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**WASHINGTON COUNTY
FINANCE COMMITTEE BUDGET HEARING**

Government Center
West Bend, WI

October 2, 2013
8:30 a.m.

Present: Ralph Hensel, Leslie Borman, Raymond Heidtke, Robert Milich and Todd White.

Also Present: County Board Chairperson Herbert Tennes, Administrative Coordinator Douglas Johnson, Finance Director Susan Haag, County Clerk Brenda Jaszewski, Chief Deputy County Clerk Linda Doro, and Supervisors Marilyn Merten, 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 2014 Budget Summary

Mr. Johnson gave an explanation and review of the 2014 Budget Highlights, Budget Summary, Budget Rate, and Budget Charts.

Budget Highlights include:

Less Property Tax Levy

The recommended 2014 levy is \$769,705 lower than for 2013. This is the fourth year in a row that Washington County will reduce property taxes without reducing essential county services. To put this accomplishment in perspective, the countywide tax levy in 2014 will be lower than it was in 2007 and every year since. Wisconsin's tightest ever property tax levy limits allow an increase at the level of net new construction (i.e. +0.81%) or +\$289,585. The reduced 2014 levy will be the re-set starting point for State levy limits in 2015 and going forward.

Mission "County Capable"

The mission of County government, departments and committees is not to cut taxes. It is to serve the public, providing capable services in every area of operation, while controlling costs and making use of available funding sources so as to keep property taxes in check. Every expense recommended in this Budget was first proposed by a department head and reviewed, supported by a liaison committee. Of the 24 budget units (departments and partner agencies), 14 are recommended with 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 review.

Debt and Interest

When the half-cent sales tax was established here in 1999, the County pledged that it would be used to reduce debt and property taxes. It has taken discipline over the years since then to make good on this promise. In the 2002 Budget, 9% of all county property taxes went to make debt payments; for 2014 that is down to 2%. The amount of debt service payments required in the 2014 budget is \$966,000 less than for 2013. This could not have happened at a better time, as the ability to earn interest on county funds has fallen off by \$162,000 in this budget. Comparing the net impact of these two general conditions, there is a savings of \$804,094.

Financial Strategy, Year Two of Three

To accomplish the property tax cut in the 2013 Budget, an added \$500,000 of funds from the undesignated General Fund was used as a funding source. There are sufficient funds from the General Fund to repeat that in 2014, as planned. The plan for 2015 is to permanently revise the allocation of sales taxes applied as an offset to property taxes in the operating budget upward, from 60% to 65%, delivering a similar \$500,000 amount, while reducing the General Fund offset to a prior level. This coordinated strategy achieved significant property tax reduction beginning in 2013 without tapping onetime reserves, followed by either sharp tax increases or sudden service cuts in following years.

Health Insurance, Other Benefit Costs

After Base levels were set for departments and overall County budget targets set, it became clear that the 2012-2013 claims experience in the self-funded health insurance plan has been increasing. In addition, changes in the marketplace are bringing more of our employees to participate in our plan, and more family coverage. Across all departments, health insurance expenses budgeted for 2014 are up by more than \$600,000 above the 2013 Budget, or about 9%. While these costs have been absorbed in total in the recommended budget without requiring more levy, they have impacted various departments and appear prominently as a reason why Base level targets could not be met.

Pay Plan Implementation

A new pay plan was implemented for most employees March 1, 2013, and has positively impacted the 2014 Budget. As directed by the County Board, there is no across the board percentage increase included in department budgets for next year. Employees that are not at or above the top step of their assigned pay grade are eligible to move to the next step after one year with a performance review that confirms work that achieved expectations. Cost reductions were predicted and are now evident, because new pay steps are smaller than in the old plan and with turnover of more senior employees. In total, full and part time wages in this budget are up only about one-half percent. It is recommended that market factors be reviewed prior to 2015 budgeting. Public sector wages are beginning to increase and resignations for better paying jobs, as well as retirements, are impacting departments.

