

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

PUBLIC WORKS COMMITTEE

NOVEMBER 10, 2010

Item 10, File #100608

File Number 100608 is a resolution authorizing the Department of City Development to apply on behalf of United Milwaukee Scrap, LLC, for a Transportation Economic Assistance grant from the Wisconsin Department of Transportation to provide partial funding for the construction of a rail spur.

Background

1. The Wisconsin Department of Transportation makes available Transportation Economic Assistance (“TEA”) grants to fund transportation projects that support business growth and job retention and creation. Grant applicants must be local units of government, although grant funds may be used to assist private businesses.
2. A TEA grant must have a 50% local match. In addition, the grant program requires the creation or retention of at least one job for every \$5,000 of grant funding awarded.
3. United Milwaukee Scrap, LLC, is a metal recycling company founded in 2003 and located at 3280 N. 35th Street. United Milwaukee Scrap is seeking financial assistance to construct a railroad spur that would serve its operations; currently, all scrap metal arrives at and leaves the facility by truck.

Discussion

1. This resolution authorizes the Department of City Development to apply for a TEA grant on behalf of United Milwaukee Scrap to partially fund the construction of the rail spur.
2. The estimated total cost of installing the rail spur is \$571,000. Therefore, the amount of grant funding being sought is \$285,500 (50%). The resolution states that the 50% local match will be provided by United Milwaukee Scrap. The company hopes to construct the rail spur in the spring of 2011.
3. United Milwaukee Scrap has indicated that the rail spur project will enable it to retain 130 existing jobs and create 6 new jobs.
4. The resolution further directs DCD to negotiate an agreement with United Milwaukee Scrap under which United Milwaukee Scrap would make “operational improvements” to the property at 3280 N. 35th Street prior to the City submitting the TEA grant application. These improvements include new fencing and signage, upgraded landscaping and better maintenance of the property. United Milwaukee Scrap’s facility is located in close proximity to the Century City property, in which the City is investing millions of dollars to stimulate redevelopment and job creation. Improvements to the United Milwaukee Scrap facility would help support and protect the City’s investment.

Fiscal Impact

As the resolution is written -- with the local match for the grant being provided by United Milwaukee Scrap -- approval of this resolution will have no fiscal impact on the City of Milwaukee.

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