

2021 MID YEAR RESOLUTION OVERVIEW

PRESENTATION TO THE FINANCE COMMITTEE | SEPTEMBER 13, 2021

- Overview of the Midyear Appropriation Resolution ([File 67094](#))
- Technical adjustments to the 2021 Operating Budget
- Use of American Rescue Plan Act Funds and TID 25 Surplus

ADJUSTMENTS TO AGENCY BUDGETS

1. Transferring centrally budgeted funds to agencies

Technical, net neutral adjustments to move funds from central budget to agencies based on actual expenditures and 2nd quarter projections

- **Sick Leave Escrow:** Transferring \$671,000 from Direct Appropriations to Fire
- **Carry Forward Encumbrances:** Transferring \$236,500 from Direct Appropriations to multiple agencies associated with contracts that span multiple years

2. Intra- Agency Transfers

Transfers between major spending categories and other adjustments within an agency budget

- **CDA:** Transfer from supplies to purchased services; increase in Housing Vouchers due to additional vouchers from HUD
- **Fleet:** Transfer from supplies to purchased services
- **Golf:** Increase in charges for services and associated costs due to increased revenues
- **IT:** Transfer between capital projects
- **Streets:** Increase fund balance applied and increase interdepartmental charges for Stormwater Utility-supported leaf collection

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

STRATEGY FOR ADDRESSING ROOM TAX, MONONA TERRACE ENTERPRISE FUND, AND GENERAL FUND BALANCE

Goals

- Keep Room Tax Fund in balance to avoid cuts to support to Monona Terrace, Overture, Destination Madison and City Tourism and Arts programs (e.g., Sister Cities, music festivals, art installations) – all of these programs took 50% cuts in 2020 and remain 30% below original 2020 levels in 2021.
- Begin to restore General Fund balance toward 15% of budget goal (\$8 million used in 2021 budget)

Projection

- Room tax revenue could 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
- Review again in 2021 Year-End Appropriation resolution

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>	5.1	3.5

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