COUNTY OF MILWAUKEE
Inter-Office Communication

Date: July 1, 2026

To: Marcelia Nicholson-Bovell, Chairwoman, Milwaukee County Board of Supervisors

From: Nicholas Sinram, Executive Director, Office of Strategy, Budget, and Performance
Aaron Hertzberg, Director, Department of Administrative Services

Subject: A report from the Office of Strategy, Budget & Performance and the Department of Administrative Services, providing a fiscal impact report on the Investing in Justice: Courthouse Complex project

File Type: Informational Report

REQUEST

This is an informational report requested by the Milwaukee County Board of Supervisors through Amendment #5 as part of the 2026 Adopted Budget. The Office of Strategy, Budget and Performance (SBP), in cooperation with the Department of Administrative Services (DAS) and the Office of the Comptroller prepared a comprehensive report on the Investing in Justice: Courthouse Complex (IJCC) project's fiscal impact.

As requested, the report includes, but is not limited to, analysis of debt service, tax levy implications, and the County's self-imposed bonding limit. It also assesses how the project may constrain the County's ability to fund other capital needs. Administration has been responsive to this request through the following reports:

Report 1
May 2026 Committee Cycle (Comptroller): An informational report (File #26-445) providing an overview of the IJCC's impact on the property tax levy and debt service.

Report 2
June 2026 Committee Cycle (DAS): An informational report (File #26-490) reviewing the Architecture and Engineering Division's project management capacity for IJCC and non-IJCC capital projects.

Report 3
July 2026 Committee Cycle (SBP): An informational report assessing the County's self-imposed annual general obligation bond limit and the County's ability to fund non-IJCC capital needs.

POLICY

This report follows information presented to the Milwaukee County Board of Supervisors related to the IJCC in prior years through files 16-673, 17-535, 17-592, 18-427, 18-430, 24-44, 24-738, 25-411, 25-582, 25-737, 26-315, 26-425, 26-445, 26-490, and 26-494.

BACKGROUND

County Funding for Capital Projects (General Obligation Bonds/Notes and Cash)

The County's capital improvements program (excluding airport projects) is primarily financed by general obligation bonds/notes (bonds) and cash (mainly property tax levy). Approximately sixty-nine percent of the annual capital project needs are bond-eligible with the remaining thirty-one percent not bond-eligible (and require cash financing).[1]

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.[2] Capital projects that are not bond eligible must be financed through County cash (mainly property tax levy) and/or other financing sources (i.e. private contributions, federal-state-locals funds, etc.).

Airport projects are generally funded with Passenger Facility Fees, Airport Reserves, and General Airport Revenue Bonds (GARBS). As a result, Airport projects do not impact the County's overall tax levy and are not part of this report.

Eligibility

The County can use bonds to pay for large, long-lasting projects. This includes items such as buildings, roads, buses, and major equipment, if they cost over $100,000 and will last more than a year. For example, replacing an entire roof or building a new facility would usually qualify. The County can also use bonds for certain software projects if they're large and meet technical standards.

However, bonds cannot be used for everyday operating costs. This includes staff salaries, supplies, repairs, maintenance, or anything that doesn't extend the useful life or improve the value of an asset. Fixing a leaky pipe, patching repairs for a roof, repainting a room, for instance, must be paid for with County funds like property taxes. In summary, bonds are for large, long-term investments and are not for routine upkeep or day-to-day expenses. This helps keep the County's finances stable and ensures borrowing is used responsibly. [3]

Wisconsin State Statute 59.255 (2) (a) states that the Milwaukee County Comptroller is the chief financial officer of the county, and the administrator of the County's financial affairs. The Comptroller is also responsible for overseeing the County's debt.[4]

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[1] The percentage of non-bond eligible projects is based upon actual capital budget requests during the annual capital budget process between 2017 through 2026.

[2] Wisconsin Statute 67.04 and various Federal internal revenue codes.

[3] The Office of the Comptroller submitted a memo to the Finance Committee (September 2022 cycle) providing general bond eligibility guidelines as file #22-990

[4] As part of the annual capital budget development, the Office of the Comptroller provides a preliminary review regarding the bond eligibility of the capital projects. Upon adoption of the capital projects and prior to the issuance of bonds to finance the projects, the Office of the Comptroller provides a final bond eligibility review of the capital projects.

Bonding Limit Policy
The County has an adopted policy (County Board file number 03-263) limiting the amount of bonds issued to finance capital improvement projects. Under this policy, the amount of bond funded projects (as part of the annual budget adoption process) is limited to an increase of no more than 3% over the preceding year's adopted bond amount.[5] The self-imposed cap did not consider the potential need to address large-scale capital projects that had the potential to exceed the annual cap.

A primary goal of this policy is to responsibly manage growth in debt obligations and the related tax levy impact to County taxpayers.

The table below compares each year's bond limit to the bond capital actually adopted. Since 2017, the County's adopted capital budgets have exceeded the annual bond limit five times, matched the limit three, and landed just slightly under the limit in the remaining two. In 2023 and 2022 the overages were due to the new forensic science center ($62.9M) and the County's contribution to the new public museum ($45.0M).

