

City of Madison

2019 Operating Budget:
Executive Budget: Summary



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2019 Executive Operating Budget Mayor Paul Soglin

Madison continues to place at the top of lists of best places to live, raise a family, grow a business and visit. Recently, the housing search web site Zumper, in its first ever rankings of Best Cities to Raise a Family, ranked Madison #1, with a perfect score of 100 and an A+ ranking. Zumper cited a large population of younger adults, a strong local economy, short commute times, low unemployment, a low crime rate and the lowest high school dropout rate of any city in its rankings.

While these rankings and measures reflect many virtues of our city, these great outcomes are not shared by all in our community. Some of our neighbors continue to face gun violence and the trauma of violence on families and loved ones.

My 2019 operating budget continues the focus on upward economic mobility for all residents. We accomplish upward mobility through a mix of strategies that are affordable, ensure safety for all, and help all our residents access the tools for success.

We continue to implement performance excellence across city agencies. Efforts are underway to develop and apply data toward process improvements and resource allocations that deliver the results that all city residents expect. In 2019, a periodic resident survey will be launched to establish baseline data and measure progress toward better outcomes for our entire city.

The 2017 budget added \$400,000 for peer support programs to help address rising violence in some parts of our city. My 2019 budget adds \$300,000 to this important program that is showing clear signs of success. The budget also fully funds the 8.0 FTE police officers added in the 2018 budget, adds \$100,000 for a new detective position to expand the work of the Special Victims Unit on investigating human trafficking and crimes against children, and deploys smartphones to all Police field staff.

City expenditures are projected to grow 5.5 percent, funded by a 4.7 percent increase in the property tax levy. Debt service is rising by nearly 17 percent as our capital budget expands at a rapid pace for a new police station, new fire station, renovated municipal building, new library branch and major streets projects.

Through the following initiatives, my 2019 budget makes targeted investments that we can all afford and makes progress toward our goals by focusing more on measurable strategies toward meaningful outcomes:

- Provides \$1.1 million for a preservice academy to meet increased turnover as the rate of

retirement among Police commissioned staff increases commensurate with the share of the workforce eligible to retire.

- Expands the Special Victims unit by authorizing a new detective position and upgrading a police officer to a detective sergeant. The added staff will allow the unit to focus on investigating human trafficking and crimes against children.
- Adds \$300,800 to fully fund police officer positions first funded by a 2014 COPS grant.
- Provides \$128,600 to fully annualize operating costs for the new Midtown Police District station.
- Fully funds Police overtime costs (\$299,000).
- Deploys smartphones to Police field staff (\$25,000).
- Adds \$53,000 for an employee assistance specialist to help meet the crisis counseling needs of city staff, particularly peer support teams in the Police and Fire Departments.
- Expands the existing Peer Support community services contract to \$700,000, toward reducing gun violence and the impact and trauma of violence on families and neighborhoods.
- Expands the existing contract for immigration legal support and assistance to \$100,000.
- Provides \$100,000 for transitional funding for Kajsia House as Dane County evaluates and addresses the decision by Journey Mental Health to close the facility.
- Adds \$103,600 for Theresa Terrace, Bayview, Elver and Kennedy neighborhood center operations and to better equalize funding across all neighborhood centers.
- Augments affordable housing initiatives by providing \$20,000 for homeowner capacity building through courses in money management, credit building and repair, homeownership and stable renting, and asset building. This funding will be used to seek an equal or greater commitment from the private sector.
- Improves economic development efforts by increasing city support for MADREP/THRIVE to \$50,000 and by providing \$150,000 over three years to jumpstart a KIVA City program to crowdsource microloans for small business startups.
- Works to ensure a complete and accurate decennial census count in the city by providing \$150,000 over the next two years for outreach and education efforts.
- Expands neighborhood resource team and community garden support by a total of \$20,000.
- Improves public outreach efforts related to engineering activities, including severe weather events and construction projects, by providing \$65,000 for a new public information officer.
- Enhances tourism destination efforts, including a \$2 million subsidy for the Overture Center, a \$5,000 increase for Make Music Madison and \$20,000 for a new temporary downtown art

installation initiative, as approved by the Room Tax Commission.

- Provides a 3.25 percent pay increase for all non-transit general municipal employees and funds a 2 percent increase for transit workers per their collective bargaining agreement. Pay increases for commissioned Police and Fire staff will be determined through collective bargaining. Pay increases, steps and longevity for existing staff, annualizing of positions created in 2018 and public safety overtime add \$8.3 million to the budget.
- Adds \$2.2 million for rising fuel and vehicle depreciation costs in Fleet Service and Metro Transit.
- Seeks efficiencies, improved accounting and strengthened internal controls by consolidating the Treasurer Office into the Finance Department during 2019. The Treasurer position will be converted to a Treasury and Revenue Manager. Ordinance changes and personnel actions will be introduced for Council consideration to implement this change.
- Transfers a total of two planner positions from Metro Transit and the Planning Division to the Department of Transportation to enhance the focus on improved long-range transportation planning and implementation of multi-modal transportation options.

Balancing the budget was achieved through the following measures:

- A six percent reduction in the city contribution toward health insurance premiums due to a 16 percent reduction in premiums by Dean Health Plan, which saved \$1.7 million compared to the 2018 budget amounts. Increases in the employee share of health insurance premiums for Quartz-UW and GHC-South Central Wisconsin will be more than offset by the 3.25 percent pay increases for general city employees, as well as step and longevity pay increases for over half of the city workforce. Initial budget forecasts assumed a 5 percent increase in health insurance costs. The reduced premiums saved \$3.7 million compared to forecast.
- An increase in investment earnings on the city's general fund cash balances of \$2.4 million, as yields are forecast to increase from 0.5 percent in early 2017 to 2.5 percent by the end of 2019.
- Increases in other general fund revenues and state aid of \$2.7 million, including 10 percent growth in payment in lieu of taxes from the Parking and Water Utilities, 4 percent growth in room taxes, 9 percent growth in licenses and permits revenue based on prior year trends, and an anticipated increase of 2.7 percent in state aid.

The budget increases General Fund appropriations by 5.8 percent and increases the levy 4.7 percent. Based on the latest estimates of a 7.6 percent increase in net taxable property value, the city tax rate is expected to decrease by 2.7 percent to 9.06 per \$1,000 of assessed value. With the average home value up 5.8 percent, taxes on the average value home are expected to increase \$72, or 2.9 percent. There is approximately \$1.5 million of capacity to still qualify for \$7 million in aid under the state Expenditure Restraint Program, assuming a \$500,000 appropriation in the 2018 year-end resolution. The property tax levy can be increased by approximately \$400,000 within the state-mandated levy limits above the \$241.8 million reflected in the 2019 executive operating budget.

I greatly appreciate the additional day afforded me by the Common Council to release my 2019 executive operating budget documents. I look forward to a cooperative and productive budget deliberation process.

We have made much progress over the past several years. There is so much more to do. My 2019 operating budget builds on the foundation laid by that progress and sets the stage for continued improvement toward the outcomes that all the residents of our great city expect and deserve.

