

MEMORANDUM

TO: MAYOR CORY MASON
JAMES PALENICK, CITY ADMINISTRATOR
AMY CONNOLLY, DIRECTOR OF CITY DEVELOPMENT

FROM: LAURA MILLION, BUSINESS DEVELOPMENT MANAGER, RCEDC
JENNY TRICK, EXECUTIVE DIRECTOR, RCEDC

RE: RACINE ECONOMIC DEVELOPMENT CONTRACT UPDATE

DATE: MAY 31, 2019

On a quarterly basis, RCEDC staff provide an update to its Leadership Council and Board of Directors. To increase our communications with the communities we support, as well as maintain mutual accountability on the advancement of special projects, we believe a similar reporting frequency for Racine leadership will be beneficial. We also believe updating the “Project Activities” section on a monthly basis will allow for greater progress on these tasks.

This report provides an overview of RCEDC activities in contract areas including, 1) Special Projects, 2) Business Recruitment and Expansion, 3) Marketing, and 4) Talent Recruitment/Development.

PROJECT ACTIVITIES (May 2019 Update):

Quarterly Economic Development Plan Snapshot: Attachment #1 provides an updated snapshot of RCEDC’s activities against 2019 goals for Q1 2019 as provided to the RCEDC Leadership Council and Board of Directors.

Special Projects: Racine leadership has asked for special assistance from RCEDC to accomplish the following:

- Coordinate Racine Advisory Council.
 - RCEDC Action: In partnership with Vandewalle and Racine, convened the Advisory Council in January 2019 to review the final edits of the Smart City Lakefront Vision document. The vision document will be presented to the Common Council at a future meeting.
 - City Action: Schedule the Council meeting for the Vision presentation; inform the Advisory Council members of the date and coordinate with RCEDC on the scheduling of the next Advisory Council meeting.
- Work with City and its consultants in support of Downtown real estate development, including Smart City Downtown Vision Implementation and other related projects.

- City Action: Once the Vision document is presented, begin to identify priority areas where the Advisory Council can impact as well as other private businesses.
- Lakefront and Downtown plan implementation.
 - City Action: City engaged planners on the Water Street redevelopment site; planning underway; demolition underway; development recruitment to start Q2 2019.
- Rootworks area plan implementation.
- Work in partnership with the City and Foxconn on the Innovation Center and other related activities.
 - City Action: Planning underway with Foxconn; RCEDC to be engaged with implementation activities per the City's direction.
- Administer the City's \$275,000 funding allocation.
 - RCEDC Action: To date, the following consultants have been engaged: Vandewalle & Associates, Franke Development Advisors (changed to direct funding from City), Mueller Communications, LP WS Architects and Jericho Resources. City Finance Department and RCEDC Controller maintain financial records on the \$275,000 allocation. All invoices are approved by the Mayor before payment is provided.
- Underwrite the City's Brownfield revolving loan fund in compliance with the EPA grant award.
 - RCEDC Action: Staff worked with Royal Capital to complete application. RCEDC Loan Committee approval on 5/20/19. Consideration by City of Racine Finance and Personnel on 5/28/19.
- Manage and assist with reporting for existing Fund For Lake Michigan Grants awarded for West Bluff Stabilization and Machinery Row Stormwater Planning.
 - City Action: Provide confirmation of qualifying costs to be paid by FFLM for Machinery Row Stormwater Planning.
 - City Action: Work with RCEDC staff to complete reporting required for West Bluff Stabilization and Machinery Row Stormwater Planning.
- Track Racine developer agreements
 - RCEDC Action: Contact each company that is receiving multi-year incentives to report out progress.
 - Status: Received reports for companies paying property tax in full (Summit Packaging, Butter Buds). Follow-up with remaining companies in August after full payment of property taxes due.

