



**ST. CHARLES**  
S I N C E 1 8 3 4

## AGENDA ITEM EXECUTIVE SUMMARY

Title:	Recommend that the City Council direct staff and the City Attorney to draft an Economic Development Incentive Agreement with US Adventure RV (131 S. Randall Rd.)
Presenter:	Chris Aiston

*Please check appropriate box:*

	Government Operations		Government Services
X	Planning & Development (1/14/13)		City Council

Estimated Cost:	NA	Budgeted:	YES		NO	
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If NO, please explain how item will be funded:

**Executive Summary:**

US Adventure RV (hereafter, “USARV”), a recreational vehicle sales, leasing and service enterprise headquartered in Davenport Iowa, is now considering a dealership point relocation in St. Charles. The company is currently considering leasing approximately 8,000 square feet of space in the southerly portion of the Fox River Harley-Davidson building at 120 S. Randall Road. The proposal would bring a new product to the retail mix in St. Charles and would result in improved utilization of an existing retail location.

Within five years of opening in St. Charles, USARV expects to employ 21 people, with total payroll over the period estimated to be \$3.5 million. The dealership is projected to create another 8 indirect and induced jobs (total payroll of \$900,000) in the area over this period.

More importantly, five-year total sales figures for the St. Charles store are estimated to be approximately \$45 million. This includes vehicle sales & rentals, parts sales, and vehicle service.

US Adventure RV has estimated the costs associated with this relocation to be approximately \$590,000 and has requested that the City consider providing some financial support to reduce these costs. In reviewing these figures, staff is recommending the City reimburse the dealership a portion of anticipated sales tax revenues in a total amount not to exceed \$250,000, or for a period of six years, whichever occurs first.

The proposed disbursement schedule is as follows: Year 1 - 75%; Year 2 - 70%; Year 3 - 65%; Year 4 - 60%; Year 5 - 50%; and Year 6 - 50%. For its part, USARV will establish the proposed St. Charles dealership and agree to maintain such an enterprise in St. Charles for a period of no less than ten years. Failure to do so shall result in the company having to repay the City all disbursed reimbursement monies.

**Attachments:** *(please list)*

Proposed terms of economic incentive agreement

**Recommendation / Suggested Action** *(briefly explain):*

Recommend that the City Council direct staff and the City Attorney to draft an Economic Development Incentive Agreement with US Adventure RV (131 S. Randall Rd.).

*For office use only*

*Agenda Item Number: 5a*

US Adventure RV and City of St. Charles Sales Tax Reimbursement Agreement

City of St. Charles ("City") Obligations

1. Reimburse US Adventures RV ("Company") for certain costs associated with the company's establishing a dealership enterprise (sale and rental) at 120 S. Randall Road, St. Charles, Illinois as generally set forth below (see "US Adventure RV Obligations", below) and under the following reimbursement program/schedule:
  - a. All reimbursement disbursements shall be from the City's 1% Municipal Sales Tax Revenues
  - b. Total of reimbursement disbursements shall not exceed \$250,000 and shall cease once that figure has been reached or after a period of six (6) years have passed since the commencement date, whichever comes first.
  - c. Percent of City's Municipal Sales Tax to be reimbursed to Company shall be as scheduled below (actual percent of final year shall be determined, based on total maximum dollar amount of all disbursements not exceeding \$250,000):
    - i. Year 1 – 75%
    - ii. Year 2 – 70%
    - iii. Year 3 – 65%
    - iv. Year 4 – 60%
    - v. Year 5 – 50%
    - vi. Year 6 – 50%
2. City shall not unreasonably prohibit the transference of reimbursement agreement to a successor owner/operator conducting similar recreational vehicle dealership/leasing operations.
3. City shall not unreasonably deny or delay building permitting and occupancy permits, provided plans and applications for same are submitted by Company in timely fashion and according to applicable City code.

US Adventure RV Obligations

1. Execute lease to occupy no less than 7500 square feet and establish a US Adventure RV dealership at 120 S. Randall Road, St. Charles with opening date no later than June 1, 2013
2. Remain and continue business operations at above-referenced location, or elsewhere within the City of St. Charles, for a period of no less than ten (10) years from June 1, 2013.
3. Make certain improvements to above-referenced property, including but not limited to the following activities and associated cost estimates:
  - a. Demising Walls - \$50,000
  - b. Dock Fill in - \$8,000
  - c. Wash Bay - \$25,000
  - d. Overhead Doors - \$42,000
  - e. Lift - \$10,000
  - f. LP Gas Fill Station - \$7,000
  - g. RV Dump Station - \$8,000
  - h. Signage - \$35,000
4. Make certain additional investments per business plan and relocation expenses, to include but not limited to the following activities and associated cost estimates:
  - a. Furniture and fixtures - \$15,000
  - b. Comprehensive advertising and marketing effort - \$60,000
  - c. Employee relocations, hiring and training - \$95,000
  - d. Other miscellaneous moving expenses - \$30,000