
OPERATING BUDGET OUTLOOK: 2020 3RD QUARTER PROJECTION ANALYSIS

PRESENTATION TO FINANCE COMMITTEE

NOV 30, 2020



3RD QUARTER SUMMARY

General & Library Fund Summary							
	Revised Budget	1st Quarter		2nd Quarter		3rd Quarter	
		Projection	Diff	Projection	Diff	Projection	Diff
GF Revenue	(90,691,981)	(80,675,406)	(10,016,575)	(80,820,453)	(9,871,528)	(78,631,968)	(12,060,013)
Prop Tax Levy	(250,016,152)	(250,016,152)	-	(250,016,152)	-	(250,016,152)	-
Total Revenue	(340,708,133)	(330,691,558)	(10,016,575)	(330,836,605)	(9,871,528)	(328,648,120)	(12,060,013)
Expenditures	340,708,133	342,585,516	(1,877,383)	341,961,044	(1,252,912)	334,469,140	6,238,992
TOTAL	(340,708,133)	11,893,958	(11,893,959)	11,124,439	(11,124,440)	5,821,020	(5,821,020)
<i>Library</i>					1,161,685		1,235,259
TOTAL-Less Library Savings					(12,286,125)		(7,056,279)
<i>Other Funds Projection</i>					(12,120,597)		(4,975,577)
TOTAL-ALL FUNDS					\$ (23,245,036)		\$ (12,031,856)

Key Assumptions

- Data based on actuals through Sept 30th including 19 payroll periods (out of 26)

Major Changes

- The General & Library fund projected shortfall decreased by \$5.2 million from the 2nd Quarter. This change is driven by:
 - Worse than previously projected General Fund revenue-specifically Room Tax and investment earnings.

Police and Fire spending is \$2.6 million higher than what was assumed in the 2nd Quarter. Together, these Departments are projecting a \$4.5 million deficit. The bulk of the deficit (\$3.5 million) is driven by overtime spending. The remaining portion of the deficit in these agencies is driven by lost revenue not realized primarily due to COVID.

The 3rd Quarter projection assumes the General Fund will not provide any of the budgeted subsidy to Metro in 2020 (\$8.5 million). This update is the biggest driver of the shift from the 2nd to 3rd Quarter.

GENERAL FUND REVENUES

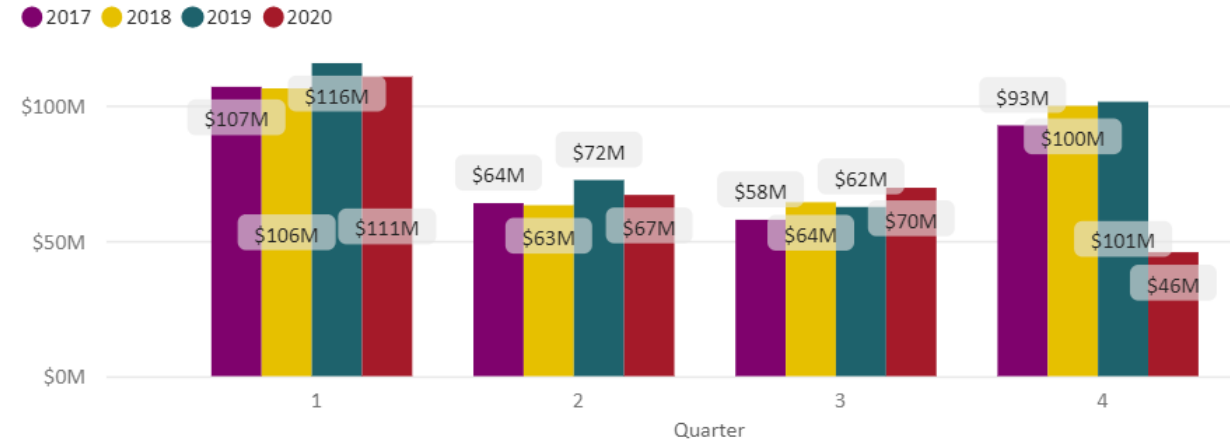
PROJECTION=\$328.4M (\$12.1M DEFICIT)

