

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Date: July 15, 2024
To: Members of the Milwaukee County Capital Improvements Committee
From: Capital Improvements Committee – Committee Staff
Subject: Preliminary Financing Goals for the 2025 Capital Improvement Budget

The following report provides information regarding the preliminary financing guide (guide) for the 2025 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 2024 adopted bonding amount of \$53,550,497, the 2025 Bonding Cap is estimated at \$45,908,602.

The adopted 2024 bonding base of \$53,550,497 results in a 2025 bonding cap of \$55,157,012. However, the cap is adjusted pursuant to the adopted board file 23-919, which committed \$9,248,410 of bond funding from 2025 to 2024 in order to allow for the Rhino Exhibit capital project to move forward and avoid potential delays and cost increases. As a result, \$9,248,410 is removed from the calculation and results in a revised 2025 bonding cap of \$45,908,602.

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 2025, the estimated 20% capital cash financing goal is \$11,477,151.

[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))

	2024 (Adopted BASE)	2025
Bond Cap (Actual for 2024)	\$53,550,497	\$45,908,602
20% Cash Financing Goal (Actual for 2024)	\$26,429,985	\$11,477,151
Available Financing for Capital Projects:	\$79,980,482	\$57,385,753
TOTAL County Cash Finance (Actual for 2024)	33.0%	20.0%

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

	2024 (Adopted BASE)	2025
Estimated Capital Requests:	\$177,450,927	\$139,392,202

Table 3 - Estimated County Financing Available

	2024 (Adopted BASE)	2025
Estimated County Financing Available/(Shortfall):	(\$118,458,706)	(\$82,006,449)

Please keep in mind that this is a preliminary guide and is subject to modification. Any revisions, 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.

Lastly, out-year costs (i.e. years 2 – 5) are conceptual in nature, unless design has been fully completed. These out-year estimates are intended to provide a general, high level cost projection for planning purposes. Overall, these projects will likely experience changes in costs once the full design process has been completed.

Cc: David Crowley, County Executive
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