



# Oscar Mayer Strategic Assessment Committee

March 13, 2018

- 1. Call to Order / Roll Call**
- 2. Approval of Minutes – February 13, 2018 Meeting**
- 3. Public Comment**
- 4. Disclosures and Recusals**
- 5. General Updates and Announcements**
- 6. Owners Status Report**
- 7. Tax Increment Finance Process Overview**
- 8. Regional Food Systems Presentation**
- 9. Initial Study Area Boundary Mapping Exercise**
- 10. Adjournment**

# Owners Status Report

# Oscar Mayer Site



## **Tax Increment Finance Process Overview**

# Tax Increment Finance (TIF) and the Former Oscar Mayer Site

**Presentation to Oscar Mayer Strategic Assessment Committee**

**Dan Rolfs**

**Community Development Project Manager**

**City of Madison**

**March 13, 2018**

# Overview

- What is TIF?
- The TIF Process
- TIF Timeline
- Potential Oscar Mayer TID



# What is TIF?

## Tax Incremental Finance:

- Is governed by state law (Wis. Stats. 66.1105) and administered by municipalities.
- Recovers development cost through taxes generated by new growth (“tax increment”) within a Tax Incremental District.
- **Is based on value growth.**
- Shares both the cost and benefit of development among overlying tax districts (municipality, school district, county, tech college).

# Basic Elements of TIF

## Base Value

- The value that existed prior to TID creation
- Overlying tax districts may still levy tax on the base

## Incremental Value

- The value of growth (development and appreciation) after TID creation
- Overlying tax districts forego their portions of the tax rate on growth

## Tax Increment

- The tax rate levied on the incremental value that flows to the city

## Tax Incremental District (TID):

- TID Boundary-Contiguous whole parcels of property
- Follows a Project Plan, which is an adopted financial strategy

# TIF Statutory Requirements

- 50% of the TID blighted, industrial or mixed-use
- All costs must meet a “but for” test.
  - i.e. “but for” TIF, they would not occur
  - Funds are either borrowed or from accrued increment

## Eligible Costs

Public Improvements

Streetscape

Land Acquisition

Demolition

Remediation

Construction

TIF Administration Cost

Finance Cost

## Ineligible Costs

Public Buildings

Regional Parks

City Operating Costs

Assessable Costs

# An Example of Tax Increment



<b>Base Value (Pre-TID)</b>	\$1,000,000	<b>New Development</b>	<b>\$15,000,000</b>
Annual Tax Levy	\$30,000	New Tax Levy	\$450,000
<u>Tax Distribution</u>		<u>Tax Distribution</u>	
City	\$6,000	City	\$6,000
County	\$10,000	County	\$10,000
Schools	\$13,000	Schools	\$13,000
Voc/Tech School	<u>\$1,000</u>	Voc/Tech	<u>\$1,000</u>
Total Levy	\$30,000	Total Levy on Base Value	\$30,000
		New Tax Levy	\$450,000
		Less: Levy on Base Value	<u>-30,000</u>
		<b>Tax Increment</b>	<b>\$420,000</b>

Overlying tax districts still receive their base levy over the life of the TID

# TID Lifespan and Expenditure Period

## Lifespan

Blighted Area TID	27 yrs
Industrial	20 yrs
Mixed Use	20 yrs

This is the maximum period that a TID may collect tax increments.

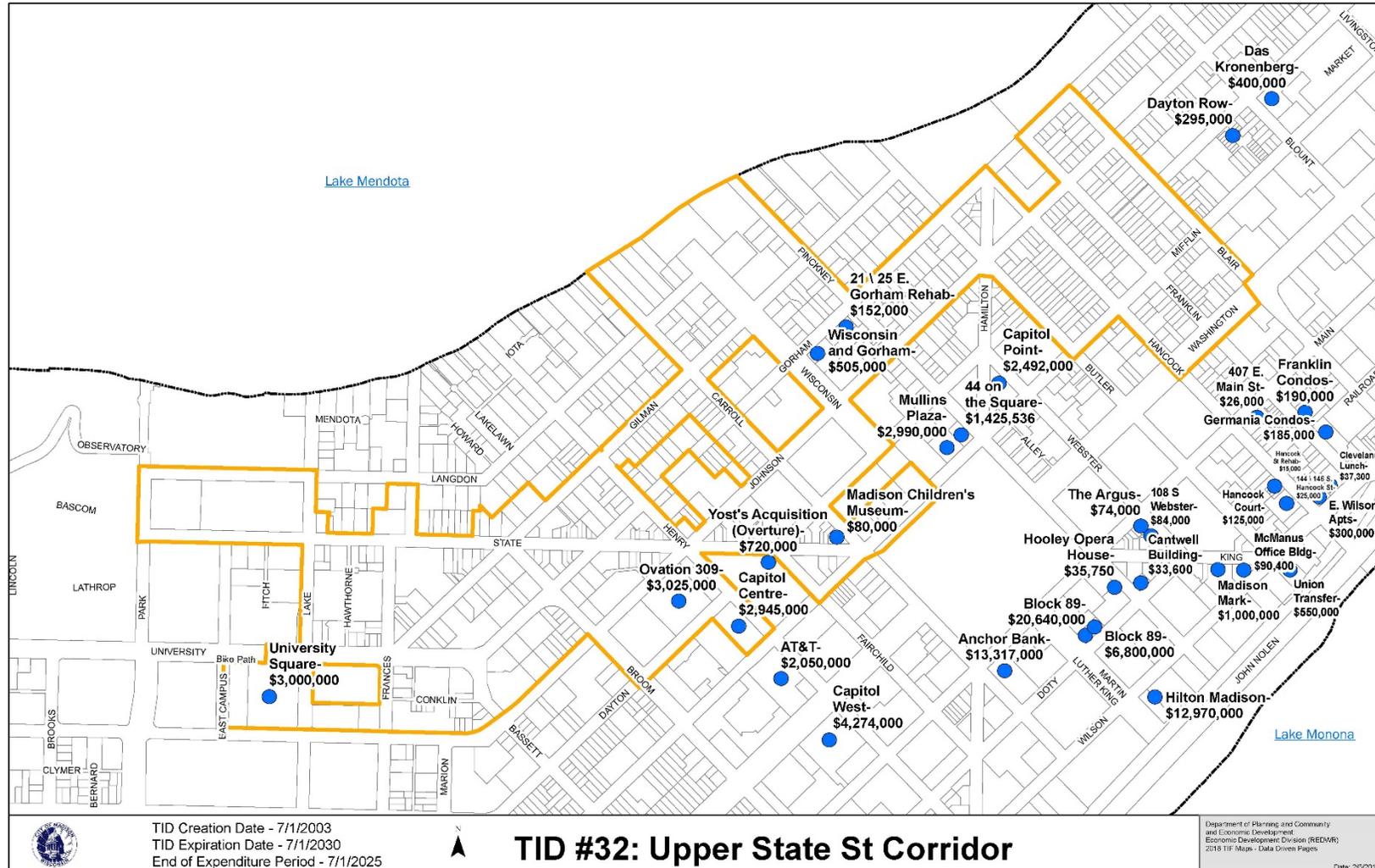
The average TID lifespan in Madison is about 12 years.

## Expenditure Period

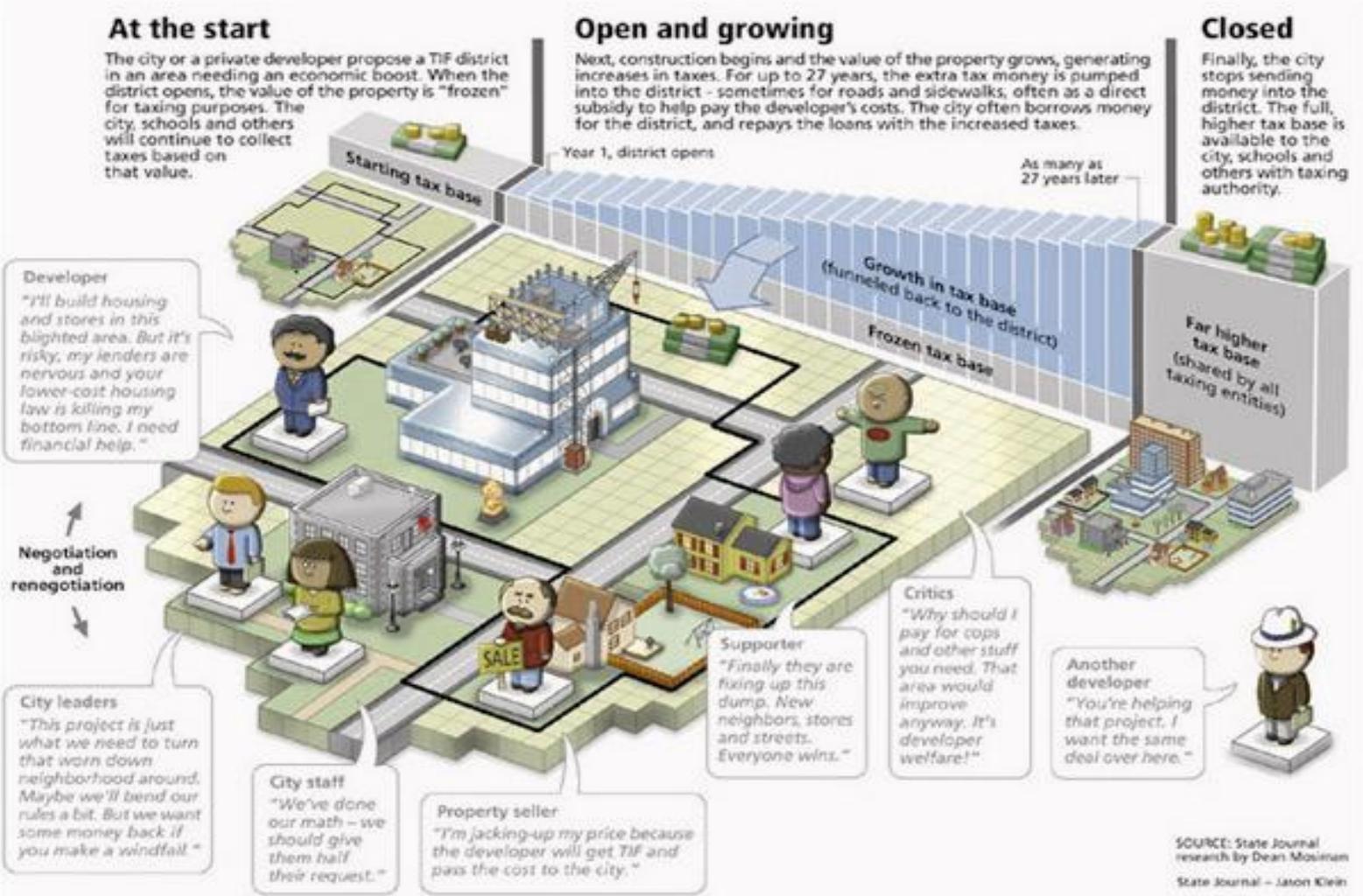
22 yrs
15 yrs
15 yrs

This is the maximum period that a TID may make expenditures to be paid with tax increments.

