

**From:** [Ann Kovich](#)  
**To:** [Larson, Aidan](#)  
**Subject:** Fw: Capital and Operating Budget (shenanigans)  
**Date:** Wednesday, March 27, 2024 11:05:30 PM

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Hi, Aidan. It looks like this was an email sent to TC members during the meeting, but I do not believe you received a copy. Please save under item #8 regarding the 2025 Budget.

Thanks,  
Ann

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**From:** Bonnie Roe <bonnie.roe@gmail.com>  
**Sent:** Wednesday, March 27, 2024 7:17 PM  
**To:** [annelizabethkovich@gmail.com](mailto:annelizabethkovich@gmail.com) <[annelizabethkovich@gmail.com](mailto:annelizabethkovich@gmail.com)>; [district20@cityofmadison.com](mailto:district20@cityofmadison.com) <[district20@cityofmadison.com](mailto:district20@cityofmadison.com)>; [darrin.wasniewski@gmail.com](mailto:darrin.wasniewski@gmail.com) <[darrin.wasniewski@gmail.com](mailto:darrin.wasniewski@gmail.com)>; [djess@wcblind.org](mailto:djess@wcblind.org) <[djess@wcblind.org](mailto:djess@wcblind.org)>; [district15@cityofmadison.com](mailto:district15@cityofmadison.com) <[district15@cityofmadison.com](mailto:district15@cityofmadison.com)>; [kliems@gmail.com](mailto:kliems@gmail.com) <[kliems@gmail.com](mailto:kliems@gmail.com)>; [pepebarrosh@gmail.com](mailto:pepebarrosh@gmail.com) <[pepebarrosh@gmail.com](mailto:pepebarrosh@gmail.com)>; [district2@cityofmadison.com](mailto:district2@cityofmadison.com) <[district2@cityofmadison.com](mailto:district2@cityofmadison.com)>; [district8@cityofmadison.com](mailto:district8@cityofmadison.com) <[district8@cityofmadison.com](mailto:district8@cityofmadison.com)>; [nicole vander meulen <nkvander@yahoo.com>](mailto:nicole.vander.meulen@yahoo.com); Lynch, Thomas <[TLynch@cityofmadison.com](mailto:TLynch@cityofmadison.com)>  
**Subject:** Capital and Operating Budget (shenanigans)

I tried to send this to the whole commission, but my email was bounced (see screenshot).

I'm sending this email, which I originally sent to all Alders and Finance Director Schmeideke and later posted on Nextdoor and it's been shared in some other places.

I heard Robbie Webber bring up the "misinformation" about the Capital and Operating budgets during your meeting, so thought I would share it here too. I realize not all of our is relevant to this commission, but much of it applies.

Dear Transportation Commission,

Here is how we know that the budget process is one-way only and that at least some of you don't really want resident input into the budget.

Sunday, District 13 Alder Tag Evers sent out his weekly update, inviting residents to a

"Budget Engagement Event" on May 29th!

May 29th.

As you know from the 2025 budget timeline, that is pretty late in the process. Capital Budget agency requests will already have been due and the agency briefings with the Mayor will already have happened.

This is a one-way, skewed, informational meeting only. Why have a meeting? Just keep disseminating your information.

Alder Evers goes on to try to clear up some "misunderstandings."

"Alders are getting a lot of emails," he says, "many of which demonstrate fundamental misunderstandings about the source of the budget deficit and what steps could be taken to fix it. For example, there is apparent confusion between capital and operating expenditures, as many emails suggest the budget could be balanced by cutting affordable housing, BRT, and other capital projects."

While obviously the \$218 million for the BRT is federal grant money into the Capital Budget, you must know that the increase in Metro Transit's Operating Budget (funded by the General Fund) is significant. You have added 4 additional Metro Transit Chief-level (21 Comp Group) FTEs for a total of 5. These positions, the cost of which will rise every year (under the current system), comes out of the Operating Budget, paid for by the General Fund... right? Not even the police or fire department have more than 1 chief, though they manage a lot more employees and complex scenarios. Why do you need 5 highly paid 21 Comp Group level supervisors in Metro Transit? Meanwhile the Transit General Manager makes it seem like operating costs will, if anything, go down with the arrival of the BRT line. Misinformed? Or misinforming?

And you will soon significantly increase the contract for attorney fees for the new parking ramp/bus facility downtown. All this, added to the \$27 million deficit.

And you think the residents don't get it?

Why does the City start with an incremental, cost-to-continue budget instead of zero-based budgeting? Especially in the situation we're in. This would be a good time (at least a better time) to start over and begin building expenses from the ground up based on efficiencies. The City needs to act like a business trying to run a government instead of a social program, throwing money around on good things as though we had it. Where is the budget analysis?

I recommend sending the whole budget back to the Mayor and Finance and requesting they start over. Throw out the cost-to-continue method and build the 2025 budget up from nothing. Add in what's needed. If they won't do it, find a way. You alone have the power to hold the Mayor accountable for the budget.

