

Strategic Planning Committee

Capital Assets



Committee Members

- Peter Crnkovich
- Martin Heller
- George Helfrich
- Hon. Robert Catalanello
- Bruce Galton

Assistance from:

Robert Vogel

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Process

- Interviews
- Municipal Accounting Tutorial
- Compile an Overall Inventory List
- Forecast Capital Needs:
 - By year 2015-2019, 5 year period 2020-2024
 - 5 year period 2025-2029
- Recommendations and Prioritization
- Long Term Assets

Interview Summary

- Need for planning review
- Madison has high quality assets
- Madison residents and taxpayers have expectation for high level of asset maintenance and service
- Need for prioritization and consistent capital budget levels

Capital Assets Inventory in \$Millions

• Land	\$ 141.2
• Buildings	33.1
• Parks Improvements	7.2
• Roads	21.8
• Parking Lots & Lighting	1.4
• Minor Bridges	1.9
• Water & Electric Utilities	116.6
• Stormwater & Sewer Systems	41.4
• MCJM (61.89%)	3.3
• Equipment & Vehicles	<u>7.3</u>
Total	<u>\$375.2</u>

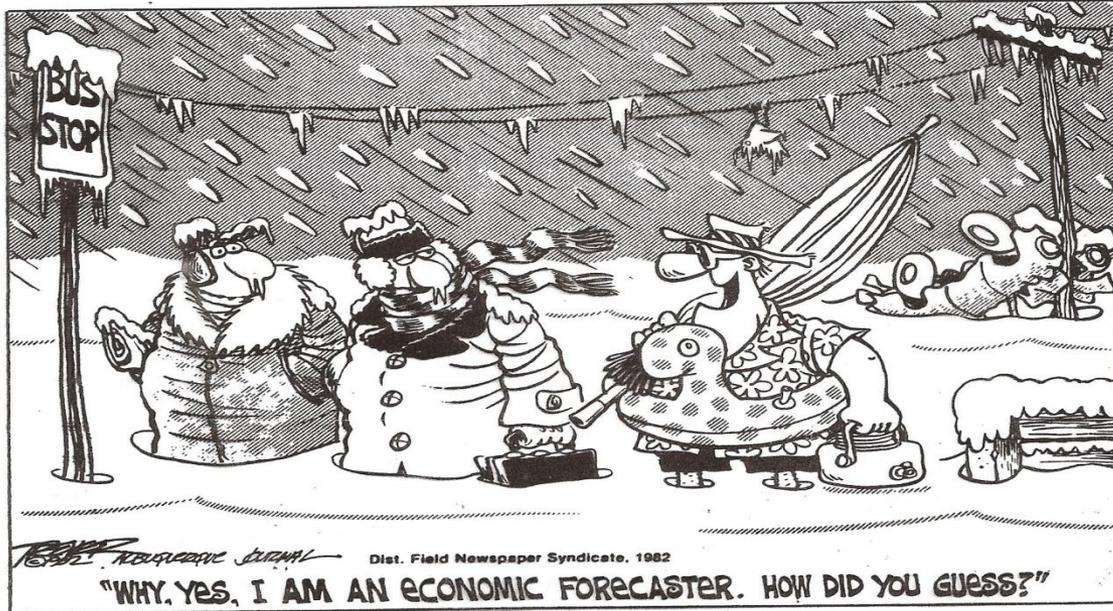
Data Capture and Valuation

- Land and Buildings- tax maps, assessed value
- Park Improvements- visual survey, cost
- Roads, Parking Lots, Minor Bridges, Stormwater and Sanitary Sewer Systems- Engineering Dept. records, GIS
- MCJM- inventory list (x 61.89%), cost
- Utilities- inventory list, cost
- Equipment and Vehicles- insurance list, cost

