

**CITY OF**

---

**PLATTEVILLE**



2021 CITY DRAFT OPERATING BUDGET  
PRESENTATION TO THE PUBLIC  
NOVEMBER 16, 2020

## 2021 CITY BUDGET QUOTE

**“ A good financial plan is a road map that shows us exactly how the choices we make today will affect our future.”**

**-Alexa Von Tobel**

## 2021 CITY BUDGET TIMELINE

Tuesday October 13	2021 City Manager budget presented and handed out at Council Meeting
Tuesday October 20	Common Council budget review session – 6 pm start
Tuesday October 27	Common Council budget review session – 6 pm start (if needed)
Thursday October 29	Publication of notice of public hearing for 2021 budget due to Platteville Journal
Thursday October 29	Send press release for Financial Operations Manager budget presentation
Monday November 16	Financial Operations Manager budget presentation for public – 5 pm Police Conference Room
Tuesday November 17	2021 Council proposed budget due for Council packet
Tuesday November 24	Public hearing for 2021 City of Platteville Budget and adoption of both the 2021 Budget and 2021-2025 CIP

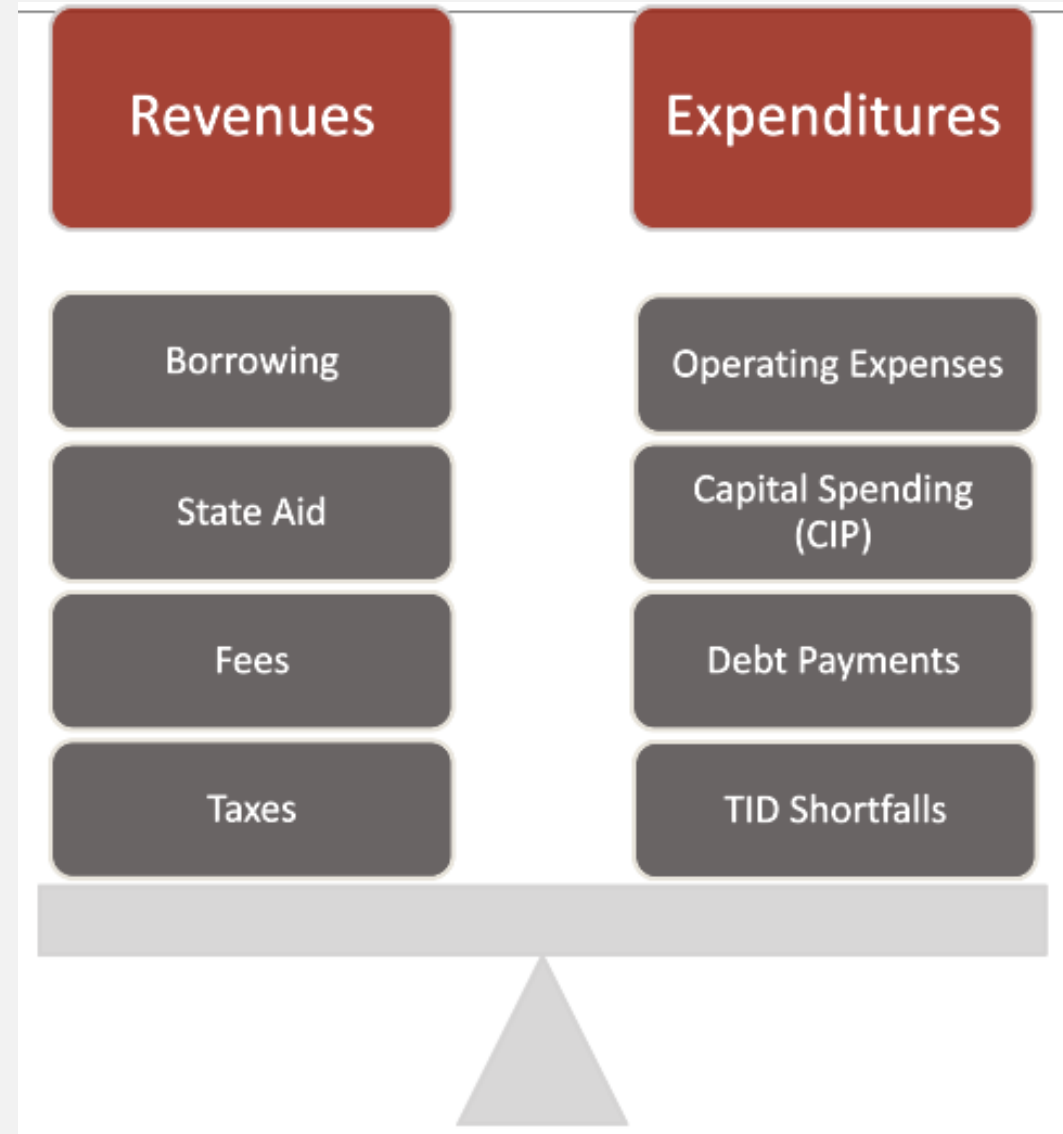
\*\*Colored rows indicate public meetings. Rows highlighted in orange are not regularly scheduled Common Council or Commission meeting dates.

