



# 2021 Draft Budget Overview

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MILTON CITY COUNCIL MEETING  
2021 BUDGET PUBLIC HEARING

NOVEMBER 17, 2020

# 2021 Preliminary Budget

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## Budget Goals:

- Balanced Budget
- Stay within levy limits
- Qualify for expenditure restraint
- No reductions in service
- No new borrowing

# 2021 Draft Budget

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## 2021 Highlights:

- The City of Milton will collect less taxes in 2021 than in 2020.
- Expenses increasing 1.00% (down from 1.15% as discussed November 4).
- \$27.6 million increase in equalized value in 2019 (1/1/2019 to 1/1/2020)
- Milton was the second fastest growing City in Rock County (2.152% net new construction).
- No new tax levy supported borrowing

# 2021 Draft Budget

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	<u>2020</u> <u>Adopted</u>	<u>2021</u> <u>Draft</u>
General Fund Expenditures	\$ 5,087,906	\$5,138,642
Percent Increase Over Previous Year	2.73%	1.00%

# 2021 Draft Budget

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## Contributing Factors to the 2021 Budget Construction

### City's Growth

- City had new construction of 2.152%, thereby allowing the legal levy limit to increase by \$55,427
- The 2.152% increase equates to \$9.2 million in new construction

### Expenditure Restraint

- In order to qualify for an estimated \$100,000+ state aid payment for 2022 budget, the 2021 budget cannot increase expenditures by more than approximately \$139,000

### Affordability

- Developing a budget that maintains services as affordable as possible (can vs. should)

# 2021 Draft Budget

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## City's Growth

- Milton was second fastest growing City in Rock County (2.152% net new construction)
- City realized an overall increase of approximately \$27.57 million in equalized value in 2019 with TID (thru Jan 1, 2020)
  - The increase in 2018 (thru Jan 1, 2019) was \$31.26 million
- Levy limit increases are limited to the “net new construction” percentage

# 2021 Preliminary Budget

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## Levy Limits:

- Levy Limits provide the maximum amount a town, village, city and county may implement as a property tax levy on parcels within their boundaries.
  - Under the state budget, 2015 Wisconsin Act 55, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction. If no new construction occurred in your community, then your allowable levy increase is zero percent.
    - Adjustments for qualifying items can also add to the levy.
      - City of Milton has utilized the increase for joint fire departments in the past.
- The preliminary budget, as presented today, meets the State imposed Levy Limit.

# 2021 Preliminary Budget

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## Expenditure Restraint:

- Expenditure Restraint is a separate “cap” imposed by the State that only allows a municipality to increase its levied expenditures by a certain percentage annually.
- If the municipality stays below the “cap” it will receive additional State aid the following budget year.
  - 2017 actual “bonus” was \$115,000
  - 2018 actual “bonus” was \$122,000
  - 2019 actual “bonus” was \$114,550
  - 2020 actual “bonus” was \$112,227
  - 2021 projected “bonus” is \$113,302



# 2021 Preliminary Budget

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## Expenditure Restraint (con't):

- To qualify for a 2022 ERP payment, both must apply:
  - The municipal-only 2015 property tax rate must exceed 5 mills
    - According to DOR records, 479 municipalities have a 2015 tax rate above 5 mills
    - **Note:** This excludes TIF district value and tax increments
  - At this time, expenditures cannot exceed 2.62% (\$111,036) in order to qualify for a 2022 ERP payment.
- The budgeted expenditures, as shown today qualify, for the estimated ERP “bonus.”

# 2021 Draft Budget

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## What this all means....

### The City's 2021 draft budget:

- Will “levy” to the max (\$3,401,523).
- The 2021 budget as presented on November 17, 2020, **DOES** qualify for the State imposed levy limit cap and the ERP program.
- Any additions to the budget will have to result in a subtraction from another line item

# 2021 Draft Budget

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## What will the impact be....

In the City's 2021 draft budget:

- The City of Milton will collect less taxes in 2021 than in 2020.
- The City's tax rate will decline from \$9.79 to \$9.62 (1.74% reduction)
- Expenses increasing 1.00% (down from 1.15% as discussed November 4).
- No reductions in service.
- No new levy supported borrowing.
- All employees receive the same compensation increase.
- Maintains capital and infrastructure funding levels.



# 2021 Fire Allocation

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The Fire Commission chose to allocate 2021 contributions based on equalized value of all municipalities that are covered by department.

