

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: July 13, 2015

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution to reinvest a portion of Milwaukee County budget surpluses into Transit Signal Priority Technology, Parks Infrastructure Improvements, and Employee Compensation.

FISCAL EFFECT:

- | | |
|--|---|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input checked="" 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 checked="" 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	\$7,667,587	\$2,335,174
	Revenue	\$198,490	\$396,980
	Net Cost	\$7,469,097	\$1,938,194
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. Approval of this resolution will authorize the expenditure of funds to support Transit Signal Priority, Parks Infrastructure Improvements, and Employee Compensation.

Specifically, \$1.5 million from the Debt Service Reserve (Org. Unit 9960) would be placed into an allocated contingency account within the Capital Improvement Budget to implement Transit Signal Priority along the Wisconsin Avenue corridor from Downtown Milwaukee to the Wauwatosa Medical Complex. County Board approval would be required to release the funds after the Director of Transportation and/or the Director of Milwaukee Transport Services review a plan on how the monies would be used.

Another \$5 million from the Debt Service Reserve would be transferred to Capital Improvement accounts for Parks projects that are not eligible for general obligation bond financing. The Director of Parks, Recreation and Culture is requested to submit to the Capital Improvements Committee (CIC) a \$4 million list of high priority park infrastructure projects that are likely to enhance operating efficiency, reduce ongoing costs, and/or provide the community aesthetic evidence of park maintenance. The remaining \$1 million would be transferred immediately to the Department of Parks for major maintenance needs that need no further approvals from policymakers.

A total of \$969,097 is authorized to be transferred from the Appropriation for Contingencies (Org. Unit 1800-1945) to departmental budgets to provide a one and one-half percent (1.5%) cost of living adjustment (COLA) to general non-elected employees not otherwise covered by a separate labor bargaining agreement effective Pay Period 14 beginning June 21, 2015. (This would cover the second half of the 2015 payroll year).

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.

- B. This resolution would require the expenditure of \$7,469,097 in 2015 and \$1,715,644 in 2016. The breakdown is as follows:

Transit Signal Priority

Transit Signal Priority would require the expenditure of \$1,500,000 from the Debt Service Reserve (Org. Unit 9960) in 2015. This resolution does not require or commit the County to spend any additional funds on Transit Signal Priority or other bus service enhancements in 2016 or beyond.

Parks Infrastructure

Parks Infrastructure would require the expenditure of \$5,000,000 from the Debt Service Reserve in 2015. This resolution does not obligate the County to any additional funds in 2016.

Employee Compensation

Providing a 1.5% COLA to eligible employees would require the approximate expenditure of \$1,167,587 in 2015, offset with \$198,490 in revenue, for a net tax levy impact of \$969,097. This represents a 1.5% COLA for the second half of the 2015 payroll year, or 13 pay periods. (Effective June 21, 2015). For 2016, the full year cost of the 1.5% COLA would require the expenditure of \$2,335,174, partially offset with \$396,980 in revenue, for a net tax levy impact of \$1,938,195. The funds required for 2015 would be allocated from the Appropriation for Contingencies (Org. 1800-1945). For 2016, it is anticipated that the funds would be included in the Adopted Budget.

This fiscal note assumes that the 1.5% would go to non-elected general employees who are not covered by a separate labor (wage) agreement. The fiscal impact shown above does not include employees of the Department of Health and Human Services – Behavioral Health Division (DHHS-BHD), as their compensation is solely determined by the County Executive and Milwaukee County Mental Health Board.

A summary of the fiscal impact of each of the three components, by year, is shown below.

2015	<u>Expenditures</u>	<u>Revenues</u>	<u>Tax Levy</u>
Transit Signal Priority	\$1,500,000	\$0	\$1,500,000
Parks Infrastructure	\$5,000,000	\$0	\$5,000,000
Employee Compensation	\$1,167,587	\$198,490	\$969,097
Total:	\$7,667,587	\$198,490	\$7,469,097
2016	<u>Expenditures</u>	<u>Revenues</u>	<u>Tax Levy</u>
Transit Signal Priority	\$0	\$0	\$0
Parks Infrastructure	\$0	\$0	\$0
Employee Compensation	\$2,335,174	\$396,980	\$1,938,194
Total:	\$2,335,174	\$396,980	\$1,938,194

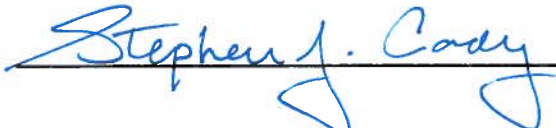
- C. Approval of this resolution will result in a commitment of \$7,469,097 in 2015. Of this amount, \$969,097 is from the Appropriation for Contingencies and would reduce the projected budget surplus by the same amount. The remaining commitment for 2015, \$6.5 million, would be funded through an increased contribution from the Debt Service Reserve. This would reduce the balance of the debt service reserve, but would not have a direct budgetary

impact for 2015. The resolution makes it clear that any transfer of funds from the Debt Service Reserve would be used to reduce the sales tax funds that are needed to pay for the Capital Improvement budget. This would make available sales tax funds to pay for the items outlined in the resolution.

For 2016, the commitment is \$1,938,194. This includes \$2,335,174 to fund the full-year of the 1.5% COLA, offset with outside revenues of \$396,980. It is anticipated that these funds would be included in the 2016 Adopted Budget.

It should be noted that the impact on the operating budget is reduced by the Contribution from the Debt Service Reserve. For 2015, the contribution from the Debt Service Reserve is \$6.5 million, leaving \$969,097 (net cost of the COLA) that is coming from the Appropriation for Contingencies. While the actual impact on the operating budget for 2015 is \$969,097, the balance of the Debt Service Reserve is also being reduced by \$6.5 million. The impact for 2016, \$1,938,194, is absorbed within the operating budget, as no contribution from the Debt Service Reserve is authorized by this resolution to offset the full-year cost of the COLA.

Department/Prepared By Steve Cady, Research and Policy Director, Office of the Comptroller

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required