

Union Corners Committee
Economic Development Division
City Of Madison
215 Martin Luther King Jr. Blvd., Room 312

**Response to the
Union Corners Development Opportunity
Request for Proposals**

Community By Design, Inc is pleased to submit this proposal to redevelop Union Corners in Madison, Wisconsin. We have a strong development team and an excellent design concept for this important site. We are confident that despite the limited time allowed to respond to the City's request for proposal, our proposal will be strong enough to warrant serious consideration. We look forward to working with the City, the neighborhood, and all interested parties to further refine, and ultimately implement, our proposal. The following pages illustrate our preliminary ideas and concepts to transform Union Corners into a showcase development in this wonderful Community.



COMMUNITY
BY
DESIGN, INC.

Public Market



COMMUNITY
BY
DESIGN, INC.

PED SAFE STREETS & SPACES



Development Team

We have recruited a top-notch development team with years of experience in implementing numerous showcase developments in the City of Madison. Detailed information on each team member is attached as Exhibit A. Here are brief descriptions of each of the key members:

Developer. Community By Design Inc, led by Peter Frautschi (CNU-Accredited), is a real estate developer and urban design consultant. Community by Design, Inc. planned the Midtown Commons development area in Madison and the Weston Place Condominium.

Architects and Designers. Architectural members of our team include Ed Linville of Linville Architects, Jeff Manzetti of Manzetti Architectural Design LLC, and Peter Frautschi (CNU-A) of Community By Design, Inc, a developer and urban design consultant. This team (working together with Tim Anderson of SAA Design Group) presented an entry to the Congress for New Urbanism's 2011 conference design competition which won fourth place honors nationally. The Design team has refined and improved its design concept for Union Corners and has incorporated significant synergistic elements that promote the interests of the neighborhood, City, and region.

Contractors. Members of our contractor team include Chad Wuebben, president of Encore Construction, a custom builder of residential and mixed-use developments for over 30 years, and Jim Pientka, president of Iconica Inc., a design build firm with significant experience in large commercial, retail and hospitality developments. These team members have provided their expertise to estimate construction costs and prepare our feasibility studies and financial analyses. We anticipate that their companies will be preferred contractors in the implementation phases.

Lender. Dennis Haefer, a commercial lender with Johnson Bank, has provided financial information relating to the current lending market and can act as a credit reference for the Developer. In addition, Johnson Bank has significant experience with the New Market Tax Credit program, and may, as needed, be able to apply for and contribute New Market Tax Credits to the project. We also have excellent professional relationships with US Bank, Town Bank, M&I Bank and several others in the area.

Legal and Accounting. We expect Reinhart Boerner to handle our legal work, and Baker Tilly to handle our accounting work.

We expect to expand our team as the development process unfolds. As project elements such as a branch library, the arts collaborative facility and the public market evolve, we expect that we would partner with other developers, non-profit entities and governmental bodies. In addition to those named above, we expect to add engineers and additional building contractors, subcontractors, design professionals, financial institutions and marketing professionals as the project proceeds.

The Design Concept

Our design is of a vibrant combination of commercial, public and mixed-use environments along East Washington Avenue around a flexible, urban, public park. The urban park would be anchored at both ends by special use anchors, namely a Public Market and an Arts Collaborative. Across the urban park from East Washington would be a line of mixed-use buildings dominated by ground level shops, galleries and sidewalk cafes.



The development will be a mixed-use development consisting of approximately 228,000 square feet of nonresidential space and roughly 210,000 square feet of residential space.

This is how our plan would move from east to west along East Washington Avenue:

Eastern End. The anchor at the corner of East Washington Avenue and Milwaukee Street would be the Public Market or similar retail destination, together with symbiotic uses such as a hotel, a branch library, and possibly other entertainment uses.



These intense uses will require an adjacent parking structure. The parking structure would be ringed with town house residential development to soften the transition to the existing residential neighborhood. Altogether, these uses make up the first block and extend to the east edge of the open space.

Our plan sizes the Public Market building itself at around 55,000 square feet, which is consistent with the recommendations of the Public Market Study (which proposed a range of 40,000 to 67,000 square foot building). We envision the main building to be high ceiled, open, perhaps with a mezzanine level overlooking the main thoroughfare of shops and booths. The main materials in this building would be traditional red brick with exposed structure and mechanical systems, giving the market a depot-like feeling. We envision the volume extending from the north side of the building (i.e., the side fronting on East Washington) as a contemporary addition to the main building. This north façade would be constructed primarily of glass and iron (or dark colored steel). It would house more of the seating oriented uses associated with the market, and would allow traffic on East Washington to glimpse the excitement and activity within the Market Building and vice versa.

The plan also proposes several beautifully designed outdoor plaza areas on each end of the market building. The Market's interior circulation pattern is designed to entice visitors to maximize use of both indoor and outdoor spaces, funneling traffic towards the west end plaza.



A relatively formal welcoming plaza at the corner of East Washington and Milwaukee Street at the grand entrance to the market Building. It would be arranged around a statue or sculpture and perhaps a fountain and flower garden marking the entrance and paying respect to our cultural heritage. Perhaps something a bit like the photo to the left.

On the west end of the building, the pedestrian plaza would continue as a string of outdoor spaces, past supporting buildings and through an archway to arrive at the park. Along this plaza we envision less formal landscaping gardens that will provide color and interest, outdoor seating for a café or two, and space for performers and street vendors. The activity peaks in the western end of the market building and the plazas as one travels toward the park, unless special events cause the activity and excitement to spill over into the park.



