

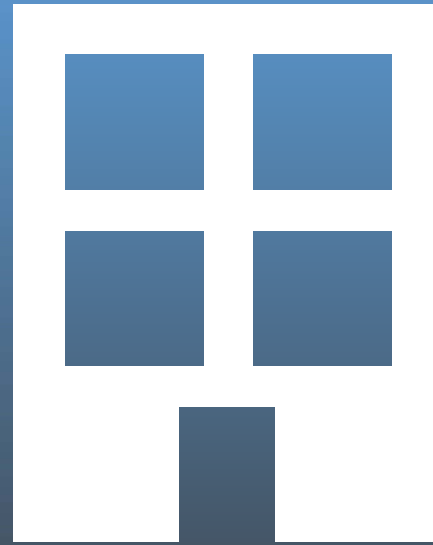


2018 COUNTY ADMINISTRATORS BUDGET

PRESENTATION TO COUNTY BOARD SEPTEMBER 20, 2017

THE COUNTY IS IN A STRONG FINANCIAL POSITION

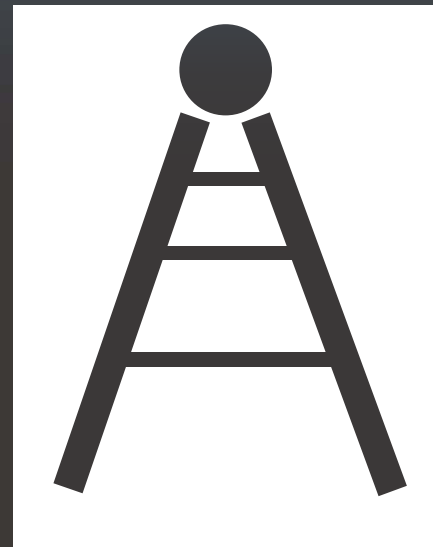
Budget OPPORTUNITIES
and CHALLENGES do
exist



CAPITAL



DEBT



RADIO



GROWTH

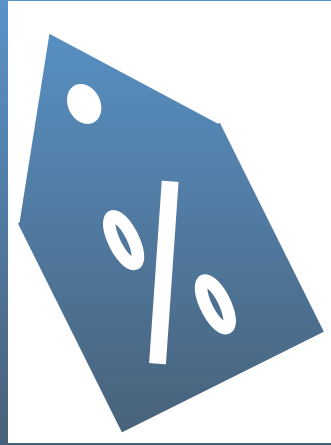
The County remains in a strong financial position as demonstrated by our ongoing staff reviews and as confirmed by our external auditor.

Opportunities and challenges exist in the 2018 budget – similar to all other budgets

There are Four Primary Areas that we will focus on today

- Capital Funding – the budget required the elimination of many of the departmental capital requests – good news we are not facing significant expenditures like Lasata and the radio upgrade that will exceed \$5-\$10 million rather smaller projects at the departmental level
- Debt – related to capital item - the county's approach to funding debt will determine our ability to fund these smaller scale capital projects in the future – the county simply does not have the room in our operational budget to assume these costs without significant programmatic reductions
- Funding the Second Phase of the Radio System (\$3 million) is related to the capital and debt discussion, we have approved \$6 million project, signed a contract need to fund the second phase

OZAUKEE HAS EXPERIENCED GROWTH



**\$400,000 increased
sales tax estimate**



**3.63% Increase in
Equalized Value**



**1.57% Increase in
New Construction**

Growth – the county is in a period of growth, which is excellent news!

- Anticipating a \$400k increase in sales tax growth based on Wisconsin estimates
- Equalized value – increase of 3.63% our homes and businesses in Ozaukee County are appreciating
- New construction – 1.57% provides a legally allowable levy increase under the levy limit imposed by the State

