

BUILDING QUALITY OF LIFE THROUGH STRATEGIC ECONOMIC DEVELOPMENT

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

July 15, 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

Executive Summary

Economic Development Goals

“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.” (City of Madison Comprehensive Plan, January, 2006)

To enhance City efforts to meet this goal, the Common Council tasked the Economic Development Commission to work with an economic development consultant to prepare a 3-5 year economic development implementation plan. The plan mandate is to recommend the best ways to create quality jobs—those that pay at least a living wage, have competitive benefits, and have promotional and human growth opportunities. They include middle skills positions as well as knowledge-based jobs.

Does Madison Need a Proactive Economic Development Plan?

Madison is not in economic crisis, so it has the luxury of launching proactive economic development initiatives from a position of fiscal strength. It can build from its highly educated population, diverse economy, low unemployment rates and high quality of life.

Plan participants have strongly recommended that there are important reasons for the City of Madison to take a more proactive approach. They reason that it would be a mistake to continue business as usual.

1. Madison competes with neighbor communities and regions around the world for quality jobs.

2. The private sector is playing a growing role in the Madison economy. Since 1981, jobs outside of education and government have grown from 66% to 80% of the city’s economy.
3. Madison’s median family income is only slightly above state and national levels. Within Wisconsin, it trails West Bend, Appleton, and Janesville as well as New Berlin and Brookfield.
4. Madison is losing economic ground compared to the balance of Dane County. Out-county families now enjoy median family income 34% higher than Madison families, and the gap is widening.
5. Madison and Dane County have the major disadvantage compared to other major Wisconsin communities and to competitor university cities such as Austin and Ann Arbor because they lack an effective local public/private economic development partnership.

Strategy Recommendations

Stronger economic development will positively affect the quality of life of every Madison resident. Major implementation strategies to achieve this goal are:

1. Fundamentally Improve the Madison Business Climate through Zoning Modernization and Customer Service Initiatives

- a) Revise the Department of Planning and Community and Economic Development mission statement to embrace economic development.
- b) Complete the pending Zoning Code modernization.
- c) Implement the Development Services Center (underway).
- d) Monitor regulatory, permitting and economic development customer service.
- e) Communicate City goals and accomplishments more effectively.
- f) Develop and implement process metrics and customer comment techniques, including staff customer service training.

2. Support Quality Job Creation by Existing Employers

- a) Partner with local economic development allies to conduct comprehensive proactive business retention and expansion services for key Madison employers.
- b) Capitalize on these systematic contacts to convene employers for joint problem solving.

- c) Recognizing that most programs and capabilities are outside of City government, leverage external organizations to enhance entrepreneurial and small business development.
- d) Conduct a feasibility study for how to best further Madison's small business development incubation success.

3. Accelerate the Physical Development Necessary for Quality Job Creation

- a) Continue to work with property and business owners in existing employment centers to expand, upgrade and construct state-of-the-art facilities.
- b) Because it is a world-class asset, continue to work with UW-Madison to make development of University Research Park II an utmost priority.
- c) Restore the East Washington Capitol Gateway area as a major place of basic-sector employment.
- d) Promote industrial and applied technology development in the Southeast Industrial Area, including the Bio-Ag Gateway.

4. Make the City Economic Development Toolkit More Strategic

- a) Develop and utilize a benefit/cost model to measure the municipal fiscal impact of key development projects and to align Tax Increment Financing (TIF) and other City economic development tools with the benefit received.
- b) Revise TIF policies to give priority to basic sector projects generating quality jobs and positive fiscal impact and to

- those in which the City faces substantial external competition.
- c) Utilize the Community Development Authority and/or investigate creating a new public/private venture to catalyze basic sector employer creation within key physical priority areas.
 - d) Capitalize a Project Facilitation Fund (beginning at \$1 million annually).
 - e) Develop staff capabilities and expertise to seek state and foundation grants more effectively.
 - f) Educate neighborhood organizations about opportunities to form Business Improvement Districts (BID's) to provide local funds neighborhood development.
 - g) Utilize the Madison Capital Budget to develop funding strategies to implement key physical priorities of this plan.

5. Build the Public/Private Economic Development Team

- a) Convene, energize and continuously utilize the Madison-based team of public and private economic development practitioners to help implement collaborative aspects of this plan.
- b) Convene a public/private economic development leadership group so that top city leadership can meet more regularly with business and education leaders to address workforce development and business/education partnership opportunities.
- c) Convene public/private/non-profit leadership support to implement key tasks within this plan.
- d) Collaboratively develop a more

- aggressive business attraction strategy.
- e) Build the public/private alliance to support UW-Madison as a center for basic sector economic development and employment growth.
- f) Encourage the eventual formation of a countywide public/private development corporation.

6. Implement Necessary City Organizational Changes to Carry Out the Strategy

- a) Fully staff the newly formed Economic Development Division within the Department of Planning and Community and Economic Development.
- b) Add capabilities to update the DPCED website regularly, enhance communications, pursue state/foundation grants, and support the small business assistance referral center.
- c) Designate and train more individuals with project management skills to help implement key physical priorities outlined in this plan.
- d) Develop Implementation Champions teams for each strategy area, including non-City partners as appropriate.
- e) Expand funding for professional training and development.
- f) Monitor implementation effectiveness and fine tune this implementation plan annually.
- g) Fully update the Implementation Plan every two years.

Plan Benefit/Cost

The 2008 City budget includes \$955,000 in operating costs for strategy initiatives, plus an additional \$4,500,000 in capital cost (\$2.9 million related to Research Park II infrastructure and \$1.6 million to make the physical changes to achieve the Development Services Center).

We propose operating cost initiatives of \$610,000 in 2009 and \$495,000 in 2010, the addition of a \$1 million project closing fund in 2009, and capital costs yet to be determined.

Initially the EDC, Mayor, Council and Director of the Department of Planning and Community and Economic Development and the Director of the Economic Development Division can monitor whether the City is making timely progress in adding the right staff and building the right initiatives. Most tactics will be part of building holistic capabilities to facilitate the retention and expansion of Madison employers and the modest attraction of outside firms. Hard results will not be immediate, and none of these initiatives should be expected to produce jobs and tax base overnight.

As soon as the programs are in place, however, it is time to start tracking intermediate outcomes that are precursors to final outcome success.

Finally, it is important to gauge the impact of the strategy in terms of facilitating quality job creation and positive fiscal impact. The target is to facilitate the creation or retention of a substantial number of quality jobs over the next 10 years. The City will also develop a fiscal impact model to gauge the net tax benefit. This will be a cumulative impact from doing many things right.

The Need for Leadership

Strategic implementation planning is as much about change management as it is about what to do.

To significantly improve economic development practices, leaders must step up to advocate sustained economic development and to lead implementation:

- Common Council
- The Economic Development Commission
- Department of Planning and Community and Economic Development (DPCED) Managers
- The newly formed Division of Economic Development within the DPCED
- Major economic development allies beyond City government, including UW-Madison, MATC, THRIVE, Greater Madison Chamber of Commerce, Madison Gas & Electric, Alliant Energy, Dane County, and the Wisconsin Department of Commerce, Greater Madison Convention and Visitors Bureau, and the Madison Metropolitan School District who can form Team Madison.
- Key local civic leaders who can participate with the City to form stronger public/partnerships.

Economic development is a collaborative process.

Done well, all of Madison's citizens benefit.

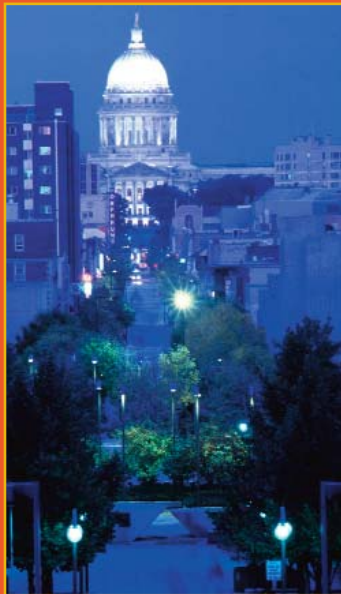
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I. Introduction and Background

Cities and economic development organizations do not create jobs and tax base. They create the climate and remove 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 builds upon and reinforces 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, and Madison Gas & Electric, among others.

Cities and economic development organizations do not create jobs and tax base. They create the

climate and remove 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:

- Focusing 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.

Good jobs include middle skills positions as well as knowledge-based jobs.



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?

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.

Plan participants identified five 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 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. 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 Municipal Government Economic Development Fundamentals in Appendix C.

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
- Restaurants
- Housing
- Schools
- Personal Services

II. Madison's Economic Trends



The proportion of students in the Madison Metropolitan School District eligible for subsidized lunch (an indicator of poverty) has risen from 26.8% in 2000-2001 to 40% in 2006-2007.

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, and 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 work 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.



Public participation frequently mentioned the importance of good jobs - in high tech and manufacturing - for all Madison residents. It supports good housing and strong neighborhoods. It is important for the quality of students in Madison schools.

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 the Appendix D.

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 (underway).
- 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 fostering a high quality of life that helps local employers recruit and retain key employees.

- 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.

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 for Madison to consider. 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 the 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.

Though the UW-Madison Research Park has a very high national and international reputation, as is often the case, many local residents are not aware of this.

