

AMENDMENT TO THE COUNTY EXECUTIVE'S 2016 RECOMMENDED BUDGET

By Supervisors Lipscomb, Sr., Johnson, Jr., and Schmitt

Amend Capital Improvement Project WO16601 – Day Hospital Demolition to delete the project:

WO16601 – Mental Health Complex – Day Hospital Demolition

~~An appropriation of \$3,000,000 is budgeted to demolish the Day Hospital located at the Milwaukee County Mental Health Complex. Financing is provided from sales tax revenue.~~

~~2016 Sub-Project Addresses the following item/issue:~~

~~Demolition of an obsolete building.~~

~~Prior Year Authorized Sub-Project Work Completed and/or Ongoing:~~

~~None.~~

~~2016 Sub-Project Scope of Work:~~

~~Demolition work includes complete structural removal, utility disconnections and abandonment, IT infrastructure removal and reallocation, data network disconnections, hazardous material abatement, and site restoration for future site development.~~

~~2017 – 2020 Scope of Work:~~

~~None.~~

~~Any surplus appropriations available upon completion of an approved project must be lapsed at year end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.~~

Staffing Plan

~~Department of Administrative Services – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.~~

Amend Capital Improvement Project WO16701– Building D-18 Demolition to delete the project:

WO16701 – Mental Health Complex – Building D-18 Demolition

(1B012)

Org Unit No: 1151,
1940-1996, 9960, 9000, and 4300
Capital Project: W016601 & W016701, DAS-Economic Development,
Sales Tax Revenue, Debt Service
Date: November 4, 2015

~~An appropriation of \$750,000 is budgeted to demolish Building D-18 located at the Milwaukee County Mental Health Complex. Financing is provided from sales tax revenue.~~

~~2016 Sub-Project Addresses the following item/issue:~~

~~Demolition of an obsolete building.~~

~~Prior Year Authorized Sub-Project Work Completed and/or Ongoing:~~

~~None.~~

~~2016 Sub-Project Scope of Work:~~

~~Demolition work includes complete structural removal, utility disconnections and abandonment, IT infrastructure removal and reallocation, data network disconnections, hazardous material abatement, and site restoration for future site development.~~

~~2017 – 2020 Scope of Work:~~

~~None.~~

~~Any surplus appropriations available upon completion of an approved project must be lapsed at year-end. Surplus appropriation shall not be used to expand an approved project scope without the approval of the County Board of Supervisors and the County Executive.~~

~~**Staffing Plan**~~

~~Department of Administrative Services – Facilities Management Division staff will be responsible for overall project management. Specialized consultants will be retained as needed.~~

Amend Org. Unit No. 1151 – DAS-Economic Development as follows:

Economic Development will assess the long-term plan and implications of demolishing the DHHS-Behavioral Health Division (BHD) Day Hospital and D-18 buildings and complete a cost/benefit analysis of demolition versus sale and/or rental of the buildings. As part of its assessment, Economic Development will request input from BHD officials and the Milwaukee County Mental Health Board. Economic Development will provide its findings and recommendations to the Milwaukee County Board of Supervisors including long-term plans for the buildings and land.

Amend Org. Unit No. 1940-1996 – Sales Tax Revenue

- A. Increase sales tax revenues by \$3,750,000

Amend Org. Unit No. 9960 – Debt Service

- B. Decrease debt service principal by \$280,000 and debt service interest by \$215,836

DEBT SERVICE EXPENSES (8021 and 8022)

The 2016 Budget includes an increase of ~~\$1,507,227,644~~ \$227,644 in principal payments associated with general obligation debt from \$62,069,433 to ~~\$63,577,077~~ 63,297,077. The Budget also includes a decrease of ~~\$1,478,040~~ 693,876 of interest expenses from \$28,122,834 to ~~\$26,644,794~~ 428,958. The net change to overall debt service principal and interest expenses is an ~~increase~~ decrease of ~~\$29,604~~ 466,232 from \$90,192,267 to ~~\$90,221,874~~ 89,726,035.

