

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

NOVEMBER 23, 2009

Item 11, File #090925

File Number 090925 is a resolution authorizing the expenditure of \$289,000 from the Development Fund capital account for the 30th Street Industrial Corridor Workforce Training Program.

Background

1. The 30th Street Industrial Corridor, located along a North Side railroad line generally east of 35th Street between W. Highland Blvd. and W. Hampton Ave., has long been home to dozens of manufacturing establishments, both large and small, providing thousands of jobs to Milwaukee residents.
2. For a variety of reasons, in recent years several employers in the Corridor have closed, downsized or relocated outside the Corridor, resulting in a loss of tax base and jobs for Milwaukee. To combat this trend and stimulate new development, the City of Milwaukee has created both a business improvement district (BID No. 37, established 2005) and a tax incremental district (TID No. 74, established 2009) encompassing portions of the Corridor.
3. Employers in the 30th Street Industrial Corridor have indicated a need for funding to train new and existing employees. Employers have indicated that this training is necessary for their businesses to remain competitive and to grow.
4. Responding to this need, in 2008 the Department of City Development and the Corridor Corporation (the non-profit economic development corporation working in this area, formerly known as the 30th Street Industrial Corridor Corporation) used \$100,000 in Large Impact Development CDBG funds to implement the 30th Street Industrial Corridor Workforce Training Pilot Program. Under this program, 3 employers in the Corridor – Master Lock, Capitol Stampings and DRS Technologies – each received \$30,000 grants for job training activities (the Corridor Corporation received the remaining \$10,000 to cover administrative costs). The result was the creation of 30 new jobs with minimum overall compensation of \$15 per hour.
5. Because of the recent economic downturn, employers in the Corridor indicated that they would not be hiring in 2009 and, therefore, there was no need to fund the job training program in 2009. However, employers in the Corridor have recently indicated that they will be hiring in the near future and that training dollars are needed to prepare production workers for their specific products and manufacturing processes.
6. The DCD Development Fund provides capital funding to complement and support a wide variety of private economic development projects and activities. The Development Fund has been used to support façade improvement grants and loans, brownfield clean-up, streetscaping projects, RiverWalk development, and loans and grants for job training. In 2009, appropriations from the Development Fund have included \$500,000 for façade grants, \$100,000 for façade loans, \$550,000 for brownfields redevelopment, \$200,000 for a forgivable loan to Super Steel Products (to fund equipment upgrades and employee training) and \$150,000

transferred to the BID Commercial and Economic Development Fund (for BID marketing, promotions, streetscaping, etc.).

7. The 2008 and 2009 City budgets each provided \$1.8 million for the Development Fund. The adopted 2010 Budget includes \$1,050,000.

Discussion

1. This resolution directs the City Comptroller to transfer \$289,000 from the Development Fund parent capital account to a subaccount for the purpose of funding the 30th Street Industrial Corridor Workforce Training Program.
2. The Training Program will be operated in accordance with the Program Plan that is attached to the resolution. Grants of up to \$50,000 will be offered to businesses for the training of new and existing employees. Specifically, an employer is eligible to receive \$10,000 for every new job created or \$5,000 for each incumbent employee receiving training. In order to receive these funds, the employer must demonstrate a 50% private match for the training expenses, an average wage for newly-created positions of at least \$10 per hour and a concerted effort to recruit City of Milwaukee residents for the new positions.
3. This resolution further authorizes the Commissioner of City Development to enter into a Cooperation Agreement with the Corridor Corporation to administer the grant-award process for a 2-year period. In accordance with the Program Plan, the Corridor Corporation will receive \$28,900 for its services, leaving a balance of \$260,100 available for actual job-training grants to businesses.
4. It is anticipated that job-training grants will be available to businesses starting in January, 2010.

Fiscal Impact

1. The current balance in the Development Fund is \$1,208,638.
2. This resolution authorizes a fund transfer and expenditures totaling \$289,000, which will reduce the balance in the Development Fund to \$919,638. (Note: the fund balance could be reduced by an additional \$21,000 if the Common Council adopts File No. 090924, item #10 on the Committee's agenda.)

Prepared by: Jeff Osterman, x2262
LRB-Research & Analysis Section
November 20, 2009

cc: Rocky Marcoux
Martha Brown
Kein Burton
Joe'Mar Hooper
Marianne Walsh