Communities never fully know the power of public/private economic development organization until they start. In Louisville, close communication with major employers raised strong concern about the public schools and too many new hires without sufficient basic skills. Greater Louisville, Inc., the public/private development corporation, therefore led a major initiative with the goal of every public school student reading at grade level. They have organized more than 1,000 reading mentors. And they have raised more than \$20 million in foundation grants from major local corporations to fund a major student literacy initiative.

3. Best Practice Principles Applied to Madison

Comparing Madison with other similar economies — Ann Arbor, Austin, Boise, Des Moines, Lexington, Lincoln and Raleigh — 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 Madison's 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.
- 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

Make 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 enhancing the municipal tax base.

Austin competed nationally to locate a new 900-job Samsung wafer fabrication facility. City officials determined that this \$3.5 billion boost to its property tax base was worth a \$58 million city incentive, part of a \$233 million total city, county and school system incentive package. They considered incentives to be a competitive necessity and a good return on investment.



- 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 turn 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 no budget or program oversight.

How can Madison ensure the best results if it is 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 have a stronger 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. 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 a cross-functional mentality. It needs consummate people skills 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.
- The City lacks 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.

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.

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

IV. Recommendations



1. Fundamentally Improve Madison Business Climate through Zoning Modernization and Customer Service Initiatives

Rationale:

- Almost all neighbor communities promote their favorable business climate. Working with employers on a timely and predictable basis will stimulate Madison job creation by favorably impacting the retention and expansion of existing local businesses and bettering chances for attracting outside employers.
- Because they have smaller staff and less experience working with City government, these changes are especially important to entrepreneurs and small business.
- It is important for the City to measure and communicate progress, not just give lip service.
- A growing number of citizen-focused governments are applying quality service principles; for example the Michigan Economic Development Corporation, Prince William County, Virginia, and the US Postal Service. Monona Terrace is a good example of this initiative within Madison.

1-1a. **Revise the Department of Planning and Community and Economic Development mission statement to include “economic development in support of high quality of life” as a fundamental goal.**

Target Dates: 3Q, 2008
Leader: DPCED Director
Benefit: High
Difficulty: Low
Cost: \$0
Priority: 1

1-2a. **Complete the pending Zoning Code modernization (underway).** This will allow basic sector economic development projects producing quality jobs and tax base to have fewer needs for special or conditional use permits.

Target Dates: Through 2009
Leader: DPCED Director
Benefit: Critical
Difficulty: High
Cost: \$330,000
Priority: 1

1-3a. **Implement the Development Service Center (underway).** Redesign the physical space of the Department of Planning and Community and Economic Development to make it more professional and customer friendly. Implement Enterprise Permitting Software to make the development application process more consistent, transparent, and efficient. Develop Fast-Track permitting for projects with high basic sector employment impact and for green buildings.

Target Dates: 2008
Leader: DPCED Director
Benefit: Very High
Difficulty: Moderate
Cost: \$1.6 million
Priority: 1

1-4. Monitor regulatory, permitting, and economic development customer service.

- a. Identify best practices.

Target Dates: 3Q, 2008
Leader: DPCED Director
Benefit: Very high
Difficulty: High
Cost: \$0
Priority: 2

- b. Develop and implement internal process metrics and customer comment techniques, including staff training.

Target Dates: 2009 Budget
Leader: DPCED Director
Benefit: Very high
Difficulty: High
Cost: \$50,000
Priority: 2

- c. Post results regularly within the Department, and regularly report results to the EDC, Mayor, Council, and the public. Leading examples are the Michigan Economic Development Corporation, Enterprise Scotland, and the Ireland Industrial Development Agency.

Target Dates: 2009
Leader: DPCED Director
Benefit: Very high
Difficulty: High
Cost: \$0
Priority: 2

1-5. Build understanding of City goals and accomplishments through better external communications to the public and the business community.

- a. Upgrade the DPCED website to fully reflect current organization and services.

Target Dates: 3-4Q, 2008
Leader: DPCED Director
Benefit: High
Difficulty: Moderate
Cost: \$7,000
Priority: 3

- b. Communicate DPCED plans and successes through a quarterly electronic newsletter and an annual report.

Target Dates: 4Q, 2008
Leader: DPCED Director
Benefit: High
Difficulty: Moderate
Cost: \$5,000
Priority: 2

- c. Encourage City Council to consider the economic development role of business climate issues in making City policies. Simultaneously encourage employers to report the positives as well as the negatives of the Madison operating environment.

Target Dates: Ongoing
Leader: Council/Business
Benefit: High
Difficulty: TBD
Cost: \$0
Priority: 2



1-6a. Upgrade citizen/customer service across City Departments. Use the greater emphasis upon customer service within the DPCED as a springboard to develop customer feedback systems for other City departments. Evaluate taking the City through a Baldrige quality management process.

Target Dates: 2009

Leader: Mayor

Benefit: High

Difficulty: High

Cost: TBD

Priority: 1

Recommendation Summary

1. Fundamentally Improve Madison Business Climate through Zoning Modernization and Customer Service Initiatives

| Key Implementation Steps | Target Dates | Leader | Benefit | Difficulty | Cost | Priority |
|--|--------------|------------------|-----------|------------|---------------|----------|
| 1. a. Revise DPCED mission statement. | 3Q, 2008 | DPCED Director | High | Low | \$0 | 1 |
| 2. a. Complete the Zoning Code modernization (underway) | Through 2009 | DPCED Director | Critical | High | \$330,000 | 1 |
| 3. a. Implement Development Services Center (underway) | 2008 | DPCED Director | Very high | Moderate | \$1.6 million | 1 |
| 4. Monitor and communicate customer service. | | | | | | |
| a. Identify best practices | 3Q, 2008 | DPCED Director | Very high | High | \$0 | 2 |
| b. Develop and implement internal process metrics and customer comment techniques. | 2009 Budget | DPCED Director | Very high | High | \$50,000 | 2 |
| c. Regularly report outcome. | 2009 | DPCED Director | Very high | High | \$0 | 2 |
| 5. Improve communications. | | | | | | |
| a. Upgrade DPCED website. | 3-4Q, 2008 | DPCED Director | High | Moderate | \$7,000 | 3 |
| b. Communicate DPCED plans through a quarterly DPCED electronic newsletter and annual report. | 4Q, 2008 | DPCED Director | High | Moderate | \$5,000 | 2 |
| c. Encourage Council / business rapprochement. | Ongoing | Council/Business | High | TBD | \$0 | 2 |
| 6. a. Upgrade citizen/customer service across City departments and evaluate taking the City through a Baldrige quality management process. | 2009 | Mayor | High | High | TBD | 1 |

For Priorities: 1 = Critical, 2 = Very Important, 3 = Important, 4 = Potentially important but to be determined

2. Support Quality Job Creation by Existing Employers

Rationale:

- Since the majority of quality job creation comes from existing employers, it is important to develop systematic proactive outreach programs to understand employer needs and remove obstacles to their growth.
- This provides invaluable input about how to improve local and workforce economic development services.
- It logically gives priority to employers that have the most opportunity to create the most quality jobs.
- It is most practical and most effective to conduct this process through a team of economic and workforce development professionals sharing information and working together to solve problems.

2-1. Partner with local economic development allies to conduct comprehensive business retention & expansion outreach to address employer expansion and workforce development needs and to build proof sources about Madison's competitive, highly educated workforce. Allies should include UW-Madison, Madison Area Technical College, Madison Gas & Electric, Alliant Energy, THRIVE, the Chamber of Commerce, the Workforce Development Board of South Central Wisconsin, Convention and Visitors Bureau, Madison Metropolitan School District, and other City Departments as needed.

- a. Create a Retention & Expansion Task Force with key employers, educators, workforce personnel, and OBR staff to implement and evaluate the outreach plan.

Target Dates: 2009

Leader: OBR

Benefit: Very high

Difficulty: High

Cost: \$0

Priority: 1

- b. Targeted employers will include: major existing basic sector employers and fast growing employers of all sizes and types and non-basic employers with a strong connection to Madison's basic-sector employers.

Target Dates: 2009

Leader: OBR

Benefit: Very high

Difficulty: High

Cost: \$0

Priority: 1

- c. Purchase an account management plan and contact management support software to sustain contact relationships, determining whether to purchase the Synchronist or Executive Pulse nationally available systems or developing your own. Specific goals include: Identification of business expansion site needs to assist expansion on-site or identify alternative sites in Madison, identification of municipal service needs and connection to appropriate agencies (Metro, Community Services, CDGB,

etc.), identification of key suppliers with the goal of assisting these to expand within or move to Madison, identification of workforce development needs, and connecting business space needs with community goals outlined in City plans (i.e., connecting businesses with available space, especially urban infill / redevelopment opportunities, that might not be as apparent as large employment centers.)

Examples of organized local retention and expansion programs include Milwaukee 7, Greater Louisville, Inc., The Greater Richmond Partnership, Prince William County (VA) and literally hundreds of others across North America.

Target Dates: 2009
Leader: OBR
Benefit: Very high
Difficulty: High
Cost: \$35,000
Priority: 1

2-2a. Capitalize upon these systematic contacts to convene employers for joint problem solving.

Progressive communities have effectively built employer interest in workforce development, literacy programs, businesses education partnerships, green buildings, and a host of other social benefits through this means.

Target Dates: 2009 on
Leader: OBR

Benefit: High
Difficulty: Moderate
Cost: \$0
Priority: 3

2-3. Recognizing that most small business development programs and capabilities are outside of City government, leverage external organizations to enhance entrepreneurial and small business development.

- a. Establish and market an OBR Small Business Solutions Team to expertly refer businesses to allied small business server providers.

