



Milwaukee County Financial Resources: Challenges and Opportunities

Agenda



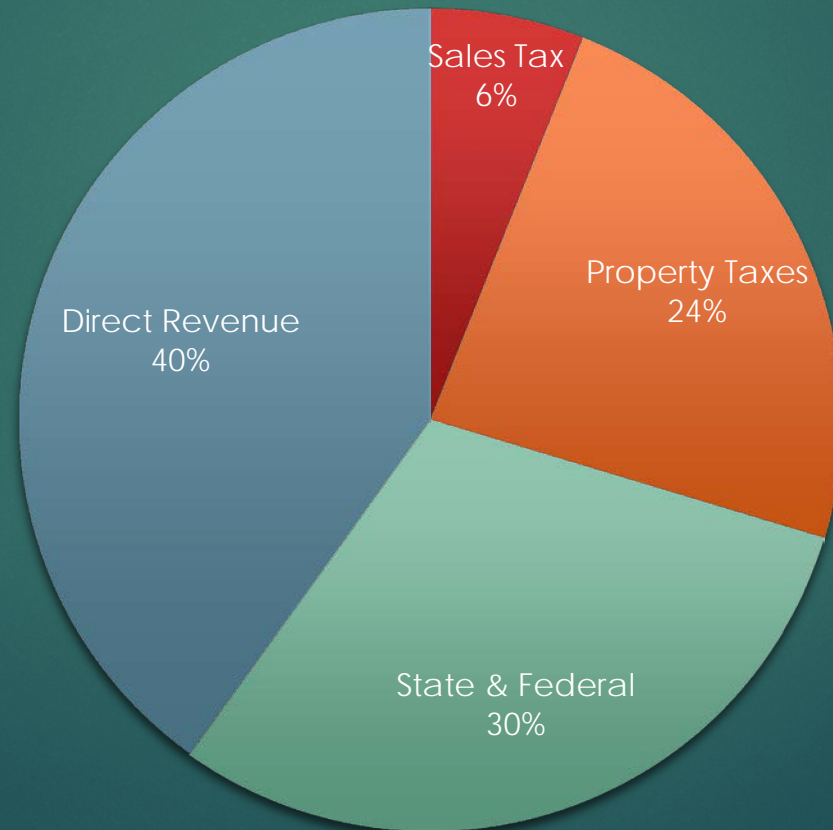
1. Overview of County Revenues and Expenses
2. County Fiscal Challenges
3. County Capital Infrastructure Needs
4. Financial Impact Comparisons
5. Research and Case Study
6. Potential Financing Scenarios



