

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: May 20, 2013

Original Fiscal Note

Substitute Fiscal Note

SUBJECT:

FISCAL EFFECT:

- | | |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(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 checked="" 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	0	(\$3,102)
	Revenue	0	0**
	Net Cost	0	(\$3,102)
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

*Current Year impact was not included as the commencement date for a proposed agreement is not yet known.

**Additional revenue provided by the City of Wauwatosa will result in an unknown net operating budget decrease for the remaining county departmental customers.

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. ¹ 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. The Department of Administrative Services is requesting authority to execute a Memorandum of Agreement with the City of Wauwatosa (City) for the transfer of seven Milwaukee County Water Utility (Utility) customers (of which, five are County departments) and the west water tower to the City's water service.
- B. Milwaukee County will receive a minimum of \$20,000, on an annual basis, from the City in additional revenue from transferring the seven customers to the City's service. As a result of the transfer of the seven Utility customers to the City water service, the remaining Utility customers will realize an increase in costs. Remaining departmental users of the Utility are anticipated to see an increase of approximately \$3,977². However, County departments transferred to the City's water service are projected to realize a water charge savings of approximately \$7,079 due to lower water rates. Overall, the County is projected to achieve an estimated annual net savings of \$23,102.

Net Annual Expenditure Increase/(Decrease)	Explanation
<u>(\$20,000)</u>	Payment from Wauwatosa to County (i.e. Net Revenue from 7 transferred County customers).
<u>(\$7,079)</u>	Net savings realized from the County users transferred to the Wauwatosa water utility.
<u>\$3,977</u>	Increase in Milwaukee County water charge due to lower user base.*
<u>(\$23,102)</u>	Total County Levy Increase/(Decrease)

¹ 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.

² Remaining County departmental users of the Utility include DHHS-BHD, CATC, and Parks.

Additionally, County and non-County users of the Utility are anticipated to benefit from cost-avoidance due to the transfer of the Utility to the City. This includes costs related to the ongoing maintenance and future demolition and reconstruction of the west water in the amount of \$1,418,000. Furthermore, cost avoidance of approximately \$1,714,250 is projected as a result of utility relocation costs associated with the construction of the Zoo Interchange project. Overall, total estimated cost avoidance for all utility users is \$3,132,250.

Cost Avoidance to All Users	Explanation
<u>\$58,000</u>	Ongoing Maintenance of West Water Tower.
<u>\$1,300,000 (2013 dollars)</u>	Building a new West Water Tower in 10 yrs.
<u>\$30,000-\$60,000 (2013 dollars)</u>	West Water Tower Demolition.
<u>\$1,714,250</u>	Construction Costs Related to Zoo Interchange.
\$3,132,250	Total Cost Avoidance to All Users

C. The impact of executing the Memorandum of Agreement on the entire Water Utility Account (Org. 5500) is largely associated with avoidance of costs related to relocating water utility infrastructure for the Zoo Interchange mitigation projects and future demolition and reconstruction of the west water tower.

D. No assumptions were made.

Department/Prepared By: Julie A. Esch, DAS – Director of Operations

Approved By: 

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?³ Yes No Not Required

³ Community Business Development Partners' review is required on all professional service and public work construction contracts.

