CITY OF FRANKLIN COMMITTEE OF THE WHOLE MEETING MONDAY, AUGUST 31, 2015, 6:30 P.M. COMMON COUNCIL CHAMBERS, FRANKLIN CITY HALL 9229 W. LOOMIS ROAD, FRANKLIN, WISCONSIN AGENDA*

- I. Call to Order and Roll Call.
- II. Director of Finance and Treasurer Report on the Economic Development Plans presented to Common Council June 10, 2015 as Directed by Common Council.
- III. Status report related to the Area A Traffic Impact Analysis for the State Highway 36 (West Loomis Road), West Rawson Avenue and South 76th Street Interchange.
- IV. Alternate concepts and strategies for Retail Development in Area A and contract prices from GRAEF.
- V. Status report related to Buxton Company and retail recruitment.
- VI. Adjournment.

[Note: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information, contact the City Clerk's office at (414) 425-7500.]

^{*}Notice is given that a majority of the Economic Development Commission and Community Development Authority may attend this meeting to gather information about an agenda item over which the Economic Development Commission and Community Development Authority has decision-making responsibility. This may constitute a meeting of the Economic Development Commission and Community Development Authority per State ex rel. Badke v. Greendale Village Board, even though the Economic Development Commission and Community Development Authority will not take formal action at this meeting.

| APPROVAL | REQUEST FOR | MEETING DATE |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Slw | COUNCIL ACTION | Aug 31, 2015 |
| REPORTS & RECOMMENDATIONS | DIRECTOR OF FINANCE & TREASURER REPORT ON THE ECONOMIC DEVELOPMENT PLANS PRESENTED TO COMMON COUNCIL JUNE 10, 2015 AS DIRECTED BY COMMON COUNCIL | ITEM NUMBER |

Background

On June 10, 2015, Common Council received a presentation on Economic Development Opportunities and requested a report from the Director of Finance & Treasurer on issues related to those plans.

A brief review of the Tax Incremental Financing tool for financing new development provided in State Law would be helpful to put in context this report. There are many requirements of the law, not the least of which is the BUT FOR test. That part of the law requires that BUT FOR the creation of a Tax Incremental District (TID), the new development would not occur. Should a blight determination be made by the Common Council, most often the Community Development Authority is then given control over TID activities. There are limits on the amount of the Equalized Value that can be in TID's. There are limits on the amount and density of residential property in TID's (TID's primary purpose is to promote Commercial development/redevelopment).

An overview of how a TID works is illustrated in the Exhibit A from Ehlers & Associates. Generally, a group of contiguous properties are designated to be in the TID. The property values upon creation of the TID are frozen and taxes assessed on that frozen value continue to go to the various taxing authorities. New Development values ("Increment") and the total tax rate on that Increment value then go to the TID to aid in the payment of infrastructure costs expended to entice new development. A TID's life is dependent upon the type of TID, a mixed use TID, such as TID4, has a maximum 20 year life.

Upon closure of the TID, the Increment, and the tax revenue on it, reverts back to the various taxing authorities. The risk to a City is that any unpaid project costs revert back to the City upon the TID's closure. Should this happen, none of the other taxing authorities are 'donating' their tax levy to payment of the infrastructure costs any longer. Then the City's Debt Service Tax Levy will be responsible for the unpaid project costs, the definition of a financially failed TID.

<u>Analysis</u>

Area D – South 27th Street to South County Line Road – aka Tax Incremental District 4

Existing TID 4 was created in 2005 with three project plan phases. Phase I was completed in the first years of the TID, with debt sold to finance that plan set to be retired in 2016. Common Council retains control over this TID. The Common Council accepted the latest annual report on TID 4 at its March 3, 2015 meeting.

The District has generated \$43,675,900 of Increment as of January 1, 2014. Adoption of this project plan would have increment projections rise to \$119,683,000 by time of closure. This represents 1.2% of total 2014 Citywide Equalized Value.

Project costs have totaled \$5,700,567 – primarily on the road and infrastructure costs for the Wheaton Development. As of December 31, 2014, \$1,238,000 of outstanding debt related to these project costs remains. This debt is scheduled for retirement in spring 2016.

Tax Levy revenues of this TID thru December 31, 2014 have been \$5,261,140. Other revenues have totaled \$949,488, for a total of \$6,210,628. The majority of other revenues relate to the Wheaton Franciscan development. Revenues have been used to retire the debt financing for the project costs.

The Oak Creek Franklin School District portion of the 2014/15 tax levy was 39% or \$398,033. That percentage changes from year to year. Using that 39% as representative of the prior years, the Oak Creek Franklin School District has contributed \$2,051,000 toward repayment of the infrastructure costs. That contribution would continue for the life of the TID.

The next phase of project cost is being considered at this time. Because the proposed projects were contemplated by the original TID plans, no further Joint Review Board reviews or Public Hearings are required. Common Council approval however is required to authorize further project expenditures. It should be noted, that State TID laws require that all project costs for this TID be completed by June 2020.

By State Statute, the TID must close by 2026.

A copy of the financial projections Ehlers presented at the June 10, 2015 Common Council meeting is attached Exhibit B.

When evaluating this proposal, the assumptions are key to the proposal's success or failure. The timing of these assumptions are also a key part in the projected outcome. The key assumptions are:

- 1. Lands in the TID can be purchased in 2015 by the City for Fair Market value, with no provision for contested purchases
- 2. Phase 2 Project costs were estimated by Ruekert Mielke and total \$18,975,503. They were outlined in their report, (see exhibit B.)
 - a. These costs include land acquisition
 - b. Design and engineering of infrastructure costs
 - c. Street and utility construction
 - d. Grading and
 - e. Developer incentives to market and sell properties.
- 3. Land sales are projected to begin in 2016 and continue thru the remaining life of the TID.

This office has no basis to challenge the validity of those cost estimates

Assuming the project is implemented now, there is a two year (20%) cushion in the financial projections. Even an implementation delay to spring 2016 could adversely impact this plan. The timing and value of the sales of property were estimated by a regional developer, with review by City staff.

TID 4 is wholly contained in the Oak Creek Franklin School District. The tax base benefit is to the City as a whole with the Increment adding to the tax base for the overlapping taxing authorities once the TID is closed.

Please note, there has been considerable interaction between City Staff and the consultants engaged in November 2014. Those interactions created various scenarios, which ultimately resulted in the financial projections presented on June 10, 2015. This financial plan does meet financial considerations to proceed.

Had TID4 been closed in 2014, the tax rate in the City could have been lower by a maximum of 14 cents in the Franklin and Whitnall School Districts. The total tax rate for a Franklin & Whitnall School District home would have declined a maximum of 35 cents. For a home valued at \$250,000, that would have lowered tax bills by \$87.50 in those Districts. The State School Aid formula considers property tax values in a District.

For the Oak Creek portion of the City, the tax <u>base</u> would have increased, and the State Aids would have decreased to compensate for the increased tax base. Therefore, the combined impact of the additional tax base and reduced State School Aids on the tax rate is not known.

An added consideration is the proposal's impact on the City Debt position. This aspect of the plan was not discussed on June 10, 2015.

Franklin currently enjoys the second highest Moody's credit rating. This facilitates Franklin achieving lower borrowing costs on new debt. Credit ratings impact <u>future</u> borrowing by impacting the cost of those future loans. Existing debt has fixed interest costs, and the City would not be impacted by changes in our credit rating. Holders of our debt could be impacted by a change in our credit rating.

The City would remain in compliance with the existing Debt Policy with the addition of the debt proposed in the TID 4 plan. Please refer to page 109/Table 13 of the 2014 CAFR report (See Attachment C).

