



City of Madison
Meeting Minutes - Final
ECONOMIC DEVELOPMENT
COMMISSION

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

Wednesday, September 6, 2006

5:00 PM

Madison Municipal Bldg.
Parks Conf. Room 120

1 CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:00 p.m. by Chairman Mark Bugher.

Present: Michael E. Falk, Susan M. Gleason, Richard A. Slone, Mark Clear, Mark D. Bugher and Edward G. Clarke

Absent: Jeff C. Erlanger and Thomas W. Still

Excused: Patricia E. Jenkins, Zachariah Brandon and Ralph Kauten

2 MINUTES OF AUGUST 2, 2006, MEETING

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

3 PUBLIC COMMENTS

None.

**8 UPDATE ON ED IMPLEMENTATION STRATEGY PLAN
SUBCOMMITTEE**

(This item was taken out of order)

Sue Gleason reported the subcommittee met three times and came up with an outline of key economic themes and guiding principles. This will be used to give direction to DPD staff or a consultant to use in writing the plan. Final edits are being made to the document in time for the entire EDC to review and discuss at the October 4, 2006 meeting.

**4 COMMON COUNCIL ORDINANCE #04191 -- TIF POLICY CHANGES
Joe Gromacki -- TIF Coordinator**

04191

Adopting the attached TIF Policy, as amended, per the recommendations of the Board of Estimates Sub-Committee on Tax Increment Finance.

Joe Gromacki, TIF Coordinator reviewed the history of the ordinance. In August 2005 the EDC recommended these four items for the TIF policy:

- 1) TIF to be used primarily as a job creation tool.
- 2) TIF policy should be clear and succinct.
- 3) TIF application process needs improvement.
- 4) TIF financing, in particular an equity kicker provision and pay-as-you-go provision need to be looked at.

Gromacki explained these considerations are addressed in the "TIF Objectives and Policies" June 20, 2006 report.

EDC Item 1 of job creation is on page 2 of "TIF Objectives and Policies - June 20, 2006". The balloon chart on page 3 is a new attempt to make this policy more user-friendly.

ROLL CALL

5:15 p.m.: Jeff Erlanger arrived

Present: Michael E. Falk, Susan M. Gleason, Richard A. Slone, Mark Clear, Jeff C. Erlanger, Mark D. Bugher and Edward G. Clarke

Absent: Thomas W. Still

Excused: Patricia E. Jenkins, Zachariah Brandon and Ralph Kauten

Gromacki further explained on page 11 that "pay-as-you-go" is now listed as an accepted method of funding. He emphasized these methods of funding are the purview of the Common Council NOT the developer.

Further examples of how the document is more user-friendly are the new graphs in Section 2, the TIF process and timeline in Section 2. The TIF application is now available electronically with a web-based version under construction.

ROLL CALL

5:22 p.m.: Tom Still arrived

Present: Michael E. Falk, Susan M. Gleason, Richard A. Slone, Mark Clear, Jeff C. Erlanger, Thomas W. Still, Mark D. Bugher and Edward G. Clarke

Excused: Patricia E. Jenkins, Zachariah Brandon and Ralph Kauten

Gromacki also explained the Plan Commission is requesting a written report on the TIF loan terms.

Question: Is "pay-as-you-go" financing a variant of traditional TIF financing?

Answer: Yes, it is usually used in smaller communities and it is longer-term and costlier to the developer than other financing methods.

Ald. Brenda Konkel told the EDC the Mayor is creating a new TIF committee to look at policy, not process issues.

Question: There is a perceived lack of willingness to tell developers more information up front and what are priorities.

Answer: Page 6, #8 tells developers June 15 deadline date to be eligible for the next year's capital budget. If total TIF requests exceed available funding the Mayor may authorize a "vetting" process. This is new to the policy.

04191

Adopting the attached TIF Policy, as amended, per the recommendations of the Board of Estimates Sub-Committee on Tax Increment Finance.

Including amendments by the BOE and Plan Commission

A motion was made by Gleason, seconded by Erlanger, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed by acclamation.

