



CITY OF WAUWATOSA
BUDGET AND FINANCE COMMITTEE
MINUTES • OCTOBER 8, 2013

Regular Meeting**Committee Room #1****8:00 PM**

7725 West North Avenue, Wauwatosa, WI 53213

PRESENT: Alds. Wilson, Donegan, Dubinski, Tilleson, Birschel, Ewerdt, Hanson - 7

NOT PRESENT: Ald. Organ

ALSO PRESENT: J. Ruggini, Fin. Dir.; J. Archambo, City Admin.; M. Huot, Springsted; P. Aiello, Mandel Group; B. Mandel, Mandel Group; J. Wojcehowicz, Water Supt.; D. McBride, Ald.; J. Roznowski, Ald.; A. Kesner, City Atty.; B. Pantuso, Ald.; K. Causier, Ald.; K. Ehley, Mayor; J. Wilke, Ald.; P. Enders, Dev. Dir.; J. Case, Asst. Fire Chief; G. Walz-Chojnacki

Ald. Wilson as Chair called the meeting to order at 8:05 p.m.

BUDGET AND FINANCE COMMITTEE ITEMS

1. Memo from the Wauwatosa Business Improvement District requesting approval of their 2014 Operating Plan

The Committee reviewed a memo from the Wauwatosa Business Improvement District requesting approval of their 2014 Operating Plan.

Mr. Plaisted presented the Committee with a summary document of the BID's 2013 activities. The BID hired a way finding consultant, FD2S out of Austin, TX, in 2013 to assess village access. The design suggestions developed by this consultant will be presented toward the end of this month. The BID also communicates information between the City and its members. The BID had its annual meeting in March and conducted various marketing activities throughout the year, including joint advertising and social media marketing. The BID welcomed several new members in 2013 and several businesses in the Village are expanding, including Bridgetowne Framing and Yo Mama.

Mr. Plaisted remarked that the closure of Robertson's Hardware in the Village is a sad event, but many businesses are excited about the opportunity. The BID conducts community events and the BID works to improve aesthetics in the Village area. The BID also works with the Development Department to promote Village business and conducts a State mandated business review each year.

Mr. Plaisted explained that the BID Board recently approved a bolstering of their marketing position. The position is currently a \$2,000 very part-time position. The new position will be a \$10,000 part-time professional. Beyond this position change, the 2014 Operating Plan is quite static. The City's property values are not yet confirmed, so the BID assessment amounts are not set. These will be set as soon as the assessment roll is finalized after Board of Review hearings.

Ald. Wilson asked how the BID assessments are calculated.

Mr. Plaisted explained that a formula is used to set a minimum and maximum BID assessment, as well as a rate for all those in between. In 2012, the minimum was set at \$469 and the maximum was set at \$3,647. Those in between the minimum and maximum were charged a rate of \$1.38 for every \$1,000 in property value. The formula was created to meet the BID's \$74,000 annual budget amount. The BID assessments fluctuate annually as property assessments change, new businesses join, or old businesses close.

There were no questions or comments from the gallery or Committee.

Moved by Ald. Tilson, seconded by Ald. Wilson
to recommend approval of the 2014 Village
Business Improvement District Operating Plan - Ayes: 7

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS] Next: 10/15/2013 7:30 PM
TO:	Common Council
MOVER:	Joel Tilleson, Alderman
SECONDER:	Craig Wilson, Alderman
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

2. Memo from the Water Superintendent requesting a fund transfer related to the Advanced Metering Infrastructure Program

The Committee reviewed a memo from the Water Superintendent requesting a fund transfer related to the Advanced Metering Infrastructure Program.

Mr. Wojcehowicz explained that the Water Utility is requesting a level three fund transfer to move \$75,000 from the Water Repair account to the Advanced Metering Infrastructure account. The Common Council authorized the allocation of \$250,000 for the Advanced Metering Infrastructure Program in the 2013 Water Department Budget. The Water Utility requires this change of purpose transfer to maintain the momentum of their meter conversion program.

There were no questions or comments from the gallery or Committee.

Moved by Ald. Hanson, seconded by Ald. Dubinski
to recommend approval of a \$75,000 level three fund
transfer in the 2013 Water Department Budget moving funds from
the Water Repair account to the Advanced Metering Infrastructure account - Ayes: 7

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS] Next: 10/15/2013 7:30 PM
TO:	Common Council
MOVER:	Tim Hanson, Alderman
SECONDER:	John Dubinski, Alderman
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

3. Memo from the City Engineer regarding the award of professional services for the utility design of Project 1100, Milwaukee Avenue

The Committee reviewed a memo from the City Engineer regarding the award of professional services for the utility design of Project 1100, Milwaukee Avenue.

Mr. Wehrley explained that the Engineering Department's current workload exceeds staff capacity. The Engineering Department reviewed upcoming projects and has decided to farm out the utility design for the

Milwaukee Avenue project. The department recommends using Graef because this project now includes a storm sewer tunnel and Graef has more experience with this type of project. In addition, Graef has worked with the Wauwatosa Water Utility on several utility projects. The estimated design cost for this project is \$500,000, or 8% of the total project's cost.

There were no comments or questions from the gallery.

Responding to an inquiry, Mr. Wehrley confirmed that this project was included in the 2013 CIP as an in-house project at a similar cost, but the increased complexity of the project warrants a consultant contract.

Ald. Wilson asked Mr. Wehrley to explain why superseding the Request for Proposal process is appropriate in this instance.

Mr. Wehrley explained that the City has worked with Graef on other projects. Their prices were comparable to other consultants, they have tunneling experience, and they have extensive experience working with the Wauwatosa Water Utility. The City is also under a time constraint caused by the Department of Transportation's (DOT) schedule. The DOT plans to work on Menomonee River Parkway in 2015, so the Milwaukee Avenue project must be completed prior to 2015, or wait until after 2016, to avoid construction on both streets in the same year. Due to Milwaukee Avenue's poor condition, Mr. Wehrley recommended not postponing the project until 2016.

Mr. Wojcehowicz remarked that Graef was the lowest bid for the Water Utility's latest Request for Proposal related to DOT projects.

Responding to a question, Mr. Wehrley explained that the 2013 CIP included \$550,000 for in-house utility design of the Milwaukee Avenue project.

Moved by Ald. Birschel, seconded by Ald. Tilleson
to recommend authorization for Staff to enter an agreement
with Graef in an amount up to \$500,000 for professional services related to utility
designs for the Milwaukee Avenue project - Ayes: 7

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS] Next: 10/15/2013 7:30 PM
TO:	Common Council
MOVER:	Donald Birschel, Alderman
SECONDER:	Joel Tilleson, Alderman
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

4. Memo from the Finance Director and Assistant Fire Chief recommending award of Ambulance Billing and Electronic Patient Care Reporting Contract

The Committee reviewed a memo from the Finance Director and Assistant Fire Chief recommending the award of Ambulance Billing and Electronic Patient Care Reporting contracts.

Mr. Ruggini explained that the services of Ambulance Billing and Electronic Patient Care Reporting will be separated into two contracts. Both services are important, the ambulance billing vendor actually bills the users and the electronic patient care reporting software collects the data necessary to bill. The current contract with ADPI/Intermedix for both electronic patient care reporting and ambulance billing services expires on December 31, 2013. The Finance and Fire Departments agreed to not exercise extension options and issued a Request for

Proposals in June 2013. After careful consideration, Andres Medical Billing and ESO Solutions were identified as the best vendors for each service.

To review the top three billing vendors, the Fire Department and Finance Director conducted day long interviews with each vendor and reviewed collection rates among comparable clients. Andres Medical Billing demonstrated an 80% collection rate among its Wisconsin clients and had a higher per transport amount than Wauwatosa's current vendor.

Asst. Chief Case explained that the Fire Department is very confident in the two chosen vendors. The ESO Solutions software was tested by Wauwatosa paramedics. The software is quick, simple and collects good data for billing. The software program is easy to learn and will be an easy transition from the old software.

Mr. Ruggini noted that collection contracts normally set the vendor fee as a percent of the amount collected. There are some one-time setup and ongoing licensing expenses associated with the new contracts, but the overall cost will equal 6.42% of the amount collected. If the City maintains the level of collection achieved in previous years, the new contract will cost approximately \$5,000 less than the current vendor contract. The one-time setup expenses are unbudgeted in 2013, so there will either be a fund transfer to cover these costs or amortization of these costs.

Ald. Birschel asked if the City checked the references of both companies.

Mr. Ruggini explained that the City performed both reference checks and non-reference checks. All contacts spoke in support of both vendors. The financial impact of a new vendor is difficult to measure, but it appears that communities who switched to these vendors increased their collections.

Moved by Ald. Tilleson, seconded by Ald. Dubinski to recommend approval of separate three year contracts with Andres Medical Billing and ESO Solutions with two two-year optional extensions at the rates described in the item memo and additional terms as approved by the City Attorney - Ayes: 7

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Joel Tilleson, Alderman
SECONDER:	John Dubinski, Alderman
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

5. Initial Resolution authorizing General Obligation Bonds in an amount not to exceed \$9,475,000 for Sewerage Projects

The Committee reviewed a memo from the Finance Director, and four associated resolutions, regarding General Obligation Sewerage Bonds and Waterworks System Revenue Bonds.

Mr. Ruggini explained that the \$9,475,000 General Obligation Sewerage Bond issuance is the second part of the debt issuance to fund the Meinecke, Ravenswood, 100th Street and Watertown Plank sewerage projects. These projects were partially funded with 10-year promissory notes issued on August 20, 2013. However, due to the extraordinary cost of these projects, 20-year bonds will also be issued. The debt was placed on a 20-year plan, so that the extraordinary cost of these projects could be spread over more rate payers.

The bond issuance will impact sanitary, storm water, and water rates. Including this issuance, the 2014 sanitary rate will increase by 17%, resulting in an 11% projected bill increase, and the 2014 storm water rate will

increase by 17%. The water rate is more difficult to forecast because it depends on the Utility's rate of return and Public Service Commission rate approvals. The City does not anticipate a water rate increase in 2014, but proposes a simplified rate increase in 2015 followed by a conventional rate increase in 2016. The rate of return will drop below 2% in 2015 which necessitates the rate increase and the 2016 conventional increase is projected at 15%.

The \$5.6 million Waterworks System Revenue Bond issuance will be used for 2013 and 2014 Water projects including the Glenview Avenue project, the Milwaukee Avenue project, pipe lining of backyard water mains, and the Advanced Metering Infrastructure project. The City is still working to reduce the total Waterworks bond amount, so the final sale may be less than \$5.6 million.

Mr. Ruggini explained that the City reviews debt capacity when any new debt is issued. However, these bonds are not paid for by property taxes. The total debt will go up to \$69.7 million and the levy backed debt will remain at \$35.6 million, so this issuance will have no impact on the City's debt capacity figures.

As the debt service is to be paid for by the utilities, it is important to examine the impact on cash balances, coverage ratios and, in the case of the water utility, the rate of return. The City's goal is to maintain a 1.1% coverage ratio in the Sanitary and Storm utilities and a 1.5% ratio in the Water utility. However, to get good rates the Water coverage ratio must remain above 1.75%. In 2016, the Water ratio will fall to 1.6% and necessitate the projected 15% conventional water rate increase.

There were no questions or comments from the gallery.

Responding to a question, Mr. Ruggini confirmed that the memo figures are based on the 2013 CIP and any drastic changes to the 2014 CIP would impact these projected figures.

Ald. Donegan remarked that dynamic rate increases are necessary to support the City's infrastructure and reminded the Committee that the City has not yet addressed the approximate \$100 million cost of East Tosa infrastructure improvements.

Moved by Ald. Wilson, seconded by Ald. Hanson
to recommend approval of the four resolutions
related to the issuance of General Obligation Sewerage
Bonds and Waterworks System Revenue Bonds - Ayes: 7

Mr. Ruggini noted that the actual bond sale will be a competitive sale on November 5th. A special meeting of the Budget and Finance Committee will be scheduled before Common Council on November 5, 2013 to approve the final sale resolutions.

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS]
MOVER:	Craig Wilson, Alderman
SECONDER:	Tim Hanson, Alderman
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

6. Resolution directing publication of notice to electors relating to General Obligation Sewerage Bond Issue
7. Resolution providing for the sale of \$9,475,000 General Obligation Sewerage Bonds, Series 2013
8. Resolution providing for the sale of \$5,600,000 Waterworks System Revenue Bonds, Series 2013

9. ****Proposed settlement in the Matter of: CVS Pharmacy v. City of Wauwatosa**

Mr. Kesner explained that the City has an ongoing tax litigation lawsuit with CVS covering the 2010 and 2011 tax years. The City and CVS have agreed upon settlement terms that would require a property tax refund of \$13,362. This cost is less than the projected cost of litigating the case.

Moved by Ald. Donegan, Seconded by Ald. Hanson
to recommend approval of the proposed settlement in the matter of
CVS v. City of Wauwatosa - Ayes: 7

Ald. Birschel asked what budget account would fund the \$13,362 cost.

Mr. Ruggini explained that there is nothing set, but it will be reviewed during the Budget and Finance Committee's quarterly report.

RESULT:	APPROVED [UNANIMOUS]
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

10. ***Memo from the Finance Director on behalf of the Development Team presenting an analysis of the Mandel Group Tax Incremental Financing assistance request for a Residential Development at the Eschweiler site**

Mr. Ruggini explained that the Committee is considering a \$2.5 million TIF assistance request for 192 residential development at the Eschweiler buildings site. The current developments within TIF #6 do not create sufficient revenue to cover the City's debt service for Discovery Parkway infrastructure. The proposed development allows the City to cover debt payments and will facilitate increased development. The item was first discussed at the September 24th Budget and Finance Committee meeting and was held for further discussion. City Staff recommends approval of the TIF assistance request.

Mr. Aiello, Mandel Group, remarked that Wauwatosa citizens and City Staff have provided constructive engagement during the development process and the collaborative nature of this project has created a better development overall. The Mandel Group's proposed development will create \$20 million in property tax base, afford UWM the ability to reduce its obligation to Milwaukee County, continue Innovation Campus development momentum, provide an opportunity to preserve the Eschweiler buildings, create a high quality residential community, and support a plan that reflects the values of Wauwatosa stakeholders.

Public Comments in Favor of the TIF Request

- The TIF is an economic investment for Wauwatosa
- The development will increase Wauwatosa's tax base
- The Mandel Group is responsive to Wauwatosa's concerns
- The project will preserve one or all of the Eschweiler buildings
- The development will spur economic growth and allow the City to pay back debt
- The TIF gives the FEC time to fundraise

Public comments in favor of the TIF request were made by Mr. John Randall, 317 North 89th Street, Mr. Jim Haertel, 2022 North 117th Street, Mr. Charles Mitchell, 7525 Oakhill Avenue, Mr. Tom Gaertner, 6829 Terrace Court, Mr. Brent Pitcher, 2576 North 90th Street, Mr. Bill Otto, 7720 Mary Ellen Place, and Mr. Bruce Block, 1000 North Water Street, Milwaukee, WI.

Public Comments Opposing the TIF Request

- The TIF should not support the FEC
- The FEC has not collaborated with the Wauwatosa School District and its leaders lack the experience

to establish a charter school

Public comments opposing the TIF Request were made by Mr. Alan Nichols, 7926 Gridley Avenue. He urged the Committee to ask questions regarding the FEC, its leaders, and where its fundraising is coming from. He urged the Committee to consider the position of the School Board before spending TIF funds on a charter school.

Ald. McBride summarized Mandel Group's two proposed plans. He explained that the TIF assistance is not for the FEC, but will be used to fund the costs of underground parking. He commented that he will only support the TIF application if the FEC enters into an operational agreement that is acceptable to the Wauwatosa School District. He provided the Committee with a memo of proposed language to consider as part of their motion for TIF approval. The proposed language was worded as follows:

"If the FEC moves forward, Development Agreement must provide that release of funds to developer will be conditioned upon FEC entering into an operational agreement on terms acceptable to the Wauwatosa School District."

Ald. McBride urged the Committee to approve the TIF application and to consider including this type of language in their motion for approval.

Mr. Aiello commented that Ald. McBride's proposed language could limit the FEC's fundraising ability and remarked that the Committee should be aware of this limitation going forward.

Mr. Kesner explained that the proposed language is not exact wording and would be more clearly defined within the Development Agreement, which requires approval from the Community Development Committee and Common Council.

Moved by Ald. Wilson, seconded by Ald. Birschel
to convene into closed session per Wisconsin Statutes 19.85 (1)(e),
deliberating or negotiating the purchasing of public properties, the investing
of public funds, or conducting other specified public business, whenever
competitive or bargaining reasons require a closed session, and may
reconvene into open session - Ayes: 6 Nay: 1 (Hanson)

Ald. Donegan objected convening into closed session and remarked that the Committee should save most of their comments for public consumption.

Ald. Wilson agreed with that sentiment and noted that he only intends to cover subjects in closed session that require discussion in closed session.

Ald. Hanson agreed with Ald. Donegan's comments and opined that the Committee should remain as transparent as possible.

Closed session convened at 9:10 p.m.

Moved by Ald. Wilson, seconded by Ald. Donegan
to reconvene into open session - Ayes: 7

Open session reconvened at 10:08 p.m.

Ald. Wilson explained that there was no action taken in closed session.