# TID Boundaries - TID #32



# The TIF Process



# Madison TIF Policy - Goals

- Growing the property tax base
- Fostering the creation and retention of family-supporting jobs
- Encouraging adaptive re-use of obsolete or deteriorating property
- Encouraging urban in-fill projects that increase (or decrease where appropriate) density consistent with the City's Comprehensive Plan
- Assisting in the revitalization of historic, architecturally significant, or deteriorated buildings, or enhancement of historic districts, especially landmarked and contributing buildings.
- Creating a range of housing types and specifically encouraging the development of workforce and affordable housing, especially housing that is for those earning much less than the area median income.
- Funding public improvements that enhance development potential, improve the City's infrastructure, enhance transportation options, and improve the quality and livability of neighborhoods.
- Promoting superior design, building materials, and sustainability features in the built environment
- Reserving sufficient increment for public infrastructure in both TIF project plans and TIF underwriting.

# Madison TIF Funding Process

- Developer identifies a potential project
- Meet with City Staff
  - Planning, TIF, Engineering,
- File a Development Application with Planning Staff
- File a TIF Application with TIF Staff
  - Application includes a fee

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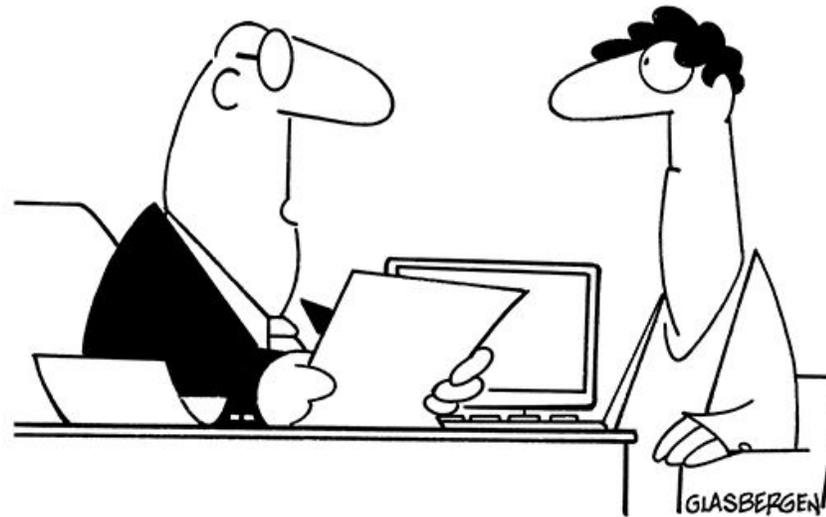
"You're in luck. We just listed a lovely 3 bedroom, split-level Tupperware!"

# Madison TIF Process - Analysis

- Analysis & Finding
- Negotiation of Term Sheet
- Finance Committee
- Common Council

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MORTGAGE AND  
LOAN DEPARTMENT



**“After the big mortgage mess, we’re being a bit more careful these days. I’ll need your tax records, financial disclosure documents, plus letters of recommendation from the Chairman of the Federal Reserve, the President of the United States, Oprah and the Pope.”**

# How is a Tax Incremental District (TID) Created?

- **TID Determination:** Suitability for blighted area (50%) industrial or mixed-use
- **TIF Project Plan:** Establishes a boundary, forecasts growth and project costs, financial feasibility, conforms to Comp Plan, neighborhood or area plan  

Five-month process (Process must start by April 15)
- **Public Process:** The Plan Commission holds public hearing, Council adopts Project Plan and Boundary
- **TID Creation Deadline:** Statutory September 30 deadline for Council adoption of TID creation resolution.
- **Joint Review Board:** Overlying tax districts approve the TID-- final TID approval/veto authority!

# Oscar Mayer Site



# Madison TIF Policy - Underwriting

- Land costs (shall not exceed market)
- Environmental remediation
- Common ineligible costs:
  - Assessable infrastructure costs
  - Operating costs
  - City Fees
  - Public Buildings
- “But For” standard
- 55% gateway



# Madison TIF Policy – Underwriting

- Equity greater or equal to TIF funding
- No rent / sales price write down
- Each project must be self-supporting
- No mortgage guarantees
- Guaranty
  - Personal guaranty of increment and loan terms

# Thank You.

Office of Real Estate Services  
Economic Development Division  
Department of Planning, Community and Economic Development

Dan Rolfs, Community Development Project Manager  
(608) 267-8722 ([drolfs@cityofmadison.com](mailto:drolfs@cityofmadison.com))

# Regional Food Systems Presentation



# Impact of Community Food Systems

George Reistad – Food Policy Coordinator

The City of Madison

Oscar Mayer Strategic Assessment Committee

*March 13, 2018*

# Priority on Food in Madison

- Madison Food Policy Council is charged with making many food-based policy and programmatic decisions in the city
- 8 Work Groups
  - Community Engagement
  - Comprehensive Plan
  - Healthy Retail Access
  - Food Waste and Recovery
  - Pollinator Protection
  - Healthy Marketing and Procurement
  - SEED Grants
  - Urban Agriculture

# Healthy Retail Access Program



HEALTHY RETAIL  
ACCESS PROGRAM

- City investment of \$1.55M over 5 years
- Healthy Retail Work Group
  - Increase availability of healthy food
  - Improve access to existing retail
  - Provide new affordable grocery options
  - Assist in marketing healthy food
  - Plan for new healthy retail

# Healthy Retail Access Program



HEALTHY RETAIL  
ACCESS PROGRAM

- Notable Projects
  - Luna's Groceries
  - Shepherd's Harvest
  - Willy Street Co-op North



# SEED Grants

- City investment of \$50k annually
- Supports community food access projects
- Notable Projects
  - Mellowood Foundation – PAID Program
  - Mentoring Positives – Off The Block Pizza
  - River Food Pantry – MUNCH Program



# Double Dollars Program

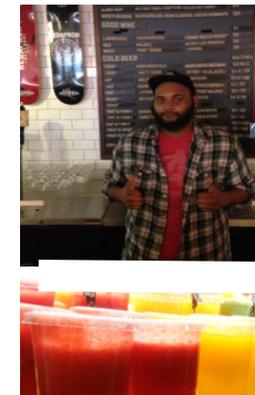
- Double Dollars is a City Program which increases the purchasing power of EBT SNAP users at select farmers markets and retail locations across the city
- Components funded as a public-private partnership, allowing for robust administration and community incentives



# Madison Public Market

- MPM will support local food entrepreneurs and bolster wholesale markets for local farmers who have diversified products
- Public Market Development Committee





# Madison Food Economy & The Public Market

Oscar Mayer Strategic Assessment Committee (3/13/18)



