

**Attachment 1**

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE : July 1, 2013

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller, Office of the Comptroller  
Josh Fudge, Interim Fiscal and Budget Administrator, DAS

SUBJECT : Reallocation of Balance of the Unspent Bond Proceeds – Phase 2

**REQUEST**

To comply with the Internal Revenue Service (IRS) expenditure rules for bonds, the Office of the Comptroller is seeking approval to reallocate the balance of the 1999-2010 unspent bonds to continuing capital projects or projects in year 2014 of the Five Year Capital Improvements Plan.

**BACKGROUND**

In April 2013, the Office of the Comptroller notified policymakers in the 2012 to 2013 Carryover Report that the County was not in compliance with IRS expenditure rules for bonds due to a lack of expenditures during the IRS approved time period for bonds on specific projects.

The Office of the Comptroller with the assistance of the Department of Administrative Services – Fiscal Affairs Division met with Departments to develop a plan to expend the bonds in accordance with IRS Rules. This plan consisted of a two phased approach to reallocate \$13.3 million of the unspent bond proceeds. The first phase reallocated approximately \$5.8 million in unspent bond proceeds to finance projects in the 2013 Adopted Capital Improvements Budget. The County Board of Supervisors approved the first phase on June 20, 2013. Attachment 1 is the report from the June cycle which provides additional information regarding the IRS rules.

The second phase, which is submitted for approval for the July 2013 cycle of the Committee on Finance, Personnel and Audit, reallocates the remaining balance of approximately \$7.5 million to continuing capital projects and projects in the Five Year Capital Improvements Plan (2014 Requests). Attachment 2 contains a detailed listing of the projects and the estimated project completion schedules by project.

**RECOMMENDATION**

The Office of the Comptroller is recommending the approval by the Finance, Personnel and Audit Committee of the reallocation of approximately \$7.5 million in unspent bond proceeds to fund continuing capital projects and projects in the Five Year Capital Improvements Plan (2014 Request).

The following table represents a summary of continuing projects funded with these proceeds. Of the \$7.5 million to be reallocated, \$1.3 million is for these projected which are listed in Table 1.

**Table 1- Prior Year Capital Projects**

Project Number	Description	Amount
WV01801	Underground Storage Tank Upgrades	\$320,000
WP270	Oak Creek Parkway Lighting System	\$110,000
WZ063	Zoo Winter Quarter Roof Replacement	\$370,000
WE02802	Nurse Call System- Unit 53B	\$124,000
WO060142	Lake Park Ravine North to Service Drive	\$400,000
	<b>Total</b>	<b>\$1,324,000</b>

The Underground Storage Tank Upgrade project is a continuing project that was also recommended by the Capital Improvements Committee.

The remaining \$6.2 million will be used to fund projects as part of the Five-Year Capital Improvement Plan. All of the projects funded with the remaining \$6.2 million were submitted to the Capital Improvements Committee (CIC) and requested in the 2014 Requested Capital Improvements Budget that is currently under review by Administration. Approximately \$3.3 million of the \$6.2 million were recommended by the Capital Improvement Committee (CIC). The projects are summarized as follows:

**Table 2 – Projects Recommended by the CIC for 2014 Capital Improvement Plan**

Project Number	Description	Amount
WT02601	New Flyer Buses	\$2,520,000
WP28401	Clarke Square Playground	\$250,000
WZ11401	Zoo Life Support Emergency Generators	\$60,000
WC07401	CJF Cooling Tower	\$440,000
	<b>Total</b>	<b>\$3,270,000</b>


Projects funded with the remaining \$2,906,000 (of the \$6.2 million) were also submitted to the CIC and requested in the 2014 Requested Capital Improvements Budget. To note, these projects were not recommended by the CIC for inclusion in the 2014 Recommended Capital Improvements Budget.<sup>1</sup> The projects were requested for inclusion in the 2014 Recommended Budget by Departments.


<sup>1</sup> As part of the CIC process, departments submitted a 2014 capital plan totaling nearly \$110 million. The CIC evaluation methodology was based on a standard set of criteria which were weighted by Urgency and Impact scores as well as each departments' ranking (based on the departments' internal prioritization of requested projects). In addition, a bonding cap of approximately \$36.6 million dollars was assumed. As a result, a limited number of projects were recommended by the CIC for inclusion in the 2014 Recommended Capital Improvement Budget.

**Table 3- Projects NOT recommended by the CIC for 2014 Capital Improvement Plan but recommended for funding via reallocation of bond proceeds**

Project Number	Description	Amount
WT05701	Replace Bus Washing System- Fond Du Lac	\$226,000
WV02501	Rawson Ave Pump Station	\$350,000
WV02901	Grant Park Lift Station	\$190,000
WP22101	Lincoln Golf Course Irrigation/Pumphouse	\$940,000
WP28701	Greenfield Golf Course Irrigation	\$650,000
WZ10101	Zoo Apes Building Boiler Replacement	\$290,000
WZ10701	Zoo Bear Service Area Improvements	\$200,000
WZ11501	Great Apes Mechanical Room Roof Replacement	\$60,000
	Total	\$2,906,000

A listing of recommended projects to be funded and narratives for projects not previously included in the 2013 Adopted Capital Improvements Budget or prior capital budgets is attached.

  
\_\_\_\_\_  
Scott B. Manske  
Comptroller

  
\_\_\_\_\_  
Josh Fudge  
Interim Fiscal and Budget Administrator

Attachments

pc: Chris Abele, County Executive  
Supervisor Willie Johnson, Jr., Co-Chair, Committee on Finance, Audit and Personnel  
Supervisor David Cullen, Co-Chair, Committee on Finance, Audit and Personnel  
Daniel Diliberti, Treasurer, Office of the Treasurer  
Don Tyler, Director, Department of Administrative Services  
Amber Moreen, Chief of Staff, County Executive's Office  
Kelly Bablitch, Chief of Staff, County Board  
Raisa Koltun, County Executive's Office  
Pamela Bryant, Capital Finance Manager  
Stephen Cady, County Board Fiscal and Budget Analyst  
Justin Rodriguez, Fiscal and Management Analyst  
David Anderson, Public Financial Management  
Chuck Jarik, Chapman and Cutler LLP

**Attachment 1**

**Reallocation of Unspent Bond Proceeds to 2013 Authorized Capital Projects**

**June 2013 Report**

# ATTACHMENT 1 JUNE 2013 REPORT

## COUNTY OF MILWAUKEE INTEROFFICE COMMUNICATION

DATE : May 24, 2013  
TO : Supervisor Dimitrijevic, Chairwoman, County Board of Supervisors  
FROM : Scott Manske, Comptroller, Office of the Comptroller  
SUBJECT : Reallocation of Unspent Bond Proceeds to 2013 Authorized Capital Projects

### REQUEST

To comply with the Internal Revenue Service (IRS) expenditure rules for bonds, the Office of the Comptroller is seeking approval to reallocate 1999-2010 unspent bonds from capital projects that continue to be delayed to capital projects that were approved as a part of the 2013 Adopted Capital Improvements Budget. The delayed capital projects are not compliant with IRS expenditure rules because the County has not been able to demonstrate a consistent pattern of spending that reflects a commitment to implementation. Therefore, the request from the Office of the Comptroller relating to the transfer of unspent bond proceeds on capital projects is being done to comply with IRS rules and does not change any of the policy decisions relating to the projects.

### BACKGROUND

In April 2013, the Office of the Comptroller included language in the 2012 to 2013 Carryover Report informing policymakers that the County was not in compliance with IRS expenditure rules for bonds. At year-end 2012, the estimated total unspent bond balance was \$44,239,151 for 219 capital projects.

After review by the Office of the Comptroller, \$13.3 million is recommended to be reallocated. The reallocation will occur in two phases. The first phase reallocates \$5.8 million in unspent bond proceeds to finance projects in the 2013 Adopted Capital Improvements Budget. The second phase will be brought to the Committee in July and reallocates the remaining balance of \$7.5 million to projects in the Five Year Capital Improvements Plan.

### IRS Expenditure Rules for Tax Exempt Bonds

The IRS regulations dictate the expenditure of bond proceeds within three years. If the bond proceeds are not expended within three years, the County cannot invest the unspent bond proceeds in investments having a rate greater than the interest rate on the bonds. The County is complying with the requirement regarding investment rates since the investment rate is currently lower than the interest rate on the bonds. The County is not in compliance with IRS expenditure rules regarding expending the bond proceeds with due diligence within three years. If investment rates increase, the County could have a problem identifying investments with rates lower than the interest rate on the bonds. The penalty for not complying with the investment rate restriction could be monetary or could be a loss of the subsidy payments on the Build America Bonds.

