

City of Madison

2019 Capital Improvement Plan
Executive Budget: Summary





Office of the Mayor

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For Immediate Release

2019 Executive Capital Budget

Mayor Paul Soglin

As we noticed the past few weeks, infrastructure matters. Our infrastructure must be ready and resilient but we can only partially prepare for weather and natural phenomena given the changes to our climate. The immediate impact and aftermath of the record-setting rain of Monday, August 20th served as an important reminder of what we can achieve by working together using the prudent investments we make as a community in our public infrastructure. I cannot say enough about the commitment, talent and ingenuity of our city staff in the most trying times

The capital budget and capital improvement plan are the expression of the investments we need to make in our community to ensure it runs well for the betterment of our city. The response to the recent flooding is only the most recent and notable example of performance excellence at work in city operations.

Capital investments are critical. We must have a transportation system that efficiently moves people of all income levels to the places where they live, learn, play and work. We must have the vehicles necessary to plow snow, respond to emergencies, and haul waste and refuse. We must have community spaces that nurture learning, play and work. We must have water, sewer and storm sewer infrastructure to keep us safe, clean and healthy. And, we must invest in helping provide more affordable housing units.

We cannot make all these investments alone. Our federal and state partners must do more to help. We know what we must do – we have the plans in place. For example, moving forward on bus rapid transit requires federal capital assistance and state support for regional transportation approaches. Other cities have been successful when state and federal partners step up. I know we can achieve that in Madison – all we need is vision and commitment from our state and federal partners.

We must strike a balance between affordability and infrastructure priorities. Throughout my time as Mayor, I have emphasized the need for prudent fiscal management and I have continually called for a more affordable capital budget. Historically, the City had maintained debt service to pay for capital projects at or below 12.5 percent of the operating budget. As you can see in the graph below, debt service has reached almost 16 percent of the operating budget and is due to reach 18 percent within the next few years. Past capital budgets would have seen debt service exceed 20 percent of the operating budget by the end of this decade if we were less rigorous in our stewardship of public resources.

The capital budget continues to expand too quickly – we often add facilities projects to the budget without a clear sense of the operating cost implications or the timing. Service levels cannot be extended to everyone in an instant. Major facilities projects must first have a comprehensive plan that clearly defines scope and cost. Once a project plan is completed, high priority facilities projects can be funded in the budget on a timetable that we can afford.

The 2019 Executive Capital Budget and 2020-2024 Capital Improvement Plan [CIP] reflects this approach. My budget includes planning funds for the library in Reindahl Park, Warner Park Community Center, a Streets Far West facility, new Police and Fire facilities and new parks. A comprehensive plan must be the first step. Once that step is completed, these projects can then be added to the CIP on a schedule that keeps debt service at a manageable share of the operating budget.

Agency requests for new general obligation borrowing for 2019 totaled \$114 million, consistent with my goal of limiting the capital budget to already planned amounts. My budget for 2019 includes \$120 million of new general obligation borrowing. The primary increase over agency requests is related an additional \$5 million in GO borrowing to finance developer loans in the Capital East District for projects recently identified by the Economic Development Division to support continued construction and investment in the East Washington Avenue corridor.

We continually strive to make Madison a place where all can live, work, learn and play. The investments proposed in my capital budget and capital improvement plan will increase the annual funding level for capital projects over the next few years. The executive capital budget includes the following overall amounts for 2019. Additional funding information can be found in the summary document.

Budget Overview

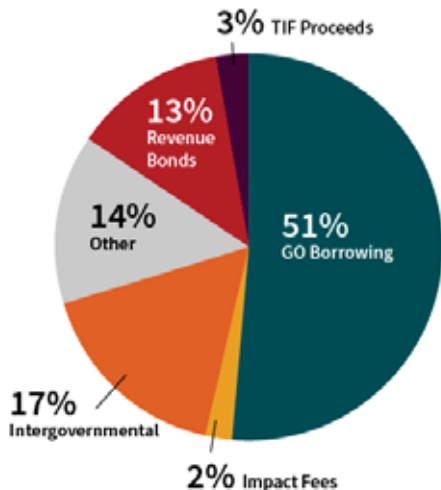
The 2019 Executive Capital Improvement Plan (CIP) invests \$1.1 billion in 182 capital items over the next 6 years. The timing of major projects, such as construction of a new facility or a major roadway project, contributes to variability in annual budget amounts across the years of the CIP.



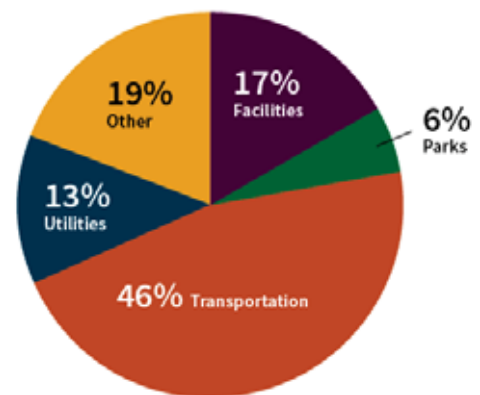
The majority of the CIP is funded through GO borrowing, which is ultimately paid back through the General Fund (primarily funded by property taxes). Much of the debt issued by the City is rapidly repaid over a 10-year period. This practice, along with others, has helped the City to maintain its Aaa bond rating. Capital projects for the Sewer and Water Utilities are funded by revenue bonds paid back by ratepayers in subsequent years.

