

Madison Economic Strategy

Section III: Strategic Framework **DRAFT**

Section III of the Madison Economic Strategy is the “Strategic Framework” and is intended to translate the lessons learned from the data analysis and the aspirations put forth in the vision into specific goals and an organized set of citywide and geographically distinctive economic development strategies for Madison. The Strategic Framework is divided into two parts:

Part 1: Overarching Goals & Citywide Strategies – Part I of the Strategic Framework identifies 10 overarching economic goals for the City of Madison and a series of specific strategies to implement those goals.

Part 2: Spatially-Targeted Strategies – Part II of the Strategic Framework is based on the unique economic geography of the City and identifies specific strategies for different parts of the City.

Strategic Framework Part 1: Overarching Goals and Citywide Strategies

Part 1 of the Strategic Framework consists of 10 overarching goals for the City’s economy and a set of specific citywide strategies for each goal.

GOAL 1:

Become the Midwest’s leading hub for business startups

This includes supporting and connecting with UW’s technology-based programs like D2P and the UW Research Park, focusing on the development of local service businesses including cooperatives, and becoming the best city in the country for women-owned business startup and expansion.

Why is this a worthy goal?

The future of Madison’s economy will be driven by innovation and shaped by entrepreneurs. The data analysis revealed the Madison’s economy is becoming increasingly driven by the private sector and particularly by smaller businesses. As the change continues, it is critical that Madison supports a healthy and vibrant startup ecosystem. The success of Madison’s economy in future decades will depend on the City’s ability to cultivate new businesses today. With an emerging entrepreneurial community in Madison and existing projects in the works, it is an opportune time to embrace this as a key goal.

Strategies to implement Goal 1:

- 1.1. Continue to support the StartingBlock project** – StartingBlock is a planned entrepreneurial center focused on supporting startups and economic growth in the Madison region. The project is currently planning its facility which will be located in the Capitol East District on East Washington Avenue. The City has pledged funding for the

project, as have several major local companies. Moving forward, the city should continue to do what's need to support the implementation and long term success of StartingBlock as the heart of entrepreneurship in Madison.

1.2. Increase Coordination with UW Madison – As a major education and research institutions bringing billions of dollars of research funding to the City, the UW is Madison's most powerful potential engine for startup activity, particularly in science and technology-based fields. The City should make a stronger effort to partner with the University on projects and initiatives focused on creating and keeping startup businesses in Madison. The UW's recently-launched Discovery 2 Product (D2P) program is one example of an initiative the City should strive to support however it can. The City should explore opportunities to partner more with the University to support efforts to cultivate new businesses from the UW's research activities and to find ways to ensure that those businesses stay in Madison to grow.

1.3. Support Non-Technology Entrepreneurship (e.g. Food Entrepreneurship) – In Madison, the energy of the startup community tends to revolve around high technology sectors of the economy. With anchor institutions like the UW and Epic Systems, a large share of the entrepreneurial activity is focused on fields like biotechnology and digital technology. Though these sectors are vital to the future of our economy, they also tend to be the exclusive domain of entrepreneurs who have training and education needed to succeed in these advanced industries. One place where the City should target resources is supporting

GOAL 2:

Guarantee every Madison kid the opportunity to be inspired by a pre-career experience while in High School.

Every Madison HS students is guaranteed/required to complete an internship, mentorship, apprenticeship or other opportunity to explore out-of-the-classroom career opportunities as part of their high school education.

Why is this a worthy goal?

As highlighted in the data analysis in part 1, Madison's schools tend to do a good job preparing a subset of the K-12 student body to move on to a 4-year college, but many students who are not college bound fail to find a viable career path. Finding ways to inspire young people to explore a variety of career options is a critical important aspect of ensure that Madison has a strong workforce over the long term. One of the most important ways the City can work to address this challenge is by providing young people with exposure to career pathways and potential opportunities.

