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Project Plan for

TAX INCREMENT DISTRICT #14

City of Madison

CAPITOL SQUARE NORTH

Prepared by :
Department of Planning and Development
Real Estate Development Unit

PLANNING AND DEVELOPEMENT

1. Capitol Square North Developement Plan - attached

2. TIF District Plan - attached

   Jerry Tucker - Real Estate Unit of the Dept. of Planning and Developement - The priority of uses for TIF funds are still being considered. The skywalk system might be a high priority item. The TIF district has 5.4 million in funds of which 2.2 million has beeen allocated to the CDA.

3. Traffic Engineering - attached
   a) 1985 Traffic Volume Map - attached
   b) 1982 Pedestrian Counts Map - attached

4. Interview:

   John Urich - Dept. of Planning and Developement-City of Madison, Principal Planner for the Capitol Square North Developement Plan.

   The Developement Plan is only a guideline as to what the city would like to see developed in this area. Preferably, they would like a private developer on his own, or with the cooperation of the individual owners of the block, take the initiative to follow the city's plan, without the use of eminent domain. The use of eminent domain is the most expensive route due to the relocation cost factor for the present occupants.

   There are no plans for the extension of N. Carroll St. past State and W. Mifflin intersection. They have planned an entrance leading into the retail complex proposed for block 83.

   Building height is limited to 187.2 feet above the water level of Lake Monona, which is the city datum. As a reference, 30 on the Square is close to the maximum building height.

   Some proposals for the block the subject property is on is the expansion of the Concourse Hotel. The Concourse purchased the Brauthaus II possibly for access to the square.The Concourse may purchase the air rights over the block in order to protect its view to the Capitol.Two level underground parking is also proposed for the area. Parking for the north part of the square is a concern for the Planning Dept., expansion of the Dayton St. Ramp or possibly a new ramp located on the vacated half block of the MATC site are a consideration.

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TAX INCREMENT FINANCE DISTRICT NO. 14
PROJECT PLAN

INTENT AND PURPOSE

The City of Madison has established the revitalization of the Capitol Square as a top priority. To that end, the City intends to utilize the available tools, such as industrial development bonds, housing bonds, tax increment financing, rehabilitation loans and grants through the activities of the Community Development Authority, Urban Development Action Grants and other State or Federal tools that may be available.

The City of Madison is proposing to create Tax Increment Finance District No. 14 to (1) finance public works and improvements, (2) provide incentives to the private sector which will result in the elimination of blighted conditions on the north side of the Capitol Square and the 100-200 blocks of State Street, (3) stimulate planned commercial development and (4) provide essential services to all areas of the District. In recent years, the North Square area has been plagued by poor access, loss of retail businesses to shopping centers and a deteriorating building stock. Retail revitalization has not kept up with office development and Isthmus housing developments.

The key to realizing the development potential of downtown Madison and reversing this present trend will be to use the financial mechanisms of TIF. Public and private projects jointly financed by TIF and private lenders will result in the emergence of economic vitality in the area, thereby correcting blighting conditions while increasing the City's tax base.

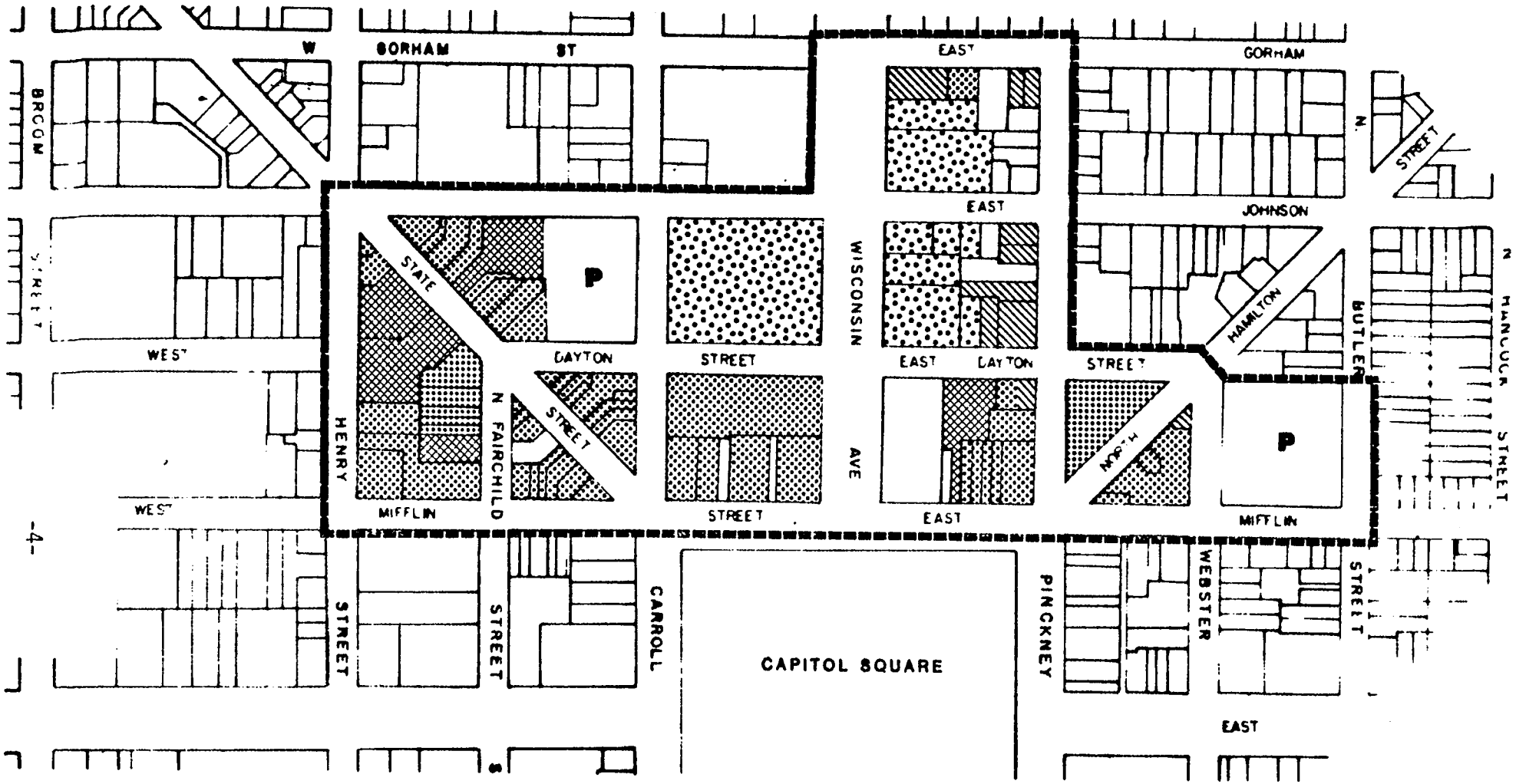
It is a high priority of the City to maintain the Central Business District as a healthy, vibrant area and a center of community activities. Due to the competitive disadvantage of development in the downtown area versus the periphery, the City must take affirmative steps to encourage commercial, housing and mixed-use development in the Square area. This type of strategy is a major goal of the City's Objectives and Policies, which also meets the basic statutory purpose of TIF as established by the State.

