



District 19: Exploring the 2025 Budget

Session 3: October 16, 2024

ALDER JOHN GUEQUIERRE

Meeting Basics

This meeting is being recorded. It is a public record subject to disclosure. By continuing to be in the meeting, you are consenting to being recorded and consenting to this record being released to public record requestors who may see you, your home, and your family members in the recording. You have the option to turn off your camera and participate with audio only.

Meeting Basics

Tonight's session will closely examine proposed service reductions for some of the city's largest departments – Fire, Police, Library, Streets, and Parks. I will be joined by MFD Chief Carbon, MPD Chief Barnes, Library Director Elias, Streets Director Romines, and Parks Director Knepp to cover potential service reductions for their departments.


After all five presentations, we will open it up for comments and questions.

One speaker at a time, please. Everyone will get an opportunity to speak at least once if they wish. In order to hear from as many as time allows, preference will be given to those who have not yet spoken.

Meeting Basics

Please keep your microphone muted when not speaking to avoid background noise.

If your screen is freezing or the video feed seems glitchy, turning your camera/video off may help.

Use the “Raise Hand”  function if you’d like to speak. The Raise Hand function may be found in the “Reactions” box near the bottom right corner of the Zoom window.

If you prefer, you can submit questions/comments via the “Chat.” The “Chat” is found near the bottom middle of the Zoom window or at the bottom right of the Zoom window by clicking on the three dots. . .

Zoom Basics for Phone

If you are joining the meeting by phone, please use the following commands to participate in the discussion:

- *6 – To mute/unmute yourself
- *9 – To raise/lower your hand

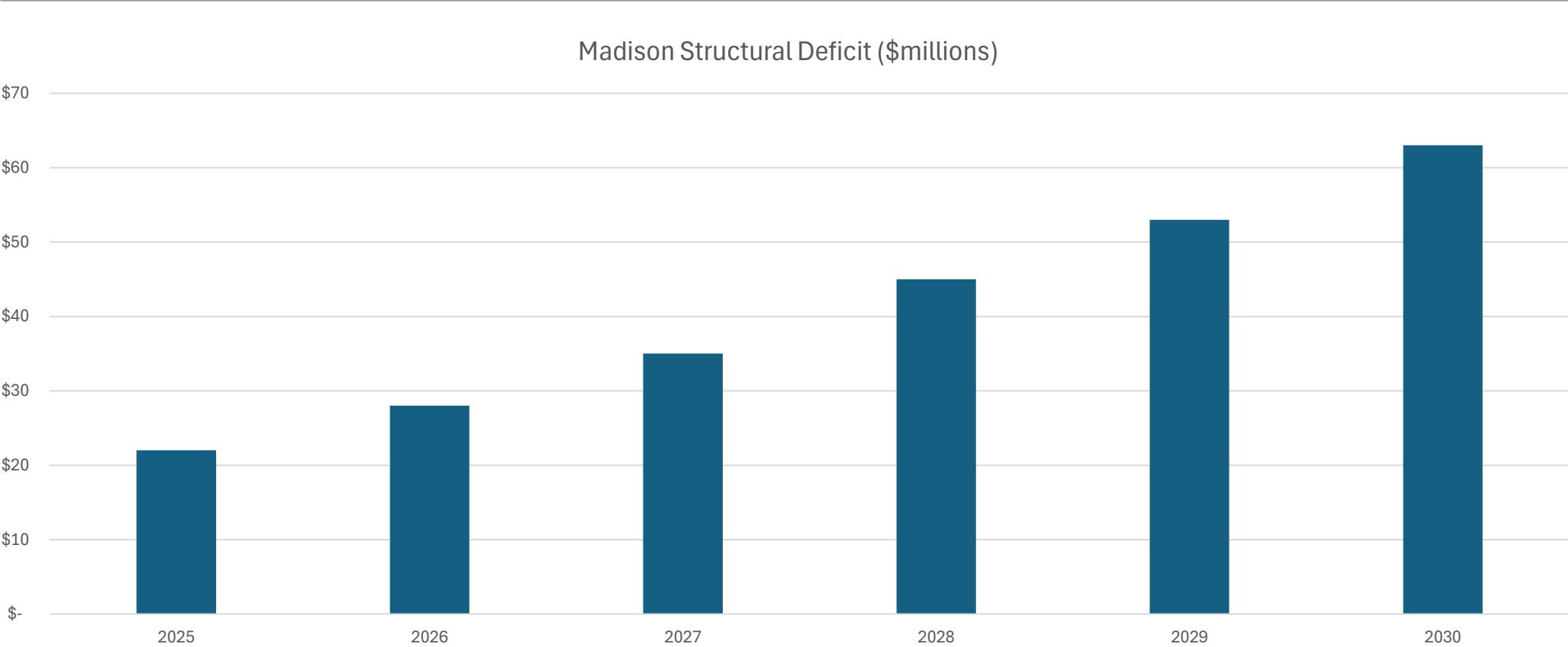
Why Are We Here Tonight?

1. Gather resident suggestions for best service reduction strategy
2. Close look at proposed service reductions for some of our largest departments – Fire, Police, Library, Streets, and Parks.
3. Review take-aways from my first two budget exploration sessions
4. Review the two long-range plans based on whether the property tax referendum succeeds or fails

Tonight's Format

1. Very brief review of budget deficit magnitude, causes, solutions
2. MFD Chief Carbon, MPD Chief Barnes, Library Director Elias, Streets Director Romines, and Parks Director Knepp will cover potential service reductions for their departments
3. Q&A for MFD, MPD, Library, Streets, and Parks
4. Take-aways from first two sessions
5. Two long-range plans (for passed or failed referendum) – starting points
6. More on the full range of service reduction proposals
7. How to participate in the on-line survey on service reductions
8. A final opportunity to comment or ask questions

