
2021 OPERATING BUDGET: AGENCY REQUEST OVERVIEW

PRESENTATION TO FINANCE COMMITTEE

AUGUST 10-2020





2021 OPERATING BUDGET OUTLOOK

2021 COST TO CONTINUE: PRELIMINARY OUTLOOK- GENERAL & LIBRARY FUNDS

Gen Fund Revenue:
-11.0%

Property Tax
+3.2%

GF Expenditures:
+6.75%

2020 Adopted Budget	\$340,708,133
2021 Projected Costs	373,708,133
Projected Expenditure Increase	23,000,000
Projected Reduction in General Fund Revenues	10,000,000
Gap before Levy Increase	\$33,000,000
Allowable Levy Growth	-8,000,000
Gap	\$25,000,000

Overall Outlook=\$25m Deficit

- GF Revenue is projected to **DECLINE** by 7.8% while expenditures projected to **INCREASE** by 6.75%
- Projection assumes net new construction is similar to prior years and the levy limit is maxed out

GENERAL FUND REVENUE ASSUMPTIONS

Revenue assumptions are currently being revised; no major changes from C2C in what is currently assumed

Best Case (down \$5 million):

- Most own-source charges, permits and fee revenues return to 2020 adopted budget levels.
- State aid reduced 5% from 2020 levels by Governor/Legislature in response to state budget shortfalls.
- Room tax revenues increase 65% from 2020 re-estimated levels (\$1m/18% below 2019 actual)
- Investment earnings remain at reduced level due to low interest rate environment (63% below 2020 adopted budget).

Worst Case (down \$10 million)

- Most own-source charges, permits and fee revenues recover slowly from 2020 re-estimate.
- State aid reduced 10% from 2020 levels by Governor/Legislature in response to state budget shortfalls.
- Room tax revenues increase 50% from 2020 re-estimated levels (\$1.5m/25% below 2019 actual)
- Investment earnings remain at reduced level due to low interest rate environment (63% below 2020 adopted budget).

CURRENT EXPENDITURE ASSUMPTIONS

ASSUMPTION	C2C ASSUMPTION	UPDATED ASSUMPTION	FINALIZED
FIRE & POLICE WAGES	3.75% Increase	3.75% Increase	Yes
TEAMSTER WAGES	2.0% Increase for Full Year	2.5% Increase in July	Yes
GME WAGES	0% Increase	0% Increase	No
HEALTH INSURANCE	\$2.5m Increase	\$2.5m Increase	No; ETF sets rates in Aug/Sept
WRS	\$1.0m Increase	GME Rates Flat Public Safety up 0.1%	Yes
WAGE INSURANCE	\$500k Increase	5% rate increase took effect in July	Yes; RFP underway-new rates will not be ready for 2021 budget
NAKOOSA TRAIL DEBT	\$1.9m Increase	\$1.9m Increase	No; Will be based on final debt service amounts
TOWN OF MADISON	\$1.1m Increase	\$1.1m Increase	No; Budget amounts will be finalized while building Exec Budget
CON RESERVE	\$1.3m Increase	\$1.3m Increase	No; Increase assumed major reduction in GF balance in 2020

NEW PROGRAMS NOT CURRENTLY ASSUMED IN BUDGET PROJECTIONS

- Office of Independent Police Monitor
 - Ongoing Cost: \$482k Annually
 - Background: Based on current draft of Workgroup recommendations; Assumptions include 3 positions, Board & Legal costs, & Departmental overhead
- Public Safety Radio Program
 - Ongoing Cost: \$600-\$1.0m Annually based on service level
 - Background: The operating budget does not currently include funding for the annual subscription and maintenance costs associated with Public Safety Radio program; TE is preparing funding scenarios for consideration as part of the 2021 budget
- Mental Health Ambulance
 - Ongoing Cost: Unknown
- Other Items and Priorities??



AGENCY REQUESTS: MAJOR CHANGES



BASE BUDGET: PROPOSED CHANGES

CDD

- COVID Recovery Flex Fund
 - Use 2021 EOP & Community Building (\$400k) to create this new program
- Childcare
 - Reallocate existing childcare funds to increase center support & pursue ordinance change for Tuition Assistance program
- Older Adults
 - Transfer \$140k from current contracts to case management
- Eviction Prevention
 - Repurpose vacant position to be focused on this issue in 2021