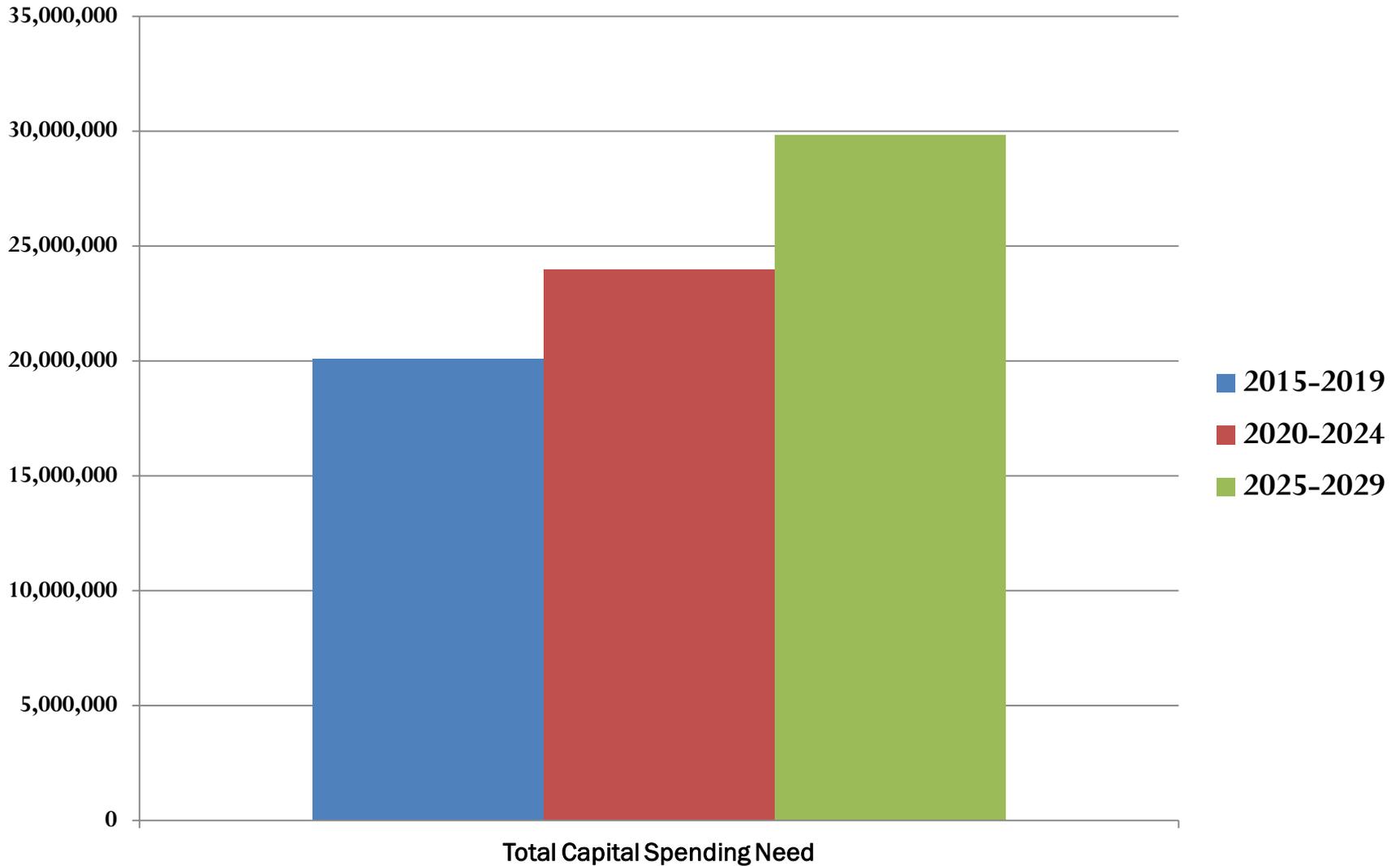
Capital Needs Projections

Assumptions

- No new major federal or state statutory requirements that would impact Capital Projects or Equipment
- No new technologies- i.e. assets will be replaced with similar assets
- No purchases or sales of land
- Utilities budget capital spending separately from Capital Budget
- MCJM comprised of Madison's portion of debt amortization
- Asset useful lives- GASB 34, guided by condition assessment and field experience
- Replacement- Dept. head input, projected schedule of work (e.g. roads) or at end of asset useful life
- Historic cost or 2014 valuation with annual 3% cost escalator for projects based on ENR Construction Cost Index History



Capital Needs Projections



Budget Committee Guideline v. Historic Capital Improvement Budget

\$thousands	Mid-point	
	Guideline	
	2005	2,000
	2006	2,200
	2007	2,400
	2008	2,500
	2009	2,500
	2010	2,500
	2011	2,500
	2012	2,500
	2013	2,600
	2014	<u>3,000</u>
		<u><u>24,700</u></u>

