

LRB – RESEARCH AND ANALYSIS

JUNE 14, 2006 AGENDA

ITEM 8, FILE 060091

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #060091 is a resolution authorizing the issuance and sale of up to \$59,909,500 in sewerage system second lien revenue bonds in one or more series providing for details and covenants with respect to said bonds.

Background & Discussion

1. The 2000 Budget transferred the funding for the Relief and Relay sewer capital program from the City's Capital Improvement Budget to the Sewer Maintenance Fund.
2. The 2006 Budget provides \$23.5 million for new sewerage system revenue bond borrowing and \$36,409,500 in sewer revenue carryover borrowing authority, for a total \$59,909,500.
3. This resolution authorizes the Public Debt Commission to issue and sell City of Milwaukee Sewerage System second lien revenue bonds in an amount not to exceed \$59,909,500.
4. The bonds will be sold at a private sale to the State of Wisconsin's Clean Water Fund.
5. The State of Wisconsin's Clean Water Fund Program (CWFP) is one of the subsidized loan programs included in the Environmental Improvement Fund (EIF). The CWFP provides loans to municipalities for wastewater treatment and urban storm water projects.
6. Financing the borrowing through the State of Wisconsin's Clean Water Fund Program reduces the interest rate for the borrowing by approximately 1%.

Fiscal Impact

The Comptroller's Office estimates an annual debt service expenditure of \$5 million for this borrowing. The Comptroller's estimate assumes \$59,909,500 in bonds with 20-year level debt payments will be issued around July 1st at a 5% interest rate. Funding for the Sewerage System revenue bond's debt service is provided by Sewer Maintenance Fund, not the tax levy.

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