AVAILABLE LEVY UNDER LEVY LIMITS

0%

\$19,980,047



\$313,000

\$

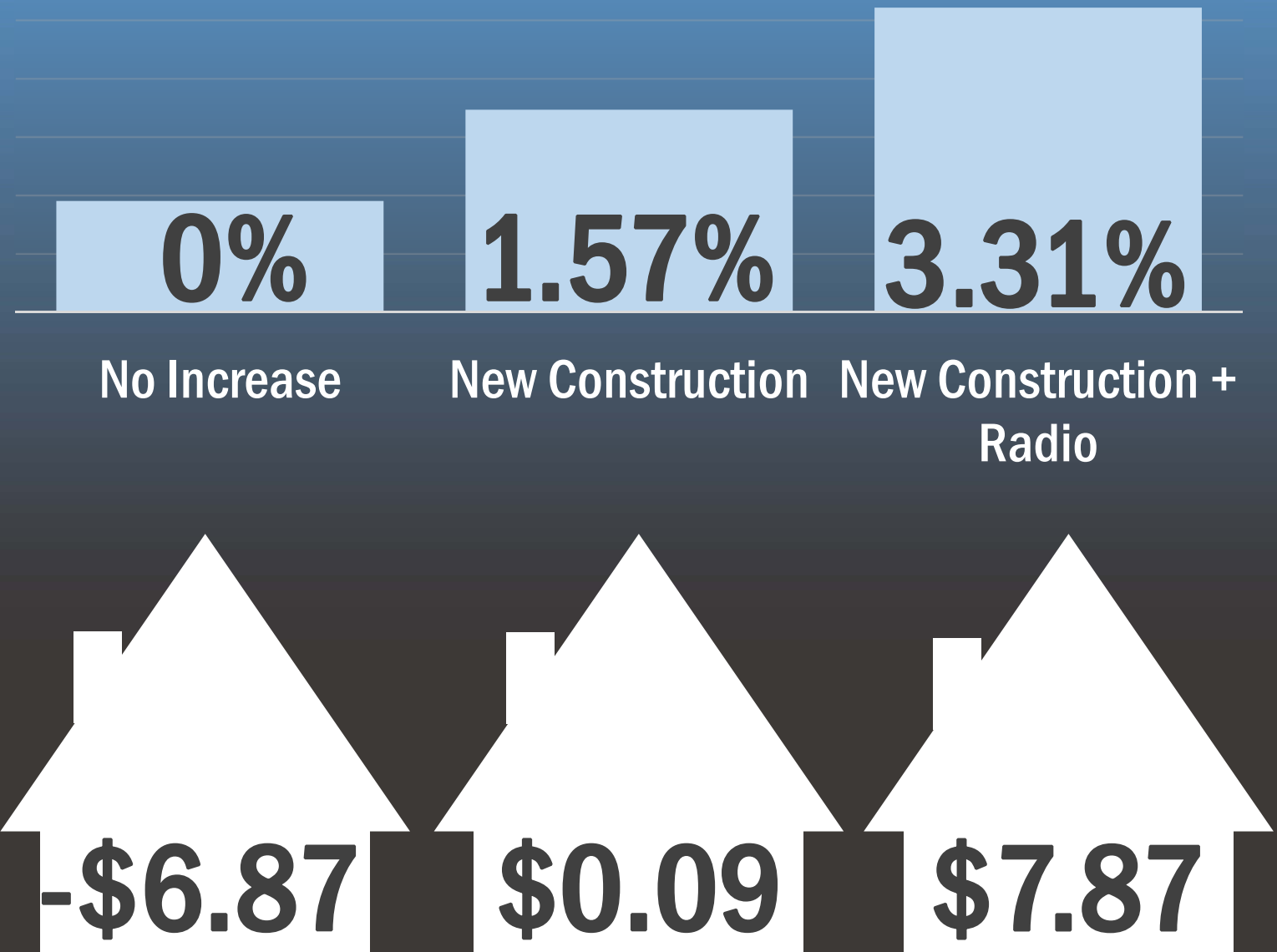
\$1,100,000

Available Levy

- 9.9 Million at zero levy increase
- \$313,000 for new construction
- Pp to \$1.1 million for debt allowance that has yet to be taken under the law. Not recommended!

