

rec. from Mr. Vogel  
7/23/03

Reading time = approx. 5 minutes

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Chairman Breier and Members of the Public Improvements Committee

My name is Frederick Vogel. I live at 1805 W. Bradley Road. I am a life-long Milwaukeean and I have a keen personal interest in the issue of lakefront development. May I add that I have had many years of personal experience with a number of museums in Milwaukee and in other cities. I have also had more than thirty years experience in the real estate investment and leasing business. I therefore consider myself to be reasonably qualified to comment on the matter of the proposed lease with Pier Wisconsin. I am not a lawyer and will not comment on technical questions. *but,*

While I am disappointed that our discussion this morning must be limited to the issue of the proposed lease, everyone recognizes that there is much more to this matter than the lease and its conditions. Nevertheless, I will do what I can to limit my comments only to lease related issues. For a broader overview of some of the other significant concerns, I might draw your attention to the article in the Milwaukee Journal/Sentinel, the Metro section, for Monday July 21st by Whitney Gould. Her article would be a good starting point for consideration of other significant issues such as assuring that public oversight of this project and any future Lakefront development projects is in place and effective. I am not at all convinced that the involvement of the Harbor Commission, the Dept. of City Development or the engagement of a single architect from the faculty of the UWM School of Architecture, provides the necessary level of public representation. In fact, I think the public has been excluded to this point. The public has a right to full representation in the process when it comes to our irreplaceable lakefront.

Unfortunately, I have not seen a copy of the proposed lease. Therefore, I can only say that, in my opinion, it must be fully contingent on the satisfaction of the following points BEFORE the lease is committed for the next thirty years. Believe me, that is a very long time in the life of a fledgling museum and education center.

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Small museums are not assured of success despite the appeal of their mission to serve the public interest. Even the big museums can have major problems.

1. The City must first consider the financial integrity and/or the record of the tenant: To my knowledge, there is no record and very little is known, or reported, about Pier Wisconsin's financial position. More specifically, is there really any viable position for Pier Wisconsin without its principle sponsor? This is a critical matter because the reported project cost estimate of \$30 million to build about 122,000 sq. ft on the lakefront is not possible, in my view. If it is possible, and don't forget that we are perhaps going to add the Discovery Museum to the project, it seems to me that the building will become a monument to cheap construction, or it will be faced with steep cost overruns far exceeding the \$30 million which may not be affordable, even with the very favorable financial terms proposed under the lease. Either way, there is something wrong with the project numbers and those financial problems must be resolved BEFORE a lease is granted.

2. Suitability of the building plans to the site: Since a re-design of the building has been suggested by the Harbor Commission, but was not a condition for their granting a 30 yr. lease, I will not comment on this any further, except to emphasize that public involvement must be a part of the process. Another single purpose building at this location should be considered a serious long term liability for the City and the lakefront. The fact that there will be very little, if any, land space for expansion over 30 years, is a troubling matter that has to be reckoned with now. You need to have a site plan for the future as well as for the present. There is no such plan in existence. You must have that plan BEFORE a lease is granted.

3. Suitability of the museums' operational plans for this site: I have grave reservations about this because the lakefront, at the intersection of Michigan Avenue and Lincoln Memorial Drive is already congested. With only normal

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population growth, what will it be 30 years hence? If Pier Wisconsin is successful, where will the people, the cars, the school buses, and the other pedestrians, go? Add to this, the ever expanding needs of Summerfest, all the visitors to the Art Museum and the usual summertime congestion at the Lakefront, which is also Pier Wisconsin's peak season, and I can visualize a completely intractable problem already in the making. A definitive response to this question must be provided BEFORE any long term lease can be signed. The fact that there are other sites available seems to have been overlooked.

4. Term of the lease: A fixed term, land lease of 30 years, with a thirty year renewal option, sounds appealing enough except when it comes to the kind of assurances that a tenant should provide. In this case, there are no such assurances. Therefore, the lease must have features that will allow the City to terminate the lease or re-assign it in the event that Pier Wisconsin cannot meet the financial burdens of the site, the building and its own programmatic agenda. This project depends fundamentally on charitable support from the Milwaukee community. For this reason, there has to be enough money on hand at the outset to build the building and to operate the facilities at least at a breakeven level for an indefinite period of time. Will that be the case when the lease terms are written? What assurances will the City have? Why should the City take these risks in the first place?

In conclusion, the lease negotiation process must, in my opinion, include completion and approval of the redesign of the proposed building, a revised estimate of the project costs, submission of a completely new business plan for the operation of Pier Wisconsin and the Discovery Museum, a confirmation of a statement of financial responsibility of the tenant, all of which should be subject to the prior review of this Committee and an organization of independent experts representing the public in such matters. The determination of the feasibility of all of

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these factors is the solemn duty of this Committee and the City of Milwaukee. All of these matters must be resolved BEFORE the City grants a lease to anyone for development at the lakefront. There is simply no other responsible way to conclude the lease negotiations.

Thank you all for your courteous attention.