

CITY OF WAUKESHA FINANCIAL CHALLENGE:

\$240 MILLION CONUNDRUM

THE BIG PICTURE



Tax Levy Comparison

	Tax Levy Comparison-2013	
Municipality	Tax Levy (in thousands)	Tax Levy/Capita
Appleton	\$ 37,586,500	\$516.90
Eau Claire	\$ 35,051,300	\$530.60
Kenosha	\$ 57,168,600	\$574.85
Janesville	\$ 29,374,700	\$462.48
La Crosse	\$ 34,363,300	\$671.22
Oshkosh	\$ 30,120,600	\$455.82
Racine	\$ 47,188,800	\$599.60
West Allis	\$ 38,728,700	\$641.58
Waukesha	\$ 51,466,900	\$727.60

Business as usual is not sustainable!

Source: Municipal Facts 2013 – Wisconsin Taxpayers Alliance.

Non tax Revenues Compared

Municipal Fee Collections 2007*

Municipality		Municipal Fee Collections	Per Capita Fee Collection
Appleton		\$ 12,458,951	\$172.66
Eau Claire		\$ 7,568,280	\$116.07
Janesville		\$ 11,908,867	\$189.87
Kaukauna		\$ 1,213,379	\$82.37
Kenosha		\$ 12,170,880	\$127.40
La Crosse		\$ 4,224,050	\$81.89
Oshkosh		\$ 8,964,342	\$136.22
Racine		\$ 10,660,776	\$133.16
West Allis		\$ 6,895,617	\$114.15
Waukesha		\$ 7,438,700	\$109.59

*The table above includes 2007 fee collections for selected municipalities.

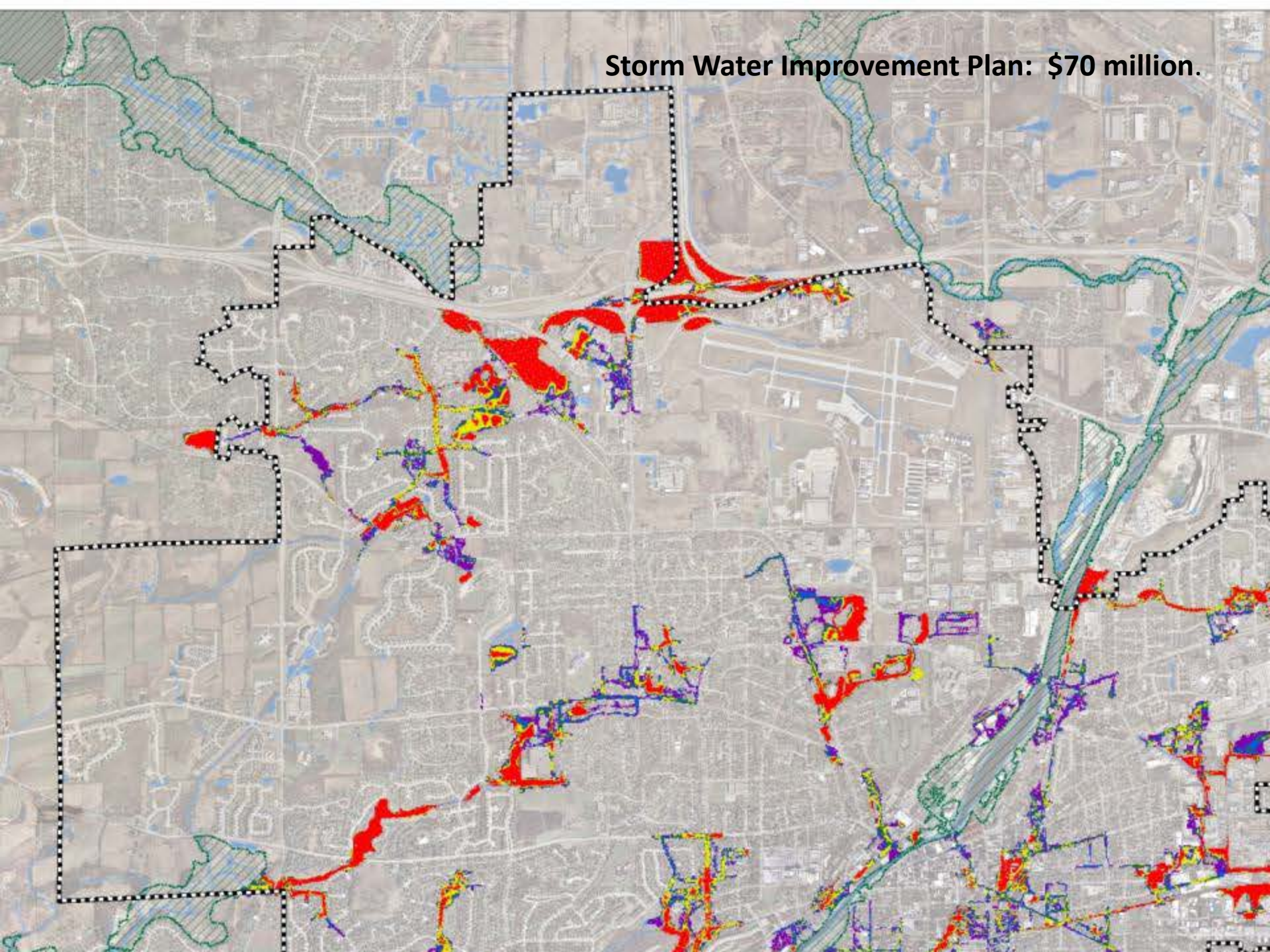
A total of 27 commonly assessed fees were selected for comparison and grouped into 13 categories. Fee groups include: business and occupation, building and inspection, general government, law enforcement, fire and ambulance/EMS, highway maintenance and construction, storm sewers, parking, mass transit fares, garbage/recycling, libraries, parks, and culture and recreation. Source: Wisconsin Taxpayers Alliance.

