

BUILDING QUALITY OF LIFE THROUGH STRATEGIC ECONOMIC DEVELOPMENT

The City of Madison 3-5 Year Strategic Economic Development Implementation Plan

June 4, 2008



TICKNOR
& ASSOCIATES

Acknowledgements

The Economic Development Commission Mission:

“Responsible for working with the Mayor, Common Council, other City boards and commissions and City staff to facilitate the development of a healthy, diversified economy in which businesses can locate, innovate, grow and prosper, and all residents have opportunities for economic prosperity. The Commission shall be responsible for preparation and periodic updating of the city’s economic development plan and strategy for recommendation to the mayor and Common Council; evaluate economic conditions in the community; identify economic problem areas; recommend specific policies, programs and projects; recommend items for inclusion in the capital and operating budgets in support of the development strategy.”

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Major process inputs have included:

- Madison Economic Development Commission Auspices & Guidance
- City Staff Interviews (32)
- Leadership Interviews (43)
- Interviews with City and private ED staff in seven peer cities: Ann Arbor, Austin, Boise, Des Moines, Lexington, Lincoln and Raleigh
- Consultant experience, client contacts
- Four (4) Listening Sessions attended by approximately 120 persons
- Strategy Retreat attended by approximately 60 persons
- Implementation Task Force meetings for each major strategy area
- Posting on City website for Review and Comment
- Three (3) Draft Presentation & Comment Sessions

www.cityofmadison.com/business/EconomicDevelopmentPlan.cfm

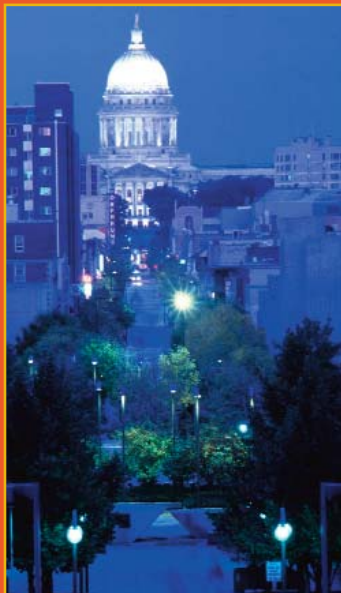
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I. Introduction and Background

Cities and economic development organizations do not create jobs and tax base. They create the climate and remove the barriers so that private and non-profit employers can create jobs and tax base.



1. Madison's Economic Development Goals

The City of Madison's Economic Development Goals are clearly stated in the Economic Development Chapter of the City of Madison Comprehensive Plan (January, 2006):

“The City's main economic development goal is improving the economic well being of the community through efforts that entail job creation, tax base enhancements and quality of life enhancements. If successful, economic development actions will lead to the City of Madison being the preeminent urban center in the south central region of Wisconsin.

“Goal: The City of Madison will be the predominant urban center in the south central region of Wisconsin, providing a livable, innovative, vibrant and economically flexible community in which:

- Businesses want to locate, start, innovate, grow and prosper.
- Residents have a wide variety of choice in jobs, education and training, and opportunities to prosper.
- The natural and built environment is supported as an asset for future economic development.

This goal incorporates several fundamental concepts – that Madison has an important position as economic driver for the State and the region; that economic development needs to focus on business that build upon the community's strengths and investments and offer high quality employment opportunities; that a sustainable, attractive

environment is essential to compete in the global economy.” (Volume II – Recommendations, City of Madison Comprehensive Plan, January, 2006, Chapter 5, page 4.)

This Implementation Plan builds from these pre-existing goals. It stresses priorities and organizational actions for how to reach these goals rather than reexamining the goals themselves.

The mandate is to recognize the City of Madison's unique assets and qualities and to emphasize the creation of quality jobs for Madison residents (quality jobs pay at least a living wage, have competitive benefits, and have promotional and human growth opportunities). This means devoting attention to the manufacturing, professional, scientific and technical, and other sectors that provide employment positions paying at or above the average Madison wage/salary. In the 2002 Economic Census, average annual compensation for jobs in Madison's professional, scientific and technical sector was \$48,385, in manufacturing \$42,000. In retail the average pay was only \$18,459.

