

# ***City of Monona***

## ***Strategic Plan for Economic Development***



Finance Agenda Item _____ Date: _____
Council Agenda Item _____ Date: _____

**Resolution No. (06-06-1346)  
2006 - 2007  
Monona Common Council**

**Strategic Plan for Economic Development**

**WHEREAS**, an Economic Development Advisory Committee was appointed by Mayor Kahl and confirmed by the City Council in the Spring of 2003.

**WHEREAS**, Alderman Peter McKeever was appointed Chairman, and the purpose of the Committee was to provide recommendations to the Plan Commission and City Council for business growth in the community and develop an economic development strategy for Monona.

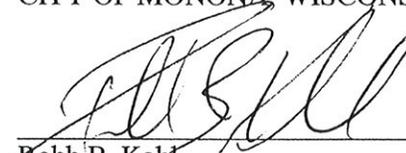
**WHEREAS**, the Committee has fulfilled their charge by the Common Council and provided their report to the Plan Commission; and

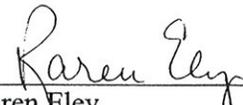
**WHEREAS**, the Plan Commission has reviewed the Report and is recommending approval to the City Council with revisions.

**NOW, THEREFORE, BE IT RESOLVED**, by the Common Council of the City of Monona that the attached Strategic Plan for Economic Development approved by the Economic Development Advisory Committee November 8, 2005 and with revisions by the Plan Commission April 24, 2006 is hereby adopted.

Adopted this 21 day of August 2006

BY ORDER OF THE CITY COUNCIL  
CITY OF MONONA, WISCONSIN

  
\_\_\_\_\_  
Robb B. Kahl  
Mayor

ATTEST:   
\_\_\_\_\_  
Karen Eley  
City Clerk/Executive Secretary

Requested By: Mayor Robb B. Kahl  
Drafted By: City Administrator David L. Berner  
Approval Recommended By: Economic Development Advisory Committee and Plan Commission

Council Action:

Date Approved: 8.21.06  
Date Disapproved: \_\_\_\_\_

## **Acknowledgements**

### Members of the Economic Development Advisory Committee

Aldm. Peter McKeever, Chair

Aldm. Dale Suslick

Jim Kondrasuk

George Lightbourn

Mary Vlisides

Terri Groves, Executive Director Monona Chamber of Commerce

Aldm. Jeff Wiswell, Sr. served on the committee from May 2003 to April 2005.

Staff-Paul Kachelmeier, Planning and Community Development Coordinator

Approved by the Economic Development Advisory Committee: November 8, 2005

Approved with Revisions by the Plan Commission: April 24, 2006

Adopted by the Monona City Council: August 21, 2006

## Introduction

The Economic Development Advisory Committee was charged with developing an economic development strategy for Monona. The committee is advisory to the Plan Commission and has no authority, nor is it intended to be a permanent committee. The committee's goal has been to develop a 10 to 15 year economic development strategy that the Mayor, the City Council, the Plan Commission and the Community Development Authority can implement.

The committee found Monona's economic base to be sound. Therefore, the task facing the city is not repairing a deficient economy, but rather positioning the city properly for the future. Monona is an established community, primarily residential in character, that enjoys a wide range of housing stock and a high level of municipal services. It is landlocked and there is little undeveloped land in the community. It is important to Monona homeowners that the city's commercial sector be as successful as possible in order to ensure continued quality services that are affordable to all.

While there is no immediate economic crisis facing Monona, the committee did find that the city's commercial sector is showing signs of weakness. Some commercial districts in the city are distinguished by aging, deteriorating buildings and sites, (i.e., properties that are not being used to their full income-generating potential) and property assessments that are not keeping pace with the overall growth of the city assessments. **Unless Monona adopts an aggressive proactive approach to redevelopment and renewal, the city may see a decline in the relative valuation of many commercial tracts. This will push an increasing tax burden onto residential properties.**

The committee reviewed economic plans from other area communities. Many suburban communities are focused on aggressive growth that requires them to expand their commercial and industrial base in order to keep pace with growing residential development. Other communities are dealing with depressed property valuations and are seeking to revive once vibrant economies. Monona faces neither of these prospects. It is a city with a secure economic base, and it is a city that is both landlocked and almost completely developed. These characteristics by and large define the economic development challenge in Monona as one of renewal and in-fill.

Monona's economic development challenge does not entail repairing a damaged economy, but rather ensuring the future viability of the city's commercial tax base. If the soft spots in the city's commercial sector are not addressed future City Councils will face two unacceptable options: either reduce the services provided to residents or move an ever-increasing tax burden onto the homeowners.

