

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: DIRECT REFERRAL: Res. No. 33-22-23, a Resolution authorizing entering into a Development Agreement with Sheboygan Southpoint Development, LLC.

REPORT PREPARED BY: Chad Pelishek, Director of Planning and Development

REPORT DATE: June 24, 2022

MEETING DATE:

June 27, 2022

FISCAL SUMMARY:

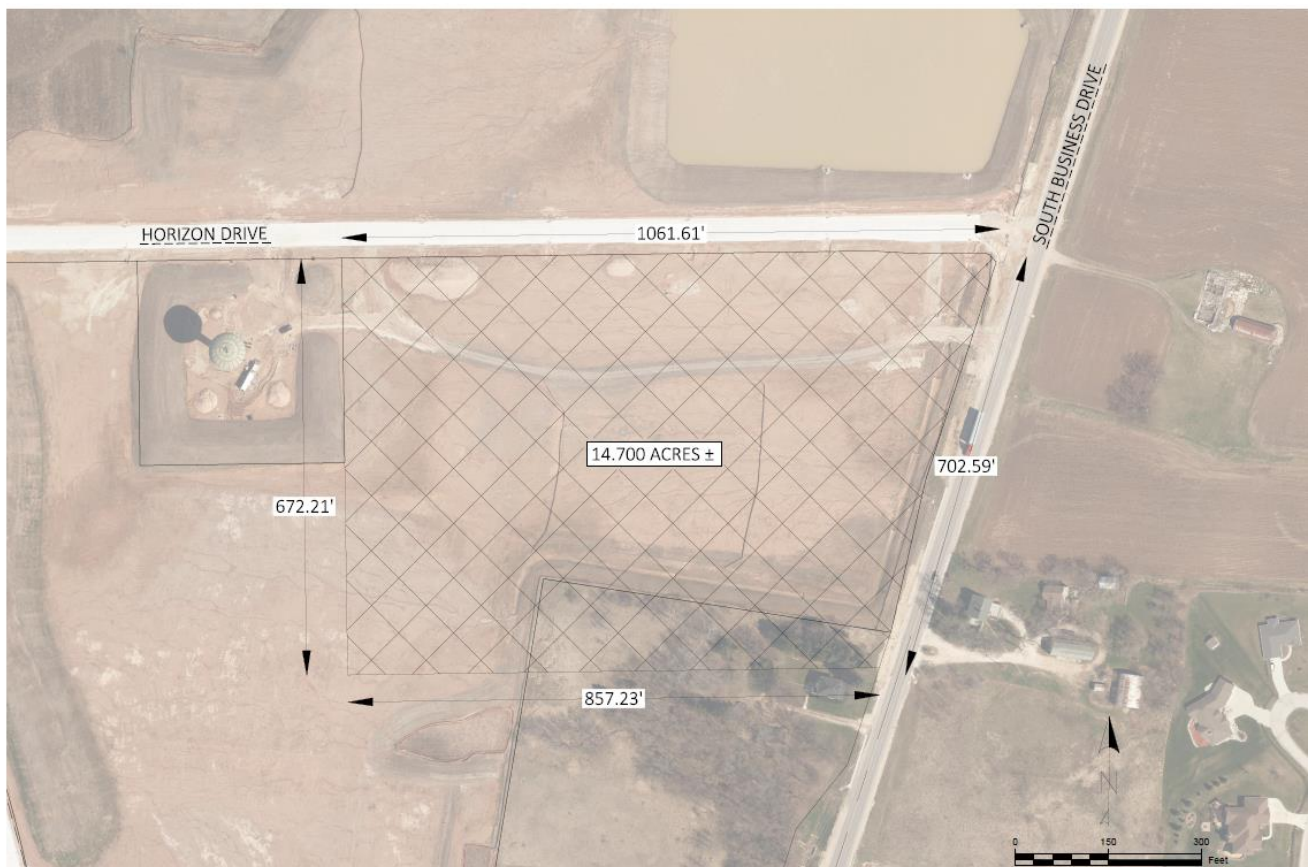
Budget Line Item:
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

In April 2022, the Common Council approved an offer to purchase with Sheboygan Southpoint Development, LLC to sell 14.7 acres in the SouthPointe Enterprise Campus. The offer to purchase referenced the execution of a developer's agreement. The proposed project is to construction a 100,000 square foot spec industrial building at the corner of South Business Drive and Horizon Drive as shown below:



The terms of the agreement include:

- Developer to construct a 100,000 square foot spec industrial building- meaning they will build the shell of the building and search for tenants to build out the interior space to the tenants needs.
- Sale of the lot for \$25,000 per acre for a total of the \$367,500
- City to put the sale proceeds in an escrow account to be paid to the developer when construction begins as part of total development incentive.
- Developer to invest \$7.9 million in hard and soft costs.
- City to provide up to 20% incentive with a maximum of the \$1,580,000 including the upfront payment of the land costs.
- Building will be developed such that it can be expanded an additional 50,000 to 100,000 square feet.
- Based on a value of the \$7.9 million, the project should generate

STAFF COMMENTS:

This will be the first building in the new campus. City staff have worked aggressively to come up with plan that works both for the developer and the city with the rising interest costs, supply chain issues, and changing construction costs.

ACTION REQUESTED:

Motion to recommend Common Council to approve Res. No. 33-23-23 a Resolution authorizing entering into a Development Agreement with Sheboygan Southpoint Development, LLC.

ATTACHMENTS:

- I. Res. No. 33-22-23