

WELCOME!



COUNCIL 2020 BUDGET RETREAT

JULY 13, 2019




AGENDA

8:30 – 9:00	Registration/Breakfast
9:00 – 9:15	Welcome
9:15 – 10:00	Price of Government
10:00 – 11:00	Madison's Budget: If we were starting over, how would we spend the money?
11:00 – 11:15	<i>BREAK</i>
11:15 – 12:00	Discussion
12:00 – 12:30	Prioritizing Spending: Evaluation Tool
12:30 – 1:30	WORKING LUNCH: Applying the Evaluation Tool
1:30 – 1:45	<i>BREAK</i>
1:45 – 2:15	Discussion
2:15 – 2:30	Wrap-Up

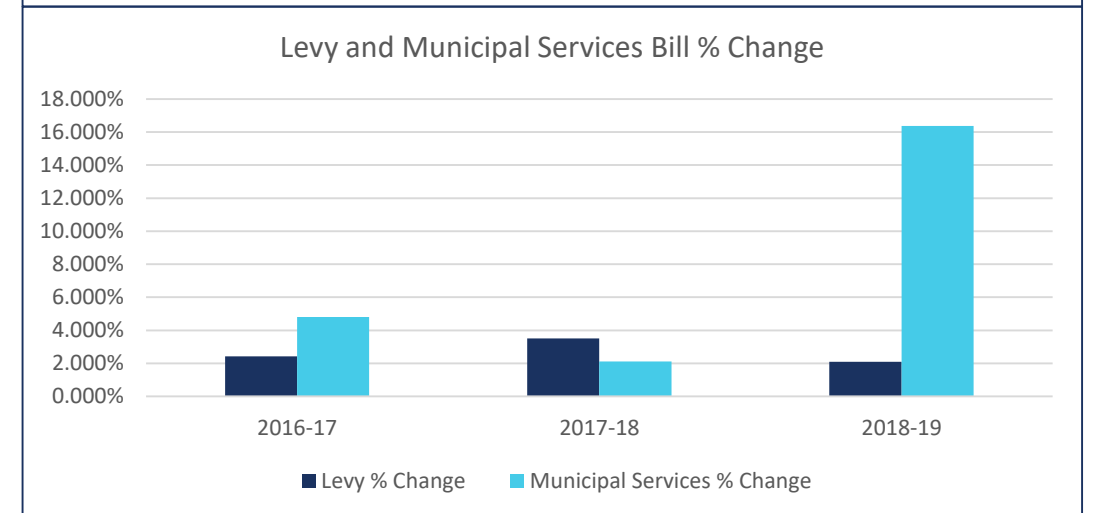
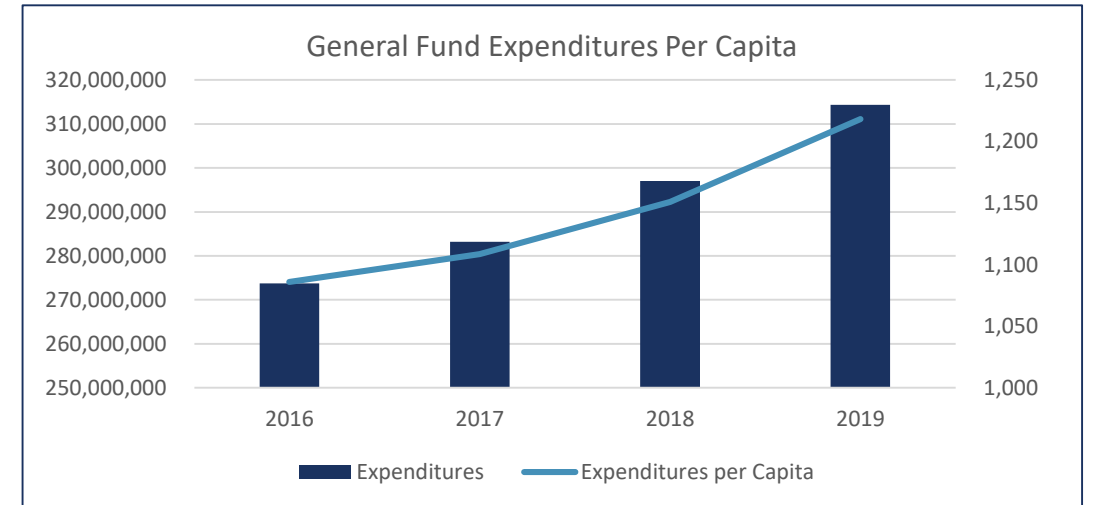
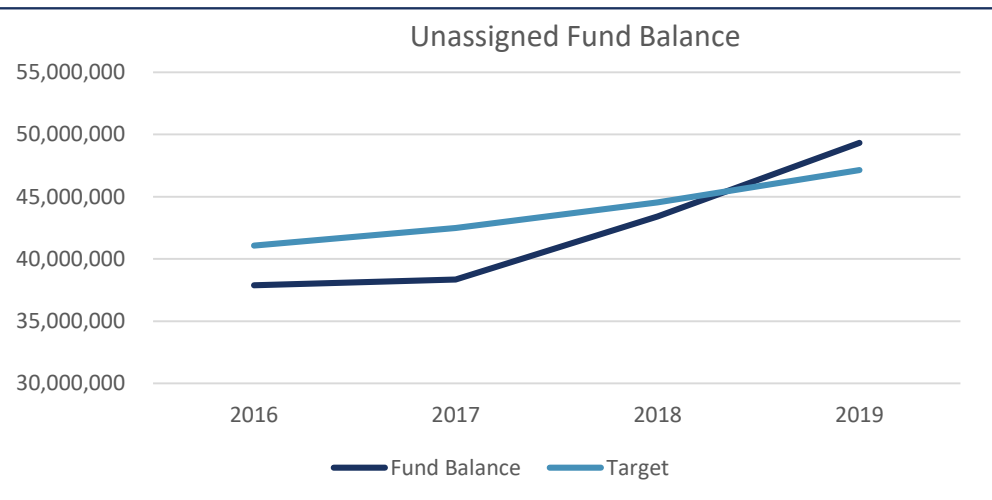
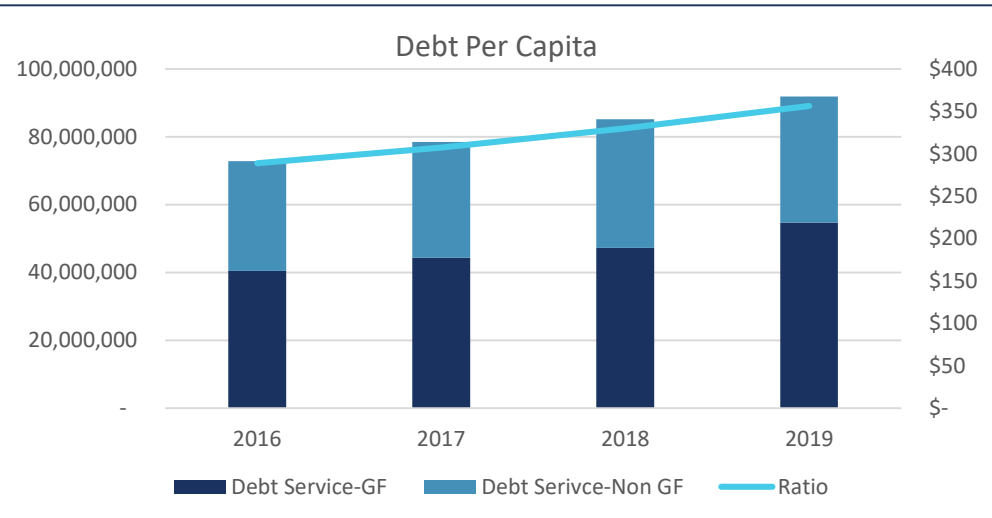


