

DEPARTMENT OF CITY DEVELOPMENT 2009 PROPOSED BUDGET

Executive Summary

1. The 2009 Proposed Budget for the Department of City Development under control of the Common Council is \$4,160,796, an increase of \$759,265 (or 22.3%) from the 2008 Budget. (page 1)
2. The 2009 Proposed Budget provides for 218 positions in the Department of City Development, down 27 from 2008. FTEs decrease by 54, from 230 to 176.05. (page 3)
3. Position changes for 2009 include the elimination of 17 public housing-related positions, which are being transferred to the Housing Authority, and 13 other positions in DCD. This will require laying off 3 incumbents, in the positions of Neighborhood Development Specialist, Plan Examiner Specialist and Geographic Information Technician. (pages 3-5)
4. The reduction in DCD positions is necessitated by an anticipated decrease in tax increment district-related capital funding the department had previously used to fund many of its positions. Even with the net reduction of 27 positions, the 2009 Budget increases tax levy funding for DCD's personnel costs by 27%. (pages 5 and 6)
5. The Proposed Budget provides for a 1.4% decrease in DCD's Operating Expenditures. The few significant line-item changes simply bring budget figures in line with actual past expenditures. (page 6)
6. Funding for DCD's 4 special purpose accounts is reduced by 26.8% under the 2009 Proposed Budget. The largest reduction occurs in the Business Improvement Districts SPA; except for \$40,000 to compensate BIDs for RiverWalk maintenance, all City contributions to individual BIDs are eliminated. (page 7)
7. There are no significant changes in funding or staffing for the Board of Zoning Appeals for 2009. (pages 8 and 9)
8. The 2009 Proposed Budget includes \$380,000 in capital funding for remodeling of DCD's offices on the 2nd floor of the 809 North Broadway building. (page 11)
9. The \$1.8 million 2009 appropriation for the Development Fund capital account includes \$375,000 in cash-levy funding for customized job training for businesses. (pages 10 and 11)
10. Also new for 2009 is \$724,000 in capital funding for construction of ADA-accessible connections along the RiverWalk. (page 11)
11. The department's projected 2009 revenues are \$1,344,800, 1.3% higher than the 2008 Budget figure. The potential loss of revenue resulting from the slowdown in the construction industry will be offset by a proposed 10% increase in building permit and plan examination fees. (pages 15 and 16)

2009 PROPOSED BUDGET – DEPT. OF CITY DEVELOPMENT

Summary by Legislative Reference Bureau – Research & Analysis Section

Expense Category	2007 Actual	2008 Budget	% Change	2009 Proposed	% Chg.
Personnel Costs	\$3,025,809	\$2,969,940	-1.8%	\$3,767,932	26.9%
Operating Expend.	\$324,298	\$271,634	-16.2%	\$267,864	-1.4%
Equipment Purch.	\$0	\$0	0.0%	\$0	0.0%
Special Funds	\$78,202	\$159,957	104.5%	\$125,000	-21.9%
TOTAL	\$3,428,309	\$3,401,531	-0.8%	\$4,160,796	22.3%
Capital*	\$39,028,869	\$71,729,500	83.8%	\$44,224,614	-38.3%
Positions**	257	245	-12	218	-27

* The large increase from 2007 to 2008 reflects the addition of over \$25 million in capital funding for tax incremental districts in the 2008 Budget, along with \$3 million for the 30th Street Industrial Corridor initiative.

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

Department Function

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

- Housing Authority of the City of Milwaukee (HACM)
- Redevelopment Authority of the City of Milwaukee (RACM)
- Milwaukee Economic Development Corporation (MEDC)
- Neighborhood Improvement Development Corporation (NIDC)