5 MONONA TERRACE ECONOMIC IMPACT STUDY

Jim Hess -- Executive Director of Monona Terrace

Jim Hess, Executive Director of Monona Terrace presented a PowerPoint report of the 2006 study by Virchow-Krause & Company.

The study shows Monona Terrace is a catalyst for downtown growth. The downtown residential property values have increased 147% and the commercial property values have increased 124% since Monona Terrace was built.

ROLL CALL

6:15 p.m.: Mark Clear left the meeting.

Present: Michael E. Falk, Susan M. Gleason, Richard A. Slone, Jeff C. Erlanger, Thomas W. Still, Mark D. Bugher and Edward G. Clarke

Excused: Patricia E. Jenkins, Zachariah Brandon, Mark Clear and Ralph Kauten

Question: Has Monona Terrace experienced any fallout from the King Street after-hours violence?

Answer: No feedback.

Question: Is Monona Terrace in danger from any competition?

Answer: The Dells region is tough competition. It is important to keep Monona Terrace in good shape to be competitive.

Question: The 1992 and 2006 study provide great data - when is the next report?

Answer: The report will be updated as funding permits. Hopefully in three years.

6 TRANSIENT OCCUPANCY TAX RECOMMENDATIONS

Jim Davis, president of Wisconsin Innkeeper's Association passed out their final recommendations for TOT investment policy. They recommend increasing the TOT to 9% to secure more funding for the Greater Madison Convention and Visitors Bureau (GMCVB).

Question: If the TOT is raised will the number of people coming to Madison decrease?

Answer: The study looks at what comparable cities charge and 9% is more aggressive. However, if GMCVB funding is not increased then tourism might decline.

Question: Do all neighboring municipalities collaborate on CVB funding?

Answer: Deb Archer, president and CEO of the GMCVB answered that 6 Dane County communities already contribute to the CVB and Middleton and Sun Prairie are working on increasing their TOT.

Question: What are competing cities doing?

Answer: Deb Archer explained a GMCVB study of competitors looked at productivity levels of their staff and the market capacity.

Question: What is current TOT allocation?

Answer: \$5 Million to Monona Terrace.
\$1 Million to GMCVB.
\$500,000 to City of Madison General Fund.
\$700,000 to Rhythm & Booms and festivals.
Totaling approximately \$7 Million annually.

Tom Ziarnik, general manager of Double Tree Hotels spoke about the possibility of the TOT fund going into a deficit sometime in the future and a TOT increase is necessary.

Question: The Monona Terrace debt was refinanced until 2014 or 2015 - does this affect the operating subsidy?

Answer: Monona Terrace does all "cash" improvements so it takes a lot of money out of the TOT fund. Its subsidy remains flat.

EDC asked if this is a policy question, that is, should the City fund GMCVB to the same level as competitors?

The EDC would like more information on where does the TOT general fund money go? And a chart that links the study data presented at their August meeting to the recommendations presented today. What are other possible funding sources and does the EDC have enough information to recommend to the Common Council on specific percentage increase in TOT?

The GMCVB and Wisconsin Innkeepers will get more information to the EDC prior to their October 4, 2006 meeting for the EDC to make a recommendation to the Mayor in time for inclusion in the 2007 budget.

7 UPDATE ON REORGANIZATION OF DEPARTMENT OF PLANNING & DEVELOPMENT

No report.

9 COMMON COUNCIL UPDATE

As Alder Brandon was excused from the meeting, there was no report.

10 CHAIRMAN'S UPDATE

Chairperson Bugher asked EDC if they should consider discussing the recent downtown crime and violence and its effect on businesses. Discussion by EDC about the number of meetings already taking place on this issue. Also a question

if the EDC should weigh in on discussing Hilldale Mall redevelopment, specifically adding another grocery store?

EDC Commissioners concluded these issues have economic impact, however, the EDC could not do much about them and did not want to discuss them at future meetings.

11 ADJOURNMENT

The meeting was adjourned at 7:00 p.m.