- Property Tax & State Aid revenue are projected to end the year at budget (\$273.4m in projected revenue-85% of total General Fund revenue)
- Projected deficits are caused by the remaining 15% of budgeted revenue. Major deficits include:
 - Room Tax (\$5.9m Deficit): The 3rd Quarter projection assumes the General Fund will realize NO revenue from Room Tax proceeds
 - Investment Income (\$2.4m Deficit): The 3rd Quarter projection is based on actual revenue received year to date-assumes no additional revenue for remainder of the year
 - Parking Violations (\$2.8m Deficit): 3rd Quarter projections are \$500k lower than what was assumed in the 3rd Quarter. Monthly revenue from parking citations declined to a range between 2-20% of prior trends during the height of the Stay at Home orders. In the 3rd Quarter violations returned to 30% of prior trends. This projection assumes that trend will hold for the remainder of the year.
- General Fund expenditures are projected to exceed revenue which will reduce the Unrestricted General Fund balance. Based on 3rd Quarter projections;
 - The unrestricted fund balance will be approximately **\$51 million**, or **15.5%** going into 2021. After assuming the use of fund balance that's included in the 2021 Adopted budget, fund balance will fall to **\$43 million** or **12.7%**.

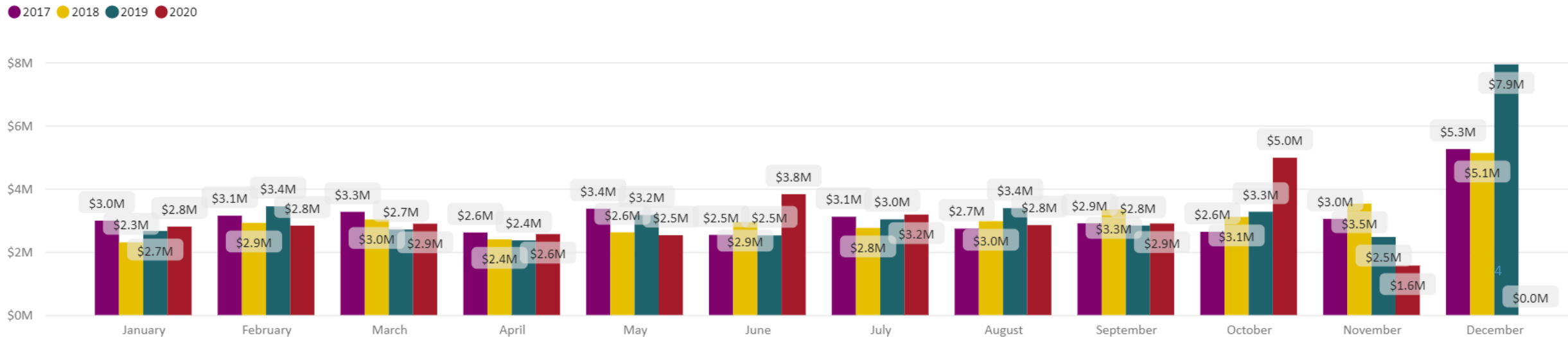
2020 SPENDING COMPARED TO PRIOR YEARS

- Quarterly spending in the Library & General funds was lower than previous in the 1st and 2nd Quarters; 3rd Quarter spending was higher than prior years—that trend continued in October
- Supply & purchased service spending was higher in July and September—October expenditures were \$5.0m, compared with \$3.3m in 2019

Quarterly Spending (2017-2020 2nd Q)