As more office workers come into new downtown development and residential development increases, retailing, with the assistance of City initiatives, can begin to be revived. The City of Madison has the opportunity to assist in the implementation of major projects which will affect the economic health and vitality of the central city area and the city in general for decades to come.

The implementation of major projects which will affect the economic health and vitality of the central city area and the city in general for decades to come. The City intends to achieve new development in forms and patterns which preserve and enhance the existing character of the Central Business District and the Central City area. To accomplish these objectives, a number of public improvements, including a pedestrian circulation system and property revitalization programs, are being planned. To this end, the preservation and enhancement of the value of places and objects of historical culture and architectural value to the community will be a high priority.

LEGAL DESCRIPTION - NORTH SIDE OF THE CAPITAL SQUARE

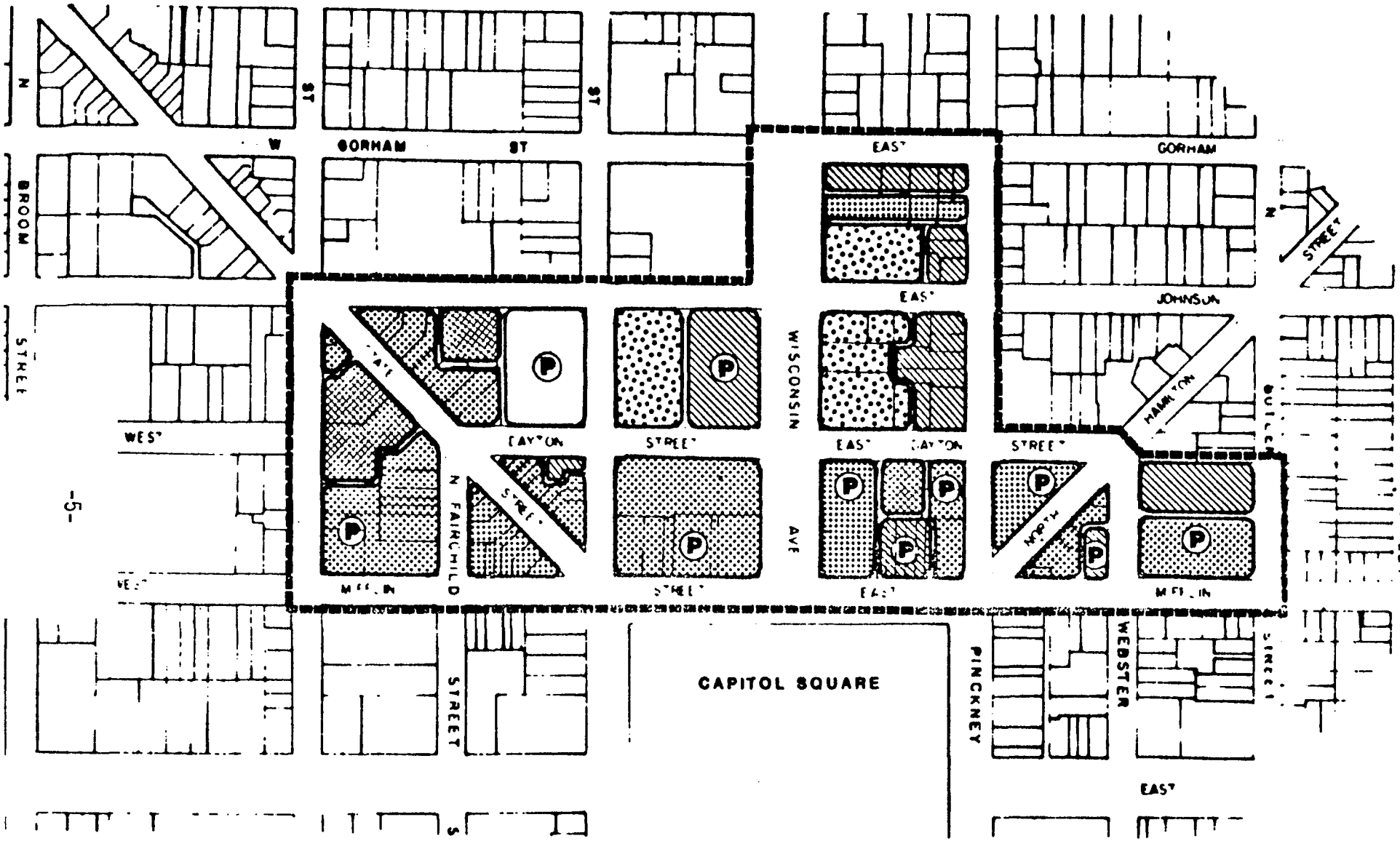
All of Blocks 64, 65, 76, 77, 82, 83, 90, 91, 92, 99, 100, Lots 5 through 12, inclusive, Block 110, Original Plat, City of Madison; all of Dayton Building Company's Replat of Block 64, Original Plat, City of Madison; and all of Nolden Replat of Block 65, Original Plat, City of Madison, Dane County, Wisconsin, together with all public street rights of way abutting said blocks.



