



ECONOMIC DEVELOPMENT STRATEGY

Interim, “work-in-progress” report to the Madison Common Council from the Economic Development Staff and Economic Development Committee (EDC) to continue the ongoing discussion about the City’s Economic Development Strategy



Contact:

Dan Kennelly, Economic Development Specialist
608-267-1968, dkennelly@cityofmadison.com

DRAFT FOR COMMON COUNCIL DISCUSSION
MARCH 16, 2015



INTRODUCTION

This is an interim, “work-in-progress” report from the City of Madison Economic Development Staff and Economic Development Committee (EDC) on the **Connect Madison Economic Development Strategy**. This report should be considered an early draft designed to continue the ongoing discussion about the City’s Economic Development priorities for the next 10 years. This is a high-level summary based on work completed so far. The details of how specific strategies and projects would be implemented and funded will be future steps in this ongoing effort.

The content of this strategy so far is primarily based on:

- Results of the detailed data analysis completed during the summer and fall of 2014
- Input received at the City’s Economic Strategy Symposium held in September of 2014
- Input received at two community meetings held at the Village on Park and Warner Park Community Center in September and October 2014
- Direction from the Economic Development Committee (EDC)
- Detailed guidance from the EDC’s Economic Strategy Subcommittee
- Expertise from a staff team with representatives from Economic Development Division, Planning Division, and Community Development Division

THE NEED

Madison’s economy is changing. The City’s workforce and business mix is becoming more private-sector driven, more innovative, more technology-oriented, more globally-connected, and more geared toward smaller growing companies rather than a few large employers. From a demographic perspective, Madison’s population is getting larger, more diverse, and more economically split between the haves and have-nots. Like other cities, Madison is on the cusp of the massive demographic realignment caused by the “Baby Boomer” generation transitioning into retirement and the “Millennial” generation entering the workforce. Further, Madison is facing racial disparities in economic success and an achievement gap in our schools that are critical threats to the long term local economy.

This is a pivotal time in Madison’s evolution as a local economy. Madison needs an Economic Development Strategy that is up to the task at hand. This brief document is intended to continue the discussion about the City’s strategy, share preliminary ideas, invite input, and keep this process moving forward.

WHY THE “CONNECT MADISON” STRATEGY

In the evolving post-recession economy, staying connected lies at the heart of economic development success. This includes connecting the workforce to career opportunities, connecting businesses to talent and capital, connecting companies to overseas growth opportunities, connecting groundbreaking research to innovative entrepreneurs, and connecting young people to meaningful career opportunities. The premise of the **CONNECT MADISON Economic Development Strategy** is that building stronger connections will be the key to growing and sustaining a more prosperous and equitable Madison economy.

WHY NOW?

Madison’s most recent economic development plan was a 3-5 year plan created in 2008. It is officially out of date. More importantly, it was created just before the “Great Recession” took hold and the economy has changed significantly since then. It is a timely opportunity to take a fresh look at our economy and develop a new strategy that is attuned to the changing local and global economic conditions of an evolving City.





WHAT'S BEEN DONE SINCE THE PREVIOUS PLAN?

It is worth noting that the 2008 Economic Development Plan provided a strong set of recommendations and many of these have been implemented. Some of the recommendations in the 2008 Plan that have been accomplished include:

- Updating the City's Tax Incremental Financing Policies and Procedures
- Implementing a Business Retention and Expansion Program
- Continued redevelopment of the Capitol East District
- Modernizing the City's Zoning Code
- Implementing changes to the City's Development Review Process
- Improving the City's Staff Capacities in the Economic Development Division

FOUR PHASE ORGANIZATIONAL STRUCTURE

The Connect Madison Strategy is divided into four phases:

