

# City of Madison

## *2009 Budget Kickoff Presentation*

**Presented by  
Mayor Dave Cieslewicz**

## City Services Are Far Reaching

### **For example, Madison annually....**

- ✧ Puts 438 police officers on the streets
- ✧ Operates 11 fire stations
- ✧ Manages over 260 parks and parklands
- ✧ Provides almost 13 million trips on the Metro system
- ✧ Plows and maintains 763 miles of city streets
- ✧ Loans over 4.7 million books from our public libraries
- ✧ Hauls 60,000 tons of garbage and recycling

## Capital vs. Operating Budget

### Capital Budget

- ✧ **DEFINED** - Long-term investments in structures, equipment and facilities funded by long-term borrowing. Examples: fire stations, libraries and parks.

- ✧ **RULE OF THUMB**  
Every \$1 million borrowed = \$140,000 in annual debt service.

### Operating Budget

- ✧ **DEFINED** - Annual expenses to continue city services. Examples: salaries and supplies.

- ✧ **RULE OF THUMB** for every \$1 million on the tax levy = a \$11.25 increase in taxes on average home.

Your Tax Bill

### STATE OF WISCONSIN REAL PROPERTY TAX BILL FOR 2003 CITY OF MADISON, DANE COUNTY

MAIL IN BOTTOM PORTION WITH YOUR PAYMENT  
Tax data available on-line at  
<http://www.cityofmadison.com/treasurer>

**IMPORTANT:** Correspondence should refer to this parcel number. See reverse side for important information. Be sure this description covers your property. This description is for property tax bill only and may not be a full legal description.

#### Average Home Value

| PARCEL                     | Assessed Value Land | Assd Value Improvements | Total Assessed Value | Average Assessment Ratio | Net Assessed Value Rate (base NOT reflect luxury credits) |
|----------------------------|---------------------|-------------------------|----------------------|--------------------------|-----------------------------------------------------------|
|                            | 38,500              | 165,200                 | 203,700              | 98.116521%               | .0231796                                                  |
| Estimated Fair Market Land | 39,200              | 168,400                 | 207,600              |                          |                                                           |
|                            |                     |                         |                      |                          | -319.97                                                   |

|                 | 2002 Est. State Aid | 2003 Est. State Aid       | 2002 Net Tax    | 2003 Net Tax    | % Tax Change |
|-----------------|---------------------|---------------------------|-----------------|-----------------|--------------|
| WISCONSIN       | 4,434,849           | 3,627,547                 | 38.56           | 41.53           | 7.7%         |
| DANE COUNTY     | 22,228,044          | 19,149,359                | 1,536.22        | 1,535.12        | 4.3%         |
| CITY OF MADISON | 4,628,877           | 4,455,955                 | 1,900.27        | 1,892.60        | 3.9%         |
| MADISON SCHOOLS | 73,049,895          | 68,441,429                | 1,989.10        | 2,208.43        | 11.0%        |
| <b>TOTAL</b>    | <b>104,570,355</b>  | <b>95,715,290</b>         | <b>4,384.60</b> | <b>4,721.68</b> | <b>7.7%</b>  |
|                 |                     | Lottery and Gaming Credit | -93.41          | -105.97         | 13.4%        |
|                 |                     | Net Property Tax          | 4,291.19        | 4,615.71        | 7.6%         |

#### Taxing Entities

|                                                                                                   |                                                                                                                                                                                                                       |                            |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Make Check Payable to:                                                                            | <b>TOTAL DUE FOR FULL PAYMENT</b>                                                                                                                                                                                     | Net Property Tax           |
| City of Madison Treasurer<br>P.O. Box 2999<br>Madison, WI 53701-2999<br>(608) 266-6771            | <b>PAY BY JAN. 31, 2004 \$ 4,615.71</b>                                                                                                                                                                               | \$ 4,615.71                |
| Or pay from Checking/<br>Savings online at:<br><a href="http://Madisonpay.com">Madisonpay.com</a> | <b>WARNING:</b> If not paid by due date, installment option is lost and total tax is determined subject to interest and penalty. (See reverse)<br><b>Due First Installment Payment Due On or Before Jan. 31, 2004</b> |                            |
|                                                                                                   | <b>\$ 2,254.87</b>                                                                                                                                                                                                    |                            |
| And Second Installment Payment                                                                    | <b>Second Installment Payment Due On or Before July 31, 2004</b>                                                                                                                                                      |                            |
| Payable to:<br>Dane County Treasurer                                                              | <b>\$ 2,360.84</b>                                                                                                                                                                                                    | <b>TOTAL DUE: 4,615.71</b> |