Target Dates: 2009
Leader: DPCED Director
Benefit: High
Difficulty: Moderate
Cost: \$0
Priority: 2

- b. Refine the Business section of the OBR website to enhance small business development referrals.

Target Dates: 2-4Q, 2008
Leader: OBR
Benefit: Moderate
Difficulty: Low
Cost: \$5,000
Priority: 2

A very rapidly growing home-grown suburban Seattle company frustrated neighbors, city regulators, and city elected officials with their 24/7 operations, insufficient parking, and continuous physical expansion. Overhearing a coffee shop conversation among the City Manager and key Council members citing his company as a major nuisance helped to sway the founder's decision to build the new corporate campus next door. In Redmond. The company is Microsoft. It is very important to have good communications with key employers.



- c. Continue to support and work with the Madison Development Corporation, Wisconsin Women’s Business Initiatives Corporation, Urban League of Greater Madison, UW-Madison Small Business Development Center, Latino Chamber of Commerce, and African American Black Business Association to provide small business development counseling.

Target Dates: Ongoing
Leader: CDBG Manager
Benefit: Moderate
Difficulty: Low
Cost: \$0
Priority: 2

- d. Monitor future additional small business development opportunities through student entrepreneurship stemming from the recent Kauffman Foundation grant to UW-Madison.

Target Dates: Ongoing
Leader: ED Division Director
Benefit: TBD
Difficulty: Low
Cost: \$0
Priority: TBD

- e. Investigate whether to emulate the highly successful Littleton, Colorado “Economic Gardening” concept (www.littletongov.org/bia/economicgardening) by making highly qualified market research and web development staff available to Madison small businesses for business planning, market analysis, and development of websites to sell beyond

Madison. This latter effort will increase non-basic sales of existing Madison retail businesses.

Target Dates: TBD
Leader: ED Division Director
Benefit: TBD
Difficulty: Low
Cost: \$0
Priority: TBD

- 2-4a. **Conduct a feasibility study for how to best further Madison’s incubation success as a tool for small business development.**

Monitor need for additional incubator space for businesses in high technology, new media, manufacturing, or the arts. If the need exists, financially support incubator development as the City has in the past.

Target Dates: 2009
Leader: ED Division Director
Benefit: TBD
Difficulty: Low
Cost: \$30,000
Priority: 2

2. Support Quality Job Creation by Existing Employers

| Key Implementation Steps | Target Dates | Leader | Benefit | Difficulty | Cost | Priority |
|--|--------------|----------------------|-----------|------------|----------|----------|
| 1. Develop a superior retention & expansion program. | | | | | | |
| a. Create Retention & Expansion Task Force. | 2009 | OBR | Very high | High | \$0 | 1 |
| b. Develop target list. | 2009 | OBR | Very high | High | \$0 | 1 |
| c. Purchase or create account management plan and contact management support software. | 2009 | OBR | Very high | High | \$35,000 | 1 |
| 2. a. Capitalize on systematic retention & expansion contacts. | 2009 on | OBR | High | Moderate | \$0 | 3 |
| 3. Leverage external entrepreneurial and small business development resources. | | | | | | |
| a. Establish Small Business Solutions OBR Team. | 2009 | DPCED Director | High | Moderate | \$0 | 2 |
| b. Refine OBR website. | 2-4Q, 2008 | OBR | Moderate | Low | \$5,000 | 2 |
| c. Continue, support and work with small business contracts. | Ongoing | CDBG Manager | Moderate | Low | \$0 | 2 |
| d. Monitor Kauffman impacts | Ongoing | ED Division Director | TBD | Low | \$0 | TBD |
| e. Support "Economic Gardening." | TBD | ED Division Director | TBD | Low | \$0 | TBD |
| 4. Conduct an incubation feasibility study. | 2009 | ED Division Director | TBD | Low | \$30,000 | 2 |

For Priorities: 1 = Critical, 2 = Very Important, 3 = Important, 4 = Potentially important but to be determined



3. Accelerate Physical Development Necessary for Quality Job Creation

Rationale:

- Employment activities contribute a positive benefit/cost to the local fiscal base.
- Maintaining a strong Madison employment base is also environmentally sound. It limits suburban sprawl, supports transit, and supports quality housing and commercial districts within Madison’s neighborhoods.
- Most employers require properly zoned sites with full infrastructure in place to build new facilities creating quality jobs.
- Because Madison is mostly land-locked and land for future employment generation is limited, the City must plan carefully for balanced growth in the future.
- Companies now have more fully-developed business and technology park options in the balance of Dane County than in Madison.
- Madison must guard against a future employment and residential tipping point in which the majority of new employer and residential investment is outside of the city.

3-1a. Continue to work with property and business owners in existing employment centers to expand, upgrade and construct state-of-the-art facilities.

These areas include, but are not limited to, University Research Park I, Silicon Prairie, Old Sauk Trails, Hill Farms /Marshall Erdman properties, the Stoughton Road Corridor, Center for Industry and Commerce, American Family Center, Pennsylvania Avenue / Northport Drive Corridor, Truax Airpark-East

and Truax Airpark -West. They impact middle-skill level jobs as well as knowledge workers.

The best results will often require application of City economic development tools, including TIF, Community Development Authority capabilities to bond, acquire land, and assist with parking and site improvements and forward thinking City capital budgeting for roads and infrastructure. This should be included as part of the Business Retention and Expansion recommendation in Recommendation 2-1.

Target Dates: Ongoing
Leader: OBR, Planning, Real Estate
Benefit: Very High
Difficulty: Moderate
Cost: \$0
Priority: 1

3-2. Because it is a world-class asset with the second highest level of science and technology research among all US universities, continue to work with UW-Madison to make development of University Research Park II an utmost priority.

- a. Continue City Engineer / Planning Director liaison efforts to develop complementary infrastructure to meet City urban density planning goals.

Target Dates: Ongoing
Leader: Engineering, DPCED Director, Mayor, and Council
Benefit: Very high

Difficulty: Very high
Cost: TBD
Priority: 1

- b. Establish Research and Development Center District zoning status.

Target Dates: TBD
Leader: DPCED Director
Benefit: High
Difficulty: Low
Cost: \$0
Priority: 1

- c. Support the Research Park in efforts to recruit outside companies.

Target Dates: Ongoing
Leader: OBR
Benefit: Very high
Difficulty: TBD
Cost: \$0
Priority: 1

3-3. Restore the East Washington Capitol Gateway area as a major place of basic-sector employment.

- a. Develop public/private/foundation advisory committee.

Target Dates: 3Q, 2008
Leader: Mayor/DPCED Director
Benefit: High
Difficulty: Very high
Cost: TBD
Priority: 2

- b. Exert strong City leadership, including concept planning, land and property assembly, and developer competitions.

Target Dates: 2009
Leader: DPCED Director, ED Director
Benefit: High
Difficulty: Very high
Cost: TBD
Priority: 2

- c. Establish Business Improvement District (BID).

Target Dates: TBD
Leader: DPCED Director, ED Director
Benefit: High
Difficulty: Very high
Cost: TBD
Priority: 2

3-4. Promote industrial and applied technology development in the Southeast Industrial Area, including the Bio-Ag Gateway.

- a. Reestablish Tax Increment District.

Target Dates: 4Q, 2008
Leader: DPCED Director, TIF Coordinator
Benefit: High
Difficulty: High
Cost: \$0
Priority: 1



- b. Utilize City land assembly capabilities.

Target Dates: TBD

Leader: DPCED Director, ED Director

Benefit: High

Difficulty: High

Cost: TBD

Priority: 1

- c. Develop and implement Bio-Ag marketing plan, focusing on this area but including the whole city.

Target Dates: Ongoing

Leader: ED Division Director, OBR

Benefit: High

Difficulty: High

Cost: \$235,000

Priority: 1

3. Accelerate Physical Development Necessary for Quality Job Creation

| Key Implementation Steps | Target Dates | Leader | Benefit | Difficulty | Cost | Priority |
|--|--------------|--|-----------|------------|-----------|----------|
| 1. a. Continue to work with existing business / business owners in employment centers. | Ongoing | OBR, Planning, Real Estate | Very high | Moderate | \$0 | 1 |
| 2. Make development of UW-Madison Research Park II an utmost priority | | | | | | |
| a. Continue City Engineer / Planning Director liaison. | Ongoing | Engineering, DPCED Director, Council & Mayor | Very high | Very high | TBD | 1 |
| b. Research and Development Center District status. | TBD | DPCED Director | High | Low | \$0 | 1 |
| c. Support the Research Park in efforts to recruit outside companies. | Ongoing | OBR | Very high | TBD | \$0 | 1 |
| 3. Restore the East Capitol Gateway as a major employment district. | | | | | | |
| a. Develop public / private / foundation advisory committee. | 3Q, 2008 | Mayor, DPCED Director | High | Very high | TBD | 2 |
| b. Exert strong City leadership including concept planning, land and property assembly and development competitions. | 2009 | DPCED Director, ED Director | High | Very high | TBD | 2 |
| c. Establish BID. | TBD | DPCED Director, ED Director | High | Very high | TBD | 2 |
| 4. Promote industrial and applied technology development in the Southeast Industrial Area. | | | | | | |
| a. Reestablish Tax Increment District. | 4Q, 2008 | DPCED Director, TIF Coordinator | High | High | \$0 | 1 |
| b. Utilize City land assembly capabilities. | TBD | DPCED Director, ED Director | High | High | TBD | 1 |
| c. Develop and implement Bio-Ag marketing plan, focusing on this area but including the whole city. | Ongoing | ED Director, OBR | High | High | \$235,000 | 1 |

For Priorities: 1 = Critical, 2 = Very Important, 3 = Important, 4 = Potentially important but to be determined

Many other Wisconsin cities utilize tax increment financing for office and industrial park development much more aggressively than Madison does. They do not understand why Madison does not do the same.

