



CITY OF  
MADISON

2023

Executive Capital Budget &  
Capital Improvement Plan



Satya Rhodes-Conway, Mayor

# 2023 Capital Budget & Capital Improvement Plan

## Executive Summary

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### Introduction

Mayor’s Message.....2  
Capital Budget Overview .....5  
Funding the Capital Improvement Plan .....6  
Major Changes between 2022 and 2023.....7

### Projects by Element

Land Use & Transportation.....8  
Neighborhoods & Housing.....9  
Economy & Opportunity.....10  
Culture and Character.....11  
Green & Resilient.....12  
Effective Government.....13  
Health & Safety.....14



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## 2023 Executive Capital Budget & Capital Improvement Plan

I am pleased to announce my 2023 Executive Capital Budget and 6-Year Capital Improvement Plan (CIP), which detail my funding proposal for buildings, infrastructure, and other capital investments for our community. The Capital Budget is one major piece of the City's budget. In a month, I'll be introducing my 2023 Executive Operating Budget, which focuses on services, staffing and programs.

In this year's Capital budget, I propose to increase City investments in affordable housing; infrastructure projects geared toward helping our city take action on climate change and build climate resiliency; and important investments across the city to build strong neighborhoods.

At every turn, we seek to leverage state and federal funds. Madison is fortunate to have the strong support of the Biden and Evers administrations, with direct support in the federal budget, other major spending bills, and American Rescue Plan Act allocations.

### BUILDING AFFORDABLE HOUSING

We have seen measurable gains in housing supply – particularly affordable housing – in recent years. But the need remains great and access to affordable housing remains out of reach for too many in our community. With the population growth Madison continues to see, it will take a strong, sustained investment to meet the affordability needs of our community.

- I am increasing our investment in affordable housing to \$60 million over six years. Since I have been in office we have more than doubled the affordable housing funding.
- The City will also be taking a transformative approach to homeless services by constructing our first purpose-built homeless shelter. With support from the County and the federal government this \$21 million facility will be constructed in 2024.
- The City will continue to spend \$19 million over six years to help people purchase and rehabilitate homes, provide property tax relief to seniors, and support homeownership down payment assistance. We will continue to combat gentrification with \$6 million in land banking funds.

## BUILDING A RESILIENT CITY

It is becoming increasingly clear that dramatic climate action is needed to ameliorate the worst impacts of the climate crisis. It may not be glamorous, but the repair and reconstruction of streets, bridges, water wells, sewers and stormwater systems are the backbone of creating a strong and resilient city. Transportation is responsible for 40 percent of the City's greenhouse gas emissions. In recent years, Madison has become a national leader in executing bold, transformative plans to reduce our community's transportation emissions.

- The budget invests \$22.2 million to support flood mitigation efforts. Since the 2018 flood, the City has rapidly advanced major flood mitigation projects on key streets and drainage areas.
- We are investing \$21.6 million in our John Nolen Drive Project, which will reconstruct the street and causeways to expand space for biking and walking. Coupled with Lake Monona Waterfront Design competition, we are setting the stage for a reimagining of the waterfront that serves both as an iconic gateway to the downtown and as an accessible and multifaceted resource for all Madisonians.
- We will use an additional \$23 million in federal Small Starts funding to ensure our 46 bus BRT fleet is comprised of fully electric vehicles.
- The budget makes a new \$2.5 million investment in electric vehicle charging equipment to power our growing city fleet of electric vehicles. From the nation's first electric fire truck, to our purchase of electric compactors, to our growing fleet of light duty trucks, the City continues to break ground with its use of electric vehicles.
- The budget includes \$350,000 to help us locate and plan for Amtrak service in town. The City will also be investing \$1.7 million for the construction of an inter-city bus terminal in the State Street Campus Garage. This will allow students and residents to easily reach destinations across the Midwest from a modern transit facility.
- The budget contains \$5.5 million over two years in funds for the Water Utility for mitigating PFAS pollution in Well 15, and funds to mitigate sodium and chloride in Well 14, and funding for other water quality and supply projects around the city.

## BUILDING STRONG NEIGHBORHOODS

Each neighborhood has its own unique assets and challenges, which is why I consult with our Neighborhood Resource Teams to make sure our ideas and investments are supported and address their unique situations. Neighborhoods across the City will see continued investments in our parks, playgrounds, libraries, and pedestrian and bike facilities. Key investments in the right infrastructure can be the solid foundation for community connection, opportunity, and resilience.

- In the Sandberg area, the budget puts \$15 million toward the construction of Madison Public Library's Imagination Center.
- In the Brentwood-Northport area, the budget funds a \$5 million expansion of the Warner Park Community Center.

- In the Hammersley-Theresa area, the budget funds improvements to the stormwater system to alleviate issues with basement flooding.
- In the Darbo-Worthington area, the budget reserves \$2.5 million to purchase the Salvation Army site, providing them with needed capital for a purpose-built women’s shelter and providing the opportunity to support new community facilities in the neighborhood.

In addition, the budget continues to invest in programs for affordable and equitable business access across our city, with \$4.5 million in support for the Small Business and Equitable Recovery program, building improvement grants, and the Commercial Building Ownership program.

The Capital Budget makes investments to maintain and improve the things we value and to help address the challenges we are facing as a community. While COVID-19 is still present in our community, we are also facing challenges in the form of supply chain instability and inflation. Projects that have been in our 6-year CIP are now projected to cost more than they did originally. This has required us to rethink some projects, postpone others, and do what we can to reduce project costs.

With these investments and adjustments the city is on track to build a better, greener and more resilient Madison.

