

City Treasurer

2023 Budget Overview

Finance & Personnel Committee

September 29, 2022

2022 Budget Summary

Category	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
FTEs – O&M	30.05	29.75	-0.30	-1%
FTEs - Other	0.00	0.00	0.00	0%
Total Positions Authorized	50	45	-5	-10%
Salaries & Wages	\$1,678,460	\$1,667,559	-\$10,901	-1%
Fringe Benefits	772,092	750,402	-21,690	-3%
Operating Expenditures	641,275	725,295	84,020	13%
Equipment	2,855	5,320	2,465	86%
Special Funds	701,355	758,435	57,080	8%
TOTAL	\$3,796,037	\$3,907,011	\$110,974	3%

Salary Changes

Title	Position	O+M FTE	Non O+M FTE
Temporary Customer Service Rep. I	-5	-0.30	0.00
Total	-5	-0.30	0.00

Salary Changes	2022 Budget	2023 Proposed	Change
General Salaries	\$ 1,654,268	\$ 1,681,064	\$ 26,796
Temporary Customer Service Rep. I	58,446	38,580	(19,866)
Personnel Cost Adjustment	(34,254)	(52,085)	(17,831)
Total	\$ 1,678,460	\$ 1,667,559	\$ (10,901)

- Total Authorized Positions: Temporary positions reduced by 5
- Reduced temporary labor hours (-\$19,866)
- Doubled the personnel cost adjustments (-\$17,831)

Operating & Equipment Changes

Operating	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
General Office Expense	\$ 337,830	\$ 442,040	\$ 104,210	31%
Other Operating Supplies	4,745	8,065	3,320	70%
Non-Vehicle Equipment Rental	1,245	1,245	-	0%
Professional Services	4,395	4,100	(295)	-7%
Property Services	1,700	1,700	-	0%
Other Operating Services	277,075	248,840	(28,235)	-10%
Reimburse Other Departments	14,285	19,305	5,020	35%
TOTAL	\$ 641,275	\$ 725,295	\$ 84,020	13%
Equipment	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
General Equipment	\$ 2,855	\$ 5,320	\$ 2,465	86%
TOTAL	\$ 2,855	\$ 5,320	\$ 2,465	86%

General Office Expenses

- Cost of forms increased by 50%
- External postage increased 30%
- Internal postage increased 60%

Special Funds

Account	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
Information Systems*	\$ 4,000	\$ 18,300	\$ 14,300	358%
Property Tax Collection Forms*	15,635	15,730	95	1%
Information Technology Services*	681,720	724,405	42,685	6%
TOTAL	\$ 701,355	\$ 758,435	\$ 57,080	8%

- Information Systems: Continue computer workstation replacement program (11 Total Work Stations).
- Property Tax Collection Forms: Includes all tax forms costs but the Treasurer is only reimbursed for the cost of the December bill forms by Milwaukee County.
- IT Services: Increase from Tyler Technologies to support Munis Tax System.

Special Purpose Account

Account	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
City Collection Contract	\$ 750,000	\$ 530,000	\$ (220,000)	-29%
TOTAL	\$ 750,000	\$ 530,000	\$ (220,000)	-29%

- Property Tax Collection contract costs reduced for 2023 based on prior year's experience.

Revenues

Revenue	2022 Adopted Budget	2023 Proposed Budget	Amount Change	Percent Change
Charges for Services	\$ 120,000	\$ 121,000	\$ 1,000	1%
Licenses and Permits	92,000	86,000	(6,000)	-7%
Investment Interest	783,000	2,542,000	1,759,000	225%
Total	\$ 995,000	\$ 2,749,000	\$ 1,754,000	176%

- Increase in the estimated rate of return on investments due to the on-going increases in the Fed Funds Rate by the Federal Reserve.