City's allocation:

- 37.94% of \$1,098,099 that was needed for the department
- Equates to \$416,581 (increase of \$24,989 or 6.38% from 2020 contribution)
- No allocation included for potential ambulance replacement.
  - Ambulance replacement on Fire Department agenda for tomorrow night (Nov 18)



# 2021 Fire Allocation

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## Contracted Townships meeting updates

- Determine if they'll continue to receive service from the Milton Fire Department
  - Town of Harmony approved the contract on November 9
  - No updates from Town of Lima and Johnstown
  - Town of Koshkonong is meeting November 30 to discuss the contract
- If there are changes to the coverage area
  - Fire Commission would need to determine how to handle any potential funding shortfalls
  - Requested signed contracts no later than November 16

# 2021 Budget Construction

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2020 Budget TAX LEVY	\$ 3,411,097
Employee relations:	\$ 53,443
Non-property tax revenue increase:	\$ (60,310)
Operational expenditures:	<u>\$ (2,707)</u>
<b>PRELIMINARY 2021 Budget TAX LEVY</b>	<b>\$ 3,401,523</b>

# Employee Relations

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1% wage increase non-protective employees	14,502
1% contractual wage increase protective employees	6,628
WRS increase for protective employees	869
Health insurance increase and plan changes	31,444
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	<b>53,443</b>

# Non-property tax revenue decrease/(increase)

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Payment from water utility	(30,000)
Computer aid	(17,382)
Other state aid (shared revenue, ERP, PP aid)	(3,839)
Road aid	(9,380)
Building permits	(43,828)
Interest income	42,500
Other	1,619
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	(60,310)

The increase in contracted building inspection fees revenue is offset with \$43,828 in additional expenses in the DPW budget. The net impact to the levy is \$0.



# Operational Expenditures

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## ***General Gov't - increase / (decrease)***

Information technology	10,000
Worker Comp, liability, property insurance	15,900
Retiree & OPEB funding	(7,240)
City offices expenses	(2,400)
Assessor services	14,800
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	31,060

## ***Public Safety - increase / (decrease)***

Police Department	-
Fire Department	24,639
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	24,639

# Operational Expenditures



## ***DPW - increase / (decrease)***

Contracted building inspection	43,506
Snow & ice operating supplies	(5,630)
Street lighting	<u>(9,600)</u>
	28,276

## ***Transfer - increase / (decrease)***

Debt service	<u>(60,300)</u>
	(60,300)

Other expenditures (26,382)

The increase in contracted building inspection fees is offset with additional revenue. The net impact to the levy is \$0.

# Capital Items Included In 2021 Budget

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## ***Equipment***

Shouldering attachment	5,500
Replacement garage door at DPW building	8,950
One small mower	5,500
Truck box replacement for 2 trucks	40,000
Forks for skid steer & bobcat	2,000
Soil tool	2,000
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	63,950

## ***Vehicles***

1.50 squad cars	73,000
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	73,000

# Capital Items Included In 2021 Budget

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## ***Facilities and Public Lands***

Landscaping at City Hall, DPW, & Library	5,000
Park Safety Upgrades (Mulch)	4,400
Tree Removal and replacement (Public Lands)	8,000
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	17,400

## ***TBD Street Projects***

TBD	100,000
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	100,000

Total PROPOSED 2020 tax levy (2021 budget) allocation for capital items	<hr/> <hr/>
	254,350

# Capital Items Included In 2021 Budget Non-Levy Funding Sources

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## ***Street Maintenance (Wheel Tax)***

Cottonwood Lane	94,839
TBD Concrete pavement repairs	35,000
HMA preventative maintenance	<u>10,161</u>
	140,000

## ***Assessment Fund***

Sidewalk repair	<u>25,000</u>
	25,000

# Capital Items Included In 2021 Budget Utility Funding Sources



## ***Water Utility***

Cottonwood Lane water main	338,119
Meter replacement	93,364
GIS implementation	15,000
Risk and resilience assessment	10,000
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	456,483

## ***Wastewater Utility***

WWTP (Aeration flow meters, blower, Bio P mixer)	290,000
Cottonwood Lane sewer main	67,248
GIS implementation	15,000
Sewer ordinance update & industrial pretreatment program	30,000
Liftstation #5 & #6 design	79,800
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	482,048

## ***Stormwater Utility***

Cottonwood Lane storm sewer main	61,793
Donation to Rock County Sweep	2,000
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	63,793

# Capital Items NOT Included In 2021 Budget



## ***Equipment***

Cold Storage facility (General fund portion)	40,000
Truck box replacement for 1 truck	20,000
Body cameras for PD replacement -potentially	13,000
One small mower	5,500
Plate compactor for skidsteer	6,000
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	84,500

