
2020 EXECUTIVE OPERATING BUDGET

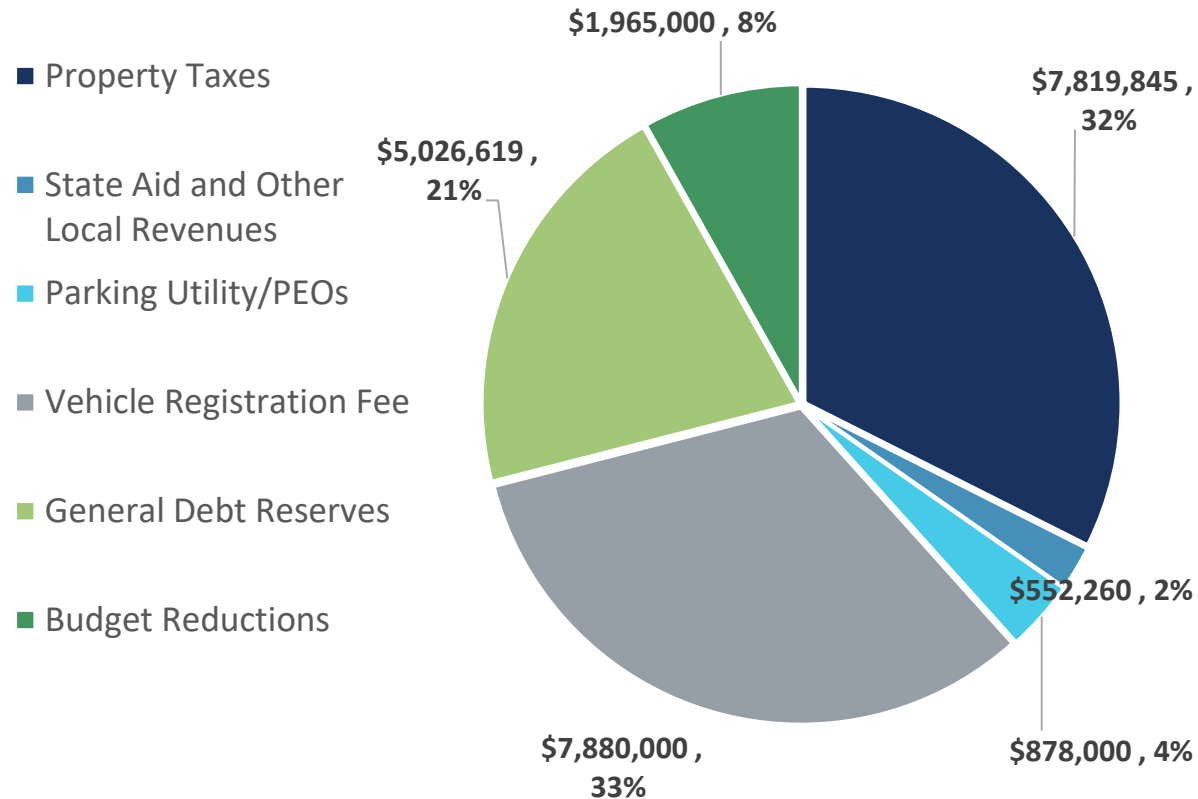
FINANCE COMMITTEE

OVERVIEW AND ROOM TAX COMMISSION

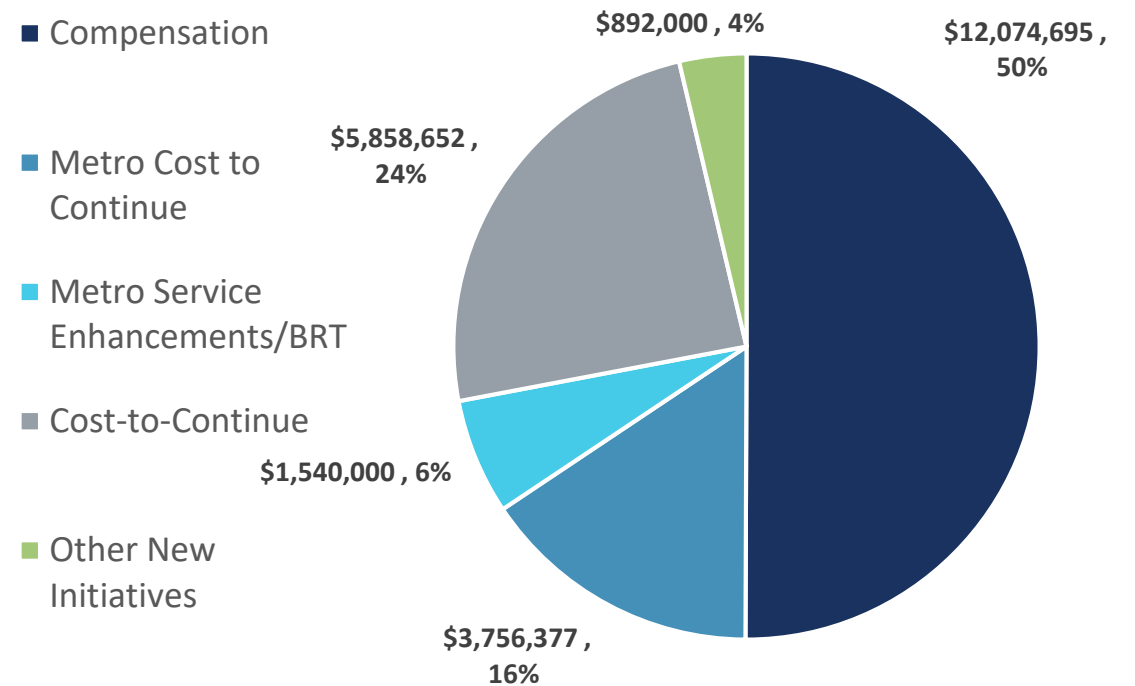


2019 TO 2020 – MAJOR CHANGES IN REVENUES AND EXPENDITURES

Revenues and Reductions -- \$24 million



Expenditures -- \$24 million



BALANCING 2020 GENERAL AND LIBRARY FUNDS

- At the onset of the planning process, the City was projecting a \$9.0 million gap between General/Library Fund expenditures and revenues for 2020.
- Following agency requests the projected gap had grown to \$11.0 million, driven by increasing WRS rates and other cost re-estimates.