Urban Park. The park would be a decidedly urban park located on a wedge shaped parcel, created by extending Winnebago Street to



preserve sight lines from Winnebago to East Washington Avenue. We conceive the urban park to be a specialized, beautifully landscaped plaza-like park, perhaps including a sculpture garden, which would be designed for public gatherings and outdoor market events as opposed to sports and playground uses. We envision special events of the Public Market and Arts Collaborative spilling over to booths or entertainment venues in the park.

"Main Street" Buildings. Across the street from the park, along its southern edge, would be a line of mixed-use, "Main Street" buildings, with ground floor commercial uses likely dominated by art galleries and cafes or restaurants, with apartments or other neighborhood commercial or small office uses above. Looking out at the park across wide sidewalks with outdoor seating and shopping opportunities will make this a very aesthetically appealing and active streetscape, while preserving visibility from East Washington necessary to establish and maintain commercial viability.



Taken together, the East Washington facing environment will be colorful, lively and architecturally appealing tastefully landscaped, with synergistic uses that will support each other and advance neighborhood and City sustainability and feasibility goals.



Western End. The Arts Collaborative facility would anchor the western edge of the park (which would be the widest point of the "wedge"). We envision this facility to house art workshops and studios of various media located over a ground floor, open air, art market.

This is how our plan would move from north to south (i.e., from East Washington Avenue down into the residential neighborhood):

Northern Edge. We have described above the commercial activity we plan along East Washington Avenue. Our plan is weighted more toward non-residential development than the McGrath Plan. For the anchor properties to succeed, there must be a critical mass of symbiotic commercial uses to attract

enough people to generate sufficient economic activity and excitement to make the businesses successful. Our design provides more critical mass along East Washington without forcing the energy and activity to the edge of East Washington's somewhat brutal auto-oriented environment, and actually helps soften that brutality, without sacrificing visibility and visual connection with passing traffic. This combination of commercial excitement enmeshed with vibrant, beautiful open spaces will transform the area from brutal unattractive to a series of wonderful places people will happily visit again and again.

Transition as the Development Moves South. Our design filters and subdues this urban excitement as the development transitions into the residential neighborhood. The two new interior streets running roughly north/south will serve as transition streets from the commercial activity addressing East Washington to the residential streets addressing the existing neighborhood. These streets will offer more mixed-use opportunities and a more European urban feeling with shorter setbacks and tightness of architectural design (like below left).



Continuing south toward the train track and existing neighborhood, we envision diverse residential development that reduces in density to integrate with the neighborhood. We expect that these housing uses will transition from four-story apartment or condominium buildings to two or three story row houses (like above right and below) to single-family or duplex residents as the design moves south into the neighborhood. This concept provides less density than the McGrath Plan, but is more in scale with the current neighborhood and more feasible given current market conditions and construction costs. The residential buildings in the development will house residents of diverse backgrounds and income levels, including the workforce that will fill the jobs created within the development.



2340 Winnebago Street. Currently, we are proposing to continue to land bank the 2340 Winnebago St parcel, or use the area as a limited term use, so that it might respond to future demands such as a rail stop across Winnebago Street, or perhaps more "Main Street" mixed uses, or medium-density residential. We would hope to reuse some of the Rayovac Building materials that have been saved on this parcel in the future.

Green Features. We envision **all** buildings in the design to be as “green” as possible, employing active and passive solar energy, recycled materials, energy efficient mechanical systems and appliances, and other sustainable building techniques and technologies, perhaps including wind and thermal generated energy. Having everything a family needs including employment, affordable diverse housing, groceries, entertainment, and transit within a short walk will by itself be highly efficient and sustainable.

Unique Design Elements and Other Features

Inclusion of the Madison Public Market and an Arts Collaborative facility are both unique and exciting features of this proposal.

Madison Public Market.

We have studied the Site Analysis for Locating a Madison Public Market, accepted by the Common Council on August 3, 2010, and understand that it recommended as preferred sites locations closer to the Capitol Square.

We believe, however, that putting the Public Market into the same development as the Arts Collaborative, with an urban park connecting the two, would create sufficient synergy and architectural appeal to outweigh the negative attributes that the Public Market Study has assigned to Union Corners.

For example, the Public Market Study suggested that the Union Corners Site would be perceived as "east side," would therefore be unattractive to west siders and visitors to the Capitol neighborhood, and would end up serving the neighborhood only. The symbiotic relationships between a public market, an arts collaborative facility, and the "Main Street" district, tied together by the linked, active urban park and the visually appealing architecture, would be a hard combination to match anywhere in Madison. We anticipate that Union Corners would have the strength of sense of place to become a destination for a much wider region, similar to Pike Place in Seattle or other well known markets across the country. Furthermore, the Study's finding that 75% of poll respondents would likely arrive by automobile suggests that Union Corner's location (adjacent to two major streets and in an area with easier parking than the Capitol neighborhood) might actually be more convenient to more people.

While we recognize that the Public Market Study was the result of a long and thoughtful process, we ask only for a serious reconsideration of its conclusions regarding Union Corners in light of our proposal. If the discussions result in rejection of Union Corners as the site of the Public Market, we would change our proposed use of our eastern anchor site to another "signature" use.

Arts Collaborative Facility.

We realize that the Arts Collaborative facility has been on the City's "wish list" for many years, and that significant efforts were made to adopt that use for the Garver Feed Mill renovation. We envision the arts collaborative as a multipurpose arts oriented facility, housing loft-like artists' studios, workshops, perhaps classrooms and some gallery opportunities for shows and displays. The building itself would complement the architecture and materials of the Public Market building and the "Main Street" environment, juxtaposing traditional design and material with light, contemporary glass, and iron circulation elements that would also serve as dramatic gallery space. These primary spaces would hover above an open air ground level art bazaar, where various activities could occur such as art sales, demonstrations, performances or celebrations. And again in special circumstances these activities would spill out into the urban park or vice versa.

