



2023 Capital Budget: Agency Request Overview

Finance Committee
May 16, 2022

Agenda

- 1. Budget Process Overview & Timeline**
 - Key Dates
 - Navigating the website
 - Equity in the Budget
- 2. City-wide summary of agency requests**
 - Changes from 2022 Adopted to 2023 Request
 - Major projects by year, by agency
 - Horizon List
 - Carryforward Appropriations
- 3. Considerations for the Executive Budget**
 - Target GO borrowing
 - Inputs for decision making

Budget Process Overview

Key Dates, Navigating the Budget Website, Equity in the Budget

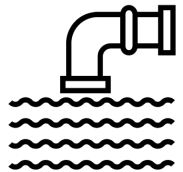
Budget Overview

The City has two budgets: the **capital budget** and **operating budget**. Both are **planning documents** that outline and authorize how the City will spend money in the upcoming year.

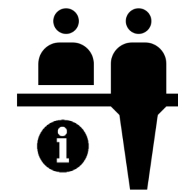
Capital Budget



- Funds physical infrastructure like roads, bike lanes, building improvements, and affordable housing.
- Investments ensure infrastructure is safe and advancing goals on climate change, housing, and other issues.
- Primarily paid for through borrowing. Special assessments, impact fees, user fees and federal and state grants also help finance capital projects.



Operating Budget



- Pays for daily services to City residents by paying salaries of staff, funding community organizations who deliver services on behalf of the City, and other costs.
- Funding ensures residents have access to core city services.
- Primarily funded by property taxes.
- Charges for services, user fees, and federal and state aid also contribute to the budget.

How capital investments show up in the operating budget

In the City Budget, repaying borrowing for capital investments is called “Debt Service.” Debt service payments are part of the Operating budget.

Key Dates for 2023 Budget Development

	Capital	Operating
Kick-Off Meeting	Tuesday, March 22 10:30am	Tuesday, June 21 2:00pm
Agency Requests Due	Friday, April 22	Friday, July 22
Agency Briefings with Mayor's Office	May 6 – 20	August 10 – 17
Executive Budget introduced to Common Council (CC)	Tuesday, September 6	Tuesday, October 11
Finance Committee (FC) Briefings	September 12 – 13	October 17 – 18
FC Amendment Meeting	September 28	October 31
CC Amendment Week	November 7 – 11	
CC Budget Adoption Meetings	November 15 – 17	

Navigating the Budget Website

<https://www.cityofmadison.com/budget>

- Updated regularly at each phase of budget development
- Includes timeline for each phase
- Prior budgets (2012 – 2022) linked at bottom of page

Budget

2023 Budget

[VIEW 2023 BUDGET](#)

Capital Budget

The capital budget provides funding for the City's major construction projects including building new facilities, improving our transit system, maintaining our roads and parks, and purchasing major equipment



Operating Budget

The operating budget provides money for running City departments and services. It pays for the day-to-day spending on employees and materials and supplies.



Reviewing Agency Requests

Agency proposals include:

- **Agency Request Summary & Analysis:** capital request by year along with summary of key changes from 2022 Adopted to 2023 Agency Request (prepared by Budget Team)
- **Transmittal Memo:** summary memo from department head
- **Capital Proposals:** proposal for each program/ project within the capital request

Proposals include revised questions on racial equity and social justice, alignment with City priorities, and operating impacts

Agency Requests

The 2023 Capital Budget planning process began with agencies preparing requests for all items within their capital budget. The links below include the submitted proposals along with overview memos outlining priorities for the 2023 Capital Budget. Note, proposals from Engineering are broken out by section.

[All Agency Requests PDF](#)

[CDA Redevelopment PDF](#)

[Community Development Division PDF](#)

[Economic Development Division PDF](#)

[Engineering - Bicycle and Pedestrian PDF](#)

[Engineering - Facilities Management PDF](#)

[Engineering - Major Streets PDF](#)

[Engineering - Other Projects PDF](#)

[Finance Department PDF](#)

[Fire Department PDF](#)

[Fleet Service PDF](#)

Incorporating Racial Equity and Social Justice in the Budget

- This is the second year we are incorporating racial equity and social justice (RESJ) goals into the budget process
- Dept. of Civil Rights and Budget staff collaborated on updating RESJ questions in budget proposals to differentiate between types of projects
- Developed an “Equity in the Budget” guide that provides definitions and strategies for incorporating equity into the budget
- Equity and social justice manager actively participates in budget development, including reviewing proposals for equity opportunities

Racial Equity and Social Justice Questions

Capital Budget Questions

We are continuing our efforts to articulate and prioritize racial equity and social justice in the City's budget and operations. Please respond to the following questions and incorporate these responses into your budget narrative to ensure racial equity is included in decision-making.

For Projects/ Programs that are primarily focused on maintenance or repair:

1. Describe how routine maintenance and/or scheduled repair considers equity and quality of life for residents. Describe how you use an equity lens to prioritize maintenance and/or repair projects.

For Project/ Programs that are NOT primarily focused on maintenance or repair:

1. What specific inequities does this program intend to address? How and for whom?
2. What data helped shape your proposal? Data may include qualitative and quantitative data such as demographic, qualified census tracts, environmental justice areas, specific recommendations from a Racial Equity and Social Justice Analysis, or other sources.

For all projects:

1. Is the proposed budget or budget change related to a recommendation from a Neighborhood Resource Team (NRT)? If yes, please identify the NRT and recommendation. Be as specific as possible.

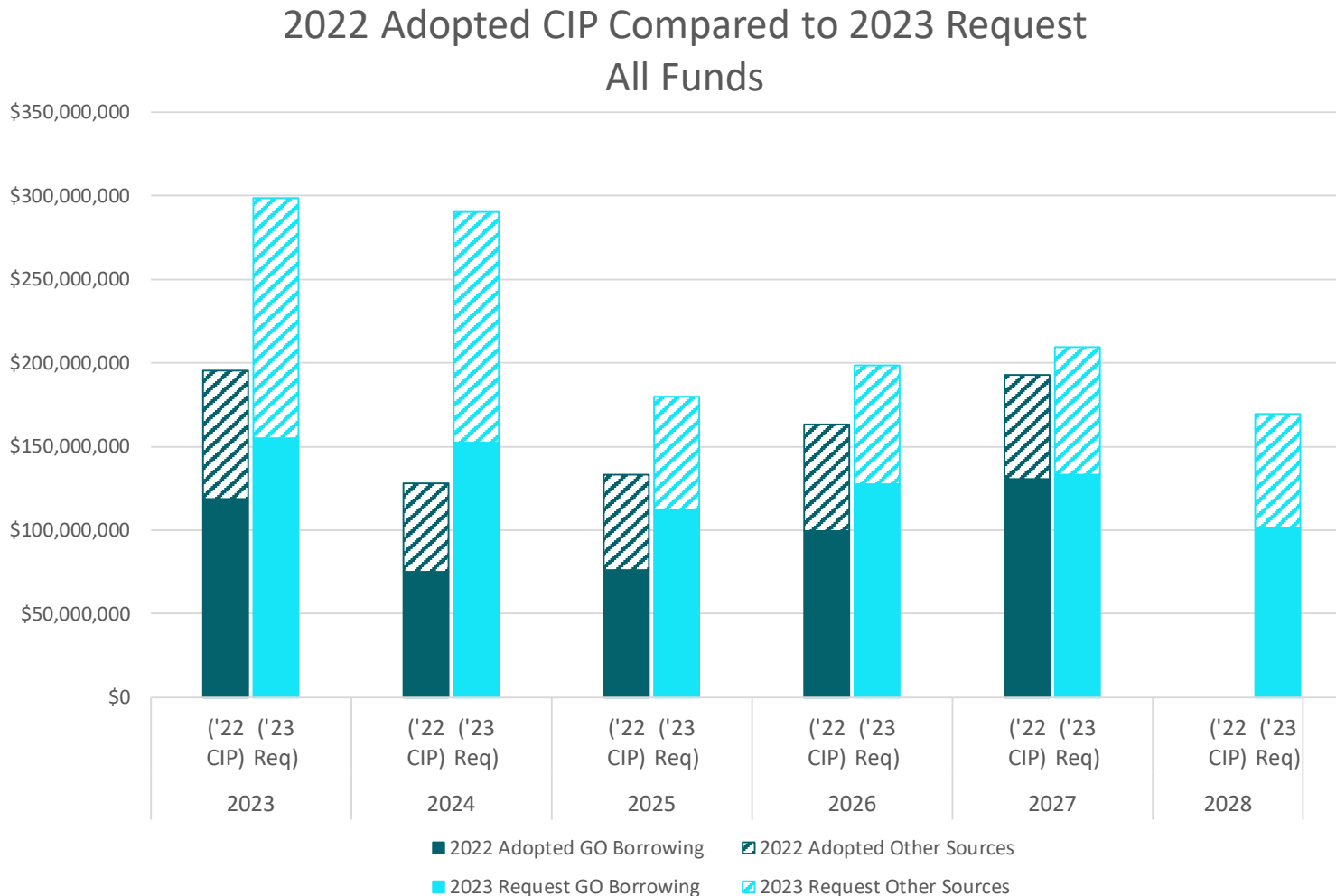
Transmittal Memo:

Provide an overview of how you are considering equity within your budget as a whole. This is for you to consider how your Department's equity work is explained in your overall strategic plan and division work plans.

Agency Request Summary

2023 Request; Major Projects by Year and by Agency;
Horizon List; Carryforward Appropriations

2023 Request is \$363.8m greater than 2022 Adopted CIP



2023 – 2027

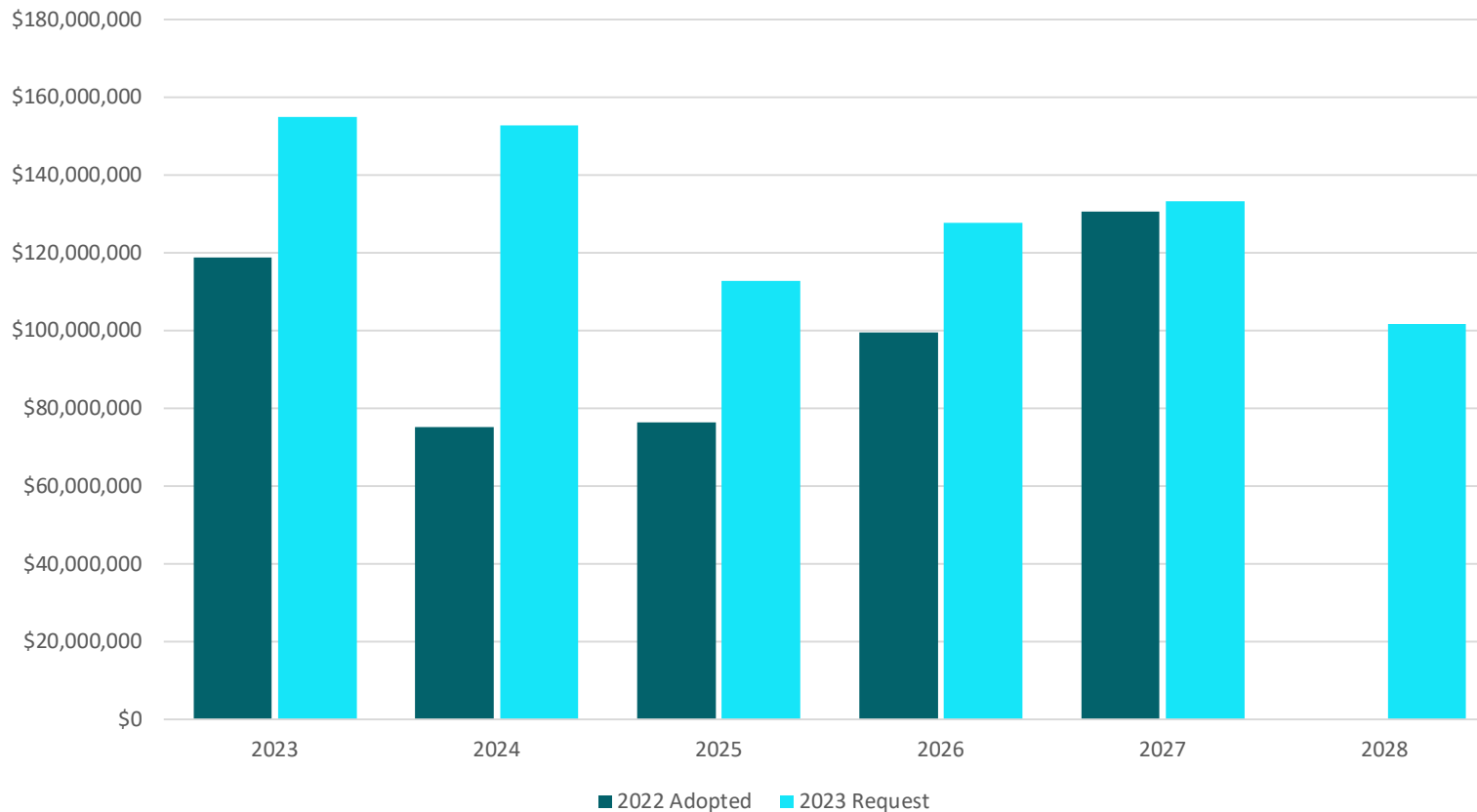
- 2023 Request for 2023-2027 = \$1.17 billion
- Adds \$363.8 million compared to same period in 2022 adopted CIP
- Assumes significant federal & state funding, but relies on \$180.9 million in new borrowing

2028

- Request adds \$169.4 million in 2028, including \$101.7 million in new borrowing

2023 Request includes more than \$180.9m in new GO borrowing

2022 Adopted Compared to 2023 Request
GO Borrowing Only



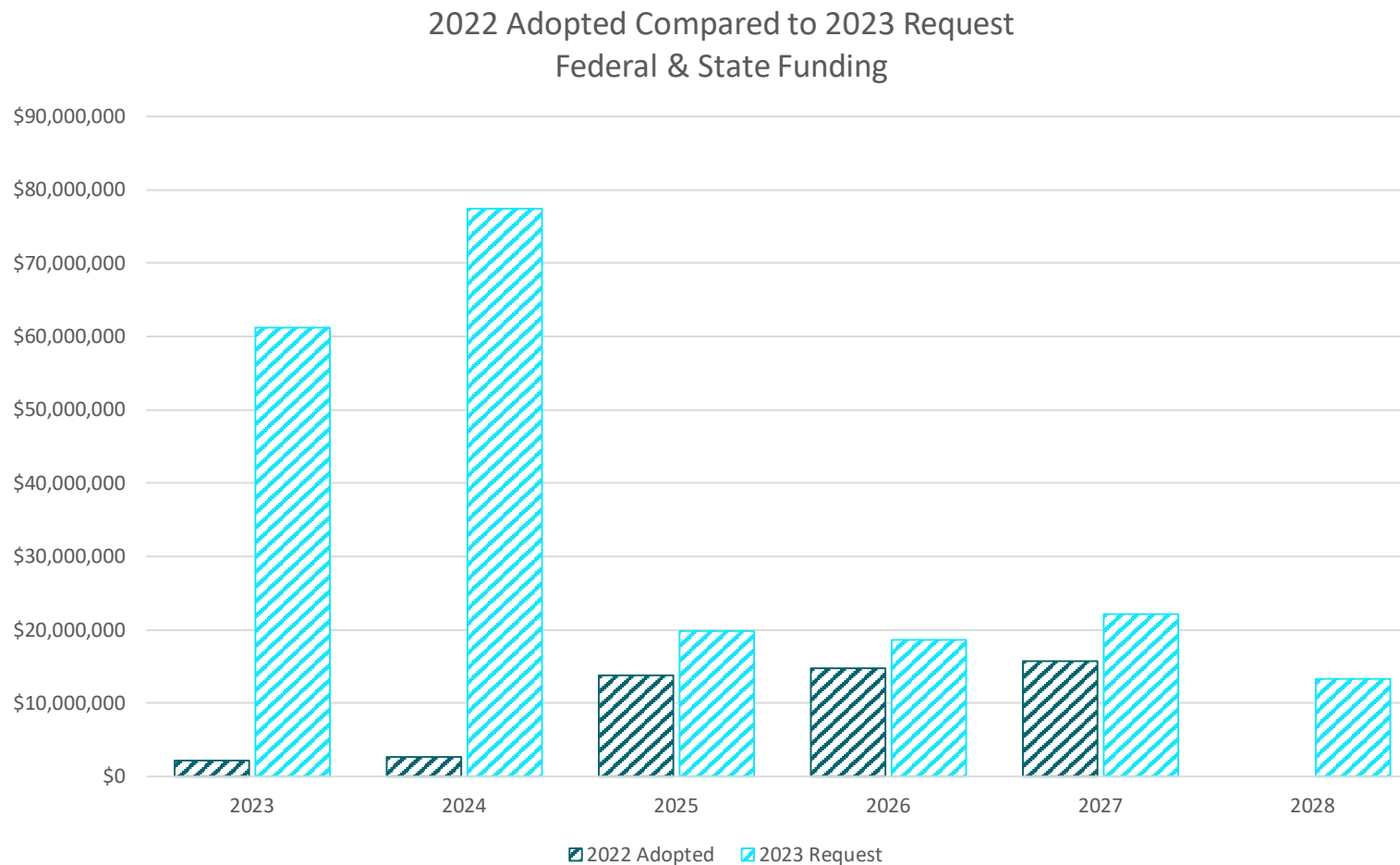
New GO Borrowing by Year (change between 2022 adopted and 2023 request)