Respectfully submitted,

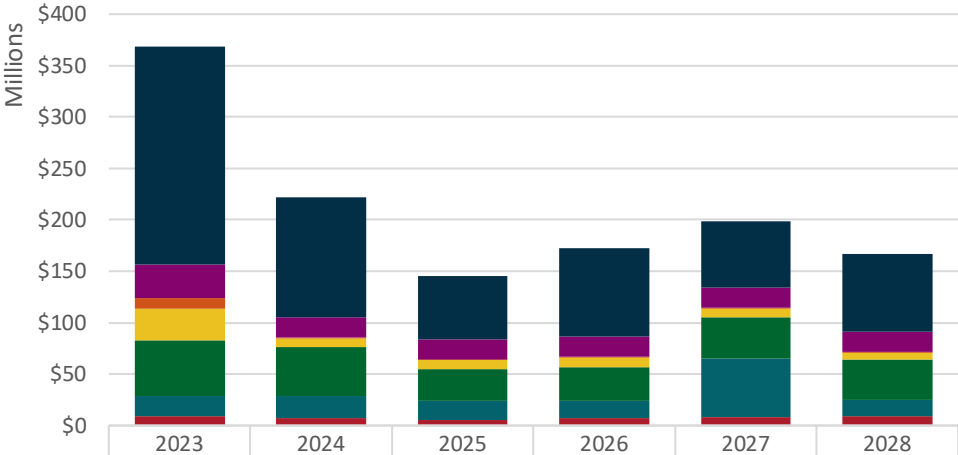
Satya Rhodes-Conway, Mayor

# Capital Budget Overview

The City of Madison’s **Capital Improvement Plan (CIP)** is a planning and financial document that details investments which provide lasting improvements in the City’s infrastructure, assets, and services. The **Capital Budget** appropriates funding for capital projects and programs that comprise the first year of the CIP, with the remaining five years included as a plan for the future. In total, the 2023 Executive CIP invests \$1.27 billion in 180 projects and programs between 2023 and 2028, with \$368.4 million scheduled for 2023. These amounts include funding from a variety of sources, outlined on page 6.

The graph below shows the total investments in the executive CIP by year. 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. In addition to showing investments by year, the graph shows investments by **element**, or major topic area that influences the quality of life in the City, as defined in [Imagine Madison](#), the City’s Comprehensive Plan adopted in 2018. Land Use and Transportation, which include major infrastructure and transit projects, including development of a bus rapid transit system, account for almost half (48.5%) of all capital investments. Green and Resilient, which includes investments in energy efficiency, sewer and stormwater systems, and urban forestry, account for 19.1% of the CIP. Pages 8 - 14 provide additional details on investments by element.

Capital Investments by Element, by Year



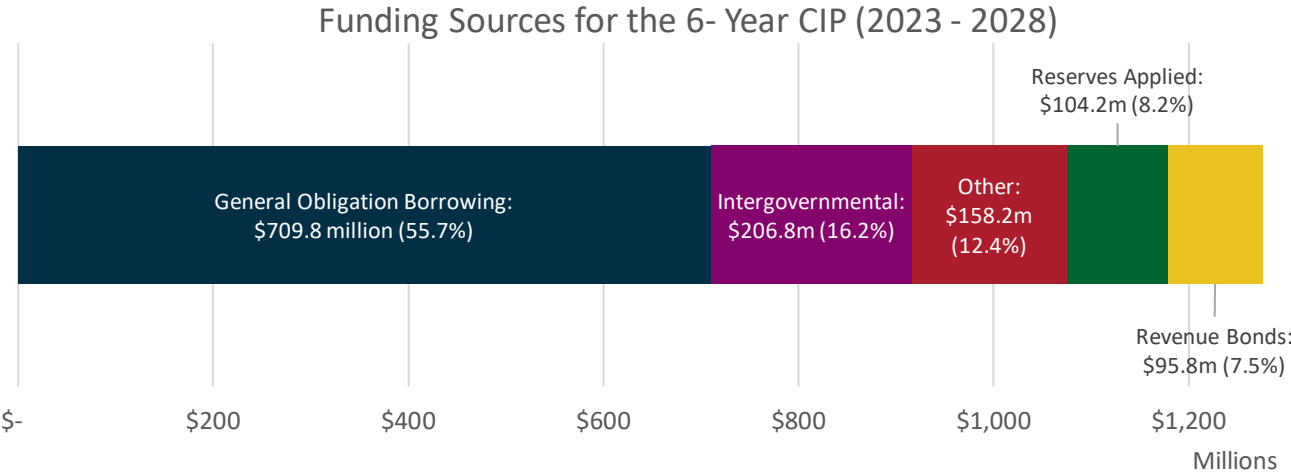
	2023	2024	2025	2026	2027	2028
Land Use and Transportation	\$212,224,495	\$117,046,000	\$61,291,000	\$86,481,000	\$64,773,000	\$75,857,000
Neighborhoods and Housing	\$32,257,000	\$19,569,000	\$19,631,000	\$19,644,000	\$19,657,000	\$20,221,000
Economy and Opportunity	\$9,870,000	\$570,000	\$570,000	\$570,000	\$570,000	\$570,000
Culture and Character	\$30,907,000	\$9,161,500	\$9,474,000	\$9,402,100	\$8,699,750	\$6,139,000
Green and Resilient	\$54,141,325	\$46,869,000	\$30,361,000	\$32,676,000	\$39,591,000	\$39,491,500
Effective Government	\$20,176,719	\$21,440,919	\$18,453,019	\$17,074,470	\$57,094,420	\$15,902,875
Health and Safety	\$8,865,535	\$7,521,090	\$5,590,090	\$7,022,685	\$8,249,544	\$9,061,111

