

CITY OF FRANKLIN
COMMON COUNCIL MEETING
FRANKLIN CITY HALL – COMMON COUNCIL CHAMBERS
9229 WEST LOOMIS ROAD, FRANKLIN, WISCONSIN
AGENDA*

TUESDAY, MARCH 21, 2017 AT 6:30 P.M.

- A. Call to Order and Roll Call.
- B.
 - 1. Citizen Comment Period.
 - 2. Mayoral Announcements – A Proclamation in Recognition of the 130th Anniversary of Galland Henning Nopak, Inc.
- C. Approval of Minutes:
Regular Common Council Meeting of March 7, 2017.
- D. Hearings.
- E. Organizational Business.
Mayoral Appointments: Gene Ninnemann as Weed Commissioner/Cutter.
- F. Letters and Petitions.
- G. Reports and Recommendations:
 - 1. A Resolution Expressing Support and in Solidarity with the Jewish Community Center.
 - 2. Motion to Release the Irrevocable Stand By Letter of Credit for Woodland Prairie Condominiums Located West of Lovers Lane Road and North of W. Cortez Road as Recommended by the Engineering Department.
 - 3. A Resolution Authorizing Certain Officials to Accept a Conservation Easement for and as Part of the Review and Approval of a Certified Survey Map for Property Located at 11906-11908 West Loomis Road (Mills Hotel Wyoming, LLC, Applicant).
 - 4. Direct Staff to Work with Zilber LTD. Regarding a Proposed Mixed-Use Development at 7333 S. 27th Street and to Pursue a Development Agreement that Includes Financial Support from Tax Increment Finance District No. 3.
 - 5. Contract Ruckert & Mielke, Inc. for Professional Services Task Orders Related to Engineering in Area D, Roughly Between W. Oakwood and W. South County Line Roads and S. 27th and S. 42nd Streets.
 - 6. Contract Ehlers, Inc. for Financial Services Related to the Use of Tax Increment Financing in Area D, Roughly Between W. Oakwood and W. South County Line Roads and S. 27th and S. 42nd Streets.
 - 7. A Resolution Imposing Conditions and Restrictions for the Approval of a Special Use to Allow for an Eating and Drinking Places Use Upon Property Located at 6807 South 27th Street (Steven W. Doran, Managing Member of Daybreak Capital, LLC, Application).

- 8. Southeast Wisconsin Regional Planning Commission Study of Traffic Flow at the Intersection of S. 51st Street and W. Drexel Avenue.
- 9. An Ordinance to Amend the Municipal Code to Establish the St. Martins Every Summer Monday Market Fair.

H. Licenses and Permits.
Miscellaneous Licenses from License Committee Meeting of March 21, 2017.

I. Bills.
Request for Approval of Vouchers and Payroll.

J. Adjournment.

*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.]

March 23	Plan Commission Meeting	7:00 p.m.
April 3	Committee of the Whole and Common Council Meeting	6:30 p.m.
April 4	Spring Election	7:00 a.m. – 8:00 p.m.
April 18	Common Council Meeting	6:30 p.m.
April 20	Plan Commission Meeting	7:00 p.m.

City of Franklin Proclamation

A Proclamation in recognition of the 130th Anniversary of Galland Henning Nopak, Inc.



Whereas, Galland Henning Nopak, Inc., a privately-held fourth-generation family business, has been a pioneer in manufacturing since 1887 becoming the world's most experienced manufacturer of high-density balers and hydraulic and pneumatic valves and cylinders, and

Whereas, in 1887, Robert Nunnemacher licensed a patent held by Nicholas Galland and Julius Henning to manufacture pneumatic malting equipment for the growing Milwaukee beer industry—serving legendary brewers Pabst, Schlitz, Blatz, Anheuser-Busch, Miller, and more, and

Whereas, when Prohibition halted beer production in 1920, Galland Henning made a strategic decision to diversify, transforming their cylinder-based manufacturing capability into a need for scrap metal balers, the product for which Galland Henning is best known for today. With the repeal of Prohibition in 1932, the malt beer companies returned for new versions of the trusted Galland Henning malting products, and

Whereas, Galland Henning continued to engineer their top-of-the-line triple-compression baling presses, eventually developing balers capable of swallowing whole auto bodies that through continued testing and development required manual operations to be replaced with pneumatic pilot circuits—thus launching the Nopak line of air control valves and double-acting cylinders and eventually changing its name to Galland Henning Nopak, Inc., and

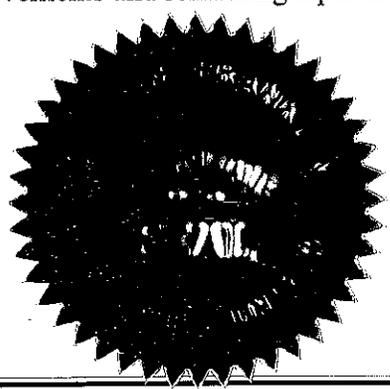
Whereas, today, leveraging over a century of proven engineering expertise, Galland Henning Nopak, Inc., located in a world class facility in the Franklin Industrial Park, is proud to celebrate their 130th Anniversary in 2017.

Now Therefore, I, Stephen R. Olson, Mayor of the City of Franklin, Wisconsin, hereby commend and congratulate Galland Henning Nopak, Inc. on their 130 years of success and achievements and remaining a privately-held, four generations of Nunnemacher family ownership.

Dated: March 21, 2017



Stephen R. Olson, Mayor



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CITY OF FRANKLIN
COMMON COUNCIL MEETING
MARCH 7, 2017
MINUTES

ROLL CALL

A. The regular meeting of the Common Council was held on March 7, 2017 and called to order at 6:30 p.m. by Mayor Steve Olson in the Franklin City Hall Council Chambers, 9229 W. Loomis Road, Franklin, Wisconsin. On roll call, the following were in attendance: Alderman Mark Dandrea, Alderman D. Mayer, Alderwoman Kristen Wilhelm, Alderman Mike Barber and Alderwoman Susanne Mayer. Excused was Alderman Steve Taylor. Also present were City Engineer Glen Morrow, Dir. of Administration Mark Luberd, City Attorney Jesse A. Wesolowski and City Clerk Sandra Wesolowski.

CITIZEN COMMENT

B.1. Citizen comment period was opened at 6:31 p.m. and closed at 6:53 p.m.

MAYOR ANNOUNCEMENT

B.2. Mayor Olson read a proclamation in recognition of Ronald J. Romeis for his 19 years of public service in the City of Franklin.

APPROVAL OF MINUTES

C. Alderman Barber moved to approve the minutes of the regular Common Council Meeting of February 21, 2017 as presented at this meeting. Seconded by Alderman Dandrea. All voted Aye; motion carried.

MAYORAL APPOINTMENTS

E.1. Mayor Olson requested to refer to a future meeting, the Mayoral appointment of Andrew J. Ruffing, 4728 West Sharon Lane, Ald. Dist. 5 to the Quarry Monitoring Committee to fill the unexpired 3 year term expiring 5/31/19).

Alderman Dandrea moved to confirm the following Mayoral appointments:

E.2. Lori O'Neil, 8236 S. 79th Street, Ald. Dist. 1 to the Board of Health to fill the unexpired 2 year term expiring 4/30/18; and

E.3. Shaun Marefka, 7644 S. Mission Court, Ald. Dist. 2 to the Tourism Commission to fill the unexpired 1 year term expiring 12/31/17.

Seconded by Alderman D. Mayer. On roll call, all voted Aye. Motion carried.

DONATIONS TO POLICE DEPARTMENT

G.1. Alderwoman S. Mayer moved to accept a \$100 donation from John and Nancy Konkel and a \$100 donation from Betty Jo Gurschke and that they be deposited into the Police Canine Donation account. Seconded by Alderwoman Wilhelm. All voted Aye; motion carried.

AGREEMENT WITH ZILBER LTD FOR DEVELOPMENT AT 7333 S. 27TH ST.

G.2. Alderwoman Wilhelm moved to postpone to the Common Council meeting of March 21, 2017, the direction to work with Zilber Ltd. regarding a proposed mixed-use development at 7333 S. 27th Street and to pursue a Development Agreement that includes financial support from Tax Increment Finance District No. 3. Seconded by Alderman D. Mayer. All voted Aye; motion carried.

ORD. 2017-2259 AMEND UDO (ZONING MAP) REZONE 7145 S. WOELFEL RD. (JEFFREY & ROXANNE PEELLEN, APPLICANTS)

G.3. Alderman D. Mayer moved to adopt Ordinance 2017-2259, AN ORDINANCE TO AMEND THE UNIFIED DEVELOPMENT ORDINANCE (ZONING MAP) TO REZONE CERTAIN PARCELS OF LAND FROM C-1 CONSERVANCY DISTRICT AND FW FLOODWAY DISTRICT TO R-3E SUBURBAN/ESTATE SINGLE-FAMILY RESIDENCE DISTRICT (7145 SOUTH WOELFEL ROAD) (APPROXIMATELY 13,363.0 TOTAL SQUARE FEET) (JEFFREY D. PEELLEN AND ROZANNE M. PEELLEN, APPLICANTS). Seconded by Alderman Dandrea. All voted Aye; motion carried.

RES. 2017-7252 AMEND RESOLUTION NOS. 98-4751 AND 2000-4979 FOR SPECIAL USE AT 2803 W. SOUTHLAND DR. (JERRY KEZMAN, D/B/A JERRY'S AUTO XPRESSIONS, APPLICANT)

G.4. Alderman Dandrea moved to adopt Resolution No. 2017-7252, A RESOLUTION TO AMEND RESOLUTION NOS. 98-4751 AND 2000-4979, IMPOSING CONDITIONS AND RESTRICTIONS FOR THE APPROVAL OF A SPECIAL USE FOR PROPERTY LOCATED AT 2803 WEST SOUTHLAND DRIVE TO ALLOW FOR CONSTRUCTION OF A BUILDING ADDITION TO THE EXISTING JERRY'S AUTO XPRESSIONS BUILDING (JERRY KEZMAN, D/B/A JERRY'S AUTO XPRESSIONS, APPLICANT). Seconded by Alderwoman Wilhelm. All voted Aye; motion carried.

SURVEY TO EXTEND SANITARY SEWER & WATER UTILITIES

G.5. Alderman Dandrea moved to direct staff to survey property owners for the extension of sanitary sewer and

ALONG S. 76TH ST. FROM W.
OAKWOOD RD.

water utilities in a corridor along S. 76th Street from W. Oakwood Road to 1,465 feet north of W. Ryan Road (STH 100); north side of W. Oakwood Road from a point 670 feet east of S. 76th Street to a point 1,320' west of S. 76th Street; and W. Ryan Road (STH 100) from a point 1,250 feet east of S. 76th Street to a point 2,660 feet west of S. 76th Street, with the inclusion of affected Aldermen during the survey process. Seconded by Alderman Barber. All voted Aye; motion carried.

2017 SANITARY SEWER USER
FEE REVISION

G.6. Alderman Dandrea moved to adopt quarterly 2017 Residential Sewer charge of \$50.52 and a quarterly Commercial Connection charge of \$8.94 plus a per thousand gallon charge of \$2.91925 effective January 1, 2017 as provided by Municipal Code 207-14 H(3)(b). Seconded by Alderman Barber. On roll call, Alderwoman S. Mayer, Alderman Barber, Alderwoman Wilhelm, and Alderman Dandrea voted Aye; Alderman D. Mayer voted No. Motion carried.

AGREEMENT WITH EMC FOR
ASBESTOS AND LEAD PAINT
INSPECTION

G.7. Alderman Dandrea moved to authorize the Director of Administration to execute an agreement incorporating a proposal for Asbestos and Lead Paint Inspection for OSHA 1926.62 for Franklin City Hall with Environmental Management Consulting, Inc. (EMC) for a total estimated cost of \$5,880 for the asbestos survey and a total estimated time and materials not-to-exceed cost of \$685 for the lead paint survey. Seconded by Alderman Barber. On roll call, Alderman Dandrea, Alderman D. Mayer, Alderwoman Wilhelm, and Alderman Barber voted Aye; Alderwoman S. Mayer voted No. Motion carried.

ORD. 2017-2260
AMEND ORD. 2016-2240 FOR
BUDGET ENCUMBRANCES
FROM 2016 BUDGET AS
AMENDMENTS TO THE 2017
BUDGET

G.8. Alderman Dandrea moved to approve Ordinance No. 2017-2260, AN ORDINANCE TO AMEND ORDINANCE 2016-2240, AN ORDINANCE ADOPTING THE 2017 ANNUAL BUDGETS FOR THE GENERAL FUND, DEVELOPMENT FUND, CIVIC CELEBRATIONS FUND, CAPITAL OUTLAY FUND, EQUIPMENT REPLACEMENT FUND, CAPITAL IMPROVEMENT FUND, TID 3 FUND, TID 5 FUND AND SANITARY SEWER FUND, FOR THE CITY OF FRANKLIN FOR FISCAL YEAR 2017 TO APPROVE BUDGET ENCUMBRANCES FROM THE 2016 BUDGET AS AMENDMENTS TO THE 2017 BUDGET.