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

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

Departmental Mission Statement

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

Historical Highlights

1. Over the past decade, DCD's public housing staff has overseen the HUD-funded renovation and revitalization of HACM's major public housing projects, including Hillside Terrace (1999), Parklawn (2002) and Lapham Park (2002).
2. The number of budgeted positions in DCD under control of the Common Council declined from 300 in 2000 to 245 in 2008, a decrease of 18%. The main reason for this drop was a substantial reduction in the number of DCD public-housing positions as HACM created more "direct" HACM positions (i.e., persons employed by HACM, not the City). Also, as some public housing developments (e.g., Parklawn and Lapham Park) have been redeveloped in recent years, the limited liability corporations that control these developments have chosen to have them managed by parties other than the City or HACM.
3. Starting in 2003, DCD partnered with the Local Initiatives Support Corporation to develop and implement "Main Street Milwaukee," a program that provides comprehensive, targeted economic development assistance to 6 neighborhood commercial districts (West Burleigh Street, Lincoln Village, SOHI (North 27th Street) Silver City (35th and National), King Drive and West North Avenue). Community Development Block Grant dollars are combined with private contributions from LISC supporters and businesses in the Main Street districts. The Main Street program leverages private investment to support façade renovations and other physical improvements to commercial districts. It also provides technical and organizational support to participating districts, including visioning and work plan development, staff and volunteer training, architectural and planning services, and small business assistance.
4. In 2004, the City adopted a Redevelopment Plan for the Park East Corridor, 26 acres of land opened up for development by the demolition of the former Park East Freeway. The Department of City Development was actively involved in the planning process for creating this document and its associated development code. The Department continues to market the Park East corridor as a prime development location for mixed-use projects compatible with nearby downtown land uses.
5. In January, 2006, the Department of City Development introduced an online, electronic permitting system ("ePermits") that can be used when plan examination is not necessary. Electronic permitting saves the permit applicant a trip downtown while also reducing staff time and paperwork for DCD staff. The ePermits system is now used to issue over 55% of all plumbing permits and about 70% of all electrical permits.
6. In 2007, the City created the position of Youth Development Coordinator within DCD. This position, which is supported primarily with CDBG funds, is responsible for the City's Summer Youth Internship Program (established in 2005) and also works to recruit private employers who will create jobs for Milwaukee's youth. In addition, the Youth Development Coordinator develops and maintains relationships with high school guidance counselors and works with local colleges and universities to create internship-for-credit opportunities in City government.

7. In 2008, DCD was reorganized from 3 decision units into 2 decision units. All positions in the Community Planning and Development Services Decision Unit were folded into the General Management and Policy Development Decision Unit, while the 7 Housing Authority member positions and 5 other administrative and finance positions were transferred from that decision unit to the Public Housing Programs Decision Unit. The result is that each of the 2 remaining decision units has an administration and finance staff that is accountable to that decision unit.
8. With the commitment of \$200,000 in funding in DCD's 2008 capital budget, the City began participating with the Greater Milwaukee Foundation in the Healthy Neighborhoods Initiative. The Healthy Neighborhoods concept focuses on marketing the positive attributes of relatively strong urban neighborhoods, including those located outside the CDBG area, and encouraging homeowner investment and aesthetic improvements in those neighborhoods through small loans and grants to homeowners and neighborhood groups. The program is administered by NIDC.

2009 BUDGET HIGHLIGHTS AND ISSUES

Personnel

1. The 2009 Proposed Budget provides \$3,767,932 in tax levy funding for DCD's personnel costs, an increase of \$797,992 (26.9%) from the 2008 Adopted Budget. Eleven positions previously funded by the capital budget will now be O&M-funded.
2. The 2009 Proposed Budget calls for a net reduction of 27 positions in the Department of City Development (218 positions, versus 245 in 2008). Full-time equivalents are decreasing by 54 positions, from 230 to 176.05.
3. Not including position reclassifications, the net reduction of 27 positions breaks down as follows:
 - **17 positions** in DCD's Public Housing Programs Decision Unit are being transferred to HACM and **eliminated** from the City Budget. Federal regulations require that all public housing authorities convert to a system of property-based accounting and management, meaning that HACM must gradually move its activities and personnel out of City government. The Housing Authority has a policy of eliminating its City positions once they become vacant and, if appropriate, recreating those positions within its own staff. The City positions eliminated for 2009 are:
 - Housing Manager II (SG 4)
 - Building Maintenance Mechanic II – 6 positions (PR 248)
 - Building Maintenance Mechanic I (PR 235)
 - Office Assistant II (PR 410)
 - Office Assistant III (PR 425)

Office Assistant IV – 2 positions (PR 445)
Accountant I (PR 545)
Accounting Assistant II (PR 445)
Rent Assistance Coordinator (PR 547)
Rent Assistance Specialist III (PR 546)
Delivery Driver (PR 335)

- **One position** of Credit Services Specialist (SG 1) is being **eliminated**. This position, located in DCD's Economic Development Division, was not funded in 2008 and is vacant.
- **One position** of Administrative Specialist (SG 2) is being **eliminated**. This position is located in the Economic Development Division and is currently vacant.
- **One position** of Economic Development Marketing Manager (SG 9) is being **eliminated**. This position is located in DCD's Neighborhood & Business Development section. It was not funded in the 2008 Budget and is currently vacant.
- **One position** of Neighborhood Development Specialist (SG 6) is being **eliminated**. This position, which is located in the Economic Development Section, is currently filled; a **layoff** will be necessary.
- **One position** of Real Estate Specialist I (PR 540) is being **eliminated**. This position is located in DCD's Real Estate & Development section and is currently vacant. It was not funded in the 2008 Budget.
- **2 positions** of Plan Examiner Specialist (PR 556) in the DCD Development Center are being **eliminated**. These positions are being eliminated because of increased use of the City's electronic permitting system, which has reduced the number of in-person visits to Plan Examiners (currently, about 30% of DCD's permits are processed through the e-permit system, and the Department expects to achieve a rate of 40% by the end of 2009). The elimination of positions is also possible because of an overall decline in permit activity attributable to the recent economic slowdown. One of these positions is currently vacant, the other is not. Hence, a **layoff** will be required.
- **2 positions** of Office Assistant II (PR 410) in DCD's Real Estate & Development section are being **eliminated**. Again, efficiencies from electronic permitting and an overall decline in permit activity contribute to the staff reduction. Both positions are currently vacant.
- **One position** of Residential Rehab Supervisor (SG 6) is being **eliminated**. This position is located in DCD's Housing Development section. It became vacant upon retirement of the incumbent in June.

