

DEPARTMENT OF CITY DEVELOPMENT 2010 PROPOSED BUDGET Executive Summary

1. The 2010 Proposed Budget eliminates 17 DCD positions in various sections of the department, including 7 in the Public Housing Programs Decision Unit. (page 1)
2. Other than the 2 Historic Preservation positions that have been transferred to the City Clerk's budget, all positions proposed for elimination are currently vacant. In addition, 4 of these positions were not funded in the 2009 Budget, and another was funded for only part of the year. Therefore, no layoffs will be required and elimination of these positions will have minimal impact on the operations of the department. (pages 1-3)
3. No funding is provided for the Summer Youth Employment special fund is included in the 2010 Proposed Budget. The 2009 appropriation for this special fund -- \$250,000 -- enabled the Earn & Learn youth employment program to provide summer jobs to an additional 175 Milwaukee youth. (page 4)
4. Funding for the Milwaukee Arts Board Projects SPA is reduced from \$160,000 to \$50,000. This will likely reduce both the number and dollar values of grants awarded by the Arts Board to local arts groups and artists. (pages 4 and 5)
5. The Proposed Budget eliminates all funding for the Business Improvement Districts SPA. In the past, the City used this SPA to provide voluntary contributions to 7 of the City's approximately 30 BIDs to fund BID maintenance, clean-up and graffiti removal on City-owned vacant lots and City-owned portions of the RiverWalk. The 7 BIDs will now have to use their own special assessment revenues to fund these activities. (page 5)
6. The department's capital budget includes \$7 million in funding for redevelopment of the 30th Street Industrial Corridor, specifically the TID No. 74 (35th & Capitol) project. This funding will be combined with \$3 million appropriated in the 2008 Budget to complete the City's capital funding commitment for this project. Other funding sources for this project, which has an estimated total cost of \$34.6 million, include tax increment financing, federal tax credits and state and federal grants. (page 9)
7. The 2010 Proposed Budget includes \$600,000 for a new DCD-administered capital program, the Housing Infrastructure Preservation Fund. This funding will be used to stabilize certain City-owned residential properties that are not habitable and are unlikely to be restored by private purchasers at this time, but are worthy of preservation for future rehabilitation. (pages 10 and 11)
8. The department's revenues are projected to fall 25.6% from budgeted 2009 revenues. This is a result of the current economic recession and lull in construction activity, which directly impact DCD's permit and plan examination fee revenues. Limited fee increases for 2010 will not be sufficient to offset the decline in permitting activity. (pages 12 and 13)

2010 PROPOSED BUDGET – DEPT. OF CITY DEVELOPMENT

Summary by Legislative Reference Bureau – Research & Analysis Section

Expense Category	2008 Actual	2009 Budget	% Change	2010 Proposed	% Chg.
Personnel Costs	\$3,504,485	\$3,767,932	7.5%	\$3,555,428	-5.6%
Operating Expend.	\$282,224	\$265,185	-6.0%	\$266,000	0.3%
Equipment Purch.	\$0	\$0	0.0%	\$0	0.0%
Special Funds*	\$132,263	\$375,000	183.5%	\$125,000	-66.7%
TOTAL	\$3,918,972	\$4,408,117	12.5%	\$3,946,428	-10.5%
Capital	\$28,828,666	\$43,844,614	52.1%	\$39,402,543	-10.1%
Positions**	245	218	-27	201	-17

* Large 2008-2008 increase and large 2009-2010 decrease reflect the inclusion of a \$250,000 Summer Youth Employment special fund in the 2009 Adopted Budget.

** Does not include Redevelopment Authority, Housing Authority or Milwaukee Economic Development Corporation "direct" positions (those that are funded by those agencies' own segregated funding sources).

2010 BUDGET HIGHLIGHTS AND ISSUES

Personnel

1. The 2010 Proposed Budget provides \$3,555,428 in tax levy funding for DCD's personnel costs, a decrease of \$212,504 (-5.6%) from the 2009 Adopted Budget.
2. The 2010 Proposed Budget calls for a net reduction of 17 positions in the Department of City Development (201 positions, versus 218 in 2009). Full-time equivalents are also decreasing by 17 positions, from 160.25 to 143.6.
3. The 17 positions being eliminated from DCD's budget are as follows:
 - 7 positions in DCD's Public Housing Programs Decision Unit are being transferred to HACM and eliminated from the City Budget. Federal regulations require that all public housing authorities convert to a system of property-based accounting and management, meaning that HACM must gradually move its activities and personnel out of City government. The Housing Authority has a policy of eliminating its City positions once they become vacant and, if appropriate, recreating those positions within its own staff. The vacant City positions eliminated for 2010 are:

Housing Manager III – 2 positions (SG 5)

Custodial Worker II-City Laborer – 3 positions (PR 215)

Accounting Assistant II (PR 445)

Heating & Ventilating Mechanic III (PR 262)

- Administrative Assistant IV (PR 550). This position, located in the Commissioner's Office, was not funded in 2009 and is vacant.

