

Budget by Fund

	2018 Actual	2019 Adopted	2020 C2C	2020 Request	\$ Change
General	1,539,972	1,869,894	1,916,264	1,916,264	46,370
Other-Expenditures	-	-	-	-	-
TOTAL	\$ 1,539,972	\$ 1,869,894	\$ 1,916,264	\$ 1,916,264	\$ 46,370

Budget by Service

	2018 Actual	2019 Adopted	2020 C2C	2020 Request	\$ Change
OFFICE OF BUSINESS RESOURCES	722,617	809,819	831,867	808,889	(930)
OFFICE OF REAL ESTATE SERVICES	817,355	1,060,075	1,084,397	1,107,375	47,300
TOTAL	\$ 1,539,972	\$ 1,869,894	\$ 1,916,264	\$ 1,916,264	\$ 46,370

Budget by Major

	2018 Actual	2019 Adopted	2020 C2C	2020 Request	\$ Change
Personnel	1,406,680	1,668,388	1,684,018	1,684,018	15,630
Non-Personnel	67,878	143,600	173,600	173,600	30,000
Agency Billings	65,415	57,906	58,646	58,646	740
TOTAL	\$ 1,539,972	\$ 1,869,894	\$ 1,916,264	\$ 1,916,264	\$ 46,370



Department of Planning & Community & Economic Development

Economic Development Division

Matthew B. Mikolajewski, Director

P.O. Box 2983
Madison, Wisconsin 53701-2983
Phone: (608) 266-4222
Fax: (608) 261-6126
www.cityofmadison.com

Office of Business Resources
Office of Real Estate Services

To: Dave Schmiedicke, Finance Director

From: Matthew B. Mikolajewski

Date: July 10, 2019

Subject: 2020 Economic Development Division Operating Budget Transmittal Memo

The proposed 2020 Economic Development Division (EDD) Operating Budget is a “cost to continue” submission of our adopted 2019 Operating Budget. The most significant change is the proposed addition of a new Real Estate Agent 1 position within the Office of Real Estate Services and the promotion of the Division’s Clerk-Typist from a 0.6 to 1.0 FTE. Both can be accomplished without increasing the Division’s overall Operating Budget.

The Economic Development Division includes two services: Office of Business Resources and Office of Real Estate Services. Our key priorities for 2020 within each of the services include the following:

Office of Real Estate Services (ORES)

- Timely and accurate management of over 500 real estate projects, including property acquisitions, easements, encroachment agreements, and leases
- The sale of City-owned property within the Center for Industry & Commerce and Southeast Madison Business Park
- Maintenance of City-owned real estate holdings
- Continued implementation of the City’s TIF Program, to likely include underwriting TIF projects and the implementation of new TIF Districts

Office of Business Resources (OBR)

- Providing a timely response to all business and developer inquiries
- Completing proactive business retention and expansion visits, including at least two “Business Walks”
- Successful management of City economic development programs, to include the Healthy Retail Access Program, Cooperative Enterprise Development Fund, and Kiva Madison
- Construction of the Madison Public Market

- Continued work on Priority 1 projects outlined in the *Connect Madison* economic strategy
- Successful management of the street vending and sidewalk café programs

The most significant change in our 2020 Operating Budget request from the adopted 2019 Operating Budget is the addition of a new Real Estate Agent 1 position and the promotion of the Division's Clerk-Typist position from a 0.6 FTE to a 1.0 FTE. The Office of Real Estate Services Operating Budget has always fully-funded all of the Real Estate Agent positions. In reality, on average, Real Estate Agents bill approximately 14% of their time to capital projects within the Capital Budget, and as a result, the actual expenditure for personnel out of the Office of Real Estate Services Operating Budget is consistently at least 14% under budget. A new Real Estate Agent 1 position could be added using this approximate 14% "savings" without increasing the overall budget of the Office of Real Estate Services.

TIF Staff charge all or part of their time to TIDs. The Office of Real Estate Services Manager is fully funded in the Operating Budget; however, he devotes about 20% of this time to TIF management. If this 20% of the Manager's time was billed to TIDs, it would make available enough "salary savings" within the existing Office of Real Estate Services budget to increase the 60% Clerk-Typist to full-time.

