

This is Part One of a full page paid ad I ran immediately after my theater's closing; coincidentally just the week before the local election where my nemeses, Deputy Mayor Melina Kennedy, was running for her first public office as the Prosecutor for Marion County / Indianapolis, Indiana. Part Two ran just days before the election. The story was picked up City wide with extensive broadcast television and radio coverage. Melina was defeated.

Hollywood Bar & Filmworks Has Closed!

Say Goodbye to Hollywood, It's Been a Great 15 Years!

It was 15 years ago last weekend that Hollywood Bar & Filmworks opened. I thought it would go on forever, but it's time to leave. When we first opened Hollywood it was the first new downtown movie theater in over half a century, no other theater had even been open for over two decades. Union Station had just collapsed and Circle Centre wasn't even a hole in the ground. We were one of only a handful of downtown businesses to be open past 8:00pm and I believe the only one of those to be open every day of the week. I was told that for years we were the only reason it was economically feasible to keep the Union Station Parking Garage open at night. Our business increased by double digits every year, by 35% the year Circle Centre opened and despite the presence its new cinema. Over our 15 years we have received lots of recognition. Favorable articles and stories from every form of media, consistent local and national awards for Best Theater, Best Service, Service Excellence, Best Menu, Best Pizza, Best Popcorn, Best Margaritas, Best Commercial, Best Downtown Addition, being a Good Neighbor, Entrepreneurism, and Best Marketing. Indianapolis Monthly characterized us as one of the crown jewels of Indianapolis. One magazine even named us as the third best place to take out of town guests (after the 500 Track and the Children's Museum). I never knew Indianapolis had so many international visitors until I started hearing all the foreign languages in our elevator. I even have a letter from Vienna written by an 85 year old Great Grandmother of 19 kids who visited, loved the place and wrote back because she so happy she got to see a movie without having any children around her. My concept has had coverage in many publications from LA to New York, and various national television programs including the Food Network just last month. During the Final Four, USA Today said we were the only must see in Indianapolis for out of town guests. Since I opened this same concept in Chicago, Restaurant Business Magazine called us one of the top new concepts in the country (somehow missing that we had been open in Indianapolis for over a decade). At one point we were attracting the equivalent of more than half the amount of downtown Indianapolis visits that the Colts generate (interestingly without having to have our pockets lined with a taxpayer subsidy and more importantly on a consistent basis and not just 10 afternoons a year). We were one of a handful of the top non-institutional sellers of bottled beer, chicken wings and ice cream in the county; spent more than \$250,000 annually on advertising and employed over 100 people, all which rippled through the local downtown economy. Because of the new Chicago operation, the IBJ just named us the eighth fastest growing private company in Indianapolis; but that is because of my out-of-state growth and despite downtowns new dynamic.

Over 20 other cities have asked me to build in their downtown and do for them what I had done for Indianapolis. Last month I turned down a \$6 million municipal offer to open a location just outside Chicago. The largest cinema chain in the world had asked me to co-venture with them in opening up my concept in their older 6 plex's and Disney wanted me to open at Epcot, all of which was enormously flattering but deals that ultimately just weren't the right move for me. In opening up in a suburban village outside Chicago, similar success has greeted us and we will bring as many people to little old Woodridge, Illinois (population 30,000) than the Pacers will bring to downtown Indianapolis this season, (again without subsidy or taxpayer expense). The Indianapolis venture capital community has embraced what I do and I believe will continue to back my plays. I have been offered figures ranging from \$20 million to \$80 million to fund my companies growth.

We've had great times and met great people in Indianapolis. The surviving Munchkins attend our annual Wizard of Oz festival and have become dear friends. Highlights include dancing with Karen Allen down at the Slippery Noodle and Actor Michael Madsen (much to my embarrassment), leading an entire auditorium in singing Happy Birthday to me. People like Directors Robert Wise & Sydney Pollack, actors like Paul Reiser, Tippi Hedren, Jane Russell, Peter Falk, Linda Blair, actors from Star Wars and Harry Potter and many many more rave about my theaters and we now have celebrities calling us to appear at our facilities to their host films, do book signings, etc.