**What is the difference between a capital project and a capital program?**

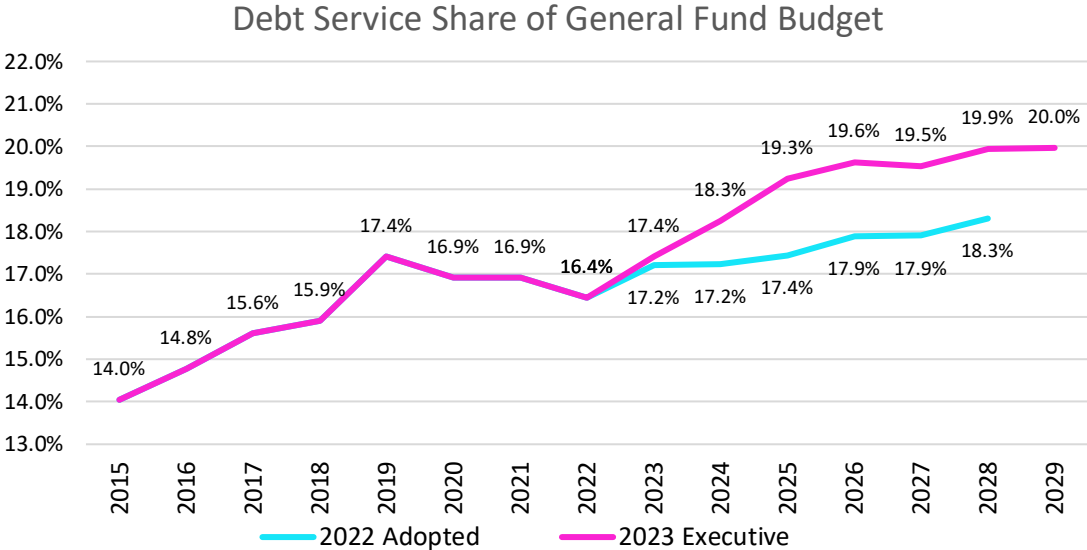
A **capital project** is a large-scale, time limited program with a defined start and end date, such as building a new facility or affordable housing development, reconstructing a major road, or building new bicycle infrastructure. A **capital program** is a large-scale, continuing work plan, including maintaining safe sidewalks and streets, investing in transit system upgrades and a green fleet, and land banking. Capital programs often have specific projects scheduled in each year of the CIP.

# Funding the Capital Improvement Plan

The majority of the CIP is funded through **General Obligation (GO) Borrowing**, a type of municipal borrowing that is secured by the City’s property tax base. The 2023 Executive CIP includes \$709.8 million in GO borrowing over the next six years, with \$532.6 million of GO borrowing repaid by the General Fund. The remaining GO borrowing is funded by other sources such as enterprise funds for utilities and Metro Transit. The second largest source of funding is intergovernmental sources, such as federal, state, and county grants and programs. For example, the East-West Bus Rapid Transit project includes \$115.8 million in federal sources. Other sources include proceeds from Tax Increment Financing, Impact Fees, and other revenues; applying City reserves, and revenue bonds for Sewer and Water that are paid back by ratepayers in subsequent years.



One important consideration for the capital budget is the ratio between debt service, which is the annual repayment of GO borrowing, and the total general fund budget. 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 from Moody’s Investors Service, which ensures the lowest possible interest costs. Debt service as a share of the operating budget is projected to be 17.4% in 2023.



# Comparing the 2023 Executive Budget to 2022

The 2022 adopted Capital Improvement Plan anticipated a 2023 budget of \$195.3 million. The 2023 executive budget nearly doubles that amount, proposing a total budget of \$368.4 million. Major changes between the 2022 Adopted CIP and 2023 Executive CIP are highlighted below.

## Federal Funding Assumptions

The 2022 CIP included \$1.7 million in federal funding for 2023. The 2023 Budget assumes \$68.8 million in federal funding, as the City seeks to leverage once-in-a-generation opportunities made available through the Biden administration. Some of the funds have been secured, such as \$2 million in federal funds for the permanent shelter for men experiencing homelessness and the \$23 million Small Starts grant to convert the Bus Rapid Transit fleet to fully electric vehicles. Other funds are pending receipt of competitive grants, such as the proposed \$16 million for the Safe Streets for All grant, which will advance Vision Zero priorities, and \$5 million for railroad crossing safety improvements. Although not all of the federal funds are secured, including these projects in our budget demonstrates our commitment to in our grant applications, and allows the City to move quickly on projects if we are successful in our applications.

