



# Public Information Session: Madison's 2023 Budget



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Public Information Session  
Monday, October 24 @ 5:30pm



Join by Zoom to participate in Q&A

Meeting ID: **839 0606 9914**

Passcode: **703918**



Review and share a link to  
the recording:

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

# Agenda

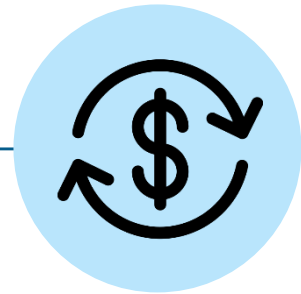
- **Introductions**
- **Section 1: Overview of the City Budget Process**
  - Operating & Capital Budgets
  - Annual Timeline
  - Navigating the Budget Website
- **Section 2: Capital Budget Highlights**
- **Section 3: Operating Budget Highlights**
- **Section 4: Household Impact & Property Taxes**
- **Questions**



## Objectives:

- ✓ Learn about the budget process and how to get involved
- ✓ Learn about what is included in the 2023 budgets
- ✓ Understand how the City budget impacts property taxes

# Part 1. Budget 101



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

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# What is the Budget?

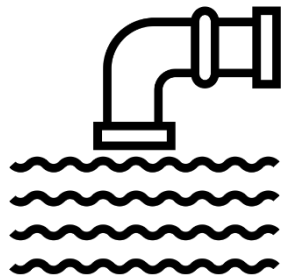
The City has two budgets: the **capital budget** and **operating budget**. Both are **planning documents** that outline and authorize how the City will spend money in the upcoming year.

- 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 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, affordable housing development, and other projects.

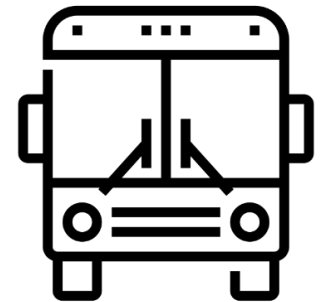


## Why is it important:

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:

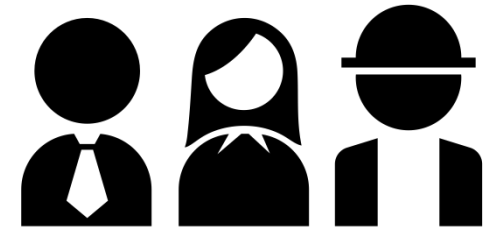
These items are primarily paid for through borrowing. Special assessments, impact fees, user fees and federal and state grants also help finance capital projects.



# 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.

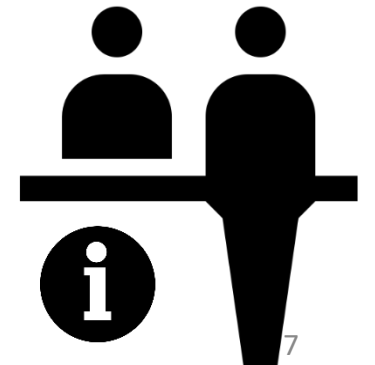


## Why is it important:

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 monthly payments are operating expenses.

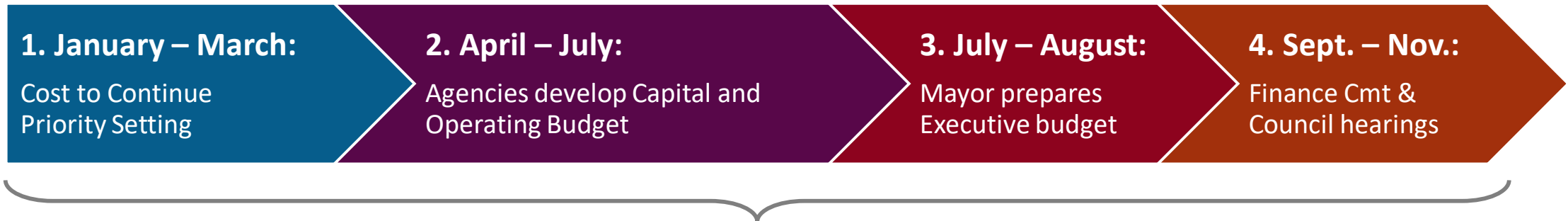


# Annual Budget Development Timeline

(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"> <li>September 6</li> </ul>	<ul style="list-style-type: none"> <li>October 11</li> </ul>
2.	Finance Committee (FC) Hearings	<i>Agencies present budget; alders have opportunity to ask questions</i>	
		<ul style="list-style-type: none"> <li>September 12 &amp; 13</li> </ul>	<ul style="list-style-type: none"> <li>October 17 &amp; 18</li> </ul>
3.	FC Amendment Week	<i>Alders submit requests to budget analysts; analysts review and publish amendments</i>	
		<ul style="list-style-type: none"> <li>September 19 – 23</li> <li>Alders submit by Weds., Sept. 21 at 12pm</li> <li>Analysts publish by Fri., Sept 23 at 12pm</li> </ul>	<ul style="list-style-type: none"> <li>October 24 – 28</li> <li>Alders submit by Weds., Oct. 26 at 12pm</li> <li>Analysts publish by Fri., Oct 28 at 12pm</li> </ul>
4.	FC Vote on Amendments	<ul style="list-style-type: none"> <li>September 28</li> </ul>	<ul style="list-style-type: none"> <li>October 31</li> </ul>
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"> <li>November 7 – 11</li> <li>Alders submit by Weds., Nov. 9 at 12pm</li> <li>Analysts publish by Fri., Nov 11 at 12pm</li> </ul>	
6.	City Council Adoption	Up to three (3) CC meetings to vote on amendments and adopt budget	
		<ul style="list-style-type: none"> <li>November 15, 16, 17</li> </ul>	

# Upcoming Budget Hearings with Public Comment

Date	Body	Topic
October 17	Finance Committee	Public Hearing on the Operating Budget & Agency Operating Briefings
October 25	Common Council	Public Hearing on the Operating Budget
October 31	Finance Committee	Operating and Capital Budget Amendments; Budget Adoption
November 1	Common Council	Public Hearing on the Operating Budget
November 15	Common Council	Operating and Capital Budget Amendments; Budget Adoption