- 2023 = \$36.3m
- 2024 = \$77.5m
- 2025 = \$36.2m
- 2026 = \$28.2m
- 2027 = \$2.7m

**Total new GO borrowing,
2023 – 2027 = \$180.9m**

***In addition, request adds
\$101.7m GO borrowing in
2028***

Federal Funding Assumptions



Requests anticipate significant funding from Bipartisan Infrastructure Law, federal funding passed through the state, and other programs.

New Federal & State Funding

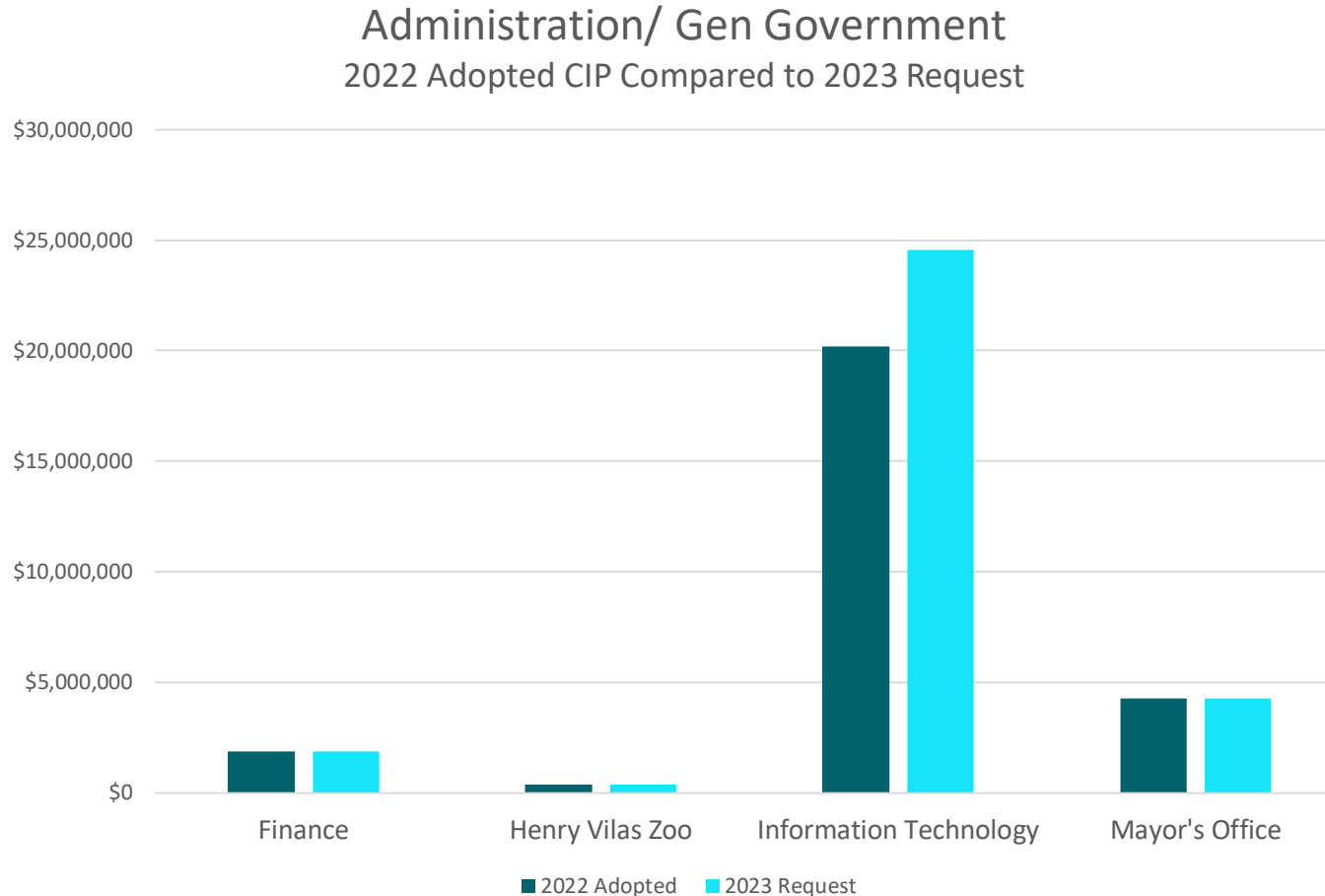
- 2023 = \$58.9m
- 2024 = \$74.7m
- 2025 = \$6.1m
- 2026 = \$3.9m
- 2027 = \$6.4m
- 2028 = \$13.3m

Major Requests by Year

Note: This list highlights a few significant projects, but is not a comprehensive list of all major projects/ programs.

