



CITY OF MIDDLETON

2017 Recommended Budget Overview

Special Council Meeting

November 9, 2016

Budget Highlights

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- Decrease of 3.8% in the City tax rate
- Includes \$220,946 in personnel decision items including a new full-time Public Works Operations Manager and several part-time/LTE positions
- Additional funds to support a 1.5% cost-of-living adjustment and \$30,000 for additional compensation plan adjustments
- Capital borrowing plan includes \$1.5 million for University Avenue reconstruction and \$884,445 for the vehicle replacement plan
- Qualifies for the Expenditure Restraint Program

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Recommended Budget Summary

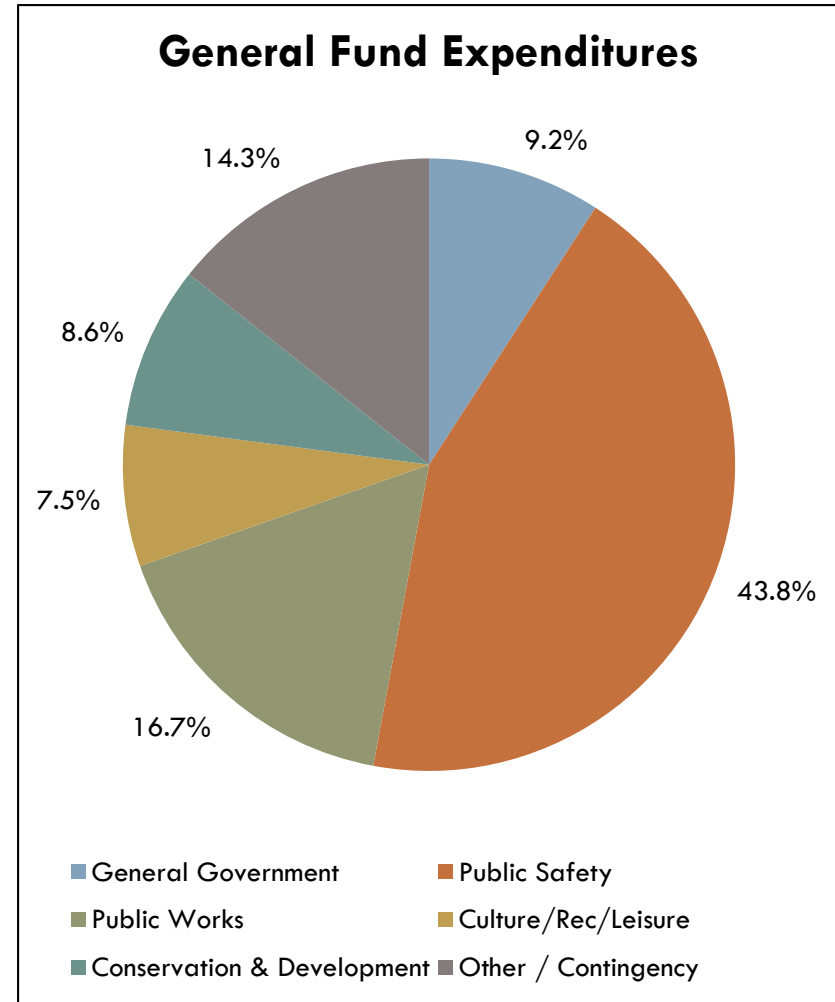
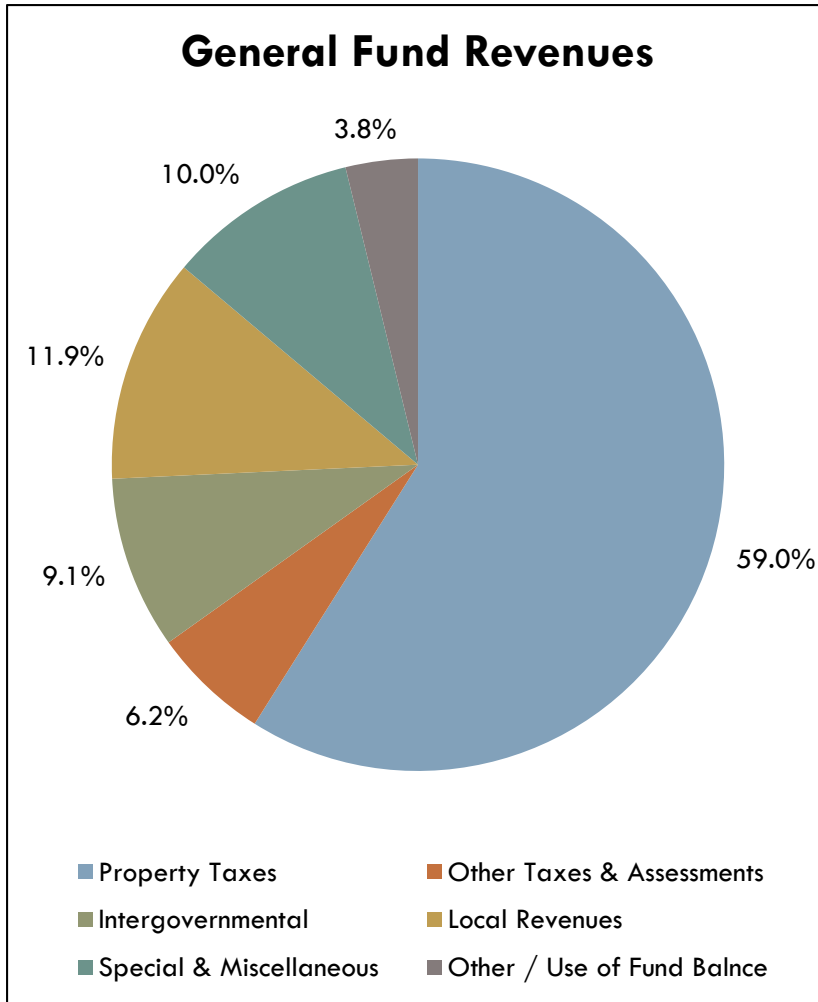
2017 Proposed Budget: All Funds

