

Chippewa County 2023 Proposed Budget

Randy B. Scholz, County Administrator



November 3, 2022

County Board of Supervisors

- | | | |
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**A**

Department of Administration

Randy Scholz, County Administrator

October 4, 2022

TO: County Board Supervisors
County Department Heads

FR: Randy Scholz, County Administrator

RE: 2023 Proposed Budget

This budget was developed with the assistance and cooperation of the County Department Heads and their staff. They deserve a special thank you for understanding the need to provide the necessary services to our citizens while prioritizing and minimizing the cost to the taxpayers. I want to thank everyone for working so hard on this budget. The budget process can be very stressful and complicated. Everyone involved in the process has been professional and willing to look at all areas of the budget.

Each budget has its own set of challenges and opportunities. Challenges include sustaining services to the citizens we serve; opportunities include providing those services in a cost-effective way to the citizens of Chippewa County. The top three challenges facing Chippewa County includes the current rate of inflation, our battle against METH, and the increased mental health needs in our communities. The number one opportunity for us is to continue to provide a high level of service to the community and to encourage all of the Departments within Chippewa County to continue communicating and working together in order to manage these challenges.

The County has added several positions in the last few budgets to address the meth epidemic, to reduce out of home placements, and to reduce staff turnover. The County also added more positions in an effort to reduce, and hopefully eliminate, the waiting lists for Children's Long-Term Support and Comprehensive Community Services. The State mandated that Counties cannot have a wait list in these programs.

TAX RATE

The County Administrator's proposed tax rate for the 2023 Chippewa County budget is \$2.72, which is a reduction from \$3.10 in the 2022 budget. The recommendation is a decrease of 12.2%. Here are the reasons for the recommendation:

- A. The County's Equalized Value for FY23 increased by 15.57% or \$1,037,004,600.
- B. The labor agreement with WPPA expires at the end of 2022. We are currently in negotiations.
- C. A three percent across the board wage increase for employees. This is to try and stay competitive for recruiting and retaining great employees.

BUDGET HIGHLIGHTS

1. Mental Health and Meth Impacts

One of the most significant challenges facing Chippewa County is the escalating mental health needs and the costs associated with them. The costs have increased considerably due to the lack of available facilities in our area and state. In the last few years, we have seen an increase in cases needing the specialized care, which are not reimbursed by the state. In the 2022 budget an additional \$200,000 and in the proposed 2023 budget an additional \$40,000 of tax levy was allocated to Department of Human Services to help address some of the financial problems with these placements. We know this isn't addressing the total financial impact with these placements, but hopefully it will help mitigate some of the losses.

The Meth Epidemic is still continuing and many of our departments deal with the aftermath of it to the families and the individuals. Our efforts are continuing to educate residents about the effects of meth and how to get help with this addiction.

2. **Inflation**

With the United States' economy having high inflation in 2022, we are experiencing difficulties with forecasting our budget especially due to levy limits. Some examples of the areas of concern are: fuel cost increases in the Non-Highway Fleet, utility increases for all of our facilities and the oil cost increases for bituminous mixtures for road construction and maintenance. Taking these increases in mind, I have included in my 2023 proposed budget an additional \$40,000 of levy for the Non-Highway Fleet and an additional \$25,000 of levy specifically for the natural gas increases for our facilities.

3. **Insurance Premium Increases**

The comprehensive insurance for our vehicles and equipment has increased by approximately 60% since 2018 with the estimated premiums for 2023. Also, for that same time period, our property and liability premiums with WMMIC have increased by 115%. In previous County Board annual financial presentations, these two accounts have shown losses and I have had to transfer year end funds. I have included in my 2023 proposed budget an additional \$50,000 of levy to be added to these insurance accounts to address these increases. I am also looking into other alternatives for insurance coverages.

4. **First Year of Self-Funded Health Insurance Plan**

In 2022, the County transitioned from a fully insured health insurance provider, Security Health Plan (SHP), to a self-funded health insurance plan administered by AmeriBen. During the budget process, all Chippewa County Departments received a Benefit Estimate Report in June of 2022 and the reports included a 0% increase on the 2022 health insurance cost. On September 20, 2022, we met with our broker, Brown & Brown, and the final premium recommendation is to fund the County's self-funded health insurance plan and set premiums with a 0% increase for 2023. The captive/stop loss insurance provider will provide final premiums by November 15, 2022 and no later than December 13, 2022 the County Administrator will bring a report to the County Board that provides the final total cost for the County's Health Insurance Plan.

5. **Employee Wage Adjustments / Market Analysis**

For 2023, I am recommending a 3% wage adjustment for employees effective on July 1, 2023. The 3% increase is an effort to try and stay competitive so we can recruit and retain great employees. The last Market Analysis was conducted in 2019 and implemented on January 1, 2020. My intent is to conduct a Market Analysis in 2023 and implement it in 2024. As shown on page 10 of this document the 2022 amount of available levy to the state-imposed levy limits is \$31,095. In an effort to effectively implement the Market Analysis recommendations for 2024, I am recommending that we maintain the \$81,059 for available levy to the state-imposed levy limits to help fund the implementation of the market analysis.