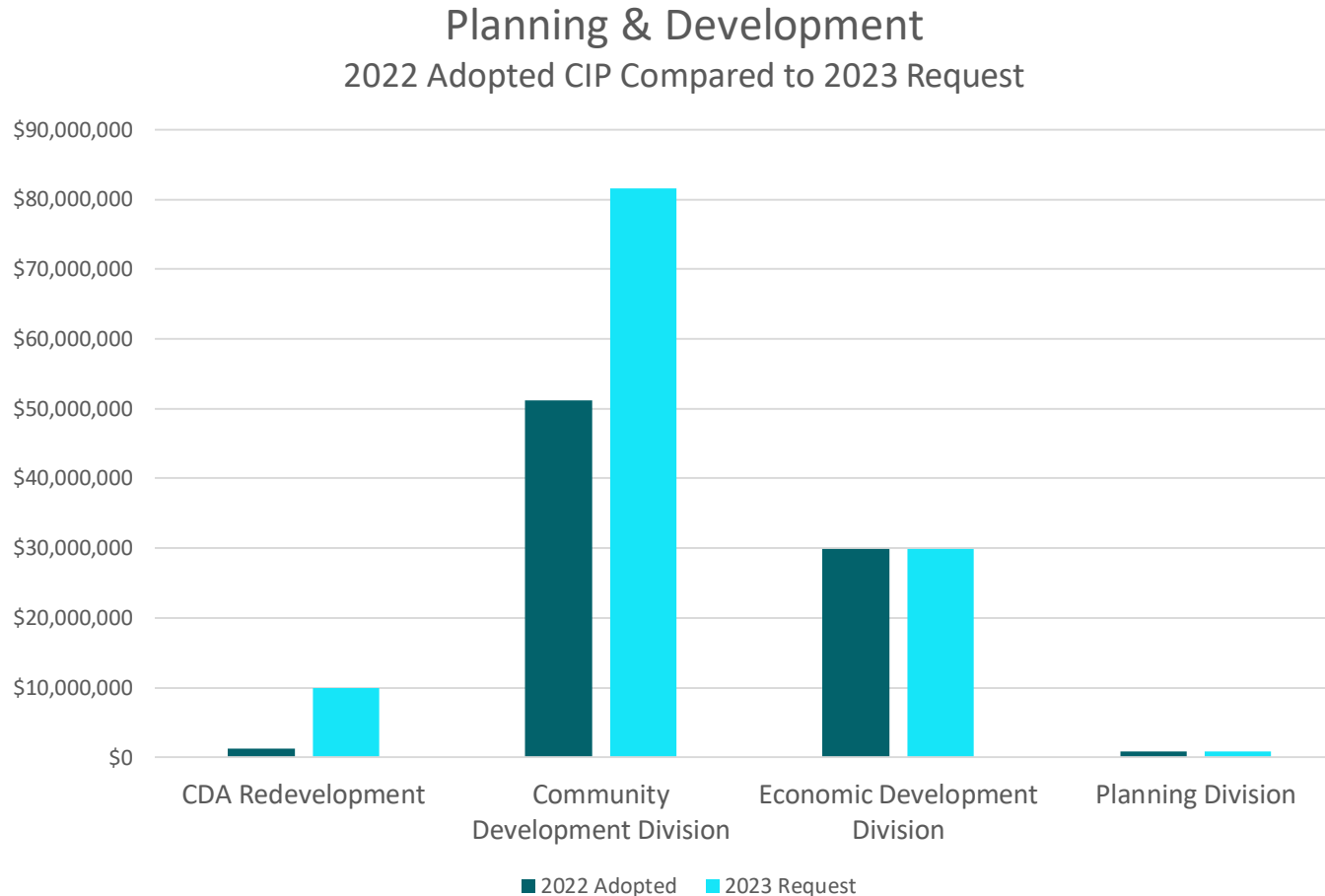
2023	2024	2025	2026	2028
GO = \$155.0m Other = \$143.5m	GO = \$152.6m Other = \$137.9m	GO = \$112.6 m Other = \$67.2m	GO = \$127.7m Other = \$70.8m	GO = \$101.7m Other = \$67.8m
• CDA: Public Housing Redevelop. (\$2m) • CDD: Affordable Housing Dev (\$12.5m) • CDD: Permanent Men's Shelter (\$11m) • Eng. Bike/Ped: Troy Dr. RR Bridge (\$4.4m) • Eng. Facilities: CCB Remodel (\$4.7m) • Eng. Maj Streets: Atwood Ave (\$6.7m) • Library: Reindahl Imagination Ctr (\$15m) • Metro: Facility Repair & Improvement (\$27.9m) • Parks: Land Acquisition (\$6.3m) • Parks: Warner Park Comm. Ctr (\$5.2m) • Police: Property and Evidence Facility (\$1.5m) • Storm: Flood Mitigation (\$5.4m) • Streets: Yard Improvements (\$1.1m) • TE: Safe Streets for All Fed grant prgm (\$11.2m) • Transportation: E-W BRT (\$23.0m) • Water: Well 19 (\$8.1m)	• CDA: Public Housing Redevelop. (\$2m) • Eng. Bike/Ped – Autumn Ridge (\$3.2m) • Eng. Bike/Ped – Capital City Path (\$1.9m) • Eng. Facilities: CCB Remodel (\$5.2m) • IT: Enterprise Business Solutions (\$1.8m) • Parking: State St Garage (\$43.8m) • Police: Property and Evidence Facility (\$1.9m) • Police: North District Station (\$1.4m) • Storm: Flood Mitigation (\$10.3m) • TE: Safe Streets for All Fed grant program (\$8m) • Transportation: N-S BRT (\$63.0m) • Transportation: Sayle St. Remodel (\$8.6m) • Water: PFAS Investigation (\$5.1m)	• CDA: Public Housing Redevelopment (\$2m) • Eng. Bike/Ped – Badger Rusk Path (\$1.1m) • Eng. Facilities: CCB Remodel (\$3.3m) • Metro: Transit Coaches (\$13.2m) • Parking: Intercity Bus Terminal (\$1.5mm) • Police: North District Station (\$1.3m) • Police: Property and Evidence Facility (\$19.5m) • TE: Safe Streets for All Fed grant program (\$8m)	• CDA: Public Housing Redevelopment (\$2m) • Eng. Maj Streets: John Nolen (\$21.3m) • Eng. Maj Streets: Mineral Point (\$5.2m) • Library: Central Library Green & Resilient (\$1.4m) • Metro: Transit Coaches (\$13.2m) • Police: North District Station (\$13m) • TE: Safe Streets for All Fed grant program (\$8m)	• CDA: Public Housing Redevelopment (\$2m) • Eng. Maj Streets: High Point/ Raymond/ MidTown (\$11.4m) • Metro: Transit Coaches (\$13.2m)
				2027 GO = \$133.3m Other = \$76.2m
				• CDA: Public Housing Redevelopment (\$2m) • Metro: Transit Coaches (\$13.2m) • Streets: Far West Facility (\$41.5m) • TE: Safe Streets for All Fed grant program (\$8m)

Major Requests by Agency: Administration



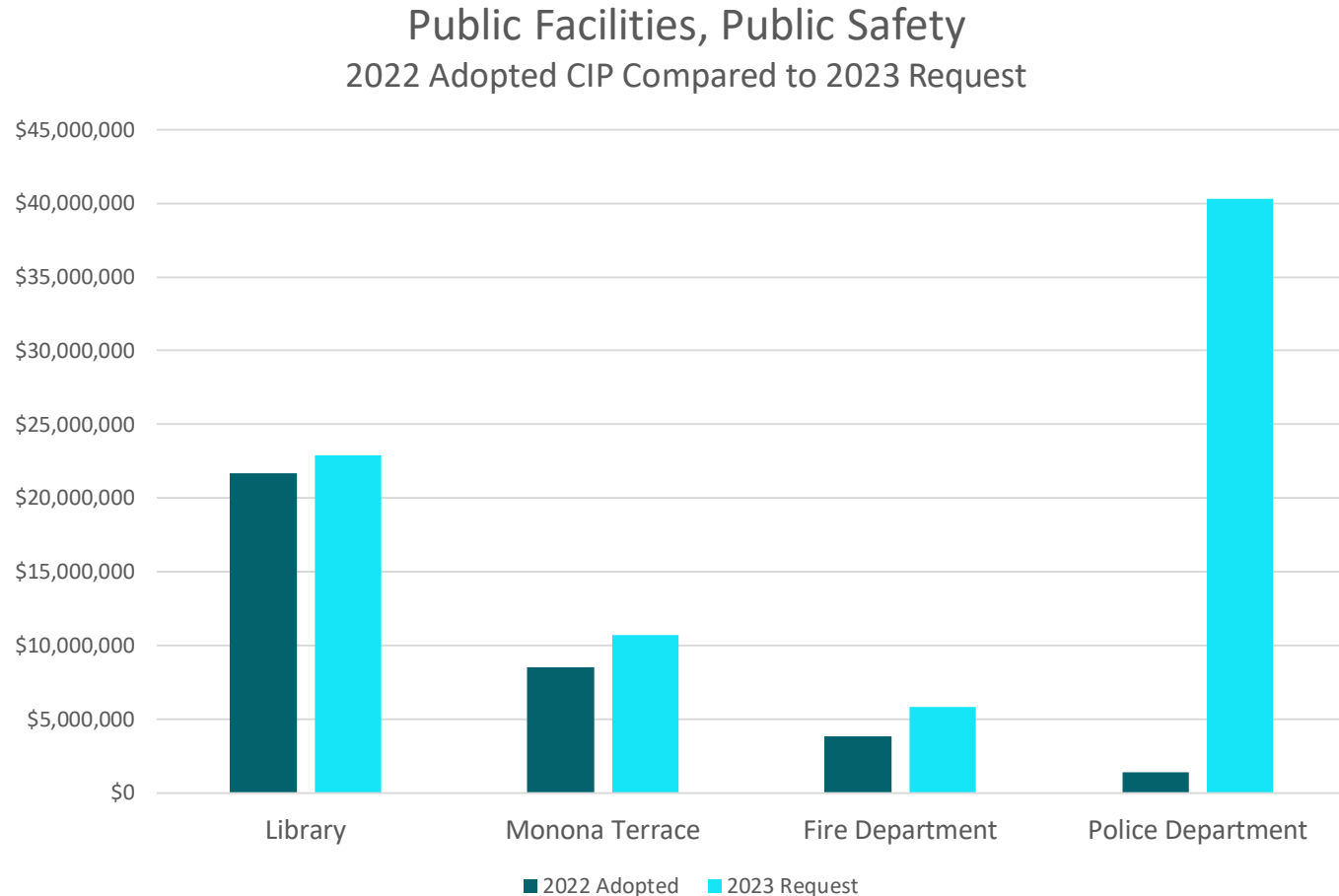
- No change to Finance, Mayor's Office, Zoo
- IT:
 - \$1.8m for required cloud migration projects
 - \$1.5m increase in fiber and wireless network to reflect increasing costs