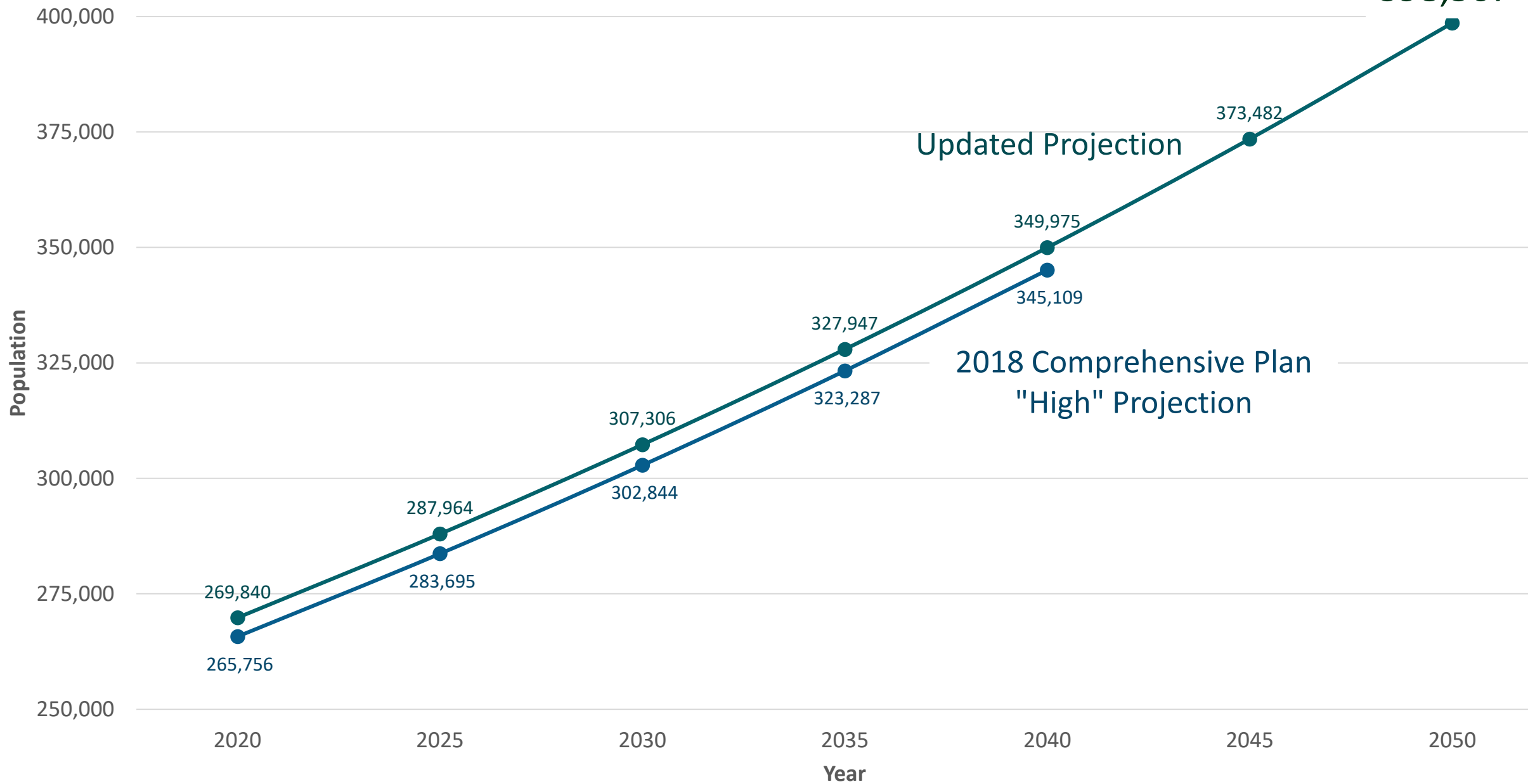
Growing Structural Deficit = Multi-Year Problem



WHY?

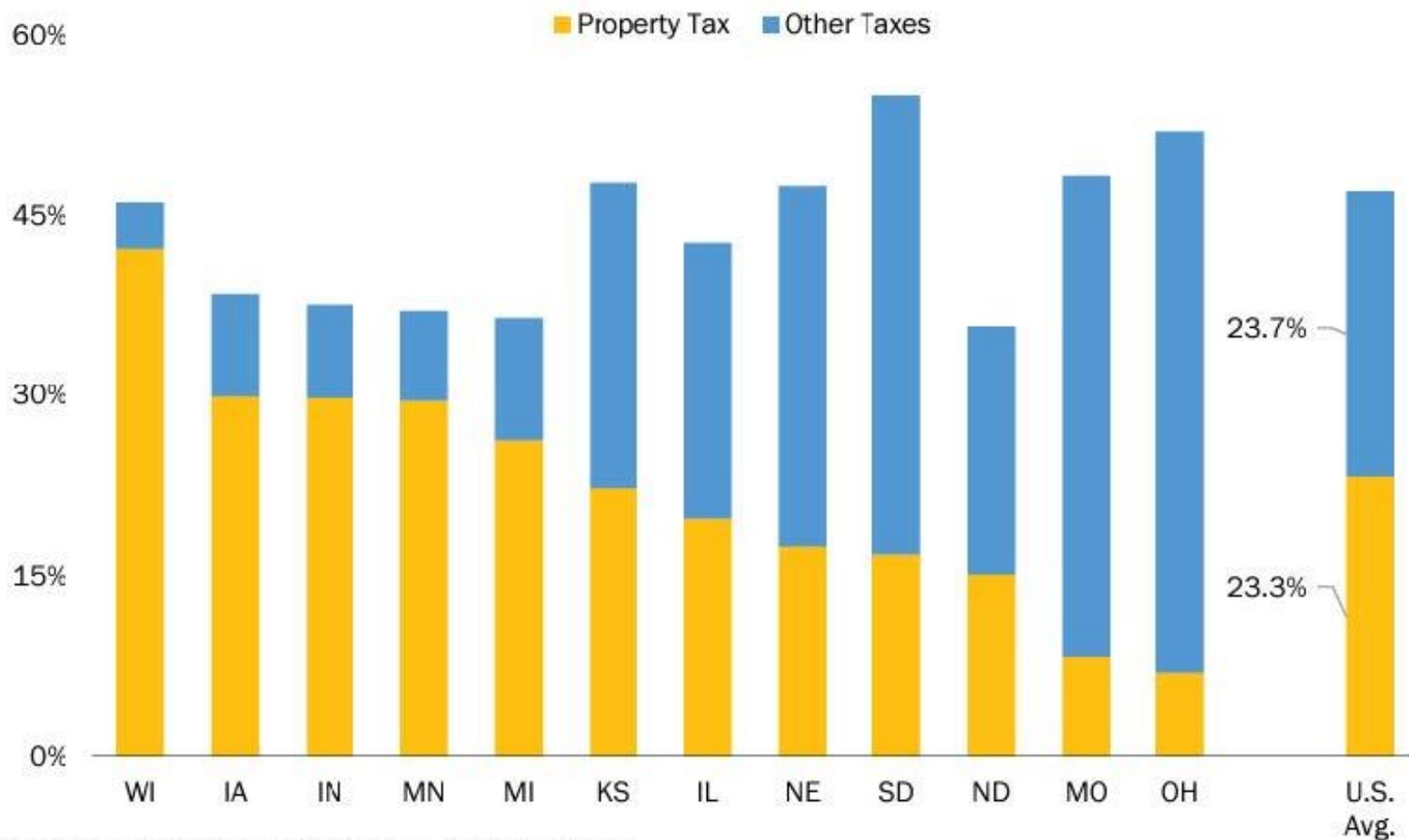
1. Madison is growing (Wisconsin's economic dynamo)
2. Wisconsin makes local governments more dependent on property taxes (shares less state revenue and prohibits local sales taxes)
3. The specific formula for revenue sharing purposely chosen to minimize Madison's share
4. Lingering affects of the pandemic on revenues
5. Wisconsin Act 25 effective in 2011 changed formula for allowable property tax increases
 - a. Before Act 25 – growth plus inflation
 - b. After Act 25 – growth only
6. Inflation