- The Executive Budget addressed the projected shortfall through the actions outlined in the table.

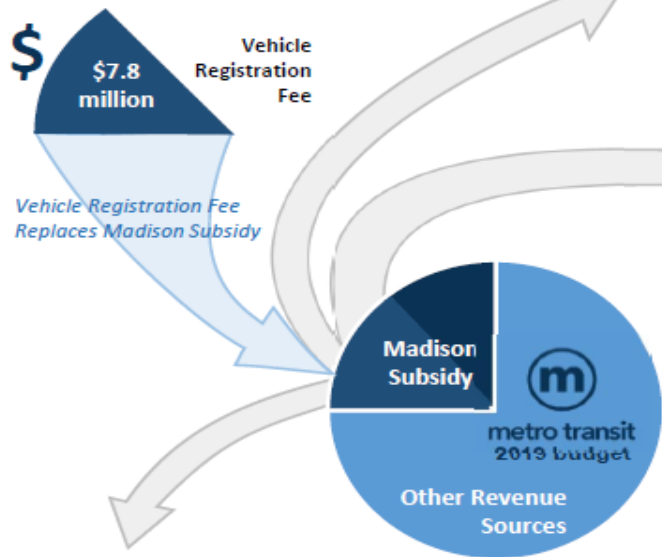
Balancing the 2020 Budget \$ in Thousands	
Initial Budget Gap	
WRS Rates	9,000
Other Re-estimates	1,000
Revised Budget Gap	
Metro Transit Changes	838
Funding for Capital Projects	10,838
Parking Enforcement to Parking Utility	6,360
Mall Maintenance Share of Costs	2,400
Forestry Consolidation	878
Other Changes	217
2020 Changes	
2020 Executive Budget	
	BALANCED

Where is the money from the Vehicle Registration Fee going?

