

Date: April 4, 2025

To: Common Council

John Weidl, City Manager

From: Rachelle Blich, Director of Financial and Administrative Services

Re: Response to Public Comments at the April 3<sup>rd</sup> Common Council Meeting

This memorandum is provided in response to the inquiry regarding whether the City intends to continue utilizing the full allowable property tax levy in future years. The Finance Department does intend to continue recommending the use of the full allowable levy to the City Manager, who is responsible for recommending the annual budget to the Common Council. We believe this approach is fiscally prudent and in the best long-term interest of the community, as it supports critical services and reduces the need for future borrowing. It is important to note, however, that the final decision rests with the Common Council, which holds the authority to approve the budget and determine the final levy amount.

Using the full operational levy capacity each year provides the City with the necessary resources to maintain service levels, meet operational needs, and invest in long-term infrastructure improvements. Given the ongoing cost pressures from inflation, labor markets, and increasing demands for municipal services, maximizing our available levy helps ensure the City can continue delivering high-quality services without abrupt reductions or service interruptions.

More importantly, by fully utilizing the levy, the City can begin to more strategically plan for major capital expenditures by building up reserves in designated capital improvement accounts. Prefunding these accounts allows us to pay for infrastructure projects—such as road repairs, facility upgrades, equipment replacements, or utility improvements—using cash rather than debt. This practice significantly reduces the need to borrow, which in turn decreases the amount of interest the City must pay over time.

Reducing reliance on debt not only saves taxpayer dollars in the long run, but it also improves our overall financial position and credit profile. It enables more flexibility in future budgeting and ensures that the City can respond more effectively to unexpected needs or economic shifts.

In short, continuing to levy the full amount available under state law reflects a forward-looking, prudent approach to municipal finance—one that balances today's needs with tomorrow's responsibilities and helps secure a stronger financial future for the entire community.