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**WASHINGTON COUNTY
FINANCE COMMITTEE**

Government Center
West Bend, WI

September 27, 2012
8:30 a.m.

Present: Ralph Hensel, Leslie Borman, Marilyn Merten, Robert Milich and Todd White.

Also Present: County Board Chairperson Herbert Tennes, Administrative Coordinator Douglas Johnson, Finance Director Susan Haag, County Clerk Brenda Jaszewski, Deputy Finance Director Paul Labonte, Assistant Finance Director Rich Abbott, Richard Bertram, and Supervisors Donald Kriefall, Dennis Myers, and Paul Ustruck.

Chairperson Hensel called the meeting to order at 8:30 a.m. and read the Affidavit of Posting.

Administrative Coordinator's 2013 Budget Summary

Mr. Johnson gave an explanation and review of the 2013 Budget Highlights, Budget Summary, Budget Rate, Budget Charts and Wage Recommendations.

One Million Dollars Less

In June, the Finance Committee set a target to reduce the county property tax levy by at least \$500,000 and to strive to achieve a reduction of one million dollars. This budget meets that challenging goal without reducing essential county services. By reducing taxes for the third straight year, the proposed budget for 2013 rolls back the county portion of total property tax bills to the 2007 level. The reduced 2013 levy will be the re-set starting point for State levy limits in 2014 and going forward. Though this budget has fewer cuts in State funding than last year's budget, 2014 could see deeper reductions, which are not factored into the restrictions of State imposed levy limits.

Cooperative Effort

County Board Supervisors and department heads worked together to produce this budget. Department budgets were reviewed at the corresponding liaison committees (there are ten), building understanding of the service needs, costs, and expected revenues for each one. Of the 24 budget units (departments and partner agencies), sixteen were sent to Administration with a recommendation of levy funding within Base level targets set by the Finance Committee. Requested budgets for the others with decision items and explanations have been reviewed by Administration and are now forwarded for your consideration.

Funding by Function

With the large number of county departments, county spending is brought into focus by grouping departments into function areas. For the first time since this system was instituted (in 1999), the proposed budget reduces tax levy in all ten areas. This underscores both the cooperation of all departments holding down costs to help taxpayers, but also the impacts of wage and benefit reductions that have followed from Wisconsin Act 10.

Financial Strategy for Three Years

One key element of the significant property tax reduction proposed is a three-year financial plan that is replacing \$500,000 of levy with funds available now in the undesignated General Fund. One year at a time, tapping reserves to fund the operating budget can produce very bad results, with a low tax year followed by either sharp tax increases or sudden service cuts in following years. Our strategy involves the coordination of both available funds from the General Fund but also on-going sales tax revenues.

1 The \$500,000 of extra funding from the General Fund in 2013 will be sustained with another equal
2 amount from that source in 2014. The plan in 2015 is to permanently revise the allocation of sales
3 taxes applied as an offset to property taxes in the operating budget upward, from 60% to 65%,
4 delivering a similar \$500,000 amount, while reducing the General Fund offset. Funding according to
5 this plan continues in future years from the sales tax.

6 7 **Capital Budget Support**

8 The Washington County approach to the sales tax is unique among counties. In most counties, the sales
9 tax revenue is all directed for one purpose; in some it is an offset to property tax in the operating
10 budget, in others it is a funding source for just capital projects or just economic development. We try to
11 draw from the benefits of all these purposes. The Capital Improvement Program is the place that we
12 plan for steady or phased allocations between them. This approach has allowed us to avoid borrowing
13 and reduce debt service costs; provide a steady funding source for highway, facility and parks
14 maintenance, and economic development; and weather unplanned drops in sales tax collections
15 without creating a crisis in the operating budget. Our approach made possible reduced property taxes in
16 this budget.

17 18 **Health Insurance, Other Benefit Savings**

19 Before Act 10, Washington County was making sound decisions about the cost of employee fringe
20 benefits that helped greatly for 2013. Unlike many public employers, our retirees have never received
21 paid health insurance coverage. The soaring cost of health insurance in the past decade brought us to
22 the conclusion that long-term solutions could only be achieved as a joint effort between management
23 and our employees. The fact that our employees have long paid 15% of the premiums of our self-
24 insured plan, made them ready to learn about co-insurance, deductibles, and health screenings. Health
25 reimbursement accounts and health savings accounts were introduced as voluntary options, with about
26 50% of the insured choosing alternatives to the traditional county plan. These steps and savvy choices
27 of provider networks and payment systems resulted in reduced costs again this year, and a budgeted
28 9% reduction in premium costs for 2013. WRS premium costs continue to increase; the typical county
29 employee will pay 6.65% of their income for this benefit next year, up from 5.9% this year. However
30 county taxpayers will see a further decrease from 7% to 6.65%. This is accomplished with the
31 fulfillment of paying off borrowing to refinance State unfunded liability costs during 2012, which
32 added a 1.1% surcharge to budgeted county WRS costs until this year.

