

## Capital Budget Overview and Policies

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### What is included in the Capital Budget?

The City of Madison's **Capital Improvement Plan (CIP)** is a planning and financial document that details investments to provide lasting improvements in the City's infrastructure, assets, and services. A **capital project** is a large-scale, time limited program with a defined start and end date. A **capital program** is a large-scale, continuing work plan. The **Capital Budget** appropriates funding for capital projects and programs for the first year of the CIP. The CIP also includes a five-year outlook as a plan for the future.

The City of Madison has established a policy to remove from the Capital Budget those items with a useful life of less than the repayment term of General Obligation (GO) debt (usually ten years). Those items should be considered in the Operating Budget under MGO 4.02(6)(c)(3).

### Guidelines for Capital Projects and Programs

Capital projects included in the CIP must meet one or more of the following guidelines:

1. Land purchases and improvements in excess of three thousand dollars (\$3,000); or
2. Projects requiring the borrowing of money including, but not limited to construction or reconstruction of public utilities, streets, sidewalks, storm and sanitary drainage facilities; or
3. New construction and construction of buildings in excess of five thousand dollars (\$5,000); or
4. Major alterations to buildings and facilities which are not routine repairs and which substantially enhance the value of a structure or change its use; or
5. Original equipment or motor vehicle purchases exceeding twenty thousand dollars (\$20,000) in cost and having a life expectancy of ten (10) years or more, unless, for new capital projects, the repayment term of the debt coincides with the useful life of the asset.

### Guidance for Agencies Submitting Capital Requests

Agencies received the following guidance for developing capital budget requests:

#### *Fiscal Responsibility & Planning*

- Agencies should scrutinize projects and programs approved in the 2022 CIP to ensure the timeline and funding requests are realistic and reflect current plans.
- Program costs should be adjusted to account for inflation and reflect realistic cost estimates.
- Any changes from the 2022 adopted CIP must be clearly explained in the agency request.

#### *Prioritization and Strategic Alignment*

- Agencies must prioritize their requests and explain the criteria used for prioritization.
- Agencies must answer questions on racial equity and social justice, climate resilience and sustainability, alignment with strategic plans, and operating impacts. These questions have been added to create a holistic view of the request and explain how the request advances city priorities.

#### *New Projects & Horizon List*

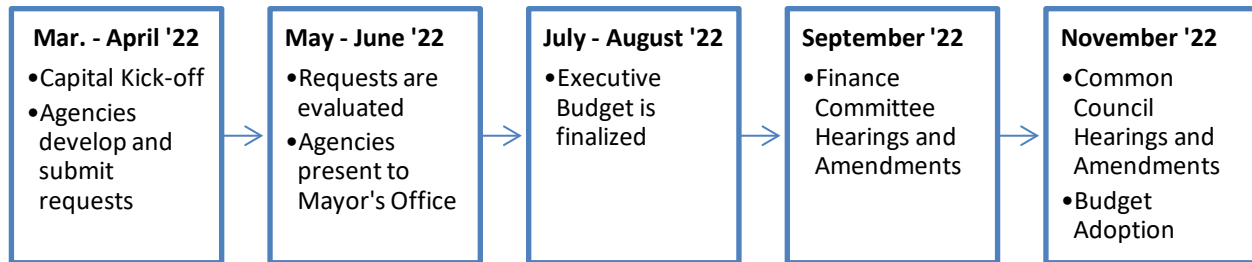
- Agencies may submit requests for new projects, if the project is fully conceptualized.
- Agencies may submit requests for projects currently on the Horizon List so long as they can demonstrate the 'Issues to be Addressed' have been resolved.
- Agencies may submit requests to add projects to the Horizon List if a project is forthcoming but is not fully scoped.

#### *Town of Madison Attachment*

- Agencies may submit requests for new areas of the City that will be added through the Town of Madison attachment in October 2022.

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## Capital Budget Development Timeline



Agency requests were submitted to the Finance Department on April 22, 2022, and can be found here: <https://www.cityofmadison.com/finance/budget/2023/capital>

### Special Assessment

Various Public Works projects include special assessments as a funding source. City staff are allowed to administratively increase the special assessment budget for projects where the final assessment exceeds the amount assumed in the budget, including movement across major projects, without seeking Common Council approval.

