



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Amended ECONOMIC DEVELOPMENT COMMITTEE

Thursday, August 28, 2014

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room LL130 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:06 p.m..

Present: 7 - Peng Her; Mark Clear; Eric E. Steege; M. Meghan Blake-Horst; Mark R. Greene; Edward G. Clarke and John Strasser

Excused: 5 - Craig P. Stanley; Julia Stone; Patricia (Pat) A. Schramm; Matthew C. Younkle and Scott J. Resnick

Craig Stanley arrived @ 5:10 pm, and Alder Scott Resnick arrived @ 5:20 p.m. and left at 6:02 p.m

Also Present: Aaron Oliver, Director of Economic Development Division; Peggy Yessa, Office of Business Resources; Dan Kennelly, Office of Business Resources; Ruth Rohlich, Office of Business Resources

APPROVAL OF MINUTES

A motion was made by Blake-Horst, seconded by Clear, to Approve the Minutes of the July 16, 2014, meeting. The motion passed by voice vote.

PUBLIC COMMENT

None at this time.

DISCLOSURES AND RECUSALS

None.

DISCUSSION ITEMS

1. [34786](#) Accepting the report and recommendations of the Housing Strategy Committee - Affordable Housing Market Report.

A motion was made by Resnick, seconded by Clarke, to Return to Lead with the Recommendation to accept the report and recommendation of the Housing Strategy Committee-Affordable Housing Market Report to the HOUSING STRATEGY COMMITTEE. The motion passed by voice vote.

Presentation and discussion:

Matt Wachter, Housing Initiatives Specialist, explained his presentation of the Affordable Housing Market Report. It is Part 1 of a series of housing reports that are

completed biannually. Part 1 covers affordable housing for households with incomes under \$50,000 a year.

Craig Stanley arrived at 5:10 p.m.

Present: 8 - Peng Her; Mark Clear; Craig P. Stanley; Eric E. Steege; M. Meghan Blake-Horst; Mark R. Greene; Edward G. Clarke and John Strasser

Excused: 4 - Julia Stone; Patricia (Pat) A. Schramm; Matthew C. Younkle and Scott J. Resnick

Mr. Clarke asked about ownership of homeless shelters.

Mr. Wachter explained the City of Madison does not own any. The Salvation Army owns some of the shelters. The City could partner with the development of shelters. The County also supports non-profit organizations which develop homeless shelters.

Mr. Steege asked for an estimate of the current number of rental vouchers.

Mr. Wachter said we are on track with 5% of renters receiving vouchers. There are thousands in line for vouchers.

Alder Resnick arrived at 5:20 p.m..

Present: 9 - Peng Her; Mark Clear; Craig P. Stanley; Eric E. Steege; M. Meghan Blake-Horst; Mark R. Greene; Edward G. Clarke; Scott J. Resnick and John Strasser

Excused: 3 - Julia Stone; Patricia (Pat) A. Schramm and Matthew C. Younkle

Mr. Wachter noted, now nine out of ten new households choose to rent. One bedroom apartments rent for \$700-\$1000 per month. The low interest rates in the last five years have made purchasing housing more affordable, yet more people prefer to rent their housing. Recommendation 1 is to fund more homebuyer education. Now the City has 8-10 programs. This recommendation would rebrand, remarket, and focus on three programs.

Mr. Clarke noted the number of student high-rise buildings under construction. He asked what is happening to the old empty student housing.

Mr. Wachter explained student income shows up as "no income" because their loans and grants are not considered income. Empty student housing is now converting back to single family housing in some neighborhoods, such as in the Greenbush area.

Mr. Stanley noted it is expensive to convert apartments to single family homes.

Mr. Wachter said housing costs of seniors is not known. They stay in their homes longer and then move to long term care facilities and this is not included in housing data.

Mr. Her said the recommendation focuses on non-profits and developers to create low-income housing. What about support for owners of small 4 unit buildings?

Mr. Wachter said the bulk of the CDBG money goes to 4-8 unit buildings. The recommendation is meant to continue this and use tax credits to build more housing. Buying 4 unit apartment buildings is expensive and using tax credits to build new housing units is less expensive.

2. [35027](#)

Accepting the Report of the Common Council Alternative Revenue Work Group's recommending the creation of an urban forestry special charge.

A motion was made by Clear, seconded by Her, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES,. The motion passed by the following vote:

Ayes: 7 - Peng Her; Mark Clear; Eric E. Steege; M. Meghan Blake-Horst; Mark R. Greene; Edward G. Clarke and John Strasser

Abstentions: 1 - Craig P. Stanley

Excused: 4 - Julia Stone; Patricia (Pat) A. Schramm; Matthew C. Younkle and Scott J. Resnick

Discussion:

Registered Speaker Phil Salkin, representing the Wisconsin Realtors Association, said they understand emerald ash borer (EAB) and the budget requests and revenue caps. His concerns are:

- Lack of outreach to public. First a work group could be created to study this.
- This is an incomplete ordinance. There is no idea of how the ordinance will work.
- What precedent is being set by doing this?

