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LINCOLN VILLAGE BUSINESS ASSOCIATION (LVBA)

Milwaukee Main Street Community

2009 BREAKDOWN OF CONTRIBUTIONS AND EXPENSES

(Below info from LVBA 2009 Tax Form 990 submitted to Internal Revenue Service)

REVENUE

CONTRIBUTIONS		\$ 72,695	% of Income
- CDBG taxpayer money:	\$69,845		
- Other grants rec'd:	\$2,850		
INVESTMENT INCOME		\$ 167	
TOTAL REVENUE:		\$ 72,862	100.00%

EXPENSES

Wages (Neil White)	\$ 46,350	63.61%
Wages (Jim Tarantino)	\$ 7,804	10.71%
Payroll Taxes (both employees)	\$ 4,944	6.79%
Health Insurance (Neil White)	\$ 1,560	2.14%
Auto Expense (Neil White)	\$ 490	0.67%
Rent Expense	\$ 9,240	12.68%
Utilities Expense	\$ 1,699	2.33%
Accounting Expense	\$ 5,342	7.33%
Advertising Expense	\$ 5,895	8.09%
Office Expense-Postage	\$ 118	0.16%
Conferences, Conventions Expense	\$ 1,368	1.88%
Depreciation & Amortization Expense	\$ 292	0.40%
Insurance Expense	\$ 1,014	1.39%
Program Service Expense	\$ 3,050	4.19%
Office Supplies Expense	\$ 1,187	1.63%
Other Expense	\$ 2,009	2.76%

TOTAL EXPENSES: \$ 92,362 126.76%

REVENUE LESS EXPENSES: \$ (19,500)

NOTE:

1. If you look at the employee expenses, 83.92% of all revenue collected is spent on employee expenses. This means that **84 cents of every dollar collected is spent on employees wages and benefits**.
2. If you add rent to the above employee expenses, 96.6% of all revenue collected is spent just on employee expenses and rent. This means that **97 cents of every dollar is spent on rent & employee expenses**.
3. If you add employee expenses, rent expense, utilities and accounting expense which are fixed expenses this adds up to **106.26% of income which means at the current level of revenue there is NO MONEY for improvements to Lincoln Ave**. It seems to be extremely high employee expenses for a job that could be done by an *efficient bilingual* person on a part time basis at most. Not only is Neil White a full time employee but in addition he has a part-time employee, Jim Tarantino. What could possibly justify this?
4. As can be seen with the numbers for 2009, there actually was annual loss of \$19,500. Other than a couple small grants for signs and a few ads to promote a couple Lincoln Avenue restaurants, no other money was spent towards other businesses.

To: Community and Economic Development Committee 7/14/2010
Ald. Joe Davis, Chair Ald. Tony Zielinski, Vice Chair
Ald. Jim Witkowiak Ald. Terry Witkowiak Ald. Willie Wade

From: Sylvia Ortiz

In a few months you will be making decisions regarding the 2011 CDBG allocations.

I would like to share a few comments with you regarding the Milwaukee Main Street Program that has been an ongoing recipient of CDBG money in the past.

Recently the Public Policy Forum published a study entitled:

Main Street Milwaukee: A Program at a Crossroads

Martin Luther King Drive is a Main Street that has done well, but it had programs and long term knowledgeable and savvy people in place before becoming a Main Street. Other Milwaukee Main Streets have not fared as well.

The Public Policy Forum study pointed out some basic weaknesses in the Main Street Program:

- 1) Goals are unclear and may not be suitable for Milwaukee's low-income neighborhoods where many Main Streets are located
- 2) Administrative structure is complex and coordination among the districts and stakeholders is poor – *there are multiple government and neighborhood layers within the program, all of which have diverse goals.*
- 3) Transparency and accountability for achievement of outcomes is lacking. *Stakeholder interviews indicate there is little accountability of Main Street Managers.*
- 4) Resources are not optimally leveraged and program visibility is low.
- 5) The program lacks sufficient volunteers. *Stakeholders have not felt a level of enthusiasm that made them want to volunteer.*

I'm giving each of you a copy of this Public Policy Forum and I ask that you consider these findings in determining your CDBG Main Street awards this year. And I am also attaching a summary of how my local Main Street in Lincoln Village spent their CDBG funding in 2009. These figures were generated from their 2009 IRS form 990; it will explain to you why our neighborhood has not felt the urge to volunteer for our local Main Street in that our Main Street spent has spent their CDBG money on salary and overhead with no money left over for improvements on Lincoln Avenue.

Please allocate our hard earned taxpayer CDBG money for 2011 where it will go to people and programs with a proven track record.



MAIN STREET MILWAUKEE:

Program at a crossroads

July 2010

Sandra Zupan, Norman N. Gill Fellow

Rob Henken, President
Anneliese Dickman, Research Director

ABOUT THE PUBLIC POLICY FORUM

Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

PREFACE AND ACKNOWLEDGMENTS

This report was made possible by the family of Norman N. Gill, who was the director of the Forum for 42 years when it was known as the Citizens Governmental Research Bureau. The Gill family's generous contribution has provided for the creation of the Norman N. Gill Civic Engagement Fellowship, under which the Public Policy Forum annually hires a graduate student research fellow to conduct a research project under the tutelage of its staff. The 2009-10 Norman N. Gill Fellow, Sandra Zupan, was the lead author of this report.

Report authors also would like to thank staff from the City of Milwaukee Department of City Development and Community Development Block Grant office, staff from the local chapter of the Local Initiatives Support Corporation, and numerous Main Street Milwaukee board members and participants for their assistance in providing data and information.

Finally, we wish to thank the Helen Bader Foundation of Milwaukee for its support of the Public Policy Forum's research in the area of economic development.

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INTRODUCTION

The Main Street Milwaukee (MSM) Program is a highly touted economic development program designed to promote economic growth and revitalization in selected city neighborhoods. Milwaukee's Main Street program is a partnership between the City of Milwaukee Department of City Development (DCD) and the local chapter of the Local Initiatives Support Corporation (LISC), who have tailored the national Main Street program for use in six local districts. Established in 2005, MSM has been cited by city officials as a key component in the city's overall economic and community development strategy.

This research project, which was launched in September 2009, originally set out to explore the strengths and weaknesses of several MSM districts in an effort to explore why this particular economic development strategy has succeeded or failed in different Milwaukee neighborhoods. Early in the analysis, however, we recognized that sufficient performance data did not exist to adequately assess that question in depth. Our attention turned, therefore, to the broader question of whether, why, and to what extent the MSM program itself has succeeded in delivering its anticipated results.

Data sources for this research report include: (i) interviews with various local stakeholders associated with the MSM Program; (ii) analysis of governmental and non-governmental reports, such as DCD MSM District Reports (2005-2009), MSM District Work Plans (2005-2009), MSM District and Program Assessments (2007), LISC Survey of MSM District Managers and Community Development Corporation Executive Directors (2010), LISC State Farm reports (2008-2009), CDBG reports (2005-2009) and MSM Board meeting minutes (2005-2009); and (iii) attendance at MSM Partners Board meetings.

