



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #234

Main Street Program (Commerce and Wisconsin Economic Development Corporation)

[LFB 2011-13 Budget Summary: Page 117, #8 (part)]

CURRENT LAW

The Wisconsin Main Street program was established in 1987 to assist state municipalities in revitalizing traditional business districts. The Department of Commerce selects municipalities to participate in the program through a competitive process, and provides technical support and training to assist municipalities in planning, managing, and implementing projects to revitalize their downtown business areas through comprehensive economic redevelopment and historic preservation. Base level funding of \$383,100 GPR and 4.5 GPR positions in 2010-11 is provided in a separate appropriation [s. 20.143(1)(dr)] to administer the program.

GOVERNOR

Delete annual funding of \$434,000 GPR (after standard budget adjustments) and 4.5 GPR positions beginning in 2011-12 to reflect elimination of the Department of Commerce and transfer of economic and community development functions to the Wisconsin Economic Development Corporation (WEDC). Annual GPR funding for the WEDC operations and program appropriation [s. 20.192(1)(a)] includes the \$434,000 GPR that was provided Commerce for the state Main Street program. However, WEDC would not be required to use the funds for a specific purpose.

DISCUSSION POINTS

1. Commerce is statutorily required to establish and administer a state main street program to coordinate state and local participation in programs offered by the National Trust for Historic Preservation, National Main Street Center, to assist municipalities in planning, managing and implementing programs for the revitalization of business areas. Under the statutes, Commerce must:

a. Enter into contracts to obtain business area revitalization services provided by the National Main Street Center;

b. Employ, in the state classified service, staff for the main street program;

c. With assistance from the Council on Main Street programs and interested individuals and organizations, develop a plan describing the objectives of the state main street program and the methods by which Commerce will: (1) coordinate the activities of that program with public and private sector business area revitalization; (2) solicit and use private sector funding for business area revitalization; and (3) assist municipalities to engage in revitalization of business areas;

d. Coordinate with other state and local, public, and private entities that provide services to municipalities undertaking revitalization projects for business areas;

e. Annually select up to five municipalities representing various geographic areas and populations to participate in the state main street program for five years. (In 2007, Commerce started designating communities over a two-year period, rather than annually.) A municipality can participate in the program more than one time. However, Commerce may give priority to municipalities that have not previously participated in the program;

f. Develop criteria for selecting participants in the state main street program relating to at least the following: (1) private and public sector interest in, and commitment to revitalization of a business area selected by the municipality; (2) potential private sector investment in the selected business area; (3) local organizational and financial commitment to employ a program manager for at least five years; (4) local assistance in paying for the services of a design consultant recommended by the Council on Main Street programs; and (5) local commitment to assist in training persons to direct activities related business areas in municipalities that do not participate in the state main street program.

g. Provide training, technical assistance, and information on the revitalization of business areas to municipalities which do not participate in the state Main Street program. Commerce is authorized to charge reasonable fees for such information and services.

2. The Wisconsin Main Street program supports local Main Street groups in structuring programs that include four elements (developed by the National Main Street Center): (a) strong organization; (b) aggressive and varied promotion; (c) attention to design and historic preservation; and (d) economic restructuring of the commercial district.

3. Generally, any municipality can apply to Commerce to participate in the state Main Street program. Up to five communities are selected biennially for the program based on review and ranking of applications. Beginning in 2007, the Department started to make designations of main street communities over a two-year period, rather than annually. The attachment lists Wisconsin Main Street Communities as of March, 2011. The last main street communities were designated in 2008. Before Commerce considers an application, the Department must receive a letter of intent to apply signed by the chief elected or administrative official of the municipality, and a representative must attend a pre-application workshop conducted by the Commerce. Applications must include specific information related to the historical significance of the area to be revitalized, economic activity in the area, evidence of local private and public sector interest, organization, and

commitment to the revitalization project, and description of potential private sector investment in the area.

4. Communities are selected to participate in the state Main Street program through a competitive review process based on the following criteria:

a. Need. The need for the program in the municipality and its expected impact on the municipality.

b. Organizational Capability. The capability of the applicant to successfully implement the Main Street program.

c. Public Sector Commitment. The level of public sector interest and commitment.

d. Private Sector Commitment. The level of private sector interest and commitment.

e. Financial Capacity. The financial capability to employ a full-time executive director (at least half-time, if the population of the community is 5,000 or less), fund a local Main Street program, and support business-area projects. A variety of funding sources should be utilized. A minimum budget of \$70,000 annually (including in-kind donations) is expected of applicants hiring a full-time executive director, and a minimum budget of \$40,000 annually is expected of applicants hiring a part-time director.

f. Physical Capacity. The cohesiveness, distinctiveness, and variety of business activity conducted in the proposed Main Street Program area.

g. Historical Identity. The historic significance of the proposed area, and the interest in and commitment to historic preservation.