But the best thing has always been our customers. In the past many of them drove regularly from as far away as Bloomington, Anderson or Lafayette to see movies at our place. I have heard many stories about first dates, marriage proposals and even more about just great evenings. I have a letter framed on my wall from a local monastery where the Mother Superior writes how much they love the theater; Hollywood is the only place they come downtown, the only bar they go to, the only way they see movies (you can imagine my surprise when that envelope was received).

Nobody ever likes Hollywood Bar & Filmworks, ask around yourself. People "LOVE" Hollywood Bar & Filmworks. "Love" is invariably the word people use, our customers are passionate about us. I frequently have strangers come up and thank me for Hollywood just being there. If people, clerks, waiters, whatever, find out I am the owner they always want to tell me their list of what they love about the theater. Look through the yellow pages and ask yourself how many people have thanked one of those business owners just for existing, how many customers use the term "LOVE" about one of those businesses. That effusive feeling is gratifying and special beyond all belief. My family and I have a lot of great memories, but it is time to go. Here's why.

I led a group of small business owners in complaining that the inflation of downtown parking rates during special events at the proposed Fieldhouse would really hurt casual visits downtown. This proved to be true, on over 100 nights a year, mostly weekends (which are bread & butter for the small business owner), parking rates were going up an average of 735% in the Southwest & Southeast Quad and people not attending those events were cutting way back on their downtown visits because of the costs. I had a school teacher who would come downtown 3 or 4 times a month but tired of paying the special event rate to park, so she started checking the Pacers schedule to see when it was safe. Games were listed on Tuesday & Thursday so she came on Wednesday - but there was a concert. She sought me out (we had never met) to apologize because she could not afford to pay \$60 to \$80 a month in parking fees to see movies downtown, no matter how much she loved Hollywood. So many people were exposed to event rates that casual downtown visits dropped way off, and people just got out of the downtown habit. They'll come downtown for a special Birthday or Anniversary, but the everyday business from the suburbs largely disappeared and it shifted the entire economic dynamic of downtown. South Meridian was supposed to be the center of nightlife activity, but notice it largely shifted to the other side of the mall and to higher end dining that catered to out of town business travelers and conventioners or where business people could use company credit cards. My business and others that fundamentally relied on

a constant flow of patronage by locals suffered greatly. Councilor Phil Borst conducted a fact finding mission and found there was a big problem. The City Council held a hearing and found there was a very real problem, Mayor Peterson said he realized there was a big problem when he addressed a large group of us at the now defunct Majestic Oyster Bar. This very newspaper supported our efforts with several Editorials.

Over three dozen local restaurants signed a petition to the Mayor saying this was the biggest problem they faced; two thirds of them have either closed or sold to get out of downtown. I'm next. I have sat at a conference table with Mayor Peterson over half a dozen times and he never failed to state that the restaurant and entertainment industries were "the goose that laid the golden egg" for downtown and a primary engine driving downtown resurgence. Yet there was never a time when he didn't fail to live up to his promises. Before a group of local restaurateurs he once even admitted that the downtown industry had been "screwed twice in the last month" (his phrase, not mine), and I know over his whole administration it has been many more times than that, but of course he never takes responsibility for any of it.

