**COUNTY OF MILWAUKEE**

Inter-Office Communication

DATE: September 2, 2014

TO: Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Teig Whaley-Smith, Director, DAS-Economic Development

SUBJECT: Requesting authorization to (a) amend contract CFC00255 with the State of Wisconsin Department of Children and Families for administration of the Milwaukee Early Care Administration (MECA) child care program for 2014 and 2015, (b) enter into a 2014 and 2015 State and County Contract Covering Social Services, Community Programs and Income Maintenance with the State of Wisconsin Department of Health Services (MILES), and (c) to enter into a lease with the State of Wisconsin Department of Health Services for a portion of the Marcia P. Coggs Center.

**Issue**

The Economic Development Director, Department of Administrative Services, is requesting approval to amend contract CFC00255 with the State of Wisconsin Department of Children and Families (DCF) for administration of the Milwaukee Early Care Administration (MECA) child care program, and to enter into a lease and service contract with the State of Wisconsin Department of Health Services (DHS) for a portion of the Marcia P. Coggs Center.

**Background**

As of January 1, 2010, the State of Wisconsin assumed control over the Income Maintenance and Child Care programs. Under this arrangement, the 344.5 County positions that supported Income Maintenance (“IM”) and Child Care remained county employees, retaining the same benefits, but were supervised by the State.

In July 2011, the State Budget converted the county IM staff to State employees effective December 31, 2011. In addition, the State Legislature converted the Child Care positions to State employees as of October 1, 2011.

Given the conversion of former county staff to State employment, the 2013 contract with DCF only reimbursed the county for staff costs related to IMSD services, employee pension benefits, records center services and mail services. Those services were provided to assist the State in its administration of the Child Care program under Wisconsin Statutes 49.826(3)(c).

The 2012 and 2013 service contract with DHS had similar terms to what is currently being proposed. The primary difference between the previous service contracts is that for 2014 it is proposed that as of May 1, 2014 DHS’s agreement will be converted to a lease with a minor service contract, rather than solely a service contract. This change was necessary because DHS no longer relies on the County’s informational technology and the relationship is now more akin to a Landlord-Tenant relationship.

**DCF Child Care Contract Changes**

The amendment to DCF Child Care Contract relates to the contract period only. The original contract term was January 1, 2013 through December 31, 2013. The amendment requests month-to-month extensions through December 31, 2014. All other terms and conditions of the original 2013 contract, including shared services charges relating to employee services, IT/Phone services and mail services shall remain in full force and effect.

**State/County Lease Agreement**

The DHS 2013 service contract reflected the State occupying the first and second floor of the Coggs Center for a term of one year (January 1 through December 31, 2013). The proposed DHS lease reflects 110,114 square feet of space in the Coggs Center on a month-to-month term until either party acts to terminate the lease by thirty (30) days written notice to the other.

The lease with the State shall begin retroactively on May 1, 2014 and anticipates a monthly payment of $198,389.00 for building operations or $2,380,668.00 annually. The 2014 terms compared to previous terms are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2013 Est. | Jan-Apr 2014 | May-June 2014 | Total Jan-June 2014 | July-Dec 2014 | 2014 Est | Difference 2013 - 2014 |
| Pension Est | 76,000.00 | 40,000.00 | 20,000.00 | 60,000.00 | 47,500.00 | 107,500.00 | $31,500.00 |
| Benefits Mgmt  | 22,000.00 | 23,333.33 | 11,666.67 | 35,000.00 | 35,000.00 | 70,000.00 | $48,000.00 |
| Mail/Record | 71,000.00 | 10,000.00 | 5,000.00 | 15,000.00 | 15,000.00 | 30,000.00 | -$41,000.00 |
| Long Distance | 0.00 | 1,000.00 | 500.00 | 1,500.00 | 1,500.00 | 3,000.00 | $3,000.00 |
| IT Services  | 1,021,368.00 | 340,456.00 | 0.00 | 340,456.00 | 0.00 | 340,456.00 | -$680,912.00 |
| Rent | 1,690,825.00 | 793,556.00 | 396,778.00 | 1,190,334.00 | 1,190,334.00 | 2,380,668.00 | $689,843.00 |
| QMATIC | 11,086.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -$11,086.00 |
| Total Estimates | 2,892,279.00 | 1,208,345.33 | 433,944.67 | 1,642,290.00 | 1,289,334.00 | 2,931,624.00 | $39,345.00 |

As you can see, the County remains in a similar financial circumstance as it would have under the previous relationship.

The same is true for 2015 where the estimated lease payments would increase to $226,760 per month.

|  |  |
| --- | --- |
|  | Projected Annual Totals (MILES) |
|  | 2013 | 2014 | 2015 |
| Pension Est |  $ 76,000  |  $ 107,500  |  $ 95,000  |
| Benefits Mgmt  |  $ 22,000  |  $ 70,000  |  $ 70,000  |
| Mail/Record |  $ 71,000  |  $ 30,000  |  $ 30,000  |
| Long Distance |  $ -  |  $ 3,000  |  $ 3,000  |
| IT Services  |  $ 1,021,368  |  $ 340,456  |  $ -  |
| Rent |  $ 1,690,825  |  $ 2,380,668  |  $ 2,721,120  |
| QMATIC |  $ 11,086  |  $ -  |  $ -  |
| Total Estimates |  $ 2,892,279  |  $ 2,931,624  |  $ 2,921,135  |

**Recommendation**

It is recommended that the County Board of Supervisors authorized the Director of the Economic Development Department, Department of Administrative Services, to amend contract CFC00255 with the State of Wisconsin Department of Children and Families (DCF) for administration of the Milwaukee Early Care Administration (MECA) child care program, and to enter into a lease with the State of Wisconsin Department of Health Services (DHS) for a portion of the Marcia P. Coggs Center.

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Teig Whaley-Smith

Economic Development Director, Department of Administrative Services

cc: Chris Abele, County Executive

Marina Dimitrijevic, County Board Chairwoman

 Transportation, Public Works and Transit Committee Members

 Finance, Audit and Personnel Committee Members

 Don Tyler, Director, Department of Administrative Services

 Kelly Bablitch, Chief of Staff, County Board of Supervisors

 Raisa Koltun, Director of Legislative Affairs, County Executive’s Office

 Julie Esch, Director of Operations, DAS