Growing up

Analysis of city of Milwaukee economic development efforts

Public Policy Forum
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Credits
Cover photos courtesy of Chris Gleisner (Beer Line riverwalk) and Todd Roehl (Park East Freeway demolition)

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Table of contents

Executive summary

> "Economic development is not closing deals; it is building an economic environment where businesses want to do deals."
>
> Ned Hill, senior fellow, Brookings Institution

> "Individual projects, however attractive, must be viewed in a context of a comprehensive economic development plan."
>
> Public Policy Forum report, February 28, 1987

The city of Milwaukee once was – and potentially still is – an economic powerhouse, the financial heart of our region, the driver of the entire state of Wisconsin, and one of the great engines of growth and prosperity in the Midwest. To develop this economic potential, the city invests more than $100 million every year. But it does so without a comprehensive economic development plan, which would include concrete objectives, specific goals and an overall strategy. Therefore, the return on this investment is elusive. To provide citizens and government with a better understanding of the situation, this report tracks how economic development funds are procured and spent, and analyzes policies to allocate and monitor this investment.

Milwaukee has placed a bet. In the cutthroat game of big-city economic development, it has wagered millions on real estate and community development to boost the city's tax base and stimulate investment in poor neighborhoods. In placing this bet, the city has largely neglected expenditures for business and workforce development that aim to bolster personal incomes, create jobs, and grow a skilled labor pool.

Has the gamble paid off? Yes and no. In 2005, for the first time in decades, tax base growth in the city outpaced both southeastern Wisconsin and state of Wisconsin averages. This is good news story Milwaukee. Unfortunately, these property value gains have done little to stem the tide of job losses or reverse the flow of income and workers out of the city.

In light of the city's continually eroding employment base, city officials would be right to question whether the recent gains in the tax base are sustainable. City leaders also would be right to question whether a continued emphasis on community and real estate development over job and workforce development will deliver desired results in the long term.

If this were a calculated gamble, it might be understandable. But unlike the vast majority of its peer cities, the city of Milwaukee has neglected to sit down with stakeholders and map out an economic development plan.

Absent a plan or guiding vision, one is left to conclude that the city has and will continue to engage in economic investments, no matter how worthy, in an ad-hoc fashion.

In a time of intense international competition to produce skilled workers and wealth-producing jobs, it is long overdue that the city sit down with the entire community to craft an economic development plan with concrete objectives, goals, and strategies.

To aid in this discussion, the Public Policy Forum has assembled an overview of the city's economic development investments. Borrowing from an award-winning methodology first used in assessing pre-Katrina economic development priorities in New Orleans, this report outlines city of Milwaukee economic development revenues and expenditures from 2002-2005.

Key findings

- **The city of Milwaukee government is a major player in the region's economic development.** It invested $413 million in a variety of economic development programs and projects between 2002 and 2005. By comparison, the new region-wide Milwaukee 7 effort boasts a $12 million, three-year budget. Although cooperative regional efforts are needed to stoke our economic engine, it is still *the city* itself which has the power to assemble land, levy taxes, and tap into federal grants; all powers which make it a potential force in job creation and community development.

- **The city of Milwaukee spends little taxpayer money on economic development.** In fact, between 2002 and 2005, only 8% of economic development revenue came directly out of general fund tax dollars. City of Milwaukee taxpayers benefit from a highly diversified economic development portfolio which is leveraged with a variety of revenue sources, including federal grants, service fees, and self-supporting debt streams.

- **The city of Milwaukee doesn't have an economic development plan to guide its $413 million investment.** Not having an economic development plan places Milwaukee out of step with 80% of peer cities around the country. It is in a select group of struggling rust-belt cities without plans that includes Pittsburgh, Detroit, and Cleveland. To catch up to the rest of the country, the city would have to immediately gather business, government and community leaders to detail specific and actionable goals, objectives, and strategies.

- **The city of Milwaukee lacks the reporting, tracking, and accountability necessary to critique its economic development investment.** The city has not provided a comprehensive annual report to the common council since 2004. The mayor and Department of City Development (DCD) no longer publish an annual report of accomplishments and financial results as they did cooperatively in the 1980s. DCD's annual "Tax Increment Financing District Annual Report" is neither robust, nor widely available.

- **The city of Milwaukee is a real estate and community development machine.** Conversely, the city's job creation machine is not so well oiled. Almost 70% of the city's economic development budget goes toward neighborhood and real estate development projects. Despite a continually eroding jobs base in the city, relatively little money is spent to create, retain, and expand the city's job opportunities.

- **Only 1% of expenditures go toward workforce development.** Although workforce issues are also the responsibility of other governments such as the Milwaukee Area Technical College and Milwaukee Public Schools, the city could play a much bigger role in ensuring a quality workforce, borrowing from a variety of city workforce development models nationwide. With a shrinking city labor force and the simultaneous "skills mismatch" between good paying jobs and unskilled available workers, it may be time for the city to revisit its 1% commitment to workforce development.

- **Community Development Block Grant (CDBG) dollars funded social service programs ($22.8 million) to a much larger extent than job creation activities ($2.2 million) from 2002 to 2005.** This is not in accordance with Milwaukee's current federal plan submitted to the US Department of Housing and Urban Development every four years. That plan calls for the "creation of jobs through aggressive economic development." Although job creation/business development was one of four strategies the city earmarked for CDBG funding, that priority received just 3% of total CDBG funding from 2002 to 2005.

- **The city's economic development efforts are disjointed. Thirteen separate city entities legislate and administer economic development programs.** With so many hands in the pot, it is difficult to determine who is ultimately accountable for the performance of the city's economic development investment. The mayor? The common council president? The DCD commissioner? While it is doubtful that there is one perfect way to organize city economic development functions, it is also doubtful that having 13 entities pulling the development strings at the city is optimum. Thus, reorganization would seem to be beneficial.

Policy options

Policy #1: Draft a city-wide economic development plan.

The need for an economic development plan is urgent, as the city of Milwaukee has been without one for decades. The purpose of such a plan would be to:

- hold leadership accountable to specific goals;
- mobilize business, community, and the public sector behind a unified agenda;
- allocate dollars strategically (i.e., make sure Milwaukee gets the most "bang for its economic development buck").

The plan must set specific goals and each goal must be measured on an annual basis to ensure success (**see policy #5**).

Example: New Century Economic Development Plan, Atlanta. Approved in 2004, the plan sets goals to be achieved by 2009, including the creation of 60,000 jobs, growing property value by $26 billion, adding 10,000 workforce housing units through the use of incentives, and decreasing the city's crime rate to 5,600 crimes per 100,000 residents. All goals are accompanied by specific strategies and parties responsible for implementation.

Policy #2: Become involved in a meaningful way in workforce development.

The city of Milwaukee should use its leadership position to partner with local employers, MATC, MPS, the University of Wisconsin-Milwaukee (UWM), Milwaukee County Private Industry Council, and other workforce development leaders to gain consensus on how the city could use its resource capacity to train workers for careers in local industries.

Example: Mayor's Office of Workforce Development (MOWD), Chicago. The MOWD is the central organizational point of contact for city training programs and is funded with TIF, CDBG, and federal grant dollars. MOWD programs include training ex-criminals for jobs, recruitment of a Ford Motor Company supplier plant with training incentives, and the operation of a rapid response unit to retrain employees who lost jobs due to lay-offs and plant closings. In 2002, the city of Chicago passed the TIFWORKS program to defray up to 75% of an employer's cost of customized training programs within qualified TIF districts. Administered through MOWD, TIFWORKS has allocated $2.7 million to employers to fund training for 3,000 new and incumbent workers since its inception.

Policy #3: Assemble a business development team.

The city could benefit from establishing a highly qualified team of business developers as a business recruitment resource. In the economic development world, "business developers" are smart, energized, and have an intimate understanding of their industry sector, whether it be food processing or biomedical technology. These are the people who are on the front lines with business prospects, are armed with reams of consistently updated data, and can network with the best. This is not marketing. Rather, it is creating a highly coordinated response when businesses inquire about relocation or expansion.

Example: World Business Chicago (WBC). This is a not-for profit economic development agency, chaired by Mayor Richard M. Daley, and is credited with landing Boeing's headquarters from Seattle in 2001. Recognized as one of the most effective economic development groups in the country, WBC has as its goal to expand Chicago's economy via private sector growth. Its staff provides "point-of-first contact" assistance with industry data, site location, state and local incentives, and contacts within the region's private, public, and not-for-profit sectors. It has a dedicated full-time business development staff of four and a research staff of two.

