

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: July 9, 2020

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

FROM: Shakita LaGrant, Interim Director, Department of Health and Human Services
and Department on Aging
Prepared by: Mark Mertens, Division of Youth & Family Services Administrator

SUBJECT: **An informational report from the Director, Department of Health and Human Services, providing an update to Wisconsin Act 185**

Background

Over the past few years, the County Executive and Milwaukee County Board have been working with key stakeholders to address the crisis at Lincoln Hills and Copper Lake and have embraced policies surrounding the creation of a local alternative option for Milwaukee County youth to be placed in a safe environment, closer to home.

In March 2018, the Wisconsin State Legislature adopted Act 185 paving the way for the development of local alternatives to Lincoln Hills and Copper Lake. Act 185 directs the closure of Lincoln Hills and Copper Lake for use as youth correctional facilities by July 1, 2021 and authorizes County-operated Secured Residential Care Centers for Children and Youth (SRCCCYs). Under Act 185, the Wisconsin Department of Corrections (DOC) maintains supervision over youth with adult court sentences and youth in the Serious Juvenile Offender Program (SJOP), but the supervision of youth under other correctional placements is now transferred to the counties. As part of Act 185, the State is required to build Type 1 facilities for the SJOP placements.

In late June 2019, the Legislature passed AB188/SB168 which amended Act 185 and extended the deadline for the closure of Lincoln Hills and Copper Lake from January 1, 2021 to July 1, 2021. The amendments also pushed out the deadline to October 1 as the date by which the Juvenile Corrections Grant Committee must make recommendations and establish a Wisconsin Model of Youth Justice Statewide Plan.

The original Act 185 legislation included \$40 million to counties for the planning and construction of SRCCCYs. The 2019-2021 Adopted State Budget increased this allocation by \$40 million for a total of \$80 million in State bonding. Per Act 185, the State is to fund 95 percent of the design and construction of SRCCCYs with counties contributing the remaining 5 percent. Grants are to cover 100 percent of the design and construction of facilities for girls.

Eligible construction costs under Act 185 include new construction as well as the renovation of an existing structure. To qualify for the funds, counties were required to submit a grant application to the Grant Committee by July 1, 2019. The original deadline in Act 185 of March 31, 2019 was amended by the Legislature as part of AB188/SB168.

In order to meet the original March 31 deadline, DHHS submitted an application, approved by the County Board (File No. 19-236), which reflected the construction of a new facility at an estimated cost

of \$41 million. It wasn't until mid-June that the DOC released the application for the July 1 submittal. DHHS then revised its application for submittal by the July 1 deadline. As discussed in its September 2019 report (File No. 19-23), based on a request from the Grant Committee that counties identify cost-saving proposals due to a significant gap in available funding, DHHS revised its original proposal and submitted two options on September 9. Option A involved the renovation of Vel Phillips and leased beds in the community and Option B reflected the renovation of Vel Phillips only. Both options were anticipated to cost the same at \$24,858,203 – the State portion of which was expected to be \$23,615,293 based on the 95 percent cost share. This overall cost is dramatically lower than the previous estimate of \$41 million.

On October 1, 2019, the Grant Committee recommended Milwaukee County's proposal along with the proposals from Dane, Brown and Racine Counties to the State Legislature's Joint Committee on Finance (JCF) as part of the Wisconsin Model of Youth Justice. Per Act 185, the Grant Committee is required to submit this plan for approval to JCF. The amount approved by the Grant Committee of nearly \$111 million is about \$31 million more than the State's appropriation of \$80 million for the construction of the SRCCCYs.

