



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes 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, Terry MacDonald

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Thursday, October 15, 2009

1:30 PM

Room 301-B, City Hall

Meeting convened: 1:35 P.M.

1. Roll call:

Members Present: 7 - Ald. Joseph Dudzik, Chair, Ald. Robert Bauman, Gerald Froh (Ald. Michael Murphy Alternate), Jeffrey Mantes, Michael Daun (W. Martin Morics Alternate), Mark Nicolini, and Mariano Schifalacqua

Members Excused: 0

Also present: Venu Gupta, Dept. of Public Works (Alternate for Jeff Mantes), Preston Cole, Director of DPW, Operations, Carrie Lewis, Superintendent Water Works, Jeff Polenske, City Engineer, Tim Thur, Department of Public Works, David Schroeder and Eric Pearson, Dept. of Admin., Budget & Management Div. and Michael Talarczyk, Legislative Reference Bureau

2. Approval of the September 11, 2009 meeting minutes

Ald. Nicolini moved approval of the minutes, Mr. Daun seconded. There were no objections.

3. Discussion relating to the drafting of a job description for the Capital Improvement Program Specialist position

Ald. Dudzik said that Mr. Froh sent him an e-mail outlining the job duties for the Capital Improvements Program Specialist position (Exhibit 1).

Mr. Nicolini said the ordinance that establishes this committee does limit this Committee's purview to only certain elements of the Capital budget, which is defined in section 4. paragraph a-2. of ordinance file #081215. He said that narrows the scope of the position's responsibility.

Ald. Dudzik replied that if, once this committee is up and running, this committee feels that it can take on one or more of the other responsibilities list in the ordinance he will amend the ordinance.

Mr. Schifalacqua asked for clarification on what responsibilities are not in the purview of this Committee?

Mr. Nicolini referred members to slides 33 and 34 (Exhibit 2) of his PowerPoint presentation that explains the components of the City's Capital Budget that are not included in this Committee's purview. He also referred members to slide 32 that shows the job duties of the Capital Program Specialist position.

Ms. Andrea Knickerbocker with the Dept. of Employee Relations appeared and explained the classification process for creating a new position.

Ms. Knickerbocker asked when does this committee want to this position created and approved?

Ald. Dudzik replied as soon as possible.

Ms. Knickerbocker said the Department of Employee Relations will prepare a classification report for the Capital Program Specislist position and will provide it to this committee for review and approval prior to it going before the City Service Commission for its review and approval.

Mr. Froh said there was a job analysis done about 10 years ago for a Capital Improvements Specialist position that was located in the Budget Office.

Ms. Knickerbocker replied that the Budget office did have a position back in 1997 that is similar to what this Capital Program Specialist duties would be.

Ald. Dudzik asked Ms. Knickerbocker to provide this committee with a copy of that analysis.

Ms. Knickerbocker replied in the affirmative.

Ald. Dudzik asked Ms. Knickerbocker to provide a copy of the job description and job classification report to Ms. MacDonald who will forward it to all committee members for review. He said he will have an item on the next committee meeting agenda that will allow for further discussion on the job description.

Mr. Schifalacqua asked how will the hiring take place and who will be part of the selection process?

Ms. Knickerbocker said the hiring will go through the usual process conducted by the Dept of Employee Relations.

4. Presentation and discussion on the Mayor's proposed 2010 capital improvements budget plan

Mr. Schroeder and Mr. Nicolini gave an overview of the current capital improvements planning process, on the the current plan (2009-2014), on the 2010 proposed capital budget and lastly, on the capital budget planning and the Capital Improvements Committee by PowerPoint presentation (Exhibit 2).

Ald. Dudzik referred to slide eight of the PowerPoint presentation, the chart on the 2009-2014 Tax Levy Debt Service Projections, and asked what will cause the dramatic dip in capital improvement projects in 2013?

Mr. Schroeder replied that the dip in 2013 is due to the fact that a couple of building projects are expected to be completed at that time, such as the City Hall foundation.

Ald. Dudzik asked Mr. Nicolini how he could find out how much money from the vehicle registration fees have been collected to date?

Mr. Nicolini replied that his office can provide him with that information. He said it was estimated that the City would receive about \$6.6 million a year.

Ald. Dudzik asked what kind of cost saving would there be for the City if it would switch over to LED lighting completely?

Mr. Polenske appeared and replied that a complete switch to LED lighting is a ways off yet. He said the pilot project is working great and there would be some saving eventually.

Mr. Nicolini replied that the failing circuitry is a problem. He said there was a study done and it showed that it will take \$7.3 million and about 106 years to switch over to LED lighting completely and that includes the cost of replacing of all the out dated circuitry.

Mr. Mantes said that City Hall hollow walk project will take about three years and will begin in 2010.

Mr. Schifalacqua referred to slide eight of the PowerPoint presentation and said the chart shows that the City is consistently \$30-35 million under the improvement requests. He said that shows that a lot of the decisions that have been made to date are based on funding, not needs. He said if the needs are not addressed they will just keep growing.

Mr. Nicolini replied that the major key purposes of this committee is to review the improvement projects that need to be done and to try to come up with new financial resources and tools, such as an increase tax levy, increase in user fees or set a higher target for borrowing to cover the cost of the improvements.