EXISTING LAND USE

LEGEND

- COMMERCIAL
- RESIDENTIAL
- ENTERTAINMENT
- INSTITUTIONAL
- P PARKING
- VACANT



PROPOSED LAND USE

PROPOSED PUBLIC WORKS AND IMPROVEMENTS

The kind, number and location of proposed public works or improvements are listed below and illustrated elsewhere in this Plan.

These public improvements include street renovation and the construction of public circulation systems.

Street Renovation

Since 1974, the majority of the streets in the District have been either reconstructed or resurfaced. The construction of the State Street Mall-Capitol Concourse, the "Outer Ring" improvements, and the Henry Mall contributed substantially to this renovation.

For that reason, only the following streets are recommended for renovation:

a. Carroll Street - Remove and replace the curb and gutter on the East side between Dayton Street and Johnson Street. Since this abuts the MATC property, a tax exempt property, it is recommended that this improvement be done by that agency as part of their building improvements.

b. Dayton Street

   1. State Street to Carroll Street - Replace sidewalk, curb and gutter and resurface pavement.

   2. Carroll Street to North Hamilton Street - Resurface at the end of the District's construction period.

c. Fairchild Street - Replace curb and gutter on the West side of the street between State Street and Mifflin Street.

d. Johnson Street - Reconstruct Johnson Street, including removal and replacement of the curb and gutter and pavement between Wisconsin Avenue and Pinckney Street. The design will try to mitigate the grade differential between the North and South sides of the street.

e. Johnson Street

1. State Street to Carroll Street - Reconstruct the pavement, curb and gutter and sidewalk.

2. Carroll Street to Pinckney Street - Resurface the pavement between Dayton Street and Johnson Street.

Pedestrian Circulation System

A goal of this Plan will be to initiate the development of a pedestrian circulation system. Such a system will separate pedestrians from vehicles, as well as provide a climate-controlled environment in which shoppers and office workers can move about in comfort even during inclement weather.

The components of the system will be a series of bridges spanning streets and alleys within the District, linking major buildings and activity nodes with public parking facilities. In addition to the bridges, corridors within the connected buildings will become a part of the system.

The pedestrian bridges shown on the plan are intended to be publicly-financed improvements. The locations indicated are based upon a set of development assumptions and proposed land use patterns. Some modification may be necessary as actual development occurs.

Maintenance and operation of the elevated circulation system will require public and private cooperation and coordination. It is presently contemplated that the owners of buildings connected by circulation bridges, or through which the system passes, will assume full responsibility for the maintenance, repair or replacement of all segments of the circulation network.

Hours of operation will need to be standardized to simplify use of the walkways while taking into account the security requirements of those portions of the systems within private buildings.

Reconstruction of Wisconsin Avenue and Connection to a Parking Garage

Potential mixed-use development between Mifflin Street and Dayton Street adjacent to Wisconsin Avenue will require below ground parking. The reconstruction of Wisconsin Avenue between Mifflin Street and Dayton Street is proposed to create an access to that below ground parking. This entrance would be located within the public right of way, making use of the topography of the street which rises from Dayton Street to the Square.

Landscaping of McCormick Ramp and Reconstruction of Planters

The Plan proposes to reconstruct the attractive brick planters which are an integral part of the architectural theme for the McCormick Ramp. Freeze-thaw conditions have resulted in shifting of the bricks and mortar. Reconstruction will require revised construction details.

COMMUNITY DEVELOPMENT AUTHORITY REVITALIZATION ACTIVITIES

In addition to the traditional public improvements, such as streets and utilities, this TIF District includes a variety of other improvements aimed at improving the total area. In accordance with Section 66.431 of the State Statutes, the Community Development Authority plans to undertake a variety of revitalization activities in the TIF District.

Land Acquisition

In order to construct the public improvements or to allow for the development of contiguous properties, the acquisition of property and relocation of occupants will be necessary in this TIF District. The acquisitions could vary from rights-of-way and air space to entire parcels.

Site Improvements

A wide range of improvements is anticipated, which could include the razing of buildings, the preparation of sites for construction, the landscaping of sites, architectural and engineering work relating to the preparation of development plans for properties, and similar types of items.

Rehabilitation Loans and Grants

To improve the overall area, it is intended that below-market rate loans and grants will be made available to tenants or owners of housing, commercial and mixed-use properties. This will allow for the improvement of properties and to make architectural modifications to enhance existing business and the remodeling of vacant properties to accommodate new businesses and/or residential development.

Architectural modifications are anticipated to allow for (1) connections to the pedestrian circulation system, (2) the rehabilitation of buildings to allow for pedestrian passage through what have previously been private buildings and (3) the potential facade replacement or renovation in accordance with the Urban Design Commission's guidelines. Facade improvements could vary from minor architectural changes to the entire replacement of a facade. It also might include the restoration of historic facades presently covered by more recent treatments. Funds for this purpose could be made available by either grant or loan.

Moving Buildings

In order to assist economic development and preserve historic structures, moving buildings from their present locations to other sites to allow for development may occur as part of this District.

