



CITY OF WAUWATOSA

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SPECIAL BUDGET & FINANCE COMMITTEE MEETING Tuesday, April 21, 2009

PRESENT: Alds. Ewerdt, Jay, Krol, Organ, Walsh -5

EXCUSED: Ald. Donegan

ALSO J. Archambo, City Admin.; N. Welch, Community Dev. Dir; R. Braier, Finance Dir.;
PRESENT: W. Kappel, Dir. of Public Works; W. Wehrley, City Eng.; B. Aldana, Asst. City Atty.

Ald. Ewerdt in the Chair called the meeting to order at 6:34 p.m. -4

Authorization to Apply for EDA Funds for Burleigh Triangle Business Accelerator

Ms. Welch reported on a request for authorization to apply for a federal grant to stimulate economic development that is available as a result of 2008 flooding experienced here. Recent discussions with representatives of the Wisconsin Department of Commerce and the federal Economic Development Administration (EDA) focused on a goal of generating new jobs and businesses within the Burleigh Triangle as a first choice, since the Common Council has placed a priority on redevelopment there. Possible funding of approximately \$2.8 million could be matched through creation of a TIF Tax Incremental Financing) district, as foreseen in the Burleigh Triangle master plan approved in 2005.

In the process of researching how to structure an accelerator so that it doesn't duplicate or compete with the Research Park incubator, a number of groups have expressed a great deal of interest: 1) At an upcoming meeting, the UW-M School of Engineering and UW-M Research Foundation will discuss the possibility of a partnership to pursue an innovation and technology center. 2) Sustainable business and environmental groups interested in working together and sharing resources and ideas could come up with occupants for about 70,000 square feet. 3) A "fab-lab" concept originated by M.I.T. to foster business development could be pursued.

Barbara Elliot Eaves, 3318 Nagawicka Avenue, Delafield, discussed the fab-lab concept. Involved in economic development in Milwaukee and Waukesha for the past eight years, she has a background in information technology, manufacturing, and product development. She said that we are a manufacturing dominated area but have been focusing on initiatives and new ideas in the service and IT fields. In considering what it would take to jump start manufacturing and how inventors proceed with their ideas, she noted that many get stopped when reaching the prototype/build stage, which is very expensive. The fab-lab financed by M.I.T. and the National Science Foundation provides access to computer-aided design paid for on a project basis. A digital picture is created from which a rapid prototype machine produces a prototype of the invention, typically a product that lends itself to precise machining or requires very precise measurement. The lab also has machines on which to build a prototype. A similar operation, Shop Tech, provides 10,000 square feet of tools with prototype and vacuum-form machines for use at daily, monthly, and yearly rental rates. Ms. Eaves said what she is picturing here as an incubator space is a large room with rapid prototype machinery and a materials area where basic materials could be purchased. Noting that 70% of all jobs come from startup and small businesses, she said that there are plenty of organizations to help with a business plan but there is no manufacturing incubator in this area. Once equipment is in place, she sees this as a sustainable, stand-alone business.

Ms. Welch responded to questions from the committee. She said that she would need a fairly definite response by the end of the month or the funding opportunity may be gone. This proposal is very much in line with the master plan for redevelopment of this site produced by a consultant in 2005 through cooperative efforts of the City and WEDC. The existing Research Park incubator has had a fairly stable occupancy rate of 80-88%. Ms. Welch emphasized that this is not an attempt to duplicate that effort. On the financial side, we will want to firm up a business plan and get funding in place so that we are more comfortable with moving forward and can provide assurances that we intend to proceed if funding is granted. Construction in 18-24 months has been discussed.

Staff time would involve the planning and attorney's offices as well as reliance on public works and engineering due to infrastructure needs. It is likely that consultant time would be needed, with the TIF covering those services. We have four active TIF districts at this time. Ms. Welch reported that a memo from the property owner indicates willingness to execute a 99-year lease. We would have to negotiate details and expectations. We could pursue another location, if necessary, but this is the first choice.