The Office of Real Estate Services often manages over 500 projects at any one time. This is an increase over the historic number of projects being completed with little indication that the Office will return to lower historic levels. Another Real Estate Agent is needed to keep-up with the growing demands of the Office. In a similar manner, increasing the 60% Clerk Typist position to full-time will afford greater support for the Office's growing demands.

Proposed staffing of the Office of Business Resources remains unchanged from 2019 levels. Supplies and Purchased Services have been adjusted Division-wide to better allocate funding by service; however, the overall Supplies and Purchased Services budget for the Division is consistent with the Cost to Continue direction that was provided.

Please do not hesitate to let me know if you have any questions regarding our request. I look forward to working with you, your team, and the Mayor on the preparation of the 2020 Operating Budget.

2020 Operating Budget Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Economic Development Division

SELECT YOUR AGENCY'S SERVICE:

Office of Business Resources

SERVICE NUMBER:

632

SERVICE DESCRIPTION:

This service helps businesses locate, open, or expand within the City of Madison by directing businesses toward financial and technical assistance programs available through the City and other sources. This service also guides businesses through City permitting and approval processes, facilitates appropriate space for business development through participation in City land use planning efforts, and maintains and provides demographic/community information to businesses. The goal of this service is to be a point of contact for all businesses, assist in economic development programs and initiatives, and to grow the local economy.

Part 1: Base Budget Proposal

BUDGET INFORMATION

	2017 Actual	2018 Adopted	2018 Actual	2019 Adopted	2020 C2C	2020 Request
<i>Budget by Fund</i>						
General-Net	\$676,255	\$665,312	\$722,617	\$809,819	\$831,867	\$808,889
Other-Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total</i>	<i>\$676,255</i>	<i>\$665,312</i>	<i>\$722,617</i>	<i>\$809,819</i>	<i>\$831,867</i>	<i>\$808,889</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Personnel	\$619,599	\$605,415	\$658,901	\$701,745	\$693,793	\$693,793
Non-Personnel	\$30,459	\$33,700	\$37,520	\$83,700	\$113,700	\$90,722
Agency Billings	\$26,197	\$26,197	\$26,197	\$24,374	\$24,374	\$24,374
<i>Total</i>	<i>\$676,255</i>	<i>\$665,312</i>	<i>\$722,618</i>	<i>\$809,819</i>	<i>\$831,867</i>	<i>\$808,889</i>
FTEs		6.80		6.80	6.94	6.94

PRIORITY

Citywide Element Economy and Opportunity

Describe how this service advances the Citywide Element:

The Economy and Opportunity Element of the Comprehensive Plan includes strategies such as: supporting small business and entrepreneurship, retaining and attracting employers, and supporting jobs that pay a family-supporting living wage. These strategies are core to the work of the Office of Business Resources.

ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Vending (6320)	20%	Management of the City's Street Vending and Sidewalk Cafe Programs.
Economic Development Assistance (6321)	80%	Direct work with entrepreneurs and businesses interested in investing in Madison, as well as managing economic development programs and projects.

Insert item

SERVICE BUDGET CHANGES

Service Impact

What is the proposed change to the service's budget from cost to continue to agency request?

\$(22,978)

What are the service level impacts of the proposed funding changes?

The overall Economic Development Division budget remains consistent with the cost to continue. There is some reallocation of funding between the Office of Business Resources and the Office of Real Estate Services as more fully described below.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service?

Type	Fund	Amount	Description
Perm Wages	<input type="text"/>	<input type="text"/>	<input type="text"/>
Benefits	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total		<input type="text"/>	

Explain the assumptions behind the allocation change.

What is the justification behind the allocation change?

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay?

Type	Fund	Amount	Description
Overtime	<input type="text"/>	<input type="text"/>	<input type="text"/>
Premium Pay	<input type="text"/>	<input type="text"/>	<input type="text"/>
Hourly	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total		<input type="text" value="\$0"/>	

Explain the assumptions behind the requested funding.