Should another development opportunity materialize the Debt Policy may need to be modified to accommodate that additional debt, if necessary. The City has \$141.7 million of additional debt capacity within the State limit..

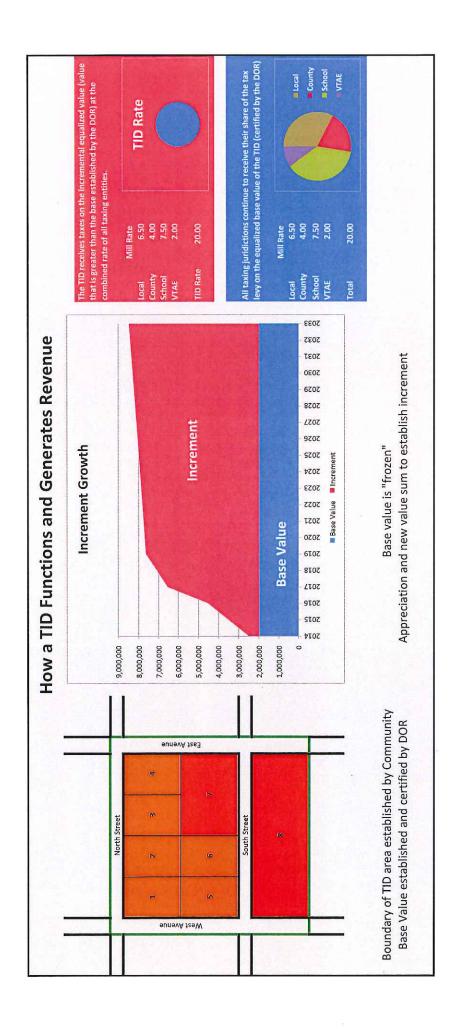
The proposed debt would not add anything to the Debt Service Levy.

The Finance Committee reviewed the three proposed development areas at their August 25, 2015 meeting and recommends continued study of all three development areas.

The Director of Finance & Treasurer will be on hand to address questions that you may have.

COUNCIL ACTION REQUESTED

As the Common Council deems appropriate.





| 4 |
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Tax Increment District #4

Estimated Project List

| | | Phase I Industrial | Phase (Commercial | - - | |
|----------------|-----------------------------------------|-----------------------|-----------------------|----------------|--|
| Project ID | ProJect Name/Type | Year | Year | Total (Note 1) | |
| П | Demolition | 150,000 | | 150,000 | |
| 2 | Sanitary Sewer | 2,139,457 | | 2,139,457 | |
| m | Water Main | 749,325 | | 749,325 | |
| 4 | Reclaimed Water | 0 | | 0 | |
| ιυ | Storm Sewer | 704,007 | | 704,007 | |
| 9 | Storm Water Management | 700,000 | | 700,000 | |
| 7 | Grading | 2,891,093 | 0 | 2,891,093 | |
| 80 | | 280,000 | 0 | 280,000 | |
| 6 | Street Lighting | 294,975 | | 294,975 | |
| 10 | Streets | 1,206,994 | - | 1,206,994 | |
| 11 | Erosion Control | 26,000 | 0 | 26,000 | |
| 12 | Entrance Mountments w/Landscaping | 120,000 | | 120,000 | |
| 13 | ATC Facilities Adjustments | O | | 0 | |
| | Engineering, Construction Admin, Legal, | | | | |
| 14 | 14 Allowances & contingency (20%) | 1,858,370 | 0 | 1,858,370 | |
| | Subtotal Infrastructure | 11,150,221 | 0 | 11,150,221 | |
| 15 | 15 Property Acquisition Industrial | 4,612,500 | 0 | 4,612,500 | |
| 16 | 16 Property Acquisition Commercial | 0 | 0 | 0 | |
| 17 | 17 Land Sales Closing Costs 10% | 754,113 | | 754,113 | |
| 18 | Development Management Fees 20% | 1,508,226 | | 1,508,226 | |
| 19 | 19 Increment Benchmark Fees | 950,443 | | 950,443 | |
| Total Projects | | 18,975,503 | 0 | 18,975,503 | |
| | | | | | |
| Notes: | | | | | |

Note 1 Project costs provided by R&M are estimates and are subject to modification

Developable Acres Industrial

Developable Acres Commercial

Cost Per Acre
Phase I industrial {Lots 5,6,7,8,9 & Interstate Partners' Development Lot 18}

Phase I commercial {Lots 1,2,3,4} No Project Costs Identified at this time
Allowances cover Easements, Permitting, Outside Utilities, Remediation
Updated project Costs from R&M 3/6/15

Preliminary





CITY OF FRANKLIN, WISCONSIN Computation of Legal Debt Margin Last Ten Years

| | | | Total | | | Ö | City Policy** | |
|----------------|-------------------------------|-----------------------------|--------------------------------|-------------------------|-----------------|-----------------------------|----------------|-----------------|
| Fiscal Year | (1) Equalized Valuation | 5% of Equalized Value | Debt Applicable to Limit | Legal Debt Margin | Percent Used | 2% of Equalized Value | Debt Margin | Percent Used |
| 2014 | \$ 3,589,694,100 | \$ 179,484,705 | \$37,711,522 | \$ 141,773,183 | 21.01% | \$71,793,882 | \$34,082,360 | 52.53% |
| 2013 | 3,414,276,600 | 170,713,830 | 42,445,423 | 128,268,407 | 24.86% | 68,285,532 | 25,840,109 | 62.16% |
| 2012 | 3,524,105,900 | 176,205,295 | 43,734,833 | 132,470,462 | 24.82% | 70,482,118 | 26,747,285 | 62.05% |
| 2011 | 3,676,379,700 | 183,818,985 | 32,495,000 | 151,323,985 | 17.68% | 73,527,594 | 41,032,594 | 44.19% |
| 2010 | 3,670,508,700 | 183,525,435 | 39,890,000 | 143,635,435 | 21.74% | 73,410,174 | 33,520,174 | 54.34% |
| 2009 | 3,912,642,600 | 195,632,130 | 45,165,000 | 150,467,130 | 23.09% | 78,252,852 | 33,087,852 | 57.72% |
| 2008 | 3,898,387,300 | 194,919,365 | 56,080,000 | 138,839,365 | 28.77% | 77,967,746 | 21,887,746 | 71.93% |
| 2007 | 3,689,054,400 | 184,452,720 | 49,705,000 | 134,747,720 | 26.95% | * * | | |
| 2006 | 3,481,759,700 | 174,087,985 | 41,600,000 | 132,487,985 | 23.90% | * * | | |
| 2005 | 3,030,815,900 | 151,540,795 | 32,900,000 | 118,640,795 | 21.71% | * | | |

(1) From Table 5

Note: Under state statutes the City's outstanding general obligation debt may not exceed five percent of total equalized property value.

** The City Debt Policy limits debt to 40% of Legal Limit - adopted by Resolution 2008-6481





CITY OF FRANKLIN, WISCONSIN

Draft Analysis for Area D within Existing TID # 4.



