



Waukesha County

Budget Task Force

County Board Presentation

August 27, 2024

Agenda

1 Project Overview

2 Fiscal Health Assessment

3 Budget Task Force

4 Key Themes & Guidance

Project Goals



Fiscal Health Assessment

Independently review the County's finances including historical trends, peer benchmarking, and future projected operating budget needs



Community Engagement

Facilitate multiple sessions with a Task Force of 34 community leaders to discuss fiscal challenges and provide guidance for the County's financial future

Fiscal Health Assessment



Fiscal Health Assessment Components

- Organizational Context and Core Services
 - › County staff interviews
 - › Services and resource allocation
- Financial Condition Assessment (Historical Trends)
 - › American Rescue Plan Act (ARPA) Funds
- Peer Benchmarking Analysis
- Financial Trends Analysis – Financial Forecast Model
- Gap Closure Scenarios

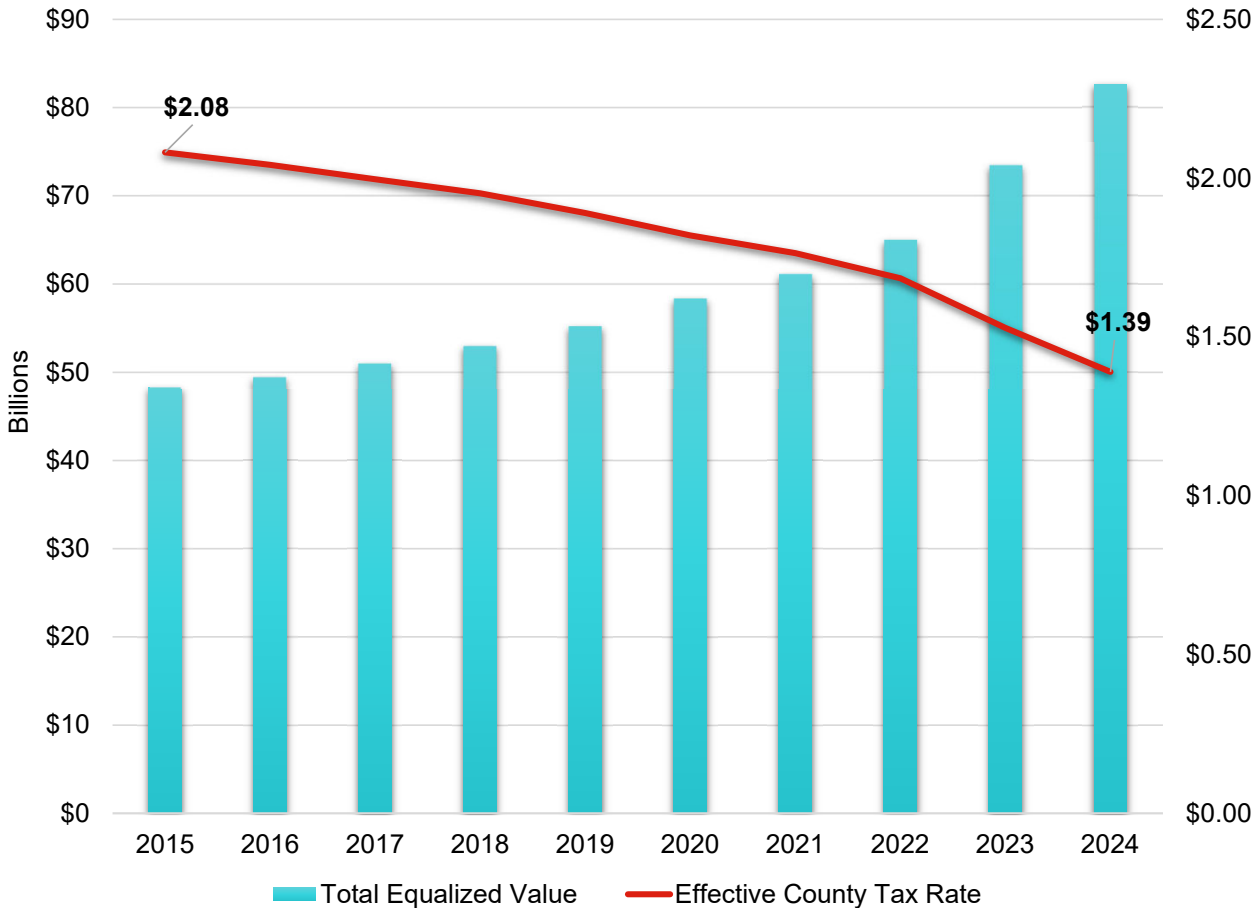


Fiscal Management Best Practices

- ✓ Strategic Plan
- ✓ Multi-year Forecasting
- ✓ Prudent Debt Management
- ✓ Responsible Reserves
- ✓ Cost Control Measures

Total Equalized Property Value (\$B)

Cumulative property value growth is 71% since 2015, compared to 14% for levy.