- **One position** of Geographic Information Technician (PR 602) in DCD's Planning Section is being **eliminated**. This follows the elimination of 2 DCD GIS positions in the 2008 Budget, and will leave just one GIS position – Geographic Information Specialist – in this department. The position is being eliminated to complete the transition of City-wide GIS duties from DCD to ITMD. The Geographic Information Technician position is currently filled. Hence, a **layoff** will be necessary.
- **One position** of Accounting Assistant I (PR 435) is being **eliminated**. This position, which is located in DCD's Finance & Administration section, was not funded in the 2008 Budget and is currently vacant.
- **One position** of Accounting Assistant II (PR 445) is being **eliminated**. This position is also located in the Finance & Administration section, but was funded for 2008. It is currently vacant.

TOTAL POSITIONS ELIMINATED: 30

- **One position** of Administrative Services Coordinator (PR 555) is being **created** in the Office of the Commissioner. This position will be filled by the individual who currently holds the Administrative Assistant IV position (PR 550). The 2009 Proposed Budget calls for DCD to retain position authority, but no funding, for the Administrative Assistant IV.
- **One position** of Office Assistant III (PR 425) is being **created** in the Real Estate & Development section. However, no funding is provided for this position in the 2009 Proposed Budget. Creation of the position would allow DCD to upgrade the position of an existing, highly-motivated member of DCD's clerical staff.
- **One position** (untitled) is being **created** as a technical correction in DCD's budget to the budgeted FTEs for DCD more in line with actual FTEs.

TOTAL POSITIONS CREATED: 3

NET CHANGE IN POSITIONS -27

4. The 2009 Proposed Budget will require the **laying off of 3 DCD staff**: the Neighborhood Development Specialist, one of 2 Plan Examiner Specialist positions and the Geographic Information Technician. The Neighborhood Development Specialist is an exempt management position. The Plan Examiner Specialist has bumping rights to inspection positions in the Department of Neighborhood Services. The Geographic Information Technician has no bumping rights outside of DCD.

5. All funding for DCD Graduate Intern and College Intern positions is eliminated by the 2009 Proposed Budget. Position authority for the interns will be retained, however. The Department did not fill its intern positions in 2008.
6. Besides the reduction in number of positions, the other significant personnel-related change in DCD's budget is the shift in funding sources for its positions (this, in fact, is the driving force behind the reduction in positions). Because of less capital-funded administrative work relating to the creation and operation of tax incremental districts, the Department expects its capital improvements deduction to fall sharply in 2009, to \$355,734 from \$1,432,342 in 2008. To compensate for the loss of capital funding, DCD has reduced its workforce where possible and increased its tax-levy funding for the remaining positions. In large part, this explains the contradictory trends in the Department's personnel budget (i.e., an 11% reduction in positions but a 27% increase in tax-levy-funded salaries and benefits).
7. The Department's other salary funding sources – the Reimbursable Services Deduction and the Grants & Aids Deduction – are virtually unchanged for 2009.

Operating Expenditures

1. The 2009 Proposed Budget provides \$267,864 for the Department of City Development's Operating Expenditures, a decrease of \$3,770 (-1.4%) from the 2008 Budget. This funding is entirely for the General Management and Policy Development Decision Unit. All Operating Expenditures for the Public Housing Services Decision Unit are reimbursed by HACM.
2. The Department's funding for General Office Expense is being decreased from \$69,530 in 2008 to \$31,000 for 2009. The reduction makes funding for this line item more consistent with past actual expenses (e.g., \$23,555 in 2007).
3. The 2009 Proposed Budget provides \$100,000 for DCD to Reimburse Other Departments, compared to only \$6,858 in the 2008 Budget. However, this increase only corrects an error in estimation of 2008 expenses (most reimbursables were actually allocated to other line items in 2008; these line items are "zeroed out" for 2009). The estimate for the 2009 allocation was derived from actual expenditures for this line item in 2005, 2006 and 2007.

Equipment Purchases

The 2009 Proposed Budget makes no provisions for equipment purchases by the Department of City Development.