# How Important is agriculture to Dane County's economy?



**17,000 Jobs**

**\$3.4 billion in sales**

**\$117 million in taxes**

**70% of County's land**

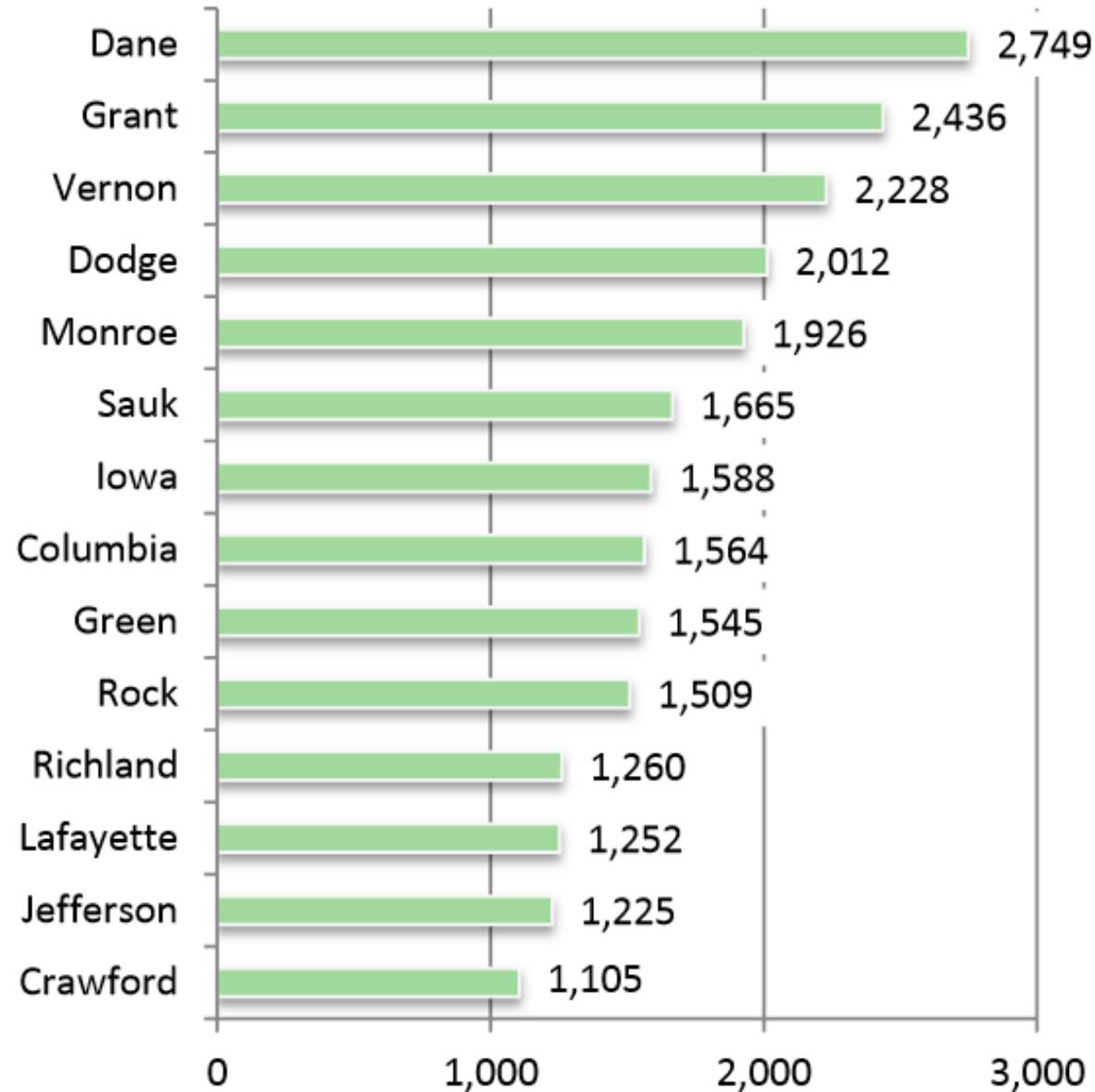
**-UW Extension**



#1 Ag Producing County in WI

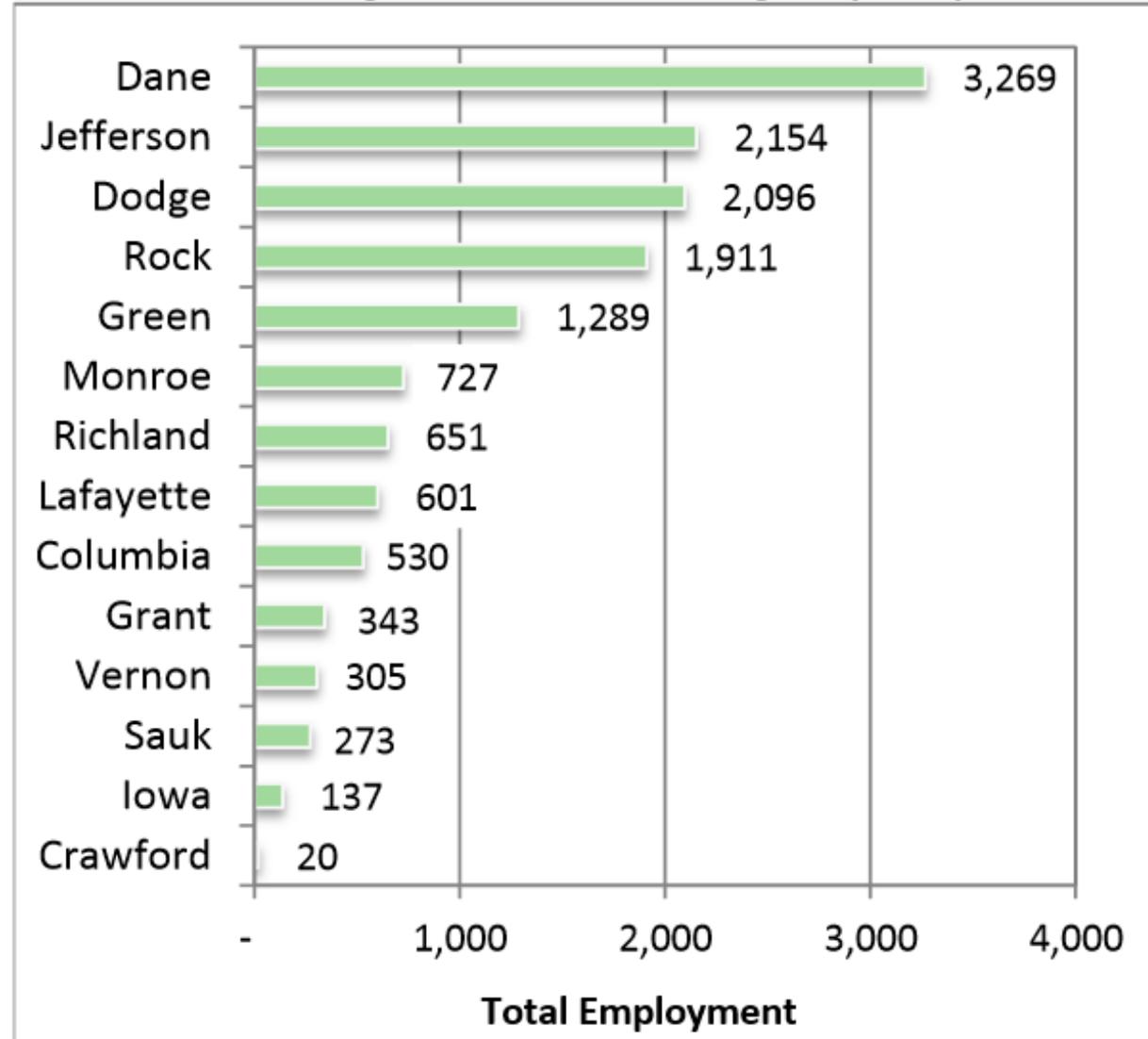
#63 Ag Producing County in the U.S. (top 2%)

