



Legislation Text

File #: 14002, Version: 4

Fiscal Note

This resolution would amend the 2009 Capital Budget to authorize the expenditure of \$2,049,250 from TIF District #39 to provide a City contribution towards the construction of a bio-agricultural business incubator facility owned by the Madison Development Corporation. The City's total contribution to this project would be \$2,622,250, funded with additional general obligation debt of \$2,049,250 and a contribution of City-owned land valued at \$573,000. The debt incurred for this project would be eligible for reimbursement from newly created TIF District #39. The remainder of the facility's \$6,200,000 construction cost and the operating deficit predicted during the first two years of operation would be funded with a \$4,500,000 grant from the U.S. Economic Development Agency.

This proposed project does not meet several of the minimum thresholds or standards contained in the City's current policy related to TIF investments in private developments. The proposed terms of the project would not require an equity contribution or increment guarantee from the developer, two exceptions to current TIF policies that normally would help secure the City's interest in successful project completion. In addition, preliminary estimates of the TIF increment generated by the new facility during the full remaining life of the TIF district would be sufficient to repay an initial investment of only \$300,000 to \$500,000. Thus, the City's proposed initial TIF investment of \$2,049,250 far exceeds the 50% rule contained in the current TIF policy. It should be noted that, although the tax increment generated by this project would be insufficient to recoup the City's investment, it is likely that growth in the base value of other property within this large district would be sufficient to pay back the City's \$2,049,250 debt in TID #39 prior to the end of the district's life.

Title

AMENDED SECOND SUBSTITUTE - For the Midwest BioLink Commercialization and Business Center To commit to providing the local community match to MDC, or its assigns, through an investment of ~~\$X,XXX,XXX~~ \$1,450,750 \$2,049,250 through TID # 39, and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000; and, to amend the Department of Planning & Community & Economic Development Capital Budget, Project # 15, "TID # 39 - Stoughton Road" by up to ~~\$X,XXX,XXX~~ \$1,450,750 \$2,049,250 with debt to be supported by TID # 39 proceeds; and, to authorize the execution of a development agreement with MDC, or its assigns, for the construction and management of BioLink, including any and all required TIF loan and property conveyance (World Dairy Campus - Lot # 10) documents; and, to authorize the execution of any and all agreements with the EDA regarding this grant.

Body

WHEREAS, the City of Madison purchased 27-acres of what is now the BioAg Gateway for the purpose of attracting and growing Bio-Ag related businesses; and,

WHEREAS, an incubator facility, herein called the Midwest BioLink Commercialization and Business Center ("BioLink") is a key component of the development of the BioAg Gateway; and,

WHEREAS, the City of Madison recently created TID #39 for the purpose of continuing economic development activities on the southeast side of Madison; and,

WHEREAS, City staff recently applied for grant funding through the U.S. Economic Development Administration ("EDA") to construct BioLink through the "Supplemental Appropriations Disaster Relief Opportunity, Economic Adjustment Assistance, CFDA # 11.307" ("EDA Grant"); and,

WHEREAS, the EDA Grant requires a minimum of 75% (EDA) / 25% (Local) match; and,

WHEREAS, through an investment of ~~\$X,XXX,XXX~~ \$1,450,750 \$2,049,250 through TID # 39 and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000, the City can receive a grant in the amount of up to ~~\$3,500,000~~ \$4,500,000 from the EDA; and,

WHEREAS, receipt of grant funds will likely require execution of a grant agreement with the EDA; and,

WHEREAS, the City must partner with a non-profit economic development corporation in order for the City's land contribution to qualify as part of the local match; and,

WHEREAS, City staff recommends partnering with the Madison Development Corporation ("MDC"), whose Board has approved such partnership; and,

WHEREAS, construction and management of BioLink will be managed by MDC, or its assigns; and,

WHEREAS, the EDA and local match funding for capital costs and land contribution (~~\$X,XXX,XXX~~ \$6,192,250 total) will enable MDC to construct a ~~21,000~~ 31,000 s.f. BioLink incubator facility, which would include Prototyping/Flex space, a Commercialization Greenhouse (including a Head House), and Office/Meeting space; and,

WHEREAS, the EDA funding will uniquely cover the some of the operational expenses of the facility for three (3) years (~~\$XXX,XXX~~ \$930,000 total); ~~including staff (annual payroll of \$XXX,XXX) and utilities/maintenance/property management (annual expense of \$XXX,XXX);~~ and,

WHEREAS, BioLink has the opportunity to generate up to ~~XXXX (XX) fifty 50~~ employment positions direct jobs and one hundred (100) indirect jobs within the first three (3) years on the property, with the likelihood that BioLink will graduate tenants and attract other businesses to the City of Madison, generating even more employment opportunities over time. ~~generating additional employment opportunities.~~

NOW THEREFORE BE IT RESOLVED that the Common Council commits to providing the local community match to MDC, or its assigns, through an investment of ~~\$X,XXX,XXX~~ \$2,049,250 through TID # 39, and a contribution of a 2.63 acre property within the BioAg Gateway (World Dairy Campus - Lot # 10) valued at approximately \$573,000; and,

BE IT FURTHER RESOLVED that the Common Council amends the Department of Planning & Community & Economic Development Capital Budget, Project # 15, "TID # 39 - Stoughton Road" by ~~\$X,XXX,XXX~~ \$2,049,250 with debt to be supported by TID # 39 proceeds; and,

BE IT FURTHER RESOLVED, that if an EDA grant is offered in the manner contemplated by this resolution. That City Staff will negotiate grant agreement and mortgage terms that do not make the City liable for repayment of such funding provided that all funding authorized by this Resolution is used for the purposes state in this resolution; and,

BE IT STILL FURTHER RESOLVED that the Common Council direct staff to include the recommendations set out in the March 23, 2009 Memo from Mr. Gromacki to the Board of Estimates or to otherwise resolve the issues raised in said Memo prior to finalizing the TIF loan and development agreement; and,

BE IT STILL FURTHER RESOLVED that the Common Council authorizes the execution of a development agreement with MDC, or its assigns, for the construction and management of BioLink, including any and all required TIF loan and property conveyance (World Dairy Campus - Lot # 10) documents; and,

BE IT STILL FURTHER RESOLVED that the Common Council authorizes the execution of any and all agreements with the EDA regarding this grant; and,

BE IT FINALLY RESOLVED that the Mayor and City Clerk are authorized to execute any and all documents and take whatever actions as shall be necessary or desirable to accomplish the purpose of this resolution.