The MSM Partners Board – which is comprised of nine members from both the public and private sectors – recently initiated an effort to consider substantial restructuring of the MSM program. In light of these ongoing efforts, there is an opportunity for DCD, LISC and the Partners Board to reevaluate and reach consensus on realistic program goals and expectations and to restructure the program in a manner that takes into account the findings contained in this report. Indeed, it is our hope that these findings will inform stakeholders as they continue with their current restructuring efforts, and that it will provide constructive insights for city officials as they contemplate new economic development and anti-poverty strategies.

WHAT IS MAIN STREET?

BACKGROUND AND KEY PRINCIPLES

The National Trust for Historic Preservation created the Main Street approach in 1980 in an effort to revitalize downtown "Main Streets", mainly in small towns, through preservation of historic commercial buildings. In 1995, the National Trust for Historic Preservation expanded its National Main Street model to Boston. The result was Boston Main Streets, the first urban, 10-district Main Street. Today, the nationally recognized program boasts 19 districts across Boston, 16 of which are located in low and moderate-income areas and are assisted with CDBG funds.¹

Other cities that have incorporated the Main Street approach are Baltimore, Washington, D.C., Denver, Detroit, San Diego, Minneapolis, Cleveland and Philadelphia. The model has been particularly successful in urban areas where a Local Initiatives Support Corporation (LISC) branch works to strengthen Main Street-sponsoring organizations and facilitate real estate development.²

The Main Street approach offers a "proven systematic, comprehensive model for commercial district revitalization that successfully combines historic preservation and economic development in local revitalization initiatives".³ The approach features the creation of four community volunteer committees, each of which concentrates its efforts on one of the four elements of the "Main Street Four Points" approach: Organization, Economic Restructuring, Promotion, and Design.

The *Organization Committee* establishes consensus and cooperation through partnerships among the various public and private stakeholders in the commercial district. The *Economic Restructuring Committee* strengthens and diversifies the commercial district's economic base by retaining and expanding existing businesses, as well as attracting new ones that help provide a balanced commercial mix. The *Promotion Committee* assists with creating events, entertainment, marketing materials and other activities to help attract customers and investors. The *Design Committee* helps improve the physical appearance and cohesiveness of a neighborhood business district by upgrading storefronts, merchandise displays, signage, sidewalks and public spaces.⁴

To date, nearly 1,700 cities and neighborhoods have established Main Street programs to revitalize their business districts. In order to measure program efforts and results, the National Main Street Center (NMSC) requires that all Main Street programs track data, including private and public investment in buildings; business openings and closings; job gains and losses; private and public investment in infrastructure or streetscape improvements; and costs associated with

¹ "About Boston Main Streets", <http://www.cityofboston.gov/mainstreets/about.asp>; City of Boston CAPER Report Program Year 2008, http://www.cityofboston.gov/Images/Documents/Caper%20Report%20Program%20Year%202008_tcm3-12776.pdf

² The City of Milwaukee Department of City Development. 2003. Revitalizing Milwaukee's Commercial Districts: A New Approach.

³ Local Initiatives Support Corporation (LISC). 2009. Milwaukee LISC State Farm Report.

⁴ Local Initiatives Support Corporation (LISC). 2009. Milwaukee LISC State Farm Report.

running the local Main Street program.⁵ According to the NMSC, local Main Street efforts have created 231,682 net new jobs, \$17 billion has been invested in Main Street commercial districts, 57,470 net new businesses have been created, and 93,734 buildings have been rehabilitated. The average investment in participating communities' commercial districts is \$9,513,151.⁶

PROGRAM COORDINATION AND STRUCTURE

The Main Street program design calls for a local Main Street program to partner with the National Main Street Center to provide hands-on assistance to participating districts. Such assistance is envisioned to include developing resources to support revitalization activity and serving as a full-time advocate and frontline resource for commercial district revitalization. In addition, the local Main Street program is to provide participating business districts with the technical expertise necessary to establish and strengthen local revitalization efforts and to address specific commercial revitalization issues.

In order to implement Main Street, each designated district (i) hires a Main Street manager; (ii) creates a broad-based governing body to oversee the operation of the program, including funding and planning; and (iii) establishes committees to implement projects in the Four Points. The local Main Street governing body and four standing committees are supposed to include a variety of representatives from the community, including a mix of business and property owners, residents, city officials, financial institutions, schools, religious institutions, civic groups, preservationists and media. A typical Main Street committee consists of five to 10 people and also often has 40-60 active volunteers on the subcommittee level working on all aspects of revitalization planning and implementation.

Neighborhood programs are selected to participate through a competitive application process that demonstrates their need, ability, resources, and goals for their Main Street effort. Once a district is selected to participate in Main Street, the citywide coordinating program typically will provide it with an intensive scope of training and technical assistance for three to five years. Throughout its participation in the program, each designated district is required to raise funds to supplement the costs of the Main Street Manager and the various projects and activities undertaken by the four Main Street committees. It is expected that each district will work to become self-sufficient, in particular by designating a Business Improvement District (BID) to assist in achieving financial self-sufficiency.⁷

⁵ See page 37, the City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

⁶ See page 20, the City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

⁷ The City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

THE MILWAUKEE MAIN STREET PROGRAM

BACKGROUND, GOVERNANCE AND FUNDING

Early in the previous decade, the local chapter of the Local Initiatives Support Corporation (LISC) approached the City of Milwaukee Department of City Development (DCD) to discuss implementing the Main Street approach in Milwaukee. In 2003, LISC and DCD partnered on an extensive planning process to evaluate the need for a new commercial district revitalization program in Milwaukee that “aggressively leverages non-government funding and provides clear investment returns to all stakeholders”.

More than 120 stakeholders participated in the planning process, which resulted in the establishment of the Main Street Milwaukee Program (MSM) in 2005 as a multi-district, citywide collaborative effort between the DCD and LISC.⁸ The responsibilities of each entity were formalized and approved by the Milwaukee Common Council in 2005.⁹ Mayor Tom Barrett made MSM a priority in the city’s efforts to redevelop Milwaukee’s older, traditional commercial districts in low- to moderate-income neighborhoods into “sustainable, walkable, thriving anchors” that would be “productive centers of economic activity”.¹⁰

MSM has a nine-member governing and oversight body called the MSM Partners Board that represents the public-private partnership between the city and LISC. The Partners Board designates districts to participate in the program, monitors the performance of the program and individual districts, and provides guidance, oversight and monitoring to DCD’s and LISC’s performance of duties.

Each particular Main Street District also establishes a governing body, which hires a Main Street manager. The manager is responsible for administering the district’s Main Street program, coordinating volunteers, assisting with program implementation, and serving as primary spokesperson. The Main Street manager is accountable to and reports directly to the governing body. Depending on local needs and resources, the Main Street manager may hire additional professional staff, as authorized by the governing body. Often, additional staff will focus on one aspect of revitalization, such as business development, property development, or coordination of promotional activities.¹¹

MSM is designed to use public and private dollars and the Main Street four-point approach as the basis for its efforts to strengthen neighborhood main streets. The program has been managed by DCD, with LISC operating as a coordinating partner and the fiscal agent for monies raised from

⁸ The City of Milwaukee Department of City Development. 2003. Revitalizing Milwaukee’s Commercial Districts: A New Approach.

⁹ For details of this agreement see “Agreement: Main Street Milwaukee Program, 2005 Program Year”, Milwaukee Common Council #031155.

