

**Legend**

 TID #46

Date Adopted: Sept 1, 2015

Resolution Number: RES-15-00676

Expenditure Deadline: Sept 1, 2030

TID Expiration Date: Sept 1, 2035

**Project Plan for  
TAX INCREMENTAL FINANCE DISTRICT #46  
(RESEARCH PARK)**

**City of Madison**

**Prepared by:  
Department of Planning and Community and Economic Development  
Economic Development Division  
Office of Real Estate Services**

**July 24, 2015**

Department of Planning and Community  
and Economic Development  
Economic Development Division (REDWR)  
TID #46 Plan Maps  
Date: 7/22/2015

**TID #46**



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# **TAX INCREMENTAL FINANCE DISTRICT # 46 (RESEARCH PARK)**

## **INTENT AND PURPOSE**

The City of Madison (the “City”) has established that the health of the Madison economy and its neighborhoods is vital. The City intends to continue to expand, stabilize and diversify its economic base while continuing to revitalize neighborhoods. To that end, the City may utilize its various implementation tools, such as the City and Community Development Authority’s (CDA) development revenue bonds, tax incremental financing (TIF), and other State or federal tools that may be available.

In particular, the City of Madison is proposing to create Tax Incremental District (TID) #46–(Research Park) as a mixed-use TID, for the purposes of providing revitalization loans to aid redevelopment projects;

## **PROPOSED CHANGES IN ORDINANCES, CODES OR PLANS**

The project elements proposed in this Project Plan conform to the objectives and recommendations contained in the Objectives and Policies, A Part of The Master Plan For The City of Madison (the “Master Plan”) as approved by the City Plan Commission. No changes in the Official Map, Building Codes or other City Ordinances appear to be necessary to implement the Project Plan. Zoning changes may be necessary as projects are proposed for the area, although none are proposed at this time. The Plan Commission reviews such proposals.

This TID is presently zoned SE.

### **Consistency with the City of Madison Comprehensive Plan**

Volume II, Chapter 2 of the Comprehensive Plan, entitled “Objectives and Policies for Established Neighborhoods”, stipulates goals and objectives that are consistent with the activities planned for the proposed TID #46, including but not limited to the following:

#### **Chapter 2: Land Use**

Objective 10: Achieve an efficient, balanced urban growth pattern by guiding new development, infill and redevelopment projects to planned development areas through the City of Madison.

Objective 61: Develop and implement strategies to strengthen and diversify the local economy, expand the local tax base, cultivate an entrepreneurial culture, and stimulate job creation, while preserving and enhancing the high quality of life currently enjoyed by City residents and businesses.

Objective 62: Retain and expand Madison’s existing base of offices, research and development businesses and industrial facilities.

#### **Chapter 5: Economic Development**

Objective 1: Grow the City’s role as a leader of economic prosperity in the region and the predominant urban economic center.

Objective 2: Develop partnerships and strategies with other communities, area research, education and health care institutions, utilities and other organizations to promote industries identified in the economic development plan and implementation strategies as key opportunities for growing the Madison economy.

Objective 6: Nurture and cultivate the innovation potential of the region by leveraging the community’s institutional assets and competencies.

Objective 15: Strengthen the economic viability of the City’s major employment / commercial centers.

Objective 19: Maintain long-term confidence in the economy and commitment to the community by building innovative public-private partnerships.

**Consistency with TIF Policy**

The Project Plan is also consistent with City of Madison Tax Incremental Finance Objectives and Policies (the “TIF Policy”) adopted by the City’s Common Council on April 17, 2001 and amended most recently on February 25, 2014. The Project Plan conforms to the following TIF Policy goals:

**Section 1: TIF Goals**

- A. Growing the property tax base.
- B. Fostering the creation and retention of family-supporting jobs.
- D. Encouraging urban in-fill projects that increase (or decrease where appropriate) density consistent with the City’s Comprehensive Plan.

**PROPOSED PROJECT COSTS**

The following represent total estimated costs. By TIF Law, TIF may only pay for the non-assessable portion of these costs. More detail is provided in the section entitled “Detailed Estimate of Timing and Project Costs” that estimates the amount of cost paid with TIF.

**Public Works Improvements**

There are no public works projects planned for the TID at this time. However, as plans change, the actual eligible project costs may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan.

Estimated Cost: \$0

**Community Development Authority Revitalization Activities**

In accordance with Section 66.1333 of the State Statutes (Redevelopment Law), the CDA may undertake a variety of revitalization activities in the TIF District if that area corresponds to the boundary of a Redevelopment District.

