COUNTY BOARD STAFF/FINANCE COMMITTEES
Minutes - May 30, 2024

Call to Order: Chair Bostwick called the hybrid joint meeting of the Finance and County Board Staff Committees to order at 6:00 P.M. in the Board Room, Dr. Daniel Hale Williams Rock County Resource Center, 1717 Center Avenue, Janesville, WI.

Committee Members Present: Supervisors Bostwick, Leavy (via Zoom), Mawhinney, Tillman, Peer, Brien, Towns, Wilson, Gorman, Ringhand and Schwarz,

Committee Members Absent: None.

Staff and Other Members Present: Sherry Oja, Finance Director, Josh Smith, County Administrator, Kevin Wernet, Emergency Management Director, Kate Luster, Human Services Director (via zoom), Sheriff Kurt Fell, Supervisors Sutterlin, Woodman, Pennycook and Ryan. Chuck Flynn; Sheila Williams (via Zoom), Austin Schmelzer, Sarah Tachon and (Evansville Tornado Recovery Task Force) and Beloit Memorial High School students.

Approve Agenda: Supervisor Peer moved approval of the agenda as presented, second by Supervisor Mawhinney. ADOPTED.

Citizen Participation, Communications and Announcements: Sara Tachon representing the Evansville Tornado Recovery Task Force updated the members on post-tornado damage recovery and instances of tornado victims unable to be reimbursed from insurance that total in excess of $2.8 million and the request for ARPA funding to assist the tornado victims.

Austin Schmelzer, Chair of the Evansville Tornado Recovery Task Force, spoke on the need for ARPA funds to assist the tornado victims.

Approval of Minutes:

May 16, 2024 Minutes: Supervisor Peer moved approval of the May 16, 2024 minutes, second by Supervisor Mawhinney. ADOPTED.

Discussion of and Direction Regarding 2025 Budget Parameters: Josh Smith and Sherry Oja provided additional financial options for the members to discuss relative to the County's 2025 budget. (attached) Direction was requested by staff such that it can be communicated to the county departments in preparing their budget submissions. A meeting of the department heads is scheduled for next Friday, June 7. Several items were identified and options within each for possible committee direction in preparing the 2025 budget.

Supervisor Brien moved to instruct the County Administrator to target a tax levy increase of 2.3% for the 2025 budget, second by Supervisor Wilson. ADOPTED.

Supervisor \Gorman moved to direct the County Administrator to exclude the use of the General Fund balance as it would risk a lower bond rating, second by Supervisor Mawhinney. During the discussion, comments were made on not taking financing options off the table. MOTION FAILED.

Committee members consensus on possible additional future sessions (either separate or added to already established pre-budget review sessions.

Next meeting dates: June 6 at 6pm at Health Department, June 20 at 6pm at DWRC, July 18 at TBD at RCSO, and August 1 at 6pm at DPW: In addition to the list of pre-budget review sessions, the final session for New Supervisor Orientation is scheduled for 5:30 p.m., Monday, June 3 at Board Room, Dr. Daniel Hale Williams Rock County Resource Center and will cover the Sheriff's Office.

Adjournment: Supervisor Ringhand moved to adjourn at 7:51 P.M., second by Supervisor Gorman. ADOPTED.

Respectfully submitted,

Randy Terronez
Assistant to County Administrator

NOT OFFICIAL UNTIL APPROVED BY COMMITTEE.