Policy #4: Bring CDBG expenditures in line with program goals.

The city of Milwaukee should comply with the intent of its 2005-2009 consolidated plan that it submitted to the federal government in 2004, and increase CDBG funding for business development programming above the current 3% level. Creative uses for these additional dollars could include recapitalizing the Milwaukee Economic Development Corporation's (MEDC) revolving loan fund, which provides loans to businesses for expansion in the city of Milwaukee.

Example: Milwaukee Economic Development Corporation (MEDC). In 1985, the city provided $800,000 in CDBG funds for MEDC's below-market interest rate revolving loan fund. As of 2005, this initial $800,000 investment has grown in principal to over $3 million, creating hundreds of jobs and adding millions to the tax base. Despite MEDC's track record of success (19,356 jobs created or retained from 2002 to 2005), CDBG dollars no longer flow into the MEDC loan pool. Instead, the existing principal has been s+iphoned off to fund other economic development initiatives.

Policy #5: Submit a comprehensive annual report on economic development progress to the common council, the mayor, and general public.

At a minimum, this document should include progress on each measurable goal from the city's new economic development plan (**see policy #1**), critique the performance of tax increment finance districts, and report on jobs created and private dollars leveraged for all major economic development projects and programs.

Example: The Economic Development Office, Charlotte. This office issues quarterly and annual reports to the mayor and common council, and posts each update on its Web site. Named "BusinessWorks," these publications measure progress on all strategic focus areas from the city's economic development plan, including workforce development, tourism & hospitality, business corridor and transit development, small business development, and business retention and attraction

Policy #6: Streamline city's economic development organization.

Hire an outside, independent consultant to determine the best way to organize economic development functions. The goal is to make sure everything that needs to get done *is* getting done. Additionally, if a more aggressive economic development agenda is adopted, current staffing levels at the DCD may not be able to adequately handle the extra duties. Deep staffing cuts at DCD over the past decade may have to be revisited.

Example: Economic development restructuring, Madison. The city of Madison is in the process of restructuring all financial resources and economic development tools under a new economic development director reporting directly to the mayor. The director will manage the city's tax increment financing portfolio, bonding authority, redevelopment real estate powers, federal and state grants, and revolving loan fund dollars.

Policy #7: Lobby aggressively for more resources in Washington D.C. and Madison.

> "Our international competitors are benefiting from the priority their state and federal governments have accorded them in recognition of the new role that cities play in a global, knowledge-based economy."
> *From the award- winning city of Toronto Economic Development Strategy*

It is imperative that the city of Milwaukee make the case to state and national authorities that investing in Milwaukee makes economic sense. A strong economic development plan (**see policy #1**) could be the catalyst needed to funnel more dollars into the city.

Example: The Menomonee Valley Partners, Milwaukee. Starting in 1999, the city began implementation of a plan to bring jobs and recreational opportunities back to the heart of Milwaukee. This plan leveraged local investment (TIF) to attract large federal, state and private financial commitments. Broad community support, an inclusive and sustainable plan, and buy-in from Wisconsin's congressional delegation all helped make this project a reality.

Policy #8: Increase investment in "high-growth" sectors of the economy.

The city should focus investment in those industries with the strongest potential for future employment growth. One idea is to partner with area universities (UWM, Marquette, Milwaukee School of Engineering, Medical College of Wisconsin, etc.) and research groups (TechStar, Biomedical Technology Alliance, etc.) to form a business incubator or technology transfer campus.

Example: Business incubation efforts, Austin, Orlando, and St. Louis. Cities throughout the country have entered into partnerships to form high-tech business incubators which support entrepreneurs to generate new products, patents, jobs, and private investment. The city of Austin (Austin Technology Incubator), the city of Orlando (University of Central Florida Technology Incubator) and the city of St. Louis (Center for Emerging Technologies) all have provided significant financial contributions to create incubators.

Study overview

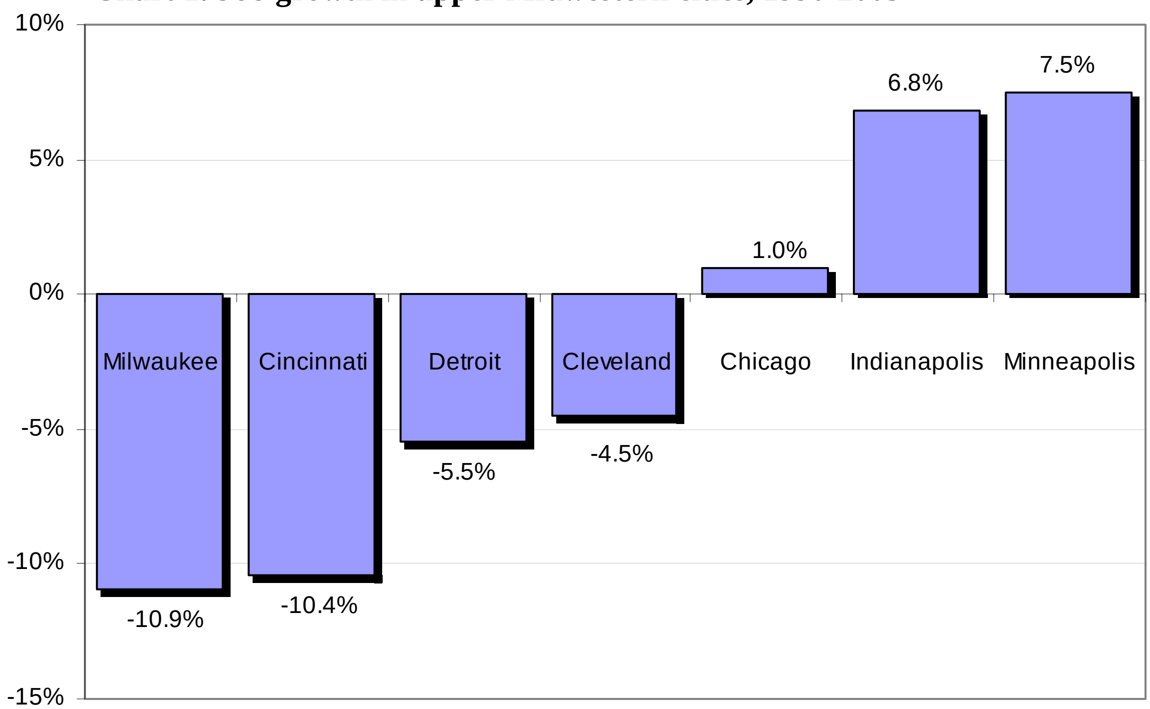
Why another report on economic development?

An analysis of Milwaukee's economic development efforts is needed because the city's economy is underperforming its peers. Macroeconomic forces (deindustrialization, intense international competition, etc.) are largely to blame for this malaise, but local government can play a positive role in turning around prevailing negative trends. After all, city government possesses a unique set of powers that allow it to condemn property, buy and sell land, issue debt, levy taxes, tap into federal and state grants, and set the overall vision and tenor for redevelopment. With such powerful tools at its disposal, the city needs a periodic independent review of its economic development priorities.

Are economic conditions really that bad in Milwaukee?

Walking around Milwaukee, one can see the fruits of billions of dollars of investment over the past decade. The glassy façades of new downtown buildings and revived neighborhood commercial districts are welcome sights, but they tell only part of the story. The reality is that no city in the upper Midwest has lost more jobs than Milwaukee over the last 15 years. Even Detroit and Cleveland lost fewer jobs than Milwaukee.

Chart 1: Job growth in upper Midwestern cities, 1990-2005



Local Area Unemployment Statistics (LAUS)

Given such profound job losses, one would think that unemployed Milwaukeeans would be clamoring for jobs. This is not always the case. Labor shortages are becoming a reality as workers have dropped out of the workforce, moved out of the region, or found themselves poorly matched to current job openings. Labor supply issues will only worsen as the baby-boomer retirements hit the Milwaukee economy starting in 2011.

The result of deep job losses and a shrinking labor force is personal income drain out of Milwaukee, in the amount of about $3.3 billion over the last 10 years.[1] These are dollars that are no longer paying local taxes or shopping in area stores. Reversing this income bleed is the goal of economic development.

