

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: May 18, 2018

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: From the Interim Director of Milwaukee County Parks, requesting authorization to enter into a Lease Agreement with the Milwaukee Yacht Club for land within McKinley Marina.

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 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 checked="" 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	0	0
	Revenue	\$83,860	\$85,537
	Net Cost	0	0
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

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. A Lease Agreement with the Milwaukee Yacht Club for an area they currently occupy within McKinley Marina. The Yacht Club has operated at this location since 1888. This lease proposes a new rent schedule along with other updates of now-standard County lease clauses.
- B. Milwaukee County will be paid rent in two forms – first as the base rent of the lease and second for the allocation of 100 parking passes every year. The rent schedule is attached to the report, in year 1 (2018) the base rent is \$62,860 and the parking fee is \$21,000. Every year both payments will increase by 2% over the previous year's amount. The total rent paid over the 25 years of this lease will be \$2,013,424 and the total parking fees paid will be \$672,636. Cash paid to the County can be applied as capital improvements to the yacht club facility with the County's consent.
- C. 2018 will be the first year of funds paid to the County under the new lease payment methodology. The 1994 Lease envisioned small annual payments with large balloon payments every 5 years. The Milwaukee Yacht Club has struggled to meet the obligation of the 5-year balloon payment in the past.
- D. Rent payments are derived by taking a straight line inflationary increase of 2% each year. Parking rates are based upon an appraisal of fair value ordered in 2017.

Department/Prepared by: Milwaukee County Parks
Jim Tarantino, Director of Recreation and Business Services

Authorized Signature: _____

- Did DAS-Fiscal Staff Review? Yes No
- Did CDBP Review?² Yes No Not Required

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.