- **Program Assistant III** (PR 550). Like the Administrative Assistant IV, this position is located in the Commissioner's Office, was not funded in 2009 and is currently vacant.
- **Economic Development Specialist** (SG 6). This position, which is located in DCD's Neighborhood & Business Development section, recently became vacant upon the transfer of the incumbent to a position in DOA-Community Development Grants Administration. The Neighborhood & Business Development section has one other (filled) Economic Development Specialist position. The duties of the position being eliminated will be reassigned to other staff in this section.
- **Audiovisual Specialist II** (PR 506; 0.6 FTE). This position is located in DCD's Marketing section and is currently vacant. The position was already reduced from full-time to 0.6 FTE in the 2009 Budget in anticipation of retirement of the incumbent, which occurred in February. The department has determined that, due to changes in audiovisual technology, it no longer needs to maintain a full-time, permanent audiovisual specialist position. DCD has been contracting with the former incumbent to provide audiovisual services on an as-needed basis and will continue to do so in 2010, using \$15,000 from the Economic Development Marketing special fund.
- **Plan Examiner III** (PR 629). This position, located in DCD's Development Center, is proposed for elimination because of increased use of the City's electronic permitting system (over 30% of DCD's permits are processed through the e-permit system), as well as the overall decline in permit activity attributable to the recent economic slowdown. This position has been vacant since May, 2009.
- **Housing Rehab Specialist** (PR 548). Because of fiscal constraints facing the City, the Proposed Budget calls for elimination of one of the 5 Housing Rehab Specialist positions in DCD's Housing Development section. This position was not funded in 2009 and is currently vacant.
- **Geographic Information Specialist** (PR 558). This is the sole remaining GIS position in DCD: 2 other positions were eliminated by the 2008 Budget, and one more was eliminated in 2009. The position has been vacant since March, 2009. To compensate for the loss of this position, DCD will be relying on ITMD to meet more of its mapping needs. The department also employs a student intern who is proficient in GIS mapping.
- **Zoning & Development Coordinator** (PR 587). This position, located in DCD's Planning section, has been vacant since 2005 and has not been funded since the 2006 Budget.

- **Senior Planner** (PR 576) and **Associate Planner** (PR 558). These 2 positions, while technically part of DCD's Planning section, are actually the staff of the Historic Preservation Commission and housed in an office physically separate from other DCD staff. In July, 2009, the Common Council passed File No. 090276, an ordinance transferring responsibility for providing the Historic Preservation Commission's administrative and professional support from the Department of City Development to the City Clerk's Office. This change is effective January 1, 2010. As a result, these 2 Historic Preservation positions are eliminated from DCD's budget and added to the City Clerk's budget.
4. The 2010 Proposed Budget will not require any lay-offs of DCD employees.
 5. The 2010 Proposed Budget also eliminates funding – but not position authority – for the Office Assistant II position in DCD's Real Estate & Development section, for a savings of roughly \$31,000. This position is currently vacant.
 6. With the 2009 Budget, the department drastically reduced the share of its salary costs paid for with capital funding. This change in salary budgeting was a reflection of the reduced availability of tax incremental district-related capital funding to support DCD positions. For 2010, the reduced reliance on capital funding continues: DCD's capital improvements deduction is reduced from \$455,734 to only \$154,456, or 3.6% of its salary costs.

Operating Expenditures

The 2010 Proposed Budget provides \$266,000 for the Department of City Development's Operating Expenditures, an increase of just \$815 (0.3%) from the 2009 Budget. There are no significant line-item changes in DCD's Operating Expenditures.

Equipment Purchases

The 2010 Proposed Budget makes no provisions for equipment purchases by the Department of City Development.

Special Funds

The Proposed Budget contains 2 special funds for the Department of City Development, both of which were also funded in 2009:

1. **Economic Development Marketing** (\$75,000) -- This is the same level of funding provided in the 2009 Budget. This fund pays for the City's membership in the Regional Economic Partnership, the infoUSA online/CD business database (used by DCD and other departments for data collection and mass mailings) and membership for all City employees in Fuel Milwaukee, an MMAC talent-networking initiative. It also funds the previously-mentioned contract with an audiovisual specialist who provides assistance to DCD's Marketing section on an as-needed basis. Finally, this fund supports advertising

of DCD economic development programs and special redevelopment opportunities offered by the City.

2. Continuum of Care Grant (\$50,000) – This is the same level of funding provided in 2009. The Milwaukee Continuum of Care is a consortium of about 70 local non-profit agencies that annually applies for approximately \$10 million in federal funding for programs that serve the homeless and at-risk-of-being-homeless populations in Milwaukee. In 2009, the Continuum used the \$50,000 contribution from the City, another \$50,000 from Milwaukee County and \$30,000 from the Continuum’s member agencies to hire a full-time staff person and to contract with consultants for 2 projects, preparation of a 10-year plan to end homelessness and preparation of the application for \$10 million in HUD funding for homeless projects. The 2010 special fund allocation continues the City’s financial support for these activities.