Balancing 2019

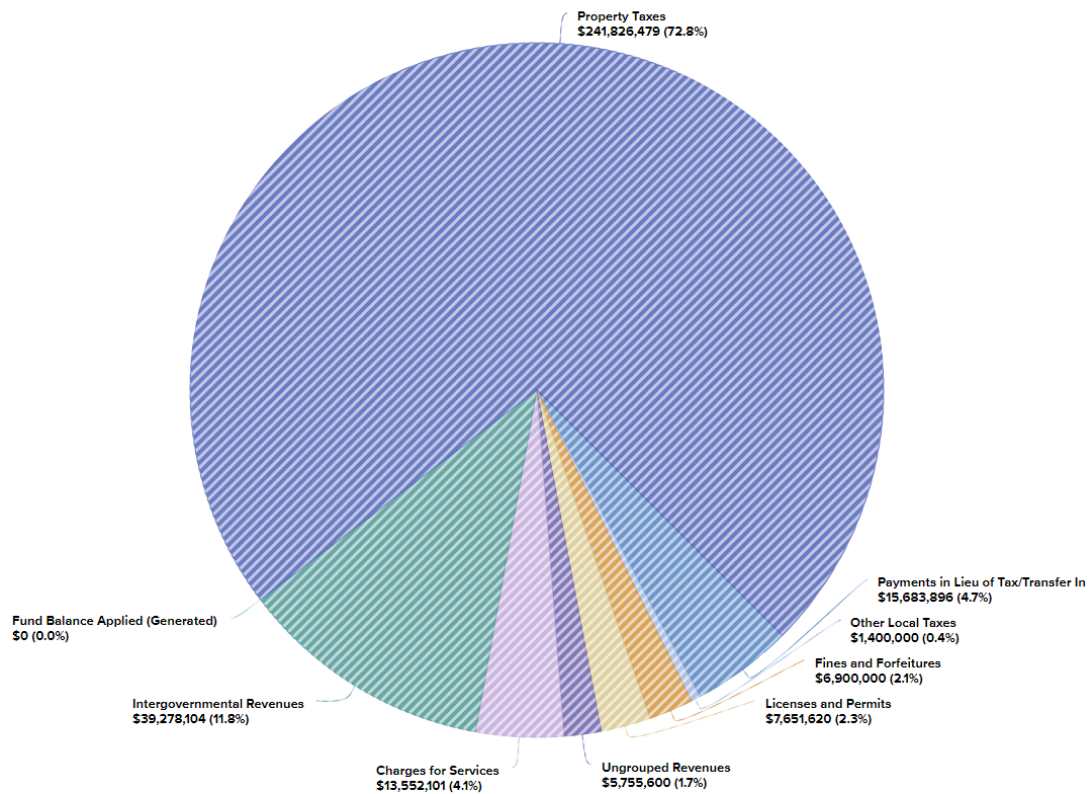
Change Overview: 2018 Adopted to 2019 Executive		
Revenue		\$ Change
	Payments in Lieu of Taxes	1,034
	Other Local Taxes	-60
	Fines & Forfeitures	-135
	Licenses & Permits	630
	Ungrouped Revenue	1,080
	Charges for Services	170
	Intergovernmental Revenue	2,333
	Fund Balance	1,400
	Property Tax Levy	10,785
TOTAL REVENUE ADJUSTMENTS		17,238
Expenditures		
Agency Revenue		
	Municipal Court Revenue	90
	Library Revenue Adjustments	110
	Finance: Capital Budget & CIP Administration to Capital	-400
	Eliminate legacy revenue amounts	361
Salaries		
	Assumed Pay Increases	6,600
	Annualizing Newly Created Positions	1,000
	Public Safety Overtime	500
	Salary Saving Adjustments	197
	\$15 Minimum Wage Phase-in	80
Benefits		
	Health Insurance	-1,700
	WRS & FICA	350
	Sick Leave Escrow	900
	Elimination of Benefit Savings	560
	Retiree Health Insurance	300
Supplies & Purchased Services		
	Streets: Landfill Tipping Fees	200
	IT: Software Licensing Costs	160
	Library: New Collection Purchases to Capital	-700
	CDD: Funding for Kajsia House	100
	CDD: Increased funding for Immigration Assistance Fund	50
	CDD: Increased Funding for Neighborhood Center Support	100
	CDD: Homebuyer Readiness Course/Financial Literacy	20
	CDD: Increased funding for Peer Support/Navigators Program	300
	Mayor's Office/Dir Appropriations: Increased funding for NRTs & Community Gardens	20
	Electricity & Water Rates	350
	Increased Contingent Reserve	450
Inter-Agency Billings		
	Increased Fleet rate (depreciation & fuel)	1,200
Transfer Out		
	Decrease local match for grants	-860
	Increased Debt Service	4,500
	Increased Metro & Public Health subsidies	2,400
TOTAL EXPENDITURE ADJUSTMENTS		17,238

Position Changes

The 2019 Executive Budget authorizes 2,926.95 full time equivalent positions, a net increase of 10.5 (or 0.36%) above 2018. The FTE counts that appear in the 2019 Executive Budget include all approved personnel changes through September 2018.

Position Changes: 2018 to 2019	
2018 Adopted FTEs	2,916.45
Police: Patrol Officers	8.00
Library: Librarian Positions	1.30
Library: Computer Technician	1.00
Streets: Streets Machine Operators	(3.00)
Streets: Account Tech	1.00
Human Resources: Admin Clerk	1.00
Library: Clerk Typist Positions	1.60
Library: Library Assistant	0.10
2018 Midyear Changes	11.00
2019 Newly Created Positions	
Parks: Parks Foundation Coordinator	(1.00)
Planning: Planner Limited Term Positions	(3.00)
Metro: Transit Operator Positions	(15.00)
EAP: EAP Specialist	1.00
Engineering: Public Information Officer	1.00
Engineering: Surveyor	1.00
Parking: Parking Equipment Technician	1.00
Parking: Parking Maintenance Worker	1.00
Parking: Parking Revenue Leadworker	1.00
Parking: Civil Technician	1.00
Sewer: Sewer & Drainage Maintenance Tech	1.00
Sewer: Street & Sewer Machine Operator	1.00
Stormwater: Engineering Operations Leadworker	1.00
Stormwater: Street & Sewer Machine Operator Positions	2.00
CDA Housing: Clerk Typist	1.00
CDA Housing: Community Resource Officer	0.50
CDA Housing: CDA Hearing Examiner and Accommodation Specialist	1.00
CDA Housing: Clerk-Receptionist	1.00
CDA Housing: Laborer	1.00
CDA Housing: Tenant Services Aide	1.00
Police: Detective	1.00
2019 Changes	(0.50)
2019 Executive Budget FTEs	2,926.95

