

Memo

To: City of Madison Common Council
From: Dan Rolfs, AICP
CC: Matt Mikolajewski
Date: 12/11/2009
Re: Proposed Modifications to Brownfield Remediation / Elimination & Workforce Development (BREWD) Program

The Staff of the Office of Business Resources and Office of Real Estate Services have been working to make some modifications to the BREWD program. The major change that is proposed is converting the program from a loan to a grant. Minor language changes are highlighted in the "BREWD Guidelines – 2009 Revision". The language below is what is in the adopted BREWD program. This language has been replaced in the document "BREWD Guidelines – 2009 Revision" by the following two headings:

- 1) BREWD Grant Requirements
- 2) Desired Project Characteristics and Weighting

Please note the complete deletion of the following sections, along with other proposed edits found within the redlined October 2, 2009 version of the document.

REMOVED LANGUAGE:

REMEDICATION LOAN

Projects are eligible for up to a maximum of \$100,000 of BREWD funding, unless the Project meets the Bonus Criteria described below. The program will cover 65% of eligible costs, with 35% of eligible costs the responsibility of the Applicant. The funding is distributed as an end-loan upon completion of the Project, as defined further in these guidelines. BREWD funds committed to a project must be repaid to the City of Madison over a maximum ten (10) year period, with no penalty for prepayment. Principal and interest payments are made quarterly, with the repayment period beginning on the first day of the quarter following the completion of the Project. The interest rate for this program is 2%. Interest begins accruing at the disbursement of the loan.

Bonus Modifications

Subject to Project underwriting, the consent of the Applicant, and staff recommendation by the Department of Planning & Community & Economic Development Director, the following bonus modifications shall be made to the Remediation Loan program:

1. The loan amount will be increased to cover eligible costs in excess of \$100,000 if the Project meets at least four (4) of the following Bonus Criteria; and,
2. The 2% interest rate will convert to a 0% interest rate if five (5) of the Bonus Criteria are met; and,
3. The repayment period will be deferred for up to three (3) years following completion of the Project if five (5) of the Bonus Criteria are met

The Bonus Criteria are as follows:

1. The Project is located within one of the areas found within the attached maps (South Park Street Corridor, East / West Isthmus, Northport / Packers / Sherman / Pennsylvania Avenues);
2. The redevelopment/reuse of the Property incorporates transit-oriented development, as defined by the City of Madison's Comprehensive Plan to include "a mixed-use area within walking distance to a transit stop;"
3. The redevelopment/reuse of the Property incorporates the construction, or renovation, of a structure with significant portions of the building that are at least three above-ground stories (occupied) or greater in height;
4. The redevelopment/reuse of the Property incorporates underground or structured parking on the Property;
5. The redevelopment/reuse of the Property accommodates the creation of 20 or more **new** permanent full-time-equivalent (40 hours per week) Positions that conform to the City of Madison Living Wage Ordinance (Section 4.20, MGO) within one (1) year of Project completion.
6. The redevelopment/reuse of the Property provides \$1,000,000 of **new** taxable capital value (excluding machinery, equipment, and personal property) within one (1) year of Project completion;
7. The redevelopment/reuse of the Property has new / expanding occupants that are eligible businesses as outlined in the Capital Ideas Tech Zone Industry Clusters (IT, Biotech, and Medical Instrumentation)
8. The redevelopment/reuse of the Property incorporates buildings that are certified LEED Silver, Gold, or Platinum

The final loan package is subject to the approval of the City of Madison Common Council.

FORGIVEABLE REMEDIATION LOAN

Subject to the terms noted above, Project underwriting, the consent of the Applicant, and staff recommendation by the Department of Planning & Community & Economic Development Director, a portion of, or the entire remediation loan will be forgiven if all three of the following criteria are met:

- The eligible remediation costs are so great that the Project can not be financed through traditional means (ie. the Project will not occur without the forgivable loan);
- The subsequent investment on the Property (ie. building construction/renovation) would likely be financed through traditional means if the eligible remediation costs associated with the Property were lessened (ie. the subsequent investment is financially viable if the eligible remediation costs did not exist or were lessened);
- The amount forgiven will enable the Project, and subsequent investment on the Property, to be financed through traditional means (ie. the amount forgiven will equal the gap between a financially viable Project and no Project occurring).

The final loan package is subject to the approval of the City of Madison Common Council.