



REPORT

LEGISLATIVE REFERENCE BUREAU

WWW.MILWAUKEE.GOV/LRB

28. Department of Neighborhood Services, 2015

This page intentionally left blank.

28. Department of Neighborhood Services

\$19,861,144

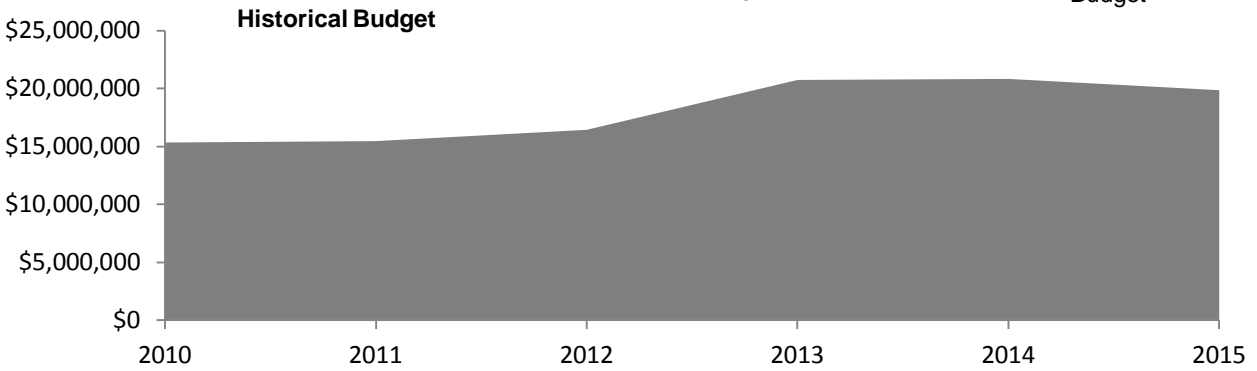
Proposed Department Budget

-\$973,912

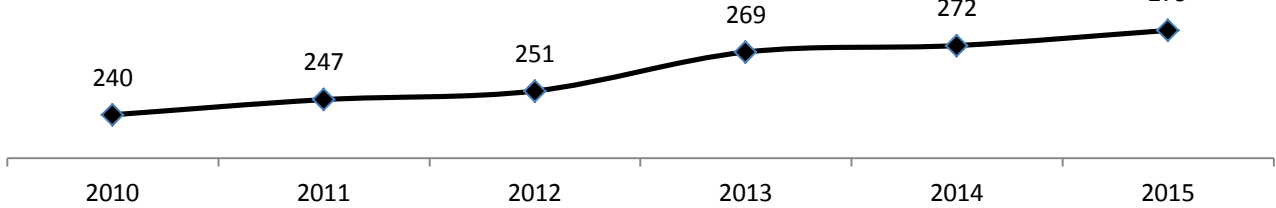
Nominal Change in Proposed Department Budget

-4.67%

Percent Change in Proposed Department Budget



Authorized Positions



2.5%

Percent Change in FTE 2014 to 2015 Proposed

7

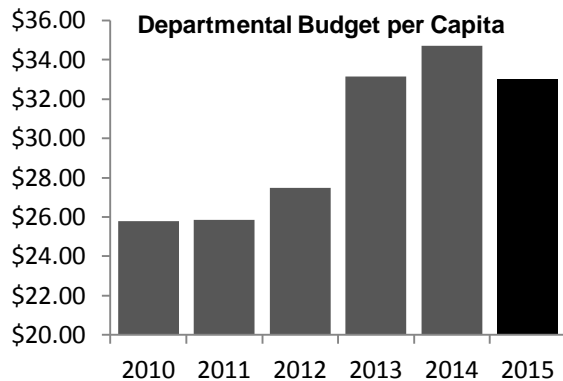
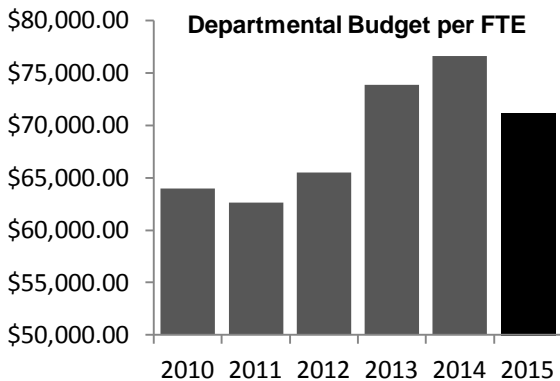
Nominal Change in FTE 2014 to 2015 Proposed

14

Vacant Positions

40%

% Eligible for Retirement within 10 years



3

Areas of city covered by Residential Rental Inspection Program after expansion to St. Josaphat Basilica neighborhood.

365

Properties demolished in 2014, year-to-date (through September 30), with another 87 under contract for demolition yet this year.

7

New DNS positions created to support Residential Rental Inspection, Code Compliance Loan and other initiatives.

