



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Meeting Minutes - Approved ECONOMIC DEVELOPMENT COMMITTEE

Wednesday, August 5, 2009

5:00 PM

215 Martin Luther King, Jr. Blvd
Room LL130 MMB (Madison Municipal Building)

CALL TO ORDER/ROLL CALL

The meeting was called to order at 5:06 pm.

Present: 6 -

Mark Clear; Victoria S. Selkove; Julia Stone; Sandra J. Torkildson;
Gabriel A. Sanchez and Edward G. Clarke

Excused: 4 -

Peng Her; Richard A. Slone; Joseph W. Boucher and Douglas S. Nelson

APPROVAL OF MINUTES - July 1, 2009

A motion was made by Sanchez, seconded by Clarke, to Approve the Minutes with an amendment that the June 3, 2009 minutes were approved at the July 1 meeting. The motion passed by voice vote.

PUBLIC COMMENT

DISCUSSION ITEMS

- 1 [15476](#) SUBSTITUTE - Amending the 2009 Capital Budget to authorize a TIF Loan in the amount of \$300,000 to Danisco USA, Inc. in Tax Incremental District (TID) No. 39 (Stoughton Road) and authorizing the Mayor and City Clerk to execute a development agreement to fund the TIF Loan in the amount of \$300,000 to Danisco USA, Inc. to assist in the expansion of its existing facilities in Tax Incremental District No. 39 (Stoughton Road). ~~BY TITLE ONLY.~~

Attachments: [TIF Policy Memo.pdf](#)
 [TIF-Danisco Memo to CC - 8-24-09.pdf](#)
 [Amendment Form.pdf](#)

Mr. Mikolajewski, Manager of the Office of Business Resources explained the resolution and the project. He said the resolution's fiscal note states there is currently no increment in TID # 39.

Mr. Michael May, City Attorney, reviewed a memo that he distributed. He said there are two main questions to be answered:

1. The language of TIF "But For" analysis does not bar competitive factors; however, it is hard to determine what level of TIF assistance

- to provide if the policy is changed to get evidence of need based on assistance provided by a competing community.
2. Does the project meet public purpose? The courts are more lenient when considering public purpose; however, the community and its needs to be clear and have set standards.
 3. He noted the law is not clear and we need to proceed with caution.

Mr. Clarke asked if the Workforce Development Board's economic analysis software, which could develop a multiplier factor for the impact of the new jobs would be of use to analyze the loan?

Mr. May said it would support the public purpose argument.

Mr. Clarke asked what level of local benefit is preferred?

Mr. May said the TIF law does not consider competitive benefits.

Ms. Torkildson inquired about the liability to the City?

Mr. May said the TIF Joint Review Board needs clear standards.

Ms. Selkove asked if any TIF applications have not met the standards and still been approved?

Mr. Gromacki, City of Madison TIF Coordinator, did not know of any.

Mr. Clarke asked about use of TIF for the BioAg Gateway? Mr. Gromacki replied it met the "But For" test.

Alder Clear asked how other communities use TIF for competitive purposes?

Mr. May does not know of any and said there has been no court cases challenging this use of TIF. Mr. Gromacki noted Warrens, Wisconsin did not do an analysis on an \$18 million TIF project that eventually failed and Altoona, Wisconsin did not do an analysis and their project also failed.

Ms. Selkove asked what is the timeline for the EDC's review?

Mr. May responded that the EDC is the first committee to review this resolution.

Mr. Tim Cooley said the Danisco application is an exception to City policy and it is not changing policy. The reality is municipal competition is strong and we are trying to use the few tools that we have available.

Ms. Selkove asked if action by the EDC was necessary tonight?

Mr. Mikolajewski added the next BOE meetings are Aug 24th and Sept. 21st; the next Common Council meetings are Sept 1st and Sept 15th and the next EDC meeting is Sept 2nd. If the EDC defers action the BOE can proceed without the EDC's recommendation.