The 2009 Budget also included \$250,000 in a Summer Youth Employment special fund that was added by Common Council amendment. Expenditures from this fund were conditioned upon the Milwaukee Area Workforce Investment Board, the agency that administers the Earn & Learn youth employment program for the City/DCD, securing non-City funds to match the City’s commitment on a dollar-for-dollar basis. The Workforce Investment Board was able to use federal stimulus funds earmarked for youth employment activities to match the entire \$250,000 appropriation. As a result of this special fund, the Earn & Learn program was able to provide summer jobs to about 175 Milwaukee youth who would not otherwise have had employment. No funding for the Summer Youth Employment special fund is included in the 2010 Proposed Budget.

Special Purpose Accounts

The 2010 Proposed Budget includes 3 DCD special purpose accounts (SPAs) totaling \$345,000. This compares to 4 SPAs totaling \$505,000 in the 2009 Budget. The SPAs proposed for funding in 2010 are:

1. Land Management – This account is used by DCD to support its tax-deed property management activities. The City is obligated to properly manage and maintain improved properties it acquires through the in rem foreclosure process, and DCD is the City department responsible for these activities. The Land Management SPA funds such activities as sale/lease negotiations, property management (e.g., tenant relations and rent collection), property maintenance and repair, coordination of marketing, and pre-development activities relating to the sale of structures for redevelopment purposes. The 2010 Proposed Budget includes \$200,000 for this SPA, the same level of funding as 2009. Actual 2008 expenditures totaled \$139,851, with another \$49,541 encumbered for expenditure in 2009. Note: the maintenance of City-owned vacant lots is not funded through this account but, rather, by a special fund in the Department of Public Works budget.
2. Milwaukee Arts Board Projects – This SPA funds the Milwaukee Arts Board’s efforts to promote the development, support and enjoyment of the arts in Milwaukee and to

encourage cultural diversity in the artistic life of the city. Most of the funds in this SPA are used to provide grants to local arts groups and artists, and to pay consultant fees for operation of the grant program. In the most recent funding cycle, grants were awarded to 29 organizations. This SPA also provides funding for 2 annual awards to individual Milwaukee artists (\$1,500 each).

The 2010 Proposed Budget provides \$50,000 in funding for the Milwaukee Arts Board SPA. This is \$110,000 less (-68.8%) than the \$160,000 that was provided in the 2009. The department has indicated that past funding levels for this SPA were set high enough to provide the minimum of \$150,000 in local matching funds required for a \$32,900 State of Wisconsin grant. The Administration has determined that it is no longer cost-effective to commit this level of City funding for a \$32,900 grant. However, at the 2010 funding level, the City will still qualify for a \$12,900 grant. The Department has indicated that it intends to apply for this smaller grant.

Department of City Development staff will be presenting several scenarios to the Arts Board as a starting point for its discussion of how to adjust to this funding reduction. It is likely that the Arts Board will have to reduce both the number of grants awarded and the dollar value of individual grants.

3. Milwaukee Fourth of July Commission – The Fourth of July Commission organizes Independence Day celebrations at 15 parks throughout the city. This SPA helps defray the costs of those celebrations, including the costs of fireworks, flags, ice cream, talent shows and entertainment. This SPA will be funded at the level of \$95,000 in 2010. This is \$10,000 less (-9.5%) than the amount provided for the Fourth of July Commission in the 2009 Budget, and \$35,000 less (-26.9%) the amount budgeted in 2008. The Department will suggest to the Fourth of July Commission that this funding reduction be absorbed by eliminating the \$10,000 contract with the consultant who coordinates the City's Fourth of July activities, with DCD performing this function in-house instead. Also, DCD staff has indicated that efforts will be made to increase private contributions to support Fourth of July activities in the parks. In addition, over \$13,000 in carryover funds from 2009 will be available to support the Fourth of July Commission in 2010.

Last year's budget included \$187,000 in a 4th DCD special purpose account, the Business Improvement Districts SPA. Through this SPA, the City made voluntary special contributions to 7 of Milwaukee's approximately 30 BIDs to fund maintenance, clean-up and graffiti removal on City-owned vacant lots and City-owned portions of the RiverWalk within BIDs at a higher level than the City customarily provides. In one BID (Westown), the City's contribution was regarded as a sort of payment in lieu of taxes for the many tax-exempt properties with the BID that benefited from BID services but could not be assessed the BID special assessment.

