



OFFICE OF CORPORATION COUNSEL

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To: Honorable Supervisors of the
Committee on Transportation, Public Works and Transit and
Committee on Economic and Community Development

From: Paul Bargren
Paul D. Kuglitsch

Date: November 25, 2013

Re: Residency goals in public contracts

On October 29, 2013, members of the Committee on Transportation, Public Works and Transit referred several questions to this office regarding the residency goals in Milwaukee County public contracts and potential conflict with federal or state law. On November 7, 2013, the Committee on Economic and Community Development joined in the referral.

Based on the questions of the committee and resulting research, we are able to offer several additional thoughts on the topics raised.

Background information

In July 2013, the Audit Services Division provided its most recent evaluation of compliance by contractors in achieving percentage goals of gross payroll paid to Milwaukee County residents.

In its October 7, 2013, response to the audit report, the Architecture, Engineering & Environmental Services Section set out several steps taken to improve compliance but also noted information from this office that identified the potential statutory conflicts.

The residency goal is found in a May 31, 1995 resolution of the County Board stating that the Board

does hereby support a goal of achieving and maintaining 50% Milwaukee County residency on County public works construction projects whereby 50% of the salaries to be paid to workers on County construction projects go to Milwaukee County residents.

Annual reports by Audit and public works officials are required.

AE&ES establishes a residency goal for each project before the requests for bids are issued and, if the goal is less than 50%, documents the reasons why a goal of less than 50% was recommended. Contractors who bid must submit an affidavit acknowledging the residency goal provisions of the contract. Once the project is underway, each contractor invoice must include required residency forms or the invoice will not be processed. AE&ES is in the process of improving its methods for verifying payroll residency data.

AE&ES issues a warning letter to contractors who appear to be falling short of 50% on a given project. The letter requires the contractor to respond immediately with a strategy to improve performance before the project is complete.

A contractor who fails to achieve the project's residency goal is issued a letter warning that if the contractor fails to meet the residency goal on a future contract, the County will take one or more of the following actions:

- 1 – Withhold payment on the contract.
- 2 – Terminate or cancel the contract, in whole or in part.
- 3 – Consider possible debarment of the contractor from bidding for a period of up to two years.
- 4 – Any other remedy available to the County at law or in equity.

According to AE&ES, there have not been any instances in which there has been a second failure by a contractor to achieve a residency goal. AE&ES also points out there is a relatively small pool of contractors willing to bid on County projects and appears to believe there is some chance that no bids will be received on some projects if contractors view residency requirements as too harsh.

Notably, the US Department of Transportation prohibits use of “geographical preferences in the evaluation of bids or proposals” in projects using DOT funds. 49 CFR § 18.36(c)(2). Therefore, Milwaukee County does not use or enforce residency requirements in USDOT-funded projects. The federal prohibition on residency requirements applies to most or all public works contracts at General Mitchell International Airport, Congestion Mitigation and Air Quality Improvement (CMAQ) Program projects, and transit projects.

For illustration, the County awarded 44 contracts for a total of \$72.6 million in the first 10 months of 2013. That included \$47.7 million in 16 airport contracts and \$24.9 million in 28 non-airport contracts. Of the 44 contracts awarded, 26 included a 50% residency goal. Numbers appear to vary quite a bit from year to year, but these are representative.

Questions from supervisors

1. What, if any, are the effects of Wis. Stat. §§ 66.0901(1m)(a)2 and (1m)(b), including the requirement that a public contract be awarded to the “lowest responsible bidder”?
2. What steps are available to Milwaukee County, within the law, to force or persuade contractors to use County residents on County-funded work?
3. What enforcement mechanisms are available to the County where contractors do not meet the goal?

Each of these is addressed in turn.

1. What, if any, are the effects of Wis. Stat. §§ 66.0901(1m)?

To summarize, while § 66.0901(1m) speaks to the residency of the contractor on a public works project, it does not address the residency of the contractor's employees. Other provisions in the state statutes continue to authorize the County to impose employee residency goals or requirements on public works projects where not barred by federal restrictions.

Section 66.0901(1m) states:

(1m) METHOD OF BIDDING. (a) Except when necessary to secure federal aid, whenever a political subdivision lets a public contract by bidding, the political subdivision shall comply with all of the following:

1. The bidding shall be on the basis of sealed competitive bids.
2. The contract shall be awarded to the lowest responsible bidder.

(b) Except when necessary to secure federal aid, a political subdivision may not use a bidding method that gives preference based on the geographic location of the bidder or that uses criteria other than the lowest responsible bidder in awarding a contract.

In sub. (1m), "political subdivision" is a defined term that includes counties. *See* § 66.0901(1)(bm). "Public contract" is also a defined term and "means a contract for the construction, execution, repair, remodeling or improvement of a public work or building or for the furnishing of supplies or material of any kind, proposals for which are required to be advertised by law." § 66.0901(1)(c). *See also* § 59.52(32), making county public works contracts greater than \$25,000 subject to § 66.0901.

The first relevant point is found in sub. (1m)(b), where the statute prohibits a bidding method that gives preference based on "the geographic location of the bidder." We understand this provision was included to counter a City of Milwaukee requirement that had given preference to contractors located in the City. The requirement addresses only the *bidder's* residency, and not the residency of the bidder's *employees*. There are no reported court decisions construing this language, and it is not ambiguous. Therefore, it can be taken at face value, and it does not prohibit an employee-based provision like the County's.

Support for a residency goal or requirement is also found in § 59.01, the general grant of powers to counties, which includes the power "to make such contracts ... as are necessary and proper to the exercise of the powers and privileges granted" to the County. A residency goal or requirement can be viewed as a contract provision that is "necessary and proper" to advance County interests.¹ And even though counties are now specifically prohibited from imposing

¹ A counter argument could be made based on the sort of statutory construction approach some have used to interpret, for example, Act 14. The statutes originally specifically allowed counties and municipalities to issue RFPs including requirements for employee residence and "other such matters ... require[d] for the protection and welfare of the public." *See, e.g.*, 70 Wis. Op. Atty. Gen. 64 (1981 WL 157229). However, Chapter 66 has been rewritten to limit such language only to municipalities, excluding counties. *See* § 66.0901(2), (6). One could argue this was a decision by the legislature to prevent counties from including residence or "other such matters" in bids. However, § 66.0901(1m) is more recent, addresses residency, and does so in Courthouse, Room 303 • 901 North 9th Street • Milwaukee, WI 53233 • Telephone: 414-278-4300 • FAX: 414-223-1283

residency provisions for their own employees, *see* § 66.0502 (effective July 2, 2013), the County’s ability to exercise “organizational or administrative” home rule powers, *see* § 59.03(1), still lends support for including residency provisions in public contracts.

The second relevant point in § 66.0901 is the requirement to award the bid to the “lowest responsible bidder.” However, this term refers to more than financial responsibility and can fairly be read to include factors such as employee residency that are not otherwise barred by statute. Wisconsin courts have ruled that governments letting bids have wide discretion in determining which bidders are “responsible.” *See Aqua-Tech., Inc. v. Como Lake Park & Rehabilitation Dist.*, 71 Wis.2d 541, 549 (1976); *Menzl v. City of Milwaukee*, 32 Wis.2d 266 (1966); *D.M.K., Inc., v. Town of Pittsfield*, 2006 WI App 40, ¶ 13, 290 Wis. 2d 474, 711 N.W.2d 672. Consistently, Milwaukee County Ordinance states:

The concept of lowest responsible bidder includes the definition of two (2) terms - responsible and responsive. The term "responsible" refers to the bidder's integrity and reliability. Bidders who have the structure and ability to perform as promised and to stand behind what they deliver to the county are responsible bidders. The term "responsive" refers to the bidder's ability to meet the contract requirements.

MCO 43.03(2). Criteria for determining the lowest responsible and responsive bidder include “[d]emonstrated ability to comply in situations where the award is contingent on special considerations subject to the nature of the contract,” such as residency goals. *See* MCO 43.03(3)(e).

Although there is no Wisconsin case on point, courts elsewhere have expressly found that evaluation of the lowest responsible bidder can take into account the bidder’s compliance with affirmative action hiring requirements that are made part of the project. *See Associated General Contractors of California, Inc., v. City and County of San Francisco*, 813 F.2d 922, 943 (9th Cir. 1987) (upholding local business preference in bidding). *See also Southwest Washington, Nat'l Electrical Contractor Ass'n v. Pierce County*, 100 Wash.2d 109, 115, 667 P.2d 1092, 1096 (1983) (“the word ‘responsible’ [includes] a legislative intent that ‘the social responsibility of the contractor should also be a concern’ ”), quoting *S.N. Nielsen Co. v. Public Bldg. Comm’n*, 410 N.E.2d 40 (Ill. 1980); *Appeal of Associated Sign & Post, Inc.*, 485 N.E.2d 917, 924 (Ind. Ct. App. 1985) (“examination of a bidder's affirmative action plans or proposals” is justified “when determining who is the lowest responsible bid”); *Wallace C. Drennan, Inc., v. Sewerage & Water Bd. of New Orleans*, 798 So. 2d 1167, 1174 (La. Ct. App 2001) (upholding a DBE goal as part of “responsible bidder” determination).