JCF Grant Award Approval

On Feb. 12, JCF met to approve the grant proposals and address the funding gap. In order to close this gap, JCF redirected \$22.6 million in funding for the State Type 1 facilities to SRCCCYs. This left a gap of about \$8.4 million which was taken from Milwaukee County's proposal. No other county received a reduction to its grant amount. Please see the chart below:

<u>Grant Committee Recommendations</u>	State Grant
Brown	\$40,880,400
Dane	\$6,461,306
Racine	\$40,000,000
Milwaukee	<u>\$23,615,293</u>
Total	\$110,956,999
State Budget Allocation for SRCCCYs	(\$80,000,000)
Redirect funding from State Type 1s	<u>(\$22,556,999)</u>
Total Available State Budgeted Funding	(\$102,556,999)
Remaining Gap	\$8,400,000
<i>JCF Cut Approved for Milwaukee County</i>	<i>(\$8,400,000)</i>
Milwaukee County Revised Grant Amount	\$15,215,293

On Feb. 27, the State Building Commission approved the release of the funding recommended by JCF.

Revised Scope & Cost Estimate

Based on the reduction to Milwaukee County's grant award by JCF, the Milwaukee County SRCCCY facility design team has developed a new conceptual plan, program and cost estimate for the Vel Phillips renovation and expansion. The revised scope holds the same planned 32-bed capacity for the SRCCCY as the previous design. This is accomplished by renovating the space currently occupied by the existing Milwaukee County Accountability Program (MCAP) plus providing a building expansion with just twelve new beds. MCAP is a separate program housed within the Detention Center at Vel Phillips which would no longer exist once the SRCCCY was established.

A summary of the plan revisions compared to the original Option B submitted last summer includes:

- Retaining the 32-bed program capacity but reducing the number of living units from 4 to 3
- Majority of the medical facilities would be retained
- Majority of the educational facilities would be retained
- Significant reductions to the renovation of existing spaces
- Revision to the food program to reflect elimination of onsite food preparation

The revised estimated total project cost is \$17.9 million. After applying the State grant amount of \$15.2 million which covers 85 percent of the cost, the county's obligation is about \$2.7 million or 15 percent of the cost. Currently, there is nearly \$900,000 in the existing capital budget which leaves a net outstanding amount of \$1.8 million.

Total Cost	\$ 17,890,788	% Share of Cost
State Grant	(15,215,293)	85%
Milwaukee County Net Cost	2,675,495	15%
Apply Balance Remaining in Project	(900,470)	
Additional Amount Required	\$ 1,775,025	

Current Unknowns

The original closure date for Lincoln Hills is July 1, 2021. However, the State has not identified its plan for the construction of Type 1 facilities and no longer has the funding available to construct these facilities since it transferred \$22.6 million of its Type 1 funding to the SRCCCYs to close the funding gap. Given that the timeframe for closing Lincoln Hills is about a year away and there is no plan, the closure of Lincoln Hills no longer appears feasible. This uncertainty impacts the county's ability to move forward on its project.

Further, prior to receiving any funding, each county must enter into a grant agreement and use restriction agreement with DOC. At this time, DOC has not provided these documents to counties nor offered guidance or a timeframe as to when these agreements would need to be approved.

Project Update

Since the June County Board cycle, there are no new updates to report regarding the progress of the project.

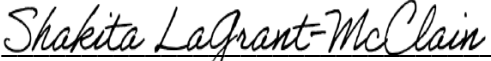
At the June Health and Human Needs Committee meeting, Sup. Ryan Clancy requested information on the cost for providing onsite meal preparation for the new SRCCCY. Onsite meal planning and a kitchen buildout was contemplated as part of the design for the initial versions of the SRCCCY. However, this cost had to be eliminated in order to remain within the reduced budget as a result of the \$8.4 million cut received by Milwaukee County from the Joint Committee on Finance. The estimated cost for space modification, finishes, equipment and utensils is \$500,000. In addition, the food contract was estimated to be about \$5 per meal including snacks which assumed higher quality and cafeteria style dining.

Next Steps

Pending receipt of the grant agreement from the State, the SRCCCY Steering Committee will convene to review the revised conceptual design and make recommendations to the County Executive and County Board for next steps.

Recommendation

This report is informational and no action is required.



Shakita LaGrant, Interim Director

Department of Health and Human Services and Department on Aging

cc: County Executive David Crowley
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