



Office of the Mayor

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TO: Department and Division Heads

FR: Mayor Paul R. Soglin

RE: 2012 Capital Budget Targets

As City agencies prepared capital budgets the last two years, we faced a deep national recession and the accompanying drops in tax revenues and fees. This year, in addition to the sluggish economy, we face unprecedented cuts in our state revenues. The Finance Department is monitoring the progress of the state budget and its impact on Madison, especially the operating budget. But we must be mindful of this impact as we begin work on the 2012 Capital Budget.

There is a primary goal to guide us during this process.

We must reduce the ratio of debt service to total general fund expenditures to the City's historical target of 12.5%.

In addition, we need to maintain our infrastructure, we need to stay on track with the annual replacement of aging vehicles in the city fleet, we need to increase energy efficiency, and we must protect our environment.

Finally, we will be more creative in how we do business. Whenever possible, we should look for more ways to partner with Dane County and with surrounding communities.

In setting targets for individual agencies, you should look at the Capital Improvement Plan. Your target will be 80% of the amount shown in the plan for 2012. Then, items that cannot be included in your 2012 capital budget request should be shown in your request for 2013, with the understanding that if additional funds become available in 2012, some requests could be accommodated.

I realize that this is a very difficult task. We can work together to keep investing in our city and looking for new opportunities that may present themselves while facing yet another extremely challenging year. Thank you for your cooperation and help.

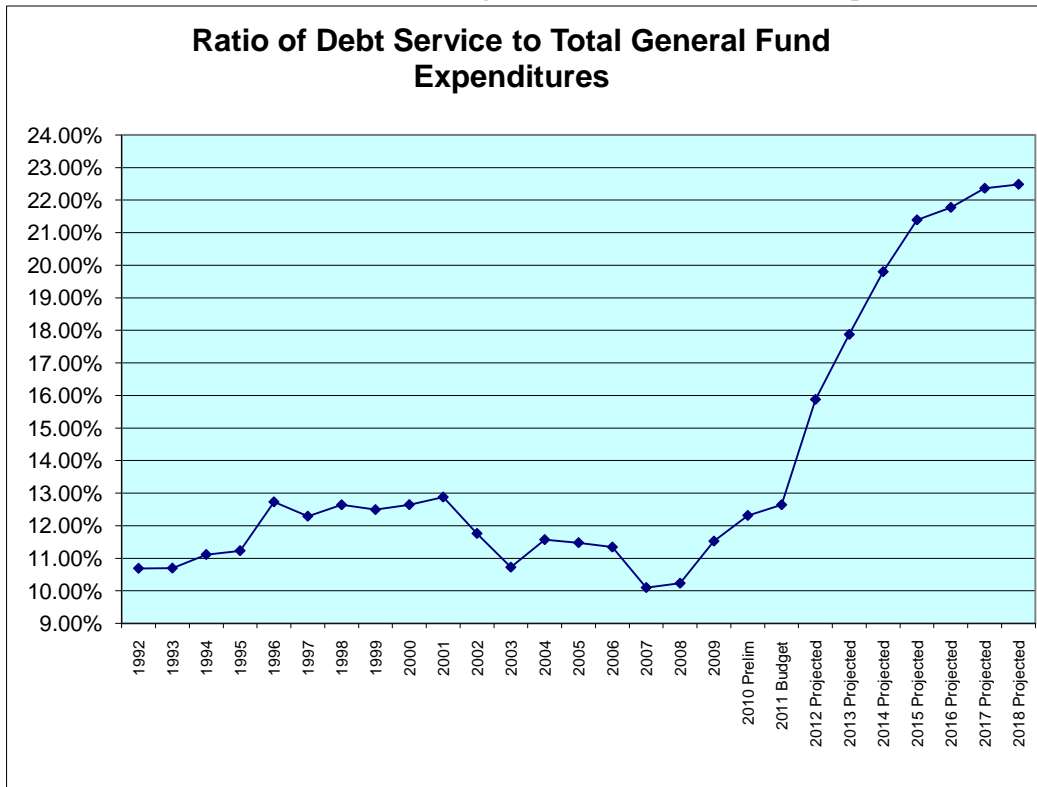
City of Madison
2012 Preliminary Capital Budget
Ratio of Debt Service to Total General Fund Expenditures

