

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: 02/19/2026

To: Marcelia Nicholson-Bovell, Chairwoman, Milwaukee County Board of Supervisors

From: Joe Lamers, Director, Department of Transportation

Subject: From the Director, Department of Transportation, requesting authorization to process an administrative appropriation transfer in the amount of \$404,886 from the 2025 unallocated contingency to the Milwaukee County Transit System to pay off the remaining depreciation on two damaged buses that were declared a total loss in 2025.

File Type: Action Report

REQUEST

The Director of Department of Transportation (MCDOT) is requesting authorization to transfer \$404,886 from the 2025 Org Unit 1940-1945 Appropriation for Contingencies to the Milwaukee County Transit System (MCTS) account to pay off the remaining depreciation on two damaged buses that were declared a total loss in 2025.

POLICY

Funding to support this request is being requested from the county's unallocated contingency account. Per Wis. Stat. §59.60(9)(a), transfers from the unallocated contingency requires Finance Committee approval and approval by a two-thirds vote of the members-elect of the Milwaukee County Board. Transfers from the unallocated contingency is requested on an emergency basis when a department requires funding for an item that is not budgeted and there is no revenue anticipated to offset the expenditure.

56.02. - Budget deficits and financial reporting. Each person, including elected officials, in charge of any county office, department, agency, or any nondepartmental account shall submit a written report to the county executive, the committee on finance of the county board, the office of the comptroller and the office of strategy, budget and performance whenever such person has reason to know or believe that a net deficit of at least one hundred thousand dollars (\$100,000.00) or an overtime deficit of at least one million dollars (\$1,000,000.00) will occur or is projected to occur for the division of county government under the supervision of that person. The report shall be submitted as soon as practicable, but shall not exceed ten (10) working days from the earliest date that such person first has reason to believe or know of the anticipated deficit. Such report shall include the reasons for the anticipated deficit, as well as a recommended plan of action or alternatives to offset such deficit.

Wisconsin State Statutes:	§59.60(9)(a)
Milwaukee County Code of General Ordinances:	MCCO 56.06
Milwaukee County Code of General Ordinances	MCCO 56.02

BACKGROUND

Two buses purchased by MCTS in 2022 and 2023 were damaged in accidents and ultimately declared total losses. Both accidents were the result of speeding/reckless drivers and were not the fault of MCTS operators. The buses were funded with a combination of federal funds and local funds, and the County has received insurance proceeds related to the two buses. Final accounting pertaining to the totaled buses was completed on February 10, 2026, by the Office of the Comptroller. The Office of the Comptroller has informed MCDOT that a local share of \$404,886 will need to be paid from the MCTS operating budget in 2025, based on final reconciliation of costs and accounting rules pertaining to fixed assets. Under normal circumstances without the accidents, the local share would be paid from the operating budget over 12 years through depreciation charges. However, these buses had significant events that caused them to lose their asset value, so the remaining asset expense needs to be recorded in 2025. This charge of \$404,886 has a potential to create a deficit in the 2025 MCTS budget, dependent on final year end charges throughout the department. Because this was an unanticipated cost in 2025, and due to this circumstance being uncommon, the Office of the County Executive and the Office of Strategy, Budget and Performance have supported a request to transfer funds from the unallocated contingency to cover the added cost to the 2025 MCTS budget. Below are additional details regarding these totaled buses.

Bus #1010 was a battery electric vehicle intended to serve on the E-W BRT route for the duration of its useful life. The bus entered service on 9/28/2023 and went out of service on 4/20/2024 due to an accident. Vehicle mileage at this time was 10,709. After reviews with insurance providers, the vehicle was declared a total loss, and the County received an insurance settlement of \$908,807.48. The age basis is more beneficial to the County based on the Bus Disposition Calculator. Insurance proceeds will be applied towards future bus purchases.

Bus #6208 was purchased in 2022 using federal funds. The bus entered service on 8/21/2022, was in an accident on Dec 21, 2024, and was ultimately declared a total loss after insurance provider reviews. Vehicle mileage at this time was 158,269. The County received an insurance settlement of \$474,533. Insurance settlement funds will also be applied towards future bus purchases. The vehicle was purchased under Federal Transit Administration (FTA) grant WI-2022-032 using an 80% Federal share. The mileage basis is more beneficial to the County based on the Bus Disposition Calculator. Using this basis, the remaining Federal interest in bus #6208 is calculated to be \$293,772.

Final accounting and reconciliation of charges related to these two buses was completed by the Comptroller's Office on February 10, 2026, including reconciliation of expenses, revenues, and insurance proceeds. After this process was completed, the Comptroller's Office notified MCDOT that MCTS would be required to pay off the remaining depreciation of the two buses, including an amount of \$404,886 in fiscal year 2025 to account for the County's portion of the charge.

The Comptroller's Office provided the following information which further explains why this expense is charged to 2025, based on accounting rules related to fixed assets:

When MCTS bought two buses approximately 3.5 and 2.5 years ago, they expected them to last 12 years or more. From an accounting standpoint, MCTS spent the revenue to buy the buses, but the actual expense of the buses is spread out over 12 years through monthly depreciation expense. Fixed assets usually stay on the books at their original cost (minus depreciation) until they are fully depreciated (\$0 expense remains) or unless something unexpected happens that changes how useful or valuable the buses are. Last year, these two buses had significant events that caused the buses to lose their asset value, so the remaining asset expense needed to be recorded in 2025. Even though the buses were purchased years ago, the remaining asset expense is recorded in the year the problem occurs, because that is when MCTS learned the buses are no longer worth what was originally expected, and the accounting needs to reflect their true value today... The amount MCTS will need to cover is \$404,886.

RECOMMENDATION

It is recommended that the Milwaukee County Board of Supervisors authorize an appropriation transfer in an amount of \$404,886 from the 2025 unallocated contingency to the Milwaukee County Transit System to support the cost of paying off the remaining depreciation on two damaged buses that were declared a total loss in 2025.

FISCAL EFFECT

A fiscal note form is attached.

VIRTUAL MEETING INVITES

Joe Lamers, Director, Department of Transportation
John Rodgers, Deputy Director, Department of Transportation

PREPARED BY:

Michael Bickerstaff, Senior Financial Manager, Department of Transportation

APPROVED BY:



Joe Lamers, Director, Department of Transportation

cc: Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk