

Land Use and Development Impact Evaluation of a Potential Water Service Agreement with the City of Franklin

*Prepared by Department of City Development
December 20, 2017*

Introduction:

The City of Franklin has submitted a request to enter into negotiations with the Milwaukee Water Works to become Franklin's sole supplier of wholesale water service when Franklin's current water supply contract with the City of Oak Creek expires in 2024. In response, the Milwaukee Common Council has, following the guidelines set forth in Common Council File #080457, directed the Department of City Development ("DCD") to prepare a written analysis to gauge the potential land use and development impact that may result from a water supply agreement between the City of Milwaukee and the City of Franklin.

The Common Council has directed DCD to analyze three specific items to assist the Council in evaluating Franklin's request. These questions and DCD's detailed responses are below in the body of this document.

It should be noted that much of the analysis that follows is based upon the most current information available from the City of Franklin. While some information such as assessed land valuations is up-to-date, future land use projections come from the City of Franklin Comprehensive Plan ("the Comprehensive Plan"), which was last formally updated in 2009 and projected land uses through the year 2025. Given that those land use projections assume nearly complete "build out," they are used for the analysis in this document and were re-confirmed with the City of Franklin during the course of preparing this analysis.

Question 1: The current land use patterns in the community which has applied for water service and expected trends in land use if Milwaukee provides water to the community.

Franklin has a 2017 estimated population of 36,046 (Wisconsin Department of Administration 2017 Final Population Estimates), and is a modestly growing suburban community that has averaged population increases of slightly less than 2% annually since 2010. Unlike the majority of other communities in Milwaukee County, Franklin has ample undeveloped land that can be utilized to accommodate new growth.

Current Land Use Pattern:

At the time of the 2009 Comprehensive Plan, the three largest land uses in the Franklin were: Agricultural / Unused Rural Land (24% of total city acreage); land used as Natural Resources (23%)¹; and Residential (21%). Commercial and Industrial land uses comprise only 3% and 4% of total land area respectively.

¹ Recreational land uses (5.7%) and Undeveloped Land (6.1%) are classified distinctly from Natural Resources and Agricultural land uses