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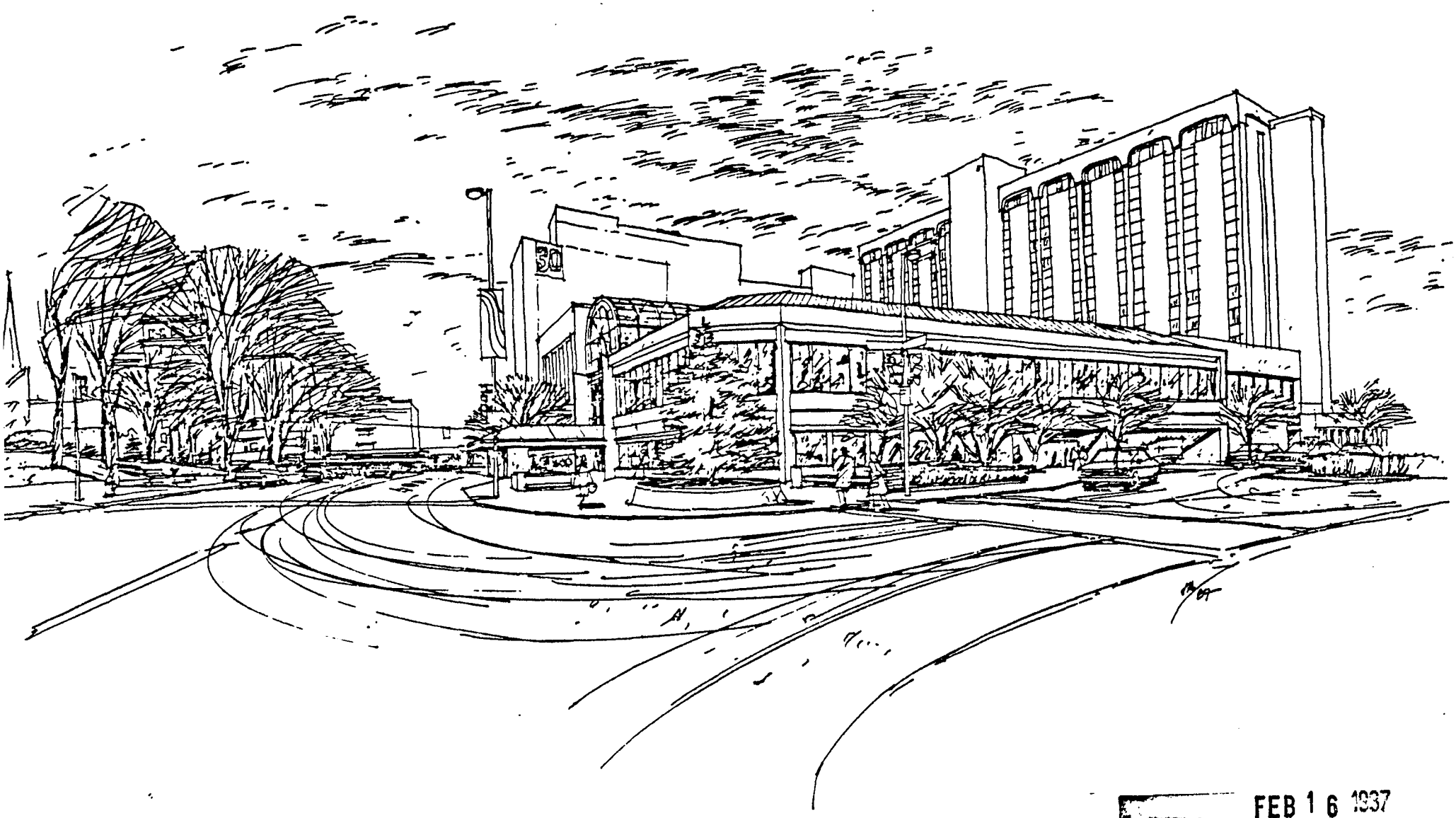

FEB 16 1987

CONCOURSE CONVENTION CENTER

JAMES A. GRAASKAMP

arlan kay & associates
Architecture, Planning, Building Recycling
110 King St., Madison, WI 53703 · 608-25

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THE NORTH SQUARE REDEVELOPMENT TIF DISTRICT
CONVENTION CENTER PROPOSAL

This proposal was prepared as part of a Graduate Business School Course 857, Feasibility Analysis, under the direction of Professor James A. Graaskamp without compensation by an interested party.

The UW graduate students involved are David Baker, Paul Berg, and Mark Kelling. Architectural drawing services were provided by Arlan Kay, Associates, Architects, with funding provided by the Concourse Hotel Partnership, Executive Management, Inc. and the State Street merchants.

Critical Economic Facts:

1. Convention Center must be financed by those businesses who benefit, including deficits in early operations.
   No fiscal risk to the City beyond available TIF funds in North Square District.

2. North Square proposal provides additional hotel rooms in the medium budget range affordable by Wisconsin residents.

3. North Square proposal reinforces existing public investment in MATC, Civic Center, and proposed Art Institute.

4. North Square proposal enjoys maximum identification with the Capitol, State Street, and major Madison street systems.

5. North Square proposal has fortuitous timing as properties required for purchase are underutilized, available for sale (except McDonald's) and TIF surplus exists and is dedicated to components of proposal.

NORTH SIDE CONCOURSE CONVENTION CENTER RATIONALE

We believe that the Mayor's Convention Center Criteria Committee has overlooked an important option on the north side of the Square, specifically the half square block on West Mifflin Street contiguous to the Concourse Hotel. This site has the following advantages over any other alternative considered to date:

1. A 23,000 or 33,000 square foot clear span exhibition center, ballroom, pre-event space, meeting rooms, and connected facilities such as MATC and the Civic Center will handle 85% of the events not presently available to the Madison convention market for lack of facilities. 240-330 parking stalls below grade served by entrance to Concourse parking. Separate parking entrance for hotel conversion of 30 On the Square.

2. As a corner site it is visible to both East and West Washington Avenues and would complete the majority of the North Square Development District already in place and already funded with TIF capital sufficient to pump prime the convention hall project.

3. In addition to meeting or exceeding the urban design specifications of the Criteria Committee, (See Exhibit A.) the plan has two alternative financial plans which do not require unlimited financial help from the City or contingent liability by the City for operating deficits. Indeed, the exhibition hall would be part of a privately owned complex that would add a minimum of $4.7 million to the existing tax base.

4. The preferred financial plan distributes 20% of any operating deficit to all of the property owners in the State Street/Concourse special assessment maintenance district since they would benefit significantly from the retail potential of expanded convention activity. A maximum limit on this liability, say $150,000 a year, would compare favorably with a current annual maintenance assessment. The remaining 80% of any deficit of the Convention Center would be assessed to hotel rooms in a new assessment hotel district on the Square. The assessment would be on room count with hotels directly tied to the Convention Center by the skyway system counting each room at full value and those hotels not on the skyway system but in the district counting each room at 50% weight. This assessment recognizes that an increase of 10-15% in the occupancy of an existing hotel produces a huge increase of cash flow which can be shared, if necessary, with the Convention Center, which is the source of the revenue. Parking would be financial conventionally without parking utility assistance.

