



CITY OF WAUKESHA

Administration

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Committee: Finance	Date: 4/30/2019
Common Council Item Number: 19-0602	Date: 5/7/209
Submitted By: Fred Abadi- Public Works Brian Engelking-Transit Manager	City Administrator Approval: Kevin Lahner, City Administrator KL
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BER
Subject: Review and act on a request to use contingency funds to fund City portion of Transit shortfall.	

Details:
 Baker Tilly conducted its audit of the 2018 Transit Commission (and Waukesha County Transit) finances in March 2019. At the conclusion of the audit, Baker Tilly concluded that the Transit Commission went over its City share budget for 2018 by a total of \$119,048.92. This was not anticipated by Transit staff as the pre-audit total operating expenses for the Commission were calculated at \$338,885 under the 2018 budget and the City funds budgeted for the Transit Commission for 2018 was anticipated to be \$7,082 under budget as well. Despite being well under the total expense budget for 2018, the City and County exceeded the maximum allowable total of WisDOT operating funds listed in the 2018 WisDOT Operating Assistance contract. If the Transit Commission total expenses would have come in as budgeted for 2018, the overage of budgeted City funds for 2018 would have exceeded well over \$200,000.

Since 2015, the Transit Commission has been budgeted at nearly \$200,000 less of City funds than previous years as WisDOT funds were able to cover a greater percentage of expenses. This reduction in City funds was recommended by Baker Tilly as a way to free up City tax levy for other City expenses. Even with the reduction of City funds starting in 2015, the Transit Commission returned the following funds back to the City: \$207,595 in 2015, \$184,556 in 2016 and \$84,282 in 2017 for a total of \$476,433 over this three-year period. The emerging issue though was that WisDOT funding began a sharp decline starting in 2017. For both 2017 and 2018, the City's WisDOT funding decreased by over \$100,000 per year. The \$200,000 reduction of WisDOT revenue then fell on the City to make up. To further complicate matters, the final WisDOT revenue total is not known until April or May of the budget year the Transit Commission is in which further limits the Transit Commission to make adjustments in the same calendar year if the funding would drop unexpectedly. This was the case in 2018 as the final allocation of WisDOT funds did drop from what WisDOT forecasted.

This request to use 2018 Contingency Funds to cover the overage of costs of the Transit Commission had due to the shortfall of anticipated WisDOT revenue. There is no way to reduce the expenses.



Options & Alternatives:

The funds have already been spent so the only alternative would be to reduce the Transit Commission budget for 2019 by the same amount. That would require the Transit Commission to significantly reduce its service and raise fares.

Financial Remarks:

A total of \$119,048.92 is needed to cover the shortfall of funds for 2018 Transit expenses. The request is to transfer \$119,048.92 of City Contingency funds from 9710.89910 to 9935.89260.

Executive Recommendation:

Recommend approval.