



CITY OF MIDDLETON

2023 Budget Presentation

Special Council Meeting

November 10, 2022

Budget Presentation Outline

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- Budget Context & Highlights
- General Fund Summary
- Capital Projects Summary
- Other Funds
- Property Tax Information
- Finance Committee Motions and Budget Amendments & Actions

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Budget Context & Highlights

Property Tax Comparison

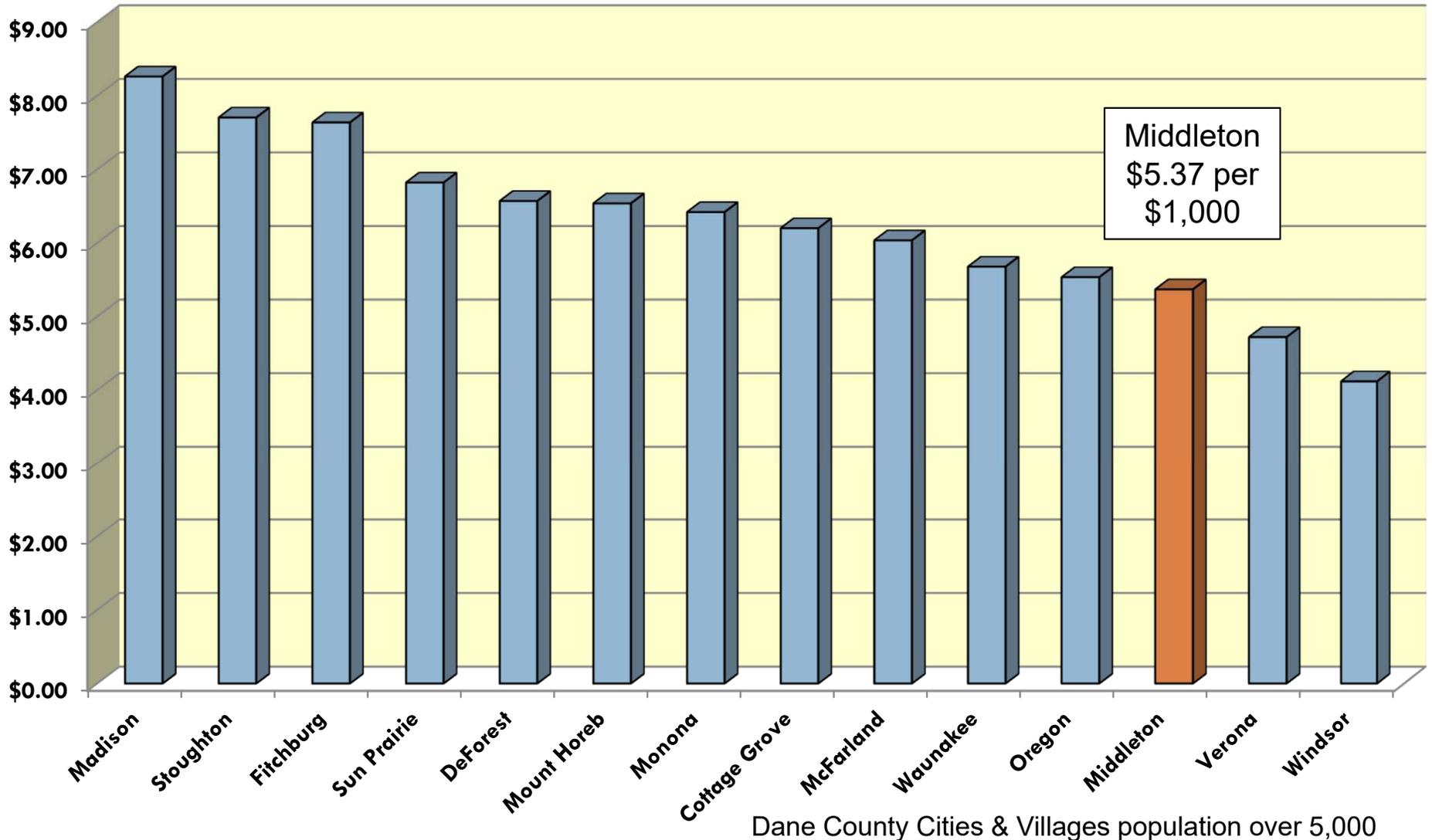


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- The City of Middleton has one of the lowest property tax rates among Dane County cities and villages with a population over 5,000.
- Middleton's equalized local mill rate was \$5.37 per \$1,000 for the 2021/2022 tax year.
- Unlike many other area cities, Middleton does not have a separate charge on the tax bill for refuse and recycling. Additionally, it has one of the lowest storm water utility rates in the state with no staff funded by the utility.