May 28, 2015 [Confidential DRAFT For Discussion Only]

Construction Cost Data from: Ruekert & Mielke
Absorption Assumptions from MLG
Land Sale & Land Sale Expense Assumptions from MLG



City of Franklin TID #4

TID Project Capacity vs. Original Project Plan

| | | | 115% Allowed increase |
|--------------------------------------|------|------------|-----------------------|
| Project Costs from Original TID Plan | | 22,683,400 | |
| Allowance at 115% | | | 26,085,910 |
| Project costs spent | | | |
| • | 2005 | 179,470 | |
| | 2006 | 659,840 | |
| | 2007 | 3,522,075 | |
| | 2008 | 388,006 | |
| | 2009 | 529,168 | |
| | 2010 | 51,227 | |
| | 2011 | 370,781 | |
| | 2012 | - | |
| | 2013 | - | |
| | 2014 | 46,243 | |
| Total Project costs to date | • | | 5,746,8 <u>10</u> |
| Balance of original plan | | | 20,339,101 |
| Proposed Costs | | | 18,975,503_ |
| Under/(over) Plan Limit | | • | 1,363,597 |

| | Total (Note 1) | 150,000 2,139,457 749,325 0 704,007 | 700,000 2,891,093 280,000 294,975 1,206,994 56,000 120,000 | 1,858,370 11,150,221 4,612,500 0 754,113 1,508,226 950,443 18,975,503 | Preliminary |
|--------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ısin | Phase i Commercial Year | | 0 | | on 0 45,000 t Lot 18} time tion |
| of Franklin, Wiscor Tax Increment District #4 Estimated Project List | Phase I Industrial Vear | 150,000 2,139,457 749,325 0 704,007 | 700,000 2,891,093 280,000 294,975 1,206,994 56,000 120,000 | 1,150,221 4,612,500 0 754,113 1,508,226 950,443 18,975,503 | are subject to modification 102.5 102.5 45,000 Partners' Development Costs identified at this iside Utilities, Remedia |
| City of Franklin, Wisconsin Tax Increment District #4 Estimated Project List | Project ID Project Name/Type | Sanitary Sewer Sanitary Sewer Water Main Redaimed Water Storm Sewer | 6 Storm Water Management 7 Grading 8 Landscaping 9 Street Lighting 10 Streets 11 Erosion Control 12 Entrance Mountments w/Landscaping 13 ATC Facilities Adjustments Engineering, Construction Admin, Legal, | 14 Allowances & Contingency (20%) Subtotal infrastructure 15 Property Acquisition Industrial 16 Property Acquisition Commercial 17 Land Sales Closing Costs 10% 18 Development Management Fees 20% 19 Increment Benchmark Fees Total Projects | Notes: Note 1 Project costs provided by R&M are estimates and are subject to modification Developable Acres Industrial Developable Acres Commercial Cost Per Acre Phase I industrial (Lots 5,6,7,8,9 & Interstate Partners' Development Lot 18) Phase I commercial (Lots 1,2,3,4) No Project Costs Identified at this time Allowances cover Easements, Permitting, Outside Utilities, Remediation Updated project Costs from R&M 3/6/15 |



| | | Construction Year | | 0 2005 1 | 2007 | 2008 | 0) 2009 5 | 2011 | 2012 | 2013 9 | 2015 | 2016 | 2017 | .9 2018 14 | 0000 | | 2022 | 2023 | 3 | 1 | | | | | | | Draliminan | | | | | |
|-----------------------------|------------------------------------------------------|-----------------------------------------------------|---------------------------|------------|-----------|------------|-----------|-------------|-----------|-----------|-------|--------------|------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-------------|------------------|-------|----------------|-------------------------------------------|-------------------------------------------|-----------------------------------|------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Annual Total | | 910,200 | (888,800) | 47,721,300 | 3 548 400 | (6,356,800) | 5,356,600 | 4,625,800 | | 180,609 | 10,497,604 | 20,857,859 | 5.049.579 | 6,954,259 | 5,790,421 | 4,072,830 | 111.297,913 | | | | | | | | | | | | | |
| | | Other/ interstate Development * | Value | | | | | | | | | | 6,250,000 | 6 350 000 | 0,000,000 | | | | 12,500,000 | | | 714,286 | | | | | | | | | | /24/15 |
| | | Othe | Acres | | | | | | | | | 8.75 | ! | 8,75 | | | | | 18 | • | | Ave/acre | | | | | | | | | | all to Joe Eberle 2 |
| sconsin | ct #4 :ions | rial ¹ | Land Value Bullding Value | | | | | | | | | | 3,162,204 | 4,767,023 | 5 617 281 | 5,846,988 | | 4,072,830 | 33,120,266 | | | 492,865 | | | | | | | | | | ıroi Brzezinski e-π |
| City of Franklin, Wisconsin | Tax Increment District #4 Development Assumptions | Phase 1 Industrial ¹ | | | | | | | | | | 8.00 720,000 | | 00 1,090,827 | ľ | | | 0.00 | 7,541,12 | | 20 | Ave/acre | | | | | | | | | | ling Value from Ca |
| of Fran | Tax Increr Developm | | Acres | | | | | | | | | 8 | | 14.00 | 14.50 | 12.00 | 10.00 | 6 6 | | ī | 82.50 | | | | | | | | | | | SF for each bulld |
| City | - - - | Existing Tib/ Wheaton Franciscan ³ | | | | | | | | | | | 1 4 | TOO OO OO | | | | | 15,000,000 | | | | | | | | | utheast | | rtheast | | ed upon actual proposed SF for each buildle |
| | | Existing Value | | | | | | | | | | (539,400) | | | | | | | (539,400) | | | - | ar clai Southeast | cial Central | clal northeast | building building | \$56 /SF for building increment value - Industrial | \$90 /SF for building increment value - commercial southeast | \$115 /SF for building Increment value - central | \$140 /SF for building increment value - commercial northeast | %/ year | ² The Interstate buildings were added in based upon actual proposed SF for each building Value from Carol Brzezinski e-mail to Joe Eberle 2/24/15 * Value provided by Phy decelopment Hindian mer Elopmen Disorder a mail debut 4 / 1/15 |
| | | Actual | | 10,784,500 | [oue'888] | 47,721,900 | 3,548,400 | (6,356,800) | 5,356,600 | 300 | 要等等を記 | | | | A CONTRACTOR OF THE PARTY OF TH | | | | 43,675,900 | | | rovided by MLG | 330,000 per acre for industrial Southeast | \$130,000 per acre for commercial Central | per acre for commercial northeast | 7,000 SF/Acre of Industrial building 7,000 SF/Acre commercial building | F for building Increr | SF for building Incre | F for building Increi | F for building increi | 1.005 Escalation factor5%/ year | ne Interstate buildin |
| | | Construction Year | | 2005 | 2007 | 2008 | 2010 | 2011 | 2012 | 2014 | 2015 | 2016 | 2017 | 2019 | 2020 | 2021 | 2022 | 2023 | Totals | _ 2025 _ 2026 | | | \$110,000 pe | \$130,000 pe | \$150,000 pe | 45 000,7 45 000,7 | \$26 /5 | 7 06\$ | \$115 /5 | \$140 /\$ | 1.005 Es | 1 T T 8 |
| | | Cons | | 1 7 | m | 47 L | 10 | 7 | ce c | 10 | 11 | 77 | E S | : 53 | 192 | 17 | 18 | E1 02 | | Land | : | Notes | | | | | | | | | | |