Taxes on the  
Average Home

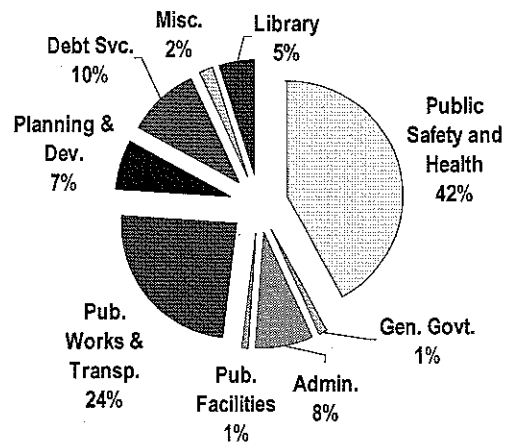
TEAR HERE AND MAIL IN BOTTOM PORTION

## Your Property Tax Dollar

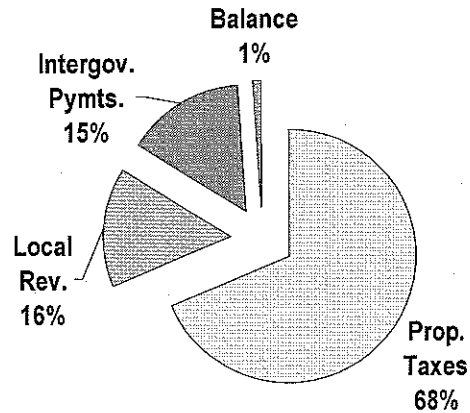
|                        |                           |                       |            |
|------------------------|---------------------------|-----------------------|------------|
| 48% School<br>District | 34%<br>City of<br>Madison | 11%<br>Dane<br>County | 6%<br>MATC |
|------------------------|---------------------------|-----------------------|------------|



## Spending by Category



## Revenues by Category



## Our Six Challenges

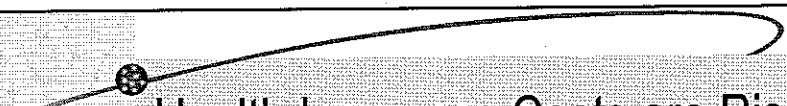
1. Fuel costs are skyrocketing
2. The economy is slowing
3. Debt service is increasing
4. Health insurance costs are rising
5. State budget policies attack basic services
6. We must keep pace with significant growth in recent years

## Fuel Costs are Skyrocketing

- ✧ Current projections show that the city's vehicle fleet (police cars, ambulances, garbage trucks, etc.) will spend an additional \$750,000 next year for fuel
- ✧ The Metro bus system will require an additional \$1,000,000 for fuel

## The Slowing Economy

- ✧ Housing values are growing slower
  - For 2009 calculations, the average home grew \$1,900 or 0.8%
  - Much lower than the previous 10-year average of \$10,500 or 5.9%
- ✧ Building permit revenue is projected to be down \$1.45 million
- ✧ The city's investment earnings are expected to be \$750,000 lower in 2009



## Health Insurance Costs are Rising

- ✧ Madison will spend about \$29 million on health insurance for city employees next year
  - ✧ The average increase in health insurance costs is 10% every year – and higher in some years (16% in 2004)
- 