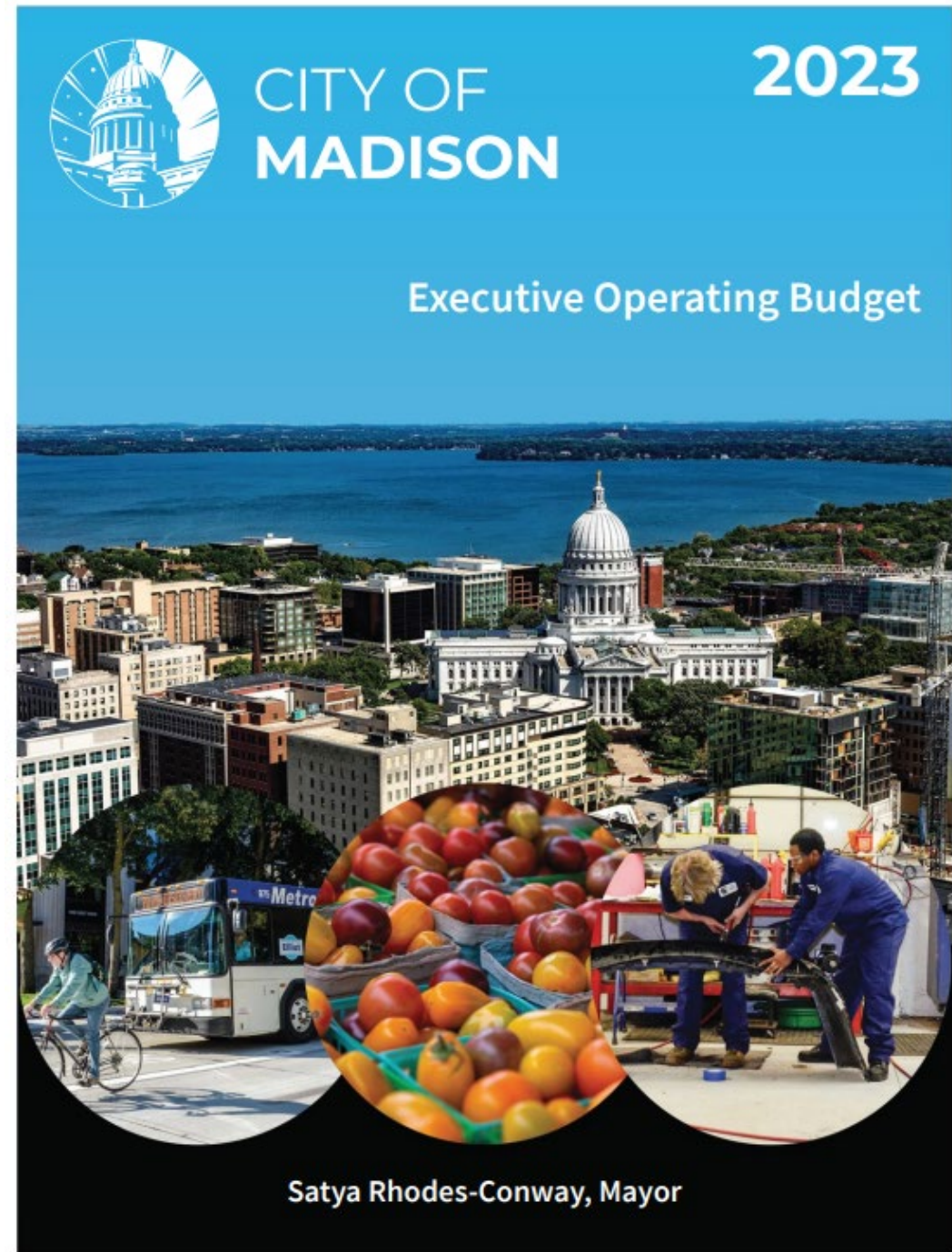
**Register to Speak:** [www.cityofmadison.com/meetingregistration](http://www.cityofmadison.com/meetingregistration)

**Send Written Comment:**

- Finance Committee: [financecommittee@cityofmadison.com](mailto:financecommittee@cityofmadison.com)
- Common Council: [allalders@cityofmadison.com](mailto:allalders@cityofmadison.com)

Where to find the  
budget online:

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



Satya Rhodes-Conway, Mayor

# Part 2. Highlights of the Capital Budget



Budget Priorities; Expenditure Overview; Revenue Overview

Join by Zoom to participate in Q&A

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# Capital Budget Priority Areas

## Affordable Housing

- Increases investment in affordable housing development (*CDD*)
- Fully funds purpose-built shelter for men experiencing homelessness (*CDD*)
- Continues consumer loan programs for affordable housing(*CDD*)

## Resilient City

- Invests in flood mitigation efforts (*Stormwater*)
- Secures federal funding for BRT electric buses (*Metro*)
- Expands EV charging infrastructure for City fleet (*Engineering*)
- Funds an Inter-City bus terminal (*Parking*) and planning for Amtrak services (*Transportation*)

## Strong Neighborhoods

- Funds construction of MPL Imagination Center (*Library*) and expansion to Warner Park community center (*Parks*)
- Funds stormwater system improvements in Hammersley-Theresa area (*Stormwater*)
- Invests in Darbo-Worthington area (*CDD*)

# Building Affordable Housing

- Affordable housing development funding = \$60 million over six years
  - Increase of \$18 million compared to 2022 budget
- Secures funding for the City's first purpose-built homeless shelter, leveraging County and Federal Sources
  - \$21 million facility will be constructed in 2024
- Affordable housing consumer lending programs = \$19 million over six years
  - Includes programs to help residents purchase and rehabilitate homes, provide property tax relief to seniors, and support homeownership down payment assistance
- Land Banking = \$6 million

# Building a Resilient City

- Flood Mitigation = \$22.2 million
  - Since the 2018 flood, the City has rapidly advanced major flood mitigation projects on key streets and drainage areas
- John Nolen Drive = \$21.6 million
  - Reconstruct the street and causeways to expand space for biking and walking
- Electric Bus Fleet = \$23 million
  - Federal Small Starts funding to ensure our 46 bus BRT fleet is comprised of fully electric vehicles
- Electric vehicle charging equipment for City fleet = \$2.5 million
  - Support City's use of electric vehicles and growing electric fleet
- Amtrak Station Planning = \$350,000 + Inter-City Bus Terminal = \$1.7 million
  - Support multi-modal transit to allow students and residents to easily reach destinations across the Midwest from a modern transit facility
- Water Quality = \$5.5 million
  - Mitigating PFAS pollution in Well 15; mitigating sodium and chloride in Well 14; and funding for other water quality and supply projects around the city.



