

2012-2017 CAPITAL IMPROVEMENTS PLAN-DRAFT



**CAPITAL IMPROVEMENTS
COMMITTEE**

FEBRUARY 8, 2012

Plan Objectives

2

1. Preserve asset condition & functionality
2. Support strategic objectives
 - Economic activity
 - Public health & safety
 - Neighborhood quality
 - Environmental protection
 - Operating effectiveness
3. Allow for Financial Sustainability

Plan Risks

3

1. Continuing deterioration in State Shared Revenue => limits financial capacity
2. Potential for pension costs to triple as proportion of levy
3. Major bridges shift to local funding “crowds out” growth potential in other areas
4. Aging facilities footprint => potential for unplanned/emergency projects
5. Declining Water Works consumption base weakens capacity to address high fixed costs
6. Tax base loss reduces available debt limit

Plan Opportunities

4

1. Favorable debt environment and access to credit
2. Sewer Maintenance revenue diversification enables adequate replacement cycle
3. Progress on local street replacement cycle enables progress on other programs
4. Potential for user charges to play a greater role in capital financing
5. Capital maintenance strategies and enhanced analytics support an improved ROI

Draft CIP Priorities & Highlights

5

1. Plan achieves 50-year local street replacement cycle in 2014
=> continues through end of Plan period
2. Plan maintains 90-year replacement cycle for sewers
3. Plan strengthens focus on operational effectiveness
 - Energy reduction
 - Solid waste collection productivity
 - Enterprise land management system
4. Plan re-sets Water Works capital program
5. Plan continues economic development capacity through TIF

Plan Financing

6

1. Levy-supported GO target of \$74 million
 - Enables progress on condition & asset performance
 - Consistent with debt levy stability
2. Draft Plan exceeds target by \$2.6 million (annual average)
3. Approaches to achieving target
 - Gradual growth in user charge finance for selected capital programs
 - Modest growth in PDAF application to debt levy management



The Challenge of Capital Budgeting

Presentation Questions & Comments

8

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