



Finance Department

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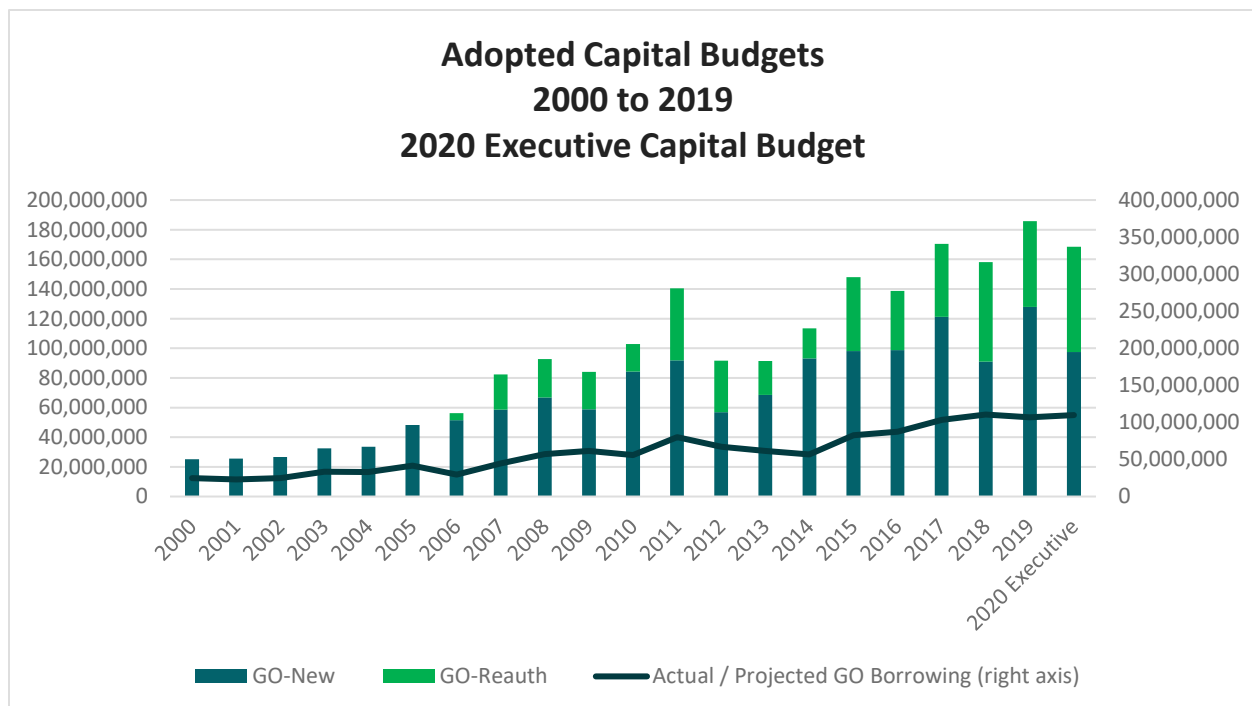
Date: August 13, 2019

To: Satya Rhodes-Conway
Mayor

From: David Schmiedicke
Finance Director

Subject: 2020 Carryover Borrowing Authority

As the capital budget has increased in size over the past 15 years, borrowing that is unused in the prior budget year is often “reauthorized” or “cancelled” in the subsequent budget year. The graph below shows the new and reauthorized general obligation (GO) borrowing authority since 2000, along with the actual GO borrowing each year (projected for 2019).



Borrowing is reauthorized for the following reasons:

1. Delays in implementation timetables
2. Multi-year projects are incurring expenses at a different pace than expected.
3. Project costs are anticipated to cross fiscal years.
4. Cash flow purposes – balances in the Capital Projects Fund may be sufficient to cover costs expected to be incurred in that fiscal year.

