

DEPT. OF NEIGHBORHOOD SERVICES

RESEARCH AND ANALYSIS SECTION - LEGISLATIVE REFERENCE BUREAU

EXECUTIVE SUMMARY: 2011 PROPOSED BUDGET

HEARING DATE: OCTOBER 1, 2010

1. **Expenditures and Revenues:** The 2011 Proposed Budget is \$15,685,462, an increase of \$1,567,738 (11.1%) from \$14,117,724 in the 2010 Budget. The estimated revenue in the 2011 Proposed Budget is \$17,016,900, an increase of \$959,585 (6.0%) from \$16,057,315 in the 2010 Budget. **Department revenues continue to exceed department expenditures.** (Page 2)
2. **Grant Funding:** Total grant funding is proposed to increase by \$1,199,471 (34%), from \$3,523,702 budgeted in 2010 to \$4,723,173 proposed in 2011. Additional federal Neighborhood Stabilization Program – 3 (NSP3) funds have yet to be allocated and will be used for demolition of blighted properties. (Page 3)
3. **Targeted Code Enforcement/Internships.** Due to a proposed increase in CDBG funding, the department proposes expanding the internship program which would aid in the management of foreclosed and vacant properties and increase entry-level job opportunities for City residents. The number of code enforcement positions would increase from 3 to 9. (Page 4)
4. **Operation Immediate Clean-up.** Due to a proposed increase in CDBG funding, the department proposes expanding the number of Nuisance Control Officers for this program. Two half-time seasonal positions would be added in order to address the problem of garbage nuisances. (Page 4)
5. **Demolition.** Due to an increase in NSP funding, the department is proposing an increase in the number of demolitions to be completed. The department estimates that it will raze 156 properties in 2011, an increase of 62 (66%) over the 94 projected for 2010. (Page 4)
6. **Vacant Building Registration.** A vacant building registration program was begun in 2010 to stabilize and improve the maintenance on vacant buildings that in large part are a result of the foreclosure crisis. Currently there are 1,842 vacant properties registered. The department estimates that 1,500 additional properties will be registered in 2011. The department proposes the addition of one Office Assistant, funded through new NSP-3 allocations, to manage the additional administrative demands. (Page 4)
7. **Elevator Inspections.** To meet the state code requirements of annual elevator inspections, the department is proposing the addition of one Elevator Inspector in 2011. (Page 5)
8. **Residential Rental Inspection Pilot Program.** The program began in 2010 with 1,690 units having been inspected as of August 2010. Because approximately half the units received a 4-year certificate, the need for inspections will be decreased in 2011. Therefore, the department is proposing a reduction in the number of Inspectors for this program from 4 to 2. (Page 5)

Expense Category	2009 Actual	2010 Budget	% Change	2011 Proposed	% Change
Operating	\$821,058	\$927,660	13.0%	\$965,685	4.1%
Capital	\$0	\$76,141	100.0%	\$0	-100.0%
O&M FTEs	157.05	162.50	3.5%	169.00	4.0%
Non-O&M FTEs	27.54	34.50	25.3%	44.50	29.0%
Positions	229	240	4.8%	247	2.9%

Department Service Measures

DNS has received over 30,000 complaints or requests for service annually since 1999. The total for 2009 was 35,906, up 4.8 % from 34,252 in 2008. The top complaints relate to garbage, graffiti, building conditions, vehicles, zoning and animals. One service goal of DNS is to respond to complaints within 14 days. From January 1 through July 2010, the average complaint response was 7.7 days, down from 8.6 days in the same time period for 2009. The service goal of closing violations within 45 days of the compliance date established by Inspectors was met 80.4% of the time through July of 2010, down from 82.9% in the same time period in 2009.

2011 Proposed Budget

Expenditures

The total 2011 Proposed Budget is \$15,685,462, an increase of \$1,567,738 (11.1%) from \$14,117,724 in the 2010 Budget.

Personnel costs increase \$1,456,113, or 12.9%, in the 2011 Proposed Budget. Net salaries and wages increase 7.6% while fringe benefits increase 26%. While the increases in personnel costs are due in part to program expansions discussed on pages 4 and 5, the majority is due to contractual salary increases. Operating expenditures increase \$38,025,

or 4.1%. Equipment purchases increase by \$34,600, or 224.7%, for computer replacements unfunded in 2010. The amount allocated to special funds increases \$39,000, or 2.1%. There is no increase to the Community Sanitation Fund (\$30,000) and a slight increase of \$5,000, to \$165,000, for the Anderson Lake Tower Fund to cover additional maintenance costs. A total of \$35,000 is added to the Animal Pound Contract Fund for increased costs for the City's contract with the Milwaukee Area Domestic Animal Control Commission (MADACC).