Vehicle Registration Fee

1. Madison provides a subsidy to Metro Transit every year. The \$40 vehicle registration fee will generate **\$7.8 million** which will replace a portion of the subsidy the City of Madison provides Metro. This frees up property tax revenue.

2. **\$1.5 million** of the Vehicle Registration Fee will go towards increasing bus service frequency to Madison's south side as well as preparing the system for BRT.



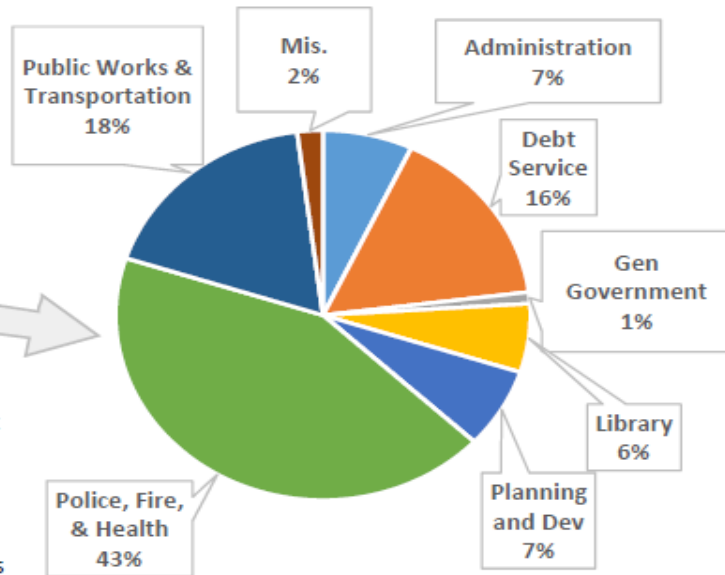
3. **\$2.7 million** of the Vehicle Registration Fee will go towards helping Metro Transit shoulder increased operating costs. It will also provide summer youth passes and increased low income bus passes.



Metro Transit removes 57,000 cars from our roads each day, making transportation better for all of us.

4. **\$3.6 million** of the Vehicle Registration Fee will replace property tax revenue subsidy that normally goes to Metro Transit. This now available property tax revenue will be redirected to the general fund, helping to avoid significant cuts in services, such as police, health, planning, stormwater and others.

Proposed 2020 Operating Budget



In part because of the property tax revenue freed up by the vehicle registration fee, the proposed 2020 operating budget for public safety and health is 7 percent higher than it was in the 2019 adopted budget

VEHICLE REGISTRATION FEE ALTERNATIVES

ALL AGENCY PROPOSED CUTS: \$6.5 MILLION

- Agencies proposed 2.5% reductions totaling \$6.5m
- Cuts from Police & Fire are \$3.2m (50%) of the proposed reduction. These cuts include:
 - Closing a Fire Station
 - Eliminating 18 Police Officers & the Crossing Guard program

GME PAY INCREASE: \$2.0 MILLION

- The Executive Budget maintains equity in compensation for City employees by providing 3.25% for all non-represented groups
- Eliminating the pay increase will hold salaries at their 2019 levels

COST-TO-CONTINUE/NEW INITIATIVES FUNDED IN BUDGET: \$3.8 MILLION

- Newly created positions
 - Early Childhood Mental Health Specialist
 - Additional staffing in the Clerk's office in advance of the 2020 Elections
 - Teen Librarian at Goodman Library & Teen Specialist at Warner Park

Vehicle Registration Fee	
2020 Projected Amount	\$7,900,000
All Agency Proposed Cuts	6,500,000
Eliminating General Municipal Employee Pay Increase	2,000,000
Eliminating New Initiatives Funded in Budget	3,830,000
Layoffs	12 Positions=\$1.0 million
Community Service Reductions	10% Reduction=\$1.0 million