# BUDGET PRESENTATION GAME PLAN

- Budget Basics
- Financial Outlook/Considerations
- 2021 City Budget Initiatives
- 2021 City Budget Increases/Decreases
- 2021 City Capital Improvement Plan
- 2021 City Tax Impact

# BUDGET BASICS

- The City must create a budget where revenue equal expenditures.



# BUDGET BASICS

## Expenditures

Operating Budget

Basic costs to run the day to day operations.

CIP

One-time costs for large capital items. Some items are predictable, others are not.

Debt Service

Repayments on our loans, which are used to fund expensive, long lasting capital projects.

TID Districts

If revenues are less than expenses, the shortfall may need to be covered.

# OPERATING REVENUE

## **Rule:**

**One-time revenues should not be used to balance the operating budget**

## **Two options to balance budget:**

- ❖ **Increase revenue**
- ❖ **Decrease expenses**

- **Personal Equivalent:**
  - Your monthly pay must cover your ongoing personal expenses (utilities, food, clothes, etc...)
  - Using one-time revenues to balance your budget is like winning \$500 in the lottery and leasing a car with a monthly payment of \$500. You can cover the expense for one month, but you will not be able to cover the expense next month unless you win the lottery again.

# DEBT SERVICE

**The City borrows money to pay for large long-life capital projects, such as streets.**

**The length of loan should not extend beyond the useful life of the item for which the funds were borrowed.**

**Payments on loans represents the City's debt service.**

**Caps in the amount the City can borrow exist :**

❖ **State - 5% of equalized value**

❖ **City Policy - 3.5% of equalized value**

- **Personal Equivalent:**
  - When you take out a mortgage or a car loan you make monthly payments until the debt is paid off.
- **City Borrowing Notes**
  - 2020 Equalized Value - \$726,100,300
  - State Borrowing Limit is  $\$726,100,300 \times 5\% = \$36,305,015$
  - Principal Outstanding in 2020 is \$20,549,931, 56.60%
- **City Debt Limit Policy of 3.5% of Equalized Value**
  - City Policy Limit of  $\$726,100,300 \times 3.5\% = \$25,413,511$
  - Principal Outstanding in 2020 is \$20,549,931, 80.86%



# CIP FUNDING

CIP Funding Sources	Personal Equivalent
Transfer from general fund extra reserves	You were able to save some money from your paycheck in previous years and you use it to pay for your new roof or riding lawn mower.
Carry over from previous year	You planned to purchase a riding lawn mower this year but did not find the right one. You use your unspent checking balance to pay for the riding lawn mower next year.
Short-term borrowing – not typical and a sign of financial stress	You visit a short-term lender to pay for your new roof or riding lawn mower.
Base reserves - may impact bond rating	You maintain a \$1,000 balance in your savings account to cover emergency expenses. You use part of the \$1,000 to pay for your new roof or riding lawn mower.
Long term borrowing – used for streets and some buildings	Taking out a loan for a higher cost expense that is expected to last a long time, such as a house. Important to have the income in your <u>budget</u> to cover the loan payments.