Table A: County Bond Cap Over/Under History

Budget Year	Bond Limit	Bond Adopted	Variance $ Limit Exceeded	Variance % Limit Exceeded
2023	$45,840,525	$108,718,761	$62,878,236	137.17%
2022	$44,505,364	$89,505,364	$45,000,000	101.11%
2024	$47,193,777	$53,550,497	$6,356,720	13.47%
2017	$40,411,854	$41,147,918	$736,064	1.82%
2025	$45,908,602	$46,229,795	$321,193	0.70%
2020	$44,927,646	$44,927,646	$0	0.00%
2021	$46,275,475	$46,275,475	$0	0.00%
2026	$56,811,722	$56,811,722	$0	0.00%
2019	$43,625,968	$43,619,074	($6,894)	-0.02%
2018	$39,669,356	$39,642,309	($27,047)	-0.07%

[5] In June 2003, the County Board issued $100,025,000 in general obligation refunding bonds to advance refund various maturities from the 1994 through 2002 corporate purpose bond issues. The refunding increased the County's overall outstanding debt service by $48.7 million. To minimize the refunding impact on debt service, the County Board also adopted a change in the County's debt management goals restricting future borrowing. In effect, this policy limited 2005-2007 borrowing to an increase of no more than $1 million over the previous year's corporate purpose bond amount. In addition, the corporate purpose bond amount for 2008 was set at a not-to-exceed amount of $30 million, and future not-to-exceed amounts are to increase by 3 percent over the previous year's bond amount.

The table below presents the complete history of bond Requests, Limits, and Adopted amounts since 2017.

Table B: County Bond Funding (Excluding Airport)[6]

Budget Year	Bond Requests	Bond Limit	Bond Adopted	Variance $ Requested vs. Adopted	Variance % Requested vs. Funded
2017	$71,997,939	$40,411,854	$41,147,918	($30,850,021)	57.2%
2018[7]	$73,718,901	$39,669,356	$39,642,309	($34,076,592)	53.8%
2019	$56,238,941	$43,625,968	$43,619,074	($12,619,867)	77.6%
2020	$78,147,924	$44,927,646	$44,927,646	($33,220,278)	57.5%
2021	$82,304,205	$46,275,475	$46,275,475	($36,028,730)	56.2%
2022[8,9]	$134,656,702	$44,505,364	$89,505,364	($45,151,338)	66.5%
2023[10]	$104,820,197	$45,840,525	$108,718,761	$3,898,564	103.7%
2024[11]	$94,046,387	$47,193,777	$53,550,497	($40,495,890)	56.9%
2025[12]	$101,493,131	$45,908,602	$46,229,795	($55,263,336)	45.5%
2026[13]	$120,070,316	$56,811,722	$56,811,722	($63,258,594)	47.3%
AVERAGE	$91,749,464	$45,517,029	$57,042,856	($34,706,608)	62.2%

Review: IJCC Considerations and Assumptions

In 2014, judicial and County leaders identified a need to develop a Strategic Facilities Master Plan to better support the Milwaukee County Circuit Courts and their operations. It is widely recognized that a status quo solution for the delivery of County services out of Milwaukee County's current judicial facilities is not a viable long-term option.

[6] Table reflects figures in nominal dollars (i.e. not adjusted for annual inflation).

[7] The 2018 Bonding Cap was reduced to reflect County Board Resolution #17-496 that accelerated $2,713,000 of planned 2018 bond financing to 2017 for Project WZ11901 – Zoo Adventure Africa – Elephants Exhibit.

[8] The 2022 Bonding Cap was reduced pursuant to adopted County Board Resolutions #21-314 and #21-273.

[9] County Board file #22-454 approved $45 million in bonds for a new museum replacing the 800 W. Wells Street facility. The $240 million project includes $45 million County, $40 million State, and $155 million MPM. The 2023 Capital Budget excludes this bonding from the $45.8 million cap. The table shows the County's $45 million impact on the annual bond limit.

[10] The Adopted 2023 Capital Improvements Budget included Project WC020901 - Forensic Science Center - Phase 2 has partial bond funding of $62,899,560, or 58% of the total bond funding. All other (non-airport) capital projects total $45,819,201.

[11] Of the adopted 2023 bonding base of $108.7 million, $62.9 million in general obligation bonds for the Forensic Science Center is removed as a one-time project, resulting in an adjusted 2023 base of $45.8 million and a 2024 bonding cap of $47.2 million.

[12] 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. As part of the annual capital budget development, the Office of the Comptroller provides a preliminary review regarding the bond eligibility of the capital projects.

[13] The 2025 Bonding Cap was adjusted pursuant to 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. This effectively lowered the 2025 bond cap by $9,248,410. However, adopted board file 23-919 also included language indicating the 2025 bond cap will not impact the calculation for the 2026 bonding cap. As a result, the bonding cap calculation for 2026 utilizes a base 2025 bond amount of $55,157,012. Applying the 3% increase results in a 2026 bonding cap of $56,811,722.

Since 2014, a five-phase approach was undertaken to address the Courthouse Complex, including the Public Safety Building, leading to preliminary conceptual designs for replacement of the Public Safety Building. Following development of the conceptual design, cost estimates were generated by 2019, however, cost escalation due to inflation of labor and materials costs has been unavoidable.

In 2024, this work was reinvigorated and the 2019 cost estimate projection was adjusted for inflation, resulting in an estimated base level project cost of $489.7M (excluding debt service). This information has been reported to the Milwaukee County Board of Supervisors periodically as the conceptual design was revisited and progress updates were available.

In the second quarter of 2026, design consultants completed 100% conceptual design for the IJCC project. As a result, this report is based on updated project costs with a full understanding of the project complexities and updated inflation amounts, suggesting a project cost of $896.6M (excluding debt service). Of this amount, $38.6M has been included in previously adopted board actions (2024-2026).[14] The $857.9M remaining balance is assumed to be funded with County issued bonds for the purposes of this report.[15]

Table C: IJCC Project Funding History & Estimated Remaining Funding Requirement

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**

Total project costs will continue to be refined (and may change) as design advances through the remaining phases of Schematic Design, Design Development, and Construction Documentation and as policy makers provide input on the scope of the project. Additionally, there are options to include other Courthouse Complex capital improvements into the IJCC project budget to improve project management, schedule alignment, and pricing. [16]

The figures presented in this report provide rough order of magnitude scenarios demonstrating potential impacts to:

- Bonding Limit & Funding Scenarios
    - County Debt Service
    - County Property Owners
    - Ability to Fund Other Non-IJCC Projects
- Property tax offset through State Expressway Policing Aids (EPA)

[14] Adopted project funding for this period is County tax levy.