¹⁰ DCD News, “Main Street Milwaukee Moves Forward”, November 3, 2004, <http://www.mkedcd.org/news/2004/mainstreet.html>; DCD News, “Main Street Milwaukee: Revitalizing Milwaukee’s Commercial Districts”, May 2004

¹¹ The City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

the private sector. DCD staff works to supplement LISC's financial support through improved linkage with existing city programs and services. In addition, designated districts receive access to other LISC resources that include predevelopment, construction and mini-perm financing for real estate projects.¹² Community Development Block Grant (CDBG) funds are provided by the city and have been matched with private resources contributed by LISC, State Farm Insurance, Bank One, the Helen Bader Foundation, the Bradley Foundation, and the Potawatomi Community Foundation, as well as state funds from the Wisconsin Department of Commerce.¹³

To ensure that a designated district achieves financial self-sufficiency, the program requires all Main Street districts to have fundraising mechanisms in place by the sixth year of the program. MSM encourages the creation of a Business Improvement District (BID) to meet this goal¹⁴. Furthermore, the program design calls for the level of CDBG funding for a designated district and the level of technical assistance and services provided by LISC to decrease over the six-year period of participation. **Table 1** illustrates the ideal funding levels for a district over the six-year period.¹⁵

Table 1: Sample Funding Support for Designated District

	1st year	2nd year	3rd year	4th year	5th year	6th year
CDBG funding	\$70,000	\$70,000	\$50,000	\$50,000	\$40,000	\$40,000
LISC services	\$80,000	\$80,000	\$60,000	\$60,000	\$50,000	\$50,000
Minimum district fundraising	\$10,000	\$10,000	\$30,000	\$30,000	\$40,000	\$40,000
Total	\$160,000	\$160,000	\$140,000	\$140,000	\$130,000	\$130,000

Source: DCD and LISC (2004)

¹² The City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

¹³ DCD News, "Main Street Milwaukee moves forward", November 3, 2004, <http://www.mkedcd.org/news/2004/mainstreet.html>

¹⁴ BIDs are designated geographic areas in which property owners voluntarily collect annual assessments that are spent on projects that enhance the local business environment, such as improvements to the streetscape, marketing efforts, business recruitment activity and security programs.

¹⁵ The City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004; DCD News, "Main Street Milwaukee: Revitalizing Milwaukee's Commercial Districts", May 2004

MILWAUKEE MAIN STREET DISTRICTS

In 2004 and 2005, MSM conducted a competitive selection process for Main Street participation. The objective was to ensure that MSM would be working with neighborhoods and organizations that were best prepared to make use of the city's technical and financial resources and best equipped to follow the Main Street commercial revitalization model.

A review panel assessed and scored nine applications, using criteria such as district compatibility with the Main Street approach, organizational capacity, and commitment to following the four-point approach. On February 28, 2005, the Main Street Partners selected and designated four districts. These districts – listed below – were to receive \$70,000 in CDBG dollars per year for three years, as well as \$70,000 of in-kind technical assistance and services per year for three years.¹⁶

- *The Mosaic on Burleigh* - Burleigh Street (N 42nd St to N 60th St)
- *SOHI* - N 27th Street (Highland Boulevard to St. Paul Avenue)
- *Silver City* - National Avenue (S 31st St. to S 39th St)
- *Lincoln Village* - Lincoln Avenue (S 5th St to S 20th St)

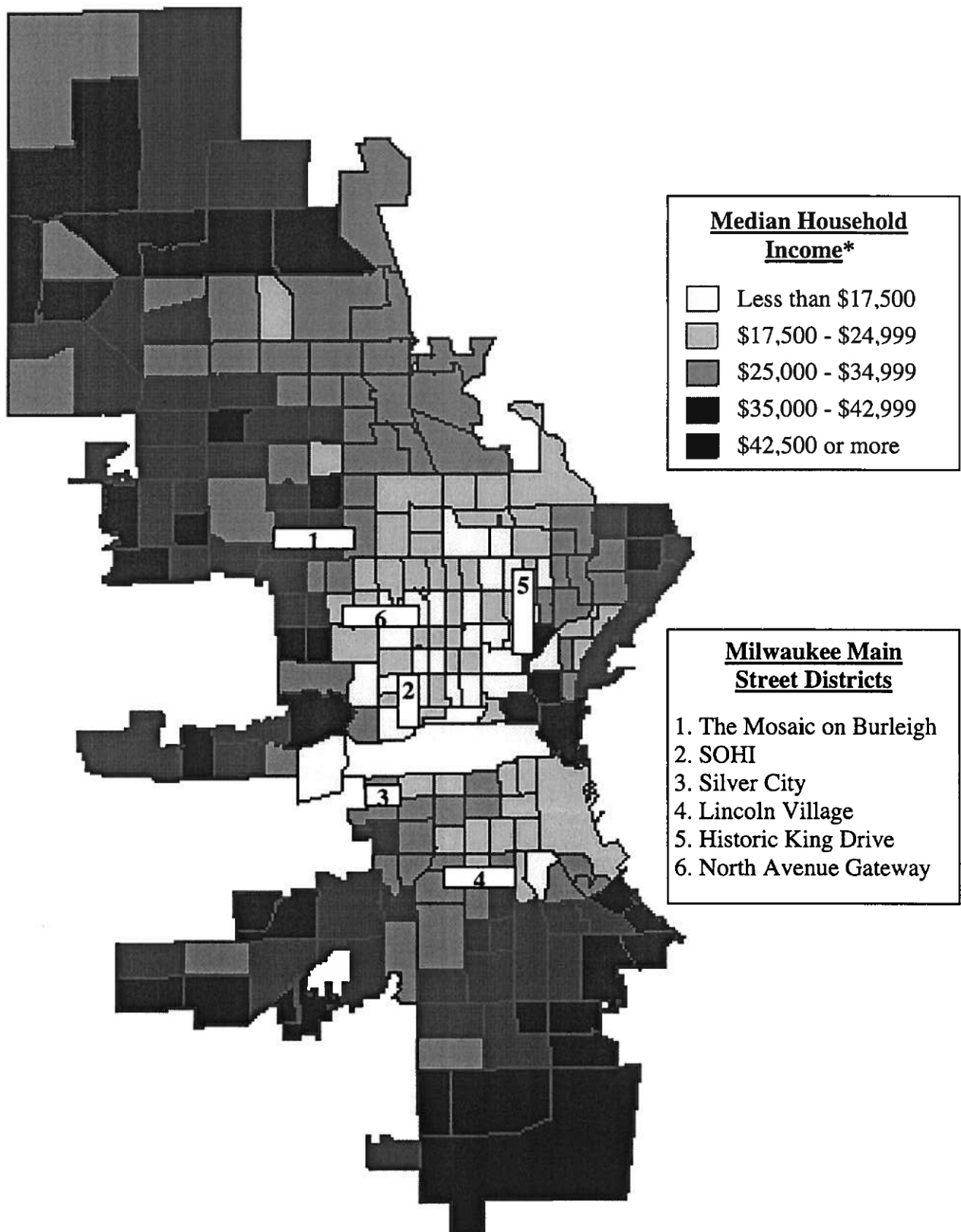
In 2008, MSM expanded to include the following two new districts:

- *Historic King Drive* - MLK Dr (Walnut St to Locust St)
- *North Avenue Gateway* - North Avenue (27th St to Sherman Boulevard).¹⁷

¹⁶ Main Street Milwaukee 2004/2005 Application and Selection Process; DCD News, "Main Street Milwaukee: Revitalizing Milwaukee's Commercial Districts", August 2005

¹⁷ DCD News, "Main Street Milwaukee: Revitalizing Milwaukee's Commercial Districts", Fall 2008.

