



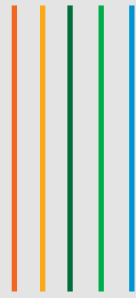
CITY OF
**EAU
CLAIRE**

2025 Operating Budget Priorities and Parameters

**Council Work Session #1
August 13, 2024**



CITY OF
**EAU
CLAIRE**



2025 Operating Budget Sources of Funds

- Property Tax
 - Levy Limits
 - Net New Construction
- State Shared Revenue
- Charges for Services
- Intergovernmental Revenue
- State Transportation Aids

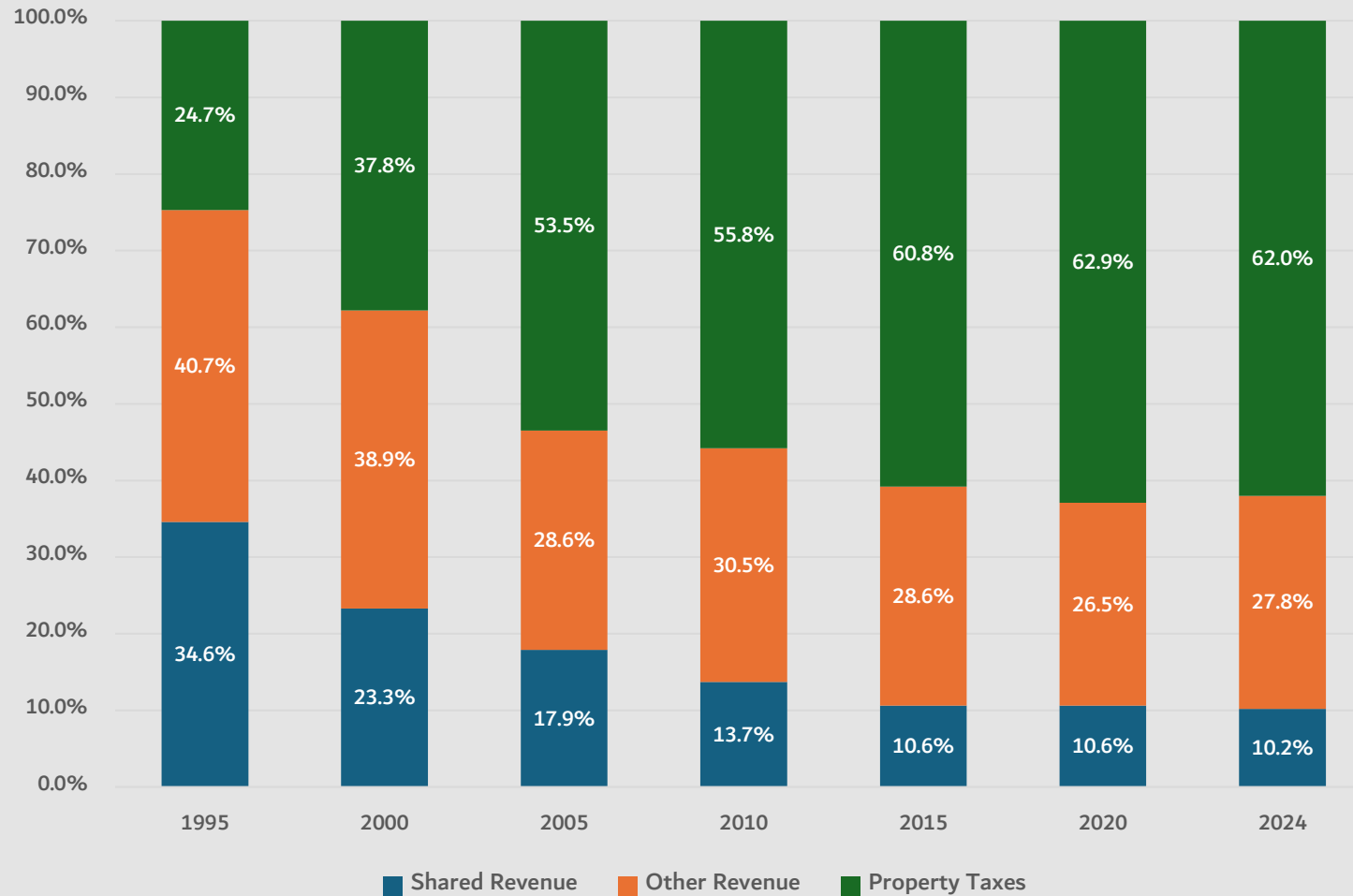