The plan is framed within Madison's own economic and organizational environment. It seeks to build upon and reinforce Madison's special quality of life. It recognizes that the City's economic development role must complement key economic development allies such as UW-Madison, THRIVE, State of Wisconsin Department of Commerce, the Workforce Development Board of South Central Wisconsin, Madison Gas & Electric, among others.

Cities and economic development organizations do not create jobs and tax base. They create the climate and remove the barriers so that private and

non-profit basic sector employers can create jobs and tax base. As such, economic development is first a team sport because it involves merging public and employer benefits.

It also necessarily includes many economic development players: state, regional, Chamber, business associations, labor groups, education, utilities, Convention and Visitors Bureau and many more.

This strategy is conscious of other players because we are looking for the City of Madison's proper role.

- What must it do directly as City government?
- What should it contract out?
- When should it be a support player?
- When should it help to build the local public/private economic development team so that all benefit?

2. The Purpose of the Implementation Plan

Good jobs matter. They provide high wages, good benefits, and an opportunity for human growth and advancement. They anchor local prosperity, contributing mightily to local quality of life by creating resources for positive choice. They provide tax base to support quality public services at reasonable tax rates, income to develop neighborhoods, support local retail establishments, and contribute to local philanthropic organizations. And sustainable employment provides economic security.

To develop more proactive ways to stimulate quality job creation for Madison citizens, the Madison Common Council charged the Economic

Development Commission (EDC) to develop a 3-5 Year City of Madison Strategic Economic Development Implementation Plan. This is the first such plan since 1983.

The following important considerations shape the implementation recommendations:

- Focus on core economic development, the creation of quality basic sector jobs in sectors that serve markets beyond Madison, rather than on the equally important areas of neighborhood and community development and planning;
- Recognizing that economic development is the merger of public and private interests to create quality jobs and grow the tax base to provide essential city services;
- Maximizing effectiveness and efficiency by collaborating with other economic development organizations, knowing that the City of Madison can not be all things to all people;
- Stressing implementation through the level of City commitment plus dollar, and organizational resources required to stimulate quality job creation for the benefit of all of Madison's citizens.

3. Why Implement a More Proactive Strategy?

Madison is fortunate that it is not in economic crisis. The City and metropolitan economies have low poverty and low unemployment. They place very well in rankings by publications such as Forbes and Expansion Management in terms of

Quality jobs pay at least a living wage, have competitive benefits, and have promotional and human growth opportunities.

Recognizing that economic development is the merger of public and private interests to create quality jobs and grow the tax base to provide essential city services.



Since 1981, jobs outside of government and education have grown from 66 to 80% of Madison's employment.

favorable places to work and live. So, does Madison need a more proactive economic development strategy?

Plan participants identified four major reasons for the City to be more proactive than currently.

1. Madison competes with communities within the region and around the world for quality job growth and positive fiscal impacts. Leading local technology companies serve global markets. Companies such as Kraft and American Family frequently consider where best to grow (or shrink) operations. Companies such as EPIC and Promega have moved from Madison to surrounding communities, and other technology companies have located elsewhere because suitable sites were not available. And the University and major employers compete widely for key talent.
2. The private sector is playing a growing role in the local economy. Since 1981, jobs outside of government and education have grown from 66 to 80% of Madison's employment. Due mostly to state government downsizing, Madison now has 5,000 fewer jobs in government and education than it did in 1981.
3. Madison is not a particularly prosperous city. Despite its low unemployment and low poverty rates, median family income in Madison (\$50,171 in 2006) is only slightly above state and national levels, (\$48,772 and \$47,147 respectively). It will surprise most Madisonians to learn that in the last Census (1999 data), Madison's median household income (\$41,491) trailed not only Brookfield (\$76,225) or New Berlin (\$67,576), but also West Bend (\$48,135),

Appleton (\$47,285), and Janesville (\$45,961).