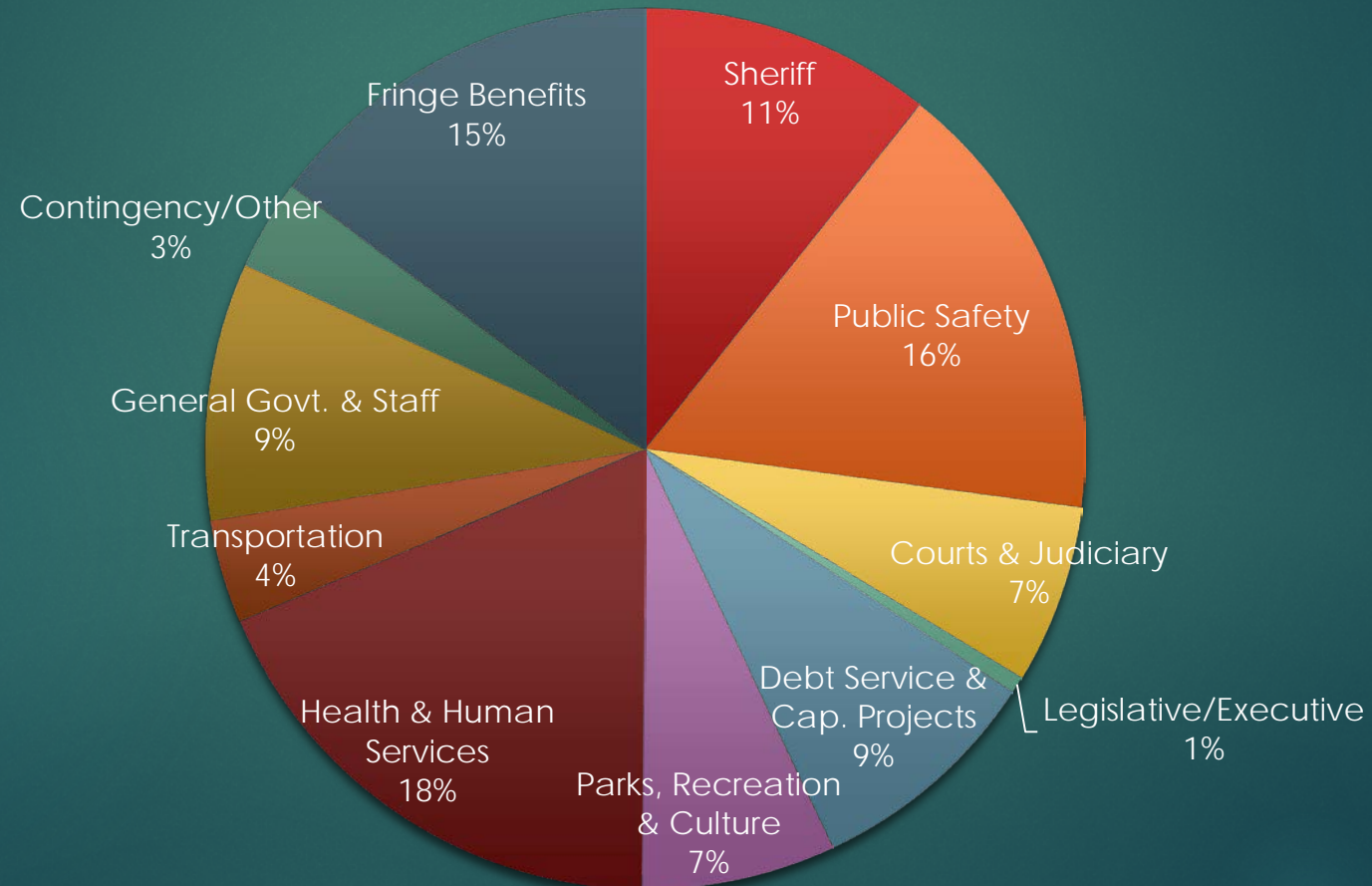
Over of County Revenue and Expenses

Overview of County Revenues and Expenses:

2017 Revenues by Source

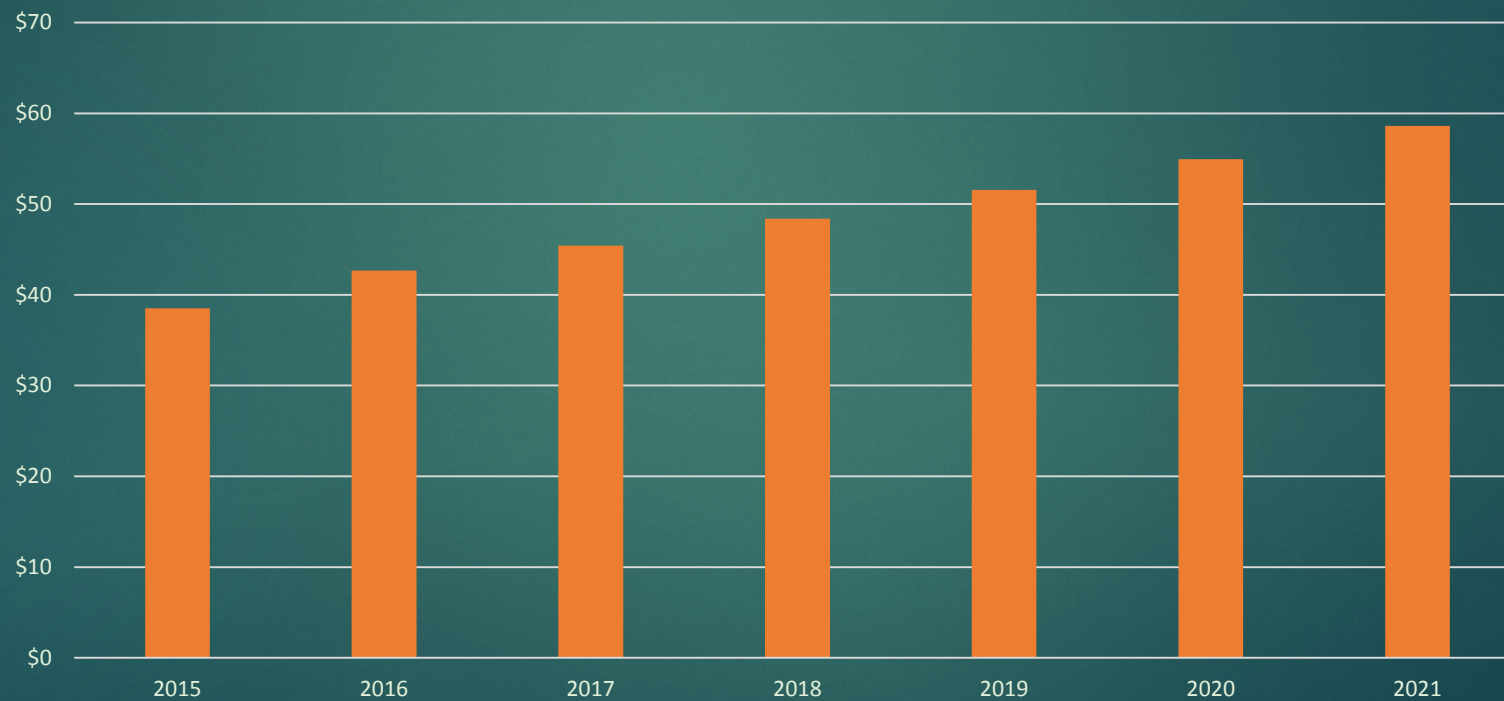


Overview of County Revenues and Expenses: 2017 Levy By Function