CITY OF
**EAU
CLAIRE**



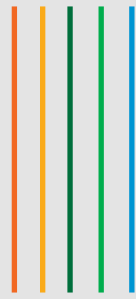
2025 Operating Budget Sources of Funds

Percent of Total General Fund Revenue





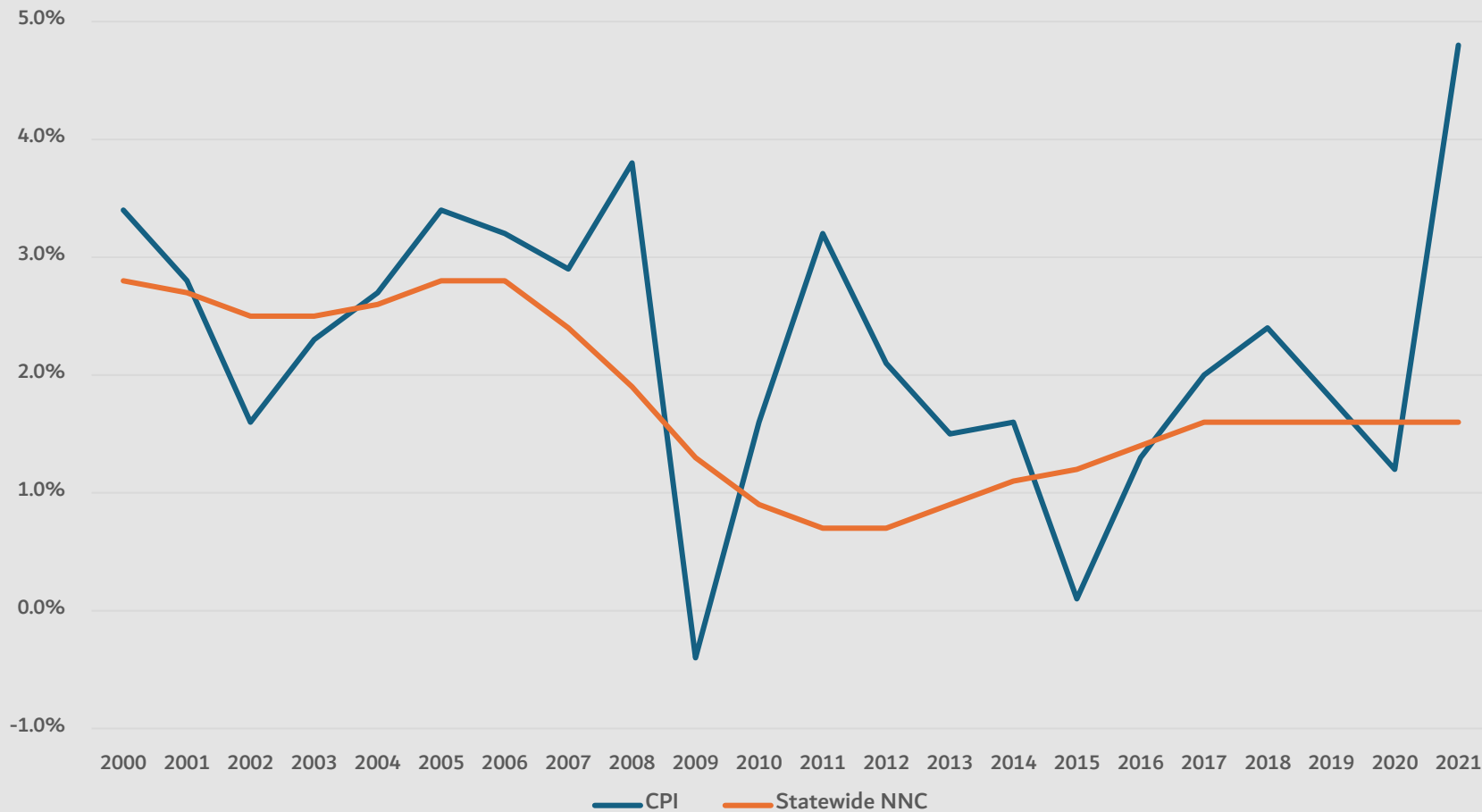
CITY OF
**EAU
CLAIRE**



2025 Operating Budget Funding Constraints

Allowable Growth in Levy Rarely Matches CPI

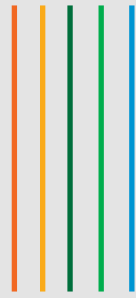
Average annual change in CPI vs. Wisconsin statewide net new construction, 2000-2021



