

ELEMENT 6: ECONOMIC DEVELOPMENT



The purpose of the Economic Development Element is to strengthen the economic vitality of Monona and guide public investment in economic development. Economic development planning also recognizes the connection between economic health and quality of life by encouraging new growth and redevelopment to improve the community. This element includes an assessment of the city's economic base, the city's strengths and weaknesses in attracting and retaining business and industry, an inventory of environmentally contaminated sites, and existing economic development programs. This information will guide goals, policies, and programs to promote the retention, stabilization and expansion of Monona's economic base.

6.1 COMMERCIAL DEVELOPMENT HISTORY

Monona has experienced substantial commercial development and redevelopment since the 1980s. Tax Increment Financing District (TID) No. 1 was created in 1980 for much of the city's south side including South Towne Mall, a former K-Mart (now the site of a Wal-Mart) and Wisconsin Physicians Service Insurance Corporation (WPS), the city's largest employer. The South Towne area was transformed from vacant underdeveloped land to retail and a 68,000 square foot office park development. A 155,000 square foot office building was constructed at WPS in 1987. The South Towne Industrial park, a 70 acre business park for office, warehouse, and light industry, was also developed. TID No. 1 financed the construction of new streets and other infrastructure to support this development. It was one of the most successful TIF districts in Wisconsin and was retired in 1991 after it added \$60 million of increment to the city's tax base.

In the 1990s, office and warehouse development continued in the South Towne Business Park. Along Monona Drive, infill development occurred on the few remaining vacant parcels. Redevelopments along Monona Drive included a new local bank, a national chain drug store, and medium rise condominiums. The largest Monona Drive project was the new \$22 million Monona Grove High School constructed in the late 1990s.

In 1988, the Wisconsin Department of Transportation completed the relocation of US Highway 12/18 from Broadway to the South Beltline Highway, a new six-lane highway. This highway "opened new access points within the Broadway corridor and relocated traffic volumes that have a great impact on land use. In addition, the construction of the Beltline opened up the Broadway corridor to better regional linkages which has directly resulted in new redevelopment market opportunities" (Broadway Corridor Plan). The Broadway Corridor Plan was adopted in 1989 to guide the revitalization of the former beltline which was left with many vacant and underutilized properties, including many old gas station sites. The redevelopment of this 2.5 mile stretch of four-lane highway presented a major challenge in economic and community development for Monona.

TID No. 2, created in 1991, financed the reconstruction of Broadway including a new streetscape to attract business investment and redevelopment. Also, the city used a combination of infrastructure



improvements, TIF assistance, and special assessments to facilitate two major 15-acre commercial office and retail redevelopment projects along Broadway. River Place, a \$15 million mixed-use development is anchored by an 87-room hotel and two large office buildings. Pier 37, a \$12 million retail development, is anchored by a 58,000 square foot grocery store. Other developments during this time included the 28,000 square foot Broadway Business Center and a 67-room hotel at Broadway and Monona Drive. In 2000, WPS completed a major addition to their campus with the development of a 109,000 square foot office building.

In 1998, the city adopted a redevelopment plan for the west end of the Broadway corridor. Redevelopment Area (RDA) Project Plan No. 3 was created to encourage investment and redevelopment in this area along Bridge Road. One of the city's economic development goals is to redevelop this area for public waterfront access, lodging, commercial, and residential development. In 2015, RDA No. 3 was dissolved and a new RDA and TID No. 9 were created for this area.

TID No. 3 was created in 2000 and closed in 2010 near Royal Avenue to encourage office redevelopment. Redevelopment of the area for office and mixed commercial is a goal of the city.

Beginning in the early 2000s, planning efforts shifted focus to Monona Drive. The Monona Drive Advisory Committee first hired Biko Associates, and later Strand Associates, to complete a study for the Monona Drive reconstruction. These studies, along with extensive public input, informed many land use and redevelopment goals for Monona Drive and were adopted as part of the Comprehensive Plan. Vierbicher Associates completed another corridor study and market analysis in 2009 and 2010.