5. The preferred financing plan would allow the Concourse Hotel to remain under separate ownership and responsible for financing its own improvements and remodeling necessitated by connecting to the neighboring Convention Center. In addition, 30 On the Square plus the Hub site would be converted by a separate investing corporation to 160 room moderately priced hotel at $45 per night or less. The remaining land in the block including the alley, and skyways, would be acquired and cleared by a public/private corporation called Convention, Inc. Corporate control would be spread among the parties at interest to avoid favoring the nearby hotels.

6. An alternative financial plan would be to roll up all of the ownerships in the block into a single corporation, exchanging preferred stock for partnership equity positions, using CDA funds to write down land acquisitions relative to existing debt, except for the Concourse Hotel. Common stock would be sold to the Madison business community and the CDA to establish a joint private/public control, which would increase in authority as the preferred stock was recalled and paid for out of profits.

7. Under this second financing plan, the new corporation would refinance the Concourse mortgage and acquire sufficient mortgage financing to build the project including the parking ramp.

The basic timing and development components of the project would be as follows:

PHASE I

1988 Acquisition of buildings, relocation of tenants, and selected demolition.

1989 Construction of 246-300 parking stalls below ground on subject site serviced through entrance and exit gates of the Concourse Hotel. Size depends on whether Hub and McDonald's are relocated.

1990 Construction completion of retail arcade and meeting rooms at Mifflin Street grade to the corner of Wisconsin Avenue with 23,000 or 33,000 square foot exhibition center, 9,000 square feet of pre-event area, and servicing space integrated into ballroom and meeting room of Concourse itself.

1990 Skyway to El Esplanade, 30 On the Square, and Dayton Street parking ramp. Second skyway to existing MATC Building.

1991 Completion of conversion of 30 On the Square to 160 room low priced hotel with access to underground parking, retail arcade, and skyway at second floor level.

1992 Extend skyway to Art Institute in Orpheum Theater Building and connector to Civic Center plaza.

1995 Construct conference center and continuing education facility for operation by MATC departments on parking site of MATC block.

Exhibit A

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
1. Flexibility--ability to host single large group or small groups.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall. Plus MATC Continuing Education Center, new Art Institute, existing Civic Center, and proposed Conference Center above MATC parking.
2. Integration of skywalk to hotels, parking, future expansion of parking, shopping and commercial.	2. No hotel and displaces Doty ramp parking to Dayton Street lot.	2. 240-330 new spaces below conference center with elevator to center plus skywalk to Dayton ramp plus existing hotel parking of 240 units plus skywalk to 100 and 200 block of State St., MATC, and future conference center.
3. Orientation to Capitol, Square, University, State Street, and lake views.	3. Can't see Capitol or Square, partial view of lake which could be blocked by proposed Munz office building, remote from University and State Streets.	3. Full, protected view of Capitol, Manchester Place, and Square. Skywalk connection to State St. Much closer to University; view of both lakes from Concourse rooms and bars.
4. Important public entrance with scale and visual impact.	4. Main entrance on secondary traffic loop, inside block, screened from Square.	4. Major entrances on Mifflin, Wis. Ave. and W. Dayton on highly visible corner site on main connector to Gorham, Johnson, and E. Washington corridors. No streets blocked; Carroll St. opening improves circulation on the Square.
5. Architectural Presence	5. Semi-hidden on secondary street flanking parking ramp and dependent on expensive atrium for statement.	5. 400 ft. of exposure on most prominent corner of the Square in full view of Manchester Place, Capitol, and approaching traffic.
6. Expandability	6. Requires expensive takeover of Doty ramp site.	6. Exhibit hall can be expanded by removing McDonald's and The Hub; conference center and continuing education center would be phase II on MATC parking lot; approximately 100 medium priced hotel rooms can be gained by converting 30 On the Square.

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
7. Serviceability--clear and separate entrances for delegates and delivering of exhibits with adequate capacity.	7. Conflict of hotel entrance and convention center entrance, inadequate truck wells and vertical freight movement.	7. Separate hotel and convention center entrances on opposite sides of the block; 3 truck wells on mid-block of Wis Ave. plus 2 supplementary hotel truck wells support from Carroll St.; conference center in Phase II would be fully independent of MATC block expansion.
8. Community linkages, completion of area redevelopment, and immediate advancement of city goals for the Square.	8. Surrounded by government office ghetto, marginal retail, and encroaching on residential. Depends on vague future investment in immediate neighborhood. No new retail.	8. Completes North Square Redevelopment Project before existing TIF funds evaporate, modernizes retail arcade proposed by RERC for Wis-Mifflin corner. Reinforces MATC future downtown, reinforces State St. restoration, may reduce Civic Center deficits, and supportive of Art Institute hopes for Orpheum. Reduces surplus of B Class office space without adequate parking on the Square. No risk to city.
9. AFFORDABILITY!	9. Immediate parking requirements would exceed funding capacity of parking utility; TIF does not exist and would depend on new hotel, subsidized by CDA land write-down, and city would underwrite operating losses; project would be delayed until hotel operators could be found; additional city subsidy in the form of a free ½ block of city hall plus vacated street. No financial plan for income or capital now exists.	9. Can be financed immediately by existing TIF funds for skyway, CDA purchase of land with existing TIF funds, MDC investment of $1,000,000 in common stock, existing property owner's equity, conventional financing with synergy of mixed-use going equally to public and private ownership. Assessment of attached hotels and land owners in Capitol Concourse district charges deficits to those real estate interests who benefit most.

SUMMARY OF POTENTIAL MEETING BUSINESS SURVEY

Developed from Greater Madison Convention Bureau entitled "Potential Meeting Business for Madison".

