



General City Revenues

Presentation to the Finance
& Personnel Committee

October 4, 2019

General City Purposes Budget Revenue

	2019 Adopted Budget	2020 Proposed Budget	Difference	Percentage Change
Taxes & PILOT's	\$17,984,000	\$18,031,200	\$47,200	0.3%
Licenses & Permits	16,125,000	16,882,000	757,000	4.7%
Intergovernmental	270,081,000	273,505,000	3,424,000	1.3%
Charges for Service	129,077,155	131,726,900	2,649,745	2.1%
Fines & Forfeitures	3,251,000	3,276,000	25,000	0.8%
Miscellaneous	38,894,000	41,237,500	2,343,500	6.0%
Fringe Benefit Offset	23,000,000	24,000,000	1,000,000	4.3%
Tax Stabilization Fund	16,000,000	12,893,000	-3,107,000	-19.4%
Tax Levy	119,704,126	115,064,998	-4,639,128	-3.9%
TOTAL	\$634,116,281	\$636,616,598	\$2,500,317	0.4%

Revenue Strategic Overview

Opportunities

- Fund reserves help stabilize operations
- Cost-recovery through service charges reduces pressure on tax levy

Challenges

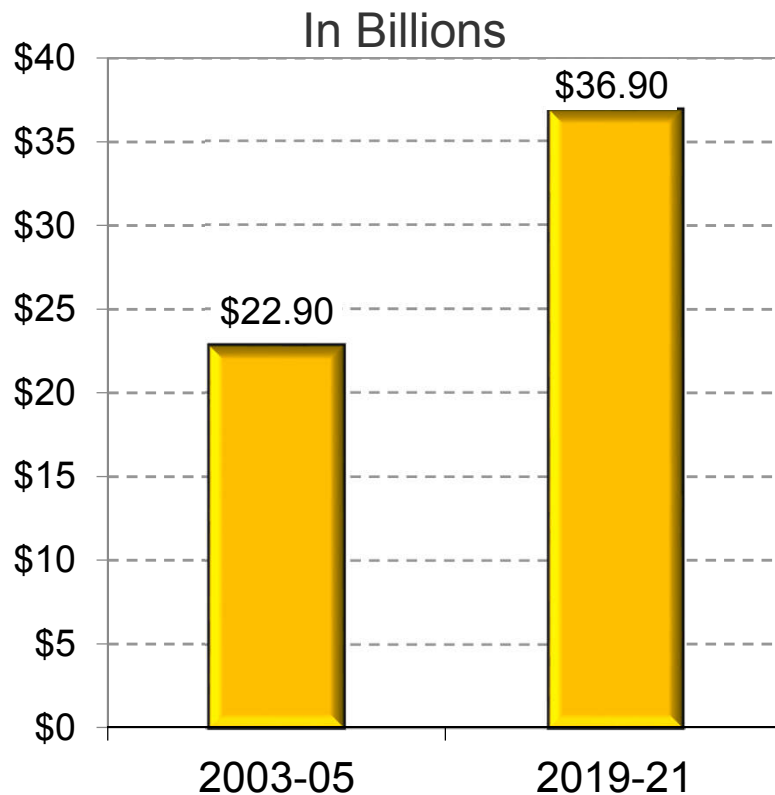
- End of State commitment to Shared Revenue growth
- Municipal Levy limit
- Limited local revenue options
- Limited revenue growth: non-property tax General Fund revenues increase 1.4%