Methodology

The methodology for this report is borrowed from the Bureau of Governmental Research in New Orleans (BGR). Like the Forum, BGR is a private, nonprofit, independent research organization. Using this methodology, BGR received a 2005 Governmental Research Association award for its report, "On the Right Track? New Orleans Economic Development Investment in Perspective."

The method is as follows and covers the period between 2002 and 2005:

- Quantify the amount of public funding available for economic development;
- Identify how the available funds were spent;
- Isolate historical funding trends;
- Identify administrative and procedural policies in place to allocate and evaluate the public's investment.

The Public Policy Forum assembled data from a variety of sources for this report, including comprehensive annual financial reports, city budgets, annual audit statements, common council files, and interviews with public officials. The Forum also gathered supporting information from news articles, academic journals, promotional materials, consultant reports, and the Forum's archives.

What is economic development?

It is increasingly palatable to sell the idea of a public program using the language of "economic development." As a reflection of this political reality, this report defines economic development broadly to include real estate development and business, workforce, and community development investments (**see "Categories of Investment" on page 16 for definitions**). All four categories are included in the Forum's definition to capture the full array of programs and projects that are justified to the public as "economic development."

[1] Public Policy Forum. 2006. *Net Income Migration Trends: Measuring the region's economic health*, Vol. 3, Num. 6.

Limitations

Economic development is a difficult field of study because of disagreements over how to define it. To appropriately frame the study, the following determinations were made:

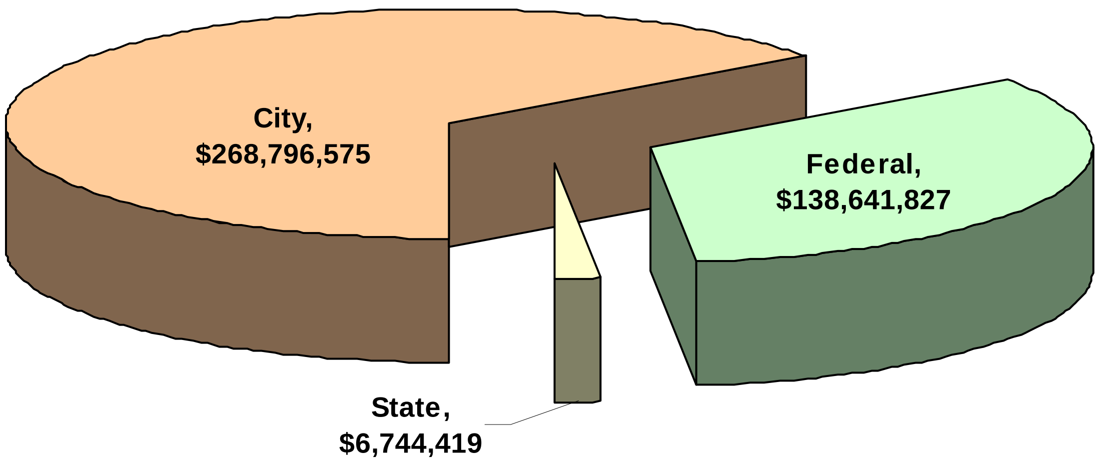
- If dollars *could* be used for economic development (even if they *were not* used for economic development), they were included in this study. For example, the Forum included all funding for the CDBG program because it has economic development as one of many eligible uses.
- Only spending that filtered through the city of Milwaukee was included in the study. Grants or incentives from state or federal sources given directly to Milwaukee businesses and non-profits were not included. For a more detailed analysis of state and federal economic development expenditures in Milwaukee please see the State of Wisconsin Legislative Audit Bureau's audit of state economic development programs and a trio of reports released in 2005 and 2006 by the Public Policy Forum on federal economic development expenditures.
- The Forum recognizes that certain economic development expenditures have many purposes and may include workforce development, job creation, and real estate development components. To determine how to classify economic development expenditures, the Forum isolated the primary purpose of individual expenditures and classified each based on how a majority of the funds were to be used.
- Tax increment financing dollars were accounted for in this study by including both the proposed capital expenditures and the financing cost for those expenditures. This reflects the reality that property tax increment will have to pay back not only the cost of the physical project, but also the cost of the financing.
- Tax increment financing dollars were measured using the total dollar commitment approved by the common council and signed by the mayor. This figure is a better measure than if one were to count actual TIF expenditures because such expenditures are unpredictable and can be spread over decades.
- The Forum did not include in its analysis any federal or state tax credits and incentives, such as Renewal Community Tax Incentives or the city's allocation of New Market Tax Credits. These programs do not directly impact city revenues and expenditures.
- The Forum excluded funding dedicated exclusively to housing. Housing funds were included in the analysis only if the funding stream for the given housing program had economic development as a component or a qualified use.
- State, federal, and city (Department of Public Works) transportation infrastructure expenditures are not included in this analysis. These monies typically do not flow through city economic development entities.
- Loan and Business Improvement District (BID) money was not included in this analysis. Both tools use private resources.

Where does the money come from?
Sources of city of Milwaukee economic development funds, 2002-2005

Sources by government

Between 2002 and 2005, $414,409,632 was made available from federal, state and city government sources to support city of Milwaukee economic development efforts. Economic development funds were largely generated by the city itself (**Chart 2**). At $269 million, or 65% of total funding, this degree of funding made for a rather self-reliant economic development machine. This self-funding gave the city of Milwaukee more control over its investment portfolio, which could prove to be useful if the city chooses to adjust its investment strategy.

Chart 2: Sources of city economic development funding, 2002-2005



The second largest source of development dollars (33% of funding) was the federal government. The majority of federal funds, though diminishing in importance, are formula entitlement funds from the CDBG program. These entitlement dollars are slowly being replaced by competitive grants and congressional earmarks. In the time period studied, the city won several large competitive grants from the EPA for brownfield remediation. In addition, it secured congressional earmarks for Menomonee Valley redevelopment, and won $38 million in HUD Hope VI housing redevelopment grants.

The smallest slice in Chart 2 represents funding from the state of Wisconsin. State funds are underreported in this analysis due to the fact that many state grants go directly to private businesses and non-profits without passing through city government. A 2006 analysis by the Legislative Audit Bureau did account for such grants and revealed that entities in Milwaukee, despite struggling with the highest poverty rate in the state, received less economic development aid than the Wisconsin per-capita average. Milwaukee also received less investment per-capita than the nationally recognized robust economy of Dane County.[2]

[2] Legislative Audit Bureau. 2006. *State Economic Development Programs: A Review*, Report 06-9.

In sum, economic development in the city is largely a self-funded enterprise. In addition to having to generate most of its own resources, the city must shoulder the burden of competing for its fair share of funding from federal and state government sources.

Largest individual sources

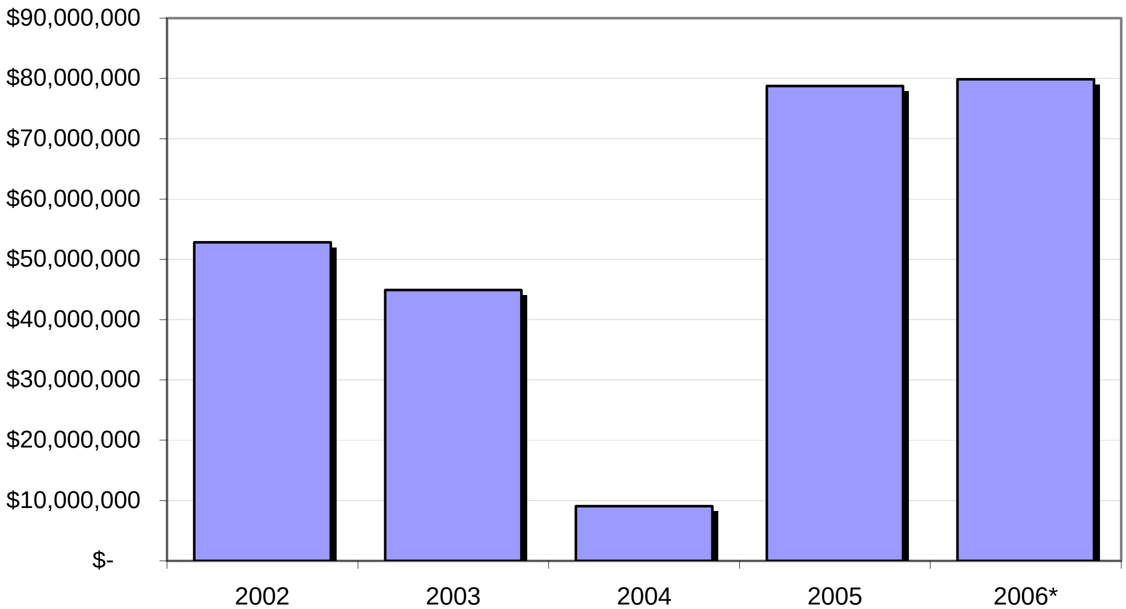
The five largest sources of city economic development funds make up 82% of its total funding (**Table 1**). The largest source, by far, is TIF. Other large sources include the federal CDBG program and HUD Hope VI revitalization grants. State and federal brownfield grants and Port of Milwaukee operating revenue round out the top five funding sources.