1. **PHASE I: Where we are Today: Trends and Insights from Data Analysis** – The first section takes a “deep dive” into a wide range of data on the current state of Madison's economy and emerging trends. This analysis is complete and a summary report is available at www.cityofmadison.com/economiststrategy.
2. **PHASE II: Where We're Going: A Mission for the Economic Strategy and Vision for Madison's future Economy** – Phase II provides a mission for the *Connect Madison* Strategy and a vision for the future of the City's economy. Drafts of this mission and vision are included below.
3. **PHASE III: How to Get There: Strategic Framework** – The third part is the “Strategic Framework” which offers a set of goals, strategies, and specific projects and initiatives to advance toward the vision. Draft preliminary ideas for goals and strategies are provided below.
4. **PHASE IV: Getting it done: Implementation** - The final phase is the work plan. It will include assignments of responsibility, timelines, funding opportunities, success metrics, and potential partnerships to implement the strategies. Phase 4 has not yet begun.

CURRENT STATUS – MARCH 2015

The first phase of the project (Data Analysis) has been completed. The EDD staff has developed a detailed presentation covering a variety of data trends. This information will be incorporated into the final *CONNECT MADISON* Report. The City is currently working on phases 2 (Mission/Vision) and 3 (Goals and Strategies). The final phase (Implementation) has not begun.

WHO IS THE CONNECT MADISON STRATEGY FOR?

The **CONNECT MADISON** Strategy is designed to guide citywide programs, projects, and policies. It will serve as a cross-agency plan that guides policy decisions by the City and, at a broad level, informs the work of all City Departments. In addition to serving as a high-level policy guide, the Strategy will become the day-to-day work plan for the City's Economic Development Division (EDD). EDD will be responsible for leading the implementation effort for the Strategy. However, economic development is a team sport. Many actors play a role including other departments within the City, various non-profits, the business community, the





education community, etc. The **CONNECT MADISON** Strategy sets the direction for the City but many of the specific strategies will involve engaging with partners and supporting ongoing initiatives.

THE SCOPE AND BREADTH OF THE STRATEGY

First, let it be unmistakably clear that stable neighborhoods, clean lakes, strong schools, affordable housing options, a first-rate transportation system, and a healthy natural environment are essential to long term economic growth and success. These factors are *prerequisites* for a flourishing economy. Madison needs programs and plans specifically focused on addressing equity, education, housing, historic preservation, transportation, etc. However, the **CONNECT MADISON** Strategy is the City's **Economic Development Plan**. Therefore, its focus is squarely on growing jobs, creating businesses, and expanding economic opportunity. Components of the strategy stretch the boundaries of economic development as it is traditionally understood and touch on broader issues like equity and transportation. Nevertheless, the **CONNECT MADISON** Strategy is about Economic Development and needs to stay focused to be effective. It should be noted that the City is currently working on a Transportation Master Plan, a Housing Strategy, and will be kicking off an update to the City's Comprehensive Plan in the near future. These efforts are integrated but each has its own unique focus.

GUIDING VALUES

Before getting into the mission, vision, and goals, it is worth considering the values embedded in this Strategy. The **CONNECT MADISON** Strategy is based on current thinking and best practices in economic development. However, in many respects, it differs from traditional economic development planning. The guiding values of this strategy include:

- **Data-Driven** – The process included an unusually detailed data analysis at the front end. The purpose of this was to really understand what's going on in Madison's economy and the trends that are reshaping the city. The goals and strategies are directly linked to the results of this analysis.
- **Equity Focused** – Economic Development is traditionally focused on creating jobs, supporting businesses, and encouraging development. Directly addressing issues of poverty, racial inequity, and income disparities is traditionally outside the purview of the practice of economic development. The Connect Madison Strategy is intentionally different. The Strategy places a strong emphasis on not only making the pie bigger, but also thinking about the relative size of the slices. The data analysis highlighted the fact that Madison's economy and demographic make-up is changing. The City's challenges with racial income disparities and the achievement gap in our schools are not only social justice concerns; they are threats to the future of our economy. The equity focus also necessitates the need to consider projects and priorities outside of the purview of just the Economic Development Division.
- **Forward-Looking yet Grounded in Existing Assets** – Many of the core assets that have made Madison a successful local economy and a great place to live remain intact. The *Connect Madison* Strategy is intended to build on Madison's existing strengths while recognizing the need for change.
- **Shaped by Public/Stakeholder input** – In September of 2014, the City hosted an "Economic Strategy Symposium" attended by about 200 business, community, and education leaders. The purpose was to share the results of the data analysis and get early input on the strategies. This was followed by two community meetings to do the same. Many of the preliminary goals and





strategies were driven by this input. As the process moves forward, more community engagement will be conducted.

