



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Capital Improvements Committee
From: Kathleen Brengosz, Fiscal Planning Specialist, x3926
Date: October 2, 2014
Subject: 2015 Proposed Budget

The total capital plan in the 2015 Proposed Budget is \$247,990,907. This is a decrease of \$3.7 million from the committee's recommendation and a \$14.8 million increase from the 2014 Budget. Compared to the committee's recommendation, proposed general obligation debt for non-enterprise accounts has decreased by \$22 million to \$93.6 million. General obligation debt budget in 2014 was \$85.2 million. The cash financed portion has increased by \$40,000 from the committee's recommendation and decreased significantly from 2014.

Proposed enterprise funding increased by \$12.7 million. Five million of that amount is required authority in the Parking Fund's Permanent Improvement Reserve account. The remainder (\$7.5 million) is for the Milwaukee Water Works to address a recent PSC ruling that requires MWW to replace significantly more water mains on an annual basis. MWW expects to borrow \$10.7 million dollars in 2015 to meet the required main replacement schedule. The Sewer Maintenance Fund was largely funded as requested.

Many of the of the core infrastructure programs were funded at levels lower than the committee recommended. The most significant reductions were in the High Impact program (\$1 million), the Street Lighting Program (\$2.5 million) and the Traffic Control program (\$1.3 million). Funding for the Major Bridge program, the Alley program and the Sidewalk program increased from the committee's recommendation and from the department's request.

There are several multi-year capital projects that received initial funding in 2015. The replacement of tax collection and property assessment systems are both expected to be two year projects. Total estimated project costs are \$2 million and \$1.7 million respectively. The 2015 Proposed Budget also includes funding to begin the construction of an Annex at the Virginia Street Fire Repair Garage. Initial funding is \$2.9 million. The Annex was requested as a three year project totaling \$10.7 million. The companion request for upgrades to the existing shop building total \$5.6 million over three years. No funding was included to upgrade the existing facility.

Ongoing projects that received funding were the Police Administration Building (\$860,000), the Police Record Management System (\$2 million), the renovation of the 8th floor of City Hall (\$3.12 million), the renovation of the 4th floor of the 809 Building (\$400,000), and the Land Management System (\$850,000). The 2015 Proposed Budget does not include funding for the City Hall Foundation project.

DPW believes that it can complete its investigation and begin to move staff with previously budgeted funding. Construction on the foundation is expected to begin in 2016.

The 2014 Proposed Budget includes three new capital accounts. The DSS E-Vault Upgrade (\$300,000) in the Dept. of Administration will upgrade the underlying storage technology of the E-vault and purchase scanning equipment that would allow the City to digitize paper and film records. This e-vault upgrade does not include the Workflow Product that was requested by Comptroller, but it will support the storage of Comptroller's records if Workflow is implemented at a later date. The Code Compliance Loan account in the Dept. of Neighborhood Services provides a new funding source for an existing loan program. The Third District Parking Deck Repair account in the Police Department provides budgetary authority to proceed with the project after the litigation is complete. The account is supported by revenue, not general obligation debt.

The 2015 Proposed Budget continues support of the Mayor's Strong Neighborhood Investment Plan (SNIP). Funding is provided in the *in rem* Property and Commercial *in rem* Property accounts in DCD, the Concentrated Blight Elimination program in DNS, and the Vacant Lot Beautification account which was moved from DCD to DPW-Forestry.

The 2014 had a strong emphasis on cash financing. The 2015 Proposed Budget returns cash financing to levels more consistent with recent years. Cash is proposed primarily for technology related projects but it will also fund the Vacant Lot Beautification program and a small portion of the High Impact Street program.

I am still reviewing the capital budget and working with the departments to determine the effects of the Proposed Budget. Additional information will be available in the Legislative Reference Bureau budget write-ups as well as at the Finance and Personnel Budget hearings which will begin on October 7th.

If you have questions or would like additional information on specific capital accounts or projects please contact me.