| | | | | | Taxable NPV Calculation | | | | | | | i d | 1 889 541 | 2,773,600 | 3,622,900 | 4,622,496 | 5,930,854 | 8.871.157 | 10,398,044 | 11,937,728 | 13,463,400 | 14,923,228 | | | | Preliminary |
|-----------------------------|---------------------------|------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------|---------------|------------|-------------------------|--------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| | | | Apply to base Value | | Tax Exempt NPV Calculation | | | | | | | 0.0 | 1.930.710 | 2,853,958 | 3,753,823 | 4,828,356 | 6,255,280 | 9.532.775 | 11,271,852 | 13,051,041 | 14,839,714 | 911/9/6/91 | | | | |
| | | | 19,817,900 1,00% \$23.10 1,00% | 4,50% | Tax Increment | 10/11 () 104 | 238,803 | 221,611 | 836,103 | 909,841 | 815,923 | 954,775 | 1.008.955 | 1,008,858 | 1,012,806 | 1,245,678 | 1,703,823 | 2,121,058 | 3,369,100 | 2,391,062 | 2,475,942 | Eagle > F | 8,385,724 Future Value of Increment 28,954,872 | | | |
| consin | #4 | rksheet | Base Value Appreciation Factor Base Tax Rate Rate Adjustment Factor | Tax Exempt Discount Rate Taxable Discount Rate | Tax Rate | \$19.45 | \$20.25 | \$20.51 | \$22.91 | \$22.72 | \$24.22 | \$24.45 | \$22.87 | \$22.64 | \$22.42 | \$22.19 | \$21.97 | \$21.53 | \$21.32 | \$21.11 | \$20.89 | 550,035 | atue of Increme | | sts). | |
| City of Franklin, Wisconsin | Гах Increment District #4 | Tax Increment Projection Worksheet | Appre Rate Adju | Tax Exempt Taxable | Revenue Year | 2007 | 2008 | 2009 | 2011 | 2012 | 2013 | 2014 | 2016 | 2017 | 2018 | 2019 | 2021 | 2022 | 2023 | 2024 | 2025 | 222 | Punie V | | iterest and Issuance co | |
| of Frank | ıx İncreme | crement Pro | | | Total Increment | 910,200 | 11,694,700 | 10,805,900 | 36,501,900 | 40,050,300 | 33,693,500 | 39,050,100 | 44,112,659 | 44,553,786 | 45,179,932 | 56,129,336 | 90.643.826 | 98,498,842 | 106,438,089 | 113,292,891 | 118,498,650 | ico/coo/coo | Action also designed to the second | | ect cost, capitalized in | |
| City c | Ta | Tax Inc | 38 - 9 | 6 0 | Inflation Increment | 0 | 0 | 0 0 | 0 | D | 0 | 00 | 436,759 | 441,127 | 445,538 | 451,799 | 775,485 | 906,438 | 984,988 | 1,064,381 | 1 197 097 | in the state of th | 8,385,724 | H Table | rrowed (Including pro) | |
| | | | Mixe. | yes (No | Valuation Year | 2006 | 2007 | 2008 | 2010 | 2011 | 2012 | 2013 | 2015 | 2016 | 2017 | 2018 | 2020 | 2021 | 2022 | 2023 | 2024 | | 7,919 Statement of the Transfer of the Transfe | on development, inflation of overall lax rates. | of funds that could be bo | |
| | | | Type of District Creation Date Valuation Date Max Life (Years) Expenditure Periods/Termination | evenive removayi marrear Extension Eligibility/Years Recipient District | Value Added | 910,200 | 10,784,500 | (888,800) 47,721,300 | (22,025,300) | 3,548,400 | (6,356,800) | 5,356,600 | 0 | 0 | 180,609 | 20,497,604 | 12,319,853 | 6,948,578 | 6,954,259 | 5,790,421 | 4,07,4,63U | | 111.28 | rdepending on developm | NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalised interest and issuance costs). | |
| | | | renditure Períos | Extension Re | Construction Year | 2005 | 2006 | 2008 | 2009 | 2010 | 2011 | 2012 | 2014 | 2015 | 2016 | 201/ | 2019 | 2020 | 2021 | 2022 | 202 | | | ;; Actual results will vary depending | PV calculations repro | |
| | | | Exp | | 1 | н | 7 6 | n 43 | 53 | 9 | ^ 0 | 0 0 | 10 | 11 | 12 | 13 | 15 | 16 | 17 | 18 | 2 5 | | | Notes: | z | |



| 16,020,000 | 11,320,000 | 4,700,000 | Net issue Size |
|------------|-------------------|------------------------------|---------------------------------------------------------|
| | 3,442 | 1,484 | Rounding |
| | (13,938) | 0.15% (3,459) 0,25% 6 | Estimated interest Assumed spend down (months) |
| | 11,330,496 | 4,701,975 | Total Financing Required |
| | | ٠. | Capitalized interest |
| | 113,200 | 47,000 10.00 | Underwriter Discount Debt Service Reserve |
| | 675 | | • |
| | 17,000 | 11,000 | Bond Counsel Rating Agency Fee |
| | 31,900 | 20,300 | Estimated Finance Related Expenses Financial Advisor |
| 15,762,721 | 11,150,221 | 4,612,500 | Total Project Funds |
| 0 | 0 | 0 | Phase I Commerical |
| 15,762,721 | 11,150,221 | 4,612,500 | Projects Phase I Industrial |
| Totals | G.O. Band 2016 | Bond 2015 | |
| Totals | G.D. Band 2018 | Taxable G.O. Bond 2015 | |



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| 100 | Cash Flox Projection | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | hermonts | | Computer Ald | Sales Other Re- | Other Revenue Debt based | | | Ec. Bate | mores | ٠. | _ | | | | | Principal St. Rate. etc. etc. | - | Table Land | | TEVENT | Sales Terrana | Feet 10-405 | į | Ę | j | America | Compatibilities Day | Dupamber Top |
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| APPROVAL Slw | REQUEST FOR COMMITTEE OF THE WHOLE | MEETING DATE 08/31/2015 |
|-----------------|-------------------------------------------------------------------------------------------------|-------------------------------|
| REPORTS & | STATUS REPORT RELATED TO THE AREA A TRAFFIC IMPACT ANALYSIS FOR | ITEM NUMBER |
| RECOMMENDATIONS | THE STATE HWY 36 (WEST LOOMIS ROAD), WEST RAWSON AVENUE AND SOUTH 76TH STREET INTERCHANGE | and and are a second |

At their March 3, 2015 meeting, the Common Council approved a budget amendment and a motion to instruct staff to contract with Graef to conduct a Traffic Impact Analysis for the State Highway 36 and South 76th Street interchange.

Attached is an update from Graef related to the Traffic Impact Analysis that discusses the process, schedule and current budget status. Also attached is an August 20, 2015 letter from the Wisconsin Department of Transportation indicating that a Traffic Impact Analysis is required.

COUNCIL ACTION REQUESTED

No action needed

or

A motion as deemed appropriate by the Common Council.

One Honey Creek Corporate Center 125 South 84th Street, Suite 401 Milwaukee, WI 53214-1470 414 / 259 1500 414 / 259 0037 fax www.graef-usa.com



collaborate / formulate / innovate

MEMORANDUM

TO:

Nick Fuchs - City of Franklin

FROM:

Andre Ost, P.E., PTOE

DATE:

August 26, 2015

SUBJECT:

Franklin Area A Development

Traffic Impact Analysis (TIA) - Status Update

Background

A WisDOT TIA (Traffic Impact Analysis) is required for the Franklin Area A development because of the proposed access on STH 36 (W. Loomis Road) and the development will generate more than 500 peak hour trips. Per WisDOT requirements, the TIA will include the proposed or planned off-site developments in the study area specifically the Hampton Inn hotel, additional fields at the Rock and minor league baseball stadium at the Rock. The TIA will identify the improvements for the Area A development with the proposed removal of the W. Rawson Avenue ramps. Additional improvements recommended to accommodate the total traffic conditions (Area A development traffic plus off-site development traffic) will also be identified.

WisDOT TIA Process

This WisDOT TIA process is a series of submittals that are dependent on one another. The submittals include the Initial Review, Traffic Forecast Request and TIA Report as discussed below.