Feasibility and Economic Contributions of the Union Corners Redevelopment Proposal

This section of our response offers a preliminary feasibility study of the proposed development including a program of building types, general square footage of each building, average construction costs (including soft costs), and expected sales and rental income (see Appendix C for calculations). The expected net income will be

divided by estimated market cap rates to determine initial values for the development. The costs versus value will indicate the basic feasibility for the project. If initial value exceeded costs, there would be no need for additional public support. If, however, costs seem likely to exceed the initial value, indicating additional public support would be warranted. Such support might include TIF assistance, New Market Tax Credits, BREWD funding, Section 42 Tax Credits, WHEDA programs and so forth. Most of the information in this section is based on preliminary estimates of contractors and market professionals, and is subject to further refinement as the project proceeds.

Following the feasibility analysis will be a preliminary analysis of secondary economic factors related to the Union Corners redevelopment. Many of the impact types and formulas used to estimate impacts were taken from North Star Economic's study, "The Economic Contribution of the Proposed Madison Public Market to the Regional Economy," dated August 30, 2010. We have borrowed information and formulas from the North Star study in order to meet the time constraints imposed by the RFP. Thus, our results may be less than perfect as a result of

- (a) the age of the North Star study,
- (b) changes in market conditions that have occurred since the North Star study, and
- (c) our use of the North Star formulas for a range of uses that is broader than the Public Market.

Again, our preliminary analysis is subject to refinement as the project proceeds.

To begin, please refer to Appendix B, which is a series of spreadsheets outlining the building types, sizes, and estimated costs and revenues. Note that these figures are still preliminary and are based on estimated averages, whether it be average cost per square foot, average number of bedrooms, average sales price, or average rent. These estimates are very educated guesses, but obviously need refinement as the project progresses.

As set forth in Appendix B, total construction costs of the development (excluding some public improvements and infrastructure) are estimated to be \$109,000,000. Assuming that the construction costs would correspond to the estimated increase in assessed value, the development would generate and increase in the incremental assessed value of \$105,400,000. Assuming a mill rate of 0.024, the development would generate tax increment equal to approximately \$2,630,000 annually.

North Star estimated that the ratio of total construction costs to construction costs spent within the region would be approximately 90%. Based on this ratio, we estimate that \$97,000,000 of the total construction costs will be spent within our region.

North Star further used an economic multiplier of 1.686 to measure other positive effects on the local community resulting from the construction. Based on this multiplier, we estimate that the \$97,000,000 spent regionally would generate a total regional economic impact of over \$164,000,000.

Job Creation and Support

Again, borrowing from North Star's study an estimate of job creation based on construction activity, we estimate that 1,347 total construction and construction-related jobs will be created over the course of this development. The Union Corners development could take five or more years to complete. Because construction would occur over a much longer period than the one year estimated by North Star, job creation resulting from construction would likely be more gradual and would be continue over a longer term.

Our analysis of longer term job creation again borrows formulaic info from the North Star study to generate estimates of long term economic and employment impacts. It assumes full occupancy and an estimated 250,000 square feet of non-residential development. The North Star Study excluded residential development and we have excluded it as well in this analysis, but recognize that Residential development will support many jobs, such as property management, maintenance, repairs and replacements, and services and products consumed by residents. Using a common retail and office space estimate of one full time job per 250 square feet of non-residential space created, we estimate that the fully-developed Union Corners would create 1,000 new jobs from the nonresidential portion of the development alone. Using an average hourly wage \$12 per hour, the total annual payroll would be nearly \$25,000,000. Accounting for various leakage factors, we estimate that 71% of the total payroll (or roughly \$17,250,000) directly contributes to the local and regional economy. Using a regional economic impact multiplier of 1.65, the total economic impact from long term wages and payroll from Union Corners would be over \$29,000,000 per year.

Conclusions

This analysis of economic impacts is limited in scope to mostly direct impacts and direct multipliers and does not attempt to estimate broader secondary and induced impacts, or income tax impacts or revenues. Furthermore, it excludes job creation that might result from the residential portion of the development. These analyses are better left to professionals with better economic credentials. But it is clear that this development would have a significant positive economic impact on the site, neighborhood, City, and region, both initially and on an ongoing basis.

