



Prepared by:
Department of Planning and Development
Community and Economic Development Unit

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**TAX INCREMENTAL FINANCE DISTRICT # 34
(COVANCE)**

PROJECT PLAN

INTENT AND PURPOSE

The City of Madison (the "City") has established that the health of the Madison area economy is vital. The City intends to continue to expand, stabilize and diversify its economic base. The City also recognizes that the area encompassing the Covance development to be located in the proposed TID #34 project area is an essential part of the greater community. 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) #34--(Covance) for the purpose of:

- 1) Financing public works improvements;
- 2) Stimulating planned industrial development;
- 3) Retaining major employers.

PROPOSED CHANGES IN ORDINANCES, CODES OR PLANS

The project elements proposed in this Project Plan conform to the objectives and conceptual recommendations contained in the Objectives and Policies, A Part of The Master 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. It is anticipated that zoning changes will not be needed to accomplish the objectives of the Project Plan.

This entire site is presently zoned M-1. There are currently no planned re-zonings required in this project area due to proposed development activities.

PROPOSED PUBLIC WORKS IMPROVEMENTS

Water Main Repair

Water mains will be reconstructed during the reconstruction of Pearson Street and Pierstorff Street.

Pearson Street	\$ 91,000
Pierstorff Street	<u>\$182,000</u>
Total	<u>\$273,000</u>

Sanitary Sewer Repair

Sanitary sewer mains will be reconstructed during the reconstruction of Pearson Street and Pierstorff Street.

Pearson Street	\$ 50,000
Pierstorff	<u>\$ 95,000</u>
Total	<u>\$145,000</u>

Storm Sewer Repair

Storm sewers will be reconstructed during the reconstruction of Pearson Street and Pierstorff Street.

Pearson Street	\$180,000
Pierstorff Street	<u>\$210,000</u>
Total	\$390,000

Street and Sidewalk Reconstruction

Street reconstruction is conducted on streets in which the pavement and curb and gutter has exceeded its useful life. The work may involve the burial of utilities and installation of pedestrian lighting. Sidewalk reconstruction costs are also included in street reconstruction cost estimates. A portion of the project cost (\$588,900) would be assessed to property owners affected by the improvements. These property owners include, Covance Labs, Dane County, the Wisconsin Department of Military Affairs, the Wisconsin Department of Transportation, and others. The following streets are targeted for reconstruction:

Pearson Street	\$ 390,000
Pierstorff Street	\$ 870,000
Wright Street	<u>\$ 150,750</u>
Total	\$1,410,750

Discretionary Public Improvements

The City may also fund other public improvements, including streetscape, non-assessable maintenance and repair of streets, storm and sanitary sewer that are not predictable at this time. The estimated TIF funds that may be available for this purpose is **\$3,278,150**.

Other Revitalization Activities

Payments may be made, at the discretion of the local legislative body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans as provided in Wisconsin State Statute 66.1105 (2)(f)1.i. The following anticipated costs may apply:

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.

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. Lands acquired by the CDA may be leased or sold at market rate or reduced costs to assist in creating financially feasible, eligible projects.

ORGANIZATIONAL, ADMINISTRATIVE AND PROFESSIONAL COSTS

TID Administration: 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 #34, supplies and materials, contract and consultant services, and those costs of City departments such as the Comptroller's Office, City Attorney, City Engineer, Parks Division, Planning & Development and the Office of the Mayor.

The total cost of this activity is estimated to be \$ 350,000

Finance Costs: This category includes costs relating to City borrowing (primarily interest payments).

The total cost of this activity is estimated to be \$1,483,000

TOTAL COSTS **\$6,741,000**

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. Certain project costs will be subject to the anticipated long-term development expectations as described elsewhere in this Plan. **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.**

<u>Public Improvements:</u>	<u>Gross Costs</u>	<u>Assessable Costs</u>	<u>Net Costs (TIF)</u>	<u>Year</u>
Water Main	\$ 273,000	\$	\$ 273,000	2005-20
Sanitary sewer	\$ 145,000	\$	\$ 145,000	2005-20
Storm sewer	\$ 390,000	\$	\$ 390,000	2005-20
Street and Sidewalk Reconstruction	\$1,410,750	\$ 588,900	\$ 821,850	2005-20
Sub-Total Public Improvements	\$2,218,750	\$ 588,900	\$1,629,850	
Discretionary Public Improvements	\$3,278,150	\$	\$3,278,150	2005-20
<u>Administrative and Finance</u>				
Administrative and Professional Services	\$ 350,000	\$	\$ 350,000	2005-20
Financing Costs	\$1,483,000	\$	\$1,483,000	2005-20
Sub-total Administrative and Finance	\$1,833,000	\$	\$1,833,000	2005-20
Total Costs	\$7,329,900	\$ 588,900	<u>\$6,741,000</u>	

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 chart below identifies Non-Project Costs that are to be paid from revenue sources other than tax increments. **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.**

<u>Projects</u>	<u>Cost</u>	<u>TIF Funds</u>	<u>Other</u>
Water Main	\$273,000	\$273,000	0
Sanitary Sewer	\$145,000	\$145,000	0
Storm Sewer	\$390,000	\$390,000	0
Street and Sidewalk Reconstruction	\$1,410,750	\$821,850	\$588,900
Sub-Total Public Improvements	\$2,218,750	\$1,629,850	\$588,900
Discretionary Public Improvements	\$3,278,150	\$3,278,150	0
<u>Administrative and Finance</u>			
Administration and Professional	\$350,000	\$350,000	0
Financing Cost	\$1,483,000	\$1,483,000	0
Sub-total Administrative and Finance	\$1,833,000	\$1,833,000	0
Total Costs	\$7,329,900	<u>\$6,741,000</u>	\$588,900

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 District. Taking the District'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.

