

### **Lawsuit that alleges village ‘failed to cooperate’ on 13th Ave. projects seeks damages, end of agreements**

Three development companies that lease space to businesses in downtown Grafton are suing the Village of Grafton for damages and the termination of agreements they signed with the municipality.

In a lawsuit filed Nov. 4 in Ozaukee County Circuit Court, the firms — Urban Planning and Development, Grafton Riversite Partners and The Dillon Group — allege the village “failed to mutually cooperate” with them as required in development agreements and caused increased costs, lost sales and profits and reduction in property values.

The companies own adjacent lots in the 1200 block of 13th Avenue. The lots include the Bridgewater Condo/Water Terrace office building, a brewpub and office complex that houses the Milwaukee Ale House, Black Swan Banquet Hall and Engstrom office building.

The lawsuit alleges the village breached three agreements it signed with the developers in 2005 and 2006. The agreements, which were negotiated for redevelopment projects in a downtown tax incremental financing district, required the developers to guarantee assessed property values by improving the lots using design standards in the village’s downtown master plan and TIF district project plan.

The developers allege the village failed to complete the reconstruction of 13th Avenue, a downtown riverwalk and other infrastructure improvements required in the agreements and used “permitting delays, stop orders, arbitrary or inequitable design standards, onerous parking requirements and leveraging of project approvals to gain further concessions.”

According to the lawsuit, the village “hindered and obstructed the purpose of the agreements” by supporting the removal of the Bridge Street dam on the Milwaukee River east of the companies’ buildings.

Without the dam — which a binding referendum subsequently required the village to preserve until at least 2019 — the developers would not have entered into the agreements, the lawsuit states.

The lawsuit also alleges that delays in negotiating the agreements and the village acquiring easements for the riverwalk resulted in increased land costs.

In addition, the lawsuit alleges village employees substituted unapproved terms and pages into the agreement for the Engstrom building after negotiations and without the knowledge of the developers.

The developers asks the court to award “damages in an amount to be determined,” terminate agreements signed with the village in March 2005, June 2006 and December 2006, restructure

## **Downtown development firms sue village**

Written by Steve Ostermann

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the agreement for the Engstrom building and refund the amount of money drawn by the village on letters of credit for shortfalls in property values.

Peter Sheperd of Mequon is listed as a registered agent for each of the development firms.

In March, the developers filed a claim with the village seeking \$8 million in damages and termination of the agreements. The Village Board rejected the claim in May.

At that time, Village Administrator Darrell Hofland said the village fulfilled its obligations in the agreements. He and other Grafton officials said the agreements were crucial to downtown redevelopment efforts.