Major Requests by Agency: Planning & Development



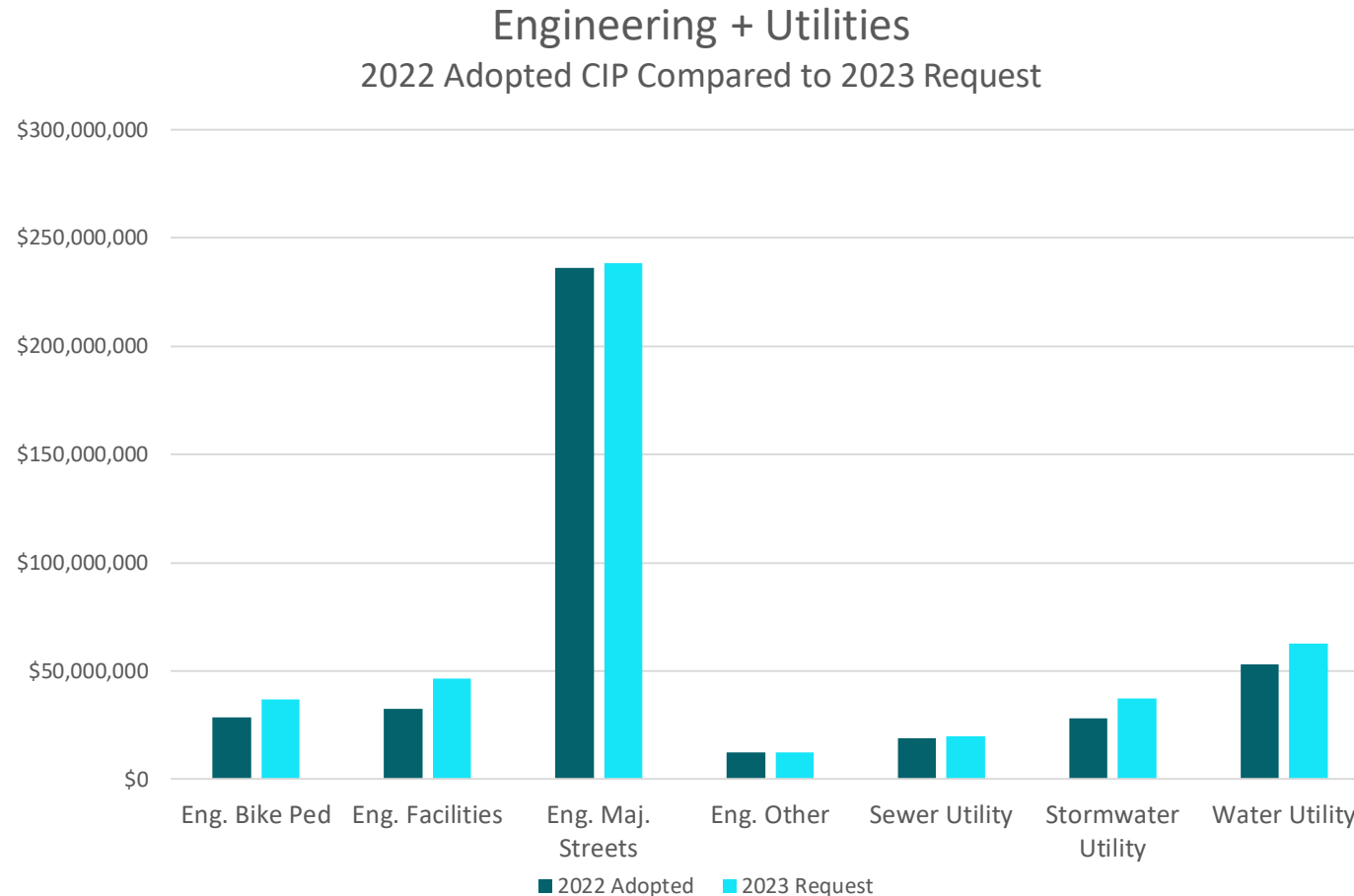
- No change to EDD or Planning
- CDA Redevelopment:
 - ~\$1.8m/year in public housing redevelopment
 - Changes funding source from GO Borrowing to Development Capital Funding
- CDD:
 - \$9m additional GO Borrowing for men's shelter
 - Additional \$3m/year in affordable housing development
 - Adds funding to continue ADU lending and Community Facilities Improvement programs starting this spring

Major Requests by Agency: Public Facilities, Public Safety



- **Library:**
 - \$1.4m for Central Library Green & Resilient project
 - Increases in other projects due to cost of materials and inflation
- **Monona Terrace**
 - No major changes, increases in costs and some addt'l renovations
- **Fire**
 - \$1.8m over course of CIP for training (moved from Horizon List)
- **Police**
 - \$15.7m for new North District Station
 - \$22.9m for property and evidence facility
 - Both projects moved from Horizon List

