

THESE ARE THE MINUTES OF THE PLAN COMMISSION MEETING HELD ON MONDAY, SEPTEMBER 27, 2010, AT 5:30 P.M. IN COUNCIL CHAMBERS, BROOKFIELD CITY HALL, 2000 N. CALHOUN ROAD, BROOKFIELD, WISCONSIN

MAYOR STEVE PONTO IN THE CHAIR

COMMISSIONERS PRESENT: Mayor Steve Ponto, Alderman Mark Nelson, Alderman Rick Owen, Alderman Gary Mahkorn (arr. 5:40 pm), Commissioner Paul Wartman, and Commissioner Kevin Wahlgren (arr. 6:20 pm)

COMMISSIONERS ABSENT AND EXCUSED: Commissioner Dean Marquardt

ALSO PRESENT: Director of Community Development Dan Ertl, Planning Administrator Michael Theis, Neighborhood Planner Jason Williams, Community Development Assistant Sherry Nord, Zoning and Building Administrator Larry Goudy, Director of Public Works Tom Grisa, Economic Development Coordinator Tim Casey, Fire Chief Charlie Myers, and Alderman Christopher Blackburn

3. Status update for “The Development Plan for Brookfield’s 124th Street Corridor”

The next item on the agenda was the status update for *The Development Plan for Brookfield’s 124th Street Corridor*.

Mr. Jason Williams, Neighborhood Planner, **reported:**

I. Background Information

2035 Comprehensive Plan

The 124th Street and Capitol Drive Neighborhood Plan area is one of ten Targeted Investment Areas (TIA). In recognition of aging land uses and intergovernmental opportunities, the 2035 *Comprehensive Plan* has identified a need to establish a new and expanded 124th Street and Capitol Drive Neighborhood Plan to encompass the 124th Street corridor all the way from Capitol Drive to North Avenue. The new initiative is titled *The Development Plan for Brookfield’s 124th Street Corridor*.

The comprehensive planning process revealed a need to continue and expand the focus of the 124th Street planning southerly from Capitol Drive to North Avenue for a number of reasons. First, the City has yet to complete a node/neighborhood plan for the “Phase 3” planning area of this TIA or the area between Capitol Drive and Burleigh Road—the last of the original TIA plans to be completed. Second, Wauwatosa has an assertive redevelopment vision east of North 124th Street near Burleigh Road, and coordination between the two cities is timely and desirable to maximize value on both sides of the road. Third, Brookfield policy makers identified a need for new attention to redevelopment potential near the intersections of Burleigh Road and North 124th Street and of North Avenue and North 124th Street. As a result, the City intends to direct new attention to the North 124th Street corridor, between the northern City limits and North Avenue. This initiative ideally would be accomplished through a new intergovernmental planning and implementation effort. To this end, the City of Wauwatosa, the Villages of Butler and Elm Grove could be invited to participate at the north and south ends of the corridor.

In summary, the *2035 Comprehensive Plan* charges staff with the following tasks:

- A. Direct new attention to the 124th Street Corridor between north City limits and North Avenue.
- B. Coordinate planning efforts with the City of Wauwatosa, Village of Elm Grove and Village of Butler.
- C. Complete a neighborhood plan for the “Phase 3” planning area of this TIA – this phase would give new attention to redevelopment potential at the intersections of North Avenue & 124th Street and Burleigh Road & 124th Street.

Taking into consideration the directives of the *2035 Comprehensive Plan* and the current market conditions, there may be an opportunity to revisit the previous planning documents and evaluate the goals and objectives outlined in those plans. There is a need to reconcile the directives of the *2035 Comprehensive Plan* with the initiatives of the *124th Street & Capitol Drive Neighborhood Plan* and *124th Street & Lisbon Road Neighborhood Plan* and contrast those initiatives with current market and economic factors. Once viewed in perspective, a possible shift in policy approaches concerning industrial and retail uses could be warranted to ensure ongoing viability of this plan area and create incentive for redevelopment to occur.

Intergovernmental Coordination & Community Input

In August 2010, City staff met with Village of Elm Grove staff to collaborate on possible issues regarding properties along the south side of W. North Avenue.