Transportation projects make up the largest portion of the CIP, this category includes Engineering Major Streets and Bicycle/Pedestrian projects, Metro Transit, and Traffic Engineering. This is also the area of the CIP that saw the most change from the 2018 CIP. This variation is driven by assuming federal funds for Bus Rapid Transit, and reconstructing John Nolen Drive.

Where the \$ Comes From



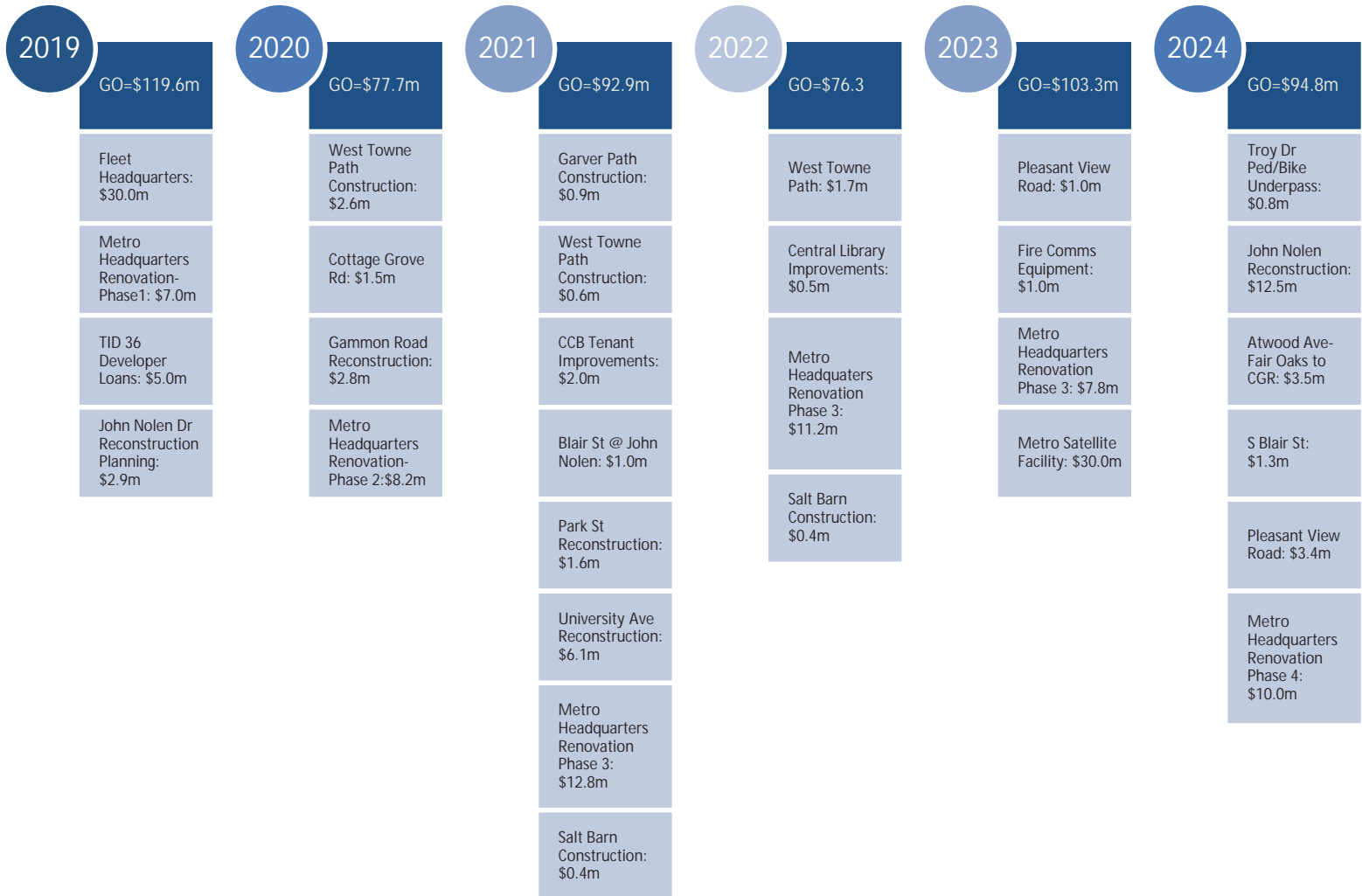
How the \$ is Spent



Timing of Projects

The 2019 Executive CIP continues the trends in recent years of staggering timing of major capital projects. This practice seeks to ensure future year debt service and operating costs associated with projects is sustainable in the operating budget.