Strategies to implement Goal 2:

2.1. Mentorship match-making – The City can play an important role by working with the school district and the business community to link young people to mentorship and

internship opportunities. With its contacts in the business community and ongoing Business Retention/Expansion program, the City's Economic Development Division could lead in connecting local businesses to interns.

- 2.2. **City Match funding for intern wages** – The City should consider funding a match program wherein businesses that provide paid internships for HS students can receive city matching funding for those wages.
- 2.3. **City internships** – The City of Madison is a large and diverse organizations with 3,000 employees and operations that range from machinery maintenance, to finance, to law enforcement, to engineering. The City itself should lead in creating a vigorous program focused on providing internships and other career exposure opportunities that links the City's youth to specific departments within the City which connect with their skills and interests.

GOAL 3:

Lower Barriers to Economic Opportunity for Historically Disadvantaged Populations and Reverse Course on Racial Inequity trends.

Make Madison known as a city where women, immigrants, people of color, can start businesses and economically thrive.

Why is this a worthy goal?

Over the last several years, the Madison community has become increasingly aware of and focused on the challenges of racial equity and social justice in the City. As demonstrated in the data analysis in Section 1, as well as numerous other recent reports, Madison struggles with high rates of income disparity correlated with race, high levels of minority unemployment, and a startling “achievement gap” in our schools.

Strategies to implement Goal 3:

- 3.1. **Minority Contracting Training** – The city controls a large pool of funds used to implement city projects. Providing local minority businesses with the tools and knowledge needed to become competitive as potential city service providers is one way the City can support the growth and success of minority businesses.
- 3.2. **Support Cooperative Conversions and New Coop Creation**
- 3.3. **Support Workforce Training Programs Linking to Existing Large Employers**
- 3.4. **Focus on Workforce Transportation** – Connect with TMP
- 3.5. **Target City Programs and Incentives Toward “Opportunity Zones”** – Discussed in detail in Part II of the Strategic Framework, the City should define a series of

Opportunity Zones that encompass the most economically challenges areas of the City and target programs and incentives toward those areas.

GOAL 4:

The Madison “10-10-100” Local Food Target

Within 10 years 10% of food consumed in Madison will be grown and/or processed within 100 miles of the City limits. In the process of striving for this goal, build on Madison’s position as one of the nation’s best food cities.

Why is this a worthy goal?

Madison is a food city. With the country’s largest producer-only farmers market, renowned farm-to-table restaurants, a diverse agrarian hinterland, a plethora of community gardens and CSAs, and numerous small food business startups, Madison’s economy, culture, and sense of place have a lot to do with food. From an economic development standpoint, this creates unique opportunities to leverage this powerful identity to cultivate jobs and businesses. Madison should strive to not only be a great food city, but to become the best food city. Doing this could raise Madison’s profile as a great place to live and help the City attract a talented and skilled workforce. Growing the local food economy can also provide a powerful platform to support new jobs and businesses. Food is a particularly important sector in providing business opportunities for women, people of color, and immigrants.

Strategies to Implement Goals 4

- 4.1. **Madison Public Market District** – The Madison Public Market District will become the epicenter of Madison’s food system. As the City continues developing the business plan for the Market District and implements the project, the focus should be on creating a diverse, bustling scene that provides infrastructure, retail opportunities that ultimately supports the growth of food businesses in the City.
- 4.2. **Food Innovation Center** – As a complement to the Market District, the city should work to develop a Food Innovation Center that incorporates a mix of food processing equipment, storage space, and training programs to support the development of food enterprises.
- 4.3. **Food Entrepreneurship Startup Grant** –
- 4.4. **Neighborhood Business Local Outlet Network**- Work with existing neighborhood retail businesses (ethnic grocers, convenience stores, corner markets, etc) to develop a network to provide fresh local produce in these establishments. Working with the Public Market District as the anchor, develop a distribution system and shared pricing model to offer “Public Market Caliber” produce in these neighborhood retail outlets.

GOAL 5:

Make Madison North America's Undisputed Bicycle Capital.

