

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: January 26, 2011

TO: Supervisor Johnny Thomas, Vice-Chair, Committee on Finance and Audit

FROM: John Ruggini, Interim Fiscal and Budget Administrator

SUBJECT: Budgetary Impact of Proposed UWM Land Sale Extension

Background

The Finance and Audit and the Economic and Community Development Committees during January 2011 will consider an amendment to the payment schedule associated with the sale of County-owned land located in the northeast quadrant of the County Grounds to UWM Innovation Park, LLC. This amendment would extend each of the purchase price installment dates by twenty-four months. This includes the second installment of \$5 million that was originally planned for one year after the closing and was included in the 2011 Capital Budget to cash finance various capital projects. The first installment of \$5 million which will still be received at closing based on this amendment was included in the 2010 operating and capital budgets - \$3,611,300 as revenue in the operating budget and \$1,388,700 in the capital budget to cash finance various capital projects.

Issue

Approval or disapproval of the amendment to the land sale contract with UWM Innovation Park has different budgetary impacts for 2010, but largely the same impact on 2011 assuming that the land sale would not proceed without the amendment.

If the purchase price installment dates are extended

- The first installment of \$5 million will be used in the 2010 operating and capital budget as explained above. There is no impact on the 2010 budget as long as the closing occurs prior to Feb. 28, 2011.
- The second installment of \$5 million will likely not be available or only partially available in 2011 depending on fundraising efforts. The capital projects included in the 2011 budget using this revenue (see Attachment A) may not have a funding source and may not proceed as budgeted.

If the land sale does not occur

- The 2010 operating budget deficit, which was projected at \$4.4 million as of September 31, 2010, will increase by \$5 million. This will occur because the \$3,611,300 budgeted as land sale revenue in the operating budget will not be realized and the \$1,388,700 budgeted in the capital budget has already been spent or committed.
- The second installment of \$5 million will not be available in 2011. The capital projects included in the 2011 budget, using this revenue (see Attachment A), will not have a funding source and will not proceed as budgeted.

Recommendation

This is an informational report only.



John Ruggini
Interim Fiscal and Budget Administrator
Attachments

cc: Lee Holloway, County Executive
Supervisor Michael Mayo, County Board Chairman
Finance and Audit Committee
Terry Cooley, Chief of Staff, County Board
Stephen Cady, County Board Fiscal and Budget Analyst
Renee Booker, Director, Department of Administrative Services

Attachment A
2011 Capital Projects Funded with UWM Land sale revenue

<u>Project</u>	<u>Description</u>	<u>Miscellaneous Revenue/ Sale of Asset</u>
WP174	Parks Major Maintenance - Domes HVAC Repairs & Upgrades	100,000
WP18601	Parks Naturalization	61,000
WZ60001	Zoo Master Plan	200,000
WO11401	O'Donnell Park Improvements	540,382
WO11403	City Campus Facade and Other Inspections	220,000
WO11409	Research Park Infrastructure Improvements	27,600
WO11410	County Grounds Improvements	120,000
WO11411	Courthouse Complex Improvements	996,000
WO11412	HOC Infrastructure Improvements	62,400
WO11413	DHHS Infrastructure Improvements	6,000
WO11414	Senior Center Infrastructure Improvements	36,000
WO11415	Trimborn Farm Infrastructure Improvements	24,000
WO11416	Transit Infrastructure Improvements	115,200
WO11417	Parks Infrastructure Improvements	466,800
WO11418	Zoo Infrastructure Improvements	234,000
WO20502	Fiscal Automation Program	65,000
WO44401	BHD/MCSO Electronic Medical Records System	500,000
WO51401	War Memorial Window Replacement and Reseal	42,000
WO51501	War Memorial Window Ledge Leak Repairs	15,300
WO94901	Inventory and Assessment of County Buildings	1,168,318
	Total Projects Funded with UWM Land Sale Revenue	<u>\$5,000,000</u>