4. Madison is losing ground compared to the balance of Dane County. The median income for out-county families now surpasses that for Madison families by 34%. A number of major employers now report that the living in the city is no longer the attractive draw for key employee recruits that is once was.
5. A progressive City is proactive. It molds its future rather than waiting for things to happen.

4. Economic Development Defined

Economic development is ultimately the creation of quality jobs and local tax base through the development of companies and organizations that serve markets beyond Madison. Using the analogy of a pie, economic development is about growing the pie, not how the pie is distributed.

An old tenant of economics is that economies cannot grow by residents taking in each other's washing. The basic sector (sometimes called the export sector) is the set of activities that generate wealth from beyond Madison. In most cases, basic sector jobs pay more, have more benefits, and have more promotional and human growth opportunities than the retail, food service and personal service jobs that dominate the non-basic sector. Economic development therefore seeks to grow the basic sector in a manner consistent with community values. A healthy and competitive basic sector stimulates non-basic development and drives the local tax base to support community development services.

The inter-relationship between basic sector and

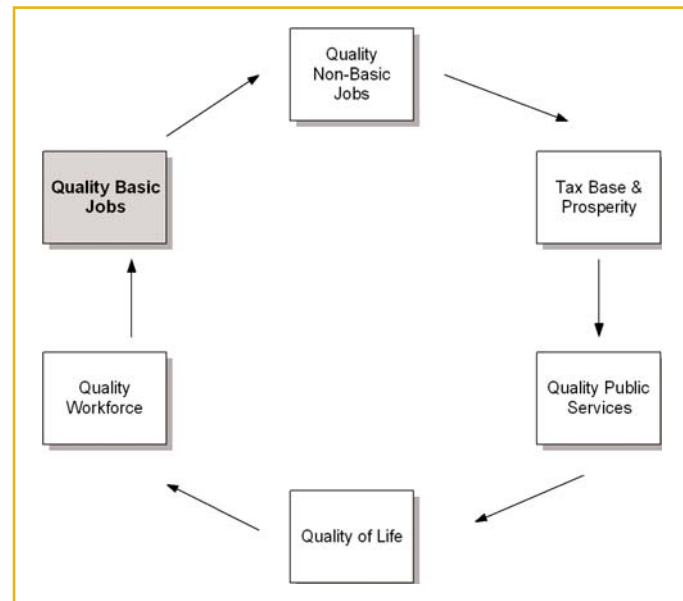
non-basic sector activities is further described in the adjoining graphic:

- High paying basic sector jobs support growth of the retail and non-basic sector and provide more consumer choice and build the middle and upper segments of the local housing market.
- The basic and non-basic sectors create the property tax base that sustains local government and the income to support desired social services.
- Adequate funding is a necessary component to quality public and social services.
- Economic prosperity and quality public and social services anchor the local quality of life.
- High quality of life enables Madison to retain and attract a quality workforce.
- More than any other factor, quality workforce is essential to sustaining quality basic sector job growth.

Another perspective of economic development is the relationship of economic development to community development and planning. Using the analogy of a pie, economic development focuses on growing the pie through quality job creation and tax base development. Planning focuses on ensuring that the community has the right ingredients, such as land use and infrastructure, integration of economic and community development, and

policies to guide community growth and development. Community Development focus on distributing the pie. Additional information about this interrelationship can be found by viewing Appendix ____.

For these reasons, this plan does not focus on very important community development issues such as housing, child care, programs for disadvantaged youth, or neighborhood retail development. While each contributes to the overall economic well being of the community and its development potential, the purpose of this effort is to focus more directly on quality job creation. It is through quality job creation that other vital and critical community objectives are met.



Examples of Basic Sector Activities:

- UW & State Government
- Technology companies
- National financial services
- Manufacturers
- Warehouse & Distribution
- Regional Healthcare
- Conventions & Visitors

Examples of Non-Basic Activities:

- Local Government
- Most neighborhood retail
- Restaurant
- Housing
- Schools
- Personal Services

II. Madison's Economic Trends



Much has changed since the 1983 economic development plan a generation ago.

