

.COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: May 16, 2024

TO: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

FROM: Joe Lamers, Director, Office of Strategy, Budget & Performance

SUBJECT: From the Director, Office of Strategy, Budget & Performance, Requesting Authorization to Reallocate Tax Levy and Federal American Rescue Plan Act (ARPA) Revenue and Expenses and Revise Approved ARPA Project Budgets and Spending Periods

REQUEST

The Office of Strategy, Budget and Performance (SBP) requests authorization to reallocate and realign up to \$28,091,983 of ARPA State and Local Fiscal Recovery Funds (SLFRF) and tax levy funds. The realignment is proposed to ensure that the County meets all ARPA obligation and expenditure deadlines. ARPA funds must be fully obligated by the end of 2024 and fully spent by the end of 2026. This item also revises the project spending period and fund authorization amounts for all ARPA SLFRF projects approved by the Milwaukee County Board of Supervisors until the end of 2026.

POLICY

Milwaukee County Board file 21-555: "A resolution to create a Task Force to review and recommend funding allocations to the Milwaukee County Board of Supervisors for monies received by the County in the Federal American Rescue Plan Act of 2021"

BACKGROUND

Milwaukee County directly received \$183.7 million in federal ARPA SLFRF. The Milwaukee County Board of Supervisors approved 73 projects and fully allocated 100% of its ARPA aid (\$183,696,190) in 2023. The U.S. Department of the Treasury (Treasury) requires Milwaukee County to obligate all ARPA funds by December 31, 2024 and fully expend funds by December 31, 2026.

As of May 15, 2024, \$124,200,970 or 68% of Milwaukee County's ARPA SLFRF allocation has been reported obligated to the Treasury. ARPA-approved projects typically reach the point of obligation after a vendor contract has been awarded or an expenditure has been incurred. Approximately 32% of ARPA project allocations have not yet been obligated for a variety of reasons which include, but are not limited to:

- A Request for Proposal process is underway but a contract has not yet been awarded;
- Planning and design for a capital project is underway but construction contracts have not yet been awarded; or
- Project expenditures are incurred through a "fee-for-service" delivery model whereby obligations and expenditures are not recognized until a payment is made.

To ensure compliance and reach 100% obligation by the federal deadline, this report recommends:

- A. Funding approved ARPA projects with tax levy revenue and reallocating tax levy expenditures to ARPA revenue in an equivalent amount (up to \$28,091,983);and
- B. Reallocating \$1,740,000 of ARPA funds across existing ARPA-approved projects; and,
- C. Revising spending period dates to December 31, 2026 so projects can successfully reach their intended outcomes within the time allotted by SLFRF.

The penalty for not meeting the obligation and expenditure requirements would include the return of unobligated and unexpended funds to the federal government.

In September 2023, this reallocation strategy was authorized by the Milwaukee County Board of Supervisors in File [23-808](#) and applied \$11.7 million in public health and safety payroll costs to ARPA revenue. Tax levy was applied to eight ARPA-enabled projects, which had a net total tax levy impact of \$0.

Administration recommends expanding this strategy to use public health and safety operational costs to further obligate ARPA funds and allow tax levy funds to support implementation of ARPA-funded projects to reduce timeline restrictions in 2024 and beyond. Projects that are recommended to apply tax levy funding are those at-risk of not being obligated by Treasury's deadline. This largely includes capital projects in the planning and design phase, projects that need additional time to execute a contract, or projects that have a fee-for-service payment structure which can't obligate funds in Milwaukee County's internal accounting system in fiscal years 2024-2026. Utilizing tax levy funding for projects that are not fully obligated allows Milwaukee County to flexibly implement Board-approved projects as intended while meeting Treasury obligation deadlines with minimal risk, avoiding a reduction in funding.

SBP and the Office of the Comptroller (OoC) collected program updates, obligation progress data, and updated budget estimates to inform the recommendations for reallocating project funds as demonstrated in Tables A & B. Through this process, \$1,740,000 was identified for reallocation to existing ARPA-approved projects. Availability of funds resulted from project budget changes that involved:

- Underspending of authorized ARPA funds as projects were concluded and closed;
- Personnel funds that were no longer needed for project implementation; and
- Project scope changes which caused a reduction in funds needed. For example, the Clinton & Bernice Rose Fire Separation project did not need full project funding to become code compliant per the study, resulting in an updated budget of \$68,369 and a surplus of \$410,150.

Administration recommends the following increases to ARPA-approved project budgets:

- \$1,000,000 for Milwaukee County to support affordable housing development within the County. File [22-702](#) allocated a total of \$15 million of Milwaukee County's ARPA allocation has been dedicated to affordable housing to date. The Department of Health and Human Services (DHHS) has identified plans to fully utilize this allocation to support development of affordable housing projects throughout Milwaukee County. This additional \$1 million adds capacity to meet demand for additional affordable housing.