[15] After the bonds are issued, it is assumed the $15.8M in tax levy would be used as an offset to the IJCC debt service.

[16] Conceptual Design: Defines the project's scope, goals, and feasibility through high-level sketches and order-of-magnitude cost estimates. This is the phase the IJCC project has just completed. Schematic Design: Establishes the overall vision, layout, and major building systems through preliminary drawings and refined cost estimates. Design Development: Refines and coordinates all building systems with greater specificity in dimensions, materials, and specifications, yielding more updated cost estimates. Construction Documentation: Produces the complete set of drawings and specifications used by contractors to bid and build the project, with the final cost figures.

It is important to note that the amendment is geared towards the bond funding impacts of the IJCC, however, the County also uses cash funding (primarily tax levy) to fund a portion of its annual adopted capital projects, primarily those that are not bond eligible.[17]

Given the fiscal challenges facing the operating budget, relatively flat revenue growth, and assumed annual cost to continue increases, it is unlikely that additional cash resources will be available to shift from operations towards the financing of cash capital projects.

Based on adopted capital budgets over the past several years as well as potential future operational budget needs, the anticipated annual cash funding is expected to be around $7.0M to $9.0M annually.

The projections provided in this report are not absolute. These are forecasts based on currently available information. As such, figures are subject to change as further financial and project data is provided.

Self-Imposed Bonding Limit and Bonding Scenarios/Funding Impact to Non-IJCC Capital Projects

As reviewed earlier in this report and in File 26-445, the self-imposed bonding cap is used as a tool to maintain fiscal responsibility and is included as part of the annual capital budget review process. To assess the impact of different bonding limit alternatives, four options were established.

The four Bond Limit Policy scenarios include: 1. Status Quo Bond Limit-IJCC Priority; 2. Status Quo + IJCC; 3. Modified Bond Limit; 4. 1-Year Capital Holiday + IJCC.

1. **Status Quo Bond Limit-IJCC Priority**

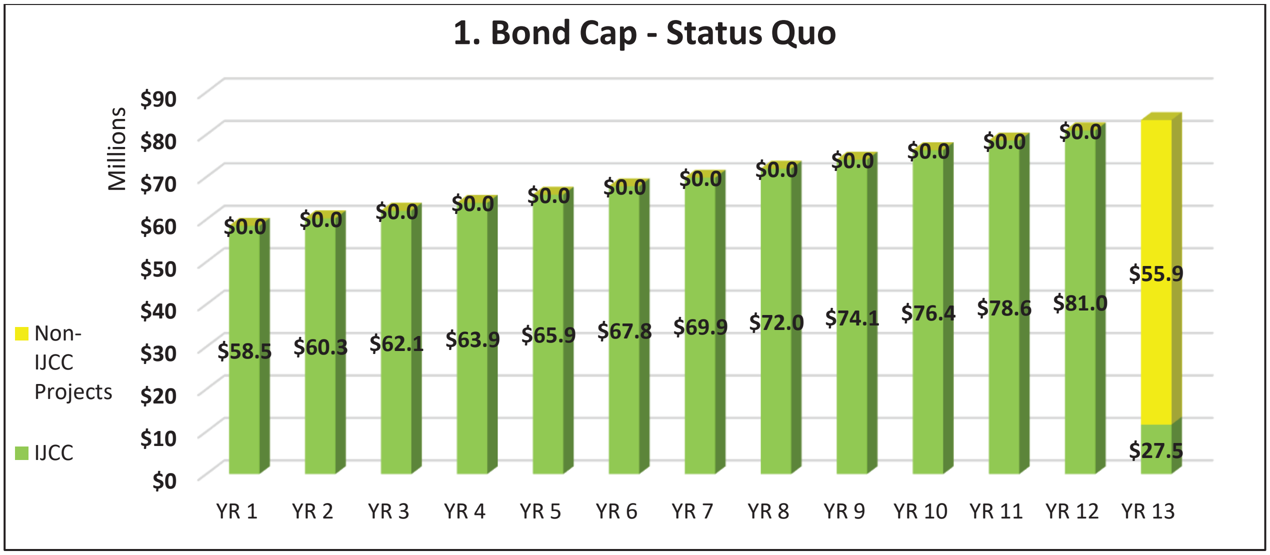
   The Status Quo Bond Limit policy currently in place applies a 3% annual increase to the previous year's adopted bonding amount. Under this scenario, the IJCC project would absorb the total available bonding capacity for the next twelve years, precluding the funding of any non-IJCC capital projects until Year 13.

   This scenario presents a significant operational conflict: because a Construction Manager at Risk (CMAR) contract typically requires full budget authority in a single year, the annual incremental funding provided under this policy would be insufficient for the IJCC project's requirements.

   Furthermore, a twelve-year funding gap for non-IJCC projects would lead to a substantial increase in the capital project backlog and delay construction for projects that have already completed the design phase. This would affect projects with contractual or legal mandates, including Transportation Services Division roadway and bridge projects governed by SMAs. It would also impact contractual obligations for County contributions to the Marcus Center, War Memorial, and Villa Terrace capital projects.

