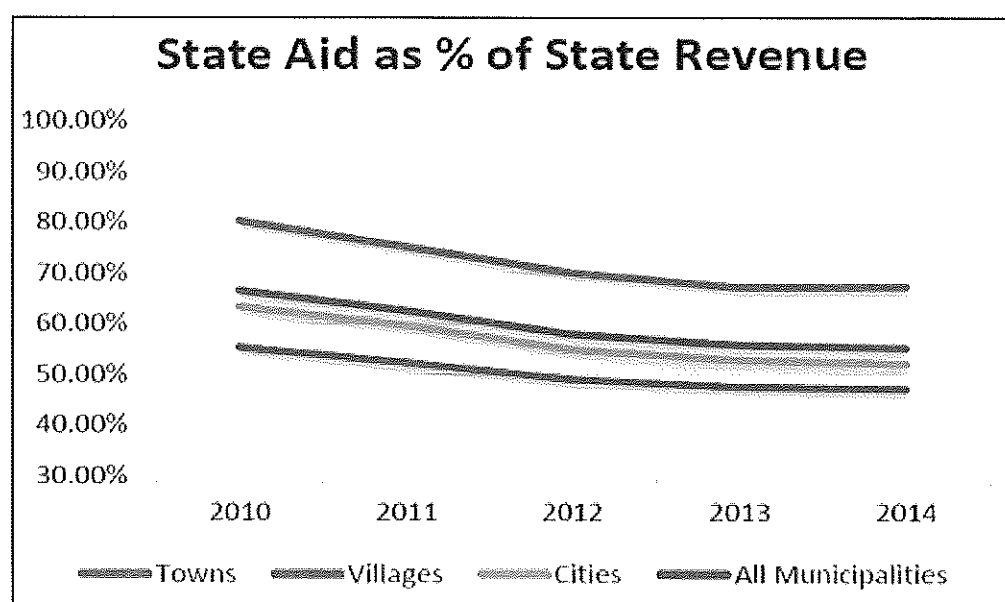


COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION

**DATE** : September 28, 2017  
**TO** : Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors  
**FROM** : Teig Whaley-Smith, Director, Department of Administrative Services  
**SUBJECT** : Request for Authorization to Amend Chapter 66 of the Milwaukee County Code of General Ordinances regarding Collection of the Milwaukee County Vehicle Registration Fee in October

The 2018 Recommended Budget is submitted with a \$30 increase to the County Vehicle Registration Fee (VRF). This increase is included in order to close the ongoing operational and infrastructure deficit faced by the County each year and provide sustainable budget relief for the County for years to come.

The following two graphs emphasize the pressure put on locally generated sources of revenue to sustain County services.



**Figure 1.** This figure shows that the trend in overall State Aid to local governments has declined by well over 10% in the past few years. This impacts not only the County, but other municipal governments as well, putting strain on all levels. The recently adopted 2018-2019 State Biennial Budget continues this trend.

