

2018



Legislative Reference Bureau

[www.milwaukee.gov/lrb](http://www.milwaukee.gov/lrb)



# DEPT OF NEIGHBORHOOD SERVICES

---

## 2018 Proposed Plan and Executive Budget Review

Prepared by: Aaron Cadle, Legislative Fiscal Analyst  
Budget Hearing: 1:30 pm on Tuesday, October 10, 2017  
Last Updated: October 4, 2017

Version 1.2



**\$19,419,432**

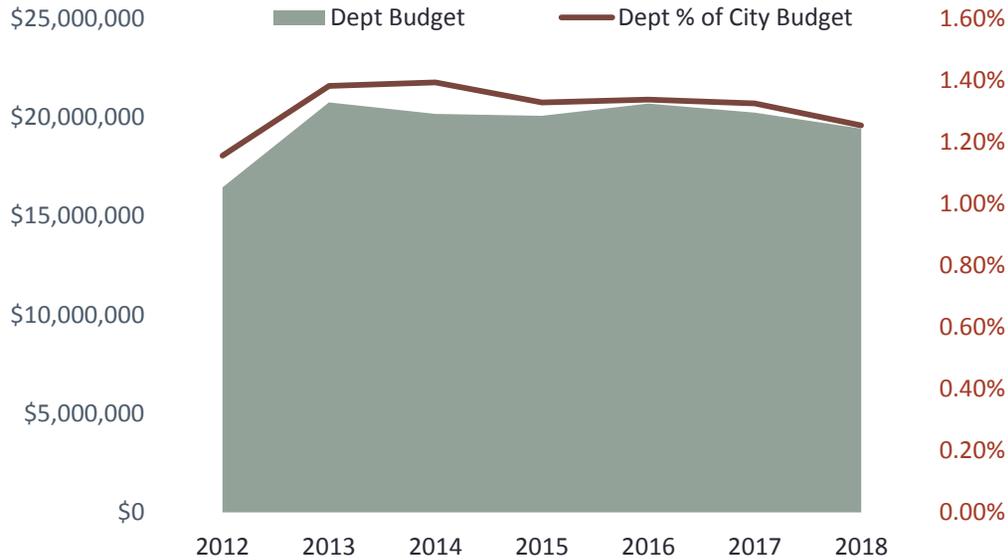
Proposed 2018 Budget

**-\$808,401**

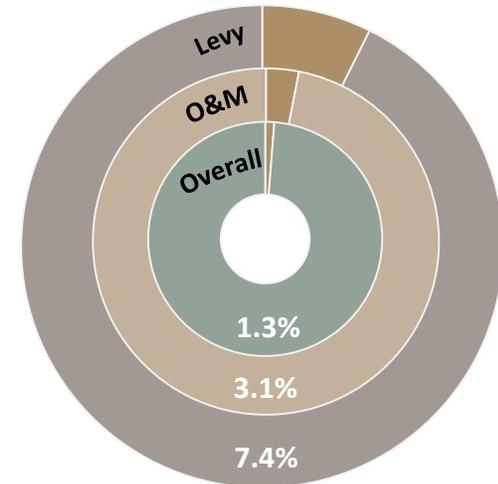
Change in Proposed Budget

**-4.0%**

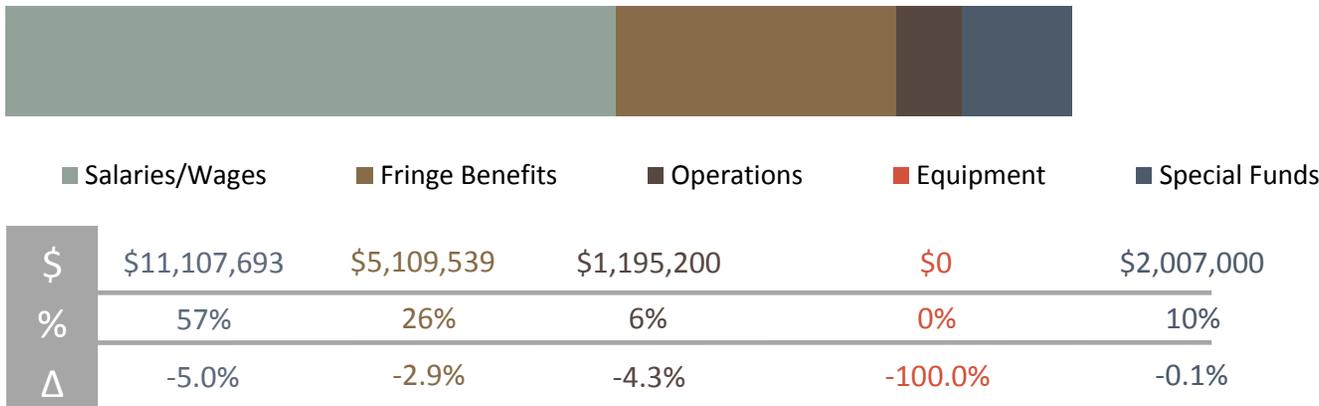
% Change in Proposed Budget



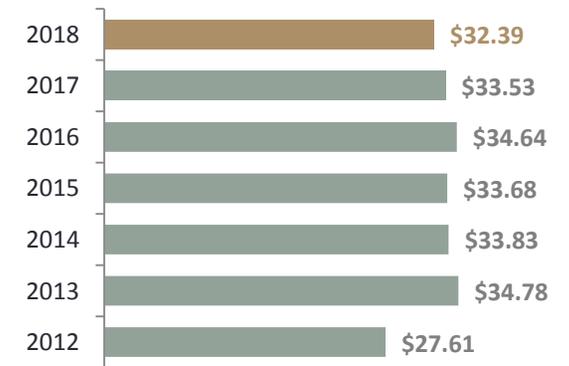
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



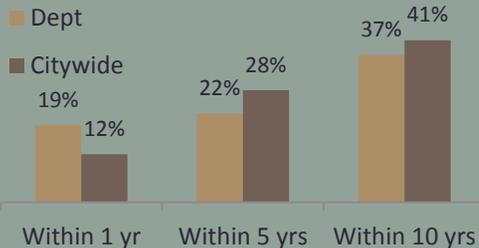