### Total Farms by County



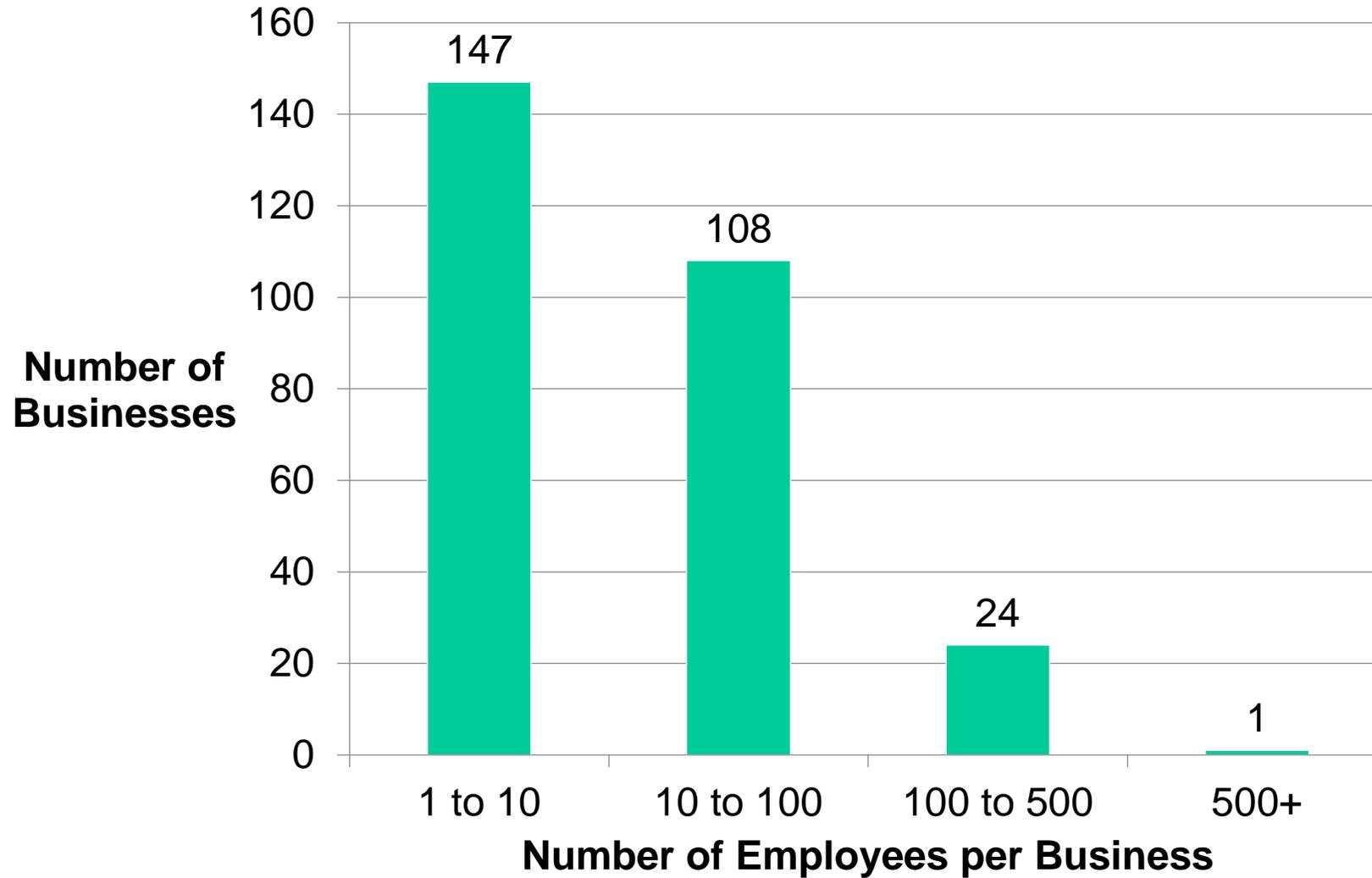
Source: MadREP

**Figure 1.1 – Food Manufacturing Employment by County in the Madison Region and Driftless Region (2013)**

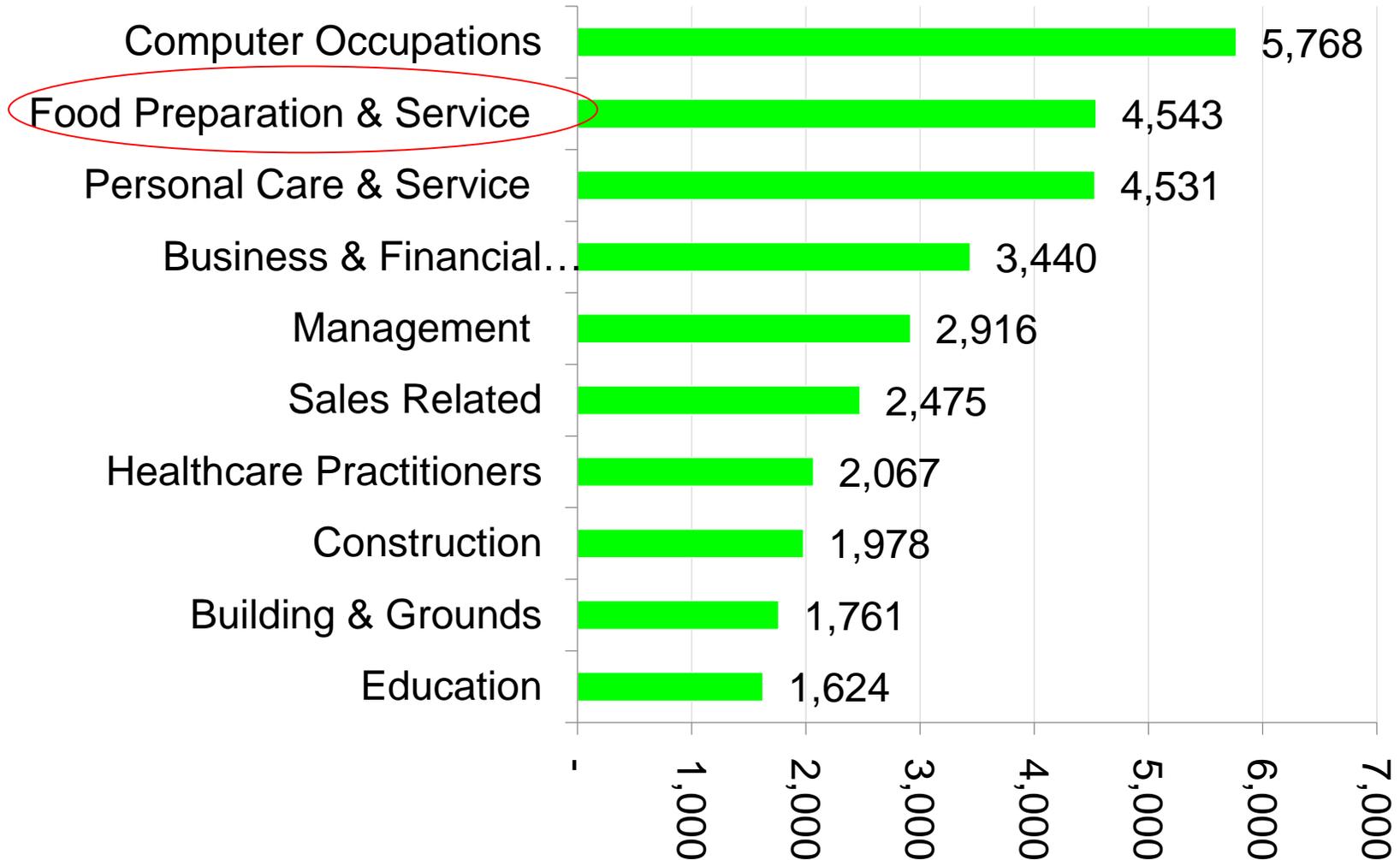


Source: MadREP

## Number of Food Manufacturing Businesses By Size in the Madison Area

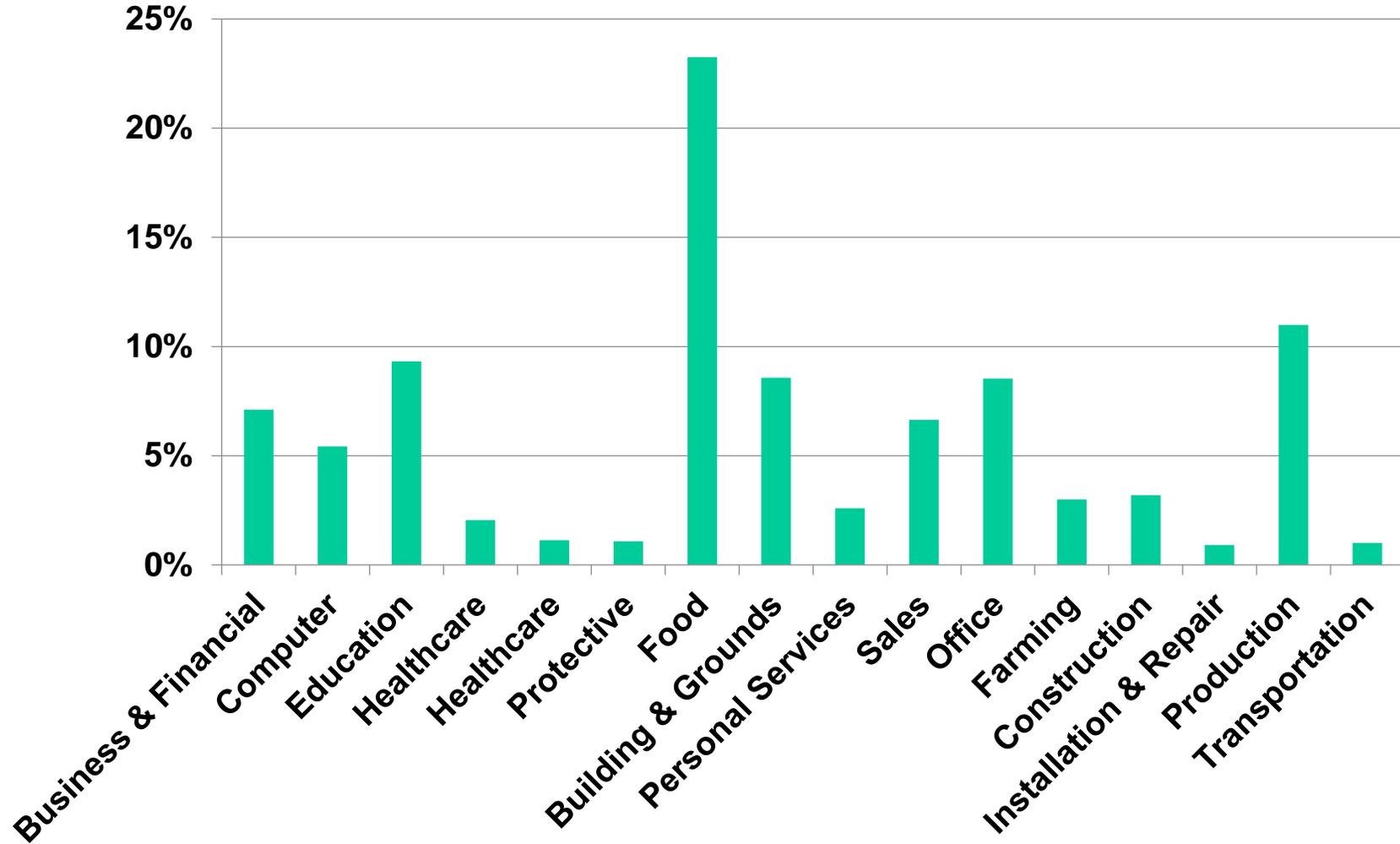


# Top 10 Occupations for Projected Employment Growth in Dane County(2014-2024)



Dane County African American & Hispanic/Latino Food Service Workforce 2007-2015		
	African American Food Service Workforce	Latino Food Service Workforce
2007	273	1,024
2015	580	4,089
Change	307	3,065
% Change	112%	299%

# Dane County Hispanic/Latino Workforce By Industry





**COLLECTIVE SUPPLY**  
**LOCAL FOOD**

**FRESH. LOCAL**  
*Delicious!*

WE SERVE OVER 50 LOCAL PRODUCTS ON OUR MENU *Everyday*

Our Farmers:
 

- FRANCIS, SLINGER, WISC. - EL REY, M...
- ... - NUESKE'S SMOKED MEATS
- ... - SASSY ...
- ... - MOUNTAIN PRAIRIE
- ... - FAMOUS SAUSAGES
- ... - MEATS, ELK...

Our Farmers:
 

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- ... - MEATS, ELK...

