

2017: 3rd Quarter Projection

Overview

Through the 3rd Quarter the General Fund is projecting a \$315,386 expenditure deficit. A projected \$3.6 million non-personnel surplus is being offset by a \$2.9 million deficit in personnel spending and \$1.1 million deficit in revenue budgeted within agencies. The table outlines the projection by category of spending. General Fund revenues are expected to exceed budget by \$1.2 million due to strong building permit activity and higher than anticipated state aid payments. Overall, actual revenues are expected to exceed actual expenditures by approximately \$900,000.

2017 3rd Quarter Projection by Spending Type					
	2016 Actual	2017 Revised Budget	2017 YTD	Projection	Difference
Non-Personnel	117,229,835	128,083,376	85,885,113	124,415,465	3,668,909
Personnel	189,442,089	190,749,176	134,631,802	193,622,016	(2,872,840)
Revenue	(31,182,302)	(35,077,634)	(25,462,994)	(33,944,679)	(1,111,454)
Grand Total	275,489,621	283,754,918	195,053,921	284,092,801	(315,386)

The table below shows the 3rd Quarter projection by agency.

2017 3rd Quarter Projection by Agency					
	2016 Actual	2017 Revised Budget	2017 YTD	Projection	Difference
00 - UNDEFINED	62,557,729	68,699,513	49,986,646	66,983,877	1,715,636
10 - ASSESSOR	2,312,123	2,532,868	1,767,774	2,525,447	7,421
11 - ATTORNEY	2,736,676	2,953,891	2,108,035	3,031,110	(77,220)
12 - CIVIL RIGHTS	1,350,529	1,561,158	1,068,517	1,488,169	72,989
13 - CLERK	2,394,710	1,440,855	1,030,133	1,315,318	125,537
14 - COMMON COUNCIL	507,545	629,560	394,827	541,159	88,401
15 - FINANCE	3,382,022	3,695,763	2,687,715	3,653,790	41,973
16 - HUMAN RESOURCES	1,723,722	1,662,401	1,434,783	1,863,804	(201,403)
17 - INFORMATION TECHNOLOGY	6,002,550	6,537,364	5,081,890	6,399,931	137,433
19 - MAYOR	1,361,439	1,434,358	1,042,202	1,506,195	(71,837)
20 - MUNICIPAL COURT	(51,004)	0	4,493	87,258	(87,258)
21 - TREASURER	615,914	739,954	489,307	722,711	17,243
22 - EMPLOYEE ASSISTANCE PROGRAM	330,652	344,591	226,888	333,089	11,502
30 - FIRE	50,340,567	50,680,592	34,004,244	51,670,605	(989,016)
31 - POLICE	69,888,792	70,331,195	48,866,834	71,441,945	(1,089,250)
40 - ENGINEERING	4,148,712	4,397,611	3,321,704	4,710,720	(313,109)
44 - STREETS	26,668,389	25,445,034	14,804,972	25,588,606	(143,572)
45 - TRAFFIC ENGINEERING	5,809,975	6,216,366	4,655,792	6,018,185	198,181
50 - LIBRARY	107,047	12,655	(3,656,246)	244,422	(231,767)
51 - PARKS	14,263,909	13,440,834	12,100,096	13,401,346	39,488
60 - BUILDING INSPECTION	4,358,868	4,357,827	3,094,260	4,362,317	(4,490)
62 - COMMUNITY DEVELOPMENT	9,958,018	11,263,880	7,083,259	11,132,154	131,726
63 - ECONOMIC DEVELOPMENT	1,042,689	1,409,480	947,126	1,326,598	82,882
64 - PCED OFFICE OF DIRECTOR	633,016	708,206	459,521	655,352	52,854
65 - PLANNING	3,045,031	3,258,961	2,049,150	3,088,691	170,270
Grand Total	275,489,621	283,754,918	195,053,921	284,092,801	(315,386)

Changes from 2nd Quarter

At the close of the 2nd Quarter the General and Library Funds were projecting a \$1.0 million surplus. Key changes that have occurred since the 2nd Quarter include:

- Debt Payments: The 2nd Quarter projection assumed a \$1.0 million surplus in the General Fund portion of debt service due to arbitrage from 2016. The full debt service payment from the General Fund has taken place for 2017, there will be no projected savings in 2017.
- CDD Contracts: The 2nd Quarter projection assumed a \$1.6 million surplus in CDD Community Agency Contracts. Since the 2nd Quarter a number of contracts have gotten underway reducing the projected savings in 2017 to \$760k. The surplus in this line item is the result of timing with contracts.

