

Date Adopted:
Resolution Number: RES-
Expenditure Deadline:
TID Expiration Date:

**Project Plan and Boundary for
TAX INCREMENTAL FINANCE DISTRICT 49
(FEMRITE DR)
City of Madison**

**Prepared by:
Department of Planning and Community and Economic Development
Economic Development Division
Office of Real Estate Services**

February 11, 2022

TABLE OF CONTENTS

INTENT AND PURPOSE	3
PROPOSED CHANGES IN ORDINANCES, CODES OR PLANS	3
PROPOSED PROJECT COSTS	4
DETAILED ESTIMATE OF TIMING AND PROJECT COSTS	5
SUMMARY OF TOTAL PROJECT COSTS AND ECONOMIC FEASIBILITY	5
PROMOTION OF ORDERLY LAND DEVELOPMENT	7
EXPECTATIONS FOR DEVELOPMENT	7
METHODS FOR THE RELOCATION OF DISPLACED PERSONS AND BUSINESSES	7
LEGAL DESCRIPTION	8
District Boundary	10
Existing Zoning	11
Proposed Zoning	12
Existing Land Use	13
Proposed Land Use	14
City Attorney Opinion Letter	15

TAX INCREMENTAL FINANCE DISTRICT 49 (FEMRITE DR)

INTENT AND PURPOSE

The City of Madison (the “City”) has established that the health of the Madison economy and its neighborhoods is vital. The City intends to continue to expand, stabilize and diversify its economic base while continuing to revitalize neighborhoods. To that end, the City may utilize its various implementation tools, such as the City and Community Development Authority’s (CDA) development revenue bonds, tax incremental financing (TIF), and other State or federal tools that may be available.

In particular, the City of Madison is proposing to create Tax Incremental District (TID) 49–(Femrite Dr) as an industrial TID, for the purposes of capturing incremental value to fund certain public works improvements that will benefit the TID and the larger community and to provide financial assistance to businesses, in compliance with TIF Law and City of Madison TIF Policy. Specifically, the City plans to invest funds into infrastructure projects to assist with the development of the former GE Medical property by Madison Interstate East, LLC.

PROPOSED CHANGES IN ORDINANCES, CODES OR PLANS

The project elements proposed in this Project Plan conform to the objectives and recommendations contained Comprehensive Plan For The City of Madison (the “Master Plan”) as approved by the City Plan Commission. No changes in the Official Map, Building Codes or other City Ordinances appear to be necessary to implement the Project Plan. Zoning changes may be necessary as projects are proposed for the area, although none are proposed at this time. The Plan Commission reviews such proposals.

This vast majority of the TID is presently zoned IL, with a small portion zoned A. The IL zoning district is suitable for industrial development.

Consistency with the City of Madison Comprehensive Plan

The Common Council of the City of Madison adopted an update to the City of Madison Comprehensive Plan on August 7, 2018. The Comprehensive Plan contains six sections, each with its own set of overarching Goals and implementation Strategies that are consistent with the projects and activities planned for TID 49 include, but are not limited to, the following:

Economy and Opportunity:

Goal: Madison will have a growing, diversified economy that offers opportunity for businesses and residents to prosper

Strategies:

- Ensure an adequate supply of sites for a wide variety of employers to operate and grow.
- Support more jobs that pay a family-supporting living wage.

Consistency with TIF Policy

The Project Plan is also consistent with City of Madison Tax Incremental Finance Objectives and Policies (the “TIF Policy”) adopted by the City’s Common Council on April 17, 2001 and amended most recently on February 25, 2014. The Project Plan conforms to the following TIF Policy goals:

Section 1: TIF Goals

- A. Growing the property tax base.
- B. Fostering the creation and retention of family-supporting jobs.
- G. Funding public improvements that enhance development potential, improve the City’s infrastructure, enhance transportation options, and improve the quality and livability of neighborhoods.
- I. Reserving sufficient increment for public infrastructure in both TIF project plans and TIF underwriting.

PROPOSED PROJECT COSTS

The following represent total estimated costs. By TIF Law, TIF may only pay for the non-assessable portion of these costs. More detail is provided in the section entitled "Detailed Estimate of Timing and Project Costs" that estimates the amount of cost paid with TIF.

Public Works Improvements

The City intends to complete multiple public works projects in TID 49. These projects include:

Street construction / reconstruction	\$1,000,000
Estimated Cost:	\$1,000,000

Community Development Authority Revitalization Activities

In accordance with Section 66.1333 of the State Statutes (Redevelopment Law), the CDA may undertake a variety of revitalization activities in the TIF District if that area corresponds to the boundary of a Redevelopment District.

Estimated Cost:	\$0
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Economic Development Assistance

Development Loans

Where necessary or convenient to the implementation of the Project Plan, TIF assistance in the form of loans may be provided to private development projects, that demonstrate that "but for" such TIF assistance, the project would not occur. TIF Law allows such funds to be used to reduce the cost of site acquisition or site improvements including the construction or razing of buildings, parking facility construction, site preparation, environmental remediation, landscaping and similar types of related activities. The City is proposing to make a TIF Loan of \$2,100,000 to Madison Interstate East, LLC to assist with the construction of a three (3) phase project to build 429,000 SF of warehouse and manufacturing space in TID 49.

