

C i t y o f M a d i s o n

2020 Operating Budget



E x e c u t i v e S u m m a r y



S a t y a R h o d e s - C o n w a y
M a y o r



Office of the Mayor

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A Budget that Advances Madison's Values – Equity, Access, Transparency, Accountability

I sought the office of Mayor because I believe that Madison needs to be bold in pursuing the priorities we hold dear – accessible and efficient transportation options for all residents, equitable and affordable housing, strong neighborhoods to grow our families and our shared sense of community, and sustainable guardianship of our environment as we make the city more resilient to climate change.

I anticipated that achieving these priorities would require overcoming tremendous barriers that are laid before every community in Wisconsin. Federal infrastructure aid is shrinking. Wisconsin's strict state-imposed limits on local decision-making provide few of the options available in other states to finance critical mobility, infrastructure and transit investments.

Fully aware of these challenges, I approached the 2020 budget committed to finding ways to make the priorities you have shared with me realities for Madison. The importance of investing in our youth and in our neighborhoods are themes I hear voiced consistently in communities throughout our city. Accordingly, although we faced significant fiscal challenges, we were able to find meaningful ways to introduce and expand services on these fronts, among others.

Teens are increasingly using and transforming city spaces and making them their own and it is important that we are equipped to serve them well. To that end, I am funding a Teen Programming Specialist at Warner Park Community Recreation Center and a Teen Librarian at the Goodman South Library. Further we will provide free summer bus passes to eligible middle and high school students. These bus passes will ensure more equitable access for our young people to get to summer jobs, summer school and maybe even a movie night in a neighborhood park. Finally, the City will help sponsor a Youth Summit in the spring of 2020, an idea proposed by our very own Wanda Fullmore Interns. In addition to prioritizing strategies that support young people directly, I am investing in neighborhoods by increasing support for the 15 neighborhood centers currently funded by the City. The goal is to encourage centers to expand their hours and outreach to families in the communities they serve.

When we started this year's planning process, I asked agencies to give me three scenarios for each of their services: what happens if we increase your budget, what happens if we decrease your budget, and what happens if your budget stays the same. Through this process I sought to shift the way we talk about our budget. No more will conversations about the operating budget emphasize incremental year-over-year change. Instead, we will talk about the services we are providing to our residents and ways those services advance the results our residents expect.

Below are highlights outlining how my plan for Madison's 2020 Operating Budget seeks to advance these objectives within each of our Elements of a Great City reflected in our Imagine Madison strategic plan.

Economy and Opportunity

Ensuring Madison is a great place for everyone requires that there must be jobs at sustainable wages for all. In the 2020 budget we are focused on investing in job training not only for today's workers, but also the next generation of our workforce. To that end, my budget invests in the following:

- Funding for the child and youth programming that aims to improve academic achievement and well-being through the school-age child & youth development funding process in the Community Development Division.
- Continued funding for youth and adult job training programs offered by community partners.
- Strengthening our local food economy by continuing to invest in the SEED grant program, community gardens partnership and other food programs.

Neighborhoods and Housing

Neighborhoods are at the center of what makes Madison a great place to live. Ensuring housing is affordable is one piece of the equation, but we must also make sure our neighborhoods are complete with the services residents need. My budget includes a number specific investments to expand city services in our neighborhoods, including:

- Funding for the City's 15 neighborhood centers under a new framework with the goal of encouraging centers to expand their hours and outreach in the communities they serve. This framework reflects the first comprehensive review of funding for all neighborhood centers since 2013.
- Increased funding for Community Building and Engagement and a new structure supporting a broader range of activities cultivating leadership, inclusion, and engagement in Madison's neighborhoods.
- Additional staffing for the new Pinney Library that will open early in 2020. The new Library has doubled in size and will feature dedicated space for youth and families.
- Helping children impacted by trauma and instability through a new Child Care Specialist position in the Community Development Division.
- Recognizing that young people need their own space and desiring to improving services to our youth the budget funds a Teen Librarian at the Goodman Library and a Teen Programming Specialist at Warner Park.

Green and Resilient

Climate change continues to be a reality facing Madison residents. Extended periods of rain in our community cause many residents to wait anxiously during storms. One thing is certain; we must continue to focus on reducing the City's carbon footprint while continuing to be a steward of the City's natural environment. The 2020 budget includes funding for:

- Watershed Studies as a way to inform future capital investment through the Citywide Flood Mitigation program.
- Testing performed on a four-year rotation analyzing water quality, specifically related to salt levels in our water.
- Additional testing for PFAS on Madison's east side.
- Creation of a new Energy Group within Engineering-Facilities Management. This new team will identify opportunities for energy savings and self-generation of renewable energy in City-owned buildings.

Effective Government

A smart and efficient government is paramount to ensuring we can advance these ambitious goals. It is critical that our administrative systems work as efficiently and effectively as possible to ensure our time

and effort is focused on providing direct services to our residents. My budget invests in these innovations by:

- Safeguarding and growing voter access, engagement, and education, and supporting licensing services through a 16 percent increase in permanent staff in the Clerk's Office.
- Improving the accuracy of our property tax assessments through planning for new computer-assisted mass appraisal software systems.
- Ensuring that all residents have access to information about City operations, services, and policy issues through additional funding for the interpretation services reflected in our Language Access Plan.
- Reducing community disparities and ensuring high quality services to all city residents by continuing to incorporate recommendations from our Neighborhood Resource Teams and through continued investments in the Racial Equity and Social Justice and Performance Excellence Initiatives.

Preparing for the 2020 Census as an important step to ensuring federal funding is reflective of our population. To that end my budget includes the second year of two-year funding for the Census Count program to ensure Madison residents have accurate information about the Census with the goal of the highest possible participation by City residents.

Healthy and Safe

Making sure residents feel safe in their homes and communities is vital to the City's success. Since 2015 our community has grappled with how we can best build trust, communication, and accountability into how we approach public safety services.

- My Executive Budget provides funding to three recommendations put forth by the Police Policy and Procedure Ad-Hoc Committee including:
 - Creation of an Independent Police Auditor position. This high level position in our organization will be focused on accountability within the Police Department. I have included funding for this position as a Direct Appropriation. It is my intent to work with the incumbent in this position along with community stakeholders to determine the scope of responsibilities and additional staffing resources necessary to meet its objectives.
 - Funding to invest in new tools to train Madison police officers on how best to deal with interactions with individuals who may have mental health concerns with the goal of improving safety and outcomes for all involved.
 - Employee wellness and mental health check-ins for MPD staff. The goal of this effort is to proactively provide services to MPD staff who frequently encounter traumatic situations.

Policing is only one component of what makes our City healthy and safe. My budget also includes:

- General Fund support to continue the Community Paramedicine program that was first implemented in 2015 with grant funding from the University of Wisconsin. This program will continue to focus on how to reduce frequent users of emergency medical services. 2020 will be the first year no grant funding is available for this program.
- Continued funding for 5.5 major snow events, which is the 10-year average rate.
- Dedicated funding in the Public Health budget to continue the Covering Wisconsin Navigators program assisting Madison and Dane County residents when enrolling for coverage through the Affordable Care Act.

Land Use and Transportation

Preparing for Madison's transportation network of the future means we must begin to lay the groundwork now. Revenues from the proposed local vehicle registration fee will be deposited in the city's Transit

Enterprise Fund. In addition to supporting the current transit system network, investments will be made to set the stage for Bus Rapid Transit (BRT), including:

- Three new Transit Operators, an Evening Shift Supervisor, and a position dedicated to building out Metro's IT systems in support of a larger transit network.
- Efforts to incorporate BRT into current operations -- a comparative organizational study, an implementation plan for mobile ticketing, and a comprehensive analysis of Metro routes.

In addition, we know that BRT implementation will take time. As a result, we are also investing in current Metro Transit service improvements.

- Improving equity in our transit system by providing free summer bus passes for middle and high school students eligible for free and reduced lunch.
- Further improving equitable access to transit by increasing the monthly allotment of bus passes we make available for adults living with lower incomes.
- Expanding Metro Transit service for increased route frequency on Madison's south side, better connecting working-class families and communities of color to numerous employers and Madison College's new Goodman South Campus.

Culture and Character

This element is what makes Madison live up to its reputation as a growing and thriving City. Supporting this vibrancy for our residents and visitors is important to the City's continued growth. The 2020 budget includes:

- Continued funding for the Sina Davis Movies in the Park Program in the Parks Division-Community Recreation Services.
- Investment in an online reservation system deployed by the Parks Division, making the process to reserve a City park space more user friendly for residents and efficient for staff managing these reservations.
- Ongoing support for the Arts through neighborhood arts and placemaking grants. The budget also expands Arts programming funded through the Room Tax Commission.

