

CITY OF FRANKLIN
COMMITTEE OF THE WHOLE*
FRANKLIN CITY HALL – COMMON COUNCIL CHAMBERS
9229 WEST LOOMIS ROAD, FRANKLIN, WISCONSIN
AGENDA**
MONDAY, DECEMBER 5, 2016 AT 6:30 P.M.

- A. Call to Order and Roll Call.
- B. Presentation/Training on Affirmatively Furthering Fair Housing to Satisfy the City's Requirement as Part of Milwaukee County's 3-Year Cooperative Agreement and the Community Development Block Grant (CDBG) Program.
- C. An Ordinance to Repeal and Recreate § 229-4 of the Municipal Code, "Room Tax," Pertaining to the Establishment of Tourism Commission and the Collection and Appropriation of Room Tax Revenues.
- D. Preliminary Discussion on the City Hall Remodeling Project.
- E. Adjournment.

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

**Supporting documentation and details of these agenda items are available at City Hall during normal business hours.

[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.]

REMINDERS:

December 8	Plan Commission	7:00 p.m.
December 20	Common Council Meeting	6:30 p.m.
December 22	Plan Commission	7:00 p.m.
December 23, 26, 30 and January 2		City Hall Closed

<p>APPROVAL</p> 	<p>REQUEST FOR COUNCIL ACTION</p>	<p>MEETING DATE</p> <p>12/05/2016</p>
<p>REPORTS & RECOMMENDATIONS</p>	<p>Presentation/Training on Affirmatively Furthering Fair Housing to Satisfy the City's Requirement as part of Milwaukee County's 3-Year Cooperative Agreement and the Community Development Block Grant (CDBG) Program</p>	<p>ITEM NUMBER</p> <p>B</p>

Milwaukee County, under the direction of the U.S. Department of Housing and Urban Development (HUD), has a contractual responsibility to affirmatively further fair housing within Milwaukee County. Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act) requires HUD to administer its programs in a way that affirmatively furthers fair housing. The laws that establish the Milwaukee County Community Development Block Grant (CDBG) program, that the City of Franklin is a part of, require jurisdictions to certify in writing that they are affirmatively furthering fair housing.

Milwaukee County's 3-year (2015-2017) Cooperative Agreement set forth between Milwaukee County and the municipality's states that each year the municipalities are required to select one action item to affirmatively further fair housing for the duration of the Cooperative Agreement.

The County notified municipalities earlier in the year requesting that each municipality select and inform the County by July 31, 2016 on which action item they would be accomplishing for 2016 and then provide proof of the accomplishment by no later than December 15, 2016. The action item the City chose to accomplish for 2016 is "Train elected officials serving on the governing board (common council/board of trustees) and volunteers serving on the plan commission, board of appeals, and other bodies impacting housing in fair housing laws and the requirement to affirmatively further fair housing".

As such, Kori Schneider Peragine and Margaret Bowitz, both with the Metropolitan Milwaukee Fair Housing Council, will be in attendance to give a presentation/training on the fair housing laws and requirements to affirmatively further fair housing. The Department of Administration will then report the City's accomplishment of its action item to Milwaukee County by December 15, 2016.

COUNCIL ACTION REQUESTED

Informational presentation/training.

Approval	Council Action Sheet	MEETING DATE Dec. 5-6, 2016
REPORTS & RECOMMENDATIONS	AN ORDINANCE TO REPEAL AND RE-CREATE §229-4 OF THE MUNICIPAL CODE, "ROOM TAX", PERTAINING TO THE ESTABLISHMENT OF TOURISM COMMISSION AND THE COLLECTION AND APPROPRIATION OF ROOM TAX REVENUES	ITEM NUMBER C.

Summary

A presentation of these changes will be offered at the December 5, 2016 Committee of the Whole meeting. Action will be requested at the December 6, 2016 Common Council meeting.

The adoption of Wisconsin Act 55 in July of 2015, amended State Statute §66.0615, preempting the ability of municipalities to appropriate room tax revenue. The statute places additional regulations on how room tax revenue must be spent, oversight of spending and reporting requirements.

The Council Action requested will bring the City of Franklin into compliance with the law by creating a Franklin Tourism Commission and allocating funds to the Commission from room tax revenue for the purposes of tourism promotion and tourism development. Room tax revenue collections beginning January 1, 2017 will be impacted.