~~The Budget contains assumptions related to the 2015 general obligation bond and note issuances, qualified energy conservation bond (QECCB) issuance, and refunding issuance. The amounts related to the 2015 bond issuances will be revised throughout the budget process and will be final once the bond issues close.~~

- C. Decrease the contribution from the debt service reserve by \$3,750,000

Reserve for County Bonds (4703)

A contribution of ~~\$14,250,000~~ \$10,500,000 from the Reserve for County Bonds is included for 2016. The 2016 contribution is made up of \$9,730,088 in cash and \$769,912 of surplus bond proceeds, which is detailed in the subsequent paragraphs. The use of reserves is higher in 2016 than in 2015 as the County is using the funds to phase in the fiscal impact of an increase in the annual required pension contribution and a reduction in stated shared revenue.

The Contribution from the Reserve includes:

- Net surplus bonds of \$708,003 from the County's 2015A General Obligation Corporate Purpose Bond (long-term) Issuance. The 2015A Bond Issuance resulted in \$952,392 of net surplus bonds (\$500,101 in premium and \$452,291 in unallocated bond proceeds) of which \$708,003 will be used to finance the 2016 interest expenses associated with the 2015A General Obligation Corporate Purpose Bonds. A balance of \$244,390 will remain in the debt service reserve to finance future projects or interest expenses.
- Net surplus bonds of \$524 from the County's 2015B General Obligation Refunding Bond Issuance. The 2015B Bond Issuance resulted in \$524 of net surplus bonds

that will be used to finance the 2016 interest expenses associated with the 2015B General Obligation Refunding Bonds.

- Net surplus bonds of \$55,825 from the County's 2015C General Obligation Corporate Purpose Bonds (short-term). The 2015C Issuance resulted in \$91,583 of net surplus bonds of which \$55,825 will be used to finance the 2016 interest expenses associated with the 2015C General Obligation Corporate Purpose Bonds. A balance of \$35,758 will remain in the debt service reserve to finance future projects or interest expenses.
- Net surplus bonds of \$5,560 from the County's 2015D Taxable Mass Transit Qualified Energy Conservation Bonds (2015D QECCBs). The 2015D issuance resulted in \$31,758 net surplus bonds of which \$5,560 will be used to finance the 2016 interest expenses associated with the 2015D QECCBs. A balance of \$26,197 will remain in the debt service reserve to finance eligible mass transit bus purchases.

The balance of the Contribution from the Reserve of \$9,730,088 will be made up of cash financing.

D. Increase IRS Reimbursements for Interest Payments by \$76,205

Internal Revenue Service (IRS) Build America Bond (BAB)/Recovery Zone Bond Interest Payments/Qualified Energy Conservation Bond Interest Payment Reimbursements (2410)

In February of 2009, the U.S Congress enacted the American Recovery and Reinvestment Act (ARRA). The ARRA contained many provisions that provide Federal tax credits and stimulate the investment market. In an effort to expand the number of investors and broaden the tax-exempt municipal market, the ARRA contained provisions that allowed state and local governments to issue taxable Build America Bonds (BABs) that provide a credit to investors or credit to issuers that is equal to 35 percent of the interest costs for bonds issued in 2009 and 2010. The ARRA also provided state and local governments the opportunity to issue Recovery Zone Bonds. The Recovery Zone Bonds provide a tax credit of 45 percent on the interest payment on the bonds.

In March 2013, pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended ("Sequester") automatic spending reductions occurred across various areas of the Federal Budget.

(1B012)

Org Unit No: 1151,
1940-1996, 9960, 9000, and 4300
Capital Project: W016601 & W016701, DAS-Economic Development,
Sales Tax Revenue, Debt Service
Date: November 4, 2015

In August 2015, the Internal Revenue Service (IRS) issued guidance regarding the sequestration reduction for reimbursements between October 1, 2015 and September 30, 2016. The sequestration rate during this period is 6.8%.

