

**FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU**  
**EXECUTIVE SUMMARY: 2005 PROPOSED BUDGET – DEPT OF CITY DEVELOPMENT**

1. The 2005 Proposed Budget provides the Department of City Development a \$3,219,144 tax levy funded Operating Budget, compared to the \$3,534,627 funded in 2004. This budget is net various reimbursable offsets, including CDBG and other grants. **(Page 4)**
2. In 2005, total authorized positions decrease 5.56% from 252 in 2004, to 238. Nine vacant position authorities and related funding are eliminated, and the remaining are transferred to HACM direct or capital funding authorities. **(Pages 4-6)**
3. Total tax levy funded Operating Expenditures are \$305,597, a decrease of \$155,377 or 33.71% compared to \$460,974 provided in 2004. **(Page 6)**
4. In 2005, Professional Services increases by \$54,356 to reflect the offset of salaries and wages of the Planning Director related to service contract between the City of Milwaukee and UWM for Robert Greenstreet, and (2) Property Services decreases by \$200,000 because of a DCD policy change to not accept tax deed properties in 2005. **(Page 6)**
5. The Milwaukee Arts Board Special Purpose Account funding decreases 10% to \$172,800 in 2005, from \$192,000 provided in 2004. **(Page 7)**
6. The 2005 Proposed Budget provides various BID projects a total \$187,000 in city contributions through the BID special purpose account. **(Page 8)**
7. The Economic Development Fund Special Purpose Account increases from \$4,761,827 in 2004, to \$5,388,818 to support various BID projects. **(Pages 8-9)**
8. In 2005, DCD Capital Improvements are funded at \$26,650,000, an increase of \$2,700,000 (11.28%) from the \$23,950,000 provided in 2004. Various proposed department priority capital project listings require the following capital budgets in 2005 **(Pages 11-12):**

<b>CAPITAL ACCOUNTS</b>	<b>2004 BUDGET</b>	<b>2005 PROPOSED</b>	<b>2004-2005 CHANGE</b>	<b>2004-2005 % CHANGE</b>
Development Fund*	\$2,200,000	\$2,000,000	-\$200,000	-9.09%
Advanced Planning Fund	150,000	150,000	\$-0-	0.00%
Business Improvement District – Capital	500,000	500,000	\$-0-	0.00%
Neighborhood Commercial District – Street Improvement Fund	500,000	500,000	\$-0-	0.00%
Tax Incremental Districts**	19,000,000	20,000,000	+\$1,000,000	+5.27%
TID Developer Increment Payments	1,600,000	3,500,000	1,700,000	+106.25%
<b>TOTALS</b>	<b>\$23,950,000</b>	<b>\$26,650,000</b>	<b>+\$2,700,000</b>	<b>+11.28%</b>

*Footnotes require adjustments to 2005 Priority Project lists to reflect change from requested to proposed budgets.*

9. Of the \$23.5 million proposed TID funding, \$2 million will fund various improvements in the Menomonee Valley TID No. 53 (per green sheet footnotes on 460.09 [TID], 460.33 [Bridge Construction] and 460.34 [Paving]). **(Pages 12-13)**
10. In 2005, Total Estimated Revenue equals \$1,365,200 compared to \$1,440,200 in 2004. The budget line includes only that revenue recognized by the Comptroller. **(Page 14)**
11. Based on 2005 Grant Revenue Estimation and DOA-Block Grant Administration's Year 2005 Request for Proposal by Category Entitle Funds worksheets, DCD anticipates receiving \$7,410,949 in grant revenue in 2005. Compared to the 2004 estimate, \$7,834,059, DCD anticipates a \$423,110 (5.4%) decrease in grant funding. **(Pages 14-15)**
12. In 2005, HACM's estimated funding level increases \$4,869,262 or 6.44% to \$80,570,622, compared to \$75,701,360 estimated in 2004. The department adjusts annual estimates after adoption of the city budget. **(Pages 15-16)**
13. RACM anticipates receiving \$1,858,462 in YR2005 CDBG entitlements, pending adoption of separate Common Council resolution. **(Page 16)**
14. On behalf of the NIDC, DCD anticipates receiving \$2,140,000 in YR2005 HOME entitlements and \$2,772,000 in YR2005 CDBG entitlements. The Rental Rehabilitation Loan Program did not request YR2005 funding from either CDBG or HOME entitlements. **(Page 17)**

**FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU**  
**2005 Proposed Budget Summary: Department of City Development (DCD)**

<u>EXPENSE CATEGORY</u>	<u>2003 ACTUAL</u>	<u>2004 ADOPTED</u>	<u>PCT CHANGE</u>	<u>2005 PROPOSED</u>	<u>PCT CHANGE</u>
OPERATING	\$4,254,068	\$3,534,627	-16.92%	\$3,219,144	-8.93%
CAPITAL	\$25,792,167	\$23,950,000	-7.15%	\$26,650,000	+11.28%
POSITIONS	325	252	-22.47%	238	-5.56%
TOTAL LABOR HOURS*	405,972	423,000	+4.20%	397,800	-5.96%

\* Includes Non-O&M Direct Labor Hours from Other Funds

The Department of City Development (DCD) is responsible for City planning, zoning, housing, redevelopment, and economic development. The Department also provides staff to various City related agencies, which include the Housing Authority of the City of Milwaukee (HACM), the Redevelopment Authority of the City of Milwaukee (RACM), the Milwaukee Economic Development Corporation (MEDC), and the Neighborhood Improvement Development Corporation (NIDC). The Department also staffs the City Plan Commission.