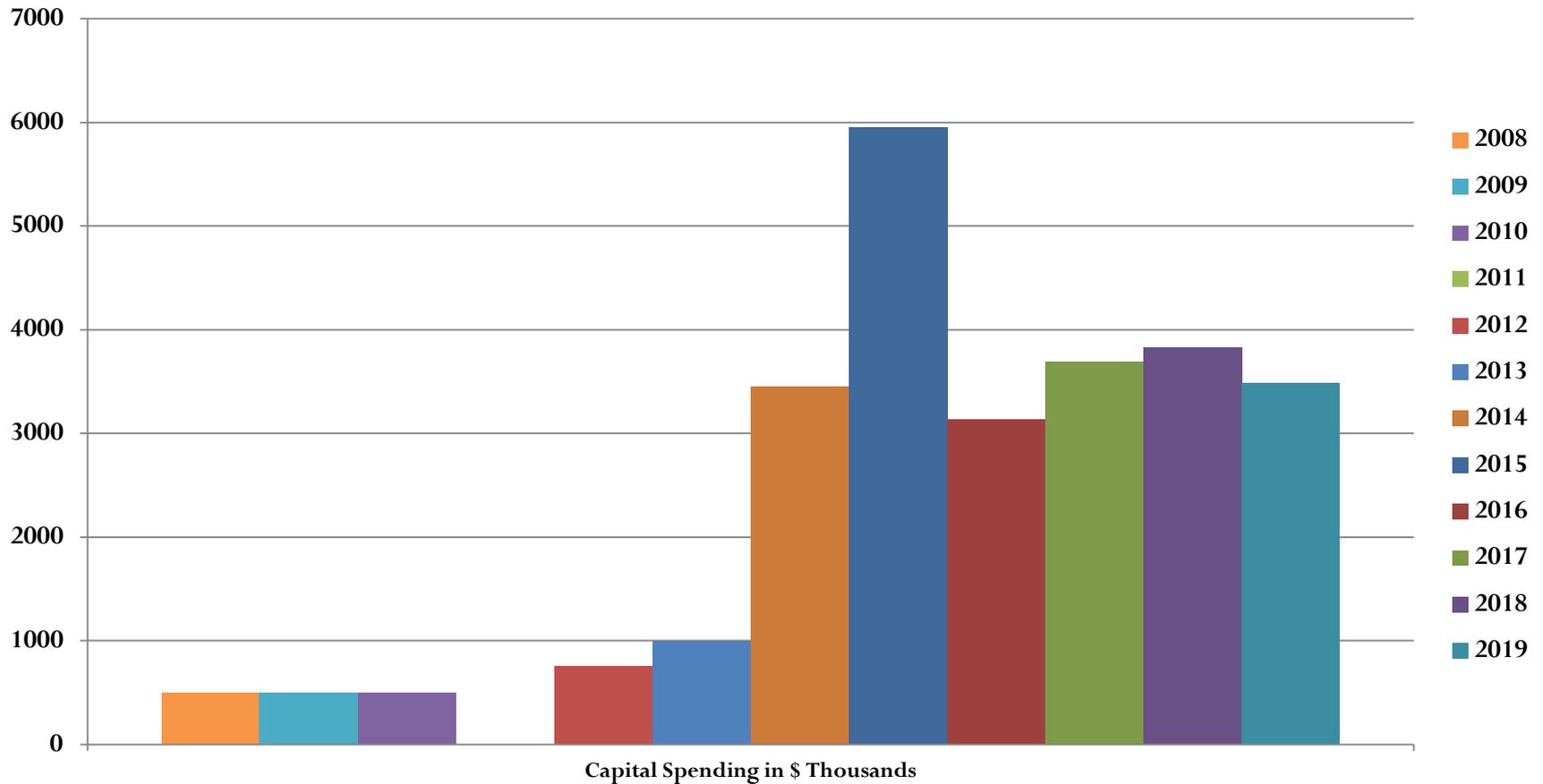
Budget Committee Guideline v. Historic Capital Improvement Budget

\$thousands	Mid-point		
	Guideline	Capital Budget	
	2005	2,000	1,000
	2006	2,200	1,505
	2007	2,400	1,500
	2008	2,500	500
	2009	2,500	500
	2010	2,500	500
	2011	2,500	0
	2012	2,500	750
	2013	2,600	1,000
	2014	3,000	3,500
		<u>24,700</u>	<u>10,755</u>