**To avoid facing such options the city must:**

- **Take on a proactive posture toward developing the commercial sector**
- **Develop specific plans for redevelopment**
- **Provide the CDA with the tools to redevelop key commercial sectors**

Further, the committee maintains that the city should proceed to implement its redevelopment plan without overburdening its borrowing capacity, or drawing on general tax revenues. In other words, the city's economic development plan should be self-funded, similar to the philosophical underpinning of the Tax Incremental Financing (TIF) program.

The city recently provided financial assistance in the form of TIF assistance and approved a development at the intersection of Monona Drive and Femrite Drive that will replace current businesses with new ventures that will more fully utilize the economic potential of the site. When completed, the new development will upgrade the physical facilities and increase the assessed valuation of the parcel. It will enhance the city's economic base for decades. Over the next 15 years Monona should be prepared to similarly use its resources to upgrade other commercial tracts. The TIF assistance requested for this project is in the range of \$1.55 million. The maximum payback period under TIF laws is 27 years. It is anticipated it will be repaid much sooner.

One final introductory point: We believe this is an auspicious time to review our economic development strategies, in that it will likely take 2-3 years to make the changes we suggest, at which time the reconstruction of Monona Drive should be well underway. The importance of the Monona Drive reconstruction to economic development in the community cannot be underestimated.

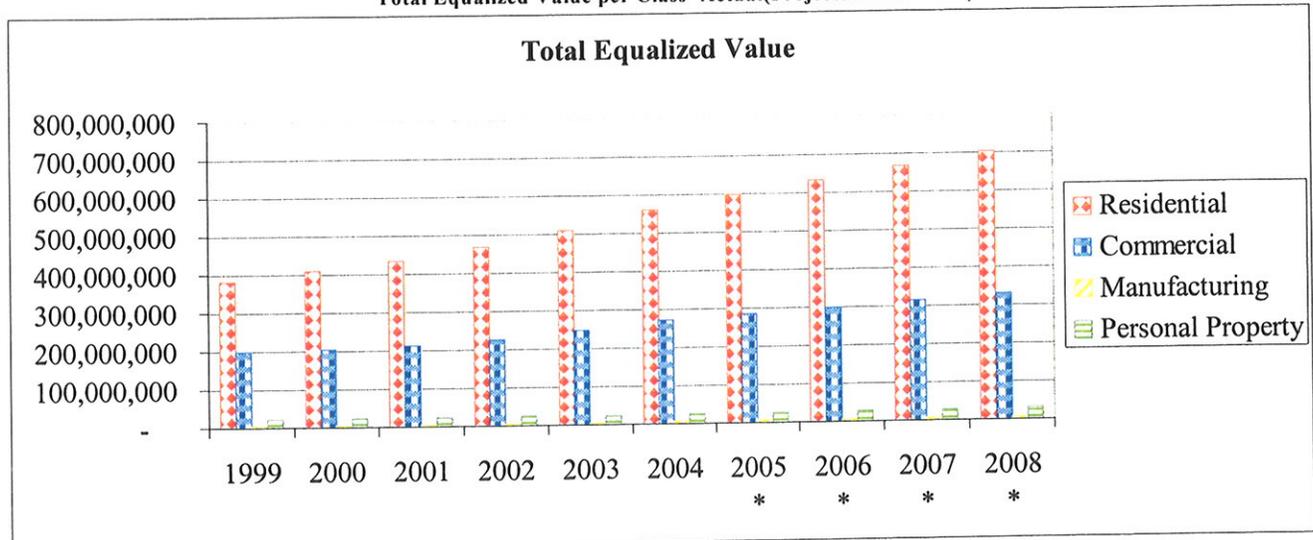
## **Economic Development Goals for Monona**

1. Each commercial parcel should be developed to optimize its economic value in terms of the revenue it generates and its assessed value while maintaining appropriate land use and relationship to the community. This will maximize the contribution of the commercial tax base and will limit the relative contribution of homeowners for city services. Pursuant to the Wisconsin constitution, all property in a jurisdiction is subject to a uniform tax rate.
2. Maintain, or improve, as much as possible, the current ratio of commercial property valuation to residential property valuation. In the past, this ratio has been maintained primarily through the addition of substantial new development such as WPS, River Place, Pier 37, and the Frost Woods Commons Development. If the ratio is to be maintained in the future it is likely that the similar redevelopment of existing commercial properties will be necessary.
3. Create a distinctive look and feel for Monona's commercial areas. The city's commercial areas should all project a positive image for the city and provide Monona with an identity distinct from the surrounding City of Madison. This can be achieved with the establishment and enforcement of upscale site design standards.
4. The city should be geared to attract new business development which is attractive to developers and financial institutions. The city needs to adopt a clear, expedient path for developers and other investors for the review and approval of development, one that reflects a coordinated effort among the various city entities.
5. The city should especially target the development of businesses that are sustainable and have a vested interest in Monona, including destination-oriented retail.