6. **Non-Highway Fleet**

Since the inception of the Non-Highway Fleet being managed by the Highway Department in 2009, the funding has seen few increases. From the Highway Department's perspective, the fleet management is separated into two different areas. The first area being in the vehicle purchases which are funded by sales tax. The second area for the operations which include fuel and maintenance. At the end of 2021 the Non-Highway Fleet operations showed a carryover loss of \$218,251.81, I decided to transfer year end funds of \$225,000 to offset that loss as shown on Highway Financial Statements. In reviewing a 4 Year Analysis on the Non-Highway Fleet, we have seen an average loss of almost \$58,000 in the fleet. With this information, I have included in my 2023 proposed budget an additional \$40,000 levy into the Non-Highway Fleet program as previously discussed in the Inflation section.

7. **2023 Highway Road Improvement Change from 2023 CIP Approved in June**

In the 2023-2027 CIP, the Highway Department had \$735,000 of sales tax and bonding funds allocated for the improvements on CTH OO in 2023. The Highway Department submitted an application for MPO's STP Urban Funding for this CTH OO project due to the limited number of eligible County Highways for this Federal 80/20 funding. Fortunately, our project ranked #1 in the entire Eau Claire/Chippewa MPO and we are able to have this road completely reconstructed (much larger scope than our pavement replacement was) along with design. The project will increase from a \$735,000 construction project built in 2023 to a \$2.6M project built in 2-4 years. Our 20% local share is estimated to be \$529,000 and the federal share will be \$2,114,000. Since we have found alternate

funding for the CTH OO project, the Highway Commissioner and I have decided to move one of the 2027 projects to 2023. The CTH S project will move to 2023 with an expected cost of \$570,000. The difference of \$165,000 (original CTH OO project of \$735,000 less CTH S project of \$570,000) will be utilized for the design and real estate acquisition costs associated with CTH OO. Additional funds will be allocated in future years for the CTH OO project for the remainder of our 20% share.

8. New Positions and Eliminated Positions

The table below shows the new positions that the County Board approved for incorporation into the FY22/FY23 budgets. All of the new positions listed below are currently included in the County Administrator FY23 Proposed Budget.

Summary of New Positions Recommended by the County Administrator The positions listed below have already been approved by the County Board and incorporated into the FY22/FY23 budgets				
Description	Department	Budget Process or Mid-Year	County Board Meeting	Comments
Administrative Assistant (Full-time)	Extension	FY22 Mid-Year	Res. 09-22 03/08/2022	Eliminated FT Admin Assist position in Extension & made it a State of WI .80 position.
Social Workers (2) (CLTS) NW Crisis Positions (Full-time)	Human Services	FY22 Mid-Year	Res. 16-22 06/14/2022	Created 2 positions. One will be filled now and the other will be held in abeyance until a caseload is available. Funded by Medicaid.
Social Worker Recovery & Wellness Consortium (Full-time)	Human Services	FY22 Mid-Year	Res. 17-22 06/14/2022	We previously contracted with Northwest Connections for 1.5 FTE. Adding this position will bring the service in-house and will save the County \$61,134.
Options Counselor (Part-Time)	Human Services – ADRC	FY22 Mid-Year	Res. 36-22 08/09/2022	Increasing an LTE position to part-time (1,500 hours)
Social Workers (3) CCS (Full-Time)	Human Services	FY23 Budget	Res. 39-22 08/09/2022	Created 3 positions and will fill them as needed based on waitlist. Funded by Medicaid CCS and CLTS Waiver.
Social Worker CLTS (Full-Time)	Human Services	FY23 Budget	Res. 38-22 08/09/2022	Funded with Medicaid CCS and CLTS Waiver.
Clinician (Full-Time)	Human Services	FY23 Budget	Res. 35-22 08/09/2022	Position funded by Medicaid CCS.
Environmental Health Specialist (Full-Time)	Public Health	FY23 Budget	Res. 37-22 08/09/2022	Position will help run the Transient Non-Community Well Program through the DNR grant. Funded from TNC program and FSRL fees.

TAX LEVY

The property tax levy will increase by \$302,355 or 1.46%. The tax (mill) rate will decrease by 12.2% to \$2.72 as equalized valuation for the County has increased 15.57%.