Initial Review: The Initial Review is a memorandum that includes an overview of the proposed development, existing transportation system, existing traffic volumes and development trip generation. It also identifies the initial scope of the TIA (study area intersections, peak hours, analysis years, etc.) for WisDOT's consideration. The WisDOT reviews the Initial Review and issues a TIA parameters letter that identifies the requirements of the TIA.

Traffic Forecast Request: After the TIA parameters letter is received, the traffic forecast request can be submitted to WisDOT. The traffic forecast request includes the existing traffic volumes and redistributed traffic volumes due to the removal of the W. Rawson Avenue ramps. The WisDOT will develop the traffic forecasts for the study area intersections with and without the removal of the W. Rawson Avenue ramps.

TIA Report: The traffic forecasts are needed to conduct the future traffic analysis and identify improvements to accommodate the development traffic. The TIA Report summarizes the development, existing traffic, future background traffic, development traffic, traffic operations with and without the development and recommended improvements. The WisDOT reviews the TIA Report and issues a TIA requirements letter identifying the improvements for the development.

Schedule

GRAEF completed the traffic counts in April and May of 2015. The Initial Review has been accepted and the WisDOT issued a TIA parameters letter to the City on August 20, 2015 (attached). The traffic forecast request will be submitted to the WisDOT the week of August 24, 2015. Recent traffic forecasts have been taking approximately six weeks for the WisDOT to complete. Once the traffic forecasts are completed, it will take approximately four weeks to prepare a Draft TIA Report. The City will review the Draft TIA Report prior to submittal to the WisDOT and Milwaukee County. The WisDOT requires up to 90 days to review the TIA Report.

Budget

The Phase 1 Services and Traffic Counts have been completed. We have started initial work on Phase 2 Services.

| Task | Budget | % Complete |
|---------------------------------------------------------------|----------|---------------|
| Phase 1 Services (Development Information & Initial Review) - | \$20,000 | 100% Complete |
| Traffic Counts - | \$12,000 | 100% Complete |
| Phase 2 Services (Traffic Impact Analysis) | \$38,000 | 22% Complete |
| Total | \$70,000 | 57% Complete |

GRAEF has invoiced the city \$37,116 for work through July 31, 2015 and has spent a total of \$40,239 as of August 21, 2015.

L:\Uobs2014\20140960\Project_Information\Correspondence\memo\150826_Area A - TIA Update for Common Council.doc



Division of Transportation System Development Southeast Regional Office 141 N.W. Barstow Street P.O. Box 798 Waukesha, WI 53187-0798

Scott Walker, Governor Mark Gottlieb, P.E., Secretary

Internet: www.dot.wisconsin.gov

Telephone: (262) 548-5903 Facsimile (FAX): (262) 548-5662

E-Mail: waukesha.dtd@dot.wi.gov

August 20, 2015

NICK FUCHS PLANNER CITY OF FRANKLIN 9229 WEST LOOMIS ROAD FRANKLIN, WI 53132

Dear Mr. Fuchs:

Subject:

Log #601 - Development Submittal

Franklin Area A Development WIS 36 & Rawson Avenue

Milwaukee County

We have reviewed the initial information forwarded for the subject development. The Wisconsin Department of Transportation (WisDOT) concurs that a Traffic Impact Analysis (TIA) is necessary for this development in order to understand the impacts, determine access and establish the improvement requirements. Any improvements on WisDOT right-of-way will require a permit.

Please find the parameters for conducting the traffic impact evaluation on the attached review sheet. We look forward to working with the City of Franklin regarding this development plan. Please include a written statement from the City with the next submittal to explain where the development is in the municipal approval process.

If you have any questions regarding traffic issues, please contact the undersigned at (262) 548-5626. Please direct any questions regarding the Trans 233 process to Patricia Reikowski, Land Division Coordinator at (262) 548-5704. Keyin Koehnke, Permit Coordinator (262) 548-5891, will process any necessary permits. Also, please reference the identification log number (#601) when forwarding all correspondence.

Sincerely,

Art Baumann, P.E.

Traffic Operations Engineer

Enclosure

Cc:

Jennifer Murray / Vu Dang DOT-Central Office, Traffic Forecasting

Robert Elkin / Don Berghammer, DOT Dave Brantner / Susan Voight, DOT

Kevin Koehnke / Patricia Reikowski / Brent DesRoches, DOT

Dan Murphy, Milwaukee County

Andre Ost, Graef

Project:

Franklin Area A Development

WIS 36 & Rawson Avenue, Milwaukee County

Review Unit: Traffic Operations

Reviewer:

Art Baumann - SE Region (262) 548-5626

Date:

August 20, 2015

The development's plan shows internal circulation and street connections to serve the development. In addition to the planning already done, the development needs to be designed in consideration with traffic issues and development in and around the study area. A *Traffic Impact Analysis* is needed to understand the traffic impacts, access and improvement needs for these proposed developments. *This analysis shall look at the trip generation for the development and consider the effects of recent and proposed developments in the vicinity.*

There is a need to select a qualified Traffic Engineering Consultant familiar with the trip generation /distribution practices, with the ability to conduct capacity analysis, evaluate results and prepare the report. Please follow the **Statewide TIA Guidelines**, **adopted January 2014** for preparing the traffic evaluation study. The parameters below outline the elements to include in this study. The **TIA shall provide an analysis of the development's initial build year (2017) and the full build out horizon year (2032). If the municipality/developer wishes to consider additional phased improvements, additional analysis years should be identified and included in the traffic projections, analysis and recommendations. WisDOT reserves the right to request additional information or analyses to address specific operational or safety concerns.**

Access Issues

The development's plan including the future surrounding developments will generate a significant volume of traffic. The following outlines the parameters for establishing access and site plan design for the subject development:

- 1) WisDOT will require traffic data (trip generation, distribution and assignment) before we can accept the traffic study.
- 2) Evaluation of the traffic information will help in planning the best access for this development. Please show the development along WIS 36 & Rawson Avenue, land use and locations of access.
- 3) Please evaluate geometric improvement considerations, traffic signal warrants (if necessary), proper spacing of access points from existing/proposed intersections and proper sight distance at intersections.
- 4) The proposed access points to WIS 36 included in this study have not been approved by WisDOT. The locations proposed do not meet the requirements of the WisDOT Facilities Development Manual (FDM). WisDOT allowance for the studying of these access points does not constitute approval/agreement to their locations or approval to the revisions/removals of the ramps at 76th Street and Rawson Avenue. WisDOT will take into consideration the results of the TIA in making a determination on whether it will allow the access points at locations that don't meet FDM requirements and/or to allow the proposed revisions/removals of the ramps.
- 5) Permitting for access to Rawson Avenue (County BB) and 76th Street (County U) is under the jurisdiction of Milwaukee County. Locations of access will be determined by the unit responsible for the roadway subject to department restrictions.
- 6) Evaluation of operations, level of service and improvement analysis will be needed at WIS 36 EB Ramps & Rawson Avenue, WIS 36 EB Ramps & 76th Street, WIS 36 WB Ramps & 76th Street, WIS 36 WB Ramps & Rawson Avenue, 76th Street & Rawson Avenue, 68th Street & Rawson Avenue, 76th Street & Crystal Ridge Drive, Rawson Avenue & Crystal

Ridge Drive, WIS 36 & Drexel Avenue, WIS 36 & the proposed access locations (north, middle & south), and other locations as identified in the TIA.

- 7) Setback requirements shall be shown along WIS 36.
- 8) Vision/Sight Distance must be reviewed to ensure access meets appropriate criteria.