Estimated Cost	\$2,100,000
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Land Acquisition

In order to construct the public improvements and for the revitalization and development of private property, the acquisition of property and relocation of occupants may be necessary in this TIF District. The acquisitions could vary from rights-of-way and air space to entire parcels.

Estimated Cost:	\$0
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Affordable Housing

This category of costs is for the benefit of affordable housing and the improvement of housing stock in the City of Madison. After the date on which TID 49 pays off all of its aggregate costs, as provided for in State Statute the City may extend the life of TID 49 for one year to benefit affordable housing and to improve housing stock.

Estimated Cost:	\$0
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Organizational, Administrative and Professional Costs

This category of project costs includes estimates for administrative, professional, organizational and legal costs. Project costs may include salaries, including benefits, of City employees engaged in the planning, engineering, implementing and administering activities in connection with TID 49, supplies and materials, contract and consultant services, and those costs

of City departments such as the Finance Department, City Attorney, City Engineer, Parks Division, Planning & Development and the Office of the Mayor.

Estimated Cost: \$500,000

Total Cost \$3,600,000

Financing Costs

The total TIF-eligible cost authorized in the Detailed Estimate of Project Cost and Timing represents the total TIF Capital Budget for which TIF funds may be used. Finance costs represent the estimated amount of interest incurred if the City were to borrow funds to pay for the entire TIF-eligible costs. Staff estimates that in the event the City of Madison borrows funds to pay for the capital costs authorized herein that tax increments estimated to be generated by the district over its life may be sufficient to repay all of the \$3,600,000 of estimated project costs and an estimated \$990,000 financing cost.

DETAILED ESTIMATE OF TIMING AND PROJECT COSTS

The following are the eligible project costs as provided for under Section 66.1105 (2)(f), Wisconsin Statutes and the timing in which certain project costs will be incurred. TIF Law requires that all project plan expenditures be made within a mixed-use TID within 15 years of its creation. Certain project costs will be subject to the anticipated long-term development expectations as described elsewhere in this Plan. **The actual eligible project costs herein (shown below) may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan. There are no planned costs that are non-project costs.**

TID 49 (2022 Costs)	Proposed TIF Funded Non-Assessable Cost	Assessable/ Non-Project Costs	Total	Time Frame
Total Public Improvements	\$1,000,000	\$0	\$1,000,000	2022 – 2037
Development Loans				2022 – 2037
Madison Interstate East, LLC	\$2,100,000	\$0	\$2,100,000	2022 – 2037
Administrative and Professional Costs	\$500,000	\$0	\$500,000	2022 – 2037
TOTAL PROJECT COSTS	\$3,600,000	\$0	\$3,600,000	2022 – 2037
Finance Costs	\$990,000	\$0	\$990,000	2022 – 2037

NOTE: These project costs and non-project costs conform with State Statute 66.1105(4)(GM).

SUMMARY OF TOTAL PROJECT COSTS AND ECONOMIC FEASIBILITY

The project costs include the estimated costs of planning, engineering, construction or reconstruction of public works and improvements and financing costs. **The actual eligible project costs may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan.**

How Tax Increments Are Generated, Used

Under the Wisconsin TIF Law, the property taxes paid each year on the increase in equalized value of the Tax Incremental District may be used by the City to pay for eligible project costs within the TID. Taking the TID’s current value as a result of growth and deducting the value in the District that existed when the District was created determines the increase in value. All taxes levied upon this incremental (or increased) value by the City, Madison Metropolitan School District, Dane County,

and the Madison Area Technical College District are allocated to the City for direct payment of project costs and payment of debt service on bonds used to finance project costs.

Per TIF Law, the maximum life of an industrial TID is 20 years and all project expenditures must be made five (5) years prior to the termination of the TID. Therefore, all project expenditures must be made by December 31, 2037. Tax increments may be received until project costs are recovered, at which time the TID must close.

TIF-Eligible Capital Budget

The cost of public improvements and other project costs is \$3,600,000. There are no anticipated costs that will be assessable to property owners. Assessments are determined in accordance with the City and Board of Public Works standard special assessment policies. Given that there are no costs that are assessable to property owners, the \$3,600,000 balance of the TIF-eligible project costs (i.e. net of assessable costs) represents the authorized TIF Capital Budget for this Project Plan and will require financial support by incremental taxes from the District.

Estimate of Economic Feasibility, TIF Generator(s)

TIF Policy requires a proposed TID have an economic “generator” i.e. at least one private development project that generates increment to finance TID costs, or a TID shall be identified as a “speculative TID”. TID 49 has one “generator” of tax increments, as described below.

Madison Interstate East, LLC is proposing to construct three (3) warehouse / manufacturing facilities on land formerly owned by GE Healthcare, totaling approximately 429,000 SF of space. These three warehouses are estimated to create \$25,500,000 of incremental value.

The determination of economic feasibility herein, including such TIF generators, is based on potential development through 2025, as described in the “City of Madison TIF Goals, Objectives, and Process”, Section 3.2 (2) (g).

As demonstrated in the section entitled Expectations for Development, a conservative estimate of total incremental value resulting from potential development projects, and economic growth or value appreciation over the life of the TID is estimated to be **\$49,000,000**. This value is projected to produce incremental revenues sufficient to support the project costs stated above.