Project Specific Proposals and Developer Conditions

- This project would best be phased to construct the residential development after or at the same time as the Public Market, Main Street, and Arts Collaborative, since residential buyers would not be keen living so close to major construction. This would require extraordinary financial resources, solid market demand (meaning presales and/or preleasing contracts) and significant up-front investment for planning and design.
 - We might consider, as an alternative, developing the residential parcels along the south edge of Winnebago Street first. We would adjust the timing of the construction of the residential portion of the development based on the market acceptance of the Winnebago Street parcels.
- Our preliminary feasibility analysis, while indicating a land purchase price in excess of what the City paid for the land, shows a significant initial deficit where construction costs exceed real estate values. Not surprisingly, this deficit is fairly close to the value of the structured parking and other infrastructure costs. We would need to work with the City to examine our feasibility study and if necessary bridge this gap using TIF loans or other public development assistance programs.
- Our proposal is preliminary and will require substantial additional refinement. We expect the approval process to take several months and tens of thousands of dollars in architectural design, engineering, market studies and personal time. Therefore, we would require an option to purchase the entire property for a flexible timeframe of not less than twelve months from the date of receipt of Staff Conditions of Approval following Common Council approval. This site contains many potential hidden surprises for any developer, and as a result, the Developer cannot commit irrevocably to purchase the property until it has undertaken thorough due diligence. While the option is in effect, the City would continue to be responsible for snow removal from public sidewalks and for weed control and lawn mowing and other upkeep and operating expenses.
- The anchor uses proposed in this submission, the Public Market and Arts Collaborative, have significant local planning history without resulting in successful implementation. Although we have a great opportunity to combine them and put them in the ground, we are not necessarily interested in owning or operating these facilities. We expect to partner with the City, another developer or one or more non-profit entities to bring these anchor uses to fruition.
- If the Public Market or the Arts Collaborative prove to not be feasible, we reserve the right to propose alternate, financially feasible “signature piece” uses that are acceptable to the City. The Developer’s option to purchase the land would automatically extend for the duration of this process on terms equivalent to the original terms.
- The Developer is interested in long term ownership of some but not all of the mixed-use and medium-density residential development, and would need to secure some sales contracts for other parcels in order to begin construction on those that the Developer would develop for its own account.
- The Developer would be allowed to pay for the purchase of any lot, or subdivided lot, in four equal, annual payments the first of which would be due upon construction commencement on that particular lot.

- Subject to applicable land division laws, the Developer shall have the right to subdivide the current lots into smaller lots, and to alter the boundaries of existing lots, as required to accommodate individual building developments.
- During the option period, the Developer shall have access to all information that the City has regarding the property, including, without limitation, all surveys, environmental studies, test reports, title information, feasibility studies, and the like.
- The Developer and the City shall both recognize that this is a preliminary proposal and is not legally binding until execution by both the City and Developer of binding legally enforceable documents (such as an option to purchase and/or a development agreement). Until such legally enforceable documents are executed, either Developer or the City may withdraw from negotiations without penalty.

BIOs and Related Material

Resume:

Peter W. Frautschi, CNU-A,

<p>EXPERIENCE HIGHLIGHTS</p>	<p>1994- Co-founded Neighborhoods By Design Madison, WI</p> <p><i>Vice President</i></p> <ul style="list-style-type: none"> ■ Non-profit organization dedicated to public education and local inclusion of New Urbanism principles in planning. Grass roots support to gain approvals of Middleton Hills. Charrette and work to integrate New Urban principles in the High Point-Raymond Neighborhood Plan (Madison). <p>1995-Present Founded Community By Design, Inc Madison, WI</p> <p><i>President</i></p> <ul style="list-style-type: none"> ■ Founded development consulting firm to specialize in developing New Urban and Traditional Neighborhood Design Communities. Areas of expertise include design, financial analysis, procurement of approvals and financing, construction oversight of diverse, mixed use projects. ■ Midtown Commons was the first New Urban community in Madison, intended to serve as an “affordable” contrast to Middleton Hills. It has been extremely successful and is currently nearing completion. <p style="text-align: center;">“In my years on the Council I believe this is the best development we have ever seen on the periphery of the city without any exceptions. I think it is innovative. I think it is bold. And I think it is something that Mr. Frautschi deserves a great deal of credit for, and I hope others take notice of it and I hope this development is extremely successful and I think it will be.” Ald. Ken Golden, November 30th, 1999</p> <ul style="list-style-type: none"> ■ Weston Place Condominiums, a 12 story mixed-use building along Segoe Rd, near Hilldale, ■ Mendota Square, a redevelopment of a former Kmart Property along East Washington Avenue, bringing a neighborhood grocery to the area. <p>1998-Present Own or control several Real Estate Development, Sales or Investment Companies- Community By Design, Inc, Midtown Properties, LLC., PWF Properties LLC., Madtown Properties Inc., W.C. Development Corp., L87, LLC., Former: 3800 East Washington Avenue, LLC., Mendota Square, LLC. Prudential Community Realty, Midtown Center Development Company,</p>
<p>EDUCATION</p>	<p>1987-91 University of Minnesota- College of Architecture and Landscape Architecture Minneapolis, MN</p> <ul style="list-style-type: none"> ■ <u>Master of Architecture</u>. Thesis topic- “Pedestrian Pocket” neighborhood redevelopment project for Harriet Island neighborhood adjacent to downtown St. Paul. ■ Note: Course work and thesis completed in 1991. National Program Rank- 8th. <p>1993-95 University of Wisconsin- Graduate School of Business- Dept. of Real Estate Investment Analysis and Appraisal- Madison, WI.</p> <ul style="list-style-type: none"> ■ <u>Master of Science- Business</u>. The “Grasskamp program.” National Program Rank- 3rd.
<p>OTHER</p>	<ul style="list-style-type: none"> ■ Member of the Congress of the New Urbanism since 1995. Signor of the Charter ■ Former Member of Dane County Better Urban Infill/Great Neighborhoods program’s “Smart Codes” Working Group. ■ Former Member of the Dane County Great Neighborhoods Advisory Panel ■ Former Neighborhood Design Center. Volunteer and Advisor ■ Dane County United Way- Alexis De Toqueville Society ■ Speaker/presenter at numerous New Urbanism/ sustainable development related seminars and charrettes

Linville Architects
408 E. Wilson Street, Madison, WI 53703
608-251-6696
email@linvillearchitects.com



Firm Profile Founded in 1981, Linville Architects has consistently created projects within the region with a particular emphasis on Madison and its epicenter. We have successfully completed literally hundreds of projects ranging from single family residences to restaurants, commercial buildings, financial centers, and beyond. Dozens of these projects were centered on infill sites to enhance the thread and fabric of the community.

