



2801 89th Street, Sturtevant Wisconsin USA 53177

INTEROFFICE MEMORANDUM

DATE: October 7, 2008
TO: Honorable Board of Trustees
FROM: Mark Janiuk, Village Administrator
SUBJECT: 2009 BUDGET MESSAGE-

2009 BUDGET

Tonight, I am presenting the Administrator's 2009 budget. As in previous years, the preparation of this budget has been extremely challenging. Sturtevant, like other municipalities throughout Wisconsin, is facing increasing costs on many fronts. Salt prices have doubled since last year. Gasoline, diesel and heating fuel costs have risen steeply since last year. Asphalt costs have also sky rocketed. Wages have gone up. Health care costs in southeastern Wisconsin are expected to rise. All of this has put great pressure on Sturtevant's budget. In addition, the national financial crisis creates great uncertainty. In previous years Sturtevant's budget was driven by revenues created by new growth. Growth is slowing and may actually stop in 2009. This effects the ability to responsibly increase the tax levy and it greatly affects projections for revenue from building permits and zoning permits. In addition, the State of Wisconsin has reduced Sturtevant's "payment for municipal services" by approximately \$70,000. This unexpected drop in revenue has resulted in some painful reductions and cuts. We received approximately \$1.6 million of revenue from the state in 2008 in the form of "shared revenue" payments, transportation aid and municipal service payments. Although it appears that shared revenue, and transportation aid will increase slightly, it now appears that "payment for municipal services" will be reduced. Despite these obstacles, the budget presented tonight is balanced. There are no reductions in full time staff for police or DPW. This is a status quo budget but it is a budget that will still provide the necessary basic services to the citizens of Sturtevant.

New growth in Sturtevant for 2008 equaled approximately 7.2 % compared to 8.4% in 2007. The budget was prepared based a levy increase of approximately 9.7 %. This equals new growth plus 2.5%. This increase is allowable under the state levy limit law because of the Village of Sturtevant's debt service payments.

The budget was prepared without an exact quote for health insurance. In past years, the Village has experienced major cost increases in this area. Last year, there was no increase in the cost of health insurance. The 2009 budget was prepared based on an estimated 10% increase in health insurance costs. If the heath insurance costs increase by a greater amount, changes will need to be made in the budget.

This budget is based on the assumption that Fire/EMS services will be consolidated with Mt. Pleasant. If, for whatever reason, this does not happen, the budget will have to be amended accordingly.

I have included a list of budget points and budget assumptions to help you in your deliberations. There are a number of points that I would like to emphasize. The budget does not include funds for any new positions. It does include funds for sufficient hours for a ½ time summer help position. This is down from 2 positions in 2008. This budget calls for the reduction of the accounting clerk position from a full time position to a ½ time position. This decision was very difficult. The current employee is a very good worker. The decision is based on the fact that Sturtevant, with this budget, will have reduced its full time work force. The Village had previously eliminated 4 full time and 3 part time dispatchers in 2006. With this budget the Village will eliminate 9 full time and 15 part time fire fighters at the end of 2008. The number of full time employees will be only 21 in 2009. In addition, approximately ¼ of the general fund budget will involve payments to Mt. Pleasant for fire and dispatch. The amount and complexity of payroll and payment voucher work should decrease. For that reason, in fiscally constrained times, I felt that this would be one area where personnel could be reduced without affecting services.

This budget does not contemplate any wage increases for either the non represented employees or the represented employees. This is a year where the village must hold the line in regard to wages. Any wage increases would have to come from the contingency account.

The budget does not itself authorize any new borrowing. This is not something that must be in the budget. The Board has indicated its intention to borrow in 2009 for various capital projects. The financial crisis and the resulting lack of available credit may affect the ability to do this or may affect the timing. This will have to be addressed at a later date.

The proposed 2009 budget does show \$10,000 in capital projects monies. We will be trying to cover some large expenses such as one or two squad cars out of available 2008 funds. There are no funds dedicated to the purchase of squad cars in 2009. Funds could be taken from the contingency account but that account is not large.

The budget as presented is balanced. The Board of Trustees can make changes. Any additional expenses must be paid for with additional dollars or by cuts in other programs. The bulk of the budget goes for wages and benefits. Any major reductions in the budget would have to involve cuts in personnel. Approximately 50% of the budget goes for public safety: police, fire and EMS. The budget is the most important policy decision that the Board of Trustees makes each year. The budget sets priorities and determines where the Villages limited resources will be allocated.

BUDGET POINTS AND ASSUMPTIONS:

1. The budget does not include any funds for wage increases. If wage increases are granted the funds will need to come from the contingency account.
2. There are no new positions in the 2009 budget. This budget reduces the full time accounting clerk position to a ½ time position.
3. There are funds for the hours necessary for a ½ temporary summer help in the Public Works/Parks budget .