Study Area

The TIA shall incorporate the following study area: WIS 36 from Drexel Avenue to 76th Street, Rawson Avenue (County BB) from Crystal Ridge Drive to 68th Street, and 76th Street (CTH U) from Rawson Avenue to Crystal Ridge Drive.

- Development peak times weekday PM peak (4:30 pm to 5:30 pm) and Saturday Peak (11:30 am to 12:30 pm). Check all movements at existing intersections to ensure other times are not a dominant volume for any movement. If another time is the peak for any turn movement, this data must be shown and considered when establishing improvements and storage lengths.
- Any capacity problems at proper access points need to be addressed through separating movements or providing alternate access.
- The traffic study must consider the City of Franklin's Master Plan (zoning and street network) and any known future development plans.
- If the development accounts for more than 20 percent of the traffic for any one movement at intersections beyond these limits, the area must be expanded accordingly.

Report Development

This study report will need to determine the traffic generated by the development and any other planned developments within the study area. *The study will then evaluate the operations to determine the necessary storage lengths at intersections and any required improvements.* In addition, recommendations must be developed to address any deficiencies. The following lists other study elements that the consultant is advised to pay particular attention to through the study process:

- 1) Explain, through narrative discussion and/or exhibits, the existing use and proposed changes to the property and parcels within the study area. Clearly identify the **stages and time frame** for each portion of the development. Exhibits showing staging break down are beneficial.
- 2) As discussed in the guidelines, traffic exhibits need to be developed based on WisDOT traffic counts and forecasts.
- 3) The TIA shall utilize WisDOT counts and projection data as the base line for analysis. Please contact Brent DesRoches at (262) 548-5611 for this information.
- 4) Please note that there are existing signals at the intersections of WIS 36 & Drexel Avenue, WIS 36 WB Ramps & 76th Street (County U), Rawson Avenue (County BB) & 76th Street (County U), and Rawson Avenue (CTH BB) & 68th Street. Contact Dave Brantner at (262) 548-8736 for information regarding the timing and operations at the WIS 36 intersections. Please contact Milwaukee County regarding the signal timing and operations for the signals on Rawson Avenue. A build year signal warrant analysis, a horizon year signal warrant analysis and a signal system analysis should be included if a signal is proposed.
- 5) Please utilize the 9th edition of the *ITE Trip Generation* manual for the development's trip generation or provide appropriate documentation on other methods of trip generation. The trip generation and trip distribution are acceptable. The trip assignment was not provided. Please provide the trip assignment for review and approval prior to the submittal of the TIA.

- 6) Label all major streets within the study area and all access points within the study area (show distances, land uses and ownership).
- 7) Include the existing and final transportation detail as discussed in the guidelines. Analyze development access points for the base year to determine if existing operations will handle traffic. Record improvements to address any deficiencies revealed through the evaluation.

APPROVAL REQUEST FOR COUNCIL ACTION REPORTS & RECOMMENDATIONS Alternate Concepts and Strategies for Retail Development in Area A and Contract Prices from Graef MEETING DATE 8/31/2015 ITEM NUMBER

At the meeting of August 18, 2015, the Common Council approved the following motion: "moved to direct staff to secure contract prices from Graef to provide seven alternate concepts for retail development in area A and work with staff and aldermen to accomplish that."

Common Council members offered the following alternatives for consideration for further review.

- Focus around redeveloping Orchard View and providing access through that development to the properties to the east or creating something more spectacular in this area.
- Provide access between the Franklin Center/former Office Max development and the fill property.
- Given the volume and nature of existing multi-family in the area, consider alternatives where additional multi-family is in high-quality, high-rise buildings.
- Reduce the size or scope of the area involved, such as only considering the Paradinovich property, the DOT
 property, the Rock property, the Mahr property, Franklin Center, or the Rawson Avenue portion east of
 Loomis.
- Keep the area large enough to ensure the cost of improvements can be offset by the potential incremental value of development.
- Start talking to property owners in the area to evaluate and ascertain their vision and intent for the area properties and/or to share concept ideas with the property owners.

Staff discussed and conceived of a very similar set of specific project area alternatives. Staff went further and identified broad, conceptual project components that could be varied to create alternative development concepts. The nature of actions that could be considered in determining alternative options was separated into five categories:

- Alter the geographic area of the properties considered for inclusion (most of the alternatives listed above fall into this category);
- Alter the scope of amenities and infrastructure considered as project components (reduce project costs to increase ROI potential);
- Alter the design layout or structure of each individual area;
- · Alter the land use of specific parcels or areas; and
- Alter the project focus from TIF to other economic development tools and incentives.

After meeting internally to review and develop alternatives in general, staff had a conference call with Graef to investigate options and cost potentials. Unfortunately, Graef's primary staff involved in our project was gone for part of the week of 8/17 and all of the week of 8/24. Nonetheless, during the discussion, Graef identified that the area as a whole could be broken into numerous sub-sections, each of which could invoke a variety of design alternatives employing different mixes of land uses and development patterns (each of which impacts the cost/development cost ratio). Graef provided the attached map which generally isolated specific areas that could be considered for alternative development proposals, some of which replicate those sub-units identified by Aldermen in their options. Naturally, any mix of the identified areas could be combined into individual project alternatives. They also provided comments on additional strategies that could be pursued at this time (see Attachment).

Given just the scope and nature of the range of alternatives listed above, there are between dozens and thousands of alternatives that could be considered (although many of them would likely have very similar fiscal impact results). Given the range of alternatives and given Graef's limited access during this specific recent week or so, Graef recommends that the Common Council narrow down their intent for the seven alternatives to be further investigated. Graef can then more readily propose a scope of services and project cost for evaluation of each alternative. For example, the most basic scope of services might simply be to identify the pros and cons of a development alternative for the purpose of identifying the likelihood that more detailed analysis would yield beneficial results; whereas a more detailed scope of services would require a specific infrastructure layout(s) and land use designation and absorption rate for each selected area, along with a related fiscal analysis.

Absent a more specific designation as to the alternatives to be investigated and the extent of the investigation, Graef offers the following, standard hourly rate schedule for projects of this nature. In the event a scope of services is more narrowly defined, Graef can offer a more specific, not-to-exceed proposal if hourly rates are insufficient.



Che Farey Ocek Senjerate Care-128 So. U. (27/5) het., Sale 40/ Minosalett, M. Sale 14/6 n [a. / 286] och 314 / 286 CO? I/o. www.grant-uss.com

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CITY OF FRANKLIN ESTIMATED FEE SCHEDULE (TO BE CONFIRMED WITH PROJECT TEAM AFTER AUGUST 31, 2015)

| CLASSIFICATION | EATE. |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Group Manager (P8) | \$ 180.00 |
| Senior Professional (P7) | \$ 153.OD |
| Professional (Pt) | \$ 144.OD |
| Professional (P5) | \$ 135.0 0 |
| Professional (P4) | \$ 124.00 |
| Professional (P3) | \$ 1 13.00 |
| Professional (P2) | \$ 101.00 |
| Professional (P1) | \$ 89.00 |
| | |
| | |
| Senior Technician/Inspector (T6) | \$ 114.00 |
| Senior Technician/Inspector (T6) Senior Technician/Inspector (T5) | \$ 114.00 \$ 109.00 |
| | · |
| Senior Technician/Inspector (T5) | \$ 109.00 |
| Senior Technician/Inspector (T5) Senior Technician/Inspector (T4) | \$ 109.00 \$ 100.00 |
| Senior Technician/Inspector (T5) Senior Technician/Inspector (T4) Technician/Inspector (T3) | \$ 109.00 \$ 100.00 \$ 89.00 |
| Senior Technician/Inspector (T5) Senior Technician/Inspector (T4) Technician/Inspector (T3) Technician/Inspector (T2) | \$ 109.00 \$ 100.00 \$ 89.00 \$ 79.00 |
| Senior Technician/Inspector (T5) Senior Technician/Inspector (T4) Technician/Inspector (T3) Technician/Inspector (T2) Technician/Inspector (T1) | \$ 109.00 \$ 100.00 \$ 89.00 \$ 79.00 \$ 63.00 |

Automobile travel will be hilled at the current federal rate of 57.5 cents per mile. Survey trucks and vans will be billed at 75 cents per mile. LIDAR scanner will be billed at \$150/hour. Expenses such as travel and supplies will be billed at actual cost.

