

## MEMORANDUM

TO: Garver Feed Mill Criteria and Selection Committee

FROM: Dan Rolfs, Amy Scanlon, Scott Langer, Janet Schmidt, Jay Wendt, Kay Rutledge, Eric Knepp, Bill Sullivan, Matt Tucker, Jeff Quamme, Brynn Bemis, Roberta Sladky

DATE: Jan 7, 2015

SUBJECT: Garver Feed Mill Proposals – Staff Analysis

The City received four proposals to the Garver Feed Mill RFP. They can be found at Legistar File #36628, located at the link below:

<https://madison.legistar.com/LegislationDetail.aspx?ID=2104526&GUID=37876821-F737-4760-8C81-A4B1840349D2&Options=ID|Text|&Search=36628>

Staff has prepared an initial report on the proposals that identify both positive areas and issues of concern. These areas are broken down by the various departments and divisions that provide review. In addition, Staff has provided a list of general comments that apply to all proposals and should be considered by the Committee and the selected team.

### **General**

1. Fire access is required to be provided via Fair Oaks Ave.
2. Fire lanes in accordance with the International Fire Code and Madison General Ordinances (MGO) will need to be incorporated into the selected project.
3. In accordance with MGO, fire hydrants will need to be incorporated into the selected project.
4. The Garver Feed Mill and North Plat will need a land division regardless of the selected proposal.
5. Sugar Avenue should not be shown as a vehicular entry / exit for any project.
6. City of Madison Parks will control the balance of the North Plat not included as a part of the development selected, and be responsible to develop or not develop as time, funding, and planning permits
7. Additional information will be needed from the selected proposal regarding transportation connections and stormwater management proposed for the project.
8. Belowground parking - boring logs show the water table at 6-9 feet below ground surface.
9. Boring logs indicate the entire property has been filled with 5 to 10 feet of materials, based on a buried peat surface layer. Accordingly, the selected proposal will be required to work with an environmental professional to ensure that all materials excavated during construction are properly managed.

10. Soil contamination – If orchards or gardens are planned the entire North Plat has been filled with 5 to 10 feet of fill materials, based on buried peat layer on boring logs. Several rounds of soil testing and remediation have characterized the soil around the building. Additional testing may be required where gardens or edible plantings are planned to ensure a compatible use.

## Alexander

### Traffic

1. A Traffic Impact Analysis will be required during the entitlement process.
2. The project should strongly investigate an option for a second exit / entrance.
3. Sugar Ave is not an option for an exit from this property, as is currently shown on the site plan.
4. The final project should separate access from OBG staff to the OBG space from the parking areas on the south side of the building.
5. There are concerns about the number of parking stalls relative to the intensity of use proposed.

### Engineering / Fire

1. Will need to address stormwater management with regards to compliance with Chapter 37 MGO. Additional use of lands in the North Plat should be determined as Parks would need to purchase additional lands to offset any leased area.

### Parks

1. Will need identified area for mulch operations and materials such as soils, rock, etc. (outdoors).
2. Will urge moving the storage building for OBG to the east of the Garver building, towards Starkweather Creek.
3. This project would require the purchase of five acres of replacement park property for DNR deed restriction relocation.

### Planning

1. The project will require an additional CU.
2. A major parking reduction will require an additional CU.
3. Excellent use of Landmark Building with little or no demolition.
4. Use is compatible with Olbrich.
5. Effective use of 5 acre parcel.
6. "Glass Box" addition is an inspired concept.

### Financials / Real Estate

1. This project proposes to pay back the City's \$1,825,000 over the length of the 99 year lease at 1% per annum. The payments would be \$29,000 per year.
2. Based upon the proposed uses, the financial structure appears to be satisfactory.
3. What is the source of Investor Equity of \$1,876,944?
4. Will the lender agree to the City's stated requirements for the ground lease (page 13 of the RFP)?
5. Who owns and operates the facility? Is it leased and is the lease assignable?

## **Alternative Continuum of Care**

### Traffic

1. A Traffic Impact Analysis will be required during the entitlement process.
2. Sugar Ave should not be a vehicle entry / exit for this project.

### Engineering / Fire

1. Will need to address stormwater management with regards to compliance with Chapter 37 MGO. Additional use of lands in the North Plat should be determined as Parks would need to purchase additional lands to offset any leased area.
2. The final proposal will need to clarify water supply for fire service.

