



Public Information Session: Madison's 2024 Budget



Public Information Session
Monday, October 30 @ 5:30pm
Wednesday, November 1 @ 5:30pm



Join by Zoom to participate in Q&A

	Monday 10/31	Wednesday 11/1
Meeting ID:	810 5934 0692	827 6675 5549
Passcode:	372347	097817



Recordings will be available on
Madison City Channel

[Channel: Neighborhood Meetings](#)

<https://media.cityofmadison.com/mediasite/Showcase/madison-city-channel>

Agenda

- **Section 1: Overview of the City Budget Process**
- **Section 2: Capital Budget Highlights**
- **Section 3: Operating Budget Highlights**
- **Section 4: Household Impact & Property Taxes**
- **Questions**

This meeting will be 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.

Part 1. Budget 101



What is the budget? How is it funded? What does it pay for?

What is the Budget?

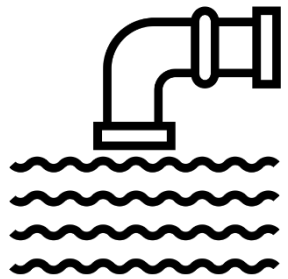
The City has two budgets: the **capital budget** and **operating budget**. Both are **planning documents** that outline and authorize how the City will spend money in the upcoming year.

- Required by state law
- Capital and Operating Budgets covers spending for 1 year (Jan. 1 – Dec. 31)
 - Capital Budget includes a “Capital Improvement Plan” that has a 5 year outlook
- Developed by Mayor and City Staff
- Reviewed, amended, and approved by Common Council
- Annual operating budget must be balanced (expenses = revenues)

Capital Budget

What is it:

The capital budget funds physical infrastructure like roads, bike lanes, building improvements, vehicles, equipment, affordable housing development, and other projects.

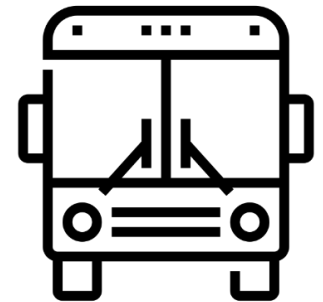


Why is it important:

Capital projects are long term investments that ensure infrastructure is safe & effective and helps us advance city goals on climate change, housing, and other key issues.

How is it funded and paid for:

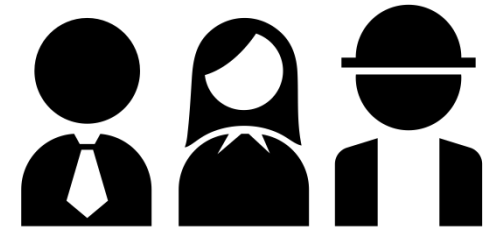
These items are primarily paid for through borrowing. Special assessments, impact fees, user fees and federal and state grants also help finance capital projects.



Operating Budget

What is it:

The operating budget pays for the City's daily services to City residents through paying salaries of City staff, funding community based organizations who deliver services on behalf of the city, and paying for other costs, including annual repayment of debt.

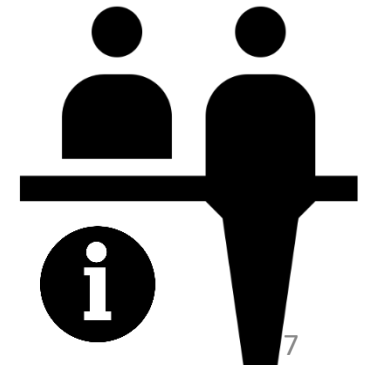


Why is it important:

The operating budget allows the city to provide core services including library and park programs, job training and child care services, garbage and recycling collection, and public safety.

How is it funded and paid for:

The operating budget is primarily funded by property taxes. Charges for services, user fees, and federal and state aid also contribute to the budget.



Comparing the City Budget to a Personal Budget

Capital Budget

Think of the capital budget like buying a house or a car.

- When you take out a mortgage or a car loan, you are using debt to invest in a long-term asset – your home or car.
- You pay back the mortgage or car loan on a regular basis, usually in monthly installments. At the end of payment period, you own the asset.

Operating Budget

Think of the operating budget like paying for your daily expenses with a checking account.

- Every day expenses like rent or mortgage payments, food, and utilities, are things you need to pay for on an ongoing basis.
- If you pay with a checking account, you use money you have in the bank (instead of borrowing money) to pay for these costs.

How capital investments show up in the operating budget

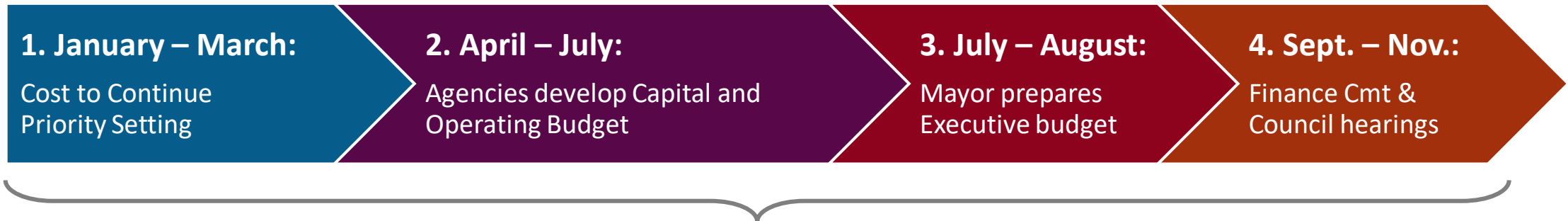
In the City Budget, repaying debt for capital investments is called “Debt Service.” Debt service payments are part of the Operating budget. This is similar to how a monthly mortgage payment becomes a recurring household bill. The asset purchased is a capital item, while regular payments are operating expenses.

Annual Budget Development Timeline

(Capital + Operating)

Each year starts with a “**Cost to Continue**” projection. This is how much it would cost to provide the **same level of service** next year.

Council can **submit amendments** to the executive budget and has final authority to **approve the budget**.



Public Participation in the Budget Process:

City staff frequently engage residents to understand service needs – through Neighborhood Resource Teams, resident surveys, participation in planning processes, and other approaches. This is a **key input** into budget priorities.

Members of the public can also participate in the budget by providing **public testimony** at budget hearings in the fall.