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Fund	Revenues	Expenditures	Tax Levy
General Fund	\$20,616,617	\$20,616,617	\$12,154,704
Special Revenue Funds	\$4,272,898	\$4,158,680	\$0
Risk Management Fund	\$427,708	\$427,708	\$0
Community Development Authority	\$25,100	\$78,500	\$0
Capital Projects Funds (Non-TIF)	\$4,014,930	\$4,014,930	\$0
TIF Districts	\$9,052,531	\$12,068,699	\$0
Debt Service Fund	\$4,720,666	\$4,720,666	\$4,437,499
Water Utility	\$3,014,756	\$3,149,337	\$0
Sewer Utility	\$2,553,508	\$2,771,830	\$0
Golf Course	\$2,338,383	\$2,464,207	\$0
Other Enterprise Funds	\$395,174	\$334,556	\$0
TOTAL	\$51,432,271	\$54,805,730	\$16,592,203

2017 General Fund Summary

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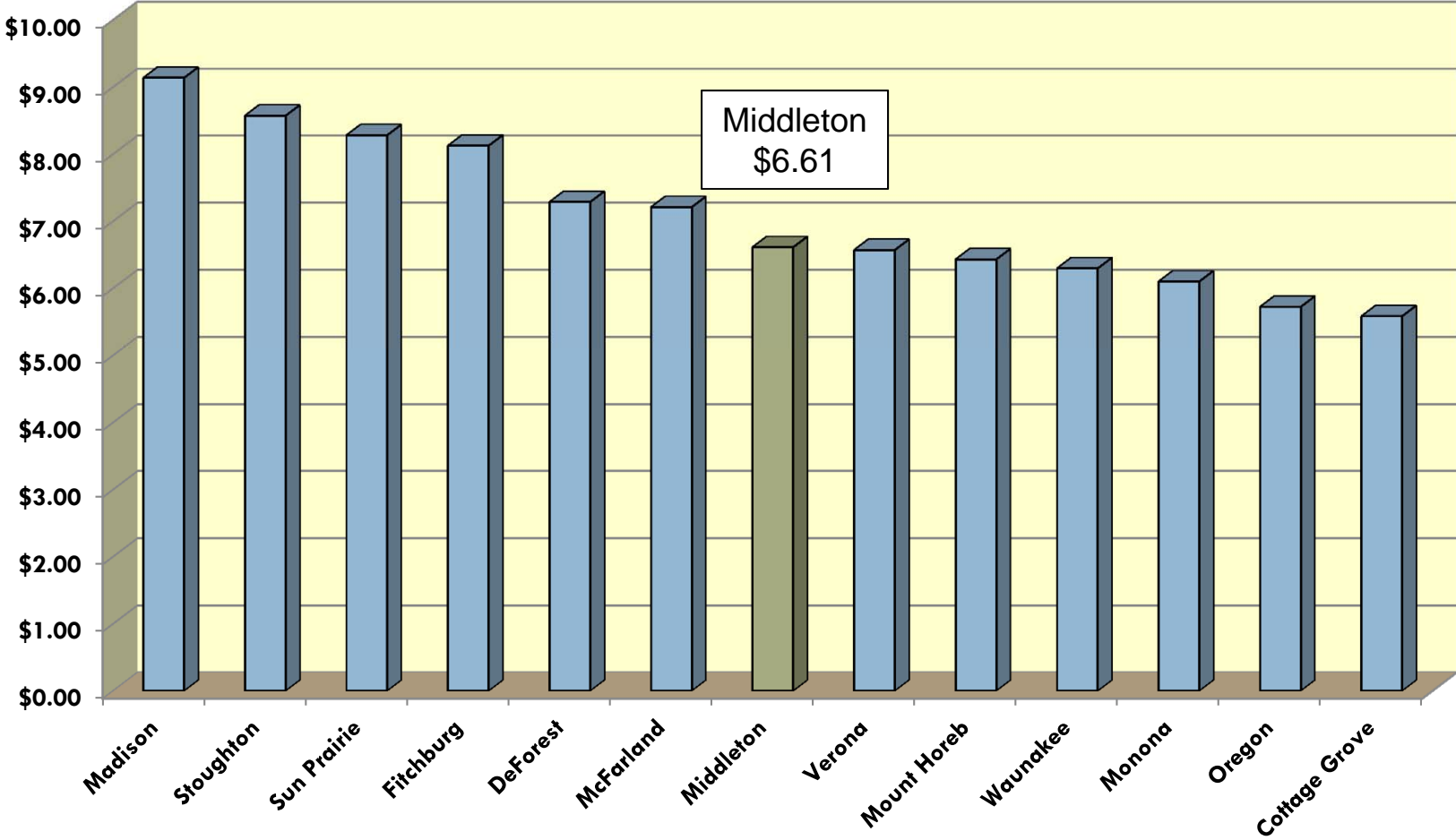


