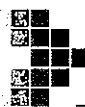
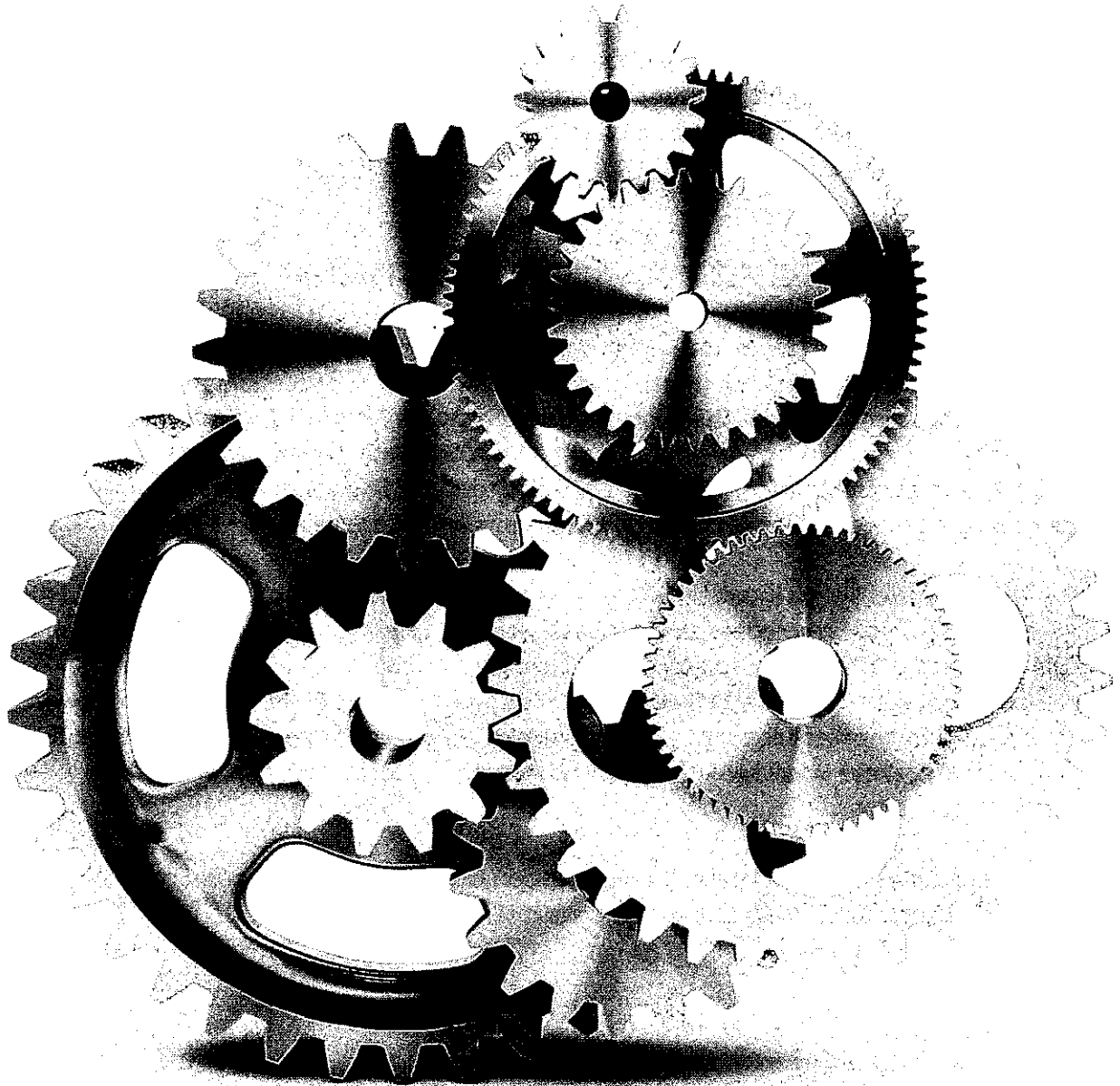


ASSEMBLING THE PARTS

*An examination of Milwaukee's
economic development landscape*



Public Policy Forum

moving the region forward

ABOUT THE PUBLIC POLICY FORUM

Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide policymakers, business leaders and citizens in the Milwaukee region with information that will allow them to better understand the range of economic development activities being pursued by the City of Milwaukee government and private sector leaders. We hope that government and community leaders will use the report's findings to inform discussions during upcoming policy debates, budget deliberations, and civic gatherings regarding economic development programs and strategies in our region.

Report authors would like to thank the Forum's Economic Development Committee, consisting of 20 Public Policy Forum members and Trustees, for proposing the subject of this report and providing guidance during the research process. In addition, we would like to thank the leadership and budget staff of the City of Milwaukee Department of City Development, as well as staff and leaders from other economic development organizations examined in this report, for all of their assistance in providing budget and programmatic information and patiently answering our questions.

Finally, we wish to thank the Helen Bader Foundation for its grant to the Forum for economic development research that made this report possible.

ASSEMBLING THE PARTS

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November 2011

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION.....	5
ECONOMIC DEVELOPMENT DEFINED	7
The Goals and Process of Economic Development.....	7
A Definition of Economic Development.....	8
Economic Development Participants in Milwaukee	8
RECENT CHANGES TO MILWAUKEE’S ECONOMIC DEVELOPMENT LANDSCAPE	10
Strategic Changes.....	11
Redevelopment Efforts	12
Wisconsin Economic Development Corporation	12
THE CITY OF MILWAUKEE AND ITS ROLE IN ECONOMIC DEVELOPMENT.....	14
Redevelopment Authority of the City of Milwaukee	23
Milwaukee Economic Development Corporation.....	25
Summary	27
OTHER KEY ECONOMIC DEVELOPMENT PRACTITIONERS	28
Milwaukee 7.....	30
Milwaukee Water Council.....	32
BizStarts Milwaukee.....	34
Wisconsin Women’s Business Initiative Corporation (WWBIC)	36
Milwaukee County Economic Development.....	38
Summary	40
MAPPING MILWAUKEE’S MAJOR ECONOMIC DEVELOPMENT PLAYERS	42
ADDRESSING THE GAPS.....	47
Portland, OR.....	48
St. Paul, MN.....	49
Pittsburgh, PA	52
Oklahoma City, OK	54
Cleveland, OH (Northeast Ohio)	56
CONCLUSION	58
APPENDIX A: PUBLIC POLICY FORUM ECONOMIC DEVELOPMENT COMMITTEE	63
APPENDIX B: TOOLS & ACTIVITIES OF ECONOMIC DEVELOPMENT PARTICIPANTS IN MILWAUKEE.....	64

EXECUTIVE SUMMARY

In a 2006 analysis of City of Milwaukee economic development efforts, the Public Policy Forum lamented the absence of a comprehensive economic plan, suggesting such a plan was needed to mobilize the city's business, community, and public sector leaders behind a unified agenda.

Five years later, those leaders now appear fully mobilized. City government recently completed a comprehensive plan to guide policy, land use, and development decisions – the first such plan to cover every square mile of Milwaukee. Fresh off a resounding success with the economic rebirth in the Menomonee Valley, city leaders also are focused on similar grand plans for the 30th Street Industrial Corridor and Reed Street Yards. Meanwhile, an impressive array of privately-funded entities has emerged to play pivotal complimentary roles in the city's economic development landscape, with activities ranging from formation of industry clusters, to support for business start-ups and entrepreneurs, to sophisticated efforts to attract new businesses.

Yet, despite the very real progress made on several economic development fronts during the past five years, important questions remain, including several that linger from our 2006 report. Is there appropriate coordination between this new roster of key economic development players? Are the goals and activities of those players guided by a unified economic development vision, and if not, should they be? Who is responsible for defining the community's overall economic development strategies and objectives, and who is accountable for success or failure?

In this report, the Forum re-examines Milwaukee's economic development landscape with those questions in mind. First, we present information on the budgets, activities and tools of eight major economic development players that we deem to be the most prominent in Milwaukee: City of Milwaukee Department of City Development (DCD); Redevelopment Authority of the City of Milwaukee (RACM); Milwaukee Economic Development Corporation (MEDC); Milwaukee 7 (M7); Milwaukee Water Council; BizStarts Milwaukee; Wisconsin Women's Business Initiative Corporation (WWBIC); and Milwaukee County Economic Development.

Next, we “map” the spending, activities and tools of those organizations to determine where there are gaps, where there is overlap, and what are the strengths and weaknesses of the community's overall economic development approach. Finally, after examining several peer cities that have implemented strategies corresponding to some of the weaknesses found in Milwaukee, we present several conclusions about the current state of Milwaukee's economic development efforts and opportunities for improvement.

Key findings from our analysis of Milwaukee's economic development landscape:

- **The Milwaukee area has a sizable number of organizations pursuing economic development activities, and those organizations possess an impressive array of economic development tools.** These groups, ranging from city development agencies to business-led self-improvement districts, have the ability to engage in the provision of low-interest loans, tax breaks, entrepreneurial assistance, workforce development, site assistance, infrastructure development, regional marketing promotions, and many other activities. For prospective

businesses, developers, or entrepreneurs, Milwaukee's economic development toolbox is open and, in many cases, well-stocked.

- **Economic development participants are aware of each other's activities and, in some cases, work closely together.** In some cases, the participants collaborate quite closely, leverage each other's strengths and tools, and interact on a routine basis. DCD, RACM, MEDC, and the M7 are the best examples of entities that have this type of relationship. In other cases, participants provide mutual support through joint marketing efforts and provide one another with staff assistance and financial resources.
- **Significant new economic development efforts have occurred in the past five years, but Milwaukee still lacks a cohesive economic development plan.** Since 2006, the local economic development landscape has undergone significant and largely positive changes. Unfortunately, the city as a whole continues to lack a comprehensive economic development strategy and plan, making it nearly impossible to measure progress and ensure accountability. Because Milwaukee now has so many organizations engaging in positive efforts, the need for an overall plan is even more acute to ensure that the organizations' actions are properly coordinated and they are marching toward the same set of community-wide objectives.
- **The major economic development participants themselves have differing opinions on what the components of a unified economic development strategy should be.** Interviews with dozens of local economic development participants reveal that not all follow or support the same strategies and goals. In particular, there is tension between those who emphasize large and medium-sized business attraction and expansion as the key strategic economic development goal, versus those who prioritize support for local start-up companies and strategies to accelerate the growth of existing small businesses.
- **The city's economic development efforts would benefit from more clearly defined roles and responsibilities for major economic development participants.** While the major economic development participants exhibit various levels of teamwork, there is general confusion among the public and participants themselves about accountabilities and outcomes. This is particularly true for DCD and the M7, each of which is regularly cited as leading local economic development efforts, but neither of which appears appropriately resourced or responsible for creating the conditions that will lead to overall job creation, or loss.

The report concludes by noting that Milwaukee's economic development efforts – while impressive in terms of energy, scope and activity level – still could benefit from enhanced precision, cohesion and accountability. That conclusion is supported by our review of economic development planning and activities in five other metro areas, which demonstrates that such planning is being used elsewhere to meaningfully enhance collaboration and coordination, create new tools, and foster accountability and innovation.

Milwaukee's elected and business leaders should be proud of their efforts to build an economic development infrastructure that has assembled many of the parts needed for success. Now, do they have the patience, skill and camaraderie to transform those parts into a cohesive and strategically organized whole?

INTRODUCTION

The Public Policy Forum assessed the City of Milwaukee's economic development efforts in a highly publicized 2006 report entitled "Growing Up."¹ The report concluded that "unlike the vast majority of its peer cities, the City of Milwaukee has neglected to sit down with stakeholders and map out an economic development plan. Absent a plan or guiding vision, one is left to conclude that the City has and will continue to engage in economic investments, no matter how worthy, in an ad-hoc fashion."

Five years later, the economic development landscape in Milwaukee has changed dramatically. Privately-funded entities such as the Milwaukee 7 and Milwaukee Water Council have become prominent players on the economic development scene, suggesting a level of public-private teamwork and coordination that had been found lacking in 2006. Nevertheless, important questions remain regarding the precise role and responsibilities of city government in carrying out citywide economic development efforts, and in formulating the city's economic development vision.

Those questions have prompted the Forum to re-examine Milwaukee's economic development landscape. After discussion and deliberation by our Economic Development Committee – comprised of Greater Milwaukee business and economic development leaders² – we decided to explore three primary research questions:

1. *Precisely how has the economic development landscape changed over the past five years (e.g. economic challenges, new partnerships, revised strategies)?*
2. *What role does the City of Milwaukee currently play in economic development efforts, and how does that role relate to those played by other leading economic development organizations?*
3. *To what extent is there overlap, or are there gaps, in the broad range of economic development activities pursued by economic development organizations in Milwaukee, and would those activities benefit from better coordination and priority-setting?*

While this report does not reproduce the rigorous analysis of City of Milwaukee economic development investments contained in our 2006 report, it does seek to shed additional insight into the role of the City's Department of City Development (DCD) in a time of tight government budgets and prominent new economic development players. Recognizing that DCD cannot and does not pursue economic development on its own, we also explore the budgets and activities of other major economic development participants. Finally, after analyzing a detailed inventory of key organizations engaged in economic development activities, we discuss the strengths and weaknesses of Milwaukee's cumulative economic development efforts, using an analysis of several peer cities for guidance.

¹ The full report is available at <http://www.publicpolicyforum.org/pdfs/GrowingUp-full.pdf>.

² See Appendix A for a full list of committee members.

It is important to note that in order to ensure a manageable scope and timeline, this report defines “economic development” in an admittedly narrow fashion. Our narrow definition focuses on the areas of job creation and tax base growth, and deliberately omits related aspects like workforce development, neighborhood improvement initiatives, and the role of vocational and higher education. Consequently, another major finding of the 2006 report – that city government could play a much bigger role in ensuring a quality workforce – is not a focus of this report. The Forum instead plans to devote separate research efforts to that topic in the near future, with a report that will assess changes to Milwaukee’s workforce development landscape following creation of the Milwaukee Area Workforce Investment Board; and one that will explore the impacts of public and private sector investments in Milwaukee’s neighborhoods.

This report draws on a variety of information sources to examine and assess the current state of Milwaukee’s economic development policies and activities. Major sources include:

- Financial reports and fiscal documents, such as annual budgets and comprehensive annual financial reports (CAFR).
- Financial information obtained from economic development organizations by request.
- Organizational information obtained from websites, electronic documents, media releases, etc.
- Reports from media outlets, including the Milwaukee Journal Sentinel, The Business Journal Serving Greater Milwaukee, and the Capital Times, among others.
- Personal interviews with government and organizational leaders and staff members.

The creation and growth of new private sector-led economic development organizations in Milwaukee during the past five years unquestionably has generated a bevy of impressive activity in areas like business attraction, cluster development and entrepreneurship, and has spurred several economic development success stories. By taking a step back and mapping the activities of Milwaukee’s major economic development practitioners and the resources being used to further their efforts, we now hope to provide critical perspective to public and private sector leaders on the overall economic development machinery they have created. It is our hope that this perspective will help shape economic development activities during the *next* five years and pave the way for additional success.

ECONOMIC DEVELOPMENT DEFINED

No single definition incorporates all of the different strands of economic development.
--International Economic Development Council (IEDC)³

The Goals and Process of Economic Development

Despite a lack of consensus with regard to its definition, economic development is associated with certain goals, processes, and broad strategies of economic growth. For example, according to the IEDC, “The main goal of economic development is improving the economic well being of a community.”⁴ Others have agreed by suggesting, more specifically, that economic development is intended to create greater wealth for a community and its residents.⁵

Local economic development policies often focus on creating wealth in two ways: by enabling, subsidizing, or incenting more goods and services to be produced in the local area for export or sale to other areas; and/or by replacing goods and services imported to the local area with goods and services produced locally. By supporting local businesses producing these types of goods and services, local economic development initiatives can bring additional wealth into the community in the form of more personal income and higher property values.

Personal income grows as local businesses grow, and new or higher-paying employment opportunities increase. These jobs produce both increased wages for residents and higher local tax revenue.⁶ Thus, job creation has become the cornerstone of economic development policies in municipalities across the country, including Milwaukee. In recent State of the City addresses, Mayor Tom Barrett has emphasized that job creation has been, and continues to be, a primary goal of his administration. Similarly, several public opinion surveys conducted by the Public Policy Forum during the past two years reveal that Greater Milwaukee residents consider jobs to be the paramount issue facing the Milwaukee region.⁷

Higher property values, meanwhile, result from development of underutilized land to create a stronger property tax base, which allows a city to provide additional revenue to support local services such as roads, parks, libraries, and social services.⁸ As reported in the Forum’s June 2011 report, “The Tools in Milwaukee’s Revenue Toolbox,” Milwaukee is particularly reliant on

³ International Economic Development Council: Economic Development Reference Guide, What is Economic Development? http://www.iedconline.org/?p=ED_Reference_Guide.

⁴ International Economic Development Council: Economic Development Reference Guide

⁵ See Bartik, Timothy. 2005. “Economic Development.” In *Management Policies in Local Government Finance*, ed. J. Richard Aronson and Eli Schwartz. Washington DC: International City/County Management Association

⁶ Bartik, Timothy. 2005.

⁷ The *People Speak* survey is a tracking poll conducted by the Forum three times per year in partnership with the University of Wisconsin-Milwaukee’s Center for Urban Initiatives and Research and the *Business Journal Serving Greater Milwaukee*. With the exception of the poll conducted in March 2011—the height of the state budget debate—“jobs” was the most important issue facing the Milwaukee region in every *People Speak* poll since September 2009. In the most recent poll conducted in July 2011, 34% of respondents selected “jobs” as the most important issue facing the region.

⁸ Forman, Maury and James Mooney. 1999. *Learning to lead: a primer on economic development strategies*. Dubuque, IA: Kendall Hunt Pub Co.

its property tax base to fund its operations. Consequently, when tax base growth is mentioned in this report, it is largely referring to an increase in property values. An increase in sales and income tax collections due to stronger retail sales and increased employment also would be considered tax base growth.

A Definition of Economic Development

While job creation and tax base growth are two of the most consistent economic development priorities of local governments, the strategies used to obtain them vary widely. For example, strategies involving the use of tax incentives and real estate financing can create jobs and a larger tax base in a very direct manner, while strategies focused on workforce development and infrastructure improvements are more indirect. Overall, the methods used to achieve economic development objectives largely depend on the specific needs and priorities of the community.

