



# 2025 Executive Operating Budget Overview

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Presentation to the Finance Committee  
Monday, October 14 @ 4:30pm

# Agenda

1. Highlights of the Executive Operating Budget
  - Structural Deficit
  - Closing the gap in 2025
  - Option 1: Referendum Passes
  - Option 2: Referendum Does No Pass
  - Expense, Revenues, and Property Taxes under each option
2. Centrally Budgeted Agencies
3. Timeline and Schedule of Agency Briefings
4. Legislative Process

# Where to find the Operating Budget

The executive capital budget and executive summary were published [online](#) on 10/5/24: <https://www.cityofmadison.com/finance/budget/2025/operating>

## Executive Budget

[Full Executive Operating Budget PDF](#)

[Executive Budget: Summary PDF](#) ←

[Legistar File 85264](#) ↗

**Executive Summary:** Overview of options and proposed changes in alternate budget

## Overview and Summaries

- [Vision PDF](#)
- [Operating Budget Overview and Policies PDF](#)
- [City Tax Rate Computation PDF](#)
- [General Fund Revenue Summaries PDF](#)
- [Expenditure Summaries PDF](#)
- [General Obligation Debt Service Summary PDF](#)
- [Statement of Indebtedness and Debt Service PDF](#)

## Introduction & Summaries:

- Overview and Policies has detailed summary of each phase of the budget, “How to Read Agency Budgets” guide, explanation of fund structure, and other resources

## Agency Operating Budgets

*Administration*

- [Assessor PDF](#)
- [Attorney PDF](#)
- [Civil Rights PDF](#)

## Agency Budgets:

- Organized by functional areas

# Executive Operating Budget = \$431.7 million

## Assumes passage of \$22 million property tax levy referendum

- 2025 Executive Budget is \$26.4 million (6.5%) more than the 2024 Adopted Budget
- Largest expense is for personnel (salaries and benefits); \$270.5 (63%) of budget is personnel expenses
- Executive budget reflects a \$22 million structural deficit
- Main budget document assumes passage of a municipal property tax levy referendum
- Summary and Overview present plans if referendum does not pass
- Major changes in baseline budget are included in the Overview (pages 9-10) and listed below

### Major Changes in the 2025 Executive Budget – Revenues

#### *General and Library Funds*

#### Revenues:

- + \$9.6 million allowable levy increase for net new construction and debt service
- + \$6.0 million increase in interest earnings
- + \$2.3 million in local revenues (\$1.0m ambulance fees, \$800,000 parking violations, \$500,000 PILOT payments)
- + \$4.0 million in state aid (\$3.2 million personal property exempt aid; \$331,000 highway aid, \$200,000 shared revenue)
- - \$17.9 million removing one-time sources (fund balance, ARPA, TID proceeds)

# Major Changes, continued

## Major Changes in the 2025 Executive Budget – Expenses *General and Library Funds*

### Citywide:

- Maintains 1% budget reduction for all agencies and higher (3%) average salary savings rate (Reduction: \$214,000)