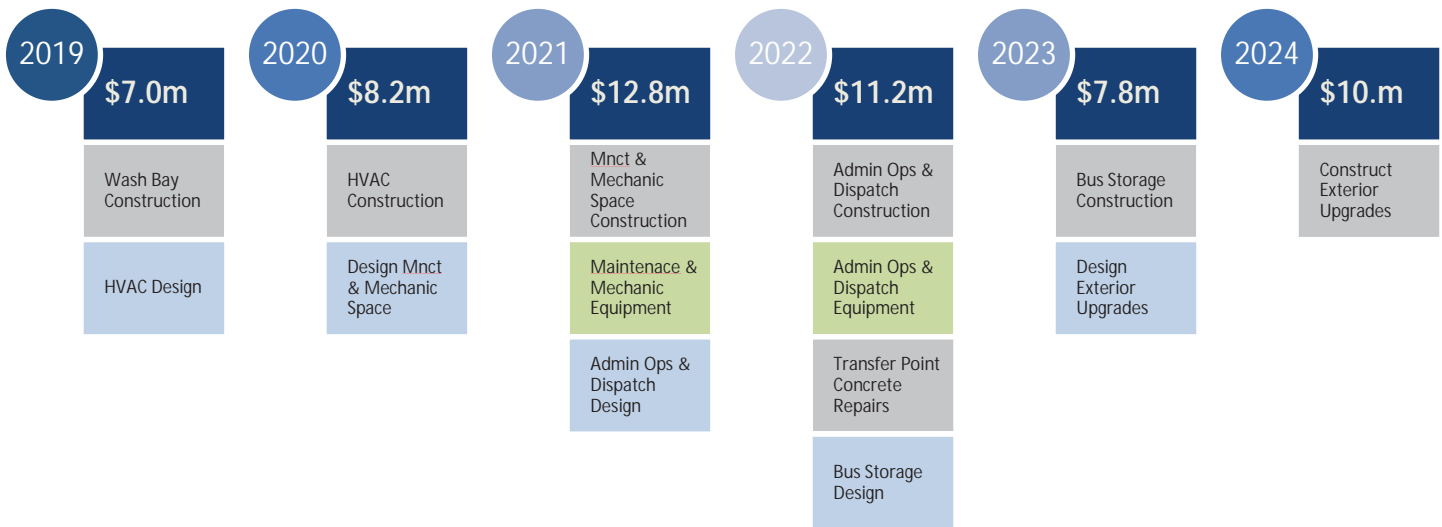
MAJOR PROJECTS: 2019 CAPITAL IMPROVEMENT PLAN



Capital Investment for Metro Transit

One of the biggest changes from the 2018 CIP surrounds funding for Metro Transit’s facility needs. In 2017 the City completed a facility study of Metro’s current headquarters location at 1101 E Washington Avenue. This location is home to all Metro operations including garage storage for 223 buses, maintenance facilities, and administrative offices. The study identified \$57.0m of necessary life and safety improvements at the current facility. The 2019 Executive CIP fully funds the recommended improvements by adding \$47.0m to the Facilities Improvements & Repairs program in Metro’s budget for these improvements to be completed in four phases over the next six years. As proposed, this project is fully funded by local sources through GO Borrowing.

METRO HEADQUARTERS RENOVATION: PROJECT TIMELINE



The City continues to plan for the electrification of Metro’s fleet along with Bus Rapid Transit. With these goals in mind, the CIP includes \$30.0m in 2023 for a satellite facility that will store 70 buses. This facility would be fully funded by local sources. Funding for this facility may serve as the local match for federal funds that will support construction costs associated with implementing Bus Rapid Transit (BRT). These federal funds for BRT are assumed in 2024 of the CIP.

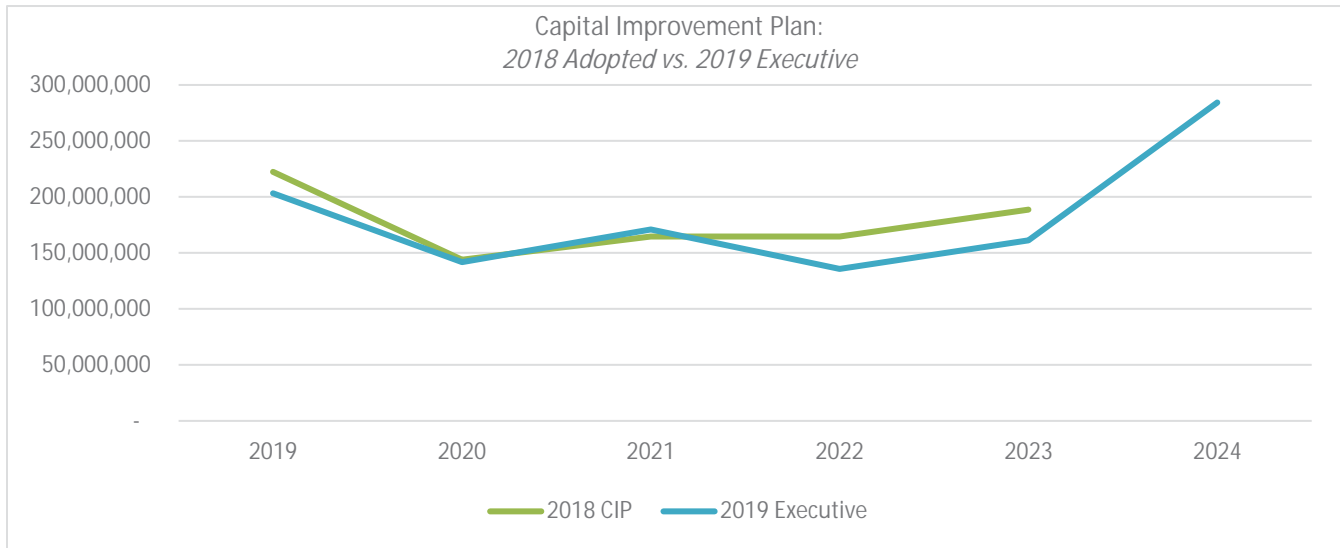
Scoping Facility Projects

The 2018 CIP included out-year funding for multiple facility projects that have not yet been fully scoped. In the past, this practice has led to cost overruns and unexpected operating costs that have resulted once the project’s scope is fully known. To better plan for these projects, the 2019 Executive CIP removes construction costs for major facility and parks projects but continues funding to complete the scoping process for the projects. All of these projects have implications for the operating budget that must be considered in order to ensure there is a sustainable funding source once the project is complete. Construction funds for these projects will be added to the CIP once the full scope is known. Projects impacted by this change include:

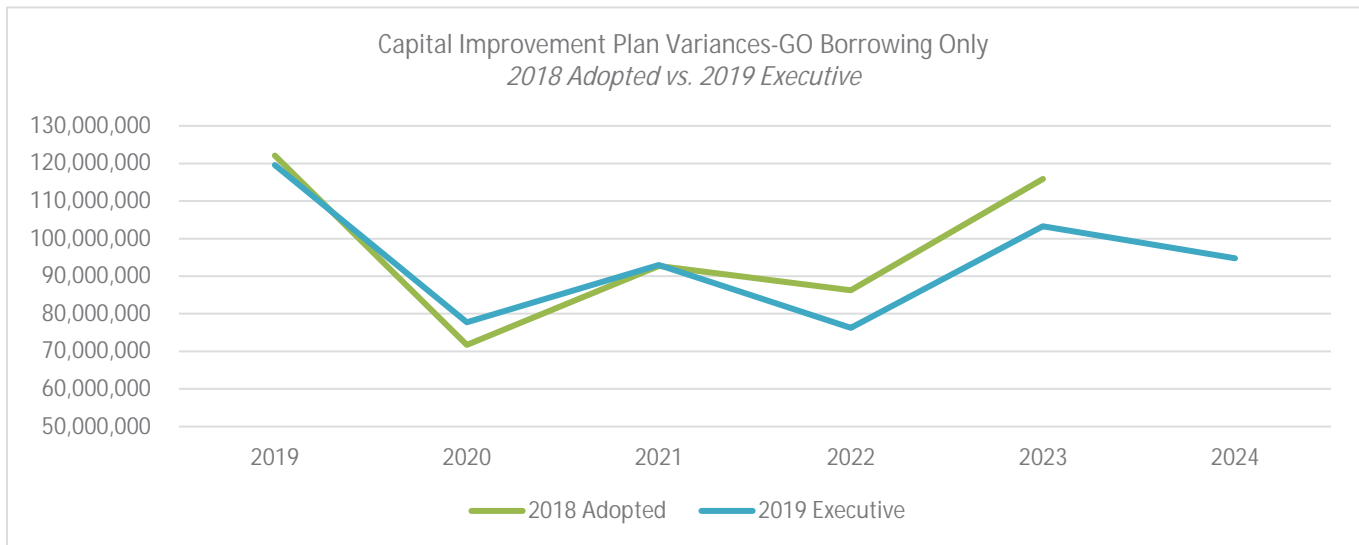
- Reindahl Library: \$500,000 reauthorized for continued planning efforts in 2019
- Hill Creek Park: \$200,000 for planning in 2019
- North East Park: \$225,000 for planning in 2019 & 2020
- Warner Park Community Center: \$500,000 spread across 2020 and 2021
- Streets Far West Facility: \$250,000 for planning in 2019

Variations from 2018

The proposed 2019 Capital Budget is \$19.2m less than what was anticipated in the 2018 Adopted CIP; the primary driver of the variation is funding for Metro facility projects and Bus Rapid Transit. The 2019 Executive CIP shifts funding for the construction of a Metro Satellite facility from 2019 to 2023 while fully funding phase one of renovations at the Metro Headquarters in 2019.