**Pertinent Historical Information**

1. The 1997 Budget transferred the Land Development Program to the Milwaukee Economic Development Corporation.
2. The 1998 Budget shifted the Board of Zoning Appeals (BOZA) to a special purpose account (SPA).
3. The number of direct labor hours decreased by 287,656 or 40.5%% from 710,656 in 1998 to 423,000 in 2003.

**Agencies Transferred In**

The 1999 Budget funded a new Development Center; this involved transferring 25 plan examination staff personnel from DPW-Building Inspection to DCD.

The 2003 Budget transferred the programs, funding and 60 authorized Neighborhood Improvement Development Corporation (NIDC) staff from the Department of Neighborhood Services back to the Department of City Development.

**Agencies Transferred Out**

The number of authorized positions decreased by 572 or 63.77% from 897 in 1998 to 325 in 2003. Factors that contributed to the drastic decrease involve the follows changes:

- In 1999, 56 positions and functions of the Housing & Neighborhood Development Neighborhood Improvement Development Corporation (NIDC) agency transferred to the Department of Neighborhood Services.

- In 2000, funding for 42 FTEs (528 part-time summer positions), the Youth Initiative Program was eliminated with the understanding that the Private Industry Council would provide this function.
- In 2003, 60 authorized NIDC positions transferred back to the DCD to support NIDC programs and initiatives. Only 38 positions were funded.

## Revenues

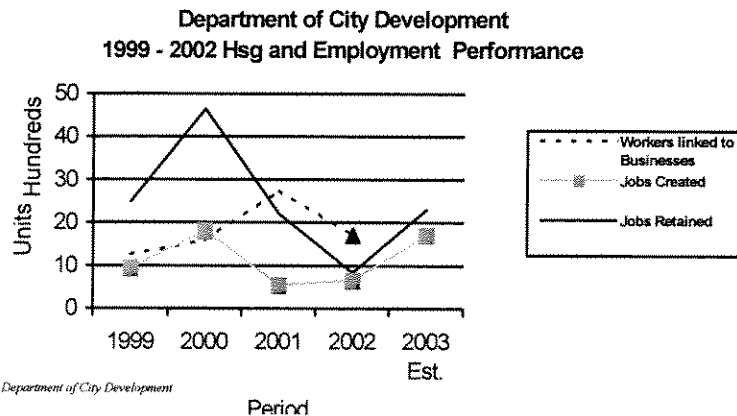
Excluding License and Permits income, revenues increased by \$432,195 or 10.03% from \$4,309,805 in 1999 to \$4,742,000 in 2002. In this period, License and Permits revenue increased \$535,100 from \$47,000 in 1999 to \$582,100 in 2002.

## Performances

When the Department of City Development provides assistance to businesses, it tracks the number or jobs retained and created as a result of that assistance to private business projects.

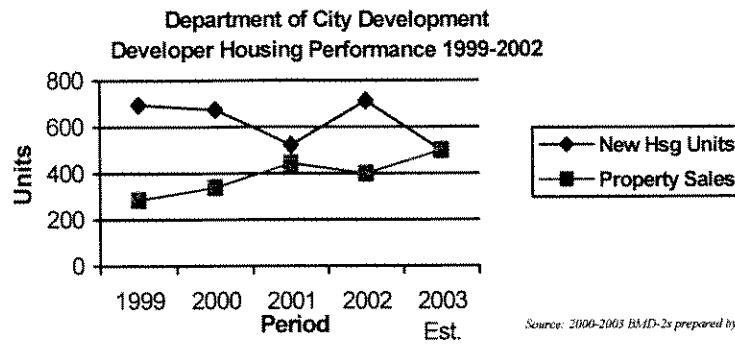
As depicted in the graphs below, the Department of City Development resources are allocated to support various initiatives that include but are not limited to linking workers to businesses, job creation, job retention, developing new housing units and property sales. For the period 1999 to 2003:

- The number of workers linked to businesses seeking workers peaked in 2001 but the 2002 actual measure was not reported in the budget documents
- Job retention peaked in 2000 to 4,653 but was not expected to increase to that level through 2003
- Job creation peaked at 1,813 in 2000



*Source: 2000-2003 BMD-2s prepared by the Department of City Development*

The number of developer new housing units and annual property sales are influenced by social-economic factors. The chart shown on page 3 includes 2002 and 2003 HACM and NIDC activity.



***NIDC Housing Production Achievements through September 2003***

- Completed rehab of 9 homes
  - Sold 16 homes
  - Facilitated land sales and provided grants for 26 Lindsay Heights and City Homes sales
- Partnered with Habitat for Humanity to provided affordable second mortgages to 17 clients



## **2005 PROPOSED BUDGET HIGHLIGHTS and CHANGES**

The 2005 Proposed Budget provides the Department of City Development a \$3,219,144 tax levy funded Operating Budget, compared to the \$3,534,627 funded in 2004. This budget is net various reimbursable offsets, including CDBG and other grants.

### **INITIATIVES**

In 2005, the Department of City Development will continue to develop the following initiatives:

- Menomonee Valley
- Park East Corridor
- Harley Davidson Museum Complex
- New Targeted Investment Neighborhoods strategy
- Main Street Initiative (pending)

### **ORGANIZATIONAL CHANGES**

The Neighborhood Improvement Development Corporation (NIDC) is a 501(c)(3) that is funded through block grant dollars. An independent corporation, the focus of NIDC has generally been on housing finance issues for moderate-income owner-occupants and to rehab assistance to very low-income homeowners using CDBG, HOME, and other federal and private grant sources. Until 1999, the NIDC worked in cooperation with the Department of City Development as an independent corporation until its transfer to the Department of Neighborhood Services to collaborate efforts to address housing and code compliance problems effecting city neighborhoods, especially those in disadvantaged block grant areas.