Detailed Timeline for FC and CC Hearings

Capital

Operating

1.	Mayor Introduces Executive Budget	<ul style="list-style-type: none"> September 5 	<ul style="list-style-type: none"> October 3
2.	Finance Committee (FC) Hearings	<i>Agencies present budget; alders have opportunity to ask questions</i>	
		<ul style="list-style-type: none"> September 11 & 12 	<ul style="list-style-type: none"> October 9 & 10
3.	FC Amendment Week	<i>Alders submit requests to budget analysts; analysts review and publish amendments</i>	
		<ul style="list-style-type: none"> September 13 – 20 Alders submit by Weds., Sept. 20 at 12pm Analysts publish by Fri., Sept 22 at 12pm 	<ul style="list-style-type: none"> October 11 – 18 Alders submit by Weds., Oct. 18 at 12pm Analysts publish by Fri., Oct 20 at 12pm
4.	FC Vote on Amendments	<ul style="list-style-type: none"> September 26 (Tues) 	<ul style="list-style-type: none"> October 23
5.	City Council Amendments	<i>City Council has the opportunity to propose amendments to capital and operating budgets</i>	
		<ul style="list-style-type: none"> October 30 – November 8 Alders submit by Weds., Nov. 8 at 12pm Analysts publish by Fri., Nov 10 at 12pm 	
6.	City Council Adoption	Up to three (3) CC meetings to vote on amendments and adopt budget	
		<ul style="list-style-type: none"> November 14, 15, 16 	

Upcoming Budget Hearings with Public Comment

Date	Body	Topic
November 7	Common Council	Public Hearing on the Operating Budget
November 14	Common Council	Operating and Capital Budget Amendments; Budget Adoption
<i>Previous public comment opportunities on September 11, 19, 26, and October 3, 9, 17 and 23 Finance Committee and Common Council meetings.</i>		

Register to Speak: www.cityofmadison.com/meetingregistration

Send Written Comment:

- Finance Committee: financecommittee@cityofmadison.com
- Common Council: allalders@cityofmadison.com

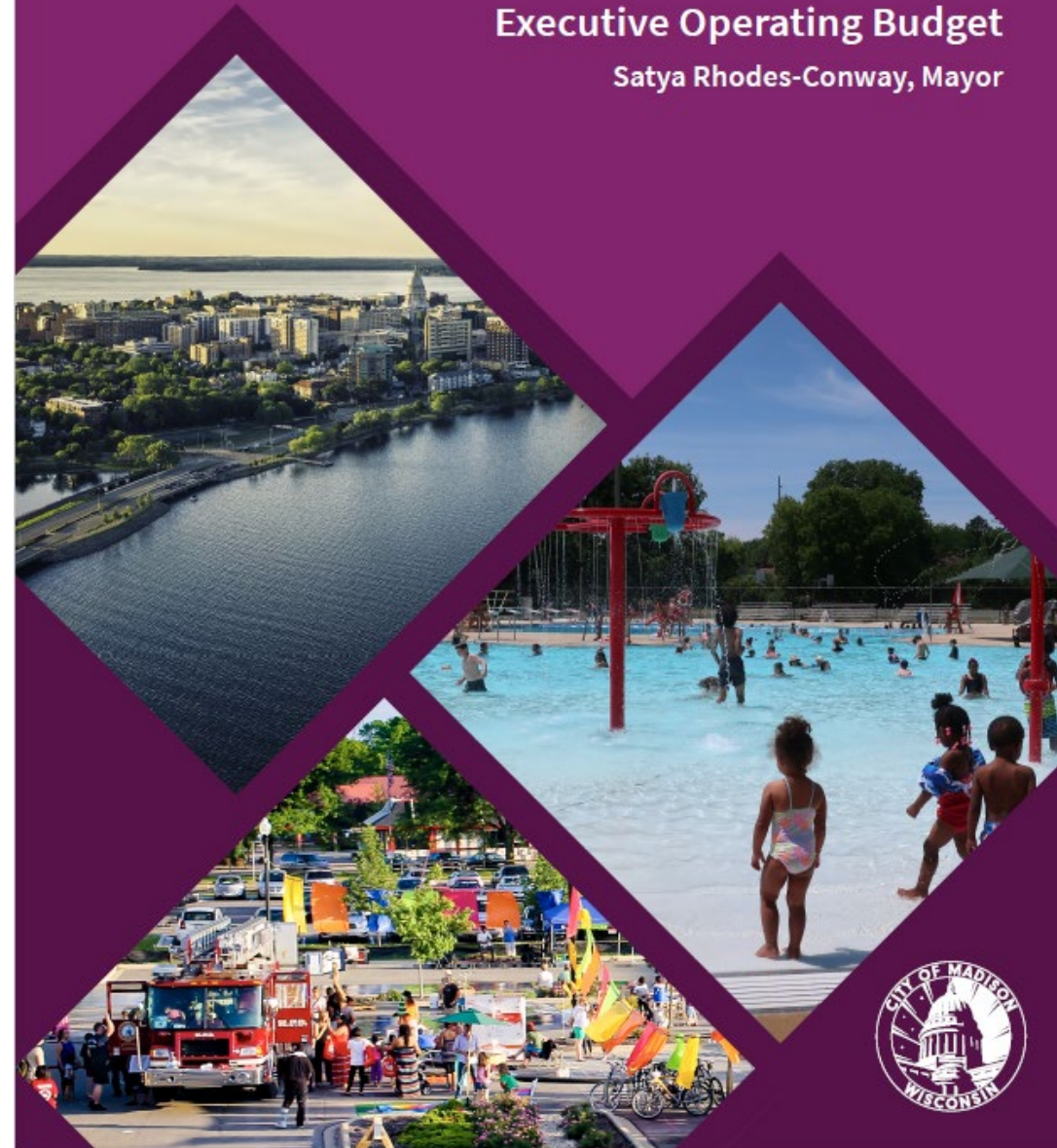
Where to find the budget online:

<https://www.cityofmadison.com/budget>

2024

Executive Operating Budget

Satya Rhodes-Conway, Mayor



Part 2. Highlights of the Capital Budget



Budget Priorities; Expenditure Overview; Revenue Overview

Capital Budget Priority Areas

Housing & Neighborhoods

- Increases investment in affordable housing development (*CDD*)
- Funds initial phases of major public-private mixed-use housing developments in South Madison and Triangle (*CDA*)
- Continues funding for Small Business Equity and Recover (*EDD*)

Sustainability & Resilience

- Leverages \$13.4 million in federal Inflation Reduction Act Tax credits for sustainability improvements (*Multiple Departments*)
- Expands sustainable transportation options by funding North-South Bus Rapid Transit (*Transportation*)

Infrastructure for a Growing City

- Invests in PFAS mitigation efforts in Well 15 (*Water*)
- Transforms Lake Monona Waterfront (LMW) through the John Nolen Drive reconstruction and LMW Parks project (*Engineering, Parks*)
- Continues stormwater management and flood mitigation (*Stormwater*)

Investing in Housing and Neighborhoods

- Affordable housing development funding = \$94.5 million over six years
 - 62% increase compared to 2023 budget
- Funds initial phases of South Madison Redevelopment (\$9 million), which will include 200 units of mixed-use housing. Project will also include a new public health clinic, new fire station, and new police station.
- Funds initial phase of Triangle Redevelopment (\$11 million), which will redevelopment approx. 163 units. Final project will create approx. 1,200 units.
- \$3 million for Small Business Equity and Recovery (SBER)

Creating a More Sustainable City

- \$13.4 million in Federal Inflation Reduction Act funds for sustainability projects
 - Geothermal and solar installations at City facilities (CDA Truax Campus, Bartillon Homeless Shelter, Imagination Center at Reindahl Park, and other locations) and vehicle electrification efforts
- \$143.7 million to construct the North-South Bus Rapid Transit system; 90% federally funded
- \$38 million Federal Transit Administration grant for electric buses, facility renovations, and solar panels
- \$19.5 million Energy Improvement program to fund ongoing energy efficiency work
- \$11.6 million Electric Vehicle Charging Infrastructure program