### Personnel:

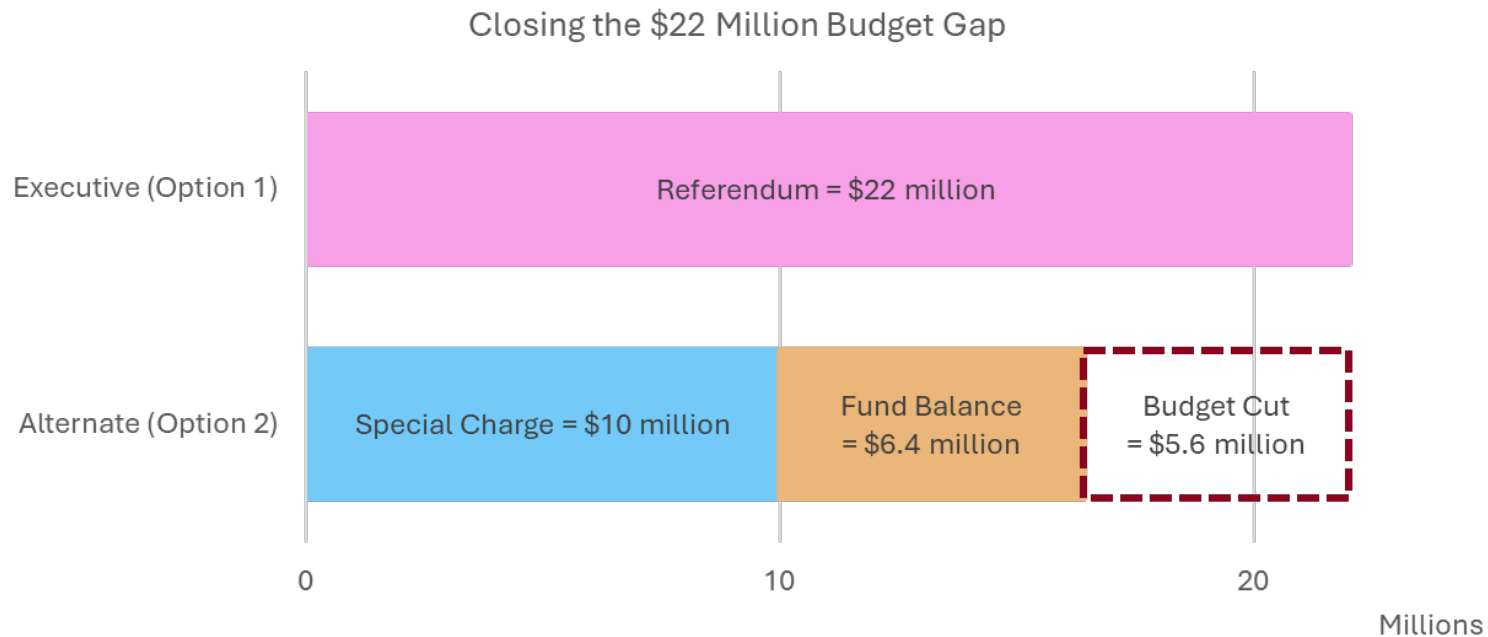
- Total salary and benefits costs increased by \$13.4 million compared to 2024. Includes 1% steps and longevity adjustment (\$2 million), 3% Cost of Living increase for all employees (\$6.1 million), increases to health insurance and WRS rates (\$3.9 million), and other adjustments/ misc. benefits

### Non-Personnel:

- Increase Debt Service for principal and interest on already issued GO debt (\$4.3 million)
- Increase transfer out to capital projects (\$2.0 million)
- Increase technology costs (\$1.5 million)
- Increase in fleet expenses for general fund agencies (\$542,000)
- Increase utilities (\$315,000)
- Increase billings to non-GF agencies to recover costs (-\$460,000)
- Add \$1.2 million to CDD for shelter operations costs previously paid through federal ARPA funds; the increase is related to a multi-year plan to fully expend ARPA operating funds by 2024
- Remove \$1.2 million for Clerk due to odd-year election cycle
- Increase subsidy to Metro Transit by \$2.7 million, for a total transfer of \$18.4 million; subsidy includes the 2<sup>nd</sup> year of a 3 year pay back plan to restore a budget reduction made in 2023 to spend down federal funding
- Increase subsidy to Public Health by \$477,630, for a total transfer of \$10.8 million

# Options under the Executive Budget

- Executive budget presents two options
- Option 1 (Main Executive Budget) assumes referendum passes and additional property tax revenues close the budget gap
- Option 2 (Alternate Executive Budget) reflects plan if referendum does not pass and closes the gap through a combination of special charges, fund balance, and budget cuts



# Option 1 (Main Executive Budget)

Main budget reflects the cost to continue current services with some adjustments and reallocations within and across agency budgets.

- **Positions:** Adds 2 net new positions (1 GF funded, 1 non-GF funded)
  - Adds 1 general fund CD Technician 2 to support creation of a Finance and Compliance unit in CDD; Also reclassifies a vacant senior center director position into a manager for the new unit
  - Adds 2 Street machine operators (1 GF funded, 2 non-GF funded)
  - Removes funding and position authority for 1 data analyst in OIM
- **Revenues:** Adds \$50,000 in revenues from new/ increased fees for Building Inspection activities
- **Intra-Agency Reallocations:** Reallocates funding for various CDD and PHMDC contracts to higher priority services within each agency
- **Inter-Agency Reallocations:** Reallocates funding from OIM to Library for Reindahl Imagination Center start-up costs, which will support ongoing operations in future budgets;
- **Other:** Reduces funding for various memberships in Direct Appropriations; Reduces funding for conferences in the Mayor's Office; Reduces funding for Sunday Hours at drop-off sites in Streets; Charges CDA for administrative support currently funded by general fund
- **Policy Changes:** Recommends policy change to increase purchasing thresholds

# Option 2 (Alternate Executive Budget)

Alternate budget closes the gap through a new infrastructure special charge, reductions in agency budgets, and use of fund balance.