- The University has continued to grow its research functions and adapt to changing times, leading to significant new construction on campus.
- Madison has given birth to dozens of new technology companies, and some, such as TomoTherapy, Epic, and Promega, have become major providers of local quality jobs.
- Traditional manufacturers, such as Marquip, Rayovac, Bancroft Dairy have closed or downsized while some of the leading technology companies, such as EPIC and Promega, have relocated to surrounding communities.
- University Research Park I was still a university research farm. Today it has nearly filled and more than 4,100 people working there.
- New office parks have opened on the far East and West sides, and the downtown office market no longer dominates as it once did.

1. Signs of Economic Health

Madison and Dane County continue to have a very diversified economy that is highly concentrated in white-collar activities and is relatively recession proof. In addition, the University of Wisconsin-Madison, the second leading scientific research university in the nation and an international leader in fostering business development through technology transfer and

commercialization, is a very positive engine of basic sector employment growth.

There are many healthy economic trends since 1980.

- **Population grew** from 170,000 to 223,000 (31%) between 1980 and 2006.
- **Employment within Madison increased even faster**, growing from 134,000 jobs to 205,000 (53%). Madison therefore attracts more commuters today than in 1980.
- **Unemployment among Madison residents has fallen** from 4.4% to a very healthy 2.5% (in 2006).
- And according to the US. Census, Madison's poverty rate has fallen slightly, from 5.3% to 5.0% during the intervening 25 years.

Compared to Wisconsin and the US, Madison has many favorable demographic and economic characteristics, including:

- a highly educated population
- a disproportionate share of its workforce in management, professional and related positions
- low unemployment
- low poverty

2. Signs of Economic Concern

Madison now depends much more upon the private sector. Due mainly to downsizing in state government, government and education jobs fell from 45,000 in 1980 to 40,000 in 2006, declining from 34% of the Madison employment base to 20%.

Other areas of economic concern include the fact that:

1. Slowly growing average family income economic growth and structural transformation have not made Madison a significantly more prosperous urban economy—partially due to out-migration to surrounding communities, partially to the relative absence of jobs with very high levels of compensation. (Note: Median family income was chosen because it excludes individuals and unaffiliated individuals, a way to exclude the unmarried student population from our income analysis.)
 - Real median family income for Madison residents rose from \$60,760 in 1980 to \$69,709 in 2006 (both in 2006 dollars).
 - Madison’s 2006 median family income was only 2.9% higher than the state of Wisconsin average, 6.4% above the US average. It is below the median family income of Kenosha, Brookfield, Franklin.
 - For residents in the balance of Dane County (Dane County excluding Madison), real median family income increased from \$61,719 in 1980 (virtually the same as in Madison) to \$82,770 in 2006 (34% higher than for Madison residents).
2. The surrounding communities are an emerging competitive economic force because Madison and Dane County are one labor market, quality economic growth in either area is good for residents from both jurisdictions. From several perspectives, including local tax base development, journey to work, and local prestige, the communities in the balance of

Dane County compete directly with Madison. And the outer communities are gaining.

- With open land, sometimes more streamlined zoning and development processes, and alternative quality schools, out-County population growth rates substantially exceed Madison’s.
 - Although area jobs are still overwhelmingly concentrated within Madison, the balance of the county is gaining, especially in retail trade, distribution, finance, and services. In 1980 Madison had 79% of the jobs within the county. Today it has 70%.
 - As Madison has less vacant land for business park and industrial areas in the future and as suburban sprawl continues, the job growth discrepancy will continue. In 2008, there are 1,340 available business, technology, and industrial park acres available within Madison compared to 3,278 in the balance of Dane County.
3. The job base is much more white-collar. The service sector has exploded and the financial sector has grown significantly, while manufacturing, and distribution have lagged far behind.

For Madison, the question is therefore how to grow and retain the highest quality jobs possible while also keeping options for residents with fewer skills.



III. Economic Development Best Practices



There is an extreme range of economic development practices among Madison and the peer cities. A summary of Madison's current Economic Development Practices can be found in Appendix (page _____).

