



OFFICE OF THE COMPTROLLER
RESEARCH SERVICES DIVISION

SCOTT B. MANSKE
 Comptroller

STEVE CADY
 Director of Research & Policy

ERICA HAYDEN
 JESSICA JANZ-MCKNIGHT
 KATARINA LUCAS
 Research & Policy Analysts

TO: Milwaukee County Supervisors and County Executive
 FROM: Steve Cady, Director of Research and Policy, Office of the Comptroller
 DATE: November 2, 2015
 RE: Fiscal Synopsis of Amendments to 2016 Recommended Budget and Follow Up on Impact of Amendments

The Committee on Finance, Personnel, and Audit has concluded its budget hearings in advance of the Public Hearing scheduled for today. The Committee is scheduled to meet again on Wednesday, November 4th to consider any final amendments to the Budget before sending its recommendations to the full Board. The table below shows the fiscal impact of the amendments approved through Thursday, October 29th.

Fiscal Synopsis of Amendments Approved through 10/29/15

	<u>Expenditures</u>	<u>Revenues</u>	<u>Bonds</u>	<u>Tax Levy</u>
2016 CEX	\$1,374,746,605	\$1,052,032,802	\$39,728,678	\$282,985,125
FPA as of 10/29	\$1,376,405,308	\$1,049,815,594	\$38,484,810	\$288,104,904
Change to CEX	\$1,658,703	(\$2,217,208)	(\$1,243,868)	\$5,119,779

State-Imposed Tax Levy and Self-Imposed Bonding Limits

The Committee on Finance, Personnel, and Audit proposes (through 10/29/15) a tax levy increase of \$5,119,779, or 1.81% higher than the 2016 Recommended Budget amount. The initial State-imposed tax levy limit allows an increase of \$2,370,890, or 0.84%. However, the County may use “excludable items” including levies for Emergency Medical Systems (EMS) and the Federated Library. That provides an additional \$4,970,111 allowable tax levy increase for a **total allowable increase¹ of \$7,341,001, or 2.59%** over the 2015 Adopted (and 2016 Recommended) budget amount. Through October 29th, the Finance Committee’s actions have used \$2,748,889 of the excludable amount. A total of \$2,221,222 in excludable levy remains, which can be used in future years. It should be noted that the tax levy limits are subject to change if certain budget items are affected, most notably debt service, EMS, and Federated Library.

¹ Assumes the County does not utilize the carryover of the previous year’s allowable levy that would require a separate majority vote. For the 2016 Budget, a net amount of \$446,915 is available under the provision in Wisconsin State Statute 66.0602(3)(f).

The self-imposed general obligation bonding limit is \$39,748,271 based on the County Executive's recommendation that the limit be "reset" to ignore the amount that the 2015 Adopted budget exceeded the bonding cap. The Capital Improvement Committee (CIC) reflects the bonding cap amount of \$43,857,599, which represents the previous year's *actual* adopted bonding amount, excluding \$9,154,472², plus three percent. Through October 29th, the Finance Committee has approved \$38,484,810 in bonding for 2016. This amount is \$1,263,461 under the County Executive's Recommended cap and \$5,372,789 under the CIC's bonding cap.

Amendments Requiring Further Fiscal Impact Analysis

The volume and timing of amendment requests may create difficulties in obtaining accurate expenditure and/or revenue estimates from departments. The Office of the Comptroller also reviews amendments to help ensure the fiscal impact is properly noted. The goal is to ascertain the fiscal impact *before* the amendment is considered by the Committee on Finance, Personnel, and Audit. That may not always be achievable given the limited time constraints of the budget process and the time required to perform the analysis. In these cases, the Office of the Comptroller will identify amendments in which further fiscal analysis is required.

As of today's date, there are several amendments that are being reviewed to determine if the fiscal impact is accurately presented. The Office of the Comptroller will attempt to gather and report more information on the fiscal impact before policymakers take final action on the amendment. Admittedly, time constraints may preclude this from happening in all cases.

The amendments requiring further analysis include:

Amendment 1A032

This amendment would provide 15 new deputy sheriff positions partially offset with \$500,000 in additional fines and forfeiture revenue. This amendment failed 3 to 5.

Fiscal Concern

The \$500,000 in additional fine and forfeiture revenue may not be achievable given the actual date the positions would be filled and the deployment by the Sheriff. Historically, fine and forfeiture revenues have fallen short of budget, including an \$839,500³ projected deficit for 2015.

Amendments 1A029 and 1A046

Amendment 1A029 would require up to 75 percent of revenues generated from disc golf be used for disc golf improvements. This amendment failed 3 to 4. Amendment 1A046 would require all disc golf revenues to be used exclusively for disc golf. This amendment was approved 6 to 1.

² The 2015 Adopted Budget (Budget) included bond financing of \$9,154,472 for Project WP481 Parks Infrastructure Improvements. The Budget directed that the \$9,154,472 was not to be used in the bonding cap calculation for 2016.

³ Based on the Office of the Sheriff's fiscal report through August 30, 2015.

Fiscal Concern

The requirement that any or all of the revenues generated by a certain recreational activity be used exclusively for that activity may result in less funding to operate other programs and services within the department.

Amendment 1A044

This amendment would develop and implement a feasibility study and cost analysis of constructing three basketball courts along the downtown lakefront. This amendment was approved 5-2.

Fiscal Concern

The amendment does not provide any funds to perform the study. A cost estimate to conduct the study has not been obtained.

Amendment 1B009

This amendment would authorize a total of \$314,400 in expenditure authority to install baseball diamonds in Cudahy and Grant Parks. The cost is completely offset with revenue based on receiving \$132,000 more from the operation of the O'Donnell Park parking structure, \$116,400 in Beer Garden revenues, and \$66,000 more in South Shore Pavilion revenues. This amendment was approved 4 to 3.

Fiscal Concern

The estimate for potential additional revenue was based on recommendations made in the Audit Division's recent audit of O'Donnell Park. The additional revenues related to the Beer Gardens and South Shore Pavilion have not been analyzed. To the extent that any of these revenues are not achieved, the Parks Department would be required to make commensurate budget reductions. The requirement that any or all of the revenues generated by a certain recreational activity be used exclusively for that activity may result in less funding to operate other programs and services within the department.

Amendment 1A042

This amendment would designate that \$6,500 of the allocation for golf expenditures be used to offer two free golf days per month to youths ages 17 and under. This amendment was approved 8 to 0.

Fiscal Concern

The potential revenue loss from offering free golf on certain days to patrons that may have otherwise paid has not been analyzed. Using existing appropriations to provide an additional benefit may result in less funding to operate other programs and services within the department.

Amendment 1A043

This amendment will develop and implement a feasibility study and cost analysis of building a sports complex on the north side of Milwaukee. This amendment was approved 8 to 0.

Fiscal Concern

The amendment does not provide any funds to perform the study. An initial estimate provided by the Parks Department indicated a cost of \$115,000 to conduct the study.

Amendment 1A045

This amendment would freeze all park fees at the 2015 levels and require County Board approval to increase any fees. It would also require that the Parks Department provide a comprehensive fee schedule of all park fee changes requested for 2016 to the County Board by February 1, 2016. This amendment was approved 5 to 2.

Fiscal Concern

Parks Department staff indicated that the 2016 Budget includes approximately \$188,000 in additional revenue related to the new fee schedule. To the extent that the proposed fee schedule is not approved, it may result in less funding to operate other programs and services within the department.