The Monona Drive reconstruction spanned five years from 2009 to 2014. The much-improved new design included burial of power lines, decorative masonry street signage, extensive landscaping in the medians, terraces, and parking areas. The pedestrian environment was vastly improved with the addition of landscaping barriers between parking areas and sidewalks, new benches, trash receptacles, decorative crosswalks, and unified signage at a pedestrian scale. The new Drive also includes bicycle lanes in both directions, and many curb cuts and turn lanes were consolidated for improved safety. In 2009, the city adopted its Façade Improvement Grant Program for building enhancements with Monona Drive frontage. In 2010, the city adopted the Monona Drive Urban Design Guidelines to foster a cohesive design that better defines Monona Drive as Monona's "Main Street" and establish a distinctive sense of place within the Monona Drive corridor. The Monona Drive reconstruction has provided a catalyst for further private redevelopment and business expansion in the city.

Planned redevelopment in the early 2000s also included the Frost Woods Commons senior housing development and retail space (a former 5-acre Kohl's grocery store), Monona Heritage senior living (the former Garden Circle development of eight blighted apartment buildings), Watertower Plaza retail and office space, and the Woodlands Condominiums housing development. These developments took place in TID Nos. 4 and 5.

TID No. 6 was created in 2010 to assist two medical-related redevelopment projects: a Meriter clinic at the corner of Broadway and Stoughton Road (a former mini-warehouse business) and a UW Health clinic between Broadway and the Beltline (a former RV sales lot).

TID No. 7 was created in 2012 for the area along north Monona Drive between Valorie Lane and Lofty Avenue. The CDA acquired three parcels in the area across from the High School and will help facilitate redevelopment. The first project in this area was redevelopment of a former clinic into a 55 unit multi-family development including a three-story building and two townhouses called Fairway Glen.

Another multi-family development proposal spurred the creation of TID No. 8 along West Broadway in 2012. Treysta on the Water, a high-end residential and commercial mixed use building, was constructed between Broadway and the Yahara River in 2015. The city also expanded the Yahara Cove Riverwalk through this area into Lottes Park.

Finally, TID No. 9 was created around Bridge Road, Broadway and the Yahara River in 2015 in order to spur the city's riverfront redevelopment project in this area.

6.2 ECONOMIC BASE

The composition of a community's economic base closely relates to its potential for economic expansion or improvement. Monona is an established community, primarily residential in character, which enjoys a high level of municipal services. It is important to Monona homeowners that the city's commercial sector be as successful as possible to ensure continued quality and affordable services for its residents. Overall, Monona has a secure economic base; however, the city is both land-locked and almost completely developed. These characteristics define the economic development challenge in Monona as one of renewal and in-fill.

6.2.1 LABOR FORCE

According to the 2008-2012 American Community Survey, 4,430 Monona residents participate in the labor force while the unemployment rate for the city is 4.4%.

6.2.2 EMPLOYMENT

Monona has a fairly diverse economic base. The largest occupational industries that employ Monona residents include: 1) educational services, health care and social assistance (25.0%), 2) transportation, warehousing and utilities (11.1%), and 3) finance, insurance, and real estate (11.0%). Professional, scientific and management (10.9%); arts entertainment, recreation, and food services (8.6%); and manufacturing (8.1%) are the next three largest occupational industries in the city.¹

¹ Source: 2010-2014 American Community Survey

Retention and expansion of existing businesses is fundamental to Monona’s economic development strategy. Monona’s companies comprise the city’s economic base – jobs and tax base.

6.2.3 RELATIVE EMPLOYMENT CONCENTRATIONS

Location quotient is a measurement that shows the relative concentration of employment in a particular sector.² Location quotients over one (1) indicate the city’s employment in that sector is relatively more concentrated than state employment in that sector. In 2011, *Finance and Insurance* sector jobs were 7.84 times more concentrated in Monona than in Wisconsin. Additionally, employment in *Construction and Real Estate/Rental/Leasing* sectors were significantly more concentrated in Monona than the State. Lower location quotients indicate that relative to the state average, these industries have a low share of the city’s employment. These are the weakest sectors of the city’s industry base. The city may look to encourage employment growth in sectors where the concentration is lower.