MADISON'S FAVORITE

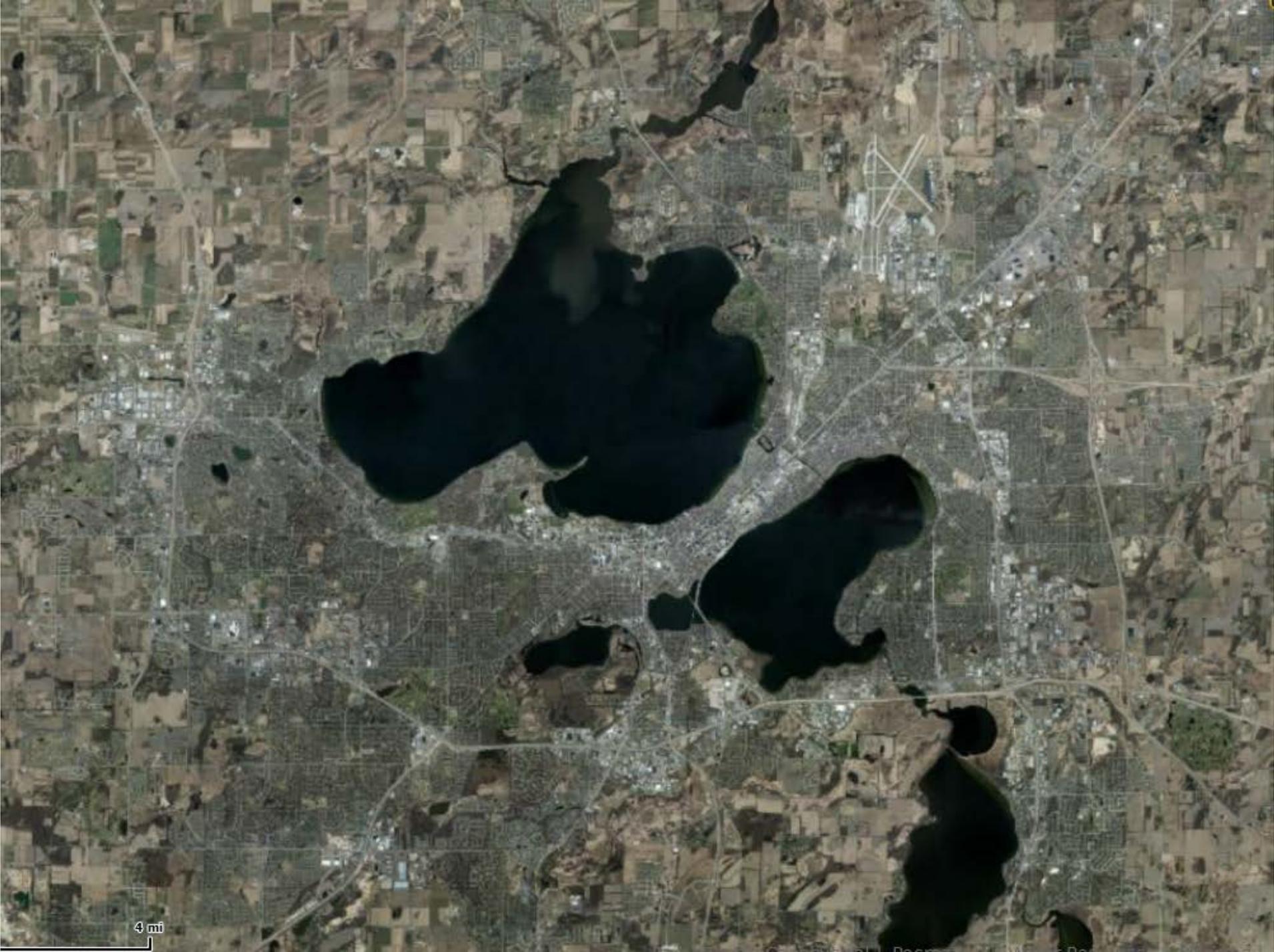
**LOCAL FARMS**

1. BROOKLYN, WI - JANE'S FRESH BUTTER - BUTTER, EGGS, VEGETABLES, MEAT
2. BROOKLYN, WI - JANE'S FRESH BUTTER - BUTTER, EGGS, VEGETABLES, MEAT
3. MADISON, WI - BERRY BASKET - CHEESE, COUNTRY ICE CREAM, ICE CREAM
4. MINERAL POINT, WI - MARK FARMS - GRASS FED BEEF, HONEY, CHEESE, ARTISAN CHEESE
5. PRAIRIE, WI - ELA ORCHARD - JARRED APPLES
6. ANKLE, WI - JACQUES FARMS - BREAD
7. FIVE VALLEY, WI - SASSY COW CO. - BACON
8. FALL RIVER, WI - MOUNTAIN PRAIRIE - GRASS FED BEEF
9. PLATTEVILLE, WI - LINDA FAMILY FARMS - ASSorted BEEF CUTS
10. MARSHFIELD, WI - NASHVILLE DAIRY - PASTA
11. MENUSHEGA, WI - WISCONSIN STAR DAIRY - CHEESE
12. WILLARD, WI - NORTON BROTHERS GRASS FED DAIRY - GRASS FED DAIRY
13. WYSCONA, WI - GRAND - MARIANZELLA
14. FOND DU LAC, WI - SASSY COW CO. - ASIAGO

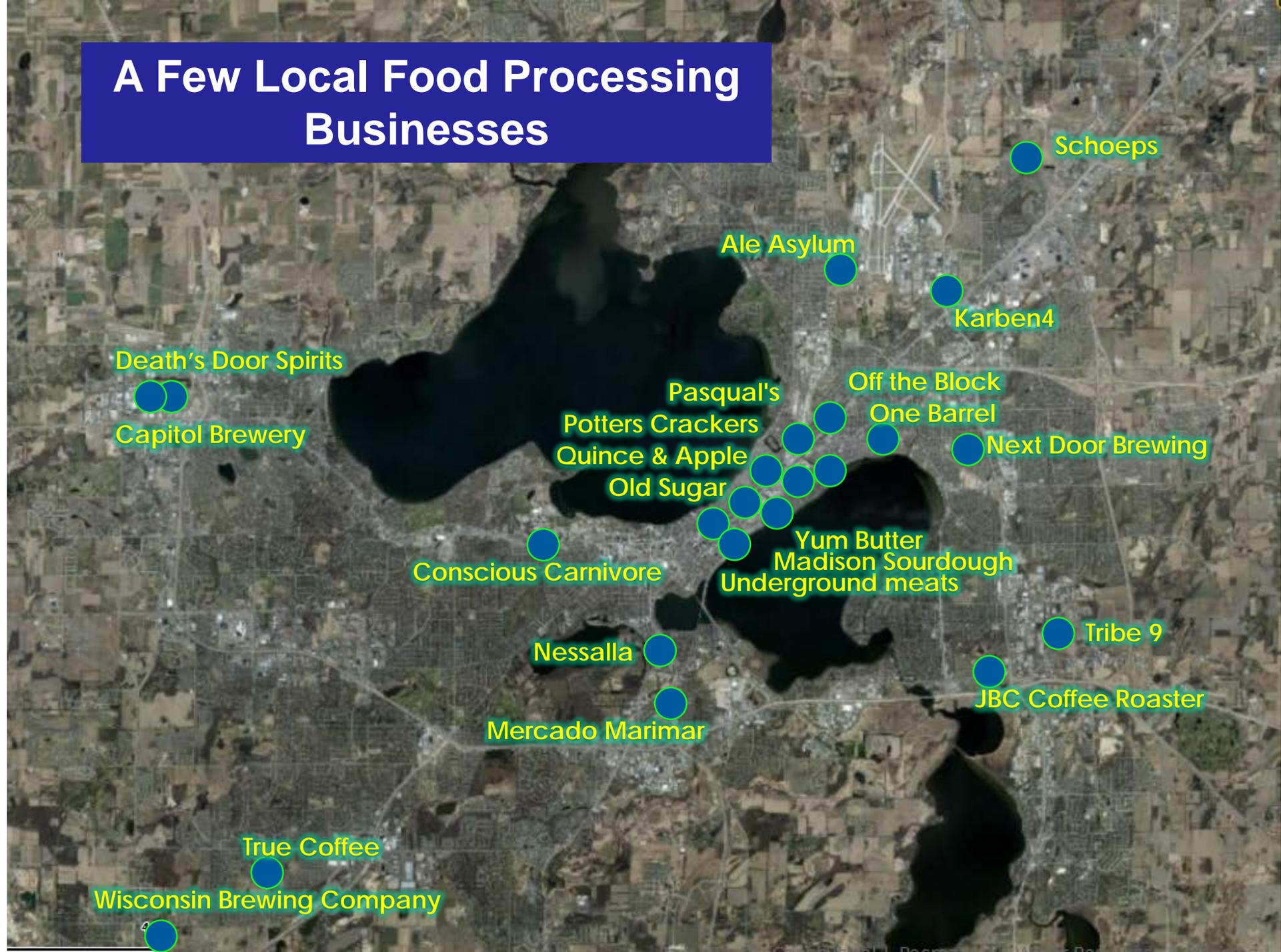
**HYPOTHETICAL:  
20% shift in Madison food buying toward local sources?**

Madison Households	101,435
“Food at Home Spending” / Household	\$3,400
Total Food Buying	\$344,879,891
<b>Direct Impact of 20% of Food Buying</b>	<b>\$68,975,800</b>
<b>Jobs Created</b>	<b>1,832</b>

Sources: U.S. Census, U.S. Bureau of Economic Analysis, and Fair Food Foundation Study of Detroit