Non-Personnel Spending by Year & Month

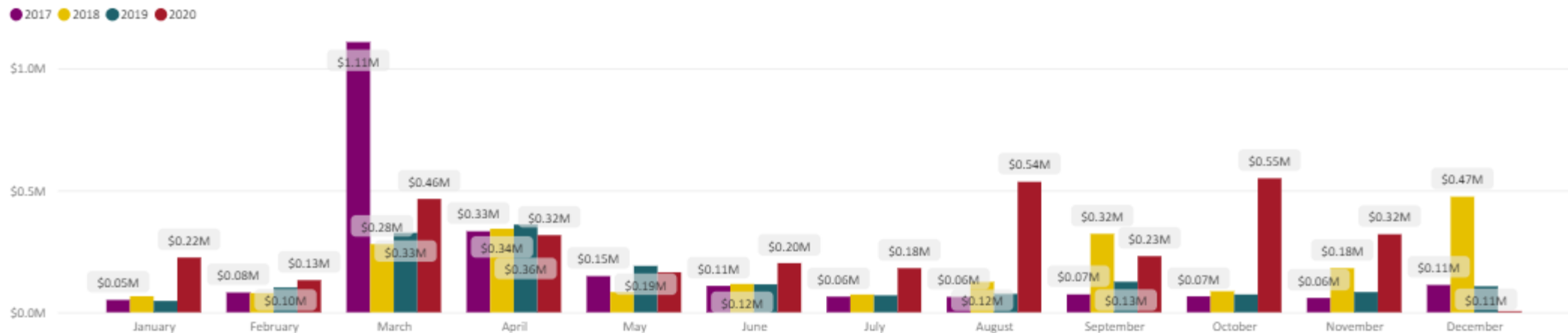


CLERK'S OFFICE

CLERK'S OFFICE: PROJECTION=\$60K SURPLUS (\$1.4M DECREASE FROM 2ND QUARTER)

- The 2nd Quarter projection did not include grant revenue received to help offset the increased cost of the November election (Total Grant Award=\$1.4m)
- At the 2nd Quarter, the August and November elections were projected to cost \$1.0m/election. 3rd Quarter actuals totaled \$950k compared to \$520k in 2018 (last year with statewide August elections)
- The chart below shows monthly spending from 2017-2020 (note; November data only includes a partial month)

Clerk's Office-Spending by Year & Month



FIRE DEPARTMENT

FIRE DEPARTMENT: PROJECTION=\$944k DEFICIT (\$395k INCREASE FROM THE 2ND QUARTER)

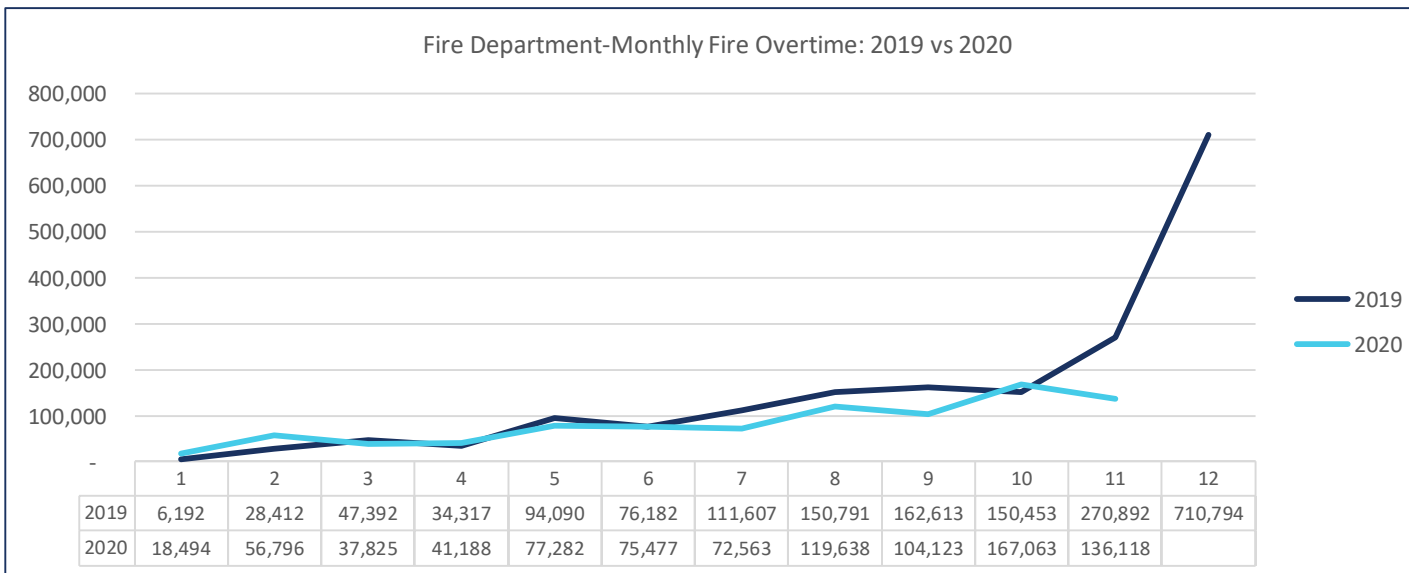
The increase in the projected deficit is primarily driven by overtime spending which is up from by \$350k from \$1.4m in the 2nd Quarter to \$1.7m in the 3rd Quarter.

