

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

**The Concept Review for a Proposed Sports Anchored Mixed-Use Development (to be located at and in the Vicinity of the Rock Sports Complex and Southwest of the Intersection of W. Rawson Avenue and Old Loomis Road) (Zim-Mar Properties, LLC and the Rock Sports Complex, LLC, Applicants) subject matter item previously noticed on the agenda for this meeting has been removed from the agenda at this time at the request of the Applicants.

TUESDAY, OCTOBER 27, 2015
AT 6:30 P.M.

- A. Call to Order and Roll Call.
- B. Citizen Comment Period.
- C. Reports and Recommendations
 - 1. Status Report Related to Buxton Company and Retail Recruitment Efforts.
- J. Adjournment.

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

***Supporting documentation and details of these agenda items are available at City Hall during normal business hours. [Note: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information, contact the City Clerk's office at (414) 425-7500.]

APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 10/27/2015
REPORTS & RECOMMENDATIONS	Status Report Related to Buxton Company and Retail Recruitment Efforts	ITEM NUMBER C. 1.

The Common Council, at their October 6, 2015 Council Meeting, tabled the Buxton Company and retail recruitment efforts item to the October 27, 2015 Special Common Council meeting. Attached is the packet information that was included in the October 6th Council packet related to this item. Note that the Buxton Company did grant the City an extension for renewal of its service agreement to November 11, 2015. As such, the Council can choose to forward this item to their regular Common Council Meeting of November 3rd if need be.

The Director of Administration has discussed with Cody Howell of the Buxton Company alternative options for moving forward with the agreement between the City of Franklin and Buxton for retail recruitment and retention services. The alternatives are focused around providing the new Economic Development Director an opportunity to work with the Buxton tool prior to the City making a full commitment to a second year. The Director of Administration will apprise the Council on the status of proposed alternative options, if any, at the October 27th Special Meeting.

COUNCIL ACTION REQUESTED

A motion as deemed appropriate by the Common Council pending a further report on the discussion with Buxton pertaining to alternatives available to the City.

<p style="text-align: center;">APPROVAL</p> <p style="text-align: center;"><i>Slw</i></p>	<p style="text-align: center;">REQUEST FOR COMMON COUNCIL</p>	<p style="text-align: center;">MEETING DATE</p> <p style="text-align: center;">10/06/2015</p>
<p style="text-align: center;">REPORTS & RECOMMENDATIONS</p>	<p style="text-align: center;">STATUS REPORT RELATED TO BUXTON COMPANY AND RETAIL RECRUITMENT EFFORTS</p>	<p style="text-align: center;">ITEM NUMBER</p> <p style="text-align: center;">G. 8.</p>

At its September 15, 2015 meeting, the Common Council approved a motion to table the status report related to Buxton until October 6, 2015, with the request to the Economic Development Commission to provide a written report, as well as a written report from staff, and to discuss potential changes with regard to deliverables from Buxton for the second year of retail recruitment. The draft Common Council motion is below.

Alderman Schmidt moved to table the renewal agreement with Buxton Company for retail recruitment and retention services until October 6, 2015 with a written report from EDC invitation to EDC and written report from staff (potential changes with regard to what Buxton produces). Seconded by Alderman D. Mayer. On roll call, Alderman Dandrea, Alderman D. Mayer, Alderman Schmidt and Alderwoman S. Mayer voted Aye; Alderwoman Wilhelm voted No. Motion carried.

Economic Development Commission

At the time of preparation of this report, the Economic Development Commission had not yet met to provide its own report or recommendation regarding Buxton.

Department of City Development

The Department of City Development provided a status report at the August 31, 2015 Committee of the Whole meeting, which is also provided below for your review. There have been no significant changes as to the status since that meeting and staff's report is similar to the presentation given by Buxton at the September 15, 2015 meeting.

Staff has been working closely with Buxton for almost a year. But as Buxton has indicated, the actual retailer recruitment process has been going on for approximately five months. It is difficult for staff to make a recommendation whether to proceed or not with an 18 to 24 month process after only 5 months of recruitment efforts; however, staff would note that the Department of City Development would not have recommended to contract with Buxton initially, due to our reservations about the likely success of the Buxton program, along with the significant financial investment of \$150,000.