Ald. Wilson remarked that he is in favor Mandel Group's TIF request and noted that many people ask what the City will get for this \$2.5 million investment. The City has already invested in this TIF and this development will enhance the already impressive trajectory of Innovation Campus. The development will help the City overall, the investment is reasonable and sound, and City Staff have fully vetted this TIF request. Preservation and conservation should not be the City's main goal, but this development also provides the ancillary benefit of preserving one or all of the Eschweiler buildings. He opined that discussion regarding the specific uses of the development are not directly related to the investment of TIF funds and should have been addressed in the planned unit development approval process.

Ald. Hanson remarked that the TIF request includes two plans which only guarantee the preservation of one Eschweiler building. He opined that the public is misinformed regarding the fate of the Eschweiler buildings and the development has drastically changed since the first resolution was passed in 2010. For those reasons, he stated that he cannot vote for Mandel Group's TIF request.

Ald. Donegan asked Ald. Wilson if he supports the TIF request with McBride's suggested language regarding the FEC included.

Ald. Wilson opined that this language is not necessary. Any concerns about specific use of the development should have been addressed in the planned unit development approval process.

Ald. Donegan remarked that he will support the TIF request, but not because the TIF request is justified or desired by the community. Any delay to investigate alternatives, such as full demolition, could result in a significant cost to the City's General Fund in the near future. The utilization of TIF #2 funds could be lost. The Committee is compelled to vote for this TIF request because they are under extreme pressure. There should be more questions and more consideration for full demolition of the Eschweiler buildings (Scenario 3A). This residential development could be built without this TIF and the preservation of the Eschweiler buildings would not occur but for this TIF assistance. The City should not be in this situation and should not be forced to provide TIF assistance under pressure.

Ald. Donegan added that he is disappointed that the City cannot investigate the alternative of full demolition. He opined that Wauwatosa residents are largely indifferent to the restoration of the Eschweiler buildings and he would have liked to discuss this option. He commented that this is a bad day for democracy and representative government. Absent the fear of legal ramifications, no TIF would be necessary. He stated that he is compelled to vote for this TIF under pressure and apologized to his constituents for not working harder to force this issue to the forefront of discussion.

Ald. Tilleson remarked that he is generally in support of TIFs, but firmly believes that developments must be worthy of the assistance. The Mandel Group development is the last chance for this parcel, but they also happen to be a great developer that is amenable to Wauwatosa's preferences. He thanked Mr. Mandel and Mr. Aiello for remaining diligent and flexible throughout the approval process.

Ald. Birschel noted that City Staff recommended that underground parking be included in the development to comply with green space requirements. He opined that the additional language proposed by Ald. McBride should not be included because the language brings in a third party that may act capriciously, but he will vote for the TIF request absent this language.

Ald. Donegan commented that he is supportive of the spirit of Ald. McBride's proposed language. He opined that the City should not support a plan that is not approved by the Wauwatosa School District or hang the development on the success of the FEC's fundraising efforts.

Ald. McBride remarked that his amendment is not intended to end the whole project. The proposed language would require the FEC to achieve sufficient funding and require an agreement with the School District as conditions of Plan 1A. If the FEC fails to accomplish both conditions, Plan 2A would be pursued.

Mr. Mandel commented that the proposed language should be incorporated in the Developer's Agreement, so that the Developer and the City may assess any unintended consequences before final approval of the agreement.

Ald. McBride explained that this wording does not impact the Committee's vote regarding the TIF request, but the Committee could give directive to City Staff to pursue this type of language in the Development Agreement in their motion.

Mr. Aiello opined that the specific wording proposed by Ald. McBride may have unintended consequences.

Ald. Birschel commented that the Committee should only vote on the TIF request. He suggested that City Staff, Ald. McBride, and the Mandel Group can discuss the proposed language offered by Ald. McBride when negotiating the Development Agreement.

Ald. Wilson noted that the Committee will vote on the TIF request, but, in doing so, will direct Staff to prepare a terms sheet as part of the resolution and that resolution would be contingent on the approval of the Development Agreement. There is no request to approve the specific language proposed by Ald. McBride, but there is a request to direct Staff to incorporate similar language in the Developer's Agreement. He remarked that these issues should have been addressed in the planned unit development approval process and opined that the Budget and Finance Committee should focus on the budgetary issue at hand.

Moved by Ald. Wilson, seconded by Ald. Tilleson
to recommend approval of the Mandel Group's \$2.5 million TIF assistance,
direct Staff to provide a TIF terms sheet to the Common Council, and
direct Staff to work with the Mandel Group to form a Development Agreement,
subject to Common Council approval -

Moved by Ald. Tilleson, seconded by Ald. Birschel
to amend the original motion to add a Staff directive to refer the
discussion of Ald. McBride's proposed amendment, pertaining to
the Forest Exploration Center, to the Community Development Committee for
incorporation into the Development Agreement - Ayes: 5 Nays: 2 (Ewerdt, Hanson)

Moved by Ald. Tilleson, seconded by Ald. Birschel
to recommend approval of the Mandel Group's \$2.5 million TIF assistance,
direct Staff to provide a TIF terms sheet to the Common Council,
direct Staff to work with the Mandel Group to form a Development Agreement,
subject to Common Council approval, and direct Staff to refer the discussion of
Ald. McBride's proposed amendment, pertaining to the Forest Exploration
Center, to the Community Development Committee for incorporation into
the Development Agreement - Ayes: 5 Nays: 2 (Ewerdt, Hanson)

RESULT:	APPROVED [5 TO 2]
AYES:	Donegan, Wilson, Dubinski, Tilleson, Birschel
NAYS:	Hanson, Ewerdt
EXCUSED:	Organ

11. Vouchers

Moved by Ald. Hanson, seconded by Ald. Wilson
that each and every voucher be allowed and paid - Ayes: 7

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Tim Hanson, Alderman
SECONDER:	Craig Wilson, Alderman
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Ewerdt, Birschel
EXCUSED:	Organ

The meeting adjourned at 10:41 p.m.

Carla A. Ledesma, CMC, City Clerk

Memorandum

To: John Ruggini, City of Wauwatosa
From: Jim Plaisted, Executive Director, Village of Wauwatosa Business Improvement District
Date: 10/4/2013
Re: 2014 Village B.I.D. Operating Plan

Please find attached the proposed 2014 Village B.I.D. Operating Plan and budget that was approved at the October 3rd board of directors meeting on a unanimous vote of the members present.

The proposed property assessments will be forwarded later this month after City staff has determined final assessed values within the B.I.D. boundaries. We have been informed by staff that several property owners are appealing their new assessed values and that will affect our final B.I.D. assessment.

I will be sending under separate cover the 2012 review completed this summer by Bryan Stutzki of Neptune Financial and Management Services LLC. This is a requirement of the state law that the B.I.D. conducts a mission and financial review and files that report with the municipality.

**VILLAGE OF WAUWATOSA
Business Improvement District**

**2014
Operating Plan**

Attachment: BF 100813 BID 2014 Cover Memo and Operating Plan (1711 : BID Operating Plan)

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Village of Wauwatosa Business Improvement District 2014 Operating Plan

I. PREFACE

In September 1991, the Wauwatosa Economic Development Corporation, the Wauwatosa Village Business Corporation, and the Village Task Force commissioned the creation of a strategic plan for the Village of Wauwatosa. Mooney LeSage Consulting businesses and property owners, city staff, elected officials and local organizations were represented in the planning process and four objectives were identified:

1. Establish strong leadership and direction
2. Develop comprehensive plan
3. Attract private investment
4. Create cooperative marketing and promotion

The formation of the Village BID was suggested as the best means to provide the leadership and funding to achieve these objectives.

In 1993, The City of Wauwatosa received a petition from commercial property owners in the Village of Wauwatosa that requested the creation of a business improvement district for the purpose of increasing activity and improving the image of the Village.

On October 26, 1993 the Committee on Public and Municipal Affairs unanimously recommended the formation of the Village Area BID District and its operating plan. The Wauwatosa Common Council approved the creation of the BID by resolution on November 3, 1993. Articles of Incorporation were signed by the Mayor and representatives of the new BID on December 8, 1993 and the first year operating plan was created for 1994.

Purpose:

The BID is dedicated to increasing activity and improving the image of the district. Staffed with a professional manager, the BID will create a link between service, industry, retail and social activities. It is expected these efforts to help increase district sales, volumes, attract additional business investment, and enhance property values in the Village area.

Currently the Village of Wauwatosa BID is the only BID within the City of Wauwatosa.

This Plan for 2014 has been prepared by the Village of Wauwatosa BID in compliance with state statute that requires, “The board shall annually consider and make changes to the operating plan...The board shall then submit the operating plan to the local legislative body for its approval.”

As used herein, “BID” shall refer to the business improvement district’s operating and governance mechanism, and “District” shall refer to the property located within the physical boundaries of the business improvement district, as provided herein.

Development of the District through continuation of the BID is proposed because:

The BID law provides a mechanism whereby private property owners can work together in conjunction with the City to develop the district.

1. Existing public funding sources used to help maintain and promote the district are not sufficient. Continuing unified development efforts have to be financed with new and private resources as

- well as existing public dollars.
2. The district is dynamic, including properties of varying types and sizes. Some form of cost sharing is necessary because it is not feasible for a small group alone to support district development efforts. The BID plan provides a fair and equitable mechanism for cost sharing which will benefit all businesses and properties within the district.
 3. Use of the BID mechanism will help ensure that the entire district will be promoted and developed as expeditiously as possible.

II. DEVELOPMENT PLAN

A. Plan Objectives

The purpose of the BID is to increase activity and improve the image of the district. Staffed with a professional manager, the BID will create a link between service, industry, retail and social activities. It is expected these efforts to help increase district sales, volumes, attract additional business investment, and enhance property values in the Village area.

The mission is to optimize building and land use, encourage private investment, and increase and improve marketing efforts specifically for the district's special needs.

In 2014- 2017, the District will experience the impact of major street and utility construction on State St from 68th to Milwaukee Ave and a section of Wauwatosa Ave from Harwood Ave to State St. Also, the phased implementation of the adopted Master Plan for the Village area will occur as opportunities arise and funding is available.

In addition to the regular activities that provide a clean, safe and vibrant area, the BID must provide support to the businesses during plan implementation and construction inconveniences.

B. Plan of Action

1. Work with City Administration and Elected Officials to identify plan elements that need to be incorporated into capital improvements projects and advocate for inclusion in City capital budget.
2. Create and begin implementation of plan to minimize the negative impact of the major street reconstruction and utility work on the BID businesses by:
 - Working with the City Engineering Department to develop phasing options;
 - Creating a project management team including BID representatives and City staff that meets for updates, planning, and feedback prior to and throughout the any project;
 - Building customer loyalty to the District through public relations efforts;
 - Serving as the business liaison and advocate to City and construction officials;
 - Meeting with business and property owners on regular basis to assess impact, provide information and seek feedback or input. Providing feedback to City Project Engineer;
 - Creating and distributing regular and timely communication with information about street construction to BID members (property and business owners) and the residents living in surrounding neighborhoods.
3. Continued Village marketing plan and marketing materials which continues to build the positive attitude about the district by:
 - Hiring a professional marketing/public relations person to assist the BID in the following:
 - Producing publicity and media coverage of district activities;
 - Maintaining the website: www.villageofwauwatosa.com

- Developing detailed plan and budget for each activity including cost/benefit analysis;
 - Continuing to build “brand” awareness for the Village through advertising, identification markers, etc.;
 - Creating consistent messaging in marketing strategies, public relations, and programming.
 - Promoting the Village to residents of Wauwatosa, with an emphasis on the neighborhoods surrounding the district.
4. Initiate and maintain district capital improvements in consultation and collaboration with the City of Wauwatosa which include:
- Implementation of proposed wayfinding program within and surrounding the Village;
 - Seasonal flower and plantings program;
 - Continued development of green space in Root Common area;
 - Upkeep of the waste receptacles, benches and banners purchased by the BID.
5. Continue efforts to keep the district clean and safe, in collaboration with the City of Wauwatosa Police, Engineering and Public Works Department, which include:
- Sidewalk and curb cleaning program along primary Village streets;
 - Weed control,
 - Graffiti removal,
 - Examination of traffic patterns to improve safety and accessibility,
 - Examination of parking needs and usage,
 - Review of pedestrian safety conditions; seek improvements, and
 - Safety awareness communications and commercial block watch program.
6. Continue work of the Aesthetics and Plan Team Committees with the purpose of developing criteria on issues such as way finding system, bike racks, news boxes, etc. Committee is responsible for identifying issues, developing criteria and implementation strategies as recommendations for board approval.
7. Work in conjunction with the City of Wauwatosa Economic Development and Community Development Departments, or other appropriate departments, identifying new business prospects, developers and economic tools for further private investment.
8. Comply with BID reporting, audit and notice requirements.
9. Identify and act upon other opportunities to carry out the purposes of the BID plan and mission.

C. Benefits

The funds collected by the BID through special property assessments will be used to benefit the Village District in the following manner:

Assist property owners to attract and retain tenants by providing an attractive environment in which customers and clients are drawn for a pleasant working, shopping, dining, living and recreating experience.

Play an active role in marketing the Village to existing and potential tenants and customers.

Provide a culture of open communication and inclusiveness for all BID members.

Maintain inventory listing of currently available office and retail space availability and prospective sharing, information with owners and prospects.

Increase the value of Village property by encouraging building improvements and linking property owners to the City of Wauwatosa Economic Development Department or other financing options for design enhancements. A vibrant Village will also attract interested buyers further driving up demand and property values.

On-going efforts which establish strong, collaborative working relationships with the City of Wauwatosa.

Advocacy for business.

D. 2014 BUDGET

Income

BID Assessments (see attached property list)	\$74,725
City Contribution	\$ 6,400
Event Income	\$11,500
<u>Interest Income</u>	<u>\$ 500</u>
Total Income	\$93,125

Administrative Expenditures

Director	\$39,600
Office rent and office related	\$ 4,100
Insurance	\$ 1,250
Printing	\$ 500
Postage	\$ 200
Accounting Fees	\$ 1,200
Equipment/Supplies	\$ 500
Meals/Entertainment	\$ 500
Phone	\$ 920
Internet	\$ 240
Member dues	\$ 1,000
Donations	\$ 2,000
Aesthetics	<u>\$ 3,000</u>
Total Administrative	\$55,010

Marketing Programs

Coordinator	\$10,000
Website	\$ 350
Marketing Supplies	\$ 750
Advertising (non-event)	\$ 8,625
Events (Holiday Magic, Diva Night, etc)	<u>\$11,500</u>
Marketing Total	\$31,225

Total BID Budget Expenses \$86,235

2013 BID Income (Loss) \$ 6,890

All expenditures, except if identified, will be incurred during calendar year 2014.

Attachment: BF 100813 BID 2014 Cover Memo and Operating Plan (1711 : BID Operating Plan)

Any funds remaining on any budget line item may be moved to another budget line item, as determined by the BID Board. Any unused funds remaining at the end of the year shall be transferred to the reserve fund and used in operating plans of following years.

Additional gifts, grants, or others sources of revenue, shall be expended for the purposes identified herein, and in the manner required by the source of such funds, or, if the funds have no restriction, and in the manner determined by the BID Board.

E. Powers

The BID Board shall have all the powers authorized by law, and by this Plan including, but not limited to, the following:

1. To manage the affairs of the district;
2. To contract on behalf of the BID;
3. To develop, advertise and promote the existing and potential benefits of the district;
4. To undertake on its' own account, in coordination with the City of Wauwatosa, public improvements and/or assist in development or underwriting public improvements within the district;
5. To apply for, accept, and use grants and gifts for these purposes; and
6. To elect officers and contract services for staffing, as necessary to carry out these goals.

III DISTRICT BOUNDARIES

The district consists generally of an area bounded by Milwaukee Avenue on the north, Honey Creek Drive on the south, 6600 W. State Street on the east, and N. 87th Street and Chestnut Street on the west. The district consists mainly of a small business retail area, professional offices, and manufacturing business. This includes 76 taxable parcels, based on the City of Wauwatosa Assessor's Records as of September 1st, 2013. Also within the district boundaries are churches, residences, and non-profit entities which are not included in the BID assessment.

IV. ORGANIZATION

A. Operating Board.

The Mayor of Wauwatosa appoints members to the BID Board. State law requires that the board be composed of at least 5 members and the majority of the board members are property owners or tenants of property owners within the district.

This board's primary responsibility is to identify District issues and activities for the short and long term, creating and implementing the current year's operating plan and multi-year projects budget including contracting for necessary staffing and services for implementation. The Board also contracts for preparation of an annual report and review on the district, annually reviews and modifies the operating plan and submits to the City of Wauwatosa Common Council for approval. Implementing the plan requires the Board to negotiate with providers of services and materials to carry out the Plan; to enter into

various contracts; to monitor development activity; and to ensure District compliance with the provisions of applicable statutes and regulations.