- Throughout 2020 monthly overtime spending has largely followed 2019 trends. These trends are based on 4 commissioned staff on emergency leave per day (in addition to the regular unplanned absences of 6.7 per day)

OTHER CHANGES

Revenue is projected \$240,000 higher than 2nd quarter due primarily to a change in accounting for previously restricted revenue from Elevator Permits. The Department has also realized small changes in revenue attributed to UW football (\$10k increase from 2nd Quarter) and the sale of a piece of equipment (\$20k).

The Department continues to realize savings (projected surplus=\$296k) in non-personnel spending driven by the administrative actions.



The 2020 Period 11 amount (November) includes only 1 pay period, compared to 2 in 2019

POLICE DEPARTMENT

POLICE DEPARTMENT: \$3.9M DEFICIT (\$2.2M INCREASE FROM 2ND QUARTER)

Overtime spending is projected to be over budget by \$3.3 million.

Monthly overtime spending has exceeded 2019 since June; that trend is expected to continue through the remainder of 2020

Amounts shown below do not include comp time that has been earned but not yet taken; employees will be paid out for remaining portions of this leave in the 4th Quarter

OTHER CHANGES

Revenue: Projection-\$685k Deficit

MMSD Cancelling SRO Contract: \$200k Impact

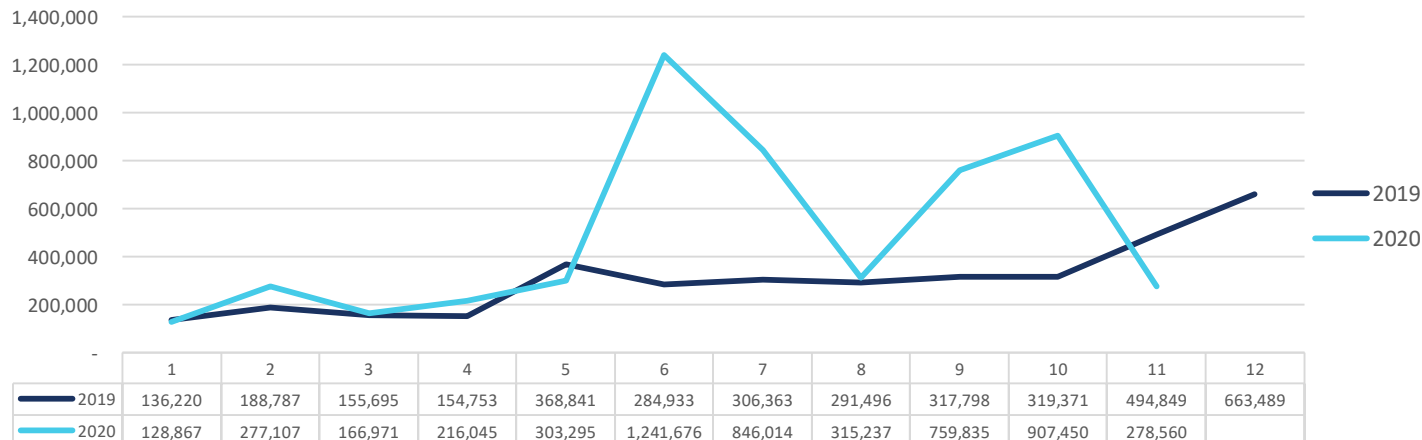
Special Duty & Police Services revenue: \$480k Impact