There are three parts to this goal. Part 1: Improve bike infrastructure and amenities to increase bicycle ridership and make Madison the nation's top city for mode share by bike by 2020. Part 2: build on Madison's existing bike industry cluster by working with local companies in the industry to attract and co-locate suppliers, customers, and businesses in parallel sectors. Part 3: Make Madison a recognized destination for cycling-related events and tourism.

Why is this a worthy goal?

Madison is widely-regarded as a great biking city. The combination of bike trails, on-street bike lanes, lakefront paths, and the scenic countryside around Madison make it a great city for both recreational cycling and bike commuting. Moreover, the bike industry is a unique and important sector of the region's economy with major companies like Trek, Saris Cycles, and Pacific Cycle located in the Madison area. By "planting the flag" and saying that Madison is the undisputed best bike city in the country, we can not only grow the City's reputation for high quality of life and great biking, we can also support the growth of an important and unique industry in which we already have a competitive advantage.

Strategies to implement Goal 5:

- 5.1. Direct outreach to area bike industry companies** – The City of Madison's Economic Development Division has an ongoing "Business Retention & Recruitment" program in which staff meets with individual businesses to learn about their issues and concerns. The Division should make a specific point to reach out to existing companies in the bike industry to learn more about their needs and ideas for how to amplify the region's position as a leader.
- 5.2. Recruitment of suppliers and customers to grow the cluster** – The City should "get to know" the bike industry by attending trade shows, researching industry trends, understanding workforce needs, etc. This includes potentially attending industry conferences and trade shows and making direct recruitment appeals to companies that might be expanding. We should focus on growing this cluster by bringing more companies that might benefit from locating in a place that already has talent networks, supply chains, and a culture of cycling.
- 5.3. Build High-profile Bike Infrastructure Projects** – From a transportation perspective, it is important to improve opportunities for bicycle use in the City with tactical investments to create excellent on and off street bike infrastructure. From an economic development standpoint, however, there is value in investing in a few strategic and targeted major bicycle infrastructure projects that would make a "big splash" and raise the City's profile as a Mecca for bicycling. To be recognized as North America's cycling capital, Madison needs to build a few iconic bike infrastructure investments that both provide transportation needs while communicating the importance of cycling. One example would be implementation of planned bicycle/pedestrian linkage between the Capital City Path over John Nolen Drive and into the heart of the downtown.

GOAL 6:

Keep Madison's Taxbase Growing and Keep Madison Strong and Thriving as the Economic Center of Southcentral Wisconsin.

Actively bring tax base considerations and impacts into conversations about development projects, neighborhood plans, and the development review process. Also, build a robust program to make strategic investments in real estate to achieve redevelopment priorities with capitalize on the opportunity to reposition land and grow the tax base.

Why is this a worthy goal?

To stay economically strong, Madison needs to be mindful of its competitive position in the greater Madison region and nationwide. This includes monitoring the growth and stability of our tax base to ensure that we continue to create new value in the City which in turn translates into our ability to continue to provide top-notch services and excellent schools.

Strategies to implement Goal 6:

- 6.1. Create a Robust Land Banking Program -
- 6.2. Introduce Fiscal Impact Analysis Into Development Project Analysis -
- 6.3. Maximize Development Density & Support Transit -
- 6.4. More Aggressive and Comprehensive TIF Strategy...

GOAL 7:

Become a best connected mid-sized city in the U.S. – connected physically, digitally, and economically.

This includes creating transit system that links every resident to employment centers, building universal access to high speed internet (in homes, libraries, schools, and community centers), and striving create improved global connectivity through improve inter-city transportation and business relationships.

Why is this a worthy goal?

In the global economy of the 21st century, connectivity is everything.