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Revenues

Tax Rate Comparison

2015 Tax Year / 2016 Budget Year Equalized Tax Rates



Property Tax Levy Limit

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Levy Limit Formula

- Levy growth limited to increase in net new construction
- Various exclusions for debt service, transfers of services, annexations, emergency expenses
- 2016/2017 total net allowable increase over prior year: \$206,069

Prior Year Total Levy	\$16,386,134
Less Adjustment for 2016 GO Debt Service	(\$4,671,940)
Prior Year Adjusted Levy	\$11,714,194
Allowable % Change	2.48%
Allowable \$ Change	\$290,512
Plus Adjustment for 2017 GO Debt Service	\$4,587,497
2016/2017 Total Allowable Levy	\$16,592,203

2016/2017 Property Tax Projections

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	2016 / 2017 Tax Year	Change from Prior Year
General Fund Levy (Non-Debt Service)	\$12,154,704	2.45%
Debt Service Levy	\$4,437,499	- 1.90%
Total Property Tax Levy	\$16,592,203	1.26%
Tax Rate	\$6.35 per \$1,000	-3.77%
Estimated City Tax on a \$347,100 Home	\$2,203	-\$86.23

Non-Property Tax Revenues

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Intergovernmental Aids

- **Shared Revenue:** Increase of \$6,283
- **Expenditure Restraint:** No aid in 2017, plan to re-qualify for an aid payment in 2018 and future years
- **Highway Aids:** Decrease of \$17,164
- **Exempt Computer Aid:** Projected decrease of \$100,000

Other Major Revenues

- **Utility PILOT:** \$125,000 increase over 2016 budget
- **Room Tax (GF):** \$53,000 increase over 2016 budget
- **TID 3 Administration (Cost Recovery):**
\$100,000 decrease from 2016 budget

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Expenditures

Expenditure Restraint Program (ERP)

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ERP Guidelines

- Voluntary program
- Qualify if General Fund Expenditures less than allowable growth factor
- Growth Factor = 60% Net New Construction + Inflation (CPI)
- 2017 Growth Factor = 2.4%

2016 Adopted General Fund Budget	\$24,789,559
Adjustments for Debt Service & Recycling Fee	(\$4,577,189)
2016 Net General Fund Expenditures	\$20,212,370
2017 Proposed General Fund Expenditures	\$20,616,617
Additional Adjustments Recommended	\$63,718
2017 Total General Fund Expenditures	\$20,680,335
Percent Increase	2.32%
Allowable Growth Factor	2.4%

2017 Expenditure Adjustments

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General Fund Items Funded by Surplus or Use of Fund Balance

□ EMS Vehicle Replacement Reserve	\$48,000
□ Fire Equipment Replacement Reserve*	\$190,650
□ Compensated Absences (Sick Accrual)	\$210,000
□ Emergency Contingency	<u>\$400,000</u>
TOTAL	\$848,650

* Recommended to increase by \$63,718 to the full amount of \$190,650 based on final allowable ERP increase.