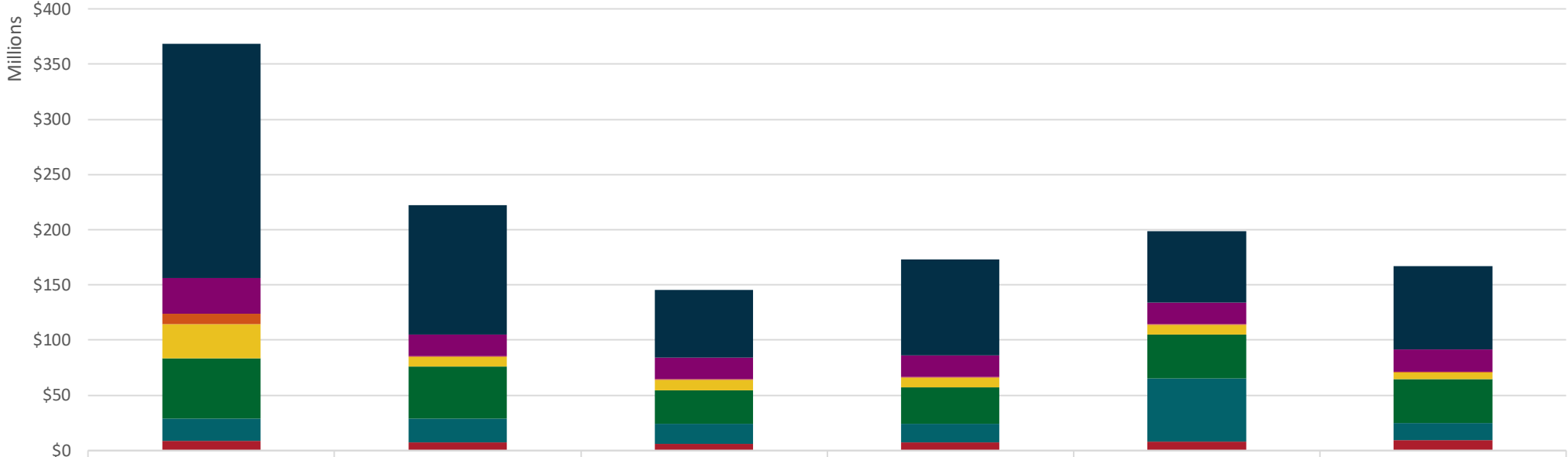
# Building Strong Neighborhoods

- Sandberg area = \$15 million toward the construction of Madison Public Library's Imagination Center
- Brentwood-Northport area = \$5 million expansion of the Warner Park Community Center
- Hammersley-Theresa area = funding improvements to the stormwater system to alleviate issues with basement flooding
- Darbo-Worthington area = \$2.5 million to purchase the Salvation Army site, providing them with needed capital for a purpose-built women's shelter and providing the opportunity to support new community facilities in the neighborhood

# 2023 Capital Budget = \$368.4 million

# 2023- 2028 Capital Improvement Plan = \$1.27 billion

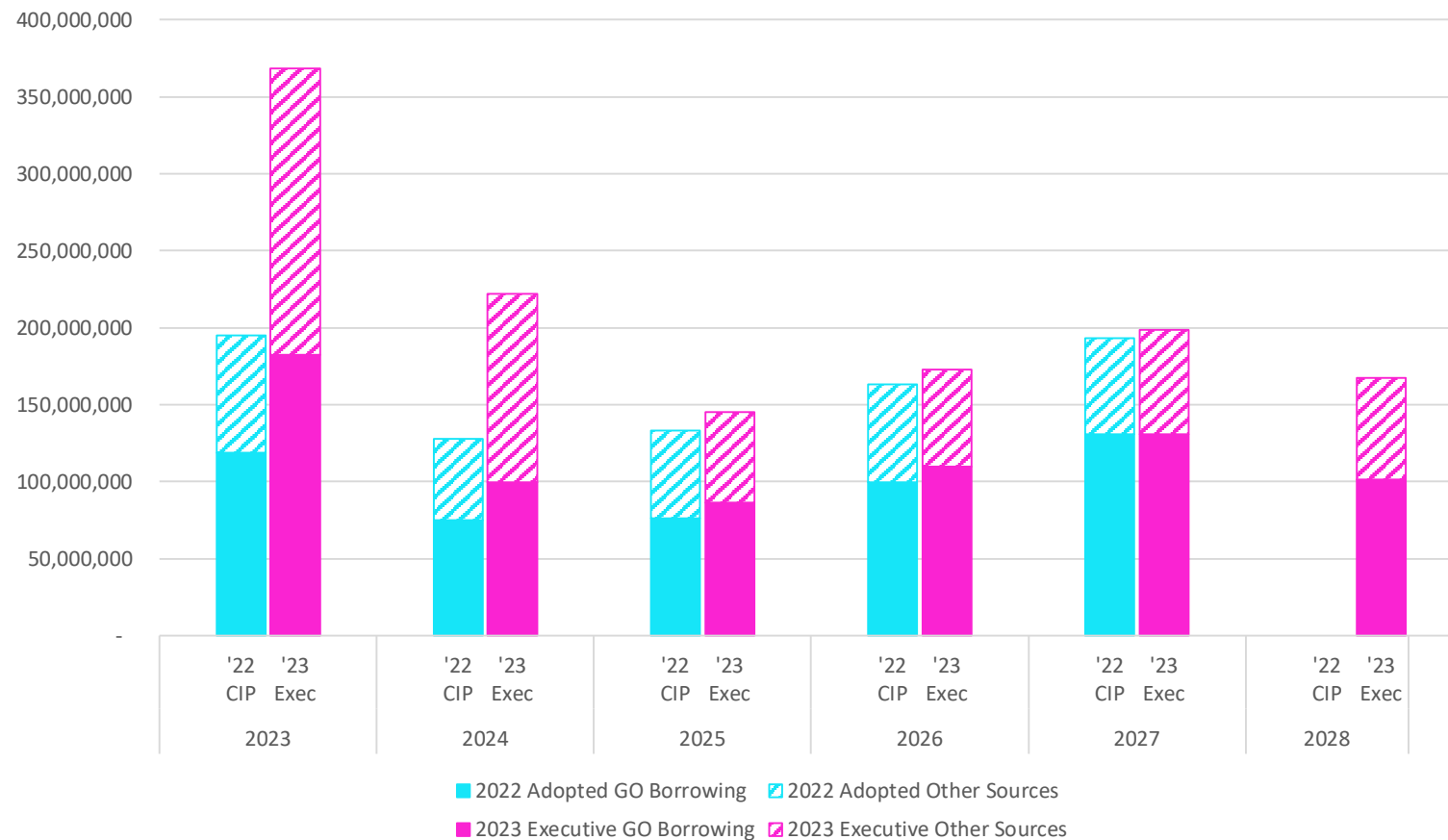
Capital Investments by Element, by Year



	2023	2024	2025	2026	2027	2028
Land Use and Transportation	\$212,224,495	\$117,046,000	\$61,291,000	\$86,481,000	\$64,773,000	\$75,857,000
Neighborhoods and Housing	\$32,257,000	\$19,569,000	\$19,631,000	\$19,644,000	\$19,657,000	\$20,221,000
Economy and Opportunity	\$9,870,000	\$570,000	\$570,000	\$570,000	\$570,000	\$570,000
Culture and Character	\$30,907,000	\$9,161,500	\$9,474,000	\$9,402,100	\$8,699,750	\$6,139,000
Green and Resilient	\$54,141,325	\$46,869,000	\$30,361,000	\$32,676,000	\$39,591,000	\$39,491,500
Effective Government	\$20,176,719	\$21,440,919	\$18,453,019	\$17,074,470	\$57,094,420	\$15,902,875
Health and Safety	\$8,865,535	\$7,521,090	\$5,590,090	\$7,022,685	\$8,249,544	\$9,061,111

