

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: December 5, 2024

To: Marcelia Nicholson, Chair, Milwaukee County Board of Supervisors

From: Joe Lamers, Director, Office of Strategy, Budget and Performance

Subject: Requesting Revised Authorizations Pertaining to of American Rescue Plan Act and Tax Levy Spending in 2025 and 2026, and Requesting Authorization to Utilize Senior Home Repair Tax Levy Funding in 2025

File Type: Action Item

Overview

This file requests a revised authorization to utilize unspent tax levy funds in 2025 and 2026, specifically for operating programs that were formerly funded by American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF). Files 23-808, 24-535 and 24-753 provided an approval to carryover funds related to these formerly ARPA funded programs until 2026. This file revises the mechanism in which funds are transferred in 2025 and 2026, which includes transfers to and from the Debt Service Reserve.

This file also requests authorization to convert certain ARPA funded obligations to tax levy, in instances where departments have identified potential underspending, and to reallocate an equal amount of Public Health and Safety Operations funding from tax levy to ARPA

The file also request authorization to utilize unspent Senior Home Repair Program tax levy funds in 2025, which were authorized in the 2024 Adopted Budget.

Background

Milwaukee County received \$183.7 million of ARPA State and Local Fiscal Recovery Funds (SLFRF). These funds have been fully allocated and must be obligated by the end of 2024 and expended by the end of 2026.

Files 23-808, 24-535, and 24-753 included a conversion of certain ARPA SLFRF funded projects to tax levy funding. This revision was made as a method to ensure that all ARPA funded projects meet federal timelines for obligation and expenditures. An equal amount of ARPA was then allocated to Public Health and Safety Operations, or other expenditures eligible for ARPA reimbursement.

Files 23-808, 24-535, and 24-753 provided authorization to carryover unspent ARPA and associated tax levy allocations until 2026. Upon further review, it has been determined that operating tax levy allocations cannot be carried forward from one year to the next based on accounting regulations. An alternative is proposed in this file which provides a similar outcome, which includes transfers of funds to and from the Debt Service Reserve.

Revised Request (Operating Funds Authorization in 2025 and 2026)

As an alternative to carrying forward operating tax levy allocations as approved in Files 23-808, 24-535, and 24-753, a proposal is being made to lapse and transfer funds through the County's Debt Service Reserve (DSR), which would have the same intended effect of allowing formerly ARPA funded projects to continue until they are concluded, or until the end of 2026.

Formerly ARPA funded projects, which are now funded with operating tax levy (as approved within files 23-808, 24-535 and 24-753) will be tracked within unique accounting codes. At the end of 2024 and 2025, unspent or unobligated funds within these allocations are proposed to be lapsed to the Debt Service Reserve. In 2025 and 2026, an administrative appropriation transfer is proposed to make a DSR contribution in an amount up to the lapsed budget authority from 2024 and 2025 to the County's General Debt Service - Org. Unit 9960. These funds will be used to pay 2025 and 2026 principal (debt) expenses, allowing a like amount of budget authority from the DSR to be freed up to re-establish budget authority in 2025 and 2026. This proposal provides flexibility to implement approved projects as intended.

Additional ARPA and tax levy reallocation (update 12-5-24)

File 24-753 included authorization to reallocate any unobligated ARPA funds to tax levy in the fourth quarter of 2024, and to reallocate an equal amount of ARPA funds to Public Health and Safety operations, or other expenses eligible for ARPA reimbursement.

The Office of Strategy, Budget and Performance has identified a need to expand this authorization to reallocate a portion of funds which were previously obligated under ARPA, but are now proposed to be funded by tax levy instead. This request is limited to projects which departments have processed obligations, but identified a potential for underspending prior to project completion. An example of this would be a capital project which has contingency funds obligated, which have not yet been spent. In this instance the contingency funds would be reallocated to tax levy, and an equal amount of ARPA funds would be reallocated to Public Health and Safety operations costs, or other expenses eligible for ARPA claiming.

This file requests authorization to convert a portion of obligated funds to tax levy, as determined by the Office of Strategy, Budget and Performance, in coordination with administering departments.

The request has no impact on total funding for approved programs or projects, but a reallocation of ARPA and tax levy.

Senior Home Repair Program

The Senior Home Repair Program was funded with \$1.0 million of tax levy in the 2024 Adopted Budget within the Department of Health and Human Services (DHHS). This is a new program that was funded in the 2024 budget. Due to issues with new program implementation, as detailed below, the \$1.0 million allocation is not expected to be fully expended in 2024.

This file also includes a request to utilize unspent Senior Home Repair funds in 2025, including movement of funds through the Debt Service Reserve.

This request does not have an impact on previous DHHS year-end fiscal projections, because funds from this program were projected to be fully spent within the department's projections. The most recent fiscal projection from DHHS is estimating a \$4.9 million surplus as of September 2024.

The scope of the Senior Home Repair Program is to assist homeowners that live in the City of Milwaukee who are 62 and over with rehab work that may be needed at the home as well as accessibility modifications. This includes emergency home repairs, rehabilitation work and accessibility modifications.

To determine the work needed, inspection staff meets with the client to ensure eligibility and then walks through the work needed at the home. A scope of work is created and sent out to contractors to provide a bid for the project based on trades through the Home Repair Program. After receiving at least two bids that are cost reasonable, the work to be completed and funding is reviewed by the Home Repair Review Board and either approved or denied. Once funds are approved, the funds are "awarded" to the homeowner would either be a no interest loan or a grant. Inspection staff will then meet with the owner to sign a loan and/or grant agreement, promissory note, and an agreement for the work to be completed. The homeowner's contract is with Milwaukee County for the funds needed. The Agreement for the work to be completed is between the client and contractor. Inspection staff will monitor work in progress to ensure that it is completed to the scope. All payments for the work to be completed will be issued directly to contractors upon completion of the work.

Program delays or issues preventing these funds from being fully spent in 2024 include:

- not getting information from clients during the application process
- not getting bids to move forward
- DHHS may be looking at weather delays if the weather turns before the end of the year. Contractors won't be able to do exterior work if there is snow on the ground.

After reviewing projects and those that DHHS hopes to be completed by the end of the year, the department anticipates spending down approximately \$200,000 in 2024. DHHS expects to have agreements in place for another \$188,000 by the 2024 year-end but is unsure that rehab work can be completed by the end of the year. DHHS anticipates the remaining work would be committed to projects in early 2025 and scheduled work depending on weather. Authorizing this allocation to be utilized in 2024 and 2025 would allow the Senior Home Repair Program to be implemented as intended.

RECOMMENDATION:

This resolution for this file requests the following:

- Authorization to utilize unspent tax levy funds in 2025 and 2026, for formerly ARPA funded programs approved in files 23-808, 24-535 and 24-753. The resolution for this request includes transfers of funds to and from the DSR, General County Debt Service (Org. Unit 9960), and other Operating and Capital budget agencies.
- Authorization to reallocate certain ARPA funded obligations to tax levy, in instances where departments have identified a potential for underspending, and to reallocate an equal amount of Public Health and Safety Operations funding from tax levy to ARPA
- Authorization for DHHS to utilize unspent Senior Home Repair Program tax levy funds in 2025, which were initially authorized in the 2024 Adopted Budget. The resolution for this

request includes transfers of funds to and from the DSR, General County Debt Service (Org. Unit 9960), and Agency 800 (DHHS).

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