Waukesha County, WI

Budget Task Force Analysis and Facilitation

Report / August 2024

RAFTELIS

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August 27, 2024

Paul Farrow
Waukesha County Executive
Waukesha County Administrative Center
515 W. Moreland Blvd.
Room 320
Waukesha, WI 53188

Subject: 2024 County Budget Task Force

Dear Paul Farrow:

We are pleased to present this final report summarizing the County fiscal health assessment results and the 2024 Budget Task Force. This report includes a detailed review of the County's current financial condition and financial management practices, future financial projections for the County's operating budget, and a summary of the key themes and topics discussed during the Task Force facilitation sessions.

The fiscal health assessment included in this report provides both historical and future financial trend analysis designed to provide an objective review and context for the work of the Task Force. The assessment included development of an independent financial model projecting anticipated budget needs and gap closure scenarios for the County to consider. Applicable industry standards and best practices were used with input and information provided by County staff to inform the financial trend analysis. Key themes from the four Task Force sessions, including values and policy priorities, are also provided to help guide and inform the County Executive and the Board of Supervisors in future policy decisions.

We are confident that this report can serve as a framework for informing policy recommendations to you and the County Board. The Task Force provided invaluable insight regarding community priorities and strategies for the County to consider when making future budgetary decisions.

Thank you for the opportunity to work with Waukesha County. We enjoyed engaging with County staff and Task Force members throughout this project.

Sincerely,

Jonathan Ingram
Vice President - Organizational Assessment

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Executive Summary

Property tax levy is the largest local revenue source to fund services provided by Waukesha County. Like other counties in the state of Wisconsin, the annual growth for this revenue is capped based on the growth in net new construction. Over the past several years, net new construction has grown at a rate of less than 2% each year. Meanwhile, and especially after the Global Pandemic, the cost to continue providing services to County residents has increased, on average, between 3-4%. In order to meet balanced budget requirements, the County has had to identify efficiency gains, maximize other revenue sources where possible, and trim staffing levels. Recent economic trends, including above-average inflation, rising wages, and supply chain disruptions, have placed significant financial constraints on County operations.

The County engaged Raftelis to provide an independent fiscal health assessment and facilitate multiple sessions for a Budget Task Force comprised of community leaders. The Task Force was asked to advise the County Executive and County Board of Supervisors on policy actions in the near term that will help shape the County's financial future by ensuring resources are allocated in a manner that best serves the community.

The fiscal health assessment included a financial condition assessment comprised of a historical review of past revenue and expenditure trends, interviews with County staff across each major department to understand core service functions and budgetary challenges, as well as peer benchmarking analysis for similar demographic counties in the state to assess revenue sources and budgetary practices. The financial condition assessment provided relevant context to inform the financial trend analysis. This analysis included developing a six-year financial forecast for the County's operating budget that reflected an annual gap (e.g., budget gap) between projected revenues and estimated expenditures required to maintain services provided today. The forecast model relied upon key assumptions for revenue growth and cost of service inputs. Raftelis' financial model yielded similar results to the County's long-term forecast disclosed in the annual budget document. This financial backdrop was then used to develop and understand potential solutions to address future budget gaps, considering both service level reductions and revenue-generating options.

Raftelis facilitated four in-person Budget Task Force sessions from May to July 2024. The County's Budget Task Force comprised of more than 30 community leaders charged with quickly understanding the County's fiscal health and engaging in discussions and exercises that aimed to provide direction and guidance to the County Executive and County Board of Supervisors regarding the County's financial future. A summary of the Task Force timeline and session topics is provided below.

DEVELOP VALUES AND PRIORITIES	SERVICE LEVEL REDUCTION SCENARIOS	REVENUE GENERATING SCENARIOS	TASK FORCE GUIDANCE
Major Activities • Share fiscal context and build mutual understanding • Work together to set values that will guide decision-making • Understand Task Force priorities as it relates to core services provided by the County	**Major Activities** • Connect values and priorities to County resource allocation • Share service level reductions that address the budget gap • Work together to prioritize reductions	**Major Activities** • Recap service level reduction prioritization • Present revenue-generating scenarios • Work together to prioritize optimal scenario(s) that address the budget gap	**Major Activities** • Recap themes from each of the Task Force sessions • Review scenario voting results • Develop guidance for the County Executive and Board of Supervisors
Tuesday, May 14	**Wednesday, May 29**	**Tuesday, June 4**	**Tuesday, July 30**

Figure 1: Waukesha County, WI 2024 Budget Task Force Timeline

Details of the Task Force discussions and individual and group exercises are captured in this report. The density of financial information to review and understand during this short time horizon was challenging; nevertheless, the Task Force did a remarkable job of absorbing all the details, engaging in productive conversation, and ultimately crafting meaningful guidance for the County's elected officials. This process also provided the County an opportunity to assess and confirm that current resource allocation aligns with community values and priorities. Engaging the public regularly regarding policy priorities as part of the budget development process is both a best practice and a vehicle for maintaining trust among local governments and the residents they serve. Task Force members learned how well the County staff have navigated these fiscal challenges in the past and their ongoing dedication to prudent financial management of taxpayer resources.

Given the complexity and competing interests of individual Task Force members, reaching a consensus about addressing future budgetary challenges was unrealistic. Instead, the group reached a shared agreement regarding the values, priorities, and areas of focus over the next few years to provide sound guidance for elected officials as they navigate difficult policy decisions. The key themes that emerged from the work of the Budget Task Force are reflected below. The report provides more details regarding each of these themes.

- Importance of fiscal responsibility
- Targeted budgetary service level reductions and enhancements
- Desire to explore revenue options
- Support for infrastructure and economic development
- Evaluate shared services and shared revenue

Introduction

Background and Methodology

In March 2024, Waukesha County engaged Raftelis to conduct a fiscal health assessment and facilitate the work of a Budget Task Force charged with providing guidance and policy priorities to the Board of Supervisors to inform how the County can navigate short and long-term financial challenges.

To accomplish this, the project team held a kickoff meeting with key members of the County's leadership and finance team to discuss the engagement. The project team then conducted individual and small group interviews with each of the major departments in the County to understand service level expectations, resourcing requirements, fiscal challenges, workload drivers, and opportunities to adjust resource allocation.

The project team reviewed and analyzed a variety of financial data and information provided by the County to understand organizational structure, authorized staffing levels, the budget development process, and core services provided by the County. As part of the financial condition assessment, historical financial data was analyzed to inform trends and key assumptions used to develop an independent financial model projecting estimated revenues and expenditure requirements to continue providing the same level of service today over the next several years. Benchmarking analysis of peer counties selected based on geographic or demographic similarity was also conducted to provide important context during the Task Force sessions.

Members of the project team then developed and led four in-person Task Force sessions from May to July 2024 to discuss the results of the fiscal health assessment, viable gap closure scenarios, and guidance for how County elected officials should navigate the financial challenges to achieve fiscal sustainability over the next decade.

About Waukesha County, WI

Waukesha County is Wisconsin's third- largest county, located directly west of Milwaukee and 70 miles east of Madison, the state capital. The County population is 411,538, according to the Wisconsin Demographic Services Center's 2023 population estimates, which represents a 5.6% increase from the 2010 Census. Relative to the state at large, Waukesha County has higher median income, median home values, and educational attainment levels.

Table 1: Waukesha County Demographic Characteristics, 2022[1]

Demographic Category	Waukesha County	State of Wisconsin
Median age	43.8	40.4
Median household income	$98,849	$70,996
Median home value	$379,700	$252,800
Below federal poverty level	5.2%	10.7%
Homes owner-occupied	76.9%	68.1%
High school graduate equivalent or higher	97.8%	93.5%
Bachelor's degree or higher	48.7%	33.2%
Graduate or professional degree (25+)	17.8%	11.6%

[1] 2022 American Community Survey, U.S. Census Bureau.

Waukesha has a County Executive form of government, and the legislative body consists of a 25-member Board of Supervisors (Board). The County Board is elected for two-year terms to represent separate geographic districts with populations of around 16,500 each. The Board of Supervisors sets policy by adopting ordinances and resolutions, including reviewing and adopting the annual budget. The County Executive, who is elected to a four-year term, oversees the day-to-day operations of the County and appoints the heads of all County departments except those led by elected officials or state statutory boards and commissions. Elected positions in the County beyond legislative and executive roles include the Circuit Court Judges, Clerk of Courts, County Clerk, District Attorney, Register of Deeds, Sheriff, and Treasurer.

STRUCTURE

Waukesha County's operations are organized by six functional areas depicted in the chart below. Departments led by an elected position are shown in grey. Attorneys in the District Attorney's Office and judges within the Circuit Court are state employees, while support staff within these departments are funded by the County. The other departments are led by members of the County Executive's cabinet. Law enforcement services are provided by the Sheriff's Office for unincorporated areas of the County and by contract for select municipalities. The County operates a regional 911 dispatch center providing Police, Fire, and Emergency Medical (EMS) dispatch service to 34 of the 37 municipalities in the County. The Extension – Waukesha County is administered through county and state shared governance, and the Bridges Library System—a state-funded, combined two-county system with neighboring Jefferson County—is governed by a Board of Trustees composed of each county's residents.[2]

[2] As part of library system funding required under state statute, the County administers a separate library property tax levy applied on non-library municipalities that is used to reimburse library communities for non-resident use.

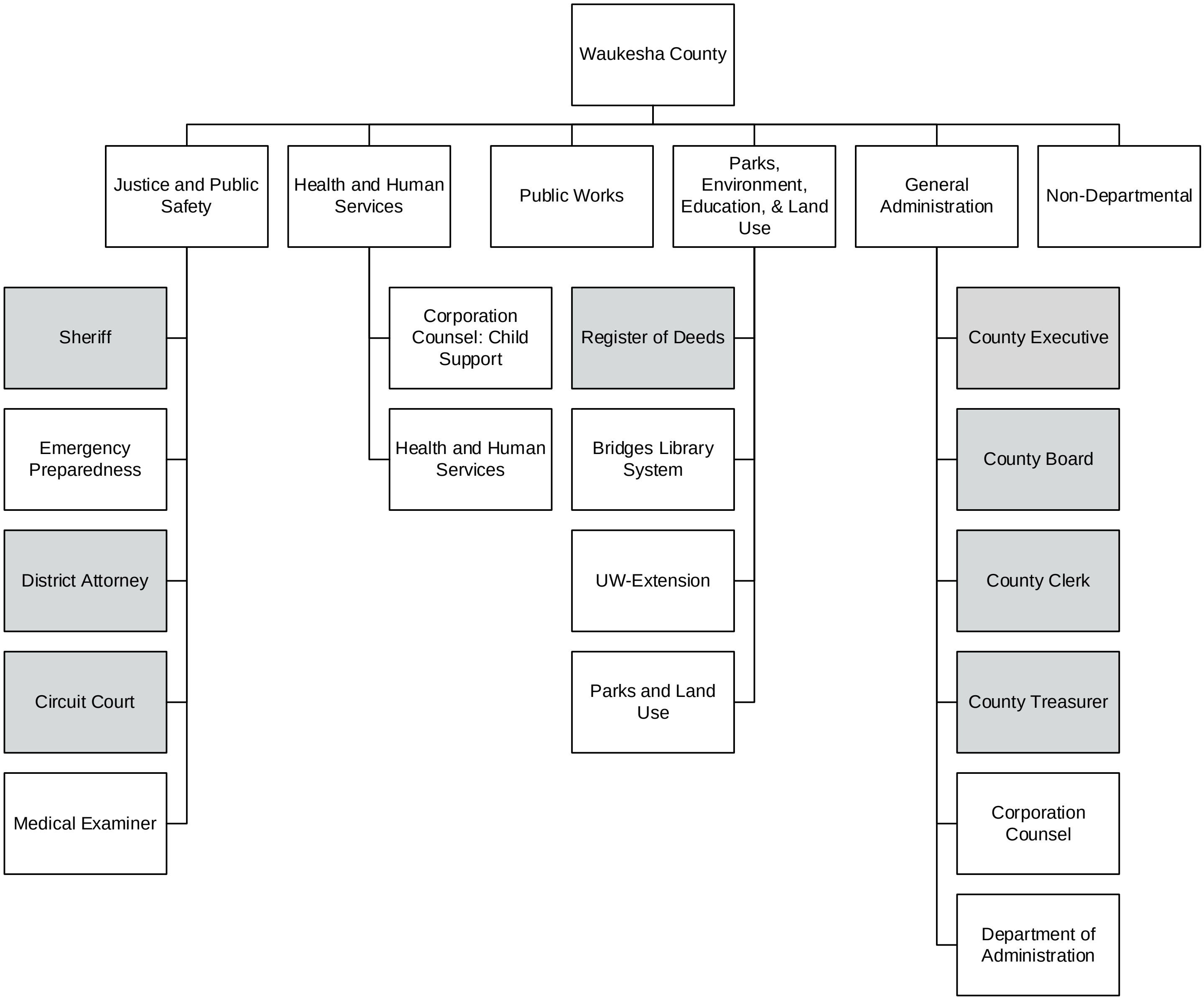

Figure 2: Waukesha County, WI Organizational Chart, FY2024

BUDGET

Each year, at the beginning of budget development, the Budget division estimates tax levy revenue and makes recommendations to the County Executive for allocating new levy among departments. The allocation is based on the County's Strategic Plan and service priorities, with Public Safety typically receiving the largest allocation of tax levy dollars. The Budget division also factors in anticipated spending growth and the ability of departments to generate non-tax levy revenues (e.g., user fees) to offset programmatic costs. From there, departments prioritize their estimated revenue and tax dollars to support core operations.

The County's budget philosophy is to "balance spending with people's ability to pay," and County management indicates that it has traditionally strived to keep taxes low, resulting in Waukesha County consistently maintaining one of the lowest property tax rates among the 72 Wisconsin counties. At the beginning of this assessment, Waukesha County was one of four counties that had not enacted a 0.5% sales tax. Recently, Manitowoc County adopted the 0.5% sales tax to take effect on January 1, 2025. Waukesha has the lowest property tax rate among counties without a sales tax.

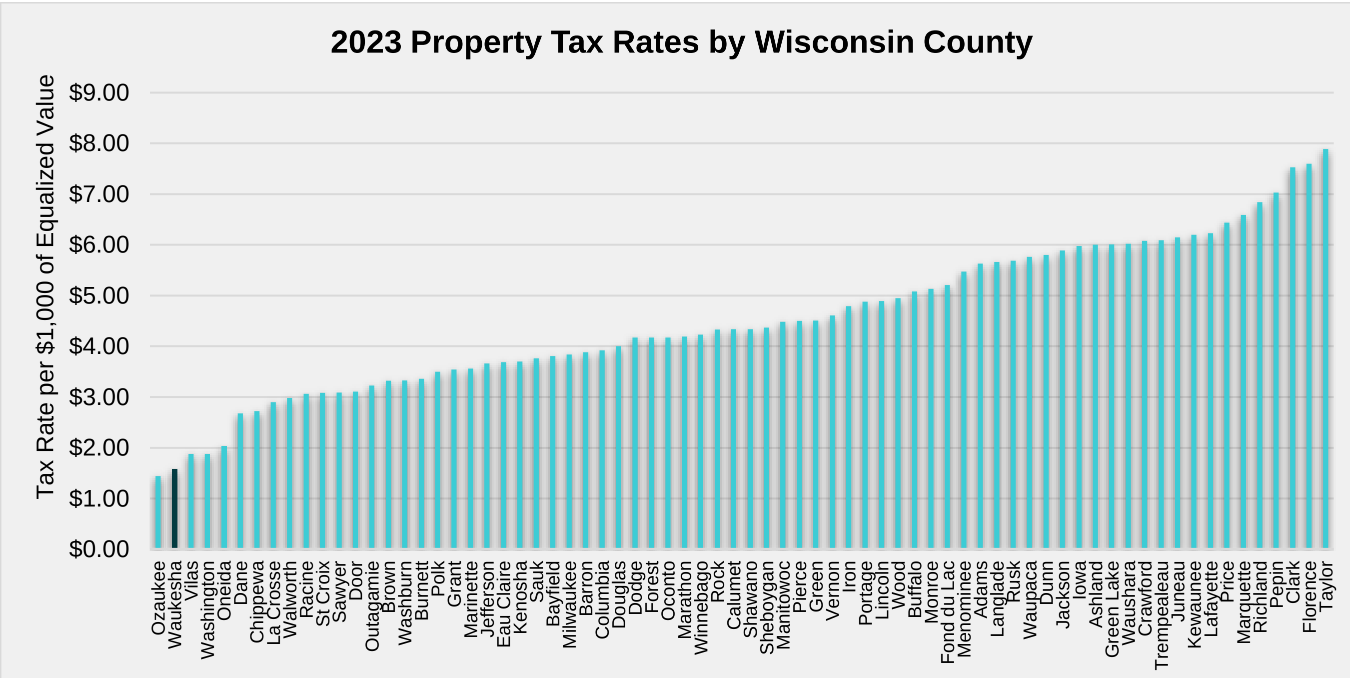

Figure 3: 2023 Property Tax Rates by County[3]

The County's conservative budget approach was further affected by state-imposed property tax levy limits. Wisconsin State law caps counties' annual property tax levy increase at the percent increase in equalized property value due to new construction, with the exception of levy used to fund debt service.[4] The 2005 Wisconsin Act 25 limited the ability of localities to increase property tax, the single largest local revenue source. The initial legislation included minimum growth of at least 2%; however, the legislation was modified in 2011 (after the Great Recession) to lower the minimum growth to 0%. Additional details and analysis regarding this state policy are included in the financial condition assessment; nevertheless, it is worth noting the impact of the revenue cap for annual budget development purposes.

[3] Property tax rates shown include library system and other special taxing authorities.
[4] Wisconsin Statutes § 66.0602(3).

Budgeted expenditures by functional area are illustrated in the table below. Data is presented based on financial information disclosed in the County's Budget Document. It is important to highlight that the figures include all funds, including funds supplemented through user fees and other non-tax revenue sources. For example, included in the amounts below is the County's special purpose grant fund, which was set up to accept and budget for the $78.5 million of one-time funding received from the American Rescue Plan Act (ARPA). As a result, expenditure trends reflect the temporary boost in budget levels from these one-time sources provided following the onset of the pandemic. Additional details regarding the allocation of ARPA funds by functional area are provided below.

Table 2: Budgeted Expenditures by Functional Area, All Funds, FY2020 – FY2024

Functional Area	FY2020 Adopted Budget	FY2021 Adopted Budget	FY2022 Adopted Budget	FY2023 Adopted Budget	FY2024 Adopted Budget	Average Annual Change
Justice and Public Safety	$66,932,509	$68,341,029	$71,650,398	$76,479,249	$78,062,531	4%
Health and Human Services	$88,837,237	$89,612,129	$92,065,962	$101,654,563	$105,559,022	4%
Parks, Environment, Education, and Land Use	$35,063,785	$33,498,114	$38,723,077	$44,724,903	$43,620,188	6%
Public Works	$33,905,037	$34,413,700	$34,827,094	$36,510,406	$37,733,516	3%
General Administration	$23,270,556	$23,362,925	$25,294,740	$26,125,174	$27,302,374	4%
Non-Departmental	$29,531,600	$30,749,479	$31,245,776	$29,715,040	$29,329,791	0%
Debt Service (General)	$14,944,779	$14,873,594	$15,081,796	$16,135,115	$16,839,088	3%
Total Operating Budget	**$292,485,503**	**$294,850,970**	**$308,888,843**	**$331,344,450**	**$338,446,510**	**4%**

ARPA Allocation

Waukesha County, like other local governments around the country, received one-time federal ARPA funds to help offset impacts of the COVID-19 pandemic. The County's allocation of ARPA funds totaled $78.5 million, to be spent or obligated by December 31, 2024, and completed by December 31, 2026. The County generally manages ARPA funds in the Special Purpose Grant fund. ARPA projects were chosen by prioritizing a number of long-term County objectives, addressing both near-term pandemic impacts and investments in infrastructure. The budgeting of ARPA funds by functional area is captured in the table below.