1992 thru 2017(Projected)

<u>Year</u>	<u>Debt Service</u>	<u>% Change</u>	<u>Expenditures</u>	<u>% Change</u>	<u>Ratio</u>
1992	11,638,319		108,883,900		10.69%
1993	12,090,707	3.89%	113,057,982	3.83%	10.69%
1994	13,161,860	8.86%	118,436,855	4.76%	11.11%
1995	13,805,000	4.89%	122,919,229	3.78%	11.23%
1996	16,725,000	21.15%	131,390,822	6.89%	12.73%
1997	17,051,616	1.95%	138,754,494	5.60%	12.29%
1998	18,145,624	6.42%	143,567,683	3.47%	12.64%
1999	18,224,200	0.43%	145,900,321	1.62%	12.49%
2000	19,197,757	5.34%	151,833,834	4.07%	12.64%
2001	20,732,183	7.99%	161,020,255	6.05%	12.88%
2002	19,559,391	-5.66%	166,320,847	3.29%	11.76%
2003	18,346,342	-6.20%	171,089,821	2.87%	10.72%
2004	20,473,325	11.59%	176,959,171	3.43%	11.57%
2005	20,953,207	2.34%	182,594,260	3.18%	11.48%
2006	21,323,259	1.77%	188,018,737	2.97%	11.34%
2007	20,513,055	-3.80%	203,134,775	8.04%	10.10%
2008	21,607,727	5.34%	211,195,604	3.97%	10.23%
2009	25,979,821	20.23%	225,450,181	6.75%	11.52%
2010 Prelim	27,948,416	7.58%	227,000,000	0.69%	12.31%
2011 Budget	29,814,713	6.68%	235,855,625	3.90%	12.64%
2012 Projected	39,424,285	32.23%	248,349,770	5.30%	15.87%
2013 Projected	46,827,903	18.78%	262,021,152	5.50%	17.87%
2014 Projected	54,712,139	16.84%	276,361,185	5.47%	19.80%
2015 Projected	62,111,179	13.52%	290,409,696	5.08%	21.39%
2016 Projected	65,442,032	5.36%	300,589,505	3.51%	21.77%
2017 Projected	69,747,817	6.58%	311,949,714	3.78%	22.36%
2018 Projected	72,346,573	3.73%	321,814,527	3.16%	22.48%

Assumed future year interest rate is: **5.00%**
 Future year expenditures assume growth in non-debt service costs of: **3.00%**
 Future debt service assumes borrowing in 2012-2016 as specified in CIP

General Fund Debt Service Target Limit is 12.5% of Total Expenditures



City of Madison
 2012 Preliminary Capital Budget
 Ratio of General Obligation Debt to Equalized Value
 1990 thru 2012(Estimated)

Budget Year	Net General Obligation Debt	Most Recent Equalized Value	GO Debt as a % of Equalized Value
1990	67,681,724	5,709,180,000	1.19%
1991	69,030,201	6,229,400,000	1.11%
1992	75,675,496	6,550,915,000	1.16%
1993	86,826,470	6,964,184,800	1.25%
1994	89,251,835	7,581,595,000	1.18%
1995	92,863,450	8,306,368,500	1.12%
1996	109,152,868	9,093,362,900	1.20%
1997	114,051,571	9,671,053,800	1.18%
1998	118,847,799	10,332,251,000	1.15%
1999	121,707,563	10,939,193,300	1.11%
2000	121,956,000	11,446,834,500	1.07%
2001	126,831,000	12,351,593,400	1.03%
2002	128,409,000	13,677,854,400	0.94%
2003	131,381,000	15,073,829,000	0.87%
2004	139,088,000	16,239,031,200	0.86%
2005	172,508,000	17,764,099,400	0.97%
2006	186,546,000	19,412,430,500	0.96%
2007	194,108,000	21,219,003,600	0.91%
2008	210,349,000	22,309,064,800	0.94%
2009	237,062,718	23,105,474,700	1.03%
2010	267,513,208	23,131,428,500	1.16%
2011	284,235,000	22,212,095,800	1.28%
2012 Est	382,414,052	22,100,000,000	1.73%

