



Legislation Text

File #: 01650, **Version:** 2

Fiscal Note

Adoption of this resolution, because it is advisory only, has no direct budgetary or fiscal impact.

Title

SUBSTITUTE - Whereby the Common Council advises the Transit and Parking Commission of its general preferences and direction related to the 2006 Madison Metro budget and how that budget might affect fare increases.

Body

PREAMBLE

Madison Metro generally enacts changes to fares, if any, during the summer months, usually no later than the end of August. Occasionally fares are changed in January. The process for changing fares requires a great deal of lead time. Federal requirements for public hearings and the logistical necessities associated with printing Ride Guides and schedules require advance notice to accomplish. Enactments are timed for school years or semesters. The City's budget development process occurs in August and September, culminating in the issuance of the Executive Budget at the beginning of October. Looking at these two processes together makes it necessary for the Transit and Parking Commission to act far in advance of the Council's actual consideration of the budget if revenue from fare increases must be applied during the current year. Since Madison Metro faces budget challenges in 2005 and 2006, the Transit and Parking Commission must either raise fares or know of the Mayor's and Common Council's commitment to supply tax support for operations now, well before the budget process is concluded.

WHEREAS, Madison Metro is faced with a \$400,000 deficit for the remainder of 2005 and a projected deficit of \$1.4 million in 2006; and

WHEREAS, preliminary budget instructions from the Mayor have been for Madison Metro to procure at least \$200,000 of revenue in 2005 and \$500,000 in 2006; and

WHEREAS, in order to accomplish that, the Transit and Parking Commission will have to act in an accelerated manner during July and August to adopt a fare increase, the amount of which has yet to be determined; and

WHEREAS, preliminary analysis by the Comptroller in early July suggested that, absent any intervention by the Mayor or the Common Council on all City services, the City property tax levy would increase by 8.1% to continue existing programs; and

WHEREAS, were Madison Metro to secure the \$500,000 revenue increase, this number would go down to 7.7%; and

WHEREAS, the consequence of this fiscal situation has caused the Mayor to request the Transit and Parking Commission to increase revenues or decrease expenses by \$500,000 prior to the issuance of his Executive Budget with a strong preference for fare increases; and

WHEREAS, the Mayor and Common Council jointly adopt a City budget and, while not at a point near any decision, are in a position to advise the Transit and Parking Commission about their preferences relative to securing revenue for Madison Metro with fare increases versus property taxes; and

WHEREAS, the Transit and Parking Commission prefers no fare increase but realizes the challenge this presents to the Common Council if its decision is to supply Madison Metro with enough tax revenue;

NOW, THEREFORE, BE IT RESOLVED that the Mayor and the Common Council hereby formally advise the Transit and Parking to (choose one of the following):

Option 1

Maintain current fares and fully expect the Common Council to deal with revenue deficiencies in Madison Metro and the

City as a whole without the need for service cuts. The Common Council adopts this option with full knowledge of the above-referenced revenue situation and the potential magnitude of the property tax increase that would occur.

Option 2

The Common Council reluctantly requests the Transit and Parking Commission arrive at a fare package that results in approximately \$200,000 of increased revenues in 2005 and \$500,000 of increased revenues for 2005⁶.