Special Funds

The Proposed Budget contains 2 special funds for the Department of City Development, both of which were also funded in 2008:

1. Economic Development Marketing (\$75,000) -- This is an 11.7% decrease from the \$84,957 provided in the 2008 Budget. This fund pays for the City's membership in the Regional Economic Partnership, the infoUSA online/CD business database (used by DCD and other departments for data collection and mass mailings) and membership for all City employees in Fuel Milwaukee, an MMAC talent-networking initiative. It also funds advertising of DCD economic development programs and special redevelopment opportunities offered by the City.
2. Continuum of Care Grant (\$50,000) – This is the same level of funding provided in 2008, which was the first year for this special fund. The Milwaukee Continuum of Care is a consortium of about 70 local non-profit agencies that annually applies for approximately \$10 million in federal funding for programs that serve the homeless and at-risk-of-being-homeless populations in Milwaukee. In 2008, the Continuum used the \$50,000 contribution from the City, another \$50,000 from Milwaukee County, \$25,000 from a local foundation and \$35,000 from the Continuum's member agencies to hire a full-time staff person and to contract with consultants for 2 projects, preparation of a 10-year plan to end homelessness and preparation of the application for \$10 million in HUD funding for homeless projects. The 2009 special fund allocation continues the City's financial support for these activities.

The 2008 Budget also included \$25,000 in a related special fund titled "City/County Workgroup Grant" which was to provide funding to hire a consultant to oversee joint City/County workgroup that has been working on streamlining the approval process for housing for the homeless or other people with special needs. These funds were not used because the County was able to cover the cost of the consultant. Therefore, DCD is not seeking an allocation for this special fund in 2009.

Special Purpose Accounts

The 2009 Proposed Budget includes 4 DCD special purpose accounts (SPAs) totaling \$505,000. This is 26.8% less than the \$689,800 that was budgeted for these same 4 accounts in 2008.

1. Business Improvement Districts – For the past several years, the City has contributed \$187,000 in special purpose account funds to 7 of the Milwaukee's approximately 30 business improvement districts ("BIDs"). These contributions are in addition to the special assessments the City collects for BIDs (see Special Revenue Fund below) and the loans made to BIDs from the Business Improvement Districts capital account (discussed later; also repaid through special assessments). For most of these BIDs, this SPA funding supports maintenance, clean-up and graffiti removal on City-owned vacant lots and City-owned portions of the RiverWalk within the BIDs at a higher level than the City customarily provides. In one BID (Westown), the City's contribution has been a sort of

payment in lieu of taxes (i.e., there are many tax-exempt properties within the BID that benefit from BID services but cannot be assessed the BID special assessment).

The BID Special Purpose Account has often been controversial during Common Council budget deliberations, as it has been viewed by some Council members as fundamentally inequitable (i.e., it provides direct City support to some BIDs but not others). In recognition of this, the 2009 Proposed Budget sharply decreases funding for the BID Special Purpose Account, from \$187,000 to \$40,000, with the reduced funding being used to compensate BID Nos. 2 and 15 \$18,000 and \$22,000, respectively, for their maintenance of the public portion of the RiverWalk. The City is required by agreements with these BIDs to reimburse them for RiverWalk maintenance costs.

Passage of a higher 2009 Solid Waste Fee as requested by the Mayor, generating \$7 million more than the fee will generate in 2008, could allow for the addition of \$53,500 to the BID Special Purpose Account (total \$93,500) as originally requested by DCD in May, 2008, for its 2009 budget. This would give each of the 7 2008-funded BIDs half the level of funding provided in 2008.

2. Land Management – This account is used by DCD to support its tax-deed property management activities. The City is obligated to properly manage and maintain improved properties it acquires through the in rem foreclosure process, and DCD is the City department responsible for these activities. The Land Management SPA funds such activities as sale/lease negotiations, property management (e.g., tenant relations and rent collection), property maintenance and repair, coordination of marketing, and pre-development activities relating to the sale of structures for redevelopment purposes. The 2009 Proposed Budget includes \$200,000 for this SPA, the same level of funding as 2008. Note: the maintenance of City-owned vacant lots is not funded through this account but, rather, by a special fund in the Department of Public Works budget.
3. Milwaukee Arts Board Projects – This SPA funds the Milwaukee Arts Board's efforts to promote the development, support and enjoyment of the arts in Milwaukee and to encourage cultural diversity in the artistic life of the city. The 2009 Proposed Budget provides \$160,000 in funding. This is 7.4% less than the \$172,800 that was provided in the past several budgets. Most of the funds in this SPA are used to provide grants to local arts groups and artists, and to pay consultant fees for operation of the grant program. In the most recent funding cycle, grants were awarded to 29 organizations. This SPA also provides funds for 2 annual awards to individual Milwaukee artists (\$1,500 each).
4. Milwaukee Fourth of July Commission – The Fourth of July Commission organizes Independence Day celebrations at 15 parks throughout the city. This SPA helps defray the costs of those celebrations, including the costs of fireworks, flags, ice cream, talent shows and entertainment. This SPA will be funded at the level of \$105,000 in 2008. This is \$25,000 less (-19.2%) than the \$130,000 that was provided for the Fourth of July Commission in the 2008 Budget.

