Legislation Details (With Text)

File #:	82890	**Version:**	1	**Name:**	12674 Truman Olson Grocery Lease and Budget Amendment
Type:	Resolution			**Status:**	Passed
File created:	4/9/2024			**In control:**	Economic Development Division
On agenda:	4/16/2024			**Final action:**	5/7/2024
Enactment date:	5/13/2024			**Enactment #:**	RES-24-00315

Title: Amending the Economic Development Division Capital Budget to authorize an additional $1.0 million in General Fund-supported GO Borrowing for tenant improvements for the lease of Unit 2 of the Fourteen02 Park Condominium as part of the Truman Olson redevelopment and authorizing an amendment to the lease with Maurer's Urban Market as grocery operator, and the execution of documents related to the provision of electric service to Unit 2 of the Fourteen02 Park Condominium, construction of grocery, and tenant improvements, the execution of condominium documents for the Project and appointing the Economic Development Division Director (District 13).

Sponsors: Tag Evers, Isadore Knox Jr., Marsha A. Rummel, Regina M. Vidaver, Satya V. Rhodes-Conway, Dina Nina Martinez-Rutherford, Nasra Wehelie, Sabrina V. Madison, Amani Latimer Burris

Indexes:

Code sections:

Attachments: 1. 12674 2024 Truman Olson Cost Increase and Funding Recovery Council Memo.pdf, 2. Registrants Report -- 050624.pdf, 3. File 82890 Reg Report.pdf

Date	Ver.	Action By	Action	Result
5/7/2024	1	COMMON COUNCIL	Adopt Unanimously	Pass
5/6/2024	1	FINANCE COMMITTEE		
5/6/2024	1	FINANCE COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT (15 VOTES REQUIRED) - REPORT OF OFFICER	Pass
4/16/2024	1	COMMON COUNCIL	Referred	
4/9/2024	1	Economic Development Division	Referred for Introduction	

Fiscal Note

The proposed resolution would amend the Economic Development Division's (EDD) 2024 Adopted Capital Budget to add $1.0 million in General Fund-supported GO Borrowing to fund cost increases to tenant improvements for the Unit 2 Grocery Condominium at 1402 S. Park St (Truman Olson Grocery Development, Munis project 13850).

The project currently has $8.2 million in General Fund-supported GO Borrowing:

- An amendment to EDD's 2021 Adopted Capital Budget (Legistar #66789, RES-21-00614) authorized $4.6 million in General Fund-supported GO Borrowing required to purchase the Unit 2 Grocery Condominium.
- EDD's 2023 Adopted Capital Budget (Legistar #76475, RES-23-00223) authorized $3.5 million in General Fund-supported GO Borrowing for tenant improvements in Unit 2.

Title

Amending the Economic Development Division Capital Budget to authorize an additional $1.0 million in General Fund-supported GO Borrowing for tenant improvements for the lease of Unit 2 of the Fourteen02 Park Condominium as part of the Truman Olson redevelopment and authorizing an amendment to the lease with

Maurer's Urban Market as grocery operator, and the execution of documents related to the provision of electric service to Unit 2 of the Fourteen02 Park Condominium, construction of grocery, and tenant improvements, the execution of condominium documents for the Project and appointing the Economic Development Division Director (District 13).

Body

WHEREAS, the City of Madison is committed to ensuring healthy food access to all residents; and

WHEREAS, South Madison is facing the loss of the only full service grocery store that currently serves this neighborhood; and

WHEREAS, the City seeks to ensure that South Madison has continued access to a full service grocery store so as to avoid the creation of a food desert; and

WHEREAS, the City previously acquired the former Truman Olson Army Reserve property located at 815 Cedar St (the "Property"); and

WHEREAS, the City of Madison Common Council approved a development agreement (the "Development Agreement") between the City of Madison and Rule Enterprises, LLC and Movin' Out, Inc. (collectively, the "Developer") on February 23, 2021 (RES-21-00148, Legistar 63900) to redevelop the Property to include a full service grocery store, which is Unit 2 of the Fourteen02 Park Condominium (the "Grocery Condominium Unit"); and

WHEREAS, Maurer's Urban Market Madison (the "Grocer") has agreed to execute a lease of the Grocery Condominium Unit (the "Lease") from the City under the terms described in Legistar 76475, and;

WHEREAS the Development Agreement was amended by the Common Council on August 3, 2021 (RES-21-00614, Legistar 66789) to authorize the City to purchase the Grocery Condominium Unit and provide up to $4,700,000 for the purchase of the Grocery Condominium Unit; and

WHEREAS, the Grocer must make tenant improvements that will allow the operation of a full service grocery store that cost $8,946,000 (the "Tenant Improvements"); and

WHEREAS, the Grocer has secured $5,000,000 from the Small Business Administration (the "SBA") to pay for a portion of said Tenant Improvements, and

WHEREAS, the Common Council previously authorized $2,946,000 in funding for Tenant Improvements (Legistar 76475) to be repaid through payments on the Lease to pay for a portion of said Tenant Improvements, and;

WHEREAS, the Grocer's design team has identified cost increases related to the loading dock, mechanical systems, electrical service, and plumbing of $1,000,000, (the "Cost Increases") bringing the total cost of the Tenant Improvements to $8,946,000, and;

WHEREAS, the City will contribute up to $3,946,000 towards the Tenant Improvements in the form of Tenant Improvement financing and predevelopment loans to be repaid through payments on the Lease, and

WHEREAS, the $2,946,000 of Tenant Improvements are enumerated in the 2023 Economic Development Division Capital Budget, and;

WHEREAS, the Cost Increases will require an amendment to the 2024 Economic Development Division

Capital Budget.

NOW THEREFORE BE IT RESOLVED, that the Common Council authorizes an amendment to the Economic Development Division's 2024 Adopted Capital Budget of $1,000,000 in General Fund-supported GO Borrowing to be used to offset the Cost Increases identified in this resolution, and;

BE IT FURTHER RESOLVED, that the Common Council authorizes an amendment to the Lease with the Grocer to reflect provision of up to $3,946,000 of Tenant Improvement financing, and;

BE IT FURTHER RESOLVED, that the Common Council authorizes the execution of any documents required for the expenditure of up to $3,946,000 to facilitate the Tenant Improvements that will allow Grocer to prepare the Grocery Condominium Unit for operation as a full-service grocery store; and,

BE IT FURTHER RESOLVED, that the Common Council authorizes an amendment to the Lease to reflect the $3,946,000 of Tenant Improvement and Cost Increase funds necessary to facilitate the construction of the Tenant Improvements that will allow the Grocer to prepare the Grocery Condominium Unit for operation as a full service grocery store, and;

BE IT FURTHER RESOLVED, that the Common Council authorizes the execution of MGE documents to install a new electric service to the Grocery Condominium Unit; and,

BE IT FURTHER RESOLVED, that the City Attorney’s Office is authorized to recover any and all of the Cost Increases from the Developer or other responsible parties, and;

BE IT FURTHER RESOLVED, that the Common Council appoints the Economic Development Division Director as the City’s representative to the Fourteen02 Park Condominium Association Board; and,

BE IT FURTHER RESOLVED, that the Common Council authorizes the execution of condominium documents necessary to implement this resolution in a form approved by the City Attorney; and,

BE IT FINALLY RESOLVED that the Common Council authorizes the Mayor and City Clerk to sign, accept, and record any and all documents and legal instruments and take such other actions as shall be necessary or desirable to accomplish the purpose of this resolution in a form approved by the City Attorney.

powered by Legistar™