Seconded by Alderman D. Mayer. On roll call, all voted Aye. Motion carried.

ORD. 2017-2261
AMEND ORD. 2015-2198 TO
PROVIDE ADDITIONAL
APPROPRIATIONS

G.9. Alderman D. Mayer moved to adopt Ordinance No. 2017-2261, AN ORDINANCE TO AMEND ORDINANCE 2015-2198, AN ORDINANCE ADOPTING THE 2016 ANNUAL BUDGETS FOR THE GENERAL FUND, SOLID WASTE FUND AND THE STREET IMPROVEMENT FUND FOR THE CITY OF FRANKLIN TO PROVIDE ADDITIONAL ASSESSOR AND MUNICIPAL BUILDING APPROPRIATIONS, TO ALLOCATE UNDER EXPENDITURE APPROPRIATIONS AND PROVIDE ADDITIONAL APPROPRIATIONS FOR THE SOLID WASTE AND STREET IMPROVEMENT FUNDS. Seconded by Alderman Dandrea. On roll call, all voted Aye. Motion carried.

RECOMMENDATIONS FROM
THE COMMITTEE OF THE
WHOLE

- (a) No action was taken on the Status Report presented at the 3/06/2017 Committee of the Whole meeting from the Ballpark Commons Development Team regarding the Project proposed at and near The Rock Sports Complex, 7900 W. Crystal Ridge Road.
- (b) No action was taken on a presentation by Ruekert & Mielke, Inc., from the 3/06/2017 Committee of the Whole meeting regarding potential sewer and water extension in Area D, an area approximately between W. Oakwood and W. South County Line Roads and S. 27th and 42nd Streets.
- (c) Upon recommendation of the Fair Commission, Alderman D. Mayer moved to direct staff to prepare an ordinance amending the Municipal Code to reflect changes to the monthly St. Martins Fairs as recommended by the Fair Commission and further authorize the transfer of \$500 from the Contingency Account for promotion/advertising of the Fair, with direction that the Finance Office include the transfer in a future budget modification. Seconded by Alderwoman S. Mayer. All voted Aye; motion carried.
- (d) Alderman D. Mayer moved to refer to Police Department with no time schedule, a request for Commitment to Support a Resolution of the

Intergovernmental Cooperation Council Regarding Gun Safety Technologies. Seconded by Alderwoman S. Mayer. All voted Aye; motion carried.

LICENSES AND PERMITS

H.1. Alderwoman S. Mayer moved to approve the following: Grant Operator Licenses to Luis Gumucio, 1720 W. Meyer Ln., #6105, Oak Creek; Katlin Keller, 7751 S. Scepter Dr., #25, Franklin; Cynthia Knight, 6964 S. 27th St., Oak Creek; Michael Wichman, 6436 W. Ohio Ave., Milwaukee; and Addy Sadowski, 3408 W. Southwood Dr., Franklin;

Grant Temporary Class B Beer & Wine License to St. Martin of Tours Church for Grand March on 3/25/2017. Seconded by Alderman Barber. All voted Aye; motion carried.

VOUCHERS AND PAYROLL

I.1. Alderwoman S. Mayer moved to approve the following: City vouchers with an ending date of March 2, 2017 in the amount of \$589,287.52; payroll dated March 3, 2017 in the amount of \$382,922.80 and payments of the various payroll deductions in the amount of \$218,176.96, plus City matching payments; and estimated payroll dated March 17, 2017 in the amount of \$381,000.00 and payments of the various payroll deductions in the amount of \$407,000.00, plus City matching payments and property tax payments and refunds with an ending date of March 2, 2017 in the amount of \$18,748,287.78. Seconded by Alderman Barber. On roll call, all voted Aye. Motion carried.

ADJOURNMENT

J. Alderman D. Mayer moved to adjourn the meeting at 7:29 p.m. Seconded by Alderman Dandrea. All voted Aye; motion carried.

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<p>APPROVAL</p> <p><i>Slw</i></p>	<p>REQUEST FOR COMMON COUNCIL ACTION</p>	<p>MEETING DATE</p> <p>03/21/2017</p>
<p>ORGANIZATIONAL BUSINESS</p>	<p>Appointment of Weed Commissioner/Cutter</p>	<p>ITEM NUMBER</p> <p><i>E.</i></p>

Appointment of Gene Ninnemann as Weed Commissioner at a weed cutting fee of \$85 per hour or what the Council deems appropriate for the calendar year of 2017.

COUNCIL ACTION

Appointment of Gene Ninnemann to charge a weed cutting fee of \$85 per hour or a fee the Council deems appropriate for the calendar year 2017.

OR

As directed.

NINNEMANN TRUCKS & EQUIPMENT LLC
287-27TH STREET
CALEDONIA, WI 53108

City of Franklin
9229 W Loomis Rd.
Franklin, WI 53132
City Clerk Office

January 19th 2017

Dear Sandra Wesolowski

I would once again like to take is time to extend my services with the City of Franklin by continuing to serve as the City's Weed Commissioner/ cutter for the upcoming season of 2017. As always I have enjoyed the privilege to help server the City and its residence and look forward to the oppportunity again. The rates for the 2017 season will not change from 2016 and will remain at \$85.00 per hour.

Sincerely,
Gene Ninnemann

Gene Ninnemann

RECEIVED
CITY OF FRANKLIN
2017 JAN 19 AM 9:05

STATE OF WISCONSIN

CITY OF FRANKLIN

MILWAUKEE COUNTY

RESOLUTION NO. 2017-_____

A RESOLUTION EXPRESSING SUPPORT AND IN SOLIDARITY WITH THE
JEWISH COMMUNITY CENTER

WHEREAS, the Harry and Rose Samson Family Jewish Community Center (JCC) has been a trusted community source of care and education for children and community members for over 100 years; and

WHEREAS, the City recognizes the JCC as an integral and trusted source of community benefit; and

WHEREAS, the City supports the JCC in celebrating its open access to all religions, ensuring that everyone, of every background, has access to the services it offers; and

WHEREAS, the City celebrates the Jewish Community Center Communities and its leaders for using inclusive language and teachings of Judaism to promote peace and justice and service, and the dedication of the institution in continuing to play an essential societal role providing charitable and humanitarian services to those in need; and

WHEREAS, we, as elected representatives of the People, have a special responsibility not to stay silent in the face of hate speech, threats of violence, violence, and discrimination.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the City of Franklin, Wisconsin, that the City of Franklin:

1. Condemns all hate speech, threats of violence, violence, and discrimination; and
2. Reaffirms the value of multiple cultures, and the inalienable right of every person to live and practice their faith without fear; and
3. Commits to fostering an environment that promotes respect for and curiosity about all religions and cultures, affirms the equal humanity of all members of the community, and rejects all forms of discrimination.

Introduced at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2017.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2017.

RESOLUTION NO. 2017-_____

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APPROVED:

Stephen R. Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES _____ NOES _____ ABSENT _____

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APPROVAL	REQUEST FOR COUNCIL ACTION	MTG. DATE
<i>Slw</i> Reports & Recommendations	SUBJECT: Motion to release the Irrevocable Stand By Letter of Credit for Woodland Prairie Condominiums located west of Lovers Lane Road and north of W. Cortez Road as recommended by the Engineering Department.	03/21/17 ITEM NO. <i>G.2.</i>

BACKGROUND

Established in 2008 a letter of credit to Rick & Ron Development, LLC guaranteed public infrastructure as part of the development of Woodland Prairie Condominiums to meet the City of Franklin Standards. The letter of credit totaled \$1,158,989.

ANALYSIS

This development has been completed with recorded documentation. The existing balance within the letter of credit of \$12,087 is recommended to be now released.

One exception is the City to hold \$400 in escrow to remove and replace a public terrace tree which did not meet City standards. The remainder of the letter of credit to be released is \$11,687.

OPTIONS

Authorize release of letter of credit

or

Defer decision

FISCAL NOTE

Public infrastructure improvements for this development have been accepted. No additional costs are anticipated.

RECOMMENDATION

Motion to release the Irrevocable Stand By Letter of Credit in the amount of \$11,687 for Woodland Prairie Condominiums located west of Lovers Lane Road and north of W. Cortez Road as recommended by the Engineering Department.

Department of Engineering SAA

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<p style="text-align: center;">APPROVAL</p> <p style="text-align: center;"><i>Slw</i></p>	<p style="text-align: center;">REQUEST FOR COUNCIL ACTION</p>	<p style="text-align: center;">MEETING DATE</p> <p style="text-align: center;">03/21/17</p>
<p style="text-align: center;">REPORTS & RECOMMENDATIONS</p>	<p style="text-align: center;">RESOLUTION AUTHORIZING CERTAIN OFFICIALS TO ACCEPT A CONSERVATION EASEMENT FOR AND AS PART OF THE REVIEW AND APPROVAL OF A CERTIFIED SURVEY MAP FOR PROPERTY LOCATED AT 11906- 11908 WEST LOOMIS ROAD (MILLS HOTEL WYOMING, LLC, APPLICANT)</p>	<p style="text-align: center;">ITEM NUMBER</p> <p style="text-align: center;"><i>G. 3.</i></p>

At its February 7, 2017 and February 21, 2017 meetings, the Common Council moved to table action on the subject Conservation Easement as the easement did not yet include a required portion of protected steep slopes, and that the legal description may have had an error.

The Conservation Easement has been revised to include protection of the steep slopes onsite. It can be noted that the Engineering Department reviewed the legal description and easement exhibit. As recommended by the Engineering Department, the exhibit will be revised to include a line table with the line numbers indicated on the drawing. Once revised, the legal description and table will be reviewed by the Engineering Department prior to recording.

City Development staff recommends approval of a resolution authorizing certain officials to accept a conservation easement for and as part of the review and approval of a certified survey map for property located at 11906-11908 West Loomis Road (Mills Hotel Wyoming, LLC, Applicant), subject to review and approval by the Department of City Development and technical corrections by the City Attorney.

COUNCIL ACTION REQUESTED

A motion to adopt Resolution No. 2017-_____, authorizing certain officials to accept a conservation easement for and as part of the review and approval of a certified survey map for property located at 11906-11908 West Loomis Road (Mills Hotel Wyoming, LLC, Applicant), subject to review and approval by the Department of City Development and technical corrections by the City Attorney.

STATE OF WISCONSIN

CITY OF FRANKLIN

MILWAUKEE COUNTY

RESOLUTION NO. 2017-_____

A RESOLUTION AUTHORIZING CERTAIN OFFICIALS TO
ACCEPT A CONSERVATION EASEMENT FOR AND AS PART
OF THE REVIEW AND APPROVAL OF A CERTIFIED SURVEY MAP FOR
PROPERTY LOCATED AT 11906-11908 WEST LOOMIS ROAD (MILLS HOTEL
WYOMING, LLC, APPLICANT)

WHEREAS, the Plan Commission having approved a Certified Survey Map upon the application of Mills Hotel Wyoming, LLC, on January 19, 2017, and the Plan Commission having conditioned approval thereof in part upon Common Council approval of a Conservation Easement to protect the steep slopes, pond, shore buffer, wetland and wetland buffer on the site; and

WHEREAS, §15-7.0702Q. and §15-9.0309D. of the Unified Development Ordinance requires the submission of a Natural Resource Protection Plan in the Certified Survey Map review process and the Unified Development Ordinance requires conservation easements to be imposed for natural resource features identified within such Plan to protect such features, all as part of the approval process for a Certified Survey Map; and

WHEREAS, the City Engineering Department, Department of City Development and the Office of the City Attorney having reviewed the proposed Conservation Easement and having recommended approval thereof to the Common Council.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the City of Franklin, Wisconsin, that the Conservation Easement submitted by Mills Hotel Wyoming, LLC, in the form and content as annexed hereto, be and the same is hereby approved; and the Mayor and City Clerk are hereby authorized to execute such Easement as evidence of the consent to and acceptance of such easement by the City of Franklin.

BE IT FURTHER RESOLVED, that the City Clerk be and the same is hereby directed to obtain the recording of the Conservation Easement in the Office of the Register of Deeds for Milwaukee County, Wisconsin.

Introduced at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2017.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2017.

