

RESEARCH & ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU
EXECUTIVE SUMMARY: 2007 PROPOSED BUDGET – DEPT OF CITY DEVELOPMENT

1. The 2007 Proposed Budget provides the Department of City Development a \$3,511,344 tax levy funded Operating Budget, compared to the \$3,091,483 funded in 2006. This budget is net various reimbursable offsets, including CDBG and other grants. **(Page 5)**
2. In 2007, total authorized positions decrease 2.3% from 261 in 2006, to 255. Five vacant position authorities and related funding are eliminated, and the remaining are transferred to HACM direct or capital funding authorities. A new Youth Development Coordinator position is created to coordinate workforce development initiatives among state, local and private sectors. **(Pages 5-6)**
3. Total tax levy funded Operating Expenditures are \$271,634, the same level provided in 2006. **(Page 7)**
4. The Board of Zoning and Appeals Special Purpose Account funding increases \$5,123 or 1.7% from \$314,468 in 2006 to \$319,591. **(Page 7)**
5. The 2007 Proposed Budget provides various BID projects a total \$187,000 in city contributions through the BID special purpose account. **(Pages 7-9)**
6. The Economic Development Fund Special Purpose Account decreases from \$10,534,254 in 2006, to \$5,975,307 to support various BID projects. **(Pages 7-9)**
7. The Land Management SPA funding remains at \$200,000. **(Pages 7 and 10)**
8. The Milwaukee Arts Board Special Purpose Account funding remains at 2006 levels, \$172,800. **(Pages 7 and 10)**
9. The Milwaukee Fourth of July Commission Special Purpose Account funding remains at 2006 levels, \$130,000. **(Pages 7 and 10)**
10. The Regional Economic Development Initiative SPA is eliminated in 2007. **(Pages 3 and 7)**
11. A new special purpose account, Affordable Housing Initiative, is proposed for 2007. \$250,000 is provided to support purchasing mortgages from Habitat for Humanity. **(Pages 7 and 10)**
12. In 2007, DCD Capital Improvements are funded at \$77,880,000, an increase of \$12,305,000 (18.8%) from the \$65,575,000 provided in 2006. Only budgets for the Advanced Planning Fund and Tax Incremental Districts increased. **(Pages 11-12):**

13. Tax Incremental District related capital funding increases from \$62,200,000 in 2006 to \$74,480,000 in 2007. The department also requests \$60,000,000 contingent borrowing outside the capital improvement budget **(Pages 11-12)**
14. In 2006, the department created and implemented a new Tax Incremental District Application Fee. RACM received approximately \$97,100 total fees through August 30, 2006. **(Page 13)**
15. In 2007, excluding HACM's PILOT payment, Total Estimated Revenue equals \$1,485,100 compared to \$1,472,600 in 2006. The budget line includes only that revenue recognized by the Comptroller. **(Page 13)**
16. DCD anticipates receiving \$4,586,800 grants revenues in 2007, compared to \$5,130,875 in 2006. Because the department offsets personnel costs with CDBG and HOME funding (including reprogramming) annual reduction to entitlements may result in staff layoffs and possibly ending some programs and services. **(Pages 14-16)**
17. In 2007, HACM's estimated funding level decreases \$2,599,369 or 3.2% to \$80,044,311, compared to \$82,643,680 funded in 2006. The department adjusts annual estimates after adoption of the city budget. **(Page 15)**

RESEARCH & ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU

2007 Proposed Budget Summary: Department of City Development

<u>EXPENSE CATEGORY</u>	2005	2006	PCT	2007	PCT
	<u>ACTUAL</u>	<u>ADOPTED</u>	<u>CHANGE</u>	<u>PROPOSED</u>	<u>CHANGE</u>
OPERATING	\$3,091,483	\$3,535,712	+ 14.4%	\$3,511,344	+ 0.7%
CAPITAL	\$25,142,667	\$65,550,000	+ 160.8%	\$77,855,000	+ 18.8%
POSITIONS*	238	261	+ 9.7%	255	- 2.3%
TOTAL FTEs*	221.00	223.81	- 1.3%	238.00	+ 6.4%

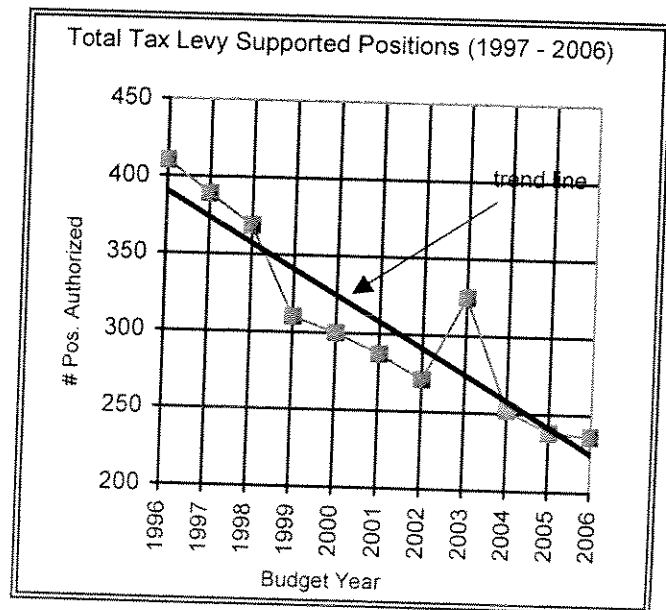
* Excludes HACM, RACM, MEDC, and NIDC direct employees

The Department of City Development (DCD) is responsible for City planning, zoning, housing, redevelopment, and economic development. The Department also provides staff to various City related agencies, which include the Housing Authority of the City of Milwaukee (HACM), the Redevelopment Authority of the City of Milwaukee (RACM), the Milwaukee Economic Development Corporation (MEDC), and the Neighborhood Improvement Development Corporation (NIDC). The Department also staffs the City Plan Commission.

Pertinent Historical Information

Authorized Positions

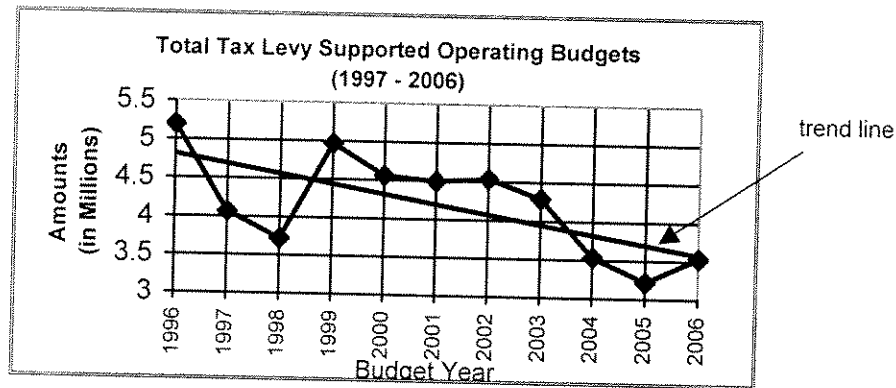
1. The number of authorized positions decreased by 153 or 39.4% from 389 in 1997 to 236 in 2006. Factors that contributed to the drastic decrease involve the following changes:
2. The 1998 Budget shifted the Board of Zoning Appeals (BOZA) to a special purpose account.
3. In 1999, a new Development Center was created; this involved transferring 25 plan examination staff from the Department of Building Inspection (now Neighborhood Services) to DCD.
4. In 1999, 56 positions and functions of the Housing & Neighborhood Development Neighborhood Improvement Development Corporation (NIDC) agency transferred to the Department of Neighborhood Services. In 2003, 60 authorized NIDC positions and funding transferred back to the DCD to support NIDC programs and initiatives. Only 38 positions were funded in 2004, and 21 in 2005.
5. In 2000, funding for 42 FTEs (528 part-time summer positions), the Youth Initiative Program, was eliminated with the understanding that the Private Industry Council would provide this function.



