

City of West Allis



2017 Budget & Action Plan

as recommended by

Mayor Dan Devine

Common Council Public Hearing November 1, 2016



Demographics

Demographics

Source: 2010-2014 American Community Survey Five Year Estimates (US Census Bureau)

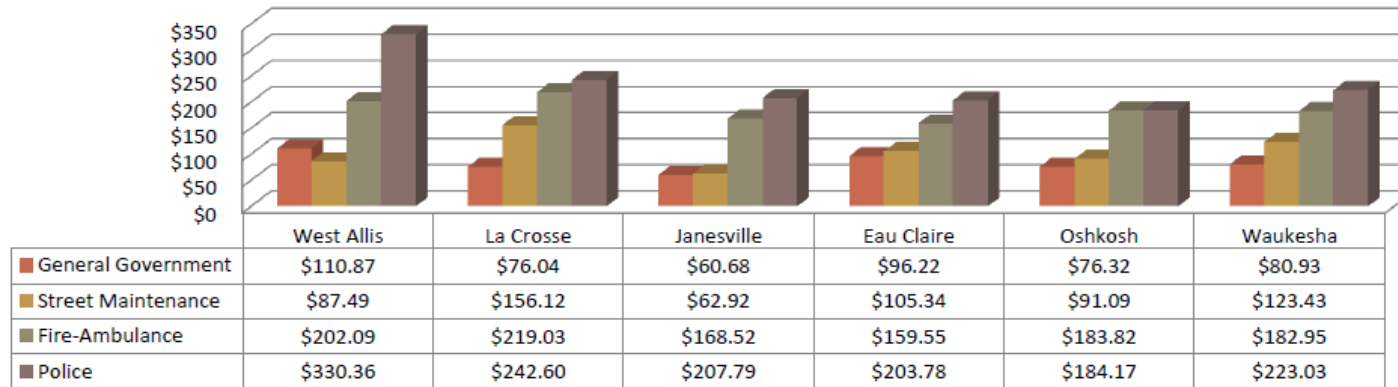
	West Allis	Milw Cty	Wisconsin	La Crosse	Janesville	Eau Claire	Oshkosh	Waukesha
Median* Household Income	\$ 44,475	\$ 43,385	\$ 52,738	\$ 40,340	\$ 49,392	\$ 43,295	\$ 42,860	\$ 58,126
Poverty	13.9%	21.9%	13.3%	23.5%	15.0%	18.5%	18.9%	12.2%
Median Age	37.9	34	38.8	28.8	36.9	30.5	33.1	34.1
Occupied Housing Units	27,294	381,446	2,293,250	20,749	25,581	27,255	25,987	28,466
Vacant Housing Units	1,962	36,303	342,352	1,482	1,559	1,415	2,144	1,175
Owner Occupied	55.1%	50.7%	67.7%	50.2%	66.9%	53.4%	54.6%	58.9%
Renter Occupied	44.9%	49.3%	32.3%	49.8%	33.1%	46.6%	45.4%	41.1%
Median Housing Value	\$ 145,500	\$ 154,400	\$ 165,900	\$ 129,000	\$ 129,200	\$ 138,600	\$ 115,300	\$ 194,400
Population	60,411	947,735	5,686,986	51,320	63,575	63,883	66,083	70,718

(*Median = "Middle Value", 50% of values above, 50% below)