Revenues

The estimated revenue in the 2011 Proposed Budget is \$17,016,900, an increase of \$959,585 (6.0%) from \$16,057,315 in the 2010 Budget. Estimated revenues from licenses and permits, and intergovernmental aid vary less than 1%. Estimated revenue from charges for services increase \$1,112,575 or 11.3%.

Category	2010 Budget	2011 Proposed
Charges for Services	\$9,854,525	\$10,967,100
Licenses & Permits	\$5,197,790	\$5,043,800
Intergovernmental Aid	\$1,005,000	\$1,006,000
Total	\$16,057,315	\$17,016,900

Grants

CDBG Funding	2010 Budget	2011 Proposed
Code Targeted	\$1,209,216	\$1,360,671
Demolition	\$200,000	\$200,000
Graffiti Abatement	\$150,000	\$150,000
Immediate Clean-up	\$69,290	\$119,210
Landlord/Tenant	\$47,500	\$47,500
NIP	\$799,004	\$798,964
Receivership	\$95,014	\$92,014
Total	\$2,570,024	\$2,771,359

Total Community Development Block Grant (CDBG) funding is proposed to increase by \$201,335, or 7.8%, in 2011. The increases are primarily in the Code Enforcement Inspector Targeted and the Operation Immediate Clean-up programs. Additional discussion of these programs can be found on page 4. It should be noted that Graffiti Abatement funding was for 2 years beginning in 2010 and is not guaranteed beyond 2011.

NSP Funding	2010 Budget	2011 Proposed
NSP-1	\$774,000	\$809,867
NSP-2	\$179,678	\$1,091,547
NSP-3	\$0	TBD
Total	\$953,678	\$1,901,414

DNS has also received federal grant funding from the Neighborhood Stabilization Program (NSP) for use in demolition. While administratively difficult, these funds are expected to cover demolition costs for 62 properties in 2010 and at least 86 properties in 2011. The NSP allocations have been phased in in 3 stages. Additional funding is expected from NSP-3. Further discussion on demolition can be found on page 4.

Special Purpose Accounts

Account	2010 Budget	2011 Proposed
Essential Services	\$75,000	\$65,000
Graffiti Abatement	\$170,000	\$170,000
Razing	\$1,050,000	\$1,019,000
Total	\$1,295,000	\$1,254,000

Special Purpose Accounts are funded at \$1,254,000 in the 2011 Proposed Budget, a decrease of \$41,000 (-3.2%) from \$1,295,000 in the 2010 Budget. SPA funds for Graffiti Abatement are proposed to remain at the same level, \$170,000, in 2011 as in the 2010 Budget. Funding for Essential Services is decreased by \$10,000, or 13.3%, from the 2010 Budget. Essential Services funds are used to repair or maintain essential equipment (such as heating, electrical or sanitary facilities) whose failure would constitute a substantial threat to the health and safety of citizens. DNS may make these repairs after a landlord has been informed of the conditions and does not correct them. The cost of the repairs and an administrative fee is charged to the owner and placed on the owner's tax bill. Funds for Razing are decreased by \$31,000, or 3.0%, from the 2010 Budget. These funds are expected to cover demolition costs for 32 properties in 2010 and 70 properties in 2011. Further discussion on demolition can be found on page 4.

Capital Projects

The 2011 Proposed Budget provides no new capital improvement funding for the Department of Neighborhood Services. However, future capital

expenditures for IT upgrades may be anticipated. The current structure of the Unified Call Center interfaces with the legacy code enforcement IT system (NSS) rather than replacing it. DNS currently spends nearly \$60,000 of operating funds each year on system maintenance. Due to the age of the technology, DNS would like to pursue a long-term strategy for replacing the NSS system.

Program Changes

Targeted Code Enforcement/Internships

This program, funded through CDBG, conducts inspections for community groups, in Targeted Investment Neighborhoods (TINs), vacant or foreclosed properties and historically non-compliant properties. Due to a proposed increase in CDBG funding, the department proposes expanding the number of Code Enforcement Interns that are associated with this program. The expansion of internships would aid in the management of foreclosed and vacant properties and increase entry-level job opportunities for City residents. The program would increase the number of Code Enforcement Interns from 3 to 9 (the 3 are presently vacant). The positions would be classified as Code Enforcement Inspector II but under-filled at the Code Enforcement Intern level. Once participants have completed 31 college credits and proven specific competencies such that they could be promoted to a Code Enforcement Inspector II. The additional cost to the program is estimated to be \$46,885 per intern for a total of \$281,310, which is partially funded by \$116,785 in CDBG reprogramming funds from 2010 and an increase of \$151,455 in CDBG funding in 2011.