1. Madison Good Practices

Although the public and the business community do not always recognize it, the City of Madison deserves acknowledgement for a number of past and current economic development initiatives. Highlights include:

- Modernizing the City Zoning Ordinance (underway).
- Working to establish a Development Services Center and utilizing Enterprise Permitting software to streamline the permitting process (2008).
- The three person staff within the Office of Business Resources within the Department of Planning and Community and Economic Development is larger than the direct business assistance staff in many of the peer cities (though in many places these functions are contracted to a public/private economic development group). This office has provided substantial help to a number of Madison employers such as Covance and St. Mary's Hospital, has secured a \$1 million State Department of Commerce grant to capitalize a new brownfield remediation program, and has worked with several local businesses to secure Wisconsin Technology Zone Tax Credits..
- Establishing Research Park Specialized Manufacturing Districts for Research Park I and Old Sauk Trails, which allowed for more expedited review through location-specific Architectural Review Committees.
- Initiating, developing, and gaining approval of the East Washington Avenue. Capitol Gateway Corridor BUILD Plan (February 2008).
- Past development plans and assemblage of land for business and industrial park development, support of this development through the establishment of Tax Increment Districts, including current efforts to market and develop the Southeast Industrial District.
- Using Community Development Block Grant funds to subsidize the creation of the Madison Enterprise Center.
- Supporting small business development through investment in the Madison Development Corporation, annual support to the Wisconsin Women's Business Initiative Corporation, African American Black Business Association, and Latino Chamber of Commerce.
- Approving the formation of and collecting the assessments for the downtown Madison Business Improvement District.
- Supporting and investing \$18,000 annually in THRIVE, the recently formed 8-county regional public/private economic development group initiated by the Collaboration Council.
- Supporting the business climate by maintaining a AAA municipal bond rating and by supporting a high quality of life that helps local employers recruit and retain key employees.

- UW-Madison is a major source of quality job spin-offs. Both the Wisconsin Alumni Research Foundation (WARF) and University Research Park I are world-class models—something not always understood or appreciated by local residents.
- Madison is a leader in business incubator development (two of which have received important City financial assistance).
- The City of Madison has been more active in facilitating business park development than many of its peers (though using public land acquisition capabilities and Tax Increment Financing for business park development is a common practice throughout Wisconsin).

2. Peer City Economic Development Comparisons

To learn lessons from beyond Madison, we selected peer comparison cities. Ideal matches are state capitals with major public universities that are emerging high technology centers.

With the exception of population growth, on almost every structural and outcome measure Madison is performing better than its peers. It has:

- a highly educated population
- a high number of management & professional persons
- relatively high median family income
- low unemployment, and
- a comparatively low proportion of families in poverty. (See table in Appendix)

Madison (frequently metropolitan Madison) has also fared very well in several prestigious national business magazine rankings, including Fast Company, Forbes, and Expansion Management.

While some might think that this continues to give Madison the option to be reactive to economic development opportunities, the vast majority of citizens who participated in this process believe that there are enough potential future economic concerns and potentially missed opportunities that the City is wise to act now before more serious problems set in.

Of course, not all peer communities are equally strong in all economic development practices. By looking at a number of peers, we can develop a menu of outstanding practices or extraordinary resource commitments that may apply to Madison's development environment. These include:

- Madison taxpayers should be grateful that tax abatement is prohibited in Wisconsin. Yet peer locations such as Austin and Ann Arbor utilize tax abatement or other aggressive tools when necessary to secure important projects. To attract a \$9 billion Samsung fabrication plant, Austin committed more than \$150 million in tax rebates. Ann Arbor provided tax abatement for the Pfizer research center and the expansion of Borders headquarters and technology center.
- A 12-person small and technology business development staff at the City of Austin.
- All peer communities have strong public/private economic development partnerships through outside non-profit organizations. These organizations are able to hire and retain

experienced economic development professionals, paying the Executive Directors salaries as high as \$250,000, and attracting active board members that usually include the Mayor or City Administrator.

- Annual peer City investments in the local public/private economic development partnership amounting to \$325,000 in Austin, \$621,000 in Lexington, and \$650,000 in Ann Arbor.
- Very strong City staff participation in the public/private partnerships in Austin, Des Moines, and Lexington.
- Major efforts to improve customer service with strong City Manager support in Des Moines and Raleigh.