Strategies to implement Goal 7:

- 7.1. **Improved multi-modal transportation** – Madison is predominantly a driving city. Most trips in Madison are made . Current bus ridership is limited. A mix of fast, flexible, convenient and customer friendly transportation options

- 7.2. **Wired Homes, Businesses, Schools, Libraries, Community Centers** – Madison could become the most digitally connected City in the county. Every City resident with access to reliable high speed internet service.
- 7.3. **Stronger Connections to the Outside World** – Madison needs to get out more. The City needs to look beyond southcentral Wisconsin for ideas, businesses, talent and capital. Creating stronger linkages to the command and control centers of the global economy and centers of the financial system would be a critical benefit to the City’s economy. The city should strive to work with Dane county and national airlines to improve and increase service to the Dane County Airport. Similarly, the city should start a dialogue with state and federal transportation leaders on the possibilities of passenger rail service to Milwaukee, Chicago, and the Twin Cities. In addition, the City should work with the UW on leverage connections and contacts through alumni networks to encourage people around the world who might have a connection to Madison to consider moving their business here or investing in local companies.

GOAL 8:

Make Madison a Model of Innovation in City Government

The Madison municipal government will itself be a model of innovation, responsive governance, and customer service, and will use technology to empower residents and improve city services.

Why is this a worthy goal?

Madison has long prided itself on creating an open, transparent, and democratic system of government that provides residents opportunities to give their voice to municipal policy choices. As Madison strives to become a more innovative city, maintain its democratic traditions, and improve customer service, the City should explore innovative tools to weave new technologies into municipal operations to improve the overall performance of the City as a unit of government.

Strategies To Implement Goal 8:

- 8.1. **Improve the City’s committee structure** - Consider establishing “virtual committee” participation for some committees. Create a user friendly web-based portal for people to submit comments and ideas to all committees.
- 8.2. **Establish customer-service kiosks for some city functions** - Use technology to make it easier for people to basic city business like paying fines, renewing neighborhood parking passes, basic permitting, etc. Create text-based a “virtual comment box” for anyone who would like to
- 8.3. **Create “Digital Comment Box” App for City Services** – The city should develop a digital comment box app that gives residents or businesses the opportunity to give immediate and convenient feedback on their experience of working with the city. People getting a permits and licenses, pay fees, apply for grants, get information about regulations, etc.

8.4. Crowd source governance – The cornerstone of democratic processes in Madison has historically been meetings – Council meetings, committee meetings, and public meetings on special topics. In-person meetings are not a particularly inclusive or equitable method of gathering input from the public because participation is limited to a handful of individuals who are willing and able to take the time to physically attend. The City should do more with crowd-sourced governance and use technology to expand the ways in which residents can give input and ideas to their city government.

GOAL 9:

Train a next generation workforce in Green Building Technology

Madison will leverage its existing and current build a cadre of expertise in the green construction sector

Why is this a worthy goal?

Madison is seeing a construction boom like never before. According to the data, 2013 was the largest year ever for commercial new construction in Madison. Most of this new construction is large mixed-use and multifamily buildings and much of it is located in the central city. This unprecedented wave of construction creates the opportunity. We should be to explore the opportunity to rethink and

Strategies to implement Goal 9:

GOAL 10:

Build the next generation of Madison's Central City

Maintain and increase the appeal of Madison's central city (downtown and interior neighborhoods) as a place that attracts people to live and work and is the acknowledged cultural, business, and entertainment center of the region.

Why is this a worthy goal?

Right now, Madison is seeing unprecedented demand for new housing development in the central city (downtown and interior neighborhoods and corridors). Madison should

Strategies to implement Goal 10:

Strategic Framework Part 2: Spatially-Targeted Strategies

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Why Think Spatially?

The Madison local economy exists in a spatial context. Different parts of the City have different anchor institutions, unique large employers, distinct demographic profiles, various assortments of real estate, and widely different economic needs. Though it is important to establish a citywide economic vision and citywide goals, from a tactical standpoint, a “one-size-fits-all” economic strategy that ignores the economic geography of the City won’t work.

