



# City of Milwaukee

200 E. Wells Street  
Milwaukee, Wisconsin  
53202

## Meeting Minutes CAPITAL IMPROVEMENTS COMMITTEE

**ALD. ROBERT BAUMAN, CHAIR**

**Ald. Nik Kovac, Ald. Michael Murphy, Ghassan Korban,  
Martin Matson, Mark Nicolini, and Mariano Schifalacqua**

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Friday, October 2, 2015

9:00 AM

City Hall, Room 301-B

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*Meeting convened: 9:07 A.M.*

*Members excused: Ghassan Korban, Gerard Froh and Mariano Schifalacqua*

### **1. Review and approval of the minutes of the Sept. 2nd, 2015 meeting.**

*Mr. Matson moved, seconded by Ald. Kovac, for approval of the minutes. There were no objections.*

### **2. Discussion relating to the Mayor's Proposed 2016 Budget.**

*Mr. Mark Nicolini and Mr. Bill Christianson, Budget Office, discussed the Administration's proposed budget for 2016. Mr. Nicolini said that the mission of the capital budget is to support the local and regional economies and to protect the environment and public health. Mr. Christianson said that the total capital budget proposed for 2016 is \$272.4 million; \$169.5 million general City, \$32.7 million grant and aid for the Dept. of Public Works (DPW) and the Port, and \$70.2 million for the enterprise funds. He said the levy-supported general obligation borrowing is \$93.9 million. In 2015 it was \$90.4 million. Cash levy funding is \$1 million. Mr. Christianson said the biggest increase in borrowing is for TID development projects. Mr. Nicolini said that if the proposed level of borrowing continues into the future, it will require greater tax levy commitment or some other revenue commitment. Mr. Nicolini said that pre-existing pressures on the capital budget include IT projects, major facility projects, and the STRONG Neighborhoods program. He said these pressures present challenges for maintaining a commitment to core infrastructure programs. Mr. Christianson discussed the compliance agreement being negotiated with the Dept. of Justice (DOJ) as part of Project Civic Access. He said the DOJ facility survey done in 2009 and 2010, identified hundreds of individual violations. He said the scope of the agreement is very broad. Mr. Nicolini said that it will not put a lot of pressure on the capital budget for 2016, but it will be a planning issue for several years.*

*Mr. Christianson said the proposed budget includes \$13 million for City Hall Foundation. Mr. Nicolini said the amount is not a place holder, it is related to a specific amount of work in Phase 1. He said the Administration considered delaying the project, but that from a programming and financial perspective it didn't do a lot of*

good to wait one or two years. He said a four or five year delay could be beneficial programmatically but based on discussions with DPW and the contractor, it appeared that delaying for too many years could generate more problems. Mr. Christianson said that to make room for the foundation project there is a temporary reduction to the Local Bridge Program. He said over 95% of the bridges in the city have a sufficiency rating greater than 50. He anticipated it would be a one or two year reduction. He said that funding for core infrastructure programs is down slightly from 2015 because of the bridge reduction, but that funding is still significantly higher than in the mid 2000s.

Mr. Christianson said the Police request has been reduced to \$9.1. He said it includes some funding for the Police Administration Building project but not enough to complete a full floor. He said the proposed budget also funds the highest priority IT projects. (the Record Management System, the Computer Aided Dispatch System, the replacement of mobile computers and the upgrade of radio dispatch consoles) Ald. Kovac asked if capital projects for the Police Department are coordinated with the asset forfeiture fund. Mr. Nicolini said asset forfeiture is not a strong consideration for the capital budget. He said there have been some limited allocations such as the body camera pilot. Ald. Bauman asked why so many of the Police Department requests seem to come out of nowhere. Mr. Nicolini said that the budget proposes to bolster the department's in-house staff which should improve their planning capability.

Mr. Nicolini said a line item was created for the Strong Loans Program (\$1.5 million) because it really isn't in rem property and because there is a high degree of interest in the program. He said the proposed amount includes the \$500,000 from Nationstar Mortgage. Ald. Bauman asked if the donation was all going to be realized in the first year. Mr. Nicolini said that was still being determined.

