

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 6/15/17

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Unspent Bond Reallocations from the Debt Service Reserve

FISCAL EFFECT:

- | | |
|--|---|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input checked="" 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 checked="" 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	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 Department of Administrative Services – Office of Performance, Strategy and Budget (DAS-PSB) and the Office of the Comptroller (Comptroller) are requesting approval to reallocate approximately \$1.8 million of unspent bonds from the Debt Service Reserve.
- B. The resolution will provide approximately \$1,033,796 of unspent bond proceeds to Project WT026 Bus Replacement Program. This will allow for the 2017 Corporate Purpose Bond Issuance (2017 Financing) to be reduced. The County will avoid approximately \$1,260,000 in future debt service costs. The \$1,260,000 includes combined estimated interest expenses/cost of issuance expenses of \$226,000.
- C. Of the \$1,853,468 of unspent bonds being reallocated, \$156,672 will be used to pay 2017 interest expenses. The savings from using unspent bonds to pay the 2017 interest expenses will be used to provide \$149,303 to the Appropriation for Contingency Account (Org. Unit 1945) and \$7,369 to Project WO064 Wil-O-Way Recreation Center Entrance.

An amount of \$663,000 will be used to increase expenditure authority for ongoing capital projects that have anticipated shortfalls.

The remaining amount (estimated \$1,033,796) will be allocated to Project WT026 Bus Replacement Program in order to finance a portion of the local share of the 2017 Milwaukee County Transit System bus purchases.

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.

<u>Project Description</u>	<u>Unspent Bond Amount</u>
Org. Unit 9960 Debt Service (2017 Interest Expenses)	\$156,672
WO452 Training Academy Firing Range Ventilation System	\$360,000
WC116 Courthouse Cooling Coils Replacements	\$240,000
WP487 McGovern Park Pavilion	\$47,000
WP488 Kern Park Pavilion	\$15,000
WP489 Doctors Park Pavilion	\$1,000
WT026 Bus Replacement Program (Reduce 2017 Bond Issuance)	\$1,033,796
Total	\$1,853,468

D. The estimated debt service savings from applying the unspent bonds to Project WT026 Bus Replacement Program is contingent on the overall 2017 Corporate Purpose Bond issuance being reduced. The estimated interest savings were based on a ten-year term and current market conditions.

Department/Prepared By Justin Rodriguez

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required