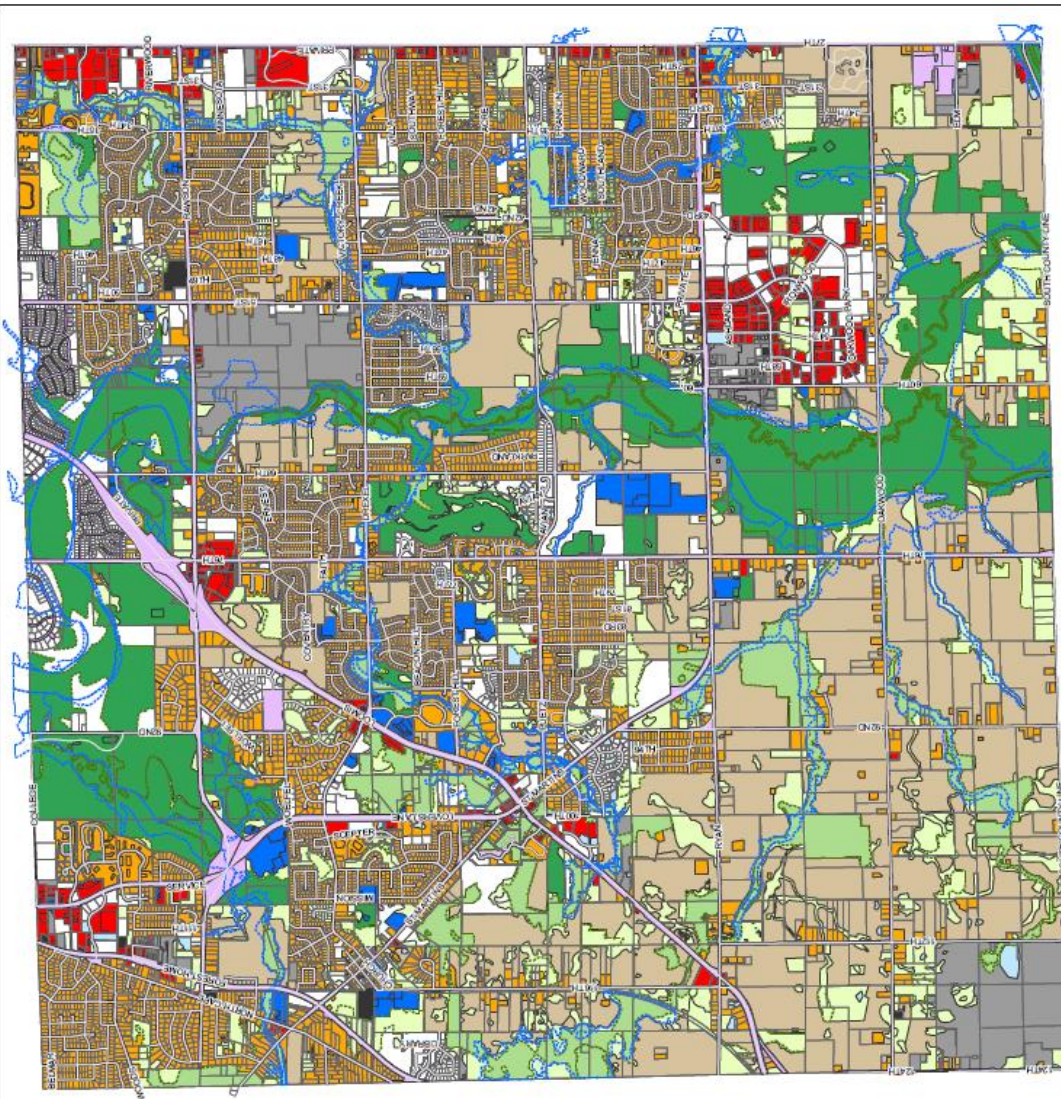
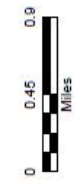
City of Franklin Comprehensive Plan

Existing Land Use - 2009 Data

- Agriculture / Unused Rural Land
- Commercial
- Communication and Utilities
- Industrial
- Institutional
- Natural Resources
- Recreational
- Residential
- Transportation
- Undeveloped Lands
- Water

Land Use Classification	Area (sq. ft.)	Acres	Percent of Total
Agriculture/Unused Rural Land	275,046,192.11	6,267.49	24.36%
Commercial	29,026,897.66	667.29	3.21%
Communication and Utilities	1,000,000.00	22.84	0.10%
Industrial	17,124,724.84	393.89	1.86%
Institutional	14,025,000.00	321.79	1.53%
Natural Resources	46,025,791.51	1,054.03	5.17%
Recreational	204,224,817.25	4,688.35	21.74%
Residential	57,000,000.00	1,297.77	6.19%
Transportation	684,844.84	15.69	0.08%
Undeveloped Lands	64,877,732.25	1,484.89	6.97%
Water	12,125,731.85	277.98	1.30%
Total	906,843,644.84	20,115.82	

- ### Environmental Features
- Floodplain
 - Primary Environmental Corridor
 - Secondary Environmental Corridor
 - Isolated Natural Resource Area



Map 1: Existing Land Use (2009)

Future Land Use Pattern:

The Comprehensive Plan does project significant changes from current land use patterns. Most notably, the Comprehensive Plan projects significant increases in commercial and residential land uses. The Plan projects 2,929 acres of new commercial development and 4,799 acres of new residential development. These projections assume that nearly all Agricultural / Unused Rural Lands, the largest land use in total area in 2009, will all be converted to new uses. The Plan calls for the addition of 1,931 acres of Natural Resource lands; and a change in use at all 1,493 acres of land classified as “undeveloped” in 2009. A comparison of these current and future land uses is shown in Table 1:

Table 1: Change in Land Use 2009 – 2025 (“build out”) Projected*

Developed Land Use	2009 Acreage	Percent of Total	Projected 2025 (“build out”) Acreage	Percent of Total	Acreage Change	% Change
Commercial	667	3%	3,596 ²	16%	2,929	439%
Utilities	48	<1%	53	<1%	5	10%
Industrial	857	4%	786	4%	-71	-8%
Institutional	336	2%	897	4%	561	167%
Residential	4,688	21%	9,487 ¹	43%	4,799	102%