Fire

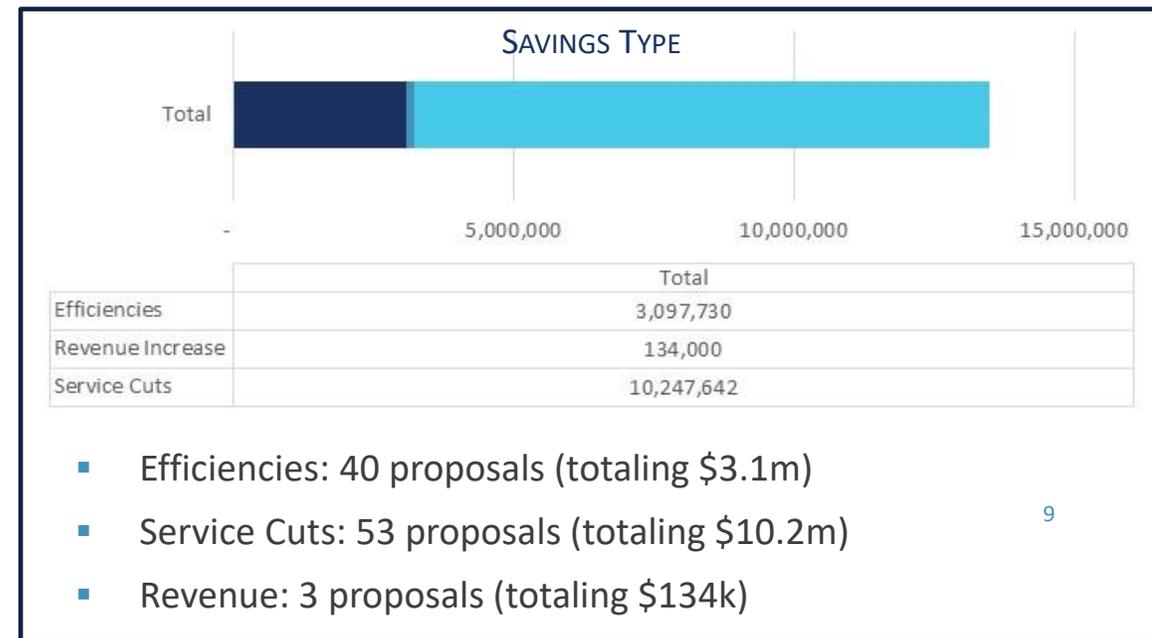
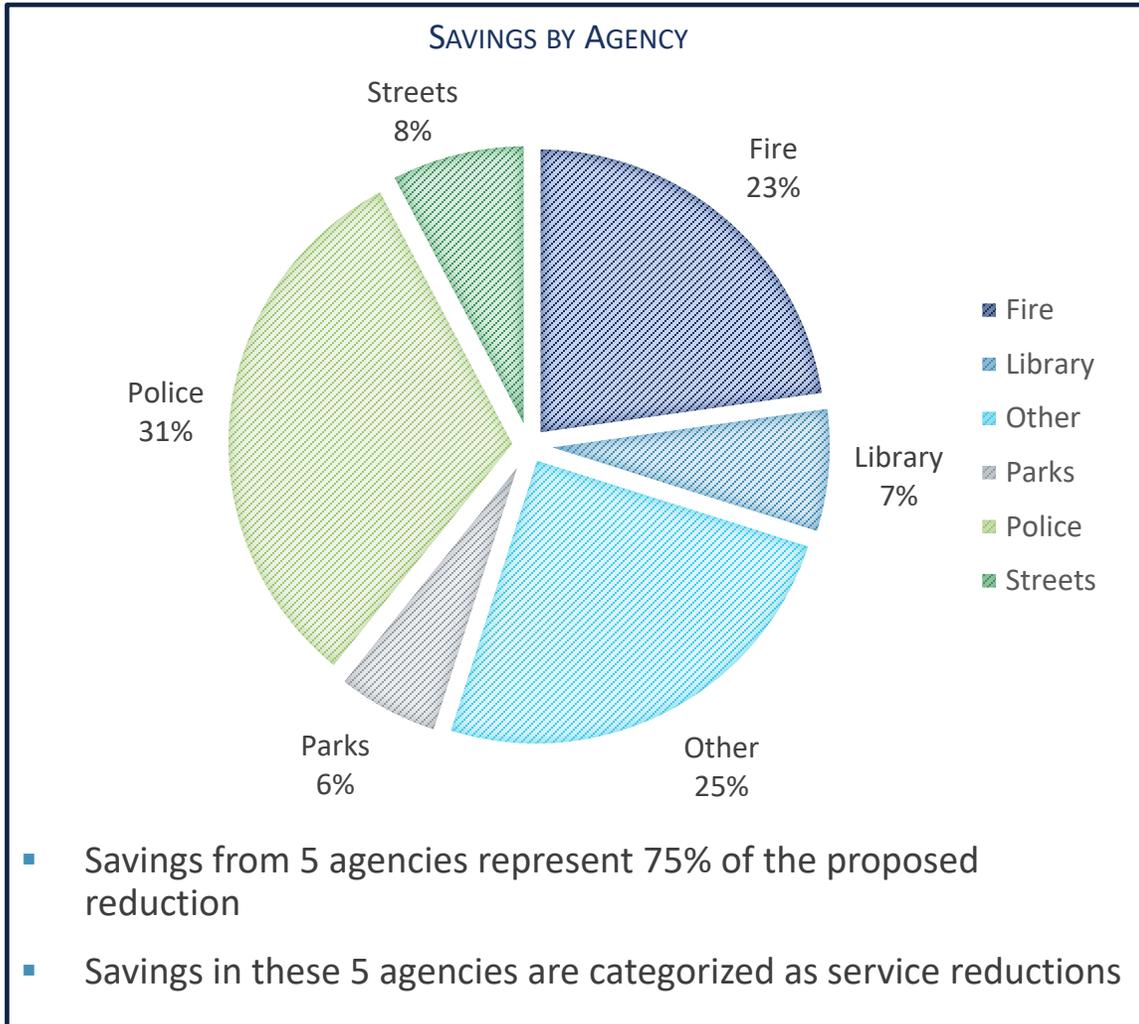
- Increase Ambulance Fees to create 9th Ambulance
- Fire has proposed increasing the current Conveyance Fee by \$1.2m (no specific rate increase was provided in the request materials)
- Create 12 new Firefighter positions to staff 9th ambulance; Would be hired through Feb 2021 recruit class. Annual Operating Costs=\$1.2m
- Request also includes QA Analyst to improve collections