4. Make the City Economic Development Toolkit More Strategic

Rationale:

- Responsible economic development policy treats development incentives, including Tax Increment Financing (TIF), as an investment. It allocates incentives to yield the most quality job creation and net fiscal return. In order to maximize return on City economic development investment, Madison must rethink its TIF and impact fee assessment policies to favor basic development projects.
- Growing international, national, and local competitiveness for Madison companies also requires a stronger City toolkit, as found in Ann Arbor, Austin, and Madison's neighbor communities, to provide incentives to keep or locate quality employers. Wisconsin communities commonly utilize TIF to provide infrastructure to business or technology parks, knowing that the net tax base enhancement justifies up front city expenditure. Many Wisconsin cities use TIF to buy and develop land for municipally-owned business parks.
- To allocate scarce public sector funds most appropriately, the City needs stronger analytic tools to gauge the importance of incentives and project impact, both direct and indirect.

4-1a. **Develop and utilize a benefit/cost model to measure the fiscal impact of key development projects and to align TIF and other City economic development tools with the benefit received.**

Many economic consulting firms can build these models, as can some universities.

The Louisville public/private economic development partnership, Greater Louisville, Inc., and the York County (SC) Economic Development Board are good examples of this application

Target Dates: 1Q, 2009

Leader: ED Division Director

Benefit: Very high

Difficulty: Low

Cost: \$50,000

Priority: 1

4-2a. **Revise Madison Tax Increment Financing (TIF) policies (currently under review) to give priority to basic sector projects generating quality jobs and give priority to projects producing a substantial positive fiscal impact and to those in which the City faces substantial external competition.**

Target Dates: 3Q, 2008

Leader: TIF Coordinator

Benefit: High

Difficulty: TBD

Cost: \$0

Priority: 2

4-3a. Utilize the Community Development Authority and/or investigate creating a new public/private venture to catalyze basic sector employment creation opportunities within key physical priority areas, including along the East Washington Corridor.

This is a common practice for projects such as revitalizing Austin's former airport or creating superior business parks in places such as Raleigh, Prince William County (VA) and Des Moines.

The City of Madison has a prior track record in assisting the development of such projects as the Overture Center and Monona Terrace.

Target Dates: Ongoing
Leader: Mayor, Council, CDA
Benefit: High
Difficulty: High
Cost: TBD
Priority: TBD

4-4a. Capitalize a Project Facilitation Fund (beginning at \$1 million annually and adjusting as needed) to provide needed incentives to develop infrastructure or provide direct financial incentives to critically important high fiscal impact, high quality job-generating projects.

Although the state of Wisconsin does not allow incentive such a tax abatements found in most other states (and utilized by Ann Arbor to help locate a new Google operation and Austin to locate a new Samsung facility), it is better to have some incentives than none at all.

Program criteria still need to be developed in terms of project eligibility and final project funding approval, but ideally the fund will be highly flexible to facilitate unusual project needs beyond TIF. Ann Arbor, for example, created a special fund to pay for existing parking for several years as an incentive for Google to locate downtown rather than in a neighboring township.

Target Dates: 2009
Leader: Mayor, Council
Benefit: High
Difficulty: TBD
Cost: \$1 million
Priority: 1 to 2

Ann Arbor was a major beneficiary of alumni connections to Google, which brought its rapidly growing internet advertising function to the city, potentially employing 1,000. To gain the project, which located between downtown and the University, the City committed \$2,039,000 in parking subsidies. This illustrates that university cities can be very attractive to outside firms, and that incentives help to locate companies within the center city.

4-5a. Develop staff capabilities and expertise to seek state and foundation grants more effectively and to partner with state and local foundations. Assign present or hire new staff or outside contract to develop matrix of programs and timelines.

Target Dates: 2009

Leader: ED Division Team / DPCEd Director

Benefit: TBD

Difficulty: Low

Cost: \$0/TBD

Priority: 3/TBD

4-6a. Educate neighborhood organizations about opportunities to form Business Improvement Districts (BID's) to provide local funds for neighborhood development, establishing the same principles of self-determination and self-help as utilized for the downtown Madison BID.

Target Dates: 2009

Leader: Planning & OBR

Benefit: Moderate

Difficulty: TBD

Cost: \$0

Priority: 1

4-7a. Utilize the Madison Capital Budget to develop funding strategies to implement key physical priorities of this plan.

Target Dates: Ongoing

Leader: Mayor, Council

Benefit: TBD

Difficulty: TBD

Cost: TBD

Priority: 1

4. Make the City Economic Development Toolkit More Strategic

| Key Implementation Steps | Target Dates | Leader | Benefit | Difficulty | Cost | Priority |
|---|--------------|----------------------------------|-----------|------------|-------------|----------|
| 1. a. Develop and utilize a fiscal impact benefit / cost model to allocate tools for major development projects. | 1Q, 2009 | ED Division Director | Very high | Low | \$50,000 | 1 |
| 2. a. Revise TIF policies to favor basic sector development and compete more effectively with neighbor and other Midwestern communities. | 3Q, 2008 | TIF Coordinator | High | TBD | \$0 | 2 |
| 3. a. Utilize the Community Development Authority and/or investigate creating a new public/private venture to catalyze basic sector employment creation opportunities within key physical priority areas, including along the East Washington Corridor. | Ongoing | Mayor, Council, CDA Board | High | High | TBD | TBD |
| 4. a. Capitalize Project Facilitation Fund | 2009 | Mayor, Council | High | TBD | \$1 million | 1 to 2 |
| 5. a. Develop staff capabilities and expertise to seek state and foundation grants more effectively and to partner with state and local foundations, assess upside potential. Assign present or hire new staff or outside contract to develop matrix of programs and timelines. | 2009 | ED Division Team, DPCED Director | TBD | Low | \$0/TBD | 3/TBD |
| 6. a. Encourage the formation of Neighborhood BIDs. | 2009 | Planning & OBR | Moderate | TBD | \$0 | 1 |
| 7. a. Utilize the Capital Budget to develop enhanced proactive funding strategies. | Ongoing | Mayor, Council | TBD | TBD | TBD | 1 |

For Priorities: 1 = Critical, 2 = Very Important, 3 = Important, 4 = Potentially important but to be determined



5. Build the Public / Private Economic Development Team

Rationale:

- Because employers create jobs and build tax base, limited public/private economic development contact and formal organizational cooperation drastically limits economic development success.
- For decades, the most common professional development theme of the International Economic Development Council (North America's leading economic development professional association) is building public/private partnerships.
- Madison has sufficient economic development planning issues and sufficient population size and economic importance to ultimately justify a public/private economic development organization dedicated specifically to the city.
- Working more effectively with economic development allies leverages scarce City resources and increases effectiveness by bringing other potential solution providers closer to employers and to City economic development staff.

5-1a. Convene, energize and continuously utilize the Madison-based team of public and private economic development practitioners to help implement collaborative aspects of this plan.

These practitioners include: Madison Gas & Electric, Alliant Energy, Department of Commerce, MDC, SBDC, WWBIC, Downtown Madison, Inc., Madison's Central Business Improvement District, Madison Area Technical College, Workforce Development

Board of South Central Wisconsin, Dane County, the Greater Madison Chamber of Commerce and THRIVE .

The whole is greater than the sum of the parts.

Target Dates: ASAP

Leader: ED Division Director / OBR

Benefit: Critical

Difficulty: Low

Cost: \$0

Priority: 1

5-2a. Convene a public/private economic development leadership group so that top City leadership can meet more regularly with business and educational leaders to address workforce development and business/education partnership opportunities.

These leaders should include the Mayor, Superintendent of Madison Metropolitan School District, UW Chancellor, President of MATC, and CEOs or HR Directors of major Madison employers.

Cleveland, Chicago, Louisville, Silicon Valley, Kalamazoo and many other places have found this to be beneficial.

Target Dates: 3Q, 2008

Leader: Mayor

Benefit: High

Difficulty: Low

Cost: \$0

Priority: 1

5-3a. Convene public/private/non-profit leadership support to implement key tasks within this plan—especially the business retention & expansion strategies, external marketing, and the development of key physical priorities such as East Washington Capitol Gateway Corridor. Membership would be dependent upon the task at hand.

This will not only leverage City resources, it will also provide complementary credibility and expertise.

Target Dates: 3Q, 2008

Leader: EDC, Mayor

Benefit: Very High

Difficulty: Low/Moderate

Cost: \$0

Priority: 1

5-4. Develop a more aggressive business attraction strategy.

All peer communities have business attraction strategies—in many cases very successful ones bringing divisions of such major companies as Google and Samsung as well as smaller technology companies fitting with their universities. Dane County is currently one of the least experienced THRIVE members in terms of capabilities to respond to information requests from outside business investment prospects.

5-4a. Reinstitute and develop the Madison business rapid response team, including the Mayor and key representatives from MATC, UW-Madison, the City Economic Development Division, Chamber of Commerce, Convention and Visitors Bureau, Workforce Development Board of South Central Wisconsin and other key Madison City Departments.

