

6-25-20 FINANCE AND AUDIT COMMITTEE APPROPRIATION TRANSFERS
 B CAPITAL IMPROVEMENT- RECEIPT OF REVENUE

Action Required
 Finance and Audit Committee
 2/3's County Board

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2020 appropriations of the respective listed departments:

1)	<u>From</u>	<u>To</u>
<u>WA270 - GMIA TICKETING AREA REMODELING#</u>		
4907 – Bond and Note Proceeds		\$3,089,000
4707 – Contribution from Reserves	\$29,000	
4927 – PFC Bond Proceeds	\$3,060,000	
# Existing Project, + Included in 5-Year Plan, * New Project		

An appropriation transfer of \$3,089,000 is requested by the Director of Transportation and the Airport Director to update the funding source(s) in Advantage (General Ledger) to reflect the correct funding source included in the 2019 Adopted Capital Improvement Budget. As a result, this transfer changes the funding source for the design and construction phase of the project from General Airport Revenue Bonds (GARBs) backed by airline rates and charges to the Airport Development Fund (ADF) reserve and Passenger Facility Charge (PFC) revenue.

This fund transfer has no tax levy impact.

TRANSFERS SIGNED BY THE COUNTY EXECUTIVE MAY 20, 2020.

2)	<u>From</u>	<u>To</u>
<u>WA264- GMIA Taxiways E & F Pavement Rehab#</u>		
8527 – Land Improvements		\$300,000
6146 – Consultant Prof. Serv.		25,000
2699 – Other Federal Grants	\$243,750	
4707 – Contribution from Reserves	\$40,625	
2299 – Other State Grants	\$40,625	
# Existing Project, + Included in 5-Year Plan, * New Project		

An appropriation transfer of \$325,000 is requested by the Director of Transportation and the Airport Director to increase expenditure authority and revenue for capital improvement project WA264 - GMIA Taxiways E&F.

The 2019 Adopted Capital Improvement Budget included and appropriation of \$3,046,403 to remove and replace Taxiway E, north of Taxiway F1. Remove and replace Taxiway F between Taxiway Z and Runway 19R. This includes new shoulders, edge lighting modifications, guidance sign replacement and repair, in-pavement RGL installation, and storm sewer modifications to meet permit requirements.

Additional funding for this project is requested in response to airfield utilization information that was unavailable when the budget was initially developed for this capital improvement project. Additional taxiway pavement is required to be designed and constructed as part of this project in order to enable large aircraft to turn from northbound Taxiway E to westbound Taxiway F. Currently, this maneuver cannot be accomplished by turning directly from one taxiway onto the

other taxiway. Instead aircraft must exit the taxiway entirely and travel through an apron area to access the other taxiway, which is an undesirable pathway for aircraft movement.

This appropriation transfer adds an additional \$325,000 to the project to complete the updated design and construction of the additional pavement to enable the desired aircraft movement. The additional expenditure authority is eligible for Federal Aviation Administration (FAA) Airport Improvement Program (AIP) federal grant funding at 75%, state grant funding at 12.5%, and local airport funding at 12.5%. The funding breakdown is detailed below.

Funding for this additional expenditure authority will consist of \$243,750 in FAA AIP federal grant funding, \$40,625 in State grant funding and \$40,625 in Airport Development Fund (ADF) reserve.

The Airport is currently in the process of applying for its next Passenger Facility Charge (PFC) application. Once that application receives FAA approval, an additional fund transfer will be completed to replace the source of the local airport funding share with PFC funds and to reimburse the ADF reserve.

This fund transfer has no tax levy impact.

TRANSFERS SIGNED BY THE COUNTY EXECUTIVE MAY 20, 2020.

3)	<u>From</u>	<u>To</u>
<u>WA266- GMIA Electrical Switchgear Replacement#</u>		
4927 – PFC Backed GARBs		\$707,580
4707 – Contribution from Reserves	\$707,580	
# Existing Project, + Included in 5-Year Plan, * New		

An appropriation transfer of \$707,580 is requested by the Director of Transportation and the Airport Director to change the revenue source for capital improvement project WA266 – GMIA Terminal Switchgear.

The 2020 Adopted Capital Improvement Budget included and appropriation of \$707,580 for planning, design, and construction for removal of the medium voltage electrical substation in the mezzanine located in the Main Terminal at GMIA. Work also includes the installation of new electrical distribution equipment in the Main Terminal building.

Due to the COVID 19 pandemic disruptions, Airport staff anticipate that passenger demand for air travel could experience a prolonged period to rebuild to pre COVID 19 levels of demand. In addition, from the supply side, it may also be a prolonged period of time before airlines restore their route networks and frequency of service to all destinations as well.

Airport staff have indicated that the disruptions caused by the COVID 19 pandemic and the best estimate of forecasted reduction in revenues anticipated to be received for both the Airport's Airport Development Fund (ADF) reserve and foregone collection of Passenger Facility Charge (PFC) revenues will at a minimum force a reconsideration of capital project priorities, timelines, and viability of some projects.

The Terminal Switchgear project was originally anticipated to be funded by General Airport Revenue Bonds (GARBs) that were backed by airline rates and charges. The bond issuance for the Terminal Switchgear was going to be a combined bond financing that included the construction for the International Terminal Redevelopment Project (to replace the International Arrivals Building and the E Concourse) that was anticipated during 2021 utilizing PFC backed GARBs. With the advent of COVID 19 and its impact upon revenues, the Airport in consultation with the airlines, have delayed the construction phase of the International Terminal Redevelopment Project until at least 2022. The work on the Terminal Switchgear is already underway and although the Comptroller's Office completed a reimbursement resolution to allow spending to proceed and for the County to reimburse itself from the bond proceeds when the combined issuance was to take place, the delay in the construction of the International Terminal Redevelopment project has placed the Terminal Switchgear outside of the eligibility window for reimbursement from bond proceeds. Furthermore, the cost of bond issuance to undertake a standalone financing just for the amount of the Terminal Switchgear would be cost prohibitive.

Therefore, this appropriation transfer changes the funding source for the Terminal Switchgear which is already underway from PFC backed GARBs to the Airport's ADF reserve.

This fund transfer has no tax levy impact.

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