In addition to the interest rate, the County is limited in terms of the type of investments of bond proceeds that are beyond the IRS expenditure timeline. The bond proceeds cannot be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code), or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States of America (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (e.g., Refcorp Strips).

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Reallocation of Unspent Bond Proceeds to 2013 Authorized Capital Projects  
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Although the proceeds have not been expended within three years, according to Chapman and Cutler (the County's Bond Counsel), the IRS expectation is that the County will proceed or demonstrate a consistent pattern of spending to reflect a commitment to implementing the projects. Projects that the Office of the Comptroller was able to establish a commitment for are not included in the reallocation request. However, projects where the County will not be able to demonstrate this consistent pattern or commitment are requested to have the bond proceeds reallocated to an existing project or new project that can expend the bond proceeds.

## ANALYSIS

Since the IRS expectation is that the County will proceed or demonstrate a consistent pattern of spending to reflect a commitment to spending, the remaining \$13.3 million is recommended to be reallocated. The County had to determine which projects would not meet the IRS expectation of a commitment to project spending.

As reported to the Finance, Personnel and Audit Committee in April 2013, there was \$44 million in unspent bond proceeds as of February 2013. The initial \$44 million in unspent bond proceeds amount has been reduced to \$36.9 million due to departments expending on projects in the first four months of the year, and closing out projects that were completed.

The Office of the Comptroller and the Department of Administrative Services – Fiscal Affairs Division (DAS-Fiscal) met with departments to discuss the status of the projects. The departments indicated when the projects that are financed with the unspent bonds will be completed. Based on information from departments \$23.6 million of the unspent bond proceeds would be expended in 2013, with some carryover into 2014. Attachment 1 provides estimated project timelines for the completion of these projects.

	Unspent Bond Amount
Total from April Report	\$ 44,000,000
Funds Expended in 2014 or Project Closed due to Completion	(7,100,000)
Unspent Bond Proceeds Total as of May 10, 2013	36,900,000
Existing Capital Projects Scheduled for Completion in 2013	(23,600,000)
Total Bond Proceeds to be Reallocated	\$ 13,300,000
Phase I - 2013 Adopted Projects to be Financed with Reallocated Unspent Bond Proceeds - Approval Requested - June cycle	\$ 5,800,000
Phase 2 - 2014 projects in 5 Year Capital Plan to be Financed with Reallocated Unspent Bond Proceeds - Approval Requested - July cycle	7,500,000
Total Reallocated Unspent Bond Proceeds	\$ 13,300,000

Two projects represent 90.8 percent of the total unspent bond proceeds reallocation amount: Behavioral Health Division (BHD) Facility Renovation Project (\$10.5 million) and Estabrook Dam Rehabilitation (\$1.6 million). The status of these projects is discussed later in the report. The remaining \$1.2 million represents unspent bond proceeds for 50 capital projects.

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<u>Project Description</u>	<u>Unspent Bond Amount</u>
BHD Facility Reonvation	\$10,500,000
Estabrook Dam Improvements	\$1,600,000
Other Projects	\$1,200,000
	<u>\$13,300,000</u>

The recommendations of the Office of the Comptroller relate to complying with IRS rules and not policy decisions relating to the projects. Therefore, since policymakers approved the projects it is assumed that the budgets will be re-established in a future year when the projects can be implemented to avoid violating IRS rules.

The Office of the Comptroller has reviewed the 2013 Adopted Capital Improvements Budget with departments, resulting in a decrease to the bond amount of an additional \$3 million. Reasons for this change include: delays in project implementation for the 2013 War Memorial Renovation Project (\$571,341) and the Estabrook Dam Impoundment Sediment Remediation project (\$1.2 million). Also affecting this decrease is the Grounds South Reservoir Rehabilitation project (\$1,219,200).

There are no adjustments to the budgets for the aforementioned projects. The Estabrook Dam Impoundment Sediment Remediation and the War Memorial Renovation projects would not be included in the 2013 Corporate Purpose Issue since significant portions of these projects are anticipated to occur in 2014. The Grounds South Reservoir Rehabilitation project is postponed until the Water Utility Initiative is addressed. A Memorandum of Understanding between Milwaukee County and the City of Wauwatosa, relating to the Milwaukee County Water Utilities has been submitted by the Department of Administrative Services to the Finance, Personnel, and Audit Committee for the June cycle.

Exclusion of these projects from the 2013 Corporate Purpose Bond Issue will allow the County to assist with minimizing future violations of the IRS rules regarding tax-exempt bond proceeds.

## RECOMMENDATION

The Office of the Comptroller has identified projects from the 2013 Adopted Capital Improvements Budget that total \$5.8 million that are able to be financed with the previously issued bonds. The projects that were identified will be able to spend down the funds in a timely manner. This will reduce the approved not-to-exceed amount of \$36.1 million in bonding for the 2013 projects. The sale of the 2013 bonds is scheduled for July 2013.

The attached resolution authorizes the reallocation of \$5.8 million of unspent bonds to selected 2013 Adopted Capital Improvements projects listed in Attachment 2. The \$5.8 million represents the most that can be allocated to 2013 Adopted Capital projects. Due to the nature of the remaining 2013 projects, additional unspent bonds are not able to be allocated to further decrease the size of the 2013 issuance.



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<u>2013 Debt Issuance</u>	<u>Principal Amount</u>
Original Issuance Size	\$36,100,000
Projects Financed by Unspent Bonds	(\$5,800,000)
Delayed Projects from 2013 Adopted Capital Budget	<u>(\$3,000,000)</u>
	<u>\$27,300,000</u>

The remaining \$7.5 million will need to be reallocated to other capital projects. In July, the Office of the Comptroller will submit a report to the Finance, Personnel and Audit Committee requesting approval to reallocate the remaining unspent bonds to various capital projects that are continuing projects and/or contained in the Five Year Capital Improvements Plan. This could reduce the size of future bond issues.

In an effort to avoid future non-compliance, the Office of the Comptroller will be meeting with departments monthly to discuss the status and update the timetable of the capital projects. The Office of the Comptroller will report to Finance and Audit Committee any projects that are not in compliance with the IRS regulations and suggest compliance measures.

In addition, the Office of the Comptroller will work with the Treasurer's Office to segregate the unspent bond proceeds to ensure that they are yield restricted, which would be in compliance with the IRS rules.

### **BHD Facility Renovation**

The Behavioral Health Facility has the largest unspent bond proceeds amount, with a balance of \$10.5 million. This amount represents 79 percent of the 13.3 million to be reallocated to 2013 adopted capital projects.

The Behavioral Health Division Facility Renovation Project was budgeted in 2010 and financed with Build America Bonds. The date by which the bonds should have been expended was May 13, 2013. The scope of work in the 2010 Adopted Capital Improvements Budget consisted of the following:

The \$12,596,494 appropriation was approved for the planning, design and construction of a new facility and/or the renovation of the current facility. The renovation of the facility is comprised of four components: Planning/Strategic Master Plan, Psychiatric Crisis Services/Observation Unit Renovation, Patient Unit Refurbishing and Office Space Update/Renovation. In addition, the entire project appropriation is placed into the allocated contingency fund, which requires review by the Committee on Finance and Audit after the committee receives a recommendation from the Committee on Health and Human Needs, and approval of the County Board by a two-thirds vote.

Over the years some of the funds have been used to finance improvements for Statement of Deficiency (SOD) issues identified by the State of Wisconsin and other improvements such as replacing patient furniture, kitchen equipment, doors, concrete stairs, fireproofing of the medical records room, etc. The BHD staff indicated that the State of Wisconsin has submitted other citations that will need to be addressed. It is likely that these citations, similar to the SODs, are mainly operating items and therefore are not eligible for bond financing. The Office of the Comptroller will work with BHD and DAS-Fiscal to provide financing for the citations.

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## **Estabrook Dam Rehabilitation**

The Estabrook Dam Rehabilitation project has an unspent bond proceeds balance of \$1.6 million. This amount represents 12 percent of the 13.3 million to be reallocated to 2013 adopted capital projects.

The Estabrook Dam Rehabilitation project was budgeted in 2010 and financed with Build America Bonds. The date by which the bonds should be expended is December 21, 2013. As the discussion below indicates, construction will not begin until 2014.