**Percentages do not equal 100% as only developable land use classes are included in chart*

Future Land Use Trends:

The Comprehensive Plan describes a number of assumptions and expected land use trends that provide additional context for Franklin’s future development patterns. These trends are based upon historic and projected population growth, current and future zoning, cycles of development, geographic limitations such as wetlands and soil conditions, and City development policies. Expected land use and development trends noted in the plan include:

- Community character will remain primarily suburban
- Steady population growth will continue
- Average household size will decrease
- Average household income will increase
- A 70:30 ratio of residential to commercial assessed valuation will continue to be the preferred development pattern
- Residential development will continue to be comprised of single-family suburban densities
- Annexation and / or expansion outside current City limits is unlikely

² This chart and the projections in the document assume that 50% of the land classified in future Franklin land use projections as “mixed use” is built out with residential uses and 50% is built out with commercial uses.

Future Land Use Map

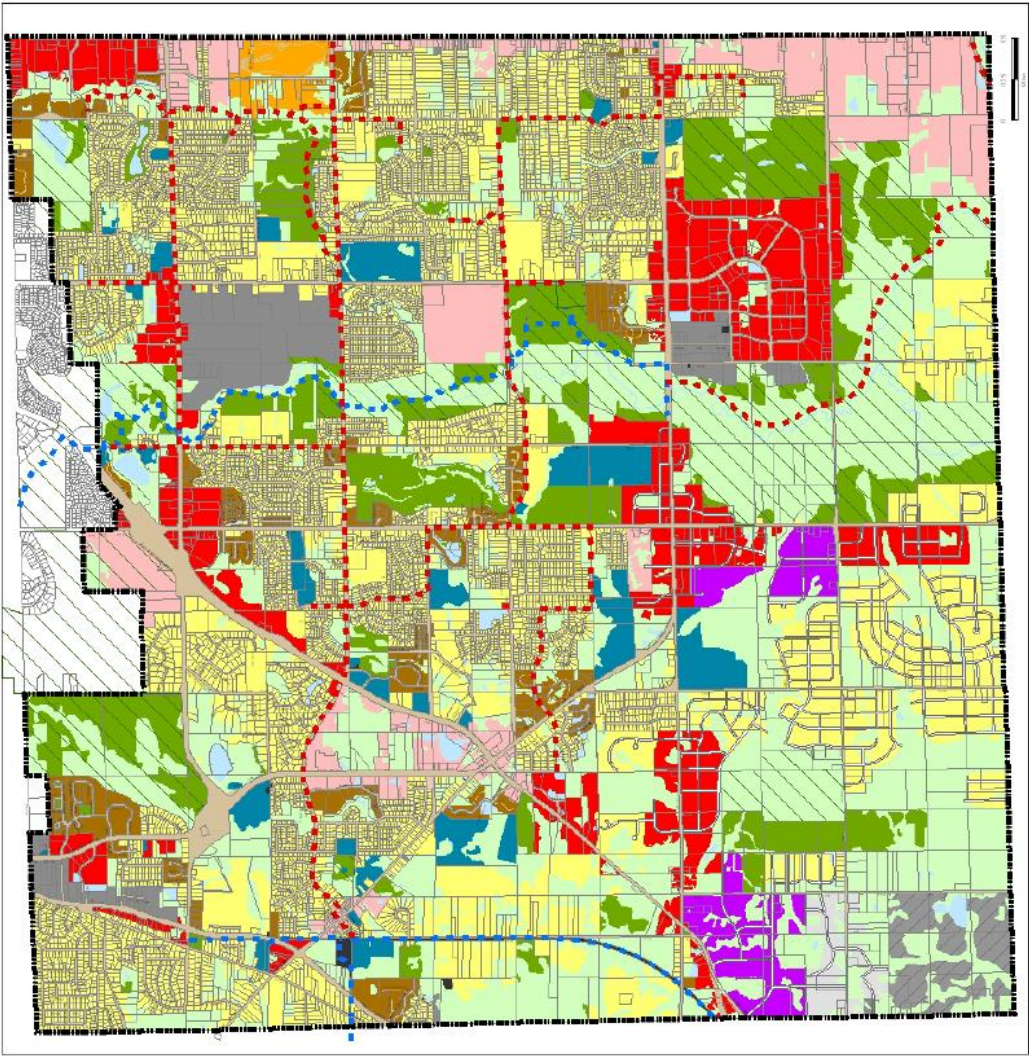
2025

Map 5.7

Legend

Future Land Use

- Areas of Natural Resource Features
- Business Park
- Commercial
- Communication and Utilities
- Industrial
- Institutional
- Landfill
- Light Manufacturing
- Mixed Use
- Office
- Recreational
- Residential
- Residential - Multi-Family
- Transportation
- Water
- Future Roads (SW Plan)
- Existing Trail
- Proposed Trail
- Milwaukee County Parkway



Note:
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Map 2: Projected Land Use

Limits to Development

The future land use section of the Comprehensive Plan also identifies a number of natural limitations to development that are highlighted to predict where future development will occur. The three most significant natural impediments to future development identified are: Floodplains, Wetlands, and Hydric Soils. It is notable that water supply is not listed as a concern or development impediment. As discussed in greater detail in response to Question 2, Franklin currently has an adequate and reliable source of water, and thus the projected future development described in the Comprehensive Plan is not contingent on or likely to be meaningfully impacted by a switch of water service providers.

Question 2: Whether water can be used directly or indirectly to facilitate new residential, industrial, or commercial (including retail) development in the community which has applied for water service, and the value of such development and the number of new jobs and residents that such development will generate.