AVAILABLE LEVY UNDER LEVY LIMITS

Impact on
\$250,000 Home

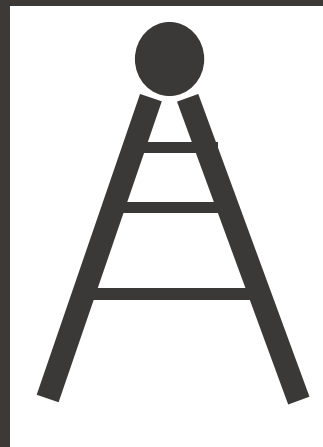
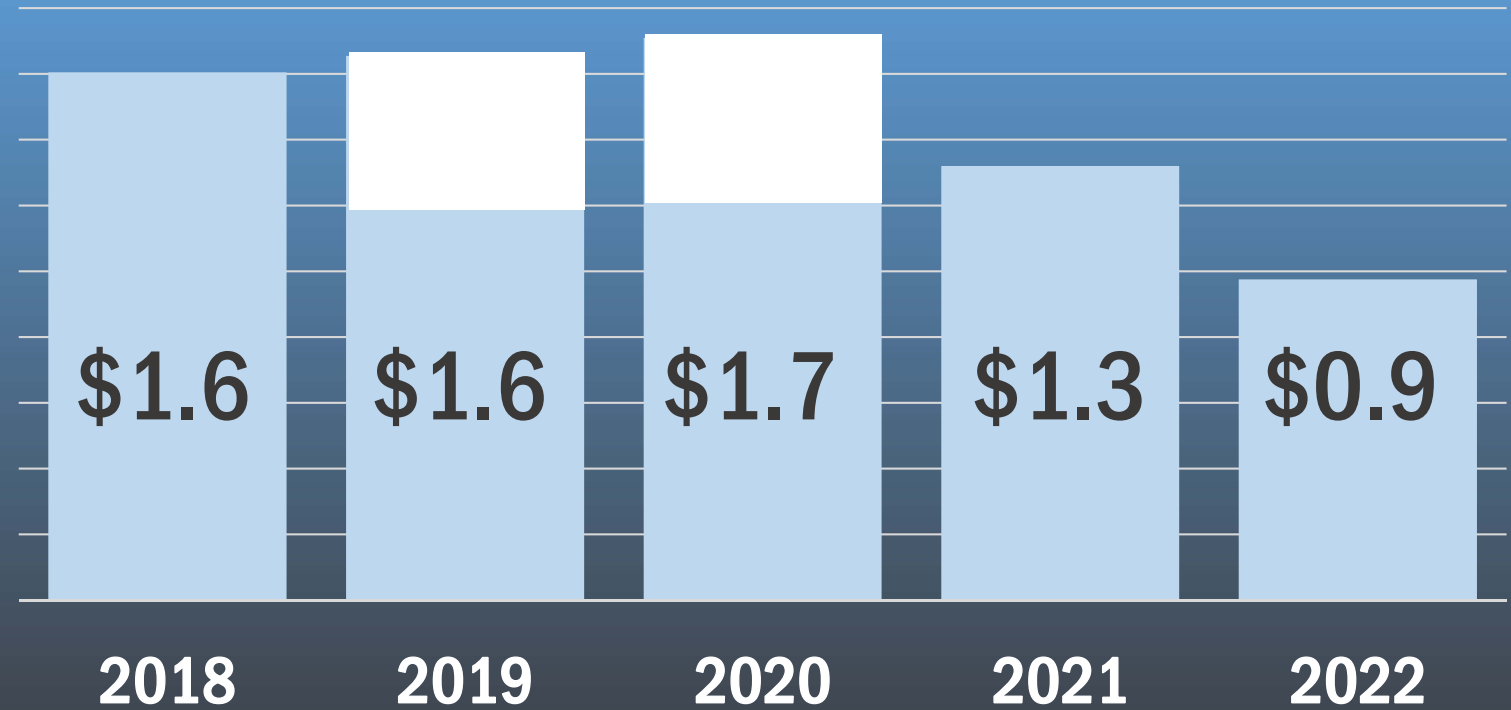


Impact on a \$250,000 home –

- Zero Levy Increase - \$7 decrease
- New Construction - \$0.09 increase
- New Construction and Radio Debt Levy \$8 increase with a levy for the radio project
- Would like to highlight the radio debt levy to introduce the concept that it is allowable to increase the levy for this type of new program under the law.

CURRENT GOVERNMENTAL DEBT AND CAPITAL

The 2018 Budget presents a capital challenge – future budgets will provide relief

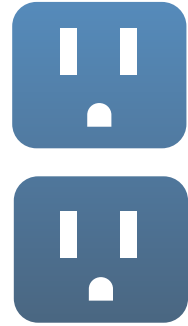


The approach to funding the radio system upgrade will set the path forward

Debt – Graph shows principal payments

- Great news from the auditors presentation that approximately 40% of debt will be paid off in 5 years
- The white portion of the graph represents debt that is callable or pre-payable

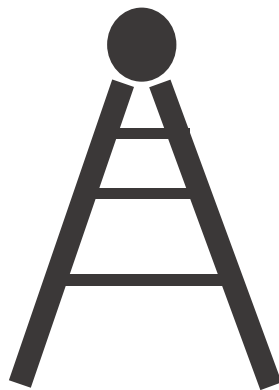
BUILDING CAPITAL CAPACITY 2019 AND BEYOND



