



**City of Racine, Wisconsin**  
**AGENDA BRIEFING MEMORADUM**

**AGENDA DATE:** April 11, 2022

**PREPARED BY:**  
Matthew Rejc, Assistant Director, Dept. of City Development

**EXECUTIVE SUMMARY:**  
Communication sponsored by Mayor Mason seeking approval to enter into a tax increment financing agreement with Summit Packaging, LLC, regarding a manufacturing plant expansion at 3441 S. Memorial Drive.

**BACKGROUND:**  
The City of Racine Common Council authorized the creation of Tax Increment District #29 on March 15, 2022 at 3441 S. Memorial Drive for the purposes of facilitating an expansion of Summit Packaging Systems, a leading global supplier of aerosol actuators and valves. With TID #29 now formally in place following the decision of the Standing Joint Review Board on March 17, 2022, the City of Racine is now able to negotiate and execute a TID incentive agreement within the terms of the TID #29 project plan.

**ANALYSIS:**  
TID #29 was created to pay an incentive to the Company for construction of a 77,000 sq. ft. expansion to the existing plant. The Company's expansion is expected to entail:

- A \$13.3 million investment to construct the addition and a \$15 million investment in equipment.
- Retention of existing jobs.
- Creation of 145 new jobs over the next four years with an average annual salary of approximately \$42,500.

The proposed agreement would bind the company to these terms as a condition of receiving the development incentive. In addition to the foregoing, the City expects the project to result in increased income and other benefits to the local economy resulting from the purchase of goods and services related to construction and operation of the project.

The City expects to pay Summit Packaging approximately \$346,700 in estimated "pay as you go" development incentive payments. The proposed incentive to be paid to company would be equal to 75% of the incremental taxes generated by the project for a period of ten years. The payments would be made on a "pay as you go" basis from the taxes as they are collected over time. The City will not issue debt to pay the incentive.

**BUDGETARY IMPACT:**  
The City expects to pay Summit Packaging approximately \$346,700 in estimated "pay as you go" development incentive payments over ten years from 2024 to 2034. Other staff and administrative costs incurred to manage TID #29 may be reimbursed by the increment generated by TID #29 as it becomes available.

**RECOMMENDED ACTION:**

That the Finance and Personnel Committee recommend authorizing the Mayor and City Clerk to enter into a tax increment financing agreement with Summit Packaging, LLC, regarding a manufacturing plant expansion at 3441 S. Memorial Drive.