Madison is Growing Even Faster than Predicted



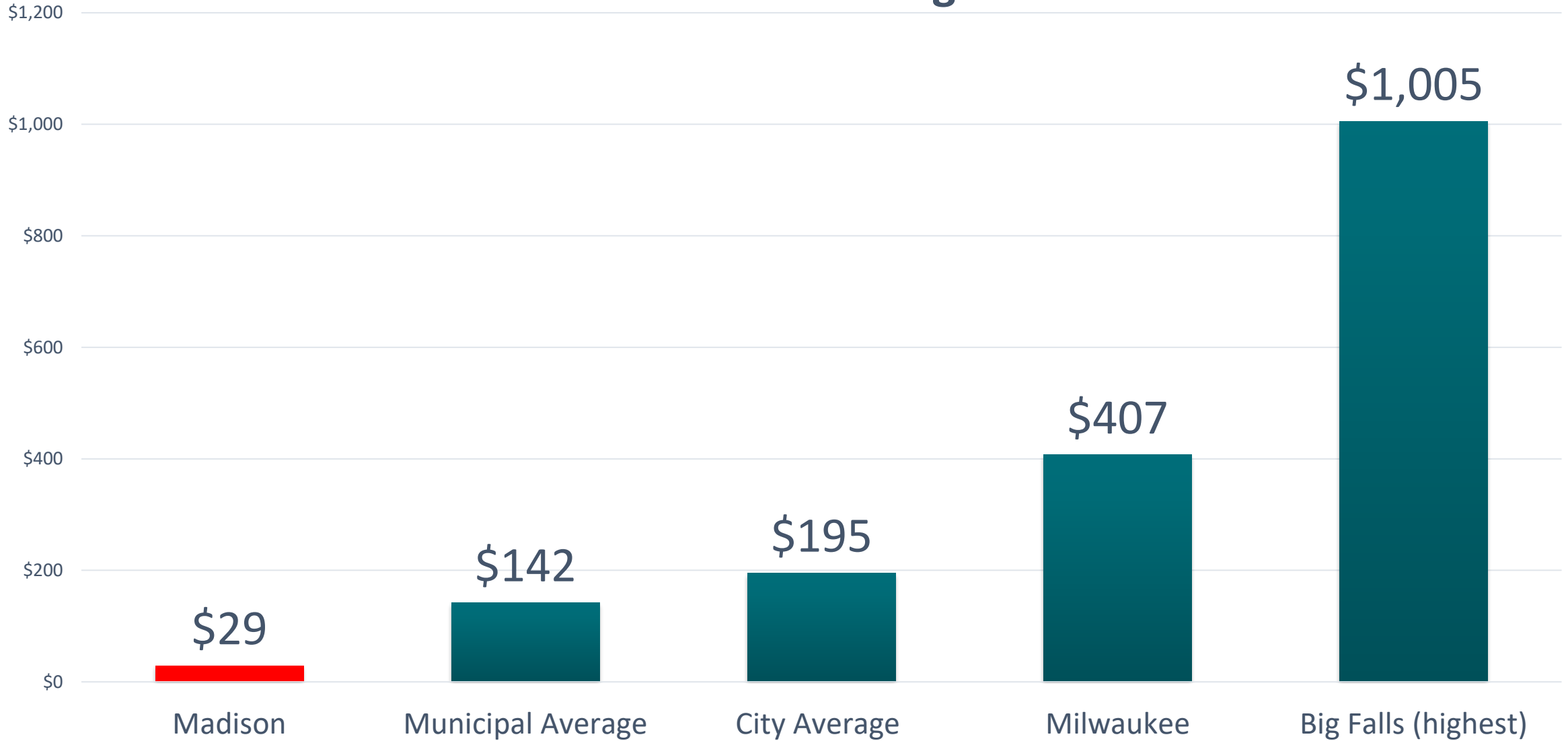
Wisconsin Makes Cities Rely on Property Taxes

Figure 1: Wisconsin Relies Most on Property Tax in Midwest
Property Tax & Other Taxes as Share of Municipal Revenue, 2015



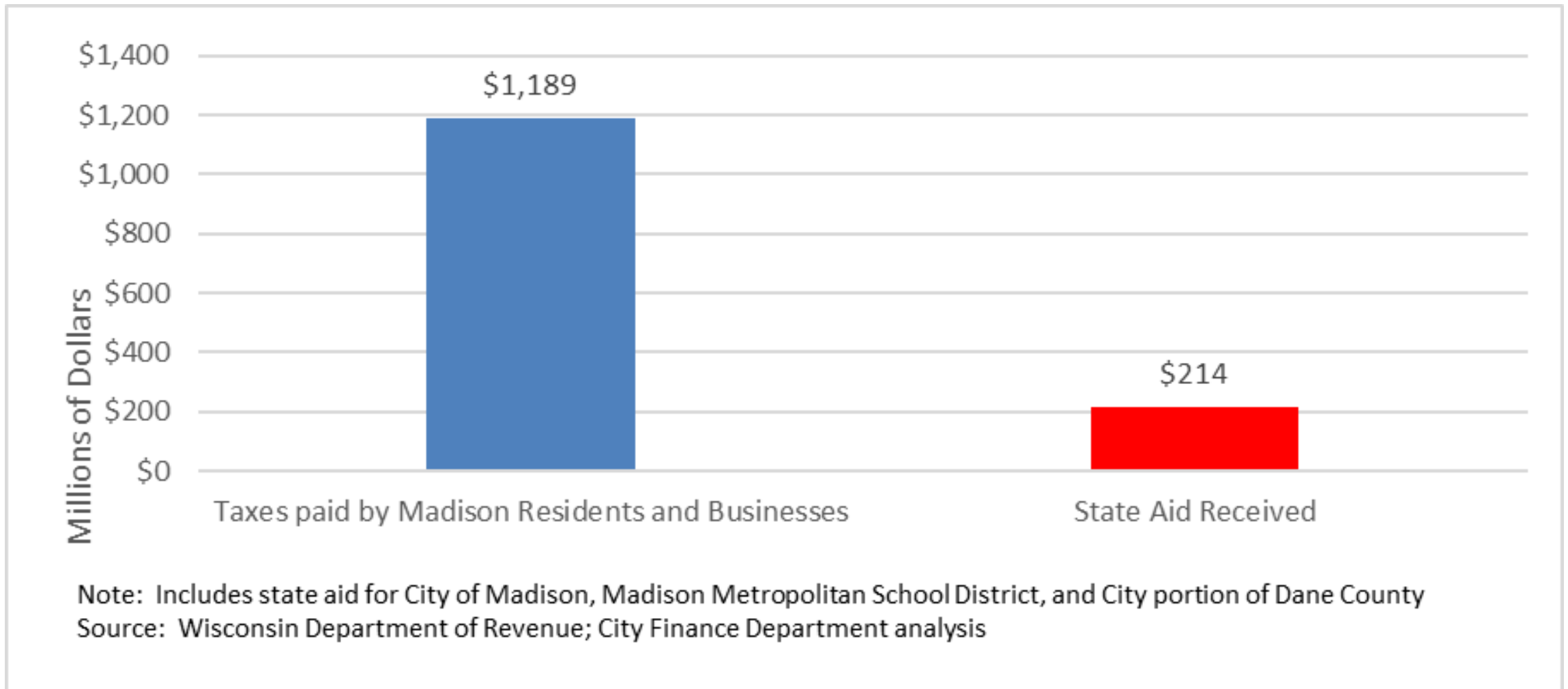
Sources: Willamette University, U.S. Census Bureau