Result

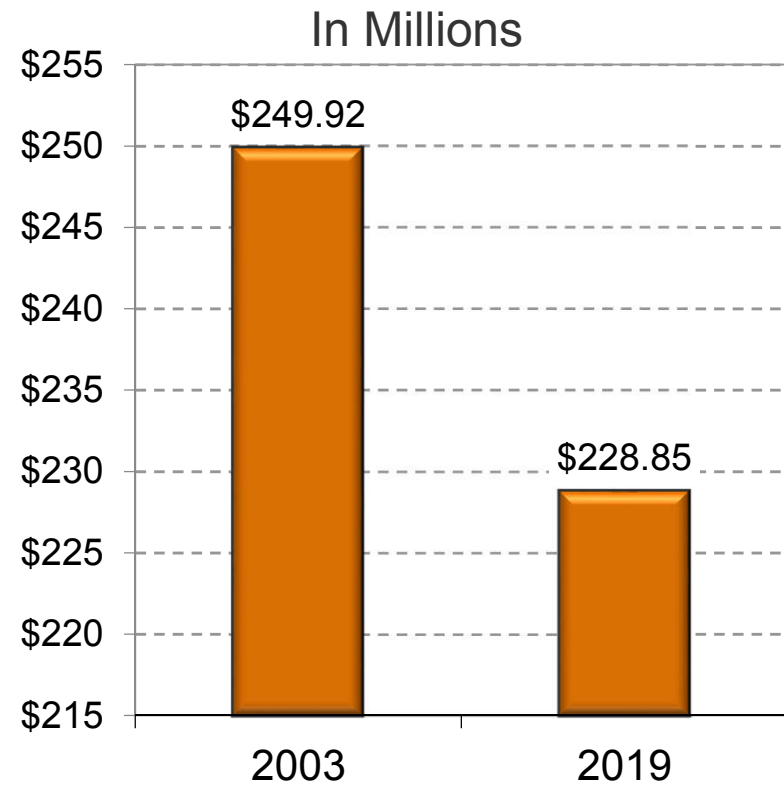
- Ongoing service costs exceed ongoing revenue and cause persistent structural imbalance
- New revenue source, such as sales tax, would reduce structural imbalance

Trends in State General Purpose Revenue (GPR) and MKE Shared Revenue/ERP Aid: 2003 and 2019