CA Proposed (Tax Levy by Department) 09-15-2022				
	2022 Tax Levy	2023 Tax Levy	Tax Levy Incr/(Decr)	Percentage Change
ADRC & Aging	35,047	34,196	(851)	-2.43%
DHS	2,540,636	2,581,487	40,851	1.61%
CJS	341,553	352,517	10,964	3.21%
County Admin	343,647	352,875	9,228	2.69%
County Clerk	196,424	199,742	3,318	1.69%
Corp Counsel	370,126	381,656	11,530	3.12%
Courts	701,099	712,727	11,628	1.66%
Child Support	68,540	68,540	-	0.00%
District Attorney	652,763	657,427	4,664	0.71%
Emerg Mgmt	208,223	183,223	(25,000)	-12.01%
Extension	290,784	278,784	(12,000)	-4.13%
Facilities & Parks	1,627,892	1,685,169	57,277	3.52%
Finance	406,429	433,070	26,641	6.55%
Human Resources	358,923	352,786	(6,137)	-1.71%
Highway	4,204,498	4,254,961	50,463	1.20%
Information Tech	895,304	907,163	11,859	1.32%
Land Conservation	239,538	239,538	-	0.00%
Public Health	802,187	808,860	6,673	0.83%
Probate	183,627	188,544	4,917	2.68%
Register of Deeds	(130,733)	(130,733)	-	0.00%
Sheriff - Admin	927,198	940,891	13,693	1.48%
Sheriff - Invest	668,016	694,873	26,857	4.02%
Sheriff - Jail	2,860,072	2,880,537	20,465	0.72%
Sheriff - Patrol	2,339,539	2,330,721	(8,818)	-0.38%
Sheriff - Telec	1,306,104	1,339,952	33,848	2.59%
Treasurer	(159,055)	(145,566)	13,489	8.48%
Veterans	215,630	215,630	-	0.00%
Zoning	428,382	428,382	-	0.00%
County Board	181,680	181,680	-	0.00%
General County	(4,285,810)	(4,449,697)	(163,887)	-3.82%
Facilities (Other)	44,374	46,374	2,000	4.51%
Budget Adjust	175,000	292,500	117,500	67.14%
Insurances	322,400	372,400	50,000	15.51%
Coroner	106,265	106,265	-	0.00%
Housing	1,150	1,150	-	0.00%
Total Operational Levy	19,467,452	19,778,624	311,172	1.60%
Excluded from Levy Limits:				
Libraries	902,109	1,001,868	99,759	11.06%
County Aid Bridge	269,150	160,574	(108,576)	-40.34%
TOTAL LEVY	20,638,711	20,941,066	302,355	1.46%

SUMMARY

The FY23 budget before the Chippewa County Board:

1. Is consistent with the Chippewa County Strategic Plan;
2. Is sustainable from FY23 to FY24; and
3. Allows the current Chippewa County Board to address operational needs.

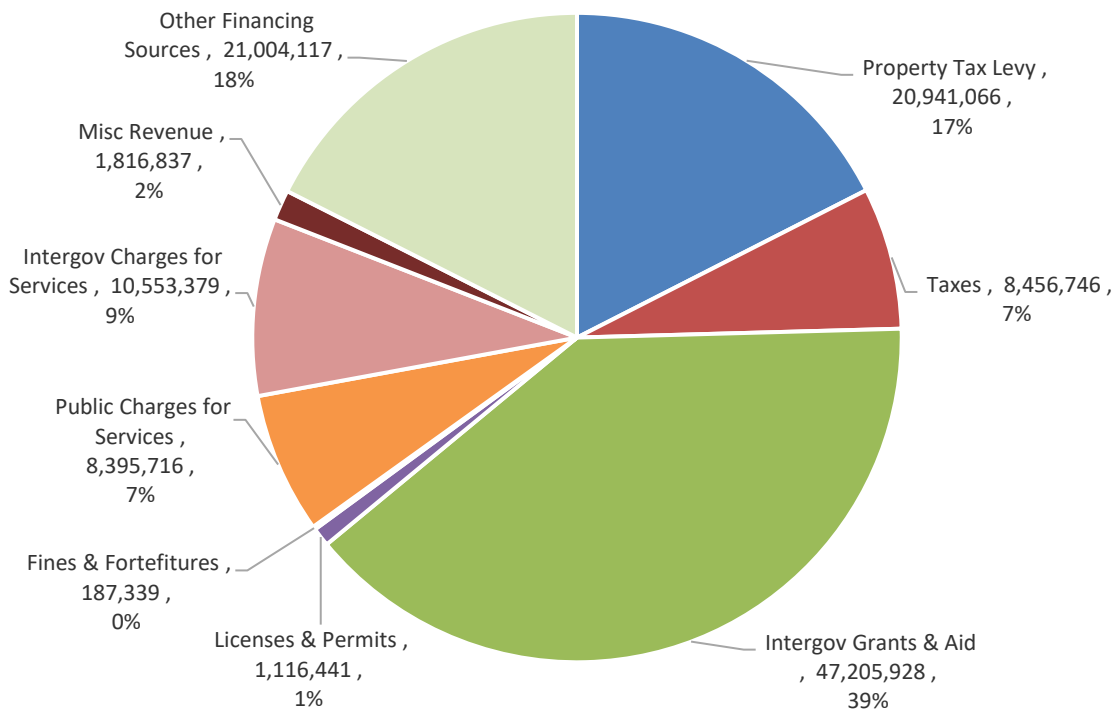
I am always available to answer any questions you may have on the 2023 recommended budget. If you are considering changes to the budget, please contact me prior to the budget hearing to ensure that I have a full understanding of the proposed amendment. This will give me time to gather information, so the full County Board will understand the impact of the change.