Projected Needs:

Major Streets	\$60m
Minor Streets	\$68m
Storm Sewers	\$70m
New City Hall	\$20m
South St. Parking Structure	\$14m
Veh. purchased before 2010	<u>\$12m</u>
Total	\$240m*

*Excludes Water & Sewer Upgrades (\$250m +/-)

Storm Water Improvement Plan: \$70 million.



THE CITY BORROWS TO SUPPORT CIP

Borrowing results in:

- Future taxpayers paying for infrastructure they will use vs. current taxpayers paying for future infrastructure.
- Most debt (except buildings) is repaid in a 10 year period – a sound policy.



Borrowing History

		New General					
	Total GO Notes	CIP portion	Refinance NAN				
2007	7,950,000	7,225,000	-				
2008	2,310,000	2,260,000	-	*NAN - for Fire station 5/Lib			
2009	13,240,000	3,375,000	6,260,000	6.26 for NAN refinance			
2010	6,165,000	3,615,000	-				
2011	10,915,000	4,365,000	-				
2012	18,400,000	4,874,777	4,465,000	4.465 for NAN Fire Station 2 **			
2013	17,505,000	9,567,425	-	**			
2014	11,795,000	11,795,000					
Notes:							
1) There are TIF & Enterprise fund borrowings in the Total GO notes.							
2) In some years there were separate "Series" for different types of borrowings, so this may not be indicative of all debt issued, but shows the CIP portion.							
**GO notes include purchase of SLGS to refinance existing debt							

Borrowing Projections

WE ARE PROJECTING AN AFFORDABLE ANNUAL BORROWING LIMIT OF \$10-\$12M PER YEAR.

The Council will have to have an understanding that this level of borrowing will result in annual tax levy increases to support debt payments and/or changes in services.

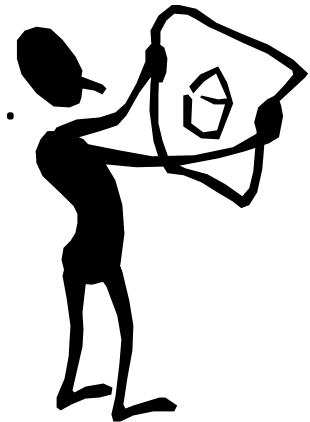
Upon setting a borrowing cap, the City Administrator and Department Directors would be responsible for recommending priorities.

WHAT'S ARE THE ALTERNATIVES AVAILABLE TO ADDRESS PROJECTED FINANCIAL NEEDS???

Step One:

The City Council should focus on an annual debt ceiling for each coming year based on:

- ❖ Growth in tax base
- ❖ Seek opportunities for Intergov. Coop.
- ❖ Changes in State Revenue Sources
- ❖ Availability of Grants
- ❖ Other significant sources of revenue



WHAT'S THE SOLUTION???

Increase Revenues

Step Two:

❖ Increase Revenues:

➤ Increase Municipal Court fines by 25%	\$250,000
➤ Increase Court Costs (already implemented)	\$ 60,000
➤ Increase Parking Fees (already authorized)	\$100,000
➤ Joint Health Clinic (already authorized)	<u>\$180,000*</u>
➤ Total Increase in Revenues	\$590,000

*Increases in years 4 and 5 of the program (Levy impact only).

WHAT'S THE SOLUTION???

Decrease Expenses

Step 3:

❖ Decrease Expenses:

❖ Eliminate Election Primaries	(\$ 20,000)
❖ Eliminate Tax support of Cemetery	(\$ 150,000)
❖ Join County Dispatch	<u>(\$1,000,000)*</u>
❖ Total Reduction in Expenses	(\$1,170,000)

*Does not include the cost of taxpayers paying for 2 dispatch centers.

Net Impact of Recommendations:

Increased Revenues

\$ 590,000

Decreased Expenses

(\$1,170,000)

Net Impact on Budget-Reduction of:

(\$1,760,000)



What does this mean?

- Per Capita taxes are high and not sustainable
- Other sources of revenue are low and need to be adjusted
- Expenses are high and need to be reduced
- Borrowing goals need to be created
- Directors need to focus on CIP needs
- Council needs to pay closer attention to long term CIP

2015 BUDGET GOALS

WHAT ARE THE FINANCE COMMITTEES GOALS/PARAMETERS
FOR THE 2015 BUDGET???

