

What's Happening?

December 2, 2008



Items of Interest from the Desk of
Honorable Mayor Tom Meyer

2009 Budget Raises Concerns

On November 20th, after a public hearing, the Altoona City Council approved the 2009 operating and capital budgets for the City of Altoona. This action was the final step in a process that began in August and which involved five public meetings.

The budget process raised many concerns that need to be addressed to assure the City can continue to provide quality services and facilities to its citizens.

As you all know from managing your own budgets, the cost of doing business continues to rise. The 2009 budget includes increases for providing critical city services such as police and fire protection, road repair and plowing, elections, financial services, recreation programs and permitting.

The increases are primarily a reflection of an upward trend in the cost of labor and materials. No new employees or programs were added for 2009, although this is the first full year of employment for the City Engineer who was hired to save money on contract engineering services.

Anyone that drives in Altoona also knows much of the City's infrastructure is in rough shape. The roads are generally in poor condition, we have leaky water and sewer pipes, and many of the City's buildings and other facilities need work.

The budget includes upgrades to some of these facilities, funded primarily by state and federal grants and assessments to adjacent property owners. However, there are many other projects that need to be completed that are not funded.

The City's facilities that are in decent shape also need to be maintained to remain in decent shape. Letting these assets deteriorate will just cost future tax payers more money. Therefore, the budget includes funds to keep up some of those assets.

On top of the usual challenges noted above that stretch a City's financial resources, Altoona has another big problem in Tax Increment District (TID) #3, which primarily encompasses the land surrounding the River Prairie exit of the new Highway 53.

The Council has been working very hard over the past three years to secure a developer for River Prairie. However, to date, none of the property has been sold. And, with tight

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credit markets, especially for speculative development in the current economic climate, it may be quite a while before development occurs.

This is especially a problem in light of the City's debt obligations. If you have been following City business or reading my column, you know the City's debt payments for infrastructure built to serve TID #3 will increase significantly from \$445,600 in 2008 to \$795,000 in 2009. An additional \$55,000 will be allocated to the TID in 2009 for staff time spent working on the TID for a total cost of \$850,000.

The funds available to pay the debt, on the other hand, total only \$483,502. This leaves TID #3 with a 2009 shortfall of \$398,502.

About \$100,000 of the shortfall will be levied according to the State levy formula and will be placed on your tax bill. However, you will likely not notice an increase in your bill because the levy largely replaces a debt payment for a 1998 bond that was retired in 2008.

Another \$229,577 will be advanced from the water and sewer utilities to cover the cost of the water and sewer infrastructure installed in the TID.

Even with levying some of the TID shortfall and advancing funds from the utilities the 2009 general fund budget still is about \$140,000 short. This gap is being filled by borrowing from the City's general fund.

The hope is that land sales proceeds and future tax increment generated in TID #3 will be able to repay the loans. However, in today's economy, I think this may be a risky bet.

While I am confident the River Prairie property will be sold and developed in time, I don't know how much time it will take. In the interim, the City has to pay its debt.

City staff has been directed to further examine their budgets to determine where cuts can be made. My hope is, at a minimum, \$140,000 of cuts can be made without significantly impacting City services so a general fund loan is not necessary.

I am writing to ask for your help and ideas. Borrowing from other funds to cover future shortfalls is not a good way to do business and is unsustainable. Tough decisions need to be made that will likely affect you in one way or another. How the City addresses this financial problem could impact services provided by the City, or could result in increases to your tax or utility bills.

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I know many of you are struggling to make ends meet and can't afford any more increases. Therefore, I will be scheduling meetings the first quarter of 2009 to get your input.

You will be asked what services are most important to you. You will also be asked for your ideas regarding the development of River Prairie. Specific times and places for the meetings will be posted on the City's website and in the Altoona Star.

I wish you and your family a very happy and healthy holiday season. If you have any specific questions or comments, please contact me at cityhall@ci.altoona.wi.us. Thank you for the opportunity to serve you.