

CITY OF MADISON
INTER-DEPARTMENTAL
CORRESPONDENCE

DATE: June 5, 2012

TO: Mayor Cieslewicz and Board of Estimates

FROM: Dean Brassler, City Comptroller

SUBJECT: **General Fund Revenue Report: 1st Quarter 2005**

We have prepared the first of our 2005 quarterly reports to the Board of Estimates on the status of City Revenues. The report includes additional detailed information (please see attached) regarding all types of Fines and Forfeitures, including Moving Violations, Uniform Citations (ordinance violations), and Parking Violations. This information will also be provided to the Pedestrian/Bicycle/Motor Vehicle Commission and the Transit and Parking Commission.

The report also includes an updated projection of 2005 revenues for the various categories based on a variety of factors. These are explained below:

Taxes Through the first quarter of 2005, we have accrued property taxes based on the December 2004 tax levy. However, our property tax projection includes a downward adjustment of \$933,000 to reflect the recent outcome of the American Family Insurance properties tax settlement. In addition, actual property tax revenues may be adjusted downward following additional tax appeals and adjustment of the reserve for delinquent property taxes

Intergovernmental Revenues Adopted 2005 budgeted revenues in this revenue category were based on the latest available projections from the state Department of Revenue. We have since received updated state DOR projections and have included these relatively modest changes in our updated revenue projections.

Licenses and Permits As evidenced by first quarter building permit revenues, the strong real estate and construction market experienced in recent years continued through the first quarter of 2005. It should be noted that budgeted building permit revenues were increased in 2005 by \$400,000 in anticipation of additional revenues associated with a permit fee rate increase. Based on actual revenues for the full year of 2004 and a comparison of historical first quarter revenues, it appears actual collections are on track to meet the budgeted revenues.

Fines and Forfeitures (Please see attached)

Moving Violations Total tickets written for Moving Violations in the first quarter of 2005 (5,363) are down about 15% as compared to the same period last year (6,269); most of the decline is in the issuance of tickets for non-hazardous violations, including driver/vehicle registration and vehicle equipment violations. Total revenues, however, are tracking near the budgeted level. MPD suggests the reduction in total tickets may be attributable to several factors, including the many non-traffic related priorities of district Community Police Teams and the elimination of the PM TEST unit.

Uniform Citations Through the first quarter of 2005, revenues of \$175,374 derived from Uniform Citations are somewhat higher than the \$128,320 posted during the same period in 2004, but are tracking significantly below the \$1,021,000 budgeted for the 2005 year. The increase in anticipated (and budgeted) revenues in 2005 as compared to the 2004 budget amount of \$520,000 is based on increases in Uniform Citation fines nearly across the board. Generally, more citations are issued in the latter three-quarters of the year; therefore, although first quarter revenues are tracking below budget, the rate of revenue collections will likely increase as the year progresses.

In terms of the number of citations issued, the Municipal Court reports that during the first quarter of 2005, cases disposed include a total of 1,356 adult non-traffic ordinance violation cases involving disorderly conduct, resisting arrest, building and health code violations, etc., and 343 juvenile non-traffic ordinance violation cases, many for underage alcohol-related offenses. During the same period in 2004, the Municipal Court reported 1,344 adult cases and 328 juvenile cases.

Parking Violations 2005 first quarter tickets (56,058) for Parking Violations are down 16.3% as compared to the first quarter of 2004 (65,174). It should be noted that tickets for "Expired Meter" are down by more than 6,000, or 34% as compared to the same period last year, a decrease that MPD and the Parking Utility attribute to several potential factors, including loss of available meters due to construction projects and perhaps increased compliance. The associated first quarter 2005 revenues of \$1,061,783 are tracking somewhat downward as compared to the 2005 total budgeted amount of \$4,717,000. According to the MPD, in addition to the decrease in revenues attributed to fewer parking tickets issued, an upgrade to a state Department of Transportation computer system has contributed to a potential revenue lag due to delays in the conveyance of notices of unpaid parking tickets. The computer upgrade issue has been addressed, and revenues are expected to "catch up" in the second quarter.

Charges for Services Of particular note here are anticipated revenues relating to Cable Franchise Fees and Ambulance Fees. The 2005 budget has been adjusted in anticipation of increased collections for both the Cable Franchise Fee and Ambulance Fees derived primarily from increases in rates. Through the first quarter of 2005, collections for Ambulance Fees are on pace to meet the budgeted revenues. Cable Franchise Fees for the first quarter had yet to be posted, but collections for the year should be very close to those budgeted.

Investment Income Final 2004 Investment Income was \$477,000 below the amount budgeted due to the continue dampening of interest rates. We based the 2005 budgeted investment income upon the expectation that, while interest rates will continue near historic lows, the rates would start to edge upward. Indeed, first quarter 2005 interest rates have averaged 2.69% as compared to the 2004 annualized yield of 2.178%. Therefore, we are not prepared to significantly modify our projected revenues in this category. Portfolio balances and a required adjustment of the investment portfolio holdings to market value may also significantly affect this account at year-end.

Other Revenues As of the first quarter of 2005, we are projecting revenue collections at budgeted levels.

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In summary, we are projecting total 2005 revenue collections to fall short of those budgeted by \$936,000. We should note, however, that these 2005 projections are very preliminary, as they are based on data available only through the first quarter of the year. We will continue to analyze the City's General Fund revenue status and look forward to updating the Board of Estimates with additional revenue reports.