

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 11/20/14

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Requesting Authorization to enter into an agreement for Financial Advisory Services with Public Financial Management for a term of three-years with two one-year options

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 checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input checked="" 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	0	See Below
	Revenue	0	See Below
	Net Cost	0	See Below
Capital Improvement Budget	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.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 Office of the Comptroller is requesting the approval of the attached resolution to enter into an agreement for Financial Advisory Services with Public Financial Management (PFM) for a term of three-years with mutual options of two one year extensions. Independent Financial Advisors (IPA) will serve as the Disadvantaged Business Enterprise on the contract.

B. The agreement for financial advisory services will be based on an hourly rate. The anticipated hourly rate for the Director of PFM is \$200 and the hourly rate for the Senior Managing Consultant is \$175. The DBE Goal for the contract is 17%, but is estimated to be over 20%. The average financial advisor fees on a general obligation issuance are about \$28,000 the average fees on an airport revenue bond issuance are approximately \$42,000.

Services that are provided that are unrelated to a particular issuance will be financed by tax levy that is included annually in the Debt Service Budget or funding that is included annually in the Airport operating budget.

C. There is no 2014 impact of this action since the new contract will not begin until after the end of 2014. There is no impact to the 2015 budget since the costs will be absorbed by either the levy included in the Debt Service Budget or proceeds from any 2015 financings.

The firms providing the services generally perform work relating to bond issuances that are approved by the County Board throughout the year. These costs are built into the cost of issuance expenses for particular bond issuances. The costs are financed by bond proceeds and are paid back through debt service payments. Any work not associated with bond

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.

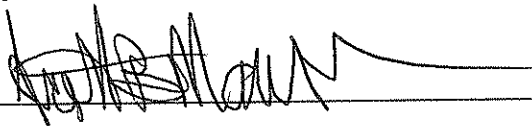
² Community Business Development Partners' review is required on all professional service and public work construction contracts.

issuances is financed by the \$11,500 that is included in Org. Unit 9960 Debt Service (non-airport related) or by funding included in the Airport operating budget (airport-related).

D. It is assumed that the amount of financial advisory services provided not related to bond issuances will be limited to \$11,500 or less annually.

Department/Prepared By Justin Rodriguez

Authorized Signature

A handwritten signature in black ink, appearing to read "Justin Rodriguez", is written over a horizontal line.

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required