County Board Staff Committee
Finance Committee
2025 Pre-Budget Follow-up

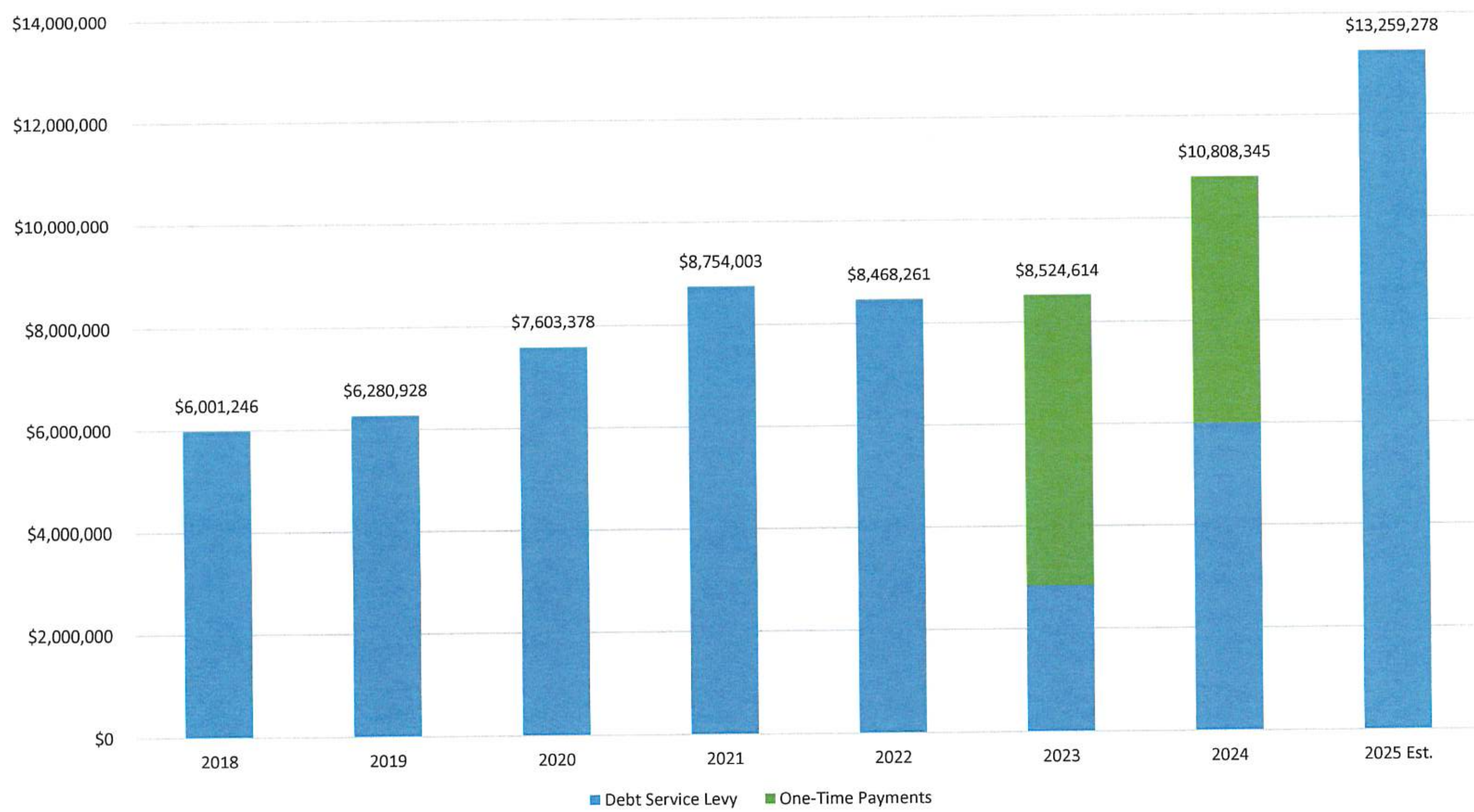
May 30, 2024

Agenda

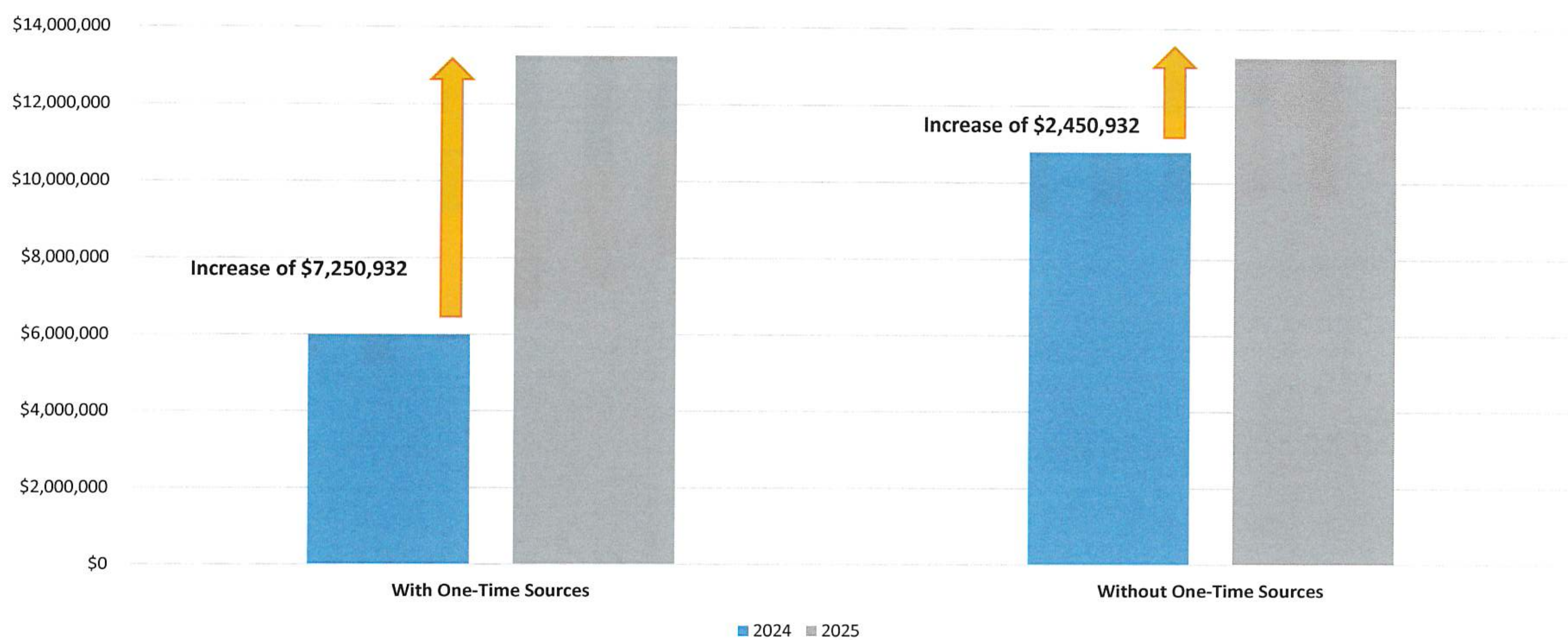
- Debt Service Levy
- Tax Levy Increase Benchmarks
- COLA and Personnel Costs
- Sales Tax/Borrowing/Capital
- Areas of Priority
- Final Direction and Guidance