Tax Rate Comparison

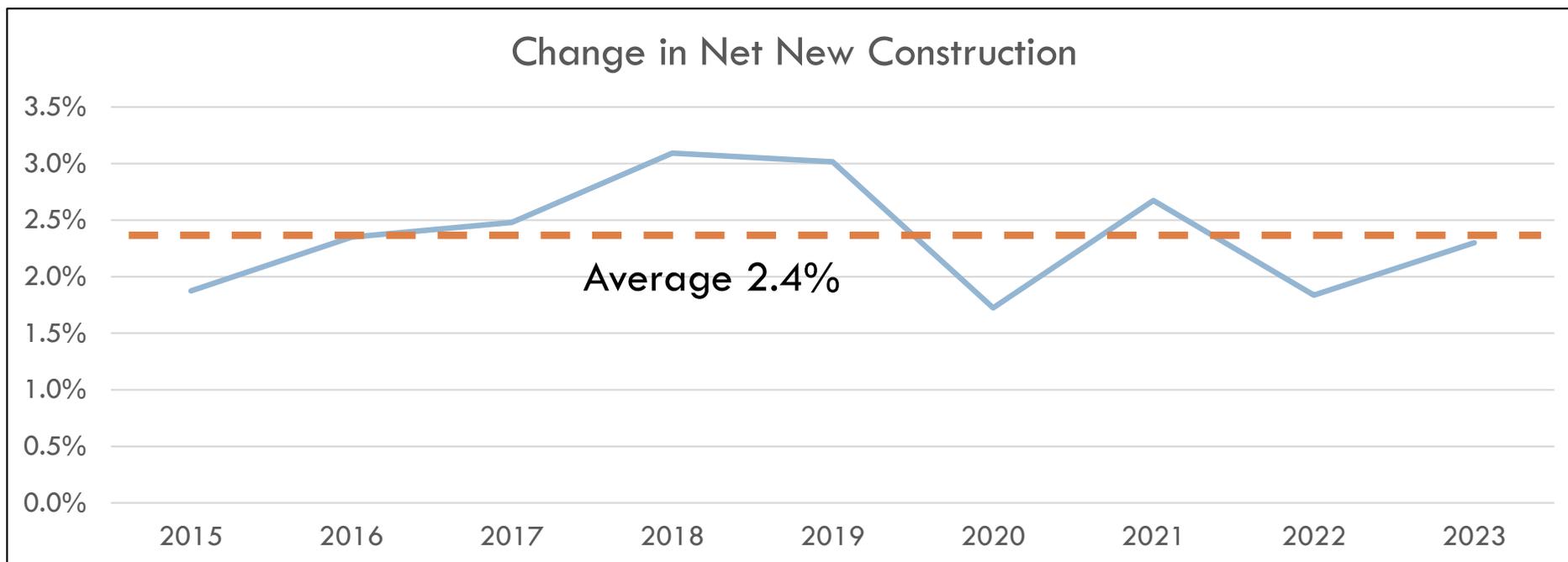
2021 Tax Year / 2022 Budget Year Equalized Tax Rates



