



# *Franklin*

W I S C O N S I N

## 2025 Mayor's Recommended Budget

Presented to the Common Council on September 17, 2024

# Key Highlights

Establishment of a prudent, fiscally responsible budget

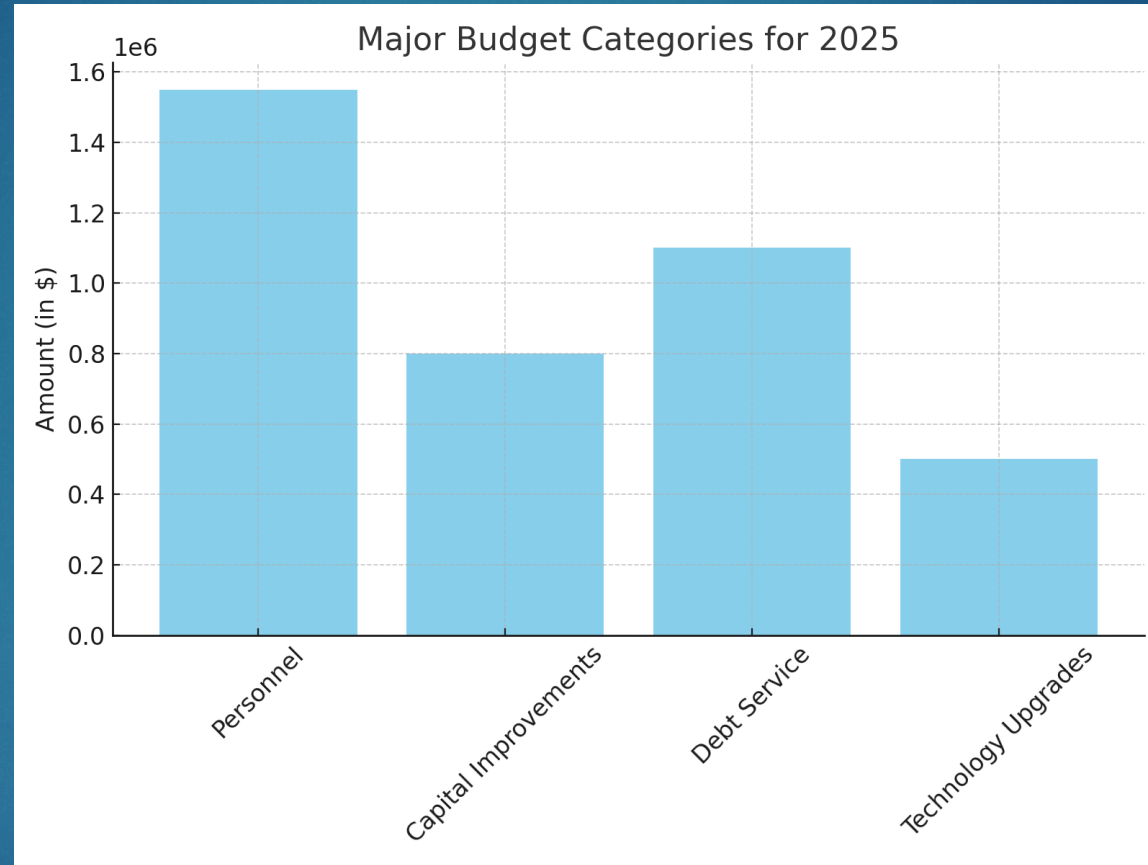
- Maintain City services, value employees
- Conservative spending and prioritizing ongoing capital needs
- Match recurring revenues with operating expenditures
- Minimize taxes to the extent possible

Ongoing, known challenges:

- A balance between the services provided compared to the cost to provide them – reasonable and fair taxes
- Restraints at the State level: levy limits, expenditure restraint limits, and reduced or stagnant shared revenues
- Marketplace pressures
- Economy-based pressures



# Major Budget Categories for 2025





# Guiding Assumptions

Maintain City services, protect City assets, and use resources responsibly.

Employees are our most significant asset - ~73% of the General Fund Budget.

Review of all operations, cost evaluations

Considerations: Consolidation of services; adoption of feasible, new technologies; contracting for services; etc.

Capital spending: Review every request on its merits and consider the effect of maintaining buildings and roads and the impact of deferred maintenance.



# Budget Strategies

- Continuation of the Five-Year Capital Improvement Plan (CIP)
- Identify and prioritize the City's capital needs
- Ensure timely repair and replacement of aging infrastructure
- Build/purchase new assets consistent with growth and development
- Minimize unanticipated and unplanned capital expenditures
- Provide a level of certainty, keeping the community informed
- Plan for funding needs
- Strike a balance – desired public improvements vs. the community's finances
- Provide the opportunity for public input
- Ongoing partnerships with contracted services – immediate needs and future projects



# Prudent Debt Management

Strong Moody's Aa2 Debt Rating: Reflects tax base growth, healthy reserves, and manageable pension obligations.