Madison has given us the public and private recognition to quietly build a firm of ten professionals with a pride of community engrained in each of us. During our evolution we have established solid long term liaisons with the building and development community along with city staff and consulting professionals. Madison and its people are our resource and we work with this with respect and a strong sense of community. We make our life and living strengthening both our work and the community co-existently.

Staff

- Ed Linville Principal
- Ruth Mathe, Business Director
- Elizabeth Cwik, AIA, Project Architect
- Tracy Hartman, Project Architect
- Ethan Kent, Project Manager
- Rita Melone, Project Architect
- Charles Uebersetzig, CAD Technician
- Stephanie Roessler, Office Administrator

Services

Architecture
Program Management
Architectural Services:

- Master Planning
- Schematic Design
- Design Development
- Contract Documents & Specifications
- Bidding & Negotiation
- Construction Administration

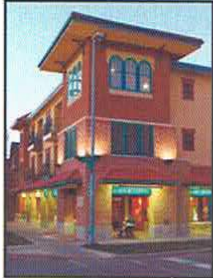
Budget Development

Interior Architecture
Programming
Space Planning
Bidding & Negotiations
Construction Administration



**LINVILLE ARCHITECTS
WARNER PARK
Relevant Experience**

As Architects, we have not yet had the opportunity to gain the same experience with park settings that our team members have. We believe, as architects our role is to bring vision, innovation, and neighborhood context to the project while providing overall guidance and tactical ownership of the process. Based on those principles the following projects are applicable.



Tuscan Place

Bob Keller
Keller Real Estate Group of Madison
443 W. Washington Avenue
Madison, WI 53703



Home Savings Bank - LEED Silver Project

Jim Bradley
3762 E. Washington Avenue
Madison, WI 53704

Monty's Blueplate Diner

2089 Atwood Avenue
Madison, Wisconsin



Market Street Diner

110 Market Street
Sun Prairie, Wisconsin

Dayton Street Condominiums

1140 East Dayton Street
Madison, WI





Architecture
Commercial
Residential
Interior Design

LINVILLE ARCHITECTS GREEN PHILOSOPHY & COMMITMENT

The cause and effect of green building and its founding principles

I believe that among the high core principles we find in green building is respect - respecting clients for their goals, respecting the site, respecting the building employees and patrons and respecting our current and future resources. It is also about appreciation - appreciating the green movement, appreciating information and knowledge available and appreciating the innate wisdom that fuels it all.

Green design asks us to make many incremental choices along the way and gives us the freedom to make them. Choices start with how high, i.e. how green to raise the bar. Each project has its own sense of that bar. Each in its own way contributes to the progress of sustainable design. You would first think that economics would be a major motivator but we have not necessarily seen that to be the major influence. It consistently goes deeper than that to a sense of connectedness - becoming a part of a community both in a literal sense and a broader one - the community of responsibility - responsibility to those who have come before and to those who will follow - a connectedness that we all share.

The following introduction was given by a Comanche chief, Ten Bears at the Peace Council of 1867:

"My heart is filled with joy when I see you here, as the brooks fill with water when the snow melts in the spring; and I feel glad as the ponies do when the fresh grass starts in the beginning of the year..."

This ode to the natural order of beauty and life resonates today as strong as when it was spoken. If this continues to resonate 100 years from now we will have honored our promise.

Ed Linville, AIA

408 East Wilson Street
Madison, WI 53703
LINVILLE ARCHITECTS, LLC
608.251.3344
Fax 608.251.3836

ENCORE CONSTRUCTION, INC.

COMPANY OVERVIEW

Encore Construction, Inc. was incorporated in 1979. The founder, Gerald L. Wuebben, having gained experience in all facets of the construction industry, formed the company to design and build single family homes. Initial corporate goals that were formed during the early stages of growth are still predominant as Encore has evolved into also constructing multi-family communities and light commercial projects. These goals are to provide new homes, multi-family buildings and commercial structures that are unique, designed and built with the best workmanship and materials available and that maintain their quality and value. Dedication to these goals has resulted in the continued growth, diversification and reputable accomplishments of Encore Construction within the construction industry today.

Through the years Encore has received many awards. In addition, Encore's President, Chad Wuebben, has served as president of the Madison Area Builders Association and serves on various Wisconsin Builders Association committees. Chad has also been awarded Builder of the Year by the Madison Area Builders Association.

The single family residential division of Encore Construction concentrates on building up-scale quality homes that meet the wants and needs of the customer. The Project Manager is responsible for plan design and works closely with the customer to ensure all their needs are met and within their budget. Encore has a Field Superintendent whose main goal is monitoring the construction of the homes to adhere to the building schedule, maintain the quality of materials and workmanship Encore Construction is known for and working with the customers to ensure their satisfaction. Encore has been participating in the Madison Parade of Homes every year since 1985.

The multi-family/commercial division of Encore Construction started in 1984. Encore obtains projects through negotiations with owners, developers and invitations to bid. Encore has been involved in the development and construction of over 3,000 multi-family units. Encore has also developed and constructed close to \$70,000,000 of senior housing projects, communities and campuses from independent living to full-time care facilities. In addition Encore has been involved in numerous office buildings, retail/commercial centers, mini-warehouses and hotels.

Encore Construction, Inc. has developed a staff of qualified individuals who help to design, price, contract and supervise the individual projects. Encore's Vice President, Rene' Gagner, is responsible for overseeing multi-family and commercial projects and the Superintendents in-charge of the job sites. For the last ten years, Encore has averaged over \$10,000,000 of gross sales annually.

