



1 City of Racine, Wisconsin
2 COMMON COUNCIL

3 **AGENDA BRIEFING MEMORADUM (ABM)**

4 **COMMITTEE:** Finance & Personnel **LEGISLATION ITEM #:** 0906-19

5 **AGENDA DATE:** August 12, 2019 Finance & Personnel
6 August 20, 2019 Common Council

8 **DEPARTMENT:**

9 **Prepared By:** James M. (Jim) Palenick

10 **Reviewed By:** Cory Mason, Mayor

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12 **SUBJECT:**

13 **A request to approve Addendum 1 to the Tax Increment Financing Agreement, Tax Increment District**
14 **14, between the City of Racine and Racine Harborside, LLC for the @North Beach Project**
15 **memorializing the City’s commitment to cover the extraordinary costs of extending regional**
16 **infrastructure additions to the sanitary sewer system at a cost not to exceed \$595,000 to be funded**
17 **from T.ID. #14 Reserves.**

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19 **EXECUTIVE SUMMARY:**

20 **Within the Tax Increment Financing Agreement between the City of Racine and Racine Harborside, LLC**
21 **for the @North Beach Development, there is language which specifies that the City will pay the cost of**
22 **so-called “extraordinary costs” associated with developing and extending sanitary sewer to serve a**
23 **“future development to the South”, if the existing infrastructure incentive is insufficient to pay for**
24 **such costs. This was negotiated so that the City could, if it desires, have appropriate sanitary sewer**
25 **constructed to serve the future redevelopment of the Pugh properties at the same time that**
26 **underground infrastructure was being constructed for the @North Beach development. This effort**
27 **would not only save substantial costs compared to pursuing the installation stand-alone in the future,**
28 **but would also assure we wouldn’t be tearing up all of the newly-constructed pavement and other**
29 **improvements within the Rights-of-way of the @North Beach Development and in the to-be-**
30 **constructed Reichert Court. We have determined that T.I.D #14 has sufficient additional reserves,**

31 beyond the incentives committed under the Incentive and Tax Increment Financing agreement to
32 cover the projected \$595,000 cost of this sanitary sewer installation and extension.

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34 **BACKGROUND & ANALYSIS:**

35 The City will amend the existing Tax Increment Financing Agreement with Racine Harborside, LLC to
36 acknowledge and memorialize that, as part of the on-site infrastructure being designed and built by
37 the developer, the sanitary sewer system which is being built to serve the @North Beach project, will
38 be extended approximately five feet south of the Southern right-of-way of Reichert Court along the
39 private drive to the South, including an extension and stub-out to the boat storage yard area north of
40 Reichert Court. This work will be completed by the Developer to City design standards for a not-to-
41 exceed cost of \$595,000, to be paid by the City using T.I.D. #14 reserve funds. In turn, the City will
42 reserve the right to possibly recoup some or all of the cost of extending the sanitary sewer system
43 allowing for service to the south from, or as part of, future redevelopment of such properties to the
44 south.

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46 **BUDGETARY IMPACT:**

47 The City will pay the added costs associated with the construction of the sanitary sewer system
48 infrastructure extended southward at the actual costs of construction, but not to exceed \$595,000. To
49 cover these costs, there currently exists in excess of \$600,000 in T.I.D. #14 reserves beyond committed
50 parking incentives, so all of these costs will be paid by T.I.D. #14 captured revenues consistent with
51 the T.I.D. plan and the existing Tax Increment Financing Agreement.

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53 **OPTIONS/ALTERNATIVES:**

- 54 1.) To recommend and approve of Addendum 1 to the Tax Increment Financing Agreement, Tax
55 Increment District 14, between the City of Racine and Racine Harborside, LLC for the @North
56 Beach Project memorializing the City's commitment to cover the extraordinary costs of
57 extending regional infrastructure additions to the sanitary sewer system at a cost not to exceed
58 \$595,000 to be funded from T.ID. #14 Reserves.
- 59 2.) To recommend deferral or denial of Addendum 1 to the Tax Increment Financing Agreement,
60 Tax Increment District 14, between the City of Racine and Racine Harborside, LLC for the
61 @North Beach Project memorializing the City's commitment to cover the extraordinary costs of
62 extending regional infrastructure additions to the sanitary sewer system at a cost not to exceed
63 \$595,000 to be funded from T.ID. #14 Reserves.

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65 **RECOMMENDED ACTION:**

66 To recommend and approve of Addendum 1 to the Tax Increment Financing Agreement, Tax
67 Increment District 14, between the City of Racine and Racine Harborside, LLC for the @North Beach

68 **Project memorializing the City's commitment to cover the extraordinary costs of extending regional**
69 **infrastructure additions to the sanitary sewer system at a cost not to exceed \$595,000 to be funded**
70 **from T.ID. #14 Reserves.**

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73 **ATTACHMENT(S):**

74 **Addendum 1 to the Tax Increment Financing Agreement, Tax Increment District 14, between the City**
75 **and Racine Harborside, LLC.**