



The Village Bulletin

The Village of Shorewood Hills

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SPECIAL EDITION—REFERENDUM

SEPTEMBER 2022

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REFERENDUM SUMMARY

At the regular August Board meeting, the Village Board voted to place a referendum question on the November ballot to ask the voters whether the Village should be allowed to exceed the State-mandated levy limit by \$400,000 on an on-going basis so that the Village can continue to provide the high level of services that the community expects and deserves.

This approval came after many months of discussion between staff and the Board about the financial needs of the Village. It was determined that need for this referendum was primarily driven by the cost to attract and retain quality personnel across all departments and the Village's inability to generate sufficient revenue to keep up with rising costs has been compounding for many years.

This special edition of the bulletin is intended to ensure voters are informed when they go to the poll. Please remember to vote on November 8th!

A letter from Cokie Albrecht:

Dear Fellow Residents,

As a Shorewood Hills Trustee, Chair of the Personnel Committee, former member of the Finance Committee, and a prior Village Clerk-Finance Director, I was asked to share my perspective on the referendum question you will see on the November 8, 2022 ballot.

First and importantly, please know that the Village's finances have been well managed. Reflecting that, the Village was awarded a AAA bond rating—the highest possible rating an issuer can receive from Standard and Poor's—in 2017, and has maintained it since. Shorewood Hills is one of only seven municipalities in Wisconsin to attain this distinction. This accomplishment affirms the Village's sound financial and budget management, conservative debt repayment structure, stable economy, and solid general fund reserves.

Despite the careful handling of its finances, however, the Village government has now arrived at a place where it can no longer sustain its operations without additional resources. This fall, it will be asking its voters to allow it to exceed the State-imposed levy limit.

Background: Municipalities rely on three main revenue sources: local property taxes, shared revenues from the State, and, to a lesser extent, fees. Recently-legislated levy limits have curtailed the Village's largest source, its ability to raise funds through the local property tax. Levy limits restrict the amount all Wisconsin municipalities may increase their property tax collections by a

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**DON'T FORGET
TO VOTE ON
NOVEMBER
8TH, 2022**

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percentage of the communities' "net new construction" (i.e., new development within their corporate boundaries) per year.

Further, the limits have gotten stricter through time: when first implemented in 2006, a "floor" was established to allow levy increases of up to 2% for all communities. The floor varied between 2% and 3.86% between 2006 and 2010. In 2011, however, the Wisconsin Legislature removed those set minimums, tying allowed increases in property taxes solely to a local government's rate of net new construction. This method of regulating property tax increases specifically disadvantages built-out communities like Shorewood Hills. Because development in the Village is limited, it has seen an average annual net new construction value from 2016 to 2022 of only 1.03%. This compares to an average of 2.44% per year for Dane County municipalities as a whole—including, for example, DeForest, Sun Prairie, Verona, and Waunakee, which of course have experienced significant growth—during the same period. For another comparison, the average net new construction for all municipalities in the State during that time was 1.59%, also larger than that of Shorewood Hills. The Village's small net new construction factor has had a significant impact on its ability to raise revenues from the local property tax. In 2021, the State allowed Shorewood Hills to increase its tax collection (excluding debt payments which are exempt from the limit calculation) for the following year by less than \$10,000.

While the levy limit formula has had an increasingly disparate impact on the Village's ability to raise operating funds internally, shared revenue from the State has fallen. Originally, Wisconsin passed the majority of the proceeds from the state income tax on to its municipalities. That is no longer the case: despite state income taxes more than tripling over the past 25 years, revenues shared with cities, villages and towns have declined. Like other municipalities, our finances have been hard hit by this reduction in State financial support. The Village's share of Wisconsin's "County and Municipal Aid" has fallen from \$45,715 in 2001 to \$20,888 in 2021, a 53% reduction over 20 years. IF the Village's shared revenue award in 2001 had remained stable while keeping up with inflation, the amount Shorewood Hills would have received in 2021 would have been \$69,946, an effective loss last year of \$49,058.