## Economic Development Committee Findings

1. Some businesses that once thrived have relocated or have gone out of business and have been replaced by businesses that are less prosperous and located in aging and deteriorating buildings. In some places the city's commercial building stock is outdated, giving parts of the city a rather tired image.
  
2. Between 1999 and 2004 the overall equalized valuation of Monona's commercial property grew from approximately \$199 million to \$271.9 million or about 37%. The overall equalized valuation of the city's residential property grew from \$384 million to \$563.1 million, or 46%. Residential values are increasing at a greater rate than commercial values. (See Tables 1 and 2.)

**TABLE 1**  
Total Equalized Value per Class -Actual(Projected 2005-2008)



Total Equalized Value Per Year

	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	384,005,100	411,104,700	434,633,700	469,603,800	509,554,700	563,140,100	598,967,100	634,794,100	670,621,100	706,448,100
Commercial	199,078,300	206,445,500	213,752,600	227,067,900	249,482,900	271,870,900	286,429,420	300,987,940	314,987,940	332,987,940
Manufacturing	5,123,500	5,639,600	5,820,000	5,983,400	5,554,100	6,869,800	7,219,060	7,568,320	7,917,580	8,266,840
Personal Property	20,497,200	24,795,300	24,700,500	26,343,000	24,755,700	26,767,700	28,021,800	29,275,900	30,530,000	31,784,100
<b>Total Value</b>	<b>608,704,100</b>	<b>647,985,100</b>	<b>678,906,800</b>	<b>728,998,100</b>	<b>789,347,400</b>	<b>868,648,500</b>	<b>920,637,380</b>	<b>972,626,260</b>	<b>1,024,056,620</b>	<b>1,079,486,980</b>

Total Percent Change in Equalized Value Per Year

Change	1%	6%	5%	7%	8%	9%	6%	5%	5%	5%
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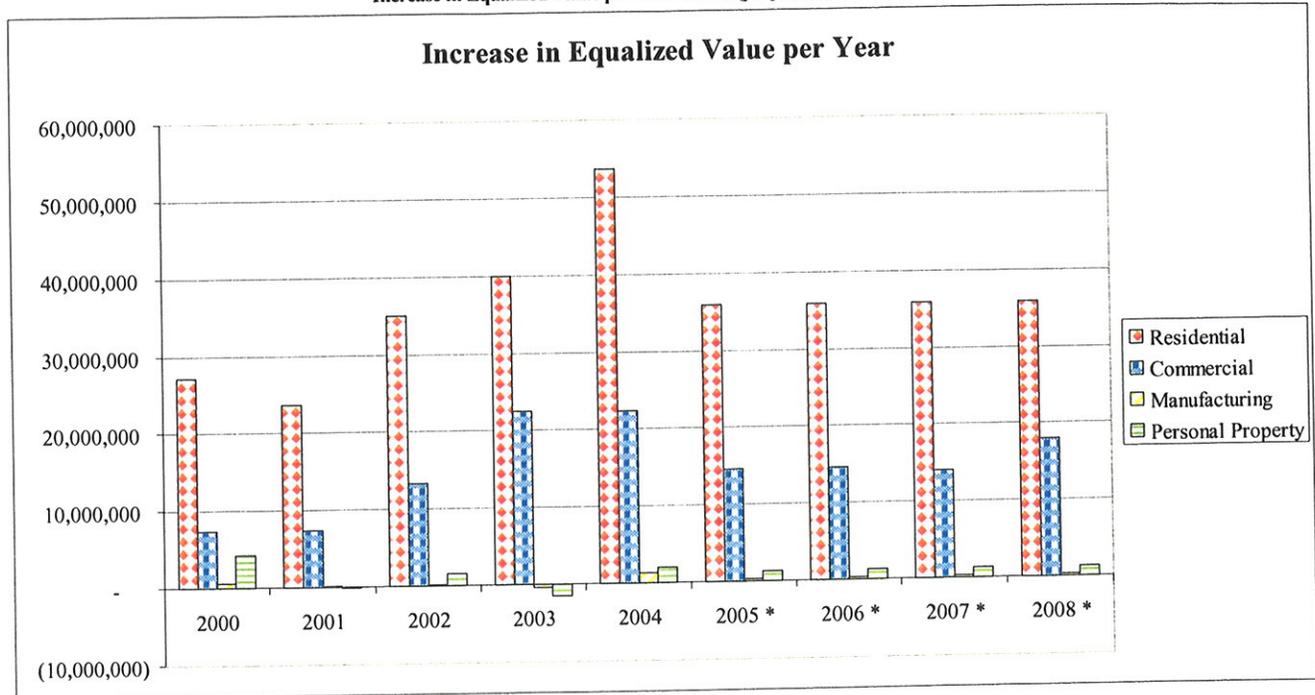
Percent to Total Equalized Value Per Year

