

## LRB - FISCAL SECTION ANALYSIS

JUNE 18, 2003

ITEM 11, FILE 030096

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #030096 is a substitute resolution establishing a policy relating to the return to the City proceeds generated from city assets and funds provided to the Redevelopment Authority of the City of Milwaukee, the Milwaukee Economic Development Corporation and other City agencies.

### **Background**

1. In March of 2003, the Comptroller's Office issued an "Audit of City of Milwaukee Development Contract Management and Administration". The objective of the audit was to evaluate the adequacy of management and enforcement of City of Milwaukee financial considerations and other rights and obligations for economic development contracts.
2. One of the issues reviewed in the audit concerned City policy regarding the return of RACM income to the City where such income is generated through the use of City funds transferred to RACM. While DCD staff indicated to the Comptroller's Office that for at least the last five years all TID cooperation agreements have required that developer loan repayments to RACM and property sales proceeds be transferred to the City regardless of when the TID closes, the audit found there is no official RACM policy or City resolution providing for the continuation of this policy.

The audit also found that some loans made by MEDC in TID projects with funds provided by the City, MEDC has been allowed to retain repayments received after the related TID has been closed. DCD staff indicated to the Comptroller's Office that recent TID cooperation agreements between the City and MEDC require loan repayments to be returned to the City both during and after the life of the TID.

3. The audit recommended (Recommendation # 9) that the Common Council should consider adopting a formal policy requiring that all proceeds generated from assets or funds provided by the City to RACM or MEDC be returned to the City subject to RACM debt service requirements and other disposition as required by Common Council resolution or by contract between parties. Adoption of this policy would formalize the current practice in TID projects, and expand it to all development projects.

### **Discussion**

1. The resolution establishes that all proceeds generated from assets and funds provided by the City to RACM, MEDC and other City agencies be returned to the City, subject to any other disposition as required by Common Council resolution or by contract between the parties. This resolution formalizes the current practice in TID projects and expands the practice to all development projects.

2. The resolution applies to any loan repayments or other project income received by RACM, MEDC and other City agencies after the effective date of the resolution.

### **Fiscal Impact**

The fiscal impact of the resolution cannot determine because the number of future cases where the City and the agency (RACM, MEDC. Other City agencies) both benefit if agency retains the proceeds cannot be determined.

cc: Marianne Walsh  
Joe Czarnetzki  
W. Martin Morics  
Mike Daun  
Jim Michalski  
Michal Dawson  
Jean Laskowski

Prepared by: James Carroll, X8679  
LRB-Fiscal Review  
June 13, 2003