Investing in Justice: Courthouse Complex

Fiscal Impact Report – Amendment #5, 2026 Adopted Budget

July 2026

MILWAUKEE COUNTY

Report Background & Context

1

May 2026 (Comptroller)

Property tax levy & debt service overview

File #26-445

2

June 2026 (DAS)

A&E project management capacity for IJCC & non-IJCC capital projects

File #26-490

3

July 2026 (SBP)

Annual GO bond limit & ability to fund non-IJCC capital needs

WE ARE HERE

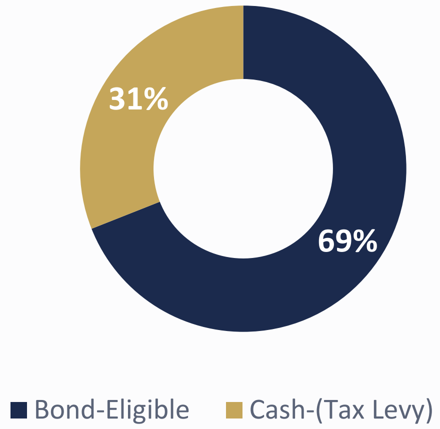
Board Amendment #5 (2026 Budget) – Report to assess IJCC fiscal impacts.

Capital Funding Sources

Bonds & Cash Financing

- Capital improvements (excluding Airport) are financed primarily through general obligation bonds/notes and cash (mainly the property tax levy)
- Bond proceeds finance infrastructure-related capital activities; eligible use is governed by IRS rules and state statute
- Projects that are not bond-eligible must be financed with cash (i.e. tax levy) or other sources — private contributions, federal/state/local funds, etc.
- Airport projects are funded separately through Passenger Facility Fees, Airport Reserves & GARBs — no impact on the County's tax levy

Annual Capital Project Needs



Excludes Airport-funded projects

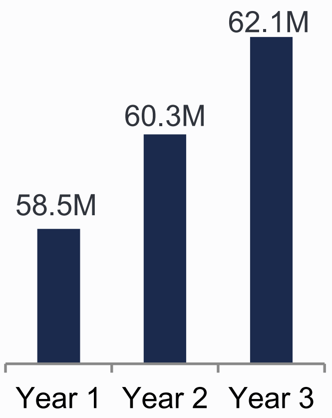
Approx. 69% of annual capital project needs are bond-eligible; the remaining 31% require cash financing | Airport projects are self-supporting and excluded from this report

Self-Imposed Bonding Limit Policy

Annual Bond Cap Rule

- Bond-funded capital projects are limited to no more than a 3% increase over the prior year's adopted bond amount
- Adopted under County Board File #03-263 (June 2003)
- Applied annually during the operating and capital budget adoption process
- Limits year-over-year growth in bond-funded allocations to moderate growth in debt obligations

How the Cap Compounds



Illustrative example — indexed growth at the 3% cap

Adopted to Bond Cap Comparison (2017 – 2026)

BUDGET YEAR	BOND LIMIT	BOND ADOPTED	VAR $ Limit Exceeded	VAR % Limit Exceeded
2023	$45,840,525	$108,718,761	$62,878,236	137.2%
2022	$44,505,364	$89,505,364	$45,000,000	101.1%
2024	$47,193,777	$53,550,497	$6,356,720	13.5%
2017	$40,411,854	$41,147,918	$736,064	1.8%
2025	$45,908,602	$46,229,795	$321,193	0.7%
2020	$44,927,646	$44,927,646	$0	0.0%
2021	$46,275,475	$46,275,475	$0	0.0%
2026	$56,811,722	$56,811,722	$0	0.0%
2019	$43,625,968	$43,619,074	($6,894)	0.0%
2018	$39,669,356	$39,642,309	($27,047)	-0.1%

