



Legislation Text

File #: 80079, **Version:** 1

Fiscal Note

The proposed resolution authorizes a Small Cap TIF Loan in the amount of \$212,500 to El Pastor, Inc. to assist the business with the acquisition of the property at 2010 S. Park St. within TID 51.

The TID 51 Project Plan includes \$1.5 million for Small Cap TIF Loans. The Common Council approved the TID 51 Project Plan in 2023 (RES-23-00208, Leg file 75809). Council further authorized Madison Development Corporation (MDC) to administer the program in TID 51 (RES-23-00470, Leg file 78323). At loan closing, the City shall disburse an amount equal to 15% of the principal amount of loan to MDC from Program funds for servicing, and 15% of the principal amount of the loan to MDC from Program funds for servicing and closing fees. The aggregate (30%) of all such loan fees for this loan will be \$63,750.

The 2023 Adopted Capital Budget includes \$3.0 million in tax increment revenues transferred from TID 26 to TID 51. No additional City appropriation is required.

Title

Authorizing a loan to El Pastor, Inc or its assigns in the amount of \$212,500 to purchase a commercial property at 2010 South Park Street through the TID 51 Small Cap TIF loan program using TID #51 incremental revenue as authorized in an amendment to the TID #51 Project Plan (RES 23-00208 adopted by the Common Council on March 7, 2023). (District 14)

Body

WHEREAS, the City of Madison has created the boundary and Project Plan for Tax Incremental District (TID) #51 on March 7, 2023 RES-23-00208 (File ID Number 75809); and

WHEREAS, the intent and purpose of the Project Plan, among other things, is to attract and retain business and employment in the South Madison area generally bounded by Fish Hatchery Road, the Beltline Highway, John Nolan Drive, and Murphy Creek; and

WHEREAS, business and property ownership is a vital pathway to economic empowerment and for Madison to make meaningful progress in addressing racial and gender disparities the City must go beyond programs focused on addressing basic needs, and direct more resources and strategies toward building wealth and economic empowerment among communities that are not sharing in the City's prosperity; and

WHEREAS, El Pastor operates its businesses out of this location and the business offers the taste of authentic Mexican cuisine and has been in operation for over twenty-five years; and

WHEREAS, El Pastor would utilize Small Cap TIF program funds to assist with the acquisition of the property located at 2010 South Park Street, hereby meeting the requirements of the Small Cap TIF program; and

WHEREAS, the program guidelines stipulate through these funds borrowers may receive zero-percent (0%) loans, not to exceed \$250,000, for the purpose of purchasing real estate, financing real estate improvements or not to exceed \$150,000 for purchasing capital machinery and equipment and for each anniversary year of the Common Council authorization of the Loan, 20% of the original principle of the Loan is forgiven until the entire balance is forgiven at the end of five (5) years; and

WHEREAS, the City of Madison has a service contract with Madison Development Corporation (MDC) to market the Program to eligible small businesses and MDC shall qualify all Borrowers for eligibility and credit-worthiness; and

WHEREAS, MDC created a loan summary report and the MDC Loan Committee has recommended an investment of \$212,500 of TID 51 Small Cap TIF loan program funds using TID #51 incremental revenue to this project.

NOW, THEREFORE BE IT RESOLVED, that the Common Council authorizes a \$212,500 TID 51 Small Cap TIF loan program using TID #51 incremental revenue to El Pastor and/or its assigns for the purchase of the property at 2010 South Park Street; and

BE IT FINALLY RESOLVED that the Mayor and City Clerk are hereby authorized to execute a loan agreement and/or any other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.