	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	63%	63%	64%	64%	65%	65%	65%	65%	65%	65%
Commercial	33%	32%	31%	31%	32%	31%	31%	31%	31%	31%
Manufacturing	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Personal Property	3%	4%	4%	4%	3%	3%	3%	3%	3%	3%
<b>Total</b>	<b>100%</b>									

\* Projections

Residential	64%
Commercial	32%

**TABLE 2**  
**Increase in Equalized Value per Year-Actual(projected 2005-2008)**



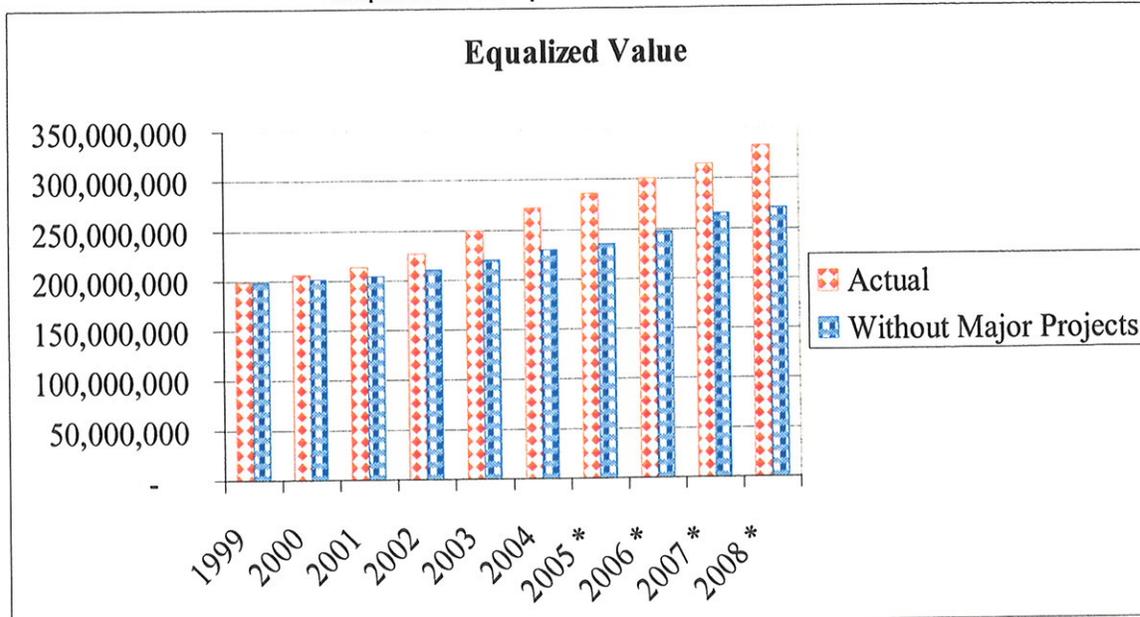
Dollar Increase Per Year	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	11,507,100	27,099,600	23,529,000	34,970,100	39,950,900	53,585,400	35,827,000	35,827,000	35,827,000	35,827,000
Commercial	5,088,000	7,367,200	7,307,100	13,315,300	22,415,000	22,388,000	14,558,520	14,558,520	14,000,000	18,000,000
Manufacturing	(413,700)	516,100	180,400	163,400	(429,300)	1,315,700	349,260	349,260	349,260	349,260
Personal Property	(11,252,100)	4,298,100	(94,800)	1,642,500	(1,587,300)	2,012,000	1,254,100	1,254,100	1,254,100	1,254,100
<b>Total</b>	<b>4,929,300</b>	<b>39,281,000</b>	<b>30,921,700</b>	<b>50,091,300</b>	<b>60,349,300</b>	<b>79,301,100</b>	<b>51,988,880</b>	<b>51,988,880</b>	<b>51,430,360</b>	<b>55,430,360</b>

