

SHEBOYGAN COUNTY RESOLUTION NO. 17 (2010/11)

Re: **Approving Borrowing in Excess of Budget Control Policy**

**Printed as amended*

WHEREAS, the County Board is considering the potential of borrowing the sum of **\$6,385,000* by means of a promissory note as authorized pursuant to Wis. Stat. § 67.12(12) for the purpose of engaging in borrowing for capital projects under the County's normal Five-year Plan in the amount of \$4,000,000 and an additional **\$2,385,000* for pulverizing and paving 8.58 miles of portions County Roads E, A, and J, and

WHEREAS, the opportunity to borrow this sum is made possible by the creation of the Build America Bond program as authorized by Congress, and

WHEREAS, the opportunity to borrow this sum through the Build America Bond program allows Sheboygan County to borrow at historically low interest rates and very attractive terms, and

WHEREAS, the Highway Department has designated the 8.58 miles of road as being critically in need of pulverizing and paving, and

WHEREAS, the opportunity to borrow **\$6,385,000* through the Build America Bond program will allow Sheboygan County in 2010 and 2011 to address the critical 8.58 miles of road as well as fulfill the remaining County capital borrowing needs, and

WHEREAS, by the enactment of Section 5.07(b) of the County Code, the County Board expressed a policy whereby the County would not adopt any new county budget which provided for borrowing in excess of \$4,000,000.00 per year for capital projects through the issuance of general obligation bonds pursuant to Wis. Stat. § 67.05 unless the County Board, by 2/3 vote adopted a separate Resolution approving the excess borrowing, and

WHEREAS, although the proposed Build America Bond borrowing is by means a promissory note pursuant to Wis. Stat. § 67.12(12) rather than by means of bonding under Wis. Stat. § 67.05, and therefore Section 5.07 of the County Code is not technically applicable to this transaction, it is important that the County Board recognize the spirit of Section 5.07 in its deliberations, and

WHEREAS, given the unique opportunity to borrow at historic low rates under the Build America Bond program, the County Board can address a major infrastructure issue, and

WHEREAS, as a result of changes to Wisconsin's prevailing wage law, competitive bidding statues dictate that any project expenditures must be evaluated to determine whether it is more cost-effective and beneficial to Sheboygan County to have portions of the expenditures be for projects bid on and awarded to the private sector rather than being undertaken by the Highway Department internally, and

WHEREAS, it is contemplated that to the extent that sums made available to the Highway Department in its 2010 and 2011 departmental budgets could be substituted by the sums made available to the Highway Department through the borrowing, the departmental budget savings could be reallocated for debt service or as otherwise deemed appropriate by the

Finance Committee rather than being treated as retained earnings in the internal service fund, and

NOW, THEREFORE, BE IT RESOLVED that the Board, in borrowing in excess of \$4,000,000 in 2011, determines that if Section 5.07 of the County Code were otherwise applicable, it would be appropriate to deviate from the budget control measures in the manner authorized therein.

BE IT FURTHER RESOLVED that to the extent that sums made available to the Highway Department in its 2010 and 2011 departmental budgets are substituted by the sums made available to the Highway Department through the borrowing, the departmental budget savings attributable thereto shall be reallocated for servicing of the debt incurred herein or as otherwise deemed appropriate by the Finance Committee rather than being treated as retained earnings in the internal service fund.

BE IT FURTHER RESOLVED that the County Administrator and Highway Commissioner are directed to evaluate each portion of the projects contemplated to be undertaken with the Build America Bond proceeds such that each project is undertaken in the manner most cost-effective and beneficial to Sheboygan County and in accord with changes to Wisconsin's prevailing wage law and competitive bidding statutes so as to determine whether each contemplated project should be let for competitive bidding in the private sector or whether it should be undertaken by the Highway Department internally.

Respectfully submitted this 17th day of August, 2010.

FINANCE COMMITTEE

Roger Te Stroete
Roger Te Stroete, Chairperson

William C. Goehring
William C. Goehring, Vice-Chairperson

Keith Abler
Keith Abler, Secretary

Constance Ziegelbauer

ADOPTED 9.20.2010