Board of Zoning Appeals

The Board of Zoning Appeals (BOZA) is an independent, quasi-judicial body authorized by State Statutes and City Code to hear appeals of actions relating to interpretation and enforcement of the Zoning Code. Most commonly, these appeals are requests for variances or special use permits.

Technically, BOZA is not a part of DCD, but its office and staff are located in the same building and work closely with DCD personnel. Also, prior to 1998, BOZA's support staff was funded by the DCD budget; only BOZA board-member salaries were funded by an SPA.

The Board of Zoning Appeals is wholly funded by a special purpose account. The 2009 Proposed Budget provides \$292,535 for this SPA, a decrease of 5.9% from the \$311,039 budgeted for 2007. The 2009 BOZA budget breaks down as follows:

Personnel costs (salaries and fringe benefits)	\$241,041 (down 7.1% from 2008)
Operating expenditures	\$51,494 (unchanged from 2008)
General office expenses	\$12,000
Non-vehicle equipment rental	\$4,920
Professional services	\$20,000
Other operating expenses	\$1,939
Reimburse other departments	\$12,635
Board of Zoning Appeals TOTAL	\$292,535

The Board of Zoning Appeals budget funds 11 positions: 5 Board members, 2 alternate Board members and 4 support staff (BOZA secretary, a Program Assistant I and 2 half-time Office Assitant III positions). There are no positions changes proposed for 2009. The decrease in personnel funding for 2009 is almost entirely attributable to reduced compensation for the Board Secretary position (in 2008, a Secretary with several years' experience was replaced by a new Secretary who started at the bottom of the pay scale).

Board of Zoning Appeals filing fees were increased in conjunction with adoption of the 2007 Budget. As a result, BOZA's revenues now recover about three-fourths of BOZA's personnel and operating expenditures. The City Comptroller projects that BOZA's revenues for 2009 will total \$223,000, an increase of 7.2% from the \$208,000 budget for 2008. However, actual revenues for 2007 were \$275,580; the decline since that year can be attributed to the slowdown of Milwaukee's economy and a corresponding decline in construction activity.

The following table shows BOZA activity levels over the past 5 years:

Year	Total No. of Appeals to Board	Appeals Heard and Decided with One Hearing	Average No. of Days to Hear an Appeal and Issue Written Decision
2004	905	53%	44
2005	851	55%	41
2006	737	61%	27
2007	713	56%	30
2008 (thru 9/23/08)	536 (projected year-end total of 700-740 appeals)	Not available	30-45 (est.)

Looking at the nature of appeals to BOZA, since January 1, 2007, the majority of BOZA cases – 62% -- have been requests for special use permits. Next most common are dimensional variances (17%) and use variances (10%). The remainder (about 10%) are primarily appeals of DCD and DNS interpretations of the Zoning Code.

Capital Projects

The 2009 Proposed Budget includes funding for 9 Department of City Development capital improvement accounts totaling \$44,224,614. This is a decrease of 38.3% from the \$71,729,500 budgeted for 2008. Only \$500,000 of the 2009 appropriation is cash-levy funded (see items 6 and 8 below); the remainder will be funded with new borrowing (with the exception of developer revenues for developer-financed tax increment districts (TIDs)). The 2009 capital projects are:

1. 809 Building Remodeling -- The 2009 Proposed Budget allocates \$380,000 for remodeling of DCD's offices on the 2nd floor of the 809 North Broadway building. Specifically, these funds will be used for construction of new "hard" office and office cubicles, replacement of carpeting and construction of a new kitchen/break area. The 2008 Budget funded similar remodeling work in DCD's offices on the 3rd floor of the 809 North Broadway building; that work is expected to be completed within budget by February 1, 2009.
- 2-5. Tax Increment Financed Urban Renewal Projects (4 accounts) -- The 2009 Proposed Budget provides the following funding to support development in tax increment districts:

Title	2009 Proposed Budget	Change from 2008
New borrowing for existing TIDs	\$0	Down \$15,618,000
New borrowing for potential new TIDs	\$30,000,000	Down \$8,382,000
Revenue/expenditure authority for developer-financed TIDs	\$4,390,000	Up \$190,000
New borrowing for potential new developer-financed TIDs	\$3,268,614	Up \$2,217,614
Capitalized interest on TID borrowing	\$3,000,000	Down \$2,400,000

No new tax incremental districts have been created so far in 2008. However, the Department indicates that it is in active negotiations with a number of developers and that as many as 4 new TIDs may be presented to the Common Council for approval by the spring of 2009.

6. Development Fund -- The DCD Development Fund provides capital funding to complement and support a wide variety of private economic development projects and activities. The Development Fund has been used to support façade grants, brownfield clean-up, streetscaping projects, RiverWalk development, spot land acquisition, and loans and grants for job training. In 2008, appropriations from the Development Fund have included \$650,000 for façade grants, \$500,000 for RiverWalk ADA improvements, \$350,000 for the 30th Street Corridor Initiative (see discussion after item #10) and \$250,000 for the Retail Investment Fund (funds equipment purchases that will lead to job creation at businesses in the city's commercial corridors).

