



Legislation Text

File #: 43477, **Version:** 1

Fiscal Note

The development agreement included in this resolution reflects the following contribution of public funds for a 616 stall public underground ramp:

- \$13 million from Parking Utility reserves
- \$1 million from GO debt for 40 City fleet stalls in the ramp
- \$1 million from GO debt for a Bike Center
- \$24 million from TID 25 balance

Total = \$39 million

Included in the \$39 million for the ramp are design, engineering, developer services and construction costs for the public underground ramp on Block 88 as well as demolition of the Government East parking structure on Block 105 upon completion of the underground ramp. Under the Development Agreement, the developer will be paid \$1.5 million (\$75,000 per month) to coordinate the public and private elements of the project.

The total cost of the project is estimated at \$170 million, with approximately \$131 million from private debt and equity sources. The project is expected to add \$87 million in assessed value when completed and occupied. The developer will enter into a ground lease with the City for use of the city-owned land on Blocks 88 and 105. Lease payments will begin 10 months after a certificate of occupancy has been issued for the buildings and is estimated to total \$755,000 annually for the apartment buildings on Blocks 88 and 105 and the hotel on Block 105.

The 2016 Adopted Capital Budget includes \$53,137,000 for the Judge Doyle Square project. Funding for the project is split between TID 25 cash (\$21.2m), Parking Utility reserves (\$18.0m), and proceeds from the land sale (\$13.9m). The 2016 capital budget reflects this funding across projects in the Economic Development Division, Parking Utility, and Engineering.

- Economic Development Division, TID 25-Judge Doyle Square (pg. 287)
 - o Budget: \$32.8m
 - o Use: Funding available for project costs consistent with Council resolution and project plan amendments.
- Parking Utility, Judge Doyle Square Garage (pg. 354)
 - o Budget: \$18.0m (Parking Utility Reserves)
 - o Use: Construction costs associated with replacement of Government East parking ramp
- Engineering-Facilities: City Fleet Stalls-JDS (pg. 293)
 - o Budget: \$1.3m (Land Sale Proceeds)
 - o Use: Purchase of 40 parking stalls for City's fleet housed at the Madison Municipal Building
- Engineering-Ped/Bike: Bike Station (pg. 299)
 - o Budget: \$1.0m (Land Sale Proceeds)
 - o Use: Construction of Bike Station at the Government East parking ramp as part of the renovation efforts

Additional background information on the project can be found at the Judge Doyle Square page on the City

Planning website ([<http://www.cityofmadison.com/planning/judgeDoyleSquare/>](http://www.cityofmadison.com/planning/judgeDoyleSquare/)).

Staff resources from the Department of Planning & Community & Economic Development, Finance, Traffic Engineering, Parking Utility, Monona Terrace and City Engineering will be allocated to provide support for the negotiation process without the need for an additional appropriation.

The 2017 capital budget will need to include the necessary appropriation changes to the 2016 capital budget to implement the public sources and uses elements of the development agreement included in this resolution.

Title

JDS Negotiations Update and Action on Development Agreement.

Accepting the Recommendation of the Board of Estimates and the June 24, 2016 Amended Report of the Judge Doyle Square Negotiating Team; Authorizing the Mayor and City Clerk to Execute the Development Agreement with Beitler Real Estate Services LLC for the Judge Doyle Square Project and Directing Follow-up Actions by the City as Described and Agreed to in the Development Agreement

Body

WHEREAS, on November 17, 2015, the Common Council adopted RES-15-00893 to request that the remaining three RFP respondents update their respective Judge Doyle Square proposals based on specific criteria included in RES-15-00893 and to submit those updated proposals to the City no later than January 19, 2016;

WHEREAS, on November 18, 2015, a Letter of Direction was sent to the remaining RFP respondents instructing them to incorporate the criteria in RES-15-00893; and

WHEREAS, on January 19, 2016, two of the three development teams, Beitler Real Estate Services of Chicago, IL and Vermilion Enterprises of Chicago, IL, submitted updated proposals to the City; and

WHEREAS, on February 15, 2016, the Negotiating Team presented an informational report to the Board of Estimates regarding the two proposals, and the Board of Estimates decided to accept both proposal updates recognizing that neither development team had provided a response that met all the requirements of the RFP or the Letter of Direction, and further directed that developer interviews be scheduled and posed further questions for each development team to address; and

WHEREAS, on March 9, 2016, the Board of Estimates conducted developer interviews and requested alternate proposals that more closely conformed with the RFP and Letter of Direction, and directed the Negotiating Team to prepare an additional informational report which incorporated the alternate proposals and was considered by the Board of Estimates at its meeting of March 21, 2016; and

WHEREAS, on April 11, 2016, the Board of Estimates received a third informational report from the Negotiating Team, a report from the Racial Equity and Social Justice Initiative Team and a comprehensive list of responses to Alder questions on the respective proposals; and

WHEREAS, on April 19, 2016, the Common Council adopted RES-16-00317 to approve the selection of Beitler Real Estate Services LLC as the Judge Doyle Square Development Team with which to commence negotiations on proposal version B, and directed the Judge Doyle Square Negotiating Team to immediately initiate negotiations with the selected development team and to report back to the Board of Estimates by June 27, 2016; and

WHEREAS, on June 10, 2016, the Judge Doyle Square Negotiating Team prepared a fourth informational report outlining the key unresolved issues and presenting two draft development agreement, one based on the City's position and one based on Beitler's position for the Board of Estimates consideration; and

WHEREAS, Beitler has requested that the Board of Estimates make a recommendation on a final development agreement on June 13, 2016 and send its recommendations to the Common Council for consideration on June 21, 2016; and

WHEREAS, the Board of Estimates rejected the proposed Beitler Agreement on June 13, 2016 and directed the Judge Doyle Square Negotiating Team to continue negotiations on the unresolved issues; and

WHEREAS, on June 24, 2016, the Judge Doyle Square Negotiating Team prepared an addendum to its fourth informational report presenting a negotiated development agreement for the Board of Estimates' consideration; and

WHEREAS, on June 27, 2016, the Board of Estimates considered the Development Agreement and recommended acceptance of the June 24, 2016 Amended Report of the Judge Doyle Square Negotiating Team and execution of the Development Agreement with Beitler Real Estate Services LLC;

NOW, THEREFORE BE IT RESOLVED that the Common Council does hereby accept the Recommendation of the Board of Estimates and the June 24, 2016 Amended Report of the Judge Doyle Square Negotiating Team and authorizes the Mayor and City Clerk to execute the Development Agreement with Beitler Real Estate Services, LLC for the Judge Doyle Square Project and directs follow-up actions by the City including executing the Ground Leases, Developer Services Agreement, and any other necessary contracts and the recording of the same to fulfill the objectives as described and agreed to in the development agreement subject to final approval by the City Attorney;

BE IT FURTHER RESOLVED that the City hereby finds and determines that the project is consistent with the public purposes of Tax Increment Finance Law, representing the potential to eliminate blighting conditions, attract and retain businesses and employment in the Capitol Square area that would stimulate redevelopment in TID #25, thereby making more likely the accomplishment of the public purpose objectives set forth in the Project Plan, the TIF Law and City TIF Policy.