Years ago, parcels along the south side of North Avenue that border the Village of Elm Grove were put under a split base zoning of both residential and commercial. The intent of this was to insure a buffer between the residential homes in Elm Grove and the commercial buildings fronting along North Avenue. Though buffering land uses is a prudent planning policy, the method of split zoning on a parcel is not a preferred method to accomplish this goal. To address this issue, staff will recommend pursuing rezoning the entirety of these properties to a commercial base zoning, but include a provision that a heavy landscape buffer be installed along the south property line in the event that the parcel is redeveloped as a use more intensive than residential. This provision is similar to the landscape buffer required on the former fire station parcel located along Moorland Road in the *South Gateway Neighborhood Plan*.

In addition to meeting with the Village of Elm Grove, staff has conducted a series of business visits with property owners and business managers in the plan area to collect input regarding conditions in the area and how past planning efforts have affected their business operations. A summary of these efforts will be included in the plan document once enough input is collected and conclusions can be drawn from the feedback. (This section of the plan will be revisited when these visits are completed.)

Staff will continue to seek input through meetings with the City of Wauwatosa and Village of Butler and business visits. Furthermore, once staff has completed these series of meetings and visits, a number of Neighborhood Information Meetings will be scheduled to collect additional input from area businesses as well as citizens. (This section of the plan will be revisited when these steps are completed.)

II. Planning Framework – Past Planning Efforts

124th Street Corridor

The real estate and economic markets have changed significantly since the adoption of the *124th Street & Capitol Drive Neighborhood Plan* (2004) and *124th Street & Lisbon Road Neighborhood Plan* (2007). A market study titled *Market Analysis of the 124th Street Corridor* was prepared by Gruen &

Gruen and completed in March 2010. The market study was completed to assess the new market conditions of this area.

As evidenced in the 2010 Gruen & Gruen market study, it should be noted that since 1999, during an expansive real estate boom, minimal development and redevelopment activity took place in this area of Brookfield, despite market forces that would suggest development would be healthy. It seems unlikely that many redevelopment opportunities would exist going forward if a prolonged market decline continues or the market suffers from permanent contraction. However, given the geographic accessibility, critical mass of day-time employers and high number of available small buildings/tenant spaces, opportunities do exist for some level of redevelopment activity. The purpose of the current planning initiative is to find new options that may stimulate redevelopment. To ensure that activity occurs, a few key initiatives from plan documents should be revisited as well as consideration given to new policies and economic outlook regarding the overall plan area.

124th Street & Capitol Dr. Neighborhood Plan

The *124th Street & Capitol Drive Neighborhood Plan* envisioned a “Home Gallery District” with regionally-scaled retail uses to be pursued near the intersection of Capitol Drive and 124th Street that would complement the larger scale developments in the City of Wauwatosa on the east side of North 124th Street. The market place has not found this concept practical and the staff supports that the notion of creating a synergy of home gallery land uses should be abandoned.

Furthermore, the Plan encourages higher quality design and building materials, and building on the modern industrial character of the Northeast Industrial Area. Maintaining high architectural standards in industrial areas has shown – by some of the buildings – to be a deterrent to redevelopment and remodeling of aging buildings as evidenced by the absence of redevelopment and remodeling activity in the Plan area. While this design standard alone cannot be identified as an impediment to redevelopment, the staff asserts that alleviating costs associated with remodeling could spur development and redevelopment activity.

In addition to the above “Home Gallery District” plan, a “big box retail destination concept” was evaluated by a team of land economists, land development engineers, and a developer representative under a test of a theoretical development pro-forma model for the same redevelopment site. The model was found not to be feasible even with the assistance of tax incremental financing. This current plan suggests that the idea of encouraging a big box retail should be sustained, but the reality of that happening is likely to occur at a different location, more specifically, the southwest corner of 124th & Capitol if the “Shopper’s World” shopping center is redeveloped. The pro-forma model found that the issues of assemblage are too great north of Capitol Drive for a big box to be considered practicable.

124th Street & Lisbon Road Neighborhood Plan

In the *124th Street and Lisbon Road Neighborhood Plan*, the City concluded that existing property values are too stable and approaching standard commercial market values, making it unaffordable to create public incentives for private sector redevelopment. Therefore, the City moved towards improving infrastructure in this area, particularly road design and alignments. The City will continue to work to reconcile potential road improvements to pre-existing site design issues, mainly building orientations and setbacks. In addition, the *124th Street and Lisbon Road Neighborhood Plan* suggested a new zoning district be created with more flexibility, but staff has learned even more flexibility may be needed to foster reinvestment.

