



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

ARPA FUNDING ALLOCATION TASK FORCE

Ald. Milele Coggs, CHAIR

Molly King, Luke Knapp, Ald. Jocasta Zamarripa, Ald. Mark Chambers, Aycha Sawa, Nik Kovac, Bernadette Karanja, Steven Mahan, Cecilia Gilbert, and Stephanie Mercado

Staff Assistant, Chris Lee, 414-286-2232, Fax: 414-286-3456, cle@milwaukee.gov

Legislative Liaison, Tea Norfolk, 414-286-8012, tea.norfolk@milwaukee.gov

Andrea Fowler, ARPA Director, 414-286-3556, anfowler@milwaukee.gov

Thursday, July 6, 2023

1:30 PM

Room 301-B, Third Floor, City Hall

This is also a virtual meeting conducted via GoToMeeting. Should you wish to join this meeting from your phone, tablet, or computer you may go to <https://meet.goto.com/242489245>. You can also dial in using your phone United States: +1 (571) 317-3122 and Access Code: 242-489-245.

1. Call to order.

Meeting was called to order at 1:35 pm.

2. Roll call.

Present 9 - Gilbert, Coggs, Sawa, Knapp, King, Karanja, Zamarripa, Kovac and Chambers Jr.

Absent 1 - Mercado

Excused 1 - Mahan

Also present:

*Andrea Fowler, Budget Office ARPA Director
Tea Norfolk, LRB Fiscal Planning Specialist*

3. Review and approval of the previous meeting minutes from May 1, 2023.

Meeting minutes from May 1, 2023 were approved without objection.

4. [230338](#)

Substitute resolution relating to possible legal action to overturn certain provisions of 2023 Wisconsin Act 12 and allocating American Rescue Plan Act funds for the Office of Equity and Inclusion and the

Office of African-American Affairs.

Sponsors: Ald. Perez, Ald. Rainey, Ald. Bauman, Ald. Stamper and Ald. Dimitrijevic

This item was held and reconsidered at a later in the meeting after item 5.

Appearing:
Pres. Jose Perez, Common Council

State Assembly Bill 245 impacting Office of Equity and Inclusion and Office of African American Affairs. There was uncertainty with the funding of those office by the end of 2023. This proposal was brought to the task force to support those offices. City Attorney opinion was received that those offices would be funded through 2023 and that further funding of these offices could occur through the City's annual budget process via non-tax levy funds. The City Attorney was looking into the City's legal options to overturn certain provisions of Act 12. The ask was to hold this file in light of the latest developments.

Member Chambers moved to hold this item. There was no objection.

5. Review, discussion, and/or motion(s) on the City's 2024 budget process, plans, and department requests.

Member Kovac gave an update. Department requests came in May. Based on those requests, the gap total for the 2024 budget was \$183 million, which was \$25 million more than anticipated. The State passed Act 12 in June allowing for 10% of shared revenue (\$22 million) to the City and an option for the City to adopt a 2% municipal sales tax for public safety personnel and pension obligations. The sales tax would produce \$190 million for the first year and at or more for subsequent years. He had sketched out a scenario if the sales tax was not adopted by the City that would result in unimaginable cuts in 2025, and the City would risk paying a penalty to the State or risk losing 15% per year in cutting back on public safety. There was concern with the lack of time to award 2nd tranche funds by the end of this year and to have those funds encumbered by the end of 2024. Due to the timing concern and in looking at creative ways to give transformational projects more flexibility, there was thought to apply the second tranche of ARPA funds to 2024 City salaries and to set aside funds in a newly created SPA fund for community-led programs. This would allow community-led programs to be more long-term, be more flexible, and encounter less barriers (ARPA federal guidelines). The total amount of sales tax, if passed, would not be known until early 2025.

Ms. Fowler concurred with the new idea and said that the new proposal would give the City the advantages of setting funds aside to fund transformational projects, opening up the application process and making it more equitable organizations. It would open up the process to smaller organizations, especially those who would not qualify under ARPA guidelines. It would make the process less burdensome and reduce requirements. The RFP application would be revised and become shorter.

Members questioned the use of the 2nd tranche of ARPA funds to fill the gap for the 2024 budget, amount of money remaining from vacancies, requirement of a two-thirds Common Council vote to on using ARPA funds to fill the budget gap and to create a SPA, and the SPA fund.

