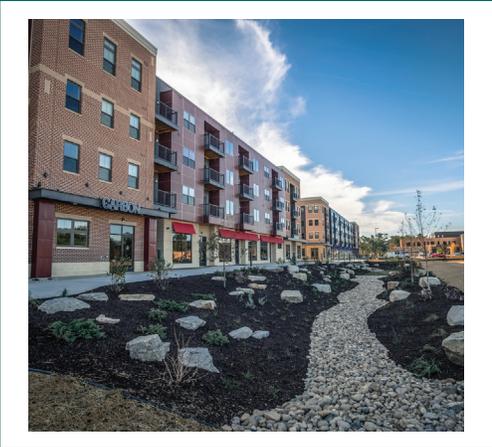


City of Madison



2021



Operating Budget

Executive Budget: Summary



Satya Rhodes-Conway
Mayor

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2021 Executive Operating Budget

This has been an unprecedented and challenging year. First we were faced with a global pandemic unlike anything we had ever seen before. Then we were faced with dramatic increases in unemployment, food insecurity, and housing insecurity, and economic distress in far too many households. We were also challenged anew to address the racial disparities that exist across our country and right here in our community. Today, we continue to face levels of uncertainty that seem never-ending, impacting the health and wellbeing of our residents, and increasing demand for the services the City and other levels of government provide.

While Madison has moved to address many of these issues, some of our biggest challenges - like COVID-19 and the housing crisis - are made worse by the lack of response at the federal level. Unlike in other emergencies, American cities have received very little support from the federal government, despite the fact that cities are on the front line of all the challenges 2020 has presented us. Partisan gridlock at the state level has also hindered much needed state aid. Lacking support from other levels of government, we have been forced to cut spending and services in order to balance next year's budget as required by state law.

In June, when agencies were beginning work on their budget materials, the City was faced with a \$25.0 million shortfall. While \$10.0 million of this gap was the result of revenue loss from COVID, \$15.0 million of our shortfall was the result of a structural gap that exists because our annual expenditure growth outpaces revenue growth. While healthcare and personnel costs were projected to increase by 5%, the allowable revenue growth under state limits is only 2.5%. As we saw in 2020, our revenue options are limited, often regressive, and cannot be the full solution to dealing with this gap.

Based on these realities, I have balanced the 2021 budget through a series of expenditure reductions coupled with modest fee increases and the use of fund balance. These balancing actions include:

- Utilizing \$8.0 million of the City's unrestricted fund balance for temporary revenue loss and one-time expenditures. Because 2021 is the beginning of what will be multiple years of uncertainty, we must adhere to our policies that put appropriate limits on the use of fund balance to ensure we have the resources we need to respond to the uncertainty that lies ahead.
- Increasing the ambulance conveyance fee and building inspection fees to levels comparable to other communities and reflective of inflation. These changes are expected to add over \$1.1 million to general fund revenues in 2021. Assumption of fire, emergency medical and inspection fee services from the Town of Madison will add \$1.3 million in new revenue next year.
- Implementing \$3.3 million in cuts to agency budgets; \$1.5 million of the total cut to agency budgets will be realized through efficiencies in our service delivery and will not result in major changes to service delivery.
- Calling on the Police and Fire unions to come back to the negotiating table to reopen their contracts to renegotiate provisions agreed to in 2019 (by the previous administration) that are no longer realistic in the City's budget. The majority of the savings I've identified in the budget (\$1.5 million) can be realized if these employees agree to take the same health insurance package as all other City employees.

- Requiring furlough days for the City’s General Municipal employees. This program will realize \$1.2 million in savings next year, with each employee taking 2 to 4 days of unpaid leave over the course of 2021. This program will be implemented in a progressive manner ensuring that those who make more money will have more furlough days than those who make less.

These reductions are difficult and will force us to make adjustments in the way City services are provided. These reductions have largely, though not completely, avoided layoffs for City staff who work very hard every day to deliver exceptional services in the midst of a pandemic. Unfortunately, we have not been able to avoid a small number of layoffs in our Parking Utility where revenue is not anticipated to rebound until after a vaccine is found for COVID-19.

In spite of this challenging economic outlook, my budget seeks to make progress in the following ways:

Preserving Funding for Social Services

Madison’s residents are not getting the support they need from federal and state governments and our community cannot sustain reductions to social and public health services at this time. That is why I have not made any cuts to the City’s Community Development Division, where our funds for community organizations and social service delivery live. These funds will support residents, especially our most vulnerable, in these tough economic times. My budget:

- Includes \$10.9 million in General Fund support (double the amount of federal funds we receive in this area) for local community organizations providing a wide range of programs vital to our youth, parents, job seekers, and some of our most vulnerable populations. These funds will be used for:
 - Creating a flexible \$400,000 COVID Relief Fund for community organizations to support families navigating the social and economic fallout of the pandemic.
 - Providing \$1.8 million for Housing Assistance programs and homebuyer readiness programs supporting low-income families to purchase homes. This investment is on top of the \$7.7 million budgeted in the 2021 capital budget for Affordable Housing.
 - Providing \$6 million for Community Support Services including much needed childcare and youth services, violence prevention, children and family programming, and services for older adults.
 - Providing nearly \$950,000 (and an additional \$660,000 from federal grants) to keep our neighborhood centers operating.
 - Providing \$1.8 million for employment services for youth and adults along with technical assistance to small businesses.
- Provides funding to ensure we are equipped to keep fighting COVID, including:
 - An overall 11% increase for Public Health services to fight COVID. My budget provides ongoing funding for nine new positions created earlier this year through the CARES Act. These positions are working tirelessly to continue contract tracing, supporting testing efforts, and ensuring residents from all backgrounds have the information and public health resources they need to safely navigate the pandemic.
 - Funding for our Emergency Operations Command Center to purchase personal protective equipment ensuring our front-line City employees have the supplies they need to keep providing services to our residents safely and efficiently.

Reimagining Public Safety

For decades, public safety has represented the largest share of the City’s operating budget, and keeping people safe is a core function of local government. That function is even more important now, as the turmoil of COVID-19 has led to an increase in dangerous and violent crime. While police focus on that crime, we also must envision new ways of pursuing public safety that produce more equitable outcomes. As we begin reimagining how our resources could be deployed to better align our response with community needs, my budget begins taking some responsibilities off our Police Officers to free up their time to focus on responding to dangerous and violent crime by:

- Experimenting with a new type of Crisis Intervention Team to support residents with behavioral health emergencies. Recognizing that an armed officer is not always the best response to an emergency call, many cities across the nation are experimenting with new models of crisis intervention and service delivery. Madison’s Fire Department will lead the way in soliciting community input and designing this program using community paramedics and contracted crisis workers.
- Transferring the \$600,000 Crossing Guard program to Traffic Engineering, so crossing guards can work directly with our Vision Zero and Safe Routes to School programs.
- Removing four School Resource Officer positions from the budget, in line with the joint decision by the Madison Metropolitan School District’s and the City to cancel SRO contracts and envision new ways to provide safety in the school system.

At the same time that the budget is removing tasks and responsibilities from MPD, it will double down on violence prevention efforts outside of the police budget by creating a new Violence Prevention Unit in Public Health with robust investments in new staff and new strategies. It will also increase funding for programs that provide employment and activities for young people.

The Violence Prevention Unit will now include four positions that will be fully dedicated to this work. These positions will work with staff from the Community Development Division to allocate \$475,000 to community partners implementing strategies focused on reducing violence in our community, including violence interruption activities and efforts to reduce recidivism, and will innovate on new ways to involve community members in community safety.

The City also invests millions of local tax dollars each year in broad array of programming and activities that support families and promote positive youth development in ways that often help reduce conditions that fuel violence. These include, for example, nearly \$800,000 for youth employment. A few weeks ago, I found another \$100,000 to keep summer employment programs going into the fall and I will add another \$106,000 to the 2021 budget to support Operation Fresh Start contracts with the City that employ young people to help with storm water and engineering projects.

In addition, the City spends \$233,000 on youth restorative justice efforts that work to divert young offenders from the criminal justice system and \$142,000 toward early intervention and prevention programming. I prioritized these investments in the 2021 budget, making no cuts in these programs even in a difficult fiscal year.

The budget also provides \$450,000 for the newly created Independent Monitor and Civilian Oversight Board, which will help the City review policies and procedures and engage in continuous improvement. I approved the position of the Independent Monitor in my budget last year. This year my budget fully funds the operating model approved by the Common Council earlier this summer.

With the financial constraints we are facing, I have asked the Police to cut \$1 million from their budget – a percentage cut on par with many other departments. By law, I cannot specify where these reductions come from, but I believe there are options that don’t reduce positions or the neighborhood-focused services the community cares about.

2021 will bring many more opportunities to innovate as we will be welcoming a new Police Chief to our City, and working to ensure the success of the Independent Monitor and Civilian Oversight Board. I welcome this new era of innovation in public safety.

Maintaining Commitments to Sustainability and Climate Action

We continue to acknowledge the urgency of climate action, by reducing our emissions through renewable energy, energy efficiency, and sustainable transportation options, and by enhancing our resilience to climate impacts, such as with our watershed studies to ensure we're prepared for the future flooding events. My budget does this by:

- Continuing our ongoing investments in Metro Transit to ensure residents can rely on crucial transit services even in these uncertain times. The 2021 budget provides funding to continue enhanced cleaning practices for Metro buses by creating five new Bus Cleaner positions. Staff will also continue moving forward with Capital Budget projects to build the first phase of a bus rapid transit system and begin electrifying our bus fleet.
- Maintaining annual funding to conduct Watershed studies that will guide future Stormwater Capital Investment, protecting our homes and neighborhoods from future floods.
- Creating two new positions in Engineering to help with the Green Power program – also known as our solar apprenticeship program - expansion that was included in the 2021 Capital Budget. These positions will work on solar panel installations and help accelerate progress toward the City's 2030 Renewable Energy goal.