A RESOLUTION AUTHORIZING CERTAIN OFFICIALS
TO ACCEPT A CONSERVATION EASEMENT
MILLS HOTEL WYOMING, LLC
RESOLUTION NO. 2017-_____

Page 2

APPROVED:

Stephen R. Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES _____ NOES _____ ABSENT _____

CONSERVATION EASEMENT

This Conservation easement is made by and between the CITY OF FRANKLIN, a municipal corporation of the State of Wisconsin, hereinafter referred to as "Grantee," and Mills Hotel Wyoming, LLC., a Limited Liability Corporation, hereinafter referred to as "Grantor," and shall become effective upon the recording of this Grant of Conservation Easement, together with the Acceptance following, with the Office of the Register of Deeds for Milwaukee County, pursuant to §700.40(2)(b) of the Wisconsin Statutes.

WITNESSETH

WHEREAS, Grantor is the owner in fee simple of certain real property, located within the City of Franklin, Milwaukee County, Wisconsin, in the Northeast ¼ of the Northwest ¼ of Section 30, Township 5 North, Range 21 East, described in Exhibit A attached hereto and hereby made a part hereof (protected property); and

WHEREAS, the Grantor desires and intends that the natural elements and the ecological and aesthetic values of the protected property including, without limitation, steep slopes, mature woodlands, young woodlands, lakes, ponds, streams, floodplains, floodways, floodlands, shore buffers, wetland buffers, wetlands and shoreland wetlands, and refer to Natural Resource Investigation by Pinnacle Engineering Group, dated December 19, 2016, which is located in the office of the Department of City Development, be preserved and maintained by the continuation of land use that will not interfere with or substantially disrupt the natural elements or the workings of natural systems; and

WHEREAS, Grantee is a "holder", as contemplated by §700.41(1)(b)1. of the Wisconsin Statutes, whose purposes include, while exercising regulatory authority granted to it, *inter alia*, under §62.23 and §236.45 of the Wisconsin Statutes, the conservation of land, natural areas, open space, and water areas; and

WHEREAS, the Grantor and Grantee, by the conveyance to the Grantee of the conservation easement on, over, and across the protected property, desire to conserve the natural values thereof and prevent the use or development of the protected property for any purpose or in any manner inconsistent with the terms of this conservation easement; and

WHEREAS, the Grantee is willing to accept this conservation easement subject to the reservations and to the covenants, terms, conditions, and restrictions set out herein and imposed hereby;

NOW, THEREFORE, the Grantor, for and in consideration of the foregoing recitations and of the mutual covenants, terms, conditions, and restrictions subsequently contained, and as an absolute and unconditional dedication, does hereby grant and convey unto the Grantee a conservation easement in perpetuity on, over, and across the protected property.

Grantee's rights hereunder shall consist solely of the following:

1. To view the protected property in its natural, scenic, and open condition;
2. To enforce by proceeding at law or in equity the covenants subsequently set forth, including, and in addition to all other enforcement proceedings, proceedings to obtain all penalties and remedies set forth under Division 15-9.0500 of the Unified Development Ordinance of the City of Franklin, as amended from time to time, any violation of the covenants subsequently set forth being and constituting a violation of such Unified Development Ordinance, as amended from time to time, or such local applicable ordinance as may be later adopted or in effect to enforce such covenants or the purposes for which they are made, it being agreed that there shall be no waiver or forfeiture of the Grantee's right to insure compliance with the covenants and conditions of this grant by reason of any prior failure to act; and
3. To enter the protected property at all reasonable times for the purpose of inspecting the protected property to determine if the Grantor is complying with the covenants and conditions of this grant.

And in furtherance of the foregoing affirmative rights of the Grantee, the Grantor makes the following covenants which shall run with and bind the protected property in perpetuity, namely, that, on, over, or across the protected property, the Grantor, without the prior consent of the Grantee, shall not:

1. Construct or place buildings or any structure;
2. Construct or make any improvements, unless, notwithstanding Covenant 1 above, the improvement is specifically and previously approved by the Common Council of the City of Franklin, upon the advice of such other persons, entities, and

and that the restrictions imposed upon the protected property may only be released or waived in writing by the Common Council of the City of Franklin, as contemplated by §236.293 of the Wisconsin Statutes.

In witness whereof, the undersigned has executed and delivered this acceptance on the ____ day of _____, A.D.20__.

CITY OF FRANKLIN

By: _____
Stephen R. Olson, Mayor

By: _____
Sandra L. Wesolowski, City Clerk

STATE OF WISCONSIN)
) ss
COUNTY OF MILWAUKEE)

Personally came before me this _____ day of _____, A.D. 20__, the above named Stephen R. Olson, Mayor and Sandra L. Wesolowski, City Clerk, of the above named municipal corporation, City of Franklin, to me known to be such Mayor and City Clerk of said municipal corporation, and acknowledged that they executed the foregoing instrument as such officers as the Deed of said municipal corporation by its authority and pursuant to Resolution No. _____, adopted by its Common Council on the _____ day of _____, 20__.

Notary Public

My commission expires _____

This instrument was drafted by the City of Franklin.

Approved as to contents:

Nicholas Fuchs, Senior Planner
Department of City Development

Date

Approved as to form only:

Jesse A. Wesolowski
City Attorney

Date

MORTGAGE HOLDER CONSENT

The undersigned, (name of mortgagee), a Wisconsin banking corporation ("Mortgagee"), as Mortgagee under that certain Mortgage encumbering encumbering the Property and recorded in the Office of the Register of Deeds for Milwaukee County, Wisconsin, on _____, 20____, as Document No. _____, hereby consents to the execution of the foregoing easement and its addition as an encumbrance title to the Property.

IN WITNESS WHEREOF, Mortgagee has caused these presents to be signed by its duly authorized officers, and its corporate seal to be hereunto affixed, as of the day and year first above written.

Name of Mortgagee _____
a Wisconsin Banking Corporation

By: _____

Name: _____

Title: _____

STATE OF WISCONSIN)

)ss

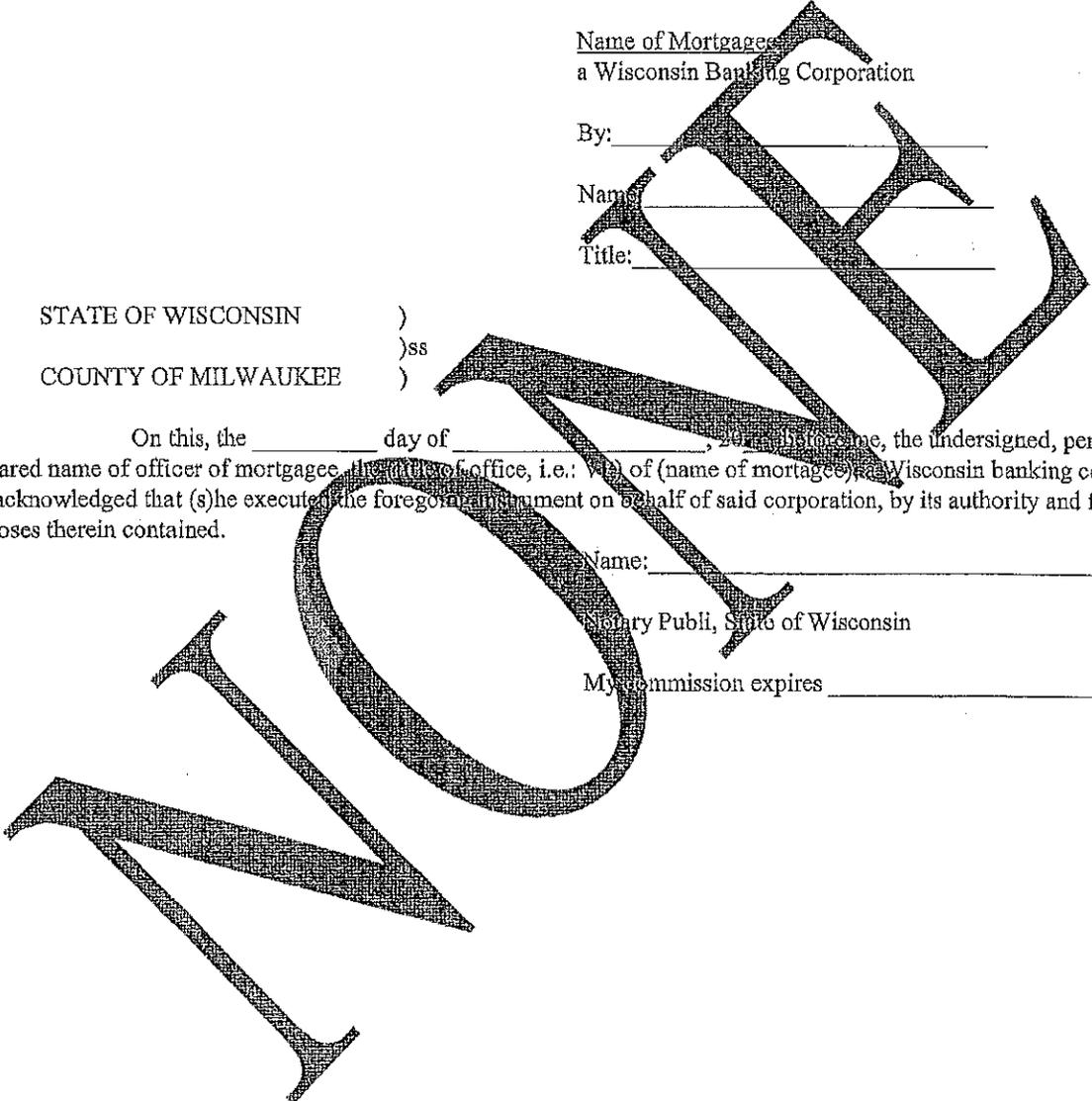
COUNTY OF MILWAUKEE)

On this, the _____ day of _____, 20____, before me, the undersigned, personally appeared name of officer of mortgagee, the (title of office, i.e.: _____) of (name of mortgagee) a Wisconsin banking corporation, and acknowledged that (s)he executed the foregoing instrument on behalf of said corporation, by its authority and for the purposes therein contained.