The 2010 Proposed Budget discontinues the Business Improvement Districts SPA. The 7 BIDs that received City support for a portion of their operating budgets will now have to use their own special assessment revenues to fund vacant lot and RiverWalk maintenance. In certain instances, the BIDs may be calling upon City agencies to perform work that the BIDs indicate they themselves previously provided using the SPA funding (e.g., the RiverWalk BID may now

request that DPW-Sanitation remove graffiti or litter from the street “stubs” adjacent to the RiverWalk).

Board of Zoning Appeals SPA

The Board of Zoning Appeals (BOZA) is an independent, quasi-judicial body authorized by State Statutes and City Code to hear appeals of actions relating to interpretation and enforcement of the Zoning Code. Most commonly, these appeals are requests for variances or special use permits.

Technically, BOZA is not a part of DCD, but its office and staff are located in the same building and work closely with DCD personnel. Also, prior to 1998, BOZA’s support staff was funded by the DCD budget; only BOZA board-member salaries were funded by an SPA.

The Board of Zoning Appeals is wholly funded by a special purpose account. The 2010 Proposed Budget provides \$286,948 for this SPA, a decrease of 1.7% from the \$292,020 budgeted for 2009. The 2010 BOZA budget breaks down as follows:

Personnel costs (salaries and fringe benefits)	\$239,292 (down 0.7% from 2009)
Operating expenditures	\$47,656 (down 6.5% from 2009)
General office expenses	\$12,000
Non-vehicle equipment rental	\$4,920
Professional services	\$16,500
Other operating expenses	\$1,939
Reimburse other departments	\$12,297
Board of Zoning Appeals TOTAL	\$286,948

The Board of Zoning Appeals budget funds 11 positions: 5 Board members, 2 alternate Board members and 4 support staff (BOZA secretary, a Program Assistant I and 2 half-time Office Assitant III positions). There are no positions changes proposed for 2010.

Board of Zoning Appeals filing fees were increased in conjunction with adoption of the 2007 Budget. As a result, BOZA’s revenues now recover about 90% of BOZA’s personnel and operating expenditures. The City Comptroller projects that BOZA’s revenues for 2009 will total \$245,000, an increase of 9.9% from the \$223,000 budget for 2009. However, according to BOZA staff, actual revenues for 2007 and 2008 were \$272,350 and \$272,575, respectively; the decline since 2008 can be attributed to the slowdown of Milwaukee’s economy and a corresponding decline in construction activity.

The following table shows BOZA activity levels over the past 6 years:

Year	Total No. of Appeals to Board	Appeals Heard and Decided with One Hearing	Average No. of Days to Hear an Appeal and Issue Written Decision
2004	905	53%	44
2005	851	55%	41
2006	737	61%	27
2007	713	56%	30
2008	729	73%	34
2009 (thru 9/28/09)	507	70%	31

Looking at the nature of appeals to BOZA, in 2008, the majority of BOZA cases – 64% -- were requests for special use permits. Next most common were dimensional variances (15%) and use variances (12%). The remainder (about 9%) of the appeals consisted of change-of-operator requests, appeals of Department of Neighborhood Services orders or DCD determinations, requests for time extensions, condition-modification requests and other administrative appeals.

Capital Projects

The 2010 Proposed Budget includes funding for 12 Department of City Development capital improvement accounts totaling \$39.4 million. This is a decrease of 10.1% from the \$43.8 budgeted for 2009. Only \$175,000 of the 2010 appropriation is cash-levy funded (see item 1 below); the remainder will be funded with new borrowing (with the exception of developer revenues for developer-financed tax increment districts (TIDs)). The 2010 capital projects are:

1. Advanced Planning Fund – The 2010 Proposed Budget provides \$175,000 in cash-levy capital funding for the Advanced Planning Fund, an increase of \$50,000 from the 2009 Budget. This account was funded at \$175,000 in 2008 and several prior years but reduced to \$125,000 for 2009 because of City fiscal constraints. In 2009, the Advanced Planning Funds is being used to pay costs relating to DCD’s comprehensive planning efforts, including consultant fees, particularly for an update to the City’s Downtown Plan and for completion of the Near North, West and Southwest area plans. State law requires that the City’s comprehensive plan be completed by January 1, 2010. For 2010, the department will return to using this account to fund feasibility studies for various areas of the city, including market analyses for local business corridors, feasibility studies for new developments and land use planning studies and redevelopment plans for specific neighborhoods within the larger comprehensive area plans (e.g., a redevelopment plan for the former Tower Automotive property).
2. Neighborhood Commercial District Street Improvement Fund – The 2010 Proposed Budget provides \$500,000 in new borrowing authority for this DCD capital account, compared to \$337,000 in the 2009 Budget. This fund provides the City’s matching funds for BID commercial district streetscaping projects as well as the local match for federal Congestion Mitigation and Air Quality Improvement Program (“CMAQ”) grants that fund neighborhood street construction projects. In 2009, the Neighborhood Commercial District Street Improvement Fund provided funding for streetscaping improvements along

Downer Avenue (BID No. 41, \$300,000). For 2010, this fund will be used to support streetscaping projects along North Oakland Avenue and West Center Street.

