



AGENDA
City of Milton
Common Council Meeting
BUDGET PUBLIC HEARING
WEDNESDAY, November 13, 2019
5:00 PM

MILTON CITY HALL
Council Chambers, 710 S. Janesville Street

- 1. Call to Order and Confirmation of Appropriate Meeting Notice.**
- 2. Approval of Agenda**
- 3. Pledge of Allegiance**
- 4. Public Hearing, Discussion, and Possible Action Regarding the Preliminary City of Milton 2020 Budget**

Documents:

[2020 Preliminary Budget Public Hearing Presentation - 11.13.19.pdf](#)
[2020 Budget Public Hearing.pdf](#)
[1 - Budget History.pdf](#)
[2 - Department Summary.pdf](#)
[3 - Change in 2019 tax levy.pdf](#)
[4 - Top 10 Expenditure Categories.pdf](#)
[5 - Levy Limit and ERP Calculation.pdf](#)
[6 - Capital Requests.pdf](#)

- 5. Discussion and Possible Action to Adjust the 2019 Tax Levy for Early Pay Off of Debt**

Documents:

[Memo - Potentially adjust the tax levy for early debt pay off.pdf](#)

- 6. General Items**
- 7. Motion to Adjourn**

**Please note that upon reasonable notice, at least 48 hours in advance, efforts will be made to accommodate the needs to disabled individuals through appropriate aids and services. For additional information to request this service, please contact the City Clerk's Office at 868-6900, 710 S. Janesville Street, Milton, WI 53563.

Posted by Leanne Schroeder November 8, 2019 at Dave's Ace Hardware, Piggly Wiggly, Milton City Hall.

Common Council Mission Statement: With integrity and involved citizens, the City of Milton Common Council will strive to preserve a high quality of life, meet the public's needs with cost effective services, and foster a community in which people are proud to live.



2020 Draft Budget Overview

MILTON CITY COUNCIL MEETING

NOVEMBER 13, 2019

2020 Draft Budget



2019 Recap:

- Fastest growing City in Rock County (2.54% new construction)
- Lowest taxed City in Rock County (23.34 millrate)
- \$31.3 million increase in equalized value in 2018
- Expenses only increased 2% from 2018 to 2019
- Improved over 16% of the City streets
- No new borrowing

2020 Draft Budget



	<u>2019</u> <u>Adopted</u>	<u>2020</u> <u>Draft</u>
General Fund Expenditures	\$ 4,952,620	\$5,063,002
Percent Increase Over Previous Year	2.09%	2.23%

2020 Draft Budget



Contributing Factors to the 2020 Budget Construction:

- City's Growth
 - The City had new construction of 2.54%, thereby allowing the City to increase its legal levy limit by \$62,312.
 - The 2.54% increase equates to \$10 million in new construction.
- Expenditure Restraint & Levy Limits
- Affordability
 - Developing a budget that maintains services as affordable as possible (can vs. should)

2020 Draft Budget



City Growth:

- Milton was the fastest growing community in Rock County (2.54% net new construction).
- The City realized an overall increase of approximately \$31.3 million in equalized value in 2019 with TID.
 - This number was \$18.7 million in 2018
 - This number has increased over \$74.6 million in the last 3 years (21%)
- Levy limit increases are based on the “net new construction.”

2020 Draft Budget



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 draft budget, as presented today, meets the State imposed Levy Limit.

2020 Draft Budget



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.
 - 2016 actual “bonus” was \$95,000
 - 2017 actual “bonus” was \$115,000
 - 2018 actual “bonus” was \$122,000
 - 2019 actual “bonus” was \$114,550
 - 2020 projected “bonus” is \$112,227

2020 Draft Budget



What this all means....

The City's 2020 draft budget:

- Will “levy” (≈\$3,386,197).
- As presented on November 13, 2020, the draft budget qualifies for the State imposed levy limit cap and qualify for the estimated ERP.

2020 Draft Budget



What will the impact be....

In the City's 2020 draft budget:

- Expenditures increase approximately 2.23%.
- No reductions in service.
- No new borrowing.
- Maintains employee relations.
- Maintains capital and infrastructure funding levels.
- The City will not know the “all in” tax rate until the school credit amount is provided and Rock County budget is passed.