Non-Personnel Spending-\$38k Surplus

YTD the Department has been billed \$70k for Mutual Aid from the unrest response

Savings on the towing contract and misc contracts is offset by TE charges and increased uniform charges

Police-Monthly Police Overtime: 2019 vs 2020



The 2020 Period 11 amount (November) includes only 1 pay period, compared to 2 in 2019

STREETS DIVISION

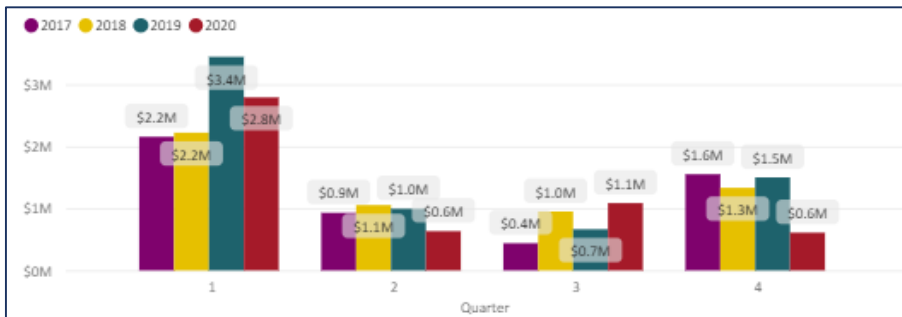
STREETS DIVISION: \$220K SURPLUS (\$360K INCREASE SINCE 2ND QUARTER)

The major change is attributed to changes in assumptions in the Snow and Ice control service

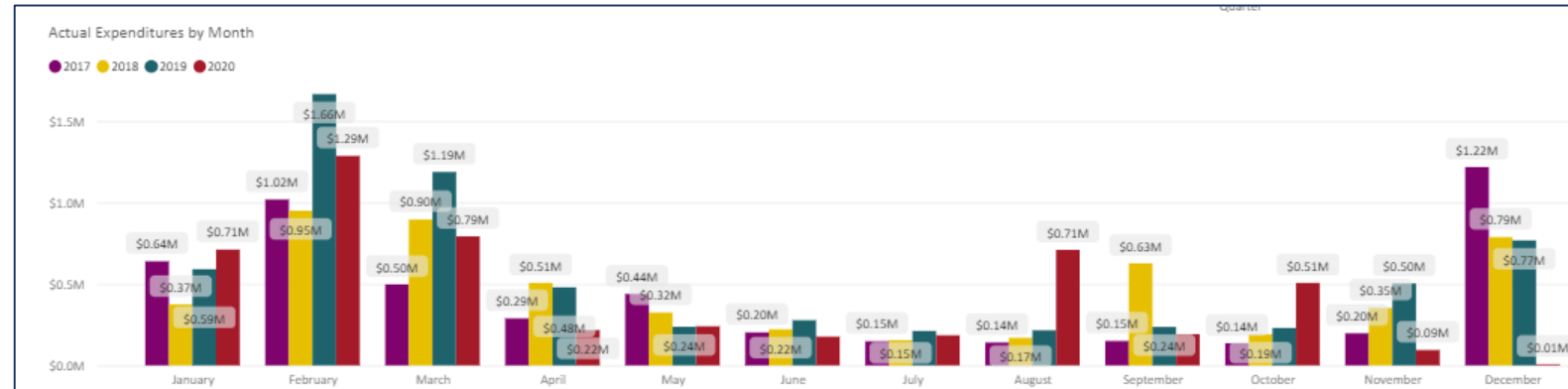
The 3rd Quarter projection assumes there will be two general plow snow events in the 4th Quarter, compared to three additional events assumed in the 2nd Quarter