**Finance and Personnel Committee
Budget Hearing
on the 2023 Proposed Budget
Thursday, September 29, 2022**

Office of the City Treasurer

Department Defined Values

The City Treasurer Department and its staff are dedicated to the following basic values in all activities and decisions:

- Our customers are the focus of everything we do. We will continue to meet or exceed their expectations.
- The department's employees are its most valuable asset. We will respect their personal dignity and work to assure their personal safety.
- We will recruit and train quality people to maintain the highest level of customer service and job performance.
- The department is a team of employees. We have only one class of team member. Each member is a full partner in fulfilling the department's mission and meeting its objectives, regardless of their job classification or pay range.
- Together, we will continue to build upon the department's strengths, seize improvement opportunities, overcome internal weaknesses and external threats, and conduct futuristic planning so as to be recognized as an innovator that sets the standards for other Municipal Treasurers.
- We will encourage every team member to exercise initiative and to never be afraid to offer new ideas and suggestions to department management.
- We will strive to make the department a satisfying place in which to work, recognizing that a large part of personal satisfaction and motivation is based on mutual partnership born out of trust, respect, and open communication with one another.
- We will hold team members accountable for results, with greater flexibility in deciding how to achieve results and with the clear understanding that the department's ethical standards will never be compromised.
- The integrity of the department will not be compromised. We will abide by all federal, state, and local laws and regulations, department rules and policies, and the policies of the Mayor and Common Council.
- We dedicate ourselves to providing honest, friendly, and fair treatment to all customers at all times.
- The quality of our services is our first priority.

Department Mission

The mission of the City Treasurer Department is to fulfill the duties and responsibilities of the independently, City-wide elected City Treasurer, who serves as the chief revenue collection officer of the City of Milwaukee, as set forth in Wisconsin State Statutes, the City of Milwaukee Charter and Code of Ordinances, and Common Council Resolutions.

The City Treasurer is primarily responsible for the following:

- Receiving and accounting for all monies paid to the City.
- Making disbursements that have been vouchered for payment by the City Comptroller.
- Investing of City funds not immediately needed to meet current expenditures.
- Collecting all property taxes levied by the respective taxing jurisdictions within the City of Milwaukee.
- Collecting the delinquent property taxes of all taxing jurisdictions within the City of Milwaukee.
- Settling property tax levy collections on a pro-rata basis with the other taxing jurisdictions within the City of Milwaukee and remitting to each their share of the monies collected.

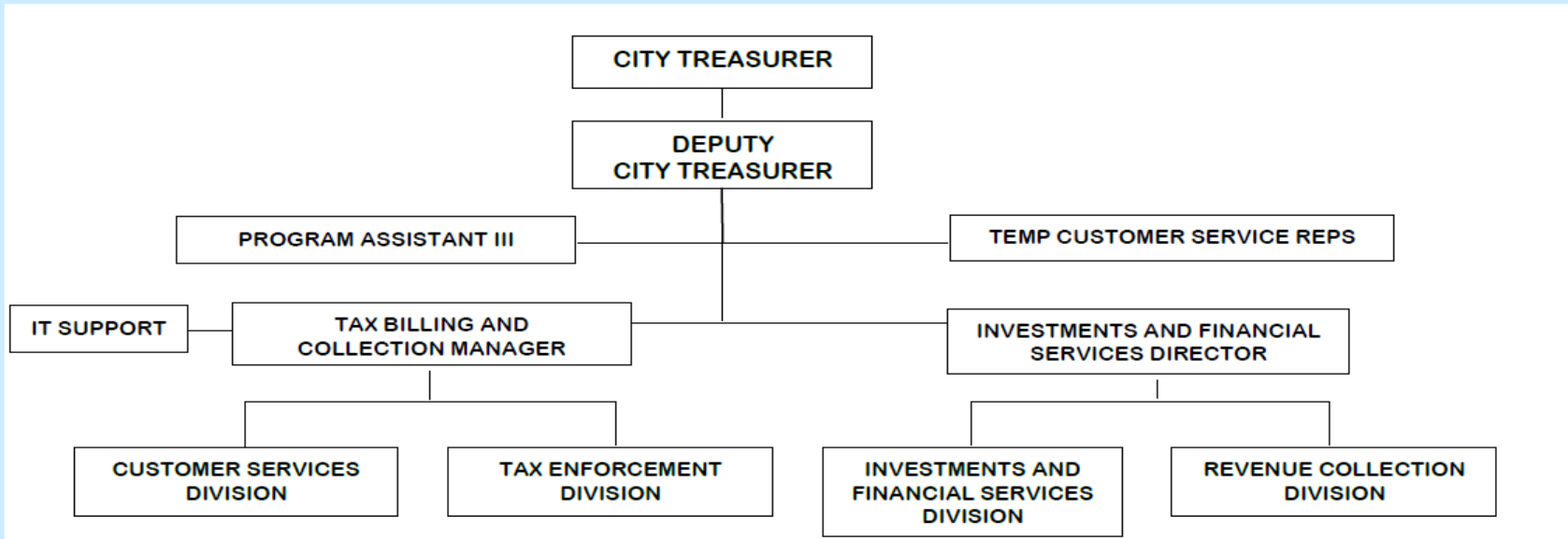
Department Objective and Outcome Indicators

Performance measures have been developed to serve as the means by which the department can measure progress toward established goals. Specific desired targets are reset annually for each performance measure.