\$500,000

Funding for new DNS capital project, Code Compliance Loan Program.

13

Complete Milwaukee transitional jobs participants assigned to DNS (and DCD) for inspection training and mentoring.

-\$1.3 million

Decrease in appropriation for DNS special funds because no new funding is provided for Razing and Vacant Building Protection fund.

-40.6%

Decrease in capital funding for Concentrated Blight Elimination (demolition).

\$6.6 million

The amount revenues are expected to exceed the department's operating budget in 2015, up from \$6.3 million in 2013.

-61.0%

Decrease in funding for the department's equipment purchases, due to fewer workstations and mobile devices.

\$6.5 million

Projected 2015 DNS revenues from Reinspection Fees, the department's largest revenue account.

Salary & Wage	Fringe Benefits	Operations
\$429,028 Proposed change	-\$23,677 Proposed change	\$78,304 Proposed change
\$11,265,987 Proposed Total	\$5,069,694 Proposed Total	\$1,432,469 Proposed Total
56.72% % of Total Department Budget	25.53% % of Total Department Budget	7.21% % of Total Department Budget

I. INITIATIVES AND PROGRAMS.

The Department of Neighborhood Services (“DNS”) plans to undertake or continue the following initiatives and programs in 2015:

1. Vacant and Foreclosed Properties.

The Department of Neighborhood Services takes a proactive approach in its efforts to monitor vacant buildings and properties in foreclosure. Currently, there are 4,530 properties with at least one vacant building. This number includes vacant residential properties in foreclosure. Of the 4,530 properties, there are 2,987 buildings on the Vacant Building Registry, a slight (1.5%) decline from the 3,034 registered at the same time in 2013. Residential properties in foreclosure are tracked through the Residential Property Pending Foreclosure program. There are currently 2,580 such properties registered with DNS, a significant increase from the 2,153 registered at the same time last year.

Code enforcement staff performs inspections on all vacant properties on a monthly cycle. The department inspects properties in foreclosure on a monthly cycle in the crime reduction zones and on a 90-day cycle elsewhere. From January 1, 2014, through August 31, 2014, DNS inspectors conducted 36,477 inspections of vacant buildings and 11,821 inspections of properties in foreclosure.

2. Demolition.

In 2014, DNS received over \$6.7 million in funding for demolition. This included \$1,319,000 in a Razing and Vacant Building Protection special fund (\$300,000 committed for deconstruction), \$2.2 million in the Concentrated Blight Elimination capital account and \$2 million in grant funds from the Wisconsin Department of Financial Institutions. To date, 365 properties have been demolished by DNS. Another 87 are under contract for demolition. In addition, the department anticipates 2 more bid packages totaling 44 properties before the end of this year. The 365 buildings demolished so far this year are summarized in Table 28.1.

The level of demolition activity in 2014 has apparently helped the City make progress in terms of reducing the number of buildings on the raze list. There are currently 188 properties on the raze list, of which 63 are City-owned (another 40 properties are expected to be added from the September *In Rem* list). At the same time last year, there were 592 properties on the raze list, including 192 City-owned properties.

The Proposed Budget provides no additional funding for the Razing and Vacant Building Protection special fund for 2015. It also reduces funding for the Concentrated Blight Elimination capital account from \$2.2 million to \$1,319,000.

Table 28.1. Department of Neighborhood Services Demolitions, 2014 (as of 9/30).

Property Type	Privately-Owned	City-Owned	Total
Single-Family	76	76	152
Duplex	37	144	181
3-Family	5	6	10
4-Family	1	2	3
5-Family	1	1	2
20-Unit Apt.	0	1	1
Mixed-Use	0	3	3
Commercial	7	5	12
Total	127	238	365

3. Residential Rental Inspection Pilot Program.

This program provides exterior and interior inspections and monitoring of rental properties in target areas, with the goals of improving housing safety and minimizing adverse impacts of rental housing on surrounding neighborhoods. The program was created in 2010 for 2 pilot neighborhoods, Lindsay Heights and the residential area surrounding UW-Milwaukee. Each rental unit in a Residential Rental Inspection area must have a residential rental certificate. If DNS inspectors find no disqualifying violations, certificates are issued for 4-year periods. Units with violations that are abated receive one-year certificates. Currently, 93.9% of the 624 rental structures in the UWM area have the 4-year certificate, as do 85.8% of the 521 structures in the Lindsay Heights area. Also, since inception of the program, there have been 14,406 orders issued to correct code violations in these areas – 4,800 in the UWM area and 9,606 in Lindsay Heights. However, orders on all properties – and rental properties in particular – have been steadily decreasing each year, demonstrating the effectiveness of the program.

For 2015, the administration proposes expansion of the Residential Rental Inspection Program to a third area, the St. Josaphat Basilica neighborhood on the South Side. Geographic expansion of the program will be accomplished through passage of Common Council File Number 140909. In conjunction with this expansion, the Proposed Budget creates 2 new Residential Code Enforcement Inspector positions, at a cost of \$109,000.