- The department continues to evaluate opportunities to reduce the tax levy impact of personnel by transferring position authority and funding to other agencies administered by DCD.

Tax levy impacts

- Federal, state and private grants, capital improvement budgets, fee and rental revenues, and reimbursements offset the Department of City Development's property tax levy impact.



- Factors including but not limited to decreases in state shared revenues and property tax levy freezes have forced the department to share greater amounts of operating costs with agencies such as HACM, RACM, MEDC and NIDC.

Revenues

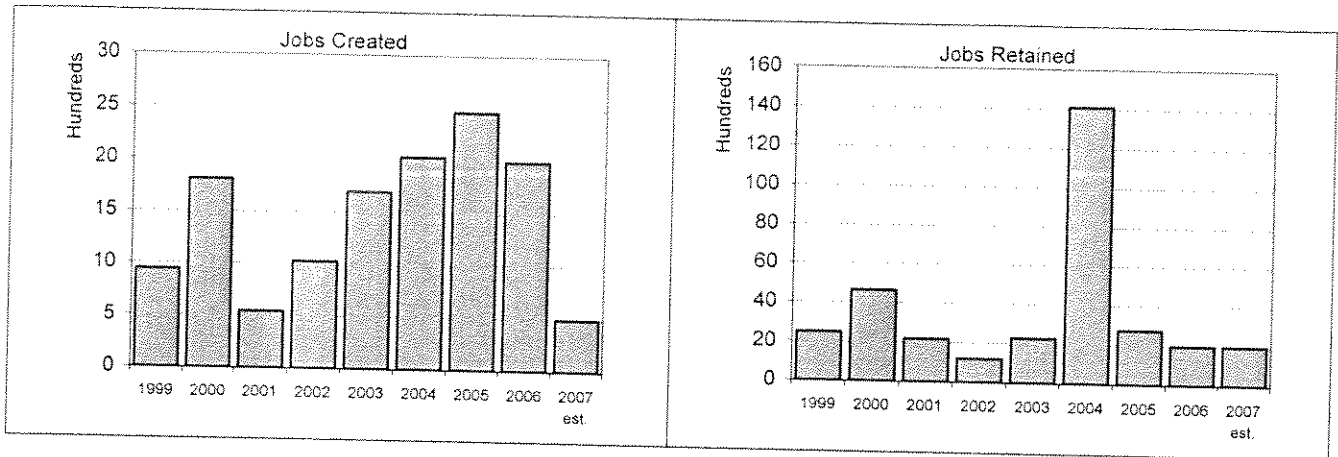
Excluding PILOTs, actual revenues increased by \$3,101,325 or 62.3% from \$4,977,767 in 2000 to \$1,876,442 in 2005.

Performances

When the Department of City Development provides assistance to businesses, it tracks the number of jobs retained and created as a result of that assistance to private business projects.

As depicted in the graphs on page 3, the Department of City Development resources are allocated to support various initiatives that include but are not limited to linking workers to businesses, job creation, job retention, developing new housing units and property sales. For the period 1999 to 2006:

- Jobs retained peaked in 2004 to 14,108 largely due to MEDC business loans and grants.
- Job creation peaked in 2004 to 2,466.



Source: 2000-2003 BMD-2s prepared by the DCD

New housing units and annual property sales are influenced by social-economic factors. The chart shown on this page includes 2002 and 2003 HACM and NIDC activity.

New Special Purpose Accounts Created since 2005

Regional Economic Development Initiative

The 2006 budget created and funded a new account to support a \$12 million multi-year, 7 County job retention, expansion, and attraction campaign spearheaded by the Mayor, Greater Milwaukee Committee and the Milwaukee Metropolitan Association of Commerce. The campaign analyzed best practice models from cities like Cincinnati, Columbus, Cleveland, Chicago, Atlanta, and other major metropolitan areas. Over 5 years, the anticipated cost investment needed is \$12 million, primarily from private sources. The Regional Economic Development Initiative provided \$50,000 as the City's contribution toward the project. No special purpose account contributions are proposed in 2007.

Land Management Special Purpose Account

Currently, DCD is the only agency that accepts, manages, and markets tax-foreclosed property. In the past, the department received resources from both the City budget and CDBG budget for this function. In 2006, the department was required to comply with HUD mandates to not expend federal CDBG monies on properties held by the city for more than 3 years. The 2006 budget created and funded an alternate resource to managing the properties, a Land Management Special Purpose Account.

Grants – RACM and City

Redevelopment is supported by property tax and various grants that DCD and RACM apply for. The table on the next page lists projects supported by the grantors' aid in years 2005, 2006, and projected in 2007.

GRANTS	GRANT AMT	MATCH	SUB- TOTAL	TOTAL	
Brownfield Revolving Loan Fund	\$1,000,000		\$1,000,000	\$1,000,000	
EPA – Brownfield Clean-up Grant				\$4,640,000	
Revolving Loan Fund-04	1,000,000	200,000	1,200,000		
Petroleum Assessment-04	400,000		400,000		
King & Hadley/Airline Yard Cleanup-04	400,000	80,000	480,000		
Revolving Loan Funds-05	1,000,000	200,000	1,200,000		
Petroleum Assessment-05	400,000		400,000		
King & Hadley/Airline Yard Cleanup-05	800,000	160,000	960,000		
Midtown Economic Development-WisDOT Grant	250,000			250,000	
Blouder Venter, Inc. Grant	20,000			20,000	
Metcalfe Park/Menomonee Valley Grant	925,000			925,000	
Fond Du Lac Ave-Economic Development Grant WisDOT Grant	1,000,000			1,000,000	
Brownfield Site Assessment Grant – DNR	500,000	500,000	700,000	700,000	
Brownfield Site Assessment Grant – DNR/CITY	280,000	280,000	560,000	560,000	
Wisc. Coastal Mgmt Grant-Beerline B Kilbourn Pk	1,168,016	2,195,026	3,363,042	3,363,042	
Sustainable Urban Development Zone Grant	971,429		971,429	971,429	
CMC Shops – Menomonee Valley Grants				1,927,613	
Neighborhood Initiative Grant	1,197,000		1,197,000		
Economic Development Initiative Grant	670,613		670,613		
16 th Street Community Health Center Grant	60,000		60,000		
EPA Brownfield Assessment Pilot Program	850,000	545,000	1,395,000	1,395,000	
Remediation & Econ Devel. Grant/Valley/State					
Fiscal Year 2000-Q1	900,000		900,000	900,000	
Fiscal Year 2002-2003	900,000		900,000	900,000	
Brownfield Econ Initiative Grant/Valley CMC Shops				12,000,000	<i>Pending</i>
BEDI Grant	2,000,000		2,000,000		
Section 108 Loan	10,000,000		10,000,000		
EPA Revolving Loan Fund - #2	1,000,000	250,000	1,250,000		<i>Pending</i>
Neighborhood Initiative Grant – Valley	1,000,000		1,000,000	1,000,000	
Groundworks Milwaukee – Feasibility Study	10,000		10,000	10,000	
Groundworks Milwaukee Grant	90,000	90,000	180,000	180,000	
Economic Development Initiative Grants					
Vliet Street				173,968	
Riverwest	173,968		173,968		
Tower Automotive	297,000		297,000		<i>Pending</i>
Bronzeville	248,000		248,000		<i>Pending</i>
	198,000		198,000		<i>Pending</i>

Source: DCD spreadsheet dated 8/28/2006

2007 PROPOSED BUDGET HIGHLIGHTS and CHANGES

The 2007 Proposed Budget provides the Department of City Development a \$3,511,344 tax levy funded Operating Budget, compared to the \$3,091,483 funded in 2006. This budget is net various reimbursable offsets, including CDBG and other grants.

