

# General City Revenues

2021 Budget Overview

Finance & Personnel Committee

October 2, 2020

# General City Purposes Budget Revenue

Category	2020 Adopted Budget	2021 Proposed Budget	Amount Change	Percent Change
Taxes & PILOT's	\$18,031,200	\$20,123,000	\$2,091,800	11.6%
Licenses & Permits	17,165,350	16,120,000	-1,045,350	-6.1%
Intergovernmental	273,505,000	273,577,000	72,000	0.0%
Charges for Service	134,770,150	133,097,420	-1,672,730	-1.2%
Fines & Forfeitures	3,276,000	2,500,000	-776,000	-23.7%
Miscellaneous	41,647,500	37,012,000	-4,635,500	-11.1%
Fringe Benefit Offset	24,000,000	23,500,000	-500,000	-2.1%
TSF (sustainable)	10,000,000	6,500,000	-3,500,000	-35.0%
TSF (anticipated)	0	3,646,000	3,646,000	-
TSF (street lighting fee)	0	10,528,800	10,528,800	-
Tax Levy	115,229,998	112,786,102	-2,443,896	-2.1%
<b>TOTAL</b>	<b>\$637,625,198</b>	<b>\$639,390,322</b>	<b>\$1,765,124</b>	<b>0.3%</b>

# Revenue Strategic Overview

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## 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 0.8%
- Diminishing fund reserves

## Opportunities

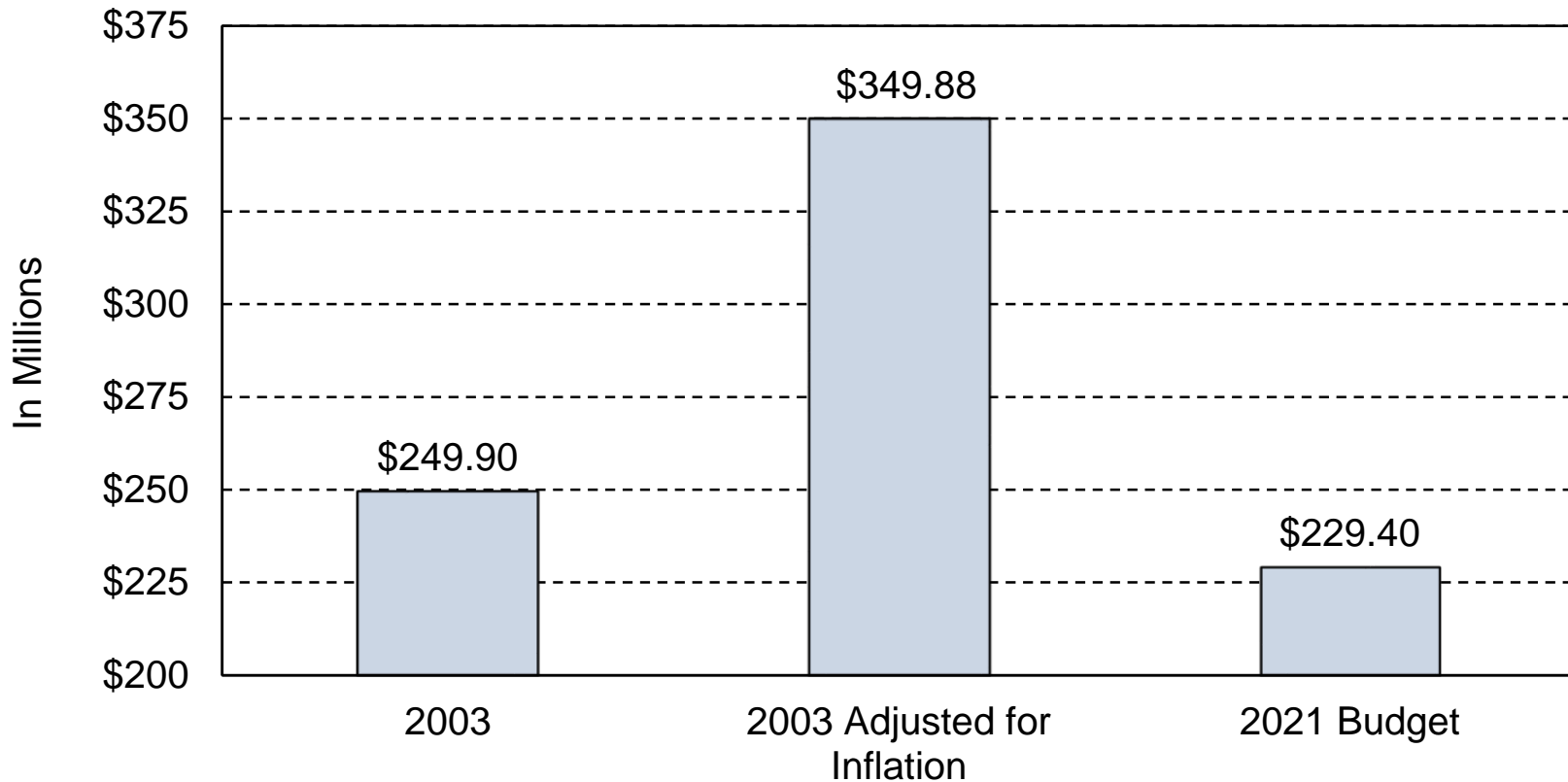
- Cost-recovery through service charges reduces pressure on tax levy

