



Legislation Text

File #: 89779, **Version:** 2

Fiscal Note

The proposed resolution authorizes the extension of the supportive services contract between the City and MACH OneHealth (dba Madison Street Medicine (MSM)) through April 30, 2026. The original contract is set to expire on October 31, 2025. The campground is currently scheduled to close on September 30, 2025. The MSM contract is set to expire one month later to continue supporting people who are transitioning from the campground. The resolution proposes this contract extension could be supported using up to \$100,000 of Dane County funds and \$0 in additional City funds.

As of September 16, 2025, the availability of County funds in 2025 not been confirmed and it is unclear what other, non-City sources could be committed to continue operations through April 2026. The resolution commits \$0 in City funds but does not account for how to close the funding gap in 2025 or 2026.

2025 Expenses

The estimated expenses for an additional 3 months of operations (October - December 2025) are below:

On-site supportive services contract: \$120,400 (2 additional months)

Utilities, waste management, etc.: \$15,000 (3 additional months)

General maintenance and repairs: \$2,500 (3 additional months)

Total: \$137,900

2025 Funding Sources

It is believed that Dane County retains approximately \$100,000 in federal Emergency Rental Assistance (ERA) funding. Under U.S. Department of Treasury rules, federal ERA funds must be expended by September 30, 2025.

In order to utilize federal ERA funds, the Dane County Board would need to approve this use. County staff would also be responsible for contracting for services and completing all related compliance reporting. This funding could be used to pay for expenses incurred at Dairy Drive in August and September 2025, which would free up other funding sources to extend services. The balance of expenses (approximately \$37,900) could be absorbed by the City's budget designated for closing the site, as proposed in Legistar File 89274.

As of September 16, 2025, the availability of County ERA funds has not been confirmed and it appears unlikely the County would be able to commit funds prior to the September 30 deadline. In the event that County ERA funds are not available, another source would need to be identified to fill the budget gap. The City could redirect funding designated for closing the site to cover the full cost of extending operations in 2025. However, any remaining budget authority in 2025 would not carry forward to future years.

2026 Budget

The cost of operating the site for the first four months of 2026 (January - April) is estimated at \$264,200. Additionally, site restoration costs after closure in April would also need to be taken into consideration. The current estimate is \$220,000. The estimated total cost in 2026 is \$484,200.

The 2026 operating budget is under development and will be released in early October. CDD's cost to continue budget and agency request do not include the cost of operating Dairy Drive as it was previously funded by one-time federal sources, and CDD anticipated the site would close in 2025. At this time, the only funding source secured for 2026 is a \$199,000 Continuum of Care grant from the U.S. Department of Housing and Urban Development, which MSM receives directly. This leaves a funding gap of \$285,200 that would need to be appropriated in 2026. The resolution does not identify potential funding sources to fill the gap in 2026, but it does authorize future contract amendments with MSM based on the City's 2026 adopted operating budget.

Under the State of Wisconsin Expenditure Restraint Incentive Program (ERIP), the City must limit the growth in its General Fund budget over the prior year, excluding debt service, to the rate of inflation plus 60% of the net new construction factor in order to qualify for a state aid payment of approximately \$7 million. The maximum expenditures allowed to qualify for ERIP in 2026 is approximately \$380.4 million. The total cost to continue budget is approximately \$1.6 million under the ERIP limit. Agencies submitted supplemental requests of approximately \$1.8 million. The cost of funding the continued operations of Dairy Drive in 2026 would have to be considered against other spending priorities in 2026 to ensure the adopted budget is within the ERIP limit.

Additional clarification on the resolution language: The second resolve clause states that the resolution will "extend currently allocated funding through April 2026, at an additional cost of \$0 from the City of Madison [...]." In 2025, Dairy Drive expenses are paid for by the general fund, which is an annual fund. Unspent funds will lapse at the end of the year and will not carry forward. The Common Council would be required to appropriate additional funding in the 2026 budget to fund services in the upcoming year. The cost would not be \$0.