With the cost of goods and services going up in excess of operating revenues from traditional sources, for the last several years the Shorewood Hills government has had to find other means to close budget short-falls. These have included selling Village property, cashing in its fire equipment when it contracted with Madison for emergency services, leaving staff vacancies unfilled for extended periods (with the resultant impacts on remaining employees), short-term borrowing, and other efforts. Now, however, it appears there are no more rabbits to pull out of the hat.

The referendum question asks the voters to allow a levy that will maintain Village services, not create larger government. If approved, a portion of the increase will address the structural deficit created by historically constrained finances as mentioned above.

Another portion would be used to fund the staff required to continue to deliver the services Village constituents currently enjoy. In other communications about the referendum, Shorewood Hills Police Chief Pharo has outlined the need to hire an additional full-time police officer ([see Chief Pharo's memo here](#)). As he has described, this is in response to the new realities in policing. The Village's long-time reliance on part-time officers is no longer a viable strategy to ensure police protection is provided around the clock. A portion of the levy increase would fund this additional officer.

The former staffing level in Village Hall is not sustainable. When I was Village Clerk-Finance Director from 2006 until my retirement in 2018, I assumed my 50+ hour weeks as a salaried employee were perhaps due to my inefficient work habits. I was disappointed, then, to see my successors also struggle with those long hours. In retrospect, I recognize the Village's operations are complex for a municipality of its relatively small size. The Village manages three utilities (Water, Sewer and Stormwater), two enterprise funds (the Pool and Marina), three Tax Increment Districts, eight debt issuances, multiple recreation programs (with a summer payroll of over 200 employees), and the necessary fourteen budgets to track all this, among many other

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responsibilities. Meanwhile, State and Federal mandates are ever-increasing. Constantly evolving and complex election rules are but one example. To help manage this workload, a portion of the levy increase would finance converting a part-time general administrative position to a full-time finance-focused position.

The third large portion of the levy increase would fund adjustments to Village employee compensation. Shorewood Hills, like many employers, is dealing with staff leaving for more lucrative positions elsewhere. The Village recently hired a consultant, Public Administration Associates (PAA), to evaluate its wage grid in relation to the salaries offered by comparable municipalities. PAA concluded that our wages are falling behind the market. This has been reflected in the Village's loss, since the start of this year, of one police officer, an administrative staff member, and two Public Works crewmembers, to employment at nearby municipalities that paid significantly more. A competitive wage structure, made possible with additional tax revenues, would help the Village retain trained and talented employees.

Thank you for considering this brief overview of some of the reasons the Shorewood Hills Board of Trustees unanimously voted to include the levy limit referendum question on the November ballot. You can find more information about Village finances and the referendum here on the Village's website. Please contact staff, other Board members, or me (cokiealbrecht@shorewood-hills.org) if you have further questions. As always, we appreciate your becoming informed and exercising your right and responsibility to vote on November 8.

Sincerely,
Cokie Albrecht

Important Village Links for Referendum Information

- [Main Referendum Page on Village Website](#)
- [FAQ on Referendum](#)
- [Resolution to Approve Placing Referendum on the Ballot](#)

Relevant Outside Links for Referendum Information

League of Wisconsin Municipalities

- [Levy Limits Explanation and Strategies](#)
- [Referendums on Public Safety—May 2022](#)
- [Municipal Experience with Levy Limit Referendums—January 2018](#)
- [Referendums at a Glance—September 2022](#)

