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**LARA LEE PRESENTATION SCRIPT
MILWAUKEE COMMON COUNCIL ZONING, NEIGHBORHOODS & DEVELOPMENT
COMMITTEE MEETING 5/21/04**

I'm Lara Lee, Vice President at Harley-Davidson responsible for our museum project and our proposed development at 6th & Canal Streets. I first presented Harley-Davidson's proposed development at 6th & Canal Streets to the Zoning, Neighborhoods and Development Committee on February 3, 2004. Today the membership of the Committee has changed significantly, and so I would like to again review Harley-Davidson's proposal, apologizing in advance to Alderman Wade for the repetition in these comments.

Harley-Davidson is very excited about the prospect of redeveloping the land at 6th & Canal streets into:

- a piece of the urban fabric that connects downtown with Walker's Point
- an attractive eastern gateway to the Menomonee Valley that complements the beautiful new 6th Street bridges
- and a destination that offers a variety of activities and amenities for area residents, workers and businesses, Harley-Davidson employees, and visitors of all kinds, from down the street and around the world

Harley-Davidson was founded in Milwaukee more than 100 years ago. Today, 40% of our 9,400 employees are located in Wisconsin, and over 1,000 of them work right here in the City of Milwaukee. A number of them are here today.

- We've grown dramatically over the past 10 years, more than tripling motorcycle production and increasing employment by 130%. That growth has been driven by an ever-expanding line of products, services and activities designed to ignite a passion for our motorcycles and the experiences that come with them. Things like the Harley Owners Group, begun in 1983 and now more than 840,000 members strong; our Rider's Edge new rider training; and soon, we hope, the Harley-Davidson Museum.
- Harley-Davidson's company mission is to "fulfill dreams" -- "We fulfill dreams through the experiences of motorcycling". We expect the experiences in and around the Harley-Davidson Museum to inspire new dreams among our customers and enthusiasts around the world -- and it is fulfillment of those dreams that will continue to drive demand for our motorcycles, growing our manufacturing output, and creating additional

growth for our suppliers. In 2003 alone Harley-Davidson spent over \$140 million with over 200 local area suppliers.

- Our success has benefited not only suppliers and shareholders, but the community as well. In 2003 alone, Harley-Davidson paid Wisconsin employees nearly half a billion dollars in wages and benefits, and made charitable contributions in Wisconsin of over \$2 million. In the past five years the Harley-Davidson Foundation has provided grants and other support of over \$2.5 million dollars to organizations in the neighborhood of 6th & Canal street, and over \$12 million just in the City of Milwaukee. That's over \$12 million of charitable contributions that went directly to supporting education, community revitalization, arts and culture, health and the environment in the City of Milwaukee, our home for 101 years.
- Our company's growth has also included expansion of our need for physical space. Many functions once housed at our Juneau Avenue facility have been moved out to accommodate their growth and growth throughout the company. In 1996 we built a 250,000 sq. ft. Distribution Center in Franklin that today houses nearly 200 workers, and in 1997 we opened the 210,000 sq. ft. Product Development Center in Wauwatosa that has since been expanded to 400,000 sq. ft. and houses more than 600 employees.
- We've grown a lot in recent years, but it's been a long time since we've added new facilities in the City of Milwaukee. The proposed development at 6th & Canal streets would give us the opportunity to grow our presence right here – in the city where we were founded and that has treated us so well.

What we're proposing is a 230,000 sq. ft., phased mixed-use development at 6th & Canal streets to house the Harley-Davidson Museum, café, retail store, meeting rooms, banquet space, technical support functions, a restaurant, corporate archives, restoration shop and other future development.

Our evaluation of this site included preliminary environmental and geotechnical testing; detailed analysis of the City's 1998 Market Study, Engineering and Land Use Plan for the Menomonee Valley; the development of a conceptual site plan and numerous modifications of that plan through extensive discussions with personnel from the Department of City Development; consideration of various stakeholders' goals and interests based on publicly available information; detailed cost estimating based on the conceptual site plan; and a financial analysis of project

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viability. Our goal was to create a development plan for the site that would balance Harley-Davidson's business needs with the goals and interests of other stakeholders.

(Ref. Concept Plan Board) This conceptual plan illustrates how we propose to develop the site. We have not yet designed the buildings or the landscaping – that would be the next step in design and planning development. What this shows how we would lay out the various program elements. The plan envisions three phases of development: in the first phase, 110,000 ft² including the museum, related facilities and a stand-alone restaurant; in the second phase 20,000 ft² of museum expansion, including corporate archives and restoration shop; and in the third phase, an additional 100,000 ft² of office and/or commercial space. The current estimated project budget is \$60 million for Phase I; \$15 million for Phase II; and \$20 million for phase three; for a total project budget of \$95 million. Harley-Davidson does not intend to borrow to finance this project.