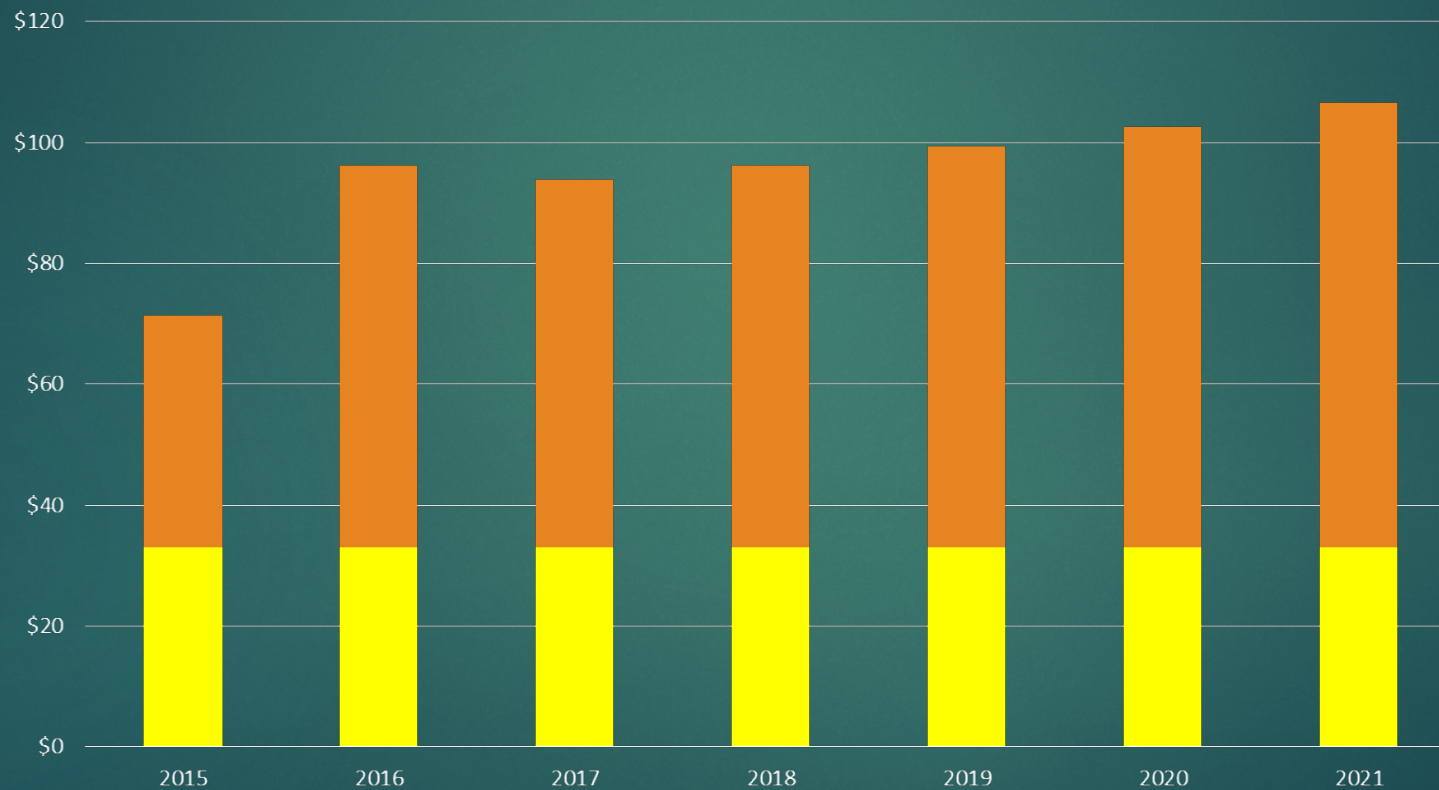


County Fiscal Challenges

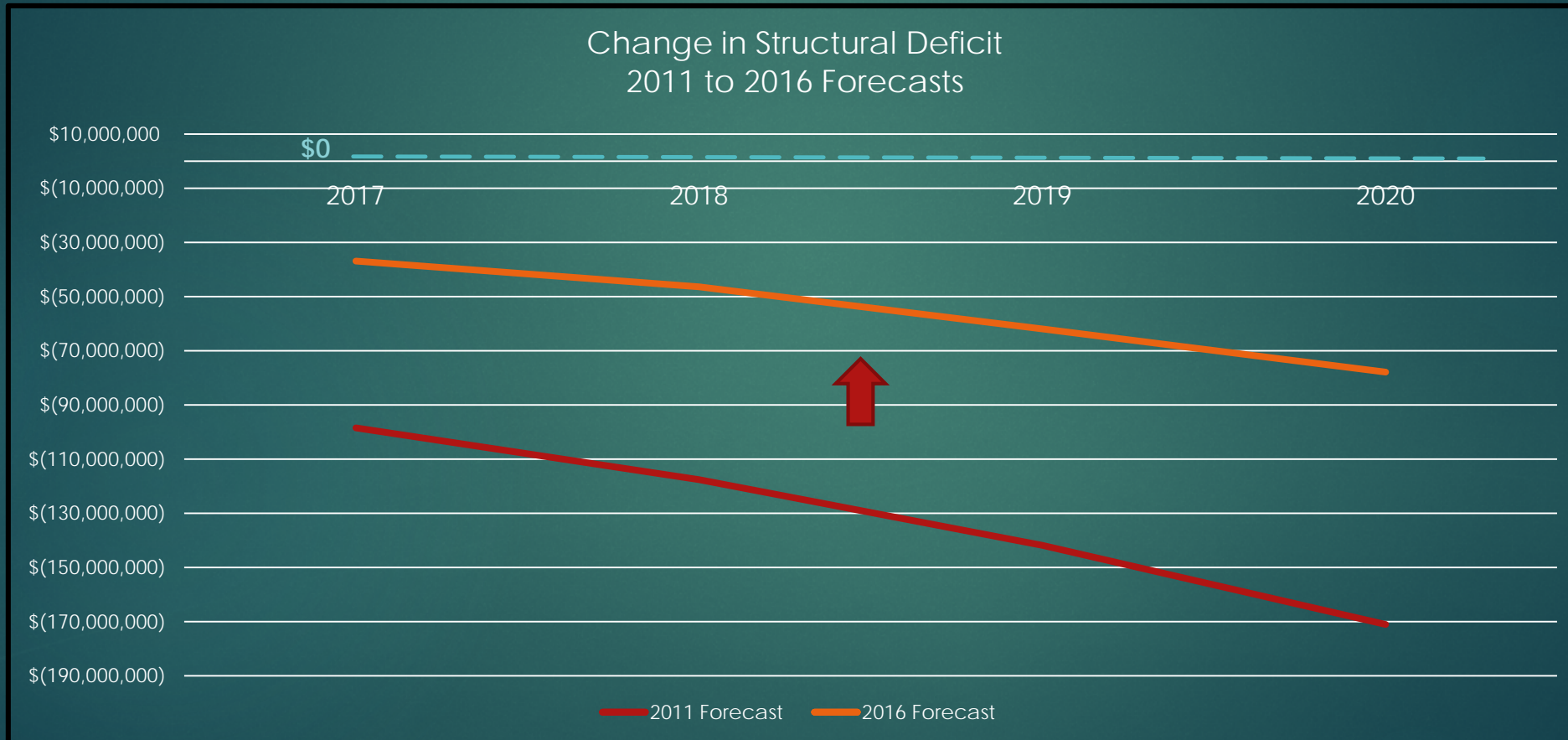
County Fiscal Challenges: "OPEB" Liability