Sources: Wisconsin Department of Revenue, Legislative Fiscal Bureau, Federal Reserve Bank of Minneapolis



CITY OF
**EAU
CLAIRE**

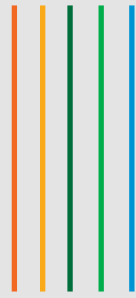


2025 Operating Budget Levy Limits

- Levy Limits - A municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction. If no new construction occurred in your community, then your allowable levy increase is zero percent.
 - 2024 - 3.03% 2025 – Projected 2.6%
 - Post-2005 debt service levy exempt from levy limits
 - Can exceed limits if approved by referendum



CITY OF
**EAU
CLAIRE**

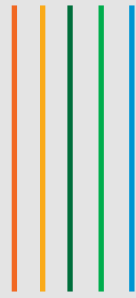


2025 Operating Budget Levy Limits

- On or after July 2, 2013, if a municipality adopts a new fee or a fee increase for covered services (which were partly or wholly funded in 2013 by property tax levy), that municipality must reduce its levy limit in the current year by the amount of the new fee or fee increase
- Covered Services include garbage collection, fire protection, snow plowing, street sweeping, and storm water management.



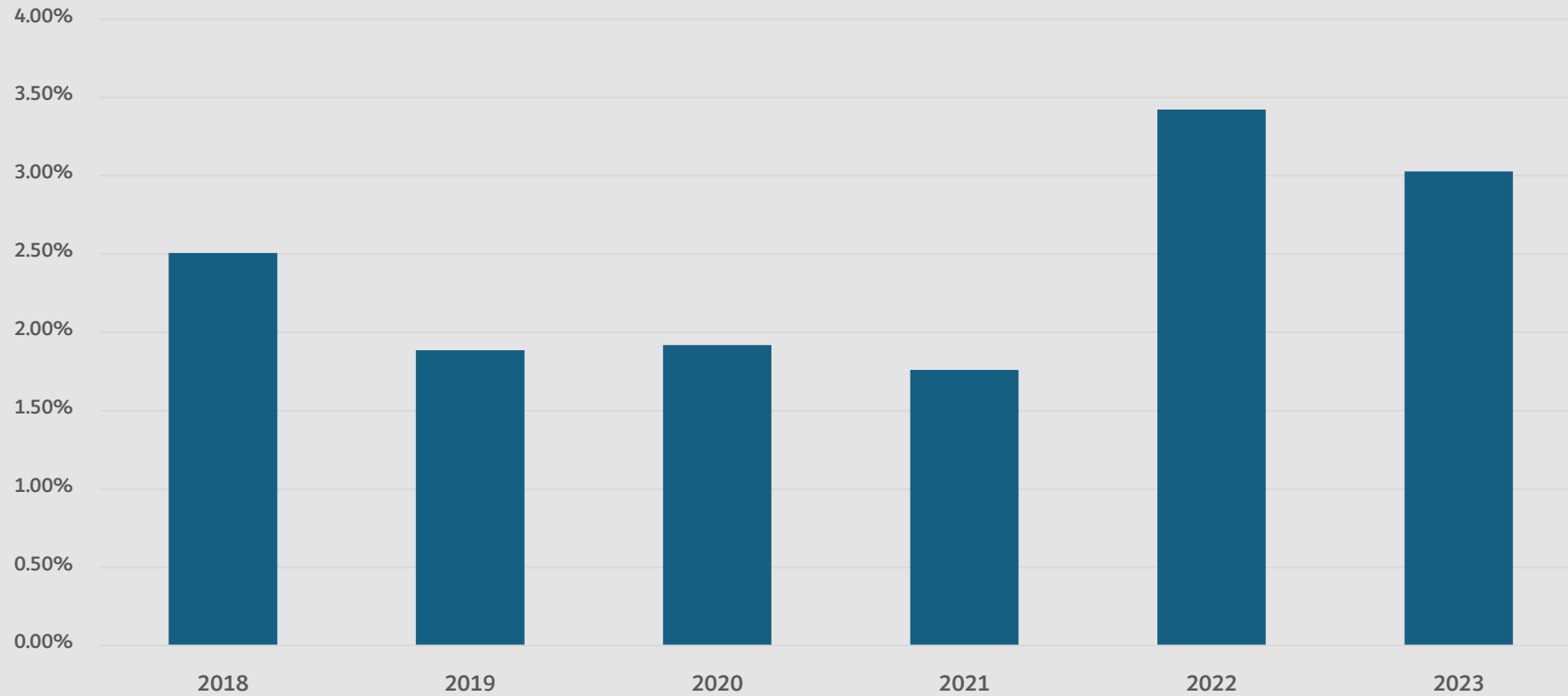
CITY OF
**EAU
CLAIRE**



2025 Operating Budget Net New Construction

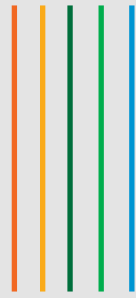
Net New Construction % - City of Eau Claire