Municipal Comparisons

Municipal Comparisons

Municipal Comparisons Per Capita Spending by Category



Source: MunicipalFacts16 Wisconsin Taxpayers Alliance

Total Operating Spending Per Capita

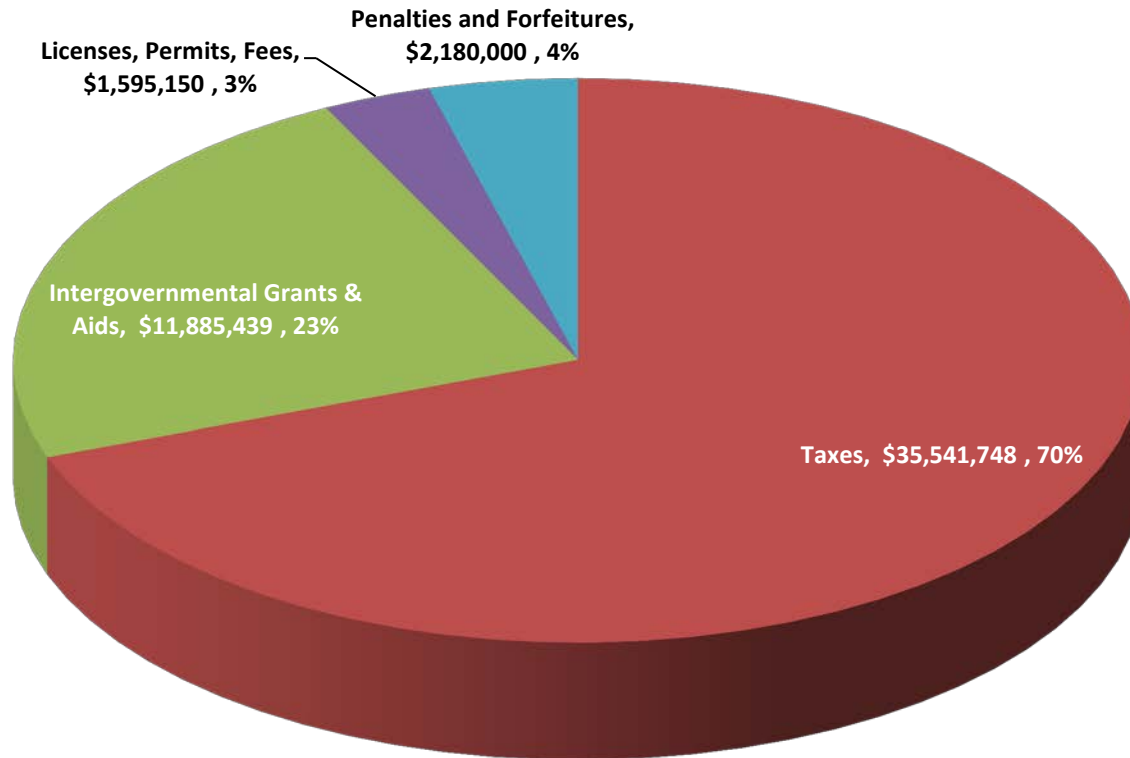


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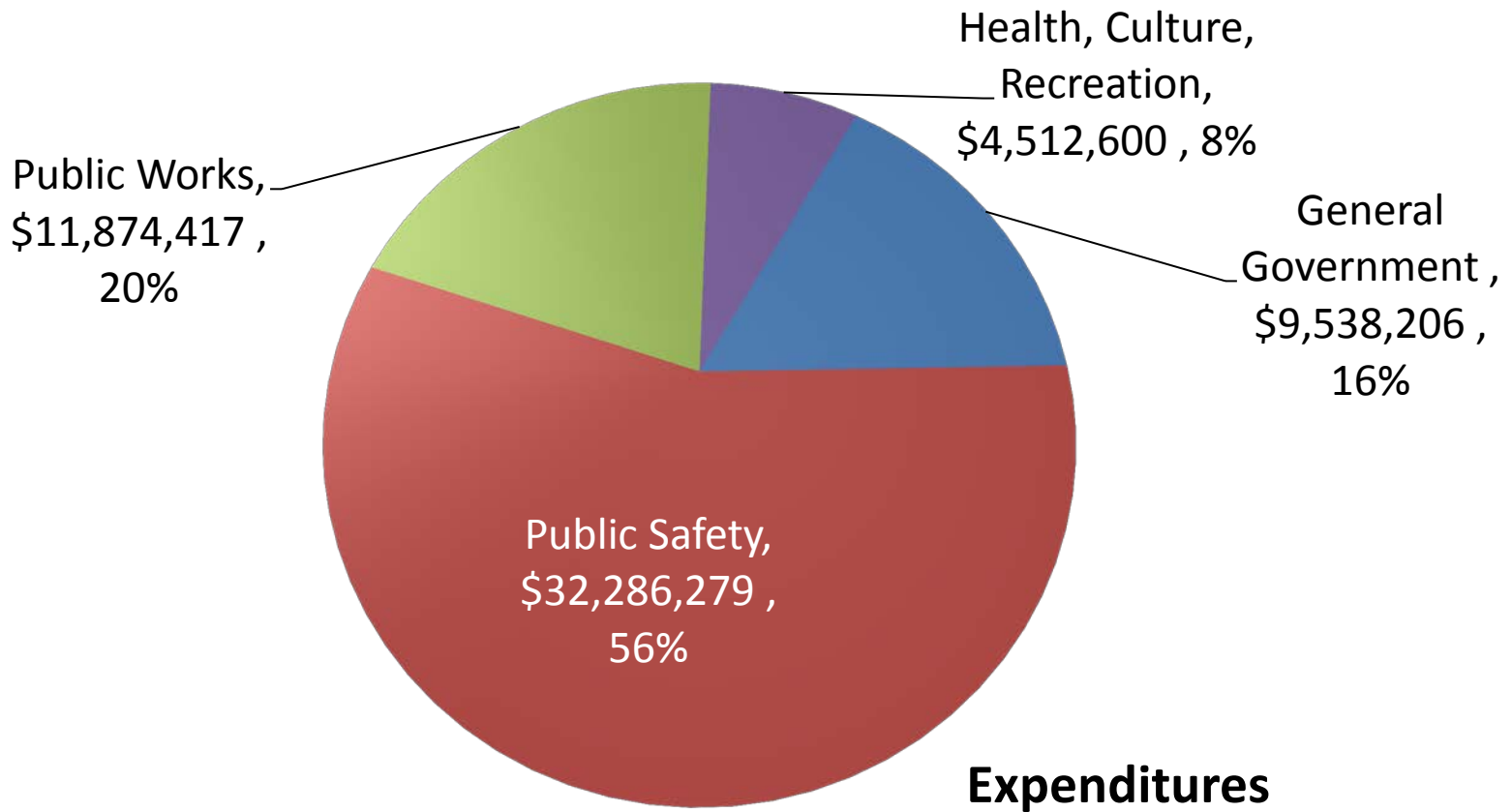
Where does the money come from?



