



Milwaukee County Financial Forecast

ARPA Lost Revenue Calculation



A presentation from the
Office of the Comptroller





Milwaukee County Financial Forecast

ARPA – Provide Government Services

- The American Rescue Plan Act (ARPA) of 2021, which was signed into law on March 11, 2021, provides Milwaukee County with an allocation of \$183.7 million of Local Fiscal Recovery Funds.
- Funds are required to be incurred by December 31, 2024 and are available to:
 - A. Support public health response to the pandemic
 - B. Address negative economic impacts
 - C. Provide government services to the extent of the reduction in revenue due to the COVID19 public health emergency
 - D. Provide premium pay to essential workers
 - E. Support water, sewer and broadband infrastructure

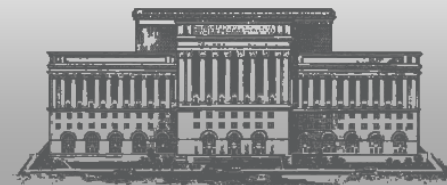




Milwaukee County Financial Forecast

County Revenue Loss Calculation - 2020

| | | |
|--|--|-------------|
| Revenue Loss between 2019 and 2020 | | |
| Includes inflation of 4.1% to 2019 Revenue | | |
| Known | | In Millions |
| Property Tax | | \$ 6.4 |
| Sales Tax | | 3.6 |
| Transit Fares | | 18.9 |
| Service Charges and Other Revenues | | 15.5 |
| Potawatomi Revenue | | 1.9 |
| Doyne Hospital Sale Lease Revenue | | 3.8 |
| Investment Income | | 4.4 |
| Other | | 3.6 |
| | | \$ 58.1 |
| Under Review | | |
| Airport | | \$ 36.1 |
| | | \$ 94.20 |



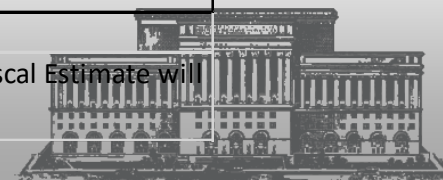


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County Future Revenue Loss Projection 2020-2023

| Projecting Revenue Loss in Future Years | | | |
|---|-----------|--|--|
| | Actual | Estimate Only. Actual results will change amount | |
| Revenue Grouping | 2020 Only | Four Years | Description |
| Property Tax | (6.40) | (76.50) | 2021 Estimate based on budget. 2022-2023 estimate assumes 1.5% growth |
| Sales Tax | (3.60) | (21.60) | 2021/2022 reflects current budget estimates by PSB and 3% for 2023. Estimate reflects a rebound above pre-pandemic revenues but not to a level that catches up with 4.1% ARPA inflation rate. Sales tax funding capital projects is included in this amount. |
| State | (0.90) | (13.50) | Assumes flat funding. This line item is primarily shared revenue. |
| Investment | (4.40) | (19.60) | Estimate revenue stays flat. |
| Potowatomi | (1.90) | (5.50) | 2021 Estimate made. 2022-2023 estimates 5% growth per year. |
| Other | (2.70) | (11.10) | Generally assumed 5% increase per year. More detailed analysis needed. |
| Doyne | (3.80) | (33.30) | Doyne hospital revenue projected at \$4M for 2021 and \$0 for 2022/2023 |
| Transit Fares | (19.00) | (53.60) | Estimates 65% of pre-pandemic levels in 2021, 85% in 2022, and 100% in 2023. Likely an aggressive estimate since bus fares were trending downward pre-pandemic. |
| Transit State Budget Cut | - | (32.70) | State budget cut transit revenue |
| Service Charges | (15.60) | (32.50) | Estimates 20% growth in 2021, 10% growth in 2022. 5% in 2023. Aggressive estimates for areas like parks and zoo to return from pandemic |

These estimates show some the issues that the County faces each year due to slow growth in revenue. Fiscal Estimate will explain more.





Milwaukee County Financial Forecast

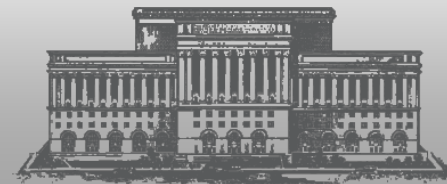


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Summary

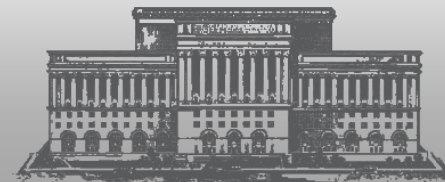
- Long-term, annual costs-to-continue will average **\$15.9** million plus any additional one-time revenues and expenditure abatements used the previous year.
- Ongoing infrastructure/capital needs funding gap
- 2022 Budget: \$20.3 million gap
- Mutual discourse needed to both assist County with its financial distress and assist community with its recovery and growth





The Structural Deficit

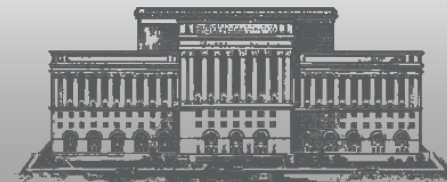
1. Cost-to-continue increase
 - Expenditures increase by 2.4% annually on average
 - Revenues increase by 1.0% annually on average
2. One-time revenues and expenditure abatements utilized in previous year.
 - Debt service reserve contributions
 - “General” expenditure reductions





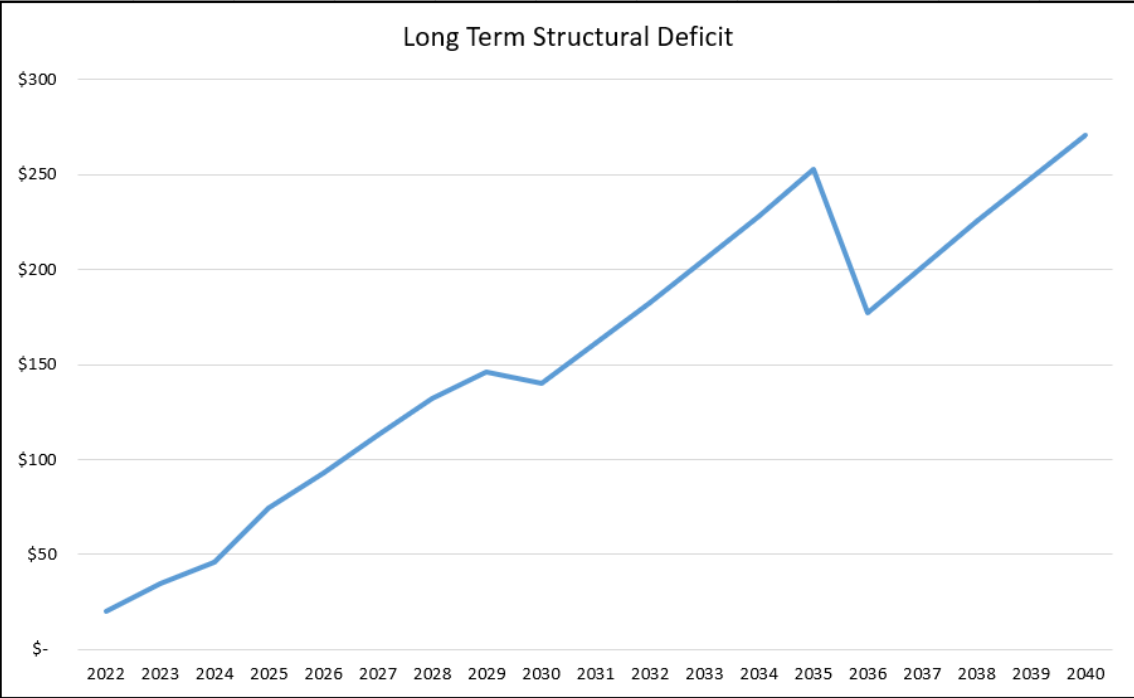
2020 – 2024 Projected Structural Deficits

| Year | Expenditure | Revenue | Structural Deficit | Cost-to-Continue* |
|--|------------------|------------------|--------------------|-------------------|
| 2019 | \$ 1,062,498,687 | \$ 1,062,498,687 | \$ - | |
| 2020 | \$ 1,089,205,092 | \$ 1,073,244,489 | \$ (15,960,603) | \$ (15,960,603) |
| 2021 | \$ 1,115,572,005 | \$ 1,080,257,486 | \$ (35,314,519) | \$ (19,353,916) |
| 2022 | \$ 1,140,861,427 | \$ 1,087,012,492 | \$ (53,848,935) | \$ (18,534,416) |
| 2023 | \$ 1,169,523,796 | \$ 1,101,511,628 | \$ (68,012,168) | \$ (14,163,233) |
| 2024 | \$ 1,195,945,855 | \$ 1,116,320,404 | \$ (79,625,452) | \$ (11,613,284) |
| | | | Average Gap: | \$ (15,925,090) |
| *Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions. | | | | |

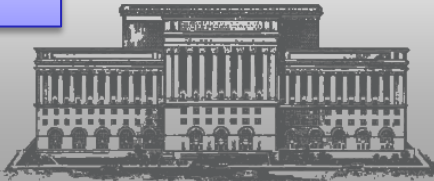




Long Term Structural Deficit



On average, revenues grow by 1.0% while expenses grow by 2.4%. Positive changes in 2030 and 2036 due to projected payoff of pension obligation bonds and unfunded liabilities



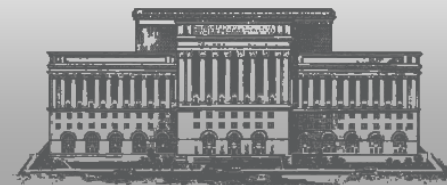


Milwaukee County Financial Forecast

| 2022 Initial Operating Budget Gap Estimate | |
|--|----------------|
| Description | Amount |
| Compensation | \$ 4.3 |
| Health Care | \$ 4.5 |
| Pension | \$ 1.7 |
| Debt Service P&I | \$ 1.0 |
| Transit | \$ - |
| Other Operating Cost to Continue | \$ 7.8 |
| Total Expenditure Change | \$ 19.3 |
| Revenue Change - Lost Revenues | |
| Debt Service Reserve | \$ 5.3 |
| Unclaimed Revenue | \$ 1.3 |
| Doyne Payment | \$ 4.0 |
| Revenue Change - Increased Revenue | |
| Property Tax | \$ (4.0) |
| Sales Tax | \$ (3.0) |
| Investment Revenue | \$ - |
| Other / Reimbursement Revenue | \$ (2.6) |
| Total Revenue Change | \$ 1.0 |
| Gap Total | \$ 20.3 |

Gap Closing

- Improvements to sales tax and health care projections will likely close a portion of the gap, as well as potential increase in investment revenues
- Departments were asked to submit a flat budget, absorbing \$7.8M of the gap attributable to inflationary cost growth
- Department revenues remain below pre-pandemic levels
- Potential contribution from Debt Service Reserves or ARPA, although these are one-time funding sources and use should be limited