2018-2023

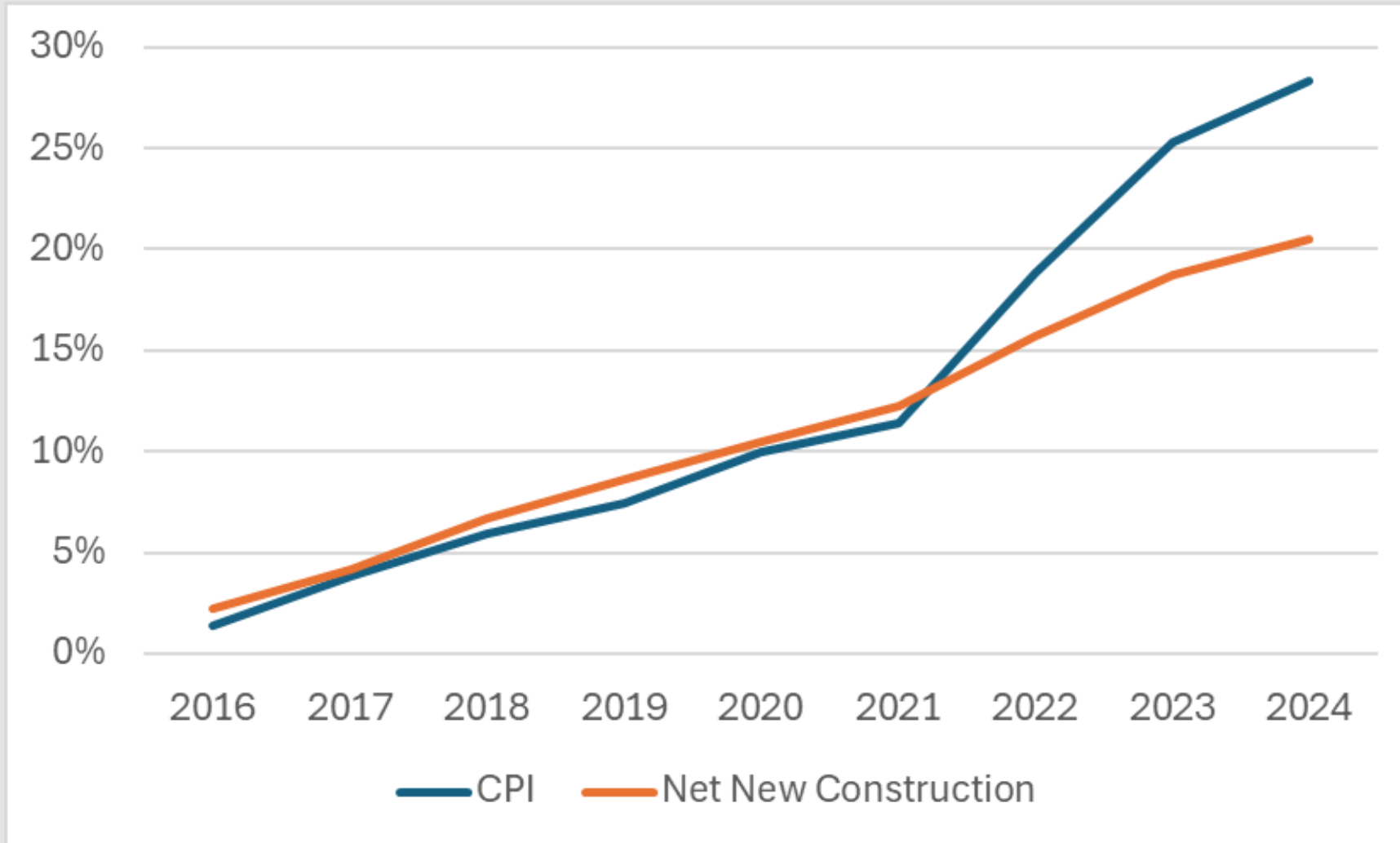




CITY OF
**EAU
CLAIRE**

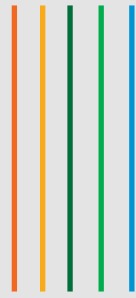


2025 Operating Budget Funding Constraints





CITY OF
**EAU
CLAIRE**



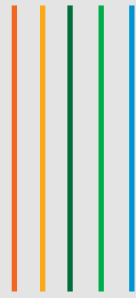
2025 Operating Budget

2023 Wisconsin Act 12

With the passage last summer of state legislation known as 2023 Wisconsin Act 12, most Wisconsin municipalities this year are receiving their first substantial increase in state shared revenue in many years. However, these increases vary widely by community, with some receiving much larger amount per capita than others.