A reliable supply of water is a requirement for any residential, commercial, or industrial development and if the City of Milwaukee became the provider of water for the City of Franklin, Milwaukee water would undoubtedly help facilitate new development in Franklin. However, in analyzing Franklin's water supply request, it is important to note that Franklin already has access to an adequate and reliable supply of Lake Michigan water through its agreement with the City of Oak Creek. Therefore, with limited exceptions, any new development occurring after a potential switch to Milwaukee water would likely occur under any circumstances.

Unlike the City of Waukesha at the time of its water request, the City of Franklin and its water utility will very likely continue to have access to Lake Michigan water for the indefinite future, either through agreements with the City of Oak Creek or with another supplier, e.g. South Milwaukee or Racine. While formal negotiations have not begun between Milwaukee and Franklin, it is DCD's understanding that any potential agreement for Milwaukee water will not increase the City of Franklin's water service area or amount of water available to Franklin water customers beyond what would be available through other suppliers. As a result, any future development and the resulting potential increase in tax base and jobs would in all likelihood still occur absent a water supply agreement with Milwaukee.

The entirety of the City of Franklin falls within the Southeastern Wisconsin Regional Planning Commission's ("SEWRPC") approved sanitary and water service area as shown on Map 3 and Map 4. Franklin is also completely within the Milwaukee Metropolitan Sewerage District service area as shown in Map 5.

The potential financial impact of the development envisioned by the Comprehensive Plan is detailed below. It is important to note that whether this development actually occurs remains speculative and subject to a wide variety of factors and market forces.

Commercial Development

There are currently 2,482³ commercially developed acres in Franklin with a total assessed valuation of \$776,873,400 or \$313,003 per acre. Commercial development includes office, retail, professional and business services, and research and development (as well as 50% of the projected future mixed use development projected by Franklin). New commercial development is projected to occur on 1,114 acres, creating additional potential value of \$349 million and an estimated 11,140 new jobs. When estimating job growth, SEWRPC uses a job per acre factor depending on specific land use class. For commercial land uses, SEWRPC breaks down the “commercial” class into more specific sectors such as office, retail, services, and mixed-use in order to arrive at a more refined estimate. Since data for these more specific job classifications are not included in the Franklin Comprehensive Plan, this analysis uses a more general estimate of 10 jobs per commercial acre that has been used in recent comprehensive planning and market study forecasts for communities similar to Franklin.