Project expenditures will be contingent upon development actually occurring or committed to occur. Since the majority of the project cost is financed with long-term debt, borrowing would be undertaken only when sufficient development actually occurs to support each borrowing segment and the expenditure of such funds.

Based on the current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the life (i.e. the total amount of tax increments over 20 years) of the TID should total approximately **\$10,100,000**. The present value of the total incremental revenues that are anticipated to be generated is **\$4,500,000**.

As previously indicated, each segment of the project (i.e., every individual cost element) will require subsequent approval by the Common Council and/or the CDA. The method of financing and the individual debt issues will also require Common Council approval. It is the City’s intent to closely monitor all planned and actual development within the TID. The actual City investment in TID 49 may, therefore, be less than the amount shown in the Project Plan.

Finance Cost

Staff estimates that TID increment could support interest payments on capital borrowing. The estimated interest and finance cost of to borrow the entire estimated capital cost is \$990,000.

PROMOTION OF ORDERLY LAND DEVELOPMENT

The area in this TID is identified for “Employment” and “Industrial” land use in the City of Madison Comprehensive Plan. Descriptions of this use and its corresponding density can be found in the City of Madison Comprehensive Plan at this link:

<https://www.cityofmadison.com/dpced/planning/plans/440/>

TID 49 is an industrial TID, as defined by State Statute.

Less than 35% of the area in the TID boundary is used for retail business.

EXPECTATIONS FOR DEVELOPMENT

The expectations for development in TID 49 have been developed from and predicated on the Comprehensive Plan for the City of Madison and the Downtown Plan, as adopted by the Common Council.

Potential Areas for Development

The Potential Areas for Development include the currently undeveloped parcels of land within the TID. The development on these sites is described in further detail in this project plan.

Annual Value Increment Estimates

Definition of Value Increment: The increase in value is determined by deducting the value in the TIF district that existed when it was created (i.e. the “base value”) from the TIF district’s increased value as a result of new development. Appreciation of the base value and the new development over the full 20-year life of the TIF district is also included in this estimate.

Timeframe for Development: For the purposes of this project plan’s economic expectations, the TIF generator projects indicated herein are expected to occur within the first 10 years of the district’s life. Per City TIF Policy, if there is no value growth as a result of new development activity within 10 years after the creation of the TID, the TID shall be dissolved upon receipt of sufficient increment to recover project costs. It is the City’s practice to anticipate development, repayment of costs and closure of the district within a shorter timeframe than the full 20-year period allowed by TIF Law. TID expenditures may be made for a period of 15 years from the date of TID creation. On average, a City TIF district is closed within about 12 years. To the extent that the District meets or exceeds economic expectations, it is then able to repay its project costs and return the value increment to the overlying taxing jurisdictions in a shorter period of time.

Anticipated Development: The City has reached an agreement with the Madison Interstate East, LLC development to develop approximately 429,000 of warehouse / manufacturing space in TID 49. This development is estimated to generate approximately \$25.5 million of new value. Timing and value of additional developments within the TID depends upon variables that are unpredictable at this time.

The total value of increment (including estimated TIF generators and appreciation of property value within the district) generated over the 20-year life of the district is estimated at approximately \$45,000,000. This growth is estimated to generate approximately \$10,100,000 of tax increment over the life of the district.

METHODS FOR THE RELOCATION OF DISPLACED PERSONS AND BUSINESSES

Where the relocation of individuals and business operations would take place as a result of the City’s acquisition activities occurring within the District, relocation will be carried out in accordance with the relocation requirements set forth in Chapter 32 of the Wisconsin Statutes and the Federal Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (P.L. 91-646) as applicable.

LEGAL DESCRIPTION

A parcel of land located in the Southeast $\frac{1}{4}$ and Southwest $\frac{1}{4}$ of Section 23, the Southwest $\frac{1}{4}$ of Section 24, and the Northeast $\frac{1}{4}$ of Section 26 all in Township 7 North, Range 10 East in the City of Madison, Dane County, Wisconsin, more particularly described as follows:

Beginning at the southwest corner of Lot 3 McAllen 120 Business Park plat recorded as Document #4539103 In V59-068B OF PLATS P316-318;

Thence easterly along the south line of said Lot 3 approximately 623.6 feet to the southeast corner of said Lot 3 also being on the westerly right-of-way of McAllens Way;

Thence southeasterly along the westerly right-of-way of McAllens Way and southerly right-of-way of Kerry Lane as shown on the said McAllen 120 Business Park plat being a 183-foot radius curve to the left approximately 142.5 feet to the northwest corner of Lot 4 of said McAllen Business Park plat;

Thence southwesterly along the west line of said Lot 4 approximately 211.8 feet to an angle point in the said west line of Lot 4;

Thence southeasterly along the said west line of Lot 4 approximately 142.49 feet to the southwest corner of said Lot 4;

Thence easterly along the south line of said Lot 4 approximately 417.81 feet to the southeast corner of said Lot 4;

Thence northerly along the east line of said Lot 4 approximately 23.08 feet to an angle point in the said east line of Lot 4;

Thence northeasterly along the said east line of Lot 4 approximately 110.11 feet to an angle point in the said east line of Lot 4;