Alder Compton explained that when TID # 24 closed Danisco was ready to go ahead with a \$50 million dollar expansion. They went to Rochester New York because of lack of City support. She wants the EDC to think about the timeliness of the process and use industrial TID to its full extent. TIF is not corporate welfare, it is an investment by all government bodies. The Danisco

project is the front door of the BioAg gateway and a business anchor.

Ms. Stone asked about the type of jobs to be created?

Mr. Mikolajewski said part of the jobs would be manufacturing and part professional jobs.

Mr. Gromacki said the borrower typically asks for the gap in what is needed for a project. TIF staff reviews the loan to value ration and access to other capital is usually looked at.

Ms. Stone asked if this TIF application will create 25 new jobs and keep 20 existing jobs in Madison?

Mr. Cooley said the existing 20 jobs would stay if the 25 new jobs are not created. What is in jeopardy is beyond this \$13 million investment in phase 2. If this is not approved it is unlikely another phase in the future would be in Madison.

Ms. Stone asked if this was a bidding war between Rochester and Madison?

Mr. Cooley said no it is not.

Mr. Sanchez asked if there are any assurances that this company will stay in Madison?

Mr. Cooley noted Danisco is growing by acquiring other companies and eventually will grow internally. This project makes sure the company puts down deep roots in Madison for future growth here.

Alder Clear noted this application is for approx. 2.5 % of the project's cost and asked if this is a typical gap?

Mr. Gromacki said Danisco had a net profit of \$35 million last year and this is question of want versus need.

Alder Clear asked if this ratio of TIF to total investment is typical?

Mr. Gromacki said the ratios vary and he looks at the equity of the company.

Mr. Clarke asked what can the EDC provide to the Common Council as they make their decision on this project? We need more flexibility in the City's tools for economic development. We should move toward a positive posture and recommend a way to make a decision. We should encourage staff to look at the multiplier of jobs and offer that as a way for the Common Council to evaluate the application. He offered the Workforce Development Board's software to do the analysis.

Ms. Torkildson asked for clarification about this being an exception to the TIF policy not changing the policy?

Mr. Cooley said it is an exception.

Alder Clear is concerned that we are throwing away the rules and the "But For" clause has been the gold standard until now. He is very worried that this is a bidding war for the company.

Ms. Selkove said we just finished years of revising the TIF policy. This project is a very slippery slope; what about the perception from other

businesses; this undermines TIF staff recommendations; this is an end run around staff. She asked if we are putting aside existing policy for a small amount of an existing project?

Mr. Cooley said past uses of TIF have been as a last resort for the borrowers. We are in an international competition for businesses.

Alder Compton said economic development has a wide definition. Last night the Council gave \$106,000 to a private business to create one job per year for six years. She sees the potential of the BioAg Campus and this area is on the cusp of positive industrial development. Danisco is an anchor business that needs \$300,000 to expand. The City needs to support this "out of policy" project and this is not corporate welfare.

Ms. Stone is concerned about the lack of information and criteria on this application.

Mr. Cooley replied this is a judgment call.

Alder Clear said someone is telling Danisco they need \$300,000.

Mr. Cooley said this is different than real estate deals with developers. If the City does not do this we lose all future projects.

Alder Compton said the majority of what the City does is for residential not industrial. This is a situation to be what we want to be. This is not a risk because this is a company that will succeed. TID # 24 was a success.

Mr. Clarke reminded the EDC of their meeting with Kathy Heady from the Wis. Dept. of Commerce. She works throughout the State and said Madison is not competitive and needs to be. This is how economic development is done.

Ms. Torkildson said her business is often called for price breaks and she has to consider giving discounts to get her "foot in the door" at a company. Constant competition is a reality.

Alder Clear said the decision making process for the City is different than for a business.

Mr. Cooley said we are playing poker with taxpayer money.

Mr. Clarke asked what is the risk?