Estimated Cost: \$0

**Economic Development Assistance**

**Development Loans**

Where necessary or convenient to the implementation of the Project Plan, TIF assistance in the form of loans may be provided to private development projects, that demonstrate that “but for” such TIF assistance, the project would not occur. TIF Law allows such funds to be used to reduce the cost of site acquisition or site improvements including the construction or razing of buildings, parking facility construction, site preparation, environmental remediation, landscaping and similar types of related activities.

Estimated Cost: \$2,300,000

**Land Acquisition**

In order to construct the public improvements and for the revitalization and development of private property, the acquisition of property and relocation of occupants may be necessary in this TIF District. The acquisitions could vary from rights-of-way and air space to entire parcels.

Estimated Cost: \$0

### Affordable Housing

This category of costs is for the benefit of affordable housing and the improvement of housing stock in the City of Madison. After the date on which TID #46 pays off all of its aggregate costs, as provided for in State Statute the City may extend the life of TID #46 for one year to benefit affordable housing and to improve housing stock.

Estimated Cost:

\$0

### Organizational, Administrative and Professional Costs

This category of project costs includes estimates for administrative, professional, organizational and legal costs. Project costs may include salaries, including benefits, of City employees engaged in the planning, engineering, implementing and administering activities in connection with TID #46, supplies and materials, contract and consultant services, and those costs of City departments such as the Finance Department, City Attorney, City Engineer, Parks Division, Planning & Development and the Office of the Mayor.

Estimated Cost:

\$500,000

### **TOTAL COST**

**\$2,800,000**

### Financing Costs

The total TIF-eligible cost authorized in the Detailed Estimate of Project Cost and Timing represents the total TIF Capital Budget for which TIF funds may be used. Finance costs represent the estimated amount of interest incurred if the City were to borrow funds to pay for the entire TIF-eligible costs. Staff estimates that in the event the City of Madison borrows funds to pay for the capital costs authorized herein that tax increments estimated to be generated by the district over its life may be sufficient to repay all of the \$2,800,000 of estimated project costs and an estimated \$785,000 financing cost.

## **DETAILED ESTIMATE OF TIMING AND PROJECT COSTS**

The following are the eligible project costs as provided for under Section 66.1105 (2)(f), Wisconsin Statutes and the timing in which certain project costs will be incurred. TIF Law requires that all project plan expenditures be made within a mixed-use TID within 15 years of its creation. Certain project costs will be subject to the anticipated long-term development expectations as described elsewhere in this Plan. **The actual eligible project costs herein (shown below) may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan. There are no planned costs that are non-project costs.**

	<b>Proposed TIF Funded Non-Assessable Cost</b>	<b>Assessable Costs</b>	<b>Total</b>	<b>Time Frame</b>
<b>Total Public Improvements</b>	\$-	\$-	\$-	2015 - 2030
<b>Development Loans</b>	\$2,300,000		\$2,300,000	2015 - 2030
Administrative and Professional Costs	\$500,000		\$500,000	2015 - 2030
<b>TOTAL PROJECT COSTS</b>	<b>\$2,800,000</b>	<b>\$-</b>	<b>\$2,800,000</b>	2015 - 2030
Finance Costs	\$785,000			2015 - 2030

## SUMMARY OF TOTAL PROJECT COSTS AND ECONOMIC FEASIBILITY

The project costs include the estimated costs of planning, engineering, construction or reconstruction of public works and improvements and financing costs. **The actual eligible project costs may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan.**

### How Tax Increments Are Generated, Used

Under the Wisconsin TIF Law, the property taxes paid each year on the increase in equalized value of the Tax Incremental District may be used by the City to pay for eligible project costs within the TID. Taking the TID's current value as a result of growth and deducting the value in the District that existed when the District was created determines the increase in value. All taxes levied upon this incremental (or increased) value by the City, Madison Metropolitan School District, Dane County, and the Madison Area Technical College District are allocated to the City for direct payment of project costs and payment of debt service on bonds used to finance project costs.

Per TIF Law, the maximum life of a mixed-use TID is 20 years and all project expenditures must be made five (5) years prior to the termination of the TID. Therefore, all project expenditures must be made by December 31, 2030. Tax increments may be received until project costs are recovered, at which time the TID must close.

### TIF-Eligible Capital Budget

The cost of public improvements and other project costs is approximately \$2,800,000. There are no anticipated costs that will be assessable to property owners. Assessments are determined in accordance with the City and Board of Public Works standard special assessment policies. Given that there are no costs that are assessable to property owners, the \$2,800,000 balance of the TIF-eligible project costs (i.e. net of assessable costs) represents the authorized TIF Capital Budget for this Project Plan and will require financial support by incremental taxes from the District.