Human Services Department

Wisconsin relies on counties to deliver critical services to meet human needs of a wide variety. The State contributes Medicaid funds applicable to some of these, and formula allocations in fixed amounts, categorical and complicated. Counties are the front line, where there are few limits to the children, adults, and families presenting needs. All the while funds must be carefully managed and stretched to match required county funding to approved levels and annual fluctuations of General Fund deposits and draws at year end. For 2014 employee health insurance and workers comp costs, essential safety for children and high cost placements push the levy for this department \$121,941 above 2013. It is a plan that balances services and costs in difficult times.

Sheriff's Department

The department with the largest levy in the budget is an accurate reflection of the community and County Board. Staffing and funding have been well controlled for many years. As our county population continues to grow, all three major sections – Patrol, Communications, and Corrections – are seeing demand for more services, delivered in a more complex, high-skill environment. The \$112,040 of levy above 2013 is needed to cover the costs of health insurance increases and staffing supplementation. Attention is especially called to the growing census in the jail, placing pressure on overtime, health services, and space.

Finance and Information Systems

The Finance Department is the third department with a budget that increases levy more than \$50,000 above 2013. The largest reason is the health insurance line item, with three more positions taking family health care through the County than budgeted this year. A case can be made that even more funds should be made available for this department, particularly Information Services. At a time when the Board is seeking more efficiencies in operations and staffing, investments in technology and software applications are needed. Whether funded by a supplement to increased 2015 Base targets or a special infusion from the General Fund during 2014, urgent attention is needed to plan, phase, and support the forward initiatives surfacing in every county department. The start is to adopt this budget.

Valuation and Tax Rate

For the fourth year in a row, property valuation declined more than 1.5%, similar to the statewide experience. This is based on real estate activity through 2012; all current indications are that property valuation will again turn upward for the 2015 Budget. With our 2.1% reduction, a 2.1% reduction in levy was needed to avoid an increase in the tax rate. This budget recommends a countywide property tax rate of \$2.8775 per \$1,000. This extends the goal set three years ago, to keep the tax rate during the recession from exceeding the 2007 level. For a \$200,000 home, the average countywide taxes would be \$576.

Mr. Johnson reviewed the 2014 budget summary for all departments, indicating the recommended budget and comparing the amounts to the 2013 budget. Ms. Haag presented the proposed 2014 tax rates.

Mr. Hensel recessed the meeting at 9:45 a.m. and reconvened at 9:54 a.m.

COUNTY BOARD

The County Board budget was presented by County Board Chairperson, Herbert Tennies. Mr. Tennies reported the base level funding is \$360,056 and the recommended budget is \$360,056 (-1% below 2013 levy).

On September 10, the County Board voted to continue the current rules of eligibility for Supervisor per diem payments for the 2014-2016 term of office. This resulted in an adjustment of \$7,805 in the draft budget, now at the Base level target. Support for EDWC allows the current level of staffing and programming to continue with a combination of private and public funding.

One More Thing: In 2014, no departments will be charged back for the costs of Supervisors. The current procedures began in 2002, when the number of departments assessed these costs was limited to just the Samaritan and the Highway Department, where direct levy would not result from these assessments. The change reflects the recognition that under current circumstances these charges create secondary cost burdens to these departments, and that the administrative burden of calculating and documenting these cross-charges is significant.

Moved by Mr. Borman, seconded by Mr. Milich, to tentatively approve the County Board 2014 recommended budget, including Out of State Travel, for a total net levy in the amount of \$360,056. Motion carried.

Economic Development

The Economic Development request for County support was presented by Programs and Communications Coordinator Deborah Reinbold. Mr. Johnson presented the base level funding of \$100,000 and the recommended funding is \$100,000 (same as 2013 levy).

Moved by Mr. White, seconded by Mr. Heidtke to tentatively approve the Economic Development Washington County 2014 recommended County financial support in the amount of \$100,000. Motion carried.

LIBRARY

The Library budget was presented by Library Services Board Chairperson Paul Ustruck, and West Bend Library Director Amy Becker. Mr. Johnson presented the 2014 base level funding of \$1,631,917 and the recommended budget is \$1,631,917 (no increase). Requested budget is at the Base level set by Finance Committee on May 29.