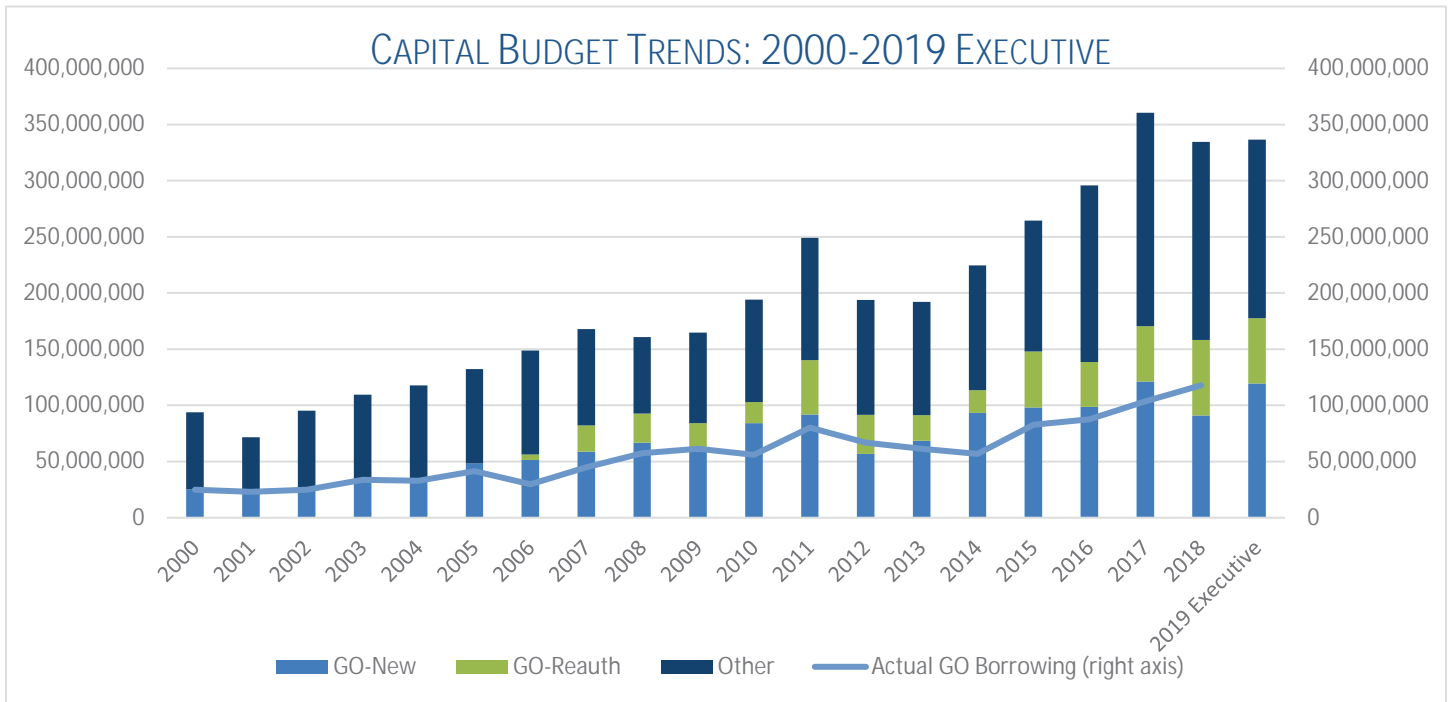


GO Borrowing in 2019 is \$2.5m lower than what was anticipated in 2018 Adopted Capital Improvement Plan. This decrease is also driven by the updated assumptions for Metro's facility projects.



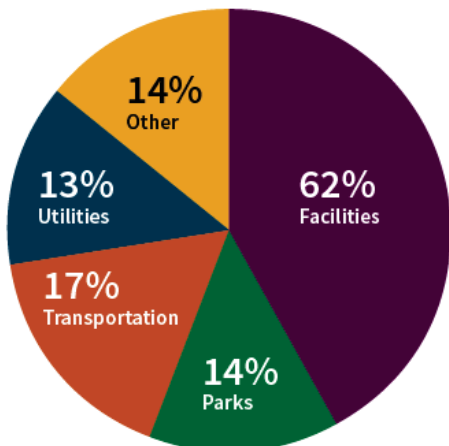
Reauthorizations

The 2019 Executive Budget authorizes \$203.3 million in new appropriation for the upcoming year. The 2019 Capital Budget is \$2.2m, or 0.6%, higher than the 2018 Adopted Capital Budget. While the total appropriation is remaining relatively flat from 2018 to 2019, reauthorized appropriation is decreasing by \$8.3m compared to 2018 and new appropriation is increasing by \$10.5m when compared to 2019.



The 2019 Capital Budget reauthorizes \$133.4 million for projects that will carry forward from 2018; of this amount \$58.0m, or 43%, is GO Borrowing. The bulk of reauthorized appropriation (62%) is for facility projects that commonly require more than one year to complete.