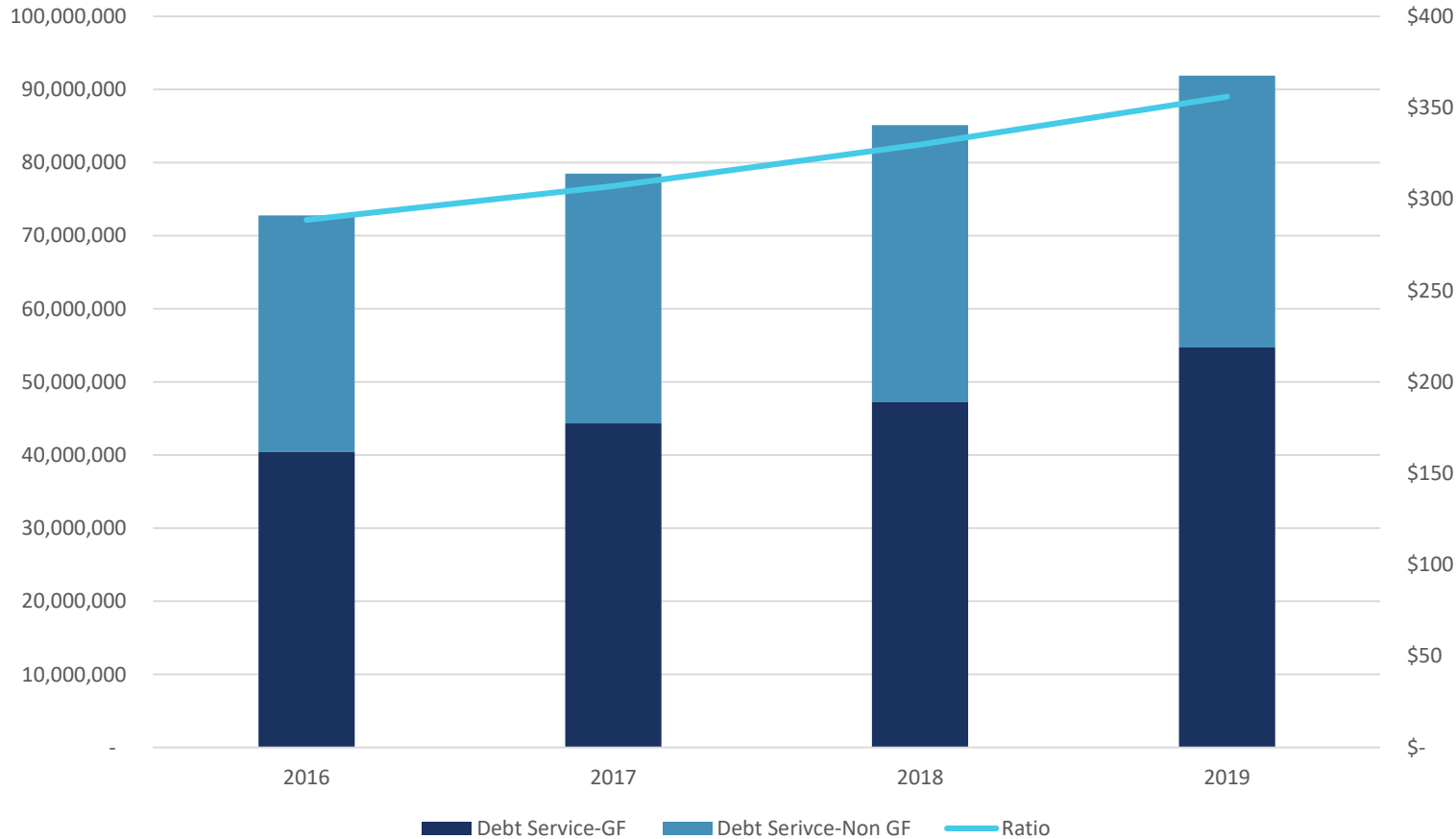
PRICE OF GOVERNMENT

LEARNING OBJECTIVES:

1. Understand the financial limitations that exist as the City prepares its 2020 budget.
 2. Learn about the property tax levy and debt service implications of 2020 projections.
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MADISON'S FISCAL HEALTH REPORT CARD



