

# **DEPARTMENT OF CITY DEVELOPMENT 2008 PROPOSED BUDGET**

## **Executive Summary**

1. The 2008 Proposed Budget for the Department of City Development under control of the Common Council is \$3,401,531, a decrease of \$54,060 (or 1.6%) from the 2007 Budget. (page 1)
2. The 2008 Proposed Budget provides funding for 245 DCD positions, down 12 from 2007. FTEs decrease by 10, from 240 to 230. (page 3)
3. Position changes for 2008 include the elimination of 14 public housing-related positions, one position of Plan Examination Assistant supervisor and 2 GIS-related positions, one of which will be recreated in DOA-ITMD. All of these positions are currently vacant except the Geographic Information Supervisor position, where there will be a lay-off of the incumbent. (pages 3 and 4)
4. The 2008 Proposed Budget also creates 5 new DCD positions, including an Assistant Manager of the Development Center, an Economic Development Specialist in the Real Estate & Development Section and an Associate Planner in the Planning Section. (page 4)
5. For 2008, DCD will be reorganized from 3 decision units to 2 decision units by moving all planning and GIS positions into the General Management and Policy Development Decision Unit. (pages 4 and 5)
6. The 2008 Proposed Budget provides a total of \$75,000 in 2 special funds to implement recommendations of the City/County Special Needs Housing Action Team. (page 6)
7. There are no significant changes in funding or staffing for the Board of Zoning Appeals for 2008. (page 8)
8. The 2008 Proposed Budget includes \$378,500 in capital funding for remodeling of DCD's offices on the 3<sup>rd</sup> floor of the 809 North Broadway building. (page 10)
9. The 2008 Proposed Budget also includes \$3 million for a new capital project to acquire and make infrastructure improvements to the former Tower Automotive site, thereby creating new industrial development sites. (page 11)
10. Also new for 2008 is the Healthy Neighborhoods Initiative, \$100,000 in capital funding to encourage homeowner investment and grass-roots beautification efforts in several neighborhoods throughout the city. (pages 11 and 12)
11. The department's projected 2008 revenues are \$1,456,000, a decrease of \$29,100 (2.0%) from the 2007 Budget. The most significant revenue loss – from rent of City-owned properties – will be partially offset by a number of proposed DCD fee increases. (pages 13 and 14)

**Prepared by: Jeff Osterman**  
**Legislative Fiscal Analyst, LRB**  
**286-2262**

## ***2008 PROPOSED BUDGET – DEPT. OF CITY DEVELOPMENT***

### **Summary by Legislative Reference Bureau – Research & Analysis Section**

<b>Expense Category</b>	<b>2006 Actual</b>	<b>2007 Budget</b>	<b>% Change</b>	<b>2008 Proposed</b>	<b>% Change</b>
Personnel Costs	\$3,037,504	\$3,099,000	2.0%	\$2,969,940	-4.2%
Operating Expend.	\$311,461	\$271,634	-12.8%	\$271,634	0.0%
Equipment Purch.	\$0	\$0	0.0%	\$0	0.0%
Special Funds	\$85,413	\$84,957	-0.5%	\$159,957	88.3%
<b>TOTAL</b>	<b>\$3,434,378</b>	<b>\$3,455,591</b>	<b>0.6%</b>	<b>\$3,401,531</b>	<b>-1.6%</b>
Capital*	\$11,197,738	\$77,855,000	595.3%	\$71,629,500	-8.0%
Positions**	261	257	-4	245	-12

\* The large increase from 2006 to 2007 reflects a change in City policy to require full funding of a tax incremental district (TID) in the year the TID is created; previously, the capital budget reflected only actual TID expenditures that would occurring during the budget year.