4. BOZA Compliance Inspection Program.

Common Council File Number 140873, currently in committee, authorizes the Commissioner of Neighborhood Services to establish a periodic property inspection program to monitor properties to confirm that the activities and uses of the properties are in compliance with the Zoning Code and with any variance, special use or plan of operation approved by the Board of Zoning Appeals (“BOZA”). The intent of the BOZA Compliance Inspection Program is to reduce non-compliance among BOZA-approved uses, thereby reducing the negative impacts these uses

may have on surrounding neighborhoods. An estimated 2,000 periodic inspections will need to be conducted each year. In conduction with establishment of this program, the Proposed Budget creates 2 new DNS Special Enforcement Inspector positions at a cost of \$126,000.

5. Code Compliance Loan Program.

The 2014 Budget doubled funding for the department's Maintenance of Essential Services SPA to \$130,000, renamed it the Essential Services and Compliance Program and created a new deferred-payment home repair loan program. Under this program, known as the Code Compliance Loan Program, a DNS inspector may refer a property in need of repair to the program to help owners avoid DNS enforcement and related fees. Contractors perform the repairs necessary to correct the code violations, using funding from 0% deferred-payment loans made under the program. Each loan is paced as a lien against the subject property and is due and payable upon sale of the property. To be eligible for participation in the Compliance Loan Program, a homeowner must be low-income, not tax-delinquent, not in foreclosure and have property insurance for the property.

In the 2014 Budget, one-half of the \$130,000 in the Essential Services and Compliance Program SPA was designated for the Essential Services component and the other half for the Compliance Loan Program. The 2015 Proposed Budget reduces funding for this SPA back to \$65,000 and limits its purpose to maintenance of essential services. However, the Compliance Loan Program is continued and greatly expanded through a new capital improvement account funded at \$500,000 for 2015. The Proposed Budget also creates a new DNS position, a Neighborhood Improvement Project Inspector at a cost of \$52,750, to provide staff support for the expanded program.

6. Compete Milwaukee.

The Proposed Budget creates the new Compete Milwaukee plan, a partnership of Mayor Barrett, the Common Council, workforce development agencies and private employers to make strategic workforce development investments that will address the problem of chronic underemployment among Milwaukee residents. Goals of this initiative include improving the quality of labor market information available to local employers and workforce development agencies, as well as increasing the likelihood that transitional workers employed by the City will find meaningful permanent work after their work for the City ends. Information about the various components of the Compete Milwaukee plan can be found in Common Council File Number 140889.

The Department of Neighborhood Services will play a role in implementing Compete Milwaukee. Specifically, as part of the transitional jobs component of the plan, 13 Compete Milwaukee participants will be assigned to DNS and DCD, where they will be prepared for possible future employment as entry-level code enforcement inspectors with DNS. Participants will receive 3 months of inspection training and mentoring from DNS residential code enforcement staff. They will then be assigned to perform 9 months of field work with DCD *in rem* property management staff, primarily monitoring City-owned foreclosed properties, performing visual inspections of those properties and completing property-condition reports.

7. Enterprise Land Management System.

The 2012 Adopted Budget provided \$2.5 million in capital improvement funding for the purchase and implementation of a new Enterprise Land Management System (“LMS”). The LMS will replace and integrate DNS Neighborhood Services System (“NSS”) and land management, permitting, inspection and code enforcement data systems in other departments (DCD, DPW, Health, Unified Call Center). The new LMS is expected to become operational in March, 2015.

A second phase of this project will migrate all of the licensing functionality of the City Clerk’s LIRA system to the LMS. This will allow all City departments to use a single information source, greatly improving the efficiency of City government operations. Funding for the second phase of the Land Management System project -- \$850,000 -- is included in the “Special Capital Projects or Purposes” section of the 2015 Capital Improvements Budget.

8. Anderson Lake Tower Facility Remodeling.

With the expansion of staffing for such DNS programs as Residential Rental Inspection, Vacant Building Registration and Special Enforcement, the department has been outgrowing its current facilities in the Anderson Lake Tower near 6th and Howard. Additional workspace is needed at this location. The Proposed Budget includes \$425,000 in capital improvement funding for conversion of the current garage space at Anderson Lake Tower to office space. This is a new DNS capital project. It is also a 2-year, 2-phase project: the second phase will involve reconfiguration of the second floor of the facility to improve workspace, coordination and communication for DNS staff, at an estimated cost of \$225,000.