Closing the Gap

Investing in new strategies to advance these goals forced a number of difficult decisions while seeking to address a budget gap that started at \$9.0 million and grew to \$11.0 million during the planning process. I asked city staff to devise new and creative solutions to deliver services with the same level of quality at a lower cost.

City staff rose to this challenge and put forth a number of options I have incorporated into the final balanced budget. These ideas include:

1. Consolidating urban forestry activities conducted along our city streets previously housed separately in the Streets and Parks Divisions into one group in the Streets Division. Under this new model the Streets Division will eliminate redundancies in tasks and provide staff with more time for one of our key sustainability goals -- maintaining the City's urban forest.
2. Increasing the cost sharing agreement with downtown property owners through the State Street mall maintenance fee. The current fee structure has not been changed since it was first created in 1981. Under the structure I've proposed, costs will be evenly split between the City and property owners.

3. Transferring parking enforcement from the Police Department to the Parking Division where it is more closely aligns with organizational goals.

In addition to these budget balancing and cost savings efforts, I am putting forth a recommendation to implement an annual \$40 local vehicle registration fee that will take effect early next year. Implementing this fee is not a decision I take lightly; however like other municipalities in Wisconsin, we have decided it is the only remaining option to fund Madison's critical transportation needs. Since strict property tax limits were imposed by the state in 2011, the number of communities and counties using this option has grown nine-fold – from 4 to 36. Communities varying in size from Arena to Appleton, Gillett to Green Bay, and Milton to Milwaukee, have turned to these fees to help sustain critical transportation investments.

The State Legislature has continually refused to implement a long-term financing solution for state and local transportation needs. Communities are therefore left with no choice but to lead with the tools available. I would prefer to pursue alternatives other than a vehicle registration fee, but it is the only option to achieve a modern transit infrastructure which supports our growing economy and decreases inequity in our community. Nevertheless, even with this new fee, the cost of operating a vehicle in Madison will remain among the lowest in the Midwest.

A portion of the vehicle registration fee will be used to improve Metro Transit service to our residents. This includes helping more low-income families and students get bus passes; getting people to jobs and services with better weekend service, and reliable and frequent weekend service for our communities of color. The remainder of the vehicle registration fee will replace some of Madison's unsustainable subsidy to Metro Transit. This frees up property tax revenue that will prevent cuts to critical functions such as police, fire, health, and other community services.

Our goal is to maintain high-quality city services. The City of Madison workforce is the lifeline that makes achieving our goals feasible. We cannot, and will not, balance the City's budget on the backs of our employees. Recognizing their commitment and talents, I have worked hard to avoid layoffs and furloughs and continued the practice of maintaining pay equity between our sworn and civilian employees.

Maintaining pay equity for city staff, achieving a balanced and fiscally-responsible budget while making progress on our priorities requires employing all of the tools available to us – new revenue options, spending reductions, program consolidations and efficiencies, and full use of financing options. My budget uses the allowable property tax levy under state law. It also allocates for operating purposes approximately \$6.1 million of the \$7.7 million of property tax levy that must be dedicated to capital projects under city ordinance. This financing option will require support of at least two-thirds of the Common Council to implement. I am committed to working with the Council on this budget and laying the foundation for long-range financial planning critical to ensuring city programs and priorities are sustainable in the long-term.

My proposed budget increases general and library fund expenditures by 2.5%, the property tax levy by 3.2%, and taxes on the average value home of \$300,967 by \$88, or 3.4%. General fund revenues, including state aid, are estimated to increase 0.6%. The tax rate is expected to fall 2.1% due to an increase in taxable property value in the city of 5.5%. Approximately \$330,000 of the allowable levy remains available for Council action on the budget.

There are some difficult decisions reflected in this budget. Cost trends in the Fire Department will require active management of non-essential staffing levels and costs to ensure adequate response times. The Police Department is reallocating officers from specialized units to ensure patrol priorities are met.

Funding for certain community programs have been scaled back to sustainable levels. CDA housing activities have to be wholly self-sustaining in lieu of receiving a general fund supplement. These are challenges we will overcome together. I assure you that with our dedicated City staff and Council, we will continue to take on these challenges directly to ensure we're working together to best meet the needs of our residents.

I look forward to working with the Council on implementing a shared vision for accomplishing our priorities. The recommendations in the executive budget ask for significant commitments from our residents and city employees, but I believe the plan moves us toward our vision of an innovative, inclusive, and thriving Madison for everyone.

Respectfully submitted,

Satya Rhodes-Conway
Mayor

Major Changes: 2019 to 2020

Change Overview: 2019 Adopted to 2020 Executive		
Revenue		\$ Change
	Payments in Lieu of Taxes	230,945
	Other Local Taxes	125,000
	Fines & Forfeitures	(400,000)
	Licenses & Permits	(387,500)
	Ungrouped Revenue	(505,600)
	Charges for Services	85,311
	Intergovernmental Revenue	1,404,104
	Property Tax Levy	7,826,429
TOTAL REVENUE ADJUSTMENTS		8,378,689
Expenditures		
Agency Revenue		
	Municipal Court: Reduced Revenue	150,000
	Parks: Mall Maintenance Charges	(217,000)
	Streets: Reduced recycling revenue	250,000
	Misc Agency Adjustments	481,000
Salaries		
	Wages Increase (Contract Increases, steps, longevities)	3,450,000
	Health Insurance	1,000,000
	WRS Rates	1,300,000
	Fire: Increased overtime	400,000
	Fire & Police: Benefits for non-annualized pay	1,100,000
	Police & Fire: Education Incentive	523,000
	Fire & Police: Academy Costs	1,850,000
	Police: Parking Enforcement to Parking Utility	(878,000)
	Streets: Forestry Merge	(200,000)
	Library: Pinney Branch Staffing	194,000
	Library: Hourly Staffing Costs	628,000
	Library: Creation of Teen Librarian	75,000
	Parks: Creation of Teen Specialist at Warner Park	60,000
	Parks: Olbrich Expansion Staffing	121,000
	Engineering: Additional Hourly Staffing	83,000
	Decreased Salary Savings & Misc Benefit Adjustments	625,000
Non-Personnel		
	Clerk: 2020 Election Costs	900,000
	CDD: Additional funding for non-profit contracts	400,000
	Direct Appropriations: Creation of Police Auditor	200,000
	Police: Mental Health Check-Ins & Mental Health Training	215,000
	Library: Increase payment to Dane County Library Service	102,500
	Parks: Olbrich Expansion Costs	40,000
	Misc. Adjustments	500,000
Other		
	Elimination of CDA-Housing Subsidy	(175,000)
	Increased local grant matches (Police & Fire)	680,000
	Replacing Metro Subsidy with Vehicle Registration	(5,528,810)
	Increase City share for Public Health	800,000
	Decreased GF contribution to Capital	(1,000,000)
TOTAL EXPENDITURE ADJUSTMENTS		8,378,689

Balancing 2020

At the onset of the planning process, the City was projecting a \$9.0 million gap 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 below.

Balancing the 2020 Budget \$ in Thousands	
Initial Budget Gap	9,000
WRS Rates	1,000
Other Re-estimates	838
Revised Budget Gap	10,838
Metro Transit Changes	6,360
Funding for Capital Projects	2,400
Parking Enforcement to Parking Utility	878
Mall Maintenance Share of Costs	217
Forestry Consolidation	200
Other Changes	783
2020 Changes	10,838
2020 Executive Budget	BALANCED

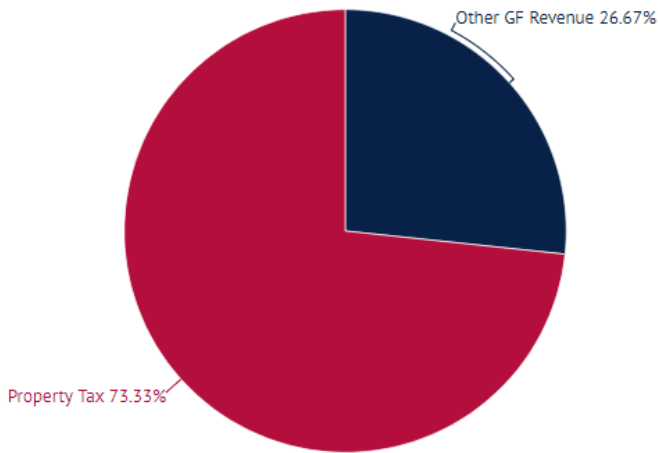
Position Changes

The 2020 Executive Budget authorizes 2,947.4 full time equivalent positions, a net increase of 17.95 (or 0.54%) above 2019.

