

Letter of Intent
Garver Feed Mill
Madison, WI
May 27th, 2015

This Letter of Intent addresses the redevelopment of the Garver Feed Mill building and parcel and 5.45 acres of land area around the parcel.

Since 1997, the City of Madison has owned the completely vacant 58,900 square foot Mill along with 26 acres of adjoining land. After 18 years of little maintenance or protection, significant deterioration has occurred in all systems of the building including severe distress to the structural stability and to the integrity of the masonry. The area surrounding the building, acquired for environmental corridor and parkland, has been largely inactive with the exception of some Olbrich Gardens back-of-the-house operations.

Per Madison General Ordinance 8.075, Mayor Paul Soglin and the Madison Common Council charged the Garver Surplus Criteria and Selection Committee with the creation of a Request for Proposal, as well as the review of responding proposals and selection of a development team capable of returning this unique community asset to productive use.

In its request for proposal, the City included the following criteria for responding proposals:

- Embody and interpret the goals for this RFP in a manner that captures the community's imagination and aspirations for a sustainable, innovative 21st century city.
- Minimize the amount of paved surface serving their redevelopment of the Garver building. This can include proposals that move the current access off of Fair Oaks Ave to a different location to cut down on the required amount of paved surface to reach any needed parking and delivery areas.
- Minimize all associated sidewalks, landscaping, parking and any other related outdoor structures proposed for this project.
- Minimize impacts on the North Plat and neighborhoods surrounding the Garver Feed Mill;
- Encourage alternative means of transportation while minimizing required on-site parking;
- Ensure public access to the Garver Feed Mill;
- Preservation, to the largest extent possible, of the Garver Feed Mill;
- Sound integration of environmentally responsible technology and sustainable redevelopment;
- Encourage collaborations and communications with OBG, the City and the neighborhood.
- Enhance Starkweather Creek as a recreational asset.

After a four month review process including several public meetings, the committee selected the Baum Development team to carry out its proposal to restore and repurpose the Garver Feed Mill. The Baum development proposal was subsequently approved by the Plan Commission, Board of Park Commissioners, Landmarks Commission, Board of Estimates and Common Council.

The site is currently zoned as Traditional Employment district and a Historic Landmark, a recognition of its both historical and last functional use. In order to meet the zoning requirements presented by the various elements of this development, the City's Planning and Zoning staff recommended re-zoning the site as a Planned Development. A Planned Development District provides flexibility in site design while supporting the innovative land use given the projects economic factors. The zoning text reads that the PD option should be reserved for "projects that create exceptional employment or economic development opportunities, or include a variety of residential, commercial, and employment uses in a functionally integrated mixed use setting", conditions that the proposed Garver Feed Mill embodies and is designed to achieve.

Due to proposed changes in the State Historic Tax credit program for which the project qualifies, the project would be in jeopardy should the zoning approval and transaction not take place before the end of 2015. Given these circumstances and upon review of the current plans for this development, Garver Feed Mill LLC and members of the city's Planning and Zoning divisions agreed, to seek the PD-GDP and SIP approval for the renovation of the Garver Feed Mill. This will allow for the project to pursue the approval of an amended SIP at a later date to satisfy the needs of any conditional approvals as set forth in the initial PD-GDP and SIP approval.

As indicated in the request for proposal, to retain long-term ownership, the City will enter into 99 year ground leases for the land and sell the building to the Developer. Additional terms will be determined per the developer's agreement and ground leases.

THE GARVER FEED MILL

The Garver Feed Mill redevelopment calls for the renovation of the 58,900 square foot building to primarily function as a food production facility. Total lot area is 10.45 acres and useable open space calculates to 5.1acres.

The building will house several established local food makers and craftspersons and make available individual and shared production, warehouse and office spaces for each of these businesses. The rehabilitated building will be replete with the modern specifications necessary to be a fully functional food production facility. The building's tall ceilings present an ideal space for the many producers who need the height and can use vertical

stacking methods to maximize their storage capacity. The building has several dock doors providing for efficient loading for multiple users.

Secondary uses will support additional needs of tenants as well as provide visitors special opportunities to enjoy and get up close with the historic features of the building and the artisans themselves. These spaces include:

- *Events venue (~4000 sq ft)*: An approximately 4,000 square foot atrium for community, private and tenant events during peak and off-peak production times.
- *Retail concept (~1900 sq ft)*: A café area that provides locals and visitors an opportunity to taste, enjoy and purchase the best of Garver-made food products.
- *Office (~18,000 sq ft)*: Dedicated office space for tenant producers and other related purposes.
- *Outdoor areas* - Three outdoor patios and Garver Green, a 9600 square foot acre lawn provides visitor and public gathering areas.
- *Demonstration gardens* - Throughout the site, opportunities to integrate sustainable urban agriculture creates a platform for educational programming functions.