Name: _____

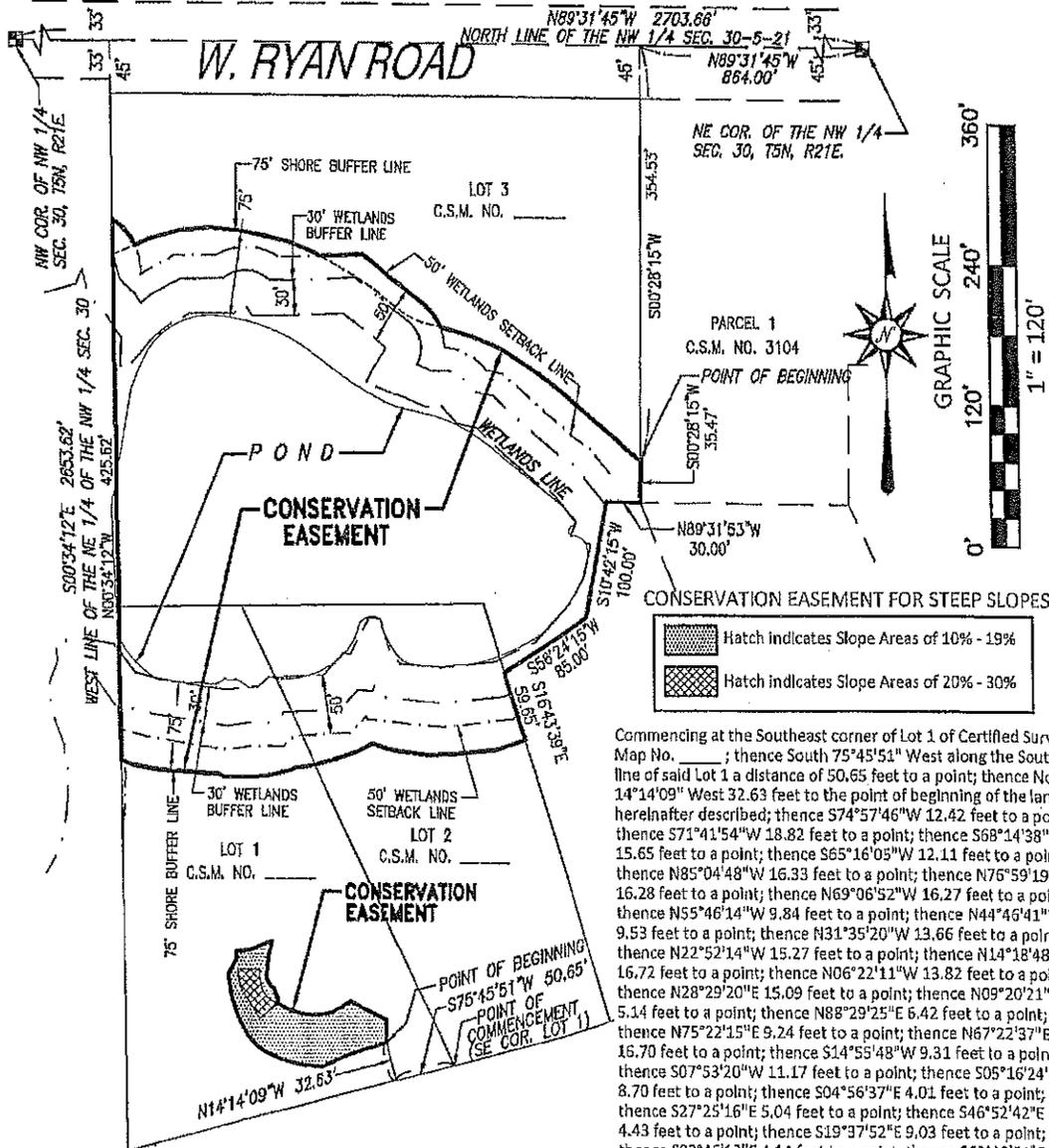
Notary Public, State of Wisconsin

My commission expires _____



CONSERVATION EASEMENT EXHIBIT

Part of Lots 1, 2 and 3 in Certified Survey Map No. _____ in the Northeast 1/4 of the Northwest 1/4 of Section 30, Town 5 North, Range 21 East, in the City of Franklin, Milwaukee County, Wisconsin, bounded and described as follows: Commencing at the Northeast corner of the Northwest 1/4 of said Section, thence North 89°31'45" West along the North line of said 1/4 Section 864.00 feet to a point; thence South 00°28'15" West along the West line of Parcel 1 of Certified Survey Map 3104 and its extension 354.53 feet to the point of beginning of lands hereinafter described; thence continuing thence South 00°28'15" West along said West line 35.47 feet to the Southwest corner of said Parcel 1; thence North 89°31'53" West along the South line of Lot 3 of Certified Survey Map No. _____ a distance of 30.00 feet to a point; thence South 10°42'15" West along said South line 100.00 feet to a point; thence South 56°24'15" West along said South line 85.00 feet to a point on the East line of Lot 2 of Certified Survey Map No. _____; thence South 16°43'39" East along said East line 59.65 feet to a point; thence South 71°53'09" West 26.21 feet to a point; thence South 84°07'55" West 30.67 feet to a point; thence South 87°05'29" West 28.31 feet to a point; thence North 82°35'43" West 27.53 feet to a point; thence North 76°14'53" West 18.11 feet to a point; thence North 63°50'58" West 3.78 feet to a point; thence South 62°19'45" West 14.92 feet to a point; thence South 71°41'35" West 23.07 feet to a point; thence South 76°43'50" West 20.00 feet to a point; thence South 83°59'34" West 12.56 feet to a point; thence South 61°12'07" West 4.34 feet to a point; thence South 75°52'10" West 22.20 feet to a point; thence South 88°54'29" West 35.55 feet to a point; thence North 56°38'20" West 5.88 feet to a point; thence North 88°20'10" West 20.51 feet to a point; thence North 74°11'53" West 4.50 feet to a point; thence North 89°18'09" West 15.90 feet to a point; thence North 83°45'46" West 16.50 feet to a point; thence North 79°23'09" West 18.17 feet to a point; thence North 67°38'10" West 11.13 feet to a point on the West line of the Northeast 1/4 of the Northwest 1/4 of Section 30; thence North 00°34'12" West along said West line 459.89 feet to a point; thence 28.83 feet along the arc of curve whose radius is 50.00 feet and whose center lies to the southwest, having a bearing of South 40°31'03" East 28.44 feet to a point; thence North 65°19'36" East 11.83 feet to a point; thence North 74°39'37" East 30.08 feet to a point; thence North 85°31'06" East 26.12 feet to a point; thence South 84°33'48" East 25.66 feet to a point; thence South 78°53'41" East 19.41 feet to a point; thence South 76°10'49" East 23.63 feet to a point; thence South 67°45'52" East 27.83 feet to a point; thence South 60°16'21" East 3.75 feet to a point; thence North 88°04'41" East 36.27 feet to a point; thence South 51°29'11" East 65.76 feet to a point; thence South 43°02'17" East 14.69 feet to a point; thence South 27°51'17" East 11.73 feet to a point; thence South 73°50'39" East 33.41 feet to a point; thence South 65°34'16" East 23.82 feet to a point; thence South 56°35'28" East 32.44 feet to a point; thence South 52°47'06" East 13.49 feet to a point; thence South 50°27'17" East 53.06 feet to a point; thence South 50°07'18" East 28.00 feet to a point; thence South 46°05'35" East 8.93 feet to a point; thence South 50°14'54" East 16.52 feet to the point of beginning. Along with lands described below. Containing 162,353 Square Feet or 3.7271 Acres



Commencing at the Southeast corner of Lot 1 of Certified Survey Map No. _____; thence South 75°45'51" West along the South line of said Lot 1 a distance of 50.65 feet to a point; thence North 14°14'09" West 32.63 feet to the point of beginning of the lands hereinafter described; thence S74°57'46"W 12.42 feet to a point; thence S71°41'54"W 18.82 feet to a point; thence S68°14'38"W 15.65 feet to a point; thence S65°16'05"W 12.11 feet to a point; thence N85°04'48"W 16.33 feet to a point; thence N76°59'19"W 16.28 feet to a point; thence N69°06'52"W 16.27 feet to a point; thence N55°46'14"W 9.84 feet to a point; thence N44°46'41"W 9.53 feet to a point; thence N31°35'20"W 13.66 feet to a point; thence N22°52'14"W 15.27 feet to a point; thence N14°18'48"W 16.72 feet to a point; thence N06°22'11"W 13.82 feet to a point; thence N28°29'20"E 15.09 feet to a point; thence N09°20'21"W 5.14 feet to a point; thence N88°29'25"E 6.42 feet to a point; thence N75°22'15"E 9.24 feet to a point; thence N67°22'37"E 16.70 feet to a point; thence S14°55'48"W 9.31 feet to a point; thence S07°53'20"W 11.17 feet to a point; thence S05°16'24"W 8.70 feet to a point; thence S04°56'37"E 4.01 feet to a point; thence S27°25'16"E 5.04 feet to a point; thence S46°52'42"E 4.43 feet to a point; thence S19°37'52"E 9.03 feet to a point; thence S02°46'13"E 4.14 feet to a point; thence S62°40'54"E 11.33 feet to a point; thence S73°35'28"E 11.33 feet to a point; thence S86°19'35"E 14.56 feet to a point; thence N74°28'05"E 18.45 feet to a point; thence N57°48'24"E 12.02 feet to a point; thence S60°58'45"E 19.00 feet to a point; thence S65°01'36"E 15.35 feet to a point; thence S01°46'47"E 19.52 feet to the point of beginning. Containing 6,405 Square Feet

CHAPUT LAND SURVEYS LLC

234 W. FLORIDA STREET
MILWAUKEE, WI 53204
414-224-8058
www.chaputlandsurveys.com

February 20, 2017
Revised: March 6, 2017
Drawing No. 2160-grb

APPROVAL <i>Slw</i>	REQUEST FOR Council ACTION	MEETING DATE 3/21/17
REPORTS AND RECOMMENDATIONS	Direct staff to work with Zilber LTD. regarding a proposed mixed-use development at 7333 S. 27 th Street and to pursue a development agreement that includes financial support from tax increment finance district No. 3	ITEM NUMBER <i>G.4.</i>

INTRODUCTION

On August 2, 2016, Zilber LTD. presented a proposed mixed use development at 7333 S. 27th Street to the Common Council for a Concept Review. Among other comments, members of the Council noted their preference for the development to include the adjacent Park Motel property at 7273 S. 27th Street. During the Concept Review, Zilber noted the likely need for tax increment finance (TIF) support to make the proposed project viable and to include acquisition of the Motel site. Both properties are within the boundaries of TIF District No. 3, a district scheduled to expire in 2026. Alderwoman Wilhelm and Zilber have hosted a neighborhood meeting with area residents regarding the project.

On October 4, 2016, the Common Council approved two contract associated with the project.

1. An agreement with Ehlers, a financial consultant, to conduct a pro-forma review of the project and assist with developer negotiations related to the use of TIF for a fee up to \$7,500.
2. An agreement with Towne Realty, Inc. (in partnership with Zilber) to reimburse the City for expenses related to the City's contract with Ehlers.

The requested direction to staff will indicate the Council's interest in advancing the project based on the information available at this time. If approved, staff expects the developer to move quickly to complete detailed plan submittals and pursue a development agreement that includes TIF support as outlined below.

This item was tabled on March 7, 2017 for consideration at the March 21, 2017 Council meeting.

PROJECT SUMMARY

The proposed project includes 180 market rate apartments with a club house and amenities at 7333 S. 27th Street. A lot will be created for commercial development along the frontage of S. 27th. The developer is currently in communication with a daycare provider that is interested in acquiring that land for placement of a center that could serve employees at the nearby Northwestern Mutual facility and others in the area. Staff notes that Northwestern Mutual has been open about their desire for more supportive services and amenities for employees near their Franklin campus.

Following the Council's stated interests from the Concept Review, Zilber has the Park Motel under contract and is prepared to execute that agreement upon receiving all approvals for their proposed development. Plans include demolition of the Motel, while retaining the Little Cancun restaurant currently operating in an outlot of the Motel at 7273 S. 27th Street. A complete project summary from Zilber is attached.

TIF CONSIDERATION

As stated by Zilber at the Concept Review meeting, TIF funds are required to complete the project. Ehlers has confirmed that the project meets the "but for" test as required by Wisconsin State Law. A reasonable rate of return would not be achieved, "but for" the inclusion of an identified TIF contribution. Their full report is attached.

The project was evaluated with several financial options. The preferred option includes a \$5,000,000 TIF grant for the completion of the mixed use project as originally proposed by Zilber, at an estimated value of \$24,000,000. The acquisition and demolition of the Park Motel is not cost-effective for the developer. Therefore an additional \$2,000,000 TIF contribution, structured as a pay-as-you-go (PAYGO) is suggested to cover expenses related to that action. The project would generate an estimated \$570,000 of annual property tax in its first full year of collection.

Making use of the value created by the Zilber development and increment generated elsewhere in the district, the TIF

district would have sufficient funds to retire these and other current obligations in the district by 2022, four years prior to the district's scheduled closing in 2026.

As of the 2016 tax year, the two properties under discussion (7333 and 7273 S. 27th Street) pay \$43,271.42 in combined property taxes. Therefore, if the Zilber project is completed an estimated net additional \$526,700 in property taxes would be collected. The Park Motel pays an additional \$11,322 in room taxes that would not be collected in the future if the hotel is demolished. It should be noted that under new Wisconsin State Room Tax regulations, a portion of those funds must be used by the City's newly created Tourism Commission for tourism related promotion and development.

While it may be noted that not all of the collected tax revenue is retained by the City, it should also be noted that all taxing authorities contribute to TIF incentives during the life of the district. TIF legislation was designed to ensure the shared participation and benefit of overlapping taxing authorities.

In staff review of other multi-family and mixed-use developments recently approved in other suburban Milwaukee markets similar TIF contributions have been offered for projects of similar quality. Note that higher quality development projects and amenities on site generally increase a projects cost, but also increase the projects assessed value. Increased assessed values are to the City's financial benefit.

When the TID #3 project plan was amended on August 21, 2013, \$10,000,000 was budgeted for development incentives for use between 2015 and 2019. Those funds remain unspent and are available for use on this project. Because the funds are already in the approved project plan, no action would be necessary by the district's Joint Board of Review.

Ehlers recommends, and Zilber is open to, the inclusion of "look back" provisions to account for any cost-savings or operating gains realized by the developer. Analysis provided in the Ehlers report is based on estimates. The look-backs will ensure the City has the opportunity to adjust its participation in the project if costs are significantly lower and/or returns higher than initially projected. The terms of any included look-backs would be outlined in a development agreement that would require Council approval.

NEXT STEPS

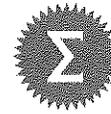
If the Council approves the motion staff will assist the developer in advancing the project. Zilber expects to complete detailed plans and submit applications for plan and special use approvals within the next couple of months. Staff will also work with the developer to draft a development agreement based on the project and TIF considerations described above. All items will still require Council approval, but action on the motion will provide important direction to staff and the developer.

ATTACHMENTS

- Financial analysis report from Ehlers in the form of a letter dated March 1, 2017 to the Director of Economic Development
- Project Summary report from Zilber

COUNCIL ACTION REQUESTED

Direct staff to work with Zilber LTD. regarding a proposed mixed-use development at 7333 S. 27th Street and to pursue a development agreement that includes financial support from tax increment finance district No. 3



1 March 2017

Aaron Hertzberg
Director of Economic Development
City of Franklin
9229 W Loomis Rd
Franklin WI 53132

RE: 27th & Minnesota – Zilber Development

Dear Aaron,

Please find our analysis for the above referenced project.