Industrial Development

Industrial acreage in Franklin is projected to increase from 548 in 2017 to 786 at build out, or an additional 238 acres. Based upon the assessed valuation of industrial land in Franklin of \$265,871 per acre, this increase in developed industrial acreage will be expected to add an additional \$63 million in assessed value. Using the SEWRPC standard of eight jobs per industrial acre, this expansion could result in the creation of 1,904 jobs.

Residential Development

According to Comprehensive Plan projections, residential land development in Franklin is expected to increase from its current residential acreage of 6,693 to an estimate of 9,487 acres or an expansion of 2,794 acres. Franklin’s current residential valuation is approximately \$2.8 billion or \$424,049 per developed acre; therefore, this additional development would be expected to add \$1.2 billion in assessed value if completely built out to Comprehensive Plan projections.

Overall, the projected value of additional commercial, industrial and residential development in Franklin at build out is estimated to be over \$1.5 billion and add 13,044 full-time and part-time jobs. (See Table 3).

³ The acreage totals for various land uses in this section differ from the figures in Question One due to the fact that additional development has occurred since the completion of the 2009 Comprehensive Plan.

Table 2: Assessed Value of Development

Land Use Classification	Current Acreage (2017)	Projected Acreage (2025 / "build-out")	2017 Total Valuation	Current Value Per Acre	Projected 2025 ("build-out") Value
Commercial	2,482	3,596	\$776,873,400	\$313,003	\$1,125,558,788
Industrial	548	786	\$145,697,200	\$265,871	\$208,974,606
Residential	6,693	9,487	\$2,838,161,900	\$424,049	\$4,022,952,863
Total	9,723	12,839	\$3,760,732,500		\$5,357,486,257

Table 3: Projected Incremental Assessed Value and Job Generation of Development *

Land Use Classification	Projected Growth Acres	Projected 2017-2025 ("build-out") Increase in Value	Projected Additional Jobs Generated
Commercial	1,114	\$348,685,342	11,140*
Industrial	238	\$63,277,298	1,904
Residential	2,794	\$1,184,792,906	N/A
Total	3,116	\$1,596,755,546	13,044

**Assumes full-build out of Comprehensive Plan projections.*

Question 3: Potential negative social and economic impacts on the City due to lost opportunities for attracting new businesses and jobs to Milwaukee, and the loss of businesses and jobs that exist in Milwaukee.

The negative social and economic impacts on the City of Milwaukee from decades of suburban growth cannot be minimized: loss of population, concentration of poverty, economic and racial segregation, educational inequalities, and sprawl.

