

Budget Address 2022
Mayor Cory Mason
City of Racine
October 19, 2021

Good evening.

President Tate II, members of the Common Council, City Staff, and my fellow Racine residents, thank you for joining me tonight virtually for my annual City Budget Address.

Just over four years ago today I was sworn in after a special election to be your mayor. You could say we have had a few surprises along the way. This administration inherited structural deficits, spending limits imposed by the Legislature, a cyberattack, a once in a century storm that ravaged our lakefront, and COVID.

The structural deficits and spending restrictions have made the three previous budgets difficult for all of us. We have had to wrestle with the fact that our expenses are going up faster than the money we are collecting. Because of state spending restrictions, no increased value to our property tax base can added to our operational budget; unless the value comes from new construction, higher property tax value drives the property tax rate down.

So we have struggled to make hard choices: reducing benefits to employees, eliminating positions through attrition, and in some cases raising fees. Alders in this meeting can attest to the difficult choices we have had to make. None of those choices were pleasant. Those hard choices put us in a position where our structural deficit is now smaller than before.

Then, COVID hit, devastating the local economy. City finances were not immune from the impact of coronavirus. This year was shaping up to be every bit as difficult as previous years' budgets.

I stand here today, however, not to deliver a budget address based on austerity or reductions in services or positions. I stand before you now to propose a budget that is balanced, cuts no services, eliminates no staff positions, and reduces the property tax rate.

None of this would be possible were it not for President Joe Biden and the American Recovery Plan Act. The City was sent millions in federal dollars to stabilize our budget and reinvest in our community. I want to thank the President of the United States for saving our city, and countless cities just like ours all over America.

Budgets are an exercise in accounting. City budgets inform taxpayers how their money is spent to the benefit of our community. But they are also an accounting of our priorities and our values.

Big picture:

- This is a balanced budget;
- That cuts no services;
- Eliminates no positions; and
- Reduces the property tax rate.

First, let's start with the numbers:

- All spending, including the regional water and wastewater utilities, is \$218,000,000;
- The City's operational budget is \$84,744,005;
- The property tax levy is \$56,942,894; a 1.19 percent decrease;
- Our property tax mill rate will drop slightly from 14.89 to 14.72 per thousand.

I want the year 2021 to be remembered as a year where the City of Racine showed our resilience. After the hardships we faced in 2020, 2021 started with hope, change, and progress. The nation elected a new President and Vice President, and with the support of Congress passed the American Rescue Plan Act which is a life line to the City and our residents so that we can recover from the hardships of the pandemic. This year the rollout of the COVID-19 vaccines showed us that there is a light at the end of the tunnel from this pandemic – and while the pandemic is not behind us, we continue the work of getting more and more City residents vaccinated every day. This summer we also saw re-opening of our Library and Community Centers. We hosted festivals, parades, sports, along with so many other wonderful events that came back to the City after the hardships of 2020. And finally, I would be remiss if I did not mention, our Milwaukee Bucks became world champions as well.

We used that same lens of resiliency as we began to put this 2022 budget together. It is a budget that does not require as many changes or austerity.

You may be wondering, if I am not asking the Council to make really tough choices this year, what is different in this budget?

FOR OUR EMPLOYEES

First, I want to make sure this budget invests in our employees. Each day they do amazing work on behalf of our residents and because of budget constraints the last several years we have not been able to honor and thank them properly for their dedicated service. Our departments have been saddled with hiring freezes, suspending pay increases, and benefit changes. Because of federal funding we are able to offer some important changes for employees. If ever there was a year our employees deserved it, it is now. So many of our employees have had to go above and beyond their normal duties to help mitigate the impact of COVID in our community. I want to take the time to thank all of our employees, particularly those in public health that have had to work so hard and so long to keep us all as safe as possible in extraordinary circumstances.

This budget funds both step increases and a one percent cost of living adjustment for our staff. Since I have been Mayor, we have not been able to afford that, but I am glad we can make that investment this year.

Several years ago I promised to raise the City's minimum wage to \$15 an hour by the end of my first full term in office. As Mayor, I can't talk about the need to increase the wages and the economic mobility of our residents, if as a City we are still a poverty wage employer. So I am happy to say that this budget delivers on the promise a year earlier than I hoped. This applies to all employees, including part-time and seasonal workers. Next year we can proudly say that we are no longer a poverty wage employer. I encourage all employers, public and private, to strive to do the same.

