



## Office of the Mayor

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To: The President and Members of the Common Council and Department and Division Heads

From: Mayor Paul R. Soglin

Even more than the City of Madison budget for 2012, the 2013 budget is driven by the events of March 2011. For 2013 we look forward to a state limit on our levy controlled by the growth in the property tax base due to new construction, which gives us a maximum allowable operating levy increase of less than one percent (0.7%). On the other hand, we must absorb advance commitments such as the 2% wage hike for city employees in 2013 set by bargaining agreements adopted in March of 2011.

Even though we are required to hold the levy increase to 0.7%, we are faced with a property tax increase, in real dollars, on the average home of 2.23%. In part this is caused by the continuing inequitable distribution of state shared revenue.

To put state shared revenue in perspective, Madison received \$4.8 million in 2012 while Milwaukee received \$217.5 million. If Madison received the same amount of shared revenue per capita as Milwaukee, our 2012 payment would have been \$85.3 million.

To respond to these continuing challenges to the city's ability to provide services, we focused on three key priorities in the 2013 budget: maintaining basic services, strengthening neighborhoods, and public safety. At the same time we looked for efficiencies. For example, the 2013 budget creates a few new positions. One in the Planning and Community and Economic Development Department is of particular interest. We are attempting to eliminate costly consultant contracts. Instead of spending \$80,000 on consultants we will hire a city planner at \$50,000 plus benefits for 2013. This not only will save the city up to \$25,000 a year but will give the department an employee who will be available to work on other projects and who will provide institutional knowledge gained over time spent working for the city.

The City of Madison strives to budget responsibly each year. One indicator of our financial health is the healthy fund balance that has been built over time. A key principle in sound fiscal management is to show restraint in spending money from this undesignated fund balance. Our fund balance presently stands at \$39,891,934. The last time these funds were used was 2009, when \$3 million was applied to the budget.

This year, I recommend that we use \$1,160,000 from the fund balance for the capital budget, not the operating budget, on a one time basis.

A key revenue change in this budget is an increase in the ambulance fee, which was last increased in 2009. It will go from \$600 to \$900 for residents and to \$1000 for non-residents. Mileage will increase by \$3.50 per mile, to \$16.00. These steps will generate approximately \$2.2 million in additional revenue.

Room tax collections are expected to increase by 4.6% in 2013. Under this budget, all of surplus room tax revenues will be transferred to the general fund.

In recent years it has become evident that we have not fully marketed Madison. This budget reflects an effort to attract new businesses and new residents as well as development of the tourist market. The investment of under \$100,000, funded by the increased room tax revenues, will yield a huge payback for Madison. Some of these items are designed to highlight Madison's vibrant music scene, which we never fully promoted. There is Make Madison Music, working with local citizens and musicians on a new event with mini-concerts all over the city on the summer solstice, additional funding for Dane Dances, a music video featuring Madison citizens, and planning money for a new music festival.

Other budget highlights include:

- An increase of 30%, or \$8.2 million, in general fund debt service. This is net of a \$6.9 million reduction in the amount of borrowing premium applied to debt service.
- An additional \$50,000 in the Police Department budget to staff the heavier workload in the Central District on Thursday, Friday, and Saturday nights. Southwest Safety Initiative funding of \$30,000 is continued, as is \$50,000 for citywide safety initiatives (originally designated as Downtown Safety Initiative but reallocated).
- Matching funding in the Fire Department for 18 firefighter positions funded by the SAFER grant received in 2009. Funding is provided for supplies, uniforms, and medical services for 18 new firefighters whose salaries and fringe benefits are funded by a second SAFER grant received in 2012. These firefighters will staff the new Far East Fire Station scheduled to open in 2014.
- Full funding in the Department of Civil Rights for the AASPIRE (Affirmative Action Students in Residence) internship program.
- Full funding for a Neighborhood Resources Coordinator.
- Funding for Madison Public Library positions which were unfunded in 2012 due to the smaller temporary location for Central Library. Funding is also provided for Sunday hours at Pinney and Sequoia branches January through April and at Central Library September through December.
- Continued funding in the Planning Division for a Neighborhood Conference.
- Funding for a new 1.0 FTE Code Enforcement Officer 3 – Building Inspector position in the Building Inspection Division in anticipation of growth in new construction throughout the city.
- Funding in the Assessor's Office for a vacant Property Appraiser 3 position that was unfunded in 2012.
- Additional funding in the Clerk's Office of \$53,000 for a new Certified Municipal Clerk position. The addition of this staff person is anticipated to generate significant savings in overtime for the Clerk's Office.
- An increase in adult cash fares from \$2.00 to \$2.25 in the Metro Transit budget, with corresponding increases for all other fares. This increase, if in effect on January 1, 2013, would generate \$686,600 in additional revenue.
- Service improvements in the Metro Transit budget beginning in September, 2013, for Route 18, Owl Creek, and route 2 from the West Transfer Point to the Capitol Square.

This short list provides some insight into the difficult choices involved in the 2013 Executive Operating Budget. I look forward to working with you over the next few weeks as we discuss these decisions in more detail and finalize the budget for next year.