Mr. Christianson said the in rem Property Program includes \$500,000 for the Challenge Grant, \$250,000 for the partnership with ACTS, \$300,000 for rent to own and \$280,000 for other programs including home buyer assistance. He said the Housing Infrastructure Preservation Fund is funded at \$450,000, the Housing Trust fund at \$400,000, and the Code Compliance Loan program in the Dept. of Neighborhood Services (DNS) is funded at \$500,000. Ald. Bauman asked if the Code Compliance Loan program had spent the currently budgeted funds. Mr. Nicolini said yes. Ald. Bauman asked if there are any changes in requirements or program criteria. Mr. Nicolini said no. He added that there may be a need for a file to deal with the private money for Strong Home loans.

Mr. Nicolini said that City funding for demolitions (\$2.2 million) is up from 2015 in order to continue the deconstruction efforts and to address Priority 1 razings. He said the demolition funding in DNS is in addition to the O&M funding in DPW for demolition activity. Mr. Nicolini said that the first year of the Strong Neighborhood plan the combined City, State and federal funding for demolitions was close to \$5 million. Ald. Kovac asked if the entire \$2.2 million was for contract demolitions. Mr. Christianson said it includes deconstructions and some of the prep work for the DPW demolition crews. Ald. Kovac asked how much of the proposed funding increase is related to deconstruction. Mr. Nicolini said the increase is primarily due to the number of properties. He said the deconstruction program has seen comparable or at least competitive prices. Mr. Christianson said that \$300,000 is for deconstruction. Ald. Kovac asked how many properties will be deconstructed. Mr. Nicolini said the total number of properties to be demolished is about 200; primarily residential but some commercial. He said he would provide the deconstruction component.

Regarding various capital accounts, Mr. Christianson said that the Commercial in rem program is funded at \$250,000 and the Commercial Investment program is funded at \$500,000. He said that the fire repair shop and the City Attorney 8th floor renovation are not included in the 2016 Proposed Budget. Mr. Nicolini said that the facilities budget has been relatively flat for 2 years but grows by \$6.5 million for 2016.

Mr. Nicolini said that IT projects have increased from \$4 million 2 years ago to almost

\$10 million in 2016. Ms. Brengosz said the long term financing of IT projects and systems will be an on-going challenge because of the City's increased reliance on the systems and because of their relatively short useful life. Ald. Kovac asked if the City had a long term strategy for handling all the IT projects. Mr. Nicolini said not really - other than to continue to look for ways to consolidate. Mr. Matson said the City can structure borrowing to match the life of the asset.

Mr. Nicolini discussed revenue options. He said that for the last couple of years, liquidity from the debt service fund balance has helped to offset some of the levy debt service requirements. He said that is not a viable option for the future. He said the City's options are actually relatively limited. He said options would include potential an increase in the Motor Vehicle Registration fee, expanded use of the storm water charge to finance the curb and gutter components of paving projects, since those are part of the primary storm water system, and using the solid waste and snow and ice charge to fund garbage collection and snow removal equipment. He said none of these revenue options are included in the 2016 Proposed Budget.

Ald. Kovac asked what the state levy restriction is expected to be. Mr. Nicolini said that the levy limit is based on net new construction and that the City increase was just over 1%. He said there is some flexibility to make adjustments for debt service, so the levy limit isn't necessarily a constraint on the borrowing side. He said that may end up being our most viable financing source. Ald. Kovac asked if increased borrowing would create a never ending cycle of having to tax more to borrow more to keep funding the next project. He also said that he didn't want to limit the options of future Councils and future Mayors. Mr. Nicolini said that with some modest help from the Public Debt Amortization Fund, modest increases to the debt levy could be manageable. He said an annual borrowing level between \$90 and \$93 million will be unsustainable. Ald. Kovac asked what has caused the uptick in borrowing. Mr. Nicolini said that for the last couple of years it has been facilities projects. Prior to that, it was the increase in street funding.

Regarding the paving program, Mr. Christianson said that the City portion of the Major Street Program is \$8.1 million and that it is generally an 80/20 match. He said the local street program has \$7.6 million in funding including special assessments. He said there is an additional \$2.1 million in the major streets program that funds local streets. Mr. Nicolini said that those are Local Road Improvement Funds which are available from the state every other year. He said the High Impact program has \$7.5 million of funding. We think we can get about 25 miles of work.

Ald. Bauman asked why there was an additional \$5 million in the Parking Fund. Mr. Nicolini said that a vestige of state law and has no practical impact on the budget.

Ald. Kovac asked if there would be time for the committee to draft a letter to the Finance & Personnel Committee before amendment day. Ms. Brengosz said yes.

Meeting adjourned: 9:40 A.M.

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