

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 04/19/24

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Unspent Bond Reallocations and allocation from Debt Service Reserve

FISCAL EFFECT:

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

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	See Explanation	(\$380,000)
	Revenue		\$0
	Net Cost		(\$380,000)
Capital Improvement Budget	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. 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.

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.

- A. The Office of the Comptroller is requesting approval to reallocate approximately \$3.7 million of unspent Bonds from active projects to comply with the Internal Revenue Service (“IRS”) expenditure rules for tax-exempt Bonds. Approximately \$3.5 million of the Bonds will be reallocated to Project WH024201 – North Shop Improvements and the remaining funds will be used to pay eligible 2024 interest expenses. The Bonds are being allocated from the projects are listed below. In addition, approximately \$2.6 million of the funding for the projects will have financing restored with tax levy from Org. Unit 9960 General County Debt Service.

Project	Project Name	Unspent Bond Amount	Amount Restored with Levy
WP0498012	Underwood Creek Parkway Replacement	\$ 822,839	\$ -
WC0062011	CJF - Building Roof Replacement	\$ 443,137	\$ 443,137
WT0083012	Bus Rapid Transit	\$ 364,634	\$ 364,634
WP0628022	Brown Deer Park Roadway Phase 2	\$ 350,188	\$ 350,188
WO0517102	War Memorial/MAM ADA Restroom Renovation	\$ 310,000	\$ 310,000
WP0536012	MITCHELL AIRPORT PARK PLAYGRND	\$ 258,895	\$ 258,895
WT0079011	MCTS Fleet Maintenance Roof Replacement	\$ 176,583	\$ 176,583
WT0078011	KK GARAGE ROOF REPLACEMENT	\$ 170,634	\$ 170,634
WO0200011	TRAIN ACADEM PARK LOT REPLACEM	\$ 136,957	\$ -
WP0484012	Lake Park Ravine Bridge	\$ 125,274	\$ 125,274
WP0372011	MCKINELY MARINA FLUSHING CHANL	\$ 120,333	\$ 120,333
WZ0119012	African Plains Exhibit	\$ 81,957	\$ -
WH0110013	W. Beloit Rd (CTH T)-S 124th to S Wollmer	\$ 75,000	\$ 75,000
WZ0119011	African Plains Exhibit	\$ 72,923	\$ -
WP0628021	Brown Deer Park Roadway Phase 2	\$ 64,374	\$ 64,374
WP0695012	WASHINGTON PK BRIDGE REPLACE	\$ 35,098	\$ 35,098
WV0047012	FROEMMING PAV WATER AND SANITA	\$ 32,959	\$ 32,959
WP0536011	MITCHELL AIRPORT PARK PLAYGRND	\$ 29,396	\$ 29,396
WP0727012	OLT ZIP LINE SINKHOLE	\$ 21,385	\$ 21,385
WO0342014	SHERIFF FLEET EQUIPMENT 2021	\$ 12,470	\$ -
WP0529011	Oak Leaf Trail Bender Racine Connector	\$ 209	\$ 209
WH0114011	MILL RD BRIDGE OVER OAK CREEK	\$ -	\$ -
WP0050461	Lincoln Park Baseball Lighting	\$ -	\$ -
Grand Total		\$ 3,705,243	\$ 2,578,098

- B. The resolution will allocate approximately \$3.5 million of unspent bond proceeds to Project WH024201 North Shop Improvements and approximately \$221,000 to Org. Unit 9960 General County Debt Service.

The allocation of unspent Bonds will reduce the amount of bonds that need to be issued for the North Shop Improvements project by \$3.5 million. The estimated future debt service savings are estimated to be \$5.2 million.

The allocation of approximately \$221,000 to Org Unit 9960 General County Debt Service will be used to pay 2024 interest expenses. Using these funds from the DSR to pay eligible 2024 interest expenses will free up levy that is recommended to be allocated to active capital projects that had their unspent Bonds removed.

The resolution will also allocation \$2.4 million of cash from the Debt Service Reserve to Org. 9960 General County Debt Service to pay 2024 debt service expenses. As of April 2024, the balance of cash in the DSR was \$94.6 million. In addition, County Board Resolution 24-352

authorized the Comptroller to contribute all but \$5 million of the 2023 surplus to the DSR. The estimated 2023 surplus is \$30 million. This resolution would reduce the cash balance by approximately \$2.4 million.

Using these funds from the DSR to pay 2024 debt service expenses will free up levy that is recommended to be allocated to active capital projects that had their unspent bonds removed.

- C. This resolution will not have an impact on 2024 net budget amounts. Using approximately \$3.5 million of unspent bonds to finance Project WH024201 North Shop Improvements will reduce the amounts needed to be budgeted for debt service in future budgets. The 2025 Budget for debt service is estimated to be reduced by approximately \$380,000.
- D. The estimated debt service reduction is based on a 15-year term and 6.0% coupon.

Department/Prepared By Justin Rodriguez

Authorized Signature Pamela Bryant

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required