In addition to the outlined changes to comply with the Statute, staff recommends capping the administrative fees retained by hotel and motel operators at \$50 per quarterly filing.

Background

The City of Franklin collects a 6% tax on the rental of rooms or lodging to transients by hotelkeepers, motel operators, or other persons that rent similar accommodations available to the public. Historically, this revenue has been used for general municipal expenditures. In 1994, the State required that municipalities retain no more than 30% of room tax revenue for general municipal expenditures. However, Franklin was grandfathered and allowed to continue to utilize 100% of revenue for general municipal expenditures. The 2015 law, eliminated the grandfather clause, and now requires all communities to dedicate revenue to a tourism commission or tourism entity for tourism promotion and tourism development.

Tourism Commission

Staff recommends the creation of the Franklin Tourism Commission. The Commission shall consist of 5 members. As required by the statute, at least one (1) Commissioner will be a representative of the hotel and motel industry. Commissioners shall be appointed by the Mayor and confirmed by the Common Council, for 1 year terms expiring January 1 at the pleasure of the Mayor. The Commission will be required to submit annual reports to the Common Council, including itemized expenditures and a proposed budget for the following year.

As an alternative to creating a Tourism Commission, the Statute allows municipalities to forward room tax revenues to a tourism entity in the municipality. Currently no such tourism entity exists in the City of Franklin. While Franklin could partner with a tourism entity in another community or work to create an entity, staff believes the interest of Franklin and its local hotel and motel industry will be better served by the oversight of a Tourism Commission.

Tourism Commission Spending

The Commission shall spend room tax revenue on tourism promotion and tourism development. Tourism

promotion and tourism development are defined by any of the following items that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment:

1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motor-coach groups.
2. Transient tourist informational services.
3. Tangible municipal development, including a convention center.

Room Tax Revenue

The Statute allows municipalities to retain a portion of room tax revenue for general municipal expenditures. The portion of funds that may be retained by the City is based on either 30% of funds collected in the current year or funds collected in a prior base year. Staff has estimated room tax revenues over the next five years, in an effort to demonstrate the amount of funds likely to be available for general expenditures and the amount of remaining funds that will be appropriated to the Tourism Commission. See the table below:

YEAR	Amount Eligible for General Municipal Spending: greater of 30% of current year or	Estimated \$ to Franklin General Expenditures 30% or base year	Estimated \$ to Franklin Tourism Commission 70% or remainder of base
2017	Total retained in 2014	\$174,358 (base year)	\$105,642
2018	Total retained in 2013	\$191,597 (base year)	\$96,803
2019	Total retained in 2012	\$183,324 (base year)	\$113,776
2020	Total retained in 2011	\$175,421 (base year)	\$130,579
2021 & beyond	Total retained in 2010	\$151,894 (base year)	\$163,306

In the years following 2021, Franklin will be eligible to retain the amount of funds collected in 2010, \$151,894, for general expenditures. With natural inflation of room tax revenues, the base year amount will continue to be greater than 30% of the estimated current year room tax collections for the next 20 years. Construction of new hotels in the City would shorten that timeline, increasing room tax revenue both for general municipal expenditures and the Tourism Commission.

Administrative Fee

Franklin’s current room tax code allows operators to retain 5% of the room tax they collect for administrative expenses. Staff believes this amount to be excessive relative to the reporting requirements. As part of the other outlined changes to the room tax code, staff recommends capping the amount of funds that may be retained by operators at a maximum quarterly amount of \$50. Staff mentioned this possibility to a local operator, who suggested the change was reasonable and within the range of other communities.

COUNCIL ACTION REQUESTED

Motion to approve an ordinance to repeal and re-create §229-4 of the Municipal Code, “Room Tax”, pertaining to the establishment of a Tourism Commission and the collection and appropriation of room tax revenues.

STATE OF WISCONSIN

CITY OF FRANKLIN

MILWAUKEE COUNTY

ORDINANCE NO. 2016-_____

AN ORDINANCE TO REPEAL AND RE-CREATE §229-4 OF THE MUNICIPAL CODE,
“ROOM TAX”, PERTAINING TO THE COLLECTION AND APPROPRIATION OF
ROOM TAX REVENUES

WHEREAS, The State of Wisconsin has amended Wis. Stat. § 66.0615, preempting the City’s ability to appropriate room tax revenue and now regulates how room tax revenue must be spent, and;

WHEREAS, the City of Franklin Municipal Code must be amended to reflect this statutory amendment, and;

WHEREAS, the Common Council having found and determined that such amendment as recommended was reasonable and necessary.