He asked to hold off on this, do public outreach, and to wait until a model of assessment has been created.

Mr. Clarke asked if any proposals of how this works have been suggested.

Mr. Salkin said a per capita assessment would not include businesses. This is a function of the work group to solve this problem and it needs more discussion.

Ms. Allen, Legislative Analyst for the Common Council, said the EDC is the second committee to review this. Alder Clear is the Chairperson of the work group.

Alder Clear said this will probably go to the Common Council the first week in October. Alders Clear, King and Palm are also on the work group.

Ms. Allen said the City of Madison gets 61% of its budget from property tax for revenue, compared to 24% in Milwaukee. The average in Wisconsin is 40%.

Alder Clear added that 15 years ago this number was only 45%. The State specifically prohibits fees for services such as garbage and snow removal. Milwaukee was "grandfathered" to continue to do this.

Mr. Her asked if the City can be more efficient in its budget rather than add a tax?

Alder Clear said the committee was charged to look at alternative sources of revenue. Efficiency is built in the culture of the City.

Ms. Allen noted the City's reserve funds are only for emergency uses.

Alder Scott Resnick left the meeting at 6:02 p.m.. A quorum was still present.

Present: 9 - Peng Her; Mark Clear; Craig P. Stanley; Eric E. Steege; M. Meghan Blake-Horst; Mark R. Greene; Edward G. Clarke; Matthew C. Younkle and John Strasser

Excused: 3 - Julia Stone; Patricia (Pat) A. Schramm and Scott J. Resnick

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Ms. Allen continued that in 1976 Parks Forestry had 38 employees and maintained

trees along 500 miles of streets. In 2014 there are 31 employees and they maintain trees along 800 of streets miles. The maintenance schedule for trimming these trees is once every 17 years. She hopes the costs to deal with the EAB reduce as the threat decreases. The \$5.9m is to fund a full response to the EAB.

Mr. Her asked if the City uses private contractors for any tree maintenance.

Mr. Stanley asked, overall, what percentage of the City's budget is this? Can citizens maintain their own trees?

Who handles storm damaged trees?

Ms. Allen said it is 1.5% of the total budget. The City Forester is looking at the possibility of a volunteer corp. for urban forestry.

Alder Clear added the City Foresters are the first responders for storm damage clean-up.

Ms. Blake-Horst asked if a private/public partnership is possible.

Ms. Allen will ask if this is a possibility. The goal is to fund urban forestry and remove urban forestry from the tax levy to free up more money.

Vice-chairperson Greene asked if there are other special charges like this in the City.

Alder Clear said storm water drainage is a special charge added on to the water bill. The Parking Utility is a separate utility and you pay for what you use.

Mr. Stanley asked if there are any Federal funds available for controlling EAB?

Ms. Allen will ask if this has been looked at.

Alder Clear said what is before the EDC is:

1. A resolution asking for acceptance of this report.
2. A resolution to allow an ordinance change to allow for the legal framework of the Urban Forestry Charge to be created.

The cost of the fee would be determined later.

Mr. Steege asked what are the choices before the EDC?

Alder Clear said the recommendation could be to recommend adoption or to place it on file.

Ms. Allen finished her presentation explaining possible methods of appropriation. Cincinnati and Toledo use a frontage foot method which allows for tax exempt properties to pay their share of the fee.

Alde Clear said there are no cities in Wisconsin that have created a fee for EAB remediation.

Alder Clear made a motion, seconded by Mr. Her, to recommend accepting the report of the Common Council Alternative Revenue Work Group's recommending the creation of an urban forestry special charge.

Mr. Stanley said this is a revenue issue. Has there been any economic assessment of this?

Mr. Salkin said trees are of value to realtors.

Mr. Steege asked if trees values are included in assessments.

Ms. Allen said trees increase the assessments by 3.5-7%.

Alder Clear clarified that street trees are on public right-of-way and are not assessed.

Mr. Clarke said the fundamental issue is moving this off the property tax roll and into fees. He asked if this is good public policy and what is the economic development impact of this? Has the City made a policy decision?

Alder Clear said fees are one way to look for alternative revenues. The State has made this decision for us.

Mr. Clarke said we are not doing this the right way. The City and the Council need to discuss this.

Alder Strasser asked if there is a net saving to the property owner.

Alder Clear said if based on a front foot levy and if tax exempt properties are also required to pay the fee then the average home owner would pay less real estate tax. The fee has to be the cost of this program.

Vice Chairperson Greene said this conversation seems backward. First why is this necessary and what needs to happen, figure out what is the highest priority. How stretched is the City?

