

February 17, 2003

Ferries/LE

To The Honorable  
The Common Council  
City of Milwaukee

Dear Council Members:

For the past two years, the Board of Harbor Commissioners has been working with Lake Express, LLC (Lubar & Company) to bring about the establishment of a high-speed auto/passenger vessel connection between Milwaukee and Muskegon, MI.

We are pleased to report that connection is almost complete. Lake Express has signed a construction contract for the vessel; has put into place the construction financing for the ship; and has signed contracts for the management of the operation.

In addition, Lake Express has negotiated leases for terminal facilities both in Milwaukee and Muskegon, the Milwaukee lease being presented to you here for approval. (Please note: the Muskegon lease is substantially the same in terms and conditions.)

The activation of the Milwaukee lease (and construction of the terminal) is subject to a confirmation of the long-term finance of the vessel. This confirmation is expected over the next 60-90 days. The ship service is scheduled to start in May of 2004.

The economic benefit of the project for Milwaukee will be large. Lake Express will create over 45 direct jobs here in Milwaukee; and will serve over 150,000 riders annually with a single vessel. Many of those riders (studies show as many as 68,000) will be walk-on riders, from Michigan, coming to Milwaukee for recreation, nightlife, long weekend and events. These people will need food, beverage and similar services; and will frequent Milwaukee hotels, restaurants, festivals and other venues stimulating significant economic activity here. Economic impact from these walk-on riders alone will exceed \$7,000,000 per year for our community.

The Board of Harbor Commissioners respectfully request you approve the proposed Lake Express lease, and authorize its execution by adopting the attached resolution, subject only to the receipt of confirmation of the long-term finance of the vessel.

Please note that the Common Council has already approved and placed in the Port's Capital Budget \$2,000,000 for the building of the terminal and ramp facility.

The lease was also approved by the Board of Harbor Commissioners at its meeting of February 7, 2003.

Respectfully submitted,

KENNETH J. SZALLAI  
Municipal Port Director

KJS/dcl

Encls.

mw/i:leccltr.doc