



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 14002

File ID: 14002

File Type: Resolution

Status: Items Referred

Version: 2

Reference:

Controlling Body: BOARD OF ESTIMATES

Lead Referral: BOARD OF ESTIMATES

File Created Date : 03/11/2009

File Name: To commit to providing the local community match to MDC, or its assigns, through an investment of \$X,XXX,XXX through TID # 39, and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573

Final Action:

Title: SUBSTITUTE - for the Midwest BioLink Commercialization and Business Center To commit to providing the local community match to MDC, or its assigns, through an investment of ~~\$X,XXX,XXX~~ \$1,450,750 through TID # 39, and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000; and, to amend the Department of Planning & Community & Economic Development Capital Budget, Project # 15, "TID # 39 - Stoughton Road" by up to ~~\$X,XXX,XXX~~ \$1,450,750 with debt to be supported by TID # 39 proceeds; and, to authorize the execution of a development agreement with MDC, or its assigns, for the construction and management of BioLink, including any and all required TIF loan and property conveyance (World Dairy Campus - Lot # 10) documents; and, to authorize the execution of any and all agreements with the EDA regarding this grant.

Notes:

CC Agenda Date: 03/17/2009

Sponsors: Judy Compton and David J. Cieslewicz

Enactment Date:

Attachments: BioLink Business Plan 3-17-09.pdf ,BioLink Council Presentation 3-17-09.pdf ,Thrive Letter of Support.pdf ,Orbitec Letter of Support.pdf ,DATCP Letter of Support.pdf ,DCOMM Letter of Support.pdf ,MGE Letter of Support for BioLink in BioAg Gateway.pdf ,UW Chancellor support Letter.pdf ,OEI Support Letter.pdf ,14002_version1.pdf

Enactment Number:

Author: Matthew B. Mikolajewski

Hearing Date:

Entered by: jnichols@cityofmadison.com

Published Date:

Approval History

Version	Date	Approver	Action
1	03/11/2009	Dean Brassler	Approve
2	03/20/2009	Dean Brassler	Approve

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Community and Economic Development Unit	03/11/2009	Referred for Introduction				
	Action Text:		This Resolution was Referred for Introduction				
	Notes:		Board of Estimates				
1	COMMON COUNCIL	03/17/2009	Referred	BOARD OF ESTIMATES	03/31/2009		
	Action Text:		This Resolution was Referred to the BOARD OF ESTIMATES				
	Notes:		Due back at the 3/31/09 Common Council Meeting.				
2	BOARD OF ESTIMATES	03/23/2009					

Text of Legislative File 14002

Fiscal Note

This resolution would amend the 2009 Capital Budget to authorize the expenditure of \$1,450,750 from TIF District #39 to provide a City contribution towards the construction of a bio-agricultural business incubator facility owned by the Madison Development Corporation. The City's total contribution to this project would be \$2,023,750, funded with additional general obligation debt of \$1,450,750 and a contribution of City-owned land valued at \$573,000. The debt incurred for this project would be eligible for reimbursement from newly created TIF District #39. The remainder of the facility's \$4,600,000 construction costs and the first few years of a projected annual operating deficit would be funded with a \$3,500,000 grant from the U.S. Economic Development Agency.

This proposed project does not meet several of the minimum thresholds or standards contained in the City's current policy related to TIF investments in private developments. The proposed terms of the project would not require an equity contribution or increment guarantee from the developer, two exceptions to current TIF policies that normally would help secure the City's interest in successful project completion. In addition, preliminary estimates of the TIF increment generated by the new facility during the full remaining life of the TIF district would be sufficient to repay an initial investment of only \$140,000 to \$285,000. Thus, the City's proposed initial TIF investment of \$1,450,750 far exceeds the 50% rule contained in the current TIF policy. It should be noted that, although the tax increment generated by this project would be insufficient to recoup the City's investment, it is likely that growth in the base value of other property within this large district would be sufficient to pay back the City's \$1,450,750 debt in TID #39 prior to the end of the district's life.