Debt Service Levy

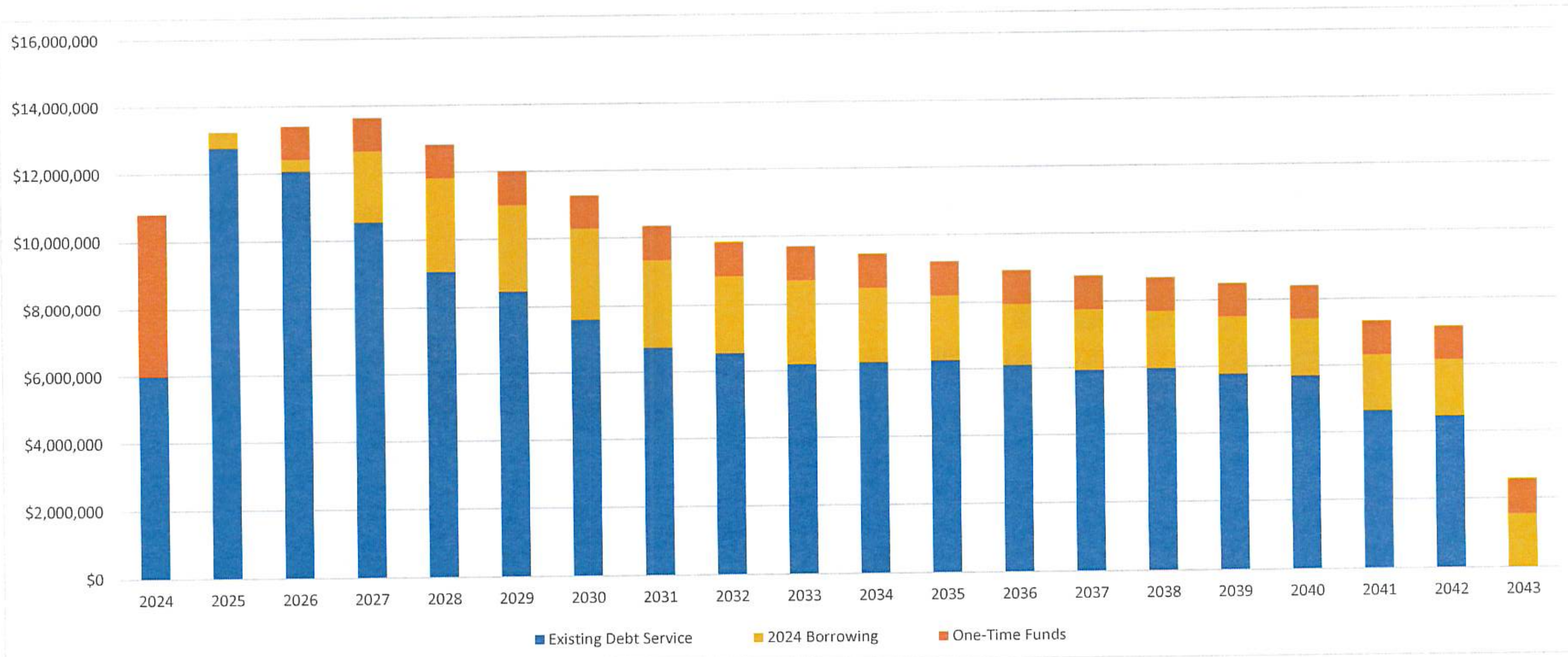
Debt Service Levy, 2018-2025



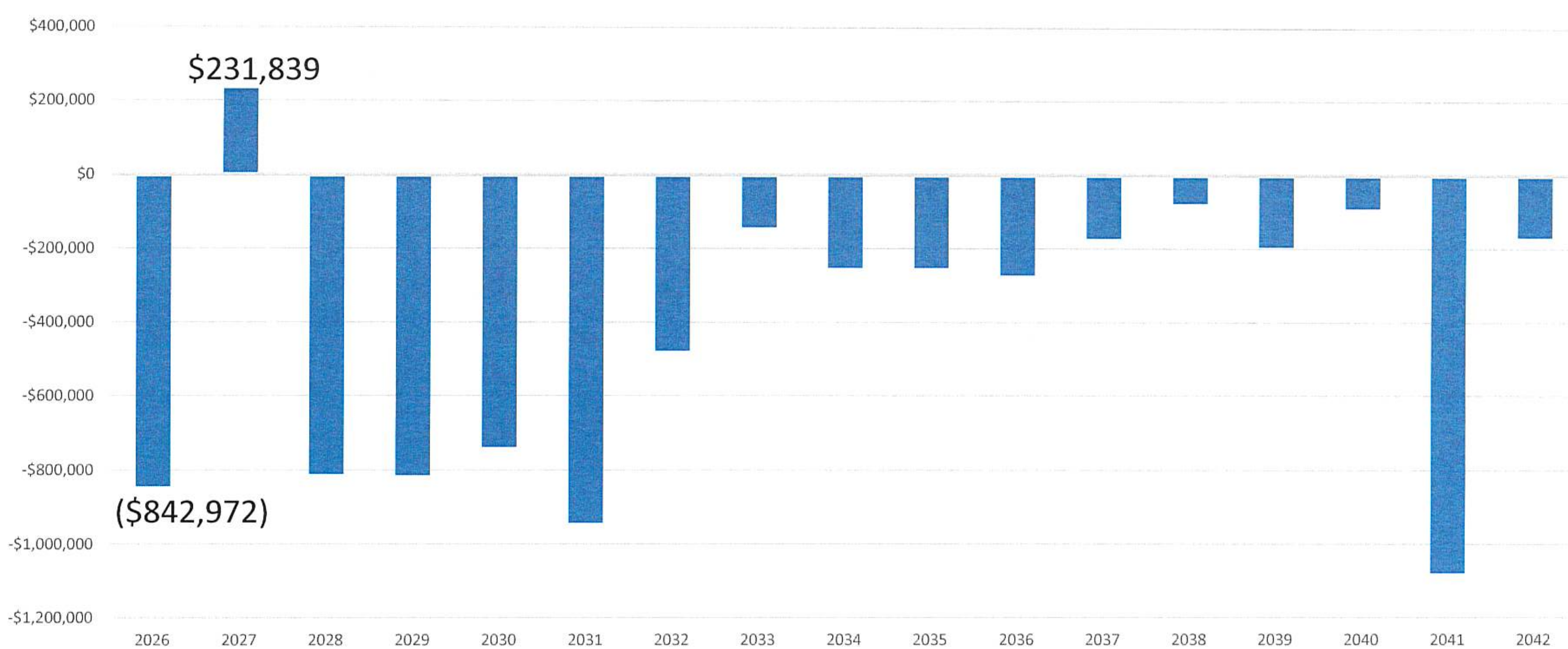
2024-2025 Debt Service Levy Increase



Debt Service Levy, 2024-2043



Change in Debt Service Levy, 2026-2042



Effect of 2023 Tax Cut

Questions for Board Consideration

- **What percentage increase in tax levy would the Board accept?**
- What cost-of-living adjustment (COLA) does the Board want to provide to employees?
- **How does the Board want to use sales tax revenue?**
- Will borrowing for highway projects be allowed?
- **What is the Board's level of concern about a potential downgrade in the County's bond rating and availability of emergency reserves if the General Fund were to be used to reduce the debt levy again in 2025?**
- Are there specific areas of priority within the budget vs. ATB cuts?

Tax Increase* Benchmarks

- 12.2% increase
  - No one-time funds used to continue to pay for tax cut
- 5.7% increase
  - What 2025 levy would have been without tax cut/tax cut continues
- 2.3% increase
  - Estimate of allowable increase in operational levy under tax levy limits
- 0.0% increase
  - No tax increase for 2025

*All tax levy figures are estimates

No one-time funds used to continue tax cut

- 12.2% tax levy increase ($9.2 million)
- 2025 Assumptions/Options
  - Tax for $4.8 million in debt service increase to repay tax cut
  - Tax for new $2.5 million in debt service payments due
  - Tax to the maximum allowable under levy limits for operations ($1.7 million)
- 2026 Implications
  - Debt service levy is scheduled to decrease by $843,000 in 2026, so any tax increase in 2026 would only be due to that allowed for operations under tax levy limits.
  - The last scheduled debt service increase will be in 2027, totaling $232,000.

