



City of Racine

City Hall
730 Washington Ave.
Racine, WI 53403
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Legislative Report

File Number: Res. 1341-19

Agenda Date: 12/17/2019

File Type: Resolution

500 Main Street

Resolved, that the Developer Incentive Agreement between the City of Racine and The Main Attraction, LLC, for the Redevelopment of an 80-unit Boutique Hotel, restaurant, roof-top bar, café, banquet facility and meeting rooms, in and on the former “Zahn’s Department Store” property at 500 Main street along Monument Square is approved and that the Mayor and City Clerk are authorized and directed to execute the Agreement on behalf of the City of Racine. Further, that the use of TID Reserve Funds and IG Funds are in keeping with adopted City policies and ordinances and in furtherance of the City’s plans for economic development.

Fiscal Note: The City will provide total cash incentives from Tax Increment District (TID) #9 Reserves totaling: \$2,895,000.00. The City will further provide a rebate of 25% of all Room Taxes produced by the Project (allowed for under Real Racine contract) for the 10-year period of 2021-2030, not-to-exceed \$614,000.00 total. The City will obtain a Loan from the Wisconsin Board of Commissioners of Public Lands (BCPL) for between \$3,500,000.00 and \$4,000,000.00 on behalf of the Developer and City will receive approximately 125 basis points higher in interest on the debt from the developer (approx. 5.00%) than City will repay to BCPL (approx. 3.75%) so that City should gain approximately \$26,000.00 - \$32,500.00 per year in revenue for the General Fund.

The total Principal debt will be determined based upon the following: If the Developer acquires up to \$9,300,000.00 in Principal construction financing the City Loan will be \$4,000,000.00. Then, for each \$100,000.00 more in principal construction financing (to a maximum \$10,000,000.00) added by the Developer, the City loan principal debt will decrease by \$71,450.00. There will be no TID for this project - meaning that the project, following completion, ramp-up, and stabilization, should produce approximately \$185,000.00 per year in new property taxes to the City. The City will also generate ongoing parking revenues from Development that will likely exceed \$50,000.00/year. Cost to the City of Paying the Water Utility for the 43 “waived” REC Fees is \$21,500.00 (43 x \$500) which is budgeted for in the 2020 I.G. Fund Budget.