Consequently, any definition of economic development must be able to encompass a variety of different strategies. For this report, economic development will be defined as *the use of a wide array of strategies and policies by local government and private organizations to increase employment opportunities and grow the local tax base.*

Because the definition is necessarily broad, nearly any city department, agency, or civic organization could claim to be an economic development player in a community. For example, because a city with highly educated residents and an abundance of affordable housing opportunities may be well-positioned to achieve economic development goals, the local school district and housing authority might claim to be economic development organizations. In this report, however, we restrict our use of the definition to agencies and organizations whose missions focus specifically on the goals cited in our definition: the creation of additional/improved employment opportunities and a larger local tax base.

Economic Development Participants in Milwaukee

Based on this definition of economic development, internal research, and discussions with local stakeholders and economic development officials, we focus on eight local organizations in this analysis of key economic development practitioners in the City of Milwaukee:

- BizStarts Milwaukee
- City of Milwaukee, Department of City Development
- Redevelopment Authority of the City of Milwaukee
- Milwaukee Economic Development Corporation
- Milwaukee 7
- Milwaukee County Economic Development
- Wisconsin Women's Business Initiative Corporation
- Milwaukee Water Council

Notable exclusions from the list include the City of Milwaukee's Department of Neighborhood Services; the Housing Authority of the City of Milwaukee; the Neighborhood Improvement Development Corporation; tourism-based organizations such as Visit Milwaukee; area-based economic development organizations like the Menomonee Valley Partners, 30th Street Industrial

Corridor Corporation and business improvement districts; business collaborations such as the Metropolitan Milwaukee Association of Commerce and Greater Milwaukee Committee; and educational institutions such as Milwaukee Public Schools and area universities and colleges. Each of those agencies and organizations obviously plays a vital role in the city's economic health, but their primary missions either do not meet our definition of economic development, or the scope of their activities is not citywide or regional in nature.

Also excluded from our analysis are organizations with a primary mission that involves workforce development, such as the Milwaukee Area Workforce Investment Board (MAWIB). While workforce development certainly is a mandatory component of a region's broad economic development strategy, the significant number of agencies, organizations, and institutions in the region that are charged with workforce development responsibilities makes their inclusion in this report prohibitive. A follow-up report with a specific focus on workforce development is planned.

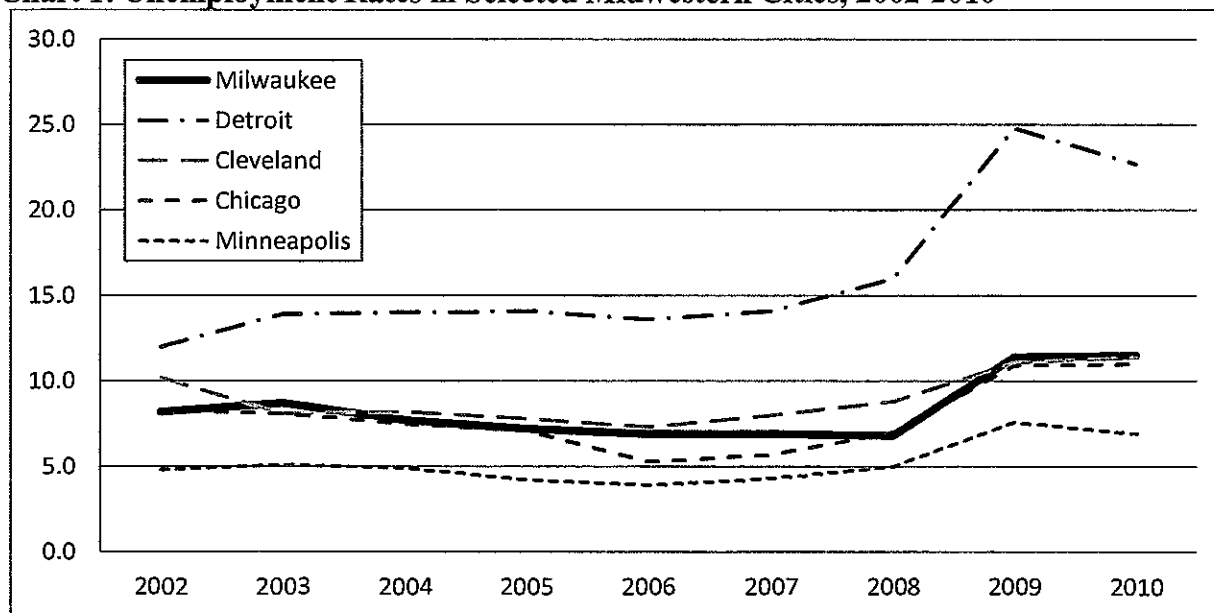
RECENT CHANGES TO MILWAUKEE'S ECONOMIC DEVELOPMENT LANDSCAPE

In our 2006 analysis of the City of Milwaukee's economic development expenditures and activities, we found that the City is a major player in the region's economic development, spending tens of millions of dollars per year mostly on real estate and community development activities. We noted that although, for the most part, these activities were not financed from the City's general fund, it was incumbent upon City officials to provide more information about the City's goals, benchmarks, and returns on investment in order to provide accountability to taxpayers. We also found that transparency was affected by the disjointed nature of the City's various economic development roles and responsibilities.

Since the report's release, much has changed with regard to economic development in the City of Milwaukee. The Milwaukee 7 (M7) has grown to become a pre-eminent economic development player in the region, while the Milwaukee Water Council was launched to establish Milwaukee as the world's "hub" for water-related research, business development and higher education. On the workforce development front, control of federal workforce development funds and the former Private Industry Council (now MAWIB) was transferred from county government to city government. More recently, state government created the public-private Wisconsin Economic Development Corporation to replace the Department of Commerce, potentially signaling a new era of state participation in Milwaukee's economic future.

These impactful developments took hold and progressed almost concurrently with the national economic downturn, which obviously did not spare southeast Wisconsin. In fact, as shown in **Chart 1**, the city's unemployment rate increased dramatically from 2008 to 2009, and in 2010 equaled or exceeded many of its Midwestern peers.

Chart 1: Unemployment Rates in Selected Midwestern Cities, 2002-2010



*Data obtained from the U.S. Bureau of Labor Statistics

These changes presented both considerable challenges and opportunities for economic development leaders in Milwaukee. For the most part, elected officials, investors, developers, and business leaders have responded positively, coming together to strategize, plan, and implement new economic development partnerships and tactics. In this section, we highlight the most significant of these responses in the context of our 2006 findings.

Strategic Changes

In 2006, the Forum found that “the need for a citywide economic development plan is urgent.” We noted that a plan would hold leadership accountable to specific goals, mobilize public and private sector leaders around a unified agenda, and ensure resources are allocated strategically. Since then, much planning activity has occurred in city government—nine of the city’s 13 area plans have been created or updated, and a Citywide Policy Plan has been formulated (these new plans are discussed in detail in the following section). Notably, the first objective of the new Citywide Policy Plan is to ensure the City’s economic development efforts complement those of its local and regional partners.

The number and influence of these partners has grown considerably in the past five years. The M7, for example, now spends \$1.5 million annually to work on business attraction, relocation and expansion. The Milwaukee Water Council promotes the growth of the region’s water industry cluster and includes more than 130 businesses and organizations as members. FUEL Milwaukee focuses on talent recruitment and retention and now has more than 6,000 members representing more than 400 employers. BizStarts Milwaukee’s work to promote start-ups and entrepreneurship has allowed dozens of new companies to be capitalized by outside investors.

While public and private sector leaders have made good progress in collaborative planning, however, we observe that economic development activities in Milwaukee continue to lack common mechanisms for transparency and accountability, such as an annual report with measurable indicators toward the objectives of the Citywide Policy Plan. Many of the various partnerships and initiatives report their own outcomes, but no entity produces a comprehensive, citywide report for public consumption.

With regard to other 2006 Forum findings, the City’s involvement in workforce development has indeed become more meaningful, with MAWIB now falling under the City’s purview. Since the transition from Milwaukee County to the City, MAWIB’s budget has increased and its revenue sources have diversified.

In addition, the past five years have brought significant improvements in the City’s ability to assist with business creation and focus on high-growth sectors. The City has been an active partner in the M7’s industry cluster efforts, including water, advanced manufacturing, and food and beverage.⁹ The City also has collaborated with the Greater Milwaukee Committee and others on efforts to develop the region’s creative/cultural industries.

⁹ Recent activities and research related to the food and beverage industry in Milwaukee can be obtained at http://www.choosemilwaukee.com/food_council.aspx.

In terms of business creation, the City has been supportive of the University of Wisconsin-Milwaukee's efforts to expand the size and impact of its research budget, construct new research facilities, and enhance its outreach to industry. Supporters suggest these efforts will lead to greater regional economic development opportunities as new companies are formed to further develop and market new technologies created from academic research.¹⁰

Redevelopment Efforts

As it did prior to 2006, the City continues to make redevelopment of underutilized properties a priority in accordance with its goal of tax base growth. To do so, it works closely with several organizations created to support redevelopment in specific geographic areas. Menomonee Valley Partners, Inc. is one of the most well-known examples of this type of effort. Focused on the Menomonee Valley, located southwest of downtown Milwaukee, the organization has worked with the City to convert a largely abandoned and blighted industrial corridor into a revitalized commerce district that has gained national attention for its successful conversion of brownfields and use of sustainable urban economic development strategies.

Following the success of the Menomonee Valley redevelopment, several other areas in the city have become the focus of similar redevelopment efforts.¹¹ In particular, City leaders are placing a priority on the 30th Street Industrial Corridor, located northwest of downtown Milwaukee, and are working with the corridor's business development organization (the 30th Street Industrial Corridor Corporation) on a number of initiatives. Foremost among them is a redevelopment plan for the manufacturing site formerly utilized by both A.O. Smith and Tower Automotive. In 2009, the Redevelopment Authority of the City of Milwaukee purchased the site to begin the redevelopment process. Since its purchase, the City has renamed the site "Century City" and has begun the process of clearing the site, addressing environmental issues, and adding new infrastructure. Similar to the Menomonee Valley, the site will be marketed as a revitalized, urban business park to prospective companies.

Another area-specific economic development effort is underway in the area surrounding General Mitchell International Airport. In 2006, the City approved creation of the Airport Gateway Business Improvement District. Partnering with the Airport Gateway Business Association, the group is helping to promote and support a Milwaukee Gateway Aerotropolis plan that would enhance economic development and growth around the airport and improve linkages with other transportation options.

Wisconsin Economic Development Corporation

Not only has the local economic development landscape changed considerably in recent years, but there also have been significant changes within state government. Those changes, although not directly focused on the Milwaukee area, have the potential to significantly impact the region, its economic development participants, and the success of current and future strategies.

¹⁰ Gallagher, Kathleen. November 28, 2010. "Schools create research collaboration." *Milwaukee Journal Sentinel*.

¹¹ While great progress has been made in the Menomonee Valley, redevelopment efforts there are not complete; the City and Menomonee Valley Partners continue to pursue redevelopment of additional land in that area.

In February 2011, Governor Scott Walker signed legislation that abolished the State Department of Commerce and created, in its place, the Wisconsin Economic Development Corporation (WEDC). Historically, the Department of Commerce had been criticized for a lack of focus on true economic development activities (like job creation and support of business start-ups), in part because of an expansive list of responsibilities that also included community development, building safety, and petroleum product testing.¹² Consequently, WEDC was designed as a public-private corporation to support new and expanding businesses in the state, with the remaining functions of the old department transferred to other state agencies.¹³

WEDC's mission is to "elevate the Wisconsin economy to be the best in the world by providing a positive business climate, world-class support services, and economic development tools to accelerate business start-up, attraction, and growth." Per its strategic plan, the corporation's primary responsibilities will be to:

1. Develop and implement economic programs to provide business support, expertise, and financial assistance to companies that are investing and creating jobs in Wisconsin.
2. Support new business start-ups and business expansion and growth in the state.
3. Develop and implement any other programs related to economic development in the state.

While WEDC continues to refine its new role, many feel that its emphasis on providing technical assistance, tax credits, and other financial support to Wisconsin businesses (both new and expanding) could add considerable support to the toolbox available to Milwaukee economic development participants and allow for better leveraging of local tools to attract state resources.¹⁴

¹² Barbour, Clay. August 29, 2011. "Wisconsin Economic Development Corp., formerly the Department of Commerce, still 'developing'." *The Oshkosh Northwestern*.

¹³ According to the corporation's strategic plan, previously established public-private organizations in Michigan, Virginia, Indiana, and Florida were the primary organizational models for WEDC. The strategic plan is available at <http://commerce.wi.gov/wedc/docs/WEDC-StrategicPlan.pdf>.

¹⁴ The Wisconsin Housing and Economic Development Administration (WHEDA) also possesses a comprehensive economic development toolbox and has signaled that it is considering playing a more extensive role in expanding the tools available to Milwaukee economic development leaders.

THE CITY OF MILWAUKEE AND ITS ROLE IN ECONOMIC DEVELOPMENT

Despite the emergence of an impressive array of new economic development organizations and partnerships during the past five years, there is little question that city government continues to be Milwaukee's pre-eminent economic development player and practitioner. The City of Milwaukee's economic development agency – the Department of City Development (DCD) – and its close partners, the Redevelopment Authority of the City of Milwaukee (RACM) and Milwaukee Economic Development Corporation (MEDC), operate in a seamless and coordinated manner with an abundance of tools and resources that eclipse those available to other participants. Those tools range from eminent domain, entitlements, and planning to tax incentives, financing programs, and infrastructure development.

Because of city government's pre-eminent role, our effort to map the activities of Milwaukee's major economic development players begins with a detailed examination of the City's economic development resources and functions. We start with a broad overview of DCD's activities and budget, with a particular focus on the department's priorities and precise role in the city's overall economic development framework. We then move on to RACM and MEDC, two agencies that technically are not part of city government, but that are co-located with DCD and operate in close collaboration with City leaders. RACM and MEDC were created specifically to fill gaps in the City of Milwaukee's economic development toolbox, and understanding the interplay between these three entities is central to understanding the collective economic development impact of city government.

DCD BY THE NUMBERS, 2010

Full time employees	73.5
Operating budget	\$14.1 million
Economic development funding	\$37.3 million
Jobs created	819
Jobs retained	1,223
Construction/remodeling permits issued	37,888
Vacant lots sold	101
Private investment associated with department activity	\$219 million
Number of Tax Increment Districts managed by DCD	46
Average payback period for all active Tax Increment Districts	19 years

Note: Staffing and budget figures include economic development and planning activities only.

Fiscal Resources

DCD uses annual appropriations allocated through the City's budget process, as well as funds from a variety of outside sources, to carry out an extensive array of economic development programs and strategies. The following is a partial list of the tools and activities used by DCD to encourage or direct economic growth in Milwaukee:

- Eminent domain
- Capital improvement funds
- Façade grants
- Main Street Milwaukee initiatives
- Site selection assistance
- Business improvement districts
- Business recruitment efforts
- Area and policy planning
- Development zone tax credits
- Industrial revenue bonds
- Public improvement projects
- Retail investment funds
- Tax increment financing

These tools and activities are funded through both the City's operating budget, which allocates resources largely for staff salaries and day-to-day operation of programs; and its capital budget, which is used to finance major equipment purchases, physical improvements to land and buildings, and other expenditures that are long-term in nature.

Operating Budget

In 2010, DCD spent \$14.1 million on core economic development operations.¹⁵ Despite larger fiscal challenges facing city government, DCD's economic development spending has increased by \$6.6 million since 2008, or 89%. That increase, however, is almost entirely attributable to a \$6 million increase in grant funding (from \$3.4 million to \$9.4 million), most of which consisted of neighborhood stabilization funds from the federal government.

Local revenue support for economic development and planning activities (i.e. property tax levy, charges for services, and license and permit fees) – referred to as Operations and Maintenance (O&M) funds – increased \$600,000, from \$4 million to \$4.6 million, during the 2008-2010 timeframe. This is mostly attributed to a shift of employees who were formerly supported by tax increment district (TID) administrative funds to O&M funding. The shift resulted from a change in TID allocation procedures and a decrease in TID projects.

Greater insight into the activities conducted by the department and the manner in which it allocates its operational resources is provided in **Table 1**. The table shows DCD's actual 2010 economic development spending by major activity, the breakdown of activity expenditures between O&M resources and outside grants and reimbursements, and changes in funding levels during the past three years.

¹⁵ We use 2010 actual expenditures and revenues when analyzing DCD's fiscal resources – as opposed to the 2011 budget – because DCD typically experiences a substantial difference between budgeted and actual economic development expenditures and revenues in a given year. For other agencies and organizations in this report, we use budgeted figures, typically for the most recent year available.

Table 1: DCD economic development and planning activities receiving largest funding allocations in 2010

Activity	2010			Change from 2008 to 2010			
	O&M	Grants/ Reimbursements	Total	O&M	Grants/ Reimbursements	Total \$ change	Total % change
Support housing development	\$308,306	\$6,785,409	\$7,093,715	\$223,116	\$5,903,460	\$6,126,576	633%
Support private development investment	\$851,671	\$1,197,493	\$2,049,164	\$295,000	\$(454,747)	\$(159,747)	-7%
Permitting & plan review	\$1,977,078		\$1,977,078	\$161,785		\$161,785	9%
Prepare & market sites for new development		\$1,199,373	\$1,199,373		\$548,738	\$548,738	84%
Prepare citywide Comprehensive Plan elements	\$997,595	\$10,006	\$1,007,601	\$(66,496)	\$(23,198)	\$(89,694)	-8%
Other	\$485,920	\$242,009	\$727,929	\$8,614	\$17,312	\$25,926	4%
TOTAL	\$4,620,570	\$9,434,290	\$14,054,860	\$622,019	\$5,991,565	\$6,613,584	89%

Source: City of Milwaukee Department of City Development

With regard to staffing levels, DCD had 73.5 full-time equivalent (FTE) positions devoted to economic development activities in 2010, including a planning staff of about 17 FTEs. **Table 2** shows a five-year history of staffing levels, with the positions broken down between economic development and land use/planning, and positions within those categories delineated by funding source (some DCD positions are funded with O&M while others are funded by grants or other outside revenue).

