



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Honorable Common Council
From: Aaron Cadle – Legislative Fiscal Analyst
Date: January 25, 2018
Subject: Wholesale Water Sales, Analysis of the City of Franklin

Common Council Resolution File Number 170291, adopted December 19, 2017, directs the Legislative Reference Bureau to submit this written analysis of the request by the City of Franklin, Wisconsin, to purchase drinking water from the Milwaukee Water Works as a wholesale customer. This resolution directs the Legislative Reference Bureau's report include analysis and evaluation of the following:

- a. The reason for the request for water (e.g., whether the request for water is the result of a water shortage, water contamination, public health concerns, drought or some other condition).
- b. The economic profile of the community, including tax rate, assessed valuation per capita, median household income, per capita income and median home value.
- c. Poverty rates, minority representation and other demographic and community characteristic data it finds to be pertinent.
- d. The current status and an analysis of past and future trends relating to the availability of public transportation and affordable housing.
- e. The environmental impact of the proposed sale.
- f. Other information that the bureau finds pertinent to the Common Council's consideration of the proposed water service request.

Executive Summary

| Community Highlights | Franklin | Milwaukee |
|--------------------------|--------------------|---------------------|
| Median Household Income | \$73,590 | \$36,801 |
| 2017 Assessed Valuation | \$3,760,742,223 | \$25,131,707,027 |
| Median Home Value | \$224,800 | \$115,500 |
| Property Tax Rate – 2017 | \$5.69 per \$1,000 | \$10.75 per \$1,000 |
| Population - 07/01/2016 | 36,131 | 595,047 |
| White | 80.70% | 46.29% |
| Other | 19.30% | 53.71% |
| Persons per sq. mile | 1,025 | 6,191 |
| Poverty Rate | 6.10% | 28.40% |
| Unemployment - 09/17 | 3.30% | 4.40% |

The City of Franklin has requested commencement of formal negotiations with the Milwaukee Water Works to purchase drinking water as a wholesale customer.

Franklin currently purchases drinking water for approximately 75% of the City's residents as a wholesale customer of Oak Creek Water and Sewer Utility. Roughly 20% of the City's residents rely on private wells for their drinking water needs, and the remaining 5% are now served directly by the Milwaukee Water Works.

Franklin expects to vacate its current contract with Oak Creek, which expires in 2024, prior to expiration, and wishes to enter into negotiations with Milwaukee Water Works immediately.

Franklin expects no change in wastewater treatment and disposition as a result of switching water suppliers from Oak Creek to Milwaukee, and anticipates no new environment impact from this change.

Population Growth and Percent of Households Served and Water Demand

Franklin does not expect to realize significant population growth as a result of purchasing water from the City of Milwaukee. Franklin's population increased 68.8% in the 25 years from 1990 to 2015, while water was provided by City of Oak Creek. Franklin projects a population growth rate of 23.5% for the first 25 years (2015 – 2040) of purchasing water from Milwaukee,

In 2015, drinking water for approximately 74.6% of Franklin properties was provided by the City of Franklin with water obtained through the City's purchase agreement with the City of Oak Creek. The City projects its water utility will serve

approximately 86.2% of Franklin properties by 2040 with water obtained through Franklin’s purchase agreement with the City of Milwaukee. The increase is expected to stem from both overall population growth, and properties switching from private well use.

Franklin’s total water demand is projected to increase 21.2% in the 25 years from 2015 to 2040, approximating general population growth.

Economic and Community Profiles

The following charts depict various economic and community profiles of the City of Franklin.

Economic Profile - General

| | Franklin | Milwaukee |
|-------------------------------|--------------------|---------------------|
| Median Household Income | \$73,590 | \$36,801 |
| Per Capita Income | \$36,659 | \$20,630 |
| 2017 Assessed Valuation | \$3.76 billion | \$25.13 billion |
| Assessed Valuation Per Capita | \$104,086 | \$42,235 |
| Median Home Value | \$224,800 | \$115,500 |
| 2018 Property Rates | \$5.62 per \$1,000 | \$10.77 per \$1,000 |

Economic Profile - Housing Costs and Rent Profile

| | Franklin | Milwaukee |
|--|----------|-----------|
| Median Monthly Homeowner Cost with Mortgage | \$1,793 | \$1,308 |
| Median Monthly Homeowner Cost without Mortgage | \$745 | \$546 |
| Median Rent | \$982 | \$798 |