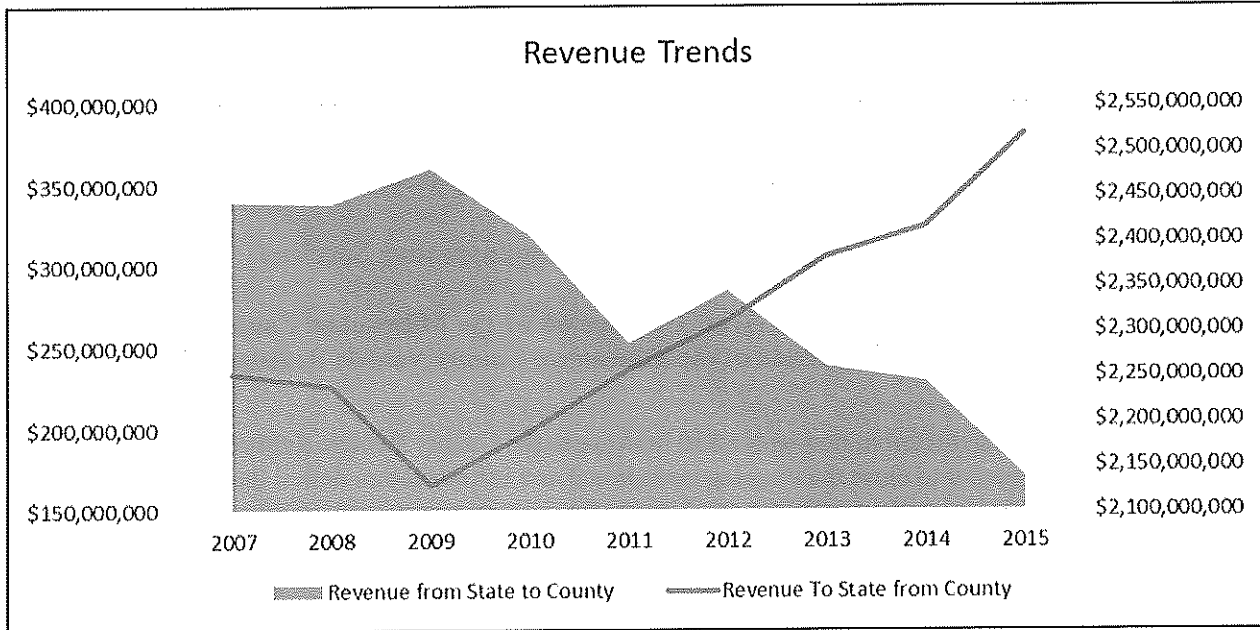


Figure 2. This figure illustrates the disparity in trends for revenue coming from the State to Milwaukee County (including State Aid as well as formula grants and other support) and from the County to the State (via sales taxes and other revenue streams).

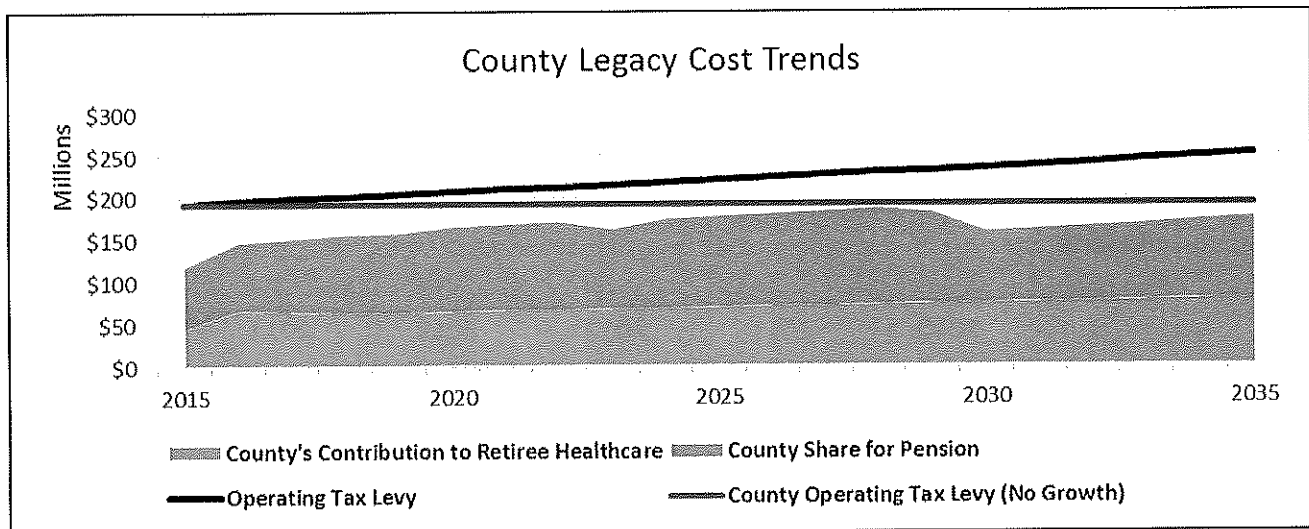
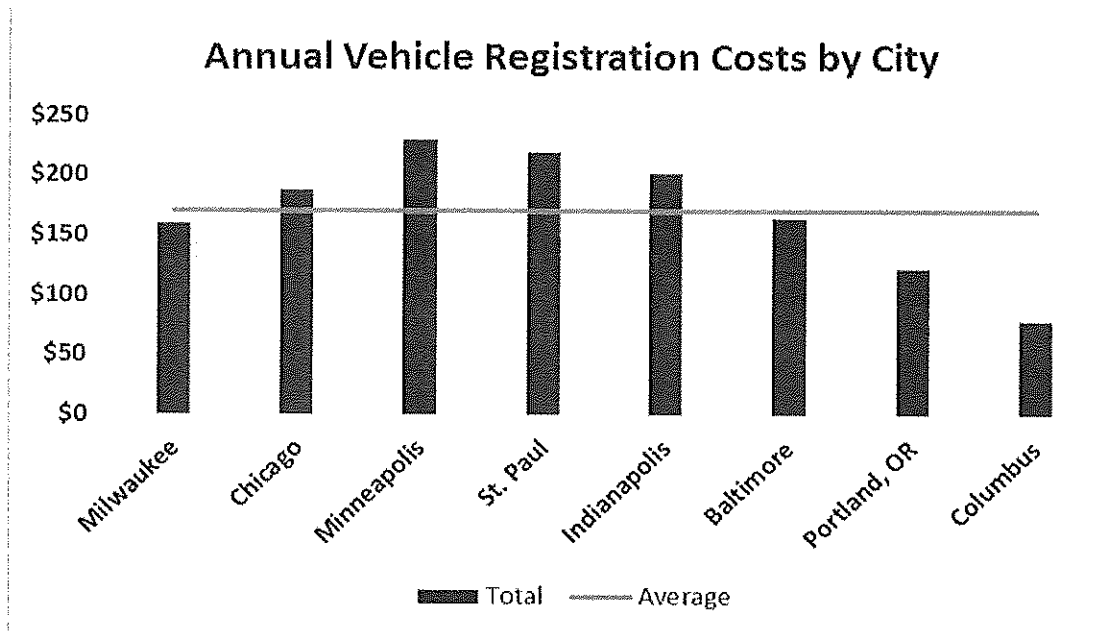