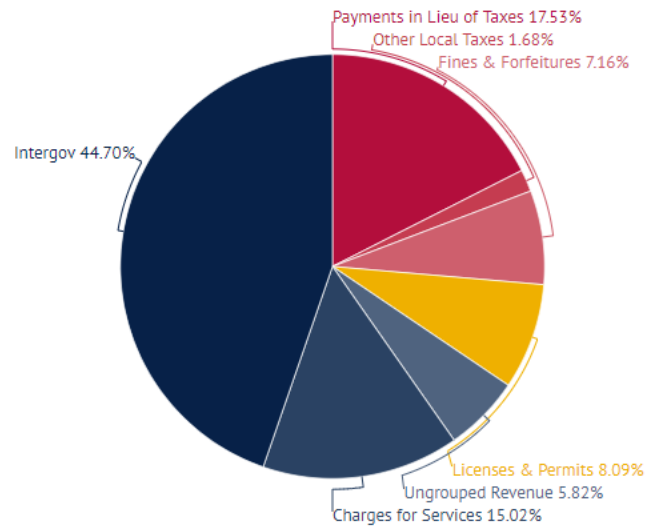
Position Changes: 2019 to 2020	
2019 Adopted FTEs	2,931.45
Clerk: Municipal Clerk from 0.5 to 0.6	0.1
Library: Library Assistant FTE adjustments	0.1
Metro:	0.3
CDA Housing: FTE adjustments to Security Monitor and Information Clerk	0.5
2019 Midyear Changes	1.0
2020 Newly Created Positions	
CDD: Childcare Mental Health Specialist	1.0
Library: Pinney Staffing	2.4
Library: Teen Librarian	1.0
EDD: Real Estate Agent	1.0
EDD: Admin Clerk to Full-Time	0.4
Finance: Treasury Accountant	1.0
CDA Housing: Site Maintenance Supervisors	3.0
Parks: Park Ranger to Full-Time	0.25
Parks: Teen Specialist at Warner Park	1.0
Fire: Accountant	1.0
Metro: BRT Positions	5.0
2020 Changes	17.95
2020 Executive Budget FTEs	2,947.4

Where the Money Comes From

General Fund Revenue:
Property Tax vs All Other Sources



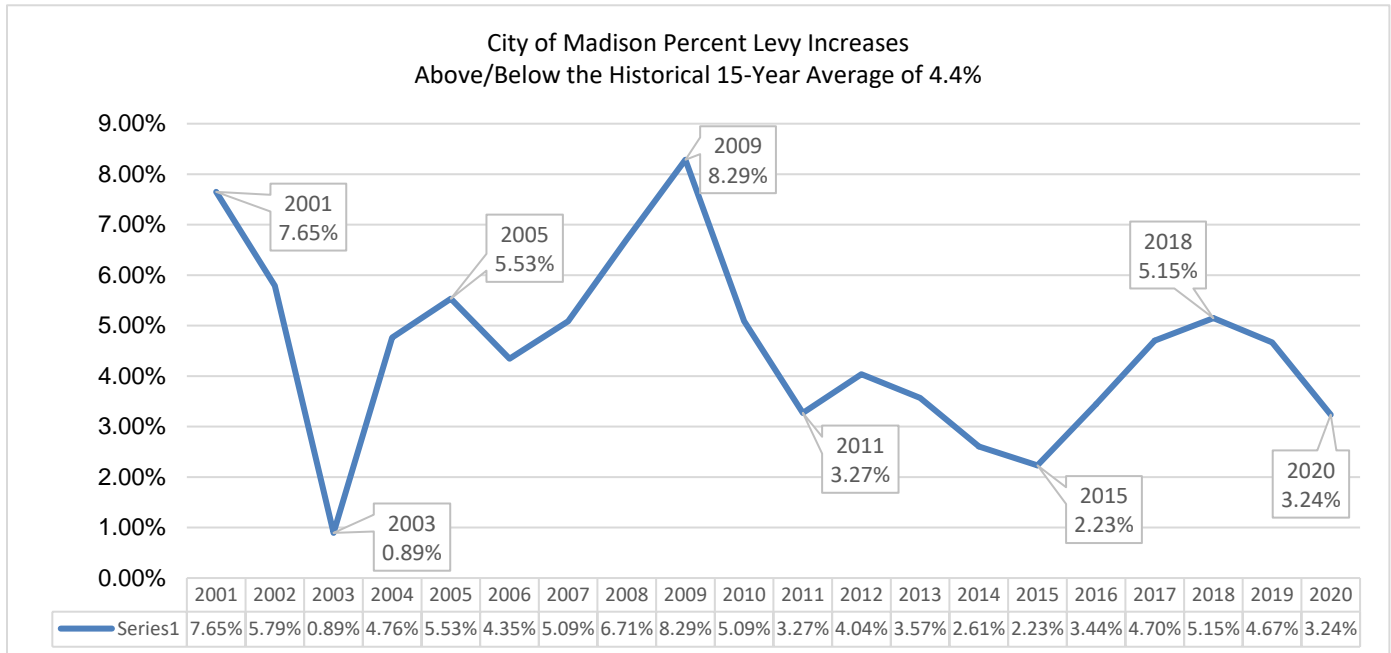
General Fund Revenue:
All Other Sources



General Fund Revenue: 2019 Adopted to 2020 Executive			
	2019 Adopted	2020 Executive	Change
Payments in Lieu of Taxes	15,683,896	15,914,841	230,945
Other Local Taxes	1,400,000	1,525,000	125,000
Fines & Forfeitures	6,900,000	6,500,000	(400,000)
Licenses & Permits	7,729,420	7,341,920	(387,500)
Ungrouped Revenue	5,790,600	5,285,000	(505,600)
Charges for Services	13,552,101	13,637,412	85,311
Intergovernmental Revenues	39,180,704	40,584,808	1,404,104
Property Tax	241,829,723	249,656,152	7,826,429
TOTAL REVENUE CHANGE			\$8,378,689

Madison's Property Tax Levy

As shown in the table above, Madison's property tax represents 73.3% of total General Fund revenues. The proposed property tax levy in the Executive Budget is \$249,656,152, a 3.2% increase from 2019. The 15-year average annual levy increase is 4.43%. The rate of growth from 2019 to 2020 is slightly lower than the prior year's growth.



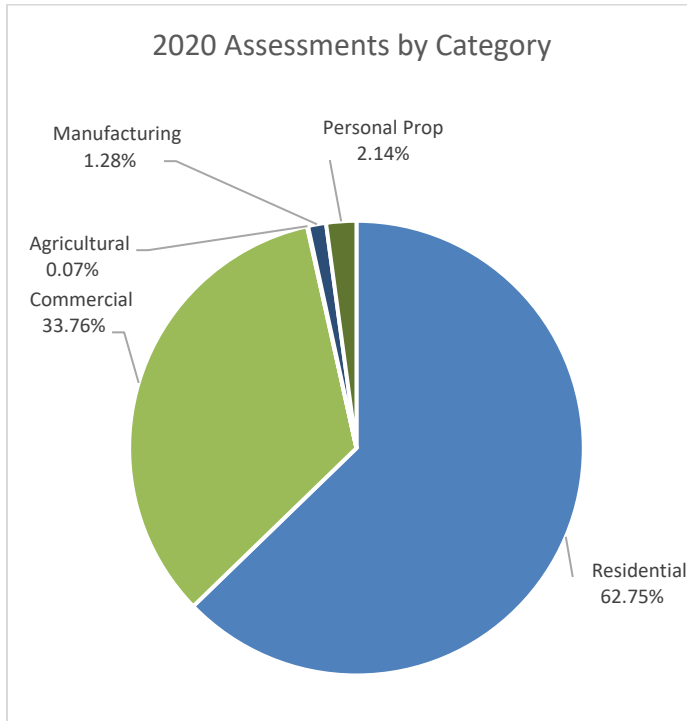
Levy Limit

Levy limits restrict the annual levy growth by net new construction. The net new construction for Madison in 2020 is 2.23%. The levy amount proposed in the Executive budget is \$249,656,152; \$908,788 above the maximum allowed. At the proposed levy, taxes on the average value home will increase by 3.4%. The table below outlines the levy limit calculation.