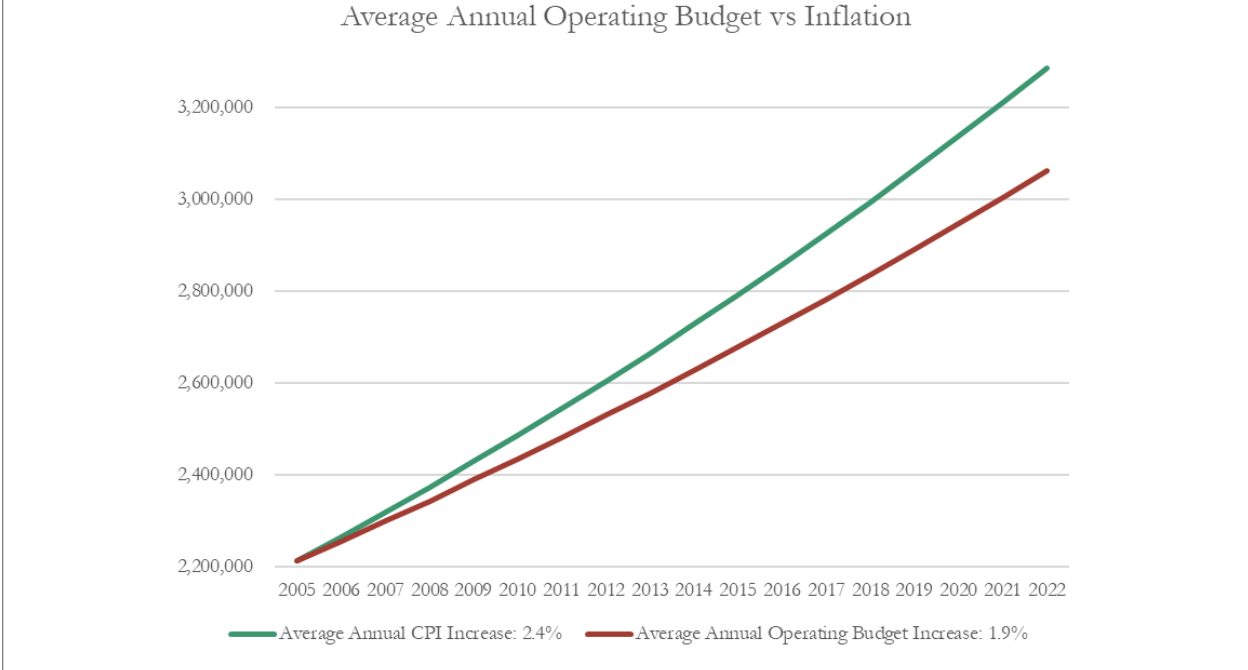
Department of Revenue

- [Exceeding Levy Limits Fact Sheet](#)