Table 3: ARPA Allocation by Functional Area

Functional Area	Total
Justice and Public Safety	$44,371,355
Health and Human Services	$8,045,870
Parks, Environment, Education, and Land Use	$10,235,000
Public Works	$1,327,164
General Administration[5]	$14,531,334
Grand Total	**$78,510,723**

[5] Includes multiple allocations that fund countywide initiatives but are recognized in "General Administration" for simplified reporting.

In general, following best practices, the County used one-time ARPA funds for one-time expenses. At times though, and because it was authorized by the federal government, ARPA funds were strategically used to support ongoing costs in order to avoid major service impact on residents. Short-term use of one-time funds for ongoing expenses has its place; however, prolonged reliance on such funds increases financial risk. The County appropriately developed a phased-in approach where ARPA funds would be replaced by ongoing levy revenue over a multi-year window to avoid structural imbalance. Structural imbalance refers to ongoing operational costs that are not supported by ongoing revenues. Some examples of ARPA funding used to avoid major operational disruption (e.g., ongoing operating costs) in the short run include:

- $1.3 million to support recommendations outlined in the compensation study
- $2.5 million to phase in Sheriff Department sworn officer pay increases
    - Funding spans three years, with a budget of $720,000 in 2024
- $1.6 million to phase in higher fuel, utility, and vehicle parts
    - Funding spans three years with a budget of $327,000 in 2024

The Justice and Public Safety functional area received the largest total share of ARPA funds: more than $44 million. Most of this, $36 million, supported the Courthouse renovation project with an additional $2.5 million for renovations to the Medical Examiner's Office. Additionally, a civil court was converted to a sixth criminal court to help address the pandemic-driven backlog, with nearly $2.5 million of ARPA funds supporting Circuit Court and District Attorney costs. Finally, $2.5 million supported increases in Public Safety personnel costs to maintain competitive wages and avoid service disruptions.

An additional $14.5 million supported countywide initiatives and is categorized as "General Administration" for simplicity purposes because of its effect on multiple county departments. This category includes about $4.8 million for implementation of an Enterprise Resource Planning (ERP) system, $4.3 million for recovery of administrative costs carrying out the grant initiatives, $3.0 million for salary and benefit adjustments to improve worker retention (e.g., phasing in the compensation study, mentioned previously), and $1.6 million in higher fuel, utility, and vehicle parts (mentioned previously).

Parks, Environment, Education, and Land Use share of funding was $10.2 million, including $7.5 million used to expand the County's revolving loan GROW fund to promote economic development by retaining, expanding, and attracting businesses, as well as to increase workforce housing stock to meet projected employment growth in Waukesha County. Health and Human Services received more than $8 million for programs and infrastructure investments that supported response to emerging public health services. ARPA-funded initiatives in both areas were generally one-time, rather than ongoing, with the exception of a Crisis Services in Law Enforcement project that added positions to a grant-funded pilot of embedded mental health clinicians in public safety agencies. Finally, ARPA funded $1.3 million of one-time costs related to projects in Public Works.

CORE SERVICES MATRIX

The following table provides an overview of the County's core services by functional area. It is meant to provide a high-level summary and is not inclusive of all County services. The programs outlined below provide a basis for understanding potential service level reductions or enhancements, including estimated fiscal and constituent impact.

Table 4: County Core Services

Functional Area	Department	Programs
Justice and Public Safety	Emergency Preparedness	• Radio Services • Communication Center • Emergency Planning
	District Attorney	• Prosecution/Administrative Services • Victim/Witness Program • VOCA Grant Program
	Circuit Court	• Clerk of Circuit Court Office • Juvenile/Probate Division • Court Commissioners and Family Court Services
	Medical Examiner	• Medical Examiner Services
	Sheriff	• Administrative Services • General Patrol • Investigation • Inmate Security and Services • Court Security • Process Service
Health and Human Services	Corporation Counsel: Child Support	• Child Support
	Health and Human Services	• Administrative/Information Services • Children and Family Services • Adolescent and Family Services • Clinical Services • Public Health • Aging and Disability Resource Division • Criminal Justice Collaborating Council • Veterans' Services
Parks, Environment, Education, and Land Use	Register of Deeds	• Administrative Services • Land Records • Recording • Vital Records
	Extension – Waukesha County	• Strengthening County Citizens, Families, and Communities
	Bridges Library System	• Administrative Services • Resource Sharing • Education and outreach • Automation Technology • Payments to Member Libraries/Systems • CAFÉ Shared Automation Fund
	Parks and Land Use	• Parks • Administrative Services • Golf Courses • Ice Arenas • Workforce Innovation and Opportunity • Planning and Zoning • Land Resource • Environmental Health • Community Development
Public Works	Public Works	• Airport Operations • Engineering Services • Highway Operations • Transit Services • Central Fleet • Facility Operations • Administration

Functional Area	Department	Programs
General Administration	County Executive	• Advisory Boards • County Administration • Customer and Community Services
	County Board	• County Board and Committee Operations • Legislative Support
	County Clerk	• Licensing • Legislative Support and Administrative Services • Elections
	County Treasurer	• Tax Collections • Investments • Administrative Services
	Department of Administration	• Human Resources • Budget Management • Purchasing and Risk Management • Information Technology/Communications • Accounting Services • Administrative and Business Services • American Job Center
	Corporation Counsel	• General Legal Services
Non-Departmental	Non-Departmental	• General • Health and Dental Insurance • Contingency

STAFFING

Personnel-related costs are a key expenditure driver for the County's budget. Salaries and benefits represent nearly half of the County's annual spending. The table below provides a historical overview of funded positions before the state-imposed levy limits and funded positions in 2024. The data reflects staffing resources, where ongoing revenue is needed to support the position cost. Sunset positions, such as grant-funded or project-based, are excluded from the summary. Four of the County's five Functional Areas with authorized positions experienced a decrease in staffing from FY2010 to FY2024. Health and Human Services, which is the only functional area that experienced a staffing increase, is shown separately because it receives more than 70% of its funding from non-tax levy sources, such as user fees and state pass-through revenue. Position growth in this area is correlated with higher revenue reimbursement.

Table 5: Authorized Staffing Level by Functional Area, FY2010 and FY2024

Functional Area	FY2010 Budget	FY2024 Budget	Total Change (Positions)	Total Change (%)
Justice and Public Safety	539	527	(12)	-2%
Parks, Environment, Education, and Land Use	214	171	(43)	-20%
Public Works	161	142	(19)	-12%
General Administration	139	128	(11)	-8%
Subtotal	***1,053***	***968***	***(85)***	***-8%***
Health and Human Services	399	426	27	7%
Total Regular Positions	**1,452**	**1,394**	**(58)**	**-4%**

Fiscal Health Assessment

As part of the annual budget development process, County staff conduct a comprehensive long-term forecast to inform future policy decisions based on anticipated revenue and spending levels. As part of the project scope, Raftelis conducted an independent, objective review of the County's forecast model to determine future budget needs.

The Financial Condition Assessment reviewed five-year historical financial data (2019 – 2023) for all County funds to establish a financial baseline. It is important to note that the analysis excluded enterprise funds that are funded entirely through user fees or other non-tax sources as well as the capital budget except as it relates to debt service expenditures and financial policies dictating the percentage of cash contribution for bond-financed capital projects. Raftelis also conducted a benchmarking analysis by identifying peer counties in Wisconsin based on similar demographic indicators. The analysis reviewed revenue sources and budgetary practices to help inform the County's financial context.

The Financial Trend Analysis draws upon the findings of the Financial Condition Assessment, as well as other factors explained later in this section, to project future revenue and expenditure trends for the next five fiscal years. The following sections summarize key historical findings and the financial trends anticipated to impact future budget needs for the County.

Financial Condition Assessment

The examination of Waukesha County's financial condition spanned budgeted and actual staffing, spending, and revenues from fiscal years 2019 through 2023, as well as the 2024 adopted budget. The data considered included published budgets, internal and audited financial reports, and interviews with County leadership. Part of the five-year analysis reflects the economic and service impacts of the COVID-19 Global Pandemic, which began in March 2020 and ended in May 2023. This period was characterized by suspending or altering many private and public services and stimulus funding from the federal government to avoid economic recession. As a result, the actual financial data during this period experienced greater variation than previous historical averages.

Summary of County Funds

More than 55% of the County's budget is organized within the General Fund. The three largest revenue sources comprising the General Fund are, in order, the property tax levy, intergovernmental contracts/grants, and charges for services. The County also maintains Debt Service and Capital Projects funds, distinct from the General Fund. Debt Service is the third-largest recipient of tax levy, and capital projects are funded through a combination of available operating revenues (cash) and bond issuances (debt).

County operations include five Enterprise Funds where operating and capital costs are entirely or mostly recovered through user charges. As of 2024, these include a fund for two golf courses, a fund for two indoor ice arenas, a fund for a materials recycling facility managed by the Department of Parks and Land Use, a fund for the airport managed by the Department of Public Works, and a Radio Services Fund managed by the Department of Emergency Preparedness. Two relevant changes occurred in 2020 when the airport became self-sustaining without property tax levy support, and the County sold a third golf course.

Finally, the County manages financing for interdepartmental goods and services through Internal Service Funds. The Vehicle/Equipment Replacement, Central Fleet Maintenance, and Collections Management funds manage respective services for all County departments, who are then charged a usage-equivalent fee for service. The Risk Management, Health and Dental Insurance, and End User Technology Funds allocate most costs to departments or users, with certain centralized subsidies.

Major Revenue Sources and Recent Trends

The following table summarizes County revenues by category for the past five fiscal years.

Table 6: County Operating Revenues by Category, FY2019 – FY2023[6]

Revenue Category	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual[7]	Average Annual Change
Tax Levy- General Operations[8]	$89,338,540	$90,609,579	$92,062,880	$93,696,377	$95,635,790	2%
Tax Levy- Library	$3,523,524	$3,538,749	$3,659,778	$3,706,706	$3,999,607	3%
Intergovernmental[9]	$61,730,518	$75,515,929	$82,069,763	$84,115,231	$92,208,134	11%
Fines, Licenses, and Charges for Services	$36,427,997	$35,484,735	$40,605,130	$37,985,293	$38,001,986	1%
Interdepartmental Charges	$37,284,088	$38,086,965	$40,828,287	$41,708,475	$42,163,746	3%
Other[10]	$17,296,583	$23,185,832	$17,989,986	$21,109,417	$23,957,337	11%
Total	**$245,601,251**	**$266,421,789**	**$277,215,823**	**$282,321,499**	**$295,966,600**	**5%**

The County currently levies tax through property values. As mentioned previously, state statute limits annual property tax levy increases to the prior year's change in value owing to net new construction, which incorporates both new and demolished buildings. There is some flexibility beyond the limit, primarily for unused tax levy from the prior year and to support debt service obligations. The County apportions the levy across taxable properties based on their equalized values. With the state-imposed cap on levy growth, the effective tax rate has decreased in recent years. The County's total equalized property value has consistently increased, often at a much higher rate than the rate of tax levy growth. From 2019 to 2024, equalized property value rose from $55 billion to nearly $83 billion, while the effective tax rate per $1,000 of equalized value fell 26%, from $1.89 to $1.39.

The following figure illustrates trends in property value and property tax rates over the past 10 years.

[6] Excludes enterprise funds, debt, and capital.
[7] Preliminary unaudited figures
[8] Does not include levy dedicated to capital or debt service.
[9] FY 2021 – FY 2023 included ARPA funding for operations.
[10] Market value adjustment on investment income is excluded.

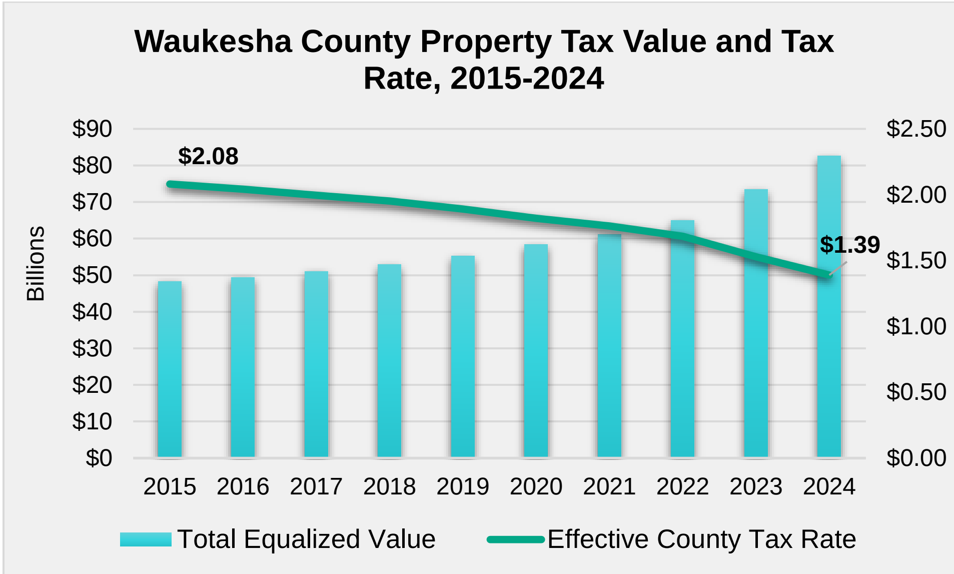

Figure 4: Waukesha County Property Tax Rates and Property Value, 2015-2024

Justice and Public Safety receive the greatest share of tax levy (41.3% in 2024). The Sheriff's Office receives nearly two-thirds of the levy allocated to this area, with the remaining allocated to the District Attorney, Emergency Preparedness, Circuit Court Services, and Medical Examiner. Tax levy supports the majority of service delivery costs for each of these five departments. Public Works is equally reliant on intergovernmental funds (most of which is funding for maintenance of state highways) as it is tax levy, followed by interdepartmental funding for vehicles and equipment. Tax levy is only the third largest revenue source for Parks, Environment, Education, and Land Use, as nearly two-thirds of services are funded by intergovernmental and service charge revenues. Lastly, less than 10% of the General Administration budget is funded through tax levy, with the balance supported by interdepartmental and other sources. Total tax levy allocation by functional area, as a share of one dollar, is reflected in the figure below.

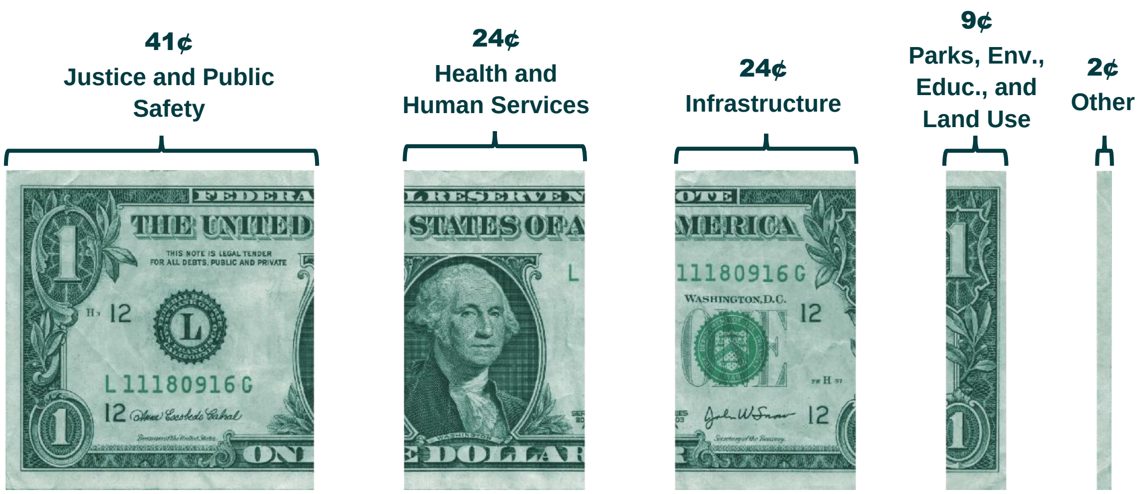

Figure 5: 2024 Tax Levy Allocation by Function, as $1

Intergovernmental revenue increased by 10.6%, on average, over the past five years, the largest among each of the revenue categories. Much of this growth is driven by pandemic-era federal funding that cannot be relied upon in future budgets. County departments try to maximize state and federal funding resources to meet County priorities. However, nearly all the funding—whether from grants, contracts, or aid—is restricted to specific purposes. Shared revenue from the state is the only major unrestricted intergovernmental funding available, and it generally comprises less than two percent of funding countywide (and even a portion of this is restricted to transportation and certain public safety functions). The state appropriation comes through a combination of programs and is derived from state taxes. Other intergovernmental funding includes federal entitlement programs like the Community Development Block Grant from the Department of Housing and Urban Development, state support for mandated services like the Courts, and grants that County staff pursue. State funding for mandated services is often flat or grows minimally, not keeping up with the cost of providing services. As a result, approximately 40% of local tax levy in the 2024 budget was used to meet state-mandated service obligations.

Interdepartmental revenues are primarily associated with the internal service funds described earlier for End User Technology, Vehicle/Equipment Replacement, Central Fleet Maintenance, Risk Management, Collection Management, and Health and Dental Insurance. Other interdepartmental revenues are also for internally provided goods and services, such as Court Security supplied by the Sheriff and paid from the Circuit Court budget. Recognizing the fiscal constraints that many user departments are facing, most of these charges have been limited to 2-3% increases each year, despite the growing costs of providing these services. This has required significant subsidies to artificially lower interdepartmental charges through the use of internal service and general fund balance, including $613,000 in the End User Technology Fund and $268,000 in the Risk Management Fund in the 2024 budget. The use of one-time funds to bridge the gap between the cost of services and charges to departments will not be sustainable in the long term. From 2019 to 2023, these interdepartmental revenues increased by 3.1% on average, which still exceeds the average growth in the allowable property tax levy to support them.

Fines, licenses, and charges for services capture user-based revenue, whether they are imposed for compliance, authorization to operate, or in exchange for accessing a program or activity. Excluding Enterprise Funds, this revenue source has grown 4% from 2019 to 2023. Certain user fees are set by the state or an external agency with limited ability to change as operating costs evolve. Other fees that the County exerts greater control over—like golf course fees—are carefully balanced between cost recovery needs and remaining competitive in the regional market. Where possible, the County has prioritized increasing user fee revenues to keep pace with the cost of providing the service. For example, Parks and Land Use, where a majority of programs are discretionary, achieves 77% cost recovery across all of its funds. This minimizes the reliance on tax levy support. Additionally, the outpatient clinic from Health and Human Services, which receives governmental reimbursement for eligible Medicaid patients, is able to charge patients who can pay higher commercial insurance reimbursement rates, increasing revenue to support other programs where cost-recovery is more challenging.

Expenditure Trends

The following table shows County expenditures by category for the past five fiscal years.

Table 7: County Expenditures by Category FY2019 – FY2023

Expenditure Category	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual[11]	Average Annual Change
Salaries	$94,861,283	$99,997,477	$101,143,489	$101,500,262	$107,139,325	3%
Benefits	$32,385,290	$33,956,966	$35,705,532	$34,486,102	$36,234,191	3%
Operating Expenses	$75,653,016	$76,998,367	$85,984,344	$78,553,630	$87,890,381	4%
Contracted Services	$31,550,677	$32,136,358	$32,748,678	$34,850,104	$37,929,098	5%
Debt Service	$13,904,500	$14,254,500	$14,312,719	$14,520,921	$15,842,737	3%
Utilities	$2,943,744	$2,837,667	$3,226,256	$3,523,124	$3,535,724	5%
Interdept.	$21,032,319	$21,115,483	$22,375,468	$24,290,762	$24,265,908	4%
Total	**$272,330,829**	**$281,296,818**	**$295,496,486**	**$291,724,905**	**$312,837,364**	**4%**

The modest average annual increase in expenditure primarily reflects the increasing cost of providing existing services and increased temporary federal funding. The County has had limited-service expansion over the past five years. High-quality service delivery relies on talented staff, and the County has worked diligently to remain a competitive employer. As previously discussed, salary and benefit costs have risen nationwide, and municipal employers are facing competitive pressure from not only private sector jobs but also neighboring localities. The County strives for cost-effective and competitive employee benefits by self-insuring health and dental insurance coverage and participating in the Wisconsin Municipal Mutual Insurance Company for eligible liability coverage. For an organization with more than 1,000 employees, this is a best practice[12]; however, managing healthcare costs within a constrained revenue generating capacity is a challenge. Nationwide medical inflation was 7% in 2023, and the County has effectively managed to stay at or below this threshold. [13]

Non-personnel operation costs increased between 15% to 20% over the past five years, well above the 7% growth in property tax levy revenue over the same period. Historically, the County has relied on a contract-based service model to increase efficiency and effectively manage resources. As large contracts have come due for renewal, the underlying labor and supply costs impacting contract pricing have resulted in significant renewal increases. For example, the jail medical services budgeted contract costs increased 25% between 2019 and 2024. The County's utility costs jumped up 20% from FY2019 to FY2023, largely driven by a 14% increase in 2021 and a 9% increase in 2022. Finally, interdepartmental spending increased by approximately 4% per year on average, reflecting growing costs for essentials like software licenses, risk management charges, and bailiff services. One key contributor to rising costs is inflation.