- Changes made under Option 1 would remain in budget under Option 2, unless explicitly stated otherwise
  - Example: CDD
  - Option 1 adds a CD Technician 2 and reclassifies a position; these changes are not mentioned under the Option 2 budget, meaning the changes would remain in place for Option 2
  - Option 1 reallocates \$48,000 from various contracts to homeless services; Option 2 explicitly states these funds would be cut as part of the overall expenditure reduction
- Individual agency budgets, including highlights and line-item details, reflect Option 1. Option 2 is only reflected in the table in the executive summary and overview section of the budget (<https://www.cityofmadison.com/finance/documents/budget/2025/operating/OpEx2025-Overview.pdf>)

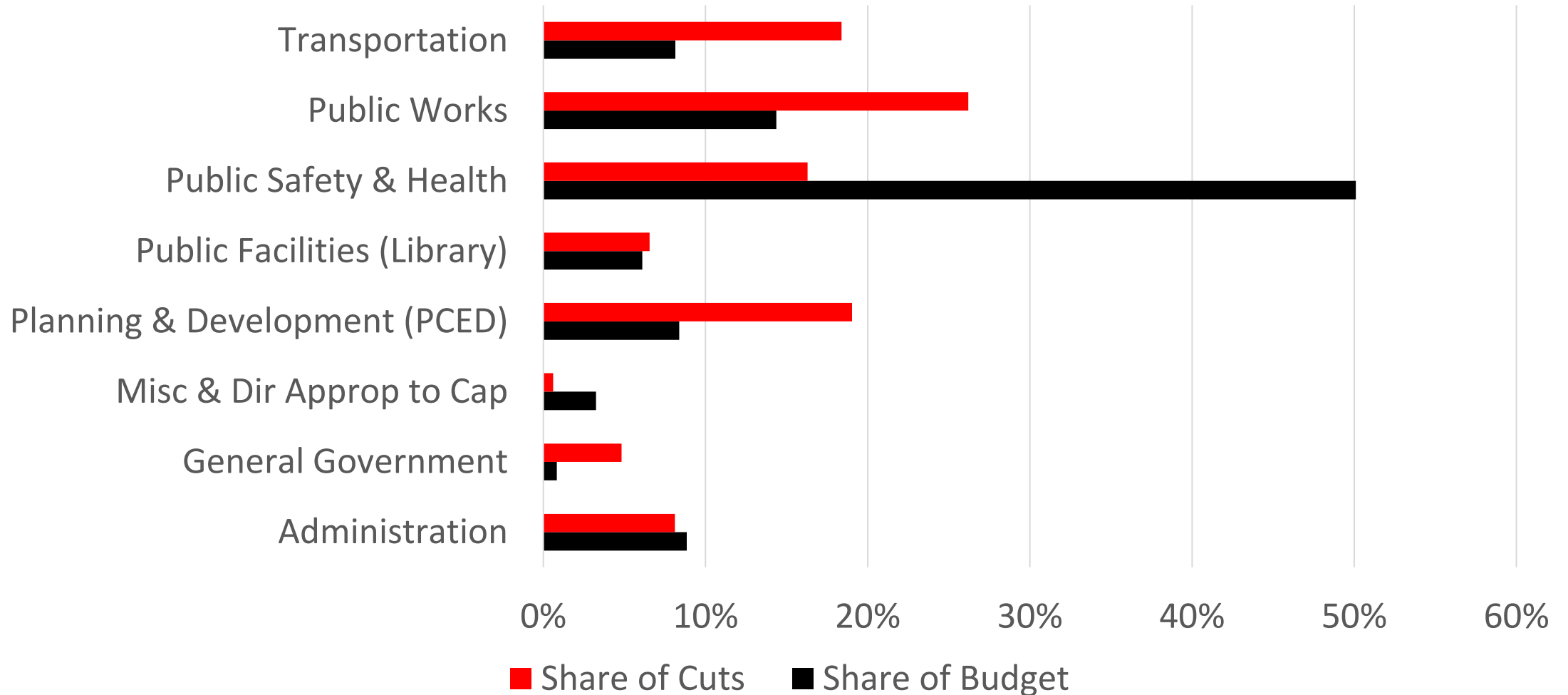


# Alternate Plan – \$5.6 million of cuts

- **Library:** \$370,000 – Sunday hours and programming.
- **Community Development:** \$685,000 – less funding for affordable housing, early childhood support, and employment training.
- **Parks:** \$525,000 – reduce city support for Mall Maintenance costs; eliminate funding for ice rinks.
- **Streets:** \$670,000 – reduce drop-off site hours; reduce brush collection from 5 to 3 pick-ups.
- **Metro Transit:** \$1 million – reduce hours of service and other reductions