The final relevant point in sub. 1(m) is that it waives its own requirements as necessary for a political subdivision to obtain federal aid on a project. Therefore if (contrary to the DOT standards, for example) a contractor residency requirement is a condition of obtaining federal aid, the residency requirement can be imposed. We are not aware of any federal programs that impose a local contractor residency requirement.

such a way as not to limit the County’s ability to impose an employee residency condition in contracts.

2. What steps are available to Milwaukee County, within the law, to force or persuade contractors to use County residents on County-funded work?

Under the analysis of Wis. Stat. § 66.0901, above, Milwaukee County can continue to use the residency goals found in the May 31, 1995, Resolution to promote the use of county residents as contractor employees on county-funded public works projects. Modifying the resolution to impose this as a requirement rather than a goal would also be a possibility. In that case, in order to meet constitutional demands, significant data would need to be collected to create the required legal justification for the requirement, since it discriminates against out-of-county employees. The data would need to show that the requirement is properly tailored to address inequities. If the Board wishes to continue the residency goal or to create a residency requirement, we would recommend that it be adopted into ordinance rather than relying only on the 1995 resolution.

3. What enforcement mechanisms are available to the County where contractors do not meet the goal?

Because residency is a goal, not a requirement, some caution needs to be exercised in addressing it. The best approach is to consider past performance, because Wisconsin's Court of Appeals has found that concern about performance of past contracts is grounds for finding that a contractor is not a responsible bidder on a new contract. *D.M.K.*, 2006 WI App 40, ¶ 19 (upholding town's "ultimate finding that [contractor] was not a responsible bidder" based on "numerous legitimate concerns about [the contractor's] performance of prior contracts"). Therefore, a contractor who has failed to meet the residency goal on one or more past contracts could be excluded from future bidding.

More immediate remedies might be too drastic. For example, to break a contract in mid-job or to refuse to pay a contractor for work performed could lead to breach of contract claims against the county that could be difficult to defend, given that the 50% residency is a goal rather than a firm requirement. At a minimum, to be enforceable, specific progress requirements and specified penalties for failing to meet them would need to be incorporated into the contracts, rather than simply stating generally that payment might be withheld.

1 By Supervisors Krug and Diliberti

2 AN AMENDED RESOLUTION

3 WHEREAS, Milwaukee County annually awards millions of dollars in public works
4 contracts for construction and major maintenance projects which have been approved by
5 the County Board during the annual budget process; and

6 WHEREAS, firms which receive public works contracts from Milwaukee County
7 through a competitive bidding process or as a result of a Request for Proposal review
8 process employ hundreds of workers to complete the projects; and

9 WHEREAS, the impact of Milwaukee County public works contracts on the local
10 economy could produce a significant employment benefit to the area if a number of the
11 workers employed by firms doing projects for the County were Milwaukee County
12 residents; and

13 WHEREAS, it would be beneficial to strive to achieve a goal of 50% of County
14 construction work being done by workers who live in Milwaukee County; now, therefore

15 BE IT RESOLVED that the Milwaukee County Board of Supervisors does hereby
16 support a goal of achieving and maintaining 50% Milwaukee County residency on County
17 public works construction projects whereby 50% of the salaries to be paid to workers on
18 County construction projects go to Milwaukee County residents; and

19 BE IT FURTHER RESOLVED, that the Director of Public Works in cooperation with
20 the Department of Audit shall report annually in February to the Transportation and Public
21 Works Committee on the previous year's percentage of Milwaukee County residents
22 working on County construction projects.

23 **FISCAL NOTE:** Adoption of this resolution will not require an expenditure of funds but
24 an expenditure of staff time will be required to compile the annual
25 reporting information.

26 AM.RES
27 May 31, 1995



Community Business Development Partners MILWAUKEE COUNTY

RUBEN L ANTHONY, Jr, PhD • Interim Director, DBE Liaison Officer, ACDBE Liaison Officer

INTER-OFFICE COMMUNICATION

DATE: November 11, 2013

TO: Supervisor Marina Dimitrijevic, Chair, County Board of Supervisors
Supervisor Patricia Jursik, Chair, Economic & Community Development Committee
Supervisor Michael Mayo, Sr., Chair, Transportation, Public Works & Transit Committee

FROM: Ruben L. Anthony Jr. Ph.D., Interim Director, Community Business Development Partners

SUBJECT: **DBE WAIVER REPORT FOR SEPTEMBER & OCTOBER OF 2013**

DIRECTIVE

At the request of the Committee on Economic and Community Development, the Community Business Development Partners Department (CBDP) provides a monthly update on the Disadvantaged Business Enterprise (DBE) utilization waivers requested by, and granted to, Milwaukee County departments/divisions.

BACKGROUND

CBDP is responsible for designing, implementing, monitoring and enforcing Milwaukee County's DBE Program in order to maintain compliance with Federal Regulations and Milwaukee County Ordinances. Implementation of the Program includes assignment of participation goals on, both, Federal and County funded contracts, as well as monitoring and enforcing compliance of these contracts. Participation goals may only be established on contracts where opportunities exist for ready, willing and able certified firms to perform commercially useful functions related to the satisfaction of those contracts.

In 1999, the United States Department of Transportation (USDOT) implemented DBE Program rules with seven (7) key objectives directed at creating a level playing field on which certified firms could compete fairly for USDOT-assisted contracts. This legislation, 49 CFR Parts 23 and 26, requires all recipients of USDOT funds to establish and maintain a DBE program that, not only, complies with the intent and language of the legislation, but that has also been reviewed and approved by USDOT. As a result of public and private stakeholder input, Milwaukee County determined and approved, by action of the County Executive and the full County Board, to establish and maintain a program based upon the Federal DBE Program rules and standards for all of its contracts. This action designed to ensure the same level of commitment and consistency in approach to the facilitation of small business involvement when and where appropriate has been enacted in Chapter 42 of the Milwaukee County Code of General Ordinances.

Milwaukee County is required to provide and establish contract opportunities for certified firms on its projects based upon the number of ready, willing and able firms certified to perform within the scope(s) of each of these projects. Only firms certified through Wisconsin's Unified Certification Program (UCP), a consortium of over 24 municipalities and agencies throughout the State, count as ready, willing and able firms for this purpose. Four of the UCP members serve as certifying partners for the consortium, Milwaukee County, WisDOT, Dane County, and the City of Madison. Milwaukee County has the responsibility of verifying and maintaining the certification status of 348 of the 825 currently certified firms throughout the State, while processing all new applications for DBE certification.

WAIVER REQUESTS

When CBDP receives a waiver request from a department/division, staff thoroughly reviews it and available supporting documentation before rendering a determination. The Interim Director may require staff to gather more comprehensive information or to provide more detailed clarification regarding any identified issues prior to issuing a determination.

WAIVER REPORT SUMMARY

The figures below include Professional & Management Service and Capital Improvement/Maintenance contracts awarded during September and October of 2013. This report does not include contracts awarded by the Procurement Division of the Department of Administrative Services processes under Chapter 32. Please see the attachment for waivers requested as broken out by owner department, contractor/consultant awarded, scope of services rendered, total contract amounts, and reason for approval.

Total Contracted Dollars for Period	\$ 59,292,968.74
Total Contracted Dollars w/o DBE Participation	\$ 13,344,278.24
Percentage of Contracts w/o DBE Participation	22.5%
Total Contracted Dollars w/ Waiver Approval	\$ 13,081,195.42
Percentage of Contracts w/ Waiver Approval	22.1%
Total Contracted Dollars w/o Waiver Approval	\$ 102,000.60
Percentage of Contracts w/o Waiver Approval	0.2%

It is also important to note that the Milwaukee County Code of General Ordinances exempts various contracts from DBE participation consideration review for services such as those used for the purpose of securing credit rating services related to debt issuance and administration. These exemptions appear as Chapter 56.30(2) (a), and 56.30(10) (a).

Total Contracted Dollars for Period	\$ 59,292,968.74
Total Exempted Contract Dollars	\$ 161,082.22
Percentage of Exempted Contracts for Period	0.3%

RECOMMENDATION

CBDP prepared this informational report, and recommends that it be received and filed, as such.