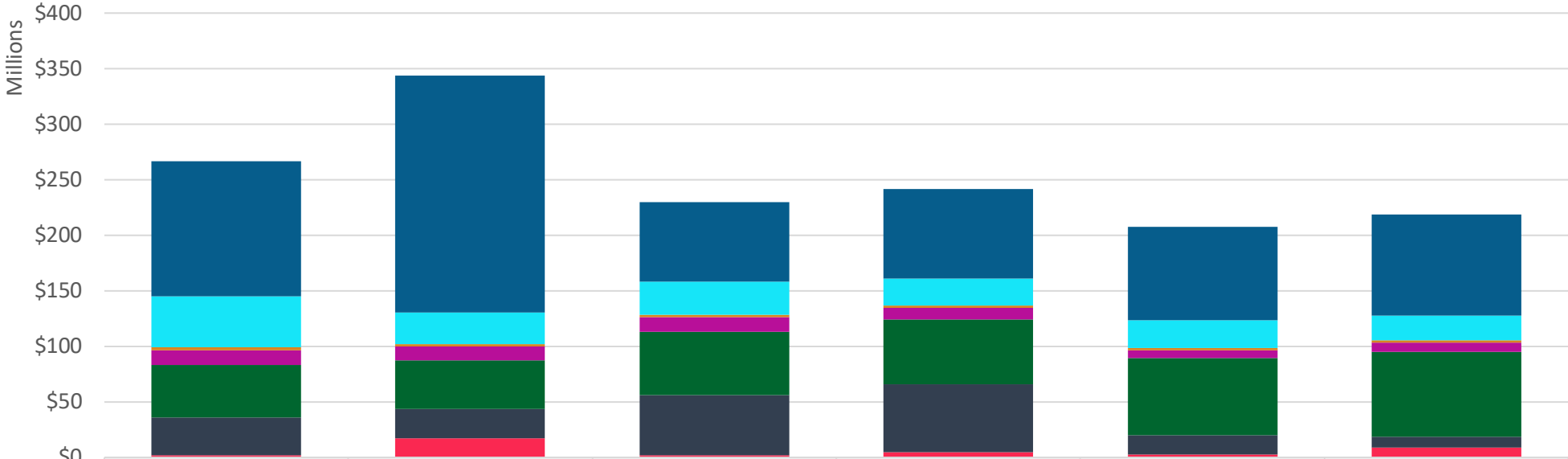
Addressing Infrastructure Needs for a Growing City

- \$5.1 million for mitigating PFAS pollution in Well 15
- \$22.3 million to continue flood mitigation efforts
- \$16 million in local funding to reconstruct John Nolen Drive, in addition to \$34.4 million in federal, state, and county funds for the project
 - John Nolen Drive reconstruction will be coordinated with Lake Monona Waterfront project; Budget includes \$3 million for the preliminary work for the Lake Monona Waterfront in the Parks Division
- Continues funding for maintenance projects, including pavement management (\$128.6 million) and street reconstruction (\$119.7 million)

2024 Capital Budget = \$266.5 million

2024 - 2029 Capital Improvement Plan = \$1.5 billion

Capital Investments by Element, by Year



	2024	2025	2026	2027	2028	2029
Land Use and Transportation	\$121,475,530	\$213,593,720	\$71,442,100	\$80,517,150	\$84,006,150	\$91,282,308
Neighborhoods and Housing	\$46,119,000	\$28,531,000	\$30,394,000	\$24,407,000	\$25,421,000	\$22,433,000
Economy and Opportunity	\$2,290,000	\$2,090,000	\$1,790,000	\$1,690,000	\$1,690,000	\$1,690,000
Culture and Character	\$13,548,450	\$12,583,100	\$12,891,500	\$10,684,500	\$7,388,750	\$8,395,250
Green and Resilient	\$47,195,750	\$43,657,500	\$57,032,000	\$58,367,000	\$69,184,000	\$76,437,450
Effective Government	\$33,719,440	\$26,702,874	\$54,739,669	\$61,436,305	\$17,703,206	\$10,273,618
Health and Safety	\$2,136,250	\$17,036,250	\$1,656,250	\$4,401,250	\$2,341,250	\$8,582,688

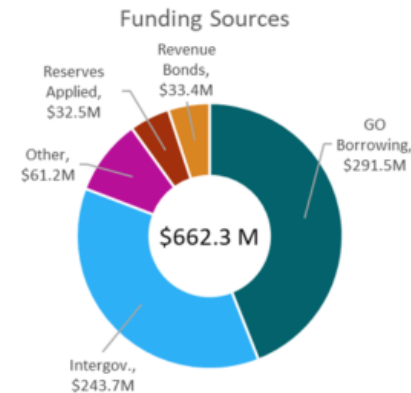
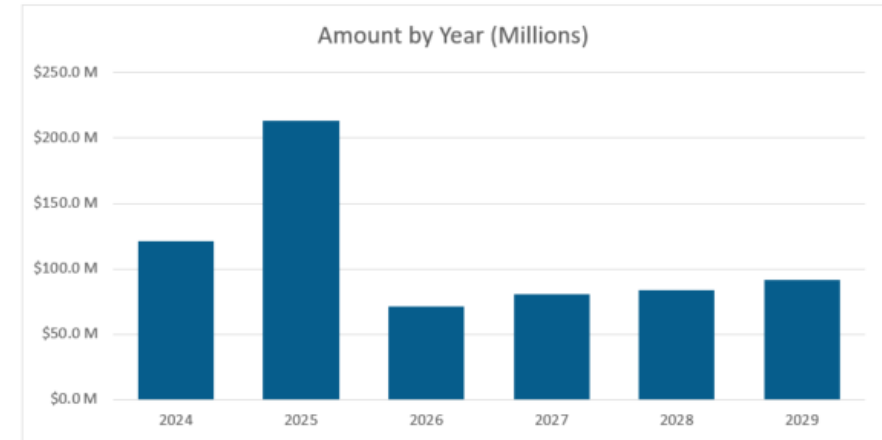
Citywide Elements

- The City’s Comprehensive Plan, Imagine Madison, identified 7 “Elements of a Great City”
 - Land Use & Transportation
 - Neighborhoods & Housing
 - Economy & Opportunity
 - Culture & Character
 - Green & Resilient
 - Effective Government
 - Health & Safety
- Capital Budget Executive Summary includes a “Projects by Element” section that highlights major projects by category
- Projects may address multiple priorities/ elements, but are only presented in one category

Projects by Element

Land Use & Transportation

Land Use & Transportation projects represent almost half (43.9%) of spending in the CIP. Major projects include the implementation of North-South Bus Rapid Transit, State Street Garage replacement project, and reconstruction of major streets such as John Nolen Drive. This category also includes ongoing programs to reconstruct and maintain the City’s streets, sidewalks, and bike lanes. Approximately half (47.9%) of the \$662.3 million budgeted over 6 years is from GO borrowing. The next largest share of funding is from intergovernmental sources (36.8%), representing large federal grants for transit and infrastructure.