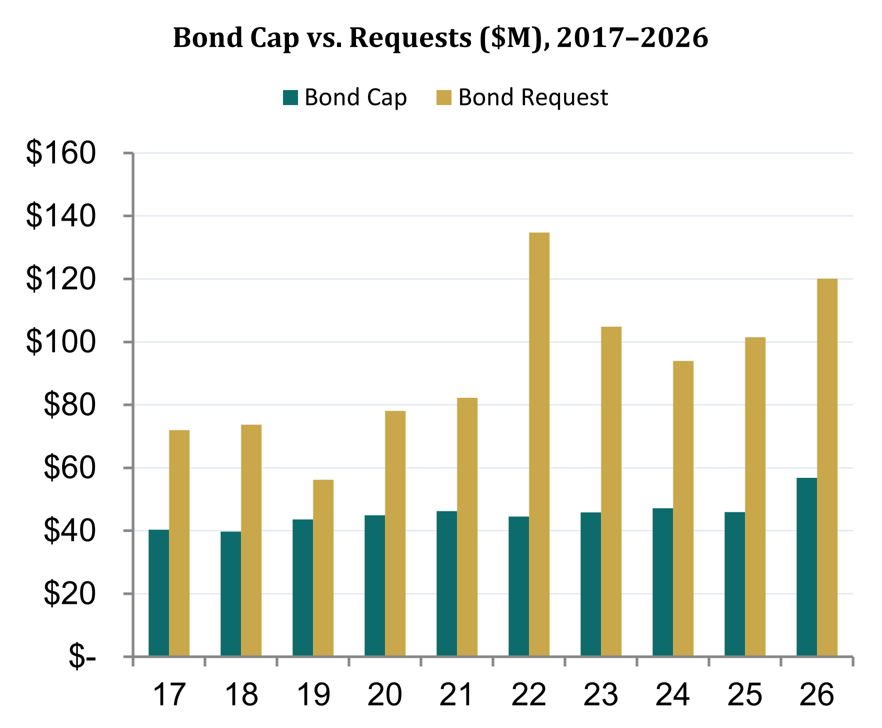
Exceeded Limit (5x) (primarily Forensic Science building in 2023, new public museum contribution in 2022); Met Limit (3x); Under Limit (2x)

Adopted under County Board File #03-263 — caps annual growth in bond-funded capital allocations at 3% over the prior year's adopted amount

County Bonding Framework

Self-Imposed Bond Cap Policy

- Annual bonding limited to 3% increase over prior year's adopted amount (File #03-263)
- Since 2017, County can fund (an average) ~62% of bond eligible requested project costs
- Since 2017, County average annual shortfall ~$34.7M between departmental requests and the existing annual bonding cap(s)
- Cash funding goal of 20% (of total County contribution) set annually
- Estimated available cash funding estimated between $7 - $9M (excluding IJCC); Increase in cash funding (i.e. tax levy) to supplement bonds is unlikely due to fiscal constraints associated with the operational budget



IJCC Project Cost — Revised Estimate

PRIOR ESTIMATE (2019)

$489.7M

Based on preliminary design from 2014-2019 (excluding debt service)

→

UPDATED ESTIMATE (2026)

$896.6M

Based on 100% conceptual design in Q2 2026 (excluding debt service)

POTENTIAL FUTURE COST UPDATES

- Costs will continue to change through final construction documents AND ongoing policymaker input
- Additional costs could include scope expansion to other Courthouse Complex capital projects pending board preferences and decision

BUDGET YEAR	$ Appropriation
2024 (Tax Levy-Adopted)	$9,450,000
2025 (Tax Levy-Adopted)	$13,360,000
2026 (Tax Levy-Adopted)	$15,820,000
2027 (Remaining)	$857,948,000
TOTAL	**$896,578,000**

***Proposed Funding: $38.6M already adopted (2024-2026 Board action) | $857.9M new GO bonds**

IJCC Estimated Project Costs & Offsets

IJCC Project Costs

Estimated Bonding amount of $857.9M

Cost estimate will change as design is further refined and additional policymaker input is incorporated.

ESTIMATED AVERAGE TAXPAYER IMPACT ($250K PROPERTY)

$137/yr

$2,732 total over the life of the debt (20 years)

ESTIMATED TOTAL DEBT SERVICE IMPACT (COUNTY) – IJCC Only

$1.48B (Prin+Int)

AVG $73.9M annual debt service payment (20 years)

SCENARIOS TO OFFSET IJCC DEBT IMPACT

1. Status Quo JCC Priority
2. Status Quo + IJCC
3. Modified Bond Limit + IJCC
4. 1-Year Capital Holiday + IJCC

All scenarios AND the IJCC project remain within the estimated state statutory debt limit. Figures will shift as actual equalized values are realized and/or if the County's bond cap policy changes.