Mr. Mantes said he agrees with Mr. Nicolini and that it has been his philosophy that the administration and Council is kept up-to-date on what the improvement needs and budgetary restraint are.

Ald. Dudzik replied that the current administration does put a higher emphasis on infrastructure.

Mr. Daun asked if department's include inflation thier costs, when submitting capital improvement requests?

Mr. Schroeder replied that most departments do try to project inflation cost.

Mr. Daun asked Mr. Nicolini if he has any suggestions on how the administration and this committee can work together so that time can be used productively?

Mr. Nicolini replied that this committee could examine the capital improvement calendar (Slide two of the PowerPoint presentation) and possibly revise it so that the process can be accelerated by one month. He said the ordinance charges this committee to examine the improvement needs and put together a financial plan and projections.

Mr. Daun said that one of the tasks this committee might want to do is put together a capital program, preparation, monitoring and report planning schedule.

Mr. Nicolini said that this committee should have some debate on a financing target.

Mr. Froh said that a report on what has been accomplished over the past four to five years would be helpful for this committee to review.

Ald. Dudzik replied in the affirmative.

Roll call taken at 2:20 P.M.

Members Present: 6 - Ald. Joesph Dudzik, Chair, Gerald Froh (Ald. Michael Murphy Alternate), Jeffrey Mantes, Michael Daun (W. Martin Morics Alternate), Mark Nicolini, and Mariano Schifalacqua

Members Excused: 1 - Ald. Bauman

5. Discussion relating to the federal stimulus funded capital improvements projects

Mr. Jeff Polenske, City Engineer and Tim Thur, Environmental Engineering, appeared on this matter.

Mr. Polenske said that this year the state received \$529 million in federal stimulus funds, of which Milwaukee received \$15.2 million for improvement projects. The City also received funding for three transportation enhancement projects in the amount of \$15.9 million. He said additional funding became available in August in the amount of \$9 million and those funds would cover the cost of ten more projects. The City has a total of 23 stimulus funded projects and construction began for three of those projects this past summer. He said all the projects are arterially street construction, no local streets are included.

Mr. Schifalacqua asked if there is any local fund match?

Mr. Polenske replied in the negative.

Mr. Schifalacqua said he has concerns with the large number of new projects and the number of contractors available in the area to do those projects. He asked Mr. Polenske if he noticed an increase in construction prices?

Mr. Polenske replied that the pricing for the first three construction projects that the City put out this past summer were pretty good, but the construction prices may be different story in December when the vast majority of the projects throughout the state go out for bids.

Mr. Thur said Milwaukee received \$35 million of stimulus funds, \$2 million in grant funds and \$33 million as a low cost loan, for sewer replacement. He said the City has recently been notified that there are extra stimulus fund available for City and that would come in as a grant, which will increase the grant amount to \$10-12 million.

Ald. Dudzik advised the members that the next meeting date is November 19, 2009 at 1:30 P.M.

Meeting adjourned: 3:07 P.M.

**Terry J. MacDonald
Staff Assistant**

Dudzik, Joseph

From: Gerard Froh [frohdo@gmail.com]
Sent: Friday, October 09, 2009 9:33 AM
To: Dudzik, Joseph
Cc: Murphy, Michael (Alderman)
Subject: Capital Improvements Program Specialist

Joe,

This is the outline of the job duties I sent to Andrea Knickerbocker in DER. According to the CIC legislation a six year CIP prepared by staff and approved by CIC is due Feb 1 each year to the Common Council. I think it is first necessary to prepare the core Infrastructure reports before launching a Capital improvements Plan. Time is tight.

See you Thursday.

Gerard Froh
 251 N 50th St
 414-630-6044 (cell)

As I see it:

Duties (brief)

Prepare citywide annual capital improvements budget & six year capital improvements plan
 Monitor capital improvements
 Prepare semi-annual capital progress report for all city capital projects and programs
 Develop and prepare annual infrastructure preservation reports.

Capital Improvements Program Specialist shall be selected by and operate under the administrative direction of the Capital Improvements Committee.

Primary Duties Detail:

Submit to the Capital Improvements Committee a prioritized 6-year capital improvements program for all departments under control of the common council, including total estimated construction and maintenance costs, the effect of the total costs upon estimated annual tax levies and debt service for each year of the program, and recommendations concerning financing of the program.

Based on capital budget requests submitted by city departments and within guidelines as established by the common council, submit a recommended Capital Budget including financing, for the construction and maintenance of infrastructure and facilities and describe its relationship to the 6-year capital improvements program to the Capital Improvements Committee. Secure supporting data and justification for proposed CI projects, arrive at accurate cost estimates and secure from city departments a list of services and facilities and a projection of operating costs related to each construction project.

Monitor completion of the capital improvements program as contained in the annual budget. Prepare semi-annual progress reports, with emphasis on the status of large-scale capital projects as determined pursuant to Resolution File Number 061597, and other projects as determined by the committee, in relation to their predetermined construction schedule and estimated costs, for submission to the Capital Improvements Committee.

Prepare a report for submission to the Capital Improvements Committee that describes the condition of the city's infrastructure and facilities and the adequacy of the effort level made by the city to preserve such infrastructure and facilities and eliminate any deferred capital maintenance.