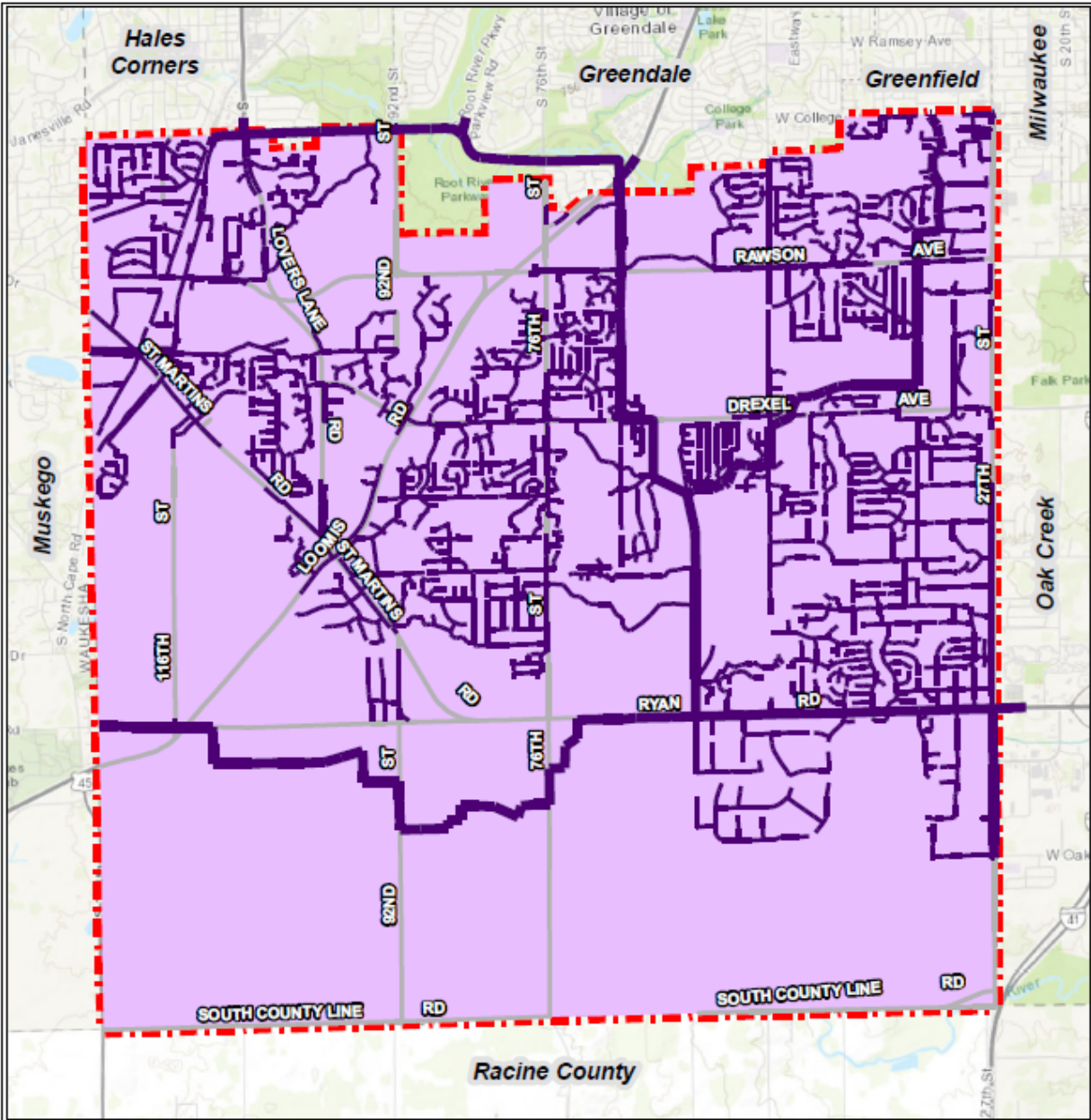
However, in analyzing this question in the context of a potential water service agreement with the City of Franklin, it is important to again note that any future development that may occur in the Franklin is not linked to its supplier of water. As indicated in analyzing Question 2, with limited exceptions, any new development occurring after a potential switch to Milwaukee water would occur under any circumstances.

One potential exception to this finding would be if a switch to Milwaukee water allowed Franklin to significantly lower the rates it charged to its customers from the rates it would otherwise be able to offer. It would then be theoretically possible that this water rate would be a factor in the decision of a company who was a heavy water user about where to locate their business. However, there a multitude of factors that go into the decision of where a company elects to locate or relocate (e.g. available acreage, tax rates, location of customer base, government incentives outside of water, business owner residence, and other logistical and

financial considerations) and it would be overly speculative to suggest that the potential for a lower water rate would cause firms to locate in Franklin that may have otherwise located within the City of Milwaukee.

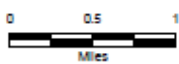
Given all of the above, DCD does not find any evidence that entering into a water service agreement with the City of Franklin would result in lost opportunities for attracting new businesses or jobs to the City of Milwaukee or a loss of existing business.

