

2020



Legislative Reference Bureau

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# REDEVELOPMENT AUTHORITY

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## 2020 Proposed Plan and Executive Budget Review

Prepared by: Jeff Osterman, Legislative Research Supervisor  
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Version 1.0

# \$6.66 million

Total proposed budget for 2020, an increase of 5.5% from the 2019 Budget of \$6.32 million.

# 54.2%

Increase in withdrawal from RACM General Reserves for 2020 (from \$281,500 in 2019 to \$434,205 in 2020).

# \$600,000

Change in grant funding as a RACM revenue source, from 2019 to 2020, an increase of 18.8%.

# 57.0%

Percentage of RACM's budget to be funded by grant proceeds in 2020, compared to 50.7% in 2019.

## Relationship of RACM to City

The Redevelopment Authority of the City of Milwaukee (RACM) is an independent corporation created by State Statute in 1958. Its mission is to:

- Eliminate blighting conditions that inhibit neighborhood reinvestment.
- Foster and promote business expansion and job creation.
- Facilitate new business and housing development.

RACM has an annual cooperation agreement with the City for the City to provide:

- Management of financial affairs.
- Land use planning and urban design guidance.
- Real estate acquisition and disposition.
- Relocation assistance for displaced families and businesses.

## Staffing Update

- All RACM positions moved to City (DCD) budget in 2018.
- 11 City positions supported by RACM reimbursement in 2020, one less than in 2019 (one vacant position of Development Projects Coordinator is eliminated).

## RACM Board

- 7 Board members.
- All members appointed by the Mayor and approved by the Common Council.
- Board members receive no compensation.
- The Board held 11 regular meetings each in 2016 and 2017 and 10 regular meetings in 2018.
- Board meetings receive City staff support from DCD and the City Attorney's Office.

## Staffing Costs

- 2020 salary reimbursement to City will total approximately \$1.0 million.
- 2020 reimbursement is \$161,000 (-13.4%) less than 2019.
- Reduction stems from both a reduction in the fringe benefit calculation rate (from 45% to 40%) and the reduction in the number of City positions supported by RACM reimbursement.

**\$200,000**

Projected decrease in revenue from dwelling rent (-25.0% from 2019), a reflection of the shrinking inventory of City-owned in rem properties.

**-20.0%**

Projected decrease in RACM revenue from development fees and property sales, based on an anticipated decline in number of properties available for sale.

**\$28,000**

CDBG funding remaining, to be expended for environmental purposes.

**\$1,000,000**

Anticipated WisDOT Transportation Economic Assistance (TEA) grant funding, to be used at Century City for extension of public road and utilities to serve Strauss and other business park companies.

**RACM Operating Expenditures**

	2019 Budget	2020 Proposed
Property Services	\$3,556,500	\$3,979,903
Professional Services	\$2,275,000	\$2,193,842
Loans and Grants	\$300,000	\$300,000
All Other	\$185,000	\$187,460
<b>Total</b>	<b>\$6,316,500</b>	<b>\$6,661,205</b>

**RACM Revenues by Type/Source**

Revenue Type	2019 Budget	2020 Proposed
RACM General	\$3,116,500	\$2,861,205
Property sales	\$1,200,000	\$1,000,000
Dwelling rent	\$800,000	\$600,000
Non-dwell. rent	\$725,000	\$725,000
RACM reserves	\$281,500	\$434,205
Other	\$110,000	\$102,000
Grants/City	\$3,200,000	\$3,800,000
<b>Total</b>	<b>\$6,316,500</b>	<b>\$6,661,205</b>

**Major RACM Grants**

Category	2019	2020
EPA Grants	\$1,500,000	\$1,000,000
WisDOT TEA	\$0	\$1,000,000
US Dept. of Comm./EPA	\$400,000	\$750,000
WEDC Idle Sites Grant	\$650,000	\$500,000
MMSD	\$0	\$500,000
RACM Revolving Loan Fund	\$500,000	\$0

**Grant Funds – Major Uses**

- Brownfields (environmental remediation).
- Grand Trunk Wetland restoration (Inner Harbor), including installation of green infrastructure.
- 30<sup>th</sup> Street Industrial Corridor/Century City redevelopment efforts, including extension of public road and utilities.