Staff recommends, therefore, that the Common Council consider Buxton's year two proposal, along with the feedback that has been received from retailers thus far, as well as the considerations noted below, to decide whether to continue with Buxton or not.

- Staff has had a positive working relationship with Buxton, they have provided all deliverables as stated in the agreement and the process has occurred as described initially by Buxton. In staff's opinion:
 - Buxton seems to be well known and their data and opinion seem to be respected.
 - Buxton has a lot of data/information with which to perform in depth analysis for market research.
 - The SCOUT program is user friendly.
 - Buxton provides excellent customer service, advice, and assistance, such that staff has been able to get in touch with the majority of retailers.
- The cost of the Buxton contract is substantial, for three years is \$150,000. Other, less costly options may be available (staff is aware that other companies provide similar data for much less, however, without the assistance and customer service of Buxton).
- Related to cost, staff suggests evaluation of the list of retailers provided by Buxton. Are these the type of retailers the City wishes to attract and is it worth the expense of \$150,000, plus staff time?
 - Staff time involves the cold calling and consistent follow up.
 - To potentially be more successful, staff time could also be spent hosting entrepreneurship events to try and find the needed franchisees and other networking efforts, sending specific sites and data to individual retailers, researching and calling individuals that currently own franchises, etc.
 - It is possible that a significant commitment of staff time would be needed to overcome the issues and comments that have been received from retailers thus far (see the summary of retailers comments outlined under the Status Report section of this report).
- Staff suggests considering whether the Buxton approach overlaps with the work of area brokers, developers and property owners. Staff has been referred to local brokers, by the retailers we have contacted, on several occasions. These local contacts are certainly familiar with Franklin.

Staff will be in attendance to answer any questions.

Year 2 Agreement with Buxton

Attached is an email from Buxton that discusses their recommended approach for the second year of the agreement.

Director of Administration

Please see the following memo from the Director of Administration.

August 31, 2015 Status Report

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

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

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

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

History

- August 5, 2014: The Common Council directed staff to contact Buxton Company for further information with regard to mutual interests relative to economic development.
- August 21, 2014: The Economic Development Commission took the following action with respect to its review of the publicized report from Buxton concerning retail leakage in the City: Motion made (Kaniewski) and seconded (Kent) to pass on to Common Council support of the Council's further research and investigation of the issues raised by the Buxton report. Motion carried: 4 Ayes, 0 Noes.
- October 27, 2014: The Economic Development Commission took the following action as a follow up to its August 21 motion: Motion made (Haskins) and seconded (Soto) to recommend to the Common Council at their November 3, 2014 meeting that they strongly consider moving forward with Buxton to guide the City and the Economic Development Commission with business recruitment and retention efforts which would allow a jumpstart to assist any economic development employee under consideration. Motion carried: 4 Ayes, 0 Noes.
- November 3, 2014: The Common Council took no action relative to the draft Buxton agreement and resolution.
- November 4, 2014: The Common Council approved a resolution authorizing certain officials to execute an agreement with Buxton Company to provide community retail economic development needs and satisfaction study, recruiting and retention professional consulting services, with costs to come

from the "Restricted Contingency" portion of the Contingency appropriation, pending establishment of an applicable tax incremental district for which such services may be provided or otherwise as may be determined by the Common Council.

- December 10, 2014: The Economic Development Commission selected the following locations for Buxton to review and the five Buxton SCOUT users.
 - Locations
 - West Rawson Avenue and South 76th Street
 - West Loomis Road and West Ryan Road
 - West St. Martins Road and West Loomis Road
 - West St. Martins Road and West Church Street (later selected by Chairman Haskins, Alderwoman Wilhelm and staff to potentially replace West Loomis Road and West Ryan Road)

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

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

Comments/Feedback

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

Summary of comments from retailers:

- They do not have a franchisee for Franklin market. They are 100% franchised and can only pursue real estate in markets where they have active franchisees. Okay to check back periodically.
- Broker for company would like to review the performance of two new locations to determine if it is feasible to open an additional location between the two. He asked that the City follow up with him in June 2016.