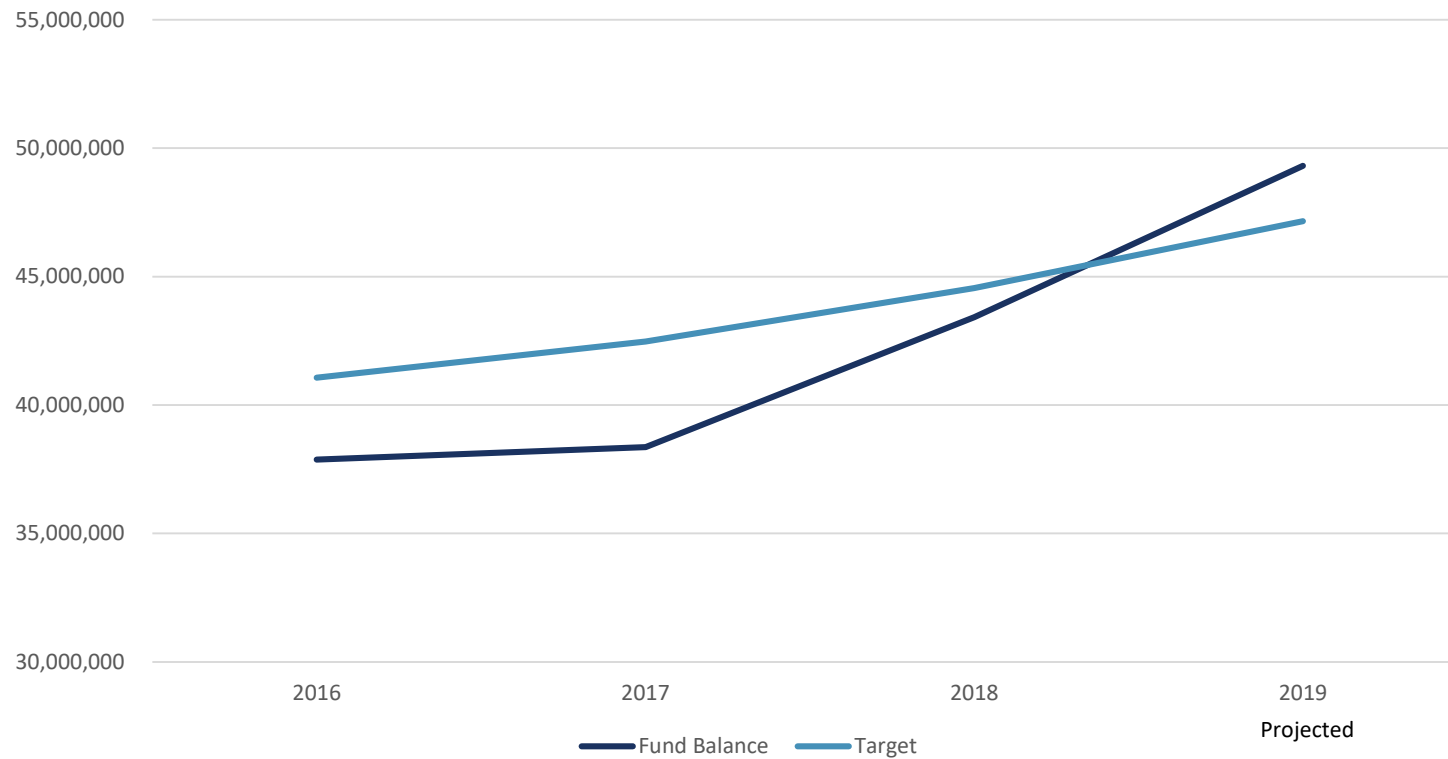


*Population estimates based on Census figures; 2019 population assumes steady population growth.
Debt service is based on budgeted amounts from 2016 to 2019.*

WHAT THIS INDICATOR TELLS US:

- The amount of debt service paid annually per Madison resident. Data shown here includes annual debt payments from GO Borrowing broken out by the share paid by the General Fund versus other sources (i.e. Stormwater & Metro).
- This indicator tells us debt service is up 26% over the past 4 years compared to a 3.4% projected increase in population.

