

**CITY OF RACINE, WISCONSIN**

**REDEVELOPMENT AUTHORITY RESOLUTION 19-24**

A RESOLUTION RECOMMENDING THE USE OF CITY INTERGOVERNMENTAL SHARED REVENUE FUNDS FOR ECONOMIC DEVELOPMENT ASSISTANCE TO THE TANNERY AT THE EDGE OF THE RIVER DEVELOPMENT AND RECOMMENDING APPROVAL OF THE INCENTIVE AGREEMENTS, AS PROPOSED.

**WHEREAS**, City staff presents an Incentive Agreement to provide financial assistance to the Tannery at the Edge of the River Development, proposed by Inspired Development through City Intergovernmental Shared Revenue Funds (IG Funds), REC Fee Grant, waiving of building fees, donation of property from the RDA, and sanitary sewer surcharge fund;

**WHEREAS**, these proposed incentives will facilitate the development of a market-rate, riverfront, residential development of approximately 129 residential units in Phase I and approximately 180 units in Phase II;

**WHEREAS**, Phase I of the development is estimated to exceed \$20,000,000 in private investment with similar levels of private investment planned for Phase II;

**WHEREAS**, the City of Racine began term sheet negotiations for the development in the winter of 2018.. Since that time, staff and the developer have arrived at a set of agreements that allow the developer to achieve private financing of a significant residential development and proceed with developing construction plans for the site.

**WHEREAS**, the incentives that are proposed as part of the residential redevelopment include:

1. City will pay the complete costs associated with the design, construction, and inspection of the relocation of a 39" sanitary sewer transmission main which currently runs under the desired location for the new 7-level residential building proposed for Phase I. The cost to be provide for from the City's Sanitary Sewer surcharge fund and not-to-exceed \$1,500,000 (included in the approved 2019 CIP Budget).
2. City to pay any otherwise-necessary Residential Equivalent Connection (REC) Fee charges for water service to any and all phases of the project, using Intergovernmental funds (IG). (only Phase III will require the actual payment of an estimated \$10,000 based on historic credits).
3. City to provide up to 50% of the costs associated with the relocation and undergrounding of WE Energies electric facilities on-site; not-to-exceed \$400,000 using IG funds.
4. City to waive Building Fees in an amount equal to \$2,000 for each \$Million of investment up to a maximum waiver of \$60,000.
5. City to convey the vacated portion of Water Street Right-of-way northerly adjacent to the Developers property in exchange for the Developer conveying to the City the necessary easement to construct public-access river-walk along the complete Root River frontage of the Developers property.

**WHEREAS**, In order to receive the above incentives, the developer is obligated to the following:

- a. Developer agrees to a minimum investment of \$20,000,000 of private debt and equity in Phase I of the development.

- b. Developer must have evidence of fully committed private financing and developer equity of at least 15%.
- c. Developer must comply with the Racine Works Ordinance, requiring that 20% of construction work hours must be completed by qualified and eligible low income City residents.
- d. This development will remain outside the City of Racine Tax Increment District 18 and will produce full property taxes for all jurisdictions.

**WHEREAS**, City staff presents a review of the use of IG funds showing that the proposed incentive using IG funds will far exceed the project eligibility requirements set forth in City policy related to the use of IG funds;

**WHEREAS**, while IG funds require a minimum 1:5 ratio of IG funds to private investment, the ratio proposed by the developer far exceeds the minimums (IG funds to private investment).

**NOW BE IT THEREFORE RESOLVED**, that a proposed Incentive Agreement between the City of Racine and Inspired Development for the property at 1230 Sixth Street (Tannery at the Edge of the River) be recommended for approval by Common Council;

**BE IT FURTHER RESOLVED**, the RDA deems this use of City Intergovernmental Shared Revenue funds to be in keeping with adopted City policies and ordinances and in furtherance of the City's plans for economic development.

*Adopted on:*

August 1, 2019

*Seal*

*By a Vote of*

For: 0

Against: 0

Abstain: 0

*Attest:*

Amy Connolly, Executive Director  
Redevelopment Authority of the City of Racine