The Budget summary confirms that the NIDC budget is not under control of the Common Council.

In 2003, the NIDC, its 60 authorized positions, programs, loan portfolio, and funding were transferred back to the Department of City Development. In 2004, the DCD integrated all housing production and neighborhood development services to capitalize on efficiencies of scale and improve coordination and effectiveness of operations. DCD funded only 38 of the 60 positions to a restructuring while the agency was still under the Department of Neighborhood Services. In 2005, funding is provided for 21 personnel.

### **PERSONNEL CHANGES**

The 2005 Proposed Budget provides \$2,558,623 Net Salaries and Wages for 238 personnel, compared to \$2,175,478 Net Salaries and Wages for 252 personnel provided in 2004. Less than 4% of the total DCD operating budget is tax levy supported.

#### **Rationale for Position Changes**

The primary reason for the personnel changes outlined in pages 5-6 is due to lost and reduced grant funds that were heavily relied on to support administrative costs.

**RECONFIGURATION OF DECISION UNITS:**

- In the Elderly & Disabled Housing Section, 1-Building Maintenance (PR 248), 1-Custodial Worker II-City Laborer (PR 215) positions are eliminated at a net cost savings of \$59,810. The unit's management-to-staff ratio decreases from 1:4.9 to 1:4.4 personnel.
- In the Family Housing Unit, 2-Custodial Worker II-City Laborer (PR 215), 3-Building Maintenance Mechanic II (PR248), and 1-Office Assistant IV (PR 445) positions are eliminated at a net cost savings \$144,860. The unit's direct management-to-staff ratio decreases from 1:11.8 to 1:10.3 personnel.
- The 1-Permit & Development Center Manager (SG 12), 1-Senior Planner (PR 576), 1-Principal Planner (SG 7), and 2-Associate Planner (PR 558) positions will remain in Comprehensive Planning & Development Services, but move from the Development Center to the Comprehensive Planning Division unit.

	<b>Position Title</b>	<b>Pay Range</b>	<b>Units</b>	<b>Cost Impact</b>
<b>Transferring the Development Center</b>	Plan Examiner Assistant Supervisor	6	1	64,562
	Plan Examiner III	629	3	194,401
	Plan Examiner II	625	3	167,654
	<b>From:</b> Mechanical Plan Examiner	796	2	128,201
	<b>Community Planning &amp; Development Services</b> Zoning & Development Coordinator	587	1	56,846
	Office Assistant III	425	1	31,360
	Drafting Technician II (Eliminated)			<b>-38,516</b>
	Program Assistant II	530	3	114,555
	Office Assistant IV	445	1	34,183
	<b>To:</b> Office Assistant III	425	2	59,708
	<b>General Mgmt &amp; Policy Development</b> Office Assistant II	410	2	58,513
	Plan Examiner II	625	2	122,179
	Planning Administration Manager	10	1	83,328
Office Assistant IV	445	1	31,554	

The Graphic Information Systems personnel move from the General Management and Policy Development section to the Community Planning and Development Services section. The following personnel are expected to transition in 2005:

- Geographic Information Supervisor      4      1      55,373
- Geographic Information Specialist      558      1      47,926
- Geographic Information Technician II      602      2      77,032

NIDC personnel changes constitute a final blending into DCD operations, its Grant Management Section merging into DCD General Accounting, affecting 6 personnel. In addition, NIDC Housing Rehabilitation, Financial Services, Housing Production, and TIN/Receivership sections will form the Housing Rehabilitation & Development Services

Section under the General Management and Policy Development Decision Unit, affecting the remaining 15 personnel.

	Position Title	Pay Range	Units	Cost Impact
<b>Transferring NIDC</b>	Administrative Assistant I	435	1	29,601
	Fiscal Manager (Eliminated)	8		-0-
<b>From:</b> <b>Public Housing Programs Decision Unit</b>	Administrative Specialist Senior	4	1	56,825
	Management Accountant Senior	4	2	113,650
	Management Accountant	2	2	77,522
	Accounting Assistant I	435	1	29,601
	Housing Rehabilitation Specialist Senior	5	6	363,462
	Office Assistant III	425	1	31,360
	Rental Rehabilitation Specialist	5	1	60,577
	Housing Program Specialist	3	2	102,040
	Administrative Specialist	2	1	50,014
	Residential Rehabilitation Supervisor	6	1	64,562
<b>To:</b> <b>General Mgmt &amp; Policy Development</b>	Commercial & Residential Rehab Mgr	6	1	58,550
	Accounting Assistant II	445	1	32,616

Position funding for several personnel are moving from the tax levy to HACM direct, which is supported by rental income and federal rent subsidies (Section 8). In 2005, the Department of City Development anticipates receiving fewer Section 8 subsidies, which may affect these, and other personnel authorities and funding. In 2005, DCD proposes transferring position authority and \$296,128 in salaries and wages for the following:

- 1-Economic Devel. & Media Specialist \$47,772 to HACM Direct
- 1-Network Analyst Assistant \$46,694 to HACM Direct
- 1-Housing Management Director \$86,554 to HACM Direct
- 1-Housing Operations Manager \$90,108 to HACM Direct
- 1-Office Assistant IV (0.73FTE) \$25,000 to Capital Funding

### OPERATING BUDGET COMPARISONS

In 2005, total tax levy funded Operating Expenditures is \$305,597, a decrease of \$155,377 or 33.71% compared to \$460,974 provided in 2004. With the exception of Professional Services and Property Services, all Operating Expenditure budget lines are funded at year 2004 levels. In 2005, Professional Services increases by \$54,356 to reflect the offset of salaries and wages of the Planning Director related to service contract between the City of Milwaukee and UWM for Mr. Robert Greenstreet, and (2) Property Services decreases by \$200,000 because of a DCD policy change to use only non-tax levy funds for new tax deed properties in 2005.

