



**Department of City Development**  
 City Plan Commission  
 Redevelopment Authority of the City of Milwaukee  
 Neighborhood Improvement Development Corporation

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Ald. Robert Bauman, Chair  
 Capital Improvements Committee  
 City Hall, Room 205

Dear Ald. Bauman:

This letter responds to the Capital Improvement Committee’s recent request for additional detail about four DCD capital accounts with significant unspent balances. Per the Committee’s request, this memorandum addresses how funds for each of these accounts are used and provides information about past expenditures and future expenditures.

Neighborhood Commercial District Street Improvement Fund (NCDSIF) and BID Fund

Fund	Current balance	Allocated funds (not yet expensed)	Projects in the pipeline	Remaining funds after pipeline projects are implemented
NCDSIF	\$1,590,000	\$175,000	\$1,000,000	\$415,000
BID Fund	\$1,000,000	\$175,000	\$1,000,000	(\$175,000)

These funds are paired to pay for streetscape projects within the city’s Business Improvement Districts and commercial corridors. Such projects enhance the public way through installation of elements such as special plantings, pedestrian lighting, and street furniture. These projects are initiated at the request of the BID.

These projects are financial partnerships between the City and the sponsoring BID. Half the cost of each project is paid by a grant made by the City from NCDSIF or other sources (detailed below). The BID Fund pays the remaining cost of the project. The sponsoring BID enters into a loan agreement to repay the City of Milwaukee for the portion of the project paid for with the BID Fund. These loans are generally for a 20-year term; the interest rate is based on the City’s cost of funds to borrow the money through bonding.

Since 2008, the NCDSIF and BID Fund have funded 15 streetscaping projects, involving allocations of \$1.95 million in grant funds to BIDs and loans of \$875,000 made from the BID Fund. The current unallocated balance of the NCDSIF account is \$1.59 million. Of that amount, \$175,000 has been allocated to a project on S. Kinnickinnic Avenue under the sponsorship of BID 44; the account balance will be reduced accordingly upon expenditure of these funds. \$190,538 of borrowing authority is scheduled to expire at the end of 2014 if unspent.

The current unallocated balance of the BID account is \$1.0 million. Of that amount, \$175,000 has been allocated to a project on S. Kinnickinnic Avenue under the sponsorship of BID 44; the account balance will be reduced accordingly upon expenditure of these funds. \$250,000 of borrowing authority is scheduled to expire at the end of 2014 if unspent.

There are four streetscape projects in the pipeline, under the sponsorship of BID 41 (Downer Avenue), BID 36 (Riverworks), BID 50 (S. 13<sup>th</sup>/Oklahoma) and BID 10 (Avenues West). If all these projects move forward, we anticipate that they will require allocation of approximately \$1 million from NCDSIF and \$1 million from the BID fund.

In order to get a full picture of the level of streetscape activity, it is important to understand that, when possible, the City uses other sources of funds to pay the grant portion of a streetscape project. Since 2008, funds from the federal American Recovery and Reinvestment Act (ARRA) and U.S. Department of Transportation grant programs (Transportation Enhancement Act and Congestion Mitigation/Air Quality grants) have complemented or substituted for NCDSIF grants. Since 2008, the City has tapped \$240,000 in ARRA funding and \$1.43 million in DOT funding to pay the City grant share of projects sponsored by BID 38 (Cesar Chavez Drive), BID 35 (Kinnickinnic River), and in the Bronzeville Commercial Corridor.

#### Facade Grant Program fund

The capital account referred to as the Façade Grant Program fund provides financial support to three business assistance programs:

- 1) Façade and signage grants for commercial buildings
- 2) White box grants for commercial buildings
- 3) Retail Investment Fund grants for retail businesses

Prior to 2012, there was no separate Façade Grant Program capital account. The Development Fund was tapped to pay for these programs. Since 2012, when the Façade Grant Program capital fund was created, unused borrowing authority from the Development Fund has been used to pay for most façade grants. As of June 1, 2014, there is a balance of \$20,394 allocated from the Development Fund for façade grants. Once this balance has been spent, all future façade grants will be paid from the Façade Grant Fund capital account. The current balance of the Façade Grant Fund capital account is \$1.036 million.

The amount of borrowing authority requested for the Façade Grant Program capital fund since it was established in 2012 is based on historic spending patterns for these programs. The following chart provides information about Development Fund expenditures for the programs now funded through the Façade Grant Program capital fund. The programs are described in detail below.