In examining the financial need (the “but for” test required by law) for TIF participation, we were provided summarized information by Mike King of Zilber Property Group pertaining to the construction of a 180-unit residential apartment development on a currently vacant parcel, which is under contract. The project would consist of six residential buildings, a community/rec center, and to the southeast, additional land for possible development.

As part of the overall proposal, there is also the potential to acquire the Park Motel property at 7273 S. 27th Street. Upon acquisition, the Park Motel would be demolished, with the Little Cancun restaurant remaining in operation pursuant to the existing lease. The motel portion of the property would be positioned for sale separate from the restaurant, or along with the restaurant, remain a complete parcel for future sale or redevelopment. A daycare facility is being considered to acquire the portion fronting S. 27th Street at 7333 S. 27th Street, at the Southeast corner of the overall site. Zilber indicates that the apartment development will be held for a long term rental investment by the company. An evaluation of the restaurant use and potential daycare center is not part of this analysis.

The information provided consisted of a sources and uses project budget, a unit mix/rent schedule, and cashflow projection, and subsequent communications firmed up those project details. The net operating income that was capitalized to approximate a valuation based on the 10th year of operations. The schedule also contained preliminary financing assumptions for construction financing. We have incorporated the Developer’s information and assumptions in our own mathematical models to verify the Net Operating Income and the Net Cash Flow after financing, and then developed a 10-year income and expense projection for use in our analysis. The Developer also provided their calculation of assessed value for increment generation. TID #3 expires in 2026, so the TIF participation evaluation is considered within that context as well.



DEVELOPER BASE CASE

Ehlers initially input the Developer's information into our financial model to replicate the income and expenses, deriving a Net Operating Income over a 10 year period and resultant sales estimate. From there, we assumed several different scenarios of development support. The outcomes are summarized below and the following data and assumptions were used:

- Developer provided rent incomes and operating expenses; and increased revenues by 2% per year, and expenses at 3%, in their projections (Ehlers TID cashflows assume no appreciation)
- Debt Service payments for the holding period were calculated based upon anticipated bank terms provided by Developer
- Franklin's current equalized tax rate of \$23.76 was used for real estate tax assumptions and TIF increment cash flow projections
- Construction assumed to commence in 2017, and first year of TIF income on the project would be 2019

The developer's initial base case request for the 180-unit project was for a \$10mm TIF Grant on a \$32.2mm (gross cost) project, or 31% of total cost. A construction loan for 55% of total cost was assumed for \$17.75mm at 4.75%, based on developer's experience in the market. Current negotiations for the motel acquisition suggest a \$2mm purchase price, and \$1.9mm for the remainder of the project's land requirement. Subsequent land sales of \$500,000 for the motel parcel, and \$750,000 for the commercial pad, were deducted from the total cost. Rents were conservatively estimated at \$1.30/sf, which Ehlers believes is slightly below market (further discussed below). Underground parking spaces, though more costly to build, were provided as part of the base rent, which is the custom for this market. More than \$1.1mm is expected to be incurred for DOT roadwork and site utilities.

The capitalization rate utilized on the net operating income was 8.0%, and selling costs were 6.0%, both in the upper end of market range. This produced an Internal Rate of Return (IRR) of 13.93% under Ehlers' calculations; the developer projections suggest a 14.58% return, however, this calculation did not take a deduction for project reserves of \$250/unit, which would lower NOI and returns accordingly, and assumed debt payoff is one month earlier than in Ehlers' model.

ALTERNATE SCENARIOS

Considering the economics of other projects in the Milwaukee south suburbs, and pursuant to a market study conducted for another project within the City of Franklin, the rents and cap rate were discussed with the City and developer. It was agreed amongst the parties that though it would still be a somewhat conservative approach, the market rents should be applied at \$1.35/sf, and a cap rate of 7.5% would be more appropriate. Also, the developer suggested that loans could be arranged for 70-80% of cost; the more conservative 70% was used in our evaluations.

In addition, the developer subsequently produced a scaled-down concept of 120 apartment units, which also deleted the hotel aspect. Significant assumptions in this version also decreased the anticipated land sales for the motel parcel (NEC) from \$500,000 to \$300,000, and commercial parcel (SEC) from \$750,000 to \$500,000. These reduced release prices were utilized in all the alternate scenarios that follow, and accordingly, negatively affect project returns.

It was further acknowledged that the \$10mm TIF grant was not palatable. Ehlers was asked to evaluate several other scenarios at an approximately \$5mm support level for the apartment portion; the motel parcel was then carved out to be evaluated as a separate option, at an additional requirement of approximately \$1.85mm. This net amount was derived by adding the \$2mm land price and \$150,000 demolition costs, and reducing that by the projected \$300,000 sale of said parcel. These alternate scenarios were provided to allow the City to evaluate the scope of the project, existing and potential uses for the property, along with the desired density in the community.

Scenario 1: 180 APARTMENTS, MOTEL INCLUDED (12.45% IRR)

Assuming a \$5mm grant for the multifamily portion, including acquisition of the motel land and subsequent sale, and a \$1.85mm net funding in a Pay-As-You-Go (PAYGO) structure (ie, present value of PAYGO receipts) allocating 60% of the increment to the developer, the IRR was projected to be 12.45%. However, the first year of the project's operations would incur negative cashflow, as the monetized Municipal Revenue Obligation would begin payments in the years after the project is constructed and the assessment goes on the books before any share of increment is available. The PAYGO portion was incorporated to reflect the "a la carte" option of including the motel parcel in the overall context. At a 60% participation in the increment, the MRO payments would cover the developer's associated debt payments within the TID timeframe; in fact, it may be possible to close the TID early. A 70% loan-to-cost (LTC) loan of \$23.08mm was projected, and equity of \$3.04mm (9.2%) completes the \$32.97mm capital stack.

We also tested a structure of an additional \$2.0mm grant for the motel on top of the \$5mm apartment portion, with grants totaling \$7.0mm, or over 21% of cost. Equity of \$2.89mm represents 8.7% of cost. Returns under this scenario were 14.22%, which would be considered somewhat excessive in requesting public assistance.

Scenario 2: 180 APARTMENTS, NO MOTEL (11.5% IRR)

Under these assumptions, acquisition costs for the motel at the northeast corner of the site were stripped out of the budget, as were demolition and certain sitework costs related to that parcel. The \$300,000 sale to the daycare center was then shifted to the parcel at the southeast corner, and accordingly, the projected land sale of \$500,000 for a to-be-determined commercial use was deleted. The total gross project costs are then estimated at approximately \$31,041,000. The capital structure as proposed consists of a construction loan of \$21.73mm (70% LTC), developer equity of \$4.31mm (13.9% of total), and the aforementioned \$5mm grant (16.1%). All other items being the same (\$1.35/sf rent, 7.5% cap), this scenario yields a project value of approximately \$25mm in Year 10, and an IRR of about 11.5%.

Scenario 3: 120 APARTMENTS, NO MOTEL

As noted above, the developer subsequently submitted an alternate plan with less density containing 120 apartment units, which totaled \$23mm in costs, again without the motel component. However, this version included a \$6mm TIF ask, rather than the City's maximum of \$5mm. Ehlers revised the sources of capital to reflect the proper amount of the TIF grant, and the resultant 70% LTC loan of \$16.2mm and equity of \$1.96mm (8.45% of total costs) for a \$23.2mm total cost. Without the motel parcel, the sale to the daycare center was relocated to the southeast parcel, and the projected commercial land sale was consequently deleted from the budget. The same "agreed-upon" market rent of \$1.35/sf and 7.5% cap rate were used in the income projections. While the total costs were reduced because of a lower number of apartments, the other costs, including sitework and DOT requirements, were spread out over fewer income-producing units. Returns on this basis were 9.96%. The project could still be increased to the full 180 units at a later date, however it is unclear if any further funding assistance would be provided by the City.

AFFECT ON TID VALUE AND TIMING

Under the above alternate scenarios and related assumptions, the 180-unit project would produce a value of approximately \$25mm upon sale after a 10-year investment period and a conservative 7.5% capitalization rate. The value at initial buildout, measured at a current market cap rate of 6.75%, would be approximately \$24mm, generating an estimated \$570,000 of annual property tax in the first full year of collections. TID #3, under its statutory life, has a final revenue year collection year of 2026, therefore the tax revenue collections from this project during the remaining years of this district will not be sufficient to support the assistance requested for this project, and the tax revenue stream from the existing development value within the district will be drawn upon to support a portion of the assistance to this project. We have assumed the City would issue a taxable general obligation note to finance the \$5 million upfront assistance, and also enter into a \$1.85 million (net) non-interest bearing municipal revenue obligation if the motel parcel is included. Utilizing the tax increment from this development and the existing revenue stream of the TID, the district would have sufficient funds available to retire these obligations as well as all other current obligations of the TID by 2022, and would then be in a position to close the district earlier than its statutory life.

For the reduced scope 120-unit project, the projected sale value after a 10-year hold would be about \$16.7mm, utilizing the same conservative 7.5% cap rate; at initial completion, and at a current 6.75% cap, the project value of \$16mm and would produce first full year taxes of approximately \$380,000 per year. As stated above, due to the limited number of years remaining on the district's life, the taxes collected would not be sufficient to cover the assistance to the development and the City would need to rely on the tax revenue collection on the existing development within the district the support a \$6 million upfront contributions financed with a taxable general obligation note issue. The projected cashflow from this development and the existing TID revenue stream would be sufficient to recover the cost to finance this support and all other current obligations of the district allowing it to close in 2021. It was noted that the TID statutorily closes in 2025 with the last year of revenue available for project costs in 2026.

1 March- 2017
Aaron Hertzberg
RE: Zilber Property Group
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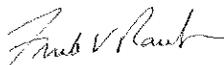
SUMMARY

Generally, we would expect investor returns to be in the 12-15% range (IRR) depending on the product type and market location. The scenarios outlined above indicated a range between nearly 10% to 12.5% depending on the size/density of the project, which we feel are reasonable assuming a \$5mm grant for the primary (apartment) portion of the project, and a PAYGO component if the motel piece is included. In the latter analysis, it was assumed that the City would provide 60% of the increment to the developer. It has been noted that the revenue projections and other assumptions have been conservatively estimated for this process. In this instance, the developer's numbers indicated that rents of \$1.65/sf would be needed to make the project viable without City assistance but are not achievable in the market; we are using \$1.35 per foot in this analysis, and at that level, the project would not be undertaken but for the City's participation by way of a grant and/or PAYGO assistance.

Since the costs and revenues that have been provided by the developer are conservative estimates, we believe that it would be prudent for the City to include cost-saving provisions in any agreement to provide assistance to this project. Upon completion of construction, a cost review should be performed to ensure the requested funds were incorporated into the project, thus satisfying part of the "but for" test of the need for project support. Secondly, an operating "look-back" provision should also be included, which would be performed at the earlier of a project sale, or, after a 10 year operating period, a "mock sale" to be calculated at prevailing market rates at that time. Doing so would allow the City to re-calculate the return based upon actual costs and developer returns, and would allow for the City to adjust its participation if the costs are significantly lower and/or the returns higher than projected up front.

Please let us know if there is any further analysis you would like us to perform.

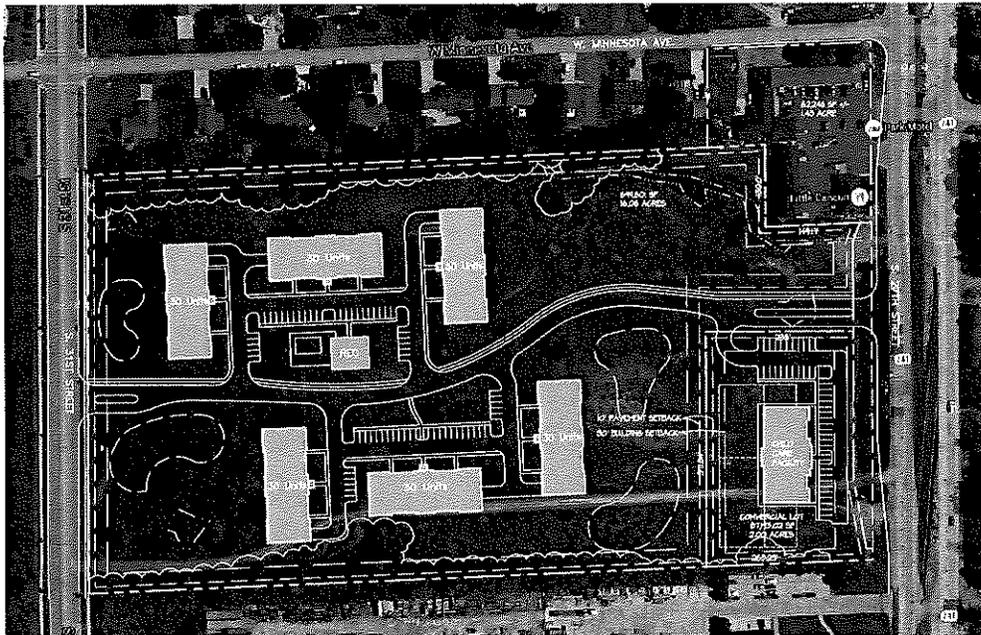
Kind Regards,



Frank Roman
Municipal Advisor

cc: Mike Harrigan, Ehlers
Dawn Gunderson, Ehlers

Project Summary



**Mixed Use Development at
7333 S. 27th Street, Franklin, WI**

Common Council Meeting March 7, 2017

ZILBER
PROPERTY GROUPSM

Project Summary

Zilber Property Group is proposing a high quality mixed use project located at 7333 S. 27th Street. The parcel is approximately 18 acres that was previously programmed to be a YMCA facility. The project consists of a 180-unit multi-family community and the development of a commercial day care operation. The project could also include an adjoining parcel currently occupied by a motel and a separate restaurant building at the discretion of the Council. If included, the motel would be razed and marketed as an additional commercial development parcel with the restaurant intended to remain as is.