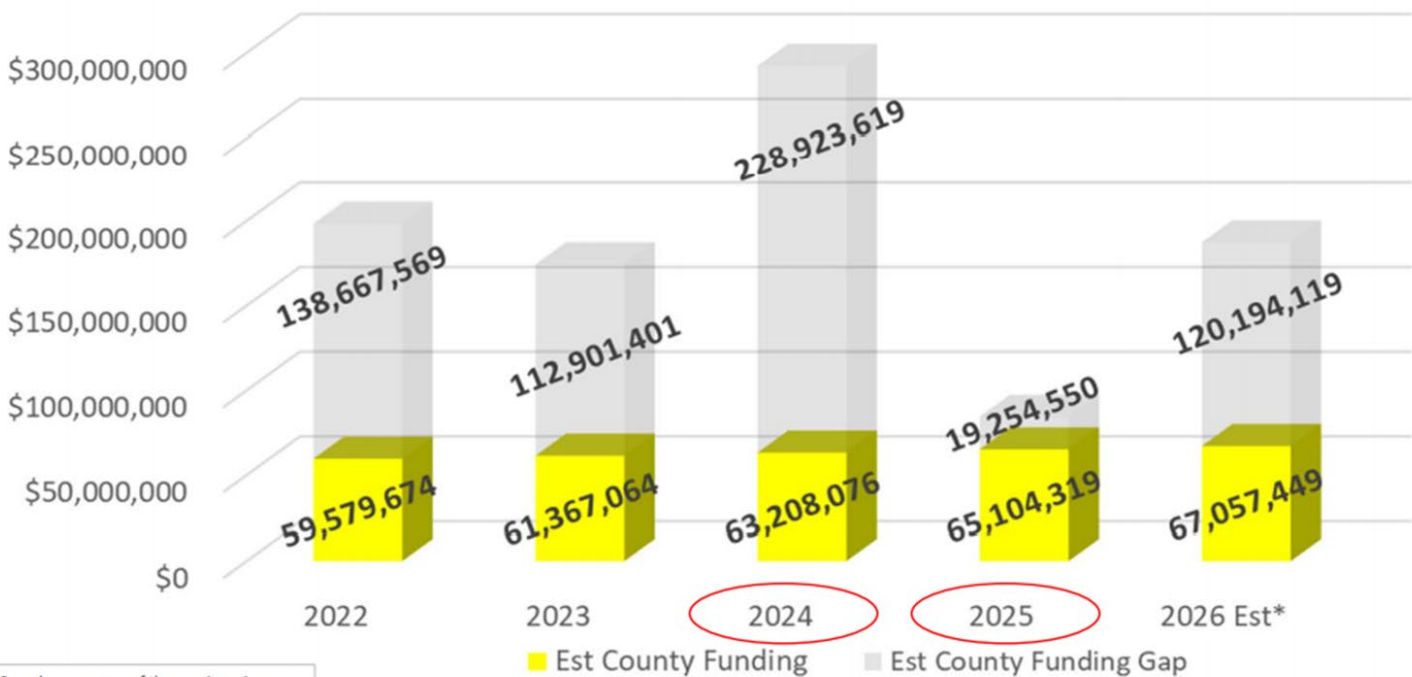




Milwaukee County Financial Forecast

5-Year Capital Projections

Estimated County Funding Gap of Capital Projects



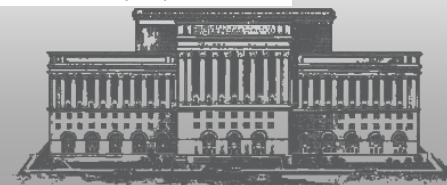


Milwaukee County Financial Forecast

Approved Bonded Projects - Sample

Approved Bonded Projects w/o Federal Revenue

| Department | PROJECT2 | PROJINFO_NAME | Federal Reimbursement Revenue | Federal | | Grand Total |
|----------------------|-----------------------------------|--|-------------------------------------|------------------------|---------------------|------------------------|
| | | | | Current | Future | |
| | WP425012 | Playground Resurfacing – Phase 1 | No | \$325,231.00 | | \$325,231.00 |
| | WP484012 | Lake Park Ravine Bridge | No | \$1,192,315.00 | | \$1,192,315.00 |
| | WP498012 | Underwood Creek Parkway Replacement | No | \$1,623,596.00 | | \$1,623,596.00 |
| | WP534012 | Rainbow Park Playground Replacement | No | \$278,737.00 | | \$278,737.00 |
| | WP535012 | Pulaski-Cudahy Park Playground Replacement | No | \$278,737.00 | | \$278,737.00 |
| | WP625011 | Dretzka Park-Lighting, Stormwater, Parking Imprv | No | \$107,107.00 | | \$107,107.00 |
| | WP628022 | BROWN DEER PARK ROADWAY PH 2 | No | \$3,500,000.00 | | \$3,500,000.00 |
| | WP658011 | Currie Park-Replace Parking Lot & Cart Path Impr | No | | \$232,981.00 | \$232,981.00 |
| | WP682011 | Whitnall Clubhouse HVAC Rplcmnt-Kitchen Remodel | No | | \$167,205.00 | \$167,205.00 |
| | WP695011 | Washington Park Bridge Replacements | No | \$118,414.00 | | \$118,414.00 |
| | WP701012 | Grant Park North Access Roads-Parking Lots | No | \$1,255,952.00 | | \$1,255,952.00 |
| | WP706011 | South Shore Breakwater | No | \$1,066,471.00 | | \$1,066,471.00 |
| | WP707011 | Old Loomis Road Reconstruction | No | \$170,000.00 | | \$170,000.00 |
| | WP713011 | Kinnickinnic Parkway- S. 43rd St. to S. 51st St. | No | | \$140,833.00 | \$140,833.00 |
| | WP714011 | KK Parkway- Jackson Park Dr 58th-Cleveland | No | | \$248,667.00 | \$248,667.00 |
| | WP725012 | Vogel Playground Replacement | No | \$278,737.00 | | \$278,737.00 |
| | WP726012 | Lindsay Playground Replacement | No | \$278,737.00 | | \$278,737.00 |
| | WP727012 | Oak Leaf Trail – Zip Line Sinkhole | No | \$95,798.00 | | \$95,798.00 |
| | WP728012 | Highland Park Playground-Removal/Restoration | No | \$146,447.00 | | \$146,447.00 |
| | WP729011 | Boerner Garden House Boiler Replacement | No | \$105,418.00 | | \$105,418.00 |
| | WP731012 | GORDON PLAYGROUND #2 REPLACEMENT | No | \$291,984.00 | | \$291,984.00 |
| | Total Parks | | | \$11,881,831.00 | \$789,686.00 | \$12,671,517.00 |
| Sheriff's Department | WO169012 | Training Academy Roof Repairs | No | \$124,178.00 | | \$124,178.00 |
| | WO200011 | TRAIN ACADEM PARK LOT REPLACEM | No | \$171,527.00 | | \$171,527.00 |
| | Total Sheriff's Department | | | \$295,705.00 | \$0.00 | \$295,705.00 |
| Transit | WT106011 | BUS LIFT REPLACE 1-2 KK GARAGE | No | \$51,182.00 | | \$51,182.00 |
| | WT106012 | Bus Lift Replacement (2) (KK Garage) | No | \$676,829.00 | | \$676,829.00 |
| | WT108012 | HVAC KK BUS STORAGE/WASHHOUSE | No | \$1,570,000.00 | | \$1,570,000.00 |