This year we will invest more in employer contributions to our employees' health savings accounts or HSA's. I know the changes we made in health insurance a few years ago were necessary for the fiscal health of the City, but they also had a real fiscal impact on some of our employees' budgets at home. It is my hope that this City contribution helps reduce that impact and make healthcare more affordable.

In this budget we also create a short-term disability benefit. Right now, for medical leave qualifying events, you are either forced to use up all your vacation, sick time, or other paid time off OR be unpaid until a long-term disability applies. Nothing exists for that missing middle—someone who just had a baby and really wants to take eight weeks off, but doesn't have eight weeks of paid leave and cannot afford to go weeks without a paycheck, that employee currently has no option besides unpaid leave. This short term disability benefit will be employer funded and should make our staff more financially secure when they have a child, need to recover from surgery, care for an ailing parent, or other qualifying life event.

I have heard loud and clear from many on Council that we want to find ways to prioritize, encourage, and incentivize folks to live in the City. My administration has been looking to see what other communities have done and some of our close neighbors like West Allis and the City of Milwaukee have wage enhancements in place for City residents. So this budget puts in place a wage enhancement of three percent for all full time employees who are also City residents. Moving forward, when jobs are posted, you will see two salary ranges. Hopefully that will incentivize those new employees, especially if they are coming to us from out of town and looking for a place to live, to choose to be a City resident for that added benefit.

All of these proposed changes apply to our unrepresented employees. The process of considering these benefits for our represented employees will take place at the bargaining table as part of the collective bargaining process—where hours, wages, and working conditions are negotiated. We look forward to those discussions resuming soon.

MODEST OPERATIONAL CHANGES

While the ARPA funding is lifeline to the City and prevented us from having to make draconian cuts to staff and services, because it is one time funding it doesn't allow us to sustainably fund

anything over a long period of time. The budget I am presenting does not add much to the base of our operational budget, but we have made some modest operational changes to address needs and basic realities.

Unfortunately, this summer we had several tragic drownings on our lakefront. And while we know we cannot predict or prevent every tragedy, this budget does include funding for six new summer lifeguards in the Parks Department. That means both North Beach and Zoo Beach will have lifeguards to help keep beach goers safer during the summer months.

Dottie-Kay Bowersox and the Public Health Department are masters at maximizing grant opportunities. In their department budget, they have managed to move some grant funding around to create a new public health nurse position. It has been a difficult 18 months for our Public Health Department and I think most people would be shocked to know that they navigated a pandemic with just four and a half public health nurse positions in their department. This budget gives them extra capacity to support the great work they have been doing.

Substantial and additional federal funding opportunities have been made available for public transit. The challenge with transit dollars is that it comes with significant reporting and compliance requirements. However, the federal government will also cover 80 percent of costs related to transit. So this budget creates a new clerical position for transit to help with that reporting and compliance – which will be 80 percent funded by the federal government.

In the MIS budget you will notice an additional helpdesk position. Our new CIO Adele Edwards is a welcome addition to the City of Racine and has been evaluating the amount of work and support our departments need, and it has become clear that in order to support technology demands in public safety and other departments, we need additional capacity at the helpdesk.

Thanks to the leadership and innovation of Chief Robinson and Assistant Chief Ramirez, I am proud to say this budget allocates approximately \$100,000 to start a police cadet program. We will start small, with five cadets, but this will allow young people coming out of high school to work part time with RPD while they work toward getting the statutorily required 60 college credits to qualify to be a police officer. This budget creates the opportunity for the police department to present a plan to Council that will recruit locally and help us achieve our goals of hiring a more diverse group of City residents to be our future officers.

This budget also creates positions in the Neighborhood Enforcement Division to increase capacity for both the RENTS program and the increase in complaints for the UNIT. These investments will add much needed capacity for our efforts to stabilize our neighborhoods.

DEFERRED MAINTENANCE

This past year, the Department of Public Works led an initiative to evaluate, in detail, the conditions of and the deferred maintenance on all City owned buildings – almost 70 in total. This was a herculean effort. The outcome was a facilities condition assessment detailing out

more than \$100 million in deferred maintenance on buildings with an average age of 65 years. When you look at the facilities page of the capital improvement plan this year, you can see the costs as outlined in the facilities conditions assessment. However, as members of Council are keenly aware, we do not have an extra \$100 million dollars at our disposal to just fix buildings. So in 2022 we will put together a strategic plan to prioritize repairing what makes sense, consolidating when appropriate, and replacing when necessary.

