2012-2017 CAPITAL IMPROVEMENTS PLAN-DRAFT

CAPITAL IMPROVEMENTS COMMITTEE FEBRUARY 8, 2012

Plan Objectives

- 1. Preserve asset condition & functionality
- 2. Support strategic objectives
 - Economic activity
 - Public health & safety
 - Neighborhood quality
 - Environmental protection
 - Operating effectiveness
- 3. Allow for Financial Sustainability

Plan Risks

Continuing deterioration in State Shared Revenue
 => limits financial capacity

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- 2. Potential for pension costs to triple as proportion of levy
- Major bridges shift to local funding "crowds out" growth potential in other areas
- Aging facilities footprint => potential for unplanned/emergency projects
- Declining Water Works consumption base weakens capacity to address high fixed costs
- 6. Tax base loss reduces available debt limit

Plan Opportunities

- 1. Favorable debt environment and access to credit
- 2. Sewer Maintenance revenue diversification enables adequate replacement cycle
- Progress on local street replacement cycle enables progress on other programs
- 4. Potential for user charges to play a greater role in capital financing
- Capital maintenance strategies and enhanced analytics support an improved ROI

Draft CIP Priorities & Highlights

 Plan achieves 50-year local street replacement cycle in 2014 => continues through end of Plan period

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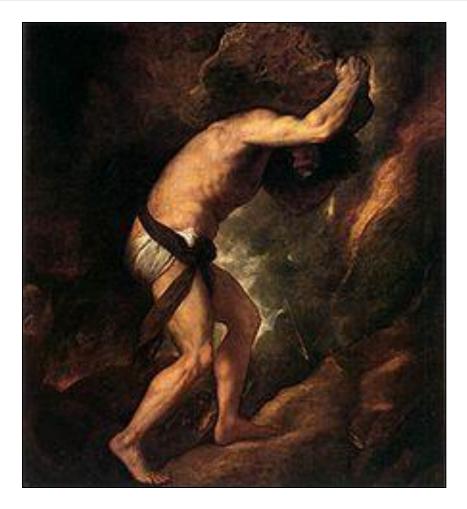
- 2. Plan maintains 90-year replacement cycle for sewers
- 3. Plan strengthens focus on operational effectiveness
 - Energy reduction
 - Solid waste collection productivity
 - Enterprise land management system
- 4. Plan re-sets Water Works capital program
- 5. Plan continues economic development capacity through TIF

Plan Financing

- 1. Levy-supported GO target of \$74 million
 - Enables progress on condition & asset performance

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- Consistent with debt levy stability
- Draft Plan exceeds target by \$2.6 million (annual average)
- 3. Approaches to achieving target
 - Gradual growth in user charge finance for selected capital programs
 - Modest growth in PDAF application to debt levy management



The Challenge of Capital Budgeting

Presentation Questions & Comments

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