In cases where there are two highly-rated municipalities, Commerce bases the selection on which community adds more to the geographic variety, or variety of community size.

5. Services provided by Main Street staff to designated Main Street communities during the first five years include:

a. Director Orientation and Training Sessions. Staff provide a two-day orientation and training session to new Main Street executive directors, and quarterly two-day workshops for managers and volunteers.

b. Volunteer Training Programs. On-site training is provided to committees and individuals in Main Street communities focusing on the four-point approach to downtown revitalization and specific topics.

c. Workplan Assistance. Staff assist communities in identifying goals and objectives, establishing priorities, and developing projects for the year (developing a workplan).

d. Design Assistance. Assistance is provided to property owners and merchants in local Main Street districts. The Main Street architect addresses design issues related to revitalization of historic commercial buildings.

e. Business Counseling. Existing and potential business owners in Main Street districts

are provided on-site confidential counseling services on areas such as marketing, business planning, advertising, financial analysis, and inventory control. Follow-up assistance is also provided.

f. Advanced Technical Visits. State Main Street staff and outside consultants provide on-site technical assistance through one or two-day visits targeted to meet the specific needs of the community. Visits have included technical assistance on streetscape design, merchandising, volunteer development, preservation planning, and waterfront development.

g. Downtown Market Assistance. Program staff, with the assistance of the University of Wisconsin-Extension Center for Community Economic Development, assist Main Street communities in completing a downtown market analysis focusing on community and business development.

h. Progress Visits. Wisconsin Main Street staff assist Main Street communities in assessing progress and addressing specific issues on one or two-day visits.

i. Resource Materials. Program staff provide Main Street communities with resource material, such as manuals and slide programs, on downtown revitalization topics.

6. As noted, Commerce currently has 4.5 FTE GPR positions that administer the state Main Street program. The positions include the program coordinator, a small business specialist, a downtown revitalization specialist, a design specialist, and a half-time administrative support position.

The program coordinator manages the overall Main Street technical assistance program including development of downtown revitalization services, budgeting, management of staff, and delivery of services. The manager has expertise in the areas of business development, volunteer development, promotional planning, fundraising, and the Main Street approach to downtown revitalization. The manager visits sites to check progress, provides issue-specific technical assistance, provides board and executive director training, assists in workplan development, provides Main Street committee training, and assists in development of quarterly workshops.

The small business specialist provides business mentorship to Main Street organizations and their individual businesses. Typically, the position conducts over 80 on site business consulting meetings, and responds to hundreds of email assistance requests. Business consulting activities include marketing, legal structures, and accounting, which often leads to assisting in writing business plans. The small business specialist helps implement building recruitment activities, assists with marketing pieces, broker interaction and contacting potential tenants. The specialist works with the local economic restructuring committee in implementing recruitment and retention goals and measurable outcomes. The position has the primary responsibility of working with the UW-Extension in completing local market analysis, and maintains the electronic reporting tool, which generates reports for the Wisconsin Main Street program.

The downtown revitalization specialist provides technical assistance to designated Main Street communities in promotion planning, volunteer development, work planning, and the Main Street approach to downtown revitalization. The position trains current directors on how to run a Main Street office. The downtown revitalization specialist also conducts progress and specific technical assistance visits, provides board and executive director training, vision planning, workplan development, Main Street committee training, quarterly workshops, and edits the Main Street

newsletter and annual report.

The design specialist provides assistance to building and business owners, municipalities and volunteers in Main Street communities to improve the physical aspects of their historic commercial districts. The position assists in areas of design including building improvements, public improvements, signage, visual merchandising, and preservation tools. The design specialist provides building and business owners with schematic renditions of what a building would look like if properly restored. The position also assists local volunteers in establishing design guidelines, financial incentives, design review, and sign and preservation ordinances.

The half-time administrative support position responds to requests for assistance related to the application process, workshop registration, technical assistance, and other downtown revitalization activities. The position maintains the database for information related to Main Street communities and performs certain data gathering and data interpretation for activities staff, reports, and brochures. The administrative position prepares informational and promotional materials for the Main Street program manager and volunteer training sessions, and makes necessary arrangements for workshops, including preparation of bids and purchase requisitions. The administrative support position also coordinates logistics for staff for attendance at workshops and conferences, including location, meals, materials, audio/visual capabilities, lodging, travel, mailing lists and agendas.

7. The 2009-10 Wisconsin Main Street Program, Annual Report includes a listing of Main Street reinvestment statistics for the program for 1988 through 2010. Based on the report, total public and private investment in state Main Street projects for the period was estimated at over \$1.1 billion, of which \$849.3 million was private investment. The state program assisted over 4,000 new businesses, and almost 1,400 business relocations and expansions. Approximately 17,900 new jobs were reportedly created.