10/14/2009



CAPITAL IMPROVEMENTS PLAN

Presentation to the Capital Improvements
Committee

October 15, 2009
DOA-BMD



Presentation Overview

- What drives the current CIP process
 1. Capital Improvement Objectives
 2. Planning Process Calendar
 3. Capital Financing Goals & Limitations
 4. Significant needs vs. available funds
- 2009-14 CIP Overview
- 2010 Proposed Capital Budget Overview
 - Building Block for 2010-2015 CIP
- Capital Planning and the CIC

EXHIBIT

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Capital Improvement Objectives

1. Support Strategic Goals

- Building safe & healthy neighborhoods;
- Increasing investment & economic vitality throughout Milwaukee;
- Improving workforce development & connecting more citizens to family supporting jobs;
- Sustaining, enhancing & promoting Milwaukee's natural environmental assets.

2. Preserve the City's assets

3. Achieve a stable debt levy

Capital Improvement Planning Process – Current Calendar

March – Departments sent forms, instructions, and CIP tables for capital requests.

April – Departments submit capital requests to Budget Office.

May – Requested capital budget composed of department requests and submitted with rest of budget.

September – Mayor proposes budget.

November – Council adopts budget.

December – Final budget documents completed, CIP out years development completed over coming weeks.

Capital Project Definition

Capital improvements typically meet one or more of the following criteria:

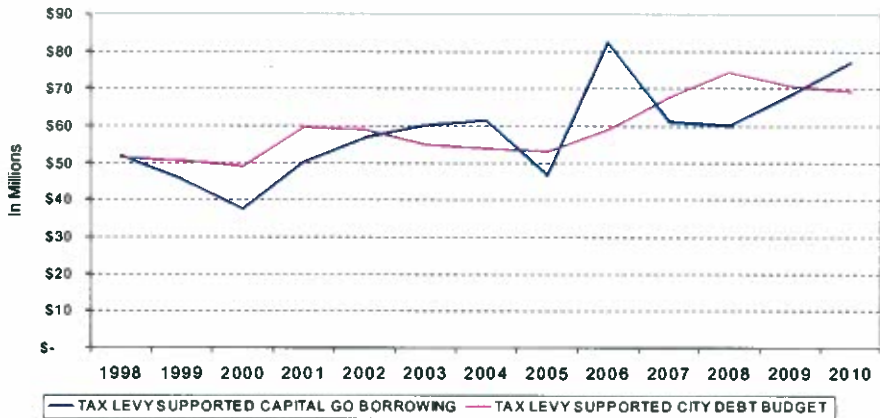
- Renovation or restoration of buildings, structures, facilities, and integral equipment items whose cost exceeds \$25,000.
- Construction of new or replacement buildings or structures at a cost exceeding \$25,000 including planning and design costs.
- Remodeling of office and shop areas.
- Durable equipment with an original unit cost of \$50,000 or more.
- Equipment and furnishings which are to be purchased as a part of a capital project.
- Replacement equipment (an integral part of a building, structure, or facility), which costs \$25,000 or more.

Capital Financing Goals

The primary objective of the 2009-2014 Capital Improvements Plan is to protect and enhance the city's infrastructure and assets in a fiscally sustainable manner. To achieve this objective, the city has established three specific capital financing goals:

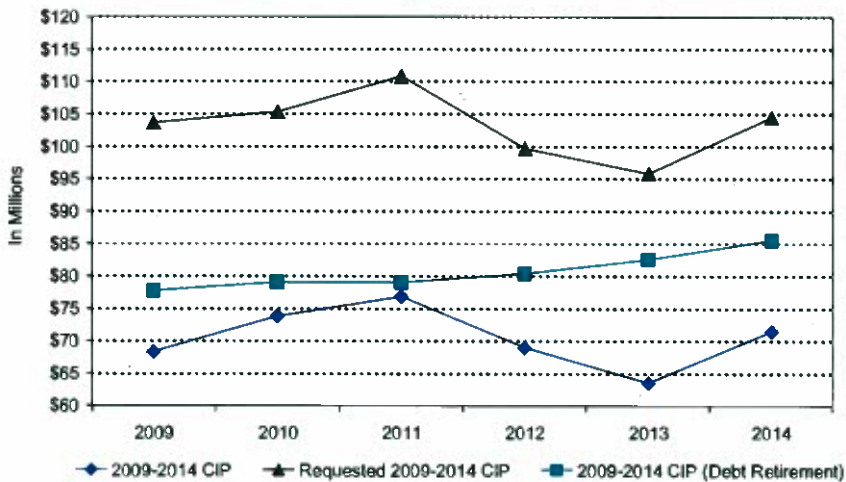
- To fund adequately the city's infrastructure and general capital needs.
- To control the city's overall debt burden.
- To control tax levy supported capital spending so as to assist the city in maintaining core services while enhancing its competitive position.

1998 - 2010 Tax Levy Supported Capital Borrowing and Debt Budgets



NOTE: Borrowing amounts do not include MPS capital related borrowing which occurred through 2007. City Debt budget does include tax levy supported MPS related debt service for prior capital improvements and current cash flow borrowing.