Personnel Decision Items

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Position / Item	Department	Cost	FTE
Increase Staff to Pay Grade Minimums	Youth Center	\$12,092	-
Increase Recreation Coordinator to Full-Time	Recreation	\$12,837	0.25
Increase Part-Time Records Clerks to 1.0 FTE	Police	\$10,798	0.25
Part-Time Facilities Maintenance Position	Bldg. Inspection	\$22,607	0.50
Additional Limited-Term-Employee Staffing	Public Lands	\$12,589	0.75
Full-Time Operations Manager	Public Works	\$99,916	1.00
Reclassify Library Assistant III to Librarian I	Library	\$1,174	-
On-call Pay for IT Staff	IT	\$26,800	-
Additional Planning Intern Hours	Planning	\$7,276	0.14
Part-Time Evening Attendant	Senior Center	\$3,230	0.15
Part-Time Limited-Term Mechanic	Public Works	<u>\$11,627</u>	<u>0.38</u>
	TOTAL	\$220,946	3.42

Other Personnel/Benefit Changes

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- Health Insurance: New deductibles for employee of \$250 single/\$500 family & drug copay increases to limit City cost increase to 1.85%
- Dental Insurance: No change in rates for 2017
- Income Continuation Insurance: Premium holiday extended to 2017 = savings of \$15,000
- Cost-of-Living Adjustments: Personnel contingency budgeted to allow for 1.5% adjustments in 2017
- Compensation Plan Adjustments: Personnel contingency includes \$30,000 for adjustments

Other Operating Budget Highlights

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- Risk Management Fund: Establishes a new Risk Management Fund with allocations to the General Fund, Tourism, Water, Sewer, and Golf Course
- Debt Service Levy: Levy directly to debt service fund rather than the General Fund
- TIF District Debt Service: Include TIF debt service in TIF Funds rather than in general Debt Service Fund

2017 General Capital Borrowing

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Project	Amount
<u>Bldg. Insp.</u> – Plan Scanning & City Hall Fire/Access Panel	\$37,350
<u>Conservancy Lands</u> – Master Plan, Bock Forest Restoration, City Trail & Network Enhancements	\$244,175
<u>EMS</u> – Storage Cabinets & Training Room Enhancements	\$20,000
<u>IT</u> – Fiber Network, City Hall Video Equipment, SIRE Replacement	\$205,000
<u>Parks, Rec., & Forestry</u> – EAB, Equipment Upgrades, Lakeview Path	\$351,225
<u>Police</u> – Squad Lighting, Siren, & Controller Replacement	\$82,950
<u>Public Works</u> – University Avenue Reconstruction (Phase 1)	\$1,500,000
<u>Public Works</u> – Other Projects Items #3,4,5,6,8,9,10,13,14,15,18	\$612,485
<u>Vehicle Replacement Plan</u> – Funding of Items #1-20	\$884,445
<u>Water Resources</u> – Adaptive Management	\$62,300
TOTAL	\$3,999,930

Debt Service Budget

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□ Sources of Funds:

□ Debt Service Tax Levy	\$4,512,499
□ Build America Bond Subsidies	\$133,167
□ Impact Fees Applied	<u>\$150,000</u>
	\$4,720,666

□ Uses of Funds:

□ Principal :	\$3,720,000
□ Interest:	<u>\$1,000,666</u>
	\$4,720,666

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Multi-Year Projections

Multi-Year Financial Forecast

Multi-Year Forecast Model

- 5-Year forecast of revenues and expenditures
- Key assumptions:
 - ▣ 2.0% Non-TID EQV growth
 - ▣ 2.5% Net New Construction
 - ▣ 2.0% Exp. Rest. Pgm. Limit
 - ▣ Revenues 0-5% growth
 - ▣ Expenditures 1-3% growth
 - ▣ Includes Levy Limit and Expenditure Restraint Program projections