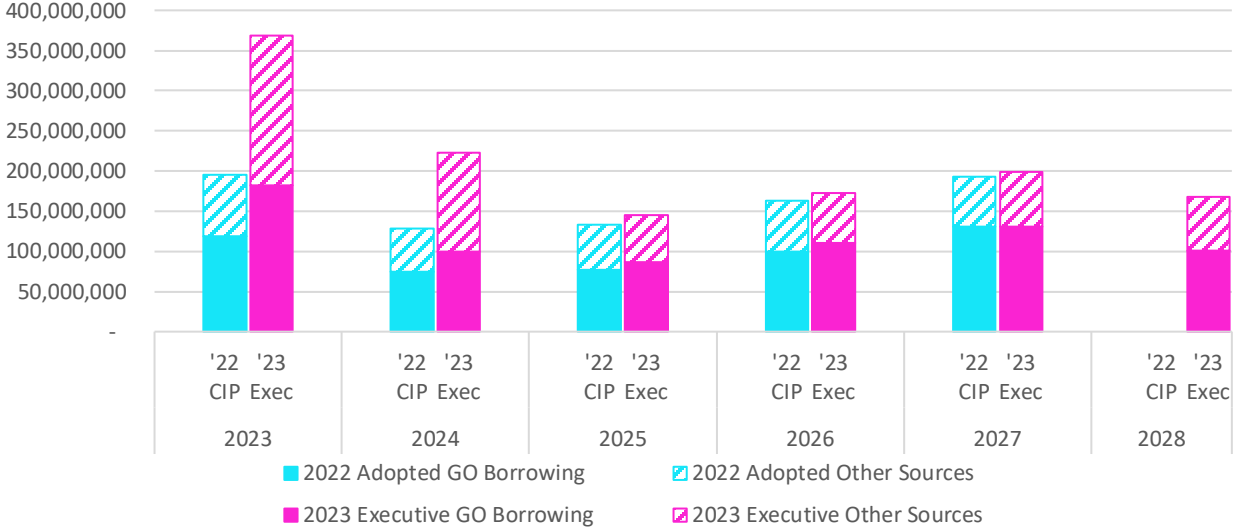
## Inflation Adjustments

Increased costs for steel, fuel, and other materials is impacting many projects. The estimated impact of inflation across the 6-year CIP, across all funding sources, is \$35.3 million. This includes increasing the local contribution to Bus Rapid Transit by \$10 million, increasing the budget for water utility improvements by \$5.6 million, increasing the CDA Redevelopment budget for Village on Park by \$5 million, increasing the budgets for various equipment and fleet costs by \$1.8 million, and other changes. Making these adjustments and developing realistic budgets is critical for keeping projects on track.

## General Obligation (GO) Borrowing

The 2022 CIP proposed \$118.7 million in GO borrowing for 2023, while the 2023 CIP proposes \$182.1 million. Some of this increase is attributable to inflation, as described above. This also reflects local matches for grants (e.g. \$4 million local match for the Safe Streets grant) that will only be borrowed if applications are successful. One of the largest new projects is \$29 million in GO borrowing for the State Street Campus Garage replacement. This public-private project uses TIF and Parking Utility revenue-supported GO borrowing to advance a development that will add affordable housing adjacent to the University of Wisconsin campus.

2022 Adopted CIP Compared to 2023 Executive CIP (All Funds)

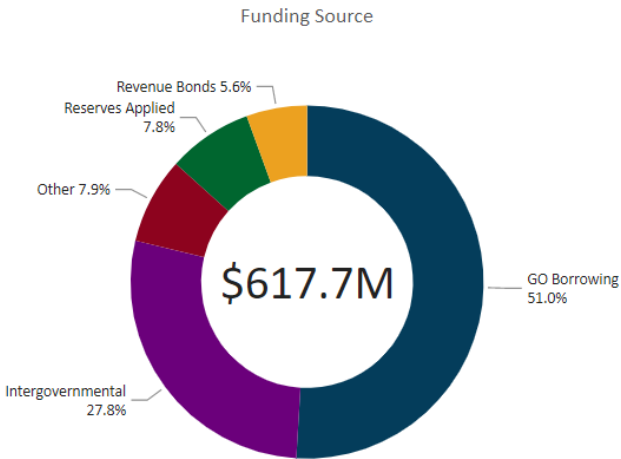
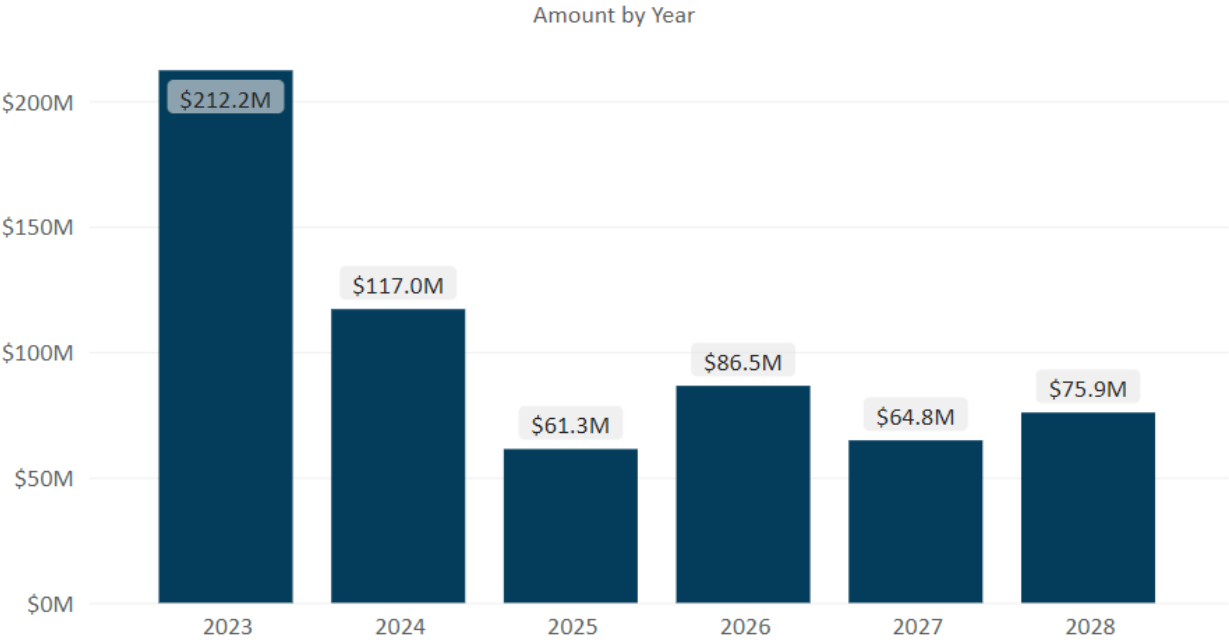




# Projects by Element

## Land Use & Transportation

Land Use & Transportation projects represent the largest share (48.5%) of spending in the CIP. Major projects include the implementation of Bus Rapid Transit, State Street Garage replacement project, and reconstruction of major streets such as John Nolen Drive. This category also includes ongoing programs to reconstruct and maintain the City’s streets, sidewalks, and bike lanes. Approximately half (51.0%) of the \$617.7 million budgeted over 6 years is from GO borrowing. The next largest share of funding is from intergovernmental sources (27.8%), representing large federal grants for transit and infrastructure.