## ***Sanitation equipment***

UV disinfectant unit for City Hall/PD	14,995
UV disinfectant unit for Library	14,995
UV disinfectant unit for DPW building	9,995
Airless disinfectant sprayer	6,500
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	46,485

# Capital Items NOT Included In 2021 Budget

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## ***Facilities and Public Lands***

Chainlink fence on south side of cemetery	28,750
Decorative fence on front of cemetery	38,125
New trash barrels in downtowns	8,000
TBD Parks equipment maintenance	<u>10,000</u>
	84,875
Items left out of the initial 2021 capital allocation	<u><u>215,860</u></u>



# Levy Allocations



	<b>2021 Budget 2020 Levy</b>	<b>2020 Budget 2019 Levy</b>	<b>Dollar Change</b>	<b>% Change</b>
<b>Approved Levies</b>				
County	\$ 2,268,702.19	\$ 2,187,514.73	\$ 81,187.46	3.71%
City	\$ 3,401,523.00	\$ 3,411,097.00	\$ (9,574.00)	-0.28%
School District	\$ 3,642,790.01	\$ 3,455,653.76	\$ 187,136.25	5.42%
Vocational School	\$ 430,134.62	\$ 415,258.81	\$ 14,875.81	3.58%
	\$ 9,743,149.82	\$ 9,469,524.30	\$ 273,625.52	2.89%
School Credit	531,684.46	\$ 531,684.46	-	0.00%

The highlighted amounts are estimates for the 2021 budget (2020 levy) as the State has not provided that number at this point in time.

# Tax Rates



	2021 Budget 2020 Rate	2020 Budget 2019 Rate	Dollar Change	% Change
County	6.42	\$ 6.28	\$ 0.14	2.23%
City	9.62	\$ 9.79	\$ (0.17)	-1.74%
School District	10.31	\$ 9.92	\$ 0.39	3.93%
Vocational School	1.22	\$ 1.19	\$ 0.03	2.52%
	\$ 27.57	\$ 27.18	\$ 0.39	1.43%
less: School Credit	\$ (1.31)	\$ (1.33)	\$ 0.02	-1.50%
Net Rate	\$ 26.26	\$ 25.85	\$ 0.41	1.59%
First Dollar Credit	\$ -	\$ 54.68	\$ (54.68)	-100.00%
Lottery Credit	\$ -	\$ 132.80	\$ (132.80)	-100.00%

The highlighted amounts are estimates or unknown at this time for the 2021 budget (2020 rate) as the State has not provided that number at this point in time.

# John's Disposal Contract



	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b><i>Annual charge/credit</i></b>			
Refuse/Recycling	\$ 141.00	\$ 144.60	\$ 148.08
Yard waste	\$ 9.23	\$ 9.23	\$ 9.31
State Grant	\$ (10.00)	\$ (10.25)	\$ (10.00)
Fund balance *	\$ -	\$ (1.50)	\$ -
	<u>\$ 140.23</u>	<u>\$ 142.08</u>	<u>\$ 147.39</u>

\* - Used from Refuse fund balance

The City's existing contract with John's Disposal runs through December 31, 2022



# Budget Unknowns

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- The Fire Department allocation will not be finalized until we hear back from the contract Townships.
  - Town of Lima
  - Town of Johnstown
  - Town of Koshkonong
- Potential impact of a capital contribution to the Fire Department for a replacement ambulance



# Draft Budget Takeaways

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- The City of Milton will collect less taxes in 2021 than in 2020.
- Maintains current service levels.
- Compensates all employees with same increase.
  - No change in percentage paid on insurance premiums.
- Maintains capital and infrastructure funding levels.
- General fund expenditures increase by 1.00%.
- This budget qualifies for State expenditure restraint but not imposed levy limits at this point.
- This budget has no new tax levy supported borrowing component.
  - Currently 23.2¢ of every City Tax Dollar collected goes to debt service

# 2021 Preliminary Budget

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## Budget Goals:

- ✓ Balanced Budget
- ✓ Stay within levy limits
- ✓ Qualify for expenditure restraint
- ✓ No reductions in service
- ✓ No new borrowing

# Budget Schedule

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Approve Budget <u>Publication</u>	Publish Budget <u>Budget</u>	Public Hearing <u>Hearing</u>	Approve Budget <u>Budget</u>
20-Oct	29-Oct	17-Nov	1-Dec