

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** May 21, 2025

Original Fiscal Note



**SUBJECT:** A report from the Executive Director, Department of Health and Human Services (DHHS), Executive Director, Department of Parks, and Executive Director, Department of Administrative Services, authorizing Milwaukee County to approve a ground lease agreement term sheet with Jewish Family Services, Inc. and its assigns and affiliates for development of a mixed-use senior/community center and affordable housing project at McGovern Park, and to take related actions to support the feasibility and advancement of the project

### FISCAL EFFECT:

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|--|--|
| <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 type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input 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.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure		
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

## 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.
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- A. DHHS, Parks and DAS are seeking approval of a term sheet to enter into a Ground Lease Agreement with Jewish Family Services (JFS) for 5.5 acres of land within McGovern Park to construct a new building that will include 30-55 affordable housing units and a leased space for a new senior/community center. Milwaukee County has collaborated with JFS on a feasibility study of this mixed-use project and is seeking approval to enact all agreements necessary to complete the project. Milwaukee County would move senior services out of the existing McGovern Senior Center and into the leased space once the building is complete, enabling demolition of the current building. Currently, DAS-Facilities Maintenance is responsible for operating expenses and maintenance of the five Milwaukee County-owned senior centers and DHHS is responsible for requesting capital improvement projects.
  - B. As part of the project financing, Milwaukee County DHHS plans to apply a \$2 million U.S. Department of Housing and Urban Development (HUD) Community Project Funding grant awarded in the FY2024 federal appropriations bill. Beyond this grant contribution, the county does not have any other financial commitment for the construction costs of the project. To cover the remaining development costs, JFS is pursuing a Low-Income Housing Tax Credit (LIHTC) application to be submitted by December 2025. A decision on this application is expected to occur by May of 2026.

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<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.

- C. Once the building is completed, JFS will handle all operations, maintenance, and repairs of the new building and site at its own expense during the lease. It will manage the senior apartment and ensure the continuous operation of the senior/community center with DHHS being responsible for programming and staffing of the center. Milwaukee County's financial obligation for the center space will be outlined in a separate lease agreement, which will detail utilities, custodial duties, and internal maintenance responsibilities.

It is anticipated that savings will be achieved by demolishing the existing senior center which has mounting deferred maintenance needs. The Five-Year Capital Improvements Plan estimates \$1,751,200 in maintenance costs. The construction of a new building would avoid these costs and modernize utility systems while improving the quality of social and recreational space for older adults.

- D. The future maintenance and lease payment arrangements, which will be the fiscal responsibility of Milwaukee County, have not yet been finalized. Given the extensive current deferred maintenance, it is assumed that the new senior/community center will reduce the ongoing operating expense of Milwaukee County.

Department/Prepared By: Clare O'Brien, DHHS Budget & Policy Director

Authorized Signature: Shakita LaGrant-McClain

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

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