The 2009 Proposed Budget includes \$1.8 million in capital funding for the Development Fund, the same amount that was provided in 2008. Of this amount, \$375,000 will be tax levy funded, while the other \$1,425,000 will be financed through new borrowing. The \$375,000 in cash financing will support customized job training programs for businesses, particularly those located in the 30th Street Corridor. It will build upon a 2008 program that provided CDBG funding to a number of businesses in the Corridor (e.g., Master Lock, DRS and Capitol Stamping) to provide job training to their employees. To be eligible for these funds for customized job training, businesses must demonstrate that the funds will be used to help workers upgrade their skills and, ultimately, to retain those workers' jobs in Milwaukee.

7. Neighborhood Commercial District Street Improvement Fund – The 2009 Proposed Budget provides \$337,000 for this DCD capital account, compared to \$1 million in the 2008 Budget. This fund provides the City's matching funds for BID commercial district streetscaping projects as well as the local match for federal Congestion Mitigation and Air Quality Improvement Program ("CMAQ") grants that fund neighborhood street construction projects. In 2008, the Neighborhood Commercial District Street Improvement Fund provided funding for streetscaping projects along Oakland Avenue (BID No. 13, \$287,500), Downer Avenue (BID No. 41, \$250,000) and North 76th Street (BID No. 17, \$212,000). The 2009 allocation will provide matching funds for 2 CMAQ grants.
8. Advanced Planning Fund – The 2009 Proposed Budget provides \$125,000 in cash-ivey capital funding for the Advanced Planning Fund, a decrease of \$75,000 from the 2008 Budget. This fund pays for costs relating to DCD's comprehensive planning efforts, including consultant fees. The first update of the City's Downtown Plan since that plan was approved in 1999 is expected to be completed and presented to the City Plan Commission and the Common Council by April, 2009. The Near North area plan is also underway. The West Side and Southwest area plans will be commenced this fall. Under state law, the City must complete its Comprehensive Plan (i.e., adopt area plans for all portions of the city) by January 1, 2010. The Department projects that about 75% of the

Comprehensive Plan will be completed by the end of 2009 and anticipates requesting an extension from the State to allow for the final components to be finished in 2010.

9. ADA RiverWalk Constriction – This is a new capital account for 2009. It will provide a \$724,000 contribution toward construction of ADA-accessible connections along the RiverWalk. In 2006, the City, Business Improvement District No. 15 (RiverWalk) and the U.S. Department of Justice executed an agreement that requires the City, in conjunction with the BID, to improve 9 segments of the RiverWalk to be fully ADA-accessible within 3 years. The scope of this project includes the construction of 6 ramps and the installation of 4 lifts.

The total cost of the RiverWalk ADA compliance project is \$4.55 million. Property owners within BID No. 15 will be assessed \$1.01 million (22% of total project costs). The City will pay the remainder. The City's funding commitments for the project to date include \$1.5 million budgeted in the Development Fund in prior years and this \$724,000 in capital funding for 2009. The remaining \$1.3 million will need to be appropriated in the 2010 and 2011 budgets.

10. Healthy Neighborhoods Initiative – The 2009 Proposed Budget provides \$200,000 in capital funding for the Healthy Neighborhoods Initiative (“HNI”). This is the same level of funding as 2008, the first year of City financial support for the Initiative. The Healthy Neighborhoods concept focuses on marketing the positive attributes of urban neighborhoods, rather than highlighting neighborhood problems. In particular, HNI promotes homeowner investment and aesthetic improvements in relatively strong urban neighborhoods, striving for positive outcomes in 4 areas – image, market, physical conditions and neighborhood management. Projects funded by HNI have included small-scale neighborhood improvement initiatives, property beautification contests, neighborhood identification efforts and landscaping projects.

The Milwaukee Foundation has been a partner with the City in this Initiative, providing \$545,000 for the HNI in 2007 and 2008 alone. The Helen Bader Foundation has also contributed \$40,000 to the Healthy Neighborhoods Initiative.

The 2008 City contribution has been committed to the following projects:

- \$50,000 for neighborhood improvement projects in the 5 neighborhoods already participating in the Greater Milwaukee Foundation Healthy Neighborhoods Initiative (Thurston Woods, Enderis Park, Silver City, Martin Drive and Sherman Park).
- \$20,000 for neighborhood improvement projects in neighborhoods outside the Community Development Block Grant area. To date, these neighborhoods have included Cambridge Woods, the Garden District, Millwood Park, Kops Park, River Ridge and Story Hill.
- \$130,000 for a home improvement loan pool for loans to property owners in the HNI neighborhoods. The HNI consortium, which includes representatives from the City (DCD), NIDC and the Greater Milwaukee Foundation, expects this loan

pool to become operational in 2009. Currently, the HNI consortium is seeking private-sector lender participation in the pool. Requests for participation have been sent to 9 financial institutions as well as Tri City Bank. It is anticipated that, by the end of 2008, \$600,000 in private funding will be available to leverage the City's contribution of \$130,000.

