

**-COUNTY OF MILWAUKEE-
INTEROFFICE COMMUNICATION**

DATE : November 26, 2012

TO : Supervisor Marina Dimitrijevic, Chairwoman, Board of Supervisors

FROM : Scott Manske, Comptroller, Comptroller's Office
Brian Taffora, Director, Department of Administrative Services- Economic
Development

SUBJECT : Authorization to enter into a trust agreement with the Milwaukee Economic Development Corporation (MEDC) and to enter into negotiations to develop an administrative agreement for the Milwaukee County Economic Development Fund

REQUEST

Approval is requested to enter into a trust agreement with the Milwaukee Economic Development Corporation (MEDC) and to enter into negotiations to develop an administrative agreement for the Milwaukee County Economic Development Fund.

BACKGROUND/ANALYSIS

The 2012 Adopted Capital Improvements Budget included Project WO624 Workforce and Economic Development Fund. The project included language that allocated \$1,000,000 of future land sale revenue for the creation of an Economic Development Fund. The land sale revenue for the Economic Development Fund was to be realized subsequent to \$400,000 being realized in the Department of Administrative Services (DAS-ED) - Economic Development operating budget and \$1,000,000 being realized for the Workforce Development Fund. These amounts excluded the federal share of the proceeds related to the Milwaukee School of Engineering (MSOE) land sale that were to be placed in the Debt Service Budget.

As of November 19, 2012, excluding the federal share of the MSOE land sale proceeds, there is approximately \$2.7 million recorded in land sale revenue in the DAS-ED Budget. This achieves the 2012 budgeted land sale revenue in the DAS-ED operating budget and allows for fully funding of the Workforce Development and the Economic Development Funds. During the July 2012 Board Cycle, budget authority was created in the DAS- ED division operating budget for the Workforce Development Program. The agreement between Milwaukee County and WRTP/BIG STEP to administer the program was executed in August 2012. A separate resolution is being submitted for this cycle that will place the unexpended balance of the WRTP/BIG STEP contract into a trust account so that funds will be available for future years of the contract.

Subsequent to the adoption of the 2012 Capital Improvements Budget, the Comptroller's Office determined that the Economic Development Fund should not have been included in the capital budget, but should have been included in the operating budget. Additionally, State Statute 59.60(11) prohibits the carryover of unexpended operating appropriations from the current budget year into the subsequent budget year. Further, it is anticipated that the funds will not be able to be spent before the end of 2012. A solution to this problem is the creation of a trust agreement that would allow for the carryover of unexpended funds from year to year.

A workgroup consisting of the Comptroller's Office, DAS-ED, DAS-Fiscal Affairs, and Corporation Counsel met to determine how the funds for the Economic Development Fund could be carried over so that the funds were not lapsed at the end of the year. In addition, the workgroup researched and met with economic development agencies to determine the best course of action for Milwaukee County's Economic Development Fund. These agencies included the Racine County Economic Development Corporation (RCEDC), Waukesha County Economic Development Corporation (WCEDC), and the Milwaukee Economic Development Corporation (MEDC).

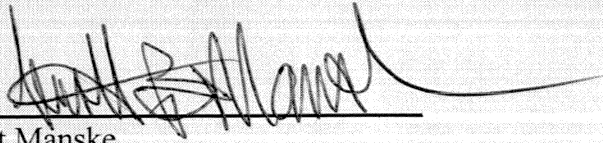
Due to the fact that Milwaukee County has limited staffing resources dedicated to economic development the workgroup concluded that the County should seek external administrative and operating support from a 3rd party agency. This is the model that the Waukesha County has used with the RCEDC. After meeting with the agencies and discussing how they administer and operate their economic development programs, the workgroup concluded that the County should seek permission to enter into a trust agreement with MEDC, as well as an administrative agreement for the operation of the Milwaukee County Economic Development Fund.

The trust agreement will function as a mechanism wherein the budgeted \$1,000,000 for the Economic Development Fund will be transferred to MEDC and held in trust on the County's behalf. The fund will not be able to be used by MEDC until the County approves an administrative agreement that outlines the policies and procedures for the use of the fund. The policies and procedures for the fund will be developed by a County workgroup. The policies and procedures may include types of loans, lending criteria, lending populations, etc. A separate resolution will be submitted to the Economic and Community Development Committee for the approval of a negotiated administrative agreement which will include policies and procedures for the fund.

RECOMMENDATION

The workgroup recommends approval to enter into a trust agreement with Milwaukee Economic Development Corporation (MEDC) and to enter into negotiations to develop an administrative agreement for the Milwaukee County Economic Development Fund. The workgroup also recommends that the DAS- Fiscal Affairs is directed to process an administrative appropriation transfer to realign expenditures and revenues to effectuate the creation of the trust agreement.

Upon completion of the proposed administrative agreement, the workgroup will submit the agreement to the Economic and Community Development Committee for approval.



Scott Manske
Comptroller



Brian Taffora
Director, Department of Administrative Services- Economic Development

cc: Chris Abele, County Executive
Amber Moreen, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Pat Farley, Director, Department of Administrative Services
Craig Kammholz, Fiscal and Budget Administrator, DAS
Steve Cady, County Board Fiscal and Budget Analyst
Jessica Janz-McKnight, County Board, Policy Analyst
Jill Didier, Economic Coordinator, DAS-ED
Vincent Masterson, Fiscal and Management Analyst, DAS
Justin Rodriguez, Capital Finance Analyst, Comptroller's Office