

## 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 2023 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 2023 adopted CIP must be clearly explained in the agency request.

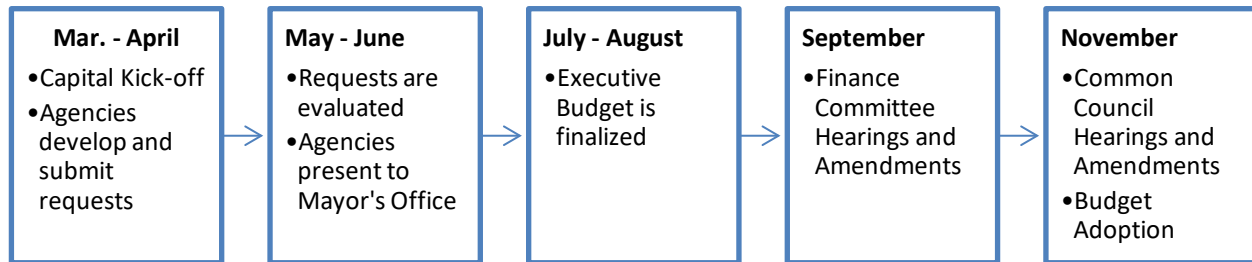
### *Prioritization and Strategic Alignment*

- 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. Projects with the potential for external funding (e.g. federal grants) may be submitted in any year of the CIP. Projects without external funding may be submitted in the last year of the CIP (2029), or earlier if the project meets an emergency need or there is a critical timing component with another project.
- 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.

## Capital Budget Development Timeline



Agency requests were submitted to the Finance Department on April 21, 2023, and can be found here: <https://www.cityofmadison.com/finance/budget>

### 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 are shown in the 2024 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 2023 General Obligation (GO) debt issuance. The 2024 Adopted funds the two projects listed below totaling \$1,233,000.

Agency	Project	Amount
FINANCE	CAPITAL BUDGET ADMINISTRATION	\$ 418,000
LIBRARY	LIBRARY COLLECTION	\$ 815,000
	<b>Total</b>	<b>\$ 1,233,000</b>

### 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 is reauthorized as a carry forward balance.

Carry forward balances were presented as part of the resolution authorizing the General Obligation (GO) Borrowing, which is adopted by the Common Council in September 2023. Based on projected borrowing levels as of November 10, 2023, \$183.2 million in previously authorized GO Borrowing carried forward from 2023 to 2024. The table below shows the 32 projects (out of 143) carrying forward \$1.5 million or more in GO borrowing. These projects represent 75% (\$136.7 million) of the total carry forward amount. A full list of carryforward appropriations is attached to [Legistar File 79467](#). 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	MEN'S HOMELESS SHELTER	\$ 5,760,000
COMMUNITY DEVELOPMENT	AFFORDABLE HOUSING-DEVELOPMENT	\$ 3,000,000
ECONOMIC DEVELOPMENT	SMALL BUSINESS EQUITY AND RECOVERY	\$ 1,507,000
ENGINEERING - FACILITIES MGMT	CCB OFFICE REMODELS	\$ 3,504,484
ENGINEERING - FACILITIES MGMT	ENERGY IMPROVEMENTS	\$ 2,525,479
ENGINEERING - FACILITIES MGMT	FAIRCHILD BLDG IMPROVEMENTS	\$ 1,743,245
ENGINEERING - MAJOR STREETS	RECONSTRUCTION STREETS	\$ 7,538,152
ENGINEERING - MAJOR STREETS	PAVEMENT MANAGEMENT	\$ 7,416,493
ENGINEERING - MAJOR STREETS	PLEASANT VIEW ROAD	\$ 2,497,400
ENGINEERING - MAJOR STREETS	ATWOOD AVE RECONSTRUCTION	\$ 1,727,361
ENGINEERING - PED/BIKE	SIDEWALK PROGRAM	\$ 1,639,649
ENGINEERING - PED/BIKE	TROY DR UNDERPASS	\$ 1,540,679
FIRE	FIRE STATION-6W BADGER RD	\$ 3,375,000
FLEET SERVICES	FLEET EQUIPMENT REPLACEMENT	\$ 8,400,000
FLEET SERVICES	FIRE APPARATUS / RESCUE VEHICLES	\$ 1,500,000
LIBRARY	IMAGINATION CENTER AT REINDAHL PARK	\$ 11,100,000
METRO TRANSIT	FACILITY REPAIRS &IMPROVEMENTS	\$ 9,800,000
METRO TRANSIT	TRANSIT SYSTEM UPGRADES	\$ 2,750,000
PARKING	STATE STREET CAMPUS GARAGE REPLAC	\$ 24,457,495
PARKING	INTERCITY BUS TERMINAL	\$ 1,700,000
PARKS	WARNER PARK COMMUNITY CENTER	\$ 4,425,000
PARKS	PARK LAND IMPROVEMENTS	\$ 2,437,123
PARKS	DOOR CREEK PARK SHELTER	\$ 1,800,000
STORMWATER	STORMWATER QUALITY SYSTEM IMPROV	\$ 4,057,891
STORMWATER	RECONSTRUCTION STREETS	\$ 2,747,825
STORMWATER	UNIVERSITY AVE (SHOREWOOD-UNIV BAY)	\$ 2,496,000
STORMWATER	CITYWIDE FLOOD MITIGATION	\$ 1,930,440
STORMWATER	BIKEWAYS PROGRAM	\$ 1,900,000
TRAFFIC ENGINEERING	SAFE STREETS FOR ALL FEDERAL GRANT	\$ 4,000,000
TRAFFIC ENGINEERING	SAFE STREETS MADISON	\$ 3,063,402
TRAFFIC ENGINEERING	MONONA TERRACE/JOHN NOLEN DR LIGHT	\$ 2,055,000
TRANSPORTATION	NORTH-SOUTH BUS RAPID TRANSIT	\$ 2,330,000
	TOTAL	\$136,725,117