Encore would be pleased to assist in your future development and construction needs. A list of significant projects is attached.

PROJECT LIST

West End Apartment Building: Fifty-three unit apartment building located at 154 West End Circle in Verona completed in June 2012.

Tribeca Unit Apartment Building: Sixty-four unit apartment building located at 3700 Parmenter Street in Middleton completed in May 2012.

Middleton Ridge Apartment Building III: Twenty-four unit apartment building located at 7181 Belle Fontaine Blvd completed in June 2011.

Swan Creek Apartments: Fifty- six unit apartment project. 5194 East Cheryl Pkwy Fitchburg WI. This project has 2 buildings on a one and three quarter acre lot.

Completed May 2010.

Middleton Ridge Apartment Building II: Forty-five unit apartment building including a pool located in-between this building and the 39 unit. 7165 Belle Fontaine Blvd completed May of 2010.

Kiddo's Learning Center: Located at 8133 Mansion Hill Road in Madison, this 10,800 sq. ft. daycare center started in February 2009 completed for occupancy June 2009.

Middleton Ridge Apartment Building: Thirty-nine unit apartment building with clubroom facilities, office and conference room located at 7113 Belle Fontaine Blvd in Middleton completed in May 2009.

Oak Glen Condominiums: Nine duplex condominiums of affordable housing. One of the duplexes is a joint project with Habitat for Humanity. Located in Madison, Wisconsin and started construction in January 2008.

Settlers Woods Condominiums: This development is a single family condominium project in Madison, Wisconsin consisting of 9 units. Started the first building in late 2007 and will build the remaining units as requested by the owner.

Eagle Island View Condominiums: Located on the river in Prairie du Sac, Wisconsin, this is a mixed-use residential condominium/commercial rental building consisting of 27 condominium units and first floor commercial space. Completed in 2008.

Aria Condominiums: A 55 and older community project consisting of 1 unit to 4 unit buildings. Located in Sun Prairie, Wisconsin. Encore started building units in 2007 and has completed 4 buildings to date. Will complete units as requested by the owner.

Hill Street Duplexes: Four duplex condominiums in Baraboo, Wisconsin. Started in 2005, Encore has built 3 duplexes and will complete the final duplex as requested by owner.

11 Unit & 2 Unit Condominium Buildings: Located in Fitchburg, Wisconsin research park. Completed in 2007.

Highpoint Commons: Located in Baraboo, Wisconsin. A 24-unit affordable housing apartment building awarded Section 42 tax credits. Completed in 2006.

Lake Delton Affordable Homes: Located in Lake Delton, Wisconsin on 40 acres of land, this project consisted of several phases of multi-family rental units. The phases include 4 – 34 unit buildings, 5 – 28 unit buildings, 7 – 16 unit buildings. Construction of the phases began in 2001.

Reedsburg Affordable Homes: Located in Reedsburg, Wisconsin, this project consisted of two phases of multi-family rental units. The phases include 3 – 34 unit buildings and 4 16-unit buildings. Construction of the phases began in 2002.

Weston Condominium Build-out: Upscale 12 story condominium/office & retail development located in Madison, Wisconsin. Encore is responsible for the build-out of the white box units to an elaborate upscale finished project. 2005 to present.

Blue Chalk Club: Located in Middleton, Wisconsin. 18,000 square foot entertainment facility with billiards, restaurant and banquet facilities. Completed in 2006.

Cannery Row: Located in Waunakee, Wisconsin, a 50 unit senior housing facility awarded Section 42 tax credits. Construction was completed in 2004. Cannery Row phase II, a 23 unit addition, was completed in 2005.

Holiday Inn Express: 119 unit hotel located in Love's Park, Illinois. Completed in 2005.

Raymond Ridge II: 8 unit market-rate apartment located in Madison, Wisconsin. Construction started and completed in 2006.

Sandhill Homes: Located in Middleton, Wisconsin next to Tiedemann's Pond, a community consisting of 9 2-unit condominiums. Construction was completed in 2004.

AAA Secure Storage: Located in Madison, Wisconsin, a state of the art mini-warehouse and record storage and management facility.

Executive Offices Building: Located in Madison, Wisconsin, a 21,500 square foot office building constructed in 2001.

Westshire Village at the Lake: Located in the Town of Westport, Wisconsin, a 294 unit senior housing campus consisting of single story ranch units and several multi-story buildings. Construction began in 1996 and completed in 2001.

Westshire Farms at the Lakes: Located in Delavan, Wisconsin, a 217 unit senior housing campus consisting of single story ranch units and several multi-story buildings. Construction began in 1998 and completed in 2004.

Carrington Stoughton, Carrington De Forest and Carrington Cherokee: Three community based residential facilities (CBRF) constructed in 1990 – 1992 in and around Madison, Wisconsin.



[Note original formatting has been lost: First page is Iconica's Web page, 2nd is a Hotel Feasibility Study]



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Feasibility Estimate

Project: Union Corners Hotel

Location: Winnebago St.

Madison, WI

1. No. of Hotel Units 180
2. No. of Parking Stalls 200
3. Building Area
Parking 65,000
First Floor 25,000
Second Floor 16,200
Third Floor 16,200
Fourth Floor 16,200
Fifth Floor 16,200
Sixth Floor 16,200
Seventh Floor 16,200
Total 187,200 GSF

* First floor includes small restaurant, lobby, offices, public restrooms, and meeting space.

