

2017 OVERVIEW: GENERAL CITY REVENUES

Finance & Personnel Committee

October 4, 2016

General City Purposes Budget Revenue

	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	DIFFERENCE	PERCENTAGE CHANGE
Taxes & PILOT's	\$17,978,800	\$17,698,600	-\$280,200	-1.6%
Licenses & Permits	16,067,300	15,792,300	-275,000	-1.7%
Intergovernmental	262,677,600	265,035,200	2,357,600	0.9%
Charges for Service	126,811,395	126,629,792	-181,603	-0.1%
Fines & Forfeitures	4,060,000	3,703,000	-357,000	-8.8%
Miscellaneous	35,890,256	37,259,500	1,369,244	3.8%
Fringe Benefit Offset	23,000,000	23,000,000	0	0%
Tax Stabilization Fd.	21,087,000	27,300,000	6,213,000	29.5%
Tax Stabilization Revenue Anticipation	0	1,105,000	1,105,000	NA
Tax Levy	107,996,533	114,520,467	6,523,934	6%
TOTAL	615,568,884	632,043,859	16,474,975	2.7%

Revenue Strategic Overview

Opportunities

- ❑ Strong reserve conditions help stabilize operations
- ❑ Commitment to cost-recovery through service charges reduces pressure on State aids and levy

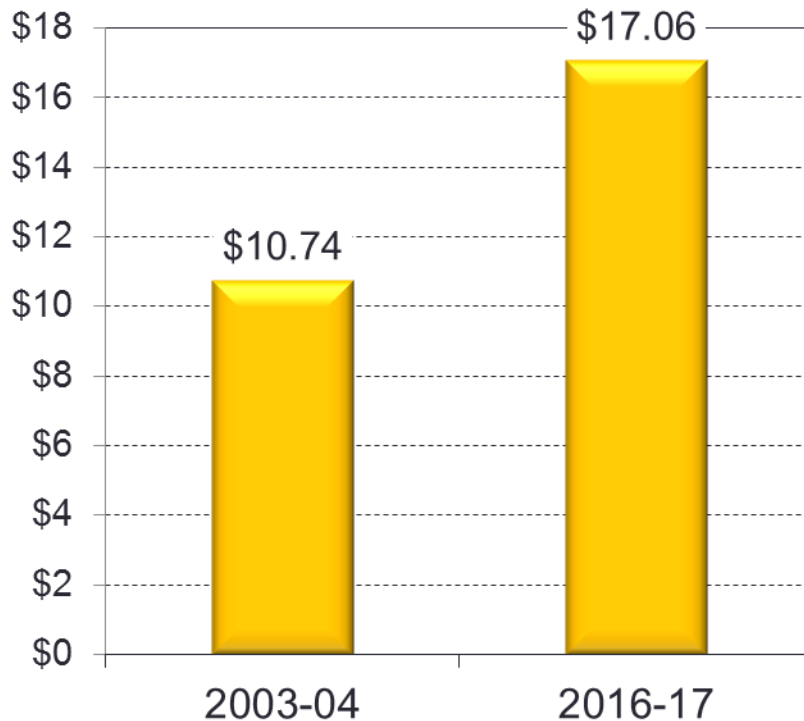
Challenges

- ❑ End of State commitment to Shared Revenue growth
- ❑ Levy and appropriation limits
- ❑ Limited local revenue options
- ❑ Limited revenue growth: non-property tax General Fund revenues increase only 0.5%
- ❑ Excluding Intergovernmental, increase is 0.1% (\$275,441)
- ❑ Result: ongoing service costs exceed ongoing revenue and cause persistent structural imbalance

Trends in State General Purpose Revenue (GPR) and MKE Shared Revenue/ERP Aid: 2003 and 2017

