

General City Revenues

2019 Budget Overview
Finance & Personnel Committee
October 5, 2018

General City Purposes Budget Revenue

	2018 ADOPTED BUDGET	2019 PROPOSED BUDGET	DIFFERENCE	PERCENTAGE CHANGE
Taxes & PILOT's	\$17,590,600	\$17,984,600	\$393,400	2.2%
Licenses & Permits	15,937,400	15,672,000	-265,400	-1.7%
Intergovernmental	268,191,400	270,206,000	2,014,600	0.8%
Charges for Service	129,144,693	128,907,155	-237,538	-0.2%
Fines & Forfeitures	3,001,000	3,251,000	250,000	8.3%
Miscellaneous	39,272,512	38,894,000	-378,512	-1.0%
Fringe Benefit Offset	23,000,000	23,000,000	0	0.0%
Tax Stabilization Fund	19,000,000	16,623,000	-2,377,000	-12.5%
Tax Levy	107,191,811	118,862,228	11,670,417	10.9%
TOTAL	\$622,329,416	\$633,399,383	\$11,069,967	1.8%

Revenue Strategic Overview

Opportunities

- ❑ Strong reserve conditions help stabilize operations
- ❑ Cost-recovery through service charges reduces pressure on tax levy

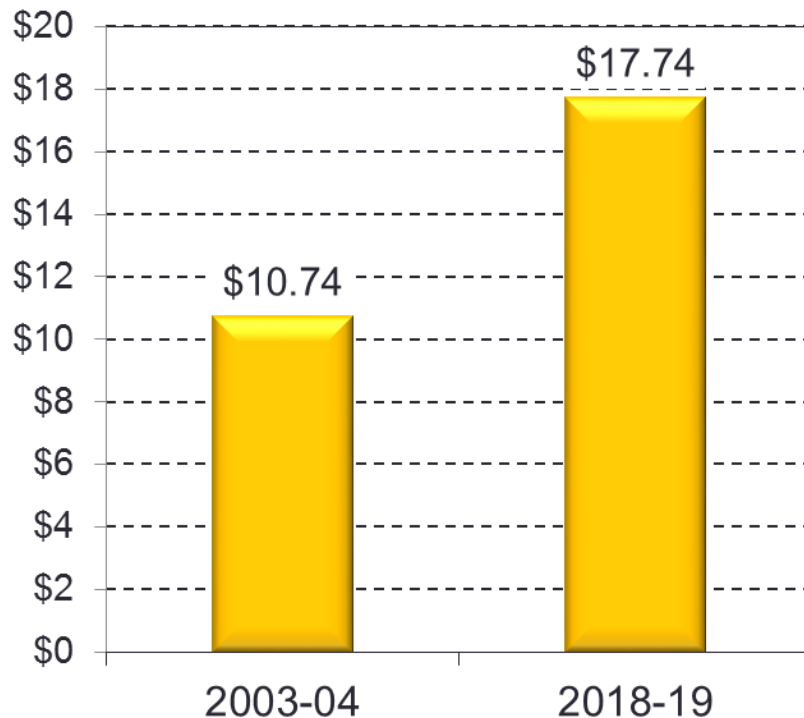
Challenges

- ❑ 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 only 0.4%
 - Excluding Intergovernmental, decrease of \$238,000 or -0.1%
 - Excluding user fee increases, local revenues decrease \$2.5 million or -1.1%
- ❑ 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