The Village BID Board is currently structured as follows:

1. Board size – 15 members, maximum
2. Composition – Based on by-laws, the board is composed of 15 members with at least twelve (12) positions must be filled with BID property owners or property tenant. Effort is made to maintain a 50/50 ratio. At least one and up to three board positions may be filled by community members at large. Any non-owner or non-occupant appointed to the Board shall be a resident of the City of Wauwatosa.
3. Officers – The board shall appoint a chair, vice-chair, treasurer, and secretary, any two shall have the power to execute documents on behalf of the full board, for purposes authorized by the Board. Officers shall be directors and shall be elected annually at the first regularly scheduled meeting after appointment by the Mayor of new directors.
4. Terms – Appointments to the board shall be for a term of three years, with 1/3 of the terms expiring each December. The board may remove a director, by two-thirds vote of the total board, for conduct unbecoming a member or prejudicial to the aims or repute of the BID. .
5. Compensation – None
6. Meetings – All meetings of the board shall be governed by the Wisconsin Open Meetings law. Minutes will be recorded and submitted to the City and the board. The Board shall adopt rules of order to govern the conduct of its meetings and meet regularly at least annually. In 2014, the Board will meet a minimum of six times, and the annual meeting will be held in March.
7. Record Keeping – Files and records of the Board’s affairs shall be kept following public records requirements.
8. Staffing – The board may contract for staffing services pursuant to this plan and subsequent modifications thereof. Unless requested otherwise by the board, any contracted staff or employees of contractors may attend all meetings of the board, but will not have voting authority.

The City of Wauwatosa Administrator and/or the Administrator’s representative shall be ex-officio member of the BID Board of Directors.

On or before October 31 of each year, the Board shall submit to the Mayor its recommendations for appointments to the seats of expiring Board members.

B. Amendments and Annual Review

Section 66.1109(3)(b) of the BID Law requires the board to review the operating plan annually and make changes if appropriate, then submit the plan to the City for approval.

The process for approval of the amended plan will be:

Step 1. The Budget and Finance Committee of the Common Council will review the proposed Operating Plan at a public meeting and will make a recommendation to the full Common Council.

Step 2. The Common Council will act on the BID's proposed annual operating plan.

Step 3. The Mayor of Wauwatosa will appoint new members to the BID Board at least 30 days prior to the expiration of the outgoing board members' terms.

The BID will continue to review, revise (if necessary), and develop the operating plan annually, in response to changing development needs and opportunities in the district, within the purpose and objectives defined herein.

The BID Plan will continue to apply the assessment to raise funds to meet the next annual budget. However, the method of assessment shall not be materially altered, except with the consent of the City of Wauwatosa Common Council.

V. FINANCING METHOD

The proposed expenditures contained in Section II D, above, will be financed from funds collected from the BID assessment. For the 2014 budget, it is estimated that \$74,625 will be raised through assessments. City of Wauwatosa property located within the District is assessed at a flat rate of \$6,500 annually. Any other funds, which may be made available to the BID for the purposes contained herein, shall be collected and expended as identified in Section II D.

VI. METHOD OF ASSESSMENT

A. Parcels Assessed

All tax parcels within the district required to pay real estate taxes, including those taxed by the state as manufacturing, and all parcels used exclusively for manufacturing, will be assessed. Real property, used exclusively for residential purposes may not be assessed, as required by BID Law. Property exempt from paying real estate taxes or owned by government agencies will be not assessed.

B. Levy of Assessment

Special assessments under this 2013 Operating Plan are hereby levied against each tax parcel of property within the District that has a separate tax key number, in the amount shown on the assessment schedule that is attached in Appendix A. The assessment is based on the assessed value of the parcels (land and improvements) as shown in the record of the City Assessor's office in September, 2013, except as otherwise identified below. The 2014 BID assessments shown on Appendix A were calculated at a rate of \$XX for each \$1000 of assessed value with a minimum and maximum assessment level and exceptions as in Section VI C.

C. Schedule of Assessments

The final form of this 2014 Operating Plan has attached, as Appendix A, a schedule of all the tax key numbers within the BID, which are being assessed, and their assessment using the formula. The assessment method is as follows:

For each parcel, the BID assessment will be computed by applying a charge of \$XX per \$1000 of assessed value (same as 2012 rate); subject however to a \$469 minimum and \$3,647 maximum.

Parcels identified as parking lots or vacant lots will be exempt from the \$469 minimum or \$3,647 maximum and are assessed at the same rate per \$1000 as other properties.

Changes to the method of assessment are subject to Common Council approval.

D. Assessment Collection

The BID assessment for each parcel will be submitted to the City of Wauwatosa which shall include it as a separate line item on the next real estate tax bill issued for that parcel.

The City shall collect the assessment with the taxes as a special charge and shall turn over all monies so collected to the BID Board for distribution in accordance with the BID Plan by the 15th day of the month following such collection.

All BID assessments shall be treated as special charges, and shall be shown on the tax bill as due and owing with the first installment of taxes. Any money collected by the City of Wauwatosa for BID assessments shall be held by the City in a segregated account until it is released to the BID Board as provided herein. The City shall comply with the requirements of Sec. 66.60 Wisconsin Statutes with respect to such BID assessments by paying the charge assessed to any parcel owned by the State, County, or other governmental entity; on the date such BID assessment is due.

A list of the projected assessment for each parcel within the proposed BID and the projected total amount to be raised through assessments is available at the BID office and the City Clerk's office.

As parcels increase or decrease in value, their BID assessment will change accordingly.

The BID board shall prepare and make available to the public and the City an annual report describing the current status of the BID, including expenditures and revenues, at the time it submits its plan to the City for the following Plan Year. This annual independent review of the implementation of the annual operating plan is obtained by the BID Board and which shall be paid for out of the BID budget.

The presentation of this proposed plan to the City shall be deemed a standing order of the Board in 66.1109(4) Wis. Stats. To disburse the BID assessments in the manner provided herein.

This section shall be sufficient instruction to the City to disburse the BID assessment, without necessity of an additional disbursement agreement, disbursement method, or account method. Disbursements made under this plan shall be shown in the City's budget as a line item. Other than as specified herein, the disbursement procedures shall follow standard City disbursement policy.

VII. CITY ROLE

The City of Wauwatosa is committed to helping private property owners in the Business Improvement District. The City will play a significant role in the creation of the BID and in the implementation of the BID Plan. In particular, the City will:

1. Voluntarily agree to include public property within the District and pay such assessments on the parcels owned by the City.
2. Act as staff to the District through adoption of the Plan and provide assistance as appropriate thereafter.

3. Monitor and, when appropriate, apply for outside funds which could be used in support of the District.
4. Collect assessments and deposit them in a segregated account; and disburse the monies to the BID along with identification of those BID assessments included in the disbursement.
5. Procure and review annual audits as required per Section 66.1109 of BID Law.
6. Provide the BID Board through the Assessor's Office on or before Sept 1 of each Plan Year, with the official City records on the assessed value of each tax key number within the district, as of that date in each plan year, for purposed of calculating the BID assessments.
7. Adopt this plan in the manner required by BID Law.
8. Encourage the County, State, and Federal Governments to support the activities of the BID.

VIII. REQUIRED STATEMENTS

The Business Improvement District Law requires the plan to include several specific statements:

66.1109 (1)(f) 1m: The district will contain property used exclusively for manufacturing purpose, as well as properties used in part of manufacturing. These properties will be assessed according to the formula contained herein because it is assumed that they will benefit from development in the district.

66.1109 (5)(a): Property used exclusively for residential purposes may not be assessed, and such properties will be identified as BID Exempt Properties on Appendix A, as revised each year.

IX. TERMINATION OF THE DISTRICT

The District may be terminated as provided by law Section 66.1109 (4m). To begin termination process, a petition must be signed by owners of property with a total assessed value of more than 50% of the assessed valuation of all property assessed under the operating plan. The petition is then filed with the City of Wauwatosa requesting termination of the business improvement district.

X. SEVERABILITY AND EXPANSION

This Business Improvement District has been created under authority of Section 66.1109 of the statutes of the State of Wisconsin.

Should any court find any portion of the BID Law or this Plan invalid or unconstitutional, said decision will not invalidate or terminate the Business Improvement District and this Business Improvement District Plan should be amended to conform to the law without the need to reestablishment.

Should the legislature amend the statute to narrow or broaden the purposes of a Business Improvement District so as to, among other things, exclude or include as assessable properties of a certain class or classes of properties, then this BID Plan may be amended by the Common Council of the City of Wauwatosa as and when it conducts its annual budget approval without necessity to undertake any other act.

All of the above is specifically authorized under Section 66.1109 (3) (b) of the BID Law.

If it is determined by a court or administrative body, that a parcel of property not subject to general real estate taxes may not be included within the district, then such parcels shall be excluded from the definition of the district.

APPENDIX

Appendix A. – Schedule of tax parcels and their assessments

Attached as Separate Document

CITY OF WAUWATOSA
MEMO



To: **Budget and Finance Committee**

From: **James Wojcehowicz**

Date: **October 04, 2013**

Subject: **Memo from the Water Superintendent requesting a fund transfer related to the Advanced Metering Infrastructure Program**

A. Issue

The Common Council authorized spending of \$250,000 toward the utility's Advanced Metering Infrastructure Program in the 2013 Water Department Budget.

The water utility desires to purchase an additional \$75,000 worth of water meters and radio transmitters in 2013 to keep the meter conversion program moving forward.

B. Background/Options

During 2012, the water utility initiated a program with Badger Meter to upgrade our meter reading system due to the obsolescence of the Remote Outside Meters (ROM). Our new Advanced Metering Infrastructure (AMI) program uses a radio transmitter to send meter reading collection data to either a computer laptop or a handheld device. The information is downloaded at City hall for billing purposes. Badger Meter continues to make improvements to their Gateway data collection product, which ultimately could send the meter reading directly to the utility's business office at City Hall.

The water utility has 15,507 water meters installed throughout the city. Water utility employees have installed 3,316 AMI Orion endpoints though September 30, 2013.

C. Fiscal Impact

The water utility requests transferring \$75,000 within the 2013 Capital Budget from "Repair, renovate, or replace water main as needed" to the "Advanced Metering Infrastructure Program".

D. Recommendation

In the best interest of the utility's water meter upgrade program, we ask for your approval of the funding change of purpose.

CITY OF WAUWATOSA
MEMO



To: **Budget and Finance Committee**

From: **William Wehrley**

Date: **October 04, 2013**

Subject: **Memo from the City Engineer regarding the award of professional services for the utility design of Project 1100, Milwaukee Avenue**

A. Issue

Award of professional services agreement with Graef for design of utilities on the Milwaukee Avenue project.

B. Background/Options

The repaving of Milwaukee Avenue between 83rd Street and Wauwatosa Avenue is included in the 2013 Capital Improvements Program (CIP). The project includes complete reconstruction of the pavement, repairs to sidewalks, and replacement of all City utilities including street lighting. Utility design for this project has been on hold as we were waiting for adequate rainfalls to properly calibrate the sanitary sewer model. Our sanitary sewer modeling consultant Brown and Caldwell has recently completed calibration of the sewer model utilizing rain fall from this summer. We are now ready to proceed with design.

It is anticipated that there will be a significant effort expended in rerouting sanitary sewer flows to a new connection to the Milwaukee Metropolitan Sewerage District (MMSD) sewers and rerouting storm sewer flows to a new storm sewer outfall to the Menomonee River. The water utility will be replacing the existing 100 year old water main from Wauwatosa Avenue to 83rd Street.

Construction of the utilities improving Milwaukee Avenue is anticipated to occur in 2014. In 2015, Milwaukee County is planning on improving the parallel portion of Menomonee River Parkway.

As the design effort for the 2014 CIP exceeds our internal design capacity we are proposing to use outside design help for the utility portion of the project. The City of Wauwatosa Engineering staff will complete the paving and street lighting design for the project.

The engineering firm of Graef has been selected to perform the designs for this work. They have recently completed the Watertown Plank Road North Sanitary Sewer Improvements and several water main designs for the Water Utility. They also have experience in designing tunnel sewers which are one of the options being reviewed for this project.

C. Fiscal Impact

The professional services associated with utility design and coordination with other agencies is estimated \$450,000 to \$500,000. Utility construction is estimated at \$6 million.

D. Options

1. Award the project to Graef and construct the project in 2014.
2. Issue a request for proposals and construct the project in 2016 (following Milwaukee County

- repaving of Menomonee River Parkway).
3. Hire a consultant to perform the tunneling design, and hire additional engineering staff and construct the project in 2017.

E. Recommendation

Authorize staff to enter into an agreement with Graef in an amount up to \$500,000 for professional services related to utility designs for the Milwaukee Avenue project.

CITY OF WAUWATOSA
MEMO



To: **Budget and Finance Committee**

From: **John Ruggini**

Date: **October 04, 2013**

Subject: **Memo from the Finance Director and Assistant Fire Chief recommending award of Ambulance Billing and Electronic Patient Care Reporting Contract**

A. Issue

The State of Wisconsin mandates that a patient care report be created for every patient seen by our department. In 2008 we transitioned from paper reports to electronic Patient Care Reports (ePCR) which are completed using small, ruggedized laptop computers. The system we use today is owned by our current billing vendor ADPI/Intermedix who also performs ambulance billing based on the Patient Care Reports. The Finance and Fire Departments are recommending contracting for Patient Care Reporting and Ambulance Billing Services with new vendors so approval of a multi-year contract is necessary.

B. Background/Options

The current contract with ADPI/Intermedix for providing electronic patient care reporting and ambulance billing services expires on December 31, 2013. The Finance and Fire Departments agreed not to exercise extension options and issued a Request for Proposals in June 2013. Eight proposals were submitted. Staff from the Finance and Fire Departments evaluated the organizational capacity, project management, electronic patient care reporting technology, billing services and cost of the vendors. This included full-day interviews and technology demonstrations by the three short-listed proposers. The Fire Department also borrowed laptops with the software so paramedics could provide feedback on its ease of use and the Finance Department evaluated the vendors collection rates and accounts receivable trends. Together, the two departments are recommending that a joint proposal from Andres (billing services) and ESO Solutions (electronic patient care reporting) be awarded a 3-year contract with two optional two-year extensions.

Electronic Patient Care Reporting

We have selected ESO Solutions as the software vendor for the ePCR portion of the EMS billing process. ESO is a large, nationally recognized EPCR vendor that provides services to over 650 fire/ems departments nationwide. ESO uses a Software-as-a-Service (SAAS) model which means they host, maintain, and update all of the IT needs for their product. We do not need dedicated server space or need to provide access to our network for the software. Some of the local departments using ESO include City of Waukesha Fire Department, Pewaukee Fire Department, and Lake Country Fire/Rescue. I have personally spoken with representatives from each of these departments and received positive feedback about the product.

A key reason ESO was chosen was the simplicity and functionality of the software which is key in gathering accurate patient information. These reports are shared with the receiving hospital and will our billing agency. The more detailed and accurate information we can gather up front, the more effective our billing process will be. Part of the ESO product is a Quality Assurance module that will allow selected members to review EMS reports for proper patient care and accuracy. Our current system has been unable to provide this in an efficient form.

The ESO software will be loaded onto ruggedized tablets and deployed on our four ambulances (3 front-line, 1 reserve) and one spare tablet that can be used for training or if maintenance is needed. These hardware devices will be owned by WFD rather than the ePCR vendor as is the current practice. There will be some up front hardware ware. Please see the attached screen shots of the software.

Ambulance Billing Services

Andres Medical Billing is a firm located in Northern Illinois specializing in third party emergency medical services billing. Andres began municipal billing operations in 1995 with six clients and has grown to service over 160 agencies.

In reviewing their performance, Andres demonstrated an 80% collection rate among its Wisconsin clients and a \$466.69 amount per transport. This compares to our 2012 collection rate of 74.5% and \$393.33 per transport amount. Collection rates and per transport amounts are highly dependent on population demographics and fee amounts so comparisons are not always accurate. As a result, we can not ensure that additional revenue will be collected. However, based on our analysis of Andres' performance, reference checks and interviews, we believe they will maximize revenue by billing accurately and timely.

It should be noted that previously both electronic patient care reporting and billing services were provided by the same firm. Based on this recommendation, two separate firms will provide these services under a single proposal. While this caused initial concern as it poses the risk the City could get caught in the middle of a conflict between the two vendors, staff felt this risk was outweighed by the benefit of having two separate firms that each specialize in ambulance billing or patient care reporting as opposed to having one company do both. Andres and ESO have worked together for many other municipalities and no references reported any challenges with their partnership.