- 3-6. Tax Increment Financed Urban Renewal Projects (4 accounts) -- The 2010 Proposed Budget provides the following funding to support development in tax increment districts:

Title	2010 Proposed Budget	Change from 2009
New borrowing for potential new TIDs	\$10,000,000	Down \$20,000,000
Revenue/expenditure authority for developer-financed TIDs	\$4,251,000	Down \$139,000
New borrowing for potential new developer-financed TIDs	\$12,222,323	Up \$8,953,709
Capitalized interest on TID borrowing	\$1,000,000	Down \$2,000,000

Overall, the level of new capital funding for tax incremental districts is down for 2010, to \$27.5 million from \$40.7 million in the 2009 Budget. However, it is anticipated that nearly \$107 million in carryover borrowing authority will also be available for the tax incremental financing capital accounts. This should be sufficient funding to proceed with the project plans for recently-created TIDs, including Mitchell Street and Bishop's Creek (2008) and City Lights, Reed Street Yards and 35th/Capitol (2009).

7. Development Fund -- The DCD Development Fund provides capital funding to complement and support a wide variety of private economic development projects and activities. The Development Fund has been used to support façade improvement grants and loans, brownfield clean-up, streetscaping projects, RiverWalk development, and loans and grants for job training. In 2009, appropriations from the Development Fund have included \$500,000 for façade grants, \$100,000 for façade loans, \$550,000 for brownfields redevelopment, \$200,000 for a forgivable loan to Super Steel Products (to fund equipment upgrades and employee training) and \$150,000 transferred to the BID Commercial and Economic Development Fund (for BID marketing, promotions, streetscaping, etc.). The department anticipates using the Development Fund for similar purposes in 2010.

The 2010 Proposed Budget includes \$1,050,000 in capital funding for the Development Fund, 41.7% less than the \$1.8 million provided in the 2009 Budget. All of the 2010 appropriation will be financed through new borrowing (in 2009, \$375,000 was cash levy financing). The department has indicated that it will adjust to this decrease in funding by reducing funding commitments for various Development Fund projects, including brownfields redevelopment, the Retail Investment Fund and the façade loan program.

8. Business Improvement Districts Fund -- This capital account has been used to fund loans made to BIDs for streetscaping and other infrastructure projects. Money from this fund is typically combined with a similar amount of grant funding from the Neighborhood Commercial District Street Improvement Fund. Loans made from this fund are repaid through BID annual assessments. No funding was provided for the Business Improvement Districts Fund in the 2009 Budget because the department anticipated that

sufficient carryover funds from prior budget years would be available to meet anticipated needs this year. The only project supported by this fund so far this year was a \$140,000 loan to the Riverworks II BID for streetscaping improvements along Holton Street.

The 2010 Proposed Budget includes \$1,236,250 in new borrowing authority for the Business Improvement Districts Fund. DCD indicates that streetscaping projects along Oakland Avenue and Center Street are likely recipients of this funding in 2010.

9. 30th Street Industrial Corridor – On September 1, 2009, the Common Council approved creation of the 293-acre Tax Incremental District No. 74 (North 35th Street and West Capitol Drive) to fund redevelopment of the former Tower Automotive site and other properties in the 30th Street Industrial Corridor. The approved project plan for this TID calls for spending a total of \$34.6 million on such items as land acquisition, business relocation, building demolition, environmental remediation and infrastructure improvements. Proposed funding sources for the project are tax incremental financing (\$15.6 million), state and federal grants (\$6.9 million), New Market tax credits (\$2.1 million) and \$10 million in City capital improvements funding.

The 2008 Budget provided the first \$3 million in City capital funding for this project. To date, none of that \$3 million has expended. The remaining \$7 million of the City's \$10 million commitment is included in the 2010 Proposed Budget. DCD anticipates that site acquisition will occur in December, 2009, environmental assessment, demolition and remediation will take place in the following 3 years, new infrastructure will be in place by 2013 and property sales will begin that same year.

10. Healthy Neighborhoods Initiative – The 2010 Proposed Budget provides \$200,000 in capital funding for the Healthy Neighborhoods Initiative (“HNI”). This is the same level of funding as 2009. The Healthy Neighborhoods concept focuses on marketing the positive attributes of urban neighborhoods, rather than highlighting neighborhood problems. In particular, HNI promotes homeowner investment and aesthetic improvements in relatively strong urban neighborhoods, striving for positive outcomes in 4 areas – image, market, physical conditions and neighborhood management. Projects funded by HNI have included small-scale neighborhood improvement initiatives, property beautification contests, neighborhood identification efforts and landscaping projects.