- **Embracing of Partnerships** –There are numerous individuals and organizations in Madison working on various aspects of economic development in Madison. The *Connect Madison* Strategy recognizes this and recognizes that the implementation of many of the specific projects will be done in partnership with other organizations. In many cases, the role of the *Connect Madison* Strategy will simply be to “shine a light” on good things already going on in the City related to economic development and formalize their role and importance in a broader strategy for the community.

CONNECT MADISON STRATEGY MISSION

The Mission of the Connect Madison Strategy has three overarching components:

1. **Create Jobs and Businesses** - Support the creation of high quality jobs and strong businesses in Madison, with a focus on fostering innovation, supporting 21st century industries, and expanding opportunities to start businesses to a wider spectrum of the community.
2. **Grow the City's Taxbase** - Encourage and support the highest and best use of the City's available land and redevelopment opportunities to support the long term fiscal health of the City and maintain Madison's status as a great place to live, work, visit, and start a business.
3. **Expand Economic Opportunity** - Increase the range of economic opportunity in the City with an emphasis on opening doors of economic opportunity for low income populations, people of color, and others facing historically-rooted barriers to economic success.

CONNECT MADISON STRATEGY VISION

Building from this Mission, the *Connect Madison* Strategy articulates an aspirational vision for the future of the City's economy.

*The CONNECT MADISON strategy will guide city policy choices and the use of economic development tools, resources, and staff to make the City a globally-connected **INNOVATION** hub at the vanguard of new ideas that create new businesses, a magnet and wellspring for diverse **TALENT** poised to succeed in the new economy, an equitable community where all residents have **OPPORTUNITY** to participate on the city's economic success by starting a business or getting a good job, and an appealing **PLACE** to raise a family, work in a successful enterprise, launch a business, and come for a visit.*

The Vision touches on four key themes (Innovation, Talent, Opportunity, and Place). These themes guided the identification of the more detailed goals and strategies in the next section.

PRELIMINARY CONNECT MADISON GOALS & POTENTIAL PROJECTS

With the data analysis as the starting point and the Vision as the destination, the question becomes what are we actually going to do? The following are eight goals that provide the initial framework for the *Connect Madison* Strategy. The goals are interconnected and mutually reinforcing. They are intended to work together. Many of the specific strategies and projects identified for each of the goals are initiatives that are





already underway. The **CONNECT MADISON** Strategy is, in part, intended to provide a framework to formalize, align, and coordinate these ongoing efforts within the context of a larger economic strategy for the City. Other strategies and projects represent new ideas. As the project shifts into the implementation phase, identification of resources and partnerships to implement these new ideas will be a priority. For now, the hope is to work toward some agreement on the “What” and then the Implementation Phase will focus on the “How.”

GOAL 1

CONNECT Madison businesses with talent, capital, facilities, ideas, and new markets to foster innovation and entrepreneurship in all sectors

The data analysis shows the Madison’s economy is becoming increasingly driven by the private sector and particularly by smaller businesses. The fast growing sectors of the economy tend to be technology-oriented industries. As the change continues, it is critical that Madison supports a healthy and vibrant startup ecosystem, enhances entrepreneurship opportunities for all residents, and expands the career opportunities offered by growing industry sectors to more people. Goal 1 is focused in supporting both technology and non-technology early-stage and small businesses to create the stalwart companies that will be the backbone of Madison economy in the future.