Business Recruitment and Expansion:

- Business Recruitment and Expansion:
 - RCEDC Action: Maintained contact with 4 business recruitment prospects and 10 Racine County BRE prospects interested in the City of Racine.
 - RCEDC Action: Updating marketing materials. Launching outreach campaign to 50 site selectors in June.
- Business Call Visits: Completed 14 business calls.
- Multi-family development: Met with five multi-family developers during the month of January; site visits coordinated through Jerry Franke of eastern Racine County communities; continued engagement with developers on opportunities.

Marketing:

- Distributed first and second quarter 2019 RCEDC, Development News and BLP newsletters to developers, lenders, and RCEDC mailing list;
- Maintained social media for RCEDC, BLP and Greater Racine County websites promoting Racine County as a great place to do business.
- Participated in ICSC-CARW event on April 2.
- Presented Development and Market Update to Colliers Brokerage in Milwaukee.
- Prepared for RCEDC Annual Meeting on May 16, enjoyed record attendance of 444 registered guests.
- Presentation to M7 Strategic Planning Session on Disruption on May 16.
- Coordinated joint Opportunity Zone session with KABA on May 22. Speakers included WEDC, WHEDA, and Husch Blackwell. 60 attendees.

Talent Recruitment

- Greater Racine County (GRC):
 - RCEDC Action: Planning Greater Racine County Talent Summit for June 6 at the Delta Hotel. greaterracinecounty.com/summit
 - RCEDC Action: Undertaking outreach to Racine County businesses and community partners to make aware of the website: GreaterRacineCounty.com
 - RCEDC Action: Hosted 2nd Ambassador meeting to develop structure to support businesses and individuals making inquiries to GRC.
 - RCEDC Action: Participate in Racine County Workforce Strategic Planning analysis.

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RACINE COUNTY ECONOMIC DEVELOPMENT CORPORATION: ECONOMIC DEVELOPMENT PLAN - QUARTERLY SNAPSHOT

RCEDC CHALLENGE #2: To implement a proactive business development program that includes business retention and expansion and business recruitment activities that utilize local, State and Federal resources including financial, technical assistance and workforce resources that when successfully implemented result in the creation and retention of jobs and increased tax base in Racine County.

STRATEGY A: RCEDC will develop and implement community and economic development programs, with priority on 1st and 2nd stage companies, that result in the retention and creation of jobs and increase the tax base in Racine County.

Attachment #1		2019 Goal	As of 3/31/19	As of 6/30/19	As of 9/30/19	AS of 12/31/19
1	Number of businesses and development recruited to Racine County (Delineate by Stage 1, 2, etc.)	10	2 Stage 1: 1; Stage 2: 0; Stage 3: 1			
2	Number of businesses retained/expanded (Delineate by Stage 1, 2, etc.)	18	2 Stage 1: 1; Stage 2: 1; Stage 3: 0			
3	Number of businesses assisted with micro-funding programs (MGP, Façade, Rent Assistance)	25	5			
4	Number of jobs created and retained	550	43			
5	Amount of private investment, including subcategory of construction investment and public/private leverage	T: \$71,000,000 C: \$40,000,000	T: \$45,750,150 C: \$30,581,527			
6	Average wage level of jobs created and/or jobs retained	\$20/hr.	\$11/hr.			
0	Amount of incentives awarded	\$2,000,000	\$0			
8	Number of loans approved	26	3			
9	Dollar amount of RCEDC loans approved	\$11,500,000	\$5,400,000			
10	Dollar amount of RCEDC loans closed	\$11,400,000	\$741,000			
11	Number of outreach calls and visits completed	300	100			

II STRATEGY B: RCEDC will build and strengthen relationships with internal and external stakeholders.

		2019 Goal	As of 3/31/19	As of 6/30/19	As of 9/30/19	As of 12/31/19
1	Number of programs undertaken with Partner Organizations	4	1			
2	Dollar amount received from RCEDC Investors	\$170,000	\$95,215			
3	Percentage rate of potential RCEDC investors identified, contacted and converted to investors	25%	Calculated at year-end			

III STRATEGY C: RCEDC will measure the well-being of Racine County by compiling relevant data including demographic, development, workforce, other business related factors and work with Partners to mitigate challenges.

