



City of Racine, Wisconsin
Agenda BRIEFING MEMORADUM

AGENDA DATE: 11/30/20

SUBJECT: Item #0716-20

Request by John Apple for consideration of the nomination of the property at 3015-3021 Washington Avenue as a Racine (Local) Landmark as prescribed by Sec. 58-61 & 62 of the Racine Municipal Code: Historic Preservation. (PHDC-20)

DEPARTMENT: Administration

Prepared by: Kathleen Fisher, interim City Administrator

Reviewed by: Shannon Powell, Chief of Staff

Approved by: Mayor Cory Mason

BACKGROUND & ANALYSIS:

The Park Theatre located at 3015-3021 Washington Avenue is currently owned by Mr. John Apple of Racine, WI. Mr. Apple is requesting consideration from the City for the nomination of the property as a Racine (Local) Landmark under Sec. 58-61 & 62 of the Racine Municipal Code: Historic Preservation. In analyzing this project for consideration, there are several topics that need to be considered:

1. Current Status of the property
2. Ownership and Liability
3. Ability to fund

Current Status of the Property:

1. The property has suffered egregious neglect over the last ten years under the ownership of Mr. Apple. The property is currently in an extensive state of disrepair, and has had a Circuit Court ordered condemnation order on it for over 2 years.
2. A Wisconsin Historical Society Determination was made in June of 2016, stating that the property does not meet the National Register of Historic Places criteria because the loss of historic integrity in the areas of design, materials, and workmanship and was deemed not a distinctive example of Mediterranean Revival Style.
3. The City building inspector does not see a realistic possibility of the building ever being restored.

Ownership and Liability:

1. The Property is currently owned by Mr. John Apple and has delinquent taxes on it in excess of \$180,000.
2. The Property has significant known hazards included in the raze order that left unresolved could result in significant liability to the City
3. A foreclosure action would be required on behalf of the County Treasurer. Such an action would require County Treasurer approval and County Treasurer agreement to forgive ALL of the \$180,000 of delinquent taxes. Historically, the County Treasurer has not been willing to forgive ALL of the delinquent taxes and would want some sort of compensation for the taxes.

4. The Plan includes transferring the ownership of the property to the CDA after foreclosure by the County. This will result in a COMPLETE liability shift to the City/CDA. Specifically, if something fell off of the building and hit a car, the City could be liable. If the roof collapsed the CDA could be liable. If the building has ANY sort of environmental contamination, cleanup costs would be the responsibility of the CDA/City.
5. After the property is transferred to the CDA it would then at some point be transferred to a Non Profit created for the ownership, rehabilitation, and operation of the theatre. Non-profit status would mean the property would be non-tax, and take property that could generate revenue, off the tax role.

Ability to Fund:

1. Based on an analysis from the West Racine Preservation Group building renovations would exceed \$9.2 million
2. For a redevelopment project of this size with this level of cost and complexity, the City would work with the company to determine the capital stack available to fund the project. The West Racine Preservation Group currently has no capital stack, no donations, and no awarded funding sources.

BUDGETARY IMPACT:

1. While currently unknown, this project moving forward would most certainly have a budgetary impact to the City of Racine, of which is not currently budgeted for.
2. This building would be owned, renovated and operated by a Non- profit which would result in NO new tax base for the City of Racine as the property would be tax exempt.
3. Ownership of the property by the CDA would last AT least 6 months in this scenario if not longer as it would have to go through all legislative channels. The liabilities associated with holding this property for ANY period of time could be significant. The property would have to go on the Citys insurance and any claim associated with it would increase our insurance rates into the future.
4. The project currently has no capital funding at all and would not meet our fiscal analysis requirements for a development project at this time.

RECOMMENDED ACTION:

Due to the current condition and level of deterioration, the egregious disregard for building maintenance, the potential significant fiscal liability to the City of Racine, and the uncertainty of this building ever being restored, I would recommend that the nomination of 3015-3021 Washington Avenue as a Racine Landmark be denied.