Increased Development Agreements: Recent years brought more agreements, raising debt obligations. Current debt is \$67.3 million, with 62% from TIF Development Agreements.

Debt Utilization: The City uses 1.08% of its statutory debt capacity (5% of equalized value) and stays within its 40% self-imposed limit at 22.03% (\$122.8 million self-imposed limit for 2024).

Marketplace View: Staying under 50% capacity (around \$135.2 million) is seen positively.



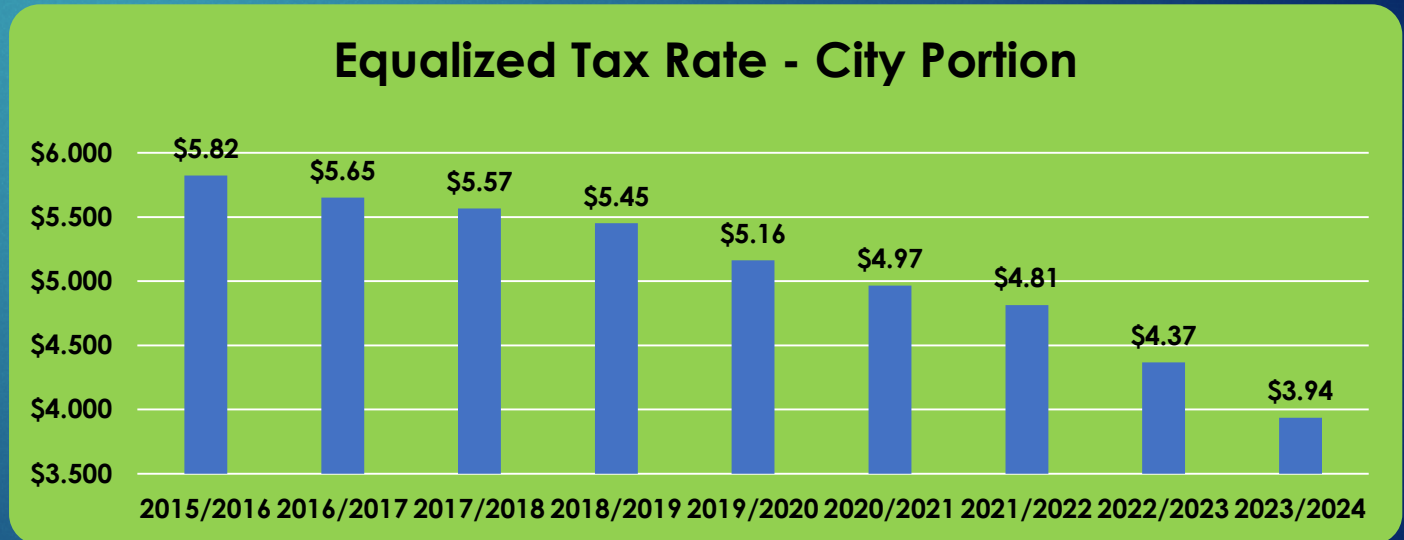
# Major Highlights

- All currently provided City services are maintained with no staff reduction
- Net New Construction in 2024 is \$97,119,500 or 1.58%, accounting for ~\$153,435 in levy funds
- General Fund Details (Compared to 2024)
  - Shared Revenue Increase – 2.3%
  - Revenues increased by \$793,465
  - Expenditures rise by \$786,110
  - Personnel costs increased by \$893,793 which includes staffing adjustments and wage increases for all employees in 2025, including both an additional increase to Franklin Resident Employees and the progress to market increase identified in the current Classification and Compensation Program
- The City is installing a significant, overdue, and necessary upgrade to its technology infrastructure and phone system with an immediate future focus on necessary security needs.



# Major Highlights

- A net levy adjustment of \$722,835, driven by new construction value, increase in Personal Property Aid, and increased expenditures over 2025 revenues, slightly increase the tax burden on property owners
- 2024 City's equalized tax rate is \$3.94 per thousand dollars of value, a \$0.43 decrease compared to the 2023 rate of \$4.37
- 2024 City assessed tax rate will be determined in the near future; however, it is expected to come in very close to the equalized tax rate as the City completes an interim market update each year





# Critical Projects

## ARPA Funding - ~\$3.75 Million

- A fiber network for the City of Franklin operations
- A phone system for the City facilities and operations
- DPW Expansion Building Utilities Project
- S. Lovers Lane Water Tower Project
- Energy Efficiency Building Project

Completion of the major update to the City's Unified Development Ordinance (UDO), which defines the zoning, development, and land division regulations

WisDOT Projects: Puetz Pathway and S. LL/W. Ryan Rd. from S. 60<sup>th</sup> St. to W. St. Martins Rd.