- **Mayor and Council:** \$240,000 – eliminate memberships, reduce staff and interns, cut training, less resident outreach.
- **Police and Fire:** \$500,000 – reductions to civilian staff and other non-core services
- **Independent Monitor:** \$270,000 – eliminate independent monitor and police civilian oversight board.

Remaining \$1.3 million of cuts – longer waits for building inspections; fewer virtual public meetings; longer lines to vote; fewer State Street events; longer wait for bike path snow removal; no arts or neighborhood grants.

# Distribution of Cuts in the Alternate Plan

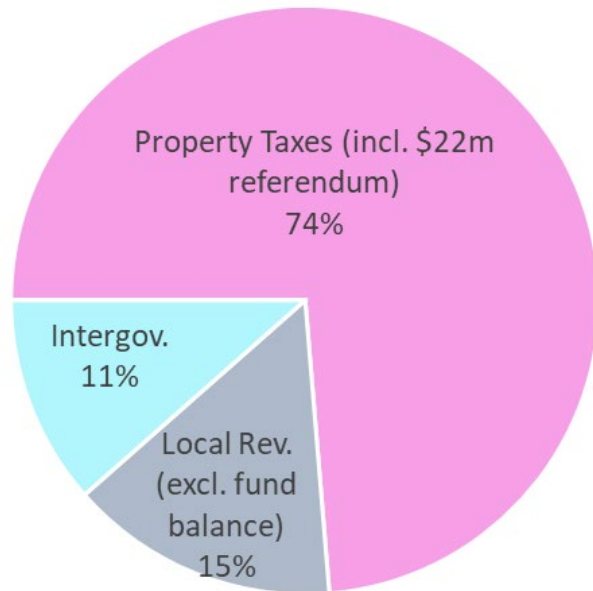


# Alternate Plan – Other Changes

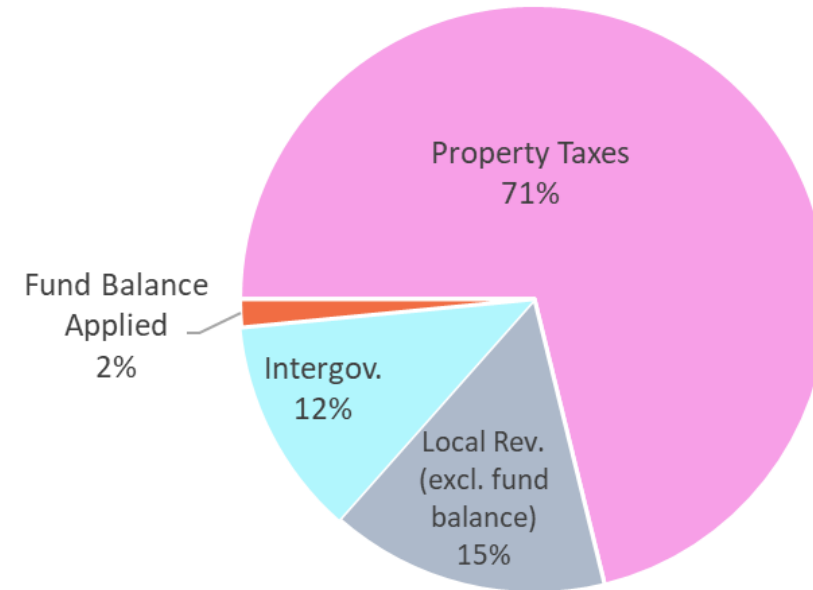
- Infrastructure Special Charge (\$10 million): recover the cost of expenditures related to infrastructure maintenance (Traffic Engineering and a portion of Streets expenses) through a special charge on the municipal services bill (estimated cost for single family household = \$6.35/month, or \$76.2/year)
- Fund Balance (\$6.4 million): cover remaining gap using fund balance; will draw down rainy day fund more quickly than long-range plan under Option 1
- Recommends policy change to eliminate Joint Campus Area Committee and Downtown Coordinating Committee

