

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Date: July 16, 2025
To: Members of the Milwaukee County Capital Improvements Committee
From: Capital Improvements Committee – Committee Staff
Subject: Preliminary Financing Goals for the 2026 Capital Improvement Budget

The following report provides information regarding the preliminary financing guide (guide) for the 2026 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]

The 2025 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.

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 2026, the estimated 20% capital cash financing goal is \$14,202,931.

[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))

	2025 (Adopted BASE)	2026
Bond Cap (Actual for 2025)	\$46,229,795	\$56,811,722
20% Cash Financing Goal (Actual for 2025)	\$11,858,154	\$14,202,931
<i>Available Financing for Capital Projects:</i>	<i>\$58,087,949</i>	<i>\$71,014,653</i>
TOTAL County Cash Finance (Actual for 2025)	20.4%	20.0%

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

	2025 (Adopted BASE)	2026
Estimated Capital Requests:	\$139,392,202	\$196,254,469

Table 3 - Estimated County Financing Available

	2025 (Adopted BASE)	2026
<i>Estimated County Financing Available/(Shortfall):</i>	<i>(\$81,304,253)</i>	<i>(\$125,239,816)</i>

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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