Dane County Cities & Villages population over 5,000



Change in Net New Construction

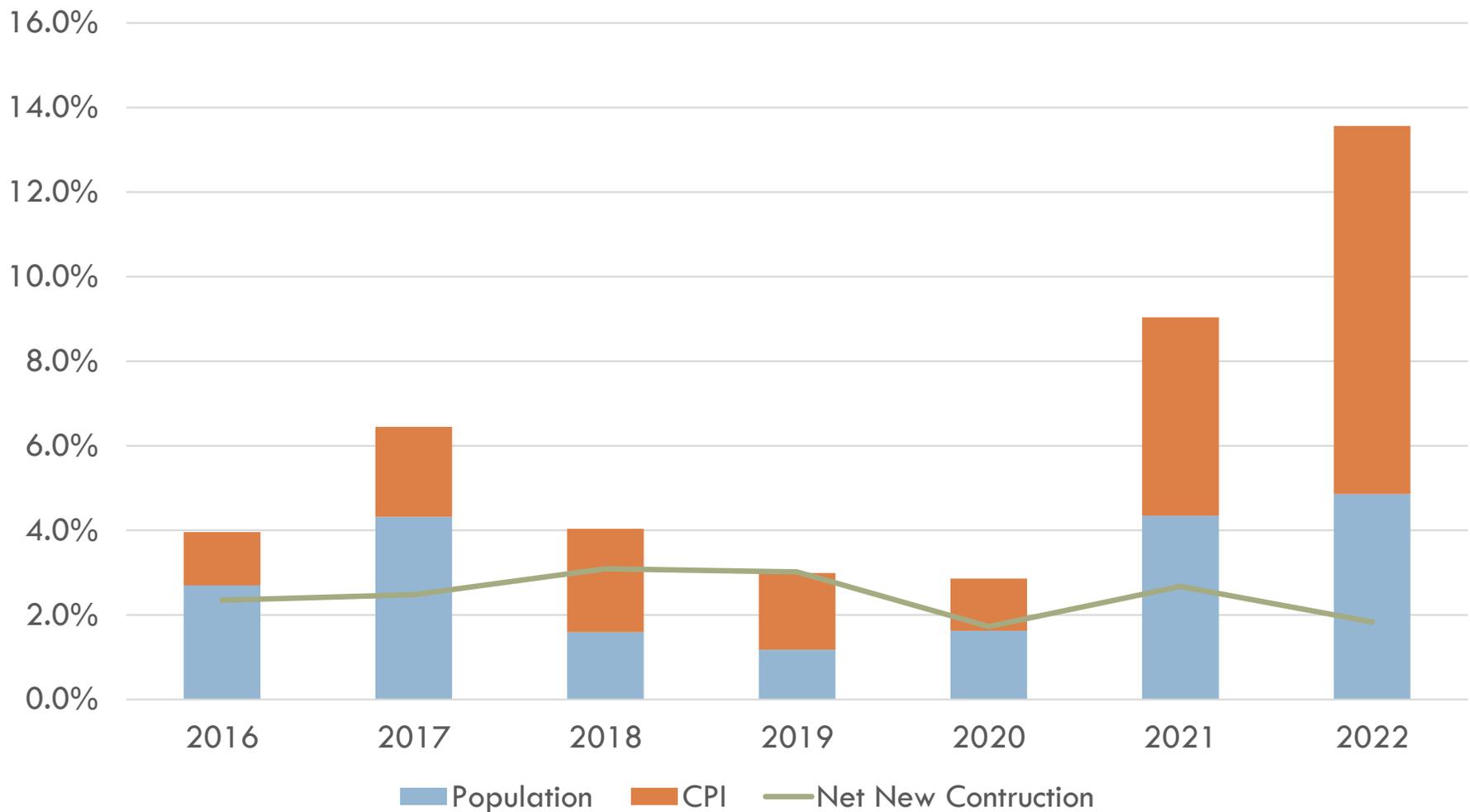


Budget Year	2016	2017	2018	2019	2020	2021	2022	2023
% Net New Construction	2.4%	2.5%	3.1%	3.0%	1.7%	2.7%	1.8%	2.3%
Allowable Increase	\$268k	\$291k	\$371k	\$373k	\$220k	\$348k	\$240k	\$320k

Population Growth & Inflation Compared to Net New Construction

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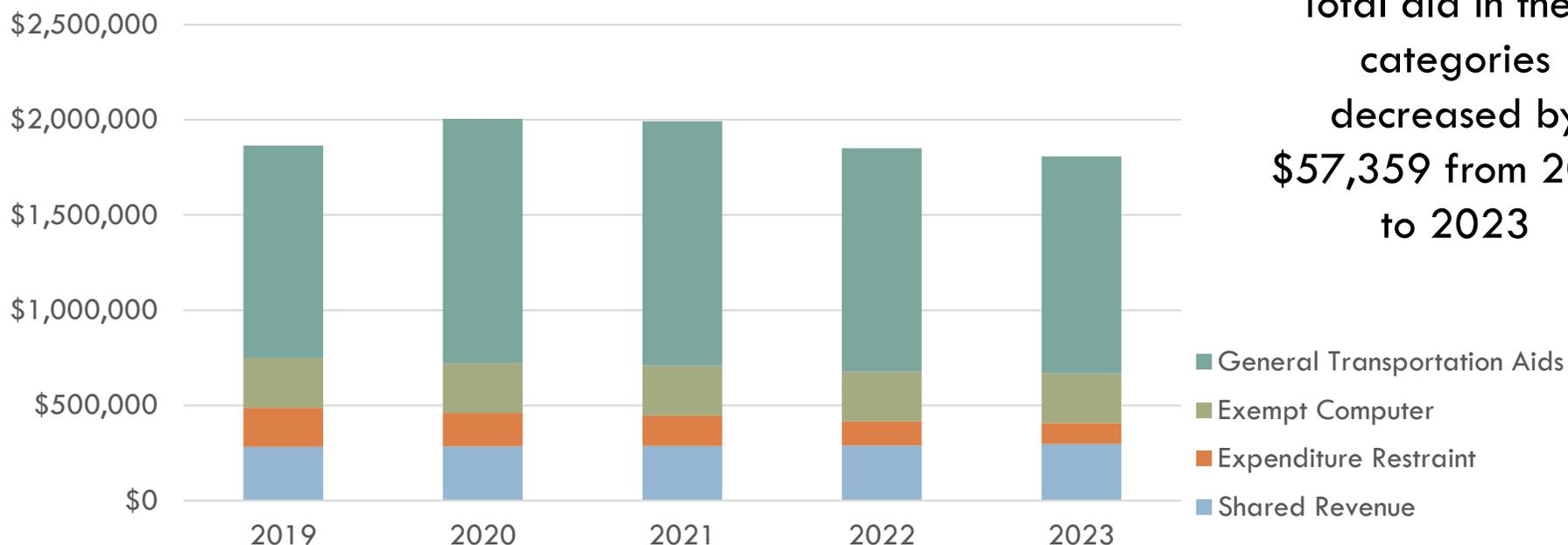
Combined Population & Inflation Increases
and Change in Net New Construction





General State Aids

Primary General Fund State Aids 2019-2023



Aid Category	2019	2020	2021	2022	2023
Shared Revenue	\$282,326	\$284,795	\$287,127	\$289,381	\$297,350
Expenditure Restraint	204,415	175,023	160,448	125,414	109,516
Exempt Computer Aid	261,905	261,905	261,905	261,905	261,905
General Transportation	1,116,057	1,283,465	1,282,589	1,174,160	1,138,573

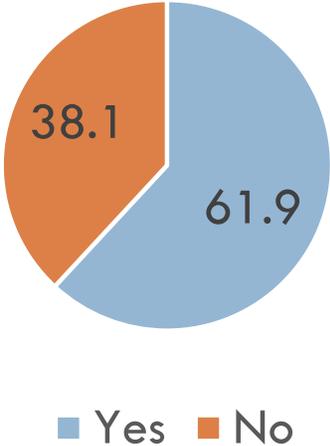
Levy Limit Referendum

Referendum Question

“Under state law, the increase in the levy of the City of Middleton for the tax to be imposed for the next fiscal year, 2023, is limited to 2.5%, which results in a levy of \$19,781,229. Shall the City of Middleton be allowed to exceed this limit and increase the levy for the next fiscal year, 2023, for the purpose of additional police, parks, communications staffing and employment in cost increases by a total of 3.9%, which results in a levy of \$20,551,229, and on an ongoing basis, include the increase of \$770,000 for each fiscal year going forward?”