III. Other Areas and Concepts

Redevelopment Potential at 124th Street and Burleigh Road and 124th Street and North Avenue

The greatest redevelopment opportunities at the 124th Street and Burleigh Road intersection appear to be in the southwest quadrant of the intersection with possible assemblage of parcels to accommodate a retail and personal service use. With the remainder of the area, significant redevelopment will be a challenge given the small lots under individual ownership. As part of this plan, approaches will be investigated that encourage assemblage of parcels at the southwest corner. In addition, existing site development standards should address any remodeling or redevelopment activity that may occur at other areas of this node. The base zoning may need to be adjusted to accommodate uses demanded in the marketplace.

□ The area at the intersection of 124th Street and North Avenue presents poor conditions for site assembly and potential redevelopment opportunities. The plan will consider possible rezoning of parcels along the south side of North Avenue to allow for buffering between residential uses in Elm Grove and commercial uses along North Avenue

Innovation Cluster - Small Business Incubator/Accelerator:

This area includes properties north and south of Lisbon Road and largely overlaps with the adopted *124th Street and Lisbon Road Neighborhood Plan* area. It contains innovation-based companies, such as Milwaukee Tool; modern incubator space in the Gateway East buildings; and older, affordable spaces for business start-up and acceleration. The City increasingly recognizes the value to the community in having some lower cost industrial “incubator” space in the community, which will influence any decision to reconsider its earlier direction not to promote extensive redevelopment of this area. (This section of the Plan will be revisited once the incubation concept is further developed.)

IV. Basis for Land Use Alternatives & Redevelopment

Based on the 2010 Gruen & Gruen market study and internal meetings, staff has concluded that a few options should be considered to address these issues and give new attention to redevelopment potential in the plan area. The following policy options could be considered:

Option 1 or “Revitalization Option”:

Revitalization could begin with creative new projects that produce desirable locations that can demand higher rents to pay for development and maintenance of new buildings or significantly remodeled buildings. In other words, the Plan could encourage or recruit a flagship development to kick-start redevelopment throughout the Plan area. Potential land uses could include big box retail, technology users, or service retail. For example, staff would rely upon market forces to deliver results under current base zoning.

In addition, the 2008 *City of Brookfield’s Economic Development Plan* has listed as an objective under its “Business Retention and Recruitment” section, a strategy to focus industrial, data processing, and ancillary office development in the northeast part of the City and, in particular, as an incubator space area. The incubator space could take the form of small-scale spaces and programs geared towards people with opportunities to start new businesses. Furthermore, the *Economic Development Plan* supports the exploration of opportunities to promote and support the establishment of a business training center for multiple purposes, including technology training and customer service excellence. All options would include this concept.

The “Revitalization” option continues down the path set forth by previous planning efforts and may not be deliverable under current market conditions. If the City is looking for immediate returns, this option may not be the best one.

Option 2 or “Acceptance and Strategic Infill Option”:

Redevelopment could begin with an acceptance of the status quo of existing built conditions and uses but also encourage the inclusion of fast-food restaurants, stand-alone restaurants, and other retail uses into strategic locations. The staff would work with developers of such businesses that have shown interest in locating to this area of Brookfield. It is thought by staff that these uses will be the first to secure financing when the real estate depression ends. Previously, the staff may have discouraged these uses based upon current zoning or expectations. This option would also alleviate expenses incurred to remodel or update aging industrial buildings and to work towards increasing occupancy rates by adding flexibility to development standards and base zoning. Consideration could be given to lessening site development standards by waiving landscape surface ratio (LSR) requirements, accepting non-brick building materials or flat roofs without visible perimeter element. Lessening of site development standards could encourage remodeling of existing properties and lower the barriers to entry into the Brookfield property market.

It should be noted that encouraging increased strategic infill such as retail, especially stand-alone restaurants with a drive-thru component, will increase traffic impacts and the number of signs and driveway openings on 124th Street and Capitol Drive. Another consequence of accepting the status quo of the existing built conditions and uses is the fact that many of the owners of these buildings and sites tend to accept delinquent maintenance of buildings and sites. You will see below that the staff recommends stricter City code enforcement practices to be combined with this option.

Option 3 or “Hybrid Option”:

This is a combination of the first two options where the idea of encouraging and recruiting flagship developments remains a goal as well as maintaining the goals and objectives of the *Economic Development Plan*, but additional retail uses and lesser standards are allowed to increase the amount of redevelopment activity.