Table 6.1: Monona Location Quotient – Employment Concentrations

Agriculture, Forestry, Fishing and Hunting	0.00
Mining, Quarrying, and Oil and Gas Extraction	0.00
Utilities	0.00
Management of Companies and Enterprises	0.05
Public Administration	0.09
Manufacturing	0.10
Transportation and Warehousing	0.14
Information	0.37
Health Care and Social Assistance	0.49
Wholesale Trade	0.63
Administration & Support, Waste Management	0.68
Educational Services	0.78
Retail Trade	0.79
Professional, Scientific, and Technical Services	0.92
Accommodation and Food Services	0.97
Arts, Entertainment, and Recreation	1.00
Other Services (excluding Public Administration)	1.43
Real Estate and Rental and Leasing	1.89
Construction	2.91
Finance and Insurance	7.84

Source: Census Bureau OnTheMap Application, 2011 NAICS Industry Sector

In 2012, the Wisconsin Department of Workforce Development released an employment projection for the period from 2010-2020. The projections include a 27.7% growth in the construction industry, a 25.4% increase in professional, scientific, and technical services, a 26.1% increase in waste management and remediation services, and a 22.2% increase in accommodation and food services. Employment in the health care and social assistance sector is also projected to grow at 19.9%. The city should support business development that will capture the projected growth in already strong

²Location quotients are calculated by dividing the proportion of the City’s employment in each sector by the proportion of State employment in that particular sector.

sectors (e.g. Construction and Finance and Insurance). In all cases, it is important that the city encourages creation and retention of desirable jobs which provide a good standard of living for individuals.

6.2.4 INCOME DATA

Monona's per capita income, as reported by the 2010 Census was \$34,633. Monona's per capita income is slightly higher than the per capita income in Madison, Dane County, and Wisconsin indicating Monona residents have more disposable income than residents of neighboring communities. Monona's median household income, according to the 2010 Census, was \$50,479. This figure is slightly lower than the median household income for Madison and Dane County. Overall, the affluence of Monona's residents is comparable to the surrounding region.

6.2.5 COMMUTING PATTERNS: MONONA RESIDENTS

According to the 2012 American Community Survey, Monona residents spent an average of 18.4 minutes commuting to work. About 85% of workers traveled to work alone, while approximately 5.4% carpooled, and 3.8% used public transportation. A total of 0.9% of the workers walked to work, while 2.6% of workers worked from home.

In the second quarter of 2011, the Census reported that Monona residents held an estimated 3,978 jobs. The predominant industry sectors of these jobs were: Health Care and Social Assistance (totaling 15%); Education Services (totaling 14.4%); and Retail Trade (totaling 10%). Almost half of these jobs (47.6%) provided earnings of \$3,333 or more per month. The majority of these jobs (65.1%) were located in the City of Madison, while only 5.6% were located in Monona.