**\$-479,373**

Savings in salaries from 2017 Adopted Budget resulting from eliminating 9 funded positions.

**16**

Positions eliminated for 2018 – 9 funded and 7 unfunded positions.

**Retirement Eligible**



**-15**

Change in Positions

**-5.2%**

% Change in Positions

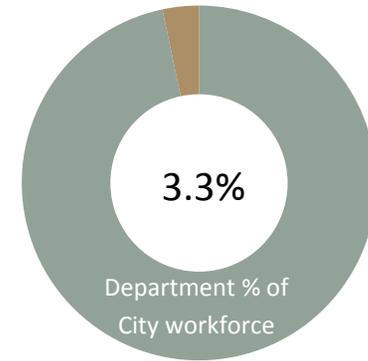
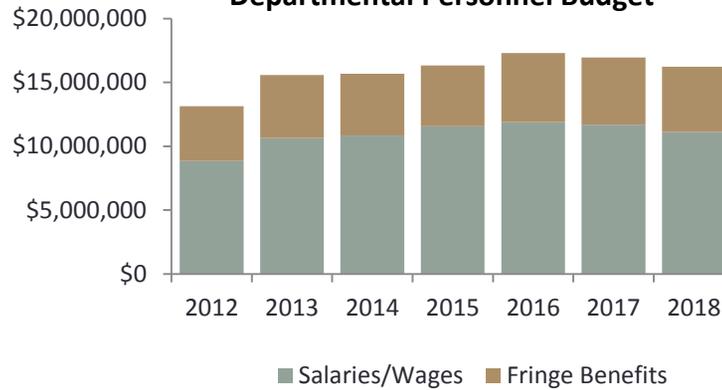
**23**

Current Vacancies

**17**

Voluntary Separations

**Departmental Personnel Budget**

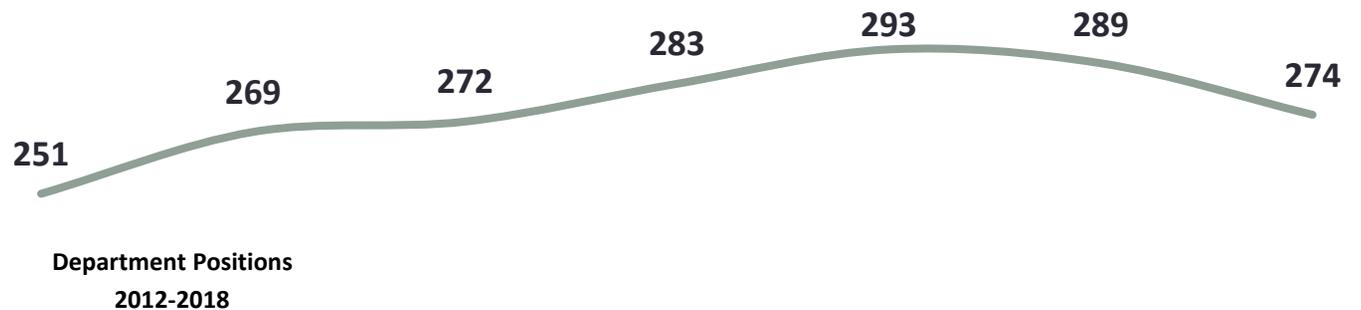


**Career Ladder**

- 150 of 274 (55%) personnel eligible.
- 29 advancements in 2016.
- 86 advancement since inception in June, 2012.
- \$462,045 in increases since inception.
- Average annual increase - \$5,436