Staff recommends the Hybrid Option. This approach will incorporate the goal of revitalizing the area through new development, but also encourage redevelopment of existing properties that would otherwise remain in its current state. Given current market conditions, issues with assemblage and infrastructure a flagship development may not be practical or feasible at this time. Instead, the City should take advantage of visibility, high traffic counts and purchasing power of surrounding employees and residents and support various models of restaurant uses and other retail uses.

V. Details to Further Develop Hybrid Option

The City recognizes that this area encompasses aging industrial properties and will work to implement measures that will promote new industrial and technology users to occupy existing vacant space and to encourage retail development along 124th Street and Capitol Drive. As the plan evolves, an exhibit that shows where these policy options would apply will be created.

The following is a list of action steps that would also be part of the development concept:

- A. Identify and utilize market data source or service that tracks relevant real estate data to assist the Economic Development Office in promoting existing opportunities and notifying potential users of

opportunities. Also, identify a list of metrics to measure the effectiveness of planning initiatives that affect commercial and industrial buildings.

B. Create concepts to waive altogether or reduce certain site development standards for users that are establishing new businesses, expanding existing businesses, creating jobs or constructing/remodeling a sustainable green building.

C. Develop a streamlined approval process for revised plan and methods of operation to occur at the administrative level if base zoning requirements and permitted uses are in compliance with code and sustainable building practices are incorporated into the proposal. Sustainable building practices will be defined in the plan document.

D. Work in conjunction with Inspection Services to put together a phased code compliance program to review and notify property owners of non-compliance issues over a 5 year period of time.

E. Identify areas to potentially rezone the base zoning of properties.

VI. Unique Opportunities Area

Milwaukee Electric Tool is the largest property owner in the northwestern portion of the study area, bounded to the north by Lisbon Road, to the south by Capitol Drive and to the east by 128th Street. Milwaukee Electric Tool has owned its approximately 26-acre property for more than 40 years. The company previously relocated its manufacturing operations off site and has consolidated office and research and development functions at the site. The company also owns a 15,000-square-foot currently vacant office building along Lisbon Road (this property adjoins a 2.9-acre parcel at the corner of Lisbon and 124th Street currently occupied by National Graphics listed for sale). The Eastgate Center development is situated directly north of Milwaukee Electric Tool's property across Lisbon Road. The elimination of manufacturing operations at the site has resulted in a parking lot larger than needed to accommodate the current and likely future workforce. Similarly, a portion of Milwaukee Electric's site to the rear is underutilized.

An opportunity may exist to facilitate Milwaukee Electric Tool generating revenue from underutilized or surplus property, while serving as a catalytic site that could - in conjunction with the third phase of the Eastgate Center and Lemberg Electric's recently rehabilitated 2.5-acre property - create a critical mass of modern flex-service space. The site could also be assembled or jointly planned with the adjoining 2.9-acre parcel currently occupied by National Graphics. Staff will be meeting with the property owners of these parcels and buildings to discuss potential uses and redevelopment opportunities.

VII. Summary – Decisions for September 27 meeting

Staff is seeking guidance from Plan Commission as to the overall policy direction and framework of the plans goals identified in the previous sections. Does the City want to refocus its efforts on increasing occupancy in the plan area at the cost of some level of decreased aesthetics, or continue to maintain current standards and aggressively recruit new users to redevelop available parcels? In addition, should the City encourage fast food, stand-alone restaurant uses and other similar uses not before found acceptable and if so, should they be allowed along the length of 124th Street or concentrated on Capitol Drive? Should staff pursue the Milwaukee Tool property potential?

VIII. Next Steps

A. Meet with City of Wauwatosa and Village of Butler staff

- B. Continue inventory phase of plan scope that includes identifying a source of real estate market data to be used in economic development efforts to promote opportunities in the plan area.
- C. Define sustainable building practices.
- D. Expand upon the “Revitalization”, “Acceptance” and “Hybrid” options as directed by the Plan Commission.
- E. As this plan addresses both land use and development issues, a joint meeting between the Economic Development Committee and the Plan Commission will be scheduled once the plan is in a more complete draft form. The Community Development Authority may also be invited. A joint meeting can be expected in December 2010 or January 2011.

Recommendation:

Staff is seeking direction from Plan Commission as to the policies described in the Planning Framework section of the memorandum (Section IV).

Mayor Ponto asked for comments and questions from the Plan Commission.

Alderman Nelson asked Mr. Tim Casey, Economic Development Coordinator, to comment on the options presented and the likelihood of success.

