



CITY ADMINISTRATOR

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To: Mayor and City Council
CC: Department Directors
From: Kevin Lahner, City Administrator
Subject: 2016 Executive Budget Preliminary Summary
Date: October 13, 2015

The City of Waukesha's Executive Budget represents several months of hard work from the Department Directors, Finance Department, and their staffs. As in recent years, the City's budget is severely restrained by the State imposed "Expenditure Restraint Program" which the City has elected to participate in. This program limits increases to General Fund budgeted expenditures by the rate of inflation plus growth in equalized value. **For the 2016 budget, the projected expenditure restraint figure is the lowest we have faced in the last five years.** This means that the entire general fund budget must be below a .94 percent increase in expenditures. The ERP program limits proposed employee cost of living adjustments to .75%, and no new programs proposed that require increases in the expenditures. Even if there are revenue increases through fee adjustments, the expenditure restraint program does not take into account offsetting revenue; it only factors in budgeted expenditures.

As a result the proposed Executive Budget reflects a proposed \$61 million in proposed expenditures, or a .94% increase in our operating budget.

The budget also reflects market adjustments in our insurance program for employees. Insurance rates will decrease 4 percent under our proposal; however increases in Co-Pays, Deductibles and Maximum Out-Of-Pocket expenses will be made to make our insurance program more in line with other communities.

The Capital Improvement Plan represents continued spending in the area of basic infrastructure needs. The 2016 program continues an aggressive approach to street reconstruction and flood mitigation projects. The state is providing funding for the \$3.2 million reconstruction of Delafield Street/Summit Avenue, after which the City will take over ownership and maintenance of the roadway. Additionally the budget reflects the City's commitment to the Waukesha West Bypass project, to be constructed in conjunction with Waukesha County. It is important to note that the level of spending will increase the tax levy support for our debt service fund, as the project debt levels increase over previous years and debt payments coming off the books are substantially less than the current year.

On the revenue side, our State Shared Revenue remained nearly flat. The Shared Revenue payment for 2016 is \$1,501,740 compared to \$1,496,519 in 2015 or an increase of \$5,221. The Executive Budget proposes a nearly flat levy increase due to the restraints on expenditures as noted above. General Transportation Aids have increased from \$2.7 million in 2015 to an estimated \$2.9 million in 2016.

The only new positions currently included in the budget proposal are three new firefighters, to begin on July 1, 2016. The proposed positions will restore the fire department staffing to the appropriate level and will assist in the control on long-term overtime costs. As previously discussed, the City implemented a new fee structure for Emergency Medical Service fees, which conservatively more than covers the increased costs for the new firefighter positions. Additionally, there is a



decrease in overtime expenditures reflected as a result of the new firefighter positions. No other new positions were funded.

The budget book summary pages have been improved over previous years. The summaries include 2013, 2014 and 2015 actuals. The 2015 actuals are reported "to-date" which means the reports reflect the reality on the date they are printed. Additionally, the 2015 projected expenditures and 2016 proposed budgets are reflected on the summary pages.

If any aldermen have specific budget requests, please provide them to me no later than October 28th so that we may have time to analyze the requests and make a recommendation to the Common Council.

Please feel free to contact me if you have any questions regarding the budget proposal.

KML