What is the justification behind the increased funding?

Revenue

Are you proposing a change to the service's budgeted revenue?

Are you proposing an increase or a decrease to the budgeted revenue?

Fund	Major	Amount	Description
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Insert item

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Fund	Major	Amount	Description
1100	54	(\$30,000)	Transfer from Economic Development Assistance (6321) - Consulting Services (54645) to Acquisitions/Disposals (6330) - Other Services and Expenses (54810).
1100	54	\$7,000	Transfer to Economic Development Assistance (6321) - Other Services and Expenses (54810) from Acquisitions/Disposals (6330) - Consulting Services (54645).

Insert item

Explain the assumptions behind the requested funding.

The \$30,000 transfer out of Economic Development Assistance to Acquisitions/Disposals is for the Employer Housing Study. This item is more appropriately allocated to an Office of Real Estate Services service function.

The \$7,000 transfer into Economic Development Assistance from Acquisitions/Disposals is funding for Business Walks. This item is more appropriately allocated to an Office Business Resources service function.

What is the justification behind the proposed change?

Please see above.

Part 2: Scaling Service Delivery

What amount is 2.5% of the service expenditure budget?

Increase

Explain how you would change the service activities and the level of service as a result of implementing a 2.5% funding increase to this service:

The Economic Development Division would enhance its outreach to the community by increasing its printing and postage budgets by \$5,000.

The Economic Development Division would pilot the Equity Business Initiative (EBI) by using \$15,797 to provide a match to City of Madison Kiva loan businesses owned by a person of color.

Explain the changes by major expenditure category that your agency would implement as a result of a 2.5 % funding increase to this service:

This request would increase the following within Economic Development Assistance (6321):

- Printing (53120) by \$3,500
- Postage (53150) by \$1,500
- Other Services (54810) by \$15,797

Would the changes include an increase to permanent staffing levels for this service? If yes, FTEs:

What impacts would City residents and visitors experience if this service is provided a 2.5% increase in funding?

Although email and web-based communication dominate, printed materials are still an important tool when working with businesses and entrepreneurs. In recent years, OBR has provided new printed materials to communicate to diverse business owners. An increase to our printing and postage budgets will allow us to create and mail more materials to business owners, and will allow us to have more materials translated to reach a wider audience.

Piloting the Kiva loan match component of the Equity Business Initiative (EBI) will allow the Economic Development Division to directly assist a couple of local businesses owned by a person of color.

Decrease

Explain how you would change the service activities and the level of service as a result of implementing a 2.5% funding decrease to this service:

The Economic Development Division would eliminate our Advertising budget, a portion of the Business Walk budget, and reduce Conference/Training for Office of Business Resources staff.

Explain the changes by major expenditure category that your agency would implement as a result of a 2.5 % funding decrease to this service:

The following reductions are proposed for the Economic Development Assistance (6321) service:

- Eliminate \$10,000 from Advertising Services (54650)
- Reduce Business Walk budget by \$5,000 through a \$5,000 reduction in Other Services and Expenses (54810)
- Reduce Conferences and Training (54520) budget by \$6,000.

Would the changes include a decrease to permanent staffing levels for this service? If yes, FTEs:

What impacts would City residents and visitors experience if this service is provided a 2.5% decrease in funding?

A large portion of our annual Advertising Services budget is used to promote the City of Madison within the MadREP annual promotional magazine. Purchasing advertising space grants us access to almost unlimited copies of the magazine that we in-turn provide to many businesses and site selectors throughout the year. We view this as a useful, cost effective tool for marketing the City. The impact of not including it in the budget is that we would not be visible within this regional magazine and we would no longer have a piece of promotional material to provide to interested individuals.

The current \$12,000 available in the Economic Development Division budget allows us to complete two Business Walks per year. Reducing \$5,000 from the Business Walk budget would mean that we are likely only able to complete one walk. Business Walks are a cost effective way to reach a large number of businesses and uncover issues that would otherwise go unnoticed. Reducing funding to only one walk per year will reduce the exposure that the City is able to have with the business community through these walks.