Draft Budget Takeaways



- This budget maintains current service levels
- This budget maintains employee relations
- This budget maintains capital and infrastructure funding levels
- This budget only increases general fund expenditures by only 2.23%
- This budget qualifies for State imposed levy limits and expenditure restraint
- This budget has no new tax levy supported borrowing component.
 - Currently 24.4¢ of every City Tax Dollar collected goes to debt service (once the levy reaches the state imposed limit).

Budget Schedule



Approve

Budget

Publication

15-Oct

Publish

Budget

23-Oct

Public

Hearing

13-Nov

Approve

Budget

19-Nov

NOTICE OF PUBLIC BUDGET HEARING FOR CITY OF MILTON

Notice is hereby given that on Wednesday, November 13, 2019 at 5:00 p.m., the City of Milton Common Council will meet in the Common Council Chambers, 710 South Janesville Street, for the purpose of holding a PUBLIC HEARING on the PROPOSED BUDGET for 2020. The proposed budget is available for inspection at City Hall, 710 South Janesville Street, Milton, WI 53563, from 8:00 a.m. to 4:30 p.m. Monday through Thursday and 8:00 a.m. to 12:00 p.m. on Friday. The budget is also available on the City’s website www.milton-wi.gov.

The following is a summary of the Proposed 2020 Budget.

Dated: October 15, 2019

	<u>Proposed 2020 Budget</u>	<u>Approved 2019 Budget</u>	<u>Percentage Change</u>
Revenue			
Taxes			
Property tax collections	3,385,920	3,289,755	2.92%
Tax equivelant	210,000	210,000	0.00%
Other			
Special assessments	-	-	
Intergovernmental revenue	1,111,260	1,066,332	4.21%
Licenses and permits	119,833	119,933	-0.08%
Fines, forfeits and penalties	55,250	55,250	0.00%
Public charges for service	17,900	18,000	-0.56%
Intergovernmental charges	84,119	112,000	-24.89%
Interest income	61,150	61,150	0.00%
Rental income	7,200	7,200	0.00%
Miscellaneous revenue	13,000	13,000	0.00%
	<u>5,065,632</u>	<u>4,952,620</u>	2.28%
Expenditures			
General Government	836,392	836,426	0.00%
Public Safety	1,733,232	1,652,237	4.90%
Public Works	844,075	813,581	3.75%
Health and Human Services	3,700	3,700	0.00%
Culture, Recreation, & Education	267,569	249,102	7.41%
Economic Development	5,000	5,000	0.00%
Transfer to Debt Service	825,000	850,000	-2.94%
Capital Project Fund	254,350	254,350	0.00%
Library Fund	296,314	288,224	2.81%
	<u>5,065,632</u>	<u>4,952,620</u>	2.28%

	Estimated Fund Balance 1/1/2020	Estimated Revenues	Estimated Expenditures	Estimated Fund Balance 12/31/2020	General Property Tax Contribution
General Fund	1,618,424	5,065,632	5,065,632	1,618,424	3,385,920
Speical Assessment Fund	64,513	-	25,000	39,513	-
Special Revenue Funds	(90,309)	747,649	742,649	(85,309)	296,314
TIF District	575,018	1,610,525	1,484,867	700,676	1,386,460
Capital Projects Fund	276,000	396,000	424,350	247,650	254,350
Debt Service Fund	2,000	883,200	883,200	2,000	825,000
Enterprise Funds	3,580,368	2,890,000	2,986,000	3,484,368	-