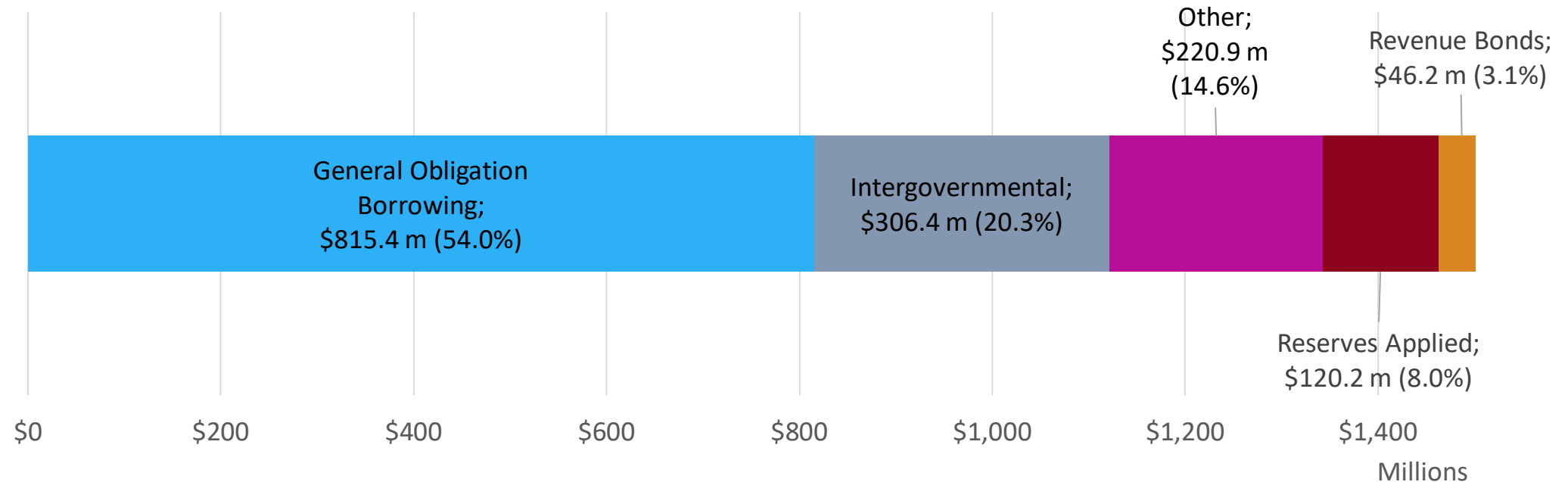


Project & Program Highlights (All Funds)

- **2024 - 2029:** Pavement Management (\$128.6m); Reconstruction Streets (\$119.7m); Metro Electric Buses and Charging Equipment (\$103.4m) Sidewalk Program (\$23.7m)
- **2024:** State St Campus Garage Replacement (\$12.5m); Metro Satellite Bus Facility (\$11.0m);
- **2024-2025:** North-South Bus Rapid Transit (N-S BRT) (\$143.7m)
- **2025-2029:** John Nolen Drive (\$19.8m)
- **2026:** Mineral Point Road (\$5.1m)

GO Borrowing is the Primary Funding Source for the CIP

Funding Sources for the 6- Year CIP (2024 - 2029)



Part 3. Highlights of the Operating Budget



Budget Priorities; Expenditure Overview; Revenue Overview

Operating Budget Priority Areas

Maintaining Effective Services

- Cost to continue funding for agencies to provide same level of services to residents
- Modest cost of living adjustments (COLAs) so staff wages keep pace with negotiated agreements and inflation
- Limited number of supplemental requests to address key service needs

Fiscal Prudence

- Implements 1% citywide budget reductions and increases savings from personnel vacancies to reduce expenses
- Strategically applies one-time funding sources

Maintaining Effective Services

- Cost to continue funding for agencies to provide same level of services to residents; no major cuts or reductions to positions
- Modest cost of living adjustments (COLAs) so staff wages keep pace with negotiated agreements and inflation
 - 3% COLA for protective services employees based on negotiated agreements
 - 6% COLA for general municipal employees to close the wage equity gap with protective service
- Limited number of supplemental requests to address key service needs
 - \$300,000 for temporary homeless shelter operations, currently funded through grants and federal funding
 - 5% COLA for community providers who provide early child care, school-age youth, and older adult services
 - \$100,000 for 3rd party transports to a secure mental health facility, reducing police time on transports
 - Citywide Public Information Officer to coordinate and improve city communications

Fiscal Prudence

- Includes a 1% reduction for all general and library fund agencies; reductions are not expected to have a significant impact on existing services (\$3 million savings)
- Increases the assumption for savings from personnel vacancies based on recent trends (\$2.4 million savings)
- Updates estimates for key revenues, including property tax collections, investment earnings, and state aid (\$18.4 million revenue)
- Strategically utilizes remaining one-time funds from federal COVID relief, proceeds from closed Tax Increment Districts, and Fund Balance (\$16.7 million); future budgets will have to account for use of one-time funds

Expenditures by Type

Personnel = \$253.6 million, 62.7%

- Pays for staff salaries and benefits

Debt Service = \$66.4 million, 16.4%,

- Pays back borrowing for capital projects

Non-Personnel = \$50.2 million, 12.4%

- Purchased services and supplies

Other = \$30.5 million, 7.5%

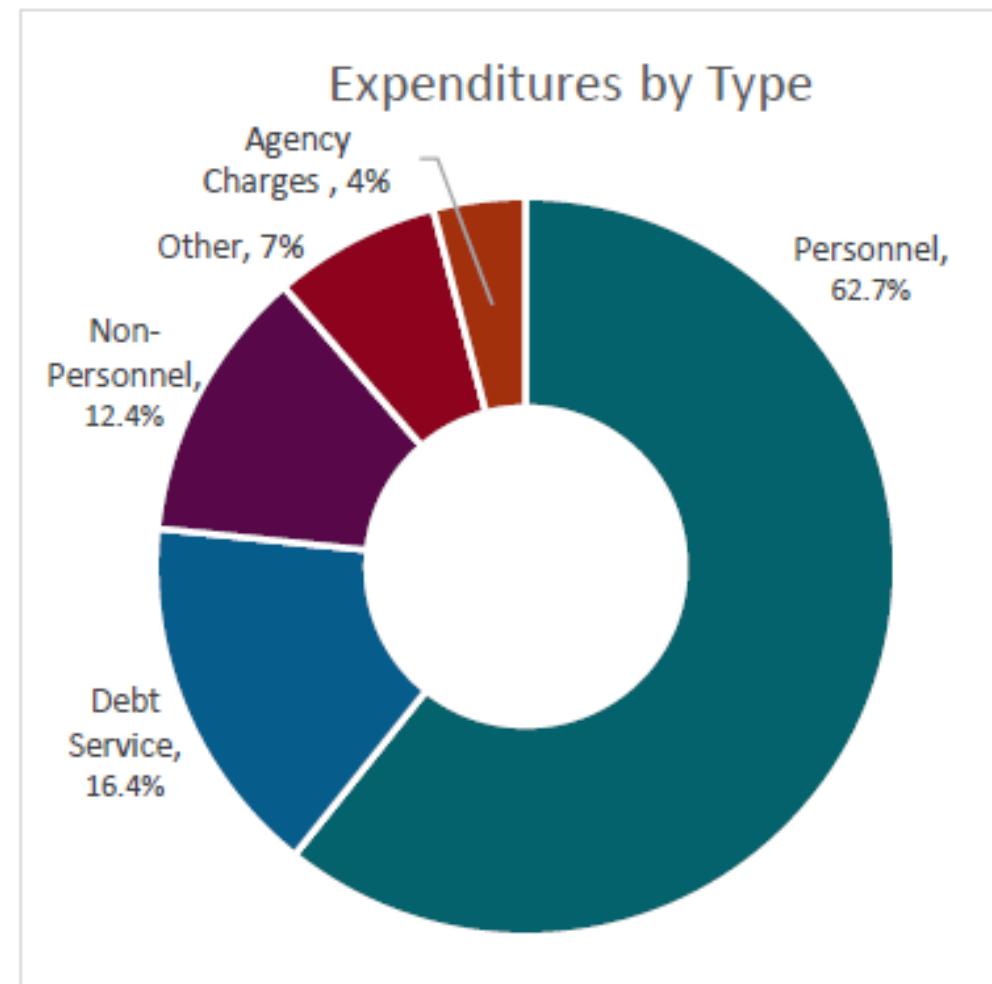
- General fund subsidy to Metro Transit (\$15.7 m), City's share of the joint City-County Public Health Agency (\$10.2 m), and the contingent reserve (\$2.7 m)