GENERAL FUND HISTORICAL OVERVIEW

Budgeted and actual General Fund expenditures both increased, on average, between 3-4% each year over the past five years. A summary of actual revenue and expenditures by fiscal year is illustrated in the table below. The relatively small variance between these amounts is indicative of the County's ability to both accurately forecast and adjust as needed based on revenue collections throughout the year.

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[11] Preliminary unaudited.

[12] Sammer, Joane. Is Self-Insurance for you? Society for Human Resources Manager (SHRM). May 2011. https://www.shrm.org/topics-tools/news/hr-magazine/self-insurance

[13] Kaiser Family Foundation (KFF). Employer Health Benefits; 2023 Summary of Findings. https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey-Summary-of-Findings.pdf

Table 8: General Fund Budget to Actual Expenditures, FY2019 – FY2023

Year	Actual Revenues	Actual Expenditures	Favorable/ Unfavorable Variance ($)	Variance to Modified Budget (%)
2019	$174,375,559	$174,943,194	$567,635	0.3%
2020	$183,677,936	$189,168,729	$5,490,793	2.7%
2021	$189,565,729	$195,778,871	$6,213,142	3.2%
2022	$187,959,054	$195,545,024	$7,585,970	3.8%
2023	$199,356,512	$206,591,220	$7,234,708	3.4%
Average			**$5,418,450**	**2.7%**

PEER BENCHMARKING

The project team compared Waukesha County's financial profile to that of other Wisconsin counties to help provide context to the County's financial position. Given the unique nature of local governments within each state, the benchmarking analysis focused on other counties in Wisconsin. Benchmarking can be a useful tool to identify shared challenges and opportunities. However, it is important to note that any municipal entity can vary significantly from its neighbors or similarly sized counties due to a variety of social and economic factors, and benchmarking should be considered as one data point in a more holistic analysis.

For this analysis, counties in Wisconsin were first reviewed based on population size. Waukesha is the third largest County in the state, within the top tier range of population size from around 170,000 in Kenosha County to more than 930,000 in Milwaukee. Population is a useful comparative metric because a County's size typically impacts the resources available from the tax base, as well as the service level demands. Other comparative factors that were analyzed included whether the County had adopted the 0.5% sales tax; median income and house value; percent of the population below the federal poverty level; and crime rates. These factors were important given Waukesha's strong property tax base, conservative financial policies, and prioritization of public safety services by residents. The analysis also considered geographic proximity to Waukesha, as Wisconsin's population tends to be concentrated in its southern region where the County is located.

As captured in the table below, Waukesha's population size is closest to Brown County, which is located in northern Wisconsin near Green Bay. Although further north, Green Bay has both a major professional sports team and Lake Michigan waterfront, attributing similar socioeconomic characteristics to Waukesha. Waukesha's median income and home values aligned closest to Dane County, where the state capital of Madison is located. When examining the prevalence of poverty and crime, Waukesha ranks closer to Racine, which also happens to be the only other benchmark peer without a county sales tax.

Table 9: Peer Counties Demographic Comparison[14]

County	2023 Population[15]	Adopted Sales Tax	Median Income	Median House Value	% Below Federal Poverty Level	Violent Crimes per 1,000 Residents[16]	Property Crimes per 1,000 Residents[17]
Brown	273,333	1986	$71,127	$251,900	9.9%	8	12
Dane	590,056	1991	$84,831	$373,500	10.4%	7	16
Kenosha	170,243	1991	$74,534	$253,200	9.0%	9	10
Milwaukee	937,259	1991	$58,214	$216,900	17.1%	20	29
Racine	197,422	None	$71,788	$238,200	8.0%	7	10
Waukesha	411,538	None	$98,849	$379,700	5.2%	3	7

To gauge the overall resource allocation and spending of taxpayer dollars, the table below compares the budget, property tax levy, and state-shared revenue per capita for each of the peer counties. Among peer counties, Waukesha has the lowest per capita amounts across all three categories (although Dane County receives similar shared revenue per capita). To meet resident service level expectations with fewer resources year after year requires persistent operational efficiency.

Table 10: Peer Counties Spending Per Capita

County	Total 2024 Budget Per Capita	2024 Tax Levy Per Capita	2024 Shared Revenue Per Capita
Brown	$1,702	$347	$17
Dane	$1,641	$431	$10
Kenosha	$1,657	$457	$16
Milwaukee	$1,464	$311	$58
Racine	$1,233	$327	$19
Waukesha	$916	$279	$10

Comparison of Revenue Sources

The primary revenue source for all Wisconsin counties is tax revenue. All counties collect property taxes, and they also have the option to collect vehicle registration fees (also known as a wheel tax) and/or a 0.5% sales tax. Four of the five benchmark counties collect sales tax, as illustrated in Table 9. Milwaukee County also received special approval from the state legislature to increase its county sales tax and add a city sales tax beginning in January 2024.[18]

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[14] Unless otherwise specified, all data is from 2022 (most recent available) and the 2022 U.S. Census American Community Survey.

[15] "Demographic Services Center's 2023 Population Estimates." *Wisconsin Department of Administration*, https://doa.wi.gov/DIR/Final_Ests_Summary_2023.pdf.

[16] "UCR Offense Data." *Wisconsin Department of Justice*, https://www.doj.state.wi.us/dles/bjia/ucr-offense-data.

[17] Ibid.

[18] "Tax Rates." *Wisconsin Department of Revenue*, https://www.revenue.wi.gov/Pages/FAQS/pcs-taxrates.aspx#txrate11.

Waukesha, at the beginning of this assessment, was one of only four counties, out of 72 total, without the county sales tax. Recently, Manitowoc County adopted the sales tax with an effective collection date of January 1, 2025. Among the remaining three counties without sales tax, Waukesha is certainly not alone in experiencing growing fiscal pressure. In the previous three other counties without the sales tax—Manitowoc, Racine, and Winnebago—the FY2024 budget development processes identified an average shortfall of $8.3 million. Further, in the 2024 budget messages for both Winnebago and Racine counties, the respective County Executive took the opportunity to highlight their mounting constraints and foreshadow seeking additional revenues.[19] Waukesha has maintained its Aaa/AAA bond ratings despite fiscal constraints. The bond rating agencies acknowledge the availability of the additional revenue source (sales tax) and spending growth that has outpaced restricted revenue growth, noting they "expect spending to grow in line with, to slightly above, revenue growth in the absence of policy action."[20]

The chart below illustrates the distribution of major revenue sources among each of the peer counties.[21] Of the four counties with comparable data,[22] not surprisingly, Waukesha relies the most on a property tax levy and other revenues (including user fees). The addition of sales tax in the other three counties contributes to less reliance on the property tax levy. Intergovernmental revenue is a significant source of revenue for all counties in the state, with similar proportions among the four counties shown below. As mentioned previously, much of this revenue is restricted in use to support specific, often mandated, services provided by the County.

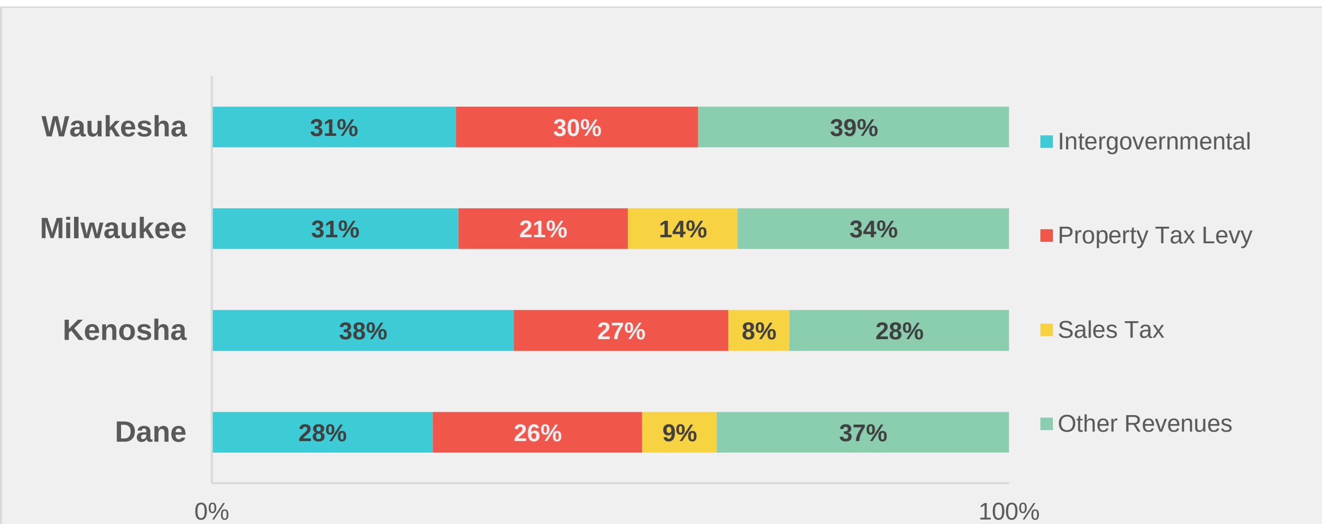

Figure 6: 2024 Revenue Sources for Counties That Budget with Comparable Categories

[19] "Racine County 2024 Budget." *Racine County*, racinecounty.com/home/showpublisheddocument/46848/638428279760830000; "2024 Approved Budget Book." *Manitowoc County*, https://manitowoccountywi.gov/wp-content/uploads/2024/05/2024-Approved-Budget-Book.pdf; "Adopted Budget 2024." *Winnebago County*, https://www.co.winnebago.wi.us/sites/default/files/uploaded-files/2024%20ADOPTED%20Budget.pdf.

[20] "Fitch Rates Waukesha County, WI's Series 2023A GO Notes 'AAA'; Outlook Stable." *Fitch Ratings*, https://www.fitchratings.com/research/us-public-finance/fitch-rates-waukesha-county-wi-series-2023a-go-notes-aaa-outlook-stable-12-04-2023.

[21] "2024 Adopted Operating Budget." *Milwaukee County*, https://county.milwaukee.gov/files/county/administrative-services/PSB/BudgetsCopy-1/2024-Budget/2024-Adopted-Budget/2024-Operating-Budget2025.pdf; "2024 Budget." *Kenosha County*, https://www.kenoshacounty.org/DocumentCenter/View/17819/2024-County-Budget; "2024 Adopted Budget." *Dane County*, https://admin.danecounty.gov/documents/pdf/Budget/2024/Adopted-Budget-Report.pdf.

[22] Counties are only shown if their revenue categories align with Waukesha closely enough for comparison.

Financial Trend Analysis

After reviewing historical financial results for revenue and expenditures, the project team created a financial model incorporating the historical trends along with anticipated future trends to forecast budget needs over the next six years, FY2025 – FY 2030. This independent analysis provided an objective review of the County's annual forecasting process, and it began to identify some of the key challenges associated with achieving a balanced budget in future years.

KEY ASSUMPTIONS

The adopted FY2024 budget was used as the base year of data for the financial model. The financial model excluded Enterprise Funds and the Capital Improvement Fund, focusing on operating budget requirements for all other funds, including Special Revenue and Internal Service Funds. Key assumptions used in the model are detailed below.

Fund Balance

The starting fund balance for FY2024 is assumed to be $60.9 million, based on the adopted FY2024 County budget, and the starting fund balance for FY2025 is assumed to be $57.4 million, based on County staff projections. These figures represent the unassigned fund balance for General and Special Revenue Funds only.

The annual target fund balance is assumed to be 15% of annual General and Special Revenue Fund expenditures, and the minimum is assumed to be 11% of annual expenditures, based on adopted County financial policies.[23]

Operating Expenditures

The model identifies assumptions for annual changes in base operating expenditures based on expenditure category. These assumptions were developed based on historical trends and input from County staff. The list of assumptions by category is shown in the table below.

Table 11: Base Annual Change Assumptions for Operating Expenditures by Category

Category	Assumed Annual Percent Change
Salaries[24]	5%
Benefits	5%
Operating Expenses	4%
Capital Assets	5%
Contracted Services	8%
Utilities	10%
Interdepartmental Charges	4%

A total of 98% of budgeted operating expenditures are projected to be spent per year. Historically, the number has been closer to 97%, but this is largely due to high vacancy rates, and the model assumes a lower vacancy rate going forward.

[23] "Financial Management Policies." *Waukesha County*.

[24] Includes across-the-board salary range adjustments, progression through step ranges, and performance pay, similar to recent years.

Capital Expenditures

Assumptions for annual capital expenditures, as well as revenue offsetting the cost of these expenditures, are based on the County's adopted capital plan. Based on past County practice, the model assumes that the County will pay for at least 20% of all capital costs directly (as down payment) and that the rest of the cost, aside from any offsetting revenue, will be financed through 10-year bonds. The annual interest rate for the bonds is assumed to be 4%, based on standard County assumptions.

Non-Tax Revenues

The model identifies assumptions for annual changes in base non-tax operating revenues based on revenue category. These assumptions were developed based on historical trends and input from County staff. The list of assumptions by category is shown in the table below.

Table 12: Base Annual Change Assumptions for Non-Tax Operating Revenues by Category

Category	Assumed Annual Percent Change
Intergovernmental	2%
Fines, Licenses, and Charges for Services	3%
Interdepartmental Revenues	4%
Other Revenues	3%

Tax Revenues

The model assumes that all debt service will be paid for via property tax levy, and that the remaining portion of the tax levy, which is subject to state restrictions on the annual increase, will increase by 1.4% per year. The 1.4% figure is based on County projections of future development and is supported by historical trends. Property appreciation has increased significantly, while net new construction is limited by the availability of developable properties and is affected by the economic cycles.

FUTURE PROJECTIONS

Based on the assumptions detailed in the previous section, projected operating revenues and expenditures are shown in the tables below. Numbers are rounded to the nearest million.

Table 13: Projected Operating Expenditures by Category, FY2024 – FY2030 ($M)[25]

Category	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Average Annual Change
Salaries	$111.7	$116.9	$122.7	$128.8	$135.3	$142.0	$149.1	5%
Benefits	$40.2	$42.0	$44.1	$46.3	$48.6	$51.0	$53.6	5%
Operating Expenses	$92.1	$90.9	$94.6	$98.4	$102.3	$106.4	$110.6	3%
Capital Assets	$1.8	$1.9	$2.0	$2.0	$2.2	$2.3	$2.4	5%
Contracted Services	$37.8	$40.8	$44.1	$47.6	$51.4	$55.5	$60.0	8%
Utilities	$3.3	$3.7	$4.0	$4.4	$4.9	$5.4	$5.9	10%
Interdept. Charges	$24.2	$25.0	$25.9	$26.8	$27.8	$28.7	$29.8	4%
Transfers to Other Funds[26]	$1.0	$0.9	$1.0	$1.1	$1.2	$1.3	$1.4	6%
Debt Service	$16.8	$17.3	$19.8	$21.4	$22.0	$22.4	$21.8	5%
Total	**$328.9**	**$339.4**	**$358.1**	**$376.9**	**$395.6**	**$415.0**	**$434.6**	**5%**

Table 14: Projected Operating Revenues by Category, FY2024 – FY2030 ($M)[27]

Category	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Average Annual Change
Tax Levy	$119.0	$122.4	$126.3	$129.5	$131.5	$133.5	$134.4	2%
Intergovernmental	$85.9	$88.2	$90.0	$91.8	$93.6	$95.5	$97.4	2%
Fines, Licenses, and Charges for Services	$41.6	$42.8	$44.1	$45.4	$46.8	$48.2	$49.6	3%
Interdept. Revenues	$46.3	$47.9	$49.6	$51.3	$53.1	$55.0	$56.9	3%
Dedicated Fund Balance	$8.9	$7.1	$7.3	$7.5	$7.7	$7.9	$8.1	-1%
ARPA	$8.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	N/A
Other Revenues	$18.5	$19.0	$19.6	$20.2	$20.8	$21.4	$22.0	3%
Carryforward[28]	$0.0	$6.8	$7.2	$7.5	$7.9	$8.3	$8.7	N/A
Total	**$328.9**	**$334.2**	**$344.0**	**$353.2**	**$361.4**	**$369.7**	**$377.1**	**2%**

Operating expenditures are projected to outpace earnings each year, based on the base model assumptions. The gap is also expected to grow over time, as illustrated in the figure below.

[25] Figures may not sum due to rounding.
[26] Levy transferred to capital projects as part of down payment.
[27] Figures may not sum due to rounding.
[28] The model assumes that 2% of budgeted operating expenditures in 2025 onward are not expended, based on past trends, and these funds are carried forward.

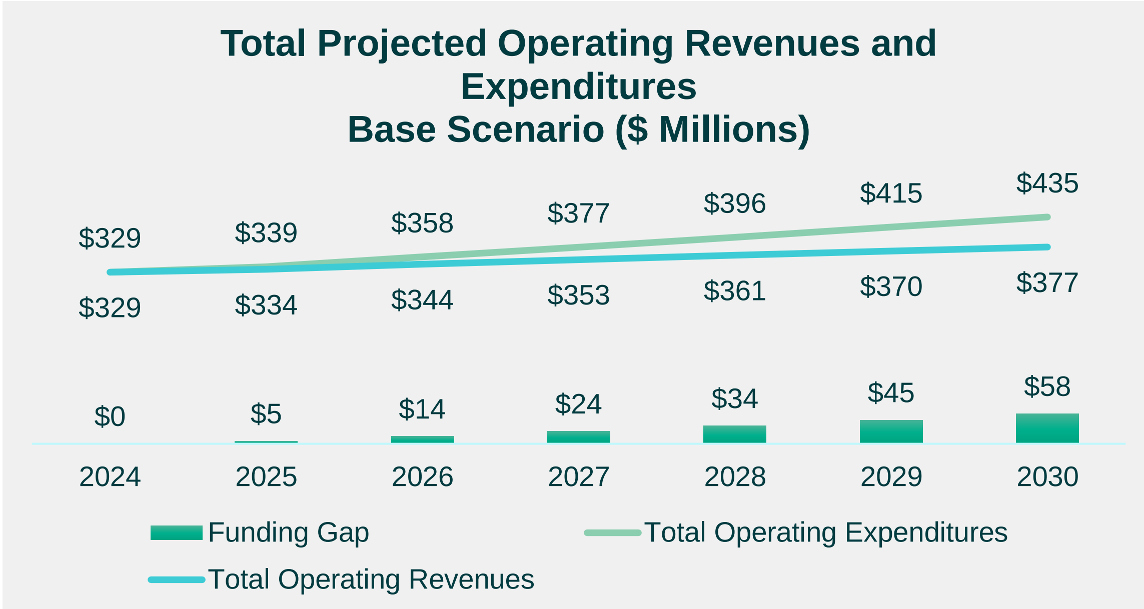

Figure 7: Projected Operating Expenditures and Revenues Under Base Scenario, FY2024 – FY2030

The baseline forecast provided above aligns with the County's financial forecast provided in the budget document as part of budget development each year. The results indicate a structural deficit, where primary ongoing revenue sources are growing at a rate that is below the cost to continue providing the same level of service residents receive now over the next six years. Structural deficits can lead to decreased reserve balances, limit capacity for future capital investment, and require significant service level reductions to meet balanced budget requirements.

