



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

CAPITAL IMPROVEMENTS COMMITTEE

ALD. ROBERT BAUMAN, CHAIR

Ald. Milele Coggs, Ald. Mark Borkowski, Ghassan Korban,

Jeff Mantes, Martin Matson, and Dennis Yaccarino

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Monday, October 23, 2017

9:00 AM

City Hall, Room 301-B

Meeting convened: 9:03 A.M.

Members excused: Ald. Coggs

1. Review and approval of the minutes from July 12 and September 29, 2017.

Jeff Mantes moved to approve the minutes. There were no objections.

2. Discussion and recommendations for the Mayor's Proposed 2018 Budget.

The committee reviewed and discussed capital items in the 2018 Proposed Budget.

Discussion items included:

Housing Infrastructure Preservation Fund (HIP) (\$100,000) Ald. Bauman said he was concerned that funding for the HIP fund had been from \$450,000 in 2017. He said that funding proposed for 2018 would allow for the preservation of one additional house.

In Rem Property (\$600,000) Mr. Christiansen said that the in rem property program funds work on foreclosed homes, home buyer assistance, the lease to own program and the RICH program. He said that the \$850,000 of proposed revenue funding is from a tax incremental district. Prior to closing a district, one year's increment may be used for housing improvements.

STRONG Home Loans (\$1,150,000) Ald. Bauman said that the STRONG Homes Loan program provides loans to owner occupant s in the City. It provides a financing option in situations where a decline in property value makes it difficult for owners to secure home loans for home repairs. \$750,000 of the proposed funding is revenue. Ald. Bauman asked if the revenue was income from previously issued loans. Mr. Christiansen said yes. Mr. Schroeder said the amount proposed for 2018 includes total loan repayments already received and projected receipts in 2018. Ald. Bauman asked how the sale proceeds from in rem properties are accounted for. Mr. Schroeder said that sale proceeds are used to pay broker commissions, RACM fees and any outstanding bills against the property. The balance goes into the tax deed account. Mr. Schroeder said that most of RACM's operating budget comes from the fees associated with the sale of in rem properties. He said that in the past RACM received

revenue from conduit borrowing. He said the low interest rates make tax deferred bonding less attractive and RACM does almost no conduit borrowing anymore. Mr. Schroeder said that rent revenue flows through RACM. In 2007, the Comptroller recommended structuring it that way because rent revenue is variable which makes recognition more difficult. Instead of going to the Common Council every cycle to make adjustments, the department submits a report to the Comptroller at the end of the first quarter detailing revenues and expenditures from the previous year. The Comptroller decides whether to roll any excess funds into the same RACM account for property maintenance or to return funds to the City. Ald. Bauman asked how much is left at the end of the year. Mr. Schroeder says that it varies and that sometimes the balance is negative.

Fire Major Capital Equipment (\$1,106,000) Mr. Litchford said the proposed funding for 2018 will be used to purchase a med unit and either a platform truck or a rescue unit. He said the department has two platform trucks. He said the vehicles that will be decommissioned in 2018 are not platforms or rescue units.

Branch Library Construction (\$3,950,000) Ms. Kiely said that the Mitchell Street branch opened on October 7, 2017. Construction will begin in 2018 on replacements for Mill Road and Martin Luther King. Both branches are anticipated to open in 2019. Construction on the Capitol Drive replacement is expected to begin in 2019. Ald. Bauman asked if contracts had been let for the Marking Luther King and Mill Road libraries. Ms. Kiely said that construction contracts have not been let. There is a design contract for the interior and exterior of the Mill Road library. The exterior of the Martin Luther King library has been designed. An architect has not been engaged for the interior. She said libraries are being constructed with a private partner and that delaying the buildout of the City's library space may jeopardize the private funding for the project.

Demolition (\$1,200,000) Ald. Bauman asked what effect the new deconstruction ordinance will have on demolitions. There are currently 370 properties with condemnation orders. Without deconstruction, approximately 137 could be demolished. Deconstruction would reduce that number to around 50 structures.