Library

- Eliminate Library Fines: \$226k
- The Library identified a series of vacant positions and program costs that would be reduced in order to eliminate the current budget for Library Fines
- The Library proposal also adjusts misc revenue sources to be in-line with projections assuming some level of continued closures in 2021

PROPOSED SAVINGS

General Fund agencies submitted 96 reduction proposals totaling \$13.5m



ENTERPRISE AGENCY PROPOSALS

Monona Terrace & Room Tax

- Room Tax revenue projected to be \$14.6m in 2021; down from \$19.5m in 2020
- Zoo & Olbrich contributions eliminated
- Destination Madison & Overture decreased by \$1.7m
- Monona Terrace subsidy reduced by \$1.1m; absorbed through holding vacant positions open & eliminating hourlylies
 - Monona Terrace booking revenue down \$1.0m; Assumes bookings return to pre-COVID by May

Metro

- Proposal assumes continued reduction of service levels throughout 2021
- Assumes utilizing remaining portion of CARES Act allocation (GF subsidy consistent with base amount=\$8.5m)
- Converts 16 vacant Transit Operators to Bus Cleaners
- Proposes creation of a Risk & Safety position along with converting IT position to management level

Parking

- No major expenditure reductions
- Proposal assumes revenues will be down \$6.6m; from \$15.6m in 2020 to \$9m in 2021
- Anticipates utilizing \$6.0m in fund balance to offset reduced revenue throughout 2021
- Proposal assumes continued funding for the full cost of Parking Enforcement

ENTERPRISE AGENCY PROPOSALS

Sewer & Storm

- Sewer Utility: Proposed 10% rate increase driven by debt service & MMSD charges
- Stormwater: Proposed 12% rate increase driven by Watershed studies & debt service

Water

- Proposal annualizes the rate increase recently approved by PSC (8.9%); Revenue assumptions based on COVID level usage
- Funds the creation of a new IT Specialist to be focused specifically on Water IT projects

Golf

- Request reflects maintaining current level of service and does not reflect Task Force options
- Revenue assumptions based on optimistic models that exceed prior year actuals

Public Health

- Request includes 8 newly created positions authorized in 2020 with CARES Act funding
- Current proposal assumes City & County GF as funding source; County would like to use fund balance
- Does not include funding for Deputy Director; position has been approved by County Exec



NEXT STEPS IN PLANNING PROCESS

OPERATING BUDGET PROCESS: NEXT STEPS

Agency Briefings

- Aug 4-Aug 13
- Agencies will present requests to the full Management Team

Exec Budget Development

- Mid Aug-Sept
- Update budget assumptions as rates and amounts are finalized
- Build spending plan that is aligned with available resources

Council Review & Adoption

- Oct 6-Nov 12
- Oct 6: Exec Budget Introduced @ CC
- Oct 12 & 13: FC Agency Hearings
- Oct 19-23: Amendment Week
- Oct 26: FC Votes on Amendments
- Nov 2-6: CC Amendment Week
- Nov 10-13: Council Adoption