



City of Racine, Wisconsin

AGENDA BRIEFING MEMORADUM

AGENDA DATE: October 25, 2021

SUBJECT:

Communication sponsored by Mayor Mason seeking authorization to enter into an agreement with Legacy Redevelopment Corporation (LRC) to administer a financial assistance program for businesses impacted by the construction on State Highway 20.

PREPARED BY:

Matthew Rejc, Assistant Director, Dept. of City Development

EXECUTIVE SUMMARY:

Mayor Mason requests that the Finance and Personnel Committee recommend approval to enter into an agreement with LRC to administer a financial assistance program for businesses impacted by the construction on State Highway 20.

BACKGROUND:

The Wisconsin Department of Transportation (WisDOT) has been performing road replacement and other construction-related activities on State Highway 20 (Washington Avenue) in the West Racine business corridor between West Boulevard and the City boundaries since the spring of 2020. These activities, though necessary to maintain the integrity of the road and to improve its accessibility to pedestrians, have diminished access to storefronts in West Racine. This factor, combined with the general impact of the COVID-19 pandemic on businesses, has left a number of West Racine business owners with decreasing revenue to meet often rising supply, material, and labor costs.

In response, the Racine County Economic Development Corporation (RCEDC) launched the City of Racine Road Construction Loan Program, a low-interest loan program to specifically serve clients in the West Racine-Highway 20 business corridor. After substantial outreach by RCEDC staff and numerous door-to-door interactions, no businesses decided to take advantage of the program. Although many different context-specific explanations were provided, the overriding concern that business owners expressed was a fear of taking on additional debt in an uncertain commercial environment.

ANALYSIS:

Since businesses are largely not willing to incur additional ongoing costs for understandable reasons, a grant program could provide a possible financing solution for West Racine small businesses. Staff will work with LRC to construct a program that best meets the needs of the impacted businesses.

Legacy Redevelopment Corporation is a Community Development Financial Institution (CDFI) headquartered in Milwaukee, WI; however, they recently opened a satellite office in downtown Racine at 500 College Avenue. On June 1, 2021, LRC was selected to receive \$244,960 in Community Development Block Grant (CDBG) funds from the City of Racine through Common Council Resolution #0440-21. The CDBG-funded program, which authorizes LRC to lend funds to eligible micro-enterprises citywide, is entirely distinct from the activity contemplated by this proposed resolution.

BUDGETARY IMPACT:

Sufficient Intergovernmental Revenue funds exist in org/object 45260 52340. Expenses incurred would not exceed \$400,000.

RECOMMENDED ACTION:

That the Finance and Personnel Committee recommend approval to enter into an agreement with LRC to administer a financial assistance program for businesses impacted by the construction on State Highway 20.