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

### **Department Function**

*The Department of City Development (DCD) is responsible for a wide range of activities, including the City’s housing development, land use planning, economic development, business assistance, public housing management and historic preservation functions. The Department also performs plan examination and permitting for new construction, building additions and alterations, and plumbing, HVAC, electrical and other types of construction work. In addition, DCD provides administrative support and staffing for:*

- *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)*

*The Department of City Development also serves in an advisory capacity, and provides staff support to, the following boards and commissions:*

- *City Plan Commission*
- *Historic Preservation Commission*
- *Milwaukee Arts Board*
- *Board of Zoning Appeals*
- *Fourth of July Commission*
- *Over 30 business improvement districts (BIDs)*

## **Departmental Mission Statement**

*To improve the quality of life in Milwaukee by guiding and promoting development that creates jobs, builds wealth and strengthens the urban environment.*

## **Historical Highlights**

- 1. Over the past decade, DCD's public housing staff has overseen the HUD-funded renovation and revitalization of HACM's major public housing projects, including Hillside Terrace (1999), Parklawn (2002) and Lapham Park (2002).*
- 2. The number of budgeted positions in DCD under control of the Common Council declined from 389 in 1997 to 257 in 2007, a decrease of 33.9%. 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.*
- 3. In 2002, DCD, with assistance from the Department of Neighborhood Services, City Attorney's Office and Legislative Reference Bureau, completed a total rewriting of the City's Zoning Code and began implementation and administration of the new regulations. In conjunction with adoption of the new code, DCD also created a new zoning map for the entire city. Public access to the Zoning Code was enhanced through implementation of a "computerized zoning ordinance" available online.*
- 4. 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 4 neighborhood commercial districts (West Burleigh Street, Lincoln Village, SOHI (North 27<sup>th</sup> Street) Silver City (35<sup>th</sup> and National). 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.*
- 5. 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.*

6. *DCD has kept its Planning Director position vacant since late 2003. Direction of the Department's planning and design services has been provided by the dean of the UWM School of Architecture and Urban Planning, who has been employed under a Memorandum of Understanding adopted by the Common Council in mid-2004 and annually renewed since that time.*
7. *The 2006 Budget included \$50,000 in a new DCD special purpose account to support a regional economic development initiative for the 7-county Milwaukee/Southeastern Wisconsin area. This initiative, known as the Milwaukee 7, was formed in September, 2005, as a collaborative effort to attract, retain and grown businesses in the region. The Milwaukee 7 has developed a marketing website for the region, a Milwaukee 7 Resource Center housed in the We Energies headquarters, and a business call program.*
8. *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 Summer Youth Internship 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.*

## **2008 BUDGET HIGHLIGHTS AND ISSUES**

### **Personnel**

1. *The 2008 Proposed Budget provides \$2,969,940 in tax levy funding for DCD's personnel costs, a decrease of \$129,060 (-4.2%) from the 2007 Adopted Budget.*
2. *The 2008 Proposed Budget calls for a net reduction of 12 positions in the Department of City Development (245 positions, versus 257 in 2007). Full-time equivalents are decreasing by 10 positions, from 240 to 230.*
3. *The net reduction of 12 positions breaks down as follows:*
  - **14 positions** in DCD's Public Housing Programs Decision Unit are being **eliminated** because of an anticipated decrease in federal funding of HACM operating costs. These positions are:
    - Office Assistant II – 2 positions (PR 410)*
    - Office Assistant IV – 3 positions (PR 445)*

*Building Maintenance Mechanic I – 2 positions (PR 235)*

*Custodial Worker II – 7 positions (PR 215)*

*All of these positions are currently vacant; no lay-offs will be necessary.*

- **One position** of Plan Examiner Assistant Supervisor (SG 6) is being **eliminated**. This position, located in DCD's Development Center, was not funded in 2007 and is vacant.
- **2 positions** from DCD's Geographic Information Systems staff -- the Geographic Information Supervisor (SG 4) and one of 2 Geographic Information Technician II positions (PR 602) are being **eliminated** from DCD's budget. The Geographic Information Technician II position is currently vacant, but the Geographic Information Supervisor position is not. Hence, a **layoff is required**.

