

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** July 14, 2015

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** A resolution By the Committee on Finance, Personnel and Audit, relating to an informational report from the Director of Audits and Corporation Counsel on the application of the Minimum Wage Ordinance to the MidAmerican housekeeping contract.

**FISCAL EFFECT:**

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| <input type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input checked="" type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget<br><br><input type="checkbox"/> Decrease Operating Expenditures<br><br><input type="checkbox"/> Increase Operating Revenues<br><br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><br><input type="checkbox"/> Decrease Capital Expenditures<br><br><input type="checkbox"/> Increase Capital Revenues<br><br><input type="checkbox"/> Decrease Capital Revenues<br><br><input checked="" type="checkbox"/> Use of contingent funds |
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*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
<b>Operating Budget</b>	Expenditure	\$505,000	\$0
	Revenue	\$0	\$0
	Net Cost	\$505,000	\$0
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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.
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- A. Approval of this resolution will authorize the Department of Administrative Services (DAS) to prepare and process an appropriation transfer from the Appropriation for Contingencies (Org. 1945) to the appropriate departmental account to pay MidAmerican Building Services an amount not-to-exceed \$505,000 to comply with Chapter 111, the County's Minimum Wage (Living Wage) Ordinance. The actual amount will be verified by the Audit Services Division upon verification of the payroll records of MidAmerican for the period June 1, 2014 through August 30, 2015. The resolution also requests that the Director of Procurement submit a plan to the County Board to ensure that MidAmerican, or any other housekeeping vendor, complies with Chapter 111 after August 2015.
  - B. Based on preliminary estimates provided by the vendor, it is estimated that the total cost for MidAmerican to comply with the Minimum Wage requirement for the 15-month period is approximately \$33,500 per month, or \$502,500. This estimate is based on the fact the employees were paid less than the Minimum Wage and the monies authorized in this resolution would be used to pay retroactive wages due. This resolution authorizes a slightly higher amount, \$505,000, in case the verified expenses are higher. These funds were not included in the departmental budget (DAS-Facilities) to pay for housekeeping services. The funds would be provided through the Appropriation for Contingencies which, if approved, would reduce the County's projected surplus for 2015 by up to \$505,000.
  - C. Funds have not been provided for this purpose in the 2015 Adopted Budget. The monies required to effectuate this resolution would come from the Appropriation for Contingencies. This fiscal note does not quantify the impact of complying with the Minimum Wage Ordinance in 2016. This resolution does not obligate any funds beyond the period June 1, 2014 through August 30, 2015.
  - D. No assumptions have been made.

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<sup>1</sup> 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.

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

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

Authorized Signature

Stephen J. Cady

Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required