Thence northerly along the said east line of Lot 4 approximately 84.92 feet to an angle point in the said east line of Lot 4;

Thence northerly along the said east line of Lot 4 being a 1566-foot radius curve to the right approximately 18.22 feet to a point of compound curvature along the said east line of Lot 4;

Thence northerly along the said east line of Lot 4 being a 1434-foot radius curve to the left approximately 40.43 feet to a point of compound curvature along the said east line of Lot 4;

Thence northwesterly along the said east line of Lot 4 being a 117-foot radius curve to the left approximately 112.04' to the northeast corner of said Lot 4;

Thence westerly along the north line of said Lot 4 being a 25-foot radius curve to the left approximately 40.25 feet to a point of tangency on the said north line of said Lot 4 with the southeasterly right-of-way of Kerry Lane;

Thence northeasterly along the southeasterly right-of-way of Kerry Lane and the easterly right-of-way of Meier Road as shown on the said plat of McAllen 120 Business Park being a 293-foot radius curve to the left approximately 56 feet to a point of tangency along the easterly right-of-way of said Meier Road;

Thence northeasterly along the easterly right-of-way of said Meier Road approximately 103.23 feet to a point of curvature along the easterly right-of-way of said Meier Road;

Thence northerly along the easterly right-of-way of said Meier Road being a 556-foot radius curve to the left approximately 279.6 feet to a point of tangency along the easterly right-of-way of said Meier Road;

Thence northerly along the east right-of-way of said Meier Road approximately 211.96 feet to a point an angle point along the said east right-of-way of Meier Road;

Thence northerly along the said east right-of-way of Meier Road approximately 100.0 feet to a point an angle point on the said east right-of-way of Meier Road;

Thence northerly along the said east right-of-way of Meier Road approximately 178.05 feet to a point of curvature on the east right-of-way of said Meier Road;

Thence northeasterly along the east right-of-way of said Meier Road being a 25-foot radius curve to the right approximately 38.13 feet to a point on the southerly right-of-way of Femrite Drive;

Thence northerly approximately 39.35 feet to a point within Femrite Drive;

Thence westerly approximately 29 feet to a point on a line being 33 feet easterly of the East line of the said Southeast $\frac{1}{4}$ of Section 23;

Thence northerly along said line being 33 feet easterly of the East line of the said Southeast $\frac{1}{4}$ of Section 23 being along the east right-of-way of said Meier Road and said east right-of-way extended southerly approximately 1303 feet;

Thence westerly approximately 66 feet to the Northeast corner of Lot 1 of the said plat of McAllen 120 Business Park;

Thence westerly along the north line of said Lot 1 approximately 360.87 feet to an angle point in the said north line of Lot 1;

Thence westerly along the said north line of Lot 1 approximately 50.89 feet to an angle point in the said north line of Lot 1;

Thence southwesterly along the said north line of Lot 1 approximately 53.89 feet to an angle point in the said north line of Lot 1;

Thence southwesterly along the said north line of Lot 1 approximately 124.28 feet to an angle point in the said north line of Lot 1;

Thence westerly along the said north line of Lot 1 approximately 710.36 feet to the northwest corner of said Lot 1;

Thence northerly along the west line of Outlot 1 of the said plat of McAllen 120 Business Park approximately 175.18 feet to the northwest corner of said Outlot 1;

Thence westerly along the north line of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 23 approximately 1331.76 feet to the Center $\frac{1}{4}$ corner of said Section 23;

Thence westerly along the north line of the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 23 approximately 13.34 feet to a point on the easterly right-of-way of I-39/90 as shown on Transportation Project Plat No. 1007-11-26 - 4.06 Amendment No. 2;

Thence southerly along the easterly right-of-way of said I-39/90 approximately 197.47 feet to a point of non-tangential curvature on the easterly right-of-way of said I-39/90;

Thence southerly along the easterly right-of-way of said I-39/90 being a 3682.69-foot radius curve to the left approximately 956.54 feet to a point of tangency along the easterly right-of-way of said I-39/90;

Thence southerly along the easterly right-of-way of said I-39/90 approximately 94.84 feet to a point on the on the northerly right-of-way of Femrite Drive as shown on said Transportation Project Plat;

Thence southerly along the easterly right-of-way of said I-39/90 approximately 176.06 feet to a point on the on the southerly right-of-way of Femrite Drive as shown on Transportation Project Plat No. 1007-11-26 – 4.05 Amendment No. 1;

Thence southerly along the easterly right-of-way of said I-39/90 approximately 78.84 feet to a point of curvature along the easterly right-of-way of said I-39/90;

Thence southeasterly along the easterly right-of-way of said I-39/90 being a 655-foot radius curve to the left approximately 446.17 feet to a point of tangency on the easterly right-of-way of said I-39/90;