Percent Increase Per Year	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	233%	69%	76%	70%	66%	68%	69%	69%	70%	65%
Commercial	103%	19%	24%	27%	37%	28%	28%	28%	27%	32%
Manufacturing	-8%	1%	1%	0%	-1%	2%	1%	1%	1%	1%
Personal Property	-228%	11%	0%	3%	-3%	3%	2%	2%	2%	2%
<b>Total</b>	<b>100%</b>									

\* Projections

However, closer examination of the commercial properties shows two very different pictures. One picture shows a few substantial new developments including River Place, Pier 37, and the recent addition of Frost Woods Commons, that have added significantly to the overall commercial valuation. These three developments alone have added \$42 million in valuation which accounts for about 10% of the commercial tax base. (See Table 3)

**Table 3**  
**Compare Commercial Equalized Value Actual and Without Major Projects**



Total Equalized Value Per Year

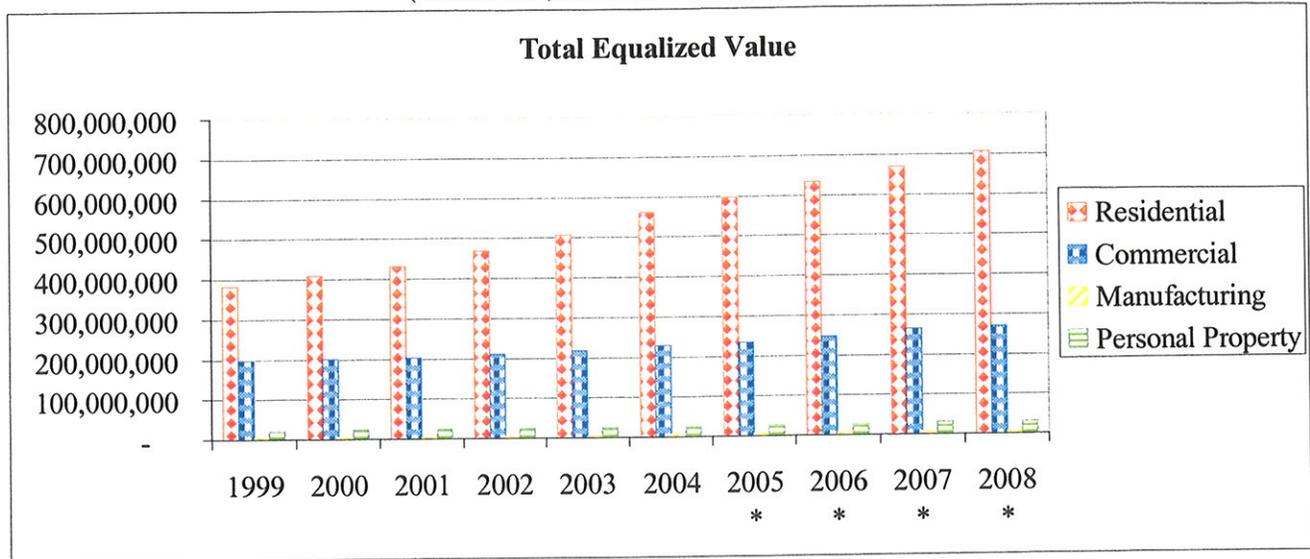
	1999	2000	2001	2002	2003	2004	2005*	2006*	2007*
Actual	199,078,300	206,445,500	213,752,600	227,067,900	249,482,900	271,870,900	286,429,420	300,987,940	314,987,940
Without Major Projects	199,078,300	201,945,500	204,445,500	211,445,500	220,445,500	229,445,500	235,445,500	247,945,500	265,945,500
Difference	-	4,500,000	9,307,100	15,622,400	29,037,400	42,425,400	50,983,920	53,042,440	49,042,440

\* Projections

At the other end of the spectrum is the sluggish valuation of a good deal of Monona’s existing commercial property. For example, between 1999 and 2003 the valuation of commercial property on Monona Drive between Cottage Grove Road and Frost Woods Road grew by 23.6% compared with a growth rate of 32.7% for the city’s residential property. Had the valuation of the commercial properties for that segment of Monona Drive grown at the same rate as residential properties, the assessment would have been \$2.9 million higher than it actually was.

If the three large new developments listed above are removed from the analysis, the picture emerges more clearly. Without these commercial projects completed, between 1999 and 2004, commercial property valuation for the entire city would have grown at a rate of only 15.3%.

