



City of Madison  
**Economic Development  
Implementation Strategy**

**Committee of the Whole  
Draft Plan Presentation**

March 3, 2008

# Session Overview



- Present Draft Plan (still in development)
- Answer Questions
- Comments/Suggestions
- Next Steps
  - Further Revisions
  - Three Public Sessions on March 25
  - Revise for final EDC approval

# Project Purpose



- First ED strategy since 1983
- EDC Mandate: To develop proactive ways to stimulate quality job creation
  - Quality jobs pay above the city average, offer benefits, and offer opportunities for growth and advancement
- Stress practical implementation (not grand vision for Madison)

# Our Process



- Economic Development Commission auspices
- Interview 32 City staff, 43 civic leaders
- 5 peer cities (Ann Arbor, Austin, Boise, Des Moines, Lexington, Raleigh)
- 4 Listening Sessions (120 participants)
- Retreat (60 participants)
- Implementation Task Forces
- Draft review

# Why Implement a More Proactive ED Strategy?



- Madison competes with cities globally and locally for quality jobs and tax base
- The private sector is playing a growing role in the local economy (govt. & education employment has fallen from 45,000 to 40,000 jobs in the last 25 years, from 34 to 20% of total employment)
- Madison median family income is only slightly above average (it is now 34% higher in the balance of Dane than in Madison)
- To support City goals
  - economic security and social justice
  - quality of life
- A progressive City is proactive

# Key Definitions



- Economic development
  - *Growing the pie (quality jobs and tax base) consistent with community values, needs*
- Community development
  - *Distributing the pie by neighborhood & targeted population*
- Planning
  - *Creating the right environment to grow & enjoy the pie*

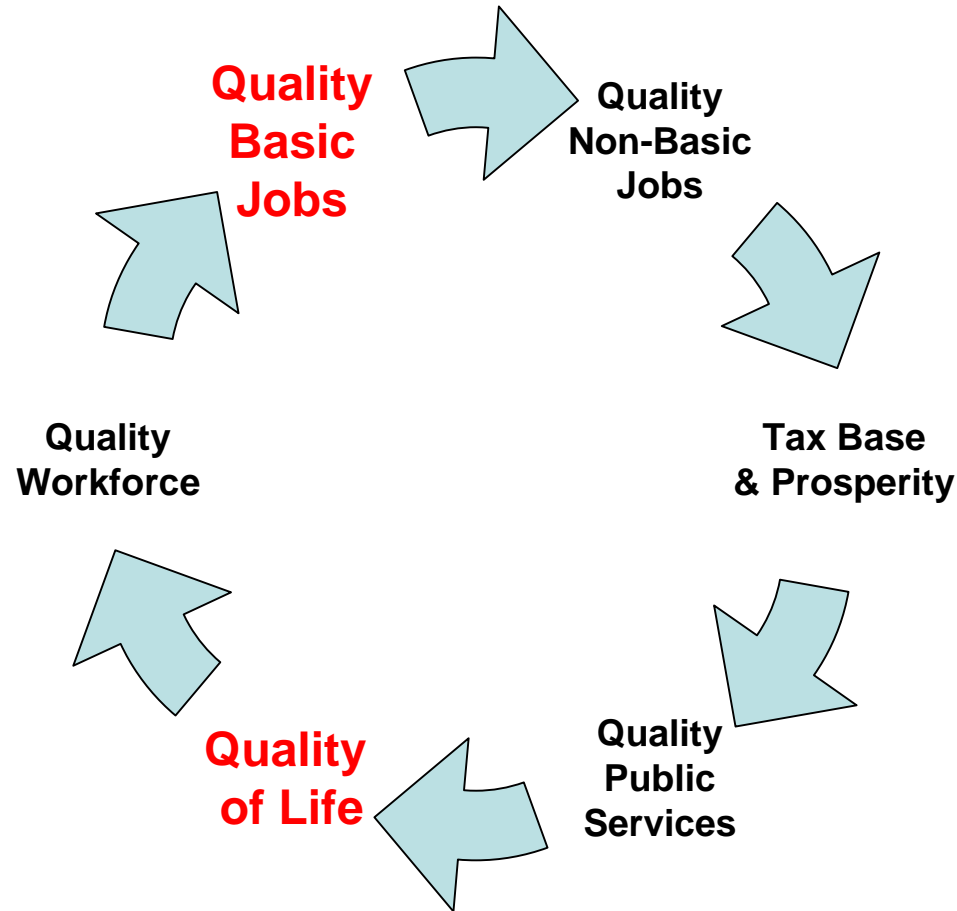
# Basic Sector Development Drives Economic Development