Gap Closure Scenarios

The difference between estimated revenue and cost to continue providing services (baseline) is referred to as the budget gap. As part of the financial analysis, Raftelis worked with County staff to identify gap closure options that either reduce services (expenditure savings) or increase revenue (revenue-generating options). Collectively these options will be needed to address the projected budget gap over the next several years. It is important to note that the structural imbalance experienced by the County is not new. Since 2019, the County has faced preliminary base budget gaps ranging from $3 to $8 million annually.

EXPENDITURE REDUCTIONS

Under the state-imposed levy limits, the "new" revenue provided through tax levy growth is usually insufficient to cover the increasing cost of providing core services, often resulting in staff reductions and other expenditure cuts. As such, departments have identified cost savings by reducing non-mandated services and trimming support for mandated services. The anticipated budget gap starts at approximately $5 million in 2025. It grows to approximately $58 million in six years as inflationary pressure for operational costs increases an average of 3 – 5%, higher than historical averages of 2 – 3%. The financial model included a targeted analysis of needed expenditure reductions or revenue enhancements to solve for the next six years. The estimated savings target is approximately $30 million, which would help mitigate the inflationary impact that results in the $58 million gap.

To assist with identifying potential expenditure reduction scenarios, the project team leveraged the County's program-based budget. This data allowed for easier translation of estimated savings amounts and service level impact. This relationship is critical for policymakers to have a clear understanding of the trade-offs associated with no longer providing a service or reducing the current service level. Given a much shorter time horizon for the financial analysis and Task Force facilitation (three months) compared to traditional budget development (nine or more months), the savings estimates required simplified assumptions and instead focused on understanding what programs might be feasible to reduce (e.g., are not mandated) and the net tax levy support that could be realized as potential savings. This information was then used to help guide the Task Force discussion around service level priorities and willingness to reduce certain services.

The figure below provides the scope of service level reductions following the logic described above, beginning with the adopted FY2024 Budget to the approximately $38 million of discretionary services where tax levy savings could be achieved. Nearly all of these services would need to be reduced/eliminated to achieve the $30 million of targeted expenditure reductions that solve the County's projected budget gap over the next six years. Discretionary is a subjective term. Many of the programs included in this amount still include core services that may have mandated components. For example, law enforcement is mandated for unincorporated areas of the County and, based on resident priorities, would likely not be classified as "discretionary;" however, tax levy support is highest among this functional area, and as such, resource allocation could be reduced by adjusting staffing levels, which may in turn increase response time or limit availability to respond to non-violent calls for service. What constitutes a core service is unique to each locality. Core services are the essential functions and services provided to ensure the well-being, safety, and effective functioning of the community.

Figure 8: Scope of Expenditure Reductions

The nearly $38 million of potential service reductions was also broken down by functional area, as shown below. This was based on underlying program budget data. The proportion of savings is correlated with how the County spends tax levy revenue by functional area.

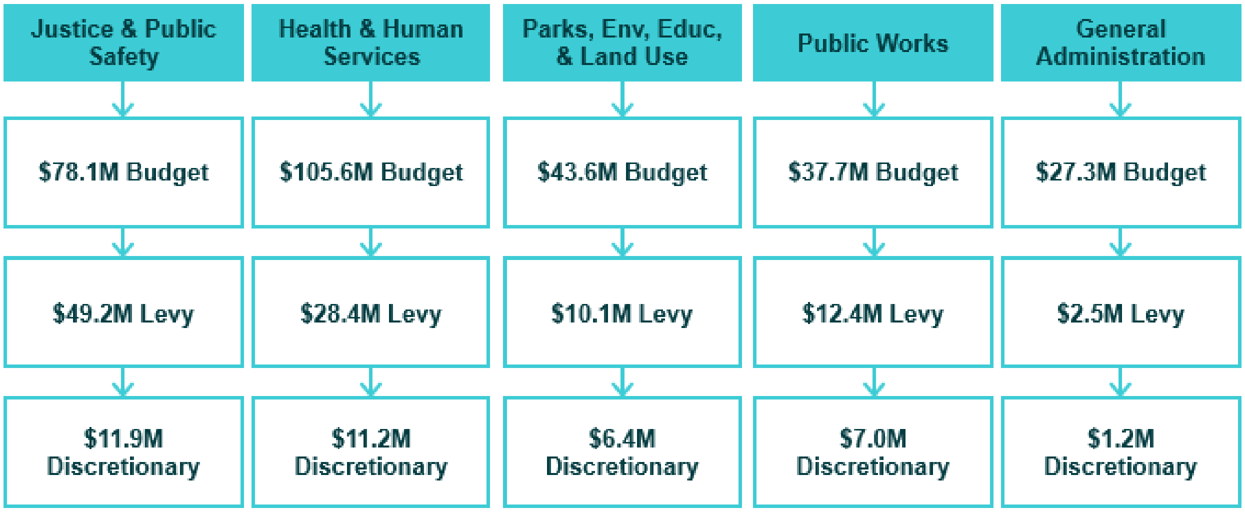

Figure 9: Scope of Expenditure Reductions by Functional Area

REVENUE ENHANCEMENTS

The County has three tax-related revenue enhancements it could consider to address the budget gap. There are also non-tax revenue enhancements, though many are less impactful on the $30 million target based on the scale of fees or charges that the County has the authority to adjust. Each available revenue option is described in greater detail below.

Exceed Allowable Levy Increase

Waukesha County staff estimate that the value of new construction will increase by approximately 1.4% annually between 2024 and 2030, which means that the County's levy increase is estimated to be capped at 1.4% per year per State law. However, counties do have the option of increasing their levy limit if a resolution is approved by the County Supervisors, and then voters approve the increase in a referendum. Referendums must specify the amount of the increase, whether the increase is one-time or ongoing, and the purpose for the increase.[29]

Other counties in the state have requested levy increases in public referendums, with mixed responses from voters. The following table lists examples of four recent referendums, along with the results of the votes.

Table 15: Results of Levy Increase Referendums in 2024

County	Requested Funding Increase	Duration	Purpose	Adopted?
Forest	$2 million (32% of levy)	Ongoing	Fund ongoing operations	**NO**; failed 70/30
Green	$800,000 (5%)	Through 2030	Fund County-owned nursing home	**YES**; passed 65/35
St. Croix	$900,000 (2%)	Ongoing	Fund public safety positions	**YES**; passed 54/46
Washington	$4 million (10%)	Ongoing	Fund Anti-Crime Plan	**NO**; failed 56/44

[29] Wisconsin Statutes § 66.0602(4).

Estimated Revenue

The basic rule of thumb for new levy growth in the County is a 1% increase which equals approximately $1 million in new revenue. Based on the expenditure and revenue trends discussed in the Financial Trend Analysis section, the County would need to increase total tax levy by approximately $30 million above allowable levy growth under state levy limits to close the budget gap between 2025 and 2030. Even with the infusion of additional levy dollars through a referendum, the underlying limits on levy growth would likely yield future budget gaps.

With a noteworthy history of managing budgets and minimizing taxpayer impact, the County would likely request a levy increase between 2% and 10%. The structure of the requested increase would be ongoing and cite a specific policy purpose. It is worth noting that the calculated amount of increase for the referendum would remain the same each year until ended by the Board of Supervisors or until a new amount was approved by voters in a referendum. The base levy, inclusive of the additional ongoing referendum amount, would be subject to the net new construction growth factor each year. The following table illustrates what the estimated revenue would be with an increase of $3 million per year in 2025 (3% increase over the 2024 levy) or $6 million per year (6% increase).

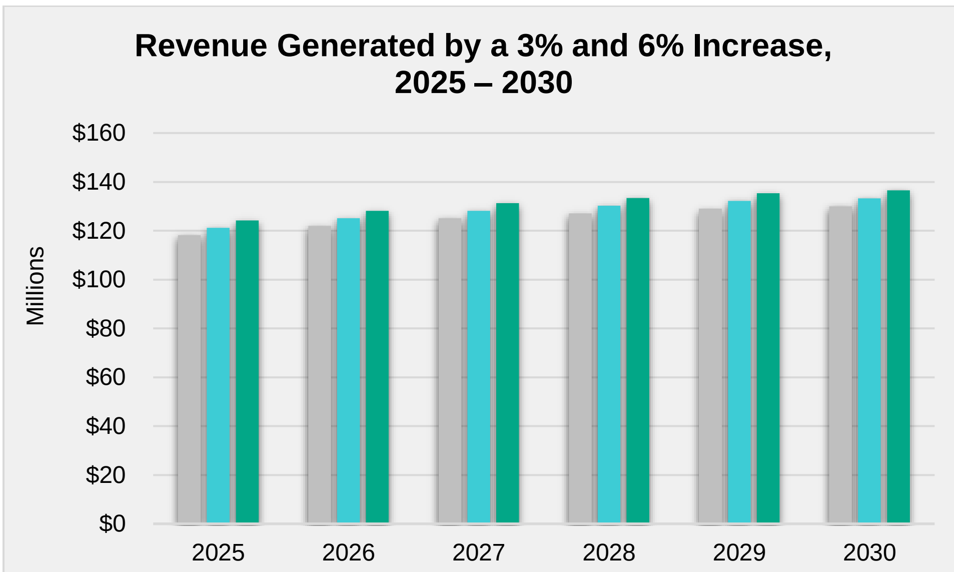

Figure 10: Estimated Levy Increase Revenue, FY2025 – FY2030

Impact on Taxpayers

The median home value in Waukesha County is estimated to be approximately $417,000 in 2025, based on past trends. If the levy is increased by $3 million (3%) in 2025, the median homeowner is projected to pay $566 in County property taxes, which is $14 more than they would pay without the levy increase. If the levy is increased by $6 million, the median homeowner's taxes are projected to increase by $28 per year.

Vehicle Registration Fee (Wheel Tax)

Another revenue generation option afforded to counties by the legislature is a vehicle registration fee, known colloquially as a wheel tax. The state allows counties and municipalities to enact an annual flat fee via ordinance affecting most vehicles weighing 8,000 pounds or less.[30] There is no limit to the fee charged, but funds may only be used for transportation-related purposes.

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[30] Wisconsin Statutes § 341.35.

As of June 2024, 13 Wisconsin counties along with 41 municipalities have adopted wheel taxes. The counties with wheel tax are listed below, along with their annual fee. Fees range from $15 to $30, with an average fee of $23. None of the municipalities that have enacted wheel tax are in Waukesha County.

Table 16: County Wheel Tax Rates in 2024

County	Wheel Tax Amount
Langlade	$15
Crawford	$20
Dunn	$20
Green	$20
Iowa	$20
Richland	$20
St. Croix	$20
Marathon	$25
Vernon	$25
Dane	$28
Eau Claire	$30
Milwaukee	$30
Portage	$30

Estimated Revenue

According to the Wisconsin Department of Transportation, Waukesha County had approximately 341,000 registered vehicles eligible for a wheel tax, as of 2023, and the number of vehicles increased by an average of 0.7% per year between 2013 and 2023.[31] Based on these factors, a $30 wheel tax would generate the County approximately $10.5 million per year, as illustrated in the following figure.

[31] "Vehicle Registrations." *Wisconsin DOT*, https://wisconsindot.gov/Documents/dmv/shared/rpt-12-cal-23.pdf.

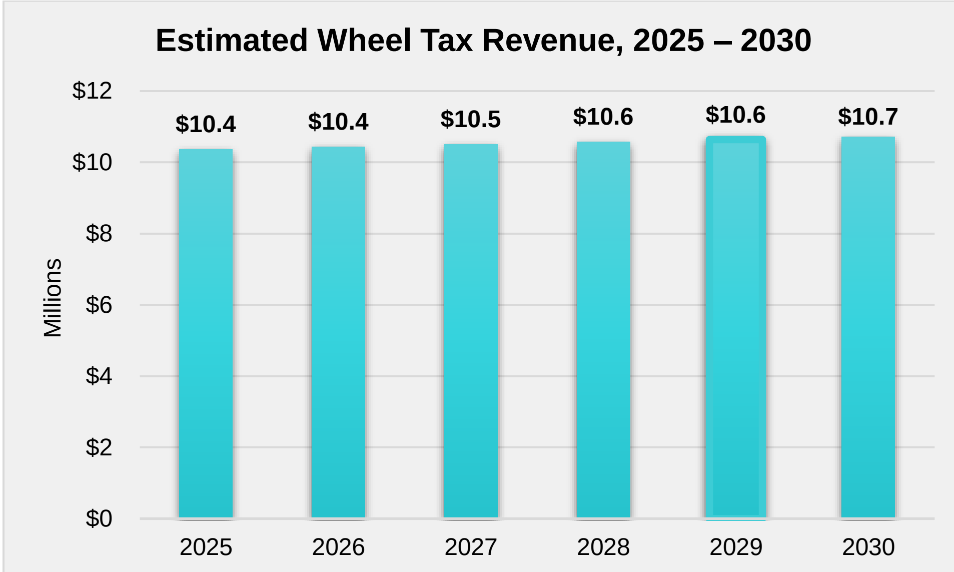

Figure 11: Estimated Wheel Tax Revenue, FY2025 – FY2030

It is important to note that this figure assumes that the County would have at least $10.5 million in transportation expenditures per year that could be funded by the wheel tax. The County's FY2024 Transportation Fund budget is $18.1 million, but only $3.6 million is funded through levy. However, this figure does not consider capital spending on transportation projects or any deferred maintenance needs that could be funded with the new revenue.

Impact on Taxpayers

Waukesha County vehicle owners already pay $85 per year in state fees. If the County imposed a wheel tax of $30, the total cost would rise to $115 per vehicle. There is also the potential for costs to further increase if any Waukesha County municipalities opt to enact a wheel tax.

Sales Tax

Another option for generating additional revenue is for the County to adopt a sales tax. Wisconsin state law allows counties to adopt a 0.5% sales tax via an ordinance passed by the County Board of Supervisors. Per state law, the tax may only be used "for the purpose of directly reducing the property tax levy,"[32] which can be implemented in multiple ways, including replacing property tax levy in the operating budget; reducing borrowing for capital projects, which lowers levy-funded debt principal and interest payments in the future; or defraying the cost of budgetary items that otherwise would be funded with property tax levy. However, state law also allows for counties to "distribute all or a portion of the amount it receives to the towns, villages, cities, and school districts in the county."[33] The county sales tax rate is fixed at 0.5% and would require state legislation to enact a different amount. Recently the state allowed Milwaukee County to increase its tax to 0.9% and the City of Milwaukee to enact a sales tax of 2%.[34] As of August 2024, 69 of the 72 Wisconsin counties have adopted the sales tax, including Manitowoc County's recent adoption. The three counties that have not adopted the tax are Racine, Winnebago, and Waukesha.

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[32] Wisconsin Statutes § 77.70(1).
[33] Wisconsin Statutes § 77.76(3).
[34] "Tax Rates." *State of Wisconsin Department of Revenue*, https://www.revenue.wi.gov/Pages/FAQS/pcs-taxrates.aspx.

The sales tax has been a significant source of revenue for the counties that have adopted it. The following table illustrates revenue for some benchmark counties, chosen because they have adopted the 0.5% sales tax and because they have a population of at least 150,000 and/or are in the Milwaukee metropolitan area. Benchmark counties' sales tax revenue increased by between 6.9% and 7.7% per year between 2019 and 2023

Table 17: Sales Tax Revenue in Benchmark Counties

County	2023 Sales Tax Revenue ($M)	Average Annual Change, 2019 – 2023
Brown	$38.0	7.5%
Dane	$83.3	7.5%
Kenosha	$20.4	6.9%
Outagamie[35]	$25.8	7.6%
Ozaukee	$11.6	7.0%
Rock	$19.4	6.9%
Washington	$16.8	7.7%

Estimated Revenue

If Waukesha County adopted a 0.5% sales tax and revenue trends were similar to its peers, Raftelis analysis indicates the tax could be expected to generate approximately $50 to $60 million in revenue in 2025, enough to close the projected budget gap. Alternatively, the County could petition the legislature to adopt a lower sales tax rate. This action may result in the state transitioning to a range of allowable sales tax, given the recent legislative adjustment for Milwaukee County and the City of Milwaukee.

Impact on Taxpayers

The average Waukesha County household is estimated to spend approximately $32,000[36] on taxable purchases in 2025, based on Bureau of Labor Statistics (BLS) data on purchasing patterns in the Midwest. The following table illustrates taxable expenditures by category for the median household in 2022, per the BLS.

[35] Outagamie County did not adopt a sales tax until 2020.

[36] Total expenditures were $32,178 for the median household in 2022; the model increases the figure to $35,000 to account for inflation.

Table 18: Average Taxable Expenditures by Category per Midwest Household, 2022[37]

Category	Expenditures	Percent of Taxable Expenditures	Percent of Total Expenditures
Alcohol	$667	2%	1%
Apparel and services	$1,757	5%	3%
Entertainment	$3,688	11%	5%
Food away from home	$3,128	10%	5%
Household furnishings and equipment	$2,754	9%	4%
Household operations	$1,592	5%	2%
Housekeeping	$773	2%	1%
Personal care	$813	3%	1%
Reading	$111	0%	0%
Tobacco/smoking	$435	1%	1%
Transportation	$11,059	34%	16%
Utilities, fuels, and public services	$1,021	3%	2%
Miscellaneous other taxable spending	$4,380	14%	7%
Total Taxable Spending[38]	**$32,178**	**100%**	**48%**
Other non-taxable expenditures (e.g., housing, healthcare, groceries)	$35,149	N/A	52%

If a household makes 85% of its purchases in the County, this would translate to approximately $142 in additional sales tax cost per year for a 0.5% sales tax. However, this figure does not account for the cost savings associated with property tax relief. It is also important to note that this is a general estimate based on expenditure data for the Midwest overall, not specifically Waukesha County or the Milwaukee metropolitan area.

Economic Analysis

A portion of the sales tax generated would come from non-residents spending money in the County. The exact portion contributed by non-residents is difficult to quantify, but the United States Census reports that as of 2021, 151,673 individuals, the equivalent of approximately 37% of the County population, live outside of Waukesha County but come into the County to work. Additionally, the Wisconsin Department of Tourism estimates $852.2 million in direct tourism spending in Waukesha County in 2022.[39] If the sales tax had been in place, this would have translated to approximately $4.3 million in sales tax revenue, or 7% of the estimated total sales tax revenue.

[37] "Consumer Expenditure Surveys." *Bureau of Labor Statistics*, www.bls.gov/cex/tables/geographic/mean.htm.
[38] Figures may not sum due to rounding.
[39] "Economic Impact." *Wisconsin Department of Tourism*, www.industry.travelwisconsin.com/research/economic-impact/.

Other Potential Revenue Generating Options

There may be other potential non-tax options to generate revenue. One consideration is opportunities to raise or implement fees to offset service costs. The County provides police and/or fire/EMS dispatch services for 34 communities and the Sheriff's Department, with a budgeted operating cost of $7.6 million in FY2024. The vast majority of support for this service comes from a tax levy of $6.6 million. One option for generating revenue would be to apply cost-sharing obligations for participating municipalities. While this would shift some operating costs onto municipalities, the municipalities would still be benefiting from the cost savings of having a shared regional 911 center rather than having to establish and operate a standalone service. However, several municipalities entered into County dispatch understanding that it would be more efficient for taxpayers to consolidate and that no fees would be charged. Implementing a fee at this stage would be complicated.

There may also be one-time revenue opportunities available, such as selling land, facilities, or equipment. Some Wisconsin governments also generate funding by selling naming rights to County facilities. For example, in 2020, Dane County sold 10-year naming rights to its exposition center for $4.8 million[40] and Brown County sold 20-year naming rights to its exposition center for $10.0 million.[41] However, these facilities are much larger than anything in Waukesha County, so the revenue generated from Waukesha County naming rights would likely not be as significant.