Any building would be City-owned, operated, and maintained. It becomes a taxable entity as soon as we start collecting rent. The business plan would address financial concerns. On the question of selling it at some point, Ms. Welch said that although it might sometime get to that point, the EDA would be concerned about using grant funds for a private developer's profit. Keeping it tied to the City allows us to control how it is handled in the future. Other cities have similar situations. In West Allis most redevelopment resulted from opportunities to acquire property and generate development. We would create a TIF district and issue bonds that would be paid by the increase in increment generated by the accelerator and other site tenants. The 2005 study estimated that the value of the Burleigh Triangle site would increase from \$42 million to \$280 million.

Ms. Welch described the accelerator site as 5-6 acres along Hwy. 45 a little south of the area at the tip of the triangle where the property owners envision a bigger potential tenant. There are existing warehouses on this site, which the owner has been demolishing. Discussion would be needed on how we can proceed in consideration of future plans and existing tenants. The TIF would encompass the entire area identified as the Burleigh Triangle, allowing the City to proceed with some needed infrastructure to implement the master plan. Asked about the grant's connection with 2008 flooding, Ms. Welch mentioned the need for stormwater improvements on the site to control flooding. Although flooding provides the funding, the real focus is generating business development.

In response to further questions, Ms. Welch said she has no first-hand experience with this type of innovation center but took part in redevelopment efforts in West Allis involving former foundry sites that included cleanup, developing housing, and generating new business. Mr. Archambo noted that there are only about 35 efforts like this in the country. He encouraged pursuing this partly due to efforts of Ms. Welch and former WEDC Director Gloria Stearns to identify why inventions initiated here led to business operations elsewhere. This speaks to a way to try to capture some of that lost business.

Ald. Krol commented that he does not object to applying for a grant but is hesitant about acquiring property that might become a burden. If it would be difficult to refuse an award of funds, we could be wasting time and perhaps losing some future good will.

Ms. Welch provided information regarding several groups that have expressed interest. A concentration of sustainable businesses that want to co-locate would likely attract other businesses. They all have leases that will be coming up and understand the potential construction schedule.

Ald. Krol felt that two of the potential entities listed in Ms. Welch's material seem to be more office or warehouse in nature and may not meet the intent of the building. He noted that if the City didn't get leases to

cover operation and maintenance costs, we would have to somehow work it into our budget. He would rather look at a business plan where we are involved but some other organization owns it.

Ms. Welch clarified that we would have a chance to firm things up before we accept any funds, and there would be extensive discussion prior to creating a TIF district that would involve the TIF Joint Review Board and other entities. She confirmed that the grant applies to municipalities, not developers, and would not cover any improvement on the rest of the Burleigh Triangle. She indicated that the application is close to being complete, although pulling together final details will still be somewhat time consuming.

Ald. Jay said that if the grant is awarded, it would be good to have examples of other cities before proceeding. She agreed with concerns about City ownership.

Mr. Archambo acknowledged that staff has many of the same concerns expressed here including ongoing management, how fast the balance of the project will proceed, and viability of a TIF over time. It is not without risk, but it presents an opportunity to address how aggressive you want to be with economic development.

The Chair echoed many concerns but said he appreciates the nature of being aggressive and proactive. He asked how the amount of the grant request was determined. Ms. Welch described ongoing discussions and research on comparable construction costs and comparison with other incubators. She noted that the application will be for 50,000 square feet but, based on interest, there is potential for going beyond that.

Moved by Ald. Walsh, seconded by Ald. Organ to recommend that Council authorize an application for funds to construct a business accelerator on the Burleigh Triangle –

Ald. Krol indicated that his support is contingent upon having a fairly solid business plan that includes a TIF and addresses long-term impact before accepting any grant.