### Estimate of Economic Feasibility, TIF Generator(s)

TIF Policy requires a proposed TID have an economic "generator" i.e. at least one private development project that generates increment to finance TID costs, or a TID shall be identified as a "speculative TID". TID #46 is proposed as a speculative TID, as defined in the "City of Madison TIF Goals, Objectives, and Process", Section 3.2 (2) (a-g). The determination of economic feasibility herein, including such TIF generators, is based on potential development through 2025, as described in the "City of Madison TIF Goals, Objectives, and Process", Section 3.2 (2) (g).

There are no currently anticipated projects for TID #46. However, as demonstrated in the section entitled Expectations for Development, a conservative estimate of total incremental value resulting from potential development projects, and economic growth or value appreciation over the life of the TID is estimated to be **\$36,300,000**. This value is projected to produce incremental revenues sufficient to support the project costs stated above.

Project expenditures will be contingent upon development actually occurring or committed to occur. Since the majority of the project cost is financed with long-term debt, borrowing would be undertaken only when sufficient development actually occurs to support each borrowing segment and the expenditure of such funds.

Based on the current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the life (i.e. the total amount of tax increments over 20 years) of the TID should total approximately **\$6,900,000**. The present value of the total incremental revenues that are anticipated to be generated is **\$2,800,000**.

As previously indicated, each segment of the project (i.e., every individual cost element) will require subsequent approval by the Common Council and/or the CDA. The method of financing and the individual debt issues will also require Common Council approval. It is the City's intent to closely monitor all planned and actual development within the TID. The actual City investment in TID #46 may, therefore, be less than the amount shown in the Project Plan.

## Finance Cost

Staff estimates that TID increment could support interest payments on capital borrowing. The estimated interest and finance cost of to borrow the entire estimated capital cost is **\$785,000**.

## **PROMOTION OF ORDERLY LAND DEVELOPMENT**

The area in this TID is identified for “Employment” land use in the City of Madison Comprehensive Plan. Descriptions of this use and its corresponding density can be found in Volume II, Chapter 2 of the City’s Comprehensive Plan, at this link:

<http://www.cityofmadison.com/planning/ComprehensivePlan/dplan/v2/chapter2/v2c2.pdf>

TID #46 is a mixed-use TID, as defined by State Statute.

## **EXPECTATIONS FOR DEVELOPMENT**

The expectations for development in TID #46 have been developed from and predicated on the Comprehensive Plan for the City of Madison and the Downtown Plan, as adopted by the Common Council.

### **Potential Areas for Development**

The Potential Areas for Development include the currently undeveloped parcels of land within the TID. The development on these sites is described in further detail in this project plan.

### **Annual Value Increment Estimates**

**Definition of Value Increment:** The increase in value is determined by deducting the value in the TIF district that existed when it was created (i.e. the “base value”) from the TIF district’s increased value as a result of new development. Appreciation of the base value and the new development over the full 20-year life of the TIF district is also included in this estimate.

**Timeframe for Development:** For the purposes of this project plan’s economic expectations, the TIF generator projects indicated herein are expected to occur within the first 10 years of the district’s life. Per City TIF Policy, if there is no value growth as a result of new development activity within 10 years after the creation of the TID, the TID shall be dissolved upon receipt of sufficient increment to recover project costs. It is the City’s practice to anticipate development, repayment of costs and closure of the district within a shorter timeframe than the full 20-year period allowed by TIF Law. TID expenditures may be made for a period of 15 years from the date of TID creation. On average, a City TIF district is closed within about 12 years. To the extent that the District meets or exceeds economic expectations, it is then able to repay its project costs and return the value increment to the overlying taxing jurisdictions in a shorter period of time.

**Anticipated Development:** The actual timing and value of new growth within the TID depends upon variables that are unpredictable at this time. The City estimates that if the remaining undeveloped sites in the UW Research Park are developed, they would be valued at approximately \$15,000,000. This is based upon the estimated remaining land, the floor area ratios (FAR) allowed under the City of Madison’s zoning code, the amount of new construction that would have taxable value (versus those parcels that are exempt), and existing average values in the already developed portions of the Research Park.

The total value of increment (including estimated TIF generators and appreciation of property value within the district) generated over the 20-year life of the district is estimated at approximately \$36,300,000. This growth is estimated to generate approximately \$6,900,000 of tax increment over the life of the district.

## **METHODS FOR THE RELOCATION OF DISPLACED PERSONS AND BUSINESSES**

Where the relocation of individuals and business operations would take place as a result of the City’s acquisition activities occurring within the District, relocation will be carried out in accordance with the relocation requirements set forth in Chapter 32 of the Wisconsin Statutes and the Federal Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (P.L. 91-646) as applicable.