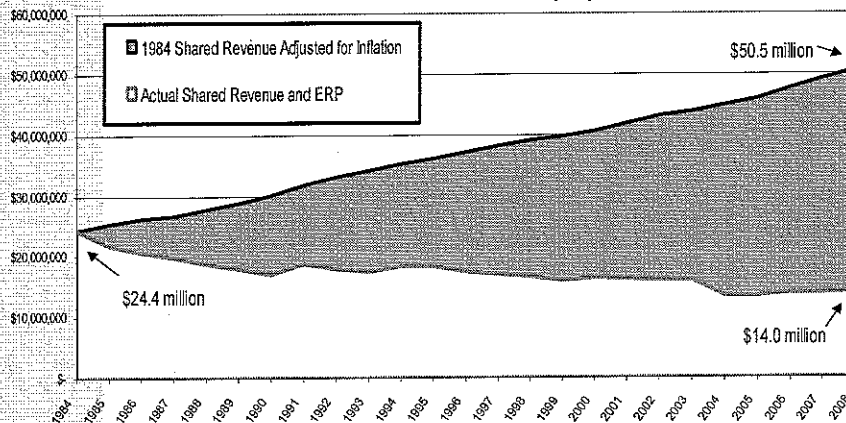


## Debt Service Increases

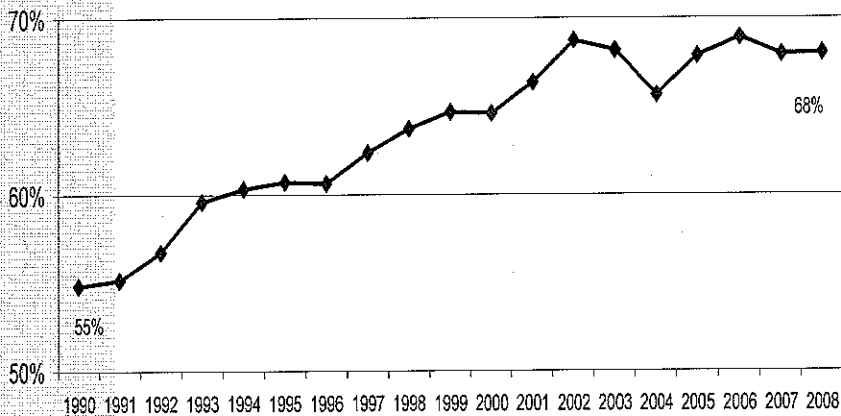
- ✧ We are getting critical and delayed infrastructure replacement and improvements done
  - ✧ In 2009, levy support of city debt service could go up as much as \$6.25 million
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## State Budget Policy

If Shared Revenue had kept pace with inflation...



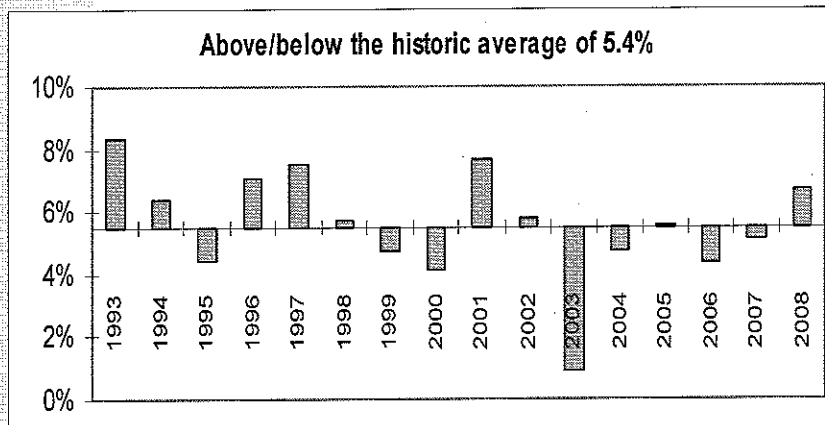
Property taxes make up an increasing share of the city budget



## Madison's Recent Growth

- ✧ 17,600 new residents since the 2000 Census
  - Fastest growing city in Wisconsin
- ✧ Over 8,000 new households
- ✧ Adding about 7¼ miles of new streets every year
- ✧ Think like a business: What growing business wouldn't add services and personnel to serve their new customers?