- The basic sector (export sector) generates wealth from outside expenditures
- “Tell me your economic base and I will tell you your fortune”

<b>Basic Sector</b>	<b>Non-Basic</b>
UW & State Govt.	Local Govt.
Technology companies	Local retail
National financial companies	Restaurants
Manufacturers	Housing
Regional Healthcare	
Conventions & Visitors	

# The Quality Development Cycle



# Best Opportunities



- Retaining and growing basic sector employers already here
  - Higher education
  - Technology
  - Health care
  - Financial services
  - Advanced manufacturing
  - State government
- New entrepreneurial “gazelles”
- Modest business attraction
  - Fits with UW or key companies

# Key Principles



- 1) Merger of employer/public needs
- 2) ED is competitive
- 3) It requires long-term strategy public/private strategy
- 4) Superior business customer service
- 5) Effective resources & staff

# What City Government is Doing Well to Encourage ED



- Modernizing the City zoning ordinance (underway)
- Establishing a Development Services Center and Enterprise Permitting software to streamline the development process (2008)
- Help with specific employer expansions (e.g. Covance, St. Mary's, others)
- Initiating the E. Washington Ave. Capitol Gateway Corridor plan
- Preparing development plans and assembling land (Pioneer Plan, Hanson Road, Marsh Road and current efforts in Southeast Madison)
- AAA bond rating
- Supporting a high quality of life

# The Madison ED Map



	<b>Lead Players</b>	<b>Support Players</b>	<b>City Role (Current)</b>	<b>City Role (Potential)</b>
<b>Business Park Development</b>	Private sector UW-Madison	City	Planning, zoning, permitting, regulation Infrastructure Tax Increment Districts Sometimes land assembly	Up-to-date plan and zoning Streamlined permitting Full Research Park II support
<b>Basic Sector Retention &amp; Expansion</b>		Madison Gas & Electric MATC & WDB THRIVE Madison Chamber	Planning, zoning, permitting, regulation Infrastructure Largely reactive Small loan programs	Development Services Center Full team player Proactive key account relationships & management
<b>Entrepreneurship</b>	Incubators UW-Madison MDC		Past \$ support to incubators Support of MDC & UW-Madison	Small business development coordinator Greater outsource support
<b>Business Attraction</b>	(Possibly THRIVE)	Forward Wisconsin WI Dept. of Commerce UW Research Park	Some trade show marketing and prospect investor response	Project management Greater partnership w/ UW, THRIVE
<b>Workforce Development</b>	MATC WDBSCW			As part of Retention & Expansion strategy
<b>Downtown Development</b>	Downtown Madison Inc. BID		Planning, zoning, permitting, regulation Infrastructure & Parking	Streamlined permitting. Up-to-date plan and zoning
<b>Public/Private ED for Madison</b>			Informal relationships with private sector	Build local ED team Build public/private partnerships.

# Observations Compared to Peer Cities



- UW is a superior ED resource
- A very strong economy except average family income
- You target essentially the same clusters as other technology centers
- Conspicuous/highly detrimental absence of public/private ED partnership strongly involving the City
- Better at setting visions than implementing plans (who, how, what resources, what metrics)
- ED a lesser Council and Administrative priority
- Lower ED resources than the leaders (e.g. Austin, Ann Arbor, Des Moines)
- Business attraction is more important elsewhere (Ann Arbor, Austin, Des Moines, Raleigh)
- The best places have consistent economic development elected leadership and a high sense of customer service