His then Director of Economic Development, Melina Kennedy, agreed to conduct an independent study of the parking problem with either the Kelly School of Business or the Urban Institute, many meetings were held, all the areas of inquiry were decided upon and it was funded. Then Melina and the Mayor reneged (at the urging of the local parking interests led by Tamara Zahn at Indianapolis Downtown Inc). Melina had also agreed to the Downtown Restaurant Association's plan to solve the problem. By phone she told me she would implement it on a trial basis, she also told the President of the State Association (former Democratic State Chairman) and a lobbyist I had personally paid for (and the current Chairman of the Marion County Democratic Party) and she also announced it at a public meeting. Three weeks later (again at the urging of the local parking interests led by Tamara Zahn at IDI) she and the Mayor reneged. A committee had also been formed to study the adoption of an ordinance that mandated visible disclosure of parking rates before one enters a parking facility, just like grocery stores have to post prices before the consumer buys. The local parking interests led by Tamara Zahn at IDI deadlocked the committee and Melina would not support the measure (although I took it on myself to get the job done and in their wisdom the City County Council passed the bill unanimously over the vehement objections of Zahn's IDI). The Mayor always admitted there was a problem, always paid lip service to the issue; but he never solved the problem when he easily could have, even changed his mind about supporting an independent study done on the matter. Talk was plentiful, but nothing was done in a world where results are the only things that really count. The Pacers were likewise always obstructionists in this process as they get a cut of parking revenue.

While Peterson pays lip service to the importance of the industry I am in, (for public consumption he pays lip service to everything good in the world) he comes from a big money developer family, and a wealthy background (his father donated about \$1,000,000 to his first campaign). Peterson just doesn't understand the importance of small businesses. Small business is the back bone of any resurgent downtown because they make up the tenants for any developer and provide the largest area for job creation. Likewise the restaurant industry is the second largest employer in the state. You would think he'd understand, but he treats all small businesses as expendable, they can all be easily replaced. He just doesn't get it. His attitude just doesn't work, even with the downtown propaganda machine in full gear. That theory also leaves a lot of broken, bitter and unemployed people in its wake. Melina thinks she knows the restaurant industry because she would occasionally cocktail waitress for a caterer while she was in college (but then according to her experience isn't necessary for a prosecutor either). This Mayor is no friend to small business or their employees.

The last straws for me were....

The Mayors point person, Melina Kennedy would not solve the parking problems created by the Capital Improvement Board who are largely funded by food & beverage taxes taken from my industries customers; but she found \$11 million dollars so the Simons, (wealthy campaign contributors) could have free parking at their new city funded headquarters. I agree the Simons needed to be kept downtown, but I resent the government who would give them free parking on taxpayer funded improvements while the ones who work hard and provide the source of that revenue get screwed by Peterson and the CIB. They could have fixed most of the neighborhoods parking problems by a mere policy change that would not have even have cost them revenue.

Peterson doubled the food & beverage tax so that now both sports teams make more from my business than I do. There is something fundamentally wrong with his administration when Jim Irsay makes more money from my own customers than I do. I don't have anything against either sports team for getting whatever money they can; I do have something against a government that takes the money from my customers, uses it in a way that discourages non-sports related visits to downtown and won't listen to (and even reneges on promises to) the business guys on the front line. Lawyers of his type seem to think they already know everything better than the people already doing it.

The restaurant association has repeatedly asked that Peterson put restaurant owners on the Capital Improvements Board since it receives tens of millions of dollars of revenue annually from this source. First, taxation without representation is fundamentally un-American. Second, with all the public money being spent and since he even calls the restaurant industry the goose that laid the golden egg; why wouldn't he want experts who are on the front line of the hospitality serving on that board to share their expertise on the convention center expansion? He has verbally refused several times, in writing at least once. This leads me to the conclusion that he does not value the experience and wisdom of small business. He has found seats on the board for a labor union boss whose members benefit from the construction and contribute to his campaign, and for other members of his team. He must value the voice of his "yes" men must be more than industry experts. Shame on the Governor for not mandating that Peterson give restaurants a say in how this tax money is spent when the food and beverage tax was doubled; but I at least understand the wisdom of why the Governor would not let the CIB control the purse strings and he set up a separate board.

