
2021 2ND QUARTER OUTLOOK

PRESENTATION TO THE FINANCE COMMITTEE

AUGUST 9, 2021



AGENDA

- General and Library Fund
 - 2021 Projections
 - Agency Highlights
- Enterprise Agencies
 - 2021 Projections
 - Agency Highlights
- Preview of the Midyear Appropriation
 - Use of American Rescue Plan Act Funds
 - Proposed Strategy for Mid Year Appropriation

2021 PROJECTION: GENERAL & LIBRARY FUNDS

	2021 Adopted Budget			
	Adopted Budget	Revised Budget	Year End Projection	Difference (year end proj – revised)
General Fund Revenue	(93,565,220)	(93,565,220)	(89,680,216)	(3,885,004)
Property Taxes	(255,933,573)	(255,933,573)	(255,933,573)	0
Total Revenues	(349,498,793)	(349,498,793)	(345,613,789)	(3,885,004)
Agency Revenues	(12,534,177)	(12,610,161)	(11,820,718)	(789,443)
Expenditures	362,032,969	362,410,274	357,982,069	4,428,205
Total Expenses	349,498,793	349,800,113	346,161,351	3,638,762
Projected Shortfall				(246,242)

- Projection includes \$8 million in budgeted Fund Balance Applied
- Projection assumes remaining Contingent Reserve funding (\$1.685 million) is unused.

2021 PROJECTION: GENERAL FUND REVENUES

- Transfer In from Room Tax is estimated at \$1.3 million below budget.
- Despite a fee increase in the 2021 Adopted Budget, Ambulance Conveyance Fees are projected to end the year \$822,000 below budget.
- Parking Violation revenues for the first half of 2021 were at 50% of pre-Covid levels and are projected to end the year \$881,000 below budget.
- Building Permit revenues are projected to end 2021 \$887,000 above budget.

Summary Table by Agency: Administration & General Government

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comments
Assessor	2,790,146	2,828,631	2,779,328	49,303	Saving from workshare, mileage, and consulting contracts
Attorney	2,920,682	2,920,682	2,931,581	(10,898)	Increased costs due to unexpected back pay
Civil Rights	2,024,298	2,024,298	2,019,616	4,682	Projecting savings in purchased services
Clerk	2,070,391	2,070,391	2,009,017	61,374	Underspent on software, election supplies, and office equipment
Common Council	876,144	876,144	817,660	58,484	Salary savings from vacant Chief of Staff position
EAP	454,307	454,307	393,535	60,772	Salary savings from vacant EAP Specialist position
Finance	3,744,979	3,793,868	3,721,129	72,739	Savings from renegotiated contracts
HR	1,672,442	1,681,032	1,619,185	61,846	Savings within budgeted benefit costs
IT	7,864,314	7,864,977	7,692,756	172,221	Projected surplus due to implementation of Microsoft 365, resulting in contract reductions for Windows 10 and SharePoint Online
Mayor	1,123,505	1,123,505	1,102,118	21,387	Salary savings from vacant Sustainability Manager position
Municipal Court	231,548	231,548	256,417	(24,869)	Deficit due to revenue shortfalls

Summary Table by Agency: Planning & Development, Public Facilities, Transportation

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comments
Building Inspection	5,015,456	5,020,456	5,015,740	4,716	Agency budget should be able to absorb Comp Absence Escrow payment
CDD	15,016,693	15,028,118	14,836,633	191,485	Projected surplus due to vacancies, realized workshare, and projecting childcare grants to historical trend
EDD	2,178,957	2,215,157	2,077,679	137,478	Projected surplus due to vacancies and realized workshare
PCED – OD	527,617	522,617	435,689	86,928	Projected surplus due to vacancies and realized workshare
Planning	3,543,616	3,612,991	3,546,886	66,105	Projected surplus due to vacancies, realized workshare, and carryforward encumbrance for arts grants
Library	18,849,564	18,876,726	18,548,331	328,395	Projected surplus primarily due to salary savings. The Library is filling all vacancies that were held open while branches were closed due to COVID.
Transportation	486,692	486,692	453,903	32,789	Savings from underfilling a Planner position
Traffic Engineering	8,345,220	8,357,930	8,382,832	(24,902)	Projected deficit from lower agency revenues and retiree sick leave payout

