



## MINUTES OF AN OFFICIAL MEETING:

**Regular Meeting: Economic Development Committee**

**Date and Time: Monday, May 3, 2021 at 5:00 pm**

**Location: City Hall, 2000 N. Calhoun Rd., Council Chambers**

**Members Present: Alderman Bob Reddin, Brian Shecterle, Glen Allgaier,**

**Members Excused: Scott Oleson, Open Seat**

**Others Present: Todd Willis, Economic Development Coordinator**

### 1. Roll Call

Alderman Reddin noted a quorum present and called the Economic Development Committee to order at 5:06 pm

### 2. Announcements

- a. The Next Regularly Scheduled meeting will be held on Monday, June 7, 2021 at 5:00 pm

### 3. Minutes of the March 1, 2021 Economic Development Committee Meeting

**Motion by or Member Brian Shecterle, second by Member Glen Allgaier to approve the minutes of the March 1, 2021 Economic Development Committee meeting. Motion carried 3-0 unanimously.**

### 4. New Business

- a. Report from the Convention and Visitors Bureau

*None Given*

- b. Update on Brookfield vacancy and absorption rates for industrial, office, and retail markets

Mr. Willis went over the vacancy and absorption report for the first quarter of the 2021 year for the office, retail, and industrial properties in the City. *(Staff Report Supplied)*

- c. 2020 Economic Development Plan Yearly Metrics *(Staff Report Supplied)*

- d. Featured Business Application Review

The Economic Development Committee reviewed the applications from two (2) local businesses that were submitted to City staff. The EDC discussed the comparisons between the two companies and decided that the Varakas CPA's + Associates application really incorporated everything that the City's Featured Business Program's guidelines. The EDC also weighed that in part the Varakas CPA's + Associates application also showcased the company's 50<sup>th</sup> anniversary

was viewed favorably by the committee. The EDC noted that the other applicant's application would be considered against any other applications that are received for the next quarter.

***Motion by Member Glen Allgaier, second by Member Brian Shecterle to choose Varakas CPA's + Advisors as the 2<sup>nd</sup> Quarter 2021 Brookfield Featured Business. Motion carried 3-0 unanimously.***

- e. Report of the Economic Development Coordinator
  - 1. Extension of Premise Ordinance – Mr. Willis explained that the City was extending the Temporary Premise Extension for businesses looking for outdoor options.
  - 2. Business Outreach in 2021 – Mr. Willis explained that on May 11, 2021 that the City and Visit Brookfield will hold a listening session with Brookfield Businesses to discuss options available to them coming out of the COVID-19 pandemic.

## 5. Adjournment

***Motion by Member Brian Shecterle, second by Member Glen Allgaier to adjourn the meeting at 5:31 pm. Motion carried 3-0 unanimously.***

Respectfully Submitted: June 10, 2021

Todd Willis

Community Development – Economic Development coordinator

## Item 4.b. – Vacancy and Absorption Report

This is a high level overview of the vacancy table for the Office, Retail, and Industrial spaces in the City of Brookfield.

### Office

1st Quarter 2021 – In the 1st Quarter (Jan. – Mar.) of 2021, the City of Brookfield office market experienced an absorption rate of (169,677) SF or a decrease of 2.7% in the market. With a little over 1.2 million SF available, the City ended the 1st Quarter with a 20% vacancy rate. This is about a 7% increase over the City's 10 year avg. (12.9%). Even though the City averaged (56,559) SF over the 1st Quarter, March 2021 was significantly lower than January and February 2021 as the market may have begun to stabilize due to the COVID-19 pandemic.

April 2021 – April was the first month of the year to show positive absorption in the City's office market, with a 4,496 SF gain. The City currently has a little more than 1.2 million SF of available space or a 20% vacancy rate. The City's year to date office market absorption is (165,181) SF, while the year to date absorption average for the City's office market is (41,295) SF.

### Retail

1st Quarter 2021 – In the 1st Quarter (Feb. – Mar.)\* 2021, the City of Brookfield retail market experienced an absorption rate of (219,996) SF or a decrease of 4% in the market. With 778,000 SF of retail space available, the City ended the 1st Quarter with a 14% vacancy rate. This is about a 9% increase over the City's 10 year avg. (5.5%). Even though the City averaged (109,998) SF over the 1st Quarter, March 2021 was significantly lower than February 2021 as the market may have begun to stabilize due to the COVID-19 pandemic.

