



## Agenda Item Summary

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### **Submitted By**

Steve Drazner, CFO

### **Agenda Item Title**

**Finance Committee Review of the Recommended Five Year Capital Improvement Plan (CIP) 2020-2024.**

i. **Overview of the CIP Process (5-year capital plan) 10 minutes**

ii. **Review of the Main Capital Fund 20 minutes Pages 7-61**

iii. **Review of the Building Improvement Fund 20 minutes**

Pages 78-162

iv. **Review of the Fleet Fund 10 minutes**

Pages 167-173

v. **Review of the Equipment Replacement Fund 20 minutes**

Pages 174-191

vi. **Review of the Sustainability Fund 10 minutes**

Pages 73-77

vii. **Review of the Water and Sewer Fund 15 minutes**

Pages 207-242

viii. **Review of the Parking Fund 15 minutes**

Pages 193-206

ix. **Review of the CDBG Fund 10 minutes Pages 68-72**

### **Overview**

As part of the budget process the Village Board reviews a recommended Capital Improvement Plan for the upcoming fiscal year, and in addition, the Village Board reviews staff's projections for the five-year Capital Improvement Plan. Staff is transmitting the recommended five-year Capital Improvement Plan (CIP) to the Finance Committee of the Village Board. The Village Manager, Deputy Village Manager, and CFO held several meetings to review and discuss all requested projects with operating departments. Departments also rated

each project based on need and priority.

### Anticipated Future Actions/Commitments

Staff will prepare the final document for Village Board adoption with the operating budget in December.

### Report

The first year of the plan (2020) will serve as the foundation for all capital elements of the FY20 recommended Village budget which will be reviewed during October by the Finance Committee of the Village Board. This recommendation is based on the Village Board approved five-year 2019-2023 Capital Improvement Plan (CIP) adopted on December 10, 2018.

Engineering also uses the five-year plan as a guide to plan for upcoming design work for various projects. Specifically related to the next fiscal year's (FY20) recommended capital projects, engineering begins to prepare bid documents now for anticipated approved "annual projects" such as the annual streets resurfacing project and the annual alley repair project. This is done in order to improve the Village's position to receive favorable bids by being prepared for an early spring bid letting requiring engineering to write the bid documents this fall/early winter.

This is the fifth year in which staff has formally presented a full five year Capital Improvement Plan (CIP) for review by the Finance Committee of the Village Board.

The FY20 Recommended Budget, scheduled to be reviewed by the Finance Committee during October, will be comprised of the first year of the adopted CIP for all Capital Funds as well as the capital portion of the Enterprise Funds for Parking and Water & Sewer.

Chapter 2 of the Municipal Code establishes the foundation for the Municipal Budget and provides:

- The Village fiscal year is January 1 - December 31 annually.
- The Board of Trustees must adopt the annual budget prior to the start of the Fiscal Year and passage of the annual budget shall be in lieu of passage of the appropriation ordinance.
- On or before the Village Board of Trustees' first regular meeting in November of each year, the Village Manager shall submit to the Board of Trustees an annual Municipal budget which contains estimates of revenues together with recommended expenditures in conformity with good fiscal management practice.

The recommended CIP document for non-enterprise funds (Main CIP, Building Improvements, Equipment Replacement, and Fleet) will primarily be funded by the following revenue sources:

<u>Funding Source</u>	<u>Estimated Amount</u>
Home Rule Sales Tax (1.0%)	\$2,750,000
Local Gasoline Tax (\$.06 gallon)	\$770,000
Grants	\$2,909,000
Telecommunications Tax	\$200,000
Cannabis/Ride Share Taxes	\$650,000**
Bond Issuance	\$15,000,000

Motor Fuel Fund Transfer	\$2,080,000
Other/Undetermined	\$2,451,000
TOTAL	<u>\$26,810,000</u>

\*\* assuming new tax is approved

The amount of the bond issue estimated at \$15.0 million would be used solely for the Lake Street, fiber optic, and engineering/planning phase of the new police station. However, in order to have adequate funds for all non-enterprise capital projects as recommended, additional funding totaling approximately \$2.5 million will be required from other to-be-determined sources if the Board desires to limit the bond issuance to \$15 rather than \$17.5 million.

Funding for projects budgeted in the enterprise (Parking, Water/Sewer) as well as CDBG and Sustainability are paid from those respective funds from current year revenues or accumulated reserves. No capital projects budgeted in these funds will require the issuance of bonds in FY20.

Finally, although the Madison TIF ended on December 31, 2019, monies have been contractually obligated prior to the TIF's expiration and due to the timing and invoicing of the various project costs, amounts will continue to be paid into 2020.