Prospective Attendees by Size of Meeting
(Based on 69 responses)

Meeting Attendess	Percent of Total Responses
0 - 500	29%
550 - 1,000	36%
1,200 - 2,000	20%
2,500 - 3,000	6%
4,000 - 4,600	4%
8,500 - 13,000	4%
	100%

Prospective Exhibition Hall Space Needs
(Based on 59 responses)

Space Required	Percent of Total Responses
0 - 10,000 S.F.	48%
10,000 - 19,000 S.F.	31%
20,000 - 29,000 S.F.	6%
30,000 - 39,000 S.F.	9%
More Than 40,000 S.F.	6%
	100%

Prospective Banquet Seating
(Based on 14 responses)

Seating Required	Percent of Total Responses
0 - 300 Seats	14%
350 - 500 Seats	57%
550 - 1,000 Seats	29%
More Than 1,000 Seats	0
	100%

This survey indicates that group size could expand to 0-2,000 attendees representing 85% of that business that might be attracted to the City of Madison not currently attracted.

The survey also indicates that 79% of the demand for exhibition hall (0-19,000 SF) and 100% (of those responses tabulated) of the demand for banquet facilities (0-1,000 seats) could be met with a center targeted at these groups.

Exhibit B

ESTIMATES OF EXHIBIT HALL SPACE NEEDS

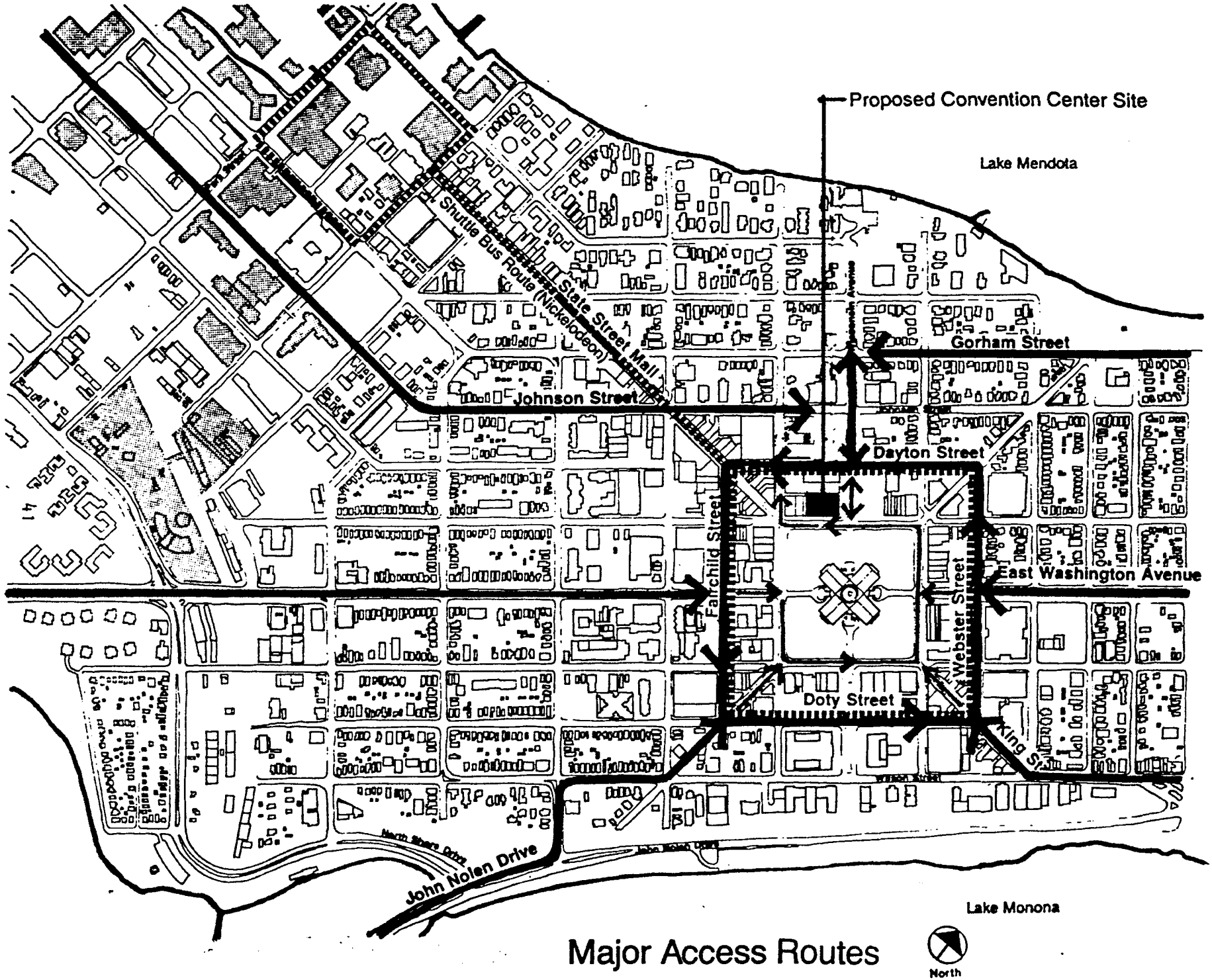
Study Cited	% of Prospective Exhibits Served	Square Feet Required
1. Greater Madison Convention and Visitor's Bureau--Survey of State Associations	95%	22,500
2. Madison Convention and Visitor's Bureau--Survey of groups showing interest in holding meetings in Madison.	85%	30,000
3. American Society of Association Executives--Survey of members' convention and exhibiton activity. State, Regional & National market.	52%	30,000

