



DATE: July 12, 2023

TO: Whitewater City Council

FROM: Kristen Fish-Peterson, CEcD, EDP

RE: ALDIs Development

The City of Whitewater has been in search of a grocery store to serve the community for several years. There is now the opportunity to not only recruit a grocer, but also eliminate blighted property and redevelop it to a higher and better use.

ALDIs has been in negotiations with City staff to locate at **1380 and 1390 West Main Street**.

The existing structures on the property will be demolished and the site remediated, including the removal of asbestos and lead in the buildings. This cost is significant and potentially cost prohibitive for any new development.

ALDIs is seeking an incentive from the City in the form of a TIF grant to support the site costs to remove and remediate the existing blighted structures.

They plan to construct a **20,000+ sq. ft.** grocery store. The site will also yield an additional retail/commercial pad for another development, increasing the value generated from the property.

The City could pay up front for the requested incentive of **\$500,000**, from existing fund balances on hand available for this purpose. This request is equal to approximately **11%** of the total project investment made by the developer.

ALDIs would be required to guarantee an assessed value on the project, which if not met, they would have to pay an additional payment to equal what their tax payment would be if the assessed value were met. Their projected total capital investment is **\$4.6 million**. Knowing that a significant portion of that is soft costs and site remediation, their hard cost budget is \$3.6 million. The property could be assessed somewhere less than that, and an agreed upon minimum assessed value should be negotiated with the developer. For example, purposes a value of **\$3.45 million** will be used (75% of total project costs) and that this value should be created by December 31, 2024.

If the project were assessed at \$3.45 million, the incentive of \$500,000 would be repaid to the City through ALDI's property taxes within **eight (8) years**.

This development's total projected increment is **\$1,145,400** over the remaining 17 years of the TID.

Not only is this project bringing a much-needed retail service to the community, but it's also generating a positive and significant contribution to Tax Increment District #14.