Vote on the motion, Ayes: 5

Authorization to Apply for DNR Nonpoint Source Water Abatement Grant

The committee reviewed a memo from the City Engineer requesting authorization to apply for a 2009 Urban Nonpoint Source Water Pollution Abatement Grant from the Wisconsin Department of Natural Resources (DNR). Mr. Wehrley reported that the City received two-year grants of \$150,000 each in 2002, 2005, and 2007 and used the funds primarily to reduce capital expenditures for construction of catch basins. Matching funds would come from 2010 and 2011 Capital Improvements allocations for stormwater.

Moved by Ald. Krol, seconded by Ald. Walsh to recommend that the Common Council authorize application for a DNR Urban Nonpoint Source and Storm Water Grant for catch basin installations. Ayes: 5

Reallocation of Community Development Block Grant Funds

Ms. Welch reported that the City has not yet received notification from HUD on details of 2009 Community Development Block Grant (CDBG) funding. Reallocating \$157,334.35 of existing CDBG funds from previously completed public construction projects would allow the City to move forward with a sanitary sewer and water main project that is being coordinated with the City of Milwaukee and Wisconsin Department of Transportation.

Moved by Ald. Organ, seconded by Ald. Jay to recommend to Council that existing CDBG funds in the amount of \$157,334.35 be reallocated for the purpose of funding 2009 engineering projects that include sanitary/storm sewer and water main repairs in low/moderate income areas. Ayes: 5

Vouchers

Name	Dept.	Reason and location	Date	Amount
J. Roy	Police	National Technical Assoc. Mid States Conf., Johnston, IA	4/5 - 4/8/09	\$512.00
T. Brenzel	Police	National Technical Assoc. Mid States Conf., Johnston, IA	4/5 - 4/8/09	\$2,262.00
R. Richardson	Police	Instructor Development, Milwaukee	3/23 – 3/31/09	31.16
J. Roy	Police	WI Narcotics Officers Assoc. Training Seminar, Wisconsin Dells	3/4 – 3/6/09	48.17
D. Moldenhauer	Police	WI Narcotics Officers Assoc. Training Seminar, Wisconsin Dells	3/4 – 3/6/09	235.00
J. Roberts, A. Lederich	Fire	Engine Software Seminar, DePere	4/2/09	\$200.00
J. Lewandowski	Police	Vehicle Contacts Instructor, Appleton	4/1 – 4/4/09	\$238.16
R. Kelly	Engineering	Pedestrian Safety Workshop, Madison	3/18 – 3/19/09	\$158.23
R. Cepican	Police	Vehicular Homicide Conf., Brookfield	3/11 – 3/13/09	\$25.55
S. Miner	Assessor	WAAO Quarterly Meeting, Wisconsin Dells	3/3 – 3/4/09	\$132.55
D. Redman	Fire	WI Fire Chiefs Educ. Assoc. Spring Conf., Wisconsin Dells	3/11 – 3/13/09	\$339.00

Moved by Ald. Walsh, seconded by Ald. Krol that the vouchers be allowed and paid. Ayes: 5

Renewal of Construction Inspection Services Agreement

Mr. Wehrley reported that the City has contracted with Graef-USA (formerly Graef Anholt Schloemer & Assoc.) for the past several years for construction inspection services to supplement engineering inspection staff. The terms of the agreement allow for annual renewals with negotiated updates to billing rates. Mr. Wehrley was prepared to report on 2009 rate negotiations.

Moved by Ald. Krol, seconded by Ald. Jay to convene into closed session per Wis. Stat. 19.85(1)(e): Deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive bargaining reasons require a closed session, with the option of reconvening into open session. Ayes: 5

The meeting convened into closed session at 7:26 p.m. and, upon a unanimous vote on a motion by Ald. Organ and second by Ald. Jay, reconvened in open session at 7:35 p.m.

Moved by Ald. Krol, seconded by Ald. Walsh to recommend authorizing the City Engineer to renew the professional services agreement with Graef-USA for construction inspection services with a 2.75% rate increase. Ayes: 5

The meeting adjourned at 7:37 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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