

Mayor's Column for July 29, 2009 Review

Last week Todd Berry, President of the Wisconsin Taxpayers Alliance, presented state and local financial information to the Common Council, Department Heads, City staff, media, and a handful of citizens. Following his talk, Evansville's current financial situation and the challenging preliminary details to be considered in building a 2010 city budget were introduced by our City Administrator, Dan Wietecha.

It is necessary to know certain state budget information to provide clarity as we undertake short-term and long-term budgeting for Evansville. Here are several facts from Mr. Berry's presentation that are relevant.

- Wisconsin has had a structural deficit for decades. The state has “balanced” recent biennial budgets with one-time sources of revenue, using tobacco litigation proceeds, transfer of monies from transportation and patients compensation funds, and most recently, federal stimulus dollars.
- If current state financial circumstances remain unchanged, the structural deficit for Wisconsin is projected to be \$1.15 billion in the 2011-13 biennium.
- The 2009-11 state biennial budget includes total spending increases 9.4% higher than estimated 2007-09 expenditures.
- In 2008, over 50% of the state budget was local aids to schools and governments.
- For the most recent three years of data, 2005 through 2007, the annual growth rate of real gross domestic product (GDP) for Wisconsin was less than one-half of the U.S. rate. In 2007, per capita GDP for Wisconsin was 8.3% less than that of the U.S. Our state economy is lagging; improvement is necessary in order to begin to address the serious financial issues in Wisconsin.

To summarize, local governments will not be receiving positive budget surprises in the foreseeable future. In the unlikely best case for municipalities, future state reductions will be minimal. Evansville is wise to use caution in expectations of future revenue streams from state coffers.

Mr. Berry presented new 2007 information on Evansville's finances, as well as comparison information from twenty Wisconsin communities (including Evansville) with populations from 4,000 to 5,000. This information is provided in “Municipal Facts '09”, an Alliance publication. He pointed out that more than 60% of municipal budgets are comprised of four basic services: general government, street maintenance, fire/ambulance, and police. On a per capita basis, Evansville's expenditures in these areas are in the middle of the range of those of comparable communities.

For 2007, Evansville ranked 10th out of the 20 comparable communities in per capita municipal property tax levies at \$6.67 per \$1000, right in the middle. Per capita

municipal property tax levies for Rock County municipalities in 2007 ranged from \$6 to \$8.50 per \$1000. Evansville's 2007 tax base is 80.2% residential, 15.4% commercial, 2.8% manufacturing, and 1.6% industrial. Our community trends high on residential base. For 2007, household income per tax return for Evansville was \$45,949, slightly higher than the \$43,103 median of comparables.

In 2008, property taxes on a \$150,000 Evansville home were \$3,644. The breakout into the components is: school district at \$1,689; school credit of (\$266); city portion of \$1,044; county tax of \$868; technical college at \$281; and state component of \$28. In the last ten years, the city portion of the property tax rate has fallen from \$9.06 per \$1000 to the current \$6.96 per \$1000 (which includes the Lake Leota financing).

The breakout of the \$1,044 city portion of the 2008 property tax on a \$150,000 Evansville home is as follows: general government \$121.76; police \$202.19; fire protection \$91.58; ambulance \$48.43; public works \$65.79; parks and recreation \$42.86; library \$91.07; city cemetery \$32.13; capital projects \$38.52; debt service \$290.86; and miscellaneous \$18.82.

As we begin work on the 2010 budget, here is the best information we have available to us at this time. We are projecting a shortfall of \$132,000 that we need to handle through the budget process. This is made up of the following revenue assumptions: less state shared revenues of \$26,000 (5.4% reduction); less interest income of \$145,000; increase tax levy of \$40,000 due to construction; and, one-time increase of \$80,000 in payments in lieu of taxes found during audit. The expenditure components of the shortfall are: previously negotiated union wages of \$20,000; estimated health insurance increases of \$24,000; and increased debt service of \$37,000.

Additional city financial information is available on the city website at www.ci.evansville.wi.gov. We are encouraging citizens with suggestions for streamlining services, ideas for eliminating services, and possibilities for user fees to contact the city at budget@ci.evansville.wi.gov. I am also happy to discuss budgeting ideas and can be reached at 882-2266 during business hours.

Some early suggestions for reducing expenses include postponing the sidewalk installation/replacement program, opening the swimming pool later in the spring, after school is out, furloughs (salary and employee benefits are 55% of the operating budget), and delaying capital purchases.

Last Thursday Finance Director Lisa Novinska and City Clerk Judy Walton attended a mini-seminar on "Municipal Budgeting for 2010" that was sponsored by Ehlers, our financial consultants. They learned that, like Evansville, many municipalities were negatively impacted by the "tanking" of interest income. Likewise, most communities are struggling to stretch every dollar. They will be making a report to the Finance Committee on ideas and situations that were discussed by Ehlers and the seventy-five municipal participants.

City employees have been asked to make only necessary expenditures the remainder of this year. Teamwork has been emphasized among city employees and it will be used by necessity during the budget process. To accomplish city financial goals, spending decisions and priorities will need to be made city-wide, beyond just city departments. For example, delay of an equipment purchase in one department may be necessary to allow needed spending in another department. The Finance Committee and Council will make important decisions on prioritization with limited dollars at hand.

Last year I approached the 2009 budget with a focus on zero-based budgeting. The city was able to accomplish a zero-based budget, with the only adjustment for Lake Leota dredging following the November referendum.

I intend to approach the 2010 budget with a similar focus on zero-based budgeting as I look for possible cost reductions for consideration by the Finance Committee. Evansville residents have necessarily “tightened their belts” during this time and have an expectation that city government do the same. Residents will face increased sewerage utility costs for the waste water treatment plant upgrade. We must do everything possible to hold the line in other areas.

Department Heads and their committees are currently working on their department budgets and will forward them to the Finance Director by mid-August. The Finance Committee will begin their work with the Capital Budget in September and the Operating Budget in October. The 2010 city budget must be complete and adopted in November. I encourage citizens to engage in the budget process. These are challenging times and public input is very helpful.

Community Announcements

AWARE will be collecting school supplies during the month of August. Containers will be located at Bank of Evansville, M & I Bank and Union Bank & Trust, as well as at our local churches. If you are able, please consider providing educational supplies for our youngsters in need. Julie Hermanson of AWARE also suggests putting aside outgrown children’s winter coats, hats, and mittens in good condition for the Koats for Kids project later this year.

The Evansville Police Department is in the process of updating the contact list for all businesses in the City of Evansville. This list will enable city police officers to contact businesses quickly and accurately in emergency situations. A copy of the Business Data Sheet is located on the city website at www.ci.evansville.wi.gov. Click on city services and then police. If you have questions, please call the Chief of Police at 882-2299.

The next meeting of the Inventors and Entrepreneurs Club will be held on August 12, 2009 at 6:30 p.m. in the Eager Economy Building, 7 East Main Street. Judy Whalen of Whalen & Associates will speak on strategic planning for your business.

Please remember that private signs are not allowed on city property, including placing in terraces and attaching to light poles.

Community Congratulations/Thanks

A recognition picnic for volunteers of the Evansville Area Primetimers was held on July 24 at Leonard-Leota Park. Evansville thanks the many volunteers that serve the senior center, providing supportive, vital activities for our older citizens. Hearty congratulations to Al Trawicki for the honor of being selected as the Primetimers' Volunteer of the Year.

Evansville thanks Ellen Brown for her dedicated service to the businesses in Evansville.

I thoroughly enjoyed the opening performance of The King and I. Kudos to the cast and crew for this outstanding production. The time and effort given by all involved is greatly appreciated.