3. Best Practice Principles Applied to Madison

Comparing Madison with other similar economies--Ann Arbor, Austin, Boise, Des Moines, Lexington, Lincoln and Raleigh — we identified a number of important opportunities to improve Madison economic development practices:

- The most competitive places have stronger municipal economic development leadership, whether from the Mayor and Council or the City Manager. Economic development has bi-partisan support as a way to increase quality jobs and build tax base. There may be debate about tactics, but not about the goal.
- Because they consider quality economic development to be an investment, they commit

substantially greater resources to economic development, especially by offering economic development incentives and Tax Increment Financing for very important basic sector expansion or location projects.

- They have a stronger, more formalized customer service framework and feedback mechanism within planning, development review, economic development, and other municipal agencies.
- And they have strong public/private economic development partnerships, frequently with a very high level of City funding and leadership participation.

1. Recognize that Economic Development is Competitive

One must recognize that economic development is highly competitive and a key priority of City policy and governance.

Whether measured by its staffing and budget, permit approval process, TIF policies, long process of approving and providing infrastructure for University Research Park II, or absence of an effective economic development public/private partnership, the City has not maximized its ability to compete with its neighbors or the world for quality jobs.

- Madison is not self-sufficient. It is increasingly dependent upon the outside and it increasingly competes with other local and regional communities, and the world.

- The University competes for world-class faculty, the medical centers for world-class physicians. Area insurance companies, technology companies, and manufacturers compete nationally and globally for key people and for market share.
- Private sector companies have options about where to expand. Economic development groups from other regions and states are constantly marketing to attract your major companies and leading technology growth firms.
- Private sector developers and some local communities, are actively recruiting Madison's key employers to relocate or expand outside of Madison. EPIC and Promega are very visible. But smaller basic sector employers are also subject to decentralizing within metropolitan Madison as population decentralizes, outlying retail opportunities grow, and more outer business parks are available. Madison can not be expected to retain everyone. But it should try to maintain an adequate supply of business park land, anticipate employer needs, and to be highly creative in seeking to provide business solutions for basic sector employers providing quality jobs.
- Madison's competitors provide a welcoming economic development environment. They demonstrably want quality jobs. Their regulatory processes are more streamlined. And they offer employer incentives. To compete more effectively, Madison must do the same.

2. Implement a Long-Term Strategy to Build Competitive Advantage

For many years, Madison has been better at setting goals than at building effective implementation activities. The fact that this is the City's first economic development implementation plan since 1983 speaks for itself.

Madison builds competitive advantage by continually building quality of life. The Board of Estimates devotes appropriate attention to the management of City spending. The Plan Commission devotes extensive attention to land use and development review.

But the City spends less time focused on the generation of tax base or competition for quality jobs.

- Madison lacks a strategy to build competitive advantage in hard economic development terms. That this is the first economic development implementation plan in 25 years speaks for itself.
- The EDC is only one of 108 Madison Commissions, standing committees, ad hoc committees and task forces advising City government. It has no budget or program oversight. Common Council has also asked it to respond to issues unrelated to basic sector economic development such as the non-smoking ordinance effect on business.
- The Office of Business Resources is mostly reactive.

- Differences between services to and financial tools for basic and non-basic businesses are unclear.
- Economic benefit (tax revenue)/cost (infrastructure and municipal services) is rarely considered

3. Make Superior Customer Service a High Priority

Making superior customer service a high priority among all municipal service providers. There is no way to monitor whether customer service is effective and improving.

There is a growing trend among progressive governments to identify citizens and taxpayers as customers. For economic development, this means having a strong sense of the employer, especially the basic-sector employer, as a client who can help the city by creating quality jobs for community residents and to enhancing the municipal tax base.

- The Department of Planning and Community and Economic Development has made significant responses, albeit slowly, to the December, 2004 EDC report, “Opportunities to Make Madison City Government More Friendly to Business”. It has made the permitting process more transparent, committed to modernizing the zoning ordinance, is purchasing Enterprise Permitting software, and has budgeted to turning the zoning and regulatory functions into a Development Services Center in 2008. Unfortunately, these initiatives are little known among the business community, and it will take a long time to overcome past negative perceptions and a predominate negative image.