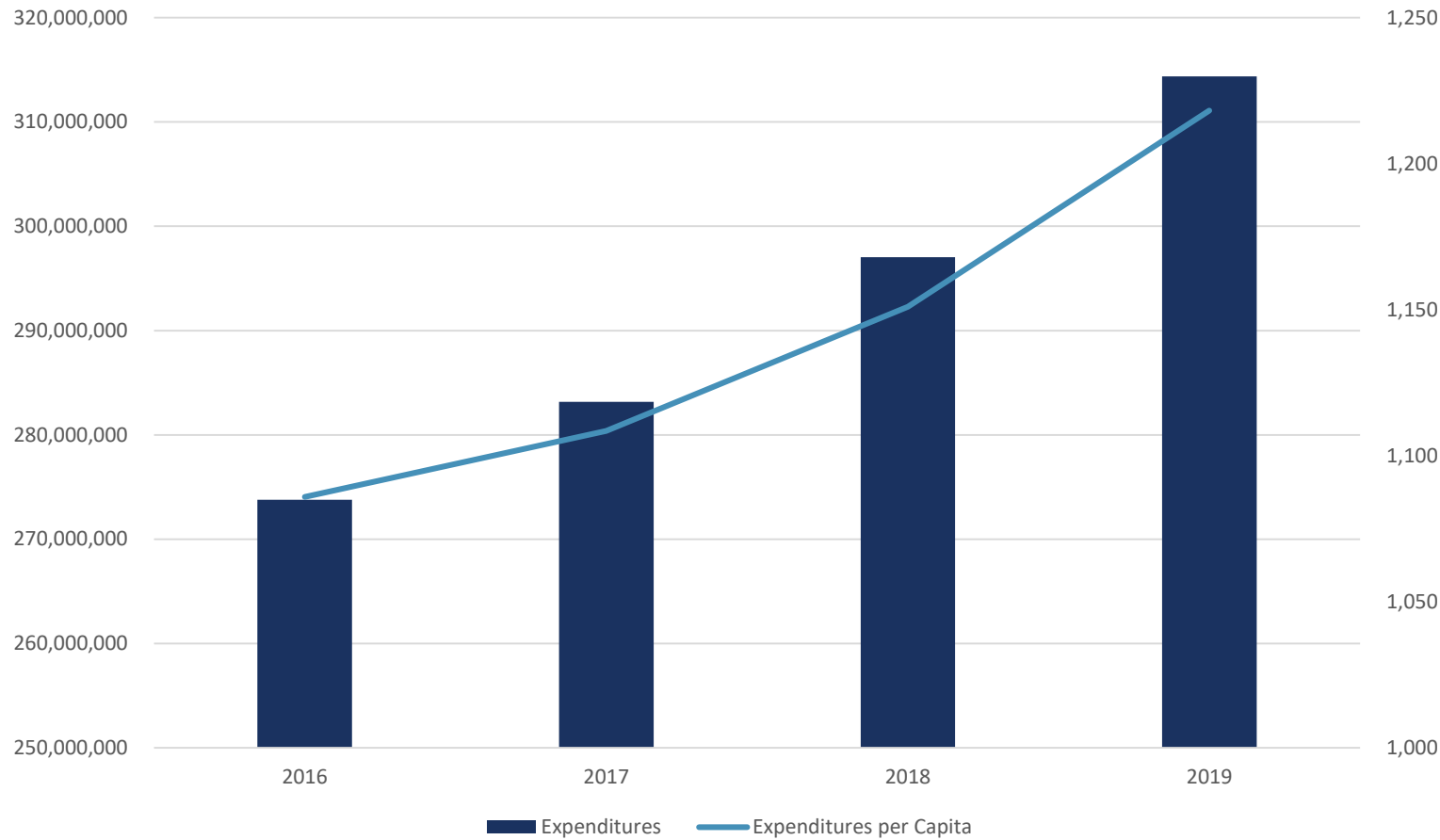
DEBT PER CAPITA



WHAT THIS INDICATOR TELLS US:

The unassigned Fund Balance is the City's funding source for unanticipated emergencies, it is also a key component of the City's AAA bond rating. The City's goal is to maintain 15% of the General Fund as unassigned fund balance.

FUND BALANCE

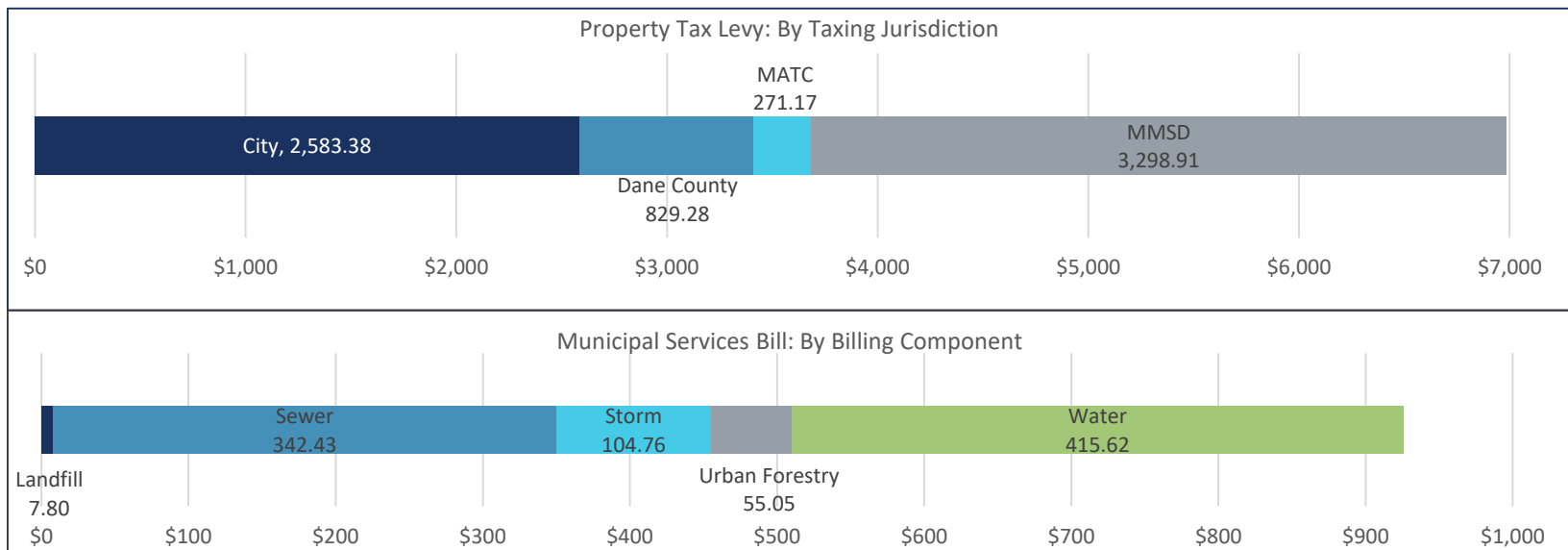


*Population estimates based on Census figures; 2019 population assumes steady population growth.
Expenditures are based on budgeted GF expenditures.*

