



Legislation Details (With Text)

File #: 1341-19 **Version:** A **Name:** 500 Main Street Incentive
Type: Communication **Status:** Passed
File created: 12/3/2019 **In control:** Finance and Personnel Committee
On agenda: 12/17/2019 **Final action:** 12/5/2019

Title: Subject: A request to approve the Developer Incentive Agreement between the City of Racine and The Main Attraction, LLC, for the Redevelopment of an 80-unit Boutique Hotel, restaurant, roof-top bar, café, banquet facility and meeting rooms, in and on the former “Zahn’s Department Store” property at 500 Main street along Monument Square.

Recommendation of the Redevelopment Authority on 12-05-19: That the Developer Incentive Agreement between the City of Racine and The Main Attraction, LLC, for the Redevelopment of an 80 -unit Boutique Hotel, restaurant, roof-top bar, café, banquet facility and meeting rooms, in and on the former “Zahn’s Department Store” property at 500 Main street along Monument Square be approved and that the Mayor and City Clerk be authorized to execute the Agreement on behalf of the City of Racine. Further, that the Redevelopment Authority deems the use of TID Reserve Funds and IG Funds to be in keeping with adopted City policies and ordinances and in furtherance of the City’s plans for economic development.

Recommendation of the Finance & Personnel Committee on 12-09-19: That the Developer Incentive Agreement between the City of Racine and The Main Attraction, LLC, for the Redevelopment of an 80 -unit Boutique Hotel, restaurant, roof-top bar, café, banquet facility and meeting rooms, in and on the former “Zahn’s Department Store” property at 500 Main street along Monument Square be approved and that the Mayor and City Clerk be authorized to execute the Agreement on behalf of the City of Racine. Further, that the use of TID Reserve Funds and IG Funds are inkeeping with adopted City policies and ordinances and in furtherance of the City’s plans for economic development.

Fiscal Note: The City will provide total cash incentives from T.I.D. #9 Reserves totaling: \$2,895,000. The City will further provide a rebate of 25% of all Room Taxes produced by the Project (allowed for under Real Racine contract) for the 10-year period of 2021-2030, not-to-exceed \$614,000 total. The City will take out a Loan from BCPL for between \$3,500,000 and \$4,000,000 on behalf of the Developer and City will receive approximately 125 basis points higher in interest on the debt from the developer (approx.. 5.00%) than City will repay to BCPL (approx. 3.75%) so that City should gain approx. \$26,000 - \$32,500/year in revenue for the General Fund. The total Principal debt will be determined based upon the following: If the Developer acquires up to \$9,300,000 in Principal construction financing the City Loan will be \$4,000,000. Then, for each \$100,000 more in principal construction financing (to a maximum \$10,000,000) added by the Developer, the City loan principal debt will decrease by \$71,450. There will be no T.I.D. for this project - meaning that the project, following completion, ramp-up, and stabilization, should produce approximately \$185,000 per year in new property taxes to the City. The City will also generate ongoing parking revenues from Development that will likely exceed \$50,000/year. Cost to the City of Paying the Water Utility for the 43 “waived” REC Fees is \$21,500 (43 x \$500) which is budgeted for in the 2020 I.G. Fund Budget.

Sponsors:

Indexes:

Code sections:

Attachments: 1. CITY OF RACINE ABM -500 Main Incentive Agreement, 2. 500 Main Incentive Agreement - 12.13.19, 3. 500 Main Exhibit B, 4. 500 Main Exhibit C, 5. #1341-19 Resolution

Date	Ver.	Action By	Action	Result
12/17/2019	A	Common Council	Adopted	Pass

12/9/2019	A	Finance and Personnel Committee	Recommended For Approval	Pass
12/5/2019	A	Redevelopment Authority of the City of Racine	Approved	Pass

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