II. EXPENDITURES.**Table 28.2. Changes in Expenditure Amounts by Account.**

Expenditure Account	2013 Actual	2014 Adopted Budget	% Chng.	2015 Proposed Budget	% Chng.
Salaries and Wages	\$10,629,734	\$10,836,959	1.9%	\$11,265,987	4.0%
Fringe Benefits	\$4,952,533	\$5,093,371	2.8%	\$5,069,694	-0.5%
Operating Expenditures	\$2,070,289	\$1,354,165	-34.6%	\$1,432,469	5.8%
Equipment Purchases	\$148,735	\$256,561	72.5%	\$99,994	-61.0%
Special Funds	\$2,944,407	\$3,294,000	11.9%	\$1,993,000	-39.5%
Total Operating Budget	\$20,745,698	\$20,835,056	0.4%	\$19,861,144	-4.7%

1. Budget Summary.

The total Proposed Budget is \$19,861,144, a decrease of \$973,912 (-4.7%) from the 2014 Adopted Budget amount of \$20,835,056.

2. Personnel Costs.

Personnel costs in the Proposed Budget are \$16,335,681, an increase of \$405,351 (2.5%). Salaries and wages increase \$429,028 (4.0%). Fringe benefits decrease \$23,677 (-0.5%). The personnel cost increase is attributable to the addition of 7 new positions to support expansion of the Residential Rental Inspection Program, the Code Compliance Loan Program and condemnation/demolition/deconstruction activities, as well as to staff a newly-created BOZA Compliance Inspection Program.

3. Operating Expenditures.

Operating Expenditures in the 2015 Proposed Budget are \$1,432,469, an increase of \$78,304 (5.8%) from the 2014 Adopted Budget amount of \$1,354,165. The change is due almost entirely to an increase in funding for the Professional Services line item, from \$201,500 to \$307,000 (52.4%). Funding for this line item is increased to reflect actual 2013 expenditures (\$308,642), which were higher than expected due to credit-card processing fees incurred after the Development Center was transferred from DCD to DNS. The only other line item with a significant increase for 2015 is Information Technology Services, where the funding level is going up \$19,424 (14.3%) to reflect higher Sprint Data Card use associated with the department's additional mobile devices (purchased in 2014).

The 2015 Proposed Budget also significantly reduces funding for one DNS operating account, General Office Expense. The funding level is being reduced from \$330,000 in the 2014 Adopted Budget to \$281,800 in the 2015 Proposed Budget (-\$48,200, or -14.6%). The decrease stems from lower printing costs since the transition from use of the City's in-house

print shop to outside printing vendors, as well as lower-than-anticipated costs for supplies, books and subscriptions.

4. Equipment Purchases.

Equipment purchases in the Proposed Budget are \$99,994, a decrease of \$156,567 (-61.0%) from the 2014 Adopted Budget amount of \$256,561. This reduction is due to fewer replacement computer workstations being purchased (32, compared to 74 in 2014), as well as the fact that no new or replacement mobile devices will be purchased in 2015 (the 2014 Budget provided funding for 106 mobile devices). Also, funding for network hardware and software is being decreased substantially, from \$89,895 to \$42,474 (-52.8%); funding for this line item had been increased substantially for 2014 to accommodate the migration of data from the Neighborhood Services System (NSS) to the new Enterprise Land Management System (LMS).

5. Special Funds.

The Proposed Budget provides \$1,993,000 for 3 special funds, a decrease of \$1.3 million (-39.5%) from the \$3,294,000 and 4 funds in the 2014 Adopted Budget. As Table 28.3 shows, the substantial decrease in special fund appropriations for DNS in 2015 is almost entirely related to the elimination of funding for the Razing and Vacant Building Protection special fund. This was a new special fund in 2013. It incorporated what had previously been an SPA into the department's operating budget, thereby giving DNS greater flexibility in the use of the funds. This special fund was budgeted at \$1,019,000 for 2013 and \$1,319,000 for 2014. Almost all of the 2013 appropriation was expended, and the department indicates that the entire 2014 appropriation is either expended, encumbered or committed.

Table 28.3. Special Funds, 2013, 2014 and 2015 Proposed.

Special Fund	2013 Actual	2014 Adopted Budget	2015 Proposed Budget	% Change
Community Sanitation Fund	\$29,989	\$30,000	\$30,000	0%
Animal Pound Contract	\$1,763,973	\$1,770,000	\$1,793,000	1.3%
Anderson Lake Tower	\$149,537	\$175,000	\$170,000	-2.9%
Razing & Vacant Building Protection	\$1,000,908	\$1,319,000	\$0	-100%

III. PERSONNEL.**Table 28.4. Changes in Full-Time Equivalent (FTE) and Authorized Positions.**

Position Category	2013 Actual	2014 Adopted Budget	Change	2015 Proposed Budget	Change
O&M FTEs	204.86	207.50	2.64	213.35	5.85
Non-O&M FTEs	31.02	39.00	7.98	40.14	1.14
Total Authorized Positions	269	272	2	279	7

1. Personnel Changes.

The total number of authorized positions in the department under the Proposed Budget is 279, an increase of 2.6% from the 272 positions in the 2014 Adopted Budget. The increase comes from the creation of 7 new DNS positions for 2015:

- Condemnation Program Coordinator and Program Assistant II (one position each) – These positions will be added to the department’s Condemnation Inspection section at a cost of about \$102,000 (excluding fringe benefits), increasing the number of employees in that section from 6 to 8. They are being created to assist DNS in managing its increased workload in the areas of condemnation, demolition and deconstruction. So far this year, 232 properties have been razed. The department anticipates at least 170 demolitions in 2015. These positions will also be needed to assist in implementing the City’s deconstruction program, as deconstruction is a more administratively-complex, labor-intensive process than demolition.
- Residential Code Enforcement Inspector (2 positions) – The Proposed Budget calls for expanding the City’s Residential Rental Inspection Program from 2 to 3 neighborhoods, with the St. Josaphat Basilica neighborhood being added to the existing Lindsay Heights and UW-Milwaukee areas. Presently, there are 2 funded Residential Code Enforcement Inspectors working on this program. The Proposed Budget would double this number, to 4 positions, at a cost of approximately \$109,000 (not including fringe benefits).
- Neighborhood Improvement Project Inspector (one position) – The 2014 Adopted Budget provided \$65,000 for a new Code Compliance Loan Program. This program makes zero-interest home repair loans available to low-income homeowners so that they can avoid DNS enforcement actions and related fees. Department inspectors refer eligible residential properties needing repair for participation in the program. The Proposed Budget greatly expands the program by providing \$500,000 in capital funding and one new capital-funded position, the Neighborhood Improvement Project Inspector, to support it. Creation of this position, at a cost of about \$53,000, will increase the number of employees in the department’s Neighborhood Improvement Program section from 9 to 10.

- Special Enforcement Inspector (2 positions) – The Proposed Budget creates a BOZA Compliance Inspection Program. Under this program, 2 new DNS Special Enforcement Inspectors will periodically inspect properties that have been granted variances and special use permits by the Board of Zoning Appeals to ensure compliance with conditions of approval. These positions will be located in the department's Special Enforcement Division, increasing that Division's staff from 16 to 18 persons. The cost of adding these positions is approximately \$126,000, not including fringe benefits.

2. Vacancies.

There are currently 14 vacant, funded positions in the department. All vacancies are summarized in Table 28.5.

Table 28.5. Vacancies by Position.

Position	Vacancy Date	Reason for Vacancy	Status
Building Codes Enforcement Supvr.	8/30/2014	Promotion	F&P approved
Building Construction Inspector II	8/19/2014	Death	F&P approved
Commercial Code Enforcement Inspector	9/12/2014	Transfer	held open
Electrical Inspector II (2 positions)	9/12/2014; 9/7/2014	Resignation; Retirement	F&P approved (both)
Office Assistant II (0.5 FTE)	10/9/14	Resignation	undecided
Office Assistant III (2 positions)	10/26/14	Promotion	undecided
Program Assistant II	7/19/2014	Promotion	held open
Program Assistant I	9/27/2014	Promotion	undecided
Plan Examiner II	10/11/2014	Promotion	undecided
Residential Code Enforcement Inspector (3 positions)	3/19/2014; 2/1/2014; 8/4/2014	Resignation; Promotion; Discharge	F&P approved (all 3)

IV. SPECIAL PURPOSE ACCOUNTS (SPA).

Special purpose accounts ("SPAs") are budgeted outside of departmental operating accounts, and control over SPAs is provided to departments by Common Council resolution. As shown in Table 28.6, the Proposed Budget provides a total of \$160,000 for 2 Department of Neighborhood Services SPAs, \$65,000 less than the 2014 Adopted Budget.

Table 28.6. Funding for DNS Special Purpose Accounts, 2013 to 2015.

Account	2013 Actual	2014 Adopted Budget	% Change	2015 Proposed Budget	% Change
Maintenance of Essential Utility Services	\$31,113	\$130,000	317.8%	\$65,000	-50.0%
Graffiti Abatement	\$145,320	\$95,000	-34.6%	\$95,000	0.0%
Total	\$176,433	\$225,000	27.5%	\$160,000	-28.9%

1. Maintenance of Essential Utility Services – Residential Real Property, \$65,000.

Maintenance of Essential Utility Services SPA funds are used to repair or maintain essential equipment (such as heating, electrical or sanitary facilities), the failure of which would constitute a substantial threat to the health and safety of residents. DNS may make these repairs after a landlord has been informed of the conditions and failed to correct them. The cost of the repairs and an administrative fee are charged to the owner and placed on the owner's tax bill. The Proposed Budget provides \$65,000 for this SPA; actual 2013 expenditures were \$31,113, while 2014 year-to-date expenditures are \$51,034.

In 2014, funding for this SPA was \$130,000 and it was titled "Essential Services & Compliance Program." Actually, 2 distinct programs were funded by one SPA: the Maintenance of Essential Utility Services Program and a new Code Compliance Loan Program, each receiving \$65,000. For 2015, the SPA reverts to its focus on the maintenance of essential utility services on residential properties, and the Code Compliance Loan Program is greatly expanded with \$500,000 in funding from a new capital improvements account.

