



## WISH IN THE PARK NEGOTIATION

### Confidential Information for W.C. Webb, Owner of Wishing Wheels, Inc.

For the past 15 years, you were a mechanical engineer at a mid-sized manufacturer of small motors and custom electrical appliances outside of Parrytown, Michigan. Born in Holland but raised in Michigan, you went to University of Michigan undergrad, but studied mechanical engineering in a Dutch university. (You have a dual citizenship and an EU passport.) You went to the company straight from your masters' degree program. Last year was momentous: you turned forty and the company was sold. You cashed in some stock options upon the sale and decided to start your own business with the proceeds, and the help of some financing back up from a wealthy Dutch uncle.

Your time in Holland and your engineer's "fix it" nature has made you passionate about intelligent transportation. You believe cars should be electric and community owned, for use when needed. You prefer wheels on bikes or electric scooters. You wish US cities provided transportation infrastructure that would wean people off of gas-guzzling cars and traffic nightmares.

Thus, you created business plan for Wishing Wheels, Inc., a company that would offer "green" wheeled vehicles for weekend jaunts or a day's errands. You obtained a Wise Car franchise license for Wishing Wheels, so people can pick up or drop off any electric Wise Car there, to be re-charged for the next user. Wishing Wheels will rent electric and hybrid motorcycles, motor scooters, all types of bicycles, as well as hybrid or electric trucks and mini-vans. It will also offer a private ride service called "Electric Chauffeur". Your goal is to serve (and encourage) urban professionals who live in town and opt against owning a car (or couples who own only one small car) but want to get away for the weekend. Bicycles, motorcycles and all-terrain vehicles will appeal to nature lovers of all ages taking a day trip to the ocean or the mountains, both within an hour or two of Parrytown. The Electric Chauffeur will operate by contract with (generally older) people who prefer not to drive but wish to shop and attend social and entertainment events.

Recently, you learned of an empty parking lot for sale right in the historic downtown, and you were lucky enough to buy it for \$150,000. The parking lot owners, friends of your parents, owned a number of other parking lots and car washes around town and decided to retire and sell quickly. They didn't want to suffer one more Michigan winter. The lot backs up to a two-story brick building to the south, which houses upscale coffee shop, a catering& take-out gourmet meals store, a wine store, and a chocolatier. On the second floor are a yoga studio, a violin studio, a custom tailor's, a shoe repair place, and a photographer's studio. You've often stopped by there over the years to grab a coffee, bottle of wine, box of chocolate, parked in the back lot, and entered through a back entry when front curbside parking was unavailable. You had never really thought much about who owned it.



Land in hand sooner than you imagined, you hired an architect and applied for a city construction permit for Wishing Wheels. You understand that the permit will require approval by the building inspector's office and the traffic department because the architect's plan involves changing the location of curb cuts for ingress and egress. Wishing Wheels would use the entire lot. A new, green two-story building with tracks running around circling the building, would take up much of the lot. People could try out their bicycles, scooters, and motorcycles on the track and the funky design would create buzz and excitement. For safety reasons, the track would be partially enclosed and would leave clearance of the required ten foot minimum from the back of the adjacent building on the south side. The rest of the lot would be used for Wise Cars, Electric chauffeur vehicles and charging stations, as well as bicycles and scooters on outside display. You doubt Wishing Wheels' customers would need much parking, but if so, they could park in the large garage behind the building across the street to the north.

Last week, you checked on the progress of Wishing Wheels permit application at the city office and received some worrying information. According to the clerk, P.T. Pattison, the owner of the adjacent building under the company name Pattison Stores, Inc., had come in to see the filed copy of your permit application. He talked to the clerk about objecting to the project, and possibly hiring a lawyer.

Two can play at that game, you went to see a lawyer about what possible claims P.T. might have. The lawyer said that P.T. was unlikely to succeed in blocking Wishing Wheels from coming in, though his raising traffic pattern concerns could delay the project for a year or so. The lawyer noted that it might be in your interest to retain a traffic expert in support of your position, but that would cost at least \$10,000. The lawyer's fees for representing you in the process would run between \$10,000 and \$15,000. You don't know if any other businesses or residents nearby would join in P.T.'s objection.

Legal rights aside, this has caused you to have second thoughts about this location. You don't want a hassle. You are very worried about a long delay, because your Dutch uncle has little patience and will want to see returns on his investment soon. Moreover, you biked over to the area of town near the train station, and wondered whether it would be better to locate Wishing Wheels there. That area is still "downtown" but would offer Wishing Wheels' customers the option to take bikes and scooters to other towns closer to the coast. Visitors to Parrytown could get off the train and walk to Wishing Wheels. A quick conversation with a commercial real estate agent confirmed that that area includes a number of potential lots close to the train station. She estimated that they would cost \$175,000.

Another option would be for Wishing Wheels to locate in the warehouse district, on the other side of town, also close to a train stop. That area is being developed by a growing arts and artisan community, with a new "casual" theater, pottery studios, ethnic restaurants, micro-brewers, and small furniture makers (much like the warehouse brewery district in Toronto). Lots tend to be larger there, and would sell for \$200,000 - \$225,000. So, more upfront money would be involved, but it does seem to be a growth location. Wishing Wheels' Electric Chauffeur service might do well there, if customers want rides to the theater and restaurants.



You recently received a call from P.T. Pattison, suggesting that you get together to discuss his concerns about Wishing Wheels' plans. If he will object and delay, you hope that he might consider buying the lot. If he will not object to Wishing Wheels, you would most likely build it at the current location, given that plans have been drawn and permit application is pending.

Negotiate with P.T. Pattison of Pattison Stores, Inc., owner of the adjacent building.