Alder Clear said the taxpayers will have new debt service. He asked Mr. Mendoza for the Mayor's opinion?

Mr. Mendoza thanked the EDC for taking this issue on. He said the Mayor is grappling with the same issues as this group and is conflicted. He wants this body and others to engage in discussing the pros and cons of this application.

Ms. Selkove is concerned about the other companies in the queue and if this will take away from another project?

Alder Compton mentioned that Peletteri Waste is applying for TIF funding. Mr. Cooley said there is not a queue.

A motion was made by Clarke, seconded by Sanchez, to Return to Lead with the Following Recommendation(s) to the BOARD OF ESTIMATES: To make exception to the City of Madison TIF policy gap financing "But For" Standard; and to direct City staff to provide the Common Council with data and analysis of the economic impact of the loan.

Excused: 4 -
Peng Her; Richard A. Slone; Joseph W. Boucher and Douglas S. Nelson

Ayes: 4 -
Julia Stone; Sandra J. Torkildson; Gabriel A. Sanchez and Edward G. Clarke

Noes: 2 -
Mark Clear and Victoria S. Selkove

2 [15449](#)

Creating Section 4.22(4)(m) of the Madison General Ordinances to assist participants in the CDA's Housing Choice Voucher (Section 8) program whose percentage of rent burden has increased substantially as a result of HUD's decrease in 2009 funding to the CDA.

Mr. Bill Clingan, Director of Community Development Division, explained the over \$4 million in the Affordable Housing Trust is designated for the creation of affordable housing. If the funds are used for other purposes an ordinance must be changed to allow this to happen. He referred to the HUD email about the City applying for money to cover the increase in voucher costs.

Alder Schumacher asked that this resolution continue through the review process. It can be placed on file at the Common Council meeting if the funding comes through from HUD. He said the Housing Committee approved it and recommended replacement of the funds into the Affordable Housing Trust.

Mr. Clarke asked why this is an economic development issue?
Alder Clear said this is economic development as it relates to other ways the Housing Trust Fund could be used in the future, for instance at Allied Drive, or other areas within the City where housing stock becomes depressed.

Mr. Clingan said the CDBG Office is not taking a position on this.

A motion was made by Selkove, seconded by Clarke, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed by voice vote/other.

Break at 6:33 p.m.; roll call at 6:45 p.m.

Present: 6 -
Mark Clear; Victoria S. Selkove; Julia Stone; Sandra J. Torkildson;
Gabriel A. Sanchez and Edward G. Clarke

Excused: 4 -
Peng Her; Richard A. Slone; Joseph W. Boucher and Douglas S. Nelson

3 [15260](#)

Adopting the Midvale-Westmorland Neighborhood Plan and recommendations contained therein as a supplement to the City's adopted Comprehensive Plan. Ald. Districts 11 & 20.

Attachments: [Midvale Heights Westmorland Neighborhood Plan 070209.pdf](#)
[Midvale Heights Westmorland Implementation 070209 .pdf Attachments.pdf](#)
[Memo to Parks Commission 070809.pdf](#)
[Memo to TPC 071409.pdf](#)
[Memo to LRTPC 070909.pdf](#)
[Memo to Public Works 0701409.pdf](#)
[Memo to UDC 0701509.pdf](#)
[Memo to BOE 071609.pdf](#)
[Memo to PBMVC 071609.pdf](#)
[UDC Report 071509.pdf](#)
[Herzog Letter 072209.pdf](#)
[Memo to PC 072409.pdf](#)
[Summary of Actions to Plan Commission 080309.pdf](#)
[Kehl message in support.pdf](#)
[Lohr message in support.pdf](#)
[Korsts message in support.pdf](#)
[09 SongOfSequoiaCommons gk2 vrs.pdf](#)
[Scott message in support.pdf](#)
[Quagliana message in support.pdf](#)
[Brown message in support.pdf](#)
[Duhr M message in support.pdf](#)
[Duhr L message in support.pdf](#)
[Registration Forms.pdf](#)

Ms. Jule Stroick, City of Madison Planner, said the Midvale Neighborhood Association and the Westmorland Neighborhood Association both applied for funding by the City to complete their plans and worked together to combine their plans into one. This plan is a ten year look into the future. The plan is consistent with the elements in the City Comprehensive plan. Vierbicher Associates, a consulting firm, was hired to work with the neighborhoods on this plan.