Map 1: Main Street Milwaukee Districts



* Median household income based on 2000 Census data.

ESTIMATED BENEFITS AND OUTCOMES

At its inception in 2004, DCD and LISC set goals associated with expected investment in MSM neighborhoods based on Main Street results in Boston. In order to adjust for differences in Milwaukee's real estate and economic development environment, however, outcomes estimates for Milwaukee were reduced by 40%¹⁸. **Table 2** shows these calculations, indicating the total estimated private investment and projected business and job creation for MSM Districts for the five-year period beginning in 2005.

Table 2: Total Estimated Outcomes for MSM Districts for the Five-Year Period (2005-2009)

Private investment in exterior building improvements	4 districts X \$277,680 (5 yrs) = \$1,110,720 2 districts X \$43,680 (2 yrs) = \$87,360 Total for 6 districts (2005-2009) = \$1,198,080
Net new businesses created	4 districts X 8.6 (5 yrs) = 34.4 2 districts X 2 (2 yrs) = 4 Total for 6 districts (2005-2009) = 38.4
Net new jobs created	4 districts X 33.7 (5 yrs) = 134.8 2 districts X 8.4 (2 yrs) = 16.8 Total for 6 districts (2005-2009) = 151.6

Source: Based on DCD and LISC (2004)

The MSM Program also was expected to provide additional results to participating districts, city agencies and other participating development organizations. These additional program benefits include: increased citizen engagement in grassroots development through participation in Main Street committees and projects; improved community cooperation; more festivals and events in the neighborhood; and improved networking and solution-sharing among neighborhood business districts.

Finally, the MSM Program was expected to provide a streamlined way for governmental and non-governmental agencies to gather and monitor economic data for neighborhood business districts. Such measurable goals and data – based on required annual district work plans, annual program evaluations and monthly reports measuring growth and success of district efforts¹⁹ – were intended to help the city understand overall patterns of growth and investment in Milwaukee's commercial areas.²⁰

¹⁸ See pages 38-41, The City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

¹⁹ For details on these requirements see "Agreement: Main Street Milwaukee Program, 2005 Program Year", Milwaukee Common Council #031155.

²⁰ The City of Milwaukee Department of City Development and Local Initiatives Support Corporation: Program Proposal: Main Street Milwaukee, May 2004.

OVERVIEW OF THE MILWAUKEE MAIN STREET PROGRAM TO DATE

In light of the ambitious goals of Milwaukee's Main Street Program and the importance placed on it by city officials, we deemed it important to examine program outcomes achieved thus far. The purpose was not to conduct a "program audit", but instead to determine whether there are lessons that can be applied to other neighborhood improvement and economic development efforts in the region. We explored investment, financial sustainability, expenditures, outcomes, and governance using a variety of data sources indicated in the Introduction.

INVESTMENT IN THE MSM PROGRAM

The total public and private investment in the MSM Program over the five-year period was \$3.3 million. Although public (CDBG/city) and LISC/private investments in the MSM Program were expected to be equal (see Table 1), Table 3 shows that the public portion accounted for 64% of the overall investment, while the LISC/private portion accounted for 36%. Charts 1 and 2 compare the actual spending that occurred in MSM districts with the ideal public and private funding levels that were anticipated to occur in MSM districts.

Table 3: MSM District Fiscal Analysis (2005-2009)

	2005	2006	2007	2008	2009	2005-2009
Public (CDBG/City)	\$350,000	\$350,000	\$350,000	\$469,558	\$292,762	\$2.1 million
LISC/Private	\$196,928	\$200,327	\$389,978	\$389,430	\$268,342	\$1.2 million
Total:	\$548,928	\$550,327	\$739,978	\$858,988	\$561,104	\$3.3 million

Source: LISC (2010)

Chart 1: Overall Public Investment in the MSM Program (2005-2009)

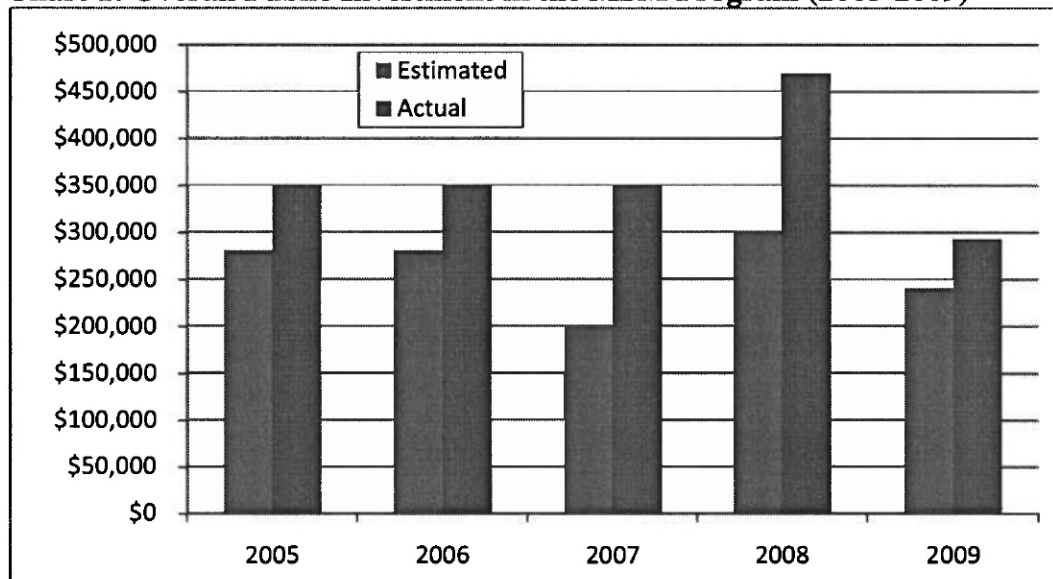
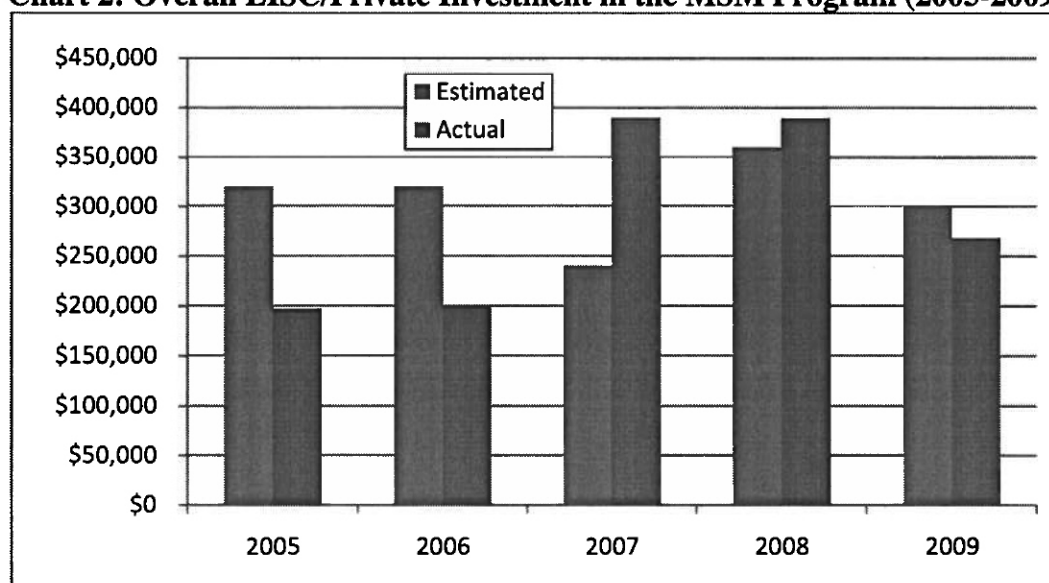