The Milwaukee Foundation has been a partner with the City in this Initiative, providing over \$440,000 for the HNI in 2009 alone. The Helen Bader Foundation and the Harley Davidson Foundation have also provided financial support to the HNI.

The 2009 City contribution has been committed to the following projects:

- \$87,809 for neighborhood improvement projects in the 9 neighborhoods participating in the Greater Milwaukee Foundation Healthy Neighborhoods Initiative (Capitol Heights, Enderis Park, Havenwoods, Johnsons Park, Lincoln Village, Martin Drive, Sherman Park, Layton Boulevard West and Thurston Woods).

- \$16,527 for neighborhood improvement projects by smaller neighborhood organizations outside the Community Development Block Grant area (Holler Park, Cambridge Woods, River Ridge, Garden District, Hartung Park, Historic Water Tower, Copernicus Park, Uncas Park and Wilson Park).
- \$10,000 for project administration costs.
- \$85,664 set aside for a home improvement loan pool for loans to property owners in the HNI neighborhoods. To leverage these funds, the HNI consortium, which includes representatives from the City (DCD), NIDC and the Greater Milwaukee Foundation, has been seeking private-sector lender participation in the loan pool. Because no local banks have indicated a willingness to participate in this program, the loan pool is not yet operational.

All City expenditures for HNI, which are administered by NIDC, require a dollar-for-dollar private match. Matching funds have included foundation grants, the investment expenditures of neighborhood residents, and in-kind donations from local merchants, businesses and professionals.

11. ADA RiverWalk Constriction -- In 2006, the City, Business Improvement District No. 15 (RiverWalk) and the U.S. Department of Justice executed an agreement that requires the City, in conjunction with the BID, to improve 9 segments of the RiverWalk to be fully ADA-accessible. The scope of this project includes the construction of 6 ramps and the installation of 4 lifts.

The total cost of the RiverWalk ADA compliance project is \$4.55 million. The City's funding commitments for the project to date include \$1.5 million from the Development Fund and \$724,000 in DCD's 2009 capital budget. The 2010 Proposed Budget includes an additional \$1,167,970 for this project. Total City funding to date, including the 2010 appropriation, will fund accessibility improvements in 7 of the 9 RiverWalk segments. The department anticipates requesting the remaining \$1.1 million needed to complete the project in the 2011 Budget. It should be noted that the City will recover a portion of these costs: per the agreement with the BID, property owners within BID No. 15 will be assessed \$1.01 million, or 22% of total project costs.

12. Housing Infrastructure Preservation Fund – The 2010 Proposed Budget includes \$600,000 in funding for a new DCD-administered capital program, the Housing Infrastructure Preservation Fund. The City's recently revamped procedures for the disposition of City-owned property require that the Commissioner of City Development, in consultation with the local Common Council member, classify each improved, City-owned residential property as a "habitable property," "uninhabitable property" or "special consideration property," with the last category consisting of properties that are not habitable in their current condition and are unlikely to be restored by private purchasers, but are worthy of restoration or rehabilitation because of such factors as neighborhood context, architectural quality or historic status.

On September 22, 2009, the Common Council passed File No. 090459, an ordinance establishing the Housing Infrastructure Preservation Fund to provide a funding

mechanism for the restoration or mothballing of “special consideration properties.” The ordinance identified possible funding sources for the Preservation Fund, including tax levy, general obligation borrowing and net proceeds from sales of restored properties, but did not provide any funding to capitalize the Fund. The \$600,000 in new borrowing authority in the 2010 Proposed Budget is the initial funding for the Housing Infrastructure Preservation Fund.

The purpose of the Housing Infrastructure Preservation Fund is not to make properties habitable or ready for sale, but to stabilize them in a way that prevents further deterioration. Therefore, it is likely that the fund will be used for such items as new roofs, foundation repairs and Lexan window coverings. Because building-stabilization repairs are typically quite expensive, DCD Real Estate staff anticipates that only 3 to 5 buildings can be stabilized annually at the proposed level of funding (however, the number of properties could be much higher, depending on how much work each property requires). Department staff will prioritize properties for repairs using this fund on the basis of how advanced their state of deterioration is and how essential repairs are to preventing further deterioration.

Special Revenue Fund

The 2010 Proposed Budget provides \$8,538,787 in a DCD special revenue fund known as the “Economic Development Fund”. This represents a 19.5% increase from the \$7,142,523 budgeted for 2009. The Economic Development Fund is the mechanism by which the City collects assessments from properties in business improvement districts (BIDs) and provides the dollars it collects to the BIDs to carry out their annual operating plans. Thus, since this revenue account functions as a funding pass-through, it has no tax levy impact.

Business improvement districts use their assessment revenues to pay for a wide variety of economic development-related activities, including streetscaping projects, security enhancements, special events, marketing campaigns and the hiring of professional staff. Each district develops its own annual operating plan and budget, which is subject to the approval of the Common Council. DCD’s Neighborhood & Business Development section provides assistance to local business organizations in creating and managing BIDs.

