

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

OCTOBER 26, 2009

Item 5, File #090560

File Number 090560 is a resolution creating Business Improvement District No. 43 (South 27th Street) and approving its first year Operating Plan.

Background

1. Section 66.1109, Wis. Stats., permits the City of Milwaukee to create business improvement districts. A business improvement district (“BID”) is a specific geographic area of the city in which commercial property owners pay special assessments to cover the cost of special improvements or business promotion activities in their business district. Creation of a BID is initiated by owners of real property used for commercial purposes and located in the proposed district petitioning the City for creation of such a district. The Statutes require that the City Plan Commission designate the proposed BID boundaries, adopt a First Year Operating Plan for the BID and hold a public hearing on both items. The Common Council then votes to create the BID and adopt the First Year Operating Plan, which relates to the development, redevelopment, maintenance, operation and improvement of the BID.
2. Following creation of a BID, special assessments collected from the BID are placed in a segregated City account and used to pay for implementation of the operating plan.
3. The South 27th Street corridor from Oklahoma Avenue to College Avenue has long been an important commercial district in the City of Milwaukee and the neighboring City of Greenfield. However, in recent years, this area has suffered from a growing vacancy rate, changes in business mix, and inconsistent development quality and property appearance.
4. Several owners of property along this segment of 27th Street have petitioned the City for creation of a BID in this area. The purpose for creating the BID is to provide the funding for a coordinated effort to revitalize and improve this commercial corridor.
5. On September 21, 2009, the City Plan Commission held a public hearing on the proposed South 27th Street BID (BID No. 43). The Commission recommended approval of establishment of BID No. 43.

Discussion

1. Common Council Resolution File No. 090560 approves creation of BID No. 43 (South 27th Street) and its board of directors. It also approves the initial Operating Plan for this BID.
2. The objectives of the proposed BID are to “enhance the economic viability of local businesses, enhance property values, maximize business facilities (conventions, dining

and entertainment), promote the friendliness and quality of services, enhance the community image through safety and beautification and overall develop area growth.”

3. The first year Operating Plan for BID No. 43 calls for the following activities and expenditures:

a. Management, maintenance and enhancement of boulevards	\$40,841
b. Contracted neighborhood safety patrol teams	\$27,347
c. Development and implementation of a brand and marketing activities for the district; web site development and hosting	\$23,526
d. Part-time management services, including business recruitment/retention, oversight, member communication, office space/supplies	\$27,705
TOTAL	\$119,419

4. The City of Greenfield is also creating a business improvement district encompassing its properties along this portion of South 27th Street. The Greenfield BID will have goals and activities similar to those of Milwaukee’s BID No. 43. It is anticipated that the activities of the 2 BIDs will be coordinated. In fact, the Operating Plan states that the 2 BIDs intend to jointly contract with a single non-profit organization to manage both BIDs as a single district. The joint first-year budget for both communities is approximately \$175,000, with the Milwaukee BID’s budget comprising about 68% of the total.
5. The initial Operating Plan indicates that the 2 communities intend to provide board members “in relative proportion to the ‘association’ that will be created and contracted with to run the 2 business improvement districts.” The Milwaukee BID’s board will have a minimum of 5 Mayor-appointed members, at least 60% of whom shall be owners or occupants of properties within the BID, with any non-owner/non-occupant members required to be City of Milwaukee residents. The BID will be a separate entity from any other association or organization, although members, officers and directors may be shared with other entities.
6. The BID will revise and develop its Operating Plan on an annual basis. As with other BIDs, the South 27th Street BID’s Annual Operating Plans will come before the Common Council for approval each year.

Fiscal Impact

1. Adoption of this resolution will have no direct fiscal impact on the City. It will authorize the expenditure of \$119,419 from DCD’s special revenue fund known as the “Economic Development Fund.” The Economic Development Fund is the mechanism by which the City collects assessments from properties in BIDs and provides the dollars it collects to

the BIDs to carry out their annual operating plans. Since this revenue account merely functions as a funding pass-through, it has no tax levy impact.

2. The 2010 Proposed Budget includes \$200,000 in the Economic Development Fund for 4 new BIDs, one of which is the South 27th Street BID.
3. The total assessed value of all property in the proposed BID that will be subject to the special assessments is \$162,664,700. First-year assessments are calculated at the rate of \$1 per \$1,000 assessed valuation, with a maximum assessment of \$1,500 and a minimum assessment of \$500.
4. The resolution directs the City Treasurer and City Comptroller to collect and disburse the special assessments set forth in the BID No. 43 first year Operating Plan.
5. The BID No. 43 Operating Plan states that the City of Milwaukee commits to supporting the BID by providing it with technical assistance, collecting and disbursing BID assessments, and providing information on assessed values of properties within the District. To the extent that staff of DCD, the City Treasurer, the City Comptroller, the City Assessor and other departments provide assistance to the BID, there will be a small, in-kind fiscal impact on the City.

Prepared by: Jeff Osterman, X2262
LRB-Research & Analysis Section
October 22, 2009

cc: Rocky Marcoux Rhonda Manuel
Martha Brown Marianne Walsh
Joe Mar Hooper