*These positions are being eliminated as part of a reallocation of GIS functions and responsibilities between DCD and DOA-Information and Technology Management Division (ITMD). A greater portion of map data maintenance functions will now be the responsibility of ITMD. In conjunction with this transfer of responsibility, ITMD will be adding one new position of Geographic Information Technician II. Two GIS positions will remain in DCD -- the other Geographic Information Technician II and a Geographic Information Specialist (PR 558). One DCD staff person will continue to do map work that is internal to DCD (e.g., preparing maps for rezoning or tax increment district proposals), while the other will be responsible for converting DCD's map data (zoning, land use, etc.) from the MicroStation GIS platform to the ESRI GIS environment.*

- **One position** of Housing Manager II (SG 4) in the Public Housing Programs Decision Unit is being **created** to reflect an erroneous deletion of the position in the 2007 Budget. The 2007 Budget "eliminated" 2 Housing Manager II positions with the understanding that these positions would become HACM direct-funded positions. However, the subsequently-adopted HACM budget only provided for one additional HACM Housing Manager II position.
- **One position** of Assistant Manager Development Center (SG 9) is being **created** in the Development Center. This position will assist the Development Center Manager with the daily operations of the Development Center, including supervision of employees and creation and implementation of policies and procedures to maximize the effectiveness and efficiency of the Development Center's operations.
- **One position** of Management Accounting Specialist (SG 6) is being **created** in DCD's Economic Development Division. This position will be primarily responsible for loan monitoring and other accounting work for MEDC.

- **One position** of Economic Development Specialist (SG 6) is being **created** in DCD's Real Estate & Development Section. This position will provide assistance in the management of development projects supported by DCD.
  - **One position** of Associate Planner (PR 558) is being **created** in DCD's Planning Section. This position will collect and analyze economic and land-use data required for the department's comprehensive planning efforts.
4. Another significant personnel change for 2008 – but one that has no budgetary impact – is the proposed reorganization of DCD from 3 decision units into 2 decision units. All 26 positions in the Community Planning and Development Services Decision Unit (DU3) are being folded into the General Management and Policy Development Decision Unit (DU1); the department feels that the planning and GIS functions of the former are complementary with the real estate, housing development and Development Center functions of the latter. Also, the 7 Housing Authority member positions, along with 5 other positions (Delivery Driver, Accountant I, Business Systems Supervisor and 2 Accounting Assistant II positions) are being transferred from DU1 to the Public Housing Programs Decision Unit (DU2). DCD believes that the Housing Authority member positions naturally belong in DU2, while the other positions are being transferred so that DU1 and DU2 each have an administration and finance staff that is accountable to its own decision unit.
  5. The Department's Reimbursable Services Deduction for personnel expenses is decreasing from \$5,105,884 to \$4,361,681, a decline of 14.6%. This is attributable to the shifting of administrative and finance staff (previously reimbursed by HACM) from DU1 to DU2 as well as the overall reduction in federal reimbursement of the City's public housing activities.
  6. The decline in the Reimbursable Services Deduction is partially offset by an increase in DCD's Capital Improvements Deduction, which is rising from \$986,615 in 2007 to \$1,432,342 in 2008 (+45.2%). This continues a trend of increasing reliance on the Capital Improvements Deduction to fund DCD personnel expenses: the deduction was \$645,667 in 2005 and \$763,310 in 2006.

### **Operating Expenditures**

The 2008 Proposed Budget provides \$271,634 for the Department of City Development's Operating Expenditures, the same amount appropriated in the 2007 Budget. This funding is entirely for the General Management and Policy Development Decision Unit. All Operating Expenditures for the Public Housing Services Decision Unit are reimbursed by HACM.

### **Equipment Purchases**

The 2008 Proposed Budget makes no provisions for equipment purchases by the Department of City Development.