Table 1: Five largest sources of economic development funds, 2002-2005

Tax Increment Financing	$185,562,016	Local
Community Development Block Grants	$84,268,745	Federal
HOPE VI Revitalization Grants	$38,000,000	Federal
Brownfield Grants	$15,623,093	Federal & State
Port of Milwaukee operating revenue	$14,193,121	Local

TIF, the source of 45% of all economic development funding used by the city, is a tool that works by subsidizing development projects by borrowing against a project's future increases in property value. So long as the project is successful and would not have otherwise occurred without TIF assistance, the taxpayer stands to benefit. Beginning in 1976 with Wisconsin's first TIF district, the city has continually used TIF as a development tool. However, authorized TIF district expenditures by Milwaukee have increased significantly only over the last two years (**Chart 3**).

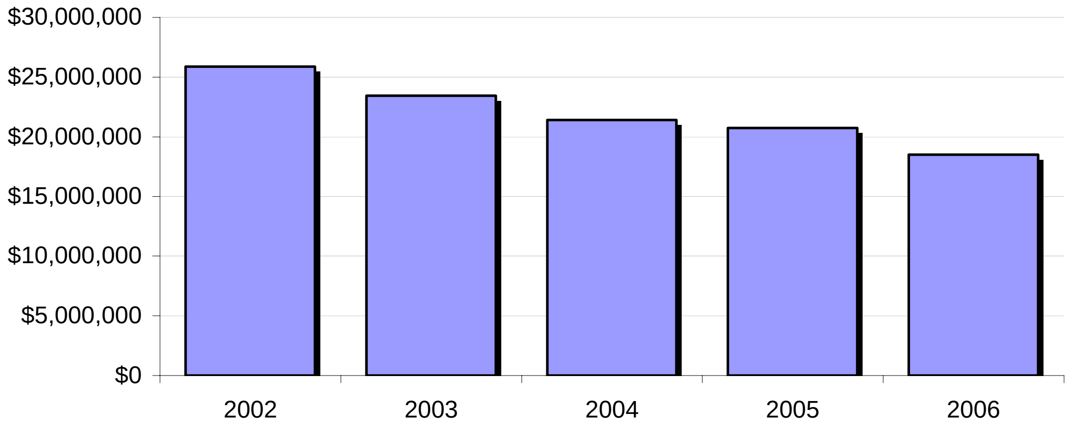
Chart 3: Authorized city of Milwaukee TIF expenditures, 2002-2006



*Through 10/1/06

The city's second largest individual source of economic development dollars is CDBG program (**Table 1**). Originating in 1974, CDBG funds are federal entitlement dollars that are given to qualifying cities based on a formula for the purposes of neighborhood, housing, and economic investments to benefit low- and moderate-income persons. Milwaukee receives $7.4 million less in CDBG funding today than it did in 2002 - a 29% decline. Federal support of CDBG continues to erode, yet the program still provides a major infusion of development dollars to cities (**Chart 4**).

Chart 4: CDBG funding to the city of Milwaukee, 2002-2006



CDBG funding totals are adjusted for inflation

The third and fourth largest individual sources of funds are both competitive categories, meaning that funding is not guaranteed and a competitive process is employed to select winning proposals. The Housing Authority of the City of Milwaukee (HACM) has excelled at securing and creatively using HUD Hope VI grants for housing revitalization. Likewise, the city's brownfield team also has received accolades for its ability to secure federal and state dollars for environmental remediation of contaminated lands.

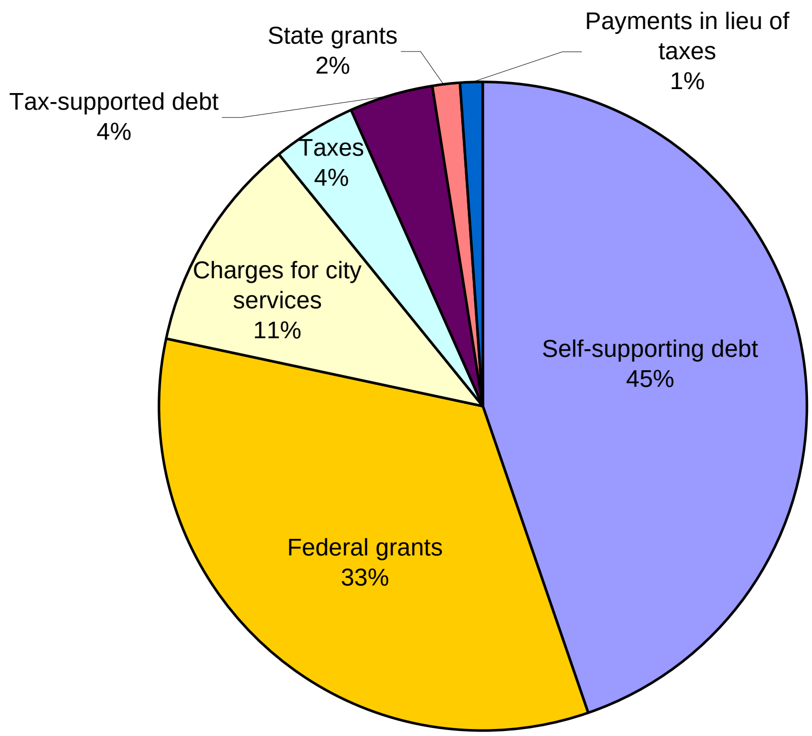
Lastly, the Port of Milwaukee is a relatively quiet source of $14.2 million in economic development revenue. The port reinvests these funds into port functions and receives no public subsidy for its continued operation. In this way, the port functions much like MEDC, in that it receives no public subsidy. These self-supporting entities benefit the competitiveness of the city and its taxpayers.

Creative, complex, and competitive financing mechanisms are replacing formula aid dollars. As of 2006, the city appeared to be supplanting losses in formula CDBG funding with greater reliance on competitive federal grants and TIF expenditures.

In what form does the money arrive?

The city's economic development effort does not burden the local taxpayer. City taxpayers are only on the hook for 8% of the economic development bill (**Chart 5**). Taxpayer money is largely used for gap financing or to match funds that are needed to capture federal and state grants.

Chart 5: Economic development instruments, 2002-2005



Taxpayers are clearly benefiting from a city economic development portfolio that is highly leveraged with federal grants and self-supporting revenue streams. The majority of funding for the city's $413 million investment comes from self-supporting revenue sources like TIF, and federal grants (**both tools are addressed in detail in the previous section**). Combined, these two instruments generate 78% of the city's development funds.

The third largest revenue source employed by the city is "charges for city services." This category, which accounts for 11% of the city's economic development revenue, includes all miscellaneous income streams, such as interest income, proceeds from developer fees, port usage fees, and proceeds from land sales. Most of these funds are used to defray the costs of operations, thus avoiding the use of tax dollars.

Are funding sources flexible?

Municipalities are, in many ways, bottom feeders in the federalist system of governance. Cities, towns, and villages are all creatures of state and federal governments and must adhere to rules on how different pots of money can and cannot be spent. These conditions are important to measure because it would not make sense to hold the city accountable for its investment priorities if it did not have control over how the money could be spent.

To aid in measuring the degree to which the city can control its economic development investment, the Forum defined three degrees of control: full, significant, and restricted.

