

**TO:** Common Council  
**FROM:** Cameron Clapper, City Manager  
**SUBJECT:** Overview of the 2014 Operating Budget for the City of Whitewater  
**DATE:** 10/01/2013

---

It is my pleasure to present for review by the Common Council, a balanced 2014 Operating Budget for the City of Whitewater. This budget is the result of the diligent efforts of city staff in striving to maintain very modest and responsible department budgets. The budgets for the Water, Wastewater, and Stormwater Utilities, as well as the 2014 Capital Improvement Plan will be provided to the Common Council for review at a later meeting. This submittal remains a draft document. Input from the Council and the community is warranted and welcomed.

### **General Fund Overview**

The 2014 Operating Budget for both revenues and expenditures is \$9,375,264. The budget does not include an application of 2013 fund balance toward 2014 expenditures. Wherever possible, municipal departments held expenditures at or near 2013 levels. The following sections identify the major revenues and expenditures impacting the budget as well as other highlighted changes for 2014.

#### **GF Expenditures**

1. Debt Service - The General Fund Transfer to the Debt Service Fund increased by \$18,112 for 2014. This increase in funding was discussed and approved by Council with the most recent municipal borrowing.
2. Health Insurance - Health insurance premium increases for 2014 increased General Fund expenditures by \$44,254.
3. Wisconsin Retirement System (WRS) - Employer contributions toward retirement decreased by \$60,000 for 2014. All WRS rates increased with the exception of Duty Disability for sworn officers which decreased from 6.6% to .46%.
4. Wage Increases – A wage increase of 2% is proposed for all general employees in 2014. This increase will raise General Fund expenditures by \$46,331. The total increase when considering all funds is \$77,829. Beginning January 1, 2012, all non-sworn employees were required to begin paying 12% of their health insurance premiums and 50% of their required WRS pension contribution. The total WRS contribution per employee in 2013 was 6.5%. A 1% COLA was provided to employees in 2012 and no adjustment was made for 2013. In light of the increase in health insurance and WRS costs in 2014, I feel it would be appropriate to provide an increase in compensation for non-sworn employees and propose 2%. No wage changes have been budgeted for represented officers at this time.
5. Worker Compensation - Employee injuries resulting in “lost-time” resulted in a decrease in the cost of worker compensation insurance by \$1,833 for 2014.

#### **GF Revenues**

1. Transportation Aids – Estimated Transportation Aids increased by \$86,389. This increase is directly related to the major road projects complete last year.
2. University Services (also called Payments for Municipal Services or PMS) - PMS decreased by \$4,403 for 2014.
3. Prince Street Parking Payment – In addition to the PMS increase for 2014, UW-Whitewater will continue to pay the City an additional \$40,000 as a result of the City-University agreement for parking enforcement on Prince Street.
4. Utility Shared Revenue - Utility Shared Revenue decreased by \$27,573 for 2014.
5. Property Tax Levy - The budget 2014 Operating Budget as proposed also includes the allowable property tax levy increase of \$44,325 resulting from a net new construction calculation of 1.766%.

## GF Highlights

1. An increase of 2% or \$46,331 in payroll expenditures due to proposed cost of living adjustment (COLA).
2. Contingencies was increased by over \$80,000
3. A total of \$35,000 was allocated to the Vehicle Revolving Fund to accommodate the scheduled purchase of a new squad car in 2014.
4. No additional funding will be provided for the 27<sup>th</sup> Payroll in 2014.
5. No fund balance was applied to the 2014 Annual Budget.
6. No funding has been allocated for the "Innovation Express" bus service in 2014.

## Department Budgets Overview

The following sections highlight the significant changes made by each department for the 2013 Operating Budget.