## LEGAL DESCRIPTION

Located in the Northeast, Northwest, Southwest and Southeast Quarters of the Northwest Quarter of Section 30 and in the Northeast, Northwest, Southwest and Southeast Quarters of the Northeast Quarter of Section 30, Township 07 North, Range 09 East, City of Madison, Dane County, Wisconsin, more fully described as follows:

Beginning at the northwest corner of Lot 1, Certified Survey Map Number 13757<sup>1</sup>, also being the east right of way line of South Whitney Way;  
thence easterly along the north line of said Lot 1, 611 feet, more or less, to a bend in said north line;  
thence northeasterly along said north line, 170 feet, more or less, to the northeast corner of said Lot 1, also being the westerly right of way of Science Drive;  
thence easterly 84 feet, more or less, to the easterly right of way of said Science Drive, also being the northwest corner of Lot 4, University Research Park University of Wisconsin Madison<sup>2</sup>;  
thence southerly along said easterly right of way, 984 feet, more or less, to the easterly extension of the south line of Warranty Deed<sup>3</sup>, also being the easterly extension of the north line of Warranty Deed<sup>4</sup>;  
thence westerly along said easterly extensions, also along said south line, also along said north line, 442 feet, more or less, to the southwest corner of said Warranty Deed<sup>3</sup>, also to the northwest corner of said Warranty Deed<sup>4</sup>, also to the east line of Warranty Deed<sup>5</sup>;  
thence northeasterly along said east line and along the west line of said Warranty Deed<sup>3</sup> for the next (2) courses, 109 feet, more or less;  
(1) thence northwesterly, 118 feet, more or less;  
(2) thence northeasterly, 144 feet, more or less, to the northwest corner of said Warranty Deed<sup>3</sup>, to the northeast corner of said Warranty Deed<sup>5</sup>, and to the south line of aforementioned Lot 1;  
thence southwesterly along said south line, 256 feet, more or less, to the southern most corner of said Lot 1;  
thence northwesterly along said south line, 211 feet, more or less, to a bend in said south line;  
thence northwesterly along said south line, 310 feet, more or less, to the southwest corner of said Lot 1 and to the aforementioned east right of way of South Whitney Way;  
thence southerly along said east right of way, 1575 feet, more or less, to the south right of way of Tokay Boulevard;  
thence westerly along said south right of way, 1871 feet, more or less, to the southerly extension of the west line of Warranty Deed<sup>6</sup>, also to the southerly extension of the east line of Warranty Deed<sup>7</sup>;  
thence northerly along said southerly extensions, and along said east and west lines for the next (2) courses, 485 feet, more or less;  
(1) thence northwesterly, 68 feet, more or less;  
(2) thence northerly, 300 feet, more or less, to the south right of way of Research Park Boulevard;  
thence continuing along the northerly extension of the west line of said Warranty Deed, 78 feet, more or less, to the north right of way of said Research Park Boulevard;  
thence easterly and northeasterly along said north right of way, 1459 feet, more or less, to the west right of way of Charmany Drive;  
thence northerly along said west right of way, 755 feet, more or less, to the northeast corner of Warranty Deed<sup>8</sup>;  
thence westerly along the north line of said Warranty Deed<sup>8</sup>, 195.6 feet, more or less;  
thence northwesterly along said north line, 93.7 feet, more or less to the northwest corner of said Warranty Deed<sup>8</sup>, also to the east line of Warranty Deed<sup>9</sup>;  
thence northerly along said east line, 44.1 feet, more or less, to the northeast corner of said Warranty Deed;

<sup>1</sup> Certified Survey Map Number 13757, recorded in Volume 91 of Certified Survey Maps, on pages 17-23, as Document Number 5083996, Dane County Registry.

<sup>2</sup> University Research Park University of Wisconsin Madison, recorded in Volume 55 of Plats, on page 8, as Document Number 1859477, Dane County Registry.

<sup>3</sup> Warranty Deed, Document Number 3236339, Dane County Registry.

<sup>4</sup> Warranty Deed, Document Number 3236340, Dane County Registry.

<sup>5</sup> Warranty Deed, Document Number 2560242, Dane County Registry.

<sup>6</sup> Warranty Deed, Document Number 3343552, Dane County Registry.

<sup>7</sup> Warranty Deed, Document Number 2719623, Dane County Registry.

<sup>8</sup> Warranty Deed, Document Number 3236341, Dane County Registry.