Reauthorizations

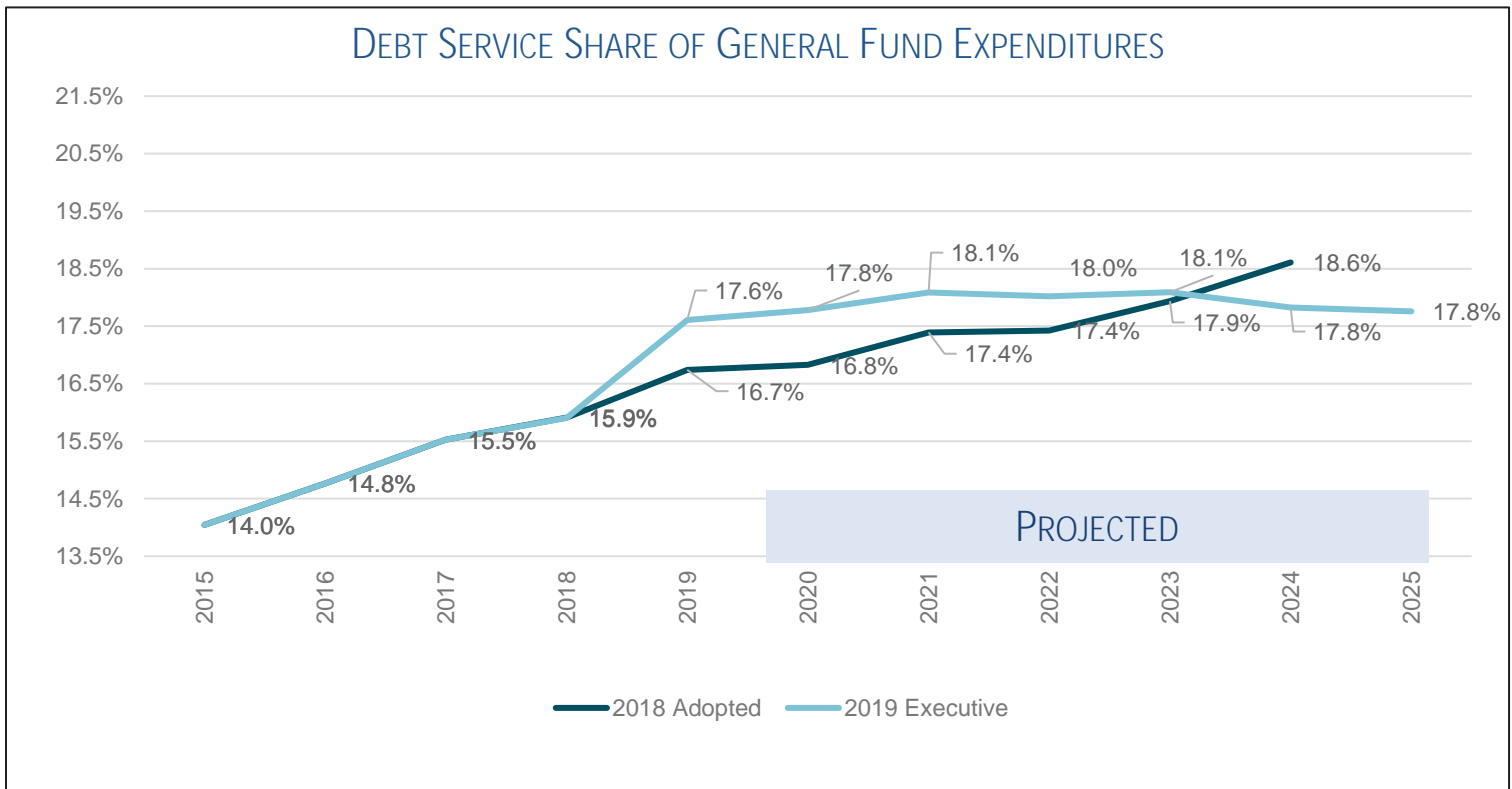


Reauthorization Highlights

- Public Market: \$13.2m
- Pinney Library: \$9.0m
- Olbrich Gardens: \$4.5m
- Judge Doyle Parking Structure: \$20.5m
- Breese Stevens Field Improvements: \$1.5m

Debt Service Projection

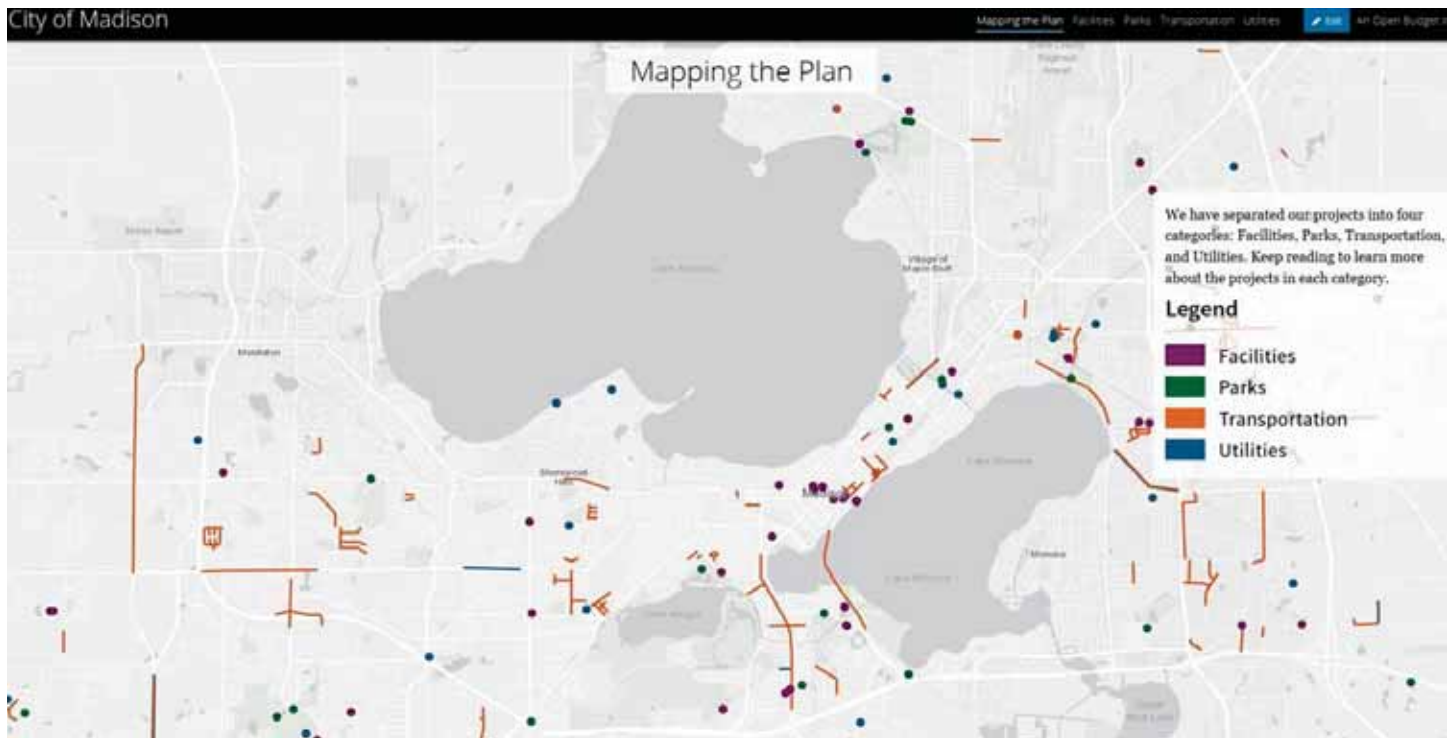
In 2019 debt service will be 17.6% of the total General Fund budget, a 9.7% increase from 2018. Based on anticipated projects debt service will reach 18.6% of the total General Fund in 2024.



Projections assumes 33% of each CIP year reauthorized to subsequent year; total budget increases 3% per year; 20 year borrowing on modest level. 2019 reflects reduction in application of general debt reserves from 2018.

