



## Office of the Mayor

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### **State of the City June, 2010 By Mayor Dave Cieslewicz**

As we review the state of the city in 2010, let's start with an analysis of our strengths.

- Madison's unemployment rate of 5.2%, while higher than in normal times, is the lowest in the state and well below the national rate.
- For the first time in modern history, Madison is experiencing an actual decline in city property values this year. But our decline of 1.8% in residential home values is far less than the national average of 6.5%, and it pales in comparison to cities around the country.
- Crime is low and decreasing in Madison. In fact, crime is 17% lower than it was in 1996 when Money Magazine called us the best place to live in America.
- We have not had a fire fatality in over two years now. That results in lower insurance rates for everyone.
- Overall customer satisfaction with basic city services is at a high level. In what is now an annual survey, 88% of Madisonians said that they found city services like police, fire and garbage pickup to be satisfactory or better.
- We maintained our AAA bond rating, one measure of the strength of an economy and the soundness of the city's fiscal management.
- While most communities are cutting back on bus service, we increased service hours on Madison Metro by 4% from last year. And thanks to added security, incidents at the South Transfer Point are down 37% from a year ago.
- Once the most challenged neighborhood in Madison, Allied Drive is in the middle of a renaissance. Police calls for service are down 53% from their peak in 2006.
- Halloween on State Street, once an annual nightmare, is now Freakfest, an organized event that is coming close to providing revenues that equal our city costs.
- The Goodman Pool, which some said could never operate without a subsidy, broke even last year, and our city golf courses operated at a profit for the first time in years.
- Despite the record-breaking snowstorm of last December, the truth is that we have improved on the average time it takes to clean up after a storm. The city's long-standing rule is that a general

plowing operation takes about 10 to 12 hours to clear all city streets. In recent years, we've decreased that to just over nine hours for most storms.

- And even in that most basic of municipal bellwethers – potholes – things are improving. So far in 2010, the number of pothole reports from our citizens has been cut in half from the previous year.

We know all this because we keep track of it. City government holds itself accountable through a battery of quantifiable benchmarks called Madison Measures, which I put in place in 2006, and through an annual customer survey that we started in 2008.

It is important to point out that none of these improvements just happened on their own. The drop in crime is due in part to the 56 police officers we've added to the force in the last seven years. The improvements in fire safety are due in part to the two new fire stations and two new ambulances we've added in that time. The increase in Metro service and the improvement in bus security are due to the fare increase we implemented last year. The safety and quality of life improvements on Allied Drive happened because we've invested millions of dollars in tearing down and rebuilding blighted properties there. Gating and ticketing State Street for Freakfest proved to be the answer to a nagging problem. The pool broke even because we made hard decisions about staffing. And the decrease in potholes is due to a concerted five-year effort to fund rebuilding of arterial streets on an accelerated schedule.

Most of these initiatives faced strong opposition when I proposed them, and some of them passed by a whisker. But every one was worth the fight. If there's anything I've learned in this job, it's that virtually anything worth doing is also going to be hard going at first. But if you stick with it, things almost always work out in the long-run.

So the state of the city in 2010 is good, but it's not perfect. There are challenges ahead. There's a lot more to do.

As we look forward, my goals for the city remain the same as they have been from the start of my second term. I want us to be able to say that:

- The city is progressive and pro-business.
- The city is well-run, and basic services are excellent.
- The city is a leader in green efficiency.
- The city is safe.
- The public schools are excellent.
- We are building a great city.
- The city is welcoming, accessible and connected to the world.

Let me now turn to the first of those goals and the focus of my speech today: using this recession as a pivoting point to transform Madison's economy.

Two issues have defined politics in Madison over the last year or so: the Central Library project and the Edgewater Hotel. With the approval of both, Madison started to shirk off its image as a place that can't get to a decision.

When the library project stalled earlier this year, we pivoted to building a new library on the original site. In only a few weeks, we changed routes, but not direction, and the project was back on track. We'll now have a brand new library that we can be proud of, and we'll build more square feet at a lower cost and on a faster timetable than the original plan. And, we'll be able to do it because we acted quickly to

move forward.