Changes proposed in the substitute resolution:

The substitute resolution adds a clause stating MSM will be responsible for all expenses related to electricity,

water, waste pick-up, pest control, and the emergency callbox from November 1, 2025 onwards. These utility and operational costs are estimated at \$5,000/ month. If the site runs through the end of April 2026, the total estimated cost would be \$30,000. As the site is City property and the City is the responsible party on utility bills, the City would continue to pay these costs and would seek reimbursement by MSM. The resolution does not indicate whether MSM has secured a source of funding for these additional expenses.

In addition, the substitute states that MSM will present a plan by February 28, 2026, to continue operations without City funding sources or commit to a plan to close the camp by April 30, 2026.

Title

SUBSTITUTE: Extending the contract between the City of Madison and MACH Onehealth, Inc. dba Madison Street Medicine to provide those services and extend currently allocated funding through April 2026, at an additional cost of \$0 dollars from the City of Madison, and authorizes the use of up to \$100,000 of additional funds from Dane County to pay for those services

Body

WHEREAS, in August 2021, responding to the state of emergency arising from the ongoing COVID-19 pandemic, the lack of adequate accommodations for unsheltered homeless persons in Madison, and unsafe conditions at an unsanctioned encampment at Reindahl Park, the Common Council authorized the establishment of an urban campground on City-owned land at 3202 Dairy Drive (RES-21-00621, Legistar File ID #67137); and,

WHEREAS, in October 2021, the Community Development Division used a competitive application process to select a provider of property management and on-site support services for the Dairy Drive campground and selected Madison Area Care for the Homeless (MACH) Onehealth, Inc. dba Madison Street Medicine. The City entered into a contract with MACH Onehealth, Inc. dba Madison Street Medicine to provide the requested services; and,

WHEREAS, since opening in mid-November 2021, the campground has served 97 single adults experiencing unsheltered houselessness and 77.94% have left to positive destinations, far exceeding the goal of 60% for outreach programs; and,

WHEREAS, the population served by this program was at the top of the Dane County Homeless Services Consortium Coordinated Entry list with the highest vulnerabilities and included 70% chronically homeless individuals upon entry; and,

WHEREAS, since opening, Madison Area Care for the Homeless (MACH) Onehealth, Inc. dba Madison Street Medicine has obtained partial funding from the Department of Housing and Urban Development to support the campground at approximately \$200,000 per year; and,

WHEREAS, Dane County has been a partner in this project and provided funding of \$226,000 in 2024 and \$174,500 in 2025 for the campground; and,

WHEREAS, the current contract for 2025 funded with \$228,986 of City General Purpose Revenue funds with MACH Onehealth Inc. dba Madison Street Medicine, expires on October 31, 2025, and, if services at the campground are to continue, contractual arrangements must be extended or renewed;

NOW THEREFORE BE IT RESOLVED that the Common Council approves the continued provision of property management and on-site services at the City's urban campground at 3202 Dairy Drive through a contractual arrangement with MACH Onehealth, Inc. dba Madison Street Medicine.

BE IT FURTHER RESOLVED that the Council authorizes the Mayor and City Clerk to execute a contract amendment between the City of Madison and MACH Onehealth, Inc. dba Madison Street Medicine to provide those services and extend currently allocated funding through April 2026, at an additional cost of \$0 dollars from the City of Madison, and authorizes the use of up to \$100,000 of additional funds from Dane County to pay for those services.

BE IT FURTHER RESOLVED that MACH Onehealth, Inc. dba Madison Street Medicine will be responsible for all expenses related to electricity, water, waste pick-up, pest control and the emergency callbox from November 1, 2025, onwards.

BE IT ~~FINALLY~~ FURTHER RESOLVED that the Mayor and City Clerk are authorized to further amend the contract with MACH Onehealth, Inc. to reflect decisions regarding funding made by the Council through adoption of the City's 2026 Operating Budget.

BE IT FINALLY RESOLVED that, by February 28, 2026, MACH Onehealth, Inc. dba Madison Street Medicine, will present a plan to move forward with non-City funding sources or commit and prepare to close the camp by April 30, 2026.