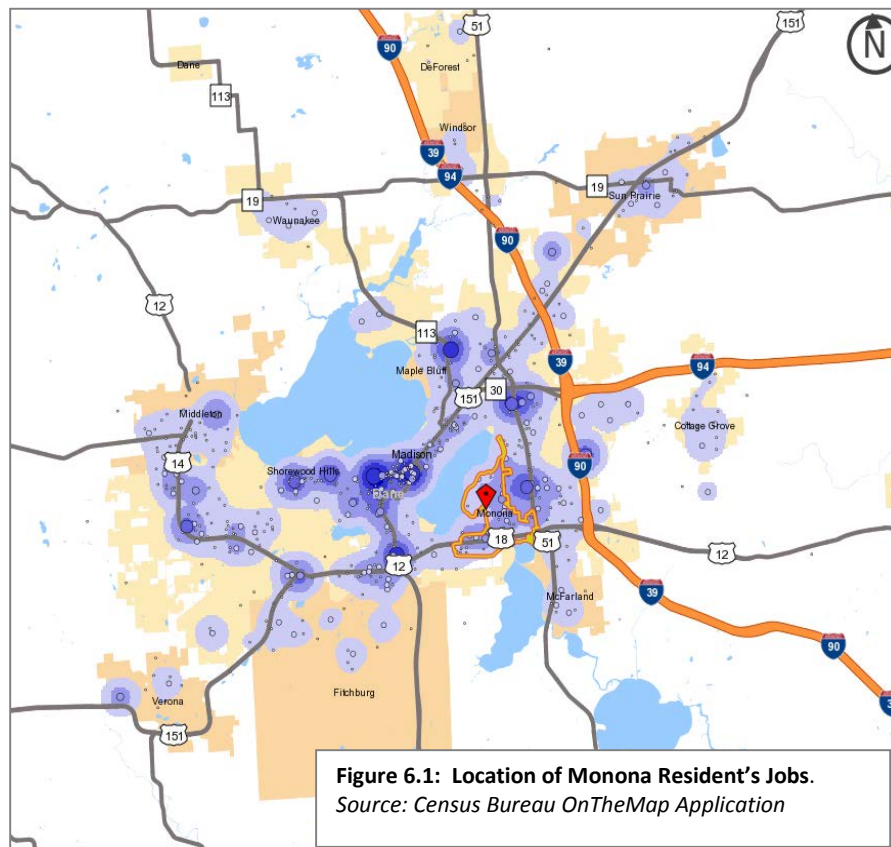


Table 6.2: Top 10 Places Residents are Commuting To

Area	Count
Madison	2,591
Middleton	109
Milwaukee	92
Sun Prairie	68
Fitchburg	59
Janesville	43
Verona	40
Stoughton	38
Waunakee	36
Cottage Grove	31

Source: Census Bureau OnTheMap Application

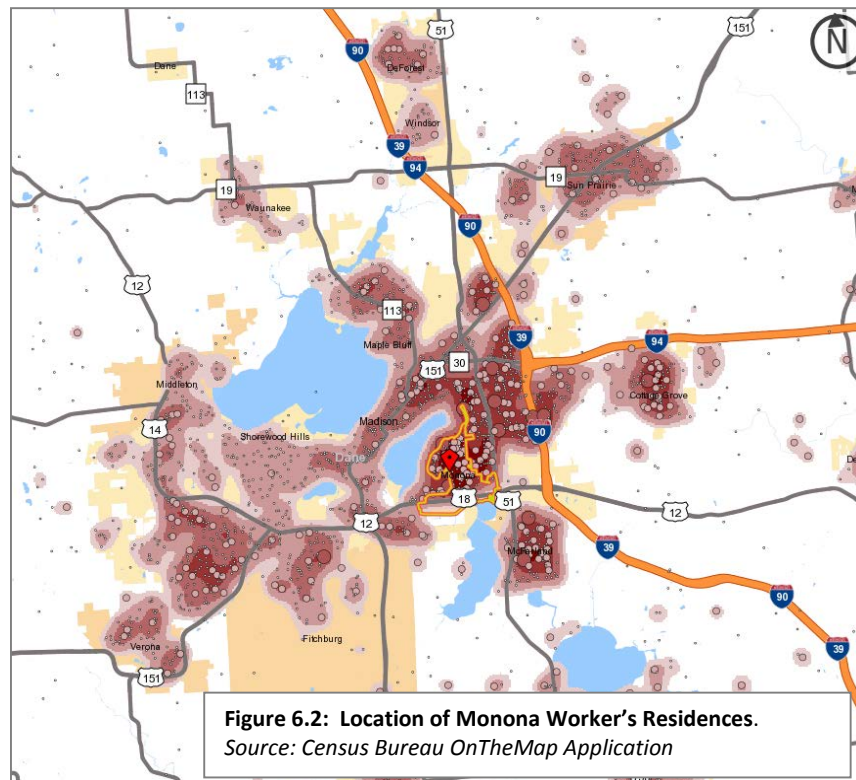
Table 6.3: Top 10 Places Workers are Commuting From

Area	Count
Madison	1,716
Sun Prairie	227
Fitchburg	166
McFarland	140
Stoughton	140
Janesville	133
Cottage Grove	130
Verona	94
Oregon	82
Middleton	80

Source: Census Bureau OnTheMap Application

6.2.6 COMMUTING PATTERNS: MONONA WORKERS

During the same time period, the Census estimated that 5,864 jobs were located within Monona. The majority of these jobs (40%) were classified in the Finance and Insurance industry sector, Construction (10.2%) and Retail Trade (8.5%). More than one-third (35.1%) of these jobs provided earnings of \$3,333 per month. A large percentage of these jobs (29.4%) are held by Madison residents while 3.8% are held by Monona residents.