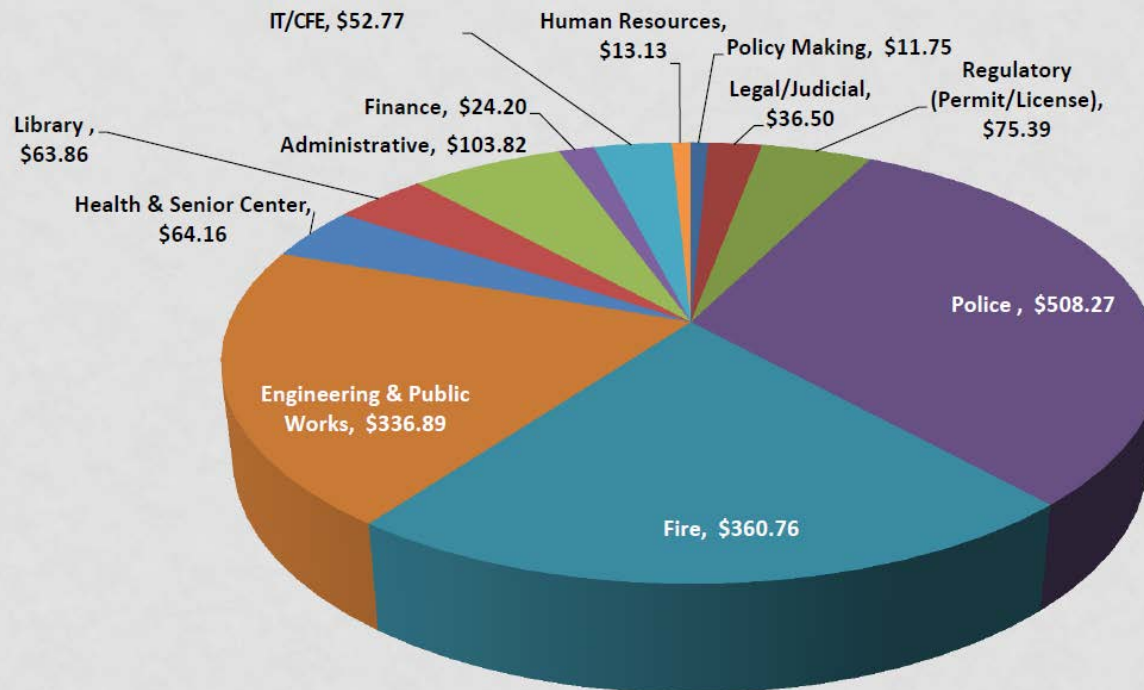
Revenues



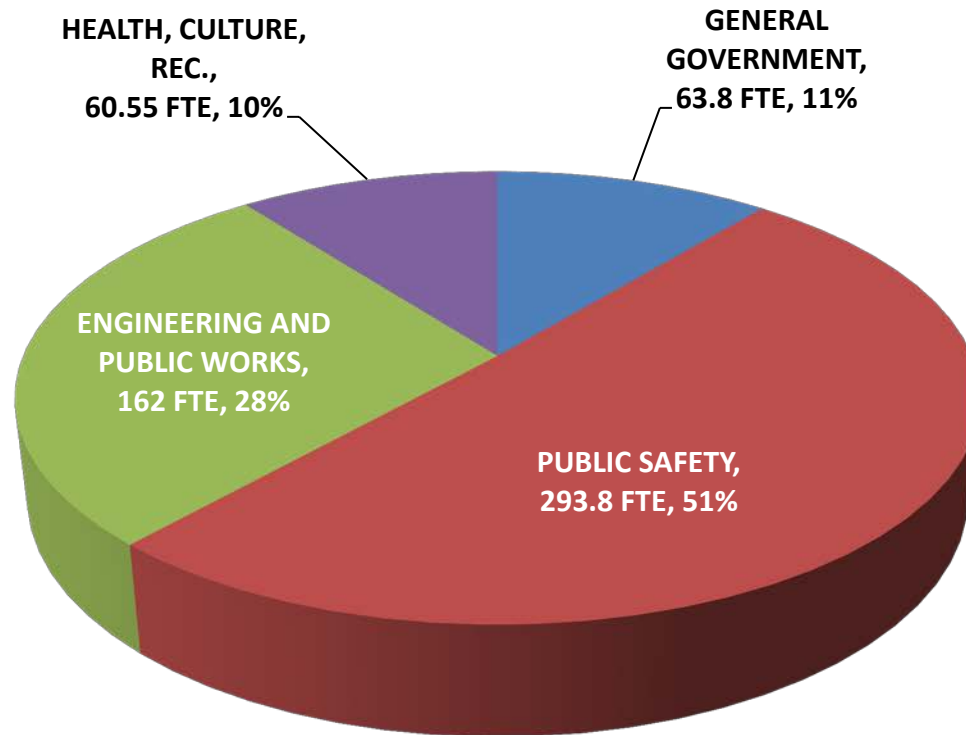
Where does the money go?



WHAT DOES \$1,651.50 IN CITY TAXES SUPPORT?



Personnel by Function



Challenges



Expenditure Restraint Program (ERP)

- **What is it?**

Aid provided by State to municipalities who limit growth in spending.

- **How is it calculated?**

For the year prior to the aid payment, the rate of expenditure growth cannot exceed the inflation rate plus an adjustment based on the growth in municipal property values.

- **What is the limit?**

- Last year, inflation rate and growth combined for a 0.7% allowable expenditure increase, or approximately \$394,000. ($0.7\% \times \$57 \text{ million-expenses}$)
- 2017 budget proposal, as presented, assumes a 1% allowable increase, or approximately \$589,000
- Final figures to be provided by State next week. League estimating 1.3% increase for West Allis

- **What is the aid amount we get if we remain within the limit?**

~\$1,500,000 per year (or 3% of our annual budget)

- **What is the penalty for exceeding the ERP limit?**

Disqualification from the program for that year—no aid payment

Challenges



Levy Limits

- **What is it?**

Levy Limits prohibit county, city, villages or towns from increasing its base tax levy by more than the percentage change of the Jan. 1 equalized value due to new construction, less improvements removed, between the previous year and the current year.