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

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

1. Franchisee driven, no franchisee
2. Demographics, co-tenancy and other location requirements not met
3. Southridge Mall competition
4. The market is covered by other stores
5. Expansion plans - focused elsewhere, not targeting the area or not expanding at this time

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

Next Steps

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

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

COUNCIL ACTION REQUESTED

A motion to renew the agreement with Buxton for retail recruitment and retention services and to authorize payment for the second year of services in the amount of \$50,000.

or

A motion to discontinue services provided by Buxton and to direct staff to provide Buxton with the required written notice of cancellation at least 60 days in advance of the yearly renewal date of November 24, 2015.

or

A motion as deemed appropriate by the Common Council.

From: Eric Brown
To: Steve Olson; Alderman; Sandi Wesolowski; Jesse Wesolowski; Nick Fuchs
Cc: Cody Howell; Cheyenne Robinson
Subject: Thank you for the time
Date: Friday, September 18, 2015 1:51:49 PM

Mayor, Council, and Staff –

Thank you for inviting us to attend this week's Tuesday council session. We appreciated the opportunity to provide an overview of the recruitment successes to date. It was genuinely a great honor and pleasure to be in your community.

We are eager to continue the momentum that has resulted from our partnership thus far. Within the first 12 months of Retail Recruitment outreach, simply engaging in dialogue with a company is a major milestone of success on the path to recruitment. Inside of these first 5 Months of outreach, the team has opened lines of communication with 17 of 23 retailers, setting a very strong foundation.

Building on this success is the next logical step, and in this next year of our partnership, we will be providing an additional batch of 20 Retailers to add to your recruitment pipeline. We are very mindful of the feedback provided at this week's meeting and understand Franklin is a unique market with its own DNA and retail conditions. Our data driven matching approach and market expertise absolutely accounts for these unique attributes, but we intend to bolster this for you with Year 2's analysis:

- "Increasing the Human Touch" – our statistical models are powered by the most up-to-date data in the market, and are built around a methodology developed with 20+ years of retail expertise, achieving a level of sophistication unmatched in our industry. But an algorithm cannot answer everything; human logic and common sense must be applied.
 - o After our automated matching process is complete, we will ensure our most senior Spatial and Research analysts have scrutinized the match list for criteria not available in existing data sets. For example, average market spacing, typical household overlap allowance, any available brand specific news / public filings, just to name a few attributes.
 - o Once the Operations/Analytical team has devised their list for top 20 recommendations, Cody, Myself, Cheyenne, and Project Manager Janelle Guinn will all conduct an in-depth review to ensure the 20 retailers align with your goals as a community. This scrutiny will be conducted through the lenses of a retailer, as our full team has extensive expertise in directly consulting retailers on their real estate initiatives.
- "Building the Roadmap" –Franklin's success is Buxton's success. Our support structure is setup so that we can promise you a proactive and fluid partnership that is fully aligned with your goals. Prior to beginning any analytics, we will ensure that we have full

understanding of the city's vision for Retail and the types of concepts and business models that are most desired. We invite an open dialogue from the stakeholders of your community in establishing this and will execute accordingly. With this said, the Retail landscape is a shifting one, and we will be at your side to continually evolve the strategy based on industry trends, retailer feedback, and the changing needs of your community. To guarantee we are always aligned, we will:

- Schedule an In-Person delivery of Year 2's ultimate findings to give city leadership a frame of reference for what is being added to the outreach pipeline.
- Schedule a mid-year (6 months post initial findings) executive summary report to advise on status and assess need for any shift in the strategy.

Again, we are proud to serve as an extension of your community's economic development efforts and team, and look forward to spurring future growth as more and more relationships are forged with Retailers and the City of Franklin.

Our team is at the ready to continue assisting with the actions/dialogues that are already in motion, and I would be happy to schedule a conference call to address any questions regarding the upcoming year's partnership.

Thank you,

Eric S. Brown

Buxton – Senior Account Executive

(o) 817.332.3681 (c) 832.259.1299 (f) 817.332.3686

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MEMORANDUM

TO: Common Council

FROM: Mark W. Luberda 
Director of Administration

DATE: October 2, 2015

RE: Recommendation on the Continuation of the Contract with Buxton

At the Common Council meeting of September 15, 2015, I was asked to provide a recommendation on the continuation of the contract with Buxton. Please recognize that I have not been involved with Buxton since the inception of the contract and have not been one of the individuals using their tools. One should consider any recommendation I provide in that context. I have offered two perspectives on review of the contract extension: a broader risk assessment and a functionality assessment.

