

2006-2011 CAPITAL IMPROVEMENTS BUDGET

Presentation to the Finance &
Personnel Committee

October 13, 2005

PRESENTATION GOALS

- Identify CIP objectives
- Identify the 6-year planning commitments
- Discuss issues and challenges
- Discuss strategies to achieve the goals

CIP OBJECTIVES

1. Support Mayor's Strategic Outcomes
2. Preserve the city's assets
3. Achieve a stable debt levy by 2010
4. Use CIP to expand opportunities for EBE and city resident employment

KEY OUTCOMES

1. Make Milwaukee safe from crime
2. Create early childhood conditions that lead to success
3. Develop our workforce as a competitive advantage
4. Nurture investment throughout the city
5. Provide for a healthy environment

CIP LEVY-SUPPORTED GO

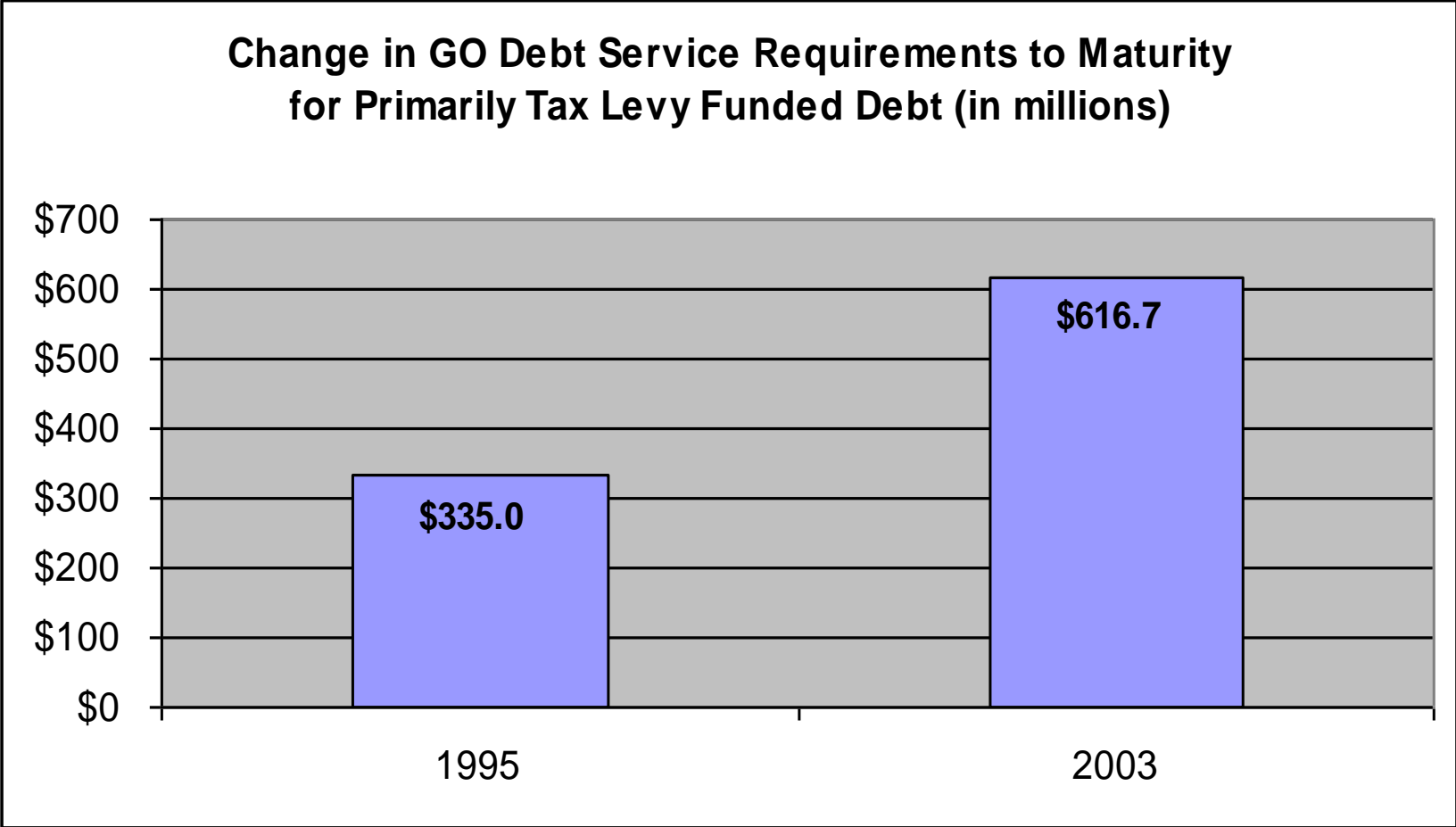
- \$354.8 million over 6 years

<u>2006</u>	<u>2007</u>	<u>2008</u>
\$67.2 m	\$64.9 m	\$56.3 m
<u>2009</u>	<u>2010</u>	<u>2011</u>
\$54.0 m	\$56.2 m	\$56.2 m