<sup>9</sup> Warranty Deed, Document Number 3005615, Dane County Registry.

thence northwesterly along the north line of said Warranty Deed, 119.8 feet, more or less to a bend point in said line;  
thence northwesterly along said north line, 163.3 feet, more or less, to a bend point in said line;  
thence westerly along said north line, 78.2 feet, more or less, to the east right of way of South Rosa Road;  
thence southerly and southwesterly along said east right of way, 1160 feet, more or less to the southeasterly extension of the southwesterly right of way of Woodford Drive;  
thence northwesterly along said southeasterly extension, along said southwesterly right of way, and along the westerly right of way of said Woodford Drive, 1869 feet, more or less, to the south right of way of Mineral Point Road;  
thence northerly at perpendicular measure to the northerly right of way of said Mineral Point Road, 120 feet, more or less, to said north right of way;  
thence easterly along said north right of way, 1038 feet, more or less;  
thence southerly at perpendicular measure to the aforementioned south right of way of Mineral Point Road, 120 feet, more or less, to the intersection of the east right of way of aforementioned South Rosa Road with said south right of way of Mineral Point Road;  
thence southerly along said east right of way, 465 feet, more or less, to the north right of way of aforementioned Charmany Drive;  
thence easterly along said north right of way line, 612 feet, more or less, to the southwest corner of Lot 1, Certified Survey Map Number 10343<sup>10</sup>;  
thence northeasterly along the west line of said Lot 1, 135.5 feet, more or less, to a bend in said west line;  
thence northerly along said west line, 357.6 feet to the northwest corner of said Lot 1;  
thence continuing northerly along the northerly extension of said west line, 140 feet, more or less, to the aforementioned north right of way of Mineral Point Road;  
thence easterly along said north right of way, 943 feet, more or less, to the easterly right of way of aforementioned South Whitney Way;  
thence southeasterly along said easterly right of way, 892 feet, more or less, to the point of beginning.

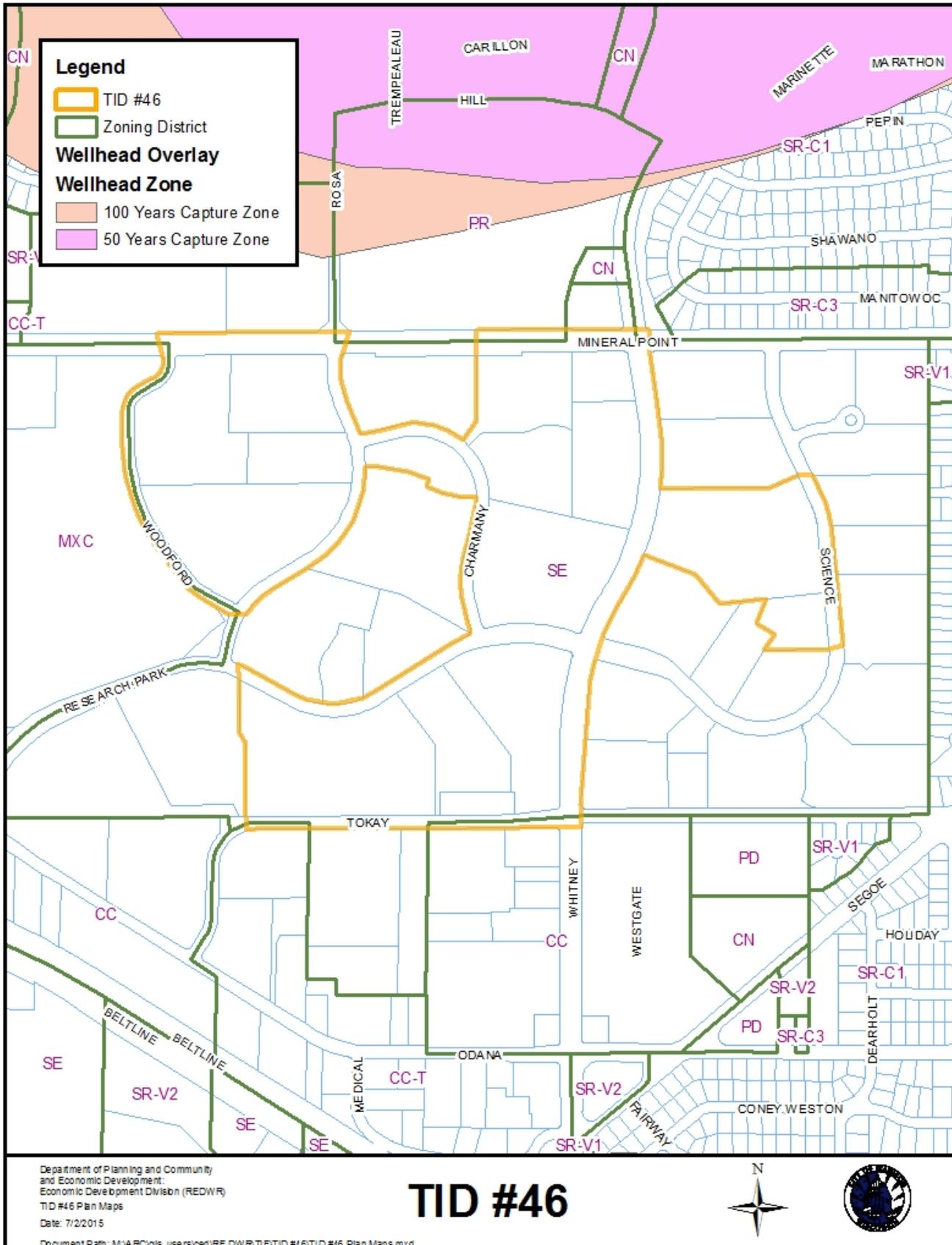
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<sup>10</sup> Certified Survey Map Number 10343, recorded in Volume 61 of Certified Survey Maps, on pages 32-35, as Document Number 3461981, Dane County Registry.