**\$1.5 Million in Utility
Revenues paying debt**



**Strategic use of Debt
Service Reserve**



**Funding \$3M of Radio
Upgrade**

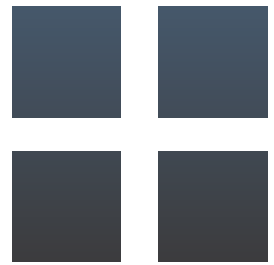
Capital – County currently receives \$1.5 million in utility revenue from the state, historically intended to fund capital. Today all of the funds pay for debt incurred by the county

- The County does have a modest capital reserve available.
- We will work with the Executive Committee to develop a creative approach to funding the second phase of the radio project that builds capital capacity in a thoughtful and appropriate way utilizing reserves, revenues and tax levy

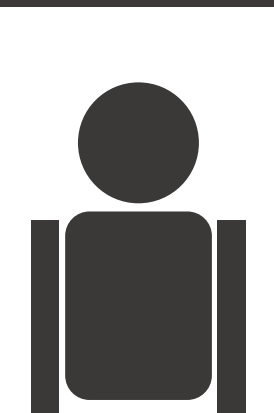
ZERO PERCENT LEVY DIRECTIVE

A white square containing a large black '1%' symbol.

2009-2018



\$3.2 Million in
Capital Cuts



No new levy supported
programming

Required to meet Zero Levy directive of Committee

- Would like to highlight the history of the levy in Ozaukee County over the last ten years we have had a 1% increase per year the increase. Over the previous 5 years was 0.5% per year.
- \$3.2 million reduction in departmental capital requests have been eliminated to meet the committee directive.
- The zero levy directive also will not allow for any new programs – the sheriff has requested two new jailers and this would be in item that the committee should give consideration to for funding with new construction levy.

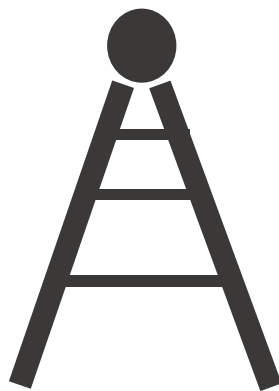
BUDGET HIGHLIGHTS

0%

Majority of
Departments near zero



Use of reserves
equivalent to 2017 -
\$550,000



Use of reserves to fund
radio debt payment

Budget Highlights –

- Most departments at or near zero
- The 2018 Budget has a similar use of reserves to those applied in 2017 – one change is the use of \$250,000 of reserves to fund the radio debt payment, which is an approach to get to zero, but is non-sustainable over the long term

BUDGET HIGHLIGHTS

Salaries and Benefits

2%

Wage increase tied to performance

0%

Health Insurance Increase

0%

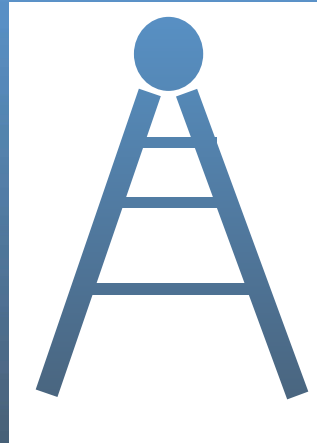
Other county paid benefits

Wages and Benefits

- 2 percent COLA included for employees, we know that we are a bit behind our neighboring counties in wages, but not significantly. The wages are tied to performance and those underperforming will not receive an increase.
- 0 percent assumption for health insurance in 2018
- 0 increase for other county benefits. Decrease in WRS costs for 2018 due to market performance.

BUDGET HIGHLIGHTS

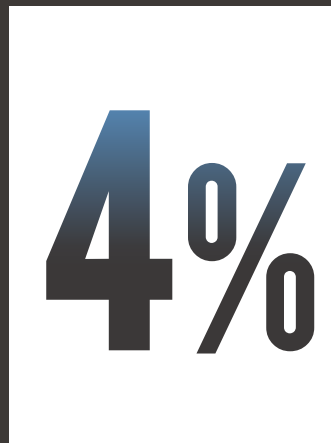
New levy requirements impact current operations



