



# MADISON PARKS

## **2025 Parks Division Operating Budget**

**Presentation to the Board of Park Commissioners**

**Eric Knepp, Parks Superintendent**

August 14, 2024

# Current Situation: The City faces a serious structural deficit

## What is a structural deficit?

- A structural deficit is when projected expenses are greater than projected revenues, despite economic conditions. The cost to provide the same level of services next year is more than we think we will bring in through revenues.

## How much is the projected deficit for 2025?

- Currently, the deficit is estimated to be \$22 million.

## Why are we in this situation?

### 1 Limited Revenues

- State of WI places strict limits on revenues, so revenues do not keep pace with inflation
- Madison receives less State Aid (\$29/resident compared to statewide average of \$195/resident)

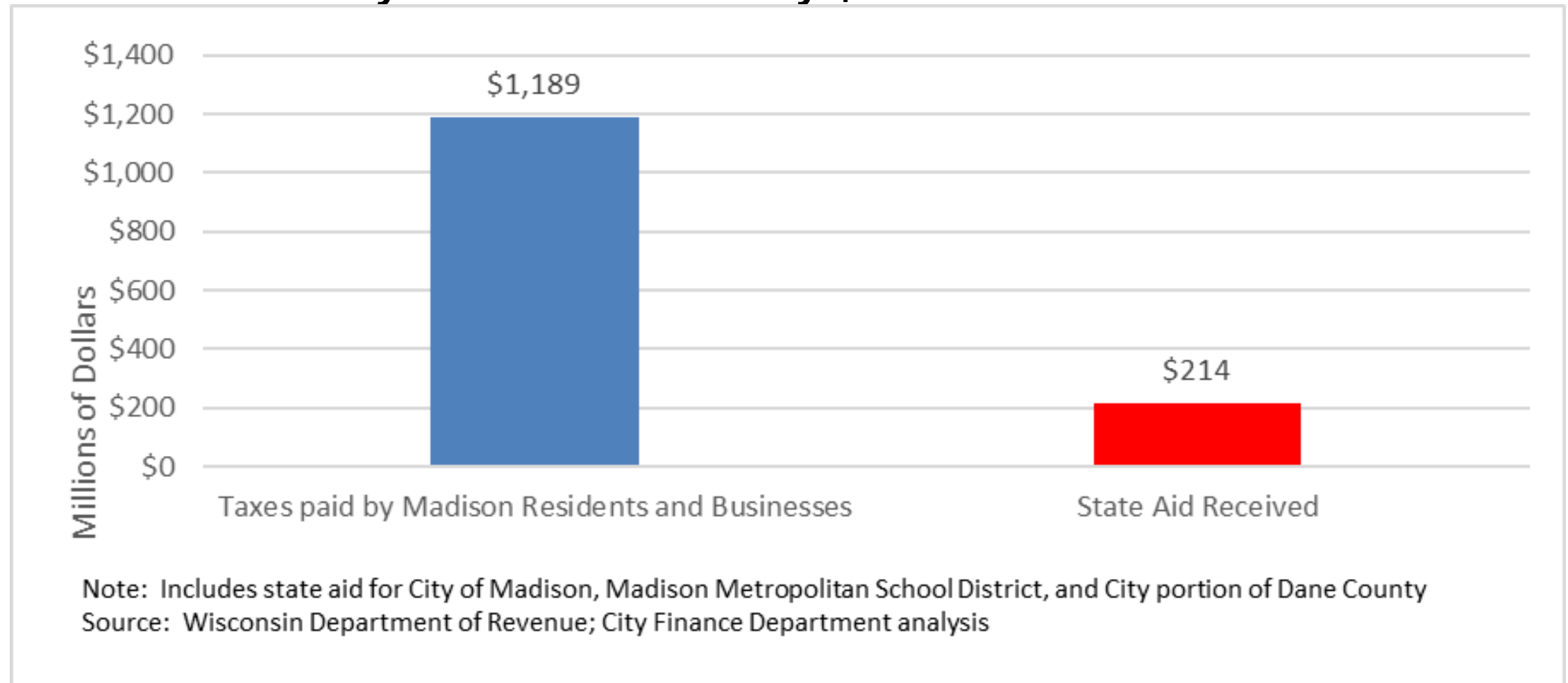
### 2 Growing City

- Expanding services to meet resident needs as the City grows (for example, maintaining emergency response times)
- Annual increases for cost of living adjustments, higher healthcare costs, and inflation

