

Capital Budget Policy

Guidelines for Projects to Include in the Capital Budget

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 debt (usually ten years). Those items should be considered in the Operating Budget under MGO 4.02(6)(c)(3). The City of Madison will use the following minimum guidelines for projects included in the Capital Budget:

1. Land purchases and improvements in excess of three thousand dollars (\$3,000);
2. All projects requiring the borrowing of money including, but not limited to construction or reconstruction of public utilities, streets, sidewalks, storm and sanitary drainage facilities;
3. New construction and construction of buildings in excess of five thousand dollars (\$5,000);
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;
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.

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 and studies through a direct appropriation to capital (see table below). The funding for these projects is shown in the 2021 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 2020 general obligation debt issuance. The 2021 Adopted Budget funds four projects listed below totaling \$895,000.

Agency	Project	Amount
Economic Development Division	Co-operative Enterprise Development	300,000
Economic Development Division	Healthy Retail Access Program	150,000
Finance	Capital Budget Administration	370,000
Henry Vilas Zoo	Henry Vilas Zoo	75,000
Total		\$895,000

Budget Requests: Agency Request Guidance

Agencies received the following guidance for developing capital budget requests:

- All agencies were 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.

Agency requests were submitted to the Finance Department on Friday June 12th. Request materials can viewed at www.cityofmadison.com/budget.

Reauthorizations /Carry Forward Balances

The 2021 Capital Budget shows new capital appropriations for the upcoming year. Carry forward balances will be presented as part of the resolution authorizing the GO Borrowing, which was adopted by the Common Council in September 2020. Based on projected borrowing levels, \$63.2 million in GO Borrowing project balances will carry forward from 2020 to 2021. Twenty four projects (of 195) account for 72% (\$45.8m) of the project balances that will be carried forward. See the table below for a summary of carry forward appropriations

COMMUNITY DEVELOPMENT	AFFORDABLE HOUSING-DEVELOPMENT 2020	500,000
ECON DEVELOPMENT	TID 36 BORROWING/DEVELOPER LOANS	5,000,000
ENGINEERING - FACILITIES MGMT	CCB IMPROVEMENTS 2020	1,149,386
ENGINEERING - FACILITIES MGMT	CCB FOURTH FLOOR REMODELING	1,115,000
ENGINEERING - MAJOR STREETS	JOHN NOLEN DRIVE	2,380,000
ENGINEERING - MAJOR STREETS	RECONSTRUCTION STREETS 2020	2,188,772
ENGINEERING - MAJOR STREETS	CTH M (MID TOWN RD AREA)	1,318,000
ENGINEERING - MAJOR STREETS	HOLLY, EUCLID, TOEPFER RESURFACING	1,146,556
ENGINEERING - MAJOR STREETS	BUCKEYE RD IMPROVEMENTS	971,314
ENGINEERING - MAJOR STREETS	PLEASANT VIEW ROAD	575,000
ENGINEERING - MAJOR STREETS	MCKENNA PARK EDGE FLOOD MITIGATION	555,026
ENGINEERING - PED/BIKE	SIDEWALK PROGRAM 2020	827,518
FLEET SERVICES	2020 FLEET EQUIPMENT REPLACEMENT	4,200,000
FLEET SERVICES	FLEET FIRE EQUIPMENT 2020	1,200,000
FLEET SERVICES	FLEET SERVICE RELOCATION	1,000,000
INFORMATION TECHNOLOGY	ENTERPRISE FINANCIAL SYSTEM	761,606
METRO TRANSIT	METRO SATELLITE BUS FACILITY	13,228,000
PARKS	GARVER ENVIRONMENTAL	800,000
STORMWATER	STORMWATER QUALITY SYSTEM IMPR 2020	3,783,268
STORMWATER	PAVEMENT MANAGEMENT 2020	906,000
STORMWATER	RECONSTRUCTION STREETS 2020	673,769
STREETS	STREETS 2019 EMERALD ASH BORER	591,036
STREETS	ST FUELING STATION AT SOUTH POINT	500,000
STREETS	2020 ST URBAN TREE INITIATIVE	500,000
TOTAL		\$45,870,252