Due to changes made in the TIF law in 2004, the maximum life of an industrial TID is 20 years and all project expenditures must

now be made five (5) years prior to the termination of the District. Therefore, all project expenditures must be made by April 19, 2020. Tax increments may be received until project costs are recovered, at which time the TID must close.

The cost of public improvements and other project costs, including financing associated with the District, is estimated at **\$6,741,000**. At this time, it is anticipated that \$588,900 of the project costs will be assessable to property owners. These assessments have been determined in accordance with the City and Board of Public Works standard special assessment policies. The balance of the project costs will require financial support by incremental taxes from the District and other financing sources.

The determination of economic feasibility for TID #34 is based on anticipated, near-term development, as well as projected development through 2025. The anticipated development includes 240,000 square feet of office and laboratory space to Covance, along with a 630-stall parking ramp on the Covance property. As demonstrated in the section entitled Expectations for Development, a conservative estimate of total incremental value resulting from these and other development projects over the life of the district is estimated to be **\$25,000,000**. This value will 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 District should total approximately **\$14,568,000**.

As previously indicated, each segment of the project (i.e., each 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 District. The actual City investment in TID #34 may, therefore, be less than the amount shown in the Project Plan.

PROMOTION OF ORDERLY LAND DEVELOPMENT

The TID #34 boundary lies adjacent to the Carpenter-Hawthorne-Ridegeway-Sycamore-Truax Neighborhood (the "Neighborhood"), which is generally located northeast of the State Highway 30 and US Highway 51 interchange, south of Dane County Regional Airport and north of State Highway 30. The proposed TID #34 lies northwest of this neighborhood, between Pierstorff Street, Pearson Street, North Stoughton Road, and the northern boundary of the Madison Area Technical College's Truax Campus. The area currently comprises a variety of industrial uses.

Master Plan

As stated in the Intent and Purpose section of the Project Plan the City finds that the creation of the District would facilitate vital improvements and foster economic development consistent with goals and objectives set forth in the City's Master Plan, which include but are not limited to the following:

- 1) Create a local business climate in the City that provides established local businesses and industries the opportunity to grow and expand as the demand for their services or products permits;
- 2) Encourage government and private businesses in ... major employment areas to provide off-street parking only for those employees who require a vehicle in the conduct of their job....
- 3) Coordinate the transportation system with land use and integrate it with the functional, social and visual patterns of the City.

Finally, 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. The Project Plan conforms to the following TIF objectives:

- 1) Improving the Public Infrastructure
- 2) Support Economic Development

- 3) Attracting, retaining, or expanding businesses

The project plan conforms to the following requirements of TIF Policy:

- 1) Comply with TIF Law.
- 2) Meet the City’s TIF district creation general guidelines.
- 3) A minimum incremental value of at least \$3,000,000.

Master Plan: Economic Development

As stated in the Intent and Purpose section of the Project Plan the City recognizes that the creation of the District and its anticipated development and public improvements is consistent with multiple objectives in the Master Plan including, but not limited to:

- 1) Continue to develop within the City government a range of appropriate development tools and capacities that can be used to implement the City’s economic development plans;
- 2) Create a business climate in the City that provides established local businesses and industries the opportunity to grow and expand as the demand for their services or products permits.

EXPECTATIONS FOR DEVELOPMENT

The expectations for development in TID #34 have been developed and predicated upon input from the Master Plan and the Land Use Plan for the City of Madison, as adopted by the Common Council. These adopted plans include a land use schedule that indicates a preference for industrial uses (See Map Amendment “D”, City of Madison Land Use Plan) in the area designated as TID #34. This preference is shown by the entire area in TID #34 being zoned M-1.

Potential Areas for Development

Potential areas for industrial development are identified in this project plan. They include existing parking lot areas and vacant lands owned by Covance. Specifically, Covance plans to construct an additional 240,000 square feet of industrial space as well as a 630-stall parking ramp that will be designated for employees.