Referendum Results

Yes	7,153	61.9%
No	4,406	38.1%



Levy Limit Referendum

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□ Staffing

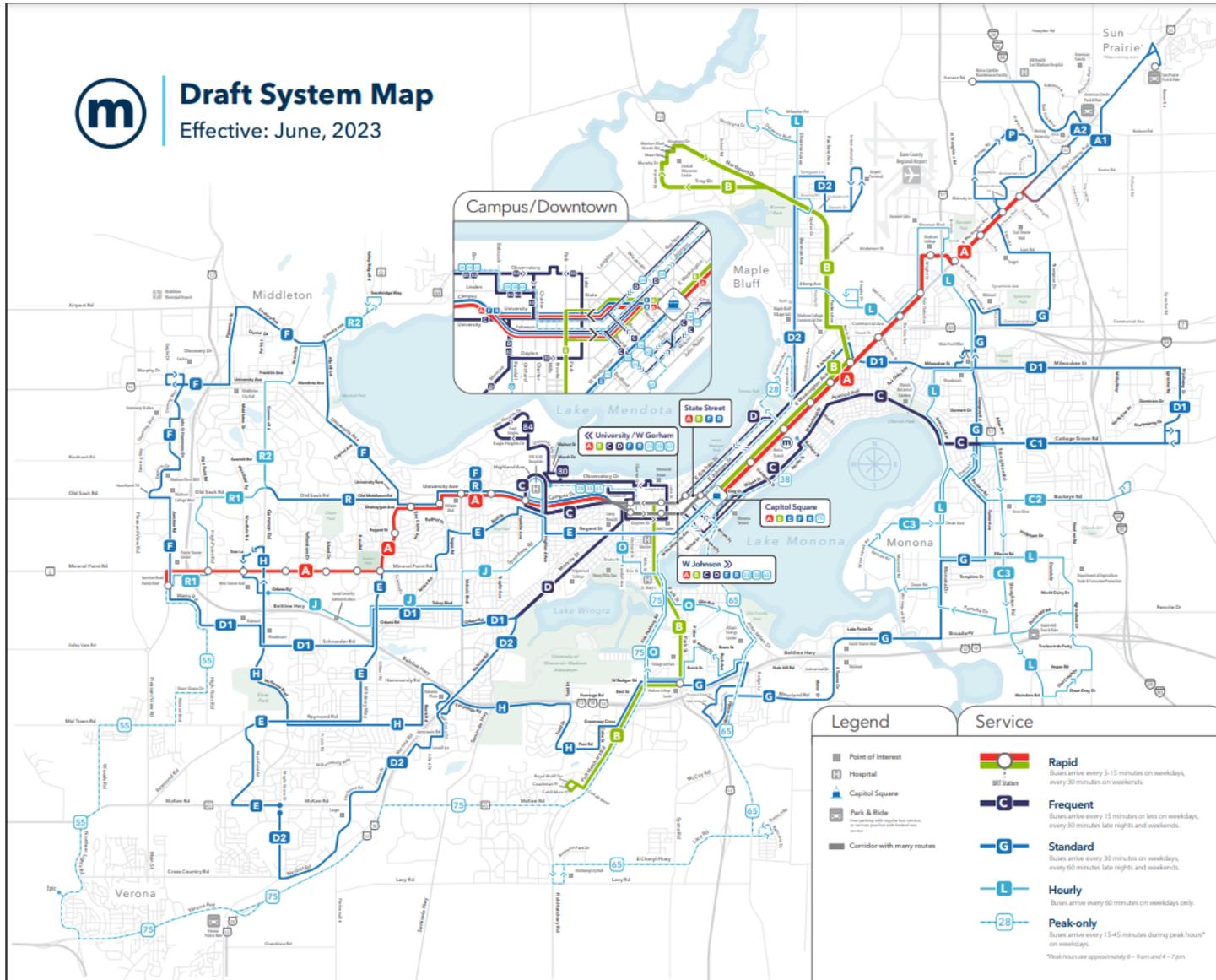
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|----------------------------------|-----------|
| □ Two additional police officers | \$185,598 |
| □ Additional parks crewmember | \$84,938 |
| □ Communications specialist | \$84,938 |

□ Compensation

- 4.0% non-union cost-of-living adjustment
- Employment Cost Index (ECI) 3rd Quarter, 2022 for State and Local employee wages & salaries increased by 4.4%

Metro Transit Route Redesign

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Metro System Redesign for 2023

- Route F
30-minute
all day
service
- Route R2
60-minute
all day
service

Metro Transit Budget

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Requested Budget

- Transit (100-5355-990): \$539,905
- Includes additional costs from Metro route redesign
- Based on state funding allocated through City of Madison

Recommended Adjustment

- Expenditures: \$1,129,178
- Revenue (State Funding): (\$604,110)
- Net City cost: \$525,068
- Based on City receiving Tier B funding directly from State
- Net \$14,837 reduction in City cost compared to original budget request

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General Fund Budget Summary

2023 Recommended Budget: All Funds

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Fund	Revenues	Expenditures	Tax Levy
General Fund	\$24,853,771	\$24,853,771	\$15,076,229
Special Revenue Funds	\$5,787,804	\$6,133,447	\$0
Risk Management Fund	\$526,470	\$563,343	\$0
Community Development Authority	\$150,888	\$148,880	\$0
Capital Projects Funds (Non-TIF)	\$5,719,626	\$4,463,626	\$0
TIF Districts	\$16,151,492	\$31,130,554	\$0
Debt Service Fund	\$5,790,000	\$5,980,198	\$5,475,000
Water Utility	\$3,531,926	\$3,854,906	\$0
Sewer Utility	\$3,851,848	\$4,271,530	\$0
Golf Course	\$3,020,916	\$3,241,494	\$0
Other Enterprise Funds	\$1,456,473	\$1,094,942	\$0
TOTAL	\$70,841,204	\$85,736,691	\$20,551,229