The 2010 Adopted Capital Improvements Budget included \$2.1 million to repair the Estabrook Dam in accordance with the 2006 report by STS Consultants, LTD. Financing for the projects was provided from Build America Bonds. The scope of work consists of general improvements (erosion control, site restoration, etc.), gated spillway concrete repairs, gated spillway gate repairs, ice breakers concrete repairs, overflow spillway, slope protection, debris removal & handling of sediment for spillway repairs, engineering and contingencies.

The Estabrook Dam is located on Federal land, which has additional requirements prior to commencing construction. Therefore, the 2010 improvements have not begun since the County must meet the Federal Bureau of Land Management and the Wisconsin Department of Natural Resources (WDNR) requirements before they can begin to implement the 2010 improvements to the dam. According to the Parks Department, the County is going through the Environmental Assessment process required by the United States Bureau of Land Management, as required, so that access to the island located between the gated dam section and fixed crest spillway can be granted for construction. In addition, public meetings and time for public comment are required as a part of obtaining access. Therefore, the Parks Department is anticipating that construction to repair the dam will begin in 2014, with project completion in 2015.

## **Estabrook Dam Environmental Remediation**

In 2013, an appropriation of \$4.2 million was budgeted to provide the matching local funds (35 percent) of the total project costs of the Environmental Protection Agency (EPA) Phase 2 project for Lincoln Creek/Milwaukee River. Financing was provided from \$1.2 million in general obligation bonds and \$3 million in sales tax revenue. The grant would be provided by the Great Lakes Legacy Program providing the remaining 65 percent. There are no available funds for Fiscal Year 2013, so the County will apply for Fiscal Year 2014.

The EPA has completed Phase 1 of the environmental cleanup of Lincoln Park and Milwaukee River Channels. The coordination and implementation of the EPA Phase 2 improvements may address the sediment removal for the area around the dam and upstream.

According to the Parks Department, the United States Environmental Protection Agency (USEPA) and WDNR have committed the funding for all preliminary work up to and including the preparation of construction/bid documents. The County does not have to provide any funds for the preliminary work. Approximately, \$1.4 million of the \$4.2 million local match for work associated with EPA Phase 2 will be needed in 2013 if the grant application is approved. This payment would be due midway through the construction period, approximately June 2014. The balance of the payment would be due after all of the construction is completed, approximately late 2014 or mid-year 2015.

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Scott Manske  
Comptroller

## Attachments

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## Attachment 1

### Existing Capital Projects Scheduled To Be Completed in 2013

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## Existing Capital Projects Scheduled to Be Completed in 2013

Org.	Project	Project Description	Unspent Bonds for	Design	Project	Final
1200	WH010052	COLLEGE AVENUE S 51ST TO S 27	\$85,610.91		8/30/2013	
1200	WH030022	Oak Creek Parkway Bridge 741	\$35,286.00		8/30/2013	
1400	WP070252	LINDBERG PARK WADING POOL ROOF	\$104,862.73		7/31/2013	6/15/2014
1400	WP090082	GREENFIELD COPING STONE	\$9,862.50	Done	11/1/2013	12/31/2013
1400	WP147012	SHERMAN PARK BOYS AND GIRLS CL	\$19,844.00		11/30/2013	
1200	WH002012	INTER-JURISDICTIONAL TRAFFIC S	\$71,312.74		8/30/2013	
1200	WH010073	Reconstruct CTH "V" South 13th	\$48.15		10/30/2013	
1200	WH010173	S.76TH ST. - PUETZ TO IMPERIAL	\$153,023.00		8/30/2013	
1200	WH082013	Reconstruct CTH ZZ College Ho	\$42,206.67		8/30/2013	
1200	WH083032	W. SILVER SPRING DRIVE OVER LI	\$32,414.38		8/30/2013	
1200	WH086012	W. GOOD HOPE RD	\$39,883.00		8/30/2013	
1200	WH086013	W. GOOD HOPE RD	\$7,777.00		8/30/2013	
1200	WH086022	W. Good Hope Rd. Little Menom	\$34,124.74		8/30/2013	
1400	WP129042	Basketball Courts	\$352,797.00	6/24/2013	9/31/13	6/1/2014
1400	WP129052	TENNIS COURTS	\$599,945.99	6/24/2013	9/31/13	6/1/2014
1625	WS032012	VARIABLE AIR VOLUME BOXES - UP	\$854,962.00		10/13/2013	10/13/2013
1400	WP172182	MLK COMMUNITY CENTER ROOF REPL	\$570,751.68	6/13/2013	10/13/2013	11/13/2013
1850	WO057012	W/O-Way Storage Room	\$40,448.00		8/30/2013	
1200	WH010072	Reconstruct CTH "V" South 13th	\$3,344.30		8/30/2013	
1200	WH022011	N. 107TH ST. BROWN DEER TO NCL	\$287,057.36		11/30/2013	
1200	WH030061	WHITNALL PK BRDG - ROOT RIVER	\$29,986.21		11/30/2014	
1200	WH080042	KK RIVER PARKWAY BRIDGE	\$31,924.87		8/30/2013	
1200	WH082012	Reconstruct CTH ZZ College Ho	\$15,832.70		8/30/2013	
1200	WH083011	W. SILVER SPRING DRIVE-N 124TH	\$455,295.71		8/30/2013	
1200	WH083012	W. SILVER SPRING DRIVE-N 124TH	\$126.31		8/30/2013	
1400	WP132032	MITCHELL PK DOMES REFLEC POOL	\$3,586.00	N/A	N/A	N/A
1400	WP167051	VETERANS PARK PAVILION AND RR	\$39,214.67		5/17/2013	12/31/2013
1400	WP170012	BIKE TRAIL REHABILITATION	\$58,315.00	N/A	5/17/2013	N/A
1400	WP172172	MITCHELL PARK DOMES ROOF	\$50,626.59		8/23/2013	Closed
1400	WP181012	LAKE PRK SOUTH LIONS BRDG REPL	\$16,426.00		3/13/2013	9/20/2013
1400	WP251012	PARKS MAINTENANCE SHOP ROOF	\$111,099.61	7/12/2013	8/23/2013	11/30/2013
1400	WP252012	ROOT RIVER PRKWAY LIGHTING SYST	\$56,554.80		5/17/2013	11/30/2013
1575	WZ014622	ARC HVAC REPLACEMENT	\$30,937.75		5/17/2013	7/31/2013
1575	WZ014632	SEAL POOL FILTER ROOM REHAB	\$74,028.89		5/17/2013	9/13/2013
1575	WZ038012	PECK CENTER HVAC REPLACEMENT	\$14,638.00		5/17/2013	11/30/2013
1575	WZ041012	AVIARY FIRE & SMOKE DETECTION	\$104,306.83		5/17/2013	11/13/2013
1575	WZ042012	PRIMATE HSE FIRE & SMKE DETECT	\$84,435.70		5/17/2013	11/13/2013
1575	WZ045012	AHC ELECTRICAL SERV EXTENSION	\$18,095.00		5/17/2013	11/13/2013
1575	WZ059012	PACHYDERM WEST SERV AREA ROOF	\$63,340.00		5/17/2013	8/13/2013