# CIP FUNDING

- CIP Needs:
- Our best estimate is the City conservatively has available approximately \$665,000 to spend on predictable CIP items. These items include:
  - Vehicle replacement
  - Equipment replacement
  - Building repairs
  - Park Improvements
  - Sidewalk repair
- In addition, the City has borrowed from \$1-2 million for street reconstruction annually. Under the current long-range financial plan, the City has limited this borrowing to the amount being retired each year.
- The City Council has authorized City Staff to allow for an exceedance of this policy guideline to address the Business HWY 151 project, Dewey Street Road Replacement and the repair of a Deborah Court Storm Sewer.

# TIF DISTRICTS

❖ **TIF Districts are separate funds that have their own revenues and expenses.**

❖ **If revenues exceed expenses, the amount goes into the fund balance for the district (savings) for future expenses. The TIF District may close early and the created tax base is added to the rest of the City.**

❖ **If expenses exceed revenues and there isn't fund balance (savings), the General Fund must cover the shortfall.**

- **Personal Equivalent:**
  - Imagine that you own several small businesses.
  - If revenues exceed expenses, you reinvest the money in the business. Down the road, you will see the business and make a profit.
  - If the businesses can't pay their expenses, you (as the owner) must pay from your personal accounts.

# FINANCIAL OUTLOOK/CONSIDERATIONS

Using projections for operational needs, anticipated borrowing and CIP spending, the Long-Range Financial Plan provided a look at the financial factors influencing the next five years:

- ❖ Increases in operational expenses are expected to outpace net new construction
- ❖ Net new construction this year was 0.23%
- ❖ COVID-19 Impacts on revenue sources (city, county and state)
- ❖ Without future development it is anticipated TID 6 will require levy support
- ❖ Sustaining \$700,000 of annual levy support for CIP will require use of reserves
- ❖ TID 6 and city-wide growth and/or increases in state funding would help with the above
- ❖ City funding support for a new fire facility will need to be monitored due to debt service requirements

## 2021 BUDGET DRIVERS

### Operating Expenses

- ❖ Salaries
- ❖ Benefits
- ❖ Mandates
- ❖ Elections
- ❖ Contracts

### Revenues

- ❖ State Aids
- ❖ Hotel Tax
- ❖ Revenue Related to New Development

### Other

- ❖ Debt service
- ❖ TID Support
- ❖ Expenditure Restraint

## 2021 CITY BUDGET INITIATIVES

- Funding to move the Communication Specialist from a 30hr per week position to full time to address strategic planning marketing goals.
- Creation of Human Resource Specialist Position to assist City Manager, Administration Director, and Finance Department with personnel matters.
- \$15,000 added to Museum Seasonal Line Item to address strategic planning goals. CIP project was spread over two years to allow for funding shift.
- Proposed 1% wage increase for all city staff members except City Manager Position.
  - Net change in wage, increase of \$25,000

## 2021 CITY BUDGET INITIATIVES

- Budgetary review of COVID-19 Impacts related towards revenue and expenditures.
- Due to Coronavirus relief funding, no levy support will be required for Taxi/Bus fund, which is usually tax levy supported by \$45,000.
- Due to reimbursement of economic development costs to TID 6 by TID 5 and 7, levy support will not be needed for TID 6 in 2021.
- City Staff asked to maintain operating expense accounts at 2020 levels.

## 2021 OPERATING EXPENSES INCREASES

Amount	Item
\$62,000.00	Creation of HR Specialist Position
\$21,000.00	IT Service *
\$17,500.00	Financial Outlay for Software Upgrade
\$17,000.00	Communication Specialist to Full Time
\$10,000.00	Street Equipment Repairs
\$ 8,000.00	Garbage Collection
\$ 5,000.00	Brush Chipping

\* Increase due to increase in current contract and enhanced security measures.