Figure 3. This graph shows a projection of the County's obligation for Retiree Pension and Healthcare over the next twenty years. The black trend line shows the operating property tax levy forecasted using current policy. This figure depicts the rising proportion of the tax levy that retiree pension and OPEB obligations will consume, crowding out other expenditures (including both mandated and discretionary services). This imbalance, and the preceding trends in State Aids show why drastic action is needed in order to address the current and future fiscal environment.

We request that action be taken by the Board to approve this amendment during the October cycle. This timing is requested because it allows for eleven months of revenue collection in 2018 after the required 90-day delay between passing the ordinance and WisDOT initiating collection of the new rate.

Without implementing an alternative source of funds, the Milwaukee County Department of Transportation will not be able to sustain its current levels of operation and capital repairs. The 2018 Recommended Budget includes \$30.6 million in budgeted revenue from the VRF, \$14.7 million of this total is from the increase to \$60. Of this \$30.6 million, \$26.8 million will be used in the transit operating budget to offset negative trends in state, Federal and passenger revenue. \$1.0 million will be used to offset tax levy revenue in the Highway department, and the final \$2.8 million will fund transportation infrastructure projects in the capital budget.



**Figure 4.** This chart shows the annual costs vehicle owners pay to register their vehicles in the assorted cities. These costs include state, county, and city fees and assumes a \$60 VRF for Milwaukee.

The specific reasons for including a \$60 VRF in the 2018 Recommended Budget remain largely the same as those included in the 2017 Recommended Budget, and supported by reports previously generated from the Comptroller and SEWRPC. The County is limited by State statute as to the types of revenue and rates of revenue available to offset expenses, and moving forward with this VRF increase will ensure a more stable fiscal environment moving forward. Additionally, Public Policy Forum noted in a 2016 report on transportation infrastructure in Milwaukee County that a Vehicle Registration Fee is the “only local revenue option available to the County under State statutes that could generate sufficient revenues to comprehensively address its bus replacement needs”<sup>1</sup> As shown on page 2, the State of Wisconsin has shown a trend of reduced aid to this County and remains opposed to authorizing the County to amend other revenue streams.