For 2016, \$1,714,191 is anticipated to be received from the IRS as reimbursement for \$5,083,998 of 2016 interest expenses relating to Build America Bonds and Recovery Zone Bonds issued in 2009 and 2010. For 2016, \$76,205 is anticipated to be received from the IRS as reimbursement for \$81,766 of interest expense relating to Qualified Energy Conservation Bonds issued in 2015. The total amount of reimbursements anticipated to be received from the IRS in 2016 is \$1,790,396. The 2016 estimates includes a reduction of 6.8% as a result of the continuing impact of Sequestration.

Amend Org. Unit No. 9000 – Parks, Recreation & Culture

E. Decrease Performance Contracting Loan Expense (Object 8587) by \$77,368

In 2010, Milwaukee County entered into a Lease Agreement as part of the Milwaukee County Performance Based Contracting Initiative. The term of the lease agreement is ten years (2011-2020). In 2015, the final ongoing projects that were part of the Performance Contracting Initiative were completed. Since no additional funds are required, the balance of the funds remaining in the County's escrow accounts were applied to the balance of the lease. As a result the payments during the balance of the term (2016-2020) are being reduced. The 2016 impact to the Department of Parks, Recreation & Culture is a reduction in Performance Contracting lease payments of \$77,368 from \$235,490 to \$158,122.

Amend Org. Unit No. 4300 – House of Correction

F. Decrease Performance Contracting Loan Expense (Object 8587) by \$50,028

In 2010, Milwaukee County entered into a Lease Agreement as part of the Milwaukee County Performance Based Contracting Initiative. The term of the lease agreement is ten years (2011-2020). In 2015, the final ongoing projects that were part of the Performance Contracting Initiative were completed. Since no additional funds are required, the balance of the funds remaining in the County's escrow accounts were applied to the balance of the lease. As a result the payments during the balance of the term (2016-2020) are being reduced. The 2016 impact to the House of Correction is a reduction in Performance Contracting lease payments of \$50,028 from \$245,175 to \$195,147.

(1B012)

Org Unit No: 1151,
1940-1996, 9960, 9000, and 4300
Capital Project: W016601 & W016701, DAS-Economic Development,
Sales Tax Revenue, Debt Service
Date: November 4, 2015

This amendment reduces the property tax levy by \$669,833.

Org. No.	Department (or Capital Project)	Expenditure	Revenue (or Bonds*)	Tax Levy
WO16601	Day Hospital Demolition	(\$3,000,000)	(\$3,000,000)	\$0
WO16701	D-18 Demolition	(\$750,000)	(\$750,000)	\$0
1151	DAS-Economic Development	\$0	\$0	\$0
1940-1996	Sales Tax Revenue	\$0	\$3,750,000	(\$3,750,000)
9960	Debt Service	(\$495,836)	(\$3,673,795)	\$3,177,959
9000	Parks, Recreation & Culture	(\$77,368)	\$0	(\$77,368)
4300	House of Correction	(\$50,028)	\$0	(\$50,028)
TOTALS:		(\$4,373,232)	(\$3,673,795)	(\$699,437)

If approved, the Adopted Budget narrative shall be modified as needed to reflect this amendment.

Note: This amendment would accomplish the following changes related to the Debt Service Reserve:

- A. Increase bond proceeds by \$769,912 for contribution from the Debt Service Reserve (DSR).
- B. Decrease the cash contribution from the DSR by \$769,912 related to Item A.
- C. Decrease the cash contribution from the DSR related to the elimination of the BHD demolition projects by \$3,750,000.
- D. Overall, the cash contribution from the DSR is reduced by \$4,519,912, from \$14,250,000 to \$9,730,088.

FINANCE, PERSONNEL AND AUDIT COMMITTEE ROLL CALL		
	AYES	NOES
Haas	X	
Mayo, Sr.	X	
Romo West	X	
Jursik	X	
Weddle	X	
Moore Omokunde	X	
Co-Chair Johnson, Jr.	X	
Co-Chair Schmitt	X	
TOTALS:	8	0

Approved 8-0. Note: Amendment 1B002 was reconsidered and Withdrawn. (This amendment would have been a substitute for 1B002)