- Full control: *The city fully controls the spending of the funds.* Examples include the City Development Fund and revenue received from fees and miscellaneous income streams. These revenues typically are used to cover operational costs so as not to burden the city's tax-supported general fund.
- Significant control: *The city has substantial freedom to direct investments of the funds within broad parameters set by state and federal law.* This category includes TIF and CDBG dollars which have legal restrictions attached to their use. For example, TIF investments must support development projects that would not have otherwise secured financing. After initial criteria are satisfied, municipalities have great flexibility in deciding how to allocate TIF and CDBG dollars.
- Restricted control: *The city's control is dramatically curtailed through project-specific awards and by state and federal law.* Examples include state and federal grants which are dedicated to specific uses.

Table 2: City control of economic development investment, 2002-2005

Full control	$83,234,559	20%
Significant control	$269,830,761	65%
Restricted control	$61,344,312	15%

In this analysis, the city has either significant or full control over 85% of its investments (**Table 2**). This large percentage is due to the fact that the city exercises significant control over both CDBG and TIF expenditures. Obviously, not all "flexible" funds can be reallocated. After all, the city still needs to keep its "house in order" by matching federal grants, paying heath benefits, and covering salaries for employees. Nevertheless, the city has great control over the majority of its investment portfolio. Such flexibility is good news if city leaders decide to change the direction of development policies.

Where does the money go?
Uses of city of Milwaukee economic development funds, 2002-2005

Investment categories

There are four basic approaches to local economic development: real estate, community, business, and workforce (**definitions and examples of each type are given following chart 4**).[3] A strategic plan will incorporate different combinations of these four approaches with the exact composition of any plan depending on the needs of the municipality. Unfortunately, in the case of Milwaukee, there is no strategic plan that outlines investment priorities.

[3] The Practice of Local Government Planning, Third Edition, International City/County Management Association, 2000, Washington D.C. p. 290-305.

The fact that Milwaukee is without an economic development plan for its $413 million investment makes the following analysis of how much money is being spent by the city to grow its economy particularly valuable because for the first time, city leadership and stakeholders will be made aware of how these scarce resources are being spent.

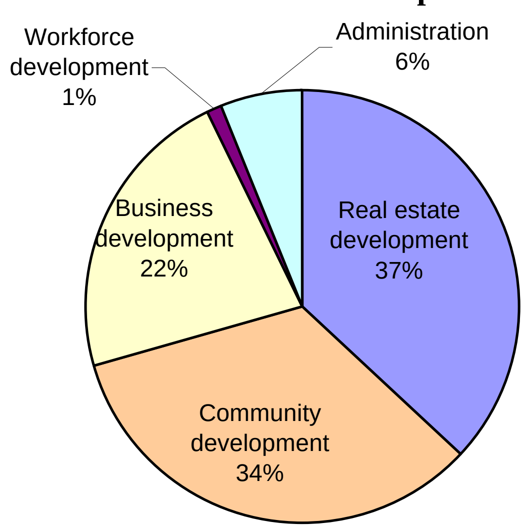
Real estate development and *community development* (neighborhood improvement) are the city's two largest investment categories, at 37% and 34% of expenditures respectively. Both categories of investment are increasingly popular economic development strategies as cities try to attract young workers. It is doubtful, however, that large numbers of these creative class workers would choose to relocate to a city that suffers from a shrinking job market.

What then is Milwaukee doing not only to construct buildings and improve neighborhoods, but to create jobs and train workers? Currently, the city is investing 22% of its economic development portfolio in business development (jobs) and just 1% in workforce development (training). The city may need to reassess its financial commitment to both of these critical economic development strategies.

The majority of the city's *business development* investment is allocated to expanding and retaining manufacturing jobs and infrastructure. Such jobs generally pay higher than the average wage, but these jobs have been disappearing steadily. City business development investment in high-growth sectors of the economy (advanced manufacturing, biotech, information technology) are in the minority.

The following is a picture of how the city of Milwaukee spent its $413 million in economic development funds from 2002 to 2005 (**Chart 4**). Following the chart are definitions and examples of each investment category.

Chart 4: Milwaukee's investment portfolio, 2002-2005



Real estate development (buildings)

Definition: Real estate projects to spur tax base growth

Investment: $151,853,914 (37% of the city's investment portfolio)

Examples: Tourism investments (Harley Davidson museum), brownfield cleanup projects, new public spaces (Riverwalk), commercial real estate development (Cathedral Place office building), mixed use development (Park East corridor development), and retail projects (Home Depot in Bay View).

Community development (neighborhoods)

Definition: Services, housing, and neighborhood infrastructure improvements

Investment: $138,230,595 (34% of the City's investment portfolio)

Examples: Affordable housing developments (Highland Park), efforts to revitalize neighborhood shopping districts (façade and streetscape projects), neighborhood quality of life improvements (Bronzeville), and other health, educational and social services that are frequently missing in poor areas (CDBG funded social service programs).

Business development (jobs)

Definition: Activities designed to attract, retain, or expand business to improve the number, quality, and diversity of jobs provided by local employers

Investment: $92,805,675 (22% of the city's investment portfolio)

Examples: Included in this category are programs and projects that have job creation (Menomonee Valley), retention (Aldrich Chemical), expansion (small business loans), and infrastructure (Port of Milwaukee) as primary goals.

Workforce development (training)

Definition: Programs that prepare workers for jobs through skill development

Investment: $4,984,998 (1% of the City's investment portfolio)

Examples: The vast majority of workforce development funding is allocated to non-profit community groups engaged in job placement and job training services. Esperanza Unida, Inc. is one such group. It has received $803,404 in CDBG funds for workforce development programs from 2002 to 2005.

Individual project investment

Five projects received 39% of the city's total investment from 2002 to 2005 (**Table 3**). Projects were Menomonee Valley redevelopment (TIF, state and federal grants), Highland Park housing redevelopment (Federal grants), Cathedral Place (TIF), Park East (TIF), and Harley Davidson museum (TIF). The majority of these large projects were real estate investments aimed to improve the quality of life and bolster the city's tax base.

Table 3: Individual projects receiving the most city investment, 2002-2005

	Project name	Investment	Type
1	Menomonee Valley	$39,093,254	Business
2	Highland Park	$38,000,000	Community
3	Cathedral Place	$35,856,442	Real Estate
4	Park East	$33,614,007	Real Estate
5	Harley-Davidson museum	$15,840,400	Real Estate

The trend of funding large development projects could accelerate. In 2006, the city approved a $43.5 million TIF district for the Manpower relocation from Glendale. This is one of Milwaukee's largest TIF district approvals in decades. The recently proposed $40.6 million TIF package for the Pabst Brewery redevelopment proposal is another example.

Large projects, especially when TIF is involved, can be controversial and both the Pabst Brewery and Manpower TIF proposals are recent examples in which the debate turned sour. Healthy debate is good, but citizens and policymakers should not be faulted for being confused when asked to support such huge projects. Not having an agreed upon economic development plan opens such large public investments to immediate suspicion and criticism. Placing these large projects in context (a plan) would aid understanding and provide for a more predictable and transparent development environment.

Funding trends: The rise of the unconventional

No longer is economic development an exercise in writing out a blank check. Creative financing tools that rely on private investment are quickly replacing government grants. Milwaukee is increasingly reliant on these non-traditional funding mechanisms and has seen impressive growth in the two most striking examples of such programs; the city's revolving loan fund and Business Improvement Districts (BID). These are not included in this report's preceding revenue and expenditure analysis because neither tool relies on public financial support.

Revolving Loan Fund

Started in 1971 by MEDC, the revolving loan fund provides loans to start-up businesses and other "riskier" loans that banks typically will not fund. The typical breakdown for such a loan is 50% bank, 40% MEDC, and 10% business partnership.

