

Eric Stuckey  
City Administrator  
City of Franklin  
109 Third Avenue South  
Franklin, TN 37064

October 6, 2016

Dear Mr. Stuckey:

As you are aware, representatives of Harpeth Associates and the City of Franklin have been working hard over the last few years on various standards and approvals required for the Harpeth project in downtown Franklin. As we have discussed with you, it seemed appropriate to defer incentive requests (other than our request, since withdrawn, for TIF financing for our parking garage) until we and the City had an opportunity to assess the benefits and costs of our project to Franklin. We believe that now is such a time, and accordingly are writing to request our only incentive-that the City, as has been done on other projects in the City, pay certain streetscape costs detailed below at an approximate cost of \$578,850.

The project, consisting of a 596 space parking garage, 150 high-end apartment units, 115 room hotel and approximately 18,000 square feet of retail and office, is expensive and complicated. This is in part because of our insistence on certain standards which we firmly believe will be of long term benefit to both the project and the City, including use of concrete and expansive amenities in the apartments, and a four diamond full service hotel, rather than the two-star type hotel which originally has been discussed for Franklin. The costs are greater, moreover, because we are incurring costs for a downtown redevelopment project disproportionate to the costs asked of Cool Springs developers. City regulations do not recognize, for example, the following:

- the higher land costs in downtown Franklin, including the need to pay for existing structures and businesses, rather than raw land
- the need for a structure for the required parking in a town with free parking (achievable in Cool Springs by raw land paving)
- the height limitation, which requires Harpeth to absorb all costs within a 56-foot limitation, compared to 156 feet in Cool Springs

We have been working on this project with the City for over three years, and believe that, if things fall into place, we can start construction in January 2017. Our project costs now can be assessed with accuracy and they are approaching \$95M. Included are fees to the City estimated at \$2,787,638 and street scape improvements of \$2,688,000.

Equally, and importantly, however, we have been able to assess with more certainty the benefits to the City from the Project. The Jones College of Business, of Middle Tennessee State University, completed a detailed study which we have previously submitted to you. In summary, there would be 377 additional jobs during the construction phase and 155 permanent jobs, principally in the hotel and restaurant. New visitor spending associated with the hotel would be over \$36M. Perhaps most significant, the total benefits in property, sales and other taxes and fees would be \$13,822,000 in years 1 to 6 alone. On an annual basis, the amount at a minimum is \$700,000. On any measure, the project will be of great value to downtown Franklin, and its merchants and quality of life.

Against this background, we request that the City of Franklin fund certain street scape costs and certain roadway improvements on First, Second and Bridge Streets associated with the project, estimated to cost \$578,850 (see attachment). We believe that the benefits to the City as partly outlined

above more than justify our request. But our “ask” is presented principally for reasons of fairness. The last four street scape projects in Franklin were funded almost entirely by the City, as follows,

- A. Third Avenue North (Extension) - \$4,585,166 with 1,600 linear feet
- B. Third Avenue North and Fifth Avenue North - \$5,009,331 at 2,800 linear feet
- C. Columbia Avenue - \$2,430,115 at 2,100 linear feet
- D. Hillsboro - \$12,124,000 at 3,400 linear feet

The linear feet being enhanced for Harpeth Square is approximately 1,600 feet.

All of these projects had value to Franklin and business involved, but the City paid the bill. In this case, just the fees that we will pay to the City with respect to the project, wholly apart from all the upgrades, e.g. traffic light that we will be providing, are estimated to be \$2,787,638, approximately five times the amount of our request.

We recognize that the City has various options to fund our request. We have no particular view, but note that the funding could come from the hotel/motel tax derived specifically from our project, estimated to be \$311,000 for Franklin. These tax revenues are not now available to the city, and presumable not reflected in existing City priorities.

Thank you very much.

J. Roderick Heller III  
Chairman & Chief Executive Officer  
Harpeth Associates, LLC

Total Water Access Fees Paid to the COF: \$69,771  
Total Cost of Water Main Improvements: \$315,908

Original Agreement: Fees Originally estimated at: \$114,853  
Work Originally estimated at: \$203,750

Water fees to be recaptured over time as new developments occur within proximity of the water main improvements.

Changes in final design: Due to reduction of development density size of taps went down from 2 taps at 4" to 2 taps at 3", 1 taps at 2", and the fees were reduced for credits from existing demolished building. Difference in total fees required to be paid is \$45,082.