Non-Personnel Spending

Projection=\$3.6m Surplus

Snow Budget: Projection=\$300,000 Surplus

The Streets Division's projection assumes a total of 6 general snow plow events in 2017, the first half of 2017 saw three events. The projected number of general snow plow events are in-line with the budgeted amount in the 2017 budgeted amount. The City is currently fully stocked with salt supplies and no additional salt purchases are anticipated for the remainder of the year. Savings from snow is partially offset by landfill charges incurred by the Streets Division; this increase is being driven by increased tonnage being sent to the landfill.

CDD Community Agency Contracts: Projection=\$760,000 Surplus

The 3rd Quarter projection reduces the projected savings from \$1.6 million to \$760,000. This line item traditionally resulting in a significant surplus due to the timing and payment of contracts with non-profit providers. The projected spending assumes spending during the final quarter will be consistent with prior year trends while factoring in new spending anticipated for 2017.

Fire Supplies & Purchased Services: Projection=\$413,000 Surplus

The projected surplus is driven by savings in work and equipment supplies (\$100,000), energy and utility savings (\$140,000), building improvements (\$30,000), and medical services (\$27,000). The agency is actively working to control non-personnel costs to reduce the impact of projected overtime spending. A portion of the projected utility savings (\$80,000) is the result of an MG&E credit from prior years.

Police Supplies & Purchased Services: Projection=\$118,000 Surplus

The 2017 Adopted Budget included \$125,000 for equipment purchases anticipated to be funded by private donations. These donations are not anticipated in 2017 driving the projected expenditure surplus.

Contingent Reserve: Projection=\$1.1 million Surplus

As of the November 21st Common Council meeting the Contingent Reserve had \$1.1 million remaining. The year-end resolution proposed transferring the balance to various agencies to offset projected deficits.

Misc Savings: Projection=\$1.4 million Surplus

Various agency budgets have consistently produced a surplus in supplies and purchased services. Key drivers of these savings include inventory and work supplies, lower than anticipated carry forward encumbrances, and utility and energy savings.