The objective of the City Treasurer Department is to fulfill the department’s mission to the satisfaction of the Milwaukee electorate within its budget authorization by:

- Assuring all of the City’s cash obligations are met, while maintaining the safety and liquidity of City funds, and investing City funds in the short-term prudently to earn a rate of return that meets or exceeds that of the State of Wisconsin Local Government Investment Pool (LGIP).
- Providing tax collection services at a cost not to exceed a set percentage of the dollar amount of total taxes collected.
- Collecting a set percentage of the total amount of the City property tax levy within two years of close of each levy (levy year reported = budget year - 3).

Outcome Indicators	2021 Actuals	2022 Adopted Budget	2023 Proposed Budget
Net rate of return on short-term pooled cash investments	0.0600%	0.1000%	1.2500%
Cost of property tax collection as a percentage of total property taxes collected.	0.5383%	0.6196%	0.5970%
Total percentage of City property taxes collected after completion of the three phase tax enforcement process (levy year reported = budget year - 3; as of December 31).	98.15%	99.50%	98.15%



Executive Office

- City Treasurer
- Deputy City Treasurer
- Program Assistant III

Administration Division

- Investments and Financial Services Director ¹
- Tax Billing and Collection Manager ¹
- Business Systems Coordinator
- IT Support Specialist

Customer Services Division

- Customer Services Manager
- 2 - Customer Service Specialist
- Customer Service Representative III - Bilingual
- 5 - Customer Service Representative III

¹ Serves as a Special Deputy City Treasurer

Tax Enforcement Division

- Tax Collection and Enforcement Coordinator
- 3 - Tax Enforcement Specialist
- 1 – Program Assistant II
- 1 - Program Assistant II (0.5 FTE) (Part-time)

Investments and Financial Services Division

- Investments and Financial Services Coordinator
- Investments and Financial Services Specialist
- Accounting Assistant III
- Accounting Assistant I (0.5 FTE) (Part-time)

Revenue Collection Division

- Revenue Collection Manager
- Revenue Collection Specialist
- Teller - Bilingual
- Teller

Temporary Staff

- 20 - Temporary Customer Service Representative I

Department Functions within Divisions

Executive Office and Administration Division

- Budget Administration
- Communications and Information Services
- Contract Administration
- Facilities Management
- Information Systems Development and Support
- Office Administration
- Personnel Administration
- Procurement Services
- Records Management Coordination

Customer Services Division

- Administration of State Lottery & Gaming Credit Program
- Open, Sort, and Distribute Incoming Mail
- Tax Account Billing and Collection

Tax Enforcement Division

- Bankruptcy Administration
- Tax Account Maintenance
- Tax Enforcement and Collection

Investments and Financial Services Division

- Cash Management
- Fund Accounting
- Investment Portfolio Management
- Payment Distribution
- Tax Levy Collection Settlements

Revenue Collection Division

- Cashiering Control
- Revenue Collection

Diversity and Inclusion

The City Treasurer’s Office has a diverse group of 28 full-time and 2 part-time employees. 77% of the staff is female. Minorities comprise 50% of the staff.

Race	Female (F)		Male (M)		TOTAL	
	Count	Percentage	Count	Percentage	Count	Percentage
African American (AA)	5	17%	1	3%	6	20%
American Indian (AI)	0	0%	0	0%	0	0%
Asian (A)	1	3%	0	0%	1	3%
Caucasian (C)	10	33%	5	17%	15	50%
Hispanic (H)	7	23%	1	3%	8	27%
Pacific Islander (PI)	0	0%	0	0%	0	0%
TOTAL	23	77%	7	23%	30	100%

The City Treasurer’s web site includes the following pages in English, Spanish, and Hmong:

- Back of Tax Bill
- Common Questions
- Overview of the Delinquent General Real Estate Property Tax Collection Process

The City Treasurer’s Office is able to service Spanish and Hmong customers without the use of outside interpretation services.

Property Tax Collection

The City Treasurer’s Office has one of, if not the best, property tax collection rates in the country as shown in the chart to the right.