### 3 Impact of COVID Pandemic

- City revenues have not fully recovered from the pandemic – property taxes limited compared to county and state sales taxes
- Federal COVID relief funding helped with revenue losses in prior years, but this ends in 2024

## State Legislature Shortchanges Madison: We Get Back Only 18 Cents For Every \$1 Of State Taxes Paid



# What has the City done so far?

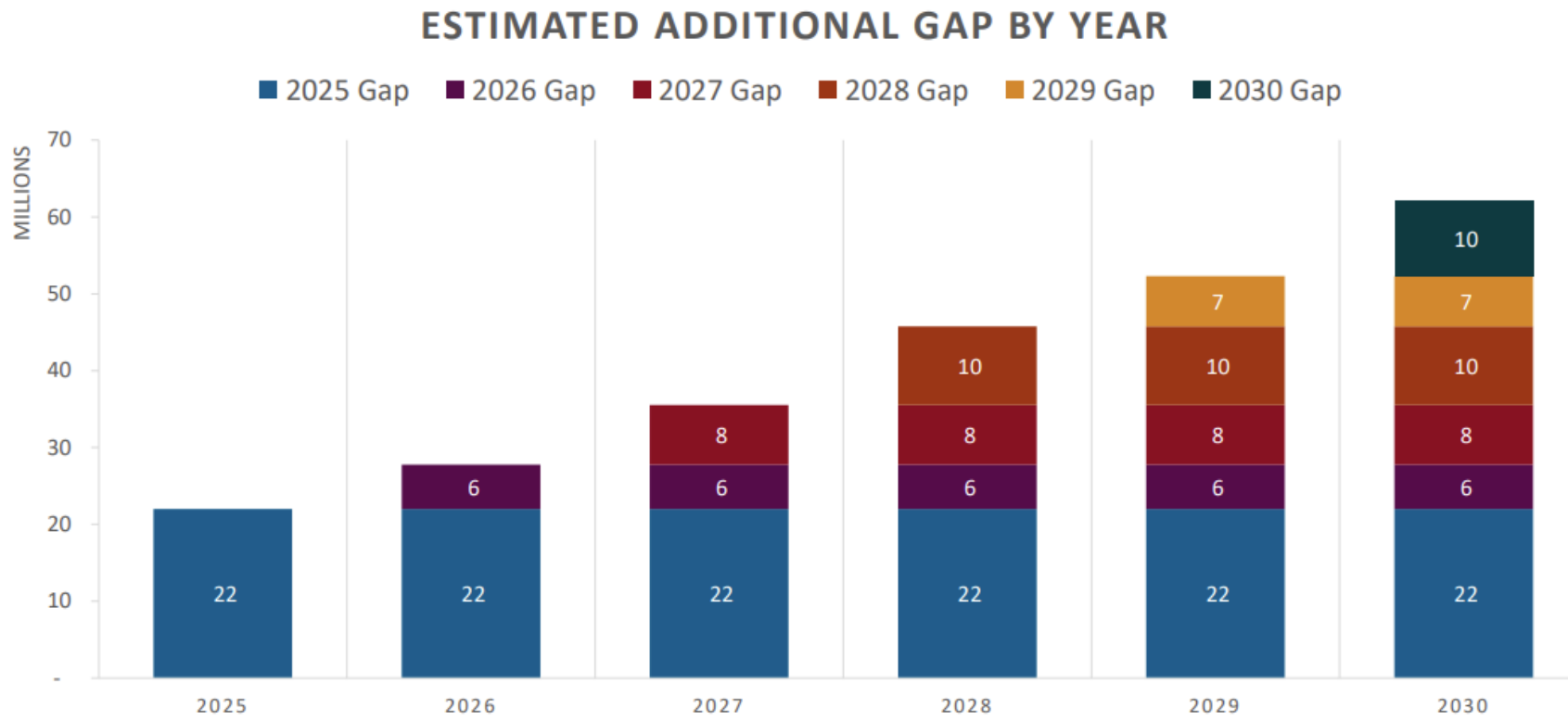
Madison has faced a budget deficit **every year** since the State imposed strict levy limits in 2011. The problem is bigger in 2025 than before because of the lasting impacts of the pandemic and end of federal recovery funds.