Approved by:



Ruben L. Anthony Jr., Ph.D.
Interim Director, CBDP

CC: Chris Abele, Milwaukee County Executive

Milwaukee County Community Business Development Partners Department (CBDP) DBE Waiver Report September & October 2013

DEPARTMENT	CONSULTANT/CONTRACTOR	SCOPE OF SERVICES	CONTRACT AMOUNT	APPROVAL REASON
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Approved Waivers ¹

Human Resources	Ceridian Corporation	To provide automated benefit and payroll services for Milwaukee County Employees	12,709,444.18	HR & Payroll system maintenance
UW - Extension	University of Wisconsin Extension	Extension for provision of cooperative extension programs in Milwaukee County	157,614.00	Specialized Service
Child Support Enforcement	Center for Veterans Issues	Assist non-custodial parent to obtain employment	100,000.00	Specialized Service
Risk Management	Regnier Consulting Group	2012 unpaid liability analysis and 2014 cross charges	37,050.00	Specialized Service
Facilities Management	W.F. Baird & Associates, Ltd.	Bender park access jetty	15,000.00	Specialized Service
Family Care	Blumenfeld & Associates, LLC	Specialized training	14,000.00	Specialized Training
GMIA	Wolf Management Consultants, LL	Denison Organizational Culture Survey (DOCS)	11,500.00	Specialized Service
Aging	Sojourner Family Peace Center	To host a two-day conference/training on domestic violence for adults 60 and older	10,000.00	Specialized Service
GMIA	James G. Otto	Architectural Services	9,675.00	Annual Consultant Utilization
Milwaukee County Zoo	Edwards Wildman Palmer, LLP	Specialized legal services	5,000.00	Specialized Service
Fleet Maintenance	Jackson MacCudden	Fleet Maintenance 109th and Lapham - Asbestos Inspection	3,191.00	Annual Consultant Utilization
MCTS by DAS-FM	The Sigma Group	Replace HVAC System at KK Transit Operation Bldg - Asbestos Inspection	2,893.49	Annual Consultant Utilization
District Attorney	Behavioral Consultants	Dr. Deborah Collins of Behavioral Consultants, a forensic psychologist-John Spooner	2,600.00	Specialized Service
MCTS by DAS-FM	The Sigma Group	MCTS KK Building HVAC replacement Asbestos consultant	1,727.75	Annual Consultant Utilization
GMIA	Institute for Human Factors	To conduct a class on "Overcoming Your Fear of Flying"	1,500.00	Under \$2,000.00

Contracts Issued Without Review ²

DHHS-BHD	Gonzalez, Saggio & Hartan, LLP	To amend PRB outside council for BHD related matters	102,000.60	Contract amendment
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Exempted Contracts ³

MCSC	Whitcomb, Michael A.I., Law Office	Legal matters Sheriff David A. Clarke, Jr. v. Milwaukee County	49,999.99	Per Chapter 56.30(10)(a)
Comptroller	Fitch Ratings	Professional services associated with the 2013 CP bonds and the 2013B POB's	47,000.00	Per Chapter 56.30(2)(a)
Comptroller	Chapman & Cutler	Professional services related to issuance of 2013B Taxable General Obligation Pension Promissory Note Bonds	40,399.23	Per Chapter 56.30(2)(a)
County Board	Center for International Health	Sister Cities Program Development	15,000.00	Per Chapter 56.30(2)(a)
Comptroller	U.S Bank	US Bank administration fees for the airport revenue bonds 2003A, 2005A, 2006AB, 2008AB & 2009A	5,558.00	Per Chapter 56.30(2)(a)
Comptroller	U.S Bank	Administration fees for the 2013A and 2013B airport revenue bonds	2,125.00	Per Chapter 56.30(2)(a)
Comptroller	U.S Bank	US Bank administration fees for the 2010A and 2010B airport revenue bonds	1,000.00	Per Chapter 56.30(2)(a)

Total Contract \$ Amount for Period *	59,292,968.74
Total Contract \$ Amount w/o DBE Participation for Period	13,344,278.24
Percentage w/o DBE Participation	22.5%
Total Approved Waiver \$ Amount	13,081,195.42
Percentage Waived	22.1%
Total Unapproved Waiver \$ Amount	102,000.60
Percentage w/o Waiver Approval	0.2%
Total Exempted \$ Amount	161,082.22
Percentage Exempted	0.3%

¹ Waivers approved by CBDP; within guidelines of Code of General Ordinances

² Contracts issued by Departments in violation of the Code of General Ordinances; CBDP is made aware of these projects when Accounts Payable forwards new contract information

³ These contracts are exempted from Disadvantaged Business Enterprise participation review within the guidelines of Code of General Ordinance Chapter 56.30(2)(a) such as those used for the purpose of securing credit rating services related to debt issuance and administration, or 56.30(10)a enabling Corporation Counsel to enter into a professional services contract in which the interests of Milwaukee County require timely action and flexibility.

⁴ Total does not include Procurement Division Figures

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE: November 25, 2013

TO: Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Teig Whaley-Smith, Economic Development Director
Department of Administrative Services

SUBJECT: Master Real Property Inventory

POLICY

The Director of the Economic Development, Department of Administrative Services (DAS) is requesting that the County Board approve a resolution to create a Master Real Property Inventory.

BACKGROUND

Management of property lists are scattered throughout the county causing several inefficiencies. A Master Real Property Inventory (MRPI) is needed for departments to collaborate, reduce the time spent investigating properties, and identifying which properties need to be disposed of to maximize cost savings. Currently, Economic Development tracks parcels declared surplus; A&E has data on physical structures (i.e. building square footage, deferred maintenance, etc.); the Comptroller keeps a list of debt attached to certain properties, and other departments have additional data. A MRPI project will bring several departments together to decide what data should be input into the MRPI (i.e. departmental interest in certain parcels, reports available, debt, etc.).

With the assistance of the Milwaukee County Automated Mapping and Land Information System (MCAMLIS) division of the Economic Development department, the MRPI will utilize Location Based Data and Technology (e.g., GIS to map all county property). The system will require County Departments to use uniform methods when reporting the status of real property. The MRPI will be implemented by integrating MCAMLIS parcel mapping, Facility Management Building Inventory asset reports, the Comptroller's debt data, and the Milwaukee County Treasurers tax foreclosure data among other inputs into the MRPI. The MRPI will be integrated into MCAMLIS's cloud based system accessible online and in the field through mobile devices. The Economic Development Department will work with MSD, MCAMLIS, Treasurer's Office, Department of Transit, Department of Architecture and Engineer, and other departments to design and implement the MRPI. The MRPI is also expected to play a critical role in the Consolidated Facilities Plan (CFP) and Facilities Assessment Team (FAT) processes.

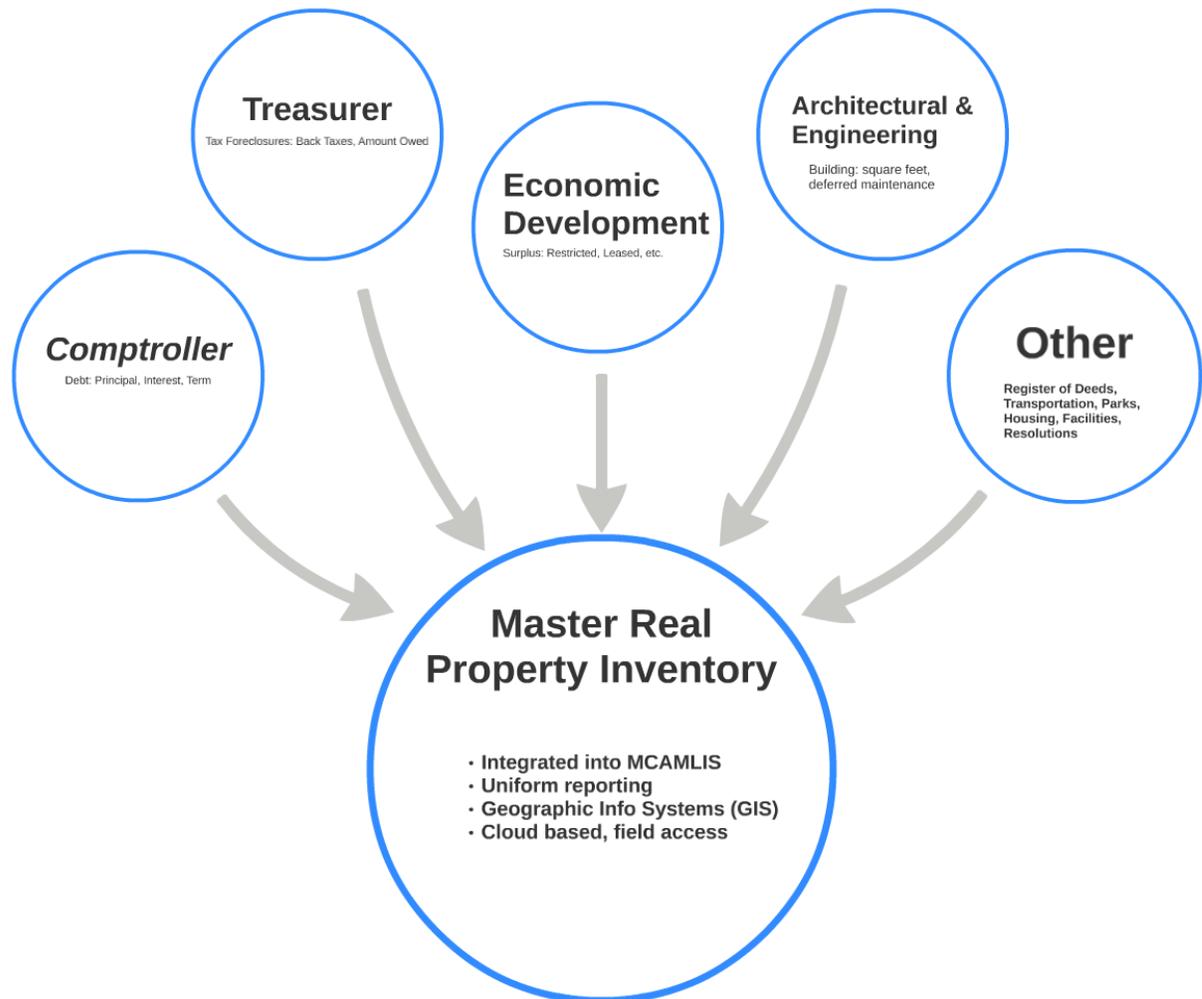
This request is for funding authority from the 2014 Economic Development Fund. Any outside contracts to implement the MRPI will follow the standard procurement process.