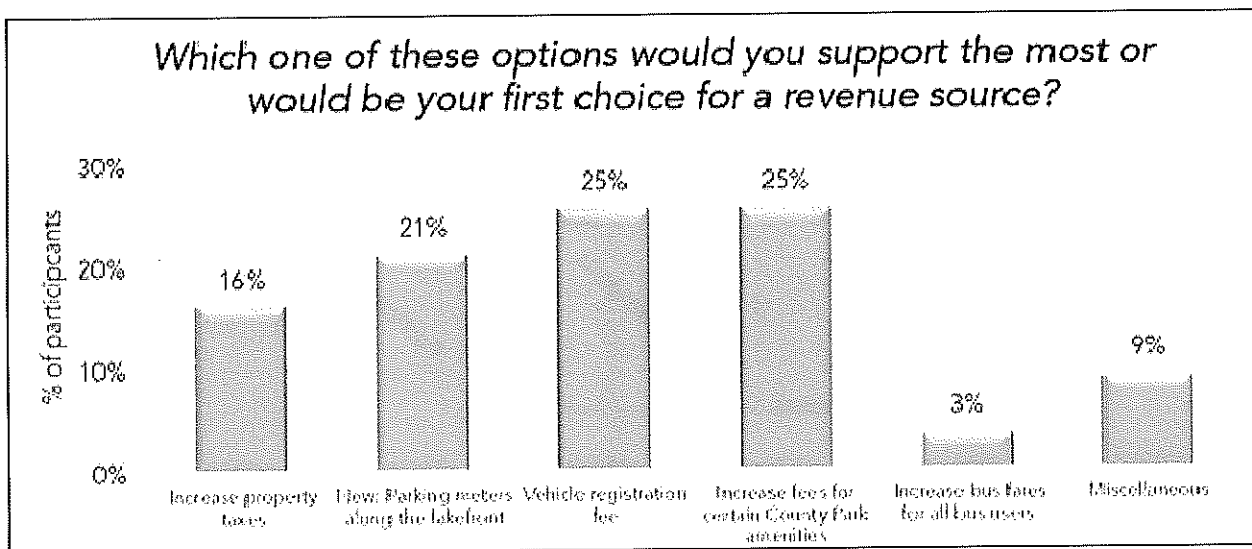
Along with MCDOT Transit/Paratransit and MCDOT Highway Maintenance, in 2018, VRF revenue will support the following capital projects:

- WH24001 (W. Rawson Ave. from US-45 to W. Hawthorne Lane)
- WH09201 (S. 76<sup>th</sup> St. and W. Layton Ave)
- WH09401 (W. Rawson Ave. at 10<sup>th</sup> St. and 6<sup>th</sup> St.)
- WH09501 (W. Rawson Ave. from S. 27<sup>th</sup> St. to S. 20<sup>th</sup> St.)