2009 - 2014 Tax Levy Debt Service Projections



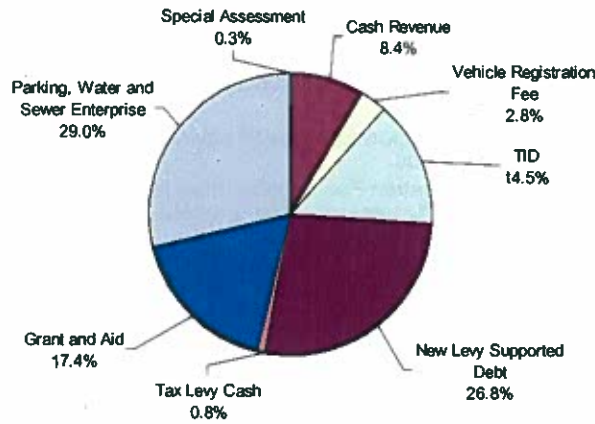
Capital Alternative Financing Strategies

The City of Milwaukee will continue to seek alternatives to levy supported borrowing as a way to finance capital projects. Recent improvements to the City's position include the following:

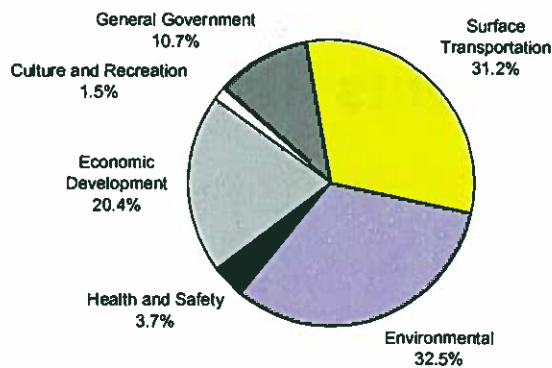
- DPW Tower Site is supported by lease payments from the Water and Sewer Enterprise Funds.
- Motor Vehicle Registration Fee implemented to replace most assessments, support street replacement debt service & increase current funding, and maintenance activities.
- Stormwater Management Fee utilized in 2010 to fund tree planting and production and the EAB program.
- Port of Milwaukee projects funding through its operating special funds accounts.
- MPS borrowing limited to programs that are supported by MPS reimbursements.
- Examine feasibility of user charges as a cash financing tool for certain major equipment.

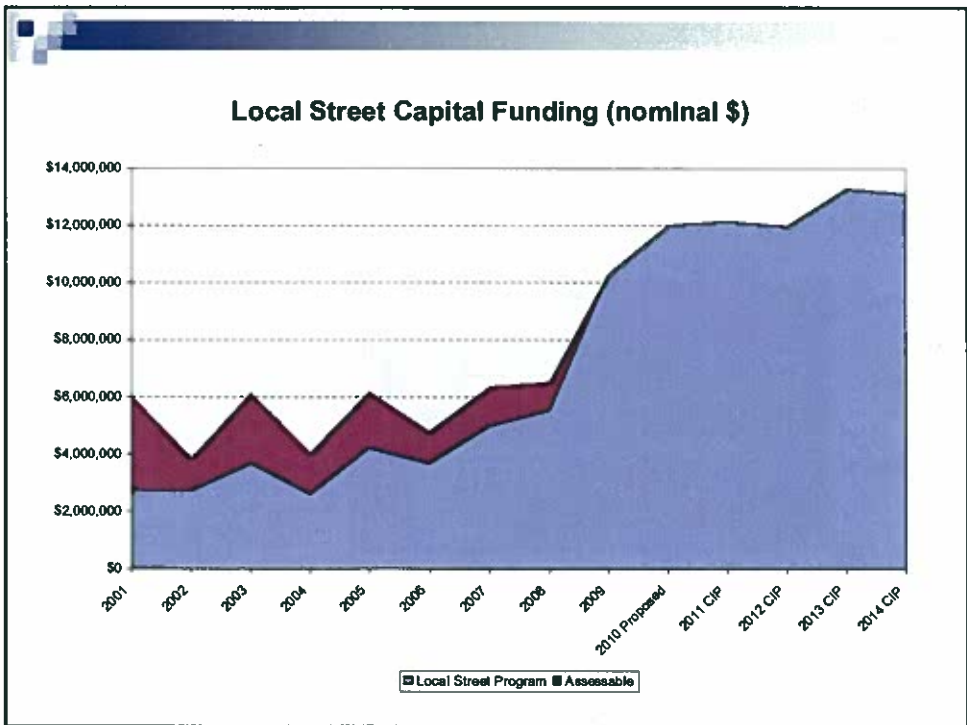
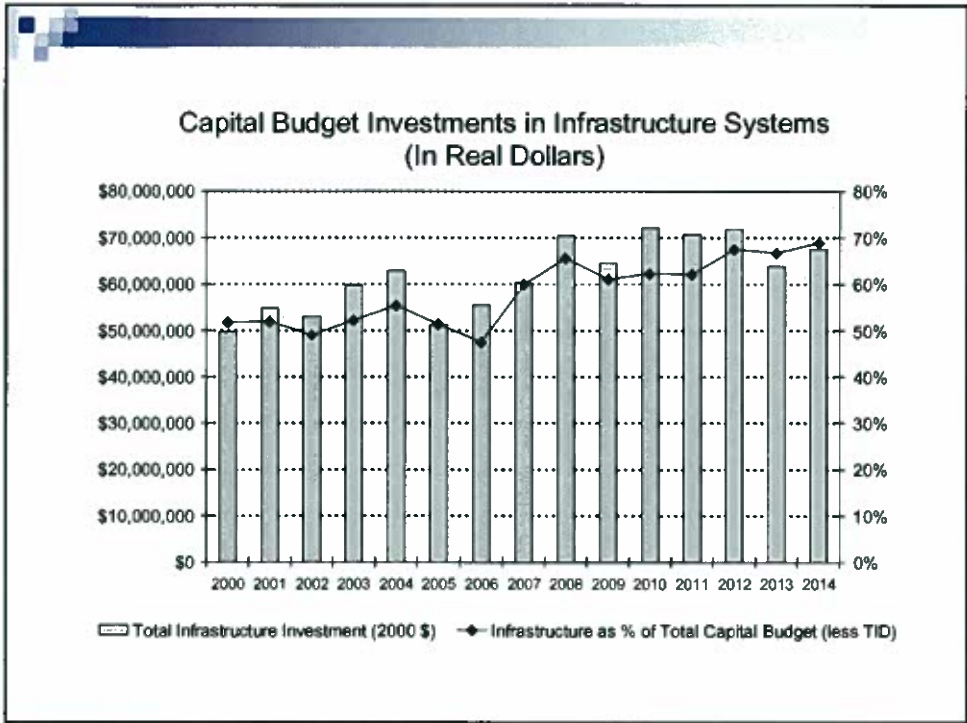
2009-2014 Capital Improvements Plan

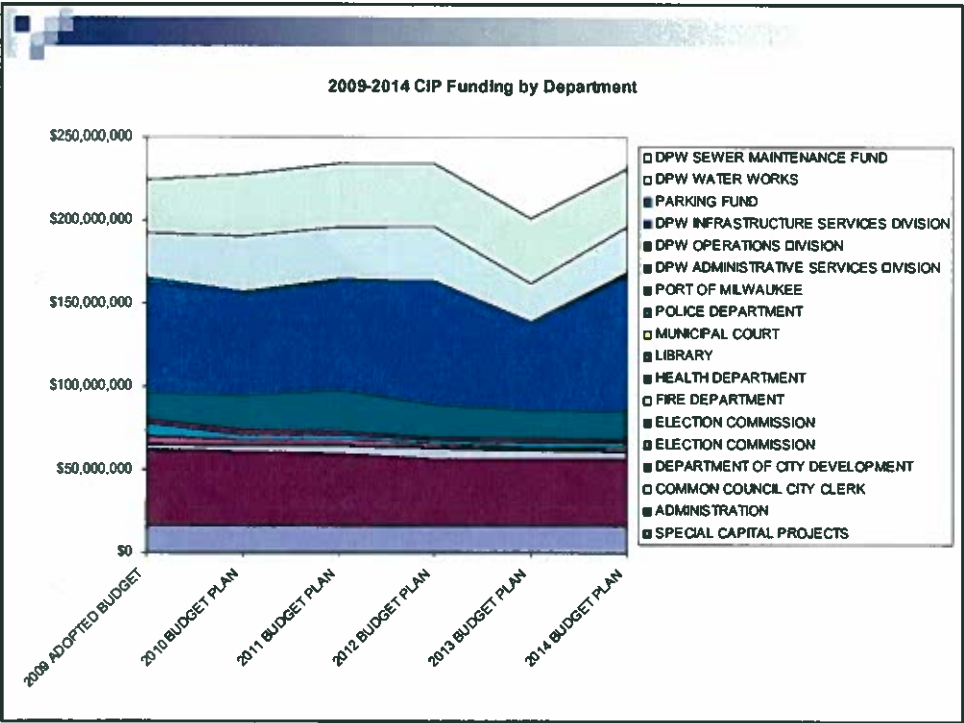
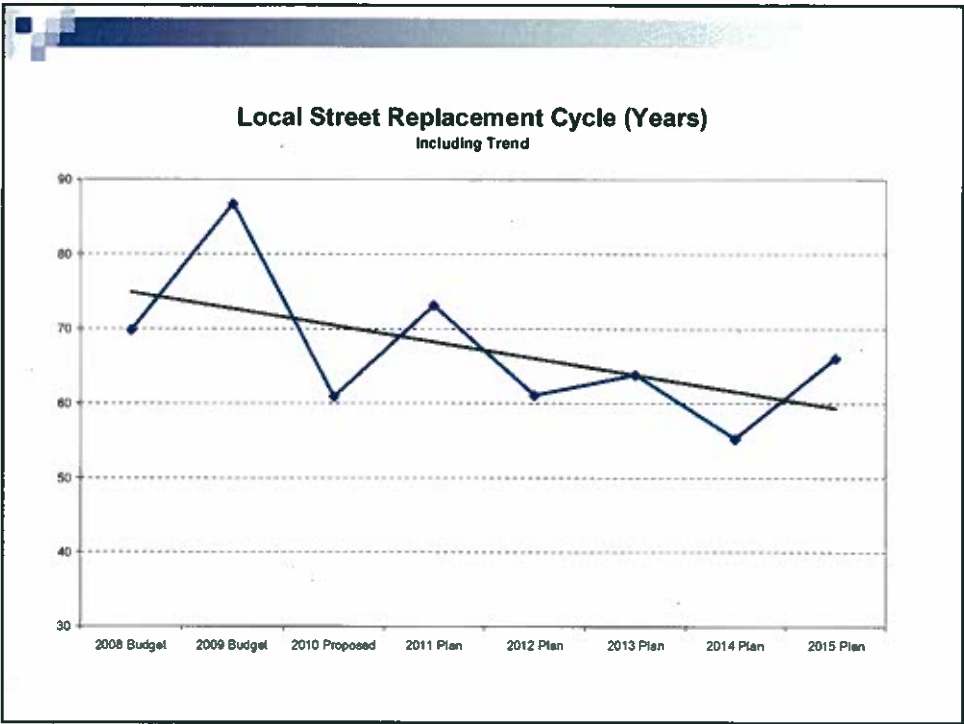
Capital Improvement Revenue Sources 2009 - 2014 Capital Improvement Plan



