



August 27, 2018

RE: Menards Decorah IA Project

Dear members of the Decorah City Council,

You all are familiar with the proposed Menards project by this point but I wanted to take a few minutes of your time to try and cut through some of the noise surrounding the project and present what I think are the important facts. This letter should help you understand some of the parts of the project that have been largely undiscussed up to this point. If anyone has any questions about the project please do not hesitate to reach out to me.

Floodplain Impacts

The majority of the discussion related to the proposed Menards store has been focused on the floodplain. In a lot of ways I think that is not a good reflection of the project as a whole. Menards and the City of Decorah have taken steps to prove without a doubt that constructing a Menards store in this location will not have any negative impact on surrounding or downstream properties. That mission has been accomplished. The Iowa Flood Center, the Iowa DNR and the US Army Corps of Engineers have all reviewed and evaluated the project and given their blessing. The Decorah City Code specifically requires the Iowa DNR Floodplain Fill Permit prior to approval, Menards has obtained that permit. The findings of those groups cannot be refuted and are the best technical evaluations on flood plain impacts you can get.

We cannot get caught up in the "what if" scenarios of future development in the floodplain because each project is evaluated on an individual basis on its own merits. Menards is the only company asking to develop this location and therefore should be the only consideration at this time. Any future development projects within the floodplain would need to go through the same review and evaluation process at that time.

Economic Impacts

With the floodplain impact issue solved the main benefit to the community is the economic benefit. The estimate for starting sales at this Menards store is \$30,000,000. For a small community like Decorah that is a huge increase. The city gets 1% of the annual sales in sales tax which equals \$300,000 from Menards every year. All city retail sales tax including that \$300,000 from Menards makes up the city streets budget. The addition of a Menards would increase the annual Decorah Local Option Sales Fund from its current \$950,000 to \$1,250,000. That is a 25% increase to the fund that is restricted to street improvements from adding a new Menards store to the tax base. In addition to the Menards sales tax benefits are all the residual trips that will be made to Decorah because people shopping at Menards spend money at other places in town. People from nearby communities will make the journey to Decorah for Menards now instead of Rochester and La Crosse and will do other shopping and dining when in town which benefits the other businesses and the community as a whole.

The city's current estimate for the Menards property tax bill will add about \$100,000 to the city's general fund each year and about \$120,000 to the school district fund every year. I can't tell you how far that money goes within each of those budgets but I have to imagine the school district and the kids would greatly benefit by that additional money. Adding the Menards would more or less double the significant property tax base already established by the Wal-Mart.



On top of the initial \$10,000,000 investment Menards will make in Decorah through building the store, Menards will add 100 jobs through the construction of this store. Menards offers incentives that many other retailers don't that include premium weekend pay and additional pay for skills like driving a forklift. Plus profit sharing which is a percent of the annual gross pay and that amount increases every year. Menards does offer health and dental insurance and encourages promotion from within. This offering is significantly better than typical retail work and will really attract employees from quite a distance away to work in Decorah.

Menards has never closed a store because of bad business so the new Menards store in Decorah is a safe bet that will continue to operate for at least the next 30 years. This fact should prevent any worry about a dark store or short term impact by Menards. As the community grows so will Menards which will result in additional jobs and additional sales tax generation long into the future.

Business Park

Nothing in this process has been more frustrating than the statement "go build up the hill in the business park". No one in the world knows more about Menards site locations better than Menards so I don't understand how outside parties can dictate where Menards can and cannot successfully operate a Menards store. Decorah is a growing community but still a very small town and Menards is taking a calculated risk by putting a store in a town of this size with the assumption it will continue to grow. By putting a store in a town that is smaller than normal we have to be sure the best spot is chosen. In this case next to Wal-Mart where the shared traffic will benefit both users is the best retail location. This location is also more central to town and overall a better retail location. In 2018 when more bricks and mortar retailers are closing their doors than opening them site selection is a critical element of development and if Menards is not able to choose the best location in town then Menards is not able to build in Decorah at all. The business park is really an industrial park designed for job creating businesses like the brewery, trucking companies, contractors, and other industrial type uses. Most cities across the country have similar parks and Menards is not located in them because they are not in prime retail locations. Menards has proven without a doubt that it is safe to build in the proposed location so we should be trusted to know this is the best spot.

Please keep in mind Menards has not asked for anything from the city as part of this process. We are not asking for incentive money through sales or property taxes or asked for any special treatment. Menards does not want Decorah to give anything up for our benefit. Menards simply wants to make its investment in Decorah using its own money and be given the opportunity to compete and operate and run a Menards store long into the future.

Menards appreciates the opportunity the city has given us to try to build a new store in the Decorah community. Often times our stores stay in the same location for 30 or more years so this could be the start of a great partnership between Menards and Decorah not to mention the incredible economic benefits the city will gain without incurring any losses to make that happen. If you have any questions about the project or information above please let me know. Thanks you.

Sincerely,
Menard, Inc.



Tyler Edwards

Real Estate Representative

Menard, Inc. 5101 Menard Drive Eau Claire, WI 54703

O: 715.876.2143 C: 715.579.6699 tedwards@menard-inc.com