Madison Receives Lowest Amount Of Shared Revenue Per Resident From State Legislature

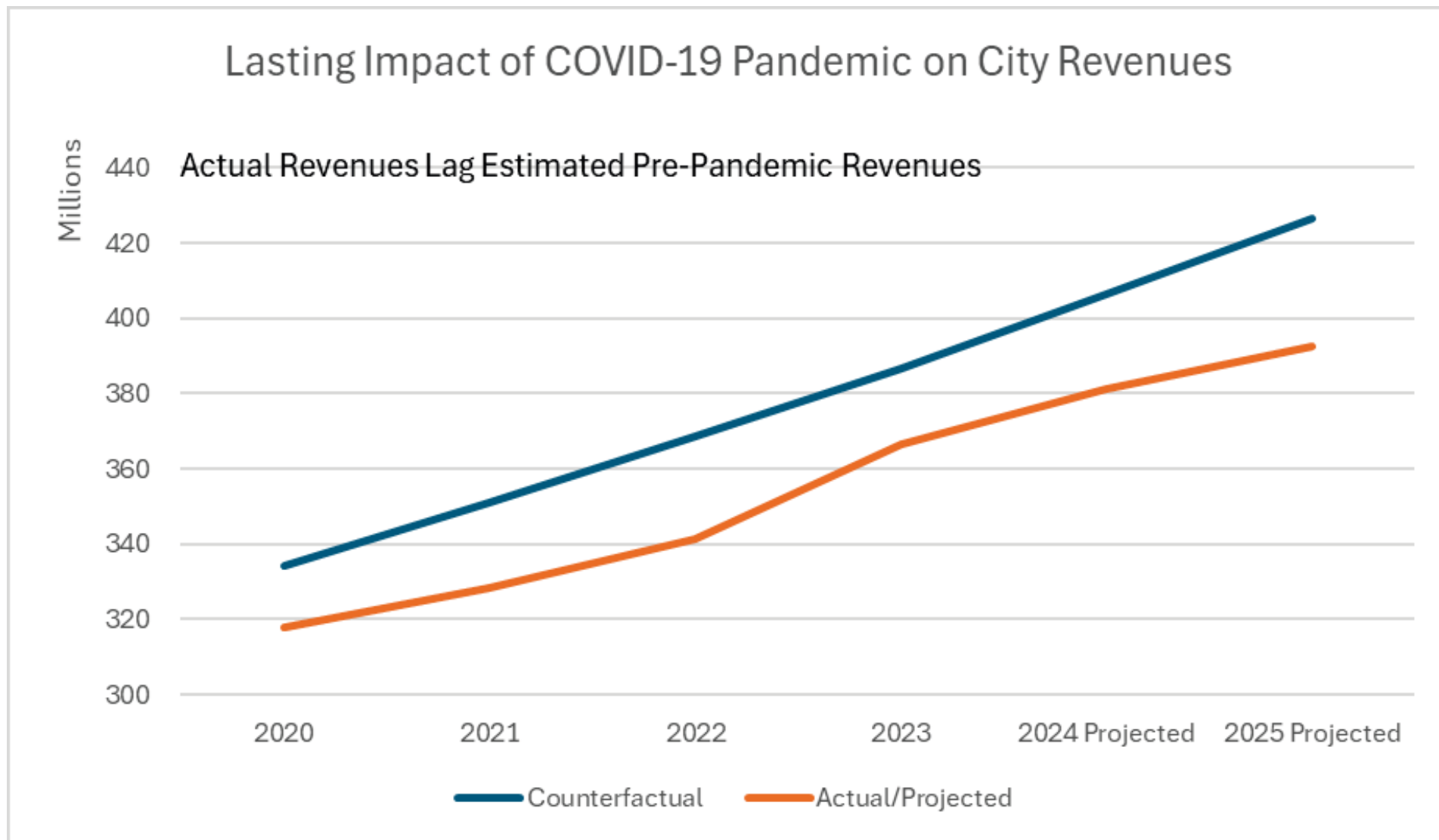


Source: Wisconsin Policy Forum

State Legislature Shortchanges Madison: We get back only 18 cents for every \$1 of State Taxes Paid



Lasting Impact of COVID-19 Pandemic on City Revenues



Solutions for Balancing Budget

1. State increases revenue sharing and/or permits local sales tax
 - a. Hope from new legislative maps
 - b. Hope from shared pain of the entire state
 - c. Realistically at least two and maybe five years away – need plan to survive until then
2. Greater efficiency
3. Reduced services
4. Referendum to exceed state property tax restriction (\$22 million only helps 2025)
5. Increased fees for services
6. Reduce capital spending (doesn't help balance budget but reduces tax levy by a little)
7. Use “rainy day” reserves
8. Combinations of the above

Pause: Service Reductions at Five of our Largest Departments and Their Impacts

1. The “Executive Operating Budget” published October 8, is the Mayor’s initial proposal for 2025
 1. The “Option 1” budget (successful referendum) has a few cuts.
 2. The “Option 2” budget has \$5.6 million in cuts (failed referendum)
2. The balance of the \$23 million proposed service reductions plus additional cuts would take affect between 2026 and 2030, if the referendum fails, and some might be implemented after 2025 even if the referendum is successful.
3. We’ll turn now to my guests.

Fire Service Reductions

Chief Chris Carbon

- ❖ Option 1 Budget: None
- ❖ Option 2 Budget: Cut \$200,000
 - ❖ Do not fill a vacant CARES medic position: \$102,400
 - ❖ Other cuts chosen by Chief: \$97,600
- ❖ Identified future cuts: \$3,730,499
 - ❖ Reduce CARES program from three to one team: \$848,000
 - ❖ Remove one fire engine company from service: \$2,883,499

Police Service Reductions

Chief Shon Barnes

- ❖ Option 1 Budget: None
- ❖ Option 2 Budget: \$300,000
 - ❖ Eliminate 1 civilian traffic position and reduce civilian records position hours by 60%: \$146,050
 - ❖ Other cuts chosen by Chief: \$53,950
- ❖ Identified future cuts: \$4,609,047
 - ❖ Close district windows, reduce records services, try private transcription services: \$324,387
 - ❖ Eliminate Community Outreach section: \$805,955
 - ❖ Eliminate Gang & Neighborhood Crime Abatement Team: \$1,048,800
 - ❖ Reduce Community Policing Teams and patrol services: \$1,561,800
 - ❖ Eliminate daytime Traffic Safety and Enforcement Team: \$611,292
 - ❖ Further reduce records support: \$106,813
 - ❖ Eliminate employee wellness check program: \$150,000