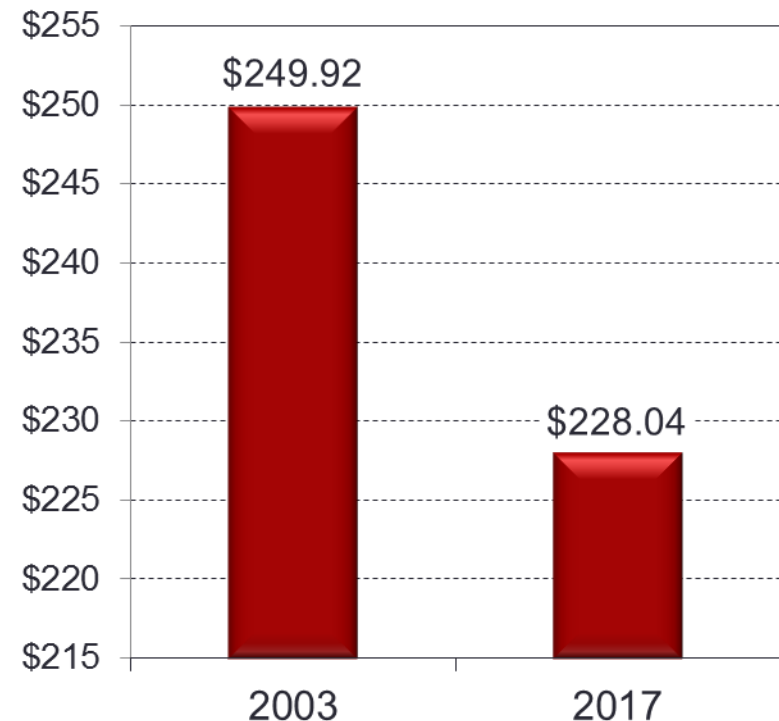
State GPR

In Billions



MKE Shared Revenue/ERP Aid

In Millions



State GPR has grown 59% while Shared Revenue to the City has declined. Source: WI Legislative Fiscal Bureau; City of Milwaukee Budget Documents

Revenue Strategic Overview

Implications for 2017 Budget

1. Apply Omnibus revenue file changes and any re-estimates to reduce reserve use and improve future structural balance
2. Continue commitment to cost-recovery through charges, licenses, and permits
3. Take a multi-year perspective on reserve use

2017 Proposed Budget Changes

- ❑ Increases to Major User Fees
- ❑ General Fund Fees
 - Key Drivers: Debt service for major equipment & refurbished MRF, tipping fees, E-Waste, outreach, tools & machinery costs
 - Solid Waste Fee: +\$5.92 per household (3%)
 - Snow & Ice fee: +\$1.10 (3%)
- ❑ Sewer Maintenance Fund Fees
 - Key drivers: fund debt service, declining usage, preserving Forestry services
 - Storm water charge: +\$3.84 per residential user (5%)
 - Local sewer charge: 3% increase but no change in household cost due to declining usage

2017 Proposed Budget Changes

- ❑ Proposed Fee increases
 - Elevator Inspections +\$534,000
 - Elevator Permits: +\$93,000
 - Building Permits: +\$211,000
 - Heating Permits: +\$52,000
 - Electrical Permits: +\$34,000
 - Property Pending Foreclosure: +\$30,000
 - Appraisal & Inspection Charges: +\$40,000

- ❑ Reduce TSF Withdrawal by \$1.1 million if proposed fee increases adopted

2017 Proposed Budget Changes

- ❑ State aids increase \$2.4 million (0.9%)
- ❑ Majority of increase (\$1.6 million, 68% of total increase) is from Computer Exemption Aid
 - Value of computers exempt from City taxes increased. City reimbursed for lost tax revenue from State policies on tax exempt property
- ❑ Remainder of State Aid increase driven by formulas that determine revenue distribution

2017 Proposed Budget Changes

- ❑ Parking Fund transfer payment remains at \$16.6 million
 - Improve long-term Parking Fund stability & maintain support for General Fund operations

- ❑ Sewer maintenance fund transfer increases by \$1.5 million (8.3%) to \$19.6 million for forestry services that provide storm water management

2017 Proposed Budget Changes

- ❑ TID Excess Revenue of \$500,000
- ❑ Fines & Forfeitures decrease by \$357,000 (-8.8%)
- ❑ DNS charges for services and permits decrease by \$2.2 million (-8.3%)
 - Wisconsin Act 176 significant factor in decrease
- ❑ Fringe benefit offset remains at \$23 million (0%)

2017 Proposed Budget Changes

Reserve Use: Overview

- ❑ Budget proposes \$1.3 million (-2.5%) lower use of the four major reserve funds compared to 2016
 - Pension Reserve Fund decreases \$7 million (\$0)
 - TSF Withdrawal increases \$6.2 million (\$27.3M)
 - Parking Fund transfer – no change (\$16.6M)
 - PDAF Withdrawal decreases \$500,000 (\$6.5M)

2017 Proposed Budget Changes

Proposed TSF withdrawal

- ❑ Balance of \$61.7 million
- ❑ 2017 Recommended withdrawal is \$27.3 million
 - Increase of \$6.2 million (29.5%) from 2016
- ❑ Use of approximately 44% of the available balance
- ❑ Projected Regeneration=> \$15 million
- ❑ Lower TSF withdrawal projected for 2018; importance of using Omnibus revenue to manage 2017 TSF use