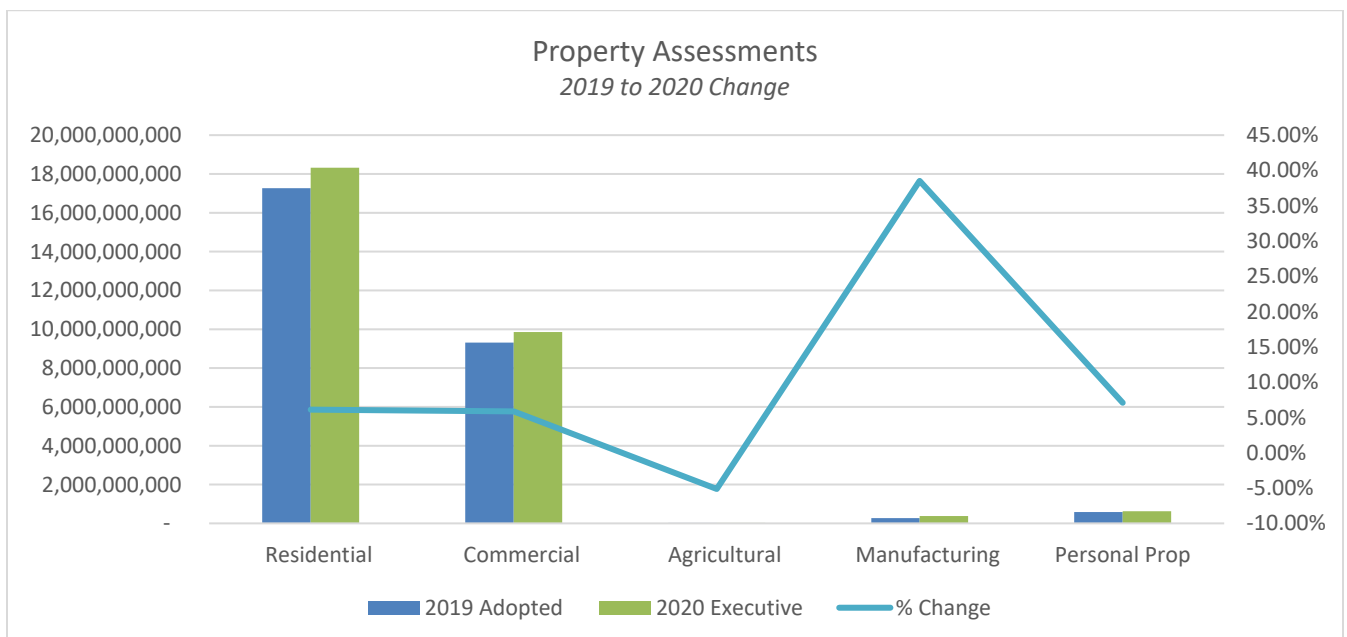
Levy Limit Calculation	
Prior Year Levy	\$241,829,727
Prior Year Personal Property Tax Exemption Aid	1,180,476
GO Debt	(91,889,215)
Levy Excluding Debt Service after July 1, 2005	151,120,988
Net New Construction	3,373,021
Terminated Tax Increment Districts	-
Adjustments	
Debt Service for GO Debt Authorized After July 1, 2005	96,185,238
Adjustments for Current Year Annexations	2,180
Prior Year Unused Allowable Levy (up to 1.5%)	92,674
City Share of Refunded or Rescinded Taxes	167,371
Affordable Housing / Police MOE	36,000
Personal Property Tax Exemption Aid	(987,284)
Allowable Levy	249,990,189
2020 Executive Budget Proposed Levy	249,656,152
Additional Levy Capacity / Carry Over to 2020	\$334,037

Property Tax Assessments

The property tax levy is driven by the total assessed value of property in the City of Madison. Overall, the net taxable property has increased by 5.49% from 2019 to 2020, this increase factors in adjustments made to property tax assessments following adoption of the 2019 budget. The growth in taxable value is driven by continued strength in residential valuations. Assessed values in tax increment districts (TIDs) is up 34.88%; this is driven by assessed value increases associated with development in the Research Park TID (46), as well as strong growth in several other TIDs (e.g., 37 -- Union Corners and 45 -- Capitol Square West).



Changes in Assessed Value 2019 Budget to 2020 Executive	
Residential	Up 6.12%
Commercial	Up 5.87%
Agricultural	Down 5.13%
Manufacturing	Up 38.52%
Personal Prop	Up 7.09%
TIF Increment	Up 34.88
Net Taxable Property	Up 5.49%
Average Value Home	Up 5.65%



Taxes on the Average Value Home

Based on the proposed levy, taxes on the average value home will increase by 3.4%, or \$87.90. The average value home is currently assessed at \$300,967, up from \$284,868 in 2019. This growth continues recent trends in increased residential home assessments. Since 2014, the average value home has increased by 27% (from \$237,678 in 2015 to \$300,967 in 2020).

Under the maximum allowable levy, the property levy can be increased by \$334,038 beyond the Mayor's proposal in the Executive Budget. The table below shows the impact of increasing or decreasing the levy. Every \$10 change in taxes on the average value home results in \$937,000 of levy impact.

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 Mill Rate

While the 2020 property tax levy is up 3.24%, the overall increase in the assessed value of property in the City will drive down the mill rate by 2.13%. The annual mill rate is calculated by dividing the property tax levy by the total net taxable property value.

Other General Fund Revenue

Payments in Lieu of Taxes

This category includes the City General Fund share of room tax revenues (30%) and the payments in lieu of taxes from the CDA, Water Utility, Parking Utility, Monona Terrace and Golf Enterprise. Room taxes are anticipated to increase 4 percent over 2019 projected levels, resulting in a \$221,900 increase. Water Utility payment in lieu of taxes is anticipated remain unchanged, based on the value of plant in service and tax rates used in the calculation of that payment. Parking Utility payment in lieu of taxes are anticipated to increase based on the addition of the new South Livingston Street parking garage and the replacement of the Government East ramp with the Judge Doyle underground garage

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
14,517,661	15,683,896	15,658,896	15,914,841	230,945	1.5%	↑

Other Local Taxes

Other local taxes include payment in lieu of taxes from tax-exempt entities, prior year taxes and penalties on delinquent taxes. Penalties from delinquent taxes are increased by \$100,000 annually based on 2019 year-to-date collections.

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
1,505,481	1,400,000	1,535,000	1,525,000	125,000	8.9%	↑

Fines & Forfeitures

Moving violations and uniform citation revenues are expected to remain steady based on prior year trends. Parking violations are anticipated to fall 7% compared with 2019, continuing a downward trend over the past several years with the increased use of multi-space meters.

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
6,360,901	6,900,000	6,500,000	6,500,000	-400,000	-5.8%	↓

Licenses & Permits

Overall, license and permit revenues are anticipated to decrease approximately 5 percent, due to slowing building permit activity.

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
7,897,702	7,729,420	7,336,920	7,341,920	-387,500	-5.0%	↓

Ungrouped Revenue

Ungrouped revenues include interest on the investment of city cash balances, various rental revenues, and reimbursements from tax increment districts (e.g., equity payments and excess revenues at closure). Interest on investments is anticipated to decrease by 8 percent (\$350,000) as the yield decreases from approximately 2.25 percent in mid-2019 to 1.75 percent by the end of 2020 with overall decreases in market interest rates. Miscellaneous revenues are also revised downward to reflect actual collections. 2019 projected revenues include a one-time TID equity payment of \$1.9 million.

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
5,930,581	5,790,600	7,983,000	5,285,000	-505,600	-8.7%	↓

Charges for Services

Overall, charges for services revenues are anticipated to increase approximately 0.6 percent. The largest revenue in this category is ambulance conveyance fees. Estimated ambulance fee revenues in 2020 are expected to remain at the 2019 projected level of \$7.8 million. Engineering services charges are expected to increase by \$100,000 from the 2019 budgeted level of \$750,000, due to fee calculation modifications.

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
13,333,331	13,552,101	13,520,000	13,637,412	85,311	0.6%	↑

Intergovernmental Revenue

State aid is anticipated to increase by \$1.4 million, primarily due to an anticipated \$1.5 million increase in General Transportation Aid associated with a 10% increase in the recent state budget along with higher eligible costs. These estimates are preliminary and will be updated when the state Departments of Administration and Transportation release formal estimates in early October.