		2019 Baseline	As of 3/31/19	As of 6/30/19	As of 9/30/19	AS of 12/31/19
1 Real Estate Data						
a.	Vacancy and absorption rates	Kenosha: 5.6% Ind.; 4.2% Ret.	County: 5.5% Ind 3.6% Retail			
b.	Residential market (number of homes sales and median sale prices)	Regional: 2,972 Sales (Decrease); \$181,896 median (Increase)	County: 321 Sales (Increase); \$159,500 (Increase)			
2 Business Related Factors						
a.	Identify manufacturing activity indicators	National: 55.3 (Growing)	SE WI: 50.05 (Neutral)			
b.	Identify inventory level indicators	National: 51.8 (Growing)	SE WI: 42.6 (Declining)			
c.	Identify retail sales indicators	National Q1 2018: Ret. Sales 5.9% Increase; E-Com. 9.5% of Total	National Q4 2018: Ret. Sales 3.1% Increase; E-Com. 9.9% of Total			

RACINE COUNTY ECONOMIC DEVELOPMENT CORPORATION: ECONOMIC DEVELOPMENT PLAN - QUARTERLY SNAPSHOT

IV STRATEGY D: RCEDC leadership will manage the efficacy of its activities to ensure that RCEDC is conducting the business of the organization that results in measureable outcomes.

	2019 Goal	As of 3/31/19	As of 6/30/19	As of 9/30/19	As of 12/31/19
1 Strategy D measurements are reviewed annually		In Process			

**RACINE COUNTY WORKFORCE SOLUTIONS - BUSINESS SOLUTIONS TEAM
ECONOMIC DEVELOPMENT PLAN - QUARTERLY SNAPSHOT**

RCWS Challenge #5: To link education and training in a manner that provides a competitive workforce to meet the present and future needs of local employers and to create opportunities for low-income, disadvantaged and minority individuals to prepare for and obtain employment.

I STRATEGY C: Develop diversified approaches to meet the workforce needs of employers within Racine County.

	2019 Goal	As of 3/31/19	As of 6/30/19	As of 9/30/19	AS of 12/31/19
1 Business Resources*	15	17			
2 On-site Recruitments	75	27			
3 Job Fairs	4	1			
4 Youth Internships**	35	4			
5 Employee Training***	12	1			
6 Collaborate to meet business needs****	15	5			
7 Engage business customers from previous years	90%	27%			
8 Increase business engagement from previous year	15%	12%			
9 Assist eligible candidates in successfully obtaining a GED	105	27			

* Outplacement; WIOA participant placement, LMI Wage Comparison; Resume Screening; One-on-one Consulting

** Participate in the development of Work Experience/Youth Apprenticeship worksites (primarily WIOA Youth Program)

***On-the-job training, Incumbent Worker Training

****Assist business with another job center; place candidate referred by another team; Workforce Advancement Training; Wage\$ apprenticeship; host regional business-solutions team meeting at business; Summits; Focus Groups; HR Roundtable

ECONOMIC DEVELOPMENT PLAN - QUARTERLY SNAPSHOT ECONOMIC DATA SUMMARY, March 2019

Real Estate Data:

- Racine County industrial vacancy rates increased to 5.5% in Q4 2018, with the completion of Land & Lakes speculative industrial building totaling 307,850 SF and the vacancy created from the closing of Promotions Unlimited in 2017 and Real Aluminum in 2018. Industrial vacancy rates in Racine County match industrial vacancy rates in Kenosha County (5.6%).
- Retail vacancy rates in Racine County fell to 3.6% in Q4 2018. Despite the significant decrease, vacancy rates in eastern Racine County remain high in neighborhood centers (11.2%) and conventional strip centers (12.8%). It should also be noted that retail vacancy rates in Eastern Racine County and Eastern Kenosha County are comparable at 4.3% and 4.4% respectively.
- The Racine County housing market continues to be active. The number of homes sold in the first two months of the year increased by 5.5% and median home prices increased by 6.5% to \$159,500. In contrast, housing sales in Southeast Wisconsin slowed by -1.3% during January and February but were accompanied by an increase of 7% in median home prices over the same time period the previous year.