[40] "Approving Renewal of Alliant Energy Center Naming Rights Agreement." *Dane County*, Dec. 18, 2019, https://dane.legistar.com/View.ashx?M=F&ID=7975410&GUID=F43DB352-9972-487D-8067-9F6D4D2E32D1.

[41] "Resch Secures Naming Rights for New Brown County Expo Center." *WBAY*, Feb. 12, 2020, www.wbay.com/content/news/Sponsor-buys-naming-rights-to-Brown-County-Expo-Center-567816221.html.

Budget Task Force

The Fiscal Health Assessment section of this report speaks to a strong history of prudent financial management by the County as well as the current and future budgetary challenges as the cost to continue operations outpace annual revenue growth. The County's budget is rooted in resident priorities gathered as part of the Strategic Planning process. However, the budget shortfalls projected in the coming years point to a clear need to make revenue and expenditure policy decisions to help secure the County's financial future. The County convened a Budget Task Force to advise the Board of Supervisors on how to proceed.

The Budget Task Force was comprised of a representative group of County and municipal elected officials, business leaders, and engaged residents convened to provide valuable input and direction for the future of County resourcing and service delivery expectations. The 34 members met four times in the spring and summer of 2024 to gain a better understanding of the County's financial position, engage in meaningful conversation with fellow Task Force members that offered unique perspectives, and ultimately provide strategic direction and prioritization for the next five to 10 years for the County. A summary of the Task Force composition, topics and discussions from each session, and member recommendations for the County's future is captured below.

COMPOSITION

The Budget Task Force was appointed by the County Executive with the goal of achieving broad representation from backgrounds, experiences, perspectives, and geographic balance across the County. Public members and business leaders brought expertise in public safety, construction and development, non-profit community organizations, and many other relevant industries. Mayors from four municipalities within the County as well as six County Supervisors, were also part of the Task Force and brought expertise in governance and municipal and County financial decision-making. A complete list of Task Force members is provided below.

Table 19: County Budget Task Force Members

Role	Members
County Supervisors	• Supervisor Larry Bangs • Supervisor Wayne Euclide • Supervisor Brian Meier • Supervisor Chris Mommaerts • Supervisor Gary J. Szpara • Supervisor Jeremy Walz
Municipal Elected Officials	• Mayor Bob Magnus – Oconomowoc • Mayor Rick Petfalski – Muskego • Mayor Steve Ponto – Brookfield • Mayor Shawn Reilly – Waukesha
Public Members/Business Leaders	• Pete Bacon • Lisa Bruce • Mary Dietz • Matt Fennig • Dean Frederick • Jeff Hoffmann • Buck Jurken • Laura Krohn • Bonnie Lee • Angela Mancuso • Germaine McKenna • Danny Merkt • Matt Moroney • Mark Nelson • Amanda Payne • Heather Pfalz • Renne Ramirez • Joe Reider • Jeffery Searle • Jeremy Smith • Stan Sugden • Tom Schreibel • John Siepmann • Susan Van Aartsen

SESSION 1: SETTING THE STAGE – DEVELOPING VALUES AND SERVICE PRIORITIES

The first Task Force session focused on setting the stage for the group's work to inform and make recommendations about the County's future, given the budgetary challenges. Before providing relevant financial and economic context, Task Force members introduced themselves and shared one word that captured their sentiment about participating in the Task Force. Member one-word responses are captured below, with bolded words shared by multiple members.

- **Open**
- **Interested**
- **Excited**
- **Humbled**
- **Curious**
- Optimistic
- Future
- Expectant
- Ready
- Intrigued
- Eager
- Unbreakable
- Lead
- Confident
- Hopeful
- Learning

After introductions, Raftelis provided an overview of the Task Force timeline and budgetary challenges facing the County. As described in greater detail in the Fiscal Health Assessment section, the Task Force was brought together to understand the County's financial outlook over the next five to 10 years. The County's budget outlook projects a budget gap, where anticipated revenue collections are not expected to cover the anticipated cost to continue providing the same level of services provided by the County today. The theme of the discussion was "the solution is not complicated, but the decisions are hard."

As part of the project scope, Raftelis developed an independent financial model using the County's financial data. We evaluated the County's financial management policies against industry best practices and the firm's experience providing financial services for local governments and public-sector utilities across the Country. Task Force Members were provided relevant context that emphasized how well managed the County's finances are and the underlying economic conditions that have created the fiscal challenges that lie ahead.

Property taxes are the single largest local tax source to fund service delivery, and the largest driver of the County's financial challenges is state restrictions on property tax levy growth. While the revenue tax base is among the strongest in Wisconsin, state policy ties the amount of property tax revenue growth that can occur annually to the growth in net new construction. Since the Great Recession, historically, this growth has averaged less than two percent per year. In comparison, the BLS reports that inflation grew by an average of 3% per year between 2010 and 2024.[42] Further, many of the County's cost drivers exceed the Consumer Price Index reported by the BLS, including health insurance and the cost of software contracts.

Based on recent trend analysis, the financial model assumes growth of 1.4% annually. This growth curve is far less than the underlying property value growth over the same period. Capped revenue growth requires prudent expenditure control; however, recent inflationary and wage pressure has resulted in a growing divide between revenue generation and cost to continue. As a result, the County has faced budget gaps annually as part of the budget development process that has required service-level reductions or strategic use of one-time funds to meet balanced budget requirements.

After level setting the County's financial condition, the primary objective of the first session was to understand the Task Force member values and service area priorities. This important framework would then be used in subsequent sessions to help guide discussion and inform recommendations.

Values

Members were given a handout of 11 common values from Raftelis with space to add new values. The discussion began with determining whether any values were missing. The group agreed the 11 values largely captured what they would expect and discussed the sequencing of values versus desired outcomes like quality of life and customer satisfaction. In small groups members discussed the criteria they used to select values and which values best align with the County's future. After the discussion, each member was given three dot stickers to indicate their values. The top four values, all earning more double-digit votes, are reflected below.

[42] "Consumer Price Index Inflation Calculator." *BLS*, https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=1.00&year1=201001&year2=202401.

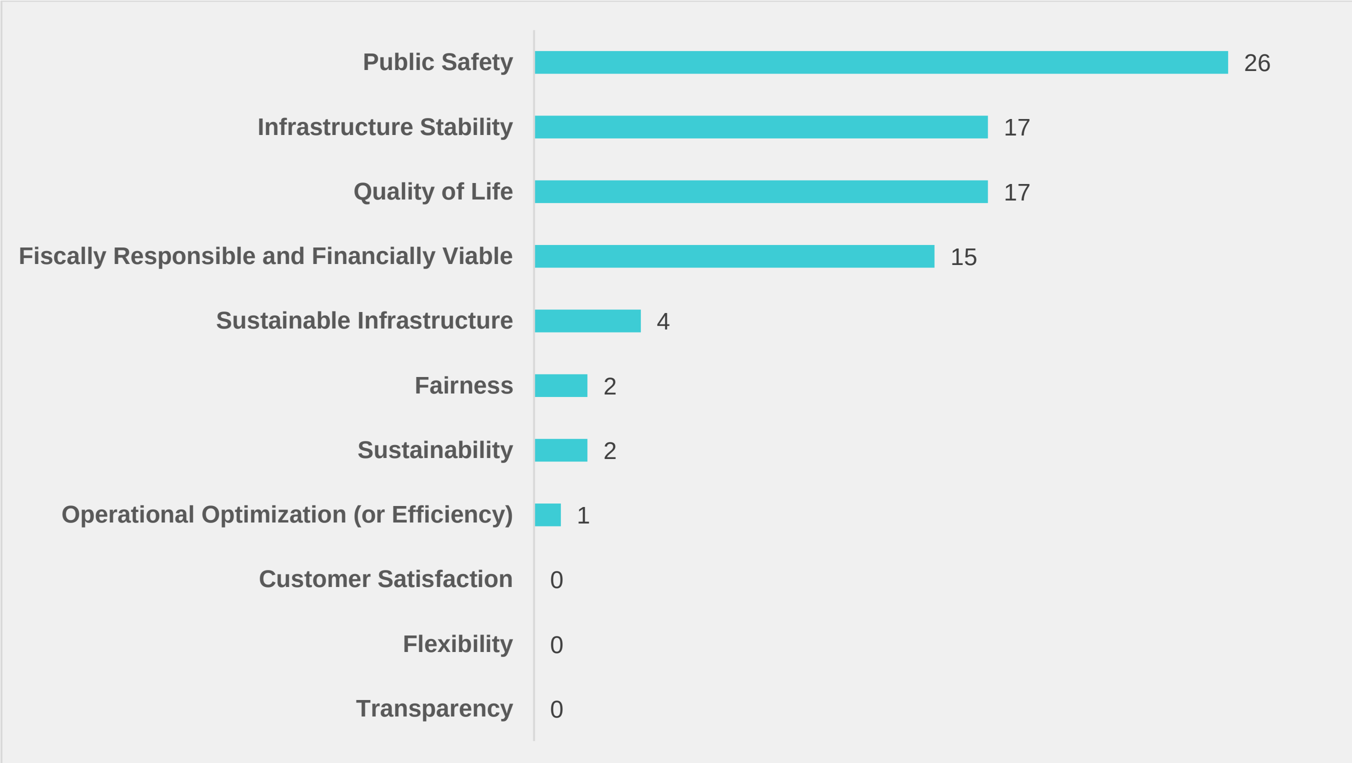

Figure 12: Task Force Value Voting Results

Service Area Priorities

After discussing and voting on values, the Task Force evaluated potential service level reductions to help mitigate the funding shortfall. Raftelis discussed at a high level how the $391 million budget breaks down into service areas that the County can impact or effect change to meet balanced budget requirements. The largest source of revenue—intergovernmental revenue from the state—is almost entirely designated for specific mandated services. Tax levy revenue of $115 million is where the County has greater control; however, more than one-third supports mandated services. This leads to approximately $38 million in service level costs that could be reduced in order to address the projected budget gap.

Ahead of Session 2, members were given a list of common service areas for the County and asked to discuss in small groups how they might prioritize some of these services for reduction, along with any services they would like to see additional resources allocated. Each group provided a summary of their conversation. Then individual members were asked to vote on their service priorities, using six red stickers for services to reduce and six green stickers for services to enhance. Members were required to use all of their service level reduction votes but did not have to use all of the service level enhancement votes. The results of the voting are captured in the table below, sorted by “net” votes. A negative () net vote indicates greater prioritization for service level reduction compared to a positive net vote indicating prioritization for service level enhancement.

Table 20: Task Force Service Priority Voting Results

Service Area	Votes to Reduce	Votes to Enhance	"Net" Votes
County-wide Communication	(21)	0	(21)
Land Use	(18)	0	(18)
Grounds Maintenance	(17)	0	(17)
Substance Abuse Treatment	(16)	0	(16)
Talent Acquisition (Recruiting)	(13)	1	(12)
Public Health	(12)	1	(11)
Drug Prevention	(13)	2	(11)
Emergency Preparedness	(11)	2	(9)
Debt Borrowing	(4)	0	(4)
Parks and Open Space	(6)	2	(4)
911 Communications	(5)	2	(3)
Employee Benefits	(3)	1	(2)
Law Enforcement (Patrol Operations)	(6)	4	(2)
Traffic Safety	(4)	3	(1)
Crime Investigations	(6)	5	(1)
Maintaining County Facilities	(2)	2	0
Corrections (Jail)	(1)	6	5
Mental Health Support	(3)	8	5
Well-maintained Roads (Including in the Winter)	(2)	8	6
Court Operations	(1)	8	7
Support for Vulnerable Populations (Elderly, Disabled)	0	9	9
Infrastructure Development	(3)	12	9
Economic Development	(1)	14	13

SESSION 2: SERVICE LEVEL REDUCTIONS

The second Task Force session focused on expenditure reductions as a strategy to close the projected budget gap. The values and service reduction priorities developed during the first session were used to help guide discussion for service level reductions. The Task Force was presented with their target goal of achieving approximately $30 million in expenditure savings to close the projected budget gap through 2030. The consulting team worked with County staff to identify $12.7 of potential expenditure reductions to initiate the exercise and get feedback on the prioritization of cuts.

Service Level Adjustments

Before diving into the details of potential service reductions, the facilitators provided context about the various layers of service level reductions. The process of identifying expenditure reductions can be nuanced and time-consuming. For this reason, annual budget development takes at least nine months of the year. When assessing service reductions there are multiple layers, with most organizations opting to choose reductions that result in the least amount of impact on residents or constituents. Most of the 200+ programs/subprograms and services provided by the County contain value-added, core, and mandated components. Often service-level reductions focus on community prioritization of value-added services and avoid core service reductions. Mandated services are legally required and cannot be eliminated, though they may be trimmed to levels that make carrying out the services increasingly difficult. The pyramid of service level adjustments is used to identify and consider required versus desired service levels for County residents within the finite pool of resources available. The figure below provides definitions for each of the service-level components.

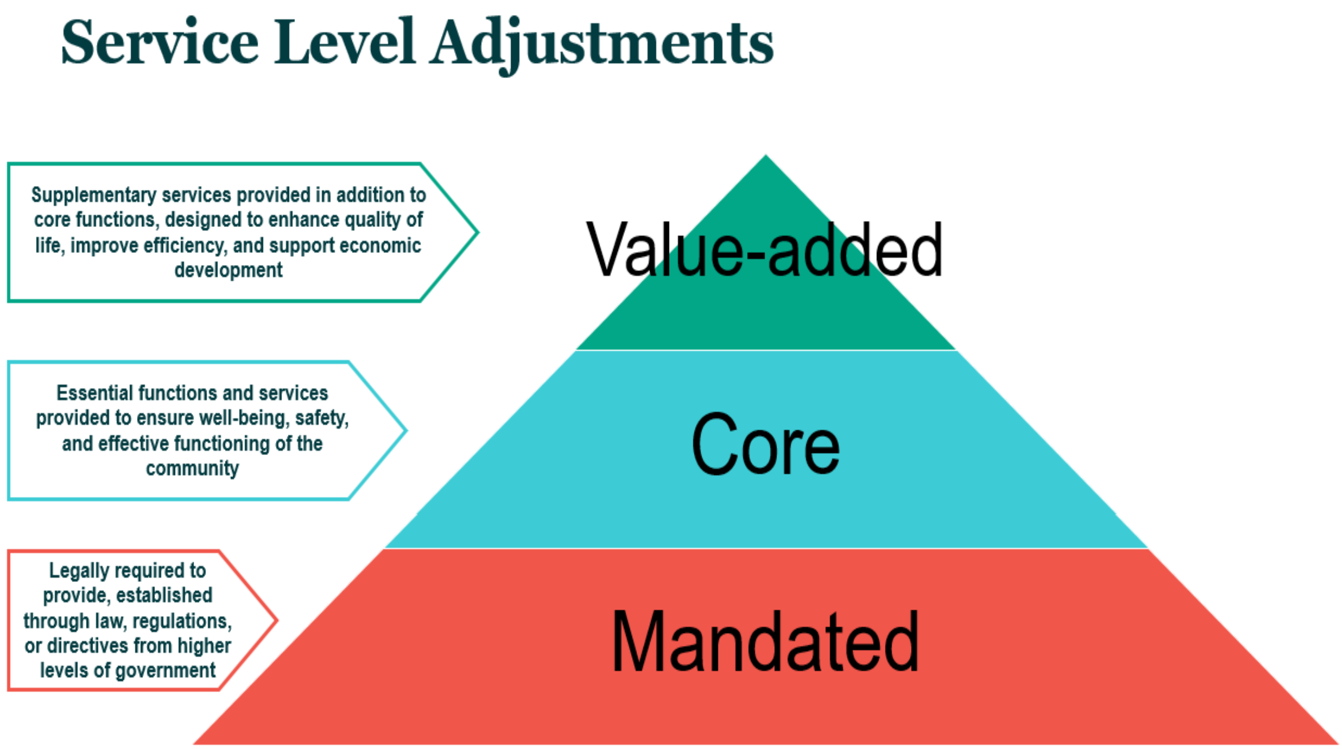

Figure 13: Service Level Adjustment Pyramid

Value-Added Service Level Reductions

To begin evaluation of service level reductions, the Task Force was provided a handout that summarized their prioritization of the service areas presented in Session 1 with potential service level impact for further reductions and estimated *value-added* cost savings. The table below summarizes each of the service areas considered for reduction, sorted by net score, where a negative value indicates greater prioritization for reduction and a positive value indicates prioritization for additional resource allocation to enhance existing service levels. The estimated cost savings for all *value-added* service reductions was approximately $12.7 million, or 42% of the budget savings target of $30 million.

Table 21: Value-added Service Level Reductions

Service Reduction	Net Score	Service Level Impact	Estimated Savings
County-wide Communication	(21)	Messaging, lack of coordination, reactive communication, minimal community engagement, emergency comms	$270,000
Land Use	(18)	Delayed development permitting and customer satisfaction and increased cost to applicants	$415,000
Grounds Maintenance	(17)	Aesthetic decline, health hazards, decreased property values	$370,000
Drug Prevention/Substance Abuse Treatment[43]	(14)	Higher healthcare costs, overcrowded treatment facilities, public safety impacts	$220,000
Talent Acquisition	(12)	Longer vacancies, poor candidate quality, broad decline in public service delivery	$100,000
Public Health	(11)	Health disparities for vulnerable populations, inadequate health surveillance and emergency response	$1,000,000
Emergency Preparedness	(9)	Delayed crisis management response, prolonged recovery	$160,000
Parks and Open Space	(4)	Limited access, lower quality of life, reduced air quality, removes community meeting space, Muskego Park closure	$110,000
911 Communications	(3)	Higher overall cost to taxpayers due to loss of economies of scale and duplication at the municipal level	$4,800,000
Public Safety Staffing[44]	(1)	Fewer sworn staff resulting in less traffic enforcement and investigation, decreased quality of life, reduced deterrent, increased OT, and deputy quality of life decline	$2,000,000
Infrastructure Maintenance and Development[45]	5	Higher taxes due to interest expense on higher debt levels and significant increases in asset life cycle cost	$3,000,000
Economic Development	13	Business growth stagnates, fewer job creation and business retention initiatives	$250,000

Task Force members spent time individually reviewing the value-added service level reductions and then joined small groups to discuss and evaluate which reductions they would like to propose toward the budget gap target of $30 million. To guide the conversation, members were provided a scorecard with three of the four Task Force values: **public safety**, **infrastructure stability**, and **quality of life**. The fourth value, **fiscally responsible/financially viable**, was omitted since any cost savings would contribute to this value. For the remaining three values, members were asked to evaluate each reduction using that value lens and assign a ranking of one to three. One indicated low impact, two indicated neutral impact, and three indicated high impact. The scale of ranking for a given reduction could range from three (scoring one on all three values) to nine (scoring three on all three values), with a higher total value score reflecting less desire to pursue the reduction. A high-level summary of the service level reduction exercise is provided below:

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[44] Services were combined from Session 1 with an average net score reflected. Public safety staffing includes law enforcement, traffic safety, and crime investigation services.

[45] Infrastructure maintenance and development includes maintaining County facilities, well-maintained roads, and infrastructure development.

- There are low-priority service areas that could be reduced, such as County-wide communications, land use, grounds maintenance, drug prevention and substance abuse, and talent acquisition.
- Some reductions like 911 dispatch services may help the County's budget but merely shift (and likely increase) costs to municipalities.
- The County should evaluate where duplicative services with municipalities happen to assess opportunities for consolidation or reimagining service delivery.

The service level prioritization exercises in Session 1 and Session 2 provided an opportunity to compare how the County spends tax levy revenue with the Task Force priorities. The figure below depicts how one dollar of tax levy is spent across each of the functional areas in the County and includes the prioritization (net score total) for services that fall within that functional area. Overall, the Task Force routinely prioritized service areas where the County allocates most of its tax levy dollars, showing strong alignment between County operations and community priorities.

