

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

**DATE:** August 30, 2011

**TO:** Chris Abele, County Executive  
Johnny Thomas, Chairman, Committee on Finance and Audit

**FROM:** Patrick Farley, Director, Department of Administrative Services

**SUBJECT:** **Revenue Deficit in Excess of \$75,000 – Department of Administrative Services**

**Policy Issue**

County Ordinance 56.02 requires each person in charge of any County office, department agency, or any non-departmental account to "...submit a written report to the County Executive, the committee on Finance and Audit of the County Board and the Department of Administration whenever such person has reason to know or believe that a deficit of seventy-five thousand dollars (\$75,000.00) or more in any revenue account will occur for the division of county government under the supervision of that person.

**Background**

The County has adopted several capital appropriations since 2002 for the renovation of the Milwaukee County Historical Society (MCHS). In many of the capital appropriations the budgets included a cost sharing with MCHS.

These renovations were divided into four phases. Phase one included the restoration of 27 cast iron windows. Phase two included the installation of a full-service elevator, the relocation of the internal staff stairway at the south end of the building, and the renovation of lower level toilet rooms to meet Americans with Disabilities Act (ADA) requirements. Phase three improvements included the structural reinforcement of the mezzanine, the replacement of the electrical system, the HVAC system, and the water piping; and the installation of light fixtures, all in the south one third of the building. Functional improvements also included in Phase 3 were the expansion of the research library, the consolidation of the administrative offices, the removal of acoustical ceiling tiles, and the painting in the south one third of the building. Phase four included the structural reinforcement of the east and west mezzanines, the replacement of the HVAC system in the exhibition galleries, the upgrading of water piping and related fixtures, the replacement of the electrical system, the installation of new lighting fixtures and the interior painting in the remainder of the building.

The final phase of the project has been completed. The remaining available balances for the project will be lapsed and applied to the revenue shortfall.

### **Revenue Shortfall**

In February of 2011, Milwaukee County Department of Transportation and Public Works (DTPW) sent the final invoice for a total amount due of \$1,264,754.17 to the MCHS.

As of June 2011, the MCHS had contributed \$2,964,872; however, the County had received no payment from the MCHS for the final invoiced amount.

In July of 2011, the Department of Administrative Services (DAS) met on two separate occasions with the DTPW, the MCHS, and contractors that had worked on the final phases of the renovation project.

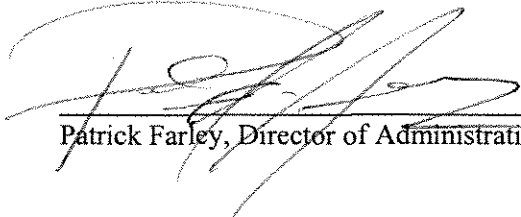
There was initially disagreement regarding the outstanding balance owed by the MCHS. The MCHS believed that the project had a surplus and had been informed by the DTPW that the project had actual costs that came in below the budget amounts.

Although, the project did have an expenditure surplus, the amount of the surplus was not enough to cover the shortfall in private funds from MCHS to the County.

On July 18 2011, MCHS delivered a check for \$673,129.68 to Milwaukee County. The difference between the amount paid by MCHS and the total amount due was \$591,624.49. Due to the shortfall of MCHS contributions in the project, the project will deficit.

### **Recommendation**

This is an informational report. No action is necessary.



Patrick Farley, Director of Administrative Services

cc: County Executive Chris Abele  
Chairman Lee Holloway, Milwaukee County Board of Supervisors  
George Aldrich, County Executive's Office  
Terrence Cooley, Chief of Staff, County Board  
Pamela Bryant, Interim Fiscal and Budget Administrator  
Justin Rodriguez, Interim Capital Finance Manager  
Steve Cady, County Board Fiscal and Budget Analyst