Capital Needs Projections

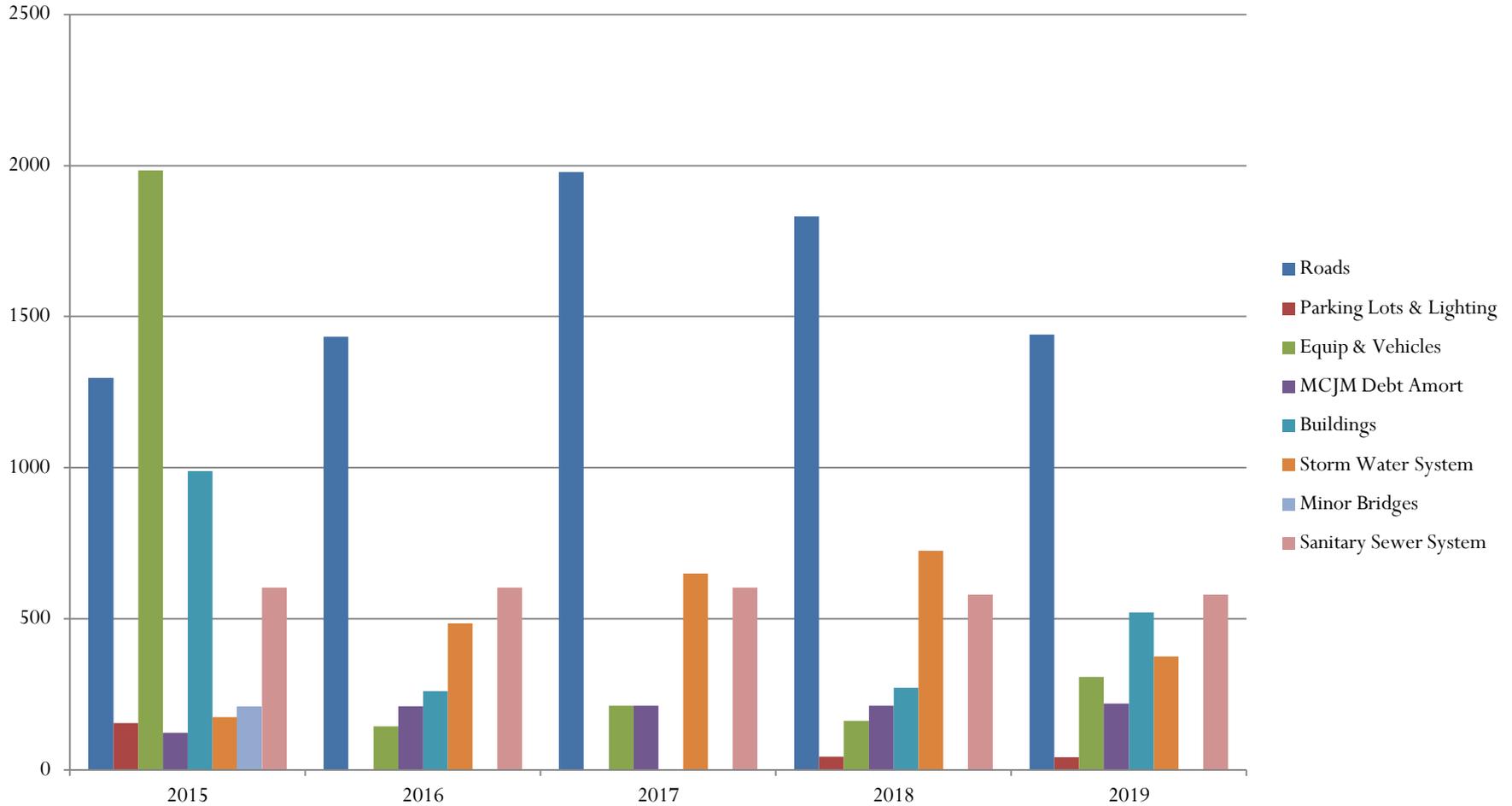
2015-2019

Capital Needs in \$000



2015-2019 Projection Detail

Capital Spending by Category



2015 Capital Needs Detail in \$000

Asset Category

Parks Improvements	\$ 413
Roads	1298
Parking Lots & Lighting	155
Equip & Vehicles	1985
MCJM Debt	123
Buildings	988
Storm Water System	174
Minor Bridges	209
Sanitary Sewer System	604
<u>total</u>	\$ <u>5949</u>

