



*Tim Kabat*  
*Mayor*  
*City of La Crosse*

November 16, 2016

Members of the Common Council  
c/o City Clerk Teri Lehrke  
400 La Crosse Street  
La Crosse, WI 54601



RE: Item #16-1053 Amended resolution approving 2017 operating budget.

Dear Members of the La Crosse Common Council:

I hereby veto the above referenced legislation. The Common Council missed a golden opportunity to send a message of fiscal restraint to our citizens and taxpayers. The Council's action to increase the tax rate by levying an additional \$250,000 on our taxpayers is not necessary. The main reasons stated for increasing the operating budget by \$250,000 were to address unforeseen emergencies, to provide for a capital improvement budget without "pre-spending" future years and because if the City does not tax to our capacity, we lose that capacity.

These reasons do not match the reality of what we have been able to accomplish the past several years. We have provided high quality services and programs and addressed our needs for neighborhood revitalization and accelerating our investment in infrastructure – all without increasing our tax rate. We can do it again for 2017. Our strong financial management, adherence to our fiscal policies and our creativity provide us with the opportunity to show our citizens that what they pay in taxes is important to us.

Regarding the need to have flexibility for unforeseen emergencies – I point to our healthy reserve fund and ask the Council how much is enough? By last count, we have over \$3 million in "excess" reserve funds – those reserves that are above our 25% minimum fund balance. We also project to be "under budget" going into 2017 by another \$1 million. The reason stated for the additional \$250,000 is to give us more "flexibility" and yet I restate my question – isn't more than \$4 million in excess reserve and under budget moneys enough? A reasonable amendment to address this was rejected – to decrease the contingency fund by \$142,400 and keep the mill rate the same as last years. The effect of this amendment would provide a 2017 contingency fund in the amount of \$157,600 – which is an increase of 215% from this year's budget and provides the flexibility the Council desires.

As far as the capital budget is concerned – again the proof of our performance is for all to see. This year's capital budget totals over \$121 million in total spending for projects including a significant increase in funding for street repairs and repaving, borrowing for a new parking facility and borrowing for a renovated and expanded La Crosse

*C: Council, Department Heads, Media*

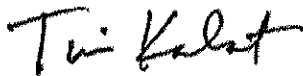
Center. We are doing all of this while keeping our levy level – by leveraging the \$8 million of new borrowing with TID funds, uncommitted bond funds, and state and federal moneys. We are also smartly using excess reserve funds for the eagle watch project and property acquisition for a new fire station – one time projects that will not negatively impact our bond rating and do not levy new taxes.

Finally, regarding the concern about losing future tax capacity – the Finance Director provided clear and straight forward information about how the City can tap into unused levy capacity in the future if we need it. The Council has correctly rejected this “if we don’t tax it we’ll lose it” mentality the past several years and I sincerely hope the Council isn’t going back to those budgets from a few years ago that included five and six and seven percent annual spending increases because they wanted to “tax to the max.”

I also do not share the fear or the concerns about future funding of the neighborhood resource officers, or possible additional firefighters, or to rehash the debate regarding the Director of Public Works position. These challenges will all be addressed with a proper plan and according to our citizen’s desires and direction.

Accordingly, I do not feel it is in the best interest of the City of La Crosse to approve an operating budget that raises taxes without good reason. This creates a fiscal burden for City taxpayers, especially for those households who have to scratch and claw every month to pay their bills and therefore I veto the legislation.

Sincerely,

A handwritten signature in black ink that reads "Tim Kabat". The signature is written in a cursive, slightly slanted style.

Mayor Tim Kabat