## **Special Funds**

*The Proposed Budget contains 3 special funds for the Department of City Development, 2 of which are new for 2008:*

- 1. Economic Development Marketing (\$84,957) -- This is the same level of funding provided in the 2007 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 advertising of City property being offered for sale to developers.*
  
- 2 and 3. Continuum of Care Grant (\$50,000) and City/County Workgroup Grant (\$25,000) – Both of these special funds are new for 2008. From late 2006 until the summer of 2007, the City/County Special Needs Housing Action Team met on a regular basis to investigate ways to improve the quality of housing available to individuals with mental illness or at risk of homelessness. The Action Team then submitted a series of recommendations to the City of Milwaukee and Milwaukee County. One of these recommendations relates to the Milwaukee Continuum of Care, a consortium of about 70 local non-profit agencies that annually applies for approximately \$10 million in HUD funds for programs that serve the homeless or at-risk-of-being-homeless. The Action Team recommended that the City, the County and the philanthropic community, as well as the Continuum of Care itself, provide sufficient funding to adequately staff the Continuum of Care, particularly so that the Continuum of Care does a thorough and effective job of applying for HUD grant money. Thus, \$50,000 is included in the 2008 Proposed Budget as the City's contribution toward staffing the Continuum of Care (Milwaukee County has included a similar amount in its 2008 Proposed Budget). It is anticipated that this will be an ongoing commitment of funds by the City.*

*The City/County Special Needs Housing Action Team also recommended the creation of a joint City/County workgroup to work on streamlining the approval process for developers and providers of housing for the homeless or other people with special needs. For example, this workgroup might find ways to standardize funding application processes, to synchronize application deadlines or to make joint funding recommendations. The City and County have agreed to hire a consultant to oversee this process-improvement initiative. The 2008 Proposed Budget includes \$25,000 as the City's contribution to pay for these consultant services (Milwaukee County will contribute a similar amount).*

**Special Purpose Accounts**

The 2008 Proposed Budget includes 4 DCD special purpose accounts (SPAs) totaling \$689,800:

1. Business Improvement Districts – This special purpose account funds the City’s contributions to several BIDs. These contributions are in addition to the special assessments the City collects for BIDs (see Special Revenue Fund below) and the loans made to BIDs from the Business Improvement Districts capital account (discussed later; also repaid through special assessments). The 2008 Proposed Budget provides \$187,000 for this SPA, the same level as 2007:

BID #2 (Historic Third Ward)	\$36,000
BID #4 (Greater Mitchell Street)	\$25,000
BID #5 (Westown)	\$18,000
BID #8 (Historic King Drive)	\$21,000
BID #10 (Avenues West)	\$12,000
BID #15 (RiverWalk)	\$40,000
<u>BID #21 (Downtown Management District)</u>	<u>\$35,000</u>
TOTAL	\$187,000

2. 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 2008 Proposed Budget includes \$200,000 for this SPA, the same level of funding as 2007. 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.
3. 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. The 2008 Proposed Budget provides \$172,800 in funding. This is the same level of funding contained in the 2007 Budget. Most of this money is used to fund grants to local arts groups and artists, as well as consultant fees for operation of the grant program. In the most recent funding cycle, grants were awarded to 28



organizations. This SPA also provides funds for 2 annual awards to individual Milwaukee artists (\$1,500 each).

4. 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 \$130,000 in 2008, just as it has been for the past several years.

### **Board of Zoning Appeals**

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. Each year, 750-900 appeals are filed with BOZA.

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 2008 Proposed Budget provides \$311,039 for this SPA, a decrease of 2.7% from the \$319,591 budgeted for 2007. The 2008 BOZA budget breaks down as follows:

Personnel costs (salaries and fringe benefits)	\$259,545 (down 3.2% from 2007)
Operating expenditures	\$51,494 (unchanged from 2007)
General office expenses	\$24,635
Non-vehicle equipment rental	\$4,920
Professional services	\$20,000
Other operating expenses	\$1,939
TOTAL	\$311,039

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 Assistant III positions). There are no positions changes proposed for 2008.