In developing the 2020 capital budget, the focus has been on new projects. For example, the preliminary amount of GO borrowing in the 2020 executive budget is \$97 million. The borrowing authority for new projects will be added to the reauthorized borrowing of approximately \$70 million. The 2020 capital budget will also reflect “carryover appropriation” amounts, which include prior year authority to spend within projects from all funding sources authorized for a project (e.g., Water and Sewer projects funded with revenue bonds; other sources of funds within Engineering-Major Streets projects, such as special assessments and federal funds). Appropriations for new projects for 2020 will be added to the carryover appropriation authority from prior years.

Sent with this memo is a table with the preliminary list of carryover GO borrowing authority. We are currently in the process of reviewing with agencies the 2019 borrowing amounts and subsequent unused carryover amounts (or amounts to cancel). There are nearly 230 projects on the preliminary carryover list that comprise the total reauthorization of \$70 million. Many of these projects are in Engineering and Parks. The top 50 projects by carryover amount total approximately \$60 million.

Below is background on some of the major carryover projects:

Fleet Maintenance Facility – There is \$29.8 million of authorized borrowing authority for the project in 2019. Based on the spending pattern for the project, \$15 million will be borrowed in 2019 and the remaining \$14.8 million will be carried over and borrowed in 2020.

Starkweather Coagulant Treatment Project – This project has been in the capital budget since 2015. The 2019 capital budget authorized \$3.2 million for the project (\$1.7 million reauthorized from 2018 and \$1.5 million of new GO borrowing). The project continues to be studied by Engineering and will be reauthorized again to 2020.

Other Stormwater Projects – In response to the August 2018 flooding events, GO borrowing authority was added to the 2019 capital budget. Engineering continues to work through Stormwater Quality Improvement projects for 2018 and 2019. The combined reauthorization from those projects is \$3.8 million. In total, \$11.1 million of GO borrowing authority will be reauthorized from 2019 to 2020 for Stormwater projects.

Engineering-Major Streets Projects – Top reauthorized amounts for Major Streets projects include John Nolen Bridges design work (\$2.9 million), Pavement Management 2019 (\$2.4 million), County Highway M / Midtown Road project (\$1.3 million), Reconstruction Streets 2019 (\$1 million), and Buckeye Road (\$1.0 million). The timing of work on these projects allows some of the borrowing to be postponed until 2020 for cash flow purposes. In total, \$13 million will be reauthorized from 2019 to 2020 for Engineering Major-Streets projects.

Engineering Facilities Projects – The Streets East Office Remodel has yet to get under way, with the project budget recently increased from \$1.8 million to \$2.3 million through a budget amendment. Some of the increase in project funding is being met through a reallocation from Streets EAB funding. CCB Improvements 2018 project borrowing authority is reauthorized due to the time for Dane County to complete the list of CCB improvements and remit bills to the city for its share of the project costs.

Olbrich Botanical Complex – The renovation and expansion project at Olbrich Botanical Gardens is funded from a combination of city general obligation borrowing and private contributions through a capital campaign conducted by the Olbrich Botanical Society. The total budget for the project is \$12 million. GO borrowing of \$1.2 million will be carried over to 2020 based on the timing of project expenses.

Tax Increment Districts (TIDs) – GO borrowing was authorized in the 2019 budget for possible developer assistance for projects in TID 36 (Capitol East) and for street improvements in TID 39 (Stoughton Road). A total of \$6.4 million of borrowing authority for TIDs will be carried over to 2020 based on planned and potential projects identified by the Economic Development Division.

Sustainable Madison – Ebus Deployment – Approximately \$1 million of GO borrowing will be carried over to 2020 associated with the city's share of acquiring three electric buses through a federal grant and partnership with MGE.

Public Market – Below is the funding authorization included in the 2019 budget, including \$1.2 million of GO borrowing, for the Public Market. These appropriations will be carried over to the 2020 budget.

GO Borrowing	\$1.20 million
Transfer from General Fund	\$4.65 million
Federal Sources (New Market Tax Credits)	\$3.00 million
Private Contributions/Donations	\$2.50 million
Residual Revenues from Closed TIDs	<u>\$1.65 million</u>
	\$12.00 million

Please let me know if you have any questions or would like to discuss further.