At Present, DCD is the only agency that accepts, manages, and markets tax-foreclosed property. In the past, the department received resources from both the City budget and CDBG budget for this function.



**PERFORMANCE MEASURES**

***Housing Investments: Tax Deed Properties***

The Department of City Development is responsible for maintaining delinquent tax properties, including acting as a landlord if there is a tenant present, paying utility bills, and yard maintenance. **Tax levy funding for tax-deed property maintenance is eliminated in 2005.**

In 2005, DCD anticipates continuing to receive CDBG funds for this activity. The CDBG grant will be used to market property owned by the City and RACM, and to maintain and manage the existing inventory of tax foreclosed properties that have not yet been sold and placed back on the tax rolls. In addition, DCD estimates that the CDBG funding will allow the department to handle approximately 30 new tax foreclosed properties in 2005, which is approximately 100 fewer properties than the department handled in 2004. Costs associated with maintenance can potentially be recovered at the time the property is sold.

DCD are working actively with the office of the City Attorney, the Budget Office, and the CDBG office to devise strategies to (1) reduce the cost of processing tax foreclosed properties, and (2) identify other resources to pay the costs of processing these properties. The department anticipated the long-term solution to this problem would require active participation from several other City Departments.

**SPECIAL PURPOSE ACCOUNTS**

<b>2005 PROPOSED SPECIAL PURPOSE ACCOUNTS – DEPARTMENT OF CITY DEVELOPMENT</b>				
	<b>2004</b>	<b>2005</b>		<b>%</b>
	<b><u>BUDGET</u></b>	<b><u>PROPOSED</u></b>	<b><u>CHANGE</u></b>	<b><u>CHANGE</u></b>
Board of Zoning Appeals	\$276,521	\$281,817	+\$5,296	+1.92%
Milwaukee Arts Board-Projects	\$192,000	\$172,800	-\$19,200	-10.00%
Milwaukee Fourth Of July Commission	\$130,000	\$130,000	+\$-0-	+0.00%
Business Improvement Districts	\$169,000	\$187,000	+\$18,000	+10.65%
Economic Development Fund	\$4,761,827	\$5,388,818	+\$626,991	+13.17%
<b>TOTAL</b>	<b>\$5,529,348</b>	<b>\$6,160,435</b>	<b>+\$631,087</b>	<b>+11.42%</b>

**Board of Zoning Appeals** - The 1998 Budget shifted the Board of Zoning Appeals (BOZA) to a special purpose account (SPA). The 2005 Proposed Budget provides \$281,817 for BOZA salaries, fringes, and operating expenditures, compared to \$276,521 provided in 2004. The \$5,296 or 1.92% increase is due to increased personnel costs. Total Operating Expenditures remain unchanged from the \$51,494 provided in 2004.

<b>EXPENDITURE TRENDS</b>				
<b><u>2003 Actual</u></b>	<b><u>2004 Budgeted</u></b>	<b><u>% Change</u></b>	<b><u>2005 Proposed</u></b>	<b><u>% Change</u></b>
\$245,069	\$276,521	+12.84%	\$281,817	+1.92%

**Milwaukee Arts Board Projects** - The 2005 Proposed Budget provides \$172,800 for this special purpose account, compared to \$192,000 provided in 2004, to fund activities that promote and support cultural diversity in the artistic life of the City, the formation and growth of programs, and the development and enjoyment of the arts. In 2005, the Board plans to contract services from a city staff during non-business hours at a cost of approximately \$25,000. Services of a new consultant is being sought at this time.

<b>EXPENDITURE TRENDS</b>				
<u>2003 Actual</u>	<u>2004 Budgeted</u>	<u>% Change</u>	<u>2005 Proposed</u>	<u>% Change</u>
\$209,004	\$192,000	-8.14%	\$172,800	-10.00%

**Milwaukee Fourth of July Commission** - The Fourth of July Commission was created under Section 320-25 of the Milwaukee Code and is responsible for providing suitable activities for the celebration of the Fourth of July in 16 Milwaukee County parks. The 2005 Proposed Budget provides \$130,000 for this special purpose account to pay for event prizes, contracted musicians, and miscellaneous event costs associated with the Fourth of July celebration.

<b>EXPENDITURE TRENDS</b>				
<u>2003 Actual</u>	<u>2004 Budgeted</u>	<u>% Change</u>	<u>2005 Proposed</u>	<u>% Change</u>
\$119,743	\$130,000	+8.57%	\$130,000	+0.00%

**Business Improvement Districts** – Beginning in 2003, BID self-supporting activity and loan repayment funds have moved from the BID Special Purpose Account to the new Economic Development Fund Special Purpose Account. The 2005 Proposed Budget provides \$187,000 for city contributions to BIDs, compared to \$169,000 in 2004. City contributions for BID #2, Historic Third Ward, increase from \$18,000 to \$36,000 in 2005. DCD documentation indicated that the BID was supposed to include the increase in its operating plan for 2004, but did not. Amendments to Operating Plans for years 2004 and 2005 are required to increase the amount in city contributions to 2005 riverwalk maintenance costs.