Library Service Reductions

Director Tana Elias

- ❖ Option 1 Budget: Actually increases \$195,000 for Reindahl Imagination Center operations offset by cuts to other agencies
- ❖ Option 2 Budget: \$370,306
 - ❖ Reduce funding for programming – eliminated positions: \$242,272
 - ❖ Reduce funding for programming – supplies and contracted services: \$87,044
 - ❖ Eliminate Sunday hours at Lakeview and Goodman South: \$40,693
- ❖ Identified future cuts: \$724,206
 - ❖ Eliminate Sunday hours at all other libraries: \$80,000
 - ❖ Eliminate evening hours: \$644,206

Streets Service Reductions

Director Charlie Romines

- ❖ Option 1 Budget: Net increase of \$54,077
 - ❖ Eliminate Olin Avenue Sunday Drop Off Service: \$18,850
 - ❖ Add 2 street machine operators for city growth net of resource recovery fees and offset by reductions for other agencies: \$72,927
- ❖ Option 2 Budget: \$669,460
 - ❖ Further drop-off site service reductions: \$125,473
 - ❖ Reduce brush collection from 5 to 3 times/yr and eliminate brush drop-off sites: \$433,000
 - ❖ Eliminate a vacant info clerk position: \$48,825
 - ❖ Move one street machine operator to coverage by Resource Recovery Special Charge: \$62,162
- ❖ Future identified cuts: \$791,205
 - ❖ Eliminate 10 employee positions reducing street repairs and snow clearing service: \$791,205

Parks Service Reductions


Director Eric Knepp

- ❖ Option 1 Budget: Continues all services
- ❖ Option 2 Budget: \$524,411
 - ❖ Reduces support for Mall Maintenance by removing work related to seasonal banners and fountains (\$54,000) and raising property owner support fees from 50% to 75% of costs (\$410,411): total \$464,411
 - ❖ Close all city ice rinks: \$60,000
- ❖ Future identified cuts: \$752,171
 - ❖ Refocus in favor of events that generate revenue: \$55,906
 - ❖ Eliminate aquatics program: \$318,312
 - ❖ Develop “Pay-to-”Park” program for specific parks: \$65,000
 - ❖ Eliminate miscellaneous maintenance programs such as bench cleaning, restroom support, and Forest Hill Cemetery: \$321,810
 - ❖ Reduce park planning services: \$47,049

MFD, MPD, Library, Streets, & Parks Q&A

A quick procedure reminder:

If you are attending via a browser or the ZOOM app -

- Use the “Raise Hand”  function if you’d like to speak. The Raise Hand function may be found in the “Reactions” box near the bottom right corner of the Zoom window.
- If you prefer, you can submit questions/comments via the “Chat.” The “Chat” is found near the bottom middle of the Zoom window or at the bottom right of the Zoom window by clicking on the three dots. . .

If you are attending by phone –

- *6 – To mute/unmute yourself
- *9 – To raise/lower your hand

First Session Take-Aways

1. Tax levy is debt service (un-regulated) + the excess of operating expenses not covered by fees and revenue sharing (regulated).
2. Impact of the E-W BRT
 - a. Debt service on the borrowings not covered by federal and TIF funds.
 - b. No operating cost impact.
 - c. 2025 the debt service = \$890,000. Average property tax bill is \$9.55 for the full year.
3. Madison city employment is not “bloated”.
 - a. Compared to 2014, the ratio of employees to population has declined.
 - b. Total employment is 217 less than if the 2014 rate continued.
4. The executive capital budget released in September calls for declining borrowing through 2030 which will result in gradually declining debt service.
5. See my blog for more details

Second Session Take-Aways

Community Development Division (CDD) Budget

- CDD administers funds in three broad categories: affordable housing, resources for neighborhoods, and early childcare and education
- Madison CDD is unique in deploying some city funds in addition to county, state and federal dollars.
- Over the past 10 years CDD investments enabled 32 affordable housing projects across Madison, with 2,700 units, 2,150 of which are reserved for tenants earning 60% or less of the area median income.
- CDD's 2024 capital budget is \$27.2 million of which \$15.1 million is being financed by general fund borrowing, resulting in debt service in the \$1.9 million range. The balance is financed by state and federal funds.
- CDD's 2024 amended operating budget net of general state and federal grants is \$21.2 million of which \$11.2 million is for general purchase of service contracts.
- CDD has a formal process for evaluating development requests funded by the capital budget and service proposals funded by the operating budget.
- See my blog for more details.

Reminder: Solutions for Balancing Budget

1. State increases revenue sharing and/or permits local sales tax
 - a. Hope from new legislative maps
 - b. Hope from shared pain of the entire state
 - c. Realistically at least two and maybe five years away – need plan to survive until then
2. Greater efficiency
3. Reduced services
4. Referendum to exceed state property tax restriction (\$22 million only helps 2025)
5. Increased fees for services
6. Reduced capital spending (no impact on balancing budget but helps reduce tax levy)
7. Use “rainy day” reserves
8. Combinations of the above

Path to a Budget

August 20 - Common Council approved a November 5 referendum to exceed the state allowed property tax levy by \$22 million

September 10 - Executive Capital Budget published

September 30 - Finance Committee approved Executive Capital Budget with 9 amendments

October 8 – Executive Operating Budget was published with a base plan assuming referendum approval and an alternate based on referendum failure.

October 14-15 – Finance Committee heard presentation of the base and alternate operating budget.

October 28 – Finance Committee debates base and alternate operating budgets

November 5 or 6 – Referendum

November 12-14 – Common Council debates and adopts 2025 capital and operating budgets

The “Rainy Day” Fund

- ❖ Madison’s general reserves are its “rainy day fund”
- ❖ Invested funds that earn interest
- ❖ Currently a record balance
- ❖ Madison’s exceptionally strong credit rating depends on keeping a reserve balance of at least 15% of our operating budget
- ❖ By year end the fund could reach 24% of budget
- ❖ We could probably tap the fund for about \$25 million over the next five years without injuring the City

