

July 25, 2007

City of Madison Strategic Economic Development
Plan Implementation Committee
210 Martin Luther King, Jr. Blvd.
Madison, WI

Greetings:

Ticknor & Associates, together with Economic Development Research Group, thank you for this opportunity to supplement our proposed scope of work to conduct your 3-5 Year Strategic Economic Development Implementation Plan. **Pending your input, we propose a scope of \$50,000, including expenses billed at cost, completing the project by mid-February.**

Madison, Dane County, and the Capital Region **have good opportunities for quality job creation.**

- You have many strong employment anchors, a diversified economy, a talent base nurtured by the University and Madison's quality of life, and good prospects for continuing to grow your insurance, medical and high tech employment base.
- Strong institutions such as WARF, the prospect of Research Park II, the acceleration of quality growth among neighbor communities, and the Collaboration Council and REDE will help the region as a whole to move forward.

But it is also critically important that the City has decided to become more strategic in its economic development approach. Failure to do this could have serious consequences.

- The City faces ongoing competition globally and from within the region. Fitchberg, Verona, and Sun Prairie, in particular, offer strong development opportunities for rapidly growing area companies such as Promega and Epic, while Madison faces limited long-term land availability and the transportation challenges of being built around your wonderful lakes.
- As the heart of the region, Madison's economic vitality and quality of life affect all. Yet Dane County is less organized for economic development than most other Capital region counties, and area regional planning has been inadequate.
- Most importantly, while it is full of good objectives and policies, the Economic Development chapter within the City of Madison 2005 *Comprehensive Plan* is a vision and an idea document rather than a management plan to guide implementation to achieve quality job and tax base development.

Ticknor & Associates provides economic development strategic management consulting with a national reputation and track record in program prioritization, organizational development, and metrics/benchmarks. Tom Ticknor will lead this project and provide approximately 70% of the billable input. Steven Landau and Brett Piercy, city planners with

strong economic development experience from the Economic Development Research Group, will complement my strategic management role, focusing on practical data analysis, research to identify lost opportunities, and linking your goals to the right toolkit. Ticknor & Associates and the EDR Group have a strong history of past collaboration.

How our Approach and Experience Fit Your Needs

Now is the right time to conduct a strategic implementation plan. You are reorganizing the Department of Planning and Community and Economic Development, having added Matt Mikolajewski and seeking a new Economic and Community Development Director. **Your proposed focus on New Structures, Additional Positions, and Dedicated Funding to implement this strategic plan is right on target.**

No two communities are alike. You would not benefit from a cookie cutter approach. Project success will require a consulting team that is sensitive to your opportunities and goals, is familiar with the economic development process in other university communities, will help you to prioritize where to invest staff and program resources, and will articulate how to measure whether your efforts are working.

Proposed Plan of Work

The clear goal is an Implementation Plan, not a study to sit within your server. We will address program and toolkit priorities, necessary staff expertise and positions, specific staff and EDC responsibilities, metrics, and future reporting recommendations to help City leadership, your allies, and the public to assess how you are doing.

Based upon our experience with similar projects, we propose the following work plan. It is based upon our extensive program and strategic planning process knowledge customized to Madison to:

- Provide inputs and insights from Department of Planning and Community and Economic Development staff, the City of Madison Economic Development Commission, the Mayor and other elected officials, other City of Madison staff, selected economic development allies and customers, and selected good practice competitors
- identify priorities
- provide a timeline
- produce very specific (and as much as possible measurable) recommendations.

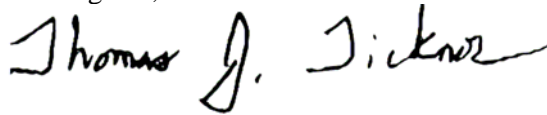
A summary of our recommended project phases and the hours, by staff person, that we proposed dedicating to each phase follows.

