



Office of the Mayor

Satya Rhodes-Conway, Mayor
City-County Building, Room 403
210 Martin Luther King, Jr. Blvd.
Madison, WI 53703
Phone: (608) 266-4611 | Fax: (608) 267-8671
mayor@cityofmadison.com
cityofmadison.com

Date: April 17, 2019
To: Department and Division Heads
From: Mayor Satya Rhodes-Conway
Subject: 2020 Capital Budget Instructions and Policy Goals

Madison is a growing and changing city with a great history and a bright future. Our city continues to experience strong economic growth. Our residents urge us to continue seeking innovative solutions to challenging issues. Smart and strategic capital investments will help ensure we are a place where all can thrive.

As we develop the 2020 executive capital budget, our capital investments should focus on the following priorities:

- Making sure everyone can afford to live in Madison
- Providing robust and rapid transportation options to our whole city
- Building resilience in Madison by mitigating our contribution to, and addressing the impacts of climate change
- Eliminating disparities with a focus on racial equity
- Engaging the diverse residents of our wonderful city

Over the past two years, through the update of the Comprehensive Plan-Imagine Madison, our residents weighed in about the Madison they want to see for the future. As you prepare your requests for the 2020 capital budget and capital improvement plan (CIP), you should develop those proposals through the lens of our Citywide Elements and the strategies called for within each of those elements.

As our priorities guide our budget decisions, we must be deliberate in the way we use data to inform our budget. In your capital budget requests, you should use data in concrete ways to help better understand the problems we are seeking to solve and the ways specific capital investments will solve those problems.

Capital investments must be balanced with overall cost to tax payers and rate payers and the need to provide day-to-day basic services to all our residents. We must set clear priorities, evaluate projects based on performance data toward achieving results our residents expect, and invest at a level that our residents can afford. With these constraints in mind, I plan to utilize the information submitted through your proposals to prioritize spending in the City's capital budget to ensure it is consistent with the priorities of our community and can be completed within the resources and timelines proposed.

We continue to have a robust capital improvement program that responds to growth in our community, as well as to the need to update and replace aging facility, street, and public works infrastructure.

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Maintaining service in the face of declining shares of state and federal support has also led to greater city capital spending. As the capital budget has increased, the cost of servicing the debt issued to pay for those investments has increased commensurately. Historically, the city had maintained debt service at or below 12.5% of the operating budget. Debt service is currently at 17.5% of the budget and has been one of the fastest growing elements of our operating budget. On that metric alone, we must be prudent in the allocation of capital investments and focus on our priorities.

To meet these goals, you should adhere to the following guidance in developing the proposed 2020 capital budget for your agency:

- No new projects should be added to the 2020 capital budget beyond those that are currently in the 2019 adopted capital improvement program (CIP).
- New projects can be added in years 2021 through 2025 of the CIP. These projects will be ranked based on priority, including consistency with the Citywide Elements and Strategies in the Imagine Madison comprehensive plan, and readiness for completion, including a realistic timeline, detailed budget and minimal operating budget impact.
- Capital programs (e.g., Engineering-Pavement Management) should be maintained at current levels in the adopted 2019 CIP for years 2020 through 2024. Amounts in 2025 can be adjusted by up to 4 percent to respond to construction inflation. Agencies must provide minor project detail by year within the programs in order to have sufficient information to prioritize spending within my executive capital budget.
- Existing projects within your agency must be prioritized numerically, with an explanation for the project priority. Projects that have been reviewed through a lens of promoting racial equity and social justice and which extend the life of or replace existing infrastructure should be given higher priority over new facilities and projects that increase operating costs. This information will allow us to be strategic as we make decisions to finalize the 2020 capital budget and CIP. These priority lists will be used to determine projects slated for elimination or deferral in lieu of reduction plans.

I do plan on looking at the entire CIP with an eye towards prioritizing projects based on our goals. I look forward to working with you and the Finance Department in the coming weeks to build a 2020 capital budget that makes Madison the best city for all our residents.