## 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 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 are carried forward in the 2024 Adopted Capital Budget. For more information on ARPA, go to [www.cityofmadison.com/arpa](http://www.cityofmadison.com/arpa).

Agency	Project	Budget	Expenditures & Obligations (6/30/2023)
Community Development Division (CDD)	Homeownership Support/Rehabilitation (Consumer Lending)	\$ 500,000	\$ -
Community Development Division (CDD)	Occupy Madison Solar Panels	\$ 150,000	\$ 150,000
Community Development Division (CDD)	Purpose Built Shelter for Men Experiencing Homelessness	\$ 2,000,000	\$ -
Community Development Division (CDD)	Salvation Army Darbo Site*	\$ 2,500,000	\$ -
Community Development Division (CDD)	Youth Centered Housing Project	\$ 2,000,000	\$ -
Economic Development Division (EDD)	Retail Building Improvement Grant	\$ 500,000	\$ 500,000
Economic Development Division (EDD)	Small Business Equity & Recovery (SBER) Program	\$ 2,715,000	\$ 1,088,209
Mayor's Office Sustainability	Naturally Occurring Affordable Housing (NOAH) Energy Efficiency Program	\$ 250,000	\$ -

\*Per Common Council [Budget Amendment 4](#) to the 2022 adopted budget, 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 would 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.

## ARPA Project Updates in the 2024 Adopted Budget

The 2024 Adopted budget made funding adjustments to multiple ARPA projects in both the capital and operating budgets. Capital project changes are summarized below. For a full description of adjustments, refer to the ARPA section in the Operating Budget Overview and [Common Council Amendment #1](#).

- **Affordable Housing - Consumer Lending:** The original ARPA plan included \$500,000 to expand the consumer lending program. The City received other federal funding that was used to meet the needs of the program. Funding was reallocated to CDD projects for Unsheltered Homeless Support and Nonprofit Support.
- **Hotels Converted to Housing:** The original ARPA plan included \$2.5 million for this project. The 2023 budget reallocated \$1.5 million from this project to the CDD Unsheltered Homeless Support project. After additional planning, it was determined the project was not feasible. The 2024 budget reallocates the remaining \$1 million to support the Unsheltered Homeless Support.
- **Small Business Equity and Recovery (SBER):** The original ARPA plan included \$2.6 million for the SBER project. The 2024 budget increases funding by \$100,000 through a reallocation of funding from the Downtown Vacant Storefront Art program.

Each agency budget contains the following sections:

### 1. Capital Improvement Plan (CIP) Overview

- a. **Summary Table:** List of all capital projects and programs, with total funding by year
- b. **Changes from 2023 Adopted CIP (Graph):** Clustered bar graph that compares the total funding for the agency, by year, in the 2024 Adopted CIP and the 2023 Adopted CIP
- c. **Description of Major Changes:** Comments on significant changes between the 2024 Adopted CIP and the 2023 Adopted CIP. There is a comment on every project/ program, even if there is no change. Comments may include changes in funding amount, funding source, project scope, timeline, or other aspects of the project.

### 2. Summary of Expenditures and Revenues

- a. **2024 CIP by Expenditure Type:** Table with budget amounts by expenditure type (e.g. Bike Path, Building, Land, Street), by year
- b. **2024 CIP by Funding Source:** Table with budget amounts by funding source (e.g. General Fund (GF) General Obligation (GO) Borrowing; Federal Sources; Impact Fees; Reserves Applied; TIF Increment), by year
- c. **Borrowing Summary:** Table with General Fund GO Borrowing and Non-General Fund GO Borrowing by year
- d. **Annual Debt Service:** Estimated debt service, assuming a 10-year repayment schedule and 3% interest
- e. **Adopted Budget by Funding Source (Graph):** Stacked bar graph showing GO Borrowing and Other Sources by year

### 3. Carryforward General Obligation Borrowing

- a. **Carryforward GO Borrowing:** Table that summarizes funding authorized in prior capital budgets that carryforward in 2024. Data reflects unspent funds as of July 31, 2023.
  - “Unused Appropriation Authority” column reflects all unused funds that carryforward (borrowing, federal sources, grants)
  - “Reauthorized GO Borrowing” column reflects GO Borrowing that are reauthorized in 2024

The “Introduction & Summaries” section of the Adopted Capital Budget includes additional details under “Reauthorizations/ Carryforward Balances.”

### 4. Project & Program Details

- a. **Identifying Information:** Project Name, Number, Type (Project or Program); and Citywide Element
- b. **Project Description:** Brief narrative on the purpose and scope of the project
- c. **Funding Table:** Table that summarizes funding by source, by year