



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Approved ECONOMIC DEVELOPMENT COMMISSION

Wednesday, October 15, 2008

5:00 PM

215 Martin Luther King, Jr. Blvd
Room 260 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:07 pm.

Present: 6 -

Mark Clear; Douglas S. Nelson; Peng Her; Susan M. Gleason; Sandra J. Torkildson and Edward G. Clarke

Excused: 4 -

Joseph W. Boucher; Victoria S. Selkove; Richard A. Slone and Ralph Kauten

Also Present: Dave Gawenda, Vice-Chairperson TIF Policy Committee; Joseph Gromacki, City of Madison TIF Coordinator; Carole Schaeffer, Smart Growth Greater Madison; Alder Brenda Konkell; Don Marx, Real Estate Manager, Economic Development Division; Matthew Mikolajewski, Manager, Office of Business Resources

APPROVAL OF MINUTES

A motion was made by Clear, seconded by Nelson, to Approve the Minutes of the September 3, 2008 meeting. The motion passed by voice vote.

PUBLIC COMMENT

Chairperson Clarke asked to hold the public comments until after the TIF Policy report presentation. All public speakers and their comments are included with the appropriate item.

Please note that Agenda items were discussed out of order, as shown below.

1 [11531](#)

City of Madison TIF Objective & Policies Report.

Attachments:

memo to tif committee from sde 11-08.doc
DRAFTTIF Memo to EDC 11-5-08.pdf
11531-DMI_TIFComments11-05-08.pdf
11531-Smart Growth TIF policy rec 11-3-08.pdf
11531-EDC Memo on Shortened TIF Policy 10-22-08.pdf
11531-DMI_TIFComments10-31-08.pdf
11531-PMuenchTIFComments10-31-08.pdf
[TIF POLICY With Strikethroughs - FINAL 2008](#)
[TIF POLICY With Strikethroughs - 8-18-08.pdf](#)
[TIF POLICY - Final Report of the TIF Policy Comte 8-19-08.pdf](#)
[2008 TIF Policy Summary.pdf](#)

Dave Gawenda, Vice-Chairperson of the TIF Policy Committee, explained the Mayor appointed the committee in 2006. It is a diverse group of Alders, the development community and himself, at that time the Dane County Treasurer. He had been a member of numerous TIF review boards throughout Dane County.

He noted that the document they produced reflects a consensus of the group. Some of the group's concerns were:

- Looking at TIF for economic development and neighborhood revitalization,
- Making sure neighborhoods are equal, with no preference for the Downtown,
- An annual review process of what goals are and the Council to identify areas for TIF,
- As an aide to staff to clarify interpretation of policy.

Mr. Gawenda expressed Alder Brandon's concern that TIF not be perceived as a "give away" to developers and he wanted the policy to say why this is not true. Mr. Gawenda noted the committee tried not to be prescriptive but instead state a preference for they type of development they sought.

Joseph Gromacki, City of Madison TIF Coordinator, reviewed his 2 page memo from September 8, 2008. He stated the goals and objectives took a lot of the committee's time. He said the overall theme is to use TIF to create an environment for businesses to grow and create jobs in, not just TIF as a subsidy.

Carole Schaeffer, registered speaker representing Smart Growth Greater Madison, said she has followed this process for two years and represented the real estate and development community at meetings. Her group has many questions about how this TIF policy will work in light of the Economic Development Plan and wonders does this policy restrict TIF use? The Economic Development Plan calls for a change of attitude and does this policy follow the plan? What does this policy do to scare or attract developers? She has received many comments from her group mentioning this policy legislates for exceptions and punishes for failures with no refundable fees. They wonder if this simplifies the process? There are great priorities of neighborhood revitalization and job creation but does this policy build trust between the development community and the City? How does this policy educate about the benefits of TIF?

Alder Clear questioned the speakers about the job creation aspect of the policy.

Mr. Gawenda likes to think this policy will not scare people away. He wants to guard against people reading more into it than there actually is. Mr. Gawenda stated there was a lot of discussion on this, with many anecdotes from other communities about their use of TIF for job creation.

Alder Brenda Konkel explained how the committee tried to figure out what will happen to the City's investment if the jobs are not created and it tried to balance what is promised with what happens.

Mr. Gromacki explained how the term "claw-back" was not used and was replaced with "job creation guarantee". He further explained that banks finance a TIF deal they are in first or second position if the project defaults. The City would be in third position. This makes it difficult if the City wants its money out of a defaulted project because the City would have to buy out the bank's position before even starting to recoup its share of money.

Ms. Schaeffer said it does not feel like an incentive if the three-year window is passed

and the job guarantee is not met.

Alder Konkel said TIF is an economic development tool and the creation of jobs is important.

Mr. Gromacki said the committee looked for a better idea and did not come up with one. He said the job creation guarantee is not intended for mixed-use development such as 200 apartments with a minimal retail component. It is meant for TIF # 39, the industrial TIF. He noted other communities are starting to develop TIF policies and economic development plans.

Alder Clear asked if this makes TIF policy less arguable?

Mr. Gromacki responded that Madison is a leader in TIF policy and Milwaukee and Stevens Point are adopting their own TIF policies. He noted Kansas City has \$3 billion in TIF projects that are failing because they do not have a policy that requires job creation or payback guarantees.

Chairperson Clarke recommended the EDC form a subcommittee with Douglas Nelson as its leader to review the TIF policy.