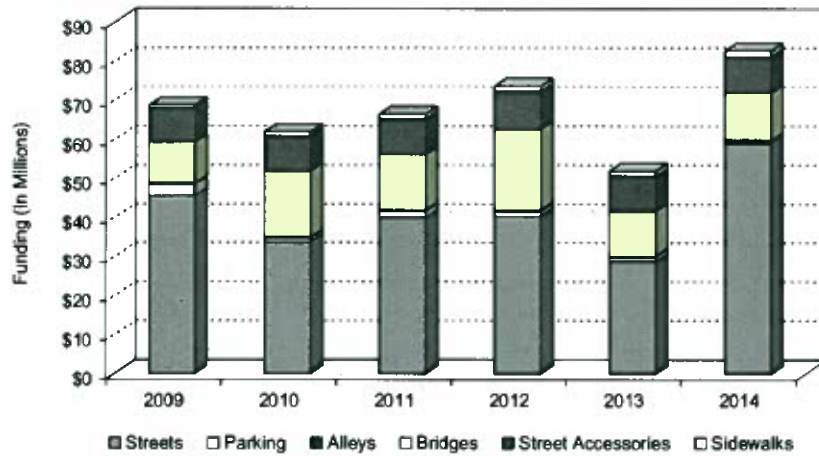
2009 - 2014 Capital Improvements Budget by Function



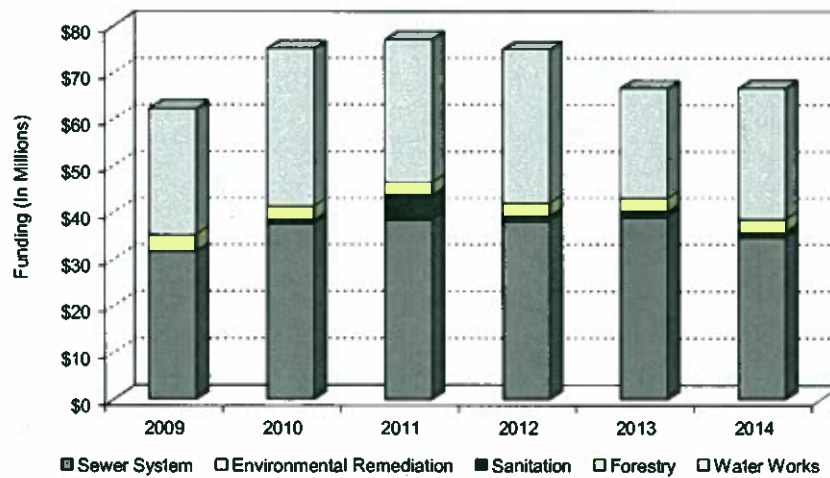




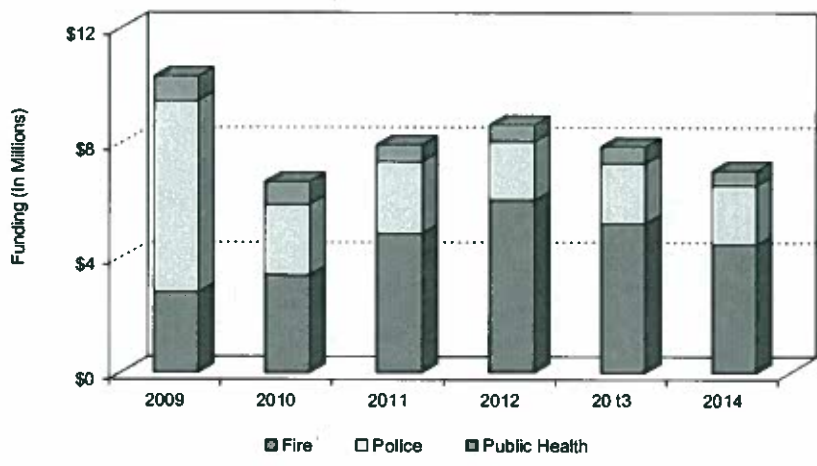
Surface Transportation 2009 - 2014 Capital Improvements Plan