Making Progress on Racial Equity

The Black Lives Matter movement inspires us to expand our efforts on racial equity and reduce the well-documented disparities that have existed for far too long in our community. We are hiring a new Equity and Social Justice Manager who will guide and direct the City's work to further embed equity into the City's work. To do this, my budget:

- Funds a new \$80,000 program in the Community Development Division providing resources to renters in our community vulnerable to evictions. These funds will work to improve access to housing support to our most underserved populations.
- Provides support for small businesses to navigate these uncertain times, especially those businesses run by people of color and women. The Community Development Division budget includes \$420,000 to provide technical assistance to these businesses. This funding is in addition to \$6.5 million in funding over the next three years through the Small Business Equity and Recovery program in the Capital Budget for equity-oriented business support, recovery, and ownership programs.
- Increases our Double Dollars program by 50%, so residents can utilize their SNAP benefits to purchase fresh food at our local farmers' markets.
- Eliminates late-return fines from our library system to provide more equitable access to our library collections.
- Continues to prioritize how the City, as an organization, addresses the disparities that exist throughout our workforce and in operations. The budget creates a division of equity and social justice in the Department of Civil Rights in an effort to ensure the City's equity work is focused on putting the community's voice at the center of key issues surrounding race.

I do not take the difficult decisions I've made in this year's budget lightly, and have tried to balance reductions across departments, including taking a 5% cut to my office's budget. I look forward to constructive debate on these proposals and continue to welcome your creative ideas on how to meet our community's needs while balancing the City's budget.

In spite of these unprecedented times, I continue to be inspired by this great City. Madison has, in so many ways, come together to help each other through uncertainty and adversity. This is the mindset and spirit that is necessary to navigate these hard times. I am confident that together, we will weather these storms and emerge as a stronger, more equitable, and more sustainable city.

Respectfully Submitted,
Mayor Satya Rhodes-Conway

Major Changes: 2020 to 2021 Executive

The 2021 Executive Budget represents an \$8.4 million, or 2.5%, increase from the 2020 Adopted Budget. The table below summarizes key expenditure changes included in the Executive Budget. Changes to General Fund revenue are summarized on page 11.

Change Overview: 2020 Adopted to 2021 Executive		
2020 Adopted Budget		\$340,708,133
Personnel Costs		
	Assumed Police & Fire Contract Savings	(1,500,000)
	Furlough Program	(1,200,000)
	Police & Fire Pay Increase	2,700,000
	Benefit Costs	2,600,000
	Newly Created Positions	221,000
	Budget Reductions	(2,500,000)
Supplies & Services		
	Annual Software Subscriptions	1,600,000
	Increase in CDD Contracts	300,000
	Office of Independent Auditor	175,000
	Election Postage Costs	215,000
	Increased Zoo Matching Costs	695,000
	Budget Reductions	(1,000,000)
Agency Billings		
	Fleet Rate	1,600,000
	Workers Comp & Insurance Rates	100,000
	Cost Allocation Charges	(750,000)
Debt Service		1,400,000
Reduced Transfer to Capital		(700,000)
New Programs		450,000
Misc Adjustments		491,472
2021 Executive Budget		\$349,100,000

Use of Fund Balance

The Executive Budget proposes utilizing \$8.0 million in fund balance for 2021. The table below summarizes the proposed uses for fund balance in 2021. Policies regarding the use of fund balance are explained in the User's Guide of the Executive Budget. The current status of the General Fund balance is explained on page 24 of the Executive Summary.

Proposed Uses	Amount
Temporary loss of General Fund Revenue	6,178,000
Replace Room Tax portion contributions for Olbrich Gardens & Henry Vilas Zoo	642,000
Increased City contribution to Henry Vilas Zoo (Formula Based)	400,000
Traffic Engineering Radio Subscription Costs	550,000
COVID Response Costs (Citywide PPE and Cleaning Supplies)	100,000
Town of Madison Costs: Voting Equipment & Communication Plan Implementation	130,000
TOTAL	\$8,000,000

Proposed Expenditure Reductions

The Executive Budget proposes implementing 34 reductions projected to save \$3.5 million. These reductions are based on proposals submitted by agencies in their budget requests. This does list does not reflect assumed savings from Police and Fire contract re-negotiation, eliminations of the School Resource Officer program, or the furlough program.

Proposed Expenditure Reductions		
Agency Revenue Adjustments		499,000
Building Inspection	<ul style="list-style-type: none"> Increase new construction building permits 10%, increase seminar fees 	380,000
Engineering	<ul style="list-style-type: none"> Increase Right of Way (ROW) permit fees by applying overhead cost recovery 	102,500
Finance	<ul style="list-style-type: none"> Increase revenue for fiscal agent services, add Room Tax overhead cost recovery 	16,500
Personnel Adjustments		\$2,230,556
Assessor	<ul style="list-style-type: none"> Eliminate overtime 	5,000
Attorney	<ul style="list-style-type: none"> Eliminate vacant Legal Secretary position Reduce vacant Prosecutor position to part-time Reduce Law Clerk hours 	126,745
Building Inspection	<ul style="list-style-type: none"> Eliminate vacant Weights and Measures Inspector Eliminate vacant Zoning Inspector 	180,000
Economic Development	<ul style="list-style-type: none"> Delay filling Real Estate Specialist position for all of 2021 	84,000
Engineering	<ul style="list-style-type: none"> Reallocate portion of Master Electrician to capital Delay filling Custodial Worker Reduce hourly wages and benefits 	135,162
Finance	<ul style="list-style-type: none"> Underfill two vacant Data Analyst & one Buyer positions, Reduce overtime and internship funding 	109,600
Fleet	<ul style="list-style-type: none"> Eliminate four vacant positions Delay filling three vacant positions 	50,000
Human Resources	<ul style="list-style-type: none"> Reduce Admin Clerk position to part-time Delay filling an HR Analyst position 	124,089
Information Technology	<ul style="list-style-type: none"> Allocate personnel costs to capital programs Eliminate Public Information Officer position 	499,000
Library	<ul style="list-style-type: none"> Close Monroe Street Branch 3 days per week (eliminate two Library Assistants and three Pages) Reduce hours at Ashman (eliminate Librarian position), Reduce Pages across the system Reduce Library Assistant position 	402,103
Municipal Court	<ul style="list-style-type: none"> Reduce overtime 	11,841
Parks	<ul style="list-style-type: none"> Reduce intern hours 	4,500
PCED Office of the Director	<ul style="list-style-type: none"> Allocate 15% of the Director's personnel costs to the CDA 	28,000
Planning	<ul style="list-style-type: none"> Allocate part of the Art Admin personnel costs to capital Underfill Planner position 	75,000
Streets	<ul style="list-style-type: none"> Delay hiring Admin Clerk Eliminate seasonal/hourly staffing for leaf collection, drop off sites, and brush collection, Implement overnight schedule for snow & ice removal 	269,000
Traffic Engineering	<ul style="list-style-type: none"> Delay hiring Traffic Signal Maintenance position Delay hiring hourly position 	100,694
Transportation	<ul style="list-style-type: none"> Allocate staff hours to capital projects 	25,822

Proposed Expenditure Reductions (Continued)

Proposed Expenditure Reductions		
Non-Personnel Adjustments		\$848,971
Assessor	<ul style="list-style-type: none"> Reduce mileage 	30,000
Attorney	<ul style="list-style-type: none"> Reduce books, furniture and copy/printing costs 	15,841
Clerk	<ul style="list-style-type: none"> Mail absentee ballots to all nursing home residents rather than sending special voting deputies 	19,000
Economic Development Division	<ul style="list-style-type: none"> Reduce MadREP contribution 	20,000
Employee Assistance Program	<ul style="list-style-type: none"> Reduce supplies and printed materials Host software internally 	7,200
Finance	<ul style="list-style-type: none"> Reduce telephone, software license, printing, and contract costs 	80,790
Fire	<ul style="list-style-type: none"> Reduce mileage, telephone, cancel community education programs 	31,540
Fleet	<ul style="list-style-type: none"> Reduce maintenance supplies and fuel due to electric and hybrid vehicles 	88,782
Library	<ul style="list-style-type: none"> Move Sunday hours to smaller branches 	9,818
Mayor	<ul style="list-style-type: none"> Reduce conferences and training 	33,000
Parks	<ul style="list-style-type: none"> Reduce conferences and training, and postage Reduce hours and services at beaches and the pool 	46,500
Planning	<ul style="list-style-type: none"> Reduce funding for the Neighborhood Indicators Project Reduce consulting costs for planning studies 	36,500
Streets	<ul style="list-style-type: none"> Eliminate the mattress recycling program Reduce sealcoating of unimproved streets 	200,000
Traffic Engineering	<ul style="list-style-type: none"> Eliminate contract to maintain pavement marking 	170,000
Citywide	<ul style="list-style-type: none"> Travel Reductions (maintains funding for virtual training) 	60,000
TOTAL-ALL REDUCTIONS		\$3,578,527

Balancing the 2021 Budget

At the onset of the planning process, the City was projecting a \$25.0 million gap for 2021 driven by a projected 0.6% decline in General Fund Revenue and 6.7% increase in expenditures.

Following agency requests the projected gap had declined to \$16.5 million, driven by lower rates of growth for employee benefit costs and a slightly improved revenue outlook. The table below summarizes how the Executive Budget was balanced.