Alder Clear said this is what the work group did. The City needs more funding for services.

Vice Chairperson Greene asked why trees and not other services.

Ms. Allen said Madison cannot have a snow removal charge. Madison does not get its share of State Shared Revenue funds. This is the confluence of opportunity. It seems the most immediate and viable option. Madison is maxed out on levy limit.

Mr. Salkin asked about having a referendum.

Alder Clear said it was looked at.

Mr. Her asked if the City has tried to increase the levy.

Alder Clear said it has and this is a risk.

Vice Chairperson Greene called for a vote.

3. [35038](#)

Creating Section 4.095 of the Madison General Ordinances to establish an Urban Forestry Special Charge.

A motion was made by Clear, seconded by Strasser, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES,. The motion failed by the following vote:

Ayes: 2 - Mark Clear and John Strasser

Noes: 6 - Craig P. Stanley; Eric E. Steege; M. Meghan Blake-Horst; Mark R. Greene; Edward G. Clarke and Peng Her

Excused: 4 - Julia Stone; Patricia (Pat) A. Schramm; Matthew C. Younkle and Scott J. Resnick

Discussion:

Mr. Clarke said this is premature and too fast.

Alder Strasser said Milwaukee has an advantage because of the long time grandfathered use of special fees. If we do not do this then the next time we will lose out on the ability to do it. It is a tool that probably will be used.

Vice Chairperson Greene fears this is a slippery slope to getting outside the normal process.

Alder Strasser noted Milwaukee gets \$40m in fees.

Mr. Her commends the committee for their hard work on this. He said he will vote no. The Council needs to talk about user fees. It is ironic that housing builders receive City funds for building low-income housing. This proposal adds to housing costs and adds costs to non-profits.

Vice Chairperson Greene asked what the alternative is. Can the City take things out of the budget?

Mr. Her said that is for the Council to decide.

Mr. Clarke does not like how the two issues are together. The legislature is drafted and we do not know how it will work. This is a blank check. This sends the signal to the Council to think harder and be clear.

Mr. Stanley said this has not been vetted properly. He agrees with Mr. Clarke. The EDC is an advisory committee.

Alder Strasser said there would be more comfort if the language that the work group created had more input on equitable ways to collect the \$5m. He wants an intermediary step with more stakeholder input to be more equitable.

Alder Clear said at this time there is no process as to how to collect the money. There is no guarantee it will happen.

Mr. Salkin suggested a referral.

Alder Strasser is not comfortable with the work group.

Alder Clear said there is no method to respond to natural disaster.

Alder Strasser said Step 1 is the process and Step 2 is how to collect the fee.

Alder Clear said this resolution gives the Council the authority to do this.

Mr. Stanley asked if the EAB is a losing battle. Are we better served by cutting our losses?

Alder Clear said the EAB plan is cutting our losses.

4. [21360](#)

EDD Director Report

Mr. Olver introduced Ruth Rohlich, Office of Business Resources, to tell the EDC about the Manufacturing Summit Luncheon on October 30th . She also said the City Neighborhood Conference on September 13th at Monona Terrace will have a small business tract this year.

Mr. Olver introduced Dan Kennelly, Office of Business Resources, to update the EDC on the Economic Visioning Symposium at Monona Terrace on Sept. 10th . He explained the data the EDC has seen will be presented and small group discussions will brainstorm ideas after the data presentation. There are two more public events scheduled with the same format.

Mr. Olver said the Council will determine if the negotiating term will be extended for the Judge Doyle Square Project. There is no money in the 2015 Capital Budget for the private portion of this proposed project.

He noted the Public Market Phase 2 Report has gone to Council and will be referred to the EDC.

He said there is a new proposal for Anchor Bank redevelopment by Urban Land Interests. It includes underground parking and a residential tower.

Mr. Olver explained the Union Corners project closing date has changed and it needs to go back to the Council for approval.

Mr. Olver said this is his last EDC meeting.

Alder Clear said the Council will honor Mr. Olver at the next Council meeting.

The EDC thanked Mr. Olver for his service.

Mr. Stanley asked about a new TID for Rayovac.

Alder Clear said the first TID in the City was for Rayovac.

5. [17637](#)

EDC Chairperson's Report

None.

6. [27862](#)

Introduction of New Items from the Floor

Mr. Stanley asked about filling the EDD Director position. Mr. Olver said the job listing is already posted.

Mr. Clarke said the Landmarks revision is underway. It makes some economic development arguments. Is there opportunity for the EDC to comment?

Alder Clear is on the Landmarks Committee and can have it referred to the EDC.

Mr. Clarke said he is concerned about historic value versus economic value.

ADJOURNMENT

A motion was made by Clarke, seconded by Her, to Adjourn. The motion passed by voice vote.

The meeting adjourned at 7:22 pm.