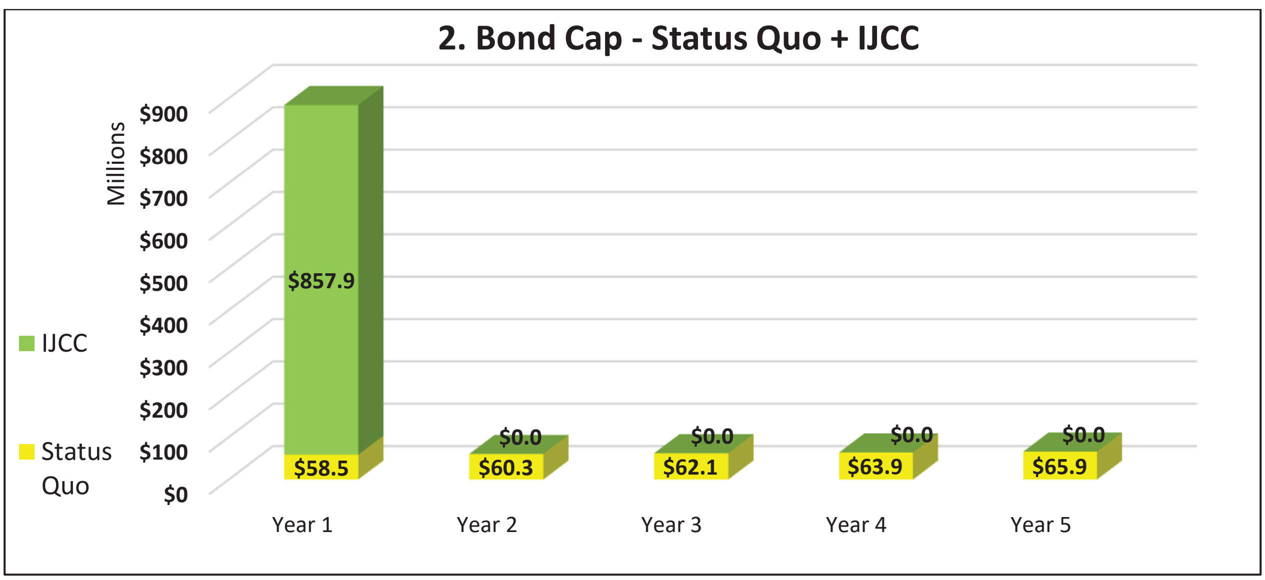
[17] Beginning with the 1995 capital budget, the County established a cash-financing goal of 20.0% to be implemented over a ten-year period. This policy served to increase minimum cash financing by 2.0% annually in order to establish a 20.0% cash-financing base thereafter.

Taking these issues into consideration, the Status Quo Bond Limit-IJCC Priority scenario will not be used for the remainder of this report.



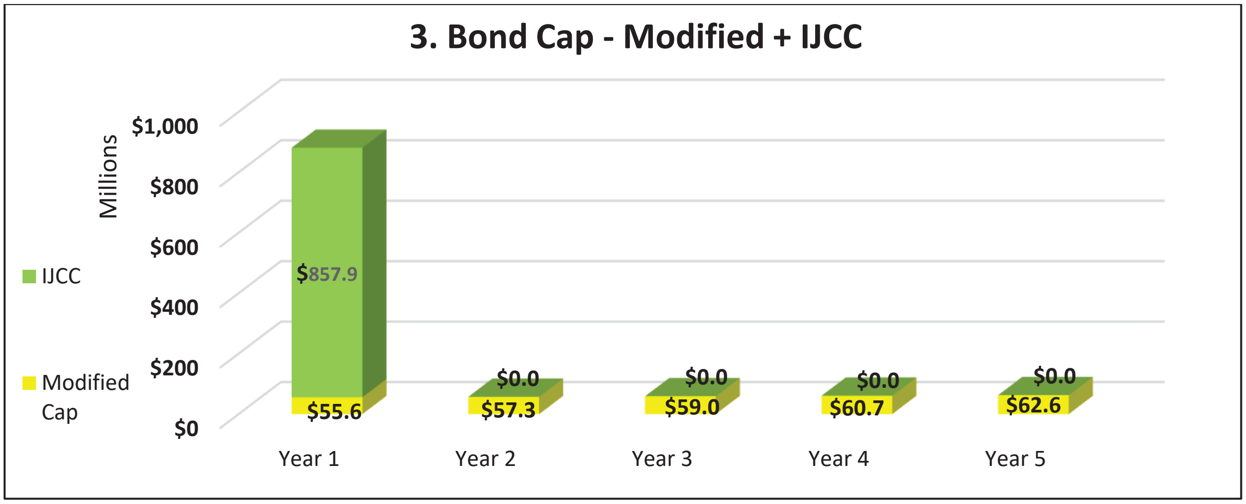
2. Status Quo + IJCC

Assumes the (annual) full financing of all estimated non-IJCC bond eligible projects under the existing Status Quo bond cap forecast and full funding of the IJCC project.



3. Modified Bond Limit

The Modified Bond Limit Scenario establishes a 5% reduction in the projected annual bonding cap for non-IJCC capital projects. This adjustment results in an average annual reduction in bond availability of $3.1M over the five-year forecast period (or $15.5M cumulative). This scenario includes IJCC project funding of $857.9M in Year 1. The lower overall bonding cap serves to limit the growth of annual debt service costs.



Based on an analysis of historical annual requests, over the next two years there appears to be adequate bond funding under this scenario to meet contractual, mandated, and ongoing obligations, including high priority needs such as transit and fleet replacements.[18] Beginning in year 3, the 5% bond cap reduction may not be enough to cover all of these funding groups with the funding deficit growing larger into years 4 and 5. However, there are other factors and variations discussed below that may make such shortfalls manageable.

Under this framework, funding for new initiatives would likely be limited and fluctuate as current projects reach completion. A portion of available funds are directed toward the design phase of future projects. This approach prepares a project queue for the construction phase in subsequent budget years when additional bonding capacity is forecasted to become available (i.e. ongoing-continuing projects).