# Revenues under each option

Revenues by Source  
Option 1: Referendum Passes



Revenues by Source  
Option 2: Referendum Does Not Pass



# Revenues under each option

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
<b>Property Tax Levy</b>		
Maximum Allowable Levy	\$318.1 million Includes \$22 million referendum	\$296.1 million
Increase Compared to 2024	\$31.6 million (11%)	\$9.6 million (3.4%)
Percentage of total GF Revenues	74%	71%
<b>Local Revenues</b>		
Total Local Revenues	\$64 million	\$70.4 million
Change Compared to 2024	\$-9.2 million (-13%) Uses no fund balance	\$-2.8 million (-4%) Includes use of fund balance
Percentage of total GF Revenues	15%	17%
<b>State Aid</b>		
Total State Aid	\$49.6 million	\$49.6 million
Percentage of total GF Revenues	11.5%	12%

# Property Tax Impact under each option

	Option 1: Executive Budget (Referendum Passes)	Option 2: Alternate Budget (Referendum Does Not Pass)
<b>Property Taxes</b>		
Property Taxes	\$318.1 million	\$296.1 million
Change Compared to 2024 Adopted	11%	3.4%
<b>2024 Mill Rate</b>		
Mill Rate	7.28	6.77
Change Compared to 2024 Adopted	+2.45%	-4.6%
<b>Taxes on the Average Value Home (TOAH)</b>		
TOAH	\$3,330	\$3,100
Increase Compared to 2024 Adopted	\$313 (10.4%)	\$83 (2.8%)

# Utilities and Special Charges on the Municipal Services Bill

	2024 Adopted	2025 Executive	% Change
Water	\$ 406.80	\$ 406.80	0.0%
Sewer	\$ 421.24	\$ 448.62	6.5%
Stormwater	\$ 150.36	\$ 153.37	2.0%
Urban Forestry	\$ 85.44	\$ 90.96	6.5%
Landfill	\$ 6.00	\$ 6.00	0.0%
Resource Recovery Special Charge	\$ 47.43	\$ 42.72	-9.9%
<b>Total Annual Cost</b>	<b>\$ 1,117.27</b>	<b>\$ 1,148.47</b>	<b>2.8%</b>

# 2025 Operating budget will reflect new service structure

**Current State:** Agency budgets are organized by “service” to reflect their activities. These services were established ~10 years ago with the implementation of Munis and may not reflect an agency’s current activities or organization structure.

**Purpose/ Goal:** The Service Redesign is a component of **Results Madison** – a strategic framework to align city services with the outcomes that matter most to residents. The goals are to 1) review and update each agency’s Service structure to better reflect the agency’s activities, 2) improve internal and external reporting on budget and metrics, and 3) facilitate the strategic allocation of resources.

## Potential Changes in Agency Budgets:

### 1. No Change:

Keep Service structure same as current Munis structure

### 2. Add Services:

Create new services to add granularity to budget

### 3. Consolidate:

Combine services that should not be standalone

### 4. Shift Activities:

Realign accounts across services to reflect operations



# Example of New Services

- Agency Highlights page will note changes from 2024
- Any change, even just updating a service name, is considered a change in the data and results in not showing service-level history

## Police Department

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### *Agency Overview*

#### Budget Service Changes

As part of the 2025 budget process, all agencies evaluated their budget service structure and had the opportunity to propose updates to services. The Police Department's 2025 budget service structure has been changed from the 2024 adopted budget. Since there were changes to services, the budget does not show a full history at the service level. The budget does show a full history at the agency level by fund and by major expenditure category.