Balancing the 2021 Budget \$ in Thousands		
Initial Budget Gap		25,000
	Revenue Adjustments	(5,000)
	Updated Benefit Rates	(2,100)
	Other Adjustments	(1,375)
Revised Budget Gap		16,525
	Use of Fund Balance	(8,000)
	Expenditure Reductions	(3,500)
	Fire & Police Contract Savings	(1,500)
	Furlough Program	(1,200)
	Reduced Capital Contribution	(700)
	Increased Ambulance Conveyance & Town of Madison Revenue	(1,100)
	Deferred Increased costs for Town of Madison	(1,000)
	New Programs	475
2021 Changes		(16,525)
2021 Executive Budget		BALANCED

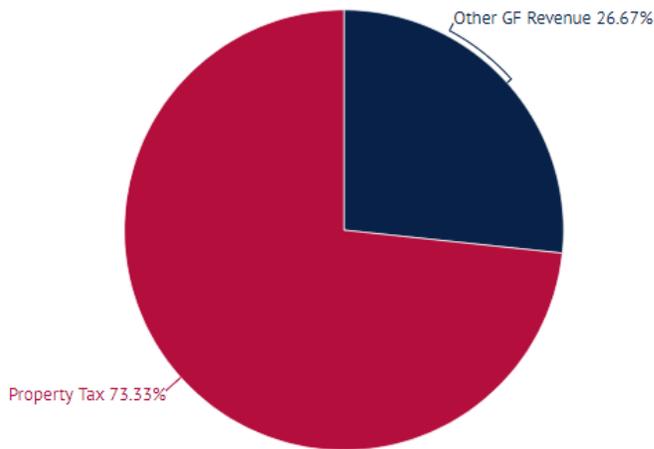
Position Changes

The 2021 Executive Budget authorizes 2,949.40 full time equivalent positions, a net decrease of 6.05 (or a 0.2% decrease) below the 2020 Adopted Budget.

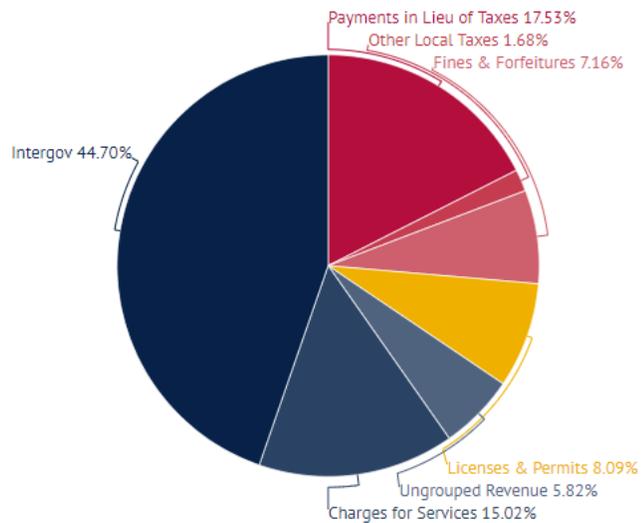
Position Changes: 2020 Adopted to 2021 Executive				
Agency	2020 Adopted	2021 Executive	Change	Explanation
Attorney	25.00	23.75	(1.25)	<ul style="list-style-type: none"> Eliminated vacant Legal Secretary (1.0 FTE) Asst. City Attorney reduced to 0.75 FTE (0.25 FTE)
Building Inspection	45.80	44.00	(1.80)	<ul style="list-style-type: none"> Eliminated vacant positions
CDA Housing	50.10	50.50	0.40	<ul style="list-style-type: none"> CDA Security Monitor increased to 1.0 FTE
Civil Rights	18.00	19.00	1.00	<ul style="list-style-type: none"> NRT Coordinator transferred from Mayor's Office (1.0 FTE)
Economic Development	19.00	20.00	1.00	<ul style="list-style-type: none"> Food Policy Administrator transferred from Mayor's Office (1.0 FTE)
Engineering	144.10	144.10	0.00	<ul style="list-style-type: none"> Sustainability positions transferred to Mayor (2.0 FTE) Added Green Power positions, funded by capital (2.0 FTE)
Fire	412.75	416.75	4.00	<ul style="list-style-type: none"> Added Community Paramedics (4.0 FTE)
Fleet	43.00	39.00	(4.00)	<ul style="list-style-type: none"> Eliminated vacant positions previously salary saved (4.0 FTE)
Information Technology	53.70	53.70	0.00	<ul style="list-style-type: none"> Eliminated Citywide PIO (1.0 FTE) Added Water IT Specialist (1.0 FTE)
Library	138.65	135.45	(3.20)	<ul style="list-style-type: none"> Eliminated LTE positions
Mayor	12.00	12.00	0.00	<ul style="list-style-type: none"> Sustainability positions transferred from Engineering (2.0) Food Policy Administrator transferred to EDD (1.0) NRT Coordinator transferred to DCR (1.0)
Metro Transit	462.30	461.30	(1.00)	<ul style="list-style-type: none"> Transit Operator eliminated for Bus Cleaner conversion
Office of Independent Monitor	0.00	3.00	3.00	<ul style="list-style-type: none"> Added positions for new office (3.0 FTE)
Parks	139.55	137.55	(2.00)	<ul style="list-style-type: none"> Adjustments to Forestry transfer (2.0 FTE)
PCED Office of Director	7.60	4.60	(3.00)	<ul style="list-style-type: none"> Admin Clerks transferred to Planning (3.0 FTE)
Planning	31.50	34.50	3.00	<ul style="list-style-type: none"> Admin Clerks transferred from PCED Director (3.0 FTE)
Police	603.70	598.00	(5.70)	<ul style="list-style-type: none"> Removed School Resource Officers (4.0 FTE) Crossing Guard Supervisors transferred to TE (1.7 FTE)
Streets	227.00	229.00	2.00	<ul style="list-style-type: none"> Adjustments to Forestry transfer (2.0 FTE)
Traffic Engineering	65.60	67.30	1.70	<ul style="list-style-type: none"> Crossing Guard Supervisors transferred from Police (1.7 FTE)
Total	2,955.25	2,949.40	(6.05)	

Where the Money Comes From

General Fund Revenue:
Property Tax vs All Other Sources



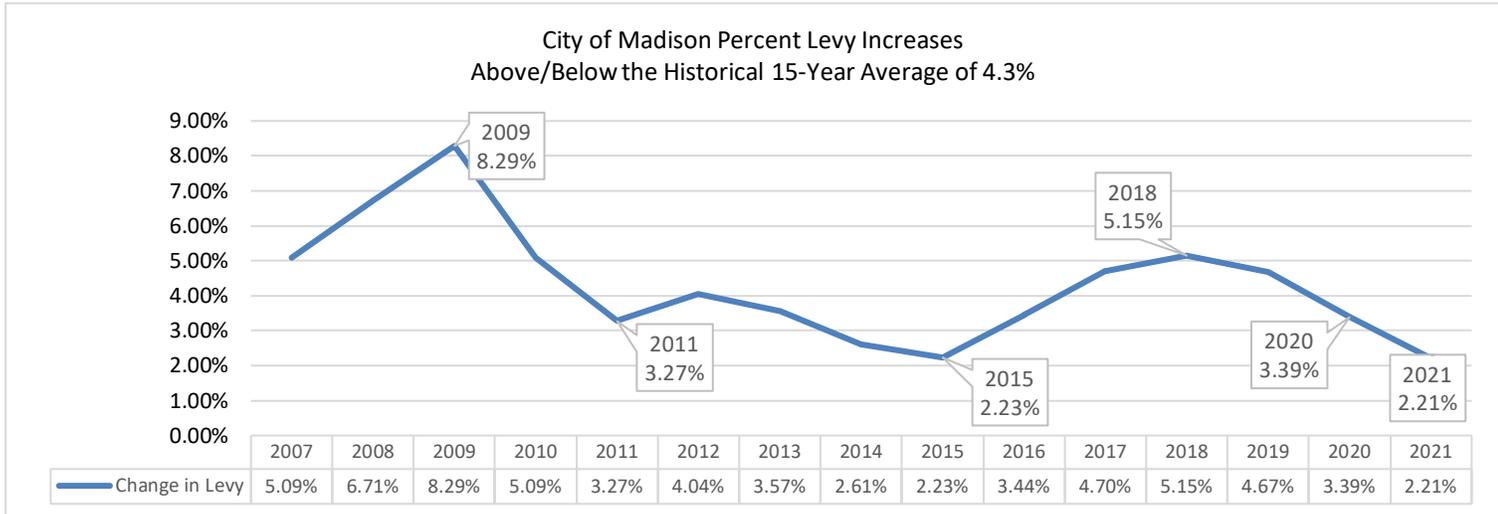
General Fund Revenue:
All Other Sources



General Fund Revenue: 2020 Adopted to 2021 Executive			
	2020 Adopted	2021 Executive	Change
Payments in Lieu of Taxes	15,914,841	13,603,898	(2,310,943)
Other Local Taxes	1,525,000	1,409,800	(115,200)
Fines & Forfeitures	6,500,000	5,350,000	(1,150,000)
Licenses & Permits	7,376,920	7,616,920	240,000
Ungrouped Revenue	5,285,000	2,285,000	(3,000,000)
Charges for Services	13,389,049	15,233,015	1,843,966
Intergovernmental Revenues	40,701,171	40,066,587	(634,584)
Property Tax	250,016,153	255,534,780	5,518,627
Fund Balance Applied	-	8,000,000	8,000,000
TOTAL REVENUE CHANGE			\$8,391,865

Madison's Property Tax Levy

Madison's property tax represents 75% of total General Fund revenues. The proposed property tax levy in the Executive Budget is \$255,534,781, a 2.21% increase from 2020. The 15-year average annual levy increase is 4.3%. The rate of growth from 2020 to 2021 well below the 15-year average and is the lowest since 2003.