It is anticipated that there will be 33 active BIDs in 2010, including 4 new BIDs: Schlitz Park, Kinnickinnic Avenue, Silver Lane and South 27th Street. The 2010 budget for the special revenue fund includes \$200,000 for these new BIDs. In addition, the Economic Development Fund includes a new \$1.4 million line item for “Excess TID Revenues”. This item is an accounting mechanism that will provide the City with expenditure authority to disburse – both to itself and to other taxing jurisdictions (County, MATC, MPS and MMSD) extra revenue the City receives from TIDs that close out in 2010.

Grants

The 2010 Proposed Budget indicates that grants are expected to fund \$1,543,837 in DCD personnel costs in 2010, 7.5% less than 2009. In addition, DCD will receive full reimbursement from HACM for the \$4.5 million in personnel costs for all 80 positions in its Public Housing Programs Decision Unit.

Anticipated 2010 DCD grants include:

- Economic Development Initiatives (\$500,000) – These HUD grants are also used to provide City (DCD) with assistance in performing environmental studies and site enhancement work at potential industrial sites. There is no requirement for local matching funds for this grant.
- Site Assessment Grants (Brownfields) (\$200,000) – These grants are awarded by the State of Wisconsin to support local studies of the extent of contamination on brownfield sites. A 33% local funding match is required. The local match comes from DCD's Development Fund capital account.
- Arts Board (\$12,900) – Although the City's contribution to the Arts Board through the SPA is substantially reduced for 2010, DCD has indicated that the City will still be eligible to apply for a grant from the Wisconsin Arts Board, albeit a smaller one than this year's \$32,900 grant. The required 50% local share for this grant comes from non-City sources.

In addition to these grants, a significant portion of DCD's budget is funded by the federal Community Development Block Grant (CDBG) program. For 2010, the Department anticipates receiving nearly \$1.7 million in CDBG entitlement funding, as well as another \$1.7 million in HOME entitlement funding. This money will fund the salaries and benefits of 25.5 FTE positions in DCD. Block Grant funding supports DCD personnel and operating expenditures in such areas as the Mainstreet Program, the Youth Internship Program, the Rental Rehabilitation Loan Program, the Retail Investment Fund and the Deferred Payment Home Rehabilitation Loan Program.

In 2010, the Department of City Development will not be receiving 2 grants that it had been awarded in previous years. It will not be applying for State Historical Society of Wisconsin historic preservation grants, since DCD's historic preservation staff has been transferred to the Common Council-City Clerk's Office. Also, DCD does not anticipate receiving any U.S. Department of Commerce Economic Development Grant awards in 2010 (although a grant application may be submitted on behalf of RACM). In the past, this grant program has provided funds for the City's environmental studies of potential industrial sites.

Revenues

The Comptroller's Office projects that the Department of City Development will receive \$1,001,000 in revenues in 2010, a decrease of \$343,800 (-25.6%) from the estimated 2009 revenues and 29.0% lower than actual 2008 revenues. These revenue declines can be attributed primarily to the recent economic recession in the Milwaukee area and nationwide. This recession has been accompanied by a steep drop in construction activity, which directly impacts DCD's permit and plan examination fee revenues. In the first 8 months of 2009, DCD issued 21,779 permits, 5.0% fewer than in the same period in 2008 and 14.2% lower than the first 8 months of 2007. The Department anticipates a further 25% drop in permitting activity in 2010.

DCD's largest revenue sources are as follows:

Revenue	2008 Budget	2008 Actual	Diffrence. Actual v. Budget	2009 Budget	2010 Proposed	Change
1. Comml. Bldg. Permits	\$395,000	\$355,200	-10.1%	\$395,000	\$298,000	-24.6%
2. Sale of Real Property	\$150,000	\$389,300	+159.5%	\$250,000	\$200,000	-20.0%
3. Fire Protection Plan Exam.	\$190,000	\$142,900	-24.8%	\$172,800	\$150,000	-13.2%
4. Plumbing Plan Exam.	\$195,000	\$159,800	-18.1%	\$195,000	\$145,900	-25.2%
5. HVAC Plan Exam.	\$180,000	\$157,800	-12.3%	\$180,000	\$135,500	-24.7%
Other	\$217,000	\$204,500	-5.8%	\$152,000	\$71,600	-52.9%
TOTAL	\$1,327,000	\$1,409,500	+6.2%	\$1,344,800	\$1,001,000	-25.6%

Clearly, the onset of the recession in 2008 resulted in permit and plan examination fee revenues falling short of projections. If not for strong sales of City-owned real estate, actual total 2008 DCD revenues would have fallen well short of budgeted revenues. Since permit activity is down further in 2009, it is not likely that the 2009 budgeted revenues will be achieved, either. Finally, consistent with DCD's projection that permitting activity will drop 25% between 2009 and 2010, the estimated 2010 revenues show declines in the 20-25% range for most major categories.