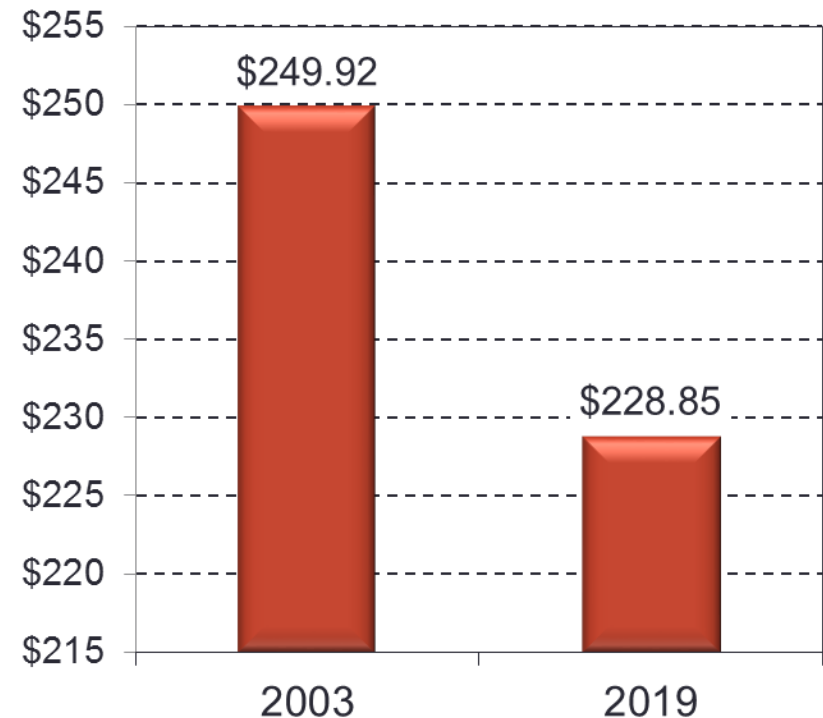
State GPR

In Billions



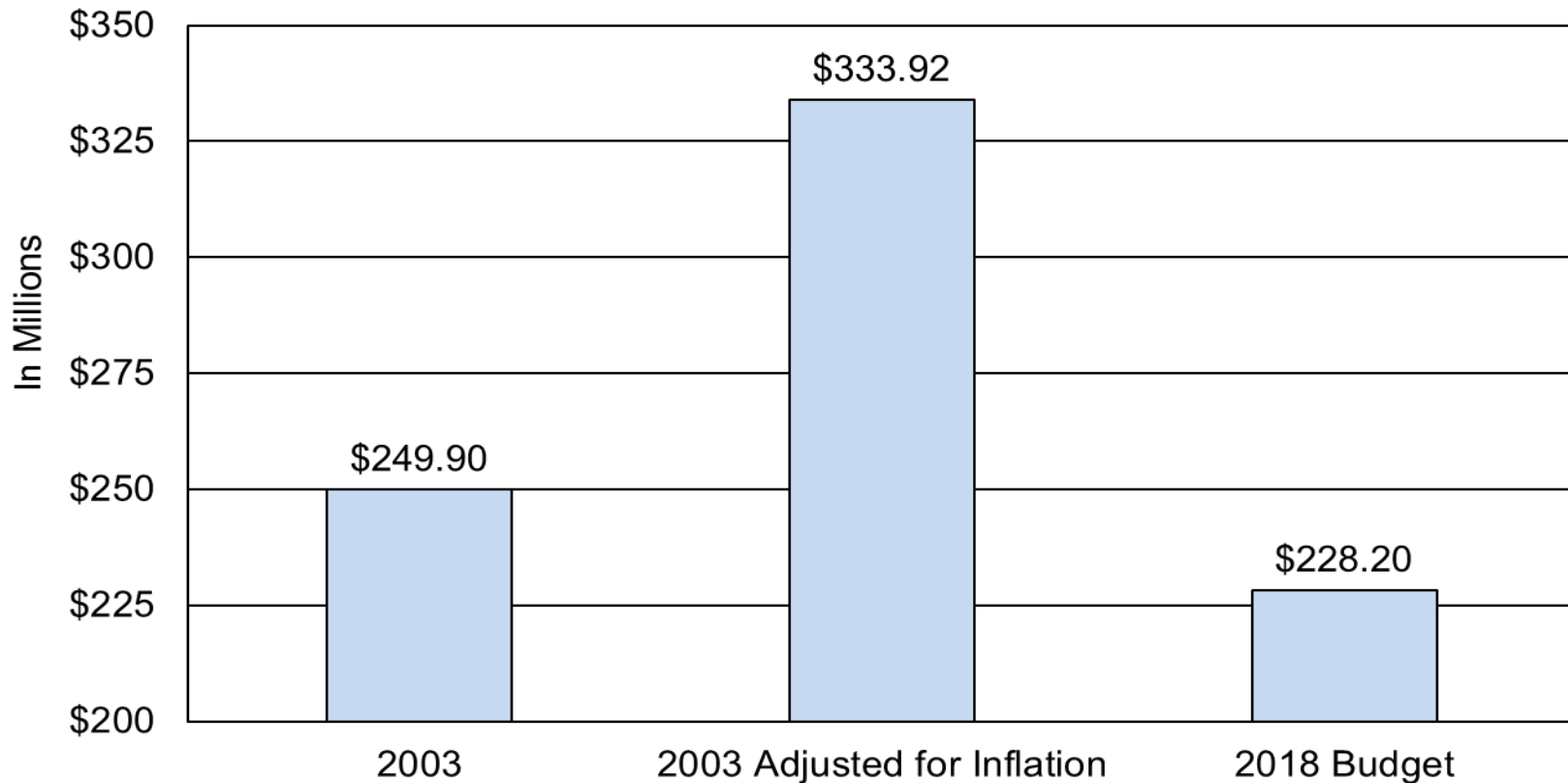
MKE Shared Revenue/ERP Aid

In Millions



State Shared Revenue/ERP Trend

Decline in State Shared Revenue and Expenditure
Restraint Program (ERP) Payments to Milwaukee 2003 and 2018



Inflation adjusted decline in Shared Revenue and ERP payments = \$-105.7 million (-31.6%). During this same period, State General Purpose Revenue increased \$6.32 billion (+59%). Source: US Bureau of Labor Statistics: CPI-U Tables; City Budget Documents; WI Legislative Fiscal Bureau.

2019 Proposed Budget Changes

- ❑ Increases to Major User Fees
- ❑ General Fund Fees
 - Solid Waste Fee: +\$6.28 per household (3%); \$215.20 annual
 - Snow & Ice fee: +\$1.20 (3%); \$40 annual
- ❑ Sewer Maintenance Fund Fees
 - Storm water charge: +\$2.48 per residential user (3%); \$85.64 annual
 - Local sewer charge: +\$2.62 per household (3%); \$97.77 annual

2019 Proposed Budget Changes

- ❑ State aids increase \$2 million (0.8%)
- ❑ Majority of increase (\$1.4 million, 67% of total increase) is from new Personal Property Exemption Aid
 - Offsets loss of tax revenue from State's tax exemption for personal property
 - Levy limit reduced by the amount of Aid
- ❑ Remainder of State Aid increase driven by formulas that determine revenue distribution

