

STATE OF WISCONSIN

CIRCUIT COURT

MILWAUKEE COUNTY

MILWAUKEE RIVERKEEPER  
1845 N. FARWELL AVENUE  
MILWAUKEE, WI 53202,

Plaintiff,

v.

Case No. 11-CV-8784

MILWAUKEE COUNTY  
901 N. NINTH STREET  
MILWAUKEE, WI 53233,

Defendant,

MILWAUKEE RIVER PRESERVATION ASSN, INC.,  
and BRIAN KREUZIGER  
706 W. ROCK PLACE, 2<sup>nd</sup> FLOOR  
GLENDALE, WI 53209

Intervening Defendants.

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MILWAUKEE RIVER PRESERVATION ASSOCIATION  
AND BRIAN KREUZIGER'S REAL ESTATE EXPERT REPORT

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To The Honorable Judge Christopher Foley:

According to a letter signed by 59 local realtors, the loss to private riparian property values resulting from removal of the Estabrook Dam can be expected to be in a range of 20% to 40%.<sup>i</sup> This translates to a loss of riparian property value of \$11 million to \$22 million.<sup>ii iii</sup>

I agree with that conclusion.

If the dam is removed, the riparian owners can seek damages against the County for their diminution in property values.<sup>iv</sup> This is not mentioned in the AECOM expert report. Furthermore, a landscaping contractor has provided a general estimate of expected shoreline remediation costs for the typical riparian property. Those costs are estimated at \$6,000 to \$42,000 for a typical riparian property.<sup>v</sup>

Reduced property values will result in a decreased tax base and therefore decreased revenues for schools and governmental bodies or increased costs for other tax-payers caused by shifting of the tax burden. The resulting revenue loss or shifting of the property tax burden will be in the range of \$70,000 to \$140,000 per year to Milwaukee County alone and another \$230,000-\$460,000 annually to support all other taxing authorities, including school districts, municipalities, etc. (22A, 23B) It is possible that property tax caps will not allow all of the lost taxation potential to

be shifted. These figures also do not take into account the known domino effect of reduced property values on the surrounding area. It is reasonable to assume that if riparian property values decrease in the range of 20 to 40% that nearby non-riparian values will also decrease in value and cause further deterioration of the tax base.

The Provencher, Sarakinos, Meyer study relied upon by the AECOM study to support a claim that property values will not be affected by dam removal has no bearing on this area, is not scientific and is biased and prejudicial. The study was co-released and paid for by a dam removal organization and thus reached the desired conclusion of that group.<sup>vi vii viii</sup> That organization, the River Alliance of Wisconsin, currently features childish and defamatory web postings regarding the Estabrook Dam.<sup>ix</sup> The study was co-authored by an employee of that organization, Helen Sarakinos, who has no training or experience in economics or real estate.<sup>x</sup> For validation, the study on multiple occasions cites other studies by its own author and other studies that cite the study itself. That is hardly an objective validation of the methods and presumptions utilized in the study. The study does not provide the raw data from which its conclusions are supposedly drawn and does not appear to draw any distinctions between land values and values of improvements and may very well confuse these distinctions and improperly make use of them.

The study makes the claim that distance from Madison and Milwaukee is a consistent indicator of land values. It is doubtful that this is actually the case. It is clear that in Milwaukee, this is not the case. Land values in many neighborhoods within a ¼ mile to as many as 10 miles from downtown Milwaukee are so low as to be almost negligible, whereas land values in other locations, the same distance from downtown, have significantly high land values. The study completely ignores the single most important fact of real estate, commonly known as "location, location, location." Every market is different. No two markets are the same.

The study purports to be of the "Madison" housing market and by extension an "urban" real estate market. In reality, it is a study of small impoundments in small municipalities and rural areas in South-central Wisconsin, no two of which are the same. The locations studied were spread over 6 counties and are all small towns and rural areas as far as 62 miles from Madison. For the sake of reference, Pewaukee is 62 miles from Madison, but it is clearly not part of the Madison real estate market. The closest site to downtown Madison studied, Token Creek, is 10 miles from downtown Madison in an unincorporated area.

