

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

REVISED

Date: July 26, 2021
To: Members of the Milwaukee County Capital Improvements Committee
From: Capital Improvements Committee – Committee Staff
Subject: Preliminary Financing Goals for the 2022 Capital Improvement Budget

Attached you will find a table outlining the preliminary financing guide (guide) for the 2022 Capital Improvement Budget. The guide provides an estimated total amount of capital project costs the County can incur 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.

Based on the 2021 adopted bonding amount of \$46,275,475, the estimated 2022 Bonding Cap would have been \$47,663,739. However, (2021) adopted County Board resolutions #21-314 and #21-273 included language that modifies the estimated 2022 Bonding Cap to an amount totaling \$44,505,364 (or about \$3.16M less than the non-modified Bonding Cap):¹

46,275,475	2021 Adopted Bond Base
<u>1,388,264</u>	3% Increase over 2021 Base
47,663,739	Preliminary Estimated 2022 Bonding Cap - Step 1
	↓
<u>(5,360,000)</u>	Adopted County Board File #21-314
42,303,739	Preliminary Estimated 2022 Bonding Cap - Step 2
	↓
<u>2,201,625</u>	Adopted County Board File #21-273
44,505,364	Final Estimated 2022 Bonding Cap - Step 3

¹ [21-314](#): Reduce Bonding limit by \$5,360,000. The County partnered with four private health systems to create a new Mental Health Emergency Center (MHEC). The new MEHC has an estimated cost of \$12.2M and the County's share is \$5.36M. The resolution includes language to reduce the 2022 bonding cap in an amount of \$5.36M.

[21-273](#): Increase bonding limit by \$2.2M. Part of the resolution language included replacing budgeted bond financing with federal grant funding (Section 5339 Bus and Bus Facilities program) for adopted capital project WT125 - Bus Replacement Program – 2021.

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 2022, the estimated 20% capital cash financing goal is \$11,126,341.

Table 1 - Estimated Available County Financing for Capital Projects (Excludes All Airport (WA) Projects)

	<u>2021 (Adopted BASE)</u>	<u>2022</u>
Bond Cap (Actual for 2021)	\$46,275,475	\$44,505,364
20% Cash Financing Goal (Actual for 2021)	\$11,020,400	\$11,126,341
Available Financing for Capital Projects:	\$57,295,875	\$55,631,705
<i>TOTAL County Cash Finance (Actual for 2021)</i>	19.2%	20.0%

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

	<u>2021 Dept REQs</u>	<u>2022</u>
Estimated Capital Requests:	\$130,756,577	\$134,197,536

Table 3 - Estimated County Financing Available

Estimated County Financing Available/(Shortfall):	(\$73,460,702)	(\$78,565,831)
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Please keep in mind that this is a preliminary guide and is subject to modification. Any revisions to the guide made as a result of such changes, will be given to members at the next Capital Improvements Committee meeting. Additionally, the bond-eligibility of requested projects is preliminary and may be modified based upon the Comptroller Office review.

Cc: David Crowley, County Executive
 Marcelia Nicholson, Chairperson, Milwaukee County Board of Supervisors
 Jason Haas, Chairperson, Finance Committee
 Mary Jo Meyers, Chief of Staff, County Executive
 Kelly Bablitch, Chief of Staff, County Board of Supervisors
 Aaron Hertzberg, Director, Department of Administrative Services
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