

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE : December 15, 2021

TO : Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM : Pamela Bryant, Capital Finance Manager, Office of the Comptroller

SUBJECT : **Milwaukee County 2022 Bonding Cap Limit**

REQUEST

On December 13, 2021, the Office of the Comptroller received an email request for information from Chairwoman Nicholson. The information request was regarding File No. 21-1024:

During Committee deliberations I heard there were questions and discussions about how adoption of File 21-1024 (submitted by DHHS) would impact the County's bonding authority and limit?

Could the Office prepare a written summary that responds to the questions raised in Committee?

The verbal response provided to the Finance Committee was that if File No. 21-1024 is passed by the full Board, the \$2,250,000 could be applied to another bond eligible project(s). In addition, the Finance Committee was reminded of the initial reductions to the 2022 bonding cap and that the 2022 Capital Budget was based on the reduced bonding cap. This report provides a more detailed response.

CURRENT AVAILABLE BONDING AUTHORITY

Based on the actions taken to date, the 2022 bonding cap and the 2022 adopted budget for bonds is \$44,505,364. If File No. 21-1024 is passed, the 2022 bonding cap would increase to \$46,755,364. Therefore, there is \$2,250,000 that could be used to finance bond eligible projects for 2022 and the County would remain within its 2022 bonding cap limit.

Budget Amount	Bonding Cap
2021 Adopted Bonding	\$46,275,475
3 Percent Increase	\$1,388,264
2022 Bonding Cap	\$47,663,739
Mental Health Emergency Center (MHEC) (File 21-314)	(\$5,360,000)
Restored Amount - File No. 21-273	\$2,201,625
Restored Amount - File No. 21-1024 (if approved)	\$2,250,000
Total 2022 Bonding Cap Amount to MHEC	(\$908,375)
Revised 2022 Bonding Cap (based on actions from March 2021)	\$46,755,364
2022 Budget Bonding Cap	\$44,505,364
Available Bonding Authority	\$2,250,000

BACKGROUND2022 Bonding Cap

On March 25, 2021, the County Board of Supervisors approved File No. 21-314 for the creation of Capital Project WE132012 – Mental Health Emergency Center (MHEC project), with financing provided from \$5,360,000 in general obligation bonds. The bonding would not come from the 2021 bonding but would be provided by reducing the resulted in a reduction to the 2022 bonding cap. The bonding cap for 2022 was \$47,663,739 (3 percent increase over the 2021 Adopted bonding amount of \$46,275,475). Therefore, the initial revised bonding cap amount for the 2022 Capital Budget was \$42,303,739.

Budget Amount	Bonding Cap
2021 Adopted Bonding	\$46,275,475
3 Percent Increase	\$1,388,264
2022 Bonding Cap	\$47,663,739
Mental Health Emergency Center (File 21-314)	(\$5,360,000)
Revised 2022 Bonding Cap (based on actions from March 2021)	\$42,303,739

Bus Replacement Project Bonding Authority Reallocated

On May 7, 2021, the County Board of Supervisors approved File No. 21-273 that reduced 2021 bonding authority for Capital Improvement Project WT125 – Bus Replacement Program by \$3,771,625 and increased Federal grant revenue by the same amount. In addition, \$1,570,000 of the available \$3,711,625 in 2021 bonding authority was allocated to Capital Project WT108 – HVAC KK Bus Storage/Washhouse. The remaining \$2,201,625 in 2021 bonding authority was allocated to MHEC project. This action reduced the allocation from the 2022 bonding cap from \$5,360,000 to \$3,158,375. As a result, the 2022 bonding cap amount was \$44,505,364.

Budget Amount	Bonding Cap
2021 Adopted Bonding	\$46,275,475
3 Percent Increase	\$1,388,264
2022 Bonding Cap	\$47,663,739
Mental Health Emergency Center (MHEC) (File 21-314)	(\$5,360,000)
Restored Amount - File No. 21-273	\$2,201,625
Total 2022 Bonding Cap Amount to MHEC	(\$3,158,375)
Revised 2022 Bonding Cap (based on actions from March 2021)	\$44,505,364

MHEC ARPA Funds Transfer

File No. 21-1024 requested approval to accept \$4,500,000 in State of Wisconsin American Rescue Plan Act of 2021 (ARPA) funding for the MHEC project. Due to the 50 percent cost share provision in the MHEC agreement, Milwaukee County will receive credit for half

(\$2,250,000) of the \$4,500,000 award amount. This credit will be used to offset the amount of general obligation bonds needed to fund Milwaukee County's share of the project. The remaining \$2,250,000 offsets MHEC contributions from private health systems.

Therefore, the \$3,158,375 in 2022 bonding authority for the MHEC project has been reduced to \$908,375. The total bonding authority for the project is \$3,110,000: \$908,375 in bonding authority from the 2022 bonding cap and \$2,201,625 in 2021 bonding authority from the 2021 Bus Replacement project. Including the State ARPA funding of \$4,500,000, the total project funding amount is \$7,610,000.

MHEC Project Financing	Amount
2021 Bond Financing	\$2,201,625
Remaining 2022 Bonding Cap Amount	\$908,375
Total County Financing	\$3,110,000
State of Wisconsin ARPA Funds	\$4,500,000
Total	\$7,610,000

Pamela Bryant

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Capital Finance Manager

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