	2017		2018		2019		2020		2021		2-Year Average	Percent Change
	REQUESTED	ADJUSTMENT	BUDGET	ADJUSTMENT	FORECAST	ADJUSTMENT	FORECAST	ADJUSTMENT	FORECAST	ADJUSTMENT	FORECAST	
6	12,275,734	75,000	12,350,734		12,454,024		12,742,445		13,077,756		13,450,455	6.9%
7	Room Tax	125,000	19,000	144,000		144,000		144,000		144,000	144,000	0.0%
8	Perman/Free Utility	25,000		25,000		25,000		25,000		25,000	25,000	0.0%
9	Other Lease	45,000		45,000		45,000		45,000		45,000	45,000	0.0%
10	TOTAL	195,000	19,000	214,000		214,000		214,000		214,000	214,000	0.0%
11	TOTAL	12,470,734	94,000	12,564,734		12,668,024		12,956,445		13,291,756	13,664,455	6.9%
12	Special Assessments											
13	Street Improvement Dist.											
14	SideWalk & Curb	75,000		75,000		75,000		75,000		75,000	75,000	0.0%
15	TOTAL	75,000		75,000		75,000		75,000		75,000	75,000	0.0%
16	TOTAL	12,545,734	94,000	12,639,734		12,743,024		13,031,445		13,366,756	13,739,455	6.9%
17	Intergovernmental Revenue											
18	Share Revenue	245,611	6,233	251,844		251,844		251,844		251,844	251,844	0.0%
19	Equip Share Statute			305,000		305,000		305,000		305,000	305,000	0.0%
20	State & Federal - Fire	100,000		100,000		100,000		100,000		100,000	100,000	0.0%
21	School District - Police	79,042		79,042		79,042		79,042		79,042	79,042	0.0%
22	County Comm. Share	200,000		200,000		200,000		200,000		200,000	200,000	0.0%
23	State Road Aid	1,012,975	(17,944)	995,031		995,031		995,031		995,031	995,031	0.0%
24	State Recycling Grant	52,245		52,245		52,245		52,245		52,245	52,245	0.0%
25	County Aid - General	19,000		19,000		19,000		19,000		19,000	19,000	0.0%
26	County Aid - Senior	5,000		5,000		5,000		5,000		5,000	5,000	0.0%
27	Other Intergovernmental											
28	TOTAL	1,995,973		1,995,973		1,995,973		1,995,973		1,995,973	1,995,973	0.0%
29	TOTAL	1,995,973		1,995,973		1,995,973		1,995,973		1,995,973	1,995,973	0.0%
30	Licenses and Permits											
31	Licenses	69,450		69,450		69,450		69,450		69,450	69,450	0.0%
32	Building Permit	270,000	15,000	285,000		285,000		285,000		285,000	285,000	0.0%
33	Electricity Permit	70,000	5,000	75,000		75,000		75,000		75,000	75,000	0.0%
34	Plumbing Permit	70,000	5,000	75,000		75,000		75,000		75,000	75,000	0.0%
35	Call Center Franchise Fee	272,500		272,500		272,500		272,500		272,500	272,500	0.0%
36	Other Licenses	45,000		45,000		45,000		45,000		45,000	45,000	0.0%
37	TOTAL	749,950	25,000	774,950		774,950		774,950		774,950	774,950	0.0%
38	TOTAL	749,950	25,000	774,950		774,950		774,950		774,950	774,950	0.0%
39	Fines & Penalties											
40	Fine & Penalties	150,000		150,000		150,000		150,000		150,000	150,000	0.0%
41	Over Court	15,000		15,000		15,000		15,000		15,000	15,000	0.0%
42	Railroad Aid	40,000		40,000		40,000		40,000		40,000	40,000	0.0%
43	TOTAL	205,000		205,000		205,000		205,000		205,000	205,000	0.0%
44	TOTAL	205,000		205,000		205,000		205,000		205,000	205,000	0.0%
45	Public Charge for Services											
46	Ambulance Revenue	114,000	43,228	157,228		157,228		157,228		157,228	157,228	0.0%
47	Asphalt Center Revenue	252,241		252,241		252,241		252,241		252,241	252,241	0.0%
48	Other Revenue	136,452	13,000	149,452		149,452		149,452		149,452	149,452	0.0%
49	Senior Center Revenue	15,500	3,200	18,700		18,700		18,700		18,700	18,700	0.0%
50	Other Public Charge	12,400		12,400		12,400		12,400		12,400	12,400	0.0%