County Fiscal Challenges: Pension Contributions



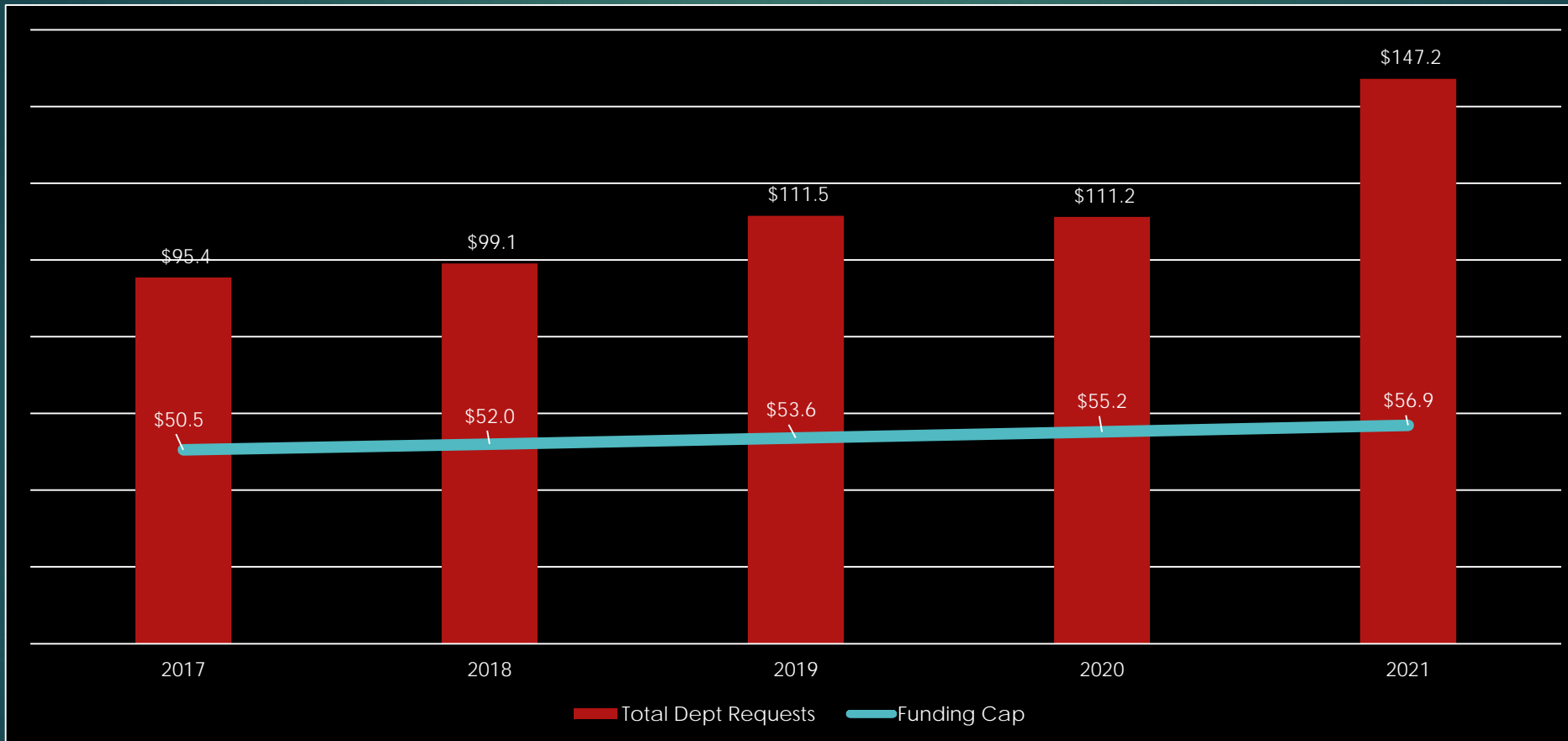
County Fiscal Challenges: Five Year Forecast





