

MEMORANDUM

TO: Members of the Legislative Council Study Committee on Emergency Management and Continuity of Government

FROM: David Callender, Legislative Associate *DC*

DATE: October 1, 2008

SUBJECT: Emergency Management Costs and Levy Limits

In preparation for today's hearing, the Wisconsin Counties Association (WCA) asked members to assess the impact of state-imposed levy limits on their ability to meet the costs of responding to this year's weather-related emergencies, particularly this winter's record snowfalls and flooding this spring and summer.

WCA contacted county administrators, administrative coordinators, and executives in all 72 counties as well as county board chairs and emergency management directors in some of the hardest-hit areas. The following responses represent a sampling of those replies:

- 1. The flooding and snowstorms of the past year significantly strained the financial resources of some affected counties. Those strains are being exacerbated by the levy limits.**

The impact of uncompensated costs (i.e., costs not reimbursed by FEMA or the state) varied widely. Vernon County, for instance, is projecting uncompensated costs of more than \$1 million due to this year's flooding. According to Emergency Management Director Jerry Crotsenberg, the county will have to tap both its reserves and go to the tax levy to pay these costs. In addition, county voters will consider a referendum this fall to impose a 0.5 percent county sales tax to pay for repairs to 13 of the 22 dams operated by the county; the costs of those repairs are estimated at \$13 million.

In Rock County, County Board Chair J. Russell Podzilni estimates that his county spent nearly \$300,000 to respond to flooding in June. As he states in a letter to the study committee, "that figure is equivalent to 21 percent of the allowable increase in the 2009 Rock County levy under state-imposed levy limits." The county's budget for winter maintenance is already \$800,000 over budget for the year. (See attached)

Fond du Lac County estimates its unreimbursed costs came to more than \$180,000 due to flooding this year. Under levy limits, it will be able to raise only about \$640,000 in new revenue in 2009. As County Executive Allen Buechel notes, "the disaster costs will force us to make deeper cuts in personnel and services" in order to comply with the limits. (E-mail attached.)

2. In counties where they were able to cope with the financial demands of this year's emergencies, there are concerns that levy limits will reduce the ability to prepare for future emergencies.

While emergencies are by their very nature unpredictable, counties have prepared for the costs by building up contingency and reserve funds. Many of the counties that experienced such emergencies this year were able to weather the ensuing financial storm by drawing on those accounts.

However, given the intense competition for new dollars under the levy limits, replacing that money and building additional contingency funds will become more difficult. Higher fuel, utility, and supply prices, as well as growing demand for other county services are forcing many counties to choose between current versus prospective needs. In many cases, county officials say prospective needs – whether it's buying new emergency equipment or building the contingency fund – are losing out.

In Jefferson County, for example, the county received a federal homeland security grant after 9/11 for a metal detector at the county courthouse. But due to levy limits, according to Board Chair Sharon Schmeling, the county next year will have to lay off some of the deputies who staffed that metal detector – a move that both leaves the courthouse vulnerable to security threats and reduces the number of deputies available to respond to all emergencies.

In Burnett County, County Administrator Candace Fitzgerald reports that the county must replace its communications towers and dispatch equipment, at a projected cost of \$3.4 million. Such a cost far exceeds the county's levy limit, and officials are concerned about public response to plans to borrow for the project. As County Administrator Fitzgerald put it, "We are caught between a rock and a hard spot now due to levy limits."

These are the kind of hard choices counties are being forced to make as a result of the levy limits. Emergency management departments must compete with other county agencies for scarce funds, and often long-term priorities are put off in order to meet immediate needs.

Beyond these concerns relating to emergency management, levy limits pose a number of severe challenges to the ongoing ability of counties to provide a variety of essential and state-mandated services. WCA appreciates the committee's interest in this issue. We would be happy to provide further information if needed.