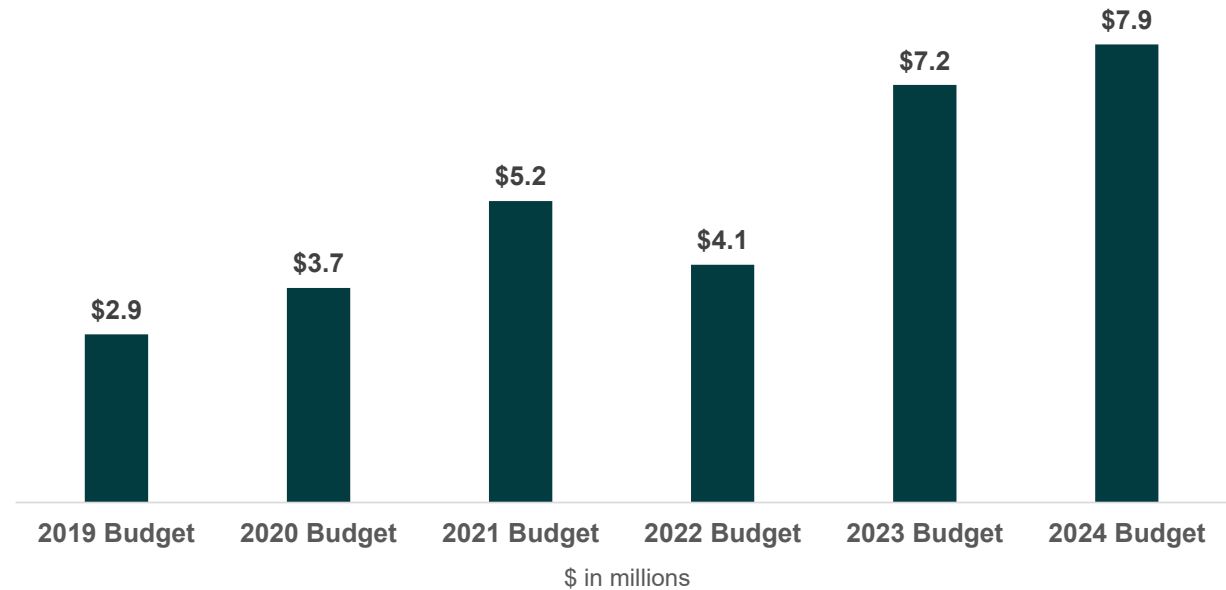


Benchmarking Analysis

| 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 |

Preliminary Budget Gap

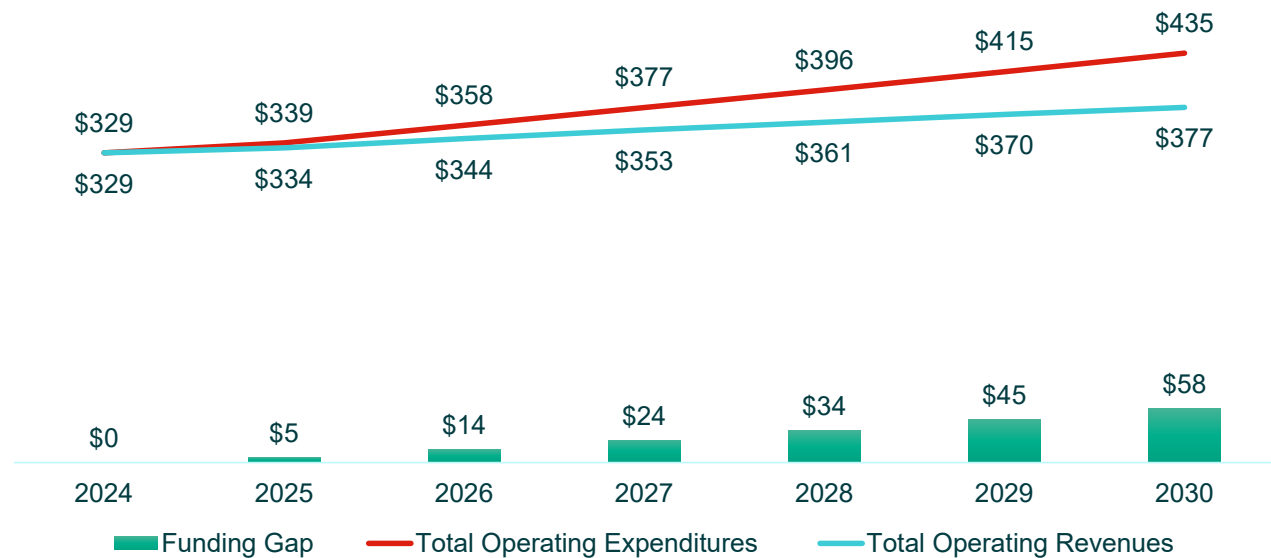
The County has faced a preliminary budget gap of \$3 to \$7 million each year as the cost to continue has outpaced revenue growth.



Operating Budget Outlook

Absent policy action, the budget gap is expected to be \$5 million in 2025 and grow significantly thereafter.

Total Projected Operating Revenues and Expenditures Base Scenario (\$ Millions)





*Expect spending to grow in line with, to slightly above, revenue growth **in the absence of policy action.***

Fitch Ratings





May 10, 2022

Budget Task Force



Waukesha County

2024 BUDGET TASK FORCE TIMELINE

| | | | |
|---|--|--|--|
|  <p>DEVELOP VALUES AND PRIORITIES</p> |  <p>SERVICE LEVEL REDUCTION SCENARIOS</p> |  <p>REVENUE GENERATING SCENARIOS</p> |  <p>TASK FORCE GUIDANCE</p> |
| <p>Major Activities</p> <ul style="list-style-type: none"> • 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 | <p>Major Activities</p> <ul style="list-style-type: none"> • Connect values and priorities to County resource allocation • Share service level reductions that address the budget gap • Work together to prioritize reductions | <p>Major Activities</p> <ul style="list-style-type: none"> • Recap service level reduction prioritization • Present revenue-generating scenarios • Work together to prioritize optimal scenario(s) that address the budget gap | <p>Major Activities</p> <ul style="list-style-type: none"> • Recap themes from each of the Task Force sessions • Review scenario voting results • Develop guidance for the County Executive and Board of Supervisors |
| <p>Tuesday, May 14</p> | <p>Wednesday, May 29</p> | <p>Tuesday, June 4</p> | <p>Tuesday, July 30</p> |

