

2024



Legislative Reference Bureau

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CAPITAL IMPROVEMENTS OVERVIEW

2024 Proposed Plan and Executive Budget Review

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Budget Hearing: 9:00 am on Friday, September 29, 2023

\$344,914,728

Proposed 2024 Capital Budget.
(including enterprise funds)

\$426.7 million

Total 2024 Capital request.

\$13.6 million

Proposed Capital funding
for vehicles (DPW and Fire)
a decrease of
\$900,000 from 2023.

\$36.8 million

Amount of tax levy funding
proposed for 2024.

\$606 million

Outstanding general obligation
debt for streets, buildings, police,
fire and economic development at
the end of 2022, an increase of
\$1 million from 2021.

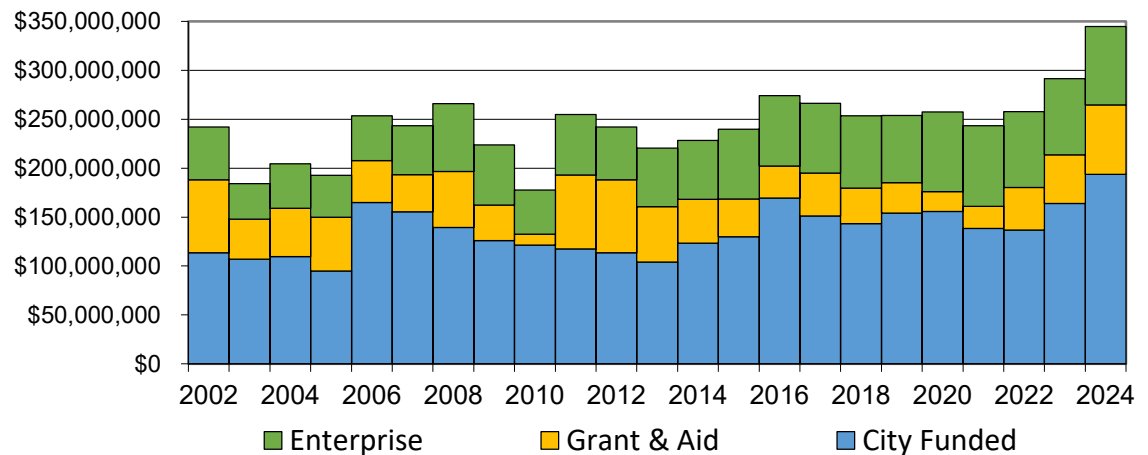
Overview

The capital budget funds major improvements to City facilities and infrastructure. It addresses transportation, health and safety needs, promotes economic development, and allows for the efficient functioning of City government. The total capital plan, including projects and programs in all departments and the City's 3 enterprise funds, is \$344.9 million, an increase of \$53.5 million from last year.

Funds are provided for roadways, bridges, sewers, water mains and other essential public facilities. The capital budget also provides funds for the maintenance of the vacant, abandoned and foreclosed properties that have become the responsibility of the City, information technology systems that need to be replaced or upgraded, and aging vehicles in the City's fleet.

The 2024 Proposed Budget contains an unusually large amount of tax levy funding. The use of cash to finance capital accounts will save on interests costs. Savings could be between \$400,000 and \$500,000 over 15 fifteen years for each \$1 million of cash. Actual saving will depending on the expected interest rate.

Total Capital Plan



Funding Sources

As proposed, the City-funded capital program will be financed with \$95 million of **levy-supported general obligation debt**, a decrease of \$600,000 from the 2023 Budget. This amount does not include debt which will be used to fund tax incremental districts. The \$25 million of TID borrowing is considered self-supporting because the property tax levy is not used for debt service.

Tax levy funding is generally used for smaller projects or projects that have a shorter useful life than traditional infrastructure projects. Average tax levy funding since 2010 has been less than \$1 million. The 2024 Proposed Budget includes \$36.8 million of tax levy funding. This is expected to be a one-time infusion of cash into the capital budget.