Chart 2: Overall LISC/Private Investment in the MSM Program (2005-2009)



This imbalance between public and private sector support of the program has resulted from difficulties with fundraising that LISC has experienced during the five-year period.²¹ The program's inability to match public investment with private dollars has been a considerable concern to some program stakeholders, particularly as it pertains to sustainability and efforts to provide high-quality assistance to the districts.

FINANCIAL SUSTAINABILITY OF THE MSM PROGRAM

The goal of having districts become financially self-sufficient after the six-year period (which would be in 2010 for the four initial MSM districts) has not been achieved. In fact, DCD, LISC and the MSM Partners Board acknowledge not having an "exit" strategy to achieve this goal. Given the difficulties surrounding private fundraising for the program, both DCD and LISC acknowledge that public investment through CDBG grants has been crucial for sustaining the program. In 2008, CDBG allocations increased to \$100,000 per district, rather than decreasing to \$50,000 per district as was envisioned at the program's inception (see **Table 1**).

Our analysis of the program also shows that despite these fundraising challenges, significant public and private funds allocated for the MSM Program have yet to be spent. For example, in its recent attempt to reevaluate and restructure the program, the MSM Partners Board has discussed concerns regarding low utilization of available grants and technical assistance. Those concerns include the observation that small businesses in the districts often do not access City of Milwaukee funds (e.g. façade grants) and LISC funds (e.g. technical and business assistance) in a timely manner. Some attribute this to stringent conditions attached to both DCD and LISC resources. In addition, there appears to be some resistance among some district staff to utilize these resources for professional development, such as training and national conferences. For example, in 2009, \$31,907 was spent in district technical assistance grants out of the total

²¹ Interview with a local LISC representative.

available annual budget of \$165,024, while \$1,400 was spent in emerging business assistance out of the total available annual budget of \$42,500²².

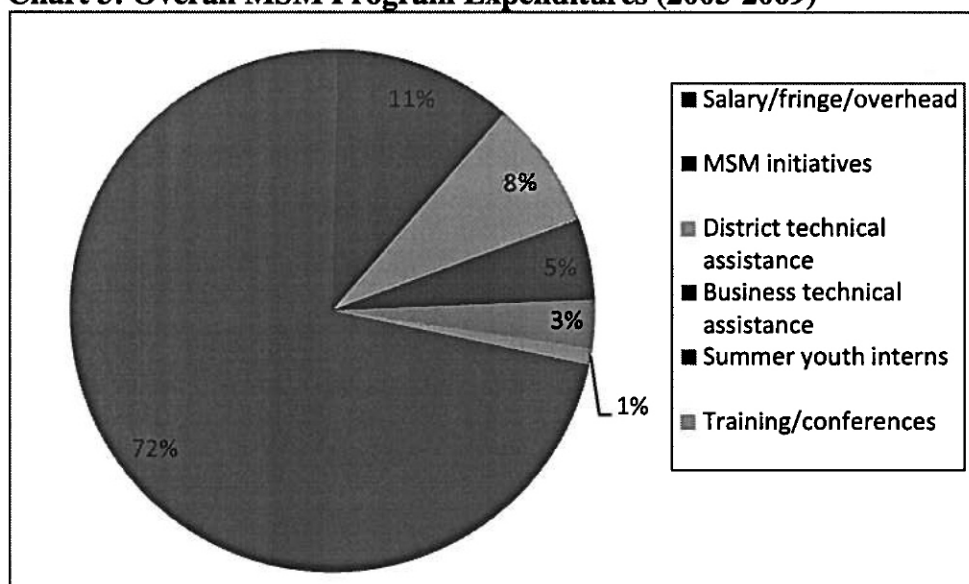
Finally, the intended creation of a BID in each MSM district – which was considered a key component in districts' efforts to achieve financial self-sufficiency by completion of the program's sixth year – has not materialized in all districts. Two original MSM districts, Silver City and Lincoln Village, still remain without a BID. Also, gaining additional resources through development of the "corporate buddy system"²³ in MSM Districts has been lagging.

Taken together, these financial issues suggest the MSM program requires renewed scrutiny from both city officials and LISC. Among the key issues that should be deliberated are whether the city is comfortable with the notion that steady or enhanced contributions of CDBG funds will be necessary to support the program, and with the likelihood that such contributions will need to occur over a much longer period of time than originally anticipated. Also, in light of unmet expectations in regard to BID creation in some districts, city officials and LISC may wish to reexamine the goal of achieving MS districts' financial self-sufficiency through BIDs.

EXPENDITURES IN THE MSM PROGRAM

In terms of expenditures in the MSM Program, **Charts 3 and 4** show overall program and district spending in the various expenditure categories. Public money has been spent mainly on district managers and coordinator salaries, while private money has been spent mainly on LISC program administration, district planning and assessments, trainings, workshops and discretionary grants.

Chart 3: Overall MSM Program Expenditures (2005-2009)

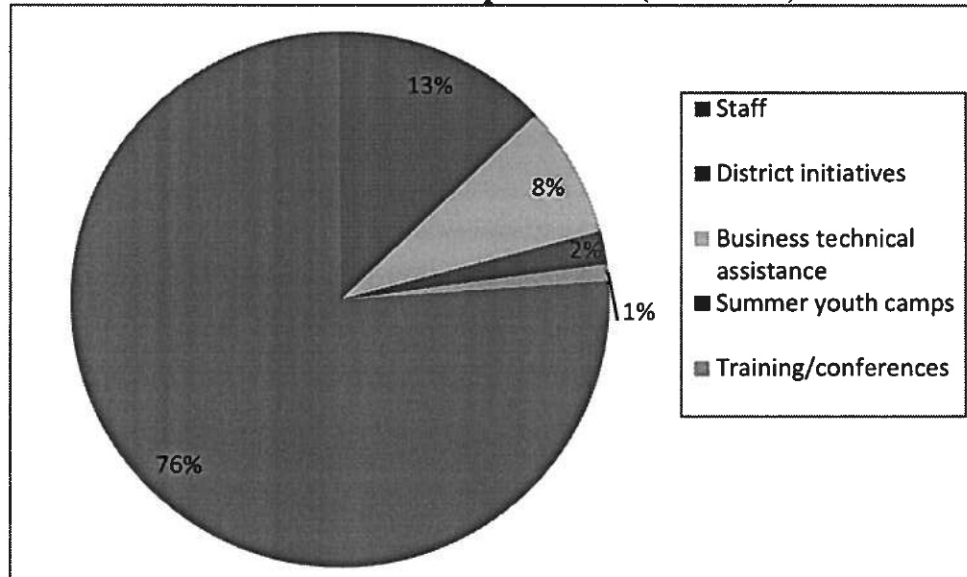


Source: MSM Partners Board District Planning Meeting (May 12, 2010)

²² MSM Partner's Board District Planning Meeting, February 8, 2010.

