

**Economic Development****Function: Planning & Development***Budget Overview*

## Agency Budget by Fund

	<b>2018 Actual</b>	<b>2019 Adopted</b>	<b>2019 Actual</b>	<b>2020 Adopted</b>	<b>2021 C2C</b>	<b>2021 Request</b>
General	1,539,972	1,869,894	1,692,343	2,006,377	2,071,186	2,071,186
Other Grants	-	-	46,994	-	-	-
<b>TOTAL</b>	<b>\$ 1,539,972</b>	<b>\$ 1,869,894</b>	<b>\$ 1,739,337</b>	<b>\$ 2,006,377</b>	<b>\$ 2,071,186</b>	<b>\$ 2,071,186</b>

## Agency Budget by Service

	<b>2018 Actual</b>	<b>2019 Adopted</b>	<b>2019 Actual</b>	<b>2020 Adopted</b>	<b>2021 C2C</b>	<b>2021 Request</b>
Office of Business Resources	722,617	809,819	861,124	891,696	944,298	931,581
Office of Real Estate Services	817,355	1,060,075	878,213	1,114,681	1,126,888	1,139,605
<b>TOTAL</b>	<b>\$ 1,539,972</b>	<b>\$ 1,869,894</b>	<b>\$ 1,739,337</b>	<b>\$ 2,006,377</b>	<b>2,071,186</b>	<b>2,071,186</b>

## Agency Budget by Major-Expenses

	<b>2018 Actual</b>	<b>2019 Adopted</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 C2C</b>	<b>2021 Request</b>
Salaries	1,115,376	1,335,447	1,197,073	1,399,314	1,429,597	1,429,597
Benefits	291,304	332,941	318,434	357,093	400,253	400,253
Supplies	8,687	10,500	10,325	18,842	12,842	12,025
Purchased Services	59,191	133,100	155,600	168,258	167,890	168,707
Debt & Other Financing	-	-	-	-	-	-
Inter Depart Charges	65,415	62,130	62,130	62,870	60,604	60,604
Inter Depart Billing	-	(4,224)	(4,224)	-	-	-
Transfer Out	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,539,972</b>	<b>\$ 1,869,894</b>	<b>\$ 1,739,337</b>	<b>\$ 2,006,377</b>	<b>\$ 2,071,186</b>	<b>\$ 2,071,186</b>



Department of Planning & Community & Economic Development

## Economic Development Division

Matthew B. Mikolajewski, Director

P.O. Box 2983  
Madison, Wisconsin 53701-2983  
Phone: (608) 267-8737  
Fax (608) 261-6126  
[www.cityofmadison.com](http://www.cityofmadison.com)

Office of Business Resources  
Office of Real Estate Services

**To: Mayor Satya Rhodes-Conway**

**From: Matthew B. Mikolajewski**

**Date: July 10, 2020**

**Subject: 2021 Operating Budget: Transmittal Memo**

Consistent with the Mayor's budget instructions, the Economic Development Division has submitted a budget that aligns with its cost-to-continue target. The small changes in the submitted 2021 budget primarily serve to better align the budget with anticipated expenses.

### ***Major Goals***

The Economic Development Division includes two services: Office of Business Resources and Office of Real Estate Services. Our key priorities for 2021 within each of the services include the following:

#### **Office of Business Resources (OBR)**

- In close collaboration with the Community Development Division, develop and deliver the Small Business Equity and Recovery (SBER) program, which is included in the capital budget
- Supporting the third year of Kiva Madison, which is an online lending platform that directly connects funding from the community to local businesses and entrepreneurs
- Utilizing existing City economic development programs, including the Healthy Retail Access Program and Cooperative Enterprise Development Fund, to support sustained recovery in the business community
- Successful management of the street vending, streatery, and sidewalk café programs, which are important options for businesses to offer socially-distant food service options
- Providing timely responses to all business and developer inquiries

#### **Office of Real Estate Services (ORES)**

- Land banking key properties to support equitable and sustainable growth in the City
- 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

### ***COVID Response and Recovery***

The Economic Development Division has successfully transitioned to providing services remotely, which

would not have been possible without the tireless work and ingenuity of Information Technology colleagues. In 2021, we are planning to continue primarily working remotely for the safety of residents, staff, and City colleagues. If public health conditions improve significantly over the coming months, we will pursue opportunities to open office space during regular hours. At this time, there has not been significant demand from the public or City colleagues for face-to-face services.

### ***2021 Request & Equity***

The COVID-19 pandemic has disproportionately impacted small-businesses, particularly those owned by people of color. These businesses had fewer resources than large corporations to quickly respond to consumer demands for contactless services and online purchasing. Additionally, small businesses may not have the expertise or connections to take advantage of federal or state recovery programs.