Table 2: DCD staffing levels and funding sources, 2006-2010

	2006	2007	2008	2009	2010	5-yr change	
						Number	Percent
Economic Development							
O&M	22.89	23.07	25.43	29.49	30.81	7.92	34.6%
NON-O&M	36.16	35.67	41.78	29.05	27.05	(9.12)	-25.2%
Land Use & Planning							
O&M	14.62	14.67	16.49	16.05	15.62	1.00	6.9%
NON-O&M	0.84	1.51	-	3.85	0.04	(0.81)	-95.6%
Total							
O&M	37.51	37.74	41.92	45.54	46.43	8.92	23.8%
NON-O&M	37.01	37.19	41.78	32.90	27.08	(9.92)	-26.8%
TOTAL	74.51	74.93	83.70	78.43	73.51	(1.00)	-1.3%

This information shows a 12% drop in DCD economic development staffing levels from 2008 to 2010, which is largely attributed to a sizable loss of grant-funded positions. Positions funded with local revenue have increased steadily since 2006, reflecting efforts to maintain staffing levels in the face of diminishing outside revenues, but also signaling possible concern about sustainability given the city's severe budget pressures. It also should be noted that a 10-year snapshot would have shown a much larger decrease in overall positions, as DCD's total economic development workforce totaled 105.9 FTEs in 2001.

The following delves deeper into the nature of DCD's economic development activities by summarizing the department's main categories of economic development responsibility and spending:

- ***Support housing development.*** DCD assists in preserving the city's housing stock and stabilizing the property tax base by helping to prevent foreclosures and intervening in circumstances that necessitate purchase and rehabilitation or demolition. The magnitude of these efforts grew considerably in recent years because of the need to mitigate a huge spike in home foreclosures. These activities have been supported mostly by a substantial influx of grant funding from the federal Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program (NSP). The City has received \$34 million in NSP funds to date, with most of that amount administered by DCD.

Inclusion of temporary NSP funding in DCD's operating budget skews our analysis of the agency's primary activities by making it appear that housing-related activities are DCD's primary economic development focus. Clearly they are not, but the foreclosure issue in Milwaukee is sufficiently acute and threatening to the tax base that DCD *has* been required to devote both new and existing resources to addressing it, which may be impacting its capacity to focus on other economic development priorities. Also, while some might argue that NSP funding supports "housing" and, therefore, is inconsistent with our definition of economic development, we include these activities in our analysis because of the connection to tax base and the prominence of this funding in DCD's budget.

- ***Support private development investment.*** Operating budget expenditures in this category largely support development and management of TIDs. A TID is an economic development tool used by municipalities to stimulate investment in targeted areas. When a TID is created by city government, the City appropriates monies for public improvements in the district or for financial assistance for businesses or developers, and generally is paid back over time from the increase in property tax revenue generated by private development made possible by the investments. DCD's operating activities with regard to TIDs involve negotiating their various components, ensuring adherence to TID requirements, and monitoring project completion and repayment. TID administration has grown more reliant on local revenue support over the past few years as grants and reimbursements have declined. Total funding for this activity declined by 7% from 2008 to 2010.
- ***Permitting and plan review.*** About 46% of the local revenue allocated to DCD in 2010 was used to support the issuance of permits and review of plans for specific development and redevelopment projects, making this the largest category of locally-funded economic development activity. These resources ensure adherence to the City's zoning ordinances, building codes and other established standards as investments are made in physical property. Staff also establishes how City land and property should be utilized and/or transitioned into alternative uses. While some might deem this function a form of regulatory activity (as opposed to an economic development-related activity), we include it in our analysis because it is such a central part of DCD's mission. Funding for permitting and plan review increased 9% between 2008 and 2010.

- **Prepare and market sites for new development.** Another important component of DCD's economic development activity involves efforts to make underutilized or vacant properties more useable and attractive for new development. Increases in brownfield and other environmental grant funding have boosted total spending in this area by 84% since 2008. Year-to-year spending on this activity varies greatly based on grant availability.
- **Prepare citywide Comprehensive Plan elements.** State statutes required the City to prepare a Comprehensive Plan by January 1, 2010. The purpose of the plan is to establish goals and strategies for the city related to nine elements of development, including land use, housing, and economic development. DCD led this effort by gathering data, performing economic analyses, and collecting public input. The department has devoted about \$1 million to this activity annually in each of the past three years, but is now diverting at least some of its planning resources to other activities because the citywide plans have been completed.
- **Other activities.** Other activities include selling city-owned real estate, developing and marketing industrial corridors, facilitating small business loans through MEDC, managing retail investment and façade grants, and preparing neighborhood land use and redevelopment plans. Those activities received an appropriation of \$728,000 in 2010.

Table 3 provides further insight into DCD's distribution of activities by showing its 2010 economic development staff broken down by functional category. This table again reflects the significant allocation of resources to permitting activities, as the largest area of staffing is for the department's development center. Land use/policy planning, real estate, and neighborhood improvement also possess significant staffing levels.

Table 3: DCD total FTE positions by division, 2010

Division	O&M	NON O&M	Totals by Division	% of Total
Administration	5.63	4.32	9.95	13.5%
Neighborhood Business Development	4.91	1.09	6.00	8.2%
Development Center	17.32	-	17.32	23.6%
Real Estate	1.15	10.35	11.50	15.6%
NIDC ¹⁶	-	9.07	9.07	12.3%
Development Team	1.80	0.50	2.30	3.1%
MEDC	-	0.72	0.72	1.0%
Subtotal	30.81	26.05	56.86	77.4%
Land Use and Policy Planning	15.62	1.03	16.65	22.6%
TOTAL	46.43	27.08	73.51	100%

¹⁶ A primary focus of the DCD-affiliated Neighborhood Improvement Development Corporation (NIDC) is to minimize the negative effects of foreclosures on Milwaukee neighborhoods.

Capital budget

DCD's capital expenditures totaled \$23.2 million in 2010, about \$9 million more than the amount spent on operations. DCD's capital expenditures are closely tied to the emergence of proposed real estate development projects on city-owned property or areas of the city that have been identified as priority areas for redevelopment. Consequently, they can vary significantly from year to year. The capital budget also is influenced heavily by several external factors, including the strength of the local economy and the number of potential investors in city-supported economic development projects.

All but \$600,000 of the City's 2010 capital expenditures were directed toward financing TIDs in support of private development investment. TID financing provides resources for various aspects of project development, including land redevelopment, building renovations or demolition, infrastructure improvements, environmental remediation, and other site preparations. Investments in TIDs not only comprised most of DCD's capital budget, but also accounted for a substantial proportion of the City's overall capital budget. In fact, the \$22.6 million invested in TIDs in 2010 equated to 19% of the overall City-funded 2010 capital improvements budget.

From 2008 to 2010, the City's actual annual capital spending on TIDs ranged from \$15 million to \$26 million. DCD has managed these fluctuations in TID activity with a slightly declining economic development staff. Certainly, DCD's close relationship with RACM and their intermingled staff (a topic expanded upon later in this section) have helped the department absorb swells of activity when they occur.

Planning and Policies

DCD's daily activities and role in the city's economic development framework are guided not only by the amount and allocation of its financial resources, but also by the contents of its economic development plans and the economic development policies and priorities adopted by its elected leaders. We suggested in our 2006 report that a formal economic development plan – which the City lacked at the time – would be useful in helping to allocate personnel and financial resources in a strategic manner, mobilizing community and business leaders behind a unified agenda, and creating greater accountability for both successes and failures.

It is clear that DCD has engaged in significant planning efforts since that time, especially regarding land use and comprehensive planning. In fact, DCD recently completed or amended nine of its 13 area plans, and completed a Citywide Policy Plan. The area plans and Citywide Policy Plan are complimentary documents that together comprise the City's Comprehensive Plan. The area plans divide the city into 13 areas and are designed to “guide future development with land use, design, and catalytic project recommendations.”¹⁷ Complementing the area plans, the Citywide Policy Plan outlines policies and principles for the entire range of issues facing city government.¹⁸ The **Insert** on the following page provides definitions of the four major types of planning documents discussed in this report.

¹⁷ The area plans and their stated goals are available at <http://city.milwaukee.gov/Plansandstudies/AreaPlans.htm>.

¹⁸ Overall, there are nine different policy areas discussed in the Citywide Policy Plan. The areas were selected to conform to the elements required in the State of Wisconsin's Smart Growth plans.

PLANNING GLOSSARY

Comprehensive Plan – a vision and guide for the physical, social, and economic development of a neighborhood, district, city, or any defined planning area. The City of Milwaukee’s Comprehensive Plan addresses the entire city.

Area Plan – a comprehensive plan for a portion of a city that may contain multiple neighborhoods. The City of Milwaukee’s Comprehensive Plan includes 13 Area Plans that together cover the entire city. These plans include detailed land use, design, and catalytic project recommendations.

Citywide Policy Plan – a broad policy framework for an entire city. Milwaukee’s Citywide Policy Plan complements the 13 Area Plans to round out the Comprehensive Plan. The Citywide Policy Plan meets the requirements of Wisconsin’s Smart Growth Law by outlining the city’s general strategies for the following policy areas: Issues and Opportunities; Land Use; Transportation; Housing; Economic Development; Utilities and Community Facilities; Agriculture, Cultural and Natural Resources; Implementation; and Intergovernmental Cooperation.

Economic Development Plan – a strategic document establishing community goals for economic growth, identifying policies and activities that will help the community reach those goals, and setting performance measures and implementation timelines.

As a whole, the City of Milwaukee’s Comprehensive Plan is designed to guide the City’s future actions related to land use, economic development and other policy issues. Within the Comprehensive Plan, the Citywide Policy Plan discusses economic development most directly, with an entire chapter dedicated to the topic. The chapter lists and discusses economic development opportunities and challenges specific to the City of Milwaukee, as well as four broad policies that address the role of the City in economic development efforts (see the **Insert** on the following page for additional details). Each of the policies is accompanied by objectives and strategies that, if addressed properly, would achieve the larger policy goals.

The economic development policies and their corresponding objectives also are discussed in the implementation chapter of the Citywide Policy Plan. The timeline for each of the policies is listed as “ongoing” and the departments and community partners responsible for implementation are largely consistent across the policies and objectives.¹⁹ Beyond these lists, no further discussion of implementation is provided.

¹⁹ Mentioned departments include DCD, DPW, RACM, MEDC, Main Streets, and elected officials. Community partners generally include the Milwaukee 7, Milwaukee County, nonprofits, businesses, property owners, state agencies, residents, and local educational institutions.

ECONOMIC DEVELOPMENT POLICIES AND OBJECTIVES, CITYWIDE POLICY PLAN

1. Ensure that the City's economic development efforts complement the efforts of local and regional partners.
 - a. Align city government's economic development efforts with the efforts of others pursuing economic development and employment growth, and expansion of the tax base in Milwaukee and the region.
 - b. Align city government's economic development efforts with the needs of local employers, since most job growth occurs through the expansion of existing companies.
2. Maximize and target city government's economic development resources through partnerships and targeted investment.
 - a. Maximize and target city government's economic development resources to employers and sectors poised for growth in the Milwaukee region.
 - b. Maximize and target city government's economic development resources so Milwaukee residents benefit from the growth of economic opportunity.
 - c. Maximize and target city government's economic development resources through partnerships that leverage additional resources.
3. Grow the workforce employers need through education, training, and attracting talent.
 - a. Grow the workforce employers need by encouraging Milwaukeeans to finish high school and pursue post-secondary education.
 - b. Grow the workforce employers need by providing robust training resources and vocational training preparation to the citizens of Milwaukee.
 - c. Grow the workforce employers need by making Milwaukee attractive to talent from elsewhere.
4. Operate city government in a manner that supports economic development.
 - a. Operate city government in a manner that supports economic development by reducing crime.
 - b. Operate city government in a manner that supports economic development by providing a high quality physical infrastructure and top-notch local government services.
 - c. Operate city government in a manner that supports economic development by ensuring a consistent, understandable and predictable regulatory framework.

Note: Each of the objectives is broken into more specific strategies that are not listed in this insert. The strategies are listed in the Economic Development chapter of the Citywide Policy plan, which can be viewed at <http://city.milwaukee.gov/Plansandstudies/CitywidePolicyPlan.htm>.

Although only recently adopted, the Citywide Policy Plan and its discussion of economic development helps fill a gap that has existed in Milwaukee's economic development efforts for several years. While the City's planning documents meet essential goals with regard to land use planning and broad economic development objectives, however, their utility as a strategic economic development plan is limited by the following:

- The Citywide Policy Plan does not discuss implementation methods or performance measures in specific detail. In order to maximize resources and create accountability throughout the planning process, these types of details are imperative.
- The Citywide Policy Plan does not attach specific timelines or cost considerations to the recommended projects and policies. These omissions limit the ability of policy-makers to use the plan to build a coherent economic development agenda and of the public to assess progress in implementing key facets.
- While each of the area plans lists a set of broad priorities and catalytic projects, no document ranks or prioritizes projects across the individual plans based on criteria such as importance or urgency. This omission is somewhat understandable given that area plans largely are intended to guide *private* investment, but several individuals interviewed for this report contend that this overall weakness in the City's planning documents contributes to an impression that DCD's decisions regarding whether to use its economic development tools to support various private development projects are arbitrary, as opposed to being based on a clear set of criteria predicated on the department's strategic priorities.

In short, the need for a formal economic development plan that establishes priorities, realistic objectives and accountability remains apparent. Ironically, that conclusion is acknowledged in the Citywide Policy Plan, which recommends that City leaders “consider creation of a strategic economic development plan to identify city government's role in high priority job initiatives and to maximize economic impacts of limited resources.” To date, neither the mayor nor members of the common council have followed up on that recommendation.

We have found that other cities – such as Charlotte, Portland, St. Paul, and Madison – have created economic development plans that discuss specific actions, timelines, cost estimates, and performance measures, showing that such a task is not impractical. Economic development planning is discussed at length in later sections of this report.

Redevelopment Authority of the City of Milwaukee

RACM is an independent corporation created by state statute in 1958 whose mission is to “eliminate blighting conditions that inhibit neighborhood reinvestment, to foster and promote business expansion and job creation, and to facilitate new business and housing development.”²⁰ Closely tied to DCD, RACM possesses an annual operating budget that dedicates far more resources to economic development than any other local participant, with the exception of DCD.

A primary focus of RACM’s 31-member staff is real estate development, as reflected by the variety of tools the agency possesses that allow it to acquire real estate for redevelopment and engage in real estate financing. Those tools include the ability to utilize eminent domain, borrow money, issue bonds, and make loans. According to RACM officials, the agency’s ability to engage in bond financing has become particularly important and prominent given the low interest rates currently associated with many forms of bonds, and the opportunity to use Midwest disaster bonds as a new financing tool. Indeed, RACM issued over \$113 million in bonds in 2010, representing 17% of the total value of all bonds issued by the agency since 1986.²¹

RACM’s real estate development work is focused largely on brownfield redevelopment, which involves returning environmentally contaminated properties to active use. RACM has been prominently involved in the effort to redevelop Milwaukee’s Menomonee Valley, for example, which is widely viewed as a major success. In fact, RACM received several national awards for its work in the Valley, including a 2008 award from the International Economic Development Council (IEDC) and the EPA’s 2009 Phoenix Award, the top national honor for brownfield redevelopment efforts.²²

With nearly all of the land in the Menomonee Valley Industrial Center now in use, RACM is focusing significant attention on the redevelopment of Milwaukee’s 30th Street Industrial Corridor, which has been designated a “Greenlight district” by the City.²³ The designation means the City will contribute considerable resources to the corridor, which is recognized as a project of major citywide importance.

RACM also has assisted with planning projects in several areas of the city and often is charged by DCD with economic development tasks that the City department may not be able to quickly accomplish on its own because of insufficient capacity, expertise, or logistical hurdles. One City official described the agency essentially as a branch of DCD that is deliberately structured to be more “nimble” and less hampered by bureaucratic regulations.

²⁰ Additional information about RACM and its mission is available at <http://www.mkedcd.org/racm/>.

²¹ RACM is the conduit for issuing bonds to developers, with nearly all financing provided by banks. According to agency officials, RACM has issued bonds for 66 projects since 1986. The total principal investment for those projects as of 12/31/10 was \$674,252,456.

²² 10/31/08. “Menomonee Valley renewal wins award.” *The Business Journal serving Greater Milwaukee*. <http://www.bizjournals.com/milwaukee/stories/2008/10/27/daily57.html>

Daykin, Tom. 11/25/09. “Menomonee Valley Industrial Center lands another award.” *Milwaukee Journal Sentinel*. <http://www.jsonline.com/blogs/business/73613267.html>

²³ 1/11/07. “Milwaukee launches “Greenlight District” in industrial corridor.” *The Business Journal serving Greater Milwaukee*. <http://www.biztimes.com/daily/2007/1/11/milwaukee-launches-greenlight-district-in-industrial-corridor>

Collaboration with other participants

Although technically independent, RACM maintains an exceptionally close relationship with DCD and other city leaders. Indeed, DCD's Commissioner also serves as executive director of RACM, and RACM's board members are appointed by the mayor and confirmed by the common council. Staffing and day-to-day activities also are closely intertwined, as RACM's offices are in the same building as DCD and the two agencies partner for professional, technical, and administrative support. In fact, DCD employees often manage and oversee RACM employees and programs, and vice versa.

In many instances, DCD, RACM, and MEDC leverage one another's tools to pursue or assist with development projects. A recent example is the Villard Library project, which involved construction of a new library within a new apartment complex, for which RACM and MEDC worked together to secure the use of federal New Markets tax credits. RACM also has offered development tools to support the efforts of the M7. An example in that regard is the successful effort to bring a Spanish wind turbine manufacturer (Ingeteam) to the Menomonee Valley.

Budget

Table 4 shows a condensed version of RACM's 2011 budget.²⁴ The largest expenditure category is broadly labeled "operating expenditures," which includes costs related to site improvements, conservation, development, land management, and environmental remediation, among other activities. This broad category comprises nearly 70% of RACM's total budget.

Revenue sources include general revenues such as rents, development fees, and sales, as well as grants, intergovernmental support, and investment income. Community Development Block Grant (CDBG) funds and brownfield grants from the Environmental Protection Agency (EPA) are the two largest sources of grant funding. Together, CDBG and other grant funds comprise 65% of RACM's total revenue budget.

Table 4: RACM 2011 Budget Summary

Expenditures	
Net salaries	\$1,957,704
Fringe benefits (estimated)	\$939,698
Operating expenditures	\$6,338,771
Other expenditures	\$19,800
Total	\$9,255,973
Revenues	
General revenues	\$3,045,853
CDBG funds	\$1,108,936
Capital funding	\$182,453
Other grant funding	\$4,918,730
Total	\$9,255,972

²⁴ The figures cited in **Table 4** were provided by RACM at the request of the Public Policy Forum.