Work jointly with UW-Madison, THRIVE, and existing employers once the retention and expansion strategy is fully operational, establishing clear protocols for lead follow-up.

Commit to a joint marketing plan, including target industries and companies, supporting website information, utilization of existing industry and faculty contacts, and cooperation with the Convention and Visitors Bureau to recruit and connect to key scientific and technology meetings in Madison.

Target Dates: 2009

Leader: OBR

Benefit: High

Difficult: High

Cost: \$50,000 to \$100,000

Priority: 2

In metropolitan Phoenix, Motorola focused its future expansion in suburban Chandler over frustration with inadequate traffic signals and congestion at shift changes at its original Phoenix location. Chandler is now one of the premier technology locations in the Southwest. This is why Madison must work proactively with organizations providing quality jobs to learn their infrastructure needs.

5-5a **Build the public/private alliance to support UW-Madison as a growth center for basic sector economic development and employment growth.**

It is important that the City of Madison fully recognize the University as its most important economic development asset. Fully support infrastructure development for University Research Park II, and look for other cooperative opportunities in the future, including joint participation in the State Science and Technology Institute, <http://www.ssti.org>.

The University of Michigan, University of Texas and North Carolina State have been important beneficiaries of close cooperation with local public/private economic development efforts.

Target Dates: 3Q, 2008
Leader: Mayor
Benefit: High
Difficulty: Low
Cost: \$5,000
Priority: 1

5-6a. **Encourage the eventual formation of a countywide public/private development corporation that includes Madison, Dane County, and other neighboring communities as conditions become more favorable.**

Target Dates: 2009 or beyond
Leader: Mayor & Collaboration Council
Benefit: High
Difficulty: Very high
Cost: TBD
Priority: 4

5. Build the Public / Private Economic Development Team

| Key Implementation Steps | Target Dates | Leader | Benefit | Difficulty | Cost | Priority |
|--|----------------|-------------------------------|-----------|--------------|-----------------------|----------|
| 1. a. Convene the team of local private and public economic development practitioners. | ASAP | ED Division Director, OBR | Critical | Low | \$0 | 1 |
| 2. a. Convene an informal public/private economic development leadership group. | 3Q, 2008 | Mayor | High | Low | \$0 | 1 |
| 3. a. Convene private and non-profit leadership support to implement key tasks within this plan, starting with business retention and expansion and the East Washington Capitol Gateway. | 3Q, 2008 | EDC, Mayor | Very high | Low/moderate | \$0 | 1 |
| 4. Develop more aggressive business attraction strategy. | | | | | | |
| a. Develop more aggressive strategy and convene partners / commit to marketing plan. | 2009 | OBR | High | High | \$50,000 to \$100,000 | 2 |
| 5. a. Build public / private / non-profit support for UW-Madison basic sector growth and employment development. | 3Q, 2008 | Mayor | High | Low | \$5,000 | 1 |
| 6. a. Encourage eventual formation of a countywide public / private economic development partnership. | 2009 or beyond | Mayor & Collaboration Council | High | Very high | TBD | 4 |

For Priorities: 1 = Critical, 2 = Very Important, 3 = Important, 4 = Potentially important but to be determined



6. Implement Necessary City Organizational Changes to Carry Out the Strategy

Rationale:

- Improvement requires change.
- The City can not be more proactive without additional dedicated staff and budget resources.
- Because it involves real estate development, workforce development, financial incentives, and a strong ability to understand employer needs, economic development requires different professional education and/or experience than city planning and community development.
- It benefits from a proactive project development mentality.
- To reinforce its seriousness about implementing a proactive strategy to stimulate quality economic development to enhance the local quality of life, the City of Madison also needs to do a better job in communicating its economic development goals, processes, and employer assistance capabilities.

6-1. **Fully staff the newly formed Economic Development Division within the Department of Planning and Community and Economic Development comprised of the Office of Real Estate Services (including TIF), Office of Business Resources, and the Office of Economic Revitalization (Community Development Authority, façade grants, and housing rehabilitation assistance).**

- a. Retain a forward thinking, team oriented Economic Development Director with

deep economic development experience including project management and public/private development financing, to lead the internal and external teams and deepen the business attraction function.

Target Dates: 3Q, 2008
Leader: Mayor, DPCED Director
Benefit: Very high
Difficulty: Moderate
Cost: \$140,000
Priority: 2

- b. Hire an experienced economic developer to lead retention and expansion efforts.

Target Dates: 2009
Leader: Mayor, ED Division Director, DPCED Director
Benefit: Very High
Difficulty: Moderate
Cost: \$80,000
Priority: 1

- c. Retain a project development specialist / manager, preferably with private sector development experience.

Target Dates: 2009
Leader: Mayor, DPCED Director, ED Division Director
Benefit: Very high
Difficulty: Moderate
Cost: \$90,000
Priority: 2

- d. Expand OBR small business assistance staff training to implement the one-stop small business referral center.

Target Dates: 2009
Leader: OBR Manager
Benefit: Moderate
Difficulty: Low
Cost: \$10,000
Priority: 3

6-2a. Add capabilities to the Department of Planning and Community and Economic Development to do the following:

Upgrade web site development and GIS capabilities internally or through external contracting.

Create capabilities to issue a quarterly external newsletter.

Hire or assign staff to pursue governmental and foundation grants (such as the successful \$1 million state grant for brownfield remediation).

Gain efficiencies by centralizing certain administrative functions.

Target Dates: 2009
Leader: DPCED Director
Benefit: High
Difficulty: Moderate
Cost: \$50,000
Priority: 2

6-3a. Designate and train more individuals with project management skills to help implement key physical priorities outlined in this plan.

Realizing key projects is a very complex and long-term process, as demonstrated by Allied Drive, Monona Terrace, the Overture Center.

This will help the City to become a more effective catalyst.

Target Dates: 2009
Leader: DPCED Director
Benefit: TBD
Difficulty: TBD
Cost: TBD
Priority: TBD

6-4. Develop Implementation Champions and Teams for each strategy area of this plan, including non-city partners as appropriate.

- a. Have Team Leaders monitor implementation progress against plan metrics.

Target Dates: 4Q, 2008
Leader: EDC, Mayor, ED Division Director
Benefit: Very high
Difficulty: Low
Cost: \$0
Priority: 1



- b. The Economic Development Director will be responsible to report progress annually to the EDC, Mayor and Council.

Target Dates: 2009
Leader: ED Division Director
Benefit: Very high
Difficulty: Low
Cost: \$0
Priority: 1

- 6-5a. **Expand funding for professional training, conference attendance, organization and association membership, and attendance at pertinent business events for all DPCED staff in an effort to maintain knowledge of current planning, community development and economic development trends, tools and resources.**

Target Dates: 2009
Leader: DPCED Director
Benefit: High
Difficulty: Low
Cost: \$10,000
Priority: 2

- 6-6. **Monitor implementation effectiveness and fine tune this implementation plan.**

- a. Annually monitor implementation program.

Target Dates: 2Q, 2009
Leader: EDC, Mayor, ED Division Director
Benefit: High
Difficulty: Low
Cost: \$10,000
Priority: 1

- b. Fully update the Implementation Plan every two years. Continuous improvement is a learning process. Conditions and priorities will change. A formal roadmap is essential for knowing where you are going.

Target Dates: 3-4Q, 2010
Leader: EDC, Mayor, ED Division Director
Benefit: High
Difficulty: Low
Cost: \$60,000
Priority: 1

6. Implement Necessary City Organizational Changes to Carry Out the Strategy

| Key Implementation Steps | Target Dates | Leader | Benefit | Difficulty | Cost | Priority |
|---|--------------|---|-----------|------------|-----------|----------|
| 1. Fully staff the newly created Economic Development Division. | | | | | | |
| a. Retain an experienced, highly skilled ED Director | 3Q, 2008 | Mayor, DPCED Director | Very high | Moderate | \$140,000 | 2 |
| b. Hire experienced economic developer to lead R&E. | 2009 | Mayor, ED Division Director, DPCED Director | Very high | Moderate | \$80,000 | 1 |
| c. Retain project development manager / specialist to lead key physical projects / priorities. | 2009 | Mayor, ED Division Director, DPCED Director | Very high | Moderate | \$90,000 | 2 |
| d. Expand support of small business solutions. | 2009 | OBR Manager | Moderate | Low | \$10,000 | 3 |
| 2. a. Add capabilities to DPCED to do: Communications, GIS and website development, external newsletter and to pursue grants. | 2009 | DPCED Director | High | Moderate | \$50,000 | 2 |
| 3. a. Project management designation of staff & training. | 2009 | DPCED Director | TBD | TBD | TBD | TBD |
| 4. Develop Implementation Champions and Teams for each of the six major strategy areas. | | | | | | |
| a. Monitor progress against plan metrics. | 4Q, 2008 | EDC, Mayor, ED Division Director | Very high | Low | \$0 | 1 |
| b. Report annually to EDC, Mayor and Council. | 2009 | ED Division Director | Very high | Low | \$0 | 1 |
| 5. a. Expand funding for DPCED staff training. | 2009 | DPCED Director | High | Low | \$10,000 | 2 |
| 6. a. Annually monitor implementation progress. | 2Q, 2009 | EDC, Mayor, ED Division Director | High | Low | \$10,000 | 1 |
| b. Fully upgrade Plan every two years. | 3-4Q, 2010 | EDC, Mayor, ED Division Director | High | Low | \$60,000 | 1 |

For Priorities: 1 = Critical, 2 = Very Important, 3 = Important, 4 = Potentially important but to be determined

V. Implementation

1. Monitoring Plan Implementation

There are three levels of monitoring to track economic development programming.