Session 1: Values



Public Safety



**Infrastructure
Stability**



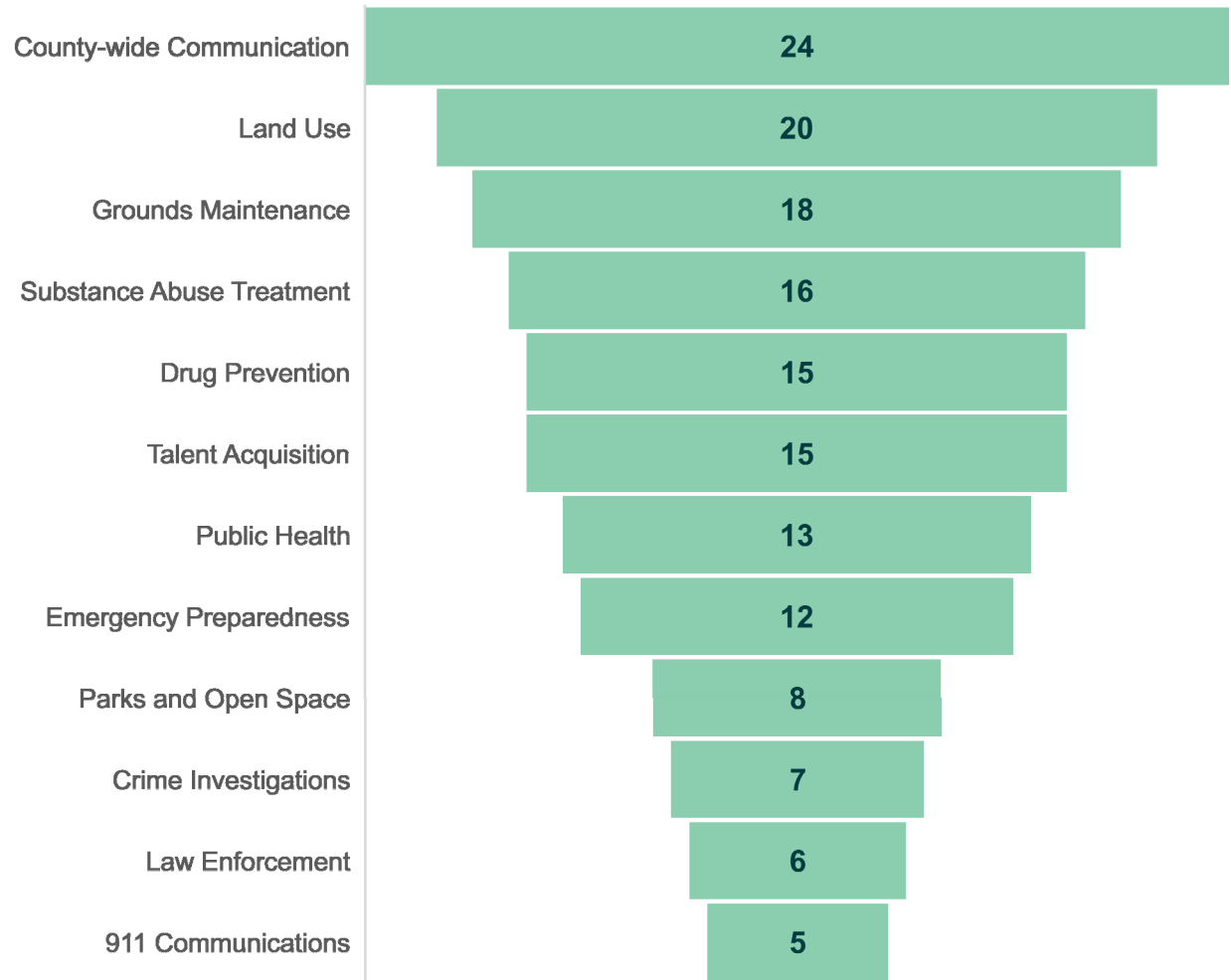
Quality of Life



**Fiscally Responsible &
Financially Viable**

Session 1 Priorities:

