



Department of Administration
Budget and Management Division

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April 2, 2001

Ref: 001663

Finance and Personnel Committee
City of Milwaukee

Subject: 1998 & 1999 Bonds To Be Sold Amount Explanation

Dear Honorable Members:

This letter is in reply to your request, made at the March 14, 2001 Finance and Personnel Committee meeting, for further information regarding Borrowing Authority remaining on 1998 and 1999 Capital Project Purposes.

Common Council file 001568 contained a resolution to authorize a General Obligation Corporate Purpose bond sale. The committee asked for clarification of the Bonds to be Sold column of the resolution's Exhibit A (attached). Specifically, the committee wanted explanations for why Borrowing Authority established in 1998 and 1999 remained unused at the end of 2000.

Capital projects are financed through the tax levy, borrowing, state and federal grants, and other revenue sources. Capital Borrowing Authority sets an upper limit for the debt financing of a particular project purpose. This limit is an estimate of the debt financing needed to complete a project.

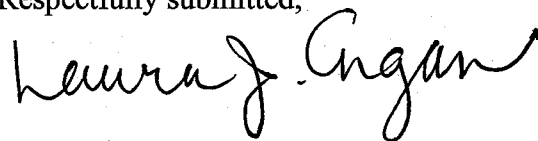
The City generally borrows after expenditures have been incurred on a given project. If contracts have been let and work is underway, the City may include all or part of the contract amount in its borrowing issue. This strategy uses tax levy cash and other funding sources first. The City borrows only what is needed for the project. Interest paid on bonds is therefore minimized.

There are several reasons why 1998 and 1999 Borrowing Authority remained unused at the end of 2000 including:

- Projects were completed under budget;
- Projects are in progress and expenditures were made with borrowing to follow;
- Projects were delayed;
- Projects were cancelled; and
- Projects' funding mix changed, reducing the need for borrowing.

The attached schedule (Exhibit B) itemizes the reasons for specific Bonds to be Sold amounts as of December 31, 2000.

Respectfully submitted,



Laura J. Engan
Budget and Management Director



John J. Ledyina
Capital Planning and Finance Specialist

Attachments

JJL:jjl

BondsToBeSold4.doc

EXHIBIT A

| Purpose | Initial Resolution File No. and Adoption Date | Resolution Amount | Bonds to be Sold |
|---|--|--------------------------|-------------------------|
| Providing financial assistance to blight elimination, slum clearance, redevelopment and urban renewal projects | 12/15/00 001136 | \$ 3,050,000 | \$ 3,050,000 |
| Public buildings for housing machinery and equipment | 12/15/00 001137 | 12,115,799 | 12,115,799 |
| Harbor improvements | 12/15/00 001138 | 600,000 | 600,000 |
| Parking facility improvements | 12/15/00 001139 | 1,750,000 | 1,750,000 |
| Fire Department facility construction projects | 12/15/00 001140 | 3,589,900 | 3,589,900 |
| Police Department facility construction projects | 12/15/00 001141 | 9,660,000 | 9,660,000 |
| Bridges and viaduct projects | 12/15/00 001142 | 2,415,000 | 2,415,000 |
| Sewage disposal, sewer improvement and construction | 12/15/00 001143 | 5,459,000 | 5,459,000 |
| Street improvements and construction | 12/15/00 001144 | 19,078,623 | 19,078,623 |
| Parks and public grounds | 12/15/00 001145 | 653,320 | 653,320 |
| Library improvements authorized under ss. 229.11 and 229.17 | 12/15/00 001146 | 2,960,000 | 2,960,000 |
| Public improvements in anticipation of special assessments levied against property | 12/15/00 001147 | 8,556,910 | 8,556,910 |
| Paying project costs in accordance with project plans for tax incremental districts and providing financial assistance to urban renewal projects authorized under s. 66.045 | 12/15/00 001148 | 19,500,000 | 19,500,000 |
| | | | |

| Purpose | Initial Resolution File No. and Adoption Date | Resolution Amount | Bonds to be Sold |
|--|---|-------------------|------------------|
| School Board borrowing for Milwaukee Public School capital purposes | 12/15/00 001149 | 17,000,000 | 17,000,000 |
| Blight elimination, slum clearance, redevelopment, and urban renewal projects | 12/17/99 991333 | 2,200,000 | 1,700,000 |
| Public buildings for housing machinery and equipment | 12/17/99 991320 | 6,024,000 | 1,262,750 |
| Harbor improvements | 12/17/99 991321 | 2,100,000 | 2,000,000 |
| Police Department facility construction projects | 12/17/99 991322 | 21,000,000 | 10,940,752 |
| Sewage disposal – sewer improvement and construction | 12/17/99 991324 | 6,419,000 | 6,010,000 |
| Street improvements and construction | 12/17/99 991325 | 19,550,453 | 8,425,003 |
| Library improvements | 12/17/99 991326 | 880,000 | 105,000 |
| Financing public improvements in anticipation of special assessments levied against property | 12/17/99 991332 | 3,827,923 | 3,827,923 |
| Paying project costs in accordance with project plans for TIDs and providing financial assistance to urban renewal projects authorized under s. 66.045 | 12/17/99 991330 | 8,000,000 | 8,000,000 |
| Providing financial assistance to blight elimination, slum clearance, redevelopment, and urban renewal projects | 11/24/98 981126 | 1,880,000 | 427,000 |
| Public buildings for housing machinery and equipment | 11/24/98 981127 | 6,582,500 | 800,000 |
| Harbor improvements | 11/24/98 981128 | 580,000 | 214,000 |
| Police Department facility construction projects | 11/24/98 981129 | 13,000,000 | 223,490 |