# 2023 Executive Budget compared to the 2022 Adopted CIP

2022 Adopted CIP Compared to 2023 Executive CIP  
All Funds



## 2023 – 2027

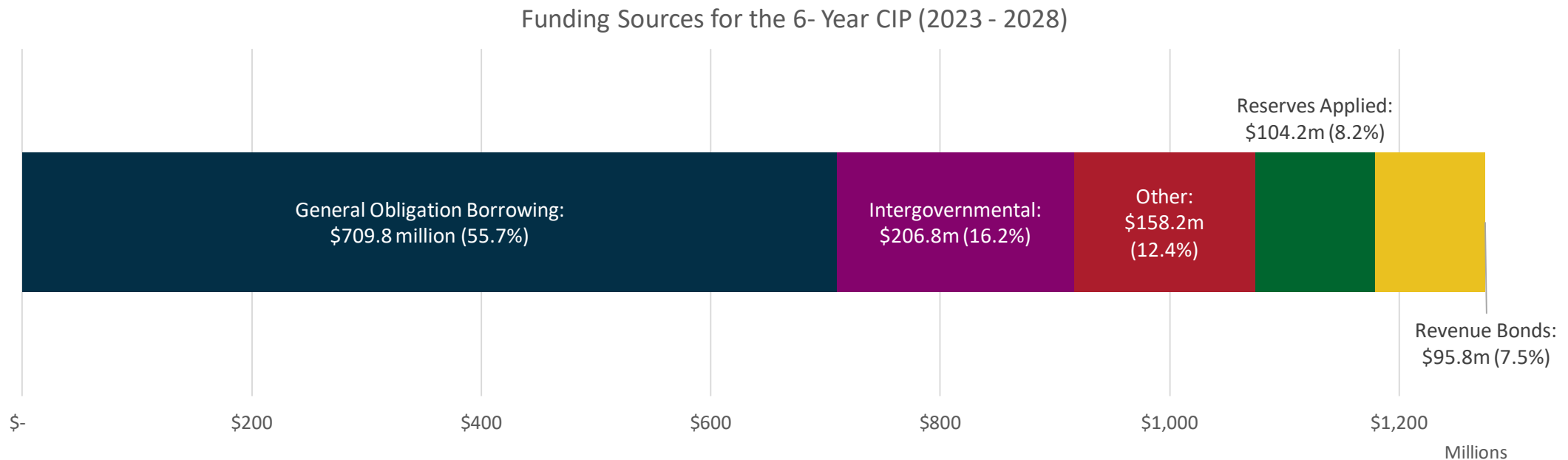
- Adds \$368.4 million compared to same period in 2022 adopted CIP
- Assumes significant federal & state funding
- Major projects driving increase in 2023 include (all funds):
  - + \$48.6m State St. Garage (NEW)
  - +\$23m Small Starts for electric BRT fleet
  - +\$11m Men’s Shelter
  - + \$20m Safe Streets for All (NEW)
  - +\$10m E-W BRT inflation adjustment
  - + \$7.8m Village on Park Redevelopment

## 2028

- Request adds \$167.2 million in 2028, including \$101.3 million in new borrowing

# GO Borrowing is the Primary Funding Source for the CIP

- General Obligation (GO) borrowing, which is secured by the City's property tax base, accounts for 55.7% of the CIP.
- Intergovernmental sources, such as federal, state, and county grants and programs, are the next biggest source at 16.2%



# Part 3. Highlights of the Operating Budget



Budget Priorities; Expenditure Overview; Revenue Overview

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# Operating Budget Priority Areas

## Safer Communities

- Expands mental health & emergency response (*Fire Dept*)
- Supports holistic, evidence-based approaches to Violence prevention (*Public Health, Community Development Division*)
- Implements Vision Zero (*Traffic Engineering*)

## Healthier Neighborhoods

- Provides ongoing funding for core services – no proposed service level reductions (*All*)
- Expands reproductive health access (*Public Health*)
- Funds affordable housing & affordability program for municipal services (*Streets, Utilities*)

## Opportunities for Youth

- Adds new investments in Parks Alive! program (*Parks*)
- Expands young adult employment opportunities (*Community Development Division*)

# Building Safer Communities

- Expands [Community Alternative Response Emergency Services \(CARES\)](#) to 7 days a week, 12 hours a day to address community mental health needs
- Continues funding for Public Health's [Violence Prevention Unit \(VPU\)](#), the [Community Development Division's](#) support of community-based organizations, and the grant-funded [Isthmus Safety Initiative](#)



- Adds prospective grant funding for [Vision Zero](#) Project Manager to implement projects to eliminate traffic deaths and severe injuries.
- Fully funds a City Emergency Manager to increase responsiveness for all types of emergencies, including weather-related emergencies caused by climate change.

# Building Healthier Neighborhoods

- Continuing funding for core services such as clean water, sewer, stormwater, trash and recycling pick up, parks & library services, and more – no service level reductions
- Expanding staffing and hours for Public Health’s reproductive health clinic, in partnership with Dane County (\$475,600)
- Continuing funding for affordable housing and unsheltered homeless support in the operating and capital budgets
- Anticipates funding a program to make municipal services bills more affordable for low-income households, pending approval from the state Public Services Commission



Image Credit: Public Health Madison Dane County  
<https://publichealthmdc.com/health-services/sexual-health>



# Creating Opportunities for Youth

- Funds staff and supplies for the Parks Alive! program, piloted in 2022; Proposal is built on success of 2022 programming and request of [Neighborhood Resource Teams](#) (NRTs) (\$160,000)
- Expands young adult employment program to 18-26 year olds, with a focus on young adults not adequately served by current programs (\$250,000)



Image Credits: <https://www.cityofmadison.com/mayor/blog/parks-alive-building-strong-neighborhoods>

