



October 23, 2020

City of La Crosse
Board of Public Works
400 La Crosse Street
La Crosse, WI 54601

Re: Agenda Item: 20-1423
Request to terminate lease agreement with City Brewery on December 1, 2020 20-1423

Dear Members of the Board:

Thank you for taking the time to consider the concerns of the City Brewery, with respect to the proposed lease termination.

Currently, the City Brewery leases an area referred to as "the snow lot." The current lease runs through November of 2022. This lease replaced an earlier lease for a much larger area which ran through 2017. This earlier lease ended when the City opted not to renew it in order to expand the number of softball fields near Carroll Park.

The trailers at this location transport products and materials used by the City Brewery for production and packaging. These trailers are moved in and out on a regular basis to meet the production needs of the brewery. City Brewery and their predecessor G. Heileman Brewery have been storing trailers in this area for in excess of 40 years. Normally there are no less than 15 trailers at any one time on this lot, but the majority of the time it is full.

Under the current lease, this lot is used for 6 months out of the year (May to November) by City Brewery for parking of up to 30 trailers. The rest of the year it is used by the City for snow storage.

The current lease has a 30 day termination clause. The Park Department has requested the City to terminate the lease to provide additional parking for the softball fields and the municipal harbor. Under the current lease, the City in the event of early termination is to work with City Brewery to find alternate parking locations

Greg Elsen, on behalf of the City, has proposed a short-term compromise on the parking issue. We thank him for his work, but it is only a very short term solution. It does not solve the problem.

As a compromise, the City has proposed that the brewery be allowed to keep the current parking lease, through November of 2021. At that point the lease would be terminated. Though again a short-term term solution that were thankful for, it does not address what will happen in the year 2022 and beyond



We understand the Board needs to balance the needs of the Parks and Recreation Department for additional parking against the production needs of the City Brewery. Both are equally important. We also understand that even if the City opts to not terminate the lease early, this lease does expire in 2022.

Prior to addressing that compromise, we would like to discuss some of the issues that City Brewery is facing.

1. Based upon production and capacity, City Brewery has become the 4th largest brewer in America.
2. City Brewery production has increased by over 30% this year alone, with more increases planned for 2021.
3. Between 2019 and 2020, over \$44 million has been invested in upgrading the plants and facilities in La Crosse to handle this increased production. Millions of more dollars will be spent over the next few years, with additional production lines planned for La Crosse.
4. Employment has more than doubled in the last 10 years, with the goal to add an additional 150 permanent full-time jobs planned over the next 12 months.
5. The City Brewery is producing more volume at the La Crosse facility, then at any time in its history, including when it was G Heileman Brewery.
6. City Brewery has secured in the City of La Crosse, over 1,000,000 square feet of offsite 3rd party storage to support this growth.
7. In the past, brewery operations were seasonal with the greatest work being done in the May to November time frame. With the current increase in production, that will no longer be the case. Production is increasing monthly and there will no longer be a "down time."
8. All of this is a substantial financial commitment by the City Brewery, but the brewery has not requested any financial assistance from the City.

With this growth, does come the need for additional products and materials, which are transported by truck. The brewery has been very careful to meet its warehousing needs in pre-existing industrial areas. There've also striven to keep production in close proximity to the brewery, so there is as little impact as possible on the rest of the City and the surrounding neighborhoods. This is why the snow lot is very important. It provides a close link to the existing production lines without encroaching on surrounding neighborhoods.



Again understanding the need of the Park Department for additional parking, the City Brewery would like to offer some additional potential solutions for parking its trailers:

1. Attached to this letter is a map showing the area in red which is currently leased by the City Brewery. This is the snow lot. At this point, the lot highlighted in red holds 30 trailers. If the brewery can keep one half of the area it would still allow us to keep 15 trailers on the site, but allow the balance of the property to be used for parking. We would also ask that if possible, that use be expand to year-round. We understand that there would be a rent increase for a year-round lease.
2. The area highlighted in blue is also owned by the City of La Crosse. We would ask that this area be graded and gravel and then leased to the City Brewery on a year-round basis.
3. In the past there has been discussion on closing various parts of 2nd and Front Street, between Market Street and Jackson Street adjoining the brewery property. Without interfering with the railroad crossing, the City Brewery would like to move forward with that request and have those areas abandoned. By combining and reconfiguring those areas, the brewery will be able to provide additional parking.
4. There are additional lands east of the current wastewater treatment plant that are not proposed as part of the expansion of the plant. We would ask that the brewery be allowed to enter into a lease for that area for the parking of its trailers.
5. City Brewery currently leases lands and buildings from First Supply. There is the potential for expansion in this area, however, we understand there's been a reluctance by the City to allow this expansion, on the idea that there could be some higher or better use in the future for this property. We would ask that the City reconsider its position on these lands and allow us to propose an expansion in this area.

Before making this request, we received several solicited and unsolicited comments and recommendations as to options for the parking problem. We did consider many options and I will discuss some of them:

1. Relocate the trailers to the brewery property: As discussed above we have maximized every square foot of land in and around the brewery. This is why we have had to rent 1,000,000 square feet from other parties.
2. Reduce production in the City of La Crosse, to reduce the amount of traffic and trailers. City Brewery has tried very hard to increase production and employment in its present location in the City of La Crosse. A conscious decision has been made to keep as much



production as possible in La Crosse, as opposed to another state. We believe this is mutually beneficial to everyone.

3. Place the trailers at the Kmart site. Though that site is available to the brewery, we do not believe this is something the city would like to see. In addition, the distance to the Kmart site to the brewery will put a substantial amount of traffic on the streets in in the neighborhoods when moving the trailers.
4. Relocate the production to a more industrial area out of the Central Business District. The hundreds of millions of dollars it would cost to build and relocate outside of the City do not make that a viable option.

In summary, in addition to allowing the City Brewery to keep the current lease in place through November of 2021, we would ask the City to consider the five (5) options we have proposed above.

Thank you for your time.

Very truly yours,

Phillip James Addis

PJA/dns

Enc.

cc: City Brewery; all City references



Mississippi Valley
Conservancy

Mississippi River

Mississippi River

La Plume Slough