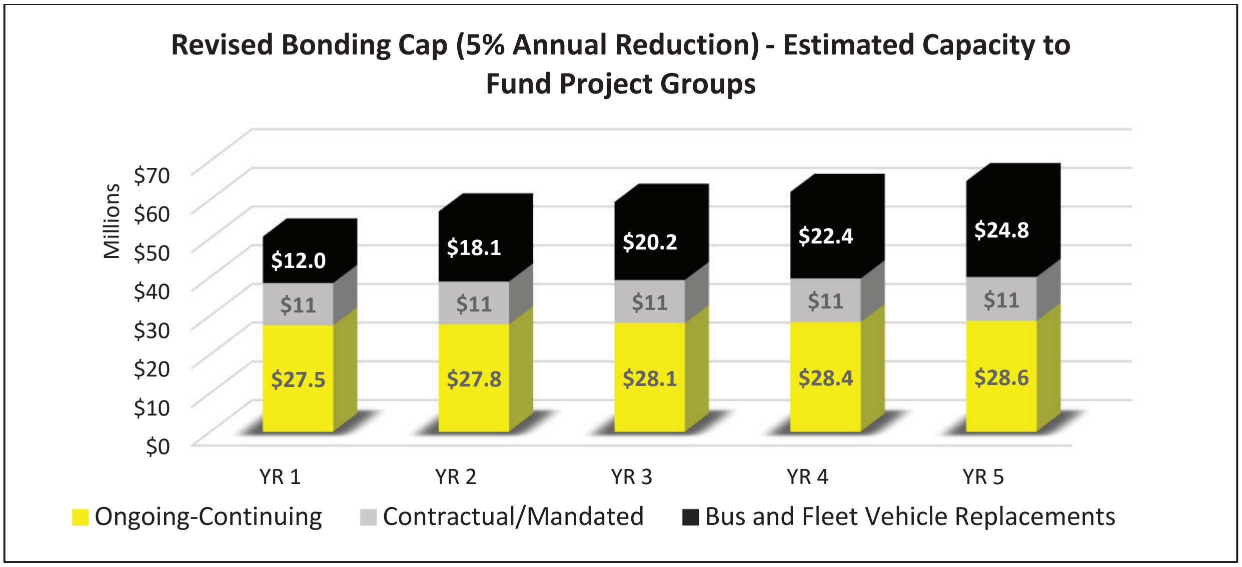
It is important to emphasize that these projections are planning forecasts based on currently available information; they are not absolute certainties and remain subject to adjustment as economic conditions (labor market, material costs, inflation, etc.) and project requirements evolve in future years. Furthermore, the amount required for the project groups may vary from year to year and from group to group.

Table D: Estimated Modified Funding Availability

	YR 1	YR 2	YR 3	YR 4	YR 5
Revised Bond Cap	***55,590,270***	***57,257,978***	***58,975,717***	***60,744,989***	***62,567,339***
Ongoing-Continuing	27,528,375	27,803,659	28,081,696	28,362,513	28,646,138
Contractual/Mandated	10,937,883	11,047,262	11,157,735	11,269,312	11,382,005
Bus and Fleet Vehicle Replacements	12,000,000	18,080,000	20,170,000	22,350,000	24,765,617
Bond Cap Available for other capital projects	**5,124,011**	**327,057**	**(433,713)**	**(1,236,836)**	**(2,226,422)**

[18] Mandated projects help the County meet federal, state, local, or court ordered requirements and mandates; Contractual projects are those that the County has been obligated to provide via legal instruments; Continuing/Ongoing include those with previously adopted appropriations and require additional appropriations to begin the construction phase, expand scope, or cover deficits to complete the project.

An estimated forecast of the project funding groups previously described is included below.



4. 1-Year Capital Holiday + IJCC

Under this scenario, a one-year capital project holiday is used allowing funding for only the following project groupings during the first year:

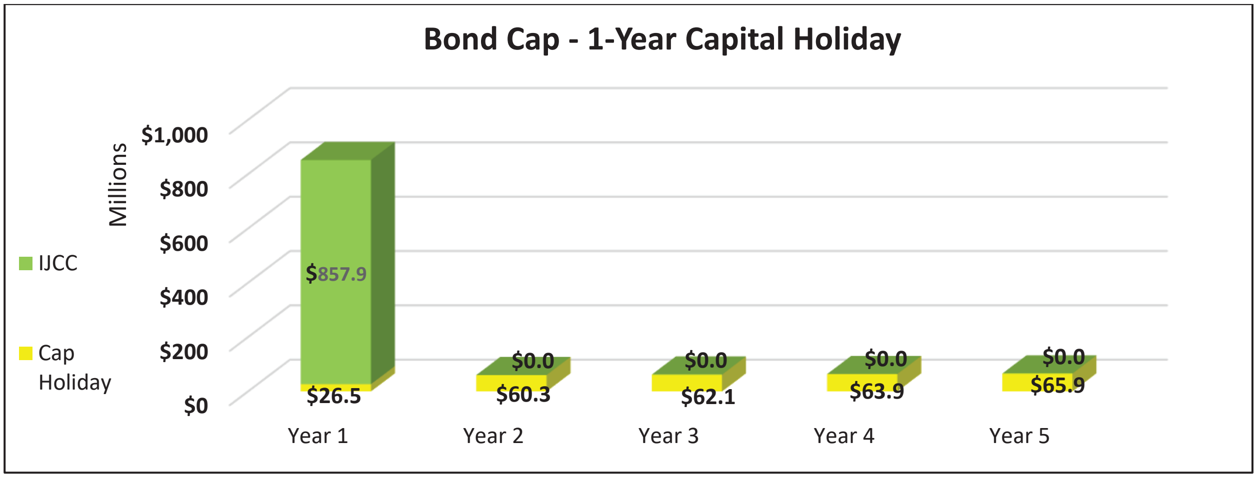
- Contractual
- Mandated
- Fleet Replacements

Bus replacement costs are excluded in Year 1, as SBP has been informed that the Department of Transportation (MCDOT) and Milwaukee County Transit System, Inc. (MCTS) do not plan to include this project in their 2027 Capital Budget request. This reflects ongoing route and service redesign efforts that will determine future bus replacement needs.