Project Phase	Estimated Hours			
	Personnel	EDR Group		
		Ticknor	Landau	Piercy
1. Start-Up Meetings/Orientation	23	15		
2. Economic Research	3	4	40	
3. Critical Internal & External Interviews	38	16		
4. Public Meetings & Facilitation Workshop	20			
5. Fine-Tuning Interviews/Meetings	15			
6. Interim Report & Revisions	32	20	7	4
7. Final Public Presentations	11	12		
Proposed Total Hours	142	67	47	4
Hourly Rates	\$230	\$135	\$84	\$200
Proposed Fees	\$32,660	\$9,045	\$3,948	\$800
Total Proposed Costs				
Fees	\$46,453			
Travel	\$3,547			
Total	\$50,000			

Of course, this preliminary plan is subject to revision once we talk about your major priorities face to face.

We look forward to the opportunity to meet with you in Madison to talk about this further.

Best regards,



Thomas Ticknor
President, Ticknor & Associates

Project Objectives

Project objectives are clearly stated in the RFQ.

- The City desires a 21st Century Economic Development Implementation Plan setting forth a commitment to economic development in a more strategic way than in past, which might include:
 - a. New structures
 - b. Additional positions
 - c. Dedicated funding
- The City desires a plan that sets benchmarks/report cards to measure our progress.
- The City wishes the plan to include a robust “toolbox” for the City to use as it pursues economic development.
- The City desires a plan calling for active engagement with regional bodies such as the Collaboration Council, Regional Economic Development Entity (REDE), South Central Wisconsin counties, municipalities and towns.
- The City wishes the plan to include recommendations to revisit and update this plan on a regular basis (i.e., possibly every 5 years).
- The City desires a plan to call for quality job creation.
- The City desires a plan that includes text and graphics that illustrate key points and make the Plan easy to understand and use.

Proposed Tasks and Services

Subject to your further input, we anticipate conducting the following work tasks to complete your project. Befitting our philosophy of transparency to let you know how we anticipate investing project hours, we have forecast each work task by billable hours and person assigned.

1. Start-Up Meetings and Project Orientation

Basic foundation activities are critical for maximizing our effectiveness, building mutual trust, and initiating relationships that will be needed to achieve implementation. It is important to start with a rough idea of the end in sight. General Eisenhower once said that “The plan is nothing, but planning is everything.” Our experience tells us that the process of

building the plan is critical in making it work.

As soon as feasible after consultant selection we will finalize the contract and, if you desire, adjust the project scope and time allocation.

Tom Ticknor will also work with Peggy Yessa and Matt Mikolajewski to review our joint activities for each task, set an anticipated project schedule, and prepare for the start-up meetings and interviews.

The City will also forward to us any critical materials that to review before our kick-off meetings and initial interviews, both from the City and from key allies. We will also carefully review City and key ally websites before the foundation meetings.

Kick-off meetings and initial critical interviews will take place approximately two weeks after project start-up. Activities will include informal get acquainted meetings with your project staff, a development tour of Madison and its environs highlighting key business parks, critical development areas, and important successful City-assisted projects. We will hold a facilitated meeting with your overall project review team to confirm your objectives, our scope, anticipated schedule and process, and to discuss critical project success factors. We will also discuss key comparison benchmark cities (perhaps Ann Arbor, Lincoln, Milwaukee and Minneapolis) and to explore economic development programs that you specifically admire.

In order to economize on travel from Boston, Steve Landau will join Tom Ticknor to conduct the first day of critical interviews immediately following day one start-up meetings.

This process will maximize the use of what you have done so far, will make certain that we are on the right track, and strongly involve relevant City staff who will be part of the implementation from the onset.

2. Economic Research

Economic research will provide a basis for assessing Madison's critical economic development opportunities and threats and provide a perspective about whether it is important to dedicate stronger City resources toward economic development.

We will dedicate skilled economic development research professionals to the research, always searching for the critical meaning of key data, not just conducting data analysis for its own sake. We see economic data as intelligence.

