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3 (ITEM) From the Capital Finance Manager, Office of the Comptroller, and the
4 Director, Office of Performance, Strategy, and Budget, Department of Administrative
5 Services, requesting authorization to reallocate approximately \$1.6 million of Unspent
6 Bond Proceeds and requesting the adoption of new Capital Budget Financing Policies
7 to address the overall issue of timely spending of General Obligation Bonds, by
8 recommending adoption of the following:
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10 **AN AMENDED RESOLUTION**

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12 WHEREAS, in April 2013, the Office of the Comptroller included language in the
13 2012 to 2013 Carryover Report informing policymakers that the County was not in
14 compliance with Internal Revenue Service (IRS) expenditure rules for bonds; and
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16 WHEREAS, in May 2013, a review by the Office of the Comptroller determined
17 that \$13.3 million in unspent bond proceeds should be reallocated to other projects that
18 presumably could move forward in an expeditious fashion; and
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20 WHEREAS, the Milwaukee County Board of Supervisors and County Executive
21 approved two resolutions in 2013 that reallocated \$13.3 million in unspent bond
22 proceeds to other projects; and
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24 WHEREAS, at year-end 2013, the estimated total unspent bond balance was
25 \$38.1 million for 238 capital projects; and
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27 WHEREAS, IRS regulations dictate the expenditure of bond proceeds within
28 three years; and
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30 WHEREAS, if the bond proceeds have not been expended within three years,
31 according to Quarles and Brady, LLP, (the County's Bond Counsel), the IRS
32 expectation is that the County will proceed or demonstrate a consistent pattern of
33 spending to reflect a commitment to implementing the projects; and
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35 WHEREAS, the Office of the Comptroller and the Office of Performance,
36 Strategy, and Budget, Department of Administrative Services, met with departments to
37 discuss the status of the projects; and
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39 WHEREAS, since the IRS expectation is that the County will proceed or
40 demonstrate a consistent pattern of spending to demonstrate a commitment to
41 implementation, approximately \$1.6 million is recommended to be reallocated; and
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43 WHEREAS, there are eight ongoing projects that require additional funding of
44 \$680,000; and
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46 WHEREAS, the Safety Building needs \$100,000 for the replacement of the
47 emergency generator; and

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49 WHEREAS, there are five ongoing projects that are currently financed by sales
50 tax that could be financed with unspent bonds; and

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52 WHEREAS, the total amount of sales tax that will be exchanged for unspent
53 bond proceeds is approximately \$550,000; and

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55 WHEREAS, the exchanged sales tax revenue is recommended to be used to
56 finance a new Phone and Voicemail Replacement Project; and

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58 WHEREAS, the Research Park Fire Protection System Project and the
59 Children's Adolescent Treatment Center Court Fire Protection System projects were
60 financed with bonds to be issued in 2014; and

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62 WHEREAS, since unspent bond proceeds are available, they will be used to
63 finance these two projects; now, therefore,

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65 BE IT RESOLVED, that the Milwaukee County Board of Supervisors (County
66 Board) does hereby authorize the reallocation of \$1.6 million of unspent bonds from
67 various capital projects and the Debt Service Reserve; and

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69 BE IT FURTHER RESOLVED, the County Board authorizes the change of
70 financing for several capital projects from sales tax revenue to unspent bond proceeds;
71 and

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73 BE IT FURTHER RESOLVED, the County Board directs the Department of
74 Administrative Services to process an administrative fund transfer to effectuate the
75 abovementioned reallocations and financing changes.

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