- Program input progress (putting programs, resources in place in a timely manner)
- Intermediate program outcomes (indicators of possible success)
- Hard results in terms of quality jobs and fiscal impact (bottom-line outcomes).

Initially the EDC, Mayor, Council and Director of the Department of Planning and Community and Economic Development and the Director of the Economic Development Division can monitor whether the City is making timely progress in adding the right staff and building the right initiatives. Most tactics will be part of building holistic capabilities to facilitate the retention and expansion of Madison employers and the modest attraction of outside firms. Hard results will not be immediate, and none of these initiatives should be expected to produce jobs and tax base overnight.

As soon as the programs are in place, however, it is time to start tracking intermediate outcomes that are precursors to final outcome success.

Finally, it is important to gauge the impact of the strategy in terms of facilitating quality job creation and positive fiscal impact. The target is to facilitate quality jobs (those that pay above the Madison average wage/salary) over the next 10 years. This will be a cumulative impact from doing many things right.

2. The Importance of Leadership

Strategic implementation planning is as much about change management as much as it is about what to do. To significantly improve economic development practices, leaders must step up to advocate sustained economic development and to lead implementation:

- The Mayor
- Common Council
- The Economic Development Commission
- Department of Planning and Community and Economic Development (DPCED) Managers
- The newly formed Division of Economic Development within the DPCED
- Major economic development allies beyond City government, including UW-Madison, MATC, THRIVE, Greater Madison Chamber of Commerce, Madison Gas & Electric, Alliant Energy, Dane County, and the Wisconsin Department of Commerce, Greater Madison Convention and Visitors Bureau, and the Madison Metropolitan School District who can form Team Madison.
- Key local civic leaders who can participate with the City to form stronger public/partnerships.

Economic development is a collaborative process. Done well, all of Madison's citizens benefit.

Appendices

APPENDIX A

Activities by Ticknor & Associates

Tom Ticknor presented plan drafts and attended Economic Development Commission meetings five (5) times: September 12, 2007; November 7, 2007; December 5, 2007; February 27, 2008 and March 25, 2008.

The consultant team, led by Tom, toured Madison business and employment centers and developments adjacent to Madison. These areas included the University of Wisconsin campus, University Research Park I, Old Sauk Trails, West Beltline Highway area, Monroe and Regent Street, Williamson Street, Truax Air Park East and West, Center for Industry and Commerce, Sun Prairie, Post Road area and Southeast Madison/Highway 51 corridor.

The consultant team conducted demographic and economic background research on Madison and the peer cities of Des Moines, Iowa, Lexington, Kentucky, Ann Arbor, Michigan, Austin, Texas, Boise, Idaho, Raleigh, North Carolina, and Lincoln, Nebraska.

Tom conducted four (4) Public Listening Sessions in November and December 2007. Total attendance at the sessions was over 100 people. Their comments are in a separate document titled the “3-5 Year Strategic Economic Development Implementation Plan Meeting Notes and Comments documents.”

He interviewed economic development officials in seven (7) peer cities of Des Moines, Iowa,

Lexington, Kentucky, Ann Arbor, Michigan, Austin, Texas, Boise, Idaho, Raleigh, North Carolina, and Lincoln, Nebraska.

He interviewed City Staff, business and community leaders. (The list is on the next page).

He conducted an EDC Retreat on December 12, 2007. Attendance by the EDC, public and staff was approximately 50 people.

He conducted three (3) Draft Plan Review Sessions on March 25, 2008. Total attendance at the sessions was over 100 people.

He presented the Draft Plan to a special meeting of the Common Council on March 3, 2008.



Economic Development Commissioners Interviewed

- Alder Zach B. Brandon
- Edward G. Clarke
- Susan M. Gleason
- Peng Her
- Ralph Kauten
- Vicky S. Selkove
- Richard A. Slone
- Noel Radomski
- Sandi J. Torkildson

APPENDIX B

Economic Development Interviews

Steve Landau Interviewed: City Staff

- Percy Brown, Neighborhood Revitalization Supervisor
- Hickory Hurie-Community Development Grant Supervisor
- Bob McDonald, Director, Madison Planning Organization
- Don Marx, Manager, Office of Real Estate Services
- Enis Ragland, Interim Supervisor, Office of Community Services

Tom Ticknor Interviewed: City Staff

- Dean Brassler, Comptroller
- Tom Cato, President and CEO, Overture Center
- Mayor Dave Cieslewicz
- Michael Gay, Office of Business Resources
- Jim Hess, Executive Director Monona Terrace
- Mario Mendoza, Assistant to the Mayor
- Matthew B. Mikolajewski, Manager, Office of Business Resources
- Brad Murphy, Director, Planning Division
- Larry Nelson, City Engineer and Public Works Team Leader
- Mark Olinger, Director, Department of Planning and Community and Economic Development
- Joel Plant, Assistant to the Mayor
- Peggy Yessa, Office of Business Resources

Business and Community Leaders

- Jennifer Alexander, President, Greater Madison Chamber of Commerce
- Deb Archer, President and CEO, Greater Madison Convention and Visitors Bureau
- George Austin, President, Overture Foundation
- Mark Bugher, Director, University Research Park
- Mary Carbine, Executive Director, Madison's Central Business Improvement District # 1
- Raffael Carbonell, Executive Vice President, THRIVE
- Steve Dickman, Chief Financial Officer, Epic Systems Company
- Carl Gulbrandson, Managing Director, Wisconsin Alumni Research Foundation
- Charles Hoslet, Managing Director, Office of Corporate Resources
- Mike Lehman, Covance
- Richard Lynch, President Findorff Construction
- Mike Mathews, Rudebusch Development
- Katherine Naherny, former Manager, Office of Business Resources, THRIVE volunteer
- Art Rainwater, Superintendent, Madison Metropolitan School District
- Paul Reckwerdt, President, TomoTherapy Incorporated
- Susan Schmitz, President, Downtown Madison Incorporated
- Pat Schramm, Executive Director, Workforce Development Board of South Central Wisconsin
- Frank Staniszewski, President, Madison Development Corporation
- Terrance Wall, President, T. Wall Properties
- John Wiley, Chancellor, University of Wisconsin Madison
- Phyllis Wilhelm, Director of Economic Development, Madison Gas & Electric
- Gary Wolter, CEO, Madison Gas & Electric

APPENDIX C

Municipal Government Economic Development Fundamentals

Economic development, community development, and planning are complementary, but they are also different in terms of their goals, programs, and staff skill sets required.

| | Planning | Economic Development | Community Development |
|------------------------|--|---|--|
| Major Goal | “The right ingredients.” Land use and infrastructure. Integration of Economic and Community Development. Policies to guide community growth and development. | “Growing the pie.” Sustainable quality job creation and tax base development. | “Distributing the pie.” Healthy neighborhoods & housing stock, anti-poverty. |
| Geographic Area | Neighborhoods, corridors & citywide. | Citywide with a regional consciousness. | More neighborhood and target population focused. |
| Major Tools | Setting vision. Near and long-term planning. Zoning regulation. Permitting & regulation. | Employer relationships. Overcoming economic development obstacles. Basic sector project facilitation. | Housing programs, child care, targeted development to poorer neighborhoods. Community Development Block Grant |
| Ethos | Total picture. Open and inclusive, involving all public and private sector stakeholders. Planning and regulation. | Merging public & employer interests. Building public/private partnerships. ED is competitive. | Meeting community needs. Public/social service partnership. |

APPENDIX D

The Madison Economic Development Map

| | Lead Players | Support Players | City Role (Current) | City Role (Potential) |
|---|---------------------------------|---|--|--|
| Business Park Development | Private sector UW-Madison | City | Planning, zoning, permitting, regulation Infrastructure Tax Increment Districts Sometimes land assembly | Up-to-date plan and zoning Streamlined permitting Full Research Park II support. Other new RPSM employment-generating districts |
| Basic Sector Retention & Expansion | | Madison Gas & Electric MATC & WDB THRIVE Madison Chamber | Planning, zoning, permitting, regulation Infrastructure Largely reactive Small loan programs | Development Services Center Full team player Proactive key account relationships & management |
| Entrepreneurship | Incubators UW-Madison MDC | | Past \$ support to incubators Support of MDC & UW-Madison | Small business development coordinator Greater outsource support |
| Business Attraction | Unclear | Forward Wisconsin WI Dept. of Com. UW Research Park | Some trade show marketing and prospect investor response | Project management Center of team initiative |
| Workforce Development | MATC WDBSCW | | | As part of Retention & Expansion strategy |
| Downtown Development | Downtown Madison Inc. BID | | Planning, zoning, permitting, regulation Infrastructure & Parking | Streamlined permitting. Up-to-date plan and zoning |
| Public/Private ED for Madison | | | Informal relationships with private sector | Build local ED team Build public/private partnerships. |