Potential Service Level Reductions

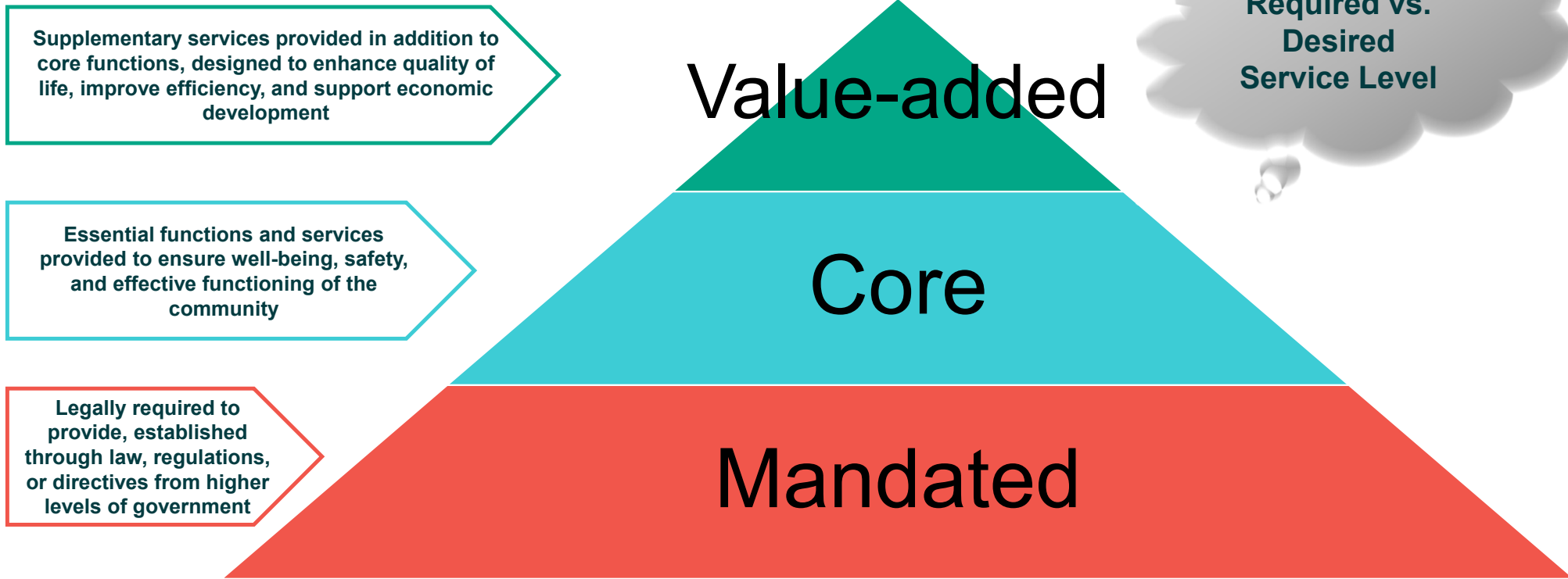


Session 1 Priorities:

Support for Service Level Enhancements



Session 2: Service Level Adjustments



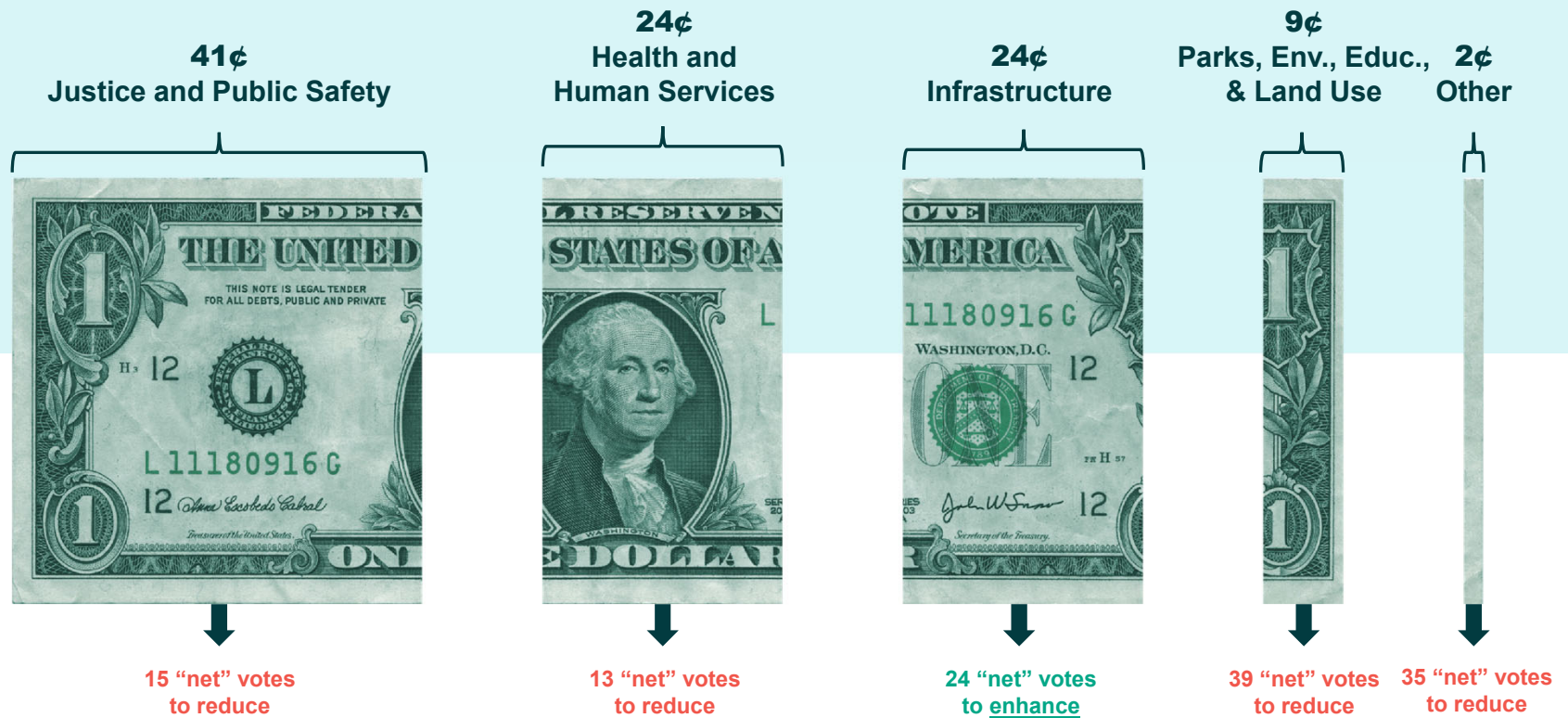
Value-added Service Reduction Examples

| Service Reduction | Net Score | Estimated Savings |
|--|-----------|-------------------|
| County-wide Communication | (21) | \$270,000 |
| Land Use | (18) | \$415,000 |
| Grounds Maintenance | (17) | \$370,000 |
| Drug Prevention / Substance Abuse Treatment* | (14) | \$220,000 |
| Talent Acquisition | (12) | \$100,000 |
| Public Health | (11) | \$1,000,000 |

| Service Reduction | Net Score | Estimated Savings |
|---|-----------|-------------------|
| Emergency Preparedness | (9) | \$160,000 |
| Parks and Open Space | (4) | \$110,000 |
| 911 Communications | (3) | \$4,800,000 |
| Public Safety Staffing* | (1) | \$2,000,000 |
| Infrastructure Maintenance and Development* | 5 | \$3,000,000 |
| Economic Development | 13 | \$250,000 |

*Where services were combined, scores were averaged.

The County's Spending Aligns with Task Force Priorities



Session 2: Service Level Reduction Themes



There are low-priority service areas that could be reduced



Routinely prioritized service areas by the Task Force align with how the County allocates most tax levy dollars



Some cuts merely shift costs elsewhere



Consider opportunities for consolidation or partnerships - reimagine service delivery

Revenue Generating Options

Referendum to Exceed Allowable Levy Limits

Increase tax levy above state-authorized allowable limits following the process outlined under state law.

Vehicle Registration Fee

Local vehicle registration fee (“wheel tax”) that counties can impose on motor vehicles registered within their jurisdiction. The wheel tax is an additional fee on top of the state vehicle registration fee.