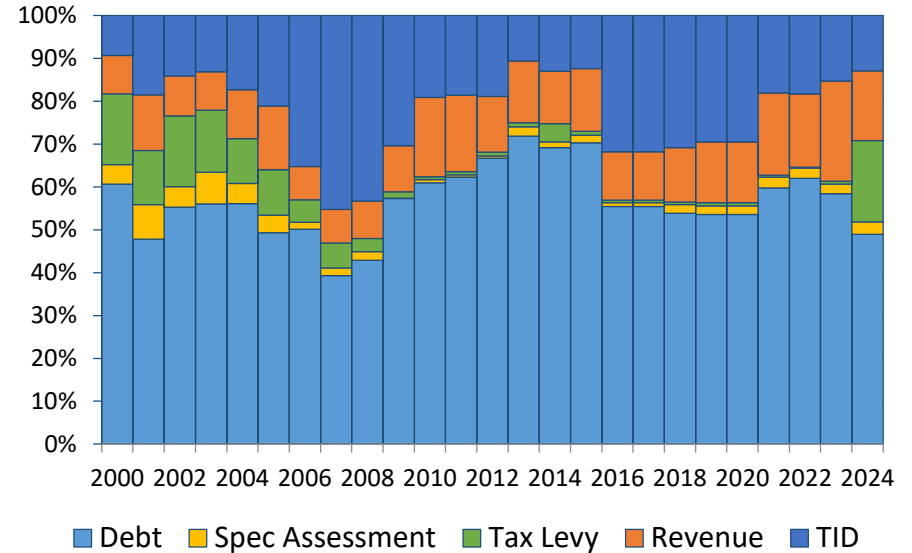
Approximately \$31.5 million of the capital budget is funded with various **revenues**, including \$13 million from developer-financed TIDs, \$6.2 million of Stormwater revenue and \$500,000 of Street Lighting revenue.

The 2023 Proposed Budget also includes \$5.5 million of **special assessment** funding, an increase of \$1.8 million.

Additional borrowing in 2023 will support the capital programs of the Sewer Maintenance Fund (\$22.7 million), the Water Works (\$50.5 million) and the Transportation Fund (\$4.3 million).

The most variable funding component of the capital budget is **grant and aid funding**. Grant availability is determined by transportation and project decisions made at the state and federal levels.

Funding Sources
(excluding enterprise funds)



Funding Policy

Generally, the City finances its operating budget with the tax levy and the City’s portion of capital improvements with general obligation borrowing or non-tax levy revenues.

The “10-Year Debt Payout” measures the percentage of total general obligation debt that will be repaid or retired within the next 10 years. The industry benchmark is 50%. From 2017 through 2022, the City’s 10-Year Debt Payout ranged between 87% and 92%. It is projected to be nearly 90% in 2023.

Debt Service

Debt service on general obligation bonds has been increasing steadily. The Comptroller estimates that in 2023, tax-levy-supported debt service will be approximately \$109 million. The total outstanding general obligation debt for all purposes at the end of 2022 was \$1.15 billion.

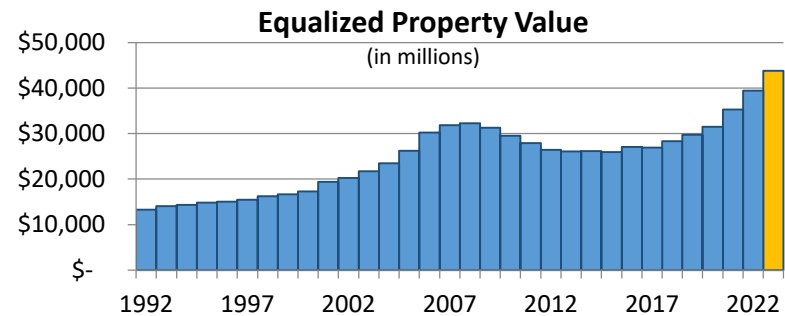
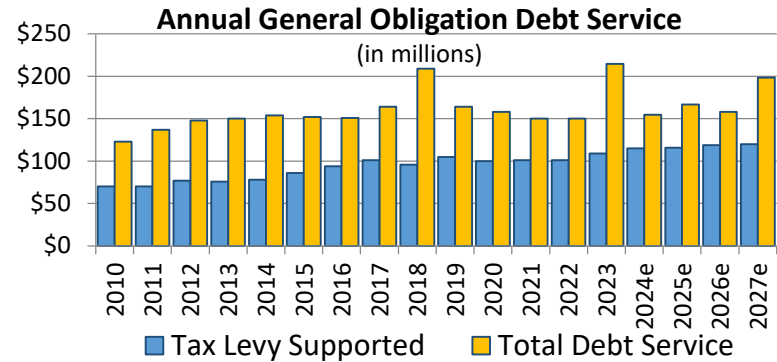
Debt Limit

