

CITY OF
WATERLOO, WISCONSIN
2016 MUNICIPAL BUDGET
DELIBERATIONS
BUDGET NARRATIVE

November 19, 2015

Mo Hansen, Clerk/Treasurer

A budget is more than just a series of numbers on a page;
it is an embodiment of our values and our aspirations.

PROCESS

Municipal departments submitted future year budget requests in mid-September. The Finance, Insurance & Personnel Committee held public meetings on September 3, September 17, October 1, October 6, October 15 and November 19 to review submittals and have a dialogue with municipal department heads and citizens. A budget summary was published on the municipal website on October 22, 2015 and in the official newspaper, the Courier, on October 29, 2015. A public hearing is slated for November 19th, with Council consideration the same night. Tax bills will be printed and mailed by mid-December.

REVENUE

State levy limits are the primary control on how much the municipality may tax in the form of real estate property tax and personal property tax. For the 2016 budget year the levy limit formula -- based upon net new construction and other prescribed factors -- allows for a 0.255% increase. The prior year figure was 0.243%.

The budget document anticipates 2016 General Fund revenue to be up 1.02% due to mostly increases in Public Charges for Services (up 10.80%) some of that is revenue from anticipated park operations offset by corresponding expenditures.

Tax increment revenue and computer aid for the four Tax Incremental Finance Districts is budgeted at as:

TAX INCREMENTAL FINANCE DISTRICT	GENERAL LOCATION DESCRIPTION	2016 TAX INCREMENT	2016 COMPUTER AID	GRANT FUNDING	TOTAL
1	Trek, Briess, etc.	\$209,380	\$306,894	\$0	\$516,274
2	Downtown	\$0	\$706	\$584,000	\$584,706
3	Portland Rd, Commercial Ave, etc.	\$26,841	\$589	\$0	\$27,430
4	grocery store and commercial corridor north to Clarkson Rd, etc.	\$0	\$0	\$0	\$0
TOTAL		\$236,221	\$308,188	\$584,000	\$1,128,410

State aid in the form of Shared Revenue is up 2%, to \$484,187. State highway aid is remained the same as did aid for recycling.

WLOO Cable TV station revenue (a 5% fee on Charter Communications cable TV subscribers) is expected to increase 7.3%. The Waterloo Water & Light Commission may consider a sanitary rate increase for 2016. Impact Fees collected as part of new construction will increase in 2016, but budget figures show conservative estimates because, as a matter of practice this revenue is never spent in the year it is collected. \$9,039 will be received from the US Treasury Department as part of the Build America Bonds program which discounts municipal debt incurred during the Great Recession period. Donations from private sources are budgeted for park operations and specifically for the Waterloo Regional Trailhead. The budgeted rent payments from a private business to use the Maunsha Business Center was increase from \$1,000 to \$6,000.

The Library is the most diversely funded department. In addition to municipal and county revenue sources operating and capital expenses are offset with revenue from two recurring private sources. In 2016 it is receiving \$40,000 from the Evelyn Kading Clark Trust and \$43,073 from the Karl Junginger Foundation.

TAX LEVY

The municipal property tax is just one component of the property tax bill sent each December. The county, school district, Madison College and the state set rates independent of the municipal deliberations. These are all part of the annual property tax bill.

The 2015 & 2016 municipal tax levies below represent the maximum the City could levy for property taxes without either incurring a state penalty, or seeking permission to exceed the levy by way of a public referendum. State mandated levy limits are based on a formula based on a community’s annual “net new construction.” The increase from the prior year budget is \$3,099.

	2015 Municipal Tax Levy (TID in)	2016 Municipal Tax Levy (TID in)	Percent Change
City of Waterloo Real Estate and Personal Property Levy	\$2,019,056	\$2,022,155	0.153%

BORROWED FUNDS

No borrowing for non-Tax Incremental Finance purposes has taken place in the City of Waterloo since 2009. None is anticipated through 2019. As a matter of policy directed by Mayor Thompson, self-sufficient, self-funding tax incremental finance projects may be considered with the condition that no tax levy would be devoted to future principal and interest.

EXPENDITURES – GENERAL FUND

The General Fund includes most municipal operations including general government, police, public works, parks and the library. It does not include, the Cable TV stations, Waterloo Water & Light, Impact Fees, Waterloo Fire/EMS, a special revenue fund for the Waterloo Regional Trailhead, Capital Projects, Debt Service, Special Assessments, Tax Incremental Districts 1-4, the Economic Development Authority and Trust Funds for the library, carousel and Firemen's Park.

- State Expenditure Restraint Program

In order to qualify for state Expenditure Restraint Program payments the General Fund budget as initially approved must have an overall increase of less than 0.5%. This figure is derived from a state formula with the main variables being: (a) net new construction and (b) the Consumer Price Index as reported by the federal government. The \$2.6 million General Fund budget shows an increase of \$10,550, or 0.4%. This amount means the City would qualify for 2017 Expenditure Restraint Program revenue equaling \$72,415 (note: This program revenue is always rolled into line item 100-43-4351-000: "State Shared Revenue.").