- The City does not participate in an organized, proactive outreach effort to know and work with its major employers. Only one person within the Department of Planning and Community and Economic Development has this as his/her primary task.
- The City has no way to monitor systematically whether the Department of Planning and Community and Economic Development or other departments, for that matter, are doing a good job in the eyes of business and citizen customers.

4. Build Leadership through Public/Private Partnerships

Madison lacks an ongoing tradition of public/private economic development partnership to its very great detriment. While non-profit public/private economic development partnerships are the norm in most cities and counties across the land, there is none for Madison or for Dane County. The newly launched THRIVE serves an eight-county region, but it has been intentionally designed with relatively weak City monetary support, voice, and staff participation. The City Economic Development Commission has only a few private sector representatives, and has no budget or program oversight.

How can you ensure the best results if you are not geared for the most effective economic development process? Most progressive and proactive communities, including Ann Arbor, Austin, Boise, Des Moines, and Lexington, gain from sustained economic development leadership and capable local public/private economic development partnerships.

- Madison and Dane County are very severely handicapped by the absence of locally-focused public/private economic development partnership. The Collaboration Council and THRIVE have very good potential to build a eight-county regional economic partnership on a broader regional basis, although the extent to which it will welcome the City as a player and affect City strategic economic development implementation is still unclear. Dane County and Madison are among the least-prepared jurisdictions in terms of public/private economic development on the local level to complement THRIVE’s good potential on the regional level.
- The City government can seem very slow and uncertain to deal with private businesses, which frequently have a strong sense of opportunity cost and the time value of money. The private sector has been so frustrated in dealing with City regulation and the delays from inconsistent requirements from different City regulatory and review commissions, many members tar Madison with a reputation for being highly unfriendly to development and economic development. This affects small business as much or more so than large. There is currently no way to benchmark the extent to which this criticism is warranted or whether the City is making progress.
- The City should do a better job of communicating to the public and the business community the staff process improvements that are underway.
- And the private sector has not been prepared to recognize that process improvements are coming or to insist upon stronger local

public/private economic development partnership.

5. Have Effective Staff Capabilities and Program Resources to Implement the Strategy

Given the absence of a local public/private economic development corporation, the City has too few specialized economic developers. Employer interaction is too reactive. Further, the City lacks policies differentiating between basic sector employers (those that generate wealth from outside Madison) and local retail businesses that capture a share of existing wealth. Council has not mandated aggressive application of economic development tools.

Facilitating proactive economic development is a profession and a calling. It requires a can do and cross-functional mentality. It needs consummate people skills to be able to bridge the interest of the public and private sectors and to develop purposeful long-term relationships. It also requires business savvy.

- Many people within the Department of Planning and Community and Economic Development have basic sector economic development as part of their job, but only three individuals have it as a full time mandate. Among these three, priorities are unclear and demands are so great that most actions are reactive.
- The Department lacks a sufficient number of project managers to facilitate important basic sector development initiatives and must either develop or hire these skills.

There is now more ready to occupy business and technology park land in surrounding Dane County communities than there is in Madison.

- The City does not have a strong economic development Tool Kit to differentiate Madison from its neighbors, much less from national competitors. By far its strongest tools are Tax Increment Financing (TIF) and the ability to assemble land. Yet Madison applies TIF almost on a “first come, first-served” basis, not differentiating housing and retail projects from basic sector development. Further, the City has more restrictive policies in terms of proportion of increment dedicated to a project or related infrastructure costs, and what assessable infrastructure costs the developer must pay for. Generally, there seems to be lack of differentiation between basic and non-basic projects or those that create very high positive fiscal impact. The City is currently in the process of reviewing its existing TIF policy.

In addition, Madison’s Dane County neighbors generally have faster and more certain regulatory approval processes and more aggressive Tax Increment Financing approaches. There is now more ready to occupy business and technology park land in surrounding Dane County communities than there is in Madison.