The Edgewater was the opposite kind of story. We worked through an approval process that was too long and too difficult, but we got to yes in the end. Bob Dunn deserves credit for his fortitude, but let's not forget that Fred Mohs has been investing in and maintaining his properties on Mansion Hill for decades. The process was arduous, but I respect everyone who spoke up because they all were voicing their ideas about what was best for our city.

So, our first economic development task in the months ahead is to make sure both of those projects actually happen. While the major hurdles have been crossed, there are numerous details, some that are under our control and some that are not, that have to be addressed.

Next we have to fix the process that made it so hard and took so long to get the necessary approvals for the Edgewater. It is just too difficult for someone who wants to make a major investment in our city, who wants to put so many people to work, to move forward here. We are lucky that the Edgewater developer had extraordinary perseverance, but too many investors never even approach our city because of our reputation. In some ways the Edgewater uncorked that bottle, but in other ways, to those who carefully watched the process, it did not help.

So, I have asked the business community and labor to come together to recommend changes to our process. I will ask our Economic Development Commission to vet those changes over the summer. I hope that we can use the EDC as a forum for this discussion and to gain input from the community at large. I will ask the alders who serve on the EDC to introduce along with me the needed ordinance amendments and resolutions that will accomplish this transformation. What I can do alone as mayor through appointments and executive actions, I will do.

But let me be clear. Our goal should not be to lower our standards for development. I do not want just anything to go up just anywhere. But I do want us to earn a reputation as a community that is businesslike in its approach, predictable in its outcomes and expeditious in its decision-making. I want us to be thought of as a dynamic and progressive city that embraces investment and welcomes bold plans but also sets high standards for the projects that get built here.

We also need to move forward on the Governor Jim Doyle Intercity Rail Station at Monona Terrace. Our goal is to have the station ready to go by January 2013 for the opening of service to Milwaukee and Chicago. But we shouldn't just build an intercity station. We should think of the area bounded by Doty, Pinckney and Carroll Streets and Lake Monona as Public Market Square - a district of exciting new possibilities including a new hotel to bolster our already successful convention center, a new underground parking facility, a bike station, an intermodal station serving Metro and intercity busses, a commuter rail connection and a public market.

We are already hard at work planning for this ambitious redevelopment with three teams of city staff. Later this summer, I will ask the Council to approve a request for proposals for a master development team and a public-private partnership to move these projects forward.

Linked to a fully functioning intermodal station that should be at the center of Public Market Square is a successful Regional Transit Authority. The RTA has been formed, but it means little unless it can access the half cent sales tax that will fund its work. I support moving forward on the referendum to levy the sales tax this November. With the almost \$40 million a year produced by the sales tax, we can provide property tax relief by moving the Metro bus system to the RTA and develop regional workforce

transportation by expanding bus service both within the city and in the region and building at least the first segment of commuter rail. Workforce mobility is key to our new, post-recession economy and the RTA is the way to make it happen.

Another key to the new economy is the arts. The Overture Center already provides 45 full time jobs and hundreds of part time positions and is responsible for millions of dollars in new tax base. And Overture is an important selling point in retaining and recruiting talented people and businesses. It was a great gift to our community by Jerry Frautschi. I hope the banks and the Madison Cultural Arts District can soon settle the remaining debt left after the collapse of the investments that were hoped to support operation of the building. While the city will not participate in retiring the debt, I believe our role in this should be to, as I recommended five years ago, take ownership of and care for the building itself. Meanwhile, a new nonprofit corporation should be formed to market the building, oversee services for the resident groups and book other shows. That nonprofit will also be charged with dramatically increasing private philanthropic support for Overture. My goal is to limit the city's annual operating support to its current level adjusted for inflation. But we must recognize that caring for the building will require increased support through the city's capital budget.