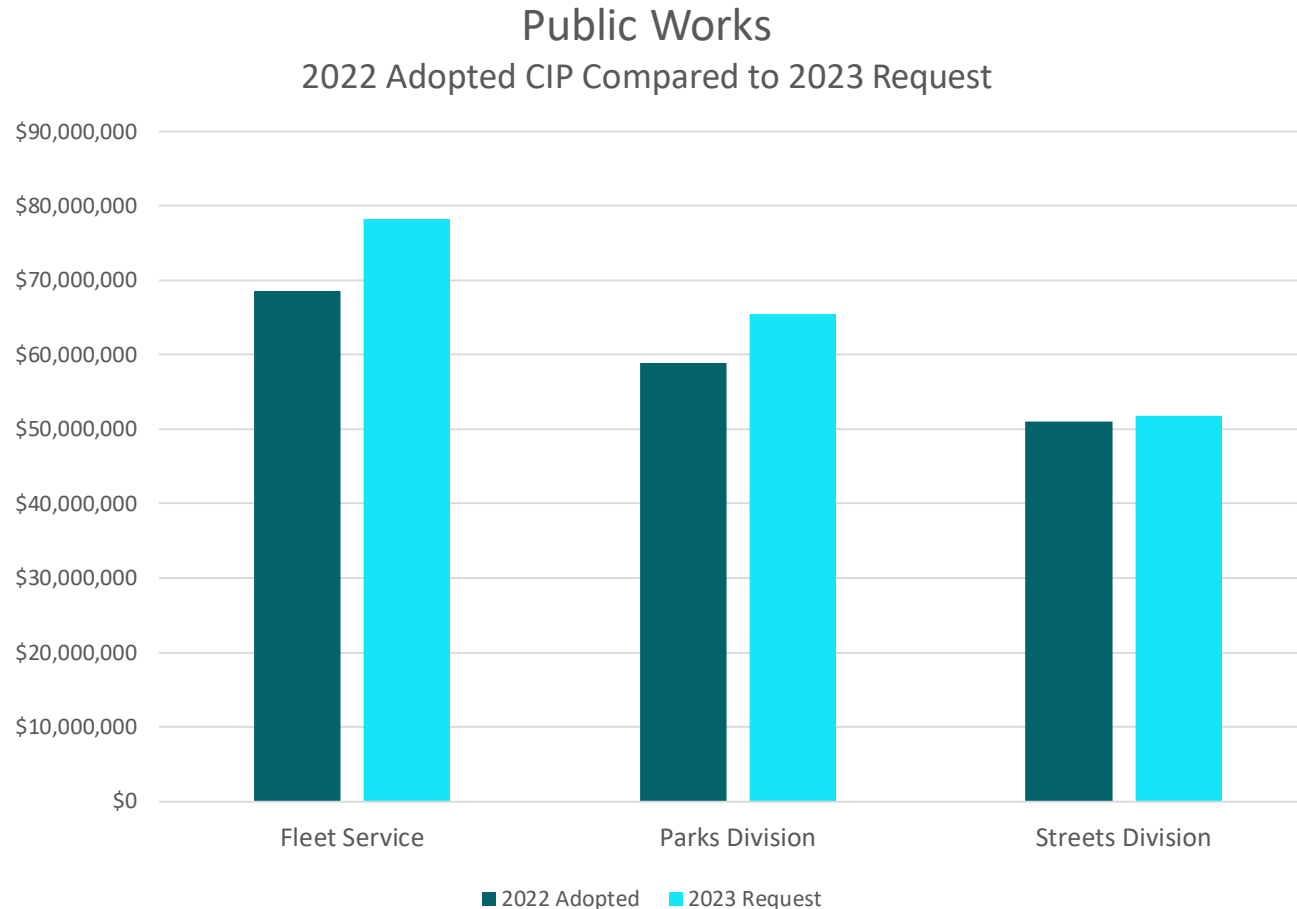
Major Requests by Agency: Engineering + Utilities



Engineering:

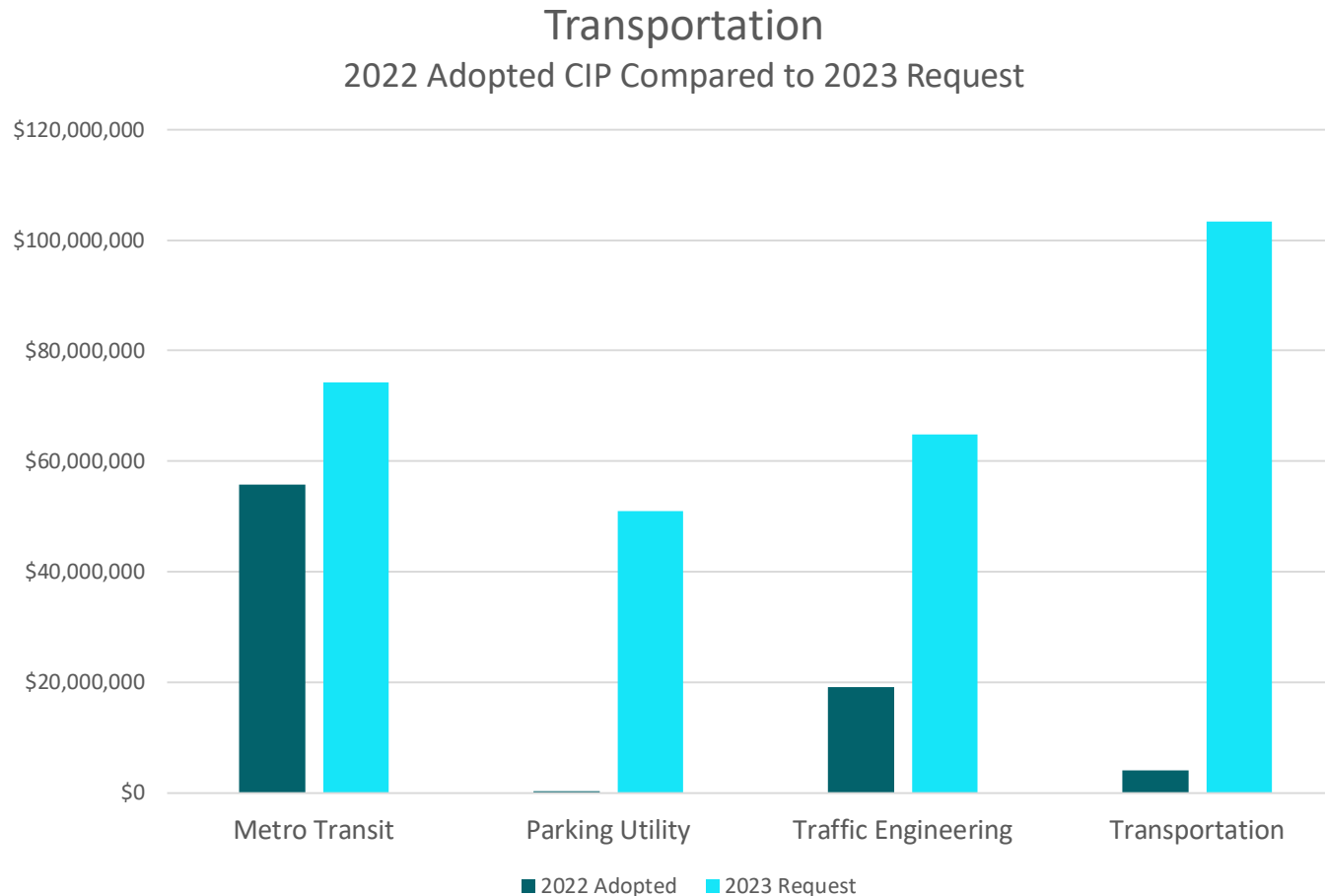
- \$1.3m Badger Rusk Path project added in 2023-2025
- \$1.9m Capital City Path project added in 2024
- New program for building electrical upgrades to support electric vehicle charging
- \$13.1m High Point/ Raymond Road project added in 2023 and 2027-2028
- \$150k Project Prioritization Tool projected added to CIP
- Increases in flood mitigation and stormwater quality system improvements

Major Requests by Agency: Other Public Works



- Fleet:
 - Assumes 10%-15% inflation for Fleet Vehicle Replacement and Fire Apparatus/Rescue Vehicle programs
- Parks:
 - \$6.3m land acquisition planned for 2023; this funding was included in 2022 adopted CIP
 - \$5.2m Warner Park Community Center scheduled for 2023 (increased by \$850k over 2022 adopted)

Major Requests by Agency: Transportation



- **Metro:**
 - \$6.4m federal bus and bus facilities grant secured
 - \$12.5m in anticipated federal funds added to facilities improvement project @ Hanson Rd.
- **Parking:**
 - \$48m State Street Garage (moved from Horizon List)
- **TE:**
 - \$43.2m Federal Grant for Safe Streets Program
 - \$1m increase in John Nolen Dr. Lighting due to increased costs
 - Town of Madison projects
- **Transportation:**
 - \$23m in additional federal Small Starts funding for E-W BRT
 - \$56m in anticipated federal funding for N-S BRT + additional borrowing for local match
 - \$9.6m Sayle St Remodel (moved from Horizon List)

Horizon List

The Horizon List consists of projects that meet a community need but are not fully planned to be included in the CIP. Common reasons a project is on the horizon list:

- **Funding:** project is pending external funds (e.g. securing federal grant)
- **Operating Impacts:** project needs a plan to cover ongoing operational costs
- **Policy:** project is contingent on policy decisions or other analysis (e.g. cost-benefit analysis)
- **Sequencing:** other work needs to be complete before the project can be fully scoped

How are projects added to the Horizon List?