Ongoing and Potential Projects & Initiatives

- 1.1. Continue to invest in “Innovation Infrastructure” including StartingBlock
- 1.2. Create a One-Stop Shop for Business Needs
- 1.3. Expand the City’s Business Retention, Expansion, & Recruitment program (with Recruitment focused on key advanced industries)
- 1.4. Increase Coordination with UW Madison Commercialization Efforts
- 1.5. Support Broad-based Entrepreneurship (e.g. Non-IT sectors including but not limited to Food, Advanced Manufacturing, Services, Construction)
- 1.6. Identify and Support Innovation Districts as areas of the City that will be hubs of innovation in specific industry sectors

GOAL 2

CONNECT Madison’s prosperity, jobs, and economic opportunities to people and communities that are disadvantaged, disenfranchised, and disconnected from the growth of the local economy – with a particular focus on career paths for young people

Over the last several years, the Madison community has become increasingly aware of and focused on the challenges of racial equity and social justice in the City. As demonstrated in the data analysis, as well as numerous other recent studies including the Race to Equity Report, Madison struggles with high rates of income disparity correlated with race, high levels of minority unemployment, and a startling “achievement gap” in our schools. As further highlighted in the data analysis, Madison is struggling to prepare young people of color for career paths. Finding ways to inspire young people to explore a variety of career options is a critical important aspect of ensure that Madison has a strong workforce over the long term. One of the most important ways the City can work to address this challenge is by providing young people with exposure to career pathways and potential opportunities.

Ongoing and Potential Projects & Initiatives

- 2.1. Create the “Madison Promise” program that would guarantee that every Madison HS student a pre-career experience (internship, mentorship, etc.)





- 2.2. Create "business support liaisons" based in neighborhood centers, libraries, and other community facilities to support entrepreneurship and meet the needs of businesses operating in Madison's neighborhoods
- 2.3. Increase the level of minority contracting for city projects
- 2.4. Support workforce training programs linking potential workers to the needs of small/mid-sized local companies (particularly in high job growth sectors like healthcare services)
- 2.5. Leverage the Public Market District and related efforts as a platform for untapped minority food entrepreneurs
- 2.6. Recognizing that affordable, safe, and convenient childcare is often a barrier to entering the workforce for many lower income parents (particularly women), enhance the City's Childcare Assistance Program
- 2.7. Create Opportunity Zones where the City targets economic development programs and resources to foster greater economic opportunity

GOAL 3

CONNECT Madison's real estate development and redevelopment opportunities with unmet market demand and work to develop key sites and corridors

Maintaining and growing the taxable value of the City is critical to Madison's long term economic success. In an era of decreasing state aid, levy limits, and increasing competition from the suburbs, Madison needs to be increasingly mindful of how we nurture our tax base. The data analysis demonstrated that Madison's tax base is changing, has the potential for growth, and can be volatile depending on external economic conditions. Further, the data clearly shows that the City is currently seeing a high level of demand pressure for development. The City should take advantage of the current real estate climate as an opportunity to develop and redevelop key sites and corridors that have potential. Guided by the City's various neighborhood and corridor plans, the City should endeavor to align current real estate demands with targeted development opportunities to revitalize parts of the city and grow our taxbase.

Ongoing and Potential Projects & Initiatives

- 3.1. Create a Robust Land Banking Program to strategically acquire and reposition key real estate opportunities
- 3.2. Introduce Fiscal Impact Analysis Into Development Review Process – Utilizing the Urban Footprint tool
- 3.3. Support efficient, compact, multi-use, and transit-oriented development and redevelopment on key commercial corridors
- 3.4. Build on the City's recent TIF policy updates and create a comprehensive and clear citywide TIF strategy
- 3.5. Identify "Nodes and Destination" areas where the city will conscientiously target and provide incentives for multi-use, transit-oriented activity centers
- 3.6. While encouraging redevelopment where appropriate, continue to maintain the character of existing neighborhoods and preserve historic buildings, which ultimately add lasting value to the city.

