

# CITY OF NEENAH

**PRESERVING QUALITY OF LIFE**

**DURING**

**TOUGH ECONOMIC CONDITIONS**

# ECONOMIC CONDITIONS

Neenah is NOT immune from the world wide economic recession. All of us know someone that lost their job, experienced a wage freeze or an outright reduction. Everyone has experienced the serious shrinking of retirement plans.



# IMPACT ON LOCAL GOVERNMENT

Every Wisconsin community struggles with how to meet increasing costs, declining shared revenues and levy limits. In the past Neenah avoided knee jerk reactions and followed a systematic, long term approach to maintain a high level of public services at a cost our citizens could afford.



# PRIOR ACTIONS TAKEN BY THE CITY TO CONTROL THE BUDGET IN THE LAST 7 YEARS INCLUDE

- Merger of the Neenah and Menasha Fire Departments.
- Consolidating the Public Works Department with the Water Utility.
- Consolidating the Assessor's Department with Community Development.
- Not replacing positions in Public Works and Finance, but reorganizing and requiring department staff to increase their work load.



# PRIOR ACTIONS

- Creative solutions to health insurance costs where employee buy in has helped control premium costs.
- Created a Storm Water Utility, spreading costs over all users not just City of Neenah taxpayers.
- Use of one-time revenues to offset budget increases.
- Worked to enhance the tax base with new development and redevelopment.
- Proposed and the Council adopted a major decrease in the Capital Expenditure budget with the future impact of reducing debt service payments.
- Adopted the Capital Expenditure philosophy of paying off more each year than is borrowed.



“DO MORE WITH LESS” HAS  
BEEN THE OPERATING  
MOTTO ACCEPTED BY ALL  
CITY DEPARTMENTS.



# MY GOALS AS MAYOR HAVE REMAINED UNCHANGED

- Preserve a high quality of life today and for our future.
- Maintain service levels citizens expect.
- Make government more efficient and more cost effective.
- Invest in projects that enhance the tax base.



# 2010 BUDGET ISSUES AS OF JUNE 5<sup>TH</sup>

## General City Operations

### Employee Compensation

- Impact of 2009 Mid Year Wage Increase \$68,500
- Impact of 2010 2%+1% Wage Increase 348,000
- Est. Health Insurance Increase 140,000 – 280,000  
(5% - 10%)
- Est. WI Retirement System Increase 105,000 – 180,000

**Total Est. Compensation Increases \$661,500 – \$876,500**



# 2010 BUDGET ISSUES AS OF JUNE 5<sup>TH</sup>

## General City Operations

### Other Budget Issues

- State – Est. Reduction in Shared Revenue \$140,000
- State – Mandated Landfill Fee Increases 70,000
- Investment Earnings - Est. Decrease 100,000 – 200,000

**Total Est. Other Negative Impacts \$310,000 – \$410,000**



# 2010 BUDGET ISSUES AS OF JUNE 5<sup>TH</sup>

Est. Compensation Increases	\$661,500 – \$876,500
Est. Other Negative Impacts	<u>\$310,000 – \$410,000</u>
Total 2010 Est. Budget Impacts	\$971,500 - \$1,286,500
3% Levy Increase Amount	\$442,300

## **Total 2010 Budget Gap**

**Assuming 3% Levy Increase**

**\$529,200 - \$844,200**



# 2010 BUDGET ISSUES AS OF JUNE 5<sup>TH</sup>

<u>City Water Utility</u>	<u>2003</u>	<u>2008</u>	<u>% Decrease</u>
Water Sales (Billion Gals)	1.568	1.080	31.12%
Return on Investment (%)	7.35	2.93	60.14%

# THE FINAL STRAW .....

State of Wisconsin – Expenditure Restraint Program (ERP)

- City Currently Receives - \$700,000
- Eligibility Based Upon Limiting Expenditure Increases In City's General Fund (Operating Budget).
- Formula For ERP Eligibility = C.P.I. + Factor For New Construction.
- Current Estimated Allowable Expenditure Increase In 2010 Operating Budget To Be Eligible For ERP.

**\$112,247**

## 2010 Budget Outlook

Total Est. Compensation Increases      \$661,500 – \$876,500

ERP Allowable Increase      \$112,250

**Total ERP Gap:      \$549,250 - \$764,250**

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Total 2010 Est. Budget Impacts      \$971,500 - \$1,286,500

3% Levy Increase Amount      \$442,300

**Total 2010 Budget Gap      \$529,200 - \$844,200**

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*Obviously, the numbers just don't add up.*



# WORKING TOGETHER TO FIND SOLUTIONS TO THE BUDGET CRISIS

- Above all, let's not lose what we have created together –  
A GOOD PLACE TO WORK THAT SERVES THE  
PUBLIC INTEREST.
- As public employees, let's recognize that we cannot  
continue Long Term to have wages and benefits that  
exceed those received by the taxpayers who pay our  
salaries.



# MAYOR CRYING WOLF? AGAIN?

- My philosophy of communication = “Let everyone know what I know, as soon as I know it”.
- Budget projections are subject to change.
- Difference between Past Projections and Today’s Estimates.



# WHAT OTHER ENTITIES ARE PROPOSING TO SOLVE THE BUDGET CRISIS

- 5% wage reduction now and a wage freeze next year.
- Cap employer contribution to insurance premiums.
- Mandatory rolling furlough for all employees.
- Voluntary furloughs.

# WHAT OTHER ENTITIES ARE PROPOSING TO SOLVE THE BUDGET CRISIS

- State employee salary freeze until July 2011.
- Staff cuts.
- National surveys show 72% of employers are considering increased deductibles, co-pays or premium contributions.
- Mandated 1% – 6% reductions in every department.

# MY PROPOSAL TO MEET THE BUDGET GAP WE FACE IN 2010

- Adopt an ordinance freezing the Mayor's salary through the next four-year term.
- Maintain current Non-Represented employee compensation levels through 2010.
- Offer a voluntary furlough option.
- Examine every line item of every department budget for reductions in City expenditures for 2009.
- Meet with Union Representatives to discuss concessions to current contracts which run through 2010, with the goal of maintaining current compensation levels through 2010.



City Treasurer  
City of Neenah  
PO Box 582  
Neenah, WI 54957-0582

To Whom It May Concern:

I am attempting to make my third installment payment to you, and I currently don't have enough money to cover the full amount. I am enclosing a check in the amount of \$200.00. Like many other residents, I am out of work and only have unemployment checks coming in at this point.

I can possibly pay an additional \$200.00 next week, but I know that is past your deadline and probably won't help. I will plan to stop in and talk to someone at the city next week to discuss the remainder of my bill.

I realize that you have severe penalties in place and can't make exceptions for residents, but I wanted to let you know my situation and that I will try to get this paid off as soon as possible.

Questions  
And  
Answers