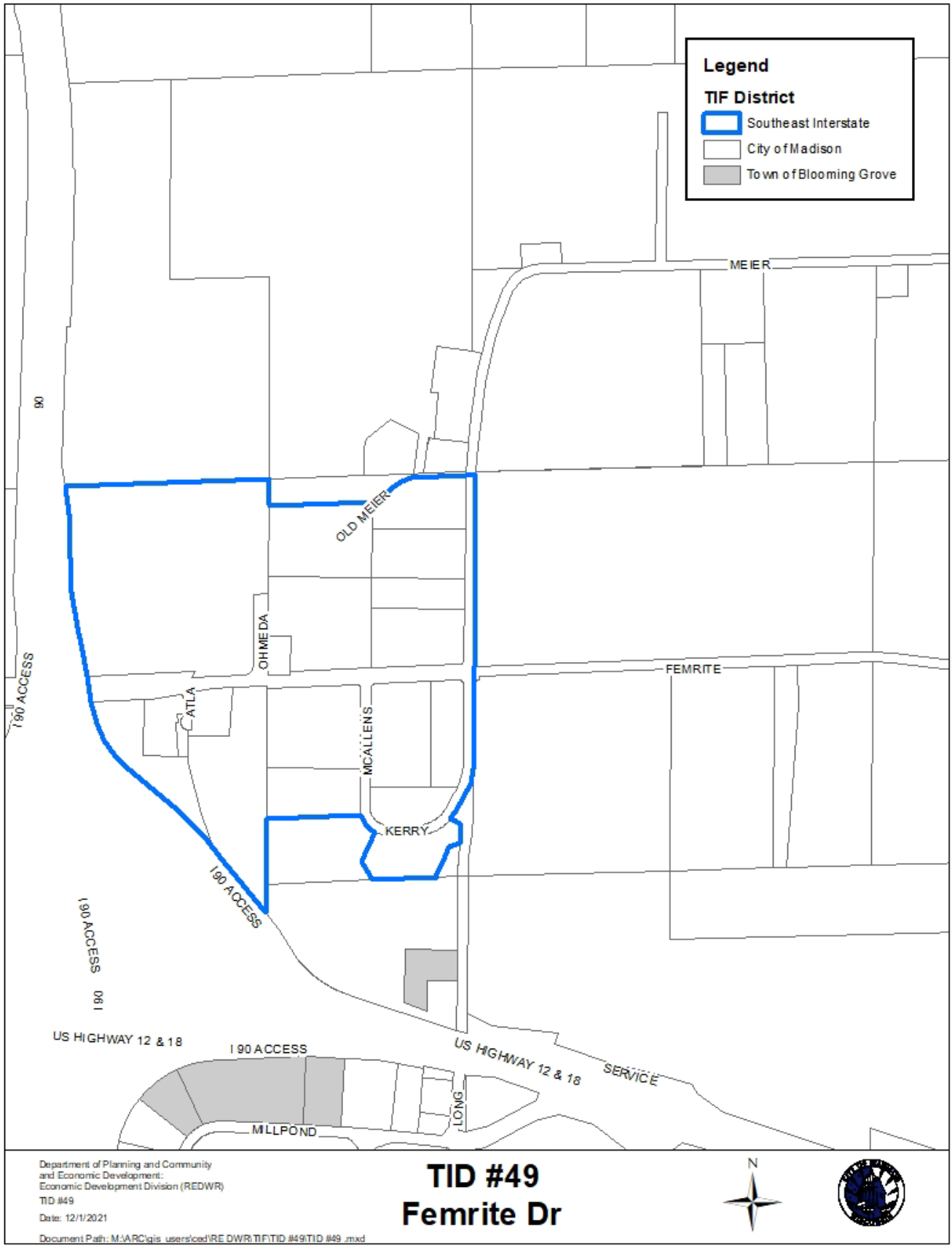
Thence southeasterly along the easterly right-of-way of said I-39/90 approximately 441.95 feet to a point of curvature along the easterly right-of-way of said I-39/90;

Thence southeasterly along the easterly right-of-way of said I-39/90 being an 874-foot radius curve to the right approximately 204.13 feet to a point of tangency along the easterly right-of-way of said I-39/90;