- \$500,000 for DHHS to administer ARPA funds and projects until December 31, 2026. File [23-234](#) allocated funds for DHHS to administer over 20 ARPA-funded projects that are expected to continue into 2026. In some instances, allocations for these projects did not include funding for administrative and staffing costs in 2025 and 2026. This allocation is intended to fill that gap and allow for the successful completion of all ARPA projects administered by DHHS.
- \$200,000 for Milwaukee County’s Climate Action Plan and to further the installation of lighting upgrades. File [22-389](#) allocated \$2.1 million in ARPA funds to launch a lighting and jobs program in Milwaukee County and develop the County’s carbon neutrality plan. The Department of Administrative Services (DAS) has identified a contractor that is currently working on lighting upgrades across seven County facilities. DAS estimates the projects will reduce energy usage by approximately 12 percent. Additionally, the program is providing hands-on training and job experience for up to four Youth Apprentices. This additional \$200,000 is intended to provide lighting upgrades at two additional County facilities.
- \$40,000 for the Office of Emergency Management to upgrade and replace Milwaukee County tornado sirens. File [22-977](#) included an allocation of \$1.7 million to upgrade and replace tornado sirens. During the planning for this project, the Office of Emergency Management identified \$40,000 of unfunded permitting costs.

The tables below detail the described changes in revenue source and total budget by project.

Table A: Reallocation of ARPA Revenue to Property Tax Levy

BUDGET	PROJECT	ARPA	TAX LEVY
OPERATING	Public Safety & Public Health Operational Costs	28,091,983	(28,091,983)
CAPITAL	WY011802 - Medical Examiner Case Management Software	(1,154,160)	1,154,160
CAPITAL	WY012303 - King Community Center Building Exterior Improve	(1,251,100)	1,251,100
CAPITAL	WY012304 - Boat Launch Electronic Pay Stations	(17,024)	17,024
CAPITAL	WY012305 - Parks Golf Course Irrigation and Cart Path Construction	(2,037,499)	2,037,499
CAPITAL	WY012306 - Parks Conversion to Bicycle and Pedestrian Trail	(2,364,697)	2,364,697
CAPITAL	WY012307 - Parks System Wide Steam Boiler Replacements	(817,091)	817,091
CAPITAL	WY045601 - Clinton Rose Facade Upgrade	(1,348,518)	1,348,518
CAPITAL	WY045602 - Wilson Senior Center Access Lighting	(232,380)	232,380
CAPITAL	WY045603 - Washington Senior Center Access Lighting	(244,627)	244,627
CAPITAL	WY045605 - General Aging Senior Center Projects	(235,978)	235,978
CAPITAL	WY0625 (multiple) - Purchase & Replace Kitchen Equipment & Traying Station in Correction Facilities	(341,955)	341,955
CAPITAL	WY0625 (multiple) - Climate Action Plan & Lighting Upgrades	(501,173)	501,173
CAPITAL	WY062508 - Courthouse Complex Security Technology	(2,885,605)	2,885,605
CAPITAL	WY062509 - Lake Michigan Bluff Repairs	(6,518)	6,518
CAPITAL	WY0726 (multiple) - Digital Transformation - Projects	(5,672,430)	5,672,430

BUDGET	PROJECT	ARPA	TAX LEVY
CAPITAL	WY082602 - Zoo Point of Sale System	(1,938,767)	1,938,767
CAPITAL	WY085401 - MCDOT Fleet Management Bldg Solar PV System	(46,360)	46,360
OPERATING	1AR33 - Childhood, Youth, and Family Services (CYFS) and Community Continuum Expansion	(198,032)	198,032
OPERATING	1AR05 - Credible Messenger Program	(770,476)	770,476
OPERATING	1AR03 - COVID-19 Mitigation	(81,342)	81,342
OPERATING	1AR56 - Flexible Housing Subsidy Pool	(782,826)	782,826
OPERATING	1AR34 - Girls Programming & Programming for Special Populations in CYFS	(621,718)	621,718
OPERATING	1AR23 - Milwaukee County ARPA Evaluation	(3,599,128)	3,599,128
OPERATING	1AR08 - Trauma Response Program	(942,579)	942,579
	Net Total Tax Levy Allocation:	-	-