C. Fiscal Impact

The proposed cost for Andres Billing Services is 5.0% of total dollars collected annually. In addition there is a one-time fee of up-to \$17,062.50 for training, implementation and licensing of the ESO Software and a \$8005.50 annual licensing cost. As our current vendor owns the hardware devices, the City will also incur an estimated \$11,500 for five ruggedized tablets with an assumed life of 3 years. In order to compare vendors accurately, these costs were amortized over three years. Assuming our 2012 collected payments of \$1,232,474, the annual billing percentage for the first three years would be 6.42%. This compares to the current rate of 6.81%

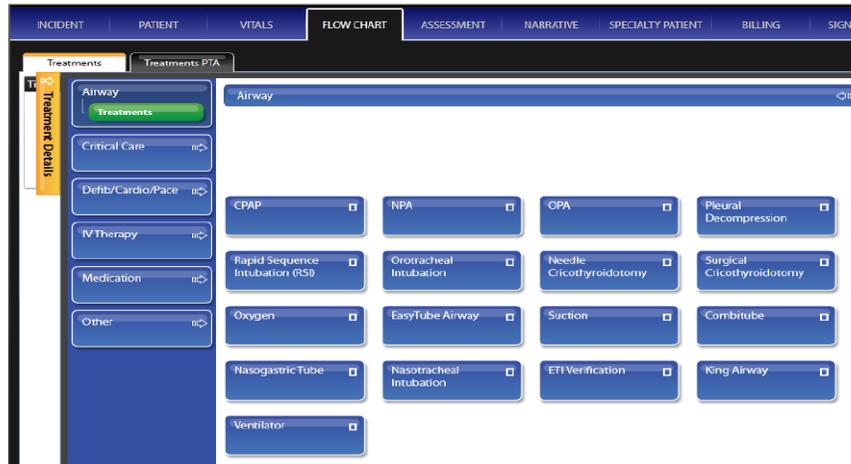
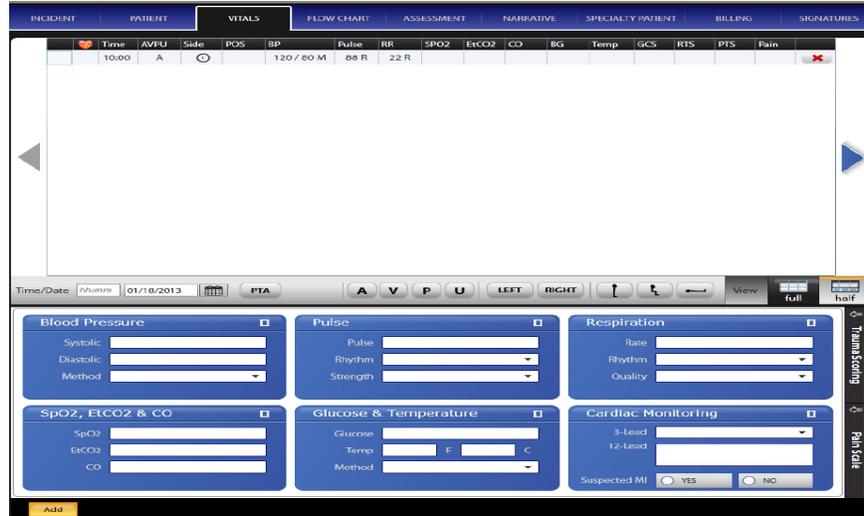
Assuming the same level of payments, the proposed contract would save the city \$4,781 annually. We also believe the Electronic Patient Care Reporting software will be easier to use by the paramedics in the field and less time will be spent by the Finance Department in monitoring billing. Lastly, based on Andres performance in other Wisconsin communities, we believe that it is probable that the City will collect more revenue.

As the \$17,062.5 for implementation, \$8,0005.50 for licensing and \$11,500 for ruggedized tablets will be an unbudgeted expense in 2013, the Finance Director may either recommend a fund transfer yet in 2013 depending on year-end results or have these costs netted from 2014 revenue.

D. Recommendation

The Finance Director and the Assistant Fire Chief recommend the committee approve separate three year contracts with Andres Medical Billing and ESO Solutions with two two-year optional extensions at the rates described above and additional terms as approved by the City Attorney.

Screen Shots of ESO Solution Electronic Patient Care Reporting System



Attachment: ESO Screen Shots (1714 : Ambulance Billing Contract)

CITY OF WAUWATOSA
MEMO



To: **Budget and Finance Committee**

From: **John Ruggini**

Date: **October 07, 2013**

Subject: **Initial Resolution authorizing General Obligation Bonds in an amount not to exceed \$9,475,000 for Sewerage Projects**

A. Issue

As part of the 2013-2017 Capital Improvement Plan, bond proceeds are required to fund approved capital projects. These projects were partially funded with 10-year promissory notes issued on August 20, 2013. However, due to the extra-ordinary sewer projects, 20-year bonds will also be issued. In addition, Water Revenue bonds are necessary to fund Water capital projects. As a result, it is necessary to authorize the issuance of this debt. It is important to consider the impact of these bonds on the City's total debt capacity and utility rates.

B. Background and Fiscal Impact

Capital Budget

The 2013-2017 Capital Improvement Budget included \$22.7 million in general obligation bond proceeds for approved projects. Due to several projects being postponed until 2014, most notably the Milwaukee and North Avenue (East Tosa) projects, the amount being borrowed at this time has been reduced to \$15.75 million. However, the debt schedules have been modified so that the postponed \$6.9 million can be issued in 2014 without altering the projected levy or rate increases as included in the previously presented five-year forecast.

The \$15.75 million will be borrowed through two debt issuances. Previously, \$6.25 million was borrowed as 10 year general obligation promissory notes. This memo requests authorization for the remaining \$9.5 million which will be issued as 20-year general obligation bonds. This second issuance will finance sewer enhancement projects including Meinecke, Ravenswood and 100th Street. As these projects are extra-ordinary, the costs will be spread over more rate payers over time. Figure 1 shows how the 2013 Capital projects will be financed.

Figure 1

Revenue Source	2013 Budget	2013-10	2013-20	2013 Total	Variance
Levy-backed Bonds	\$ 5,501,384	\$ 3,450,000	\$ -	\$ 3,450,000	\$(2,051,384)
Rate-backed Bonds - Sanitary	\$12,677,778	\$ 2,250,000	\$ 7,700,000	\$ 9,950,000	\$(2,727,778)
Rate-backed Bonds - Storm	\$ 4,479,211	\$ 550,000	\$ 1,800,000	\$ 2,350,000	\$(2,129,211)
Rate-backed Bonds - Water	\$ 3,630,720		\$ 3,630,720	\$ 3,630,720	\$ -
Special Assessment	\$ 325,230	NA	NA	\$ 325,230	\$ -
TIF	\$ 2,400,000	NA	NA	\$ 2,400,000	\$ -
CDBG	\$ -	NA	NA	\$ -	\$ -
Grants/Shared Costs	\$ 223,767	NA	NA	\$ 223,767	\$ -
Surplus	\$ 2,420,733	NA	NA	\$ 2,420,733	\$ -
Amortization Fund	\$ -	NA	NA	\$ -	\$ -
Other Funds	\$ 251,500	NA	NA	\$ 251,500	\$ -
TOTAL	\$31,910,323	\$ 6,250,000	\$13,130,720	\$25,001,950	\$(6,908,373)

In addition to issuing the 2013 bonds, the City plans issue up to \$5.6 million in Water Revenue bonds to finance 2013 and 2014 Capital Projects. Discussions are on-going to reduce the total amount issued by \$500,000- \$1,000,000 in order to decrease the impact on the coverage ratio and the rate of return as discussed below.

Debt Structure and Long-Term Impact

The 20-year amortization schedule for the 2013 GO and revenue bonds as shown as Attachment 1 has been developed in consultation with the City's Financial Advisor to smooth in debt service increases assuming a ten-year capital spending plan consistent with the City's 2013-2017 Capital Plan and five-year forecast.

Sanitary and stormwater debt service amounts for 2013-2022 borrowing have also been smoothed to try and even-out the impact on sewer rates. The estimated impact of the sewer borrowing from 2013-2022 on rates is shown in Figures 2 and 3. These rates are based on the 2013-2017 capital budget and will be updated based on the 2014-2018 capital budget prior to final approval.

Figure 2 - Sanitary Bill Increases

Projected Sanitary Sewer Rate Increases						
	2012A	2013E	2014B	2015F	2016F	2017F
Rate Increase	-	20%	17%	11%	10%	9%
Projected Bill increase	-	10%	11%	8%	7%	7%
Quarterly Residential Bill Est.	\$ 76.69	\$ 84.42	\$ 94.13	\$ 101.28	\$ 108.47	\$ 115.69
Quarterly Restaurant Bill Est.	\$ 1,134.71	\$ 1,249.31	\$ 1,392.96	\$ 1,498.81	\$ 1,605.17	\$ 1,712.06
Quarterly Laundrymat Bill Est.	\$ 3,043.07	\$ 3,350.41	\$ 3,735.67	\$ 4,019.54	\$ 4,304.77	\$ 4,591.42
Quarterly Office Bldg Bill Est.	\$ 142.00	\$ 156.34	\$ 174.31	\$ 187.56	\$ 200.87	\$ 214.24

Figure 3 - Stormwater Bill Increase

Projected Storm Sewer Rate Increases						
	2012 A	2013	2014	2015	2016	2017
Rate Increase	-	21%	17%	12%	5%	5%
Quarterly Residential Bill Est.	\$ 13.86	\$ 16.82	\$ 19.65	\$ 22.00	\$ 23.18	\$ 24.36
Quarterly Restaurant Bill Est.	\$ 342.34	\$ 415.45	\$ 485.38	\$ 543.50	\$ 572.57	\$ 601.63
Quarterly Laundrymat Bill Est.	\$ 34.65	\$ 42.05	\$ 49.13	\$ 55.01	\$ 57.95	\$ 60.89
Quarterly Office Bldg Bill Est.	\$ 256.41	\$ 311.17	\$ 363.55	\$ 407.08	\$ 428.85	\$ 450.61

The 2013 rate increase went into effect earlier this year. The 2014-2017 rates are estimates subject to the budget process and final rate approvals. It is important to emphasize that these rate increases include only partial funding for the East Tosa Sewer and Flood Mitigation project. Final decisions on this project will have a significant impact on future rates.

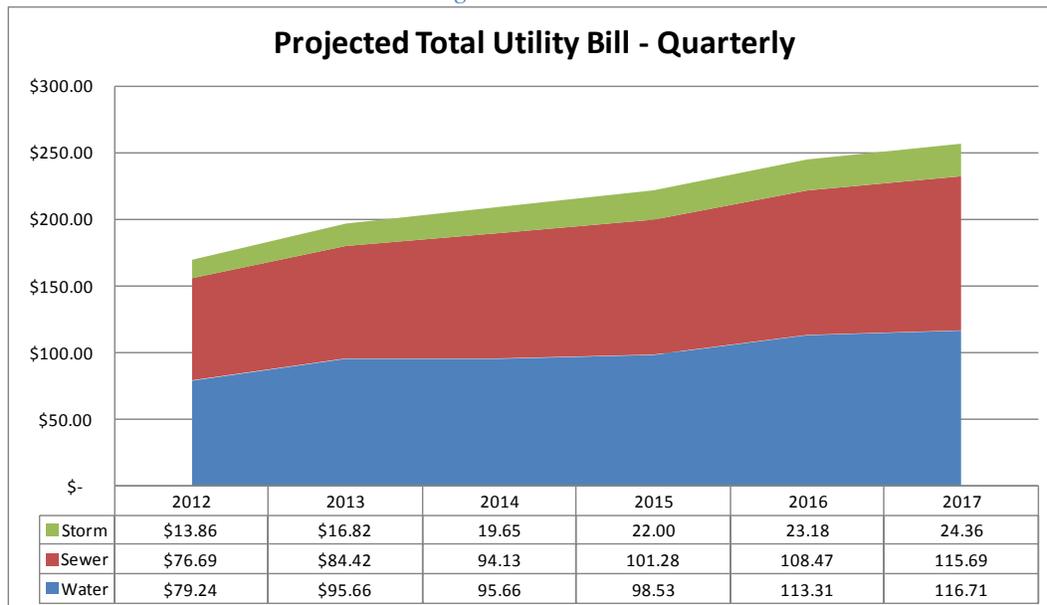
The Water Utility rate forecast is more difficult as it depends on the rate of return and Public Service Commission rate approvals. However, staff have developed a forecast based on the proposed 2014-2018 capital improvement budget and the rate impacts are shown below.

Figure 4 - Water Bill Increase

Projected Sanitary Sewer Rate Increases						
	2012A	2013E	2014F	2015F	2016F	2017F
Rate Increase	-1.8%	21%	0%	3%	15%	3%
Quarterly Residential Bill Est.	\$ 79.24	\$ 95.66	\$ 95.66	\$ 98.53	\$ 113.31	\$ 116.71

Based on the updated water rates, the impact on the total bill is presented below. The significant change from prior graphs is the assumed conventional rate increase of 15% in 2016.

Figure 5 - Total Bill Increase



Debt Capacity

A final important component of assessing a debt issuance is measuring its impact on debt capacity as governed by the Debt Management Policy. Figure 6 compares the City of Wauwatosa's debt profile (assuming issuance of this debt) to its policy goals and to the Aaa average.

The City is below its stated debt policy goals for all measures and compares favorably with the average for Aaa communities. The exception is debt burden in which the City exceeds the Aaa average. This is largely because total debt burden includes the Metropolitan Milwaukee Sewerage District which maintains general obligation debt supported by property taxes which is fairly unique. However, it is important to recognize that future debt issuances required to finance the adopted 2014-2018 capital improvement plan as well as planned 2015 TIF 6 and 7 borrowing will put pressure on these measures.

Figure 6 - Debt Profile Comparisons

	Tosa	Debt Policy	National Medians Aaa
Total Debt	\$ 69,715,000	NA	NA
Total Net Debt	\$ 35,647,129	NA	NA
Direct Net Total Debt as % of Full Value	1.40%	5.00%	NA
Direct Net Levy Debt as % of Full Value	0.72%	0.77%	0.70%
Debt Service (Net) as a % of Expenditures	8.56%	10.00%	NA
Debt Burden (All taxing bodies - % of value)	3.81%	NA	2.22%
Total Debt per capita	1,505	NA	NA
Net Debt per capita	770	NA	1,248
Debt per capita as % of median income	2.09%	NA	2.99%

The debt profile is just one measure used for determining a bond rating. Figures 7 and 8 present several ratios used to measure financial and economic strength. The City has stronger financial comparisons to its Aaa peers; however, has lower assessed value and per capita income and a higher concentration of its tax base. Given that the debt profile will worsen over the next several years, maintaining above average financial results is critical.

Figure 7 - Financial Comparisons

	Tosa	National Medians		
		Aaa	Aa	A
General fund balance as % of Revenues	40.6%	32.9%	30.7%	28.7%
Unreserved, Undesignated general fund balance as % of Revenues	33.8%	21.4%	20.4%	20.8%

Figure 8- Economic Comparisons

	Tosa	National Medians		
		Aaa	Aa	A
Population	46,320	44,084	21,456	8,337
Equalized Value (in 000's)	\$4,963,919	\$7,858,341	\$2,470,830	\$582,907
Equalized Value per capita	\$107	\$137	\$79	\$48
Top 10 Taxpayers as a % of AV	11%	8%	8%	12%
Per capita income (2010)	\$36,775	\$41,700	\$27,564	\$20,987

Finally, as the debt service is to be paid for by the utilities, it is important to examine the impact on cash balances, coverage ratios and in the case of the water utility, the rate of return. These are presented in Figure 9 as estimates for 2014 assuming the issued debt.

Figure 9- Coverage Ratios

	Sanitary	Storm	Water
Coverage Ratio	1.41	1.01	2.74
Cash Balance	24.0%	25.9%	29.2%
Rate of Return	NA	NA	2.1%

The City's goal is to maintain a 1.1% coverage ratio in the Sanitary and Storm utilities and a 1.5% ratio in the Water utility as well as a 25% cash balance percentage for all three utilities. The rate of return of the Water Utility is important to note. As that falls below 2% the Water Utility should consider a

conventional rate increase. Based on a five-year forecast, as show above, it is anticipated a conventional rate increase would be needed in 2016 as the rate of return is forecasted to fall to 1.6% and the debt coverage ratio to 1.53 in 2015. In order to maintain a reasonable rate increase and also preserve flexibility for the East Tosa project, I believe it would be prudent to reduce the water debt issuance by \$500,000 to \$1,000,000.

Debt Issuance Process

Pending Council approval of the Initial Authorizing Resolutions, the actual sale date for both the 2013 general obligation and water revenue bonds is scheduled to be November 5, 2013 as a competitive sale. Prior to the sale, the official statement will be distributed and reviewed with Moody's who will then assign a rating to the bonds. No change is expected in the rating.

D. Recommendation

Given the approved projects included in the 2013 Capital Budget which require bond financing, I recommend approval of the initial authorizing resolution for \$9,47500 in General Obligation Bonds with a 20-year amortization as well as the 2013 Water Revenue Bonds for up to \$5.6 million as scheduled for competitive sale on November 5, 2013.