Agency Charges = \$16.8 million, 4.2%

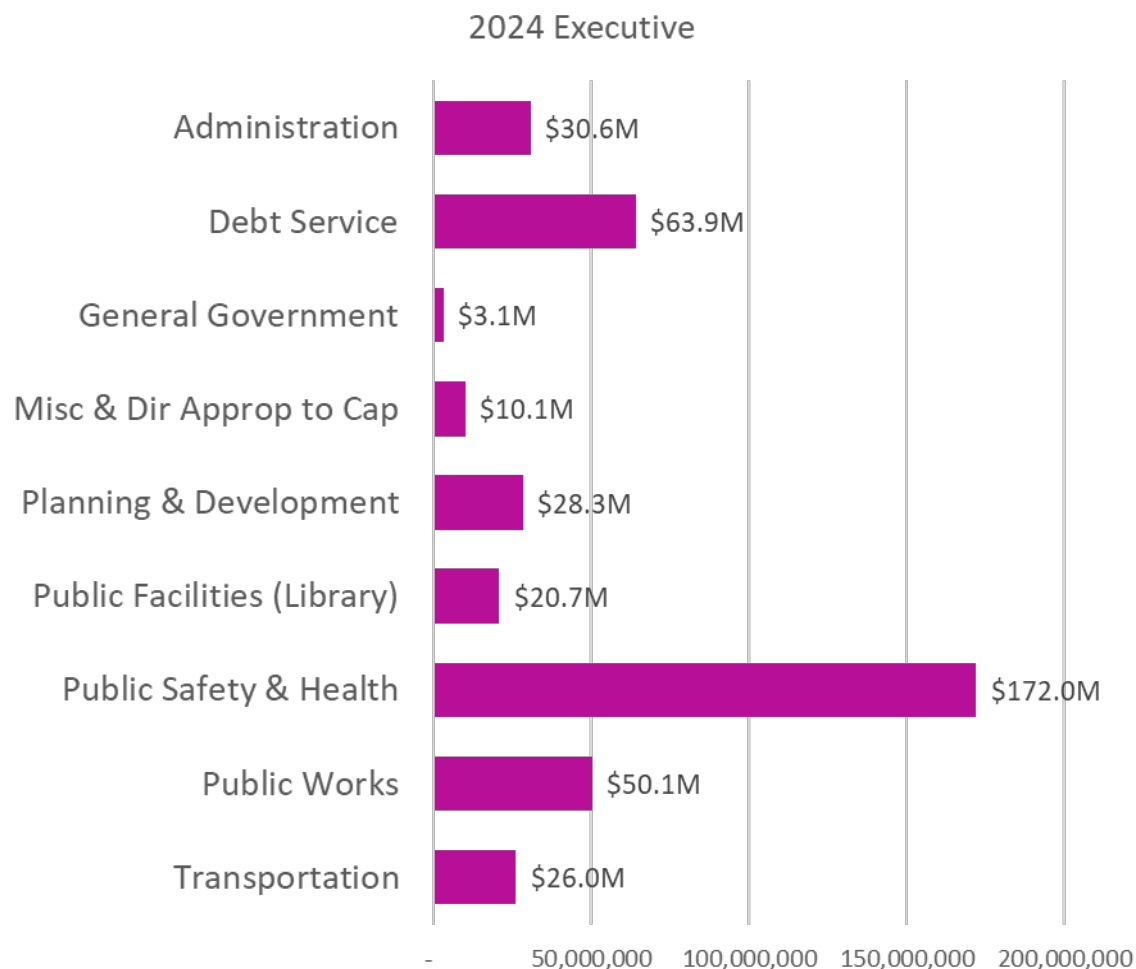
- Inter-departmental billings and charges including Insurance, Workers Compensation, and Fleet Services

Agency Revenues = -\$12.8 million, -\$3.2%

- Charges for services, facility rentals, permits, and other sources that offset expenses