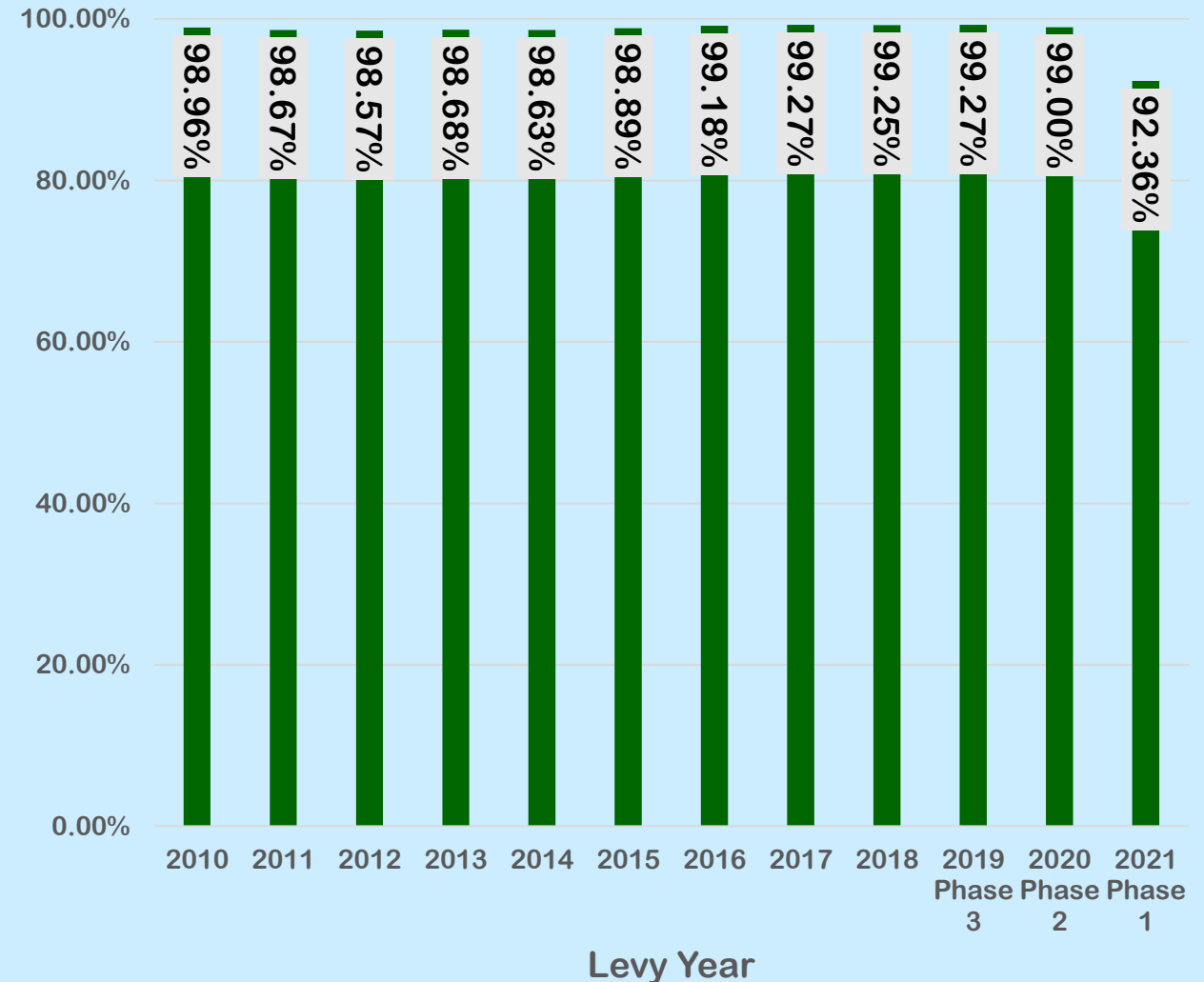
Pursuant to MCO 304-45, the City Treasurer is responsible for delinquent tax enforcement. For over two decades, the City Treasurer’s Office has employed a three phase tax enforcement process, which has proven most effective in maintaining outstanding property tax collection rates.

- Phase 1 – In-house Collection
- Phase 2 – In Collection at the Kohn Law Firm
- Phase 3 – In Rem Tax Foreclosure

The Wisconsin State Constitution mandates uniform taxation and enforcement.