INITIATIVES

In 2007, the Department of City Development will continue to develop the following initiatives:

Continuing	New
<ul style="list-style-type: none"> ▪ Workforce development ▪ Regional economic development ▪ Job Corps training facility ▪ Electronic permitting system ▪ Revise code for disposing of real estate ▪ Improve GIS capabilities ▪ Integrate DCD/BOZA master databases 	<ul style="list-style-type: none"> ▪ 440th Wing Facility Project ▪ Affordable housing initiative ▪ Reduce TID impact on tax levy ▪ Develop residential housing prototypes ▪ Pabst Redevelopment (TID) ▪ Veterans Administration (TID) ▪ Explore options to reduce-eliminate post-foreclosure maintenance costs

PERSONNEL CHANGES

The 2007 Proposed Budget provides \$2,221,658 Net Salaries and Wages for 255 personnel, compared to \$1,888,577 Net Salaries and Wages for 261 personnel in 2006. As of August 30, 2006, the DCD maintained 32 vacant positions, according to reasons provided by the department:

Received Authorization to Fill - Recruitment Underway	
<ul style="list-style-type: none"> 1 - Senior Planner 1 - Associate Planner (Capital) 1 - Accounting Supervisor (HACM) 	<ul style="list-style-type: none"> 1 - Geographic Information Specialist 1 - Office Assistant IV – Development Center
Non-O&M Positions – Plans to Request Authority to Fill	
<ul style="list-style-type: none"> 1 - Lead Housing Maint. Mechanic (HACM) 2 - Bldg Maintenance Mech. I (HACM) 3 - Bldg Maintenance Mech. II (HACM) 2 - Housing Manager II (HACM) 1 - Personnel Officer (HACM) 	<ul style="list-style-type: none"> 2 - Office Assistant II – Rent Assist. (HACM) 1 - Office Assistant III – Rent Assist. (HACM) 1 - Housing Construction Manager (HACM) 3 - Custodial Worker II City Laborer (HACM) 1 - Accounting Manager (HACM/NIDC)
Filled Positions Whose Authority Transfers from Tax Levy to RACM, HACM or MEDC	
<ul style="list-style-type: none"> 1 - Accountant II (RACM) 1 - Plan Examiner Assist. Supervisor (HACM) 1 - Planning Director (UWM Contract) 	<ul style="list-style-type: none"> 1 - MEDC Director (MEDC) 1 - Zoning & Development Coordinator (NIDC) 1 - Economic Development Specialist (RACM) 1 - Real Estate Specialist I (RACM Capital)
Eliminate Vacant Positions in 2007	
<ul style="list-style-type: none"> 1 - Planning Administration Mgr (Reclassified) 1 - Plan Examiner Specialist (Possible) 1 - Program Assistant II 	<ul style="list-style-type: none"> 1 - Office Assistant III – NIDC (CDBG) 1 - Accountant II 1 - Office Assistant IV

The primary reason for not filling vacancies is due to funding constraints and shortages. Other changes involving transferring position authority and funding from the tax levy to off-budget accounts held by RACM, MEDC, HACM or capital improvement budgets. The department reported that no personnel will be laid off.

General Management & Policy Development (Org 1910)

- Create 1 Youth Development Coordinator (SG 8); \$54,814 plus fringe benefit tax levy impact to coordinate workforce development initiatives among state, local and private sectors
- Zoning & Development Coordinator (PR 587) incumbent position in the Development Center transferred to Development Manager (SG 9) position which moves from the Urban Development section to the Office of the Commissioner
- Move Economic Development Marketing Manager (SG 9) position from the MEDC section to the Urban Development section
- Create Program Manager (SG 6) in Urban Development section
- Move position and funding authority for a Real Estate Specialist (SG 6) and a Database Specialist (PR 534) from Redevelopment section to Real Estate & Property Management section. These positions become RACM direct.
- Eliminate tax levy authority and funding for Planning Administration Manager (SG 10) in Development Center. This position was reclassified as Assistant Planning Director in 2006.
- Eliminate tax levy position authority and funding for 1 Office Assistant III (PR 425) in Housing Rehab & Development Services section, 1 Accountant II (PR 594) in General Accounting section, and 1 Program Assistant II (PR 530) in the Purchasing section. These positions become HACM direct.

Public Housing Programs (Org 1911)

- Move position and funding authority for 1 Building Maintenance Mechanic II (PR 248) from Family Housing unit to Elderly & Disabled Housing unit
- Move position and funding authority for 1 Building Maintenance Mechanic I (PR 235) from Elderly & Disabled Housing unit to Family Housing unit
- Transfer position and funding authority for 2 Housing Manager II (SG 4) and 1 Office Assistant IV (PR 445) in the Elderly & Disabled Housing unit from the tax levy to HACM
- Reclassify 1 Rent Assistance Coordinator (PR 547) to Administrative Specialist Senior in the Rental Assistance Program Section 8 Housing unit

Community Planning & Development Services (Org 1913)

- No positions are proposed for elimination or creation in 2007.

OPERATING BUDGET COMPARISONS

In 2007, total tax levy funded Operating Expenditures is \$271,634, the same level funded in 2006, funding each budget line at 2006 levels.

SPECIAL FUNDS

In 2007, the proposed funding for Special Funds-Economic Development Marketing is \$84,957, the same level provided in years 2005 and 2006.

EQUIPMENT PURCHASES

None.

SPECIAL PURPOSE/REVENUE ACCOUNTS

2007 PROPOSED SPECIAL PURPOSE/REVENUE ACCOUNTS – DCD				
	2006	2007		%
	<u>BUDGET</u>	<u>PROPOSED</u>	<u>CHANGE</u>	<u>CHANGE</u>
Board of Zoning Appeals	\$314,468	\$319,591	+\$5,123	+1.7%
Business Improvement Districts	\$187,000	\$187,000	-0-	0.0%
Economic Development Fund	\$10,534,254	\$5,975,307	-\$4,558,947	-43.3%
Land Management	\$200,000	\$200,000	-0-	0.0%
Milwaukee Arts Board-Projects	\$172,800	\$172,800	-0-	0.0%
Milwaukee Fourth Of July Commission	\$130,000	\$130,000	-0-	0.0%
Regional Economic Development Initiative*	\$50,000	-0-	-\$50,000	-100.00%
Affordable Housing Initiative (<i>NEW</i>)	\$-0-	\$250,000	+\$250,000	N/A
TOTAL	\$11,588,522	\$7,234,698	-\$4,353,824	-37.6%

*Created in 2006; eliminated in 2007

Board of Zoning Appeals - The 1998 Budget shifted the Board of Zoning Appeals (BOZA) to a special purpose account (SPA). The 2007 Proposed Budget provides \$319,591 for BOZA salaries, fringes, and operating expenditures, compared to \$314,468 provided in 2006. The \$5,123 or 1.7% increase is due to increased personnel costs, excluding those for Board of Zoning Appeals members and Alternate Board of Zoning Appeals members. Total Operating Expenditures remains at \$51,494, unchanged since 2002. The 2007 Proposed Budget estimates BOZA will generate \$205,000 in revenue, a \$4,000, or 2.0% decrease compared to the \$209,000 projected for 2006.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$281,828	\$314,468	+ 11.6%	\$319,591	+ 1.7%

Business Improvement Districts – Beginning in 2003, BID self-supporting activity and loan repayment funds have moved from the BID Special Purpose Account to the new Economic Development Fund Special Purpose Account. The 2007 Proposed Budget provides \$187,000 for city contributions to BIDs, compared to \$187,000 in 2005 and 2006, and \$169,000 in 2004. The table on page 9 lists the proposed city contribution distributions.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$187,000	\$187,000	- 0 -	\$187,000	- 0 -

Economic Development Fund – Created in 2003, this special purpose account receives BID self-supporting activity and loan repayment funds that were previously applied to the BID special purpose account. The 2007 Proposed Budget provides \$5,975,307 for 2007 activities, compared to \$10,534,254 in 2006.