Fee Increases

One means of offsetting falling revenues is to increase the fees which generate those revenues. On July 28, 2009, the Common Council passed File Number 090259, an ordinance increasing various City fees, effective January 1, 2010. This ordinance includes increases each of the following fees collected by the Department of City Development:

- Certified survey map filing fee (+53%)
- Subdivision plat filing fee (+25%)
- Street and alley vacation application fees (+5-7%)
- Application for planned development or amendment (+25%)
- Application for zoning change (+25%)

These fee increases are projected to generate an additional \$20,125 in City revenues in 2010. The additional revenues are included in the Department's estimate of \$1,001,00 in revenues for 2010.

City fees cannot legally be established at levels higher than the City's costs of providing the services the fees relate to. DCD believes that its current fee structure is in line with its administrative costs. In addition, the Department has noted that the City's development-related fees are in line with similar fees in surrounding municipalities. Further increases in these fees could put Milwaukee at a competitive disadvantage with respect to other communities.

DEPT. OF CITY DEVELOPMENT BUDGET HISTORICAL HIGHLIGHTS

1. The number of budgeted positions in DCD under control of the Common Council declined from 300 in 2000 to 218 in 2009, a decrease of 27%. The main reason for this drop was a substantial reduction in the number of DCD public-housing positions as HACM created more “direct” HACM positions (i.e., persons employed by HACM, not the City). Also, as some public housing developments (e.g., Parklawn and Lapham Park) have been redeveloped in recent years, the limited liability corporations that control these developments have chosen to have them managed by parties other than the City or HACM.
2. Starting in 2003, DCD partnered with the Local Initiatives Support Corporation to develop and implement “Main Street Milwaukee,” a program that provides comprehensive, targeted economic development assistance to 6 neighborhood commercial districts (West Burleigh Street, Lincoln Village, SOHI (North 27th Street) Silver City (35th and National), King Drive and West North Avenue). Community Development Block Grant dollars are combined with private contributions from LISC supporters and businesses in the Main Street districts. The Main Street program leverages private investment to support façade renovations and other physical improvements to commercial districts. It also provides technical and organizational support to participating districts, including visioning and work plan development, staff and volunteer training, architectural and planning services, and small business assistance.
3. In 2004, the City adopted a Redevelopment Plan for the Park East Corridor, 26 acres of land opened up for development by the demolition of the former Park East Freeway. The Department of City Development was actively involved in the planning process for creating this document and its associated development code. The Department continues to market the Park East corridor as a prime development location for mixed-use projects compatible with nearby downtown land uses.
4. In January, 2006, the Department of City Development introduced an online, electronic permitting system (“ePermits”) that can be used when plan examination is not necessary. Electronic permitting saves the permit applicant a trip downtown while also reducing staff time and paperwork for DCD staff. The ePermits system is now used to issue over 55% of all plumbing permits and about 70% of all electrical permits.
5. In 2007, the City created the position of Youth Development Coordinator within DCD. This position, which is supported primarily with CDBG funds, is responsible for the City’s Earn & Learn summer youth employment program (established in 2005) and also works to recruit private employers who will create jobs for Milwaukee’s youth. In addition, the Youth Development Coordinator develops and maintains relationships with high school guidance counselors and works with local colleges and universities to create internship-for-credit opportunities in City government.

6. In 2008, DCD was reorganized from 3 decision units into 2 decision units. All positions in the Community Planning and Development Services Decision Unit were folded into the General Management and Policy Development Decision Unit, while the 7 Housing Authority member positions and 5 other administrative and finance positions were transferred from that decision unit to the Public Housing Programs Decision Unit. The result is that each of the 2 remaining decision units has an administration and finance staff that is accountable to that decision unit.
7. The 2008 Budget committed \$3 million in City capital funding to support redevelopment activities in the 30th Street Industrial Corridor, particularly to fund property acquisition and infrastructure improvements on the 86-acre former Tower Automotive (A.O. Smith) site. A tax incremental district encompassing the Tower site and a TID project plan calling for \$34.6 million in City, grant and TIF-funded redevelopment activities were approved by the Common Council in September, 2009.
8. With the 2009 Budget, the department decreased its capital improvements deduction for salaries by nearly \$1.1 million to reflect reduced reliance on TIDs to fund DCD positions. To compensate for the loss of capital funding, DCD reduced its workforce by 11% and increased its tax-levy funding for the remaining positions by 27%.
9. The 2009 Budget provided \$250,000 in a DCD-administered Summer Youth Employment Fund. With these funds, and matching federal stimulus dollars, the Milwaukee Area Workforce Investment Board, which operates the Summer Youth Employment Program for DCD, was able to provide summer employment at non-profit agencies to approximately 175 Milwaukee youth.

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