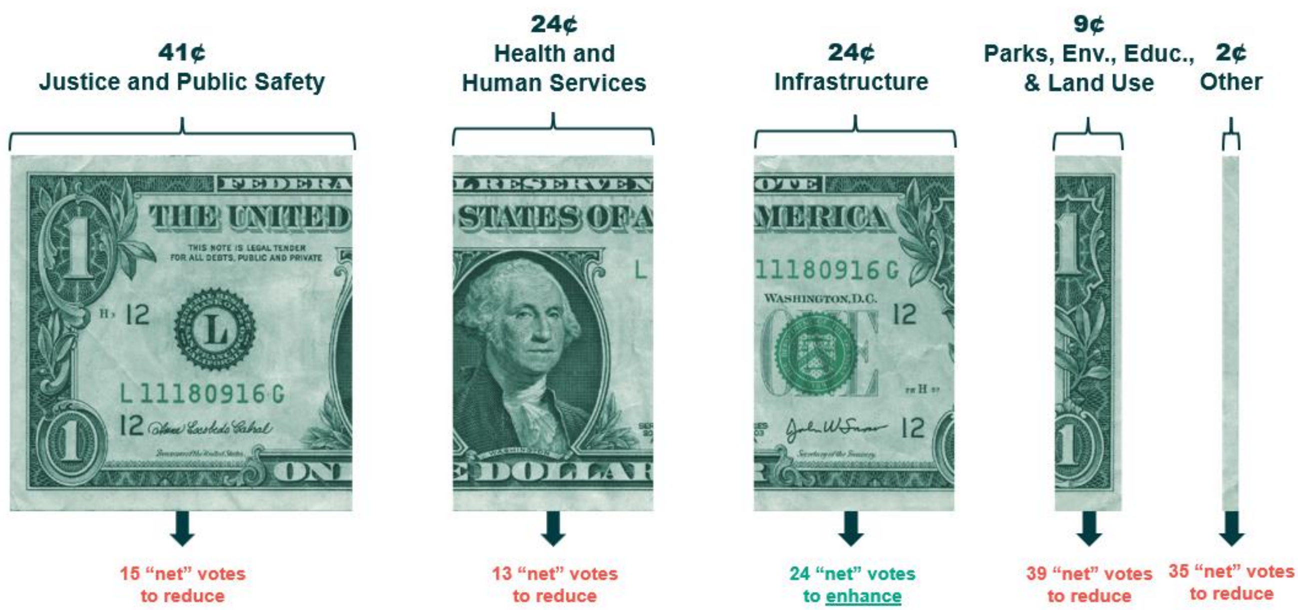

Figure 14: Task Force Service Prioritization and County Tax Levy Spending

It is important to note that participants used all their reduction votes but not all of their enhanced votes, so the sum of net votes is negative. Justice and Public Safety and Health and Human Services had lower net reductions than other categories, indicating prioritization.

Core Service Level Reductions

After the value-added service level reduction exercise, the conversation moved to Core services, the next layer of the pyramid. The County has faced preliminary budget gaps since at least the Great Recession and state-imposed revenue caps on levy growth. The exercise the Task Force went through to identify service level reductions or opportunities to achieve greater efficiencies mirrored the work of the County over the past decade. The underlying structural imbalance between revenue and expenditure growth patterns means that opportunities for value-added expenditure reduction options continue to diminish, leading to core service area reductions to meet balanced budget requirements. While economic conditions will continue to shift over time, the current environment has placed significant cost pressures on service delivery. To mitigate otherwise immediate and adverse impacts for highly prioritized services like public safety and infrastructure maintenance and development, the County has relied on one-time revenue sources in the short run to balance the budget with plans to phase in future ongoing revenue support after one-time sources are no longer available. However, the ability to phase in costs is getting more difficult as scarce levy growth is needed to meet other budget gaps.

Session 2 wrapped up with a discussion about the difficulty of having adequate context and details to inform service level reductions in a short period of time. This is especially true for core services that have mandated requirements. The session ended with a preview of the revenue-generating options to be considered in Session 3.

SESSION 3: REVENUE GENERATING OPTIONS

The third Task Force session focused on revenue-generating options to close the projected budget gap. The project team, along with County staff, assessed available options for new revenue allowed under state law and presented the Task Force with important context and analysis for each option. This included requirements to enact new revenue sources, benchmarking analysis of various counties or municipalities in Wisconsin that have enacted such sources, and fiscal impact to the County and taxpayers. Details of each revenue-generating option are included in the Gap Closure Scenario section above.

Revenue Generating Options – Advantages and Disadvantages

After presenting each of the revenue-generating options to the Task Force, members engaged in a discussion regarding the advantages and disadvantages of each option, with a particular focus on exceeding the levy limit and wheel tax options. While the group exercise for sales tax focused on structure, key themes from Task Member group discussions and individual voting related to this tax option are also captured in the table below.

Table 22: Advantages and Disadvantages of New Tax Revenue Options

Revenue Option	Estimated Revenue Generated, 2025	Advantages	Disadvantages
Referendum for Levy Increase	$3 to $6 million *(ongoing lump sum levy increase)*	• Taxpayers have a say in whether to increase revenue • Raises awareness of County budget issues • Use of funds can be specifically targeted • More stable source of revenue, once approved would remain in place • No restriction on the amount of increase (pending voter approval) or on how the funding is used • Low per-household impact	• Would not be likely to fully address the budget gap • Referendum would be required for any changes – unlikely to achieve broad support, high risk of failure • Frequency of school referendums might detract voter support • All funding would be contributed by property owners, with limited contribution from non-residents who use County services • Would require significant information campaign ahead of the vote about a topic that can be hard to message
Wheel Tax	$10.5 million *($30 per vehicle)*	• Could be enacted by the County Board • No restriction on fee amount, though typical annual amounts are relatively small (i.e., affordable) • Raises revenue from more people than property owners (e.g., user tax) • Creates higher funding potential for road/infrastructure maintenance, a high priority of the Task Force • Easy for public to understand	• Can only be used for transportation purposes • Would not fully address the budget gap (minimal impact) • Revenue does not grow with inflation (tied to population and number of vehicles) • Unpopular "tax" among residents, mandated by the government • No out-of-County taxpayers • No voter say
Sales Tax	$50 to $60 million *(0.5% sales tax)*	• Allows non-residents who take advantage of County services to contribute to the cost of those services • Would generate enough revenue to fully address the budget shortfall • Would allow for some property tax relief • Could be enacted by the County Board	• Sales taxes are regressive- larger impact on lower-income individuals • The amount of the sales tax is fixed and cannot be increased or decreased (without a legislative change) • Adverse impact to the business community • Brings in more revenue than is needed • May lose sight of other revenues or operational efficiencies over time

Before breaking into small groups to discuss the sales tax structure, Raftelis shared additional context related to enacting a sales and/or wheel tax among other counties in the state. The chart below shows the historical timeline of when counties throughout the state chose to enact a sales and/or wheel tax. Many counties moved forward with a sales tax as soon as the option was made available to them by the state (1986 – 1995). During the economic boom of the early 2000s, little activity occurred, followed by more counties exercising a wheel tax after the 2011 state legislation limiting property tax levy growth and the fiscal challenges associated with the Great Recession and Global Pandemic. The ability of Waukesha County to have weathered the recent economic challenges without either of these new revenue-generating options, when nearly all counties elected one if not both, speaks to their level of operational efficiency.

Figure 15: Sales and Wheel Tax Timeline – Adoption by Year

Sales Tax Structure

The Task Force then spent time in small groups discussing how they might structure a 0.5% sales tax, knowing that it would generate revenue for the County beyond what is needed to close the budget gap over the next few years. As required by the state and prioritized among County officials, some of the revenue would be used to directly reduce the property tax levy for residents. Beyond that, Task Force members were asked to brainstorm and discuss other opportunities that aligned with the values and service level priorities developed in Session 1.

Two somewhat competing themes emerged from this activity:

- **While there is general understanding and support for new revenue, there is a preference not to collect more than the County's estimated budget gap.** Throughout the project team's review of County financial practices and then during conversations with County staff and Task Force members, there is great pride in the County's ability to efficiently deliver services with the lowest impact possible to taxpayers. Low per-capita spending rates and continuing to "sharpen the pencil" are valued characteristics of the County's financial management policies. Many Task Force members did not like that the sales tax amount is currently fixed at 0.5% by state law. They understood it would require lobbying the state for greater autonomy over how much sales tax to enact but acknowledged such a preference.

- **Municipalities in the County face similar budgetary challenges and would support the County's desire to enact a sales tax.** The funding mechanisms for municipalities in Wisconsin follow a similar pattern to County revenue sources. As such, municipalities continue to face significant fiscal constraints with limited ability to increase the property tax levy. This is especially true for municipalities that are largely built out and focused on redevelopment because of the net new construction limitations. Municipal and County leaders on the Task Force informed members of the inherent challenges of lobbying the state for higher Shared Revenue when they had not yet enacted other revenue options available to them. They also added that a new revenue source might actually encourage greater economic development and improvements to the housing stock.

A summary of each group's discussion regarding a sales tax structure is provided below.

Table 23: Summary of Sales Tax Structure Considerations

Group	How to Use or Structure Additional Revenue Generated from 0.5% Sales Tax
Group 1	• Economic Development – small business grants, façade improvements, municipal downtown revitalization • Waukesha County Technical College Public Safety Academy to assist with recruiting pipeline and public safety operations
Group 2	• Seems like too easy of a fix • Lose sight of other revenues and efficiencies – ability to sharpen the pencil • A nice structure might be 60% to County, 40% to municipalities • Within the County's 60%, does as needed but includes direct property tax relief
Group 3	• Acknowledged the group had different perspectives • Municipal leaders in the group like 60% to the County and 40% to the municipalities • Other emphasized the importance of a direct property tax offset and not inventing new things to spend money on
Group 4	• Many in the group were not favorable of raising more dollars than needed • Additional revenue could pay down debt, which also lowers property tax levy • Investment in public safety, infrastructure, and amenities like bike and walking paths
Group 5	• Shouldn't tax for more than is needed, would prefer a process that looks at expenditure reductions, user fees, surplus carryover, reforms, excess property sales, and then revenue enhancements • If revenue enhancement is required, they agreed sales tax was the preferred method but would like to ask for only what is needed • Acknowledged the business community would not like the impact of a sales tax
Group 6	• Preferred requesting something less, realizing the odds of achieving this with the state legislature and other counties would be difficult • A shared revenue with municipalities tied to public safety, expansion of the jail knowing it is reaching capacity, and infrastructure investments • Opportunities for assisting municipalities with transitioning to full-time fire-rescue services.

SESSION 4: GUIDANCE FOR COUNTY EXECUTIVE AND BOARD OF SUPERVISORS

The goal of the last Task Force session was to provide the County Executive and County Board of Supervisors guidance on how to navigate the County's fiscal challenges over the next decade. Raftelis led a review of the key themes that emerged from the first three sessions and shared with the Task Force the scenario voting results from Session 3.

Scenario Prioritization Voting Results

Task Force members who were not present at the third meeting were also able to offer feedback on the same questions via an online survey. A total of 29 individuals provided comment, including 27 who were present at the meeting and two who were not present. The following sections summarize the results of these polls. More detailed responses by statement are included as Appendix A.

Feedback on the County's Overall Strategy Moving Forward

Participants were given several statements about Waukesha County's overall strategy to address the budget shortfall moving forward. They were asked to rate their level of agreement on a scale from one (least agreement) to 10 (most agreement). The statements were as follows:

- Service Reductions: The County should focus on service reductions and expenditure cuts to address the budget shortfall.
- New Revenue: All revenue options available to the County should be explored.
- Service Reductions and New Revenue: The County should explore new revenue options and continue to reduce ongoing expenditures.

All three strategies had strong support from participants, with an average agreement rating of more than seven out of 10. The service reduction strategy had the lowest average approval, and the balanced strategy had the highest, as illustrated in the figure below.

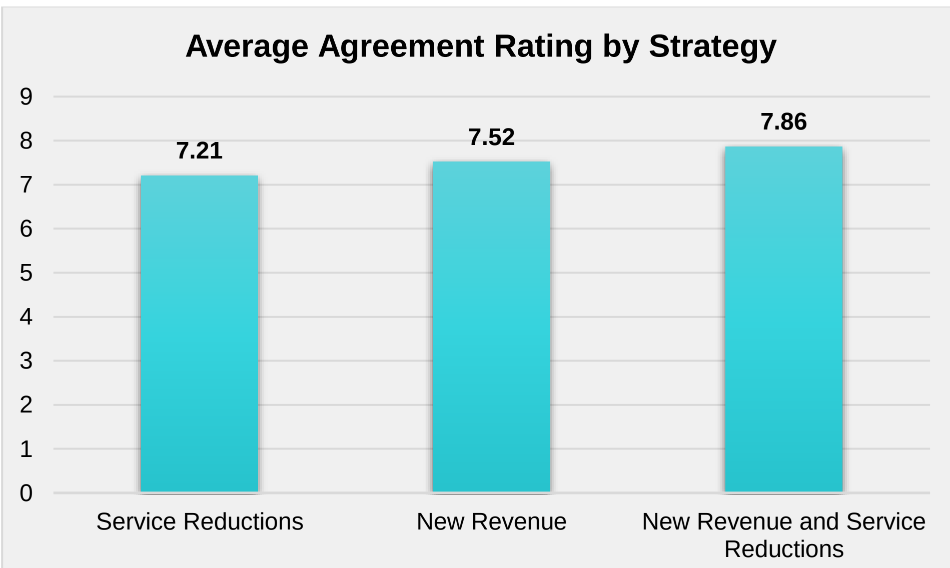

Figure 16: Average Task Force Agreement Rating by Strategy to Address Budget Gap

Participants were also asked about their agreement with the statement, "The County's current budget is aligned with my funding priorities." The average rating was 6.69, with only two participants (7%) rating their agreement as less than a five out of 10.

Feedback on Revenue Generation Options

Participants were asked to rate their agreement with the following options for generating additional revenue:

- Implementing a 9-1-1 fee
- Putting forth a referendum to raise the levy limit
- Implementing a sales tax
- Implementing a wheel tax

Of the four options, only the sales tax had an average agreement rating of more than five out of 10, as illustrated in the figure below. The sales tax agreement represents the maximum level of agreement- specific sales tax options are discussed in the subsection below.

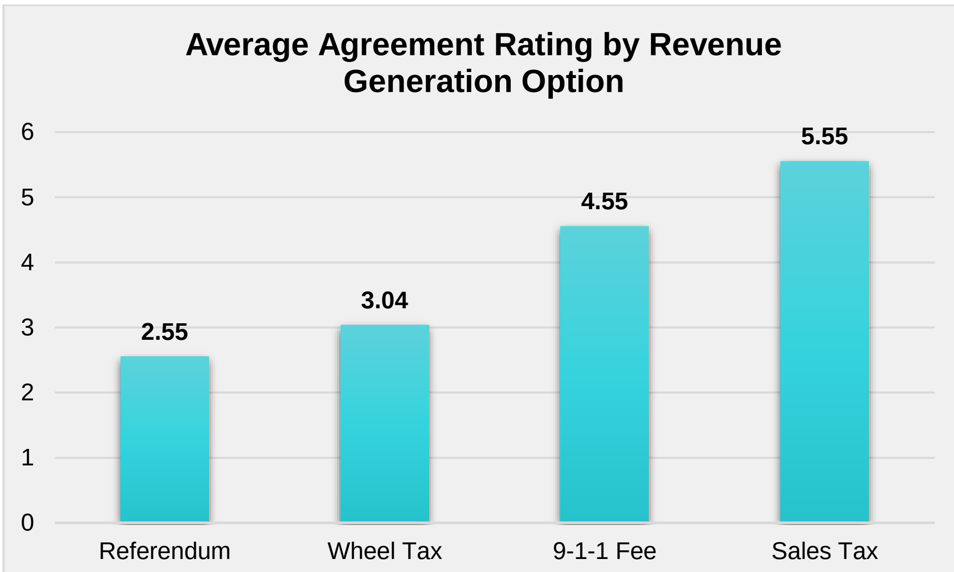

Figure 17: Average Task Force Agreement Rating by Revenue Option

Sales Tax Strategy Options

Participants were asked to react to a series of statements with options for a sales tax if implemented. Options included:

- Petitioning the State Legislature to allow the County to enact a sales tax of less than 0.5%
- Using the sales tax for property tax relief
- Using the sales tax for property tax relief and economic development in the County
- Using the sales tax for property tax relief and aid to municipalities for economic development
- Using the sales tax for property tax relief and aid to municipalities for infrastructure
- Using the sales tax for property tax relief and aid to municipalities for public safety
- Using the sales tax for property tax relief and general aid to municipalities

Two options, offering general aid to municipalities and petitioning the Legislature to allow a lower sales tax, had average levels of agreement of more than 6.5, as illustrated in the figure below. The lowest average levels of agreement were with options that would provide funding for economic development efforts.

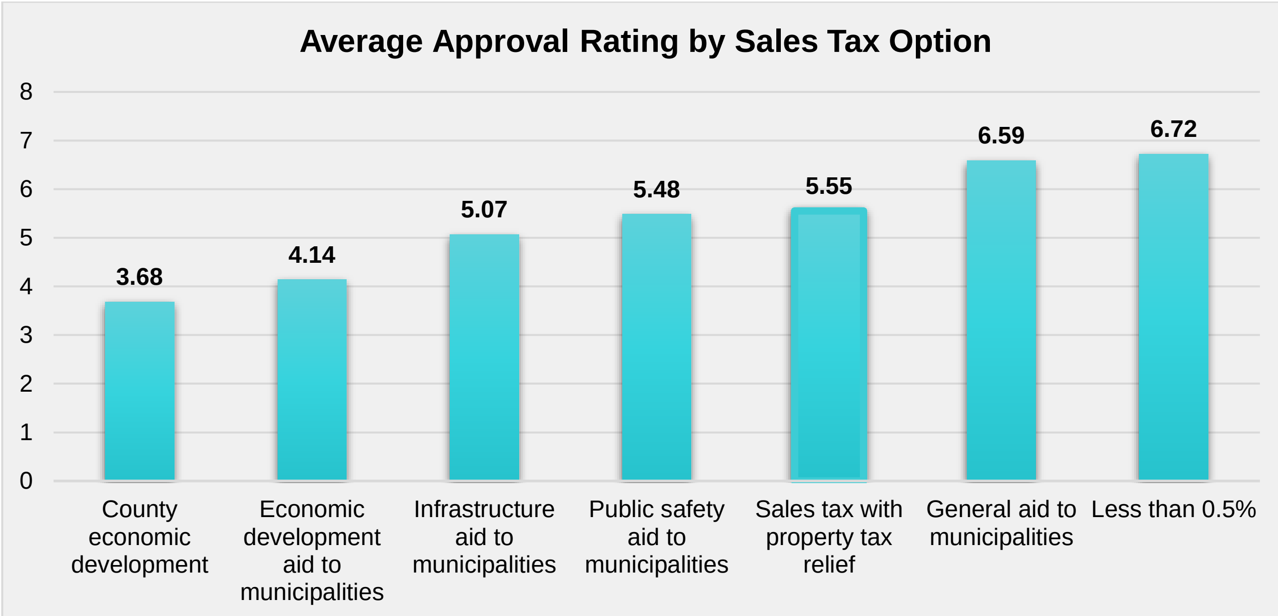

Figure 18: Average Task Force Agreement Rating by Revenue Option

It is important to note that there were significant levels of disagreement among participants on many of these options. For example, while 45% of respondents generally agreed (rating of six or higher) with the statement, "The County should consider implementing a 0.5% sales tax that funds local property tax relief and provides aid to local municipalities for infrastructure," another 41% generally disagreed (rating of four or lower). Additionally, 48% agreed with the statement, "The County should consider implementing a 0.5% sales tax that funds local property tax relief.," while 38% disagreed. The specific agreement by statement is illustrated in Appendix A.

Task Force Key Themes

After reviewing the takeaways from the first three sessions, Raftelis identified the key themes that emerged from the facilitated sessions and asked members of the Task Force to review and identify if anything was missing or should be changed. Members in attendance agreed that the five themes presented below largely captured the group's work.