Beginning in 2006, Excess TID Revenues moved from the Excess TID Revenues SPA (discontinued in 2004 when no closeouts were anticipated) to the Economic Development Fund SPA. Excess funds are estimated when one or more TIDs closeout. Those net excess revenues must be distributed to other taxing jurisdictions such as MATC, MPS, and Milwaukee County and the City's share is recorded to General Fund Revenues.

The 2007 Proposed BID activity is shown on page 9. As conditions within the Business Improvement Districts improve, property values should increase, providing increased tax revenues. Exempt properties are not on the tax roll, imposing an adverse effect on the BID property tax base.

The proposed BID activity level is subject to change any time before the Community and Economic Development Committee and the Common Council adoption of the Year 2007 Operation Plans resolution for 2007 BID activities.

EXPENDITURE TRENDS				
(Includes BID assessments and Excess TID Revenues)				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$4,911,489	\$10,534,254	+ 114.5%	\$5,975,307	+ 43.3%

EXPENDITURE TRENDS				
(BID assessments only, excluding Excess TID Revenues)				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$4,911,489	\$5,784,254	+ 17.8%	\$5,975,307	+ 3.3%

2007 SPECIAL PURPOSE ACCOUNT-BUSINESS IMPROVEMENTS DISTRICT and
2007 SPECIAL REVENUE ACCOUNT-ECONOMIC DEVELOPMENT FUNDING

The 2007 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID No.</u>	<u>BID NAME</u>	<u>CITY</u> <u>GRANT</u>	<u>SELF</u> <u>SUPPORTING</u>	<u>LOAN</u> <u>REPAYMENT</u>	<u>TOTAL</u> <u>PAYOUT</u>
2	Historic 3rd Ward	\$ 36,000	\$ 469,350	\$ 83,732	\$ 589,082
3	Riverwalk		-	111,276	111,276
4	Greater Mitchell St.	25,000	-	-	25,000
5	Westown	18,000	120,756	-	138,756
8	Historic King Dr.	21,000	94,468	-	115,468
9	735 W Water - Riverwalk		168,105	22,677	190,782
10	Avenues West	12,000	140,026	-	152,026
11	Brady St. Business Area		111,810	58,698	170,508
13	Oakland Ave.		52,000	-	52,000
15	Riverwalks	40,000	-	384,286	424,286
16	Uptown Triangle		51,194	43,194	94,388
17	Northwest Area Business / 76th & Brown Deer		30,263	16,537	46,800
19	Villard		65,222	26,489	91,711
20	North Ave./ Prospect/ Farwell		122,750	64,241	186,991
21	Downtown Mgmt District	35,000	2,672,652	-	2,707,652
25	Riverworks		131,927	44,895	176,822
26	The Valley (Menomonee)		23,372	-	23,372
27	Burleigh/ Sherman		49,158	-	49,158
28	North Avenue Gateway District		33,459	-	33,459
29	(ACT) Atkinson/ Capital/ Teutonia		85,188	-	85,188
31	Havenswood - National Avenue		154,012	-	154,012
32	North Avenue Market Place		71,281	-	71,281
35	Becher/KK		19,645	-	19,645
36	Riverworks II		37,099	-	37,099
37	ICC		164,107	-	164,107
38	Cesar E. Chavez Dr.		28,080	-	28,080
39	Center Street Market Place		48,358	-	48,358
40	AGBA-Airport Gateway		75,000	-	75,000
41	National		50,000	-	50,000
42	Lincoln		50,000	-	50,000
* Subtotals Proposed (subject to change by amendment)		\$ 187,000	5,119,282	\$ 856,025	\$ 6,162,307
Excess TID Revenues		\$ -	\$ -	\$ -	\$ -
Total Proposed Economic Development Fund (Self support + loan repayments)					<u>\$5,975,307</u>

City Contributions - The \$187,000 city contributions funding is budgeted in the Business Improvement District Special Purpose Account.

Self-Supporting Funds - Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Loan Repayments - Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Land Management Fund – Created in 2006, the purpose of the land management fund is to fund tax deed property management when CDBG funding is no longer available. Federal regulations limit the period that the city can manage vacant parcels that are funded with CDBG monies to 3 years, after which, alternative funding sources must be secured to continue the necessary property maintenance such as snow removal, mowing, marketing, etc.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$-0-	\$200,000	n/a	\$200,000	0.0%

Milwaukee Arts Board Projects - The 2007 Proposed Budget provides \$172,800 for this special purpose account, the same level provided in 2006, to fund activities that promote and support cultural diversity in the artistic life of the City, the formation and growth of programs, and the development and enjoyment of the arts.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$139,585	\$172,800	+ 23.8%%	\$172,800	-0-%

Milwaukee Fourth of July Commission - The Fourth of July Commission was created under Section 320-25 of the Milwaukee Code and is responsible for providing suitable activities for the celebration of the Fourth of July in 16 Milwaukee County parks. The 2007 Proposed Budget provides \$130,000 for this special purpose account to pay for event prizes, contracted musicians, and miscellaneous event costs associated with the Fourth of July celebration.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$126,936	\$130,000	+ 2.5%	\$130,000	-0-%

Affordable Housing Initiative NEW - In 2007, an Affordable Housing Initiative Special Purpose Account is created to provide an alternative funding source to complement the City of Milwaukee affordable housing portfolio through partnership with Habitat for Humanity and other private and public partners. The initial fund provides for purchasing approximately 5 – 10 Habitat for Humanity mortgages that will be added to the City’s property inventory for sale to low to moderate-income households. This account has a tax levy impact.

Still in the planning stage, the Department of City Development continues to develop the operation and funding strategies required to sustain this initiative including designing a revolving loan program to receive mortgage repayments, private or public donations.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$-0-	\$-0-	N/A	\$250,000	N/A

CAPITAL IMPROVEMENT ACCOUNTS

The 2007 Proposed Budget provides \$77,880,000 for DCD capital improvement accounts, an increase of \$12,305,000 (18.8%) from the \$65,575,000 provided in 2006. Various proposed department priority capital project listings require the following capital budgets in 2007:

CAPITAL ACCOUNTS	2006 BUDGET	2007 PROPOSED	2006-2007 CHANGE	2006-2007 %
ADVANCED PLANNING FUND	150,000	175,000	+ \$25,000	+ 16.7%
BUSINESS IMPROVEMENT DISTRICT	500,000	500,000	\$-0-	0.0%
DEVELOPMENT FUND	2,200,000	2,200,000	\$-0-	0.0%
MUNICIPAL ART FUND	25,000	25,000	\$-0-	0.0%
NEIGHBORHOOD COMMERCIAL DISTRICT - STREET IMPROVEMENT FUND	500,000	500,000	\$-0-	0.0%
TAX INCREMENTAL DISTRICTS				
New Borrowing				
Existing TIDs*	16,000,000	23,112,000	+ 7,112,000	+ 44.5%
Potentially new TIDs	28,300,000	38,880,000	+ 10,580,000	+ 37.4%
TOTAL (excluding Developer Financed and, in 2006, capitalized interest)	44,300,000	61,992,000	+ \$17,692,000	+ 40.0%
TID DEVELOPER INCREMENT PAYMENTS	4,200,000	4,200,000	\$-0-	0.0%
Potential Developer Financed TIDs	\$12,200,000	\$1,400,000		
CAPITALIZED INTEREST	1,500,000	6,888,000	+ \$5,388,000	+ 359.2%
Total TID Related Capital Improvement Budgets	\$62,200,000	\$74,480,000	+ 12,280,000	+ 19.7%
TOTALS	\$65,575,000	\$77,880,000	+ \$12,305,000	+ 18.8%

