



Legislation Text

File #: 01190, **Version:** 2

Fiscal Note

Please see attached fiscal note.

Title

SUBSTITUTE: Authorizing the City to amend the Engineering Department's 2005 Adopted Capital Expenditure Budget for infrastructure improvements on Pierstorff, Pearson and Wright Streets related to the expansion of Covance Laboratories, Inc. and authorizing additional City expenditures not to exceed \$2,464,750. Said improvements include storm sewer, sanitary sewer, water main, street reconstruction and new street and sidewalk construction. (17th AD)

Body

Preamble: Covance Laboratories, Inc. has agreed to build a 240,000 SF addition and a 630 stall private parking ramp at their 5301 Kinsman Blvd. campus. This project will create 181 new FTE jobs above and beyond their current 1,200 existing employees. In turn for this investment in Madison, the State of Wisconsin, Department of Commerce and Governor's office have agreed to provide \$2 million in tax credit incentives. The City of Madison has also agreed to install new public infrastructure surrounding the Covance campus, estimated to cost \$2,464,750. After receiving these commitments from the City and State, Covance officially chose to locate this expansion in Madison over several other communities and vacant pharmaceutical sites across the Country.

The City Council adopted TID #34 on April 19, 2005 to finance non-assessable portions of the infrastructure improvement project. The City's Office of Business Resources (OBR) is authoring a grant application to Wisconsin Department of Transportation to help reduce infrastructure improvement costs for all parties involved even further. If the DOT TEA (Transportation Economic Assistance) grant application is successful, the city could receive anywhere from \$500,000 to \$900,000 in grant monies. The maximum grant we are allowed to apply for based upon programmatic requirements is \$900,376.

Project infrastructure Improvements includes new and improved road networks, upgraded sanitary sewer collection and water distribution systems, storm water management systems, and bike lane and sidewalk improvements on public rights of ways surrounding the Covance campus expansion. Pearson St, Wright Street, and Pierstorff Streets will all be improved to urban road sections. A new street section on Pierstorff Street will also be constructed, connecting the Covance Campus with a direct link unto US Hwy 51. Sanitary sewer and water system improvements are necessary infrastructure improvements for this project but are not eligible for TEA grant assistance. The City will fund 100% of sanitary sewer and water system improvements. It is estimated by TIF staff that the increment from Covance's private investment could help pay TID #34 expenses off in less than five years. These improvements are directly tied to Covance's \$57 million expansion project and 181 FTE job creations. The planned infrastructure improvements need to be in place by December 2005. Covance's building and parking ramp expansion will be completed by spring, 2006.

WHEREAS, Covance Laboratories, Inc., a Delaware corporation ("Covance") desires to expand and improve its toxicology and related facilities located at 5301 Kinsman Boulevard (the "Project"); and

WHEREAS, certain public infrastructure improvements, including road, sanitary sewer, water distribution, storm sewer, bike lanes and sidewalk improvements will be required to support the Project; and

WHEREAS, the total estimated projects costs for all public infrastructure improvements is approximately \$2,464,750, and

WHEREAS, the maximum estimated city cost share is \$1,875,850 with the remaining \$588,900 assessable to abutting property owners, and

WHEREAS, the City of Madison has adopted Tax Increment Finance District #34 on April 19, 2005 to help finance their local share of all public infrastructure improvements, and

WHEREAS, the City OBR is submitting a grant application to the State of Wisconsin Department of Transportation ("DOT") Transportation Facilities Economic Assistance and Development Program ("TEA") to finance a portion of the eligible transportation infrastructure improvements with a grant not to exceed \$900,376, subject to certain conditions; and

WHEREAS, if the TEA grant is successful, the City, Covance and other benefited property owners cost share will be reduced accordingly, and

WHEREAS, the portion of all public infrastructure improvements (including 50% of transportation related improvements) not financed by TEA Grant will be paid for by the City, Covance and other benefited property owners through special assessments, determined in accordance with the City's special assessment policy; and

WHEREAS, in agreement for financing said public improvements Covance will build a 240,000 SF addition, a 630 stall private parking ramp, retain 125 existing jobs and create 181 jobs at the Project site within three years of the date the grant agreement between DOT-TEA, the City and Covance.

WHEREAS, it is estimated that the city will complete all necessary public infrastructure improvements by December 2005 with the exception of the new Pierstorff Road improvement to be completed in May, 2006 and the installation of the Hwy 51 median in 2007 in accordance with DOT Project #5411-02-72, and

WHEREAS, it is necessary to amend the City of Madison's Engineering Department 2005 Adopted Capital Budget to cover city obligations outlined in this resolution.

NOW, THEREFORE, BE IT RESOLVED, that:

The Common Council does hereby approve and endorse the funding of public infrastructure improvements for the Covance Laboratories, Inc. campus expansion to be constructed on Pearson, Pierstorff and Wright Streets, and

BE IT FURTHER RESOLVED that the Common Council does authorizes the Mayor, the City Clerk and appropriate staff in accordance with their assigned responsibilities to execute necessary project agreements and documents related to this project, subject to the approval of the City Attorney, and

BE IT FURTHER RESOLVED that the Common Council authorizes the City Comptroller to amend the city's approved 2005 budget and borrow and/or make available through other financial means a ~~minimum~~ maximum of \$2,464,750 and have those funds allocated to the City ~~Engineering Department's 2005 Capital Budgets for Engineering - Major Streets, Stormwater Utility, Sewer Utility, Water Utility and Planning and Development, City Project # _____~~ for Covance Public Infrastructure Improvements, and

BE IT FURTHER RESOLVED, that if the City OBR is successful in their efforts to receive grant dollars for transportation infrastructure improvements related to the Covance campus expansion, Controller budget allocation to ~~City Engineering agency capital budgets~~ for this project will be reduced accordingly.