Board of Zoning Appeals filing fees were increased in conjunction with adoption of the 2007 Budget. As a result, BOZA's revenues (projected to be \$208,000 in 2008) now recover about two-thirds of BOZA's personnel and operating expenditures.

### **Special Revenue Fund**

*The 2008 Proposed Budget provides \$6,680,101 in a DCD special revenue fund known as the “Economic Development Fund”. This represents a 5.9% increase from the \$6,306,718 budgeted for 2007. 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 2008, with the following budgeted expenditures from the Economic Development Fund:*

<b>District</b>	<b>2007 Budget</b>	<b>2008 Budget</b>
<i>BID #2 (Historic Third Ward)</i>	<i>\$523,031</i>	<i>\$543,952</i>
<i>BID #3 (RiverWalk)</i>	<i>\$111,276</i>	<i>\$111,276</i>
<i>BID #4 (Greater Mitchell Street)</i>	<i>\$125,100</i>	<i>\$130,104</i>
<i>BID #5 (Westown)</i>	<i>\$92,453</i>	<i>\$96,151</i>
<i>BID #8 (Historic King Drive)</i>	<i>\$174,606</i>	<i>\$181,590</i>
<i>BID #9 (739 N. Water St.-RiverWalk)</i>	<i>\$23,682</i>	<i>\$22,677</i>
<i>BID #10 (Avenues West)</i>	<i>\$135,605</i>	<i>\$141,029</i>
<i>BID #11 (Brady Street Business Area)</i>	<i>\$163,920</i>	<i>\$170,477</i>
<i>BID #13 (Oakland Avenue)</i>	<i>\$50,000</i>	<i>\$52,000</i>
<i>BID #15 (RiverWalk)</i>	<i>\$387,277</i>	<i>\$384,286</i>
<i>BID #16 (Uptown Triangle)</i>	<i>\$114,835</i>	<i>\$119,428</i>
<i>BID #17 (Northwest Area Business)</i>	<i>\$45,000</i>	<i>\$46,800</i>
<i>BID #19 (Villard Avenue)</i>	<i>\$95,362</i>	<i>\$99,176</i>
<i>BID #20 (North-Prospect-Farwell)</i>	<i>\$191,598</i>	<i>\$199,262</i>
<i>BID #21 (Downtown Management District)</i>	<i>\$2,693,211</i>	<i>\$2,800,939</i>
<i>BID #25 (Riverworks)</i>	<i>\$177,501</i>	<i>\$184,601</i>

<i>BID #26 (The Valley)</i>	\$82,028	\$85,309
<i>BID #27 (Burleigh Street)</i>	\$51,308	\$53,360
<i>BID #28 (North Avenue Gateway District)</i>	\$47,693	\$49,601
<i>BID #29 (Teutonia-Capitol-Atkinson)</i>	\$68,812	\$71,564
<i>BID #31 (Havenwoods)</i>	\$148,000	\$153,920
<i>BID #32 (North Avenue Market Place)</i>	\$82,735	\$86,044
<i>BID #35 (Kinnickinnic River)</i>	\$9,479	\$9,858
<i>BID #36 (Riverworks II)</i>	\$34,409	\$35,785
<i>BID #37 (ICC)</i>	\$168,000	\$174,720
<i>BID #38 (Cesar Chavez Drive)</i>	\$27,000	\$28,080
<i>BID #39 (Center Street Market Place)</i>	\$65,997	\$68,637
<i>BID #40 (Airport Gateway)</i>	\$316,800	\$329,472
<i>BID #41 (National Avenue)</i>	\$50,000	\$50,000
<i>BID #42 (Lincoln Avenue)</i>	\$50,000	\$50,000
<i>BID #43 (West End – Vliet Street)</i>	<i>New for 2008</i>	\$50,000
<i>BID #44 (Midtown)</i>	<i>New for 2008</i>	\$50,000
<i>BID #45 (South 27<sup>th</sup> Street)</i>	<i>New for 2008</i>	\$50,000
<b>TOTAL</b>	<b>\$6,306,718</b>	<b>\$6,680,101</b>