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Existing Capital Projects Scheduled to Be Completed in 2013		Project Description	Unspent Bonds for	Design	Project	Final
Org.	Project					
1575	WZ063012	WINTER QUARTERS MAIN ROOF REPL	\$612,828.23			11/13/2013
1575	WZ067012	ZOO SEAL LION POOL COATING	\$123,270.50			11/13/2013
1575	WZ078012	ELEPHANT YARD SHADING STRUCT.	\$2,498.39			8/13/2013
1575	WZ099012	ZOO ARC CHIMNEY BASES REHAB	\$28,597.00			11/13/2013
1575	WZ100012	ELEPHANT SVC AREA UTILITY PROT	\$100,803.94			8/13/2013
1575	WZ107012	BEAR SERVICE AREA IMPROVEMENTS	\$80,998.00		5/17/2013	11/13/2013
1575	WZ110014	PENGUIN CHILLER REPLACEMENT	\$14,913.91			
1575	WZ601011	Point of Sale Replacement 2008	\$88,592.00			
1625	WS032012	VARIABLE AIR VOLUME BOXES - UP	\$95,671.53		10/1/2012	10/31/2013
1700	WG012012	1000 MG WATERSPHEROID (190' TC	\$341,696.88	6/7/2010	10/24/2013	11/22/2013
1750	WC013012	Criminal Justice Center Deputy	\$559,810.02	6/30/2005	10/13 est.	2013 est.
1750	WC023012	CH COMPLEX AUTOMATION & ACCESS	\$253,450.52	On Hold	On Hold	On Hold
1750	WC025012	COURTHOUSE RESTROOM RENOVATION	\$188,700.92			
1800	WJ051012	HOC SECURITY CAMERA SYSTEM	\$916,014.67	9/1/2012	5/29/2013	6/14/2013
1625	WS034012	WASHGTON PK SR CTR - ROOF REPL	\$170,691.68			11/13/2013
1850	WO064012	WIL-O-WAY REC CENTER ENTRANCE	\$95,559.00			11/13/2013
1850	WO065012	WIL-O-WAY GRANT REC CNTR RENOV	\$13,465.12		5/17/2013	
1850	WO509012	VILLA TERRACE - SECURITY SYST.	\$5,000.00			8/13/2013
1575	WZ040012	POLAR BEAR & SEAL EXHIBIT STRU	\$154,954.94			11/13/2013
1575	WZ058011	WINTER QUARTERS BARN RENOVATIO	\$85,904.98			11/13/2013
1575	WZ067012	ZOO SEAL LION POOL COATING	\$20,883.83			8/13/2013
1575	WZ089012	ZOO SOUTH END HAY BARN ROOF	\$177,480.00			11/13/2013
1575	WZ107012	BEAR SERVICE AREA IMPROVEMENTS	\$96,429.00			
1600	WE039022	BHD FURNITURE	\$295,998.00		10/23/2013	11/13/2013
1750	WC027012	Courthouse Light Court Window	\$601,158.94	6/14/2013		
1750	WC038012	COURTHOUSE ROOF DRAIN	\$86,693.00	3/20/2014	N/A	
1750	WC070012	DOMESTIC VIOLENCE AREA RECONST	\$230,741.58			
1850	WO219014	NARROWBANDING	\$26,347.11	1-Jan-12	31-Dec-12	31-Dec-13
1850	WO606014	Rewrite County Facilities	\$873,281.83	Oct-12	1-Jul-13	11/30/2013
1400	WP227012	GRANT PARK PEDESTRIAN BRIDGES	\$58,881.64		2/28/2013	
1550	WM005012	MUSEUM AIR HANDLING AND PIPING	\$64,739.76		5/17/2013	
1200	WH001092	WEST HAMPTON 60TH TO N124TH	\$26,561.94		8/30/2013	
1200	WH010023	RECONSTRUCT MILL RD 43 TO TEUT	\$187,077.34		8/30/2013	
1200	WH010053	COLLEGE AVENUE S 51ST TO S 27	\$15,148.00		8/30/2013	
1200	WH010171	S.76TH ST. - PUETZ TO IMPERIAL	\$38,273.47		6/30/2014	
1200	WH010172	S.76TH ST. - PUETZ TO IMPERIAL	\$938,955.60		7/30/2015	
1200	WH022012	N. 107TH ST. BROWN DEER TO NCL	\$462,350.79		6/30/2014	
1200	WH022013	N. 107TH ST. BROWN DEER TO NCL	\$2,254.67		8/30/2013	
1200	WH030062	WHITNALL PK BRDG - ROOT RIVER	\$107,074.00		11/30/2014	

# ATTACHMENT 1 JUNE 2013 REPORT

Org.	Project	Project Description	Unspent Bonds for	Design	Project	Final
1250	WT026034	BUS REPLACEMENT PROGRAM (110)	\$3,339,913.80		9/30/2013	
1375	WV012012	Pond and Lagoon Demonstration	\$1,600.00	2/1/2013	7/1/2013	9/1/2013
1375	WV014012	DRETZKA PK GRNDWATER AND SOIL	\$19,637.67			
1375	WV016012	NR216 Stormwater TSS Controls	\$95,092.79			
1375	WV018012	FRANKLIN LANDFILL FEMA MITIGAT	\$157,856.88			12/31/2013
1400	WP069012	Countywide Play Area Redevelop	\$47,992.41	9/30/2013	6/30/2014	10/31/2014
1400	WP090122	MCCARTY PARK POOL IMPROVEMENTS	\$47,298.73		5/17/2013	12/31/2013
1400	WP090132	SHERIDAN PRK POOL IMPROVEMENTS	\$73,200.00		5/17/2013	12/31/2013
1400	WP090142	WASH PRK POOL IMPROVEMENTS	\$71,155.26		5/17/2013	12/31/2013
1400	WP090152	JACK PRK POOL IMPROVEMENTS	\$73,762.00		5/17/2013	12/31/2013
1400	WP090162	KOSCI PRK POOL IMPROVEMENTS	\$17,820.00		6/30/2013	12/31/2013
1400	WP131012	BLUEMOUND - RAINBOW PARK	\$206,257.47	10/17/2013	6/28/2013	11/30/2013
1400	WP131032	NW SIDE TO DOWNTOWN	\$97,833.58		6/30/2013	6/1/2014
1400	WP167022	GREENFIELD GOLF 15TH TEE RESTR	\$34,994.00			
1400	WP167051	VETERANS PARK PAVILION AND RR	\$785.33			
1400	WP167052	VETERANS PARK PAVILION AND RR	\$405,896.67		8/28/2013	6/30/2014
1400	WP172092	KOSCI AQUATIC CNTR BLDG ROOF	\$76,520.00	T&M	10/31/2013	12/31/2013
1400	WP197012	HUMBOLDT BANDSHELL ROOF	\$7,311.00	6/13/2013	8/13/2013	8/13/2013
1400	WP200012	JACKSON BOAT HOUSE ROOF	\$106,312.00	6/13/2013	10/13/2013	10/13/2013
1400	WP229012	DINEEN PARKING LOT AND WALKWAY	\$25,195.24			11/30/2013
1400	WP230012	OAKWOOD GC CLUBHOUSE ROOF	\$16,181.00		8/31/2013	12/31/2013
1400	WP281012	SCOUT LAKE PAVILION ROOF REPL	\$34,367.00			11/13/2013
1575	WZ075012	ZOO SOUTH END SERVICE GARAGE	\$255,387.99			8/13/2013
1575	WZ078012	ELEPHANT YARD SHADING STRUCT.	\$152,529.00			11/13/2013
1575	WZ083012	ZOO PAVEMENT AND LIGHTING	\$1,127,699.54			11/13/2013
1575	WZ093012	ZOO STORM DRAINS AND MANHOLES	\$12,971.41		5/17/2013	
1625	WS035011	COGGS ROOF REPLACEMENT	\$113,312.31		7/30/2013	
1750	WC023012	CH COMPLEX AUTOMATION & ACCESS	\$450,000.00	6/30/2005	10/13 est.	2013 est.
1800	WJ021011	ACC HVAC SYSTEM	\$4,000.00			4/30/2013
1850	WO060112	KK RIVER PRKWAY 57TH TO 60TH	\$185,458.77	4/17/2013	6/28/2013	11/30/2013
1850	WO060132	GRANT PK-FORK, NW TO LAKEDRIVE	\$26,233.27			11/30/2013
1850	WO060142	LAKE PK-RAV NORT TO SERV DRIV	\$13,462.78	6/21/2013	11/1/2013	6/1/2014
1850	WO114052	MUSEUM FACADE REPLACEMENT	\$992,114.23	Complete	10/13/2013	11/13/2013
1850	WO114062	SAFETY BUILDING IMPROVEMENTS	\$621,610.92	6/13/2013	10/13/2013	10/13/2013
1850	WO614014	BUILD OUT TEN SITES TO DIGITAL	\$1,759,329.00	Oct-12	31-Dec-13	
1850	WO129012	W-O-W UNDERWOOD WADING POOL	\$86,685.42			6/13/2013
		Total	\$23,605,863.00			

# ATTACHMENT 1 JUNE 2013 REPORT

Reallocation of Unspent Bond Proceeds to 2013 Authorized Capital Projects  
Comptroller Attachment 2