After reaching a consensus on each key theme, Task Force members were asked to write down on a sticky note the most important message they would like to convey to the County Executive and Board for each theme. Individual thoughts were then collected and grouped by theme. After that, members broke into groups, with one group per theme, tasked with reviewing the individual notes from fellow Task Force members and then drafting a statement that reflected the message for that theme. Individual notes are reflected in Appendix B, and the group statements for each key theme are provided below.

Importance of fiscal responsibility

- Continue to focus on measurable cost-cutting, and efficiency improvements and publicize wins.
- Push the state for equitable funding and release of some portion of surplus funds to counties and municipalities.
- Continue actions to maintain Aaa/AAA bond rating and other fiscal processes and checks and balances.

Targeted budgetary service level reductions and enhancements

- Allocate funds to preserve the services most valued by the community:
  - Public safety
  - Infrastructure
  - Potential shared services
- Eliminate the expansion of services for the sake of spending projected surplus from sales tax, etc.

Desire to explore revenue options

- There is an appetite for a sales tax of 0.5% to a minimum of what is needed to balance the budget.
- The "Waukesha Way" needs to be honored by utilizing grants, collaboration, and all other revenue options and savings that are currently being used during tight budget times.
- There is recognition that extra sales tax revenue can be shared with local municipalities to address similar budgetary issues.

Support for infrastructure and economic development

- All commenters but 2 indicated it is an essential priority. 1 indicated infrastructure development should favor commercial development. 1 indicated that if the sales tax went to debt reduction, then the future of infrastructure development would be more economical.
- Overall, the answers were that infrastructure development is something that should not be reduced but that it needs to be maintained or increased.

Evaluate shared services and shared revenue

- There is support for the concept of shared services among similarly sized communities, recognizing that larger communities like Brookfield have higher service expectations due to their advanced infrastructure. This difference in service levels can present challenges in partnerships with smaller communities. As an example, the City of Brookfield can respond to an accident within five minutes of notice at any location within the city.
- Shared revenues are also essential to address the universal structural funding challenges faced by local municipalities. While a sales tax is a short-term solution, it is the most viable alternative to raise revenue in the current environment. It is imperative that the state legislature develops a sustainable funding model that provides local governments with more flexibility.

At the conclusion of the Task Force session, the County Executive thanked each of the members for their commitment and dedication to this important work. Members were notified that Raftelis would present the results of the fiscal health assessment and Task Force work to the County Board of Supervisors at the end of August at which time the final report would be shared with the Board and Task Force.

Conclusion

Waukesha County has a longstanding history of prudent financial management and efficient use of taxpayer resources to provide valued services to residents. County staff are to be commended for their ability to accurately forecast service needs alongside available resources. State-imposed growth restrictions on the largest local revenue source – property tax levy – have led to increased fiscal constraint, especially in the past five years as the County has grappled with an increasing cost to continue providing services that exceed annual revenue growth. Despite these challenges, the County has effectively managed to meet service level expectations with the lowest per capita spending levels in the state.[46]

Future financial projections indicate the need for more extensive policy actions to balance resident service priorities with fewer available resources. The Budget Task Force was created to provide guidance and direction for the County's financial future over the next decade. The work they conducted over the course of four in-person sessions reflects their dedication and commitment to the County's future success. The key themes that emerged from the Task Force helped to both build awareness within the community about the fiscal realities the County faces and provide invaluable policy guidance for the County Executive and County Board of Supervisors as they weigh critical policy decisions in the near term that will chart a path to financial sustainability in the long-term.

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[46] Forward Analytics, The Green Book, A Book of County Facts, 6th Edition. 2023. https://www.forward-analytics.net/wp-content/uploads/2023/09/Waukesha-County-Insert.pdf.

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APPENDIX A:

Scenario Prioritization Voting Results

The following figures illustrate the distribution of responses for statements about options for addressing the budget gap. A total of 29 individuals provided feedback. All statements are rated on a scale from one (least agreement) to 10 (most agreement).

Feedback on the County's Overall Strategy Moving Forward

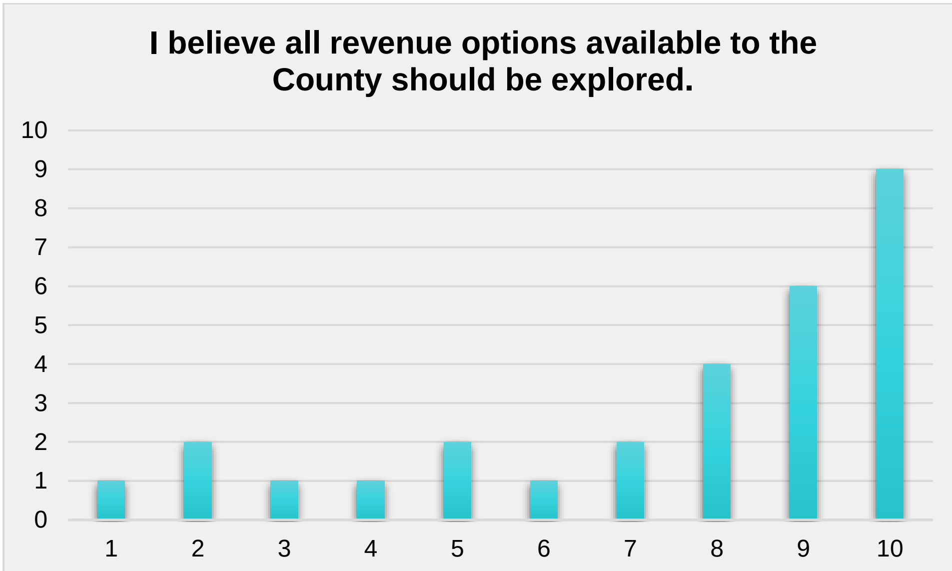

Figure 19: Task Force Agreement Rating on New Revenue

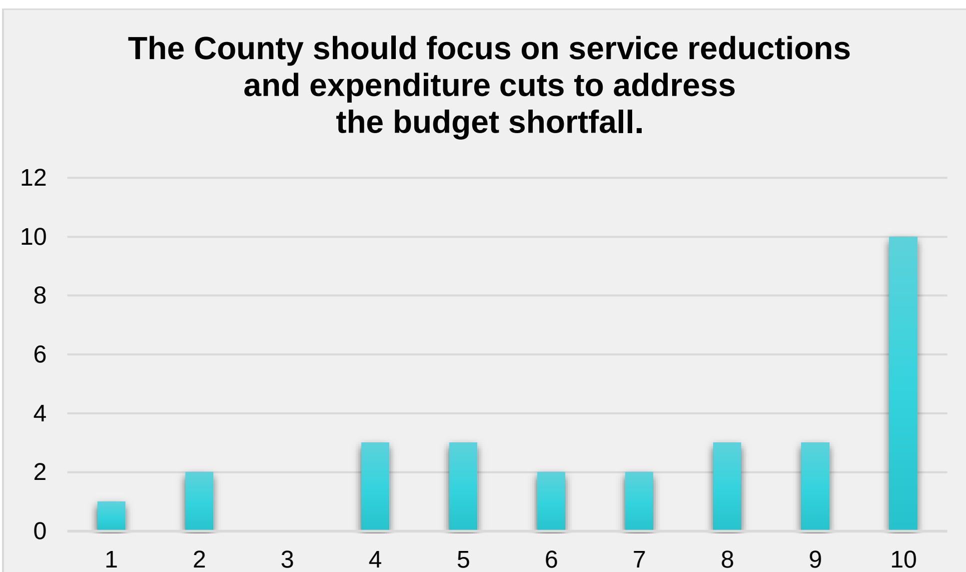

Figure 20: Task Force Agreement Rating on Service Reductions

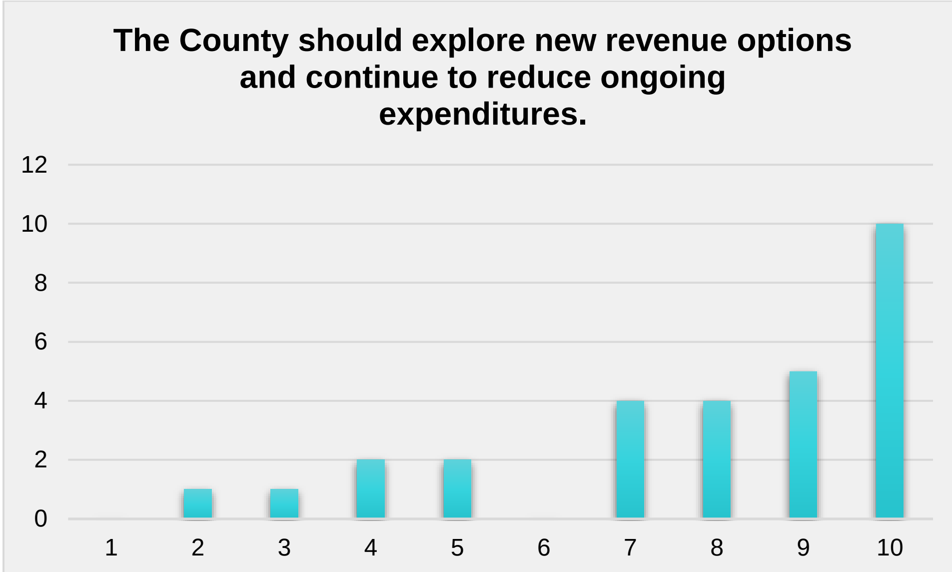

Figure 21: Task Force Agreement Rating on New Revenue and Service Reductions

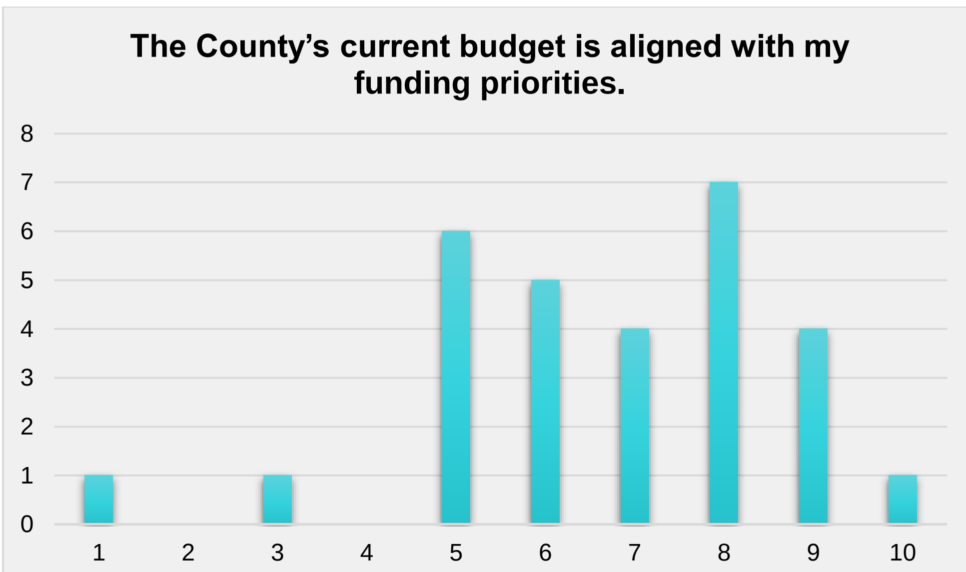

Figure 22: Task Force Agreement Rating on the Current Budget

Feedback on Revenue Generation Options

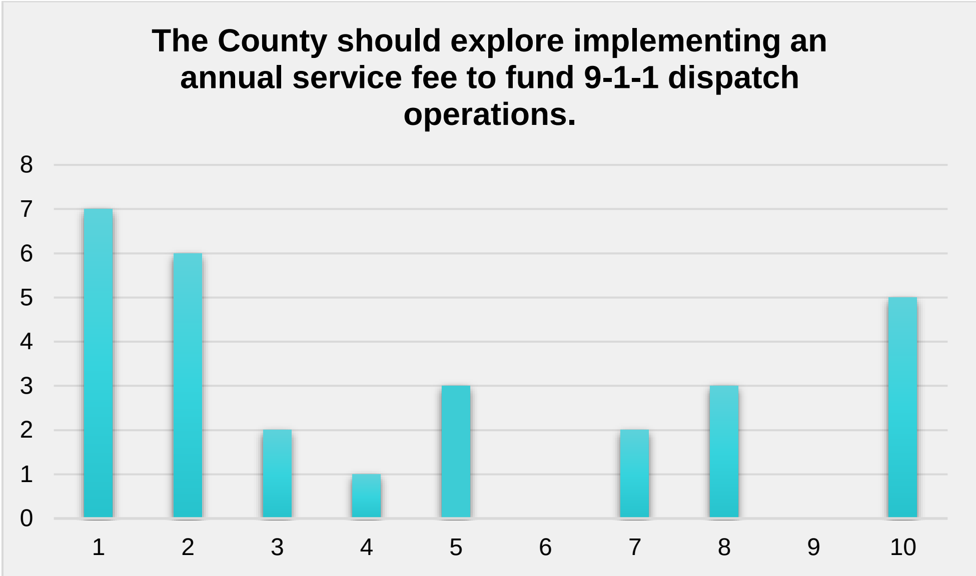

Figure 23: Task Force Agreement Rating on a 9-1-1 Fee

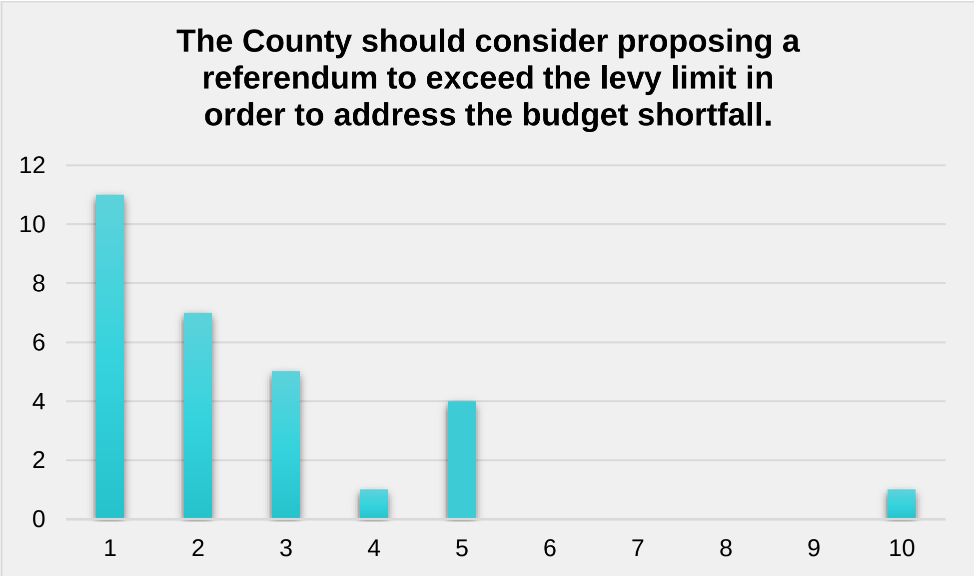

Figure 24: Task Force Agreement Rating on a Levy Increase Referendum

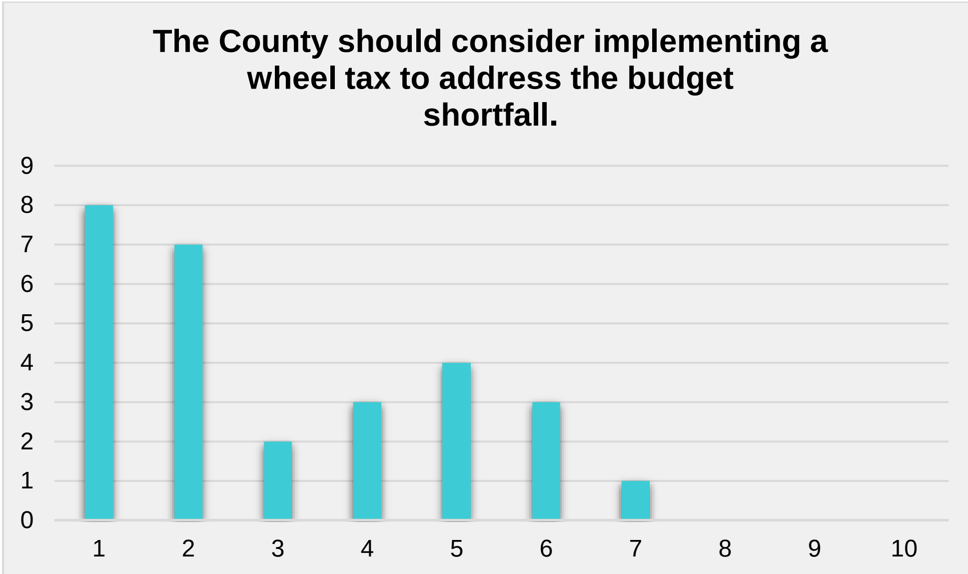

Figure 25: Task Force Agreement Rating on a Wheel Tax

Feedback on Sales Tax Strategy Options

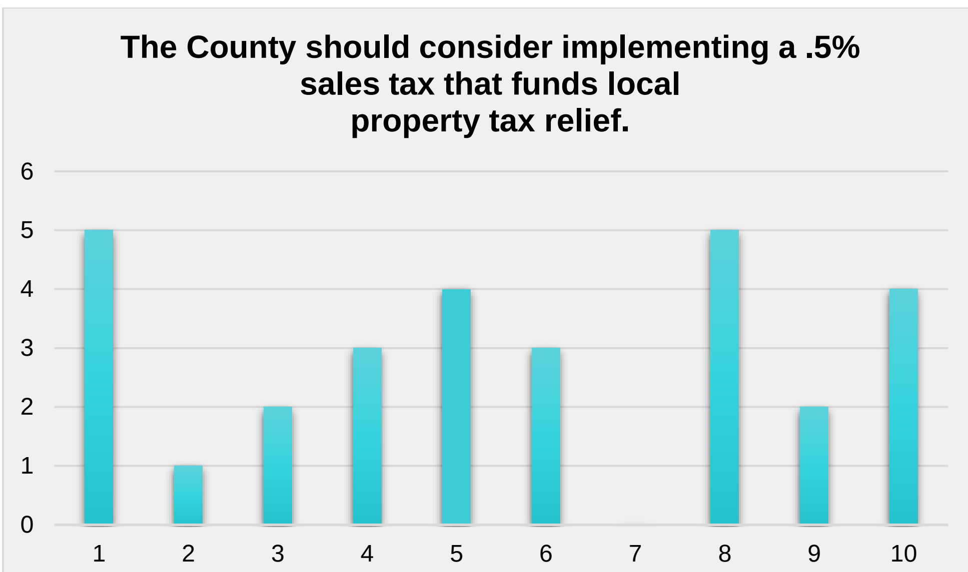

Figure 26: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief

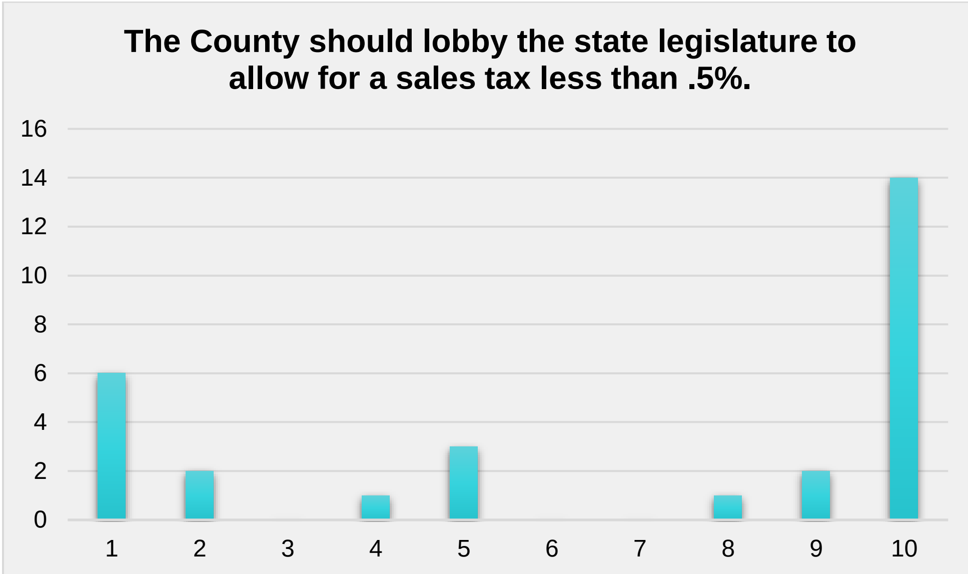

Figure 27: Task Force Agreement Rating on a Sales Tax of Less Than 0.5%

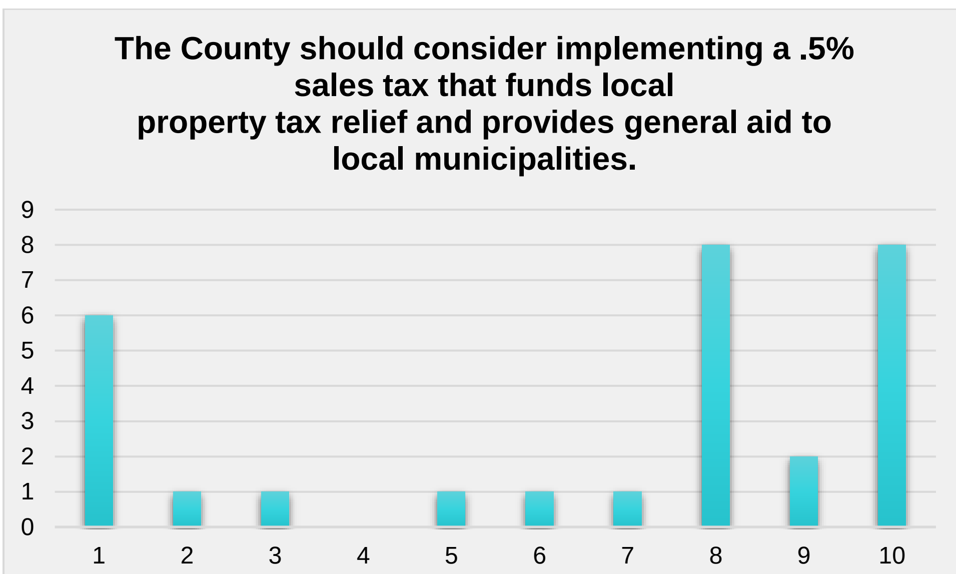

Figure 28: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and General Municipal Aid