Total additional burden: \$315,908 Cost – \$69,771 Fees = \$246,137

Request: Asking for the City of Franklin to pay less than half the additional burden and participation with cost of the additional installation cost of the water line.

315,908 – 203,750 = **\$112,158**

This difference is due to the additional work required at 2<sup>nd</sup> and Main Street due to the existing configuration of water lines and connections at the intersection. The existing 12" DIP and existing 6" DIP watermain is required be tied in at the intersection of 2<sup>nd</sup> Ave and E Main Street per City of Franklin.

(See Exhibit xx Showing additional Intersection work)

**Approved PUD - Roadway Offset Agreement**

Harpeth Square

**Impact Fees to be Paid:**

**\$ 856,545**

Original Projected Impact Fees: \$905,897

**Total Eligible Cost in Original Agreement:**

**\$1,283,355**

**Difference: \$377,458**  
Total Eligible – Original Impact Fees

**Total Final Cost of all off site road improvements:**

**\$1,570,646**

**Difference: \$714,101**  
Final Cost – Final Impact Fees

**Main Street Restriping, 1<sup>st</sup> and Bridge Improvements, and 2<sup>nd</sup> and Bridge New Traffic Signal**

**Total Additional Cost Paid by Harpeth Square:**

**\$ 714,101**

**Right of Way Dedication: \***

**Construction Management Fee: \***

**\* These cost are included per COF Road Impact Fee: 1976 Code, 12-416,420 and Ordinance No. 2000-24, 7-2000, No. 2011-07 Section 1, 4-26-2011, Effective 7/1/2011, but are not included as eligible costs in the Harpeth Square Agreement.**

Roadway Improvements as reflected on the COF Approved	Total Construction Cost:
Site Plan Section 2 Construction Documents (June 1, 2016):	\$ 839,383 Original Design Cost
Roadway Improvements as requested to be revised by the	Total Estimated New Construction Cost:
City of Franklin by CEC revised plans (Currently Under	\$1,095,961
Design) Est. to be Re-approved by October 15, 2016:	

ASK for additional construction cost for new COF Re-Design In Total Eligible Costs: **\$256,578**

**Request:** Ask for the City of Franklin to pay for the difference in cost Curb & Gutter, Full Depth Roadway Reconstruction, Driveway approaches and sidewalk opposite Harpeth Square project of \$256,578.

Additional costs are generated by improvements to 1<sup>st</sup> Avenue along the Harpeth River side of the road, along Bridge Street adjacent to McConnell House, Lynch property and the old Jail properties.

Roadway Improvements to the south side of 2<sup>nd</sup> Avenue and in front of buildings not associated with Harpeth Square PUD.

**Total Cost: \$330,693 (Estimated by the City of Franklin)**

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Directed by City of Franklin to be included in design and paid for by COF: **\$330,693**

Additional costs are generated by improvements on 2<sup>nd</sup> Avenue so that 100% of the improvements are completed at one time. Additions include Pavers, sidewalk, curb and gutter, Street lights and Milling & resurfacing work not adjacent to the Harpeth Square project property.

**Streetscape Improvement items:**

- 1. Brick Pavers along 1<sup>st</sup> Avenue, 2<sup>nd</sup> Avenue and Bridge Street: \$142,351**
- 2. Street Signs, street lights, Bike Bollards, Limestone Marker: \$ 67,765**

**Total Cost: \$210,116**

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**Request: Ask for the City of Franklin to pay for the above cost: \$210,116**  
These items are additional items requested by the City of Franklin to match the Streetscape Design Plans for Downtown Franklin. They are only typical items in downtown historic Franklin.  
Please not City of Franklin Paid 100% of Streetscape Items on Columbia Avenue, 3<sup>rd</sup> Avenue and 5<sup>th</sup> Avenue.

**Request Summary:**

**Items requested by Harpeth Square:**

<b>1. Participation in 2<sup>nd</sup> Avenue Water Line Improvements:</b>	<b>\$ 112,158</b>
<b>2. Participation in Additional Improvements of 1<sup>st</sup> and Bridge:</b>	<b>\$ 256,578</b>
<b>3. Pay for 2<sup>nd</sup> Avenue Improvements not associated with HS:</b>	<b>\$ 330,693 As Directed by COF</b>
<b>4. Participation in Streetscape items:</b>	<b>\$ 210,116</b>
<b>Total Participation:</b>	<b>\$ 909,545 (\$578,852)</b>