Ms. Gleason asked if it was the view of the TIF policy group that the City should do more TIF projects? Is this a commitment to use TIF more often or is this just another way of slicing up the existing economic pie?

Mr. Gawenda said there was no conversation on capping the use of TIF. It was mentioned that too much TIF was used for Downtown condominium development. He added it is the most flexible tool in the economic development toolbox.

Alder Konkel noted that this is for the Mayor and Council to decide not the TIF committee.

Ms. Gleason noted the expanded use of TIF as an economic development tool is good.

Mr. Gromacki said it was not the purview of the TIF Policy committee to talk about the use of TIF.

Mr. Nelson responded that the ED Plan suggests TIF could be used more often.

Alder Konkel responded that there are no TIF requests in the 2009 budget.

Mr. Gromacki further explained that in the past, \$8-9 million was put in the budget each year for general TIF development and now this is handled through budget amendments as needed.

Mr. Her asked if there was any discussion by the TIF committee about encouraging minority and women owned businesses?

Mr. Gawenda noted TIF law does not address this and Alder Konkel said it was not addressed by the committee.

Don Marx, Real Estate Manager for the Economic Development Division, explained that all current City policies such as Affirmative Action and prevailing wage requirements apply to TIF recipients.

Mr. Gawenda noted that a related area of transportation services is not included.

Alder Clear noted the possibility of local purchasing policy being factored in.

Mr. Gawenda said the committee came up with the policy and the Council has to decide on it.

Alder Konkel mentioned she has heard a lot of grousing about the TIF policy but has not heard directly from others, except Carole Schaeffer.

Chairperson Clarke has gotten some specific emails he will forward on to her.

A motion was made by Clear, seconded by Her, to create an EDC subcommittee to review the TIF Policy. The motion passed by voice vote.

The meeting was Recessed at 6:00 pm.

The meeting was Reconvened at 6:06 pm.

Present: 6 -

Mark Clear; Douglas S. Nelson; Peng Her; Susan M. Gleason; Sandra J. Torkildson and Edward G. Clarke

Excused: 4 -

Joseph W. Boucher; Victoria S. Selkove; Richard A. Slone and Ralph Kauten

4 [11522](#)

Prioritization and discussion of the implementation of the City of Madison 3-5 Year Strategic Economic Development Implementation Plan recommendations

Attachments: [ED Work Plan 10-11-08.pdf](#)
[ED Plan 9-16-08.pdf](#)
[Current & Potential OBR Activities memo090308.pdf](#)
[Alderspersons E D Plan Recommendations090308.pdf](#)
[recommendationscolorchart.pdf](#)
[Other Potential Priorities for Economic Development.pdf](#)
[Konkelresolution080508.pdf](#)
[EDrecommendationsdateorder.pdf](#)

Mr. Matthew Mikolajewski, Manager of the Office of Business Resources, distributed his memo to the EDC outlining the workplan for the OBR in 2009. He explained the work plan is organized by the Economic Development Plan recommendations. Mr. Mikolajewski noted the addition of a new item under Recommendation #1-Other. This addition is the SBAC Road Construction Task Force.

In Recommendation #2 new items are the Small Business Conference, the Workforce Summit, Business Requests, Business Prospects, and Research. Recommendation #3 includes the Truman Olson Army Reserve Center Disposition as a new item.

The preparation of the 2010 Economic Development Work Plan was added in response

to a Council suggestion for this prior to the start of the 2010 budget cycle.

Chairperson Clarke asked who in the City is dealing with the housing changes around the UW Campus that are occurring as new student housing is being constructed and the older houses are becoming vacant.

Ms. Torkildson liked the Bassett Neighborhood TIF program to promote owner occupancy in this area.

Mr. Mikolajewski will follow-up with this for a future EDC meeting.

5 [11525](#) Discussion of Workforce Development Subcommittee

Mr. Mikolajewski handed out Ms. Vicky Selkove's email explaining the subcommittee's work and plan to hold a Workforce Development Summit in 2009. The Workforce Subcommittee will meet before the Nov. 5 EDC meeting and have more details about the proposed summit for that meeting.

9 [12303](#) Transit and Occupancy Tax (TOT) Study Committee Update

Attachments: [TOT Study Committee Cover Memo.pdf](#)
 [TOT Recommendations Final Report.pdf](#)

Chairperson Clarke explained the Mayor proposes to use \$1 million from the room tax for general tax purposes in the 2009 budget. He would like to discuss this further at the Nov. 5 EDC meeting as tourism is an economic development activity.

Ms. Torkildson asked if this would include establishing guidelines for what to do with the room tax fund revenues.

7 [12258](#) Zoning Code Update

There was no update. The EDC would like to hear more about this at future meetings.

8 [12259](#) Downtown Plan Update

There was no update. The EDC would like to hear more about this at future meetings.

3 [12256](#) Update on Economic Development Division Director

Alder Clear said 44 applicants responded to the job posting. The Human Resources Department certified 33 of the applicants and a panel will finish grading these applications by October 17, 2008. Interviews will be held and it is hoped that someone will be hired by the end of the year.

2 [12255](#) Update on 2009 Executive and Capital Budgets

Mr. Mikolajewski pointed out the addition of a new position for a CDA/project manager in the budget and \$9,000 for Business Expansion and Retention survey software.

6 [12257](#) 2009 EDC Meeting Schedule

This item will be on the November 5 agenda.

ADJOURNMENT

A motion was made by Torkildson, seconded by Her, to Adjourn. The motion passed by voice vote, and the meeting adjourned at 6:30 pm.