

**LRB – FISCAL REVIEW SECTION ANALYSIS**

**FINANCE AND PERSONNEL COMMITTEE**

**ITEM 81, FILE 010238**

**JUNE 13, 2001**

**ANGELYN WARD**

File #010238 is a resolution reserving up to \$50,000 in appropriation from the Common Council Contingent Fund for the Maintenance of Essential Utility Services Special Purpose Account by the Department of Neighborhood Services.

**Background and Discussion**

1. This resolution reserves up to \$50,000 in the 2001 Common Council Contingent Fund to supplement the Maintenance of Essential Utility Service Special Purpose Account under control of the Department of Neighborhood Services to cover unanticipated costs related to the correction of emergency situations in residential units.
2. The Maintenance of Essential Utility Services, Special Purpose Account (SPA) provides the Department of Neighborhood Services (DNS) with the funding needed to make repairs and/or provide maintenance of equipment that constitutes a substantial threat to the health and safety of property of the citizens of Milwaukee, such as furnace, electrical or plumbing repairs. The department makes these repairs only after the owners have been informed of the conditions and do not correct them.
3. Expenditures from the SPA are affected by the failure of property owners to maintain essential services, increased costs of material or utilities used to improve housing, and/or cold weather conditions. The costs of the repairs are charged to owners and put on owners' tax bills. Therefore, funds in this SPA are 100% offset through property tax-generated revenues.
4. Presently, the Maintenance of Essential Utility Services SPA has a balance of \$2,342.93 as of June 6, 2001 from the allocated 2001 Budget of \$75,000 for activity from January through May 2001. The request of \$50,000 from the 2001 Contingent Fund is to provide funding for additional unexpected requests for heating, plumbing, electrical and laterals repairs.
5. The following chart provides the annual allocation and expenditure activity in this SPA since 1995:

<b>Year</b>	<b>Budgeted</b>	<b>Expenditure</b>	<b>% of Allocation Expended</b>
1995	\$85,000	\$ 56,317	66%
1996	\$85,000	\$ 40,770	48%
1997	\$65,000	\$ 29,070	45%
1998	\$65,000	\$108,095	166%
1999	\$55,000	\$ 62,856	82%
2000	\$75,000	\$ 66,897	89%
2001	\$75,000	\$ 72,746.31	97%

6. During the first 5 months of 2001, there were a total of 27 repairs compared to 19 repairs for the same time in 2000. The following chart shows the number of repairs and expenditures for the first five months of 2001, 2000 and all of 2000.

REPAIRS	1/01 – 5/01	# of Items	1/00- 5/00	# of Items	1/00 – 12/00	# of Items
Construction	\$ 2,310.00	1	\$ 258.00	2	\$ 258.00	2
Electrical	-	-	\$ 375.00	1	\$ 2,210.00	4
Heating	\$12,075.31	8	\$ 8,000.25	8	\$ 22,619.21	25
Lateral	\$51,420.00	10	\$10,900.00	4	\$ 22,740.00	7
Plumbing	\$ 6,941.00	8	\$ 4,420.00	5	\$ 19,172.00	19
<b>Total</b>	<b>\$72,746.31</b>	<b>27</b>	<b>\$23,935.25</b>	<b>19</b>	<b>\$ 66,897.21</b>	<b>57</b>

In viewing the chart for 2001,

- **Heating** – the number of repairs in 2001 are the same during the same period in 2000, but the amount spent is \$3,075.06 more than 2000 for the same period;
  - **Construction** – the one repair in 2001, exceeded the amount spent for the entire year of 2000.
  - **Lateral** – the repairs/replacements for 2001 more than doubled in the first 5 months in 2000, and has exceeded the amount spent for the entire year of 2000, by \$28,680;
  - **Plumbing** – the number of repairs for 2001 exceeds 2000 by 3 for the same period and exceeds the amount spent in 2000 for the same period by \$2,521.
7. Through File #981494, adopted in February 1999, \$15,000 was appropriated from the 1998 Contingent Fund to supplement the 1998 SPA due to unanticipated expenses related to plumbing repairs resulting from flooding in Milwaukee in July 1998.
8. Through File #991310, adopted December, 1999, \$20,000 was appropriated from the 1999 Contingent Fund to supplement unanticipated expenses. The expenses related to repair and/or replacement of 5 sewer laterals, due to the age of the infrastructure components and the seasonal cold weather for emergency requests for repairs to furnaces, boilers and plumbing.

**Fiscal Impact**

1. As of June 6, 2001, the Maintenance of Essential Utility Services SPA had a balance of \$2,342.93. The 2001 Contingent Fund has an available balance of \$4,861,128.04 according to FMIS, June 11, 2001.
2. This resolution appears to fit the “Emergency Circumstances” and “Obligatory Circumstances” categories of the guidelines adopted in Resolution #921360. If approved, a Contingent Fund appropriation of \$50,000 would be transferred into the SPA to pay for obligations which incurred in this account.
3. Since expenditures from this SPA are 100% offset from property tax generated revenues, the City will ultimately be reimbursed for these expenditures.

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