

A City of Neighborhoods

On the cover of my 2004 executive budget is a picture of a quiet Madison neighborhood. I chose this image because it captures the spirit of this document. We are investing in services that improve the quality of life for city residents. Despite the harshest cuts in state aid in modern history, we are improving police and fire service, adding parks, cleaning up our lakes, expanding bus service, supporting the arts and more. At the same time, we are making decisions for the long-term best interests of the city, not for short-run political gain. So, we're paying off long-term debt and increasing our contingent reserve. These decisions are not likely to score political points, but they are the right things to do.

My budget is not fiscally *conservative*; it is fiscally *responsible*. By that I mean it does not take a meat cleaver to city services in the name of tax cuts that will harm our quality of life and require even more public expenditures later on to fix problems we create when we fail to invest in our future. My budget takes care with taxpayer dollars while investing in the quality services Madisonians expect. And it takes Madison in new directions.

• My budget is fiscally responsible.

Starting early paid off. Because I asked city departments to trim their budgets in 2003 (a year in which there was no fiscal crisis), we are able to use the \$1.3 million we saved to soften the blow in 2004. Moreover, some of those savings can be continued right through 2004 and into the future.

My budget cuts the tax rate, keeps overall spending to the rate of inflation, and holds the increase in the tax levy below the average for the last decade without gutting city services.

The levy increase is slightly lower than the ten year average and lower than nine of the last thirteen years, despite a loss of more than \$3.5 million in state aids for 2004. We haven't experienced a loss in state aids that large in those thirteen years (See Charts A & B).

Chart A

City of Madison % Levy Increase
1991 - 2003

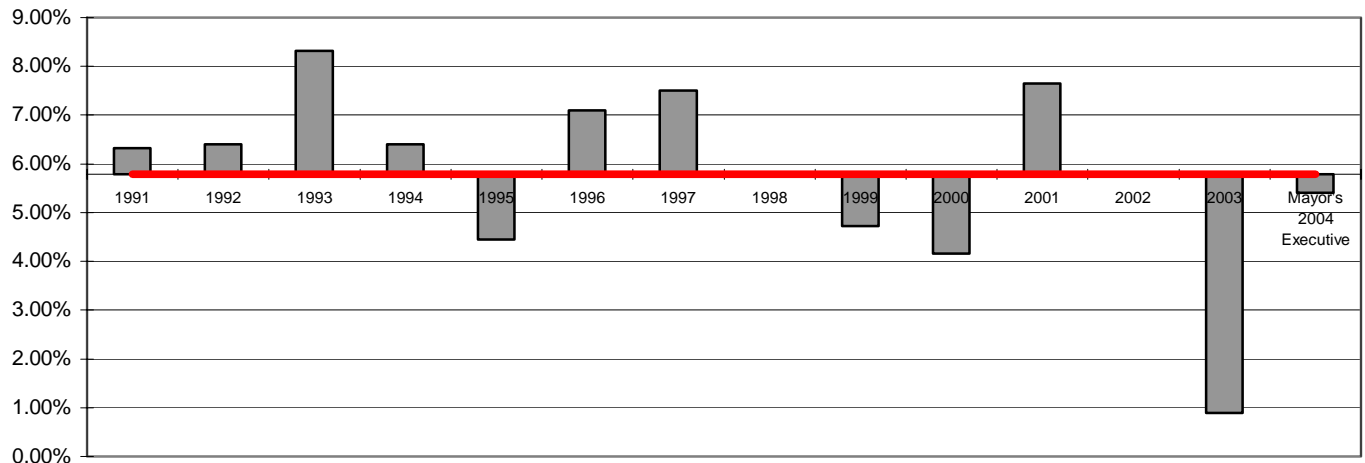
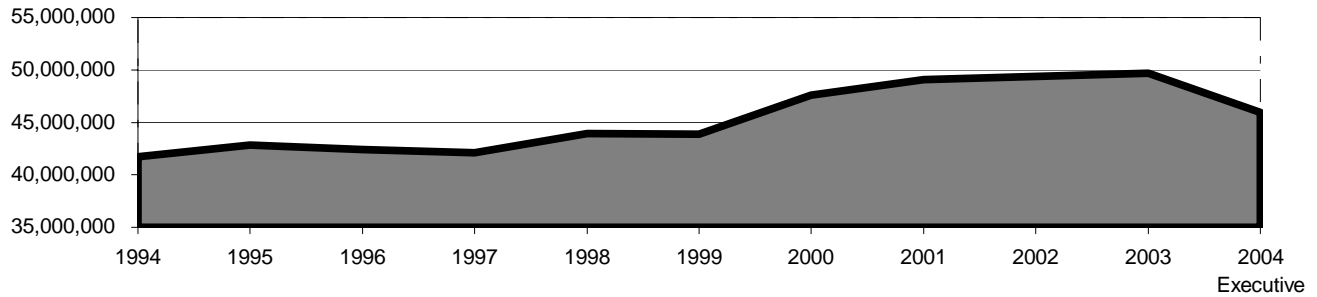