Operation Immediate Clean-up

The Operation Immediate Clean-up program funds inspectors to generate clean-up orders on properties exhibiting litter, garbage and debris nuisances. Due to a proposed increase in CDBG funding, the department proposes expanding the number of Nuisance Control Officer II positions for this program. Two half-time seasonal positions would be added for a total of 5 positions at an additional salary cost of \$29,751. DNS lost funding for 3 Nuisance Control Officer II positions, representing 2.5 FTEs, in the 2010 Budget. The proposed increase in 2011 would help offset the loss of nuisance control resources from 2010.

Demolition

Due to an increase in NSP funding, the department is proposing an increase in the number of demolitions to be completed. The department estimates that it will raze a total of 156 properties in 2011, an increase of 62 (66%) over the 94 projected for 2010. Funding for demolition comes from both NSP and a Special Purpose Razing Account. The Special Purpose Account was decreased by \$31,000, or 3.0%, in the 2011 Proposed Budget. The number of demolitions attributed to funding sources, as projected by the department, is presented below.

Estimated Number of Demolitions

Funding	2010 Budget	2011 Proposed
NSP-1	54	0
NSP-2	8	86
NSP-3	0	TBD
SPA	32	70
Total	94	156

A deconstruction pilot program began in 2010. The City committed \$100,000 of NSP-1 funds to the deconstruction pilot program of 6 parcels. The winning proposal was \$237,372 for the 6 parcels. The decision was made to award the deconstruction of 2 parcels in 2010 using NSP-1 funds and completing the remaining 4 parcels in 2011 with NSP-2 funds. The estimated average cost to raze, not deconstruct, a one-family property is \$10,000 and a 2-family property is \$12,000.

Vacant Building Registration

A vacant building registration program was begun in 2010 to stabilize and improve the maintenance of vacant buildings that in large part are a result of the foreclosure crisis. Currently, there are 1,842 vacant properties registered. Based on Water Works data of dormant accounts, the department estimates that 1,500 additional properties will be registered in 2011. Inspections are done by code enforcement inspectors within their districts at the equivalent of 4 Code Enforcement Inspector II positions at a salary cost of \$165,984. DNS proposes the addition of one Office Assistant III, funded through new NSP-3 allocations, to manage the additional administrative demands.

Elevator Inspections

State code requires elevator inspections to be conducted on an annual basis. Presently, the department inspects elevators approximately every 15 months. To increase the capacity to inspect elevators every 12 months, DNS is proposing the addition of one Elevator Inspector II in 2011. The salary cost is \$81,438 which is offset by permit and inspection fees.

Residential Rental Inspection Pilot Program

The program began in 2010 with 1,690 units having been inspected as of August 2010. Because approximately half the units received a 4-year certificate, the need for inspections will be reduced in 2011. Therefore, the department is proposing reducing the number of Code Enforcement Inspector II positions for this program from 4 to 2. During the amendment process for the 2010 Budget, position authority and funding was granted by the Common Council for 6 Code Enforcement Inspector II positions for this pilot program. Because the program revenue was yet to be recognized by the Comptroller, funding was not given to the positions. DNS is covering the costs for 4 positions in 2010 with its existing salary budget until the revenue is recognized later this year.

Fire Protection Engineer

The department intends to pursue the reclassification of a currently vacant Electrical Inspector position to a Fire Protection Engineer in 2011. The reclassification is not a part of the 2011 Proposed Budget. One of the duties of this position would be to review shop drawing submittals for fire alarm systems. This review is associated with a new fee included in the 2011 Budget omnibus fee ordinance taking effect January 1, 2011. DNS does not intend to charge this new fee until a Fire Prevention Engineer position is created and filled.

Issues to Consider

1. The sustainability of programs that have added positions based on one-year increases of CDBG funding is in question (Targeted Code Enforcement and Operation Immediate Clean-up).

2. The sustainability of Graffiti Abatement beyond 2011 (end of CDBG funding allocation) needs to be addressed.
3. The demand for demolition/razing due to the foreclosure crisis versus the funding available for demolition must be looked into.
4. Whether the Residential Rental Inspection Pilot Program should be expanded to other areas of the City needs to be determined.