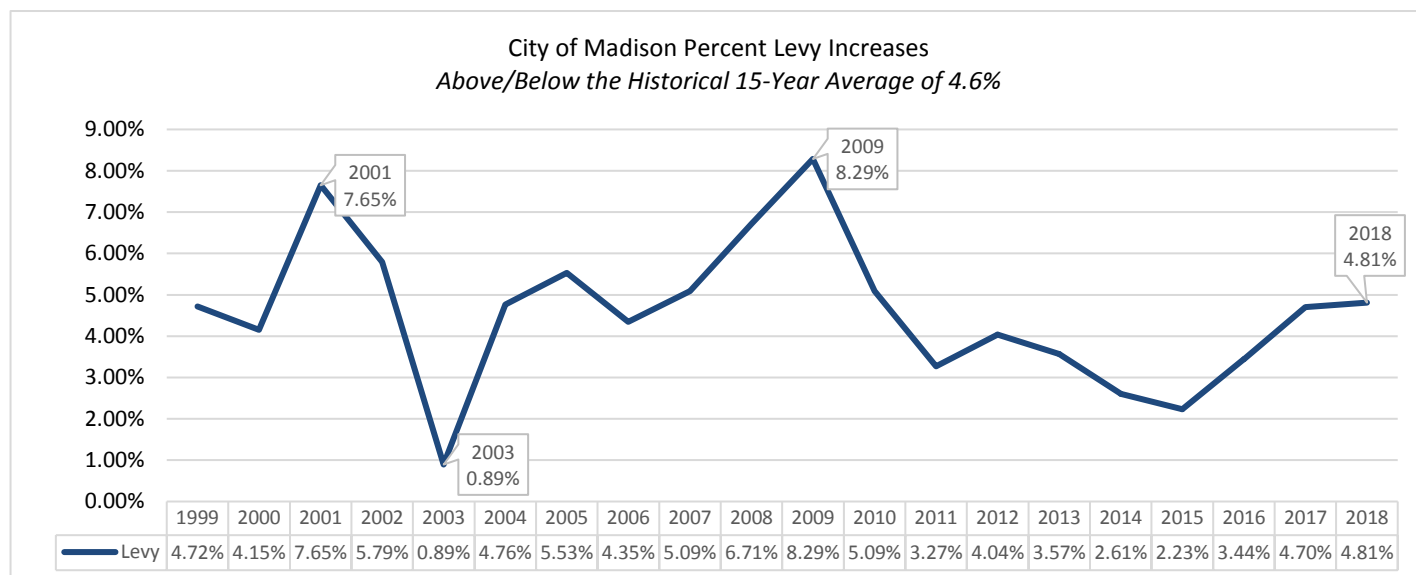
Where the Money Comes From



General Fund Revenue: 2018 Adopted to 2019 Executive			
	2018 Adopted	2019 Executive	Change
Payments in Lieu of Taxes	14,649,479	15,683,896	1,034,417
Other Local Taxes	1,460,000	1,400,000	(60,000)
Fines & Forfeitures	7,035,000	6,900,000	(135,000)
Licenses & Permits	7,021,620	7,651,620	630,000
Ungrouped Revenue	4,675,600	5,755,600	1,080,000
Charges for Services	13,382,000	13,552,101	170,101
Intergovernmental Revenues	36,944,438	39,278,104	2,333,666
Fund Balance	(1,400,000)	-	1,400,000
Property Tax	231,041,538	241,826,479	10,784,941
TOTAL REVENUE CHANGE			17,238,126

Madison's Property Tax Levy

As shown in the table above, Madison's property tax represents 73.4% of total General Fund revenues. The proposed property tax levy in the Executive Budget is \$241,826,479, a 4.8% increase from 2018. The 15-year average annual levy increase is 4.6%. The rate of growth from 2018 to 2019 is consistent with the prior year's growth.



Levy Limit

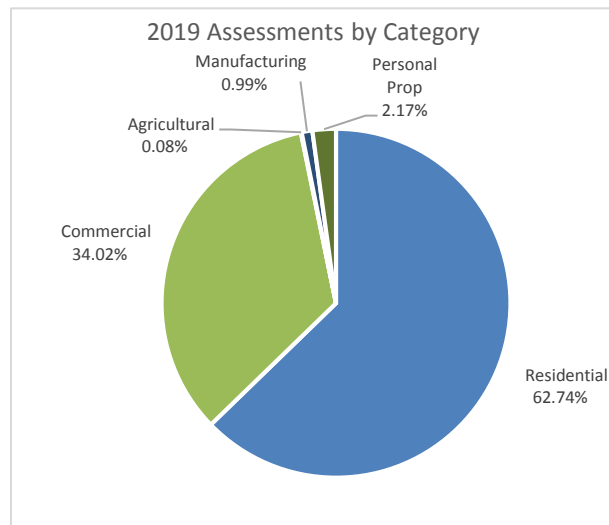
Levy limits restrict the annual levy growth by net new construction. The net new construction for Madison in 2019 is 2.3%. The levy amount proposed in the Executive budget is \$241,826,480; \$412,635 below the maximum allowed. At the proposed levy, taxes on the average value home will increase by 3.85%. The table below outlines the levy limit calculation.

Levy Limit Calculation	
2017/2018 Levy	\$231,041,538
GO Debt	(85,121,476)
Levy Excluding Debt Service after July 1, 2005	145,920,081
Net New Construction	3,309,467
Terminated Tax Increment Districts	1,740,827
Adjustments	
Debt Service for GO Debt Authorized After July 1, 2005	92,303,328
Adjustments for Current Year Annexations	1,687
Prior Year Unused Allowable Levy (up to 1.5%)	4,572
City Share of Refunded or Rescinded Taxes	237,028
Personal Property Tax Exemption Aid	(1,277,876)
Allowable Levy	242,239,114
2019 Executive Budget Proposed Levy	241,826,480
Additional Levy Capacity / Carry Over to 2019	412,635

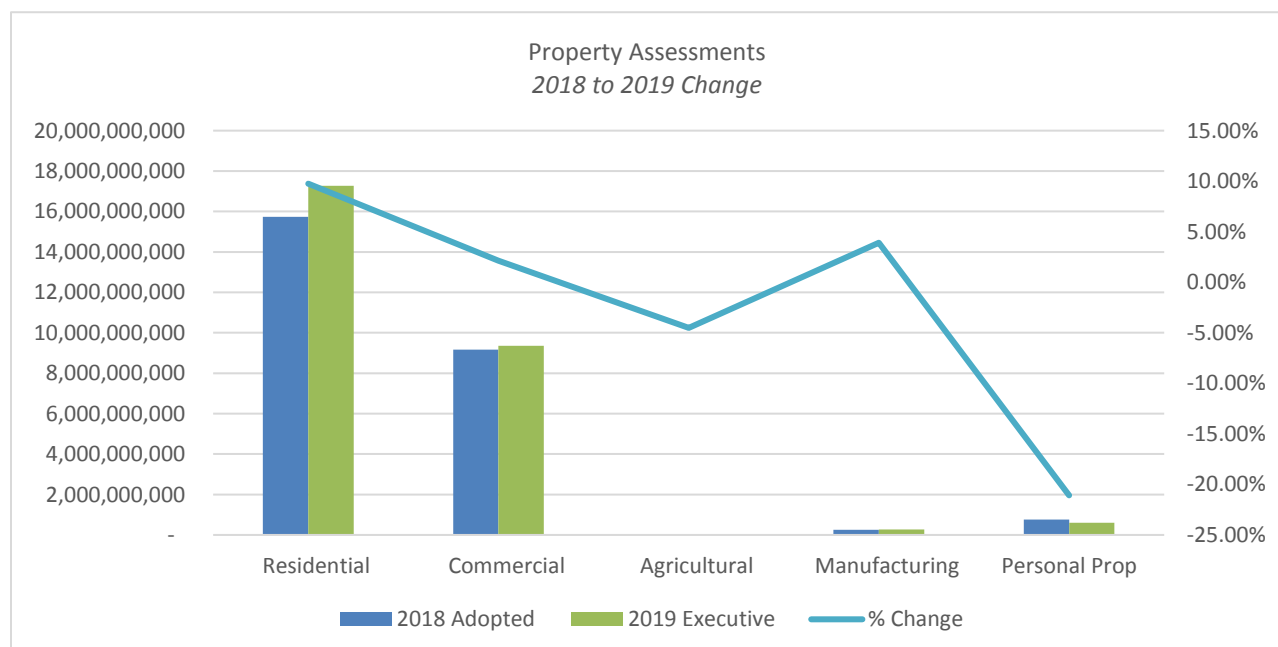
Property Tax Assessments

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 7.61% from 2018 to 2019, this increase factors in adjustments made to property tax assessments following adoption of the 2018 budget. The growth in taxable value is driven by continued strength in residential valuations. Assessed values in tax increment districts (TIDs) is down 28.45%; this is driven by the closure of TIF districts, specifically TID 32.