2. Graffiti Abatement, \$95,000.

This SPA funds removal of graffiti from City-owned and privately-owned property by a private contractor, namely the Milwaukee Christian Center. It also supports abatement services, neighborhood sweeps, funding for graffiti removal in business improvement districts and miscellaneous costs of the department's graffiti abatement program. The Proposed Budget provides \$95,000 for this SPA, the same as the 2014 Adopted Budget. Actual 2013 expenditures were \$145,320. The department also anticipates receiving \$50,000 in CDBG reprogramming funds that can be used for this purpose in 2015, bringing the total funding available to \$145,000.

V. REVENUES.

The Proposed Budget estimates that DNS will generate \$26,478,000 in revenues next year, an increase of \$1,851,300 (7.5%) over the 2014 Adopted Budget figure of \$24,626,700. Actual 2013 revenues were \$27,016,684.

Due to the nature of its business (namely, permits and inspections and the charges collected therefor), DNS is one of a handful of departments whose revenues exceed its operating expenditures. In 2013, the "surplus" generated by the department was nearly \$6.3 million. The 2015 Proposed Budget assumes that DNS revenues will exceed expenditures by about \$6.6 million.

Table 28.7 shows recent and projected revenues for the largest DNS revenue accounts. The large projected 2015 increases for Litter Nuisance and Building Razing revenues can be explained as follows:

- Litter Nuisance – In 2014, DNS assumed responsibility for contracting for clean-ups of garbage and litter nuisances on private property from DPW. The increased revenue for 2015 simply reflects the transfer of this function to DNS, rather than the use of Reimbursable funding.
- Building Razing -- Due to the department's current emphasis on the razing of City-owned properties, it does not anticipate increased demolition permit revenue for 2014 or 2015. Nevertheless, DNS believes the 2015 revenue level should be adjusted to reflect 2013 actual revenues.

Table 28.7. Changes in Departmental Revenue by Category, 2013-2015.

Revenue Account	2013 Actual	2014 Adopted Budget	% Change	2015 Proposed Budget	% Change
Reinspection Fee	\$6,384,100	\$5,700,000	-10.7%	\$6,500,000	14.0%
Fire Prev. Inspections	\$2,001,200	\$1,865,000	-6.8%	\$2,000,000	7.2%
Vacant Bldg. Regis.	\$2,370,700	\$2,000,000	-15.6%	\$2,000,000	0%
Rental Recording	\$1,609,400	\$1,450,000	-9.9%	\$1,587,000	9.4%
Bldg. Addition or Alteration Permits	\$1,387,100	\$1,300,000	-6.3%	\$1,400,000	7.7%
Litter Nuisance	\$622,600	\$550,000	-11.7%	\$1,322,000	140.4%
Electrical Permit	\$1,313,600	\$1,200,000	-8.6%	\$1,280,000	6.7%
State Aid – Fire Insurance Tax	\$1,061,100	\$1,100,000	3.7%	\$1,080,000	-1.8%
Building Razing	\$1,000,600	\$740,000	-26.0%	\$1,000,000	35.1%
Pending Foreclosure Registration	\$894,500	\$900,000	0.6%	\$800,000	-11.1%

Clearly, a substantial portion of DNS revenues comes from the issuance of various types of permits. The number of permits issued is a fairly good predictor of DNS revenues; it is also an indicator of the general health of the local economy and, in particular, the state of the construction industry. The number of permits of different types issued from 2008 to the present is summarized in Table 28.8.

Table 28.8. Permits Issued by Type, 2008-2014.

Permit Type	2008	2009	2010	2011	2012	2013	2014 (thru 9/30)
Billboard	432	382	343	367	454	395	288
Bldg. Addition or Alteration	4733	4560	4889	5,127	5,908	5,534	4,285
New Bldg. Construction	628	552	548	726	520	455	286
Central Air (Home)	1440	1240	1527	1,609	1,888	1,691	1,154
Elevator	143	102	115	115	137	131	116
Exhibition	55	38	40	46	38	25	22
Explosives	46	40	39	45	44	46	40
Heating	4536	4163	5291	4,700	4,031	4,343	2,938
Storage Tank	133	137	98	166	150	122	78
Miscellaneous	68	64	61	63	84	50	36
Electrical	10305	10401	10892	10,501	12,270	12,502	7,540
Occupancy	2801	2944	2459	2,588	2,777	2,604	2,056
Plumbing	7101	7106	9768	8,536	7,933	7,993	5,494
Standpipe/Sprinkler Inspection (Permit)	841	843	1041	1,166	1,059	1,047	973
Erosion Control	397	299	481	593	460	408	547
Total	33,659	32,871	37,592	36,348	37,753	37,346	25,853

VI. CAPITAL PROJECTS.

The 2015 Proposed Budget provides \$2,244,000 in funding for 3 Department of Neighborhood Services capital projects, a decrease of \$76,000 (-3.3%) from the \$2,320,000 for 2 projects in the 2014 Adopted Budget. Funding for the department's major capital account – Concentrated Blight Elimination – is being reduced substantially for 2015, while funding is provided for 2 new capital projects, the Code Compliance (Loan) Program and Conversion of Anderson Tower Garage. Capital projects for 2015 are summarized in Table 28.9 and the discussion that follows.