Last year, we diverted all of the concrete street paving budget to lakefront restoration because of historic storms we had in January of 2020. This year we return to norms and will get back to investing \$2.9 million to concrete street paving.

While it was planned for and anticipated in last year's Capital Improvement Plan, the 2022 budget includes \$3.5 million to help fund the build out of the new Racine Community Health Clinic and Community Center in the Lincoln-King neighborhood next to Julian Thomas Elementary School. With support from Smith Group, we spent 2021 planning out this project. The City of Racine remains the largest city in the Midwest without a federally funded clinic. The completion of this project will go a long way to addressing one of the greatest disparities in our community: health care. This will be a transformational project for the City. We will continue to identify other sources of revenue—public and private—to leverage resources to make this project a reality. I am happy to commit \$3.5 million of City borrowing towards this \$51 million project.

CLIMATE CHANGE IS EXPENSIVE

One of the first acts of my administration was to commit to the Paris Climate Accord. Since then President Biden has called for an historic federal investment in decarbonizing the economy by 50% by 2030. Should those resources come to pass, Racine will have a robust plan to try to reduce our carbon footprint and its contribution to climate change.

There is an old hymn that says, "They laughed when Noah built his ark, but then cried when came the rain."

What taxpayers may not realize is that we are already seeing the impacts of climate change right here in Racine. The storm that ravaged our lakefront last January was larger and more intense in part because of climate change. As rain storms become more frequent and more intense, our storm and wastewater utility lack the capacity to take on larger, more intense, and more frequent storms; requiring ratepayers to invest millions in capacity upgrades to accommodate something the engineers call "peak flow." Just these two projects: restoring the lakefront and scaling up our wastewater capacity will conservatively cost more than \$40 million; that's more than \$500 for every man, woman, and child in the City of Racine.

Climate Change is already happening—and it is very expensive. Moving forward the City will need to do two things at once when it comes to climate change:

Rebuild our infrastructure to be more resilient to the intensity that climate change is already bringing to our shores,

AND

Invest in infrastructure to reduce the carbon produced in the City by 50% by 2030 and eliminate it by 2040.

INNOVATION IS A KEY PART OF OVERCOMING CLIMATE CHANGE

Just yesterday, as part of our work on Smart City and sustainability initiatives, we unveiled the Badger Shuttle. The Badger is an all-electric, solar powered, autonomous vehicle that, in partnership with UW-Madison and Gateway Technical College, will pave the way for the City of Racine to be a leader in Smart Transit Technology that will help reduce our carbon footprint.

In addition, nine electric buses are coming to our transit system in November and December, with them in full service to our fleet next Spring. Once operational, 25% of our buses will be electric; more than any other transit system in the State of Wisconsin. These nine buses will help us save at least \$60,000 on diesel fuel. Solar panels will be installed in the year ahead to power those electric buses, reducing even more carbon consumption.

Some of you may have also noticed our electric scooters around town. In just the first year, more than 11,000 rides were taken on these scooters; nearly 300 people used them to commute on a regular basis, and 5.3 tons of carbon were mitigated from the use of these scooters.

We will continue to work in the year ahead for innovative ways to save on energy and meet our climate goals.

YEAR TWO OF COVID

If there is anything we have learned about coronavirus in that last two years it is that there are no shortcuts. If we want to stop wearing masks; if we want the economy to recover; if we want our children to safely attend school without the threat of catching a deadly disease; if we want to be done with this—and we all do—we have to increase the vaccination rates in our community. Nationally nearly 58% of the country is fully vaccinated. In Racine we are just over 45%. Some of you may be hoping that soon enough COVID will burn itself out, that we can overcome it by ignoring it. We cannot.

If I have one prayer for the next year's budget address, it would be to not have to discuss COVID as anything more than something we were able to overcome. That prayer can only be answered by you—by all of us—in our community. It requires us to acknowledge that our actions impact not only ourselves, but our neighbors as well. The best way to protect ourselves and the ones we love from the most negative impacts of COVID is by getting a vaccine.

This is my appeal: if you have been hesitant to get vaccinated, if you don't like shots (really who does?), if you have questions about whether or not the vaccine is safe, we stand ready to walk you through these discussions. Pop-up clinics and incentives will continue as we work with you to help us all overcome COVID.