<b>EXPENDITURE TRENDS</b>				
<u>2003 Actual</u>	<u>2004 Budgeted</u>	<u>% Change</u>	<u>2005 Proposed</u>	<u>% Change</u>
\$169,000	\$169,000	+0.00%	\$187,000	+10.65%

**Economic Development Fund** – Beginning in 2003, BID self-supporting activity and loan repayment funds have moved from the BID Special Purpose Account to the new Economic Development Fund Special Purpose Account. The 2005 Proposed Budget provides \$5,388,818 for 2005 activities, compared to \$4,761,827 in 2004.

The 2005 Proposed BID activity is shown on page 10. As conditions within the Business Improvement Districts improve, property values should increase, providing increased tax revenues. Exempt properties are not on the tax roll, imposing an adverse effect on the BID property tax base.

The proposed activity level is subject to change any time before the Community and Economic Development Committee and Common Council adopt of the Year 2005 Operation Plans resolution for 2005 BID activities.

<b>EXPENDITURE TRENDS</b>				
<u>2003 Actual</u>	<u>2004 Budgeted</u>	<u>% Change</u>	<u>2005 Proposed</u>	<u>% Change</u>
\$4,228,673	\$4,751,827	+12.38%	\$5,388,818	+13.41%

## 2005 PROPOSED BUDGET BID FUNDING

The 2005 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID 3</u>	<u>BID NAME</u>	<u>CITY GRANT</u>	<u>SELF SUPPORTING</u>	<u>LOAN REPAYMENT</u>	<u>TOTAL</u>
2	Historic 3rd Ward	\$ 36,000	\$ 435,183	\$ 47,209	\$ 482,392
3	Riverwalk		2,207	31,551	33,738
4	Greater Mitchell St.	25,000	104,790		104,790
5	Westown	18,000	94,257		94,257
8	Historic King Dr.	21,000	159,496		159,496
9	735 W Water - Riverwalk			28,444	28,444
10	Avenues West	12,000	127,772	0	127,772
11	Brady St. Business Area		79,000	58,698	137,698
13	Oakland Ave.		29,145	24,355	53,500
15	Riverwalks	40,000	56,703	376,736	433,439
16	Uptown Triangle		39,231	43,194	82,425
17	Northwest Area Business / 76th & Brown Deer		31,613	16,537	48,150
19	Villard		70,525	24,100	94,625
20	North Ave./ Prospect/ Farwell		93,045	69,500	162,545
21	Downtown Mgmt District	35,000	2,477,626		2,477,626
25	Riverworks		131,286	44,894	176,180
26	The Valley (Menomonee)		32,949		32,949
27	Burleigh/ Sherman		37,616		37,616
28	North Avenue Gateway District		24,788		24,788
29	(ACT) Atkinson/ Capital/ Teutonia		59,517		59,517
30	Northern Junction*				-0-
31	Havenswood - National Avenue*		141,871		141,871
32	5 <sup>th</sup> Ward - Amani*		110,000		110,000
32	North Avenue Market Place		40,000		40,000
34	Howell Avenue		55,000		55,000
35	Becher/KK		150,000		150,000
36	Fond du Lac Market Place		40,000		40,000
* Totals Proposed (subject to change by amendment)		<u>\$ 187,000</u>	<u>\$ 4,623,620</u>	<u>\$ 765,198</u>	<u>\$ 5,388,818</u>

**City Contributions** - The \$187,000 city contributions are funded through the Business Improvement District Special Purpose Account.

**Self-Supporting Funds** - Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

**Loan Repayments** - Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

**CAPITAL IMPROVEMENT ACCOUNTS**

The 2005 Proposed Budget provides \$26,650,000 for DCD capital improvement accounts, an increase of \$2,700,000 (11.28%) from the \$23,950,000 provided in 2004. Various proposed department priority capital project listings require the following capital budgets in 2005:

<b><u>CAPITAL ACCOUNTS</u></b>	<b><u>2004 BUDGET</u></b>	<b><u>2005 PROPOSED</u></b>	<b><u>2004-2005 CHANGE</u></b>	<b><u>2004-2005 % CHANGE</u></b>
DEVELOPMENT FUND*	\$2,200,000	\$2,000,000	-\$200,000	-9.09%
ADVANCED PLANNING FUND	150,000	150,000	\$-0-	0.00%
BUSINESS IMPROVEMENT DISTRICT – CAPITAL	500,000	500,000	\$-0-	0.00%
NEIGHBORHOOD COMMERCIAL DISTRICT – STREET IMPROVEMENT FUND	500,000	500,000	\$-0-	0.00%
TAX INCREMENTAL DISTRICTS**	19,000,000	20,000,000	+\$1,000,000	+5.27%
TID DEVELOPER INCREMENT PAYMENTS	1,600,000.	3,500,000	1,700,000	+106.25%
<b>TOTALS</b>	<b>\$23,950,000</b>	<b>\$26,650,000</b>	<b>+\$2,700,000</b>	<b>+11.28%</b>

\*\$2.2 million in priorities must be adjusted to reflect YR 2005 \$2 million proposed funding.

\*\*\$30 million in priorities must be adjusted to reflect YR 2005 \$20 million proposed funding.

Development Fund – The 2005 Proposed budget provides \$2 million compared to \$2.2 million provided in 2004. This fund assists projects that do not qualify for TID classification.