Milwaukee County Financial Forecast

Capital Improvement Comm Report

Cash Financed Projects

| | |
|--|------------|
| DEPT: ALL (EXCLUDING AIRPORT ONLY) | |
| Mandated, Contractual, On-Going (FUNDED) 1 - 11: | 1,857,711 |
| HIGH-Not Mandated, Contractual, On-going (FUNDED) 12 - 42: | 9,262,324 |
| TOTAL Funded: | 11,120,035 |
| (OVER)UNDER Cash Goal: | 6,306 |
| LOW Scored-Over the Cash Goal (NOT FUNDED) 43 - 85: | 33,420,799 |

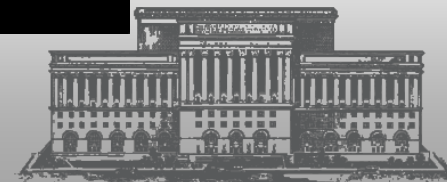
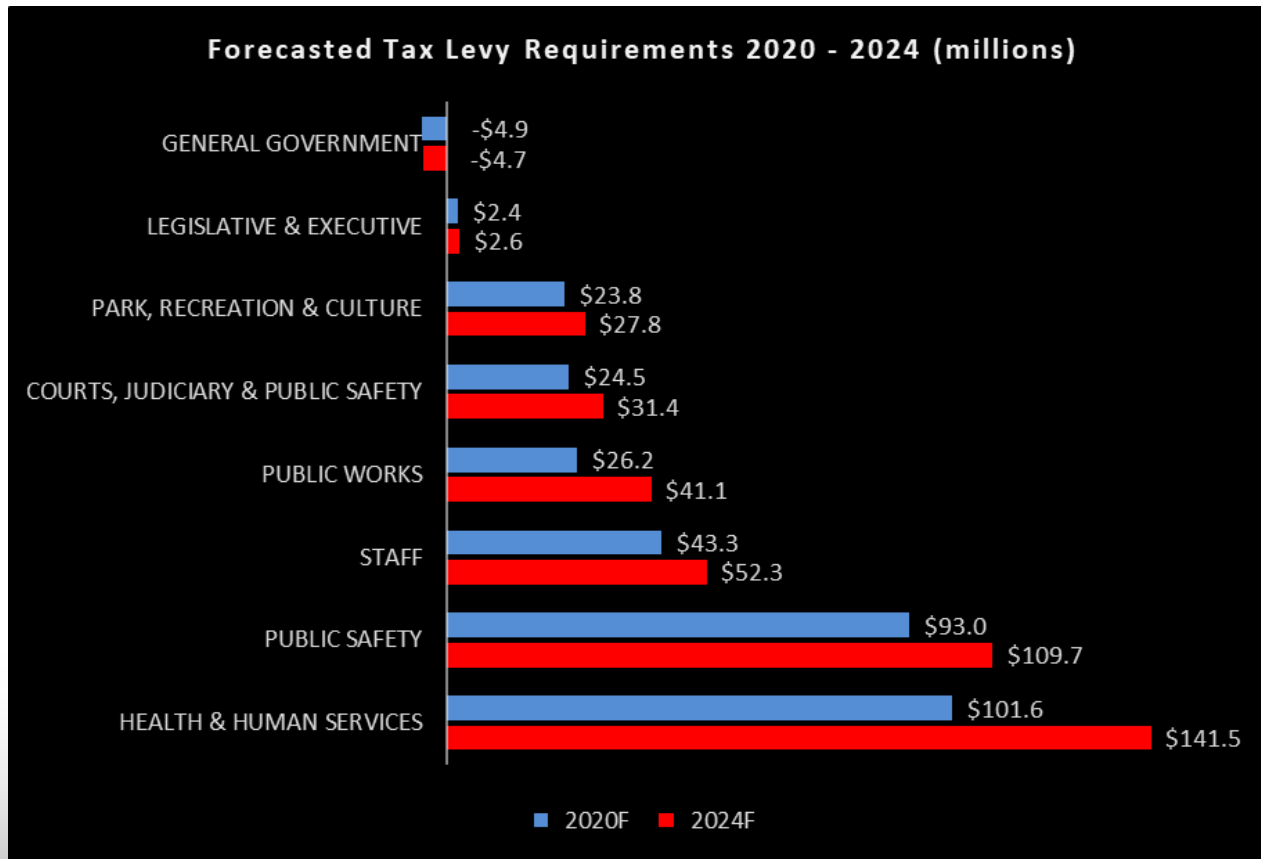
| Alpha-Numeric Scoring | | | | | | | |
|-----------------------|-------------|----|-------------|----|-------------|----|-------------|
| A1 | 56.9 - 48.1 | B1 | 36.6 - 29.1 | C1 | 18.8 - 15.2 | D1 | 11.3 - 10.2 |
| A2 | 48.0 - 43.1 | B2 | 29.0 - 24.1 | C2 | 15.1 - 12.7 | D2 | 10.1 - 8.9 |
| A3 | 43.0 - 36.7 | B3 | 24.0 - 18.9 | C3 | 12.6 - 11.4 | D3 | 8.8 - 7.5 |
| | | | | | | F1 | 7.4 - 3.7 |
| | | | | | | F2 | 3.6 - 1 |
| | | | | | | F3 | 0.9 - 0 |