2012	2013	2014	2015	2016	2017	2018
<ul style="list-style-type: none"> <li>• Debt premium</li> <li>• Police and fire pension contributions</li> <li>• Premium stabilization surplus</li> </ul>	<ul style="list-style-type: none"> <li>• Room tax growth</li> <li>• Ambulance fee</li> </ul>	<ul style="list-style-type: none"> <li>• Room tax – shift from MT projects</li> <li>• Building Permit revenue</li> <li>• Urban forestry special charge</li> </ul>	<ul style="list-style-type: none"> <li>• Room tax</li> <li>• Building permits</li> <li>• Urban forestry special charge</li> </ul>	<ul style="list-style-type: none"> <li>• Room tax – shift Overture</li> <li>• Urban Forestry Special Charge</li> <li>• Health Insurance Plan Design</li> </ul>	<ul style="list-style-type: none"> <li>• Room tax</li> <li>• Ambulance fee</li> <li>• Transit fund surplus</li> <li>• Snow and ice removal budget</li> <li>• Urban forestry special charge</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Room Tax rate</li> <li>• Cost Allocation</li> <li>• Increased investment revenue</li> </ul>
2019	2020	2021	2022	2023	2024	
<ul style="list-style-type: none"> <li>• TID 32 Closure</li> <li>• Increased interest revenue</li> <li>• Shift Library Collection to capital</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle Registration Fee</li> <li>• Shift Parking Enforcement to Parking Enterprise</li> <li>• Increased Forestry staff time to Urban Forestry Special Charge</li> <li>• Debt premium</li> </ul>	<ul style="list-style-type: none"> <li>• \$8 m in fund balance</li> <li>• \$6 million in cuts, Workshare/'furloughs', service efficiencies</li> <li>• \$6.1 million American Rescue Plan Act (ARPA)</li> <li>• \$2 m in fee increases, Town of Madison fire &amp; EMS contract</li> </ul>	<ul style="list-style-type: none"> <li>• \$13.1 million ARPA</li> <li>• \$1.5 million Resource Recovery Special Charge (RRSC)</li> <li>• \$1.4m in cuts</li> </ul>	<ul style="list-style-type: none"> <li>• \$6.9 million TID proceeds</li> <li>• \$3 million Resource Recovery Special Charge (RRSC)</li> <li>• \$7.7 million one-time reduction to Metro subsidy</li> </ul>	<ul style="list-style-type: none"> <li>• \$9.2 million in fund balance</li> <li>• \$5.6 million ARPA</li> <li>• \$3.1 million TID proceeds</li> <li>• \$3.0 million reduction to all agencies</li> <li>• \$2.4 million savings from vacancies/ salary savings</li> </ul>	

*Prior to 2012, levy limits had a 3% floor for annual increases rather than 0%; 3% minimum was applied to prior year maximum allowable levy rather than actual levy.*

# 2025 City Budget= \$22M Gap

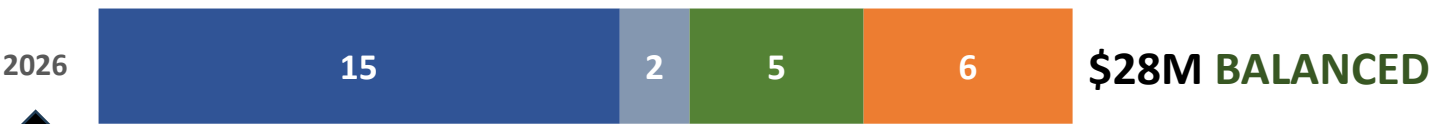
## Long-Range Outlook





# Without a Referendum, the City Would Need Additional Cuts and Revenue by 2027

Without a referendum, Madison will need additional cuts by 2027 – even with annual increases in special charges and significant cuts to services in 2025.



