

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: April 19, 2024

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: From the Director, Department of Transportation and the Airport Director, Department of Transportation requesting approval to enter into a capitalized lease with the low-bid lender for replacement of the Airport Security Camera System Information Technology Infrastructure and to enter into an agreement with Converjint LLC for the project implementation funded from the capitalized lease transaction.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input checked="" type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

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
Operating Budget	Expenditure	\$400,000	\$400,000
	Revenue	\$400,000	\$400,000
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

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 MCDOT Director and the Airport Director are requesting approval of the attached authorizing resolution for the Airport Director to enter into a capitalized lease for the replacement of the Airport Security Camera System Information Technology Infrastructure in an amount not to exceed \$2,000,000.

The attached resolution authorizes the Airport Director to execute the lease, provides the lease parameters, authorizes appropriation transfers to facilitate the lease transaction, and allows the Airport Director to enter into an agreement with Convergent LLC for the project implementation.

- B. Airport Finance has prepared an estimated not to exceed amount for the capitalized lease transaction including principal, interest, implementation cost, and the optional buyout at the end of the lease not to exceed \$2,000,000.
- C. The Airport's operating budget includes sufficient expenditure authority for the 2024 portion of the capitalized lease payment. The attached resolution allows an administrative appropriation transfer to take place to move the expenditure authority from the services/commodities series to reflect that a capitalized lease arrangement will be utilized. The Airport intends to budget for the subsequent years' (years 2 through 5) lease payments and the buyout option at the end of the lease in future operating budgets.
- D. The estimated cost for the capitalized lease assumes an interest rate not to exceed 8 percent. The transaction includes a buyout at the end of the lease.

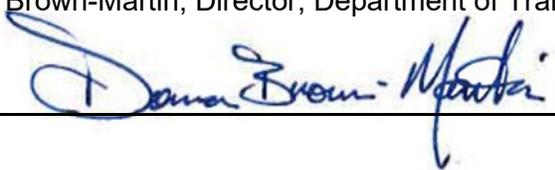
¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

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

Prepared By: James H. Martin, Director for Finance and Administration, MCDOT, Airport Division

Approved By: Donna Brown-Martin, Director, Department of Transportation

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required