### Savings Resulting from Use of General Debt Reserves

In December 2012, the Common Council created MGO 4.17 to prohibit the use of unused balances in the debt service fund for operating expenses. The Ordinance states: "In any year when general debt reserves are applied to reduce general fund debt service, an amount at least equal to the general debt reserves applied must be directly appropriated from the general fund for capital projects, unless the Common Council, by a separate vote of two-thirds (2/3) of all members during approval of the budget, votes to do otherwise."

### Projects Funded by a Direct Appropriation from the General Fund

Consistent with the Guidelines for Projects above, the Capital Budget funds certain projects through a direct appropriation to capital (see table below). The funding for these projects will be shown in the 2023 Operating Budget with the associated property tax levy offset by lower General Fund debt service. The reduced General Fund debt service is the result of applying estimated General Debt Reserves generated by the projected bond issuance premium associated with the 2022 General Obligation (GO) debt issuance. The 2023 Executive Budget proposes funding for the three projects listed below totaling \$1,110,000.

Agency	Project	Amount
FINANCE	CAPITAL BUDGET ADMINISTRATION	\$ 370,000
LIBRARY	LIBRARY COLLECTION	\$ 740,000
	<b>Total</b>	<b>\$ 1,110,000</b>

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### Reauthorizations /Carry Forward Balances

Capital projects and programs typically span multiple years. In some cases, General Obligation (GO) borrowing appropriated in one year may not be fully expended within the year. If the agency still requires these funds to successfully execute a project, this budget will be reauthorized as a carry forward balance.

Carry forward balances will be presented as part of the resolution authorizing the General Obligation (GO) Borrowing, which is adopted by the Common Council in September 2022. Based on projected borrowing levels as of July 31, 2022, \$101.1 million in previously authorized GO Borrowing will carry forward from 2022 to 2023. The table below shows the 28 projects (out of 236 projects) carrying forward \$1 million or more in GO borrowing. These projects represent 70% (\$72m) of the total carry forward amount.

A full list of carryforward appropriations will be attached to [Legistar File 73264](#). Additionally, a list of carryforward appropriations by agency are included in each of the agency budgets in the following section.

Agency	Project	GO Borrowing Amount
COMMUNITY DEVELOPMENT	COMMUNITY FACILITIES IMPROVEMENTS	\$ 1,000,000
COMMUNITY DEVELOPMENT	MEN'S HOMELESS SHELTER	\$ 4,000,000
ENGINEERING - FACILITIES MGMT	FAIRCHILD BLDG IMPROVEMENTS	\$ 1,000,000
ENGINEERING - FACILITIES MGMT	PARK FACILITY IMPROVEMENTS	\$ 1,303,295
ENGINEERING - MAJOR STREETS	CTH AB INTERCHANGE	\$ 4,999,389
ENGINEERING - MAJOR STREETS	JOHN NOLEN DRIVE	\$ 1,980,000
ENGINEERING - MAJOR STREETS	PAVEMENT MANAGEMENT	\$ 3,540,000
ENGINEERING - MAJOR STREETS	PLEASANT VIEW ROAD	\$ 1,185,000
ENGINEERING - MAJOR STREETS	RECONSTRUCTION STREETS	\$ 5,243,604
ENGINEERING - MAJOR STREETS	UNIVERSITY AVE (SHOREWOOD-UNIV BAY)	\$ 3,411,509
FIRE	FIRE STATION-6W BADGER RD	\$ 3,500,000
FLEET SERVICES	2021 FLEET EQUIPMENT REPLACEMENT	\$ 1,000,000
FLEET SERVICES	FIRE APPARATUS / RESCUE VEHICLES	\$ 1,600,000
FLEET SERVICES	FLEET EQUIPMENT REPLACEMENT	\$ 3,000,000
FLEET SERVICES	FLEET EQUIPMENT REPLACEMENT	\$ 1,400,000
METRO TRANSIT	FACILITY REPAIRS & IMPROVEMENTS	\$ 1,000,000
METRO TRANSIT	METRO SATELLITE BUS FACILITY	\$ 5,000,000
METRO TRANSIT	TRANSIT SYSTEM UPGRADES	\$ 1,624,000
STORMWATER	BIKEWAYS PROGRAM	\$ 1,900,000
STORMWATER	CITYWIDE FLOOD MITIGATION	\$ 2,067,500
STORMWATER	STORMWATER QUALITY SYSTEM IMPROV	\$ 2,693,353
STORMWATER	STORMWATER QUALITY SYSTEM IMPROV	\$ 2,395,000
STORMWATER	UNIVERSITY AVE (SHOREWOOD-UNIV BAY)	\$ 6,796,000
STREETS	SALT STORAGE BARN - BADGER ROAD	\$ 2,146,098
TAX INCREMENT DISTRICT	TAX INCREMENT DIST BORROWING PRJ	\$ 3,000,000
TRAFFIC ENGINEERING	CITYWIDE LED LIGHTING CONVERSION	\$ 1,100,000
TRAFFIC ENGINEERING	MONONA TERRACE/JOHN NOLEN DR LIGHT	\$ 2,055,000
TRAFFIC ENGINEERING	SAFE STREETS MADISON	\$ 1,049,999
	TOTAL	\$ 70,989,747

