

December 3, 2018

Cory Mason, Mayor
Members of the Common Council
City of Racine
730 Washington Avenue
Racine, WI 53403

RE: 2019 Economic Development Contract Agreement

Dear Mayor Mason and Members of the Common Council:

This letter is intended to serve as an agreement between the City of Racine, hereinafter the "City," and the Racine County Economic Development Corporation, hereinafter the "RCEDC." In accordance with this agreement, the RCEDC will continue to provide economic development technical assistance to the City to implement the activities set forth in this agreement. The assistance provided by RCEDC will be coordinated on a day-to-day basis with the appropriate City staff and, with regard to policy-related issues, coordinated with the Mayor, Department of City Development and Common Council.

PURPOSE

The purpose of the agreement is to further the overall goals of economic development by facilitating job growth and investment, resulting in new tax base for the City, through interagency cooperation and services provided by the RCEDC.

AGREEMENT

The RCEDC agrees to provide direct economic development technical assistance to the City in accordance with the adopted Racine County Economic Development Plan and City of Racine Economic Development Plan. The RCEDC will assign a lead economic development staff person to the City. This staff person will act as the City's economic development advocate and the lead staff person for assistance being provided to the City. The lead staff, together with other RCEDC and City staff members will expend his/her best efforts to promote economic development including the recruitment, retention and expansion of business within the City.

Throughout the balance of the agreement, it should be noted that there are three primary categories of assistance – that are provided directly from RCEDC; activities that RCEDC is a collaborative partner; and activities that RCEDC tracks to determine the health of Racine County. All of these activities are captured in the RCEDC work plan as shown in the attached Snapshot document.

The economic development services to be provided by RCEDC will consist of the following:

I. RCEDC Direct Role – Business Development

A. RCEDC will develop and implement community and economic development programs, with priority on 1st and 2nd stage businesses (less than 100 employees) that result in the retention and creation of jobs and increase the tax base in Racine County.

1. RCEDC will recruit 10 new companies to Racine County;
2. RCEDC will provide direct assistance to 18 expanding Racine County companies;
3. RCEDC will market and administer micro-funding grant programs to Racine County businesses and facilitate 25 grant applications;
4. RCEDC will provide financial assistance (loans, grants and facilitate state and local incentives) that support job creation with a goal to create and or retain 550 jobs in Racine County;
5. RCEDC will provide technical and financial assistance to projects that result in private investment and new construction with a goal to facilitate \$71 million in new investment of which \$40 million will be new construction;
6. RCEDC will provide technical and financial assistance to projects that on average result in jobs created and or retained with average wage levels of \$20/hour or greater;
7. RCEDC will provide technical and financial assistance to projects that result in the receipt of local and state incentives that total \$2 million;
8. RCEDC will provide financial assistance to projects that result in a total of \$9,000,000 in new RCEDC loans;
9. RCEDC will measure the average percentage of RCEDC loan recipients' revenue growth after business financing was provided with a goal to see 10% revenue growth;
10. RCEDC will generate 90 new prospects with the goal of converting 30% of the prospects into projects;
11. RCEDC will complete 200 outreach calls and visits to businesses and intermediary parties (lenders, real estate professionals, etc.);
12. RCEDC will launch or fund one new program; and
13. RCEDC will provide technical and financial assistance to economically disadvantaged projects with a goal to assist a minimum of 5% of the total number of projects.

B. RCEDC will provide technical assistance to communities on a number of major, multi-year projects including the following:

1. Highway K business park development (Caledonia);
2. Long range planning and public utility expansion (Yorkville);
3. Implementation of development transparency and expedited plan reviews (Racine County);
4. Expansion of Business and Manufacturing Park (Burlington);
5. Redevelopment of Highway 11 Commercial Corridor (Sturtevant);
6. Rootworks area plan implementation (Racine);

7. Lakefront and Downtown plan implementation (Racine);
 8. Support to Foxconn, its Supplier Companies, Innovation Center and related activities (Mount Pleasant, Racine, and Racine County);
 9. Racine County State of the Area Report (Western Racine County);
 10. Residential development (multi-family, townhouses, condos, etc.) (Racine County);
 11. Talent recruitment and Greater Racine County website and related marketing (Racine County).
- C. In addition to the above, RCEDC will assist City businesses via direct contact or referrals from the Mayor and Director of City Planning and report findings to the Mayor. When meeting with local companies, RCEDC staff will provide information on existing State, federal and local economic development resources that may assist the needs of local businesses. These programs include low-interest loans, tax credit programs, grants and workforce development assistance.
- D. Provide assistance through the development of customized proposals to businesses interested in establishing a location within the City per direct contact or referral from the Mayor or City Leadership. This activity includes providing copies of such proposals, when requested, to the Mayor and City Administrator, as well as a status report on such businesses as part of this agreement's semi-annual reports, coordinating regular meetings with the Mayor and City Administrator, and maintaining a periodic business follow-up procedure.
- E. Provide written and verbal semi-annual reports to the Mayor, City Council and City Administrator. This activity will include a summary of the activities conducted during the reporting period.