2015 Equipment & Vehicle Projected Needs

- **\$ 131,000** : Equipment (oldest 1965 generator \$31k, newest 2005 trailer \$3K)
- **\$ 678,000** : Vehicles- 27 Cars and small trucks (oldest 1995 pick-up \$31k, newest 2005 crown victoria \$24k)
- **\$ 294,000** : Vehicles-4 heavy duty trucks (oldest 1995 loader \$93k, newest 2000 dump truck \$70k)
- **\$ 881,000** : 3 Fire Dept. vehicles, 1 line truck, 1 pump (oldest 1985 pump \$52k, newest 1998 MFD pumper \$313k)
- **TOTAL= \$1,984,000**

2015-2019 Capital Needs Detail

<u>Asset Group</u>		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>total</u>
Parks- Improvements		413	0	38	0	0	451
Roads		1298	1433	1979	1832	1440	7982
Parking Lots & Lighting		155	0	0	43	42	240
Equip & Vehicles		1985	144	213	162	307	2811
MCJM Debt		123	211	213	213	219	979
Buildings		988	260	0	272	521	2041
Storm Water System		174	484	649	725	375	2407
Minor Bridges		209	0	0	0	0	209
Sanitary Sewer System		604	604	604	580	580	2972
<u>total</u>		<u>5949</u>	<u>3136</u>	<u>3696</u>	<u>3827</u>	<u>3484</u>	<u>20092</u>

Alternative Strategies

1. Project capital needs on a rolling 5- year basis, deal with current year requests as presented
2. Project capital needs on a rolling 5-year basis, institute ongoing, steady investment programs for most asset categories-similar to 20 year road program

2015-2019 Capital Needs Recommendations

- “Scrub” vehicle inventory list for items no longer in service, but still on insurance listing
- Determine if the following re-scheduling is possible:
 - ✓ Consider moving \$413k Parks Improvements to 2016
 - ✓ Spread \$1 million of vehicle program over next 5 years, with 2015 & 2016 still significant amounts
 - ✓ Determine criticality of Minor Bridge work-possible for 2019?

Adjusted 2015-2109 Capital Needs

<u>Asset Group</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>total</u>
Parks- Improvements	413	0	38	0	0	451
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MCJM Debt	123	211	213	213	219	979
Buildings	988	260	0	272	521	2041
Storm Water System	174	484	649	725	375	2407
Minor Bridges	209	0	0	0	0	209
Sanitary Sewer System	604	604	604	580	580	2972
Rescheduling	-1622	913	350	75	284	0
<u>total</u>	<u>4327</u>	<u>4049</u>	<u>4046</u>	<u>3902</u>	<u>3768</u>	<u>20092</u>

Recommendations

✓ Set Investment Priorities by Asset Category:

Key: Utilities, Sanitary Sewer System

Very Important: Roads, Stormwater System, Public Safety, Major Equipment and Vehicles

Important: Buildings, Other Equipment and Vehicles, Parks

✓ Group vehicles for Fleet Purchasing/Lease pricing

✓ Determine if there is an economic advantage in leasing certain equipment v. purchasing

✓ Determine if certain infrequently used equipment could be a shared purchase with neighboring towns

✓ Explore renovation of vacant east wing of HDM, lease to third party lessee

✓ Set a reserve for unexpected events and emergencies

Long Term Assets

- Some of Madison's Capital Assets have very long useful lives and high replacement costs
- Replacement for these "extraordinary" assets is 15 to 30+ years from now
- Schedule provides directional guidance only as it is based on long range forecast of useful lives and replacement costs
- Committee recommends reviewing these assets each budget cycle for condition, forecast replacement timeframe and updated cost estimates