April 2021 - April was the first month of the year to show positive absorption in the City's retail market, with an 8,318 SF gain. The City currently has a little more than 770,000 SF of available space or a 14% vacancy rate. The City's year to date retail market absorption is (211,678) SF, while the year to date absorption average for the City's office market is (70,559) SF from February through April.

\*Not information for retail was compiled in the month of January, so the 1st Quarter only reflects February and March of 2021.

## Industrial

1st Quarter 2021 – The City's industrial market since the EDC began tracking vacancy space in the City. In the 1st Quarter (Jan. – Mar.) of 2021, the City of Brookfield industrial market experienced an absorption rate of 28,177 SF or an increase 0.7% in the market. With a little over 145,000 SF available, the City ended the 1st Quarter with a 4% vacancy rate. This is about a 1% increase over the City's 10 year avg. (3.1%). The City averaged 9,392 SF over the 1st Quarter.

April 2021 – April continued the City's positive absorption in the industrial market, with a 7,400 SF gain. The City currently has a little more than 140,000 SF of available space or a 4% vacancy rate. The City's year to date office market absorption is 35, 577 SF, while the year to date absorption average for the City's office market is 8,894 SF.

## Item 4.c. – Economic Development Plan Yearly Metrics

### 1. **Estimated number of Jobs (Citywide)**

*Goal: Estimate 200+ annually*

This data reflects the total number of jobs located in the City of Brookfield based on businesses in ReferenceUSA's database. ReferenceUSA is the premier source of business and residential information for reference and research (<http://resource.referenceusa.com/>). The data should be taken as an estimate, since there are a number of factors in compiling it. For instance, the data only includes verified businesses by the data provider, or businesses located in neighboring municipalities. The data for 2020 is the most refined, by using the provider's map application, and then excluding non-business entity's (i.e. ATM's), and businesses from neighboring municipalities to the best of our ability. With the continued refinement of businesses actually located in the City, the employment numbers have shown a decrease. City staff believes that at a minimum 200 jobs have been created with the new developments that were finished in 2019: Uncle Juilo's, Whirlyball, Marcus Movie Tavern, Hilton Garden Inn, Taco Bell, Five Below, Old Navy, and Party City. In 2020 the COVID-19 pandemic forced a lot of businesses to scale back their employment needs. As a result people were laid off and employment numbers fluctuated over the course of the year because of indoor capacity constraints. When the population is vaccinated and/or herd immunity is achieved by the greater population, City staff believes there will be an upward trend in employment. City staff remains hopeful that the COVID-19 pandemic does not have any recession related outcomes.

The number of employees in the ranges provided have remained relatively stable from 2018 to 2019. The slight slide in each category can be attributed to a more refined approach to elimination of duplicative businesses and those not located in the City of Brookfield. From 2019 to 2020, the slide can be attributed to businesses lost to the COVID-19 pandemic. Overall, the City of Brookfield has a healthy mix of businesses that employ a various range of employees. The following two graphs show the range

of total employees within each breakdown to give more depth in the total number of employees in the company size ranges provided.

## **2. Number of Occupancy Permits by Year**

*Goal: No goal is identified by the Economic Development Program, but the Economic Development Committee considers this to be an important metric for commercial properties*

The City of Brookfield maintained the pattern of occupancy permits issued in the City following a downturn from the previous year in 2019. In 2020, there were less occupancy permits issued due to the COVID-19 pandemic, which resulted in businesses waiting to access new space. The 10 year average of occupancy permits in the City of Brookfield is 125, and can be used as the baseline for the future. The reason for an occupancy permit to be needed are: new tenant, expansion of a tenant space, business moved to a new space, new commercial building, change of use, and new owner or business name change. In the case of a new owner or business name change, there is no fee applied to the permit.

## **3. Building Permits Issued for New Commercial Developments & Additions**

*Goal: Ten new projects annually*

Prior to COVID-19 the number of new commercial developments in the Brookfield had been steady since the last recession. While it is up for debate when the recession ended, for Brookfield it could be considered 2015 based on the number of new building developments. Over the past 10 years, the City has averaged 4.8 new commercial buildings and 3 commercial building additions per year. When taken together the City averaged 7, slightly below the Economic Development Plan's goal. With restrictions for COVID-19 easing, City staff is hopeful that in 2021, the City is able to get back to reaching its goal of 10 per year.