Sincerely,



Randy B. Scholz
County Administrator

2023 Revenue Sources



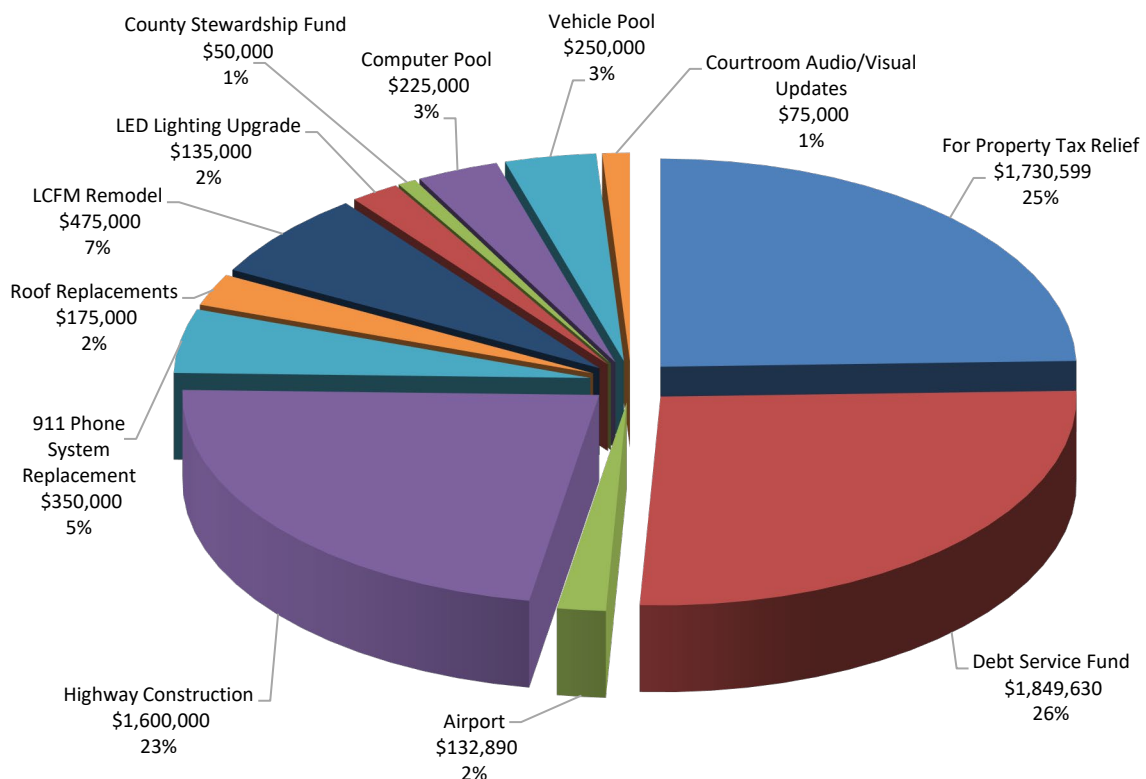
B. Sales Tax Projects Approved

Available Sales Tax Dollars 2022	\$7,048,119
Committed Sales Tax Dollars	
1. Property Tax Credit	1,730,599
2. Debt Service Fund	1,849,630
3. Airport Debt Contribution	<u>132,890</u>
Total Committed Sales Tax Dollars	3,713,119
Non-Committed Sales Tax Dollars Available 2023	<u>\$3,335,000</u>
Total Sales Tax Dollars Available 2023	\$7,048,119

Requested Sales Tax Uses – Approved (CIP)

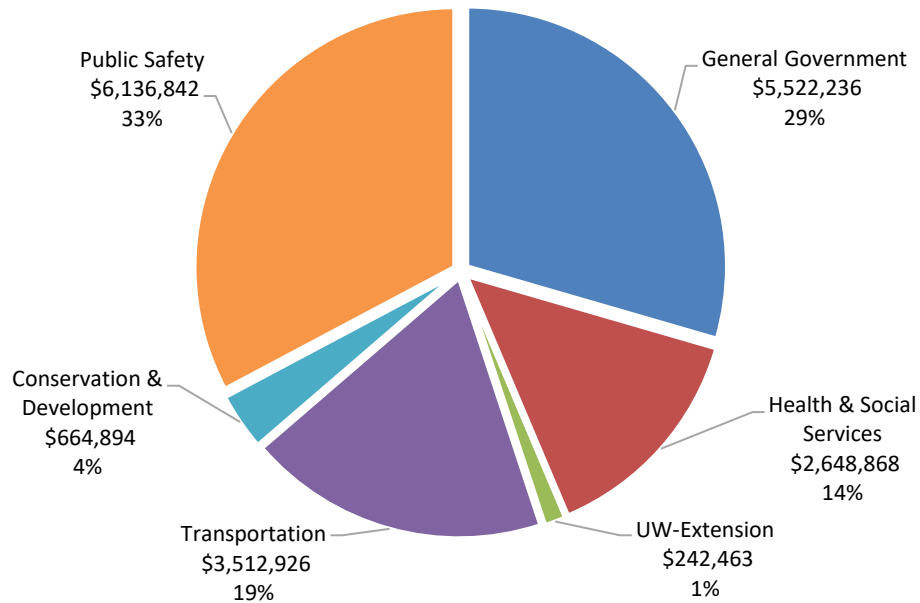
F&P – LCFM Department Remodel – Resolution 28-22	\$475,000
F&P – Roof Replacement (Roofs #1, 2, 6, 7, 8, 11 & Annex) – Resolution 28-22	\$175,000
F&P – LED Lighting Upgrade – Govt Center Campus Phase I & II – Resolution 28-22	\$135,000
Highways & Bridges – Resolution 26-22	\$1,600,000
Non-Highway Fleet Vehicle Replacement – Resolution 26-22	\$250,000
IT – Replacement of End User Devices – Resolution 24-22	\$225,000
IT – Courtroom Audio/Video Control System – Resolution 24-22	\$75,000
LCFM – County Stewardship Fund – Resolution 25-22	\$50,000
Sheriff – 911 Phone System Replacement – Resolution 27-22	<u>\$350,000</u>
TOTAL	\$3,335,000