8. Supporters of the state Main Street program would point to these statistics as an indication of the significance of the program in generating economic development, and creating jobs in Wisconsin. In addition, the program assists municipalities in redeveloping and preserving historic downtown areas. State Main Street technical assistance is provided by experienced staff at no cost to the Main Street communities. As a result, those communities are able to invest more resources in Main Street or other economic development activities. In addition, in public testimony, the Secretary of Commerce has expressed the administration's general support for providing similar types of technical assistance through the WEDC. From this view, the current statutory provisions requiring a state Main Street program could be modified to transfer responsibilities for administering the Main Street program to WEDC. The provisions could be adjusted to reflect transfer to WEDC by excluding provisions related to state classified positions, the Council on Main Street, the current Commerce appropriation for fee deposits, and the Main Street annual report (Alternative #2). In addition, GPR funding has been provided to WEDC that would be sufficient to support the Main Street Program staff. The 4.5 incumbent program staff could be transferred to ensure that the program would provide the same level of technical and administrative support to main street communities at WEDC as is currently the case through Commerce (Alternative #3). Also, the administration has indicated an intent to employ current Commerce economic and community development personnel at WEDC. Moreover, even though, many Commerce programs would be eliminated under AB 40, in order to provide WEDC with flexibility in providing technical and financial economic development assistance, certain current Commerce programs, including the brownfields grant program and the Department's economic activity zone programs, would be

transferred and administered by WEDC. Consequently, requiring WEDC to administer the state main street program would not be a unique requirement under the bill (Alternative #2).

9. Transferring the statutory provisions would require that WEDC continue the main street program at some level. However, similar to the brownfields grant provisions under the bill, no specific level of support would be specified. This would allow WEDC considerable discretion in determining the appropriate level of resources to commit to the program from year to year as conditions may warrant. On the other hand, if the Legislature wanted to ensure a base level of resources be maintained for the main street program the current Commerce appropriation could also be transferred to WEDC. Under this option (Alternative #4) \$434,000 GPR annually would be transferred from the general WEDC operations and programs appropriation to a separate appropriation to be used to operate the main street program.

10. The primary reason for eliminating the state Main Street program is to ensure maximum flexibility for WEDC. In public testimony, the Secretary also indicated that the absence of tight, statutory restrictions would benefit the Corporation's community development efforts. Rather than restricting the Corporation's ability to provide assistance based on specific funding amounts or statutory provisions, WEDC would be able to adjust its assistance to meet perceived demand. As noted, the administration has indicated that it intends to maintain a functional Main Street program in WEDC. From this view, recreating a statutory Main Street program for WEDC and transferring the incumbent positions, would not be necessary to continue the state program, but could restrict the Corporation's flexibility in providing economic development assistance (Alternative #1).

ALTERNATIVES

1. Approve the Governor's recommendation to delete annual Main Street program funding of \$434,000 GPR (after standard budget adjustments) and 4.5 GPR positions beginning in 2011-12 to reflect elimination of the Department of Commerce, and transfer of economic and community development functions to the Wisconsin Economic Development Corporation (WEDC). Include \$434,000 GPR under the WEDC operations and programs GPR appropriation.

2. Modify the Governor's recommendation to apply the current law Main Street statutory provisions to WEDC (excluding provisions related to state classified positions, the Council on Main Street, the current Commerce appropriation for fee deposits, and the Main Street annual report).

3. Modify the Governor's recommendation to apply current law Main Street statutes provisions to WEDC (excluding references to state classified positions, the Council on Main Street, the current Commerce appropriation for fee deposits, and the Main Street Annual Report). Also, transfer 4.5 incumbent Main Street administrative positions from Commerce to WEDC.

4. In addition to Alternative #2 or 3, transfer \$434,000 GPR annually from the general WEDC operations and programs appropriation to a separate appropriation to be used to operate the main street program.

Prepared by: Ron Shanovich
Attachment

ATTACHMENT

Main Street Communities As of March, 2011

1988	Beloit, Ripon, and Sheboygan Falls
1989	Chippewa Falls and Viroqua
1990	De Pere and Marshfield,
1991	Rice Lake
1992	Columbus
1993	Tigerton
1994	Sharon and Sturgeon Bay
1995	Green Bay -- on Broadway
1996	Pewaukee, Two Rivers, and Darlington,
1997	Osceola
1999	Eagle River, Platteville, and West Bend
2000	Algoma, and Watertown
2001	Milwaukee-Lincoln Village, and West Allis
2002	Wausau
2003	Portage
2004	Stevens Point and Fond du Lac
2005	Monroe and Prairie du Chien
2006	Lake Mills, Rhinelander, and Whitewater
2008*	Manitowoc, Port Washington, and Tomahawk

*Beginning in 2007, the Department started designating main street communities for a two-year period. The most recent year in which Main Street communities were designated was 2008.