LAYOFFS/ATTRITION: 12 POSITIONS=\$1.0 MILLION

- Based on average salary in 2020 budget including benefits
- Layoffs would likely hit agencies within Public Works and Administrative functions

COMMUNITY SERVICE CONTRACT REDUCTIONS: 10%=\$1.0 MILLION

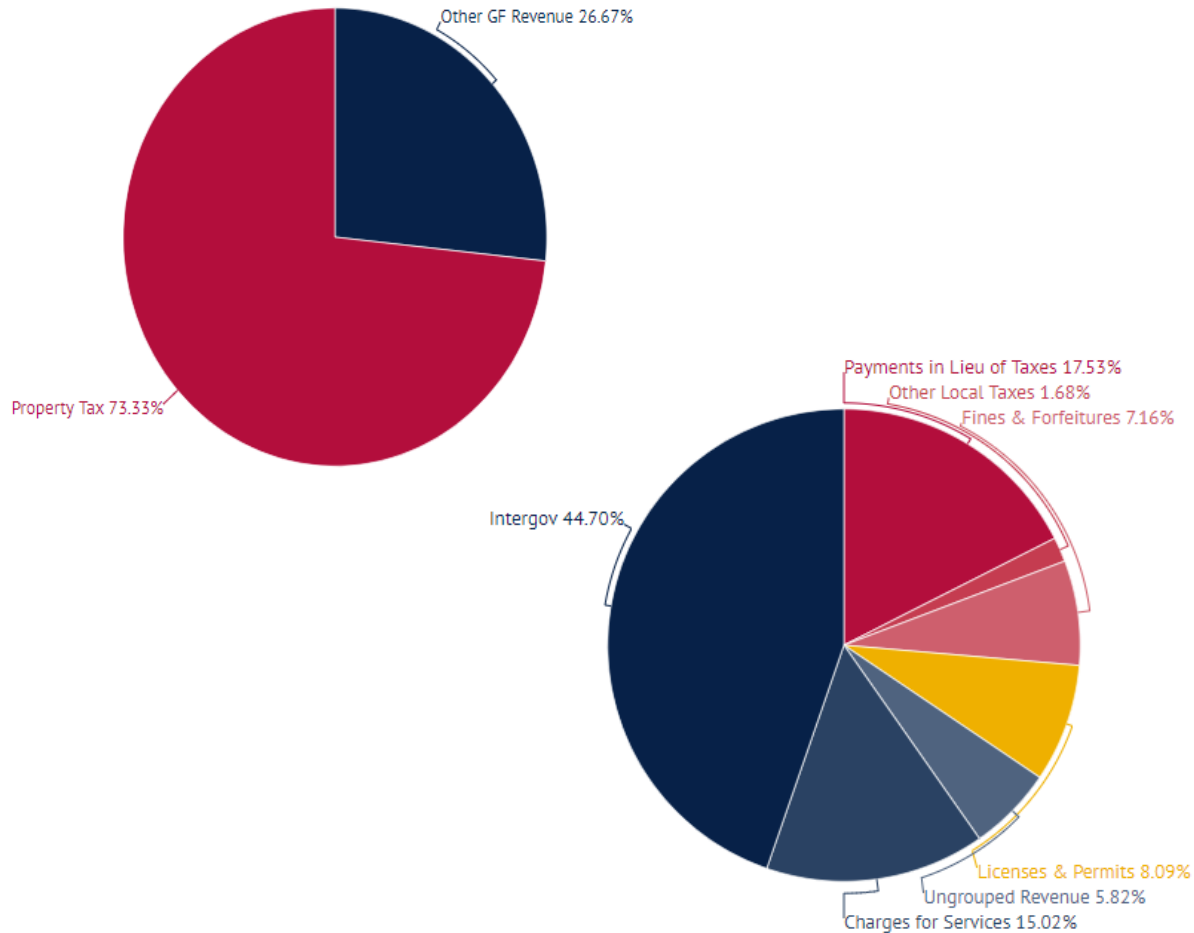
- General Fund support for contract is up from \$9.5m in 2019 to \$10.0m in the 2020 Executive Budget
- Reductions would likely result in across the board cuts (up to 10%) to non-profit providers