# Executive Operating Budget = \$381.9 million

## General and Library Fund Expenses

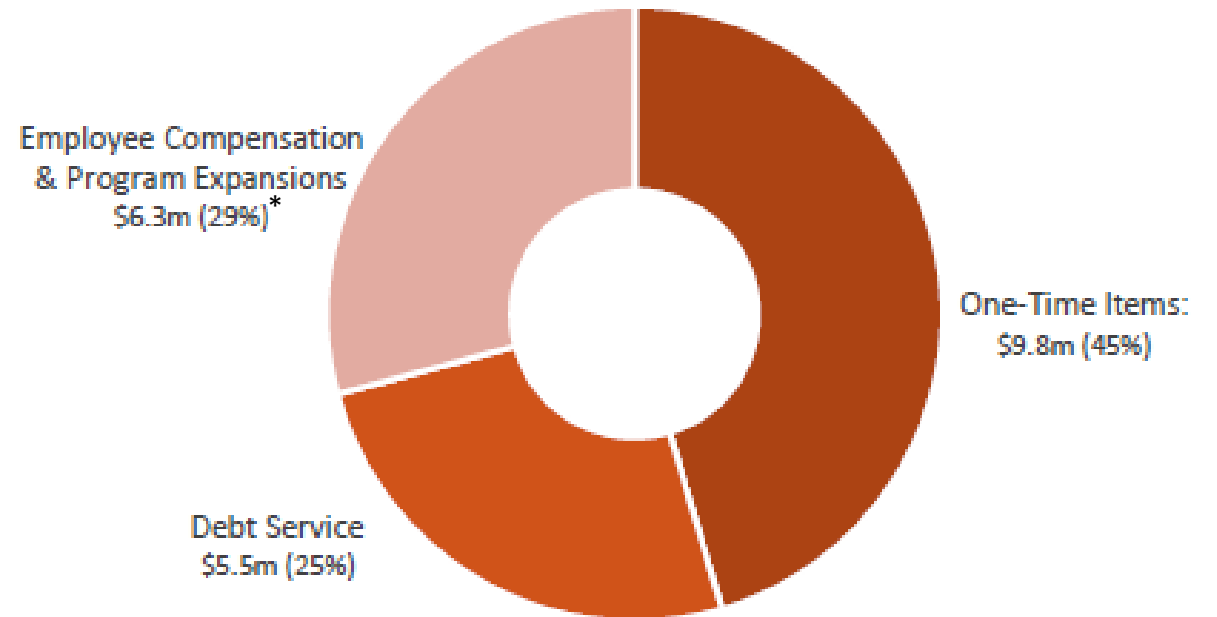
### General and Library Funds

- General and Library funds are the basis of the local property tax levy
- City budget includes many other funds, including utilities (landfill, sewer, stormwater), community development grants, internal services (fleet, insurance, workers comp), TIF, and more

### Comparison to 2022 Adopted Budget

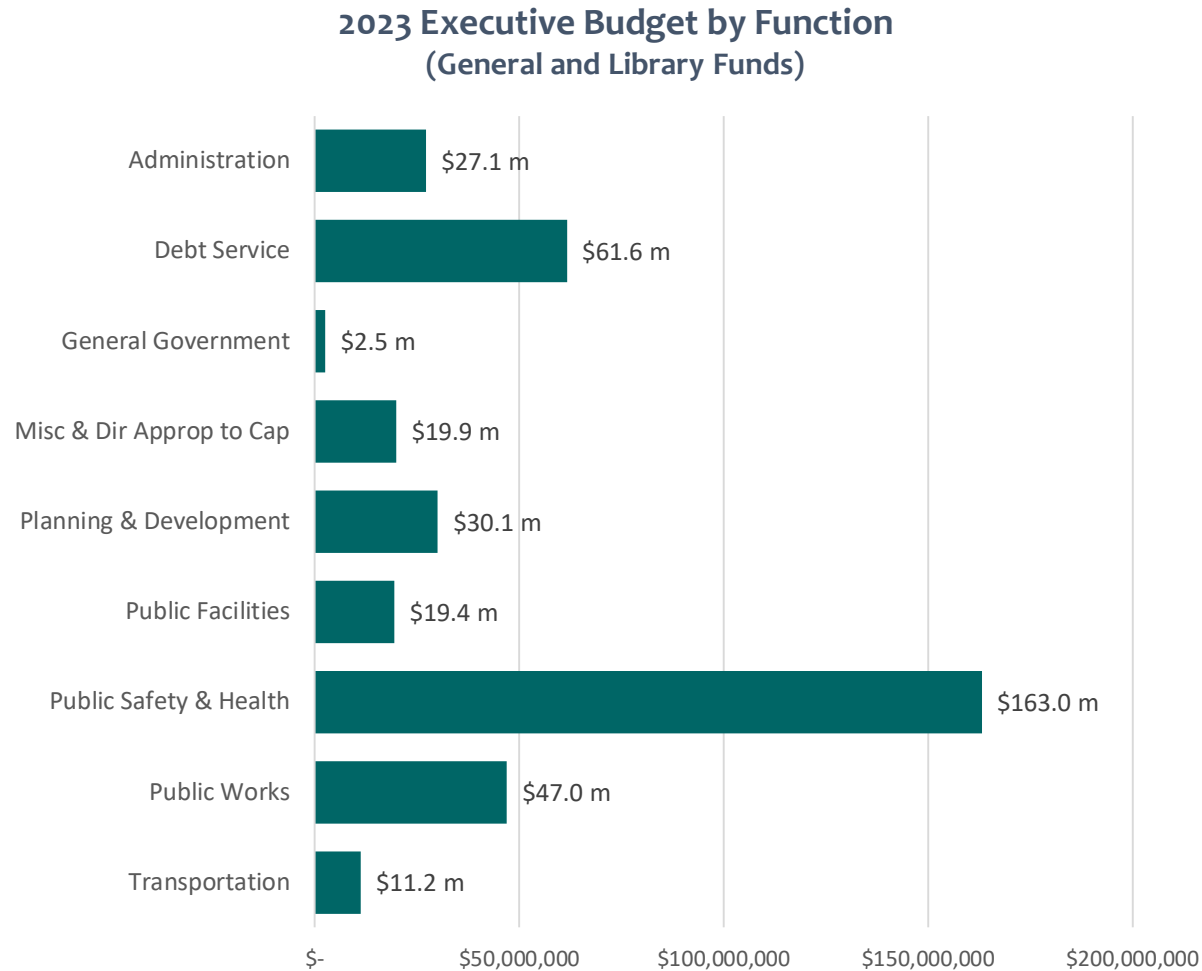
- 2023 Executive Budget is \$21.6 million (6.0%) more than from 2022 Adopted Budget
- \$415,439 of levy limit remains for Council amendments

Primary Components of 2023 Expenditure Increases  
General & Library Funds



\*Increase is net of \$7.7m reduction in subsidy to Metro Transit.