Milwaukee Economic Development Corporation

To complement DCD and RACM, MEDC was established in 1971 as a private, nonprofit corporation dedicated primarily to providing low-interest loans to local businesses. Those loans largely support capital projects and are made in partnership with traditional lending institutions. By providing financial assistance to projects, especially those considered high-risk, MEDC enhances their attractiveness to traditional financial institutions, as the overall risk is reduced for all of the financing partners. DCD officials emphasize that MEDC's niche is loans to existing small businesses, and that it does not lend to support real estate or residential projects.

MEDC is able to provide financial resources to businesses mostly through the use of a revolving loan fund and federal New Markets tax credits. The revolving loan fund is continually replenished as businesses pay interest on their loans in addition to the principal, thus allowing it to be used to finance other projects. The New Markets Tax Credit (NMTC) program is aimed at revitalizing low-income communities. MEDC monetizes the tax credits it receives and uses the funds to provide loans to support qualifying projects. One recent example of a major development project supported by New Markets tax credits is Palermo Villa Inc., which received a \$5.8 million loan through MEDC to assist in the expansion of its pizza manufacturing facility in the Menomonee Valley.

MEDC also offers smaller, targeted grants. For example, in 2010, the organization provided \$68,000 in grants to help businesses pay for environmental assessments of potentially-contaminated brownfield sites, a necessary step in redeveloping those properties.

Between 2006 and 2010, the total value of MEDC's loans was \$87.4 million, for an annual average of approximately \$17.5 million. The yearly totals during this period ranged considerably, from a high of \$23.7 million in 2007 to a low of \$11.3 million in 2009.²⁵ According to MEDC's vice president, only a handful of projects in a given year involve start-ups, while the vast majority support existing businesses. At the end of 2010, MEDC's total assets exceeded \$68 million, an increase from \$53 million in 2005.

Collaboration with other participants

MEDC is not formally affiliated with city government, but its 28-member board is comprised of a mix of City officials and local business representatives. Those officials include the mayor, common council president, DCD commissioner and deputy commissioner, and city comptroller. MEDC's 15 staff members work closely with DCD and RACM by maintaining offices in the same building. In fact, MEDC's president says the organization functions as if it is part of DCD.

MEDC has serviced loans for both RACM and DCD and has developed grants and revolving loan funds to remediate and redevelop brownfield sites in partnership with RACM. Additionally, MEDC has supported the efforts of the M7 through a variety of partnerships, and it provided staff support to BizStarts Milwaukee in its formation stage. According to its 2010 annual report, MEDC also has supported WWBIC with a \$650,000 long-term equity investment.

²⁵ The annual distribution of MEDC's total loan values was: 2006 – \$21,675,209; 2007 – \$23,722,193; 2008 – \$13,691,154; 2009 – \$11,342,309; and 2010 – \$16,971,452.

Budget

Table 5 presents MEDC's 2011 budget. The primary revenue source for MEDC, as would be expected, is interest income from its loan projects. This income stream comprises more than 86% of MEDC's total revenue. In addition to its direct lending activities, MEDC's New Markets tax credit activity generates a small amount of income, as shown in the table. Notably, MEDC has secured a total of \$107 million in New Markets tax credits over the past four years, but these allocations have varied widely year by year, from a high of \$50 million in 2008 to a low of \$14 million in 2010.

With regard to expenditures, wages constitute nearly 30% of the budget and a loan loss reserve accounts for approximately 25%. Overall, MEDC budgeted in 2011 for a projected net income of \$93,875, which includes a projected \$10,000 of interest income on its investments.

Table 5: MEDC 2011 Budget

Expenditures	
Wages	\$1,076,000
Payroll tax expense	\$82,300
Employee benefits	\$242,500
Legal and accounting	\$316,000
Software expense	\$90,000
Management fee	\$300,000
Interest expense	\$150,750
Loan loss reserve	\$900,000
Development expense	\$180,000
Other	\$300,000
Total	\$3,637,550
Revenues	
Loan interest income	\$3,224,925
Servicing fee income	\$46,500
Management fee income	\$300,000
NMTC income	\$150,000
Investment interest income	\$10,000
Total	\$3,731,425

Summary

While DCD has a substantial budget and staff devoted to economic development activities, reflection on the department's overall budget allocations and activities reveal that it plays a targeted and largely supportive role in Milwaukee's economic development landscape. Though commonly perceived as the entity that is beating the bushes to attract new Fortune 500 corporations and/or laying the specific plans and securing the financing for new retail and residential development, DCD's primary role more accurately could be depicted as establishing the conditions under which the various economic development activities deemed critical by city leaders can occur.

Indeed, DCD's most critical function is to lay the groundwork for job creation and tax base growth by planning for where and how such creation and growth should occur; preparing priority sites for development; and conducting necessary permitting and plan review for job-creating and growth-generating activities. In addition, as explained earlier, DCD has played a critical role in addressing the city's foreclosure crisis, which has a substantial bearing on its tax base.

It is essential to view DCD's economic development activities in tandem with its partners at RACM and MEDC, which reveals the more all-encompassing nature of city government's economic development role. Analysis of the three entities' spending, activities and toolbox show that the City's overall role is targeted toward real estate development and redevelopment, financing assistance to existing small, medium and large businesses, comprehensive planning, and logistical support and permitting for private sector economic development activities. It is important to note that we are able to ascertain the dimensions of the City's role only by analyzing the budgets and activities of DCD, RACM and MEDC; the City still lacks a strategic economic development plan that sets citywide priorities and objectives and establishes city government's responsibilities in fulfilling them.

As we will discuss in the following section, there are other highly publicized aspects of economic development activity in Milwaukee that DCD and its partners at RACM and MEDC are not resourced or staffed to lead, such as large business attraction, retention and expansion (though the DCD Commissioner serves as a participant in such efforts and often offers financing tools); support for start-ups; and development and promotion of cluster strategies. Consequently, while city government should be viewed as a major contributor and partner in Milwaukee's economic development landscape, it is far from its sole practitioner, and it must work closely with other entities to achieve desired results.

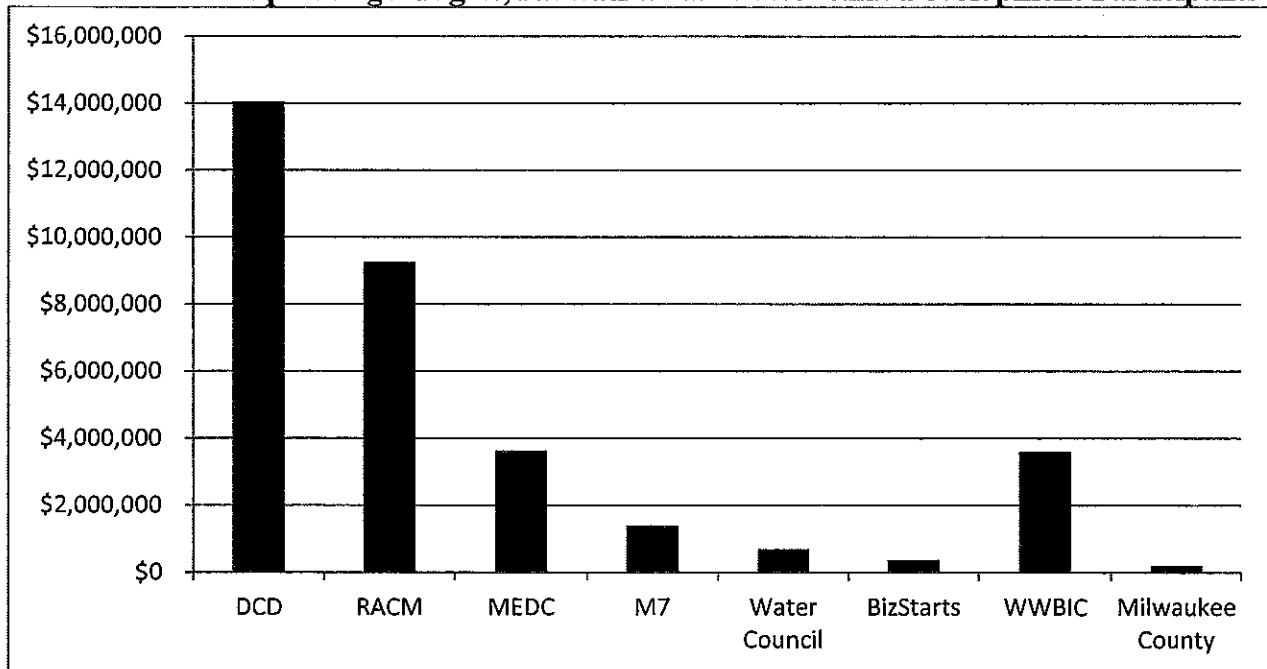
OTHER KEY ECONOMIC DEVELOPMENT PRACTITIONERS

Economic development in major metropolitan areas cannot successfully be accomplished by a single government agency or organization. In Milwaukee, in addition to the three city government-based entities described in the preceding section, there are a variety of organizations dedicated to economic development activities. Those include organizations specifically focused on activities that are not prominent parts of the city’s portfolio, such as business attraction, entrepreneurial support, and cluster development.

This section explores five additional organizations that engage in economic development activities in the Milwaukee area and that, combined with the three city-based entities, form the primary group of practitioners pursuing the broad range of strategies that comprise the city’s economic development toolbox. Those organizations are the Milwaukee 7; Milwaukee Water Council; BizStarts Milwaukee; Wisconsin Women’s Business Initiative Corporation; and Milwaukee County Economic Development.

Chart 2 shows the annual operating budgets of the eight organizations for the most recent year used in this report. This information provides perspective on the collective financial resources devoted to the administration of economic development activities by the major economic development participants in the Milwaukee area, as well as on the comparative spending of each distinct player.

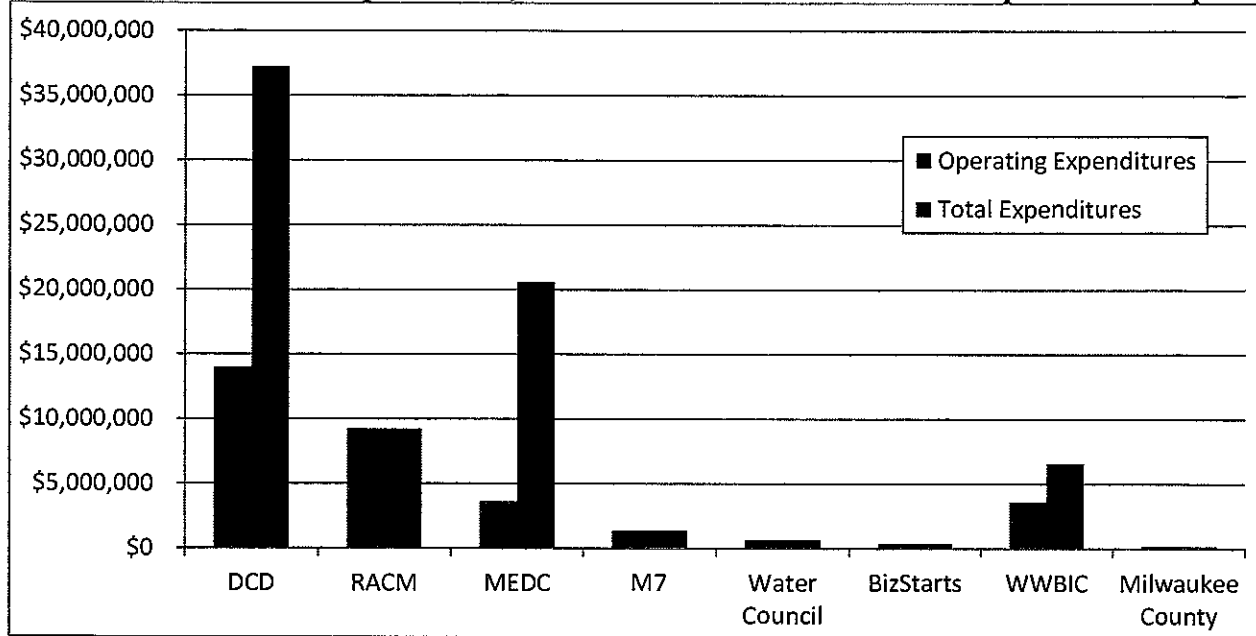
Chart 2: Annual Operating Budgets, Milwaukee Area Economic Development Participants



It is important to note that several Milwaukee economic development participants also make substantial investments in economic development that are not reflected in their operating budgets. To better understand the total financial impact of each participant, **Chart 3** includes capital expenditures and loan investments for the organizations that engage in those activities.

Operating expenditures are also included in these totals. DCD's substantial increase comes from its capital expenditures, which are primarily made up of investments in TIDs. MEDC and WWBIC both make a significant impact through business loans.

Chart 3: Total Annual Expenditures, Milwaukee Area Economic Development Participants



As **Chart 3** shows, the total annual expenditures of the eight economic development participants amounts to about \$77 million, with DCD making approximately 49% of the total investment. When DCD's expenditures are combined with those of its close partners, RACM and MEDC, their collective share jumps to approximately 88% of the total.

As mentioned earlier, these participants should not be viewed as the complete list of organizations and agencies focused on economic development in Milwaukee. We limited our selection to organizations that focus on the city as a whole (as opposed to individual neighborhoods or business districts). In addition, we excluded economic development agencies from neighboring municipalities and counties because of our emphasis on Milwaukee, as opposed to the southeast Wisconsin region. Other organizations were excluded because their primary missions are not to directly address the goals described in our definition of economic development: job creation and tax base growth.

In order to examine the selected participants, we obtained information from organizational websites, media accounts, financial records, and personal interviews. We used this information not only to inventory the organizations' resources and activities, but also to analyze areas of strength and weakness – and potential gaps – in Milwaukee's collective economic development efforts.

Milwaukee 7

Since it was established in 2005, the M7 has helped to significantly change the area's economic development landscape. In particular, the M7 represents a region-wide approach to economic development that did not exist prior to its development. Composed of public and private sector leaders from Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha counties, the mission of the M7 "is to unite our seven counties around a regional agenda to grow, expand, and attract diverse businesses."²⁶

The M7 utilizes a variety of strategies to fulfill its mission. To promote collaboration, the M7 has organized a Regional Economic Development Advisory Council, which includes leaders from each of the participating counties. The council has developed a Strategic Framework and Code of Ethics that guide regional cooperation. To market the region to prospective businesses, the M7 launched a website in 2006 that highlights the region and lists sites available for development. The M7 also aims to promote business retention through a "business call program," and has supported industry clusters in manufacturing, food and beverage, and water technology.²⁷

A primary emphasis of the M7 is to serve as the initial point of contact for companies interested in relocating or growing in the region, as well as to pursue leads and recruit corporations (both domestically and internationally) that its staff or council have identified as being a natural fit for the region. To aid in these efforts, the M7 opened a walk-in resource center in downtown Milwaukee to promote the region's assets and opportunities to prospective new or expanding businesses.

The M7 was established following a comprehensive planning effort involving key regional players, and it has maintained a commitment to regularly updating its strategic objectives and measuring performance. For example, the organization's internal performance scorecard is updated quarterly and reviewed with the regional council at meetings that are open to the public. The M7's performance scorecard indicates that between 2005 and 2009, its efforts affected more than 9,000 jobs, \$385 million in payroll, and 57 projects. M7 leaders add that since the beginning of 2010, the organization has affected an additional 4,624 jobs and \$220 million in payroll, and that it has now engaged in 125 projects.

Collaboration with other participants

While the M7 was created to promote coordinated economic development activities among the seven counties in southeastern Wisconsin, its relationship with the City of Milwaukee is particularly strong. For example, when the M7 uncovers a business that may be willing to relocate or grow within the city, it typically will turn to DCD, RACM and MEDC to utilize their

²⁶ Additional information about the M7 is available at <http://www.choosemilwaukee.com/upload/M7%202010%20Report.pdf>.

²⁷ The business call program is an effort to contact business leaders in a variety of industries in order to identify the opportunities and threats they are facing. DCD and MEDC staff also participates in the program and take responsibility for many of its calls. Overall, the business call program, according to the M7, is an effort to understand the region's business climate more broadly. More information on the M7 business call program is available at http://www.choosemilwaukee.com/business_call_program.aspx.

economic development tools and incentives to encourage such relocation or growth. A prime example is the collaborative effort that brought Ingeteam to the Menomonee Valley.

Several individuals interviewed for this report raised questions about the manner in which the M7 directs “prospects” to individual municipal and county economic development agencies. Interestingly, some suggested the group’s close working relationship with city government conveys priority treatment for Milwaukee, while others suggest the City’s needs are not fully appreciated by the M7. M7 leaders argue that contacts are directed based on the specific needs of the business that is considering relocation or expansion in the region, and how those needs match up with the land and resources possessed by the various agencies. In order to address this issue going forward, it may be helpful for M7 leaders to more clearly delineate the criteria they use in linking prospects with specific agencies and locations.

The M7 also has had close professional and financial relationships with the Milwaukee Water Council and BizStarts Milwaukee. The nature of those relationships has changed over time as the Water Council and BizStarts have carved out their own distinct niches and funding sources, but both organizations continue to share leads, collaborate on individual projects, and interact on a regular basis.

Budget

The M7 is largely financed and led by private businesses and organizations, as opposed to municipalities or public agencies. More than 100 organizations and governments have provided financial support to the M7, with 13% of the organization’s revenue obtained from public sources and 87% provided by local businesses, hospitals, foundations, nonprofit organizations, law firms, financial institutions, and other private businesses.²⁸

When the M7 was launched in 2005, the first investment campaign to support the organization resulted in a nearly \$6 million budget for a five-year period ending with the 2009-2010 budget. A second investment campaign for the next five years has exceeded the fundraising goal of \$7 million.

Table 6 shows the budgets for the first two years of the current five-year budget cycle.²⁹ Although the expenditure categories are somewhat broad, the priorities of the M7 and its 10 staff members are apparent. Approximately 50% of the budget is dedicated to marketing activities related to business retention, expansion, and attraction.