Sample distances to dam locations studied:

Madison to Baraboo- 41 miles

Madison to Reedsburg: 55 miles

Madison to La Valle: 62 miles

Madison to Columbus: 28 miles

Madison to Waterloo: 26 miles

Madison to Hebron: 41 miles

Madison to Token Creek: 10-12 miles

For sake of reference:

Madison to Pewaukee: 62 miles

Milwaukee to Waukesha: 19 miles

Milwaukee to Racine: 30 miles

Milwaukee to Port Washington: 26 miles

Milwaukee to West Bend: 35 miles

Milwaukee to Mukwonago: 30 miles

Milwaukee to Oconomowoc: 34 miles

Estabrook Dam is a large dam with a large impoundment in a very urban area. However, the dams studied were almost all small dams and impoundments and none were in an urban area. The study itself states in reference to the sites studied, "All are located in small municipalities." Only 17% of the properties analyzed were riparian properties, the rest were up to ¼ mile from the present or former waterfront. Furthermore, very few properties at sites where dams had been removed actually had water frontage. The study admits that "The most obvious weakness of the data is the lack of frontage observations at removed sites." Token Creek was the closest site to an actual urban area. None of the properties studied that were associated with that site were actually on the waterfront. Of the 6 actual dam removals studied, only one, Rockdale, was nearly as large as the Estabrook impoundment and only 2 waterfront properties associated with this impoundment were utilized in the study. Estabrook has some 170 properties on the water. All of the other impoundments where dams were removed were less than half the size of the Estabrook impoundment. The 2 intact impoundments of similar or larger size to Estabrook do not allow motor boating. Motor boating has always been allowed and done on the Estabrook impoundment. None of the intact impoundments studied were used for flood control. Estabrook is. The study states explicitly that the conclusions it reaches cannot be extended to large impoundments like ours: "Some caution is necessary in interpreting the results. The conclusion that free-flowing rivers confer a price premium on residential property compared to impounded waters is likely due to the small size of the impoundments at our study sites. The conclusion should not be extended to large impoundments where such activities as fishing, boating, and swimming are especially attractive." It is readily apparent that the Estabrook dam impoundment is unique and not similar in any way to any of the impoundments studied.

This study was recently relied upon by those advocating dam removal in the contested case hearings regarding the removal of Little Hope Dam in Waupaca County and was mentioned in the recently published DHA decision in that matter. The Little Hope Dam is a small dam

in a small town near a small municipality. Dam removal advocates there must have claimed that the study proved that dam removals in small municipalities do not negatively affect property values. But here, they want to say that the study is of an “urban” area and therefore applies here. So, which is it? Is it a study of small municipalities and rural areas or is it a study of an urban area? It seems readily apparent that this is the only study anywhere that purports to prove that dam removal has no negative effect on property values. Therefore, dam removal advocates rely on it in the instant case, even though it is of doubtful value in any case and clearly irrelevant to the Estabrook Dam.

In contradiction to the claims of the Provencher study, and in affirmation of the assertions made by Milwaukee realtors, property assessments were lowered by as much as 60% when the McDill dam just outside Stevens Point was drawn down from 2011-2013. The assessor also stated that if the drawdown became permanent it would result in an average loss of value of \$24,900 per waterfront property.<sup>xi</sup>

A comparison of assessed 2010 Glendale land values of riparian residential properties on the Estabrook Dam impoundment and properties directly across the street from them shows that land values on the impoundment have land values 55.8% higher than those directly across the street and not on the impoundment.<sup>xii</sup>

An analysis of the 2014 assessments of riparian properties on the Milwaukee River in Thiensville shows that riparian properties situated on the impoundment created by the Thiensville Dam with deep water and lake-like characteristics have land values that are 39.6% greater than the land values of riparian properties just downstream of the impoundment. In addition, riparian properties on the impoundment have an average structure value of 39.8% greater than riparian properties not on the impoundment.<sup>xiii</sup>

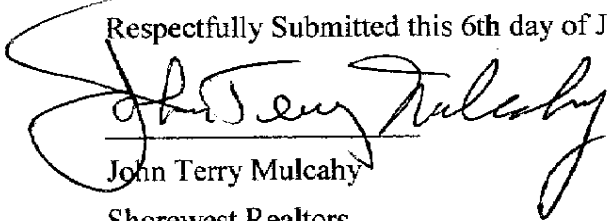
I have sold numerous homes on the Milwaukee River in Glendale since 1978. On July 2, 2015, I closed a home sale on River Forest Drive for almost \$30,000 under Glendale’s current Fair Market Value (FMV) and \$57,000 below the 2006 FMV. This home is on the river where they used to go water skiing and pontoon boats used to grace the water way. These activities have not been possible since 2008, when the County was ordered to keep the dam gates open and draw down the water level. These activities will not be possible ever again if the dam is removed. Thus, the market already shows substantial loss in property value due to the replacement of a lake-like environment with a shallow stream that is little more than a drainage canal.

