



City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Redevelopment Authority (RDA) **LEGISLATION ITEM #:** 0052-19
Finance & Personnel Committee

AGENDA DATE: January 10, 2019 Redevelopment Committee
January 21, 2019 Finance & Personnel Committee
February 5, 2019 Common Council

DEPARTMENT:

Prepared By: Jim Palenick, City Administrator

Reviewed By: Cory Mason, Mayor

SUBJECT:

A Request from the City Administrator and Executive Director of the Redevelopment Authority (RDA) seeking approval for the use of \$90,825.00 in 2019 budgeted, "Other Programs, Professional Services" Intergovernmental (IG) Funds for contracting with Franke Development Advisors, LLC, of Mount Pleasant, along with the Rinka Architecture Firm of Milwaukee, to provide economic development and redevelopment consulting and planning services. Further, to waive formal bidding procedures requiring the advertisement and solicitation of bids for professional services exceeding \$25,000 for such consulting and planning services and to declare each such contract appropriately "sole-sourced".

EXECUTIVE SUMMARY:

The Regency Mall property, along with multiple, large-scale, retail properties adjacent or adjoining thereto, have struggled in recent years with retail bankruptcies, high vacancy rates and a vastly and negatively-altered retail environment – as shoppers have moved away from malls and big-box stores. In the face of such challenges, the City of Racine and its RDA have proactively responded with efforts and incentives designed to attract reinvestment in these areas. In 2017, we created T.I.D. #20 to provide financial incentives for needed infrastructure and sacrificial reinvestment in the mall; and, the City has continued to work closely with mall-owner and re-developer, the Hull Group, in order to determine the best possible approaches for reinvigorating interest and attracting investment back to

these properties, whether retail, commercial, housing, dining & entertainment, or a mix of such uses. And, now, in light of the Foxconn announcement, we also expect heightened demand in the area for quality, multi-family housing along with adjacent amenities and life-style service opportunities.

With all this said, and seeing how developers have achieved significant success with mixed-use, “Town-Center” style developments like Drexel Town Center in Oak Creek, we believe (City and the Hull Group) that the timing is critical to both plan for and market a re-imagined retail and mixed-use center in these areas to best bring sustainable economic vitality and investment back.

To assist in such planning and marketing, we have solicited and engaged the considerable talents of Jerry Franke of Franke Development Advisors, LLC of Mount Pleasant – the long-time WE Energies and WisPark Executive who was largely responsible for much of the successful development and redevelopment achieved in Southeast Wisconsin by the stand-alone development–arm of WE Energies, WisPark. Jerry Franke was the guiding principle responsible for developing Drexel Town Center/Town Square. Mr. Franke was also recently engaged by Racine County to complete the Housing needs analysis in response to Foxconn.

To assist Mr. Franke in the site and development planning is the renowned, Milwaukee architectural firm, Rinka Architecture, LLC, whose principle architect and owner, Matt Rinka provided design and consulting services to Franke and WisPark on the Drexel Town Square development.

BACKGROUND & ANALYSIS:

The City initially engaged Jerry Franke and Franke Development Advisors through our existing professional services contract with the Racine Economic Development Corporation (RCEDC) in 2018, in order to do some preliminary research, data gathering, and marketing prep. work. Now, however, we would like to formally engage his firm’s services for a six-month period (January 1, - June 30, 2019) to work with the Rinka firm, our property-owner partners, the Hull Group, and the investment and development community in the region, in order to develop and market a redevelopment/reinvestment plan for this important retail center. Rinka will then be engaged to complete both conceptual and schematic master site and design plans that will inform and further the effort. The Hull Group has agreed to fund 50% of all of the design services provided by Rinka, so long as the City Funds the Franke efforts and the other 50% of the Rinka design work.

We believe the use of Intergovernmental shared revenue funds (IG) is entirely appropriate in this case because they will go toward furthering what we believe can ultimately be \$Tens of Millions in new investment in exchange for a relatively modest, one-time expense for high-quality, conceptual and design plans, along with the marketing and development skills to recruit and solicit the developers who will put such plans and investment in place. Our policy states that IG funds committed should leverage \$5 in new private investment for each \$1 in IG funds spent, so our request, in this case is for \$90,825.00 in budgeted IG Funds – meaning we should see at least \$454,125 in new private investment as a result. We are fully confident this will be met and far exceeded. In addition, significant numbers of new construction and recurring operational jobs will be created in the process.

BUDGETARY IMPACT:

Within the approved 2019 Budget for IG Funds is \$200,000 for “Other Programs, Professional Services”. We are asking to utilize \$90,825 of this total to engage Franke Development Advisors for a six-month period at a rate of \$5,250/month (\$31,500); along with paying 50% of the costs of a contract with Rinka Architecture wherein they will complete Phase I conceptual designs and Master Planning efforts for \$60,500; and Phase II Schematic designs and final Master Plan for \$58,250 (combined total of \$118,750). So, our 50% portion is \$59,375, and the Hull Group will match \$59,375. The City and RDA will then, in turn, still have \$109,175 for the remainder of 2019 to assist with other professional service needs associated with economic development and redevelopment.

OPTIONS/ALTERNATIVES:

- 1.) To recommend and authorize the use of \$90,825 in 2019 Budgeted Intergovernmental Funds to engage the services of Franke Development Advisors, LLC and Rinka Architecture Inc., to perform economic development consulting, planning, and marketing services; and to waive formal bidding procedures for engaging same by declaring justification that each is an appropriate sole source provider.
 - 2.) To not recommend or authorize such expenditure.
 - 3.) To not justify procurement of these services/contractors as meeting sole source requirements.
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RECOMMENDED ACTION:

For RDA:

To recommend and authorize the use of \$90,825 in 2019 Budgeted Intergovernmental Funds to engage the services of Franke Development Advisors, LLC and Rinka Architecture Inc., to perform economic development consulting, planning, and marketing services.

For Finance & Personnel Committee & Common Council:

To recommend and authorize the use of \$90,825 in 2019 Budgeted Intergovernmental Funds to engage the services of Franke Development Advisors, LLC and Rinka Architecture Inc., to perform economic development consulting, planning, and marketing services; and to waive formal bidding procedures for engaging same by declaring justification that each is an appropriate sole source provider

ATTACHMENT(S): None