Chart B

**State Aid Payments
All General Revenue and Transit Categories
1994 - 2004**



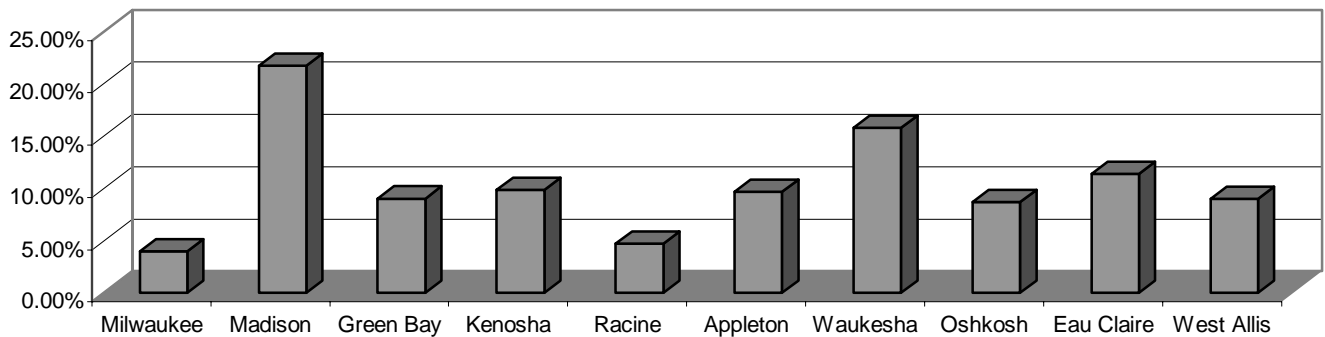
My budget also lowers the tax rate and stays well below the limits set in the State of Wisconsin's Expenditure Restraint Program. The overall total spending increase, necessitated by rising costs, is only 2.8% (\$184.7 versus \$179.7 million), close to the rate of inflation.

The budget also increases funding for police overtime, which has historically been under-funded, and it increases the annual contingent reserve by 20%. These prudent budgeting measures increase our fiscal security in case the economy does not recover as expected.

So, if spending is up only 2.8%, why is the tax levy up 5.3%? The answer is that state aids to Madison were cut more than in any previous year in modern history. And Madison took the biggest hit of any city in Wisconsin. Property taxes now make up 67% of Madison's budget, up from 65% in 2003. As a result of state formulas that penalize success, Madison property taxpayers shoulder far more of local expenditures than any other major city in the state (refer to Chart C below).

Chart C

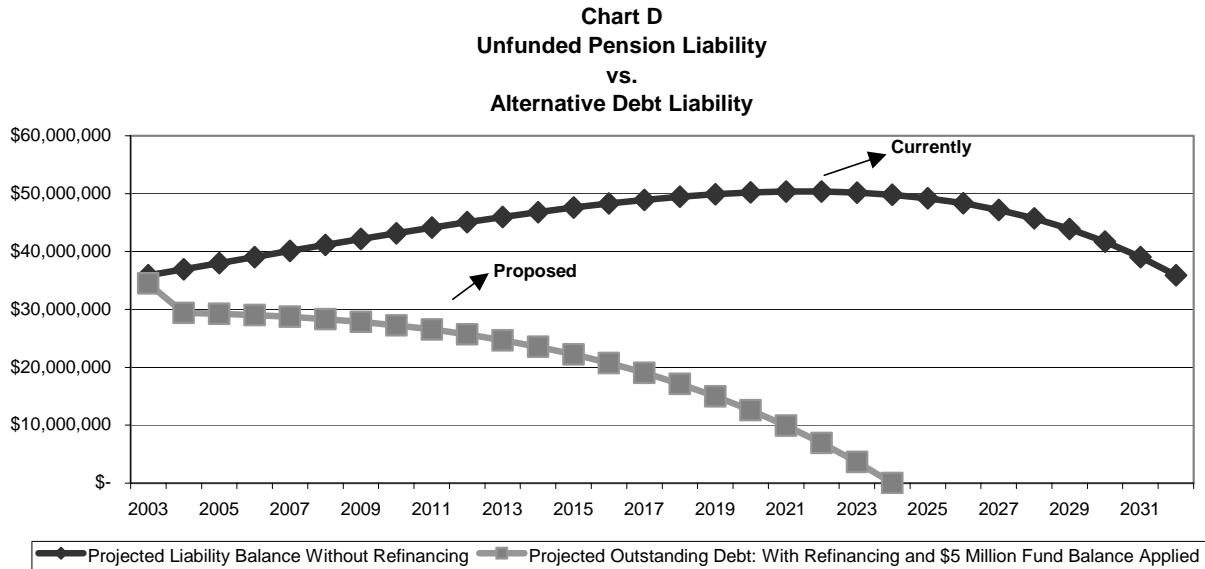
**Percent Loss of Shared Revenues
Largest 10 Wisconsin Cities**