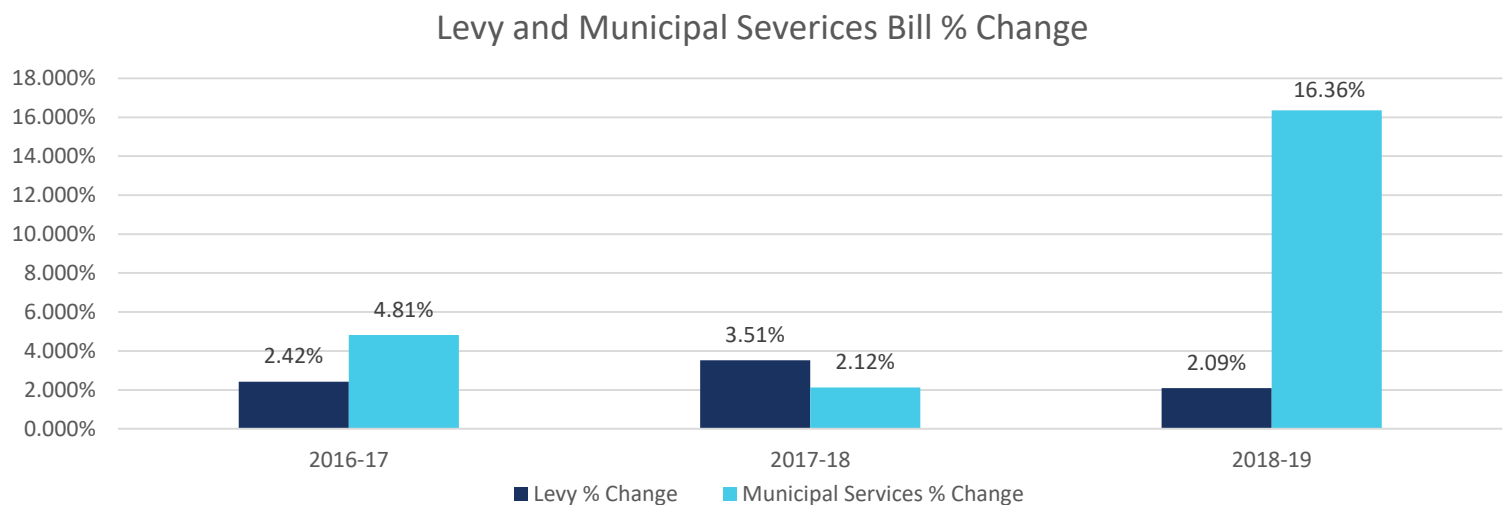
WHAT THIS INDICATOR TELLS US:

Madison's population has grown by 3.4% over the past 4 years. During that time General Fund expenditures have grown by 14.8%. This indicator tells us that expenditures are growing at a faster rate than the City's population.

EXPENDITURES PER CAPITA



Based on 2019 rates.



COST OF OWNERSHIP

WHAT THIS INDICATOR TELLS US:

- This indicator tells us that municipal services bill is increasing 2.9 times as fast as the property tax levy.
- Within the levy, the MATC share (which represents the smallest component of the levy bill) is the fastest growing share of the property tax levy.
- On the municipal services bill the landfill and urban forestry components are growing at the fastest rate.



2020 OUTLOOK

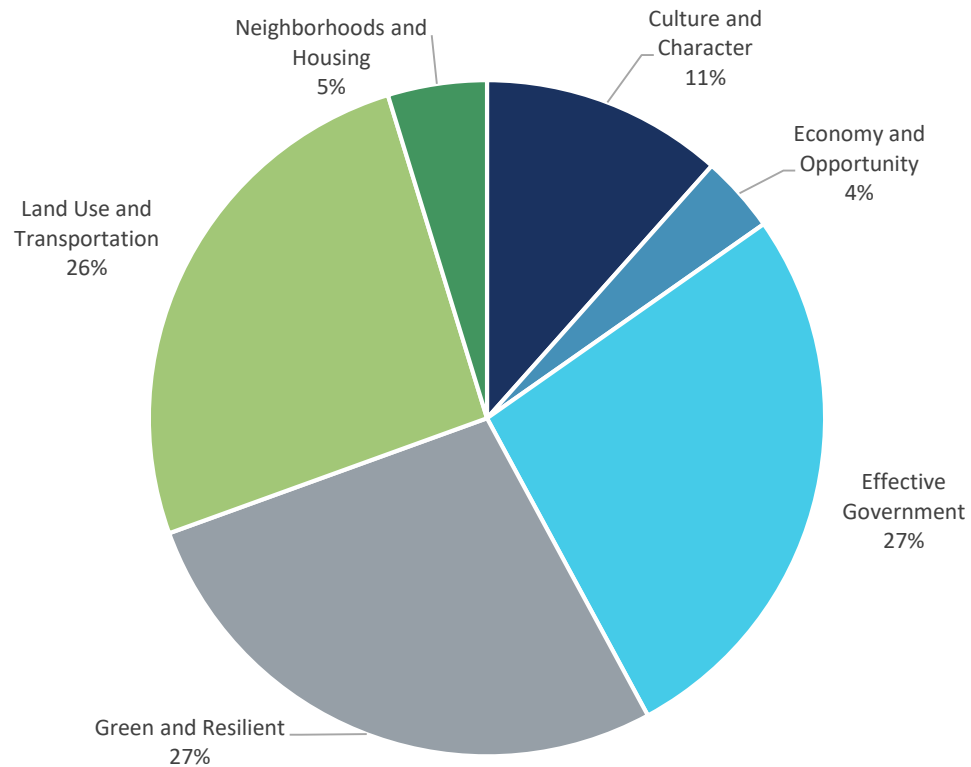


AGENCY REQUESTS: BY THE NUMBERS

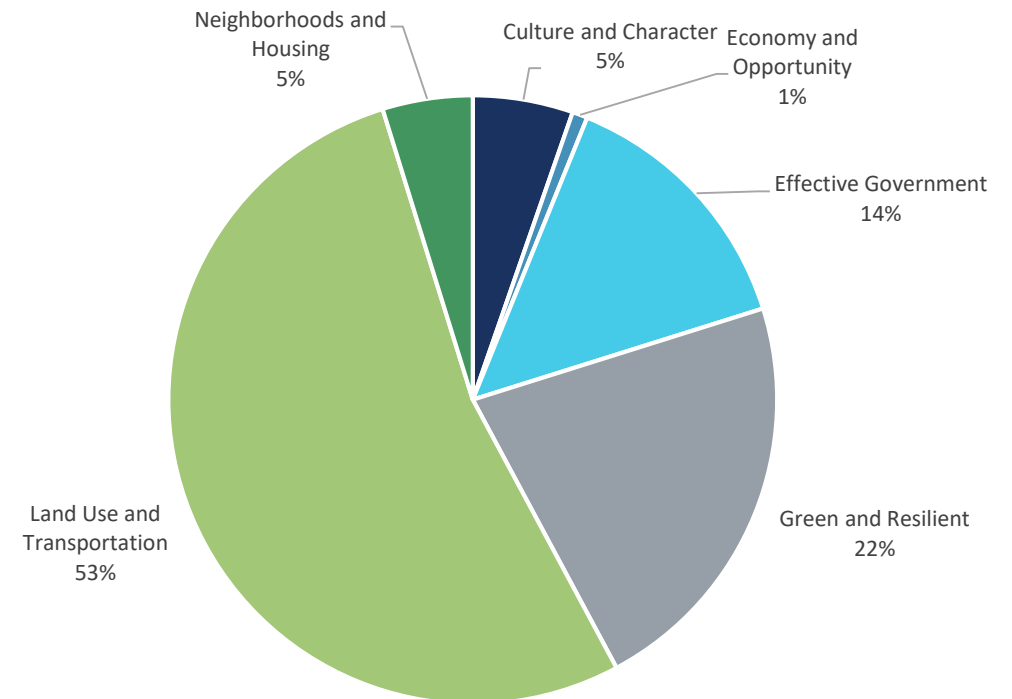
- Agencies submitted **190** capital budget proposals
- All capital requests tie back to one of the 6 Citywide Elements; **80%** (or 151) tie back to a strategy called for in Imagine Madison
- GO Borrowing is up **\$133.9m** compared to the 2019 Adopted CIP
 - Anticipated borrowing is up **\$20.3m** compared to 2019