²³ The Corporate Buddy is a large business or corporation that contributes \$5,000- \$10,000 each year towards operational expenses. The Corporate Buddy also provides access to technical resources such as printing, marketing assistance, and volunteer projects.

Chart 4: Overall MSM District Expenditures (2005-2009)



Source: MSM Partners Board District Planning Meeting (May 12, 2010)

OUTCOMES OF THE MSM PROGRAM

As noted earlier in this report, the MSM partners anticipated both the achievement of tangible outcome measures in areas like business investment and job creation, and less tangible outcomes involving business climate and relationship-building. Participants point out that several of these *intangible* outcomes have been achieved, including:

1. *Belief, passion and commitment* to the Main Street concept among the MSM Partners Board, LISC and the City of Milwaukee.
2. *More cohesiveness and stronger working relationships* among stakeholders in the district, including businesses and neighborhood organizations/BIDs (e.g. a partnership between the Martin Luther King Economic Development Corporation and the BID that did not exist prior to program inception and closer working relationships between businesses in Silver City and the Layton Boulevard West Neighborhoods, Inc.);
3. *Increased attention to the neighborhood*, which both changed people's impressions of the neighborhood and increased community awareness/building. These positive changes occurred due to a number of façade improvements as well as events (e.g. MLK BBQ and the Asian festival).

Table 4, meanwhile, shows “measurable” MSM outcomes, including the total private investment and business and job creation that occurred since the program’s inception in all six MSM districts. When compared to the estimated outcomes for the five-year period (see **Table 2**), this data shows that the total private investment in exterior building improvements *overperformed* considerably. However, over three-fourths of the total private investment can be attributed to the

Historic King Drive district, which saw the completion of two large developments in its initial year as a Main Street district.

Both business and job creation, on the other hand, *underperformed*. Business creation reached 86% of the original estimate, while total job creation reached 57%. **Charts 5 and 6** on the following page indicate comparisons between the actual outcomes that occurred in MSM districts and the estimated outcomes.

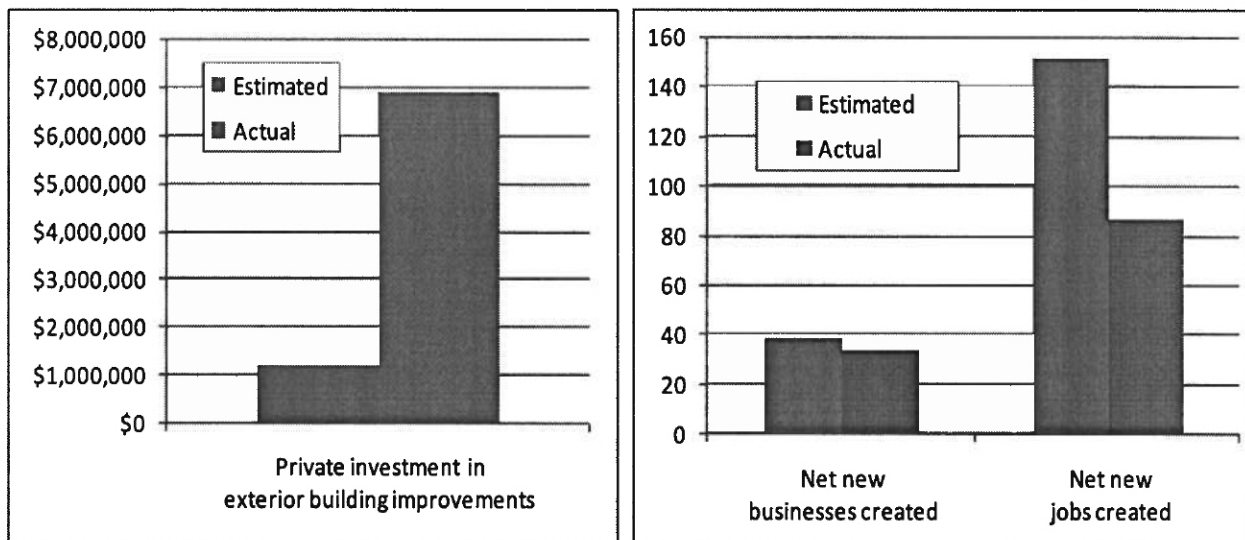
Table 4: Total Outcomes for MSM Districts for the Five-Year Period (2005-2009)

Activity	2005	2006	2007	2008*	2009	Total 2005-2009
Private investment in exterior building improvements	\$799,100	\$551,080	\$134,682	\$5,398,308	\$26,405	\$6,909,575
New/expanded business	0	12	2	11	8	33
New jobs	8	34	22	7.5	15	86.5

Source: Combined Main Street Reinvestment Statistic Totals (Department of City Development, 2005-2009)

*2008 data includes two large private projects in the MLK district (Walgreen's on King Drive and the King Commons mixed use development) that had been in development prior to the neighborhood's designation as a main street district.

Charts 5 and 6: Estimated and Actual Outcomes for MSM Districts (2005-2009)



It is important to note that the figures for new businesses and jobs reflect the *difference* between gains and losses that occurred within 45 days of creation of any new businesses or jobs. It is not known how many of the created businesses and jobs that are reported in **Table 4** were retained after the 45-day period. Also, jobs that were created in MSM districts were approximately at a \$7-10 per hour rate, which is a lower rate than jobs created by other recipients in the same CDBG funding category (Special Economic Development).²⁴

²⁴ Interview with a local CDBG administration representative.

In light of the city's emphasis on MSM as a prominent part of its "Economic and Community Development Strategy", which has been cited in reports by Milwaukee's CDBG Administration to the US Department of Housing and Urban Development (HUD), these findings would appear to merit close scrutiny by city officials. Similarly, because MSM also is cited as directly complimenting Milwaukee's "Anti-Poverty Strategy," which emphasizes job creation at family supporting wages,²⁵ close attention needs to be paid to these results. In fact, it should be noted that there is no correlation among the various outcomes. For example, despite the \$5 million investment in exterior building improvements in the *Historic King Drive* district in 2008, that district saw a loss of three businesses and 27.5 jobs that year.²⁶

In addition, as noted previously, in 2008, the districts' struggles regarding private funding resources for the Main Streets program prompted an increase in public support (CDBG grants) allocated for each district. **Table 4** shows that despite this additional public investment, outcomes for 2008 and 2009 declined in comparison to previous years in regard to job creation.²⁷ Of course, this occurred during a time of recession in both the local and national economies. It should be noted, however, that even prior to the economic downturn (i.e. the 2005-2007 period), several of the program's outcomes were not achieved.

²⁵ See City of Milwaukee's CAPER reports to the HUD, available at <http://www.ci.mil.wi.us/CommunityDevelopment310.htm>

²⁶ 2008 Combined Main Street Reinvestment Statistic Totals, provided by City of Milwaukee Department of Development on June 25, 2010.