2023 General Fund Budget

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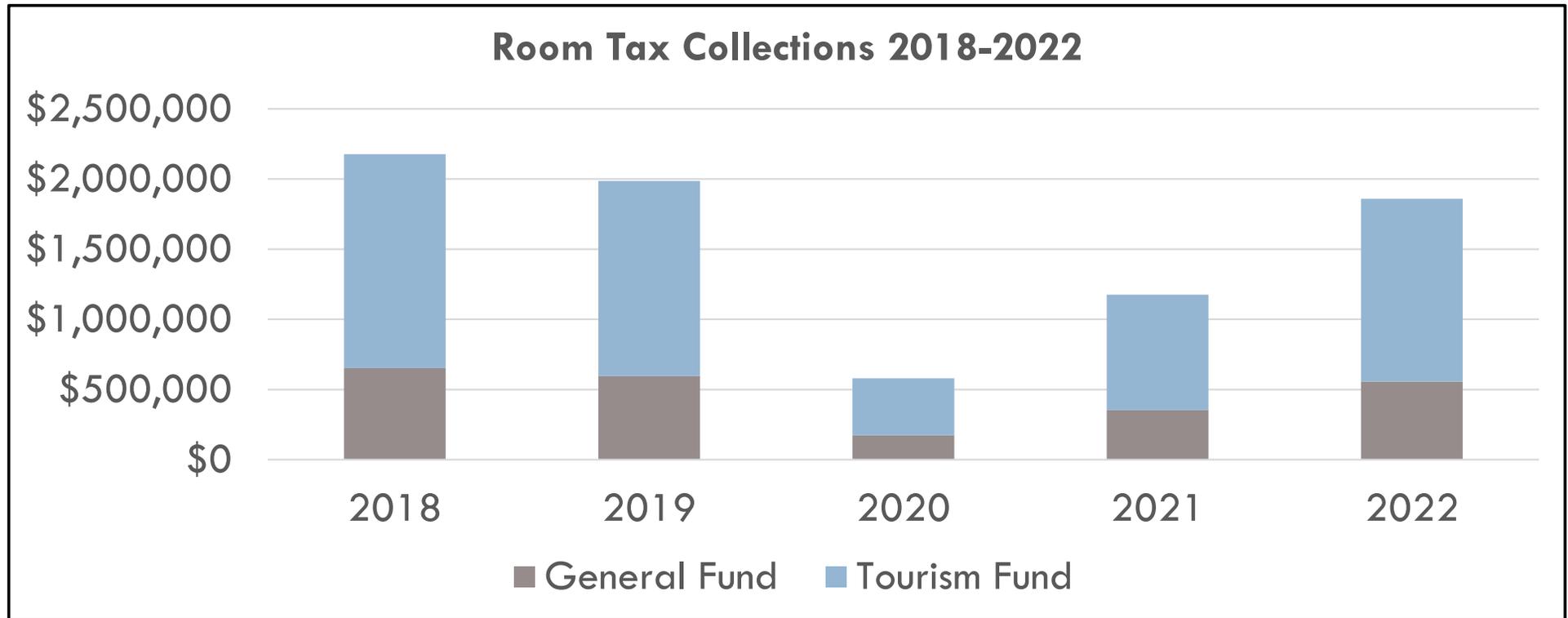
Revenues & Sources of Funds	Requested	Recommended
Operating Revenues	\$23,111,672	\$24,103,771
Budgeted Use of Fund Balance	\$750,000	\$750,000
Total Sources of Funds	\$23,861,672	\$24,853,771
Expenditures & Uses of Funds	Requested	Recommended
Base Expenditures	\$23,650,858	\$23,650,858
Personnel Decision Items	\$620,845	\$367,997
Operating Decision Items	\$288,511	\$783,130
Transfer/Contingency/Other Changes	\$141,786	\$51,786
Total Uses of Funds	\$24,251,931	\$24,853,771
Surplus (Deficit)	\$0	\$0

Recommended Budget Highlights

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- Four new positions
- COLA 4% Non-Union & market adjustments/longevity
- Personnel Contingency for paramedic negotiations
- Health insurance rates: 5.9% increase
- Dental insurance rates: no change
- General Fund Notes
 - ▣ \$250,000 Planned Use of Assigned Fund Balance
(Sick Accrual HRA \$250,000)
 - ▣ \$100,000 General Contingency
 - ▣ \$65,000 Personnel Contingency
 - ▣ \$65,000 Anticipated Savings from Vacancies

Hotel Room Tax Revenue



Year	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Projected	2023 Budget
General Fund	\$652,979	\$595,904	\$174,072	\$352,545	\$557,687	\$600,000
% of 2019	110%	100%	29%	59%	94%	101%

Ambulance Billing Revenue

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Budget Item	Recommended Budget	Revised Estimate 11-10-2022	Change
Ambulance Billing Revenue	\$1,370,188	\$1,419,859	\$49,671
Townships EMS Charges	261,660	231,756	(29,904)
Outside Services: Billing Company	(107,160)	(115,920)	(8,760)
NET IMPACT	\$1,524,688	\$1,535,695	\$11,007