Expected Economic Development Outcomes

1. Expedited Timeline. The time period between acquisition and disposition of surplus land will be decreased by at least 25%, resulting in lower holding costs.

Performance Measures

1. Timeline. A baseline will be established using historical data on the timeline of surplus land sales. The MRPI will then be able to track holding period going forward.



RECOMMENDATION

The Director of the Economic Development, Department of Administrative Services (DAS) recommends authorization for a Master Real Property Inventory, to be funded from \$170,000 of the 2014 Economic Development Fund, to be administered by the Economic Development Department.

Teig Whaley-Smith
Economic Development Director

cc: Chris Abele, County Executive
Supervisor Patricia Jursik, Chair, Economic & Community Development
Committee (ECD)
Supervisor David Bowen, Vice Chair, ECD Committee
Supervisor Willie Johnson, Jr., ECD Committee
Supervisor Michael Mayo, Sr., ECD Committee
Supervisor James (Luigi) Schmitt, ECD Committee
Supervisor Steve F. Taylor, ECD Committee
Supervisor Khalif Rainey ECD Committee
Nelson Soler, County Board Research Analyst
Don Tyler, Director, Department of Administrative Services
John Dargle, Director, Parks Department
Brian Dranzik, Director, Department of Transit
Chris Lindberg, Director, IMSD
Scott Manske, Comptroller
Dan Dilibirti, Treasurer
Greg High, Director, Division of Architectural & Engineering
Bill Shaw, Director, MCAMLIS
Julie Esch, Director of Operations, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, Office of the County Executive

REVISED

File No.
(Journal)

(ITEM), A resolution requesting authorization for a Master Property Inventory to be funded through the 2014 Economic Development Fund, to be administered by the Economic Development Department, by recommending adoption of the following.

RESOLUTION

WHEREAS, County Board Resolution 11-601 created the Economic Development Fund; and

WHEREAS, the 2014 Budget established that 25% of proceeds collected from the sale of UWM Innovation Campus shall be contributed to the Economic Development Fund (“2014 Economic Development Fund Allocation”); and

WHEREAS, County Board Resolution 11-601 acknowledges that Milwaukee County will continue “seek the sale of significant real estate assets,” and “the sale of surplus real estate”; and

WHEREAS, currently several departments maintain separate property lists with separate valuable information that once collected together can expedite the sale of surplus real estate; and

WHEREAS, a Master Real Property Inventory is necessary for the efficiency and sustainability of the sale of the County’s surplus real estate, now therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby authorizes the Director of Economic Development to implement a Master Real Property Inventory (MRPI) using \$170,000 of the 2014 Economic Development Allocation; and

BE IT FURTHER RESOLVED, the MRPI shall include at least the following elements:

- (a) Utilize uniform methods for departments when reporting status of real property;
- (b) Utilize Location Based Data and Technology;
- (c) Integrate asset reports, debt data, foreclosure data, jurisdictional information and other department data; and
- (d) Integrate into MCAMLIS’s cloud based system accessible online and in the field through mobile devices.
- (e) 2014 MRPI funds shall be expended only to the extent the funds are available from proceeds received by the County that are attributable to the 2014 Economic Development Fund Allocation.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: December 2, 2013

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Master Real Property Inventory

FISCAL EFFECT:

- No Direct County Fiscal Impact
 - Existing Staff Time Required
- Increase Operating Expenditures
(If checked, check one of two boxes below)
 - Absorbed Within Agency's Budget
 - Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- Use of contingent funds

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. The Director of Economic Development, Department of Administrative Services (DAS) is requesting the creation of a Master Real Property Inventory (MRPI) from the 2014 Economic Development Fund Allocation created by the 2014 Budget.
- B. The funds used for the MRPI are already budgeted for thus there are no current year fiscal impacts.
- C. The funds used for the 2014 MRPI will only be expended to the extent revenues have been generated from the proceeds of the sale of UWM Innovation Campus. Consequently the net fiscal impact is zero. The payments received from project participants will be reinvested in the fund, thus there are no expected future year budget impacts except for the property tax revenue described in B above.

Department/Prepared By DAS-Economic Development

Authorized Signature(s) _____

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE: November 25, 2013

TO: Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Teig Whaley-Smith, Economic Development Director
 Department of Administrative Services

SUBJECT: 2014 Foreclosure Mitigation Initiative

POLICY

The Director of the Economic Development, Department of Administrative Services (DAS) is requesting that the County Board approve a resolution to create a 2014 Foreclosure Mitigation Initiative.

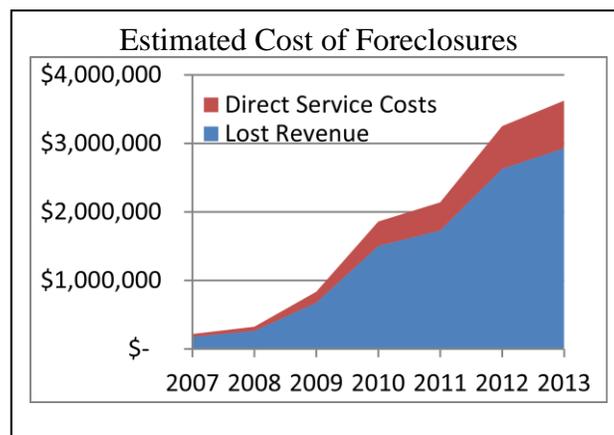
BACKGROUND

Foreclosures Cost Tax Payers Millions

It is estimated that foreclosures in Milwaukee County will cost tax payers more than \$3,600,000 in lost revenue and direct costs in 2014.¹ The inventory has grown by 1,500% since 2007. Current resources allocated to the problem can only address about 50% of the foreclosed properties.

Primary problem is Rehab Cost Gap

The primary reason that the market is not taking care of these problems is that the cost of rehab is often 150% of the value of the real estate when completed.² For example, if a property was purchased for \$5,000 and required \$70,000 to repair, the total cost would be \$75,000, but would only be worth \$50,000, leaving a \$25,000 gap on the project. Unless this gap is addressed, foreclosures will continue to be off of the tax rolls.



Return on Investment Illustration

Example Home - 504 W. Burleigh

Existing Assessment	\$ -
Neighboring Assessment	\$ 37,900.00
Estimated Tax Loss	\$ 1,135.11
Present Value (30 year, 3%)	\$ 22,248.56

Example Home - 2422 S 10th St.

Existing Assessment	\$ -
Neighboring Assessment	\$ 89,200.00
Estimated Tax Loss	\$ 2,671.54
Present Value (30 year, 3%)	\$ 52,363.36

¹ Graph prepared from data contained in the following: City of Milwaukee, "Strong Neighborhood Investment Plan," (October 8, 2013) at 8, 13, available at <https://milwaukee.legistar.com/LegislationDetail.aspx?ID=1465317&GUID=DC65AC40-4896-4690-B1F5-D3E14BA3DFDF&Options=ID|Text|&Search=130517>

² Id. at 15

Serving County Clients

More than 90% of the foreclosures in Milwaukee County are in areas that Milwaukee County is not spending any housing resources because of CDBG and HOME fund rules. Proceeds from land sales do not have this same restriction.

\$837,693.75 of Economic Development Funds would be targeted towards County Housing Division clients and referrals from other County Departments. Homeowners and landlords would be eligible for a \$20,000 per unit, 0%, 15 year term loan for rehab expenses related to a foreclosure.³ The program would require a 50% match by the recipient.

Expected Economic Development Outcomes

1. Return on Investment. The property tax revenues collected will be greater than the loan amount over a 15 year period.
2. Workforce Development. Participants must utilize apprenticeship or workforce training program for a portion of the project costs (i.e. Milwaukee Community Service Corps, Northcott, Milwaukee Builds, Great Lakes CCC, etc.).
3. Jobs. 76 construction jobs will be created, with approximately 20 being related to workforce development.

Performance Measures

1. Tax Base. Tax base generated will be evaluated compared to tax base in areas where the resource was not utilized.
2. Workforce Development. Number of workforce training participants will be tracked using participant level data.

RECOMMENDATION

The Director of the Economic Development, Department of Administrative Services (DAS) recommends authorization for a Foreclosure Mitigation Initiative to be funded through the 2014 Economic Development Fund, to be administered jointly by the Economic Development Department and the Housing Division of Milwaukee County

Teig Whaley-Smith
Economic Development Director

cc: Chris Abele, County Executive
Supervisor Patricia Jursik, Chair, Economic & Community Development
Committee (ECD)
Supervisor David Bowen, Vice Chair, ECD Committee
Supervisor Willie Johnson, Jr., ECD Committee

³ A recent survey of City of Milwaukee foreclosed properties found that the average expected rehab cost was \$42,611. Consequently, the maximum loan per unit was set at approximately 50% of the average.