The Small Business Equity and Recovery Program, which is part of the capital budget request, is a major realignment and investment in local businesses and entrepreneurs. If the program is approved, staff work plans will be realigned to prioritize this work for the next three years.

As we launch and support the Small Business Equity and Recovery Program, we will also examine other City business development initiatives, such as our Tax Increment Finance (TIF) program, to identify new opportunities to provide improved family-supporting employment opportunities within communities of color.

### ***2021 Request & Sustainability***

The Madison region has thousands of acres of farmland and open space available for development. Even if development slowed or stopped within the City of Madison, there is more than enough space to accommodate growing businesses and residential development within the suburban communities that surround us. This development in outlying areas may; however, increase use of single-occupancy vehicles, have detrimental impacts on the region's stormwater management system, and generally increase the carbon footprint of the region's residents and employees. This runs contrary to the environmental sustainability goals of the City.

Economic Development Division staff spend almost all of their time supporting the creation, retention, and expansion of businesses within the City of Madison, completing the real estate work needed to support private residential and commercial development, and managing real estate activities needed for public infrastructure projects that in turn support private development within the community. The overarching goal of these efforts is to insure that as much of our region's development occurs within the City of Madison itself. We provide the best alternatives to single-occupancy vehicle use, we have some of the strongest stormwater standards in the region, and we provide some of the densest housing and employment spaces available. The City's sustainability goals are best served by promoting quality development within the central City of our region and our EDD staff help to facilitate that growth every day.

### ***Major Changes in the 2021 Operating Request***

As requested, I have carefully considered opportunities to reduce the agencies operating budget by five percent. The Economic Development Division is a relatively small agency with only 19 staff and limited budget authority for business programming and administration. A reduction in the operating budget of this size must impact staffing levels.

I propose that a vacant real estate specialist position be held open through 2021 and that the City reduce its contribution to the Madison Regional Economic Partnership (MadREP) from \$50,000 to \$30,000 per year. MadREP is the economic development agency for the eight-county Madison region.

The real estate specialist position is a critical position on our team for capturing revenue from City easements, leases, and property sales. At the end of 2021, the City will have completed its initial obligation to the Kiva program, and the associated budget authority from the program will be reallocated to filling the real estate specialist position in 2022. Due to the critical nature of the position, I will continue to look for opportunities in 2021 to find any budget savings to hire the position sooner.

Please do not hesitate to let me know if you have any questions regarding our request. I look forward to working with you and your team on the preparation of the 2021 Operating Budget.

Cc: Deputy Mayors  
Matt Wachter, Director, Dept. of Planning and Community and Economic Development  
Adam Pfof, DPCED Budget and Performance Excellence Manager  
Budget & Program Evaluation Staff

# 2021 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

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$722,617	\$809,819	\$814,130	\$891,696	\$944,298	\$931,581
Other-Expenditures	\$0	\$0	\$46,994	\$0	\$0	\$0
<i>Total</i>	<i>\$722,617</i>	<i>\$809,819</i>	<i>\$861,124</i>	<i>\$891,696</i>	<i>\$944,298</i>	<i>\$931,581</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Personnel	\$658,901	\$701,745	\$708,492	\$726,600	\$779,366	\$765,832
Non-Personnel	\$37,520	\$83,700	\$128,258	\$140,722	\$140,558	\$141,375
Agency Billings	\$26,197	\$24,374	\$24,374	\$24,374	\$24,374	\$24,374
<i>Total</i>	<i>\$722,618</i>	<i>\$809,819</i>	<i>\$861,124</i>	<i>\$891,696</i>	<i>\$944,298</i>	<i>\$931,581</i>
FTEs		6.80		7.10	7.10	7.10

### PRIORITY

Citywide Element

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
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.
Vending (6320)	20	Management of the City's Street Vending and Sidewalk Cafe Programs.

### SERVICE BUDGET CHANGES

Service Impact

What is the proposed change to the service's budget from cost to continue to agency request? \$817

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

The overall Economic Development Division budget remains consistent with the cost to continue.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service? No

Type	Fund	Amount	Description
Perm Wages			
Benefits			
<b>Total</b>		\$0	

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? No

Type	Fund	Amount	Description
Overtime			
Premium Pay			
Hourly			
<b>Total</b>		\$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?

No

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

Select...

Fund	Major	Amount	Description

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?

Select...

Fund	Major	Amount	Description

Explain the assumptions behind the requested funding.

What is the justification behind the increased funding?

## Part 2: Proposed Budget Reduction

What is 5% of the agency's net budget?

\$103,559.3

What is the proposed reduction to this service's budget?