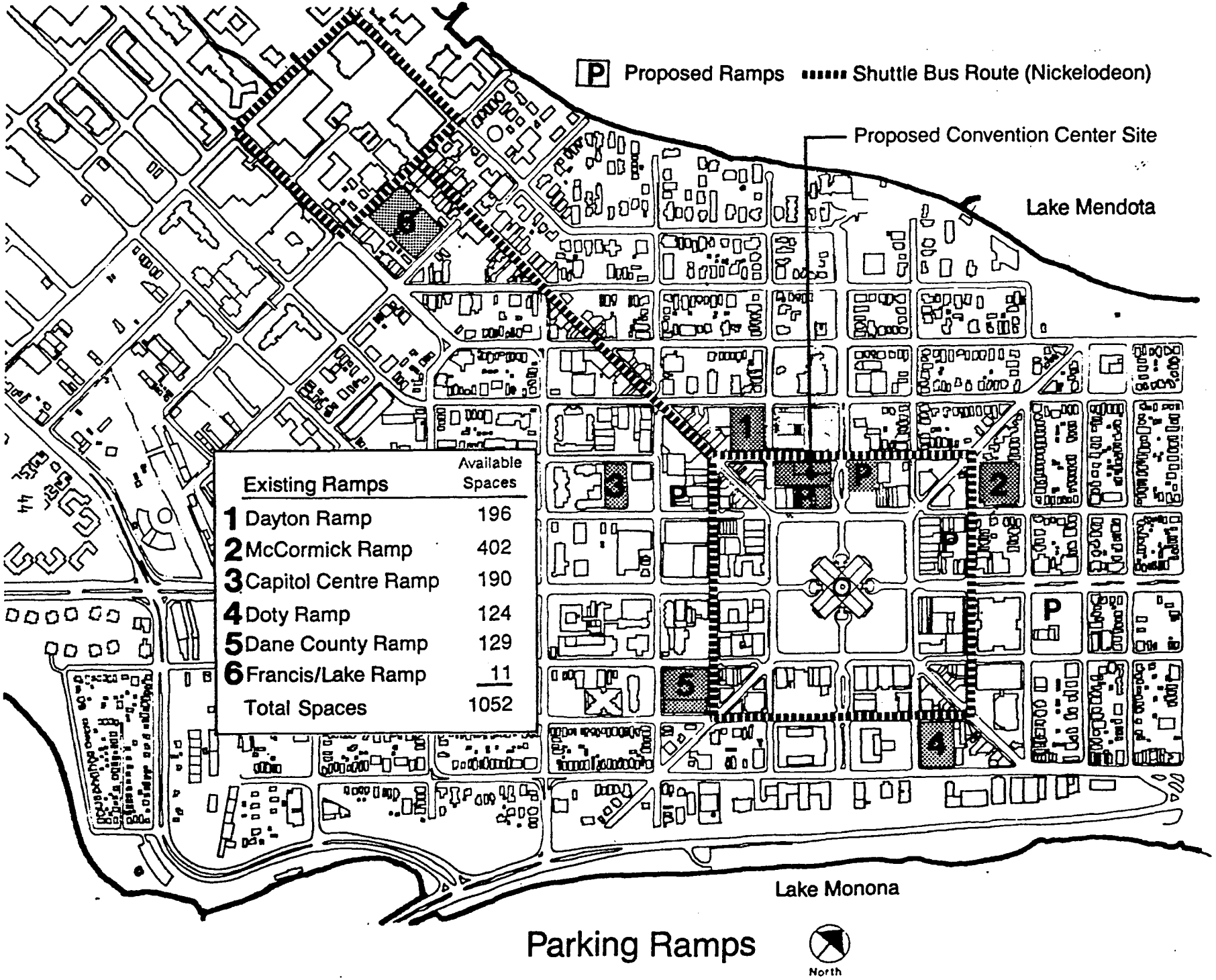
ESTIMATED EVENTS OCCURING AT CONVENTION CENTER

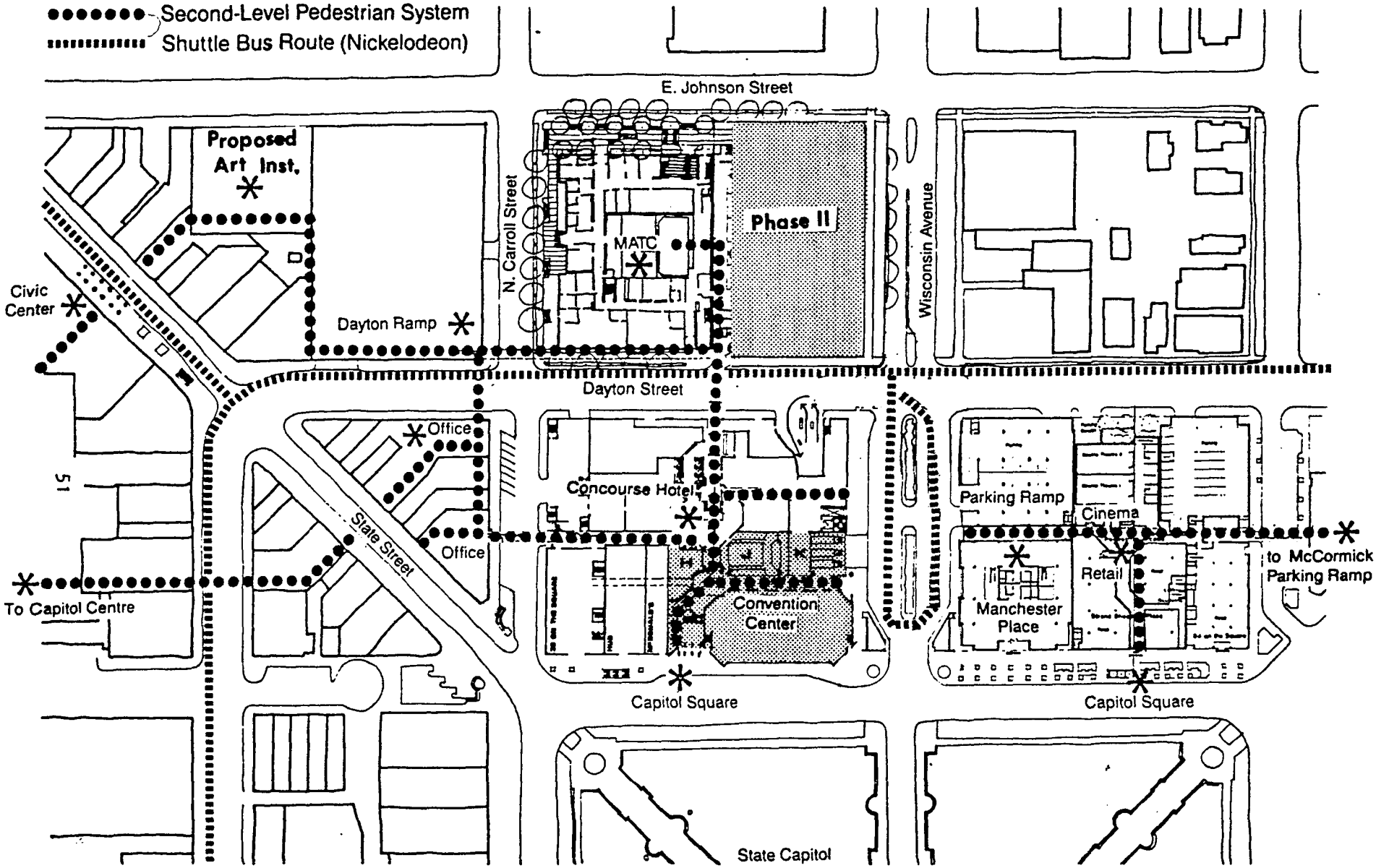
Study Cited	Average Annual Number of Events
1. Leventhol & Horwath	85-168
Exhibit Hall Based	25-46
Meeting Room Based	50-122
2. National Feasibility Corporation	228
3. Concourse Estimate (25 events will use the Exhibition hall for an average of 4 days each or 100 event-days)	25