CITY OF WAUWATOSA
SANITARY AND STORM SEWER BONDS
SERIES 2013A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
11/01/2014	Serial Coupon	1.000%	0.230%	150,000.00	100.730%	151,095.00
11/01/2015	Serial Coupon	1.000%	0.460%	150,000.00	101.047%	151,570.50
11/01/2016	Serial Coupon	1.000%	0.750%	175,000.00	100.727%	176,272.25
11/01/2017	Serial Coupon	1.250%	1.050%	200,000.00	100.771%	201,542.00
11/01/2018	Serial Coupon	1.500%	1.470%	250,000.00	100.142%	250,355.00
11/01/2019	Serial Coupon	2.000%	1.830%	250,000.00	100.953%	252,382.50
11/01/2020	Serial Coupon	2.250%	2.130%	275,000.00	100.770%	277,117.50
11/01/2021	Serial Coupon	2.500%	2.470%	325,000.00	100.214%	325,695.50
11/01/2022	Serial Coupon	3.000%	2.720%	375,000.00	102.210%	383,287.50
11/01/2023	Serial Coupon	3.000%	2.940%	350,000.00	100.513%	351,795.50
11/01/2024	Serial Coupon	3.250%	3.150%	625,000.00	100.847%	630,293.75
11/01/2025	Serial Coupon	3.750%	3.360%	625,000.00	103.273%	645,456.25
11/01/2026	Serial Coupon	3.750%	3.530%	675,000.00	101.830%	687,352.50
11/01/2027	Serial Coupon	4.000%	3.670%	675,000.00	102.728%	693,414.00
11/01/2028	Serial Coupon	4.000%	3.800%	700,000.00	101.642%	711,494.00
11/01/2029	Serial Coupon	4.000%	3.930%	725,000.00	100.570%	729,132.50
11/01/2030	Serial Coupon	4.250%	4.040%	725,000.00	101.704%	737,354.00
11/01/2031	Serial Coupon	4.250%	4.120%	725,000.00	101.050%	732,612.50
11/01/2032	Serial Coupon	4.250%	4.190%	750,000.00	100.482%	753,615.00
11/01/2033	Serial Coupon	4.250%	4.250%	750,000.00	99.997%	749,977.50
Total	-	-	-	\$9,475,000.00	-	\$9,591,815.25

Bid Information

Par Amount of Bonds	\$9,475,000.00
Reoffering Premium or (Discount)	116,815.25
Gross Production	\$9,591,815.25
Total Underwriter's Discount (1.233%)	\$(116,815.25)
Bid (100.000%)	9,475,000.00
Total Purchase Price	\$9,475,000.00
Bond Year Dollars	\$124,776.25
Average Life	13.169 Years
Average Coupon	3.8339428%
Net Interest Cost (NIC)	3.8339428%
True Interest Cost (TIC)	3.7918141%

CITY OF WAUWATOSA
WATER REVENUE BONDS
SERIES 2013B

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
01/01/2015	Serial Coupon	1.000%	0.560%	225,000.00	100.488%	226,098.00
01/01/2016	Serial Coupon	1.250%	0.900%	250,000.00	100.731%	251,827.50
01/01/2017	Serial Coupon	1.250%	1.200%	250,000.00	100.152%	250,380.00
01/01/2018	Serial Coupon	1.750%	1.670%	225,000.00	100.316%	225,711.00
01/01/2019	Serial Coupon	2.250%	2.030%	225,000.00	101.063%	227,391.75
01/01/2020	Serial Coupon	2.500%	2.380%	250,000.00	100.678%	251,695.00
01/01/2021	Serial Coupon	3.000%	2.720%	250,000.00	101.798%	254,495.00
01/01/2022	Serial Coupon	3.000%	2.970%	250,000.00	100.212%	250,530.00
01/01/2023	Serial Coupon	3.250%	3.190%	250,000.00	100.469%	251,172.50
01/01/2024	Serial Coupon	3.500%	3.400%	250,000.00	100.847%	252,117.50
01/01/2025	Serial Coupon	3.740%	3.610%	250,000.00	101.090%	252,725.00
01/01/2026	Serial Coupon	4.000%	3.780%	250,000.00	101.831%	254,577.50
01/01/2027	Serial Coupon	4.250%	3.920%	275,000.00	102.730%	282,507.50
01/01/2028	Serial Coupon	4.250%	4.050%	275,000.00	101.642%	279,515.50
01/01/2029	Serial Coupon	4.500%	4.180%	300,000.00	102.613%	307,839.00
01/01/2030	Serial Coupon	4.500%	4.290%	325,000.00	101.704%	330,538.00
01/01/2031	Serial Coupon	4.500%	4.370%	350,000.00	101.049%	353,671.50
01/01/2032	Serial Coupon	4.750%	4.440%	375,000.00	102.499%	384,371.25
01/01/2033	Serial Coupon	4.750%	4.500%	375,000.00	102.009%	382,533.75
01/01/2034	Serial Coupon	4.750%	4.560%	400,000.00	101.521%	406,084.00
Total	-	-	-	\$5,600,000.00	-	\$5,675,781.25

Bid Information

Par Amount of Bonds	\$5,600,000.00
Reoffering Premium or (Discount)	75,781.25
Gross Production	\$5,675,781.25
Total Underwriter's Discount (1.353%)	\$(75,781.25)
Bid (100.000%)	5,600,000.00
Total Purchase Price	\$5,600,000.00
Bond Year Dollars	\$64,853.33
Average Life	11.581 Years
Average Coupon	4.1235403%
Net Interest Cost (NIC)	4.1235403%
True Interest Cost (TIC)	4.0500914%

Resolution No. _____

INITIAL RESOLUTION AUTHORIZING
GENERAL OBLIGATION BONDS
IN AN AMOUNT NOT TO EXCEED
\$9,475,000 FOR SEWERAGE PROJECTS

BE IT RESOLVED by the Common Council of the City of Wauwatosa, Milwaukee County, Wisconsin, that there shall be issued, pursuant to Chapter 67, Wisconsin Statutes, general obligation bonds in an amount not to exceed \$9,475,000 for the public purpose of paying the cost of sewerage projects, consisting of storm and sanitary sewer improvements.

Adopted, approved and recorded October 15, 2013.

Kathleen Ehley
Mayor

ATTEST:

Carla A. Ledesma
City Clerk

(SEAL)

John Ruggini
Finance Director

Attachment: BF 100813 Wauwatosa C of - 13 GO Sewerage Bs - Initial Resolution (1713 : 2013 General Obligation Bonds)

Resolution No. _____

RESOLUTION DIRECTING PUBLICATION OF NOTICE TO ELECTORS
RELATING TO GENERAL OBLIGATION SEWERAGE BOND ISSUE

WHEREAS an initial resolution authorizing general obligation bonds has been adopted by the Common Council of the City of Wauwatosa, Milwaukee County, Wisconsin (the "City") and it is now necessary that said initial resolution be published to afford notice to the residents of the City of its adoption;

NOW, THEREFORE, BE IT RESOLVED that the City Clerk shall, within 15 days, publish a notice to the electors in substantially the form attached hereto in the official City newspaper as a class 1 notice under ch. 985, Wis. Stats.

Adopted, approved and recorded October 15, 2013.

Kathleen Ehley
Mayor

Attest:

Carla A. Ledesma
City Clerk

(SEAL)

John Ruggini
Finance Director

QB\22892709.1

Attachment: BF 100813 Wauwatosa C of - 13 GO Sewerage Bs - Resolution Directing Publication (1713 : 2013 General Obligation Bonds)

CITY OF WAUWATOSA
NOTICE TO ELECTORS RELATING TO GENERAL OBLIGATION
SEWERAGE BOND ISSUE

NOTICE IS HEREBY GIVEN, that on October 15, 2013, at a meeting of the Common Council of the City of Wauwatosa, the following resolution was adopted and recorded pursuant to Section 67.05(1), Wisconsin Statutes:

INITIAL RESOLUTION AUTHORIZING
GENERAL OBLIGATION BONDS
IN AN AMOUNT NOT TO EXCEED
\$9,475,000 FOR SEWERAGE PROJECTS

BE IT RESOLVED by the Common Council of the City of Wauwatosa, Milwaukee County, Wisconsin, that there shall be issued, pursuant to Chapter 67, Wisconsin Statutes, general obligation bonds in an amount not to exceed \$9,475,000 for the public purpose of paying the cost of sewerage projects, consisting of storm and sanitary sewer improvements.

The Wisconsin Statutes (s. 67.05(7)(b)) provide that the initial resolution need not be submitted to the electors unless within 30 days after adoption of the initial resolution a petition is filed in the City Clerk's office requesting a referendum. This petition must be signed by electors numbering at least 10% of the votes cast for governor in the City at the last general election.

City of Wauwatosa

Carla A. Ledesma
City Clerk

Resolution No. _____

RESOLUTION PROVIDING FOR THE SALE OF \$9,475,000
GENERAL OBLIGATION SEWERAGE BONDS, SERIES 2013

WHEREAS, the City of Wauwatosa, Milwaukee County, Wisconsin (the "City") has adopted an initial resolution (the "Initial Resolution") authorizing the issuance of general obligation bonds in an amount not to exceed \$9,475,000 for the public purpose of paying the cost of sewerage projects, consisting of storm and sanitary sewer improvements (the "Project");

WHEREAS, the Common Council hereby finds and determines that the Project is within the City's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes; and

WHEREAS, the Common Council of the City hereby finds and determines that general obligation bonds in the principal amount of \$9,475,000 should be issued pursuant to the Initial Resolution to finance the Project.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1. Issuance of the Bonds. The bonds authorized by the Initial Resolution shall be designated "General Obligation Sewerage Bonds, Series 2013" (the "Bonds") and shall be issued in the principal amount of \$9,475,000 for the purpose above specified.

Section 2. Sale of the Bonds. The Common Council hereby authorizes and directs that the Bonds be offered for public sale. At a subsequent meeting, the Common Council shall consider such bids for the Bonds as may have been received and take action thereon.

Section 3. Notice of Sale. The City Clerk (in consultation with the City's financial advisor, Hutchinson, Shockey, Erley & Co. ("HSE")) is hereby authorized and directed to cause the sale of the Bonds to be publicized at such times and in such manner as the City Clerk may determine and to cause copies of a complete Official Notice of Sale and other pertinent data to be forwarded to interested bidders as the City Clerk may determine.

Section 4. Official Statement. The City Clerk (in consultation with HSE) shall also cause an Official Statement to be prepared and distributed. The appropriate City officials shall determine when the Official Statement is final for purposes of Securities and Exchange Commission Rule 15c2-12 and shall certify said Statement, such certification to constitute full authorization of such Statement under this resolution.

Section 5. Award of the Bonds. Following receipt of bids for the Bonds, the Common Council shall consider taking further action to provide the details of the Bonds; to award the Bonds to the lowest responsible bidder therefor; and to levy a direct annual irrevocable tax sufficient to pay the principal of and interest on the Bonds as the same becomes due as required by law. The award of the Bonds shall be made subject to expiration of the referendum petition period applicable to the Bonds under Section 67.05(7)(b) of the Wisconsin Statutes.

Section 6. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Common Council or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded October 15, 2013.

Kathleen Ehley
Mayor

ATTEST:

Carla A. Ledesma
City Clerk

(SEAL)

John Ruggini
Finance Director

Attachment: BF 100813 Wauwatosa C of - 13 GO Sewerage Bs - Set Sale Resolution (1713 : 2013 General Obligation Bonds)

CITY OF WAUWATOSA
MEMO



To: **Budget and Finance Committee**

From: **John Ruggini**

Date: **September 20, 2013**

Subject: ***Memo from the Finance Director on behalf of the Development Team presenting an analysis of the Mandel Group Tax Incremental Financing assistance request for a Residential Development at the Eschweiler site**

A. Issue

The Mandel Group submitted a request for Tax Increment Financing (TIF) assistance to construct a 192 rental unit (219,156 gross square feet) development at and around the site of the current Eschweiller buildings within TIF 6- UWM Innovation. The proposal includes two scenarios depending on the successful fundraising for the establishment of the Forest Exploration Charter School. The benefits of this development are described below. City Staff including the City Administrator, City Attorney, Development Director and Finance Director are finalizing recommended deal terms believed necessary for the development to take place.

B. Background/Options

The City of Wauwatosa has been working with the Mandel Group (the Developer) for the redevelopment of the former Eschweiller buildings project site within the City's existing Tax Incremental District No. 6. The Developer has provided multiple redevelopment proposals that include variations of rehabilitation of the historic buildings and new construction of apartment buildings. Details on the two scenarios submitted under this proposal including project sources and uses are included in the attached analysis completed by Springsted. This report focuses on the benefits to the TIF District.

The Mandel Group requested TIF assistance of \$2.5 million based on their latest pro forma provided to the City and analyzed by Springsted. The analysis identifies several extra-ordinary costs including underground parking, land costs and building rehabilitation. Staff recommend that this assistance be used to pay for underground parking necessitated by the limited space available for surface parking as part of the Campus's green space requirements as this is consistent with past practice and the existing project plan.

Springsted's analysis shows that the Developer has maximized their debt (70% of value) and has a level of return on investment suggesting that no additional equity could be reasonably assumed to be attracted to the project. In addition, a consultant specializing in construction cost estimating has determined that the Developer's construction costs are reasonable with a focus on the historical preservation costs. Lastly, the proposed square footage rents will be the highest in the City of Wauwatosa suggesting the project pro forma is maximizing income. Given these facts, it does not appear possible that the project as proposed would move forward but for TIF assistance.

City staff first examined the request as a stand-alone project. Assuming a property value of approximately \$105,000 per unit based on comparable residential properties, the Mandel project would have a total property value of \$20,160,000. At the current property tax rate, this would result in \$457,632 of annual property tax increment revenue. Assuming \$2.5 million in assistance is provided by issuing debt at 4.0%, this project would have the following results:

RESULTS	
% of value	12.4%
Payback (Years)	6.65
Investment	\$ 2,500,000
Cash Balance	\$ 6,568,640
Multiplier	6.63
VARIABLES	
Value	\$ 20,160,000
Interest Rate	4.0%
Debt Period	10
Assessment Year	2
Closing Year of TIF	2037
Construction Start	2014
Years to Payback	
% Investment	12.4%

This level of assistance would equal 12.4% of the total value or 5.9% of the total project cost excluding interest costs and the project's share of Discovery Parkway costs. As a single project, the increment would be sufficient to pay back the investment, including interest costs, in a little over 6 years after construction begins. If the TIF remained open the full 27 years, this project would contribute \$6.6 million (undiscounted) towards the TIF which could be used to pay a portion of the debt service on Discovery Parkway or other TIF projects (such as parking structures) and/or facilitate the closing of the TIF early. Given the projected value, an investment of \$2.5 million results in \$6.63 of property value for every dollar invested.

To measure the importance of the Mandel project's net positive impact on the TIF, it is important to consider the TIF's ability to pay the debt service on Discovery Parkway infrastructure necessary for this and all TIF 6 developments. The table below shows two scenarios:

1. The current status with increment from the land, Accelerator building, ABB and the hotel with no utilization of TIF 2 funds towards Discovery Parkway
2. The current status with the Mandel project included and TIF 2 paying a portion of Discovery Parkway costs.

Scenario	Estimated Value	Additional TIF Funding Capacity	Debt Coverage	Years Below 100%	Years to Close TIF
Land+Accelerator+ABB+Hotel - No TIF 2	\$ 41,125,000	\$ (841,282)	89%	19	No
Land+Accelerator+ABB+Hotel+ Apts w/\$2.5M and TIF 2	\$ 61,285,000	\$ 12,858,511	187%	1	17

Currently TIF increment is only sufficient to pay 89% of the debt service for Discovery Parkway. However, since the Mandel project provides a net benefit to the TIF and enables TIF 2 to partially fund Discovery Parkway, TIF 6 will have sufficient funds to pay the debt service for the Mandel investment and Discovery Parkway (scenario 2). In fact, it would have on average 187% of annual debt service enabling TIF 6 to build a fund balance that could close the TIF an estimated 10 years early or provide \$12.9 million towards future TIF projects such as parking structures necessary to facilitate development. The net benefit provided by the Mandel project also allows for the debt associated with the ABB and Mandel projects to be amortized over 10 years instead of 20, reducing interest costs to the TIF by nearly 50%

In summary, the Mandel development places TIF 6 on very strong financial footing: annual debt service payments are covered, a fund balance will grow and the City is put in a strong position to pursue future development. This is due to the development enabling the utilization of TIF 2 proceeds and providing a net benefit to the TIF as the payback is less than 7 years.

C. Fiscal Impact

Approving this TIF request as currently structured would result in the City issuing \$2.5 million in general obligation bonds. As proposed, the increment from this project would be sufficient to cover the annual debt service on these bonds in approximately 7 years without any support from the General Fund. Surplus increment would also be generated that could be used to pay the debt service on Discovery Parkway as described above.

D. Recommendation

Based on the this net financial benefit of the project presented here and the analysis in the Springsted report supporting the “but-for” test, the Development Team recommend approval of the Mandel Group TIF request.

History:

09/24/13 Budget and Finance Committee



Springsted Incorporated
 380 Jackson Street, Suite 300
 Saint Paul, MN 55101-2887

Tel: 651-223-3000
 Fax: 651-223-3002
 www.springsted.com

MEMORANDUM

TO: Mr. James Archambo, City Administrator
 Mr. John Ruggini, Finance Director
 Ms. Paulette Enders, Development Director
 Mr. Alan Kesner, City Attorney

FROM: Mikaela Huot, Vice President, Consultant
 Tony Schertler, Senior Vice President, Consultant

CC: Joe Murray, Vice President, Client Representative

DATE: September 19, 2013

SUBJECT: Addendum to Historic Rehabilitation and New Construction Feasibility Analysis (DRAFT) – dated January 11, 2013 for the City of Wauwatosa, Wisconsin

Executive Summary

The City of Wauwatosa has been working with the Mandel Group (the Developer) for the redevelopment of the former Eschweiler buildings project site within the City's existing Tax Incremental District No. 6. The Developer previously provided multiple redevelopment proposals that included variations of rehabilitation of the historic buildings and new construction of apartment buildings. The City previously retained Springsted to review the financial feasibility of the redevelopment proposals. Following that review, and subsequent determination that rehabilitation of the buildings would not be feasible without public participation, the Developer has submitted a request for tax increment financing assistance based on two updated redevelopment scenarios. Springsted has been retained to review the request for assistance and accompanying financial information submitted by the Developer to determine if the proposed project is feasible and to verify if the Developer's request for financial assistance is necessary for the project to proceed. The request for assistance and subsequent analysis includes the two following scenarios:

- 1) **Scenario 1A:** Complete Eschweiler Preservation with Forest Exploration Center (FEC) and new construction in place of the rehabilitation into apartment units, amenities building and community meeting space, with corresponding site improvements, and underground parking.