Supervisor Michael Mayo, Sr., ECD Committee
Supervisor James (Luigi) Schmitt, ECD Committee
Supervisor Steve F. Taylor, ECD Committee
Supervisor Khalif Rainey ECD Committee
Nelson Soler, County Board Research Analyst
Hector Colon, Director, Department of Health and Human Services
James Mathy, Administrator, Housing Division
Don Tyler, Director, Department of Administrative Services
Julie Esch, Director of Operations, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, Office of the County Executive

REVISED

File No.
(Journal)

(ITEM), A resolution requesting authorization for a 2014 Foreclosure Mitigation Initiative to be funded through the 2014 Economic Development Fund, to be administered jointly by the Economic Development Department and the Housing Division of Milwaukee County, by recommending adoption of the following.

RESOLUTION

WHEREAS, County Board Resolution 11-601 created the Economic Development Fund; and

WHEREAS, the 2014 Budget established that 25% of proceeds collected from the sale of UWM Innovation Campus shall be contributed to the Economic Development Fund (“2014 Economic Development Fund Allocation”); and

WHEREAS, County Board Resolution 11-601 specifically allows for the expenditure of 2014 Economic Development Fund Allocation for “housing development,” to increase “tax base not only on land Milwaukee County sells,” and “address ‘gap’ needs in the marketplace,”

WHEREAS, as of October 31, 2013, the inventory of government foreclosed structures in Milwaukee County is 1228, and it is anticipated that more than 1,200 will be added in 2014; and

WHEREAS, the inventory of foreclosed houses are increasingly depleted in value where the rehab cost is 150% of the value, which necessitates gap financing; and

WHEREAS, the lost revenue and direct cost to taxpayers in Milwaukee County of government owned foreclosures is estimated at over \$3.6 Million annually; and

WHEREAS, the expected average rehab costs of a foreclosure are approximately \$40,000 per unit, and

WHEREAS, the rehab construction sector has proven to be an excellent opportunity for workforce development training for Milwaukee County Residents, now therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby authorizes the Director of Economic Development, and the Administrator of the Housing Division to implement a Foreclosure Mitigation Initiative using \$837,693.75 of the 2014 Economic Development Fund Allocation (“2014 FMI Funds”); and

46 BE IT FURTHER RESOLVED, the 2014 Foreclosure Mitigation Initiative (2014
47 FMI) shall include at least the following terms and conditions:
48

- 49 (a) The 2014 FMI Funds shall be used for 0% loans, not to exceed \$20,000 per
50 unit.
- 51 (b) The loans shall be for the rehabilitation of tax foreclosures within Milwaukee
52 County and shall require a matching contribution from the borrower;
- 53 (c) Up to 10% of 2014 FMI Funds may be used to cover the administrative costs
54 of operating the 2014 FMI Initiative.
- 55 (d) The 2014 FMI Initiative shall be prioritized towards housing that is occupied
56 by a referral from a County Department to the Housing Division.
- 57 (e) To the extent practical, 2014 FMI Funds shall be used to complement and
58 leverage other government housing resources.
- 59 (f) Projects utilizing 2014 FMI Funds shall contain additional apprenticeship and
60 training requirements, using existing agencies whenever possible.
- 61 (g) 2014 FMI Funds, and related administrative costs, shall be expended only to
62 the extent the funds are available from proceeds received by the County that
63 are attributable to the 2014 Economic Development Fund Allocation.
64

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: December 2, 2013

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: 2014 Foreclosure Mitigation Initiative

FISCAL EFFECT:

- No Direct County Fiscal Impact
 - Existing Staff Time Required
- Increase Operating Expenditures
(If checked, check one of two boxes below)
 - Absorbed Within Agency's Budget
 - Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- Use of contingent funds

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. The Director of Economic Development, Department of Administrative Services (DAS) is requesting the creation of a 2014 Foreclosure Mitigation Initiative (2014 FMI) from the 2014 Economic Development Fund created by the 2014 Budget.
- B. It is projected that the 2014 FMI will fund 38 units. These units will be moved from tax exempt status to taxable status with a projected assessment average assessment of \$40,000 - \$60,000 per unit. Based on a municipal levy rate of 2.995%, and a county levy of .544% the projected additional property tax revenue for overall property tax levy would be \$35,940 - \$53,910 annually, and for county tax revenue would be \$6,528 and \$9,792 annually. **These figures are approximate.**
- C. The funds used for the 2014 FMI will only be expended to the extent revenues have been generated from the proceeds of the sale of UWM Innovation Campus. Consequently the net fiscal impact is zero. The payments received from project participants will be reinvested in the fund, thus there are no expected future year budget impacts except for the property tax revenue described in B above.
- D. See B above.

Department/Prepared By DAS-Economic Development

Authorized Signature(s) _____

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: October 15, 2013
TO: Supervisor Patricia Jursik, Chair, Economic & Community Development Committee
FROM: Teig Whaley-Smith, Economic Development Director, Department of Administrative Services
SUBJECT: **Workforce Development Update**

REQUEST

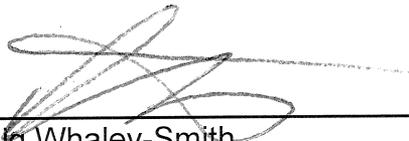
There is no request at this time, this report is for informational purposes only.

BACKGROUND

- At the Finance Committee Meeting on October 14, 2013, a request was made to place the Workforce Development Item on the agenda of the next Economic Development Committee Agenda.

RECOMMENDATION

There is no recommendation at this time; this report is for informational purposes only.



Teig Whaley-Smith

Economic Development Director, Department of Administrative Services

- cc: Chris Abele, County Executive
Marina Dimitrijevic, County Board Chairwoman
Economic and Community Development Committee Members
Don Tyler, Director, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, County Executive's Office
Julie Esch, Director of Operations, DAS

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE: November 25, 2013

TO: Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Teig Whaley-Smith, Economic Development Director
Department of Administrative Services

SUBJECT: 2014 Workforce Development Investment

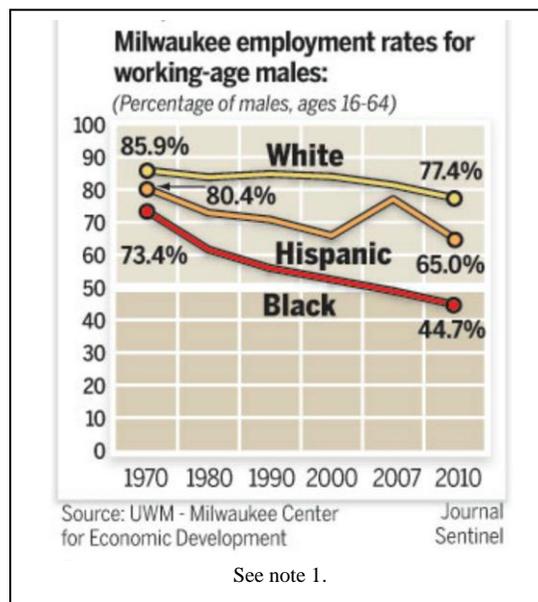
POLICY

The Director of the Economic Development Division, Department of Administrative Services (DAS) is requesting that the County Board approve a resolution to create a 2014 Workforce Development Investment.

BACKGROUND

Unemployment and Poverty need to be addressed
It is a core mission of Milwaukee County to “enhance self-sufficiency” and “economic opportunity” of the people of Milwaukee County. Unfortunately, for some groups in the county unemployment has increased to 55%¹ and poverty rates to 37%.² These problems require targeted, efficient, sustainable, data driven solutions.

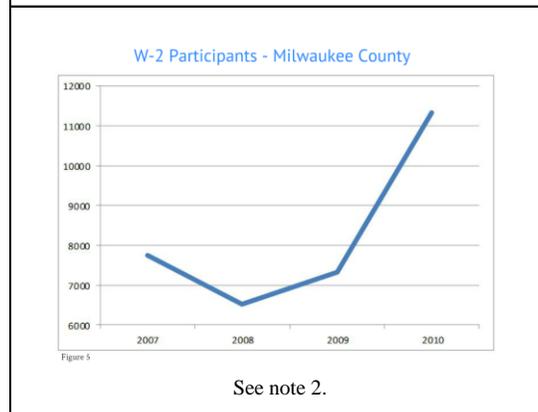
Unemployment cost taxpayers millions
Tax payers spend millions on income maintenance and other programs to address the symptoms of poverty. The enrollment rates for Foodshare,³ W-2,⁴



¹ Schmid, John. "Employment of Black Men drops drastically." Milwaukee Journal Sentinel (Jan. 23, 2013) available at <http://www.jsonline.com/business/employment-of-black-men-drops-dramatically-tf3tg7m-137932723.html> (citing Levine, Marc. "Race and Male Employment in the Wake of the Great Recession." (2012 UWM Center for Econ. Dev.) available at http://www4.uwm.edu/ced/publications/black-employment_2012.pdf).

² Williams, Claudia, et al. "Women, Poverty, and Economic Insecurity in Wisconsin and the Milwaukee-Waukesha-West Allis MSA." (2011 Institute for Women's Policy Research), available at www.iwpr.org/publications/pubs.

³ Id.
⁴ Id.