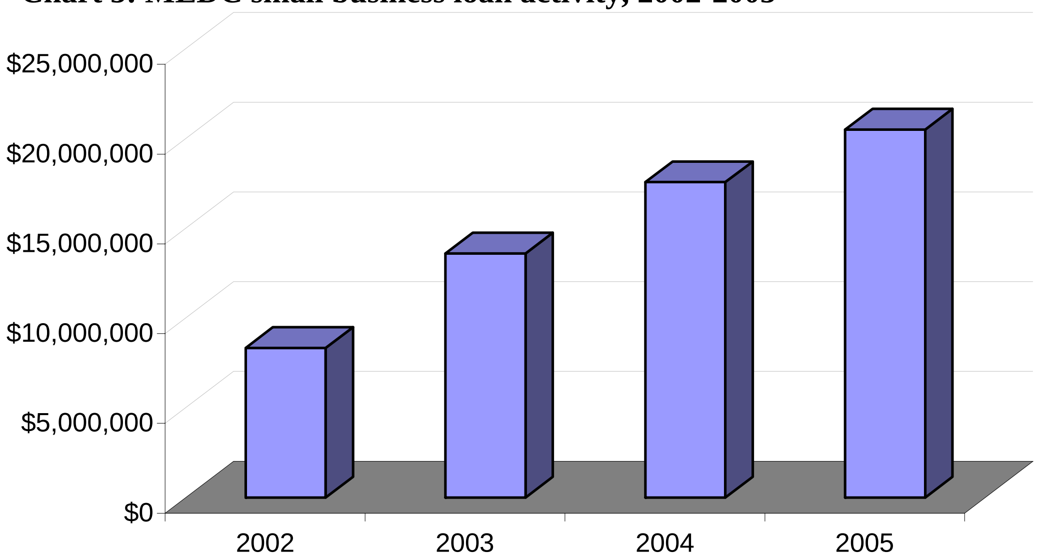
MEDC's flagship product is the "revolving loan fund" because loans get paid back to MEDC with interest and the money then loaned out again so that the size of the original loan pool gradually increases over time. For example, in 1985, a one-time grant from the CDBG program capitalized the revolving loan fund with $800,000. Today, after 20 years of loan activity, this investment is now worth over $3,000,000. The fund has been so successful that it is currently used as a model to build a new brownfield revolving loan fund to finance the environmental remediation of contaminated lands in Milwaukee.

Due to the success of its revolving loan fund, MEDC operations are fully funded by interest from its loan portfolio. As a self sustaining entity, MEDC receives no taxpayer subsidy from the city. In fact, MEDC has provided subsidy to the city, including a $1.55 million grant to the Redevelopment Authority of the City of Milwaukee (RACM) for the purchase of land in the Menomonee Valley.

One shortcoming of MEDC's revolving loan fund is that lending must stop at the city line. The problem is that this does not reflect the reality that business in Milwaukee does not stop there. To get around these artificial political boundaries, both Waukesha and Racine counties have elected to act regionally and use county CDBG funding for countywide revolving loan funds. This is progressive thinking when compared to Milwaukee County's use of CDBG funding for such parochial, non-economic development interests like paving parking lots and renovating basketball courts. The city of Milwaukee and Milwaukee County may want to establish a countywide revolving loan fund.

Below is a chart which shows the dramatic increase in MEDC loan activity in recent years. From 2002 to 2005, total loan activity rose 146% to $20.5 million. In this same time period, 19,355 full time jobs were either created or retained in 313 business expansion projects valued at over $202 million.

Chart 5: MEDC small business loan activity, 2002-2005

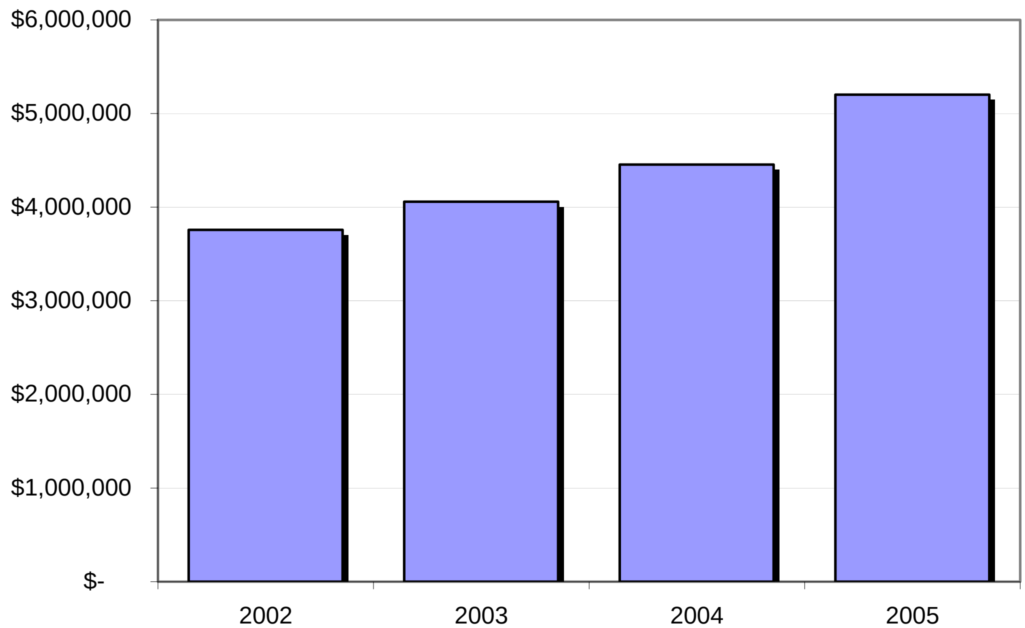


Business Improvement Districts

A Business Improvement District, or BID, is a group of commercial property owners in a designated geographic area that agrees to be taxed at a higher rate so that the increased tax revenue can then be spent on projects to improve the local business environment (lighting, event planning, promotions, flower planting, etc.). There are currently 28 BIDs in city with the Historic Third Ward BID as the oldest (1986) and the Downtown BID as the largest ($2.6 million annual budget). This strong private sector strategy of redevelopment costs the city next to nothing and results in millions of dollars invested in street and business improvements.

More and more BIDs are being created and the assessed property values in those districts continue to increase. As a result, the BIDs have more money to spend on street and business improvements. From 2002 to 2005, the combined annual budget for BID improvements increased from $3.8 million to $5.2 million, a 38% increase (**Chart 6**).

Chart 6: Growth of Business Improvement Districts



Organization: Who is responsible for economic development decisions?

Despite the city retaining full or significant control over 85% of its $413 million investment, its economic development efforts are fragmented. At this point, economic development dollars and decisions flow through nine administrative and four elected political bodies in the city of Milwaukee.

Who then is responsible for the city's $413 million economic development investment? Where does the buck stop?

Milwaukee now does not have a department of economic development or a director of economic development. Instead, economic development duties and programs are spread out in a loose confederation of non-profit corporations (Housing Authority of the City of Milwaukee, Redevelopment Authority of the City of Milwaukee, Neighborhood Improvement Development Corporation, Milwaukee Economic Development Corporation); administrative departments (Port of Milwaukee, Department of City

Development, Department of Administration, Community Development Grants Administration); and common council committees. This means that on any given issue, economic development policy is pulled in several directions. In short, responsibility and coordination for the city's economic development investment is not accountable to any one person or organization.[4]

While it is doubtful that there is one way to organize big-city municipal economic development functions, an effort should be undertaken to streamline functions and improve accountability. Milwaukee may want to look to the city of Madison, which recently consolidated city economic development tools under a new economic development director who reports directly to the mayor and also has a seat in the mayor's cabinet.

Any reorganization effort needs to ensure that new bureaucratic layers are not added to city development efforts. Additionally, there is a risk that the reversal of reorganization efforts could occur during a change in administration. All of this must be weighed when altering Milwaukee's structure of economic development.

The following is a list of entities that control a portion of the city's annual economic development budget:

Administrative

Housing Authority of the City of Milwaukee (HACM)
Redevelopment Authority of the City of Milwaukee (RACM)
Milwaukee Economic Development Corporation (MEDC)
Neighborhood Improvement Development Corporation (NIDC)
Department of City Development (DCD)
Department of Administration (DOA)
Community Development Grants Administration (CDGA)
Milwaukee Water Works
Port of Milwaukee

Political

Mayor's office
Common council
Common council's Zoning, Neighborhoods and Development Committee
Common council's Community and Economic Development Committee

Staffing of economic development efforts is also a concern (**Table 4**). Most economic development administrative positions are located in the Department of City Development (DCD). However, cuts to authorized positions at DCD have resulted in a 42% reduction

[4] Multiple efforts to obtain an organizational decision-tree for economic development functions at the City of Milwaukee were unsuccessful.

of its workforce from 1996 to 2006.[5] This compares to a much less severe 11% reduction for all authorized city positions during the same period.

Table 4: City of Milwaukee authorized positions

	1996	2006	Difference	Percentage loss
Department of City Development	410	236	174	**42%**
All city positions	9021	8,067	954	**11%**

If a more aggressive economic development agenda is adopted, the current level of authorized positions may not be able to adequately handle the additional duties. Deep staffing cuts at DCD over the past decade may have to be revisited.