The Wisconsin Legislature recently exempted certain personal property from taxation, effective with taxes levied in 2018 and collected in 2019. In order to avoid a shift in property taxes to other property owners due to this exemption, the Legislature also adopted a local personal property exemption aid program. As a result of the exemption, property value in the City of Madison declined by 21 percent from the January 1, 2017, assessments to the January 1, 2018, assessments. The city will receive \$1.277 million due to this exemption and associated aid program. The aid received through this program is deducted from the levy limit calculation. In that way, the state aid has the effect of offsetting any shift in property taxes due to the exemption rather than providing local governments with additional capacity for spending



Changes in Assessed Value 2018 Budget to 2019 Executive	
Residential	Up 9.75%
Commercial	Up 2.15%
Agriculture	Down 4.50%
Manufacturing	Up 3.90%
Personal Prop	Down 21.08%
TIF Increment	Down 28.45%
Net Taxable Property	Up 7.61%
Average Value Home	Up 5.75%



Taxes on the Average Value Home

Based on the proposed levy, taxes on the average value home will increase by 2.86%, or \$71.73. The average value home is currently assessed at \$284,868, up from \$269,377 in 2018. This growth continues recent trends in increased residential home assessments. Since 2013, the average value home has increased by 23% from \$230,831 in 2013 to \$284,868 in 2019.

Under the maximum allowable levy, the property levy can be increased by \$412,635 beyond the Mayor's proposal in the Executive Budget. The table below shows the impact of increasing or decreasing the levy. Every \$10 increase in taxes on the average value home results in \$930,000 of additional levy authority.

Comparative Changes in Levy			
% Change	Levy Increase	\$ Change	TOAH
Max Levy-3.03%	\$11,197,577	\$76.12	\$2,586.69
Exec Bdgt-2.86%	10,784,941	71.73	2,582.30
2.50%	9,946,752	62.76	2,398.31
1.00%	6,256,190	23.36	2,533.93
-1.31%	1,000,000	(32.77)	2,477.80
-1.86%	-	(43.45)	2,467.12

2019 Mill Rate

While the 2018 property tax levy is up 4.8%, the overall increase in the assessed value of property in the City will drive down the mill rate by 3.03%. The annual mill rate is calculated by dividing property value of a specific property by total assessed values.

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 2018 projected levels, resulting in a \$217,400 increase over 2018 budgeted amounts. Water Utility payment in lieu of taxes is anticipated to increase by \$600,000, 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 Capital East parking garage and the replacement of the Government East ramp with the Judge Doyle underground garage

2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
13,733,750	14,649,479	14,745,079	15,683,896	1,034,417	7.1%	↑

Other Local Taxes

Other local taxes include payment in lieu of taxes from tax-exempt entities, prior year taxes and penalties on delinquent taxes. Payment in lieu of taxes is anticipated to decrease \$135,000 (12.4 percent) due to the final year of payment from 44 Parking LLC for a loan provided to finance a parking structure for an office building development on the Square.

2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
2,373,813	1,460,000	1,495,187	1,400,000	(60,000)	-4.1%	↓

Fines & Forfeitures

Moving violations and uniform citation revenues are expected to decrease based on prior year trends. Parking violations are anticipated to remain steady.

2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
6,624,484	7,035,000	6,835,000	6,900,000	(135,000)	-1.9%	↓

Licenses & Permits

Overall, license and permit revenues are anticipated to increase approximately 9 percent, primarily on revenues from street opening and operating permits, as well as building permits.

2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
7,765,190	7,021,620	7,654,120	7,651,620	630,000	9.0%	↑

Ungrouped Revenue

Ungrouped revenues include interest on the investment of city cash balances, procurement card rebates, encroachment and easement revenues, sale of surplus property revenues, reimbursements from tax increment districts (e.g., equity payments and excess revenues at closure) and other miscellaneous revenues. Interest on investments is anticipated to increase by over 100 percent (\$2.4 million) as the yield increases from approximately 0.5 percent in early 2017 to 2.5 percent by the end of 2019 with overall increases in market interest rates.

2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
2,635,080	4,675,600	6,073,600	5,755,600	1,080,000	23.1%	↑

Charges for Services

Overall, charges for services revenues are anticipated to increase approximately 1.3 percent. The largest revenue in this category is ambulance conveyance fees. Estimated ambulance fee revenues in 2019 are expected to remain at the 2018 projected level of \$7.8 million. Engineering services charges are expected to increase by \$300,000 from the 2018 budgeted level of \$450,000, to reflect the actual 2017 and projected 2018 amounts of \$750,000. Actual ambulance conveyance fee revenues in 2017 reflect a one-time adjustment in the calculation of amounts set-aside as potentially uncollectable.

2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
15,971,482	13,382,000	13,754,000	13,552,101	170,101	1.3%	↑

Intergovernmental Revenue

State aid is anticipated to increase by \$2.3 million, primarily due to \$1.3 million from a new aid program to offset the exemption of certain personal property from taxation. This \$1.3 million in new aid is offset by a commensurate reduction in the allowable levy under state property tax limits. Excluding the personal property exemption aid, state aid is up 2.9 percent, with increases in expenditure restraint payments, payment for municipal services and general transportation aid. These estimates are preliminary and will be updated when the state Departments of Administration and Transportation release formal estimates in early October.

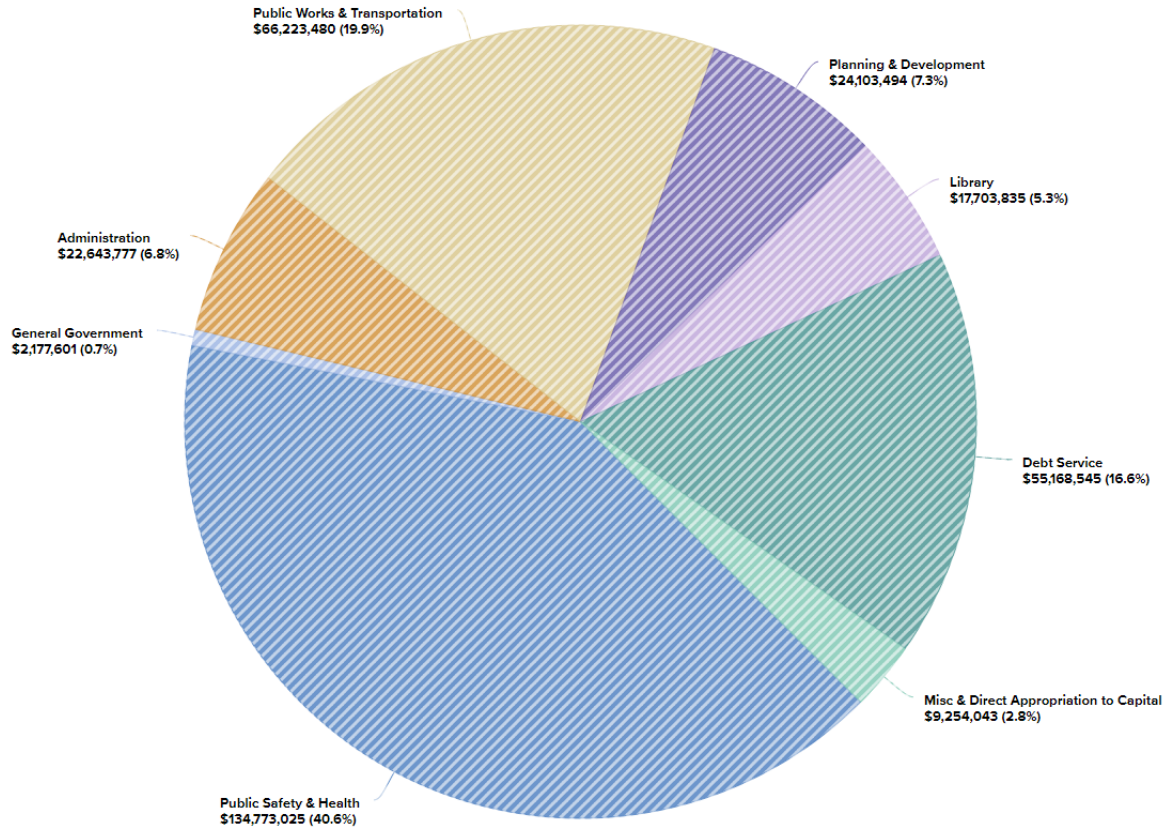
2017 Actual	2018 Adopted	2018 Prjctd	2019 Executive	\$ Change	% Change	Trend
36,596,686	36,944,438	37,280,602	39,278,104	2,333,666	6.3%	↑

Expenditure Restraint Program

A portion of Madison's state aid (\$7.0 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 3.8% growth in General Fund expenditures. Under the calculation, there will be \$1.4 million for flexibility in 2019. Any new appropriations to the 2019 budget after adoption cannot exceed this amount.

