

# Foxconn Racine County: City of Racine, Racine Water Utility, Village of Mount Pleasant intergovernmental agreement

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*Ensures that water-related infrastructure costs associated with the Foxconn project are funded through the Company's \$10 billion investment in Mount Pleasant*

*Dramatically reduces REC fee to foster increased economic development*

*Provides additional public safety and transit funding to the City of Racine*

**MOUNT PLEASANT, WIS.** – The City of Racine, Racine Water Utility, and Village of Mount Pleasant have been working to develop a comprehensive intergovernmental agreement to ensure that infrastructure costs associated with the Foxconn development are funded through the company's \$10 billion investment, via Mount Pleasant TID 5, and will not impact other municipalities or Utility ratepayers. The agreement also provides additional funding to the City of Racine to support the City's transit and public safety systems and enables an 85+% reduction in the REC fee to foster increased development throughout the area.

“This is a transformational agreement and a game-changer for our community,” said Racine County Executive Jonathan Delagrave. “The agreement promotes economic development, while protecting City and Village taxpayers. It is a testament to the importance of municipalities working together to develop common-sense solutions that benefit our entire community.”

Tonight, the Mount Pleasant Village Board reviewed and approved the agreement. It must also be approved by the Racine Common Council and the Racine Water Utility.

### **Supporting Expansion of Water-Related Infrastructure**

The Village of Mount Pleasant is served by the Racine Water Utility as a retail customer. The relationship is governed by the 2004 Retail Water Agreement that provides a methodology relating to cost sharing by and between the City and Village to fund expansion of water facilities within the Village. The new Intergovernmental Agreement ensures that the project costs associated with the expansion of the system to meet the needs of Mount Pleasant TID 5 will be funded by the Village.

- **Project Costs**: The costs associated with expanding the existing water system to meet the needs of Mount Pleasant TID 5 is currently estimated at about \$100 million. Under the terms of the Intergovernmental Agreement, these costs will be funded by the Village through the revenue generated in TID 5 by Foxconn’s \$10 billion investment.
- **Guaranteed Water Revenue**: In addition, the Utility would ordinarily be responsible for financing the costs of needed improvements to the *existing* system - “Deficiency Costs” - currently estimated at \$26.8 million. To ensure that no utility ratepayers are impacted by the cost of improvements, the Village will fund any shortfall between the increased revenue from the larger system and the revenue necessary to fund those improvements. As revenue grows over time - from new users such as Foxconn - the Village will be paid back.
- **Wastewater Treatment Facility Expansion**: The Racine Wastewater Treatment Facility, which serves the Village, will likely need to be expanded to meet the growing needs of the system, including from development within TID 5. The only adjacent area for expansion is on a parcel in the Village that was the former site of a CNH facility that closed in 2002. If the City acquires the parcel, the Village agrees to permit the City to attach that parcel, and any

other contiguous City-owned parcels, to the City.

“When we began considering the magnitude of the Foxconn project, we knew substantial infrastructure investment would be necessary,” said David DeGroot, President of the Village of Mount Pleasant. “We pursued the creation of a Tax Incremental District for this very reason, to be sure that necessary improvements would be funded through Foxconn’s \$10 billion investment. This agreement will ensure just that, protecting Village and City taxpayers and Utility ratepayers.”

### **85+% REC Fee Reduction**

The agreement also enables the Utility to significantly reduce the Residential Equivalent Connection (REC) Fee - by more than 85% - opening the door to significant new development opportunities throughout the area.

New developments within the City, Village of Mount Pleasant and Village of Sturtevant help fund water-related infrastructure improvements through the payment of a REC fee. Currently, the payments on the existing debt, and related interest payments, require a REC Fee of \$3,623. To enable the Utility to reduce this fee to approximately \$500, the Village will deposit funds into a separate TID 5 account that will be used to retire the existing debt held by the Utility. The Utility will collect the newly reduced REC fees and pay into the account, until the debt is fully paid.

### **Supporting City of Racine’s Transit and Public Safety Programs**

The City and Village have also worked together to help ensure that the City of Racine’s public safety services and transit system have the additional support necessary to meet the growing needs within the Village, as well as to address open issues regarding the municipalities’ shared borders.

- **Public Transit:** The City and Village have historically shared the cost of regional transit service. Given the anticipated increase in Village participation in transit services from the growth in TID 5, the Agreement calls for a change in funding allocation. In 2019, the Village will increase its funding from \$240,000 annually to \$340,000. This increase will be funded by resources from TID 5. In future years, the City and Village will set funding levels based on actual usage by Village riders, in accordance with statistics in the Racine Area Transit System’s Annual Report.

- **Public Safety:** The Village has planned to increase its support of public safety services in recognition of the growing needs from development within TID 5. As part of that investment, the Village will allocate \$150,000 annually from TID 5 to support the City of Racine's fire, police and emergency services, in recognition of the increased benefit they will provide within the Village.
- **Municipal Boundaries:** The Agreement also calls for the City and Village to establish a Commission to assess the boundaries of the municipalities and recommend adjustments, where appropriate, to promote better planning and more efficient service delivery. The City and Village recognize that the historical annexation of properties to the City and the incorporation of the Village has resulted in haphazard borders and that there is an opportunity to create orderly boundaries that benefit both communities. The Committee will include three City appointees and three Village appointees and meet twice annually, beginning in 2019.

"This agreement is a great example of how municipalities can work together to produce enormous benefits for their residents - creating jobs, supporting public services and fostering increased development opportunities throughout eastern Racine County," said Jenny Trick, Executive Director of Racine Economic Development Corporation. "This is a huge win for our entire community."

## **ABOUT THE PROJECT**

Foxconn is investing an estimated \$10 billion in Mount Pleasant, in the heart of Racine County, Wisconsin to create North America's first liquid crystal display (LCD) manufacturing facility. The Foxconn advanced manufacturing campus will be the largest manufacturing campus in the state and one of the largest foreign-direct investments in U.S. history. The investment represents the return of electronics manufacturing to the U.S. from Asia. Foxconn's investment will change the economic landscape in Racine County and Wisconsin and will establish the state as the electronics manufacturing capital of North America. To learn more about the Racine County Foxconn project, visit <http://www.FoxconnRacineCounty.com>.

## **ABOUT THE VILLAGE OF MOUNT PLEASANT**

The Village of Mount Pleasant is a community that prides itself in one of its greatest

assets - location. Comprising of 36 square miles in Eastern Racine County, Mount Pleasant is one of the fastest growing communities in the State of Wisconsin. Stretching from Lake Michigan to Interstate 94, their location provides easy access to metropolitan Milwaukee and Chicago, including Mitchell International Airport just minutes to the north. Mount Pleasant also offers a wide variety of business opportunities. Numerous local, national, and international companies call Mount Pleasant home, including Putzmeister, Case New Holland, SC Johnson, Diversey, Seda International Packaging, Badger Meter, and many others. Companies are also consistently expressing interest in the community and the area as a whole. This interest in development, despite the economic conditions both nationally and worldwide, has allowed the Village to see consistent growth providing additional jobs and amenities for residents. Learn more at <http://www.mtpleasantwi.gov/>.