After extensive market review this was determined to be the appropriate mix of uses to balance the competing goals of maximizing the tax value of the development, creating additional commercial development along 27th Street, and being an appropriate transitional use between the existing adjacent single family houses along Minnesota Street and existing commercial property. All parking requirements will be met on-site. Storm water management will follow City and DNR requirements. The development will include a public street connecting 27th to 31st street providing easy and adequate access to and from the site. The former YMCA parcel is currently zoned B-4 south 27th street mixed use commercial zoning district. The project uses are allowed under the current zoning, although the multi-family component will require a special use permit.

Developer

This project will be developed by Zilber Ltd., a privately held diverse real estate company headquartered in Wisconsin since being founded by Joseph J. Zilber in 1949. Under Zilber's Homes by Towne and Towne Island Homes brands, Zilber builds single family homes and condos in six states; and under our Zilber Property Group brand, we have approximately 4.5 million square feet of office/light industrial buildings and just over 1,000 apartments.

Project Consistency with 27th Street Plan

Zilber's proposed project uses are allowed under the existing B-4 south 27th street mixed use commercial zoning district. The development is consistent with the mixed use land use identified in the Comprehensive Master Plan Future Land Use Map. It is also consistent with the overall goals, primary uses, and land use recommendations of the 27th Street Corridor Plan and District 2 within the 27th Street Corridor Plan.

Market rate apartment community

The 180 market rate rental community will be developed in six three-story thirty unit buildings with underground parking included for every unit. The apartments will be a mix between one and two bedroom units, with average rents of approximately \$1,100-\$1,200 for a one bedroom and \$1,400-\$1,500 for a two bedroom. The buildings will have high quality facades, incorporating materials such as masonry and wood.

The buildings will be designed with flat roofs to keep the overall height consistent with pitched roof, two story homes, which will set the building heights well below the maximum allowed per zoning. Three story buildings versus two story buildings reduce the required footprint space and allow the development to be positioned towards the inside of the property. This creates a much larger distance from the lot line to the buildings, and retains a large amount of open green space. Approximately 10 acres, almost 70% of the land area, will remain open or green space. We plan on preserving the existing tree line along both property boundaries and as many trees as possible on-site. Additional enhanced landscaping will be provided along the natural tree buffer adjacent to the residential neighbors.

The community will feature an office and community building, providing the amenity package desired by today's tenants including a pool and sun deck, fitness center, community gathering space with kitchen area, picnic areas with outdoor grilling stations, and pet friendly amenities including a fenced dog park. The units will feature high quality modern finishes, ample storage, and a full appliance package including washers and dryers. All units will also feature outdoor living space on patios and balconies.

Commercial parcel(s)

A commercial parcel along 27th Street for a growing well managed day care operator or other uses, will be consistent the City's desire for commercial activity in this area as outlined in the 27th Street Corridor Plan. In discussions with Northwestern Mutual they indicated that they view this use to be of good value for them. Having nearby services available for their employees is high on their priority list. The use will also provide service for the nearby residential neighborhoods along with our rental community.

The motel parcel, if included, would provide additional redevelopment opportunities. The motel parcel is under contract if the Council desires to include it in the project. If included, we will acquire and raze the motel while marketing it to commercial users. The restaurant lease is intended to be assumed with the restaurant continuing to operate per usual.

Conclusion

The proposed mixed use project will provide significant value for the City. The currently vacant infill parcel achieves its highest and best use through this proposal. It will fill a need in the marketplace for rental units and provide a housing option for employees of nearby business as well as downtown Milwaukee via I-94. The commercial component will provide much needed services to nearby employers and residents. In addition, the new households will also drive demand for additional retail and commercial uses in the surrounding areas.

Tax Incremental Financing Assistance

The costs to create the development and realize the assessed value discussed above are in excess of what can be supported by market rents. In order to allow the project to be viable and economically sustainable, city TIF assistance will be required for aspects of the development such as the underground parking, site improvement work, creation of the commercial sites, and the roadway connecting 27th street to 31st street. Our goal is to create a development that will be an important asset to the community for the long term.

The site is located within the boundaries of TIF district #3. Per the cash flow model report dated December 31, 2015, the district has a final year of allowable project expenditures of 2020 with the final year of the district being 2026. There is currently \$10 million of unallocated project costs within the district.

Over the last few months we have worked with the City and Ehlers to review, analyze, and conclude on our proposed project and financial projections. The final Ehlers report concludes that the project would not be economically feasible but for the existence of City financing, and that the proforma project costs, revenues, and expenses would provide an acceptable but not excessive return. The assistance package being requested for this project is inline with what other developers have required on current projects of this type. It is important to differentiate this product type with elevators, 100% of units with enclosed parking, and modern high quality facades from more garden walk-up style projects with different economic models.

Ehler's conclusions are included in the packages being submitted to you for consideration today. The former YMCA parcel would include a \$5M City funded TIF grant. If added on, the motel component would include a \$2M developer funded paygo arrangement. If included, the two packages would be repaid with interest on a pro-rata basis. Ehlers concluded that both options can be conservatively expected to be paid off with a few additional years cushion in the life of the TIF district.

If the City approves use of the existing TIF district we will work closely with staff and outside experts and all of our proformas, costs, and expenditures will be open book. We will agree to look back provisions that would allow any project development cost savings to be passed on to the City, creating an effective public/private partnership on the project. We expect that the assistance required will be approximately 20%-25% of total project values. This is in-line with what we have seen on other current mixed-use projects and there is a large enough funding gap that the project will not be economically viable without it.

Enclosures:

- Site plan
- Site map

Mixed Use Development at 7333 S. 27th Street, Franklin, WI Site Map



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APPROVAL <i>slw</i>	REQUEST FOR Council ACTION	MEETING DATE 3/21/17
REPORTS AND RECOMMENDATIONS	Contract Ruckert & Mielke, Inc. for professional services task orders related to engineering in Area D, roughly between W. Oakwood and W. South County Line Roads and S. 27 th and S. 42 nd Streets.	ITEM NUMBER <i>6.5.</i>

Request

Staff is requesting approval of a contract with Ruckert & Mielke, Inc. for professional engineering services outlined in the attached March 16, 2017 letter to the Economic Development Director. Activities outlined in referenced Task Orders #3 and #4, include: floodplain analysis and storm water permitting analysis, and continued meetings with the City of Franklin staff, and the Common Council as necessary regarding phasing of development and estimating project costs thereof, including providing cost estimates for project in Area D, roughly between W. Oakwood and W. South County Line Roads and S. 27th and S. 42nd Streets. Task Orders #3 and #4, will help the City further understand the development potential of land in Area D, an important consideration in maximizing developable land and assessing potential increment that could be utilized to pay costs in tax increment financing district (TID) #4.

A related agenda item requests approval of a contract with Ehlers, Inc. to revise financial analysis based on new estimated project costs and related development expectations within TID #4, which includes the entirety of Area D.

Approval of this contract is subject to review by the City Attorney. The Economic Development Director will serve as the primary contact.

Funding

The scope of services for this limited task order is capped at \$21,500 and \$27,000 for Task Orders #3 and #4, respectively. These services are eligible for funding from TID #4. A budget amendment was approved by the Common Council on February 21, 2017 to make appropriate changes to the budget for TID #4 to accommodate approval if this item.

Background

The request follows a presentation by Ruckert & Mielke at a Committee of the Whole meeting on March 6, 2017 regarding progress towards completion of Task Order #2. Task Order #2 included engineering and cost projections for potential sewer and water connections in Area D and meeting with MMSD, surrounding communities, staff and the Common Council regarding the project. The work outlined in Task Order #3 and #4 provides additional information to activate development and maximize the value of properties in Area D.

Ruckert & Mielke, Inc. has extensive prior experience in Area D and is therefore uniquely qualified to build on their prior experience in Franklin. Like Task Order #2, Task Order #3 and #4 builds on an existing professional services agreement between the City of Franklin and Ruckert & Mielke, Inc. dated November 4, 2014 and previously included in your February 21, 2017 packet.

The Common Council approved rezoning this land for Mixed-Use Business Park at the November 1, 2016 Council Meeting.

COUNCIL ACTION REQUESTED

A motion to contract Ruckert & Mielke, Inc. for professional services task orders related to engineering in Area D, roughly between W. Oakwood and W. South County Line Roads and S. 27th and S. 42nd Streets.



Your Infrastructure Ally

W233 N2080 Ridgeview Parkway • Waukesha, WI 53188-1020 • Tel. (262) 542-5733

March 16, 2017

Mr. Aaron Hertzberg
Economic Development Director
Department of City Development
City of Franklin
9229 West Loomis Road
Franklin, WI 53132

Re: City of Franklin
Area D Development
Task Order Nos. 3 & 4

Dear Mr. Hertzberg:

Enclosed are Task Order No. 3 (Floodplain Analysis) and Task Order No. 4 (Storm Water Permitting Analysis).

Task Order No. 3 is for services for meeting with DNR representatives and an analysis of the currently mapped floodplain and floodway in the southeastern portion of Area D. Currently, a significant portion of this area in the vicinity of East South County Line Road is mapped by the Federal Emergency Management Agency (FEMA) as either floodplain or floodway. These designations severely limit (in the case of floodplain) or prevent (in the case of the floodway) development in that area.

We believe that with the current mapping of the area (completed in 2015) along with the plans of WDOT to raise the 27th Street bridge over the Root River 7 to 10 feet, that the extent of the floodplain and floodway can be significantly decreased thereby increasing the amount of developable land in Area D. Since each acre of developable land is worth \$500,000.00 to \$750,000.00 when fully developed, this increase would increase the value of the land within the existing (or future) tax incremental district.

Task Order No. 4 is for services to meet with representatives of both DNR and the U.S. Army Corps of Engineers and an analysis of the currently mapped wetlands within Area D, specifically those in the southern portion of Area D. Currently, an existing storm water pond, which was formerly permitted by DNR and the City of Franklin, is now classified as a wetland. Based upon information on its design and construction, we believe we can make the case that it is not a wetland and that it, and an area to the west of it, can continue to serve as a storm water pond for the development of Area D. By doing this, the City would not have to set aside additional lands for storm water thereby increasing the amount of developable acres in Area D. As stated above, the value of each acre of developed in Area D is worth between \$500,000.00 and \$750,000.00.

~58-10013 Franklin Corporate Park > 103- Preliminary Planning - Task Order #2 > Proposal > Hertzberg-20170315-City of Franklin Area D Development Task Order Nos 3 &4.docx~

Letter to Aaron Hertzberg, City of Franklin
Proposal for Area D Development
March 16, 2017
Page 2

An additional benefit or reason to perform each of the above tasks at this time is that the City's financial consultant needs to know the amount (extent) of developable acres in order to perform their analysis. These task orders will help to determine those numbers.

Based upon my previous experience, the cost of our services for this work is TID eligible.

We propose to provide these services on an hourly basis at a cost of \$21,500.00 for Task Order No. 3 and \$27,000.00 for Task Order No. 4. Our efforts will be directed by you.

If this arrangement meets with the City's approval, please have the appropriate officials sign where indicated and return one fully executed copy to me.

Please contact me with any questions.

Very truly yours,

RUEKERT & MIELKE, INC.