APPENDIX E

Recommendation's Cost Summary

| | INITIATIVE | IN 2008 BUDGET | 2009 BUDGET | 2010 BUDGET |
|---------|--|----------------|-------------|-------------|
| 1. | Fundamentally Improve Madison Business Climate through Zoning Modernization and Customer Service Initiatives | | | |
| 1-1a. | Update the DPCED Mission Statement | \$0 | \$0 | \$0 |
| 1-2a. | Complete Zoning Code Modernization | \$330,000 | \$0 | \$0 |
| 1-3a. | Implement Development Services Center (Capital Cost) | \$1,600,000 | \$0 | \$0 |
| 1-4a. | Identify Best Practices | \$0 | \$0 | \$0 |
| 1-4b. | Develop and implement metrics | \$0 | \$50,000 | \$0 |
| 1-4c. | Regularly report outcome | \$0 | \$0 | \$0 |
| 1-5a. | Upgrade DPCED Website | \$7,000 | \$0 | \$0 |
| 1-5b. | Communicate DPCED plans | \$5,000 | \$0 | \$0 |
| 1-5c. | Encourage Council / business | \$0 | \$0 | \$0 |
| 1-6a. | Extend Customer Feedback Systems to Other City Depts./800# | \$0 | TBD | TBD |
| 2. | Support Quality Job Creation by Existing Employers | | | |
| 2-1/2 | Develop Superior Business Retention & Expansion | \$0 | \$35,000 | TBD |
| 2-3a-e. | Entrepreneurship / Small Business Support | \$5,000 | \$0 | TBD |
| 2-4a. | Feasibility Study for Further Incubation | \$0 | \$30,000 | TBD |
| 3. | Accelerate Physical Development Necessary for Quality Job Creation | | | |
| 3-1a. | Continue to Facilitate Existing Business / Technology Parks | \$0 | TBD | TBD |
| 3-2a-c | Infrastructure related to Research Park II (Capital Cost) | \$2,900,000 | TBD | TBD |
| 3-3a-c | Facilitate East Capitol Gateway Corridor Development | \$125,000 | TBD | TBD |
| 3-4a-c | Facilitate Southeast Madison Industrial Area Development | \$235,000 | TBD | TBD |
| 4. | Make the City Economic Development Toolkit More Strategic | | | |
| 4-1a. | Develop / Utilize Fiscal Benefit / Cost Model | \$0 | \$50,000 | \$0 |
| 4-2a. | Revise TID / TIF Policies | \$0 | \$0 | \$0 |
| 4-3a. | Utilize CDA More Aggressively for Major Projects | \$0 | TBD | TBD |
| 4-5a. | Seek Grant / Foundation Support | \$0 | TBD | TBD |
| 4-6a. | Encourage Neighborhood Business Improvement Districts | \$0 | \$0 | \$0 |

| | INITIATIVE | IN 2008 BUDGET | 2009 BUDGET | 2010 BUDGET |
|-------------|---|--------------------|--------------------|--------------------|
| 5. | Build the Public / Private Economic Development Team | | | |
| 5-1 | Build the Ally Team | \$0 | \$0 | \$0 |
| 5-2 | Convene an Informal Public / Private Leadership Group | \$0 | \$0 | \$0 |
| 5-3 | Convene Public / Private Groups to Assist with Key Tasks | \$0 | \$0 | \$0 |
| 5-4 | Develop a More Aggressive Joint Business Attraction Strategy | \$100,000 | \$50,000 | \$50,000 |
| 5-5 | Build Public / Private Alliance supporting UW-Madison | \$0 | \$5,000 | \$5,000 |
| 5-6 | Encourage Formation of Countywide Public / Private ED Corporation | \$0 | TBD | TBD |
| 6. | Implement Necessary City Organizational Changes to Carry Out the Strategy | | | |
| 6-1/2 | Additional ED Division and DPCED Staff | \$140,000 | \$370,000 | \$370,000 |
| 6-3a. | Project Management Designation, Training | \$0 | \$0 | \$0 |
| 6-4a. | Develop Champions, Metrics | \$0 | \$0 | \$0 |
| 6-5a. | Enhance Professional Training | \$0 | \$10,000 | \$10,000 |
| 6-6a./b. | Update Implementation Plan as Conditions Change | \$8,000 | \$10,000 | \$60,000 |
| | Total Operating Costs | \$955,000 | \$610,000 | \$495,000 |
| 4-4a | Economic Development Project Facilitation Fund | 0 | 1,000,000 | 2,500,000 |
| | Other Capital Costs | 4,500,000 | 0 | 0 |
| | Total | \$5,455,000 | \$1,610,000 | \$2,995,000 |

APPENDIX F:

Outcome Metrics (Actions most linked to final outcomes are in bold)

| | INITIATIVE | INPUT | INTERMEDIATE | FINAL OUTCOME |
|--------------|--|--|---|--------------------------|
| 1-1a | Modify DPCED Mission Statement | Necessary discussion | Adoption | Supports R&E, attraction |
| 1-2a | Complete Zoning Code Modernization | Full planning process Meet target dates | Modernized plan | Supports R&E, attraction |
| 1-3a | Implement Development Center (Capital Cost) | Meet target dates | Better customer service Better business climate | Supports R&E, attraction |
| 1-4 | Monitor & Communicate Customer Service | Meet target dates | Service response procedures Improving service ratings | Supports R&E, attraction |
| 1-5 | Upgrade Communications | Meet target dates | | Supports R&E, attraction |
| 1-6a | Upgrade Citizen Customer Service | | | |
| 2-1/2 | Develop Superior Business Retention & Expansion | Meet target dates 120 employer calls annually | 15 Business solution opportunities per year Better workforce development | |
| 2-3 | Continue Entrepreneurship / Small Business Support | Meet target dates | Emphasis job creation, not business assistance | |
| 2-4 | Feasibility Study for Business Incubator | Meet target dates | Additional incubation? | |
| 3-1 | Continue to Facilitate Existing Business/Technology Parks | Ongoing process | Continued supply of quality business & technology parks | |
| 3-2 | Infrastructure related to Research Park II | Establish & meet target dates | Infrastructure development Parcels available for development | |
| 3-3 | Facilitate East Capitol Gateway Corridor Development | Meet target dates | Development competition Concrete development proposals | |
| 3-4 | Facilitate Southeast Industrial Area Development | Meet target dates | Part of 2-4 | Part of 2-4 |
| 4-1 | Develop / Utilize Fiscal Benefit / Cost Model | Meet target dates | Stronger quality job impact | Supports R&E, attraction |
| 4-2 | Revise TID / TIF Policies | Meet target dates | Stronger quality job impact | Supports R&E, attraction |
| 4-3 | Utilize CDA More Aggressively for Major Projects | Opportunity driven | Stronger quality job impact | Supports R&E, attraction |
| 4-4 | Project Facilitation Fund | Opportunity driven | Stronger quality job impact | Supports R&E, attraction |
| 4-5 | Seek Grant / Foundation Support | Meet target dates | Additional \$1 million per year | Supports R&E, attraction |
| 4-6 | Encourage Neighborhood Business Improvement Districts | Opportunity driven | Stronger neighborhood business districts | Supports R&E, attraction |
| 4-7 | Utilize Capital Budget to develop enhanced funding strategies. | | | |

Outcome Metrics, continued

| | INITIATIVE | INPUT | INTERMEDIATE | FINAL OUTCOME |
|------------|---|---|--|--|
| 5-1 | Build the Ally Team | Meet target dates | Stronger ED processes More nimble response | Supports R&E, attraction |
| 5-2 | Convene an Informal Public / Private Leadership Group | Meet target dates | Stronger ED processes More nimble responses Form non-profit ED Corp. | Supports R&E, attraction |
| 5-3 | Convene Public / Private Groups to Assist with Key Tasks | Meet target dates | More proactive ED Broader resources | Supports R&E, attraction |
| 5-4 | More Aggressive Joint Business Attraction Strategy | Meet target dates Implement Marketing Plan | Identify 5 Projects/year 15 Information responses 5 Site Tours/year | |
| 5-5 | Build Public / Private Alliance supporting UW-Madison | Meet target dates | State & Federal advocacy | Funding, grants, earmarks |
| 5-6 | Encourage Countywide Public / Private ED Corp. | Build communications | Form C-3 | Supports R&E, attraction |
| 6-1 | Additional ED Division Staff | Budget, search | Fill with right fit | Supports R&E, attraction |
| 6-2 | Additional DPCED Staff | Budget, search | Fill with right fit | Supports R&E, attraction |
| 6-3 | Deeper project management staff | Budget, training, OJT | Deeper capabilities | Supports physical development, R&E, attraction |
| 6-4 | Develop Champions, Metrics | Develop assignment, teams | Progress assessment Fit with performance review | Supports R&E, attraction |
| 6-5 | Expand ED Training | # training days | Professional certifications | Supports physical development, R&E, attraction |
| 6-6 | Monitor implementation | Formal monitoring | Implementation report | Supports physical development, R&E, attraction |

APPENDIX G

Background Demographics

| | Educational Attainment | | Management Professional & Related | Median Household Income | % Unemployed | % Families Below Poverty Line |
|------------------|------------------------|---------------------------------------|---|-------------------------------|-----------------|-------------------------------------|
| | Bachelors or Higher | Graduate or Professional Degree | | | | |
| Madison | 52.6% | 24.1% | 49.7% | \$50,171 | 3.6% | 5.0% |
| Wisconsin | 25.1% | 8.4% | 31.8% | \$48,772 | 5.5% | 7.3% |
| United States | 27.0% | 9.9% | 34.0% | \$48,451 | 6.4% | 9.8% |

Source: 2006 American Community Survey.