Mapping the Capital Improvement Plan

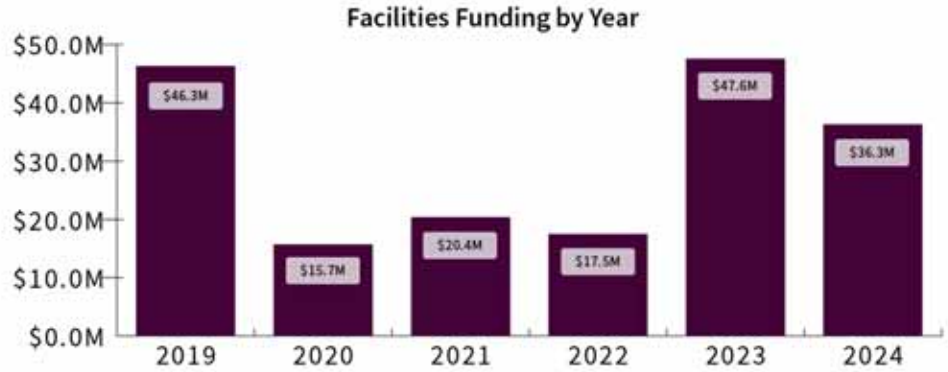
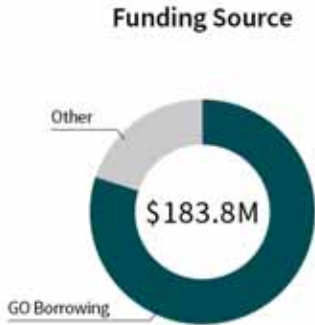
Capital investment is happening throughout Madison, all projects with a geospatial component have once again been mapped. Mapping the CIP allows us to visually see where investment is slated to take place; once mapped we incorporate additional data to ensure investment is happening in a manner that is consistent with Madison's projected growth and demand for service. To access the full map visit www.cityofmadison.com/budget.



Projects included in the capital map are grouped into four categories: Facilities, Parks, Transportation, and Utilities. The 'Other' category represents those projects that cannot be mapped; these items include: machinery and equipment purchases, IT infrastructure, and planning efforts.

Facilities

Over the six years, \$183.8 million will be invested in the construction of new facilities and the renovation of existing facilities. These projects are primarily funded by GO Borrowing, which is repaid in the operating budget through property taxes. These facilities house a variety of city functions ranging from public safety services, to neighborhood centers and libraries.



Key Projects



Fleet Service Relocation

- Total Budget=\$32.8m
- Project Timeline=Construction in 2019; Completion in 2020
- This project will construct a new comprehensive Fleet facility at Nakoosa Trail on the City's east side. The new location will consolidate operations currently happening at 3 facilities into one.



Metro Headquarters Renovation

- Total Budget: \$57.0m
- Project Timeline: Project will be completed in four phases from 2019-2024
- This project will renovate Metro's existing headquarters in four phases. Specific improvements include: garage improvements, reconfiguring the maintenance bay, remodeling the bus storage area, and improvements to the administrative & support office workspace.

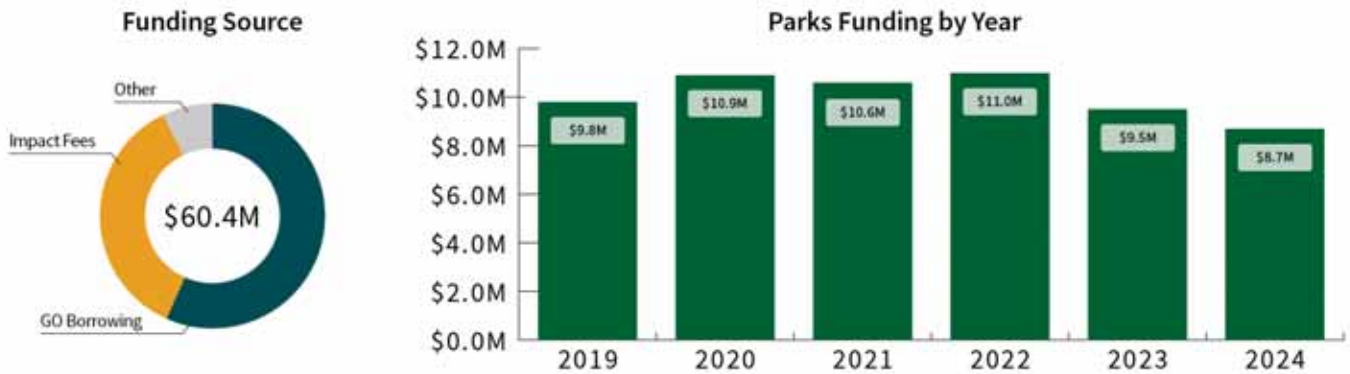


Lake Street Parking Garage Replacement

- Total Budget: \$22.0m
- Project Timeline: Planning 2023; Construction in 2024
- This project will replace the existing structure as it reaches the end of its useful life. The new structure will include 600 parking stalls and a potential Intermodal Bus Terminal.

Parks

Over the next six years the CIP invests \$60.4 million in Madison’s park system, which represents 6% of the CIP. In addition to GO Borrowing, Parks capital projects receive funding from Impact Fees paid by developers to support creation and maintenance of parks.