## Result

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

# State Shared Revenue/ERP Trend

Decline in State Shared Revenue and Expenditure  
Restraint Program (ERP) Payments to Milwaukee 2003 and 2021



Inflation adjusted decline in Shared Revenue and ERP payments = \$-120.5 million (-48.2%). 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.

# 2021 Proposed Budget Changes

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- **Increases to Major User Fees**
  - Including new Street Lighting fee
- **General Fund Fees**
  - Solid Waste Fee: +\$11.28 per household (4.9%); \$241.56 annual
  - Snow & Ice fee: +\$1.60 (3.9%); \$42.80 annual
- **Sewer Maintenance Fund Fees**
  - Storm water charge: +\$3.56 per residential user (4%); \$92.76 annual
  - Local sewer charge: +\$4.04 per household (4%); \$104.76 annual

# 2021 Proposed Budget Changes - Street Lighting Fee

## Challenges in Street Lighting Program

- Limitations on the City's ability to raise revenue make street lighting services subject to annual budget pressures
- Outdated circuitry & infrastructure prone to multi-block outages; labor-intensive repairs
- Recruitment/retention of Electricians- 21% vacant
  - Not meeting 24 hour repair goal
- Street lighting outages negatively affect resident perception of safety

## A Street Lighting Fee

- Provides a dedicated funding source to preserve critical City service
- Flexibility to offer more competitive wages for Electricians
  - Respond more quickly to multi-block outages
  - More crews can be dedicated to long-term infrastructure upgrades
- Includes dedicated funding to make public safety-related street lighting enhancements in commercial corridors or residential areas

# 2021 Proposed Budget Changes - Street Lighting Fee

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- Total 2021 Street Lighting Fee Revenue: \$10.5 million
- Average residential property owner charged:
  - \$11.00 to \$13.00 quarterly
  - \$44.00 to \$52.00 annually
- Fee structure modeled closely on Snow & Ice Fee
  - Properties charged based on frontage along street-residential properties on corners only charged for short side
  - Properties on streets not served by City street lights are not charged

# 2021 Proposed Budget Changes

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- Taxes and Pilots increase \$2.1 million
  - \$1.8 million in TID excess revenue
- Miscellaneous revenue decreases \$4.6 million
  - Interest income -\$2 million
  - Harbor commission -\$841,000
- Charges for Services decrease \$1.7 million
- Licenses and Permits decrease \$1.0 million
- Fine and Forfeitures decrease \$0.8 million
- State aids flat



# 2021 Proposed Budget Changes

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- Other major changes
  - Vehicle registration fee increases by \$10
    - \$20 to \$30 annual fee
    - Increase generates \$3.15 million

# 2021 Proposed Budget Changes

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## Reserve Use

- Budget proposes \$33.0 million from four major reserve funds
- \$2.1 million (-6.0%) lower use compared to 2020 (\$35.1 million)
  - TSF Withdrawal decreases \$3.5 million (\$6.5 M)
  - Transportation Fund transfer decreases by \$110,000 (\$16 M)
  - PDAF Withdrawal increases \$1.5 million (\$10.5 M)

# 2021 Proposed Budget Changes

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## Proposed TSF withdrawal

- Balance of \$13.9 million
  - Down from \$24.4 million at 12/31/2019
- 2021 Recommended withdrawal is \$6.5 million
  - Decrease of \$3.5 million (-35%) from 2020
- Use of approximately 46.9% of the available balance
- Need to manage lower TSF withdrawals