

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: December 4, 2020

Original Fiscal Note
 Substitute Fiscal Note

SUBJECT: Request to transfer all but \$5.0 million of the 2020 surplus to the Debt Service Reserve, to direct \$8.3 million in Debt Service Reserve funding in 2021 for specific uses, and to reallocate \$2.0 million of current CARES Act funding.

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required

<input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget

<input type="checkbox"/> Decrease Operating Expenditures

<input checked="" type="checkbox"/> Increase Operating Revenues

<input type="checkbox"/> Decrease Operating Revenues | <input checked="" type="checkbox"/> Increase Capital Expenditures

<input type="checkbox"/> Decrease Capital Expenditures

<input checked="" type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues

<input type="checkbox"/> Use of contingent funds |
|--|--|

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	2020	2021
Operating Budget	Expenditure	\$0	Approx. \$7,600,000
	Revenue	\$0	Approx. \$7,600,000
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure		\$700,000
	Revenue		\$700,000
	Net Cost		\$0

\$5.0 million of the 2020 surplus will be used as revenue for the 2022 budget. The remainder (possibly \$5.0 million to \$10.0 million based on the current projection) of the 2020 surplus will be contributed to the Debt Service Reserve per this resolution.

This table summarizes that approximately \$8.3 million will be transferred from the Debt Service Reserve in January 2021 to establish revenues and expenditure authority for these purposes:

- Approx. \$2.5 million to maintain services through early 2021 at Miller Park Testing Site.
- \$5.0 million for emergency COVID-19 needs.
- \$0.7 million for Capital Project WO65301 (IT Asset Protection Remediation Phase 2).
- \$0.1 million for the Office of African American Affairs COVID-19 marketing and communication plan.

Reallocating \$2.0 million (from Housing acquisition to the Community Resilience Fund and eviction prevention) will shift budgeted appropriations to other accounts. This will not change the County's 2020 net budgeted expenditures.

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 currently projecting a 2020 surplus ranging from \$10.0 million to \$15.0 million, when accounting for potential CARES Act funding. This request transfers all but \$5.0 million of the remaining 2020 year-end surplus to the Debt Service Reserve. The remaining \$5.0 million of the surplus will be used as revenue in the 2022 Budget. Also this request transfers \$8.3 million from the Debt Service Reserve to establish 2021 revenue and expenditure authority for several purposes. Additionally, this request reallocates \$2.0 million in current year funds.
- B. Adoption of this resolution will increase the Debt Service Reserve by a projected \$5.0 million to \$10.0 million, depending on the final year end surplus. However, this resolution also requires \$8.3 million from the Debt Service Reserve to establish 2021 revenue and expenditure authority. Therefore, this resolution could ultimately result in range of potential outcomes (possibly a net \$3.3 million withdrawal from the Debt Service Reserve or a net \$1.7 million contribution to the Debt Service Reserve to offset future debt service costs, based on current projections). This figure is not final until the completion of the 2020 year-end audit.

This request transfers \$8.3 million from the Debt Service Reserve to establish 2021 revenue and expenditure authority for the following purposes: to maintain services at the Miller Park Testing Site; for emergency COVID-19 related needs; for the IT Asset Protection project; and for the Office of African American Affairs COVID-19 marketing and communication plan.

- C. In the current year, \$2.0 million will be reallocated from Housing acquisition (Org. 8544, Object 8412) to a Community Resilience Fund and to eviction prevention, for no Countywide net budgetary impact.

In 2021, revenues and expenditure authority will be increased by \$8.3 million due to the \$8.3 million contribution from the Debt Service Reserve. This \$8.3 million increase is comprised of \$7.6 million for operations and \$0.7 million for the IT Asset Protection capital project.

\$5.0 million of the 2020 surplus would be available for the 2022 budget. This is consistent with prior year-end actions with surpluses exceeding \$5.0 million and Wis. Stats. 59.60(6)(b)3.

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.

D. The exact amount of the 2020 surplus has not yet been finalized. The amounts cited are therefore approximate and based on data that is currently available.

The actual amount utilized for Miller Park Testing services in 2021 will be the final excess revenue earned amount in 2020 and could be more or less than the estimated \$2.5 million.

Department/Prepared By Alexis Gassenhuber, Financial Analyst, Office of the Comptroller



Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required