

## City program leads to major investments

BY SEAN RYAN  
seanryan@bizjournals.com

A Milwaukee program intended to make manufacturers more efficient and competitive encouraged Badger Alloys to invest almost \$1 million in new equipment and is supporting Engine & Transmission Exchange Inc. as it establishes a 60,000-square-foot plant.

The city program — Milwaukee E3 — pays for companies to analyze their operations for waste in energy, materials and manpower and offers grants of up to \$10,000 for projects to improve efficiency. Badger Alloys and Engine & Transmission are the first two companies to pursue efficiency projects through the program.

Shaving operating costs keeps Milwaukee companies competitive with out-of-state

and international companies, said Milwaukee Mayor Tom Barrett. The city, using a \$200,000 stimulus grant and money from local sources, started the \$400,000 E3 program last year.

"Manufacturing is such an important part of our economy and to the extent that manufacturers can be more sustainable and energy efficient, it allows businesses to be more profitable," he said.

Engine & Transmission Exchange (ETE) this spring will open a facility to produce parts for car transmission boxes that currently come from out-of-state suppliers, said Lawrence Loshak, the company's vice president. The new facility is being built in a former grocery store at the northwest corner of West Good Hope Road and

North 76th Street. The company hired 55 people in 2011 as sales increased 44 percent, he said. The manufacturer, which cleans and rehabs transmission boxes for cars and trucks, plans to double its current work force of 160 in the coming years.



Barrett

Badger Alloys, 5120 W. State St., plans to spend \$900,000 buying new equipment to avoid wasting sand in its metal-molding operations, said Rob Cowen, president and chief executive officer. Sand costs increased 200 percent, from \$17 a ton to \$51, in October because of increased demand from the mining industry.

The new machinery means the company will cut its sand use by 80 percent, he said. He expects the savings from the decreased sand use will pay back the cost of equipment purchases within a year.

"Business is going to get more and more difficult and we have to look at each aspect of our business and what can we do to streamline and become more efficient," Cowen said.

Through a consultant in the city's E3 program, Badger Alloys also is spending more than \$70,000 on a new computer system that will decrease its energy usage, Cowen said.

Badger Alloys and ETE are among nine companies that over the past year hired consultants through the program to recommend

ways to cut operating costs. The city has spent about \$95,000 on the assessments for the nine companies. It has more than \$300,000 left in the program budget, which is enough for at least 10 more companies to participate in the program through planned future city requests for applications.

"We've been pleased with our progress so far," Barrett said. "We want to see it continue."



Rob Cowen (above), president and chief executive officer



Badger Alloys plans to invest almost \$1 million in new equipment in its plant on West State Street.

PHOTOS BY SCOTT PAULUS

## Grunau proposes nonprofit to buy Plankinton Building downtown

BY STACY VOGEL DAVIS  
svogeldavis@bizjournals.com

A prominent Milwaukee developer is impressed with recent changes at The Shops of Grand Avenue and wants to make sure the property stays on track.

"THERE'S AN EXCITEMENT THERE . . . We need to hang on to that."

Gary Grunau  
Local developer

The nonprofit could ensure the entrepreneurial and creative groups that have rented space there in recent months could continue their operations no matter who owns the mall, he said. It also would take some

pressure off the mall by concentrating its retail area in a smaller space.

"Everybody thinks they've got to replace the whole Grand Avenue with retail, but this would put another purpose into the Plankinton," he said.

The proposal is in its very early stages, but Grunau said he's working with a few companies, developers and nonprofits and hopes to have more concrete plans within the next month.

The mall is owned by Five Mile Capital Partners LLC of Stamford, Conn., and managed by Jones Lang LaSalle of Chicago. Last year, it launched the "Creativity Works Here" program, which leases space in the Plankinton Building to business incubators, start-ups, arts groups and other creative groups for low rent. The program has attracted more than a dozen tenants.

The program is a positive step for a property that has struggled in the last decade, Grunau said.

"There's an excitement there of entrepreneurship, young people and stuff going on," he said. "We need to hang on to that element."

Local and national foundations and local corporations with an interest in entrepreneurship could contribute money for the purchase, he said.



Grunau

Now is the time to attempt such a purchase as Five Mile and the mall's mortgage holder, Bank of America, try to decide what to do with the property, said Barry Mandel, president of Mandel Group Inc., Milwaukee.

"The value of the Grand Avenue mall is so low, so you can actually get a yield on lower capitalization that makes sense," he said.

Grunau has not talked to Five Mile or the city of Milwaukee about the idea, he said. A potential sale could be tricky, since Bank of America filed a foreclosure suit against Five

Mile in August.

When told of the idea, Tracy Korpela, marketing and specialty leasing director at the mall, said: "We are always open to new ideas and encourage Mr. Grunau to contact the mall to discuss the idea further."

Milwaukee Mayor Tom Barrett has appointed a workgroup, led by Milwaukee attorney Stephen Chernof, to study the challenges facing West Wisconsin Avenue, including The Shops of Grand Avenue. The city is unlikely to support Grunau's idea before hearing the workgroup's recommendations, said Jeff Fleming, spokesman for the Department of City Development.

Chernof said the idea is worth considering but could face several hurdles, including the foreclosure lawsuit and the potential city reaction.

"It's something we ought to look at, but I'm not sure that the city would be pleased if it was taken off the tax rolls," he said.