Franklin Sanitary Utility Potential Service Area



Potential Sanitary Service Area
 Existing Sanitary Interceptor
 Existing Sanitary Main
 Franklin City Boundary

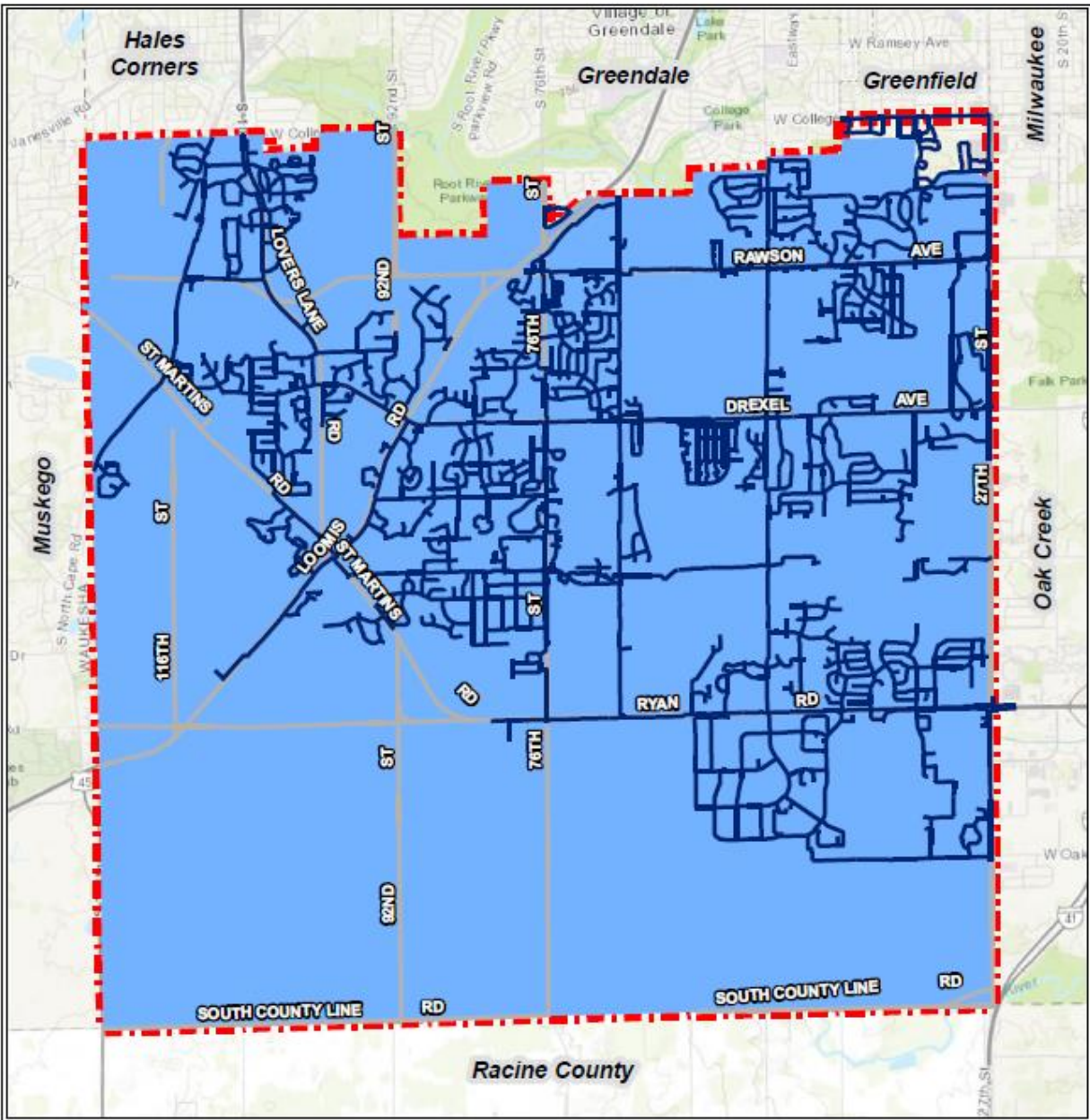
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Map 3: City of Franklin Sanitary Sewer Service Area