County Capital Infrastructure Needs

County Financing for Capital Requests by County Depts. (2017-2021) in millions



County Infrastructure Capital Needs

- ▶ County took responsibility for billions of assets without funding streams for maintenance
- ▶ County is responsible for: \$1.9 billion in buildings, 156 parks, major cultural institutions, 600 miles of roads, 96 bridges, hundreds of buses, highway maintenance fleet, sheriff's vehicles, etc.
- ▶ 2016 Total Capital Budget of \$48.4 million growing at 3% per year (based on debt affordability model)
- ▶ Approximately \$246 million in unmet capital needs for cultural facilities and parks alone.
- ▶ New criminal court facility necessary at an estimated cost of \$185 million.

Financial Impact Comparisons

Domes Financials

Year	Expense	Revenue	Profit/Loss
2010	\$1,451,121	\$755,007	\$696,114
2011	\$2,924,546	\$1,621,928	\$1,302,619
2012	\$1,437,219	\$819,800	\$617,419
2013	\$1,611,806	\$810,482	\$801,324
2014*	\$2,048,939	\$744,550	\$1,304,389
2015	\$1,504,986	\$1,018,676	\$486,310
2016 YTD*	\$1,013,425	\$153,174	\$860,251
Grand Total	\$11,992,043	\$5,923,617	\$6,068,427

* One or more Domes closed during year

Recent Capital Investments: Mitchell Park Domes (2003-2016)

Project Number	Description	Amount
WP016	Mitchell Domes Redevelopment	\$3,235,635
WP132	Mitchell Park Domes & Reflection Pool	\$1,966,752
WP172	Mitchell Park Domes Roof	\$741,556
WP174	Domes HVAC Repairs & Upgrades	\$119,974
WP383	Mitchell Domes Electrical	\$390,049
WP411	Domes – Air Handling System	\$20,167
WP490	Mitchell Domes Plan/Net	\$972,000
	Total	\$7,446,133

Comparison of Financial Support: Milwaukee County Cultural

Cultural Entities Receiving Support from Milwaukee County		
<u>Entity</u>	<u>2017 Operating Support</u>	<u>Capital Support (2012-2016)</u>
Milwaukee Art Museum	\$1,290,000	\$1,975,351
War Memorial	\$486,000	\$20,489,039
Milwaukee Public Museum	\$3,500,000	\$10,980,417
Marcus Center for the Performing Arts	\$900,000	\$4,619,683
Milwaukee County Historical Society	\$258,105	\$4,349,495
Charles Allis Villa Terrace	\$225,108	\$2,123,748
Milwaukee County Fund for the Arts	\$407,825	\$0
Milwaukee County Federated Library System	\$66,650	\$0
Total	\$7,133,688	\$44,537,733

Financial Impact Comparisons: Per Person Taxpayer Support

	Attendance (2015)	Annual Per person Operating Subsidy	Annualized Per Person Capital Subsidy	Total Annualized Per Person Subsidy
Mitchell Park Conservatory	240,179	\$2.71	\$13.32 ⁺	\$16.03
Milwaukee Public Museum	452,544	\$7.73	\$24.26 [~]	\$31.99
Milwaukee County Zoo	1,379,004	\$3.13	\$6.95 [^]	\$10.08
Miller Park Stadium	2,542,558	\$0.00	\$5.70 [*]	\$5.70
BMO Bradley Center/Arena	1,200,000	\$0.00	\$10.42 [*]	\$10.42

