

LRB - FISCAL SECTION ANALYSIS

DECEMBER 19, 2001

ITEM 17, FILE 011069

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #011069 is a substitute resolution authorizing the issuance and sale of general obligation short-term promissory notes under sec. 67.12 (12), Stats., to wit for buildings for the housing of machinery and equipment.

Background and Discussion

1. This substitute resolution authorizes the issuance of up to \$9 million in short-term promissory notes for financing the Milwaukee Public Schools (MPS) "Special Education Tracking System" and the financing of a MPS Financial System.
2. With the development of the Special Education Tracking System, MPS will be able to more effectively track the movement of students and manage the data needed to serve special needs students. The system will also allow MPS to more efficiently provide the data required by the State of Wisconsin to receive funding for special need programs. The total cost of the Special Education Tracking system is estimated to be approximately \$5 million. There are approximately 16,000 special needs students in MPS.
3. The MPS Financial System will replace the current financial system that has become obsolete and can no longer be supported by vendors. The total cost of the MPS Financial System is estimated to be approximately \$4 million.
4. The resolution requires the notes not to exceed 10 years in length. The notes mostly will be 4 or 5 years in length.
5. The current rate of interest on this type of note is between 4% and 4.5%.
6. Because these projects were not contemplated at the time the 2001 Budget was adopted, contingent borrowing will be used.
7. On October 25, 2001, the Milwaukee School Board approved these projects.

Fiscal Impact

The resolution has no fiscal impact on the City's tax levy. Under an Intergovernmental Co-operation Agreement, City debt service payments will be provided to the City by MPS.

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LRB-Fiscal Review
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