May 24, 2013  
Page 11

## Attachment 2

### 2013 Adopted Projects Financed with Reallocated Unspent Bond Proceeds



# ATTACHMENT 1 JUNE 2013 REPORT

## 2013 Adopted Projects Financed with Reallocated Unspent Bond Proceeds

Project	Description	Reallocated Unspent Bond Amounts	Bond Issue
WH01017	South 76th St. (W. Puetz Rd. to W. Imperial Dr.)	\$108,886	1999-2008
WT04901	Replace Bus Vacuum System at Kinnickinnic Garage	\$150,000	2009C
WT05201	Replace Fire Alarm System at Fond Du Lac Garage	\$50,000	2009C
WT05301	Replace Bus Vacuum System at Fiebrantz Garage	\$146,921	2009C
WT05401	Replace Bus Wash System at Kinnickinnic Garage	\$112,462	2009E
WT05401	Replace Bus Wash System at Kinnickinnic Garage	\$37,538	2009F
WT05601	Replace HVAC System at Kinnickinnic Garage	\$106,000	2009F
WT06601	Replace Bus Wash System at Fiebrantz Garage	\$11,421	2009F
WT06601	Replace Bus Wash System at Fiebrantz Garage	\$71,579	2010A
WT06901	Replace Underground Storage Tanks at MCTS Fleet	\$55,000	2010A
WV02201	Franklin Landfill Infrastructure	\$70,140	2010A
WP12904	Basketball Courts	\$80,000	2010A
WP16705	Veterans Park Pavillion and Restroom Replacement	\$400,000	2010A
WP24701	Greenfield Park Shelter #3 RR Replacement	\$50,000	2010A
WP24702	Greenfield Park Shelter RR #5 Replacement	\$50,000	2010A
WP25401	Whitnall Park Golf Course Pedestrian Bridges	\$173,400	2010A
WP26001	Holler Park Pool- Conversion to Sand Filtration	\$120,000	2010A
WP26701	Oak Leaf Parkway- Oak Leaf Trail Program	\$273,700	2010A
WP27201	Noyes Pool Roof Replacement	\$129,900	2010A
WP27301	Grobschmidt Park Pool Rehabilitation	\$162,000	2010A
WP27401	Hales Corners Pool Main Drain Replacement	\$20,000	2010A
WP28001	Menomonee River Parkway Reconstruction	\$100,000	2010A
WZ05701	Aviary Roof Replacement	\$77,300	2010A
WZ07801	Zoo Elephant Yard Shading Structure	\$152,529	2010A
WZ10301	Zoo Train Garage Overhead Crane	\$82,800	2010A
WZ10401	Zoo Giraffe Building Upper Roof Replacement	\$85,000	2010A
WE04801	EMS- Zoll Cardiac Monitor/Defibrillator Z Series	\$1,125,000	2010A
WS03801	Coggs Canopy Renovation	\$96,000	2010A
WC01301	Criminal Justice Center Deputy Workstations	\$384,775	2010A
WC08101	Safety Building Cooling Tower Replacement	\$151,200	2010A
WC08601	City Campus Cooling Tower	\$151,800	2010A
WO11501	Steam to Natural Gas Conversion- Fleet,CCC,Parks	\$1,000,000	2010A
<b>Grand Total 2013 Adopted Capital Improvements</b>		<b>\$5,785,351</b>	

# ATTACHMENT 1 JUNE 2013 REPORT

Reallocation of Unspent Bond Proceeds to 2013 Authorized Capital Projects  
Comptroller Attachment 3

May 24, 2013  
Page 13

## Attachment 3

### Projects with Bond Proceeds to be Reallocated

# ATTACHMENT 1 JUNE 2013 REPORT

## Reallocated Unspent Bond Proceeds

Org.	Project	Project Description	Bond Issue	Reallocated Bonds
1200	WH222021	NHS E COLLEGE/S HOWELL TO PENN	1999	\$14,852.00
1200	WH201032	LAYTON 108TH-84TH PE	2000	\$694.97
1200	WH080031	LAKE PARK BRIDGE OVER DRAINAGE	2007	\$47,949.45
1200	WH084011	S. 76th St. W. Parkview Dr. to	2007	\$1,140.57
1200	WH086021	W. Good Hope Rd. Little Menom	2007	\$12,220.75
1200	WH030032	Milwaukee River Parkway Bridge	2008	\$7,792.40
1200	WH030072	MILWAUKEE RIVER PARKWAY BRIDG	2008	\$4,000.00
1200	WH030162	W. OAK AVE. OVER HONEY CREEK	2008	\$18,751.20
1200	WH080041	KK RIVER PARKWAY BRIDGE	2008	\$1,484.20
1400	WP171012	POOL LINERS MCCARTY PARK POOL	2010C	\$22,536.00
1850	WO114012	O'DONNELL PARK IMPROVEMENTS	2010C	\$19,482.53
1750	WC071011	DA SECURITY CARD SYSTEM	2010A	\$48,647.28
1850	WO606024	BHD WIRELESS INFRASTRUCTURE	2010A	\$14,999.40
1400	WP172072	WILSON REC CNTR LOWER ROOF	2009E	\$850.00
1200	WH080032	LAKE PARK BRIDGE OVER DRAINAGE	2009C	\$67,395.58
1850	WO619014	Disaster Recovery Site	2009C	\$5,986.00
1400	WP105022	LINCOLN AQUATIC CENTER PHASE 2	2009C	\$38,357.50
1400	WP167032	JACKSON PK BOAT HOUSE PAVILION	2009C	\$96,578.00
1375	WV013012	MCKINLEY BEACH SW OUTFALL	2009C	\$15,213.00
1575	WZ014512	PRIMATE HOUSE SKYLIGHT & ROOF	2009C	\$11,318.00
1575	WZ014592	Australian Building Renovation	2009C	\$5,558.00
1200	WH020042	MILL RD 91ST TO STH 45BASIC PL	2009E	\$6,984.80
1850	WO423014	Security Cameras in CJFBasic P	2009E	\$44,351.00
1850	WO444012	MCSO - ELEC MEDICAL REC SYSTEM	2009E	\$33,390.00
1850	WO618012	Franklin Public Safety Communi	2009E	\$18,907.00
1850	WO620014	GREENFIELD PUBLIC SAFETY COM.	2009E	\$3,497.47
1400	WP132032	MITCHELL PK DOMES REFLEC POOL	2009E	\$4,895.19
1575	WZ029012	Special Exhibits Building Roof	2009E	\$436.00
1850	WO062014	Additional Capacity - Public S	2009F	\$62,436.00
1850	WO509012	VILLA TERRACE - SECURITY SYST.	2009F	\$43,779.62
1850	WO511012	CHARLES ALLIS - SECURITY SYST.	2009F	\$48,743.04
1600	WE033012	BEHAVIORAL HEALTH FACILITY REN	2010A	\$10,455,835.00
1850	WO221014	DATA CNTR EQUIPMNT AND CONSTRU	2010A	\$13,958.74
1400	WP173012	HOYT PARK POOL IMPROVEMENTS	2010A	\$22,729.00
1550	WM003012	ELECTRICAL DISTRIBUTION REPLAC	2010B	\$13,941.85
1200	WH020021	COLLEGE AVENUE - 13TH TO 20TH	2010C	\$7,190.80
1800	WJ021011	ACC HVAC SYSTEM	2010C	\$15,916.00
1800	WJ056011	CCFS VIDEO VISITATION SYSTEM	2010C	\$9,900.00
1850	WO060072	HAMPTON AVENUE - I-43 TO GB	2010C	\$182,896.00
1850	WO060072	HAMPTON AVENUE - I-43 TO GB	2010C	\$4,000.00

# ATTACHMENT 1 JUNE 2013 REPORT

## Reallocated Unspent Bond Proceeds

Org.	Project	Project Description	Bond Issue	Reallocated Bonds
1850	WO060092	JUNEAU PK - LANDFILL TO MARINA	2010C	\$10,000.47
1850	WO060102	LAKE PK-NEWBERRY TO PAVILION	2010C	\$19,594.00
1850	WO106014	FLEET GEN/TRANSFER SWITCH REPL	2010C	\$91,131.00
1400	WP063022	ESTABROOK DAM REHABILITATION	2010C	\$1,629,371.17
1400	WP131022	LEON TERRACE - BRIDGE	2010C	\$7,229.61
1400	WP167062	WILSON COMFORT/SHELTER RESTRM	2010C	\$6,096.00
1400	WP172082	WASHINGTON PARK BOATHOUSE ROOF	2010C	\$13,158.77
1400	WP228012	BOAT LAUNCH PIERS REPLACEMENT	2010C	\$27,602.50
1250	WT031011	Roof Top Air Conditioning - Tr	2010C	\$0.32
1375	WV012012	Pond and Lagoon Demonstration	2010C	\$9,235.77
1375	WV014012	DRETZKA PK GRNDWATER AND SOIL	2010C	\$13,641.21
1375	WV016012	NR216 Stormwater TSS Controls	2010C	\$18,352.21
1850	WO038012	MARCUS CENTER HVAC UPGRADE	2010D	\$13,546.71
				\$13,308,554.65

# ATTACHMENT 1 JUNE 2013 REPORT

## MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 05/24/13

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Unspent Bond Proceeds

**FISCAL EFFECT:**

- |   |  |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact<br><input checked="" type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input checked="" type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input checked="" type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
|---|--|

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	See explanation
<b>Capital Improvement Budget</b>	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	

# ATTACHMENT 1 JUNE 2013 REPORT

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. In April 2013, the Office of the Comptroller included language in the 2012 to 2013 Carryover Report informing policymakers that the County was not in compliance with IRS expenditure rules for bonds. At year-end 2012, the estimated total unspent bond balance was \$44,239,151 for 219 capital projects. The Office of the Comptroller and Department of Administrative Services – Fiscal Affairs met with departments to determine the status of the projects and timeline for project completion for each project that was financed with the unspent bond proceeds. The initial \$44 million in unspent bond proceeds has been reduced to \$36.9 million. Approximately \$23.6 million in projects financed with the unspent bond proceeds will be able to be completed in 2013. Of the remaining \$13.3 million, \$5.8 million will be reallocated to finance 2013 adopted capital projects and \$7.5 million will be reallocated to projects in the Five Year Capital Improvements Plan.