# Operating Expenses (General + Library Funds): *How the money is spent*



## Agencies by Function:

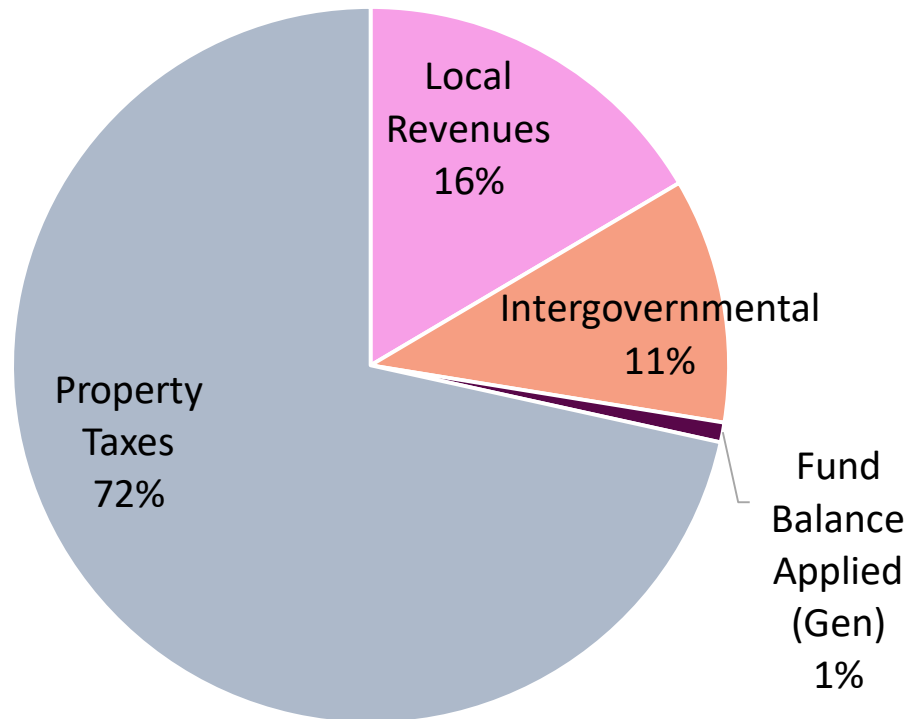
- Public Safety & Health account for largest share of budget (\$163.0 million; 42.7%)
- General Fund debt service is the second largest function (\$61.6 million; 16.1%)
- Miscellaneous and direct appropriations to capital are centrally budgeted functions that address city-wide expenses, including 2023 reserves for compensation increases

## Expenditure Type:

- Personnel costs account for largest share of operating budget (\$244.4 million, 64.0%)

# Operating Revenues (General + Library Funds): *Where the money comes from*

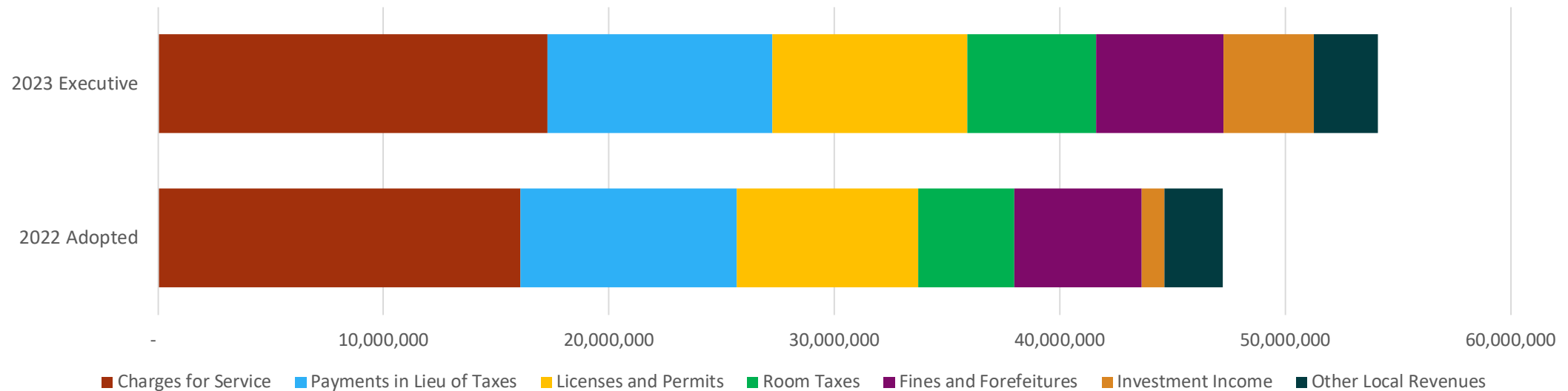
General Fund Budget by Funding Source



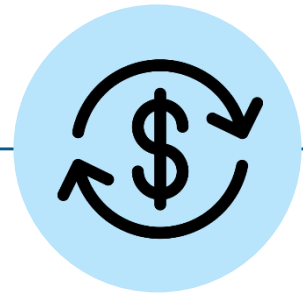
- **Property Taxes:** Primary source of revenue for the operating budget; Accounts for 72% of total (\$273.2m)
- **Local Revenues:** Includes payments in lieu of taxes; fines and forfeitures; licenses and permits; and other local taxes; Accounts for 16% of total (\$63.0m)
- **Intergovernmental Revenues:** Includes state aid; Accounts for 11% of total (\$42.2m)
- **Fund Balance:** Includes one-time funding from surplus in life and wage insurance programs; Accounts for 1% of total (\$3.4m)

# Local Revenues Recovering

Local revenues, including charges for services (e.g., ambulance fees), licenses and permits (e.g., building permits), room taxes and investment income are up nearly 15 percent (\$6.9 million) in 2023 over 2022. These revenues represent about 14 percent of total General Fund revenues. This growth excludes one-time ARPA and TID surplus revenues.