Enterprise fund expenditures do not include capital purchases

Leanne Schroeder, City Clerk
City of Milton

**City of Milton
Budget History**

	Approved Budget 2019	Proposed Budget 2020	\$\$ Change	% Change
Revenue				
Property tax collections	3,289,755	3,386,197	96,442	2.93%
Tax equivalant	210,000	210,000	-	0.00%
Intergovernmental revenue	1,066,332	1,111,260	44,928	4.21%
Licenses and permits	119,933	116,930	(3,003)	-2.50%
Fines, Forfeits and penalties	55,250	55,250	-	0.00%
Public charges for service	18,000	17,900	(100)	-0.56%
Intergovernmental charges	112,000	84,119	(27,881)	-24.89%
Interest Income	61,150	61,150	-	0.00%
Rental Income	7,200	7,200	-	0.00%
Miscellaneous revenue	13,000	13,000	-	0.00%
Transfer in	-	-	-	
	4,952,620	5,063,006	110,386	2.23%
General Government				
Mayor/Council	16,420	16,420	-	0.00%
Municipal Court	81,875	85,213	3,338	4.08%
Legal	63,000	67,000	4,000	6.35%
Municipal Building	25,180	25,180	-	0.00%
City Hall	350,681	364,103	13,422	3.83%
Elections	10,000	10,000	-	0.00%
Assessor	30,800	31,978	1,178	3.82%
Insurance	101,800	103,065	1,265	1.24%
City office expenses	22,400	19,400	(3,000)	-13.39%
Retiree/OPEB	20,900	19,640	(1,260)	-6.03%
Information technology	40,000	40,000	-	0.00%
Flex spending administration	1,300	1,400	100	7.69%
Contingency	72,070	50,000	(22,070)	-30.62%
	836,426	833,399	(3,027)	-0.36%
Public Safety				
Law Enforcement	1,233,629	1,292,442	58,813	4.77%
Crossing Guards	14,802	14,802	-	0.00%
Code Enforcement	33,631	34,413	782	2.33%
Fire Protection	370,175	391,942	21,767	5.88%
	1,652,237	1,733,599	81,362	4.92%

**City of Milton
Budget History**

	Approved Budget 2019	Proposed Budget 2020	\$\$ Change	% Change
DPW				
Inspection	23,119	23,807	688	2.98%
DPW Administration	210,866	212,220	1,354	0.64%
Engineering	2,500	2,500	-	0.00%
City Garage	40,765	40,765	-	0.00%
Public Safety Building/Vehicles	10,438	10,875	437	4.19%
Community House	5,000	5,000	-	0.00%
Street Maintenance	331,043	343,928	12,885	3.89%
Snow and Ice Removal	80,000	96,130	16,130	20.16%
Traffic Signs	22,850	22,850	-	0.00%
Street Lights	81,100	80,100	(1,000)	-1.23%
Recycling	5,900	5,900	-	0.00%
	813,581	844,075	30,494	3.75%
Health & Human Services				
Cemetery	3,700	3,700	-	0.00%
	3,700	3,700	-	0.00%
Culture, Recreation, & Education				
Donations	20,000	20,000	-	0.00%
Parks	207,900	226,266	18,366	8.83%
Recreation	10,762	10,863	101	0.94%
Celebrations	4,900	4,900	-	0.00%
Historic preservation allocation	2,540	2,540	-	0.00%
Planning	3,000	3,000	-	0.00%
Economic Development	5,000	5,000	-	0.00%
	254,102	272,569	18,467	7.27%
Expenditures before transfers	3,560,046	3,687,342	127,296	3.58%
Transfers				
Debt Service	850,000	825,000	(25,000)	-2.94%
Capital	254,350	254,350	-	0.00%
Library Fund	288,224	296,314	8,090	2.81%
	1,392,574	1,375,664	(16,910)	-1.21%
Total general fund expenditures	4,952,620	5,063,006	110,386	2.23%