2018 Actual	2019 Adopted	2019 Prjctd	2020 Executive	\$ Change	% Change	Trend
37,281,595	39,180,704	38,437,749	40,584,808	1,404,104	3.6%	↑

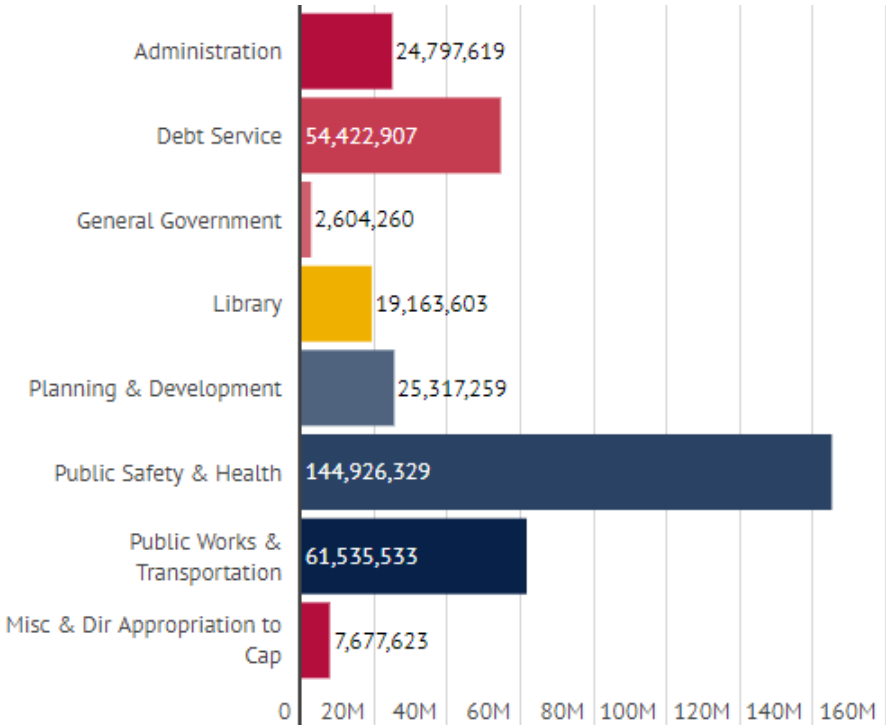
Expenditure Restraint Program

A portion of Madison's state aid (\$6.9 million) comes from the Expenditure Restraint Program, limiting the level of growth in General Fund expenditures to inflation. Under current projections, Expenditure Restraint allows for a 3.2% growth in General Fund expenditures. Under the calculation, there will be \$1.3 million for flexibility in 2020. Any new appropriations to the 2020 budget after adoption cannot exceed this amount.

2019 Adopted Budget		
	2019 Revised Budget (Anticipated)	\$333,066,000
Exclusions		
	Debt Service	(57,535,087)
	Recycling Payments	(371,000)
	Revenue Sharing Payments	(64,518)
2019 Budgeted Expenditures (Net)		\$275,095,395
Inflationary Increase		3.20%
2020 Maximum Expenditures		\$283,898,447
2020 Executive Budget		\$340,445,132
Exclusions		
	Debt Service	(57,467,953)
	Recycling Payments	(379,120)
	Revenue Sharing Payments	(64,518)
2020 Projected Budgeted Expenditures		\$282,533,541
2019 Expenditure Restraint Flexibility		\$1,364,906

How the Money is Spent

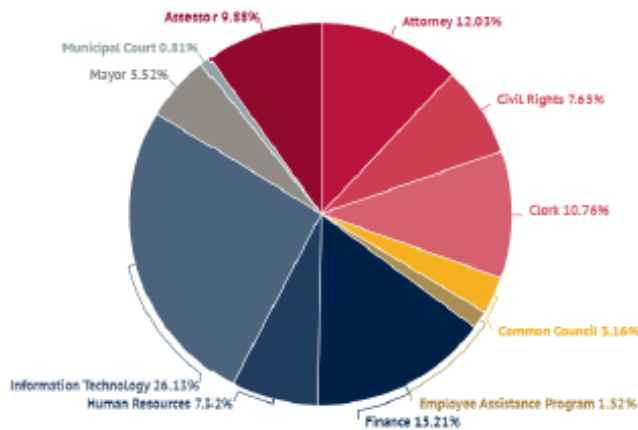
General Fund Expenditures:
By Function



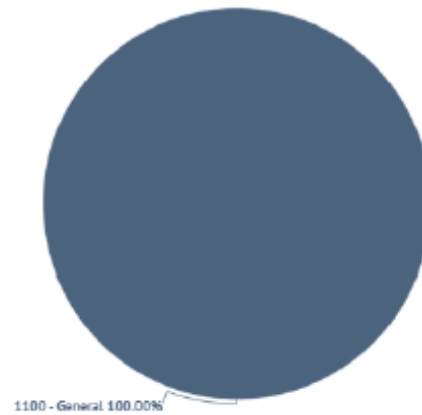
General Fund Expenditures 2019 Adopted to 2020 Executive			
	2019 Adopted	2020 Executive	Change
Administration	22,568,777	24,797,619	2,228,842
Debt Service	54,708,710	54,422,907	(285,803)
General Government	2,177,601	2,604,260	426,659
Library	17,703,565	19,163,603	1,460,038
Planning & Development	24,365,494	25,317,259	951,765
Public Safety & Health	134,986,175	144,926,329	9,940,154
Public Works & Transportation	66,301,279	61,535,533	(4,765,746)
Misc & Dir Appropriation to Cap	9,254,842	7,677,623	(1,577,219)
TOTAL EXPENDITURE CHANGE			\$8,378,689

GENERAL GOVERNMENT & ADMINISTRATION

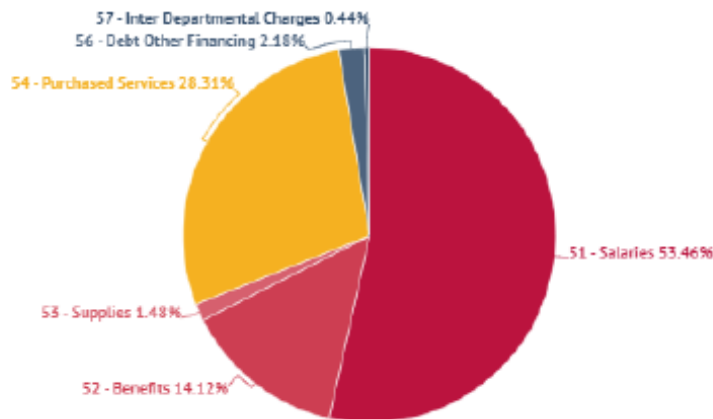
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

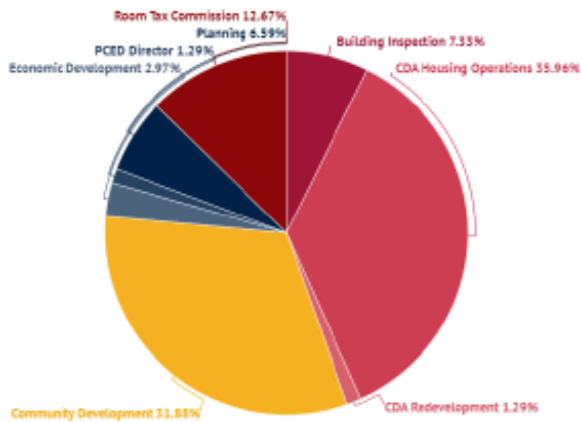


WHAT THE \$ SUPPORTS

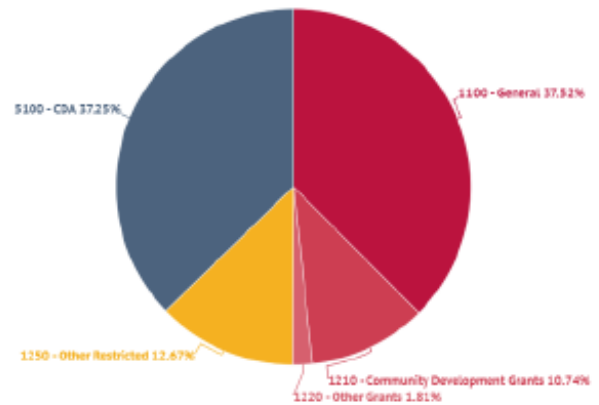
- This function is comprised of 11 agencies and is entirely funded by the General Fund. This function represents 8% of the General Fund budget and 4.29% of the All Fund budget.
- Staffing costs make up the largest share of spending within this function (61%). The next largest share is purchased services, which funds annual software subscription costs and a number of professional financial services including the City's external audit.