The earliest year that additional shared revenue from the State is possible



The earliest year a local sales tax would likely impact the City budget



Rainy Day Fund (\$25m) fully expended



■ New Special Charges   
 ■ Efficiencies / Revenue Adjustments   
 ■ Fund Balance   
 ■ Permanent Cuts to Services   
  Unaddressed Gap

Additional revenue or cuts needed to balance budget



# With A Referendum, Madison Can Avoid Significant Cuts or the Need for More Revenue for Another Five years

With a referendum, Madison will avoid significant cuts to services while minimizing new special charges in future years. There will also be more time for the State to approve additional revenue sources before the City faces an unaddressed budget gap.



↶ The earliest year that additional shared revenue from the State is possible



↶ The earliest year a local sales tax would likely impact the City budget



Additional revenue or cuts needed to balance budget

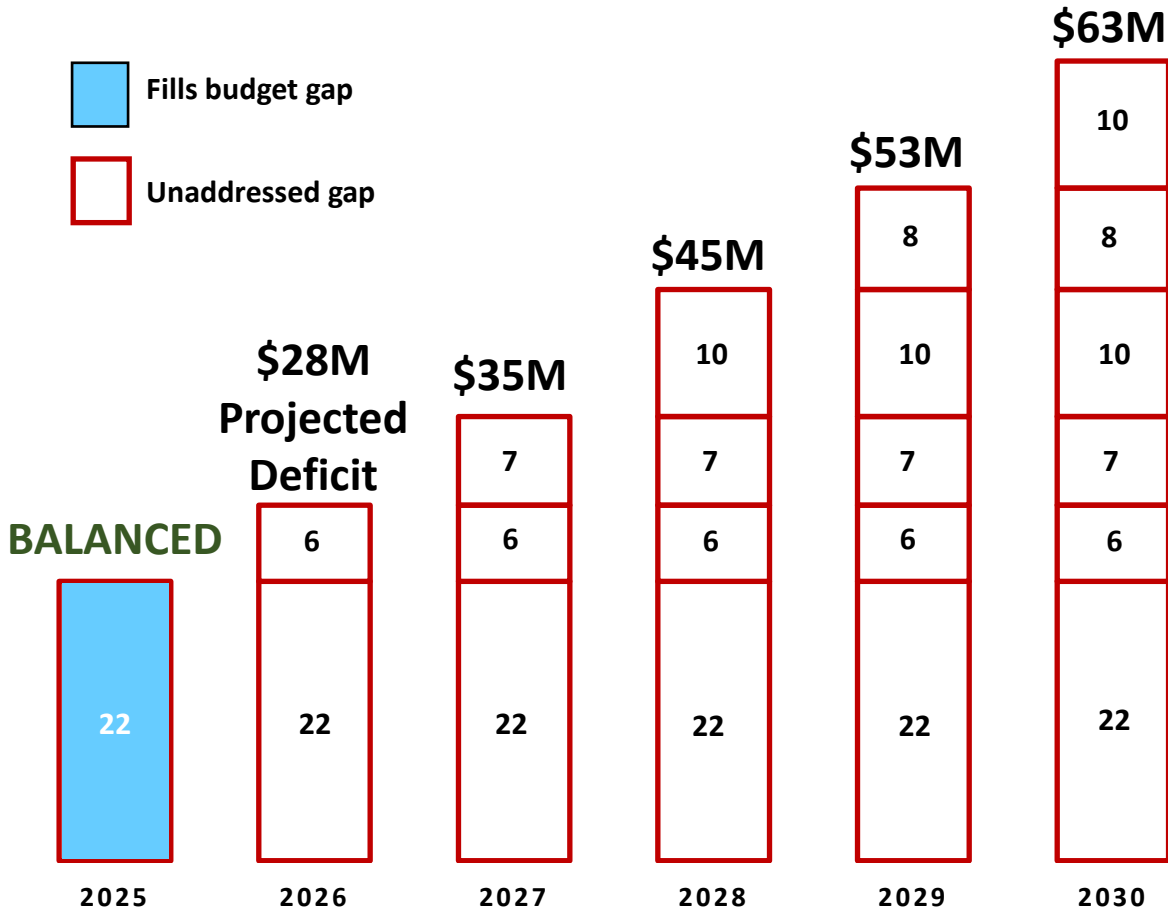


↶ Rainy Day Fund (\$25m) fully expended

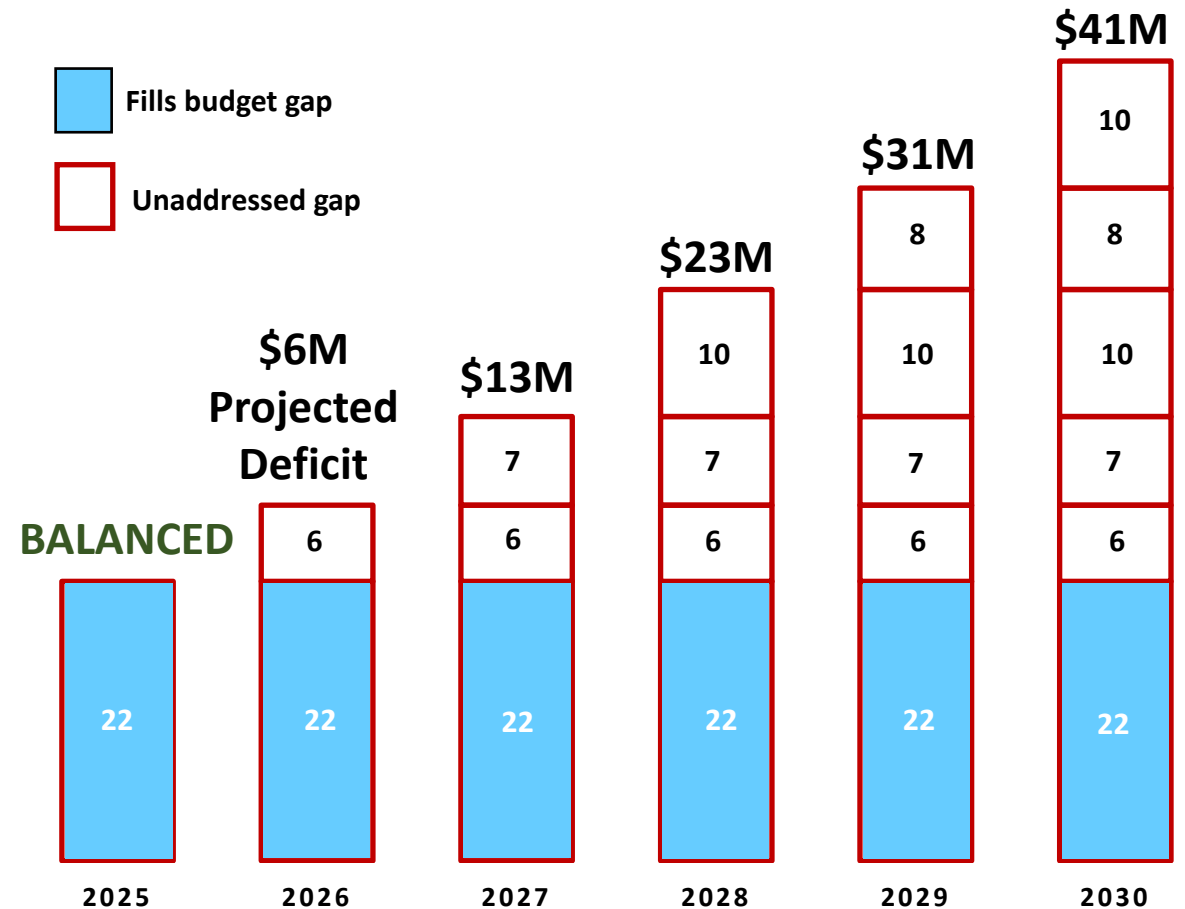
# Spending the General Fund Balance Does Not Solve The City's Long-Term Deficit