⁺Option "R" – Replacement in kind (\$64m)

[^]African Plains Capital Project (\$9.587m)

[~] 2012-2016 Capital Expenditures

^{*}Publicly Financed Amount over 20 years

Comparison of Financial Impact: State Tax Collections

	Attendance (2015)	Direct Income Tax Collected	Direct Sales Tax Collected	Total Annual Direct State Tax Revenue
Mitchell Park Conservatory	240,179	\$38,927	\$1,600	\$40,527
Milwaukee Public Museum	452,544	\$257,178	\$138,591	\$395,769
Milwaukee County Zoo	1,379,004	\$322,979	\$495,405	\$818,384
Miller Park Stadium	2,542,558	\$8.6 million	\$5.8 million*	\$14.4 million
BMO Bradley Center	Approximately 1.2 million annually	\$6.5 million	\$2.8 million	\$9.3 million

*estimate based on available data

Research and Case Study

Case Study: Milwaukee County Zoo African Plains Exhibit

- ▶ Milwaukee County Zoo is the only zoo in the Upper Great Lakes Region with an African elephant exhibit.
- ▶ New African elephant exhibit required to meet AZA accreditation standards.
- ▶ Total project cost is \$16,000,000 with Milwaukee Zoological Society contribution 50%.

Private Contributions

Facility	Sponsor	Amount/Year	Term (Years)
<u>Annual Contributions</u>			
Pro Football Hall of Fame Entertainment Village	Johnson Controls	\$3,000,000*	TBD
Bradley Center Basketball Arena	BMO Bank & Others	\$3,000,000	6
Milwaukee Brewers Baseball Stadium	Miller Brewing	\$2,000,000	20
Milwaukee Arena	UWM	\$340,000	10
Milwaukee Theater	MillerCoors	\$350,000	5
<u>One-Time Contributions</u>			
Milwaukee County Zoo Entrance	US Bank	\$2,500,000	
Milwaukee Mile Media Center	Peck Family	\$250,000	

* Figure based on available reports



Potential Financing Scenarios

Alternative Funding Scenarios

1. Utilize funds from operating subsidy for debt service
2. Dedicate 50% of Parks Annual Capital budget for 5 years
3. Issue \$50 million in General Obligation Bonds

Alternative Funding Scenario 1

- ▶ Current operating subsidy for the Conservatory is approximately \$600,000 annually.
- ▶ If a new, more efficient facility could break even, those funds could be diverted to pay debt service.
- ▶ \$600,000 would fund debt service for approximately \$7.5 million in general obligations bonds.
- ▶ Assuming a \$7.5 million private match is available, a total project budget of \$15 million would be available.

Alternative Funding Scenario 2

- ▶ Annual Parks capital budget is approximately \$10 million
- ▶ Dedicating one-half of those funds for a five-year period would provide \$25 million for project funding
- ▶ Assuming a \$25 million private match, a total of \$50 million would be available.

Alternative Funding Scenario 3

- ▶ County bonding caps are not statutory, but were self-imposed in early 2000's when the County refinanced a portion of outstanding debt due to budgetary constraints.
- ▶ County can legally issue additional debt and raise property taxes to cover debt service.
- ▶ County property taxes remain significantly higher than surrounding counties.
- ▶ \$50 million in general obligation bonds would require a property tax levy increase of approximately \$4 million annually.
- ▶ Assuming a \$25 million match, a total of \$75 million would be available.
- ▶ A regional approach to financing would be desirable if this approach is scenario is pursued.

Conclusions and Other Issues

- ▶ Milwaukee County has growing capital infrastructure and other long-term obligations limiting our ability to absorb additional debt.
- ▶ A project similar in size to the Zoo's African Exhibit may be possible with current County financial structures.
- ▶ A large scale project could not be absorbed within current County financial structure and would require collaboration with the State and/or neighboring communities.
- ▶ Consideration should be given for a long-term revenue stream for maintenance of a new facility.

Questions/Discussion