For future years we are developing a state aid reform proposal called the Infrastructure Efficiency Incentive. The idea is to reward communities for being built compactly and for growing intelligently so that services can be provided more efficiently per unit of housing or commercial property. This policy would also slow sprawl.

• My budget makes wise investments for the long run.

We could have dipped deeper into the general fund balance (the rainy day fund), but that would be irresponsible because we would be using one-time money to fund annual operations. Instead, I want to use a small part of the general fund balance to buy down our retirement system debt, so that the debt will disappear in 20 years. The mayor and city council in 2024 will face no retirement debt, instead of the \$50 million in debt they would face if we didn't make this investment today. I will be introducing a specific proposal to refinance the city's outstanding pension debt within the next few weeks. We could have used the extra money in our rainy day fund to cut taxes or avoid service cuts -- in other words, for short-run political gain. Instead, we will use it for the long-run best interests of the city and its taxpayers (refer to Chart D below).



• My budget enhances public safety.

The current year has presented challenges for police departments nationwide, and Madison has unfortunately been no exception to these trends. My goal is to help our police maintain Madison's stellar reputation as a safe and desirable place to live, and I've designed a budget with public safety at its core.

The commitment to site and design a new east district police station is funded. Three new beat police officers have been added, and two detectives and a sergeant will be promoted. I've asked the police department to use its new resources to bolster policing on State Street, Allied Drive and other parts of the city in need of special attention. The Speeders Hotline will be funded by increases in the cost of speeding tickets and funding will be maintained for the Safe Communities Coalition to continue their campaign to improve pedestrian safety and to slow traffic in residential neighborhoods.

In the fire department budget, the long-planned northeast side fire station (#11) will open as promised, though a few months later into 2005. A new ambulance will begin operation in April. According to the fire department this is the first additional new ambulance in 16 years.

• My budget protects basic services.

I did not accept departmental proposals to not fund crossing guards, street repair crews, efforts to fight graffiti or the shoveling of crosswalks for disabled residents. I also rejected proposals to reduce hours at the branch libraries and to eliminate Sunday hours at the Central Library. In addition, I restored \$50,000 in proposed cuts to book purchases. And Madison Metro bus service will be expanded with a corresponding and overdue increase in fares.

- **My budget promotes cooperation with our municipal neighbors.**

The budget also moves toward greater cooperation between the city, the county and other municipalities. It recognizes annual cost savings for the Health Department after the city and county hire a single Health Department director to facilitate the unification of public health services.

I also want to see Madison enhance its entrepreneurial efforts marketing its municipal services. We will be expanding our efforts to provide quality municipal services to our neighbors in such areas as traffic signals, human resources, tax processing and parks maintenance. We are currently pursuing expansion of Madison Metro bus service to Monona and we will explore expansion options in Sun Prairie and Verona as well. Lastly, the Madison Public School District has agreed to work with the city in an effort to reduce the cost of the \$540,000 school crossing guard program while still keeping our children safe.

- **My budget protects our environment.**

My capital budget provided funding to open five new parks and my operating budget provides the funds to maintain them. My plan is to open five new parks each year until the backlog of 28 undeveloped parks is eliminated. My capital budget also provided funding for a new street sweeper and my operating budget provides the funds to add a third neighborhood to the intensive street-cleaning program. The result will be cleaner lakes as runoff from dirty streets is a major component in water pollution. The budget allows lighted advertising in city parking ramps and uses these funds to hire a transportation demand management specialist to help businesses reduce costs and help the environment by encouraging their employees to ride the bus, car pool or bike to work.