2019 Proposed Budget Changes

- ❑ Transportation Fund transfer payment decreased to \$16 million
 - \$1.1 million decrease from 2018
 - Improve long-term Transportation Fund stability
 - Maintain support for General Fund operations

- ❑ Sewer maintenance fund transfer increases by \$650,000 (3%) to \$22.3 million for forestry services that provide storm water management

2019 Proposed Budget Changes

- ❑ Water Works PILOT increase \$600,000 (4.7%)
- ❑ Fines & Forfeitures increase \$250,000 (8.3%)
- ❑ Interest on Investment increases \$970,800 (75%)
- ❑ Potawatomi payment increases \$147,000 (2.6%)
- ❑ DNS charges for services and permits decrease \$2.4 million (-9.7%)

2019 Proposed Budget Changes

Reserve Use

- ❑ Budget proposes \$41.7 million from four major reserve funds
- ❑ \$7.9 million (-16%) lower use compared to 2018 (\$49.6 million)
 - Pension Reserve Fund decreases \$5 million (\$0 M)
 - TSF Withdrawal decreases \$3 million (\$16 M)
 - Parking Fund transfer decreases \$1.1 million (\$16 M)
 - PDAF Withdrawal increases \$1.2 million (\$9.7 M)

2019 Proposed Budget Changes

Proposed TSF withdrawal

- ❑ Balance of \$38.3 million
- ❑ 2019 Recommended withdrawal is \$16 million
 - Decrease of \$3 million (16%) from 2018
- ❑ Use of approximately 41.7% of the available balance
- ❑ Need to manage lower TSF withdrawals