

CITY OF
WATERLOO, WISCONSIN
2025 MUNICIPAL BUDGET
DELIBERATIONS

**Finance, Insurance &
Personnel Committee
Recommended Budget
-- Narrative --**

Lana Nelson, Treasurer

November 14, 2024

BUDGET DELIBERATION PROCESS

On July 23, 2024, Mayor Quimby issued budget parameters for the process:

CAPITAL PLAN SUBMITTAL DUE DATE. Department Heads are to submit a capital plan for at least the 2025-2029 period on or before August 9, 2024 (more out-years are welcomed). The plan consists of revisions to the existing plan. Capital expenditure will be the primary early focus of the budget process.

COMPLETE BUDGET SUBMITTAL DUE DATE. All Department Heads are to submit a complete 2025 budget submittal on or before August 9, 2024, to the Clerk/Treasurer's Office using the miViewPoint budgeting tool and other means provided.

GENERAL FUND BUDGET PARAMETERS. For the Clerk/Treasurer's Office, Mayor Office, Police Department, Public Works Department -- and other parts of the General Fund -- 2025 operational budget submittals are to be at, or below, the 2024 expenditure figure. NOTE: Expense for wages & benefits are excluded from the above calculation.

PROPERTY TAX LEVY TARGET. The 2025 municipal property tax levy target is: \$2,237,760. This figure is slightly lower than the 2024 tax levy.

WAGE RATE. The Waterloo Police Department wages under the union contract for 2025 as follows:
1/1/2025 3.5%
8/1/2025 1.5%

The 2025 wages for non-represented employees were based per department and ranged from 2% to 4%. There were two exceptions based on wage comparisons of municipalities in the surrounding areas.

GAS FUEL RATE FOR BUDGETING. The estimate of \$4.00 per gallon is to be used when calculating fuel purchase expenditures.

CONTRACTUAL OBLIGATIONS. Budget for contract items per the terms of the respective contract.

HEALTH INSURANCE BENEFIT. Submit budgets for health insurance benefits at the current year levels. Projected increases will be established as part of the overall deliberations.

The Finance, Insurance & Personnel Committee members (Alders Thomas, Kuhl and Weihert) met in public session on August 15th, September 23rd, September 25th, September 30th, October 10th, October 17th, October 23rd and October 29th. It reviewed department submittals, had a dialogue with department heads and received citizen input.

On October 29, 2024, the Committee recommended a 2025 budget for City Council consideration. A budget summary has been scheduled for publication in the official newspaper, the Courier, on November 8, 2024.

A public hearing is scheduled for November 21, 2024, at 7:00 pm in the Council Chambers. Council consideration will take place the same night. After a budget is approved, property tax bills will be prepared and mailed by mid-December.

MUNICIPAL FUNDS DESCRIBED

The General Fund (Fund 100) accounts for the bulk of municipal operations including legislative and general government, elections, property assessment, police administration & police patrol, building & zoning inspections & permit issuance, civil defense, public works and planning.

The General Fund along with the funds listed below represent the Governmental Funds maintained by the City of Waterloo.

Separate stand-alone funds exist to account for the specific revenues and expenditures of the following:

- 200 - CATV/WLOO Cable TV Stations. Charter cable television stations channels 991 and 992.
- 220 - Waterloo Fire Department Fund. Includes both operations and capital considerations for Waterloo Fire and Emergency Medical Services. The department serves the City of Waterloo and all, or a portion, of the Town of Waterloo, Town of Portland, Town of Shields and Town of Milford.
- 225 - Parks Special Revenue Fund. Includes all revenues & expenses for municipal parks, along with capital expenditure for parks.
- 300 - Debt Service Fund. Municipal debt excluding debt incurred by Waterloo Utilities.
- 400 - Capital Fund. Includes capital projects and equipment purchases for the departments in the General Fund.
- 402 - Special Assessment Fund. Maintains and tracks revenues and expenditures resulting from special assessment projects (typically sidewalk or other public infrastructure) approved by the City Council. Additionally, municipal loans to property owners for private lead service replacements are recorded and tracked in this fund.
- 412, 413, 414, 415 - Tax Incremental Districts 2-5. These funds maintain and track all new revenue (tax increment) and allowable expenditures for geographically distinct tax incremental finance districts created by the City Council. Each district has a statutory lifespan between 15 – 22 years.
- 600 - Community Development Authority. The Waterloo Community Development Authority (CDA) is charged with blight elimination and economic development functions. This fund receives revenue from the rental of the Mauneshia Business Center at 117 East Madison Street. Rental revenue is meant to cover recurring operational expenditures. The Waterloo City Band and the Waterloo-Marshall Food Pantry use the facility. No revenue is collected from the band or food pantry.
- 812 - Library Special Revenue Fund. Dedicated to the operations and facility care of the Karl Junginger Memorial Library.

Three City of Waterloo funds not covered here operate under the auspices of Waterloo Utilities (water, sewer and electric) represent the Proprietary Funds maintained by the City of Waterloo.

- Waterloo Utilities. The public utility owned by the City of Waterloo provides water, sewer and electric service within the City of Waterloo and water & sewer service to a portion of the Town of Portland. As part of its financial responsibilities, Waterloo Utilities maintains three separate funds to account for each of these services.

REVENUE HIGHLIGHTS

Municipal Vehicle Registration Fee. On September 5, 2024, the City Council voted to continue a \$15 per vehicle registration fee collected as part of the Wisconsin Department of Transportation vehicle registration process. The fee will generate an estimated \$47,000 annually which by state law would be dedicated to transportation improvements.