- **What is the limit?**

- In 2016, the levy limit was 0.71%. ($0.71\% \times \$35.6 \text{ million tax levy} \sim \$252,000$).
- In 2017, the levy limit is 0.659% (again, approximately \$252,000).
- Repayment of debt (principal and interest) is outside these limits.

- **What is the penalty for exceeding the levy limit?**

The penalty is a loss of shared revenue. This is a dollar for dollar penalty.

Example: If a municipality exceeds its levy limit by \$1,000, its state shared revenue payment is reduced by \$1,000. If the penalty amount is greater than the state shared revenue amount for that year, the remaining penalty amount is deducted from subsequent state shared revenue payments until the penalty is paid in full.

Challenges



Personnel Costs

- **What are they?**

- Salaries/Wages--**\$34.5 million**.
- Benefits--**\$15.5 million** (includes Social Security, WRS pension contributions, health, dental, life insurance for current employees and health insurance benefits for retired employees).
- Totals more than **\$50 million** per year, and **85%** of general fund budgeted expenses.

- **How many employees?**

We currently have ~580 regular positions, over 169 other positions and close to 550 retirees to whom we provide benefits.

- **What is our OPEB liability? (other post-employment benefits)**

- \$158 million.
- Actuarial calculation of the cost of health insurance coverage owed to retirees and current employees (i.e. future retirees) per city policies and union contracts.

Staffing



2017 Benefitted Positions	580.15
Funded by General Fund	521.36
Other Funding Sources *	
Utilities, Grants, TID's, FIRE (NMTC)	58.79*
Misc. Part-time, Non Benefitted	169.75
<hr/>	
Total 2017 Positions	749.90

*Other funding sources cover salary/fringe benefit cost of active employees, but upon retirement, General Fund is responsible for cost of retiree insurance benefits.

What is the right number??

Challenges

Growing Capital Needs

- Roads
 - Sewers
 - Water
 - Facilities Maintenance
 - Vehicle Replacement
- *Levy Limits & Expenditure Restraint program restrict financial options to fund capital needs--effectively steering municipalities to borrow*

Challenges

Other Challenges

- Increasingly complex societal problems.
- Neighborhood blight and code enforcement issues.
- The ability to continue to attract, develop and retain highly motivated, committed and trained employees.
- Socio-economic status of community.

Overall Budget Strategy

- **Analyze**
 - Review current processes and structure to ensure the most efficient operation of service delivery (external and internal); lean, continuous improvement and innovation
- **Allocate**
 - Repurpose resources (human and capital) to new areas of need based on savings from streamlining and technological improvement, differing service needs; not more with less, change use of resources to fit current and future state
- **Align**
 - Provide delivery of services in a manner consistent with needs and wants of citizens and customers (internal and external)

Budget Highlights - Sustainability

- Health Care transition = continued budget capacity.
- Priority Based budgeting implementation.
- Succession planning for CFE Department.
- Lean Training Continuous improvement initiative.
- Shared Administrative Staff Opportunities.
- Facilities Study, Inventory Audit and Water Reservoir Study.
- Capital Budget Planning.