Franklin Water Utility Potential Service Area



Potential Water Service Area
 Existing Water Main
 Franklin City Boundary

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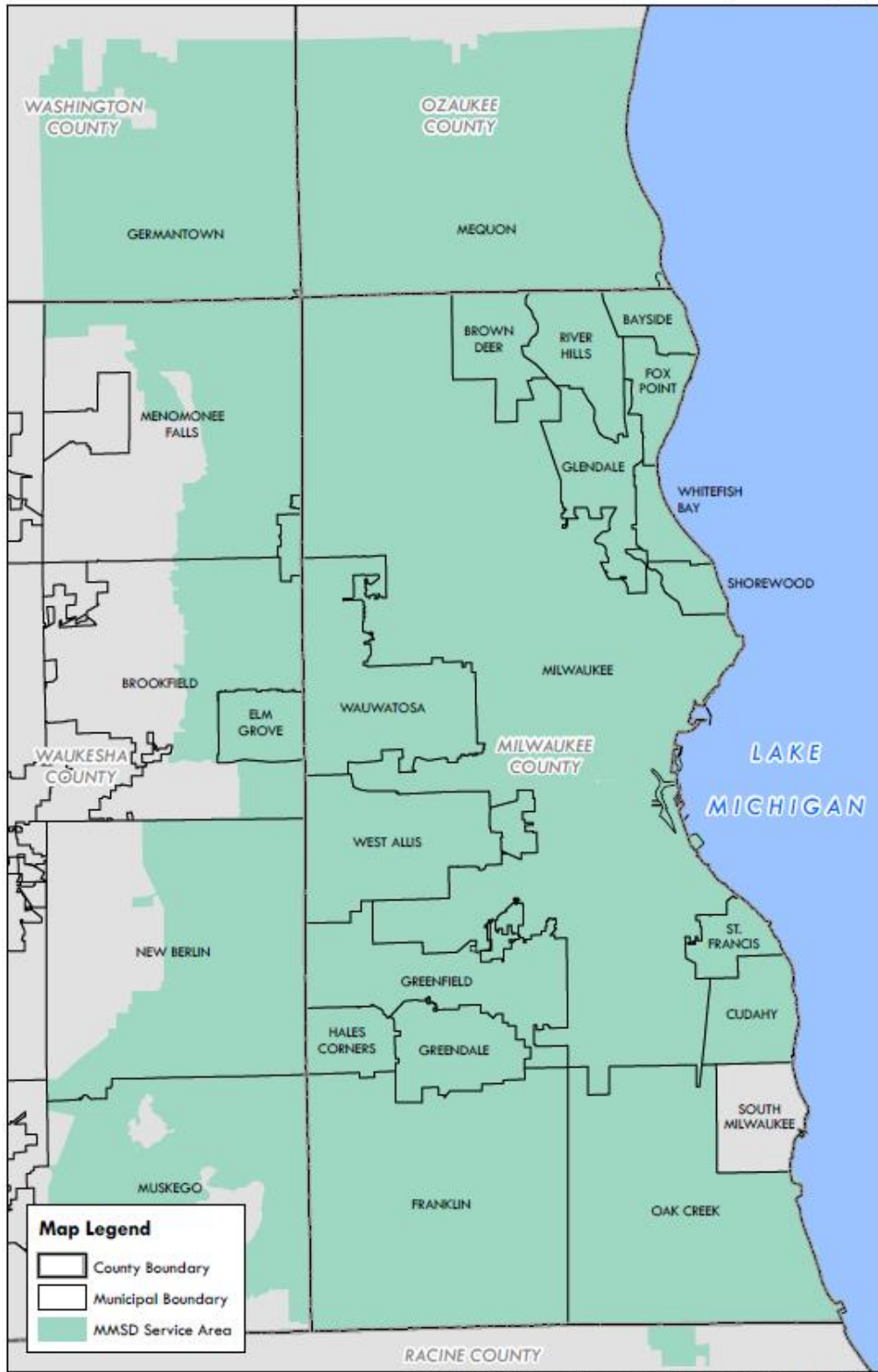


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Map 4: City of Franklin Water Service Area

**MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
REGIONAL SERVICE AREA**

Prepared by the Dept. of City Development Planning Division, 12/7/2017
Source: City of Milwaukee Information Technology Management Division, MMSD



Map 5: Current MMSD Service Area