**Total Improvements:**

<b>1. 2<sup>nd</sup> Avenue Water Line Improvements:</b>	<b>\$ 315,908</b>
<b>2. Improvements of Main Street, 1<sup>st</sup> and Bridge:</b>	<b>\$ 1,570,646</b>
<b>3. 2<sup>nd</sup> Avenue - COF</b>	<b>\$ 330,693</b>
<b>4. 2<sup>nd</sup> Avenue -- Harpeth responsibility</b>	<b>\$ 295,000</b>
<b>5. Streetscape Improvements:</b>	<b>\$ 183,709</b>
<b>Total Improvements:</b>	<b>\$ 2,688,891</b>



**FEE Summary:**

Harpeth Square

**FEE's Paid by Harpeth Square:**

<b>1. Water and Sewer Fee's:</b>	<b>\$ 416,075</b>
<b>2. Parkland Dedication Fee's:</b>	<b>\$ 509,642</b>
<b>3. Roadway Impact Fee:</b>	<b>\$ 856,545</b>
<b>4. Permit Fee:</b>	<b>\$ 155,000 estimated</b>
<b>5. Plan Review Fee:</b>	<b>\$ 68,750 estimated</b>
<b>Total FEE's:</b>	<b>\$ 2,006,012</b>

**Direct Yearly Tax Revenue:**

<b>1. Hotel Occupancy Tax:</b>	<b>\$ 311,349</b>
<b>2. Hotel Sales Tax:</b>	<b>\$ 140,107</b>
<b>3. Hotel – Restaurant Sales Tax:</b>	<b>\$ 58,650</b>
<b>4. Retail – Restaurant Sales Tax</b>	<b>\$ 56,500 estimated</b>
<b>5. Apartment Property Tax:</b>	<b>\$ 52,542</b>
<b>6. Retail Sales Tax:</b>	<b>\$ 125,000 estimated</b>
<b>Total Annual Direct Tax Revenue:</b>	<b>\$ 744,148</b>

**Total County Yearly Tax Revenue:**

- 1. Privilege Tax: \$ 452,966
- 2. School Tax: \$ 145,000 estimated
- 3. Other:
- 4.

**Total Annual Taxes:**

\$ 597,966

Iroquois Development Group, LLC  
Harpeth Square Roadway Costs #1  
Revised: 9/28/16

1st Ave & Bridge St. Roadway Improvement Cost

Detailed Price Calculation for Roadway Off-Set Cost

1st Ave & Bridge Street

<u>Item</u>	<u>Qty</u>	<u>Units</u>	<u>Unit Price</u>	<u>Value</u>
<b>Curb &amp; Gutter (Incl. Req. Stone Base)</b>				<b>\$ 49,305.12</b>
30" Curb & Gutter	1,942	LF	\$ 20.04	\$ 38,917.68
Stone Under Curb & Gutter	756	SY	\$ 13.74	\$ 10,387.44
<b>New Roadway Pavement</b>				<b>\$ 176,067.60</b>
Full depth pavement 24' wide - 12"-4"-3"-1.5"	2048	SY	\$ 48.00	\$ 98,304.00
Full depth pavement Street parking 6' wide - 8"-3"-1.5"	170	SY	\$ 25.88	\$ 4,399.60
Mill & Resurface 24' wide - 1.5" deep	982	SY	\$ 15.00	\$ 14,730.00
Full depth roadway boxout & disposal	1340	CY	\$ 38.00	\$ 50,920.00
Full depth street parking boxout & disposal	203	CY	\$ 38.00	\$ 7,714.00
Full depth curb & gutter boxout & disposal	490	CY	\$ 38.00	\$ 18,620.00
<b>Drainage Structures &amp; Adjustments</b>				<b>\$ 36,633.23</b>
Single Catch Basin	1	EA	\$ 3,074.37	\$ 3,074.37
Single Curb Inlet	10	EA	\$ 2,632.71	\$ 26,327.10
Structure over Existing Pipe	4	EA	\$ 1,807.94	\$ 7,231.76
<b>Storm Drainage Piping</b>				<b>\$ 52,745.98</b>
15" RCP	327	LF	\$ 62.87	\$ 20,558.49
18" RCP	180	LF	\$ 61.62	\$ 11,091.60
Pavement Repair	134	SY	\$ 70.60	\$ 9,460.40
Flowable Fill	229	LF	\$ 50.81	\$ 11,635.49
<b>Erosion Control</b>				<b>\$ 11,023.60</b>
Erosion Control Inspections	1	LS	\$ 4,500.00	\$ 4,500.00
Sediment Tubes	860	LF	\$ 4.04	\$ 3,474.40
Inlet Protection	11	EA	\$ 277.20	\$ 3,049.20
<b>COF Improvements to non-development side of road</b>				<b>\$ 94,868.75</b>
Sidewalk Improvements at buisness on NE Bridge St	1,125	SF	\$ 9.75	\$ 10,968.75
Boathouse concrete driveway approaches	2	EA	\$ 9,950.00	\$ 19,900.00
Lynch, new Jail, old jail & Anderson driveway approaches	4	EA	\$ 6,500.00	\$ 26,000.00
Misc. Design to be completed	1	LS	\$ 38,000.00	\$ 38,000.00
<b>Mobilization</b>	1	LS	\$ 14,500.00	\$ 14,500.00
<b>Demolition &amp; removal of exist. Retaining Wall at ROW</b>	1	LS	\$ 14,750.00	\$ 14,750.00
<b>New Retaining Wall at ROW</b>	1	LS	\$ 285,000.00	\$ 285,000.00
<b>Traffic Control</b>	1	LS	\$ 18,000.00	\$ 18,000.00
<b>Survey Layout</b>	1	LS	\$ 16,145.90	\$ 16,145.90
<b>Pavement Markings</b>	1	LS	\$ 2,633.00	\$ 2,633.00
<b>Street Lights and conduit</b>	1	LS	\$ 101,430.00	\$ 101,430.00
<b>ROW Dedication Per Contract Exhibit A COF 2014-0344</b>	5,415	SF	\$ 15.00	\$ 81,225.00
<b>Engineering, surveying and design costs</b>	1	LS	\$ 42,000.00	\$ 42,000.00
<b>Construction Management</b>	0.10	%	\$ 996,328.18	\$ 99,632.82
				\$ -
<b>Total 1st &amp; Bridge Roadway Improvements</b>				<b>\$ 1,095,961.00</b>