Title

SUBSTITUTE - for the Midwest BioLink Commercialization and Business Center To commit to providing the local community match to MDC, or its assigns, through an investment of ~~\$X,XXX,XXX~~ \$1,450,750

through TID # 39, and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000; and, to amend the Department of Planning & Community & Economic Development Capital Budget, Project # 15, "TID # 39 - Stoughton Road" by up to ~~\$X,XXX,XXX~~ \$1,450,750 with debt to be supported by TID # 39 proceeds; and, to authorize the execution of a development agreement with MDC, or its assigns, for the construction and management of BioLink, including any and all required TIF loan and property conveyance (World Dairy Campus - Lot # 10) documents; and, to authorize the execution of any and all agreements with the EDA regarding this grant.

Body

WHEREAS, the City of Madison purchased 27-acres of what is now the BioAg Gateway for the purpose of attracting and growing Bio-Ag related businesses; and,

WHEREAS, an incubator facility, herein called the Midwest BioLink Commercialization and Business Center ("BioLink") is a key component of the development of the BioAg Gateway; and,

WHEREAS, the City of Madison recently created TID #39 for the purpose of continuing economic development activities on the southeast side of Madison; and,

WHEREAS, City staff recently applied for grant funding through the U.S. Economic Development Administration ("EDA") to construct BioLink through the "Supplemental Appropriations Disaster Relief Opportunity, Economic Adjustment Assistance, CFDA # 11.307" ("EDA Grant"); and,

WHEREAS, the EDA Grant requires a 75% (EDA) / 25% (Local) match; and,

WHEREAS, through an investment of ~~\$X,XXX,XXX~~ \$1,450,750 through TID # 39 and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000, the City can receive a grant in the amount of up to \$3,500,000 from the EDA; and,

WHEREAS, receipt of grant funds will likely require execution of a grant agreement with the EDA; and,

WHEREAS, the City must partner with a non-profit economic development corporation in order for the City's land contribution to qualify as part of the local match; and,

WHEREAS, City staff recommends partnering with the Madison Development Corporation ("MDC"), whose Board has approved such partnership; and,

WHEREAS, construction and management of BioLink will be managed by MDC, or its assigns; and,

WHEREAS, the EDA and local match funding for capital costs and land contribution (~~\$X,XXX,XXX~~ \$4,593,750 total) will enable MDC to construct a 21,000 s.f. BioLink incubator facility, which would include Prototyping/Flex space, a Commercialization Greenhouse (including a Head House), and Office/Meeting space; and,

WHEREAS, the EDA funding will uniquely cover the some operational expenses of the facility for three (3) years (~~\$XXX,XXX~~ \$930,000 total); ~~including staff (annual payroll of \$XXX,XXX) and utilities/maintenance/property management (annual expense of \$XXX,XXX);~~ and,

WHEREAS, BioLink has the opportunity to generate up to ~~XXXX (XX)~~ forty (40) employment-

~~positions direct jobs and one hundred (100) indirect jobs within the first three (3) years on the property, with the likelihood that BioLink will graduate tenants and attract other businesses to the City of Madison, generating even more employment opportunities over time. generating additional employment opportunities.~~

NOW THEREFORE BE IT RESOLVED that the Common Council commits to providing the local community match to MDC, or its assigns, through an investment of ~~\$X,XXX,XXX~~ \$1,450,750 through TID # 39, and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000; and,

BE IT FURTHER RESOLVED that the Common Council amends the Department of Planning & Community & Economic Development Capital Budget, Project # 15, "TID # 39 - Stoughton Road" by ~~\$X,XXX,XXX~~ \$1,450,750 with debt to be supported by TID # 39 proceeds; and,

BE IT STILL FURTHER RESOLVED that the Common Council authorizes the execution of a development agreement with MDC, or its assigns, for the construction and management of BioLink, including any and all required TIF loan and property conveyance (World Dairy Campus - Lot # 10) documents; and,

BE IT STILL FURTHER RESOLVED that the Common Council authorizes the execution of any and all agreements with the EDA regarding this grant; and,

BE IT FINALLY RESOLVED that the Mayor and City Clerk are authorized to execute any and all documents and take whatever actions as shall be necessary or desirable to accomplish the purpose of this resolution.