Police Administration Building (\$0) Ald. Bauman asked how much carryover funding would be available in 2018. Mr. Rotar said approximately \$7 million. Mr. Yaccarino said the department was asked to hold off on construction work for one year in order to smooth out the borrowing. Mr. Hayes said that design work for the 3rd floor is on-going and that construction is expected to resume in January 2018. He estimated the project would take another six or seven years to complete. Ms. Brengosz said that funding for the PAB was originally requested for the 2011 budget. It was envisioned as a 6 or 7 year project. It has taken longer than anticipated because of construction delays in an early phase and because the project was not funded as requested.

Police Vehicles (\$3,881,000) Ald. Bauman asked if shifting the purchase of vehicles from the operating budget to the capital budget was allowable. Mr. Rocky Wruk said that accounting rules don't define how items are budgeted; they determine how they are expensed and amortized. Ms. Brengosz said that capital guidelines allow for the capitalization of any asset that has a life longer than one reporting period. She said the City typically uses a much more conservative standard, but that from a capital accounting standpoint, it's not an inappropriate choice. She said the Common Council could amend the proposed budget to change the funding source. Mr. Rotar said the cost per squad is \$71,000. A prisoner conveyance vehicle is approximately \$77,000.

Mr. Korban said that in DPW, if a vehicle is \$50,000 or less it goes in the operating budget. If it is more than \$50,000 it goes in the capital budget. Mr. Yaccarino said the department needs about 50 squads per year to maintain a reasonable replacement cycle. He said that in recent years the number police vehicles replaced was reduced to 25 or 30. He said DPW Fleet was having difficulty maintaining a 90% availability rate because of the age of the vehicles. He said he had discussed borrowing on 5 year cycle with the Comptroller and it seemed like a reasonable alternative.

Industrial Road Facility (\$0) Ms. Brengosz noted that funding for the relocation of the Industrial Road Facility in conjunction with the expansion of the Direct Supply facility was not included in the 2018 Proposed Budget.

MRF Equipment Repair (\$0) Ald. Bauman said that DPW Operations made a \$650,000 request for equipment repair at the Material Recovery Facility. Mr. Schumacher said the establishment of a capital account would have provided expenditure authority based on the revenue received from processing recyclables at the MRF. After meeting with representatives from Waukesha and the Budget Office, it was determined that a separate capital account would not be necessary to fund repairs.

Street Reconstruction (\$6,700,000) and High Impact Program (\$7,400,000) Ms. Brengosz said that the funding available for local street improvement in 2018 will be similar to the funding available in 2017 because \$2 million of Local Road Improvement Program funds will be available. Mr. Mantes said that it appears as though funding for local streets was beginning to trend downward. Ald. Bauman asked if the Motor Vehicle Registration fee was considered a special assessment. Mr. Yaccarino replied that the MVR fee is a revenue that appears in the operating budget.

Lead Service Line Replacement Program (\$2,500,000) Mr. Christiansen said the Lead Service Line Replacement Program is the funding mechanism for replacing the private side of water service laterals. He said that the property owner is responsible for 1/3 of the cost, up to \$1,600. The City and whatever grant funding is available, pays for the remainder. The funds are budgeted in DPW because they need to be placed in a General Fund account. Ms. Gonda said that 800 replacements in 2018 is a managed increase from 2016. She said staff and contractor capacity and funding availability were considered. She said the management of so many projects is very complex and that contractors are still getting used to performing the work. She said the most viable approach was to grow the program by one crew per year. She anticipates replacing 1,000 service lines in 2019. She said the total cost of the lead service line work proposed in 2018 is \$8.8 million. The City's capital budget reflects only the special assessment and the capital cost of the City's portion of the subsidy which is not being covered by grant funding.

ADA Compliance Program (\$2,000,000) Ald. Bauman asked why funding for the program had been increased by \$200,000. Mr. Christiansen said that the Library requested \$200,000 for an accessibility project at the Center Street library. The funding was placed in DPW to help consolidate the City's ADA efforts in one account.

Meeting adjourned: 10:17 A.M.