33 34 **Flexibility to Direct Funding Where it's Needed**

35 It is important to think for the longer term, even while budgets are set year to year. Last year increases
36 above Base were needed for Transit, the Sheriff's radio system maintenance agreement, and Child
37 Support. For 2013 transit is thriving and highway maintenance funds need to be supplemented; the
38 Sheriff's department budget is proposed at Base level; and Child Support funding is stable. Different
39 areas need funding above Base in this budget: Human Services Department for behavioral health and
40 children and youth in need of protection and treatment; ADRC to replace reduced revenues earned for
41 eligible Indirect costs; and the District Attorney to replace lost Victim Witness revenues. The two-level
42 budget system helps to identify where funds are needed rather than distributing them based on a
43 percentage to all departments the same.

44 45 **Valued Employees and Pay for 2013**

46 County residents have been well served by experienced, hard-working employees in all departments.
47 In the challenging economy that persists, it has been difficult to find ways to show appreciation for this
48 work, at the same time that benefit costs are realigned to reduce costs for taxpayers. In both 2010 and
49 2012, no across the board increases were given, with a 2% lift in wages during 2011. The County
50 Board is still considering how to adjust wages for 2013 -- by implementing a new pay plan effective

1 March 1, or by giving current pay plans +1% for all effective January 1. The budget includes funding
2 to implement either of these plans at the same cost.

3 4 **New for 2013**

5 Net revenues supplied by the Register of Deeds are expected to be more than \$200,000 for the first
6 year since 2009, a reflection of increased activity in the housing market. The Sheriff's Department is
7 planning for expanded use of electronic monitoring, managing jail populations, costs and public safety.
8 The ADRC is planning for start-up of a satellite office in Hartford, fully funding this initiative with
9 State reimbursements.

10 11 **Valuation and Tax Rate**

12 As the housing market continues to settle and recover, property valuation declined for the third straight
13 year, a 3.5% reduction, similar to the decline statewide. This results in a countywide property tax rate
14 of \$2.8794 per \$1000. With the large levy reduction, the rate remains under the 2007 level, which was
15 targeted in our 2010-2012 goals as a figure to not exceed. For a \$200,000 home, the average
16 countywide taxes would be \$576.

17 18 **County Board**

19 The County Board budget was presented by County Board Chairperson Herbert Tennies. Mr. Tennies
20 reported the base level funding is \$355,777 and the recommended budget is \$336,501 (-7.3% below
21 2012 levy). The Requested budget is below the Base level set by the Finance Committee on June 6.
22 During 2012, the funding for the Administrative Assistant position working with the County Board
23 was assumed in full by the County Clerk's budget, without any change in the services provided. One-
24 third of the cost of this position was included in the 2012 County Board budget.

25
26 **ONE MORE THING:** The value of membership in the National Association of Counties (NACo) is
27 more fully realized when our county participates in one or both of the two national meetings: the
28 Legislative Conference and the Annual Conference. Due to budget concerns in 2012, no one was
29 funded to attend. The Executive Committee recommended having the County Board Chairperson
30 attend the March 2013 Legislative Conference in Washington D.C.

31
32 Moved by Ms. Merten, seconded by Mr. Milich to tentatively approve the County Board 2013
33 recommended budget, including Out of State Travel, for a total net levy in the amount of \$336,501.
34 Motion carried.

35 36 **Economic Development**

37 The Economic Development request for County support was presented by Executive Director Christian
38 Tscheschlok. Mr. Johnson presented the base level funding of \$100,000 and the recommended level is
39 \$100,000 (same as 2012 levy).

40
41 Moved by Mr. Borman, seconded by Mr. White to tentatively approve the Economic Development
42 Washington County recommended 2013 County financial support in the amount of \$100,000. Motion
43 carried.

44
45 Mr. Hensel recessed the meeting at 10:13 a.m. and reconvened at 10:28 a.m.