Overall, the city provides a significant number of jobs to the surrounding region. 5,623 jobs in Monona were held by residents of other communities while Monona residents held 3,755 jobs in other communities. Therefore, the region receives a net benefit of 1,868 jobs from employers in the city. In other words, there are 1.50 people coming to Monona to work for every resident leaving the city for work.

This data suggests that Monona firms underutilize the local labor force. Monona firms employed a lower proportion (5.6%) of Monona residents than comparable community’s firms employ their residents (11.5%). In addition, Monona firms had a lesser share (1.9%) of employees earning more than \$3,333 per month that reside in Monona than what comparable community’s³ firms employ in their community (5.1%). Overall, Monona firms have access to a large labor pool. While 4,430 of Monona’s residents participate in the labor force, approximately 200,000 workers live within 10 miles of Monona and nearly 250,000 live within 20 miles (U.S. Census, 2011).

6.3 ENVIRONMENTALLY CONTAMINATED AREAS



Monona must work diligently on redevelopment projects to increase the economic activity and tax base in the city because of its inability to annex land for development. This includes the redevelopment of areas that have been environmentally contaminated. Prior to the construction of the Beltline Highway in 1988, numerous gas stations lined Broadway and parts of Monona Drive with varying amounts of environmental contamination. In addition, a former landfill was located between Broadway and the Beltline, east of Monona Drive. Significant private and public redevelopment activity has occurred in these areas and many sites have been cleaned and redeveloped for other commercial uses, including retail and office buildings, and a large city park.

The WDNR maintains a list of environmentally contaminated sites, or brownfields through its Environmental Remediation and Redevelopment Program. The DNR defines brownfields as “abandoned or under-utilized commercial or industrial properties where expansion or redevelopment is hindered by real or perceived contamination.” As of March 2014, there were three contaminated sites within the city in need of cleanup or where cleanup is in progress. Seventy-seven previously documented contaminated sites are considered closed or required no further action.

TABLE 6.4: Open Contaminated Sites

Address	Property/Use	Type of Contamination
6418 Bridge Road	Former One Hour Custom Cleaners	Environmental Repair
5600 Tecumseh Avenue	Davis Property	Leaking Underground Storage Tank
2619 Industrial Drive	Rasmussen Fuel Co	Environmental Repair

Source: WDNR Environmental Remediation and Redevelopment Program

³ Comparable communities include: Middleton, Verona, Sun Prairie, Fitchburg, McFarland, and Waunakee.

6.4 INDUSTRY AND BUSINESS ATTRACTION

Monona's Performance Zoning Code indicates types of businesses and industries that are permissible in the city. The city wishes to attract economically viable businesses to Monona over the next twenty years including service industries, high tech firms, retail companies, general office companies, and light industrial companies in appropriate locations. Effective strategies will capitalize on the city's strengths while addressing the city's challenges.

Strengths in Business Attraction and Retention:

- Monona's close proximity to the Beltline Highway (U.S. Highway 12/18), Interstate 90/94, and the City of Madison, allows businesses to flourish.
- Monona's location in the metro region allows businesses to draw upon a large labor pool and demand for products and services.
- High quality educational opportunities in the area including the Monona Grove School District, Madison College, and UW-Madison.
- Monona has a lower tax rate than nearby Madison, making it an appealing location for businesses.
- Monona has a smaller and more accessible governmental body than Madison and has been described as business-friendly.

Challenges in Business Attraction and Retention:

- The city's commercial corridors become major traffic thoroughfares generating high traffic volumes and land use challenges.
- Small parcels with diverse ownership are a challenge to land assembly for coordinated redevelopment efforts.
- The city is landlocked and can only grow through infill and redevelopment. Additional costs of redevelopment can be a barrier for private investment.
- The city of Madison has focused its new development on the west side of Madison, often neglecting the development of its east side, near Monona. As a result, many businesses have not invested in Monona for their business development.
- The city of Monona receives limited revenue sharing which makes its planning, development, and redevelopment challenging.

6.5 ECONOMIC DEVELOPMENT EFFORTS AND PROGRAMS

The following is a summary of the City of Monona's existing economic development efforts and programs. As needs arise, the city should consider new efforts and programs that support the goals, objectives, and policies identified in this chapter.