- 2) **Scenario 2A:** Administration Preservation with preservation of a portion of the administration building with subsequent new construction into apartment buildings, amenities building and community meeting space, with corresponding site improvements, and underground parking.

To verify the need for financial assistance, Springsted reviewed the financial materials prepared by the Developer for both scenarios and analyzed the 15-year cash flow proformas. Springsted recreated the cash flow proformas utilizing the provided information and tested the revenue and cost assumptions against available market conditions. The projections were used to determine financial feasibility of the proposed project including the developer's indication of public financial assistance as being necessary for rehabilitation of the historic buildings and redevelopment of the project site. The following conclusions were made:

- The projected financial gap of the project is the same in both of the updated scenarios included in the application with a City tax increment financing request of \$2.5 million.
- The projected rents for the apartment units are expected to be on the high side as compared to other developments within the City, due to enhanced amenities and location of project site.
- Certain project costs have increased over time as project feasibility continues to be reviewed.
- The Developer has raised additional equity to support increased project costs, resulting in projected lower returns from previous redevelopment scenarios.
- The project is limited to the amount of costs that could be financed by debt due to the projected value upon completion, thus creating a 'value gap' and financing limitations for the Developer.
- The Developer has indicated a minimum return is necessary for equity investors to consider investing in this project, thus limiting the amount of equity available to finance the project.
- To close the financial gap without public participation, the development would have to realize savings in total project costs, increases in projected market value of the project allowing for increased debt financing, decreases in desired rates of return allowing for increased equity, or a combination.

The developer's request for assistance has been illustrated in the form of upfront financing, based on the above-listed conclusions indicating inability of the Developer and project to obtain additional upfront debt and/or equity to close the financial gap. Further diligence regarding the feasibility of providing reimbursement, or pay-as-you-go financing, may also be considered and pursued as a means of closing the identified financial gap and resulting request for financial assistance of \$2.5 million. Pay-as-you-go financing would require the Developer to obtain additional funding of \$2.5 million from another source (lender and/or equity investor) to finance all the project costs. The Developer would be reimbursed for those project costs, typically with interest at a rate similar to the financing, from future tax increment revenues. Initial discussions with the Developer have indicated this method may be feasible; however further analysis and review will have to occur to make any final determinations.

Updated Development Project Costs

Scenario 1A is the Complete Eschweiler Preservation (FEC) that includes the rehabilitation of the historic buildings and occupancy by the Forest Exploration Center (FEC) and accompanied new construction of apartment units, amenities facility and community meeting space with underground parking. The Developer indicates this iteration of the project will include approximately 192 rental units

(219,156 gross square feet) as new construction. The redevelopment project also includes the construction of 228 indoor (underground) parking stalls. The project costs include the following:

Uses	Amount
Land Acquisition	\$4,000,000
Construction Costs	\$32,294,112
Development Costs	\$1,683,200
Marketing & Property Start-up	\$330,000
Financing	\$1,435,187
Reserves	\$250,000
Development Contingency	\$250,000
Developer Overhead and Fee	\$2,118,026
Total Project Costs	\$42,360,526

The above costs were estimated by the Developer. Additional detail is provided below:

- The land acquisition costs of \$4.0 million (approximately \$500,000/acre) are based on the Developer's contracted cost with the UWM Foundation. Comparable land sales in the City are closer to \$300,000/acre;
- Underground parking construction costs are included with total project cost estimates and are approximately \$20,000 to \$25,000 per stall for a total of 228 parking stalls;
- Site improvement costs are related to the development of the site and include costs for permits, landscaping, paving, site utilities, and utility fees amongst other costs;
- Development budget per unit is approximately \$220,628;
- Developer Fee is based on 5% of the total project costs including land acquisition, construction, development, underground parking and soft costs; and
- Small development contingency of \$250,000 with most included within individual cost estimates.

The permanent financing for the project includes permanent private debt and Developer equity as follows:

Sources	Amount
Conventional Mortgage	29,945,000
TIF Request	2,500,000
Investor Equity	8,856,512
Developer Deferred Overhead and Fee	1,059,013
Total Sources	42,360,526

* The permanent financing assumes 30 year debt with a 5.25% interest rate.

Scenario 1A is based on the FEC's ability to proceed with rehabilitation of the Eschweiler buildings as proposed. Should the FEC not be able to proceed, the developer has indicated in previous correspondence to the City, and verified through separate review, that rehabilitation of the Eschweiler Buildings is not financially feasible without significant public participation due to high extraordinary redevelopment costs.

Scenario 2A is Administration Preservation in which four of the five buildings would be demolished with preservation of the administrative building with subsequent new construction of approximately 192 rental units (total of 219,156 gross square feet). The project costs of Scenario 2A were estimated by the Developer and include the following:

Uses	Amount
Land Acquisition	\$4,000,000
Construction Costs	\$33,196,112
Development Costs	\$1,683,200
Marketing & Property Start-up	\$320,000
Financing	\$1,468,432
Reserves	\$250,000
Development Contingency	\$250,000
Developer Overhead and Fee	\$2,167,250
Total Project Costs	\$43,344,994

The above costs were estimated by the Developer. Additional detail is provided below:

- The land acquisition costs of \$4.0 million (approximately \$500,000/acre) are based on the Developer's contracted cost with the UWM Foundation. Comparable land sales in the City are closer to \$300,000/acre;
- Underground parking construction costs are included with total project cost estimates and are approximately \$20,000 to \$25,000 per stall for a total of 228 parking stalls;
- Site improvement costs are related to the development of the site and include costs for permits, landscaping, paving, site utilities, and utility fees amongst other costs;
- Development budget per unit is approximately \$225,755;
- Developer Fee is based on 5% of the total project costs including land acquisition, construction, development, underground parking and soft costs;
- Small development contingency of \$250,000, most included within individual cost estimates; and
- Additional amenities anticipated to command slightly higher rents.

The permanent financing for the project includes, permanent private debt, partially supported by public subsidy revenues and Developer equity as follows:

Sources:	
Conventional Mortgage	30,684,506
TIF Request	2,500,000
Investor Equity	9,076,863
Developer Deferred Overhead and Fee	1,083,625
Total Sources	43,344,994

* The permanent financing assumes 30 year debt with a 5.25% interest rate.

Developer Request for Tax Increment Financing Assistance

The Developer, Mandel Group, submitted a request for TIF assistance in the amount of \$2,500,000 to finance extraordinary costs associated with redevelopment of the project site and subsequent construction of the proposed new project. Based on the developer's application of total estimated project costs, the City could consider tax increment assistance for financing of the following extraordinary project costs (not including acquisition) associated with the redevelopment project:

Project Costs	Estimated Amount
Site Development Costs, Underground Parking	\$2,500,000
Total	\$2,500,000

There will be significant redevelopment costs associated with the proposed project and any public financing assistance would be based on project cost eligibility and public policy. Structured, or underground parking, addresses the density issues of the District and is expected to also enhance the overall project performance. Other potential redevelopment costs the City could consider financing may also include rehabilitation, historic preservation costs, public improvements, and site development costs.

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the developer's initial project costs through the issuance of bonds or as an internal loan. Future tax increment would be collected by the City and used to pay debt service on the bonds or repayment of the internal loan, which includes principal and interest. With pay-as-you-go financing, the developer would finance all project costs upfront and is reimbursed over time, plus interest, for a portion of those costs as revenues are available. The developer's request includes upfront assistance.

Tax Increment Analysis

In order to estimate the amount of TIF revenues generated by the proposed development, certain assumptions were made based on the value of the project, construction schedule, and anticipated financing terms.

- Base value of \$0 (value included in existing district)
- Completed building value of \$20,160,000
 - Based on comparable apartment development valuations
 - 192 apartment units
 - \$105,000/unit
- Total value to be land and building combined
- Construction schedule:
 - 25% complete by December 31, 2014 and
 - 100% by December 31, 2015
- TIF District term
 - Final year of collection 2037– maximum term
- Tax rates and future market values remain constant
 - 0% annual

Tax Increment Revenue Estimates

As indicated earlier in this report, the proposed project is within the existing Tax Increment District No. 6. The estimated revenue projections are based on the redevelopment activities of the former Eschweiler building project site. It is important to note that if the construction of housing occurs on this project site within the District, the City will have the ability to pool available tax incremental revenues from its existing Tax Increment District No. 2 to finance a portion of the road improvement costs currently underway. This would provide the City and the District with considerable flexibility for future financing needs of Tax Increment District No. 6.

Based on the assumptions outlined in the previous section, the total projected tax increment revenues of the TIF District are estimated to be approximately \$9.7 million. The Developer's request for assistance is \$2.5 million. Based on the estimated completed market value and construction schedule of the project included in the Tax Increment Assumptions, should the full request be granted without interest it would leave approximately \$7.2 million available for other eligible uses within the District that would meet the City's objectives related to redevelopment of the project site. The available amount would be less if interest payments are included. The projected available amount of tax increment revenues, therefore, is summarized below:

Total Projected Tax Increment	\$9.7 million
Developer Request	\$2.5 million
Remaining City Amount	\$7.2 million

Financial Feasibility/Developer Return

Utilizing the development pro forma prepared by the Developer we evaluated the proposed project based on rehabilitation of the Eschweiler buildings for financial feasibility. The Developer provided a 15-year operating pro forma for the proposed project, which included all operating revenue and expense assumptions for the development, along with the appropriate inflation assumptions. The Developer's pro forma did not include tax increment projections, so we prepared those as described in the next section.

In approving a TIF district and project, the City must make several findings, including the "but for" test: that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The Developer has provided financial information representing that financial assistance from the City is necessary to provide sufficient funding to allow the project to proceed and cash flow to create market returns to investors that will achieve project feasibility. The developer states the assistance is necessary to construct the project as proposed based on current financial indicators. Based on the developer's stated position relative to the need for tax increment financing assistance, the City could make its "but for" finding and provide tax increment assistance.

We recommend, however, that the City also consider an appropriate level of TIF assistance for the project based on the information submitted by the developer. The City's position relative to the use of tax increment has typically been to finance extraordinary costs and level the playing field of potential

redevelopment sites. The level of assistance is in part dictated by the ‘extraordinary’ costs of the project. There are significant redevelopment costs associated with the development proposal that includes demolition, site improvements and underground parking. Underground parking will be necessary to achieve the projected rents of the project at completion and maximize density on the project site.

Following thorough evaluation of the project, the City will be prepared to make an informed “but-for” decision based on the likelihood of the project needing assistance, as well as the appropriate level of assistance. The “but-for” test is used to determine whether a project is likely to proceed as proposed without the use of public dollars. To complete this analysis we constructed and examined two fifteen-year project proformas, one showing a result if the developer receives the requested TIF assistance and one showing a result without assistance. Our analysis of the proforma included a review of the development budget, projected operating revenues and expenditures, and the project’s capacity to support annual debt service on the first mortgage and notes.

Springsted performed an analysis using the Internal Rate of Return (IRR) mechanism to estimate the proposed project’s rate of return. The rate of return on equity is an annual test and considers the before-tax cash flow as a measure of the equity invested to determine the developer’s return. The internal rate of return measures the average annual yield on an investment, generally over a longer period of time, which in this case is 15 years. The internal rate of return measurement is typically what is used by public agencies to determine the need for a subsidy.

Generally, should the rates of return lie below a reasonable range without assistance; we could assume the project as proposed would not move forward without assistance. Should the returns lie within a reasonable range with the assistance, we could assume the amount of assistance tested is appropriate for the project. All such estimates should be viewed as general indicators of performance and not exact forecasts. The number of current and future variables affecting these estimates and actual results are great.

The Developer provided a fifteen year operating proforma of the project. The ‘with assistance’ scenario assumes the project receives upfront tax increment assistance from the city in the full amount of the gap. Sources of funding include City upfront assistance, first mortgage, equity and deferred developer fee. This scenario provides the preferred returns the project needs to attract investor equity. To understand the impact of adjustments to these amounts Springsted modified the amounts of the mortgage and equity. However it is important to note that the Developer has stated any adjustments to the assumptions and performance of the project would make it infeasible. The Developer’s projected rates of return are lower than the financial information provided in the initial project proformas, indicating a higher level of investor equity has been attracted to finance the project with expected similar returns. Based on the projected cash flows of the project at completion, it seems unlikely it would be able to attract additional equity without increased revenues available to support the project.

In the ‘without assistance’ scenario it is assumed to be the same project, but privately financed without any tax increment assistance. To make up the gap the Developer would need to either provide increased equity and/or receive additional bank financing to close the financing gap. The Developer has indicated it is unable to obtain increased bank financing or add any ‘cash equity’ or investor equity due to the performance of the project without additional revenues. The likelihood of these scenarios (‘without

assistance’) will ultimately be determined by the marketability of the project and the Developer has indicated it is not able to add any debt or equity to the project. Springsted’s review of the project proforma has verified that based on the project assumptions without assistance the project would not be feasible.

In addition to the rate of return analysis described above, we also reviewed the debt service coverage ratios of the proposed project operating proforma, as compared to the initial information provided to us. The developer ‘with assistance’ scenario includes debt coverage of 1.30 upon project stabilization. The ‘without assistance’ scenario that would include additional mortgage financing is not projected to meet the targeted debt coverage ratios assuming the same revenues are received and would impact the project making it not feasible.

There is no set IRR benchmark that dictates whether a project needs TIF assistance or not. There are general market indicators that determine a project should be “doable” with a 10-year average return of 10-20%. However this is only an indicator and may or may not apply for each individual project, especially in today’s market, and there may be other factors impacting the developer’s ability to proceed. The developer has stated that the project will not occur without TIF assistance. Therefore, the City should view the IRR calculations as one factor in arriving at a decision for this particular project.

Conclusion

The project proposal involves the redevelopment of several historic buildings within the City of Wauwatosa. The Developer has provided the City with two development scenarios to redevelop the project.

- 1) Complete Eschweiler Preservation with Forest Exploration Center (FEC) and new construction in place of the rehabilitation into apartment units, amenities building and community meeting space, with corresponding site improvements, and underground parking.
- 2) Administration Preservation with preservation of a portion of the administration building with subsequent new construction into apartment buildings, amenities building and community meeting space, with corresponding site improvements, and underground parking.

The Developer provided financial information and operating proformas for both scenarios with identified financial gaps. The Developer has indicated that public financial assistance is needed in both scenarios in order for the project to proceed. From previous development scenarios provided to the City, it appears the developer has attracted additional investor equity to the project as a means of closing the financial gap; however the amount of equity available is ultimately based on performance and rates of return of the completed project. The rates of return of the revised project scenarios are lower than the original project scenarios previously provided to the City, and based on the Developer’s information all sources of investor equity have been exhausted based on the projected returns and investor equity thresholds. Thus the amount available to finance the project is less than the total amount needed to allow the project to proceed without public assistance and a financing gap exists. Public assistance through upfront tax increment financing has been requested as a means of closing the identified upfront gap.

The Developer will bear risk until project completion and permanent financing is in place, and continued operating risk thereafter. This level of risk demands a positive return in which the Developer has provided minimum threshold levels of equity returns as required by its equity investors. Based on our

City of Wauwatosa, Wisconsin
Feasibility Study – Proposed Eschweiler Building Rehabilitation
September 19, 2013
Page 9

review of the financial components of the project, we can determine that the Developer will need some type of financial assistance to allow for either scenario to proceed. However, further discussion will assist with determining the appropriate amount and type of assistance, based on Developer feasibility and City policy objectives.

The proposed financing structure of the project includes as sources private investor equity and developer equity in the form of a deferred developer fee. Consideration of increased investor equity and/or increased developer equity will be contingent upon the required returns and expected financial performance of the project. Review of the project proformas indicates that with assistance and upon full build out and stabilization, the project is expected to be healthy and should perform well. A project that is expected to be successful would be attractive to equity investors and provide the required upfront capital; however that amount is limited by the projected rates of return and not sufficient to finance the entire amount necessary.

Financial assistance is necessary to finance the extraordinary redevelopment costs associated with development of the site due to the limitations on available debt and investor equity available. The extraordinary redevelopment costs, including underground parking, are necessary to generate projected rental rates of the project. Further analysis and review will have to determine if assistance could be provided as pay-as-you-go, or reimbursement, for certain costs. We also recommend the City consider cash flow performance of the overall TIF District No. 6 and how this project will impact future cash flows of the district.

Thank you for the opportunity to be of assistance to the City of Wauwatosa. We look forward to discussing next steps of this project with you. Please contact us at (651) 223-3000 or mhuot@springsted.com and tschertler@springsted.com with any questions or comments.