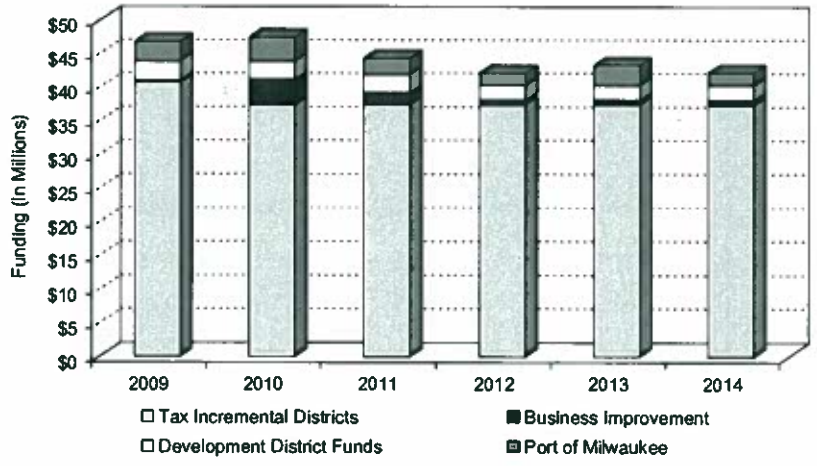
Environment 2009 - 2014 Capital Improvements Plan



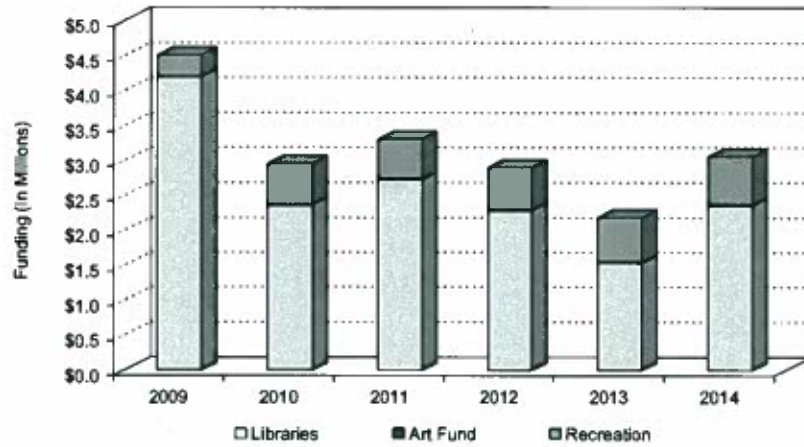
Health and Safety 2009 - 2014 Capital Improvements Plan



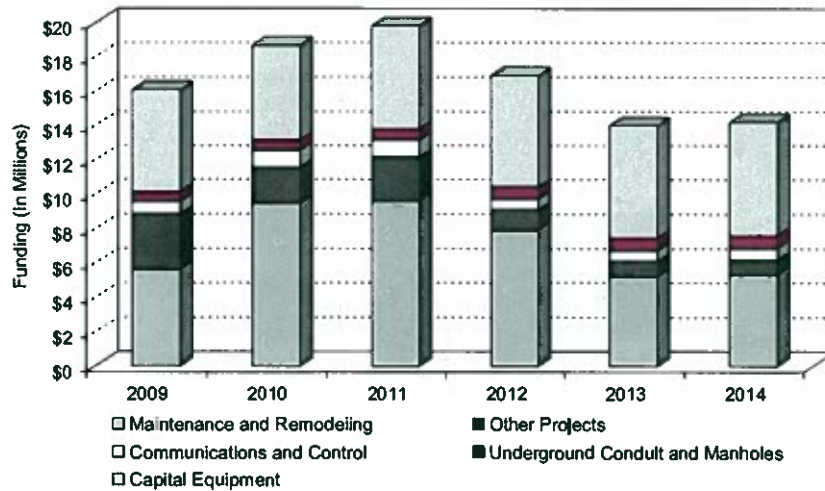
Economic Development 2009 - 2014 Capital Improvements Plan



