



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Meeting Minutes - Final CAPITAL IMPROVEMENTS COMMITTEE

ALD. JOSEPH DUDZIK, CHAIR

Ald. Robert Bauman, Ald. Michael Murphy, Jeffrey Mantes, W. Martin Morics, Mark Nicolini, and Mariano Schifalacqua
Staff Assistant: Tobie Black, 286-2231; Fax: 286-3456,
tblack@milwaukee.gov
Fiscal Planning Specialist: Kathleen Brengosz, 286-3926,
kbreng@milwaukee.gov

Thursday, July 8, 2010

9:00 AM

Room 301-B, City Hall

Meeting called to order at 9:06 a.m.

Members Present: 5- Gerard Froh (Ald. Murphy Alternate), Jeffrey Mantes, Mike Daun (W. Martin Morics Alternate), Mark Nicolini, and Mariano Schifalacqua

Also present: Venu Gupta, Dept. of Public Works and Kathleen Brengosz, Fiscal Planning Specialist

Present 6 - Morics, Gupta, Schroeder, Dudzik, Froh and Schifalacqua

Excused 1 - Bauman

1. Review and approval of the minutes of the May 26, 2010 meeting.

Changes to minutes:

Change on page 2- "repaying" not repairing

Motion to approve the minutes as corrected by Mr. Mantes. Seconded by Mr. Froh.

2. Discussion of the Capital Improvement Requests received by the committee.

Ms. Brengosz explained the process of breaking down the requests received by the committee into categories. She said that some of the categories were much more program driven than project driven, particularly Street Improvements and Enterprise Funds. Therefore, it would not make a lot of sense for the committee to spend a lot of time evaluating projects in those categories.

Ms. Brengosz said that the committee decided to look at an overall target to address the programs to make sure that it was keeping up with maintenance, whereas with the projects, the committee would look at whether or not there were results such as acceptable payback.

Mr. Nicolini suggested that the Port of Milwaukee could fit into the category of

Economic Development or Enterprise Fund. He also said that the Police Administration Building project will have a significant impact on public building priorities because it will be considered as a Public Building Project. This may cause some meaningful Public Building Projects not to be recommended for support.

Ald. Dudzik asked Ms. Brengosz to elaborate on the committee's previous decision to categorize the Police Administration Building project as a Special Project. She said that the reasoning behind putting projects like the Police Administration Building in a separate category is that they have broader impacts than a typical building project and the committee may look at them more in depth. Having them listed separately allows the committee to do more research on things like energy efficiency and return on investment.

Mr. Nicolini asked Ms. Brengosz what the category of Street Improvements includes. She said that it includes street lighting, sidewalks, bridge work, manholes, conduits, paving and all things associated with streets.

Mr. Froh said that he would argue that the rehabilitation of a building should be categorized under Building Projects, not Special Projects, unless the project is making a major change such as combining departments or facilities. Mr. Schifalacqua said that there should be a distinction between an office remodel and the complete renovation of a building. He also said that big ticket projects should be analyzed separately since the criteria for evaluating them will be different.

Ald. Dudzik asked that Ms. Brengosz confer with Mr. Nicolini and to put the projects in both the Building Projects and Special Projects categories for analysis.

Mr. Nicolini asked if the Capital Improvement Request Form Part 111 would be applied to all of the Capital Requests. Ms. Brengosz said that it would.

Mr. Nicolini said that regarding the category of infrastructure, information about how maintenance needs and how the allocation of maintenance dollars is changing within a major program, such as street lighting, would be helpful information. Mr. Mantes said that the Department of Public Works does track the amount of time spent in certain areas and the number of pavement cuts, lighting outages, etc. He said that this data goes into developing the annual program and the six- year program.

3. Discussion and approval of the Capital Improvements Rating Sheets.

Ms. Brengosz explained how she developed the draft Capital Improvement Rating Sheet. She said that a certain amount of information will be requested from the departments making the requests.

Mr. Mantes said the Department of Public Works analyzes projects with the same criteria that is on the rating sheets before deciding which sewer, street and water projects will be done before the Capital Budget is even submitted. Therefore, for program related Capital Expenditures, he is not sure that the rating sheet is applicable.

Mr. Daun asked if infrastructure would typically fall under the program area. Ms. Brengosz said that under the category of Infrastructure, the committee would look at what the city's infrastructure needs are. If something like a new Police Administration Building is needed, the committee would look at is whether it makes more sense to build new infrastructure or to use existing infrastructure and the project would be ranked accordingly.

Mr. Schifalacqua asked if the sheet is to be used for the fifty projects and not for the

programs. Ms. Brengosz answered in the affirmative.

Mr. Daun said that some purposes are mixed in with evaluation criteria. Ms. Brengosz said that the sheet is a comparison of the three separate ratings that the committee agreed to use at the previous meeting. Not every row is applicable to every project.

Mr. Schifalacqua said that he believes the rating sheet is good for a first proposal.

Mr. Nicolini asked that by January or February of next year, the staff come up with an analytic tool that gets at economic impact of projects. He said that it is important to understand what the direct impact on local employment will be if a service will not be provided by city workers. He also suggested starting with programs. Mr. Mantes said that the impact should be fairly easy to estimate.

Mr. Nicolini said that the tool should refer to the direct economic impact of programs and projects.