PLANNING & DEVELOPMENT

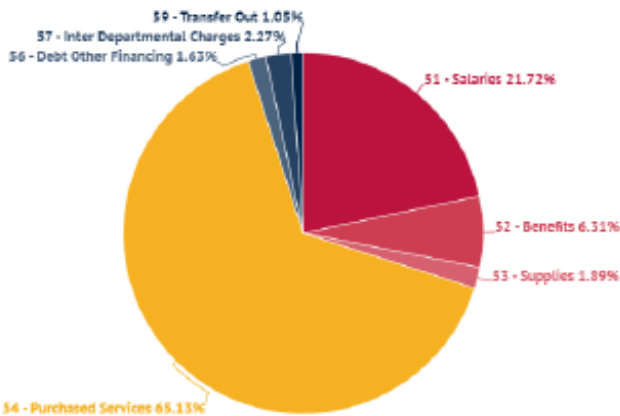
HOW THE \$ IS SPENT: BUDGET BY AGENCY



WHERE THE \$ COMES FROM: BUDGET BY FUND



HOW THE \$ IS SPENT: BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

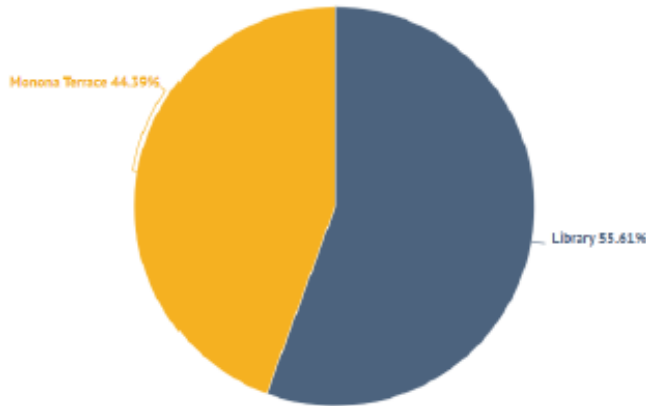


WHAT THE \$ SUPPORTS

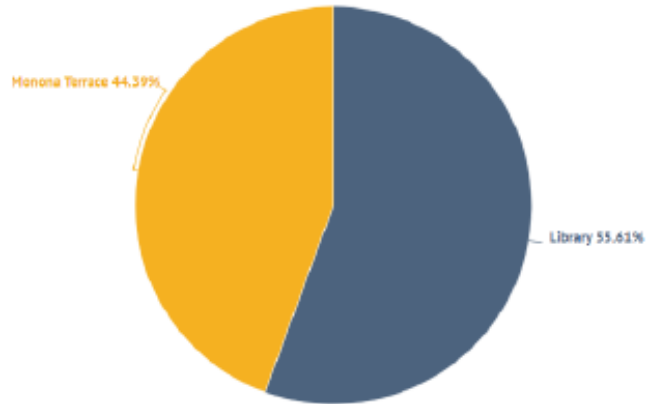
- This function includes funding from various federal sources that support the Community Development Division and the CDA-Housing Operations. These divisions receive various HUD grant awards to support the City's housing assistance and community development grant programs.
- The Room Tax Commission is fully funded by revenues from the City's Room Tax. This funding supports the City's contract with Destination Madison, an annual contribution for the Overture Center, and various grant programs aimed at promoting Madison as a destination.
- Unlike other areas of the City's budget, staffing costs are not the biggest share of spending within this category; instead purchased services make up the largest share of spending within this category. This funding supports the City's grant processes to local non-profits and the housing voucher program, among other items.

PUBLIC FACILITIES

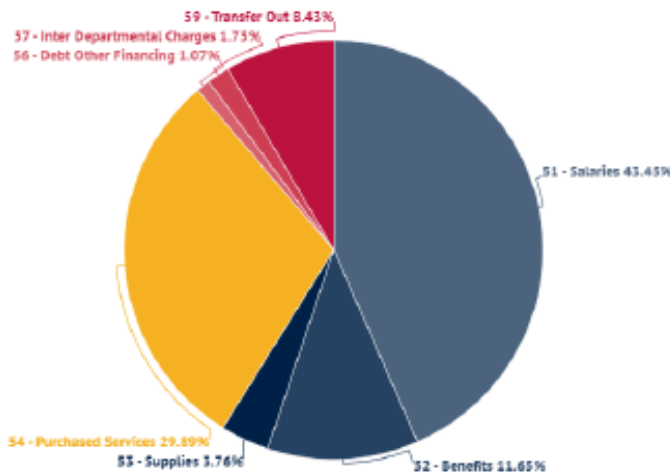
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

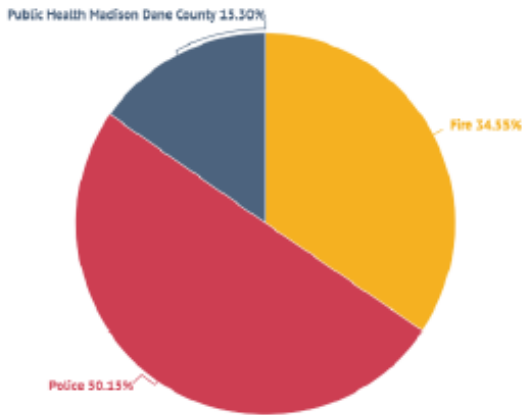


WHAT THE \$ SUPPORTS

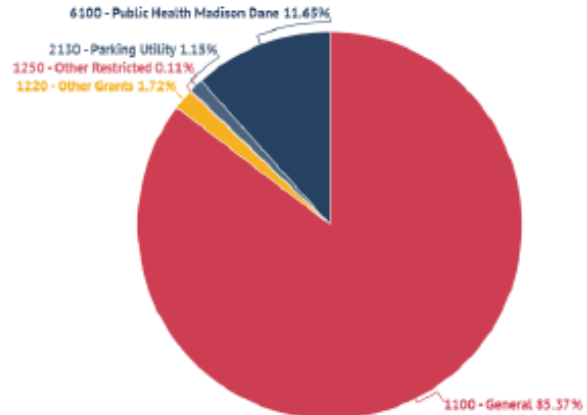
- This function includes the Madison Public Library and Monona Terrace. Both entities have their own dedicated fund; the Library is funded through property tax revenues while Monona Terrace is funded by revenues from the Room Tax. Together, these agencies make up 5.16% of the City's total budget.
- Just over half (54%) of spending is for personnel costs. The next largest share of expenditures are purchased services, which includes the catering contract at Monona Terrace and the City's participation in the Dane County Library system.

PUBLIC SAFETY & HEALTH

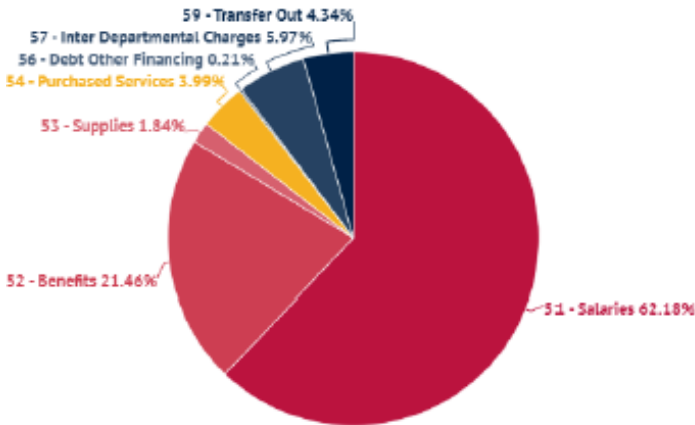
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



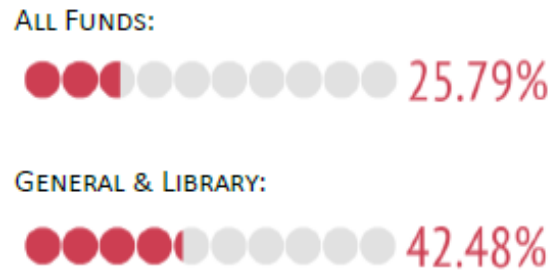
WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

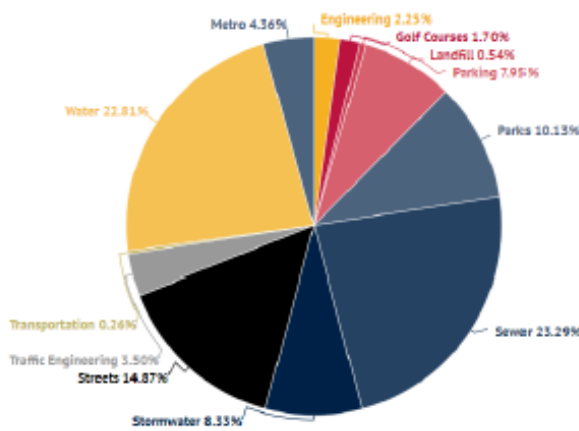


WHAT THE \$ SUPPORTS

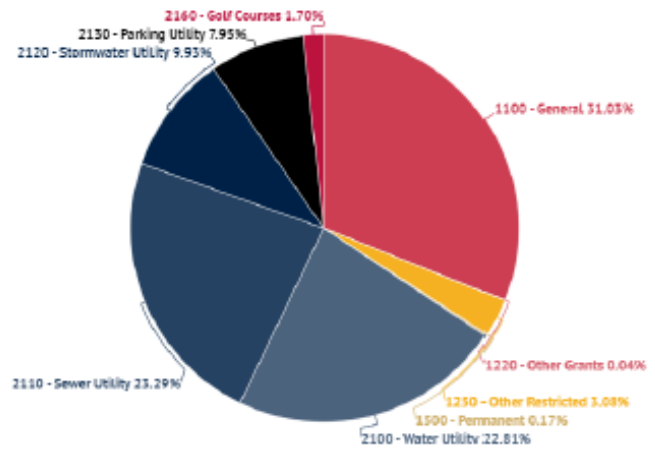
- This function represents the largest share of the General Fund budget, and the second largest share of the All Funds budget. Three agencies make up this function: Police, Fire, and Public Health.
- Personnel spending makes up the largest share of expenditures within this function (84%).
- This function also includes the City’s contribution to Public Health, which is a joint venture between the City of Madison and Dane County. The Public Health budget is split proportionately between the two jurisdictions based on total share of equalized property values.