Advanced Planning Fund - \$175,000

The 2007 Proposed budget provides \$175,000 for preliminary planning studies and research costs for economic studies, special engineering and technical studies and comprehensive plans. A preliminary priority schedule allocates the funds accordingly:

- Economic Studies, \$20,000
- Special Engineering & Technical Study, \$20,000
- Comprehensive Plan - Villard Avenue, \$25,000
- Comprehensive Plan - Near Northside, \$37,500 (per CCFN 051246 adopted 2/7/06)
- Comprehensive Plan - Near Southside, \$37,500 (per CCFN 051246 adopted 2/7/06)
- Comprehensive Plan - unallocated, \$35,000

Business Improvement Districts - \$500,000

In 2007, this capital account is funded at \$500,000, per year to provide prevailing market rate interest loans to qualifying Business Improvement Districts. DCD prepares annual priority lists, without firm fund commitments, for various BID Fund projects. A FMIS report generated on September 29, 2006, recorded a \$1,993,954 available balance for existing and new projects.

Development Fund - \$2,200,000

The 2007 Proposed budget provides \$2.2 million. Generally, the Fund assists projects that do not qualify for TID classification. The department proposes using the appropriation to fund priority projects, including façade grants, the façade loan program, retail investment fund, brownfield cleanups, business improvement district support, commercial revitalization, job training, new homes incentives, and neighborhood street improvement/spot. A FMIS report generated on September 29, 2006, recorded a \$5,276,286 available balance for existing and new projects.

Neighborhood Commercial Development District Street Improvement Fund - \$500,000

As has been the case in prior budgets, the 2007 Proposed Budget provides \$500,000 to support commercial district streetscape projects through the Neighborhood Commercial District Street Improvement fund. Examples of eligible projects include landscape, streetscape, lighting and banner installations. A FMIS report generated on September 29, 2006, recorded a \$1,412,500 balance available balance for existing and new projects.

Municipal Art Fund – \$25,000

Pursuant to 304-27 of the Milwaukee Code of Ordinance, the Municipal Art Fund appropriations for capital expenditures are set aside for the acquisition of works of art to be used for city buildings and public facilities in order to encourage an appreciation of the visual arts and the development of artists and craftsmen. The project continues to be funded at \$25,000 annually.

Tax Incremental Financed Urban Renewal Projects - \$74,480,000

In 2007, the Department of City Development proposes funding Tax Incremental Districts (TIDs) using three primary capital improvement budgets; (1) \$61,992,000 for TID new borrowing compared to \$44,300,000 in 2006, (2) \$4.2 million for TID Developer Revenues plus \$1,400,000 for Potential Developer Financed TIDs, and (3) \$6,888,000 for Capital Interest capital improvement costs compared to \$1.5 million budgeted in 2006. The Administration has initiated the formation of a work group to address TID debt issues and structures so that TID projects have a less volatile impact on the tax levy (2007 Proposed Plan & Exec. Budget, p. 168).

The Commissioner's letter dated May 3, 2006 requested \$60,500,000 in Contingent Borrowing for tax incremental districts (\$60 million) and the ADA Riverwalk Settlement (\$500,000). Contingent authority expires annually.

OTHER ECONOMIC DEVELOPMENT PROJECTS

2006 Reprogramming Federal Grants

On May 31, 2006, the Common Council adopted Resolution No. 060057, authorizing a \$1,300,875 2006 HOME reprogramming allocation to the Department of City Development to support various housing and economic initiatives such as TIN (targeted investment neighborhoods), Rental rehabilitation and the Owner-occupied home rehabilitation programs.

The Common Council also adopted Resolution No. 060056, authorizing a \$30,000 CDBG 2006 CDBG reprogramming allocation for environmental reviews.

Main Street

The Main Street Pool requests a \$280,000 CDBG allocation, the same level provided in 2006. Milwaukee's Main Street Districts include SoHi along N. 27th Street, the Mosaic District on Burleigh, the Lincoln Avenue District and the Silver City District along W. National Avenue.

REVENUES

In 2006, the department created and implemented a new Tax Incremental District Application Fee. RACM received approximately \$97,100 total fees through August 30, 2006.

In 2007, Total Estimated Revenue equals \$1,485,100 compared to \$1,472,600 in 2006. The budget line includes only revenue that has been recognized by the Comptroller. These estimates exclude the HACM payment in lieu of taxes (PILOT) and other revenue estimates for agencies administered by the DCD (NIDC, RACM, HACM and MEDC) whose budgets are not under the control of the Common Council.

Description/Type	2006 Estimate	2007 Estimate	Change
Zoning Change Fees	\$ 45,000	\$ 60,000	+ 15,000
Plan Exam - DCD	613,900	597,300	- 16,600
Charges for Services	513,700	477,800	- 35,900
Miscellaneous – DCD Property Sales	50,000	100,000	+ 50,000
Rent	250,000	250,000	-0-
<i>Total Estimated Revenues, excluding HACM PILOT</i>	<u>\$1,472,600</u>	<u>\$1,485,100</u>	<u>+\$12,500</u>

The Zoning Charge Fees and Plan Exam fees are budgeted as Licenses and Permits in the general city revenue category, and Property Sales and Rent are budgeted under Miscellaneous. Recognizable revenue in these categories decreases by 0.3% and 37.3%, respectively.

DEPARTMENT OF CITY DEVELOPMENT'S (DCD) 2007 ESTIMATED REVENUES (Source: 2007 BMD-2)					
	2005	2006	% Change	2007	% Change
CHARGES FOR SERVICES	\$467,200	\$513,700	+ 10.0%	\$477,800	- 7.0%
LICENSES AND PERMITS	\$583,000	\$658,900	+ 13.1%	\$657,300	- 0.3%
<u>MISCELLANEOUS</u>	<u>\$315,000</u>	<u>\$255,000</u>	+ 19.1%	<u>\$350,000</u>	+ 37.3%
TOTAL	\$1,365,200	\$1,427,600	+ 4.6%	\$1,485,100	+ 4.1%

GRANTS

Based on 2007 Grant Revenue Estimation and DOA-Block Grant Administration's Year 2007 Request for Proposal by Category Entitle Funds worksheets, DCD anticipates receiving \$1.8 million revenue in 2007, a \$297,000 or 19% increase compared to 2006. The proposed budget includes a new U. S. Department of Commerce Economic Development Grant funded at \$500,000.

DEPARTMENT OF CITY DEVELOPMENT'S (DCD) 2007 ESTIMATED GRANT REVENUES			
Grantor	Project	2006	2007
CDBG for DCD/NIDC/RACM	Various	\$3,196,875	\$1,652,800
MEDC	Loan Specialist Position (Salaries & Fringes)	\$60,000	\$60,000
State Historical Society of WI (50%)	Historic Preservation Grant	\$10,000	\$10,000
U.S. Department of EPA	Brownfield (Various)	\$500,000	\$1,000,000
State of Wisconsin (80%)	Brownfield environmental studies	\$300,000	\$300,000
U.S. Department of HUD (100%)	Economic Development Initiatives Grant (Industries)	\$1,000,000	\$1,000,000
WI Arts Board (50%)	Arts Board	\$64,000	\$64,000
U.S. Department of Commerce (100%)	Environmental studies	\$-0-	\$500,000
TOTAL		\$5,130,875	\$4,586,800

AGENCIES STAFFED BY THE DEPARTMENT OF CITY DEVELOPMENT

The following discussion relates to activities of various agencies administered by the Department of City Development. The budgets of these agencies are not under the control of the Common Council. These agencies assisted in developing housing units throughout the city. In collaboration with DCD, these agencies added approximately 1,900 affordable housing units throughout the city in 2005. Housing activities will be funded in large part using CDBG, HOME and Tax Incremental District Capital Improvement financing.