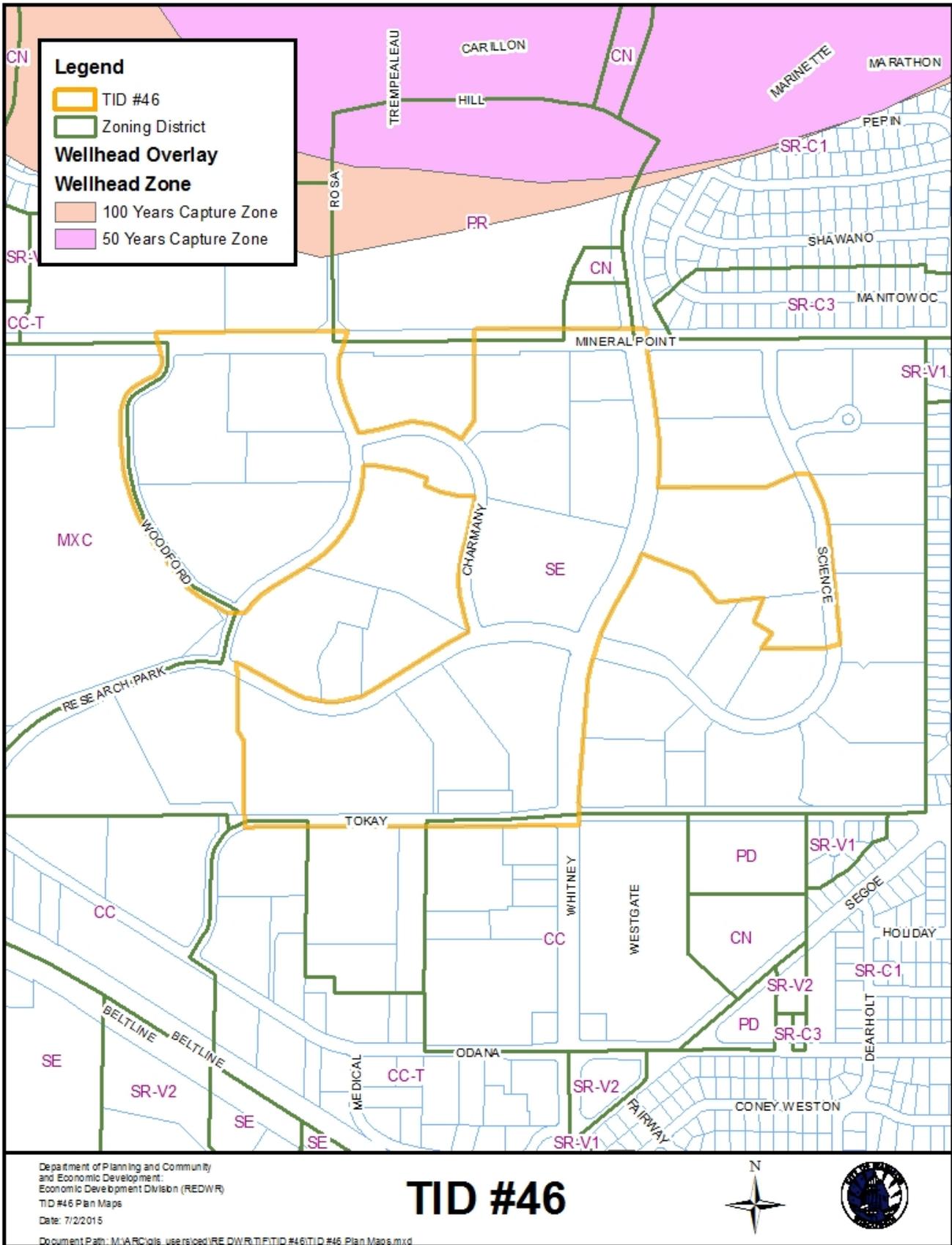
# District Boundary



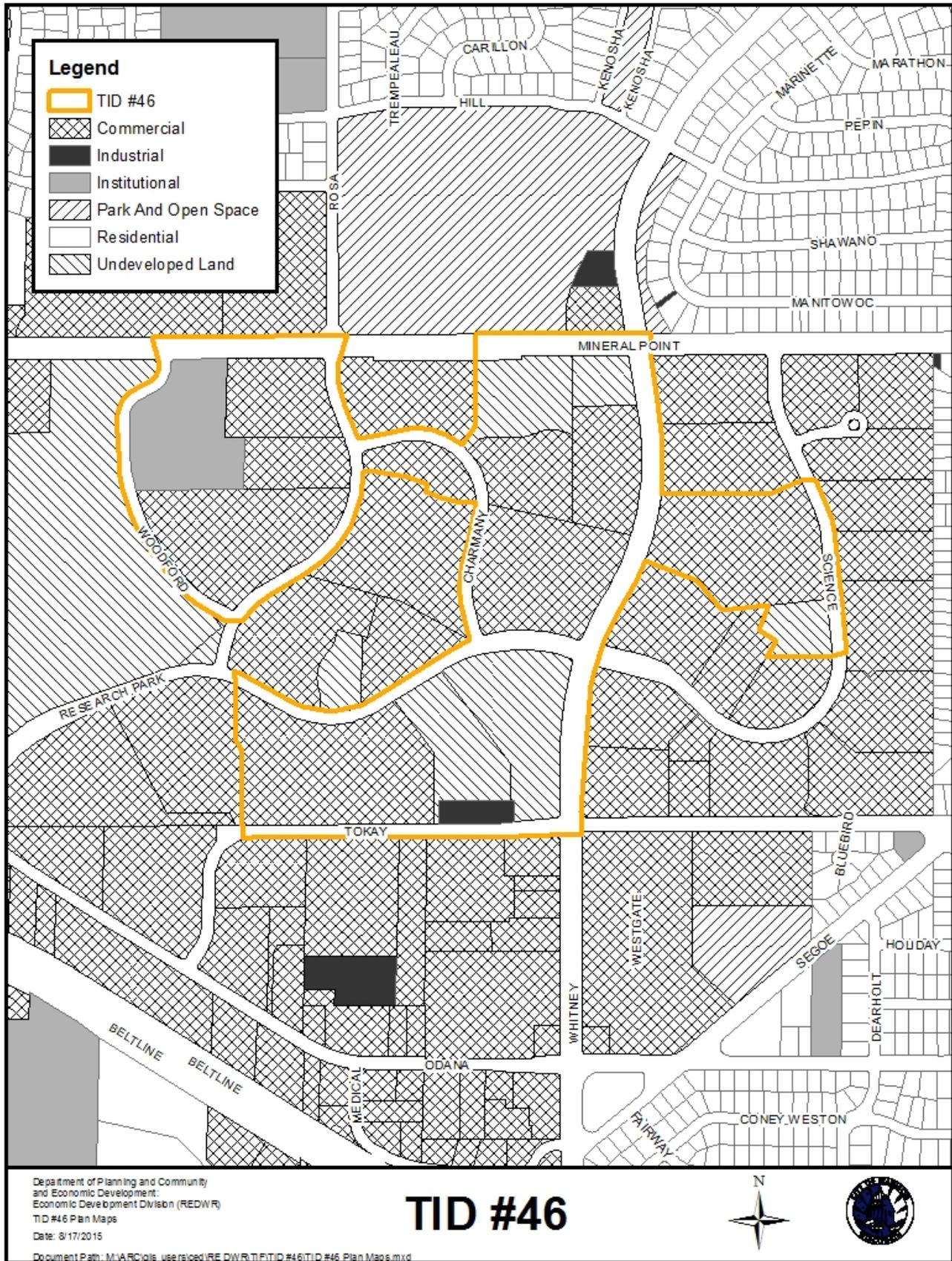
# Existing Zoning



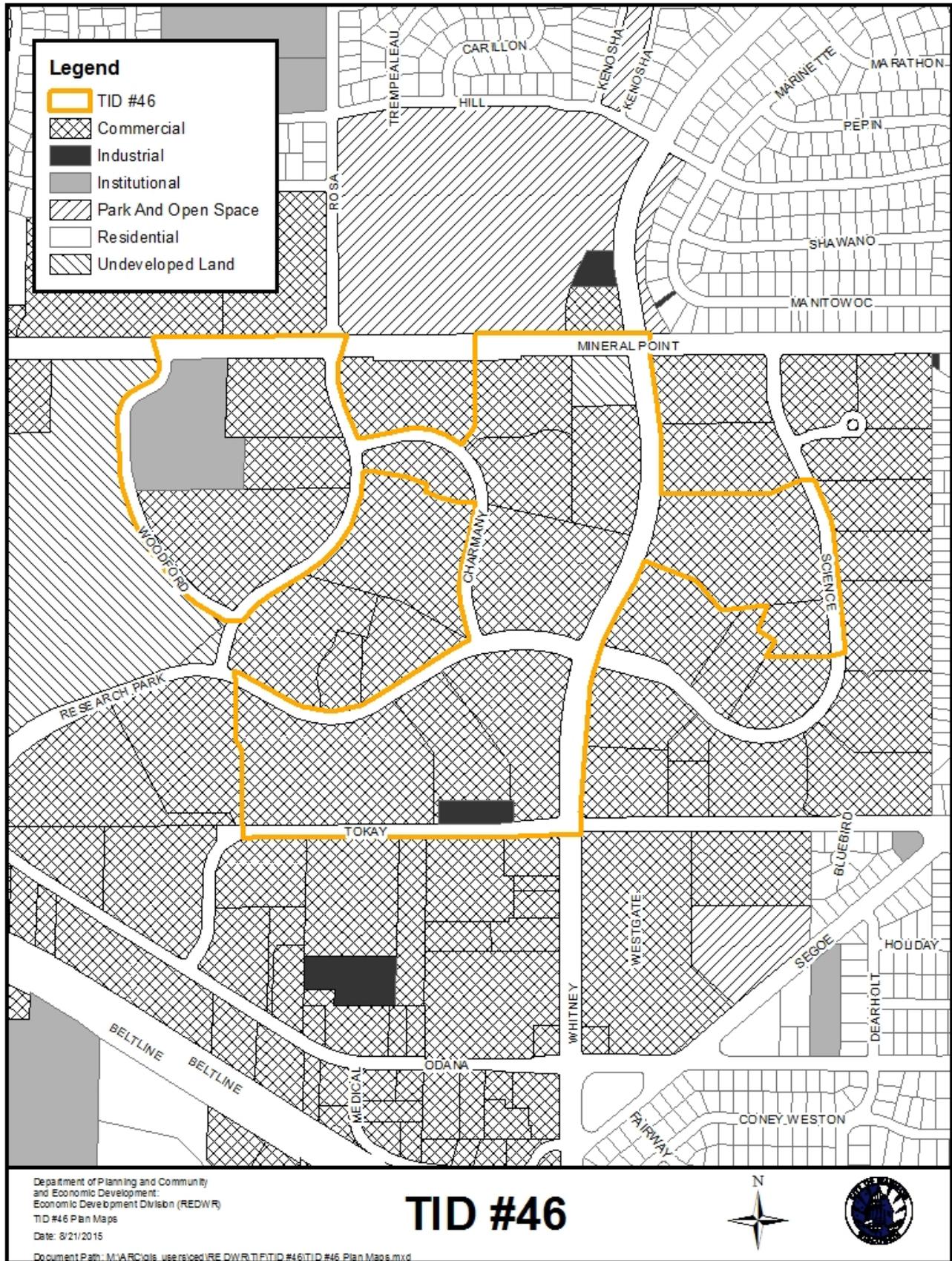
# Proposed Zoning



# Existing Land Use



# Proposed Land Use



**City Attorney Opinion Letter**

**CITY OF MADISON  
CITY ATTORNEY'S OFFICE  
Room 401, CCB  
266-4511**

July 24, 2015

**MEMORANDUM**

TO: Joseph E. Gromacki, TIF Coordinator  
FROM: Kevin Ramakrishna, Assistant City Attorney  
SUBJECT: **PROJECT PLAN FOR TIF DISTRICT NO. 46 -- CITY OF MADISON  
(Research Park)**

In my capacity as Assistant City Attorney for the City of Madison, Wisconsin, I have examined the Project Plan for Tax Incremental Finance District No. 46, City of Madison, Wisconsin, dated July 24, 2015. Based on this examination, I am of the opinion that the Project Plan is complete and complies with the provisions of Sec. 66.1105(4)(f), Wis. Stats.

I render no opinion with respect to the accuracy or validity of any statement and/or finding contained in the Project Plan, but direct City officials to review the reports of City staff as regards the Plan.

Respectfully submitted,



Kevin Ramakrishna  
Assistant City Attorney