



Memorandum

TO: City of Racine Redevelopment Authority Members

FROM: Jenny Trick, Racine County Economic Development Corporation

DATE: January 16, 2014

RE: Altus Vinyl LLC
 City of Racine Retention/Expansion Project
 Current Location: 3801 S. Memorial Drive, Racine
 Proposed New Location: 1907 St. Patrick Street, Racine

Introduction

This memorandum was prepared to submit information for your consideration in support of retaining this manufacturer in the City of Racine.

History of the Company

The Racine County Economic Development Corporation (RCEDC) began working with the owners (Christine and Richard Burt) of Altus Vinyl ("Company") in 2010 when, after the closing of the Dynaseal operation, they approached us for technical and financial assistance. With RCEDC, City of Racine (guarantee) and bank financing approved, the new owners purchased the assets of the former Dynaseal in October of 2010.

The new owners hired several of the former employees and together they began to rebuild the Company. Although there was a negative perception of Dynaseal given the abrupt closing, the new Company persevered and to date has increased its sales through a combination of legacy and new custom flexible vinyl products.

Key Project Information	
Current Location: 3801 South Memorial Dr	
New Location: 1907 St Patrick Street	
Use: Manufacturing	
Budget:	\$460,000
Building acquisition, improvements and Moving expenses	
Jobs	25* *12 Retained 13 New

Current Location

The Company is the single tenant in the 3801 S Memorial Drive property. The property has been listed for sale on and off over the past several years. Although the tenants would prefer to remain at this facility, another buyer has stepped forward and is negotiating an offer to purchase with the owner of the building.

This has opened up an opportunity for the Company to grow its operations in a new location. Although the owners of the Company live in western Racine County, they prefer to not disrupt their current workforce, a majority of which live in central and eastern Racine County (6 of the 12 employees are from the City of Racine).

Proposed New Location

With the building parameters known, RCEDC worked with the property owners to identify several potential locations for consideration. After touring eight buildings, one property was identified as preferred and negotiations began. The property is located at 1907 St. Patrick Street in the City of Racine and formerly part of the Racine Unified School District administration campus on Northwestern Avenue.

With a larger space and continued growth projected, the Company has plans to more than double its workforce over the next three years, adding 13 more full time employees.

See proposed building location below:



The owners negotiated the purchase of the property to include several conditions, two of which are financing and economic incentives.

Financing condition: The lending staff of RCEDC, Business Lending Partners, has completed a thorough review of the company and the loan request has been approved.

Economic incentives condition: Given the variety of one-time costs associated with this transaction (moving, building improvements, etc.) the company has asked for financial assistance from the City of Racine to allow this project to move forward.

City Assistance Sought

In receipt of the conditional offer to purchase and budget numbers, RCEDC contacted the City Administrator and Mayor to discuss the project and investigate opportunities to assist with the project.

Other City incentive projects, such as Summit Packaging and Butter Buds, in which the City actively sought to retain and encourage the companies' growth, utilized a program referred to as the Tax Re-Investment Program ("TRIP"). The TRIP program is limited to the municipal portion of the real estate tax bill as a potential incentive and does not require other taxing jurisdiction approval.

Past incentive projects have limited the incentive to 75% of the City portion of the property tax, for a ten-year term, to the Company as an incentive.

Current City Portion of Property Tax: \$3,832

75% of City portion: \$2,874

Over a ten-year term: \$28,740

City/Job ratio would be: \$1,150/job (\$28,740/25 jobs)

Conclusion

The finance staff of RCEDC has completed a thorough analysis of the project and a loan application has been approved by the Loan and Executive Committees.

If an incentive proposal is approved by the City, RCEDC and the City attorney's office will finalize the Development Agreement which will outline the parameters of the project. Parameters will include interviewing and hiring preference granted to City of Racine residents as well as documented creation and retention of jobs for the term of the agreement.

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