**TABLE 4**  
**Equalized Value per Class**  
**(without Pier 37, River Place and Frost Woods Commons)**



Total Equalized Value Per Year

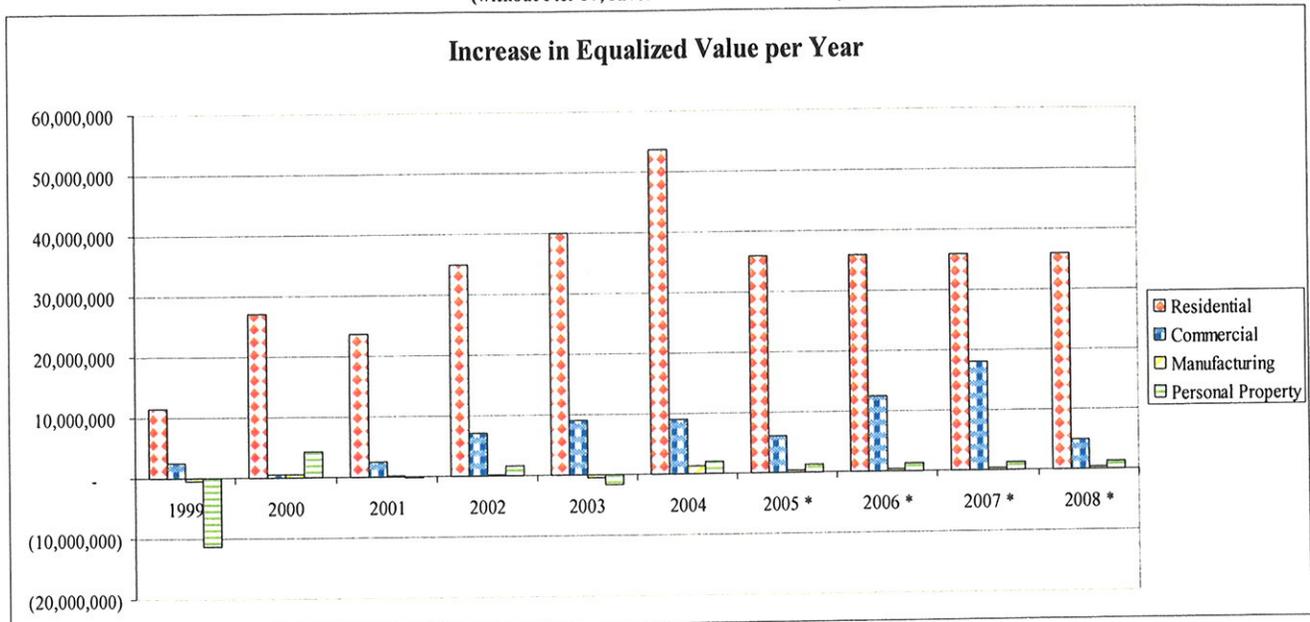
	1999	2000	2001	2002	2003	30,367,200 2004	0.152538976 2005 *	2006 *	2007 *	2008 *
Residential	384,005,100	411,104,700	434,633,700	469,603,800	509,554,700	563,140,100	598,967,100	634,794,100	670,621,100	706,448,100
Commercial	199,078,300	201,945,500	204,445,500	211,445,500	220,445,500	229,445,500	235,445,500	247,945,500	265,945,500	270,945,500
Manufacturing	5,123,500	5,639,600	5,820,000	5,983,400	5,554,100	6,869,800	7,219,060	7,568,320	7,917,580	8,266,840
Personal Property	20,497,200	24,795,300	24,700,500	26,343,000	24,755,700	26,767,700	28,021,800	29,275,900	30,530,000	31,784,100
<b>Total Value</b>	<u>608,704,100</u>	<u>643,485,100</u>	<u>669,599,700</u>	<u>713,375,700</u>	<u>760,310,000</u>	<u>826,223,100</u>	<u>869,653,460</u>	<u>919,583,820</u>	<u>975,014,180</u>	<u>1,017,444,540</u>

Percent to Total Equalized Value Per Year

	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	63%	64%	65%	66%	67%	68%	69%	69%	69%	69%
Commercial	33%	31%	31%	30%	29%	28%	27%	27%	27%	27%
Manufacturing	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Personal Property	3%	4%	4%	4%	3%	3%	3%	3%	3%	3%
<b>Total</b>	<u>100%</u>									