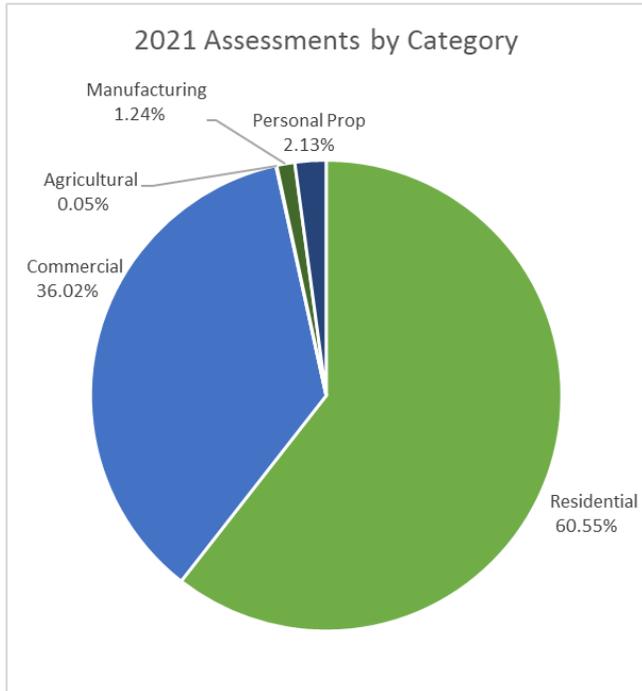
Levy Limit

State law limits the maximum allowable increase in the property tax levy. That maximum increase is calculated based on the percentage of the total property value in the city associated with net new construction along with other adjustments. Debt service on general obligation debt is excluded from the levy limit calculation. The net new construction for Madison in 2021 is 1.989%. The levy amount proposed in the Executive budget is \$255,534,781; \$520,722 below the maximum allowed. At the proposed levy, taxes on the average value home will increase by 1.4%. The table below outlines the levy limit calculation.

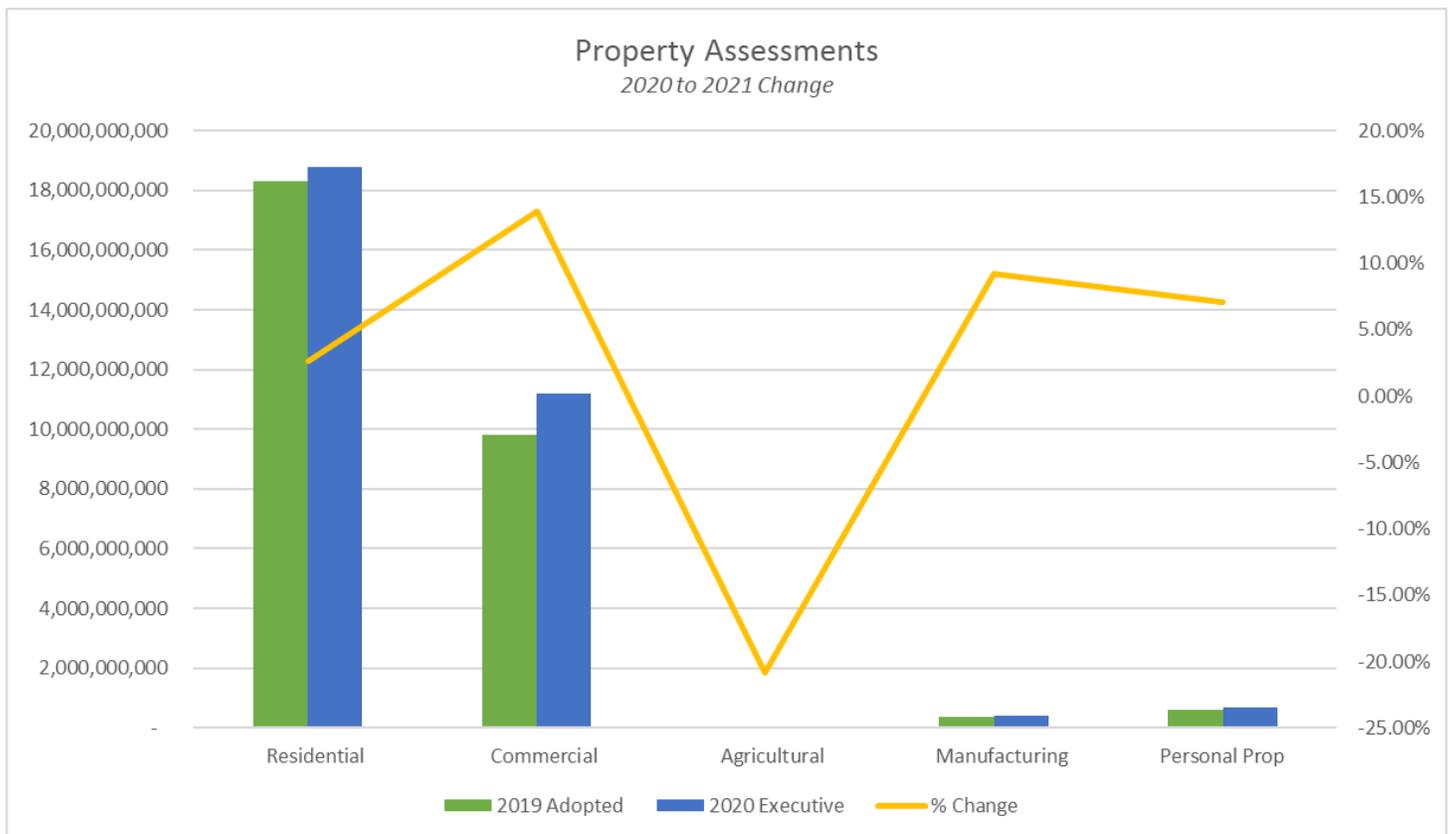
2020 Adopted Budget		
2020 Property Tax Levy		\$250,016,180
Adjustments		
Add – 2020 Personal Property Tax Exemption Aid		987,284
Subtract – 2020 GO Debt Service		(96,185,238)
<i>2020 Adjusted Allowable Levy</i>		<i>\$154,818,226</i>
Add – Growth Factor (Net New Construction) – 1.989%		3,079,336
2021 Levy Limit Before Adjustments		\$157,897,562
Adjustments to Allowable Levy		
Unused Prior Year Levy Capacity		13,453
Local Taxes on Current Year Annexations		1,883
2021 GO Debt Service		98,708,006
Refunded or Rescinded Taxes		196,691
2021 Personal Property Tax Exemption Aid		(794,092)
Affordable Housing Adjustment for Police and Fire Expenses		32,000
<i>Total Adjustments</i>		<i>\$98,157,941</i>
2021 Maximum Levy		\$256,055,503
2021 Executive Budget Levy		\$255,534,781
Remaining Capacity		\$520,722

Property Tax Assessments

The property tax rate is driven by the total assessed value of property in the City of Madison. Overall, the net taxable property has increased by 5.57% from 2020 to 2021, this increase factors in adjustments made to property tax assessments following adoption of the 2020 budget. The growth in taxable value is driven by continued strength in residential and commercial valuations. Assessed values in tax increment districts (TIDs) is up 29.00%, driven by assessed value increases associated with development in the Research Park TID (46), Capital Gateway TID (36), Union Corners TID (37), and Capital Square West TID (45).



Changes in Assessed Value 2020 Adopted to 2021 Executive	
Residential	Up 2.60%
Commercial	Up 13.93%
Agricultural	Down 20.81%
Manufacturing	Up 9.23%
Personal Prop	Up 7.11%
TIF Increment	Up 29.00%
Net Taxable Property	Up 5.57%
Average Value Home	Up 4.73%



Taxes on the Average Value Home

Based on the proposed levy and current estimates of taxable property value, taxes on the average value home will increase by 1.4%, or \$37.46. The average value home is currently assessed at \$315,200, up from \$300,967 in 2020. This growth continues recent trends in increased residential home assessments. Since 2015, the average value home has increased by 28% (from \$245,894 in 2016 to \$315,200 in 2021).

Under the maximum allowable levy, the property levy can be increased by \$520,722 beyond the Mayor’s proposal in the Executive Budget. The table below shows the impact of increasing or decreasing the levy. Every \$10 change in taxes on the average value home is equivalent to \$940,000 of levy impact.

2021 Mill Rate

While the 2020 property tax levy is up 2.21%, the overall increase in the assessed value of property in the City reduces the mill rate (tax rate) by 3.2%. The annual mill rate is calculated by dividing the property tax levy by the total net taxable property value.