NOW, THEREFORE, the Mayor and Common Council of the City of Franklin, Wisconsin, do ordain as follows:

SECTION 1: §229-4. of the Municipal Code of the City of Franklin, Wisconsin, is hereby repealed and re-created to read as follows:

§ 229-4 **Room Tax.**

A. Definitions. As used in this section, the following terms shall have the meanings indicated:

HOTEL OR MOTEL

A building or group of buildings in which the public may obtain accommodations for a consideration, including, without limitation, such establishments as inns, motels, tourist homes, tourist houses or courts, lodging houses, rooming houses, summer camps, apartment hotels, resort lodges and cabins and any other building or group of buildings in which accommodations are available to the public, except accommodations, including mobile homes as defined in Wis. Stat. §101.91 (10), manufactured homes as defined in Wis. Stat §101.91 (2), and recreational vehicles as defined in Wis. Stat. § 340.01 (48r), rented for a continuous period of more than one month and accommodations furnished by any hospitals, sanatoriums, or nursing homes, or by corporations or associations organized and operated exclusively for religious,

charitable or educational purposes provided that no part of the net earnings of such corporations and associations inures to the benefit of any private shareholder or individual. In this subdivision, "one month" means a calendar month or 30 days, whichever is less, counting the first day of the rental and not counting the last day of the rental.

OPERATOR

A person, firm or association of any kind which owns a hotel or motel as defined in this section.

TOURISM PROMOTION AND TOURISM DEVELOPMENT

Any of the following that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which room tax may be imposed:

- 1) Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.
- 2) Transient tourist informational services.
- 3) Tangible municipal development, including, but not limited to, a convention center.

TRANSIENT

Any person residing for a continuous period of less than one month in a hotel, motel or other furnished accommodations available to the public.

B. Tax imposed. Pursuant to the authority of Wis. Stats. § 66.0615(1m)(a), the City hereby imposes a tax in the amount of 6% of gross receipts from the lease or rental of a hotel or motel to transient persons within the City. Any tax so imposed shall not be subject to the selective sales tax imposed by Wis. Stat. § 77.52.(2)(a)1.

C. Reporting required.

- 1) Every operator covered by this section shall submit a quarterly report to the City Clerk showing the gross receipts

from furnishing accommodations, together with a copy of the state sales tax report for the business and the tax due to the City. The report, state sales tax report and tax shall be submitted quarterly by not later than 30 days from the end of each calendar quarter for the receipts of the past calendar quarter. The quarterly report shall be signed by the operator and notarized.

- 2) The operator may retain 5% of the tax collected for administration up to \$50 per quarterly submittal.

D. Tourism commission.

- 1) Creation. There is hereby created a City of Franklin Tourism Commission to coordinate tourism promotion and development in the City.
- 2) Composition. The commission shall consist of 5 members. At least one Commissioner shall represent the Wisconsin hotel and motel industry. Commissioners shall be appointed by the Mayor and confirmed by the Common Council.
- 3) Term. Commissioners shall serve for a one-year term expiring on January 1 at the pleasure of the Mayor. Commissioners may be re-appointed.
- 4) Officers. The Commission shall elect a chairperson, vice-chairperson and secretary at the first meeting held after January 1 of each year.
- 5) Meetings. The Commission shall meet regularly and conduct its proceedings in accordance with Robert's Rules of Order.
- 6) Duties.
 - a) Use the room tax appropriated to the Commission for tourism promotion and tourism development within the City.
 - b) Submit a report to the Common Council on or before November 1 of each year itemizing its expenditures and proposing its budget for the following year.

E. Appropriation.

- 1) Pursuant to Wis. Stat. § 66.0615(1m)(dm), the City shall appropriate the following funds to be spent by Tourism Commission:
 - a) For the fiscal year 2017, the greater of either 30 percent of current year revenues or any funds exceeding the amount of room tax revenue retained by the City in the 2014 fiscal year.
 - b) For the fiscal year 2018, the greater of either 30 percent of current year revenues or any funds exceeding the amount of room tax revenue retained by the City in the 2013 fiscal year.
 - c) For the fiscal year 2019, the greater of either 30 percent of current year revenues or any funds exceeding the amount of room tax revenue retained by the City in the 2012 fiscal year.
 - d) For the fiscal year 2020, the greater of either 30 percent of current year revenues or any funds exceeding the amount of room tax revenue retained by the City in the 2011 fiscal year..
 - e) For the fiscal year 2021 and thereafter, the greater of either 30 percent of current year revenues or any funds exceeding the amount of room tax revenue retained by the City in the 2010 fiscal year..