Personnel Spending

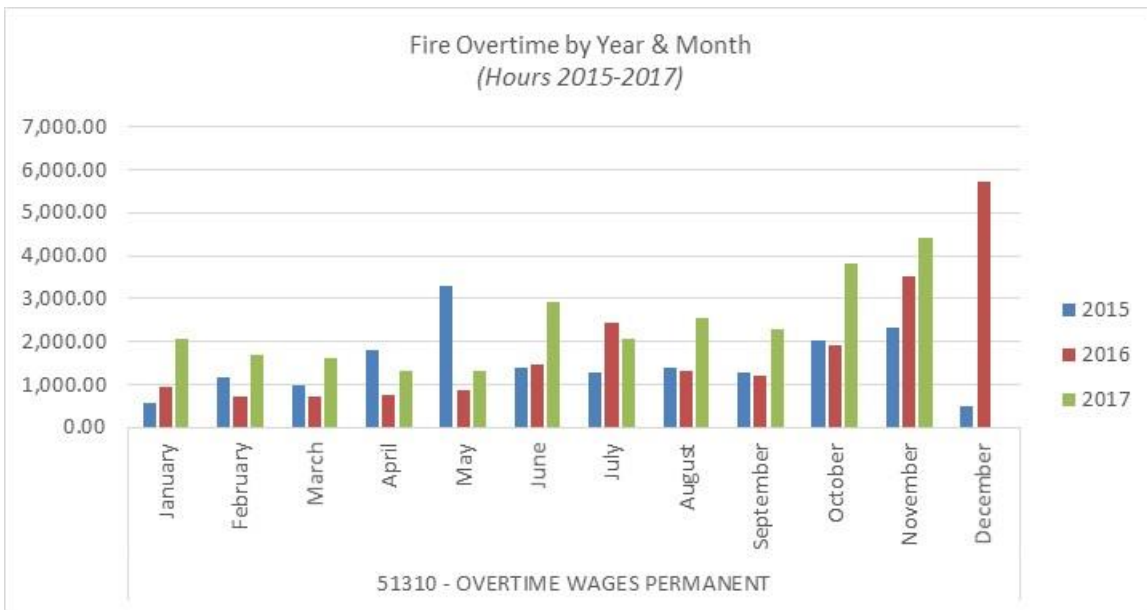
Projection: \$2.9 million Deficit

At the close of the 3rd Quarter the City had 80.92 vacant positions, or 2.8% of total authorized personnel. The Citywide vacancy rate is down from 4.5% at the close of the 2nd Quarter; this decline is due to the Police and Fire academies that began during the fall. Collectively Police and Fire are 29 employees above authorized strength.

Overtime (Public Safety)

Fire Overtime: Projected Deficit=\$992,000

The chart below shows the overtime trends in hours within the Fire Department from 2015 through the 23rd pay period of 2017. As demonstrated in the chart, the pace of overtime in 2017 exceeds the same periods in prior years.

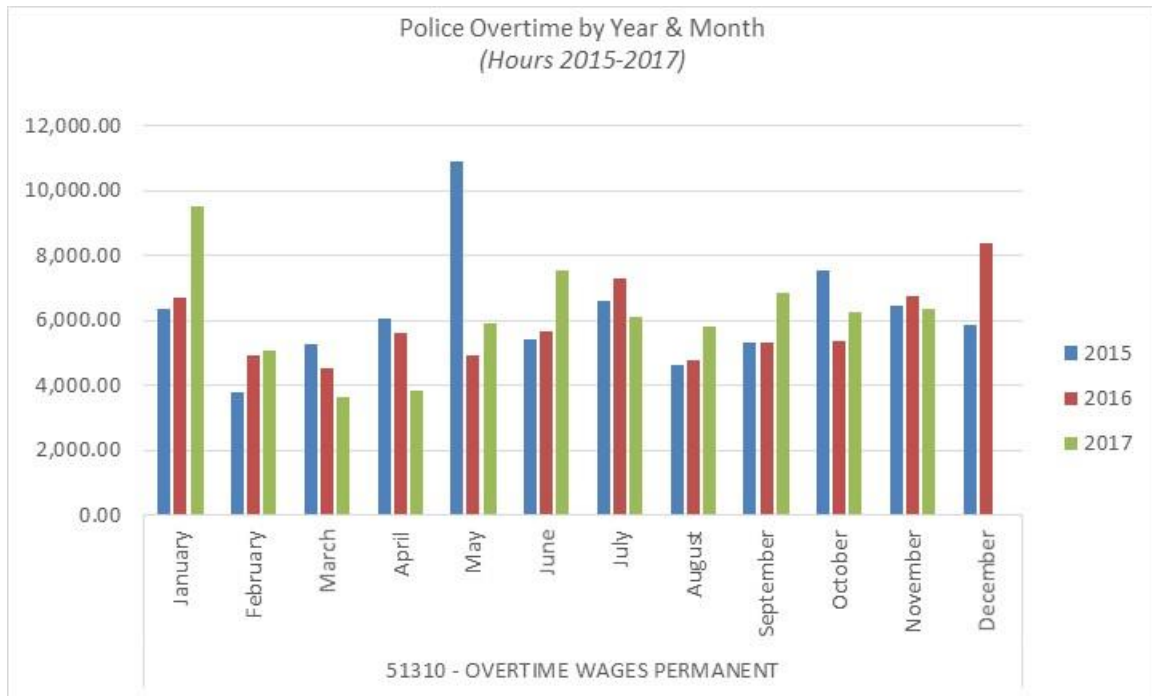


The projected deficit is driven by the following factors:

- Paramedic Training: The training classes for Paramedics included 11 personnel rather than the typical 5-6 positions. The larger class size requires additional overtime to fill those spots while employees are going through training.
- Vacancies: The Department has been experiencing higher vacancy levels than prior years. This is true for both long and short term vacancies.
- Creative Staffing Model: The Department's current staffing model is not resulting in a daily staffing level that is meeting absence trends. As new stations have, and are projected to, come online the additional positions created did not anticipate the number of new positions needed to cover vacancies at the new locations.

Police Overtime: Projected Deficit= \$460,000

Overtime spending in the 3rd Quarter was higher than the same periods in prior years (with the exception of July). The increase coincides with the increase in the number of shots fired and other extraordinary events. The table below shows the trend in hours by month. Note, the data presented below does not include comp time earned in lieu of overtime pay.



Leave Payouts: Projected Deficit= \$1.7 million

Through the 3rd Quarter actual expenditures for leave payouts totaled \$3.8 million. These expenditures include both payouts for leave time and sick leave escrow payments made upon an employee’s retirement from the City. While the sick leave escrow payments are typically made during the first half of the year to coincide with retirements, a large share of leave payouts occur in the 4th Quarter.

Hourly Wages: Projection=\$270,000 Deficit

At the close of the 2nd Quarter hourly spending was beginning to ramp up, specifically in the Library and Parks. During the 2nd Quarter both agencies were anticipating they would end the year at budget for hourly spending. Updated information reviewed as part of the 3rd Quarter analysis shows Parks and Library, collectively, will have a \$200,000 deficit in hourly spending in 2017.

Charging Time: Projection=\$700,000 Deficit

Ensuring consistency between how time is being charged with budget amounts continues to be a challenge, particularly for charges to capital and grants. Agencies continue to refine business practices as it pertains to charging of time. Agency base budgets have been modified as part of the 2018 budget build to reflect prior year spending patterns and projections for the upcoming year.

Agency Revenue

Projection=\$1.1 million deficit

The projected deficit is related to technical adjustments resulting from budgeted revenue amounts inconsistent with prior year amounts. Additional areas causing pressure on agency revenue include private contributions and miscellaneous revenue.

Year End Appropriation Adjustments

Legistar file 49559 has been introduced authorizing year end appropriation adjustments. This resolution authorizes 3 categories of budget amendments:

- New Appropriations: Total=\$2.0 million
 1. Fire Department: \$1.0 million for overtime costs
 2. Streets: \$760,000 for 4th Quarter snow events
 3. Municipal Court: \$80,000 for revenue shortfall
 4. Parks Division: \$40,000 for Goodman Pool improvements
 5. Library: \$200,000 for staffing costs shortfalls (funded by Library Fund Balance)

- Inter-Agency Transfers: Total=\$1.72 million (Net Neutral Across Agencies)

Increase		Decrease	
Agency/Reason	Amount	Agency/Reason	Amount
HR: Benefit Savings	200	Direct Appropriations	(1,675)
Engineering Charging time to Capital	300	IT: Salary Savings	(50)
Mayor: Staff Costs (Benefits)	70	EDD: Salary Savings	(35)
Police: Staff Costs (Benefits)	1,100	Traffic Eng: Work Supplies	(75)
		PCED-Director: Salary Savings	(35)
	1,720		1,720

- Intra-Agency Transfers: Total=\$195,000 (transfers across major expenditure categories within Agency Budgets)
 1. Assessor: \$15,000 from Benefits to Supplies for mileage costs
 2. Civil Rights: \$40,000 from Salaries to Purchased Services for Language Access
 3. Common Council: \$25,000 from salaries to supplies for one-time costs associated with Chief of Staff position.
 4. Finance: \$25,000 from Purchased Services to Supplies for implementation costs associated with Strategic Management
 5. Parks: \$75,000 from Purchased Services to Supplies
 6. Planning: \$15,000 from Purchased Services to Supplies for hardware & software purchases

Enterprise Fund Highlights

The following section outlines highlights for various enterprise and internal service funds. The funds highlighted below are not an exhaustive list but do represent those funds that have the greatest impact on the City's General Fund.