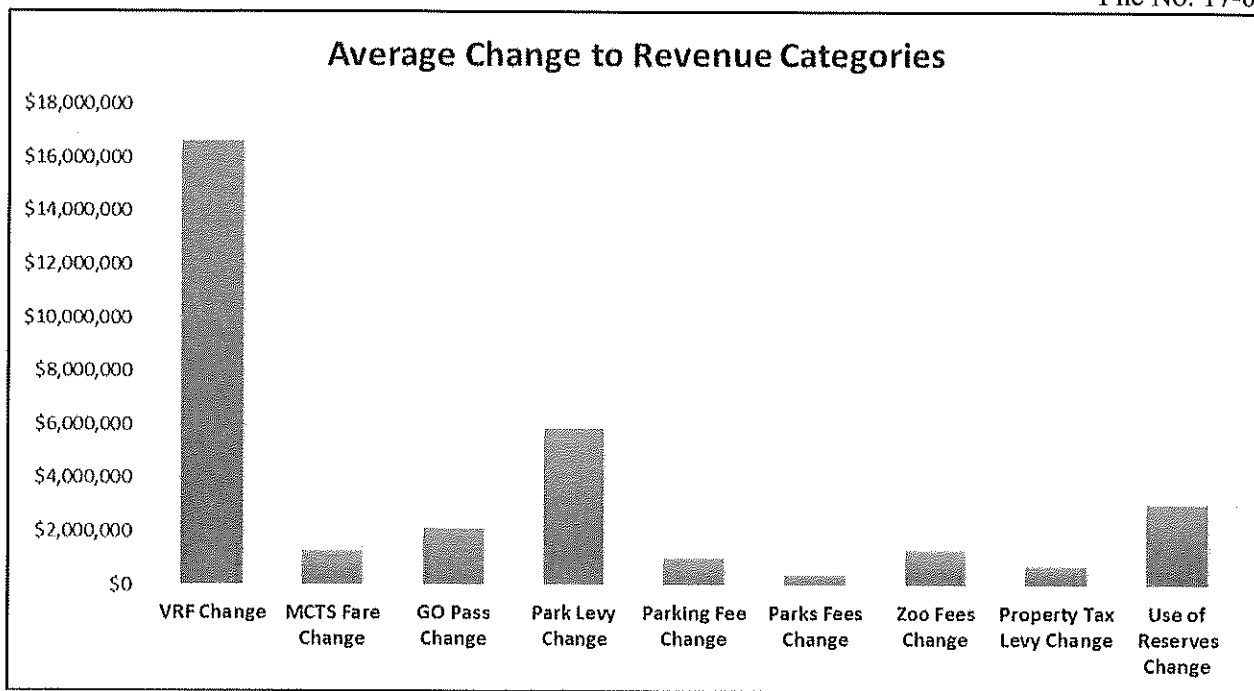
<sup>1</sup> Jaurez, Ben and Henken, Rob. A Fork in the Road: The Outlook for Transportation Infrastructure in the City and county of Milwaukee. Public Policy Forum, 2016.

- WH10801 (W. College Ave at S. 34<sup>th</sup> St. and S. 31<sup>st</sup> St.)
- WH10901 (W. Good Hope Rd. at N. Pierron Rd.)
- WT10401 (Bus Replacement Program)

Although the County held a referendum regarding the VRF in which 72% of the votes rejected the \$60 fee in a binary selection, the referendum question did not explain the service impacts that would result from rejection of the fee. In 2017 the County budget staff along with the County Executive’s Office implemented a new method for gathering public input on the budget process in 2017. The Balancing Act software provided residents with a nuanced way of selecting different policy directions in order to balance the budget, much like the County leadership must do each year. The results from this approach showed overwhelmingly that when forced to choose between an increased VRF and other methods of overcoming the budget deficit, residents chose an increased VRF. This was the top option selected during the County Executive’s public input sessions on the budget hosted by the Zeidler Center (see Figure 4), and the data from Balancing Act reflects that this preference prevails across Milwaukee County’s municipalities (Figures 5 and 6).



**Figure 5. Results gathered by the Zeidler Center for participants of the County Executive’s Public Input Session on the Recommended Budget.**



**Figure 6.** This data from the Balancing Act software shows how users changed different revenue categories in order to balance the budget. VRF was the largest average change to any revenue source by dollar amount.

**Average Change to VRF Revenue by Municipality**

Muni	Number of Entries	Average of VRF CHANGE
Bayside	13	\$20,923,077
Brown Deer	8	\$18,000,000
Cudahy	3	\$18,666,667
Franklin	4	\$18,000,000
Glendale	34	\$17,411,765
Greendale	2	\$8,000,000
Greenfield	15	\$13,333,333
Hales Corners	5	\$22,400,000
Milwaukee	115	\$18,086,957
Oak Creek	5	\$12,800,000
South Milwaukee	9	\$18,666,667
Other	19	\$3,368,421
<b>Grand Total</b>	<b>232</b>	<b>\$16,551,724</b>

**Figure 7.** The above chart shows the average VRF dollar change for Balancing Act users by municipality.

The additional revenue from this increase will allow the County to continue to provide a high-quality transit system and maintain the vital highway and transit infrastructure used by all County residents. At the same time, it will ensure that other areas of the County are able to maintain the level of tax levy they depend on.

The 2018 Capital Improvement and Operating Budgets assume implementation of a \$60 Vehicle Registration Fee on November 2, 2017. The ordinance change outlined in the accompanying resolution is required if the Vehicle Registration Fee is to be amended.



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Teig Whaley-Smith  
Director  
Department of Administrative Services

Attachment: Resolution  
Fiscal Note