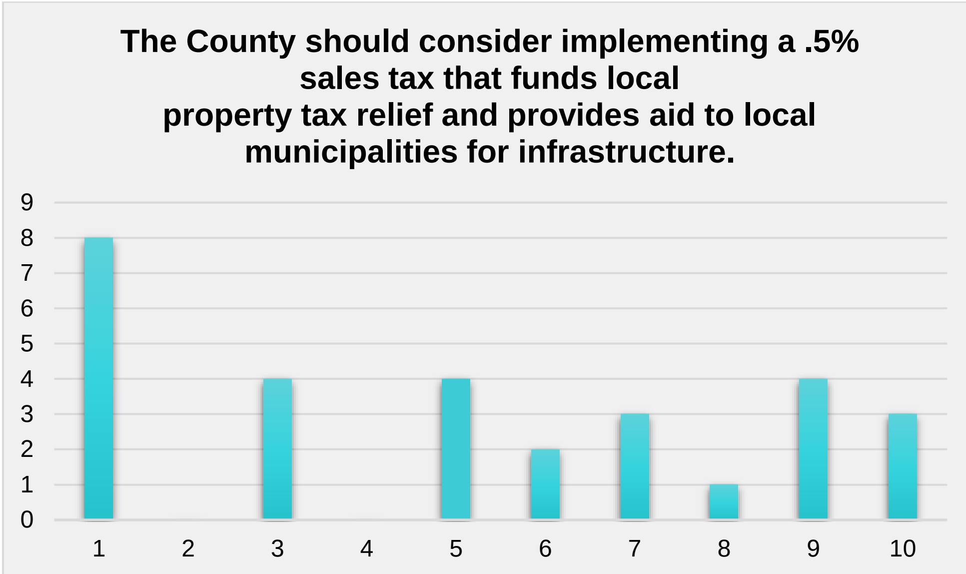

Figure 29: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Municipal Aid for Infrastructure

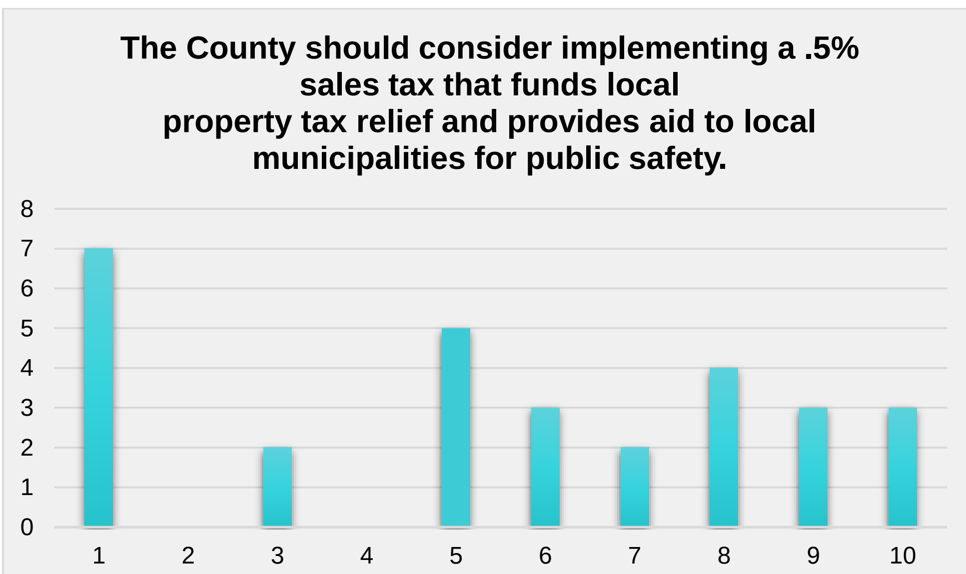

Figure 30: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Municipal Aid for Public Safety

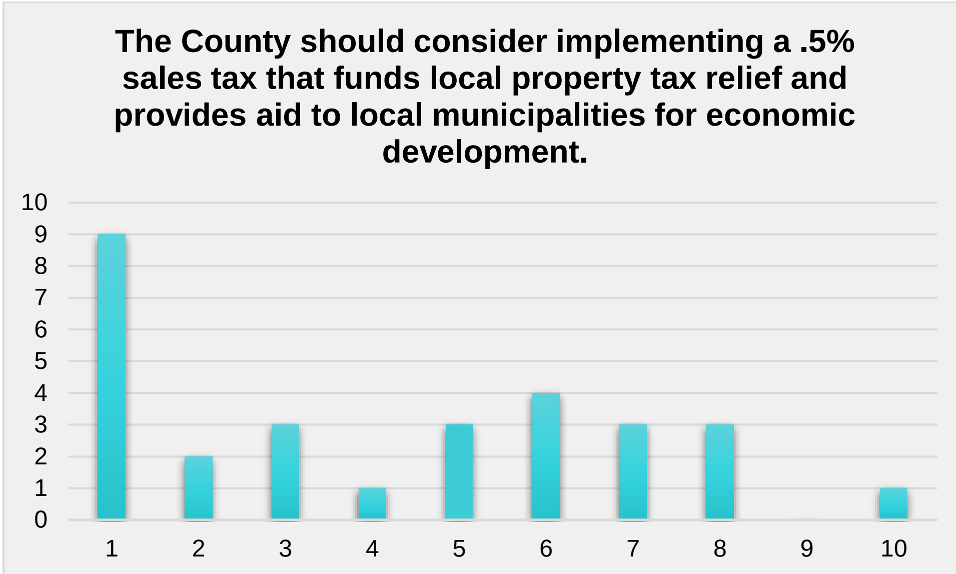

Figure 31: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Municipal Aid for Economic Development

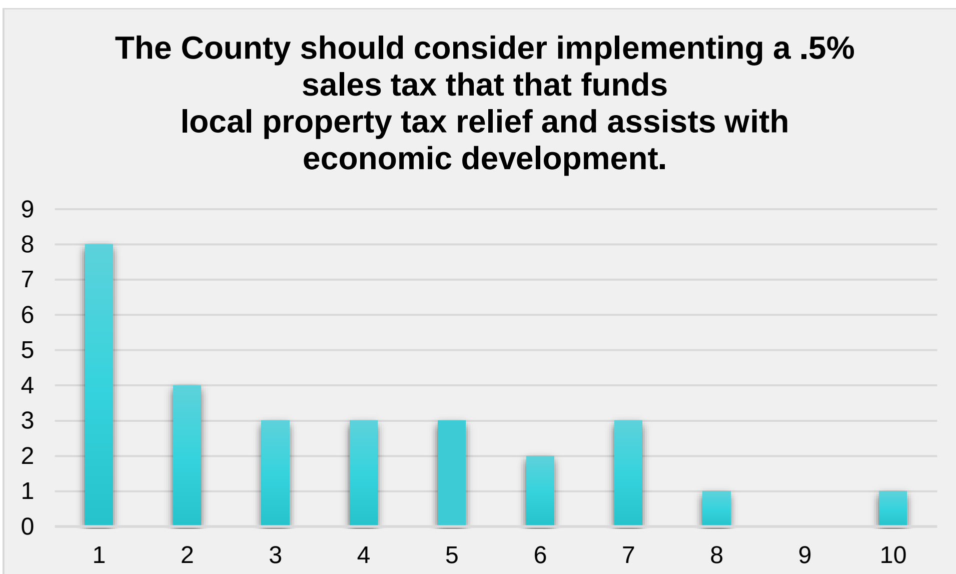

Figure 32: Task Force Agreement Rating on a Sales Tax that Funds Property Tax Relief and Economic Development

Feedback on the Process

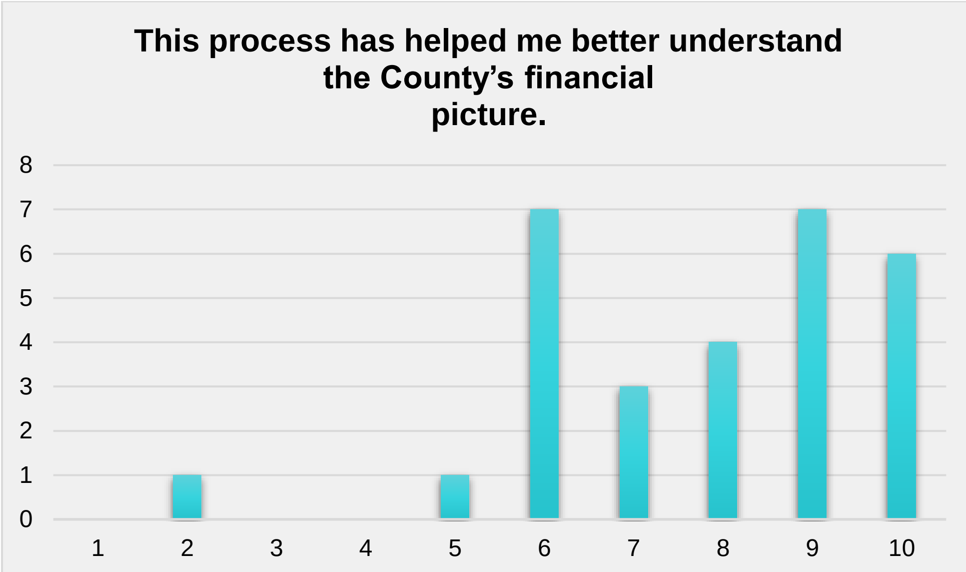

Figure 33: Task Force Agreement Rating on the Effectiveness of the Task Force Process

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APPENDIX B:

Task Force Member Comments by Key Theme

The following table captures the individual Task Force member comments for each of the five key themes identified. The comments are transcribed verbatim from the last session.

Task Force Member Comments by Theme

Importance of Fiscal Responsibility
• Use shared revenue to pay down debt and reduce County property tax. Leads to County budget that will not grow as fast due to inflation and increased costs as debt payment will significantly decrease. • First and foremost [value] in running the County and formulating budgets. • County should not collect more than needed to close critical services gap. Need to continue to lobby state to fix shared revenue and modernize property [tax] caps. • I believe the County is already fiscally responsible. • Push Madison for more funding. • How best to address budget excesses – Why do they occur, can budgets be more precise, how best to use excess dollars at end of year. • Maintain existing standard of fiscal responsibility, which allows us to provide/maintain a high level of services. • The County should “sharpen the pencil” as required. • Elected messaging; inherent by past decisions; current State communication; our County versus other similar county. • Caution – The relief created by Sales Tax option could take focus <u>off</u> of need to constantly look for <u>reduction</u> options. • Do not grow government. • I believe County and municipal service levels are generally appropriate and would try to avoid major cuts. • What does the future look like when we experience another budget shortfall in spite of a sales tax? • [The] Waukesha Way is to emphasize fiscal restraint and only introduce a new tax as a last resort and only to the extent needed. Tools to use first: 1) use previous surplus; 2) sell surplus property; 3) increase user fees; 4) cut in shortage; 5) look for efficiencies (shared services). • Maintain the AAA bond rating. Continue to be prudent with taxpayer resources. • The Waukesha Way is to solve our fiscal problems through responsible spending. Sharpen the pencil. • Should always be a priority under every revenue generation scenario. • Focus on fiscal responsibility doesn’t include generating more revenue than needed. • How do we control size of government with so much money available? • Maintain.
Targeted Budgetary Service Level Reductions and Enhancements
• Have municipalities pay the cost of shared dispatch. • Big on collaboration of shared services. Is it the County’s job to provide revenue to municipalities? • Would like to see each department head[‘s] ideas on cost reductions. Also need administrative infrastructure across County organization. For example: telephones; does every department need marketing, communications, administrators, etc. • Deep dive on service statistics, # and $ impact related to cost. • The services that can be reduced currently; one year fix? [or] more than [that]. • Do not reduce services that enhance quality of life – Keep Waukesha County as a desirable place to live, etc. • This is the first tool to use to balance the budget after use of the surplus. • We must continue to provide a safe and secure place to live. • Invest in maximum impact – safety, infrastructure, government functions. • With 37 municipalities each responsible for their own public safety, why do we need to expand County Sheriff’s department? • Continue the important work of adjusting service levels and finding efficiencies – despite any revenue options. • Explore reduction of Health & Human Services spending. • I favor sharing services where feasible and more efficient. I believe the ½% sales tax revenue should be: 40% County, 20% Real estate tax reduction, 40% local governments. • Think creatively about spending. There is room in all budgets to reduce spending. We should use a holistic approach taking all opportunities into account. • Increase funding for services supporting families, veterans, and victims of domestic violence/abuse or trafficking. • Some departments are fully funded by the services they offer, leave these alone. Some departments are fully tax level funding; if core service, leave alone. If partially funded by tax levy, focus some reduce. • Clean up public safety budgeting issues.

Desire to Explore Revenue Options

- Approve sales tax at 0.5%. 40% to municipalities, 20% to property tax relief, 20% to County budget, 20% to paying down debt.
- Consider increasing taxes for all who use County services (e.g., include non-residents).
- I would suggest a referendum first – if voted down, propose sales tax 5.3%. Sales tax is regressive hitting low income hardest and businesses. Would be head wind to economic development.
- Increased sales tax seems to be the only option that "solves" the problem.
- 1) Sales tax 0.5%. 2) Legislature work on shared revenues.
- Sales tax is the only responsible revenue increase option – collects revenue from other county's residents which we pay to them when we shop there.
- Implement a ¼% sales tax, increase so we do not collect more than we need.
- Explore grants in all areas. Donations and sponsorships to Parks & Health and Human Services. Last option sales tax at less than ½%.
- New revenue source as the last resort and then only take what is necessary to solve the budget issue. Taking more than needed is not responsible or the Waukesha Way. Plus eats at future needs. Partial sales tax is better.
- The conservative approach in this County necessitates communicating impact to <u>educate</u> residents, <u>regardless</u> of which option is selected.
- Explore state change to allow for less than 0.5%.
- Fees, naming rights, sponsorships, property tax, grow economy. Infrastructure and development best-in-class.
- Sustainability prediction, time implications.
- Each revenue option should be taken seriously. The wheel tax will provide some revenue although it is obviously not enough to offset the entire deficit.
- I believe the best revenue option is the ½% sales tax and I would <u>not</u> attempt to reduce that.
- Tough decision equals long-term solutions.
- If a sales tax is necessary and the state is essentially forcing the County's hand, think big. This is about a lot more than just a sales tax.
- Explore sale of County lands to resolve short-term deficits and allow expansion of tax increment.
- Exceed [property tax] levy: No. Vehicle registration fee: No. Sales tax: Yes, if… 1) reduce property taxes, 2) county ordinance has flexibility to adjust property tax levy, general fund, build a buffer into the plan.

Support for Infrastructure and Economic Development

- Paying down debt with sales tax $'s allows for future where infrastructure can become paid for <u>with incoming dollars</u>. Big win for all property owners.
- Most important responsibility for County and Government. We are behind in this area.
- Though not rated as high as Public Safety, extremely important to value to keep this County growing, attractive.
- Continue (or increase) focus on Economic Development to increase tax revenue on commercial (versus residential).
- Focus more on innovation. Waukesha Version 2.0.
- This area should be a strong priority.
- Infrastructure, Public Safety, and Health Services should be protected to the greatest extent possible.
- Think creatively about where we are able to reduce funding to Infrastructure and Development by identifying risk and proportionally addressing reductions.
- Maintaining existing infrastructure and focusing on new development will translate to economic growth, as strong infrastructure attracts business.
- I believe County and municipal expenditures on infrastructure and development are currently appropriate and would avoid major changes.
- Necessities now. 5 years from now.
- Roads are very important to residents and commerce. Investment here is usually appreciated and often noticed by taxpayers.
- Visibility to residents and visitors speaks volumes about our County.
- Continue economic development but maintain the character of the county—preserve the reason people moved here!
- High priority to continue to maintain and expand infrastructure allowing for housing/building development to expand. Creates an avenue for revenue growth under current state statutes.
- Roads are critical. Shared revenue if implemented needs to account for differences in infrastructure from cities, villages, and rural towns. For example, no public pools in the Town of Oconomowoc or Town of Eagle.
- Boost business and housing market growth. Draw businesses and homeowners from surrounding communities.

Evaluate Shared Services and Shared Revenue

- All municipalities in County are not cities. Most towns in County do not want shared revenue but are very interested in shared services.
- Continue working on sharing services. Sales tax (40%) shared with municipalities based upon population.
- Look for strategies and cuts with the least reduction in core service to citizens.
- Explore all options to realize efficiencies by sharing services.
- Advantages and impacts, time implications.
- Encourage and explore opportunities to consolidate services among the County and municipalities.
- Shared services and revenues will help the cities with their own budget issues.
- I believe the County and municipal governments are currently fiscally responsible, and I would try to avoid major cuts.
- Share revenue to encourage municipalities to cooperate. Municipalities using 911 Dispatch should pay for service. Use shared revenue to encourage Fire & Rescue consolidation.
- Think creatively to combine services and reform to identify savings possibilities.
- Shared Revenue [from] 0.5% [sales tax], 50% County, 35% Municipalities, 15% Tax Relief.
- Budget issues impact local municipalities same as County—great opportunity to get property tax relief for County and local tax bills.
- Brainstorm more options for shared services—e.g., public road plowing and maintenance, mowing near roads, charging for 911.
- Remain committed to intentional, <u>creative</u> eye to consolidate services whenever possible.
- Focus on shared services, collaboration, and consolidated services.
- Shared Services and Revenue → Slippery slope, what happens if County needs to grow?
- Benefits to municipalities, directly benefits residents, making tough revenue decisions more palatable
- Believe there is limited (small amount) revenue to be shared. Likely some communities will be uncooperative (recall 9-1-1 consolidation). Overall a great idea.
- Yes, to splitting excess revenue to communities with simple ordinance, but vigorous accounting calculations.