Madison is already the center of a rich agricultural region, home to a booming biotech industry and the location of a world-class research institution. And we are building on those strengths with the BioAg Gateway on the city's southeast side. It is an exciting incubator that will bring together scientists and entrepreneurs who are working on products in the areas of agriculture, food and related products. The city has partnered with the state and Madison Development Corporation and recently received \$4.5 million in competitive federal funding. With that funding, the BioAg Gateway will create 50 jobs now and will keep Madison on the cutting edge of agriculture and biotechnology, creating many more jobs in the years to come.

We also continue ambitious efforts to encourage major infill development in the Capitol East Corridor and to make it a major destination in our city. We will continue our efforts to reach out to developers and aggressively market the corridor, but we also know that in this economic climate, we must do more to find that one spark that will ignite this exciting plan.

While we tackle these major projects, we can't lose sight of the basics. So, we'll continue our comprehensive approach to reduce crime, to improve our street conditions and to invest in our parks and neighborhood centers, in community services and more.

While crime is down, it remains a real concern in some parts of our community. So, this year, even with a historically tight budget, we found resources to expand the effectiveness of our police force. After decades of sharing training space, the Madison Police Department is moving into its new training facility this summer. This new facility is an investment in the Madison way of training our officers not just to fight crime but to prevent it by working with the community. And we were able to reallocate existing resources to deploy a Crime Prevention & Gang Unit focused on preventing crime and gang activity that began its work this week. And, as we enter into the summer months, the city is working with MSCR and Common Wealth Development to expand youth programs at the Meadowood Neighborhood Center on the city's southwest side.

Little of what I am proposing will be without controversy. I know how hard it will be to sell a new RTA tax in a referendum. I know there will be those who will say that we should just let Overture go dark. I understand that an ambitious proposal like Public Market Square will be an enormously complicated project with all kinds of opportunities for stumbles and misadventures. I can anticipate the

resistance to process reform from those who like the process as it is. And there are those who would rather pander to fear of crime than do the hard work of building the community institutions that can prevent it.

But there is no point in having this job if all you want to do with it is to be the facilitator-in-chief. I believe that the role of mayor in this city is to set a course and to push forward toward it. We are a community that loves its process. Deliberation is in our DNA. It's part of who we are. But that's why I've come to understand that the role of the mayor in Madison has to be to nudge us along, to keep us moving toward our goals without getting lost in our deliberations.

I can't expect everyone to agree with everything I want to do. I have earned some detractors. But my experience over seven years tells me that it is always better to take a position and to work toward it than it is to dither around endlessly.

I usually deliver my annual state of the city speech in April, and I had planned to be here two months ago, but I found myself stuck in Europe thanks to volcanic ash. Trapped in Amsterdam, I did what anyone would do: I went to the library and museums.

What I learned in the Dutch history museum has some applicability back here in Madison. It turns out that tulips are not native to the Netherlands. They were imported from Turkey in the 16<sup>th</sup> century, and the Dutch took to them immediately. In fact, rare tulip bulbs became so in demand that an entire market sprang up around them, and fortunes were amassed based on nothing more than the perceived value of the tulip bulb.

But it all came crashing down in 1637 when the Dutch held a tulip bulb auction and nobody bid. Overnight, the value of tulips plunged, fortunes were wiped out and the Dutch economy toppled into a deep recession – all because people's ideas about the value of a plant changed. Substitute home values for tulips, and you can see that what happened in the Netherlands in the 17<sup>th</sup> century is not unlike what happened in the United States in the last few years.

While I was in Europe, our city assessor released his annual assessment data. While the numbers showed a decline in overall values for the first time in recent memory, they also showed remarkable resiliency. As I noted at the start of my speech, residential values in Madison were down 1.8%, but that compares to a 6.5% national decline. In fact, we couldn't find another city that retained its values as well as Madison did.

The contrast to the 17<sup>th</sup> century Dutch tulip market is this: there is evidence to show that there is real and enduring value in Madison. After all, home values are not as much about the actual houses themselves as they are about the communities in which they lie. Our comparative retention of value is really about the strength of our neighborhoods, the quality of our basic services, the effectiveness of our public schools and the overall quality of life in our community.

These are challenging times, but Madison remains strong. Our goal should not be to just weather this economic storm, but to come through it even stronger as a community.