Table B: Reallocation of Budget Authority to Existing Projects

BUDGET	PROJECT	Budget Increase	Budget Decrease	Revised Project Budget
CAPITAL	WY010701 - OEM Tornado Sirens	40,000	-	1,705,283
CAPITAL	WY011801 - Medical Examiner Mass Spectrometer	-	-51,695	498,305
CAPITAL	WY012304 - Boat Launch Electronic Pay Stations	-	-6,300	63,000
CAPITAL	WY045601 - Clinton Rose Facade Upgrade	-	-538,658	1,460,062
CAPITAL	WY045604 - Clinton Rose Center Multipurpose Room Fire Separation	-	-410,150	68,369
CAPITAL	WY072601 - Milwaukee County Digital Transformation Initiative	-	-1,869	498,131
CAPITAL	WY082602 - Zoo Point of Sale System	-	-176,252	1,762,515
CAPITAL	WY0625 (multiple) - Climate Action Plan & Lighting Upgrades	200,000	-	2,371,566
OPERATING	Reducing Medical Debt	-	-88	0
OPERATING	1AR10 - Emergency Health & Healing Campaign	-	-5,249	229,550
OPERATING	1AR40 - Access to Mental Health Care	-	-12,731	396,100
OPERATING	1AR39 - Acts Homeownership Acquisition Fund	-	-12,488	2,571,500
OPERATING	1AR25 - Affordable Housing Development	1,000,000	-	16,000,000
OPERATING	1AR29 - Comptroller's Office Audit Costs	-	-62,801	40,000
OPERATING	1AR37 - Department of Health and Human Services ARPA Administrative Support	500,000	-	1,396,500
OPERATING	1AR03 - COVID-19 Mitigation	-	-403,216	2,605,215

BUDGET	PROJECT	Budget Increase	Budget Decrease	Revised Project Budget
OPERATING	1AR36 - Milwaukee Diaper Mission	-	-7,301	174,340
OPERATING	1AR41 - Mental Health Clinic for Youth & Young Adults	-	-4,149	196,375
OPERATING	1AR45 - MENTOR Greater Milwaukee - Building Mentoring Mindsets	-	-4,500	258,000
OPERATING	1AR24 - Milwaukee Market Match	-	-7,800	1,092,200
OPERATING	1AR48 - Procurement Administrative Support	-	-34,753	228,891
	Net TOTAL:	1,740,000	(1,740,000)	

For projects to be successful, Administration recommends extending all ARPA-approved project timelines to December 31, 2026, to ensure program outcomes are met successfully. Some of the previously approved resolutions for ARPA funded projects had identified an end date prior to 2026. This report and resolution authorize all ARPA-funded projects to continue until the end of 2026 as allowable. Many projects will be completed and closed sooner, but this revision provides a 2026 timeline authorization if necessary.

There are two projects, the Flexible Housing Subsidy Plan and the Milwaukee Market Match, that require updates to the resolutions approved by the Milwaukee County Board of Supervisors.

- The Flexible Housing Subsidy resolution [21-861](#), does not provide authority for Milwaukee County to execute a contract with service providers. Therefore, Administration requests authorization for Milwaukee County to enter into contracts with service providers.
- The Milwaukee Market Match resolution [22-597](#), authorizes \$316,643 for DHHS to administer the program. Administration requests \$85,395 of the \$316,643 authorized to be allocated to the Fondy Food Center.

The allocation for the COVID-19 mitigation category is reduced by \$403,236 as shown above in Table B. Remaining funds in this category are to maintain support for ongoing vaccine costs and COVID-19 testing in congregate settings and to support the Milwaukee Area Safe Streets Task Force (MASST). The MAAST project was approved through the COVID-19 Mitigation subgroup and will utilize tax levy funds of \$81,432 which is reflected in Table A.

SBP and OoC will continue to monitor project obligation progress to ensure Milwaukee County's SLFRF funds are fully obligated by Treasury's deadline. If there are projects that are at-risk of obligating the remaining funds, SBP will submit an additional reallocation recommendation. It is currently expected that a future reallocation would be submitted to the Milwaukee County Board of Supervisors in September 2024. This will include closing the COVID-19 Mitigation Expenditure Category, reallocating any unused funds, and addressing any remaining funds which have not yet been obligated.

RECOMMENDATION

The Administration recommends authorizing the transfer of up to \$28,091,983 in tax levy expenditures to federal ARPA State and Local Fiscal Recovery Funds (SLFRF). The Administration also recommends granting fund authorization of tax levy revenue totaling up to \$28,091,983 for approved ARPA projects. Administration recommends reallocating \$1,740,000 of ARPA SLFRF funds across ARPA-approved projects. Lastly, it is recommended to extend the project spending period for all approved projects to December 31, 2026.

FISCAL EFFECT

These actions will have a net total tax levy impact of \$0.

PREPARED BY:

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ALIGNMENT TO STRATEGIC PLAN

Describe how the item aligns to the objectives in the strategic plan:

- 3A: Invest “upstream” to address root causes of health disparities
- 3B: Enhance the County’s fiscal health and sustainability
- 3C: Dismantle barriers to diverse and inclusive communities