

October 19, 2023

TO: Common Council President Jose Perez
Ald. Mark Chambers, 2nd District
Ald. Scott Spiker, Chair, Public Safety & Health Committee
Ald. Marina Dimitrijevic, Chair, Finance & Personnel Committee

FROM: Tyler Weber, Deputy Commissioner of Health

CC: Nik Kovac, Budget & Management Director
Andrea Fowler, ARPA Director

RE: CCFN 221865 – Report on money allocated, appropriated, and spent from the American Rescue Plan Act for the remediation of lead

President Perez, Ald. Chambers, Ald. Spiker, & Ald. Dimitrijevic:

Thank you for the opportunity to share information on the status of American Rescue Plan Act funds allocated to the Health Department by the Common Council for lead hazard reduction and lead hazard abatement.

As requested by Common Council File 221865, the Health Department would like to share the status of those funds and the Health Department's projection and spending plan. Please forgive the late delivery of this memo, we look forward to a productive discussion of this item at Committee.

After accounting for encumbered costs and spending to date, the Health Department projects \$1.14 million remains for project costs through 2026. Those funds are needed for staff salaries in 2024, purchases of additional Lab equipment, and ongoing material and supply costs for the project. The Department projects full spending of these funds, based on budgeted salaries and planned purchases in 2024.

The table below shows the history of funding, as well as the pace of allocating and spending the funds, including relevant Council actions.

DATE	CCFN	ACTION	AMOUNT	PROJECT BALANCE
11/1/2021	210894	Council allocation of ARPA allocation	\$26,050,477	\$26,050,477
11/5/2021	210001	Council adoption of 2022 Budget Amendment 20C - reduces ~\$6.4M in levy funding, intent to shift to ARPA.		\$26,050,477
2/17/2022	211526	Council authorization for Budget Office distribution of ARPA funds to match intent of 2022 Budget Amendment 20C and other amendments. Birthing Moms Pilot funding (\$240,000) added to Lead ARPA project.	\$240,000	\$26,290,477
4/1/2022		Final ARPA Rule published by US Department of the Treasury		\$26,290,477
6/4/2022		Social Development Commission subaward signed/encumbered	-\$7,824,300	\$18,466,177
9/1/2022		Habitat for Humanity subaward signed/encumbered	-\$3,206,750	\$15,259,427
9/30/2022		September 2022 Spending	-\$53,552	\$15,205,876
10/31/2022		October 2022 Spending	-\$210,825	\$14,995,051
11/1/2022		Revitalize Milwaukee subaward signed/encumbered	-\$9,976,640	\$5,018,411
11/22/2022	220707	Resolution re-allocating ARPA funds to match Council action for 2023 budget.	-\$973,535	\$4,044,876
11/30/2022		November 2022 Spending	-\$55,035	\$3,989,840
12/31/2022		December 2022 Spending	-\$102,397	\$3,887,443
1/31/2023		January 2023 Spending	-\$54,982	\$3,832,461
2/28/2023		February 2023 Spending	-\$61,992	\$3,770,469
3/31/2023		March 2023 Spending	-\$43,746	\$3,726,723
4/30/2023		April 2023 Spending	-\$24,546	\$3,702,178
5/31/2023		May 2023 Spending	-\$45,071	\$3,657,106
6/30/2023		June 2023 Spending	-\$92,374	\$3,564,732
7/31/2023		July 2023 Spending	-\$40,750	\$3,523,982
8/31/2023		August 2023 Spending	-\$44,725	\$3,479,257
9/30/2023		September 2022 Spending	-\$190,600	\$3,288,657
10/31/2023		Walnut Way subaward (Pending encumbrance)	-\$500,000	\$2,788,657
11/30/2023		Pending Reallocation (ARPA Task Force)	-\$1,650,902	\$1,137,755

The table above and projected balance also include a proposed \$1.7 million reallocation of ARPA funds anticipated as part of the 2024 Proposed budget. These funds are reduced from the ARPA project above and reallocated for other City uses. The 2024 Proposed budget

includes increased levy funding totaling \$1.7 million, along with approximately \$440,000, in a Special Fund for lead abatement.

This funding is not a reallocation of ARPA project funds to another account; it provides a critical future source of available funding for lead hazard reduction in addition to the ARPA, CDBG, and HUD-funded work. The Department regularly sees situations where eligibility, income documentation, or other requirements for HUD, CDBG, or ARPA funds are prohibitive to prompt abatement of lead hazards.

The creation of the Special Fund in the 2024 Proposed budget is intended to deal with exactly these situations by providing a flexible source of funds to carry out or augment lead abatements. Previously, allocated capital funding or the department's operating budget would cover these unanticipated needs.

As the above table shows, when subaward contracts are carried out, the City Comptroller requires that the value is "encumbered" against the project, meaning funding for the full value of the contract is taken out of the available balance. This is a required accounting practice, and assures enough funding remains to pay full cost on those contracts, and provides a more realistic budget balance.

The subrecipient expenses to date and a projection of balances into 2026 are summarized in the table below, and exclude approximately \$615,000 in payments made in October of 2023:

	<i>Milwaukee Habitat for Humanity</i>	<i>Social Development Commission</i>	<i>Revitalize Milwaukee</i>	<i>TOTAL</i>
<i>Contract</i>	<i>\$3,206,750</i>	<i>\$7,824,300</i>	<i>\$9,976,640</i>	<i>\$21,007,690</i>
<i>Costs Incurred Current To...</i>	Mar-2023	Jun-2023	Jul-2023	-
<i>Spent to Sept. 30</i>	\$170,490	\$317,081	\$1,362,301	\$1,849,872
<i>Balance</i>	\$3,036,260	\$7,507,219	\$8,614,339	\$19,157,818
<i>2023 Planned Abatements</i>	27	43	12	82
<i>Realized Cost Per Unit</i>	\$71,493	\$47,377	\$37,054	-
<i>Planned Units To 2026</i>	50	143	212	405
<i>2026 Projection (9/30/2023)</i>	<i>\$3,574,627</i>	<i>\$6,774,948</i>	<i>\$7,855,448</i>	<i>\$18,205,023</i>

Two of the subrecipients, Social Development Commission & Revitalize Milwaukee, were specified and directed by the Council in CCFN 210894. The Health Department added Habitat for Humanity based on mutual interest and capacity.

Subrecipients have a range of prior experience and capacity, and MHD is satisfied with the performance of all three. As discussed in numerous previous communications and hearings, lead hazard reduction is a highly regulated and credentialed activity. Other funding sources for City lead hazard reduction work include eligibility, documentation, and scope of work requirements that add to the overall workload for projects.

Each subrecipient is at a different phase in developing their capacity, as shown in the varying unit costs for projects done to date. Projected outputs through 2026 are based on performance to date and commitments by the organizations. Per unit costs are also reflective of overall labor and material price changes since the ARPA project was originally appropriated. The Health Department is confident that unit costs for each partner will stabilize over time.

It is important to note that these partner projects provide the City with value beyond the increased abatement of homes. They provide an important step in moving to a community-wide, shared workload for lead abatement, led by the City. As discussed in hearings on the 2024 budget and in other forums, the Health Department is moving forward with developing new approaches to financing lead hazard reduction, all of which rely on partnerships similar to those built with the subrecipients of the ARPA Lead Hazard Reduction project.

The Health Department welcomes the opportunity to share this information with the Council and any future opportunities to provide updates. Please contact myself any time with information requests or questions about the status of this project.