

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: February 8, 2019

TO: Supervisor Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

FROM: Mary Jo Meyers, Director, Department of Health and Human Services

SUBJECT: **Report from the Director, Department of Health and Human Services, seeking approval to transfer 2018 surplus from the DHHS operating budget to capital project WS124 - Secured Youth Facility**

Background

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 January 1, 2021 and authorizes County-operated **Secured Residential Care Centers for Children and Youth** (SRCCCYs). Under Act 185, DOC maintains supervision over juveniles 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.

Under the Act, the State Building Commission can authorize up to a total of \$40 million statewide to counties for the planning and construction of these facilities. To qualify for the funds, counties must submit grant applications to the Juvenile Corrections Grant Committee in DOC by March 31, 2019. The Grant Committee then makes grant recommendations to the State Legislature's Joint Finance Committee no later than July 1, 2019 and presumably, Joint Finance meets shortly thereafter to approve the grant recommendations.

Under Act 185, the grant program covers the following with counties supporting the other 5 percent:

- 95 percent of the design and construction costs of an SRCCCY
- 95 percent of the design and construction costs of a facility housing both an SRCCCY and a youth detention facility
- 100 percent of the design and construction costs of an SRCCCY or a portion of an SRCCCY for female youth only

In November, the Milwaukee County Board adopted File No. 18-633 authorizing the creation of capital project WS12401 – Secured Youth Facility with a budget of \$3 million. This capital project is intended to support the initial planning and design as well as cover the 5 percent contribution toward the overall project.

Discussion

DHHS and Department of Administrative Services – Facilities have been moving forward on planning and design in preparation of the grant application. Given the tight timeframe, consistent progress on project deliverables is crucial in meeting the ultimate deadline of closing Lincoln Hills. The table below

shows a high-level building cost estimate generated by a conceptual design. Please note that these are very preliminary figures for a 40-bed facility. The cost estimates will be adjusted and confirmed in the coming months.

Based on this work effort, costs are estimated at \$500,000 for pre-construction and \$37 million to construct a new building as well as renovate the existing 24 Milwaukee County Accountability Program (MCAP) beds in the Detention Center. In addition, there are start-up costs estimated to be \$2 million for training, furniture and equipment not covered in the construction phase. Therefore, total project costs are currently estimated at \$39.5 million.

Estimated Project Budget

Pre-Construction & Real Estate Costs	\$0.5M
Construction	\$37M
Start-Up Costs	\$2M
Estimated Costs	\$39.5M

Grant Award:

The Grant Committee has not yet convened even though grant applications are due March 31. For this reason, DHHS does not know what types of costs will be covered by the grant nor the level of overall State financial support of the capital costs. As shown in the table above, total estimated costs for Milwaukee County alone reflect the entire budget statewide for the SRCCCYs. Until a grant award is received, DYFS will not know if the original \$3 million budget will be sufficient to cover 95 percent of the design and construction costs. To provide additional financial support to the project, DHHS is requesting to transfer up to \$500,000 of its 2018 surplus into capital project WS124.

In its December 2018 fiscal report to the Comptroller, DHHS reported an estimated tax levy surplus of \$1.2 million. A portion of this surplus is being generated by underspending in contractual services in the Division of Youth and Family Services (DYFS). Entries are still being made to the financial system so a final surplus number is currently unknown. For this reason, DHHS is requesting to transfer up to \$500,000.

Recommendation

It is recommended that the Milwaukee County Board of Supervisors authorize the Director, Department of Health and Human Services, or her designee, to transfer up to \$500,000 in tax levy surplus from the DHHS operating budget and increase the budget for capital project WS124 - Secured Youth Facility by \$500,000.

Fiscal Impact

A fiscal note is attached.



Mary Jo Meyers, Director
Department of Health and Human Services

- cc: County Executive Chris Abele
Hon. Maxine A. White, Chief Judge
Sup. James "Luigi" Schmitt, Chair, Finance Committee
Sup. Supreme Moore-Omokunde, Chair, Health & Human Needs Committee
Raisa Koltun, County Executive's Office
Teig Whaley-Smith, DAS Director
Joseph Lamers, Director – Office of Performance, Strategy & Budget
Stuart Carron, Director, DAS-Facilities Management
Scott Manske, Milwaukee County Comptroller
Steve Cady, Research and Policy Director – Comptroller's Office
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