4. State shared revenue to the Village is estimated to remain basically the same as last year at \$951,916 but the Village is expected to receive expenditure restraint funds in the amount of \$109,022 to bring the total to \$1,060,938 (101-43410-000). The expenditure restraint funds were not received in 2008.
5. There is \$1000 in the Recreation Programs budget to cover the cost of the Friday night movies and leave some monies available for other activities (101-55300-290).
6. This budget assumes a 10% cost increase for health insurance. We have not received confirmation of this cost and if health insurance costs come in higher, budget adjustments will need to be made. These funds would have to come from the contingency account.
7. State payments to the Village for municipal services is estimated to be reduced from \$199,185 in 2008 to \$133,502 (101-43610-000). This is a reduction of \$65,683.
8. This budget assumes that the Village will receive substantially less in building permit fees. In 2007, \$470,000 was budgeted initially. In 2008, \$350,000 was budgeted for building permit revenue. In 2009, the budget calls for \$215,000 in building permit revenue (101-44210-000).
9. State transportation aid is estimated to increase from \$460,000 in 2008 to \$500,033.19 in 2009 (101-43530-000).
10. The contingency fund has \$133,082 (101-51990-390).
11. The Police Department's budget includes \$125,000 for the payment to Mt. Pleasant for dispatch services (101-52100-290).
12. In 2009 the Public Works Director's salary and benefits will be charged 60% to the general fund, 30% to sanitary sewer and 10% to the storm water fund to reflect actual time spent on those activities.
13. There is money in the storm water accounts for the annual lease/purchase payment of the recently acquired street sweeper (221-53440-530).
14. The Village purchased of the additional sewer capacity in 2006. Based on this sewer capacity, the Village will make a payment to Racine in the amount of \$269,720 for its share of the Clean Water Bond (602-62827-391). This is in the sanitary sewer budget.
15. There is \$7,500 in tax levy money in the fireworks account (214-49210-000). It is anticipated that the remaining money for the fireworks, \$7,500, will come from donations or other sources.
16. The general tax levy supporting the general fund for this 2009 is 1,833,272 compared with \$1,398,036 in 2008.
17. The budget contains \$1,026,368 for the Fire/EMS budget which is the payment to Mt. Pleasant under the consolidation framework. Sturtevant will also not receive income generated by the Fire Department which includes ambulance fees and fire related plan review fees.

18. Legal professional services and contractual services are budgeted at \$119,000 which is up from \$80,000 in 2007 (101-51300-210) and (101-51300-290).
19. Election costs have been decreased because there will be no presidential election in 2009 (101-51440).
20. In the general fund there are only a nominal transfers of \$5,000 from the sewer utility (101-49262-000) and \$5,000 from the storm water utility (101-49363-000). In 2008, these transfers to the general fund from these two utilities equaled \$220,000.
21. Funds for salt for highways has been increased by \$15,000 to \$50,000 in 2009. (101-53300-370).
22. The Health Department costs have been increased by \$1,000 from \$29,874 in 2008 to \$30,874 in 2009 (101-54100-290).
23. This budget, for the first time, uses some general fund monies to help pay for some of the "revenue sharing" payment that Sturtevant is contractually obligated to pay to the City of Racine. Although this amount is only \$10,000, it is step in the right direction and will give some relief to the sanitary sewer budget.
24. The Storm Water Utility is once again projected to have a fund balance at the end of 2009. For that reason, there is no request to increase the annual storm water charge.
25. The Sanitary Sewer budget reflects the small increase in sewer rates that were approved for the 3rd quarter of 2008. We have been informed that Racine is increasing its sewer charge to Sturtevant by 4.8%. The Sanitary Sewer budget must be monitored closely and it may be necessary to review and adjust the rates again in 2009.
26. Tax levy dollars for debt service (non-TID) is \$615,367 which is down from \$793,784 in 2008.
27. Total general fund revenue is \$ 4,031,605 for 2008 with the same amount as the total general fund expenditure. In 2008 the general fund revenue was \$4,046,700 .
28. The projected village mil rate would be \$7.46192 compared with a mil rate of \$7.27261 in 2008, a mil rate of \$6.68364 in 2007 and a mil rate of \$8.26206 in 2006.
29. In 2006, for a \$200,000 home, the village part of the tax bill would have been \$1,364.40. In 2007 the village part of the tax bill on a \$200,000 home would have been \$1,336.73. In 2008, the village part of the tax bill on a \$200,000 home was \$1,454.52 . In 2009, based on the projected mil rate, the village part of the tax bill on a \$200,000 home would be \$1,492.38. This would be an increase of \$37.86 in 2009 for the village portion of the property tax.
30. Attached to this memorandum is an exhibit showing the number of positions that would be authorized in 2009 and the rates of pay for non-represented employees.