Community Profile - Poverty and Race

| | Franklin | Milwaukee |
|-------------------------|----------|-----------|
| Poverty Rates | 6.10% | 28.40% |
| Unemployment | 3.30% | 4.40% |
| Minority Representation | | |
| White | 80.7% | 44.6% |
| African Am | 5.2% | 36.0% |
| Asian | 6.9% | 3.4% |
| Hispanic | 4.5% | 14.6% |
| Other | 2.7% | 1.4% |
| Population | 36,131 | 595,047 |

Community Profile – Education and Housing Ownership

| | Franklin | Milwaukee |
|-----------------------------|----------|-----------|
| Education | | |
| High School or higher | 95.1% | 82.5% |
| Bachelor's Degree or higher | 59.3% | 23.5% |
| Housing Units | 25,586 | 255,569 |
| Owner-Occupied | 66.9% | 41.7% |

Public Transit

The City of Franklin is roughly bounded by West College Avenue on the north, South 27th Street on the east, South County Line Road on the south and South 124th Street on the west.

The City is served by 3 Milwaukee County Transit System bus lines:

Route 27, the 27th Street line, runs along the northeastern corner of Franklin from West College Avenue south to the Walmart store at West Sycamore Avenue. Service to the Walmart store is 7 days a week from approximately 5:00 a.m. to midnight or later.

The Purple Line route of the 27th Street line provides bus service along the northeastern corner of Franklin from West College Avenue south on South 27th Street to the Northwestern Mutual Life's Franklin campus south of West Rawson Avenue. The Northwestern Mutual Life campus is served on weekdays only from approximately 7:00 a.m. to approximately 6:00 p.m. In addition, the Purple Line provides service along South 27th Street to South Riverwood Boulevard (just north of West Rawson Avenue) 7 days a week from approximately 7:00 a.m. to midnight.

Route 137, the House of Connection line, enters Franklin at South 27th Street and Ryan Road, and travels along Ryan Road to South 68th Street and the Milwaukee County House of Corrections. The service makes stops in Franklin at 51st, 60th and 68th Streets and the House of Corrections. Route 137 runs only on Saturday, making only 3 trips to, and 3 trips from the House of Corrections between 8:58 a.m. and 12:10 p.m.

Affordable Housing

Households who pay more than 30% of their gross income for rent are considered "rent overburdened" and in need of affordable housing. A household living in Franklin should have a gross income of \$39,280 or more to avoid being rent-overburdened based on Franklin's median monthly rent of \$982. The median household income in Milwaukee is \$36,801.

According to online information provided by the Federal Housing and Urban Development (HUD) agency, 4 housing developments received some portion of financing through a HUD program, and are therefore obligated to set aside a portion of available units to low-income individuals or families. These developments offer a total of 98 low-income units as follows:

- Brentwood Park Senior Community Phase II
9535 W. Loomis Road
Total Units Available: 62 (20 1-bedroom units and 42 2-bedroom units)
Low-income Units: 46

Note: The Wisconsin Department Services lists a Brentwood Park Assisted Living facility at this address as a Community Based Residential Facility (see below) serving the elderly with a capacity of 50.

- Clare Meadows of Franklin Phase II
7760 S. 51st Street
Total Units Available: 40 (11 1-bedroom units and 29 2-bedroom units)
Low-income Units: 40
- Foresthill Highlands, Phase V
9075 W Highland Park Ave
Total Units Available: 24 (5 1-bedroom units and 19 2-bedroom units)
Low-income Units: 5
- Foresthill Highlands Building 600
9095 W Highland Park Ave
Total Units Available: 24 (5 1-bedroom units and 19 2-bedroom units)
Low-income Units: 7

In addition to these 4 developments, the website Affordable Housing Online lists Franklin Meadows, a 40-unit development for the elderly at 7710 S. 51st Street in Franklin as a provider of affordable housing.

Including the units at Franklin Meadows, 138 of Franklin's 25,586 units, or 0.54%, are part of affordable housing developments.

While not strictly affordable housing, the Wisconsin Department of Health Services lists 16 Community Based Residential Facilities (CBRF's) in Franklin including the Brentwood Park Assisted Living facility noted above. A CBRF is defined as place where 5 or more unrelated people live together in a community setting. Services provided include room and board, supervision, support services, and may include up to 3 hours of nursing care per week. These 16 CBRF's have the combined capacity to offer services to 254 persons.

Property Taxes

The City of Franklin's 2017 property tax rate of \$5.69 per \$1,000 of assessed valuation is \$5.06 less than Milwaukee's \$10.75 rate, Franklin's total property tax rate for 2017, including all taxes paid by the property owner, ranges from \$21.44 to \$24.09, depending on the school district, between \$4.61 and \$7.26 per \$1,000 of assessed valuation less than Milwaukee's \$28.70 rate.

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