Municipal Borrowing. The budget for 2025 will call for borrowing due to upcoming road projects.

State Aids.

- Shared Revenue is slated to increase from \$449,157 to \$458,261.
- General Transportation Aid decreased from \$293,444 to \$290,591.
- DNR Recycling Aid is projected to remain at \$12,397.
- Supplemental Shared Revenue Aid for 2024 is \$93,000.
- State Computer Aid (TID 1) \$437,782
- LRIP Grant \$450,000 for 2025 Hendricks Street Project
- Jefferson County Road Aid – Program has ended in 2024.

EXPENDITURE HIGHLIGHTS

Police Department Staffing. The full-time Lieutenant position was filled in 2024. The 2025 budget has allocated wages, and all benefits associated to fill current open positions in 2025.

Employee Wages. The Finance, Insurance & Personnel Committee recommends the following:

- Wage increases for non-represented employees except for the Park Bartenders and Election Officials. Wages were determined by departments and based on a comparison of municipalities in surrounding areas.
- Employees covered under the collective bargaining agreement (Police Patrol Officers) will receive a 3.5% raise on 01/01/2025 and 1.5% on 08/01/25.

Employee Benefits. The City offers employees a health insurance benefit program administered through the State of Wisconsin Department of Employee Trust Funds. The employer pays 88% of the average premium costs of qualified Tier 1 health plans within Jefferson County. The City saw a 27% increase in premium costs for 2025.

Liability Insurance, Property Insurance and Worker's Compensation Insurance. Amounts vary across departments but in the aggregate insurance premiums for liability, property and worker compensation are not expected to increase. The arrival of new assets such as the new Fire Department Truck is an example of an anticipated increase.

Economic Development.

\$15,380 (25%) of the City Clerk's salary is an expense for Tax Incremental District No. 2.

The Economic Development Coordinator Contract was not renewed for 2025. A new service agreement is anticipated for 2025. A total of \$20,000 is split between TID 2 and TID 4. The amount has decreased from \$45,000 to \$20,000 effective 1/1/2025.

ADDITIONAL HIGHLIGHTS – BY FUND AND DEPARTMENTS

CATV (200). Revenues (Non-Tax) are \$51,993 for the 2025 budget year and expenses of \$49,641.

Waterloo Fire Department (220). The revenue tax share from each of the municipalities served (City of Waterloo, Town of Waterloo, Town of Portland, Town of Milford and Town of Shields). The distribution of the respective shares changed due to changes in the equalized value of property. For the 2025 budget the City of Waterloo tax share remained the same at from \$291,231.

The department has three full-time employees, with one added in 2024, and more than thirty paid volunteers. The department was approved to hire a 4th full-time employee in 2025.

The full-time employees voted to join a union and collective bargaining will be scheduled in 2025.

The Department annually sets aside dollars for major apparatus purchases. This sum decreased from \$55,000 to \$0 in 2025.

Parks Department – Revenue Fund (225). Proposed revenue decreased from \$391,057 to \$384,402 from the prior year. Expenditures are expected to increase from the budgeted \$391,057 to \$396,838. Computer Aid for capital projects \$105,000.

The department has a full-time Parks Coordinator, three part-time seasonal groundskeepers and seasonal bartenders.

Debt Service (300). Governmental fund debt service (non-Utility) is budgeted to pay principal of and interest of \$587,629. Revenue is transferred from tax incremental finance districts to this fund to specifically cover debt service incurred by the respective Districts. Taxes are levied to specifically cover debt service for capital projects.

Capital Projects (400). The proposed budget allocates \$332,782 of the remaining State Computer Aid, All General Transportation Aid, LRIP Grant, and Wheel Tax are dedicated to current and future capital projects.

Hendricks Street construction along with other improvements are planned for 2025. See the 5 Year Capital Plan (2025-2029) for current and future year department plans.

Special Assessment Fund (402). This fund tracks special assessments and lead loan program loans. No new special assessments are anticipated.

Tax Incremental District #2 (412). The revenue of \$138,943 is made up primarily of tax increment and fees paid in lieu of taxes from the Hawthorne & Stone and 575 West Madison Street. Top expenditures payments for Economic Development at an estimated \$10,000.

Tax Incremental District #3 (413). \$112,774 in revenue and \$122,573 in expense are projected, adding a net deficit of \$9,799. Expenditure is for debt service.

Tax Incremental District #4 (414). \$41,145 in Revenue. \$11,650 of Expenses. Top expenditures payments for Economic Development at an estimated \$10,000.

Tax Incremental District #5 (415). Created in 2023. No Revenue or expense numbers are available currently. The Tax Incremental Worksheet is to be completed in December 2024.

Community Development Authority (600). Projected revenue consists of tax levy and building rental fees. Expenditures are focused on the operation of the Maunisha Business Center at 117 East Madison.

Karl Junginger Memorial Library (812). The municipal contribution to this fund increased from 205,000 to 208,000 for 2025, along with Capital allocation of \$45,000 for replacement furnaces. This fund has an anticipated deficit of \$19,885, a figure which off-set by \$19,885 in applied fund balance brings the fund into balance.

DISCLAIMER

The full budget detail associated summaries and this narrative represents the full budget resolution going before the City Council for consideration. All documents are posted on the municipal website (www.waterloowi.us).