\* Projections

**Table 5**  
**Increase in Equalized Value per Year**  
**(without Pier 37, River Place and Frostswoods)**



Dollar Increase Per Year	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	11,507,100	27,099,600	23,529,000	34,970,100	39,950,900	53,585,400	35,827,000	35,827,000	35,827,000	35,827,000
Commercial	2,500,000	500,000	2,500,000	7,000,000	9,000,000	9,000,000	6,000,000	12,500,000	18,000,000	5,000,000
Manufacturing	(413,700)	516,100	180,400	163,400	(429,300)	1,315,700	349,260	349,260	349,260	349,260
Personal Property	(11,252,100)	4,298,100	(94,800)	1,642,500	(1,587,300)	2,012,000	1,254,100	1,254,100	1,254,100	1,254,100
	<u>2,341,300</u>	<u>32,413,800</u>	<u>26,114,600</u>	<u>43,776,000</u>	<u>46,934,300</u>	<u>65,913,100</u>	<u>43,430,360</u>	<u>49,930,360</u>	<u>55,430,360</u>	<u>42,430,360</u>

Percent Increase Per Year	1999	2000	2001	2002	2003	2004	2005 *	2006 *	2007 *	2008 *
Residential	491%	84%	90%	80%	85%	81%	82%	72%	65%	84%
Commercial	107%	2%	10%	16%	19%	14%	14%	25%	32%	12%
Manufacturing	-18%	2%	1%	0%	-1%	2%	1%	1%	1%	1%
Personal Property	-481%	13%	0%	4%	-3%	3%	3%	3%	2%	3%
Total	<u>100%</u>									

\* Projections

**Table 6**  
**Increase in Commerical Equalized Value by Category**

	1999	2000	2001	2002	2003	2004	Total
Economic change	-	-	2,064,400	6,412,500	18,165,500	19,958,600	46,601,000
New Construction	8,957,800	10,162,500	5,242,700	6,959,500	4,402,700	3,875,400	39,600,600
Other Changes	(3,869,800)	(2,795,300)	-	(56,700)	(153,200)	(1,446,000)	(8,321,000)
<b>Total yearly change</b>	<b>5,088,000</b>	<b>7,367,200</b>	<b>7,307,100</b>	<b>13,315,300</b>	<b>22,415,000</b>	<b>22,388,000</b>	<b>77,880,600</b>
<b>Major Projects</b>							
Pier 37	-	6,732,883	1,550,263	1,787,246	4,446,658	1,674,782	16,191,832
River Place	5,600,000	2,500,000	-	-	-	-	8,100,000
Frost Woods	-	-	-	-	-	2,131,878	2,131,878
	<b>5,600,000</b>	<b>9,232,883</b>	<b>1,550,263</b>	<b>1,787,246</b>	<b>4,446,658</b>	<b>3,806,660</b>	<b>26,423,709</b>
Economic change	0%	0%	28%	48%	81%	89%	60%
New Construction	176%	138%	72%	52%	20%	17%	51%
Other Changes	-76%	-38%	0%	0%	-1%	-6%	-11%
<b>Total yearly change</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Known Future projects</b>							
	2005 *	2006 *	2007 *	Total			
Woodland/Water Tower	-	6,500,000	5,000,000	11,500,000			
Wal-Mart	-	6,000,000	13,000,000	19,000,000			
Frost woods Commons	7,800,000	-	-	7,800,000			
	<b>7,800,000</b>	<b>12,500,000</b>	<b>18,000,000</b>	<b>38,300,000</b>			

\* Projections

**"Amount of Economic Change"** includes changes due to market conditions, based on analysis of sales. NOTE: According to the use value assessment law, as approved by the Farmland Advisory Council, the reported value of agricultural land included in the Equalized Value reflects the "use value" of the land not the current market value. For Equalized and Assessed Values, the Undeveloped and Agricultural Forest classes are valued at 50% of market value. **"Amount of New Construction"** includes changes to improvement values due to construction of new buildings and other improvements to the land. The land value change in the new construction column is due to higher land utility. **"Amount of All Other Change"** includes changes due to s. 70.57 adjustments (corrections), the Department's field review of property, demolition or destruction of buildings or other improvements, changes in exempt status of property, changes in classification of property, annexation gains or losses, and other miscellaneous changes.

The ratio of residential equalized value to commercial in 1999 was 63/33. In 2004 the ratio is 65/31 – a less favorable ratio. (See Table 1)

However, if the significant new projects (Pier 37, River Place, and Frost Woods Commons) are ignored, the 2004 ratio is 68/28 – a much less favorable ratio. (See Table 6)

Looked at another way, Tables 4 and 6 show how the equalized value of all commercial property in the city has been impacted by these three major new developments in TIF Districts. They have a combined equalized value of about \$26 million.