What levy would have been without tax cut

- 5.7% tax levy increase ($4.4 million)
- 2025 Assumptions/Options
  - $4.8 million in one-time funds (sales tax) used to continue tax cut
  - Tax for new $2.5 million in debt service payments due
  - Tax to the maximum allowable under levy limits for operations ($1.7 million)
- 2026 Implications
  - $4.8 million in one-time funds would be required again to keep taxes from increasing

Estimated increase under tax levy limits

- 2.3% tax levy increase ($1.7 million)
- 2025 Assumptions/Options
  - $4.8 million in one-time funds (sales tax) used to continue tax cut
  - Pay for new $2.5 million in debt service payments due through either:
    - General Fund application
    - Sales tax
    - Operational cost reductions
  - Tax to the maximum allowable under levy limits for operations ($1.7 million)
- 2026 Implications
  - Using one-time funds for the $2.5 million debt service increase will increase amount of one-time funds required to avoid a larger tax increase ($7.3 million)

No tax increase for 2025

- 0.0% tax levy increase ($0)
- 2025 Assumptions/Options
  - $4.8 million in one-time funds (sales tax) used to continue tax cut
  - Pay for new $2.5 million in debt service payments due through either:
    - General Fund application
    - Sales tax
    - Operational cost reductions
  - Reduce operational costs by $1.7 million to forego levy limit increase
- 2026 Implications
  - Foregoing allowable levy limit increase reduces all future levy limit increases because that amount is forever removed from the base on which future increases are calculated.

Questions for Board Consideration

- What percentage increase in tax levy would the Board accept?
- **What cost-of-living adjustment (COLA) does the Board want to provide to employees?**
- How does the Board want to use sales tax revenue?
- Will borrowing for highway projects be allowed?
- What is the Board's level of concern about a potential downgrade in the County's bond rating and availability of emergency reserves if the General Fund were to be used to reduce the debt levy again in 2025?
- Are there specific areas of priority within the budget vs. ATB cuts?

COLA and Personnel Costs

- Recruiting and retaining staff continues to be a challenge, particularly in some departments
- Contracts with two law enforcement units are still not settled for 2024
- Health insurance costs not funded by either health insurance fund balance or increased costs borne by employees (e.g., premium share, plan design changes) would also need to come from operational budget
- Setting a goal and priority for a COLA earlier in the budget process would be valuable

Questions for Board Consideration

- What percentage increase in tax levy would the Board accept?
- What cost-of-living adjustment (COLA) does the Board want to provide to employees?
- **How does the Board want to use sales tax revenue?**
- **Will borrowing for highway projects be allowed?**
- What is the Board's level of concern about a potential downgrade in the County's bond rating and availability of emergency reserves if the General Fund were to be used to reduce the debt levy again in 2025?
- Are there specific areas of priority within the budget vs. ATB cuts?

Challenges-Sales Tax

- Sales Tax Revenue Summary
  - An estimated $16.1 million could be available
- Sales Tax Expenditure Options
  - $4.8 million to reduce the increase in the debt service levy due to the tax cut
  - $2.5 million to reduce the increase in the debt service levy due to borrowing
  - $14.2 million in capital "maintenance, repair, replacement" projects
  - $5.1 million in other Capital Improvement Plan (CIP) projects
  - $1.8 in non-CIP capital projects (based on 2024 budget)
  - Other?

The options listed here total $28.4 million

Questions for Board Consideration

- What percentage increase in tax levy would the Board accept?
- What cost-of-living adjustment (COLA) does the Board want to provide to employees?
- How does the Board want to use sales tax revenue?
- Will borrowing for highway projects be allowed?
- What is the Board's level of concern about a potential downgrade in the County's bond rating and availability of emergency reserves if the General Fund were to be used to reduce the debt levy again in 2025?
- **Are there specific areas of priority within the budget vs. ATB cuts?**

Levy/County Share by Department (2024)

- Sheriff's Office – $27.6 million
- Human Services – $23.7 million
- 911 Center – $5.4 million
- Rock IT – $4.9 million
- Rock Haven – $4.1 million
- Public Health – $3.3 million
- Facilities Mgmt. – $3.2 million
- Courts – $3.1 million
- District Attorney – $2.3 million
- Finance – $1.2 million
- DPW Highway – $1.2 million
- DPW Parks – $1.0 million
- 13 departments with less than $1.0 million each in county share or that generate revenue

Note: Sum is greater than 2024 tax levy due to countywide levy offsets/revenue not included in departmental budgets

Final Direction and Guidance