²⁷ There is also a decline in private investment in total exterior building improvements, if the large investments in 2008 in the *Historic King Drive* district are omitted.

IMPROVING THE MSM PROGRAM

The previous analysis suggests the MSM Partners Board and other program stakeholders need to re-examine the structure and governance of the MSM program with an eye toward establishing a clearer vision of program objectives and sustainability, and greater accountability for program results. To its credit, the MSM Partners Board is indeed engaging in a new process of program evaluation that may lead to substantial restructuring.

As noted above, failure to meet financial and programmatic objectives cannot be blamed solely on program shortcomings, but also can be partially linked to the onset of an historic economic downturn that has impacted city neighborhoods in many unpredictable ways. Nevertheless, we have identified a series of findings related to program weaknesses that should be instructive to stakeholders and assist them in their ongoing evaluation of the MSM Program.

FINDING # 1 –GOALS ARE UNCLEAR AND MAY NOT BE SUITABLE FOR MILWAUKEE’S LOW-INCOME NEIGHBORHOODS.

In its current effort to reevaluate and possibly restructure the MSM Program, the MSM Partners Board has acknowledged the program’s goals lack clarity. In fact, some stakeholders, including district-level program participants, note that the goals never have been made clear and question whether a program-wide plan with achievable goals exists.²⁸

Conceptually, perhaps the most fundamental obstacle is that the origin and focus of the MS model is mainly small town downtown areas. This has raised concerns regarding suitability and transferability of the MS model to Milwaukee-like conditions in lower income neighborhoods, where all of the MSM districts are located.²⁹

There are several specific implications that may have directly resulted from the program’s insufficient clarity and suitability for urban low-income neighborhoods. For example, there is a mismatch between program goals embraced by DCD/LISC and the goals of the CDBG program. DCD/LISC goals appear primarily focused on physical and design enhancements, such as façade and streetscape improvements. In contrast, Milwaukee’s CDBG administration focuses more on job and business creation. In fact, in its 2010 survey, LISC acknowledges that the purpose of CDBG funding is to target low-income areas, whereas the Main Street model targets more “up and coming” areas. This contradiction with the Main Street model may have been reflected in the evaluation criteria used in Milwaukee, which resulted in the selection of challenged neighborhoods to participate as MSM districts (see Map 1).

In addition, in an effort to encourage “result-oriented” goals, in 2008 the CDBG administration changed its funding provisions for MSM districts from a “planning stage” approach to a “pay-for-performance” formula that is tied to job creation. While this switch appears consistent with

²⁸ See LISC Survey of MSM District Managers and Community Development Corporation Executive Directors (2010).

²⁹ Interview with a MSM Partners Board representative.

the city's anti-poverty strategy, which primarily emphasizes job creation, it appears again to have created implementation challenges for MSM.

For example, some jobs created within a MS district, such as jobs held by family members who live outside of the city, may not fit the CDBG "pay-for-performance" criteria³⁰. Also, this switch made districts change their focus. In the initial years of the program, districts/organizations were required to focus on committee planning, events and façade grants. In order to perform according to the new job-oriented criteria, however, districts now need to work with businesses on business development and retention strategies.

This change has been a challenge, as most program participants have not been equipped with the skills to perform these new tasks successfully. LISC may need to enhance its activity in this area, as providing training and technical assistance to designated MSM district organizations and businesses was anticipated to be its responsibility.³¹ Additionally, some program participants have noted that the CDBG administration has posed bureaucratic obstacles by being slow, not providing consistent directions and losing or not accepting reports.³²

The mismatch between the intended goals of the MS program and the purpose of the program's main funding source likely has contributed significantly to the program's failure to meet initial estimates on two of three outcomes measures, and needs reconciliation. Whether the goals of the MS model need amending to be more in line with CDBG guidelines, or whether a new funding source should be explored, some work is needed to better align the MSM program with CDBG goals and requirements.

In addition, district staff, who are among the most important MSM program participants in terms of their impact on the successful delivery of economic development goals, need expertise or technical assistance in economic development in order to either better balance the current MSM and CDBG goals or to meet new, better-aligned goals.

FINDING # 2 –ADMINISTRATIVE STRUCTURE IS COMPLEX AND COORDINATION AMONG THE DISTRICTS AND STAKEHOLDERS IS POOR.

The program structure has multiple layers, including DCD, LISC, the MSM Partners Board, program coordinators, and six managers. The program also relies on six neighborhood-level organizations within MS districts, each of which has different missions, visions and approaches. Interviews with stakeholders indicate it has been difficult for these diverse organizations to consistently implement the MSM program.

The program structure is further complicated with BIDs that exist within four of the six MSM districts. For example, BIDs may have different goals and/or geographic areas than the MS

³⁰ See LISC Survey of MSM District Managers and Community Development Corporation Executive Directors (2010).

³¹ See pages 7-8 for details of LISC's obligations, "Agreement: Main Street Milwaukee Program, 2005 Program Year", Milwaukee Common Council #031155.

³² See LISC Survey of MSM District Managers and Community Development Corporation Executive Directors (2010).

districts in which they are located. Also, there are indications of poor coordination among the stakeholders, insufficient collaboration among the districts, and insufficient communication between DCD and LISC. Communication channels between the districts and Partners Board also could be improved.

At the district level, there appears to be lack of cooperation in fundraising and branding efforts among the MSM districts, which has contributed, in part, to insufficient fund availability and the districts' inability to facilitate their financial self-sufficiency. Stakeholder interviews indicate that having one uniform brand among MSM districts could increase the program's visibility and assist in fundraising efforts, and could reverse the current situation in which individual districts raises funds independently and often compete against each other. Further, there appears to be poor awareness of program goals and requirements among some district staff, such as the intended district graduation plans at the end of the sixth year of the program.

Finding a way to streamline the program's structure and administration likely will benefit the achievement of program goals. Furthermore, it may help alleviate the conditions under which funds allocated to the program are not expended in a timely manner.

FINDING # 3 –TRANSPARENCY AND ACCOUNTABILITY FOR ACHIEVEMENT OF OUTCOMES IS LACKING.

Several improvements need to be made with regard to establishment and accountability for program results. For example, district work plans are limited in scope and inconsistent both within and among the districts. The overall content, extent and format of plans vary significantly among the six districts, and can vary from a year to year. Also, the required plan components associated with the MS four-plan approach - Organization, Economic Restructuring, Promotion, and Design – are not all always addressed in work plans, or often are addressed in a significantly different extent and format.

With the exception of 2007, annual program evaluations have not been conducted, or at the very least are not being used in planning for subsequent years. Further, required monthly district reporting is inconsistent and infrequent. That the different funding agencies have different reporting requirements, which often change, further increases this inconsistency.

Finally, stakeholder interviews indicate there is little accountability of district managers, partially because there is a high turnover rate among the managers.

Setting clear outcomes measures and institutionalizing and enforcing the reporting and evaluation process as set forth and detailed in the 2005 DCD-LISC Agreement³³ would benefit program administrators, staff, and funders. Currently, program data are available only upon request, appear unreliable, and must be obtained from two different city agencies.³⁴ A formal evaluation process also would ensure program expenditures occur as planned and are directed to districts and/or initiatives that possess the greatest need or the most potential for success.