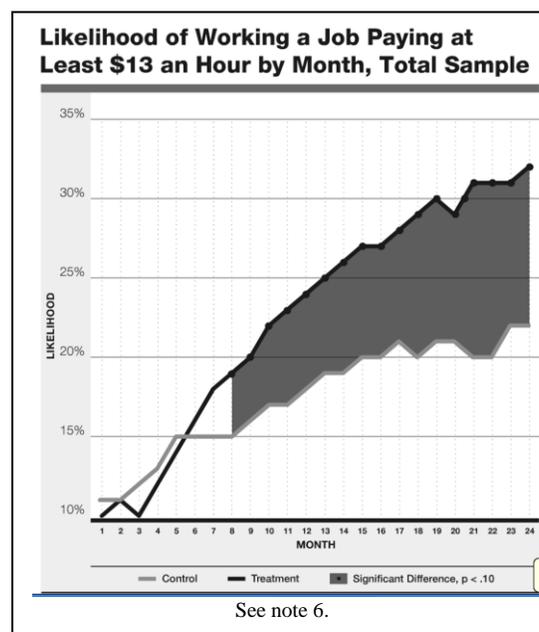
and other programs continue to skyrocket.⁵ Again, this problem requires a targeted, efficient, sustainable, data driven solution.

Sector Based Intermediaries have Shown Proven Results

Sector based intermediaries are agencies that “prepare unemployed and underskilled workers for skilled positions and connect them with employers seeking to fill such vacancies.”⁶ Through a detailed control vs. treatment group impact study it was found that program participants “earned 29% more than controls,” and “program participants were significantly more likely than controls to work all 12 months (52 percent versus 41 percent).⁷ Furthermore, employers have reported a return on investment of 146%.⁸

Funding Alliances Leverage Funding and Create Efficiencies in Monitoring and Investment

The National Fund for Workforce Solutions (NFWS) is “a dynamic national partnership of communities, employers, workers and philanthropy that is transforming how low-wage workers acquire the education, training, and credentials needed to secure access to family-supporting careers ... [by developing] up-to-the minute intelligence about skills industry needs.”⁹ The NFWS has leveraged \$41 Million from national funders.¹⁰ Milwaukee is fortunate to have a local affiliate of the NFWS, the Milwaukee Area Workforce Funding Alliance (MAWFA or “Funding Alliance”). The Funding Alliance has leveraged dozens of funders and “1,200 [residents] have been placed and 172 employers have been engaged.”¹¹



⁵ For an analysis of incarceration rates, see Pawasarat, John, et al. "Wisconsin's Mass Incarceration of African American Males: Workforce Challenges for 2013." (2013 UWM Employment and Training Institute) available at <http://www4.uwm.edu/eti/2013/BlackImprisonment.pdf>.

⁶ "Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study," Public/Private Ventures, available at

<http://www2.oaklandnet.com/oakca/groups/ceda/documents/report/dowd021455.pdf>

⁷ Id. at iv.

⁸ Wilson, Randall and Holm, Robert, "Career Stat: A Guide to Making the Case for Investing in the Frontline Hospital Workforce," National Fund for Workforce Solutions (Apr. 2012) at <http://nfwsolutions.org/sites/nfwsolutions.org/files/publications/CareerSTATFINAL.pdf>

⁹ "Building on Success: Five Years of Impact 2007-2012," National Fund for Workforce Solutions, available at http://www.nfwsolutions.org/sites/nfwsolutions.org/files/tools/NFWS_BuildforSuccess_SeparatePG_071913%5B1%5D.pdf

¹⁰ Id.

¹¹ "2012 MANI Winners and finalists," LISC Milwaukee available at http://www.lisc.org/milwaukee/mandi/2012_mandi/2012_mandi_winners_and_finalists.php

2014 Workforce Development Investment

The 2014 Workforce Development Investment will provide a \$400,000 investment (“2014 WDI Funds”) in the Funding Alliance with the following conditions:

- (a) The 2014 WDI Funds shall be invested with the Milwaukee Area Workforce Funding Alliance (MAWF);
- (b) The entire balance of the 2014 WDI Funds shall be invested by the MAWF into sector based intermediaries;
- (c) The 2014 WDI Funds will prioritize sectors that have high employment placement and growth potential;
- (d) The 2014 WDI Funds will prioritize sectors and programs that serve individuals referred by a County Department; and
- (e) The MAWF will follow its established procedures for the distribution, reporting and monitoring of funds.

Expected Economic Development Outcomes

1. Jobs. Milwaukee County residents will be placed in jobs in targeted high growth employment sectors. Actual jobs projections will be established in partnership with the Milwaukee Area Workforce Funding Alliance.

Performance Measures

1. Jobs. Participant level data will be collected, maintained and reported by Milwaukee Area Workforce Funding Alliance. Data will be tracked by both residency and referral from County Department.

RECOMMENDATION

The Director of the Economic Development, Department of Administrative Services (DAS) recommends authorization for a 2014 Workforce Development Investment of \$400,000 to be funded through the 2014 Economic Development Fund, to be administered by the Milwaukee Area Workforce Funding Alliance.

Teig Whaley-Smith
Economic Development Director

cc: Chris Abele, County Executive
Supervisor Patricia Jursik, Chair, Economic & Community Development Committee (ECD)
Supervisor David Bowen, Vice Chair, ECD Committee
Supervisor Willie Johnson, Jr., ECD Committee
Supervisor Michael Mayo, Sr., ECD Committee
Supervisor James (Luigi) Schmitt, ECD Committee
Supervisor Steve F. Taylor, ECD Committee
Supervisor Khalif Rainey ECD Committee
Nelson Soler, County Board Research Analyst
Don Tyler, Director, Department of Administrative Services

Julie Esch, Director of Operations, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, Office of the County Executive

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REVISED

File No.
(Journal)

(ITEM), A resolution requesting authorization for a 2014 Workforce Development Investment to be funded through the 2014 Economic Development Fund, to be administered by the Milwaukee Area Workforce Funding Alliance.

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RESOLUTION

WHEREAS, County Board Resolution 11-601 created the Economic Development Fund; and

WHEREAS, the 2014 Budget established that 25% of proceeds collected from the sale of UWM Innovation Campus shall be contributed to the Economic Development Fund (“2014 Economic Development Fund Allocation”); and

WHEREAS, County Board Resolution 11-601 specifically allows for the expenditure of 2014 Economic Development Fund Allocation for “increased jobs” and “Economic Development,” which includes workforce development; and

WHEREAS, sector based intermediaries have illustrated the ability to (a) increase wages by 29% for targeted groups, (b) increase employment by 11% for targeted groups, and (c) provide a return on investment for employers of over 146 percent; and

WHEREAS, the Milwaukee Area Workforce Funding Alliance has illustrated the ability to leverage matching funds; streamline applications, reporting and monitoring; and provide for an efficient and effective distribution of resources; now therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby authorizes the Director of Economic Development to implement a 2014 Workforce Development Investment (“2014 WDI”) using \$400,000 of the 2014 Economic Development Fund Allocation (“2014 WDI Funds”); and

BE IT FURTHER RESOLVED, the 2014 WDI shall include at least the following terms and conditions:

- (a) The 2014 WDI Funds shall be invested with the Milwaukee Area Workforce Funding Alliance (MAWF);
 - (b) The entire balance of the 2014 WDI Funds shall be invested by the MAWF into sector based intermediaries;
 - (c) The 2014 WDI Funds will prioritize sectors that have high employment placement and growth potential;
 - (d) The 2014 WDI Funds will prioritize sectors and programs that serve individuals referred by a County Department; and
 - (e) The MAWF will follow its established procedures for the distribution, reporting and monitoring of funds.
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47 (f) 2014 WDI funds shall be expended only to the extent the funds are available
48 from proceeds received by the County that are attributable to the 2014
49 Economic Development Fund Allocation.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: December 2, 2013

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: 2014 Workforce Development Investment

FISCAL EFFECT:

- No Direct County Fiscal Impact
 - Existing Staff Time Required
- Increase Operating Expenditures
(If checked, check one of two boxes below)
 - Absorbed Within Agency's Budget
 - Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- Use of contingent funds

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. The Director of Economic Development, Department of Administrative Services (DAS) is requesting the creation of a 2014 Workforce Development Investment from the 2014 Economic Development Fund created by the 2014 Budget.
- B. The funds used for the MRPI are already budgeted for thus there are no current year fiscal impacts.
- C. The funds used for the 2014 WDI will only be expended to the extent revenues have been generated from the proceeds of the sale of UWM Innovation Campus. Consequently the net fiscal impact is zero. The payments received from project participants will be reinvested in the fund, thus there are no expected future year budget impacts except for the property tax revenue described in B above.
- D. See B above.

Department/Prepared By DAS-Economic Development

Authorized Signature(s) _____

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: July 1, 2013

TO: Supervisor Marina Dimitrijevic, Chairwoman, Board of Supervisors

FROM: Teig Whaley-Smith, Economic Development Director, Department of Administrative Services

SUBJECT: Request for Authorization to Declare a 5.5 Acre Parcel at 4320 S. 6 St. as Excess Property and Issue an RFP for said Property

REQUEST

Approval is requested to declare a vacant land parcel at 4320 S 6th Street in the city of Milwaukee as excess property and make available for development through the RFP process.