\$19,710

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

Activity	\$Amount	Description
Economic Development Assistance	19,710	Reduce MadREP contribution from \$50K to \$30K in 2021 and to \$15K in 2022 to align with EDDs original commitment to MadRep.
<b>Total</b>	<b>\$19,710</b>	

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

Name	\$ Amount	Description
Personnel		
Non-Personnel	\$19,710	Reduce MadREP contribution from \$50K to \$30K in 2021 and to \$15K in 2022 to align with EDD's original commitment. In conjunction with this reduction, we also propose to hold open the Real Estate Specialist 3 Position in 2021 and underfill the position as a Real Estate Specialist 1 or 2 in 2022. This is reflected in our Office of Real Estate Service worksheet ORG/OBJ 63330-51110-00000. In 2022, the City will complete its initial obligation to the Kiva program, and the associated budget authority from the program will be reallocated to hiring the Real Estate Specialist position.
Agency Billings		
<b>Total</b>	<b>\$19,710</b>	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

While not mandated, the City has made contributions to MadREP over the past several years.

Has this reduction been proposed in prior years?

No

Does the proposed reduction result in eliminating permanent positions?

No

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

No

If yes, which agencies:

Describe why the proposed reduction was chosen.

The impact to MadREP of the City's contribution is minimal; however it is a large portion of the OBR non-personnel budget authority.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

The Office of Business Resources will continue to support Madison and local businesses. The impact will be financial, not service related.





# 2021 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

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$817,355	\$1,060,075	\$878,213	\$1,114,681	\$1,126,888	\$1,139,605
Other-Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total</i>	<i>\$817,355</i>	<i>\$1,060,075</i>	<i>\$878,213</i>	<i>\$1,114,681</i>	<i>\$1,126,888</i>	<i>\$1,139,605</i>
<i>Budget by Major</i>						
Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Personnel	\$747,779	\$966,643	\$807,015	\$1,029,807	\$1,050,484	\$1,064,018
Non-Personnel	\$30,358	\$59,900	\$37,667	\$46,378	\$40,174	\$39,357
Agency Billings	\$39,218	\$33,532	\$33,532	\$38,496	\$36,230	\$36,230
<i>Total</i>	<i>\$817,355</i>	<i>\$1,060,075</i>	<i>\$878,213</i>	<i>\$1,114,681</i>	<i>\$1,126,888</i>	<i>\$1,139,605</i>
FTEs		9.01		9.88	9.88	9.88

### PRIORITY

Citywide Element

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 insuring 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 management of Tax Incremental Finance (TIF).

### SERVICE BUDGET CHANGES

Service Impact

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

2021 Operating Budget: Agency Reuquests

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

The overall Economic Development Division budget remains consistent with the cost to continue.

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"/>
<b>Total</b>		<input type="text" value="\$0"/>	

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"/>
<b>Total</b>		<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?

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

Explain the assumptions behind the requested funding.

What is the justification behind the increased funding?

**Part 2: Proposed Budget Reduction**

What is 5% of the agency's net budget?

\$103,559.3

What is the proposed reduction to this service's budget?

\$83,850

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

Activity	\$Amount	Description
Acquisitions/Disposals	83,850	The Economic Development Division is a relatively small agency with only 19 staff and limited budget authority for business programming and administration. A reduction in the operating budget of this size must impact staffing levels. The Real Estate Specialist position is a critical position on our team for capturing revenue from City easements, leases, and property sales. However, to meet the 5% reduction, we propose that the currently vacant position be held open through 2021.
<b>Total</b>	<b>\$83,850</b>	

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

Name	\$ Amount	Description
Personnel	\$83,850	Hold open Real Estate Specialist 3 position (0695, Job Class H340 ORG/OBJ 63330-51110-00000, allocation 632015) in 2021 and underfill the position as a Real Estate Specialist 1 or 2 in 2022, enabling ORES to reduce its salary expenditure moving forward. In addition, our Kiva obligation will have expired at the end of 2021, freeing up an additional \$50K to allow EDD a reduced cost to continue in 2022. In conjunction with this reduction, we also propose to reduce our 2021 and 2022 contribution to MadREP - this is reflected in our Office of Business Resources Service worksheet ORG/OBJ 63221-54535-00000.
Non-Personnel		
Agency Billings		
<b>Total</b>	<b>\$83,850</b>	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

The real estate specialist position is a critical position on our team and for capturing revenue from City easements, leases, and property sales.

Has this reduction been proposed in prior years?

No

Does the proposed reduction result in eliminating permanent positions?

No

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Yes

If yes, which agencies:

The ability for timely response to partner agencies (nearly all city agencies) will be diminished

Describe why the proposed reduction was chosen.

With limited budget authority for business programming and administration a reduction in the operating budget of this size must impact staffing levels. To meet the 5% reduction, holding open the vacant Real Estate Specialist position prevents elimination of a position within the division.  
2021 Operating Budget: Agency Reuquests

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

The Real Estate Specialist position is a critical position on our team and is essential for capturing revenue from City easements, leases, and property sales. This position interacts not only with City agency partners, but also with members of public and private sectors.

v. 06-01-20