

Capital Budget Overview and Policies

What is included in the Capital Improvement Plan (CIP) and Capital Budget?

The City of Madison's **Capital Improvement Plan (CIP)** is a six-year planning and financial document that details investments to provide lasting improvements in the City's infrastructure and assets. 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** is the first year of the plan, which is appropriated by the Common Council. The remaining five years of the CIP are presented as a plan for the future.

Guidelines for Capital Projects and Programs

Per MGO 4.02(6)(c)(3), capital projects and programs must meet one or more of the following criteria:

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 submitting capital budget requests.

Fiscal Responsibility & Planning

- Agencies should scrutinize projects and programs approved in the 2024 CIP to ensure the timeline and funding requests are realistic and reflect current plans.
- Projects approved in 2024 are not guaranteed funding in 2025.
- The budget target for agency requests is the 2024 CIP. Program costs may be increased up to 5% in the final year of the CIP (2030). Other requests to increase the budget must be fully justified.
- The Citywide target is to keep projected debt service at or below current levels throughout the CIP.

Prioritization and Strategic Alignment

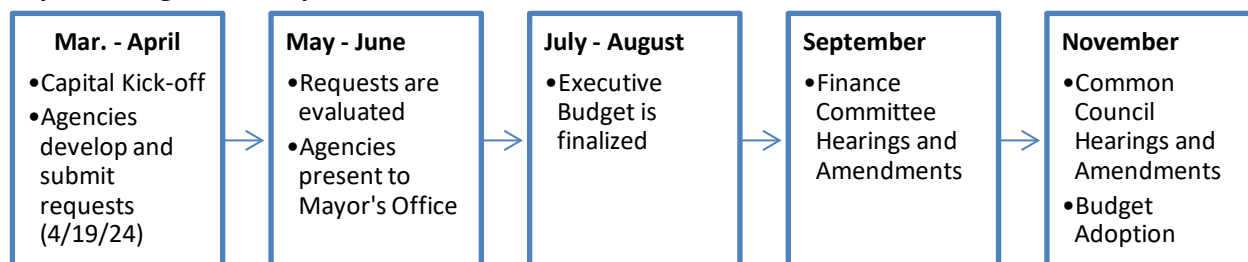
- Agencies must prioritize their requests and explain the criteria used for prioritization.
- Agencies must answer questions on racial equity and social justice, climate resilience and sustainability, alignment with strategic plans, and operating impacts.

New Projects & Horizon List

- Agencies may submit requests for new projects in the last year of the CIP (2030) if the project is fully conceptualized. Projects that meet an emergency need, have potential for external funding (e.g. federal grants), or were previously on the Horizon List, may be submitted prior to 2030.
- Agencies may submit requests to add projects to the Horizon List if a project is forthcoming but is not fully scoped.

Capital Budget Overview and Policies

Capital Budget Development Timeline



Documents from all phases of the budget process can be found on the [City's Budget Website](#).

Special Assessment

Various Public Works projects include funding from special assessments. Staff may administratively increase the special assessment budget and move budget across major projects if the final assessment exceeds the amount assumed in the budget, without seeking Common Council approval.

Savings Resulting from Use of General Debt Reserves

In 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

The 2025 Executive Budget proposes funding five projects, totaling \$3,298,065, through a transfer from the general fund to the capital fund (see table below). The funding for these projects will be shown in the 2025 Operating Budget in Direct Appropriations. The associated property tax levy for these projects will be offset by lower General Fund debt service. The reduced General Fund debt service is the result of applying General Debt Reserves generated by the actual bond issuance premium associated with the 2024 General Obligation (GO) debt issuance.

Agency	Project	Amount
FINANCE	CAPITAL BUDGET ADMINISTRATION	\$ 426,090
LIBRARY	LIBRARY COLLECTION	\$ 860,000
INFORMATION TECHNOLOGY	DIGITAL WORKPLACE	\$ 1,100,975
INFORMATION TECHNOLOGY	ENTERPRISE BUSINESS SOLUTIONS	\$ 701,000
INFORMATION TECHNOLOGY	SECURITY, RISK, AND COMPLIANCE	\$ 210,000
	Total	\$ 3,298,065

Capital Budget Overview and Policies

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.

Based on projected borrowing levels as of July 31, 2024, \$208.7 million in previously authorized GO borrowing will carry forward from 2024 to 2025. The table below shows the 34 projects (out of 154) carrying forward \$1.5 million or more in GO borrowing. These projects represent 80% (\$166.3 million) of the total carry forward amount. A full list of carryforward appropriations will be attached to [Legistar File 84843](#). Additionally, a list of carryforward appropriations by agency are included in each agency budget.