\$350,000 New Debt for Radio System



\$300,000 levy increase for Lasata



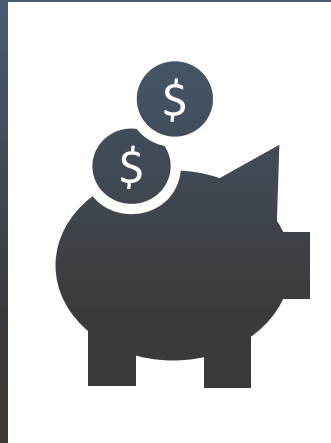
Levy impact on current county operations

- Highlights – Two drivers of 2018 levy increase
- \$350,000 in radio debt
- \$300,000 at Lasata due to the increase in depreciation and debt relating to the recent upgrades

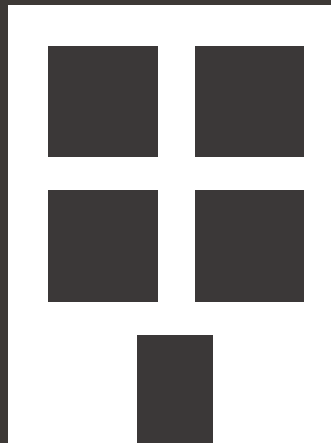
OPPORTUNITIES AND UNKNOWNNS



Express bus RFP



**Capital Reserve and
New Construction**

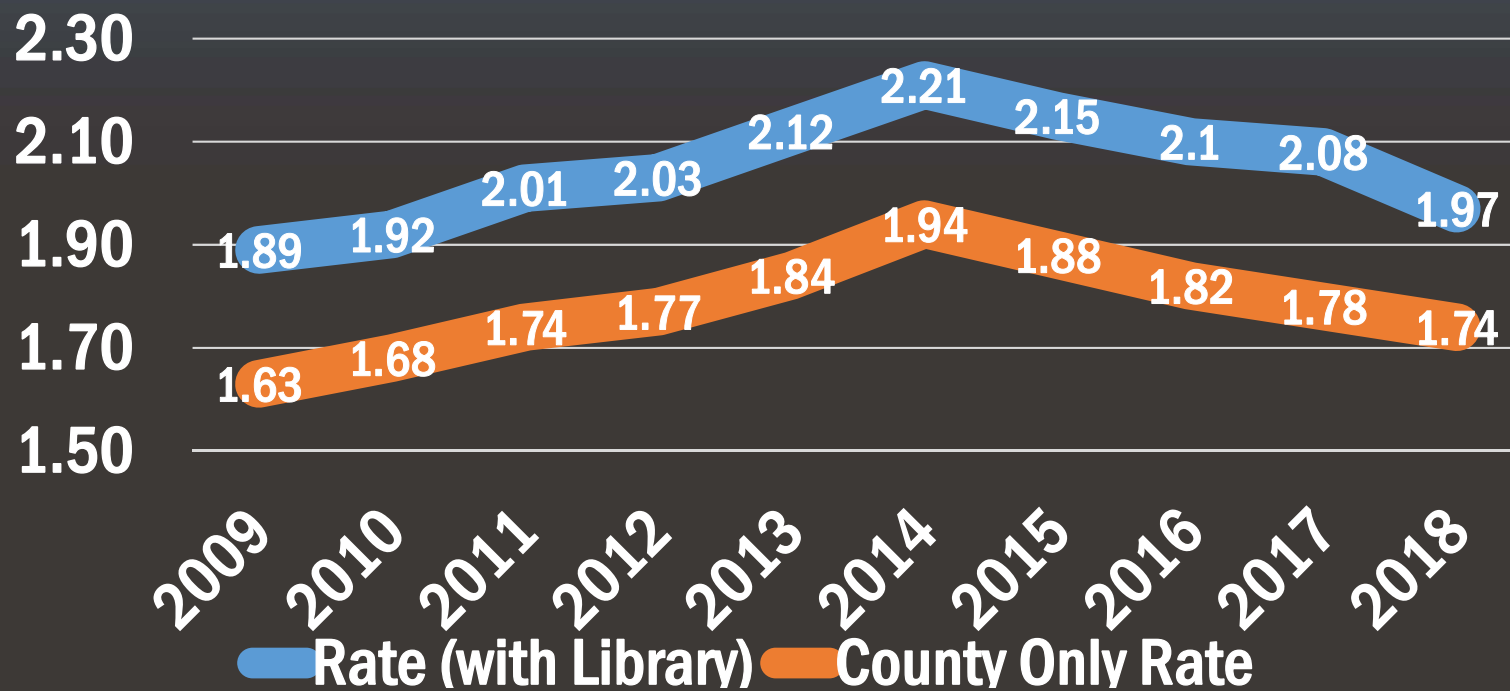
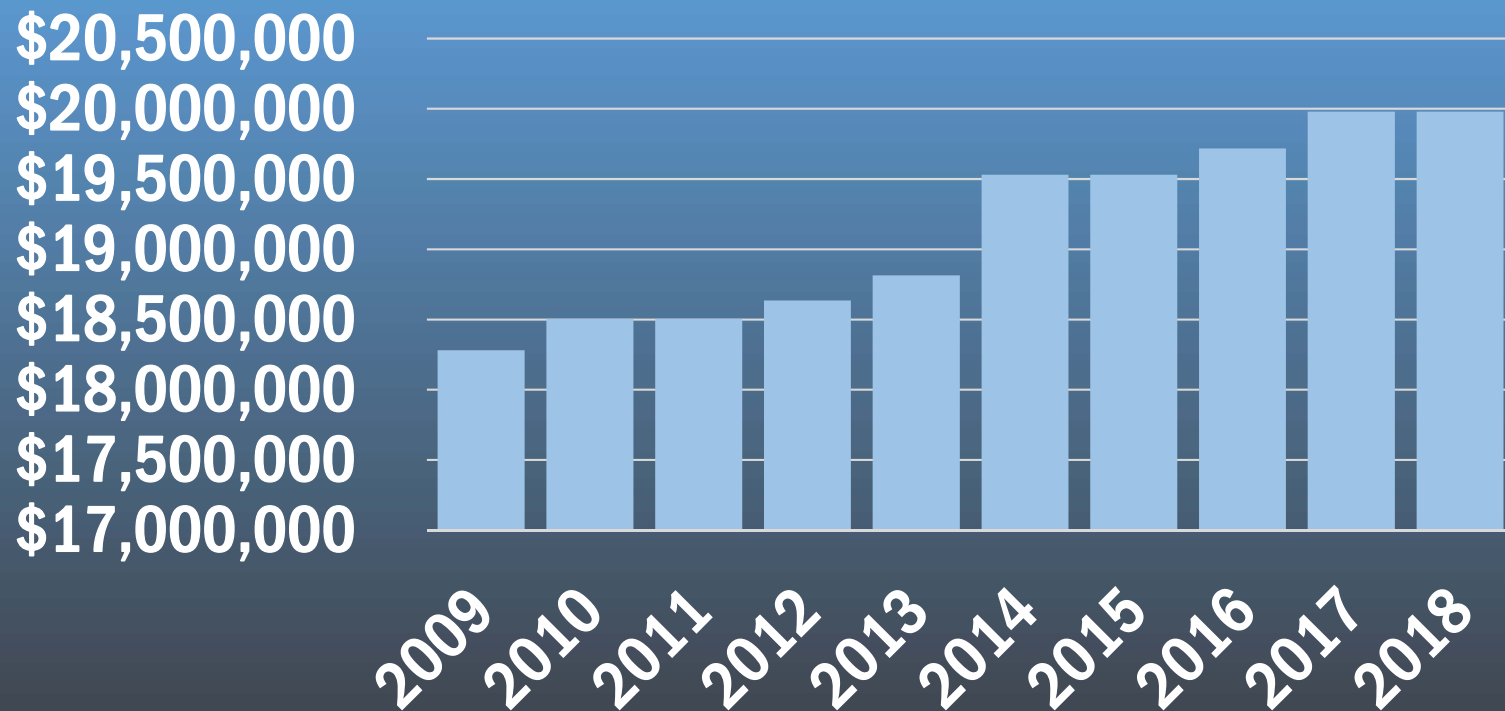


**Lasata Heights Capital
Improvements**

Unknown and Opportunities –

- A recent Bus RFP has come in over budget Public Works Committee will review approaches to funding
- Capital Reserve and New construction will provide opportunities for the Executive Committee fund items eliminated in the current budget recommendation
- Lasata Heights – no significant increase in capital funding for 2018 this will need to be addressed in future budgets

2017-2018 COMPARISON



UPCOMING SCHEDULE

EXECUTIVE COMMITTEE : October 11 and 12
**** NOTE NEW DATES/TIMES ****

COUNTY BOARD REVIEW: October 18 (mid-month)

PUBLIC HEARING: 7pm Monday, October 30

ADOPTION: 9am Wednesday, November 1

BUDGET QUESTIONS, AMENDMENTS, ETC.

SEE DOA STAFF (Jason, Chad, Jay, Jason, and Chris)