Based on the last 10 years of commercial tenant alterations, the City still averages 80 per year, even with the stark drop-off in 2020. Within the total number of commercial tenant alterations, the City averages about 20 permits per year with an estimated cost of \$20k or more. In 2020, with lots of space being unused or underutilized, the number of commercial alterations over \$20k far exceeded the prior year, and greater than the total number each of the previous years except 1 since the City started tracking. It should be noted that not all commercial tenant permit applications in the City's database has an estimated cost associated with it.

## **4. Change in Hotel Room-Nights from Previous Years**

*Goal: Increase by 1% each year ongoing*

The City of Brookfield just started compiling this data, so the baseline year used was 2017 which the City had a total of 294,312 room nights. In 2018, the City increased the number of room nights by 2,514, and in 2019 by 151. In 2018 the City was fairly close to the increase of 1% goal set by the Economic Development Program, and held steady in the actual number of room nights in 2019. There have been a number of hotels in the City that during this time period were closed for remodeling and updates, this would be a contributing factor in why the City may not have reached its 1% goal. For 2020, the City's hospitality industry saw a significant decrease in numbers as a result of the "Safer At Home" order for the COVID-19 pandemic. Following the "safer at Home" order, limited capacity's and travel resulted in a lower number of actual room nights across the nation. City staff will continue to track these numbers with the Convention and Visitors Bureau (Visit Brookfield), but will most likely take 2 years for the metrics to stabilize.

## **5. Number of First Time Businesses in Brookfield**

*Goal: Twenty first-time businesses annually*

Narrowing the ReferenceUSA data fields based on the number of years the business has been verified, we can get a glimpse of how many new business operations were created in the City. The Economic Development Program has set a goal for 20 first time businesses annually. While the graph shows that the City is exceeding those numbers, the number is truly first time businesses verified through ReferenceUSA. The 2020 numbers dropped significantly for reasons already stated for other metrics.

## **6. Number of new commercial development projects in City's TIA's**

*Goal: Six new projects annually*

The EDP has a goal of 6 total new commercial development projects a year in anyone of the City's 11 Targeted Investment Areas (TIA's). In 2017 the City had 8 development projects located in a TIA, while 2018 had 10. With the addition of Bishop Woods to the TIA locations, this should allow for continued development projects to be located within the districts. Based on the 2017-20 data available, projects have been spread out over a number of the TIA's, with only 2 TIA Districts not having any new development projects. In 2019 TIA 7 (Capitol & Calhoun) got its first new development since 2015. Based on the new developments in TIA's for 2020, the City has exceeded its goal for new development. The City has averaged about 8 new commercial developments in TIA districts over the last 6 years. There has been a continued interest in the opportunities available with the Bishop Woods TIA, and staff expects the market to continue consideration of property redevelopment as office parks will continue to evolve.

## **7. Number of New Restaurants Opened**

*Goal: Two new restaurants annually*

With the use of the Inspection Department occupancy permit log from year to year, staff is able to breakdown the number of actual new restaurants in the City. The Economic Development Plan has set a goal of 2 new restaurants to be located in the City annually. Since 2011, the City has met and exceeded that goal. With a premiere retail and dining corridor in Bluemound Road, City staff continues to expect this goal to be met as opportunities present themselves in the market and areas appropriately zoned for such a use throughout the City.

## **8. Change in office space vacancy for Brookfield Submarket**

*Goal: Net absorption of 40,000 sq. ft. annually*

With a 109 buildings and a total of 6,097,878 sq. ft. of office space in the City, the Economic Development Plan has set a goal of 40,000 sq. ft. of absorption annually. From 2018 Q1 to 2019 Q4, the City of Brookfield had a net absorption of 52,114 sq. ft. of office space. In 2020, the City has a net absorption of (67,349). With the COVID-19 pandemic, office users across the county are reevaluating their office space needs and requirements before renewing leases. City staff expects that the amount of space and per user may change, but the opportunity for smaller satellite offices for employees will be a direction some companies look at. This will just be a continuation of the already evolving office space trends being seen across the country. The evolving trend from 2018 – 2019 was positive absorption of Class A office space and negative absorption in Class B office space which continued through the

pandemic. This will be something the Economic Development Committee and City staff will continue monitoring since the City currently has a difference of 1,888,234 sq. ft. greater stock of Class B office space than Class A office space. The creation of TIA 11 (Bishops Woods), there are redevelopment opportunities available for aging office space as the market sees fit. In the 4<sup>th</sup> Quarter of 2020, the EDC started tracking all office space to be able to understand the market and react in real time to changes as they occur.