Embark on updates to the Master Plan (planned for 2025) and Comprehensive Outdoor Recreation Plan (planned for 2026).

- Update, order, and timing to be considered



# Operational Focus

- Growth and development – smart growth
- Continue to address City-wide aging infrastructure.
- Determine the City's future water source, which has been ongoing for several years.
- Attracting and maintaining a high-quality workforce
- Succession Planning
- An update to the City's Compensation Program is in progress.
- Implementation of the merit pay element of the authorized classification and compensation system / using remaining funds carried over from 2021, 2022, and 2023 budgeted funds
- Focus on operational efficiencies/evaluation of services.



# Strengths / Opportunities

Developable land

Funding for capital items – Landfill Siting Fees / Impact Fees

Impact Fees supporting needed improvements



# Operating Budget – Other Funds

- Civic Celebrations
- St. Martin's Fair
- Donations
- Grants
  - Fire/Police/Other
  - Health
- Sanitary Sewer Fund
- Solid Waste Fund



# Internal Service Fund

Self-Insurance Fund

Work on the 2025 Budget is ongoing

No substantial plan design changes are anticipated

Work on the funding for Employer or Employees is ongoing

IRS required a change to the deductible for a qualified HDHP

Moved to a primary care model requirement for the discount to health insurance premiums rather than remaining with the biometrics model

Keeping Nice Healthcare



# Debt Service Fund

Debt Service Levy = \$1.240 Million, an increase from 2024 (\$1.1 million)

Multiple funding sources for existing general obligation debt: General City Funds, Water, Sewer, TIDs

Expecting debt shortfall in TIDs – Ensuring that developers are aware and pay will be forthcoming

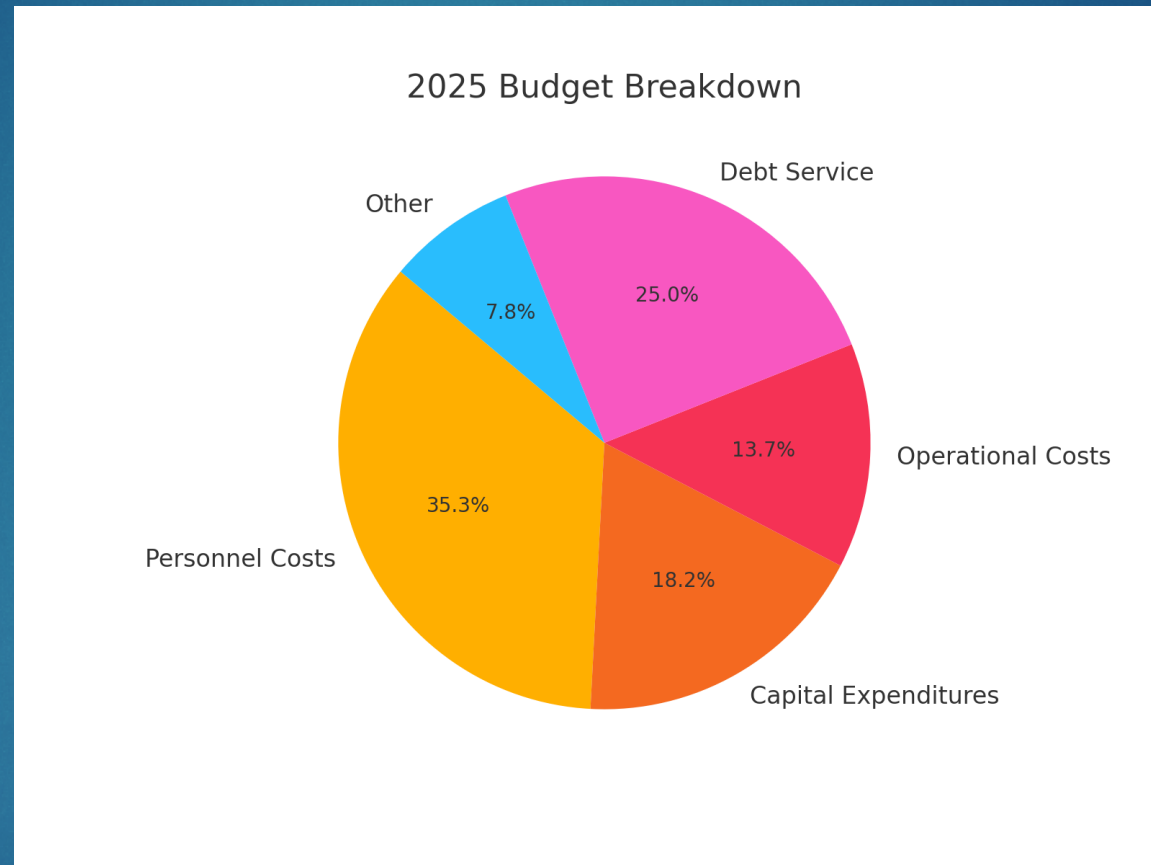
Future borrowing plan in concert with CIP Plan refinement

One-time, large projects will require increased borrowing compared to the current plan.