Another example of the benefit of a proactive city approach is the valuation of the properties at the Woodlands Condominiums and Watertower Plaza development. Prior to redevelopment the equalized value was approximately \$1 million, resulting in tax revenue to the city of \$21,000.

7. The city has sufficient capacity to accept additional debt necessary to support additional redevelopment. Moody's has issued the city a good debt rating of A1, and the city's debt capacity is \$20,260,919.

## **Implementation of the Economic Development Plan**

### **Leadership**

1. Community leaders in both the public and commercial sectors must assume the mantle of leadership that will be necessary to achieve the vision set forth in this report. The Chamber of Commerce and its members must work closely with the City Council and other city committees. (Community Leaders)

### **CDA Authority**

2. The Economic Development Committee recommends the City Council must explicitly and consistently give the Community Development Authority the authority, the latitude and the capacity to exercise its statutory power as a quasi-independent entity. The Council must provide the CDA with the initial capital required to do its job. We envision a CDA that develops a sustainable stream of revenue from early projects that it can then use to implement later ones, using tools such as the leaseback of rights of way. In turn, the CDA processes and plans must be transparent, communicated well to the community, and perceived as being open to community input. (City Council)

### **Additional Redevelopment Districts**

3. The City Council, Plan Commission, and CDA should proactively identify and approve additional redevelopment districts that include specific commercial tracts that are candidates for redevelopment and are consistent with the City's Comprehensive Plan. Among the criteria to be used in identifying these districts are assessment trends and the perceived highest and best use. The criteria should include low relative assessments/square foot, deterioration/blight, and the recognition of opportunities presented by the market and the flexibility to take advantage of those opportunities. Using this approach the city should target areas for redevelopment. (City Administrator, Plan Commission, and Community Development Authority)
  - a. In particular, we urge the CDA to evaluate the commercial properties along Monona Drive, such as across from the high school, and in the "triangle" near Bridge Road and Broadway. These areas appear to be problematic and have declining value, relative to the average of other commercial sites in the city.

### **Review and Approval Process**

4. The city should clearly establish a process for actively soliciting and considering development proposals. This should specify the roles for the City Council, the Plan Commission and the Community Development Authority. The process might resemble that used in Madison in which the Council considers annual development plans and the CDA is provided with significant latitude to implement the plan approved by the Council. The city should establish a process for review of development proposals that ensures both full review and expedient decisions.

### **Commercial District Design**

5. The Plan Commission, with input from the public, should complete development of architectural and site development plans for Monona's commercial districts. These plans should include a unique look and establish a design theme that will provide a separate identity for the Monona Drive Business District. Monona Drive businesses should be encouraged to upgrade the exterior of their buildings to coincide with the completion of the reconstruction of Monona Drive, and the city should actively assist businesses in identifying and seeking grants that would help them fund upgrades of their building exteriors. (Plan Commission and Chamber of Commerce)

### **Staffing**

6. The city should review its capabilities to ensure expert and timely review and complete and comprehensive analysis of development plans and proposals. We recognize that city staff is limited, and that redevelopment requires a set of specialized skills. Without expert staff assistance, redevelopment projects can fail or become unnecessarily costly. We recommend that funds be provided on a loan basis to the CDA to provide expertise to the CDA for a period of at least 18 months to help jump start these recommendations. (Community Development Authority)

### **TIF Revenue for CDA**

7. The city has adopted a five year capital plan that will provide guidance for street repairs, equipment purchases, and building repairs. Investing in the capacity to carry out sound redevelopment is equally important to the well-being of the city. We support the allocation of a portion of the revenue from existing TIF districts to the CDA to support its efforts. (City Council)

### **City Redevelopment Plan**

8. We recommend that the CDA further develop the vision of this report, prepare a strategic plan for redevelopment of the commercial tax base in the city, prepare a 3-5 year budget, secure the necessary commitment from the city council and the administration, get public input, and develop the necessary expertise. We believe the CDA should accomplish this by June 1, 2007. (Community Development Authority)

### **Wi-Fi Service**

9. The City should investigate the establishment of Wi-Fi wireless Internet service in the City. (Broadband Communications Committee)

## **Conclusion**

This is an economic development plan designed to have a vibrant and healthy commercial sector and to minimize the future tax burden on residential properties in Monona. With an aggressive economic development program, Monona will continue to thrive and be a place people choose to live and do business. Without it, the empty storefronts could increase, commercial space may be underutilized.