	Actual 2017	Actual 2018	Approved Budget 2018	Amended Budget 2018	Approved Budget 2019	Actual thru Oct-19	Proposed Budget 2020	\$ Change from Original 2019 Budget	Change
Revenue									
Property tax collections	3,148,387	3,236,500	3,236,353	3,236,353	3,289,755	3,289,546	3,386,197	96,442	2.93%
Other taxes	2	2	-	-	-	-	-	-	-
Tax equivalent	236,751	230,371	198,836	198,836	210,000	-	210,000	-	0.00%
Special assessments	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	1,057,790	1,061,151	1,045,537	1,045,537	1,066,332	584,762	1,111,260	44,928	4.21%
Licenses and permits	125,974	134,427	112,700	112,700	119,933	98,823	116,930	(3,003)	-2.50%
Fines, Forfeits and penalties	54,868	58,323	56,000	56,000	55,250	43,924	55,250	-	0.00%
Public charges for service	51,248	38,036	22,000	22,000	18,000	30,439	17,900	(100)	-0.56%
Intergovernmental charges	61,387	65,147	110,686	110,686	112,000	50,522	84,119	(27,881)	-24.89%
Interest Income	40,038	96,817	23,600	23,600	61,150	108,061	61,150	-	0.00%
Rental Income	5,981	14,457	5,900	5,900	7,200	9,289	7,200	-	0.00%
Miscellaneous revenue	13,765	13,000	13,000	13,000	13,000	13,475	13,000	-	0.00%
Transfer in	-	300,000	-	-	-	654	-	-	-
	4,796,191	5,248,231	4,824,612	4,824,612	4,952,620	4,229,495	5,063,006	110,386	2.23%
General Government									
Mayor/Council	15,847	15,151	17,870	17,870	16,420	12,569	16,420	-	0.00%
Municipal Court	65,034	69,310	71,012	71,012	81,875	65,762	85,213	3,338	4.08%
Legal	67,263	56,860	71,000	71,000	63,000	35,919	67,000	4,000	6.35%
Municipal Building	22,874	22,874	25,000	25,000	25,180	19,824	25,180	-	0.00%
City Hall	345,061	346,904	331,134	331,134	350,681	290,567	364,103	13,422	3.83%
Elections	4,412	4,412	13,200	13,200	10,000	3,195	10,000	-	0.00%
Assessor	52,671	52,671	40,800	40,800	30,800	30,584	31,978	1,178	3.82%
Insurance	86,719	86,719	94,442	94,442	101,800	107,424	103,065	1,265	1.24%
City office expenses	28,423	28,423	28,650	28,650	22,400	9,980	19,400	(3,000)	-13.39%
Recinded taxes/writeoffs	(457)	(457)	-	-	-	198	-	-	-
Retiree/OPEB	22,160	22,160	20,500	20,500	20,900	13,444	19,640	(1,260)	-6.03%
Information technology	48,132	48,132	40,000	40,000	40,000	58,817	40,000	-	0.00%
Flex spending administration	1,301	1,301	1,500	1,500	1,300	1,193	1,400	100	7.69%
Miscellaneous	8	8	-	-	-	-	-	-	-
Contingency	8,749	8,749	48,836	48,836	72,070	4,020	50,000	(22,070)	-30.62%
	768,197	763,217	803,944	803,944	836,426	653,496	833,399	(3,027)	-0.36%
Public Safety									
Law Enforcement	1,107,953	1,065,421	1,207,390	1,207,390	1,233,629	875,963	1,292,442	58,813	4.77%
Crossing Guards	12,808	10,844	14,802	14,802	14,802	6,530	14,802	-	0.00%
Code Enforcement	27,792	31,024	32,892	32,892	33,631	15,892	34,413	782	2.33%
Fire Protection	350,073	350,835	335,339	335,339	370,175	325,818	391,942	21,767	5.88%
Ambulance	-	-	-	-	-	-	-	-	-
	1,498,626	1,458,124	1,590,423	1,590,423	1,652,237	1,224,203	1,733,599	81,362	4.92%
DPW									
Inspection	23,335	26,410	22,662	22,662	23,119	34,142	23,807	688	2.98%
Mass Transit	-	-	-	-	-	-	-	-	-
DPW Administration	170,828	177,119	213,384	213,384	210,866	139,750	212,220	1,354	0.64%
Engineering	17,623	(7,490)	2,500	2,500	2,500	(2,537)	2,500	-	0.00%
City Garage	35,327	31,896	40,565	40,565	40,765	26,186	40,765	-	0.00%
Public Safety Building/Vehicles	9,411	14,402	10,407	10,407	10,438	18,559	10,875	437	4.19%
Community House	3,489	6,608	4,700	4,700	5,000	2,332	5,000	-	0.00%
Shaw Building	6	66	-	-	-	-	-	-	-
Street Maintenance	324,159	285,663	344,113	344,113	331,043	250,260	343,928	12,885	3.89%
Snow and Ice Removal	52,719	61,254	70,700	70,700	80,000	64,972	96,130	16,130	20.16%
Traffic Signs	15,440	22,594	24,300	24,300	22,850	11,928	22,850	-	0.00%
Street Lights	64,500	72,280	75,600	75,600	81,100	54,664	80,100	(1,000)	-1.23%
Sidewalks	100	-	-	-	-	-	-	-	-
Weed & Nuisance Control	2	16	-	-	-	-	-	-	-
Recycling	2,327	3,230	6,500	6,500	5,900	2,863	5,900	-	0.00%
	719,266	694,048	815,431	815,431	813,581	603,119	844,075	30,494	3.75%
Health & Human Services									
Code Enforcement	-	-	-	-	-	-	-	-	-
Cemetery	2,701	3,694	4,350	4,350	3,700	2,664	3,700	-	0.00%
	2,701	3,694	4,350	4,350	3,700	2,664	3,700	-	0.00%

