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**East Side Business
Improvement District #20**

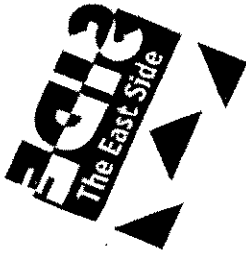
Fax

To: ZND Committee Staff: Linda Ellmer	From: Jim Plaisted, Executive Director
Fax: 286-3456	Pages: 3
Phone:	Date: 7/5/2005
Re: Pabst City	CC:

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The East Side
Business Improvement District

July 5th, 2005

Alderman Michael S. D'Amato, Chair
Zoning, Neighborhoods, and Development Committee
200 E. Wells St.
Milwaukee, WI 53202

Dear Alderman D'Amato,

I want to thank you and the Zoning Neighborhood and Development Committee members for your careful consideration of the \$41 million dollar financing request from Juneau Ave. Partners for the redevelopment of the former Pabst brewery.

I represent 70 commercial properties valued at over \$45 million dollars in the heart of your 3rd District on the East Side. We are known as one of Milwaukee's premiere entertainment destinations boasting over 30 restaurants and bars along with the historic Oriental Theater.

Our objection to the Pabst City project is simple. The proposed financing package of \$41 million dollars is a subsidy to the developer and the proposed entertainment tenants who will be DIRECT competitors to my businesses on North Ave.

Your committee members have heard from the independent consultant CH Johnson and the UWM Center for Economic Development in the last few weeks. I do not wish to reiterate their excellent analysis of the project and its impact, but would like to point out the key points of each report for your consideration and why we feel the size of the TIF request is inappropriate.

- CH Johnson points out in three scenarios for projected annual income that the "substitution spending is expected to account for half of total spending in the project". The three scenarios presented in their report have annual "substitution spending" at Pabst City between \$43,700,000 and \$77,500,000. If this is correct, the ripple effect through the existing restaurant and bar industry will have a highly negative effect on annual sales for those establishments.

In short, Pabst City will grab existing customers from the East Side, Brady St., Downtown, Third Ward, Walker's Point, 5th Ward, and near West Side.

"It is important to note that in CH Johnson's follow-up communication with the Comptroller last week, they clarified some of their concerns regarding the project. The "substitution spending" element was not addressed nor changed by that communication.

- UWM's report states "Pabst City is a risky project with multiple economic weaknesses and questionable public benefits. There has been a "rush to development" on the part of DCD; as stewards of the public interest, the department should be conducting much more extensive and probing economic analysis of the project." We wholeheartedly agree that DCD has not conducted any type of serious due diligence on the project regarding the impact on the existing entertainment industry in Milwaukee. In fact, they have done nothing at all.

We have stated clearly at public meetings and in private discussions with DCD that we do not object to the public infrastructure section of the TIF request. The age of the public facilities justifies the use of the TIF mechanism and is comparable to other uses of TIF in the City of Milwaukee.

The East Side BID and East Side Association represent Milwaukee's most exciting retail, entertainment, and residential district.

Located between Lake Michigan, the Milwaukee River, Downtown, and UWM, we are actively involved in the conscientious development of an enhanced business district designed for people looking for a dynamic place to live, work, shop, and relax.

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However, according to a memorandum to the Common Council on May 23rd, 2005, Mr. Jerry F. WISPARK makes the case that "Urban redevelopment projects typically face challenges stemming from dealing with antiquated infrastructure, existing site conditions, and specific building concerns." Mr. Wispark goes on to make the case that use of the TIF will be for "interior demolition" and puts that amount for existing buildings at nearly \$10,000,000.

Let me give you an example of three renovation projects in my neighborhood, all entertainment use privately financed their own "interior demolition" with no TIF or grant assistance to their project. All have taken place in the last three years.

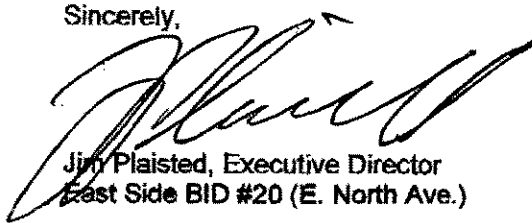
- 1) Twisted Fork restaurant and bar, corner of E. North and N. Farwell Ave. Built in 1923, it is the former site of the famed Oriental Pharmacy. According to the restaurant and bar owners, renovation and construction was in the neighborhood of \$1.5 million dollars. A \$10,000 façade grant was the ONLY public money granted the project.
- 2) Lava Bar and Grill, 2028 E. North Ave. Built in 1913, this space was a music venue for the years. The Lava owners renovated the space into a new restaurant and bar and spent \$825,000 on the project. No façade grant or other public assistance was awarded this project.
- 3) Cans Bar and Canteen, 1819 E. Kenilworth Pl. Built in 1924, this new tenant and owner spent \$450,000 to gut and renovate the space. No façade money or other public assistance was awarded this project.

Around the East Side and Downtown, there are many, many examples as I've outlined above. The Pat development team is encountering nothing new that is not already known to small, independently financed entertainment venue operators who received little to no public assistance on their investments.

We urge you, your committee, and the Common Council to limit the amount of the requested TIF to the infrastructure money only. We feel that is a fair and equitable solution to the current debate. As restaurant and bar owners, they do not "fear" competition, but they understand when one is being given an upper hand in the marketplace. We feel that is the case with the current proposed financial plan being pushed by Juneau Ave. partners and DCD.

Thank you for your consideration of this communication.

Sincerely,



Jim Plaisted, Executive Director
East Side BID #20 (E. North Ave.)

Cc: Ald. Michael Murphy
Ald. Willie Wade
Ald. Ashanti Hamilton
Ald. Robert Baumann