

March 2, 2015

Commissioner Mike Amyx
Commissioner Mike Dever
Commissioner Jeremy Farmer
Commissioner Terry Riorden
Commissioner Bob Schumm

Re: The Eldridge Hotel Tax Abatement

I am writing to express my opposition to the proposed Eldridge Hotel tax abatement.

When justifying the abatement, part of the discussion has stated that the Eldridge is a historic hotel and local treasure and as such deserves our support. Some have said that since the adjoining lot has been vacant for decades, it must be developed to cease it from being an eyesore. Some might also want us to believe that Lawrence has a critical need for more hotel rooms and banquet space and that the expansion would provide more jobs in the city. I believe these arguments are weak and not good enough reasons to grant the abatement.

I do believe, as the ownership group has shared, that the redevelopment of the lot will be pricey but in this case it is not the city's responsibility to make it more affordable. First of all, Lawrence does not have a critical lack of hotel rooms and banquet space. It seems that we have acquired a new banquet space every year for the past five and there are only a few dates when all hotel rooms are occupied. Although that adjoining lot to the Eldridge has been empty, it can in no way be considered a blighted property. Moreover, when the Oread project began, we were in a recession. That is no longer the case. Banks are lending and the Eldridge ownership group has plenty of resources. They do not need our financial assistance. Lastly, jobs in the hospitality sector are not high paying with benefits and profit margins are slim. By decreasing the cost of business for one entity you are giving them a financial advantage over competing entities.

Paying property taxes is part of business. I would ask you to consider the estimated amount of property tax savings in comparison to the amount spent on the project.

Although an increase in property tax revenue will be paid on the property, 5% is really nothing over the course of 15 years.

Last week, I called my landlord to find out how much my share of the real estate property taxes are for 2015. He informed me that I will pay \$17,581. Ninety five percent of that amount is \$16,700. If my business were granted a tax abatement of the level that has been request by the Eldridge ownership group, I could reduce my business expenses \$250,529 over the next 15 years. That savings would easily pay for the latest round of upgrades at Maceli's and put me on an unimaginable tract for increased profitability.

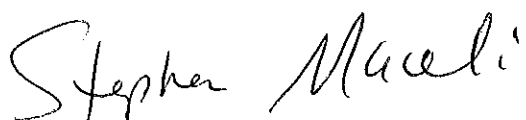
For most small businesses, 15 years is an extremely long time. Our biggest expense tends to be our lease payments and included in that payment is our share of property tax. If we really wanted to spur small business growth as a community, the commission could rebate property taxes on new businesses for a 5 year period to help them get established. But as is stands, the public only sees this option for multi million dollar projects. Hence, abatements are a source of controversy.

By granting these abatements you are making the city a business partner by assisting alleviating businesses of basic business realities. If the group cannot afford the proposed higher level of taxes, perhaps they should amend their business aspirations so they are more affordable.

Please do not interpret opposition of this request as a universal opposition to all requests for tax abatements because it is not. If a project were to establish a new business that was not in competition with other local businesses, create well paying jobs with benefits, and be reasonable in terms, I would more likely to approve such an abatement. Ninety Five percent for 15 years for the Eldridge to expand is too much.

If I, along with other local business people for that matter, can pay their fair share of property taxes, no matter how high, so can the Eldridge ownership group. I expanded Maceli's twice within my business's means while continuing to pay my fair share of property taxes. The Eldridge ownership group can do the same.

Thank you for thoughtful consideration of these thoughts.

A handwritten signature in black ink that reads "Stephen Maceli". The signature is written in a cursive, flowing style with a large initial 'S'.