	Actual 2017	Actual 2018	Approved Budget 2018	Amended Budget 2018	Approved Budget 2019	Actual thru Oct-19	Proposed Budget 2020	\$ Change from Original 2019 Budget	Change
Culture, Recreation, & Education									
Donations	15,798	21,200	21,200	21,200	20,000	20,000	20,000	-	0.00%
Parks	201,756	168,643	215,539	215,539	207,900	144,543	226,266	18,366	8.83%
Recreation	15,610	15,621	15,847	15,847	10,762	7,685	10,863	101	0.94%
Celebrations	4,561	4,497	4,850	4,850	4,900	3,550	4,900	-	0.00%
Historic preservation allocation	2,688	25	2,540	2,540	2,540	1,981	2,540	-	0.00%
Planning	781	700	5,100	5,100	3,000	700	3,000	-	0.00%
Economic Development	5,000	2,840	5,036	5,036	5,000	5,850	5,000	-	0.00%
	<u>246,194</u>	<u>213,526</u>	<u>270,112</u>	<u>270,112</u>	<u>254,102</u>	<u>184,309</u>	<u>272,569</u>	<u>18,467</u>	<u>7.27%</u>
Expenditures before transfers	<u>3,234,984</u>	<u>3,132,609</u>	<u>3,484,260</u>	<u>3,484,260</u>	<u>3,560,046</u>	<u>2,667,791</u>	<u>3,687,342</u>	<u>127,296</u>	<u>3.58%</u>
Transfers									
Debt Service	857,000	857,500	857,500	857,500	850,000	850,000	825,000	(25,000)	-2.94%
Capital	115,500	658,784	217,784	658,784	254,350	254,350	254,350	-	0.00%
Library Fund	270,335	265,068	265,068	265,068	288,224	288,224	296,314	8,090	2.81%
	<u>1,242,835</u>	<u>1,781,352</u>	<u>1,340,352</u>	<u>1,781,352</u>	<u>1,392,574</u>	<u>1,392,574</u>	<u>1,375,664</u>	<u>(16,910)</u>	<u>-1.21%</u>
Total general fund expenditures	4,477,819	4,913,961	4,824,612	5,265,612	4,952,620	4,060,365	5,063,006	110,386	2.23%

**Changes in levy from 2018 (2019 budget)
to 2019 levy (2020 budget)**

2018 Levy (2019 Budget)	3,289,755
Employee Relations:	
3% wage increase non-protective employees	34,065
3% wage increase protective employees	28,891
WRS increase for protective employees	8,793
WRS increase for non-protective employees	2,006
Health insurance increase and plan changes	25,375
	<u>99,130</u>
Operational changes:	
<i>Non-property tax revenue decrease/(increase)</i>	
Reduction in school officer costs from school	6,000
Personal property state aid pmt (NEW)	(3,700)
Fire Department administrative fees	(10,000)
Road aid	(35,271)
Shared revenue	4,043
TID administrative fee	21,881
Shared revenue payment	1,720
Other	1,383
	<u>(13,944)</u>
<i>General Gov't - increase / (decrease)</i>	
Contingencies	(22,070)
Legal expenses	4,000
Capital projects	-
Worker Comp, liability, property insurance	1,265
Election equipment	(3,500)
Elections	3,500
Assessor services	1,178
	<u>(15,627)</u>
<i>Public Safety - increase / (decrease)</i>	
Police Department	1,475
Fire Department	21,767
	<u>23,242</u>
<i>DPW - increase / (decrease)</i>	
Road salt	16,130
Street lighting	-
	<u>16,130</u>
<i>Transfer - increase / (decrease)</i>	
Debt service	(25,000)
	<u>(25,000)</u>
Other expenditures	12,511
TOTAL OPERATIONAL CHANGES	<u>(2,688)</u>
Total changes increases / (decreases) to levy	<u>96,442</u>

PROPOSED 2019 LEVY (2020 BUDGET)