Total for 2023 Sales Tax Distribution

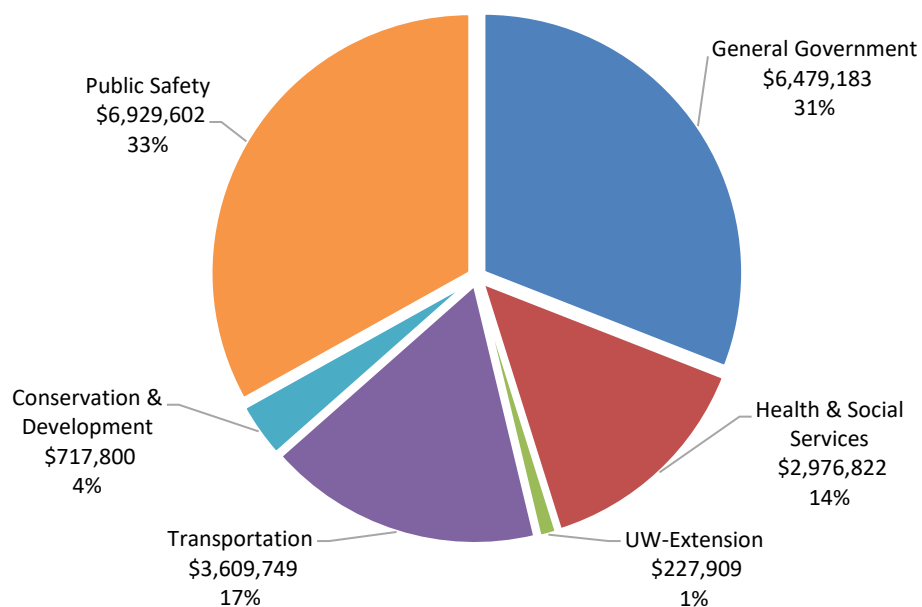


C. Tax Levy Comparison – 2018 Budget vs. 2023 Budget

2018 Budget Tax Levy



2023 Budget Tax Levy



D. 2023 Budget – General Information

I. Equalized Valuation

2017 for 2018	\$5,078,001,000	Increase of \$165,340,000 or 3.37%
2018 for 2019	\$5,251,453,300	Increase of \$173,452,300 or 3.42%
2019 for 2020	\$5,693,384,000	Increase of \$441,930,700 or 8.42%
2020 for 2021	\$6,112,557,400	Increase of \$419,173,400 or 7.36%
2021 for 2022	\$6,662,368,300	Increase of \$549,810,900 or 8.99%
2022 for 2023	\$7,699,372,900	Increase of \$1,037,004,600 or 15.57%

II. Tax Rate

2017 for 2018	\$3.69 / \$1,000	Increase of 0.2% (Amended by CB 11/2/17)
2018 for 2019	\$3.64 / \$1,000	Decrease of 1.20% (Amended by CB 11/1/18)
2019 for 2020	\$3.43 / \$1,000	Decrease of 5.80%
2020 for 2021	\$3.26 / \$1,000	Decrease of 4.91%
2021 for 2022	\$3.10 / \$1,000	Decrease of 5.10%
2022 for 2023	\$2.72 / \$1,000	Decrease of 12.20%

NOTE: There is an inverse relationship between equalized value and tax rate. As equalized valuation increases, tax rate decreases by the same proportion and vice versa.