Ms. Marge Axelson, registered neither in support or opposition to this item and did not wish to speak.

Denise Lamb, registered speaker, is the president of the Midvale Heights Neighborhood Association. She explained the plan took two years to complete. She explained that the area is mostly single-family homes on small lots built since WWII. She noted the economic development hubs at Glenway and Mineral Point Road, Sequoya Commons, Westgate Mall and a portion of the University Research Park 1(URP1).

Judy Skog, registered speaker, is from the Midvale Heights Neighborhood Association. She further explained the Glenway and Mineral Point hub is community mixed-use and the plan's focus is to make this area attractive for families and children. She said the plan invites URP1 employers to let their employees know of housing opportunities in the neighborhood.

Kevin Maly, registered speaker, said the Sequoya Commons area has been redeveloped. He explained there are three schemes proposed for Westgate Mall redevelopment.

Mr. Clarke asked why the area across Whitney Way from Westgate was not included in the plan?

Mr. Maly explained that property has the same owner as Westgate Mall but is outside of the neighborhood plan boundaries.

Ms. Stroick explained the EDC is the last committee to review the plan before it goes to Council on September 1st and all others have approved it.

Mr. Clarke asked if the Zoning Code Redraft Committee looked at these schematics?

Ms. Stroick replied they had.

Alder Chris Schmidt was on the neighborhood plan steering committee before he was elected as an Alder. He said there is an incredible amount of work in this plan, there was huge public outreach and he supports the plan.

Ms. Torkildson noted the Westgate schematics show a much higher building height than the surrounding residential properties.

Mr. Sanchez noted there are huge traffic backups on Whitney Way. Alder Schmidt said the Wis. DOT will be doing a traffic study that includes this intersection. He noted the West Transfer point could be moved to Westgate Mall.

Alder Thuy Pham-Remmele questioned staff about Hy-Vee Grocery store at Westgate Mall not being mentioned in the plan?

Ms. Stroick replied the owners of Westgate Mall requested their letter and proposal for the mall be included in the plan. It is Appendix F and was completed by the firm Schreiber Anderson Associates.

Alder Pham-Remmele asked if the owners were OK with that?

Ms. Stroick said the May letter from the owners asked that schematic be put in the plan and it is in Appendix F. The July letter is not in the plan.

Alder Schumacher is on the Plan Commission and said the Plan Commission honored the neighborhoods' wish for more density at Westgate Mall.

Alder Pham-Remmele asked Mr. Mikolajewski if he has had contact with the mall owners?

He replied he has not.

Ms. Stroick said the owners were told of the plan review process and the various committees and commission that they could come before and speak. The plan cannot be changed until after the review process.

Alder Pham-Remmele said this is an unusual plan and many of her constituents did not receive notification of the meetings. She hopes the EDC looks at jobs. She also said bike paths are not needed. She has no objection to the plan.

Alder Schumacher said her concerns about the bike paths should have been noted at the Plan Commission, the EDC has no preview over bike paths.

Mr. Clarke said the EDC usually does not see neighborhood plans and thanked staff for bringing these to the EDC.

Ms. Torkildson asked if the building heights in the schematics are the maximum allowed?

Alder Schmidt said that the zoning codes set the minimum heights.

Alder Clear said neighborhood plans are advisory to the Plan Commission and the Common Council.

A motion was made by Selkove, seconded by Clarke, to Return to Lead with the Recommendation for Approval to the PLAN COMMISSION. The vote was unanimous for approval.