Comparative Changes in Levy and Taxes on Average Value Home (TOAH)			
% Change (TOAH)	Levy Increase	\$ Change	TOAH
Max Levy-1.6%	\$6,039,349	\$42.99	\$2,728.73
Exec Bdgt-1.4%	5,518,628	37.46	2,723.20
1.25%	4,949,848	31.38	2,717.12
1.00%	4,525,363	26.86	2,712.60
-0.41%	1,000,000	(10.71)	2,675.03
-0.80%	-	(21.37)	2,664.37

Other General Fund Revenue

Payments in Lieu of Taxes

This category includes the City General Fund share of room tax revenues (30%) and the payments in lieu of taxes from the CDA, Water Utility, Parking Utility, Monona Terrace and Golf Enterprise. Room taxes are anticipated to decrease 31% over 2020 adopted levels, or \$1.8 million, due to the impact of the global pandemic on travel, tourism, conferences and conventions. Water Utility payment in lieu of taxes is anticipated increase slightly, based on the value of plant in service and tax rates used in the calculation of that payment. Parking Utility payment in lieu of taxes are anticipated to decrease based on valuation estimates.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
15,378,278	15,914,841	12,901,676	13,608,898	(2,310,943)	(14.5%)	↓

Other Local Taxes

Other local taxes include payment in lieu of taxes from tax-exempt entities, prior year taxes and penalties on delinquent taxes. Payment in lieu of taxes from non-city entities is expected to decline \$115,200.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
1,552,056	1,525,000	1,363,796	1,409,800	(115,200)	(7.6%)	↓

Fines & Forfeitures

Moving violations and uniform citation revenues are expected to remain steady based on prior year trends and anticipated return toward those trends after falling in 2020 due to the global pandemic. Parking violations are anticipated to fall 23% compared with 2020, due to less parking activity as a result of the impacts of the global pandemic.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
6,452,864	6,500,000	3,450,000	5,350,000	(1,150,000)	(17.7%)	↓

Licenses & Permits

Overall, license and permit revenues are anticipated to remain steady, with the biennial adjustment for certain Clerk's Office licenses (down \$160,000). Building permit revenues are increasing due to the agreement to assume fire, emergency medical services and inspection services from the Town of Madison (adds \$50,000). The 2021 executive operating budget also proposes building inspection fee increases that are estimated to add \$350,000 annually.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
7,385,413	7,376,920	6,510,250	7,616,920	240,000	3.3%	↑

Ungrouped Revenue

Ungrouped revenues include interest on the investment of city cash balances, various rental revenues, and reimbursements from tax increment districts (e.g., equity payments and excess revenues at closure). Interest on investments is anticipated to decrease by 75 percent (\$3,000,000) as the yield decreases from approximately 1.59 percent at the outset of 2020 to a low of 0.33 percent in mid-2020 and rising slightly to 0.47 percent by the end of 2021. These rates reflect the impact of the global pandemic on markets and the commitment of the Federal Reserve Bank to commit monetary policy to supporting economic recovery.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
8,991,030	5,285,000	2,549,613	2,285,000	(3,000,000)	(56.8%)	↓

Charges for Services

Overall, charges for services revenues are anticipated to increase 13.8 percent. The largest revenue in this category is ambulance conveyance fees. Estimated ambulance fee revenues in 2021 are expected to increase by \$1.4 million. This estimate includes \$275,000 from Town of Madison conveyances, \$375,000 due to trends in activity, and \$800,000 due to a proposed increase in the ambulance fee from \$1,075 to \$1,200. Fire service revenues are expected to increase nearly \$1 million due to the agreement to provide fire and emergency medical services to the Town of Madison. Cable franchise

fees are revised downward to reflect a state law cap on the fee levels (this is offset by state aid). Parks use charges are revised downward nearly 50 percent due to the impact of the pandemic.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
14,786,359	13,389,049	13,883,921	15,233,015	1,843,966	13.8%	↑

Intergovernmental Revenue

State aid is anticipated to decrease by \$634,000, primarily due to the cost formula in the payment for municipal services program (down \$300,000) and the first year of repayment of the VW settlement loan from shared revenue (\$359,910). These estimates are preliminary and may be updated when the state Departments of Administration and Transportation release formal estimates in early October.

2019 Actual	2020 Adopted	2020 Prjctd	2021 Executive	\$ Change	% Change	Trend
38,503,530	40,701,171	40,832,283	40,066,587	(634,584)	(1.6%)	↓

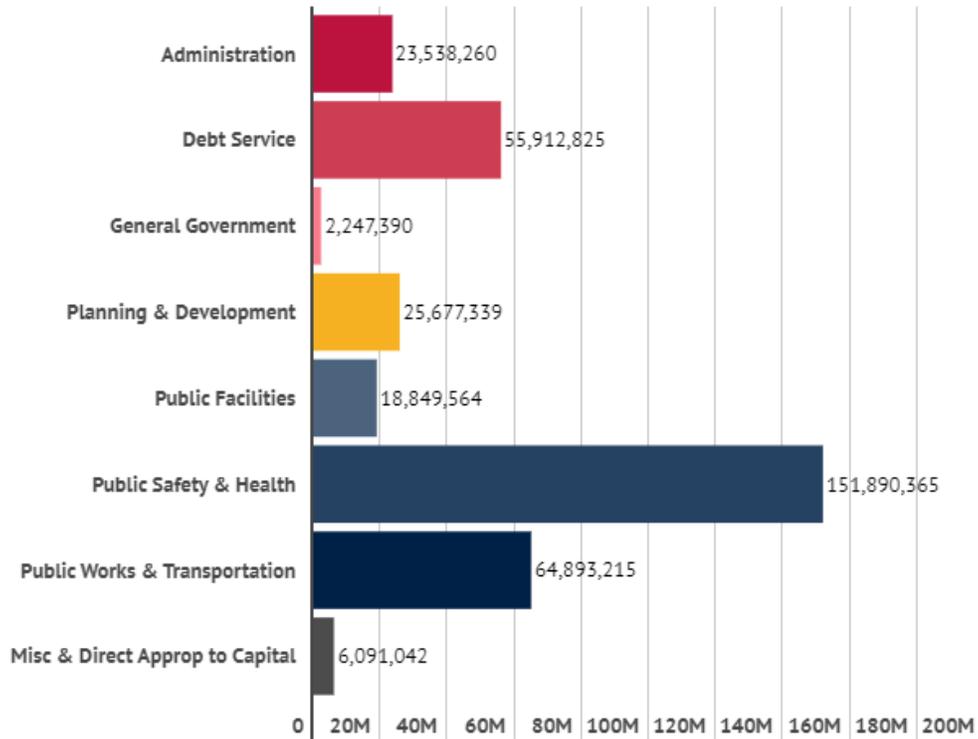
Expenditure Restraint Program (ERP)

A portion of Madison’s state aid (\$6.7 million) comes from ERP, which requires limiting the level of growth in General Fund expenditures to inflation. Under current projections, ERP allows for a 2.6 percent growth in General Fund expenditures, providing \$1.3 million above the total expenditures in the executive operating budget. Any new appropriations to the 2021 budget after adoption cannot exceed this amount.

2021 Expenditure Restraint Calculation (for 2022 ERP Aid Qualification)		
2020 Revised Budget (Anticipated)		\$341,658,134
Exclusions		
Debt Service		(57,467,953)
Recycling Payments		(379,120)
Revenue Sharing Payments		(64,518)
2020 Budgeted Expenditures (Net)		\$283,746,543
Inflationary Increase		2.60%
2020 Maximum Expenditures		\$291,123,953
2021 Executive Budget		\$349,100,000
Exclusions		
Debt Service		(58,868,325)
Recycling Payments		(379,120)
Revenue Sharing Payments		(64,518)
2021 Projected Budgeted Expenditures		\$289,788,038
2021 Expenditure Restraint Flexibility under Executive Budget		\$1,335,915

How the Money is Spent

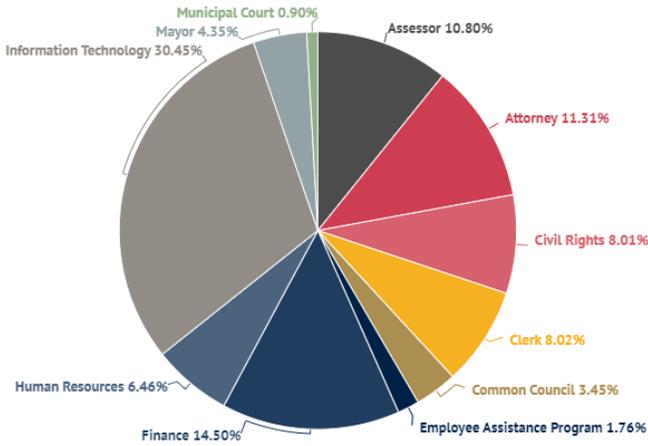
General Fund Expenditures:
By Function



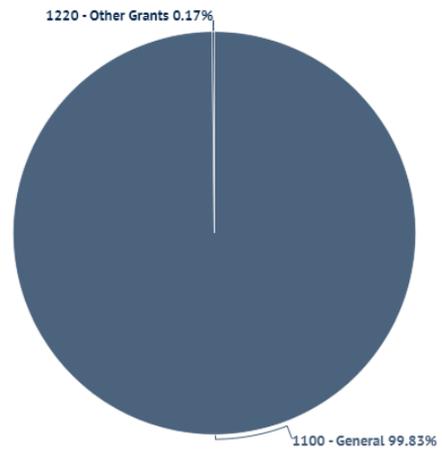
General Fund Expenditures 2020 Adopted to 2021 Executive			
	2020 Adopted	2021 Executive	Change
Administration	24,802,434	23,538,260	(1,264,174)
Debt Service	54,422,907	55,912,825	1,489,918
General Government	2,604,260	2,247,390	(356,870)
Public Facilities (Madison Public Library)	19,163,603	18,849,564	(314,039)
Planning & Development	25,317,259	25,677,339	360,080
Public Safety & Health	145,084,514	151,890,365	6,805,851
Public Works & Transportation	61,615,533	64,893,215	3,277,682
Misc & Dir Appropriation to Cap	7,697,623	6,091,042	(1,606,581)
TOTAL EXPENDITURE CHANGE			8,391,867