III. Net New Construction

2017 for 2018	\$254,871	- 10.52%
2018 for 2019	\$390,950	53.39%
2019 for 2020	\$228,046	- 41.67%
2020 for 2021	\$313,437	37.44%
2021 for 2022	\$344,267	9.84%
2022 for 2023	\$365,306	6.11%

IV. Property Tax Levy

2017 for 2018	\$18,728,228	Increase of 3.45% (Amended by CB 11/2/17)
2018 for 2019	\$19,136,194	Increase of 2.18% (Amended by CB 11/1/18)
2019 for 2020	\$19,543,812	Increase of 2.13%
2020 for 2021	\$19,953,142	Increase of 2.09%
2021 for 2022	\$20,638,711	Increase of 3.44%
2022 for 2023	\$20,941,066	Increase of 1.46%

V. Allowable and Proposed Property Tax Levy Dollars and Levy Rates

Allowed by State Levy Dollar Limit Worksheet		Approved / Proposed	Amount Available
2017 for 2018	\$19,241,410 or \$3.79 per \$1,000	\$18,728,228 or \$3.69 per \$1000	\$513,182
2018 for 2019	\$19,325,692 or \$3.68 per \$1,000	\$19,136,194 or \$3.64 per \$1,000	\$189,498
2019 for 2020	\$19,713,473 or \$3.46 per \$1,000	\$19,543,812 or \$3.43 per \$1,000	\$169,661
2020 for 2021	\$19,956,580 or \$3.26 per \$1,000	\$19,953,142 or \$3.26 per \$1,000	\$3,438
2021 for 2022	\$20,669,806 or \$3.10 per \$1,000	\$20,638,711 or \$3.10 per \$1,000	\$31,095
2022 for 2023	\$21,022,125 or \$2.73 per \$1,000	\$20,941,066 or \$2.72 per \$1,000	\$81,059

VI. Total Budget

Total 2018 Budget	\$68,165,628.00
Total 2019 Budget	\$77,520,516.00
Total 2020 Budget	\$78,732,363.00
Total 2021 Budget	\$82,162,968.00
Total 2022 Budget	\$99,416,815.00
Total 2023 Budget	\$119,677,569.00

*RWC increased almost \$6.8 million
*Highway increased \$11.8 million due to ARPA, BIL & State Funded Projects
*Capital Project funding increased \$1.75 million for Highway projects

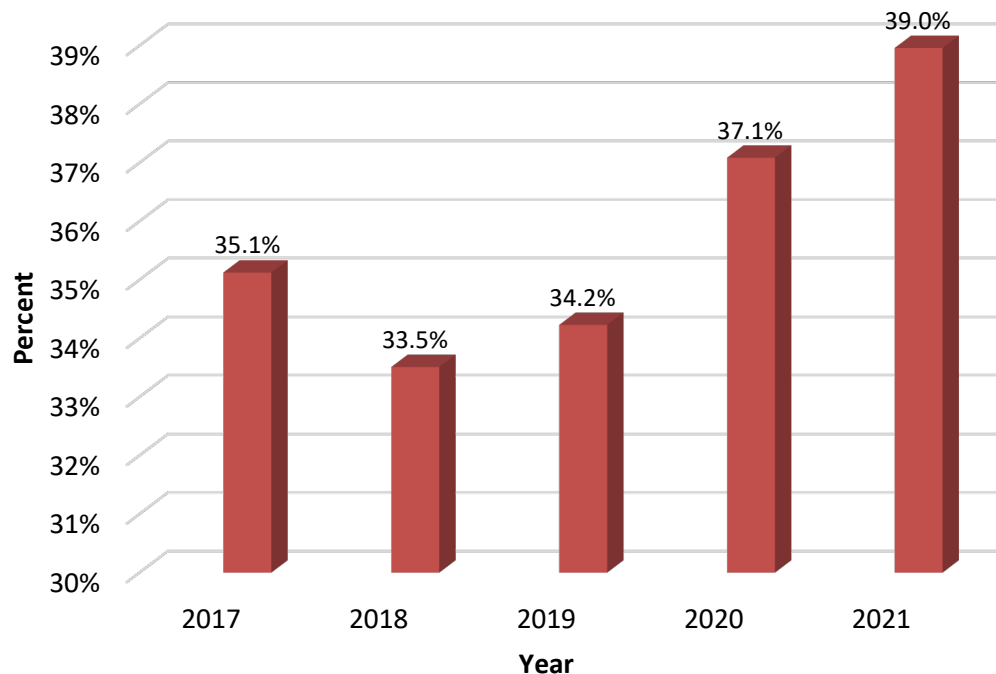
E. Analysis of Audited General Fund Balances 2017 – 2021



A 5-Year General Fund Analysis occurs for bonding events by the bond rating agency. Chippewa County strives to maintain fund balances over 35% to allow for a better (lower) interest rate.

	2017	2018	2019	2020	2021	Per 2021 Audited Numbers Recommended Undesignated	
						Minimum	Maximum
Reserved for Total Designated Balances	10,102,560	11,104,597	11,606,627	10,970,679	8,296,917		
Reserved for Delinquent Taxes	1,097,437	883,351	979,741	1,116,417	989,021		
Reserved for Subsequent Year Budget	0	0	0	0	0		
Reserved for Prepayments	86,244	74,367	88,862	103,321	196,188		
Unreserved, Undesignated	10,389,175	10,743,090	11,527,829	12,282,963	12,826,005	9,876,427	13,168,570
Total General Fund Balance	21,675,416	22,805,405	24,203,059	24,473,381	22,308,131		
% of Undesignated Fund Balance to General Fund Expenditures per Executive Summary	35.1%	33.5%	34.2%	37.1%	39.0%	30.0%	40.0%