Budget Highlights – Quality of Life and Safety

- Police Body Worn Cameras – July 2017.
- Police Training Facility Construction.
- IT Network Security Firewall Installation.
- Buildings-Facilities phone lines rewiring.
- Police and Fire file server upgrade.
- Center for Excellence/ IT Succession and transition plan
- Exploring streamlining code enforcement process to reduce investigation and processing time – possible implementation – Spring 2017

Budget Highlights – Funding Adjustments

- Reallocation of claims/judgments/outside counsel costs to City Attorney accounts.
- Moved Creative Services Division of Communications from Administration to Communications Department.
- Aligned city newsletter costs with Communication Department budget.
- Reduced funding for replacement vehicles/equipment in the operating budget.
- Limited funding of ~\$600,000 in the DPW operating budget for equipment replacement.
- Room Tax--for tourism development and tourism promotion funding.
- Reallocation of COLA and performance allowance funding to address potential implementation of Compensation Study results

Capital Budget

Streets, Sewers, Water Mains and Sanitary Sewers

- \$2.75 million bond funding for street construction.
- \$293,000 Other Construction.
- Enterprise Funds \$6.4 million.
- Tax Levy Impact
 - Debt Service expenditures increase approximately \$200,000 in 2017
 - Larger increases in future years if additional street funding is authorized
 - CIP Committee to recommend 5 year Capital Improvement Program in early 2017 for Common Council approval
 - **Policy Decision to be made.**

Capital Budget

Open Space and Parks

- \$250,000 funding with priorities to be evaluated in near future.
- Funded from reserves (no levy impact).

Facilities - Repair, Maintenance & Replacement

- \$600,000 funding with priorities to be evaluated in near future.
- Funded from reserves (no levy impact).

Capital Budget

Capital Equipment Requests

- Public Works request reduced by \$1 million.
- ~\$600,000 for annual replacement remains in Operating Budget.
- Average age of PW fleet is 15+ years.
- Additional funding or significant operational changes needed.

Capital Budget

Capital Equipment Requests – Fire

- Ladder Truck \$1.4 million.
- Engine \$565,000.
- Refurbishment of two existing Engines \$205,000
- Equipment Replacement Fund depleted due to:
 - Replacement of one Fire Engine in 2016
 - Planned replacement of three ambulances (two in late 2016, one in early 2017).
 - Debt financing for replacement equipment will be required. **– This is a departure from our current equipment replacement practice and is an important policy decision.**

Utility Rates



UTILITY RATE SUMMARY PROPOSED 2017 CITY RATES

Average Residential Customer with proposed rates						
<i>Average household has 3 individuals with an average individual using 10ccfs per quarter</i>						
	Proposed Rate	Usage	Current	Proposed Rates	Dollar Increase	% Increase
Water/CCF *	\$ 2.60	30 CCFs	\$ 67.80	\$ 78.00	\$ 10.20	15.04%
City Sewer**	\$ 1.75	30 CCFs	\$ 52.50	\$ 52.50	\$ -	0.00%
Waste Mgmt***	\$ 22.50		\$ 22.50	\$ 22.50	\$ -	0.00%
MMSD ****	\$ 28.58		\$ 28.58	\$ 28.58	\$ -	0.00%
Storm Water*****	\$ 20.58		\$ 19.29	\$ 20.58	\$ 1.29	6.69%
Basic Service*	\$ 39.52		\$ 32.94	\$ 39.52	\$ 6.58	19.98%
Total Charges/Quarter			\$ 223.61	\$ 241.68	\$ 18.07	8.08%
Total Yearly Charges			\$ 894.44	\$ 966.72	\$ 72.28	8.08%

*Water and Basic Service Charges include an increase over last years rates. The city approved and applied for a conventional rate case expecting the new rates to be effective 1/1/17

** City sewer rates are to remain the same as the 2016 rates.

*** Waste management rates are to remain the same as 2016 rates

**** MMSD rates are expected to remain the same, but could increase/decrease once MMSD publishes their Cost Recovery Procedure Manual, usually the first month of the year.