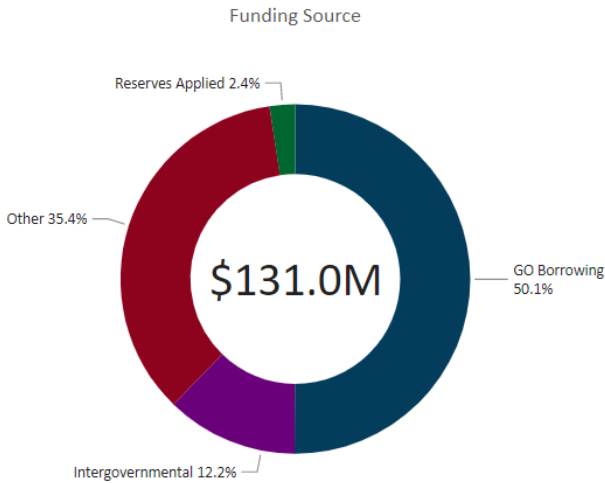
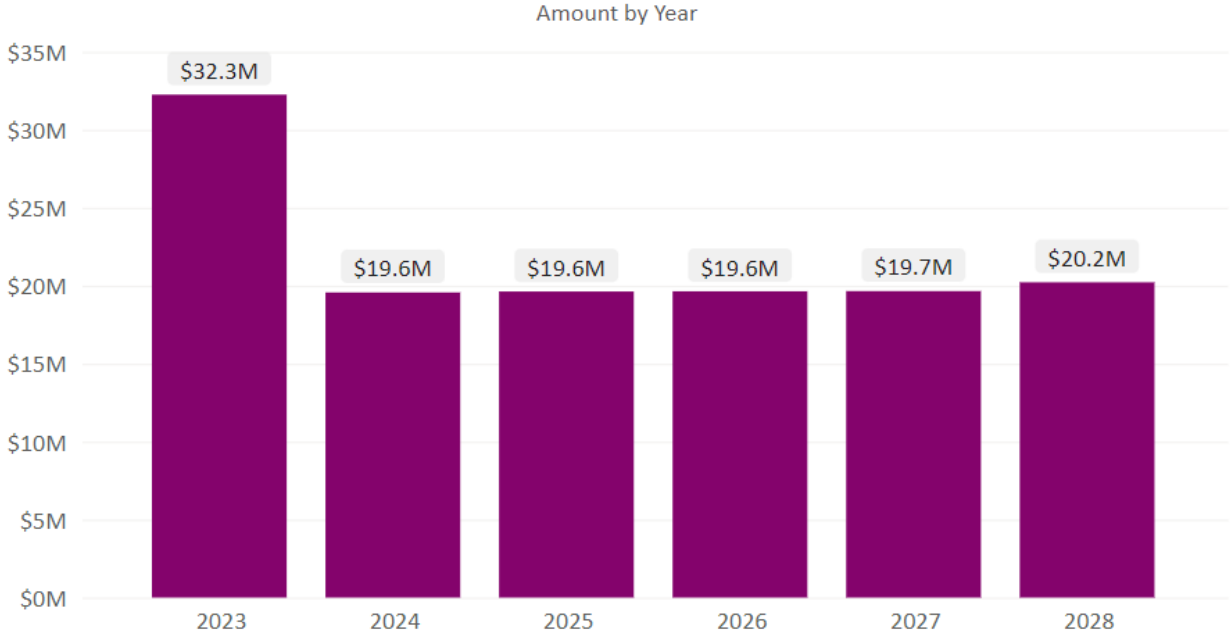
**Project & Program Highlights (GO Borrowing)**

- **2023-28:** Pavement Management Program (\$68.7m); Street Reconstruction (\$54.5m); Sidewalk Repair (\$15.1m); Transit System Upgrades (\$6.7m); Bikeways program (\$3.7m); Safe Streets Madison (\$10.0m)
- **2023:** State St Garage Replacement (\$29.5m); Atwood Ave Reconstruction (4.5m); Safe Streets for All Federal Grant Match (\$4.0m, contingent on receipt of grant)
- **2023-24:** East-West Bus Rapid Transit (BRT) (\$10.3m); North-South BRT (\$13.3)
- **2026-27:** John Nolen Drive (\$21.1m)

# Projects by Element

## Neighborhoods & Housing

The 2023 CIP includes \$131.0 million of investments in Madison’s Neighborhoods & Housing. Projects included in this category support the goal of the City to have a full range of quality and affordable housing opportunities for residents. The 2023 capital budget will add \$11 million to the permanent shelter for men experiencing homelessness, bringing the project total to \$21 million. This funding commitment will allow the City to begin design and construction on the project in 2023. In addition, the 2023 CIP increases the annual budget for affordable housing development from \$7 million a year to \$10 million a year. These projects funded by numerous sources including GO Borrowing, TIF proceeds, and revenue bonds.