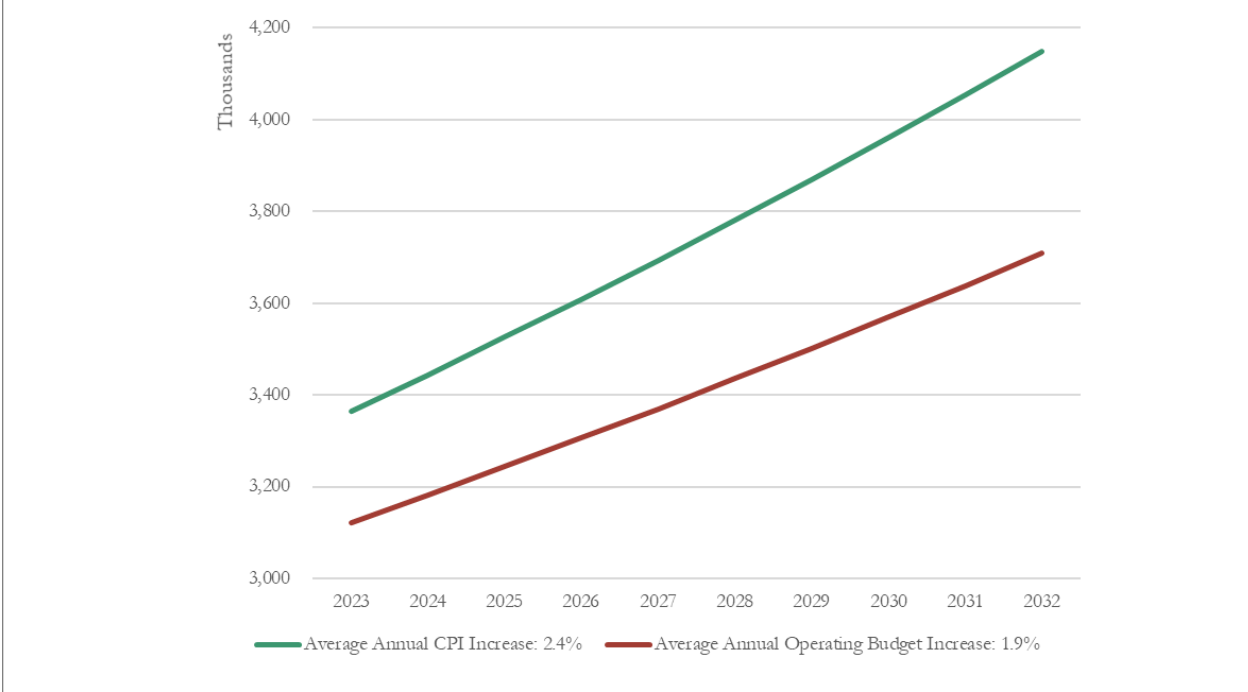
Wisconsin Policy Forum

- [Do levy limits lock in disparities in high- and low-growth municipalities?](#)

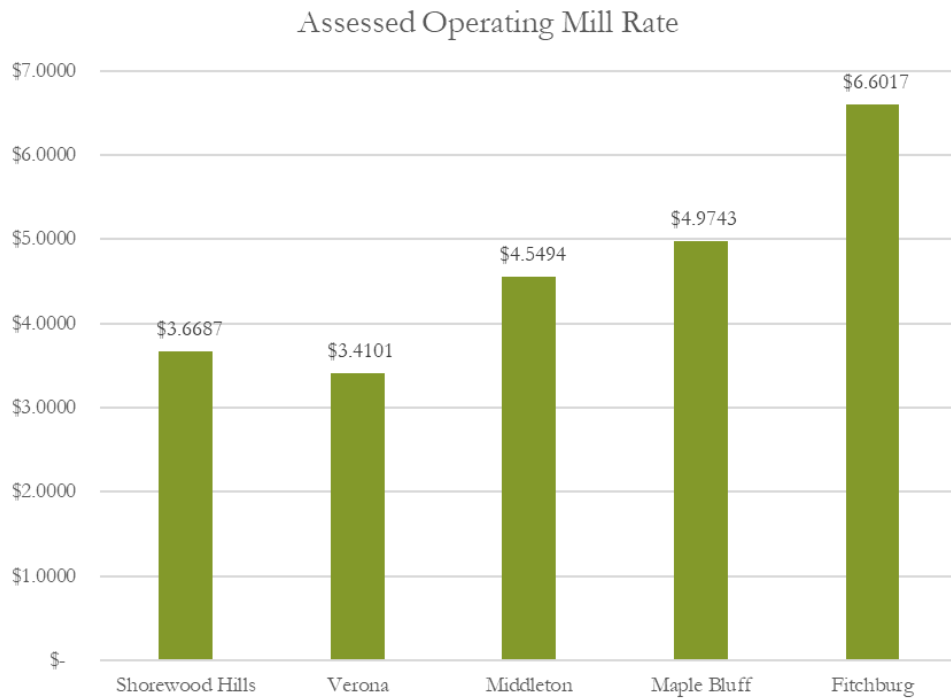
The following graph shows that the Village’s average annual operating budget has not kept up with the average annual CPI increases. This essentially means that the Village has managed to keep its expenses down despite rising costs.



The following graph shows that the gap between Village’s average annual operating budget and the average annual CPI increase will continue to widen without the additional levy included in the referendum.



The following graph shows a comparison of the Village’s mill rate (cost per \$1,000 of assessed value) compared to that of neighboring municipalities. This rate is the municipal-only portion of the total tax bill of the 2021 tax levied for the 2022 budget, which has multiple other taxing entities, such as Dane County and the Madison School District that affect the total tax bill. This referendum would only affect the Village’s portion. Additional data in the [PowerPoint from the second public information meeting](#) held on August 11th shows that even if the referendum had been conducted and approved for the 2021 levy for the 2022 budget, the Village’s mill rate would still have been lower than three of the four municipalities below.



Community members are encouraged to review the referendum information on the Village’s website and to keep an eye on future Village Bulletins for more information!

Please email referendum@shorewood-hills.org if you have questions regarding the referendum.