Continuing/ongoing projects are intentionally excluded from the 1-Year Capital Holiday scenario to concentrate limited bonding authority on mandated, contractual, and fleet replacement needs and to maximize savings.

After the first year, the bond cap reverts to the 2-Status Quo Bond Limit scenario. A second-year capital holiday may be considered after evaluating project-management capacity, indirect revenue effects for project-managing departments, and the status of the active county-wide project portfolio.

The assumptions used in the chart below includes funding of the aforementioned project groupings in year 1 based on the most recent 5-Year Capital Improvement Plan. Assuming a Status Quo Bond Cap Limit of $58.5M in year 1, this would result in bonding of $26.5M for non-IJCC projects in year 1, and a capital holiday of $32.0M.

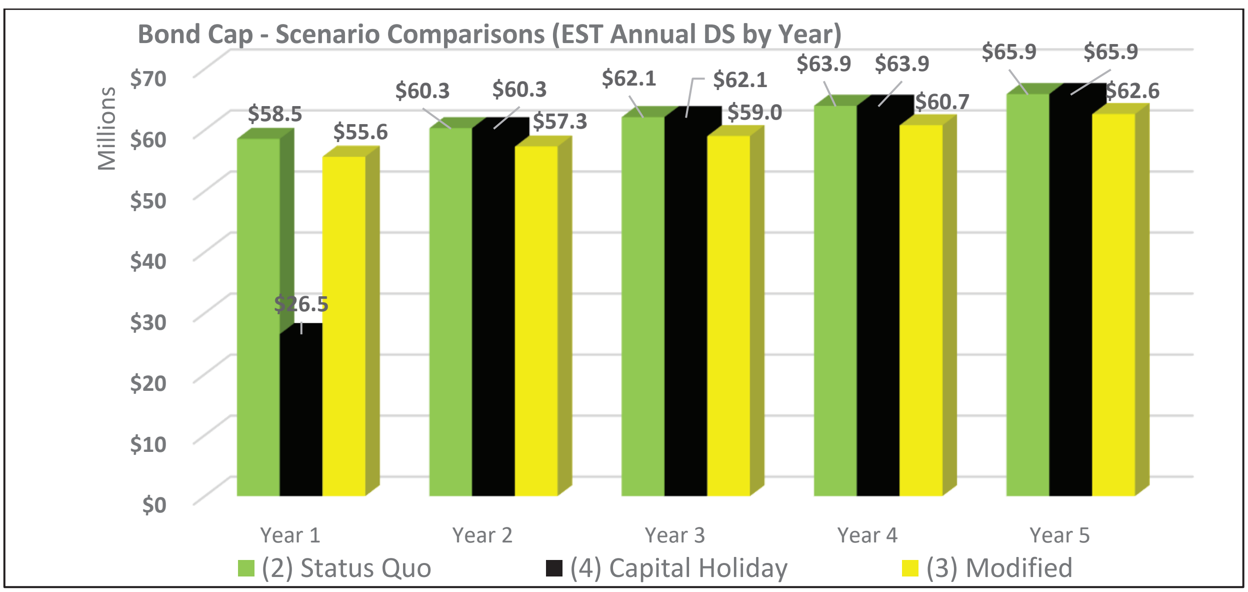


The table below reflects the cumulative estimated County (bond) funding available for capital projects over the next 5 years relative to the three bonding scenarios.[19] The IJCC is excluded as it is assumed to receive separate full bond funding in year 1.

Table E: Estimated Bond Funding Scenarios (non-IJCC only)

Years 1 – 5 *(excludes interest)*		
(2) Status Quo	*(3) Modified Bond Limit*	*(4) 1-YR Capital Holiday*
$310,669,782	$295,136,293	$278,686,904

This table includes the estimated annual County (bond) funding for the next 5 years. The IJCC is excluded as it is assumed to receive separate full bond funding in year 1.



[19] Data used reflects the bond cap limit scenarios and forecasts for Years 1 – 5.

Bond Scenario Impact[20]

For each scenario, projected debt service expenses were developed. Comparisons include differences in total debt service and tax levy impact to County property owners.

Debt Service Comparisons[21]

The following analysis compares the estimated debt service for each bonding scenario (Years 1 – 5) as previously described, with the IJCC project detailed on a separate line item. These projections are generalized forecasts based on available information which may change in the future.

The first table illustrates the total estimated debt service impact over the full term of repayment. The IJCC project is modeled as fully funded in all three scenarios; consequently, the debt service associated with the IJCC remains constant at an annual average of $73.9M, or a total debt service cost of $1.48B.

Table F: Estimated Debt Service (DS) Impact (Full Term of Debt Repayment)

Estimated Annual Average DS	**(2) Status Quo + IJCC**	**(3) Modified Bond Limit + IJCC**	**(4) 1-Year Capital Holiday + IJCC**
IJCC AVG (Annual DS Payment)	$73,947,683	$73,947,683	$73,947,683
Non-IJCC AVG (Annual DS Payment)	$25,341,232	$24,069,085	$22,732,670
TOTAL AVG (Annual DS Payment)	**$99,288,916**	**$98,016,768**	**$96,680,353**
Estimated Total DS - All Years			
IJCC (All DS Payment)	$1,478,953,667	$1,478,953,667	$1,478,953,667
Non-IJCC (All DS Payment)	$481,483,415	$457,312,606	$431,920,723
TOTAL (All DS Payment Yrs)	**$1,960,437,082**	**$1,936,266,272**	**$1,910,874,390**

To isolate the specific fiscal impact of proposed bond cap policy changes, the IJCC costs are removed in Table G (Bond Cap Comparison - Est P/I). This adjustment allows for a direct comparison of how the "Status Quo," "Modified Bond Limit," and "1-Year Capital Holiday" scenarios influence the principal and interest (P/I) requirements.