46 47 **Library**

48 The Library budget was presented by Library Services Board Chairperson Paul Ustruck. Mr. Johnson
49 presented the 2013 base level funding of \$1,631,917 and the recommended budget is \$1,631,917 (no
50 increase). The Requested budget is at the authorized Base level set by the Finance Committee on

1 June 6. In addition to providing funding for the five municipal libraries within the County, State law
2 requires Washington County to reimburse surrounding county libraries for actual library use by our
3 residents. The 2013 budget includes \$110,476 to fund intercounty payments, after covering \$1,907 of
4 this obligation from unused 2012 Library funds.

5
6 Moved by Ms. Merten, seconded by Mr. Borman to tentatively approve the Library Services 2013
7 recommended budget and levy in the amount of \$1,631,917. Motion carried.

8
9 **County Attorney**

10 The County Attorney budget was presented by County Attorney Kim Nass. Mr. Johnson presented the
11 base level funding of \$572,947 and the recommended budget is \$576,156 (-1.5% below 2012 levy).
12 The proposed budget was below the authorized Base level until a late recalculation of Indirect cost
13 expenses and revenues added \$10,643 to the levy required to fund the planned expenses. A Child
14 Support staff vacancy that occurred in 2012 has not been filled or budgeted for 2013, despite high
15 caseloads associated with economic conditions and population growth. Funding \$3,209 above Base (a
16 decrease from 2012 levy of \$8,484) is a sound plan for the services supported.

17
18 **DECISION ITEMS FUNDED:** 1. Half of funding for 2013-2014 Recodification @ \$7,500

19
20 **ONE MORE THING:** Child Support federal and state funding is questionable and will be
21 challenging in 2014.

22
23 Moved by Ms. Merten, seconded by Mr. Milich to tentatively approve the County Attorney 2013
24 recommended budget of \$576,565, including User Fees, plus Indirect Charges of \$180,772, for a total
25 net levy in the amount of \$756,928. Motion carried.

26
27 **Administration/Emergency Management/Facilities**

28 Mr. Johnson, Emergency Management Coordinator Rob Schmid, and Facilities Manager Dave
29 Loomans presented the Administration, Emergency Management, and Facilities budget with a base
30 level funding of \$244,950 for Administration and \$2,577,059 for Facilities. The recommended budget
31 is \$244,818 (-2.0% below 2012 levy) for Administration and \$2,548,062 (-2.5% below 2012 levy) for
32 Facilities. The Requested budgets for all sections - Administration, Emergency Management, and
33 Facilities - are each below authorized Base levels set by the Finance Committee on June 6.

34
35 **OTHER ADJUSTMENTS TO REQUEST:** To assist the ADRC and the Historical Society, 2013
36 building costs for the County Senior Center and Old Courthouse were given a second look. By action
37 of the Administrative Services Committee on September 17, the rent for the Senior Center was reduced
38 to a planned break-even point for Facilities. At that time, the budgeted electric utility costs for the Old
39 Courthouse were also reduced by \$1,921, thus reducing the Historical Society Building costs by that
40 amount.

41
42 **OUTLAY:** Recommended vehicle and equipment for Facilities @ \$31,350.

43
44 **ONE MORE THING:** Building operations and management services are outsourced to Johnson
45 Controls Inc., which employs twelve on-site management and technical staff specifically for the
46 County. The current contract covers 2012 - 2014, with a provision that the annual cost is adjusted
47 annually based on the Employment Cost Index (ECI). According to the U.S. Bureau of Labor
48 Statistics, for the twelve month period ending June 2012, in the category of "non-union", "service
49 providing industries", the price adjustment was +1.9%; this is applied to the 2013 rates, included in the
50 Facilities budget.

1 Mr. Hensel requested Mr. Johnson investigate the possibility of sharing or using a Planning & Parks
2 vehicle in lieu of purchasing the requested Facilities truck in 2013 through Outlay. Mr. Johnson will
3 contact the Planning & Parks Administrator and bring a recommendation to this Committee no later
4 than the time of presentation of the Planning & Parks department budget on Monday, October 1, 2012.
5

6 Moved by Ms. Merten, seconded by Mr. Borman to tentatively approve the 2013 Administration
7 recommended budget in the amount of \$244,818, plus Indirect Charges of \$26,158, and to approve the
8 2013 Facilities recommended budget, including Outlay, in the amount of \$2,548,062, for a total net
9 levy in the amount of \$2,819,038. Motion carried.
10

11 Mr. Hensel recessed the Finance Committee meeting at 11:28 a.m. until Friday, September 28, 2012, at
12 8:00 a.m.
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15

16 Brenda Jaszewski, County Clerk