The City Treasurer’s Office assures compliance with this mandate as no account is ever targeted for enforcement, nor is any account given preferential treatment. All accounts similarly situated are treated the same.

Office of the City Treasurer
Tax Collection Rates as of 08/05/2022



In Rem Tax Foreclosures

In the 3rd and final phase of the tax enforcement process and as a last resort, the City Treasurer pursues in rem foreclosure against those tax parcels that remain delinquent. Three months prior to an in rem foreclosure action being filed, pre-foreclosure letters are sent to the delinquent property owners notifying the owners of the impending tax foreclosure filing and informing them of the property tax payment required to avoid tax foreclosure. If no action is taken to avoid tax foreclosure, the affected tax delinquent property owners and all other interested parties, such as mortgagees and other lien holders, are notified by certified mail of the in rem foreclosure action being filed in Milwaukee County Circuit Court in accordance with Wisconsin State Statute 75.521.

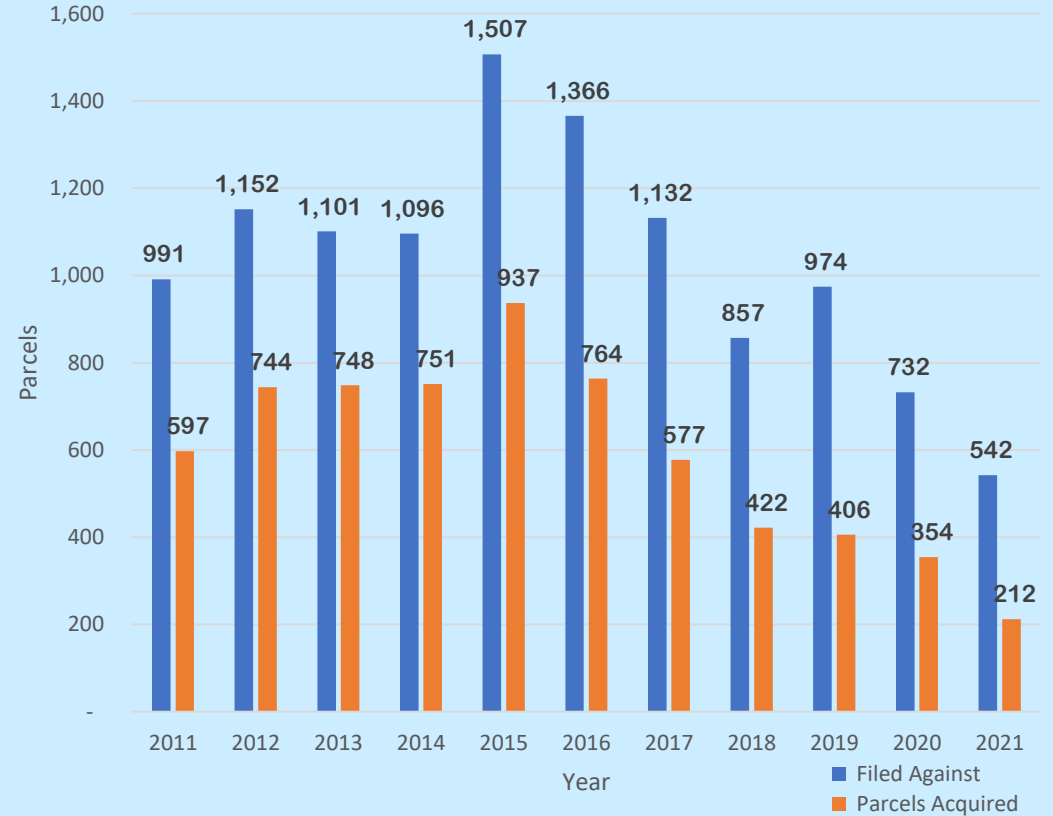
During the eight-week redemption period, which commences upon the publication of the in rem foreclosure action notice in the Daily Reporter newspaper, the tax delinquent parcels may be redeemed and saved from foreclosure by paying the entire outstanding eligible delinquent tax balance due.

The eight-week redemption period is followed by a four-week answer period. During this period, those being foreclosed upon have an opportunity to respond to or answer the foreclosure action. There are only three valid defenses against an in rem foreclosure action. They are: (1) the affected parcel was not liable to taxation; (2) the taxes due were paid in full before the last day of the redemption period; and (3) the tax lien is barred by the statute of limitations. If the taxes are not paid and no valid defense is raised, the City of Milwaukee is granted a foreclosure judgment by the Milwaukee County Circuit Court and takes ownership of the tax delinquent parcels.