Planning: Does the city have an economic development plan?

The city of Milwaukee does not have an economic development plan to guide its $413 million investment. Not having a plan places Milwaukee out of step with 80% of peer cities and puts it in a select group of struggling rust-belt cities without plans, including Pittsburgh, Detroit, Cincinnati, Chicago and Cleveland (**Table 5**)

Milwaukee has not always been without an economic development plan, but it has been decades since creation of the last one. The 1968 "six-year plan" by then Mayor Henry W. Maier created MEDC's still successful revolving loan fund, saved the Pabst Theater, and gave birth to what is called the largest music festival in the world, Summerfest. Though the plan expired in 1974, the changes it brought about continue to be seen today.

Today, the vast majority of Milwaukee's peer cities have economic development plans. And all of them have specific goals and actionable items. Some, obviously, are more robust than others. Those plans that are part of a larger, more general "city comprehensive plan" (Baltimore, Virginia Beach) tend to be much less detailed than stand-alone intensive economic development plans (Toronto, Portland). Minneapolis was the exception to this rule, having a forceful economic strategy as part of its citywide comprehensive plan. "The Minneapolis Plan" outlines four priorities for its economic development investments: preparation of land attractive to investors, access to capital for businesses, skill development for the labor force, and streamlining regulatory environments that inhibit investment in the city.

The city of Milwaukee currently is preparing its own comprehensive smart-growth plan to meet a state-imposed deadline of 2010. If this is the city's answer to the call for an economic development plan, then we should ask the following questions:

- Like Minneapolis, will Milwaukee list major investment priorities?

[5] City of Milwaukee Department of Administration Budget Office, retrieved from http://www.city.milwaukee.gov/displayFile.asp?docid=542&filename=/User/crystali/Public_Site/EmployeeNos.pdf , accessed 10/30/06.

- Like Atlanta, will Milwaukee set specific targets for job creation, affordable housing unit production, and tax base growth? And, like Atlanta, will the Milwaukee measure those targets annually?
- Like Portland, will Milwaukee be honest about its competitive advantages and disadvantages?
- Like Charlotte, will Milwaukee detail cost estimates and assign a lead agency(ies) to implement each strategy?
- Like Toronto, will Milwaukee pursue an exhaustive, cutting-edge and award winning plan?
- Like Philadelphia, will Milwaukee's plan inspire change?

The existence of a plan could be a unifying factor and the catalyst for an infusion of public and private investment. The city can look inward to the Menomonee Valley to see how its ambitious 1999 plan for redevelopment has since attracted millions of dollars in state, federal and private-sector investment. If a development plan could do this for the long-dormant valley, what could an ambitious development plan do for the entire city?

Table 5: Milwaukee and 25 peer cities: Status of economic development planning efforts

Municipality	Year	Name of Plan
Austin	2005	The city of Austin Economic Development Policy
Baltimore	2006	Baltimore City Comprehensive Master Plan
Buffalo	2006	City of Buffalo Four-Year Strategic Plan
Charlotte	2005	Economic Development Strategic Framework, 2005-2010
Chicago	-	-
Cincinnati	-	-
Cleveland	-	-
Columbus	1993	Columbus Comprehensive Plan
Denver	2000	Denver Plan 2000: Economic Activity
Detroit	-	-
Indianapolis	2002	Indianapolis Insight: Economic Development
Kansas City	1997	FOCUS Kansas City Human Investment Plan
Louisville-Jefferson County	1997	Visioning Report - 12-year Economic Development Plan
Madison	2004	The Healthy City: Model for a Forward Economy
Milwaukee	-	-
Minneapolis	2004	The Minneapolis Plan: The Market in the City
Nashville-Davidson	1992	Concept 2010 Economic Development Plan
Philadelphia	2005	Economic Development Blueprint for Greater Philadelphia
Pittsburgh	-	-
Portland	2002	Economic Development Strategy for the City of Portland
Sacramento	2006	Sacramento Economic Development Strategy
St. Paul	2006	A Lens for the Future: St. Paul for the Next 25 Years
San Antonio	2005	Strategic Plan for Economic Development
St. Louis	2005	St. Louis Five Year Strategy
Toronto	2000	City of Toronto Economic Development Strategy
Virginia Beach	2003	Comprehensive Plan Policy Document

"Peer Cities" defined as being located in a similarly sized metro area (1.3 - 2.3 million) with a major city center or located in the Midwest/Rust-Belt region.

Does the current funding allocation match the city's plan?

We originally intended to conduct an extensive analysis of how adequately the city's $413 million investment fulfilled its economic development plan and mission. But without a citywide economic development plan, it is impossible to match development priorities against city expenditures. This, unfortunately, leaves a large hole in what we know about how the city is spending its economic development dollars.

The only portion of the city's economic development budget where it is possible to match priorities with expenditures is within the CDBG budget. As a recipient of CDBG entitlement funds from the federal government, Milwaukee is required to submit a "consolidated plan" to HUD every five years. The city's most recent five-year plan (2005-2009) gathered input from the community and outlined the following four goals for CDBG expenditures:

Milwaukee's four strategies for CDBG expenditures, 2005-2009:[6]

- Create jobs through aggressive economic development;
- Revitalize neighborhoods by targeting resources to make a clear and measurable impact;
- Eliminate barriers to employment by working in partnership with community stakeholders;
- Create home-ownership opportunities for community residents.

"Creating jobs" is one of the four strategies outlined in the city's CDBG plan. Being one of four strategies, it reasons that the city would spend somewhere around 25% of its CDBG budget on job creation programming. This, however, has not been the case. Between 2002 and 2005, Milwaukee spent only 3% of its CDBG allocation on job creation activities (**see "Business Development" category in the chart below**).

In the most recent CDBG budget (2007), the city has acknowledged this incongruity. In 2007, the city plans to spend $1,275,000 for "economic development," or 7% of its CDBG allocation. However, the bulk of this increase will fund the "large impact development" program, which is primarily a real estate development tool. Using the methodology developed in this report, business development expenditures will increase to only 4% of the total 2007 CDBG budget. In the end, no matter how you slice the data, the percentage of CDBG dollars spent on job creation/business development efforts will be considerably less than 25%. Big changes would need to occur to turn CDBG into an aggressive job creation machine.

Social service programming received 27% of all CDBG investment from 2002 to 2005. Community development and housing programs also fared well in CDBG allocations,

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[6] City of Milwaukee, Wisconsin 2005-2009 – Consolidated Strategy and Plan, Executive Summary, p. 1. Retrieved from
http://www.ci.mil.wi.us/displayFile.asp?docid=5605&filename=/User/jsteve/CONPLAN.pdf
, accessed on 10/30/06.

with 24% and 20% respectively. The city allocated 13% of CDBG dollars to subsidize administrative costs in seven departments (city clerk office, Community Block Grant Administration, comptroller, DCD, Department of Neighborhood Services, health department, and RACM). Additional analysis should be done to assess whether these administrative expenditures are out of line with peer cities.

Table 6: **CDBG allocations, 2002-2005**

	Total	**%**
Social Services**	$22,811,437	27%
Community Development	$19,826,902	24%
Housing	$17,207,274	20%
Administration	$11,154,236	13%
Real Estate Development	$6,429,431	8%
Workforce Development (training)	$4,624,998	5%
Business Development (jobs)	$2,214,467	3%
Total	**$84,268,745**	

** Homeless, domestic violence, youth and senior services, education, crime prevention, health, etc.

How is progress on economic development goals measured?

A plan is only as good as its execution. That's why annual benchmarks that gauge progress on economic development goals typically are built into today's more robust plans. For example, if a plan calls for the attraction of 10,000 international university students by 2012, progress on that goal would be measured annually until 2012 to allow strategies to be adjusted to meet the stated goal.

Because Milwaukee is absent a plan, however, annual measurement of economic goals has generally not been performed. Currently, the only economic measures provided by the city are tucked away in the executive budget summary. Jobs retained and created, housing units completed, and private investments leveraged are all measured in the report. Viewed in isolation, these figures are not helpful in trying to assess whether our expenditures are achieving concrete, strategic, long-term policy goals.

