



**CITY OF WAUKESHA**

**Administration**

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| <b>Committee:</b><br>Finance  | <b>Date:</b><br>5/14/2019  |
| <b>Common Council Item Number:</b><br>ID#19-0676  | <b>Date:</b><br>5/21/2019  |
| <b>Submitted By:</b><br>Kevin Lahner and Rich Abbott  | <b>City Administrator Approval:</b><br>Kevin Lahner, City Administrator <b>KML</b> |
| <b>Finance Department Review:</b><br>Rich Abbott, Finance Director <b>RA</b>  | <b>City Attorney's Office Review:</b><br>Brian Running, City Attorney <b>BER</b>   |
| <b>Subject:</b><br>Review and Act on a request to amend the 2019 General Fund expenditure budget up 370,500 to retain Expenditure Restraint Capacity. |  |

**Details:**  
 During the 2019 budget process I worked with the Wisconsin Department of Revenue to determine how to use Line 6 on the Expenditure Restraint Program (ERP) worksheet. Line 6 allows for General Fund expenditures for contracted service provided to another local government to be subtracted out of the total to meet the ERP. In discussions it was my understanding that they were going to adjust our beginning balance because these contracts were in existence prior to this year. When I went to file the worksheet in 2019 for 2018, I called the WDOR and they did NOT adjust that. The result was that we were significantly under the ERP threshold. We can amend our budget until 5/31/2019 to increase our expenditure budget and still qualify. I am asking the Council to amend our Contingency line up by 370,500. This is the amount of funds that we would leave on the table. If we do not amend, we will never be able get that capacity back and if a contract cancels we will be eating into our base ERP budget. ERP is based on 2 items – CPI and net new construction. Some may recall that in the 2016 budget we could only go up 0.90% because CPI was 0.31%. If we do not qualify for ERP we risk over 2 million in funding. The budget increase is not being done to spend additional tax levy. If there was a circumstance where we needed to use it, we would need the Council to approve the use of Contingency and the funds would come from unassigned fund balance.

**Options & Alternatives:**  
 Option 1 – Approve the Budget Amendment (Recommended by Finance Director)  
 Option 2 – Not approve and be unable to use that capacity in the future or risk base ERP should contracts cancel

**Financial Remarks:**  
 The accounts to be impacted are listed below.  
 0100.1510.49990 Use of Fund Balance– Increased 370,500  
 0100.9710.89910 Contingency Increased – 370,500

**Executive Recommendation:**  
 The City Administrator recommends amending the budget.