All City expenditures for HNI, which are administered by NIDC, require a dollar-for-dollar private match. Matching funds have included the investment expenditures of neighborhood residents and in-kind donations from local merchants, businesses and professionals.

For 2009, 2 additional neighborhoods – Johnsons Park and Havenwoods – will be full-fledged participants in HNI and all 5 current neighborhoods will continue their participation. Also, HNI will continue to offer small grants that further the Healthy Neighborhoods objectives to neighborhoods throughout the city.

Two capital projects that received funding in the 2008 Budget – 30th Street Industrial Corridor and Business Improvement Districts Fund – receive no capital funding under the 2009 Proposed Budget. The former provided \$3 million in 2008 to support redevelopment activities in the 30th Street Industrial Corridor, particularly to fund property acquisition and infrastructure improvements on the 86-acre former Tower Automotive (A.O. Smith) site. To date, the City has been unsuccessful in acquiring the property and is, in fact, engaged in a lawsuit with the property's current owner. None of the \$3 million allocation has been expended and DCD staff has redirected its focus to other smaller, catalytic projects in the 30th Street Corridor while the litigation is pending. Examples of the types of projects proposed for funding with this capital account include clean-up of a highly contaminated site and preparing it for affordable housing development, acquiring and assembling parcels of land to create small business parks, and performing audits of the technology and energy efficiency of businesses in the 30th Street Corridor. According to DCD, these smaller projects have the potential to fully utilize the \$3 million, but no additional funding will be necessary for 2009.

The Business Improvement Districts Fund has been used to fund loans made to BIDs for streetscaping and other infrastructure projects. Money from this fund is typically combined with a similar amount of grant funding from the Neighborhood Commercial District Street Improvement Fund. Loans made from this fund are repaid through BID annual assessments. No funding is provided for 2009 because there are sufficient carry-over funds from prior budget years to meet anticipated needs in 2009.

Special Revenue Fund

The 2009 Proposed Budget provides \$7,142,523 in a DCD special revenue fund known as the "Economic Development Fund". This represents a 6.9% increase from the \$6,680.101 budgeted for 2008. The Economic Development Fund is the mechanism by which the City collects assessments from properties in business improvement districts (BIDs) and provides the dollars it collects to the BIDs to carry out their annual operating plans. Thus, since this revenue account functions as a funding pass-through, it has no tax levy impact.

Business improvement districts use their assessment revenues to pay for a wide variety of economic development-related activities, including streetscaping projects, security enhancements, special events, marketing campaigns and the hiring of professional staff. Each district develops its own annual operating plan and budget, which is subject to the approval of the Common Council. DCD's Neighborhood & Business Development section provides assistance to local business organizations in creating and managing BIDs.

It is anticipated that there will be 29 active BIDs in 2009, with the following budgeted expenditures from the Economic Development Fund:

District	2008 Budget	2009 Budget
BID #2 (Historic Third Ward)	\$543,952	\$559,643
BID #3 (RiverWalk)	\$111,276	\$111,276
BID #4 (Greater Mitchell Street)	\$130,104	\$148,917
BID #5 (Westtown)	\$96,151	\$103,081
BID #8 (Historic King Drive)	\$181,590	\$194,256
BID #9 (739 N. Water St.-RiverWalk)	\$22,677	\$21,652
BID #10 (Avenues West)	\$141,029	\$147,808
BID #11 (Brady Street Business Area)	\$170,477	\$200,800
BID #13 (Oakland Avenue)	\$52,000	\$53,500
BID #15 (RiverWalk)	\$384,286	\$384,286
BID #16 (Uptown Triangle)	\$119,428	\$154,977
BID #17 (Northwest Area Business)	\$46,800	\$53,500
BID #19 (Villard Avenue)	\$99,176	\$102,036
BID #20 (North-Prospect-Farwell)	\$199,262	\$219,573
BID #21 (Downtown Management District)	\$2,800,939	\$3,051,758
BID #25 (Riverworks)	\$184,601	\$198,212
BID #26 (The Valley)	\$85,309	\$97,949
BID #27 (Burleigh Street)	\$53,360	\$56,354
BID #28 (North Avenue Gateway District)	\$49,601	\$45,677
BID #29 (Teutonia-Capitol-Atkinson)	\$71,564	\$78,886
BID #31 (Havenwoods)	\$153,920	\$171,679
BID #32 (North Avenue Market Place)	\$86,044	\$80,764
BID #35 (Kinnickinnic River)	\$9,858	\$6,012
BID #36 (Riverworks II)	\$35,785	\$38,000
BID #37 (30 th Street Industrial Corridor)	\$174,720	\$178,650
BID #38 (Cesar Chavez Drive)	\$28,080	\$27,820
BID #39 (Center Street Market Place)	\$68,637	\$67,408
BID #40 (Airport Gateway)	\$329,472	\$344,179
BID #41 (Downer Avenue)	\$50,000	\$50,000
Potential new BIDs	\$200,000	\$200,000
TOTAL	\$6,680,101	\$7,142,523

Grants

The Department of City Development anticipates receiving several grants again in 2009. Grants are expected to fund \$1,670,163 in DCD personnel costs in 2009, the same amount as in 2008. In addition, DCD will receive full reimbursement from HACM for the \$4,311,237 in personnel costs for all 87 positions in its Public Housing Programs Decision Unit.