Table 6: Milwaukee 7 2010-12 Budgets

Expenditure Categories	2010-2011	2011-2012
Planning	\$333,703	\$363,800
Economic development resources	\$221,929	\$223,296
Marketing- retention, expansion, attraction	\$708,477	\$724,304
Business climate improvement	\$152,417	\$159,526
Total	\$1,416,526	\$1,470,926

²⁸ The revenue distribution was obtained from an M7 report entitled “Driving Economic Growth: Seven counties united around a regional agenda.” The report and a list of contributors to the Milwaukee 7 can be obtained at <http://www.choosemilwaukee.com/milwaukee7/>.

²⁹ The figures cited in Table 6 were provided by the M7 at the request of the Public Policy Forum.

A major focus of the M7, according to one of its key participants, is attraction and retention of “regional income producers...companies that export goods and services outside of the region...our emphasis is on bringing in money from elsewhere instead of just moving it around.” Specific activities employed to accomplish those goals include consulting assistance, target industry development, targeted expansion/attraction, trade missions/trade shows, site selector and best practice visits, research and prospect analysis.

Milwaukee Water Council

Following its creation in 2007 as an extension of the M7, the Milwaukee Water Council has developed into the most prominent industry-specific economic development organization in the Milwaukee area. The mission statement of the Water Council highlights its grand aspirations, stating a goal of “align(ing) the regional fresh water research community and water-related industries to establish the Milwaukee 7 Region as the World Water Hub for water research, economic development, and education.”

The formation of the Water Council followed a 2007 summit focused on water-based industries in the Milwaukee region. Noting Milwaukee’s location on Lake Michigan and the more than 150 water-related businesses already established in the region, business and civic leaders created the Water Council to support and promote the growth of a regional water industry cluster. As a membership-based organization, the Water Council is composed of representatives from private industry, state and local government, local academic institutions, and environmental groups, among others. The Water Council has secured technical and financial support from local business leaders as well as grants from public and private organizations from across the region, state, and country.

Since its creation, the Water Council and the industry cluster it promotes have been associated with several high-profile accomplishments. For example, in 2009, Milwaukee was designated as a United Nations Global Compact City specializing in water quality. In 2010, Milwaukee became the North American headquarters for the Alliance for Water Stewardship – an international organization attempting to establish global water purity and regulation standards. Several months later, the Water Council formed a partnership with IBM to research and promote water quality initiatives. Finally, the Water Council was recognized for its efforts earlier this year when it received the inaugural U.S. Water Prize from the Clean Water America Alliance – a national water-based advocacy group.³⁰

The Council brings together a wide spectrum of community leaders to discuss economic development, education, policy, and research topics related to fresh water. This is accomplished through the organization’s established committees, which range in focus from economic development to global communication, and through the Council’s annual water summit, a large national conference held in Milwaukee that continues to grow each year.

³⁰ The Clean Water America Alliance is an organization focused on the health of the nation’s water resources. The organization’s initiatives include exploring and analyzing important water-related issues, educating citizens and policymakers on water-related topics, and recognizing organizations or individuals for achievements related to water efforts. More information on the organization can be found at <http://www.cleanwateramericaalliance.org/index.php>.

Much of the Council's other activity focuses on strengthening Milwaukee's existing cluster of water-related businesses, developing water-related academic programs in the Milwaukee area, and facilitating the transfer of university research into new technologies. Regional colleges and universities have worked with the Council to expand their programs related to water law, policy, science, and technology, and the Council also has assisted UWM, Marquette University, and six area businesses to develop the Industry/University Collaborative Research Center, which is focused on water technology transfer.

Collaboration with other participants

Water Council leaders distinguish the Council's role from those played by other major economic development organizations, citing different skill sets, tools and priorities. For example, Water Council leaders see business attraction – even when it comes to water-related businesses – as falling mostly within the purview of the M7 and the City. The Council's focus, instead, is on organizing and growing the existing cluster and helping to develop the infrastructure for water-related research and education that is needed to support and expand it.

The Council's relationship with local colleges and universities has become particularly strong, with UWM continuing to develop its School of Freshwater Sciences, Marquette University recently adding programs in water policy and law, and MATC launching a new program in Environmental Health and Water Quality Technology. In addition, through collaborations with UWM, MATC, and other agency partners, the Water Council recently secured three major federal grants totaling more than \$3 million that will support water-related economic development and workforce development initiatives.

The Water Council is no longer as tightly connected to the M7 as it was when it was first created, though the organizations continue to collaborate on some aspects of water cluster development. The Council's relationship with the City is more intimate, as evidenced by collaboration on plans to develop a water technology research park at the Reed Street Yards, located just south of downtown. The Water Council also has had some interaction with BizStarts Milwaukee, and Council leaders cite the attraction of venture capital for budding water-related businesses emanating from university-based research as key to growing the cluster.

Budget

The importance of the Water Council's membership base is highlighted in its 2011 budget. As **Table 7** illustrates, more than 25% of the Water Council's revenue (\$190,000) is obtained from its membership, which includes approximately 90 businesses and organizations and numerous individuals. Coupled with grant-related revenue—the largest revenue stream—the two categories comprise nearly 67% of the organization's total revenue.

With regard to expenditures, more than 50% of the total budget is related to the Council's small staff, which includes just four full-time employees. The organization's water summit costs approximately \$60,000, but also generates about \$75,000 in revenue.

Table 7: Milwaukee Water Council 2011 Budget

Expenditures	
General operations	\$35,920
Consulting/professional expenditures	\$20,000
Meeting expenses	\$35,000
Marketing and website	\$25,000
Summit expenses	\$60,000
Rent	\$13,600
Salaries, benefits, and taxes	\$381,668
Travel expenses	\$20,000
UN Global Compact	\$6,000
Singapore Int'l. Water Week	\$108,000
Total	\$705,188
Revenues	
Membership revenue	\$190,000
Grants	\$283,000
Summit revenue/sponsorships	\$75,000
Contributed income (M7/state)	\$50,000
Singapore Int'l. Water Week	\$108,000
Total	\$706,000

BizStarts Milwaukee

BizStarts Milwaukee was established in 2008 by a group of local business leaders with “the mission of creating an innovative entrepreneurial business climate in the Milwaukee 7 region.”³¹ In spite of its relative youth as an organization, BizStarts Milwaukee has developed a variety of programs and resources to support its mission of assisting and promoting start-up companies and entrepreneurs in the seven-county region.

The organization’s activities include providing extensive resources and networking platforms for entrepreneurs and new businesses at a single, comprehensive website; distributing a web-based newsletter that highlights the accomplishments of local entrepreneurs; hosting numerous events and programs designed to assist new and developing companies; matching new companies with established CEOs to gain additional knowledge and guidance; and encouraging local colleges and universities to create courses and programs about entrepreneurial activities. As of 2009, BizStarts Milwaukee had helped to create 14 new companies supported by outside capital.

Collaboration with other participants

As BizStarts Milwaukee has developed, it has received some assistance from other local economic development participants. For example, BizStarts originally received technical, administrative, and financial assistance from MEDC and the M7. Its relationships with these participants are not as close as they were in the past, however, and BizStarts leaders say the organization is now largely left to itself to generate needed resources to accomplish its mission.

³¹ The mission statement was obtained from BizStarts Milwaukee 2009 Annual Report. The report can be found at <http://www.bizstartsmilwaukee.com/BizFiles/PDFs/2009AnnualReport.pdf>.

Budget

BizStarts Milwaukee receives funding from a variety of sources. As shown in **Table 8**, the organization's largest revenue category in 2010 (by a significant margin) was grants, with about 74% of its revenue coming from restricted or unrestricted grant awards.³² Grant sources include federal programs, state agencies, and local foundations and organizations. BizStarts also receives more than 25% of its revenue from memberships and sponsorships.

Table 8: BizStarts Milwaukee 2010 Revenue (Accrual)

Revenues	2010 Accrual
Memberships and sponsorships	\$80,500
Restricted grants	\$212,343
Unrestricted grants	\$18,000
Attendance fees	\$800
Interest income	\$68
Total	\$311,710

Table 9 provides an overview of BizStarts' expenditure budget, presenting actual expenditures in 2010 and 2011 budgeted expenditures. The largest expenditure category in both years is staff salaries (which in 2011 includes, for the first-time, a full-time director).³³ Other significant expenditure categories are largely linked to programs sponsored by BizStarts, including participant training and awards, web hosting development and maintenance, networking meeting costs, and general development.

Table 9 reveals a substantial increase in BizStarts' budget from 2010 to 2011. The organization only has operated for three years, and it has been striving to increase its revenue streams to support additional programs, resources, and staff.

Table 9: BizStarts Milwaukee Expenditures (2010 Actual, 2011 Budget)

Expenditures	2010 Actual	2011 Budget
Staff training and development	\$9,052	\$3,000
Participant training and awards	\$16,540	\$15,200
Travel, mileage, lodging, meals	\$6,210	\$13,700
Rent, materials, supplies, miscellaneous	\$12,211	\$8,150
Advertising, promotion, brochures	\$10,871	\$21,100
Networking meeting costs/facility rental	\$24,516	\$13,600
IT, accounting and other consulting resources	\$31,370	\$64,500
Employee salaries, taxes	\$99,031	\$202,435
Web hosting development and maintenance	\$20,544	\$11,120
Marketing and fundraising	\$12,250	\$3,000
General development	\$17,505	\$34,000
Total	\$260,097	\$389,805

³² The figures cited in **Tables 8** and **9** were provided by BizStarts at the request of the Public Policy Forum.

³³ A Venture Track coordinator position was included in salary expenditures for 2010.

Wisconsin Women's Business Initiative Corporation

Whereas several of the economic development participants described above focus on the attraction and retention of large employers, WWBIC is an economic development corporation that provides education, technical assistance and capital to small and micro businesses throughout the state. WWBIC's contributions to local economic development are highlighted in its mission, which is "to promote economic development through microenterprise by providing access to capital including direct lending, one-on-one individualized business assistance, business education, and asset building financial awareness education programming, with an emphasis on women, people of color, and people of lower wealth and incomes."

WWBIC's president says the group's role is distinct from BizStarts Milwaukee (which she helped found) in that BizStarts serves potential business owners who already have a "big idea" and need venture capital to support it, while her organization is geared toward start-ups and expanding small and micro businesses that are generally capitalized under \$100,000.

Although WWBIC is a statewide organization, it maintains its headquarters in Milwaukee, and 64 of its 109 approved loans in 2010 were provided to individuals and businesses in southeast Wisconsin. Approximately 66% of those loans were offered to existing businesses, and 34% went to start-ups. More than 80% of the loans were provided to service or retail businesses.

In 2010, WWBIC approved over \$3 million in loans and maintained a total loan portfolio balance of \$5.1 million. The organization estimates that nearly 900 jobs were either created or retained through these activities. In addition to its lending activities, WWBIC provides approximately 400 business courses and workshops across the state on an annual basis.

Collaboration with other partners

WWBIC has had a strong working relationship with BizStarts and also interacts with other economic development offices in Milwaukee, including MEDC, Milwaukee County Economic Development and related CDBG offices. In light of its statewide nature, WWBIC also collaborates with a variety of economic development agencies in other counties, as well as agencies on the state and federal level.

Budget

As **Table 10** illustrates, WWBIC's total operating budget was \$3.6 million in 2011.³⁴ The largest expenditures for WWBIC are salaries and benefits, which account for more than 50% of the operating budget. WWBIC's primary revenue source, meanwhile, is government and public support, which accounts for nearly 60% of total operating revenues. Another 21% of operating revenues are obtained from earned revenue, a category that includes profits from Coffee with a Conscience, a social business venture owned and operated by WWBIC.³⁵

Table 10: WWBIC 2011 Operating Budget Summary

Operating Expenditures	2011
Personnel and benefits	\$1,945,799
Bad debt expenses	\$500,000
Other	\$1,170,380
Total	\$3,616,179
Operating Revenues	
Earned revenues	\$766,698
Government/public support	\$2,385,481
Donated/contributed	\$464,000
Total	\$3,616,179

Table 11 provides a more detailed picture of the portion of WWBIC's funding that is obtained from public sources. Although WWBIC received nearly \$300,000 from the State of Wisconsin in 2010, the majority of its resources were provided by various federal sources. In addition to receiving federal CDBG funding through local governments and the U.S. Small Business Administration, WWBIC also received financial support from the U.S. Departments of Agriculture, Treasury, and Health and Human Services.

³⁴ The financial information provided in **Table 10** and **Table 11** was provided by WWBIC at the request of the Public Policy Forum.

³⁵ Coffee with a Conscience has two locations in the Milwaukee area and often sells products that are made by WWBIC clients.

Table 11: WWBIC Schedule of Expenditures of Federal and State Awards for the year ended December 31, 2010

Federal Expenditures	
US Department of Agriculture	
Rural Business Enterprise Grant	\$21,459
US Department of Housing and Urban Development	
Community Development Block Grants	
City of Madison	\$92,004
City of Milwaukee	\$75,000
City of West Allis	\$54,578
Dane County	\$75,000
Kenosha County	\$33,585
Milwaukee County	\$15,000
Racine County	\$25,000
Resident Opportunity and Support Services	
Housing Authority of the City of Milwaukee	\$121,680
US Department of Treasury	\$620,317
US Small Business Administration (all sources)	\$920,082
US Department of Health and Human Services	\$446,852
Total Federal Expenditures	\$2,500,557
State Expenditures	
Wisconsin Department of Commerce	
Community Based Economic Development	\$99,000
State Minority Business Development	\$200,000
Total State Expenditures	\$299,000

Milwaukee County Economic Development

Economic development efforts by Milwaukee County government have been somewhat limited and characterized by numerous changes to the county's staffing and operations in recent years. In 2009, the County abolished its position of economic development director and transferred the Economic Development Division's real estate, housing, and community development block grant administration functions to other county agencies. In 2010, the former county executive proposed a plan to create a new Business Development Department. Instead of creating a full department, however, county policymakers created a new economic development director position and placed it within the Department of Transportation and Public Works. The new county executive's recommended 2012 budget once again calls for reorganization, creating an Economic Development Division in the Department of Administrative Services and moving real estate, GIS mapping, and some marketing functions into the new division.

The County's new economic development director describes his role as that of a sales person for the County and a partner and link between businesses, the M7, and the county's 19 municipalities. The division will strive to keep the M7 informed of properties available throughout the county so that businesses contacting the M7 can be directed to the options that

best meet their needs. The division also intends to enhance outreach directly to area businesses to help them remain and grow within Milwaukee County.

Since 2008, the County also has had access to a temporary federal financing tool called Midwest Disaster Area (MDA) bonds, which were created to assist in the recovery efforts of Midwest communities damaged by flooding and tornadoes that year. Milwaukee County has been allocated up to \$50 million in MDA bonds, which can be issued to qualifying projects through January 1, 2013.³⁶ Thus far, however, this tool has not proven financially beneficial for many businesses and has not been widely utilized.

Recognizing that the County has few other financial tools to contribute to economic development efforts (with the exception of county-owned land in the Park East Corridor and County Grounds), the county executive's recommended 2012 budget called for the creation of a new Milwaukee County Economic Development Corporation (MCEDC), which would administer a revolving loan fund supported by the sale of county real estate. The proposal was modified by the county board to instead create a new Economic Development Fund that would receive up to \$1 million of county land sale revenue in 2012 "to develop sustainable jobs and new tax base in Milwaukee County."³⁷

Collaboration with other partners

Milwaukee County once played a relatively prominent role in economic development with the creation of the Milwaukee Regional Research Park. In recent years, however, because of severe budget challenges and a lack of consensus among the county executive and members of the county board regarding the County's economic development role and responsibilities, the impact of county economic development work has been minimal.

In seeking to refocus the County's efforts, the new Milwaukee County executive has charged the economic development director with two goals: work with the City of Milwaukee to increase development on county-owned parcels on the site of the former Park East freeway; and enhance partnerships with neighboring municipalities and other local economic development organizations. To advance toward the first goal, Milwaukee County recently added an office for its new economic development director at the building that houses DCD. In addition to collaboratively marketing the Park East for redevelopment, the County's economic development director says the City and County are working to mend what has long been a strained relationship.

In addition, the county board recently initiated an effort under which the county is working with the Southeastern Wisconsin Regional Planning Commission (SEWRPC) to develop a "comprehensive economic development strategy" for Milwaukee County, which is planned for release in April 2012. The effort is guided by an advisory committee created by the county board that includes several economic development practitioners, including the heads of MAWIB and MATC, a City of Milwaukee alderman, two real estate developers, and three county board

³⁶ A full description of qualifying projects can be found on the Wisconsin Department of Commerce website: <http://commerce.wi.gov/BD/BD-MDAB.html>

³⁷ As of the time this report went to press, final action on the 2012 budget had not yet occurred.

supervisors. Remarkably, the committee does not include representatives from DCD or any of the other major economic development participants discussed in this section. Indeed, aside from recent efforts to strengthen the county's relationship with DCD and the M7, the other participants have indicated only occasional and limited interaction with County officials.

Budget

Because of the nearly annual changes to Milwaukee County's economic development efforts, a financial analysis is somewhat challenging. In the 2011 budget, \$205,712 was allocated for two economic development positions: the economic development director and an economic development specialist. To date, only the director position has been filled. Additionally, \$1.4 million was allocated to the county's real estate services division, which is responsible for marketing and selling county-owned land for new development. The county executive's 2012 recommended budget allocates \$355,000 to the new Economic Development Division for economic development functions. Budget allocations for real estate services increase slightly to \$1.45 million.

Given Milwaukee County's limited economic development tools and budgetary resources, it is of little surprise that its role in City of Milwaukee economic development – outside of efforts to sell and/or develop its own real estate – has been limited. Recent steps taken by county officials to enhance partnerships, develop new business financing tools, and play a more influential role in coordinating countywide economic development policies may change that assessment, but care will need to be taken to ensure that the county's efforts do not simply duplicate, but rather strategically complement, those conducted by other players. Overall, county government still should be viewed as a relatively minor player in the city's economic development framework.

Summary

By and large, the major organizations outside of city government that are focused on economic development in Milwaukee have engaged in internal strategic planning, established clear missions, and can clearly articulate their respective roles in accelerating economic growth. For the most part, they are knowledgeable of each other's activities and, in some cases, have significant and consistent interaction.

Nevertheless, the major players do not appear to operate in a highly coordinated and calibrated fashion. For example, while DCD, RACM, MEDC, and the M7 often cooperate on projects in order to capitalize on their individual strengths, interactions with other participants are less frequent. And, while some financial and marketing efforts connect the M7 with BizStarts Milwaukee and the Milwaukee Water Council, and federal grants connect WWBIC to the City of Milwaukee and Milwaukee County, the participants are not operating under a unified economic development strategy.

