



Legislation Text

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Fiscal Note

The proposed resolution authorizes a \$300,000 long-term deferred loan to One City Schools, Inc. The loan will support the acquisition of property located at 2012 Fisher Street for use as an early childhood care facility. The proposed loan will be funded by Community Development Block Grant (CDBG) program income.

Title

Authorizing a loan of up to \$300,000 to One City Schools, Inc from the City's Community Development Block Grant Program to assist in the \$401,877 acquisition of property located at 2012 Fisher Street, for use as an early childhood care facility.

Body

BACKGROUND

One City Schools, Inc (One City) is a non-profit organization in Madison that provides affordable, accessible, and high-quality preschool education for children ages 1 to 5 in Dane County. One City currently serves primarily low-income households in Madison, and has partnered with FCI since 2015 to lease and renovate its current early childhood education facility located at 2012 Fisher Street. When FCI initially purchased the building from its previous owner, it was agreed that One City would lease the school from FCI and purchase the facility by December 31, 2018 for \$401,877.23. One City completed a \$1.5 million renovation in early 2016 that was financed through a capital campaign. As a result the requested CDBG funds will be used solely for the acquisition of the property. As part of the mission of One City, the Fisher Street school has served, and will continue to serve students from throughout Madison, with a focus on South Madison neighborhoods. A majority of students come from families earning at or below 200% of the Federal Poverty Line, and the provision of CDBG funds to this project will ensure that One City can continue providing quality early childhood education to children from low- and moderate-income households.

ACTION

WHEREAS, One City Schools, Inc, a local non-profit organization, submitted a request to the Community Development Division seeking a \$300,000 loan from the City's Community Development Block Grant Program to help finance the \$401,877 acquisition of the property located at 2012 Fisher Street; and,

WHEREAS, One City Schools, Inc intends, through the continued operation of the facility at this location, to serve students and families from throughout Madison, with a focus on those living in South Madison neighborhoods; and

WHEREAS, at least 51% of the students served will come from households who qualify as low to moderate-income under CDBG Program guidelines (household incomes do not exceed 80% of the county median income); and,

WHEREAS, CDD staff and the CDBG Committee have reviewed One City Schools, Inc.'s proposal and find that it furthers the goals expressed in the 2015-2019 City of Madison Consolidated Plan, namely to ensure the availability of community facilities that primarily benefit low- to moderate-income persons in Madison ; and,

WHEREAS, sufficient funds are available within the CDBG Acquisition and Rehabilitation Reserve Fund to provide the requested support.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves an award to One City Schools, Inc. of up to \$300,000 in CDBG Program funds, to be drawn from Acquisition and Rehabilitation Reserve funds, for the purpose of helping to finance the acquisition of the property at 2012 Fisher Street; and

BE IT FURTHER RESOLVED, that the funds will be offered to One City Schools, Inc. in the form of a long-term deferred loan re-payable upon the sale, transfer, or change in use of the property; that the loan will be secured by a mortgage and a promissory note; and that the promissory note will require repayment of either a percentage of the appraised value after-rehab based on the amount of the CDD funds invested in the property or a percentage of the net proceeds, whichever is less; and

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to execute a contract and related loan documents with One City Schools, Inc. to accomplish the intent of this Resolution.