

**-COUNTY OF MILWAUKEE-
INTEROFFICE COMMUNICATION**

DATE : August 27, 2013

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

FROM : Josh Fudge, Interim Fiscal & Budget Administrator, Department of
Administrative Services

SUBJECT : Lapsed Unspent Cash and Lapsed Unspent Bond Proceeds from the 2012
Carryover Process

REQUEST

The Department of Administrative Services (DAS) is requesting approval to reallocate 2012 lapsed unspent cash and bond proceeds (from the 2012 year-end carryover process) to establish budget authority for current-year 2013 items.

BACKGROUND/ANALYSIS

The results of the carryover process for year-end 2012 yielded approximately \$1,967,000 in lapsed unspent bonds and approximately \$41,000 in cash that was deposited in the debt service reserve.¹ The lapsed unspent bond amount of \$1,967,000 consists of about \$322,000 in prior year lapsed unspent bonds and just over \$1,645,000 in lapsed unspent Build America Bonds (BABs).

The \$1,967,000 in lapsed unspent bonds will be allocated as follows: \$319,000 of lapsed unspent prior year bonds will remain in the debt service reserve to fund debt service costs² and \$1,648,000 of lapsed unspent prior year bonds and BABs will be transferred to the existing Rawson Avenue Pump Station capital project (WV02501). The \$41,000 in lapsed cash will be reallocated to finance a secure entrance and vestibule area (Room 421 of the Safety Building) for the Victim/Witness waiting area and a replacement camera system for the Child Support area.

2013 Sales Tax Shortfall (potential)

Sales tax projections are trending flat for 2013. If this trend continues, sales tax may deficit from what was budgeted. In order to cushion the potential effect of any sales tax deficit, \$319,000 in prior year lapsed unspent bonds is requested to be applied towards debt service payments. This action reduces the need of sales tax to fund debt service payments, which in turn, will lessen the impact of a potential sales tax shortfall.³

¹ County Board File #13-376

² Pursuant to IRS rules and regulations, BABs may only be used to finance capital projects and therefore cannot be used to pay debt service. Prior year lapsed unspent bond refers to non-BABs bonds, which can be used to pay debt service.

³ The 2013 Adopted Budget included \$67.2 million of County Sales Tax Revenue. Approximately \$53.1 million of County Sales Tax Revenue is budgeted to fund debt service costs.

Rawson Avenue Pump Station capital project (WV02501)

This project was established as part of an emergency work order as reported during the July 2013 committee cycle.⁴ Preliminary cost estimates for the project at that time were \$350,000. Funding for this project was included as part of the Unspent Bond resolution that was approved during the July 2013 committee cycle.⁵

As work progressed, it was discovered that the pump station needed to include much larger pumps, approximately 2,000 feet of storm ditch grading, and an additional ten feet deeper excavation in order to meet the City of Oak Creek Storm Water Management plan. Utilities in or adjacent to the pump station including a 16" natural gas main, water main, overhead electric cannot be relocated. As a result, completing the pump station work will require additional protective measures (i.e. protective shoring of the utilities) to ensure that the existing utilities do not get damaged. DAS-Architecture & Engineering staff has estimated the additional costs to complete the project at \$1,648,000, which is requested to be financed from BABs (\$1,645,000) and prior year lapsed unspent bonds (\$3,000).

Child Support Enforcement Security Cameras

The existing analog security system is comprised of three cameras (and supporting hardware/software) that will become obsolete when the County upgrades to Windows 7. A new digital security system allows for compatibility with Windows 7. Additionally, the replacement of the Security System will include eight digital security cameras (and supporting hardware/software) and allow for additional coverage of the ground floor and mezzanine level of Child Support. The estimated cost of the camera system upgrade is \$6,500 and will be financed with lapsed unspent cash explained on the previous page.

Victim/Witness Waiting Area

Room 421 of the Safety Building is anticipated to be used as a waiting area for victims and witnesses who are subpoenaed by the District Attorney's (DA) Office to appear in criminal court downtown. As such, the DA's Office has indicated the need to provide a secure entrance and vestibule for this area. The estimated cost of the improvements is \$34,500 and will be financed with lapsed unspent cash explained on the previous page.

RECOMMENDATION

DAS is recommending that the available \$2,008,000 in lapsed unspent cash and bonds be used to finance the existing Rawson Pump Station capital project (WV02501), security system updates for the Child Support area, security entrance and vestibule updates for the Victim/Witness waiting area, and debt service reserve to offset a potential deficit in sales tax revenue for 2013.

⁴ County Board File #13-620

⁵ County Board File #13-633

Item Funded	\$
Rawson Ave Pump Station	\$ 1,648,000
Debt Service	\$ 319,000
Victim/Witness Secure Area, Rm 42 Safety Building	\$ 34,500
Child Support Security Cameras	\$ 6,500
TOTAL	\$ 2,008,000



Josh Fudge

Interim Fiscal & Budget Administrator, Department of Administrative Services

pc: Chris Abele, County Executive
 Amber Moreen, Chief of Staff, County Executive's Office
 Willie Johnson, Jr., Co-Chair, Finance, Personnel, and Audit Committee
 David Cullen, Co-Chair, Finance, Personnel, and Audit Committee
 Scott Manske, Comptroller
 Kelly Bablitch, Chief of Staff, County Board