BACKGROUND

Milwaukee County in cooperation with the UW-Extension and the 6th Street Community Garden Association have established a community garden program with an emphasis towards environmentally sustainable projects. Development of these projects has led to the surrounding area being referred to the "Green Corridor"

Developers have approached the County regarding the availability of additional land to the south of these projects, with the desire to develop residential and commercial properties which will incorporate the same "green" features that are being applied to the UW-Extension land.

County board members have expressed a desire to see more green development be incorporated into the area.

RECOMMENDATION

Approval is recommended to have the parcel located at 4320 S 6th Street declared excess property and allow the Department of Administrative Services – Economic Development division to make the parcel available through the RFP process.

Teig Whaley-Smith
Economic Development Director, Department of Administrative Services

Attachment: Map of Area

cc: Chris Abele, County Executive
Supervisor Patricia Jursik, Chair, Economic & Community Development
Committee (ECD)
Supervisor David Bowen, Vice Chair, ECD Committee
Supervisor Willie Johnson, Jr., ECD Committee
Supervisor Michael Mayo, Sr., ECD Committee
Supervisor James (Luigi) Schmitt, ECD Committee
Supervisor Steve F. Taylor, ECD Committee
Jessica Janz-McKnight, County Board Research Analyst
Supervisor Khalif Rainey ECD Committee
Don Tyler, Director, Department of Administrative Services
Julie Esch, Director of Operations, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, Office of the County Executive
Paul Kuglitsch, Corporation Counsel
David Cialdini, Economic Development Real Estate Agent
Barbara Pariseau, Senior Executive Assistant, DAS

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(ITEM *) A resolution to designate a vacant land parcel at 4320 S. 6th in Milwaukee as excess property and authorize Economic Development to make such parcel available to the public for development through the RFP process.

A RESOLUTION

WHEREAS, Milwaukee County owns and controls certain lands along the east side of S. 6th street From Rosedale Ave South to the Wilson Park Creek; and

WHEREAS, Milwaukee County entered into a memorandum of understanding with the Milwaukee County UW-Extension Staff to manage and improve certain lots within that area for use as a community garden, File No. 10-76; and

WHEREAS, the lot located at 4320 S. 6th street is located to the south of the Milwaukee County UW-Extension managed land, and is bordered by Bolivar Ave to the North and the Wilson Park Creek to the south; and

WHEREAS, Representatives from the County have expressed a desire to develop the area in keeping with its “Green Corridor” Philosophy of environmentally sustainable projects; and

WHEREAS, the RFP process will help County staff identify a developer who will apply the same practices of environmental sustainability to their development in order to compliment the progress that has been made by the Milwaukee County UW-Extension and the community; now, therefore,

BE IT RESOLVED, that the Department of Administrative Services – Economic Development division is authorized to declare said parcel as excess property and market to the public for development through the RFP process.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: July 1, 2013

Original Fiscal Note x

Substitute Fiscal Note

SUBJECT: Request to declare a 5.5 acre parcel of county property at 4320 S 6th Street as excess property and to market said property through the RFP process. With the intent to have the parcel developed in cooperation of the areas Green Corridor philosophy.

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
x Existing Staff Time Required

<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget

x Decrease Operating Expenditures

<input type="checkbox"/> Increase Operating Revenues

<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures

<input type="checkbox"/> Decrease Capital Expenditures

<input type="checkbox"/> Increase Capital Revenues

<input type="checkbox"/> Decrease Capital Revenues

<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	
	Revenue	0	
	Net Cost	0	
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

Declaring the parcel as excess property and selling will relieve Milwaukee County of the Maintenance service related to the site. Bring in a considerable financial surplus from the sale proceeds, and return the site back onto the tax roll for future revenue.

Department/Prepared By Economic Development / David A Cialdini

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No

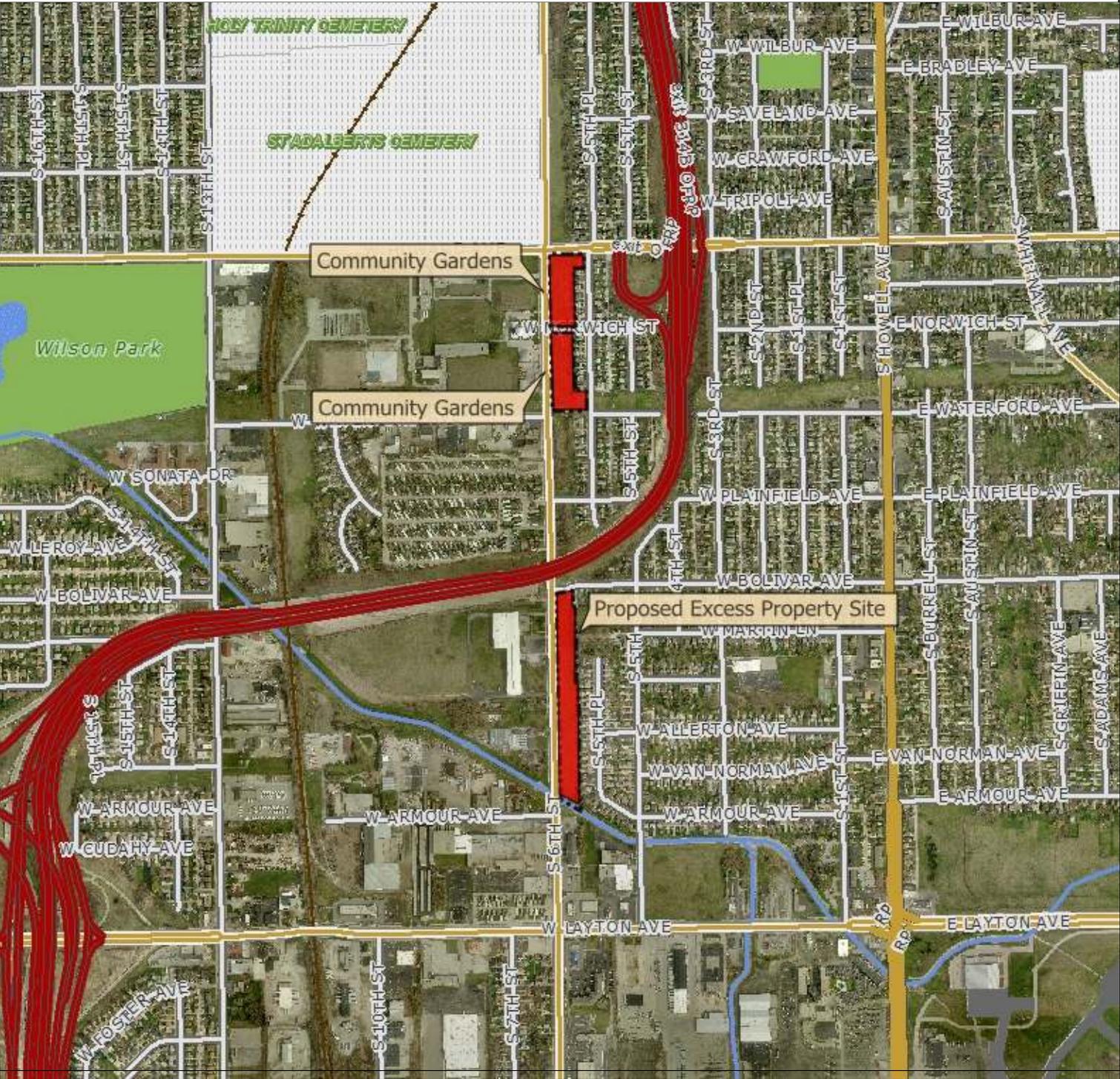
Did CDBP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.



Milwaukee Green Corridor



Notes

Enter Map Description

THIS MAP IS NOT TO BE USED FOR NAVIGATION © MCAMLIS

DISCLAIMER: This map is a user generated static output from the Milwaukee County Land Information Office Interactive Mapping Service website. The contents herein are for reference purposes only and may or may not be accurate, current or otherwise reliable. No liability is assumed for the data delineated herein either expressed or implied by Milwaukee County or its employees.



Legend 1: 13,185

- County Boundary
- Highways, 8k to 30k
 - Freeway
 - Primary
 - Secondary
 - Freeway Ramp
 - Primary Ramp
- Street Centerlines, 8k to 20k
 - Primary and Secondary
 - Local
- Railroad 30k
- Water 195k

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: November 25, 2013

TO: Supervisor Patricia Jursik, Chair, Economic & Community Development Committee

FROM: Teig Whaley-Smith, Economic Development Director, Department of Administrative Services

SUBJECT: Park East Update

REQUEST

There is no request at this time, this report is for informational purposes only.

(1) Park East Marketing Plan

To drive more interest in the remaining Park East parcels, the Economic Development Department included in its 2013 budget an advertising/marketing budget. After planning with the City of Milwaukee and the Commercial Association of Realtors of Wisconsin (CARW), the Economic Development Department entered into a contract with CARW to provide advertising/marketing services. In fulfillment of its obligations, CARW has begun creating marketing brochures and a website dedicated solely to marketing the remaining Park East properties. Throughout the process, CARW has been collaborating with the County and the City on content and design decisions.