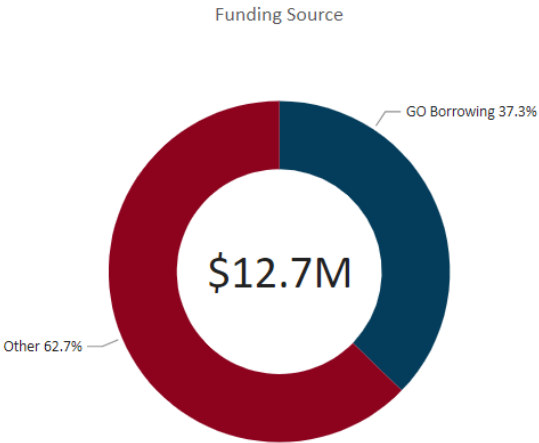
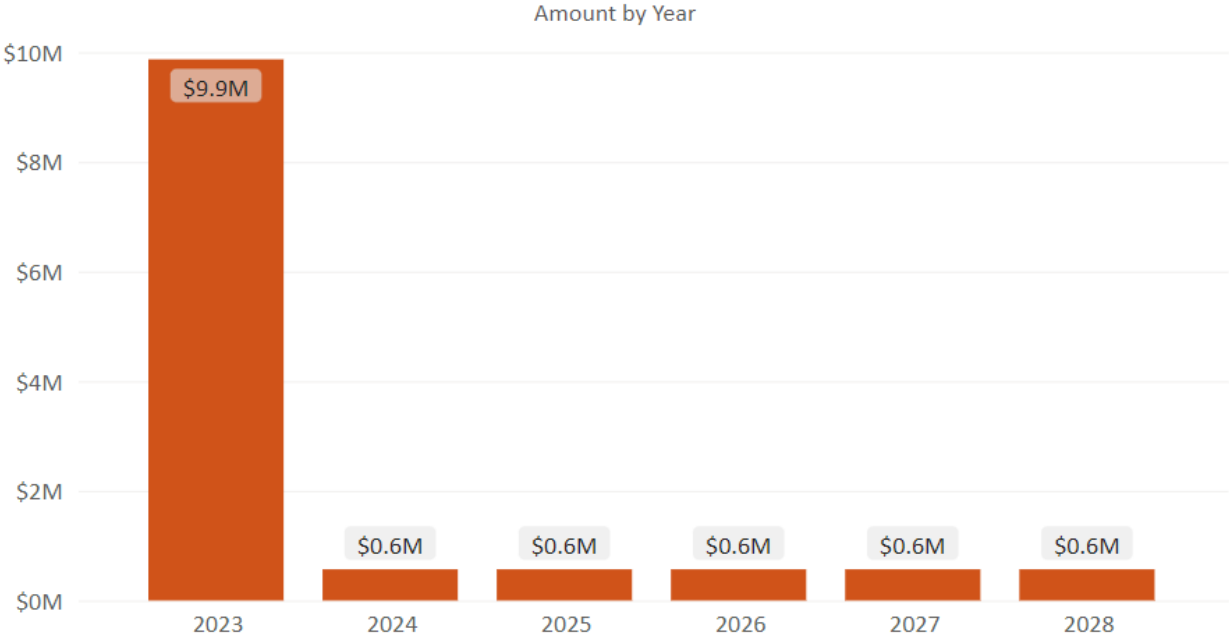
**Project & Program Highlights (GO Borrowing)**

- 2023-28: Affordable Housing Development Projects (\$48.3m); Affordable Housing Consumer Lending (\$7.3m); Land Banking (\$6m) *Affordable Housing Development budget also includes \$12.2 m in TIF proceeds; Consumer lending includes \$11.9m in other sources*
- 2023: Permanent Men’s Shelter (\$3m) *Capital budget also includes \$6m from Dane County and \$2m in federal funds, bringing the 2023 amount to \$11m; this is in addition to \$10m appropriated in prior budgets*

# Projects by Element

## Economy & Opportunity

The 2023 Executive CIP includes \$12.7 million for projects to support Madison’s economy and opportunities for residents. Projects funded under in this element support community spaces geared at increasing business opportunities. The primary funding source for these projects is revenues from Tax Increment Financing (TIF) districts in the City. The City’s operating budget includes many other initiatives on an ongoing basis aimed at advancing these strategies.



**Project & Program Highlights (GO Borrowing)**

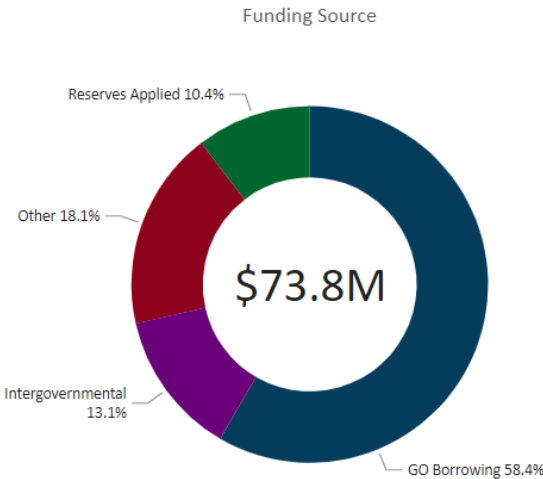
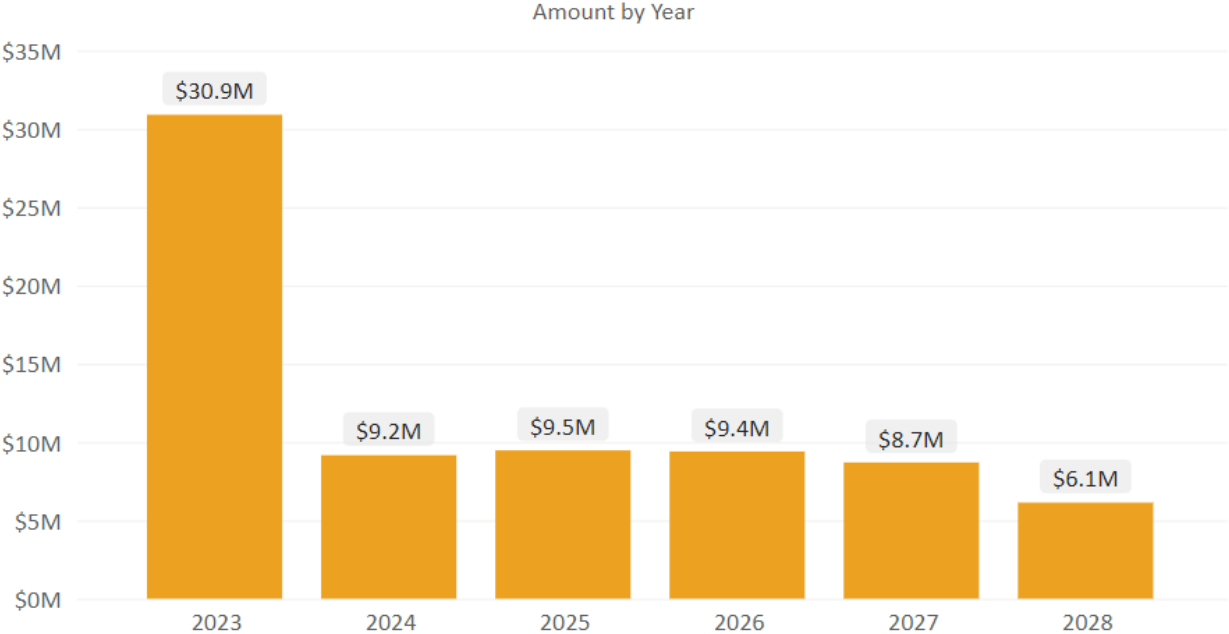
- 2023-28: Small Business Equity and Recovery (\$4.5m); Center for Industry and Commerce (\$240k)

