151,000 will meet the State request for an increase in highway maintenance on State roads in their contract with the County.

## **ONGOING IMPLEMENTATION OF INITIATIVES**

The 2016 budget includes expenditure and revenue adjustments regarding major initiatives begun in prior years. These include:

- Full year operations of the Waukesha County/City of Milwaukee Menomonee Valley single-stream recyclable facility. Increased expenditures include full year depreciation of equipment and increase in dividend payments for potential new municipal program participants offset by full year and increasing revenues as the program grows.
- Staff adjustments in the second year implementation of the medical examiner contracts with Walworth and Washington Counties include a new pathologist assistant for the third forensic pathologist added in 2015, offset with reductions in use of temporary assistant resources.
- Continued implementation of the on-site health and wellness center to include additional outreach to address individuals with more risk factors and avoid higher long term medical costs.
- The 2016 budget includes the first full year of savings from implementing contracted shelter care services with Lad Lake estimated at \$130,000 on an annual basis.
- The County Clerk will implement a new election system for the 2016 spring elections. The system will address process improvements as well as automated system enhancements. All municipalities

have signed on to standardize equipment to further enhance ballot preparation efficiencies. The County Board office will share an existing position with the Clerk's office to enhance system support and provide back up resources.

- Health and Human services will implement a Core system that will include electronic case files and medical records across the Department. This implementation includes increased software maintenance fees and changes in support staff functions as paper records and forms continue to be converted in 2016. Long term operating savings are expected after full implementation.
- Additional technology impacts include implementation of electronic check processing equipment, in the Treasurer's Office and the transfer of hosted software applications to cloud based in the Land Records Office. The Health and Human Services Core system will also be cloud hosted.

New efforts to begin in 2016 include:

- The Federated Library System became a two county library system with the addition of Jefferson County as approved by the County Board in June, 2015. This results in increased State revenues of \$258,000 that will fund a new 1.0 FTE librarian and services expanded to Jefferson County libraries. The merger begins with and is expected to continue to provide costs savings through economies of scale.
- A multi-year business growth initiative, based on specific strategic objectives, will begin implementation in 2016 with additional support of \$55,000 for a new, independent economic development organization.
- The budget include \$50,000 to fund an initial study of different levels of collaboration between independent municipal fire departments.

## **INVESTING IN INFRASTRUCTURE**

The 2016 Capital budget, with total expenditures of \$20.8 million, identifies projects that maintain existing infrastructure and facilities which support high quality services and provide for future economic development. Major 2016 Capital budget spending highlights are outlined in the following key areas: County Facilities, Transportation, Technology, and Parks projects.

### **County Facilities**

In the 2016 Budget, building infrastructure improvements total about \$5.3 million. Facility project improvements include about \$700,000 at the UW-Waukesha campus for roofing upgrades. HVAC upgrades include \$200,000 at the four highway substations and \$2.4 million at the Law Enforcement Center 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 \$203,000. The WCC expansion will allow for additional municipal police and fire agencies to join County dispatch and provide new, expanded space for handling large-scale emergency events.

The budget also includes \$1.8 million in 2016 to demolish the former Health and Human Services (H&HS) Building, which would be added to the 2015 project that funded demolition of two other buildings to provide needed parking for Health and Human Services clients and staff.

### **Transportation**

My proposed 2016 capital budget devotes more than \$13.6 million to maintain Waukesha County's existing County Trunk Highway (CTH) infrastructure. Maintaining our roads is key to providing safe transportation for our constituents as well as offer business consistency in their transportation system fostering greater economic development. Maintenance of existing infrastructure continues with \$4.2 million for road surface repaving and intersection signal and safety improvements. Bridge maintenance work includes funding of \$400,000 for three area bridges along with federal funds of \$1.8 million.

The Waukesha West Bypass begins construction in 2016 with additional funding in the budget of \$2.1 million. This project will relieve the congestion on nearby roads that has resulted from the continued growth and development in the area.

Land acquisition begins with funding of \$1.2 million to reconstruct CTH I to accommodate new medical services and retail development at the corner of Moorland Road and CTH I. In addition, \$1.8 million is

budgeted to rehabilitate CTH NN, from State Highway 83 to CTH ES, in the Village of Mukwonago, and \$2.1 million to rehabilitate CTH C (Genesee Street) from Mill Street to Oakwood Road in the City of Delafield.

The 2016 budget includes funding for two projects to increase capacity on CTH M (North Avenue), consisting of two phases: (1) 2.1 miles from East County Line (124th Street) north to CTH YY (Pilgrim Road) in the City of Brookfield and Village of Elm Grove; and (2) 1 mile from CTH YY north to Calhoun Road in the City of Brookfield. The 2016 budget includes \$1 million in land acquisition for the first phase, and \$524,000 in design work for both projects. Construction is planned for 2018-2019. Both projects are estimated to total \$25.8 million, with federal aid covering \$15.5 million, the City and Village contributing \$300,000 for local street amenities, and the County's share at about \$10 million over the life of the project.

### **Parks and Recycling**

Projects in this functional area total \$1.5 million. Maintenance of existing facilities includes \$500,000 for the Parks pavement management plan, replacement of dasher boards at the Nagawaukee Ice Arena and \$180,000 for energy-saving lighting upgrades at clubhouse facilities at Nagawaukee and Wanaki golf courses and the Retzer Nature Center. The lighting projects are expected to have a 5-year return-on-investment due to lower electrical utility costs. A separate project at Retzer Nature Center will remodel space to allow room for classroom and exhibit space for Waukesha County recycling education program. A new trail project begins with \$230,000 to provide an underpass for the Lake Country Trail as it crosses State Highway 67 in Oconomowoc. Design work for a new restroom and shelter at Minooka Park will complete a multi-year effort to meet needs and expectation of park patrons throughout the park system.

### **Technology**

County technology projects include \$245,000 to maintain and upgrade, including the jail security system, County Board room technology and a study to plan for to upgrade the payroll system/Human Resources information system with new functionality to accommodate new Federal requirements, employee self-service and performance management.

### **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 \$12 million, an increase of \$2 million from the 2015 budget. Although property tax levy support for the capital budget is reduced \$100,000 to \$1,747,000, the tax levy and the use of governmental fund balance of \$2.1 million and other revenues of \$700,000 maintain the County's "down payment" at 27% of net capital expenditures, well above the target of 20%.

The County's 2016 debt service payment is budgeted at \$14.7 million, which is well within 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**

This year, as in years past, we are able to ensure streamlined services and cost-savings to our taxpayers by being innovative and continuing to follow a strategic vision. I would like to thank the Waukesha County staff that helped prepare the 2016 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,



Paul Farrow  
County Executive