The projection was revised based on actual experience, in recent years there has not been more than 1 general plow event in the 4th Quarter. The charts below show quarterly & monthly spending trends for Snow & Ice Removal

Snow & Ice Control-Quarterly Spending



Snow & Ice Control-Spending by Year & Month



2020 3RD QUARTER: OTHER MAJOR CHANGES

PARKS DIVISION: \$32K DEFICIT (\$41K DECREASE FROM 2ND QUARTER)

- The Department has been projected COVID related revenue loss throughout 2020. The largest portion of this loss is from a dramatic drop off in charges for services which includes facility rentals, admissions, and Parks use charges.
 - This projection also includes eliminating the Room Tax contribution for a portion of Olbrich expenses.

The Department currently has 10 vacant positions that will remain open for the remainder of 2020. The projected savings from permanent wages is \$600k.

The Department also had lower seasonal staffing levels that what was assumed in the 2020 budget. The projected savings from seasonal staffing is \$623k.

LIBRARY: \$1.2M SURPLUS (CONSISTENT WITH 2ND QUARTER)

- At the projected level, library locations will continue operating under the current service model for the remainder of the year.
- The primary driver of the projected surplus is from vacant positions. At the close of the 3rd Quarter there were 12.1 FTE vacant positions.
- The full surplus will lapse to the Library fund balance at the close of 2020, meaning this balance will be restricted for the Library use. The 2021 Adopted Budget assumes apply \$250k in fund balance for costs in 2021.

ENTERPRISE AGENCIES

Other Fund Summary					
	1st Quarter	2nd Quarter	3rd Quarter	Change	Trend
1250 - ROOM TAX COMM	(4,061,488)	340,703	(554,283)	(894,986)	↘
2100 - WATER UTILITY	(3,180,803)	630,109	1,964,970	1,334,860	↗
2110 - SEWER UTILITY	(124,460)	657,817	1,219,296	561,479	↗
2120 - STORMWATER UTILITY	1,459,460	672,257	1,193,052	520,795	↗
2130 - PARKING UTILITY	(5,358,473)	(6,560,857)	(1,376,106)	5,184,751	↗
2140 - CONVENTION CENTER	(3,582,974)	(2,308,482)	(2,603,870)	(295,388)	↘
2150 - METRO TRANSIT	(3,416,917)	(5,386,235)	(14,424,104)	(9,037,868)	↘
2160 - GOLF COURSES	(901,762)	(358,461)	246,742	605,203	↗
2200 - FLEET SERVICES	276,482	196,776	(184,633)	(381,409)	↘
5100 - CDA	(170,660)	(0)	455,337	455,337	↗
6100 - PUBLIC HEALTH MADISON DANE	187,732	(4,224)	9,088,023	9,092,247	↗
	(18,873,862)	(12,120,597)	(4,975,577)	7,145,020	

The All Funds projected deficit has decreased by \$7.1m between the 2nd & 3rd Quarters