The amount of general obligation debt the City may issue is limited by the State Constitution to no more than 5% of the City’s equalized value. Revenue bonds are not included when calculating the City’s use of its debt limit. At the end of 2009, the City had used just over 50% of its debt limit. Use of the debt limit reached 74% by 2016.

Until 2008, increases in the City’s equalized value helped to keep debt limit utilization at an acceptable level. Between 2008 and 2015, the City lost over 19% of its equalized value. Significant growth in equalized value in since 2021 has resulted in a decrease in the legal debt limit used. Debt limit use is now below 60%.

Bond Ratings

Although the City’s use of its debt limit has decreased, the City still faces the risk of additional bond-rating downgrades due to other fiscal challenges. The 2-notch downgrade issued by Fitch in May will increase borrowing costs associated with the capital budget.



Bond Ratings			
Year	S&P	Moody’s	Fitch
2017	AA	Aa3	AA
2018	AA	A1	AA
2019	AA-	A1	AA-
2020	A	A2	AA-
2021	A	A2	AA-
2022	A	A2	AA-
2023	A-	A3	BBB+

Capital Budget by Department								
	2018	2019	2020	2021	2022	2023	2024	Change
	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Proposed	from 2023
City-Funded								
Special Projects	\$8,514,000	\$8,514,000	\$9,016,000	\$9,114,000	\$8,115,000	\$10,115,000	\$10,515,000	400,000
Administration, Dept. of	1,660,000	2,590,000	1,533,000	2,057,000	1,592,000	2,095,000	8,945,000	6,850,000
Assessor								
City Attorney						750,000		(750,000)
City Development, Dept. of	53,420,000	56,015,000	55,400,000	40,825,000	36,450,000	40,100,000	42,600,000	2,500,000
Common Council - City Clerk		150,000	25,000	56,115			95,000	95,000
Emergency Communications						789,000	113,000	(676,000)
Fire & Police Commission		150,000	5,000,000		685,000			
Fire Dept.	1,555,000	3,324,000	1,950,000	1,800,000	1,830,000	3,000,000	6,260,000	3,260,000
Health Dept.	660,000	760,000	690,000	1,550,000	160,000			
Library	4,695,000	2,150,000	1,290,000	1,680,000	664,000	1,600,000	3,470,000	1,870,000
Municipal Court					259,000	265,000	760,000	495,000
Neighborhood Services, Dept. of	2,000,000	3,550,000	3,000,000	3,000,000		3,200,000	4,064,000	864,000
Police Dept.	7,001,000	6,416,000	3,995,000	6,337,500	7,220,000	17,930,000	20,335,000	2,405,000
Port of Milwaukee	700,000	1,450,000	475,000	675,000	2,812,000	3,319,000	3,589,714	270,714
Public Works, Dept. of	63,123,000	69,009,000	73,250,000	71,386,800	76,888,000	80,875,000	93,037,544	12,162,544
Total City-Funded	\$143,328,000	\$154,078,000	\$155,624,000	\$138,481,415	\$136,675,000	\$164,038,000	\$193,784,258	\$29,746,258
Grant & Aid								
Public Safety Radio Upgrade							3,000,000	3,000,000
Port of Milwaukee	800,000	3,800,000	800,000	800,000	800,000	1,958,000	800,000	(1,158,000)
Public Works, Dept. of	35,570,000	27,399,000	19,517,000	21,634,815	42,944,000	47,595,000	67,023,481	19,428,481
Total Grant & Aid	36,370,000	\$31,199,000	\$20,317,000	\$22,434,815	\$43,744,000	\$49,553,000	\$70,823,481	\$21,270,481
City-Funded and Grant & Aid	\$179,698,000	\$185,277,000	\$175,941,000	\$161,291,230	\$180,419,000	\$213,591,000	\$264,607,739	\$51,016,739
Enterprise Funds								
Transportation	3,424,500	3,385,000	2,725,000	1,800,000	1,300,000	2,410,000	3,411,989	1,001,989
Sewer Maintenance	37,514,000	33,950,000	34,150,000	40,350,000	33,000,000	28,400,000	26,400,000	(2,000,000)
Water	32,780,000	31,385,000	44,570,000	40,300,000	43,060,000	47,010,000	50,495,000	3,485,000
Total Enterprise Funds	\$73,718,500	\$68,720,000	\$81,445,000	\$82,450,000	\$77,360,000	\$77,820,000	\$80,306,989	\$2,486,989
TOTAL CAPITAL PLAN	\$253,416,500	\$253,997,000	\$257,386,000	\$243,366,230	\$257,779,000	\$291,411,000	\$344,914,728	\$53,503,728