Mr. Casey said nationally, commercial real estate sales have been declining, from \$551 billion in 2007 to \$51 billion in 2009. There was a similar drop commercial real estate sales in southeastern Wisconsin. According to a commercial data base called XCelligent used by brokerage houses, property owners, and developers, 228 buildings sold in the 7 counties in southeastern Wisconsin in 2007, 162 in 2008, 97 in 2009, and, to date, 22 in 2010.

Mr. Casey noted there are two areas along the 124th Street Corridor to focus on. One is the area from Burleigh Road to the south of Capitol Drive where there is retail potential at 124th Street and Burleigh Road. This area includes an industrial park located west of 124th Street, with some newer and larger buildings that could be freshened up to enhance curb appeal through landscaping and/or improvements in the public right-of-way. The second area is the triangle bounded by 124th Street, Capitol Drive, and Lisbon Road. This area has been studied extensively in the past, and some concepts about more intervention in the market were found to be not viable. North of Lisbon is an area characterized by older buildings, smaller parcels, very high coverage ratios of building and lot area on those parcels, along with deferred maintenance and a lower level of aesthetics than what is seen between Capitol and Burleigh.

Mr. Casey said the latest Gruen Gruen + Associates market study said the vacancy rate in 2009 along 124th Street was 6.7%. The second quarter of 2010 showed a drop to 6.1% vacancy in the industrial market in the area. He asked two local brokerage firms to search the database and they indicated about a 9.9% vacancy in industrial space in this submarket. There are 7 buildings for sale, totaling almost 200,000 square feet, which is another 11.8% in space. As the market study says, it appears as much as 15% of the space in this area is for lease or sale. That was in March, 2010. The current number that he feels is realistic is that over 20% of this area is available for lease or sale on the industrial side. By the same token, smaller tenant spaces, the right kind of spaces for small and start-up businesses, incubator or incubator-type spaces, as spoken to in the City’s *Comprehensive Plan* and *Economic Development Plan*. Mr. Casey is working with the rest of staff, touring buildings, and talking to developers and other interested parties or agencies, to see which of the concepts laid out in the *2035 Comprehensive Plan* and the *Economic Development Plan* are concepts that the market is ready for. The attempt to look at a Home Improvement Showroom or a big box in this area has been fully vetted and all indications are is

that it is very difficult to assemble those small parcels, considering their current assessment values, and trying to market those properties to a developer, even as a tax increment financing district. Mr. Casey concluded that the numbers just don't work and he does not see them working anytime soon in this economy.

Alderman Owen noted that all of the areas are different and one approach will not work for all areas. He thought the property owners in the area north of Lisbon would need to see a decline in their property values before they would be moved to redevelop those properties, as they are profitable now. Alderman Owen said he wondered about pursuing fast-food restaurants on 124th between Burleigh and Capitol. He also said he thought Mr. Williams' memorandum was thorough and thoughtful. He asked staff what direction they thought they should pursue.

Mr. Ertl said Alderman Owen brought up something the staff came to conclude and that was that each area would need to have the options mapped out specifically for that area. The hybrid option might work in one area and not in another area. What staff is looking for is an acceptance that the options are properly defined. The next level would be that each area would be mapped out based upon staff's sense of the area, input from Mr. Casey, along with input from the market study. They would then bring that information back to the Plan Commission.

Alderman Mahkorn agreed with Alderman Owen about the memorandum, saying it was well-written and thought out. He said he likes the hybrid approach, because the areas can be distinguished and don't have to have one approach. Alderman Mahkorn remarked that Mr. Casey's comments reinforced the idea that the 124th Street Corridor is a very important area of the City, and the fact that the *2035 Comprehensive Plan* expanded this area acknowledges how important the whole area is to the future of the City of Brookfield.

Commissioner Wahlgren asked if redevelopment in certain areas could be fostered by allowing more flexibility in City code compliance.

Mr. Williams said an example of that might be allowing stand-alone restaurants in the "B-3" zoning district that encompasses the Shopper's World shopping center. Right now, stand-alone restaurants are not allowed but the City has had inquiries about locating such a restaurant in that center.

Mr. Ertl said there are many non-compliant parcels, particularly north of Capitol Drive. A new zoning district or overlay could be created with its own site development standards. This could have the added benefit of making some parcels compliant. Some of the issues that could be addressed would be building materials, signage, lowering the land surface ratio, among other zoning issues.

Mayor Ponto asked Mr. Williams if he had enough input to move forward. Mr. Williams said he did.