County Sales and Use Tax

County governments in Wisconsin are authorized by statute to impose a sales and use tax of 0.5% on the same goods and services that are taxable under the State’s general sales tax.

Session 3: Revenue Generating Options

| Revenue Option | Estimated Revenue, 2025 | Advantages | Disadvantages |
|-----------------------------|--|---|--|
| Referendum to Increase Levy | \$3 to \$6 million (ongoing lump sum levy increase) | <ul style="list-style-type: none"> • Raises awareness • Taxpayers have a say • Specific amount and use of funds | <ul style="list-style-type: none"> • Unlikely to address entire budget gap • High risk of failure • Increases property owner burden |
| Wheel Tax | \$10.5 million (\$30 per vehicle) | <ul style="list-style-type: none"> • Raises revenue from more residents than property owners • Easy for the public to understand • Tied to transportation infrastructure | <ul style="list-style-type: none"> • Restricted use for transportation • Unpopular tax among residents • Revenue does not grow with inflation |
| Sales Tax | \$50 to \$60 million (0.5% sales tax) | <ul style="list-style-type: none"> • Extends to non-residents who use County services • Addresses the entire budget gap • Requires property tax relief | <ul style="list-style-type: none"> • Regressive tax • Fixed amount of tax assessed • Business community impact • Revenue greater than gap identified |

Sales Tax Competing Themes



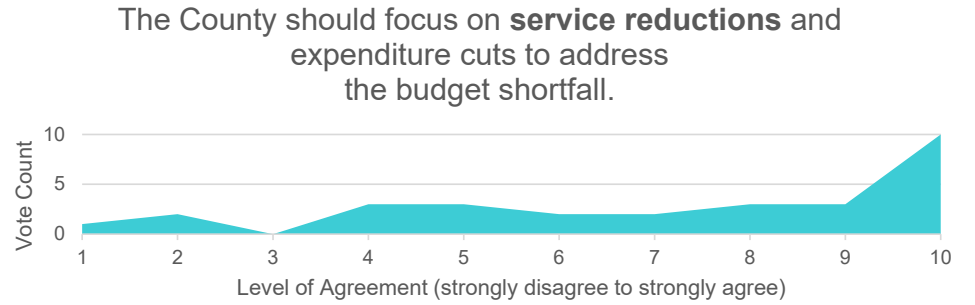
Scenario Voting Results



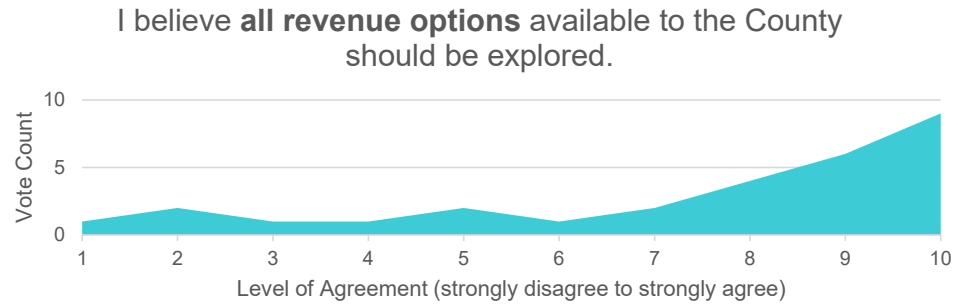
County Strategy Moving Forward

Avg
Score

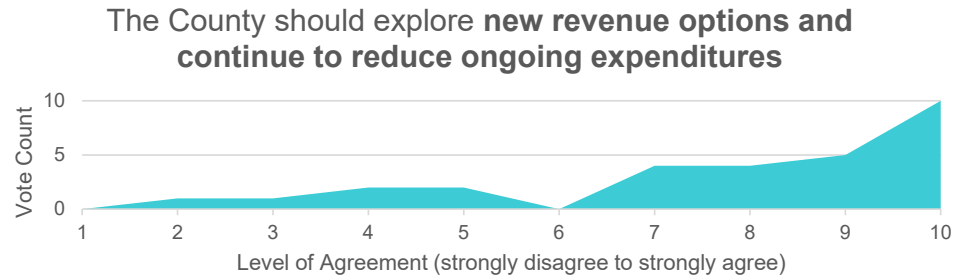
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7.5

