

**DHHS ARPA Request for Marcia P. Coggs Human Services Center
Question & Answer Response (Refer to File 21-1110)**

Revised

1) What is the justification for dedicating 20% of the county's total ARPA allocation to this project?

We believe that the significance of this request is consistent with the scope and scale of the Department of Health and Human Services. Human Services is the single largest functional area of the county's operating budget representing about 35% of the total 2022 budget. By comparison, the human services area reflects 0% of the county's 2022 capital budget.

In addition, DHHS comprises 21% of the county's total workforce. The plans for the project include space for the majority of these employees including employees who need to be relocated from Behavioral Health Services (formerly Behavioral Health Division). With the closure and sale of the mental health complex, about 183 employees require a new office location. These employees will be collocated with their colleagues with offices already at the Coggs Center. This collocation will help facilitate collaboration for building the adult and youth systems of care.

And in terms of the sheer capital need, the deferred maintenance requirements over the next 20 years for the Coggs Center are estimated to cost \$46 million. Please see File 21-436 for more details. Although renovation and system improvements have been requested as part of the five-year capital plan, due to capital bonding limits and minimal availability of cash financing, this project is unlikely to be realized without ARPA funds.

Use of one-time ARPA funds to remain at Coggs reduces long-term overhead costs for DHHS. This will free up funding in future years that can be used for direct services and/or absorb future County tax levy reductions that would otherwise result in service cuts.

Finally, this project is ready to move forward. The project team has completed preliminary planning and design. Additional planning will be required, in light of the State's recent decision to vacate. The County project team is reviewing alternative occupancy scenarios and is ready to advance toward additional planning, design and engineering.

2) Why would the county use its ARPA funding and not bond financing to pay for this project?

DHHS asked the Office of the Comptroller and DAS-Performance, Strategy and Budget to provide feedback on this question. Based on their assessment of the information currently available, staff indicated it is likely that this project may require significant cash funding.

In addition, staff provided the following information on the county's cash goal and self-imposed bonding limit:

In the 2021 Budget and Capital Improvements Committee Process, a design first approach was adopted for this project. This approach meant that construction appropriations would not be made until after design was completed. Since the

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project design is not completed, the full impact of (potentially) non-bond eligible project components relative to the 2023 cash goal is undetermined at this time.

Further, the County has an adopted policy (County Board file number 03-263) limiting the amount of corporate purpose bonds issued to finance capital improvement projects. Under this policy, corporate purpose bond issuance is limited to an increase of no more than 3% over the preceding year's adopted bond amount. This policy is self-imposed and generally adhered to by the County Board and County Executive.

Based on the 2022 adopted bonding amount of \$44.5 million, the projected 2023 bonding limit is \$45.8 million. This results in a projected funding shortfall between approximately \$83.4 million to \$132.72 million (assuming the current 5-YR plan of capital projects identified for potential request in 2023).

3) How does this project meet the eligibility set by the ARPA Task Force?

This project meets the eligibility guidance in two key areas: fiscal health and community support.

Alignment with ARPA Fiscal Health

After assessing the costs of leased spaces, a determination was made that remaining at the Coggs Center was the best fiscally sustainable option, which aligns with the ARPA Fiscal Health efforts. Investing in Coggs will allow Milwaukee County to:

- *Stabilize government services impacted by revenue loss*
- *Address the backlog of capital projects and deferred maintenance*
- *Achieve cost-saving and efficiency investments in technology, service delivery, facilities, etc.*
- *This project reflects onetime use of funding*

Alignment with ARPA Community Support Program

The proposed project also aligns with many of the criterion for Community Support investments and provides further alignment across ARPA Expenditure Categories to impact the community's pandemic recovery. Renovation of the Coggs facility will allow Milwaukee County to provide accessible services which meet the following Community Support Project priorities:

- *Supports No Wrong Door Philosophy by Collocating Staff with Youth & Adult Systems of Care*
- *Significant Public & Employee Engagement Already Undertaken*
- *Building Location Close to Populations Served*
- *Addresses Social Determinants of Health including Walkability, Accessibility & Transit Access to Reduce Service Barriers*

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- *Onetime Investment to Address Backlog of Deferred Maintenance*

4) Can the project be completed in time to meet the grant deadline?

The project can begin immediately. The project team is currently revisiting occupancy scenarios and will move forward on additionally planning, design and engineering for the full scope of the project with the expectation to meet the ARPA funding deadlines. We intend to issue a Requests for Proposals (RFP) for this phase as soon as project funding is secured. The expectation would be to initiate construction in 2022 and occupy the renovated Coggs facility by the end of 2023. Therefore, we are confident we will meet the ARPA deadline for commitment of funds by 12/31/2024 and total project completion before 12/31/2026.

5) Given the age of the building, what if unforeseeable issues arise once the project is underway? How will any cost overruns be handled?

The age of the building and its deferred maintenance issues are a concern. We have 60 years of ownership, numerous years of occupancy and knowledge of building conditions, have been conducting additional investigations, and are carrying contingency in the project budget against unforeseen conditions. Conditions in the building and scope creep will be managed carefully during design and construction, and while some trade-offs may be required, the overall project budget will not be exceeded. In fact, it is our intent to achieve a 'guaranteed maximum price' from our contractor for this project which will be at or below the total project budget.

6) What is the estimated cost of leasing an office building for DHHS employees?

For over a year, DHHS worked with DAS-Facilities Management Division to identify an alternative location to the Coggs Center. After DHHS leadership reviewed a number of long-term lease options and buildout plans, the decision was made to remain at the Coggs Center due to the significant operating costs associated with the annual leases. The annual operating leases for the alternative locations presented enormous fiscal challenges to balancing the budget without resorting to programmatic or staffing cuts. The average annual lease cost ranged between \$2 million to \$2.9 million.

Using one-time ARPA funds to remain at Coggs reduces long-term overhead costs at DHHS, freeing up funding to be used on direct services or absorb future County tax levy reductions.

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- 7) What are the current annual operating costs and long-term capital costs of the Coggs Center? What would be the savings by completely vacating the building?**

Current annual operating costs for Coggs are approximately \$1.6 million, and long-term capital costs are estimated at \$46 million over the next 20 years. This capital liability will be reduced significantly to roughly half of this projection when this renovation project is approved and completed. Savings by vacating this building would be offset by operational and capital costs in another facility, whether leased or owned. File 21-436 from May 2021 was an Informational report prepared by DAS-FMD that compared financial analyses of different scenarios for Coggs and DHHS. In that report it appeared that vacating the building would be financially preferable. However, when costs associated with a leased facility for DHHS are considered, both the tax levy impact and total costs over 20 years are similar for either the 'stay' or 'vacate' scenarios.

- 8) Would any savings be derived by upgrading to new systems through the renovation?**

Yes, we are targeting a significant energy savings as part of the renovation. Additionally, some repair and maintenance costs should be reduced through systems replacements.

- 9) Please note: In early January, DHHS was notified by the State of its decision to lease another office space for its Milwaukee Enrollment Services (MILES) and Milwaukee Early Care Administration (MECA) programs.**

What is the plan for the space being vacated by the State of Wisconsin?

County staff currently located in leased space could be relocated to Coggs which would provide savings to ongoing lease costs. The County currently leases approximately 40,000 square feet of office space at 633 W. Wisconsin Avenue at an annual cost of over \$600,000. We are aware of other County departments that may be interested in relocating and for which Coggs may be a viable option.

In addition, there may be other community partners that DHHS could invite to lease a portion of the available space.

DHHS and DAS-FMD staff are conducting additional scenario planning to provide guidance on next steps.

- 10) What is the estimated cost for buying & renovating an existing building?**

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The cost of such a project would be highly dependent on the structure and condition of the existing property. Renovation of Coggs has been challenging to estimate – estimating the cost of buying and renovating an unknown property is not possible at this time.

The project team has not investigated this option as it would not likely be a timely solution.

11) There are so many vacant lots in that area, can't we purchase land from the City and build new?

Hypothetically, yes. However, while there are a number of small lots that may be available, a building of this size, with parking and circulation, may require a six to eight-acre track of contiguous land which may be difficult to find. The project team has not investigated this option as it would not likely be a timely solution.

12) What is the cost of constructing a new building?

According to our real estate consultants, conceptual hard construction costs for a new building, including construction of core and shell, tenant improvements, furniture, fixtures and equipment (FFE), technology, relocation costs, and general conditions, would be in the range of \$370 to \$440 per square foot, plus approximately \$5,000 per stall for parking lot costs (including general conditions). In addition, we have assumed a construction contingency of 25%. On top of that, standard Milwaukee County soft costs (project management, owner services, planning and design, and construction management) are estimated at 20%. Therefore, the total estimated cost per square foot of a new building would be in the range of \$555 to \$660. Similarly, the total estimated cost per stall for a parking lot is \$7,500.

There are a number of occupancy scenarios possible. In addition to occupancy by DHHS, Friedens Food Pantry and Hunger Task Force occupy a portion of the building and provide services. The recent Administrative Space Strategic Facility Plan identified other County departments currently located in the Courthouse or leased space which could relocate to Coggs.

| Occupants | Approximate building size (square feet) | Approximate low end of cost range | Approximate high end of cost range |
|------------------------------------|--|--|---|
| DHHS only | 70,000 | \$38,850,000 | \$46,200,000 |
| DHHS plus other County departments | 120,000 | \$66,000,000 | \$79,200,000 |

Parking lot (assume total of 400 stalls for staff and visitors): \$3,000,000

If the County were to raze the existing Coggs facility and build in the same location, demolition costs may be approximately \$10 million.

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If the County were to purchase land in the same area, assuming approximately six acres required and that amount of land is available and zoned appropriately, land purchase costs of approximately \$1,000,000 to \$1,500,000 would be anticipated. Site improvement costs (i.e. utilities, landscaping, etc.) for a six-acre parcel would be approximately \$320,000 to \$520,000.

The approximate timelines for building new is as summarized below:

| Option | Demolition | Land acquisition | Design and construction | Total |
|----------------------------|-------------------|-------------------------|--------------------------------|--------------|
| Build new at existing site | 3-6 months | N/A | 24-30 months | 27-36 months |
| Build new at new site | N/A | 6 months | 24-30 months | 30-36 months |

13) Why does the county need to create a “Human Services Campus”? What is the connection to the MHEC and the services at the Coggs building?

- The Mental Health Emergency Center is one of many “doors” people can enter through.*
- There will be a tremendous benefit to residents having the potential for referrals between the two proximate facilities*
- This is upstream investment in a community where program participants reside.*
- Currently, 93% of PCS patients originate from the City of Milwaukee and 70% of patients served by PCS live in close proximity to the new MHEC and the Coggs Center.*
- Creating a new warm and welcoming “front door” and easier access will reduce barriers to service.*

14) What outreach has been conducted in the surrounding community and other stakeholders on this project?

We have been actively soliciting feedback on improvements to the building. The lack of accessibility at Coggs is a long-standing concern. While geographically ideal considering participant and contractor demographics, the building’s layout and design cause difficulty for persons with disabilities and older adults who may have to stand for long periods in lines or use the elevators for service. Specific examples of public engagement include the following:

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- *Initial renovation plans were presented to the Aging and Disability Resource Center Governing Board, Commission on Aging, and Combined Community Services Board*
- *In June 2021, DHHS, DAS-FMD and Office for Persons with Disabilities staff met with representatives from Office for Persons with Disabilities, Independence First, Disability Rights Wisconsin, Hunger Task Force and Vision Forward to gather their input on accessibility needs*
- *We have worked with two firms which engaged DHHS staff and leaders regarding space needs (Quorum completed report in 2019 and currently Continuum Architects completed a report)*
- *This project has also been communicated as part of community engagement efforts surrounding the Mental Health Emergency Center (occurred in partnership with Alderman Russell Stamper and his constituents)*
- *In October and November 2021, several tours of the facility took place with elected officials and stakeholders including State Representatives Andraca, Cabrera, Goyke, Haywood, Meyers, and Rodriguez*
- *In October 2021, DAS facilitated a Sustainability Workshop which included all of DHHS leadership, Hunger Task Force, Friedens Food Pantry, and the State of Wisconsin to prioritize the renovation scope and design elements*
- *DAS Facilities-Management Division conducted an audit of accessibility needs building-wide & plans to address the findings as part of the overall project implementation*
- *DAS-Economic Development staff is also coordinating with the City on potential options to provide parking near Coggs, to replace the parking being removed by the new Mental Health Emergency Center north of Coggs.*

15) How does the surrounding community directly benefit by this project?

The re-investment in the Coggs Center will be a highly visible example of Milwaukee County's commitment to improved service delivery and upstream community investment. Residents will see real change, real progress, real investment in their community.

DHHS has also been developing a more far-reaching vision for the community surrounding the Marcia P. Coggs Human Services Center. The department is working to gain wider support for this plan by seeking a grant under the State's recently announced Neighborhood Investment Fund. The purpose of this fund is to create transformative

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community projects designed to offset impacts of COVID 19 for individuals in communities disproportionately impacted by the COVID-19 pandemic and/or qualified census tracts.

Just as it did across the nation, the pandemic disproportionately affected Black neighborhoods in Milwaukee County. Early in the pandemic, Black residents made up 70% of COVID-19 deaths even though Black residents comprise only 26% of the County's population (Washington Post, April 7, 2020). The neighborhood surrounding the Coggs Center is listed in the highest transmission category according to the Milwaukee County COVID-19 Dashboard.

Under this grant proposal, DHHS is proposing to build 42 homes in Qualified Census Tracts (QCTs) around the Coggs Center for families that have been impacted by the pandemic. The \$11.4 million proposed project is shovel ready and will lay the groundwork for future phases. The land is owned by the City of Milwaukee, a longtime partner of Milwaukee County. Milwaukee County Parks would also improve the quality of life and health equity in the project's service area through an investment of \$1,500,000 in King Park. This investment will include façade and accessibility improvements and energy efficiency upgrades in and around the Dr. Martin Luther King Community Center, which will help restore the MLK Center to be a social and cultural hub in this high-needs neighborhood.

16) If the project is approved, how will DHHS keep the board informed?

Over the last few years, DHHS has been updating the board on its progress to identify an office location for its employees. We will continue to provide regular updates on the plans, schedule, and costs associated with this project.