### Parks

1. The location of OBG space is the preferred option.
2. The final proposal will need to negotiate the status of the North Plat and its final use / design / status.
3. This project would require the purchase of five acres of replacement park property for DNR deed restriction relocation.

### Planning

1. Will require additional Conditional Use approval (CU).
2. Will need to clarify the amount of demolition of the Garver building.
3. Will need larger access for fire access and may need to move drive access away from the building.
4. Good utilization of Landmark Building with minimal demolition.
5. Effective use of 5 acre parcel.
6. Architecture needs some work, but conceptually the new buildings are compatible and pull from the historic structure.
7. Further analysis will be necessary to determine if the parking provided is adequate or excessive.

### Financials / Real Estate

1. Based upon the proposed uses, the financial structure appears to be satisfactory.
2. What is the source of the Developer Equity of \$5,673,555?
3. Will the lender agree to the City's stated requirements for the ground lease (page 13 of the RFP)?
4. What progress has been made on securing the Kessenich site?
5. What is the alternate proposal for site access if Kessenich's cannot be secured?
6. Who is the proposed day care operator?

## Baum

### Traffic

1. This project will require a Traffic Impact Analysis during the entitlement process.
2. Who will build, pay for, and maintain the proposed bridge from the North Plat across Starkweather Creek?

### Engineering / Fire

1. Micro-lodges will require easements for underground utilities to serve each lodge. The layout of these lodges will be costly for additional utility installation as they are scattered throughout the property.
2. Fire hydrants and fire lanes that are able to support 85,000 lbs are required for all structures including the micro-lodge structures.
3. Will need to address stormwater management with regards to compliance with Chapter 37 MGO. Additional use of lands in the North Plat should be determined as Parks would need to purchase additional lands to offset any leased area.

### Parks

1. This project will require DNR feedback on whether or not this will fall within the deed restrictions that are on the properties.
2. This project is likely to require the purchase of more than five acres as replacement property for the DNR deed restriction relocation, pending the outcome of the meetings with DNR (see #1 above).
3. Will this project pay for the development of the North Plat?
4. Who will maintain the orchard and meadows and other areas identified?

### Planning

1. This project will require a re-zoning or PD of the site to allow the micro-lodging.
2. May require a subdivision plat, depending upon the final zoning.
3. Very inspired site plan. The proposed use and design of the North Plat is creative and ties the entire site back to the use of Garver.
4. Excellent use of Landmark Building with little or no demolition.
5. Micro-lodge concept is unique in the Madison market.
6. Use is compatible with Olbrich

### Financials / Real Estate

1. Staff is unable to determine the viability of the micro-lodge concept. Similar micro-lodges / tiny house rentals were typically associated with destination locations (State / National Parks, vineyards, forests, etc.).
2. What is the cost impact of a micro-lodge redesign to comply with Fire Code requirements?
3. What happens should the micro-lodges not achieve their estimated level of occupancy?
4. If the New Market Tax Credits (NMTC) are not available, what is the fall back financing option?
5. What is the source of Developer's Equity of \$2,476,727?
6. Will the lender agree to the City's stated requirements for the ground lease (page 13 of the RFP)?

## Ogden

### Traffic

1. This project will require a Traffic Impact Analysis during the entitlement process.
2. Sugar Ave should not be used as a vehicle entry / exit.

### Engineering / Fire

1. Will need to address stormwater management with regards to compliance with Chapter 37 MGO. Additional use of lands in the North Plat should be determined as Parks would need to purchase additional lands to offset any leased area.

### Parks

1. This project will require the purchase of more than five acres as replacement property for the DNR deed restriction relocation. The amount of land that the City may be required to purchase for replacement property may make the project infeasible. The location of Olbrich's storage building and outdoor materials processing and storage needs to be identified.
2. The City should see a better return for its investment on this site, if this is the level and intensity of use on this site.

### Planning

1. Excessive demolition of the Garver building.
2. Would require a CU.

### Financials / Real Estate

1. What is the final Internal Rate of Return (IRR) if the City does not contribute the \$1,825,000? (Note: The proposal indicates a 21.61% IRR.)
2. What are the sources of Grants / Credits of \$6,161,185?
3. What is the source of Cash / LOC of \$1,687,815?
4. Will the lender agree to the City's stated requirements for the ground lease (page 13 of the RFP)?