Culture and Recreation 2009 - 2014 Capital Improvements Plan

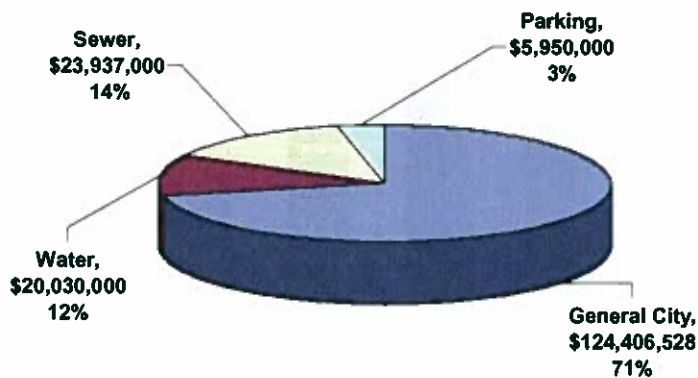


General Government 2009 - 2014 Capital Improvements Plan

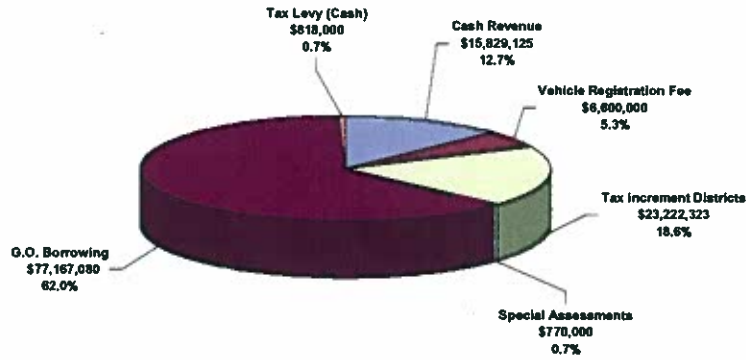


2010 Proposed Capital Budget – Starting Point for the 2010-2015 Capital Improvements Plan

2010 Proposed Total City Capital Budget
Including Enterprise Funds
Total: \$174,323,528



**2010 Proposed General City Capital Budget
By Funding Source
Total: \$124,406,528**



2010 Proposed Streets Capital Programs

Program	2009	2010	Change	Percentage
Street Improvements-State/Federal Aided Projects	4,230,100	4,924,000	693,900	16.4%
New Street Construction	200,000	250,000	50,000	25.0%
Street Reconstruction and Resurface	10,300,100	12,001,000	1,700,900	16.5%
New Streets Developer	400,000	400,000	0	0.0%
Total Capital Funding	15,130,200	17,575,000	2,444,800	16.2%

Excludes Grant Funding: \$10,936,200 in 2010

Street Replacement Cycle – 2010 Calculation

<u>Source of Funds</u>	<u>2010 Plan</u>
2010 Appropriation	\$12,000,000
Administration	-\$800,000
Preventative Maintenance	-\$1,300,000
City Funding	\$9,900,000
Assessable	\$1,000
LRIP State Funding	\$2,135,000
Available Carryover	\$500,000
Total Funding	\$12,536,000
Cost Per Mile	\$800,000
Expected Miles Completed	15.67
Replacement Cycle (years)	61

* 960 miles of local streets

NOTES:

- Preventative Maintenance is excluded because it is considered preservation.
- Amounts do not include grants.
- LRIP funding is awarded every other year, requires city match.

Other Infrastructure Related Capital Programs

Program	2009	2010	Change	Percentage
Alley Reconstruction and Resurface	300,100	1,000,000	699,900	233%
Sidewalk Replacement Program	800,000	1,225,000	425,000	53%
Street Lighting Program Citywide	7,850,000	7,000,000	(850,000)	-11%
Traffic Control Facilities Citywide	990,000	1,182,500	192,500	19%
Underground Electrical Manholes	200,000	200,000	0	0%

NOTE: Above amounts include assessable.

Proposed DPW Facilities Capital

2010 PROPOSED FACILITIES CAPITAL	
City Hall Complex Remodeling	80,000
Space Planning - Facilities	160,000
Recreation Facilities Citywide	388,240
Facility Systems Program	685,000
Environmental Remediation Program	100,000
ADA Compliance Program	95,000
Facilities Exterior Upgrades Program	1,409,700
Municipal Garages/Outlying Facilities	295,000
ZMB Lower Parking Floor Restoration	86,500
City Hall Foundation & Hollow Walk	2,700,000
Total Capital Funding	5,999,440

2010 Proposed Capital Budget Significant Projects/Programs

- Unified Call Center - \$950,000
- FMIS Upgrade Phase II - \$598,400
- City Attorney Remodel Phase I - \$2,287,500
- Tower Site - \$7,000,000
- Fire Facilities - \$1,125,000
- Fire Equipment - \$3,571,000
- Library RFID Phase II - \$1,500,000
- Central Library Improvements - \$825,000
- Villard Library Project - \$1,750,000

2010 Proposed Capital Budget Significant Projects/Programs – Cont'd

- MPD PAB - \$1,300,000
- MPD AFIS - \$2,300,000

Capital Program Specialist functions

- Provide data, information, and analysis needed by the CIC to develop the 6-year CIP
- Develop and confirm cost estimates provided in departmental requests
- Monitor implementation and completion of projects/programs approved in the annual capital budget
- Assist CIC in development of reports
 - Quarterly progress reports
 - Infrastructure and facilities condition reports
 - 6-year CIP costs and financing
- Other duties as assigned by the CIC

Capital Budget Planning & Capital Improvements Committee

- S. 320-49-4-a-2 provides significant limits on the components of the City's Capital Budget under the CIC's purview:

"Infrastructure networks and facilities comprising this reports shall include the following systems: city sewerage, storm water management, streets, street lights, traffic control, underground conduit and wired communications, water treatment and distribution, city buildings, bridges, alleys, sidewalks, parking, harbor, and urban forestry."

- The 2010 Proposed Capital Budget includes \$29 million of levy supported projects not included in this definition of the Committee's purview.

Capital Budget Planning & Capital Improvements Committee (cont'd)

- On a recurring basis, \$20 - \$25 million of the \$70 - \$74 million of levy-support available under the current CIP is allocated to "non-CIC" components.
- CIC budget request will need to take into account the impact that capital budget components outside its purview have on the total CIP financing.
- The CIC will also need to review and discuss borrowing targets currently set forth by the current CIP and how changes will impact future debt service tax levies.