The Department of City Development presented the following 2007 CDBG funding scenario.

<u>2007 CDBG Allocations (see page 15 for RACM)</u>		<u>2007 HOME Allocations</u>	
Admin – Historic Preservation	\$ 97,800	DCD Affordable Housing	\$217,600
Administration – DCD	\$300,452	DCD Owner-Occupied	\$217,600
Mainstreets	\$ 70,000	DCD Rent Rehab	\$217,600
Façade Improvement Grants	\$150,000	DCD Housing Program Income	\$1,000,000
Retail Investment Fund	\$100,000		
Summer Youth Internship	\$300,000		
Housing-Affordable Housing	\$ 50,000		
Owner-Occupied, Home Rehab	\$313,160		
DCD Housing Program Income	\$650,000		

Redevelopment Authority of the City of Milwaukee (RACM)

Non-CDBG grants received by RACM are not under the control of the Common Council. The Common Council adopts annual CDBG entitlements and reprogramming allocations under actions separate from the city budget. \$1,687,944 in requested YR 2007 CDBG entitlements funding support activities such as:

- \$358,384 RACM Land Management
- \$191,799 Brownfield Initiatives
- \$564,548 Administration
- \$518,213 RACM Spot Acquisition
- \$25,000 Renewal Communities Planning & Implementation
- \$30,000 Planning Review (NEW in 2007)

Housing Authority of the City of Milwaukee (HACM)

Funding: The U.S. Department of Housing and Urban Development (HUD) provides the principal funding for HACM activities.

The 2007 Proposed budget provides for a \$850,000 Taxes and Payments in Lieu of Taxes remittance to the City from the Housing Authority, compared to \$850,000 budgeted in 2006 and \$923,419 provided in 2005. Several HACM projects qualify for HUD grants, tax credits, or receive other private and public sector funding. The department adjusts annual estimates **after the city budget is adopted**.

Program	2006 Funding Level	2007 Estimated Funding Level	2006 – 2007 Change	% Change 2006 Funding to 2007 Estimate
PUBLIC HOUSING PROGRAMS:				
1. LOW INCOME HOUSING				
Subtotal:	<u>\$23,809,920</u>	<u>\$23,000,000</u>	<u>-\$809,920</u>	<u>-3.4%</u>
2. Capital Funding Program (Oct-Sept)	7,833,037	7,800,000	-33,037	-0.5%
3. URBAN REVITALIZATION (HOPE VI)				
Highland	3,800,000	3,000,000	-800,000	-21.1%
Scattered Sites	3,490,000	2,900,000	-590,000	-16.9%
Cherry	410,000	200,000	-210,000	-51.3%
4. RENT ASSISTANCE PROGRAM	30,051,201	30,051,201	-0--	0.0%
5. VETERANS HOUSING			-0-	
- Operating & Maintenance	5,898,250	5,898,250	-0-	0.0%
6. Resident Service Delivery	65,000	65,000	-0-	0.0%
7. Resident Opportunities-Self Sufficiency	300,000	300,000	-0-	0.0%
Total:	<u>\$82,643,680</u>	<u>\$80,044,311</u>	<u>-\$2,599,369</u>	<u>-3.2%</u>

SOURCE: D:\D.XLN SPREADSHEET DATED 4-4-2006

Neighborhood Improvement Development Corporation (NIDC)

Sixty authorized positions returned to the Department of City Development in 2003 although several were vacant and unfunded. The number of positions funded has decreased steadily over the past several years from 38 positions in 2004, 21 in 2005, and 20 in 2006 and 2007. In 2005, DCD integrated all NIDC programs, staff, and its various budgets (CDBG, HOME, Reprogramming, Program Income, etc.) into the DCD department structure. Before returning to DCD, annual CDBG, HOME, and program income supported the following NIDC activities:

- Targeted Investment Neighborhood Program (TIN)
- Assist in Creating Tax Incremental Districts
- Loan Portfolio Management and Administration
- Rental Rehabilitation Loan Program
- CityHomes Phase II
- Acquire/Rehab/Sell Program
- New Home Construction / Production

NIDC made loans to home owner-occupants and property owners who used the loans to renovate their property. As with loans taken out from private banks, these loans are repayable over a period of years (program income). The portfolio consists of all loans for which borrowers continue to make repayments. According to DCD, "because all personnel who support NIDC are now City employees, rather than direct NIDC employees, the NIDC Board authorized that the loan portfolio be carried on the City's books as of December 31, 2005 valued at \$13,435,547 (HOME) and \$5,671,617 (CDBG). In 2005, NIDC reimbursed \$1,646,906 of its total \$4,260,035 revenues in salary, fringe benefits and other operating costs.

DCD anticipates receiving YR 2007 CDBG entitlements and YR 2007 HOME entitlement funding to continue DCD-NIDC activities. HOME funding goes directly into the projects. NIDC does not receive entitlements for an Administration funding category.

Milwaukee Economic Development Corporation (MEDC)

The City provides most staffing and other services to MEDC through the Department of City Development under a service agreement that the Common Council periodically reviews. The current activities include:

- Support early stage technology companies
- Provide small business loans
- Collaborate with private and public agencies on Milwaukee's redevelopment strategy

Prepared by: Emma J. Stamps
LRB Fiscal Review Section
October 4, 2006

2007 SPECIAL PURPOSE ACCOUNT: BOARD OF ZONING APPEALS

PURPOSE

The Board of Zoning Appeals (BOZA) is composed of five members and two alternates appointed by the Mayor, subject to confirmation by the Common Council. The Board's duty is to approve or deny special uses and variances, and hear and decide appeals of rulings from city departments on city zoning ordinances.

For several years, funding for BOZA support staff was budgeted within the Department of City Development operating budget while a Special Purpose Account provided for BOZA board members salaries.

In 1998, Council-initiated legislation made BOZA a separate budgetary entity, using the Salary Ordinance to control commission members' salaries.

The account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Generally, incremental salary and fringe benefit adjustments have increased annual budgets while the operating budget increased modestly over past years. Any shortages due to wage negotiations are drawn from the Wages Supplement Fund Special Purpose account.

The 2007 Proposed Operating budget provides \$319,591, an increase of \$5,123 or 1.7% compared to \$314,468 provided in 2006. The budget provides \$268,094 in salary and fringe benefits to support 11 positions or 3.0 FTE staff. Operating Expenditures funding remains constant at \$51,494, a level unchanged since 2002.

The 2007 Proposed Budget estimates BOZA will generate \$205,000 in revenue, a \$4,000, or 2.0% decrease compared to the \$209,000 projected for 2006.

OTHER INFORMATION

The Board and staff (11 personnel that share 3.0 FTEs) works within city and state law to achieve a goal of hearing 50% of its caseload within 1 hearing cycle (routine appeal).

Cases:

In 2004, 485 of 905 routine appeals required on average, 44 days to complete. In 2005, 464 of 851 routine appeals averaged 41 days to complete. Through August 25, 2006, 238 of 477 routine appeals averaged 37 days to complete.