The Department of City Development (DCD) manages all properties acquired by the City of Milwaukee through in rem foreclosure. DCD also markets the properties for sale.

The number of delinquent tax parcels filed against has been declining, as has the number of properties acquired through in rem tax foreclosure.

2011 - 2021 In Rem Tax Foreclosure Activity



Portfolio Management

Pursuant to MCO 304-6, the City Treasurer is responsible for the investment of pooled “idle” cash. Pooled cash is invested in accordance with the City’s investment policy as adopted by CCFN 130243. The main objectives of the investment policy are:

- Preservation of principal.
- Maintaining adequate liquidity.
- Maximizing the rate of return without jeopardizing the first two objectives.

The City Treasurer’s Office maintains a long-term and short-term investment portfolio.

By State Statute, 1/3 of all investment income is credited to the Public Debt Amortization Fund (PDAF).

For 2023, it is anticipated that the average long-term portfolio balance will be \$25 Million and the average short-term portfolio balance will be \$250 Million. The 2023 estimated rate of return on the long-term portfolio is 2.75%. The 2023 estimated rate of return on the short-term portfolio is 1.25%.

The total estimated 2023 investment revenue is \$3.8 Million with \$1.27 Million being credited to the PDAF and \$2.5 Million being credited to the City’s General Fund.

2021	2022	PERFORMANCE MEASURE	2023
Long-term Pooled Cash Investment Revenue			
\$713,124	\$980,000	Investment revenue realized on long-term pooled cash investments	\$687,500
\$475,416	\$653,333	General fund investment revenue realized on long-term pooled cash investments	\$458,333
\$237,708	\$326,667	PDAF investment revenue realized on long-term pooled cash investments	\$229,167
Short-term Pooled Cash Investment Revenue			
\$187,934	\$195,000	Total investment revenue realized on short-term pooled cash investments	\$3,125,000
\$125,289	\$130,000	General fund investment revenue realized on short-term pooled cash investments	\$2,083,333
\$62,645	\$65,000	PDAF investment revenue realized on short-term pooled cash investments	\$1,041,667
Total Pooled Cash Investment Revenue			
\$901,058	\$1,175,000	Total investment revenue realized on pooled cash investments	\$3,812,500
\$600,705	\$783,333	General fund investment revenue realized on pooled cash investments	\$2,541,666
\$300,353	\$391,667	PDAF investment revenue realized on pooled cash investments	\$1,270,834

Additional Department Metrics

In Fiscal 2021:

- The cost of property tax collection was just 53 cents per \$100 collected.
- 496,648 property tax bills were prepared and mailed.
- 408,754 property tax payments were processed through various channels.
- 61,675 telephone calls were answered.
- 8,483 property ownership changes were processed.
- 1,085 active bankruptcy cases were monitored.
- 198,242 payments were disbursed.
- A total of \$914,514,770 in property taxes was collected.
- 110,266 financial transactions were processed in-house totaling \$3,486,255,441.

Ramifications of Reducing the City Treasurer's Budget Request

With the transition to Resident Access (RA) from Citizen Self-Service (CSS) within the Munis Tax System, as well as the dramatic increase in 2022 property assessments, this office expects a higher volume of calls than usual this current tax collection period.

The proposed 2023 budget reduces Temporary Customer Service Representative I direct labor hours by 1/3. The loss of 1/3 of the temporary help will definitely adversely affect the level of customer service that constituents have come to expect.

This reduces the number of temporary tellers working during the tax collection period from six to five, resulting in longer lines and waits for in-person tax payment collection.

It also reduces the number of temporary workers answering telephone calls from four to three, resulting in longer times on hold waiting for calls to be answered and reduces the number of calls that will be answered each day.

In addition, there will be one temporary worker attending the customer service counter instead of two, resulting in longer lines and waits for in-person assistance.

Finally, no temporary worker will be available to do the imaging of transaction and correspondence documents, resulting in it taking longer to research customer inquiries when they arise.

The proposed budget also doubles the personnel cost adjustment, also known as the vacancy deduction, which means if any employee leaves in 2023, they could not be replaced, as the position would need to be kept vacant to achieve the required salary savings. The inability to replace any staff member if they left will also definitely adversely affect the level of customer service that constituents have come to expect.