Advance Planning Fund – The 2005 Proposed budget provides \$150,000 for preliminary planning studies and research costs for the following proposed priority projects:

- Economic Studies, \$20,000
- Special Engineering & Technical Studies, \$20,000
- Comprehensive Plans (including Bay View), \$110,000

Business Improvement District Fund – In 2004 and 2005, this capital account is funded at \$500,000, per year to provide prevailing market rate interest loans to qualifying Business Improvement Districts. DCD prepares annual priority lists, without firm fund commitments, for various BID Fund projects. The most current 2004-2005 priorities reported to the LRB lists:

- BID 26-Menomonee Valley, bounded by N. 2<sup>nd</sup> Street, I-94, N. 44<sup>th</sup> Street, and CP Rail "Air Line" tracks for an estimated \$500,000
- BID 31-Havenwood, bounded by N. 77th St., W. Good Hope Rd, N. 51st St. extended and W. Silver Spring Dr., for an estimated \$200,000
- BID 29-Atkinson/Teutonia/Capital, bounded by W. Atkinson Ave. between N. Teutonia Ave. and N. 8th St., W. Capitol Dr. between 19th St. and N. 27th St., and N. Teutonia Ave. between W. Congress St. and W. Nash St., for an estimated \$500,000
- BID 32-North Ave/Fondy Market, including commercial properties along W. Fond du Lac Avenue between W. Brown St., W. North Ave., N. 8<sup>th</sup> St., and N. 27<sup>th</sup> St., for an

estimated \$200,000

- BID 35-Becher/KK, including properties along the banks of the Kinnickinnic River bounded by the Beecher St. Bridge on the south and the KK Ave. Bridge on the east for an estimated \$250,000

Neighborhood Commercial District Street Improvement Fund –In 2004 and 2005, this capital account is funded at \$500,000, per year to provide funds for commercial district streetscape projects. DCD prepares annual priority lists, without firm fund commitments, for various NCDSI Fund projects. The most current 2004-2005 priorities reported to the LRB lists:

- BID 26-Menomonee Valley, bounded by N. 2<sup>nd</sup> Street, I-94, N. 44<sup>th</sup> Street, and CP Rail "Air Line" tracks for an estimated **\$203,000**
- BID 31-Havenwood, bounded by N. 77th St., W. Good Hope Rd, N. 51st St. extended and W. Silver Spring Dr., for an estimated **\$200,000**
- BID 29-Atkinson/Teutonia/Capital, bounded by W. Atkinson Ave. between N. Teutonia Ave. and N. 8th St., W. Capitol Dr. between 19th St. and N. 27th St., and N. Teutonia Ave. between W. Congress St. and W. Nash St., for an estimated **\$250,000**
- Various unspecified Commercial Districts, for an estimated aggregate **\$300,000**
- BID 35-Becher/KK, including properties along the banks of the Kinnickinnic River bounded by the Beecher St. Bridge on the south and the KK Ave. Bridge on the east for an estimated **\$250,000**
- Cultural District for an estimated **\$150,000** for Bronzville streetscaping along North Ave (Dr. Martin Luther King Dr to the freeway)
- New Granville Station for an estimated **\$250,000**

### TAX INCREMENTAL FINANCING DISTRICTS

In 2005, the Department of City Development proposes funding Tax Incremental Districts (TIDs) using two primary capital improvement budgets; (1) TID new borrowing and (2) TID Developer Revenues, a capital improvement project created in 2003.

Tax Incremental Financing Districts (TID) – The city induces private development in a target geographic area by making public improvements and loans to developers. Recovery of city costs comes from the additional property taxes generated (from all local governments) by the new development. Each TID project normally requires 15-27 years to generate the property value necessary to repay city costs. During that period the city loses many years of interest earnings on the funds it initially provided. Beginning in 2003, these "carrying costs" are included in the amount to be recovered by the city.

TID	Description	2005 Cost	TID	Description	2005 Cost
27	Clarke Square Mega Mart	\$ 6,867	46	New Arcade	\$ 146,000
28	Midtown (NIDC)	4,460	47	875 E Wisconsin	25,000
35	27 <sup>th</sup> Wisconsin Ave	20,000	48	Park East Freeway (Removal)	10,000,000
37	Grand Avenue	87,109	51	Granville Station	4,400,000
38	E. Grange Ave (MEDC)	5,000	53	Menomonee Valley	10,000,000
39	Hilton Parking	5,000	54	Stadium Business Park	156,256
40	35 <sup>th</sup> & North Ave	100,000	56	Erie/Jefferson	6,500,000
41	Harley Museum	5,000		<b>Priority Projects</b>	
42	Capitol Court (Midtown)	660,000		Valley East End	1,100,000
44	Lindsey Heights	2,090,000		20 <sup>th</sup> Walnut, Sentry Bldg.	1,500,000
				Inner Harbor	1,000,000
<i>(Costs rounded to nearest dollar)</i>			<b>Total 2005 Estimated Project Costs</b>	<b>\$ 37,805,692</b>	
			<b>Total 2005 Funding Request</b>	<b>\$ 20,000,000</b>	

The 2005 Proposed budget provides \$20 million in new borrowing to sustain forecasted TID needs. This compares to the \$19 million authorized in 2004. Two million is reserved for the Menomonee Valley bridge and paving work.

TID	Description	2005 Cost	TID	Description	2005 Cost
27	Clarke Square Mega Mart	\$ 6,867	46	New Arcade	\$ 146,000
28	Midtown (NIDC)	4,460	47	875 E Wisconsin	25,000
35	27 <sup>th</sup> Wisconsin Ave	20,000	48	Park East Freeway (Removal)	10,000,000
37	Grand Avenue	87,109	51	Granville Station	4,400,000
38	E. Grange Ave (MEDC)	5,000	53	Menomonee Valley	10,000,000
39	Hilton Parking	5,000	54	Stadium Business Park	156,256
40	35 <sup>th</sup> & North Ave	100,000	56	Erie/Jefferson	6,500,000
41	Harley Museum	5,000		<b>Priority Projects</b>	
42	Capitol Court (Midtown)	660,000		Eaton-Power Electronics	1,100,000
44	Lindsey Heights	2,090,000		20 <sup>th</sup> Walnut, Sentry Bldg.	1,000,000
				Menomonee Valley Tow Lot	1,500,000
<i>(Costs rounded to nearest dollar)</i>			<b>Total 2005 Estimated Project Costs</b>	<b>\$ 37,805,692</b>	
			<b>Total 2005 Funding Request</b>	<b>\$ 20,000,000</b>	

Tax Incremental Financing Districts (TID) Developer Revenue – In 2005, the DCD proposes a \$3.5 million TID Developer Revenue capital improvement project, further increasing total 2005 TID capital funding to \$26,650,000.