Core Infrastructure

The 2024 Proposed Budget includes \$105.83 million in funding for capital programs relating to bridges, streets, alleys, street lighting, traffic control, underground conduit and electrical manholes, an increase of **\$12.5 million (13%)** from the 2023 Budget. The increase is caused by an increase in total grant and aid funding. The 10-year average annual funding for these programs is \$82.5 million.

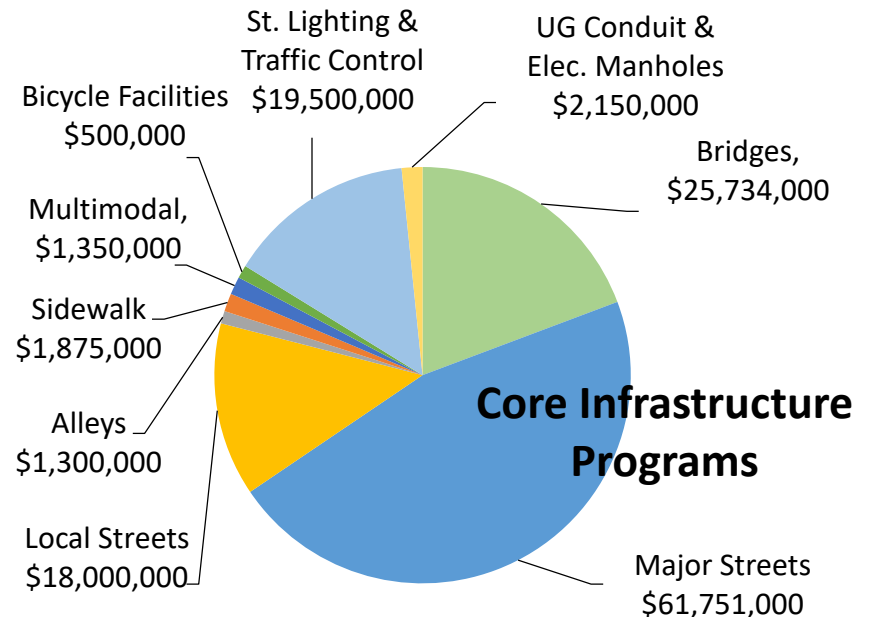
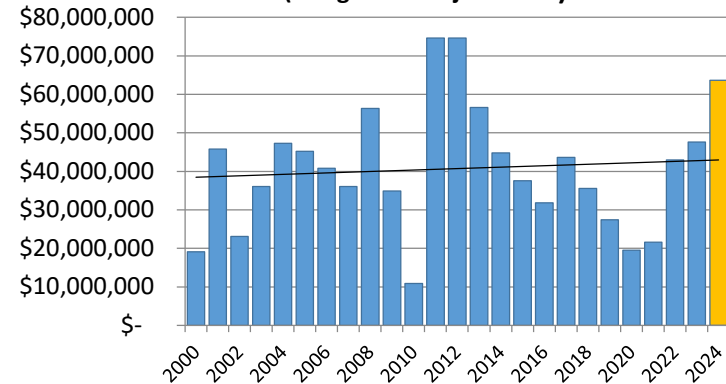
Total funding for bridge projects has increased from 2023. Funds from the stormwater fee will support bridge replacements associated with a flood-reduction project along the Kinnickinnic River.