# Where Can Madison Improve its ED Efforts?

## 5 Key Focus Areas



- 1) First Priorities
- 2) Regulation, Customer Service, Business Climate
- 3) Business Retention & Expansion
- 4) Key Basic Sector Physical Priorities
- 5) Expand & Revise the City ED Toolkit

# 1. Establish First Priorities



- 1) Elevate the importance of ED
- 2) Build the local ED team
- 3) Convene informal public/private leadership
- 4) Seek public/private advice on key projects
- 5) Solidify public/private alliance to support UW-Madison development

## 2. Improve Regulation, Customer Service & Business Climate



- 1) Zoning code modernization
- 2) Development Center/Enterprise Permitting software
- 3) DPCED system to monitor/report customer service metrics (then other departments)
- 4) DPCED communications
- 5) City/Business rapprochement

### 3. Develop Superior Business Retention & Expansion



- 1) **Partner** (with UW, MATC, MG&E, Alliant, THRIVE, WDBSCW) **to** conduct comprehensive employer retention & expansion
- 2) **Develop public/private leadership**
  - joint problem solving
  - link employers to civic opportunities
- 3) **Continue to support entrepreneurial development**

## 4. Physical Priorities to Foster Basic Sector ED



- 1) **Research Park II** (including use of City tools to gain appropriate infrastructure and best development plan)
- 2) **East Capitol Gateway**
- 3) **Southeast industrial area**
- 4) **Future development areas**

## 5. Make the City ED Toolkit More Aggressive and Strategic



- 1) Develop tools to measure fiscal impact, benefit/cost
- 2) TIF/TID priority to basic sector development creating quality jobs
- 3) Reexamine development assessment policies
- 4) Community Development Authority (in public/private partnership) for economic development
- 5) Encourage neighborhood Business Improvement Districts
- 6) Create special project development fund (\$2.5 mil/yr by 2010)

## 6. Organizational Change to Implement the Strategy



- 1) Build requisite DPCED staff capabilities
  - Project management
  - Project finance
  - Retention & Expansion
  - Communication/website
  - Small business solutions
- 2) Develop implementation champions/teams
- 3) Develop a joint business attraction strategy
- 4) Update this plan at least every second year

# Preliminary Costs



Initiative	In 2008 Budget	2009 Budget	2010 Budget
2-1 Zoning Code Modernization	\$330,000	0	0
2-2 Development Services Center (Capital cost)	\$1,600,000	0	0
2-3 Advanced Customer Service/Communications	0	\$50,000	\$25,000
3-2 Business Retention & Expansion Account Management Plan	0	\$35,000	\$25,000
3-5 Additional Entrepreneurship Support	0	\$30,000	TBD
4-1 Infrastructure related to Research Park II (Capital cost)	\$2,900,000	TBD	TBD
4-2 Facilitate East Capitol Gateway Corridor Development	\$125,000	TBD	TBD
4-3 Facilitate Southeast Madison Industrial Area Development	\$235,000	TBD	TBD
5-5 Develop/Utilize Fiscal Benefit/Cost Model	0	\$50,000	0
5-6 Major Project Fund (Capital cost)	0	\$1,000,000	\$2,500,000
6-1 Additional Staff Capabilities	\$130,000	\$380,000	\$395,000
6-3 Business Attraction strategy w/ THRIVE, UW-Madison	\$100,000	\$40,000	\$40,000
6-4 Strategy Implementation Audit/Update	\$8,000	10,000	\$60,000
<b>Total Operating Costs</b>	<b>\$928,000</b>	<b>\$595,000</b>	<b>\$545,000</b>
<b>Project Fund</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$2,500,000</b>
<b>Other Capital Costs</b>	<b>\$4,500,000</b>	<b>TBD</b>	<b>TBD</b>
<b>Total</b>	<b>\$5,428,000</b>		

# Potential Benefits



- Qualitative improvements
  - Leverage employers/allies
  - Build staff capabilities to be more aggressive/nimble/bigger picture
  - Broader agreement on ED/Q of L linkage
- Quantitative goals (under development)
  - Positively impact the creation/retention of 15,000 Madison jobs in the next 10 years