

11-4-21 FINANCE AND AUDIT COMMITTEE APPROPRIATION TRANSFERS
CI ONLY CAPITAL IMPROVEMENTS

Action Required

Finance and Audit Committee
Majority County Board

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Performance, Strategy, and Budget (PSB), and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2021 appropriations of the respective listed departments:

1)	<u>From</u>	<u>To</u>
<u>WO0660 – MCDOT Admin Building HVAC Replacement*</u>		
75401 - Major Maint Bldg – (EXP)		\$1,197,900
49998 - Proceeds from Sale of Capital Assets	\$385,000	
<u>5300 – Fleet</u>		
75401 - Major Maint Bldg – (EXP)	\$600,000	
<u>WO0337 – House of Correction Fleet Equipment (2020)#</u>		
75603 - Vehicles- Replacement	\$111,083	
<u>9816 – Debt Service Reserve</u>		
32100 - Resv For Debt Services	\$101,817	

*# Existing Project, + Included in 5-Year Plan, * New Project*

The Director of the Milwaukee County Department of Transportation (MCDOT) requests an appropriation transfer in the amount of \$1,197,900 to create budget authority for new capital project WO0660-Mcdot Admin Bldg HVAC Replacement.

Original Request:

The County Board approved file #21-622 for an appropriation transfer in the amount of \$600,000 from 1945-Appropriation for Contingency (Contingency) to the MCDOT-Fleet Management Division (Fleet) operating budget in order to increase expenditure authority for replacement of the failing variable refrigerant flow (VRF) HVAC system at the MCDOT Administration building (building) located at 10320 West Watertown Plank Road in Wauwatosa.

The current system uses VRF to provide supplementary heating and cooling to the building and a flow of fresh air. Since 2016, the Department of Transportation has spent \$222,865 in system maintenance and improvements due to air conditioning failures in the summer and heating failures in the winter. Repairs often take many weeks due to limited parts availability or inadequate diagnostic support. System failures creates significant heating, cooling, and fresh air challenges to a facility with 24/7 staffing. Many of these problems remain unresolved with no practical solution. MCDOT staff requested this original transfer in order to begin construction on a new system as soon as practicable in order to maintain a safe working space for Milwaukee County staff and the public and limit further spending on repairs. Given the urgency and severity of this problem, the original request for \$600,000 was made (and approved) in the July 2021 County Board Committee cycle instead of through the normal capital improvements budget process.

Current Request:

Early on in the design phase, replacement costs were estimated at approximately \$600,000 and it was anticipated that the project could be bid and awarded by the close of 2021. In consideration of this, the \$600,000 was budgeted in the MCDOT-Fleet operating budget as opposed to the creating a new capital budget. Now that design has been completed, cost estimates for the project increased by almost \$600,000 higher than expected. As a result, bidding and award of the project will likely go into 2022. In order to better manage the project accounting and contract(s) due to the bridging of years 2021 and 202, the creation of new capital project WO0660 – MCDOT Admin Building HVAC repairs is being requested.

If this appropriation transfer request is approved, budget authority from the following sources would be transferred/created for new capital project WO0660-MCDOT Admin Building HVAC Replacement in order to address the overage:

1. Vehicle/equipment auction revenue-

MCDOT-Fleet receives revenue from its vehicle and equipment auction. For 2021, Fleet has \$50,000 budgeted for this revenue. However, MCDOT staff have indicated net sales exceeding \$400,000. As a result, the additional auction revenue is requested to be used to help partially fund the project deficit WO0660-MCDOT Admin Bldg HVAC Replacement.

2. WO0337-House of Correction Fleet Equipment (2020)

MCDOT staff has indicated that this project is complete and is closed out. The project currently has a balance of just over \$111,000. This request is transferring the reaming balance to help partially fund the project deficit in new capital project WO0660-MCDOT Admin Bldg HVAC Replacement.

3. Original appropriation County Board approved file #21-622-

In July 2021, the County Board approved the original \$600,000 appropriation to address the VRF HVAC replacement within the MCDOT-Fleet operating budget. The request transfer \$600,000 in budget authority to new capital project WO0660-MCDOT Admin Bldg HVAC Replacement.

4. Debt Service Reserve (Account 32100)-

A total of \$101,817 of Series 2018F Notes is requested to be allocated from the Debt Service Reserve to partially fund the project deficit in capital project WO0660-MCDOT Admin Bldg HVAC Replacement.

1.) Requested Funding Sources to Address Project Deficit-	
Vehicle/equipment auction revenue:	\$385,000
WO0337-HOUSE OF CORRECTION FLEET EQUIPMENT (2020):	\$111,083
Debt Service Reserve:	\$101,817
Total Appropriation Transfer Request:	\$597,900
	+
2.) Original Funding (Board File #21-622)-	\$600,000
	=
3.) Total project budget authority for new capital project WO0660-	\$1,197,900

This fund transfer has no tax levy impact.

TRANSFERS SIGNED BY THE COUNTY EXECUTIVE OCTOBER 1, 2021