Key features of the site design include the introduction of a street grid, public access to the water's edge, integration of green spaces, and buildings at the street edge facing the street, all as recommended in the City's Valley Land Use Plan. There is a balance of built and open spaces, and the scale of development is compatible with the surrounding neighborhoods. Parking is primarily on the street grid, which would be installed and maintained by Harley-Davidson at absolutely no cost to the City.

Some questions have been raised about our parking requirements and the possibility of building a parking structure. At this point in time we do not plan to build a parking structure. Our primary concern is to ensure that there is sufficient parking on-site to accommodate the needs of museum visitors, restaurant and banquet patrons, and on-site workers without disrupting area traffic flow or negatively impacting our neighbors. Estimating the parking needs for the museum alone requires a series of assumptions about the number of visitors per year; seasonality in visitor traffic; vehicle mix and occupancy during various seasons; usage of public transportation; peak and off-peak periods of visitor traffic during the week and in the course of each day, and visitor dwell times (or the average time spent per visit – not only to the museum, but on the site). Factoring in the needs of restaurant and banquet patrons and on-site workers for all three phases increases the complexity of the exercise. We have looked at a

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range of assumptions and a variety of scenarios, and have developed baseline parking requirements in a way that we believe is most responsible. In reality, actual parking needs can only be known once the development is complete. If it turns out that we have overestimated our needs, we will consider other uses for the land. If it turns out that we have underestimated, we will look at other options to ensure that the parking needs are accommodated.

Although the building program is planned in three phases, most of the anticipated site improvements would be completed at the start of the project, at Harley-Davidson's expense. Site development for Phase I alone is expected to cost over \$11 million, only \$4 million of which has been deemed eligible for reimbursement through a proposed tax incremental district. That \$4 million will be spent up front by Harley-Davidson, and will only be reimbursed by the City if the Harley-Davidson development generates sufficient tax revenues. That means Harley-Davidson takes the risk whether the investments would ever be reimbursed – not the City. Also, it is only the tax revenues from the Harley-Davidson development that would fund the reimbursement of Harley-Davidson's expenditures – they would not be funded by other taxpayers.

The remaining \$7 million of site development costs will be entirely funded by Harley-Davidson, with no proposed reimbursement by the City. That \$7 million will be spent by Harley-Davidson to build roadways, sidewalks, a riverwalk, lighting, landscaping, utilities and other site improvements, including \$4 million to create a street grid that does not currently exist. Our goal is to create a space that is attractive, inviting and represents the high design standards of the Harley-Davidson brand, through all three phases of development. We are prepared to make the necessary investments to achieve that goal.

This project is good for the City of Milwaukee and good for Harley-Davidson. We expect the proposed development to benefit the surrounding neighborhoods, the City as a whole, Harley-Davidson, our customers, shareholders and suppliers. We expect downtown, Walker's point, and surrounding areas to benefit from the spending of an estimated 350,000 museum visitors a year. We expect the Menomonee Valley to benefit from the transformation of an underutilized brownfield into a beautiful tourist magnet that can provide the stimulus for additional development in the Valley. We expect the City of Milwaukee and the

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taxpayers to benefit from putting the 6th & Canal St. properties back on the tax rolls, and through the greater visibility and more progressive image for Milwaukee that the Harley-Davidson Museum can bring. We expect the Harley-Davidson family to benefit from the opportunities this development will provide to inspire new dreams among our customers and would-be customers, to drive our future growth in Milwaukee and around the world. We expect our suppliers to continue to benefit from our growth, including the 200 local area suppliers we have today. And we expect our customers to benefit from having more reasons to visit Milwaukee, to be delighted by the hospitality they have always received from this community, to ride and enjoy our products, and to deepen their relationships with Harley-Davidson.

I'd like to conclude by saying --

- Milwaukee has been good to Harley-Davidson, and we'd like to see the Harley-Davidson Museum built here in Milwaukee.
- For the past 18 months we have conducted an extensive evaluation of sites in Milwaukee and the surrounding area. We think the site at 6th & Canal Streets is the best location for the Harley-Davidson Museum.
- There are some serious challenges at this location, and these would be hurdles for any developer. They include an estimated \$12 million of site work required – for repair of the sea wall, soil remediation, regrading, installation of all the roadways, walkways, landscaping, streetlights and utilities. In addition, there is the extra cost of using special foundations due to the poor quality of the soil. In fact, Harley-Davidson expects to spend \$8 million more to build at this site than it would cost to build the same project outside the city. But we're willing to pay a premium to keep this project in our hometown if the community shares our enthusiasm.
- We believe the proposed development offers the best chance for the Harley-Davidson Museum to be located in the City of Milwaukee. We want to move forward with this proposal, but to do so, we will need the continued full support of the community. We have always received strong support from our elected officials, the people who live here in Milwaukee and the business community, and we sincerely appreciate that support.
- We hope that City government and the Milwaukee community will also support us in this proposed development, which we believe will be so beneficial to our customers and to the City of Milwaukee.

Thank you for your consideration.