



Redevelopment Authority/Common Council AGENDA BRIEFING MEMORADUM

AGENDA DATE:

October 16, 2018 – Common Council referral to Committee
October 22, 2018 – Finance and Personnel
November 7, 2018 – Common Council

SUBJECT:

Wild Root Market Grant Agreement Amendments
Common Council Legistar No. 1075-18

PREPARED BY:

Amy Connolly, Director of City Development

REVIEWED BY:

Jim Palenick, City Administrator

SUMMARY:

City staff requests approval to negotiate and execute amendments to an approved grant agreement to allow for the release of \$175,000 in approved grant funds to effectuate the closing on real property at 500 Walton Avenue.

The original grant of \$390,000 as funded from the City's Intergovernmental Funds, included a \$290,000 cash grant at the closing of private financing along with a challenge grant of \$100,000. The proposed amendment keeps the total grant amount at \$390,000, but instead provides that \$175,000 be to Wild Root Market for purchase of the property at 500 Walton Avenue, which would be granted simultaneous to the closing on their property, with the remaining \$215,000 granted at the time of private finance closing.

BACKGROUND:

In June of 2018, the Common Council approved the granting of \$390,000 to Wild Root Market as demonstrated in a grant agreement signed by both parties (City and Wild Root Market). In the original grant, there were two phases of grant funding:

Phase I: \$290,000 due simultaneous to private finance closing with conditions including:

- a. Must provide invoices to City showing minimum \$1,950,000 investment
- b. Must be open no later than December 31, 2019
- c. Must hire 10 Full Time Equivalent employee with hiring preference goals
- d. Must close on private financing for minimum \$1,950,000
- e. Must adopt a policy of wages similar to comparable full-service grocers
- f. Must work with apprenticeship or pre-apprenticeship programs
- g. Must adopt hiring goals policy and agree to hire at least 20% of employee from City of Racine residents

Phase II: \$100,000 due once an equal \$100,000 is raised and received from other community donors, municipalities, corporate donors, or contributors. (This has been reached, in fact Wild Root has raised \$1.1MM)

The original grant agreement required that Phase I conditions/requirements must be met before Phase II monies would be released.

PROPOSED AMENDMENT

Wild Root Market (WRM) proposes to amend this agreement by receiving \$175,000 up front at the time of closing on the property at 500 Walton Avenue and amending the conditions applied to each phase.

The proposed amendments are:

Phase I: \$175,000 granted simultaneous to closing on the property at 500 Walton Avenue with the following conditions:

- a. A mortgage is granted to either the City of Racine or its Redevelopment Authority to secure the grant until the release conditions have been met.
- b. Release conditions of the mortgage are that WRM must close on private financing and open for business by December 31, 2019.
- c. An independent appraisal is provided by Wild Root Market showing that the property is worth more than \$175,000.

Phase II: \$215,000 granted simultaneous to closing on the private financing, with the following conditions:

(same as previous Phase I conditions)

- a. Must provide invoices to City showing minimum \$1,950,000 investment
- b. Must be open no later than December 31, 2019
- c. Must hire 10 Full Time Equivalent employee with hiring preference goals
- d. Must close on private financing for minimum \$1,950,000
- e. Must adopt a policy of wages similar to comparable full-service grocers
- f. Must work with apprenticeship or pre-apprenticeship programs
- g. Must adopt hiring goals policy and agree to hire at least 20% of employee from City of Racine residents

Staff notes that no expectation is created, or provision allowing, for the City/RDA to become a landlord to WRM or to sell the property back to WRM at a discounted price.

Recommended Action

We recommend that the Finance and Personnel Committee review the proposal and recommend that Common Council approve the amendments to the Wild Root Market Cooperative grant agreement allowing for the release of \$175,000 in approved Grant Funds to effectuate the closing on real property at 500 Walton Avenue.

FISCAL NOTE:

Funds for the grant will come from the City's Intergovernmental Revenue Funds. Such funds have been set aside to support the grant.

