

RESOLUTION NO. 2019-48

RESOLUTION BY THE EXECUTIVE COMMITTEE AUTHORIZING \$17,000.00 IN FUNDING FOR A REAL ESTATE MARKET ANALYSIS BY TRACY CROSS & ASSOCIATES IN CONJUNCTION WITH THE RACINE COUNTY ECONOMIC DEVELOPMENT CORPORATION

To the Honorable Members of the Racine County Board of Supervisors:

WHEREAS, Racine County is growing at a fast pace and is experiencing a competitive housing market; and

WHEREAS, the Racine County Board of Supervisors recognizes the importance of conducting a selected research analysis to determine the market potential for residential development in Racine County over the next five to ten years; and

WHEREAS, the arrival of Foxconn and the jobs that it will bring to Racine County will only further the demand for suitable housing of all types; and

WHEREAS, the Racine County Economic Development Corporation (“RCEDC”) seeks to partner with Racine County to provide \$17,000.00 in funding toward the engagement of Tracy Cross & Associates, Inc. to perform this study as set forth in Exhibit “A” that is attached hereto; and

WHEREAS, a real estate market analysis will assist Racine County in determining the depth of the market (demand potential) for residential development within Racine County over the next several years; and

WHEREAS, Tracy Cross will forward detailed planning criteria, product development guidelines, rental rate/pricing strategies, and associated absorption forecasts for those areas in Racine County suitable for various forms of apartment (for rent) and single family/townhome/condominium (for sale) development near- to mid-term; and

WHEREAS, the study will address market conditions, demand potentials, and competitive assessments, and provide conclusions and recommendations regarding the direction that should be considered relative to new residential development within Racine County.

NOW, THEREFORE, BE IT RESOLVED that the Racine County Board of Supervisors hereby authorizes \$17,000.00 in funding toward RCEDC’s engagement of Tracy Cross & Associates to perform a Real Estate Market Analysis; and

BE IT FURTHER RESOLVED by the Racine County Board of Supervisors that the expenditure of funds, as set forth in Exhibit “B” that is attached hereto, within the County Executive – Economic Development 2019 budget is hereby authorized and approved; and

BE IT FURTHER RESOLVED by the Racine County Board of Supervisors that any two of the County Clerk, the County Executive and/or the County Board Chairman are authorized to execute any contracts, agreements, amendments, or other documents necessary to carry out the intent of this resolution.

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4 1st Reading _____

EXECUTIVE COMMITTEE

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6 2nd Reading _____

Russell A. Clark, Chairman

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8 **BOARD ACTION**

9 Adopted _____

10 For _____

David J. Cooke, Vice Chairman

11 Against _____

12 Absent _____

Robert Miller, Secretary

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14 VOTE REQUIRED: Majority

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16 Prepared by:
17 Corporation Counsel

Robert Grove

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Scott Maier

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Janet Bernberg

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Q.A. Shakoor, II

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Katherine Buske

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Thomas Roanhouse

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Melissa Kaprelian-Becker

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**The foregoing legislation adopted by the County Board of Supervisors of
Racine County, Wisconsin, is hereby:**

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Approved: _____

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Vetoed: _____

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Date: _____,

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Jonathan Delagrave, County Executive

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TRACY CROSS & ASSOCIATES, INC.

July 29, 2019

Mr. Jerry Franke
Franke Development Advisors LLC
6342 Berkshire Lane
Mount Pleasant, WI 53406

Re: Service Agreement No. 7936-F (Revised)

Dear Mr. Franke:

This letter will acknowledge the services to be rendered by Tracy Cross & Associates, Inc. (hereinafter referred to as "Cross") on behalf of the *Racine County Economic Development Corporation* (hereinafter referred to as "Client"). To wit:

I. Services

Cross will provide selected research and consulting services to determine the market potential for residential development in Racine County over the next 5-10 years. Specifically, Cross will forward detailed planning criteria, product development guidelines, rental rate/pricing strategies, and associated absorption forecasts for those areas in the county suitable for various forms of apartment (for rent) and single family/townhome/condominium (for sale) development near- to mid-term. Overall, the objectives of this analysis are:

- To determine the depth of the market (demand potential) for residential development within Racine County over the next several years. This evaluation will be based upon current and anticipated economic, demographic and residential construction trends throughout county. It will also include an evaluation of adjoining areas of influence such as Kenosha County to the south and the Milwaukee region to the north.
- To forward conclusions regarding the overall marketability of various new construction residential "for rent" and "for sale" products throughout the county. These conclusions will be based upon depth of market and the alignment of competing developments, both existing and planned. As a part of this analysis, Cross will evaluate the marketability of new housing alternatives both *with and without* the anticipated Foxconn facility.
- To offer specific design, product and rental rate/pricing recommendations for those product types that are viewed to have measurable market support now and into the future. Investigative uses will include, but not be limited to, various types of rental apartments, along with single family, townhomes, duplexes, condominiums, etc. in the for sale sector of the market. These recommendations will address total unit count potentials, specific product forms, plan sizes and mix, bedroom/bath ratios, interior appointments, community amenities, parking requirements, etc., along with benchmark rental rate/pricing guidelines viewed as necessary to attain successful levels of absorption and/or sales.
- To forward recommendations regarding locations county-wide suitable for the suggested residential products. In providing these recommendations, Cross will address specific sites that the Client has earmarked for potential development.
- To provide a development planning matrix and geographic positioning strategy whereby multiple housing products can be marketed concurrently county-wide, while limiting the impact of internal cross-competition.
- To forward forecasts of absorption for the recommended product lines at varying rental rates/price points to allow for planning and economic modeling.