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### Town of Madison Final Attachment Capital Costs

In November 2022, the City of Madison will absorb 90% of the remaining Town of Madison land and 79% of the population, and the rest of the Town will be attached to the City of Fitchburg. The 2022 Adopted Capital Budget included \$3.6 million to support key costs associated with providing services to the Town of Madison following the Final Attachment, including investments in public safety, public works, and affordable housing. The 2023 Executive Capital Budget includes funding for Parks and Traffic Engineering for safe streets. The following table outlines the costs included in the 2023 Executive Capital Budget and 2022 Adopted Capital Budget.

Agency	Description	Amount
<b>2023 Executive Capital Budget</b>		
ENGINEERING - FACILITIES	Facility improvements to the Town of Madison Town Hall	\$ 350,000
PARKS	Park land improvements and deferred maintenance	\$ 400,000
TRAFFIC ENGINEERING	Signing, pavement markings, and street lighting	\$ 240,000
<b>2022 Adopted Capital Budget</b>		
CLERK/ IT	Additional voting equipment for five polling locations	\$ 100,000
COMMUNITY DEVELOPMENT	Affordable Housing Developer Loans with South Madison TID	\$1,500,000
ECONOMIC DEVELOPMENT	Land banking, other loans, and grants with South Madison TID	\$1,300,000
POLICE	Police vehicles for additional	\$ 250,000
STREETS	Equipment (toolcat and rearloaders) to support services	\$ 310,000
STREETS	Recycling and refuse carts for Town residents	\$ 100,000

### American Rescue Plan Act (ARPA)

The City of Madison received \$47.2 million of federal funding through the State and Local Recovery Funds component of the American Rescue Plan Act (ARPA) to recover from the negative public health and economic impacts caused by the COVID-19 pandemic. The City has adopted a plan in July 2021 ([Legistar 65935](#)) to use ARPA funds to address critical community issues, support an equitable recovery, and continue to provide government services. Funding for capital projects was appropriated in 2021 and 2022. Many projects are ongoing, multi-year efforts that have not fully expended their original ARPA allocation. Funding for these projects will be carried forward in the 2023 Executive Capital Budget. For more information on ARPA, go to [www.cityofmadison.com/arpa](http://www.cityofmadison.com/arpa).

Agency	Project	Amount
<b>2021 Appropriations</b>		
COMMUNITY DEVELOPMENT	Occupy Madison Solar Panels	\$ 150,000
COMMUNITY DEVELOPMENT	Purpose Built Shelter for Men Experiencing Homelessness	\$2,000,000
ECONOMIC DEVELOPMENT	Retail Building Improvement Grant	\$ 500,000
ECONOMIC DEVELOPMENT	Small Business Equity & Recovery (SBER) Program	\$ 615,000
<b>2022 Appropriations</b>		
COMMUNITY DEVELOPMENT	Homeownership Support/Rehabilitation (Consumer Lending)	\$ 500,000
COMMUNITY DEVELOPMENT	Hotels Converted to Housing	\$2,500,000
COMMUNITY DEVELOPMENT	Salvation Army Darbo Site*	\$2,500,000
COMMUNITY DEVELOPMENT	Youth Centered Housing Project	\$2,000,000
ECONOMIC DEVELOPMENT	Small Business Equity & Recovery (SBER) Program	\$2,000,000
MAYOR'S OFFICE SUSTAINABILITY	Naturally Occurring Affordable Housing (NOAH) Energy Efficiency Program	\$ 250,000

\*Per Common Council [Budget Amendment 4](#), if the City has not approved a purchase and sale agreement for 3030 Darbo Drive for the proposed Salvation Army redevelopment by July 31 of 2023, then the \$2.5 million of federal funds will be made available to assist in purchasing other available parcels in the East Washington Avenue-Darbo Drive area for use in supporting efforts by non-profit organizations to serve the neighborhood and its residents.