| Item # | REQ DEPT | DEPT RANK | Project Number | Project Name | Mandated | Contractual | Continuing | 2022 County Financing | Cash/Bond Financing | A-F Grading | A-F ADJ Grading | Sub-Project Continues into Out-Years? | 2023 | 2024 | 2025 | 2026 | Total Out-Year Costs |
|--------|-------------|-----------|----------------|--|----------|-------------|------------|-----------------------|---------------------|-------------|-----------------|---------------------------------------|-----------|-----------|-----------|------|----------------------|
| 1 | DAS-FM-EE | 4 | WV04601 | WARNIMONT PARK GUN CLUB | YES | | YES | \$208,000 | CASH | C2 | A1 | NO | | | | | - |
| 2 | DAS-FM-EE | 1 | WV05601 | COUNTY-WIDE SANITARY SEWERS REPAIRS-2022 | YES | | | \$164,999 | CASH | C3 | A1 | NO | | | | | - |
| 3 | PARKS | 25 | WP69401 | OAK CREEK PARKWAY - S MKE MILL POND DAM | YES | | | \$283,681 | CASH | C3 | A1 | NO | | | | | - |
| 4 | WMC | 2 | W052401 | VETERANS GALLERY WINDOWS | | YES | | \$40,001 | CASH | C2 | A1 | YES | 313,000 | | | | 313,000 |
| 5 | WMC | 1 | W056201 | WMC SAARINEN STAIRS STUDY, DESIGN, MINOR REPAIRS | | YES | | \$100,023 | CASH | F2 | A1 | YES | | 780,000 | | | 780,000 |
| 6 | DAS-OPD | 1 | W018901 | COUNTYWIDE ADA REPAIRS-PHASE 3 | | | YES | \$286,749 | CASH | B2 | B2 | NO | | | | | - |
| 7 | DOT-HWY | 1 | WH24201 | NORTH SHOP IMPROVEMENT | | | YES | \$238,801 | CASH | B2 | A1 | NO | | | | | - |
| 8 | DOT-TRANSIT | 9 | WT13701 | KK MAINTENANCE BLDG ELECTRICAL SYSTEMS UPGRADES | | | YES | \$73,591 | CASH | B3 | A1 | NO | | | | | - |
| 9 | DOT-TRANSIT | 7 | WT12801 | CONCRETE YARD REPLACEMENT (KK GARAGE OFF-SITE) | | | YES | \$51,577 | CASH | B3 | A1 | NO | | | | | - |
| 10 | DA | 1 | W065401 | SECURITY BARRIERS - SAFETY BUILDING 6TH FLOOR DA | | | YES | \$235,668 | CASH | C1 | A1 | NO | | | | | - |
| 11 | DAS-FM-EE | 3 | WV05001 | LEAD PIPE LATERAL ASSESSMENT | | | YES | \$174,621 | CASH | C2 | A1 | NO | | | | | - |
| 12 | PARKS | 14 | WP65001 | PARKS DEMOLITIONS - PHASE 1 | | | | \$193,619 | CASH | B2 | B2 | NO | | | | | - |
| 13 | DAS-FM-FM | 19 | WC22801 | CH COMPLEX FACADE INSPECT & REPAIR-PHASE 4 | | | | \$147,290 | CASH | B3 | B3 | YES | 1,152,477 | | | | 1,152,477 |
| 14 | DOT-TRANSIT | 6 | WT15101 | BUILDING AUTOMATION SYSTEM HVAC SYSTEM UPGRADES | | | | \$19,771 | CASH | B3 | B3 | YES | 500,000 | | | | 500,000 |
| 15 | DAS-FM-FM | 4 | WS14101 | COGGS BUILDING FAÇADE RENOVATION-PHASE 1 | | | | \$1,551,426 | CASH | B1 | B1 | NO | | | | | - |
| 16 | DOT-TRANSIT | 3 | WT12201 | BUS MAINTENANCE PIT REPLACEMENTS (FDL GARAGE) | | | | \$184,226 | CASH | B2 | B2 | NO | | | | | - |
| 17 | DAS-FM-FM | 6 | WC22701 | CH - ELEVATOR MODERNIZATION | | | | \$585,174 | CASH | B3 | B3 | YES | | 2,300,000 | 2,300,000 | | 4,600,000 |