- **Agency Request:** Agencies can request for a project to be added to the list
- **Executive Budget:** Project proposal may be moved to Horizon List if it is not fully scoped
- **Council Amendment:** Alders can propose adding/ removing horizon list items

How does an item get off the Horizon List?

- **Project added to CIP:** When the “issues to be address” have been resolved, an agency can request to add the project to the CIP
- **Project is removed:** Can be removed at the request of the agency or during budget development

Carryforward Appropriations

- Carryforward appropriations reauthorize borrowing for projects included in prior CIPs
 - Example: Project XYZ is approved in 2022. The work is ongoing in 2023 but the agency is not requesting additional funds. Since there is no new 2023 appropriation, this will not show up in the agency request. Instead, this is authorized through the carryforward appropriation.
- Information historically shared as an attachment in Legistar (see image to right)
- This year, carryforwards will be included as a table in the executive and adopted books for transparency

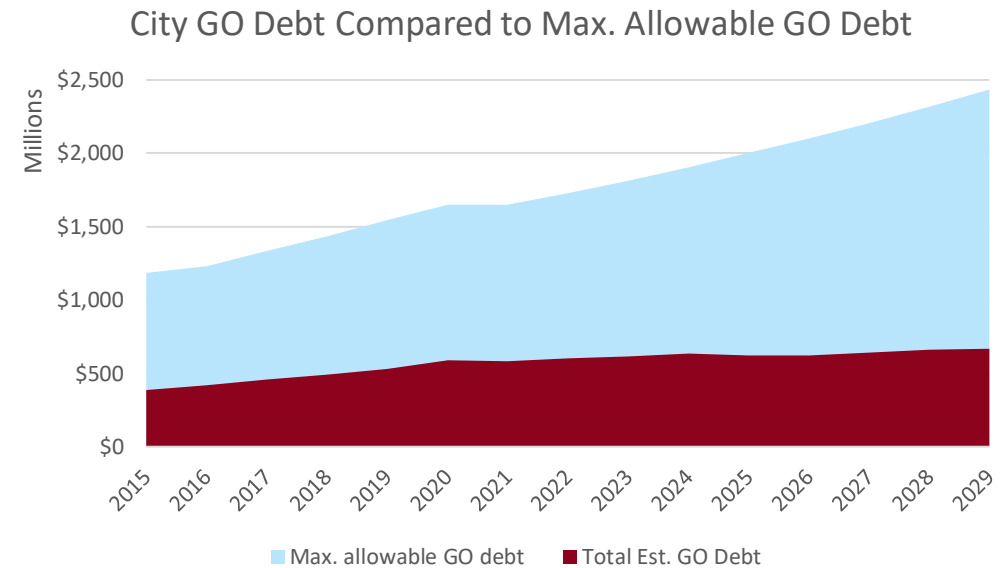
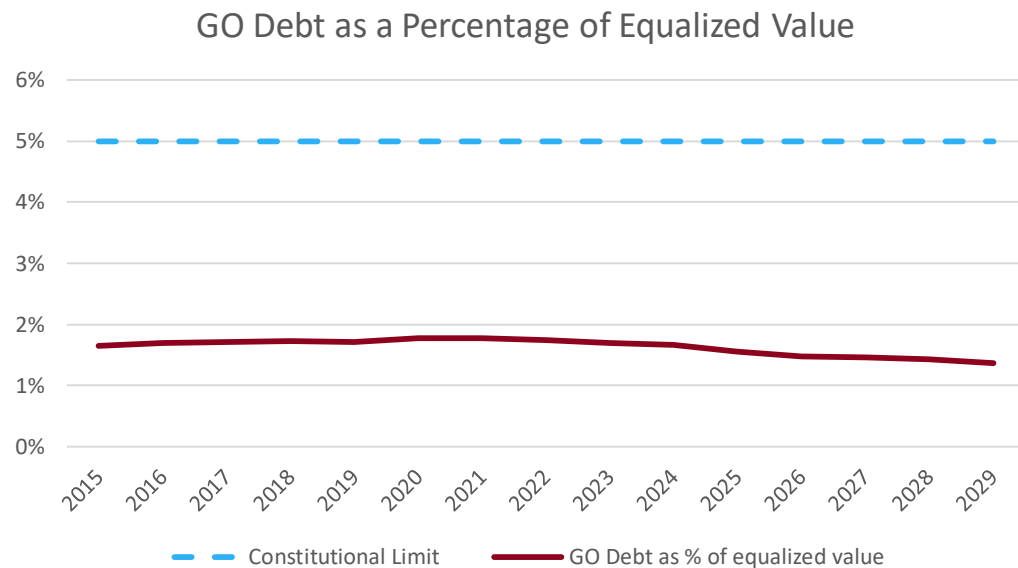
Preliminary 2022 Reauthorized General Obligation Borrowing				
Agency Description	Project	Project Title	Total	Total by Agency
COMMUNITY DEVELOPMENT	12472	AFFORDABLE HOUSING-DEVELOPMENT 2020	(500,000)	
	13346	MEN'S PERMANENT HOMELESS SHELTER	(3,000,000)	(3,500,000)
ECONOMIC DEVELOPMENT	13091	LAND BANKING 2021	(1,450,000)	(1,450,000)
ENGINEERING - FACILITIES MGMT	11078	FAIRCHILD BLDG BOILER REPLACEMENT	(239,003)	
	11080	SAYLE ST FACILITY REMODEL	(50,000)	
	11314	STREETS EAST OFFICE REMODEL	(10,000)	
	11840	CCB FOURTH FLOOR REMODELING	(815,000)	
	11841	CCB FIFTH FLOOR REMODELING	(105,580)	
	12358	STREETS FACILITIES IMPROVEMENT 2020	(47,098)	
	13131	GENERAL BUILDING IMPROVEMENTS 2021	(225,921)	
	13132	FIRE BUILDING IMPROVEMENTS 2021	(397,509)	
	13133	CCB IMPROVEMENTS 2021	(521,363)	
	13136	PARK FACILITY IMPROVEMENTS 2021	(300,000)	
	13138	HORIZON LIST PLANNING 2021	(465,782)	
	13279	FIRE STATION 10 RETAINING WALL	(195,000)	
	13370	STREETS WEST BADGER LIGHTING	(275,941)	(3,648,196)
ENGINEERING - MAJOR STREETS	10225	ANDERSON ST (WRIGHT TO STOUGHTON)	(72,000)	
	10228	BUCKEYE RD IMPROVEMENTS	(148,047)	
	10230	COTTAGE GROVE RD: I39 TO SPRECHER	(103,000)	
	10233	CITY M / MID TOWN RD AREA	(122,376)	

Snapshot of carryforward report included in 2022 adopted budget. [Full report](#) available attached to [Legistar 67001](#).