### **Capital Projects**

The 2008 Proposed Budget includes funding for 12 Department of City Development capital improvement accounts totaling \$71,629,500. This is a decrease of 8.0% from the \$77,855,000 budgeted for 2007. Only \$200,000 of the 2008 appropriation is cash-levy funded; the remainder will be funded with new borrowing (with the exception of developer revenues for developer-financed tax increment districts (TIDs)). The 2008 capital projects are:

1. 809 Building Remodeling -- The 2008 Proposed Budget allocates \$378,500 for remodeling of DCD's offices on the 3<sup>rd</sup> floor of the 809 North Broadway building. Specifically, these funds will be used to install new carpeting and office cubicles on the northern half of the 3<sup>rd</sup> floor. The department anticipates doing similar remodeling work on the 2<sup>nd</sup> floor of the building in 2009.
- 2-6. Tax Increment Financed Urban Renewal Projects (5 accounts) -- The 2008 Proposed Budget provides the following funding to support development in tax increment districts (TIDs):

<i>Title</i>	<i>2008 Proposed Budget</i>	<i>Change from 2007</i>
--------------	-----------------------------	-------------------------

<i>New borrowing for existing TIDs</i>	<i>\$15,618,000</i>	<i>Down \$7,494,000</i>
<i>New borrowing for potential new TIDs</i>	<i>\$38,382,000</i>	<i>Down \$498,000</i>
<i>Revenue/expenditure authority for developer-financed TIDs</i>	<i>\$4,200,000</i>	<i>No change</i>
<i>New borrowing for potential new developer-financed TIDs</i>	<i>\$1,051,000</i>	<i>Down \$349,000</i>
<i>Capitalized interest on TID borrowing</i>	<i>\$5,400,000</i>	<i>Down \$1,488,000</i>

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 grants, brownfield clean-up, streetscaping projects, RiverWalk development, spot land acquisition, and loans and grants for job training. Projects that have recently received funding from the Development Fund include the Iron Horse hotel development, the CTI-Capitel project, RiverWalk ADA compliance work and the Brown Street Initiative.*

*The 2008 Proposed Budget includes \$1.8 million in capital funding for the Development Fund, \$400,000 less than in 2007. A significant portion of the 2008 funds -- \$500,000 – will be earmarked for the final phase of the RiverWalk ADA compliance project.*

8. *Neighborhood Commercial District Street Improvement Fund – The 2008 Proposed Budget provides \$1,000,000 for this DCD capital account, double the amount in the 2007 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. Examples of projects that recently received support from the Neighborhood Commercial District Street Improvement Fund include the dredging of the Kinnickinnic River between Becher Street and Kinnickinnic Avenue (\$250,000; BID #35) and streetscaping improvements for Cesar E. Chavez Drive (\$200,000; BID #38) and Capitol Drive between 27<sup>th</sup> and 35<sup>th</sup> streets (\$500,000; BID #37).*
9. *Business Improvement Districts Fund – This fund provides loans 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 (e.g., all 3 BIDs listed under that fund also received loan funding for their projects from the Business Improvement Districts Fund). The 2008 Proposed Budget includes \$500,000 for this capital item, the same amount as last year.*

*Loans made from the Business Improvement Districts Fund are repaid through BID annual special assessments. DCD estimates that repayments in 2008 will total \$893,236.*

10. Advanced Planning Fund – The 2008 Proposed Budget provides \$200,000 for the Advanced Planning Fund, an increase of \$25,000 from the 2007 Budget. This fund pays for costs relating to DCD’s comprehensive planning efforts, including consultant fees. The increased funding for 2008 will be used to finance a \$50,000 update to the City’s Downtown Plan, the first revision of that Plan since it was approved in 1999. In 2008, the Advanced Planning Fund will also fund preparation of the remaining comprehensive area plans, including plans for the Near North, West and Southwest areas of the city.
  
