

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

**DATE:** August 30, 2017

**TO:** Chris Abele, County Executive  
Supervisor Peggy A. West, Chairwoman, Finance and Audit Committee  
Teig Whaley-Smith, Director, Department of Administrative Services

**FROM:** Julie Esch, DAS, Director of Operations

**SUBJECT:** Revenue Deficits in Excess of \$75,000 – Facilities Management Division

**Policy Issue**

County Ordinance 56.02 requires each person in charge of any County office, department, agency, or any non-departmental account to:

“ . . . submit a written report to the County Executive, the Committee on Finance and Audit of the County Board and the Department of Administration whenever such person has reason to know or believe that a deficit of seventy-five thousand dollars (\$75,000.00) or more in any revenue account will occur for the division of county government under the supervision of that person.”

**Background**

The Facilities Management Division (FMD) previously leased space to numerous non-County agencies (e.g., Clinicare, CESA #2, Wauwatosa Public Schools) at the Child & Adolescent Treatment Center (CATC). The 2017 budget for Revenue Account # 3603 included 12 months' revenue for both Clinicare and CESA #2 plus revenue for annual land leases at the County Grounds. However, CESA #2 vacated as of June 30, leaving a six-month revenue shortfall of \$95,502 for 2017.

Item	Short Description	Budget Amount	Actual amount to date	Projected Amount	Variance between budget and projected
3603	Building Space Rental	\$ 691,002	\$ 457,066	\$ 595,500	\$ 95,502

**Cause of Deficit**

FMD's revenue shortfall will result from six months of unrealized revenue due to CESA # 2 vacating the facility. FMD's overall plan is to mothball (i.e. close) the facility due to declining tenancy and increasing projected future costs to bring the building into a reliable state of occupancy. CESA # 2 was notified of this and so they have relocated before the mothballing occurred. Clinicare is searching for a new facility; however, it is anticipated that they will remain at CATC through the end of 2017.

**Are there funds available to offset the revenue deficit?**

Expenditures are estimated to remain the same in 2017 despite CESA's vacancy as CATC will remain operational due to Clinicare's occupancy of the building. However, every attempt will be made to save on expenditures.

**Will this be an issue beyond the current year?**

Facilities Management plans to mothball the facility in early 2018. The 2018 budget provides for the minimum costs required for closing the building (i.e. electricity, chilled water, steam). Therefore, this will not be an issue beyond 2017.

**Recommendation**

This is an informational report required by Section 56.02 of the Milwaukee County Ordinances and requires no action.



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Julie Esch  
DAS Director, Operations

cc: Theodore Lipscomb, Chairman, County Board of Supervisors  
Raisa Koltun, Chief of Staff to the County Executive  
Steven Kreklow, Budget Director, DAS  
Stephen Cady, Director, Research & Policy  
Jerome Heer, Director, Department of Audit  
Gary Waszak, Facilities Management  
Gina DeSota, Administrator of Financial Operations, DAS Central Business Office