Parks Tentatively Scheduled to Open in 2004

- *High Crossing*
- *McClellan*
- *Reston Heights*
- *Kingswood*
- *Flagstone*

- **My budget takes care of families and promotes affordable housing.**

Most city departments were asked to take a 2% decrease in their budgets, including Community Services. I've restored the cuts to Community Services because its strong front-line prevention services will help build a vibrant community with a more secure future. Following the advice of the Community Services Commission, cost-of-living increases are given to a host of agencies that provide services to vulnerable populations, including those dedicated to childcare and youth initiatives. In addition, current research emphasizing the importance of brain development and learning for children ages 0-4 has persuaded me to create and fund a new initiative in Community Services targeting our youngest citizens.

The Community Services Commission determined that the most effective way to allocate its resources was to eliminate funding for a few agencies in order to provide a 3% cost-of-living increase for most agencies. While this was a painful move, I support it because it maintains our commitment to quality community services in difficult budget times.

The budget maintains \$100,000 in funding for the Affordable Housing Trust Fund. It also requires that any money left in the contingent reserve at the end of the year, up to \$400,000, be allocated to the fund. This raises the potential fund contribution a half million dollars -- \$100,000 more than the current year.

- **Other budget highlights to take our city in new directions include:**

- ✓ We will invest in challenged and emerging neighborhoods to not only turn around troubled areas but to catch other neighborhoods before problems increase.
- ✓ We will continue the Mayor's Fit City Madison program by reallocating existing resources to encourage and empower citizens and help businesses keep health-care costs down.

- ✓ We will invest in software that should reduce city agency review times for new developments, creating savings that can be passed on to new homeowners without compromising neighborhood input.
- ✓ We will invest \$75,000 in a new early childhood initiative through Community Services, because research shows that for every \$1 we invest in early childhood development, we save \$7 later on.
- ✓ We will end the long, contentious debate over the future of the city's ice arenas. My plan would save the city \$168,000 in annual subsidies by selling the arenas to a responsible party that will keep them open to the public. Or, if that agreement cannot be reached, we will sell the properties on the market after the current winter ice season.
- ✓ We will mark the emerging recognition of the importance of the arts in the life of our community and for economic development by giving CitiARTS its first increase in funding in many years.
- ✓ We will reduce the city car fleet by 10% to save costs and we will promote alternative transportation among city employees.
- ✓ We will save several thousand dollars by ending our relationship with the U.S. Conference of Mayors while forming a New Cities Project that emphasizes issues and ideas over corporate sponsorships and self-congratulatory fetes.
- ✓ We will save \$32,000 by ending our relationship with the Wisconsin League of Municipalities because the League, while valuable in some ways, is too broad in its membership to be an effective advocate for medium and large Wisconsin cities. We will maintain and reinvest in our relationship with the Wisconsin Alliance of Cities.
- ✓ We will sell the city's antique carousel, gathering dust and deteriorating in storage, and make a contribution of perhaps \$200,000 to the Madison Parks Foundation endowment.
- ✓ We will move expenses for Rhythm and Booms, the largest regional event of the year, from general taxpayer support to the room tax where it will be supported by the regional audience it serves.
- ✓ We will start preparing for our city's 150th anniversary in 2006 by providing seed money and asking for community sponsorship of a new history of Madison: a completion of David Mollenhoff's excellent history of Madison's Formative Years (Founding to 1920) carrying the story from 1920 until 2000.

Summary

Even in the face of unprecedented state aid cuts, my budget invests sensibly in Madison's future. By balancing and addressing both fiscal and social responsibilities, this budget keeps our city healthy and vibrant into the future. My budget invests in the things that make our city so attractive to families and to businesses: our neighborhoods, our strong economy and our high quality of life. My budget protects these assets.

Here in Madison, we enjoy our parks, our clean streets, our excellent libraries, our vibrant downtown and our neighborhoods. Keeping taxes in line is vitally important. But residents have told me they don't want to trade our quality of life for a slightly lower tax bill. My budget does require cuts - a simple maintenance budget would have raised the city portion of taxes on the average Madison home by \$172, which I believe is far too high. So I made tough choices. But in crafting my 2004 budget, I also chose to honor Madison values and preserve what makes Madison a great place to call home.