6.5.1 COMMUNITY DEVELOPMENT AUTHORITY

The CDA was established by the City Council in 1982. It is considered a separate Wisconsin municipal corporation that will carry out "blight elimination and urban renewal" programs. The CDA has the power to acquire property, condemn property by eminent domain, and to hold property. It prepares and carries out redevelopment plans and projects, and tax increment financing districts and projects. It also borrows funds and issues bonds to finance such projects. The CDA has been active in planning and promoting business development, particularly in the Monona-Broadway Business District. The CDA works cooperatively with the Business Alliance, city, and Plan Commission to encourage a strong overall economy in Monona.

6.5.2 TAX INCREMENT FINANCING

Monona has a long history of responsible use of tax increment financing (TIF) to facilitate the redevelopment of vacant or underutilized commercial sites and to fund public improvements in the TIF districts. TIF provides funding for public expenditures for land and infrastructure for development. The resulting development pays for the initial expenditures over time through dedicated property tax revenues. Monona currently has seven operating TIF districts focused on redevelopment efforts along Monona Drive and Broadway. The city's TID No. 1 and TID No. 3 have been retired.

6.5.3 RENEW MONONA

Renew Monona is a revolving loan program funded by TIF revenues. The program is made possible through a TIF statute that allows a TID to stay open an additional year to fund affordable housing improvements in the community. Renew Monona provides zero percent interest loans of up to \$10,000 for home improvements. The program began in 2009 and funded about twenty applications in its first five years. The city expects to provide substantial funding to the program when TID No. 2 is retired, allowing additional homeowners to benefit from the program and the increased tax values in the city's commercial districts.

6.5.4 FAÇADE IMPROVEMENT GRANT PROGRAM

The city's Façade Improvement Program was established to enhance the visual aesthetics of the Monona Drive corridor by offering grant funding to building owners to improve their building frontage on Monona Drive. The program is being undertaken in combination with the City's overall redevelopment of Monona Drive. Improvements to the visual appearance of the corridor are designed to spur reinvestment which will lead to enhanced economic vitality of the corridor. Grant funds are budgeted for the program from TID Nos. 4 and 7. Successful grant recipients receive a 50% reimbursement of eligible project costs not to exceed \$10,000.

6.5.5 MONONA EAST SIDE BUSINESS ALLIANCE

The Monona East Side Business Alliance (MESBA) (formerly Monona Chamber of Commerce) was established in 1990 to work as a unifying force to serve the interests of commerce in the community.

The Alliance includes about 300 business members.⁴ The group strives to retain existing businesses, attract new interest businesses, and encourage high standards for businesses, such as ethics, good citizenship, and providing fair opportunities for residents.

6.5.5 MONONA GROVE BUSINESSMEN'S ASSOCIATION

The Monona Grove Businessmen's Association (MGBMA) has operated in the community for decades. The group serves the Monona and McFarland communities in a number of ways, including hosting fundraising efforts to support scholarships for Monona and McFarland students and many other civic projects and charities.

6.6 STATE AND FEDERAL PROGRAMS

The Comprehensive Plan directs the city to work cooperatively with regional economic development partners and state and federal agencies to invest in projects that will create quality employment opportunities for area residents and promote a stable economic environment. The following is a description of state and federal programs in order to provide a basis for aligning resources and identifying potential partners.

The Wisconsin Economic Development Corporation (WEDC) is the state's lead economic development agency which provides financial and technical resources to local communities and businesses. Programs and resources WEDC offers include the Main Street Program, Connect Communities, Certified Sites, Community Development Investment Grant, Idle Industrial Site Redevelopment Program, and the Brownfield Site Assessment Grant. WEDC provides regional Community Account Managers to assist communities with projects and to connect them to other organizations including the Wisconsin Economic Development Association (WEDA) and the UW-Extension Center for Community and Economic Development (CCED).

The State of Wisconsin offers a variety of financial assistance programs to local governments to undertake economic development projects. The Wisconsin Department of Natural Resources (WDNR) outlines several programs in *The Financial Resource Guide for Cleanup and Redevelopment*. WDNR Remediation and Redevelopment Program is a comprehensive, streamlined cleanup program that consolidates state and federal cleanup programs into one program. This program assists property owners and individuals responsible for hazardous material discharge and provides technical oversight, certification of cleanup completion, and assurance letters to the community.