GENERAL FUND REVENUE



2020-BY THE NUMBERS: WHERE THE MONEY COMES FROM

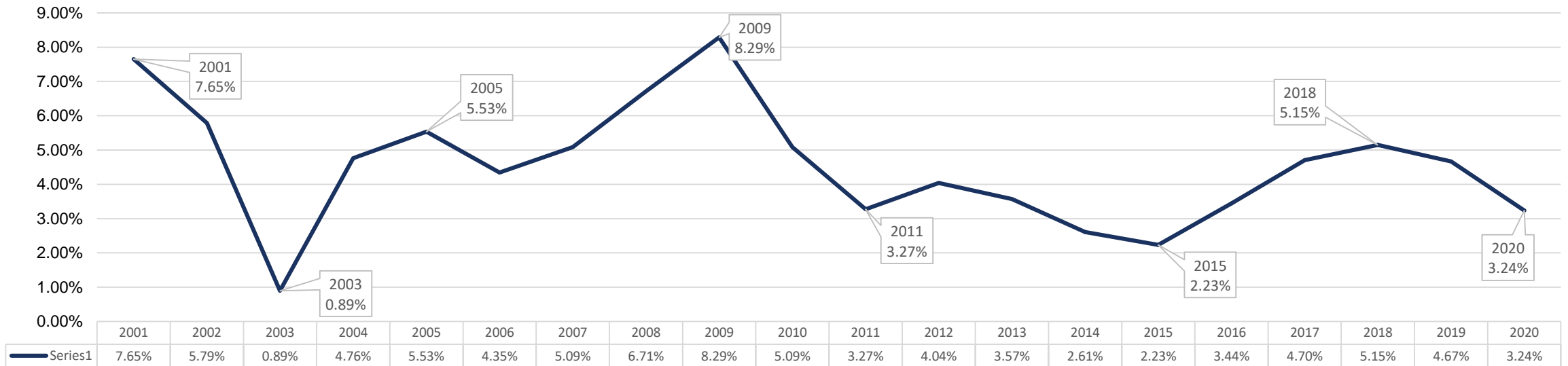


Revenue Highlights

- PILOT payments up 1.5%
- Other Local Taxes up 8.9% driven by trends in late fee penalties
- Fine & Forfeitures are down 5.8%; Parking violations projected to decrease by 7% in 2020
- Licenses & Permit revenue is down 5.0% due to slowing building permit activity
- State Aid up 3.6% from increases in General Transportation Aid associated with the most recent State budget along with higher eligible costs
 - The Executive Budget provides \$1.36 million of flexibility under the Expenditure Restraint Program

MADISON'S PROPERTY TAX

City of Madison Percent Levy Increases
Above/Below the Historical 15-Year Average of 4.4%



- Property Tax=73.3% of revenue for General & Library Funds
- 2020 Increase is 3.2%; lower than 15-year average of 4.4%
- Proposed levy increase is \$334,000 lower than the allowable levy limit