Agency	Project	Carryforward GO Amount
CDA REDEVELOPMENT	TRIANGLE REDEVELOPMENT	2,500,000
CDA REDEVELOPMENT	VILLAGE ON PARK REDEVELOPMENT	1,700,000
COMMUNITY DEVELOPMENT	AFFORDABLE HOUSING-DEVELOPMENT	16,017,400
COMMUNITY DEVELOPMENT	MEN'S HOMELESS SHELTER	6,760,000
COMMUNITY DEVELOPMENT	HSNG CONSUMER LOAN PRGMS	2,169,400
COMMUNITY DEVELOPMENT	COMMUNITY FACILITIES IMPROVE MAJOR	2,000,000
ENGINEERING - FACILITIES MGMT	CCB OFFICE REMODELS	5,653,484
ENGINEERING - FACILITIES MGMT	PARK FACILITY IMPROVEMENTS	1,572,371
ENGINEERING - MAJOR STREETS	RECONSTRUCTION STREETS	6,635,606
ENGINEERING - MAJOR STREETS	PAVEMENT MANAGEMENT	5,786,048
ENGINEERING - MAJOR STREETS	ATWOOD AVE RECONSTRUCTION	1,711,361
ENGINEERING - PED/BIKE	SIDEWALK PROGRAM	2,041,157
ENGINEERING - PED/BIKE	AUTUMN RIDGE PATH	1,879,451
ENGINEERING - PED/BIKE	TROY DR UNDERPASS	1,540,679
FIRE	FIRE STATION-6W BADGER RD	3,375,000
LIBRARY	IMAGINATION CENTER AT REINDAHL PARK	11,625,000
METRO TRANSIT	FACILITY REPAIRS &IMPROVEMENTS	10,234,200
METRO TRANSIT	TRANSIT SYSTEM UPGRADES	2,450,000
PARKING	PARK ACCESS AND REV CONTROL EQUIP	2,500,000
PARKING	INTERCITY BUS TERMINAL	1,700,000
PARKS	WARNER PARK COMMUNITY CENTER	7,010,000
PARKS	PARK LAND IMPROVEMENTS	3,876,051
STORMWATER	CITYWIDE FLOOD MITIGATION	4,059,535
STORMWATER	STORMWATER QUALITY SYSTEM IMPROV	4,006,636
STORMWATER	RECONSTRUCTION STREETS	3,205,068
STORMWATER	PAVEMENT MANAGEMENT	2,857,684
STORMWATER	UNIVERSITY AVE (SHOREWOOD-UNIV BAY)	2,496,000
STORMWATER	BIKEWAYS PROGRAM	1,900,000
STREETS	STREETS YARD IMPROVEMENTS	1,643,866
TAX INCREMENT DISTRICT	TAX INCREMENT DIST BORROWING PRJ	32,022,000
TRAFFIC ENGINEERING	SAFE STREETS FOR ALL FEDERAL GRANT	4,000,000
TRAFFIC ENGINEERING	SAFE STREETS MADISON	2,384,420
TRAFFIC ENGINEERING	MONONA TERRACE/JOHN NOLEN DR LIGHT	1,950,000
TRANSPORTATION	NORTH-SOUTH BUS RAPID TRANSIT	5,000,000
	TOTAL	166,262,417

Capital Budget Overview and Policies

How to Read Agency Budgets

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 2024 Adopted CIP (Graph):** Clustered bar graph that compares the total funding for the agency, by year, in the 2025 Executive CIP and the 2024 Adopted CIP
 - c. **Description of Major Changes:** Comments on significant changes between the 2025 Executive CIP and the 2024 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. **2025 CIP by Expenditure Type:** Table with budget amounts by expenditure type (e.g. Bike Path, Building, Land, Street), by year
 - b. **2025 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. **Executive 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 will carryforward in 2025. Data reflects unspent funds as of July 31, 2024.
 - “Unused Appropriation Authority” column reflects all unused funds that will carryforward (borrowing, federal sources, grants)*
 - “Reauthorized GO Borrowing” column reflects GO Borrowing that will be reauthorized in 2025
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
5. 2025 Appropriation Schedule
 - a. **2025 Appropriation Table:** List of all projects with funding appropriated in 2025. Table compares the agency request to the Executive Budget.

****Note on Unused Appropriation Authority and American Rescue Plan Act (ARPA) funding***

The City of Madison received \$47.2 million of federal funding through the State and Local Fiscal Recovery Funds (SLFRF) 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 for ARPA funds in 2021, including capital projects that address critical community needs and support an equitable recovery. Funding was appropriated in prior budgets and amended through various resolutions.

ARPA funding must be obligated by December 2024 and fully expended by December 2026. In the 2025 budget, ARPA funding may be reflected in “Unused Appropriation Authority” for several capital projects that are still underway. A complete list of ARPA projects and expenditure reports can be found on the City’s [ARPA webpage](#).