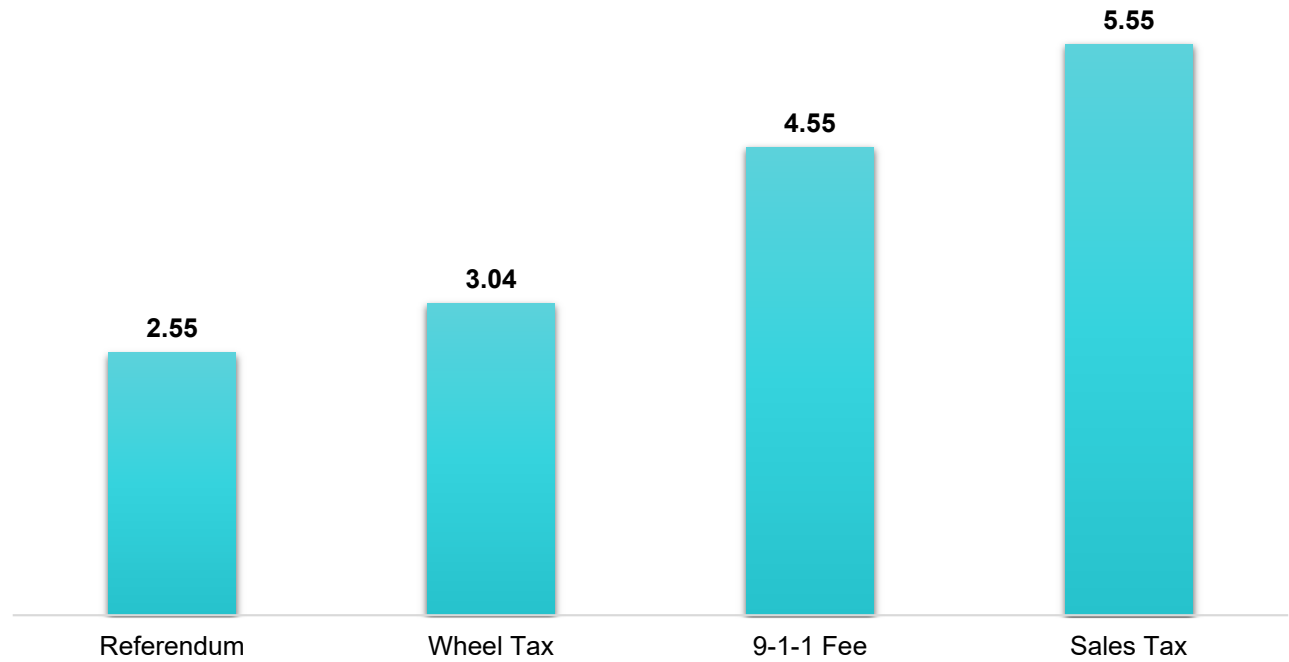


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Appetite for Revenue Generating Options

Average Agreement Rating by Revenue Generation Option



Guidance



Key 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



Importance of fiscal responsibility

- Continue focus on measurable cost cutting and efficiency improvements and publicize wins
- Push state for equitable funding and release of some portion of surplus fund 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, including:
 - › Public safety,
 - › Infrastructure, and
 - › Potential shared services
- Should a sales tax be enacted, eliminate the expansion of services for the sake of spending projected surplus from the sales tax



Desire to explore revenue options

- There is an appetite for a sales tax ranging from 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



- Strong agreement among Task Force members that this is an essential priority.
 - › Consideration for commercial development
 - › Opportunity to use sales tax to reduce debt expenditures
- Overall 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.
- 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.

Q&A



Thank you!

Jonathan Ingram, Emily Uselton, and Matt Wittern