[20] It should be noted that the property tax impacts discussed herein represent only the Milwaukee County share of a property owner's total tax bill. Changes in levies by other taxing authorities — such as municipalities, school districts, and other overlapping jurisdictions — as well as changes in assessed property values, will also affect what individual property owners pay.

[21] Debt service refers to the costs associated with servicing the County's debt obligations, primarily principal and interest payments on general obligation bonds and notes. It also includes additional expenses tied to issuing and managing debt, as outlined in the County's annual budget documents (Agency 996 – Debt Service).

Table G: Bond Cap Comparison – Estimated Principal & Interest

	(2) Status Quo + IJCC	(3) Modified Bond Limit + IJCC	(4) 1-Year Capital Holiday + IJCC
INTEREST (I)	170,813,633	162,176,313	153,233,819
PRINCIPAL (P)	310,669,782	295,136,293	278,686,904
P+I Total	**481,483,415**	**457,312,606**	**431,920,723**

- Scenario (2) Status Quo + IJCC has a project P/I of $481.5M and represents the highest projected cost of the three scenarios.

- Scenario (3) Modified Bond Limit + IJCC forecasts a total projected P/I of $457.3M. This represents a reduction of $24.2M (5.0%) compared to the (2) Status Quo + IJCC scenario.

- Scenario (4) 1-Year Capital Holiday + IJCC results in a total projected P/I of $431.9M. This reflects a reduction of $49.6M (10.3%) from the (2) Status Quo scenario and a lower projected P/I of $25.4M (or 5.6%) when compared to the (3) Modified Bond Limit + IJCC scenario.

Property Tax Levy Impact to Property Owners
The tables below include a review of the estimated property tax levy impact to Milwaukee County property owners based on a property value of $250,000.

The IJCC project is fully funded in all three scenarios; consequently, the tax levy impact to property owners associated with the IJCC remains identical in all scenarios.

Table H: Tax Levy Impact to Property Owners

Estimated 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***

AVG: Represents the average annual debt service payment increase while TOTAL reflects the cumulative amount over the life of the debt service payments. Existing debt service is NOT included in this table.

Compliance with State Statute
Under existing State law, the County maintains the ability to increase its annual tax levy relative to its debt service costs as long as the outstanding debt does not exceed five percent of the equalized value of the County.

As of December 31, 2025, the County had $422.3M in outstanding GO debt and an equalized value of $105.9 billion, resulting in a statutory debt limit of $5.3 billion. This represents about 8.0 percent of the County's total legal borrowing authority, leaving $4.8 billion in statutory debt capacity.

All three scenarios (which include the IJCC) remain within State law limits, with average estimated utilization of total County borrowing capacity ranging between 11.7 to 18.0 percent over the next 20 years. These figures will shift as actual annual equalized values are realized and/or if significant changes to the County's existing bond cap policy are made.

Ability to Fund Other Capital Projects

Annual non-IJCC capital requests exceed available bonding capacity by a wide margin every year. This existing structural gap does not improve under any of the bonding scenarios evaluated. Under all four bonding scenarios evaluated, the County's ability to fund non-IJCC capital projects is constrained, with the degree and nature varying sharply.

The (1) Status Quo Bond Limit – IJCC Priority scenario is the most restrictive as the IJCC absorbs the County's full bonding capacity for roughly twelve consecutive years. Non-IJCC capital projects cannot be financed during that period, causing the existing infrastructure backlog to deepen and delay contractual and mandated obligations such as SMA roadway projects and other mandated or agreement-based commitments. This scenario also prevents the timely advancement of projects that have completed design and are ready to enter construction, increasing cost escalation risks.

Under the (2) Status Quo + IJCC scenario, the IJCC project is fully funded and non-IJCC requests are funded up to the existing status quo projected bond cap. Maintaining the current bond cap limit would help prevent a widening of the existing capital backlog. While this results in a higher share of non-IJCC projects being funded relative to the other scenarios, the ability to fully fund requests will likely remain at the ~49% funding level (bond + cash). Additionally, this scenario has the highest debt service cost of $481.5M.

The (3) Modified Bond Limit + IJCC scenario reduces the projected annual bond cap by 5 percent while fully funding the IJCC project in Year 1. Although overall bond availability decreases by an average of $3.1M per year, the remaining capacity is generally sufficient to fund mandated, contractual, and high priority projects, including county highway roadway commitments and core fleet/bus replacements (depending on adjustments to actual forecast variations in years 3 – 5). Funding for new capital initiatives remains fairly constrained with limited annual availability for discretionary new projects after year 2 and would need to be reviewed on an annual basis to determine funding availability for these types of projects beginning in Years 2 – 5. The total debt service ($457.3M) remains $24.2M (or 5%) below the Status Quo + IJCC scenario but above the (4) 1Year Capital Holiday + IJCC scenario.

Under the (4) 1-Year Capital Holiday + IJCC scenario, Year 1 non-IJCC funding is restricted to mandated, contractual, and fleet replacement projects only; all other non-IJCC requests do not receive funding in that year. Continuing/ongoing projects are deferred entirely for one year, which would increase the capital backlog, but provide debt service savings.

Estimated principal and interest costs are $49.6M (or 10.3%) lower when compared to the (2) Status Quo + IJCC scenario and are $25.4M (or 5.6%) lower compared to the (3) Modified Bond Limit + IJCC scenario.

Across all scenarios, structural capital funding limits are shown. Since 2017, the County has adopted about 62 percent of requested bond eligible funding, with an average annual shortfall of roughly \$34.7M between departmental requests and the existing bonding cap policy.[22] Additionally, cash funding for non-bond eligible projects is also expected to remain limited, likely staying in the \$7.0M – \$9.0M range for the foreseeable future. These pre-existing gaps will need to be managed carefully against the following:

- Balancing debt service costs and capital backlog
- Prioritize life/safety projects, mandated/contractual agreements, and core lifecycle replacements vs. discretionary or amenity-based projects

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[22] Figures noted in this section are based upon an initial bond eligibility review provided by the Office of the Comptroller as part of the annual budget development and adoption process. A final review of bond eligibility is made by the Office of the Comptroller prior to bond issuance.