- 2023 ambulance billing revenue projection increase based on October actuals & revised Medicaid estimate
- Increase in ambulance billing revenue will reduce the Township EMS charges and increase billing company costs
- Net impact: \$11,007 savings – recommendation to add to general contingency

Ambulance Billing Revenue

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General Fund Revenues

Budget Item	Requested Budget	Recommended Budget	Change from Requested
Property Tax Levy Increase	\$1,033,803	\$1,033,803	\$0
Hotel Room Tax	550,000	600,000	50,000
Shared Revenue Aid	284,808	297,350	12,542
Expenditure Restraint Aid	125,414	109,516	(15,898)
General Transportation Aids	1,140,843	1,138,573	(2,270)
State Transit Aid	0	604,110	604,110
Ambulance Billing Revenue	1,211,621	1,370,188	158,567
EMS Township Cost Sharing Change	276,612	261,660	(14,952)
TID Cost Recovery	575,000	625,000	50,000
Transfer In – Storm Water Utility	0	50,000	50,000
Interest on Investments	400,000	500,000	100,000
TOTAL CHANGE FROM REQUESTED BUDGET			\$992,099



General Fund Personnel Items

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Personnel Decision Items	Requested Budget	Recommended Budget	Change from Requested
Additional police officers (3 to 2)	\$278,397	\$185,598	(\$92,799)
Additional dispatcher	78,092	0	(78,092)
Additional parks crewmember	84,938	84,938	0
Communication specialist	84,938	84,938	0
Human resources generalist (PT)	33,372	0	(33,372)
Volunteer coordinator (PT to FT)	48,585	0	(48,585)
Personnel contingency	65,000	65,000	0
Anticipated savings from vacancies	0	(65,000)	(65,000)
TOTAL CHANGE FROM REQUESTED BUDGET			(\$317,848)

General Fund Operating Items



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Operating Decision Items	Requested Budget	Recommended Budget	Change from Requested
Committees operating line items	\$21,350	\$20,350	(\$1,000)
Buildings & grounds line items	63,600	61,300	(2,300)
Video production line items	6,500	9,000	2,500
EMS operating line items	341,640	359,160	17,520
Fire District operating contribution	1,076,936	1,087,746	10,810
Public works operating line items	1,010,830	942,380	(68,450)
Transit operating line items	546,366	1,139,666	593,300
Senior center operating line items	118,381	113,381	(5,000)
Parks, Recreation & Forestry line items	934,350	885,930	(48,420)
Non-departmental line items	69,921	65,581	(4,341)
Risk Management Fund allocation	375,000	350,000	(25,000)
TOTAL CHANGE FROM REQUESTED BUDGET			\$469,619

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Capital Budget Summary

2023 Capital Borrowing Summary

	2023 Total Budget	2023 Other Sources	2023 General Borrowing
Street Projects (Non-TIF)	\$1,546,000	\$182,652	\$1,363,348
Vehicle Replacement	\$500,000	\$0	\$500,000
Admin/IT/Planning/ Bldg. Insp/Library	\$812,325	\$260,000	\$552,325
Police & EMS	\$275,000	\$135,724	\$139,276
Other PW & Water Rsc	\$395,746	\$189,250	\$206,496
PRFC & Conservancy	\$934,555	\$596,000	\$338,555
PBC Trails & Bridges Project	\$1,500,000	\$0	\$1,500,000
TIF Districts	\$20,573,985	\$20,573,985	\$0
Enterprise Funds	\$3,779,315	\$3,779,315	\$0
Total	\$30,316,926	\$25,716,926	\$4,600,000

Vehicle Replacement Plan Summary

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GENERAL CAPITAL VEHICLE REPLACEMENT PLAN SUMMARY: 2023 - 2032

Department	Total Current Replacement Value	Average Annual Cost	2023	2024	2025	2026	2027	2028 to 2032
Administration	\$ 98,437	\$ 9,158	\$ -	\$ 42,955	\$ 32,116	\$ 30,867	\$ -	\$ -
Inspection	104,780	10,478	-	65,862	-	-	-	54,547
Police	799,756	137,669	120,000	124,219	268,734	173,304	89,968	875,667
Public Works	4,208,867	378,991	151,000	202,205	740,358	225,100	803,861	1,845,349
Parks & Rec.	1,767,934	195,379	227,000	234,423	157,990	286,964	204,020	1,448,518
TOTAL	\$ 6,979,774	\$ 731,676	\$ 498,000	\$ 669,664	\$ 1,199,199	\$ 716,236	\$ 1,097,849	\$ 4,224,080
Beginning Balance			\$ 684,704	\$ 900,704	\$ 856,040	\$ 386,841	\$ 352,605	\$ 19,756
Plus Budget Allocation			500,000	525,000	550,000	575,000	600,000	4,000,000
Plus Allocation of Excess Capital Funds			139,000	-	-	-	-	-
Plus Anticipated Trade-In/Sales			75,000	100,000	180,000	107,000	165,000	634,000
Less Vehicle Replacements			(498,000)	(669,664)	(1,199,199)	(716,236)	(1,097,849)	(4,224,080)
Less Other Equipment Replacements			-	-	-	-	-	-
Less New Vehicle & Equipment Requests			-	-	-	-	-	-
Ending Balance			\$ 900,704	\$ 856,040	\$ 386,841	\$ 352,605	\$ 19,756	\$ 429,676

Debt Service Budget

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Revenue & Other Sources

Property Tax Levy	\$5,475,000
Impact Fees Applied	\$215,000
Transfer in (MERL repayments)	<u>\$100,000</u>
Total Revenues & Sources	\$5,790,000