Considerations for the Executive Budget

Capital Budget Limitations & Parameters

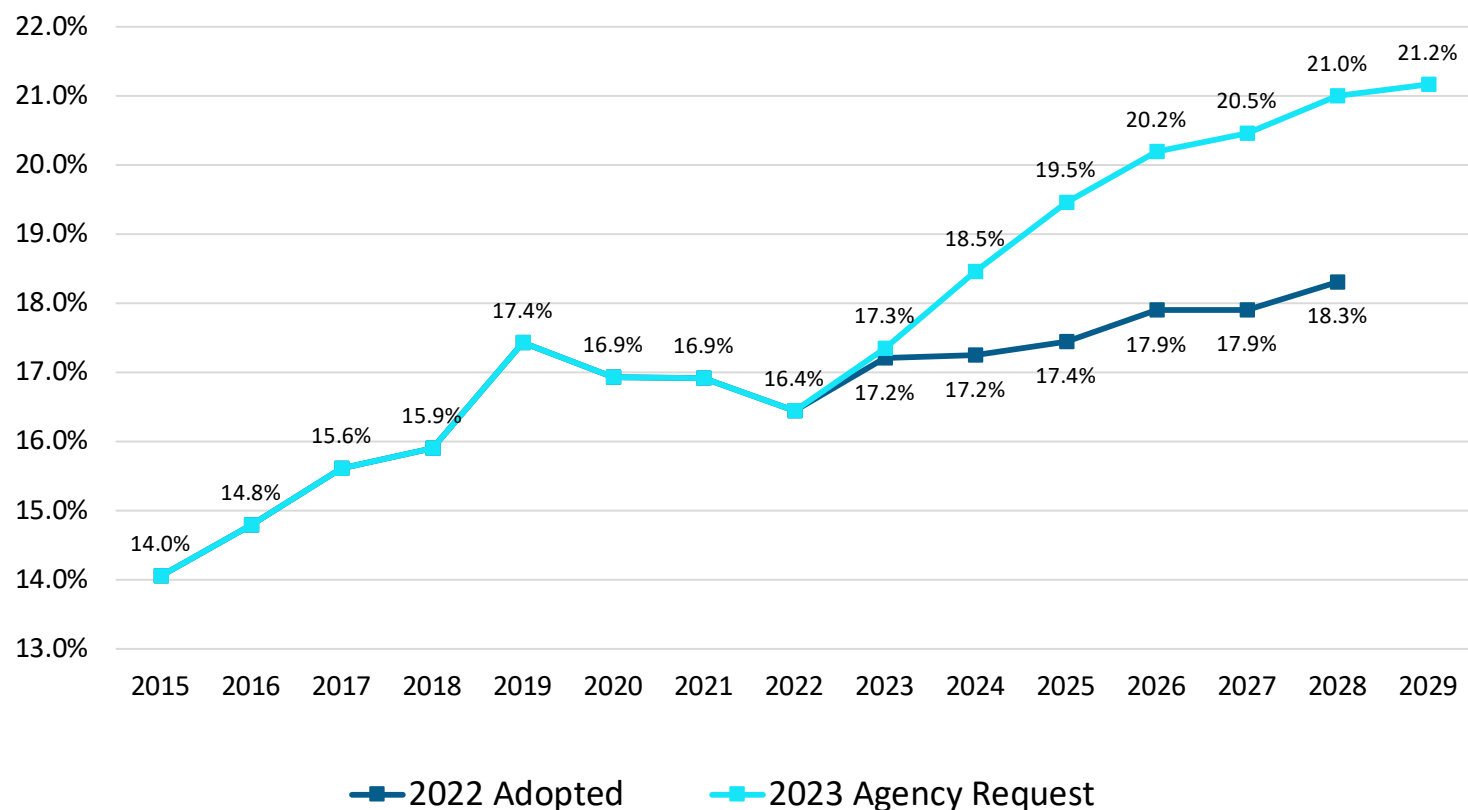
- Unlike the operating budget, capital budget is not restricted by the levy limit or expenditure restraint
- The Wisconsin Constitution limits general obligation (GO) debt to 5% of equalized value
 - In 2022, City's GO Debt is \$601 million, or 1.7% of equalized value
 - 5% of the City's equalized value is approximately \$1.7 billion
- Under constitutional limit, City **can** borrow more for capital. But **should** we?



Debt Service Projection

Debt Service Share of General Fund Budget

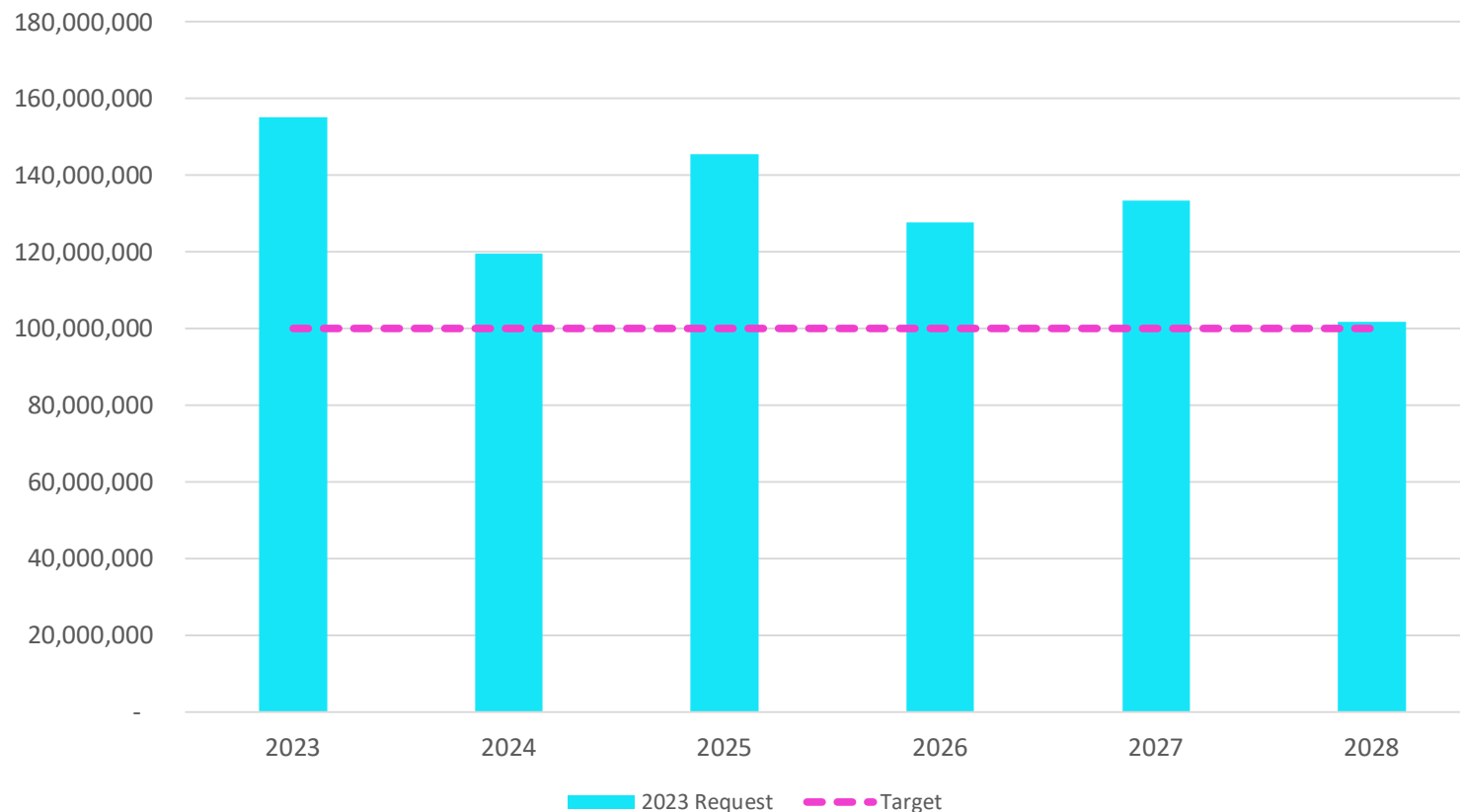
Assumes 4% interest rate vs 3% in 2022 CIP -- adds ~0.5%



- At the request level, debt service share would increase to over 20% by 2026
- In 2023, General Fund debt service is projected to be \$61.6m (assumes \$114m GO issuance in 2022)
- General Fund debt service would increase \$49m over the CIP (2023 – 2028) compared to 2022 adopted.

Target Borrowing Level = \$100 million/year

2023 Request Compared to Target GO Borrowing



Impact on Debt Service

- **2022 Adopted CIP (2023-27) =** \$100 m/year avg. GO borrowing
- **2023 Request (2023-27) =** \$136 m/year avg. GO borrowing
- At \$100m of annual borrowing, debt service share of the budget would remain at 2022 CIP

Inputs for Executive Budget Development

- Mayor, deputy mayors, finance staff, and cross-departmental Management Review Team review all proposals
- Agencies present briefings to mayor + management team to discuss proposals
- New projects and projects with significant changes are thoroughly evaluated to:
 - Identify equity and sustainability opportunities
 - Determine project readiness and alignment with strategic plans
 - Evaluate fiscal impact
- Executive budget balances city priorities with financial considerations and target borrowing levels