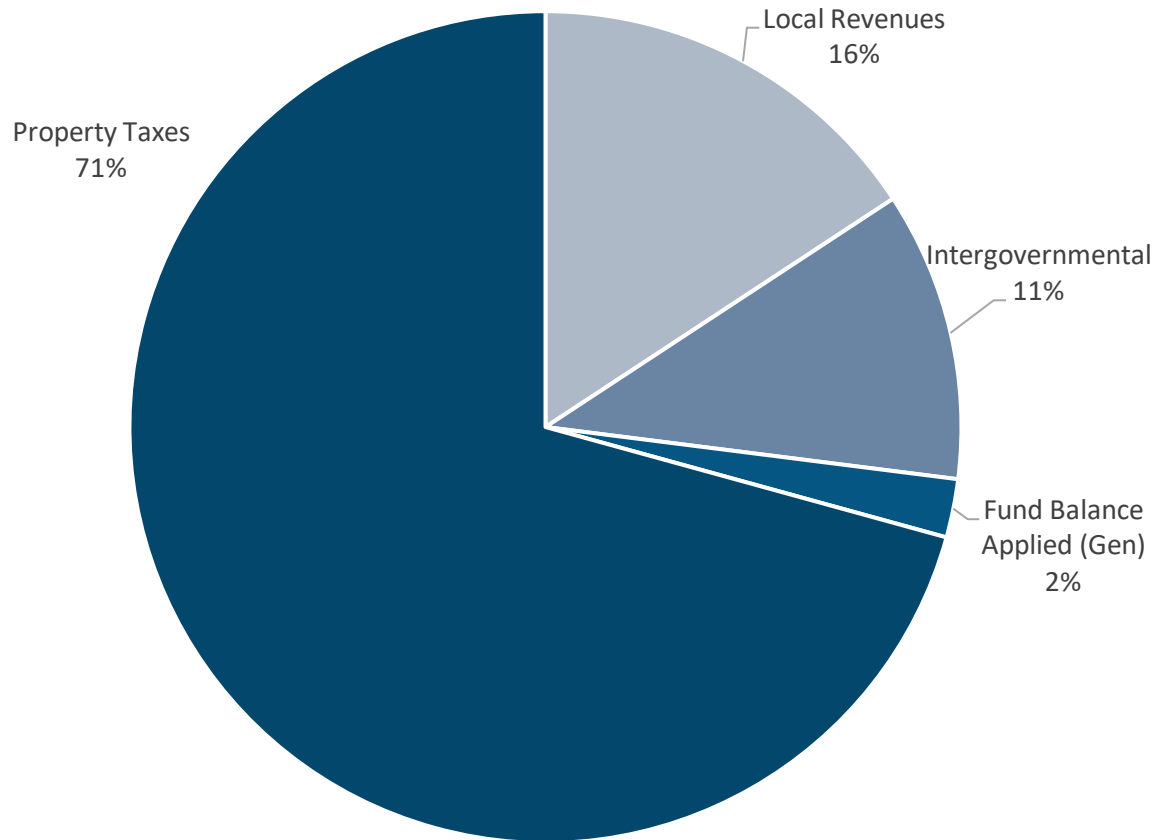
Expenditures by Function



- Public Safety & Health accounts for the largest share of the budget (\$172.0 million; 42.5%).
- General Fund Debt Service (\$63.9 million, or 15.6%). Library Debt Service is in the Library Agency budget
- Public Works is the third largest functional area (\$50.1 million, 12.4%)
- Miscellaneous and direct appropriations to capital are centrally budgeted functions that address city-wide expenses, including contingent reserve

Operating Revenues

General Fund Budget by Funding Source



- **Property Taxes:** Primary source of revenue for the operating budget; Accounts for 71% of total (\$286.3m)
- **Local Revenues:** Includes payments in lieu of taxes; transfers in from grant fund (ARPA); fines and forfeitures; licenses and permits; and other local taxes; Accounts for 16% of total (\$63.7m)
- **Intergovernmental Revenues:** Includes state aid; Accounts for 11% of total (\$45.6m)
- **Fund Balance:** Includes \$4m in lapsed funds from TID 25; Accounts for 2% of total (\$9.2m)

Part 4. Household Impact & Budget Limitations

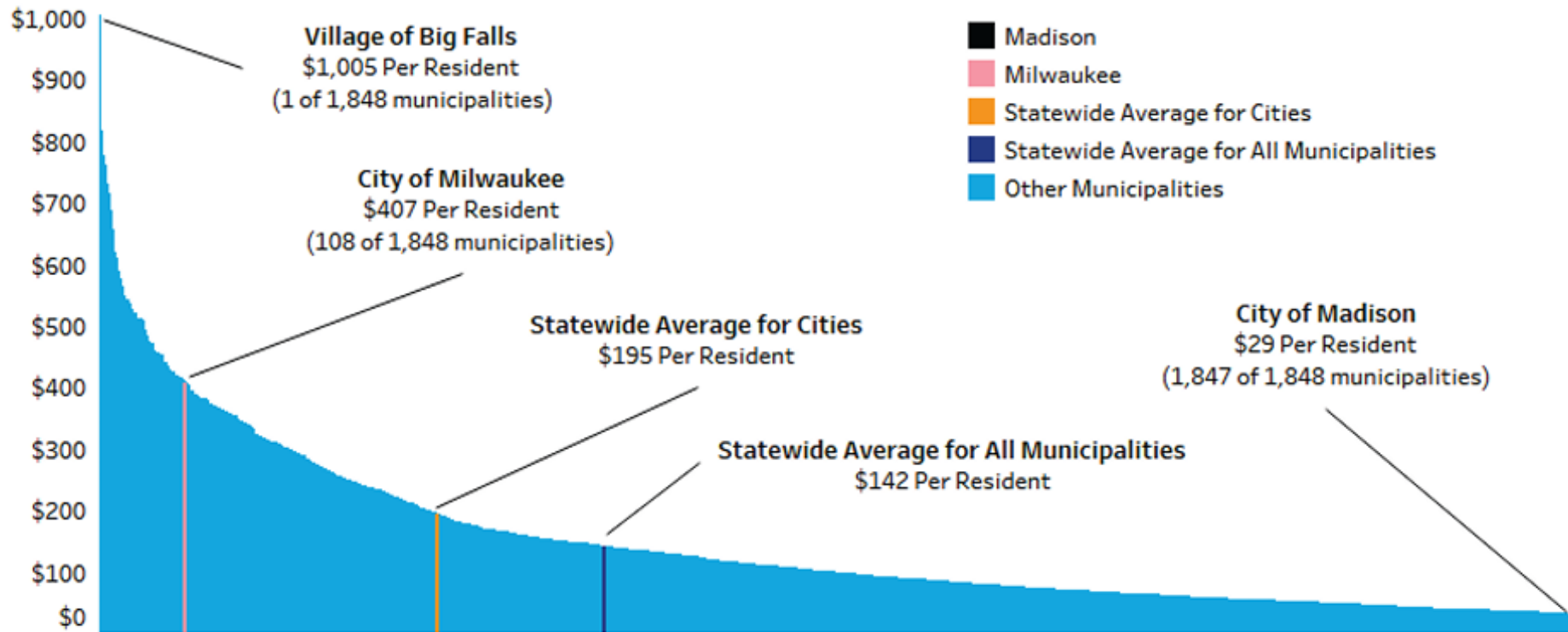


Limitations on the City Budget: Operating

- Nearly three-fourths of the city's General Fund budget is supported by property taxes
- Very few other revenue options due to state law
- State aid a declining share of the budget
- State law limits growth in property taxes and spending
- Annual operating budget must be balanced (revenues = expenses)
- Larger capital budget = larger share of operating budget for debt service

Madison received lowest per capital increase from 2023 State Aid Legislation

Figure 11: Madison Now Second Lowest Among 1,848 Wisconsin Municipalities in Key Form of State Aid
Total state per capita county and municipal aid following the legislation known as Act 12, by municipality



Sources: Wisconsin Department of Administration, Legislative Fiscal Bureau, and WPF calculations

Components of the Property Tax Rate

1

Property Tax Levy is increasing by 4.6%.

- State law limits the maximum allowable increase in the property tax levy (“levy limit”).
 - The allowable increase is based on the percentage of the total property value associated with net new construction and other adjustments.
 - Debt service on general obligation debt is excluded from the levy limit calculation.
-

2

Total Assessed Value of property is increasing by 13.5%.