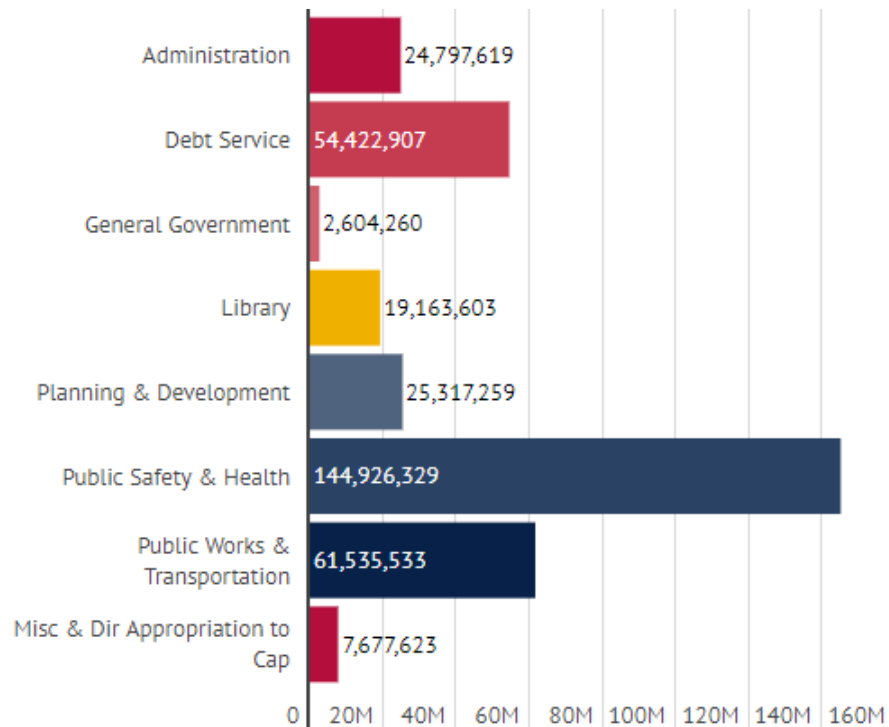
TAXES ON THE AVERAGE VALUE HOME

- Under the Executive Budget, taxes on the average value home will go up 3.24% (\$87.90)
- Since 2014, the average value home has increased by 27%
- Higher assessments will drive down the mill rate by 3%
- Maximum levy increase will add \$91.47 to taxes on average value home (\$3.50 more than the executive budget).

Comparative Changes in Levy and Taxes on Average Value Home (TOAH)			
% Change (TOAH)	Levy Increase	\$ Change	TOAH
Max Levy-3.54%	\$8,160,466	\$91.47	\$2,678.41
Exec Bdgt-3.4%	7,826,429	87.90	2,674.90
2.50%	5,481,553	62.76	2,398.31
1.00%	1,803,320	23.36	2,610.30
0.57%	1,000,000	14.75	2,601.69
0.17%	-	4.03	2,590.97

2020-BY THE NUMBERS: HOW THE MONEY IS SPENT

General Fund Expenditures:
By Function



Expenditure Highlights

- General and Library fund expenditures are up \$8.4 million, or 2.5%
- Expenditure growth driven by:
 - Employee Compensation Costs: \$10.5m Increase
 - Wage increases, health insurance, and WRS accounts for \$5.9 million of the projected increase
 - Cost Savings Initiatives Reflected in Executive Budget:
 - Merging efforts from the Parks & Streets Division under a new Forestry service in the Streets Division
 - Transferring the full cost of Parking Enforcement to the Parking Enterprise
 - Decreasing the General Fund contribution to capital projects and Metro Transit
 - Splitting the costs of mall maintenance evenly with property owners
 - Eliminating the General Fund Subsidy for CDA Housing



DIRECT APPROPRIATIONS



DIRECT APPROPRIATIONS & CAPITAL CONTRIBUTION

- The Executive Budget includes \$7.6 million in Direct Appropriations, down from \$9.3 million in 2019. This decrease is driven by:
 - Transferring funding for Direct Appropriations to relevant agencies when appropriate. See page 18 for the full list. (\$180k)
 - Transferring funding for the \$15 minimum wage to agency hourly budgets (\$240k)
 - Transferring funding for Domestic Partnerships health insurance to agency budgets (\$125k)
 - Increasing the local share for the Zoo (\$100k)
 - Eliminating funding one-time funding for Clean Air Coalition, Pathways Program, and Governance Task Force (\$50k)
 - Creating the Police Auditor (\$200k)
 - Decreasing funding for the Contingent Reserve & Sick Leave Escrow (\$300k)
 - Decreasing funding for the Contribution to Capital (\$1.0m)



