



City of Milwaukee Fiscal Impact Statement

A **Date** 2/3/2025 **File Number** 241509 **Original** **Substitute**

Subject Resolution authorizing a tax-exempt lease purchase agreement to finance energy efficiency and solar energy projects at various city facilities

B **Submitted By (Name/Title/Dept./Ext.)** Erick Shambarger/Environmental Sustainability Director/Environmental Collaboration Office/Dept. of Administration

C **This File**

- Increases or decreases previously authorized expenditures.
- Suspends expenditure authority.
- Increases or decreases city services.
- Authorizes a department to administer a program affecting the city's fiscal liability.
- Increases or decreases revenue.
- Requests an amendment to the salary or positions ordinance.
- Authorizes borrowing and related debt service.
- Authorizes contingent borrowing (authority only).
- Authorizes the expenditure of funds not authorized in adopted City Budget.

D **Charge To**

- Department Account
- Capital Projects Fund
- Debt Service
- Other (Specify) \$1.8 million funded through a Tax-exempt Lease purchase, repaid as an annual lease payment in affected department's operating budget, with off-setting energy and operational savings.
- Contingent Fund
- Special Purpose Accounts
- Grant & Aid Accounts

	Purpose	Specify Type/Use	Expenditure	Revenue
E	Salaries/Wages		\$0.00	\$0.00
			\$0.00	\$0.00
	Supplies/Materials		\$0.00	\$0.00
			\$0.00	\$0.00
	Equipment		\$0.00	\$0.00
			\$0.00	\$0.00
	Services	Contract with Johnson Controls, Inc. for various energy efficiency and solar energy projects on City buildings	\$2,605,746.00	\$0.00
				\$0.00
	Other	One time tax credits	\$0.00	\$575,270.00

	20 year energy operating savings	(\$3,047,151.00)	\$0.00
TOTALS		(\$441,405.00)	\$575,270.00

F Assumptions used in arriving at fiscal estimate. Assumes implementation and financing expenses at a rate of 5%-to 5.5% for 20 years.

G For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

1-3 Years 3-5 Years One time Solar direct-pay tax credits and incentives of approximately 75,277

1-3 Years 3-5 Years 20 Annual lease payments of \$140,791-\$153,437 depending on interest rate and whether tax credits are used to pre-pay the lease principal

1-3 Years 3-5 Years \$152,357 in electrical and operating savings, including energy price escalation

H List any costs not included in Sections D and E above. E excludes interest payments

I Additional information. See cashflow estimates in file 241332. Per Comptroller estimates, using 4% interest rate for contingent borrowing over 15 years has \$20,000-\$40,000 higher annual payments but is \$635,106 cheaper overall, compared to a 5.5% lease over 20 years, without using the tax credit to pre-pay the debt. The Net Present Value of contingent borrowing at a 5% discount rate is \$191,442 less than the lease..

J This Note Was requested by committee chair.