TID	Description	2005 Cost	TID	Description	2005 Cost
38	E. Grange Ave (MEDC)	\$ 98,000	49	Cathedral Place	\$ 651,081
39	Hilton Parking	1,016,000	50	Solar Paint	75,000
41	Time Warner/Harley Museum	800,024	52	Sigma-Aldrich Corporation	25,000
44	Locust/Walnut Residential	155,209	53	Menomonee Valley	100,000
45	Wilson Commerce	447,936	55	Holt Plaza (tentative)	25,000
<i>(Costs rounded to nearest dollar)</i>			<b>Total 2005 Estimated Project Costs</b>	<b>\$ 3,393,250</b>	
			<b>Total 2005 Funding Request</b>	<b>\$ 3,500,000</b>	



## REVENUES

In 2005, Total Estimated Revenue equals \$1,365,200 compared to \$1,440,200 in 2004 (2005, Proposed Plan and Executive Summary, p. 34). The budget line includes only that revenue recognized by the Comptroller. These estimates exclude the HACM payment in lieu of taxes (PILOT) and other revenue estimates for agencies administered by the DCD (NIDC, RACM, HACM and MEDC) whose budgets are not under the control of the Common Council.

Description/Type	2004 Estimate	2005 Estimate	Change
Property Sales	\$50,000	-0-	-50,000
Zoning Change Fees	\$63,000	33,000	-30,000
Rent	\$365,000	315,000	-50,000
Charges for Services	\$383,700	467,200	+83,500
Plan Exam	<u>\$578,500</u>	<u>550,000</u>	<u>-28,500</u>
<i>Total Estimated Revenues, excluding HACM PILOT</i>	<u>\$1,440,200</u>	<u>\$1,365,200</u>	<u>-\$75,000</u>

The Zoning Charge Fees and Plan Exam fees are budgeted as Licenses and Permits in the general city revenue category, and Property Sales and Rent are budgeted under Miscellaneous. Recognizable revenue in these categories decreases by 9.12% and 24.10%, respectively.

DEPARTMENT OF CITY DEVELOPMENT'S (DCD) 2005 ESTIMATED REVENUES (Source: 2005 Budget, BMD-2)					
	2003	2004	% Change	2005	% Change
CHARGES FOR SERVICES	\$510,854	\$383,700	-24.89%	\$467,200	+21.77%
LICENSES AND PERMITS	\$742,616	\$641,500	-13.62%	\$583,000	-9.12%
<u>MISCELLANEOUS</u>	<u>\$328,241</u>	<u>\$415,000</u>	-26.44%	<u>\$315,000</u>	-24.10%
<b>TOTAL</b>	<b>\$1,581,711</b>	<b>\$1,440,200</b>	<b>-8.95%</b>	<b>\$1,365,200</b>	<b>-5.21%</b>

## GRANTS

Based on 2005 Grant Revenue Estimation and DOA-Block Grant Administration's Year 2005 Request for Proposal by Category Entitle Funds worksheets, DCD anticipates receiving \$7,410,949 in grant revenue in 2005. This is a \$423,110 (5.4%) decrease compared to the 2004 estimate, \$7,834,059.

DEPARTMENT OF CITY DEVELOPMENT'S (DCD) 2005 ESTIMATED GRANT REVENUES			
Grantor	Project	2004	2005
CDBG for DCD/NIDC/RACM	Various	\$5,739,409	\$5,830,949
U.S. Department of EPA	Brownfield (Various)	\$1,000,000	\$500,000
U.S. Department of HUD	Economic Development Initiatives Grant (Industries)	\$1,000,000	\$1,000,000
State Historical Society of WI*	Historic Preservation Grant	\$24,650	\$10,000
WI Arts Board*	Arts Board	<u>\$70,000</u>	<u>\$70,000</u>
<b>TOTAL</b>		<b>\$7,834,059</b>	<b>\$7,410,949</b>

\*Includes 50% city match

DCD requested \$1,200,687 in YR 2005 CDBG entitlements to leverage against the following non-NIDC and non-RACM activities. (See pages 16-17 for those entitlement requests)

- \* \$70,000, Main Street Program (Administration)
- \* \$432,887, Administration
- \* \$97,800, Administration (Historic Preservation)
- \* \$350,000, Youth Internship Program
- \* \$100,000, Retail Investment Fund (RIF)
- \* \$150,000, Façade Improvement Grants (DCD)

**AGENCIES STAFFED BY THE DEPARTMENT OF CITY DEVELOPMENT**

The following discussion relates to activities of various agencies administered by the Department of City Development. The budgets of these agencies are not under the control of the Common Council. These agencies assisted in developing housing units throughout the city. The cumulative efforts of DCD and these agencies added 1,363 new housing units throughout the city in 2003 (see chart below).