II. RCEDC Direct Role - Marketing

- A. RCEDC will play an active role in positioning Racine County as a preferred location to do business, work and live through a variety of ways:
1. Attend domestic tradeshow and events for the purpose of recruiting new investment and businesses to Racine County;
 2. Maintain membership and regularly attend Chicago Area Industrial Real Estate (AIRE) networking functions;
 3. Maintain membership and regularly attend Milwaukee's NAIOP Commercial Real Estate Development Association and Commercial Association of Realtors Wisconsin (CARW) networking functions;
 4. Actively engage in social media and publish e-newsletters on economic development activities and events;
 5. Host a minimum of four educational networking events including the annual meeting;
 6. Author media articles featuring Racine County economic development issues;

7. Update RCEDC, BLP and Greater Racine County websites, marketing materials and social media platforms with projects, local company news and national and international articles of business interest;
8. Feature local project successes on the RCEDC and BLP websites; and
9. Coordinate Greater Racine County (www.GreaterRacineCounty.com) messaging, social media and related with the goal to increase the number of people living and working in Racine County.

III. RCEDC Direct Role - Talent

At no other time have there been greater concerns about the talent shortfall than now. With historically low unemployment rates, businesses expanding, new companies establishing locations in Racine County, historically large construction projects and Foxconn's hiring underway, this subject demands more resources—so RCEDC will be dedicating financial resources to this effort. Beginning in January 2019, Racine County will begin a workforce development strategic plan.

- A. RCEDC will work in partnership with Racine County Workforce Development in the creation of a county-wide workforce strategic plan and will allocate funding to add a staff person dedicated to talent recruitment activities. The effort will result in a plan to align Racine County workforce resources to benefit Racine County residents and employers.
- B. RCEDC working with Racine County and Real Racine will implement the Greater Racine County talent recruitment initiative, including the management of the www.GreaterRacineCounty.com website which includes a local job board, videos, and a robust marketing strategy to attract talent to Racine County by providing critical information to individuals and families relocating to southeast Wisconsin on why Racine County is a great place to live and work. This marketing initiative will work in companion with WEDC's talent attraction campaign.

IV. RCEDC Direct Role - Business Finance

- A. RCEDC staff, through its finance division doing business as Business Lending Partners (BLP), administers the City of Racine Revolving Loan Fund (City RLF). The City RLF is federally regulated by the U.S. Economic Development Administration (EDA) and is administered in accordance with the local City of Racine Title IX Revolving Loan Fund Plan last updated and approved by the City of Racine on May 1, 2012. The original grant for the City RLF was approved in 1998, re-capitalized in 2001 and again in 2011. Together with \$468,355.50 of matching funds from the City of Racine, the total fund capitalization was \$1,534,355.50 and is used for the re-cycling of older vacant commercial and industrial buildings in the City of Racine and to provide gap financing to City businesses.
- B. RCEDC staff continues to seek new resources to make available to local businesses, including a Seed Capital Fund program established in 2015 and administered by RCEDC as part of the Wisconsin Economic Development Corporation's (WEDC's) Capital Catalyst program. This program provides financing and grants to high-growth and emerging growth businesses in the

City of Racine and is funded with \$100,000 from the WEDC and \$100,000 through the City of Racine. RCEDC administers this loan fund in accordance with the Policies and Procedures Manual approved by the City in November 2015.

- C. RCEDC will continue to service any loans made through the City-RLF and Seed Capital RLF. The servicing of loans is an extensive process that includes ensuring monthly payments are made, managing periodic changes in collateral or other loan terms, ensuring job requirements are met, collecting business financial statements and reviewing them for how the company is performing financially and whether there are any concerns to be addressed and providing periodic reports to the federal EDA and WEDC, the regulating agencies.
- D. Compensation for administration of the City RLF and the Seed Capital RLF is through loan fees charged to the loan recipients as described in the Policies and Procedures Manuals for each RLF Program and by retaining 100% of the interest earned to cover administrative costs of the program. There are no costs charged to the City for program administration.
- E. Business Lending Partners administers the Racine Development Group (RDG) loan fund primarily through investments from financial institutions. This fund was previously held by a separate corporation which contracted with RCEDC for its administration. It has now become a loan fund held by and directly administered by RCEDC. The fund provides business financing to small businesses and real estate development projects primarily in the City of Racine.
- F. Business Lending Partners will administer the City of Racine Brownfield Clean Up Revolving Loan Fund (BC-RLF) working with the City's Brownfield team of consultants.
- G. RCEDC staff will participate on the Advisory Committee of the First-Ring Industrial Redevelopment Enterprises, Inc. and Delta Institute relative to the New Markets Tax Credit initiative in the State of Wisconsin.