Summary Table by Agency: Public Safety, Public Works

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference	Comments
Fire	61,180,396	61,183,440	63,077,295	(1,893,855)	Deficit due to overtime
Police	82,794,221	82,816,013	82,419,315	396,698	Salary savings due to turnover and furloughs
Independent Monitor	450,769	450,769	266,705	184,064	Salary savings from vacant positions
Engineering	4,585,951	4,585,951	4,073,017	512,934	Surplus driven by workshare savings, underspending in electrical, "Other", and work supply lines
Streets	27,812,921	27,812,921	27,491,871	321,050	Assumes three snow events for remainder of year.
Parks	15,585,153	15,601,798	15,935,911	(334,112)	Deficit due to declines in Parks reservations, memberships, and lessons.

PROJECTION HIGHLIGHTS

- Most agencies are projecting a surplus due to savings realized from workshare and vacancies.
- **Fire**
 - Fire is projected to be over budget \$1.9m. Permanent salaries are anticipated to be under budget \$1.3m., however, overtime is anticipated to be over budget \$2.27m primarily due to minimum staffing. The current level of absences has been running 8 per day versus 6.7 at the end of 2020. High use of emergency paid leave is also contributing to personnel cost overages as is Compensated Absence Escrow which is anticipated to be \$850,000.
- **Police**
 - Police is projected to be under budget approximately \$400,000. Savings in salaries due to turnover and furloughs is covering deficits in overtime and benefits. Furloughs are contributing \$470,000 to the overall savings and the 4th quarter furloughs for commissioned staff have been cancelled. Overtime is projected over budget \$560,000. The factors influencing overtime include employees opting to convert comp time to pay, incidents including the First Street Officer Involved Critical Incident, homicides and attempted homicides, and miscellaneous protests and marches. Benefits are over budget due to Compensated Absence Escrow payments to retirees estimated at \$1,200,000.

NON-GENERAL FUND SUMMARY BY AGENCY

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference
CDA Housing	0	0	(467,284)	467,284
Expense	25,829,178)	26,004,080)	26,955,360	(951,280)
Revenue	(25,829,178)	(26,004,080)	(27,422,644)	1,418,564
CDA Redevelopment	0	0	(105,302)	105,302
Expense	1,465,996	1,465,996	2,159,635	(693,639)
Revenue	(1,465,996)	(1,465,996)	(2,264,937)	798,941
Fleet Services	0	596	(546,395)	546,991
Expense	20,064,285	20,064,881	19,916,813	1,080,117
Revenue	(20,064,285)	(20,064,285)	(21,009,603)	(533,126)
Golf Courses	0	4,444	43,687	(7,154)
Expense	3,307,654	3,312,098	3,676,203	(332,017)
Revenue	(3,307,654)	(3,307,654)	(3,632,517)	324,863

*Projection includes budgeted fund balance applied or generated

NON-GENERAL FUND SUMMARY BY AGENCY (CONTINUED)

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference
Metro Transit	0	438,645	(296,823)	735,468
Expense	62,234,102	62,847,974	57,757,480	5,090,494
Revenue	(62,234,102)	(62,409,330)	(58,054,303)	(4,355,027)
Monona Terrace	0	0	1,442,032	(1,442,032)
Expense	12,693,037	12,697,481	9,895,711	2,801,770
Revenue	(12,693,037)	(12,697,481)	(8,453,679)	(4,243,802)
Parking	0	168,821	704,271	(535,449)
Expense	14,757,133	14,925,955	14,604,289	321,666
Revenue	(14,757,133)	(14,757,133)	(13,900,018)	(857,115)
PHMDC	0	54,731	(4,832,291)	4,887,022
Expense	21,591,633	36,242,983	34,488,354	1,754,629
Revenue	(21,591,633)	(36,188,252)	(39,320,645)	3,132,393

*Projection includes budgeted fund balance applied or generated

NON-GENERAL FUND SUMMARY BY AGENCY (CONTINUED)