The City's Finance staff recommends against filling the 2025 budget gap entirely with the City general fund balance (or "Rainy Day Fund"). The structural deficit will continue to increase annually so the balance should be spent prudently over several years. Further depleting the Rainy Day Fund would also damage Madison's AAA credit rating and cost the City more in the long run. With a referendum, the Rainy Day Fund can be used wisely as part of a long-term plan for Madison's budget.

## ONE-TIME FUNDS



## REFERENDUM





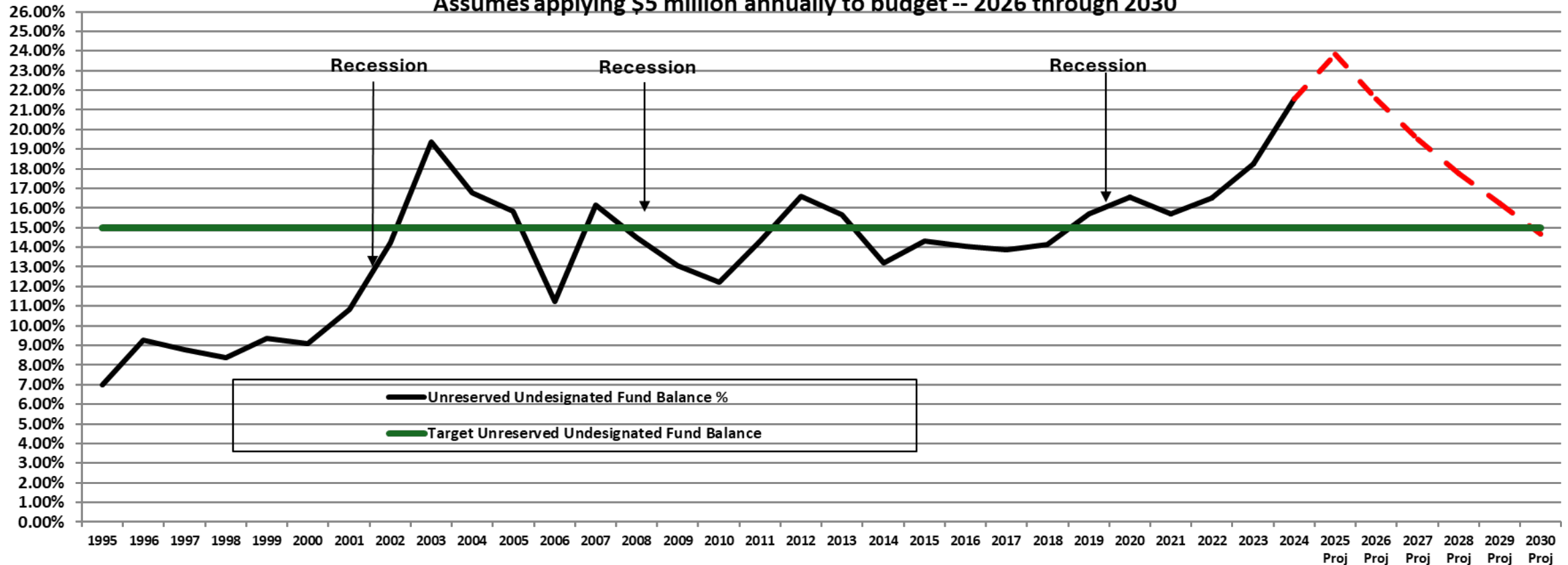
# General Fund Unassigned Balance (“Rainy Day Fund”)

## General Fund Unassigned Balance

(as of January 1)

1995 to 2030 Projected

Assumes applying \$5 million annually to budget -- 2026 through 2030



# Council Guidance on 2025 Budget

Legistar 82456, adopted April 16, 2024

## Values and Priorities

1. Maintaining services to residents
2. Preventing layoffs or furloughs of city staff.
3. Maintaining wage parity for general municipal employees
4. Meeting the needs of a growing city.
5. Choosing the most progressive revenue options that consider housing affordability.

