

LRB – RESEARCH AND ANALYSIS

MAY 15, 2008 AGENDA

ITEM 14, FILE 071637

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #071637 is a resolution authorizing the issuance and sale of up to \$95,000,000 in sewerage system second lien revenue 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. 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 \$95,000,000.
3. The bonds will be sold at a private sale to the State of Wisconsin's Clean Water Fund.
4. 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.
5. 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 \$6.4 million for this borrowing. The Comptroller's estimate assumes \$95,000,000 in bonds with 20-year level debt payments will be issued at a 3% interest rate. Funding for the Sewerage System revenue bond's debt service is provided by the Sewer Maintenance Fund, not the tax levy.

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