The 2024 Adopted Budget included the following service(s):

- Police Field
- Police Support

The 2025 Executive Budget has been updated to the following service(s):

- Administrative Services
- Community Support Services
- Criminal Investigative Services
- Patrol Operations & Traffic Services
- Training

# Example of New Services

- Budget will continue to show budget history by the agency-fund level and by major revenue and expenditure categories

**Police** **Function:** Public Safety & Health  
*Budget Overview*

Agency Budget by Fund

Fund	2023 Actual	2024 Adopted	2024 Projected	2025 Request	2025 Executive
General	86,403,470	91,033,353	92,033,888	95,222,141	96,160,248
Other Grants	2,948,085	2,052,772	2,287,035	2,135,683	2,147,484
Other Restricted	185,404	312,828	206,285	227,800	227,800
<b>Total</b>	<b>\$ 89,536,959</b>	<b>\$ 93,398,952</b>	<b>\$ 94,527,208</b>	<b>\$ 97,585,624</b>	<b>\$ 98,535,533</b>

Agency Budget by Service

Service	2023 Actual	2024 Adopted	2024 Projected	2025 Request	2025 Executive
Administrative Services				14,556,693	14,650,897
Community Support Services	<i>Service history not shown due to Results Madison</i>			2,049,598	2,876,914
Criminal Investigative Service	<i>service restructure. Services listed here will take effect</i>			18,096,045	18,355,570
Patrol Ops & Traffic Services				59,729,931	59,461,760
Training				3,153,357	3,190,392
<b>Total</b>	<b>\$ 89,536,959</b>	<b>\$ 93,398,952</b>	<b>\$ 94,527,208</b>	<b>\$ 97,585,624</b>	<b>\$ 98,535,533</b>

Agency Budget by Major-Revenue

Major Revenue	2023 Actual	2024 Adopted	2024 Projected	2025 Request	2025 Executive
Intergov Revenues	(318,071)	(357,680)	(357,680)	(359,764)	(359,764)
Charges For Services	(1,081,303)	(833,350)	(1,038,640)	(925,350)	(925,350)
Invest Other Contrib	(27,503)	(214,252)	(69,252)	(213,701)	(213,701)
Misc Revenue	(9,528)	(21,700)	(10,400)	(21,700)	(21,700)
Other Finance Source	(31,336)	-	-	-	-
Transfer In	(123,814)	-	-	-	-
<b>Total</b>	<b>\$ (1,591,555)</b>	<b>\$ (1,426,982)</b>	<b>\$ (1,475,972)</b>	<b>\$ (1,520,515)</b>	<b>\$ (1,520,515)</b>

# Centrally Budgeted Funds:

Debt Service, Direct Appropriations, Insurance, Workers Compensation, Room Tax

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# Centrally Budgeted Funds: Debt Service

- **\$68,147,105** = Total General Obligation Debt Service (\$55,386,535 in principal and \$12,760,570 in interest).
- **Reoffering Premium:** The budget reflects \$10.6 million of reoffering premium received from the 2024 debt issuance.
  - Under Wisconsin Statutes, reoffering premium amounts must be used to pay debt service.
  - The \$10.6 million of 2024 premium is allocated in the Debt Service Schedule to pay General Fund debt service in 2024.
- **Direct Appropriation for Capital Projects:** The 2025 Executive Operating Budget appropriates \$3.3 million from the general fund for capital projects.
  - Under MGO 4.17, whenever an amount is applied in general debt reserves to reduce general fund debt service, an equal amount must be directly appropriated in the general fund for capital projects, unless the Common Council, by a separate vote of two-thirds of all members during approval of the budget, votes to do otherwise.
  - The 2025 Executive Operating Budget appropriation of \$3.3 million is \$7.3 million less than the amount applied in general debt reserves to reduce general fund debt service.
  - As such, approval of the lower direct appropriation amount for capital projects requires a separate two-thirds vote of the Council during adoption of the 2025 operating budget.