State GPR



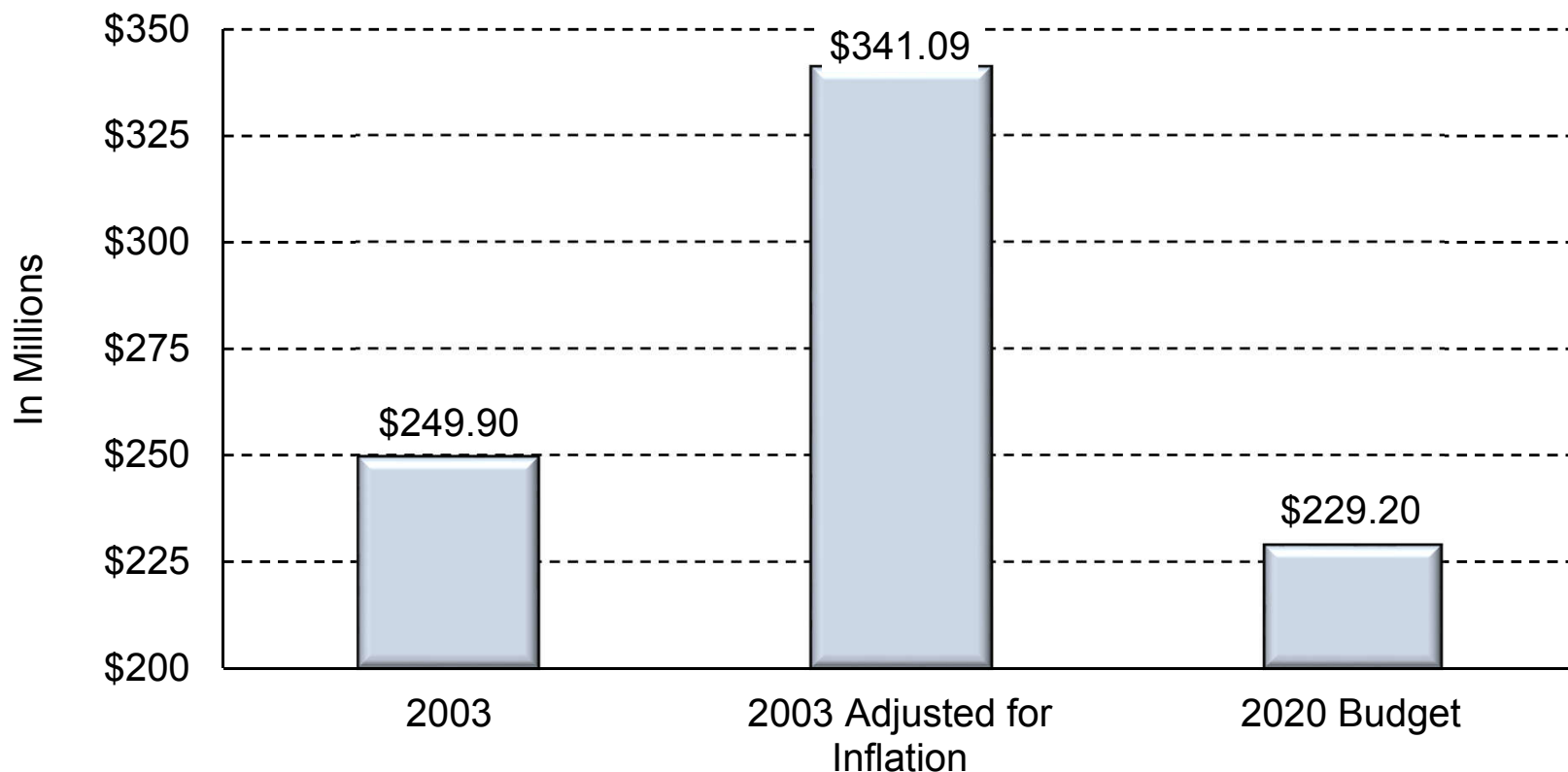
MKE Shared Revenue/ERP Aid



Source: WI Legislative Fiscal Bureau; City of Milwaukee Budget Documents

State Shared Revenue/ERP Trend

Decline in State Shared Revenue and Expenditure
Restraint Program (ERP) Payments to Milwaukee 2003 and 2020



Inflation adjusted decline in Shared Revenue and ERP payments = \$-111.9 million (-36.5%). During this same period, State General Purpose Revenue increased \$14 billion (+61%). Source: US Bureau of Labor Statistics: CPI-U Tables; City Budget Documents; WI Legislative Fiscal Bureau.

2020 Proposed Budget Changes

- Increases to Major User Fees
- General Fund Fees
 - Solid Waste Fee: +\$15.08 per household (7%); \$230.28 annual
 - Snow & Ice fee: +\$1.20 (3%); \$41.20 annual
- Sewer Maintenance Fund Fees
 - Storm water charge: +\$2.56 per residential user (3%); \$88.20 annual
 - Local sewer charge: +\$2.93 per household (3%); \$100.70 annual

2020 Proposed Budget Changes

- State aids increase
 - \$3.4 million (1.3%)
- Transportation aids increase
 - \$2.5 million, 74% of total increase
- Remainder of State Aid increase driven by formulas that determine revenue distribution

2020 Proposed Budget Changes

- Police Department charges for services increase \$1,900,000 (61.7%)
- Harbor Commission Transfer increases \$910,000 (56.5%)
- Potawatomi payment increases \$383,000 (6.5%)
- DNS charges for services and licenses & permits decrease \$3.5 million (-15.3%)

2020 Proposed Budget Changes

Reserve Use

- Budget proposes \$35.0 million from four major reserve funds
- \$6.7 million (-16.1%) lower use compared to 2019 (\$41.7 million)
 - TSF Withdrawal decreases \$6 million (\$10 M)
 - Transportation Fund transfer same as 2019 (\$16 M)
 - PDAF Withdrawal decreases \$0.7 million (\$9.0 M)

2020 Proposed Budget Changes

Proposed TSF withdrawal

- Balance of \$24.4 million
 - Down from \$38.3 million at 12/31/2017
- 2020 Recommended withdrawal is \$10 million
 - Decrease of \$6 million (-38%) from 2019
- Use of approximately 41.0% of the available balance
- Need to manage lower TSF withdrawals