



1 City of Racine, Wisconsin
2 COMMON COUNCIL

3 AGENDA BRIEFING MEMORADUM (ABM)

4 COMMITTEE: Finance & Personnel LEGISLATION ITEM #:

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

11 SUBJECT:

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

17 EXECUTIVE SUMMARY:

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19 Within the Development Agreement between the City of Racine and Racine Harborside, LLC for the
20 @North Beach Development, there is language which specifies that the City will pay the cost of so-
21 called "extraordinary costs" associated with developing and extending sanitary sewer to serve a
22 "future development to the South", if the existing infrastructure incentive is insufficient to pay for
23 such costs. This was negotiated so that the City could, if it desires, have appropriate sanitary sewer
24 constructed to serve the future redevelopment of the Pugh properties at the same time that
25 underground infrastructure was being constructed for the @North Beach development. This effort
26 would not only save substantial costs compared to pursuing the installation stand-alone in the future,
27 but would also assure we wouldn't be tearing up all of the newly-constructed pavement and other
28 improvements within the Rights-of-way of the @North Beach Development and in the to-be-
29 constructed Reichert Court. We have determined that T.I.D #14 has sufficient additional reserves,
30 beyond the incentives committed under the Incentive and Tax Increment Financing agreement to
31 cover the projected \$595,000 cost of this sanitary sewer installation and extension.

32

33 **BACKGROUND & ANALYSIS:**

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

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44 **BUDGETARY IMPACT:**

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

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51 **OPTIONS/ALTERNATIVES:**

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

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63 **RECOMMENDED ACTION:**

64 **To recommend and approve of the Amendment to the Development Agreement between the City of**
65 **Racine and Racine Harborside, LLC for the @North Beach Project memorializing the City's**
66 **commitment to cover the extraordinary costs of extending regional infrastructure additions to the**
67 **sanitary sewer system at a cost not to exceed \$595,000 to be funded from T.ID. #14 Reserves.**

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69

70 **ATTACHMENT(S):**

71 **Amendment to Development Agreement between the City and Racine Harborside, LLC.**