4 [15282](#)

Adopting the Northport-Warner Park-Sherman Neighborhood Plan as a supplement to the City of Madison Comprehensive Plan.

- Attachments:**
- [Final Draft Volume I.pdf](#)
 - [Final Draft Volume II.pdf](#)
 - [Memo to CSC 071509.pdf](#)
 - [Memo to PBMVC 072109.pdf](#)
 - [Memo to BPW 072209.pdf](#)
 - [Memo to UDC 072909.pdf](#)
 - [Memo to EDC 080209.pdf](#)
 - [NPortShermanPlanReport080509.pdf](#)
 - [Memo to LRTPC 082009.pdf](#)
 - [Comments to LRTP 082009.pdf](#)
 - [Memo to CDBG 082809.pdf](#)
 - [Memo to Parks 082809.pdf](#)
 - [Memo to TPC 082809.pdf](#)
 - [Comment.pdf](#)
 - [UDC Rpt 080509.pdf](#)
 - [Memo to PC 090909.pdf](#)
 - [MAS Board Comment 090809.pdf](#)

Ms. Linda Horvath, City of Madison Neighborhood Planner, said this plan has a 23 member steering committee and represents 15 neighborhoods. They had 37 meetings. She added the area is also comprised of post WWII housing.

Karen Thompson, registered speaker, is the manager at Anchor Bank on N. Sherman Ave and a Northside Business Association Member. She mentioned the Market Study that said more than half of the area's expendable income goes out of the neighborhood and they would like to see more of it spent in the neighborhood.

Jolena Presti, registered speaker, talked about the branding of the area and the need for employment in the area. The plan calls for expanding industrial parks near the airport and expanding business areas near Kraft Foods. She also mentioned the urban agriculture/food/community kitchen idea. The plan also calls for partnerships with MATC to create jobs; coordination with other ED groups; improved appearance of the area; and job readiness training.

Alder Schumacher spoke about the cooperation between the northside groups and economic development as the major theme of the plan. He mentioned his objection to a recent press article that called the location of the high-speed train station at the airport on the "outer fringe" of the City.

Mr. Clarke said MATC would be a willing partner for the plan and asked about possible spin-off companies from Oscar Mayer being located in the area.

Ms. Selkove noted not many neighborhoods spend all their expendable income in their neighborhood. Maybe all neighborhood plans could have this in their plans.

Mr. Sanchez worked at Oscar Mayer and recalls childcare for employees being an issue.

Ms. Torkildson noted the Northgate Shopping Center recently opened a childcare business.

No further discussion.

A motion was made by Stone, seconded by Clarke, to Return to Lead with the Recommendation for Approval to the PLAN COMMISSION. The vote was unanimous for approval.

5 [14184](#) 2010 Economic Development Work Plan

Attachments: [2010 ED Work Plan EDC Draft 9-2-09.pdf](#)
[Tally Sheet.pdf](#)
[CC ED Workplan presentation - 6-22-09.pdf](#)
[2010 ED Work Plan Council Forum 6-22-09.pdf](#)
[2010 ED Work Plan Priorities 6-2-09.pdf](#)

Mr. Mikolajewski said the work plan is not complete yet.

6 [14183](#) Update on City of Madison Economic Stimulus Funds

The City will hear from the Federal Government regarding the business energy efficiency grant fund in September.

7 [15581](#)

Update on Recent Change to the Composition of the Economic Development Committee

Mr. Mikolajewski said the EDC will be getting two Alders as new members and there is still one citizen member vacancy. Alder Clear noted the amendment was approved on July 21 and EDC quorums will be seven.

He noted this ordinance needs to be published before it is in effect and will check with the Clerk's Office to find when it is published.

INTRODUCTION OF NEW ITEMS FROM THE FLOOR - None

ADJOURNMENT - The meeting adjourned at 8:00 p.m.