

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 8/30/13

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT: Request to Deposit 2010 Airport Revenue Bond Proceeds with Trustee and use funds from the Airport Reserve to Finance the Narrowbanding Project**

**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<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget  | <input type="checkbox"/> Decrease Capital Revenues     |
| <input checked="" 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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	See Explanation	
	Revenue		
	Net Cost		
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## 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.<sup>1</sup> 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 Office of the Comptroller is requesting the approval of the attached resolution to deposit \$1,482,928 in 2010 Airport Revenue Bond proceeds into an escrow account with US Bank National Association, the Airport Trustee and use Airport funds to pay for the completed Narrowbanding capital project.

B. The 2010 Adopted Capital Improvements Budget included \$2 million for the Airport Narrowbanding project. The approved financing was Federal and State revenue with a local match from passenger facility charge revenue. Subsequent to budget adoption, the Department indicated that the project was not eligible for the budgeted financing. Therefore, an appropriation transfer was submitted and approved to change the financing to general airport revenue bonds. In addition, a reimbursement resolution was also submitted and approved that would allow the County to reimburse itself for expenditures incurred prior to the issuance of the bonds. Due to timing, the project was not included in the 2010 Airport bond issue as was therefore scheduled to be included in the 2013 Airport bond issue.

The total expenditures for the project were \$1,775,500. Therefore, the County would issue \$1,775,500 in 2013 Airport bonds to finance the project.

The 2013 Airport Revenue Bonds included funding for the Narrowbanding Project of \$1,775,500. Prior to the issuance of final documents on the sale of the 2013 Airport Bonds, the County became aware that reimbursement rules would not allow the County to use the 2013 bond proceeds to fund the Narrowbanding Project. Therefore, the 2013 Bond Proceeds a portion of the Narrowbanding Project proceeds would have to be used for an alternative project. The \$1,482,427 in 2013 Airport Revenue Bonds that initially was going to finance the

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<sup>1</sup> 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.

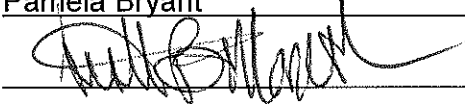
Narrowbanding project will be applied towards the Baggage Claim project. The Narrowbanding project will be financed with funds from the Airport Reserves.

Since the Baggage Claim project was fully funded with both 2010 and 2013 Airport bond proceeds, the \$1,482,928 of additional funding from the 2013 bond proceeds for the Narrowbanding Project would make 2010 Airport Bond funds for the Baggage Claim project in the same amount excess and available. The County is recommending to take the excess 2010 Airport bond funds and apply it to an escrow for 2010 Airport Bonds, and therefore reduce the debt expenses of the 2010 bond issue.

C. This bond revenue account (4907) within the revenue budget for the Narrowbanding project will be reduced by \$1,482,427 and a reserve account (4707) will be added for the same amount. The County will create a reserve for the 2010 Airport Bond with the \$1,482,928, in order to reduce future debt costs of this bond issue.

D. N/A

Department/Prepared By Pamela Bryant

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

