

**COUNTY OF MILWAUKEE**  
Inter-Office Communication

**Date:** August 28, 2024  
**To:** Milwaukee County ARPA Task Force  
**From:** Joe Lamers, Director, Office of Strategy, Budget and Performance  
**Subject:** ARPA Project Adjustments to Address the 2024 Budget Deficit  
**File Type:** Action Report

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**REQUEST**

Requesting approval to reallocate \$3,262,753 of ARPA State and Local Fiscal Recovery Funds to support increased Public Health and Safety Operational costs, or other ARPA SLFRF eligible operational costs. These funds would address the projected 2024 budget deficit.

**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**

At the Committee on Finance meeting on July 25, 2024, the Office of the Comptroller shared an updated 2024 year-end fiscal projection which indicated a potential deficit in the range of \$17 million to \$19 million. The projected deficit is due to a decline in sales tax revenues, overtime spending in the Office of the Sheriff and Community Reintegration Center, increased health care expenditures, and other departmental projections. An updated fiscal projection will be provided in the September reporting cycle.

A resolution has been proposed to the County Board to offset the projected 2024 deficit. While the amount of the projected deficit is subject to change, this report provides recommended ARPA budget changes to a total amount of \$3.26 million which is intended to help eliminate a \$19 million deficit. Administration identified an additional \$15.74 million tax levy budget modifications and departmental projections.

**Project Budgets Recommendation**

Administration requests approval of ARPA project adjustments to address the projected operating deficit due to a decline in sales tax revenues, overtime spending in the Office of the Sheriff and Community Reintegration Center, increased health care expenditures, and other departmental projections. Below are the recommended ARPA budget changes which would help close a potential \$19 million deficit for 2024 (Table A). Budget changes reflect proposed modifications to the budget and further descriptions are provided below Table A.

**Table A: Recommended ARPA SLFRF Project Budget Adjustments**

Item	Amount	Brief Description
New DHHS Admin Coggs Building	(900,000)	Projected Surplus (furniture purchases)
Fuel Inventory Management System	(12,522)	Projected Surplus
Forensic Science Center	(500,000)	Projected Surplus
On-Site Health Clinic Creation	(100,000)	Projected Surplus
DHHS ARPA Administration	(100,000)	Projected Surplus
Affordable Housing	(1,000,000)	Reduce ARPA allocation from \$16M to \$15M
Milwaukee Market Match Program	(300,000)	Projected unspent funds at 2024 year-end
Upstart Kitchen	(412,500)	Cancel Project
MCDOT Fleet Management Building Solar PV System	(37,643)	Project Completed with Surplus
<b>Total:</b>	<b>(3,262,665)</b>	

Further descriptions on the ARPA SLFRF budget adjustments include:

New DHHS Admin Coggs Building (\$900,000)

The Department of Administrative Services (DAS) has identified \$900,000 in savings directly related to furniture purchases for the new DHHS Admin Coggs Building project which is under construction. This project (WY045606) has a budget of \$45.2 million including a mix of ARPA funds and County bond financing. \$900,000 of ARPA funds are proposed to be reduced from the project.

Fuel Inventory Management System (\$12,522)

This ARPA funded project has been completed with \$12,522 of surplus proposed to be reduced.

Center for Forensic Science and Protective Medicine (\$500,000)

The Forensic Science Center project is a \$127 million project funded with a combination of county ARPA, state ARPA, county bonding, and other sources. The project is under construction and most of the contracted construction funding has been awarded. To date, there has not yet been a need to utilize contingency funding included in the project budget. DAS is in the process of negotiating and finalizing the final purchase price, and at this time feel confident that the project contingency can be reduced by \$500,000 (less than 0.5% of project). Further savings against project budget may occur next year as we approach the final procurement activities around furniture and equipment. If this surplus is not materialized there would be a need for a subsequent budget action. The \$500,000 reduction will apply to the ARPA-SLFRF funded portion of the project.

On-Site Health Clinic Creation – WY011301 - (\$100,000)

\$1.3 million of ARPA-SLFRF funds have been allocated to creation of on-site health clinics for County employees. Construction of the clinics is close to completion, and DAS is estimating \$100,000 of anticipated surplus in the project.

#### DHHS ARPA Administration (\$100,000)

\$1,396,500 has been allocated to the Department of Health and Human Services (DHHS) for the purpose of administering more than over 20 ARPA funded projects. DHHS has hired staff and contractors to assist in these efforts. Based on current and projected expenditure levels, the allocation for DHHS ARPA administration is proposed for reduction by \$100,000.

#### ARPA Affordable Housing (\$1.0 million)

Milwaukee County has dedicated \$16.0 million of its ARPA SLFRF allocation to development of affordable housing. In addition, the 2024 budget included a \$4.0 million allocation of affordable housing funds. \$15.0 million of ARPA funds are obligated or are in the process of being obligated to affordable housing projects recommended by DHHS. The \$4.0 million of tax levy that was dedicated in the 2024 budget is planned for two affordable housing projects. There is \$1.0 million of ARPA funds remaining that have not yet been committed or planned for any specific housing project. The \$1.0 million unallocated balance is recommended to be reduced.

#### Milwaukee Market Match (\$300,000)

The Milwaukee Market Match program received \$1.1 million of ARPA SLFRF funding in 2022. Through incentives, the program has increased the purchase and consumption of locally grown fruits and vegetables by accepting EBT (FoodShare) benefits at Milwaukee County farmers markets. When the program was implemented in 2022 it was projected that the \$1.1 million allocation would be expended by the end of 2024. Based on current projections, DHHS anticipates a remaining balance of \$300,000 at the end of 2024. This amount is proposed for reduction.

#### UpStart Kitchen (\$412,500)

In May of 2023, \$412,500 of ARPA SLFRF funds were allocated to the PRISM Economic Development Corporation UpStart Kitchen Project for the construction of a kitchen at 6<sup>th</sup> and Walnut which is the main office location for Housing Services. After building out a new kitchen, DHHS Housing Services intended to partner with UpStart to create an employment program to assist with the operations of the café. However, Upstart and the landlord for 6<sup>th</sup> and Walnut have not reached an agreement for the future operations of the kitchen. As a result, plans for the kitchen expansion are being cancelled, and this allocation is eliminated.

#### MCDOT Fleet Management Building Solar PV System (\$37,643)

\$125,000 of ARPA SLFRF funds were allocated towards a study of solar equipment on the Fleet Management building. The study has been completed with a surplus of \$37,643 that is proposed for reduction.

#### **ALIGNMENT TO STRATEGIC PLAN**

Describe how the item aligns to the objectives in the [strategic plan](#):

- 1A: Reflect the full diversity of the County at every level of County government
- 1B: Create and nurture an inclusive culture across County government
- 1C: Increase the number of County contracts awarded to minority and women-owned businesses
- 2A: Determine what, where, and how we deliver services to advance health equity
- 2B: Break down silos across County government to maximize access to and quality of services offered
- 2C: Apply a racial equity lens to all decisions
- 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

**RECOMMENDATION**

Approve the proposed ARPA reallocation of \$3,262,753 as detailed in this item.

**FISCAL EFFECT**

N/A

**TERMS**

The term of the ARPA Task Force began on July 13, 2021. The Task Force will endure until all of the ARPA monies are fully allocated.

**VIRTUAL MEETING INVITES**

N/A

**PREPARED BY:**

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**APPROVED BY:**

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

**ATTACHMENTS:**

Attachment A: 2024 Deficit Reduction Proposal County Board Report