

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 08/29/14

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Unspent Bond Reallocation and Adoption of New Capital Budget Financing Policies

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" 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 type="checkbox"/> Increase Operating Expenditures
(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 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	See Explanation	
	Revenue		
	Net Cost		
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.

- A. The Office of the Comptroller and the Department of Administrative Services (DAS) are requesting the approval of the attached resolution that would reallocate approximately \$1.6 million of unspent bonds proceeds from the debt service reserve and delayed, surplus or completed capital projects to other new and ongoing capital projects. Two of the ongoing projects that will be financed with the unspent bond proceeds were originally going to be financed with the 2014 debt issuance. These two projects are WG018 Research Park Fire Protection System (\$110,000) and WG019 CATC Fire Protection System (\$194,358). The resolution would also exchange budgeted sales tax with unspent bond proceeds for five projects (\$552,062) and create two new capital projects. The new projects are Project WC114 Safety Building Emergency Generator (\$100,000) and Project WO217 Phone and Voicemail Replacement (\$552,062).

The resolution also requests adoption of new capital financing policies that will help the County comply with Internal Revenue Service (IRS) bond spending rules. These policies include the following:

- Limit the time for spending of budget bond funds to a period of four years.
- Cash financing the design phase of all capital projects.
- Limit projects that can be included in the capital budget to projects that are estimated to cost greater than \$100,000.

- B. Since the reallocations will result in a reduction of the size of the 2014 Bond Issue by approximately \$300,000. This may reduce the projected debt service costs for the 2014 Bond Issue by approximately \$400,000 over the 15 year term, which includes approximately \$100,000 in interest savings.

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.

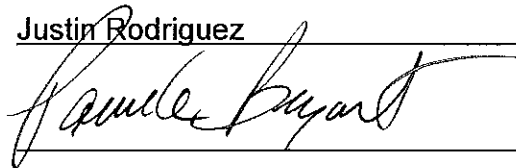
² Community Business Development Partners' review is required on all professional service and public work construction contracts.

- C. There is no budgetary impact for the current year. There will be future debt service savings from the approximately
- D. It is assumed that the 2014 Bond Issue will have a net interest rate of 2.53% and will be structured over a 15 year term with a level principal schedule.

It is assumed that the addition of the new capital financing policies included in the resolution will not impact the overall cash and bond financing amounts included in the County's annual capital improvements budgets.

Department/Prepared By Justin Rodriguez

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review? Yes No Not Required