Technology:

BOZA continues to recognize efficiencies by centralizing information into DCD's Master Customer Database, allowing it to share case information with the Plan Review System and compare addresses against the city's Master Address Index (MAI) that contains all known valid addresses.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budget</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$ 281,690	\$ 314,468	+ 11.7 %	\$ 319,591	+ 1.7 %

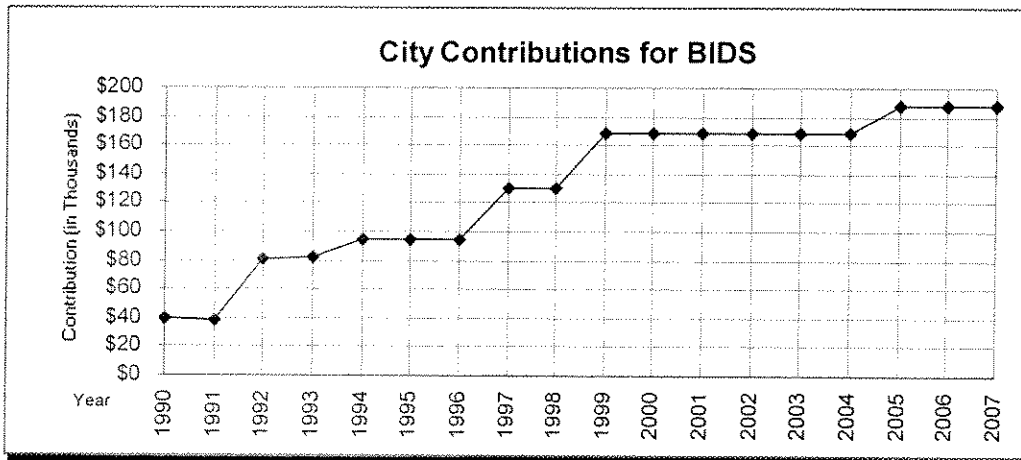
Prepared By: Emma J. Stamps (286-8666)
LRB – Research and Analysis Section
October 2, 2006

2007 SPECIAL PURPOSE ACCOUNT: BUSINESS IMPROVEMENT DISTRICTS (BIDs)

PURPOSE

Cities are authorized under state statute (s.66.1109) to establish BIDs consisting of contiguous parcels for promoting business development. Public improvements or operating activities within the district are financed through property tax levies on non-residential property. BID plans are subject to City Plan Commission and Common Council approval and may not proceed if owners of 40% or more of the assessed value of the proposed assessable property file an objection. BID Boards have at least five members appointed by the Mayor, subject to confirmation by the Common Council.

The tax levy impact varies; the funding decision is discretionary. In some cases, the City has contributed tax levy funding for BIDs. City support increased from \$39,246 in 1990, to \$130,000 during 1997 and 1998, and annual city support rose to \$169,000 from 1999 to 2004. The 2007 Proposed Budget lists \$187,000, unchanged from 2005 and 2006.



FACTORS AFFECTING FUND LEVEL

Beginning in 2003, this special purpose account only provides for city contributions. All other BID funding have moved from this Special Purpose Account to a new Economic Development Fund.

DEPARTMENT MANAGING ACCOUNT

The Department of City Development assists in BID planning, and provides technical assistance.

EXPENDITURE TRENDS				
2005	2006		2007	
<u>Actual</u>	<u>Budgeted</u>	<u>% Change</u>	<u>Proposed</u>	<u>% Change</u>
\$ 187,000	\$ 187,000	- 0 - %	\$ 187,000	- 0 - %

2007 PROPOSED BUDGET BID FUNDING

The 2007 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID No.</u>	<u>BID NAME</u>	<u>CITY GRANT</u>	<u>SELF SUPPORTING</u>	<u>LOAN REPAYMENT</u>	<u>TOTAL PAYOUT</u>
2	Historic 3rd Ward	\$ 36,000	\$ 469,350	\$ 83,732	\$ 589,082
3	Riverwalk		-	111,276	111,276
4	Greater Mitchell St.	25,000	-	-	25,000
5	Westown	18,000	120,756	-	138,756
8	Historic King Dr.	21,000	94,468	-	115,468
9	735 W Water - Riverwalk		168,105	22,677	190,782
10	Avenues West	12,000	140,026	-	152,026
11	Brady St. Business Area		111,810	58,698	170,508
13	Oakland Ave.		52,000	-	52,000
15	Riverwalks	40,000	-	384,286	424,286
16	Uptown Triangle		51,194	43,194	94,388
	Northwest Area Business / 76th &				
17	Brown Deer		30,263	16,537	46,800
19	Villard		65,222	26,489	91,711
20	North Ave./ Prospect/ Farwell		122,750	64,241	186,991
21	Downtown Mgmt District	35,000	2,672,652	-	2,707,652
25	Riverworks		131,927	44,895	176,822
26	The Valley (Menomonee)		23,372	-	23,372
27	Burleigh/ Sherman		49,158	-	49,158
28	North Avenue Gateway District		33,459	-	33,459
29	(ACT) Atkinson/ Capital/ Teutonia		85,188	-	85,188
31	Havenswood - National Avenue		154,012	-	154,012
32	North Avenue Market Place		71,281	-	71,281
35	Becher/KK		19,645	-	19,645
36	Riverworks II		37,099	-	37,099
37	ICC		164,107	-	164,107
38	Cesar E. Chavez Dr.		28,080	-	28,080
39	Center Street Market Place		48,358	-	48,358
40	AGBA-Airport Gateway		75,000	-	75,000
41	National		50,000	-	50,000
42	Lincoln		50,000	-	50,000
	<i>* Subtotals Proposed</i>				
	<i>(subject to change by amendment)</i>	\$ 187,000	5,119,282	\$ 856,025	\$ 6,162,307
	Excess TID Revenues	\$ -	\$ -	\$ -	\$ -
	Total Proposed Economic Development Fund				
	(Self support plus loan repayments only)				\$5,975,307

City Contributions - The \$ 187,000 city contributions funding is budgeted in the Business Improvement District Special Purpose Account.

Self-Supporting Funds - Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Loan Repayments - Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

**2007 SPECIAL PURPOSE ACCOUNT:
MILWAUKEE ARTS BOARD PROJECTS**

PURPOSE

The Milwaukee Art Commission, which later became the Milwaukee Arts Board, was initially established by charter ordinance; now it is s. 320-12, Milwaukee Code.

This fund provides a discretionary level of services that promote and support cultural diversity in the artistic life of the City, the formation and growth of programs, and the development and enjoyment of the arts.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

A variety of factors drive funding requests, including arts support made available from other sources. In 1994, as match for a National Endowment for the Arts grants, this matching grant program was established with \$20,000.

The Milwaukee Arts Board also receives private contributions from donors including reimbursement allowances donated by members of its Board who either sign waivers or check endorsement.

Contributions cannot exceed \$100,000.

DEPARTMENT MANAGING ACCOUNT

Department of City Development

EXPENDITURE TRENDS				
2005	2006	%	2007	%
<u>Actual</u>	<u>Budgeted</u>	<u>Change</u>	<u>Proposed</u>	<u>Change</u>
\$ 139,585	\$ 172,800	+ 23.8 %	\$ 172,800	- 0 - %

**2007 SPECIAL PURPOSE ACCOUNT:
MILWAUKEE FOURTH OF JULY COMMISSION**

PURPOSE

The Fourth of July Commission was created under section 320-25 of the Milwaukee Code and is responsible for providing suitable activities for the celebration of the Fourth of July in 16 Milwaukee County parks.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Historically, other funding sources included County in-kind services (waiving customary fees related to site preparation and clean up), County contributions toward electricity costs, and donations raised by the individual parks from private sector corporations and sponsorships.

The Commission has no staff budget; volunteers provide staff support. The eleven members receive \$20 in salary reimbursements per meeting, up to \$400 per year.