3,386,197

City of Milton
Top 10 Expenditure Categories

Date Printed 11/8/2019

	Approved Budget 2018	Approved Budget 2019	Proposed Budget 2020	Percentage 2020 Budget	Average
Total Expenditures	4,824,612	4,952,620	5,063,006		4,946,746
<i>Allocations</i>					
Wages/Benefits	2,457,509	2,507,962	2,626,224	51.87%	2,530,565
Debt Service	857,500	850,000	825,000	16.29%	844,167
Fire Department	335,339	370,175	391,942	7.74%	365,819
Capital allocation	217,784	254,350	254,350	5.02%	242,161
Utilities	185,483	192,563	199,013	3.93%	192,353
Property/Liability/Worker Comp	94,442	101,800	103,065	2.04%	99,769
Road salt	45,700	55,000	71,130	1.40%	57,277
Legal/Attorney	71,000	63,000	67,000	1.32%	67,000
Technology/Internet	40,000	40,000	40,000	0.79%	40,000
Assessor	40,800	30,800	31,978	0.63%	34,526
	<u>4,345,557</u>	<u>4,465,650</u>	<u>4,609,702</u>	<u>91.03%</u>	<u>4,473,636</u>
Other Items	430,219	414,900	403,304	7.97%	416,141
Contingency	<u>48,836</u>	<u>72,070</u>	<u>50,000</u>	<u>0.99%</u>	<u>56,969</u>
	<u>479,055</u>	<u>486,970</u>	<u>453,304</u>	<u>8.96%</u>	<u>473,110</u>

City of Milton
Levy Limit & ERP Calculation

Levy Limit Calculation

2018 levy, payable 2019 actual levy	3,301,262	
Adjustments for 2019 levy, payable 2020		
New construction (2.54%)	62,312	debt service, not included
Personal Property Aid	(15,420)	
Allowable unused levy carryforward	40,276	
Qualifying new single family home	1,000	
Increase/(Reduction) in 2019 debt service payments	(25,000)	
Allowable increase for joint fire dept	21,767	
Increase/(Decrease) in debt service	-	
Allowable Levy Limit	3,386,197	
PROPOSED 2019 levy (2020 budget levy)	3,386,197	
Amount needed to be increased or (Reduced) to be at <u>LEGAL</u> levy	-	

Actual Allowable Expenditure Restraint (ERP) Amount

2019 Net fund operating budget expenditures	4,102,620
ERP allowable increase (3.3%)	<u>135,386</u>
Maximum expenditures to qualify for a payment in budget year 2021	<u>4,238,006</u>
2020 Net fund operating budget expenditures (PROPOSED)	
General government	833,399
Public safety	1,733,599
Public works	844,075
Health and human services	3,700
Parks, Recreation, & Celebrations	267,569
Economic development	5,000
Transfer to Library Fund	296,314
Capital Project fund	<u>254,350</u>
	4,238,006
Maximum expenditure to increase or (reduce) to qualify for a payment in budget year 2021	<u>-</u>

City of Milton PROPOSED Capital Items for 2020 budget (Tax Levy)

Capital requests included in Budget

Equipment and Vehicles

One-Ton Dump Truck Replacement	65,000
Park Table Replacements	4,000
Utility Trailer	<u>1,900</u>
	70,900

Facilities and Public Lands

Community House Exterior Work	7,000
Park Safety Upgrades (Mulch)	5,000
Tree Removal (Public Lands)	8,000
Bicycle Stations (2)	10,000
Building Safety Upgrades	15,000
Library Roof Repairs	<u>32,450</u>
	77,450

Street Resurfacing

Elizabeth Street Resurfacing	<u>106,000</u>
	106,000

Total PROPOSED 2019 tax levy (2020 budget) allocation for capital items	<u><u>254,350</u></u>
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The toughbook was removed from the original list that was discussed on November 5, 2019 & added to the library roof.

Other Funding Source Capital Items

Street Maintenance (Wheel Tax)

High street, Chicago to John Paul	85,200
Sunnyside Drive	14,100
Homestead Drive	6,100
Green Hill Circle	15,200
Garden Lane	4,200
Wallace Way	4,500
Larch Lane	5,000
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	134,300

Parks Fund

Swing Sets (Liberty & Central)	3,600
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	3,600

Water Utility

Meter Reading Technology	20,760
Meter replacement	93,364
Water Valve Replacements	45,000
1/2 Used Utility Pick Up	13,500
Hydrant Replacements	40,000
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	212,624

Wastewater Utility

Pine Road Force Main (Reimbursable)	290,000
New Manhole Entry System	5,000
1/2 Used Utility Pick Up	13,500
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	308,500