City of Wauwatosa, Wisconsin
 Tax Incremental Financing District No. 6
 Preliminary Tax Increment Revenue Projections - The Mandel Group Proposal
 SCENARIO 1: 192 TOTAL UNITS WITH INCREMENTAL OF \$105,000/UNIT FOR TOTAL OF 20.160 MILLION - 0% MARKET VALUE INFLATOR

Valuation Year	Annual Increased Value of New Buildings	Cumulative Value of New Buildings & Improvements	Cumulative Value with Inflation	Value Due to Personal Property	Total Estimated Taxable Value	Base Value *	TID Value Increment	2012 Net Total Tax Rate	Annual Tax Increment Revenue /1000
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1/1/2011	-	-	-	-	-	-	-	22.700	-
1/1/2012	-	-	-	-	-	-	-	22.700	-
1/1/2013	-	-	-	-	-	-	-	22.700	-
1/1/2014	5,040,000	5,040,000	5,040,000	-	5,040,000	-	5,040,000	22.700	-
1/1/2015	15,120,000	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	-
1/1/2016	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	114,408
1/1/2017	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2018	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2019	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2020	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2021	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2022	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2023	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2024	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2025	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2026	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2027	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2028	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2029	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2030	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2031	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2032	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2033	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2034	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2035	-	20,160,000	20,160,000	-	20,160,000	-	20,160,000	22.700	457,632
1/1/2036	-	20,160,000	20,160,000	-	20,160,000	20,160,000	-	22.700	457,632
1/1/2037	-	20,160,000	20,160,000	-	20,160,000	20,160,000	-	22.700	457,632
Totals:	\$ 20,160,000								\$ 9,724,680

* Assume base value of new development to be \$0, included within calculation of entire district.

7525 Oakhill Avenue
Wauwatosa WI 53201

August 26, 2013

To: All Common Council Members
City of Wauwatosa
7725 West North Avenue
Wauwatosa WI 53213

Re: Mandel Residential Project
Approve the project and TIF

As current chairman of the Wauwatosa Historic Preservation Commission, I have a broad perspective of Mandel Group's apartment complex planned to be built on the UWM Innovation Campus. One of the important features of the project is the historic Eschweiler buildings.

Mandel has done a lot of work planning all aspects of the residential development over the last two years, and the HPC was a forum for the presentation, discussion, and critique of that work. Mandel has appeared at many HPC meetings, some of them public hearings. Each time they appeared, some progress was made on the project and on the role of the Eschweiler buildings within the project. Last year Mandel dealt with the public outcry regarding the possibility that some of the Eschweiler buildings be torn down because of cost of rehabilitation. Mandel people were always sensitive to public opinion and comments by the HPC members. They have been cognitive of the standards of Wauwatosa, known as a city of wonderful homes, and to the needs of the Innovation Campus, and they gradually came up with a design for an apartment development that we all can be proud of. The plan encourages the possibility that all four Eschweilers be used as a charter school, if the interested tenant, the Forestry Exploration Center, can raise the money to do the rehabilitation. The plan also has an excellent alternative which preserves the largest of the Eschweilers, the Administration Building, and reduces two Eschweilers to walled gardens. The gardens would be very pleasant outdoor spaces within remnants of the walls of the old buildings. Open to the general public, the gardens would be places where residents of the apartments and the rest of Innovation Campus would gather to relax and to socialize.

The new buildings, arranged in an arc around the Eschweilers, make for a charming residential community. The outstanding architecture complements the Eschweilers. The project does justice to its prominent position on a high hill.

The HPC, a part of Wauwatosa city government, carrying out the mission of the city regarding preservation of historic buildings as stated in the city ordinances, has approved Mandel's plan. This is one good reason for the city to invest TIF in a project that includes these very charming and respected buildings.

Mandel Residential Project, contd.

August 20, 2013

There is another reason, a very practical one, to support a project that renovates the Eschweiler buildings. The Eschweilers are not just historical, they are a tremendous asset to the residential project because they are handsome buildings, charming and attractive. Mandel realizes their value as an element of the apartment project. This is a common sense approach, using the buildings as amenities for tenants to enjoy. It is a wise business decision because the buildings help attract and retain tenants.

The Mandel project is a reasonable approach. It doesn't demand saving all the Eschweiler buildings at any cost. It saves all of them only if a prospective tenant like the FEC is able to provide the money to do it. In either case, about \$2.5M TIF is needed. This amount is not beyond what practically any other real estate project would be granted. It would insure a tax increment of about \$20M.

For comparison, the ABB building being built now on the Innovation Campus is receiving \$2.1M in TIF and will provide a \$13M tax increment. The apartment building proposed in March on Church St. next to the fire house was expecting \$1.4M in TIF and would have provided only an \$8.2M tax increment. The apartment project on 62nd St. north of State Street, similar in size to the Mandel project and recently approved by the Plan Commission, is reported to be asking for \$2.53M in TIF. (Projects are commanding this kind of support from the city without even preserving any historic buildings.)

In a recent development, it appears that the Wisconsin State Historical Society, an agency of state government, will also do a review of the Mandel project because of the historic status of the Eschweilers. This is a duplication of the process that your local HPC has gone through, and the WSHS is likely to come to the same conclusion and recommendation as the HPC. But even if the WSHS recommendation is somewhat different, you need to decide what you think is the best solution for the City of Wauwatosa at Budget and Finance Committee and Common Council meetings that are likely to be held in September and early October.

It's a great project, beautiful new apartment buildings augmented by revered Eschweiler buildings. I've lived in Wauwatosa my entire adult life, and this project looks to me like an opportunity of a lifetime, fully worthy of TIF money. I urge you to approve it.

Charles Mitchell

414-258-1525



September 9, 2013

Alderman Dennis McBride
Wauwatosa Common Council President
Wauwatosa City Hall
7725 W. North Avenue
Wauwatosa, WI 53213

RE: Support for Eschweiler Residential Development on Innovation Campus

Dear Alderman McBride:

I am writing to express the support of the Commercial Association of Wisconsin REALTORS® for the Eschweiler residential development on Innovation Campus proposed by Mandel Group, Inc. As the voice of the commercial real estate brokerage industry in our area, we reaffirm our support for the proposal and encourage the Community Development Committee to approve the request.

The Plan Unit Development (PUD) Amendment allows the development to create \$20 million in tax base. The \$2.5 million Tax-Incremental Financing (TIF) investment by the City of Wauwatosa leverages and contributes to Mandel Group's financing to allow the historic Administration Building to be preserved.

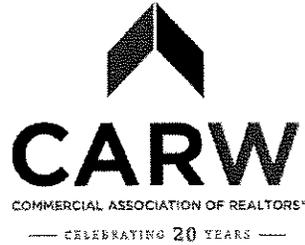
We support the Forest Exploration Center (FEC) in its endeavor to create The University Lab School and preserve the remainder of the Eschweiler buildings. We also support the plan in which two of the Eschweiler buildings become walled gardens. Both of these plans result in the creation of homes for over 250 Wauwatosa residents who will contribute to the local economy.

We believe the broader UW-Milwaukee Innovation Park project is a vital addition to our community, which will enhance economic development in our region. The proposed addition of Mandel Group's residential development and the Forest Exploration Center's STEM School further enhance this project, bringing new vibrancy to the County grounds and new educational options for our community's children.

In addition, the current proposal represents the first viable plan to redeveloping the vacant and deteriorating Eschweiler buildings. Moving forward with the PUD Amendment and TIF application, as proposed, creates the opportunity for the FEC to develop its school and achieve the restoration of all of the Eschweiler buildings.

The voice of commercial real estate in Wisconsin
735 N Water Street, Suite 205 | Milwaukee, Wisconsin 53202
414.271.2021 | Fax: 414.271.6126
info@CARW.com | www.CARW.com

13 0910PM 10:01 AM 10/09/13 CLERK



We applaud the work of community leaders in helping forge this plan, which creates the opportunity to enhance economic development, while preserving historic assets. We encourage you to join us in supporting this project and pass the PUD Amendment as well as the TIF application.

Sincerely,

Jim Villa, CAE
President & CEO

cc: Mayor Kathy Ehley
Wauwatosa Common Council
Community Development Committee Members
Budget and Finance Committee Members

The voice of commercial real estate in Wisconsin

735 N Water Street, Suite 205 | Milwaukee, Wisconsin 53202
414.271.2021 | Fax: 414.271.6126
info@CARW.com | www.CARW.com

Robert R. Dennik
4115 N. 111th Street
Wauwatosa, WI 53222

September 23, 2013

Mayor Kathy Ehley
c/o Wauwatosa City Hall
7725 W. North Avenue
Wauwatosa, WI 53213

Dear Mayor,

When I started in as the Director of Economic Development for Milwaukee County in 2002 I went on a tour of the County grounds to see the Eschweiler buildings and hear the discussion surrounding them in the City of Wauwatosa. When I toured the buildings and talked to the tenants at that time, it was my hope that someday there would be a greater and better use for the grounds. Some of the buildings had been abandoned and were in disrepair for years before the Walker administration. The tenants occupying those buildings had hopes of carving out a piece for themselves and did not envision a greater possibility for the grounds.

I honestly believe that the day of a grander vision has come with the development that Mandel Group has proposed in conjunction with the Forest Exploration Center. A regional charter school that integrates with UWM, the local industry, the surrounding forest, and the school district would be an exceptional use on Innovation Campus.

I recognize that the task of financing the rehabilitation of these costly buildings is a difficult one that remains uncertain. If the Forest Exploration Center cannot finance the renovation of these buildings, Mandel Group has developed a creative preservation plan to rehabilitate the Administration building and preserve two of the remaining three Eschweiler buildings in a modern way with its walled garden design. This type of creativity is also appropriate for **Innovation** Campus.

Mandel Group's development strikes a balance amongst many interested parties on these grounds. Their creativity and refinement of its plan with the community allows the creation of long-term property tax base that is needed by the city. It will bring additional revenue that will only enhance one of the best school districts in the state.

It is my hope that the Council agrees that this plan is one of the best developed plans for the reuse of the Eschweiler site and that the Council approves the \$2.5 million Tax Incremental Financing request by Mandel Group.

Sincerely,

Robert R. Dennik

cc: Paulette Enders

Attachment: Support Letter from Robert Dennik for Mandel Group proposal and TIF funding request (1682 : TIF 6 Mandel TIF Assistance for

To: Mayor Ehley and All Common Council Members
The City of Wauwatosa
 7725 West North Avenue
 Wauwatosa, Wisconsin 53213

Re: Save the Eschweilers!
Approve the Mandel residential project and the use of TIF funds

I urge the Common Council to back economic development and historic preservation through the use of TIF funding to support restoration of the Eschweiler buildings.

The Eschweiler buildings should be saved

Not every old building is worth saving; special effort is called for to save important buildings. This is a landmark property: the Eschweiler campus buildings tell the story of the evolution of this land from rural Wauwatosa, to the former School of Agriculture and Domestic Economy, through the depression era County "Poor Farm" and Home for Dependent Children, the development of the "County Institutions" and now Innovation Campus.

Moreover, these buildings are intrinsically significant: the structures exhibit detailed design by Alexander Eschweiler, one of Milwaukee's most highly regarded architects, and are constructed of high quality materials exhibiting lost skills of building artisans. In addition to National Register of Historic Places status, the buildings have both Milwaukee County and City of Wauwatosa landmark status.

This development is the best way to do it

The quality residential development proposed by Mandel around the Eschweiler campus is a sensitive plan complimenting the historic buildings. The new apartments have a traditional form with modern details that pay homage to the shape and size of the school buildings without copying them. The careful layout of the new buildings maximizes open space and maintain wildlife habitat.

The Mandel development is the economic engine making adaptive reuse of the Eschweiler buildings feasible; they will not be saved without this development generating new property tax income. The synergy of this residential growth, the ground swell of support for preservation of the Eschweiler campus and anticipated University Laboratory School use are linked together. The hope is that the University Lab School will raise the funds required to save all of the buildings. But absent that, the use of TIF funds to preserve the Administration building provides lenders and investors for the Mandel development certainty the Administration building preservation will be achieved. The Mandel development, preservation of the Eschweiler Campus, and University Lab School stand and fall together.

The TIF Funds are needed

The apartment development can't possibly support the extensive and expensive restoration needed to preserve the building materials and details required by national preservation standards. Responsible and accurate historic preservation require conservation of the huge existing wood windows, restoration of the intricate brickwork, and reconstruction of the prominent slate roofs.

The buildings are in such a deteriorated condition it is not economically feasible to complete the required restoration without additional support. They can only be restored with a level of investment private development cannot make. Public investment to be repaid by property taxes from the new development can fill the funding gap which private investment and philanthropy can't close.

The Eschweiler buildings are in extreme disrepair from lack of maintenance, lack of viable use, and lack of investment. The buildings can, however, be saved. They are fundamentally sound enough to still save, but they won't be in a few years' time if neglect continues. With appropriate public support, the Eschweiler buildings can be restored and repurposed, ready for another 100 years of use.

This is a proper use of TIF funds

The Eschweiler development site is akin to a "brownfield," a former industrial or commercial site where future use is affected by previous development or environmental contamination. TIF funds are commonly used to mitigate the additional cost of redeveloping a brownfield site, bridging the cost gap between the proposed brownfield site and a comparable "greenfield" site, which has never been developed. Previously developed sites often have encumbrances like buried foundations from demolished buildings and cleanup costs from industrial uses.

The Eschweiler campus site can be thought of as posing an economic burden similar to a brownfield site because of the duty to preserve the legacy buildings at considerable expense, meaning costs above and beyond a comparable greenfield site. The campus buildings have suffered from 75 years of neglect by Milwaukee County; now the piper must be paid to make up for this prior lack of investment. The community will benefit from redevelopment that is otherwise unfeasible by using TIF funds to close the gap, making economic development happen that otherwise would not.

The TIF funds will preserve habitat and open space as well

Preserving the historic Eschweiler campus has an economic price beyond the rehabilitation of the buildings; the sensitive plan proposed has site development costs above other comparable properties. Maintaining open space and habitat requires underground parking rather than surface parking. Constructing new buildings at a size and scale that respect the Eschweiler buildings means extra cost per apartment unit. The TIF funds close the cost gap between this environmentally and historically important site and greenfield sites which do not have the same economic loads.

Action is needed now

This is the last chance to rescue these buildings. Without use of TIF funds, the Eschweiler Buildings will likely be demolished. This is the only plan put forth that makes sense. There is no other feasible idea that will allow these buildings to be preserved. Now is the time to act!

This valuable land can be wisely developed to positively impact Wauwatosa, Milwaukee County and Wisconsin, becoming a catalyst for innovation and prosperity. This is our best prospect to move forward, balancing preservation, environmental conservation, and economic development. Let's not miss this once in a lifetime opportunity.

I urge the Common Council to approve the use of TIF funding to support the restoration of the Eschweiler Buildings and the Mandel Development plan.

Respectfully,

George M. Beyer
7031 West Wisconsin Avenue
Wauwatosa, Wisconsin 53213

From: Tom Gaertner <tgaertner@mpcfin.com>

Date: September 23, 2013, 5:47:36 PM CDT

To: "cberdan@wauwatosa.net" <dbirschel@wauwatosa.net>, "kcausier@wauwatosa.net" <pdonegan@wauwatosa.net>, "jdubinski@wauwatosa.net" <bewerdt@wauwatosa.net>, "jmoldenhauer@wauwatosa.net" <jorgan@wauwatosa.net>, "bpantuso@wauwatosa.net" <jroznowski@wauwatosa.net>, "thanson@wauwatosa.net" <jtilleson@wauwatosa.net>, "gwalzchojnacki@wauwatosa.net" <jwilke@wauwatosa.net>, "cwilson@wauwatosa.net" <kehley@wauwatosa.net>, "dmcbride@wauwatosa.net"

Cc: "jarchambo@wauwatosa.net" <akesner@wauwatosa.net>, "Phil Aiello(paiello@mandelgroup.com)"

Subject: Budget and Finance Committee Meeting Scheduled for 9/24/13

Madam Mayor, Council President McBride and members of the Council...

The purpose of the is email is to place on the public record my support for Mandel Group's tax incremental financing assistance request for residential development located at the Eschweiler site.

As a resident taxpayer I think the city's investment of \$2.5 million resulting in \$20 million of additional new tax base goes a long way towards controlling the growth of property taxes on individual property owners.

Thank you, in-advance, for taking my views under consideration.

Tom Gaertner
6829 Terrace Court
Wauwatosa, 53213

Thomas G. Gaertner, CFP®

Financial Advisor
MPC Advisers, LLC
16655 W. Bluemound Road, Suite 150, Brookfield, WI 53005
Direct 262.787.3233 or Toll Free 888.876.5046
Facsimile 262.785.9237
tgaertner@mpcfin.com
www.mpcfin.com

August 2013

Dear Members and Friends of the Wauwatosa Historical Society,

The Eschweiler buildings on the Milwaukee County Grounds hold a significant position in our community's history. Created for the School of Agriculture and Domestic Economy, the buildings later became part of the Home for Dependent Children. In recent years this landmark property, which is listed in the National Register of Historic Places, has fallen into disrepair. Despite their prominent reputation, the buildings' grand scale and dilapidated state, as well as the number of parties involved, make redeveloping, or even saving the buildings, a complex matter.

In 2011 the UW-Milwaukee Real Estate Foundation purchased the Eschweiler buildings and additional land from Milwaukee County with the intention of constructing an engineering school at that site. To finance the construction of the school, the foundation set aside part of the land, including the buildings, for development by the Mandel Group.

Although the Mandel Group expected to adaptively re-use the Eschweiler buildings, they encountered unexpected costs in fulfilling their original plan. An independent feasibility study ordered by the Common Council confirmed the Mandel Group's conclusion that development as initially conceived was impractical.

