Date: October 7, 2014

To: The President and Members of the Common Council

From: Mayor Paul R. Soglin

Our great city was recently ranked as the best place to live in the country. Livability.com compared numerous data sources in concluding Madison was the best, including housing affordability, transit, pedestrian and bicycle access, low concentration of poverty, great food, top-notch educational institutions and leading cultural attractions. The fact is Madison has always been a great place to live because we are never satisfied with where we are, but are always looking for where we want to be.

We are a city that cares a great deal – about our families, our neighbors, the environment. In other words, we care about this place – how we interact with others and with our surroundings. Through the following initiatives, my 2015 budget reinforces our commitments to ensuring a livable place:

First, it fully funds investments in equal access for all our citizens that began in 2014, including expansion of apprenticeship opportunities through the construction employment and training program, support for the Madison Out-of-School Time (MOST) initiative, operations of new splash parks, and operations of the Theresa Terrace Neighborhood Center and Park Edge/Park Ridge Community Center.

Second, it better addresses important community services needs by expanding the Emerging Opportunities Program to a total annual funding level of $275,000, funding program management services for community gardens and electronic benefits transfer capabilities for the Supplemental Nutritional Assistance Program (SNAP) at farmers markets and participating markets, and providing greater opportunities for youth employment through an expansion of the Wanda Fullmore Summer Youth Internship Program. Funds are provided to support transit access and child care for the City’s Dr. Martin Luther King, Jr. Holiday celebration and for recognizing our Vietnam veterans through the Operation Badger Base initiative. Community engagement efforts are enhanced and interest costs are avoided by providing $100,000 through the operating rather than capital budget for a participatory budgeting project.

Third, it enhances services, safety and security in key neighborhoods through City matching support for a federal COPS grant that will add three new police officers and levy funding for 2 new neighborhood resource officers. A new command position is also authorized to help lead these new positions as well as other community-oriented efforts in the Police Department.
Fourth, it responds to the opportunities and demands raised by rapidly expanding technological capabilities through operational funding for WiFi access on Metro buses financed by modest changes in unlimited ride fees. It builds on Madison’s reputation as a cultural and music destination by helping support a new Midwest song camp for music creators and expanding on our significant investment in the Overture Center. Greater transparency in City finances and budgets is achieved through investments in web-based data presentation software.

Fifth, it supports sustainable use and protection of our important natural resources through full funding of the organics collection pilot program and expansion of the alkaline battery recycling program.

Sixth, this budget reinforces key day-to-day services and infrastructure, including full funding for refuse, recycling, snow plowing, and ice control, as well as additional staff resources to better monitor, oversee and manage construction projects.

Madison has such incredible natural beauty – our lakes, the Arboretum, our tremendous parks system. Unfortunately, much like in the 1960’s with Dutch Elm disease, a major element of Madison’s landscape and livability, the urban forest, is again under assault by a new predator – the Emerald Ash Borer (EAB). While the Madison of the 1960’s could respond to that crisis through local property taxes, the State Legislature of the early 21st century has taken away many options for local communities to meet natural emergencies by creating strict limits on local property taxes and providing no broad based revenue options for cities. In order to protect the urban forest and combat the Emerald Ash Borer, my budget anticipates adoption of the proposed urban forestry special charge at a level that will support the new operating costs associated with environmentally-responsible trunk injection chemical treatment of certain ash trees and the staff necessary to remove and dispose of selected trees consistent with the EAB management plan.

One element of Madison’s livability that is often overlooked is the civil servants that strive each and every day to deliver top-notch services to our citizens and visitors. The short-sighted policies of the State Legislature have set up a two-tier labor-management system for public employees. Despite these politically-motivated changes to long-standing state law and basic employee rights, I have made it a priority to ensure that compensation for all our hard-working employees is as equitable as possible within the funds available due to levy limits and limited growth in state aid. My budget funds the 3.0 percent pay increase that was collectively bargained with the Police and Fire unions. It provides a 1.5 percent pay increase for other city employees, with the equivalent of another 1.5 percent met through retaining the current health insurance plan design through 2015.

Balancing this budget presented significant challenges.

First, state-mandated property tax limits held growth in the levy to a maximum of $4.7 million, or 2.4%. State aid is estimated to increase less than 2% (approximately $850,000) compared with 2014. My budget proposes to use $4.4 million of the allowable levy increase, leaving a balance of approximately $320,000.

Second, salary and benefit increases, debt service, and full funding of current operations total over $9.4 million.
Third, $2.3 million is allocated for key programs, including Emerald Ash Borer mitigation efforts, additional funding for the Overture Center and community services and equity and social justice-related investments.

The $6.1 million difference between the $5.6 million in allowable growth in the levy along with increases in state aid compared with $11.7 million for on-going costs and key investments was met through a number of measures:

First, $2.2 million in additional room tax support is allocated for general fund programs. This transfer is net of expanded support for the Greater Madison Convention and Visitors Bureau (GMCVB) through a new multi-year contract that will expand its share of room tax revenues from the current 20% to 34% if renewal options are exercised. In addition, one-third of year-end unallocated revenues above budgeted amounts will be allocated to the GMCVB for destination marketing efforts. Room tax revenues of $150,000 are also allocated to begin a multi-year effort to replenish Monona Terrace reserves used to help finance the recent renovations of the facility. Based on collections through the first six months of 2014, room taxes are expected to grow nearly 10% this year and over 7% in 2015.

Second, strong growth of $1.5 million in building permit and other revenues associated with Madison’s robust construction economy. Permit revenues are expected to increase by 17% in 2015 compared with projected levels for 2014.

Third, new revenues of $527,505 from the Common Council-proposed urban forestry special charge to address the operating costs related to the Emerald Ash Borer emergency. As an offset to this new charge, my budget initiates efforts toward a potential reduction in the landfill remediation fee to reflect the use of a portion of the $6 million balance in the Landfill Fund to meet on-going operating and maintenance costs for the City’s closed landfills. An inventory of future landfill remediation needs, an assessment of risk, and investigation of possible insurance options will be conducted to ascertain the optimal balance in the Landfill Fund and the amount of potential fee reduction.

Fourth, $412,000 in operating budget savings through allocating the cost to acquire certain sedans and squad cars to capital funding. The cost per vehicle is well in excess of $20,000, and these costs can be met through a direct appropriation to capital projects related to a reduction in debt service from the reoffering premium associated with the City’s 2014 general obligation borrowing.

Fifth, $200,000 from updating street operating permit fees to reflect the significant costs associated with designing and implementing new traffic patterns and bus detours for construction projects and other events. These revenues will help support improvements in the permit issuance process as well as cover a portion of current costs.

Sixth, other local revenue sources, including $172,000 from the 4 installment payment option for property taxes, $318,800 from PILOT payments, and over $530,000 from growth in fire and emergency medical service-related fee revenues.
The budget increases General Fund appropriations by 2.5 percent and increases the levy 2.2 percent. Based on the latest estimates of overall value of taxable property, the city tax rate is expected to decrease by 0.2 percent to 9.49 per $1,000 of assessed value. With the average home value up 3 percent, taxes on the average value home are expected to increase $60, or 2.72 percent.

Livability.com confirmed what we already knew – we live in one of the best cities in the country, if not the world. But what makes us great is that we know there is more to do to make Madison a just and equitable community; a place where all can feel safe and secure, with the opportunity to achieve our very best. Let’s work together toward making Madison the best for all our neighbors and neighborhoods.