F. Enforcement.

- 1) The City adopts by reference the enforcement provisions in Wis. Stat. § 66.0615 as amended from time to time, including:
 - a) If a City has probable cause to believe that the correct amount of room tax has not been assessed or that the tax return is not correct, inspect and audit the financial records of any person operator pertaining to the furnishing of accommodations

to determine whether the correct amount of room tax is assessed and whether any room tax return is correct.

- b) A forfeiture of 5% of the tax due for failure to comply with a request to inspect or audit.
 - c) The City Clerk shall determine the tax due in her best judgment if the operator fails, neglects or refuses to furnish a complete report within 60 days of the date it is due.
 - d) The amount of tax which the Clerk determines is due under Subsection F(1)(c) is additionally subject to 1% per month payment of the unpaid balance. No refund or modification of the amount may be made until the operator files a correct report and allow the City to inspect and audit the accommodation's financial records.
 - e) The Common Council may subject any operator who fails to pay a tax when due an assessment of up to 25% of the room tax due or \$5,000.00, whichever is less.
- 2) If a false or fraudulent report is filed with the intent to evade the tax imposed, the Common Council may additionally subject the operator to an assessment of 50% of the tax due.
- 3) Upon conviction for violation of any provision of this section, the court shall impose the above amounts as forfeitures and order the payment of the forfeiture, tax and cost of prosecution and, in default of payment of the forfeiture tax and cost of prosecution, may order the operator imprisoned for up to 90 days in the county jail.

SECTION 2: The terms and provisions of this ordinance are severable. Should any term or provision of this ordinance be found to be invalid by a court of competent jurisdiction, the remaining terms and provisions shall remain in full force and effect.

SECTION 3: All ordinances and parts of ordinances in contravention to this ordinance are hereby repealed.

SECTION 4: This ordinance shall take effect and be in force from and after its passage and publication.

Introduced at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2016, by Alderman _____.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2016.

APPROVED:

Stephen R. Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES _____ NOES _____ ABSENT _____

APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 12/05/2016
REPORTS & RECOMMENDATIONS	Preliminary Discussion on the City Hall Remodeling Project	ITEM NUMBER D.

The 2017 Budget includes \$1,800,000 for remodeling City Hall. The line item portion of the budget document simply re-used the 2016 Budget line title "Roof Repairs – City Hall – Phase 1," while the supporting Capital Improvement Fund Page provided about a page of discussion on the project history and scope, which included the more expansive project name referenced herein. In summary, the bulk of the project is intended for replacement of very old HVAC units and a total roof replacement. The roof project, as discussed within earlier budgets as well, anticipated replacing/upgrading the upper fascia (the brown vertical boards that provide the trim around the top of City Hall). That intent led to a previous project intended to provide for a remodeling of the main entrances into City Hall. Initial meetings were held with some architects, but then all of this was effectively set aside in the 2016 budget process with discussion suggesting a larger-scoped project in 2017, which is what was recently approved.

Although the roof and HVAC are the priorities due to their age, current operating condition, and repair demands, those aspects of the project likely need to follow any consideration of a redesign of the entrances. This is because a redesign will very likely alter the roof line and fascia and could create interior space, such as a vestibule, that would impact the HVAC system and ductwork.

These major project components could have a large variation in pricing. In other words, depending upon the full scope of the final designs, the approved funding could be more than adequate or could be moderately short. They could be significantly short if the HVAC system design is on the high-end of estimates and the entrance remodeling is more than modest. Nonetheless, as part of the overall discussion, the Director of Administration will include a list of smaller project components that the Common Council may want to conceptually consider in the overall scope, for example upgrading the sound system in the Common Council Chambers, providing for a video conferencing room, installing interior and/or exterior security camera and card-reader security key systems, carpeting and wall covering replacement, and landscaping improvements, etc.

The Director of Administration, therefore, recommends engaging in a preliminary or conceptual discussion on the Council's thoughts on such a project and on the level of direct involvement the Council desires. After that discussion, the Director of Administration anticipates preparing a project scope and strategy document for future consideration and approval by the Common Council.

COUNCIL ACTION REQUESTED

Discussion Only.