For example, Madison’s north side is the historic home of Oscar Mayer, current home of the recently-launched FEED Kitchens incubator, future home of the Madison Public Market District, location of Madison College’s planned expanded Culinary program, and location of several recently-expanded large food processing businesses. The economic identity, foundational assets, and emerging businesses in this part of the City tend to revolve around food innovation. Therefore, a cornerstone of the City’s economic strategy for this part of the community should be to leverage and build on this existing strength. In contrast, on the west side of town, the University Research Park’s existing space and future expansion area creates the dominant spatial-economic feature and the west side tends to have larger employers and many biotechnology firms. Therefore, the strategy should focus on growing and building opportunities in these sectors.

The asset mixes in other parts of Madison are all very different. Further, the challenges faced by different parts of the City are wide-ranging. A residential neighborhood that struggles with chronic poverty and unemployment requires a different package of economic development programs and services than an industrial park struggling to attract businesses. The City’s economic strategy must respond to and be shaped by this geographic variation in needs, opportunities, and barriers.

This idea that economic development should be spatially-oriented and built on embracing existing assets and emerging place-based opportunities is not unique to Madison and is rooted in recent research and thinking on economic development.

In the not to distant past, the practice of economic development was predominantly oriented toward attracting large employers through the use of programs and incentives, without much regard for the type of business. The 90’s saw the emergence of industry “cluster” strategies as the dominant framework for how to think about economic development. Led by Michael Porter’s seminal analysis, the underlying philosophy of cluster strategy is that businesses and industries thrive on agglomeration of related talent and resources¹. Every local economy has key assets and competitive advantages in

¹ Porter, Michael, “Clusters and the New Economics of Competition”, Harvard Business Review, 1998.

particularly groupings of industries and cluster strategies focus on identifying and embracing these strengths to grow local and regional economies.

During the 2000's, the economic development field shifting again. As the economy became more globally-connected, knowledge-based and technology-fueled, the practice of economic development pivoted toward talent attraction as the key focus. Led by Richard Florida's widely-read 2002 book, "The Rise of the Creative Class," policy makers started recognizing that becoming the type of place where new economy workers want to live is just as important as being a place that attracts the businesses themselves.² For the last ten years, many local economic development efforts pivoted towards focusing on cultivating vibrant arts districts, music scenes, and lively downtowns and neighborhoods. The central theory being that in an economy where brains have become the most important raw material for business, the most important economic development goal is to create places that can attract brains and the businesses will follow.

Today, there is a growing convergence of "cluster-based" economic development strategies with more "place-based" strategies. The Metropolitan Policy Institute of the Brookings Institutions has been analyzing and researching and developing recommendations related to this idea. Central to the Brookings work is the concept of Innovation Districts, which we identified as one of the three structural economic geographies as part of the strategy.

In Madison, we have a diverse economy and the data demonstrated the City's competitive advantages and high employment growth in key industries like information technology, biotechnology, financial services, and agri-business/food. However, these industries are not uniformly distributed across the City. Different parts of Madison (and the greater region) have widely-varying assets, anchors, and emerging opportunities in certain sectors.

The spatial structure of identifying Innovation Districts, Opportunity Zones, and Node and Destinations is an organizational tool designed to focus our resources most effectively.

Spatially-Targeted Strategies

The Place-Based Strategies is based on the identification of three types of districts in the City of Madison. The policies, programs, and initiatives for each are based on the specific assets and features. The three district types are:

1. Innovation Districts
2. Opportunity Zones
3. Nodes & Destinations

² Florida, Richard, "The Rise of the Creative Class", 2002.

Each of these three types of areas has distinct economic opportunities and unique needs. They vary widely in size and often overlap. Defining these areas and creating specific economic development strategies for each helps target the city's resources and creates the opportunity to use these districts as "laboratories" to develop and test economic development policies and techniques that, if successful, could be expanded into city-wide programs.