Cost-to-Continue - Expenditures

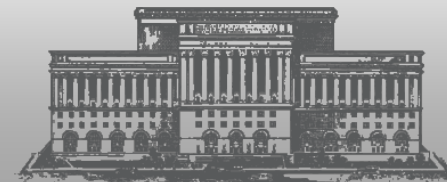




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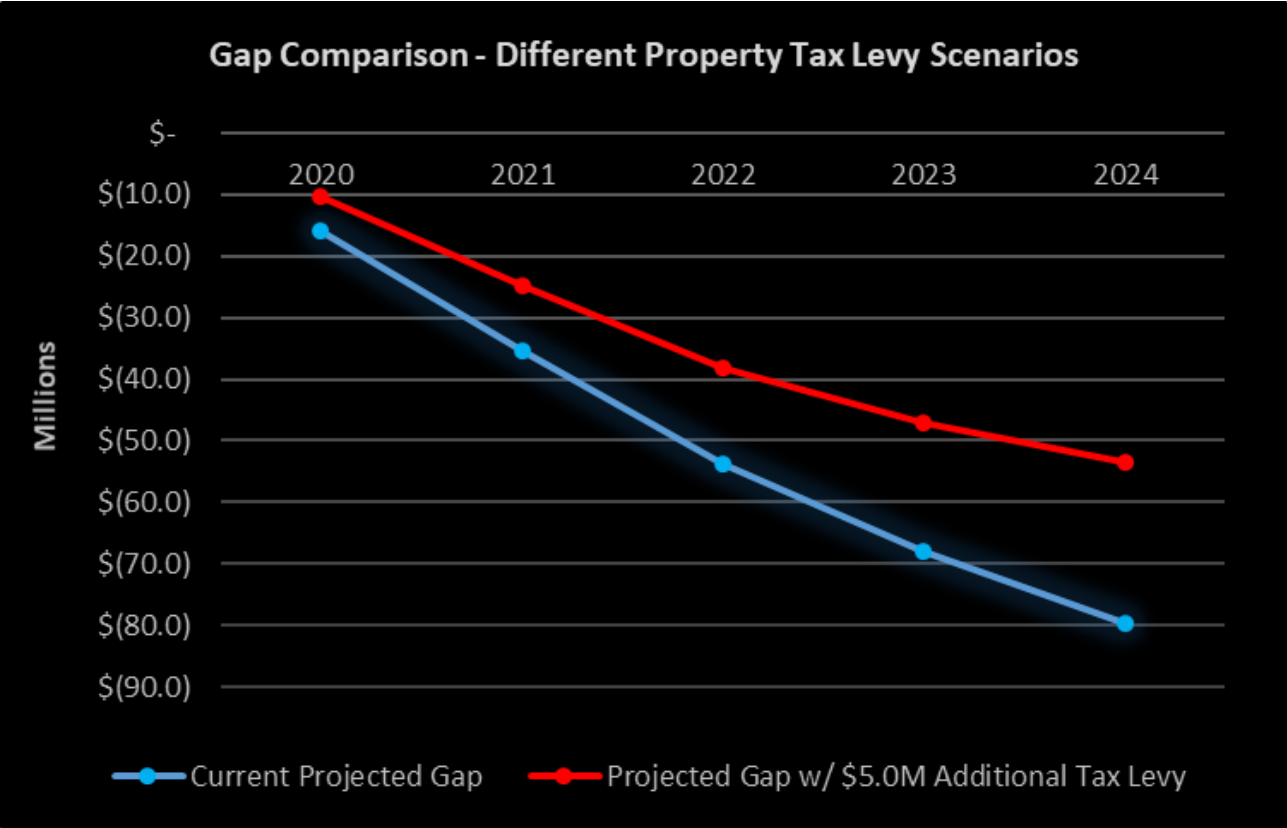
Impact of Additional Revenue