How close will we be to our debt limit?

$4.8B

Net Remaining Debt Capacity as of 12/31/2025

$422.3M Outstanding GO Debt with 8.0% of statutory capacity utilized

$4.8B – $8.0B

Estimated AVG Net Remaining Debt Capacity (next 20 years)

Scenarios 1 – 4 (includes IJCC)

11.7% – 18.0%

Estimated AVG Capacity Used (next 20 years)

Scenarios 1 – 4 (includes IJCC)

Four Bonding Scenarios Evaluated - #1

1

Status Quo
IJCC Priority

ELIMINATED

IJCC absorbs all bonding capacity for 12 years.

Non-IJCC projects cannot be funded.

Creates issues with contractual/mandated obligations.

OPERATIONAL FEASIBILITY

NO

CMAR construction contracts require full budget authority in a single year — annual 3% increments can't meet that need. IJCC would consume the entire bond cap for roughly 12 years.

PRO

- No change to the existing 3% bond cap policy
- Simplest policy — no new framework required

CON

- Non-IJCC projects unfunded for ~12 consecutive years
- Incompatible with CMAR single-year funding requirement
- Delays contractual/mandated work (SMA roadways, Marcus Center, War Memorial, Villa Terrace)

TOTAL DEBT SERVICE IMPACT (COUNTY)

Not Modeled

Eliminated on operational grounds before fiscal quantification

TAXPAYER IMPACT ($250K PROPERTY)

Not Modeled

Eliminated on operational grounds before fiscal quantification

Four Bonding Scenarios Evaluated - #2

2

Status Quo + IJCC

EVALUATED

Maintain 3% annual cap for non-IJCC.

No change from the current capital budget process.

Highest debt service cost.

OPERATIONAL FEASIBILITY

YES

No change to the current capital budget process — the existing 3% cap continues for non-IJCC projects while IJCC is fully funded in Year 1.

PRO

- No policy change required to implement
- Highest share of non-IJCC funding among alternatives (~49% of requests)
- Helps prevent further widening of the capital backlog

CON

- Highest total debt service cost of the three modeled scenarios (2 – 4)

ESTIMATED TOTAL DEBT SERVICE IMPACT (COUNTY)

***$481.5M (Prin+Int)**

AVG $62.1M bonds issued annually over 5 Yrs

**$1.96B (Prin+Int) when IJCC debt service is included*

ESTIMATED AVERAGE TAXPAYER IMPACT ($250K PROPERTY)

$59/yr

$887 total over the life of the debt

Four Bonding Scenarios Evaluated - #3

3

Modified Bond Limit + IJCC

EVALUATED

5% reduction in annual non-IJCC cap (~$3.1M/yr less).

Contract/mandated/continuing project funding through year 2.

Bond shortfalls emerge in years 3–5.

OPERATIONAL FEASIBILITY

MANAGEABLE

Years 1–2 fully cover mandated, contractual & ongoing needs. Shortfalls begin in year 3 and grow through year 5 — manageable with active monitoring.

PRO

- $24.2M (5.0%) less total debt service (P&I) than Scenario 2 - Status Quo + IJCC
- Funds mandated/contractual/high-priority needs (transit, fleet) in years 1–2

CON

- 5% cut to the annual non-IJCC bond cap (~$3.1M/yr, ~$15.5M over 5 years)
- Shortfall grows from ~$433K (Yr 3) to ~$2.2M (Yr 5)
- New/discretionary project funding constrained after Year 2

ESTIMATED TOTAL DEBT SERVICE IMPACT (COUNTY)

***$457.3M (Prin+Int)**

AVG $59M bonds issued annually over 5 Yrs

ESTIMATED AVERAGE TAXPAYER IMPACT ($250K PROPERTY)

$56/yr

$843 total over the life of the debt

**$1.94B (Prin+Int) when IJCC debt service is included*

Four Bonding Scenarios Evaluated - #4

4

1-Year Capital Holiday + IJCC

EVALUATED

Funds mandated, contractual & fleet needs only.

Reverts to Status Quo after year 1.