Table I: Funding Option Comparison

****Financing Option (Scenarios 1 – 4)**	**Description**	***Debt Service of Non-IJCC Projects**	***Debt Service of IJCC Project**	**Costs Avoided vs. Current Bond Limit + IJCC**	**Estimated Impact to Property Owners -$250,000 Property Value-** ***(Impact reflects combined Debt Service for IJCC and Scenarios 1-4)***	**WhatThis Means**
1. Current Bond Limit – Courthouse Priority	Continue following the County's current 3% annual bonding policy and dedicate nearly all available borrowing capacity to the courthouse project.	N/A (not evaluated because the scenario is not operationally feasible)				
2. Current Bond Limit + IJCC	Fully fund the IJCC project while continuing to fund other planned capital projects under the current bonding approach.	**$481.5 million**	**$1,479 million**	**Baseline**	**Highest** property tax pressure because this scenario produces the highest debt service. **Annual Average:** $196 **Cumulative Amount:** $3,619	Funds both the courthouse and other capital projects but at the highest long-term financing cost.
3. Modified Bond Limit + IJCC	Slightly reduce bonding available for other capital projects while fully funding the IJCC project. Priority projects continue, while some lower-priority projects may be delayed.	**$457.3 million**	**$1,479 million**	**$24.2 million avoided** (5.0% reduction of non-IJCC debt service)	**Moderate** property tax impact; lower debt service than Option 2 while still funding most critical capital projects. **Annual Average:** $193 **Cumulative Amount:** $3,575	Balances courthouse funding with continued investment in priority County infrastructure.
4. One-Year Capital Holiday + IJCC	Pause most new capital projects for one year while fully funding the IJCC project. Only legally required, contractual, and fleet replacement projects would move forward during that year.	**$431.9 million**	**$1,479 million**	**$49.6 million avoided** (10.3% reduction of non-IJCC debt service)	**Lowest** taxpayer impact among the feasible options because it results in the lowest projected debt service. **Annual Average:** $190 **Cumulative Amount:** $3,525	Delays many non-courthouse projects for one year to reduce long-term financing costs.

** Estimated debt service including principal and interest*
***IJCC project is funded under all options*

State Expressway Policing Aids (EPA)

As part of the 2025–27 State Biennial Budget process, Milwaukee County advanced a funding proposal to address structural inequities that limit local fiscal capacity that placed the County at a disadvantage relative to other Wisconsin counties. The request centered on two priorities: replacing the aging Public Safety Building with the IJCC project, and the County's disproportionate share of state-mandated service costs. Legislators agreed to provide direct state funding for this obligation, establishing parity with other counties and freeing equivalent County resources for the IJCC and associated costs.

As a result, the 2025-2027 State Biennium Budget included additional EPA revenue for the Sheriff's Office over the next two years, which freed up property tax levy to support the IJCC. For 2025, the County allocated $7.5M (File 25-583) of property tax levy funding towards the IJCC capital project and in 2026, $15.8M of property tax levy was allocated.[23]

Recent report projections assume continuation of the $15.8M to be applied towards the IJCC capital project, primarily as an offset to the annual debt service costs. This offset acts to reduce the impact to property taxpayers by bringing down the annual debt service by a like amount, that would otherwise be passed on to County property taxpayers. The figures shown in the debt service table below only relate to the IJCC and exclude pre-existing debt from other adopted capital projects.

Table J: Debt Service and Property Taxpayer Impact

Scenario Description	Total Estimated Principal & Interest	Offset (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 Property Taxpayer Impacts $250,000 Property Value: 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 (Scenario A - B comparison)			(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.*

Scenario A assumes no tax levy freed up by EPA revenue is applied towards the IJCC project funding. All related debt service costs are passed on to the County taxpayer as there is no offsetting operating tax levy included.

Scenario B assumes continued EPA funding from the State (at current levels) and that the County continues to allocate $15.8M of tax levy to help partially offset the Debt Service costs

[23] The increased EPA revenue provides flexibility for Milwaukee County to utilize property tax levy (freed-up from the Sheriff's Expressway Patrol operations budget) to support the IJCC project.

passed on to County property owners by $316,400,000 over the debt repayment term (estimated at 20 years). Under this scenario, there is a significant reduction in debt service costs passed on to the County taxpayers ($316,400,000) over the term of the debt repayment. Additionally, certain project components may not qualify for bond financing and would instead require direct tax levy support. Under this scenario, a portion of the annual $15.8M levy allocation could be redirected from the debt service offset to cover those non-bond-eligible costs. In any year where such a reallocation occurs, the net debt service impact to property taxpayers would increase by a corresponding amount — however, no additional draw on other operating levy would be required.

As discussed earlier, part of the (State) legislative intent was to provide increased EPA funding to free-up other County resources to help offset the costs of the IJCC project. In 2027, the County could allocate $15.8M in freed-up County resources away from the IJCC and towards other operating needs. However, reaction from State policymakers is uncertain and could risk reauthorization of future EPA revenue if such a reallocation is perceived as diverging from legislative intent. Shifting this resource to other operational uses would also reduce the related IJCC debt service offset, with the costs passed on to the County taxpayers.

ALIGNMENT TO STRATEGIC PLAN

3B: Enhance the County's fiscal health and sustainability

FISCAL EFFECT

None, report is informational only.

TERMS

None, report is informational only.

VIRTUAL MEETING INVITEES

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Aaron Hertzberg, Department Director – Department of Administrative Services
Sean Hayes, FMD Director – Department of Administrative Services
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