Conferences and training help our staff grow professionally and often generate a wealth of ideas that can be applied to the City of Madison. Through a \$6,000 reduction, we will only have \$500 available for each staff member of the Office of Business Resources. Over time, this will likely be marked by a reduction of the skills of our staff, and could lead to challenges regarding recruitment and retention of staff.

Submit

2020 Operating Budget

Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Economic Development Division

SELECT YOUR AGENCY'S SERVICE:

Office of Real Estate Services

SERVICE NUMBER:

633

SERVICE DESCRIPTION:

This service acquires all real estate needed by City agencies, including real estate for road construction projects. This service also leases property needed for City services, provides relocation assistance to individuals and businesses displaced by acquisitions, manages private use of public property (often street right of way) through leases, easements, and encroachment agreements, maintains and sells property within City business parks, manages and sells surplus City property, and administers the City's Tax Increment Financing (TIF) program. The goals of this service are transparent and efficient acquisition and management of property for City purposes, maximizing return on investment of public dollars (e.g., tax base, jobs, and infrastructure), and balancing the needs and wants of businesses, developers, residents, and policy makers.

Part 1: Base Budget Proposal

BUDGET INFORMATION

	2017 Actual	2018 Adopted	2018 Actual	2019 Adopted	2020 C2C	2020 Request
<i>Budget by Fund</i>						
General-Net	\$707,923	\$917,763	\$817,355	\$1,060,075	\$1,084,397	\$1,107,375
Other-Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total</i>	<i>\$707,923</i>	<i>\$917,763</i>	<i>\$817,355</i>	<i>\$1,060,075</i>	<i>\$1,084,397</i>	<i>\$1,107,375</i>
<i>Budget by Major</i>						
Revenue	\$0	(\$30,000)	\$0	\$0	\$0	\$0
Personnel	\$612,204	\$825,645	\$747,779	\$966,643	\$990,225	\$990,225
Non-Personnel	\$55,183	\$82,900	\$30,358	\$59,900	\$59,900	\$82,878
Agency Billings	\$40,537	\$39,218	\$39,218	\$33,532	\$34,272	\$34,272
<i>Total</i>	<i>\$707,924</i>	<i>\$917,763</i>	<i>\$817,355</i>	<i>\$1,060,075</i>	<i>\$1,084,397</i>	<i>\$1,107,375</i>
FTEs		8.42		9.01	9.37	9.44

PRIORITY

Citywide Element Economy and Opportunity

Describe how this service advances the Citywide Element:

The Economy and Opportunity Element of the Comprehensive Plan includes strategies such as: supporting small businesses and entrepreneurship, retaining and attracting employers, and ensuring an adequate supply of sites for a wide variety of employers to operate and grow. These strategies are core to the work of the Office of Real Estate Services.

ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Acquisitions/Disposals	100	This activity includes all real estate functions of the City as well as the management of Tax Increment Finance (TIF).

Insert item

SERVICE BUDGET CHANGES

Service Impact

What is the proposed change to the service's budget from cost to continue to agency request?

\$22,978.00

What are the service level impacts of the proposed funding changes?

The overall Economic Development Division budget remains consistent with the cost to continue. There is some reallocation of funding between the Office of Business Resources and the Office of Real Estate Services as more fully described below.

Further, although the Office of Real Estate Services budget proposes an increase in staffing, per the explanation below, it can be done in such a way that will have no impact on the cost to continue budget.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service? ▼

Type	Fund	Amount	Description
Perm Wages	<input type="text" value="1100"/>	<input type="text" value="\$77,795"/>	<input type="text" value="Add a Real Estate Agent 1 and increase 60% Clerk Typist to full time"/>
Benefits	<input type="text" value="1100"/>	<input type="text" value="\$18,762"/>	<input type="text" value="Add a Real Estate Agent 1 and increase 60% Clerk Typist to full time"/>
Total		<input type="text" value="\$96,557"/>	

Explain the assumptions behind the allocation change.