## 2021 OPERATING EXPENSES DECREASES

Amount	Item
\$56,000.00	Fringe Benefit Reductions
\$42,000.00	Room Tax Allocation
\$20,000.00	Street Lighting
\$18,000.00	City Manager Contingency
\$17,000.00	Election Wages
\$10,000.00	Police Fuel
\$ 8,000.00	Building Outlay

## 2021 OPERATING REVENUE DECREASES

Amount	Item
\$ 60,000.00	Room Tax Allocation
\$ 50,000.00	Parking Violations
\$ 35,000.00	Court Penalties/Costs
\$ 35,000.00	Building Inspection Permit
\$ 35,000.00	General Transportation Aids
\$ 20,000.00	Interest Revenue
\$ 17,500.00	State Municipal Services Aids
\$ 16,500.00	Video Service Provider Aid

## 2021 OPERATING REVENUE INCREASES

Amount	Item
\$ 76,500.00	CRO Reimbursement
\$ 18,500.00	Utility Payment In Lieu of Taxes

# 2021 CAPITAL IMPROVEMENT PLAN

City of Platteville 2021 Capital Improvement Budget						
ITEMS	P	TOTAL	Source of funding			
			TAX LEVY/ GF TRANSFER	CITY BORROWING	GRANT	OTHER
<b>MUNICIPAL</b>						
City Hall Exterior Maintenance		\$ 15,000	\$ 15,000			
Total		\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -
<b>PARKS DEPARTMENT</b>						
Campground Improvements & Expansion		\$ 25,000	\$ 15,000			\$ 10,000
Dairy Days Shed Improvements		\$ 18,000	\$ 12,000			\$ 6,000
Tennis Court Resurface		\$ 25,000	\$ 25,000			
Replace 1998 2WD pickup		\$ 30,000	\$ 30,000			
Total		\$ 98,000	\$ 82,000	\$ -	\$ -	\$ 16,000
<b>MUSEUM DEPARTMENT</b>						
Hanmer Robbins School Buidling Roof Replacement		\$ 295,480			\$ 295,480	
Train Safety Fence Replacement		\$ 35,000	\$ 35,000			
Total		\$ 330,480	\$ 35,000	\$ -	\$ 295,480	\$ -
<b>POLICE DEPARTMENT</b>						
Camera System Server		\$ 20,000	\$ 5,000			\$ 15,000
Interview Room Camera System		\$ 25,000	\$ 25,000			
Marked Squad		\$ 50,000	\$ 50,000			
Total		\$ 95,000	\$ 80,000	\$ -	\$ -	\$ 15,000
<b>PUBLIC WORKS DEPARTMENT</b>						
Business Hwy 151 Safety Improvements (DOT Grant \$1,426,512)	1	\$ 2,267,000		\$ 810,488	\$ 1,426,512	\$ 30,000
Dewey St (Water to Elm) 2,218 feet	2	\$ 2,250,000		\$ 1,200,000		\$ 1,050,000
Street Repairs & Maintenance Program - (Wheel Tax \$110,000)	3	\$ 110,000				\$ 110,000
Sidewalk Repair	4	\$ 30,000	\$ 10,000			\$ 20,000
Highway Striping	5	\$ 30,000	\$ 30,000			
Business Hwy 151 Sidewalks (Dunkin Donuts \$15,000)	6	\$ 75,000	\$ 60,000			\$ 15,000
Deborah Ct Storm Sewer Ditch	9	\$ 75,000		\$ 75,000		
Street Repair Subtotal		\$ 4,837,000	\$ 100,000	\$ 2,085,488	\$ 1,426,512	\$ 1,225,000