Grant funding for major streets increases for 2024 by \$4.2 million. City funding for Major Street paving is \$17.9 million. Total funding for Major Streets is \$61.8 million.

High Impact funding is increased by \$2 million and funding for Local Streets is also increased by \$2 million from 2023. Local Road Improvement Funds, which are available from the State only in even-numbered years, will add \$2 million to available funding.

Proposed funding includes \$1.4 million for multi-modal transportation improvements throughout the City. A new capital account provides \$500,000 for bicycle infrastructure.

**Grant Funding
(Bridge and Major Street)**



Sewer Maintenance Fund

The Sewer Maintenance Fund (SMF) uses a combination of general obligation debt, Clean Water funds from the State, and revenue bonds for infrastructure projects. In 2024, the SMF anticipates using \$22.7 million in debt financing: \$18 million for sewer relays, \$1.5 million for the Inflow & Infiltration program, and \$1.5 million for water quality projects. The SMF also anticipates receiving \$3.7 million in grants for projects that will reduce the amount of clear water that enters the sewer system through private laterals and for projects that will improve water quality.

The 2024 Proposed Budget continues a diversified approach to sewer system maintenance. Strategies include reducing inflow and infiltrations, constructing bio-swales to help manage storm water runoff, restoring capacity to channels and drainage ditches, and including pervious pavement in select street and alley projects.

Because of their mitigating effects on storm water, the Tree Planting and Production program, the Emerald Ash Borer program, Concealed Irrigation, and Stump Removal, are financed with transfers from the Sewer Maintenance Fund. A portion of DPW's Environmental Remediation Program and Major Capital Equipment account is also funded by the SMF.

The total transfer from the Sewer Maintenance Fund for capital projects is \$6.2 million. Annual transfers from the Sewer Maintenance Fund transfers for capital projects have been somewhat variable. The average transfer since 2015 is around \$3 million.

Milwaukee Water Works

The Milwaukee Water Works is funded to replace 14 miles of water mains in 2024.

Water usage decreased in 2023. Through June 2023, water consumption decreased by .8% compared to the same period in 2022. Long term water consumption is down significantly, declining 24% since 2008.

Milwaukee Water Works, which is traditionally funded with cash, has been funding more of its capital maintenance with debt to meet the water main replacement target required by the Public Service Commission. Anticipated borrowing for 2024 is \$50.5 million, an increase of \$3.5 million from 2023.

Transportation Fund

Capital improvements for the Transportation Fund are relatively modest (\$3.4 million) compared to the Sewer Maintenance Fund and the Milwaukee Water Works. They are typically debt-financed.

The 2024 Proposed Budget includes \$700,000 for improvements at the 1000 N Water Street parking structure, \$75,000 for MacArthur Square, \$600,000 for the 2nd and Plankinton structure, and \$421,000 for a 5-year overhaul of the streetcar.

Additional funding will be used at other parking structures for inspections and minor repairs, and to make improvements at surface parking lots.

Buildings

Departments submitted 33 requests for building-related capital projects or programs, with a total of \$71.3 million. The 2024 Proposed Budget funds 16 requests.

The **Department of Public Works** received \$1.5 million for repairs at the Municipal Services building on 15th and Canal Street. An additional \$5.7 million is provided for other building maintenance programs. The department also requested \$33.5 million for various building projects, none of which are funded in 2024.

The **Library** receives \$1.2 million for improvements at the Central Library and \$2 million for the construction of new branch libraries. No funding is provided for branch library improvements.