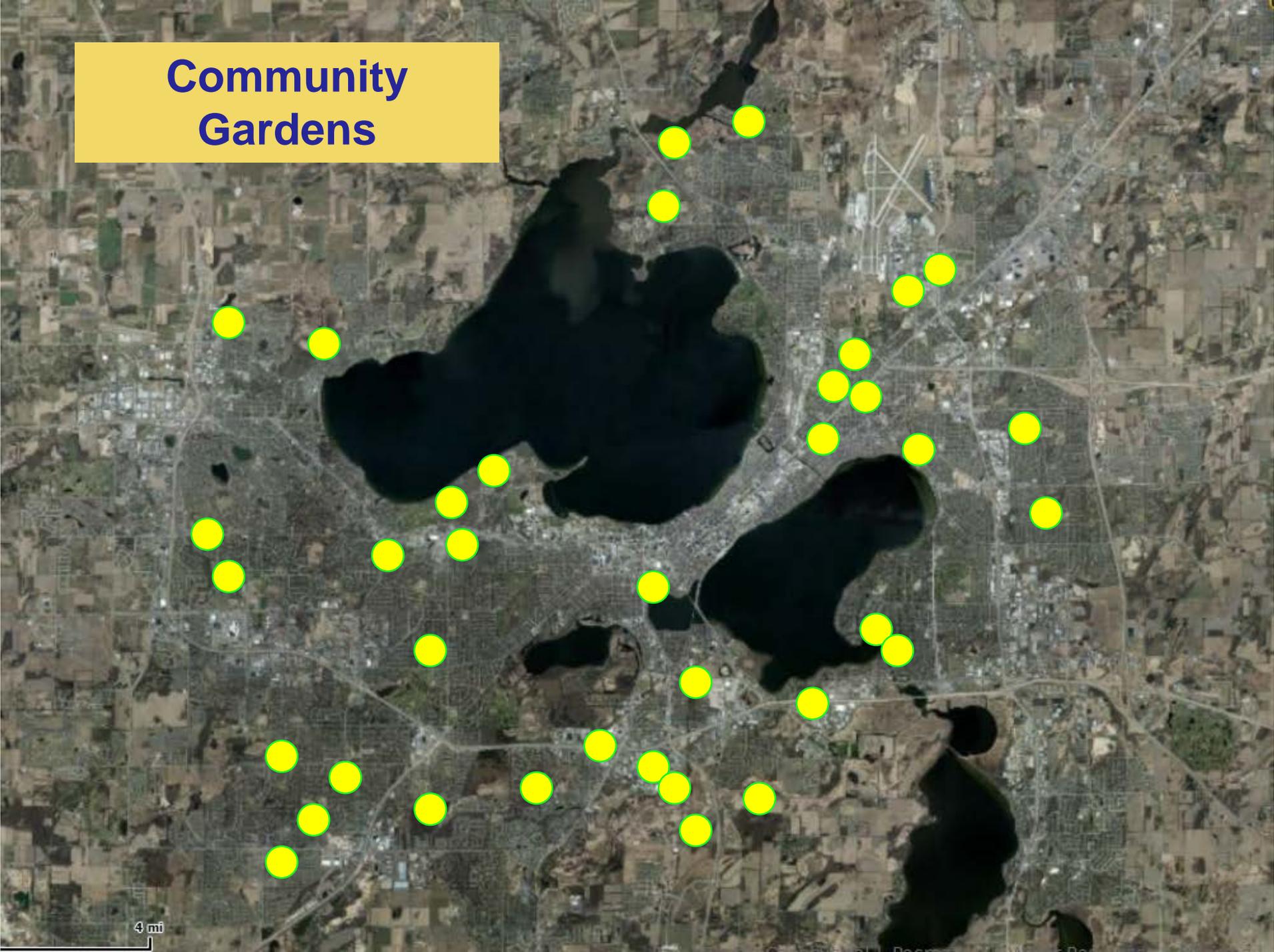


# A Few Local Food Processing Businesses





# Community Gardens



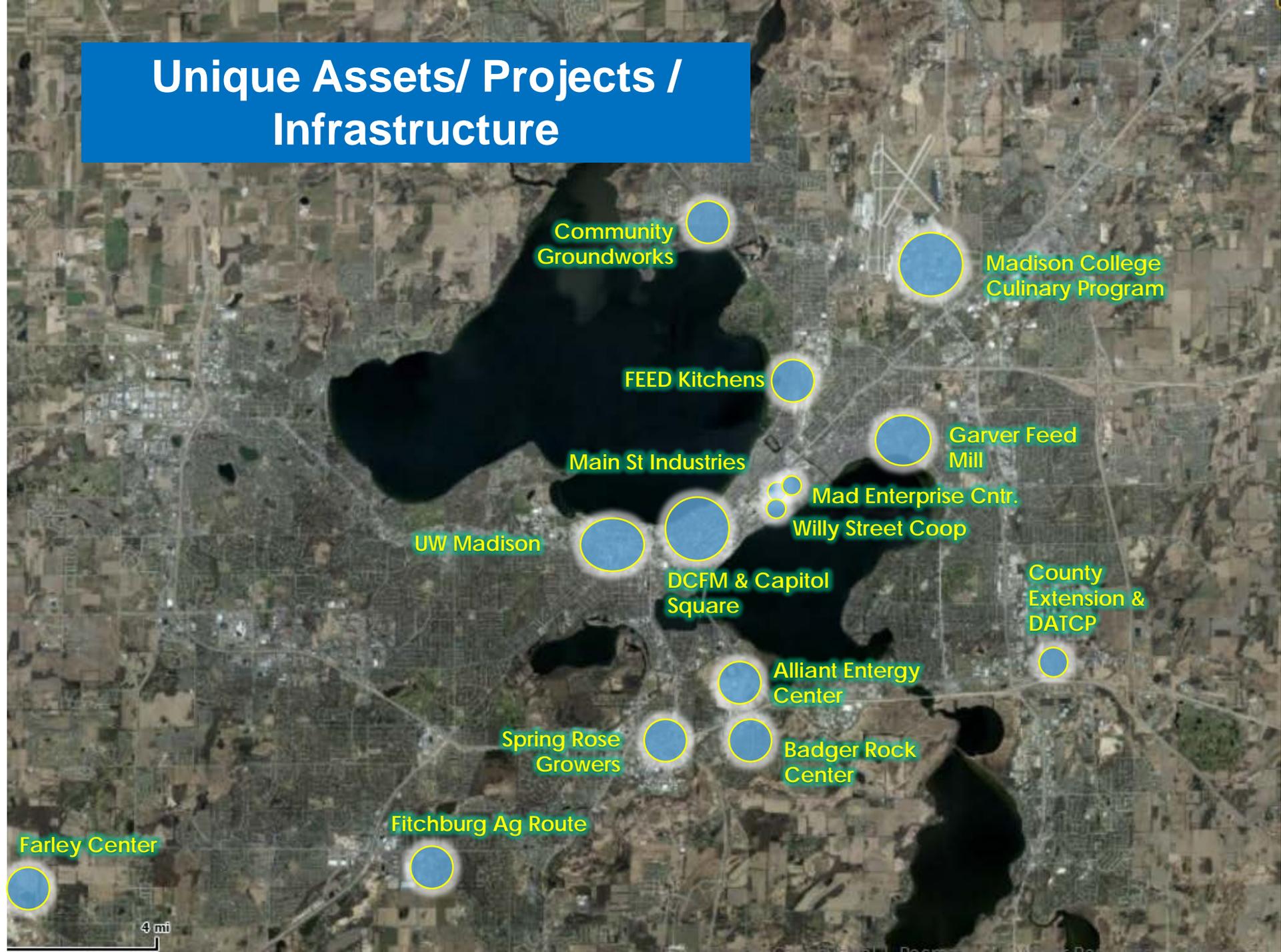
4 mi

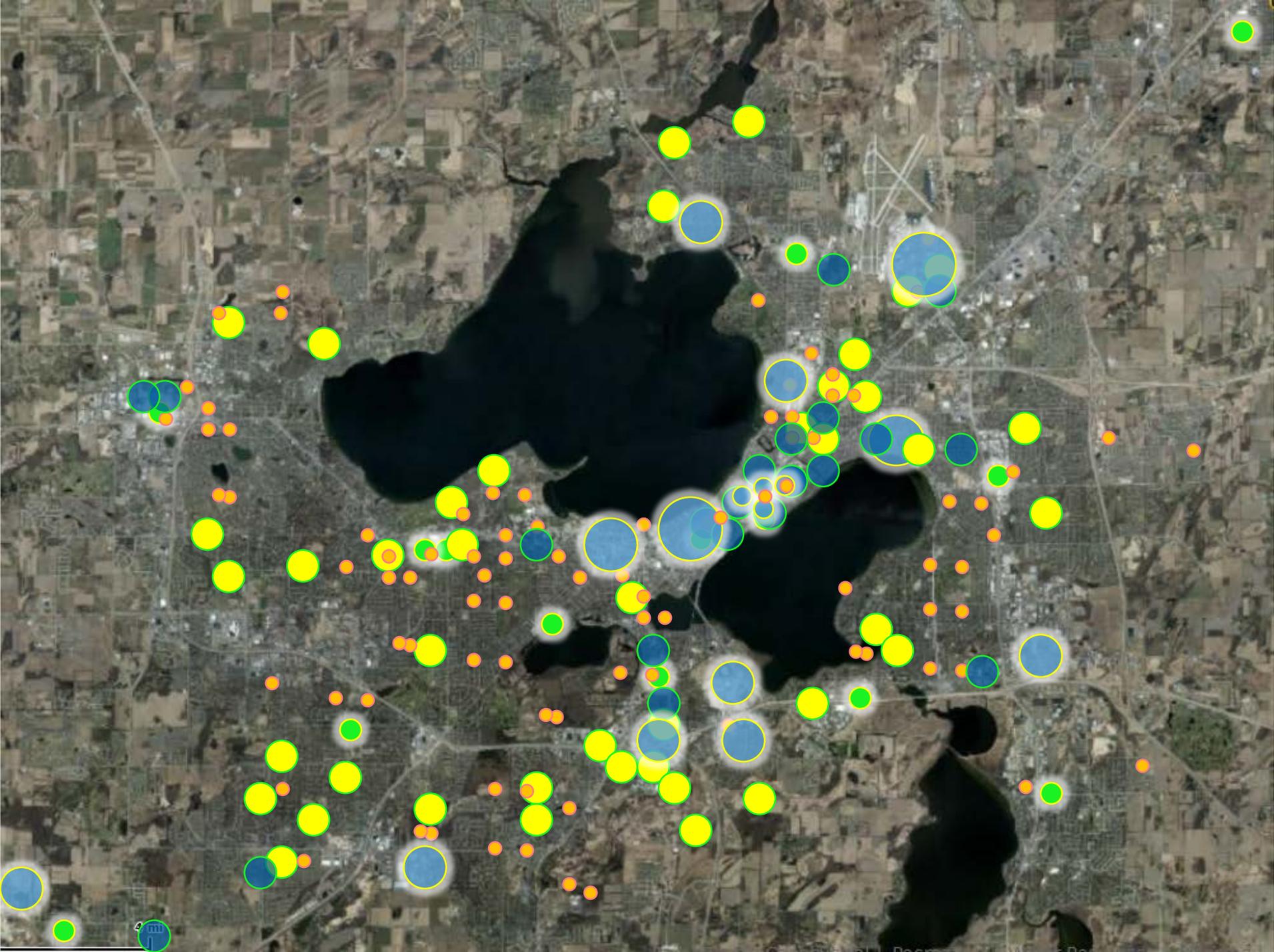
# CSA Pick Up Locations



4 mi

# Unique Assets/ Projects / Infrastructure







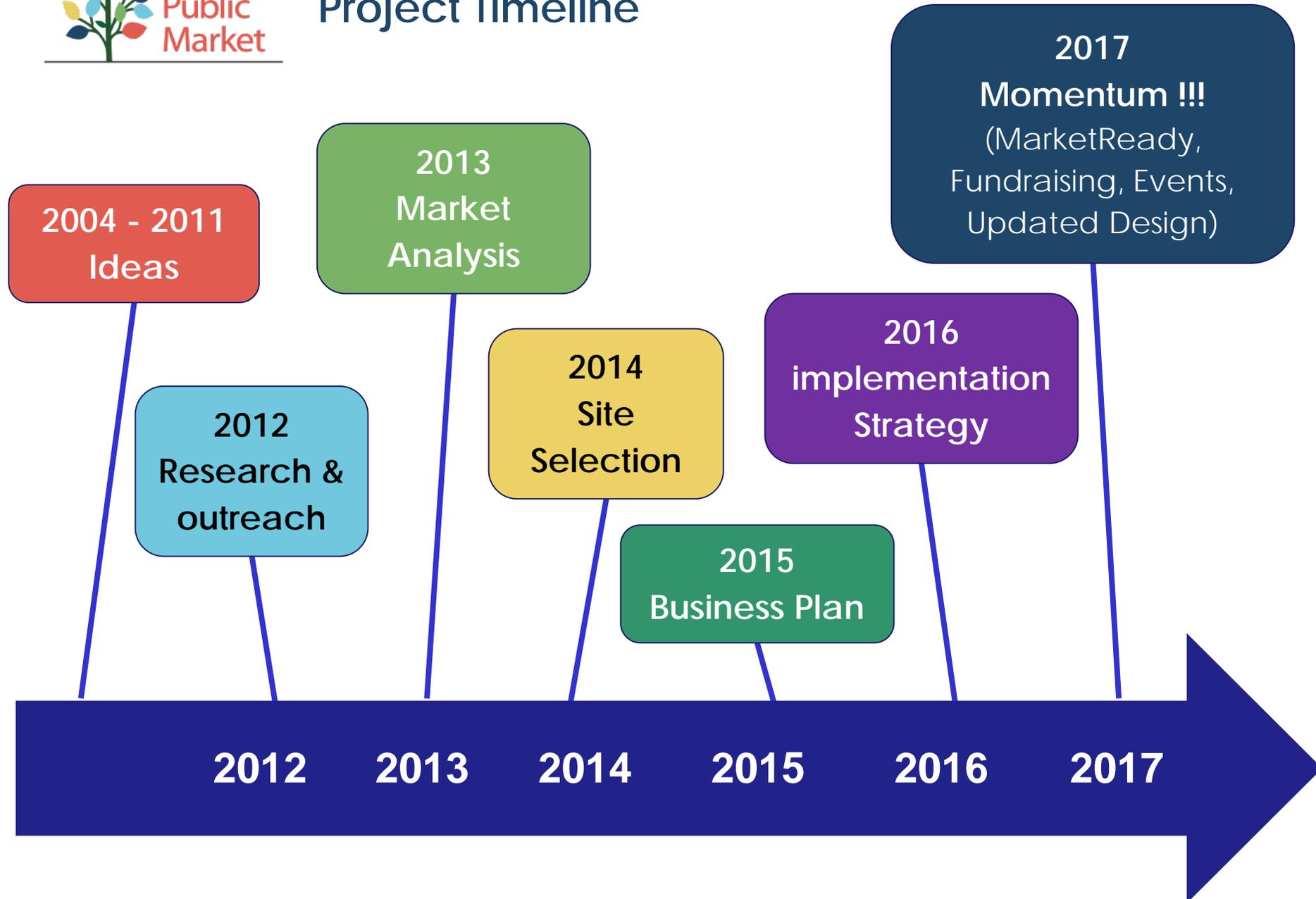


**Public Market Vision:**  
 Year-round destination featuring produce from Wisconsin farms, culturally diverse prepared food, locally-made food products, and handcrafted arts/crafts. The space celebrates our unique traditions. It includes food processing, business incubation, and workforce training to strengthen our food system. It is a cherished and inclusive community gathering space with art, music, and events that bring people together.