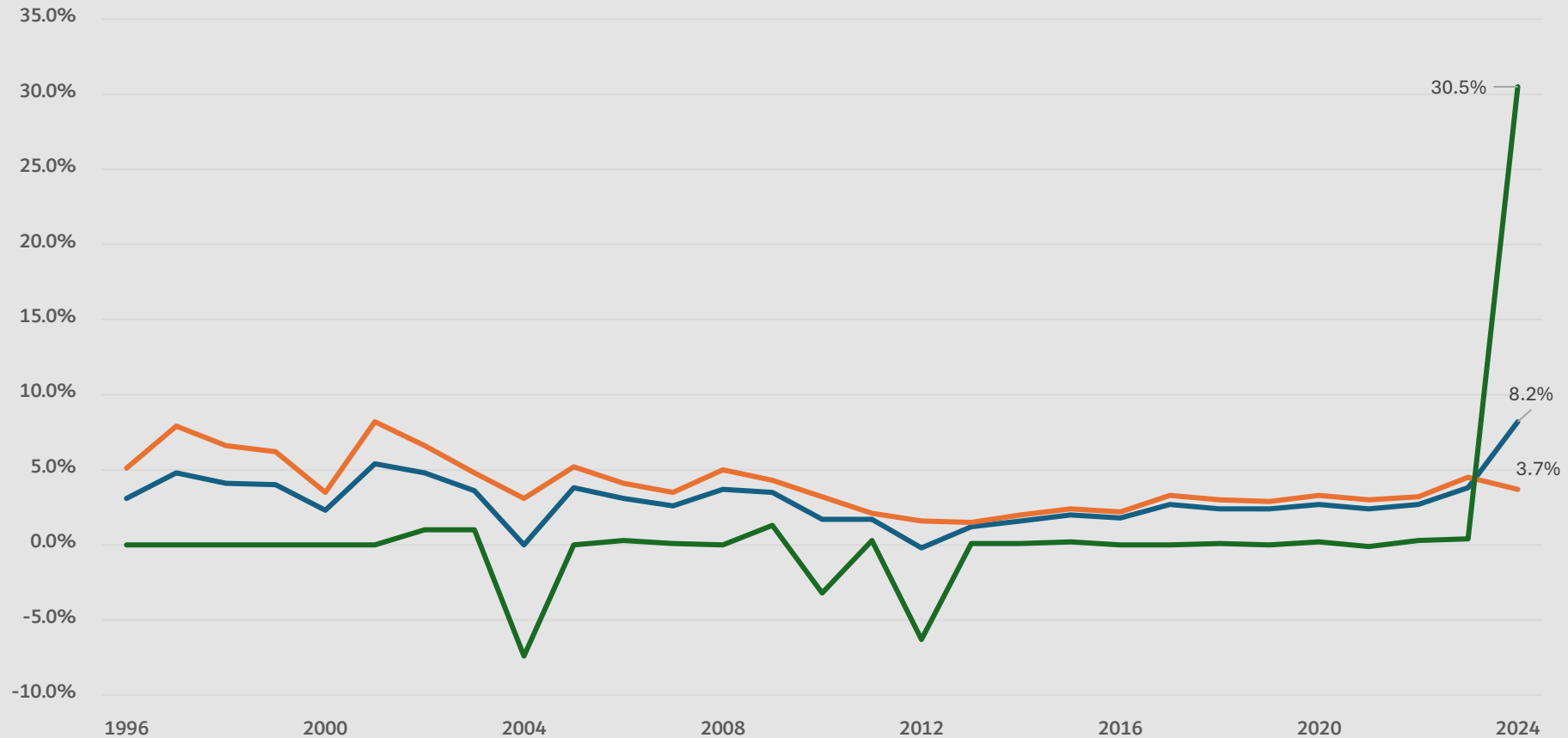
CITY OF
**EAU
CLAIRE**



2025 Operating Budget 2023 Wisconsin Act 12

Act 12 Spurs Largest Growth in Main Municipal Revenue Sources in Decades

Year-over-year change in revenue collections by source, municipalities statewide



Source: Wisconsin Department of Revenue

— Combined — Property Tax Levy — Shared Revenue



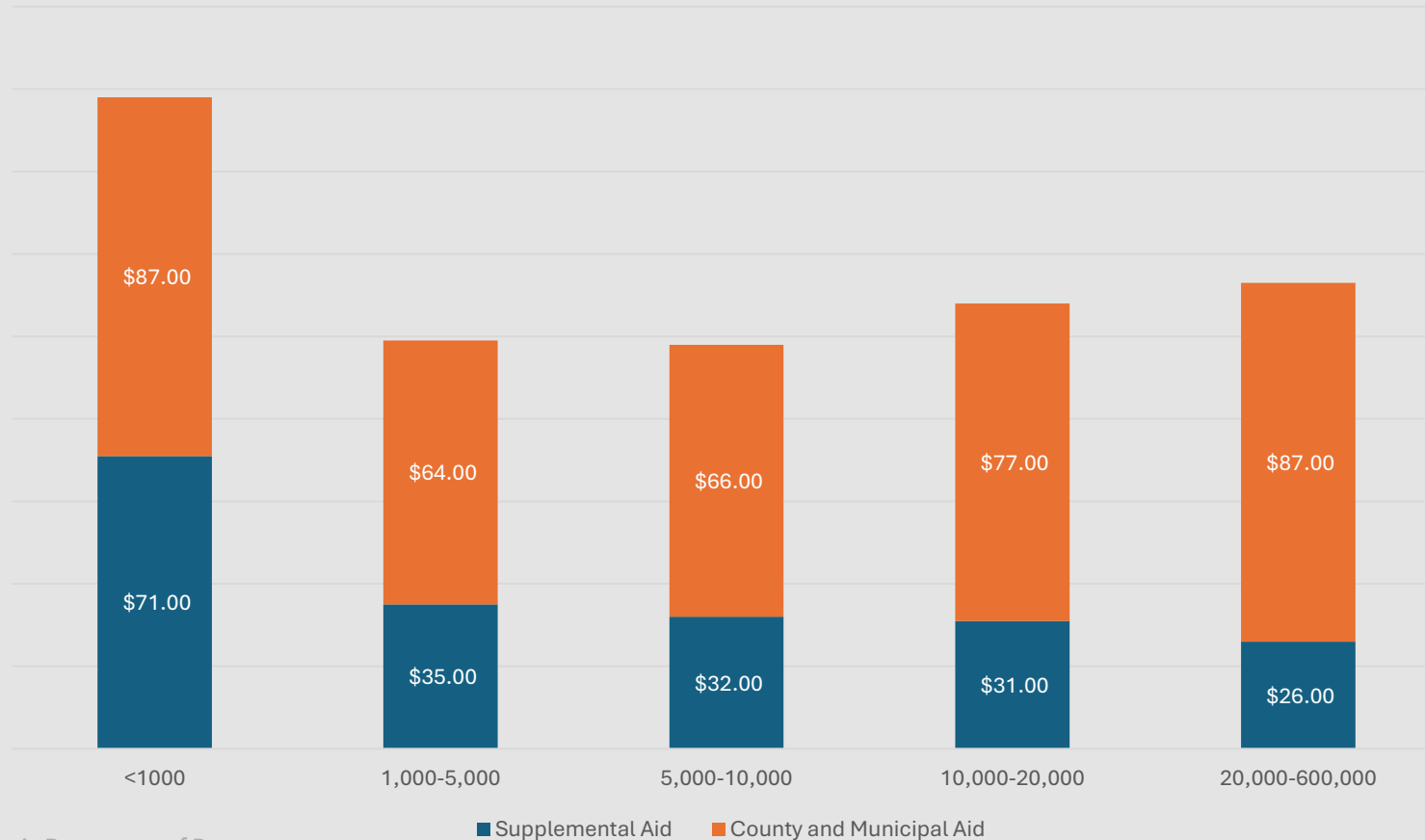
CITY OF
**EAU
CLAIRE**



2025 Operating Budget 2023 Wisconsin Act 12

Small Municipalities Benefit Most from Act 12

2024 County and Municipal Aid per capita, by municipal population



Source: Wisconsin Department of Revenue



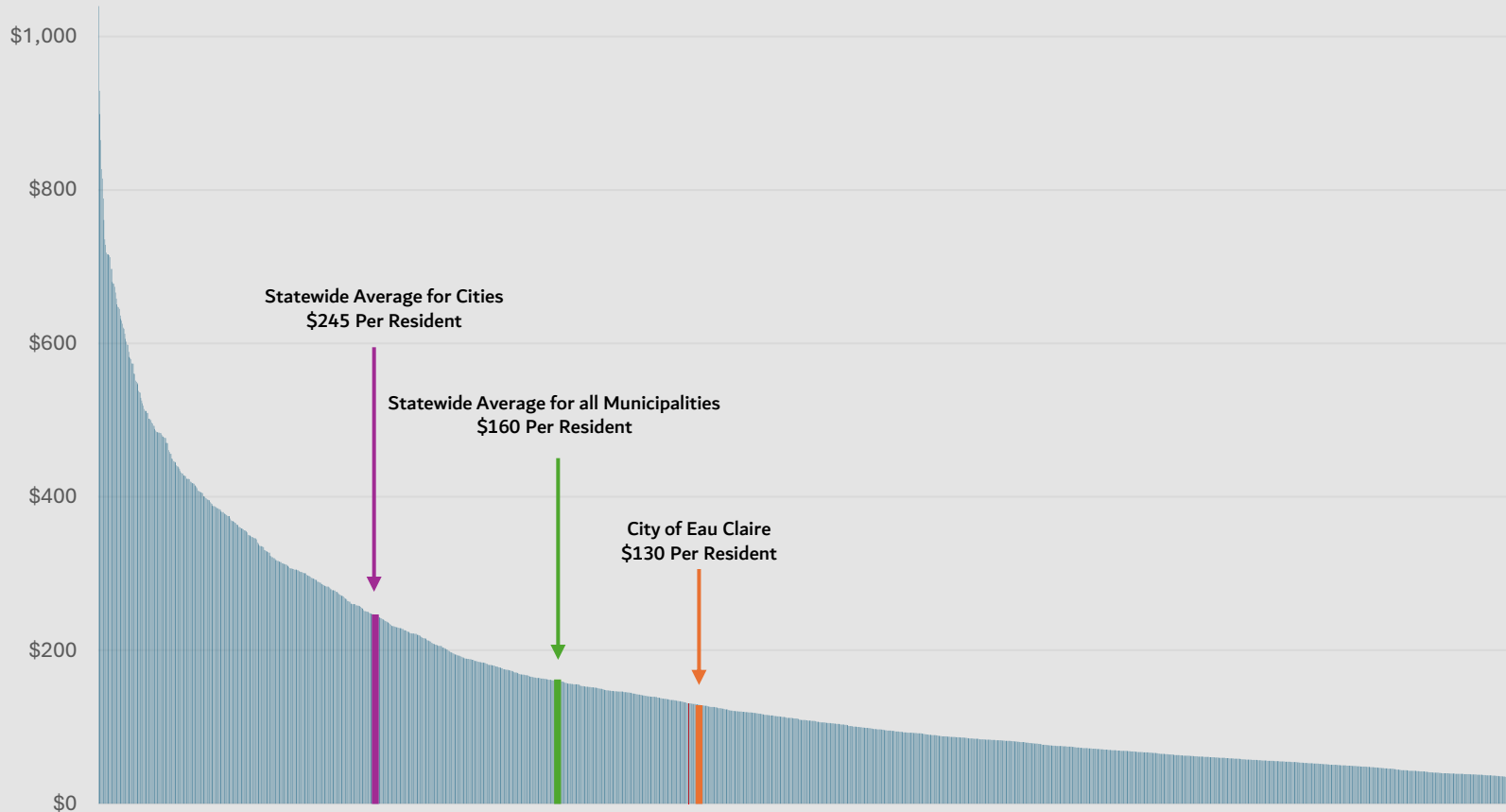
CITY OF
**EAU
CLAIRE**



2025 Operating Budget 2023 Wisconsin Act 12

Eau Claire Below Statewide Average in Key Form of State Aid

Total state per capita county and municipal aid following Act 12 legislation, by municipality, 2024 Estimate