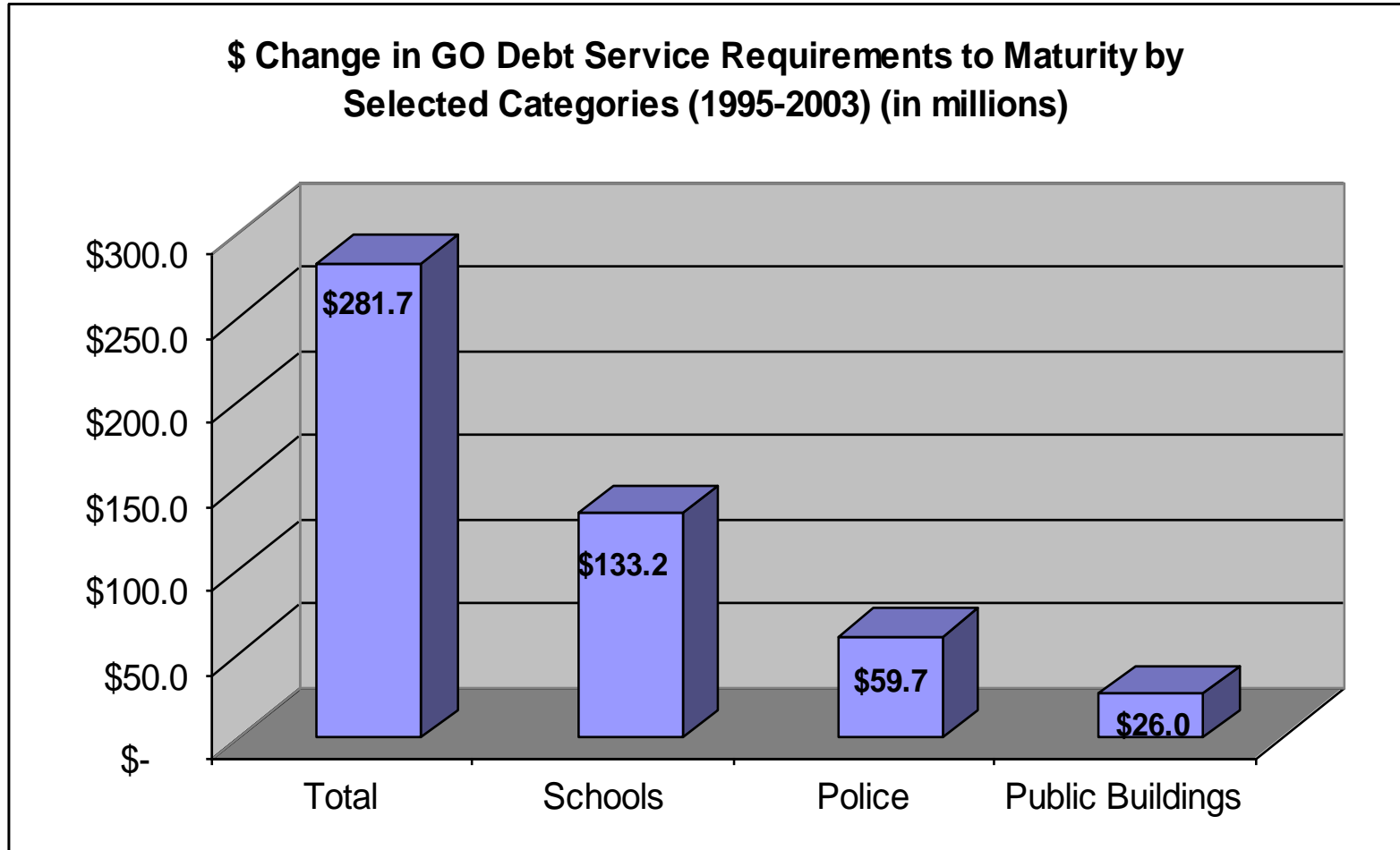
CIP ECONOMIC DEVELOPMENT BORROWING

- \$175.3 million over 6 years
- \$150 million of TIF authority
- \$7.25 million for Port projects
- Integrate workforce development into ED projects

DEBT LEVY CHALLENGE



PERSPECTIVE ON THE CHALLENGE



2006-2011 ISSUES

1. City Hall Restoration
2. Fire Repair Shop and House Renovations
3. Police Admin Bldg
4. Recurring Infrastructure
5. Library Services and Facilities Model
6. Aging Buildings and Systems
7. School Purpose Borrowing
8. Risk Management

STRATEGIES

1. Reduce levy-supported GO to \$56.5 million by 2008
 - Match newly-issued GO to projected debt retirements
 - Achieve stable debt levy by 2010
2. Convert MPS borrowing to self-supporting

STRATEGIES (CONTINUED)

3. Focus facilities and systems projects on essential repair/refurbishment
 - Use performance and corrective maintenance data to prioritize

4. Capital project risk management
 - Include in AIM initiative
 - Planning and monitoring
 - Apply “audit” model where appropriate

STRATEGIES (CONTINUED)

5. Diversify CIP financing

- Storm Water Charge for Sewer Fund
- Enterprise leases for new DPW facility at Tower site
- Sewer Fund transfer for prior Sewer GO
- Port enterprise surplus for maintenance projects