Iroquois Development Group, LLC  
Harpeth Square Roadway Costs #2

2nd & Bridge New Traffic Signal Improvement

Detailed Pricing Calculations for Roadway Off-Set Cost

**New Traffic Signal at Bridge & 2nd Ave**

<u>Item</u>	<u>Qty</u>	<u>Units</u>	<u>Unit Price</u>	<u>Value</u>
<b>Curb &amp; Gutter (Incl. Req. Stone Base)</b>				<b>\$ 17,523.66</b>
30" Curb & Gutter	690	LF	\$ 20.04	\$ 13,827.60
Stone Under Curb & Gutter	269	SY	\$ 13.74	\$ 3,696.06
<b>New Roadway Pavement</b>				<b>\$ 31,552.00</b>
Full depth pavement 24' wide - 12"-4"-3"-1.5"	365	SY	\$ 48.00	\$ 17,520.00
Mill & Resurface 24' wide - 3" deep	170	SY	\$ 28.00	\$ 4,760.00
Full depth roadway boxout & disposal	0	CY	\$ 38.00	\$ -
Full depth street parking boxout & disposal	244	CY	\$ 38.00	\$ 9,272.00
Full depth curb & gutter boxout & disposal	383	CY	\$ 38.00	\$ 14,554.00
<b>Drainage Structures &amp; Adjustments</b>				<b>\$ 18,645.92</b>
Single Catch Basin	2	EA	\$ 3,074.37	\$ 6,148.74
Single Curb Inlet	2	EA	\$ 2,632.71	\$ 5,265.42
Extra for Building Structure on Existing Pipe	4	EA	\$ 1,807.94	\$ 7,231.76
<b>Storm Drainage Piping</b>				<b>\$ 16,859.42</b>
15" RCP	-	LF	\$ 62.87	\$ -
18" RCP	152	LF	\$ 61.62	\$ 9,366.24
Pavement Repair	50	SY	\$ 70.60	\$ 3,530.00
Flowable Fill	78	LF	\$ 50.81	\$ 3,963.18
<b>Erosion Control</b>				<b>\$ 4,938.72</b>
Erosion Control	1	LS	\$ 1,890.72	\$ 1,890.72
Sediment Tubes	480	LF	\$ 4.04	\$ 1,939.20
Inlet Protection	4	EA	\$ 277.20	\$ 1,108.80
<b>Mobilization</b>	1	LS	\$ 9,375.00	\$ 9,375.00
<b>Traffic Control</b>	1	LS	\$ 7,300.00	\$ 7,300.00
<b>Survey Layout</b>	1	LS	\$ 8,200.00	\$ 8,200.00
<b>Pavement Markings</b>	1	LS	\$ 2,633.00	\$ 2,633.00
<b>Street Lights and conduit</b>	1	LS	\$ 1,800.00	\$ 1,800.00
<b>Stansell Electric - 2nd &amp; Bridge New Signal Improvement</b>	1	LS	\$ 168,224.00	\$ 168,224.00
<b>Revisions - upgrade controller equipment for Fiber</b>	1	LS	\$ 7,800.00	\$ 7,800.00
<b>Fiber connection to E Main controller</b>	1	LS	\$ 21,750.00	\$ 21,750.00
<b>ROW Taking Lynch Property</b>	75	SF	\$ 700.00	\$ 52,500.00
<b>Misc. Appraisal and Legal Fee's</b>	1	LS	\$ 7,500.00	\$ 7,500.00
<b>Engineering, surveying and design costs</b>	1	LS	\$ 28,000.00	\$ 28,000.00
<b>Construction Management</b>	0.10	%	\$ 404,601.72	\$ 40,460.17
				\$ -
<b>Total 1st Ave &amp; Bridge Street</b>				<b>\$ 445,061.89</b>

