

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Date: June 1, 2022

To: Members of the Milwaukee County Capital Improvements Committee

From: Capital Improvements Committee – Committee Staff

Subject: Preliminary Financing Goals for the 2023 Capital Improvement Budget

The following report provides information regarding the preliminary financing guide (guide) for the 2023 Capital Improvement Budget. **Due to separate financing sources, the Airport is NOT included in the Financing Goals.**¹

For non-Airport related capital projects, the County issues general obligation bonds (bonds). Proceeds of these bonds may be used to finance infrastructure related activities of the County. The United States Internal Revenue Service (IRS) and state statute maintain rules and regulation that dictate and limit the use of bond proceeds, and therefore, what County capital projects are bond eligible. Capital projects that are not bond eligible must then be financed through County cash (primarily sales tax and tax levy) and/or other financing sources (i.e. private contributions, federal- state-locals funds, etc.).

The guide provides an estimated total amount of capital project costs the County can incur (per budget year) based on the following assumptions:

1. Adherence to the annual (self-imposed) **bonding cap** of no more than 3% over the previous year's General Obligation bond issue.²

Based on the 2022 adopted bonding amount of \$44,505,364, the estimated 2023 Bonding Cap is estimated at \$45,840,525.

2. A self-imposed 20% **cash financing goal** for the County's share of each capital improvement project. County cash financing primarily consists of sales tax and property tax levy for non-Airport capital projects. For 2023, the estimated 20% capital cash financing goal is \$11,460,131.

¹ Airport capital projects are typically funded with general airport revenue bonds, airport reserve revenue, passenger facility charge revenue, and federal and state revenue.

² The County has an adopted policy (County Board file number 03-263) limiting the amount of corporate purpose bonds issued to finance capital improvement projects. Under this policy, corporate purpose bond issuance is limited to an increase of no more than 3% over the preceding year's adopted bond amount.

Table 1 - Estimated Available County Financing for Capital Projects (Excludes All Airport (WA) Projects)

	2022 (Adopted BASE)	2023
Bond Cap (Actual for 2022)	\$44,505,364	\$45,840,525
20% Cash Financing Goal (Actual for 2022)	\$7,914,736	\$11,460,131
Available Financing for Capital Projects:	\$52,420,100	\$57,300,656
<i>TOTAL County Cash Finance (Actual for 2022)</i>	15.1%	20.0%

Table 2 - Preliminary Departmental Capital Project Requests (estimated County Share of Project Costs)

	2022 Dept REQs	2023
Estimated Capital Requests:	\$134,197,536	\$140,164,045

Table 3 - Estimated County Financing Available

Estimated County Financing Available/(Shortfall):	(\$81,777,436)	(\$82,863,389)
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Please keep in mind that this is a preliminary guide and is subject to modification. Any revisions to the guide made as a result of such changes, will be given to members at the next Capital Improvement Committee meeting. Additionally, the bond-eligibility of requested projects is preliminary and may be modified based upon the Comptroller Office review.

Cc: David Crowley, County Executive
 Marcelia Nicholson, Chairperson, Milwaukee County Board of Supervisors
 Liz Sumner, Chairperson, Finance Committee
 Mary Jo Meyers, Chief of Staff, County Executive
 Kelly Bablitch, Chief of Staff, County Board of Supervisors
 Joe Lamers, Director, Department of Strategy, Budget, and Performance