Percent of Undesignated Fund Balance to General Fund Expenditures (Auditor Recommended 30-40%)



F. 2023 Budget Summary

1. 2023 Budget

Recommended Total 2023 Budget	\$119,677,569	
Recommended Tax Levy	\$20,941,066	Increase of 1.46%
Recommended Tax Rate	\$2.72/ \$1,000	Decrease of 12.20%

2. Past, Current & Future Bond Rating

- ✱ Continuation of current financial position with fund balance between 30% - 40% will allow for a better (lower) interest rate should Chippewa County undertake a borrowing effort in the future.
 - Current Bond Rating Aa¹

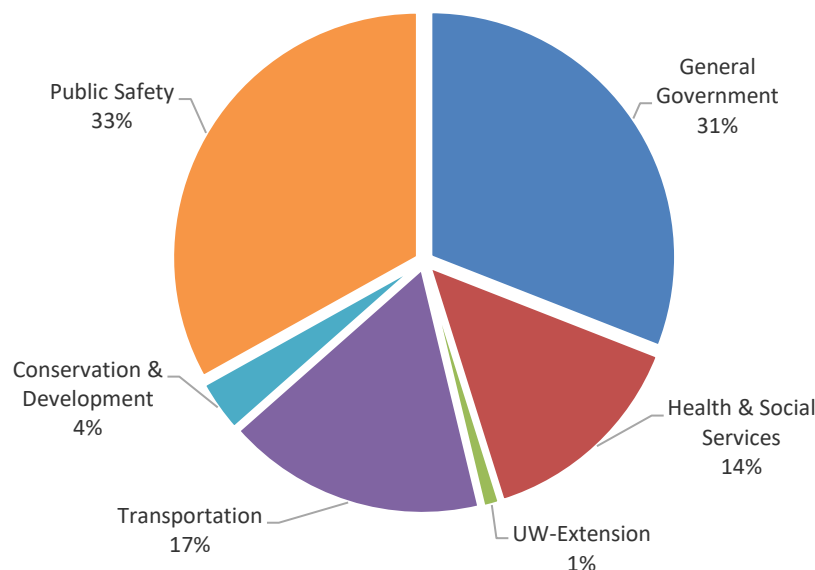
3. The County's Recommended Tax Rate of \$2.72 / 1,000 is low in comparison to other similar Counties.

- ✱ Yet the County road infrastructure is the 4th largest in the State and demand for all other service(s) is virtually the same in other Counties. The levy rate has maintained minimal changes for the last several years.

4. Comparison – County Tax Impact on Homeowners

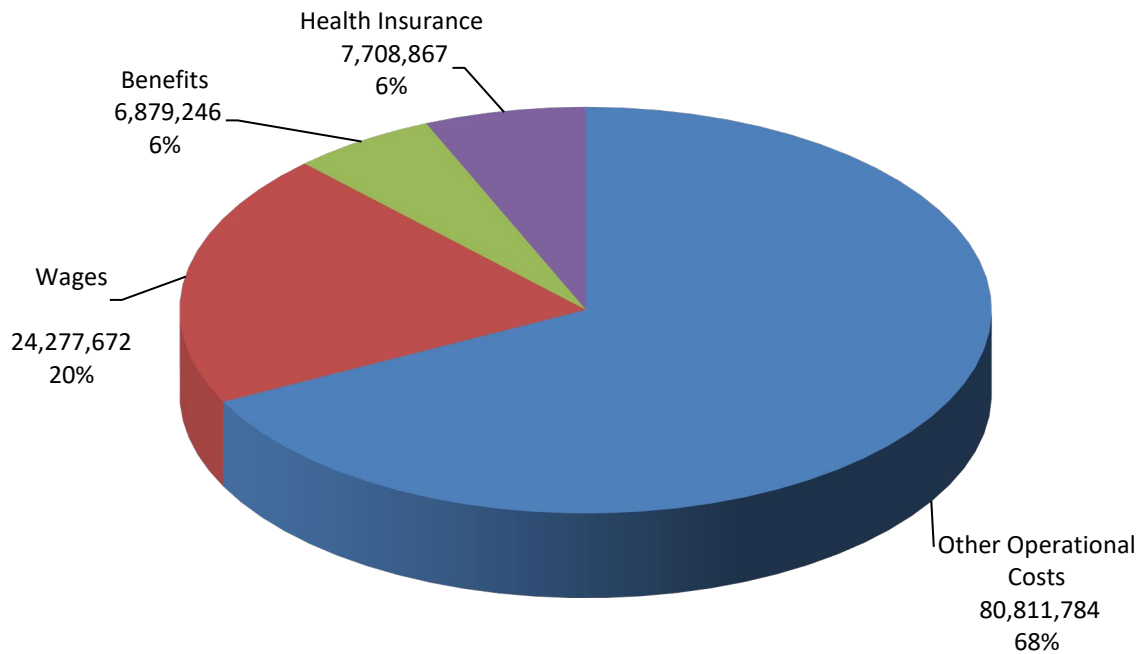
Home Value	2022 Tax Per \$1,000	Proposed 2023 Tax Per \$1,000	Proposed Change Amount
	\$3.10	\$2.72	
\$100,000 Residence	\$310.00	\$272.00	(\$38.00)
\$150,000 Residence	\$465.00	\$408.00	(\$57.00)
\$200,000 Residence	\$620.00	\$544.00	(\$76.00)