³³ "Agreement: Main Street Milwaukee Program, 2005 Program Year," Milwaukee Common Council #031155.

³⁴ For example, obtaining outcomes data for this report required repeated requests and yielded contradictory information.

FINDING # 4 – RESOURCES ARE NOT OPTIMALLY LEVERAGED AND PROGRAM VISIBILITY IS LOW.

MSM program branding, marketing and visibility have not been priorities. For example, MSM districts often lack a web presence, and the city's MSM website does not include regular program updates, nor does the city's E-notify tool include MSM-related announcements.

There also has been insufficient leverage of additional resources and lack of broader political support. In fact, the role of the MSM Partners Board in fundraising, marketing/communications, and advocacy is unclear. Also, the program does not appear to benefit from coordination with other existing city and LISC programs and initiatives.

Better visibility among economic development practitioners and better coordination with other economic development programs may come once the program's goals are clarified and better coordination among stakeholders and districts is established. Fundraising efforts are likely to be more successful once outcomes are uniformly defined and measured.

FINDING # 5 – THE PROGRAM LACKS SUFFICIENT VOLUNTEERS.

Although the MSM Program relies heavily on volunteers (see sidebar), one of the primary challenges in some districts has been attracting residents and business owners to volunteer on each of the MSM committees.³⁵ Also, districts have experienced difficulty retaining volunteers, as demonstrated by a sharp decline in total volunteer hours. After peaking in 2007 with more than 10,000 hours, the number of total volunteer hours for the six MSM districts declined to approximately 1,000 in both 2008 and 2009.³⁶

For the program to be viable, an active volunteer component is necessary. In addition, greater volunteer involvement is likely to increase program visibility and cohesiveness in a district. Finally, with the high turnover among district-level staff, a volunteer infrastructure is important to support program activities.

Volunteer Tasks on District Committees

Organizations Committee: committee management; funding oversight; fundraising; grant writing; newsletter; policy; public relations; staff oversight; staff recruitment; volunteer recruitment; work plan development; community policing

Economic Restructuring Committee: business assistance; business expansion; business mix/clustering; business recruitment; business retention; financial assistance/loans; market analysis; property owner assistance; real estate development

Design Committee: design guidelines; façade renovations; historic preservation; mass transit; newspaper boxes; parking issues; public furniture; signage; streetscapes; traffic calming; walkable communities; zoning/regulation issues; graffiti removal; litter control; window displays; street banners

Promotion Committee: decorations; holiday promotions; image events; retail business marketing; retail events

Source: MSM Districts Assessment (DCD, 2007)

³⁵ See LISC State Farm reports (2008-2009).

³⁶ MSM Partners Board District Planning Meeting, February 8, 2010.

SUMMARY

As it evaluates potential program restructuring, the MSM Partners Board has an opportunity to better align the program's goals not only with the main public funding source, but also with other economic development and poverty alleviation initiatives within the city. The board may decide that the national MS model needs significant alterations in order to best fit Milwaukee's low-income districts. It also may find that the reliance on CDBG funds is taking the program too far from the proven national model, or too far from the board's priorities, and that a new public funding source, therefore, must be identified.

As a program with a significant reliance on public dollars, the MSM Program's specific outcomes must be clearly defined and related to the program's goals. Without such clarity and relevance, there is little chance to ensure program resources are spent purposefully, effectively and efficiently. The board may decide that a certain degree of flexibility in both approach and outcome expectations may be appropriate to accommodate variations in district characteristics, or the board may wish to establish a uniform approach and consistent outcomes across all districts.

If the board decides the goals need to change to align with other economic development efforts, an opportunity arises for the program's administration to be revamped. Economic development efforts with goals similar to MSM may serve as good models for a new administrative structure and might even allow for administrative integration with other economic development programs within the city. However, it should be acknowledged that there is some reluctance among some board members to integrate the MSM program into an existing city program, as such a program merger may cause the MS approach to lose its identity within the larger program.

Whether or not the program structure is streamlined, an institutionalized and regularly enforced process for outcome measurement and evaluation would significantly improve program transparency and accountability. It also likely would improve coordination across the various layers of program administration, whether they remain as they are today or whether they take some other shape. Having rigorous and transparent documentation of outcomes also may enhance fundraising efforts.

Whatever the chosen approach and outcomes, the new shared vision that should result from a program re-design will allow the board and the districts to better communicate the program's intent and achievements to the community and to the program's funders. The board may wish to implement a coordinated branding and marketing agenda in the hopes of positively impacting fundraising and volunteer recruitment, as well as raising the program's visibility within districts and among business owners, developers, and investors.

CONCLUSION

As noted in the Introduction, this analysis originally set out to explore the strengths and weaknesses of several MSM districts in an effort to demonstrate those factors that have caused this particular economic development strategy to succeed or to fail in different Milwaukee neighborhoods. Early in the analysis, we recognized that sufficient performance data did not exist to adequately assess that question in depth. Consequently, our attention turned to the substitute question of whether, why, and to what extent, from an overall perspective, the MSM Program succeeded in delivering the results that originally were estimated.

Reflecting on the original research question, it is important to note that while some participants credit the Main Street approach with contributing to success in bringing more businesses and development to their districts, others question whether such successes also would have happened without a MS designation.

For example, most participants single out *Historic King Drive* as the most successful district. The success of *Historic King Drive* generally is linked to: (i) having a Main Street and BID in place simultaneously and operating on a 4-point approach; (ii) having a well-organized BID/organization in place; (iii) possessing long-term, dedicated, knowledgeable and politically savvy staff; (iv) good communication, outreach and relationships with district businesses; (v) availability of a business assistance package (e.g. info on façade grants, MEDC, brochures, list of available properties for lease/development); (vi) fundraising efforts both in and out of Milwaukee; (vii) promotion via website, newsletter and social events; (viii) having a three-person staff (rather than one manager); and (ix) being the biggest of the MSM districts (16 blocks long), which allows for a larger variety of businesses, other entities, investment and community capital.

However, participants are not sure if the success of *Historic King Drive* has necessarily occurred due to its MS designation. Further, some participants single out other comparable low- to mid-income areas in the city, such as Cesar Chavez Drive and Mitchell Street, as having achieved significant success *without* a Main Street designation. Thus, it remains unclear whether commercial districts need to operate as a Main Street in order to perform well.

In looking toward the future and re-evaluating the performance and role of the Main Street program in the city's overall economic development toolbox, city officials, LISC and MSM Partners Board may wish to research further whether there is a tangible connection between economic development improvements in Main Street districts and the program itself. Such research might use the Cesar Chavez Drive and Mitchell Street districts as points of comparison to explore the impacts of various strategies for economic and community development in low- to moderate-income areas. In addition, the overall question of what constitutes City of Milwaukee economic and community development strategy, and how this strategy relates to the city's anti-poverty strategy, would be areas ripe for future qualitative and quantitative research and analysis.

Finally, given that the MSM Program is just one example of a public-private economic development initiative in Milwaukee, city officials may wish to carefully reevaluate how it structures such initiatives to ensure that both sides deliver on agreed upon financial

responsibilities. For example, to ensure that private partners meet their funding commitments and/or that unanticipated program developments do not place a larger financial burden on city government, city officials may wish to enter into public-private initiatives with clear contractual language indicating the financial obligations and limitations held by each party.