| | Current - No Changes | | | Add \$16.0 M New Revenue | | | Add \$16.0 M New Revenue & Increase Growth by 1.0% | | |
|------|-----------------------|---------------------------|------------------|--------------------------|---------------------------|------------------|--|---------------------------|------------------|
| | 0.99% | 2.39% | | 0.99% | 2.39% | | 1.99% | 2.30% | |
| | Revenue (Millions) | Expenditure (Millions) | Cost-to-Continue | Revenue (Millions) | Expenditure (Millions) | Cost-to-Continue | Revenue (Millions) | Expenditure (Millions) | Cost-to-Continue |
| | 0.99% | 2.39% | | 0.99% | 2.39% | | 1.99% | 2.30% | |
| 2020 | 1,073 | 1,089 | \$ 16.0 | 1,089 | 1,089 | 0.0 | 1,089 | 1,089 | 0.0 |
| 2021 | 1,084 | 1,115 | \$ 15.4 | 1,100 | 1,115 | 15.3 | 1,111 | 1,114 | 3.3 |
| 2022 | 1,095 | 1,142 | \$ 15.9 | 1,111 | 1,142 | 15.8 | 1,133 | 1,140 | 3.5 |
| 2023 | 1,106 | 1,169 | \$ 16.5 | 1,122 | 1,169 | 16.3 | 1,156 | 1,166 | 3.6 |
| 2024 | 1,117 | 1,197 | \$ 17.0 | 1,133 | 1,197 | 16.9 | 1,179 | 1,193 | 3.8 |
| 2025 | 1,128 | 1,226 | \$ 17.6 | 1,144 | 1,226 | 17.4 | 1,202 | 1,220 | 3.9 |
| 2026 | 1,139 | 1,255 | \$ 18.2 | 1,156 | 1,255 | 18.0 | 1,226 | 1,248 | 4.1 |
| 2027 | 1,150 | 1,285 | \$ 18.7 | 1,167 | 1,285 | 18.6 | 1,251 | 1,277 | 4.3 |
| 2028 | 1,162 | 1,316 | \$ 19.4 | 1,179 | 1,316 | 19.2 | 1,276 | 1,307 | 4.4 |
| 2029 | 1,173 | 1,348 | \$ 20.0 | 1,191 | 1,348 | 19.8 | 1,301 | 1,337 | 4.6 |





Impact of Additional Levy





Conclusion

- Annual inflationary cost increases will not be offset by projected revenue increases.
- Every one-time revenue or expenditure abatement will have a negative impact on the following year's structural deficit.
- More meaningful discourse on a long-term sustainable strategy to match revenue and expenditure growth is needed.
- Meaningful discourse on a sustainable strategy to utilize one-time funds, such as ARPA, to both assist County with its financial issues and assist the community with COVID-19 recovery and future growth.