Key Projects



Elver Park

- Total Budget=\$2.3 Million
- Project Timeline: Completed in phases from 2020-2023
- This project will repave existing paths in Elver Park, improve the ball fields, & reconstruct the Park’s parking lot



Vilas Park

- Total Budget=\$870k
- Project Timeline: Currently underway-2022
- Funding in this project will be used to replace the existing playground and dredge the lagoon

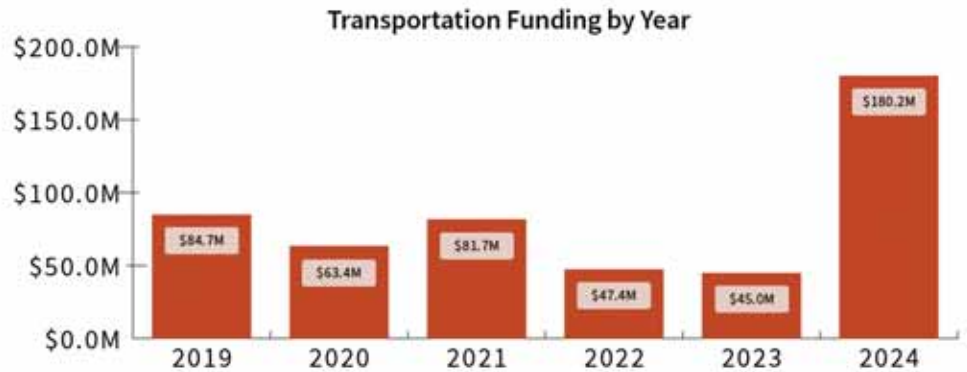


Warner Park Community Center

- Total Budget=\$500k
- Project Timeline: Planning will continue through 2021; Construction funding not included in CIP
- This project will continue planning and desing to renovate and potentially expand the Warner Park Community Center

Transportation

The 2019 Executive CIP includes \$502.4 million for transportation related projects; these projects represent the largest portion of the CIP. Projects in this category involve several departments including: Engineering Major Streets and Bicycle/Pedestrian Projects, Metro Transit, and Traffic Engineering. In addition to GO Borrowing, projects in this category receive state and federal grants, special assessments, and utility funding. Projects added to 2024 include: Bus Rapid Transit (\$80.0m), John Nolen Drive Reconstruction (\$37.3m), Atwood Avenue from Fair Oaks to Cottage Grove (\$9.7m), and South Blair Street (\$7.0m)

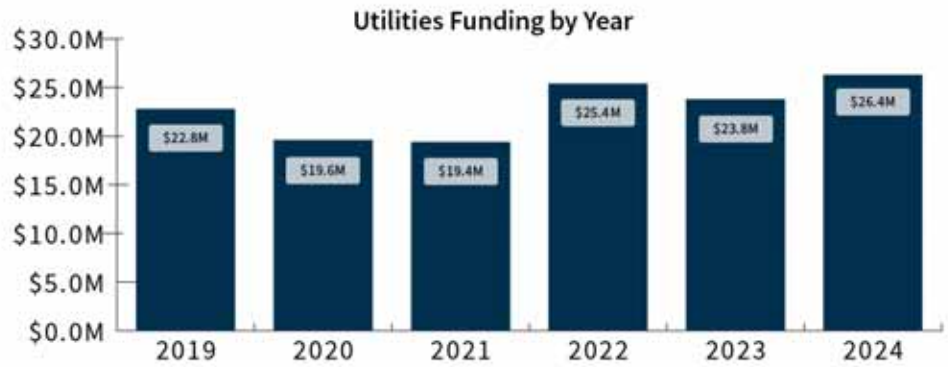
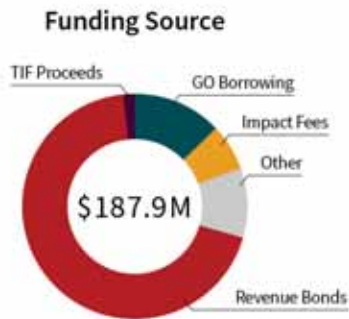


Key Projects

Bus Rapid Transit	<ul style="list-style-type: none"> • Budget=\$80.0m • Timeline: Construction in 2024 • Bus Rapid Transit (BRT) will increase the capacity of the existing Metro system while reducing ride times.
John Nolen Drive	<ul style="list-style-type: none"> • Budget=\$33.2m • Timeline: Planning from 2019-2023; Construction in 2024 • This project includes the six bridges between North Shore Drive and Olin Avenue. Rebuilding these bridges will improve pavement quality, bike usability, and pedestrian safety.
Buckeye Road	<ul style="list-style-type: none"> • Budget=\$6.4m • Timeline: Construction in 2019 • Reconstruction from Monona Drive to Stoughton Road to improve pavement quality and pedestrian usability.
University Avenue	<ul style="list-style-type: none"> • Budget=\$17.3m • Timeline: Construction in 2024 • This project is the last phase of University Avenue for reconstruction. Along with pavement improvements the project will replace existing utility infrastructure and make stormwater improvements.
West Towne Path	<ul style="list-style-type: none"> • Budget=\$8.2m • Timeline: Design in 2019; Construction in 2020-2024 • Construction of a new bike path on Madison's west side from Struck Street to Gammon Road connecting to the Ice Age Junction Path.

Utilities

The 2019 CIP includes \$187.9 million for construction and investment in Madison’s utility infrastructure. These projects are primarily funded by revenue bonds and repaid by ratepayers. Projects included in this category include: Stormwater, Sewer, and Water.



Starkweather Coagulant Treatment

- Budget=\$6.0m
- Timeline: Construction in 2019
- Improves the quality of Madison's lakes and streams by dissolving phosphorous from diverted runoff.

Citywide Flood Mitigation

- Budget=\$6.1m
- Timeline: Flood mitigation on McKenna Blvd
- The program improves the storm water network to reduce flooding and increase protection from property damage.

Water Main Replacement

- Budget=\$7.9m
- Timeline: Projects in 2019 include: County Hwy M and Cannonball Path
- New and replacement water mains primarily completed as part of Major Street projects.

Lakeview Reservoir Reconstruction

- Budget=\$2.7m
- Timeline: Phase 1 Construction in 2021; Phase 2 Construction in 2024
- This reservoir provides vital water storage on the City's north side. Improvements to the station will improve reliability and capacity.



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