GOAL 4

CONNECT Madison residents and businesses to their City government by making Madison a model of civic innovation

Madison has long prided itself on creating an open, transparent, and democratic system of government that provides residents opportunities to give their voice to municipal policy choices. As Madison strives to





become a more innovative city, maintain its democratic traditions, and improve customer service, the City should explore innovative tools to weave new technologies into municipal operations to improve the overall performance of the City as a unit of government.

Ongoing and Potential Projects & Initiatives

- 4.1. Utilize opportunities for crowd sourced governance and virtual committee meetings
- 4.2. Establish customer-service kiosks for some city functions
- 4.3. Create a multi-platform "customer response" system for the City
- 4.4. Make the City a laboratory for beta-testing and prototyping apps and other technology designed to streamline or otherwise improve city services
- 4.5. Explore the potential of creating a City "Chief Innovation Officer" focused on keep the City at the forefront of technologies to improve municipal operations and services

GOAL 5

CONNECT the region's robust food system to our economy and embrace food's role as a platform for community-based entrepreneurship and wealth-building

Madison is a food city. Our assets in this sector include the country's largest producer-only farmers market, renowned farm-to-table restaurants, a diverse agricultural hinterland, and numerous small food business startups. Madison's economy, culture, and sense of place have a lot to do with food. From an economic development standpoint, this creates unique opportunities to leverage this powerful identity to cultivate jobs and businesses. Madison should strive to not only be a great food city, but to become the best food city. Doing this could raise Madison's profile as a great place to live, increase Madison's appeal as a destination, and help the City attract a talented and skilled workforce. Growing the local food economy can also provide a powerful platform to support new jobs and businesses.

Ongoing and Potential Projects & Initiatives

- 5.1. Implement the plan for the Madison Public Market District and encourage more food-related businesses and industry activity in this area
- 5.2. Explore the development of a Food Innovation Center that would include shared food processing facilities and augment the Public Market and the FEED Kitchens
- 5.3. Create a Startup Business Grant/loan program targeted to minority food entrepreneurs
- 5.4. Create incentives and support efforts to encourage Local Food Purchasing by Institutional Food Buyers (including grocers)
- 5.5. Coordinate a network of produce retail in partnership with neighborhood ethnic grocers
- 5.6. Coordinate with Madison College, FEED Kitchens, and the Wisconsin Food Hub Coop as key food infrastructure and training facilities

GOAL 6

CONNECT Madison's large bicycle industry cluster, identity as a bike-friendly city, and appeal as a destination for bicycle-based recreation and tourism to become the bicycling epicenter of North America

Madison is widely-regarded as a great biking city. The combination of bike trails, on-street bike lanes, lakefront paths, and the scenic countryside around Madison make it a great city for both recreational cycling and bike commuting. Moreover, the bike industry is a unique and important sector of the region's economy with major companies like Trek, Saris Cycles, Planet Bike, and Pacific Cycle located in the Madison area.





Focusing on the bike industry as part of the City's Economic Development Strategy can have a threefold positive impact on the city's economy by; 1) growing Madison's reputation for high quality of life and great biking which strengthens our appeal to talent and businesses, 2) supporting an important industry in our region, and 3) making Madison a stronger tourism destination which can be a powerful magnet to bring economic activity to the City.

Ongoing and Potential Projects & Initiatives

- 6.1. Direct outreach to area bike industry companies and potential recruitment of suppliers and customers to Madison
- 6.2. Overall continued improvements to bike infrastructure throughout the City
- 6.3. Attract additional bike-related events to the City
- 6.4. Achieve Platinum Bike Status
- 6.5. Create events and programs focused on Advanced Manufacturing, Custom Fabrication & Prototyping in the Bike Industry

GOAL 7

CONNECT Madison with an efficient and technology-enabled multi-modal transportation system.