PUBLIC WORKS & TRANSPORTATION

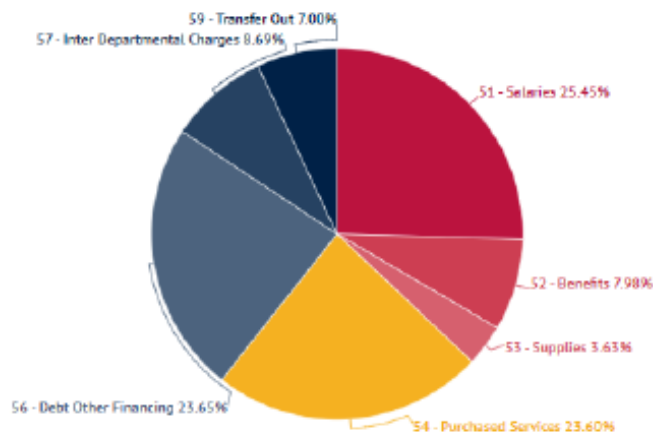
HOW THE \$ IS SPENT:
BUDGET BY AGENCY



WHERE THE \$ COMES FROM:
BUDGET BY FUND



HOW THE \$ IS SPENT:
BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:

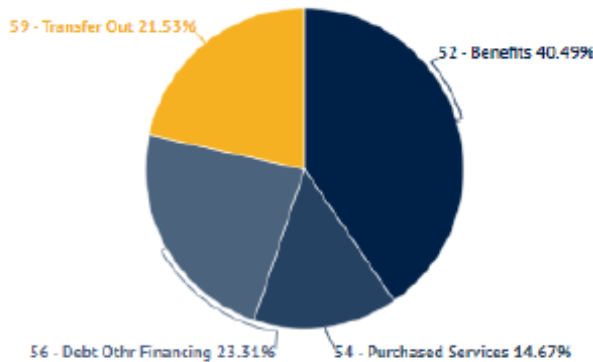


WHAT THE \$ SUPPORTS

- This function makes up the largest share of the City's All Funds budget, and the second largest share of the General Fund budget. The function is comprised of all the Divisions of Public Works as well as Transportation.
- Unlike other areas of the budget, this function receives a majority of its funding for revenues generated from various rates including: Water, Sewer, Stormwater, and Parking. These funds are known as the enterprise group, revenue generated from rates is used to fund the operations of those agencies.
- Personnel spending makes up 33% of spending within this category, while debt payments and purchased service contracts each make up 23%. In addition to annual debt service payments, this category also includes contingency funds budgeted within the City's enterprise group.

DIRECT APPROPRIATIONS AND CAPITAL

HOW THE \$ IS SPENT: BUDGET BY MAJOR



SHARE OF TOTAL BUDGET

ALL FUNDS:



GENERAL & LIBRARY:



WHAT THE \$ SUPPORTS

- This category makes up the smallest share of the City’s General Fund and All Funds budget. It is made up of miscellaneous expenditures that benefit multiple agencies. This is also where the City budgets the General Fund Contingent Reserve, which is used for unplanned expenditures throughout the year.
- The 2020 Executive Budget transfers funding for a number of Direct Appropriations to relevant agency budgets. Items transferred include: Community Gardens Partnership (Mayor’s Office), Cost Allocation Study (Finance), Improvement Initiatives (Human Resources), Madison Food Policy Council (Mayor’s Office), MadMarket (Mayor’s Office), SEED Grants (Mayor’s Office), THRIVE/MadRep (Economic Development)