51	TOTAL	522,593	62,428	585,021		585,021		585,021		585,021	585,021	0.0%
52	TOTAL	522,593	62,428	585,021		585,021		585,021		585,021	585,021	0.0%
53	Special Fund Activities											
54	Administration - Landfill	5,000		5,000		5,000		5,000		5,000	5,000	0.0%
55	EHS Team Contribution	205,224		205,224		205,224		205,224		205,224	205,224	0.0%
56	Administration - Utilities	125,000		125,000		125,000		125,000		125,000	125,000	0.0%
57	Administration - TIF 3	1,471,530		1,471,530	(100,000)	1,371,530	(100,000)	1,271,530	(100,000)	1,171,530	71,530	-5.2%
58	Transports			2,600		2,600		2,600		2,600	2,600	0.0%
59	Administration - Fire District			2,600		2,600		2,600		2,600	2,600	0.0%
60	TOTAL	1,624,354		1,624,354		1,371,530		1,271,530		1,171,530	1,171,530	-28.3%
61	TOTAL	1,624,354		1,624,354		1,371,530		1,271,530		1,171,530	1,171,530	-28.3%
62	Miscellaneous Revenue											
63	Interest on Investments	100,000		100,000	10,000	110,000	(10,000)	100,000		110,000	100,000	0.0%
64	Over Court Rebate	40,000		40,000		40,000		40,000		40,000	40,000	0.0%
65	Recall Income	20,000		20,000		20,000		20,000		20,000	20,000	0.0%
66	MADOP Payment	15,000		15,000		15,000		15,000		15,000	15,000	0.0%
67	Environment Improvement Fee	22,524		22,524		22,524		22,524		22,524	22,524	0.0%
68	Joint Fund Fee	20,000	5,000	25,000		25,000		25,000		25,000	25,000	0.0%
69	Other Miscellaneous	17,921		17,921	324	18,245	444	18,689	(193)	18,496	18,496	-0.8%
70	TOTAL	223,524	5,000	228,524	324	231,848	444	232,292	(193)	232,099	232,099	-0.1%
71	TOTAL	223,524	5,000	228,524	324	231,848	444	232,292	(193)	232,099	232,099	-0.1%
72	Other Financial Sources											
73	Fund Balance-Operational	40,000	400,000	440,000	(124,424)	315,576	(50,000)	265,576	31,455	297,031	271,716	-9.2%
74	Fund Balance-Emergency	-	400,000	400,000	(146,247)	253,753	(11,721)	242,032		230,311	230,311	-5.7%
75	TOTAL	40,000	800,000	840,000	(166,671)	673,329	(61,721)	611,605	31,455	527,347	498,027	-18.2%
76	TOTAL	40,000	800,000	840,000	(166,671)	673,329	(61,721)	611,605	31,455	527,347	498,027	-18.2%
77	TOTAL OF REVENUES	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
78	TOTAL OF REVENUES	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
79	GENERAL FUND EXPEN											
80	GENERAL FUND EXPEN											
81	General Government											
82	General Government											
83	Council Wages	60,400		60,400		60,400		60,400		60,400	60,400	0.0%
84	Council Benefits	5,606		5,606		5,606		5,606		5,606	5,606	0.0%
85	Council Operating	2,200	(2,000)	200		200		200		200	200	0.0%
86	TOTAL COUNCIL	68,206	(2,000)	66,206		66,206		66,206		66,206	66,206	0.0%
87	COMMISSIONS	23,400		23,400		23,400		23,400		23,400	23,400	0.0%
88	Overnight	13,447		13,447		13,447		13,447		13,447	13,447	0.0%
89	Overnight	17,045	(17)	17,028		17,028		17,028		17,028	17,028	0.0%
90	Overnight	11,234		11,234		11,234		11,234		11,234	11,234	0.0%
91	TOTAL COURT	41,726		41,726		41,726		41,726		41,726	41,726	0.0%
92	TOTAL COURT	41,726		41,726		41,726		41,726		41,726	41,726	0.0%
93	IT-Wage	240,341		240,341		240,341		240,341		240,341	240,341	0.0%
94	IT-Wage	79,882	3,224	83,106		83,106		83,106		83,106	83,106	0.0%
95	IT-Wage	240,341		240,341		240,341		240,341		240,341	240,341	0.0%
96	IT-Wage	79,882	3,224	83,106		83,106		83,106		83,106	83,106	0.0%
97	IT-Wage	240,341		240,341		240,341		240,341		240,341	240,341	0.0%