In addition, the County is limited in terms of the type of investments of bond proceeds that are beyond the IRS expenditure timeline. The bonds must be yield restricted. In other words, the County cannot invest the unspent bond proceeds in investments having a rate greater than the interest rate on the bonds. The Office of the Comptroller will work with the Treasurer's Office to establish separate accounts for all of the bond issues to insure compliance.

The IRS expectation is that the County will proceed or demonstrate a consistent pattern of spending to reflect a commitment to implementing the projects. Therefore, projects where the County will not be able to demonstrate this consistent pattern or commitment shall have the bond proceeds reallocated to an existing project or new project that can. Since the bonds have to be yield restricted or cannot invest the unspent bond proceeds in investments having a rate greater than the interest rate on the bonds, the Office of the Comptroller will work with the Treasurer's Office to establish separate accounts for all of the bond issues.

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

# ATTACHMENT 1 JUNE 2013 REPORT

- B. Reallocating the \$5.8 million in unspent bond proceeds to finance selected projects in the 2013 Capital Improvements Budget will allow the County to decrease its debt service costs for the 2013 Corporate Purpose Bond Issue.
- C. The estimated debt service costs for the 2013 Corporate Purpose Issue would be reduced by \$11.9 million. This is a result of using \$5.8 million in unspent bond proceeds to finance 2013 Adopted Capital projects. The reduction was utilized by removing the last 4 years from the projected debt service schedule for the 2013 Corporate Purpose Bond Issue. The estimated principal amount would be \$27 million.
- D. In addition, as a part of the analysis for reallocating the unspent bond proceeds, the Office of the Comptroller reviewed the 2013 Adopted Capital Improvements Budget with departments, which decreased the bond amount by an additional \$3 million. This was due to partial funding due to project implementation for 2013 for the War Memorial Renovation project (\$571,341) and the delay of the Estabrook Dam Impoundment Sediment Remediation project (\$1.2 million) and Grounds South Reservoir Rehabilitation project (\$1,219,200).

There are no adjustments to the budgets for these projects. The projects would not be included in the 2013 Corporate Purpose Issue since project implementation for these amounts are anticipated to occur in 2014 for the War Memorial Renovation project and the Estabrook Dam Impoundment Sediment Remediation project. The Grounds South Reservoir Rehabilitation project is delayed until the Water Utility Initiative is addressed. A Memorandum of Understanding between Milwaukee County and the City of Wauwatosa, relating to the Milwaukee County water utilities, has been submitted by the Department of Administrative Services to the Finance, Personnel and Audit Committee for the June cycle.

Excluding these projects from the 2013 Corporate Purpose Bond Issue will allow the County to assist with minimizing future violations of the IRS rules regarding tax-exempt bond proceeds.

Department/Prepared By Pamela Bryant

Authorized Signature



Did DAS-Fiscal Staff Review?  Yes  No

Did CBDP Review?<sup>2</sup>  Yes  No  Not Required

**ATTACHMENT 1  
JUNE 2013 REPORT**

File No.  
(Journal, )

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(ITEM \*) A resolution to authorize the Office of the Comptroller to reallocate approximately \$5.8 million of unspent bonds to selected 2013 Adopted Capital Improvements projects, adjust the 2013 Corporate Purpose Bond Issue and work with the Treasurer's Office to establish separate accounts for all of the bond issues:

**A RESOLUTION**

WHEREAS, in April 2013, the Office of the Comptroller included language in the 2012 to 2013 Carryover Report informing policymakers that the County was not in compliance with Internal Revenue Service (IRS) expenditure rules for bonds; and

WHEREAS, the IRS regulations dictate the expenditure of bond proceeds within three years; and

WHEREAS, the IRS regulations limit the rate and types of investments that the County can access for bond proceeds that have not been expended within three years; and

WHEREAS, in the past, the County would use the unspent bonds to pay interest on the individual bonds to the extent that the County had an upcoming debt service payment on those bonds; and

WHEREAS, the majority of the unspent bonds are Build America Bonds (BABs) and can be used to finance capital improvement projects only; and

WHEREAS, although the proceeds have not been expended within 3 years, according to Chapman and Cutler (the County's Bond Counsel), the IRS expectation is that the County will proceed or demonstrate a consistent pattern of spending to reflect a commitment to implementing the projects; and

WHEREAS, capital projects where the County will not be able to demonstrate this consistent pattern or commitment shall have the bond proceeds reallocated to an existing project or new project that can; and

WHEREAS, there is approximately \$13.3 million balance of unspent bonds that have not demonstrated a pattern or commitment that the bonds will be spent; and

WHEREAS, two projects represent 92 percent of the total unspent bond proceeds reallocation amount: Behavioral Health Facility Division (BHD) Renovation Project (\$10.5 million) and Estabrook Dam Rehabilitation (\$1.6 million); and



# ATTACHMENT 1

## JUNE 2013 REPORT

45 WHEREAS, the Office of the Comptroller has identified projects from the 2013  
46 Adopted Capital Improvements Budget that total an estimated \$5.8 million that are able  
47 to be financed with the previously issued bonds, and  
48

49 WHEREAS, reallocation of approximately \$5.8 million will reduce the approved  
50 not-to-exceed amount of \$36.1 million in bonding for the 2013 projects; and  
51

52 WHEREAS, the remaining estimated \$7.5 million will need to be reallocated to  
53 other capital projects; and  
54

55 WHEREAS, the remaining estimated \$7.5 million will need to be reallocated to  
56 other capital projects; and  
57

58 WHEREAS, in July, the Office of the Comptroller will submit a report to the  
59 Finance, Personnel and Audit Committee requesting approval to reallocate the  
60 remaining unspent bonds to various capital projects that are continuing projects and/or  
61 contained in the Five Year Capital Improvements Plan; and  
62

63 WHEREAS, in an effort to avoid future non-compliance, the Office of the  
64 Comptroller will be meeting with departments monthly to discuss the status and update  
65 the timetable of the capital projects; now, therefore,  
66

67 BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby  
68 authorizes the Comptroller to reallocate approximately \$5.8 million of unspent bonds to  
69 finance selected projects from the 2013 Adopted Capital Improvements projects; and  
70

71 BE IT FURTHER RESOLVED, the Department of Administrative Services (DAS),  
72 based on information from the Office of the Comptroller, is directed to process an  
73 administrative appropriation transfer that reallocates approximately \$5.8 million of  
74 unspent bonds to selected projects from the 2013 Adopted Capital Improvements  
75 Budget; and