Table 28.9. Capital Program Summary, 2015.

Program	2015 Proposed Budget	2014 Actual Budget	Increase (decrease)	% Chng.	6-year Request
Concentrated Blight Elimination	\$1,319,000	\$2,220,000	(\$901,000)	-40.6%	\$0
Alternative Board-Up	\$0	\$100,000	(\$100,000)	-100.0%	\$0
Code Compliance Loan Program ¹	\$500,000	\$0 ¹	\$500,000	---	\$0
Conversion of Anderson Tower Garage	\$425,000	\$0	\$425,000	---	\$650,000
Total	\$2,244,000	\$2,320,000	(\$76,000)	-3.3%	\$650,000 ²

¹Code Compliance loans were previously funded in a special purpose account.

²The total does not include projects that were not funded in 2015. The total 6-year capital request for DNS is \$2,231,500.

1. Currently-Funded Projects.

Concentrated Blight Elimination, \$1,319,000.

The Proposed Budget includes \$1.3 million to continue support for the Strong Neighborhoods Plan, a decrease of \$901,000 (40.6%) from the 2014 Budget. The 2014 Budget created this capital program with \$2.2 million of funding. Funding in this account will be combined with O&M funding in DNS to raze between 60 and 75 structures. Of the \$1.3 million, \$300,000 is allocated for DPW demolition set-up expenses, including asbestos surveys, asbestos abatement, utility disconnections, plumbing seals and landscaping costs.

To date, 86 parcels have been encumbered. Expenditures to date are \$461,257. An additional \$1.2 million has been encumbered for planned work.

Code Compliance Loan Program, \$500,000.

The Proposed Budget includes \$500,000 in a new capital account for Code Compliance loans. The Code Compliance Loan Program was created in the 2014 Budget and funded by \$65,000 in a special purpose account. The 2015 capital account will increase the funding available and consolidate the source of funds for this program. This capital account will be supported by cash revenues -- specifically, tax incremental revenues from one-year extensions of tax incremental districts for the purpose of improving the city's housing stock, as authorized by s. 304-96 of the Code of Ordinances.

Code Compliance Loans are deferred-payment loans available to qualified owner-occupants of one- to 4-family buildings. The loans are used to correct code violations cited by DNS inspectors. This program is part of the Strong Neighborhoods Plan.

Conversion of the Anderson Lake Tower Garage, \$425,000.

The Proposed Budget includes \$425,000 to begin a project that will modify space at the Anderson Lake Tower (6th and Howard) to accommodate additional staff. Over the last 4 budget years, DNS has added 11 additional staff and moved 4 existing staff from the Zeidler Municipal Building to the Anderson Lake Tower. It also expects to fill a number of vacant positions. With these changes, approximately 70 employees will have offices in the Anderson Lake Tower.

This 2-phase project will renovate space on the first and second floors of the building. Extensive renovation is planned for the first floor (first phase): 2,300 square feet of garage space will be converted to offices to accommodate 26 inspectors, at an estimated cost of \$465,000 (\$201.80/sq. ft.). Work on the second floor – the second phase of the project -- will primarily consist of the reconfiguration of cubicles and the addition of 2 walled offices to create room for 20 inspectors and 5 clerical staff.

This project was first requested for the 2013 budget. The total project cost is expected to be \$650,000. The estimated project cost does not include the cost of filling and abandoning an underground vault below the garage.

2. Unfunded Capital Requests.**Conversion of Permit Records to Scanned Images, \$500,000.**

The Proposed Budget does not include funding for this project. The department has a large collection of paper and microfilmed permit records dating back over 100 years. This project would have funded the first year of a 3-year project to contract for the digitization of those records.

The DSS E-Vault Upgrade, proposed in the Department of Administration's capital budget, will upgrade the underlying storage technology of the City's E-Vault, where the digitized DNS records would be stored. That project includes funding for equipment which would allow the City to digitize the records internally.

Remodel Development Center Offices, \$81,500.

The 2015 Proposed Budget does not include funding for this project. The Department of Public Works was able to complete this project in 2014 with existing capital funds from the Space Planning account.