SEWER FUND CAPITAL PLAN

- Increases to sewer main replacement to address aging system
- Capital Program is debt financed
- Capital financing strategies include Clean Water Fund Program and GO Borrowing
- On-going commitment to finance \$6-7 million of prior GO Debt
- Policy Issues:
 - MMSD 2020 plan and mandates on municipal systems
 - Extent of water quality and flow reduction projects

Year	2006	2007	2008	2009	2010	2011
SMF Relief and Relay (SU fees)	\$23.5	\$24.5	\$25.0	\$26.0	\$27.0	\$28.0
Expansion of Capacity (GO)	\$3.0	\$3.5	\$4.5	\$4.0	\$4.0	\$4.0

WATER WORKS CAPITAL PLAN

- Increases to Water Main Replacement Program to address aging system
- Capital Program is Cash Financed
- Rate increase anticipated for January 2007
- Policy Issues:
 - Energy Reliability Study may recommend additional expenditures
 - Preservation of excess capacity

Year	2006	2007	2008	2009	2010	2011
Projection (millions)	\$20.1	\$23.5	\$23.7	\$25.0	\$24.8	\$22.5

CAPITAL PROGRAM AND ECONOMIC OPPORTUNITY

1. DPW projects exceed resident employment targets
2. 2,000 resident workers certified
3. EBE for construction: 20% in 2004 and 23% in 2005
4. Integrate workforce development with ED projects

QUESTIONS AND DISCUSSION

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