Joseph W. Eberle, P.E. (WI, IL, MN)
Senior Project Manager
jeberle@ruekert-mielke.com

JWE:tmg

Enclosures: 2 copies of Task Order No. 3
2 copies of Task Order No. 4

cc: Glen E. Morrow, P.E., City of Franklin
File

TASK ORDER

This is Task Order No. 3,
consisting of 3 pages

Task Order

In accordance with Paragraph 1.01 of the Agreement Between Owner and Engineer for Professional Services – Task Order Edition, dated November 4, 2014 ("Agreement"), Owner and Engineer agree as follows:

1. Specific Project Data

- A. Effective Date of Task Order: March 21, 2017
- B. Owner: City of Franklin
- C. Engineer: Ruekert & Mielke, Inc.
- D. Specific Project (title): Franklin Corporate Park
- E. Specific Project (description): Floodplain Analysis

2. Services of Engineer

- A. the specific services to be provided or furnished by Engineer under this Task Order are as follows:
 - 1. Coordination and meetings with City staff and DNR.
 - 2. Review site information and studies, future bridge plans, road realignment alternatives.
 - 3. Preliminary floodplain boundary revisions based on existing topographic data.
 - 4. Prepare a Letter of Map Amendment (LOMA) if allowed by DNR to have floodplain and floodway boundaries reflect existing conditions.
 - 5. Prepare a Letter of Map Revision (LOMR) if LOMA not allowed to have floodplain and floodway boundaries reflect existing conditions.
 - 6. Review WisDOT preliminary bridge plans for proposed reconstruction of 27th Street and update FEMA hydraulic model to reflect changes.
 - 7. Prepare exhibit showing potential developable land gained/lost as a result of floodplain changes.
- B. All of the services included above comprise Basic Services for purposes of Engineer's compensation under this Task Order.

3. Owner's Responsibilities

Owner shall have those responsibilities set forth in Article 2 of the Agreement and in Exhibit B.

4. Task Order Schedule

In addition to any schedule provisions provided in Exhibit A or elsewhere, the parties shall meet the following schedule:

- A. Provide services as requested within timelines requested.

5. Payments to Engineer

- A. Owner shall pay Engineer for services rendered under this Task Order as follows:

<u>Description of Service</u>	<u>Amount</u>	<u>Basis of Compensation</u>
Floodplain Analysis	\$21,500	Hourly

Compensation items and totals based in whole or in part on Hourly Rates are estimates only. Lump sum amounts and estimated totals included in the breakdown by phases incorporate Engineer's labor, overhead, profit, reimbursable expenses, if any, and Consultants' charges, if any. Total compensation shall not exceed amount stated unless previously approved in writing by Owner.

- B. The terms of payment are set forth in Article 4 of the Agreement and in the applicable governing provisions of Exhibit C.

6. Terms and Conditions

Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is March 21, 2017.

OWNER:

ENGINEER:

City of Franklin

Ruekert & Mielke, Inc.

By: _____

By: Steven C. Wurster

Name: Steve Olson

Name: Steven C. Wurster, P.E.

Title: Mayor

Title: Senior Vice President/COO

Date: _____

Date: March 21, 2017

DESIGNATED REPRESENTATIVE FOR TASK ORDER

Name: Aaron Hertzberg

Name: Joseph W. Eberle, P.E.

Title: Director of Economic Development

Title: Senior Project Manager

Address: 9229 W. Loomis Road
Franklin, WI 53132

Address: W233 N2080 Ridgeview Parkway
Waukesha, WI 53188-1020

Email: ahertzberg@franklinwi.gov

Email: jeberle@ruekert-mielke.com

Phone: 414-427-7566

Phone: 262-953-3030

CITY OF FRANKLIN

ATTEST:

BY _____

Sandra L. Wesolowski, City Clerk

Dated: _____

BY _____

Paul Rotzenberg, Director of Finance and Treasurer

Dated: _____

APPROVED AS TO FORM:

BY _____

Jesse A. Wesolowski, City Attorney

Dated: _____

TASK ORDER

This is Task Order No. 4,
consisting of 3 pages

Task Order

In accordance with Paragraph 1.01 of the Agreement Between Owner and Engineer for Professional Services – Task Order Edition, dated November 4, 2014 ("Agreement"), Owner and Engineer agree as follows:

1. Specific Project Data

- A. Effective Date of Task Order: March 21, 2017
- B. Owner: City of Franklin
- C. Engineer: Ruekert & Mielke, Inc.
- D. Specific Project (title): Franklin Corporate Park
- E. Specific Project (description): Storm water and Wetland Permitting Analysis

2. Services of Engineer

- A. the specific services to be provided or furnished by Engineer under this Task Order are as follows:
 - 1. Prepare for and attend meetings with DNR re: overall site and regulatory concerns.
 - 2. Prepare artificial wetland exemption request.
 - 3. Prepare navigability and OHWM request.
 - 4. Ch. 30 streambank stabilization or channel relocation permitting (assuming 3 separate waterways).
 - 5. Wetland IP permit development (over 10,000 SF of temporary and permanent fill).
 - o Pre-application meeting and exhibits (6 wetland complexes).
 - o Alternatives Analysis (6 wetland complexes, 3 waterways).
 - o Pre-application meeting with DNR, ACOE.
 - o Determine mitigation activities.
 - 6. Prepare storm water NOI e-submittal.
 - 7. Internal meetings re: design / meetings with City re: permitting (6).
- B. All of the services included above comprise Basic Services for purposes of Engineer's compensation under this Task Order.

3. Owner's Responsibilities

Owner shall have those responsibilities set forth in Article 2 of the Agreement and in Exhibit B.

4. Task Order Schedule

In addition to any schedule provisions provided in Exhibit A or elsewhere, the parties shall meet the following schedule:

A. Provide services as requested within timelines requested.

5. Payments to Engineer

A. Owner shall pay Engineer for services rendered under this Task Order as follows:

<u>Description of Service</u>	<u>Amount</u>	<u>Basis of Compensation</u>
Storm water and wetland Permitting Analysis	\$27,000	Hourly

Compensation items and totals based in whole or in part on Hourly Rates are estimates only. Lump sum amounts and estimated totals included in the breakdown by phases incorporate Engineer's labor, overhead, profit, reimbursable expenses, if any, and Consultants' charges, if any. Total compensation shall not exceed amount stated unless previously approved in writing by Owner.

B. The terms of payment are set forth in Article 4 of the Agreement and in the applicable governing provisions of Exhibit C.

6. Terms and Conditions

Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is March 21, 2017.

OWNER:

ENGINEER:

City of Franklin

Ruekert & Mielke, Inc.

By: _____

By: Steven C. Wurster

Name: Steve Olson

Name: Steven C. Wurster, P.E.

Title: Mayor

Title: Senior Vice President/COO

Date: _____

Date: March 21, 2017

DESIGNATED REPRESENTATIVE FOR TASK ORDER

Name: Aaron Hertzberg

Name: Joseph W. Eberle, P.E.

Title: Director of Economic Development

Title: Senior Project Manager

Address: 9229 W. Loomis Road
Franklin, WI 53132

Address: W233 N2080 Ridgeview Parkway
Waukesha, WI 53188-1020

Email: ahertzberg@franklinwi.gov

Email: jeberle@ruekert-mielke.com

Phone: 414-427-7566

Phone: 262-953-3030

CITY OF FRANKLIN

ATTEST:

BY _____
Sandra L. Wesolowski, City Clerk

Dated: _____

BY _____
Paul Rotzenberg, Director of Finance and Treasurer

Dated: _____

APPROVED AS TO FORM:

BY _____
Jesse A. Wesolowski, City Attorney

Dated: _____

2017 STANDARD HOURLY RATES

ENGINEERING SERVICES

Engineer 8	193.00
Engineer 7	172.00
Engineer 6	157.00
Engineer 5	147.00
Engineer 4	137.00
Engineer 3	116.00
Engineer 2	109.00
Engineer 1	95.00
Senior Engineer Technician	131.00
Engineer Technician 3	110.00
Engineer Technician 2	99.00
Engineer Technician 1	89.00
Environmental Coordinator	137.00

SURVEYING SERVICES

Professional Land Surveyor	124.00
Crew Chief / Surveyor	114.00
Surveying Technician	83.00

CONSTRUCTION REVIEW SERVICES

Construction Review Manager	135.00
Senior Construction Review Technician	96.00
Construction Review Technician 2	83.00
Construction Review Technician 1	70.00

ADMINISTRATIVE SERVICES

Project Assistant	70.00
Administrative Assistant	70.00

MISCELLANEOUS

MILEAGE

For Engineers and Technicians	.54/mile
For Construction Review Technicians	.58/mile
For Survey Crews	.75/mile

Print reproductions	.30/sq. foot
Color copies	.30/page
B&W copies	.10/page
Color plots	2.50/sq. foot
Scanning	.30/scan
GPS equipment	125.00/day
ATV fee	125.00/day
Robotics equipment	125.00/day

APPROVAL <i>Slw</i>	REQUEST FOR Council ACTION	MEETING DATE 3/21/17
REPORTS AND RECOMMENDATIONS	Contract Ehlers, Inc. for financial services related to the use of tax increment financing in Area D, roughly between W. Oakwood and W. South County Line Roads and S. 27 th and S. 42 nd Streets.	ITEM NUMBER <i>G.6.</i>

Request

Staff is requesting approval of a contract with Ehlers, Inc. for financial services outlined in the attached March 15, 2017 letter to the Economic Development Director. Activities requested include analysis of tax increment finance (TIF) potential and impacts in Area D, roughly between W. Oakwood and W. South County Line Roads and S. 27th and S. 42nd Streets, and meetings with the City of Franklin staff and the Common Council as necessary. The entirety of Area D is within current TIF district #4.

Work by Ehlers is related to previously contracted work and a prior item on today's agenda for professional engineering services with Ruckert & Mielke, Inc. Project costs calculated by Ruckert & Mielke will be the subject of Ehlers' financial analysis. Ehlers will evaluate the impact of potential project costs and development on TID 4 and consider alternative scenarios based on results.

Approval of the contract with Ehlers is subject to review by the City Attorney. The Director of Economic Development will serve as the primary contact.

Funding

Staff requests authorization for spending up to \$15,000 for said services. These services are eligible for funding from TID #4. A budget amendment was approved by the Common Council on February 21, 2017 to make appropriate changes to the budget for TID #4 to accommodate approval if this item.

Background

The request follows a presentation by Ruckert & Mielke at a Committee of the Whole meeting on March 6, 2017 regarding progress towards completion of Task Order #2. Task Order #2 included engineering and cost projections for potential sewer and water connections in Area D and meeting with MMSD, surrounding communities, staff and the Common Council regarding the project. Task Orders #3 and #4 are on the agenda for consider at tonight's meeting and include additional information to activate development and maximize the value of properties in Area D. At the time of the March 6, 2017 meeting, staff suggested it would bring forth additional task orders from Ruckert & Mielke and a contract with Ehlers for consideration by the Council. Ehlers previously provided analysis for Area D in 2015. Those reports will be revisited and revised based on new information collected and a new potential timeline for work.

The Common Council approved rezoning of land in Area D for Mixed-Use Business Park at the November 1, 2016 Council Meeting.

COUNCIL ACTION REQUESTED

A motion to contract Ehlers, Inc. for financial services related to the use of tax increment financing in Area D, roughly between W. Oakwood and W. South County Line Roads and S. 27th and S. 42nd Streets.

A G R E E M E N T

This AGREEMENT, made and entered into this 21st day of March 2017, between the City of Franklin, 9229 West Loomis Road, Franklin, Wisconsin 53132 (hereinafter "CLIENT") and Ehlers & Associates, Inc. (hereinafter "CONTRACTOR"), whose principal place of business is 375 Bishops Way, Suite 225, Brookfield, Wisconsin.

W I T N E S S E T H

WHEREAS, the CONTRACTOR is duly qualified and experienced as a municipal services contractor and has offered services for the purposes specified in this AGREEMENT; and

WHEREAS, in the judgment of CLIENT, it is necessary and advisable to obtain the services of the CONTRACTOR to provide Tax Incremental District services.

NOW, THEREFORE, in consideration of these premises and the following mutual covenants, terms, and conditions, CLIENT and CONTRACTOR agree as follows:

- A. This AGREEMENT may only be amended by written instrument signed by both CLIENT and CONTRACTOR.

I. BASIC SERVICES AND AGREEMENT ADMINISTRATION

- A. CONTRACTOR shall provide services to CLIENT for consultation with respect to providing non-exclusive financial advisory services, as described in CONTRACTOR's proposal to CLIENT dated March 15, 2017, annexed hereto and incorporated herein as Attachment A.
- B. CONTRACTOR shall serve as CLIENT's professional representative in matters to which this AGREEMENT applies. CONTRACTOR may employ the services of outside consultants and subcontractors when deemed necessary by CONTRACTOR to complete work under this AGREEMENT following approval by CLIENT.
- C. CONTRACTOR is an independent contractor and all persons furnishing services hereunder are employees of, or independent subcontractors to, CONTRACTOR and not of CLIENT. All obligations under the Federal Insurance Contribution Act (FICA), the Federal Unemployment Tax Act (FUTA), and income tax withholding are the responsibility of CONTRACTOR as employer. CLIENT understands that express AGREEMENTS may exist between CONTRACTOR and its employees regarding extra work, competition, and nondisclosure.

