

LRB – FISCAL REVIEW SECTION ANALYSIS

FINANCE & PERSONNEL COMMITTEE

ITEM 13, FILE 011254

JANUARY 16, 2002

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File #011254 is a resolution relating to the expenditure of funds to be reimbursed by greater than anticipated revenue by the Port of Milwaukee.

Background and Discussion

1. This resolution authorizes the Port of Milwaukee to expend an additional \$125,000 in funds due to unanticipated expenses for retention of legal services relating to negotiations for the renewal of the Summerfest property lease. The lease resulted in 2001 revenues for the Port of Milwaukee being greater than anticipated.
2. Legal activities for negotiation of the renewal of the Summerfest property lease included:
 - *Consultation and attendance in meetings, conferences, telephone conversations, correspondence and press releases with Harbor commissioners, City officials and representatives, DNR, Summerfest board, WEPCO, television and newspaper media*
 - *Analysis, review and preparation of financial data and reports for revenue, cash flow, sales, estimates, computations, projections, statements, schedule, reconciliation, financing, and comparisons*
 - *Details for capital improvements, lake state park, environmental, underwriting, children's play area, projects, easement, site development, DBE, by-laws, access, facilities, rent schedule*
 - *Analysis, research, proposal, preparation, review and revision of the lease procedures, terms, language, provisions*
3. As of this date, legal services negotiation payments for the Summerfest lease for 2000 and 2001 include \$79,437 for 2000 and \$85,471 for 2001 for a total of \$164,909. The payments resulted in a funding shortfall in the Port other operating accounts.
4. The remaining major pending issue related to the Summerfest lease is the environmental investigation of soil and removal. The consultants are Giles Engineering and the preliminary cost estimate is \$60,000. An action plan has to be approved by the State DNR. The department's 2002 Adopted Budget for consultants is \$130,000 in the Professional Services account.

Fiscal Impact

1. The total costs of this appropriation is \$125,000 in funds due to the unanticipated expenses for legal services retained during negotiations for the renewal of the Summerfest property lease.
2. It is anticipated that the revenue for the Port of Milwaukee will result in \$3.2 million in revenue for 2001, approximately \$1 million higher than the budgeted \$2.2 million for 2001. This is primarily due to increase in revenues from the negotiated Summerfest lease and excess funds will be appropriated for 2001 expenditures.

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LRB – Fiscal Review Section
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