DEPARTMENT MANAGING ACCOUNT

Department of City Development, Marketing, Development Services Division

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budget</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$ 126,936	\$ 130,000	+ 2.5 %	\$ 130,000	- 0 - %

Prepared by: Emma J. Stamps (286-8666)
LRB – Research and Analysis Section
September 28, 2006

**2007 SPECIAL PURPOSE ACCOUNT:
REGIONAL ECONOMIC DEVELOPMENT INITIATIVE**

THIS ACCOUNT IS NOT FUNDED IN 2007

PURPOSE

A new account, this multi-year, 7 County job retention, expansion and attraction campaign is spearheaded by the Mayor, Greater Milwaukee Committee and the Milwaukee Metropolitan Association of Commerce. The initiative is the result of a yearlong analysis of best practice models in other regions of the country like Cincinnati, Columbus, Cleveland, Chicago, Atlanta, and other major metropolitan areas. Over 5 years, the anticipated cost investment needed is \$12 million, primarily from private sources. In 2006, \$50,000 was budgeted toward the City's anticipated \$100,000 commitment.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Undetermined.

DEPARTMENT MANAGING ACCOUNT

The Department of City Development

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$ - 0 -	\$ 50,000	N/A	\$ - 0 -	N/A

Prepared By: Emma J. Stamps (286-8666)
LRB - Research and Analysis Section
October 2, 2006

2007 SPECIAL PURPOSE ACCOUNT: ECONOMIC DEVELOPMENT FUND (EDF)

PURPOSE

Beginning in 2003, BID self-supporting activity and loan repayment funds moved from the BID Special Purpose Account (SPA) to the new Economic Development Fund SPA. Beginning in 2006, Excess TID Revenues moved from the Excess TID Revenues SPA (discontinued in 2004 when no closeouts were anticipated) to the Economic Development Fund SPA. Excess funds are estimated when one or more TIDs closeout. Those net excess revenues must be distributed to other taxing jurisdictions such as MATC, MPS, and Milwaukee County and the City's share is recorded to General Fund Revenues.

Cities are authorized under state statute (s.66.1109) to establish BIDs consisting of contiguous parcels for promoting business development. Public improvements or operating activities within the district are financed through property tax levies on non-residential property. Because BIDs do not have taxing authority, the city collects the assessment on their behalf. Through an appropriation in the city budget, the dollars collected by the city on behalf of the BIDs are given to the BIDs from the Economic Development Fund Special Purpose Account appropriations.

This account has no tax levy impact.

FACTORS AFFECTING FUND LEVEL

As conditions within the Business Improvement Districts improve, property values should increase providing increased tax revenues. Exempt properties are not on the tax roll, imposing an adverse effect on the BID property tax base.

Beginning in 2006, anticipated excess tax incremental district revenues also impact the funding levels. The additional \$4,750,000 excess TID revenues due other taxing jurisdictions increased the 2006 budget from \$5,784,254 to \$10,534,254

DEPARTMENT MANAGING ACCOUNT

The Department of City Development assists in BID planning, and provides technical assistance.

EXPENDITURE TRENDS				
(Includes BID assessments and Excess TID Revenues)				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$4,911,489	\$10,534,254	+ 114.5%	\$5,975,307	+ 43.3%

EXPENDITURE TRENDS				
(BID assessments only, excluding Excess TID Revenues)				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$4,911,489	\$5,784,254	+ 17.8%	\$5,975,307	+ 3.3%

2007 SPECIAL REVENUE ACCOUNT: ECONOMIC DEVELOPMENT FUNDING

The 2007 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID No.</u>	<u>BID NAME</u>	<u>CITY GRANT</u>	<u>SELF SUPPORTING</u>	<u>LOAN REPAYMENT</u>	<u>TOTAL PAYOUT</u>
2	Historic 3rd Ward	\$ 36,000	\$ 469,350	\$ 83,732	\$ 589,082
3	Riverwalk		-	111,276	111,276
4	Greater Mitchell St.	25,000	-	-	25,000
5	Westtown	18,000	120,756	-	138,756
8	Historic King Dr.	21,000	94,468	-	115,468
9	735 W Water - Riverwalk		168,105	22,677	190,782
10	Avenues West	12,000	140,026	-	152,026
11	Brady St. Business Area		111,810	58,698	170,508
13	Oakland Ave.		52,000	-	52,000
15	Riverwalks	40,000	-	384,286	424,286
16	Uptown Triangle		51,194	43,194	94,388
17	Northwest Area Business / 76th & Brown Deer		30,263	16,537	46,800
19	Villard		65,222	26,489	91,711
20	North Ave. / Prospect / Farwell		122,750	64,241	186,991
21	Downtown Mgmt District	35,000	2,672,652	-	2,707,652
25	Riverworks		131,927	44,895	176,822
26	The Valley (Menomonee)		23,372	-	23,372
27	Burleigh / Sherman		49,158	-	49,158
28	North Avenue Gateway District		33,459	-	33,459
29	(ACT) Atkinson / Capital / Teutonia		85,188	-	85,188
31	Havenswood - National Avenue		154,012	-	154,012
32	North Avenue Market Place		71,281	-	71,281
35	Becher / KK		19,645	-	19,645
36	Riverworks II		37,099	-	37,099
37	ICC		164,107	-	164,107
38	Cesar E. Chavez Dr.		28,080	-	28,080
39	Center Street Market Place		48,358	-	48,358
40	AGBA-Airport Gateway		75,000	-	75,000
41	National		50,000	-	50,000
42	Lincoln		50,000	-	50,000
	<i>* Subtotals Proposed</i>				
	<i>(subject to change by amendment)</i>	\$ 187,000	5,119,282	\$ 856,025	\$ 6,162,307
	Excess TID Revenues	\$ -	\$ -	\$ -	\$ -
	Total Proposed Economic Development Fund support plus loan repayments only		(Self		\$5,975,307

City Contributions - The \$187,000 city contributions funding is budgeted in the Business Improvement District Special Purpose Account.

Self-Supporting Funds - Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Loan Repayments - Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

**2007 SPECIAL PURPOSE ACCOUNT:
LAND MANAGEMENT**

PURPOSE

RACM and the City of Milwaukee acquire improved properties through tax foreclosure. Such properties, known as tax deed properties, generally use CDBG monies to subsidize their maintenance, upkeep, and marketing expenses. Under federal guidelines, CDBG monies may fund those activities for up to 3 years, after which, the City must secure alternative funding sources to continue the necessary property maintenance.

In 2006, a Land Management Fund was created to provide a continued funding source for property maintenance and marketing activities when a city owned property has been inventoried for periods exceeding the statutory 3-year federal funding period.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Tax deed property inventory, the costs related to maintaining and marketing RACM and city owned properties and changing market factors.

DEPARTMENT MANAGING ACCOUNT

Redevelopment Authority as administered by the Department of City Development.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$ - 0 -	\$ 200,000	N/A	\$ 200,000	- 0 - %

2007 SPECIAL PURPOSE ACCOUNT: AFFORDABLE HOUSING INITIATIVE

PURPOSE

In 2007, an Affordable Housing Initiative Special Purpose Account is created to provide an alternative funding source to complement the City of Milwaukee affordable housing portfolio through partnership with Habitat for Humanity and other private and public partners.

The initial fund provides for purchasing approximately 5 – 10 Habitat for Humanity mortgages that will be added to the City's property inventory for sale to low to moderate-income households.

Still in the planning stage, the Department of City Development continues to develop the operation and funding strategies required to sustain this initiative including designing a revolving loan program to receive mortgage repayments, private or public donations.

This account has a tax levy impact.

FACTORS AFFECTING FUND LEVEL

Availability of mortgages held by Habitat for Humanity and changing market factors.

DEPARTMENT MANAGING ACCOUNT

Redevelopment Authority as administered by the Department of City Development.

EXPENDITURE TRENDS				
<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$ - 0 -	\$ - 0 -	N/A	\$ 250,000	N/A