This has caused some consternation among those who argue that too much emphasis is being placed on attracting big companies from outside of the region, and not enough on supporting start-ups. For example, some interviewees suggested that the role played by BizStarts has been unwisely overshadowed by groups like the M7 and Water Council, which are receiving greater

attention and resources from Milwaukee's elected and business leaders. M7 leaders respond that this perception is fueled by the public attention that is generated from efforts to attract large businesses, and that business expansion also plays a prominent role in the organization's agenda.

Some interviewees also cite the need for an overriding strategy that focuses on the entire spectrum of the region's businesses (micro, small, medium, large and very large), and argue that the micro and small business components have been de-emphasized while economic development leaders have focused on attracting larger companies in sectors typically associated with "high growth" (e.g. information technology). Those making these arguments specifically cite the need for business development strategies that will produce jobs for low-skilled workers from Milwaukee's central city, a factor they say has been largely ignored in some of the area's higher profile efforts around water and other clusters. Others point out that while business community leadership via organizations like the M7 is a critical component of economic development success, care should be taken to ensure that the role of such groups in economic development agenda-setting does not exclude other important segments of the community.

Finally, some have questioned whether the city's economic development organizations are aggressive enough in identifying growing companies *within* the M7 region and actively using Milwaukee's vast economic development toolbox to convince them to relocate and/or expand within city limits. On the one hand, this point seemingly runs counter to the M7's general role in promoting economic development cooperation among leaders from the seven counties. On the other, however, some argue that the City of Milwaukee's severe economic challenges merit priority treatment, and that the agreement among M7 leaders to refrain from competing against one another is working against the City's interests. Again, a comprehensive planning process could address this issue and further clarify the M7's role in encouraging business development and expansion in the region.

In the following section, we "map" the primary activities and tools used by the eight major economic development players in an attempt to glean further insight into these issues.

MAPPING MILWAUKEE'S MAJOR ECONOMIC DEVELOPMENT PLAYERS

The brief profiles of eight major economic development agencies and organizations show the broad extent of economic development efforts taking place in Milwaukee. Those efforts, as discussed throughout this report, consist of tools and activities that range from tax incentives and business financing to planning and marketing.

In order to better assess how the key players function collectively, **Table 12** and **Table 13** “map” the characteristics and primary activities of these eight participants. The maps show the scope of activities and expenditures, as well as the specific tools used by each participant.³⁸ Together, this information provides perspective on where the core strategies and activities of the various entities merge and overlap, and also where gaps may exist.

Economic development activities are grouped into 11 broad categories. Included in these categories are more than 40 specific activities and tools spread across the eight participants (the full list is presented in **Appendix B**). These categories include:

- Tax incentives/credits—the use of development zone tax credits, environmental remediation tax credits, or other tax incentives.
- Eminent domain—the ability to acquire private property with due compensation to the property owner (e.g. land).
- Business attraction—the use of a variety of incentives or outreach to encourage businesses to physically relocate within a certain area.
- Business retention and expansion—the use of outreach and assistance strategies to encourage businesses to remain and grow within a certain area.
- Real estate/business financing—the use of bonds, loans, grants, or other financial resources to assist developers and businesses.
- Infrastructure (re)development—the use of tax increment financing or capital improvement funds to improve public infrastructure.
- Site selection assistance—personal or web-based assistance for businesses who desire new facilities or locations within a geographic area.
- Planning—the development of comprehensive area plans, citywide policy plans, general economic development strategies, or strategies to promote industry-based clusters.
- Business development/assistance—providing entrepreneurs and small/micro businesses with educational or financial assistance.
- Entitlements—the ability to control tools such as zoning regulations and permits as they pertain to redevelopment or new construction.
- Branding/marketing—the use of marketing or public education strategies/materials to highlight the positive aspects of a specific location for business development or growth or to promote growth or collaboration within a specific industry cluster.

³⁸ While this report catalogues the variety of tools that are available to the major economic development players, it is beyond its scope to examine whether the use of specific tools is being maximized. That issue may merit follow-up analysis, as previous Forum reports have found that Milwaukee’s use of TIDs lags other urban areas (see <http://www.publicpolicyforum.org/pdfs/2008TIF-final.pdf>), and some argue that Wisconsin should make greater use of tax incentives for business attraction/expansion and bond funds for venture capital investments.

	City of Milwaukee Department of City Development	Redevelopment Authority of the City of Milwaukee	Milwaukee Economic Development Corporation	Milwaukee 7	Milwaukee Water Council	BizStarts Milwaukee	Wisconsin Women's Business Initiative Corporation	Milwaukee County Economic Development
Abbreviation	DCD	RACM	MEDC	M7	-	-	WWBIC	
Geographic Focus	City of Milwaukee	City of Milwaukee	City of Milwaukee	Seven-county Milwaukee region	Seven-county Milwaukee region	Seven-county Milwaukee region	State of Wisconsin	Milwaukee County
Brief Description	The City of Milwaukee agency responsible for business and real estate development, planning, and permitting within the city	A corporation with the authority to issue bonds, plan, and generally promote economic development	A private, nonprofit provider of low-cost loans and grants to businesses in partnership with conventional lenders	A regional cooperative economic development organization with the mission of attracting, and retaining, and growing business and talent	A group dedicated to the promotion and development of a water industry hub in the Milwaukee region	An organization designed to provide regional entrepreneurs and start-ups with needed resources and assistance	A Milwaukee-based economic development corporation that provides business education and financing to entrepreneurs and small business owners	The Milwaukee County agency responsible for economic development efforts within the county
2011 Operating Expenditures (budgeted)	\$14,054,860*	\$9,255,973**	\$3,637,550	\$1,416,526	\$705,188	\$389,805	\$3,616,179	\$205,712
Staff Members	74	31	15	10	4	3	35	1
Primary Revenues	<ul style="list-style-type: none"> • Grant funding • Property tax levy • CDBG funds • Plan review and permit fees 	<ul style="list-style-type: none"> • Grant funding • General revenues • CDBG funds 	<ul style="list-style-type: none"> • Loan interest income • Management fee income • New Markets Tax Credit income 	<ul style="list-style-type: none"> • Private sector contributions • Local government contributions 	<ul style="list-style-type: none"> • Grants • Membership revenue • Summit revenue/ sponsorship 	<ul style="list-style-type: none"> • Restricted grants • Membership and sponsorships • Unrestricted grants 	<ul style="list-style-type: none"> • Federal, state, and local government grants • Private foundations and corporations • Earned income 	<ul style="list-style-type: none"> • Property tax levy
Primary Expenditures	<ul style="list-style-type: none"> • Salaries and wages • Fringe benefits • Operating expenditures • NSP expenditures 	<ul style="list-style-type: none"> • Operating expenditures • Net salaries • Fringe benefits 	<ul style="list-style-type: none"> • Loan loss reserve • Loan guarantee expense • Legal and accounting expenses 	<ul style="list-style-type: none"> • Marketing (growth, attraction, expansion) • Planning • Economic Development Resources 	<ul style="list-style-type: none"> • Salaries, benefits, and taxes • Singapore Intl. Water Week • Summit expenses 	<ul style="list-style-type: none"> • Employee salaries • Consulting resources • General development 	<ul style="list-style-type: none"> • Personnel and benefits • Bad debt expenses 	<ul style="list-style-type: none"> • Personnel and benefits

Table 13: Activities/Tools of Economic Development Participants in Milwaukee

	City of Milwaukee Department of City Development	Redevelopment Authority of the City of Milwaukee	Milwaukee Economic Development Corporation	Milwaukee Water Council	Milwaukee 7	Milwaukee BizStarts Milwaukee	Wisconsin Women's Business Initiative Corporation	Milwaukee County Economic Development
Tools/Activities								
Tax incentives/credits	•		•					
Eminent domain	•	•						
Business attraction	•	•	•	•				•
Business retention and expansion	•	•	•	•				•
Real estate/business financing	•	•	•					
Infrastructure (re)development	•	•						
Site selection assistance	•	•						
Planning	•	•						
Business development/assistance	•	•						
Entitlements	•							
Branding/Marketing	•	•						
Other highlights/activities	Close working partnership with RACM and MEDC	Real estate holdings for future development	Website linked to other economic development participants	Business resource center; advocate for regional cooperation	International recognition and partnerships (e.g. IBM)	Online resources; networking; education; events	State-wide business education programs;	Real estate services related to county-owned land

Tools/Activities Category Definitions

Tax incentives/credits: The use of development zone tax credits, environmental remediation tax credits, or other tax incentives.

Eminent domain: The ability to acquire private property with due compensation to the property owner (e.g. land).

Business attraction: The use of a variety of incentives or outreach to encourage businesses to physically locate within a certain area.

Business retention and expansion: The use of outreach and assistance strategies to encourage businesses to remain and grow within a certain area.

Real estate/business financing: The use of bonds, loans, grants, or other financial resources to assist developers and businesses.

Infrastructure (re)development: The use of tax increment financing or capital improvement funds to improve public infrastructure.

Site selection assistance: Personal or web-based assistance for businesses who desire new facilities or locations within a geographic area.

Planning: The development of comprehensive area plans, citywide policy plans, general economic development strategies, or strategies to promote industry-based clusters.

Business development/assistance: Providing entrepreneurs and small/micro businesses with educational or financial assistance.

Entitlements: The ability to control tools such as zoning regulations and permits as they pertain to redevelopment or new construction.

Branding/marketing: The use of marketing or public education strategies/materials to highlight the positive aspects of a specific location for business development or growth or to promote growth or collaboration within a specific industry cluster.

Viewing Milwaukee's economic development landscape in this manner yields four primary insights:

- 1) There is an increasingly wide variety of tools available and used by major economic development participants to enhance local economic development efforts. Those tools allow the region's economic development leaders to provide financial assistance to new or expanding businesses, nurture entrepreneurs, acquire land, improve development sites, market the area, issue permits, and attract new businesses, among many other activities. With the recent development of BizStarts Milwaukee and the Milwaukee Water Council, the tools have become more diverse despite a recessionary economy. In short, the area has been able to grow and diversify economic development activity and capacity despite financial and economic challenges.
- 2) The DCD-RACM-MEDC triumvirate remains the lead player with the largest overall budget and staff and the greatest number of economic development tools at its disposal. As noted earlier, the combined annual investments of these three agencies represent 88% of the total investments made by the eight major economic development participants. Of the 11 categories cited, DCD's activities are included in 10 of them. The M7, in comparison, engages in activities that are listed under five categories. DCD also is the only participant with the authority to develop public infrastructure, control entitlements, and (along with RACM) utilize eminent domain—all of which can have a significant impact on economic development.

Given its share of resources and activities/tools when compared to other economic development organizations, the role of DCD and its two affiliates in Milwaukee's economic development efforts is paramount, and any diminishment of that role caused by budget cuts or other factors (such as the need to continue to devote more resources to the foreclosure crisis) could require other participants to expand their activities. DCD's pre-eminent role also suggests that it should bear primary responsibility for overall planning and cohesion of citywide economic development efforts and accountability for results.

- 3) Two of the most widely used economic development tools in the Milwaukee area are business attraction and real estate/business financing. Five of the eight participants engage in at least some business attraction efforts: DCD, RACM, the M7, the Water Council, and Milwaukee County Economic Development. Financing activities, a closely related category, also are prevalent, with five of the eight participants utilizing bonds, grants, loans or other financial resources to support businesses or real estate projects (DCD, MEDC, RACM, WWBIC, and Milwaukee County).

With seven of the eight participants engaged in business attraction and financing, it follows that a significant amount of resources are available to pursue or fund those activities. In fact, the primary organizational objective of MEDC is to provide supplementary financing to local businesses. Additionally, the M7 dedicates approximately 50% of its budget to activities related to business retention, attraction, and expansion. In short, business attraction and financing strategies are well-utilized by area economic development participants and well-resourced, making these the two primary components of the city's economic development

toolbox. Consequently, additional analysis may be required to measure the effectiveness of these strategies and whether they are being justifiably prioritized.

- 4) In contrast to business attraction and financing, the resources dedicated to business development and assistance are limited. Only three of the eight participants focus on business development services targeted at start-ups and small/micro businesses, and those organizations operate with relatively low budgets overall.³⁹ BizStarts Milwaukee, for example, had an operating budget of \$389,805 in 2011—one of the lowest budgets of any organization included on the map. WWBIC, an organization dedicated to providing both technical and financial assistance to small and micro businesses, had a 2011 operating budget of slightly more than \$3.6 million, with one-third of the organization’s activities occurring outside of southeast Wisconsin. In interviews conducted for this report, some participants suggested that the resource discrepancy between business attraction and real estate financing on the one hand, and support for start-ups and small business expansion on the other, should be revisited. Others suggested that instead of diverting resources from one area of economic development activity to others, local leaders should consider ways to expand the resources devoted to the entire toolbox.

In addition, while not immediately evident from an examination of **Table 13**, our research and interviews with agency leaders indicate that business retention activities are somewhat limited. The table shows that five agencies engage in some retention/expansion activities (DCD, RACM, MEDC, M7, and the Water Council), but the M7’s business call program is the only formal, documented activity we could identify that directly addresses retention of existing businesses in Milwaukee. While DCD conducts a variety of indirect activities that may positively impact retention (such as its work with BIDs, Main Street Milwaukee, etc.), we could find no evidence of a coordinated approach that identifies and targets key businesses.

Overall, this display of tools, activities, and interactions of the major Milwaukee economic development participants raises several important questions. For example, several of the major participants compete for the same resources, including federal and state grant funds, and contributions from local foundations and individual businesses. Should these efforts be coordinated or merged, perhaps, on a case-by-case basis? Should the participants’ efforts to acquire economic development resources be structured in a manner that reflects the relative importance of the activities to the city’s economic future? Interviews indicate that the public, and even the participants themselves, are sometimes unsure of the answers to those questions.

In addition, this analysis shows that while the economic development organizations in Milwaukee are making use of a large and growing array of tools and activities to promote economic development, persistent gaps remain related to coordination and accountability. The following section looks to the experiences of five peer cities for ideas on how to address those gaps.

³⁹ While DCD, MEDC, and the M7 provide some business development assistance to small businesses and entrepreneurs, those activities are not part of their primary mission. For example, DCD assists small businesses through its Retail Investment Fund and Facade Grant programs, and MEDC provides loans to start-ups through its Capital Access Program, but those investments represent relatively minor components of the organizations’ overall activity.

ADDRESSING THE GAPS

The preceding review of the economic development landscape in Milwaukee provides insight into the characteristics of the major participants working on economic development and the variety of tools they possess. It is clear that new and strengthened efforts have developed over the last five years and that, among some participants, effective collaboration is occurring.

Despite these strengths, however, some have pointed to gaps in the area's economic development efforts, and have suggested that those efforts could benefit from improvement in the areas of coordination and accountability. For example, the increase in meaningful and distinct economic development efforts occurring in Milwaukee has been positive, but we have found that coordination only occurs among certain participants for certain projects. Our analysis also shows that the focus of economic development efforts and resources in the area – whether by design or happenstance – is on business attraction and real estate financing activities. In contrast, fewer resources are being dedicated to support for start-up companies and small business growth.

As economic development leaders in Milwaukee reflect on these potential gaps, it may be useful to consider successful economic development strategies and frameworks employed by other, similar-sized cities. As such, five cities are profiled below that have implemented strategies that correspond to the weaknesses described above: Portland, Saint Paul, Pittsburgh, Oklahoma City, and Cleveland. Portland and Saint Paul are examples of cities with well-developed and documented economic development strategies, while Pittsburgh serves as an example of a city with highly coordinated regional economic development efforts, and Oklahoma City and Cleveland represent cities utilizing unique economic development tools.

The profile of each city includes an insert showing basic facts about its population and economy. For comparative purposes, shown below is a similar insert for Milwaukee.

MILWAUKEE AT A GLANCE

City population, 2010	594,833
Metropolitan population, 2010	1,555,908
Land area	97 square miles
Largest area business	Aurora Health Care
Prominent Milwaukee-area headquarters	Johnson Controls, Northwestern Mutual, Manpower, Kohl's
Per capita income	\$19,153
Unemployment rate, 2010	11.5%

Note: Other than metropolitan population, all data represents city only. City population, metropolitan population, land area, and per capita income data were obtained from the U.S. Census Bureau (per capita income is based 2005-2009 estimates generated by the U.S. Census Bureau) and the unemployment rate was obtained from the U.S. Department of Labor Statistics. The largest area business category is based on employment and does not include public institutions such as government agencies (local, state, or federal), public schools, or universities.

Portland, OR

In July 2009, the City of Portland adopted an ambitious five-year economic development strategy designed to achieve the goals of increasing city employment by 10,000 jobs and building “the most sustainable economy in the world.”⁴⁰ Portland’s detailed strategy, which outlines the city’s economic development objectives and then drills down to specific actions that will be taken to achieve them, could serve as one model for Milwaukee to consider in developing a strategic economic development plan.

Portland’s plan identifies three primary themes that drive the strategy: maximize competitiveness; drive urban innovation; and stimulate neighborhood business vitality. These themes are divided into several key objectives, which are then broken down into specific actions. The document also specifies the parties responsible for the implementation of each action. **Table 14** provides an example of the document’s structure using the second theme—urban innovation.

Table 14: Urban innovation objectives in Portland’s economic development strategy

2. Building the Sustainable Economy-Urban Innovation	
Objective 2.1	Create the Next Generation Built Environment
	Action 2.1.1 Establish the Oregon Sustainability Center to foster the next wave of innovation in sustainable building and living.
	Action 2.1.2 Establish eco-districts in three catalytic locations.
Objective 2.2	Enhance the vitality and distinctiveness of the Central City to showcase our sustainable way of life and attract creative class talent.
	Action 2.2.1 Invest in catalytic Westside redevelopment projects, including Post Office, Centennial Mills, PSU, Con-Way, and Goose Hollow.
	Action 2.2.2 Support the planned expansion of the PSU and OHSU campuses.
	Action 2.2.3 Invest in catalytic Eastside sites, including Headquarters Hotel, Rose Quarter redevelopment and Burnside Bridgehead.
Objective 2.3	Actively market Portland as the leader in sustainability throughout the world.
	Action 2.3.1 Convene public-private working group to develop objectives for branding strategy.
	Action 2.3.2 Implement a unified branding strategy for the city and region.