For people to find and keep a job, they need to be able to get to it. Moving people and goods through a city is a critical prerequisite for a functioning economy. Further, a robust and multi-modal transportation system sends a strong signal to the market that can dramatically impact the development potential of site and help draw talent and businesses to the city. Economic Development and transportation are inextricably linked. The City should encourage the creation of a Modern, Sustainable, Technology-enabled Multi-Modal Transportation Network. In particular, the City should focus on transportation that helps fill the gaps between the city's under-deployed workforce and the city's unfilled job opportunities.

Ongoing and Potential Projects & Initiatives

- 7.1. Conduct a detailed economic analysis evaluate the economic development benefits of improved transit in Madison
- 7.2. Conduct a survey of local businesses to gauge the transportation needs and preferences of the workforce
- 7.3. Create a staff team focused on integrating emerging transportation technologies and services
- 7.4. Leverage transit (particularly transit stations) as catalysts for development of jobs, housing, and tax base
- 7.5. Create a transportation system that specifically focuses on connecting job opportunities with people who need jobs.
- 7.6. Evaluate opportunities for strategic consolidation of parking in key activity centers

GOAL 8

CONNECT Madison's various creative industry sectors (arts, music, theater, digital technology, graphic design, gaming design, etc.) to build stronger links between these disciplines and enhance creative industries as an economic driver and visitor draw

Innovation in Madison is happening at the intersections of creative industries (arts, music, graphic design) and technology industries (software programming, advanced manufacturing, gaming). Fostering a strong creative industry sector in Madison and nurturing these connections between arts and entrepreneurship can





be a powerful economic development driver. The City can leverage and build on this creative energy by supporting efforts to create a more vibrant arts scene, working to preserve the City's historic and cultural assets, encouraging more arts and culture-based tourism, and fostering more interactions between creative sectors in the City.

Ongoing and Potential Projects & Initiatives

- 8.1. Support the development of additional music/entertainment venues and the success of existing venues
- 8.2. Incorporate arts and design into the planning of infrastructure projects and public facilities
- 8.3. Convene events that highlight different elements of Madison's creative industry sectors
- 8.4. Support the incorporation of gallery spaces, performance venues, and other creative expressions into existing businesses
- 8.5. Support arts-based tourism to Madison
- 8.6. Support the preservation of cultural and historic assets that give Madison its unique character as a hub for creative industries and talent.





RECAP OF 8 GOALS:

1. **CONNECT** Madison businesses with talent, capital, facilities, ideas, and new markets to foster innovation and entrepreneurship in all sectors.
2. **CONNECT** Madison's prosperity, jobs, and economic opportunities to people and communities that are disadvantaged, disenfranchised, and disconnected from the growth of the local economy – with a particular focus on career paths for young people.
3. **CONNECT** Madison's real estate development and redevelopment opportunities with unmet market demand and work to develop key sites and corridors.
4. **CONNECT** Madison residents and businesses to their City government by making Madison a model of civic innovation
5. **CONNECT** the region's robust food system to our economy and embrace food's role as a platform for community-based entrepreneurship and wealth-building
6. **CONNECT** Madison's large bicycle industry cluster, identity as a bike-friendly city, and appeal as a destination for bicycle-based recreation and tourism to become the bicycling epicenter of North America
7. **CONNECT** Madison with an efficient and technology-enabled multi-modal transportation system.
8. **CONNECT** Madison's various creative industry sectors (arts, music, theater digital technology, graphic design, gaming design, etc.) to build stronger links between these disciplines and enhance creative industries as an economic driver and visitor draw

DISCUSSION QUESTIONS:

1. At a broad level, does the Mission/Vision capture your viewpoint on what Madison's Economic Develop Strategy?
2. Are the 8 goals on target? What other goals should be considered?
3. For each goal, what departments in the City should be engaged?
4. For each goal, what outside individuals and organizations should the City approach as potential partners?
5. What goals and what specific projects/initiatives should be prioritized? What should happen right away? What should be the funding strategy?