OPERATIONAL FEASIBILITY

YES

Year 1 funds only mandated, contractual & fleet needs; the cap reverts to Status Quo afterward. Bus replacements were already excluded from MCDOT's 2027 request.

PRO

- Lowest total debt service of the three scenarios
  - ~$49.6M (10.3%) less than Scenario 2
  - ~$25.4M (5.6%) less than Scenario 3
- Lowest cost to property taxpayers of the three scenarios
- Contractual/Mandated/Fleet Replacements still funded in Year 1

CON

- Continuing/ongoing and non-IJCC projects deferred entirely in Year 1 — adds to backlog
- New/discretionary funding paused for one year

ESTIMATED TOTAL DEBT SERVICE IMPACT (COUNTY)

***$431.9M (Prin+Int)**

AVG $53.2M bonds issued annually over 5 Yrs

ESTIMATED AVERAGE TAXPAYER IMPACT ($250K PROPERTY)

$53/yr

$793 total over the life of the debt

**$1.91B (Prin+Int) when IJCC debt service is included*

Property Tax Impact to Property Owners

$250,000

Assessed Property Value

IJCC tax impact identical across all 3 scenarios

(fully funded in each)

Est Impact to Property Owners ($250,000 Property Value)						
	(2) Status Quo + IJCC		(3) Modified Bond Limit + IJCC		(4) 1-Year Capital Holiday + IJCC	
	ANNUAL AVG	*TOTAL*	*ANNUAL AVG*	*TOTAL*	*ANNUAL AVG*	*TOTAL*
Non-IJCC Projects	$59	$887	$56	$843	$53	$793
IJCC Project	$137	$2,732	$137	$2,732	$137	$2,732
TOTAL	**$196**	**$3,619**	**$193**	**$3,575**	**$190**	**$3,525**

Impacts

- Annual impact varies by up to $6 across scenarios — ranging from $190 to $196 per year
- On average, non-IJCC costs comprise approximately 30% of the debt service costs and IJCC costs comprise 70%
- Reflects only the County's share of the tax bill; other taxing jurisdictions are not included

State Expressway Policing Aids (EPA)

Tax Levy through EPA Scenarios

Scenario Description	Total Estimated Principal & Interest	<u>Offset</u> (Direct Levy from Reallocated Expressway Aids)	EST Net Total Debt Service (passed on to Property Owners)	EST Property Taxpayer Impacts — $250,000 Property Value: EST Total	EST Annual AVG
Scenario A: 100% Milwaukee County Debt Service Financing	1,478,953,667	0	1,478,953,667	2,732	137
Scenario B: Offset - Direct Levy (via Expressway Policing Aids)	1,478,953,667	(316,400,000)	1,162,553,667	2,159	108
		Reduced Debt & Taxpayer Impact	(316,400,000)	(573)	(29)
			% Reduction	-21.0%	-21.0%

**$316,400,000 assumes 20 years of tax levy freed up by EPA revenue. If EPA revenue is applied during the life of the project and for the 20 year period thereafter to pay off bonds, up to $411,200,000 could be available to offset taxpayer impacts related to the project.*

EPA Scenarios Impacts

SCENARIO A — No offset to Debt Service

Full debt service passed to taxpayers. No offset from State funding.

SCENARIO B — Assumed Tax Levy Offset Continues at $15.8M/yr

$316.4M total taxpayer reduction over debt repayment term.

State Expressway Policing Aids (EPA)

EPA Funding & IJCC Allocation

- The 2025–27 Biennial Budget included additional EPA revenue for the Sheriff's Office, freeing up property tax levy directed toward IJCC.
- 2025: $7.5M in freed-up levy allocated to IJCC.
- 2026: $15.8M allocated to the IJCC project.
- Scenario B assumes continuation of the $15.8M, applied as an annual offset to IJCC debt service — reducing the impact on property taxpayers by a like amount.
- Allows flexibility to reallocate from Debt Service offset to IJCC project to cover potential non-bond eligible items (if needed).

⚠ Reallocation Considerations

- May risk State reauthorization of future EPA revenue if viewed as diverging from original legislative intent.

Next Steps

- Review and evaluation of the 2027 IJCC Capital Budget Request as part of the annual budget development process.