MAJOR CHANGES

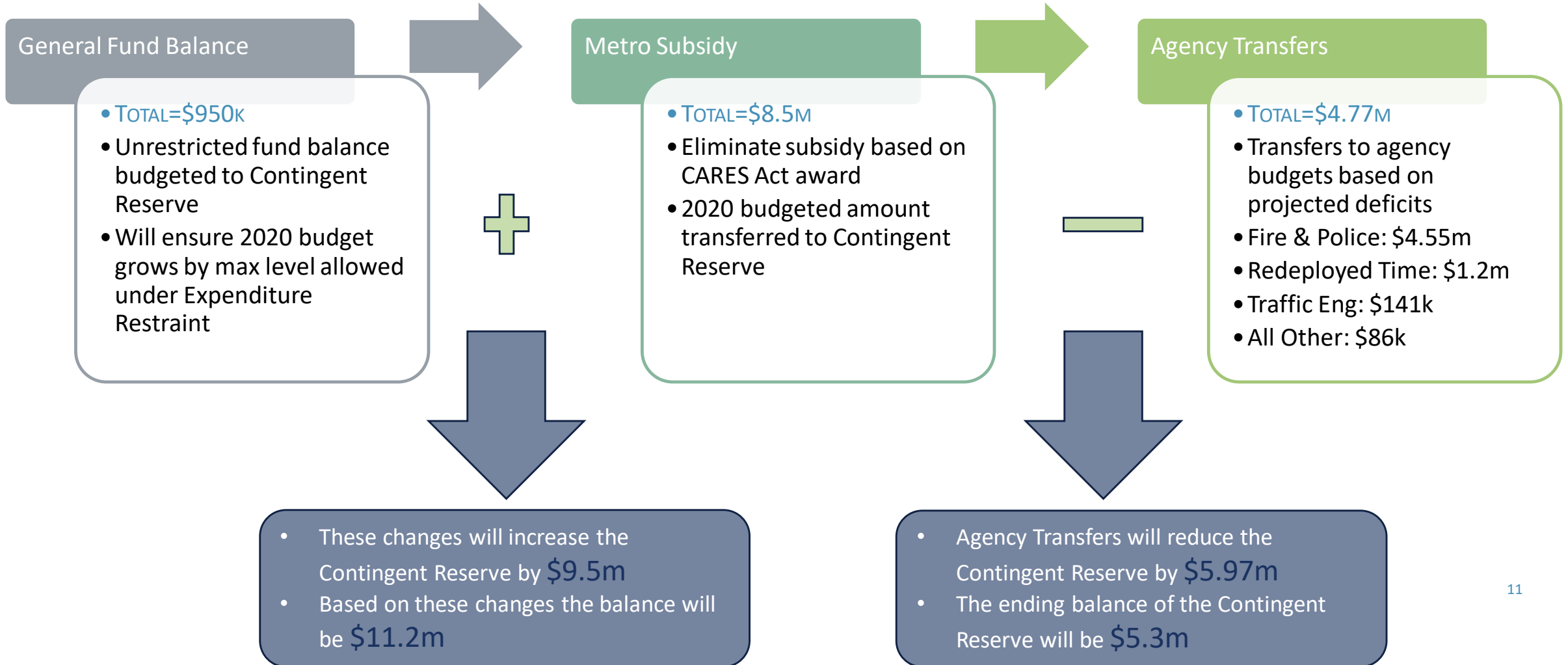
Applying revenue from the air rights sale above the Wilson Street Garage in the Parking Utility.

The major Utility Funds (Sewer, Stormwater, and Water) are collectively projecting a \$4.4 million surplus.

Public Health is projecting a \$9.1 million surplus driven by grant revenue that is now largely funding the COVID response.

As of the 3rd Quarter Monona Terrace has exhausted its remaining fund balance. The 3rd Quarter projection assumes utilizing any additional Room Tax revenue to fund Monona Terrace operations.

2020 YEAREND RESOLUTION: CONTINGENT RESERVE ACTIONS



2020 YEAREND RESOLUTION: OTHER ACTIONS

INTRA AGENCY TRANSFERS: TOTAL=\$574k

- These are transfers across expenditure categories in agency budgets based on 3rd Quarter projections
- These transfers are net neutral and do not impact the overall budget

ENTERPRISE FUND BALANCE APPROPRIATIONS: TOTAL=\$1.87M

- Fleet: Appropriate \$470k based on higher than previously budgeted interest expenses
- Parking Utility: Appropriate \$1.4 million to offset lost revenue

Routes to Recovery (Legislative File 62986)

- 2020 Total=\$4.1 million
- These funds were awarded through the State of Wisconsin with CARES Act funding
- The resolution allows the City to accept up to \$3.3m of additional funding

Metro-CARES Act (Legislative File 62987)

- 2020 Total=\$11.6 million
- A previous resolution authorized Metro to apply for & accept the CARES Act grant-this resolution did not amend the budget
- The amended amount is based on 3rd Quarter projections