4. Estimated Cost
Parking Structure \$3,300,000.00 to \$3,900,000.00
Cost per SF \$50.77 \$60.00
Cost per Stall \$16,500.00 to \$19,500.00
Hotel \$15,000,000.00 to \$16,500,000.00
Cost per SF \$122.75/SF to \$135.02/SF
Cost per Unit \$83,333.33 to \$91,666.67
Total Construction Cost Range \$18,300,000.00 to \$20,400,000.00
Cost per GSF \$97.76/SF to \$108.97/SF
Cost per Unit \$101,666.67 to \$113,333.33
5. 3.5% Architectural & Engineering \$640,500.000 to \$714,000.000



Johnson Financial Group (JFG)

Johnson Bank is part of the Johnson Financial Group, established in 1970 and headquartered in Wisconsin. This full-service community bank, with over \$4 billion in assets, offers both commercial banking, treasury management, mortgage lending, and personal banking services. The bank also has over \$6 billion in investment assets under management. In addition to the bank JFG also owns and operates Johnson Insurance, one of the largest independent agencies in the state.

Over 800 employees work for JFG, located throughout 8 regions, with a focus on continued growth in both Dane County and Wisconsin. The Madison office was established in 1996 and has one of the most experienced teams of commercial lenders in the area.

Dennis Haefer, Vice President, Commercial Banking

Dennis joined Johnson Bank in 1996 and offers over 22 years of banking experience to business professionals. He has worked his entire career in Dane County and is well connected in the Madison area business community. He has extensive experience in all areas of commercial lending. In addition to financing a multitude of commercial real estate projects in the area, he also specializes in working with family owned and closely held businesses. He holds a BS degree in Economics and Finance from UW-Madison, and lives in Madison with his wife Mary and 3 kids.



July 26, 2012

RE: Community by Design, Inc.
Mr. Peter W. Frautschi
President
625 N. Segoe Road
Madison, WI 53705

To whom it may concern:

Throughout the past 15 years I have known and worked with Mr. Peter Frautschi and his company, Community by Design, Inc(CBD). During this time we have worked with Mr. Frautschi on a multitude of different projects and have always enjoyed the open and collaborative nature of our business relationship. We are prepared and willing to look at financing any future projects that CBD may pursue. Our past history with Mr. Frautschi has been solid and we would welcome the opportunity to discuss future developments with him.

Johnson Bank has financed a wide variety of meaningful construction and development projects in Dane County over the past 15 years. We have an experienced and dedicated staff that is both resourceful and knowledgeable. We have utilized a host of lending tools and programs over the years including NMTC (new market tax credits) financing, SBA programs, letters of credit, and creative bond financing alternatives. Overall we have the expertise to handle a wide variety of financing challenges related to development projects.

If you have additional questions regarding Johnson Bank or our experiences with Mr. Frautschi, and CBD, please don't hesitate to call me directly.

Sincerely,

Dennis J. Haefer
Vice President
250-7224
dhaefer@johnsonbank.com

Program and Financial Analysis For Union Corners Submission

Type	number	sf/flr	# of flrs	Total sf est sf	\$/sf		Total cost
					cost ave	Land cost	
Single Family/Duplex	8	640	2	10,240	\$ 130	\$ 20,000	\$ 1,331,200
					total	\$ 160,000	
Multi-Family							
bldg 1	8	3600	2	7,200	\$ 150	\$ 48,000	\$ 1,080,000
bldg 2	14	7200	2	14,400	\$ 150	\$ 84,000	\$ 2,160,000
bldg 3	10	4800	2	9,600	\$ 150	\$ 60,000	\$ 1,440,000
bldg 4	18	6000	3	18,000	\$ 135	\$ 108,000	\$ 2,430,000
bldg 5	10	5250	2	10,500	\$ 150	\$ 60,000	\$ 1,575,000
bldg 6	16	4800	3	14,400	\$ 135	\$ 96,000	\$ 1,944,000
bldg 7	7	4200	2	8,400	\$ 150	\$ 42,000	\$ 1,260,000
bldg 8	12	4000	3	12,000	\$ 135	\$ 72,000	\$ 1,620,000
bldg 9	3	1750	3	5,250	\$ 165	\$ 18,000	\$ 866,250
bldg 10	8	4800	2	9,600	\$ 150	\$ 48,000	\$ 1,440,000
bldg 11	4	3200	2	6,400	\$ 135	\$ 24,000	\$ 864,000
bldg 12	10	3400	3	10,200	\$ 140	\$ 60,000	\$ 1,428,000
bldg 13	7	2800	3	8,400	\$ 150	\$ 42,000	\$ 1,260,000
bldg 14	14	4900	3	14,700	\$ 150	\$ 84,000	\$ 2,205,000
bldg 15				-			\$ -
Totals	141	60,700		149,050		\$ 846,000	\$ 21,572,250

Type	number	sf/flr	# of flrs	Total sf	cost	land cost	Total cost
Public Market				55,000	\$ 200	\$ 550,000	\$ 11,000,000
Added uses- office, other				26,000	\$ 200	\$ 312,000	\$ 5,200,000
Art Market				27,500	\$ 150	\$ 206,250	\$ 4,125,000
Main Street Bldgs							
bldg 1 non-res		10500	1	10,500	\$ 200	\$ 52,500	\$ 2,100,000
res	20		2	21,000	\$ 150	\$ 157,500	\$ 3,150,000
bldg 2 non-res		10800	1	10,800	\$ 200	\$ 54,000	\$ 2,160,000
res	20		2	21,600	\$ 150	\$ 178,200	\$ 3,240,000
bldg 3 non-res		9000	1	9,000	\$ 200	\$ 45,000	\$ 1,800,000
res	10		2	18,000	\$ 155	\$ 139,500	\$ 2,790,000
Parking ramp	# of stalls	sf/flr	flrs	stall	\$/stall		
	360	21,600	5	300	\$ 30,000	\$ 270,000	\$ 10,800,000
Hotel				90,000	\$ 200	\$ 630,000	\$ 18,000,000
Parcel Held in Land Bank/Temp Use						\$ 250,000	
TOTALS	199 du			\$ 448,990 sf		\$ 3,850,950	\$ 108,840,700