**Vacant Building Inspectors Eliminated**

All personnel (4 inspectors and 2 support staff) eliminated for the Vacant Building Registry. Interior and exterior inspections of registered vacant properties will be conducted every 3 months by other DNS inspectors rather than the current schedule of monthly exterior inspections and interior inspections every 6 months.



**\$-3,400,000**

Approximate reduction in department fee revenue projected for 2018 attributable to Wisconsin Legislative Act 176 when compared to pre-Act 2015 revenues.

**\$-194,000**

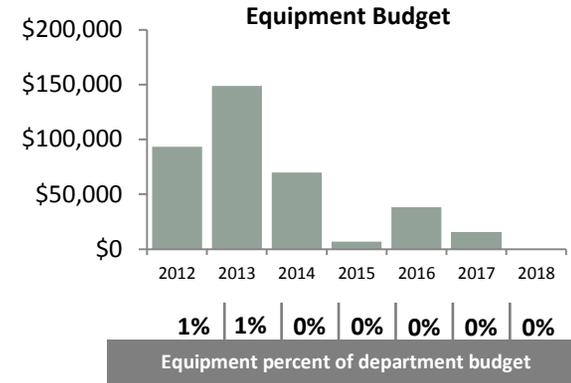
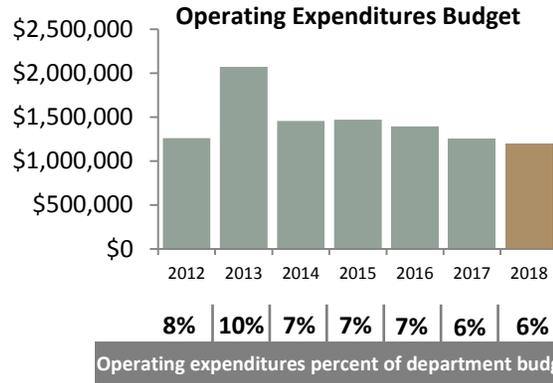
Reduction in Elevator Inspection fee revenue projected for 2018 when compared to 2014 revenues.

**\$8,202,789**

Projected 2018 surplus (revenues exceeding expenses) – up 43% from actual 2016 surplus of \$5,723,289.

**1,800**

Properties estimated to be currently registered under the Residential Properties Pending Foreclosure program – down 24% from 2,377 in 2014.



**Land Management System - LMS**

The department has struggled with the rollout of the City’s LMS activity management platform since mid-2016. Challenges include:

- Issuance of code violations.
- Issuance of invoices.
- Scheduling Inspections.
- Performance Reports.

Many performance measures used to evaluate the department such as the number of inspections performed, citations issued, permits issued and closed, complaints received and closed, and violation orders issued are either not available, or cannot be relied upon.

**Arena Fees**

\$940,000 has been billed for arena permits and inspections through the 1<sup>st</sup> quarter of 2017. Direct salary and benefit costs incurred and budgeted since 2016 total approximately \$635,000.

**Online Permit Applications**

13,554 permit applications have been initiated year-to-date through September, 2017, in a new department program. The department typically issues more than 30,000 permits each year. Except for site inspections as needed, the entire permitting process can be completed online from personal computer or smart phone at any time of the day or night.

**SAFEBuilt - Outsourcing Plan Review**

The department began outsourcing plan reviews to SAFEBuilt in 2017 and has paid this vendor \$34,000 through September for services. Plan reviews that are expected to be particularly time-consuming or require expertise not readily available in the department are considered by the department most appropriate for outsourcing.

44

Code Compliance Loan Program loans totaling \$550,000 closed in 2017 through September.

\$205,328

34.5% increase in 2018 proposed funding for the Code Compliance Loan Program over actual 2016 spending.

4

Deconstruction projects begun and completed in 2017 vs. 10 in 2016. Bidding will begin October 6, 2017, for 8 additional projects.

84.75%

Residents Preference Program worker participation in deconstruction projects began and completed in 2017.