GENERAL GOVERNMENT & ADMINISTRATION

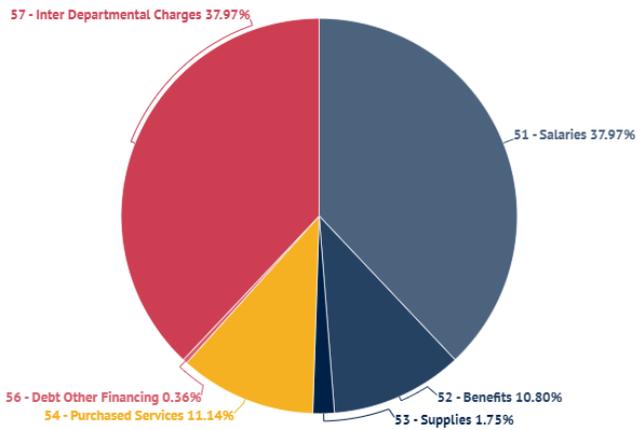
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

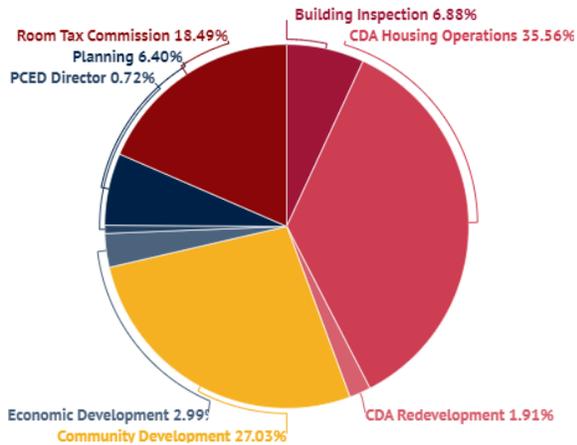


WHAT THE \$ SUPPORTS:

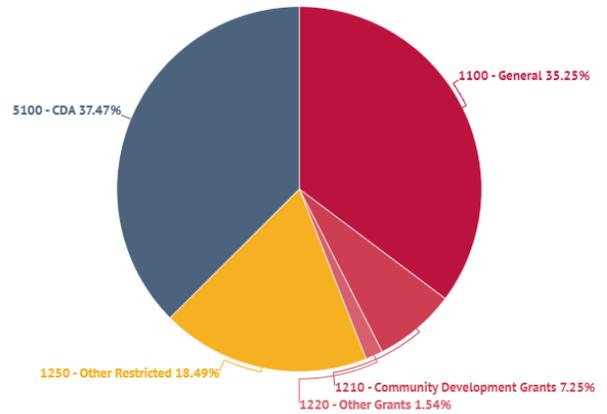
- This function is comprised of 11 agencies and is largely funded by the General Fund. This function represents 7.39% of the General Fund budget and 3.40% of the All Funds budget.
- Staffing costs make up the largest share of spending within this function (38%) The next largest share is purchased services, which funds annual software subscription costs and a number of professional financial services including the City’s external audit.

PLANNING & DEVELOPMENT

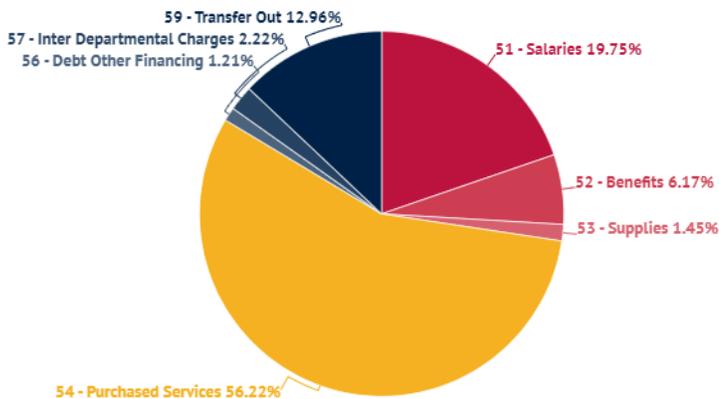
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

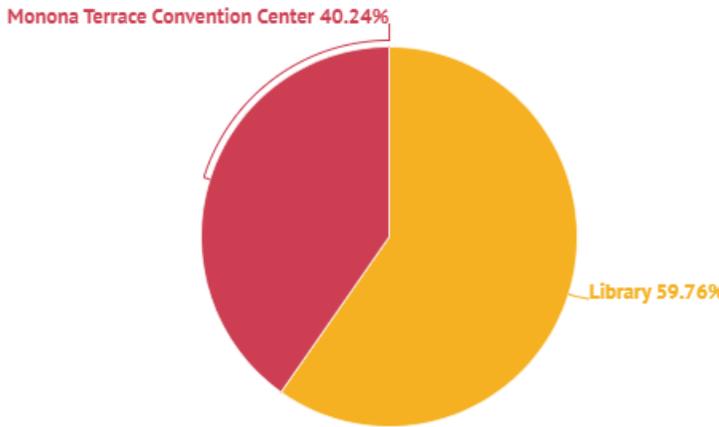


WHAT THE \$ SUPPORTS:

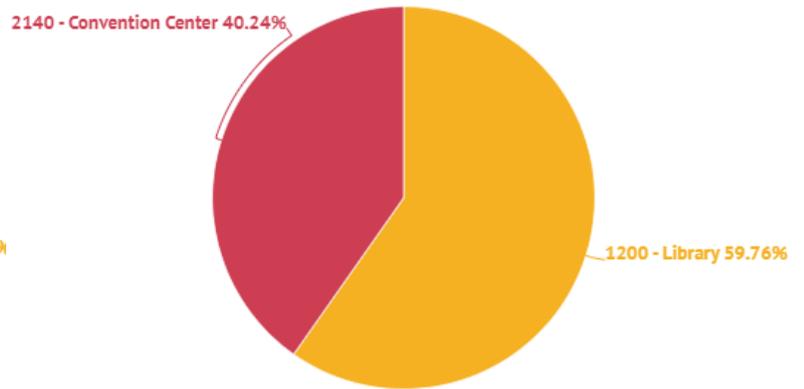
- This function includes funding from various federal sources that support the Community Development Division and the CDA-Housing Operations. These divisions receive various HUD grant awards to support the City’s housing assistance and community development grant programs.
- The Room Tax Commission is fully funded by revenues from the City’s Room Tax. This funding supports the City’s contract with Destination Madison, an annual contribution for the Overture Center, and various grant programs aimed at promoting Madison as a destination.
- Unlike other areas of the City’s budget, staffing costs are not the biggest share of spending within this category; instead purchased services make up the largest share of spending within this category. This funding supports the City’s grant processes to local non-profits and the housing voucher program, among other items.

PUBLIC FACILITIES

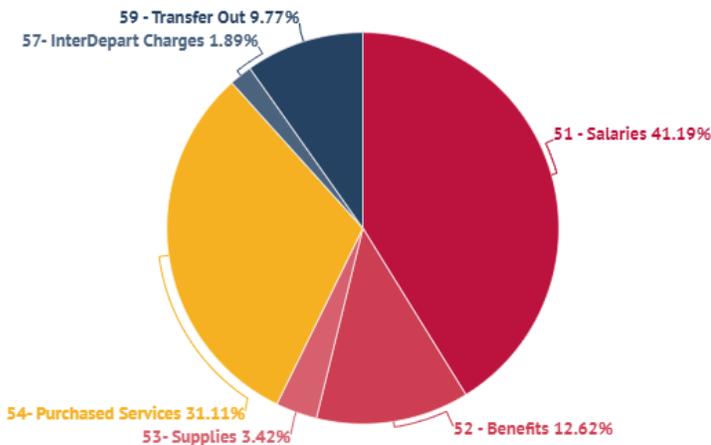
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

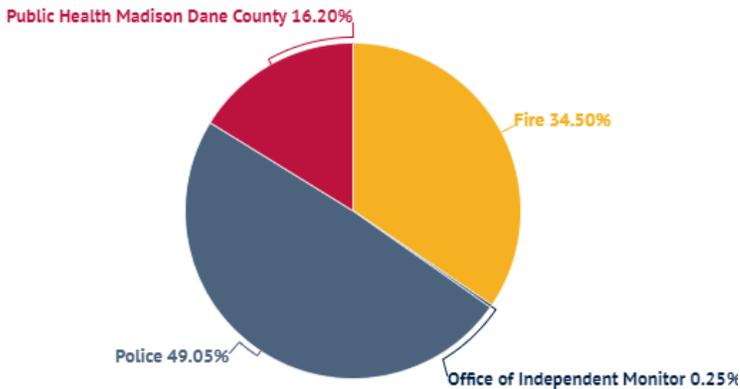


WHAT THE \$ SUPPORTS:

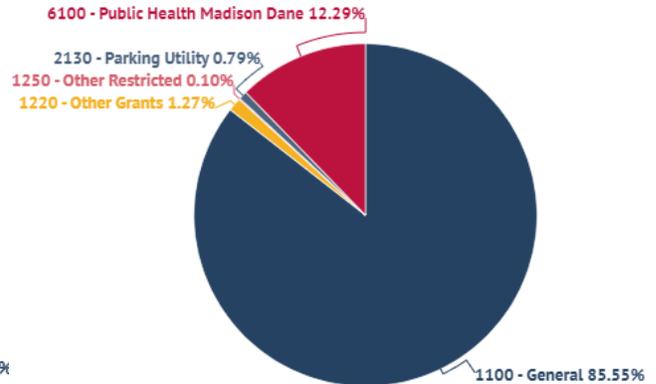
- This function includes the Madison Public Library and Monona Terrace. Both entities have their own dedicated fund; the Library is funded through property tax revenues while Monona Terrace is funded by revenues from the Room Tax. Together, these agencies make up 5.25% of the City's All Funds budget.
- Just over half of spending is for personnel costs. The next largest share of expenditures are purchased services, which includes the catering contract at Monona Terrace and the City's participation in the Dane County Library System.