POLICE RESOURCES

Last year the police department saw a large number of retirements. Our new chief and his team have been working to hire officers to get us to full force. In addition to hiring an historic number of new officers, there are two big changes: the cadet program I mentioned earlier and new body and dash cameras to maintain our commitment to safety and transparency in our police department.

As it relates to the to the regular City operational and capital budget, those are the highlights. As I said before, it is a relatively flat budget that maintains services, and does not cut any positions. Compared to budgets of previous years, this may seem a bit routine, but given the austerity of previous budgets, that is not necessarily a bad thing—and I hope members of Council agree.

AMERICAN RESCUE PLAN ACT

Before I close I want to take a few minutes to talk about the American Rescue Plan Act dollars that are now available to us. Those funds are separate from regular City operations dollars and are not included in this budget. Over the next few weeks, we will work through the budget and pass the final budget on November 3rd. Following the budget process, I will introduce an ARPA plan that will work itself through the usual committee process—exactly the same way we have done with in the past with ARPA funds.

Courtesy of President Joe Biden, think of it as our own Racine Build Back Better Initiative. How we allocate those funds merits its own, intentional conversation, and it deserves to be vetted after the budget process.

As I said in my state of the City address, The American Rescue Plan affords us new opportunities to both stabilize our budget and build a better community. We should use this funding to do exactly what the title of the act says—rescue the City from the impacts and devastation of COVID-19. Rescue Plan funds give us a once in a generation opportunity to scale up programs, to measure our successes, focus on equity, and make real impacts on the disparities and deficits that we know exist in this community.

As a reminder, the Common Council has already allocated roughly \$9 million of ARPA funds to help address the very real needs of our community.

The Council has already invested in:

- Rental and mortgage assistance for those impacted by COVID
- Vaccination incentives
- Homeownership grants

- Land banking
- Waiving fees to local business
- Two medical fire engines
- Project positions for compliance, grant writing, and outreach
- Wage increases for our hardest to recruit positions

Later tonight, we will consider Alder Meekma's proposal to fund an Equity officer position with ARPA dollars. That would be an excellent use of ARPA funds, and I hope that the Council will approve the funding.

Moving forward, the City will prioritize in the areas that will help build a better community.

To borrow a phrase, Racine will build back better:

- The first dollars we spend will be to stabilize the city budget to maintain our services to residents.
- We will invest in a community health center to improve our huge disparities in health care and lose the distinction of being the largest City in the Midwest without a clinic.
- We will rebuild our neighborhoods by expanding our land bank programs to rebuild and restore our neighborhoods. We will establish grant funding to encourage homeownership.
- We will invest in our workers to educate and train them for the family supporting jobs that are available; prioritizing jobs in construction to replace aging lead water lines and opportunities to participate in the developments that continue in our City.
- We will continue our work on equity and inclusion, creating opportunities for more residents to enter the middle class. This work will build on efforts around the financial empowerment center, adult high school attainment, and expanding long seasonal and summer jobs for residents.
- We will invest in programs that reduce our carbon footprint and the ways it impacts some parts of our community harder than others.

I look forward to having a robust conversation about our priorities for ARPA and our community after the City budget is adopted.

CONCLUSION

While this budget comes from my office, it is truly a collaborative work that would not be possible without the suggestions, expertise, and contributions of so many others. I'd like to briefly extend my gratitude to those who have helped to shape this document.

First, I want to thank the Alders for their willingness to meet with Kathleen, Shannon, Paul, and me. Your insights and suggestions were incredibly helpful in our decision-making process. Thanks to your suggestions, this budget includes funding for dog parks, additional safety

measures at North Beach and Colonial Park, more electronic speed monitoring signs for neighborhoods, and the ability to repair and restore more bricks on College Avenue.

I also would like to thank each department head for their work in putting this budget together. In particular, I need to thank Kathleen Fischer, our Finance Director. Each year she puts a tremendous amount of time into this and I sincerely appreciate her.

Many thanks also to Shannon Powell, Vicky Selkove, and Paul Vornholt for their time and diligence putting the budget together as well. And to Ellen Nuechterlein, Mari Mora, and Ruby Ward who keep me organized and the office operating smoothly day in and day out.

Finally, I want to thank my wife Rebecca and my children Eleanor, Amelia, and Cory. This job requires me to spend far too much time away from them, and I cannot thank them enough for tolerating my long absences. I love you.

Thank you, stay safe, Godspeed, and good night.