***** Storm Water rates are to increase \$1.29 over 2016 rate of \$19.29

2017 Recommended Budget Fact sheet



City of West Allis Recommended 2017 Budget - Fact Sheet						
	Budget Year 2016	Tax Rate	Budget Year 2017	Tax Rate *	Change *	
Total General Fund Expenditures	\$ 57,621,784	\$ 9.25	\$ 58,211,502	\$ 9.35	1.02%	
General Government	\$ 9,614,248	\$ 1.54	\$ 9,538,206	\$ 1.53	-0.79%	
Public Safety	\$ 31,708,828	\$ 5.09	\$ 32,286,279	\$ 5.19	1.82%	
Engineering & Public Works	\$ 11,626,476	\$ 1.87	\$ 11,874,417	\$ 1.91	2.13%	
Health, Culture, Recreation	\$ 4,672,232	\$ 0.75	\$ 4,512,600	\$ 0.72	-3.42%	
* Assessed Value	\$ 3,731,629,800		\$ 3,748,119,000		0.44%	
General Fund Tax Levy	\$ 33,631,139	\$ 9.25	\$ 34,158,048	\$ 9.35	1.57%	
Health Fund Tax Levy	\$ 2,000,000	\$ 0.54	\$ 2,000,000	\$ 0.53	0.00%	
Parking Fund Tax Levy	\$ 43,000	\$ 0.01	\$ 43,000	\$ 0.01	0.00%	
Debt Fund Tax Levy	\$ 3,802,118	\$ 1.02	\$ 3,999,194	\$ 1.07	5.18%	
TID Levy	\$ 877,692		\$ 1,058,693		20.62%	
Total Levy /Total Tax Rate	\$ 40,353,949	\$ 10.81	\$ 41,258,935	\$ 11.01	2.24%	
Taxes on \$150K home:	\$ 1,621.50		\$ 1,651.50		1.85%	
Change in Taxes:			\$ 30.00			
Total Employees (FTE, All Funds)	580.55		580.15		0.0%	
Projected Fund Balance	\$ 6,214,373		\$ 6,412,820		3.2%	
Fund Balance as % of Gen Fund Exp	10.8%		11.0%		0.2%	

* ESTIMATED

Tax Levies/Tax Rates



CITY OF WEST ALLIS
Summary of City of West Allis Tax Levies &
Comparative Analysis of City of West Allis Tax Rates
2014(2015), 2015(2016) Actual and 2016(2017) Levy

	2014(2015) Rate	2015(2016) Rate	2016(2017) Rate	2016(2017) Increase (Decrease)	2016(2017) % Increase (Decrease)
Assessed Valuation (including TIF) *	\$3,724,450,300	\$3,731,629,800	3,748,119,000 (estimated)	\$16,489,200	0.44%
Tax Rates/\$1,000 Property Valuation					
General Fund Rate	\$8.98	\$8.99	\$9.11	\$0.12	1.33%
Health Insurance Rate	\$0.54	\$0.54	\$0.53	(\$0.01)	-1.85%
Parking Utility Rate	\$0.02	\$0.02	\$0.01	(\$0.01)	-50.00%
Debt Fund Rate	\$1.02	\$1.02	\$1.08	\$0.06	5.88%
Tax Increment Financing Rate	\$0.25	\$0.24	\$0.28	\$0.04	16.67%
Tax Rate/\$1,000 Property Valuation	\$10.81	\$10.81	\$11.01	\$0.20	1.85%

Comparative Tax Rates Per \$1,000 of Valuation

	Assessed	Equalized
2006 for 2007 (1)	\$8.49	\$8.37
2007 for 2008	\$8.65	\$8.22
2008 for 2009	\$8.70	\$8.25
2009 for 2010	\$8.94	\$8.76
2010 for 2011 (1)	\$9.61	\$9.53
2011 for 2012	\$9.75	\$10.18
2012 for 2013	\$9.81	\$10.71
2013 for 2014 (1)	\$10.75	\$10.87
2014 for 2015	\$10.81	\$10.84
2015 for 2016	\$10.81	\$10.84
2016 for 2017	\$11.01	\$11.04

(1) Revaluation conducted this year.

* NOTE: Final Assessed Values for 2016(2017) are not available as of publication date. Estimates are used in the tax rate calculations above.

What is the bottom line for tax payers?

CITY OF WEST ALLIS PROPERTY TAX RATE *EFFECT*

Single Family Home Assessed at

\$150,000



Copies of the Recommended Budget are available
at www.westalliswi.gov/budget

Please contact:

Rebecca Grill (302-8294) rgrill@westalliswi.gov or
Kris Moen (302-8251) kmoen@westalliswi.gov

if you have further questions.