

Executive Summary to Joint Review Board
2009 Amendment of Tax Increment District No. 39 (Stoughton Rd)
City of Madison
August 11, 2009

Background

The City of Madison has proposed to amend Tax Increment District (TID) No. 39 located in the Stoughton Road neighborhood (see attached map). By TIF statute, a Joint Review Board, comprised of one representative from MMSD and representatives from the City, County, MATC and a public member will meet to review and if acceptable approve the proposed amendment to the TID boundary and project plan

Summary

The TID boundary encompasses a wide swath land to the east of Stoughton Road in the City of Madison. The amendment areas are located around Advance Drive and Femrite Drive. This area includes the original TID #24 (SE Industrial Park). Approximately 77% of the properties located within the proposed amended TID #39 are zoned for industrial use. The project plan and boundary will be presented at a public hearing on August 17, 2009. The Common Council of the City of Madison is scheduled to consider adopting a resolution amending TID No. 39 on September 15, 2009. Under TIF Law all industrial area TIDs have a lifespan of 20 years.

The amendment to TID No. 39 anticipates approximately \$22,918,000 in new development. The major projects identified in the original plan include: a Marcus Cinema on Tradewinds Parkway and a 92-room Sleep Inn Suites motel (estimated incremental value \$7.235 million), industrial development on undeveloped acreage (estimated incremental value \$11.683 million). The TID No. 39 amendment adds the anticipated BioLink bio-agricultural business incubator (estimated incremental value \$4 million). Total growth in the District as a result of TIF generator projects is estimated at \$22,918,000. Total incremental value in the district resulting from these and other development projects, and economic growth or value appreciation over the life of the district is estimated to be \$114,325,000. Based on current tax rates and conservative

financial market assumptions, the anticipated economic growth of tax incremental revenues over the life of the District should total approximately \$16,667,000. The present value of this increment is \$7,762,000. This \$7,762,000 is the increment can be used to pay for eligible TID project costs.

City of Madison TIF Policy states that no more than 50% of the amount of TIF generated by a private development project may be provided to that project as direct financial assistance. Any determination of TIF assistance is subject to a thorough staff analysis that must determine, according to TIF Law, that “but for” TIF assistance, the project could not be developed. Any recommendation of assistance to any project is subject to consideration and funding authorization by the Common Council.

In early 2009, the City of Madison committed \$2,049,000 of TIF assistance to the Bio-Link business incubator project and the City anticipates making a \$1,720,000 expenditure for improvements to Femrite Drive. Neither of these costs was anticipated in the original plan and a relatively equal amount of costs have been deleted from the original plan to offset these new expenditures.

Significant wetlands, as identified by the Wisconsin Department of Natural Resources, are located upon whole units of property on the north and south side of Femrite Drive, approximately 1,000 feet west of the western right-of-way boundary of Interstate 39/90, such that the inclusion of Femrite Drive east of that point is impracticable. TIF Law prohibits the inclusion of wetlands within a TID boundary. Therefore, the City must ask the Joint Review Board for permission to make an extra-territorial expenditure for the remaining approximately 1,000 feet of right of way west of the western right-of-way boundary of Interstate 39 / 90 and Femrite Drive, commonly referred to as the “half-mile rule”.

TIF statute sets forth that the base value of the proposed TID and all existing TIDs may not exceed 12% of the equalized assessed value of the City. The base value within the proposed Amended TID No. 39 (\$184,336,300) does not negatively impact the statutory 12% value cap. Including the proposed

amendment to TID No. 39 and the creation of TID No. 40, the City of Madison would demonstrate that 2.41% of its citywide equalized value is included in TIDs.

Conclusion

The amendment of TID No. 39 (Stoughton Rd.) has community and neighborhood support and will continue the revitalization of the Stoughton Rd corridor. The amendment of TID No. 39 (Stoughton Rd.) will assist in the promotion tax base growth. The City of Madison looks forward to continuing a successful partnership with MMSD, MATC, and Dane County to continue to revitalize the Stoughton Rd. corridor.