CAPITAL IMPROVEMENT PLAN BY CITYWIDE ELEMENT

2020 CIP: By Element
Count of Proposals

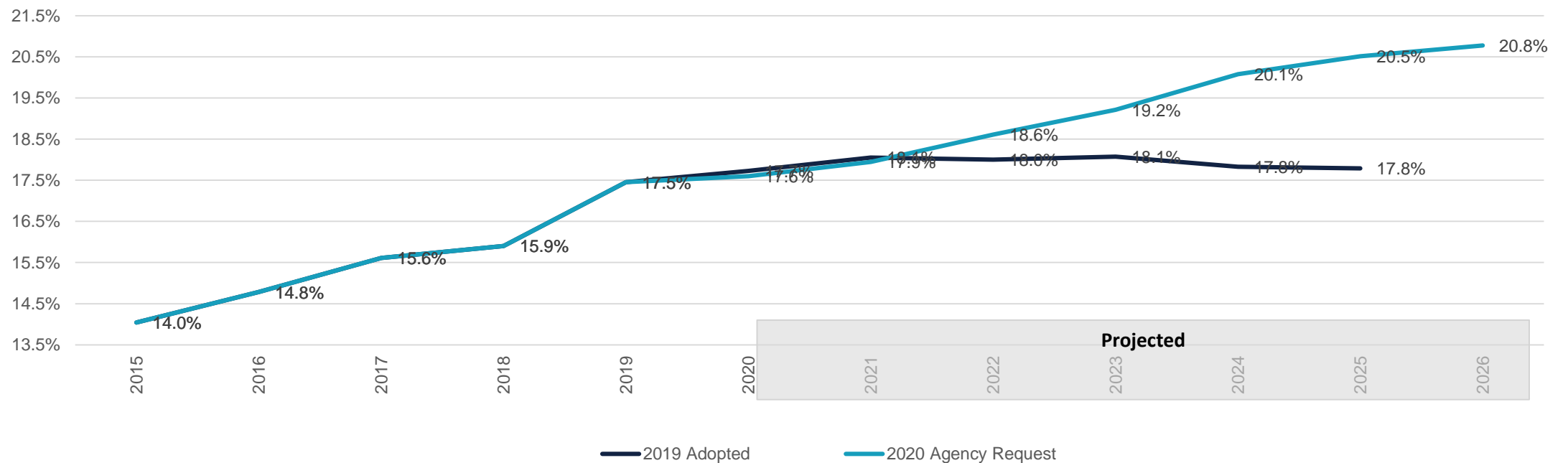


2020 CIP: By Element
Proposal Budgets



DEBT SERVICE PROJECTIONS

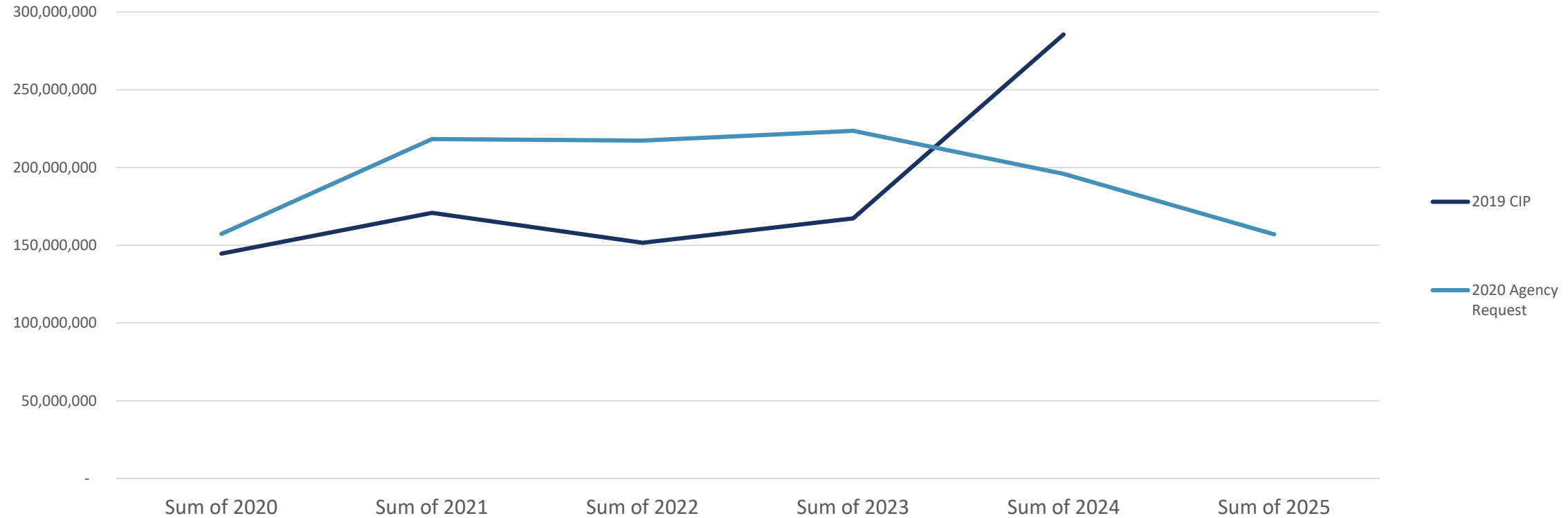
Debt Service Share of General Fund Expenditures



33% of each CIP year reauthorized to subsequent year; general fund operating budget increases 3% per year; 20 year borrowing on modest level. 2019 reflects reduction in application of general debt reserves.