# 2021 CAPITAL IMPROVEMENT PLAN

<b>City of Platteville 2021 Capital Improvement Budget (cont.)</b>						
<b>PUBLIC WORKS DEPARTMENT (CONT.)</b>						
Replace 2006 Aerial Bucket Truck (#5)	1	\$ 138,000	\$ 138,000			
Replace 2009 - 1.5 Ton F550 Dump Truck (#1) box replacement	2	\$ 12,000	\$ 12,000			
Replace 2017 JD 310B Backhoe (#18)	3	\$ 45,000	\$ 45,000			
Replace 2016 End Loader (#17)	4	\$ 75,000	\$ 75,000			
Equipment and Other Subtotal		\$ 270,000	\$ 270,000	\$ -	\$ -	\$ -
<b>IT</b>						
Network Infrastructure Refresh		\$ 59,585	\$ 59,585			
Total		\$ 59,585	\$ 59,585	\$ -	\$ -	\$ -
<b>TAXI/BUS FUND</b>						
Public Transportation - Bus Vehicle - (Federal Grant & UWP)		\$ 110,000			\$ 110,000	
Public Transportation - Taxi Vehicle		\$ 38,000	\$ 7,600		\$ 30,400	
Total		\$ 148,000	\$ 7,600	\$ -	\$ 140,400	\$ -
<b>AIRPORT</b>						
Recurring CIP Project Support for Local Match		\$ 750,000	\$ 15,000		\$ 735,000	
Total		\$ 750,000	\$ 15,000	\$ -	\$ 735,000	\$ -
<b>GRAND TOTAL</b>		<b>\$ 6,603,065</b>	<b>\$ 664,185</b>	<b>\$ 2,085,488</b>	<b>\$ 2,597,392</b>	<b>\$ 1,256,000</b>

# 2021 CITY BUDGET LEVY SUMMARY

Comparison of 2021 vs 2020 tax levy by fund					
City Fund	2021 Levy	2020 Levy	Inc./ (Dec)		% change
100 General Fund	2,849,626	2,718,027	131,599		4.8%
101 Taxi/Bus Fund	-	44,781	(44,781)		-100.0%
105 Debt Service Fund	1,527,955	1,501,998	25,957		1.7%
110 Capital Fund	364,185	355,990	8,195		2.3%
<b>Totals</b>	<b>4,741,766</b>	<b>4,620,796</b>	<b>120,970</b>		<b>2.6%</b>

Capital Improvement Funding Sources	
Property Tax Levy	\$ 364,185.00
Unassigned General Fund Balance	\$ 300,000.00
Debt/Bonds	\$ 2,085,488.00
Other	\$ 3,853,392.00
<b>TOTAL</b>	<b>\$ 6,603,065.00</b>

# 2021 TAX IMPACT

2020

- Mil rate 7.884

2021

- Mil rate 8.023

City of Platteville Proposed 1.77% Assessed Rate Increase					
House Value	2020 Assessed Rate \$7.884	2021 Proposed Assessed Rate \$8.023	Yearly Increase	Monthly Increase	
\$ 150,000.00	\$ 1,182.60	\$ 1,203.45	\$ 20.85	\$ 1.74	
\$ 200,000.00	\$ 1,576.80	\$ 1,604.60	\$ 27.80	\$ 2.32	
\$ 250,000.00	\$ 1,971.00	\$ 2,005.75	\$ 34.75	\$ 2.90	
\$ 300,000.00	\$ 2,365.20	\$ 2,406.90	\$ 41.70	\$ 3.47	
\$ 350,000.00	\$ 2,759.40	\$ 2,808.05	\$ 48.65	\$ 4.05	

Platteville	2021	2020	2019	2018	2017	2016
Tax Rate	\$8.02	\$7.88	\$ 7.73	\$7.78	\$7.96	\$7.69
Percentage +/-	1.77%	1.90%	-0.58%	-2.34%	3.40%	1.04%

# THE VALUE OF CITY SERVICES

- Based on this proposed budget, in 2021 a home assessed at \$150,000 will pay \$1,204 of city property taxes, which is approximately \$100 per month.
- What could you buy with \$100?
  - One Month of a Cell Phone Service, Cable/Streaming Service Providers, Small Car Lease
- What city services do you receive?
  - 24/7 Police Protection, 24/7 Emergency Medical Services, 24/7 Fire Protection, Yard Waste Pickup, Snow and Ice Removal from Streets, Beautifully Maintained Parks, Street Lighting, Elections, Library, Museum, Recreation, Street Maintenance, and more...



QUESTIONS???

Next Meeting: Tuesday, November 24, 2020 7pm