*The 2023 Capital budget also includes \$7.8m from TIF proceeds for the Village on Park Redevelopment.*

# Projects by Element

## Culture & Character

The 2023 CIP includes \$73.8 million to support the City’s Culture & Character. Projects funded under this Element include support for parks, playground accessibility, and the City’s Library collection. These projects are primarily funded by borrowing from the City’s General Fund.



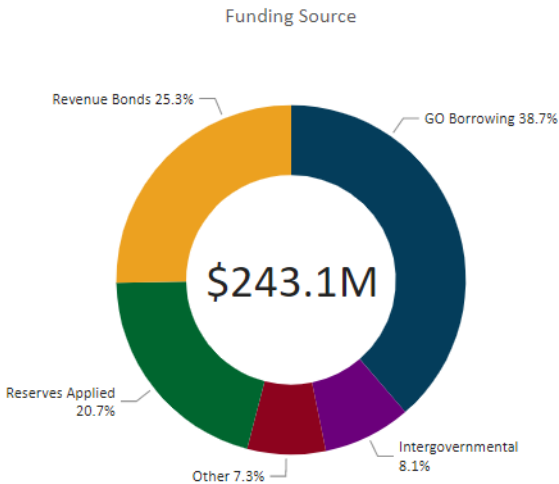
**Project & Program Highlights (GO Borrowing)**

- **2023-28:** Park Land Improvements (\$15.2m); Park equipment (\$2.3m)
- **2023:** Reindahl Imagination Center (\$10.5m); Warner Park Community Center (\$4.3m)

# Projects by Element

## Green & Resilient

The CIP invests \$243.1 million in Green & Resilient projects and programs, which represents 19.1% of the CIP. This is the second largest element in the CIP. Projects in this category invest in energy efficiency and resiliency to help the City mitigate and adapt to the impacts of climate change. Additionally, these projects preserve our natural environment and the health of our community by supporting parks and open spaces. In addition to GO Borrowing, these projects receive funding from revenue bonds and repaid by ratepayers.



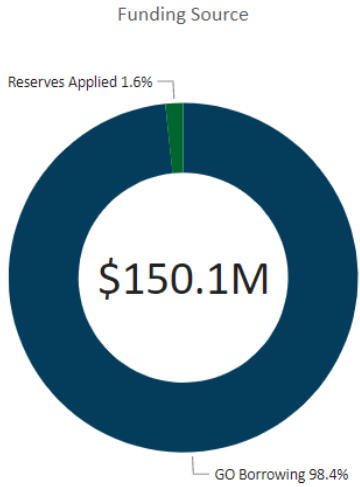
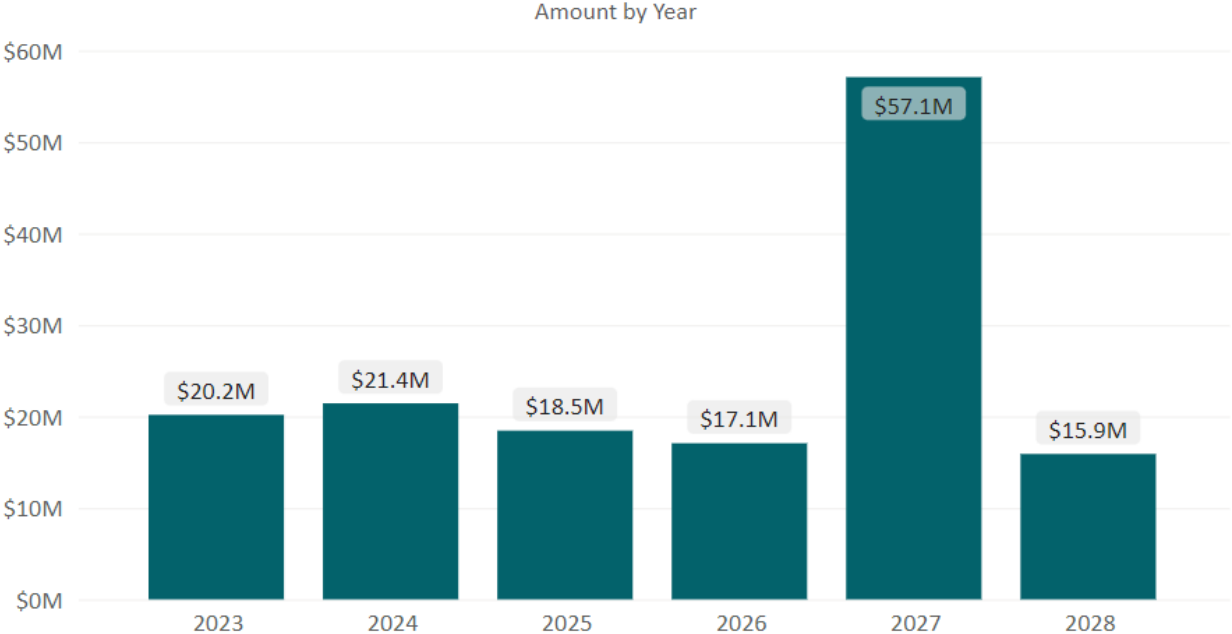
**Project & Program Highlights (GO Borrowing)**