Expenditures & Other Uses

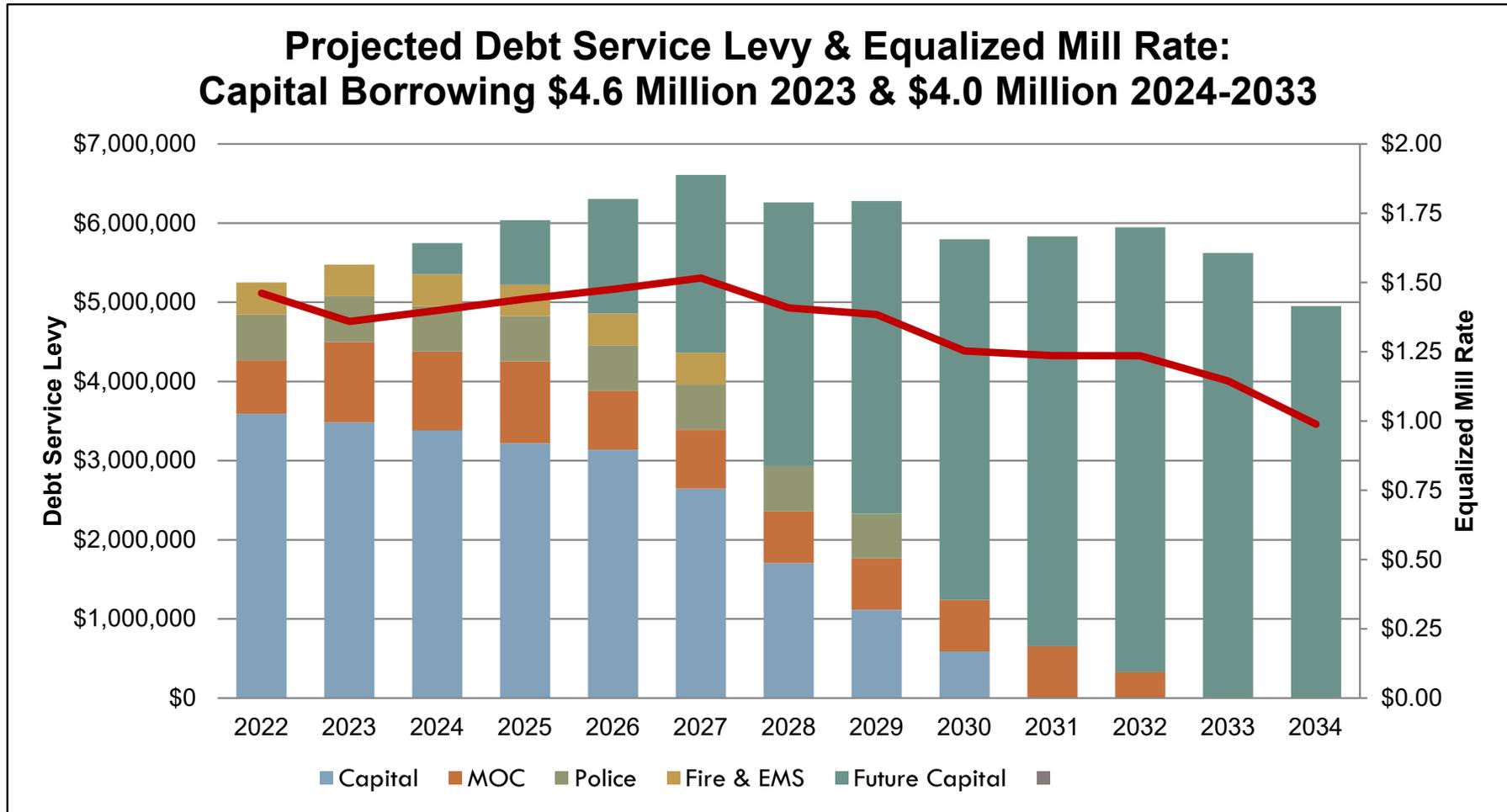
Principal	\$5,080,192
Interest	\$887,506
Paying Agent & Fiscal Charges	<u>\$12,500</u>
Total Expenditures	\$5,980,198

Surplus (Deficit) (\$190,198)

Beginning Balance \$430,008

Ending Balance \$239,810

Debt Service Projection



Budget Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service Levy	\$5.48 M	\$5.75 M	\$6.04 M	\$6.31 M	\$6.61 M	\$6.26 M	\$6.28 M	\$5.80 M	\$5.83 M	\$5.95 M	\$5.62 M	\$4.95 M
Debt Service Mill Rate	\$ 1.36	\$ 1.40	\$ 1.44	\$ 1.48	\$ 1.52	\$ 1.41	\$ 1.38	\$ 1.25	\$ 1.24	\$ 1.24	\$ 1.14	\$ 0.99

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Other City Funds

Other City Funds

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- Special Revenue Funds:
 - ▣ Several funds including new ARPA Projects fund
- Internal Service Fund: Risk Management
- Component Unit: Community Development Authority
- Enterprise Funds:
 - ▣ Water and Sewer Utilities
 - ▣ Pleasant View Golf Course
 - ▣ Middleton Airport
 - ▣ Storm Water Utility
 - ▣ Middleton Utility District

