

Budget Update

On September 26, department heads and committees presented their budget requests to the City Council. The meeting was not meant to be one of negotiation and decision; rather, it was simply a presentation of the budget requests. But there was a chance for questions and discussion to better understand the requests.

A week later on October 6, the Finance and Labor Relations Committee went through the budget requests line by line. With much debate, they made a number of cuts, a few additions, and other adjustments. Their final product is the proposed budget.

The proposed budget then went to the City Council on October 11 with an overview of the changes. The ordinance to adopt the budget had its first reading. Next, on November 8, there will be a public hearing for additional input on the proposed budget. Then with any last revisions, the ordinance setting the final budget and setting the property tax levy will be approved.

General fund revenues have several notable reductions. The ones that have had the most attention are cuts in state aid: \$50,000 from shared revenues, \$30,000 in general transportation aid, and \$9,000 in recycling grants. The other reduction is significant because it is determined locally: the city's property tax rate would be reduced from \$6.87 to \$6.82 per \$1000 value. It may not be a huge tax cut, but I think it impressive compared with what I see other communities grappling with in the news.

At the start of the budget process, departments had been told it would be a lean budget and that they should only request necessary expenses. I was embarrassed that a couple departments took a wish list approach to their capital requests. But overall, the department requests held the line on operating costs. Their requests were a reasonable starting point and enabled a proposal that would actually reduce the tax rate.

Increased revenues included the electric utility's payment in lieu of taxes to match actual figures. The other increase is in the residential garbage and recycling charges. The proposal would raise this fee from \$121.50 to \$138.00 per year. This is due to an automatic inflation factor in our hauling contract at \$4.23, the reduction in state recycling grants equaling \$5.14, and increased costs for brush collection of \$7.13. The costs for brush and leaf collection are included in the recycling portion of the fee, and these costs have been higher than budgeted each of the last two years. Rather than seeing it over budget in 2012, the Finance Committee recommended allocating about two-thirds of the added brush removal costs to the household assessment and covering one-third with general revenues.

Personnel costs make up almost a third of the city's general operations. There are a few items to highlight in the budget proposal related to personnel. Perhaps most significantly, there are no layoffs. Employees will begin contributing to their retirement. In our collective bargaining agreements we negotiated that public works, water and light, and clerical employees will pay 5% of their wages toward retirement starting in January, and police will pay 1.5% in 2012 and 3% in 2013. Under recent changes in state law, department heads began paying 5.8% in August, increasing to 5.9% starting in January. For over the past decade, employees have paid 10% of their health insurance premiums, and this will continue.

We did negotiate very modest pay increases in the union agreements for 2012. Additionally, recognizing that department heads had wage freezes for two years (in comparison to a single year for union employees) and that their retirement contributions are higher, the Finance Committee commented that

it would like to give a raise to department heads in 2012. The proposed budget includes a 5% placeholder, but any actual raises will not be decided until after performance reviews and my recommendations about contracts around December or January.

The proposed budget highlights for city hall includes minor adjustments for court expenses, an increase in city attorney rates, and added expenses due to 2012 being an election year. On the capital side, it includes fixing up the stairwell which has broken and missing tiles, a hole in the wall, and poor lighting; this should have been done when the second floor was remodeled in 2007.

The proposed budget highlights for the police department includes re-joining the school's co-op program and hiring a student to help part-time with clerical paperwork. We were very tight on capital expenditures in 2011 and held off replacing a squad car; Ford no longer makes the Crown Vic, so we will go with a Dodge Charger. The department did consider the less expensive Chevy Impala, but Janesville police have found that it has a difficult layout to add radio and computer equipment and advised against it.

The proposed budget highlights for public works includes the brush and leaf expenses already mentioned. It also includes reductions in fuel and engineering expenses to bring them more in line with actual operations. On the capital side, the department's dump truck would be replaced; this would be during year thirteen of what had been a ten-year replacement cycle.

The proposed budget highlights for parks includes a number of capital expenses. Relining of the pool is not a structural issue and will wait several years; in the meantime, the pool will be repainted to address minor maintenance and upkeep concerns. The stormwater utility includes maintenance of the creek, so in 2012 it will fund about 400 feet of creek wall repair concentrated on areas that have collapsed. Funding is designated toward bathrooms and a shelter for Westside Park; unfortunately, there was no actual cost estimate for this project so it is really just a number in the budget.

The proposed budget highlights for economic development include \$1600 to pay the Chamber of Commerce to complete a citywide inventory of commercial buildings started in 2011, \$2900 toward implementation expenses of a retail market analysis being conducted this fall, and \$2000 for general committee expenses. The \$12,000 for marketing expense is allocated to cover flower baskets, brochures and advertising, conference attendance, and maintaining our relationship with Discover Wisconsin. Other development related expenses come under the tax increment funds or are handled on a case by case basis with the façade improvement program or the revolving loan fund.

The proposed budget highlights for emergency medical service include a replacing an ambulance; we are on a seven year rotation which means the older ambulance is fourteen years old. The per capita cost for ambulance service (city and rural) is increasing from \$20 to \$21.

Other proposed budget highlights include a new computer server for the library, resurfacing Maple Street to finish the 2007 manhole replacement project, and continuing to rebuild and bury electric lines in the older portions of the city. Between 2011 and 2012 we have also paid down a substantial amount of debt, thereby reducing the city's payments and freeing up money.

The entire proposed budget and other fiscal information are posted on the city website www.ci.evansville.wi.gov. The public hearing on the proposed budget will be at City Hall at 6:30 on Tuesday, November 8.

City Engineer Update

Around six or seven years ago, the city reviewed its professional consultants. We sought proposals for and hired a new city attorney, city assessor, independent auditor, and city planner. At the time we had major improvements scheduled for Highway 14, followed by Main Street, County Road M, and the Wastewater Treatment Plant, so it was not a good time to even think about changing city engineers.

Last fall the Finance Committee discussed the engineer contract and decided that we still had too much infrastructure in process to consider a change: completion of the wastewater treatment plant, Main Street bridge, and finally the stormwater drainage on South Sixth Street. But a pause between projects was within view, so the City Council extended the engineer contract for a single year instead of the typical two years.

Dave Sauer has served as city engineer since April 1997, first with Foth & Van Dyke, then a name change to Foth Infrastructure & Environment, and most recently in January 2011 an alliance with and assignment to Cedar Corporation. The city has been busy with infrastructure the whole time, with public projects such as Main Street and in reviewing private projects such as residential subdivisions which boomed during the early 2000's.

This September the City Council approved issuing a request for proposals (RFP) for city engineer. This was not an easy decision as evidenced by the Council's 5-2 vote, and having a strong professional relationship has benefitted the city. But the Council felt it appropriate to perform due diligence similar to what it had done with other contracts a few years ago. And having a window between major projects provides a certain degree of convenience to do it now.

We sent the RFP to fifteen area engineering firms with a November 4 deadline. I fully expect Cedar Corporation to submit a proposal. We will then review candidates, narrow the list, and conduct interviews.