



CITY OF WAUWATOSA  
MEMORIAL CIVIC CENTER  
7725 WEST NORTH AVENUE  
WAUWATOSA, WI 53213  
Telephone: (414) 479-8917  
Fax: (414) 479-8989

**COMMITTEE OF THE WHOLE**  
**Wednesday, July 5, 2006 – 7:00 p.m.**

PRESENT: Alds. Hanson, Herzog (7:05 p.m.), Krol, Maher, Meaux, Purins, Stepaniak, Sullivan, Treis (7:20 p.m.), Becker, Birschel, Didier, Donegan Ewerdt, Grimm - 15

EXCUSED: Ald. Krill

ALSO

PRESENT: Mr. Braier, Finance Director

Ald. Becker in the Chair

**Budget Overview.** Mr. Braier gave an overview of the city budget, explaining that there are 17 different funds:

- **General Fund:** Includes most major services including police and fire protection, snow plowing, parks, city administration, etc. Ninety percent of the budget process is concerned with this fund.
- **Debt Service:** Includes the city's long-term obligations such as bonds, notes, and Trust Fund loans. The total amount outstanding is \$31,906,500. The debt service schedule is designed to maintain the annual principal (\$4 million) and interest (\$1.5 million) at \$5,500,000.
- **Capital Projects Fund:** Includes infrastructure improvements to roads, sewers, and sidewalks, and large repair projects to garages and roofs. Major equipment purchases (fire trucks, voting equipment, mainframe computer) come from this fund. The equipment should have a life of at least ten years and a cost of at least \$10,000 in order for this fund to be the funding source. Special assessments collected from property owners are deposited into this fund. Other funding sources are debt issue and grants.
- **Library Fund:** MCFLS (Milwaukee County Federated Library System) currently provides 12% of the funds. This amount is projected to decrease in 2008.
- **Tax Incremental Financing Reserve:** The city current has three TIF districts – the Research Park, State Street and Blue Mound Road. All three are projected to be retired within the next ten years. While no new TIFs are being planned, the city has the capacity for more. They are a useful tool.
- **Internal Service Funds:** Includes the stores function, fleet maintenance and the public works building; this fund services the city's departments. Stores sells fuel to all departments. Fleet maintenance owns all vehicles except for fire department vehicles and rents them to other departments based upon a per-mile rate and a fixed monthly amount. The public works building is rented out and tenants (i.e., school district, police

department, etc.) pay based upon square footage used. In all cases, the goal is to break even and cover costs, not make money.

- Risk Management Funds: The city self-insures for five kinds of insurance – health, life, worker’s comp, general liability, and dental – for an initial amount of claims and then covers its exposure with stop loss coverage.
- Enterprise Funds: Includes the Sanitary Sewer Reserve, Storm Water Management Reserve and Water Utility. No portion of the tax levy comes into these funds; they generate their own revenue. The goal is to break even or be profitable.

Mr. Braier noted that these aforementioned funds’ budgets total nearly \$92 million dollars.

Mr. Braier reviewed several charts detailing the General Fund budget. Revenue sources are divided as follows: Tax levy, 67%; Local, 16%; State, 11%; County, 3%; Federal, 3%. The city is fortunate that only 11% of the General Fund budget is state-funded, as Wauwatosa is less affected than other cities when the state’s funding formula changes.

The General Funds expenses are divided as follows: Wages, 50.2%; Fringe benefits, 26.7%; Operating expenses, 14.6%; Debt service, 5.8%; Jobs, 1.2%; Other, 1.1%; Capital equipment, 0.3%. “Jobs” refers to one-time events or projects that don’t fit into other categories. When fixed operating expenses such as utility bills are removed from consideration, there is not much ‘wiggle room’ in the operating budgets for budget cuts without also changing service levels. Only \$138,000 (0.3%) worth of capital equipment is being purchased in the 2006 budget.

The state imposes certain spending restrictions, notably the expenditure restraint program and levy limits. The expenditure restraint program limits General Fund expenditures to the CPI plus new growth. In order to qualify, the city has had to keep expenditures under a certain percent. To date the city has qualified in every year of eligibility. Since it is unlikely the city will have more than 2% growth this year, the levy limit for 2007 will be at 2%.

Mr. Braier noted that the budget process requires answers to questions that are generally impossible to answer, such as how much and when it will snow, how much garbage will have to be collected, how much will interest rates go up or down, how many workers will be injured on the job, how rainy will the summer be, how much overtime will the police incur testifying in court, etc. Historical data will help develop answers so that services can be budgeted for at an agreed-upon level based on that data.

The tax levy is determined by adopting the budget and dividing it by the assessed value to get the tax rate. 2006 is a reassessment year. Assessed values on properties will go up; the tax rate may go down relative to the levy.

Last year, for example, a house assessed at \$180,000 with a tax rate of \$26.08 had taxes of \$4,700. If that home had been assessed at 100% of assessed valuation (as it will be after the revaluation), the value would be \$230,000, the tax rate would be \$20.47, but taxes would still be \$4,700.

Mr. Braier pointed out in a final chart that the city’s portion of taxes collected is 31%. In the case of the \$180,000 home with the \$4,700 tax bill, that comes out to about \$125 per month for police and fire protection, ambulance and paramedic service, refuse collection, snow plowing, free library services, crossing guards, sewer services, etc.

Mr. Braier then answered several questions, confirming that payment of bonds issued for the capital projects appears in the debt service fund; explaining that “ERU” refers to “equivalent residential unit,” a formula used to charge for storm water management costs; stating that the city is in the midst of its contract period with the unions and that the contracts specify a 3% wage increase in 2007; confirming that the city already qualifies for the 2007 expenditure restraint program based upon the 2006 budget; stating that an actuarial review will be performed in time for the audit report at the end of the year; explaining that the reserve in the Risk Management Funds is 30% of the following year’s anticipated claims based upon a consultant’s projections; noting that the status of CDBG funds is not known yet.

The meeting adjourned at 7:27 p.m.

Carla A. Ledesma, City Clerk

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