



City of Madison

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

Tuesday, July 30, 2013

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room 300 (Madison Municipal Building)

HIGH TECH MANUFACTURING TRENDS SUBCOMMITTEE

CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:03 p.m..

Present:

Al Zimmerman, Ed Clarke, Pat Schramm

Also Present: Joseph Boucher, Chairperson Economic Development Committee; Peggy Yessa, Office of Business Resources; Ruth Rohlich, Office of Business Resources; Aaron Olver, Director, Economic Development Division

1 [30634](#) Election of Chairperson and Vice-Chairperson

A motion was made by Mr. Clarke, seconded by Mr. Zimmerman, to elect Mr. Zimmerman as Chairperson. The motion passed by voice vote.

A motion was made by Ms. Schramm, seconded by Mr. Zimmerman, to elect Mr. Clarke as Vice Chairperson.
The motion passed by voice vote.

2 PUBLIC COMMENT

None.

3 DISCLOSURES AND RECUSALS

None.

4 [30084](#) High Tech Manufacturing Trends

Chairperson Zimmerman asked what is the end objective of this study after 1 and 3 years. How do we define success?

Mr. Clarke agreed with definition of success item #3 (ref. attachment *Zimmerman project timeline handout june 5 2013.pdf*).

Mr. Olver noted the City's new Economic Development Strategy will begin to be developed this year. The EDC will be engaged in this. He hopes it will look at the driver sectors of the

local economy. Manufacturing employment is down and output is up. How does this Subcommittee's work get connected to the economic development plan and what is the metric in the manufacturing sector?

Mr. Clarke suggested looking at what manufacturing is overseas and likely to come back to the USA. He referred to the articles from the Economist.

Ms. Schramm asked if there are Madison companies that have sent work overseas?

Mr. Clarke said the articles say overseas manufacturing was cheaper because of lower labor costs. Now labor and inventory costs are rising. This is a huge shift in manufacturing.

Chairperson Zimmerman referred to the Basic Economic Trend Data handout, specifically the Global Combined Factors chart, noting by 2022 the USA will be the cheapest place to do business.

Mr. Clarke said many of the factors, such as taxes and legal issues, are out of the control of Madison. Locally we can do things like, infrastructure improvements.

Ms. Rohlich said the economic development plan will look at Madison assists.

Chairperson Zimmerman suggested the third definition of success be changed to "Attract new companies and companies that have moved away to come back to Madison."

Mr. Olver said 75% of the City's revenue is from residential property taxes. Industrial property is not a large part of the tax base. IS the supply chain local?

Mr. Clarke asked for the State's definition of manufacturing. Robotics, and computerized production has higher paying jobs. We can identify these and then aggressively court them to Madison. We could work with local companies and CEOs to identify the companies and provide the infrastructure for them to locate here.

Ms. Rohlich said MadREP is working on business outreach to map supply chains and they have a budget for marketing their area.

Chairperson Zimmerman said Fort Worth, Texas sometimes had the employees instead of the businesses locate there. He suggested rewording the first definition of success to: Develop a plan to attract companies into Madison focusing on high tech manufacturers with solid/good payrolls and focus on offshore companies to being them back to Madison.

Mr. Clarke asked if offshore business attraction is all we want to do. In the Economist handout it states this number of firms is under 100.

Chairperson Zimmerman said it is the physical assets that bring a company in. We have control over these.

Ms. Rohlich suggested we could use TIF for manufacturing attraction.

Ms. Schramm said non-American companies may invest here. MadREP is looking internationally.

Chairperson Zimmerman said industrial investors are looking where to expand in the USA to reduce their capital expenditures.

Mr. Clarke asked about federal incentives to bring back offshore jobs.

Ms. Rohlich said they exist but are complicated and intimidating.

Mr. Clarke said we could have a local contact person to explain these to businesses.

Chairperson Zimmerman suggested Definition #2 be tied in with other organizations to create a comprehensive network of tools. Definition #3 can be measured by the number of companies here.

Ms. Schramm said we can look at the data from 15 years ago to see what companies have left Madison, such as WT Rogers and Rayovac. She has data to track this.

Mr. Olver suggested we be aware of people leaving and changes in technology.

Chairperson Zimmerman summarized this as:

1. What left?
2. What came here?
3. What is new here?
4. Who are the key major players like Oscar Mayer?

Looking at the charts, durable manufacturing is production of low value items.

Ms. Rohlich said Madison is not competitive for industrial uses because we do not have the land mass and infrastructure. No available properties in Madison fit the in the States certification standards.

Ms. Schramm said zip codes 53716, 53704 and 53719 are full of midsized manufacturing companies. Data shows growth in these areas.

Mr. Clarke noted non-durable goods manufacturing invested \$56billion. Chemical and biotech are bigger than this.

Mr. Zimmerman said the jobs are higher paying in durable manufacturing.

Mr. Clarke said if we are attracting companies by who we know then the majority will be small companies.

Ms. Schramm said Sun Prairie has lots of infrastructure but no land left for development. Low skill jobs leave the area first. We want to replace these with different kinds of jobs.

Chairperson Zimmerman referred to tables 4 and 7. Wisconsin was not in the top ten states for either capital investments or new jobs.

Ms. Schramm suggested looking at mid-sized companies for growth.

Mr. Clarke asked if the data suggests areas of focus, such as chemical (biotech), computer (electro medical), electrical and food.

Ms. Schramm said the chart from Mr. Olver started this conversation. If we take out the big companies we are looking at the midsized companies. She can look at these wages.

Mr. Clarke noted the USA did not lose as many jobs as projected to overseas production.

Chairperson Zimmerman suggested a deep dive into the data and then match it to the local demographics. Look at the jobs, the workforce and he can look at the industry trends.

Ms. Rohlich suggested looking at case studies from other cities for their success at bringing back manufacturing companies.

Chairperson Zimmerman said Miami created a fund to attract biomedical companies.

Mr. Clarke said the UW has a manufacturing center and is good in robotics and nano-technology.

Chairperson Zimmerman suggested a speaker from the UW Engineering Department to explain what they are doing. Also a speaker from the natural sciences at the UW.

Ms. Rohlich said the UW Office of Corporate Relations has speaker contacts at the UW. Carl Gilbrandson from WARF would also be good.

5

Upcoming Meetings

Ms. Schramm can have the data by the last week of September. She can talk at the EDC meeting to update everyone.

ADJOURNMENT

Mr. Clarke made a motion to adjourn, seconded by Chairperson Zimmerman.

The motion passed by voice vote.

The meeting adjourned at 6:34 pm.