The **Police Department** receives \$7335,000 to make repairs at District stations and \$1,500,000 for concrete repairs around the Police Administration Building. No funding is provided for interior renovations at the PAB.

The **Fire Department** requested \$3.2 million for maintenance and renovation at fire houses and received \$1.6 million for that purpose. The department also requested \$19 million for a new repair garage. The project is not funded.

Office renovation projects were requested by the City Clerk, DER, and DNS. None of these projects are funded.

Vehicles

The Proposed Budget includes \$8.9 million for Fleet Major Capital Equipment and \$4.66 million for Fire Department vehicles.

Historically, only vehicles which cost more than \$50,000 were included in the City's capital budget. Passenger vehicles were generally funded through the operating budget. As passenger vehicles become more expensive, it has become increasingly difficult to fund the necessary replacements within the operating budget. As a result, many vehicles are past their expected useful lifespans.

Police vehicles were first funded in the 2018 Capital Budget. The 2024 Proposed Budget does not include any capital funds for Police Department vehicles.

Technology

The City's business operations increasingly rely on IT systems. The cost and complexity of computer systems has made the maintenance and replacement of such systems challenging. For 2024, there were 21 requests for IT projects totaling \$25.3 million. Funding is provided for 14 projects totaling \$32.6 million.

Although all departments rely on increasingly sophisticated software to realize efficiencies, public safety departments are most heavily impacted by increasing IT costs.

Large Scale IT Projects 2015-2023
(\geq \$400,000)

Project	Dept.	Years Funded	Amount Budgeted	2024 Proposed
New ERP System	ITMD	2020, 2023	\$1,350,000	\$8,000,000
Tax Collection Software	ITMD	2015-2016	\$2,350,000	-
FMIS Upgrade	ITMD	2017	\$1,300,000	-
HRMS Upgrade	ITMD	2016	\$1,000,000	-
PeopleSoft Upgrade Manager	ITMD	2018-2021	\$600,000	-
Corp. Database Server Upgrades	ITMD	2016, 2017, 2021	\$1,120,000	-
CSWAN-COMON Upgrade	ITMD	2016-2017	\$750,000	-
Fleet Scheduler	ITMD	2020	\$400,000	-
Business License Conversion	ITMD	2020	\$500,000	-
Assessment Software	Assessor	2015- 2017	\$1,461,000	-
IT Upgrade & Replacement	Attorney	2023	\$750,000	-
Unified CAD System	FPC	2019, 2020, 2022	\$5,835,000	-
Court Case Management Replacement	Muni Court			\$530,000
Joint Public Safety Radio Upgrade	Police	2023	\$11,500,000	\$19,900,000
Record Management System	Police	2014-2018	\$6,715,000	-
911 and Phone System Upgrade	Police	2018	\$2,000,000	-
Upgrade CAD System	Police	2016, 2019	\$1,800,000	-
Radio Dispatch Console Upgrades	Police	2016	\$1,900,000	-
Automated Fingerprint Analysis	Police	2021	\$1,700,000	-
Mobile Data Computer Upgrades	Police	2015, 2016, 2023	\$2,143,000	\$400,000
Hardware/Software Refresh	Police	2022	\$2,000,000	-
Fire Digital Radio System	Fire	2016	\$400,000	-
Fire Record Management System	Fire	2016	\$550,000	-
Onboard Garbage Truck Computers	DPW-Ops	2023	\$482,000	-
Total			\$48,606,000	\$28,830,000