11. 30<sup>th</sup> Street Industrial Corridor – This DCD capital project is new for 2008. The \$3 million provided in the Proposed Budget will be used to support redevelopment activities in the 30<sup>th</sup> Street Industrial Corridor, particularly to fund property acquisition and infrastructure improvements on the 86-acre former Tower Automotive (A.O. Smith) site. This will allow the City to create new, environmentally clean industrial development sites served by state-of-the-art infrastructure, thereby enhancing the City’s ability to retain existing employers in the 30<sup>th</sup> Street Corridor and attract new businesses as well. DCD anticipates that a total of \$10 million in capital funding will be needed for this project, with another \$3 million to be budgeted for 2009 and \$4 million for 2010.

The department has indicated that these capital improvement funds will be combined with approximately \$10 million in grant money and \$18 million in revenues from a yet-to-be-created TID to amass the financial resources needed to complete the project. DCD has further indicated that the TID cannot be created without the capital funding and that if capital funding is delayed, the City may lose the opportunity to acquire the site.

12. Healthy Neighborhoods Initiative – This initiative is modeled after a similar program of the same name in Baltimore. The Healthy Neighborhoods concept focuses on marketing the positive attributes of relatively strong urban neighborhoods and encouraging homeowner investment and aesthetic improvements in those neighborhoods. The Milwaukee Foundation has actually been sponsoring and financing a Healthy Neighborhoods Initiative for over 2 years in 5 Milwaukee neighborhoods – Enderis Park, Layton Boulevard West, Martin Drive, Sherman Park and Thurston Woods. DCD’s 2008 Proposed Budget includes \$100,000 in capital funding for the City to begin direct financial participation in this initiative.

While participating neighborhoods for the City-funded Healthy Neighborhoods Initiative have not yet been identified, it is anticipated that at least some of the participants would be among the 5 neighborhoods currently in the Milwaukee Foundation-funded program. Other participants will likely be neighborhoods outside Milwaukee’s CDBG area that would benefit from application of the Healthy Neighborhoods concept but are not eligible to receive CDBG funding for neighborhood improvements.

DCD has indicated that Healthy Neighborhoods Initiative funds could be used for both loans and grants, provided funds help leverage outside funding and are consistent with the goal of encouraging resident participation and investment in their neighborhoods. Specific projects that might be funded by this initiative include a revolving loan fund for home improvements

*and a program that awards small grants to neighborhood groups and block clubs to undertake neighborhood beautification efforts.*

### **Grants**

*The Department of City Development anticipates receiving several grants again in 2008. Grants are expected to fund \$1,670,095 in DCD personnel costs in 2008, a 3.2% decrease from 2007. In addition, DCD will receive full reimbursement from HUD for the \$4,308,584 in personnel costs for all 104 positions in its Public Housing Programs Decision Unit.*

Anticipated 2008 DCD grants include:

1. Arts Board (various grants) (\$32,000) – These grants, which are awarded primarily by the State of Wisconsin (Wisconsin Arts Board), are used to provide assistance to the Milwaukee Arts Board in the areas of marketing and the cataloguing of art pieces in the city. There is a 50% local-share match for these grants, which comes from non-City sources.
2. Economic Development Grant (\$500,000) – This grant, which is awarded by the U.S. Department of Commerce, helps fund the City's environmental studies of potential industrial sites. There is no local match requirement.
3. 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. Again, no local funding match is required.
4. Historic Preservation Grant (\$5,000) – This grant is awarded by the State Historical Society of Wisconsin and supports the City's historic preservation efforts. A 50% local match is required; it comes from non-City sources.
5. 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 20% local funding match is required. The local match comes from DCD's Development Fund capital account.