## Guidance on Developing 2025 Budget

1. Evaluate service levels, staffing and fiscal impact.
2. Seek ways to increase efficiencies in operations.
3. Explore a reduction in expenditures from cost-to-continue levels that does not compromise services to residents.
4. Develop referendum language to increase property tax to meet some or all of deficit, as well as options to replace existing non-property tax revenues.
5. Prepare options other than property tax, including special charges
6. Develop a multi-year plan, including options for new, or increasing existing, fees and charges.
7. Consider the level of overall general obligation borrowing in 2025 capital budget to reduce rate of growth in property taxes
8. Develop a community engagement plan to educate the public.

# Mayor's Budget Guidance

- Submit 99% Base Budget
  - Consistent with 2024 Budget & Cost to Continue
  - Parks expected to manage to target of \$17,761,535
- Submit Proposals for 5% Service Reduction
  - Identify Lower-Priority Service Activity
  - Parks required to submit reduction of at least **\$888,077**

# Proposed Service Reductions

- Aquatics Services
  - Goodman Pool will not be operated by the City; partnership will be sought
  - Splash Pads will be closed
  - Beaches will no longer be cleaned
  - Clean Beach systems will be removed

# Proposed Service Reductions

- **Winter Recreation**

- No longer establish or maintain Ice Rinks
  - No skate, ski, sled rental, concessions
  - No longer support Adopt Ice
- No more artificial snow
  - Cross Country Ski trail grooming only on natural snow
  - No artificial snow for sledding
- No warming houses, concessions, or other Winter Recreation programming

# Proposed Service Reductions

- Mall Concourse Services
  - Fountains will be turned off
- Restrooms
  - 16 Restrooms will be closed
- Drinking Fountains
  - 30% of Drinking Fountains will be turned off
- Reduced services at Forest Hill Cemetery

# Proposed Service Reductions

- Recreation Services become a Cost Recovery model
  - No subsidized winter or summer recreation programming
  - All recreation activities will have a fee associated with it to recover 100% of costs
- Establish Fees for Parking in Parks

# Potential Reductions in Labor Force:

- 1.0 Parks Maintenance Worker
- 1.75 Parks Worker (2 positions)
- 1.0 Parks Program Coordinator
- 1.0 Landscape Architect
- 1.0 Parks Maintenance Mechanic
- Seasonal hourly: Cemetery, Beach Cleaning, Winter & Summer Recreation (Rec Svcs and Operations), Aquatics
- Overtime reductions: Recreation Services, Mall Services



# Budget Timeline

Council meeting - 5 year plan presented	July 16
Agency Requests due	July 19
Finance Committee – 5 year plan and referendum discussed	July 22
Council meeting – public comment on referendum	August 6
Agency Briefings with Mayor’s Office	August 12-14
Common Council (Special Meeting) – vote on referendum	August 20
Executive Budget Introduced to Common Council (CC)	October 8
Finance Committee (FC) Briefing	October 14-15
FC Amendment Meeting	October 28
CC Amendment Week	October 30-November 8
CC Budget Adoption Meetings	November 12-14

# Key Dates for 2025 Budget Development

	Capital	Operating
<b>Kick-Off Meeting</b>	Tuesday, March 19 11:00am	Monday, June 17 1:00pm
<b>Agency Requests Due</b>	Friday, April 19	Friday, July 19
<b>Agency Briefings with Mayor’s Office</b>	May 8 – 17	August 12 – 14
<b>Executive Budget introduced to Common Council (CC)</b>	Tuesday, September 10	Tuesday, October 8
<b>Finance Committee (FC) Briefings</b>	September 16 – 17	October 14 – 15
<b>FC Amendment Meeting</b>	Monday, September 30	Monday, October 28
<b>CC Amendment Week</b>	October 29 – November 6	
<b>CC Budget Adoption Meetings</b>	November 12 – 14	

# Questions, Concerns, Comments?