Fleet

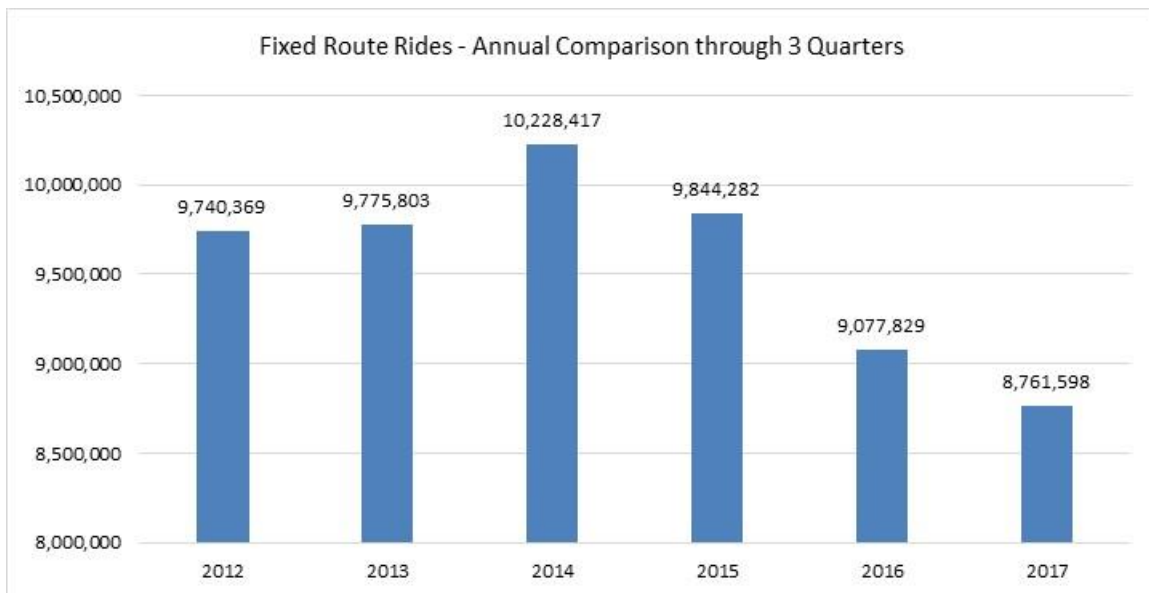
The Fleet Internal Service Fund started 2017 with a \$600,000 negative net position. Based on 3rd Quarter projections and anticipated billings to agencies, the fund will be within

balance at the close of 2017. Depreciation for the City's fleet assets is fully funded in the 2018 Operating Budget which will ensure the fund will remain within balance moving forward.

Metro

Metro is projected to end 2017 with a \$235,000 surplus. The 2017 budget assumed utilizing \$930,000 from Metro reserves to offset operations in 2017; based on projected expenditures no fund balance will be used in 2017. The projected surplus is driven primarily by personnel savings.

Revenue from ridership is also down from the budgeted amount. After peaking in 2014, ridership through the first three quarters of the year is down by 14%. The chart below shows the number of rides from January-September from 2012 to 2017.



Public Health

Public Health is projected to end 2017 with a \$620,000 surplus. The 2017 budget assumed utilizing \$846,000 from the Public Health fund balance; based on 3rd Quarter projections no fund balance will be used in 2017. The projected savings is driven primarily by lower personnel costs.

Monona Terrace

Monona Terrace revenues are outpacing expenditures in 2017, driven specifically by rental revenue collected during the second half of the year. The 2017 budget assumes utilizing \$620,000 from MT reserves; based on current projections no fund balance will be utilized in 2017.