**Attachment 2**

**Phase 2 - Projects for Unspent Bond Proceeds Program**

**Phase 2 - Projects for Unspent Bond Proceeds Program**

Project	Description	Start Planning	Planning and Design	Start Construction	Substantially Complete	Final Completion	Amount	Capital Improvements Committee
WT02601	2 New Flyer Buses						2,520,000	REC
WT05701	2 Replace Bus Washing System- Fond Du Lac	Jul-13	Aug-13	Oct-13	Apr-14	Jun-14	226,000	NR
WV01801	1/2 Underground Storage Tank Upgrades	Aug-13	Oct-13	Dec-13	May-14	Jun-14	320,000	REC
WV02501	2 Rawson Ave Pump Station	Jun-13	Aug-13	Sep-13	Nov-13	Dec-13	350,000	NR
WV02901	2 Grant Park Lift Station	Aug-13	Nov-13	Mar-14	May-14	Jul-14	190,000	NR
WP22101	2 Lincoln Golf Course Irrigation/Pumphouse	Aug-13	May-14	Jul-14	Oct-14	Nov-14	940,000	NR
WP270	1 Oak Creek Parkway Lighting System	May-13	Jul-13	Aug-13	Oct-13	Nov-13	110,000	N/A
WP28401	2 Clarke Square Playground						250,000	REC
WP28701	2 Greenfield Golf Course Irrigation	Aug-13	Feb-14	Apr-14	Sep-14	Nov-14	650,000	NR
WZ063	1 Zoo Winter Quarter Roof Replacement	Complete	Complete	Jul-13	Oct-13	Nov-14	370,000	N/A
WZ10101	2 Zoo Apes Building Boiler Replacement	Aug-13	Apr-14	May-14	Sep-14	Nov-14	290,000	NR
WZ10701	2 Zoo Bear Service Area Improvements	Aug-13	May-14	Jun-14	Sep-14	Oct-14	200,000	NR
WZ11401	2 Zoo Life Support Emergency Generators	Aug-13	Aug-13	Jul-13	Oct-13		60,000	REC
WZ11501	2 Great Apes Mechanical Room Roof Replacement	Aug-13	Aug-13	Sep-13	Oct-13		60,000	NR
WE02802	1 Nurse Call System- Unit 53B						124,000	N/A
WC07401	2 C/JF Cooling Tower	Aug-13	Oct-14	Dec-14	Feb-14	Apr-14	440,000	REC
WO060142	1 Lake Park Ravine North to Service Drive	Complete	Jul-13	Sep-13	Nov-13	Jun-14	400,000	N/A
	<b>Total</b>						<b>7,500,000</b>	

**Note:**

- Continuing Projects
- 2014 Requested Projects/Projects included in the 5 Year Capital Improvements Plan
- The Capital Improvements Committee (CIC) column indicates projects that were recommended (REC) by the CIC and projects requested for recommendation by the CIC and not recommended (NR) and 2013 projects which were approved prior to the formation of the CIC (N/A).

**Attachment 3**

**Phase 2 - Projects for Unspent Bond Proceeds Program**

**Project Narratives**

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### **WT026 – Replacement Buses for MCTS**

An appropriation of \$14,100,000 is being requested for the replacement of 35 forty-foot buses and spare parts for the Milwaukee County Transit System. Financing will be provided from \$11,580,000 in federal revenue and \$2,520,000 in general obligation bonds.

The buses to be replaced are 40-foot diesel buses purchased in 2002 which will be fully depreciated and will have reached the end of their useful life. In December 2012, Milwaukee County entered into a Master Price Agreement with New Flyer of America, Inc. for the purchase of up to 90 buses and spare parts by December 2013. The initial order was for 55 buses at a price of \$399,990 per bus. A federal Interstate Cost Estimate (ICE) grant was used to fund 85 percent of that purchase.

The 35 buses in this request will cost \$398,800 per bus, or \$13,958,000 total. One set of spare parts is also included in this request. The department has secured various federal grants totaling \$11.58 million for this purchase, including State of Good Repair, ICE, American Recovery and Reinvestment Act and Section 5339 formula grants. Changes to federal programs in the current transportation bill have reduced funding opportunities for Milwaukee County and therefore funding for buses beyond this 2014 purchase is less certain. The Milwaukee County Department of Transportation will continue efforts in future years to maximize any federal funding that may be available to partially offset the cost of bus replacement purchases.

### **Staffing Plan**

DOT and MTS staff will be responsible for overall project management.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### **WP284 - Clarke Square Playground Replacement**

An appropriation of \$249,600 is requested for the replacement of the deteriorated playground in at the Clarke Square according to the playground report rankings. General obligation bonds finance this project.

The project scope is the reconstruction of the existing class 3 special play environment. Project shall include removal and disposal/recycling of existing equipment and surfacing, new play equipment, signs, bike racks, receptacles, benches, and PIPR surfacing. Site preparation shall include erosion control, stripping topsoil, grading, drainage systems, limestone base course, asphalt paths, shade tree planting, and turf restoration.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### **Staffing Plan**

DPRC – Planning Division staff and DAS – Facilities Management A&E staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### **WZ114-Emergency Life Support Generators**

The Zoo is requesting \$59,100 for one life support emergency generator to be installed per year for the next six years to cover six major areas of the Zoo to ensure the life and safety of the Zoo's animal collection. Continuous electrical power is critical in maintaining life support for the animal collection. Life support systems include light, heat, air conditioning, water filtration, and water systems. Permanent electrical generators are needed in the following animal areas to maintain power to life-critical systems in the event of a power outage: Aviary/Flamingo, Apes/Primates/ Macaque Island, Aquatic & Reptile Center, Small Mammals, Big Cat Country/Winter Quarters, Pachyderm East/West and Giraffe. This is a mandate from AZA for accreditation and from the USDA.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

### **Staffing Plan**

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

**2014 REQUESTED CAPITAL IMPROVEMENT  
MILWAUKEE COUNTY**

**WC074 – Replace Cooling Tower at CJF**

An appropriation of \$438,000 is requested to replace the Cooling Tower at CJF. The cooling tower at the Criminal Justice Facility is past its expected life. It is leaking and the repairs needed would be extensive. It is in need of media replacement, repair and coating of rust and the seams are leaking. Failure of the CJF tower would be unmanageable due to the inmate population.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand and approved project scope without the approval of the County Board of Supervisors and the County Executive.

**Staffing Plan**

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.



## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### **WT057-Fond Du Lac Bus Wash Replacement**

An appropriation of \$1,126,373 is requested for the replacement of the bus wash system at the Milwaukee Transit System Fond Du Lac Garage. Financing will be provided from \$901,908 in Federal revenue and \$225,275 in general obligation bonds.

The project consists of replacing the existing bus wash system at the Fond Du Lac garage which is used daily to remove dirt as part of the bus exterior cleaning process. The current wash system is 13 years old and requires constant maintenance to keep running. While existing system is under repair, buses require manual cleaning which takes longer and is more expensive

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

### **Staffing Plan**

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### WV025 – Rawson Ave Pump Station, 7<sup>th</sup> & Rawson

An appropriation of \$349,327 is requested to replace failing pump controls and wiring, upgrade pumps, and inspect repair or replace pump structure and laterals. This estimate includes removal of suspected lead paint.

**This project is considered a top priority due to public safety issues. As of June 2013, the pump station is experiencing significant outages due to failing equipment. This project may have to be implemented under an emergency work order.**

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### Staffing Plan

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### **WV029 - Grant Park Beach Bathhouse Sanitary Sewer Lift Station Replacement**

An appropriation of \$185,000 is requested for replacement of the lift station and force main, which is part of the sanitary sewer that serves the Grant Park Beach Bathhouse. Financing will be provided from general obligation bonds.

The Grant Beach Lift Station and Force Main is the most maintenance intensive and unsafe ejector system in the parks sewer system. The existing system is from the 1930s and is outdated. The beach house drains to the ejector pit, which has two pumps, one vertical turbine and one submersible. The submersible pump is difficult to get to and requires confined space entry. The lift station is at the base of the lake bluff. The force main follows a steep incline and discharges into a manhole at the top of bluff. The manhole is approximately 80-feet higher than the pump station and is located in a grassy area across the park drive from the golf clubhouse.

The scope of work includes removing and replacing the ejector pit, installing modern equipment (dual submersible pumps on a rail system), and replacing or rehabilitating the existing force main. The work is important with keeping in compliance with the CMOM Program as a part of a Stipulation Agreement entered into with the State of Wisconsin in 2002.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### **Staffing Plan**

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### WP221 - Lincoln Park Golf Course Pumphouse And Irrigation

An appropriation of \$940,000 is requested for the replacement of the golf course irrigation system at Lincoln Park. Financing will be provided from general obligation bonds.

Lincoln Park Golf Course was constructed in the early 1930's. A very basic galvanized piping irrigation system was installed with the water supply coming from through a pumping station from the Milwaukee River. When the freeway was constructed in the 1960's, golf holes were rerouted and the irrigation system was modified. In the 1980's and 1990's, the Parks Department made very minor improvements, adding some valve in-head sprinklers, rerouting irrigation mains, and installing quick couplers.

In 2001, automatic irrigation systems were designed for both Grant and Lincoln Park Golf Courses. At that time, Lincoln experienced numerous leaks, and areas of the golf course were not watered. Since 2001, the irrigation system has continued to have numerous problems and failures. During the 2012 golf season, there were seven active, non-repaired leaks that resulted in wasting thousands of gallons of water. During the drought of the 2012 golf season, Lincoln's 9-hole golf course irrigation bill was \$50,000. For the same 2012 golf season, Currie's 18-hole golf course bill was \$40,000. Currie has twice the golf holes as Lincoln and irrigates the fairways in addition to the tees and greens.