Contracted services and consultants will be billed at cost plus 5 percent.

As to potential Common Council actions as a result of the above information a variety of choices are available; some of which could be done simultaneously. For example, the Director of Administration suggests the following actions could be considered:

- 1. Take no action at this time pending further results from the TIA as the prior analysis by Graef indicated that removal of the ramps offered the best potential for area wide retail development.
- 2. Motion to authorize staff to work with Graef on an hourly basis, using the Other Professional Services appropriations in the Economic Development budget, to identify additional alternatives, including those suggested by the Aldermen as noted herein, provide a brief pros and cons overview of each alternative as to why that alternative might or might not be viable, to provide a high-level fiscal impact overview for each alternative to the extent possible from existing data, and to develop a specific scope of services and cost for each such alternative that staff or Graef views as potentially viable.
- 3. Direct staff to begin discussions with significant or primary property owners in the area to evaluate and ascertain their vision and intent for the area properties and/or to share concept ideas with the property owners.
- 4. Direct staff to identify and have initial discussions with other Economic Development Consultants or developers who might be engaged to address other economic development tools and incentives as a means of generating retail development in Area A, with intent of developing a project proposal and scope.

Although the Director of Administration has offered a number of options for motions, he recommends items 1 and 3 at this time, because having some patience in allowing the TIA to be completed could result in the best, overall, most significant project alternative. Additionally, engaging and informing property owners is always beneficial.

If the Common Council believes the TIA will not succeed and there is no time to wait, then the Director of Administration recommends motion #2. Given the range of alternatives it would be helpful to provide you some basic, high-level evaluation of some of those alternatives so that the Council would have enough information from which to make a decision. With Graef's staff gone the last week and no authority to pay them to help, it wasn't possible to pull together sufficient information on alternatives for the Aldermen to make an informed decision on alternatives. This motion will cause that information to be gathered. [Note: the available appropriation is only \$5,000, so this would be the maximum.]

The Director of Administration recommends holding off on Motion #4 at this time as this would best be done after the Director of Economic Development comes on board later this year.

COUNCIL ACTION REQUESTED

As determined by the Council considering the alternatives above.

One Honey Creek Corporate Center 125 South 84th Street, Suite 401 Milwaukee, Wi 53214-1470 414 / 259 1500 414 / 259 0037 fax www.graef-usa.com



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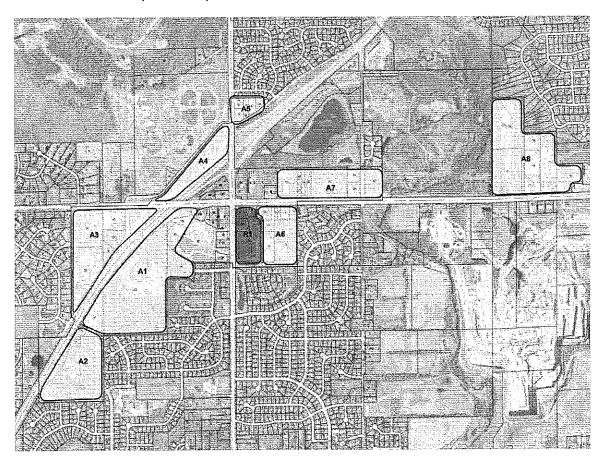
August 27, 2015

RE: Area A Development Alternatives

GRAEF has prepared a number of development alternatives on a parcel-by-parcel basis within Area A. We are ready to work with staff and Alderpersons to develop these alternatives.

As Area A moves forward from the schematic master plan, the process of success for recruitment could be improved. GRAEF will work with the city to develop an expanded list of incentives and investment strategies listed below.

- Review City approval process to streamline development process
- Talk with land owners to gain better understanding of land prices, interests, options and other real estate
- Create MLS for use on City website (Cottage Grove example-click on 'start mapping') http://www.vi.cottagegrove.wi.gov/section.asp?linkid=2139&locid=190
- Provide further research on wetlands and other environmental issues
- Provide multiple development scenarios for the areas identified below



APPROVAL COMMITTEE OF THE WHOLE 08/31/2015 REPORTS & STATUS REPORT RELATED TO BUXTON COMPANY AND RETAIL RECRUITMENT EFFORTS RECOMMENDATIONS REPORTS

Following the approval of the agreement and contract with Buxton Company on November, 14, 2014, members of the Economic Development Commission (EDC) and City staff have been working with Buxton to complete the retail recruitment process as outlined within those documents. The actions that have taken place as well as the comments and feedback received to date are outlined below.

As the initial year of the contract will be coming to a close and an additional \$50,000 payment will be due by the contract's one year anniversary, Buxton has proposed coming to Franklin to provide an update as to the progress of the recruitment efforts thus far. An email from Cody Howell of Buxton requesting to be on the September 15, 2015 Common Council agenda is attached. If the Common Council wishes, staff can schedule that with Buxton for an upcoming Common Council meeting.

Please be aware that the initial term of the agreement with Buxton is for three (3) years with services invoiced annually. Per the contract, the City may cancel services for the following year at any time by providing written notice to Buxton at least sixty (60) days in advance of a yearly renewal.

Per a recent discussion with Buxton, the second year of services will focus on continued outreach to the selected retailers. Buxton indicated that they will also provide additional retailers to engage, along with further research of the trade area.

History

- August 5, 2014: The Common Council directed staff to contact Buxton Company for further information with regard to mutual interests relative to economic development.
- August 21, 2014: The Economic Development Commission took the following action with respect to its review of the publicized report from Buxton concerning retail leakage in the City: Motion made (Kaniewski) and seconded (Kent) to pass on to Common Council support of the Council's further research and investigation of the issues raised by the Buxton report. Motion carried: 4 Ayes, 0 Noes.
- October 27, 2014: The Economic Development Commission took the following action as a follow up to its August 21 motion: Motion made (Haskins) and seconded (Soto) to recommend to the Common Council at their November 3, 2014 meeting that they strongly consider moving forward with Buxton to guide the City and the Economic Development Commission with business recruitment and retention efforts which would allow a jumpstart to assist any economic development employee under consideration. Motion carried: 4 Ayes, 0 Noes.

- November 3, 2014: The Common Council took no action relative to the draft Buxton agreement and resolution.
- November 4, 2014: The Common Council approved a resolution authorizing
 certain officials to execute an agreement with Buxton Company to provide
 community retail economic development needs and satisfaction study,
 recruiting and retention professional consulting services, with costs to come
 from the "Restricted Contingency" portion of the Contingency appropriation,
 pending establishment of an applicable tax incremental district for which such
 services may be provided or otherwise as may be determined by the Common
 Council.
- December 10, 2014: The Economic Development Commission selected the following locations for Buxton to review and the five Buxton SCOUT users.
 - Locations
 - West Rawson Avenue and South 76th Street
 - West Loomis Road and West Ryan Road
 - West St. Martins Road and West Loomis Road
 - West St. Martins Road and West Church Street (later selected by Chairman Haskins, Alderwoman Wilhelm and staff to potentially replace West Loomis Road and West Ryan Road)

The EDC also recommended that West Rawson Avenue and South 76th Street be the primary area of focus.