Cities typically provide some sort of progress report to their citizens. This update usually comes in the form of an annual report aimed at the business community, policymakers, and other city stakeholders. The effort is not ideal, but it usually provides a degree of transparency and can be a good vehicle to boast about past accomplishments and preview future plans. On this front, the city has not provided a comprehensive annual report to the common council since 2004. Additionally, the mayor and DCD, as they did cooperatively in the 1980s and early 1990s, no longer publish an annual report of accomplishments and financial results for the general public and business community.

Process: How are investments awarded and evaluated?

The following is a closer look at the award and evaluation processes in place to measure two programs for which the city has significant or full control over funding:

- Tax Increment Financing
- City Development Fund

Award process

Tax Increment Financing: City of Milwaukee projects financed by TIF must comply with state law governing TIF approvals. State TIF law is flexible and requires that TIF districts pass the "but for" test – *but for TIF assistance, the development would not occur.* The city requires no specific criteria over and above that required by the state.

In 2005, a city of Milwaukee TIF task force, including labor leaders, developers, and city officials, was convened to study the issue of TIF approvals. The result was a more formalized application process, a new application fee, comptroller review for major projects, and more community outreach. It was decided at that time that specific "public benefit" criteria (minimum jobs created, minimum private investment, etc.) would be too rigid and thus were not included as part of the task force's recommendations.

Despite implementation of the new TIF approval process, controversy over TIF approvals in the city continued. For example, in 2006, a $2 million cash grant was made by the city to the developer of a project that would move Manpower's world headquarters from Glendale to downtown Milwaukee. Several questions emerged from the ensuing debate:

- Under what conditions is a TIF cash grant justified?
- Why a cash grant and not a low-interest loan?
- Should cash be granted to a developer to ensure the developer a specific return on investment (ROI)? If so, should there be a maximum allowable ROI for city TIF districts?
- Should there be a minimum "public benefit" (jobs, wages, etc.) created when developer cash grants are issued?

These are the types of questions that could be addressed through specific TIF approval criteria. Placing too stringent criteria on TIF approvals, however, could put the city at a competitive disadvantage.

City Development Fund: The "city development fund" is the city's largest taxpayer funded economic development program. Essentially, it's a city-owned and -operated economic development "slush fund." Dollars are withdrawn from the fund on an as-needed basis with annual taxpayer contributions of $2 million. Individual expenditures must be approved by the common council.

The fund has two goals: (1) provide support of neighborhood commercial investment through streetscaping and façade grants; and (2) provide a source of funds to leverage private dollars and government grants. According to the city, "flexibility" is one of the most important characteristics of the fund. As such, there are no set criteria for expenditures. Instead, projects are evaluated on their individual merits based on employment, environmental, tax-base, and neighborhood benefits.

Is the city being strategic with this taxpayer-funded pool of money? Based on the list of expenditures, the city does seem to be following its stated priorities. Nevertheless, the award process for fund expenditures would clearly benefit from being part of a larger economic development strategy or plan. In other words, how can we be sure that commercial district revitalization is the best use of taxpayer dollars?

Evaluation Process

Tax Increment Financing: City measurement of the performance of individual TIF districts is weak. Currently, an internal "TIF annual report" is authored by DCD that includes a brief history of each TIF district, the year it was created, the estimated date that it will be retired, and the dollar value of the increment created. Unfortunately, much is missing from the report. Report additions should include the following:

- Project status (under development, completed, or dissolved)
- Projected jobs created and retained
- Actual jobs created and retained
- Ratio of public to private dollars invested
- Type of development (industrial, commercial, and/or mixed use)
- Equalized assessed value and increment growth by year
- TIF financing method (developer financed, municipal bonds, TIF borrowing, etc.)
- Map of district with description of district boundaries
- Description of amendments to the original project plan
- Original estimate on the number of years to retirement
- Current estimate on the number of years to retirement.
- Total TIF assistance agreed to in the project plan
- Total TIF assistance thus far expended
- Total private investment agreed to in the project plan
- Total private investment thus far expended
- TIF redevelopment budget allocation (public infrastructure costs; site development costs; interest payments; cash grants to the developer; rehab, acquisition, and engineering costs; etc.)

A model for Milwaukee, should it choose to update its TIF evaluation process, is the Economic Development Corporation of Kansas City, Missouri (EDCKC).[7] The EDCKC website is a lesson in transparency. Kansas City TIF policies educate the potential

[7] Economic Development Corporation of Kansas City. Retrieved from the EDCKC website, http://www.edckc.com/tif/ , accessed on 10/31/06.

investor and the general public, and are displayed on the website along with a link to an extensive report on the performance of each city TIF district.

City Development Fund: A comprehensive evaluation of benefits derived from fund expenditures does not currently exist. Benefits would be difficult to evaluate due to the fact that expenditures are spread across several different programs with various goals. That said, there is a clear need for such benefit information since this is a large taxpayer-funded pool of money. Policymakers and the public should know how many jobs were created or retained, how much private and public investment was leveraged, and how much tax base was generated from development fund investments.

Conclusion

The city of Milwaukee has a role to play in the economic development of the region. The question is: what is that role?

The city currently sees its role as one to build strong neighborhoods through housing and commercial real estate development. That's where most of its effort is focused. The city spends less of its economic development portfolio on business and workforce development. In other words, the city is a real estate development machine, not a job development machine.

For a city bleeding income and jobs, what is the right balance between these competing visions? The city needs to answer this question by creating a long-term economic plan to take maximum advantage of its impressive array of flexible development dollars (TIF, CDBG, City Development Fund, etc.). Too much is at stake to not have such a plan supported by both community and business leadership.

It also may be time to pursue a more regional approach to economic development. Milwaukee could learn from its neighbors, Racine and Waukesha, which use county CDBG funds to capitalize county-wide revolving loan funds. The same could be accomplished in Milwaukee by extending the city's revolving loan fund to all of Milwaukee County by utilizing county CDBG funds now used for parochial non-economic development interests, like paving parking lots and renovating basketball courts.

Reversing the entrenched economic malaise of the city and the region will not be up to municipal governments alone. In fact, the public sector works at the margins of the macroeconomic forces that are currently deindustrializing the Upper Great Lakes economy. But this should not be an excuse for inaction. The City of Milwaukee spends millions to stimulate development every year. It is critical that we make sure our expenditures net a solid return.

Appendix

Detail of funding sources and total expenditures by investment category

Funding source	Type of economic development	Subtype of economic development	4-year expenditure total
CDBG	Administration	Administration	$11,154,236
CDBG	Community development	Social services	$22,811,437
CDBG	Community development	Neighborhood development	$19,826,902
CDBG	Community development	Housing	$17,207,274
CDBG	Real estate development	Land development	$6,429,431
CDBG	Workforce development	Workforce development	$4,624,998
CDBG	Business development	Business development	$2,214,467
City Development Fund	Community development	Neighborhood development	$2,945,000
City Development Fund	Real estate development	Land development	$1,630,000
City Development Fund	Business development	Business development	$910,000
City Development Fund	Real estate development	Commercial real estate development	$690,000
City Development Fund	Business development	Industrial development	$685,000
City Development Fund	Real estate development	Tourism and quality of life improvements	$677,000
City Development Fund	Community development	Housing	$210,000
Other*	Business development	Industrial development	$23,252,336
Other*	Community development	Neighborhood development	$20,014,305
Other*	Administration	Administration	$13,505,758
Other*	Real estate development	Land development	$10,562,398
Other*	Business development	Business development	$8,624,182
State and Federal Grants	Community development	Housing	$39,647,600
State and Federal Grants	Business development	Industrial development	$9,878,674
State and Federal Grants	Real estate development	Land development	$5,744,419
State and Federal Grants	Community development	Social services	$1,707,025
State and Federal Grants	Community development	Neighborhood development	$860,718
State and Federal Grants	Real estate development	Tourism and quality of life improvements	$430,000
State and Federal Grants	Real estate development	Commercial real estate development	$370,000
State and Federal Grants	Workforce development	Workforce development	$360,000
TIF	Real estate development	Commercial real estate development	$89,868,016
TIF	Business development	Industrial development	$47,241,016
TIF	Real estate development	Tourism and quality of life improvements	$35,452,650
TIF	Community development	Neighborhood development	$13,000,334
			$412,535,176

*This category reflects largely self sustaining revenue sources like income from fee's, interest, charges for services, land sales, port docking fee's, etc. These monies are all put back into operational expenses of various departments so as to not burden the tax rolls.