

MacDonald, Terry

From: Davis Sr., Joe
Sent: Wednesday, February 25, 2009 12:48 PM
To: MacDonald, Terry
Subject: FW: Response to Marc Levine's 1-30-09 Letter to Alderman Davis



Levine
ponse[1].doc (30 KB)
Terry,

Please add this document as part of the official record.

Alderman Davis

-----Original Message-----

From: Eppli, Mark [mailto:mark.eppli@marquette.edu]
Sent: Tuesday, February 24, 2009 8:04 PM
To: Davis Sr., Joe
Cc: Hamilton, Ashanti; Mayor Tom Barrett; Marcoux, Rocky; Silletti, Leslie; veblen@uwm.edu
Subject: Response to Marc Levine's 1-30-09 Letter to Alderman Davis

Alderman Davis,

Attached please find a response to Dr. Marc Levine's comments about my prevailing wage research. Prior to sending my comments to you, I sent them directly to Dr. Levine so that he could respond, I have also copied him on this email. Dr. Levine and I shared a short series respectful emails where we largely agreed to disagree on this issue.

One thing that I did want to comment on further are my personal financial ties to the development community. I have not personally received any financial support, directly or indirectly from any developers, with the exception of Irgens Partners where I received about \$2,800 for research on a small zoning issue in Washington County (Irgens and his partners and employees have provided no financial support to the Center for Real Estate). The Center does receive support from developers, lenders, brokers, property managers and others. Specifically, The Mandel Group has supported the program with a three year \$105,000 grant, with the caveat that all spending support the ACRE program. I have not received any direct or indirect financial support for my time and effort in running and teaching the ACRE program.

I wish you and the other members of the City Council well in deciding this and the many other difficult issues that come before you.

Respectfully,

Mark J. Eppli
Professor of Finance and Bell Chair in Real Estate Marquette University

February 19, 2009

Marc,

Today I received a copy of your letter dated January 30, 2009 that was addressed to Alderman Davis. I found the content and tone of your letter to be a personal attack on me, my work, and my judgment. I do not wish to do the same in this response letter to you. In a matter of fact, I must compliment you on bringing greater awareness to the need for economic development in the City of Milwaukee, and especially to the persistent unemployment rates among African American males, topics which you seem to have great research interest and passion.

I would like to briefly respond to your comments section-by-section. I will attempt to be brief and non-accusatory in my points.

Section #1

You suggest more detailed work and a multivariate analysis is necessary for my work to be credible. I would enjoy the opportunity to do so if the data were available. The 12 projects are all that I had access too and reported all data that I had, no data parsing. Since the proposed regulations are about prevailing wages I found it correct and appropriate to focus on prevail wage projects only and not all projects.

In your analysis of my comments, you present summary statistics and no multivariate analysis, but criticize me for not doing so. Given that one of the goals of TIF is to jump start economic development in the City, I find it a fair and appropriate goal to have a majority those jobs be in the City – prevailing wage legislation as stated does not support that. I will not make the scathing “no evidence” comment that you made, but if I were you I would be careful on the “patina” of statistics that you present. I will refrain from commenting on who has the appropriate expertise when addressing urban economic development issues.

Section #2

You have the quantitative tools to understand the endogeneity problems embedded in Dale Belden’s later model estimates.

Section #3

My focus, as you point out, is the increase in development costs for “private residential development” as a result of prevailing wage requirements. My cited research is on private residential development. Your three criticisms all refer to commercial and public development. Certainly you recognized the difference between commercial and residential research. Additionally, based on your citations you were unable to find evidence to refute my comments on the impact of prevailing wages on private residential development.

Conclusion

Your criticisms and blunt comments about my work are directly applicable to your own letter one-for-one, and worse, your letter includes spurious summary statistics, a lack of causal statistics, use of select research that supports a position, and reliance on flawed research. Please note that in my responses I attempted to keep personal attacks

out, where you included “no academic expertise,” “no evidence,” “patina of misleading statistics,” “misrepresent,” “shoddy piece of work,” among others.

Like you, but using different methods, I am attempting to reach out to the City and community. I have invested significant time and resources in the ACRE program, which you may be familiar with. I regularly meet with Harvey Rabinowitz in SARUP in an effort to bridge the knowledge base between our two universities. Additionally, I support and encourage academic independence, public discourse, and the open debate of all topics. I also wish to again applaud your contributions that often provide needed data and analysis on the economic challenges of the City of Milwaukee and the African American unemployment rate. However, in the January 30, 2009 letter to Alderman Davis, I find your repeated personal attacks on me, my work, and my judgment unwarranted, unnecessary, and unfortunate.

I look forward to your thoughts.

Sincerely,

Mark Eppli