General Fund Forecast

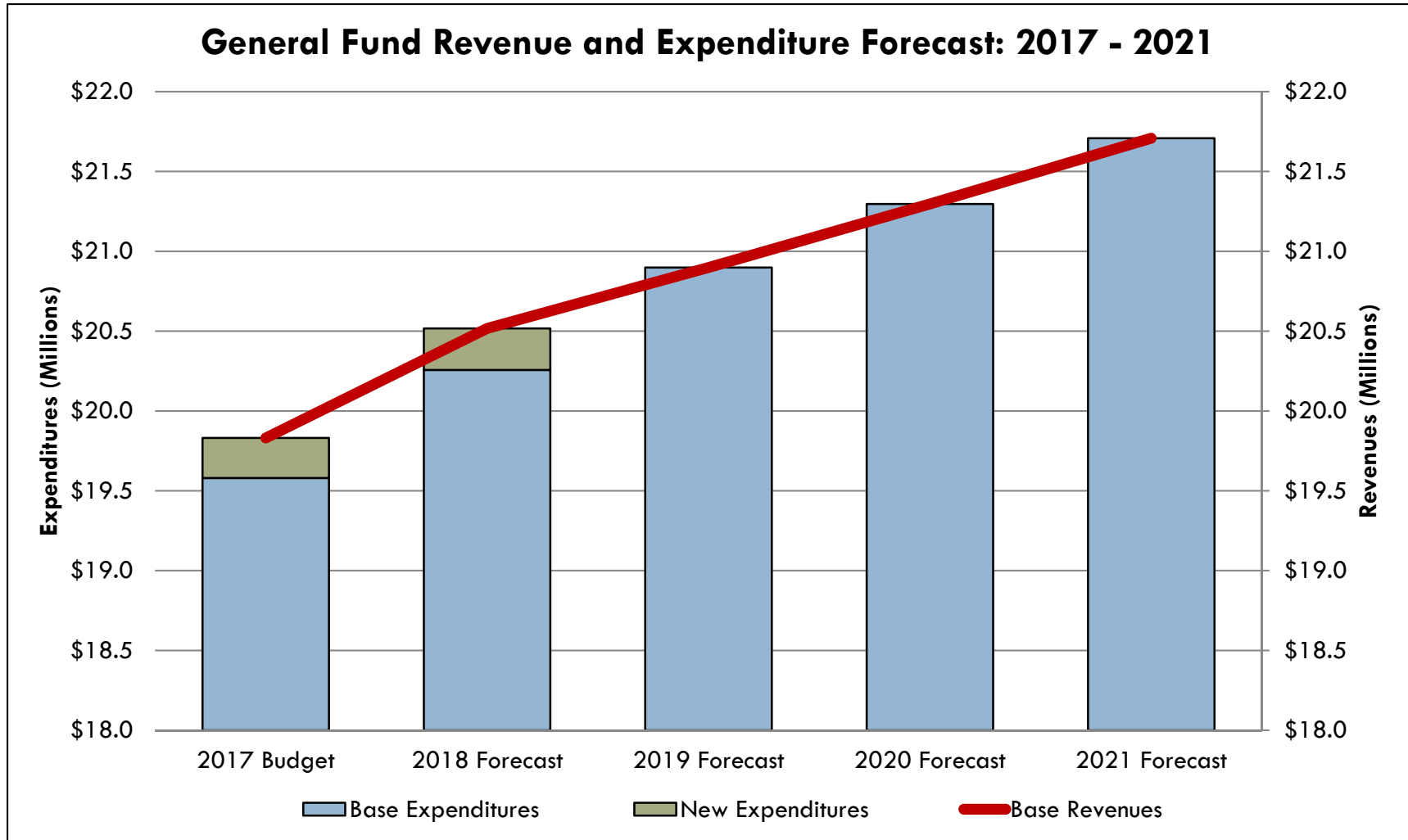
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	2017 Budget	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
General Fund Revenues					
Property Tax	\$13,356	\$13,691	\$14,034	\$14,386	\$14,747
<u>Other Revenues</u>	<u>6,476</u>	<u>6,826</u>	<u>6,865</u>	<u>6,911</u>	<u>6,962</u>
Total Base Revenues	19,832	20,517	20,899	21,296	21,709
Change		685	382	398	412
Percent Change		3.5%	1.9%	1.9%	1.9%
General Fund Expenditures					
Base Expenditures	\$19,581	\$20,258	\$20,899	\$21,296	\$21,709
<u>New Expenditures</u>	<u>251</u>	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Base & New Expenditures	19,832	20,517	20,899	21,296	21,709
Change		685	382	398	412
Percent Change		3.5%	1.9%	1.9%	1.9%

(Numbers shown in \$1,000s; Excludes budgeted use of surplus/fund balance)