Innovation Districts

The Innovation Districts are areas where the City will target economic development programs and resources toward cultivating innovation and supporting the growth of businesses in specific industry clusters based on existing assets and emerging opportunities of the district

POTENTIAL Innovation District Policies & Programs

- Connect anchor businesses/assets with startups and new talent
- Prioritize as locations for incubators and accelerators focused on identified sectors
- Flexible and aggressive use of TIF targeted toward employment uses
- Joint marketing of sites and buildings and strategic acquisition of land
- Workforce training programs focused on talent development in the targeted sectors

Innovation District #1: Capitol East District

- Location
- Key Assets
- Opportunities & Strategies

Innovation District #2: Northside Food Innovation Corridor

- Location
- Key Assets
- Opportunities & Strategies

Innovation District #3: Airport Center for Global Commerce & Trade

- Location
- Key Assets
- Opportunities & Strategies

Innovation District #4: Midwest Convergence District

- Location
- Key Assets
- Opportunities & Strategies

Innovation District #5: South Side Health and Global Food Corridor

- Location

- Key Assets
- Opportunities & Strategies

Innovation District #6: Western Frontier Research District

- Location
- Key Assets
- Opportunities & Strategies

Opportunity Zones

The Opportunity Zones are specific neighborhoods and commercial districts where the city will concentrate its capacities and channel resources to maximize economic opportunities for low-income populations and marginalized racial and ethnic groups. This includes supporting career pathways for youth, providing training opportunities for the workforce, aligning people with jobs, and lowering the barriers to starting businesses.

POTENTIAL Opportunity Zone Policies and Programs

- Waive the match requirement for any façade grant
- Provide entrepreneurship micro-grants to cover licensing/permit fees
- Free Madison Metro voucher for anyone inside an Opportunity Zone commuting to work
- Business support liaison assigned to each OZ
- Preference for any city-sponsored grant program
- “Mentorship matchmaking” - 10 annual high school students connected with 10 business leaders in the community
- Create a food retailer expansion grant for any current food retail business in an opportunity zone interesting in purchasing equipment (refrigeration, etc.) or making other investments to scale-up their capacity to sell fresh food.
- Create the Retail Urbanization and Modernization Program (RUMP) with special incentives for reinvesting in outdated shopping centers

Opportunity Zone #1: Allied/Meadowood

- Location
- Key Assets
- Opportunities & Strategies

Opportunity Zone #2: South Madison

- Location
- Key Assets
- Opportunities & Strategies

Opportunity Zone #3: Northport Corridor

- Location
- Key Assets
- Opportunities & Strategies

Opportunity Zone #4: Darbo

- Location
- Key Assets
- Opportunities & Strategies

Nodes & Destinations

Transit-linked activity centers where the City will concentrate housing, employment, and retail activity in dense, vibrant, walkable, multi-use neighborhoods, as well as civic, cultural, and entertainment destinations for residents and visitors alike

POTENTIAL Node & Destination Areas Programs and Policies

- Overlay zoning within NDs allowing for greater density, height, and reduced parking requirements
- EDC-overseas a City-conducted Fiscal Impact Assessment (FIA) conducted for any project above \$10 million in investment.
- Prioritize NDs as locations for high-amenity transit station
- Build centralized structured parking to service each ND.a

Node #1: Downtown

- Location
- Key Assets
- Opportunities & Strategies

Node #2: The Market District

- Location
- Key Assets
- Opportunities & Strategies

Node #3: Hilldale

- Location
- Key Assets
- Opportunities & Strategies

Node #4: Northside Town Center

- Location

- Key Assets
- Opportunities & Strategies

Node #5: Southeast Gateway

- Location
- Key Assets
- Opportunities & Strategies

Node #6: Nolen Gateway

- Location
- Key Assets
- Opportunities & Strategies

Node #7: Wingra Triangle

- Location
- Key Assets
- Opportunities & Strategies

Node #8: Allied Crossing

- Location
- Key Assets
- Opportunities & Strategies

Node #9: Westgate

- Location
- Key Assets
- Opportunities & Strategies