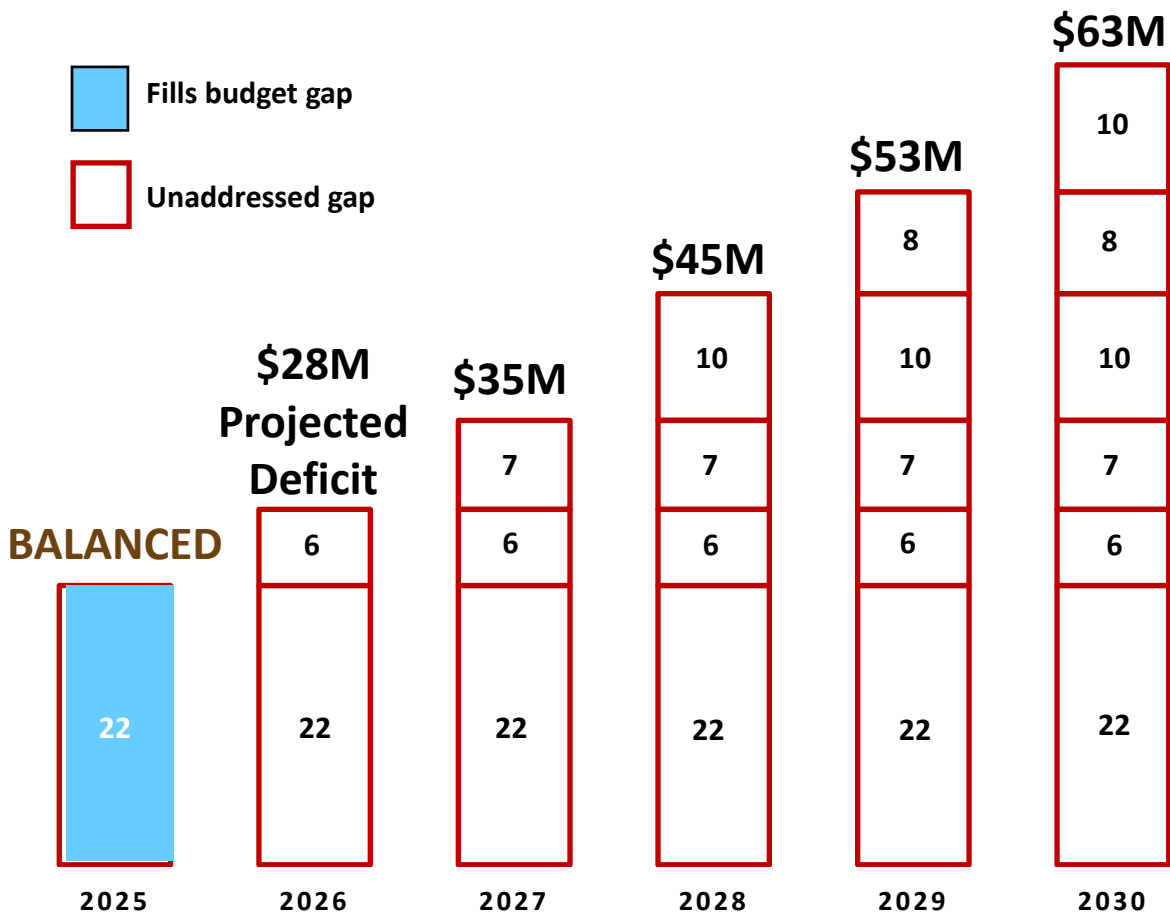


Two Approaches Excluded From 5-Year Planning

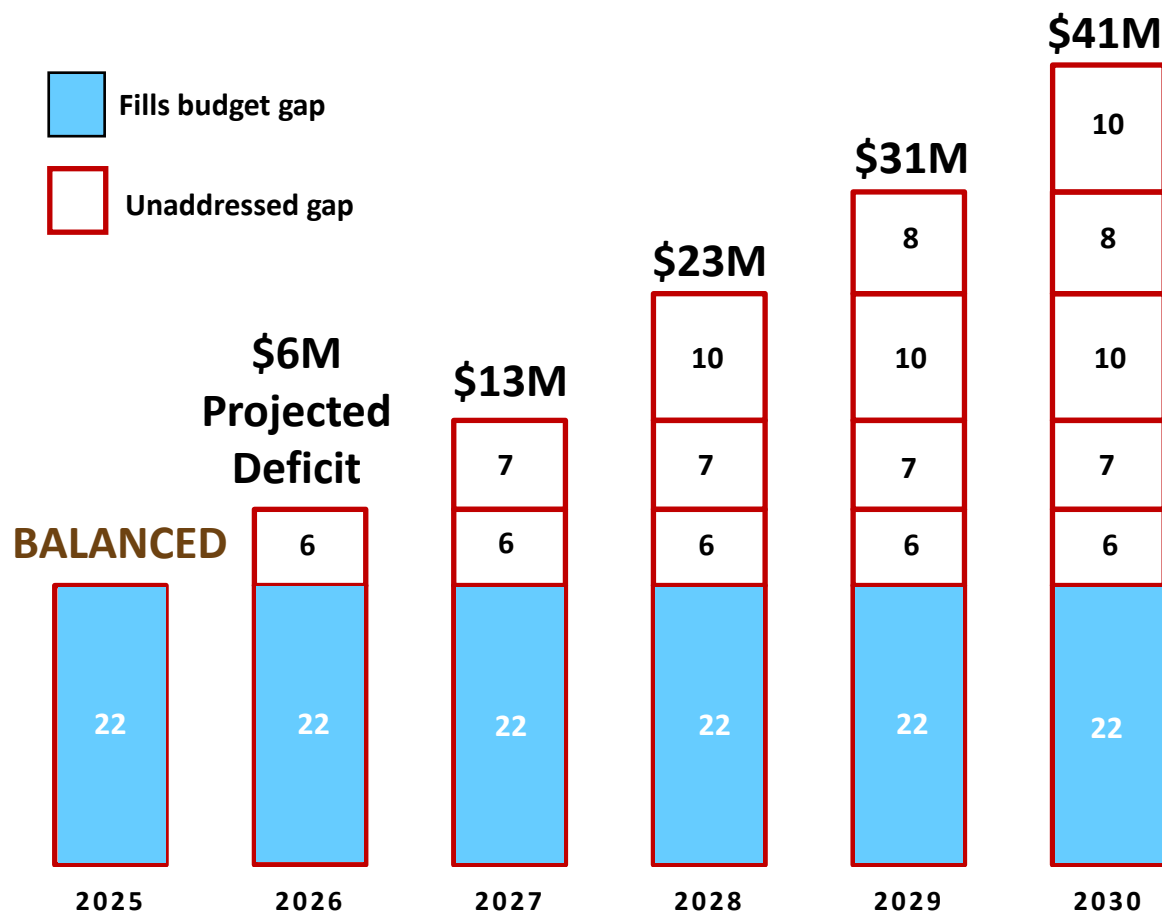
We will not empty the "Rainy Day Fund" to balance 2025

We will not schedule multiple referenda

ONE-TIME FUNDS



REFERENDUM



Failed Referendum: Immediate \$6M Cuts for 2025 and More 2027-30



Without a failed referendum, Madison will need additional cuts by 2027 – even with annual increases in special charges and significant cuts to services in 2025.