Stormwater Utility

Rock County Clean Sweep	2,000
South Janesville Street Ditch	55,000
Greenman Street Storm Sewer	18,000
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	75,000



Office of the Finance Director/Treasurer

To: Mayor Welch, Common Council Members
From: Dan Nelson, Finance Director/Treasurer
Date: November 13, 2019
Subject: Discussion and Possible Action to Adjust the 2019 Tax Levy for Early Pay Off of Debt

Discussion and Background

In 2007, there was a large 20 year bond that was issued for several public projects of which \$4.905 million was for levy supported projects. This bond was refinanced in 2016 and in the final year (2027) of the **scheduled** payment structure there is a principal payment of \$215,000. If there is a desire to pay this portion of the bond off early (can be done anytime starting in 2023), the tax levy could be adjusted from 2019 – 2022 (budget years 2020 – 2023).

The City’s general obligation debt service portion of the levy is scheduled to decrease slightly over the next several years and could be increased to save the \$215,000 as shown below.

Levy Year	Budget Year	Scheduled Levy for debt Service	Potential Increase (Decrease)	Potential Revised Debt Schedule	ESTIMATED Tax Rate Implication	ESTIMATED Implication on every \$100k
2018	2019	\$ 850,000				
2019	2020	\$ 825,000	\$ 25,000	\$ 850,000	\$ 0.0718	\$ 7.18
2020	2021	\$ 796,229	\$ 50,000	\$ 846,229	\$ 0.1436	\$ 14.36
2021	2022	\$ 768,521	\$ 70,000	\$ 838,521	\$ 0.2010	\$ 20.10
2022	2023	\$ 769,353	\$ 68,065	\$ 837,418	\$ 0.1955	\$ 19.55
2023	2024	\$ 750,803	\$ (3,870)	\$ 746,933	\$ (0.0111)	\$ (1.11)
2024	2025	\$ 700,041	\$ (3,870)	\$ 696,171	\$ (0.0111)	\$ (1.11)
2025	2026	\$ 519,775	\$ (3,870)	\$ 515,905	\$ (0.0111)	\$ (1.11)
2026	2027	\$ 529,750	\$ (216,935)	\$ 312,815	\$ (0.6230)	\$ (62.30)
2027	2028	\$ 329,460	\$ -	\$ 329,460		
2028	2029	\$ 332,983	\$ -	\$ 332,983		
2029	2030	\$ 325,940	\$ -	\$ 325,940		
2030	2031	\$ 328,108	\$ -	\$ 328,108		
2031	2032	\$ 158,268	\$ -	\$ 158,268		
2032	2033	\$ 156,925	\$ -	\$ 156,925		
			\$ (15,480)			

The tax rate assumption is using the amount of TID Out assessed value for tax levy year 2019 (2020 budget) with no changes in future years.

The interest savings if the plan as shown were to be implemented would be \$15,480. This is the 8 scheduled semi-annual interest payments (\$1,935) on the outstanding principal of \$215,000 from August 1, 2023 – February 1, 2027.



Approaches

As with a majority of decisions that are made there are pros and cons to each option and some of those are outlined under each option.

Option #1

Increase the respective years' levies to save up the \$215,000 to pay off the final principal payment early (in 2023).

Pros

1. The entire debt obligation is paid one year sooner than scheduled.
2. Saves \$15,840 in future interest payments
3. Pays off many of the items that will likely require additional maintenance/repair/replacement prior the debt being paid off.

Cons

1. Keeps the annual tax levy at the previously elevated levels for 4 additional years (potential higher tax rate).
2. If additional debt service is required (i.e. new debt is issued) prior to the tax levy 2023 (2024 budget) the debt service would be likely higher than it was on the 2018 tax levy (2019 budget).

Other

Allows for additional debt service in tax levy year 2023 (budget year 2024) without significant swings in the debt service portion of the tax levy.

Option #2

Do nothing and make the scheduled payments.

Pros

Annual debt service payments on the levy decrease over time (lowers the overall tax rate each year).

Cons

1. No interest expense savings (\$15,840) will be realized.
2. Many of the items will likely require additional maintenance/repair/replacement prior the debt being paid off.

Other

If additional debt service is added in the early 2020's, the potential year over year change in the debt service portion of the levy may or may not be as significant (dependent on the amount that would be required).