DEBT SERVICE

SHARE OF TOTAL BUDGET

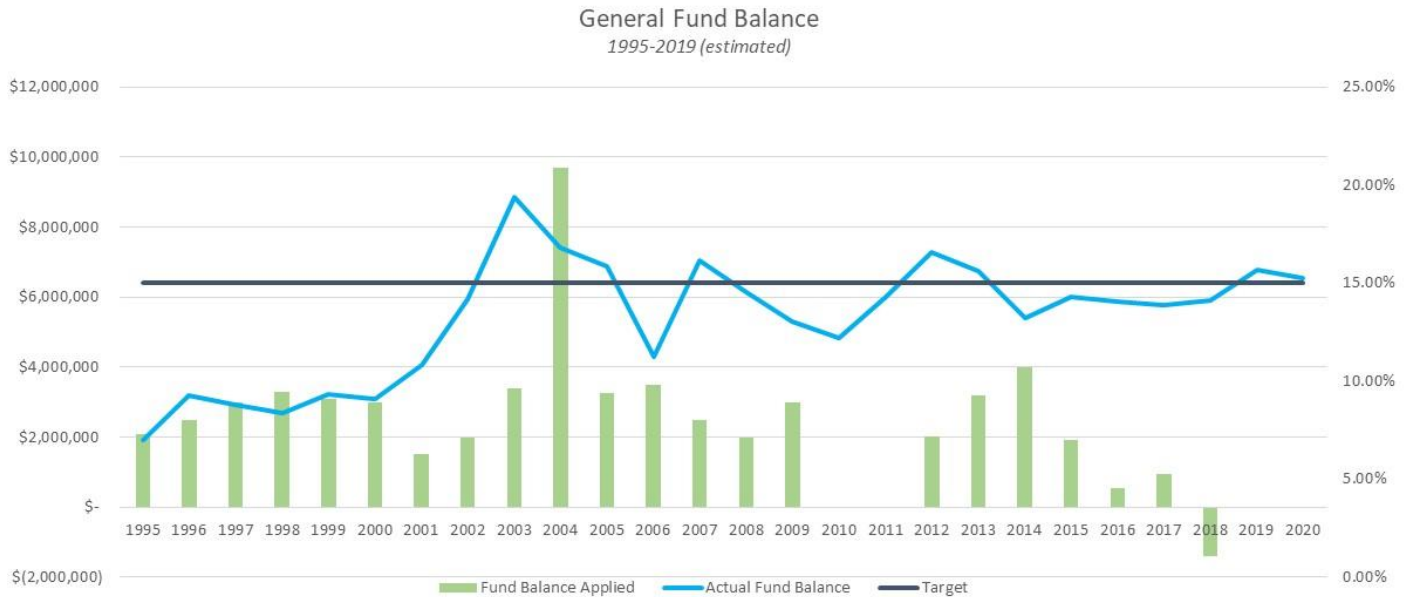


WHAT THE \$ SUPPORTS

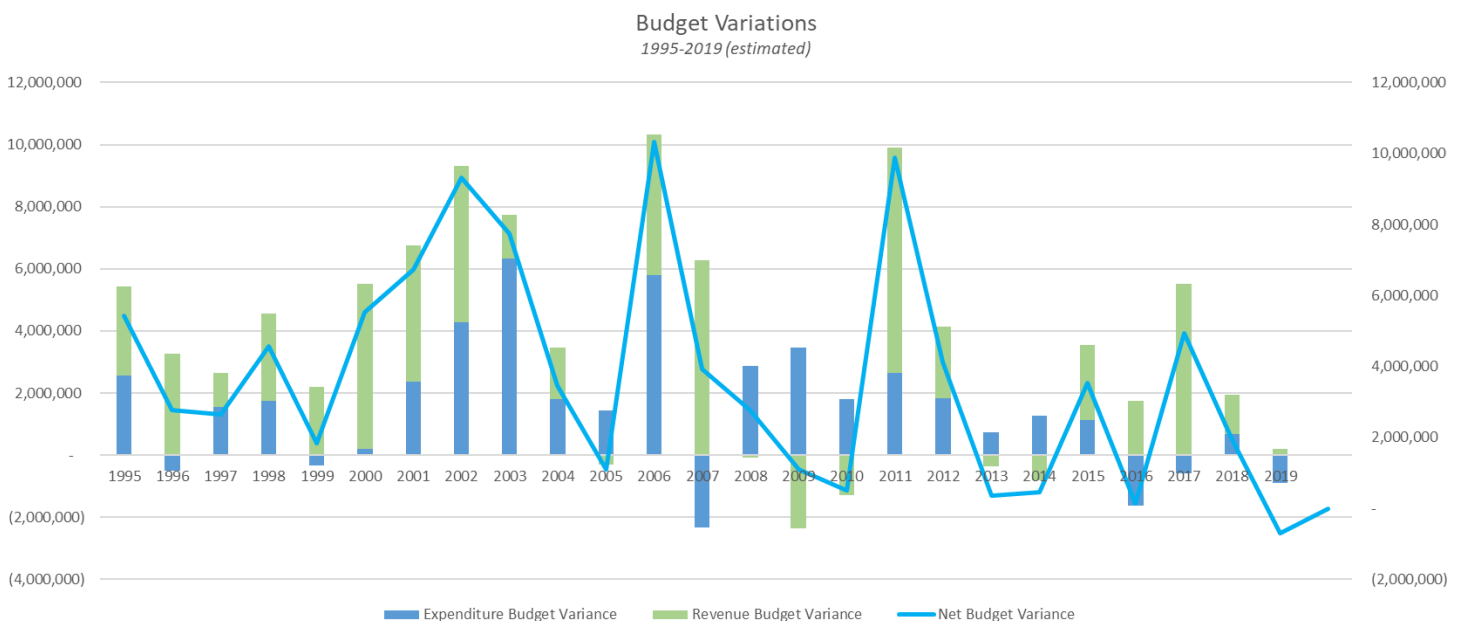
- This represents the City’s annual debt service payments for items funded through the Capital Budget.
- The 2020 projected debt service is \$96.2 million, up from \$91.9 million in 2019. Principal payments make up 82% of annual expenditures while interest makes up 18%.

General Fund Balance

The City of Madison has a policy goal of maintaining an unassigned General Fund balance equal to 15% of the General Fund. At the close of 2018 the fund balance equaled 14.15% of 2018 budgeted General Fund expenditures.



The fund balance is directly correlated to how the City performs in terms of budget to actual expenditures and revenue. As demonstrated in the chart below, years when the City ended the fiscal year with a surplus the fund balance grows. In recent years, the operating margins have become narrower.



Central Services Cost Allocation Plan

2020 Cost Allocation Plan Overview

Purpose:

The primary purpose of a Central Services Cost Allocation Plan is to identify the appropriate indirect costs incurred during a fiscal year. Analysis performed as part of the plan identified the share of central services for each of Madison's enterprise funds. The primary goal in using this analysis as part of the budget is to ensure consistency in how central costs are being allocated.

Current Allocation Methodology

Under past approach allocations to enterprise agencies have been based on legacy amounts. Central service agencies were recapturing these costs either through payroll allocations or inter-departmental charges. Under this approach there was inconsistency in both how allocations were being charged and which enterprise funds were being charged. The cost allocation model seeks to bring consistency to the process and ensure amounts are updated annual to reflect the actual level of service being received.

Method:

The steps involved in preparing the Cost Allocation Plan include the following:

1. Identification of the departments that exist in large part to provide support to other departments or agencies of the organization. These departments are **central service departments**.
2. Identification of the departments or agencies of the organization that receive support from other departments. These departments are **grantee or benefitting departments**.
3. Accumulation of the allowable actual expenditures of the central service departments that provide support to the benefitting departments.
4. Collection of appropriate statistics reflecting the distribution of effort for functions performed by central service department to all benefitting departments. The 2020 cost allocation plan uses statistics from 2018.

The allocation methodology incorporates all allowable costs (direct expenses and allocated indirect costs) from central service departments and in turn allocates these costs to all departments. The central services departments pass through all applicable costs to the benefitting departments in the cost allocation plan. The methodology used in this plan is consistent with federal guidance cost principles. The allocated amounts proposed in the 2020 Executive Budget reflect 75% of total allocated costs. The total amount allocated in the 2020 Executive Budget is \$2,911,155.

This plan will continue to be updated annually to help inform allocated amounts in the budget. Future iterations of the model will include a federally compliant plan that can be used with City grants.

Schedule of Allocation Basis		
Central Service Agency-Function		Allocation Base
Employee Assistance Program		
	EAP Service Delivery	Number of employee and supervisor contacts by department.
	Critical Incidents	Number of attendees at critical incident debriefings by department.
City Clerk		
	Licensing Administration	Number of permits processed by department.
	Records Administration	Equal allocation to benefitting departments.
	Elections Administration	Equal allocation to benefitting departments.
	Public Outreach	Equal allocation to benefitting departments.
Mayor's Office		
	City Operational Oversight	Number of full-time equivalent positions by benefitting department.
Attorney's Office		
	General Counsel	Attorney staff effort devoted to benefitting departments.
	Ordinance Enforcement	Attorney staff effort devoted to benefitting departments.
	Legislative Service	Direct allocation to benefitting departments.
Human Resources		
	HR Benefits and Admin	Number of employees by benefitting department.
	Contract and Handbook Admin	Number of represented association staff by benefitting department.
	Accommodation and FMLA	Number of FMLA requests reviewed by benefitting department
	Compensation and Hiring Admin	Number of employees by benefitting department (less sworn police)
	Employee Development	Number of session participants by benefitting department
Information Technology		
	Network Support	Total number of supported devices by benefitting department.
	Phone System Administration	Phone system charge amount by benefitting department.
	Media Services	Direct allocation to benefitting departments.
	Application Support	Direct allocation to benefitting departments based on IT staff effort.
Finance Department		
	Administrative Support	Staff time worked at each benefitting department.
	General Accounting & Reporting	Number of transactions by benefitting department.
	Budget Management	Share of budget transactions, amendments, and budgeted expenditures.
	Internal Audit	Percentage of staff effort to benefitting departments.
	Risk Management	Insurance and Workers Compensation charges by department.
	General Receipts (Treasury)	Number of receipts processed by department.
	Parking Collections (Treasury)	Direct allocation to benefitting departments.
	Room Tax Collections (Treasury)	Direct allocation to benefitting departments.
	Animal License Collections (Treasury)	Direct allocation to benefitting departments.
	Property Tax Collections (Treasury)	Direct allocation to benefitting departments.
	Investment Management (Treasury)	Direct allocation to benefitting department based on a prorated share.
	Bank and Card Service Fees (Treasury)	Direct allocation to benefitting department based on a prorated share.
Engineering Division		
	Facilities	Share of facilities related expenditures by benefitting department.
	General Engineering – Capital	Direct allocation to benefitting department.
	General Engineering – Other	Direct allocation to benefitting department.
	Department Specific Engineering	Direct allocation of staff effort to benefitting department.

Summary of Allocated Costs									
	Water Utility	Sewer Utility	Stormwater Utility	Metro Transit	Parking Utility	Golf Enterprise	Monona Terrace	Landfill	TOTAL
Employee Assistance	\$8,478	\$513	\$711	\$25,766	\$4,781	\$0	\$9,725	\$167	\$50,141
Clerk	\$388	\$388	\$388	\$388	\$388	\$388	\$388	\$388	\$3,105
Mayor's Office	\$53,888	\$14,923	\$4,975	\$196,069	\$29,286	\$3,317	\$22,695	\$1,244	\$326,396
Attorney's Office	\$15,033	\$3,447	\$7,505	\$47,212	\$11,717	\$0	\$38,408	\$0	\$123,323
Human Resources	\$20,859	\$12,608	\$4,062	\$174,399	\$50,000	\$44,635	\$67,844	\$983	\$375,390
Information Technology	\$193,175	\$18,387	\$15,956	\$203,461	\$113,060	\$19,758	\$95,789	\$1,725	\$661,311
Finance Department	\$205,347	\$56,854	\$102,804	\$121,326	\$185,983	\$51,056	\$86,837	\$21,967	\$832,175
Engineering Division	\$25,261	\$156,563	\$115,077	\$20,670	\$23,394	\$0	\$5,115	\$64,940	\$411,020
Building Depreciation	\$6,346	\$27,600	\$16,078	\$0	\$14,330	\$8,124	\$0	\$37,273	\$109,751
Equipment Depreciation	\$0	\$14,844	\$387	\$0	\$0	\$0	\$0	\$3,312	\$18,544
TOTAL	\$528,776	\$306,128	\$267,943	\$789,291	\$432,939	\$127,277	\$326,801	\$132,001	\$2,911,155



City of Madison
Finance Department
210 Martin Luther King Jr Blvd
Madison WI