DEBT SERVICE



APPLICATION OF DEBT SERVICE RESERVES AND BALANCING THE BUDGET

	2019	2020	Difference
Debt Service Charged to Transit	\$ 2,559,993	\$ 562,753	\$ (1,997,240)
Debt Reserves Applied	\$ 0	\$ 2,974,877	\$ 2,974,877
Total Transit Debt Service	\$ 2,559,993	\$ 3,537,630	\$ 977,637
Debt Service Charged to Fleet	\$ 7,144,174	\$ 8,012,555	\$ 868,381
Debt Reserves Applied	\$ 0	\$ 722,742	\$ 722,742
Total Fleet Debt Service	\$ 7,144,174	\$ 8,735,297	\$ 1,591,123
Other Non General Fund Debt Service	\$ 23,291,520	\$ 24,121,022	\$ 829,502
Debt Service Charged to General Fund	\$ 54,708,711	\$ 54,422,908	\$ (285,802)
Debt Reserves Applied	\$ 2,671,000	\$ 4,000,000	\$ 1,329,000
Total General Fund Debt Service	\$ 57,379,711	\$ 58,422,908	\$ 1,043,198
Build America Bonds Interest Credit	\$ 213,817	\$ 68,381	\$ (145,436)
Interest Earnings	1,300,000	1,300,000	\$ 0
Total GO Debt Service	\$ 91,889,215	\$ 96,185,238	\$ 4,296,023
Total General Debt Reserves Applied	(2,671,000)	(7,697,619)	(5,026,619)
Total Non-General Fund Debt Service	\$ (32,995,687)	\$ (32,696,330)	\$ 299,357
Build America Bonds Interest Credit	\$ (213,817)	\$ (68,381)	\$ 145,436
Interest Earnings	(1,300,000)	(1,300,000)	0
General Fund Debt Service	\$ 54,708,711	\$ 54,422,908	\$ (285,803)

KEY ISSUES

- Overall GO debt service up \$4.3 million – allowable levy increased by that amount.
 - General Fund Debt Service – net of General Debt Reserves – down \$285,800.
 - Library Fund Debt Service – up \$218,700
 - Effect -- \$4.3 million of allowable levy available for operations.
- General Debt Reserves (\$7.7m available) applied to reduce Transit, Fleet and General Fund debt service
 - Effect:
 - Transit – Avoid \$3 million in debt service costs – helps meet Expenditure Restraint and Allowable Levy, and fund BRT
 - Fleet – Avoid \$722,700 in debt service costs – helps meet Expenditure Restraint and Allowable Levy
 - General Fund – Avoid \$1.3 million of debt service costs – helps meet Allowable Levy
- MGO 4.17 – Required Use of Levy Capacity from applying Debt Reserves to fund Capital Projects
 - \$7.7 million of reserves applied (\$4m to reduce GF debt service; \$3m to reduce Transit debt service; \$0.7m for Fleet debt service)
 - \$1.6 million appropriation for capital projects
 - Difference requires 2/3rds vote of Council at time of adoption of 2020 budget.



ROOM TAX COMMISSION / ROOM TAX FUND



KEY ROOM TAX COMMISSION DECISIONS

- 2020 Revenue Growth Projection – 4% -- \$19.5 million (up \$752,000)
 - 30% to General Fund (\$5.9 million / \$222,000 increase over 2019)
- Monona Terrace
 - Subsidy up \$499,000
 - Debt Service and Capital Purchases down \$548,000
- Overture Center – subsidy increased by \$95,000 to \$2,095,000
- Destination Madison – payment will increase by \$564,000, per contract provisions
- CitiArts – up \$12,500 for Folk Alliance and Blink+ downtown art
- Room Tax Fund ending balance -- \$163,300