In addition to citing specific objectives and actions, the plan provides estimates of the financial resources required to implement the recommended initiatives, as well as methods to obtain the needed resources. The website dedicated to Portland’s economic development strategy also includes metrics used to measure progress toward achieving the plan’s goals and objectives. For example, Objective 2.1 in the table above is focused on the creation of the next generation built environment. The metric assigned to this objective is the number of green buildings per 1,000,000 Portland residents.

One of the most instructive aspects of Portland’s strategic planning document is the frequency with which it is analyzed and updated. The report was released in July 2009, and the first

⁴⁰ The strategic plan and two year status report can be accessed at: <http://pdxeconomicdevelopment.com/index.html>

progress reports were completed in October and November of that year. The progress reports included updates on each of the plan’s primary goals and their specific underlying objectives, highlighting the related achievements that had taken place. Additional updates were provided in 2010 and July 2011.

Not only does Portland’s strategy provide concrete guidance for the city and its partners as they pursue economic development, but the city’s frequent evaluation of its progress also fosters accountability. A strategic plan with these attributes would benefit Milwaukee’s collective economic development activities.

PORTLAND AT A GLANCE

City population, 2010	583,776
Metropolitan population, 2010	2,226,009
Land area	134 square miles
Largest area business	Intel
Prominent Portland-area headquarters	Adidas; Nike; Columbia Sportswear
Per capita income	\$29,160
Unemployment rate, 2010	10.1%

Note: Other than metropolitan population, all data represents city only. City population, metropolitan population, land area, and per capita income data were obtained from the U.S. Census Bureau (per capita income is based 2005-2009 estimates generated by the U.S. Census Bureau) and the unemployment rate was obtained from the U.S. Department of Labor Statistics. The largest area business category is based on employment and does not include public institutions such as government agencies (local, state, or federal), public schools, or universities.

Saint Paul, MN

In July 2008, Saint Paul Mayor Chris Coleman introduced the Saint Paul Economic Development Strategy 2008-2009.⁴¹ Despite the plan’s short-term scope, it outlines an ambitious and data-driven economic development strategy with a high degree of collaboration and clear accountability.

St. Paul’s plan contains six initiatives: business retention and expansion; business attraction; Invest Saint Paul area initiatives; streamline the development process; workforce development; and downtown revitalization. Each initiative is then divided into topic areas focused on planned activities. For example, the downtown revitalization initiative includes three topic areas: create and implement an office occupancy plan, develop a short-term retail strategy, and develop a downtown façade improvement program. Each initiative and its components are shown below in **Table 15**.

⁴¹ The full Economic Development Strategy and “Action Step Matrix” can be found on the City of St. Paul’s website: <http://www.stpaul.gov/index.aspx?NID=2938>

Table 15: Economic Development Initiatives in St. Paul’s economic development plan

Initiatives	Strategies
Business Retention and Expansion	<ul style="list-style-type: none"> • Business Retention visits • Rapid Response Team • Annual Business Survey • Downtown Demographic Data • Redesign the Business Resource Center • Back Street Cluster
Business Attraction	<ul style="list-style-type: none"> • High Tech and Green Manufacturing • Life Science • Healthcare • Ethnic Businesses • MetroMSP-Regional Development Website
Invest Saint Paul Initiatives	<ul style="list-style-type: none"> • Business Outreach • Economic Analysis • Strategic Acquisition Plan
Streamline the Development Process	<ul style="list-style-type: none"> • Formalizing the ED Function • Re-energizing the Process
Workforce Development	<ul style="list-style-type: none"> • Enhance PK-12 Education • Increase Post-Secondary Educational Achievement • Promote Access to Technology • Youth Workforce Preparation • Customized Job Training
Downtown Revitalization	<ul style="list-style-type: none"> • Office Occupancy Plan-Phase II • RNC Short Term Retail Strategy • Downtown Façade Improvement Program

The plan was intended not only to provide broad economic development policy guidance, but also to enhance collaboration among Saint Paul economic development participants. In fact, interviews with a wide variety of local institutions and economic development participants guided plan development, including local banks, community development corporations, chamber organizations, businesses, university officials, and workforce development representatives from state government.

Following these interviews, a group of five economic development agencies was formed to develop the plan and jointly take responsibility for its implementation. The partnership included the City of Saint Paul and its Department of Planning and Economic Development, the Saint Paul Chamber of Commerce, Capital City Partnership, Saint Paul Port Authority, and the Saint Paul Riverfront Corporation.⁴² While the strategy is presented as the City of Saint Paul’s economic development strategy, each of the partners was given responsibility for its implementation.

St. Paul’s economic development strategy lists and defines the initiatives prioritized by the city and its partners, but an accompanying “action step” matrix and progress report provides more specific detail. The action step matrix links each planned action with responsible partners

⁴² The Capital City Partnership is a non-profit organization comprised of St. Paul area businesses and organizations that focuses on enhancing and promoting that business environment of St. Paul and its downtown. More information is available at <http://saintpaulworks.com/>.

(including specific staff leads), outcomes, and progress updates. **Table 16** replicates the matrix for the first action step listed in the document—business retention visits (located under the business retention and expansion initiative). The 24 remaining topic areas shown in **Table 15** are listed in the document with similar information.

Table 16: Action Plan Progress Report Matrix: Initiative 1, Action Step 1 – St. Paul economic development plan

Action Step	Responsible Partner/Staff Lead	2008/2009 Outcome/Measure	Progress to Date
Business Retention Visits The Partnership will conduct business retention visits to strategically selected major employers, “gazelle” businesses, “cluster” businesses and other firms identified by the Partnership. Among other firms, these visits will target many of the largest Saint Paul employers as well as small and minority owned businesses.	The Saint Paul Area Chamber of Commerce will lead Susan Kimberly Michael Belaen	The Saint Paul Area Chamber will complete 100 business retention visits including: 50 visits to Saint Paul’s largest employers and 5-10 visits to minority owned businesses.	2008 Visits to Date: 98 2009 Visits to Date: 25 Minority/Women Owned Enterprises:11 Saint Paul Employers with 50+ Employees: 30

Taken as a whole, the economic development strategy, action step matrix, and progress report developed by the City of Saint Paul and its partners constitute a meaningful economic development plan that prioritizes resources and activities, tracks progress toward clear-cut objectives, and holds specific participants accountable for results. The plan also is particularly relevant to Milwaukee in its effort to highlight economic development partnerships and acknowledge the necessary and distinct roles played by multiple public and private stakeholders. In short, the strategy developed by Saint Paul is a plan that encourages collaboration, evaluation, accountability and openness—important characteristics that could be enhanced as part of Milwaukee’s economic development framework.

ST. PAUL AT A GLANCE

City population, 2010	285,068
Metropolitan population, 2010	3,317,308
Land area	52 square miles
Largest area business	Target Corp.
Prominent St. Paul-area headquarters	Target; 3M; Best Buy; United Health Group
Per capita income	\$25,587
Unemployment rate, 2010	7.7%

Note: Other than metropolitan population, all data represents city only. City population, metropolitan population, land area, and per capita income data were obtained from the U.S. Census Bureau (per capita income is based 2005-2009 estimates generated by the U.S. Census Bureau) and the unemployment rate was obtained from the U.S. Department of Labor Statistics. The largest area business category is based on employment and does not include public institutions such as government agencies (local, state, or federal), public schools, or universities.

Pittsburgh, PA

Development of a comprehensive economic development strategy in Milwaukee not only would provide additional focus and accountability, but also could reduce the fragmentation we have observed among the city's major players. While some economic development participants work together closely, others pursue their own economic development strategies that can compete or even conflict with the strategies of fellow participants. Also, in those cases where larger partnerships are developed, they are often informal or limited to a specific time period or project.

In contrast, other cities have emphasized more collaborative efforts to support specific, "big picture" economic development goals and strategies. One such city is Pittsburgh. Similar to Milwaukee, Pittsburgh's economy historically was based on heavy manufacturing, an industry that rapidly declined in the 1980s as manufacturing plants closed or moved away. Over the past 20 years, Pittsburgh has responded to massive job losses in manufacturing and adapted to the increasingly knowledge-based, global economy through regional transformation and diversification.

Today, the Pittsburgh metro area includes strong healthcare, education, technology, robotics, and financial services industries. There is reason to believe Pittsburgh's economy also has become more resilient. In fact, the Brookings Institution named Pittsburgh one of the 20 strongest-performing metropolitan areas in 2011 with regard to its economic recovery following the recent recession.

Pittsburgh's revival has been attributed to numerous developments that have taken place over the past 20 years, including an increased focus on strengthening high-growth industry clusters, the establishment of a one-cent sales tax dedicated to supporting cultural assets, and a robust and highly engaged philanthropic community.⁴³ Political reorganization has played a role as well, with a significant restructuring of Allegheny County government and the creation of a new advocacy group in state government made up of legislators representing the 10-county Pittsburgh region.

In addition, the strategic affiliation of several of Pittsburgh's leading economic development organizations during this time is often identified as critical to the region's largely successful economic restructuring. Until the 1990s, Pittsburgh's economic development efforts had been characterized as highly fragmented, but by 2000, the Allegheny Conference on Community Development, the Greater Pittsburgh Chamber of Commerce, the Pennsylvania Economy League of Southwestern Pennsylvania, and the Pittsburgh Regional Alliance had entered into a formal affiliation aimed at leveraging the strengths of each organization in promoting regional economic development. **Table 17** summarizes the characteristics of each organization.

⁴³ De Souza Briggs, Xavier. 2008. *Democracy as Problem Solving*. The MIT Press

Table 17: A Summary of the Allegheny Conference on Community Development and its Affiliates⁴⁴

Allegheny Conference on Community Development
A private, non-profit leadership organization comprised of area business and university leaders dedicated to improving the economy and quality of life of the Pittsburgh region.
Greater Pittsburgh Chamber of Commerce
The Chamber is the advocate for a more competitive business climate, and it works closely with 29 local chambers across the region as well as other critical partners.
Pennsylvania Economy League of Southwestern Pennsylvania
The Pennsylvania Economy League of Southwestern Pennsylvania provides research and analysis on specific public policy priorities. The information it provides serves the business, civic and governmental leadership of southwestern Pennsylvania in support of improvements for living and doing business in the 10-county Pittsburgh region.
Pittsburgh Regional Alliance
The Pittsburgh Regional Alliance (PRA) is Pittsburgh's equivalent of the Milwaukee 7. The PRA markets the benefits of conducting business in southwestern Pennsylvania to companies all over the world that are growing, relocating or expanding, and also works to support the growth of existing regional employers.

The advocacy, research/analysis, and marketing leaders of these organizations now work together to develop and coordinate regional economic development goals. In 2009, for example, the Allegheny Conference and its affiliates developed a two-year agenda focused on five action programs:

- Simpler, more cost effective governance
- An improved business climate
- Targeted transportation and infrastructure investments
- Positioning the region as an attractive workplace for a diverse workforce
- Stimulating new business investments

Each of the programs is divided into various initiatives designed to achieve programmatic goals. Each action program also is linked with an affiliate or staff member that has a specialty related to the program and its initiatives.

Although the partnership does not formally include all of the economic development participants in the region (e.g. it does not include the Urban Redevelopment Authority of Pittsburgh, which is the City of Pittsburgh's economic development agency), it represents a large portion of the economic development tools and resources available in the region.

In light of Pittsburgh's notable recent economic development success in the face of challenges similar to those of Milwaukee, local economic development organizations could consider Pittsburgh as a model for improved collaboration and coordination. While many Milwaukee participants already maintain close partnerships with one another, Pittsburgh shows how collaboration can go beyond a project-based approach to focus on a larger vision and strategy.

⁴⁴ Information on each of the organizations and their missions were obtained from their respective websites. This information, in addition to greater detail about the organizations, can be accessed at <http://www.alleghenyconference.org>.

PITTSBURGH AT A GLANCE

City population, 2010	305,704
Metropolitan population, 2010	2,356,285
Land area	55 square miles
Largest area business	UPMC
Prominent Pittsburgh-area headquarters	PNC; American Eagle Outfitters; Heinz; Alcoa
Per capita income	\$24,616
Unemployment rate, 2010	8.3%

Note: Other than metropolitan population, all data represents city only. City population, metropolitan population, land area, and per capita income data were obtained from the U.S. Census Bureau (per capita income is based 2005-2009 estimates generated by the U.S. Census Bureau) and the unemployment rate was obtained from the U.S. Department of Labor Statistics. The largest area business category is based on employment and does not include public institutions such as government agencies (local, state, or federal), public schools, or universities.

Oklahoma City, OK

When asked to provide the names of peer cities considered successful in formulating and implementing outstanding economic development strategies, the city most frequently cited by practitioners interviewed for this report was Oklahoma City. With a historically strong energy sector and growing biotechnology, aviation, and logistics industries, the Oklahoma City region has enjoyed one of the most stable economies in the nation during the recent recession. In 2010, Boeing committed to moving 550 engineering jobs to Oklahoma City from California and, as of August 2011, Greater Oklahoma City had the lowest unemployment rate among large U.S. metro areas at 5% (compared with 9.1% nationally).⁴⁵

Oklahoma City frequently is looked to as an economic development model because of the innovative programs it has employed. One such program is the Oklahoma City MAPS (Metropolitan Area Projects) program, which is frequently cited by the media and officials from other cities.⁴⁶ The program has its roots in a 1993 decision by Oklahoma City voters to approve a one-cent sales tax to fund public facility enhancements largely in the city's downtown area. Projects included a minor league baseball stadium, a trolley transit system, the expansion and rehabilitation of a convention center, the reconstruction of a music hall, and the construction of the Chesapeake Energy Arena (used by the Oklahoma City Thunder NBA franchise), among others.⁴⁷

Following the expiration of the initial tax in 1999, a second one-cent sales tax was approved by voters to fund construction, energy, and transit projects for Oklahoma City public schools. When these construction projects are completed in 2012, the region will have more than 70 new or

⁴⁵ Bureau of Labor Statistics: <http://www.bls.gov/news.release/pdf/metro.pdf>

⁴⁶ Kelley, Debbie. May 14, 2011. "Civic leaders ready for change after Oklahoma City trip." *Colorado Springs Gazette*.

⁴⁷ More information on Oklahoma City's MAPS program can be found at: <http://www.okc.gov/maps/index.html>

reconstructed schools. Finally, in 2010, voters approved a new one-cent sales tax for nearly eight years that will fund the construction of a new downtown convention center, a modern streetcar, a public park, riverside improvements, and health and wellness aquatic centers, among other projects. These investments have been accompanied by substantial private investments in downtown Oklahoma City since the initial MAPS program began.⁴⁸

Recent national media accounts also have highlighted another economic development tool utilized by Oklahoma City.⁴⁹ In the early 1990s, the city began offering companies 5% cash back on payrolls when new jobs were created. The program created a cash rebate with no restriction on the way it should be spent by the companies. Following the success of this program, voters approved Oklahoma City's Strategic Investment Program (SIP) in 2007. The program provides financial incentives to companies if new jobs are created that meet certain requirements. Funds from this program have been offered to several companies, including Chesapeake Energy and Boeing, which have promised to create hundreds of jobs.⁵⁰

Although Milwaukee possesses a wide variety of economic development tools, its toolbox includes nothing similar to the unique tools utilized by Oklahoma City, which have been used successfully to redevelop the downtown, create jobs, and spur private investment. Discussions concerning new or revised economic development strategies in the Milwaukee area should consider the tools and associated outcomes generated in Oklahoma City.

OKLAHOMA CITY AT A GLANCE

City population, 2010	579,999
Metropolitan population, 2010	1,252,987
Land area	606 square miles
Largest area business	INTEGRIS Health
Prominent Oklahoma City-area headquarters	Hobby Lobby; Chesapeake Energy; Sonic
Per capita income	\$24,445
Unemployment rate, 2010	6.5%

Note: Other than metropolitan population, all data represents city only. City population, metropolitan population, land area, and per capita income data were obtained from the U.S. Census Bureau (per capita income is based 2005-2009 estimates generated by the U.S. Census Bureau) and the unemployment rate was obtained from the U.S. Department of Labor Statistics. The largest area business category is based on employment and does not include public institutions such as government agencies (local, state, or federal), public schools, or universities.

⁴⁸ Warner, Larkin. September 2003. "Impact Analysis of MAPS and other Significant Central City Investments." http://www.okc.gov/maps/impact/maps_impact_summary.pdf

⁴⁹ Coppins, McKay. September 11, 2010. A smarter way to attract jobs in Oklahoma." *Newsweek*.

⁵⁰ Adcock, Clifton. April 6, 2011. "OKC is negotiating a deal with Chesapeake Energy and Boeing Co. to receive financial incentives from the city's strategic investment program." *Oklahoma Gazette*.

Cleveland, OH (Northeast Ohio)

Cleveland – like Milwaukee, Pittsburgh, and several other large Midwestern cities – maintained a thriving economy based on industrial manufacturing for much of the 20th century. Like most of its peers, however, Cleveland has experienced several decades of economic retrenchment as its manufacturing companies have closed, moved, or downsized, resulting in the loss of thousands of jobs. As economic development leaders in Cleveland and northeast Ohio have worked to restructure their economy, one regional initiative, focused on support for entrepreneurs and start-up companies, has received particular accolades.

In 2004, the region’s civic and community leaders launched JumpStart Inc. to support entrepreneurs and early-stage companies with technical, financial, and networking assistance. JumpStart’s most notable activity is its provision of early-stage investments starting at \$250,000 to selected entrepreneurs, which is accompanied by guidance from previously successful entrepreneurs. In addition, JumpStart uses a variety of strategies to assist budding start-ups, including its JumpStart Entrepreneurial Network, which connects regional entrepreneurial support organizations; and JumpStart Community Advisors, which collaborates with community leaders across the country to support the start-up and development of high growth businesses.⁵¹

As a public-private partnership, JumpStart receives significant financial resources from state and local foundations and private businesses. In addition, it receives considerable public funding from the Ohio Third Frontier. Supported with a bond measure approved by Ohio voters and associated with the Ohio Department of Development, the Ohio Third Frontier initiative uses its resources to support innovative projects that have the potential to create new products, companies, and jobs. Since its inception, JumpStart has received over \$30 million in grants from the Ohio Third Frontier program to support entrepreneurship in the Cleveland region.⁵²

Within one year of its launch in 2004, JumpStart’s portfolio had reached nine companies, 6,550 entrepreneurs had been contacted, and more than 16,000 hours of assistance had been provided to regional entrepreneurs. As of 2009, JumpStart had connected with nearly 35,000 entrepreneurs, reviewed more than 2,000 business plans, and provided 100,000 hours of technical assistance. A 2009 analysis by a researcher at Cleveland State University concluded the organization’s efforts had a \$90 million impact on the Cleveland region, created 644 jobs, and had a \$5 million tax impact for state and local governments.⁵³

While the Milwaukee region does provide resources to entrepreneurs and start-up companies through organizations such as BizStarts Milwaukee and WWBIC, those resources pale in comparison to the amount provided by JumpStart Inc. Now that WEDC has made entrepreneurial support one of its primary statewide initiatives in Wisconsin, it may be appropriate to view JumpStart Inc. and the Ohio Third Frontier Program as a model for state-local collaboration on this important aspect of economic development policy.