| Purpose | Initial Resolution File No. and Adoption Date | Resolution Amount | Bonds to be Sold |
|--|---|-------------------|------------------|
| Bridge and viaduct improvements | 11/24/98 981130 | 3,920,000 | 3,920,000 |
| Street improvements and construction | 11/24/98 981132 | 10,096,067 | 1,746,074 |
| Library improvements | 11/24/98 981133 | 550,000 | 100,000 |
| Financing public improvements in anticipation of special assess- ments levied against property | 11/24/98 981134 | 4,214,988 | 4,214,988 |
| School Board borrowing for Milwaukee Public School capital purposes | 11/24/98 981136 | 27,000,000 | 1,700,000 |
| Paying project costs in accordance with project plans for TIDs and providing financial assistance to urban renewal projects authorized under s. 66.045 | 11/24/98 981254 | 10,800,000 | 10,800,000 |
| Paying project costs in accordance with project plans for TIDs | 1/20/98 971424 | 8,300,000 | 1,294,180 |
| Street improvements | 1/20/98 971428 | 11,117,320 | 154,000 |
| Parks and public grounds | 1/20/98 971429 | 2,559,000 | 723,000 |
| Financing public improvements in anticipation of special assess- ments levied against property | 1/20/98 971431 | 4,122,743 | 4,122,743 |
| Purchase of sites for and construction of engine houses | 1/20/98 971432 | 700,000 | 69,000 |
| Bridge and viaduct improvements | 1/20/98 971434 | 2,909,000 | 218,000 |
| Parking facility improvements | 1/20/98 971436 | 312,000 | 298,000 |
| Harbor improvements | 1/20/98 971437 | 2,204,000 | 339,000 |
| Buildings for housing machinery | 1/20/98 | | |

| Purpose | Initial Resolution File No. and Adoption Date | Resolution Amount | Bonds to be Sold |
|--|---|-------------------|------------------|
| and equipment | 971438 | 10,050,756 | 971,780 |
| Providing financial assistance to blight elimination, slum clearance, redevelopment, and urban renewal projects under ss. 66.045 to 66.425, 66.43, 66.431, 66.4325, 66.435 and 66.46 | 1/20/98 971439 | 3,206,000 | 886,000 |

EXHIBIT B

Reasons for Remaining 1998-1999 Borrowing Authority

Urban Renewal & Other DCD (Res 981126 \$427,000, 981254 \$10,800,000, 971424 \$1,294,180, 971429 \$723,000, and 971439 \$886,000)

DCD capital project funds are budgeted by type of activity (TID, BID, Riverwalk, etc) rather than for specific projects. DCD requests borrowing authority sufficient to finance planned and emerging development projects for a given year. The authorizations are critical for making commitments to developers and others for City participation (pending Common Council and Mayoral approval) in proposed projects. Some projects are cancelled and others change substantially from their original plan. Due to the pace and approval process of development projects, actual expenditures and subsequent borrowing is often not required for one or more years after initial authorization.

Public Buildings (Res 981127 \$800,000, 971438 \$971,780)

1. Forestry District Headquarters
\$800K (1999) and \$678K (1998)
Headquarters building completed. Office furnishings for Sanitation offices will be installed. Storage facility to be built for Forestry soil storage. Remaining funds for construction of access road to N 50th Place. The road will accommodate salting and plowing operations
2. MECCA/Arena Improvements
\$217K (1998)
Project complete. Borrowing authority will lapse at end of 2001.
3. Environmental Projects Fund
\$76K (1998)
Phase III investigations for to monitor former Underground Storage Tank sites for contaminants. \$25K per month for consultants. Phase III is continuous monthly water sample monitoring of contaminated soil sites. Natural attenuation of ground and ground water in lieu of removal. Ground and ground water cleans itself up over 25 to 30 years.

Harbor Improvements (Res 981128 \$214,000 and 971437 \$339,000)

1. Terminal 2 Warehouse \$339,000 (1998). Project complete. Utilized cash levy financing.
2. Major Maintenance Terminals and Piers \$214,000 (1999). Project ongoing.

Police (Res 981129 \$223,490)

Evidence Storage Facilities Improvements Project complete. Closed out January 2001. Final invoices are pending.

EXHIBIT B

Reasons for Remaining 1998-1999 Borrowing Authority (Page 2)

Bridges (Res 981130 \$3,920,000 and 971434 \$218,000)

1. 1999 projects included 6th Street Viaduct project. Borrowing may be reduced due to change in State and Federal funding.
2. 1998 projects virtually complete. Closeouts, including State and Federal Aid reimbursement, pending.

Streets (Res 981132 \$1,746,074 and 971428 \$154,000)

1. Some 1999 State and Federally Aided projects still in progress or being closed out.
2. 1998 ADA sidewalk ramp project completed.

Libraries (Res 981133 \$100,000)

Expenditures made for neighborhood library interior renovations. Borrowing to follow, if necessary.

Special Assessments (Res 981134 \$4,214,988 and 971431 \$4,122,743)

Borrowing occurs to finance special assessments taxpayers opt to pay in installments. The Borrowing Authorization amount is 100% of the Special Assessment Budget since the actual amount that will be paid on installments is not known. Assessments are determined at project completion. Often, billings are delayed at aldermanic request. Since property owner concurrence is needed to begin a project, delays due to public hearings, approval, and project revision are normal.

Milwaukee Public Schools (Res 991136 \$1,700,000)

Specific ADA projects in progress at school buildings. Borrowing to be utilized after expenditures recorded.

Fire (Res 971432 \$69,000)

1. Engine 3 shop to be renovated. Funds to be used for Engine 2 and Headquarters improvements in 2001.
2. Training and Activity Center completed.

Parking (Res 971436 \$298,000)

Authority transferred from 4th & Highland to Milwaukee & Michigan structure for rust removal and façade replacement project. Bid higher than anticipated.