Melina Kennedy and therefore the Mayor agreed to do a completely independent study of downtown parking. Three meetings were held and all the areas of inquiry decided upon. Funding was actually set from two sources, one being an offer from the CIB. The key was that the study would be independent and not controlled by any special interest, including IDI on the parking industries behalf. Melina buckled due to opposition from IDI and cancelled the study yet...when a truly independent study was done concerning the economic impact of the Colts and the results were less than anticipated (probably much less), the study was buried and never saw the light of day. Later the CIB spent over \$100,000 to buy the desired results of what was supposed to be an independent study but was actually a popularity poll of Colts ticket holders which was used to manipulate the public and the press in order to get the hundreds of million of dollars for Jim Irsay. There is something wrong when this administration cancels a much needed study because it is truly independent; yet they will spend exorbitant amounts of public money to avoid an academic study and rather buy the results for a propaganda piece (read the study for yourself). That's just wrong.

While I love the people of Indianapolis, our customers, and downtown, since Peterson came to power my business has decreased by half. In the first three years after the Fieldhouse opened, IDI reported that the top ten downtown restaurants had average declining sales of 10% (then they stopped reporting on that statistic) at a time when national and statewide restaurant sales were increasing by 4% to 7% annually. (This should prove that the benefits of "sports economics" are not what they are cracked up to be.) Downtowns are very fragile things and the average restaurant in Indiana only has a 4.5% profit margin. When the food and beverage tax doubles to make other friends of Peterson wealthy, when income taxes are increasing with talks of more increases, including Peterson's regional sales tax which will mean restaurant purchases are taxed at 9%, why stay? (Ever notice how lawyers don't even pay 1% sales tax on their services?) I want to emphasize that I am not bad-mouthing downtown, it's a great place. My family has had a presence here since the Civil War, and if I didn't care what was going on I wouldn't waste the money for this ad space. I am not bad-mouthing sports teams. I am bad-mouthing the people with their hands on the levers of power and who are in charge of the purse strings. Downtown and the people of Indianapolis deserve better. Peterson and his associates are too busy building a machine like the Democratic machine of Chicago than trying to do right by the citizens who make Indianapolis great. When my successful business with nationwide acclaim is driven to near bankruptcy and government conducts itself like Peterson conducts the business of downtown something has to be said. Mayors should be more than smooth talkers with Boy Scout good looks, and Director of Economic Development (like Prosecutors and all publicly paid office holders) should have experience instead of merely being political buddies. Melina came to the economic job with experience only as an environmental attorney with little or no background in economics or even the private sector. Only her friendship with Peterson qualified her for that or any job in the administration. Peterson comes from the background of a big money developer and continues to treat small businesses like they are all disposable commodities; and instead of the most experienced people for the job he uses his attorney buddies and Lord knows if you want something done right you don't put attorneys in charge, especially inexperienced ones. When it comes time to vote; remember by actions that Peterson & Company has definitively proven they are no friends of small business in general and the restaurant industry in particular.

Parking Solutions that would have made a difference

To negate the hyperinflation of most area parking spaces during events:

The addition of a nominal surcharge per ticket at the Fieldhouse (such as 75 cents, similar but less expensive than the Ticketmaster charge) for parking on the CIB spaces would be tremendous for downtown. If parking is included with the ticket, few event attendees will want to park away from those lots which are now at least 50% empty even during sold out Pacers Games. I have shown the CIB the photographs and you would think they would want to maximize usage. The effect should be a market driven deflation of neighborhood prices which would also ease traffic congestion for everyone downtown as those entering could just flash their tickets. CIB revenues would actually increase significantly, (200% to 300% although Fred Glass of the CIB is on the record saying less revenue would also be acceptable to him if it solved the problem). This scheme works at Verizon Wireless Center, was fully embraced by their customers, and was one of the topics in the original independent study that Melina Kennedy reneged on and said wasn't necessary. The small surcharge would be a net discount for ticket holders and leave them with more cash in their pocket to spend once inside.