- The total assessed value of property drives the property tax rate.
 - Current year data is the basis for the upcoming budget. As of September 2023, the total assessed value of property is approximately \$40.3 billion.
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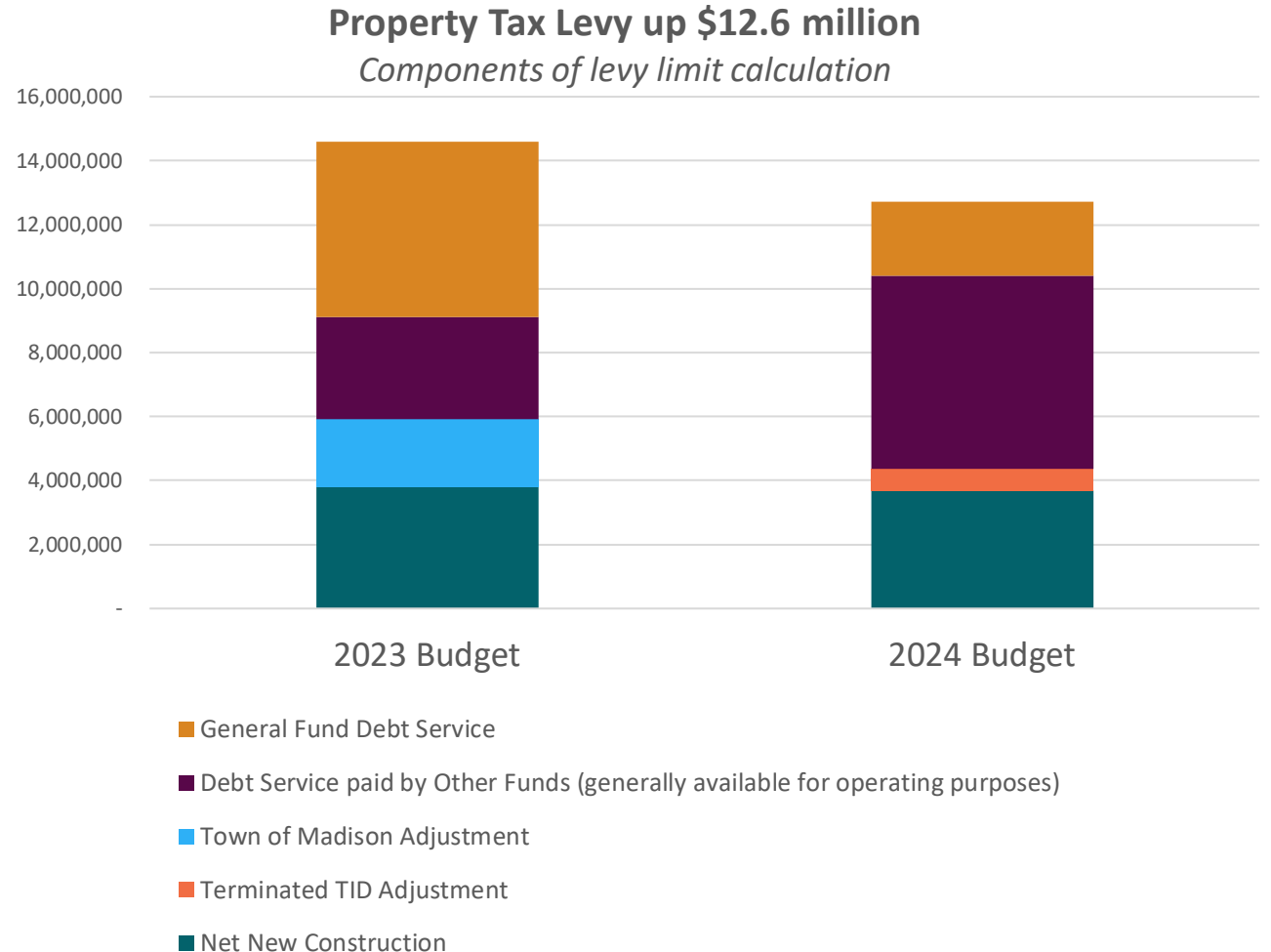
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The mill rate (tax rate) is decreasing by 7.9%.

- While the 2023 property tax levy is up 4.6%, the overall increase in the assessed value of property in the City reduces the mill rate (tax rate) by 7.9% (to 7.11 mills).
 - The annual mill rate is calculated by dividing the property tax levy by the total net taxable property value.
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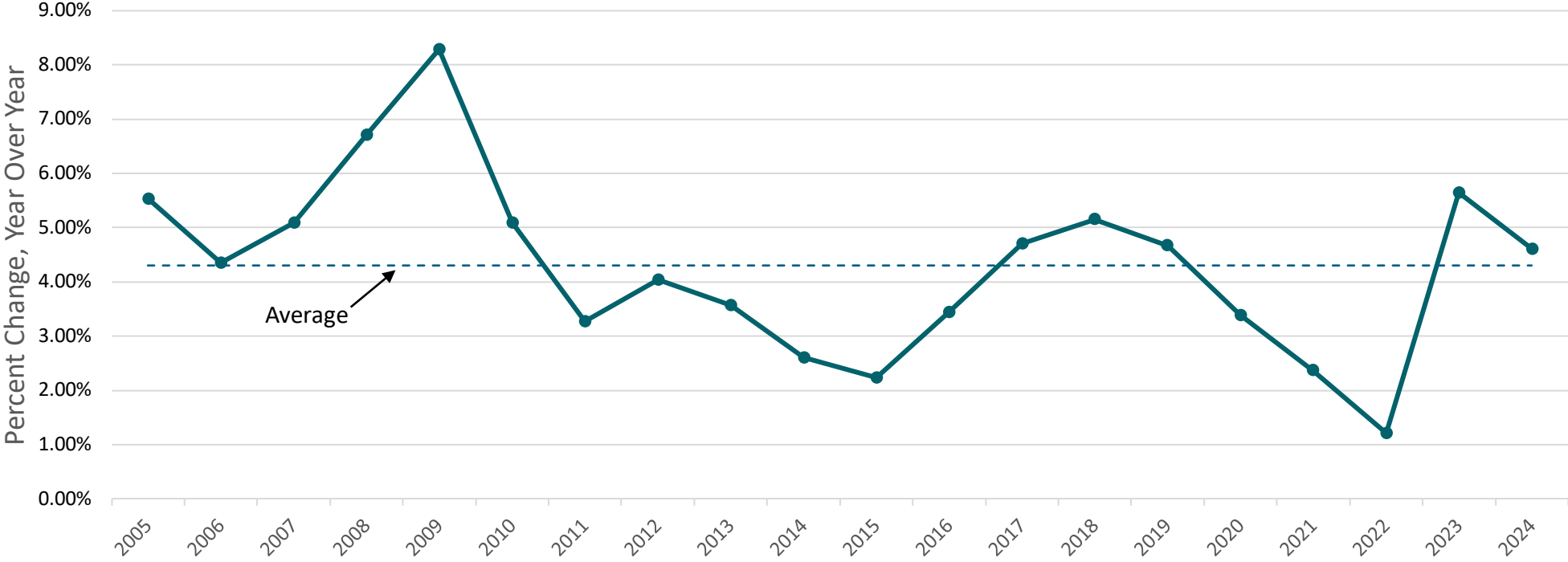
Strong Growth in Property Taxes

- Property taxes are increasing by \$12.6 million (4.6 percent) compared to 2023.
- Factors include stronger net new construction, and rising debt service to pay for infrastructure and other capital projects.



