



**City of Madison**  
**Proceedings - Final**  
**ECONOMIC DEVELOPMENT**  
**COMMISSION**

City of Madison  
Madison, WI 53703  
www.cityofmadison.com

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Wednesday, October 4, 2006

5:00 PM

Parks Conference Room, 120 MMB

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**1 CALL TO ORDER / ROLL CALL**

*The meeting was called to order at 5:05 p.m. by Chairperson Mark Bugher.*

**Present:** Patricia E. Jenkins, Zachariah Brandon, Michael E. Falk, Richard A. Slone, Mark Clear, Jeff C. Erlanger, Thomas W. Still, Mark D. Bugher and Ralph Kauten

**Excused:** Susan M. Gleason and Edward G. Clarke

**2 MINUTES OF SEPTEMBER 6, 2006, MEETING**

A motion was made by Erlanger, seconded by Slone, to Approve the Minutes. The motion passed by acclamation.

**3 PUBLIC COMMENTS**

None

**5 Local Purchasing Policy Reports  
(this item was taken out of order)**

Dean Brassler, City Comptroller, and Patti Brill and Randy Whitehead from the Comptroller's Office, reviewed the history of the report. It contains current city purchasing policy and other cities' policies. Brassler explained Wis. State Statutes prohibit the awarding of public works projects based on a geographic location. Madison spent \$32 million in 2005 on public works contracts. He also explained other municipalities use address as the factor in determining if a business is "local". In some cities this makes Wal-Mart and Office Depot local businesses. Other communities have a sliding scale, usually in the 3-5% range based on the size of the contract, in awarding contracts to "local" businesses. Brassler summarized there are a variety of definitions and potential structures to consider before moving ahead with a local purchasing policy. The economic benefits to the city budget and the area economy depend on what policy is set.

Anne Zellhoefer, Asst. City Attorney, explained that Federal law prohibits cities from using a local purchasing policy when using Federal funds. Madison uses Federal funds for purchases by Metro, Police, Fire and CDBG departments.

Question: How does a local purchasing policy work when purchasing services?

Answer: For these types of purchases, price is not the sole determinant in awarding a contract.

It was noted that this initiative is something the Mayor wants to pursue; however,

it is not necessary to pass this with the 2007 budget. Alder Konkel asked the EDC to provide the council with a definition of "local" businesses and a preference percentage for local businesses.

A motion was made by Erlanger, seconded by Slone to accept the Comptroller's Report and direct staff to develop definitions.

Further discussion asked if the objective of the policy is to increase local purchases by a specific percentage; if there is any consideration of partial local ownership; what the Collaboration Council think on this; and what message does this send to the business community when our local businesses compete for business in the global economy.

A friendly amendment was made to the motion, accepted by Erlanger and seconded by Slone, to form an EDC subcommittee to work on a definition for locally owned businesses and determine a preference percentage for local owned businesses.

04617

Report of City Comptroller and City Attorney: Information Requested by the Common Council Regarding a Local Preference Purchasing Policy for the City of Madison, re: File ID 03234.

*Accept the local purchasing policy report from the Comptroller's Office; and form an EDC subcommittee to work on a definition for locally owned businesses and determine a preference percentage for local owned businesses. The subcommittee members will be Clear, Erlanger, Slone and Still, with Clear as chairperson.*

A motion was made by Erlanger, seconded by Slone, to Return to Lead with the Following Recommendation(s) to the BOARD OF ESTIMATES. The motion passed by acclamation.

## 4 Transient Occupancy Tax (TOT)

04636

Presentation of Transient Occupancy Tax (TOT) Study by Madison Innkeepers Association and Greater Madison Convention & Visitors Bureau (GMCVB) - Study conducted by Bill Geist of Zeitgeist Consulting.

Jim Davis and Tom Ziarnik from the Wisconsin Innkeepers Association explained their five recommendations for TOT rate and distribution.

Question: Why a full percentage increase instead of ½ percent?

Answer: Competitors, esp. Milwaukee has a higher room tax rate. There is a concern of under funding and losing visitor business.

Question: What about "raiding" of the TOT Reserve Fund?

Answer: \$100,000 may be used for additional police downtown and would help keep visitors safe.

Question: Is there any information on elasticity of demand?

Answer: The report looked at comparable cities. Individual visitors usually do not use TOT rate as a determinant for visits but trade associations do consider it in selecting convention sites.

**Question:** How is TOT money used?

**Answer:** Half of the reserve goes to Greater Madison Convention and Visitors Bureau (GMCVB) and half goes into a reserve fund. GMCVB would use it for additional staff and marketing.

**Question:** Monona Terrace (MT) uses the majority of TOT funds. Is MT untouchable?

**Answer:** Jim Hess, MT Director, is not here. MT pays cash for all of its contracts. MT is also a community center and stays open when it has no conventions so it is costlier to operate than convention only centers.

**Question:** Does the Wisconsin Innkeepers Association know TOT reserve fund might not be used for tourism related spending?

**Answer:** Yes.

*Erlanger moved, and Jenkins seconded, that the EDC recommend support of the recommendations from the Wisconsin Innkeepers Association and encourage the use of the TOT reserve fund for destination marketing purposes.*

*Vote by Roll Call:*

*Ayes: Jenkins, Erlanger, Slone, Clear, Still, Kauten.*

*Nay: Brandon, Falk*

*Excused: Clarke, Gleason*

*Abstain: Chairperson Mark Bugher*

*The motion was carried.*

**There was further discussion of:**

- possible use of TOT reserve funds for a trolley system
- should a specific percentage of the reserve fund go to the GMCVB
- the role of the EDC as advisory to Common Council not to legislate
- Innkeepers recommendation # 3

## **6 3 - 5 YEAR ECONOMIC DEVELOPMENT STRATEGY IMPLEMENTATION PLAN**

*Two members of EDSIP sub-committee (Gleason and Clarke) were not in attendance to present the draft. \$50,000 is in the proposed 2007 budget for a consultant. This draft is a good outline. EDC will discuss it more at the November 1, 2006, meeting.*

*Suggested changes were of the word "jobs" to "quality jobs" on page 1, # 6; add "information systems" to the Physical Infrastructure box on the page 1 chart; and add a new box to the chart titled "Creative Infrastructure" with a sub header "Arts".*

*Any other changes should be sent to Peggy Yessa.*

## **7 COMMON COUNCIL UPDATE**

*Alder Brandon explained a newly proposed ordinance 04663 requiring signage for pharmacies regarding where emergency contraception may be obtained. This is not being referred to the EDC.*

*Funding to purchase lands in the BioAg Park on the City's southeast side were approved at the last Council meeting. This will bring jobs and new companies to Madison.*

**8 2007 MEETING DATES**

*The EDC agreed to continue holding their meetings on the first Wednesday of each month in 2007. An earlier starting time was discussed. Starting earlier would be a problem for some of the commissioners and also might make it difficult for the public to attend. Meetings will continue to start at 5 pm.*

**9 CHAIRPERSON'S UPDATE**

*Mark Bugher attended the Mayor's press conference on economic development. The proposed One-stop-shop and zoning code rewrite were things the EDC recommended in their report.*

**10 ADJOURNMENT**

*The meeting adjourned at 6:55 p.m.*