In the event of dam removal, minimal estimates of property value losses are 20%. Minimal remediation costs per residential property are \$6000. There are approximately 170 residential riparian properties in the affected area. Minimal private remediation costs are then \$1 million. Sewer outfall remediation costs for the 17 outfalls owned by Glendale are estimated at \$800,000.<sup>xiv</sup> There are an additional 22 sewer outfalls in the affected area owned by other authorities. Using a pro-rated basis, the cost of remediation of these 22 outfalls is \$1 million. A minimum of \$500,000 can be expected in streambank remediation costs to Milwaukee County parkland in Lincoln and Estabrook parks. Therefore, a bare minimum estimate of the upfront cost of dam removal is not \$1.67 million, as claimed by the AECOMM report, but

rather \$1.67 million plus these other costs. The total is then \$4.97 million. When the effect of 20% loss of property values is taken into account this figure increases to \$16 million. When the effect of a 20% loss to the tax base is taken into effect, the present value cost of dam removal over 20 years is \$22 million. These are bare minimum estimates of the real costs of dam removal.

In conclusion then, it is my opinion that removal of the Estabrook Dam will result in a reduction to private property values of a minimum of \$11 million and possibly as high as \$22 million or even higher. It is furthermore my opinion that removal of the Estabrook Dam will cause private riparian property owners to incur remediation expenses totaling \$1 million at minimum and possibly totaling as much as \$6.5 million. It may also devalue the County owned land adjacent to Lincoln Golf Course as you will be looking at a large mud flat with weeds instead of a water hole.

Respectfully Submitted this 6th day of July, 2015



John Terry Mulcahy

Shorewest Realtors

Licensed Real Estate Broker since 1978

Milwaukee County Condemnation Commission member

Glendale resident over 28 years

## REFERENCES

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<sup>ii</sup> Kreuziger, Brian, Projected property value and real estate tax losses due to removal of Estabrook Dam, Milwaukee River Preservation Association, June, 2015<sup>ii</sup>.

<sup>iii</sup> Goebel, Glen, Kreuziger, Brian, Ross, Victoria, Revised Estabrook Impoundment Riparian Property Values, Milwaukee River Preservation Association, June, 2015.

<sup>iv</sup> Kuglitsch, Paul D. Interoffice Communication, County of Milwaukee, October 14, 2014.

<sup>v</sup> Northouse Landscape Company Inc. Landscape Proposal: Milwaukee River 2009 Riparian Rights, March 17, 2009

<sup>vi</sup> Greenhalgh, Nathan, "City part of river study," *Reedsburg Times-Press*, January 31 2007, retrieved 5-1-15 from [http://www.wiscnews.com/reedsburgtimespress/news/local/article\\_5687c032-eb7f-582f-b81c-03faa0584ca3.html](http://www.wiscnews.com/reedsburgtimespress/news/local/article_5687c032-eb7f-582f-b81c-03faa0584ca3.html)

<sup>vii</sup> "Study finds dam removal increases property values in long run". *River Revival Bulletin* No. 82, March 22, 2007, retrieved 4-30-15 from: <http://www.internationalrivers.org/es/river-revival-bulletin/no-82-march-22-2007>

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<sup>x</sup> Rosenfeldt, Paul, Attorney At Law. Personal oral communication to Kreuziger, Brian, March 15, 2015.

<sup>xi</sup> Kowalski, B.C., Drawdown Draws Down Some Taxes, *Stevens Point Journal*, P.3A, 7A, October 23, 2012.

<sup>xii</sup> Kreuziger, Brian, BFA, ABA Paralegal Certificate, investment property owner, A comparison of riparian and non-riparian land values in the Estabrook Impoundment, June, 2015.

<sup>xiii</sup> Holmes, David. Thiensville Dam Assessment Data, June 2015

<sup>xiv</sup> Maslowski, Richard. Email to Glen Goebel, April 1, 2009.