Community Development Block Grants (CDBGs) are available for low-to-moderate income projects, blight elimination, and brownfield redevelopment. Some CDBGs are intended for public facilities or infrastructure in economic development plans and projects. The CDBG Emergency Grant Program provides grants for small communities with infrastructure damage due to catastrophic events. Communities can also use CDBGs to loan money to businesses for start-up costs. Finally, CDBGs are available to upgrade community facilities, infrastructure, and utilities to benefit low- and moderate-income residents. Monona has historically not qualified for funding for low-to-moderate income projects because of the City's higher median household income.

The city will also work cooperatively with other regional organizations including Madison Area Regional Economic Development Partnership (MadREP) and the Economic Development division of Madison Gas & Electric.

⁴ Chamber member count is current as of September 2015.

6.7 GOALS OBJECTIVES POLICIES AND PROGRAMS

GOAL 6.1

Expand employment opportunities that support quality jobs for residents, foster growth of existing businesses, and provide an attractive environment for new businesses.

OBJECTIVE 6.1.1

Encourage growth and expansion of existing businesses.

POLICIES

Support existing businesses through programs like the Façade Improvement Program and consider development of new programs to meet business needs.

Encourage business growth and expansion of light industrial uses and office uses in the South Towne Industrial park.

Connect area businesses, entrepreneurs, and growing companies with technical assistance and resources from regional and State economic development agencies to encourage business and job growth.



OBJECTIVE 6.1.2

Attract new business to appropriate areas.

POLICIES

Facilitate new business development in commercial areas that is consistent with land use goals identified in redevelopment project plans, TID plans, and other applicable plans.

Support companies that create and retain desirable jobs which provide a good standard of living for individuals.

The city should especially target the development of businesses that have a vested interest in Monona, including destination-oriented retail.



OBJECTIVE 6.1.3

Enhance the overall quality of life and vitality of Monona to ensure the city's ability to retain and attract a talented workforce.

POLICIES

Promote the increase of the local customer base and vibrancy to the city's commercial areas by encouraging the development of added residential density.

Encourage a distinctive sense of place within Monona's commercial corridors.

GOAL 6.2

Encourage economic growth in Monona that achieves a balanced economy with a mixture of residential, commercial, office, and light-industrial development.



OBJECTIVE 6.2.1

Encourage commercial development and redevelopment that will provide quality jobs, goods, and services needed by residents and to discourage the unnecessary duplication of existing facilities.

POLICIES

Each commercial parcel should 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.

Continue to provide opportunities and incentives for new businesses to locate in Monona.

Implement goals in TIDs 4, 5, 6, 7, 8 and 9, and associated Redevelopment Project Plans. Establish new redevelopment project plans and TIF districts in underperforming areas.

Focus redevelopment efforts on commercial properties across from the high school and in the Riverfront Redevelopment area of Bridge Road and Broadway. These areas are underutilized and have declining value relative to the average of other commercial sites in the city

Facilitate development of a commercial waterfront district along West Broadway with substantial publicly accessible space.

OBJECTIVE 6.2.2

Encourage partnerships with local, state, and federal programs and agencies to achieve economic development goals.

POLICIES

Encourage coordination between the City Council, the Community Development Authority, the Plan Commission, and MESBA on redevelopment, and business retention, expansion, and attraction.

Pursue funding opportunities from State and Federal Economic Development programs.



GOAL 6.3

Encourage planned and orderly development that adheres to community design standards to create a distinctive sense of place that will foster success of commercial areas.

OBJECTIVE 6.3.1

Encourage the maintenance of community design standards.

POLICIES

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.

Encourage a cooperative atmosphere in business districts to maintain business frontages, landscaping, and overall, promote the well-being of the business districts, with high involvement from business and property owners.

OBJECTIVE 6.3.2

Continue to develop and enforce planned community development.

POLICIES

Update the 2006 Strategic Plan for Economic Development and the 2010 Vierbicher Market Analysis. These plans provide the City with tools to direct appropriate growth and development.

Incorporate residents’ responses from the 2013 Citizen Survey and 2014 Comprehensive Plan Survey into design guidelines for redevelopment, where feasible or appropriate.