The irrigation system at Lincoln is a labor-intensive, manual system that requires after hours staffing. The current irrigation practice requires hand watering that interferes with the early morning golf. Modern irrigation systems provide electronic heads and computer controllers to put the proper amount of water on the golf course. The new irrigation system will water the tees, greens, and fairways.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### Staffing Plan

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## **2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY**

### **WP287-Greenfield Park Golf Course Irrigation, Pumphouse And Tee Renovation - Phase 1**

An appropriation of \$650,000 is requested for the replacement of the golf course irrigation system and pump house and renovation of the tees. This is the first phase of a two-year project. Financing will be provided from general obligation bonds.

Design and install an 18-hole automatic irrigation system. The project includes renovating and remodeling golf course tees prior to the irrigation system installation.

This project should be phased over two years, similar to the golf course irrigation project at Currie Park:

Phase I (2014 - \$650,000): Design the golf course tee renovations, pump house, and irrigation system. Rebuild and renovate the golf course tees. Construct the golf course irrigation pump house and connect to water supply.

Phase II (2015 - \$1,130,000): Install irrigation system, start-up and train golf course and maintenance staff.

Greenfield golf course competes with a golf course directly to the west. The existing irrigation system is manual and has leaks throughout the course, resulting in wasted water and high water bills. The new automatic system will be more efficient, and allow the Parks to water the fairways in addition to the tees and greens.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### **Staffing Plan**

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### WZ101-Apes of Africa Boiler and A/C Replacement (2)

An appropriation of \$284,000 is requested to replace two boilers in the Apes of Africa Building. Replacement of the boilers is needed to maintain the required temperatures for the well-being of the animals and the facilities. Both boilers are over 20 years old and are inefficient. The new boilers will be more efficient and only heat when needed. Utility savings will be generated with the replacement of these boilers.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### Staffing Plan

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### WZ107-Bear Service Area Structures-Grizzly Bear

The 2013 Capital Budget provided \$185,000 as the initial phase to renovate five zoo bear service areas (American Black Bear, Polar Bear, Grizzly Bear, Brown Bear and Himalayan Black Bear) and planning and design for the second phase. The bear service areas and bear dens at the Zoo were constructed 50 years ago. Extensive upgrades are necessary to maintain AZA accreditation standards, improve staff safety and facilitate modern animal management practices. These upgrades are being completed in 2013 for the Black Bear service areas. The 2014 request of \$193,350 is for the Grizzly Bear service areas, Polar Bear for 2015, Brown Bear for 2016, and Himalayan Black Bear for 2017. AZA requires that animals have a secondary containment area. Any animal escape is a violation to USDA rules and these improvements will ensure compliance with safety and containment standards.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

#### Staffing Plan

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.

## 2014 REQUESTED CAPITAL IMPROVEMENT MILWAUKEE COUNTY

### **WZ115-Great Apes Mechanical Room Roof Replacement**

The Zoo is requesting \$50,650 for replacement of the Great Apes Mechanical Room roof. Project includes excavating the ground from the existing green roof over the mechanical room and replacing and tying in the two existing roof systems including new drainage. Water is currently leaking into the mechanical room with the worst leak directly above the control panels for the boilers, air handlers and the air conditioning units. If funded, this project will eliminate an existing hazard. This is in compliance with County Board policy to maintain facilities to avoid costly repairs. The current roof is 20+ years old and replacing it will keep the facility protected well into the future. If not replaced, the control panel will fail and require over \$100,000 in funding to repair or replace.

Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.

### **Staffing Plan**

DAS – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.



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4 (ITEM \*) A resolution to authorize the Office of the Comptroller to reallocate  
5 approximately \$7.5 million of unspent bonds to selected capital projects:  
6

7  
8 **A RESOLUTION**

9 WHEREAS, to comply with the Internal Revenue Service (IRS) expenditure rules  
10 for bonds, the Office of the Comptroller is seeking approval to reallocate the balance of  
11 the 1999-2010 unspent bonds to continuing capital projects or projects in year 2014 of  
12 the Five Year Capital Improvements Plan; and,  
13

14 WHEREAS, in April 2013, the Office of the Comptroller included language in the  
15 2012 to 2013 Carryover Report informing policymakers that the County was not in  
16 compliance with IRS expenditure rules for bonds due to a lack of expenditures during  
17 the IRS approved time period for bonds on specific projects; and,  
18

19 WHEREAS, the Office of the Comptroller with the assistance of the Department  
20 of Administrative Services – Fiscal Affairs Division met with Departments to develop a  
21 plan to expend the bonds in accordance with IRS Rules; and,  
22

23 WHEREAS, this plan consisted of a two phased approach to reallocate \$13.3  
24 million of the unspent bond proceeds; and,  
25

26 WHEREAS, the first phase reallocated approximately \$5.8 million in unspent  
27 bond proceeds to finance projects in the 2013 Adopted Capital Improvements Budget;  
28 and,  
29

30 WHEREAS, the County Board of Supervisors approved the first phase on June  
31 20, 2013; and,  
32

33 WHEREAS, the second phase, which is submitted for approval for the July 2013  
34 cycle of the Committee on Finance, Personnel and Audit, reallocates the remaining  
35 balance of approximately \$7.5 million to continuing capital projects and projects in the  
36 Five Year Capital Improvements Plan (2014 Requests); now therefore,  
37

38 BE IT RESOLVED, the Office of the Comptroller is authorized and directed to the  
39 reallocate approximately \$7.5 million in unspent bond proceeds to fund continuing  
40 capital projects and projects in the Five Year Capital Improvements Plan; and  
41

42 BE IT FURTHER RESOLVED, the Department of Administrative Services (DAS),  
43 based on information from the Office of the Comptroller, is directed to process an  
44 administrative appropriation transfer that reallocates approximately \$7.5 million to  
45 continuing capital projects and projects in the Five Year Capital Improvements Plan  
(2014 Requests)

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 07/01/13

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Unspent Bond Proceeds

**FISCAL EFFECT:**

- |  |  |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact  | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required                                       | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures                                    | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input checked="" type="checkbox"/> Decrease Operating Revenues  |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	See explanation
<b>Capital Improvement Budget</b>	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
  - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. <sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
  - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
  - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. In April 2013, the Office of the Comptroller included language in the 2012 to 2013 Carryover Report informing policymakers that the County was not in compliance with IRS expenditure rules for bonds due to a lack of expenditures during the IRS approved time period for bonds on specific projects.

The Office of the Comptroller with the assistance of the Department of Administrative Services – Fiscal Affairs Division met with Departments to develop a plan to expend the bonds in accordance with IRS Rules. This plan consisted of a two phased approach to reallocate \$13.3 million of the unspent bond proceeds. The first phase reallocated approximately \$5.8 million in unspent bond proceeds to finance projects in the 2013 Adopted Capital Improvements Budget. The County Board of Supervisors approved the first phase on June 20, 2013.

The second phase, which is submitted for approval for the July 2013 cycle of the Committee on Finance, Personnel and Audit, reallocates the remaining balance of approximately \$7.5 million to continuing capital projects and projects in the Five Year Capital Improvements Plan (2014 Requests).

The Office of the Comptroller is recommending the approval by the Finance, Personnel and Audit Committee of the reallocation of approximately \$7.5 million in unspent bond proceeds to fund continuing capital projects and projects in the Five Year Capital Improvements Plan.

- B. Phase 1 reallocated \$5.8 million to finance capital projects in the 2013 Adopted Capital Improvements Budget. As a result, the 2013 bond issue was reduced, which resulted in a decrease in the projected debt service costs for that issue. Phase 2 will reallocated approximately \$7.5 million in unspent bonds to finance continuing projects, which in some instances will finance costs increases from higher than anticipated bids. In other instances, the project will be completed or implemented earlier due to the availability of additional funds.

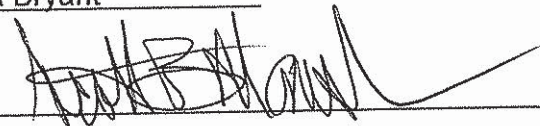
<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

C. For projects that were requested to be included in the 2014 Recommended Capital Improvements Budget, the funding of these projects through the reallocation may result in a decrease in 2014 bond issue. Policymakers may also choose to maintain the 2014 bond issue but will then have the ability to fund additional projects while not increasing the bond issue. Policymakers have not made a decision regarding the 2014 bond issue and the approximately \$6.5 million that was used to finance projects requested in the 2014 Requested Capital Improvements Budget.

D. N/A

Department/Prepared By Pamela Bryant

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required

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