Total Costs	\$ 108,840,700
Total Initial Value	\$ 97,564,246
Deficit [Costs exceed Initial Value]	\$ 11,276,454

Financial Analysis For Union Corners Submission (cont.)

estimated average Rental Income

sf/unit	ave br/unit	rent /sf or br		gross rent		expense %	net rent		cap rate	market value
			per month	per year	per year		per year			
900	2	\$ 473	\$ 7,560	\$ 90,720	20.00%	\$ 72,576	7.0%	\$ 1,036,800		
1,029	2	\$ 473	\$ 15,120	\$ 181,440	20.00%	\$ 145,152	7.0%	\$ 2,073,600		
960	2	\$ 473	\$ 10,080	\$ 120,960	20.00%	\$ 96,768	7.0%	\$ 1,382,400		
1,000	2	\$ 425	\$ 17,010	\$ 204,120	20.00%	\$ 163,296	7.0%	\$ 2,332,800		
1,050	2	\$ 473	\$ 11,025	\$ 132,300	20.00%	\$ 105,840	7.0%	\$ 1,512,000		
900	2	\$ 425	\$ 13,608	\$ 163,296	20.00%	\$ 130,637	7.0%	\$ 1,866,240		
1,200	3	\$ 473	\$ 8,820	\$ 105,840	20.00%	\$ 84,672	7.0%	\$ 1,209,600		
1,000	2	\$ 425	\$ 11,340	\$ 136,080	20.00%	\$ 108,864	7.0%	\$ 1,555,200		
1,750	3	\$ 520	\$ 4,198	\$ 50,376	20.00%	\$ 40,301	7.0%	\$ 575,723		
1,200	3	\$ 473	\$ 10,080	\$ 120,960	20.00%	\$ 96,768	7.0%	\$ 1,382,400		
1,600	3	\$ 425	\$ 4,536	\$ 54,432	20.00%	\$ 43,546	7.0%	\$ 622,080		
1,020	2	\$ 441	\$ 9,996	\$ 119,952	20.00%	\$ 95,962	7.0%	\$ 1,370,880		
1,200	3	\$ 473	\$ 8,820	\$ 105,840	20.00%	\$ 84,672	7.0%	\$ 1,209,600		
1,050	2	\$ 473	\$ 15,435	\$ 185,220	20.00%	\$ 148,176	7.0%	\$ 2,116,800		
Totals			\$ 147,628	\$ 1,771,536		\$ 1,417,229		\$ 20,246,123		

Rental Income (includes load factors)

	\$ 28	\$ 126,042	\$ 1,512,500	30.0%	\$ 1,058,750	8.0%	\$ 13,234,375
	\$ 25	\$ 54,167	\$ 650,000	30.0%	\$ 455,000	8.0%	\$ 5,687,500
	\$ 21	\$ 48,125	\$ 577,500	30.0%	\$ 404,250	8.0%	\$ 5,053,125
	\$ 20	\$ 17,500	\$ 210,000	30.0%	\$ 147,000	8.0%	\$ 1,837,500
	\$ 18	\$ 31,500	\$ 378,000	30.0%	\$ 264,600	8.0%	\$ 3,307,500
	\$ 20	\$ 18,000	\$ 216,000	30.0%	\$ 151,200	8.0%	\$ 1,890,000
	\$ 18	\$ 32,400	\$ 388,800	30.0%	\$ 272,160	8.0%	\$ 3,402,000
	\$ 20	\$ 15,000	\$ 180,000	30.0%	\$ 126,000	8.0%	\$ 1,575,000
	\$ 18	\$ 27,000	\$ 324,000	30.0%	\$ 226,800	8.0%	\$ 2,835,000
							\$ 18,000,000
							\$ 250,000
Total Initial Value of Improvements							
							\$ 97,564,246

Supplemental Impact Analysis For Union Corners Submission

Real Estate Tax Impact Analysis

Current Assessed Value	\$	3,600,000
Final Assessed Value (assuming all uses are non-tax exempt and equal to construction costs)	\$	108,840,700
Incremental gain in base value	\$	105,240,700
multiply by estimated mill rate		2.50%
Added annual property tax receipts	\$	2,631,018

Regional Economic Impact

Total Construction Costs	\$	108,840,700
Estimated percentage of Total Construction Costs Spent Locally		89.69%
Construction Costs Spent Locally	\$	97,620,009
Indirect Economic Impact Multiplier		1.6862
Total Regional Economic Impact	\$	164,606,860

Job Creation and Support

Estimated Number of jobs created and supported per \$1,000,000 of regional construction costs		13.8
Construction Costs Spent Locally	\$	97,620,009
Number of Jobs Created and Supported by Construction		1,347

Long Term Job Creation and Employment Impact

Estimated Square Footage of Non-residential Development		250,000
Estimated Square Footage per Job Created		250
Number of long term jobs created		1,000
Average hourly wage per job	\$	12.00
Annual wage total per job	\$	24,960
Total annual payroll from wages	\$	24,960,000
Total Contributory Payrol (71%)	\$	17,721,600
Regional Impact Multiplier		1.65
Total Annual Economic Impact	\$	29,240,640