The Office of Real Estate Services Operating Budget has always fully-funded all of the Real Estate Agents. In reality, on average, Real Estate Agents bill approximately 14% of their time to capital projects within the Capital Budget, and as a result, the actual expenditure for personnel out of the Office of Real Estate Services operating budget is consistently at least 14% under budget. A new Real Estate Agent 1 position could be added using this approximate 14% "savings" without increasing the overall budget of the Office of Real Estate Services.

TIF Staff charge all or part of their time to TIDs. The Office of Real Estate Services Manager is fully funded in the Operating Budget; however, he devotes about 20% of this time to TIF management. If this 20% of the Manager's time was billed to TIDs, it would make available enough salary savings within the existing Office of Real Estate Services budget to increase the 60% Clerk-Typist to full-time.

What is the justification behind the allocation change?

The Office of Real Estate Services often manages over 500 projects at any one time. This is an increase over the historic number of projects with little indication that the Office will return to lower historic levels. Another Real Estate Agent is needed to help keep-up with the growing demands of the Office. In a similar manner, increasing the 60% Clerk Typist position to full-time will afford greater support for the Office's growing demands.

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay? ▼

Type	Fund	Amount	Description
Overtime	<input type="text"/>	<input type="text"/>	<input type="text"/>
Premium Pay	<input type="text"/>	<input type="text"/>	<input type="text"/>
Hourly	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total		<input type="text" value="\$0"/>	

Explain the assumptions behind the requested funding.

What is the justification behind the increased funding?

Revenue

Are you proposing a change to the service's budgeted revenue?

▼

Are you proposing an increase or a decrease to the budgeted revenue?

▼

Fund	Major	Amount	Description
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Yes

<i>Fund</i>	<i>Major</i>	<i>Amount</i>	<i>Description</i>
1100	54	\$30,000	Transfer to Acquisitions/Disposals (6330) - Other Services and Expenses (54810) from Economic Development Assistance (6330) - Consulting Services (54645)
1100	54	(\$7,000)	Transfer from Acquisitions/Disposals (6330) - Consulting Services (54645) to Economic Development Assistance (6321) - Other Services and Expenses (54810)

Insert item

Explain the assumptions behind the requested funding.

The \$30,000 transfer out of Economic Development Assistance to Acquisitions/Disposals is for the Employer Housing Study. This item is more appropriately allocated to an Office of Real Estate Services service function.

The \$7,000 transfer from Acquisitions/Disposals to Economic Development Assistance is funding for Business Walks. This item is more appropriately allocated to an Office of Business Resources service function.

What is the justification behind the proposed change?

Please see above.

Part 2: Scaling Service Delivery

What amount is 2.5% of the service expenditure budget?

Increase

Explain how you would change the service activities and the level of service as a result of implementing a 2.5% funding increase to this service:

Increase the Clerk-Typist position from 60% to full-time.

Explain the changes by major expenditure category that your agency would implement as a result of a 2.5 % funding increase to this service:

Within Acquisitions/Disposals (6330), add the following:

- \$17,735 to Permanent Wages (51110)

- \$2,700 to Benefits (52)

Would the changes include an increase to permanent staffing levels for this service? Yes If yes, FTEs:

What impacts would City residents and visitors experience if this service is provided a 2.5% increase in funding?

As noted earlier, the Office of Real Estate Services workload has been increasing over time. Increasing the staff capacity of ORES will enable more efficient and effective work by the staff. This will in-turn benefit residents, business owners, and developers that depend on real estate related projects (including road construction) to be completed.

Decrease

Explain how you would change the service activities and the level of service as a result of implementing a 2.5% funding decrease to this service:

Eliminate \$30,000 of funding for the Employer Housing Study.

Explain the changes by major expenditure category that your agency would implement as a result of a 2.5 % funding decrease to this service:

Reduce Acquisitions/Disposals (6330) - Other Services and Expenses (54810) by \$30,000.

Would the changes include a decrease to permanent staffing levels for this service? No If yes, FTEs:

What impacts would City residents and visitors experience if this service is provided a 2.5% decrease in funding?

The last Employer Housing Study benefited greatly from a survey completed by an external provider. The majority of this funding was used for that purpose. Although staff would still be able to update the Employer Housing Study without this data, the quality of the work would likely be reduced.

Submit