2018 Adopted Budget		
	2018 Revised Budget (Anticipated)	\$315,309,674
Exclusions		
	Debt Service	(49,887,223)
	Recycling Payments	(341,376)
	Revenue Sharing Payments	(62,341)
2018 Budgeted Expenditures (Net)		\$265,018,735
Inflationary Increase		3.80%
2019 Maximum Expenditures		\$275,089,447
2019 Executive Budget		\$332,047,800
Exclusions		
	Debt Service	(57,983,273)
	Recycling Payments	(371,000)
	Revenue Sharing Payments	(64,518)
2019 Projected Budgeted Expenditures		\$273,629,009
2019 Expenditure Restraint Flexibility		\$1,460,438

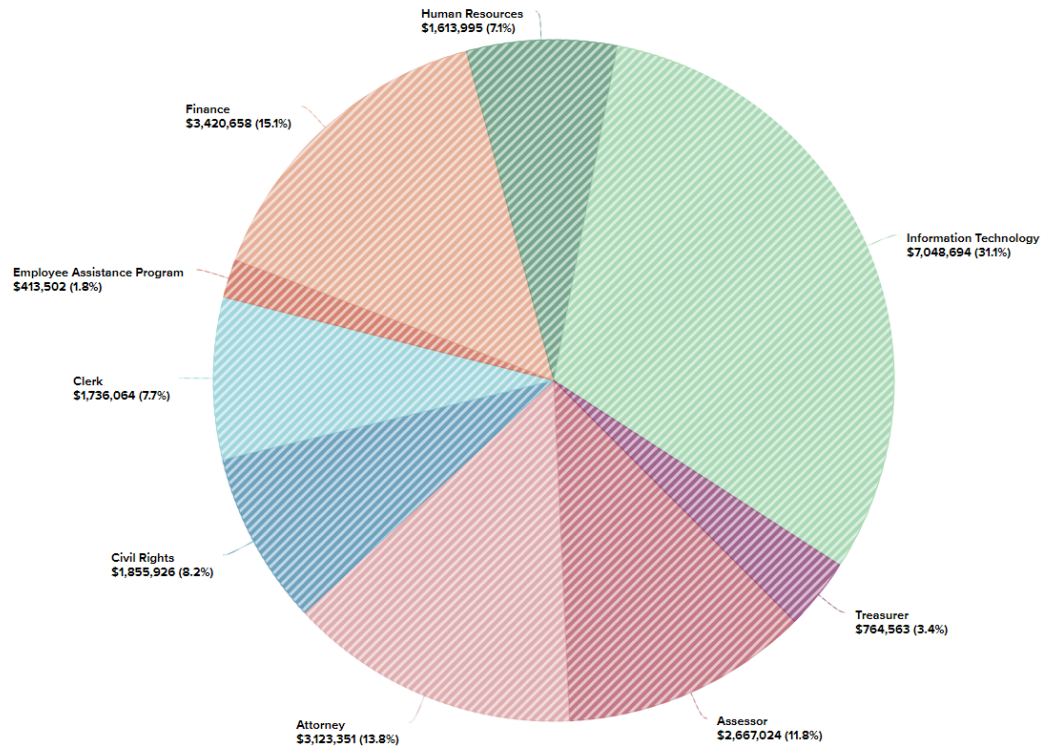
How the Money is Spent



General Fund Expenditures: 2018 Adopted to 2019 Executive			
	2018 Adopted	2019 Executive	Change
Administration	22,990,888	22,643,777	(347,111)
Debt Service	47,239,110	55,168,545	7,929,435
General Government	2,323,616	2,177,601	(146,015)
Library	17,779,030	17,703,835	(75,195)
Planning & Development	22,145,633	24,103,494	1,957,861
Public Safety & Health	128,936,206	134,773,025	5,836,820
Public Works & Transportation	62,550,310	66,223,480	3,673,170
Misc & Dir Appropriation to Cap	10,844,881	9,254,043	(1,590,838)
TOTAL EXPENDITURE CHANGE			\$17,238,127

Administration

2019 Budget: Administration Budget by Agency

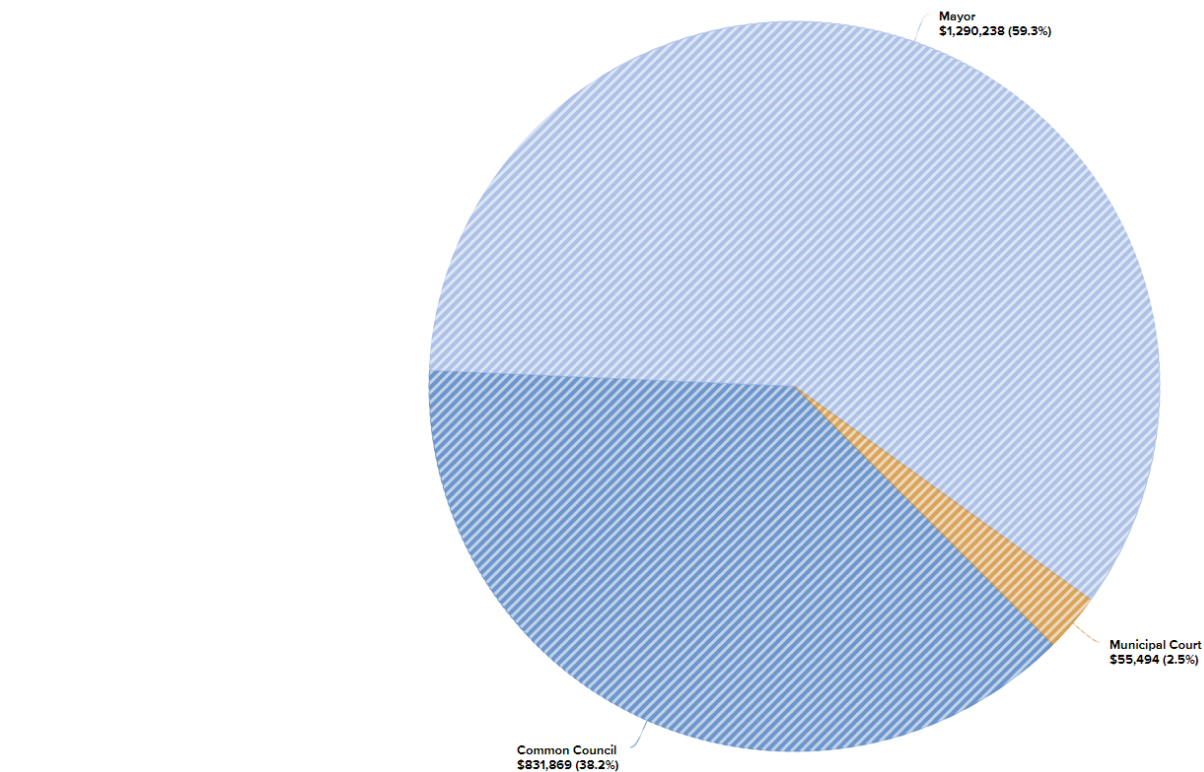


2019 Highlights

- Increased funding (\$160,000) for annual software maintenance costs. This increase is partially due to annual subscription costs associated with new systems initially funded through the capital budget.
- New funding (\$25,000) for a partnership with the Center on Wisconsin Strategy (COWS) through the University of Wisconsin. This partnership will help the City complete an annual research agenda that seeks to use data to solve problems and improve City service delivery.
- The 2018 Budget included funding to build a cost allocation model that could be used for allocating costs from central services to enterprise funds receiving the service. The plan was completed in the spring of 2018 and was used to develop charges from central service agencies to enterprise funds.
- The 2019 Executive Capital Budget proposed creating a new program for costs within the Finance Department associated with administering the Capital Budget and Capital Improvement Plan. This transfer reduces the General Fund appropriation for Finance by \$400,000.
- Anticipates consolidating the Treasurer's Office into the Finance Department to achieve efficiencies.