II. Process, Timing and Deliverables

Services, which will encompass field work, data collection, and analysis, will be divided into phases:

Phase 1 *Project Start/Data Collection/Analysis:*

- Conduct a kick-off meeting or teleconference with Client and Client's representatives to confirm assignment parameters and discuss other items such as geographic areas of focus, Foxconn, etc.
- Conduct a thorough field investigation to evaluate geographic characteristics of the county and identify factors likely to affect residential demand in the local area.
- Collect and analyze relevant employment and residential construction data in Racine County and adjoining areas as applicable.
- Conduct a comprehensive demographic analysis of Racine County, along with adjoining areas as applicable, focusing upon the population in terms of age segment, size, household composition, income characteristics, etc.
- Drawing upon our experience nationally, in the Midwest, and in southern Wisconsin in particular, determine who is and will be target consumer groups for new construction residential development within Racine County over the next 5-10 years. Measure the depth of these market segments based upon their propensity to move, their income and their current choice of housing and lifestyle.
- Utilizing Cross' proprietary database, conduct an audit of all relevant residential developments which are viewed to represent either a direct or indirect source of competitive influence. This audit will address product types, plan offerings, unit size, rent/price/value positioning, occupancy/absorption characteristics, sales trends, and other pertinent factors.
- A review of residential projects under construction and/or in the planning pipeline that also may pose some degree of competitive influence.
- An examination of the existing home market, i.e. resale sector.
- Establish a demand forecast for residential development in Racine County (with and without Foxconn).

Phase 2 *Presentation:*

- Within eight (8) weeks of contract execution and receipt of contract deposit as outlined in Section III, Cross will conduct a Power Point presentation at Client's choice of location addressing market conditions, demand potentials, and competitive assessments, and provide conclusions and recommendations regarding the direction that should be taken relative to new residential development within the county. The primary purpose of this presentation is to provide Client with a full understanding of the market both now and into the future and to provide details regarding product, rents/prices, absorption and geographic positioning. Electronic and printed copies of the presentation will be made available upon request.



Phase 3 Report Submission (Optional):

- Within three (3) weeks of authorization to proceed, Cross will prepare and submit a written document fully addressing market assessments and conclusions/recommendations, and incorporating clarifications and points of discussion resulting from the presentation, including all appropriate charts, tables, graphic illustration and other documentation. ***This analysis will provide (in document form) all the tools necessary for Client to make an "informed" business decision regarding residential development, and serve as a planning guide and marketing tool for attracting participating builders/developers.***

III. Fee Structure

Client agrees to pay Cross as compensation for services rendered according to the following fee schedule:

Phases 1 and 2

At Contract Execution	\$11,000
At Presentation of Findings-Completion of Phase 2	<u>6,000</u>
Total For Phases 1 and 2:	\$17,000

Phase 3 (Optional)

Upon Authorization	3,500
Upon Report Submission-Completion of Phase 3	<u>2,500</u>
Total for Phase 3:	\$6,000

Reimbursable expenses, including but not limited to mileage/tolls and the cost of primary and secondary data available only through purchase will be billed separately as they occur at cost.

Timing and fee schedule noted are valid for 60 days from date of proposal.

IV. Authority to Act/Payment of Fees and Expenses

The undersigned hereby acknowledges that he/she has authority to accept and enter into an agreement with Cross on behalf of the Client, and further promises and agrees to pay all invoices for fees, costs and expenses when due, including but not limited to all collection costs, attorney's fees and other related costs incurred in enforcing any of Cross' rights hereunder. ***All payments are due within sixty (60) days of receipt of invoice.***

V. Entire Agreement/Choice of Forum

This letter constitutes the entire agreement between the parties without regard to any statements or representations made prior or subsequent to its execution. No changes, modifications or revisions can or will affect or alter the agreement unless the changes, modifications or revisions are in writing and acknowledged by both parties. The agreement shall be governed by the laws of the State of Illinois, and any legal proceedings relating to the agreement shall take place in the Circuit Court of Cook County, Municipal or Law Division, Rolling Meadows, Illinois.

Mr. Jerry Franke
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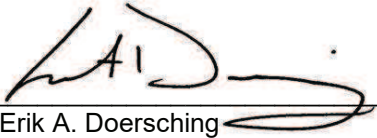
VI. Approval and Acceptance

If this agreement is acceptable to you, please sign and return one executed contract **together with the \$11,000 contract deposit** as outlined in Paragraph III above.

The undersigned hereby agrees with the provisions set forth above and authorizes Tracy Cross & Associates, Inc. to proceed.

TRACY CROSS & ASSOCIATES, INC.

**CLIENT: RACINE COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

By:  _____
Erik A. Doersching

By: _____

Print Name: _____

Date: July 29, 2019

Date: _____



