

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 5/20/20

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Unspent Bond Reallocations from the Debt Service Reserve

**FISCAL EFFECT:**

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| <input type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
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*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
<b>Operating Budget</b>	Expenditure	See Explanation	See Explanation
	Revenue		
	Net Cost		
<b>Capital Improvement Budget</b>	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.
- A. The Department of Administrative Services – Office of Performance, Strategy and Budget (DAS-PSB) and the Office of the Comptroller (Comptroller) are requesting approval to reallocate approximately \$3.1 million of unspent bonds from the Debt Service Reserve.
  - B. The resolution will provide unspent bonds of \$1,306,111 to pay debt service expenses. The \$1,306,111 of tax levy currently budgeted to pay debt service expenses will transferred to Org. Unit 1945 Appropriation for Contingency in order to increase the unallocated contingency account. These funds will be needed to offset various departmental and non-departmental revenue shortfalls that have occurred as a result of the COVID-19 pandemic.

The resolution will also provide unspent bonds of \$346,024 in order to replace the existing cash financing in three capital projects: WP53601 Mitchell Airport Park Playground Replacement (\$291,984), WP69701 Little Menomonee River Parkway OLT Relocation (\$30,000), and WP69801 Greenfield Park OLT Reconstruction (\$24,040). The \$346,024 of existing cash financing for these projects will be transferred to Org. Unit 1945 Appropriation for Contingency in order to increase the unallocated contingency account.

The resolution will also provide unspent bonds of \$558,403 to Project WT12101 Bus Replacement Program. Project WT12101 is anticipated to be included in the 2020 bond issuances. Allocating the unspent bonds to Project WT12101 would reduce the size of the 2020 bond issuances and is estimated to save approximately \$700,000 in debt service including \$125,000 of interest expenses.

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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.

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

This resolution will also provide \$437,000 of unspent bonds to increase expenditure authority for ongoing approved capital projects that require additional funding. These projects include: WH24201 North Shop Improvements (\$242,000), WP70401 Honey Creek Bridge Repair – St. Anne Ct. to Bluemound Rd. (\$90,000), and WP51201 McKinley Marina Parking Lot Improvements (\$75,000).

This resolution will also provide \$419,310 of unspent bonds to provide expenditure authority for the local share of newly created Project WH24601 Resurface Rawson Avenue (CTH BB) – S. North Cape Rd. to USH 45. The resolution will also establish the revenue budget and expenditure budget for the State share of the project. Milwaukee County has been awarded \$270,690 from the state Local Road Improvement Program.

*Table 2: Proposed Reallocation of Unspent Bonds*

<u>Project Description</u>	<u>Unspent Bond Amount*</u>
<i>Use Unspent Bonds to Pay Eligible Debt Service Expenses **</i>	
Org. Unit 9960 Debt Service (2020 Debt Service Expenses)	\$1,306,111
Subtotal	\$1,306,111
<i>Replace Cash Funding in Previously Approved Projects **</i>	
WP53601 Mitchell Airport Park Playground Replacement	\$291,984
WP69701 Little Menomonee River Parkway OLT Relocation	\$30,000
WP69801 Greenfield Park OLT Reconstruction	\$24,040
Subtotal	\$346,024
<i>Replace new 2020 Bonds in Previously Approved Projects</i>	
WT 12101 Bus Replacement Program	\$558,403
Subtotal	\$558,403
<i>Additional Funding to Cover Project Shortfall</i>	
WH24201 North Shop Improvements	\$272,000
WP70401 Honey Creek Bridges Repair - St. Anne Ct. to Bluemound	\$90,000
WP51201 McKinley Marina Parking Lot Improvements	\$75,000
Subtotal	\$437,000
<i>Provide Funding for New Capital Project</i>	
WH24601 Resurface CTH BB - S. N Cape Rd. to USH 45	\$419,310
Subtotal	\$419,310
<b>Total</b>	<b>\$3,066,848</b>

\*The unspent balance amount total is \$3,066,848 as of 05/20/20. If activity changes the dollar amounts prior to a transfer being processed after final board adoption an amount as close as possible to the current unspent amount as possible will be transferred.

\*\* \$1,652,135 of funding freed up from utilizing unspent bond proceeds for debt service (\$1,306,111) and project costs (\$346,024) is requested to be reallocated to the Unallocated Contingency Account

C. See B

D. The estimated interest savings included in the Fiscal Note for reducing the size of the 2020 bond issuance is based on a ten-year term and a 5.0% interest rate.

Department/Prepared By Justin Rodriguez

Authorized Signature  \_\_\_\_\_

Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required