Agency	Adopted Budget	Revised Budget	Year End Projection	Difference
Sewer	0	44,089	(1,095,410)	1,139,500
Expense	51,812,180	48,469,235	47,414,117	1,055,119
Revenue	(51,812,180)	(48,425,146)	(48,509,527)	84,381
Stormwater	0	756,345	(3,236,493)	3,992,838
Expense	23,352,102	23,887,035	22,568,438	1,318,597
Revenue	(23,352,102)	(23,130,690)	(25,084,931)	2,674,241
Water	0	126,076	(2,897,692)	3,023,768
Expense	47,985,921	48,111,997	45,955,448	2,156,549
Revenue	(47,985,921)	(47,985,921)	(48,853,140)	867,219

*Projection includes budgeted fund balance applied or generated

NON-GENERAL FUND PROJECTION HIGHLIGHTS

1. Charge for Service revenues within the Parking Utility are projected to be \$800,000 below budget, while License and Permit revenues are projected to be \$56,000 above budget.
2. Fleet Services anticipating \$500k surplus from vehicle sales
3. Golf Courses projecting \$325k surplus in revenue
4. Sewer Utility has higher than budgeted charges from Madison Metropolitan Sewerage District (MMSD)
5. Public Health revenues reflect a 30% credit for Licensed Establishments authorized earlier this year. The revenue reduction is offset by using fund balance. Revenue also includes \$3.3m of 2020 grant revenue received in 2021.



MIDYEAR APPROPRIATION PREVIEW



AMERICAN RESCUE PLAN ACT (ARPA) GOVERNMENT SERVICES FUNDS AND TID 25 SURPLUS

Of the \$47.2 million ARPA State and Local Coronavirus Relief and Recovery Funds received by the city, \$24.4 million has been allocated for “revenue replacement/government services” in 2021 and 2022. The other \$22.8 has been allocated for community investments.

TID 25 has been dissolved (one additional year of increment for affordable housing will occur in 2022/2023); of anticipated \$30 million residual revenues; the city will receive approximately \$10 million. An early withdrawal of \$16 million will occur in 2021 in order to provide \$7.5 million to MMSD; city share is \$5.9 million

	2021	2022	Total
ARPA Government Services	6.9	17.5	24.4
TID 25	5.9	4.1	10.0
	12.8	21.6	34.4

\$ in Millions

MIDYEAR APPROPRIATION ADJUSTMENT RESOLUTION

Goals

- Keep Room Tax Fund in balance to avoid cuts to support to Monona Terrace, Overture, Destination Madison and City Arts programs.
- Begin to restore General Fund balance (\$8 million used in 2021 budget)

Projection

- Room tax revenue will fall \$4.4 million (33%) short of budget estimates (\$9.0 million vs \$13.4 million)
- General Fund share will fall by \$1.2 million;
- Room Tax Fund finished 2020 with a \$1.8 million deficit
- Total shortfall -- \$5.1 million

Actions

- Forego transfer of 30% of room tax revenues to the General Fund (same action was taken in 2020)
- Replace General Fund room tax revenues with ARPA
- Transfer 2021 TID 25 distribution to Room Tax Fund and Monona Terrace

2021 Budget

Mid-Year Appropriation

	General Fund	Room Tax Fund	Monona Terrace
Room Tax Fund	-3.9	2.7	0.0
ARPA to General Fund from Grants Fund	3.9		
ARPA to MT from Grants Fund			2.0
TID 25 to Room Tax Fund		2.4	
TID 25 to MT			1.5
TID 25 to GF Balance	2.0		
	<u>2.0</u>	<u>5.1</u>	<u>3.5</u>

ARPA	3.9	0.0	2.0
TID 25	2.0	2.4	1.5

Year-End Appropriation

	GF	RT	MT
ARPA to General Fund from Grants Fund	<u>1.0</u>		
	1.0		

TOTAL FOR 2021

	ARPA	TID 25
Allocated	6.9	5.9
Remaining	17.5	4.1

\$ in Millions

CAPITAL BUDGET KEY DATES

- **Presentation on the Budget Process (date TBD)**
 - Session will focus on alder roles in budget hearings and amendment process
 - Will be prior to budget hearings
- **August 31st Common Council Meeting**
 - 2021 Mid Year appropriation to be introduced
 - 2022 Executive Capital Budget introduced
- **September 13th & 14th**
 - Finance Committee Capital Budget Hearings
- **September 20th – 24th**
 - Amendment Week
- **September 27th**
 - Finance Committee vote on amendments

We are working with Council Leadership to schedule a Budget Learning Session, with a particular focus on development of budget amendments.