⁵¹ Additional information on JumpStart and its programs and initiatives can be found at <http://www.jumpstartinc.org>.

⁵² Additional information on the Ohio Third Frontier Program can be found at <http://thirdfrontier.com/ThirdFrontierCalendar/default.aspx>.

⁵³ Austrian, Ziona. 2010. Economic Impact of JumpStart, Inc. on Northeast Ohio, 2009. Obtained from <http://www.jumpstartinc.org/Docs/JS+2009+Impact.pdf>.

CLEVELAND AT A GLANCE

City population, 2010	396,815
Metropolitan population, 2010	2,077,240
Land area	78 square miles
Largest area business	Cleveland Clinic
Prominent Cleveland-area headquarters	American Greetings, Sherwin-Williams Co.
Per capita income	\$16,581
Unemployment rate, 2010	11.4%

Note: Other than metropolitan population, all data represents city only. City population, metropolitan population, land area, and per capita income data were obtained from the U.S. Census Bureau (per capita income is based on 2005-2009 estimates generated by the U.S. Census Bureau) and the unemployment rate was obtained from the U.S. Department of Labor Statistics. The largest area business category is based on employment and does not include public institutions such as government agencies (local, state, or federal), public schools, or universities.

CONCLUSION

Assessment of the interviews, financial information, and mapping exercises referenced above yields several conclusions about the state of economic development efforts in Milwaukee. These conclusions indicate continued strengths, areas of recent improvement, and persistent gaps.

1. **The Milwaukee area has a sizable number of organizations pursuing economic development activities, and these organizations possess an impressive array of economic development tools.**

These groups, ranging from city development agencies to business-led self-improvement districts, have the ability to engage in the provision of low-interest loans, tax breaks, entrepreneurial assistance, workforce development, site assistance, infrastructure development, regional marketing promotions, and many other activities. Additionally, many of these tools can be combined to create customized packages for specific projects. For prospective businesses, developers, or entrepreneurs, Milwaukee's economic development toolbox is open and, in many cases, well-stocked.

2. **Economic development participants are aware of each other's activities and, in some cases, work closely together.**

Each of the economic development participants examined for this report had, at the least, knowledge of the other participants and their missions and general activities. In some cases, the participants work together closely, leverage each other's strengths and tools, and interact on a routine basis. DCD, RACM, MEDC, and the M7 are examples of entities that have this type of relationship. In other cases, participants provide mutual support through joint marketing efforts. For example, BizStarts Milwaukee, the Milwaukee Water Council, and the M7 use their websites to provide links to each other's information and services. MEDC and the M7 also have provided staff assistance and other resources to recently created organizations such as BizStarts Milwaukee, while financial contributions have connected the M7 to BizStarts Milwaukee and the Milwaukee Water Council.

3. **Significant new economic development efforts have occurred in the past five years, but Milwaukee still lacks a cohesive economic development plan.**

Since the Forum's last major report on economic development policies and practices in 2006, the local economic development landscape has undergone significant and largely positive changes. The M7 has matured, industry clusters and supportive organizations such as the Milwaukee Water Council have formed, BizStarts Milwaukee has been created to support entrepreneurship, the local federally-funded workforce development agency has been revamped, and the region's largest public university (UWM) has begun a significant programmatic, research, and facility expansion.

While several important pieces of an economic development strategy for Milwaukee have been developed, however, those pieces could be better coordinated and calibrated. The city as a whole continues to lack a cohesive and comprehensive economic development strategy and plan that addresses not only the twin goals cited repeatedly in this report (tax base growth

and job creation), but that also ties in related components like workforce development and neighborhood improvement. Without a broad vision, specific goals, detailed implementation plans, and clear performance objectives, it is nearly impossible to measure progress and ensure accountability. Because Milwaukee now has so many organizations engaging in positive efforts, the need for an overall plan is even more acute to ensure that the actions of those organizations are properly coordinated and marching toward the same set of community-wide objectives.

4. The major economic development participants themselves have differing opinions on what the components of a unified economic development strategy should be.

Interviews with dozens of local economic development participants reveal that not all follow or support the same economic development strategies and goals. Though minor differences certainly would be expected, there is particular tension between those who emphasize large business attraction and expansion as the key strategic economic development goal, versus those who advocate focusing on support for local start-up companies and accelerating the growth of existing small businesses.

Based on our fiscal analysis of the participants, a financial divide between these approaches certainly exists. The budgets of organizations dedicated to entrepreneurship and start-up companies – and the tools available to support those efforts – appear lacking when compared to the resources available to those focused on business attraction and business/real estate financing. While this divide does not appear to be publicly noticeable, communication among these participants seems limited, and some ask whether private and public resources devoted to economic development efforts are being allocated effectively.

Reaching consensus on the right “mix” of economic development investment and activities would not be easy, and similar tension certainly exists in many other metropolitan areas. Nevertheless, developing additional ways to measure and publicize the results of each of the community’s economic development activities may shed important insight into this question and better guide resource allocation decisions.

5. The city’s economic development efforts would benefit from more clearly defined roles and responsibilities for major economic development participants.

While the major economic development participants are aware of each other’s activities and undertake various levels of teamwork, there is general confusion among the public and participants themselves about accountabilities and outcomes. This is particularly true for DCD and the M7, each of which is regularly cited as leading local economic development efforts, but neither of which appears appropriately resourced or responsible for creating the conditions that will lead to overall job creation—or loss—in the metro area. For example, the website of the Southeast Wisconsin Regional Planning Commission states that “economic development in Southeastern Wisconsin is conducted through the M7,”⁵⁴ reflecting a commonly held belief that is not supported by the organization’s true size or scope. DCD,

⁵⁴ See <http://www.sewrpc.org/SEWRPC/communityassistance.htm>.

meanwhile, has the greatest number of economic development tools, but staffing constraints, its broad array of responsibilities, and the need to cater to the demands of individual elected officials can limit the availability and effective use of those tools.

To summarize, Milwaukee's elected, business, academic and civic leaders have taken several important and impressive steps in recent years to add both strength and focus to the city's economic development efforts, but those efforts still could benefit from enhanced precision, cohesion and accountability that is a prerequisite for long-term economic development success.

The brief discussion of economic development planning and activities in five other metro areas demonstrates that strategic economic development planning does not merely satisfy the "wonkish" demands of think tanks and academics, but that it is producing real results in terms of enhanced collaboration and coordination, creation of new economic development tools, and greater accountability and innovation. Indeed, the inherent value of having public and private sector leaders come together to establish a common economic development vision, and translate that vision into specific priorities, goals, objectives and action steps, would appear to be irrefutable.

Further insight into the importance of strategic economic development planning comes from the Brookings Institution. Brookings has launched an initiative to urge metro areas to move beyond the traditional forms of economic development planning (which for the most part have not yet even occurred in Milwaukee), to an advanced form of planning called "Metropolitan Business Planning." As the **insert** on the following page explains, this concept is based on the premise that metropolitan areas are no different from major corporations in their need for a disciplined and analytical approach to achieving economic growth. As Brookings puts it, metro areas must "adapt the discipline of private-sector business planning to the task of revitalizing regional development."⁵⁵

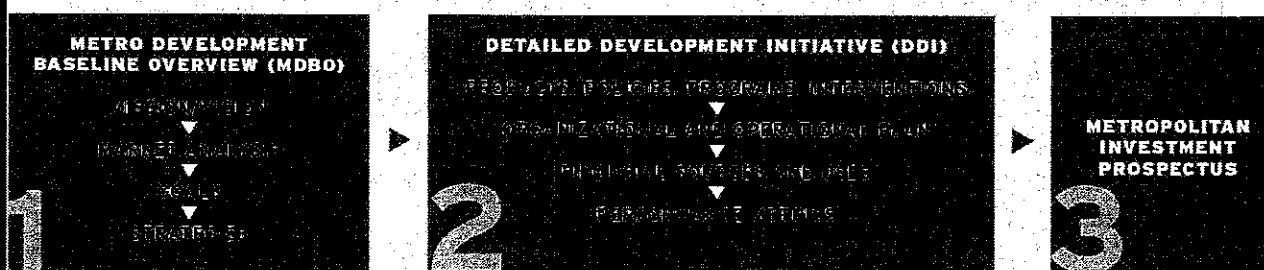
⁵⁵ Additional information on Brookings' metropolitan business planning model and pilot efforts can be found at: http://www.brookings.edu/papers/2010/12_metro_business_muro.aspx

Metropolitan Business Planning

An innovative strategy recently introduced by the Brookings Institution applies the business planning model of the private sector to regional economic development efforts throughout the U.S. With the metropolitan area increasingly recognized as the fundamental unit of the new global economy, metropolitan business planning (MBP) involves reorganizing and better coordinating economic development efforts at the metro area scale through market and data-driven planning.

Under the MBP model, a broad coalition of metro area economic development leaders and stakeholders evaluates their region's economic strengths, challenges, and opportunities and develops comprehensive strategies to build long-term regional advantages. The process requires these coalitions to "rigorously analyze the market position of their region; identify strategies by which to capitalize on their unique assets; specify catalytic products, policies, and interventions; and establish detailed operational and financial plans." Metro areas can then use these plans to create a "metropolitan investment prospectus" aimed at guiding governments at all levels, as well as business and community leaders, to reorient policies and programs and align new investments toward meeting the region's goals.

THE METROPOLITAN BUSINESS PLANNING PROCESS INVOLVES THREE MAJOR STAGES



Source: RW Ventures and the Brookings Institution

A key feature of metropolitan business planning is continuous evaluation and modification. As in business planning, performance metrics must be developed and progress must be frequently evaluated in relation to the plan's goals. In addition, metro plans are continuously updated and modified based on changes in the market.

Flexibility and responsiveness to regional market differences are also built into the MBP model. To demonstrate this adaptability, three U.S. metro areas with very distinct economies – Northeast Ohio, Minneapolis-St. Paul, and the Puget Sound region of Washington State – have piloted the MBP approach, developing new collaborations and unique planning documents tailored to local contexts. Northeast Ohio's plan focuses on transitioning its manufacturing-based economy to one directed toward new products and services in high-growth sectors. Minneapolis-St. Paul, which already has a strong knowledge-based economy, is looking to build on its strengths while increasing entrepreneurship. Finally, the Puget Sound region's metro plan is aimed at maintaining the region's progressive economic leadership position by strengthening industry clusters to better compete in the global economy.

Recent changes to Milwaukee's economic development landscape have followed some facets of the MBP approach. For example, the development of the M7 has added a regional element to Milwaukee's economic development efforts, and industry-specific clusters are developing based on Milwaukee's market strengths. In order to build on these advancements, Milwaukee could consider crafting a strategic and constantly-evolving metro plan to set a vision and serve as a guide for the region's economic future.

Whatever the precise format used for this planning, it is critical that it involve the right players. The entities discussed in this report clearly possess a substantial portion of the region's economic development resources and must be at the table, but key players in other related areas that support economic development – including MAWIB, MATC, the Housing Authority of the City of Milwaukee, universities, and neighborhood-based organizations – also must be included. In addition, the State of Wisconsin should be a major participant in light of the priorities of the new WEDC and efforts being undertaken by the Wisconsin Housing and Economic Development Association to prioritize new investment opportunities in Milwaukee.

Indeed, another primary take-away from this analysis is the fragmented nature of existing economic development efforts in Milwaukee. The city has several key private sector players operating in distinct silos to address business attraction/expansion, cluster promotion and entrepreneurship, and the physical infrastructure and financing tools needed to accompany those aspects of economic development. Those players, however, appear to have little connection to those working to provide relevant skills to unemployed city workers, and those working to improve the condition of the neighborhoods that house and support those workers. As noted previously, the city's workforce development and neighborhood improvement efforts will be the subject of upcoming Forum reports.

The public sector also is operating in distinct silos, with DCD, Milwaukee County Economic Development and WEDC all formulating new plans and priorities, and all engaging in independent collaborative activity with private sector economic development leaders. A formal effort to enhance coordination among the three in terms of priority-setting, roles and responsibilities would appear to be imperative.

Milwaukee's elected and business leaders should be proud of their efforts to build an economic development infrastructure that has assembled many of the parts needed for success. Now, do they have the patience, skill and camaraderie to transform those parts into a cohesive and strategically organized whole?

APPENDIX A: PUBLIC POLICY FORUM ECONOMIC DEVELOPMENT COMMITTEE MEMBERS

Bill Bergum, Badger Meter, Inc.
Bruce Block, Reinhart Boerner Van Deuren
Paul Boersma, Black & Veatch
Lisa Boyd, YWCA of Greater Milwaukee
Laura Bray, Menomonee Valley Partners, Inc.
Robert Dennik, VJS Construction Services, Inc.
Kathryn Dunn, Greater Milwaukee Foundation
Mark Ernst, Engberg Anderson Inc.
Margaret Henningsen, Women's Fund of Greater Milwaukee
Geoffrey Hurtado, University of Wisconsin-Milwaukee
Shelley Jurewicz, MMAC-FUEL Milwaukee
Chris Korjenek, NAIOP Wisconsin
Daniel McCarthy, Zilber, Ltd.
James Miller, M&I Marshall & Ilsley Bank
Beth Nicols, Milwaukee Downtown, Bid #21
Julie Penman, Penman Consulting (former Commissioner of DCD)
Clare Reardon, Froedtert Hospital
Mike Ruzicka, Greater Milwaukee Association of Realtors
Dan Sisel, Berengaria Development
Jim Villa, Commercial Association of Realtors Wisconsin
Scott Williams, American Design Corporation

APPENDIX B: TOOLS & ACTIVITIES OF ECONOMIC DEVELOPMENT PARTICIPANTS IN MILWAUKEE

Organization	Tool/Activity	Category*
City of Milwaukee DCD	Development zone tax credits	Tax incentives/credits; Business retention and expansion ••
	Environmental remediation tax credits	Tax incentives/credits •
	Eminent domain	Eminent domain •
	Business Improvement Districts	Business attraction; Business retention and expansion; Infrastructure (re)development; Planning; Branding/Marketing •••••
	Main Street Milwaukee	Business attraction; Business retention and expansion; Infrastructure (re)development; Planning; Branding/Marketing •••••
	Façade grants	Real estate/business financing; •
	Industrial revenue bonds	Real estate/business financing •
	Retail Investment Fund	Real estate/business financing; •
	Tax increment financing	Real estate/business financing; Infrastructure (re)development ••
	Capital improvement program	Infrastructure (re)development •
	Public improvement projects	Infrastructure (re)development •
	Site selection assistance	Site selection assistance •
	Area/policy planning documents	Planning •
	Zoning/permitting	Entitlements •
	Marketing redevelopment corridors	Branding/Marketing •
RACM	Eminent domain	Eminent domain •
	Business attraction for targeted sites	Business attraction •
	Development-related bond financing	Real estate/business financing; Business retention and expansion ••
	Development-related grants	Real estate/business financing •
	Infrastructure redevelopment	Infrastructure (re)development •
	Comprehensive redevelopment plans	Planning •
	Marketing redevelopment corridors	Branding/Marketing •
MEDC	New Markets tax credits	Tax incentives/credits; Real estate/business financing ••
	Second mortgage program	Business retention and expansion; Real estate/business financing; ••
	Capital access program	Business retention and expansion; Real estate/business financing; ••
	Environmental assessment grants	Real estate/business financing •
Milwaukee 7	Regional business attraction	Business attraction •
	Business call program	Business retention and expansion •

*Definitions of the categories can be found on page 65.

Organization	Tool/Activity	Category
Milwaukee 7 <i>continued</i>	Site selection assistance and website	Site selection assistance ●
	Cluster development and planning	Planning ●
	Regional branding and marketing	Branding/marketing ●
Milwaukee Water Council	Water industry business attraction, retention, and expansion	Business attraction; Business retention and expansion ●●
	Site selection assistance	Site selection assistance ●
	Water industry cluster planning	Planning ●
	Water industry business development	Business development/assistance ●
	Water-related regional branding	Branding/marketing ●
BizStarts Milwaukee	Angel/start-up connection efforts	Business development/assistance ●
	Online entrepreneurial resources	Business development/assistance ●
	Venture Track program	Business development/assistance ●
	BizStarts College Consortium	Business development/assistance ●
	Entrepreneurial classes/events	Business development/assistance ●
Wisconsin Women's Business Initiative Corporation	Small/micro business loans	Real estate/business financing ●
	Individualized business assistance	Business development/assistance ●
	Business planning/budgeting workshops	Business development/assistance ●
Milwaukee County	Business attraction	Business attraction ●
	Midwest Disaster Area bonds	Real estate/business financing ●
	County economic development strategy	Planning ●

Tool/Activity Category Definitions
Tax incentives/credits: The use of development zone tax credits, environmental remediation tax credits, or other tax incentives.
Eminent domain: The ability to acquire private property with due compensation to the property owner (e.g. land).
Business attraction: The use of a variety of incentives or outreach to encourage businesses to physically locate within a certain area.
Business retention and expansion: The use of outreach and assistance strategies to encourage businesses to remain and grow within a certain area.
Real estate/business financing: The use of bonds, loans, grants, or other financial resources to assist developers and businesses.
Infrastructure (re)development: The use of tax increment financing or capital improvement funds to improve public infrastructure.
Site selection assistance: Personal or web-based assistance for businesses who desire new facilities or locations within a geographic area.
Planning: The development of comprehensive area plans, citywide policy plans, general economic development strategies, or strategies to promote industry-based clusters.
Business development/assistance: Providing entrepreneurs and small/micro businesses with educational or financial assistance.
Entitlements: The ability to control tools such as zoning regulations and permits as they pertain to redevelopment or new construction.
Branding/marketing: The use of marketing or public education strategies/materials to highlight the positive aspects of a specific location for business development or growth or to promote growth or collaboration within a specific industry cluster.