### General Administration

- Anticipated election expenditures are expected to increase for 2014 with elections in both the spring and fall.
- A new Assistant to the City Manager will join the department in late 2013. The position will be funded with monies originally budgeted for the Public Works Director position.
- Funding for Downtown Whitewater remains consistent for 2014, however, no funding is currently proposed for the Innovation Express. At the requests of the Common Council, the Innovation Express program will be evaluated at the November 5 meeting of the Common Council.
- The total for Contingencies has been increased by just over \$86,000 in 2014. The increase is due to several unknowns as we begin the budget process including:
  - The cost of legal services associated with ADA lawsuit
  - The cost of a wage and classification study
  - The cost for services related to the strategic planning process.
  - Any additional costs for consulting services related to the Zoning Rewrite project.

### Information Technology

- No significant changes for the IT budget.

### Finance

- As a result of the P-Card (credit card) system implemented in 2013, the City will receive an additional \$14,000 in revenue in 2014.

### Fire/Rescue

- An additional \$5,000 was budgeted for fire fighter payroll. Each firefighter currently receives \$8.00 per call for every call to which they respond.
- The consulting firm ESCI is currently conducting an operational analysis of the Whitewater Fire Department and is scheduled to report on the analysis later this year. The final report will be similar to a master plan for future improvements within the department. Once the final report has been presented, the City and the Fire Department will begin mapping out a plan for any future improvements and their associated costs.

### Police

- The PD will begin the collective bargaining process with the sworn officers this month. As a result, no changes in wages or benefits have been accounted for in this proposed budget.

- Officers in the Investigations bureau have transitioned to a 10-hour shift schedule which has already reduced overtime for the detectives. The prospect of 10-hour shifts throughout the PD will be up for discussion as part of the collective bargaining process.
- A total of \$35,000 has been allocated to the Vehicle Revolving Fund for police vehicles as mentioned above. The Police Department plans on purchasing an SUV for better year-round, all-weather use.
- As previously mentioned, an additional \$28,000 was allocated to the Police Department budget to reflect the actual estimated cost of overtime for 2014. In prior years, the overtime budget number had been reduced with the idea that any additional funds for the cost of overtime could be drawn from Contingencies. In spite of the reduction in budgeted hours, the overtime total has continued to exceed the budget amount due to minimum staffing requirements. This change more clearly reflects the actual cost of overtime for the Police Department. It is important to note, however that the total number of overtime hours has been reduced by 500 hours in the last two years.

#### Neighborhood Services and Planning

- Neighborhood Services has budgeted an increase of \$3,175 for building inspection services to cover the cost of our building inspector. This increase would be supported by a corresponding increase in fees received for inspections.
- The cost for professional planning services continues to decrease as more and more planning duties are performed in-house by the Neighborhood Services Director.

#### Public Works

- Dam inspections will be performed in-house this year which will save the City an estimated \$12,500 compared to the previously required DNR inspections.
- Aside from the changes in the budget resulting from the proposed 2% COLA mentioned earlier in this document, the General Fund portion of the DPW budget remains consistent with the 2013 Annual Budget.
- No additional funding is needed for EAB abatement in 2014.

#### Parks & Recreation/Facilities Maintenance

- Recreation Administration and Programs has budgeted an increase of over \$7,000 in expenditures for gymnastics and Zumba programming. The expenditures will be funded by the anticipated revenues generated by the programs.

#### Library

- Starting in 2014, all funds for library operations will be transferred to the Special Library Fund rather than be maintained in the General Fund. This change will provide the Library Director with added flexibility in the management of staffing levels and help to allow the Library to expand their hours of operation.
- Starting in 2014, the Library will increase Saturday hours from 10am–2pm to 9am–3pm.

#### **2013 Operating Budget Issues**

Concerns for 2014 have to do more with capital equipment and capital improvement expenditures which will be discussed at the special October 22 Common Council meeting.

I look forward to our discussion of the budget over the next several weeks. If anyone would have a question or a suggestion regarding the budget or items mentioned in this memo, please feel free to contact me. Cameron Clapper, City Manager, 262.473.0100, cclapper@whitewater-wi.gov.