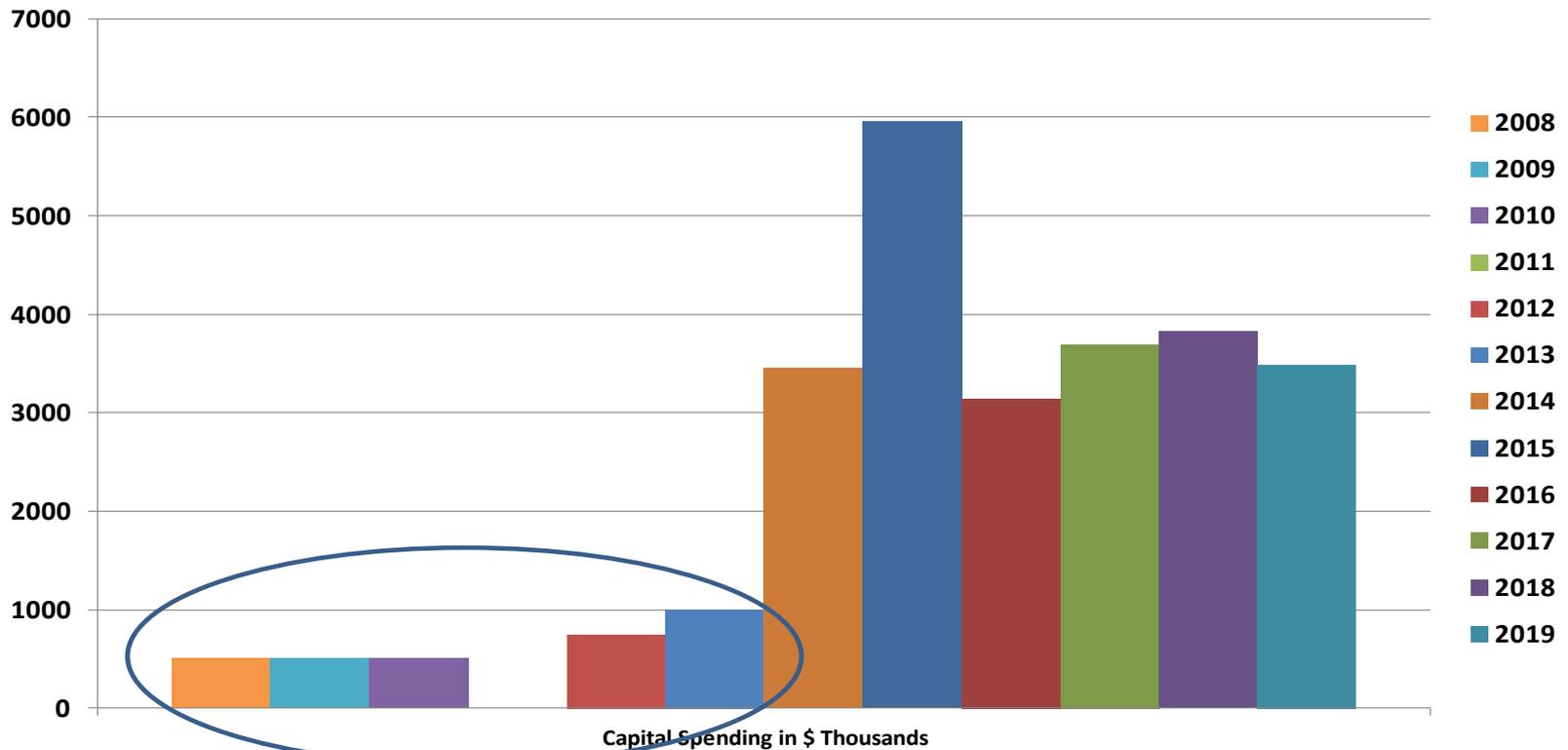
Long Term Assets

<u>Select Long Term Assets</u>						
(\$millions)					<u>2025-2029</u>	<u>2030—</u>
Subtotal Buildings					4.7	16.0
Subtotal Recreational Parks					3.7	3.6
Subtotal Minor Bridges					1.2	1.6
Subtotal Sanitary Sewer System					2.5	0
Subtotal Electric Dept.					2.2	3.2
Subtotal Water Dept.					1.5	12.0
Total					\$ 15.80	\$ 36.40
mid-point to 2015 in years					12.5	22.5
"Annualized" cost to 2015					\$ 1.26	\$ 1.62
beyond 2030					\$ 1.62	
Total					\$ 2.88	\$ 1.62

Capital Needs Projections

2015-2019

Capital Needs in \$000



Strategic Planning Committee Capital Assets: Potential Next Steps

- Analyze each asset category in more detail and apply a criticality rating to each asset/project
- Develop rolling 20 year investment programs
- Identify under-utilized assets and explore efficiencies and opportunities for revenue generation/cost reduction
- Review Long Term Assets- develop strategy
- Review capital asset strategic planning programs in other communities for concepts and programs that could benefit Madison

Thank You !