Overall consideration of borrowing and spending related to debt is ongoing

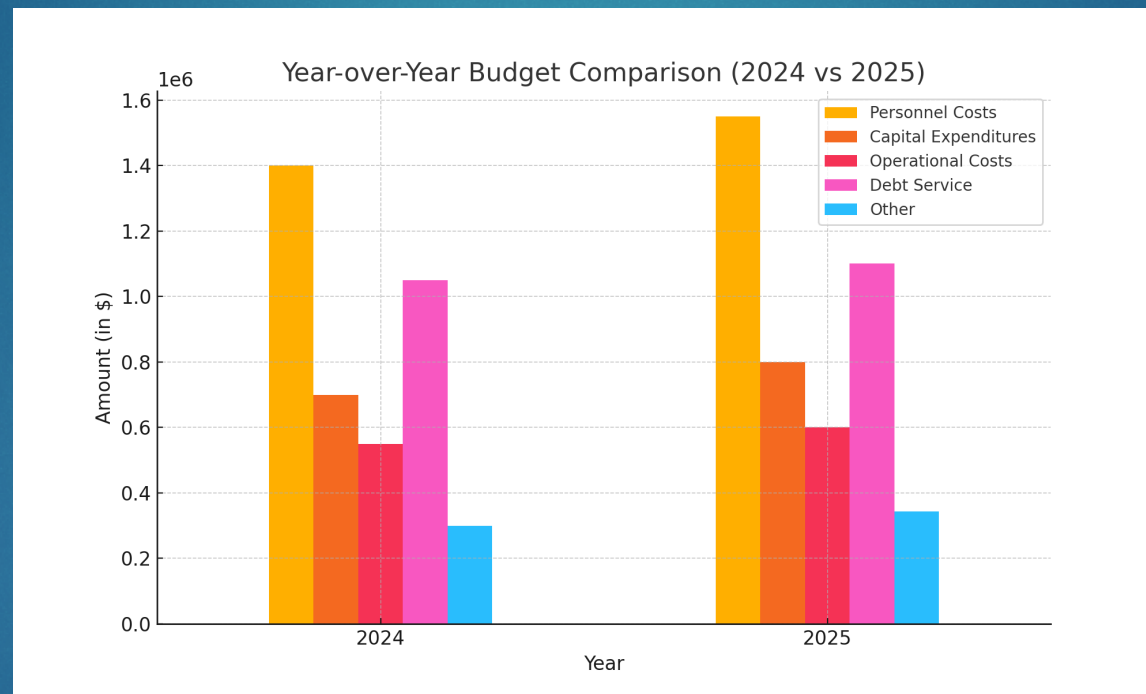


# 2025 Budget Breakdown





# Year-over-Year Budget Comparison (2024 vs 2025)





# Finance Committee Budget Review Dates

## **Tuesday, September 24th - 5 PM**

Introduction of the 2025 Budget by the Mayor

Review of Capital & Operating Budgets –

Planning

Public Safety

Building Inspections

Health

Animal Control

Recreation

## **Thursday, September 26th - 5 PM**

Review of Capital & Operating Budgets –

Economic Development

Public Works

General Government

## **Monday, October 7th - 5 PM**

Review of remaining funds –

Capital Funds

Debt Service

TIDs

Internal Service Fund

## **Wednesday, October 9th - 5 PM**

Final Review:

Tax Levy

Recommendations to the Council

Tax Rates



# Timeline through Council Consideration on November 12th



Wednesday, October 16: Preparation and Submission of Budget Public Hearing Notice to the City's official newspaper.

Wednesday, October 23: Publication of Preliminary Budget and Public Hearing Notice in the City's official newspaper.

Monday, October 28: \*Special—The Committee of the Whole Meeting will discuss any needed budget topics.

Wednesday, Nov. 6: Regular Common Council Meeting, discussion of the 2025 Budget.

Tuesday, Nov. 12: **Special Common Council Meeting:** Public Hearing on the Annual Budget and Adoption of 2025 Annual Budget.

Note: This date does not provide an opportunity for adoption delay without a special meeting soon after that. Subsequent actions that may affect the Common Council's regular meeting schedule may impact this calendar.



Questions?