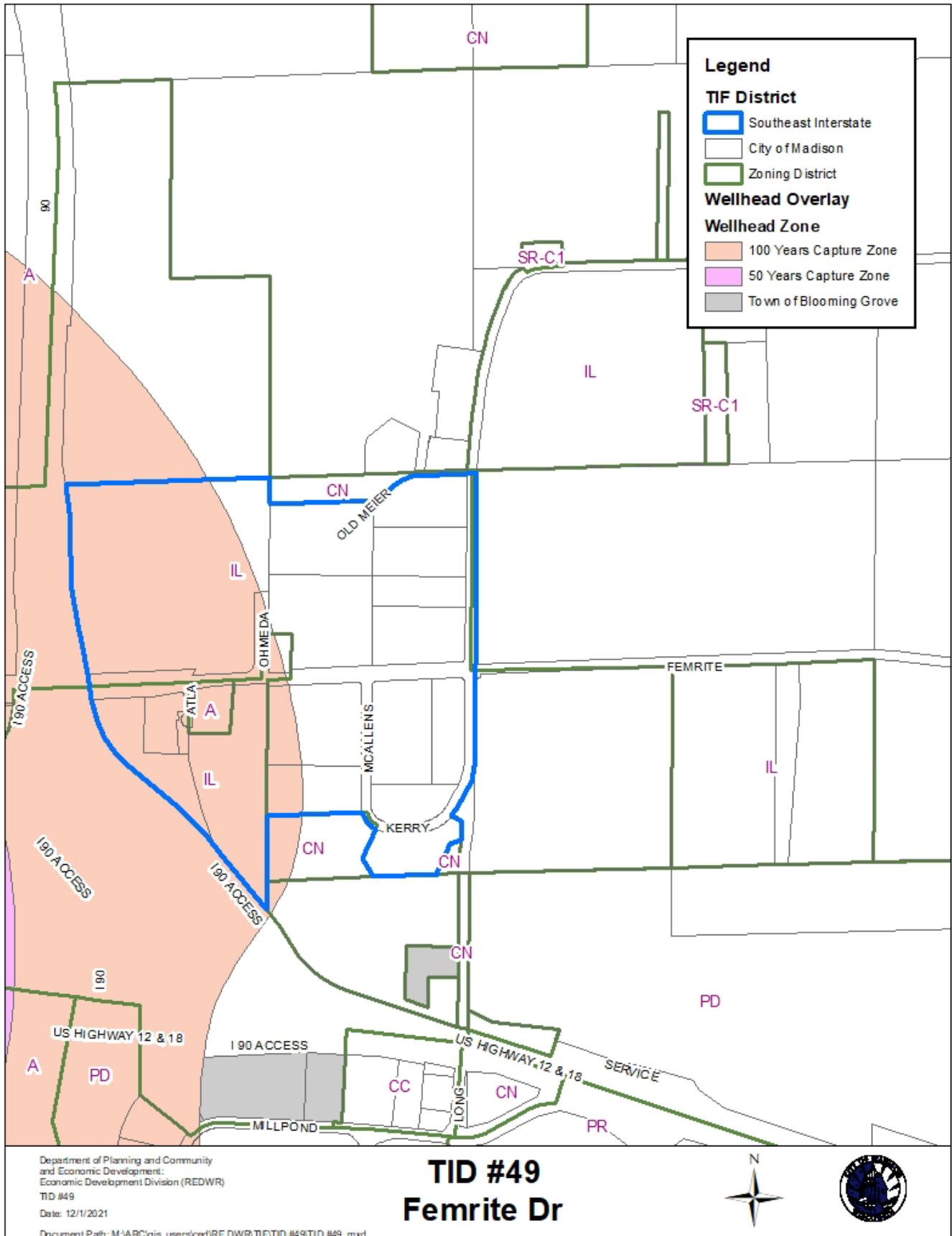
Thence southeasterly along the easterly right-of-way of said I-39/90 approximately 662.13 feet to a point on the east line of the Northeast $\frac{1}{4}$ of said Section 26 being on the easterly right-of-way of said I-39/90;

Thence northerly along the east line of the said Northeast $\frac{1}{4}$ of Section 26 and the east line of the Southeast $\frac{1}{4}$ of said Section 23 also being along the west line of Outlot 2 of the said plat of McAllen 120 Business Park approximately 619 feet to the Point of Beginning.

