

18-640

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: August 6, 2018

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Authorization to apply for and receive funding from the State of Wisconsin's Transit Capital Assistance Grant Program to aid in the financing of eligible bus replacements.

FISCAL EFFECT:

- No Direct County Fiscal Impact
 - Existing Staff Time Required
- Increase Operating Expenditures (If checked, check one of two boxes below)
 - Absorbed Within Agency's Budget
 - Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- 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 (2018)	Subsequent Year (2019)
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

The Expenditure and Revenue fiscal effect is estimated to occur in 2020, therefore, years 2018 and 2019 reflect a fiscal effect of \$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. The action being requested is authorization to submit an application and to receive awarded funding (\$23.6 million) for the State of Wisconsin's (State) Transit Capital Assistance Grant Program (Grant Program) for eligible transit bus replacements (49 in total).

B. It is anticipated that beginning in 2019, Grant Program funds will be used to supplant Milwaukee County (County) bond issuance(s) and federal grant reimbursement for the bus replacements.

Federal grant reimbursement revenue of \$2.6 million (included in the 2018 Adopted Capital Budget) will be reduced by \$2.6 million from capital project WT10401 and would be available for future capital expenditures. The \$2.6 million of federal grant reimbursement revenue will be supplanted by Grant Program funding to replace 5 buses.

Estimated debt service payments (for bond financing) for 44 buses is \$27.7 million over a 15-year period. Concurrently, the State is estimated to reduce its Shared Revenue amount to the County by approximately \$1.6 million per year (on average) for 10 years pursuant to the Grant Program rules. The net result over a 15-year period is estimated (nominal) total net savings of \$9.99 million (\$6.9 million present value).

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.

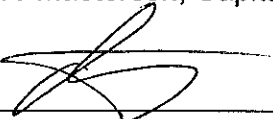
² Community Business Development Partners' review is required on all professional service and public work construction contracts.

C. There is no anticipated budgetary impact in 2018.

- D. 1. Assumption is made that the County receives 100% of Grant Program reward requested (\$23.6 million) for the 49 eligible buses. Actual bonds and federal grant reimbursement exchanged for Program Grant revenue is dependent upon Program Grant awarded by the State.
2. The fiscal projections represented in the accompanying report are subject to change based on Grant Program rules and award dates. The Shared Revenue reduction start/end date(s) assume a January 2020 start date and December 2030 end date (subject to §16.047).
3. Pursuant to Grant Program guidelines and § 79.035(7), State Shared Revenue would be reduced relative to 75% of the grant amount awarded and then amortized over a 10-year period.
4. Estimated debt service costs are based on replacement of 49 eligible buses with payments spread over a 15-year period. The 2018 Adopted Capital Improvement Budget includes 28 Grant Program eligible buses. The 2019 Capital Budget Request from DOT includes 27 buses in total, of which, 21 are Grant Program eligible.
5. Net tax levy savings assumes that bonds supplanted by Grant Program revenue is not issued and not used to finance other bond eligible projects.

Department/Prepared by: Vince Masterson, Capital Budget Coordinator

Authorized Signature



Did DAS-Fiscal Staff Review?

Yes No

Did CDBP Review?²

Yes No Not Required