# Part 4. Household Impact & Budget Limitations



Join by Zoom to participate in Q&A

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# 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

# Components of the Property Tax rate

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**1**

## **Property Tax Levy is increasing by 5.5%.**

- 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 14%.**

- The total assessed value of property drives the property tax rate.
  - Current year data is the basis for the upcoming budget. As of September 2022, the total assessed value of property is approximately \$35.5 billion.
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**3**

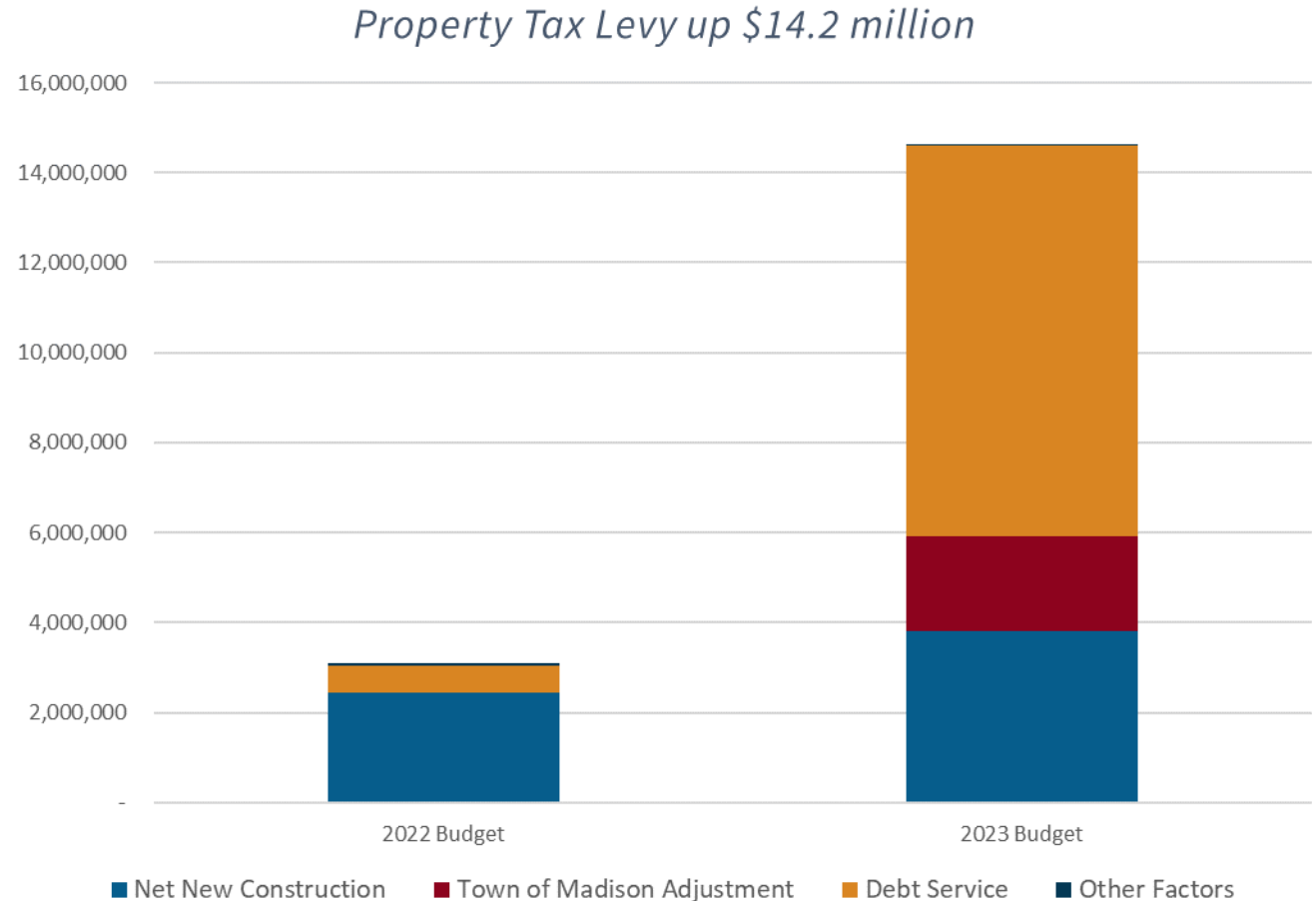
## **The mill rate (tax rate) is decreasing by 7.5%.**

- While the 2022 property tax levy is up 5.5%, the overall increase in the assessed value of property in the City reduces the mill rate (tax rate) by 7.5% (to 7.69 mills).
  - The annual mill rate is calculated by dividing the property tax levy by the total net taxable property value.
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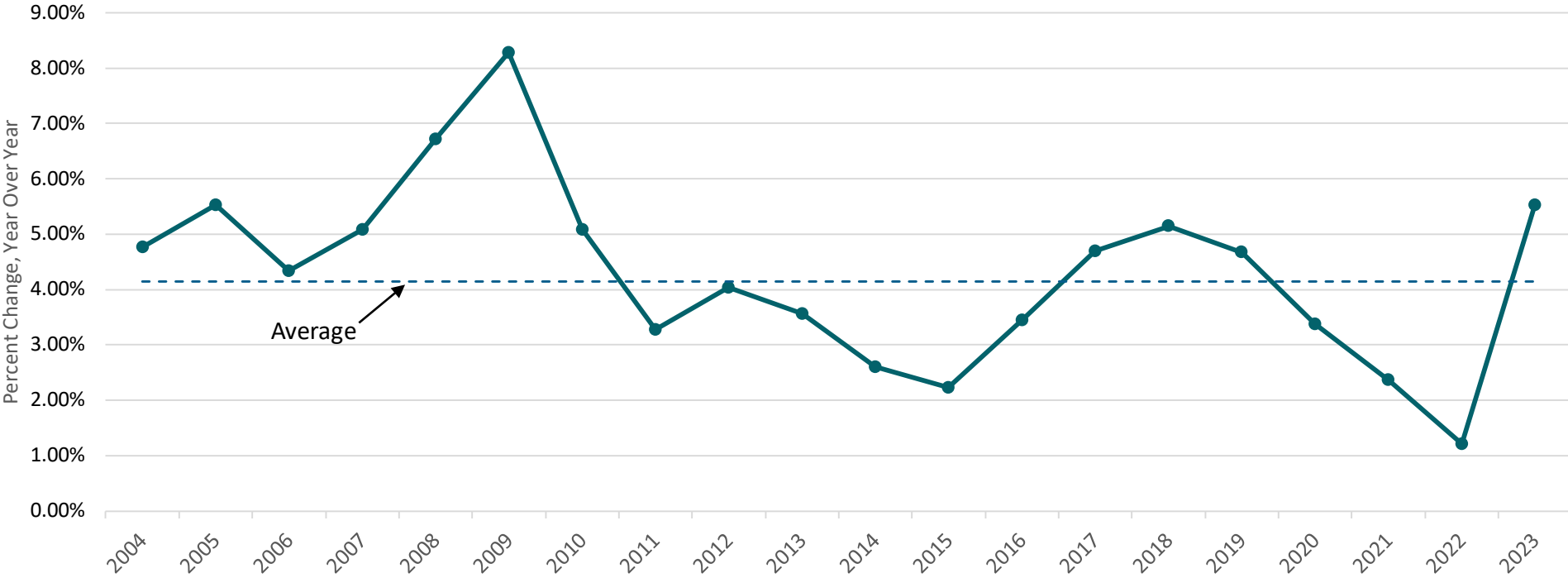
# Strong Growth in Property Taxes

- Property taxes are increasing by \$14.2 million (5.5 percent) compared to 2022.
- Factors include adding the levy from the Town of Madison, stronger net new construction, and rising debt service to pay for infrastructure and other capital projects.
- Approximately one-third of the increase in debt service is attributable to refinancing \$29 million of revenue bond debt of the Water Utility with lower cost general obligation debt.