# Centrally Budgeted Funds: Direct Appropriations

## **Purchased Services**

- Reduces funding for memberships, including League of Wisconsin Municipalities, Wheeler Report, WI Diversity Procurement, and WI Coalition Against Homelessness. (Decrease: \$72,824)
- Removes funding for compensation study, which is expected to be completed in 2024 (Decrease: \$350,000)
- Increases General Fund Contribution to Henry Vilas Zoo due to increase in Zoo Operating Costs (Increase: \$52,516)
- Increases funding for the Federal and State Liaisons based on new rates. (Increase: \$12,000)

## **Contingent Reserve**

- Increases the Contingent Reserve to maintain 0.5% of budgeted expenditures in accordance with City policy (Increase: \$52,907)

## **Transfers to Other Funds**

- Increases General Fund debt service payments (Increase: \$4.3 million)
- Includes \$541,000 transfer to the Affordable Housing fund for debt service payments (Decrease: \$9,625)
- Includes \$3.3 million for capital projects funded by a direct appropriation from the General Fund (Increase: \$2.1 million)
- Increases the transfer to Public Health to support the City share of expenses and additional City priorities for a total City contribution of \$10.8 million (Increase: \$477,630)
- Includes a \$18.4 million general fund subsidy to Metro, which includes restoring reductions made in 2023 (Increase: \$2.7 million)

# Centrally Budgeted Funds: Insurance & Worker's Compensation

## Insurance

- Increases the rates charged to agencies based on anticipated claims (Increase: \$700,000)
- Increases funding for general liability insurance, property, and other premiums (Increase: \$194,750)
- Assumes adding \$30,500 to fund balance in 2025
- Increases net asset goal from \$1,875,000 to \$2,215,000 to reflect a higher annual aggregate deductible for the City from its insurer

## Workers Compensation

- Decreases the rates charged to agencies based on anticipated claims (Decrease: \$500,000)
- Assumes adding \$34,500 in fund balance

# Room Tax Commission

- The 2025 Executive Budget reflects funding allocations adopted by the Room Tax Commission.
- These adjustments reflect an overall \$635,000 increase in Room Tax revenues when compared to 2024

Description	Amount	Change from 2024
Room Tax Receipts	\$21.8 million	+ \$635,000
Greater Madison Convention and Visitors Bureau	\$6.2 million	+ \$335,200
City Tourism Marketing Activities	\$307,500	+ \$10,000
Monona Terrace Operating Costs	\$5.4 million	\$0
Overture Center	\$2.2 million	+ \$20,000
Alliant Energy Center, Henry Vilas Zoo and Olbrich Gardens	\$1.5 million	+ \$83,700
Room Tax revenue to be retained by the General Fund	\$6.5 million	+ \$190,000

# Agency Briefings & Amendment Process

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# Agency Briefing Format

- Agencies will present 2 slides with a general overview of their budget
- Slides refer to main budget, which assumes the referendum passes (option 1)
- Agency heads will discuss budget highlights, major changes from prior year, and impact of changes proposed if the referendum does not pass (option 2)
- All budget materials (executive budget and original agency requests) can be found online: <https://www.cityofmadison.com/finance/budget/2025/operating>

# Briefing Schedule

Monday, October 14th 4:30pm* -- Virtual Meeting	Tuesday, October 15 <sup>th</sup> 4:30pm -- Virtual Meeting
<p><b>Overview**</b></p> <p><b>Administration</b>  Assessor  Attorney  Civil Rights  Clerk</p> <p><b>Public Facilities</b>  Monona Terrace</p> <p><b>Public Health and Safety</b>  Public Health***</p> <p><b>Public Works</b>  Engineering (including Landfill, Sewer,  Stormwater)  Fleet  Parks (including Golf)  Streets  Water</p> <p><b>Transportation</b>  Metro Transit  Parking  Traffic Engineering  Transportation</p>	<p><b>General Government</b>  Municipal Court  Common Council  Mayor's Office</p> <p><b>Administration</b>  Employee Assistance Program  Finance  Human Resources  Information Technology</p> <p><b>PCED</b>  Building Inspection  CDA Housing Operations  CDA Redevelopment  Community Development Division  Economic Development Division  Planning  PCED Office of the Director</p> <p><b>Public Facilities</b>  Library</p> <p><b>Public Health and Safety</b>  Fire  Office of the Independent Monitor  Police</p>