The renovation will also entail the demolition of a small (~1789 square foot) portion of the building unfit for restoration and the construction of 142 parking stalls and 52 bike stalls. Parking calculations factor that the main users, food production and office employee parking occurs primarily during the weekday and daytime and micro-lodges visitor parking along with event parking occurs primarily in the weekend and evening, and can be considered shared.

	Day (Auto/Bike)	Evening (Auto/Bike)	Auto	Bike
Shared (Office and production employee)	96/29	30/10	Office - est. 45 stalls at 1 per 400 sq ft Production – est. 50 at 1 per 2 employees	Office – 1 per 2000 sq ft Production – 1 per 5 employees
Shared (Micro-lodge guest)	20/3	37/5	Guest - est. 37 stalls at .75 per room	1 per 10 guests
Event/Café Maximum	73/20	99/20	Event space - est. 80 stalls at 20% capacity Cafe - est. 19 stalls at 15% capacity	Event space & Café – 5 % of capacity
Total	188/52	166/35		
25% parking reduction	142/52	125/35		

Parking exemptions were assumed at the maximum allowable reduction (25% of total)

through the implementation of various parking reduction strategies. This includes but isn't limited to:

- Bike Parking: 52 dedicated bike parking spots
- Car-Sharing: 1 dedicated Community Car
- Bike-Sharing: B-cycle station located on-site
- Aggressive Alternative Transportation Program: Currently the site offers an abundance of choices for bus transit and adjacent primary bike path.
- Overflow parking: A 2008 parking inventory analysis by Commonwealth Development demonstrated the availability of over 700 parking spots within ¼ mile of Garver Feed Mill.

Hours of operation for production uses and micro-lodges will be 24 hours, 7 days a week. All other site activities will operate seven days a week between 7am – Midnight.

MICRO-LODGES

Adjacent to the Garver Feed Mill site will include micro-lodges. Micro-lodges are low impact, sustainable and mobile cabin like structures ranging between 100 and 750 square feet with an average size of 250 square feet. Functioning as a hospitality operation, the micro-lodges showcase a diversity of tiny house designs and models from around the world. Transient guests would have the opportunity to stay overnight and have an authentic experience of "tiny living". Business functions including reception area and back-of-the-house operations for the micro-lodges will be located inside the Garver Building.

UNHEATED STORAGE FACILITY

An adjacent 10,000 sq ft – 12,000 square foot facility that will provide Olbrich Gardens, Garver tenants and Garver operations with space dedicated for storage will be constructed. The building will accommodate storage of Olbrich Gardens seasonal items when not in use as well as maintenance equipment and other miscellaneous tenant items.

PROJECT ECONOMICS

The total anticipated investment in the Garver Feed Mill building and the adjoining land is expected to be \$19.8MM, with the Mill building requiring an investment of \$15.5MM and the Microlodge concept requiring \$4.3MM. Of the \$19.8MM in total investment, approximately \$8.3MM is expected to be funded by traditional forms of debt and equity, or 41.7% of the total project uses. The remaining 58.3% leverages a combination of federal and state historic tax credits, New Market Tax Credits and state, local and other funding sources including the City of Madison's \$1.825M to assist in the building's rehabilitation.

Supported by a robust agricultural capacity and a strong consumer interest in local/artisan foods, the food and beverage manufacturing cluster is a key growth sector for the Madison region. The repurposing of the Garver building will be an integral component to the future of Madison's economy.

- Job Creation - The Garver Feed Mill food and beverage-related tenants will retain 88-114 existing jobs in the city, and are forecasted to create additional 21-54 jobs by year three. The estimated weighted employment multiplier related to construction on the Garver Feed Mill is 10 jobs per \$1 million in project costs.
- Retail Sales - Designated retail, event space and viewing areas inside the Garver Feed Mill will give the public the opportunity to tour the building and interact with the food makers. The resulting increase in visibility and brand awareness by both Garver Feed Mill and Olbrich Garden visitors will generate additional on-site sales through a shared retail component.
- Exports - Our four largest (5,000 square foot or more) potential tenants are actively pursuing international exporting and have plans to further expand into international markets including Canada, England, Australia and Singapore.
- Tourism Revenue - As a unique agri-tourism destination, culinary travelers to the Garver Feed Mill will generate additional revenue through local retail spending in the neighborhood and community.

CONSTRUCTION SCHEDULE

The expected construction schedule is as follows:

- Construction Start – Dec 2015
- Completion of Construction – Mar 2017
- Initial Occupancy Begins – April 2017

DEVELOPMENT TEAM

Developer:	Garver Feed Mill, LLC Chicago
Architect:	SmithGroupJJR Madison & Design Coalition Madison
General Contractor:	Bachmann Construction Madison
Structural Engineer:	Structural Integrity Madison
Landscape Architect:	SmithGroupJJR Madison