Capital Accounts Funded with Tax Levy in 2024					
		2024	2023	2022	Notes
Account	Dept.	Proposed	Budget	Actual	
Municipal Art Fund	Special	\$25,000	\$25,000	\$8,125	¹ This account also received \$1 million of GO borrowing.
Capital Improvements Committee	Special	\$90,000	\$90,000	\$91,066	
Advanced Planning	DCD	\$200,000	\$100,000	\$130,287	² This account also received \$6.5 million of GO borrowing and \$3 million of grant and aid funding.
In Rem Property Maintenance	DCD	\$400,000	\$400,000	\$547,024	
Strong Homes Loan Program	DCD	\$1,000,000	\$1,000,000	\$978,112	
Partnerships in Affordable Ownership	DCD	\$2,000,000	\$0	\$0	³ This account also received \$7 million of GO borrowing and \$1 million of special assessment funding.
Fire Facilities Maintenance ¹	Fire	\$600,000	\$500,000	\$850,214	
Fire – Major Capital Equipment	Fire	\$4,660,000	\$2,500,000	\$2,109,562	
Central Library	Library	\$1,150,000	\$1,600,000	\$675,907	⁴ This account also received \$8 million of GO borrowing.
Branch Library New Construction	Library	\$2,000,000	\$0	\$288,741	
SQL Migration & Website Project	Muni Court	\$230,000	\$165,000	\$11,434	⁵ In previous years, funding for bike infrastructure was included in other capital accounts.
Concentrated Blight Elimination	DNS	\$3,064,000	\$2,200,000	\$943,006	
Code Compliance Loan Program	DNS	\$1,000,000	\$1,000,000	\$197,182	
Joint Public Safety Radio Upgrade ²	Police	\$10,400,000	\$11,500,000	\$0	⁶ This account also received \$510,000 of GO borrowing.
Local Street Reconstruction ³	DPW-ISD	\$1,000,000	\$7,000,000	\$7,487,392	
High Impact Paving Program ⁴	DPW-ISD	\$1,000,000	\$7,000,000	\$6,218,696	⁷ This account also received \$2.3 million of Stormwater Fee revenue.
Bike Infrastructure ⁵	DPW-ISD	\$500,000	\$0	\$0	
Space Planning ⁶	DPW-ISD	\$190,000	\$400,000	\$266,939	
Strategic Facilities Plan	DPW-ISD	\$200,000	\$500,000	\$0	
Material Recycling Facility Repairs	DPW-Ops	\$456,174	\$0	\$0	
Major Capital Equipment ⁷	DPW-Ops	\$6,613,826	\$7,800,000		

Unfunded Capital Requests			
Dept.	Account	Request	Type
Attorney	IT Upgrades	\$925,000	IT
City Clerk	Document Scanner Replace	\$31,000	IT
	City Hall Basement Exhibit Space	\$1,256,092	Bldg
	CH Rm 205 Renovation	\$5,135,600	Bldg
	Enterprise Records Management System	\$700,000	IT
DCD	Housing Infrastructure Preservation Fund	\$100,000	Bldg
DEC	Data & Comm. Center Remodel	\$15,000	Bldg
DER	Office Remodel	\$241,270	Bldg
Fire	Fire Repair Shop	\$19,000,000	Bldg
Health	Health Facilities	\$550,000	Bldg
Library	Branch Library Improvements	\$230,000	Bldg
Muni Court	Relocation Feasibility Study	\$225,000	
DNS	Remodel Development Center Offices	\$3,237,052	Bldg

Unfunded Capital Requests			
Dept.	Account	Request	Type
Police	Police Admin Building Remodeling	\$1,600,000	Bldg
	Records Management System	\$136,500	Bldg
	Police Vehicles	\$4,550,000	Vehicle
	Police Motorcycles	\$235,000	Vehicle
	ASA Network Security Replacement	\$54,100	IT
	Base Station Replacement	\$435,000	
	Radio Shop Repairs	\$83,350	Bldg
	Simulation Software	\$69,500	IT
	Electrical Switchgear Coordination Study	\$99,375	
	Property Warehouse Renovation	\$355,809	Bldg
DPW	MRF Seawall	\$2,625,000	
	Central Salt Dome	\$800,000	Bldg
	Recycling Scale House Replacement	\$500,000	Bldg
	Central City Drop-off Center	\$21,209,000	Bldg
	MRF Tipping Floor Expansion	\$4,807,943	Bldg
	City Hall Complex Chiller Plant Replacement	\$4,500,000	Bldg
	City Hall 8 th Floor Renovation	\$2,000,000	Bldg
	North Point Roof Restoration	\$830,000	Bldg