

**COUNTY OF MILWAUKEE**  
**INTEROFFICE COMMUNICATION**

**Date:** July 18, 2023

**To:** Members of the Milwaukee County Capital Improvements Committee

**From:** Capital Improvements Committee – Committee Staff

**Subject:** Preliminary Financing Goals for the 2024 Capital Improvement Budget

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The following report provides information regarding the preliminary financing guide (guide) for the 2024 Capital Improvement Budget. **Due to separate financing sources, the Airport is NOT included in the Financing Goals.**<sup>1</sup>

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.<sup>2</sup>

Based on the (adjusted) 2023 adopted bonding amount of \$45,819,201, the estimated 2024 Bonding Cap is estimated at \$47,193,777.

The adopted 2023 bonding base of \$108.7 million includes \$62.9 million (in general obligation bond financing) for the Forensic Science Center. To adjust for this large, one-time project, the \$62.9 million is removed for an updated 2023 bonding base of \$45.8 million. This results in a 2024 bonding cap of \$47.2 million.

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 2024, the estimated 20% capital cash financing goal is \$11,798,444.

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

<sup>2</sup> 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)

	<b>2023 (Adopted BASE)</b>	<b>2024</b>
Bond Cap (Actual for 2023-Adjusted)	\$45,819,201	\$47,193,777
20% Cash Financing Goal (Actual for 2023)*	\$8,103,873	\$11,798,444
<b>Available Financing for Capital Projects:</b>	<b>\$53,923,074</b>	<b>\$58,992,221</b>
<b>TOTAL County Cash Finance (Actual for 2022)</b>	<b>15.0%</b>	<b>20.0%</b>

*\*Reflects sales tax of \$8,103,873. A \$10.0 million contribution for the County's debt reserve to provide partial funding for capital project WC020901 - Forensic Science Center - Phase 2 is not included to align with the removal of the \$62.9 in general obligation bond funding also associated with this project.*

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

	<b>2023 Dept REQs</b>	<b>2024</b>
Estimated Capital Requests:	\$140,164,045	\$177,450,927

Table 3 - Estimated County Financing Available

<b>Estimated County Financing Available/(Shortfall):</b>	<b>(\$82,863,389)</b>	<b>(\$118,458,706)</b>
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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  
 Marcelia Nicholson, Chairperson, Milwaukee County Board of Supervisors  
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