We propose reviewing critical economic performance, educational, job quality and income trends as well as reviewing Madison's most important economic development assets and liabilities. We will compare Madison with Dane County as a whole and with selected other comparable communities as a basis for showing where you are potentially underperforming.

We will tentatively agree upon the extent of review of existing economic conditions and trends at the local, regional, state and national level at the kick-off meetings, and then produce this analytical data early in the process, reporting it to the Task Force and potentially

the EDC at the initial public meeting.

3. Critical Internal and External Interviews

Internal City staff, leadership, and EDC interviews will provide several important results. They will harness your knowledge, experience, and creativity. They will allow us to assess the organizational environment, the skills of key economic development staff, and whether there is a culture of initiative and customer service. They will allow us to assess the extent, quality, and demand for your toolkit. And they will develop relationships to help with plan implementation.

We will also conduct external interviews with your key economic development allies, representative business assistance customers, and ED managers in comparable competitor cities. These are invaluable for assessing customer service, ability to support key allies, and levels of staff and program resources. It will form the basis for recommending where the City lead, support, or defer to others and to address when it should serve as a catalyst in partnership with others. The competitor interviews, as Tom Peters puts it, will help us with “creative swiping”, though in each case we will carefully think through whether good ideas elsewhere fit with Madison.

We will take a creative approach to these critical interviews. We are very skilled at getting people to talk. You will send letters to participants inviting their candid suggestions to help the City. We will always take a “the glass is at least half full” attitude, respecting that the City wants to be more strategic to be more effective.

- Although the project focuses primarily on City economic development priorities, we will need to understand the City in the context of REDE, Dane County, surrounding counties, Milwaukee 7, and others.
- We carefully review how key City employees, the Madison EDC, key economic development allies, and key customers (the university, hospitals, major employers, entrepreneurs, community businesses and developers) evaluate of your strengths, weaknesses, opportunities and threats.
- Lastly, it is important to focus on internal and external best practices. We bring a strong sense of best local economic development practices from our many clients and longstanding professional activities. But we will hone in on specific best practice issues that emerge as most important to Madison.

Including the day following the start-up meetings, Tom Ticknor will devote 4.5 days to critical internal and external interviews, enabling him to meet with approximately 35 persons. We preliminarily assume that 3.5 of these days will be in Madison and 1 will consist of external telephone interviews with knowledgeable economic developers in other cities.

4. Public Participation Plan (Public Meetings and Facilitation Process)

The start-up meetings and individual interviews will anchor the facilitation process. We

assume that Madison is accustomed to a high degree of public participation, but we also assume that developing Chapter 5 within the *Comprehensive Plan* was a highly participative process that we will not need to duplicate for implementation planning.

We propose to encourage public participation through:

- periodic communications about the process and its goals through the City website and newsletter,
- periodic press releases, and
- open meetings—tentatively four 2-hour meetings at critical points. In our experience, some or all of these should be through the EDC since it will ultimately be the body responsible for overseeing effective implementation.

Midway through the project we also propose holding a leadership facilitation retreat with mutually agreed upon attendance. This will be an important meeting. We must carefully set the agenda and manage our time—typically a three-hour retreat setting. This is a time to trial-balloon emerging ideas, harness group knowledge/experience/creativity, assess resistance and support, build change management allies, identify where we need more input, and to start the prioritization process.

Our experience suggests that we should go beyond the project review Task Force for this effort. Participation by key City staff and key members of the EDC is critical. Participation by a limited number of key economic development allies is also highly worth consideration.

5. Testing and Fine Tuning Key Ideas

Before developing a draft plan, we find it very helpful to engage key implementers in a further trial ballooning and input process beyond the facilitation retreat. In some cases this would consist of individual meetings to solidify support. In other cases it is a group process that again assures the ability to work closely with diverse City staff. We are working to solidify champions and adopters. It is a Tipping Point function.