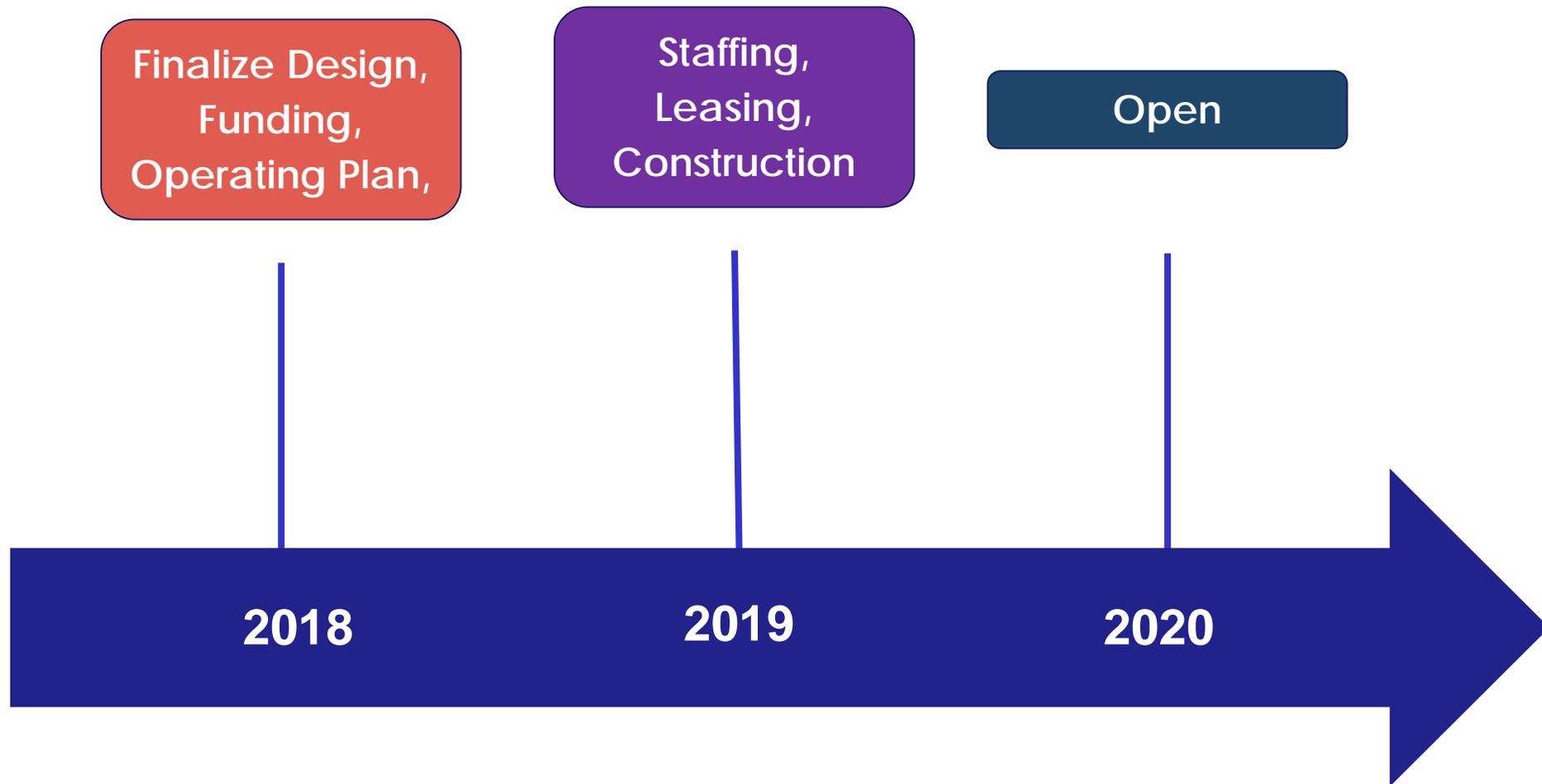


## Project Timeline





# Project Timeline



## Market Hall



## Food Innovation



## Events Space

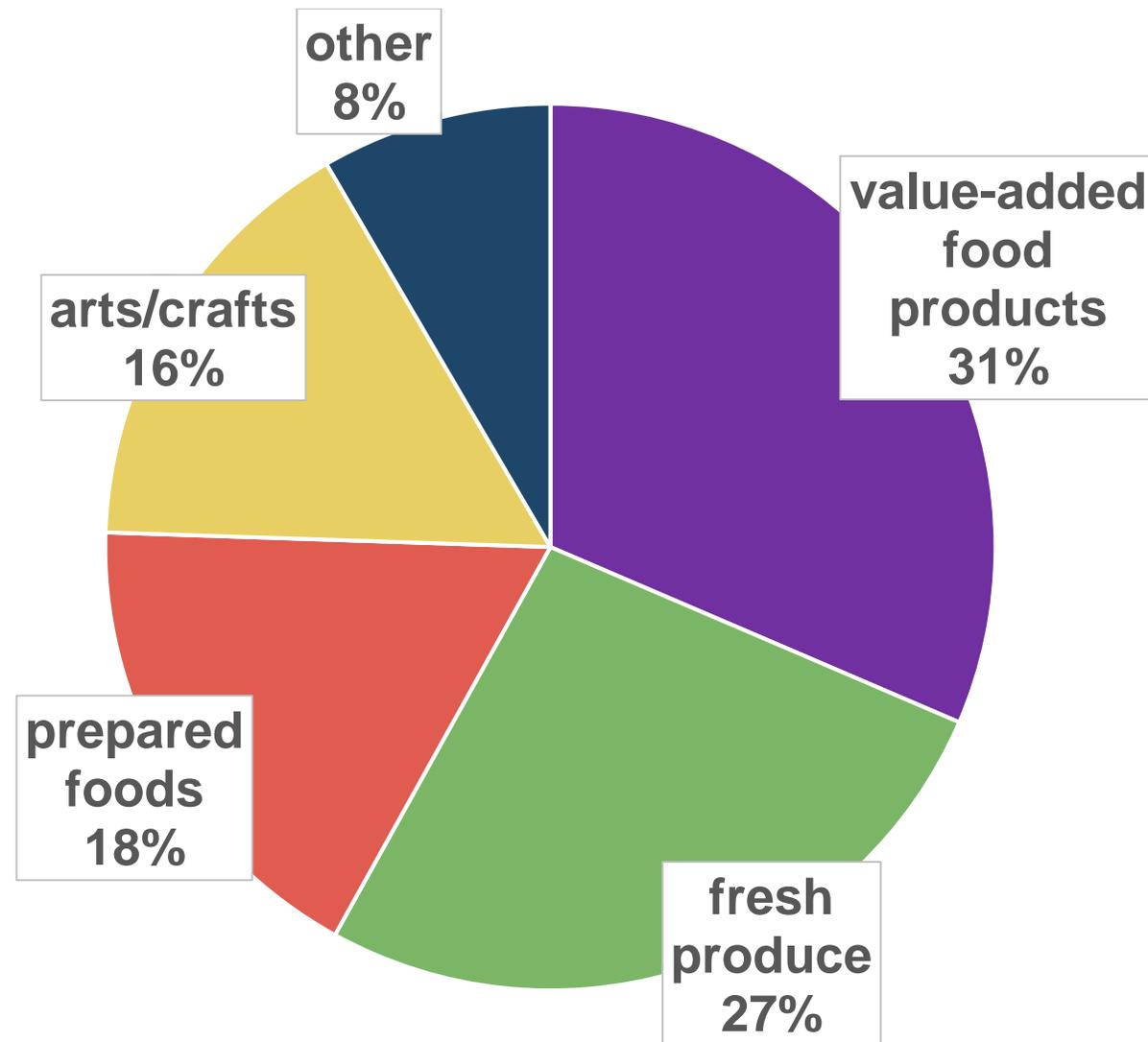


## Outdoor Space





# 160 interested Vendors



# MarketReady Program



# Current Efforts and Next Steps



- Governance & Operations
- Funding
- Design / Development Agreement
- Vendors
- Outreach & Events





# Reflections on Madison's Wholesale Food Infrastructure Needs and Opportunities



UW-Madison Center for Integrated Agricultural Systems  
Lindsey Day Farnsworth, Post-doctoral Fellow  
Michelle Miller, Associate Director

## Distinctions between retail & wholesale

### Retail

- Higher price points, lower volumes
- Public-facing
- Customers: households, individuals