Business Related Factors:

- The manufacturing sector continues to expand nationally and in SE Wisconsin according to the Manufacturing ISM report with the PMI index being above 50. While positive, activity appeared to slow somewhat in SE Wisconsin over the previous months dropping from an index of 58.78 in January 2019.
- The ISM index indicates manufacturing inventories declining in Southeast Wisconsin while nationally manufacturing inventories are growing. The national ISM report noted three industries experiencing reduced inventories: Printing & Related Support Activities; Fabricated Metal Products; and Furniture & Related Products. Printing and Fabricated Metal Products are strongly represented in Southeast Wisconsin.
- Retail sales nationally increased 3.1% over the previous year, up 0.4% from the previous quarter. E-commerce retail activity continues to grow as a percentage of total retail sales, measuring 9.9%.

RACINE COUNTY ECONOMIC DEVELOPMENT CORPORATION: ECONOMIC DEVELOPMENT PLAN - QUARTERLY SNAPSHOT GLOSSARY

Real Estate Data

Industrial and Retail Vacancy Rates: Reported from Costar Industrial Market Report and Costar Retail Overview. Data reported provide inventory, availability and vacancy within Racine industrial and retail properties with comparison data for Kenosha County.

The vacancy rate for industrial real estate is a good indicator of sector health in the local and regional economy. A low or declining vacancy rate is positive for the economy because it conveys that business activity is picking up. A high vacancy rate suggests the market may be overbuilt and demand for the space in the market low. Alternatively too low of a vacancy rate can be a barrier to companies seeking to expand or enter a market. Without available space, a company may be forced to look at alternative locations outside of the area.

Residential Market: Home sales and median home price provide an overview of the health of the housing market. Data sourced from the Wisconsin Realtors Association compilation of sales volume and median home sales from the most recently available quarter. The data is not seasonally adjusted. Comparison data is provided for the 7 County's located in Southeast Wisconsin.

Business Related Factors Data

Manufacturing Indicator Index: Sourced from the Marquette ISM Report SE WI and the Institute for Supply Chain Management national Manufacturing ISM Report on Business. The PMI (Primary Market Index) is a composite index of economic activity in the manufacturing industry, including New Orders, Production, Employment, Supplier Deliveries and Inventories. A score of 50 or above indicates that the manufacturing economy is generally expanding; below 50 indicates that it is generally declining. The quarterly snapshot includes the most recently available monthly index for Southeast Wisconsin and comparison data for the Nation.

Manufacturing Inventories Index: Sourced from the Marquette ISM Report SE WI and the Institute for Supply Chain Management national Manufacturing ISM Report on Business. One of five indicators used to measure economic activity in the manufacturing industry. A score of 44.3 or above indicates that inventory levels are increasing in manufacturing according to the Bureau of Economic Analysis; below 44.3 indicates that it is generally declining. The quarterly snapshot includes the most recently available monthly index for Southeast Wisconsin and comparison data for the Nation.

Change in Retail Sales and E-Commerce as a % of Retail Sales: Sourced from the Quarterly Retail E-Commerce Sales published by the US Census Bureau. The national level data is used as a proxy for consumer confidence. Growing retail sales generally indicate growing consumer confidence. Conversely, declining retail sales indicate declining consumer confidence. E-commerce as a percentage of retail sales is included to show the shift in consumer spending patterns which impacts bricks and mortar retail. The quarterly snapshot includes the most recently available quarterly National data. No comparison data is provided.