Mr. Mantes said that a proposed three to five year range for payback may be too short and is usually closer to five to seven years. Mr. Froh said that the payback time is driven by the economic environment.

Mr. Daun said the city has wanted to keep very general criteria for outside developers that come in to assist the city in certain projects. He said that the criteria are laid out so that the private sector is not constrained. He also said that an analysis of the impact of capital improvements on employment is a policy issue.

Mr. Nicolini asked that by January there be a systematic recording of the impact of TID expenditures on infrastructure with input from committee staff, the Department of City Development and the Department of Public Works. He said that he thinks that this would be helpful information for the committee to have.

Ald. Dudzik asked the committee if it would like to approve the current rating sheet. Mr. Mantes suggested holding it one meeting to allow time to get more commentary on the rating sheet.

Mr. Daun asked Ms. Brengosz about the relationship between the seven categories and the three weights and how they will be used to analyze projects moving forward. Ms. Brengosz said that the committee could use the weights to evaluate everything, including the programs, to see where they fit in the Capital Budget. She also said that programs and projects could be analyzed as two separate categories to be analyzed separately within the seven categories.

Mr. Mantes said that most of the things done within the program category are done out of necessity to maintain safety and the public health and that there are not a lot of optional projects within the program areas.

Mr. Schifalacqua says that when referring to programs, the question is not whether a program will be done, but how much will be spent on the program and how it will be funded. With projects, the question is whether one will be done or not, which is why the criteria work well for projects.

Mr. Daun said that if the statements from Mr. Mantes and Mr. Schifalacqua are taken into account, programs need to be evaluated first and the committee needs to establish what the Capital Budget will be in terms of how much will be spent on the programs. The questions of whether a program will be done and how much will be

spent should be taken up first.

Mr. Schifalacqua pointed out that there are certain projects that must be done and that they should not be put in a lower category.

4. Introduction of the Capital Improvements Committee Timeline.

Ald. Dudzik said the entire process will probably take years to settle completely.

Ms. Brengosz explained how she developed the timeline. She said that she compared the way the Capital Improvements Committee handled requests previously versus this year.

She said that over the course of a week, the committee heard the department presentations previously. This year, the presentations were heard over the course of three cycles, which put the committee behind.

Ald. Dudzik said that it would be beneficial to compress the process in the future and he wants to make sure that the proposed timeline seems reasonable to the committee. Mr. Schifalacqua said that he has concerns about the condition reports being done in January with the date received in December. He is concerned that it is not enough time for staff to compile the data into the 6-year Program and Condition Report. He also said that the presentations of condition reports should be staged throughout the year instead of all at once.

Ald. Dudzik said that staff should ask other departments besides the Department of Public works if providing the condition reports throughout the year is feasible. Mr. Mantes said that the Condition Reports are an ongoing process and would just need to be put into a format for a presentation. He also said that it is not uncommon for any analyses to be a year behind.

Mr. Nicolini said that some meaningful improvements should have been made as a result of stimulus money and asked if the impact of the money could be reported to the committee.

Ms. Brengosz asked Mr. Nicolini if he sees a problem with sending out the letter asking for Capital requests to departments in early February and having a deadline of March 15th. Mr. Nicolini said that it was feasible.

Mr. Daun asked if the ordinance mandates that a Capital Budget be recommended to the Common Council and the Mayor. Ms. Brengosz said that the committee is required to submit by the second Tuesday in May a Capital Budget and a narrative that describes how it meets the objectives of the committee.

Mr. Froh asked if anyone is looking at the combined levy against the property tax of the City of Milwaukee. Mr. Daun said that the Comptroller's office does look at the overlap in the overall tax levy. He said that the Joint Capital Spending and Financing plan, which looked back five years and forward five years, is no longer generated. However, the Comptroller's office looks at the debt side and since many of the programs need to be financed with debt, the data can be provided to the committee.

Ald. Dudzik asked if the committee is comfortable with the timeline. Mr. Daun asked if Ms. Brengosz feels that Mr. Schifalacqua's concern about the Condition Reports should change the timeline. Ms. Brengosz said that the biggest concern with the compressed timeline is making sure that the committee is comfortable with the compressed timeline of meetings to evaluate the Capital Requests.

Mr. Daun moved approval of the timeline. Second by Mr. Mantes. There were no objections.

Mr. Nicolini asked the Comptroller's office and the Budget Office to collaborate on a financing overview. He suggested a focus on a rationale or impact of moving away from the cash finance formula as well as a focus on the thinking behind the administration's current capital levy-supporter borrowing target and the challenges that creates for improving replacement cycles. He also suggested including financing of the Enterprise Programs, particularly sewer and water, and presenting some focused options of dealing with some of these challenges. Mr. Daun said that the Comptroller's office is willing to work with the Budget Office. He also requested some debt service projections.

Mr. Daun said that the Comptroller's office will work with the Budget Office to address both short and long term financing debt and debt service questions and options for the next meeting and subsequent meetings.

5. Set next meeting's agenda.

Further review of the Capital Improvements Ratings Sheets.

Information from the Comptroller's office and the Budget Office to address both short and long term financing debt and debt service questions.

6. Set next meeting date(s).

Wednesday, July 28th at 9:00 a.m.

**Meeting adjourned at 10:28 a.m.
Staff Assistant Tobie Black**

This meeting can be viewed in its entirety through the City's Legislative Research Center at <http://milwaukee.legistar.com/calendar>.