General Government

2019 Budget: General Government Budget by Agency

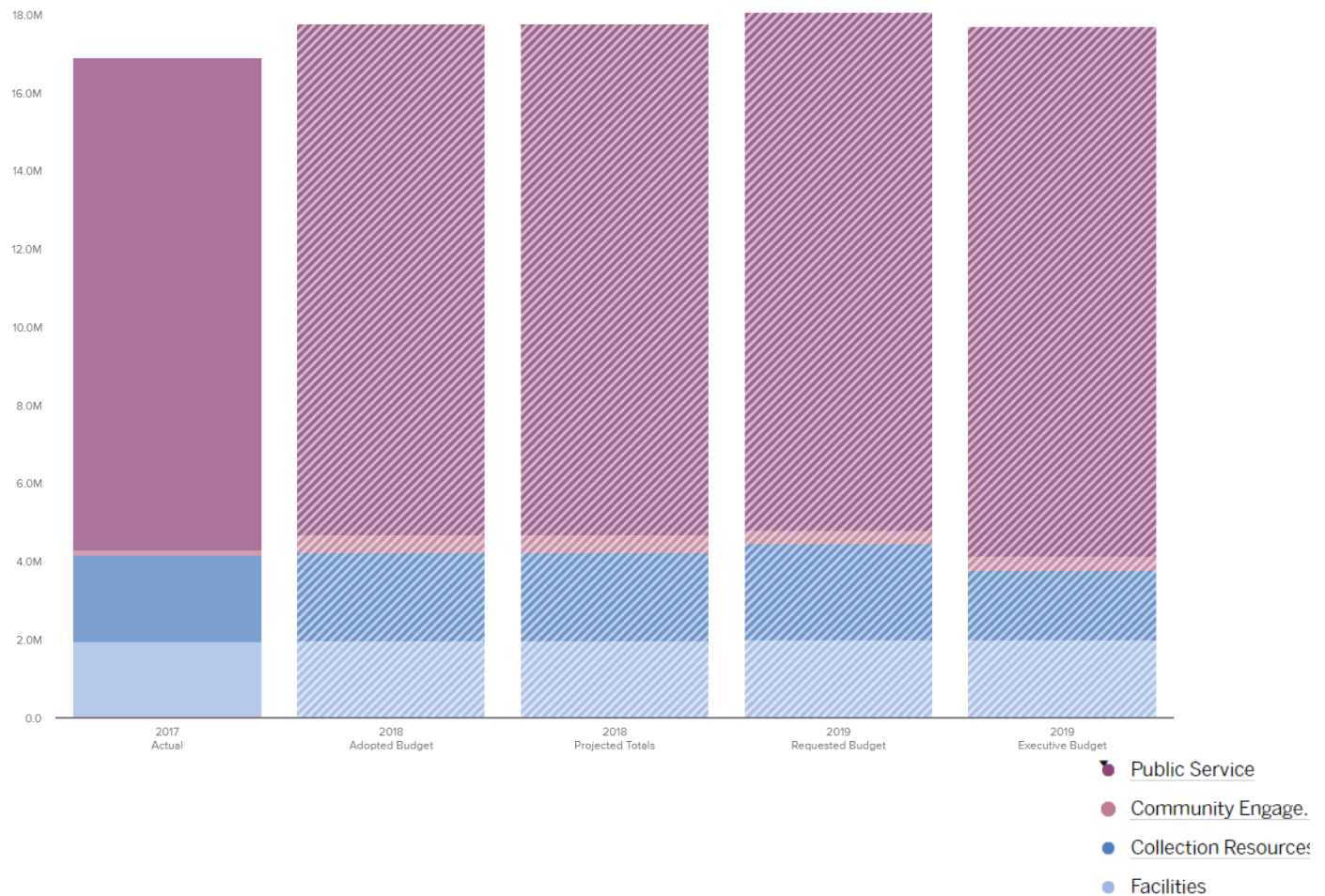


2019 Highlights

- Increased funding to support the work of Neighborhood Resource Teams (NRTs). The 2019 Executive Budget increases funding from \$17,500 to \$27,500. These funds are included in the Mayor's Office budget.
- Municipal court revenue is decreased to reflect declining trends in the number of Municipal Court cases in recent years. The reduction in budgeted revenue will be made up by funding from General Fund sources.
- The budget continues funding of restorative justice contracts administered by the Community Development Division. These contracts will now be funded through the General Fund rather than municipal court revenue.
- Continuation of benefits for Alders that were added in 2017. These benefits include WRS and health insurance for Alders.

Library

2019 Budget: Library Budget by Service & Year

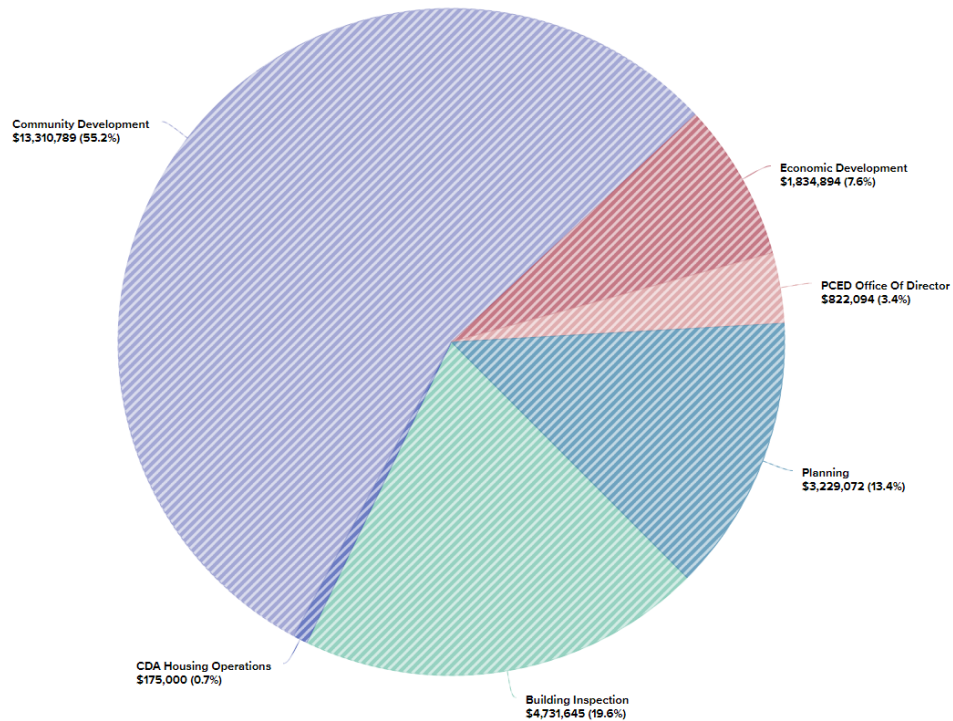


2019 Highlights

- In recent years we have seen trends where Madison residents have increasingly utilized other library branches in Dane County. This trend has resulted in increased payments (\$136,000) to Dane County for library services.
- Construction of the new Pinney Branch Library will take place in 2019. While the new location is under construction existing funding in the operating budget will be used for a temporary space to ensure there is no gap in service delivery.
- The 2019 Executive Capital Budget proposed creating a new program to fund annual additions to the library collection. Transferring these costs to the capital budget reduces the Library's supply budget in the operating budget by \$700,000.