## City of Madison Percent Levy Increase



## Cost-to-Continue

- ✧ All of these things are rolled up in a “cost-to-continue” increase totaling \$24 million
- ✧ If we keep our current commitments without making any cuts:
  - The levy would increase 15.8%
  - Taxes on the average home would increase 10.4%
- ✧ Increases this size are not acceptable

## Potential Agency Cuts

- ✧ Keeping the levy increase to the 15-year average of 5.4% would require:
  - \$11.8 million in cuts
  - 6.0% cut across-the-board, including Police and Fire
- ✧ Keeping the increase in taxes on the average home to the rate of inflation of 4.0% would require
  - \$6.3 million in cuts
  - 3.2% cut across-the-board, including Police and Fire
- ✧ This would mean significant cuts in basic services

## What would be the magnitude of these cuts?

### **\$6.3 million in cuts would be:**

More than Building Inspection's total budget; or  
More than Office of Community Services' total budget; or  
More than the City's contribution to Public Health; or  
71 firefighters or 76 police officers

### **\$11.8 million in cuts would be:**

More than half of Streets' total budget; or  
More than the City's contribution to Metro Transit; or  
More than the Library's total budget; or  
More than 75% of Parks' total budget; or  
133 firefighters or 143 police officers; or  
More than the total budget for Economic Development, CDBG, Office of Community Services, and Building Inspection... combined!

## Mayor's Budget Goals

1. Protect public safety and maintain basic services
2. Be as efficient as we possibly can be
3. Keep tax increases as low as possible while maintaining public safety and basic services
4. Use 2009 to plan for the future

## Protecting Public Safety

- ✧ Public safety will not be compromised in this budget
- ✧ We added 30 police officers in the 2008 budget
  - A staffing study will help us wisely deploy our police resources
- ✧ We are building Fire Station #12
- ✧ We will not lay off police officers or firefighters

## Providing Basic Services

- ✧ Monitoring agency performance with *Madison Measures*
- ✧ Taxpayer Relief through Innovative Measures (TRIM)
  - Examples include automated recycling and refuse collection, Pothole Patrol, MowTown, chip sealing
- ✧ Continue to explore service improvements
  - *Neighborhood Indicators* pilot project
  - Exploring 311 or a hotline to access city services and info

## Increasing Energy Efficiency

### ✧ *The Natural Step* (TNS)

- Systematic and democratic approach to identify ways to enhance the sustainability of city operations and facilities

### ✧ Infrastructure improvements

- Improvements with 10-year return on investment or better
- Recent projects save over 800 tons of CO<sub>2</sub> every year
- \$178,000 in annual energy savings
- Examples include better lighting, solar hot water heaters, improved insulation, solar electric



## Mayor's Budget Instructions

- ✧ Agencies must submit budgets at their "adjusted base budget" level
- ✧ Due to the current condition, agencies may not ask for additional spending, staff or programs
- ✧ Increases supported by non-levy funding may be requested for consideration
- ✧ "5% contingency cut plans" provide options for where cuts could be taken, if needed



## Where we are in Budget Process?

### Capital Budget

Mayor Budget to Council  
Sept 2<sup>nd</sup>  
Capital Budget Public Hearing  
Sept 16<sup>th</sup>  
Board of Estimates Report to Council  
Oct 7<sup>th</sup>  
Amendments to Council  
Nov 6<sup>th</sup>  
Public Hearing on Amendments  
Nov 11<sup>th</sup>  
Council Action & Adoption  
Nov 11<sup>th</sup> – 13<sup>th</sup>

### Operating Budget

Mayor Budget to Council  
Oct 7<sup>th</sup>  
Board of Estimates Report to Council  
Oct 28<sup>th</sup>  
Operating Budget Public Hearing  
Oct 28<sup>th</sup>  
Amendments to Council  
Nov 6<sup>th</sup>  
Public Hearing on Amendments  
Nov 11<sup>th</sup>  
Council Action & Adoption  
Nov 11<sup>th</sup> – 13<sup>th</sup>

What do you think???