Program	2011	2012	2013
White box	\$52,500	\$33,320	\$60,000
Façade/signage grants	\$332,348	\$481,944	\$479,149
Retail Investment Fund	\$19,625	\$16,679	74,826
TOTAL	\$404,473.00	\$531,943.00	\$613,975.00

- **Façade and signage grants**

Façade grants are used by property or business owners to make visible improvements to the street-facing exterior of a commercial building. The program is structured as a reimbursable, matching grant; the recipient's expenditures for the project must match or exceed the amount of the City grant, and City funds are provided only after the project is completed. The maximum façade grant amount is \$5,000 per storefront in neighborhood commercial areas. The program is also available for exterior improvements at large downtown buildings; for downtown grants, the maximum façade grant amount is 30% of the project cost, not to exceed \$50,000 in grant funds.

Façade grant recipients are given nine months to complete their projects, and may seek payment of the City's grant only upon completion.

Signage grants, which provide funds to cover the cost of signage on the street-facing portion of a commercial building, are structured in the same manner as façade grants. The maximum signage grant is \$2,500.

Signage grant recipients are given nine months to complete their projects, and may seek payment of the City's grant only upon completion.

Between 2011 and 2013, the Department of City Development approved 158 façade and signage grants totaling \$1,355,347. The associated private investment projected for funded projects was \$4,946,560.

In 2014, year to date, DCD has approved 15 façade and signage grants totaling \$87,155. These funds will be paid out after the work is completed.

- White box grants

White box grants are used to renovate outdated, vacant interior commercial space through the installation of improvements such as new drywall, lighting fixtures, etc. This program was created as a pilot project for downtown buildings, and it was expanded citywide in 2013. White box grants are reimbursable grants, paid out only when the work is complete. The grant is generally \$10/square foot of retail space, not to exceed \$25,000 or 75% of the project cost.

Since 2011, the Department has expended \$145,820 on white box grants using Development Fund resources. As of June 1, 2014, the Development Fund white box allocation has a balance of \$37,500. Once that balance has been spent, white box grants will be paid from the Façade Grant Program capital account.

Thus far in 2014, the Department has awarded two white box grants totaling \$50,000.

- Retail Investment Fund (RIF) grants

RIF grants are used to finance capital investment in retail businesses that will expand employment following completion of the capital project. The recipient must create one full-time equivalent job for every \$5,000 of grant money provided. Grants are paid out after the new employees have been on the job for at least 45 days.

Since 2012, DCD has awarded RIF grants totaling \$551,387 to 9 retail businesses that have created or will create 121 jobs. This total includes several grants that have not yet been paid out while recipients complete their projects.

Prior to 2012, RIF grants were paid from the Development Fund. As of June 1, 2014, the Development Fund RIF allocation has a balance of \$122,207. Once that balance has been spent, RIF grants will be paid from the Façade Grant Program capital account.

### Healthy Neighborhoods

Healthy Neighborhoods is a partnership between the City of Milwaukee and the Greater Milwaukee Foundation. The City's contribution is used for two purposes:

- 1) To support projects that improve the attractiveness of nine designated "Healthy Neighborhoods." Recent projects have included the creation of a video documentary showcasing one neighborhood; the construction of a community play area in one neighborhood, and the construction of a band shell in a neighborhood park. The objective is

to support neighborhood amenities that promote continued high levels of home owner-occupancy. The following neighborhoods participate:

Capitol Heights  
Enderis Park  
Havenwoods  
Johnsons Park  
Lincoln Village  
Martin Drive  
Sherman Park  
Silver City  
Thurston Woods

- 2) To support small-scale, resident-planned and executed Community Improvement Projects in other neighborhoods. Recent projects include “artistic board-up” efforts; the development of play space for children; public art installations, and community gardens.

In 2012 and 2013, the City’s Healthy Neighborhoods account supported 34 projects in the nine Healthy Neighborhoods and 50 Community Improvement Projects in other neighborhoods. Grants made for the two-year period totaled \$334,000; to date, approved projects have spent \$257,174.

As of June 1, 2014, there is a balance of \$257,123 in the Healthy Neighborhoods capital account. A portion of this balance represents money set aside to seed a housing renovation loan fund that was ultimately not created.

We anticipate that expenditures for 2014 will be in the range of \$150,000. We would note that the City and Greater Milwaukee Foundation are currently evaluating the Healthy Neighborhoods program. At this point, we are not certain how changes to the design of the program might impact City funding needs.

Please let me know if you have any further questions with respect to these accounts.

Sincerely,



Martha L. Brown  
Deputy Commissioner

- C: Members of the Capital Improvements Committee
- Mark Nicolini
  - Jackie Carter
  - Rocky Marcoux
  - Sandy Rotar
  - David Schroeder
  - Rhonda Manuel
  - Sam Leichtling