

Subject: Cost of Dairy Drive Urban Campground

Date: August 28, 2025

Prepared by City of Madison Finance Department and Community Development Division

Background

In 2021, the City established an urban campground on City-owned property, 3202 Dairy Drive, in response to the state of emergency arising from the COVID-19 pandemic and the lack of adequate accommodations for unsheltered homeless persons in Madison. The Dairy Drive urban campground is set up as a State licensed campground and is equipped with 29 climate-controlled Pallet Shelter units with electrical service, and includes common-area bathroom and shower facilities and staff office space.

This project included one-time capital expenditures associated with public improvements, climate-controlled cabins, and related amenities, and ongoing operational expenditures for contracted property management and on-site support services. Funding for Dairy Drive operations has come primarily from one-time federal funding from the City's allocation of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF). Other funding sources have included a one-time COVID-related allocation of Community Development Block Grant (CDBG) funds; proceeds from tax incremental district (TID) 39; contributions from Dane County; a small, non-COVID federal grant; and, private donations.

Costs to Establish the Campground

Establishing the campground required one-time investments for site improvements, equipment and materials, and other expenses. The City of Madison's Engineering Department began work to establish the campground in September 2021.

Description	Fiscal Year	Funding Source	Amount
Pallet Shelters (30 units)	2021	ARPA SLFRF	\$307,265
Site work performed by external contractors and City engineering staff; work included installing fencing, decking, electrical and plumbing facilities; setting up shelters, renovating a trailer for office/ bathroom use, and other costs. Additional costs were incurred in 2023 & 2024 for general capital improvements.	2021-2024	ARPA SLFRF	\$451,213
	2021	TID 39 Proceeds	\$348,061
Total			\$1,106,539

Operational Expenses

The City has contracted with Madison Street Medicine (formerly MACH OneHealth) and Kabba Recovery Services for day-to-day management of the campground and the provision of on-site services (housing navigation, mental health counseling, substance use disorders). The table below summarizes the total funding sources used to pay for campground operations from 2021 – present. This includes the support services and operating costs associated with electricity, waste removal, pest control, emergency phone line, and general property maintenance. These activities continue to be supported by the City of Madison. Funds budgeted for 2025 reflect the anticipated closure of the campground on September 30 and termination of the service contract on October 31.

Description	Fiscal Year	Funding Source	Amount
<i>Federal Funds passed through the City</i>			
Federal ARPA funds to MACH OneHealth and Kabba Recovery Services for onsite support services	2021-2025*	ARPA SLFRF	\$1,716,013
Federal ARPA funds used to support operations, (e.g. utilities)	2021-2025*	APRA SLFRF	\$140,936
Federal Community Development Block Grant funds received by the City of Madison as part of CARES Act, contracted to MACH OneHealth for onsite supportive services	2022-2023 (only)	CDBG- CV State and City Funds	\$560,000
<i>County Funds passed through the City</i>			
County sources added via Legistar File 81622, RES-24-00094 in 2024 and included in the CDD budget in 2025	2024-2025	Dane County (Levy)	\$349,000
County sources added via Legistar File 81622, RES-24-00094 in 2024	2024 (only)	Dane County (ARPA)	\$226,000
<i>Federal Funds to Non-Profit Organizations</i>			
MACH OneHealth \$199,000/ year from the U. S. Department of Housing and Urban Development (HUD) Special Notice of Funding Opportunity grant for unsheltered households	2024-2025	CoC Unsheltered NOFA	\$398,000
Total			\$3,389,949

***Note on ARPA SLFRF Funding**

At the end of 2024, the City had \$779,400 of ARPA SLFRF funds remaining for unsheltered homeless support that was planned to be used in 2025 for operations at Dairy Drive and the new men's shelter. To ensure federal funds were fully spent prior to the December 31, 2024, deadline to expend funds, the Common Council amended the 2024 budget to utilize these funds for revenue replacement in 2024. The Council also amended the 2025 budget to appropriate an equivalent amount of general fund balance in the 2025 budget to replace ARPA SLFRF.

In the table above, the total amount of Federal ARPA SLFRF from the first two rows includes 2025 expenses. The 2025 costs are technically paid out of CDD's general fund budget but are in effect leveraging unexpended ARPA funding from 2024.

2025 Cost and Estimated Monthly Operational Expenses

In 2025, Dairy Drive Operations are estimated to cost approximately \$602,000 for contracted property management and on-site support services and about \$40,000 more for utility, waste management, etc. costs for the 10-month period ending October 31.

The estimated monthly cost to continue operating the site is between \$60,000 and \$70,000. This includes costs associated with managing the property and providing support services. It would not include costs necessary to repair or replace structures or equipment at the site.

Costs to Dismantle and Restore the Property in 2025

This resolution funds a contract to decommission the Dairy Drive site and return it to its previous condition, at an estimated cost of \$220,000. Funding is available in the Community Development Division (CDD) budget. As noted in the section on ARPA SLFRF funding above, the demolition costs will be paid from a general fund account but is effectively using remaining ARPA funds from 2024.