V. RCEDC Collaborative Role

- A. Coordinate the City's economic development initiatives with, but not limited to, the following agencies:
 - Gateway Technical College
 - Milwaukee 7
 - Real Racine
 - Southeastern Wisconsin Regional Planning Commission
 - U.S. Economic Development Administration
 - U.S. Small Business Administration
 - **UW-Parkside and its** Small Business Development Center
 - Wisconsin Economic Development Corporation
 - Wisconsin Department of Administration
 - We Energies

VI. RCEDC Data Inventory

- A. RCEDC will measure the well-being of Racine County by compiling relevant data including demographic, development, workforce, other business related factors and work with partner organizations to mitigate challenges, by tracking factors such as:
1. Per capita income in Racine County and annual change;
 2. Median earnings by industry sector and annual change;
 3. Age distribution in workforce;
 4. Crime incidents and annual change;
 5. Employment by major industry classification and annual change;
 6. In/out commuting patterns, total and by industry;
 7. Total annual wages by major industry sectors and annual change;
 8. Number of industrial acres available for development;
 9. Number of municipal-identified infill sites, percentages ready for development and percentage change;
 10. Change in equalized value of Racine County & contract communities;
 11. Commercial and industrial vacancy absorption rates;
 12. Residential market (number of homes sales and median sales prices);
 13. Manufacturing activity indicators; and
 14. Inventory level indicators.

VII. RCEDC/CITY Special Projects

- A. RCEDC will work in partnership with the City and its consultants in support of Downtown real estate development, including the coordination of the Racine Advisory Council meetings, Smart City Downtown Vision implementation, and other related projects identified by City leadership.
- B. RCEDC will work in partnership with the City and Foxconn on the Innovation Center and other related activities.
- C. RCEDC will administer the City's funding allocation of \$275,000 in compliance with the approved agreement.
- D. RCEDC will underwrite the City's Brownfield revolving loan fund in compliance with the EPA grant award; and
- E. RCEDC will continue to manage and assist with reporting for existing Fund For Lake Michigan Grants awarded for West Bluff Stabilization and Machinery Row Stormwater Planning.
- F. If approved by the City, RCEDC will coordinate its role in the City's Opportunity zones.

TIME PERIOD FOR THIS AGREEMENT AND COMPENSATION

The above-referenced assistance will be provided by the RCEDC staff during the time period beginning January 1, 2019 to December 31, 2019. The cost to the City of Racine for this assistance is \$84,872. Payments will be made during the first week of each quarter, upon the receipt of an invoice from the RCEDC. The cost of developing any additional materials and significant printing and mailing of items

necessary to implement these services are outside the scope of the Agreement and will be negotiated on an as necessary basis.

INDEPENDENT CONTRACTOR

RCEDC shall be an independent contractor of the City. Neither RCEDC nor any of its officers, employees, or agents shall be considered to be an employee of the City as a result of the obligations undertaken pursuant to this agreement. RCEDC's officers, employees and agents shall make no commitments or representations to third parties without prior approval of the City. In addition, RCEDC hereby holds harmless the City and its departments, officers, employees and agents from and against all claims, demands and liability for damages to third persons of any type whatever arising solely out of the actions of RCEDC under this agreement.

LIABILITY INSURANCE

The RCEDC is to carry liability insurance and list the City of Racine as an additional insured on the policy.

TERMINATION

This agreement may be terminated by either party upon thirty (30) days written notice in the event of default by the other party of any material provision hereof which remains unremedied for thirty (30) days following written notice of such default.

NOTICES

Notices under this agreement shall be mailed by registered mail to the Mayor and City Administrator, 730 Washington Avenue, Racine, WI 53403, for the City, and to Jenny Trick, Executive Director, 2320 Renaissance Blvd., Sturtevant, WI 53177, for RCEDC, or shall be personally served on either said person or the person in charge of either respective office.

ASSIGNMENT

RCEDC agrees that it will not assign this agreement or any portion thereof, or any of its responsibilities hereunder, to any other party without first obtaining the written permission of the City.

If the terms and conditions of this proposal are satisfactory, please sign the two original documents where indicated on Page Eight and return to the RCEDC for RCEDC final signature.

Sincerely,



Jenny Trick

Executive Director

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the ____ day of _____, 2019.

CITY OF RACINE

By: _____

Title: _____

ATTEST:

By: _____

Title: _____

**RACINE COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

By: _____

Jenny Trick

Title: Executive Director

Approved as to form:

Scott Letteney,
City Attorney

Provisions have been made to pay the liability that will accrue hereunder.

David Brown,
Finance Director