CITY OF
**EAU
CLAIRE**



2025 Operating Budget Funding Constraints

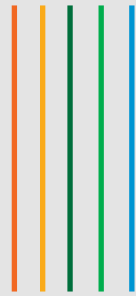
Items to consider:

- Rising utility costs
- Rising material costs
- Rising construction costs
- Higher CPIs prior to '24
- Requests from Directors
- New commitments (maintenance of new parks, new streets)
- New priorities (EDI, Housing, Sustainability)
- Adjustments to salaries beyond COLA/CPI (e.g. step increases)
- Backfill of COVID related grants, such as ARPA and Health Department.

Expenditure/Revenue Factor	Amount
FY24 General Fund Expenditures	\$90M
CPI (Oct 23-May 24)	3%
If the City were to implement a 3% CPI Increase	\$2.7M
NNC Increase for 25 applied to General Fund	\$876k
Increase in Shared Revenue in '25	\$169k
Gap between CPI and Revenue	(\$1.65M)



CITY OF
**EAU
CLAIRE**



2025 Operating Budget Revenue Alternatives

- ~~Local Option Sales Tax~~
- ~~Local Income Tax~~
- ✓ Referendum (Approved Fall 2022)
- ✓ Local Vehicle Registration Fee (Implemented Fall 2023)
- User Fees (3.30%)
- Parking Benefit District
- Impact, Special Revenue or Special Assessment Fees
- Premier Resort Area Tax



CITY OF
**EAU
CLAIRE**

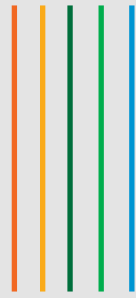


2025 Operating Budget Calendar

Date(s)	Item
July 19th to July 30th	City Manager reviews departments' budget requests
August 13th	City Council Operating Budget Work Session #1 (Priorities & Parameters)
July 30th to September 30th	Finance prepares Operating Budget
September 30th	City Council receives Proposed Operating Budget
October 7th	Public Discussion/Hearing #1 on Proposed Operating Budget
October 8th	City Council Operating Budget Work Session #2 (Department Directors)
October 11th	Proposed Fees & License Schedule published
October 22nd	City Council Operating Budget Work Session #3 (Amendments Discussion)
November 8th	City Council Amendments Due (Budget and Fees & Licenses)
November 11th	Public Discussion/Hearing #2 on Proposed Operating Budget and Fees & Licenses Schedule
November 12th	City Council action on Proposed Operating Budget, Fees & Licenses Schedule, & Tax Levy



CITY OF
**EAU
CLAIRE**

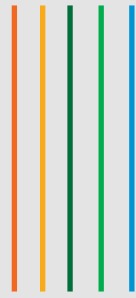


2025 Operating Budget Tax Levy vs. Tax Rate

- Tax Levy – The total dollar amount that must be levied in the form of a property tax.
- Tax Rate – The Tax Levy divided by the equalized value of the taxing jurisdiction.
 - Expressed as a rate/\$1,000 of assessed value.
 - $\text{City Tax Levy} / (\text{Total Equalized Value} / 1,000) = \text{Tax Rate}$



CITY OF
**EAU
CLAIRE**



2025 Operating Budget

Questions