One More Thing: In 2014 the County will pay \$102,755 to libraries in surrounding counties due to the inter-county payment mandate. These are funds that would otherwise go toward reducing the amount of levy or increasing funds for circulation payments to libraries in Washington County.

Moved by Mr. White, seconded by Mr. Milich to tentatively approve the Library Services 2014 recommended budget and levy in the amount of \$1,631,917. Motion carried.

COUNTY ATTORNEY

The County Attorney budget was presented by Attorney Kim Nass. Mr. Johnson presented the base level funding of \$584,551 and the recommended budget is \$584,438 (-1% below 2013 levy). Requested budget is at the Base level set by Finance Committee on May 29.

One More Thing: Through the State 2013-2015 Budget, Child Support funding was restored to 2006 levels. Child Support allocations and formula applications included in this budget are only estimates and are subject to change. The budget leaves unfilled positions as in 2013 to control costs. With caseload growth and complexity and fewer staff, it has been more difficult to achieve performance benchmarks that are tied to incentive revenues. Performance requirements anticipated to be met include rates for court order establishment, paternity establishment, current support collections, and arrears case collections.

Moved by Mr. White, seconded by Mr. Borman to tentatively approve the County Attorney 2014 recommended budget of \$584,438, including User Fees, plus Indirect Charges of \$154,624, for a total net levy in the amount of \$739,062. Motion carried.

ADMINISTRATION/EMERGENCY MANAGEMENT/FACILITIES

Mr. Johnson, Emergency Management Coordinator Rob Schmid, Facilities Manager Dave Loomans, and Custodial Services Supervisor Melody Skellett presented the Administration, Emergency Management, and Facilities budget with a base level funding of \$245,142 for Administration and \$2,515,633 for Facilities. The recommended budget is \$244,520 (-1.2% below 2013 levy) for Administration and \$2,547,447 (+0.2% above 2013 levy) for Facilities. Administration budget anticipates the turnover in the Administrative Coordinator position using assumptions set by the Executive Committee. The Facilities budget absorbed most of the expense of increased property and liability insurance charges of \$46,698 for next year, resulting in a levy that is \$6,404 above 2013.

1 **Decision Items Funded:**

- 2 1. Custodial floor care equipment @ \$8,800
3 2. Continue custodial staffing at levels deployed currently @ \$9,014
4 3. Fund Machinery & Equipment accounts at level similar to this year @ \$14,000
5

6 **Outlay:** Recommended floor care equipment to increase efficiency, safety \$8,800
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8 **One More Thing:** Urban Area Security Initiative funding for the Milwaukee area has been eliminated
9 by the U.S. Department of Homeland Security. By the end of this year, all projects funded by these
10 grants will be complete. Two annual operations grants we receive through the State continue –
11 Emergency Management Performance Grant (EMPG) and Emergency Planning and Community Right-
12 To-Know Act (EPCRA).
13

14 The Committee discussed the possibility of outsourcing the custodial services. If this were to be
15 considered in 2014, the \$8,800 of outlay for floor care equipment could be eliminated from the 2014
16 budget. It was suggested to include the outlay floor equipment in the 2014 budget, but require
17 Administration/Facility Management to inform the Finance Committee prior to purchasing the
18 equipment in 2014.
19

20 Moved by Mr. White, seconded by Mr. Milich to tentatively approve the 2014 Administration
21 recommended budget in the amount of \$244,520, plus Indirect Charges of \$24,881, and to tentatively
22 approve the 2014 Facilities recommended budget in the amount of \$2,547,447, including Outlay with
23 the condition that the flooring equipment outlay items not be purchased until reviewed by this
24 Committee in 2014, for a total net levy in the amount of \$2,816,848. Motion carried.
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26 Mr. Hensel recessed the Finance Committee meeting at 11:22 a.m. until Friday, October 4, 2013, at 8:00
27 a.m.
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Brenda Jaszewski, County Clerk