The earliest year that additional shared revenue from the State is possible



The earliest year a local sales tax would likely impact the City budget



Rainy Day Fund (\$25m) fully expended

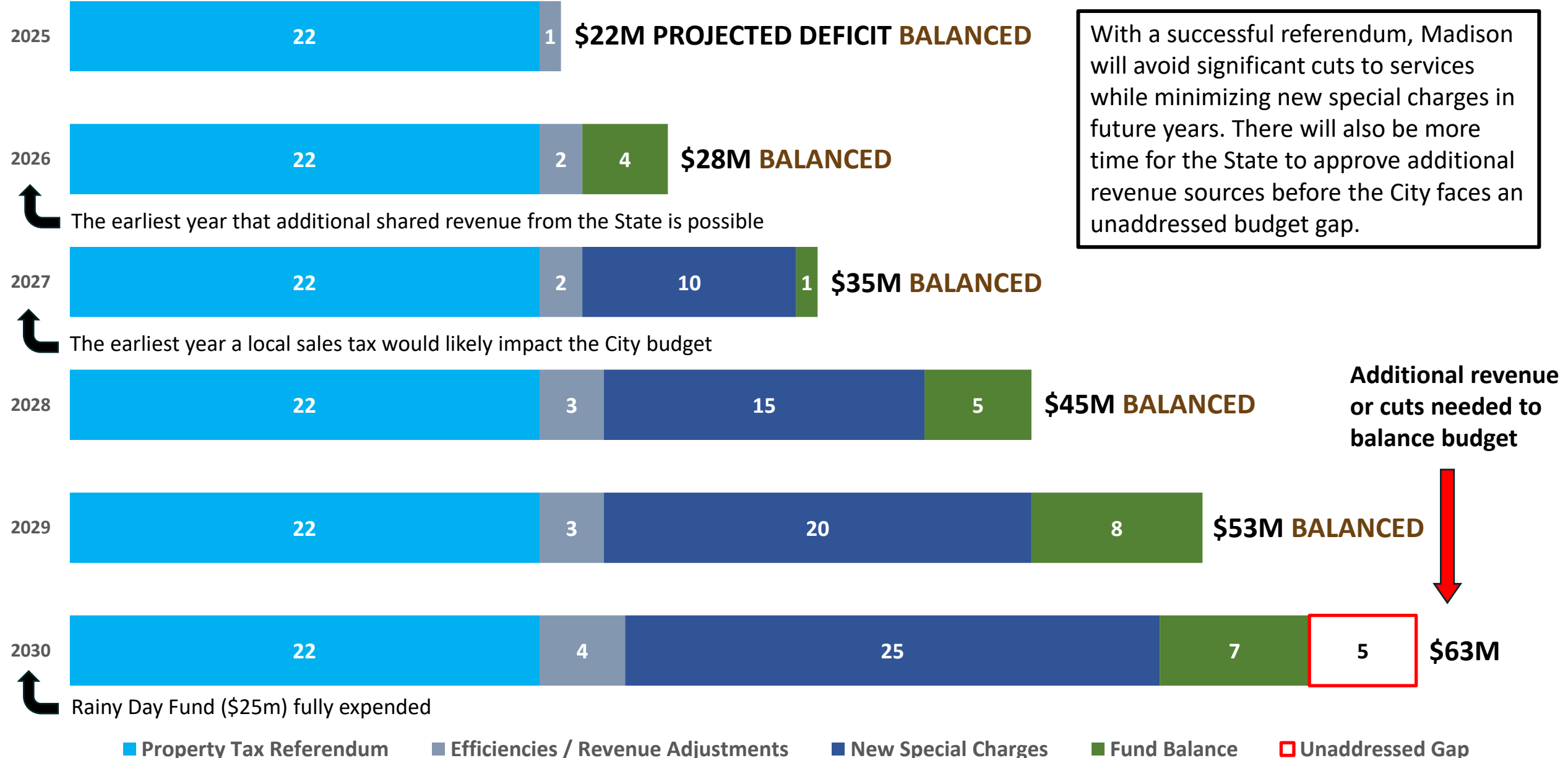


Additional revenue or cuts needed to balance budget

Successful Referendum: Madison Might Avoid Significant Cuts for up to Five Years



With a successful referendum, Madison will avoid significant cuts to services while minimizing new special charges in future years. There will also be more time for the State to approve additional revenue sources before the City faces an unaddressed budget gap.



↶ The earliest year that additional shared revenue from the State is possible

↶ The earliest year a local sales tax would likely impact the City budget

Additional revenue or cuts needed to balance budget

↓

↶ Rainy Day Fund (\$25m) fully expended

Considering Capital Budget Reductions

On May 22 Alders received agency capital budget proposals

On June 16 Alders received proposals by district

Alders asked to rank proposals for their district and those applying to all

Provided D19 rankings on June 17

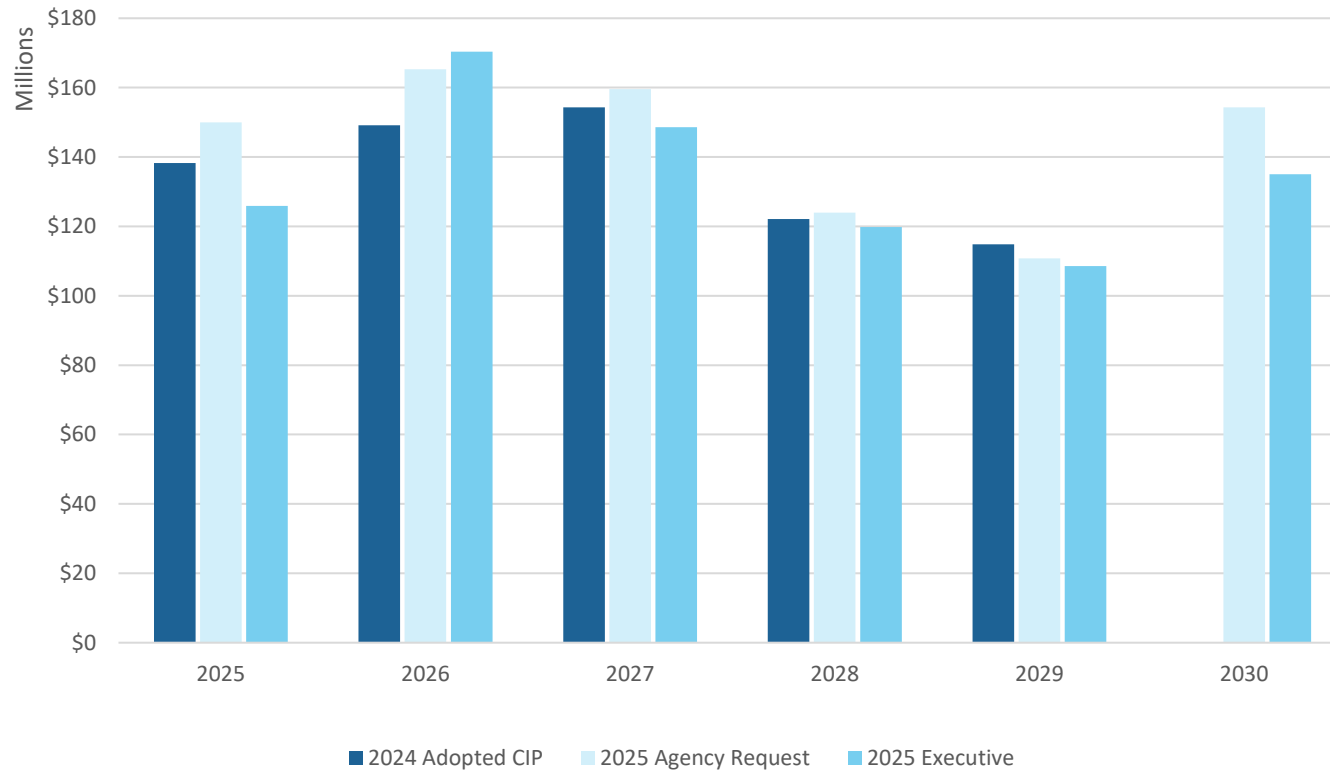
Executive capital budget published September 12

Nine technical amendments approved by Finance Committee on September 30 that did not affect borrowing or operating expenses

Some surviving projects will improve efficiency and reduce future operating costs

Executive Budget reduces General Obligation (GO) Borrowing compared to 2024 budget and agency requests

GO Borrowing by Phase



2025 Budget:

2025 Executive is \$12.4 million less than 2024 Adopted Capital Improvement Plan (CIP); \$24 million less than requested

Some expenses shifted to later years of the CIP, some changed funding sources from borrowing to federal grants or TIF increment when possible

2025-2029 CIP:

Over the course of the CIP, 2025 Executive is \$5.3 million less than 2024 Adopted CIP; \$36.2 million less than requested

Considering Service Reductions

All city agencies were required to propose service reductions that would generate savings of at least 5% of their “cost-to-continue” budget estimate. Some proposed more. Total savings = \$23 million.