To make parking a tool to enhance downtown development:

Why let parking continue to escalate and be a disincentive for downtown development and customer visits like so many other large cities? Let those cities be our examples of what not to be. All over suburban Chicago, which had dozens and dozens of declining Main Streets like our Beech Grove, the municipalities have listened to potential customers and stepped up, removing parking meters entirely and building large parking garages that

are free for the first few hours with only a nominal charge thereafter. Suburban malls had drained the life out of these cities, like Naperville Illinois, who responded by building a 200 plus space garage that was so successful they built another 600 space garage, which has been so successful they are now building an even bigger garage, after which they will tear down their original small garage and replace it with another 600 space garage! Their downtown booms, no empty store fronts, with as great and diverse a restaurant district as downtown Indianapolis (but with a fraction of the population). The garages are paid for with the increased tax revenue spent within its downtown. There are dozens more similar examples around Chicago. Even Beverly Hills California has been doing this! Downtown Indianapolis is in a TIF zone, can you imagine how much faster the downtown would grow if it provided such a customer friendly infrastructure like parking anytime for a buck! That is what it took for Circle Centre to compete with the suburbs, so local government has tacitly admitted that is what it would take to make downtown reach its potential.

One of my investors moved out of an entire floor of the AUL building, my accountant and payroll service likewise vacated downtown with parking their number one reason. For the extra cost they incur for parking downtown, either in higher wages to cover parking or direct subsidy of parking, they figured they could just not work at all for two weeks a year and spend it on a beach, or rent thousands of square feet of more office space in the suburbs for what they are paying parking companies. Just this summer world travelers Tippi Hedren and Michael Madsen each asked me where all the cars were while walking downtown on a sunny weekday afternoons. Unless there is a specific reason one has to be downtown, economics and often convenience dictates putting an office in the suburbs. How many law firms like Baker & Daniels, Bose McKinney, etc., are opening offices far North to chase their customers who will otherwise chose a suburban provider?... and now "The Carmel Star" is publishing and several major malls are opening North. Business follows the customer – so simple a principal that even a candidate prosecutor should have understood. Employment has started to fall in Indianapolis, but is up by a third in Hamilton County. I'm not saying the economic center of Indianapolis is changing just because of parking, but parking is a big part of the mix and if parking were used as a tool, like it was with Circle Centre Mall and for Simon's office building, it would be a huge windfall for downtown. The propaganda is that Indianapolis already has lower priced parking than many other Midwest cities: but so what? For most people it's not a choice between this city and other cities – the choice is between this city and its own suburbs. If the playing field was leveled with parking, how many people would chose the amenities downtown has to offer that the suburbs can't. More offices and more attractions means more visits, more customer visits will attracts more businesses, just like Hamilton County. How many people put their offices downtown so as to be near the RCA Dome or the Fieldhouse? Not many. If it was such a great thing to be next to a sports arena, why when Market Square Arena was still in use was City Market so vacant and in need of city subsidy; instead of having great restaurants and sports bars and turning a profit for the city? It's Economics 101 and the Mayor doesn't have a clue. Using parking for a downtown growth strategy was another one of the topics in the original independent study that Melina Kennedy reneged on doing. Where would downtown be now if this independent study was done and acted upon, as promised by Peterson when he took office?

This statement is solely my opinion. I know many downtown businessmen also share these opinions but are afraid to speak up about the administration. (I was visited by more government inspectors in the first ten days after I first brought up the problems caused by special event parking then in the previous ten years combined.)

As truth is an absolute defense for liable, and I have full filing cabinets and 5000 pages of documents in my computer on these matters, I have no problem backing up what I have said and would welcome the opportunity to do so if someone in the administration cares to make it a matter for the courts or Editorial rebuttal. If any of the public has information on this or any other disreputable actions by IDI or local government, just let me know and I'll pass it on. I already have files from lots of people on various local issues who don't have the means to bring them to public attention. I'll see the information gets into the right hands.

Perhaps you could email them to me or the Star to Matt Tully or Jennifer Whitson at the IBJ.

ANOTHER AD APPEARS TOMORROW WITH MORE INFORMATION, WATCH CLOSELY!