*Housing Units Added in 2003 - By Aldermanic District:*

Aldermanic District	Housing Units Added	Aldermanic District	Housing Units Added
1	3	8	14
2	3	9	9
3	123	10	0
4	945	11	16
5	42	12	12
6	58	13	8
7	14	14	19
		15	97
<b>Total Units Added</b>		<b>1,363</b>	

**Housing Authority of the City of Milwaukee (HACM)**

**Funding:** The Federal Government Department of Housing and Urban Development (HUD) provides the principal funding for HACM activities. HUD subsidizes the cost of managing public housing and the revenues received from 30 percent of residents' income. 144 housing units were added in 2004.

HACM anticipates that on the 2004 tax bill, that \$35,000 will be billed by the City, thus reducing the PILOT. According to BMD-2 forms, the 2005 Proposed budget provides for the Housing Authority remitting \$855,000 to the city as Taxes and Payments in Lieu of Taxes, compared to \$890,000 provided in 2004 and \$921,633 provided in 2003.

Several HACM projects qualify for HUD grants, tax credits, or receive other private and public sector funding. The department adjusts annual estimates **after the city budget is adopted.**

Program	2004 Funding Level	2005 Estimated Funding Level	2004 – 2005 Change	% Change 2004 Funding to 2005 Estimate
<b>PUBLIC HOUSING PROGRAMS:</b>				
1. LOW INCOME HOUSING				
-Rental Income and Reserves	\$14,809,290	\$13,091,270	-\$1,718,020	-11.60%
-Federal Operating Subsidy	8,425,174	7,674,000	-500,000	-5.94%
Subtotal:	<u>\$22,983,290</u>	<u>\$20,765,270</u>	<u>-\$2,218,000</u>	<u>-9.65%</u>
2. Capital Funding Program	8,425,174	6,900,000	-1,525,174	-18.11%
3. URBAN REVITALIZATION (HOPE VI)				
Highland	12,000,000	-0-	-12,000,000	-100%
Scattered Sites	-0-	19,500,000	+19,500,000	+100%
4. RENT ASSISTANCE PROGRAM	24,394,040	27,500,000	+3,105,960	+12.74%
4. VETERANS HOUSING			-0-	
- Operating & Maintenance	3,698,820	3,700,000	+1,180	+0.04%
- Capital Funding Program	2,000,000	-0-	-2,000,000	-100.00%
5. OTHER GRANTS	1,894,684	1,900,000	+5,316	+0.28%
6. YOUTHBUILD	250,000	250,000	-0-	+0.00%
7. SERVICE COORDINATOR	<u>55,352</u>	<u>55,352</u>	<u>-0-</u>	<u>+0.00%</u>
Total:	<u>\$75,701,360</u>	<u>\$80,570,622</u>	<u>+\$4,869,262</u>	<u>+6.44%</u>
<i>SOURCE: DCD05REIMBI.XLS SPREADSHEET DATED 5/7/2004</i>				

### **Redevelopment Authority of the City of Milwaukee (RACM)**

Non-CDBG grants received by RACM are not under the control of the Common Council. The Common Council adopts annual CDBG entitlements and reprogramming allocations under actions separate from the city budget. RACM anticipates receiving \$1,858,462 in YR 2005 CDBG entitlements funding to support activities such as:

- \$558,397, for RACM Land Management
- \$141,799, for Brownfield Initiatives
- \$643,992, for Administration
- \$489,274, for RACM Spot Acquisition
- \$25,000, for Renewal Communities Planning & Implementation

### **Milwaukee Economic Development Corporation (MEDC)**

The City provides most staffing and other services to MEDC through the Department of City Development under a service agreement that is reviewed periodically by the Common Council. The current activities include:

- Support early stage technology companies
- Provide small business loans
- Collaborate with private and public agencies on Milwaukee's redevelopment strategy

## **Neighborhood Improvement Development Corporation (NIDC)**

The agency has 60 authorized positions, although funding is authorized for only 38 positions in 2004, and 21 in 2005. In 2005, DCD proposes integrating all NIDC programs, staff, and its various budgets (CDBG, HOME, Reprogramming, Program Income, etc.) into the DCD department structure. In 2005, on behalf of NIDC, the DCD did not request YR 2005 CDBG and HOME entitlements for the Rental Rehabilitation Loan Program, which provides financial assistance to property owners in the form of grants, rehabilitation loans, and interest subsidy payments on conventional loans. This program traditionally ensured adequate housing and rents for persons with low to moderate incomes, as dictated by county median levels and federal HOME guidelines.

Before returning to DCD, annual CDBG, HOME, and program income supported the following NIDC activities:

- Targeted Investment Neighborhood Program (TIN)
- CityHomes Phase II
- Assist in Creating Tax Incremental Districts
- New Home Construction / Production
- Loan Portfolio Management and Administration
- Acquire/Rehab/Sell Program
- Rental Rehabilitation Loan Program

On behalf of NIDC, DCD anticipates receiving \$2,772,000 in YR 2005 CDBG entitlements funding to support the following activities. NIDC does not receive entitlements for an Administration funding category. Due to HOME spending restrictions, significant amounts in CDBG entitlements often fund salaries and fringe benefits.

- \$264,000, for Targeted Neighborhood Initiatives (TIN's)
- \$50,000, for Housing (Acquire/Rehab/Sell)
- \$643,992, for Administration
- \$489,274, for RACM Spot Acquisition
- \$25,000, for Renewal Communities Planning & Implementation

On behalf of NIDC, DCD anticipates receiving \$2,140,000 in YR 2005 HOME entitlements funding to support the following activities. HOME funding goes directly into the projects.

- \$2,090,000, for Targeted Neighborhood Initiatives (TIN's)
- \$50,000, for Housing (Acquire/Rehab/Sell)

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