- Wage Rates

The Finance, Insurance & Personnel Committee is recommending a 3.0 increase in wages for non-represented personnel. The police contract call for no change in the wages of the officers represented by the Wisconsin Police Professional Association. This policy decision does not pertain to Water & Light employees and the Library Board established library staff wage rates.

- Shifting Expenses To Tax Incremental District #1

\$6,947 of the Clerk/Treasurer's salary was moved from the General Fund to TID #1.

- Sale of 257 Mill Street

General Fund expenses under "Warming House" have been eliminated with the sale of this property in calendar year 2015.

- Anticipating Future Retirement Payouts

General Fund line item 100-51-5190-155 "Sick Leave Health" again this year contains an expense and reservation of \$36,929 for anticipated future payouts to retiring employees.

- Transfer to Community Development Authority (CDA)

Because building operating expenses for the Maunessa Business Center have, for the last five years been part of Fund 600 rather than the General Fund; and because the CDA has no revenue source other than building rental, \$1,589 is transferred from the General Fund to Fund 600 (CDA) to balance its revenues and expenditures.

For more information about the General Fund, please see the summary by category and summary by department reports online or available in the Clerk/Treasurer's office.

REVENUES AND EXPENDITURES - OTHER FUNDS – items of note

1. WATERLOO WATER & LIGHT

This fund is classified as a proprietary fund. The submitted budget shows a January 2016 net position of \$7,067,698 with an ending position of \$7,317,098, a \$249,400 increase.

2. WATERLOO FIRE & EMS (220)

All Fire & EMS revenues and expenditures are contained in a separate, segregated fund. The City of Waterloo municipal tax share, or appropriation, increased from \$241,321 to \$243,931. This is due to a relative change in equalized property values across the city and the towns served by the Waterloo Fire & EMS. The revenues for this fund are down 3.50% and expenditures are down 3.45%.

3. DEBT SERVICE (300)

Total 2016 principle and interest payments on municipal debt (excluding Utility) is \$670,025. Principle is \$545,164 and interest is \$123,811.

The portion of the debt requiring levy dollars has declined from \$493,367 in 2013 to \$484,936 in 2016. This figure will drop appreciably in future years with continued adherence to a limited or not borrowing policy.

4. CAPITAL PROJECTS (400)

Levy dollars allocated for capital projects increased by \$11,353, from \$209,231 to \$220,584. Additional revenue comes from a transfer from TID #1 to pay for STH 19 engineering expense, a transfer from the General Fund to make available 2015 proceeds from the sale of 257 Mill Street for 2016 projects; a transfer from the Utility for sanitary sewer improvements; and a use of previously designated Police Squad Reserve dollars. 2016 projects include:

PROJECT	AMOUNT
Street Asphalt Overlay: Milwaukee, Canal, Lum, Anna, Lexington, Bradford	\$157,089
Street Trees	\$2,000
Squad Car Replace	\$36,000
DPW Pick-Up Replace	\$42,000
DPW Plasma Cutter	\$3,000
STH 19 Engineering	\$15,000
Library furniture & equip	\$10,000
Sewer lines - slip lining	\$28,515
Muni Bldg - Phone system replace & parking lot overlay	\$11,000
Squad Car Reserve	\$30,500
TOTAL	\$335,104

5. WATERLOO REGIONAL TRAILHEAD

After one full year of operation more information about actual operational costs are known. Compared to 2015, building operation expenses are reduced from \$16,000 to \$8,269. Budget revenue sources include: facility rentals at \$2,000; donations at \$2,000 and transfer from Impact Fees of \$4,269.

6. TAX INCREMENT DISTRICTS 1-4

2016 Expected expenditures include removal of a pedestrian bridge crossing the river at 575 West Madison Street; installation of a public pedestrian path at 333 West Madison Street; and continuation of the downtown façade and interior build-out grant program benefitting downtown businesses.

7. COMMUNITY DEVELOPMENT AUTHORITY (CDA)

This fund receives revenue from the rental of the Maunessa Business Center at 117 East Madison Street. The CDA seeking grant funding for improvements to 203 East Madison Street but has no grant award in hand at this time. Expenditures include all building expenses at 117 East Madison Street which benefits renters, the Waterloo City Band and the Waterloo-Marshall Food Pantry.

8. CLARK MEMORIAL FUND & LIBRARY MEMORIAL TRUST FUND

The long established Clark endowment will provide \$40,000 in revenue for library operations, and \$4,000 in other donations are anticipated. Corresponding expenses are for a portion of library wages (\$19,094), a portion of library health insurance benefit premium payments (\$10,000) and for other library expenses.

9. AGENCY FUND (for Park Trustees and Carousel)

This fund tracked "Shoe Factory" dollars which as of December of 2015 are expected to be at a zero balance. It also tracks and records all park donations including revenue and expenses for the Carousel. This fund is the location for 2016 park donations to be reserved and expensed in accordance with the donors' wishes.