### Wholesale

- Lower price points, higher volumes
- Business-facing
- Customers: retailers, processors, distributors

To grow the local food economy,  
you can't just expand retail infrastructure,  
you have to build wholesale infrastructure too

## Benefits of wholesale infrastructure & wrap-around services

### Wholesale Markets

- Enhance market access for farmers & buyers
- Advantages of colocation
  - Inter-merchant transactions
  - One-stop shopping for buyers
- Supports businesses of many sizes
- Business incubation & expansion

### Food Hubs

- Enhance market access for small-medium local farmers
- Technical assistance
  - Production planning, food safety, season extension
- Branding & transparency
  - Product differentiation, source identification
- Infrastructure for complementary activities
  - Light processing, storage, kitchens
- Nutrition & food access
  - SNAP, WIC

# Madison Area Food Distributor & Buyer Meeting Highlights

February 21, 2018

## Warehousing

- 95% of practitioner participants (N = 21) were interested in exploring a shared multi-tenant food storage and cross-docking space
  - Cross-docking
  - Short-term storage
  - Cold storage
  - Dry storage

## Registration Survey Findings Highlights

### Distribution & Local Sourcing

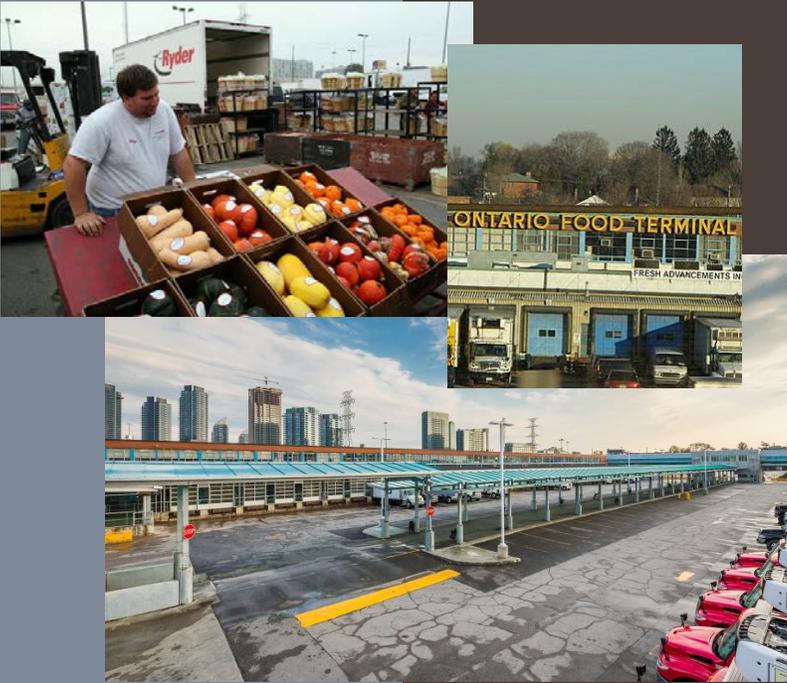
- > 60% of practitioner participants (N = 22) experience distribution challenges
  - Inefficiencies in distribution
  - High cost & logistical complications of last-mile distribution
  - Challenges associated with delivery frequency/timing
- Primary barriers to purchasing desired local products
  - Cost
  - Availability
  - Preferred processing type (ex. chopped, diced)

## San Francisco Produce Market San Francisco, CA



- Established by City in 1963
- Long-term lease on city-owned land
- 25 acre campus, 6 warehouse buildings
- 30 merchants
  - ~750 merchant employees
- Mix of traditional, hybrid, and specialty food uses:
  - Organic & Conventional distributors
  - Produce wholesalers serving
    - Ethnic supply chains, Restaurants, Small groceries
- Fosters business innovation & incubation
  - Original site of Whole Foods warehouse
  - Now hosts a “Maker’s space” → Good Eggs
    - High-end, digital marketplace & grocery delivery operation

## Ontario Food Terminal Metro Toronto, ON

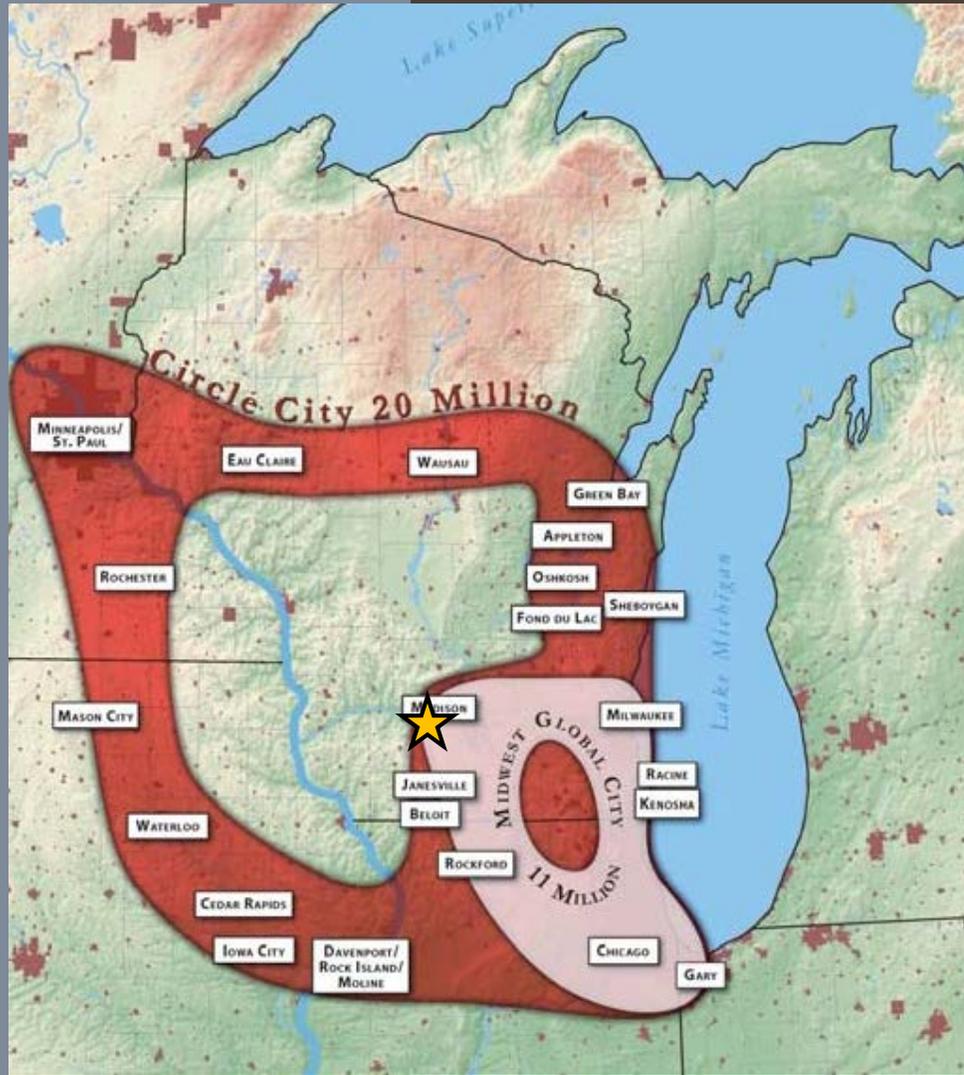


- Established in 1954 through provincial legislation
- Owned/operated by the Ontario Food Terminal Board
  - Under Ontario Ministry of Agriculture, Food and Rural Affairs
- 40 acre campus
- Self-funded from fees charged to facility users
- Infrastructure:
  - Private rental warehouse space
  - 100,000 ft<sup>2</sup> common cold storage facility
  - Office space
  - Space for direct marketing
- Buyers/tenants:
  - 20 warehouse tenants
  - 50 office tenants
  - 400 business-to-business farmers' market tenants
  - 5,000 registered buyers

# Greenmarket Co. Bronx, NY



- Non-profit food hub founded in 2012 by Grow NYC
- Packs & distributes northeastern grown products
- Operates a 5,000 ft<sup>2</sup> warehouse near Hunts Point Terminal Market serving
  - 60 producer/suppliers, 50+ from NY
  - >250 buyers in Metro NYC
- New York State to invest \$15 million to construct a new 120,000 ft<sup>2</sup> facility for a “hub of hubs”
  - wholesale farmers’ market
  - a cold storage facility for farmers
  - a food-processing center
  - infrastructure to support local food businesses



The Ontario Food Terminal serves a market of 16 million, Madison sits at the center of a multi-state market of over 20 million

## Opportunity: The Oscar Mayer Site

- Seventy acre campus
- Buildings 71 & 72 suitable for cold storage – 21 docks total
- Building 42 climate control for dry storage
- Office and processing spaces
- Large parking lot near Bldg 42
- Controlled entry
- Rail access



Building 71

## FOOD WAREHOUSING IS A PUBLIC GOOD

- Markets drive employment within 200mi radius
- Support independent neighborhood businesses
- Estimate 600 potential jobs
- Shift local agriculture from corn to food
- Opportunity to improve water quality
- Promotes green space
- Improve food access

## Key Takeaways:

- Madison has a vibrant community food systems environment (Government, Community Organizations, Businesses)
- Food is an important part of our economy
- Food system is a mayoral priority
- Madison Public Market is the City's marquee investment in food infrastructure, interest in linking to other assets
- Examples demonstrate the benefits of collaborative public, private, and non-profit investment in wholesale food infrastructure
- The UW-Madison CIAS can be a resource to the OMSAC by providing national and regional research and identifying potential local partners

Thoughts? Questions?

## **Initial Study Area Boundary Mapping Exercise**

**Website:** [www.cityofmadison.com/oscar-mayer](http://www.cityofmadison.com/oscar-mayer)

**Lauren Heiser-Ertel**

Administrative Clerk

DPCED Office of the Director

Email: [lheiser-ertel@cityofmadison.com](mailto:lheiser-ertel@cityofmadison.com)

Phone: 608.266.4807

**Bill Fruhling**

Principal Planner

Planning Division

Email: [bfruhling@cityofmadison.com](mailto:bfruhling@cityofmadison.com)

Phone: 608.267.8736

**Tom Otto**

Economic Development Specialist

Office of Business Resources

Email: [totto@cityofmadison.com](mailto:totto@cityofmadison.com)

Phone: 608.243.0178