Planning & Development

2019 Budget: Planning & Development Budget by Agency

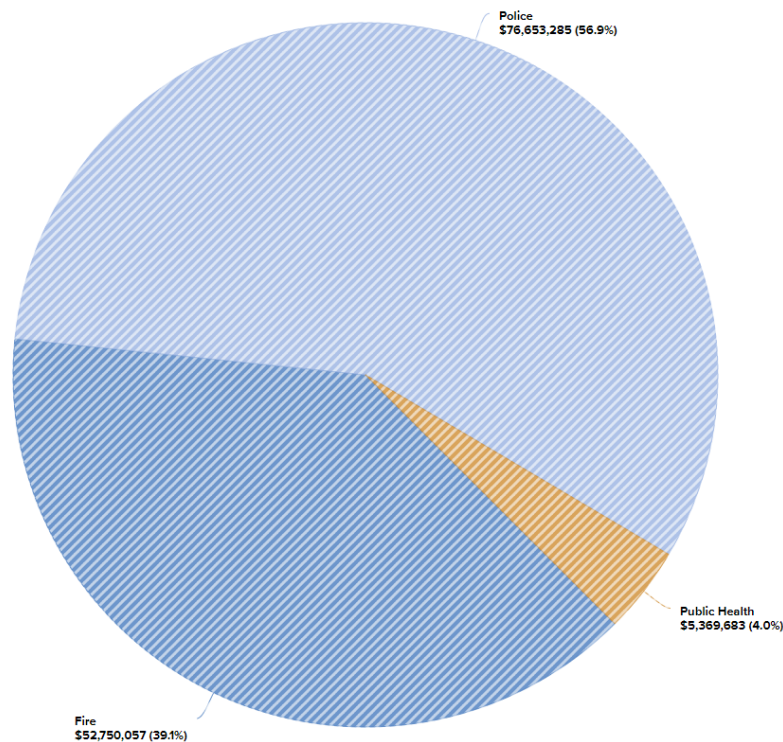


2019 Highlights

- The Community Development Division budget includes \$9.2 million for community agency contracts, this funding level represents a \$700,000 increase above the 2018 funding level. Increased funds will be used for immigration assistance, peer support, continued funding for Kajsia House, and neighborhood center support.
- New funding for a homebuyer readiness program seeking to connect residents with resources to purchase a new home.
- Additional funding (\$75,000) in the Planning Division budget will be used to help prepare for the 2020 Census.
- New programs in the Economic Development Division are geared towards improving outreach to small businesses.

Public Safety & Health

2019 Budget: Public Safety & Health Budget by Agency

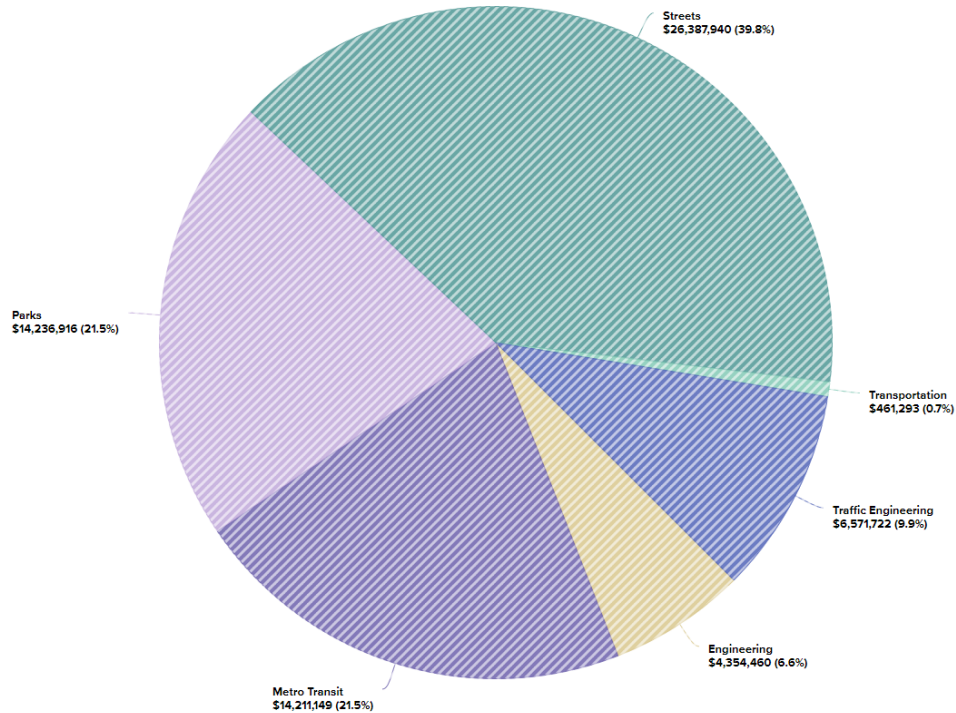


2019 Highlights

- The 2019 Executive Budget annualizes funding for two public safety facilities that will come online late in 2018: Midtown Police Station and Fire Station 14.
 - Midtown Police Station opened for operations in September 2018. The annualized cost of operations at Midtown is \$1.4 million. These costs are fully funded by the General Fund.
 - Fire Station 14 is scheduled to open late in 2018. In 2017 the City was awarded a SAFER grant to help defer the costs of new staffing at the station. In 2019 the City's cost for staffing at the new station is \$365,000. 2020 will be the third and final year of the grant, after the grant expires the full annualized cost of the new station will be funded by the General Fund.
- In January 2018 the Common Council approved the creation of eight new Patrol positions for the Police Department.
- The City's share of the Public Health budget is increased by 21%. This increase is driven by reducing the assumed use of fund balance.

Public Works & Transportation

2019 Budget: Public Works & Transportation Budget by Agency



2019 Highlights

- In 2018 the City created a Department of Transportation. The 2019 budget transfers two existing positions (one in Planning and one in Metro) to the newly formed department.
- Fuel and diesel costs are projected to increase for both the City's general fleet and the Metro fleet. The budget adds \$2.0m to fund these costs along with equipment depreciation in 2019.
- As the number of capital projects have grown, so too has the need to keep residents informed about investments happening in the area. Funding in the Engineering Division creates a new Public Information Officer to lead communications for Engineering.
- In 2018 the Common Council approved the continuation of the Urban Forestry Special Charge. In 2019 revenue from the charge will support forestry operations in the Parks Division along with stump grubbing efforts in the Streets Division.
- The budget continues assuming 5.5 snow events during 2019. The snow budget was last adjusted in 2017. The current budget is based on the 30-year average of snow events.