- **2023-28:** Energy Efficiency Improvements (\$17.5m); Citywide flood mitigation (\$9.4m); Stormwater Quality System Improvements (\$9.3m); Electric Heavy Trucks and Infrastructure (\$8.2m); Park Facility Improvements (\$4.8m); Beach and shoreline improvements (\$2.7m)
- **2026:** Central Library green and resilient project (\$1.4m)
- **2026-28:** James Madison Park Improvements (\$1.6m)

# Projects by Element

## Effective Government

The 2023 CIP includes \$150.1 million for investment in Effective Government. These projects are primarily funded by GO Borrowing. Projects included in this category are improvements to City facilities and investments in equipment and IT systems.



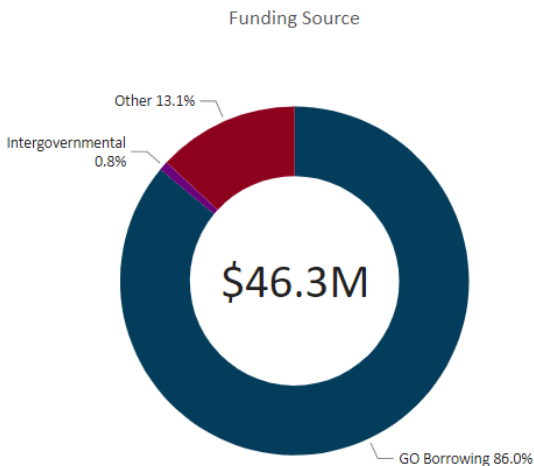
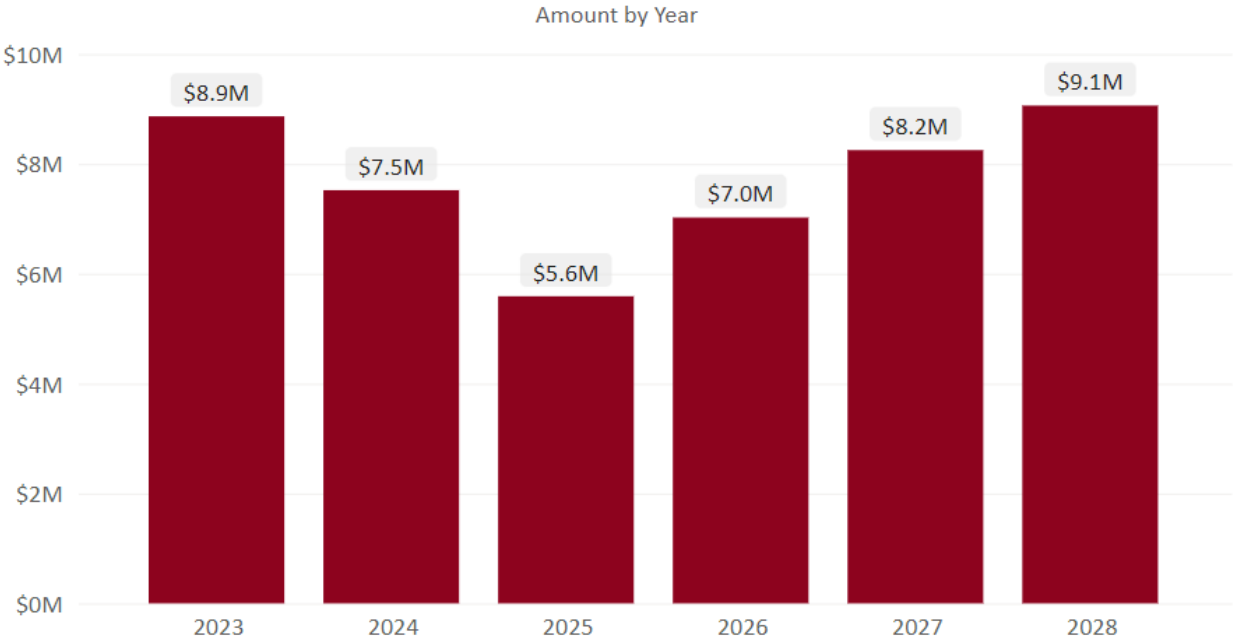
**Project & Program Highlights (GO Borrowing)**

- 2023-28: Network Operations and Infrastructure (\$7.3m); Digital Workplace (\$7.1m); Fiber and Wireless Network (\$5.3m)
- 2023-25: CCB Office Remodels (\$13.2m)
- 2027: Far West Public Works Facility (\$43.1m)

# Projects by Element

## Health & Safety

The 2023 CIP includes \$46.3 million to support the City’s Health & Safety. Projects funded under this Element include replacing and maintaining fire apparatus and rescue vehicles, support for the City’s Public Safety Radio System, additional street lighting, and projects aimed at ensuring the safety of our City’s streets for drivers, bicyclists, and pedestrians.



**Project & Program Highlights (GO Borrowing)**

- **2023-28:** Fire Apparatus/ Rescue Vehicles (\$21.0m); Playground/ Accessibility Improvements (\$4.1m); Fire and EMS Equipment (\$3.4m); Public Safety Radio System (\$1.9m); Healthy Retail Access Program (\$1.5m)

**MORE INFORMATION:**  
 Review the Executive Capital Budget and CIP online: <https://www.cityofmadison.com/finance/budget>. The 2023 budget page will be updated regularly to show each phase of the budget. Finance Committee deliberations and amendments to the Capital budget will take place in September 2022.