3. Project Updates.**Alternative Board-Up**

By Common Council budget amendment, the 2014 Budget provided \$100,000 to investigate alternatives to traditional painted plywood for boarding-up vacant buildings. The department has determined that there are only two alternatives that are potentially feasible. The first is the use of polycarbonate glass, which may be appropriate for homes that are still intact. The polycarbonate was piloted on a residential property and it performed well. The department is currently working with DCD to identify City-owned commercial properties where the

polycarbonate can be tested. The second option is to do artistic board-ups which create the illusion of a window or a piece of art. There are several examples in the city, including in the 2600 block of W. State Street, the former library at North Avenue and Sherman Boulevard, and a commercial building on the corner of King Drive and Center Street.

The department has not established any policies based on its findings to date. No funds have been expended from this account. All work associated with the evaluation of alternative board-up methods has been funded by other sources.

Land Management System.

The “Special Capital Projects or Purposes” section of the 2015 Capital Improvements Budget provides \$850,000 in funding for an additional phase of the Land Management System, which will migrate licensing information from the LIRA system that is currently used by the City Clerk.

The Land Management System received \$2,512,000 in the 2012 Budget. The project was requested by DNS to replace the existing legacy code enforcement Neighborhood Services System (NSS) and the DCD permit and plan tracking system. Because the LMS is used by multiple departments, it is budgeted as a special capital project. The new system, which will be administered by ITMD, will support land management, plan review and permitting, construction and trades inspections, and code enforcement across departmental lines.

The City issued an RFI for the proposed system in April, 2011, and an RFP in spring, 2012. A contract was signed with Accela in June, 2013. The implementation of the LMS is proceeding. A test environment has been deployed, the initial configuration is complete, GIS has been defined, interface specifications have been written and a review of legacy data migration needs is underway. Subject-matter experts are reviewing the initial configuration and modifications are being discussed.

4. Future Capital Requests.

Anderson Lake Tower Conference Room.

This project would upgrade electronic equipment, install sound and telecommunications systems, and purchase new furniture for the 3rd floor conference room at the Anderson Lake Tower. The room has a capacity of approximately 50 people. The room is frequently used for DNS meetings and training events such as the Landlord Training Program. It is also used by other City agencies (Health Dept., Common Council, DER, Election Commission, etc.) and community groups. If properly equipped, it could also function as an emergency operations center.

This project was first requested for 2012 (\$70,000). No request has been submitted since 2012. The department may re-submit the request in the future.

VII. ISSUES TO CONSIDER.

1. The Residential Rental Inspection Program will end January 1, 2015, unless the Common Council approves legislation to continue it. Should it be continued? If so, is the St. Josaphat Basilica the best area to expand it? What are the costs, benefits and feasibility of expanding it citywide?
2. While the BOZA Compliance Inspection Program has laudable objectives, there are a number of uncertainties associated with it. How many “periodic inspections” will DNS staff need to conduct each year? How many orders will be issued and reinspections required? Will 2 new Special Enforcement Inspector positions be sufficient for this purpose?
3. The 2015 Proposed Budget sharply reduced funding for DNS demolition activity, from over \$5 million in 2014 to just over \$1.3 million for 2015. The 2015 appropriation will fund the razing of approximately 60-70 structures. This reflects a shift in the emphasis of the Strong Neighborhoods Plan from removing blighted property to revitalizing properties and neighborhoods. The adequacy of this funding and associated number of demolitions will need to be evaluated.
4. The foreclosure crisis has influenced the department’s organization and resulted in the department taking on more staff and responsibilities. The ability of the department to sustain the present level of staffing and responsibilities in the long-term will need to be considered.
5. The 2015 Proposed Budget calls for greatly expanding the Code Compliance Loan Program. How will the department ensure that the intended beneficiaries are aware of the program and make use of it? Is the level of funding for the program sufficient to meet the need for this type of loan, or more than adequate? Should any changes in loan eligibility criteria be considered?
6. The Department of Neighborhood Services is one of several City agencies participating in the Compete Milwaukee plan, and must do what it can to ensure that transitional jobs participants assigned to DNS have the most beneficial work training and experience possible. Also, whenever entry-level inspection positions become available, the department needs to maximize its hiring of Compete Milwaukee participants who successfully complete the program.
7. In its review of the 2014 and 2015 capital requests, the Capital Improvements Committee noted a lack of coordination regarding the use of space at City facilities. There are a number of departments, including DNS, that have made requests to have offices remodeled, reconfigured or relocated. At this time, there is no authoritative body that monitors departmental space needs, and no comprehensive plan to allocate space in City facilities. The Committee suggested that it would be beneficial to have a plan which would allow individual requests and proposals to be evaluated within a framework of the overall needs of the City.
8. Funding is provided to begin the conversion of the garage at the Anderson Lake Tower (6th & Howard) to office space to accommodate DNS staff. An underground vault below the garage floor will need to be filled and abandoned. The cost of that work was not included in the project estimate.

Prepared by: Jeff Osterman, Legislative Fiscal Analyst
Contributor: Kathy Brengosz, Fiscal Planning Specialist
Budget Hearing Date: October 14, 2014
Last Updated: October 9, 2014