#### **9. Change in office space vacancy rate and absorption from previous year**

*Goal: Vacancy rate of 15% or less*

The Economic Development Plan calls for the office vacancy rate to be 15% or less. The last three years the City has been able to meet its goal. As mentioned in metric 9, the City should monitor the vacancy rate of Class B office space since it is a driving force behind the overall City vacancy rate. With a 2020 year-to-date absorption rate of class B office space of (87,182), class B office space represents 67% of the vacant office space in Brookfield.

#### **10. Number of new locally owned, small businesses established**

*Goal: Ten new small businesses established annually*

Using the total business list for the City from ReferenceUSA, and narrowing the fields to those businesses' that were verified in the database and listed as a single location to determine locally owned businesses. The Economic Development Program calls for 10 new small businesses annually. With the slowdown of the economy, lending practices, it became harder for locally owned and small businesses to become established. The hope is that 2021 brings a rebound to the economy and lending practices that were seen prior to the pandemic. The EDP metrics for 2021 will give the EDC a good look at how the market is fairing for local and regional business startups in the City.

#### **11. Change in number of young adults residing in Brookfield**

*Goal: TBD*

This graph shows the number of young adults living within the City of Brookfield between the ages of 20 and 44. With continual decline between the 1980 Census and the 2010 Census, the 2018 and 2019 estimates show an incline in these age ranges. This could be a direct result of more apartments available within the City, as young adults are tending to wait longer to buy single-family homes. The average age in the City is estimated to be 45.9. With the 2020 Census underway, the new numbers will be available in July of 2021. At that time, the graph will reflect the true change rather than estimates between Census years. At the time of compiling these metrics, the 2020 Census data reports have not been released, so no new information has been reported here.

#### **12. Change in number/percentage of residents with bachelors or advanced degrees**

*Goal: Increase by 10% over 2000 Census*

Based on the goal of a 10% increase since the 2010 Census, the City has far exceed this goal based on Census estimates. This can be attributed to the high paying jobs that have grown in the area, and similar to metric 12, the introduction of available living spaces in the City (i.e. apartments). With a slightly less estimate of population in this category, the City will still have reached its 10% increase goal. An accurate reflection will show in the 2021 EDP metrics upon the release of the Census data.

### **13. Change in total commute time for City residents**

*Goal: N/A*

The average commute time for Brookfield residents to work is 22.3 minutes (US Census Bureau). With the widening of North Ave. and the I-94 freeway road project complete, over the next year this time may go down a little. With the increase of businesses and destination retail and restaurants along the City's thoroughfares, over time, the amount of travel time in and out of the City will increase.

### **14. Joint initiatives between Economic Development Committee, Convention & Visitors Bureau, Community Development Authority, or other local and regional organizations**

*Goal: TBD*

- 1) Construction of the City of Brookfield Conference Center was completed on January 2020
- 2) The EDC established a monthly reporting document of vacant spaces within the City that is shared with the Convention & Visitors Bureau.

3)

As the dynamics of business, shopping and dining habits change due to the COVID-19 pandemic, the Economic Development Committee, Community Development Authority, and the City's Convention & Visitors Bureau (Visit Brookfield) each will play an important with opportunities to continue Brookfield's proven success. Some opportunities may only involve a singular entity, with the other agencies playing a support role.

### **15. Projected annual value of new developments approved and/or constructed**

*Goal: \$50M of new valuation annually*

The City of Brookfield continued to maintain high levels of net-new construction within its city limits. The Economic Development Plan has a goal of \$50 million annually which the City more than doubled in 2019. In 2020, the City had a record amount of net new construction growth totaling almost \$180 million. With opportunities for continued growth in the City on vacant or underutilized sites, staff expects there to be a continued high volume of net new construction, but is cautious on the total amount and expects to see it level off closer to the 9 year average of \$85 million.

With the City's net-new construction comes a continued increase in the City's Equalized Value. This plays an important role in maintaining the City's low taxes on its residents. With the imposition of levy limits in 2005, the increase of new construction property values offsets increases in the municipal budget.