Member Kovac replied. Act 12 increases the City's pension obligation, and the gap becomes \$250 million with pension costs. Much of ARPA funds was needed for the

gap in the short-term. The Comptroller was looking at DOR estimates. The long-term money available was not known. Also not known was the amount for a SPA. \$90 million was not the actual amount of remaining vacancy funds. A better estimate was \$12 million with \$7 million being transferred citywide from salaries to operational funds to bring back retirees and contracted workers to provide services in 2022 and 2023 leaving \$5 million. Using remaining ARPA funds for 2024 City salaries was the best way to utilize the funds at a large scale, and remaining funds may be transferred to a SPA as a flexible source to use long-term. The City Attorney would review the two-thirds Common Council vote matter on the use of ARPA, and the hope was for an answer as soon as possible. A SPA could be created for 2024. Generally, remaining salaries would carryover or lapse into the general fund balance or tax stabilization fund. ARPA funds and reallocated ARPA funds could provide seed funding for a SPA.

Members were open to the idea of a SPA process for community-led programs due to the advantages of reducing federal restraints, being more equitable, and making the process less cumbersome.

6. Review, discussion, and/or motion(s) on procedure and schedule on making ARPA reallocation decisions.

Ms. Fowler presented. Original ARPA first tranche funding was \$394 million. Based on balances as of May 30, 2023, \$301 million was allocated with \$92 million unallocated. Remaining unencumbered and unspent was \$213 million. \$54 million was encumbered, and \$126 million was unspent. The task force needed to address unspent but budgeted first tranche funds. To prevent any funds from expiring, reallocation decisions must be made far enough in advance of the 2024 deadline that departments are able to place reallocated funds under contract or spend the funds down by the end of 2024. Additionally, reallocation decisions must be made with consideration of whether the funds would be reallocated as revenue loss. The City may spend funds classified as revenue loss on regular City expenditures (with a few exceptions) and without many of the heightened procurement and contracting requirements that attach to non-revenue loss funding. The total amount of revenue loss available was limited. With assumptions, the total amount of currently allocated funding that may be reallocated to revenue loss was \$35 million. DOA recommends against reallocating the entire remaining amount as revenue loss to uncertainty in the estimate. Initial set of recommended reallocations would be provided to the task force by the end of July or early September before budget deliberations.

DOA recommends that reallocation decisions be made in 2023 as part of the 2024 budget process. This timeline would permit the greatest flexibility of use and may allow the City to offset a portion of its projected 2024 budget gap. Projects would be reviewed according to the criteria of project completion, anticipation of excess project funds, having 80% of funds encumbered or a subaward, legal reallocation of funds under the terms of the subaward agreement, funding being budgeted and track to be spent down for departmental operating expenses for 2023, project outputs being proportional to the investment, project still being a priority despite the City's current budget outlook, and departments having a written, realistic plan in place to accurately calculate all city employee salary expenses charged to ARPA through 2024 and to place all remaining funding under a fixed price contract by mid-2024.

Members inquired about initial DOA reallocation recommendations, further details regarding the calculation of the \$35 million, and the timing to provide reallocation recommendations.

Member King said that the \$35 million was based off a federal formula being a

percentage of total ARPA first tranche amount.

Member Kovac and Ms. Fowler replied. Initial reallocation recommendations would be premature. It would be better to provide complete recommendations altogether. Initial estimation was that \$10 million out of the \$35 million that may be reallocated to revenue loss would be the total recommended amount. \$35 million was only a categorization and was determined as a percentage from the total ARPA allocation. The reallocation review process with the aforementioned criteria would be done. \$10 million would be the estimated amount with the goal to apply that amount to 2024 salaries. DOA has a dashboard online to track spending of ARPA funds. Ms. Fowler could meet with members offline to provide further information regarding the \$35 million calculation. Ms. Fowler would need time to conduct the analysis of departmental project unspent allocations along with the budget process.

Member Zamarripa moved to hold to the call of the chair review on the procedure and schedule on making ARPA reallocation decisions. There was no objection.

7. Review, discussion, and/or motion(s) on the task force ARPA allocation review and recommendations process relative to timeline, deadline extension, and other aspects.

Ms. Fowler and members discussed wanting to see passage of the City's sales tax, creation of the SPA through the budget process, proceeding with caution on issuing a RFP prematurely until SPA funds are known, and issuance of a RFP for SPA community-led projects simultaneously during or after the budget.

Member Chambers moved to hold to the call of the chair review of the task force ARPA allocation review and recommends process.

8. Next steps.

A. Items for future agenda.

Reschedule all items from today's meeting. ARPA reallocation recommendations may or may not be ready by the next meeting.

B. Set next meeting date(s) and time(s).

Wednesday, July 26, 2023 at 2 pm, barring issues.

9. Adjournment.

Meeting adjourned at 2:58 p.m.

*Chris Lee, Staff Assistant
Council Records Section
City Clerk's Office*

Meeting materials of the task force can be found within the following file:

[220789](#)

Communication relating to the activities of the American Rescue Plan Act Funding Allocation Task Force.

Sponsors: THE CHAIR