General Fund Forecast

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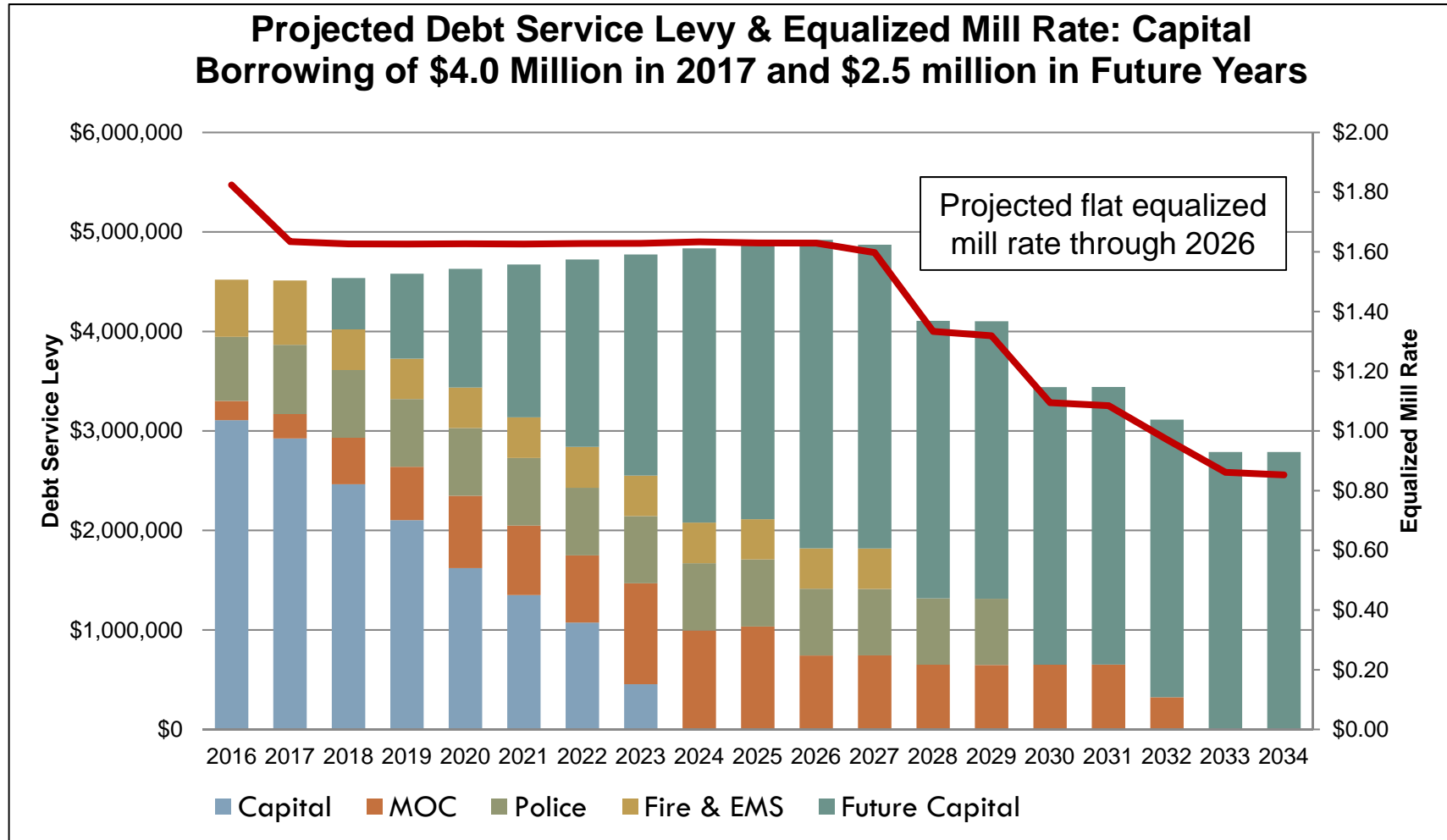
Capital Borrowing Plan Summary

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	2017 Budget	2018 Projected	2019 Projected	2020 Projected	2021 Projected
Streets: University Avenue	\$1,500,000	\$0*	\$0	\$0	\$0
Streets: Crack Filling & Chip Seal	\$165,000	\$300,000	\$300,000	\$300,000	\$300,000
Streets: Other Projects	\$387,700	\$901,800	\$815,000	\$850,000	\$850,000
Vehicle Replacement Plan	\$884,445	\$750,000	\$500,000	\$500,000	\$500,000
Other Projects	\$1,062,785	\$548,200	\$885,000	\$850,000	\$850,000
Total Borrowing	\$3,999,930	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000

* Assumes the projected \$ 1 million cost for University Avenue Phase II is funded by TIF

Debt Service Projection



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Next Steps / Process

Next Steps / Budget Process

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- Public Hearing
- Council Deliberations
- Potential Budget Amendments
- Final Expenditure Restraint Program Adjustments
- Council Action to Approve the Budget – November 15
 - ▣ Budget Approval Resolution (All Funds)
 - ▣ Property Tax Levy Resolution
 - ▣ Salary Resolution
 - ▣ Other Supporting Resolutions – EMS Fee Schedule, Risk Management Fund