# Detailed Timeline for FC and CC Hearings

## Capital

## Operating

1.	Mayor Introduces Executive Budget	<ul style="list-style-type: none"> <li>September 10</li> </ul>	<ul style="list-style-type: none"> <li>October 8</li> </ul>
2.	Finance Committee (FC) Hearings	<i>Agencies present budget; alders have opportunity to ask questions</i>	
		<ul style="list-style-type: none"> <li>September 16 &amp; 17</li> </ul>	<ul style="list-style-type: none"> <li>October 14 &amp; 15</li> </ul>
3.	FC Amendment Week	<i>Alders submit requests to budget analysts; analysts review and publish amendments</i>	
		<ul style="list-style-type: none"> <li>September 18 – 27</li> <li>Alders submit by Weds., Sept. 25 at 12pm</li> <li>Analysts publish by Fri., Sept 27 at 12pm</li> </ul>	<ul style="list-style-type: none"> <li>October 16 – 25</li> <li>Alders submit by Weds., Oct. 23 at 12pm</li> <li>Analysts publish by Fri., Oct 25 at 12pm</li> </ul>
4.	FC Vote on Amendments	<ul style="list-style-type: none"> <li>September 30</li> </ul>	<ul style="list-style-type: none"> <li>October 28</li> </ul>
5.	City Council Amendments	<i>City Council has the opportunity to propose amendments to capital and operating budgets</i>	
		<ul style="list-style-type: none"> <li>October 28 – November 8 (Referendum vote Nov. 5)</li> <li>Alders submit by <b>Thurs., Nov. 7 at 12pm</b></li> <li>Analysts publish by <b>Fri., Nov 8 at 4pm</b></li> </ul>	
6.	City Council Adoption	Up to three (3) CC meetings to vote on amendments and adopt budget	
		<ul style="list-style-type: none"> <li>November 12, 13, 14</li> </ul>	

# Finance Committee Amendment Process

- Finance Committee proposes amendments to both Option 1 and Option 2
- FC can propose amendments to any component of the executive budget – not limited to the reallocations/ major changes highlighted in the summary
  - Not all agency changes are included in the executive summary
  - Review the Executive Budget Overview for a list of changes made during cost to continue
  - Each agency section includes a list of highlights; review agency-specific highlights and budgets for full list of changes
- FC will vote on both sets of amendments during 10/28 meeting
- FC will refer both budgets to the Common Council

# FC Amendment Example

**Example:** Finance Budget service reallocates \$25,000 from Hourly Wages for Data Team interns to Purchased Services for a digital budget book software. This reallocation was made during the agency request. The change is noted in the Finance Agency Highlights but not in the executive summary table.

Potential amendments may: 1) change option 1 budget only, 2) change option 2 budget only, or 3) change budget regardless of referendum outcome.

- **Amend Option 1 Only:** Amendment can remove funding for software and restore funding for interns in the main executive budget
- **Amend Option 2 Only:** Amendment can remove funding for software and use savings to help close the budget gap if the referendum fails
- **Amend Regardless of Referendum Outcome:** Amendment can update service description for Budget to explicitly mention the use of digital budget tools for community engagement

# Common Council Amendment Process

- Council will consider **one budget** depending on the outcome of the 11/5 election
  - Option 1 as amended by Finance Committee *or* Option 2 as amended by Finance Committee
- CC will be able to propose additional amendments
- Due to short turnaround time, alders are encouraged to work with Finance staff on amendments for both options before the 11/7 deadline
- **Reminder:** CC does not deliberate on amendments adopted by FC. If an alder wishes to change the outcome of an amendment discussed by FC, a separate amendment will need to be proposed during the CC Amendment period.

# Amendment Reminders

## **Balanced Budget**

- Common Council is required to adopt a balanced budget (revenues = expenses)
- If an individual amendment increases expenses (for example, by restoring a cut), the expense should be offset by another expenditure reduction or increase in revenue

## **Sponsorship**

- Finance Committee (FC) amendments must have FC sponsor; non-FC alders can move an amendment through an FC sponsor
- Common Council (CC) amendments must have 2 sponsors
- Include co-sponsors on emails so we can quickly confirm that everyone supports the same version of a file