At the previous Council meeting, you voted to spend \$1.9 million to hire 8 additional Metro Transit FTEs and some other expenses by saying community partners will cover 100% of those expenses. Anyone see a contract for that \$1.9 million in 2024 (this is an expenditure from the Operating Budget) before voting? Or is it wishful thinking? There is no contract with

community partners to review on legistar or in the fiscal note. So until someone shows me otherwise, I'm guessing we can add all or part of that to the growing deficit.

The North-South BRT line is set to receive \$118 million in federal grant money, but that covers just 78% of the startup costs. We will have to foot the rest of the expenditures, most of which will be coming out of the General Fund's Debt Service (the second largest expenditure out of the General Fund, after personnel costs, is debt service).

Not to mention no federal funding can go toward any of these rapidly growing Operating expenditures. Capital Budget expenditures often, maybe even usually, have operating costs associated with them, so it's important to think about that budget impact too, and obviously the time to do that is before the money is borrowed. After it's borrowed, of course you can't cut it. That's why you really should include resident input on the Capital Budget as well...maybe it would help you all realize its effect on the Operating Budget and the General Fund if you did. All the costs for capital projects need to be counted before moving forward to accept them. Some of you bring this up for certain select departments, so I know some of you understand it. Generous federal funds are tempting, but the inability to think clearly and turn some down has us in a real pickle.

Obviously low-income housing doesn't fully come out of the Operating Budget, but are you forgetting the \$424,000 in additional operating budget money that you all just approved for the residents that remain at Tree Lane and Rethke after the (predicted) abysmal failure of "Housing First?"

Do you realize the significant raises you recently passed for non-commissioned city employees added about \$10 million to the 2025 deficit? Which will increase again in 2026?

How did we get here? You really can't just blame this on the State legislature, which actually gave more in state shared revenue than we were projected to get (by about \$3 million) when the budget was formed last October/November.

You must realize that \$18 million in one-time funds (ARPA, TIF, etc) were used on ongoing expenses (against the advice of the Federal government) and now need to be replaced in 2025. This is not good management. Spending and revenue are significantly out of balance, yet you continue to spend more and more.

Our triple A bond rating is in jeopardy in the near future and will make all this debt much more expensive to finance. "Solving" this deficit through a referendum alone will ensure this drop in rating, and cause it to happen sooner. It is a short-term fix when you operate under an incremental budget with no evaluation.

At the last Council meeting you voted to give more funds for the Public Market because a contractual deadline was missed for the work to be done?

No one seems willing to consider cutting funding to nonprofits. Is there even an effectiveness study being done, on any of them? Where are the measurables? Where is the public accountability? Do we fund so many, year after year, that you don't have time to evaluate and make some cuts to those that aren't performing?

It looks like you all are about to vote on a proposed resolution authorizing the execution of a

contract with Briarpatch Youth Services, Inc. in the amount of \$525,899 to operate a Joint Transitional Housing/Rapid Re-Housing project. The CoC's Youth Action Board (YAB) recommended these funds be allocated to Briarpatch's Joint Transitional Housing/Rapid Re-Housing project. [This is over half a million dollars that will be coming out of the Operating Budget, funded by the General Fund and adding to the deficit. Please correct me if I'm wrong.] You know, my kids recommended a family trip to Disney World but due to rising expenses, we had to say no.

Is there really no consideration being given to cutting any expenditures? Are there no non-essential city employee roles that could be cut without impacting basic city services? I can sure think of some.

But it looks like the strong signal was that you will just balance the budget through a full referendum (iff it passes) and now maybe pursue a State sales tax? I see our sewer/ storm water bills are likely to rise \$20 annually for the average customer as well. Our rents are growing faster than any other city in the country. Do you think landlords are just going to absorb a significant property tax and rising fees for services through their profits? Our property values are sky high and continued zoning changes will ensure they continue to rise. Which will also ensure that our share of shared revenue stays low because we have so much compared to other Wisconsin communities. And we do, but our plentiful resources need wise stewardship.

This body needs accountability over its spending. I'd suggest bringing Dave Ramsey or any other budget expert in (or meet with them personally) to help you learn to say no to what the City can't afford right now. Maybe an objective outside source not tethered to the city's narrative. A lot of us can't afford more tax increases and this is getting old. This is irresponsible spending and irresponsible leadership, and the mere illusion of a public meeting when it's too late for actual input is classic.

We need leadership. Who among you is going to step up and deliver what Finance Director Dave Schmiedicke says we need? A multi-pronged strategy. A mix of new revenue and expenditure cuts. Many of us are watching and we're not misinformed.

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p.s. if I have any facts wrong, please correct me. So far no one has, and this information continues to go out. I don't want to spread any misinformation...and I also don't want the City spreading misinformation. Thank you.