Iroquois Development Group, LLC  
 Harpeth Square Roadway Costs #3

**E. Main Street Roadway Pavement Marking**

*Detailed Pricing Calculation for Roadway Off-Set Cost*

**E Main Street - Pavement Marking**

<u>Item</u>	<u>Qty</u>	<u>Units</u>	<u>Unit Price</u>	<u>Value</u>
<i>Pavement Markings</i>	1	LS	\$ 18,749.60	\$ 18,749.60
<i>Mobilization</i>	-	LS	\$ 5,081.85	\$ -
<i>Traffic Control</i>	-	LS	\$ -	\$ -
<i>Survey Layout</i>	-	LS	\$ 4,450.00	\$ -
<i>Street Lights and conduit</i>	-	LS	\$ -	\$ -
<i>ROW Dedication Per Contract Exhibit A COF 2014-0344</i>	-	SF	\$ 9.84	\$ -
<i>Engineering, surveying and design costs</i>	1	LS	\$ 8,180.00	\$ 8,180.00
<i>Construction Management</i>	0.10	%	\$ 26,929.60	\$ 2,692.96
				\$ -
<b>Total E Main St - Pavement Marking</b>				<b>\$ 29,622.56</b>

Iroquois Development Group, LLC  
 Harpeth Square Roadway Costs #4  
 Street Scape Ask

Bridge, 1st & 2nd Ave Street Scape Cost

*Detailed Price Calculation for Streetscape Ask*

**Bridge, 1st & 2nd Ave**

<u>Item</u>	<u>Qty</u>	<u>Units</u>	<u>Unit Price</u>	\$	<u>Value</u>
<b>Pavers (Incl. Req. Concrete &amp; Stone Base)</b>					<b>128,459.66</b>
<i>1st &amp; Bridge Sta 6+17 to Sta 14+80 = 863'</i>					
<i>2nd Ave Sta 3+42 to Sta 7+40 = 398'</i>					
2-1/4" Brick Paver with concrete base course	3,913	SF	\$ 31.82	\$	124,511.66
Box out and remove materials off-site	141	CY	\$ 28.00	\$	3,948.00
<i>Includes small amount on Main St</i>					
<b>Mobilization</b>	1	LS	\$ 950.00	\$	<b>950.00</b>
<b>Erosion Control</b>				\$	-
Erosion Control Inspections	-	LS	\$ 1,890.72	\$	-
Sediment Tubes	-	LF	\$ 4.04	\$	-
Inlet Protection	-	EA	\$ 277.20	\$	-
<b>Bicycle Bollard</b>	1	LS	\$ 4,750.00	\$	<b>4,750.00</b>
<b>Trash Receptacles (not included supplied by COF)</b>	-	EA		\$	-
<b>Decorative Street Signs Installed</b>	1	LS	\$ 17,412.27	\$	<b>17,412.27</b>
<b>Decorative Limestone Markers Installed</b>	1	LS	\$ 9,013.13	\$	<b>9,013.13</b>
<b>Street Lights and conduit</b>	3	EA	\$ 10,143.00	\$	<b>30,429.00</b>
<b>Engineering, surveying and design costs</b>	-	LS		\$	-
<b>Construction Management</b>	0.10	%	\$ 191,014.06	\$	<b>19,101.41</b>
				\$	-
<b>Total Pavers &amp; Street Scape Items</b>				<b>\$</b>	<b>210,115.47</b>