**Distribution of Proposed Tax Decrease
Based on Levy Allocation**



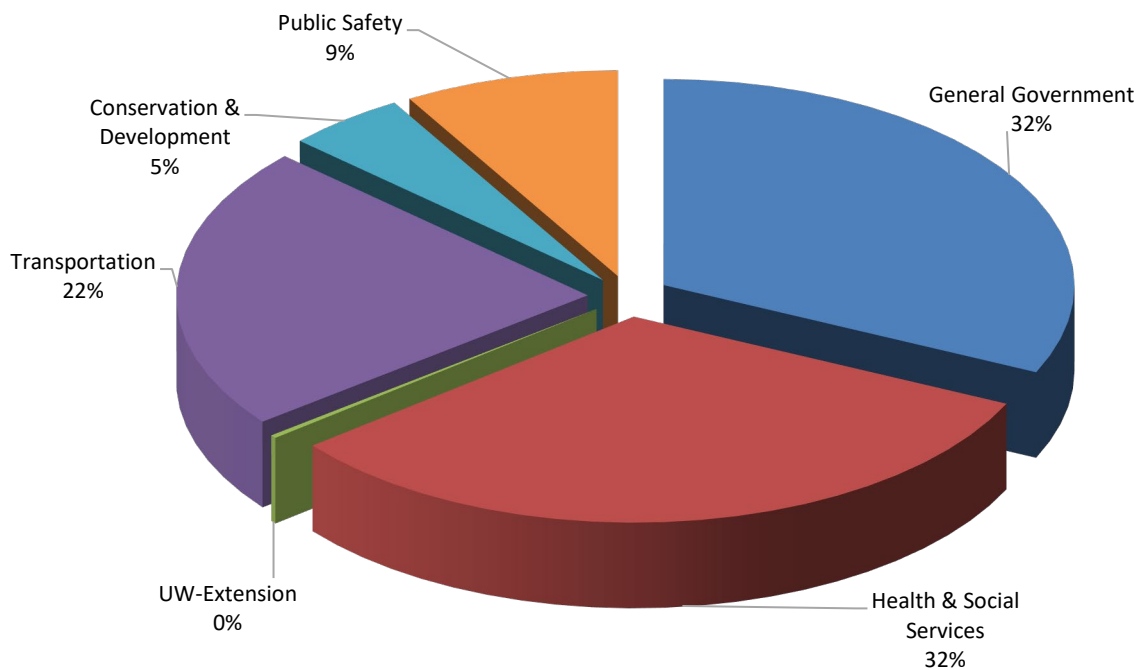
G. Conclusion

Total 2023 Budgeted Expenses



Benefits Include: Employer Share of: FICA Taxes, Workers Compensation, Wisconsin Retirement, Life Insurance Benefit and Disability Benefit

Total 2023 Budget by Function \$119,677,569



H. Chippewa County Strategic Plan



Chippewa County's vision is a thriving and welcoming community that offers an exceptional quality of life for all residents

Our mission is to offer an exceptional quality of life for all who live, work and play in Chippewa County by supporting social and economic opportunities through a transparent, accountable, and fiscally responsible government



Effectively communicate information about programs, services, and resources to all residents and county employees

- Utilize technology to develop user friendly communication tools
- Identify residents and employees' preference for information dissemination and customize dissemination options
- Explore and use best practices for communicating information to rural communities
- Conduct face-to-face meetings with residents and county employees to listen to their concerns and clarify expectations

Develop additional sources of revenue and funding to meet emerging needs

- Study strategies for revenue generation from other counties and municipalities
- Enhance networking and educate state and federal officials about emerging needs
- Collaborate with other counties and municipalities to achieve cost savings through shared resources
- Partner with nonprofit organizations and private sector to address community needs

Improve access to mental health and drug treatment options

- Enhance educational outreach and educate community about available mental health service options
- Collaborate with communities and organizations and educate public about eliminating stigma associated with mental health
- Enhance networking and educate state and federal officials about emerging needs of Chippewa County
- Collaborate with service providers to integrate services and address issues from a whole person perspective
- Provide training for law enforcement to learn trauma informed strategies and resources

Maintain and proactively address threats to water quality

- Utilize baseline database from groundwater study and embrace cutting edge technology for monitoring water quality
- Collaborate with and encourage towns to adopt County's comprehensive zoning plan
- Coordinate with neighboring counties, DNR, and communities to develop mechanisms for protecting water quality

Support economic development in rural areas

- Improve and develop infrastructure to support the community and businesses
- Educate communities on economic development opportunities and resources
- Encourage retention of local talent in collaboration with communities
- Identify and promote recreational and tourism opportunities

The Strategic Plan was adopted by the County Board on January 14, 2020 per Resolution 05-20.