Anticipated 2009 DCD grants include:

1. Arts Board (various grants) (\$35,000) – These grants, which are awarded primarily by the State of Wisconsin (Wisconsin Arts Board), are used to provide assistance to the Milwaukee Arts Board in the areas of marketing and the cataloguing of art pieces in the city. There is a 50% local-share match for these grants, which comes from non-City sources.
2. Economic Development Grant (\$500,000) – This grant, which is awarded by the U.S. Department of Commerce, helps fund the City's environmental studies of potential industrial sites. There is no local match requirement.
3. Economic Development Initiatives (\$500,000) – These HUD grants are also used to provide City (DCD) with assistance in performing environmental studies and site enhancement work at potential industrial sites. Again, no local funding match is required.
4. Historic Preservation Grant (\$5,000) – This grant is awarded by the State Historical Society of Wisconsin and supports the City's historic preservation efforts. A 50% local match is required; it comes from non-City sources.
5. Site Assessment Grants (Brownfields) (\$200,000) – These grants are awarded by the State of Wisconsin to support local studies of the extent of contamination on brownfield sites. A 33% local funding match is required. The local match comes from DCD's Development Fund capital account.

In addition to these grants, a significant portion of DCD's budget is funded by the federal Community Development Block Grant (CDBG) program. For 2009, the Department anticipates receiving nearly \$2.9 million in CDBG funding for DCD and RACM, as well as \$798,000 in HOME funding. This money will fund the salaries and benefits of 48.55 FTE positions in DCD and RACM. Block Grant funding supports DCD personnel and operating expenditures in such areas as the Mainstreet Program, the Youth Internship Program, the Historic Preservation office and the Deferred Payment Home Rehabilitation Loan Program.

Revenues

The Comptroller's Office projects that the Department of City Development will receive \$1,344,800 in revenues in 2009, an increase of \$17,800 (1.3%) from the estimated 2008 revenues, but 14.5% lower than actual 2007 revenues. The decline in revenue from 2007 can be attributed primarily to the cooling-off of the Milwaukee-area economy and, specifically, a slowdown in construction activity, which directly impacts DCD's permit and plan examination fee revenues. In the first 9 months of 2008, DCD issued 25,844 permits, compared to 28,181 in the same period in 2007. DCD's largest revenue sources are as follows:

Revenue	2007 Actual	2008 Budget	Change	2009 Proposed	Change
1. Comml. Building Permits	\$434,800	\$395,000	-9.2%	\$395,000	0.0%
2. Fire Plan Exam Fees	\$178,300	\$190,000	6.6%	\$200,000	+5.3%
3. Plumbing Plan Exam Fees	\$198,900	\$195,000	-2.0%	\$195,000	0.0%
4. HVAC Plan Exam Fees	\$220,400	\$180,000	-18.3%	\$180,000	0.0%
5. Sale of Real Property	\$370,400	\$150,000	-59.5%	\$250,000	+66.7%
6. Permit Processing Fees	\$46,400	\$100,000	+115.5%	\$50,000	-50.0%
Other	\$124,300	\$117,000	-5.9%	\$74,800	-36.1%
TOTAL	\$1,573,500	\$1,327,000	-14.5%	\$1,344,800	1.3%

Clearly, the biggest revenue changes for 2009 are projected to occur in the Sale of Real Property and Permit Processing Fees categories. In the case of the former, the 2009 revenue projection is set substantially higher than the 2008 Budget figure to reflect both actual sale revenues in 2007 as well as the current pace of revenues in 2008. For Permit Processing Fees, projected 2009 revenues are only half the 2008 budgeted figure because of both actual 2007 revenues and an anticipated decline in permitting activity in 2009.

Besides these conventional revenues, DCD's capital improvement program for 2009 includes a revenue estimate of \$4.39 million from developer-financed TIDs. This is slightly higher than the 2008 revenue estimate of \$4.2 million.

Fee Increases

Next year's loss of revenue attributable to the slowdown in the construction industry will be partially offset by increased revenues resulting from DCD fee increases. On September 12, the Common Council passed File Number 080486, an ordinance increasing various City fees, effective January 1, 2009. This ordinance includes 10% average fee increases in each of the following DCD permit and plan examination fee categories:

- Commercial building permits
- Fire protection plan examination
- Residential plan examination
- HVAC plan examination
- Sign/billboard plan examination
- Plumbing plan examination

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