In addition to these grants, a significant portion of DCD's budget is funded by the federal Community Development Block Grant (CDBG) program. For 2008, the department anticipates receiving nearly \$5.1 million in CDBG funding. This money will fund the salaries and benefits of approximately 51 FTE positions in DCD, as well as about \$2.7 million in other operating costs. Block Grant funding supports DCD personnel and operating expenditures in such areas as the Mainstreet Program, the Youth Internship Program, the Historic Preservation office and the Deferred Payment Home Rehabilitation Loan Program.

### **Revenues**

*The Comptroller's Office projects that the Department of City Development will receive \$1,456,000 in revenues in 2008, a decrease of \$29,100 (-2.0%) from the estimated 2007 revenues. DCD's largest revenue sources are as follows:*

Revenue	2006 Actual	2007 Budget	Change	2008 Proposed	Change
1. Comml. Building Permits	\$459,900	\$372,300	-19.0%	\$395,000	+6.1%
2. Plumbing Plan Exam Fees	\$200,900	\$175,200	-12.8%	\$195,000	+11.3%
3. Fire Plan Exam Fees	\$189,200	\$160,000	-15.4%	\$190,000	+18.8%
4. HVAC Plan Exam Fees	\$212,700	\$175,000	-17.7%	\$180,000	+2.9%
5. Sale of Real Property	\$141,500	\$100,000	-29.3%	\$150,000	+50.0%
6. Permit Processing Fees	\$80,200	\$100,000	+24.7%	\$110,000	+10.0%
Other	\$158,500	\$402,600	+154.0%	\$236,000	-41.4%
<b>TOTAL</b>	<b>\$1,442,900</b>	<b>\$1,485,100</b>	<b>+2.9%</b>	<b>\$1,456,000</b>	<b>-2.0%</b>

*The Department's projected drop in revenues for 2008 is wholly attributable to an anticipated decline in proceeds from the rental of City-owned real estate (from \$250,000 budgeted for 2007 to \$10,000 for 2008), which is reflected in the "Other" category in the table. DCD indicates that the \$10,000 annual figure more closely matches the amount of rent actually received from City-owned tax deed properties (as of March, 2007). Also, an increasing percentage of tax-deed properties managed by DCD are vacant lots or abandoned properties without renters. Finally, the increased pace of disposal of City-owned real estate means that fewer properties will be producing rental revenues for the City.*

*Besides these conventional revenues, DCD's capital improvement program for 2008 includes a revenue estimate of \$4.2 million from developer-financed TIDs. This is the same level of funding as the 2007 Budget estimate.*

**Proposed Fee Increases**

The loss of rental revenues for DCD will be partially offset by increased revenues resulting from fee increases. For 2008, the Department is proposing the following fee changes, which will be implemented by a Common Council ordinance to be introduced and passed later this year:

Item	Current Fee	Proposed Fee
Minor modification to detailed planned development	None	\$300
Planned development review/approval	\$1,200	\$2,000 for initial, \$1,200 for an amendment
Zoning change (map amendment)	\$630	\$1,200

Creation of development incentive zone (DIZ) or site plan review overlay Zone (SPROZ)	\$630	\$2,000 for initial, \$1,200 for an amendment
Development plan review within a DIZ or SPROZ	\$85 plus \$2.50 per lineal foot of lot frontage	\$1,200
Application for street or alley vacation (DCD portion only)	\$266	\$300
Preliminary plat filing fee	None	\$300
Final plat filing fee	\$288 for residential, \$139 for cemetery	\$300 for all
Certified survey map filing fee	\$65	\$150

**Prepared By: Jeff Osterman**  
**Legislative Fiscal Analyst**  
**Legislative Reference Bureau**  
**286-2262**