APPENDIX H

City of Madison Employment Data

| City of Madison Employment | | | |
|---|----------------|----------------|-----------------|
| | 1980* | 2006 | % Change |
| Population | 170,616 | 223,389 | 30.9% |
| Total Employment | 134,188 | 205,561 | 53.2% |
| Construction | 3,314 | 7,174 | 116.5% |
| Manufacturing | 13,467 | 16,603 | 23.3% |
| Transportation, Communication & Utilities | 5,303 | 6,501 | 22.6% |
| Wholesale Trade | 4,555 | 6,224 | 36.6% |
| Retail Trade | 23,155 | 33,055 | 42.8% |
| Finance, Insurance, Real Estate | 11,424 | 20,726 | 81.4% |
| Services | 27,479 | 72,393 | 163.4% |
| Government & Education | 45,282 | 40,328 | -10.9% |

*Employment data are for 1981, all other data are for 1980.

Note: Employment data for 1981 was collected by SIC code, while 2006 data was collected by NAICS meaning that data for each category is not strictly comparable between the two years. Categories shown are SIC Groups (2-digit SIC level). Government includes waste management and remediation.

Sources: WI Department of Industry, Labor and Human Relations (from "Enhancing the Madison Advantage: A 3-Year Economic Development Plan for Madison Wisconsin"), US Census Bureau 1980 Census, Consumer Price Index for Mid-West Region, 1979-2006 (US Bureau of Labor Statistics).

| | 1981 | | 2006 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Madison | Rest of Dane | Madison | Rest of Dane |
| Population | 170,616 | 152,929 | 223,389 | 240,437 |
| Total Employment | 134,188 | 35,612 | 205,561 | 89,562 |
| Construction | 3,314 | 2,082 | 7,174 | 7,068 |
| Manufacturing | 13,467 | 5,098 | 16,603 | 11,885 |
| Transportation, Communication & Utilities | 5,303 | 753 | 6,501 | 4,391 |
| Wholesale Trade | 4,555 | 1,962 | 6,224 | 4,906 |
| Retail Trade | 23,155 | 3,916 | 33,055 | 17,123 |
| Finance, Insurance, Real Estate | 11,424 | 1,742 | 20,726 | 5,772 |
| Services | 27,479 | 2,107 | 72,393 | 17,701 |
| Government & Education | 45,282 | 16,918 | 40,328 | 18,047 |
| Median Family Income (2006\$)** | \$60,760 | \$61,719 | \$69,709 | \$82,770 |
| Unemployment Rate | 4.4% | 5.2% | 3.6% | 3.5% |
| % Poverty (families) | 5.3% | 4.1% | 5.0% | 2.3% |

*Employment data are for 1981, all other data are for 1980. **Median income for rest of Dane County is a weighted average median.
 Note: Employment data for 1981 is by SIC code, while 2006 data is by NAICS meaning that data for each category is not strictly comparable. Categories shown are SIC Groups (2-digit SIC level). Government includes waste management and remediation.
 Sources: WI Department of Industry, Labor and Human Relations (from "Enhancing the Madison Advantage: A 3-Year Economic Development Plan for Madison Wisconsin"), US Census Bureau 1980 Census, Consumer Price Index for Mid-West Region, 1979-2006 (US Bureau of Labor Statistics).

APPENDIX I

Peer City Economic Comparisons

| | 2006 Population | | State | % of Population In College/Grad School | | |
|----------------------------|-----------------|----------------|------------|--|---------------|--------------|
| | City | Metro | Capital | University | Number | % |
| Madison | 222,389 | 543,022 | Yes | UW-Madison | 45,234 | 20.3% |
| Ann Arbor | 112,371 | 344,047 | No | Michigan | 37,787 | 33.6% |
| Austin | 656,562 | 1,513,565 | Yes | Texas | 46,993 | 7.2% |
| Boise | 204,027 | 568,086 | Yes | Boise State | 18,213 | 8.9% |
| Des Moines | 196,857 | 532,425 | Yes | Drake | 13,361 | 6.8% |
| Lexington | 270,789 | 437,545 | No* | Kentucky | 31,203 | 11.5% |
| Lincoln | 238,302 | 285,569 | Yes | Nebraska | 32,149 | 13.5% |
| Raleigh | 346,358 | 995,662 | Yes | NC State | 40,398 | 11.7% |
| Competitor Average | 289,324 | 668,128 | -- | -- | 31,443 | 13.3% |
| Madison/Competitors | 77% | 81% | -- | -- | 144% | 153% |

* No, but many commuters to Frankfurt. Source: 2006 American Community Survey.

Madison is Still Highly Competitive When Compared to Benchmark Cities (Key Indicators-2006)

| | Demographic Indicators | | | | Economic Indicators | | | |
|----------------------------|------------------------|-------------|------------------------|-------------------------|---|------------------------------------|-------------------|-------------------------------------|
| | Population Growth | | Educational Attainment | | % Management Professional & Related | Median House- hold Income | % Unemployment | % Families Below Poverty Line |
| | 1990-2000 | 2000-2006 | Bachelors or Higher | Grad or Prof. Degree | | | | |
| Madison | 9.1% | 0.5% | 52.6% | 24.1% | 49.7% | 50,171 | 3.6% | 5.0% |
| Ann Arbor | 4.0% | -0.2% | 74.0% | 41.7% | 49.7% | 50,160 | 5.3% | 5.3% |
| Austin | 39.1% | 1.5% | 42.9% | 16.3% | 63.5% | 47,212 | 6.1% | 12.7% |
| Boise | 46.7% | 1.6% | 37.4% | 11.1% | 41.9% | 49,692 | 5.3% | 6.9% |
| Des Moines | 2.8% | -0.2% | 23.1% | 7.3% | 40.3% | 41,651 | 6.8% | 11.4% |
| Lexington | 15.6% | 0.6% | 40.7% | 16.6% | 30.9% | 44,211 | 4.2% | 10.0% |
| Lincoln | 17.5% | 0.9% | 34.5% | 10.9% | 43.6% | 45,982 | 4.5% | 7.5% |
| Raleigh | 30.2% | 3.9% | 45.0% | 15.6% | 37.3% | 51,123 | 5.7% | 7.4% |
| Competitor Average | 22.3% | 1.2% | 42.5% | 17.1% | 44.0% | 47,147 | 5.4% | 8.7% |
| Madison/Competitors | 41% | 43% | 124% | 141% | 113% | 106% | 66% | 57% |
| Wisconsin | 9.6% | 0.6% | 25.1% | 8.4% | 31.8% | \$48,772 | 3.8% | 7.3% |
| US | 13.1% | 1.0% | 27.0% | 9.9% | 34.0% | \$48,451 | 6.4% | 9.8% |

Source: 2006 American Community Survey.

APPENDIX J

Public / Private Partnerships

| City | Ally | # Counties | Annual City \$ | Retention/Expansion | Entrepreneurship | Attraction | City as Team Member |
|------------|---------------------------------------|------------|------------------|---------------------|----------------------------|--------------------|--|
| Madison | Local: None Regional: THRIVE | None 8 | \$18,000 | None 3 clusters | At UW 3 clusters | Weak TBD (Weak) | NA Staff Weak Funding Weak |
| Austin | Austin Chamber | 3 | \$325,000 | Strong | Strong | Very strong | Staff Moderate Funding Strong |
| Ann Arbor | Ann Arbor SPARK | 1 | \$650,000 | Strong | Very Strong | Very strong, | Staff Weak Funding Strong. |
| Boise | Boise Valley Econ. Partnership | 2 | "A lot" | Strong | | Strong | Staff Weak Funding Strong. |
| Des Moines | Greater Des Moines Partnership | 3 | \$73,000 | Strong | Weak | Very strong | Staff Strong Funding Weak. |
| Lexington | Commerce Lexington ED Dept. | 8 | \$621,000 | Strong | Strong, inc. minority bus. | Strong | Staff Strong Funding Very Strong . |
| Lincoln | Lincoln Partnership for Economic Dev. | 1 | \$450,000 | Strong | Weak | Strong | Staff Weak Funding Very Strong |
| Raleigh | Wake County Development | 1 | \$0 | Strong | Moderate | Very strong | No staff or \$ role now. Under examination. |

APPENDIX K

Good Peer Municipal Economic Development Practices

| | Peer Communities | Potential Madison Role |
|---|---|--|
| Business Park Development | Austin support of airport redevelopment. Des Moines Community Development Corporation. | Zoning modernization (underway). Streamlined permitting. Full Research Park II support. Greater Tax Increment Finance District use. |
| Basic Sector Retention & Expansion | Recognized as an unmet need in most places—lead role usually played by public/private ED corporation. Ongoing relationships with key company officials by Des Moines City Manager, through informal meetings and active participation in public/private ED group and other civic boards, is critical All have TIF capabilities. | Development Services Center (underway). Full team player. Proactive key account relationships & management. |
| Entrepreneurship | Austin has technology business development officer on staff and 11 persons in its small business development unit. Ann Arbor SPARK gives superior emphasis to entrepreneurial development. | Small business development coordinator. Greater outsource support. |
| Business Attraction | Austin, Boise, Des Moines and Lexington make financial contributions to public/private ED groups for business attraction. Austin, Des Moines & Lexington regularly participate in prospect development events and building location consultant relationships. | Project management. Greater partnership w/UW, THRIVE |
| Workforce Development | Not a major City ED role in any of the peers. The City of Lexington contracts out to do this. | As part of Retention & Expansion strategy in cooperation with MATC and the Workforce Dev. Board of South. Central Wisconsin . |
| Public/Private ED for Madison | Cities with sufficient capable and experienced ED staff (Austin, Des Moines, and Lexington) are full team members. | Build the local ED team. Build public/private partnerships. |