



City of Racine, Wisconsin

## **COMMON COUNCIL**

### **AGENDA BRIEFING MEMORANDUM (ABM)**

**COMMITTEE: Finance Committee**

**LEGISLATION ITEM #:**

---

**AGENDA DATE:** February 24, 2025 Finance and Personnel

March 3, 2025 Common Council

**ABM Prepared by:** Finance Director, Kathleen Fischer

**SUBJECT:**

Communication sponsored by Mayor Mason, on behalf of the Finance Director, requesting permission to enter into a professional services agreement with Baker Tilly Advisory Group, LP to assist the City with how to Determine, Preserve, Enhance and Claim the IRA 22 tax credits eligible for the Lincoln King Community Center Clinic project.

**BACKGROUND AND ANALYSIS**

The City of Racine is building the Lincoln-King Community Center and Clinic project located at 1016 Dr. Martin Luther King Dr., Racine WI 53404 which will include geothermal and solar energy properties, each which are anticipated to be under 1 megawatt that will be approximately \$5 million in value. The Project is expected to begin construction in February 2025 and be placed in service by September 2026. The Client is seeking the Investment Tax Credit (ITC) for the project. The Project is using Pepper Construction as the prime contractor and expecting to have 5 - 7 additional subcontractor vendors as part of the project. The City may be eligible for a Federal Tax Credit because of the Project qualifying under the IRA22. The Act's "energy security" subtitle includes tax provisions providing credits and incentives for the production and consumption of clean energy, carbon emissions reduction, electric vehicle purchases and, among other items, promoting domestic energy security. The City is interested in having Baker Tilly support its goal to preserve, enhance, and claim an Investment Tax Credit (ITC) or a Production Tax Credit (PTC) from the project.

**RECOMMENDED ACTION:**

That the Mayor and City Clerk be granted permission to enter into a professional services agreement with Baker Tilly Advisory Group, LP to assist the City with how to Determine, Preserve, Enhance and Claim the IRA 22 tax credits eligible for the Lincoln King Community Center Clinic project.

**FISCAL NOTE:**

The contract cost is \$146,500. Funding available in 45010 52100 22912-Lincoln King Project-GO Bonds. It is currently estimated that the city, as a result of these services, will receive between \$1.3M-\$2.0M in direct pay energy credits in 2027 to offset the cost of the contract.