6. Interim Report & Revisions

We will then synthesize these inputs to write a clear, easy to read, unambiguous draft report for initial review by your project managers, then by key City staff and the project oversight task force. We will mutually agree upon report length and format, but we find that management-style reports of moderate length (20-30 pages) work best. Critical findings will include, but not be limited to:

- How the Madison economy is performing relative to Dane County and peer communities
- Where you might most target economic efforts to include
- The potential impact of alternative parts of your toolkit

- The right internal organizational structure to meet your opportunities and deliver the appropriate tools
- How the City should seek to align with and support external organizations, including REDE, Dane County, and southern Wisconsin cities and towns
- Program priorities
- Key responsibilities
- Anticipated timing (everything can not be done at once)
- Program metrics
- The role of the EDC.

Producing this report requires considerable skill and knowledge. It is not just a matter of reporting back what people tell us. It requires managerial judgment, which is why we put senior consultants in charge of your project. We will also be able to apply our considerable knowledge of program metrics. Tom Ticknor has written the book on utility economic development metrics, and EDR Group has considerable background in this field. Both firms are frequent presenters at national economic development organizations on this topic.

We will edit the preliminary report based upon your feedback.

We will strive to make the final report easily understandable with text and graphics that illustrate key points and make it easy to understand and use.

7. Final Presentations and Documentation

After key City staff review, we will present either the final or the revised draft plan to the Steering Committee and if you wish, the EDC and the general public. (Council presentations often await a later implementation stage, but we will assess this at the proper time.)

We will deliver a final revised written plan in hard copy and PDF electronic format. It will be more cost effective for the City to take charge of reproduction of the hard copy format.

8. Further Implementation (Optional)

You will determine the final reporting process appropriate to the project scope and the Madison public environment. Multiple presentations on multiple days will require a small contract amendment.

Should you wish, we would also be available in future to help with any or all of the following:

- Assistance to the implementing managers
- Help with the implementation tracking system
- Facilitating network meetings with peer communities
- Review of progress after 1-2 years
- Future Implementation Plan updates

Proposed Project Costs & Schedule

Projects of this scope normally require 14 to 20 weeks to complete, depending upon the client's desired pacing and whether there are key budgetary or other management decision points spurring completion by a certain time.

We can meet or beat your proposed project schedule of beginning in the fall of 2007 and concluding in the first quarter of 2008.

Our recommended project schedule and cost by phase follow. We are prepared to begin work on this project within 10 days of project authorization.

We believe that Madison is a sufficiently important and complicated development environment that utilization of your full \$50,000 budget makes sense.

Proposed costs are based upon the following hourly rates and travel assumptions:

- Mileage from Winnetka, \$140
- Flights and ground transportation from Boston, \$540 (Tom will meet Steve at O'Hare or Mitchell if this is more cost effective than flights into Madison)
- Hotel and meal costs for overnight trips, \$140.

Travel would be billed at cost and we would not exceed the proposed \$3,560 travel budget without your express approval.

Project Phase	Proposed Schedule	Fees	Travel
1. Start-Up Meetings/Orientation	Aug. 20-Sept. 14	\$7,315	\$980
2. Economic Research	Sept. 10-Oct. 1	\$4,590	0
3. Critical Internal & External Interviews	Sept. 24-Oct. 26	\$10,900	\$730
4. Public Meetings & Facilitation Workshop	TBD	\$4,600	\$580
5. Fine-Tuning Interviews/Meetings	Nov. 12-16	\$3,450	\$290
6. Interim Report & Revisions	By Jan. 14	\$11,448	0
7. Final Public Presentations	By Feb. 15	\$4,150	\$980
Proposed Costs		\$46,453	\$3,560
Total Proposed Costs		\$50,000	

We will invoice you monthly for work to date, subject to a \$10,000 holdback until project completion.

We look forward to the prospect of working with you on this important project.