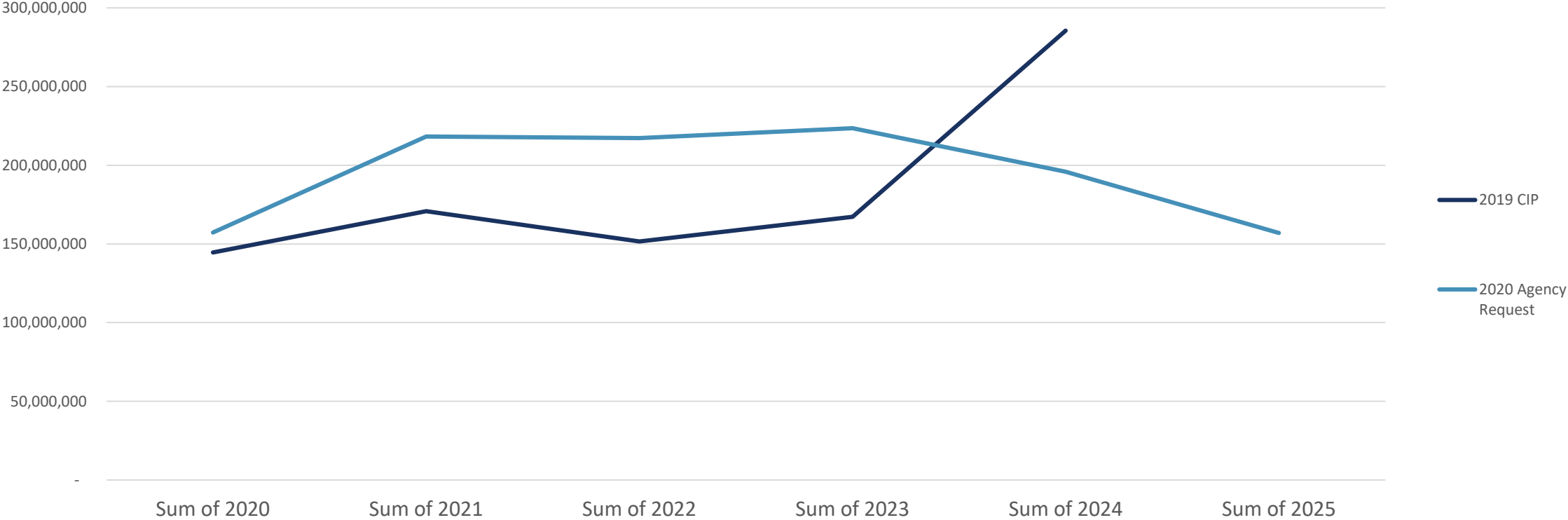
Capital Improvement Plan: All Funds

2019 Adopted vs 2020 Request



	2020	2021	2022	2023	2024	2025
2019 Adopted	144.6	170.9	151.6	167.3	285.6	-
2020 Request	157.3	218.3	217.3	223.5	195.8	157.0
Change	\$12.7	\$47.4	\$65.7	\$56.2	-\$89.7	\$157.0

Capital Improvement Plan: GO Borrowing
2019 Adopted vs 2020 Request



	2020	2021	2022	2023	2024	2025
2019 Adopted	78.5	93.9	86.9	104.8	96.0	-
2020 Request	98.8	137.6	108.3	134.4	114.6	92.4
Change	\$20.3	\$43.7	\$21.5	\$29.6	\$18.6	\$92.4

OPERATING BUDGET: UNDERSTANDING THE GAP

REVENUE

+2.9%
INCREASE

EXPENDITURES

+5.7%
INCREASE

2020 OUTLOOK

Revenue
+9.5m

Expenditures
+19.0m

-\$9.5m

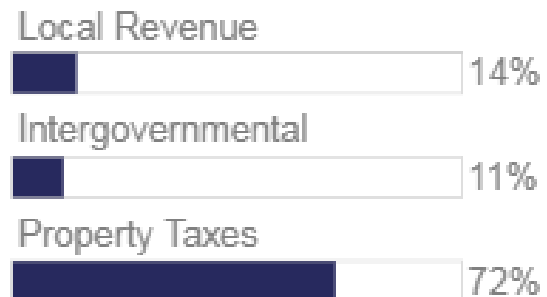
OPERATING BUDGET: REVENUE ASSUMPTIONS

+2.9%
INCREASE

Key Assumptions

- Growth in the General Fund is driven by the projected levy increase (\$9.5m). Under this projection the levy would be at the maximum allowable under State law.
- Local revenues are projected to decline by 1.4% (\$705k); this decrease is offset by a projected increase 1.9% (\$750k) in State Aid.

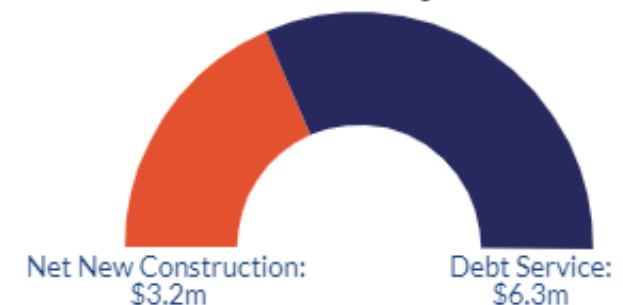
GENERAL FUND REVENUE BY TYPE



Property Tax Levy

- State-imposed Levy Limits cap the growth rate in the property tax levy by the amount of new construction and anticipated debt service costs. The share of the levy increase not dedicated to debt service is \$4.6m, or 48%.
- Based on this increase, taxes on the average value home will be \$2,670; an \$83 increase or 3.2%.