**Code Compliance Loan Funding**

Proposed funding for the Code Compliance Loan program for 2018 is \$800,000, unchanged from 2017, to fund a projected 54 loans, for an average cost per loan of approximately \$14,800. Loan principal cannot exceed \$15,000. The salary of one Neighborhood Improvement Inspector is funded through the loan program.

**Code Compliance Loans - 2016**

Thirty-five Code Compliance Loans were approved in 2016 at an actual program cost of \$594,672. The average was \$12,627 per loan.

**2017 Code Compliance Loan Program Demographics**

- Average loan amount was \$12,723.
- 35% of borrowers were 70 years old or older.
- 44% of borrowers had lived in their homes 20 or more years.
- 34% of borrowers were the sole occupant of their homes.

**Property Demolitions and Deconstructions**

The department has budgeted \$1.2 million for 2018 to demolish or deconstruct 137 residential and smaller commercial properties in 2018, for an average cost of \$8,760 per property. Experience suggests the average cost of deconstruction is approximately \$24,000 per property and \$15,700 per demolition.

**2017 Projected Raze-Order Backlog**

The department projects 378 properties will have outstanding raze orders at year-end 2017. A total of 137 properties are slated for demolition or deconstruction in 2018.

**Average Deconstruction Costs**

Average deconstruction cost for the 4 properties begun and completed in 2017 of \$22,465 was up \$1,734, or 8.3%, from the 2016 average of \$20,731.

**Surplus Increase from 2016**

A \$2,479,500 increase in Projected 2018 surplus (revenues exceeding expenses) over the DNS's 2016 low-point surplus is created largely by the elimination of 19 positions at a savings in salaries and fringe benefits of \$2,616,884.

**Unfunded Authorized Positions**

A total of 19 authorized positions are unfunded, and 18 of these positions have remained unfunded in the 2014 through the 2018 budgets. Ten of these unfunded positions are for regular staff while 9 are for auxiliary personnel.

| <b>Surplus from Department of Neighborhood Services' Operations</b> |                     |                     |                     |               |                     |              |
|---------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------|---------------------|--------------|
|                                                                     | 2015 Actual         | 2016 Actual         | 2017 Adopted        | Change        | 2018 Proposed       | Change       |
| <b>O&amp;M</b>                                                      |                     |                     |                     |               |                     |              |
| Salaries and Wages                                                  | \$11,565,871        | \$13,724,577        | \$11,691,954        | -14.8%        | \$11,107,693        | -5.0%        |
| Fringe Benefits                                                     | \$4,756,191         | \$5,422,375         | \$5,261,379         | -3.0%         | \$5,109,539         | -2.9%        |
| Operating Exp.                                                      | \$1,469,775         | \$1,333,105         | \$1,249,500         | -6.3%         | \$1,195,200         | -4.3%        |
| Equipment                                                           | \$6,796             | \$38,146            | \$15,000            | -60.7%        | \$0                 | 100.0%       |
| Special Funds                                                       | \$2,268,807         | \$1,955,614         | \$2,010,000         | 2.8%          | \$2,007,000         | -0.1%        |
| <b>O&amp;M Total</b>                                                | <b>\$20,067,440</b> | <b>\$22,473,817</b> | <b>\$20,227,833</b> | <b>-10.0%</b> | <b>\$19,419,432</b> | <b>-4.0%</b> |
| <b>Funding</b>                                                      |                     |                     |                     |               |                     |              |
| Service Revenues                                                    | \$30,039,478        | \$26,535,263        | \$25,701,800        | -3.1%         | \$25,643,000        | -0.2%        |
| SPA's                                                               | \$201,509           | \$115,240           | \$130,000           | 12.8%         | \$130,000           | 0.0%         |
| Grant Funded                                                        | \$1,142,502         | \$871,718           | \$1,002,884         | 15.0%         | \$857,004           | -14.5%       |
| Reimbursables                                                       | \$1,025,603         | \$674,885           | \$990,248           | 46.7%         | \$992,217           | 0.2%         |
| <b>Total Funding</b>                                                | <b>\$32,409,092</b> | <b>\$28,197,106</b> | <b>\$27,824,932</b> | <b>-1.3%</b>  | <b>\$27,622,221</b> | <b>-0.7%</b> |
| <b>Net Surplus</b>                                                  | <b>\$12,341,652</b> | <b>\$5,723,289</b>  | <b>\$7,597,099</b>  | <b>32.7%</b>  | <b>\$8,202,789</b>  | <b>8.0%</b>  |