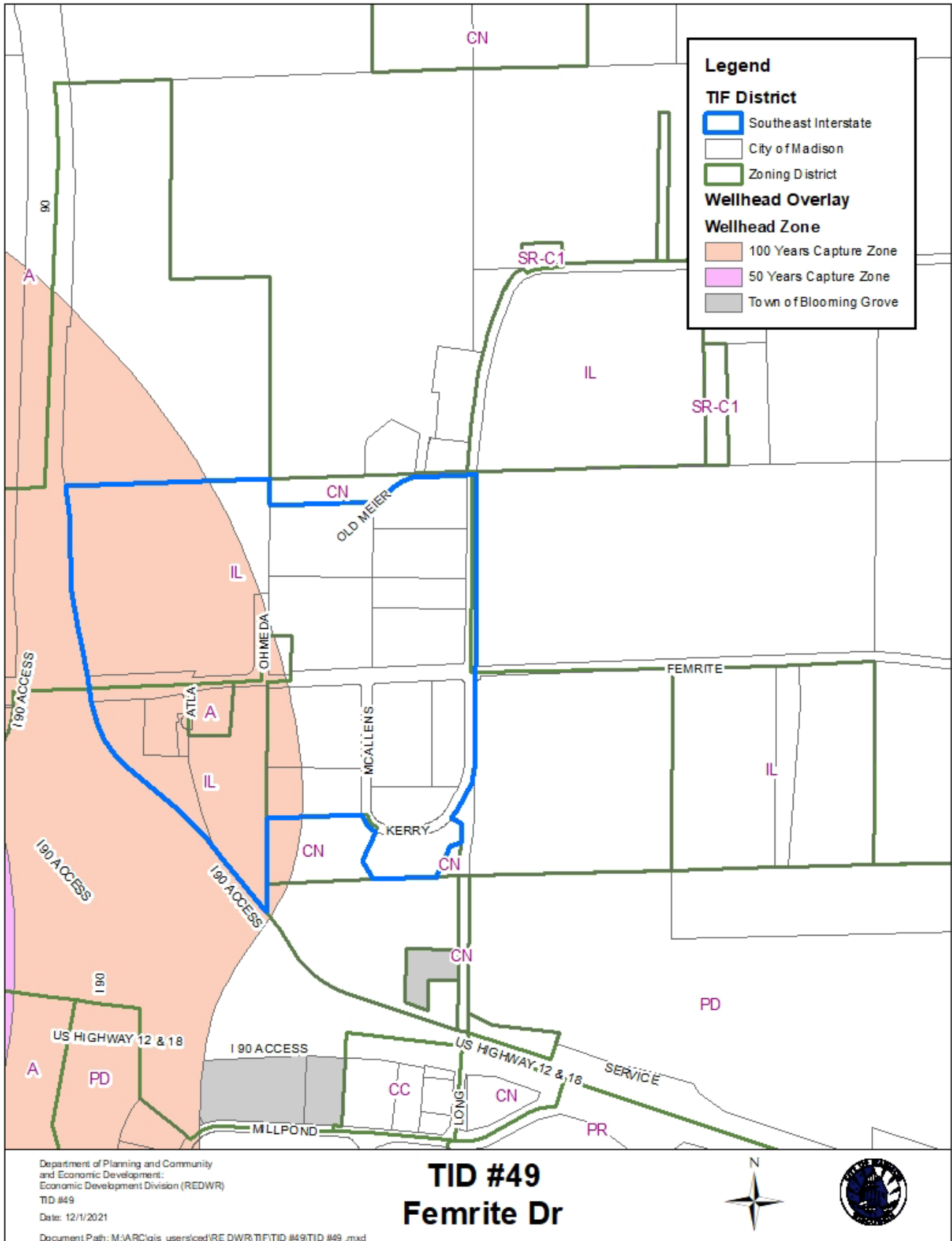
District Boundary – 2022



Existing Zoning – 2022



Proposed Zoning – 2022

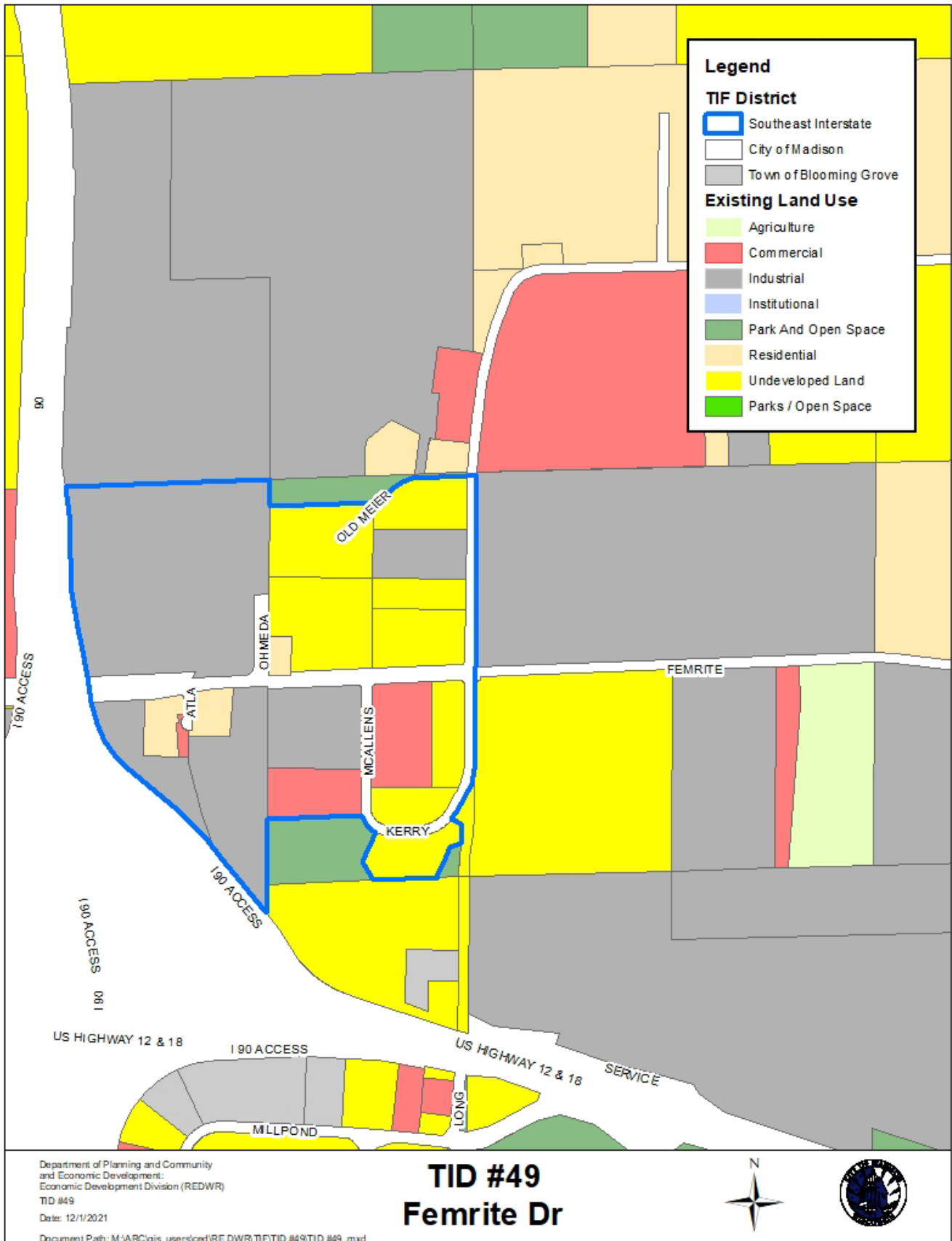


Department of Planning and Community
and Economic Development:
Economic Development Division (REDWR)
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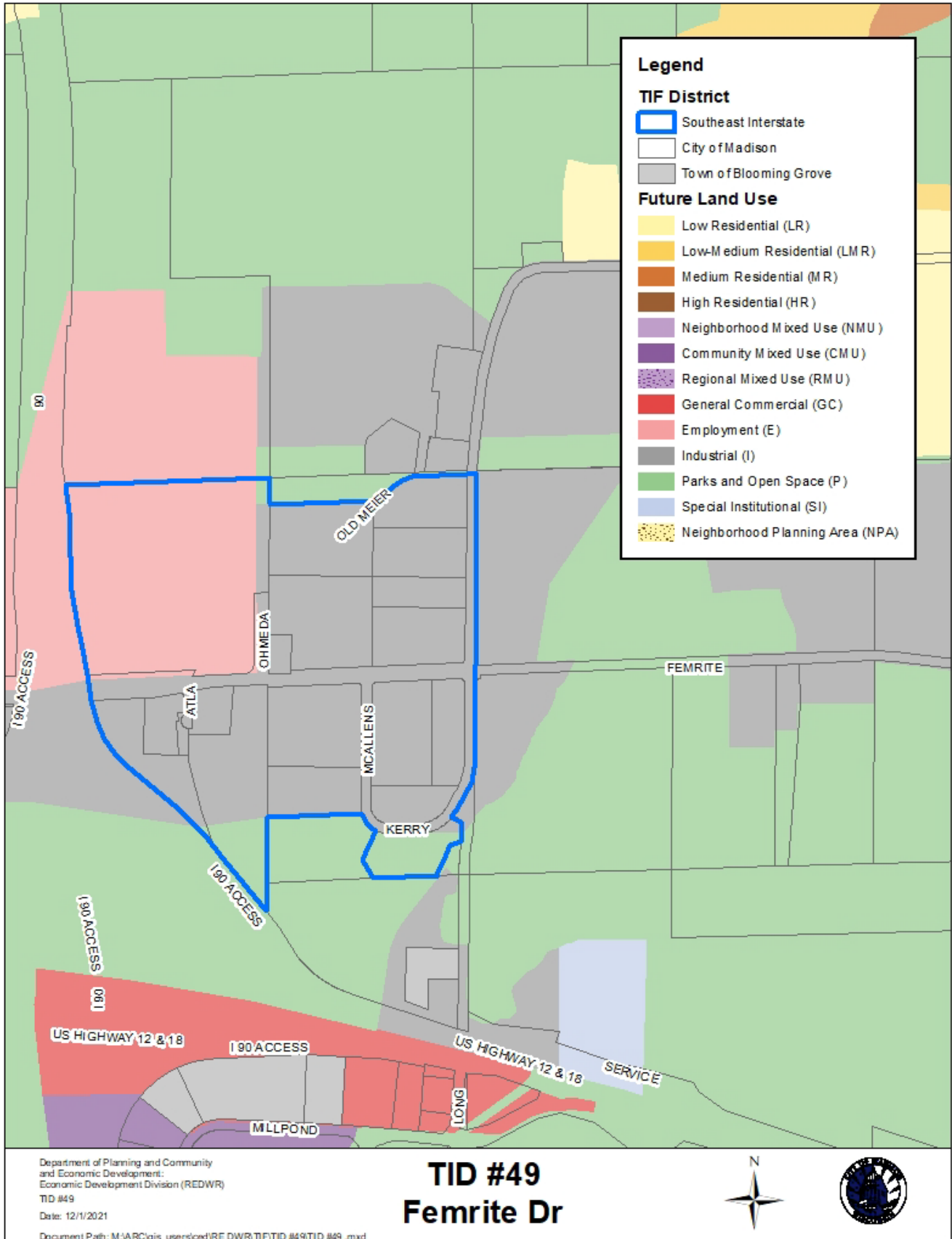
TID #49 Femrite Dr



Existing Land Use – 2022



Proposed Land Use – 2022



Department of Planning and Community
and Economic Development:
Economic Development Division (REDWR)
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TID #49 Femrite Dr



City Attorney Opinion Letter



Office of the City Attorney

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LITIGATION ASSISTANT

Patricia V. Gehler

February 11, 2022

TO: Joseph E. Gromacki, TIF Coordinator

FROM: Kevin Ramakrishna, Assistant City Attorney

SUBJECT: **PROJECT PLAN FOR TIF DISTRICT NO. 49 -- CITY OF MADISON (FEMRITE)**

In my capacity as Assistant City Attorney for the City of Madison, Wisconsin, I have examined the Project Plan for Tax Incremental Finance District No. 49, City of Madison, Wisconsin, dated January 27, 2022. Based on this examination, I am of the opinion that the Project Plan is complete and complies with the provisions of Secs. 66.1105(4)(f), Wis. Stats.

I render no opinion with respect to the accuracy or validity of any statement and/or finding contained in the Project Plan, but direct City officials to review the reports of City staff as regards the Plan.

Respectfully submitted,

Kevin Ramakrishna

Kevin Ramakrishna
Assistant City Attorney