



# CITY ADMINISTRATOR

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## MEMO

**To:** Mayor, City Council, City Attorney  
**CC:** Department Directors, Press  
**From:** City Administrator  
**Subject:** 2015 Budget  
**Date:** December 2, 2014

Enclosed with this memo is the 2015 Adopted Budget. The Department Directors, Finance Department and I have been working diligently preparing this Budget for presentation to the Finance Committee and City Council. The City is severely constrained by the State imposed "Expenditure Restraint Program". This program limits increases to General Fund budgeted expenditures by the rate of inflation plus growth in equalized value (on a formula basis). For 2014, this means expenses need to stay within a 2.3% increase. Failure to stay within levy limits would result in a loss of approximately \$1.9 million in State Revenues, which would cause further budgetary difficulties. The bottom line is that with wage increases (+2.75%), salt cost (+15%), and general inflation, there is little room for new programs, staff changes or innovation.

On the revenue side, State Shared Revenues remain nearly flat with a 0.70% increase in 2015. The Executive Budget requires a levy increase of \$1,238,563, which is a 2.9% increase over 2014, but does not take into account possible transfers of Shared Revenues from Capital to Operating Budgets once the Capital Budget is reviewed.

A number of new positions were requested by several departments. It was necessary to remove almost all of them. A summary of requested staffing changes compared to Executive Budget are shown below:

Department	Requested	Approved in 2015 Budget
Police Dept.	3 Sergeants	None
DPW/FD	1 Mechanic – Reduces outsource costs of fire equipment maintenance	1 Mechanic
Finance Dept.	0.6 Accountant – Dept. is understaffed	0.6 Accountant
HR Department	0.5 from Attorney to HR	Moved the HR Manager's salary from Att. Budget to HR; No budget impact
Administrator	\$150,000 for Administrator salary	\$5,000 removed to help meet ERP.
Library	Library approx.. 2.8 FTE	0.8 FTE approved
Planning & Insp.	1.5 FTE (Planning Tech; Inspector)	0.5 approved changing a part time position to fulltime.
PR&F	1.5 FTE	0.5 approved (grant funded)
I/T	2.5 FTE (Phoenix, Munis support & TV 25)	1.5 FTE for Munis and TV 25 (Munis support previously in I/T Consulting Budget.)



In addition to requested staffing changes, a number of operating costs have impacted the 2015 Budget. Some of the significant operating changes in the 2015 Budget include:

Item	Increase/Decrease 2014 to 2015	Explanation
Salt	\$176,500	15% inc. in per ton cost; Under budgeted the last 2 yrs. \$60,000 removed from request.
Workers Compensation Ins.	\$ 81,340	Mod. Factor increased; Payroll increased
Hardware/Software Maint.	\$156,000	More complex programs; Camera video storage needs. \$30,000 removed.
Overtime	\$137,700	Mostly police & fire depts. \$50,000 removed from PD; \$10,000 removed from FD.
Salaries, Wages, Temp.	\$1,736,480	Negotiated wage increases; step pay raises. Partially offset by Health/WRS savings.
Emp. Health Insurance Exp.	(\$130,000)	Reduced health insurance cost in part due to joint clinic.
Solid Waste Collection	(\$500,000)	New collection system; Countywide disposal

Approximately \$1.8 million was removed from the departments' requests to comply with the Expenditure Restraint Program. Many items removed are truly needed, but do not fit within budget constraints. As you review the budget, you will be able to see the differences between what was requested and the Executive for each line item.

At the front of the Budget Book, you will find the consolidated budget for all departments. This shows three years of actual revenues and expenses by department as well as the last two year's budgets and the proposed 2015 budget including the percent change. You will notice that the Human Resources Budget shows a 38% increase. This is due to combining HR and Labor Relations budget and shifting all of the HR Manager's salary to the HR budget (currently split with the Attorneys Budget).

This year aldermen were requested to make specific budget requests (increases or decreases) so as soon as possible, but not later than **October 21<sup>st</sup>** so that staff will have time to analyze the request and make a recommendation to the Finance Committee. The Finance Committee works very hard to create a budget that meets City needs while controlling expenses. Our goal was to have no budget amends proposed at public hearings or at adoption. This goal was achieved this year other than for a couple of housekeeping amendments.

The final adopted budget total was \$54,534,417 which is a 2.7% increase over 2014.