Background: Please recall that I indicated significant concerns with the initial contract as it was, in general, very high level without a clear designation of scope of services or deliverables. As I recall, some of my concerns were addressed to some extent in the final form of the contract. My interpretation of the final contract was that it was a contract for an economic development tool, not an Economic Development service; meaning, other than a letter of introduction to 20 potential companies, the Buxton product was a tool for someone at Franklin to use to further economic development. In short, Buxton was not being contracted to generate economic development directly, but rather to provide information and a starting point for a City of Franklin representative to generate economic development.

In that context and considering the report previously provided by the Planning Department, the tool has likely been underutilized during the first year. I perceive that for the tool to potentially be effective it would need to be regularly and routinely used. Our organization, at the time the Buxton contract was let, did not have an individual on staff whose duty it was to proactively pursue economic development on a 40+ hour-per-week basis. Results from the use of the tool are likely underwhelming at least partly because the City purchased the tool prior to hiring of an Economic Development Director.

Broader Risk Assessment: The Common Council could address the contract simply in terms of risk. It is difficult to determine whether to proceed or not proceed with an 18 to 24 month process after only 5 months of unsuccessful recruitment efforts. Buxton indicates recruitment efforts should be expected to be a longer term process, but it is the City that is risking the return on a significant investment. The Common Council should consider its willingness to accept the risk associated with the contract in evaluating whether or not to continue the contract. For example, if the Common Council is unwilling to accept the risk, then the lack of success to date, concerns about the applicability of some of the business names on the list, and potential access to similar data from less

costly sources would be sufficient reason to not extend the contract. On the other hand, if the Common Council accepts the risk associated with continuing the engagement, then the fact that it is still early in the process and the City will now have a dedicated economic development professional using the tool is arguably sufficient reason to extend the contract.

Functionality Assessment: You may also recall that I had previously identified other potential sources for similar economic development data that could be available at a lower cost. I note this only for the purpose of highlighting that Buxton is not the only such economic development tool that the Economic Development Director could potentially use. In considering whether or not to extend the Buxton contract, it is, therefore, reasonable to consider whether or not the new Economic Development Director would conclude the contract has value and functionality.

From a functionality perspective, I recommend the City attempt to renegotiate the contract with Buxton so that the economic development professional that we are bringing on board can evaluate the tool and its functionality provided to date and provide a subsequent recommendation as to its benefit. I would suggest the revised terms, for example, allow him access to the data for at least three months and to continue to work with businesses from the original Buxton submission, but not require Buxton to provide any additional names during that period. After three months, the City could make the payment and move forward and commence year two of the contract or it would be discontinued. They may require some partial payment for the access to the data for that period, but it, arguably, should not be a full, prorated quarter payment as we would not require them to provide the additional, second-year list of businesses. Hopefully, given the City's unique circumstance of having entered into the contract in advance of having the Economic Development Director in place, Buxton will see fit to allow an opportunity for him to evaluate and test the tool.

If Buxton is not willing to accept such renegotiated terms, I would question their faith in their product. Given that scenario and given what I perceived as a very lukewarm reception to the applicability of the 20 business names provided, the Common Council could be fiscally conservative and terminate the contract. Alternatively, and less fiscally conservative, the Common Council could conclude that it wants to give its new Economic Development Director immediate and full access to the tool it has already committed to and continue the contract for another year while the new Economic Development Director evaluates its usefulness.

It is worth noting that there is likely limited risk in terminating the contract at this time. The contract with Buxton is a flat fee per year. Although it would probably warrant City Attorney review of the current contract terms, the contract could potentially be terminated at this time and a new contract could be entered into in the future, if determined appropriate, after the Economic Development Director has had an opportunity to settle in, work with the Mayor and Common Council on an economic development plan, and determine what tools he needs to execute the plan. This potential ability to cancel the contract and execute a new one later might provide some encouragement for Buxton to renegotiate along the terms discussed above.