- D. During the term of this AGREEMENT and throughout the period of performance of any resultant AGREEMENT, including extensions, modifications, or additions thereto, and for a period of one (1) year from the conclusion of such activity, the parties hereto agree that neither shall solicit for employment any technical or professional employees of the other without the prior written approval of the other party.

II. FEES AND PAYMENTS

CLIENT agrees to pay CONTRACTOR, for and in consideration of the performance of Basic Services further described in Attachment A, at our standard billing rates with a not-to-exceed budget of \$15,000, subject to the terms detailed below:

- A. CONTRACTOR may bill CLIENT and be paid for all work satisfactorily completed hereunder on a monthly basis. CLIENT agrees to pay CONTRACTOR's invoice within 30 days of invoice date for all approved work.
- B. Total price will not exceed budget of \$15,000. For services rendered, monthly invoices will include a report that clearly states the hours and type of work completed and the fee earned during the month being invoiced.
- C. In consideration of the faithful performance of this AGREEMENT, the CONTRACTOR will not exceed the fee for Basic Services and expenses without written authorization from CLIENT to perform work over and above that described in the original AGREEMENT.
- D. Should CLIENT find deficiencies in work performed or reported, it will notify CONTRACTOR in writing within thirty (30) days of receipt of invoice and related report and the CONTRACTOR will remedy the deficiencies within thirty (30) days of receiving CLIENT's review. This subsection shall not be construed to be a limitation of any rights or remedies otherwise available to CLIENT.

III. MODIFICATION AND ADDITIONAL SERVICES

- A. CLIENT may, in writing, request changes in the Basic Services required to be performed by CONTRACTOR and require a specification of incremental or decremental costs prior to change order agreement under this AGREEMENT. Upon acceptance of the request of such changes, CONTRACTOR shall submit a "Change Order Request Form" to CLIENT for authorization and notice to proceed signature and return to CONTRACTOR. Should any such actual changes be made, an equitable adjustment will be made to compensate CONTRACTOR or reduce the fixed price, for any incremental or decremental labor or direct costs, respectively. Any claim by CONTRACTOR for adjustments hereunder must be made to CLIENT in writing no later than forty-five (45) days after receipt by CONTRACTOR of notice of such changes from CLIENT.

IV. ASSISTANCE AND CONTROL

- A. Economic Development Director, Aaron Hertzberg, will coordinate the work of the CONTRACTOR, and be solely responsible for communication within the CLIENT's organization as related to all issues originating under this AGREEMENT.
- B. CLIENT will timely provide CONTRACTOR with all available information concerning PROJECT as deemed necessary by CONTRACTOR.
- C. CONTRACTOR will appoint, subject to the approval of CLIENT, Aaron Hertzberg, CONTRACTOR's Project Manager and other key providers of the Basic Services. Substitution of other staff may occur only with the consent of CLIENT.

V. TERMINATION

- A. This AGREEMENT may be terminated by CLIENT, for its convenience, for any or no reason, upon written notice to CONTRACTOR. This AGREEMENT may be terminated by CONTRACTOR upon thirty (30) days written notice. Upon such termination by CLIENT, CONTRACTOR shall be entitled to payment of such amount as shall fairly compensate CONTRACTOR for all work approved up to the date of termination, except that no amount shall be payable for any losses of revenue or profit from any source outside the scope of this AGREEMENT, including but not limited to, other actual or potential agreements for services with other parties.
- B. In the event that this AGREEMENT is terminated for any reason, CONTRACTOR shall deliver to CLIENT all data, reports, summaries, correspondence, and other written, printed, or tabulated material pertaining in any way to Basic Services that CONTRACTOR may have accumulated. Such material is to be delivered to CLIENT whether in completed form or in process. CLIENT shall hold CONTRACTOR harmless for any work that is incomplete due to early termination.
- C. The rights and remedies of CLIENT and CONTRACTOR under this section are not exclusive and are in addition to any other rights and remedies provided by law or appearing in any other article of this AGREEMENT.

VI. INSURANCE

The CONTRACTOR shall, during the life of the AGREEMENT, maintain insurance coverage with an authorized insurance carrier at least equal to the minimum limits set forth below:

- | | |
|--|-------------|
| A. Limit of General/Commercial Liability | \$1,000,000 |
| B. Automobile Liability: Bodily Injury/Property Damage | \$1,000,000 |
| C. Excess Liability for General Commercial or Automobile Liability | \$1,000,000 |

D. Worker's Compensation and Employers' Liability	\$500,000
E. Professional Liability	\$2,000,000

Upon the execution of this AGREEMENT, CONTRACTOR shall supply CLIENT with a suitable statement certifying said protection and defining the terms of the policy issued, which shall specify that such protection shall not be cancelled without thirty (30) calendar days prior notice to CLIENT, and naming CLIENT as an additional insured for General Liability.

VII. INDEMNIFICATION AND ALLOCATION OF RISK

- A. To the fullest extent permitted by law, CONTRACTOR shall indemnify and hold harmless CLIENT, CLIENT'S officers, directors, partners, and employees from and against costs, losses, and damages (including but not limited to reasonable fees and charges of financial advisors, attorneys, and other professionals, and reasonable court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of CONTRACTOR or CONTRACTOR'S officers, directors, partners, employees, and consultants in the performance of CONTRACTOR'S services under this AGREEMENT.
- B. To the fullest extent permitted by law, CLIENT shall indemnify and hold harmless CONTRACTOR, CONTRACTOR'S officers, directors, partners, employees, and consultants from and against costs, losses, and damages (including but not limited to reasonable fees and charges of financial advisors, attorneys, and other professionals, and reasonable court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of CLIENT or CLIENT'S officers, directors, partners, employees, and consultants with respect to this AGREEMENT.
- C. To the fullest extent permitted by law, CONTRACTOR'S total liability to CLIENT and anyone claiming by, through, or under CLIENT for any injuries, losses, damages and expenses caused in part by the negligence of CONTRACTOR and in part by the negligence of CLIENT or any other negligent entity or individual, shall not exceed the percentage share that CONTRACTOR'S negligence bears to the total negligence of CLIENT, CONTRACTOR, and all other negligent entities and individuals.
- D. In addition to the indemnity provided under Paragraph VII.B, and to the fullest extent permitted by law, CLIENT shall indemnify and hold harmless CONTRACTOR and CONTRACTOR'S officers, directors, partners, employees, and consultants from and against injuries, losses, damages and expenses (including but not limited to all fees and charges of financial advisors, attorneys, and other professionals, and all court or arbitration or other disputes resolution costs) caused by, arising out of, or resulting from an unexpected Hazardous Environmental Condition, provided that (i) any such injuries, losses, damages and expenses is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property, including the loss of use resulting therefrom, and (ii) nothing in this Paragraph shall obligate CLIENT to indemnify any individual or entity from and against the consequences of that individual or entity's own negligence or willful misconduct.

VIII. TIME FOR COMPLETION

CONTRACTOR shall commence work immediately having received a Notice to Proceed as of _____.

IX. DISPUTES

This AGREEMENT shall be construed under and governed by the laws of the State of Wisconsin. The venue for any actions arising under this AGREEMENT shall be the Circuit Court for Milwaukee County. The prevailing party shall be awarded its actual costs of any such litigation, including reasonable attorney fees.

X. RECORDS RETENTION

CONTRACTOR shall maintain all records pertaining to this AGREEMENT during the term of this AGREEMENT and for a period of 3 years following its completion. Such records shall be made available by the CONTRACTOR to CLIENT for inspection and copying upon request.

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be executed on the day and year first above written.

CITY OF FRANKLIN, WISCONSIN

EHLERS & ASSOCIATES, INC.

BY: _____

BY: _____

PRINT NAME: _____

PRINT NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

BY: _____

PRINT NAME: _____

TITLE: _____

DATE: _____

BY: _____

PRINT NAME: _____

TITLE: _____

DATE: _____

BY: _____

PRINT NAME: _____

TITLE: _____

DATE: _____



March 15, 2017

Aaron Hertzberg
Director of Economic Development
City of Franklin
9229 W. Loomis Rd.
Franklin, WI 53132

Re: Written Municipal Advisor Client Disclosure with the City of Franklin ("Client") for Updating Financial Feasibility Analysis TID #4 ("Project" Pursuant to MSRB Rule G-42)

Dear Aaron:

As a registered Municipal Advisor, we are required by Municipal Securities Rulemaking Board (MSRB) Rules to provide you with certain written information and disclosures prior to, upon or promptly, after the establishment of a municipal advisory relationship as defined in Securities and Exchange Act Rule 15Ba1-1. To establish our engagement as your Municipal Advisor, we must inform you that:

1. When providing advice, we are required to act in a fiduciary capacity, which includes a duty of loyalty and a duty of care. This means we are required to act solely in your best interest.
2. We have an obligation to fully and fairly disclose to you in writing all material actual or potential conflicts of interest that might impair our ability to render unbiased and competent advice to you. We are providing these and other required disclosures in **Appendix A** attached hereto.
3. As your Municipal Advisor, Ehlers shall provide this advice and service at such fees, as described within **Appendix B** attached hereto.

This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers

Dawn R. Gunderson, CPFO, CIPMA
Senior Municipal Advisor

cc: Jon Cameron, Ehlers

¹ This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).



Appendix A

Disclosure of Conflicts of Interest/Other Required Information

Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

Municipal Advisor Registration

Ehlers is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

Material Legal or Disciplinary Events

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the Securities and Exchange Commission (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing.

MSRB Contact Information

The website address of the MSRB is www.msrb.org. Posted on the MSRB website is a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the financial regulatory authorities.

Appendix B Tax Incremental Financing Services

Scope of Service

Client has requested that Ehlers assist Client with updating the Financial Feasibility Analysis for TID #4 (“Project”). Ehlers proposes and agrees to provide the following scope of services:

Feasibility Analysis

The purpose of Feasibility Analysis is to determine whether or not the Project is a statutorily and economically feasible option to achieve the Client’s objectives. This phase begins upon your authorization of this engagement, and ends on completion and delivery of a feasibility analysis report. As part of Feasibility Analysis services, Ehlers will:

- Consult with appropriate Client officials to identify the Client’s objectives for the Project.
- Provide feedback as to the appropriateness of using Tax Incremental Financing in the context of the “but for” test.
- If the Project includes addition of territory to the district, identify preliminary boundaries and gather parcel data from Client. Determine compliance with the following statutory requirements as applicable:
 - Equalized Value test.
 - Purpose test (industrial, mixed use, blighted area, or in need of rehabilitation or conservation).
 - Newly platted residential land use test.
- Prepare feasibility analysis report. The report will include the following information, as applicable:
 - A description of the district type, maximum life, expenditure period and other features corresponding to the type of district.
 - A summary of the development assumptions used with respect to timing of construction and projected values. Development assumptions to be provided by City.
 - Preparation of a development sensitivity analysis at defined % levels.
 - Projections of tax increment revenue collections to include annual and cumulative present value calculations.
 - If debt financing is anticipated, a summary of the sizing, structure and timing of proposed debt issues.
 - A cash flow *pro forma* reflecting annual and cumulative district fund balances and projected year of closure.
 - When warranted, evaluate and compare options with respect to boundaries, type of district, project costs and development levels.
 - Ehlers will provide guidance on district design within statutory limits to creatively achieve as many of the Client’s objectives as possible, and will provide liaison with State Department of Revenue as needed in the technical evaluation of options.

- Present the results of the feasibility analysis to the Client’s staff, Plan Commission or governing body.

Compensation

In return for the services set forth in the “Scope of Service,” Client agrees to compensate Ehlers for its actual hours worked on the Project at the following rates:

Senior Municipal Advisor	\$250/hour
Municipal Advisor	\$225/hour
Financial Specialist II	\$190/hour

Payment for Services

For all compensation due to Ehlers, Ehlers will invoice Client for the amount due at the completion of each Phase. Our fees include our normal travel, printing, computer services, and mail/delivery charges. The invoice is due and payable upon receipt by the Client.

Client Responsibility

The following expenses are not included in our Scope of Services, and are the responsibility of Client to pay directly:

- Services rendered by Client’s engineers, planners, surveyors, appraisers, assessors, attorneys, auditors and others that may be called on by Client to provide information related to completion of the Project.
- Preparation of maps necessary for inclusion in the Report.
- Development assumptions values and timing to be used in feasibility analysis.