Year over Year Change in Property Tax Levy

*Year over Year Change in the Property Tax Levy
Average 20 year increase is 4.3%; 2024 increase is 4.6%*

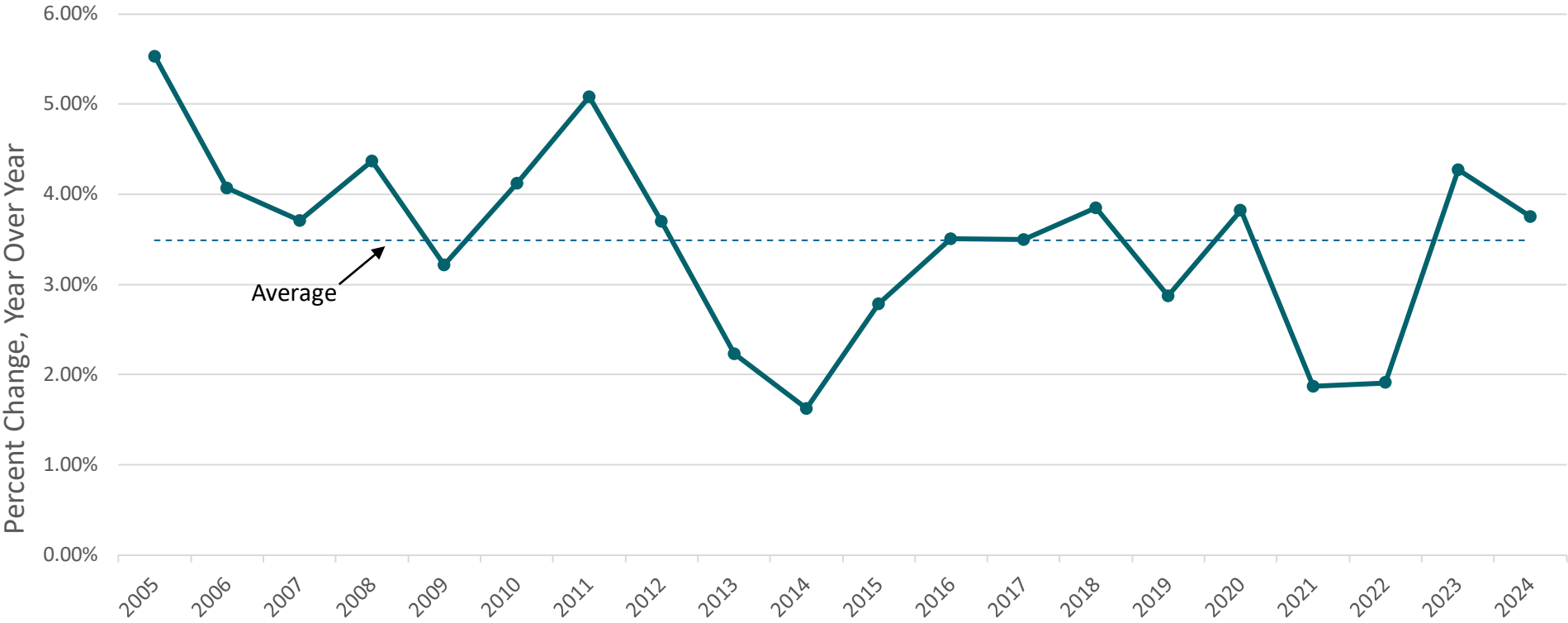


Strong Growth in Real Property Valuations

- As of September 2023, the net value of assessed property is \$40.3 billion, which is 13.5% higher than basis of 2023 budget
- Value of the average home has increased by 12.6%
 - 2023 Average Home Value = \$376,900
 - 2023 Average Value Home = \$424,400
- Residential real property accounts for a majority of the property in the City (\$25.8 billion; 61%), followed by commercial real property (\$15.6 billion; 37%). Manufacturing, agriculture, and personal property account for the remaining 2% of property.

Year over Year change in Taxes on the Average Value Home (TOAH)

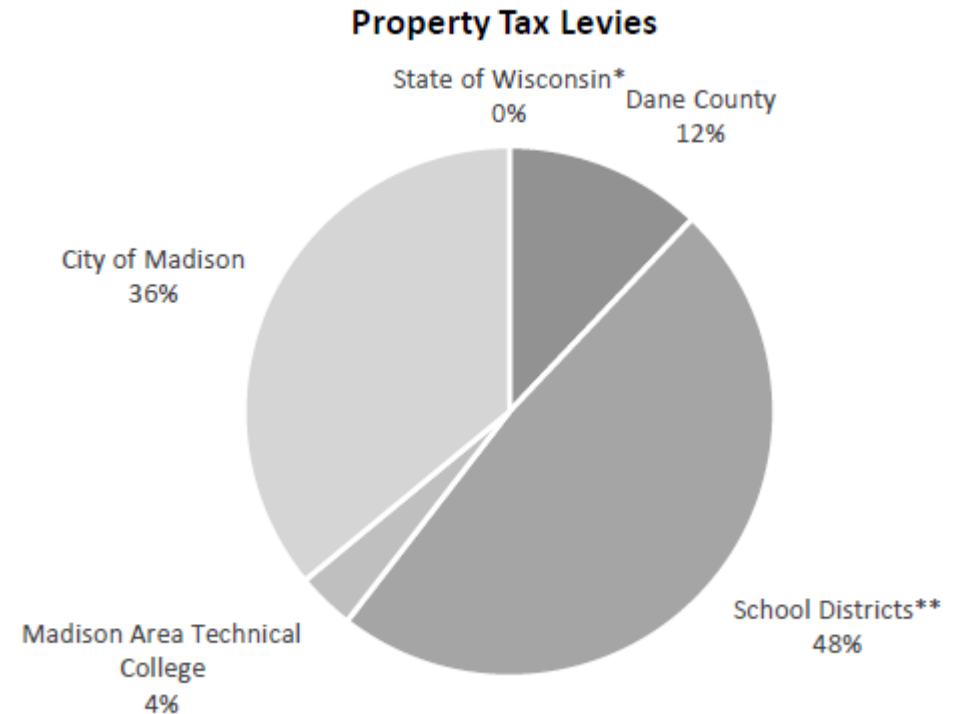
*Year-over-Year Changes in Taxes on an Average Value Home (TOAH)
Average 20 year increase is 3.5%; 2024 increase is 3.7%*



The City is one of four taxing jurisdictions

- The City property tax is a portion of a resident's final property tax bill. School districts, Dane County, and Madison Area Technical College are the other taxing jurisdictions.
- In 2023, the City portion made up 36% of the property tax levy.

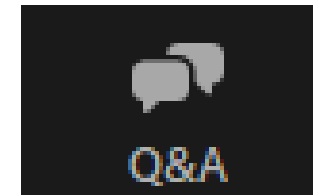
2023 Adopted Budget





Questions?

Zoom Participants:
“Raise Hand” to speak
or type in Q&A



Or, submit questions by email to
citybudget@cityofmadison.com