Elements of Levy Growth



OPERATING BUDGET: EXPENDITURE ASSUMPTIONS

+5.7%
INCREASE

GENERAL FUND BY FUNCTION

Admin & General Govt



Debt Service



Library



Planning & Development



Public Safety & Health



Public Works & Transportation



Other



PERSONNEL COSTS

Increase=\$9.85m

- Step & longevity increases for existing employees;
- Anticipated pay increases;
- Fire & Police academy costs;
- Projected increase in health insurance rates.



DEBT SERVICE

Increase=\$3.8m

- Assumes GO Borrowing in 2019 will be consistent with prior year trends (2/3 of authorized borrowing).
- At projected level, debt service will be 16.3% of the 2020 budget.



GRANT & LOCAL MATCHES

Increase=\$3.5m

- Increased local match for grant programs used to hire Police Officers & Firefighters
- Increased General Fund contributions to Metro and Public Health based on projected costs.



INFLATIONARY COSTS


Increase=\$1.6m

- Funding to administer the 2020 elections including the Presidential primary & general elections;
- Increased fleet costs based on depreciation for current & planned equipment



IF WE WERE STARTING OVER: HOW WOULD WE DO IT?

LEARNING OBJECTIVES:

1. Participants will understand how current resource allocation in the City's budget compares to Alders' vision for future budgets.
 2. Participants will understand the differences between thinking of the budget in its entirety versus incremental change year over year.
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BREAK (11:00 – 11:15)





IF WE WERE STARTING OVER:
HOW WOULD WE DO IT?


DISCUSSION





PRIORITIZING SPENDING: EVALUATION TOOL

LEARNING OBJECTIVES:

1. Participants will understand how to apply the lenses of Imagine Madison to determine if proposed initiatives are in alignment with the Citywide Framework.
 2. Participants will learn how a more extensive version of this tool is being deployed to help guide the 2020 Capital Budget & CIP.
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SHIFTING THE BUDGET DEBATE

Old Way	New Way
STARTING POINT Last Year's CIP	STARTING POINT By Citywide Element: How can we best advance the goals within the Element?
MEASURING PROGRESS Defined & tracked within agency silos	MEASURING PROGRESS Defined & tracked around achieving Citywide Indicators
DEBATE What to projects to cut?	DEBATE What projects advance our priorities?

EVALUATION TOOL

Goal

- Rank capital requests in the context of priority and readiness to determine how we best maximize results within existing resources.

Process Overview

- This step of the process represents the largest change from prior planning processes. Rankings will be performed using an evaluation tool intended to analyze capital requests against two sets of criteria: **PRIORITY** and **READINESS**. The table below shows the criteria for each category that would be scored.
- Teams were convened around each of the Elements to complete the scoring

Priority

- The proposal advances a specific equity or sustainability goal
- This project demonstrates a connection to one of the **Citywide Elements** and **Strategies** called for in Imagine Madison.
- The project includes a meaningful performance measure that can be used to gauge the project's success upon completion.

Readiness

- The project can be realistically completed under the proposed timeline.
- The project has a detailed budget that can be shared if requested.
- The project has a minimal ongoing impact to the operating budget.

ANALYZING RESULTS

PRIORITY-READINESS MATRIX

HIGH PRIORITY
LOW READINESS

HIGH PRIORITY
HIGH READINESS

LOW PRIORITY
LOW READINESS

LOW PRIORITY
HIGH READINESS

DEPLOYING THE TOOL FOR POLICYMAKERS

WHAT IT IS






- A framework for considering resident priorities when considering proposals
- A systematic examination of how proposals align with the strategic vision for Madison
- An intentional pause

WHAT IT ISN'T

- A check box activity by which proposals either “pass” or “fail”
- Only applicable when a policy or program is first proposed – can be used to evaluate ongoing policies or programs

Evaluation Tool for Policymakers


Agency: _____ Proposal: _____

Imagine Madison Lens			Rating	Comments
	Equity	Does the proposal seek to address a documented disparity in the community or focus on communities of color or other marginalized groups?	<input type="checkbox"/> 4 (fully meets criteria) <input type="checkbox"/> 3 (meets criteria with minor deficiencies) <input type="checkbox"/> 2 (meets criteria but has at least one significant deficiency) <input type="checkbox"/> 1 (missing all or most of the criteria)	
	Sustainability	Does the proposal protect environmental resources and embrace strategies to lessen the effects of climate change?	<input type="checkbox"/> 4 (fully meets criteria) <input type="checkbox"/> 3 (meets criteria with minor deficiencies) <input type="checkbox"/> 2 (meets criteria but has at least one significant deficiency) <input type="checkbox"/> 1 (missing all or most of the criteria)	
	Health	Does the proposal improve the choices people have concerning a spectrum of health factors including food access, physical activity, safety, and environmental health?	<input type="checkbox"/> 4 (fully meets criteria) <input type="checkbox"/> 3 (meets criteria with minor deficiencies) <input type="checkbox"/> 2 (meets criteria but has at least one significant deficiency) <input type="checkbox"/> 1 (missing all or most of the criteria)	
	Adaptability	Does the proposal help Madison prepare for impending changes to our way of life (e.g. climate change, workplace automation)?	<input type="checkbox"/> 4 (fully meets criteria) <input type="checkbox"/> 3 (meets criteria with minor deficiencies) <input type="checkbox"/> 2 (meets criteria but has at least one significant deficiency) <input type="checkbox"/> 1 (missing all or most of the criteria)	
	Impact	Does the proposal address a specific problem in the community? Would we know if we were successful in solving the problem?	<input type="checkbox"/> 4 (fully meets criteria) <input type="checkbox"/> 3 (meets criteria with minor deficiencies) <input type="checkbox"/> 2 (meets criteria but has at least one significant deficiency) <input type="checkbox"/> 1 (missing all or most of the criteria)	



PRIORITIZING SPENDING: EVALUATION TOOL-PRACTICAL EXAMPLE

INSTRUCTIONS

1. You have been given 4 scenarios from consistent for new spending in the City's 2020 budget. Begin by reviewing each of the scenarios.
 2. Complete an evaluation tool for each of the scenarios to determine if the request is in alignment with the City's framework.
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BREAK (1:30 – 1:45)





PRIORITIZING SPENDING: EVALUATION TOOL

DISCUSSION





WRAP UP