# Year over Year Change in Property Tax Levy

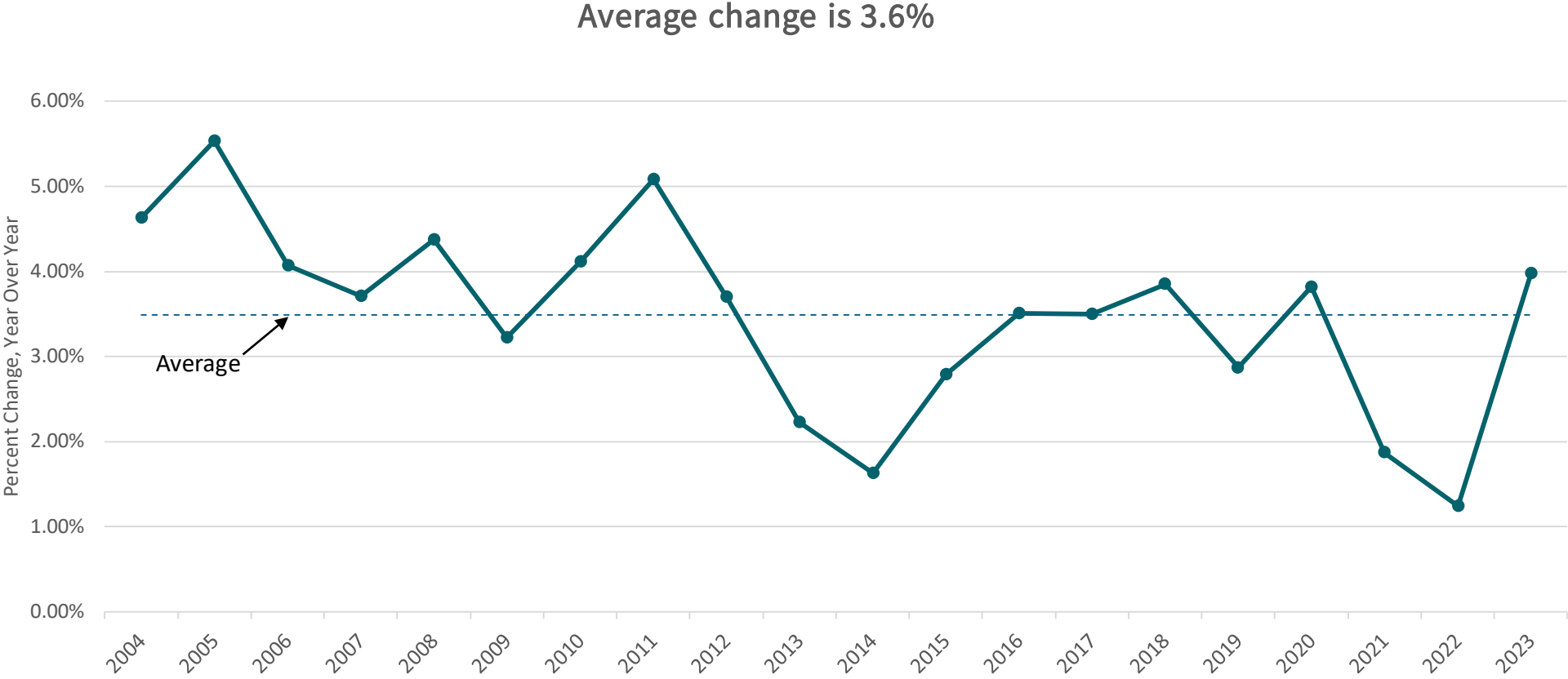
*Average 20 year increase is 4.1%*



# Strong Growth in Real Property Valuations

- As of September 2022, the net value of assessed property is \$35.5 billion, which is 14% higher than basis of 2022 budget
- Value of the average home has increased by 12.4%
  - 2022 Average Home Value = \$335,200
  - 2023 Average Value Home = \$376,900
- Residential real property accounts for a majority of the property in the City (\$22 billion; 61%), followed by commercial real property (\$13.3 billion; 35%). Manufacturing, agriculture, and personal property account for the remaining 4% of property.

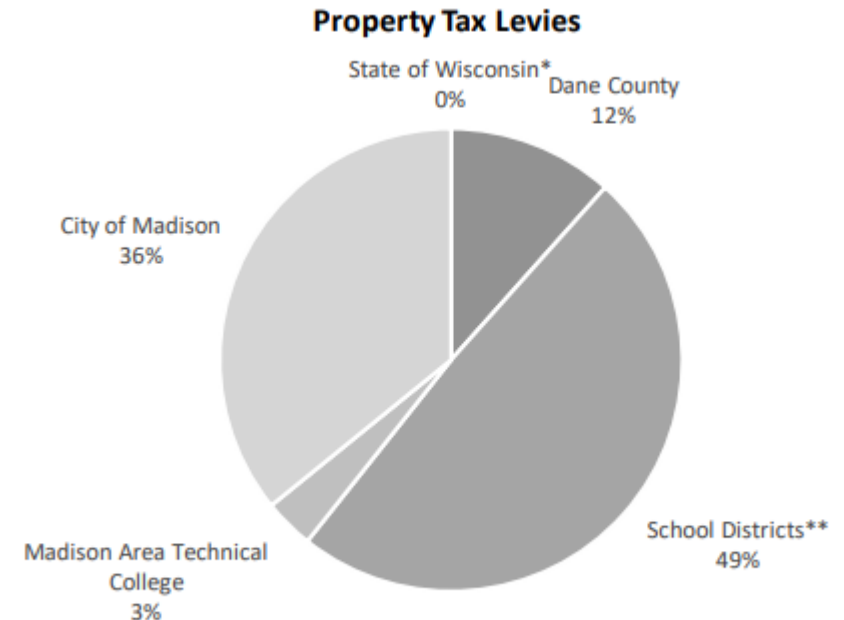
# Year over Year change in Taxes on the Average Value Home (TOAH)



# 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 2022, the City portion made up 36% of the property tax levy.

## 2022 Adopted Budget





# Questions?

Zoom Participants “Raise Hand”

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Or, submit questions by email to  
[citybudget@cityofmadison.com](mailto:citybudget@cityofmadison.com)