PUBLIC SAFETY & HEALTH

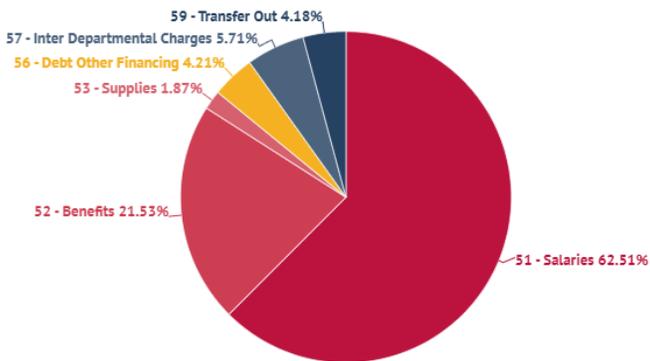
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

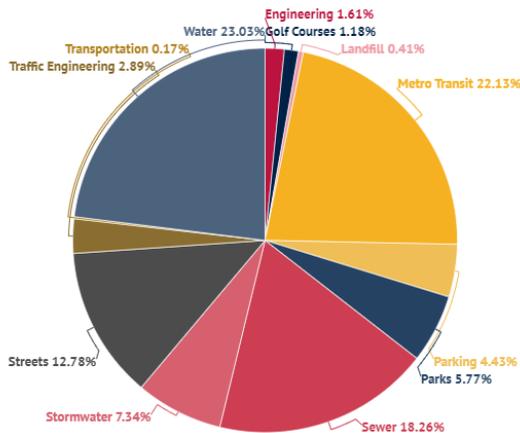


WHAT THE \$ SUPPORTS:

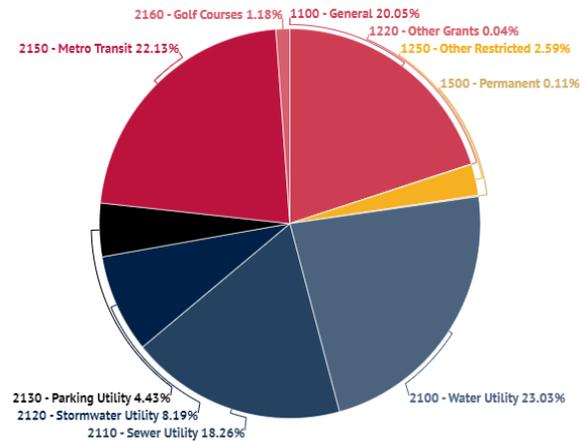
- This function represents the largest share of the General Fund budget, and the second largest share of the All Funds budget. Four agencies make up this function.
- Personnel costs make up the majority of spending within this function (84.04%).
- This function also includes the City’s contribution to Public Health, which is a joint venture between the City of Madison and Dane County. The Public Health budget is split proportionately between the two jurisdictions based on total share of equalized property values.

PUBLIC WORKS & TRANSPORTATION

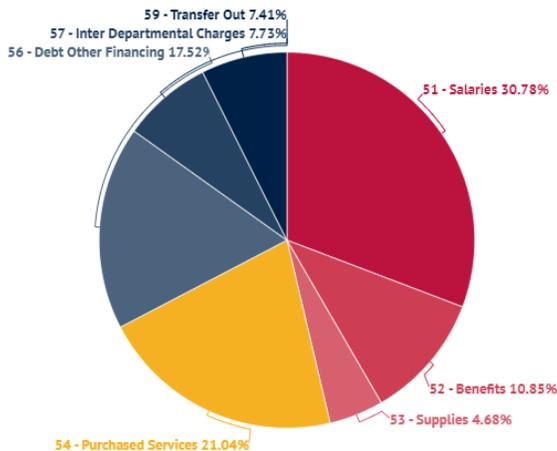
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

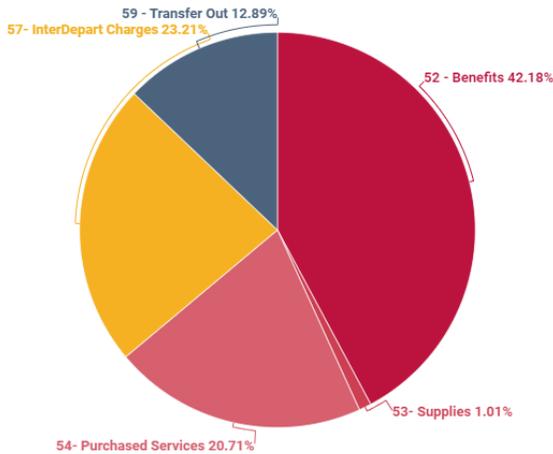


WHAT THE \$ SUPPORTS:

- This function makes up the largest share of the City’s All Funds budget, and the second largest share of the General Fund budget. This function is comprised of all of the Division of Public Works and Transportation.
- Unlike other areas of the budget, this function receives a majority of its funding for revenues generated from various rates including Water, Sewer, Stormwater, and Parking. These funds are known as the enterprise group; revenue generated from rates is used to fund the operations of those agencies.
- Personnel spending makes up 41.63% of spending within this category, while debt payments and purchased service contracts total 38.56%. In addition to annual debt service payments, this category also includes contingency funds budgeted within the City’s enterprise group.

DIRECT APPROPRIATIONS & CAPITAL

HOW THE \$ IS SPENT: BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:



WHAT THE \$ SUPPORTS:

- This category makes up the smallest share of the City’s General Fund and All Funds budget. It is made up of miscellaneous expenditures that benefit multiple agencies. This is also where the City budget the General Fund Contingent Reserve, which is used for unplanned expenditures throughout the year.

DEBT SERVICE

SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

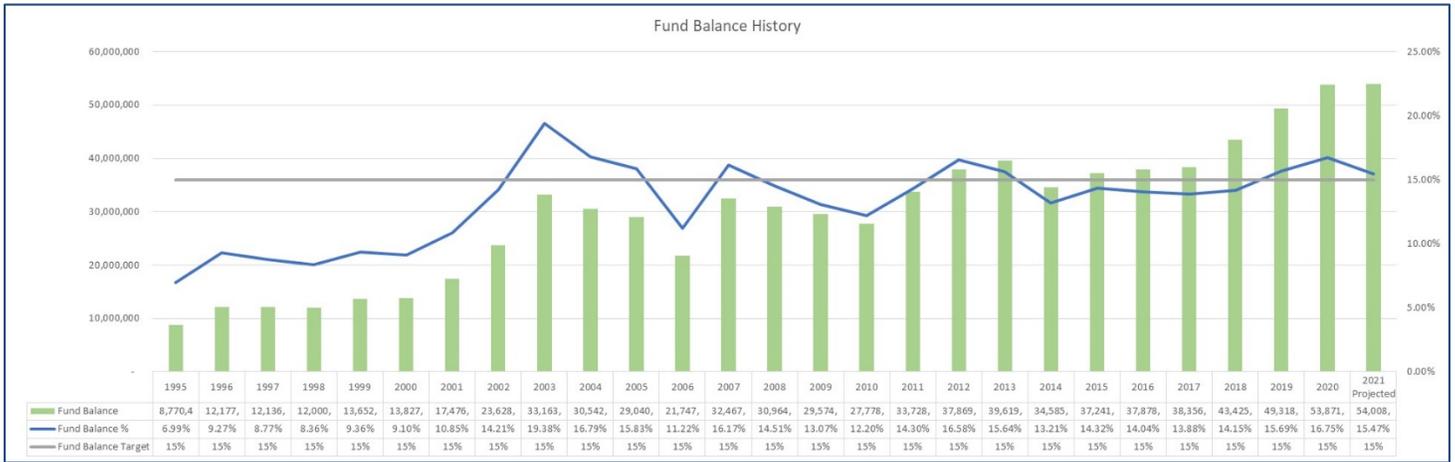


WHAT THE \$ SUPPORTS:

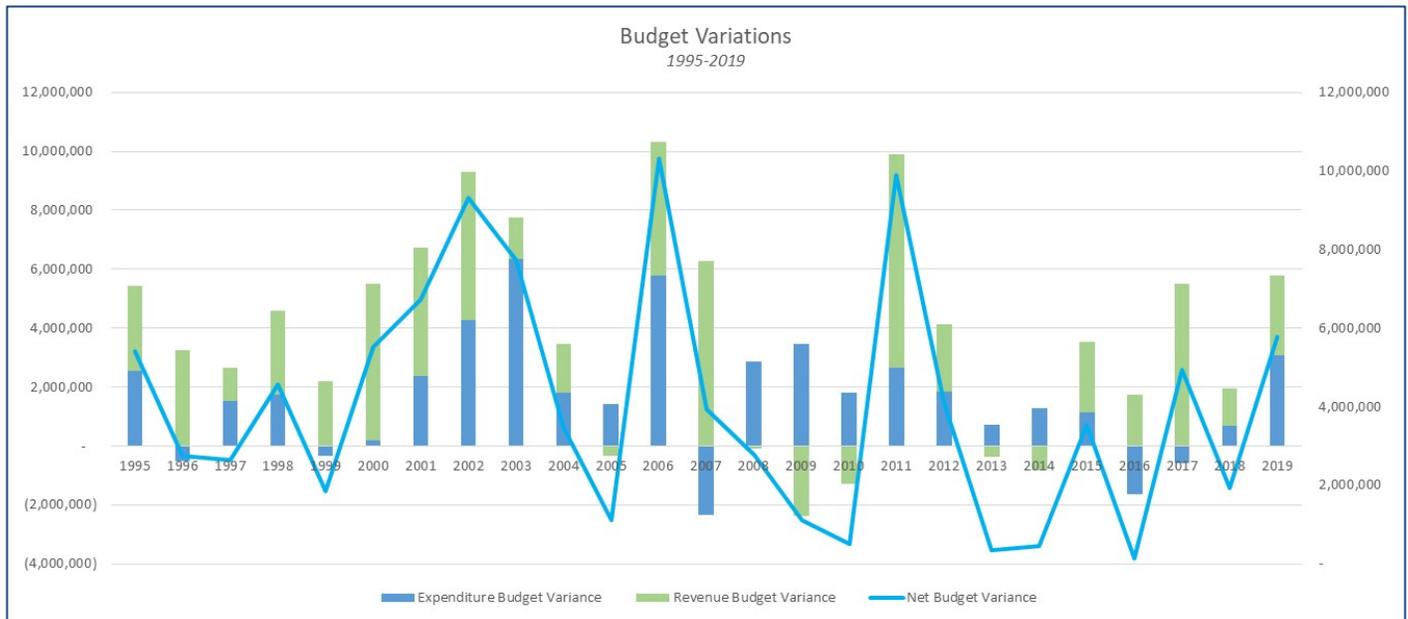
- This represents the City’s annual debt service payments for items funded through the Capital Budget.
- The 2021 projected debt service is \$98.7 million, up from \$96.2 million in 2020. Principal payments make up 83.1% of annual expenditures, while interest makes up 16.9%.