Recommended Budget: Adjustments in Other Funds

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- Tourism: increase destination grants by \$50,000 for CXC project grant
- TID #3: increase budget for Pleasant View Road Reconstruction by \$500,000 to \$14,500,000
- TID #5: add \$50,000 for Century Avenue Bridge Design
- Storm Water Utility: add \$20,000 for Pheasant Branch Creek Corridor Restoration (moved from general capital)
- ARPA Projects: Approval of carryover from 2022 projects and shift \$150,000 from 2024 allocation to offset capital borrowing
- Airport Fund: Change to fuel flowage fee \$0.08 to \$0.10 per gallon – projected \$1,200 of additional revenue

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Property Tax Information

Property Tax Levy Limit

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Levy Limit Formula

- Levy growth limited to increase in net new construction (2.302%) & TID 5 Net Subtraction Adjustment (0.175%)
- Debt service exclusion & abated debt adjustment
- Referendum adjustment

Prior Year Total Levy	\$19,292,426
Less Adjustments for PY PP Aid & Debt Service	(\$5,401,011)
Prior Year Adjusted Levy	\$13,891,415
Allowable % Change	2.477%
Allowable \$ Change	\$344,090
Plus Debt Service Adjust.	\$5,665,413
Plus Referendum Adjust.	\$770,000
Minus Exempt PP Aid	(\$119,689)
Total Allowable Levy	\$20,551,229
Recommended Levy	\$20,551,229

Property Tax Projections

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	2022 / 2023 Tax Year	Change from Prior Year
General Fund Levy (Non-Debt Service)	\$15,076,229	7.4%
Debt Service Levy	\$5,475,000	4.3%
Total Property Tax Levy	\$20,551,229	6.5%
Equalized Tax Rate*	\$5.10 per \$1,000	- 4.7%
Assessed Tax Rate*	\$5.37 per \$1,000	-14.1%

* Inclusive of the impact of the levy limit referendum

2022/2023 Property Tax Projections

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	Prior Year	Current Year	Dollar Change	Percent Change
Median Single-Family Assessment	\$336,100	\$414,400	\$78,300	23.3%
Assessed Mill Rate	\$6.25 per \$1,000	\$5.37 per \$1,000	- \$0.88	- 14.1%
City Tax Median Single-Family Home	\$2,101	\$2,225	\$124	5.9%

- 2022 was a revaluation year and the City's total assessed value increased by 23.9%
- The equalized mill rate decreased by 4.7%
- The assessed mill rate decreased by 14.1%
- Property taxes for individual properties will vary based on their individual assessment changes

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Finance Committee Motions and Budget Amendments & Actions

Finance Committee Motions

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- Recommend approval of the 2023 General Fund budget in the amount of \$24,853,771 inclusive of the following adjustments to Scenario 1 assuming passage of the levy limit referendum:
 - Reduce general transportation aid by \$2,270 to \$1,138,573
 - Increase video protection by \$2,500 to \$9,000
 - Increase the manufacturing assessment fee by \$611 to \$9,611
 - Reduce non-departmental miscellaneous by \$5,381 to \$47,790
 - Increase the City contribution to the Middleton Fire District by \$10,810 to \$1,087,746
 - Increase the expenditure budget for Madison Metro Transit by \$589,273 to \$1,129,178 and add an offsetting revenue from state transit funding in the amount of \$604,110
 - Increase the transit budget by \$4,027 with the intention of establishing an assigned fund balance for transit

Finance Committee Motions

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- Recommend approval of the 2023 Capital Projects Budget based on the list of projects identified at the October 18, 2022, Finance Committee meeting including:
 - ▣ The allocation of \$136,000 of 2022 excess capital funds to reduce the amount of the 2023 capital borrowing
 - ▣ The shifting of \$150,000 in projects to the ARPA fund to reduce the amount of the 2023 capital borrowing
 - ▣ \$4,600,00 of planned general capital borrowing in 2023 including \$1,500,000 for the Pheasant Branch Creek Trails and Bridges project

Finance Committee Motions

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- Recommend approval of the 2023 budget for other City funds including special revenue, debt service, TIF district, internal service, component unit, and enterprise funds with the following adjustments:
 - ▣ Tourism – increase destination grants by \$50,000 for the CXC project grant
 - ▣ TID #3 – increase the budget for the Pleasant View Road Reconstruction by \$500,000 to \$14,500,000
 - ▣ TID #5 – add \$50,000 for the Century Avenue Bridge Design
 - ▣ Storm Water Utility – add \$20,000 for the Pheasant Branch Creek Corridor Restoration project
 - ▣ ARPA Projects – reduce the 2024 allocation of energy efficiency in Naturally Occurring Affordable Housing (NOAH) by \$150,000 and include the recognition of \$150,000 of additional ARPA revenue in 2023 to fund items capital items such as the additional police vehicle and/or city hall access control and renovations
 - ▣ Airport Fund – increase the fuel flowage fee from \$0.08 to \$0.10 per gallon and increase the airport revenue budget by \$1,200

Budget Amendments & Actions

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- Council Budget Amendments
 - ▣ Finance Committee Recommended Budget is starting point
 - ▣ Budget amendments may be made as motions
 - ▣ Amendments should be introduced on tonight, if possible
- Budget Adoption November 15
 - ▣ Resolution to adopt the 2023 budget for all funds
 - ▣ Resolution approving the tax levy for the 2023 budget
- Follow-up Actions
 - ▣ Sewer rate increase to pass through MMSD rates
 - ▣ 2023 Salary Resolution based on adopted budget
 - ▣ Resolution for any ambulance billing fee changes
 - ▣ Application to State for direct transit aid