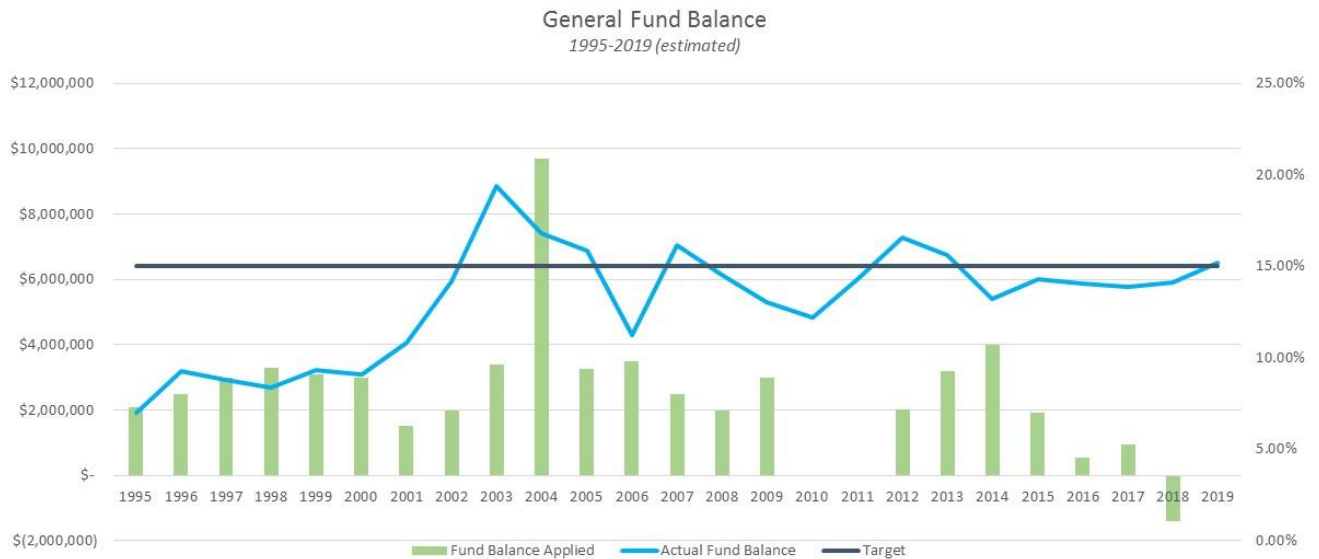
Debt Service & Miscellaneous Appropriations

2019 Highlights

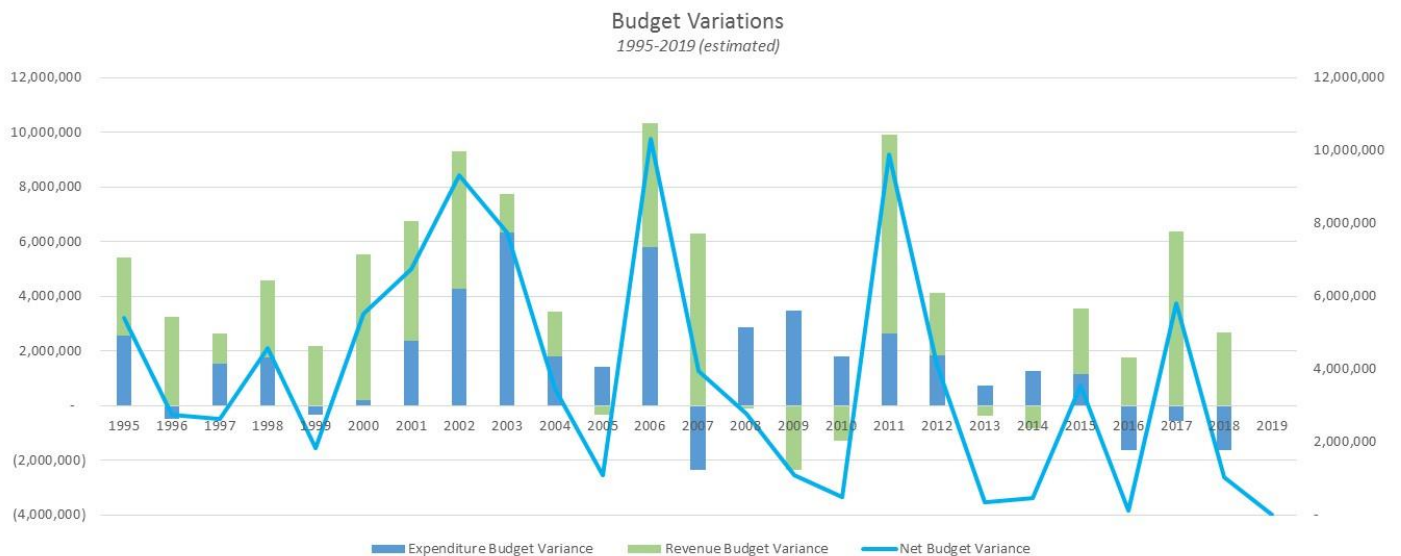
- The budget for sick leave escrow is increased from \$2.0m to \$2.9m based on current trends. At this funding level, the budget will fully fund projected costs for this benefit in 2019.
- The 2019 Executive Capital Budget includes \$2.7m for projects funded by a transfer from the General Fund. This is down from \$6.3m in the 2018 Adopted Budget.
- As the size of the budget has grown, so too has the pressure on the Contingent Reserve. The Executive Budget increases the Contingent Reserve from \$1.5m to \$1.9m to keep pace with the size of the budget.
- In 2019 debt service will represent 16.6% of total General Fund and Library expenditures. The rising debt service is attributed to capital spending that has occurred in recent years. Debt service is projected to grow to 18% within the five years of the 2019 Capital Improvement Plan. Debt service will be updated to reflect actual amounts from the City's October 2nd debt issuance. An amendment making the revisions will be introduced during the Finance Committee amendment process.

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 2017 the fund balance equaled 14.2% of 2017 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

2019 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 the current 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 2019 cost allocation plan uses statistics from 2017.

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 2019 Executive Budget reflect 75% of total allocated costs. The total amount allocated in the 2019 Executive Budget is \$2,642,265.

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.
Treasurer		
	General Receipts	Number of receipts processed by department.
	Parking Collections	Direct allocation to benefitting departments.
	Room Tax Collections	Direct allocation to benefitting departments.
	Animal License Collections	Direct allocation to benefitting departments.
	Property Tax Collections	Direct allocation to benefitting departments.
	Investment Management	Direct allocation to benefitting department based on a prorated share.
	Bank and Card Service Fees	Direct allocation to benefitting department based on a prorated share.
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.
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.
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.
Economic Development Division		
	Business Resources	Direct allocation of staff effort to benefitting department.
	Real Estate Services	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	\$4,601	\$0	\$0	\$23,271	\$0	\$0	\$2,454	\$0	\$30,325
Clerk	\$565	\$565	\$565	\$565	\$565	\$565	\$565	\$565	\$4,521
Treasurer	\$23,462	\$2,706	\$1,825	\$58,615	\$125,124	\$446	\$9,051	\$26	\$221,255
Mayor's Office	\$54,152	\$14,996	\$4,999	\$197,028	\$29,013	\$3,332	\$22,806	\$1,250	\$327,575
Attorney's Office	\$14,548	\$5,962	\$6,092	\$27,128	\$23,143	\$0	\$32,437	\$0	\$109,311
Human Resources	\$60,296	\$15,489	\$4,840	\$308,625	\$46,038	\$40,778	\$64,351	\$1,023	\$541,439
Information Technology	\$145,761	\$26,958	\$28,166	\$164,954	\$72,366	\$18,787	\$57,711	\$842	\$515,546
Finance Department	\$146,845	\$41,918	\$75,997	\$51,315	\$59,939	\$45,256	\$76,429	\$18,446	\$516,145
Engineering Division	\$5,910	\$120,813	\$128,453	\$3,888	\$22,157	\$0	\$690	\$13,876	\$295,787
Economic Development	\$799	\$1,178	\$1,619	\$113	\$515	\$0	\$0	\$0	\$4,225
Building Depreciation	\$6,346	\$20,939	\$0	\$0	\$1,765	\$7,805	\$0	\$18,205	\$55,060
Equipment Depreciation	\$0	\$20,688	\$387	\$0	\$0	\$0	\$0	\$0	\$21,076
TOTAL	\$463,285	\$272,212	\$252,943	\$835,502	\$380,625	\$116,969	\$266,494	\$54,233	\$2,642,265



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