



Office of the Mayor

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Date: May 5, 2020
To: Department and Division Heads
From: Mayor Satya Rhodes-Conway
Subject: 2021 Capital Budget & Capital Improvement Plan: Agency Guidance

Just over one year ago I stood before you as a new Mayor with an ambitious list of priorities for our City. I called on you to submit ideas and proposals for ways we could:

- Provide robust and rapid transportation options across our city;
- Make housing affordable everyone in Madison;
- Build resilience in Madison by mitigating our contribution to, and addressing the impacts of, climate change;
- Eliminate disparities with a focus on racial equity; and,
- Engage the diverse residents of our wonderful city.

Departments rose to this challenge, and together we adopted a 2020 Capital Budget and CIP that advanced the schedule for bus rapid transit (BRT), increased the investment in affordable housing, and created a new land banking program, all while driving down the projected level of GO Borrowing.

Today, just over one year later, we are meeting virtually in the midst of a global pandemic as our community anxiously awaits a new normal. COVID-19 has touched every corner of our organization and completely changed the way we are providing services to our residents. As we have worked to adapt over the past months, I have seen countless ways we have remained focused on the priorities laid out one year ago. I remain committed to making investments in these areas, but know that we will identify new areas of need resulting from the impacts of COVID-19, and must prioritize those.

Despite our efforts, the economic fallout of COVID-19 will have very real impacts on the City's finances and budget. While Madison entered this period with strong reserves, the costs associated with the COVID response and recovery coupled with lost revenue will have a dire impact on the City's operating budget. More information on the projected shortfalls for 2020 and 2021 will be available soon.

Madison residents will feel the implications of COVID for the foreseeable future. One in four Wisconsinites has filed for unemployment, as a growing number of employers in our community

are announcing furloughs and layoffs. More than ever, we must seriously confront the implications of our budget decisions on Madison's residents.

Based on these conditions, I am establishing the following guidance for capital requests for the 2021 Capital Budget and Capital Improvement Plan:

- All agencies are encouraged to find ways to decrease spending in the 2021 Capital Budget that will not unduly impact our ability to provide essential services.
- Agency requests should be prioritized. The overview memo should discuss the criteria used to establish the prioritized list.
- Agency requests for existing projects should be consistent with the adopted 2020 Capital Improvement Plan. Increases from existing funding levels and deviations from project schedules must be justified and clearly explained in the proposal tools.
- Requests for new projects may be submitted, but must be conceptualized to the point that a complete budget proposal can be submitted.
- Agencies will be allowed to submit budget requests for projects currently on the Horizon List so long as they can demonstrate the 'Issues to be Addressed' have been resolved and a complete budget submission can be developed.
- Program budgets should continue into 2026 and can be adjusted by up to 5% to account for inflationary construction costs.

As you prepare your proposals keep the following in mind:

- Continuing the status quo is not a sufficient justification for capital investment. I will be looking for proposals that will help to support the City's COVID response and economic recovery. Budget proposals should be focused on the investments we are making in our community and neighborhoods as we want to see them in the future rather than focusing on how we preserve the current state or return to pre-pandemic conditions.
- Although my budget guidance allows requests for new capital items, I intend to closely scrutinize all proposals – including those currently in the 2021 Capital Improvement Plan - and will be aggressive in offering reductions to ensure a responsible debt ratio for the coming years. Creativity and innovation are a must.

Building the City's 2021 Budget will be among the greatest challenges in our organization's recent history. The decisions and tradeoffs in store for us will not be easy. Although the challenge is great, I am confident in the individuals who make up Team City and our ability to work together on devising a plan that will help our great City emerge from these uncertain times stronger than ever.