General Fund Balance

The City of Madison has a policy goal of maintaining an unassigned General Fund balance equal to 15% of the General Fund. At the close of 2019 the fund balance equaled 16.54% of 2020 budgeted General Fund expenditures.



The fund balance is directly correlated to how the City performs in terms of budget to actual expenditures and revenue. As demonstrated in the chart below, years when the City ended the fiscal year with a surplus the fund balance grows. In recent years, the operating margins have become narrower.



Central Services Cost Allocation Plan

Purpose

The primary purpose of a Central Services Cost Allocation Plan is to identify the appropriate indirect costs incurred during a fiscal year. Analysis performed as part of the plan identified the share of central services for each of Madison's enterprise funds. The primary goal in using this analysis as part of the budget is to ensure consistency in how central costs are being allocated.

Current Allocation Methodology

Since the 2019 budget, enterprise agencies have been charged for their share of central services through rates established by the Cost Allocation Plan. This approach seeks to bring consistency to the process and ensure amounts are updated annual to reflect the actual level of service being received.

Method

The steps involved in preparing the Cost Allocation Plan include the following:

1. Identification of the departments that exist in large part to provide support to other departments or agencies of the organization. These departments are **central service departments**.
2. Identification of the departments or agencies of the organization that receive support from other departments. These departments are **grantee or benefitting departments**.
3. Accumulation of the allowable actual expenditures of the central service departments that provide support to the benefitting departments.
4. Collection of appropriate statistics reflecting the distribution of effort for functions performed by central service department to all benefitting departments. The 2021 cost allocation plan uses statistics from 2019.

The allocation methodology incorporates all allowable costs (direct expenses and allocated indirect costs) from central service departments and in turn allocates these costs to all departments. The central services departments pass through all applicable costs to the benefitting departments in the cost allocation plan. The methodology used in this plan is consistent with federal guidance cost principles. The allocated amounts proposed in the 2021 Executive Budget reflect 75% of total allocated costs. The total amount allocated in the 2021 Executive Budget is \$3,699,727.

The cost allocation plan is updated based on prior year actual transactions. The plan utilized for the 2021 budget adds the Department of Civil Rights and Traffic Engineering-Radio Shop to the list of allocated costs. The Clerk's Office was removed from the allocated costs.

Schedule of Allocation Basis	
Central Service Agency-Function	Allocation Base
Employee Assistance Program	
EAP Service Delivery	Number of Internal Contacts
Critical Incidents	Number of Attendees at Internal Critical Incident Debriefings
External EAP	Number of External Contacts
External CISM	Number of Attendees at External Critical Incident Debriefings
Mayor's Office	
City Operational Oversight	Number of full-time equivalent positions by benefitting department
Attorney's Office	
General Counsel	Attorney staff effort devoted to benefitting departments
Ordinance Enforcement	Attorney staff effort devoted to benefitting departments
Legislative Service	Direct allocation to benefitting departments
Human Resources	
HR & Benefits Administration	Number of FTE employees by benefitting department
Union & Association Administration	Number of represented and association staff by benefitting department
Accommodation & FMLA Admin	Number of FMLA & accommodation requests reviewed by department
Compensation & Hiring Admin	Number of employees by benefitting department (less sworn police)
Employee Development	Number of session participants by benefitting department
Information Technology	
Network & Infrastructure Support	Total number of supported devices by benefitting department
Phone System Administration	Phone system charge amount by benefitting department
Media Services	Direct allocation to benefitting departments
Application Support and Development	IT staff salary by benefitting department
Software Maintenance	Software maintenance costs per department
Finance Department	
Administrative Support	Administrative support hours by benefitting department
General Accounting & Reporting	Number of API, APM, APP, GBI and BEN transactions
Budget Management	Share of budget transactions, amendments, and budgeted expenditures
Risk Management	Insurance and Workers Compensation charges by department
Purchasing	Number of COL, COM, POE, POL and POM transactions
Payroll	Number of FTE employees by benefitting department
Debt Management	2019 debt issuance by fund/agency
General Receipts (Treasury)	Number of receipts processed by department
Parking Collections (Treasury)	Direct allocation to benefitting departments
Room Tax Collections (Treasury)	Direct allocation to benefitting departments
Animal License Collections (Treasury)	Direct allocation to benefitting departments
Property Tax Collections (Treasury)	Direct allocation to benefitting departments
Investment Management (Treasury)	Average Monthly Cash Balance by Fund
Bank and Card Service Fees (Treasury)	Credit Card Fees per Benefitting Department
Water Utility (Treasury)	Direct Allocation to Water
Engineering Division	
Facilities – General	Tracked maintenance & repairs and custodial services expenditures
Facilities – Enterprise Funds	Tracked maintenance & repairs and custodial services expenditures
Traffic Engineering	
Radio Shop	Actual charges for radio operations
Civil Rights	
Internal Support	Number of FTE employees by benefitting department

Allocated Costs by Agency

Summary of Allocated Costs									
	Water Utility	Sewer Utility	Stormwater Utility	Metro Transit	Parking Utility	Golf Enterprise	Monona Terrace	Landfill	TOTAL
Employee Assistance	\$7,627	\$0	\$693	\$18,875	\$3,775	\$0	\$13,810	\$116	\$44,896
Mayor's Office	\$66,036	\$27,080	\$14,252	\$220,580	\$37,841	\$4,276	\$31,237	\$1,425	\$402,727
Attorney's Office	\$13,767	\$6,088	\$7,610	\$42,645	\$48,614	\$0	\$60,656	\$0	\$179,380
Human Resources	\$80,229	\$19,524	\$9,295	\$328,490	\$60,652	\$18,299	\$86,516	\$1,098	\$604,103
Information Technology	\$220,558	\$18,186	\$18,011	\$237,369	\$157,532	\$30,508	\$80,291	\$8,645	\$771,100
Finance Department	\$237,084	\$148,314	\$146,763	\$237,027	\$265,252	\$35,403	\$71,753	\$13,738	\$1,155,334
Engineering Division	\$0	\$22,766	\$9,129	\$0	\$ (9,147)	\$0	\$0	\$5,033	\$27,781
Traffic Eng. (Radio Shop)	\$76,349	\$0	\$0	\$101,982	\$27,860	\$0	\$0	\$0	\$206,191
Civil Rights	\$34,082	\$13,976	\$7,356	\$94,346	\$19,530	\$2,207	\$16,122	\$736	\$188,355
Building Depreciation	\$3,096	\$0	\$0	\$0	\$50,813	\$10,054	\$0	\$18,205	\$82,168
Equipment Depreciation	\$0	\$28,739	\$387	\$0	\$0	\$0	\$0	\$8,566	\$37,692
TOTAL	\$738,828	\$284,673	\$213,496	\$1,281,314	\$662,722	\$100,747	\$360,385	\$57,562	\$3,699,727

Significant Changes in 2021 Charges

The annual cost allocation plan is developed by an external vendor. The change in vendor, along with the annual update in base data, resulted in increases to specific enterprise funds. These changes are summarized in the table below.

Major Changes by Agency		
Agency	\$ Change	Reason for Change
Metro Transit	\$492,022	<ul style="list-style-type: none"> Includes new charges from Traffic Engineering-Radio Shop and Civil Rights not previously included in the cost allocation plan Removes credits for Human Resources and Finance charges that were included in the previous cost allocation plan but should not be included as determined by the new plan and vendor Removes indirect billings from Engineering based on updated cost allocation methodology
Monona Terrace	\$33,583	<ul style="list-style-type: none"> Includes new charges from Civil Rights not previously included in the cost allocation plan Includes an increase in EAP, Mayor, Attorney, and HR based on annual update of data Includes a decrease in Finance and IT based annual update of data Removes indirect billings from Engineering based on updated cost allocation methodology
Parking Utility	\$229,783	<ul style="list-style-type: none"> Includes new charges from Traffic Engineering-Radio Shop and Civil Rights not previously included in the cost allocation plan Increases building depreciation based on occupied square footage in Madison Municipal Building Increases Finance (Treasury) based on general receipts Includes a credit from Engineering due to direct allocation from Engineering exceeding indirect costs through Engineering-Facilities Removes indirect billings from Engineering based on updated cost allocation methodology
Water Utility	\$210,051	<ul style="list-style-type: none"> Includes new charges from Traffic Engineering-Radio Shop and Civil Rights not previously included in the cost allocation plan Removes indirect billings from Engineering based on updated cost allocation methodology



City of Madison
Finance Department
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Madison WI