In 2013 an additional idea came forward in the form of the Forest Exploration Center, which proposes to rehabilitate and use the buildings as a school. In order for this to happen, the City of Wauwatosa will have to approve a TIF (Tax Increment Financing) application from Mandel for approximately \$2.5 million. The \$2.5 million TIF will be repaid in the taxes collected from the development, and, most importantly, ensure the welfare of the Eschweiler buildings. Upcoming public meetings regarding this issue are scheduled, and the Common Council will likely take a final vote on whether to approve the TIF in the coming months.

For information on the progress of this issue, follow the agenda of the Budget and Finance Committee (next meeting scheduled for September 10), as well as that of the Common Council. Both are listed on the City of Wauwatosa website, www.wauwatosa.net.

It is the opinion of the Wauwatosa Historical Society Board of Directors that the Common Council's approval of the TIF is the last chance to rescue these buildings. If the TIF is not approved, the Eschweiler buildings likely will be demolished. Please contact all representatives (listed on reverse) to voice your support of conserving the Eschweiler buildings and your agreement that the TIF should be approved.

Thank you for your support of the Eschweiler buildings preservation efforts.

WHS Board of Directors

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Gary Kebbekus

Larry Kopperud

Ken Loeffel

Rachael VerDuin

Attachment: Historical Society TIF support letter (1682 : TIF 6 Mandel TIF Assistance for Residential Apartments)

Contact Information: Please Contact All Representatives

Cheryl Berdan: cberdan@wauwatosanet.net 550-0184
Donald Birschel: dbirschel@wauwatosanet.net 476-5971
Kathy Causier: kcausier@wauwatosanet.net 771-0123
Peter Donegan: pdonegan@wauwatosanet.net 259-8973
John Dubinski: jdubinski@wauwatosanet.net 708-9978
Brian Ewerdt: bewerdt@wauwatosanet.net 915-7379
Tim Hanson: thanson@wauwatosanet.net 617-2950
Dennis McBride: dmcbride@wauwatosanet.net 258-4574
Jim Moldenhauer: jmoldenhauer@wauwatosanet.net 453-8821
Jill Organ: jorgan@wauwatosanet.net 302-9098
Bobby Pantuso: bpantuso@wauwatosanet.net 736-5700
Jeff Roznowski: jroznowski@wauwatosanet.net 258-0633
Joel Tilleson: jtilleson@wauwatosanet.net 316-2137
Gregory Walz-Chojnacki: gwalzchojnacki@wauwatosanet.net 475-0268
Jason Wilke: jwilke@wauwatosanet.net 527-1146
Craig Wilson: cwilson@wauwatosanet.net 745-5188

Carla Ledesma

From: Geoffrey L. Mykleby, DDS [geoff@myklebydds.com]
Sent: Tuesday, September 24, 2013 3:25 PM
To: Carla Ledesma
Subject: FW: Building Proposal

Dear Carla,
Wanted to forward this to you as I might be referencing this letter at tonights meeting if and when I get up and talk.
Thank you
Geoff Mykleby Family Dentistry
Geoff

From: Scott Riedel [mailto:scott@riedelsports.com]
Sent: Tuesday, September 24, 2013 1:42 PM
To: geoff@myklebydds.com
Subject: Building Proposal

My Name is Scott Riedel.
President and Owner of Riedel Sports, Inc.
8700 Watertown Plank Rd.
Wauwatosa 53226

I am also a resident of Wauwatosa now for 28 years.

Dr. Mykleby and I have had numerous discussions concerning the proposed project pertaining to the Eschweiler buildings and surrounding area. It is my opinion that this project will enhance and bring back life to an area of our city that has been abandoned and unused for many years. I am in agreement with Dr. Mykleby, as a private business owner in the area, that this project will only be a plus to bring this area and buildings back to a wonderful and useful state.

Regards,
Scott Riedel

Scott Riedel
President
Riedel Sports, Inc.
8700 Watertown Plank Rd.
Wauwatosa, WI 53226
414-607-6584

From: [Kathleen Ehley](#)
To: [Carla Ledesma](#)
Subject: FW: Support for Eschweiler Residential Development on Innovation Campus
Date: Tuesday, September 24, 2013 5:11:24 PM

FYI

Kathy Ehley

Mayor of Wauwatosa
 7525 W North Ave
 Wauwatosa WI 53213
 414-479-8915

"It is amazing what you can accomplish if you do not care who gets the credit." - Harry S Truman

From: Patrick, Rosalee (GE Healthcare) [mailto:rosalee.patrick@ge.com]
Sent: Monday, September 09, 2013 5:24 PM
To: Bobby Pantuso; Brian Ewerdt; Cheryl Berdan; Craig Wilson; Dennis McBride; Don Birschel; greg@chojnacki.us; Peter Donegan; James Moldenhauer; Jason Wilke; Jeffrey Roznowski; Jill Organ; Joel Tilleson; John Dubinski; Tim Hanson; Kathleen Causier
Cc: Kathleen Ehley
Subject: Support for Eschweiler Residential Development on Innovation Campus

Dear Wauwatosa Common Council:

My name is Rosalee Patrick, a 1991 Econ graduate of the University of Wisconsin-Milwaukee. I have lived in and raised a family in Wauwatosa since 2003. I have been involved with the UW-M Econ Mentoring Program since its inception over 5 years ago. I am currently a Board Member of the UW-M Alumni Association and also chairs the nominating committee for new members. I currently serve on the PTA board at Eisenhower Elementary School. I am one of the 2 recruitment chairs for the Boy Scout, Pack 115. I have made Wauwatosa my home and I'm very curious and happy with its growth thus far.

I am writing in support of the Eschweiler residential development on Innovation Campus as proposed by Mandel Group, Inc. The PUD Amendment allows the development to create \$20 million in tax base. The \$2.5 million Tax-Incremental Financing investment by the City of Wauwatosa leverages and contributes to Mandel Group's financing to allow the historic Administration Building to be preserved.

I support the Forest Exploration Center in its endeavor to create The University Lab School and preserve the remainder of the Eschweiler buildings. I also support the plan in which two of the Eschweiler buildings become walled gardens.

Mandel Group has proposed a development that balances historic preservation, environmental stewardship, and economic development. We are fortunate to have such an important development like Innovation Campus within our City. How many other cities would like to have a state university expand into its city, incubate businesses, create jobs, and spearhead economic development in the region? The time to move Mandel Group's development forward is now to insure the success of Innovation Campus.

I urge you to vote in favor of Mandel Group's PUD Amendment and Tax-Incremental Financing application as the benefits to the City of Wauwatosa far outweigh the investment.

Sincerely,

Rosalee Patrick

2574 N. 124th St. #445

Attachment: Patrick support letter for Eschweiler Development (1682 : TIF 6 Mandel TIF Assistance for Residential Apartments)

Wauwatosa, WI 53226

Attachment: Patrick support letter for Eschweiler Development (1682 : TIF 6 Mandel TIF Assistance for Residential Apartments)

September 6, 2013

Aldermen Moldenhauer & Donegan
Wauwatosa City Hall
7725 W. North Avenue
Wauwatosa, WI 53213

RE: Support for Eschweiler Residential Development on Innovation Campus

Dear Aldermen Moldenhauer & Donegan:

As a longtime resident, property manager and business owner in Wauwatosa, I am writing in support of the Eschweiler residential development on Innovation Campus as proposed by Mandel Group, Inc. The Planned Unit Development (PUD) Amendment allows the development to create \$20 million in tax base. The \$2.5 million Tax-Incremental Financing (TIF) investment by the City of Wauwatosa leverages and contributes to Mandel Group's financing to allow the historic Administration Building to be preserved.

I support the Forest Exploration Center in its endeavor to create The University Lab School and preserve the remainder of the Eschweiler buildings. I also support the plan in which two of the Eschweiler buildings become walled gardens. Both of these plans result in the creation of homes for over 250 patrons of local businesses.

Wauwatosa has significant momentum as an employment and retail hub. The addition of these residents and the jobs created at Innovation Campus will be important parts of the success of the local economy. Now is the time to move forward with this development to aid the recovery of our businesses.

I urge you to vote in favor of Mandel Group's PUD Amendment and TIF application as the benefits to the City of Wauwatosa far outweigh the investment.

Sincerely,

Michael Wolaver
1745 N. 72nd St, Wauwatosa, WI 53213
Magellan Promotions, Owner - 2360 N. 124th St, Suite 202, Wauwatosa, WI 53226

Cc: Mayor Kathy Ehley
Council President Dennis McBride
Wauwatosa Common Council
Community Development Committee Members
Budget and Finance Committee Members

7525 Oakhill Avenue
Wauwatosa WI 53213

03 October 2013

**To: All Common Council Members
City of Wauwatosa**

**Re: Mandel Residential Project
Approve TIF for the project**

An application has been made to the Budget & Financial Committee by Mandel Group for TIF for their residential project on the UWM Innovation Campus, as you know. One of the important features of the project is the historic Eschweiler buildings.

The residential project, comprising 188 apartment units in six new buildings, qualifies for TIF financing in the requested amount of \$2,500,000, according to Finance Director John Ruggini speaking at the last meeting of the BFC. In fact, he indicated that it would be a good investment.

Several extraordinary costs that justify the TIF were cited by Ruggini: high price of the prime land, underground parking which provides extra green space, design modifications to accommodate the neighboring butterfly habitat, and costs to renovate the deteriorating Eschweilers buildings. The discussion at the meeting concentrated on the Eschweilers.

Those handsome old buildings are an integral part of the apartment development, charming and welcoming facades for the new buildings arrayed behind. The administration building will have leasing offices, recreational and meeting rooms, and a fitness center. The charm of the old buildings adds value to the project by attracting tenants, whether they are all used as a school by the FEC, and even if two of them are reduced to walled gardens.

Old buildings, historically designated or not, are the mainstay of architecture in Wauwatosa. The village is thriving in large part because of the attraction of wonderful old buildings. Most of the single family houses in the "City of Homes" are over 50 years old, and a large portion are approaching 100. People love their older houses and have been taking good care of them.

We have to take good care of those Eschweiler buildings. They are part of our irreplaceable distinctive heritage, the same way that lovely old buildings are all over the world. What do you think attracts tourists in droves to cities like Paris, Venice, Prague and Dubrovnik? I have been to each of those (and more) and I assure you that the charming old architecture has a lot to do with it.

\$2,500,000 is a lot of money, and of course we must avoid wasteful spending. But considering only the financial aspects of this project is not good stewardship of the assets in our city. Making such an investment requires courage, but judging by all those people who spoke at the last meeting, you will have a lot of supporters. In fact, it seems that not providing financing to Mandel runs counter to the will of the people.

It's a major, complex project and there are still a few unanswered questions, but that's not unusual for a project of this magnitude. The project has been reviewed and approved by the Historic Preservation Commission, the Plan Commission and the Community Development Committee. In nearly two years of meetings and hearings, the HPC has thoroughly reviewed and analyzed the project. If the HPC could have demanded saving all four Eschweiler building and disallowed plan B, the walled gardens, it certainly would have. But it's not practical, and it is the responsibility of the HPC to recognize that.

The HPC also has an interest in keeping the total square footage of new development low. Upon review and with input from an independent auditor, the HPC came to the conclusion that Mandel has the number of apartments (188) right for a successful project.

Regarding involvement by the Wisconsin Historical Society, it is reasonable to assume that they will come to the same conclusions as the Wauwatosa HPC, and that is no doubt what Mandel is counting on. The WHS has no magic wand that can dispel the realities of finance, the economy and the real estate market, and they know it. I listened to a presentation by WHC attorney Chip Brown at a conference in April about their surveillance of historic properties, and when he came to the Eschweiler buildings, I got the distinct impression that he understood why the HPC was approving Mandel's Plan A and Plan B. On the other hand, a project that does not save any Eschweilers is very likely to draw an injunction by the WHS.

TIF for a project like this is common practice in Wauwatosa, like it is in many cities. For example, recently, the ABB office building, the Mayfair Collection shopping center, Arvada Place condominiums, the Enclave apartments, and the Annex apartments. The new apartment project on 62nd near State is reportedly planning to apply. I'm not listing the size of the TIF, the value of the development, return on investment, etc., because I expect members of the BFC to be familiar with those facts and figures.

All of those projects have extraordinary costs such that "but for" the TIF they would not proceed. What makes the Mandel project a bargain is that, in addition to handling the usual extraordinary costs, Mandel is saving some world-class historic buildings.

Mandel is proposing one of the best real estate developments ever to be done in our City and it is important to the success of the UWM Innovation Campus. This is a time when interest rates are favorable and the market for apartments is strong, and this sort of business climate does not last indefinitely. It's in the best interests of the City to provide the TIF, and to do it now.

Charles Mitchell

414-258-1525

October 6, 2013

Mayor Ehley and Common Council Members
City of Wauwatosa
7725 W. North Avenue
Wauwatosa, WI 53213

RE: Support for Eschweiler Residential Development on Innovation Campus

Dear Mayor Ehley and Members of the Common Council:

I spoke in support of \$2.5 million TIF application by Mandel Group at the September 24, 2013, Budget and Finance Committee meeting. The presentations provided by City Staff, Springsted, and Mandel Group indicated the clear economic and noneconomic benefits of this investment.

The County Grounds long have been a sensitive development topic, and the Wauwatosa community would like to see them developed with particular goals in mind. Historic preservation, ecological stewardship, and economic development push and pull developments on these grounds in various directions. As indicated by Mandel Group and confirmed by Springsted, the sum of the costs to balance these goals require a TIF investment in order to make the development feasible.

This investment delivers unique benefits to UWM, the City, and the Wauwatosa community by insuring the health of the City's \$12 million investment in the infrastructure for Innovation Campus, creating \$20 million in tax base; allowing UWM to pay down a significant portion of its obligation to Milwaukee County; continuing the momentum for Innovation Campus as demonstrated by the extensive construction at the site; providing an opportunity for the remaining Eschweiler buildings to be preserved, creating a high-quality residential community to support Innovation Campus; the Regional Medical Center, and the surrounding community; creating a new customer base for local businesses; and approving a plan that has been thoroughly vetted by many stakeholders in the community and government.

A denial of this TIF application puts the realization of all of these benefits at significant risk.

I urge you to approve the TIF Application by Mandel Group to protect the City's significant investment in Innovation Campus and to protect the varied interests of the community.

Sincerely,

Bill Otto
7720 Mary Ellen Place
Wauwatosa, WI 53213

October 4, 2013

Mayor Ehley and Common Council Members
 City of Wauwatosa
 7725 W. North Avenue
 Wauwatosa, WI 53213

RE: Support for Eschweiler Residential Development on Innovation Campus

Dear Mayor Ehley and Members of the Common Council:

I am writing in support of the Eschweiler residential development on Innovation Campus as proposed by Mandel Group, Inc. I appreciate the Common Council's approval of the PUD Amendment, which is a critical step in moving forward with this development and creating \$20 million in new tax base. The \$2.5 million TIF application is an essential component of this project and I urge the Common Council to move forward with approval.

The County Grounds long have been a sensitive development topic, and the Wauwatosa community would like to see them developed with particular goals in mind. Historic preservation, ecological stewardship, and economic development push and pull developments on these grounds in various directions. As indicated by Mandel Group and confirmed by Springsted, the sum of the costs to balance these goals require a TIF investment in order to make the development feasible.

This investment delivers unique benefits to UWM, the City, and the Wauwatosa community by insuring the health of the City's \$12 million investment in the infrastructure for Innovation Campus, creating \$20 million in tax base; allowing UWM to pay down a significant portion of its obligation to Milwaukee County; continuing the momentum for Innovation Campus as demonstrated by the extensive construction at the site; providing an opportunity for the remaining Eschweiler buildings to be preserved, creating a high-quality residential community to support Innovation Campus; the Regional Medical Center, and the surrounding community; creating a new customer base for local businesses; and approving a plan that has been thoroughly vetted by many stakeholders in the community and government.

A denial of this TIF application puts the realization of all of these benefits at significant risk.

I urge you to approve the TIF Application by Mandel Group to protect the City's significant investment in Innovation Campus and to protect the varied interests of the community.

Sincerely,

Peter and Kris Hyndiuk
 Owners of John's Sandwich Shop

October 8, 2013

Mayor Ehley and Common Council Members
 City of Wauwatosa
 7725 W. North Avenue
 Wauwatosa, WI 53213

RE: Support for Eschweiler Residential Development on Innovation Campus

Dear Mayor Ehley and Members of the Common Council:

I spoke in support of \$2.5 million TIF application by Mandel Group at the September 24, 2013, Budget and Finance Committee meeting. I am unable to attend the meeting tonight and want to again express my support for this development.

I have followed this project and believe the long term benefits and economic payoff far outweigh the small investment our community needs to make up front. However, I don't think this well thought out project will happen without the TIF investment.

I believe the Mandel Group has put together a development that will bring high quality residents to our community and at the same time preserve historic buildings and green space. In addition, I support the efforts of the Forest Exploration Center to develop a public charter science and technology school that can be based within the Eschweiler Buildings in the heart of Innovation Campus. I believe this is one of the most exciting developments happening in Southeastern Wisconsin. I am hopeful we can make it happen here in Wauwatosa.

I urge you to approve the TIF Application by Mandel Group to protect the City's significant investment in Innovation Campus and to advance the varied interests of the community.

Sincerely,

Jody R. Lowe

Home address:

6274 Upper Pkwy North
 Wauwatosa, WI 53213

Office address:

The Lowe Group
 10400 W. Innovation Drive, #120
 Wauwatosa, WI 53226