The “Option 1” Budget in the Executive Operating Budget reflects a net overall 1% budget dollar reduction. A few agencies got increases offset by cuts for other agencies, including some listed in the 5% proposals.

The “Option 2” Budget (failed referendum) includes \$5.6 million in service reductions drawn from the 5% proposals.

The remaining \$17.4 million AND MORE will be needed in future years if the referendum fails, and some may be needed even if it is approved.

Option 1 Budget – Other Adjustments

Other adjustments than MFD, MPD, Library, and Streets: (\$260,695)

- Increase building inspection fees: (\$50,000)
- Add a Community Development Technician to support new Finance & Compliance unit: \$89,339
- Finance Department new charges to federally funded Community Development Authority: (\$23,000)
- Reduce memberships and subscriptions: (\$72,824)
- Reduce training, travel and conferences for Mayor's office: (\$9,156)
- Reduce funding for Office of Independent Monitor: (\$195,054)

Option 2 Budget – Other Service Cuts (1)

Other service reductions than MFD, MPD, Library, Streets, and Parks
– \$3,496,822

- Eliminate a building inspector and clerk – slowing response: (\$162,962)
- Reallocate 6 CDD positions to capital budget, decreasing new affordable housing: (\$127,000)
- Reduce CDD funding for driver's education, childcare, youth restorative justice, severe weather hotel program, and Urban League Southwest Employment Center: (\$558,500)
- Reduce number of election poll workers to minimum required (\$149,969)

Option 2 Budget – Other Service Cuts (2)

- Eliminate intern, alder training, conflict resolution training, Council staff professional development and memberships, 43% of alder expense accounts: (\$54,866)
- Move a Civil Rights hearing officer from full-time to part-time: (\$95,451)
- Cut memberships in Dane County Cities & Villages, Mayor's Innovation Project, National League of Cities, and US Conference of Mayors: (\$34,157)
- Eliminate funding for the Downtown Business Improvement District and Madison Region Economic Partnership: (\$82,225)
- Eliminate overtime for clearing of multi-use paths: (\$15,000)
- Eliminate a Finance Department assistant position, assigning duties to other staff and slowing response to requests for assistance: (\$70,092)

Option 2 Budget – Other Service Cuts (3)

- Eliminate currently vacant Automotive Maintenance Worker and Parts Technician positions: (\$121,771)
- Eliminate autobody repairs of minor damage that is only cosmetic: (\$104,000)
- Eliminate GPS program for off-road equipment and select vehicles: (\$28,000)
- Reduce frequency of trailer preventive maintenance from annual to every two years: (\$17,198)
- Move a full-time HR analyst to part-time, increasing time to fill vacancies: (\$39,151)
- Reduce funding for HR conferences, training, executive team development, and planning retreat: (\$13,500)

Option 2 Budget – Other Service Cuts (4)

- Eliminate a currently vacant Media Team position which will limit the number of virtual meetings and public access: (\$89,645)
- Convert a deputy mayor position from full-time to part-time: (\$69,679)
- Reallocate part of sustainability staff hours to capital projects, which will reduce the number and scale of those projects: (\$91,248)
- Reduce Metro early morning, evening and weekend hours effective mid-year plus one-time cuts to hit goal until there is a full year of effects from reduced hours: (\$1,000,000)
- Completely eliminate the Office of Independent Monitor and board (\$272,554)
- Convert a Planning, Economic and Community Development program assistant from full-time to part-time: (\$3,500)

Option 2 Budget – Other Service Cuts (5)

- Eliminate funding for the program which funds community organizations: (\$30,000)
- Reduce funding for the Arts Grants program: (\$80,500)
- Cut funding for wellness mini-grants, Narcan for businesses, and the Vivent Health contract: (\$49,394)
- Eliminate funding for contracted services with the Safe Communities Coalition for injury prevention, education and training on substance use, harm reduction and recovery: (\$98,278)
- Reduce one Traffic Engineer position from full-time to part-time: (\$38,182)

Final Comments and Q&A

A quick procedure reminder:

If you are attending via a browser or the ZOOM app -

- Use the “Raise Hand” function if you’d like to speak. The Raise Hand function may be found in the “Reactions” box near the bottom right corner of the Zoom window.
- If you prefer, you can submit questions/comments via the “Chat.” The “Chat” is found near the bottom middle of the Zoom window or at the bottom right of the Zoom window by clicking on the three dots. . .

If you are attending by phone –

- *6 – To mute/unmute yourself
- *9 – To raise/lower your hand

Service Reductions – Thought Process

Worthwhile to have a process for thinking about a painful subject – what is expendable and what must be preserved.

There's no “wrong” way to think about it

Here's mine, for whatever value it may have

High level – what is the purpose of city government?

(Me: Create and sustain an environment in which residents can realize their potential)

Mid-level – what are our highest priority challenges?

(Me: Housing, Sustainability – meaning de-carbonization and resilience, Redressing past inequities, Safety – in its broadest definition)

Then prioritize city services, best candidates for reduction and most important to preserve.

How You Can Help Me with Service Reductions

1. Study the full list of agency recommended service reductions
 - a. There are links to the list in my recent blogs and in your invitation
 - b. For this virtual session there will be a link in chat
2. Complete the Survey Monkey poll on your preferences – go deeper, cut less, about the same
 - a. There are links to the survey in my recent blogs and in your invitation
 - b. For the virtual session there will be a link in chat

Survey Monkey Form

15.

Agency	2024 Adopted Budget	2025 Agency Requests	Agency 5% Reduction Target	Agency Identified
Information Technology	\$ 9,552,148	\$ 10,920,652	\$ 546,033	\$ 559,754

- Increase Cut
- Decrease Cut
- Stick with Agency Identified Cut

16.

Agency	2024 Adopted Budget	2025 Agency Requests	Agency 5% Reduction Target	Agency Identified
Library	\$ 20,748,477	\$ 21,773,982	\$ 1,088,699	\$ 1,088,699

- Increase Cut
- Decrease Cut
- Stick with Agency Identified Cut



District 19: Exploring the 2025 Budget

THANK YOU

ALDER JOHN GUEQUIERRE