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 new development projects, including Covance’s industrial development, are expected to occur within the first 10-year s of the district’s life. 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. 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 actual timing and value of new growth within the District depends upon variables that are unpredictable at this time. However, the development of the Covance addition and parking ramp should occur by the end of 2007. The value increment generated by this project is estimated at **\$25,000,000.** The total value increment (including appreciation of property value within the district) generated over the 20-year life of the district is estimated at approximately **\$67,408,000.**

METHODS FOR THE RELOCATION OF DISPLACED PERSONS

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 – TID #34 (Covance)

A parcel of land being Lots 1, 2, and 3 of Bowman Street Division of Truax Air Park¹, Lots 1, 2, and 4 of Certified Survey Map No. 13902, Lot 2 of Certified Survey Map No. 45733, Lot 1 and Outlot 1 of Certified Survey Map No. 103914, Lots 1 and 2 of Certified Survey Map No. 95095, Lots 2 and 3 part of Lot 1 of Certified Survey Map No. 14796, Lots 1, 2, and 3 of Certified Survey Map No. 13897, part of North Stoughton Road, part of Pierstorff Street, part of Wright Street, part of Kinsman Boulevard, part of Hoffman Street, and part of Pearson Street, all located in the Northwest Quarter (NW ¼) and the Southwest Quarter (SW ¼) of the Southwest Quarter (SW ¼), of Section Twenty-eight (28), the Northeast Quarter (NE ¼), the Southeast Quarter (SE ¼), the Southwest Quarter (SW ¼), and the Northwest Quarter (NW ¼) of the Southeast Quarter (SE ¼), the Northeast Quarter (NE ¼) and the Southeast Quarter (SE ¼) of the Southwest Quarter (SW ¼), the Southeast Quarter (SE ¼) of the Northwest Quarter (NW ¼), and the Southeast Quarter (SE ¼) and the Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) of Section Twenty-nine (29), Township Eight North (T8N), Range Ten East (R10E) of the Fourth Principal Meridian (4PM), City of Madison, Dane County, Wisconsin, more fully described to wit:

Beginning at the intersection of the westerly right of way of said Pearson Street and the northerly right of way of said Pierstorff Street; thence along said northerly right of way of Pierstorff Street, easterly to the West Line of the Northwest Quarter (NW ¼) of said Section Twenty-eight (28) (said point also being on a line common to the Town of Burke and the City of Madison, hereinafter referred to as Municipal Boundary), thence along said West line, and along said Municipal Boundary, southerly to the West Quarter (W ¼) corner of said Section Twenty-eight (28); thence along the South line of said Northwest Quarter (NW ¼) of Section Twenty-eight (28), and continuing along said Municipal Boundary, easterly to the easterly right of way of said North Stoughton Road; thence along said easterly right of way of North Stoughton Road, southerly to the easterly elongation of the southerly line of said Lot 1 of Certified Survey Map No. 1389; thence along said easterly elongation, and along said southerly line, westerly to the southwesterly corner of said Lot 1 of Certified Survey Map No. 1389 (said point being on the easterly right of said Wright Street); thence across said Wright Street, westerly to the southeasterly corner of said Lot 2 of Certified Survey Map No. 1479 (said point being on the westerly right of way of said Wright Street); thence along the southerly line of said Lot 2 of Certified Survey Map No. 1479, westerly to the southwesterly corner of said Lot 2 of Certified Survey Map No. 1479 (said point being on the easterly right of way of said Hoffman Street); thence across said Hoffman Street, westerly to the southeasterly corner of said Lot 1 of Certified Survey Map No. 9509 (said point being on the westerly right of way of said Hoffman Street); thence along the southerly line of said Lot 1 of Certified Survey Map No. 9509, and along the southerly line of said Lot 2 of Certified Survey Map No. 9509, westerly to the southwesterly corner of said Lot 2 of Certified Survey Map No. 9509 (said point being on the easterly right of way of said Pearson Street); thence across said Pearson Street in a perpendicular direction to the westerly right of way of said Pearson Street, westerly to said westerly right of way of Pearson Street; thence along said westerly right of way of Pearson Street, northerly to the point of beginning.

Said Parcel of land includes those lands in Dane County that have the following tax parcel numbers:

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- 1 Bowman Street Division of Truax Air Park, recorded in Volume 42 of Plats, on Page 19, as Document No. 1421105.
 - 2 Certified Survey Map No. 1390, recorded in Volume 6 of Certified Survey Maps, on Pages 46-47, as Document No. 1390228.
 - 3 Certified Survey Map No. 4573, recorded in Volume 20 of Certified Survey Maps, on Pages 67-73, as Document No. 1865809.
 - 4 Certified Survey Map No. 10391, recorded in Volume 61 of Certified Survey Maps, on Pages 162-167, as Document No. 3486118.
 - 5 Certified Survey Map No. 9509, recorded in Volume 54 of Certified Survey Maps, on Pages 163-167, as Document No. 3171406.
 - 6 Certified Survey Map No. 1479, recorded in Volume 6 of Certified Survey Maps, on Pages 175-176, as Document No. 1404343.
 - 7 Certified Survey Map No. 1389, recorded in Volume 6 of Certified Survey Maps, on Pages 44-45, as Document No. 1390227.

0810-294-0079-4
0810-294-0079-4
0810-294-0083-5
0810-294-0085-1
0810-294-0087-7
0810-294-0088-5
0810-294-0089-3
0810-294-0090-0
0810-294-0093-4
0810-294-0094-2
0810-294-0095-0
0810-294-0096-8
0810-294-0097-6
0810-294-0099-2
0810-294-0101-5
0810-294-0201-3