Signage has been approved and will be placed on each corner of Blocks 2W and 3W when the efforts are ready to be unveiled. The signs will be on sleds and can be moved to different corners of the west side blocks upon request. Two different domains have been purchased for the website. When live, it will be found at www.ParkEastMKE.org, but persons searching www.ParkEastMKE.com will be automatically redirected. To ensure timely completion of the materials, the County and the City have begun receiving weekly updates and requests for information review.

(2) Park East Rolling RFP

The Economic Development Department has developed a rolling RFP process for the remaining Park East parcels, with the aim of publishing it in early 2014. The rolling RFP grants developers flexibility in defining the scope of their proposals, while still complying with the terms of the PERC. Thus, rather than accepting proposals on a block-by-block basis, developers have the option of combining blocks or breaking larger blocks up by lot. Moreover, the County and City have decided to follow a concurrent process. This collaboration will ensure a smoother approval process, as City input is crucial in determining whether requests for zoning changes and financial assistance might be entertained. In addition, because the City owns

part of Block 4W, having a concurrent RFP will simplify the process of including that land in a prospective development. Despite the label "concurrent RFP," the evaluation and approval process will remain largely unchanged from the one used for Park East Block 2E back in July. Differences will only arise in the event City land is included or financial assistance is requested, as concurrent approvals of the project from both the County Board and the Common Council would be needed.

(3) Brokerage Fees for Park East Land Sales

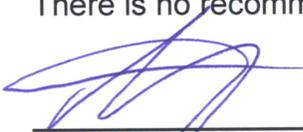
As part of its larger marketing efforts, DAS-Economic Development has determined that providing an incentive for brokers to showcase the Park East to their clients by the payment of a brokerage fee is essential to attracting new developments. To keep the fee structure simple and maintain transparency, it was determined in concert with the expertise of CARW that a flat fee of \$50,000 per acre, prorated on a hundredth of an acre basis would be an appropriate amount.

To ensure DAS-Economic Development is adequately protected against premature payments, it was determined that receipt of the brokerage fee would be contingent upon the broker signing a registration letter with the County prior to its client submitting a proposal, the broker being licensed in the State of Wisconsin, the broker not being a principal of its client or any entity having an ownership interest in its client and the land sale closing within 24 months of a signed Option to Purchase.

Finally, to safeguard its investment in the redevelopment of the Park East, DAS-Economic Development will include as a term in all Park East development agreements that in the event of a developer default and County buy-back, the County may reduce the buy-back price by the amount of brokerage fees paid.

RECOMMENDATION

There is no recommendation at this time, this report is for informational purposes only.



Teig Whafey-Smith
Economic Development Director, Department of Administrative Services

cc: Chris Abele, County Executive
Marina Dimitrijevic, County Board Chairwoman
Economic and Community Development Committee Members
Don Tyler, Director, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, County Executive's Office
Julie Esch, Director of Operations, DAS

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: November 25, 2013

TO: Supervisor Patricia Jursik, Chair, Economic & Community Development Committee

FROM: Teig Whaley-Smith, Economic Development Director, Department of Administrative Services

SUBJECT: Status of Excess Property Sales (File 13-7) (Informational Only)

The Real Estate Services Section of the Economic Development Division reports, on a monthly basis, the status of excess property sales. Attached is the report for period beginning October 1, 2013 and ending November 30, 2013.

Teig Whaley-Smith
Economic Development Director, Department of Administrative Services

cc: Chris Abele, County Executive
Marina Dimitrijevic, County Board Chairwoman
Economic and Community Development Committee Members
Don Tyler, Director, Department of Administrative Services
Amber Moreen, Chief of Staff, Office of the County Executive
Raisa Koltun, Director of Legislative Affairs, County Executive's Office
Julie Esch, Director of Operations, DAS
David Cialdini, Economic Development Real Estate Agent

REAL ESTATE SERVICES SECTION

REVENUE STATUS REPORT
Period ending November 30, 2013

CLOSED PROPERTIES

Property	Committee Date	Closed	Gross Sale Proceeds
North of 8310 South 100 th Street, Franklin		January, 2013	\$ 3,750.00
2254 South 75 th Street, West Allis		January, 2013	\$ 26,900.00
UWM Innovation Park –Release of Mortgage for ABB		March 29, 2013	\$ 225,000.00
6212 N Willow Glen Lane, Glendale		August 26, 2013	\$ 43,000.00
		TOTAL	\$ 298,650.00
		2013 Budget	\$ 400,000.00

PENDING PROPERTY CLOSINGS

Property	Committee Date	Pending Closing	Gross Sale Proceeds
Block 6E, Park East Development	April 3, 2006	2013	\$ 406,000.00 ¹
6215 W National Ave, West Allis	October 26, 2013	2013	\$ 31,800.00
3802 E Cudahy Ave, Cudahy	October 28, 2013	2013	\$ 9,000.00
		TOTAL	\$ 446,800.00

GENERAL PROPERTY STATUS

Property	Date Made Available	Status	Asking Price
5414-22 South Packard Avenue, Cudahy	June 12, 2006	Available for sale	\$ 35,000.00
3618 East Grange, Cudahy	August 11, 2009	Available for sale	\$ 4,900.00
3749 East Squire, Cudahy	June 21, 2001	Available for sale	\$ 16,900.00
8450 West Beatrice Ct., Milwaukee	August 8, 2008	Available for sale	\$ 375,000.00 ²
9074 S 5 th Ave, Oak Creek	February 12, 2010	Available for sale	\$ 28,900.00

1. County's share of \$700,000 sales price
2. Net proceeds to Federal Transit Administration or Future Transit Capital Project

SUMMARY DETAIL OF PENDING PROPERTY CLOSINGS

PROPERTY	BUYER	CLOSING	COMMENTS
3802 E Cudahy Ave	Carmen St Clair	2013	No contingencies or options. Expect to close before the end of 2013.
6215 W National Ave	City of West Allis	2013	Sale is contingent upon a successful MOU eliminating Storm Water Management Fees against Milwaukee County owned properties.

SUMMARY DETAIL OF UWM, INNOVATION PARK, LLC SALE

PROPERTY	BUYER	CLOSING	COMMENTS
NE Quadrant County Grounds	UWM, Innovation Park, LLC	February 15, 2011	<p>Initial \$5 million paid February 15, 2011.</p> <p>County Board extended each of the purchase price installment payment dates after closing by twenty-four (24) months as follows:</p> <ul style="list-style-type: none"> • Second \$5 million payable on February 15, 2014 • \$887,500 payable on February 15, 2015 • \$887,500 payable on February 15, 2016 • \$887,500 payable on February 15, 2017 • \$887,500 payable on February 15, 2018

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

10

DATE: November 25, 2013

TO: Supervisor Patricia Jursik, Chair, Economic & Community Development Committee

FROM: Teig Whaley-Smith, Economic Development Director, Department of Administrative Services

SUBJECT: Downtown Transit Center Update (File 13-35)

REQUEST

There is no request at this time; this report is for informational purposes only.

BACKGROUND

At the April 15, 2013 ECD Committee meeting a request was made that Economic Development staff ("ED Staff") prepare a monthly written report on the Status of Negotiations with Barrett Visionary Development ("BVD"), using resolution 12-633 as a guidepost ("Resolution"). The text of the resolution is repeated below in italics, with the respective update below.

- 1. Develop a plan to incorporate the components of the Park East Redevelopment Compact (PERC) into the development agreement in order to provide additional sustainable community benefits that includes disadvantaged business opportunities and verified best faith efforts to employ Milwaukee County racial minorities and women in the project.*

In the last month, ED Staff has met frequently with BVD to move negotiations forward. BVD was successful in meeting similar workforce goals in its previous projects and intends to do the same on this project.

- 2. Identify or develop an element of public attraction within the proposed development and ensure the project does not compete with public use facilities near the site.*

Current plans include public access across Lincoln Memorial Drive, public access throughout the elevated first floor, public parking and other public attractions that do not compete with public use facilities near the site.

- 3. Advise the Committee on Economic and Community Development on the appraised value of the site with the understanding that the County Board expects to receive fair market value for the property.*

ED staff has received an appraisal. The appraisal, together with demolition, environmental remediation, other cost estimates, and public benefits negotiated will be used to establish a purchase price. More detailed demolition costs are being gathered.

4. *Work with the Parks Director and the Wisconsin Department of Natural Resources to determine if any portion of the development site is in conflict with the lakebed public trust doctrine.*

The State of Wisconsin has specified that the development site and other applicable sites west of the 1913 line are "not part of the lake bed of Lake Michigan" (Wis. Stats. Sec. 30.2038).

5. *Prepare written reports for each monthly meeting of the Committee on Economic and Community Development on the status of the negotiations with Barrett Visionary Development with the understanding that the committee may, at its discretion, direct that a Request for Proposal (RFP) process be initiated if negotiations do not progress.*

This report is designed to meet this requirement.

RECOMMENDATION

There is no recommendation at this time; this report is for informational purposes only.

Teig Whaley-Smith
Economic Development Director, Department of Administrative Services

cc: Chris Abele, County Executive
Marina Dimitrijevic, County Board Chairwoman
Economic and Community Development Committee Members
Don Tyler, Director, Department of Administrative Services
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