- o SCOUT users
 - Stephen Olson, Mayor
 - Craig Haskins, EDC Chairman
 - Kristen Wilhelm, Alderwoman and EDC Member
 - Brian Sajdak, Assistant City Attorney (later replaced by EDC Member Matt Haas)
 - Nick Fuchs, Senior Planner
- January 15, 2015: Press Release issued
- January 26, 2015: The Economic Development Commission recommended that the SCOUT users be tasked to continue retail recruitment efforts, following the mailing of the engagement letters to be sent by Buxton.
- March 31, 2015: Buxton mailed the initial engagement letters to retailers
- April 7, 2015: Follow up emails were sent to retailers
- April 30, 2015 & May 4, 2015: Follow up phone calls were made to retailers
- End of April through July: Various correspondences with different retailers were made. Comments and feedback received during this time are further described below.
- August 7, 2015: Follow up letters mailed to retailers
- Week of August 31st: Follow up emails will be sent

Comments/Feedback

It has been previously discussed at the Common Council and EDC to not release the identities of the selected retailer; therefore, staff has not indicated the name of the specific retailers below.

Summary of comments from retailers:

- They do not have a franchisee for Franklin market. They are 100% franchised and can only pursue real estate in markets where they have active franchisees. Okay to check back periodically.
- Broker for company would like to review the performance of two new locations to determine if it is feasible to open an additional location between the two. He asked that the City follow up with him in June 2016.
- Retailer not interested because: 1) The store is not a destination type user and requires co-tenancy; 2) Two or three similar users required within the same shopping center/area; 3) Demographics are not a match; 4) Area needs critical mass; 5) Southridge Mall competition, everything is there.
- Do not currently have any interested franchisee for this market, but will keep in mind in the event that should change.
- The retailer has been looking at Franklin for a location for last couple years and would like to speak with us. Also inquired if City was attending the ICSC in Vegas.
- They do not have interest in Franklin at this time. He was familiar with Buxton and found their information interesting and compelling. Currently not enough of their demographics and co-tenancy requirements in Franklin, plus have the market well covered with existing locations. Okay to follow up with him in the future. Appreciates the City's work and reaching out to them.
- At this time not targeting growth in area, and do not have a franchisee operating in WI. Only targeting markets with high levels of foot traffic, such as large vibrant downtowns, entertainment centers, tourist/vacation destinations, captive locations (airports, amusement parks, universities. Tend to avoid strip centers, power centers, grocery-anchored centers, outparcels, etc.
- No franchisee at this time.
- Not actively seeking new property. High hopes that they will begin new growth soon. Will keep City contact info.
- Would love to hear more from City and Buxton. Buxton and staff made a presentation to this retailer. Retailer indicated that this was perfect to start the dialogue and Buxton looked at all of the same variables they do for a location. Pointed out that they are franchisee driven and would need to sell the rights to Wisconsin. The City should let them know if we know any restaurateur that may be interested in franchising as they would need to find owner/operator to sell the franchise rights.
- No development plans for Wisconsin or the Midwest. Franklin should contact them in a year.
- Currently focusing their efforts in the Southridge Mall area. Can forward any potential sites to their broker.

In review of the comments above, the common issues for retailers can be summarized as follows:

- 1. Franchisee driven, no franchisee
- 2. Demographics, co-tenancy and other location requirements not met
- 3. Southridge Mall competition
- 4. The market is covered by other stores

5. Expansion plans - focused elsewhere, not targeting the area or not expanding at this time

Due to some of the comments received, Buxton has replaced several retailers with new potential retailers. The recruitment process has only just started with those retailers and staff has not yet received any feedback.

Next Steps

As Buxton has previously indicated, the process of most retail development is 18 to 24 months or more. As such, Buxton recommends continued follow up with the retailers. Buxton has and continues to provide staff with verbiage for follow up communications with retailers. Furthermore, Buxton has made the following recommendations related to continued outreach efforts:

- Respond in a timely manner to emails
- Those who have not yet responded within 2-3 days will be called
- Following the call (even if a voicemail is left) an email will be sent outlining the communication, any items in process, and suggested times for the next meeting
- Examples of discussion items for presenting Franklin as a location for target retailers:
 - o Communicate the story of Franklin
 - o Communicate the market validation within the Buxton Pursuit Package
 - o Communicate the comparable locations mentioned in the Buxton Match Report
 - o Communicate incentives, available commercial properties, request a site visit, etc.

COUNCIL ACTION REQUESTED

No action needed

or

A motion as deemed appropriate by the Common Council.

From:

Cody Howell

To:

Steve Olson

Cc:

Alderman; Nick Fuchs; Sandi Wesolowski; Eric Brown; Cheyenne Robinson

Subject: Date: Buxton Requested Agenda Item Thursday, August 27, 2015 6:38:54 PM

Good Evening Mayor Olson -

I trust that this communication finds you well and that things are great in the City of Franklin.

After working through several delays in the process of getting the green light to begin the initial communication outreach to the targeted retailers, we are now approaching the 5 month mark of actual recruitment efforts. At this stage of the process, it is our standard practice to request the opportunity to provide a full status update to the full common council during a council meeting. I am reaching out to professionally request to be placed on the September 15th council meeting agenda if at all possible. We would request to be allocated 15-20 minutes just to walk through with the full council an update of progress to date, where we are currently and where we are headed with the continued efforts.

In speaking internally with my staff, I am aware that there has been positive traction made on the recruitment front with several retailers. Of the total of 23 that have been targeted so far, we have had some form of engagement with 15 of them. Just to provide a snapshot of some of the feedback to date:

- Tim Horton's on a call conference call with the Tim Horton's real estate representative,
 Nick Fuchs and the Buxton representative; it was communicated that they found the
 Buxton information to be most beneficial and in agreement with Franklin being a strong
 candidate for expansion. They are currently expanding throughout the DMA. Currently
 needs to identify an owner/operator.
- Logan's Roadhouse Plans to begin growth soon throughout the market(s) and was very receptive to the Buxton information.
- Golden Corral in April, the VP of Real Estate expressed their interest in the market and desire to connect. Ongoing communications are in the works to connect.
- Gap Inc feedback provided was that while they are not interested in expanding to
 Franklin in the short-term, they found the information to be interesting and compelling.
 Offered feedback on several trade area attributes that with focused effort could make the
 market more attractive.
- Other franchise concepts have expressed positive feedback on the City of Franklin opportunity, next steps pending are based on the identification of a franchisee.

Overall, after only 5 months of recruitment efforts; I am pleased with the positive feedback to date and our ability to get Franklin engaged with retailers. Retail recruitment is a process that takes time to see the direct benefits and most often the initial months are making the all-important contacts to open the lines of communication. I am most confident that all of the doors opened thus far in only 5 true months of recruitment efforts are a direct result of the Buxton partnership and am even more confident that as we approach the upcoming second term of our partnership we will begin to really see the fruits of efforts produce higher results. Most of the first year is

crucial in bridging the communication gaps with retailers and laying the foundational groundwork to be successful for years to come.

We look forward to having the opportunity to be placed on the Sept 15th council meeting agenda to provide the full update so that all are aware of the efforts and progress. Please advise.

Cody Howell

<u>Buxton</u> — Vice President & General Manager CID
(o) 817.332.3681 (c) 817.726.5278

Follow us @Buxtonco