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Finance & Personnel Committee
Milwaukee Arts Board

MEMBER:
Judiciary & Legislation Committee
Steering & Rules Committee
Zoning, Neighborhoods & Development

January 27, 2006

Rocky Marcoux
Commissioner
Department of City Development
809 North Broadway 3rd Floor
Milwaukee, WI 53202

Dear Commissioner Marcoux, *Rocky*

The proposed relocation of Manpower's headquarters from its current location in Glendale to the City of Milwaukee is a significant step for our city. As Comptroller Morics states in his letter of January 26th, the proposed project is not typical City assisted real estate development. As such, the large scale of the proposal and its implications require my due diligence in thoroughly researching the proposal before arriving at a decision.

To this end, I have prepared a list of key questions related to the project. Please provide a response before January 31st, so that I may be prepared for the Zoning, Neighborhoods, and Development Committee meeting on that date.

1. What are the demographics of Manpower's 970 headquartered employees? For example, how many are City of Milwaukee residents? What is their average salary? What is the turnover rate for these Manpower employees? Do all 970 Manpower employees receive full health benefits?
2. The MMAC and City have supported the Regional Economic Development Initiative. What implications do you see from a precedent being set of individual governments within the 7-county region competing for jobs by offering tax incentives?
3. Will the completed Manpower headquarters be considered Class "A" office space?
4. Could the number of parking spaces be reduced in anticipation of the transit connector being built, and to encourage the use of mass transit and carpooling in the meantime?
5. Manpower is allowed 1000 free parking spots. Why is it necessary to offer other tenants an additional 250 free spots? Are they reserved for Time Warner employees who will lose their spaces?

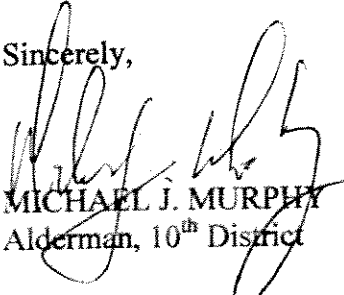
6. If Manpower, due to the cyclical nature of its business, does not need all 1000 parking spaces, can the city charge other tenants for their use? If not, why?
7. Since the City will own the parking structure, why is an RFP process not being used relative to its construction?
8. Was developer financing given consideration during the City's discussions with Manpower?
9. What are our obligations to the capital cost of replacing the parking structure after 20 years?
10. The estimated time to repay the \$25.3 million is 20 years, one year before the statutory termination. As such, why is the lease with Manpower only 17 years?
11. As part of the TIF agreement, the repair of the Fireboat and Cherry Street Bridge (with an estimated cost of \$1-3 million) is required, but not included as part of the TIF financing. What was the rationale for that decision?
12. One of the key strengths of the project is its promise to spur development of the restaurants, shops, housing and office development along Martin Luther King Drive. Please describe how this will occur.
13. Manpower started in 1948 as a provider of day labor and has grown to two million temporary and contracted employees around the world. Revenue is expected to be \$17 billion for 2005 and is listed at #140 on Forbes Magazine's Fortune 500 list. As such, why is the job training provided by Manpower for people in the neighborhood—a key component of the Mayor's plan—only \$100,000.
14. How much money is being offered as the moving allowance, and is this amount consistent with other large TIF projects?
15. How much is the old lease buyout allowance, and why is it necessary to provide Manpower with an incentive payment of \$1.3 million, considering that the city is already providing an incentive of free parking for all of its employees?
16. Both the 1000 North Water Street office building and the Cathedral Square office development involved parking structures being built to leverage their development. In both cases, the City charges tenants for parking, generating \$2 million annually. What market condition changes have occurred that necessitate such a large subsidy to encourage growth at the Manpower site? Does this indicate a trend that will continue into the foreseeable future?

17. The developer is RiverBend Place LLC, a Wisconsin limited liability company, and The Brewery Works, Inc. The Brewery Works and its affiliates are the owners of Schlitz Park. The Brewery Works is the sole member of RiverBend Place, LLC. Under the proposed terms of the Manpower project, the developer will construct the parking structure and then convey it (including the underlying land) to the City upon completion. The City will then lease the entire structure to the Brewery Works. Brewery Works shall sublease approximately 1,010 spaces in the parking structure to RiverBend, who will sub-sublease those spaces to Manpower. In consideration for the contribution of the land for the parking structure, Brewery Works shall retain the right to the remaining 250 spaces for use by tenants at Schlitz Park (including the Time Warner Building and the North Powerhouse). **With respect to the Brewery Works' spaces, to the extent after-hour revenues can be generated from special event parking, net revenues shall be split 50/50 between the City and Brewery Works. Why does the City not retain 100% of the revenue from special event parking?**

18. Please note the attached letter dated July 11, 2005, from Timothy Cullen, Chair of Government Health Services, Blue Cross Blue Shield of Wisconsin, to Mayor Tom Barrett, regarding Blue Cross Blue Shield's decision to move from its downtown Milwaukee location to West Allis. According to Mr. Cullen's letter, 300 of the 750 employees working at the 401 West Michigan Street location were City residents. Mr. Cullen indicates that a significant factor in relocating to West Allis was that its employees would receive free parking at the new location "compared to their current personal cost of parking downtown, which ranges between \$55 and \$105 per month depending on the location of their parking spot." Blue Cross Blue Shield was offered only a \$1 million loan and a maximum \$100,000 job-training grant. **Why was Blue Cross Blue Shield not offered a proposal similar to Manpower's? Given that the Manpower project would be the first time the City enters into a TID agreement involving the construction of a parking structure to provide free parking to employees of a private employer, how will you deal with future TID proposals which also include similar demands for construction of city-owned structures to provide such free parking? Specifically, what criteria will be used in evaluating future proposals?**

I realize that this is a substantial number of questions and a short period in which to answer them. However, I was only provided with a complete report on the proposal yesterday. Thank you for your attention to this matter and I look forward to your response.

Sincerely,


MICHAEL J. MURPHY
Alderman, 10th District