NOTE: The typical event lasts 2-4 days and attracts an average of 500 attendees. Therefore, event-days of use would be significantly greater than numbers shown.

WORKING DRAFT

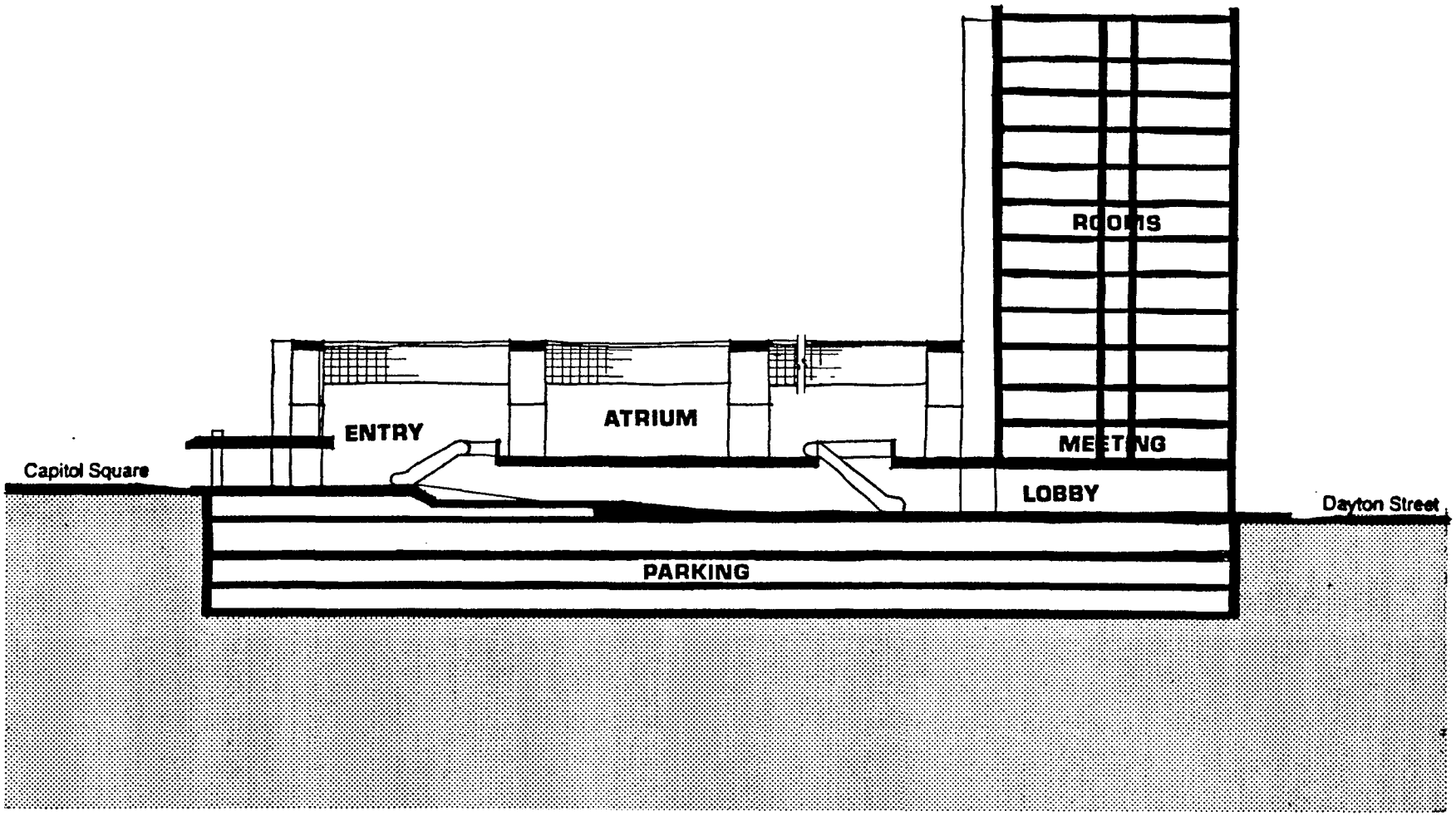

Proposed Convention Center Site
Lake Mendota
Shuttle Bus Route (Nickelodeon)
State Street Mall
Gorham Street
Johnson Street
Dayton Street
Fairchild Street
Webster Street
East Washington Avenue
Doty Street
King St
John Nolen Drive
Lake Monona
Major Access Routes
North


P Proposed Ramps
Shuttle Bus Route (Nickelodeon)
Proposed Convention Center Site
Lake Mendota
Lake Monona
Parking Ramps
North
Existing Ramps
Available Spaces
1 Dayton Ramp 196
2 McCormick Ramp 402
3 Capitol Centre Ramp 190
4 Doty Ramp 124
5 Dane County Ramp 129
6 Francis/Lake Ramp 11
Total Spaces 1052



Linkage Plan - Second Level Pedestrian System

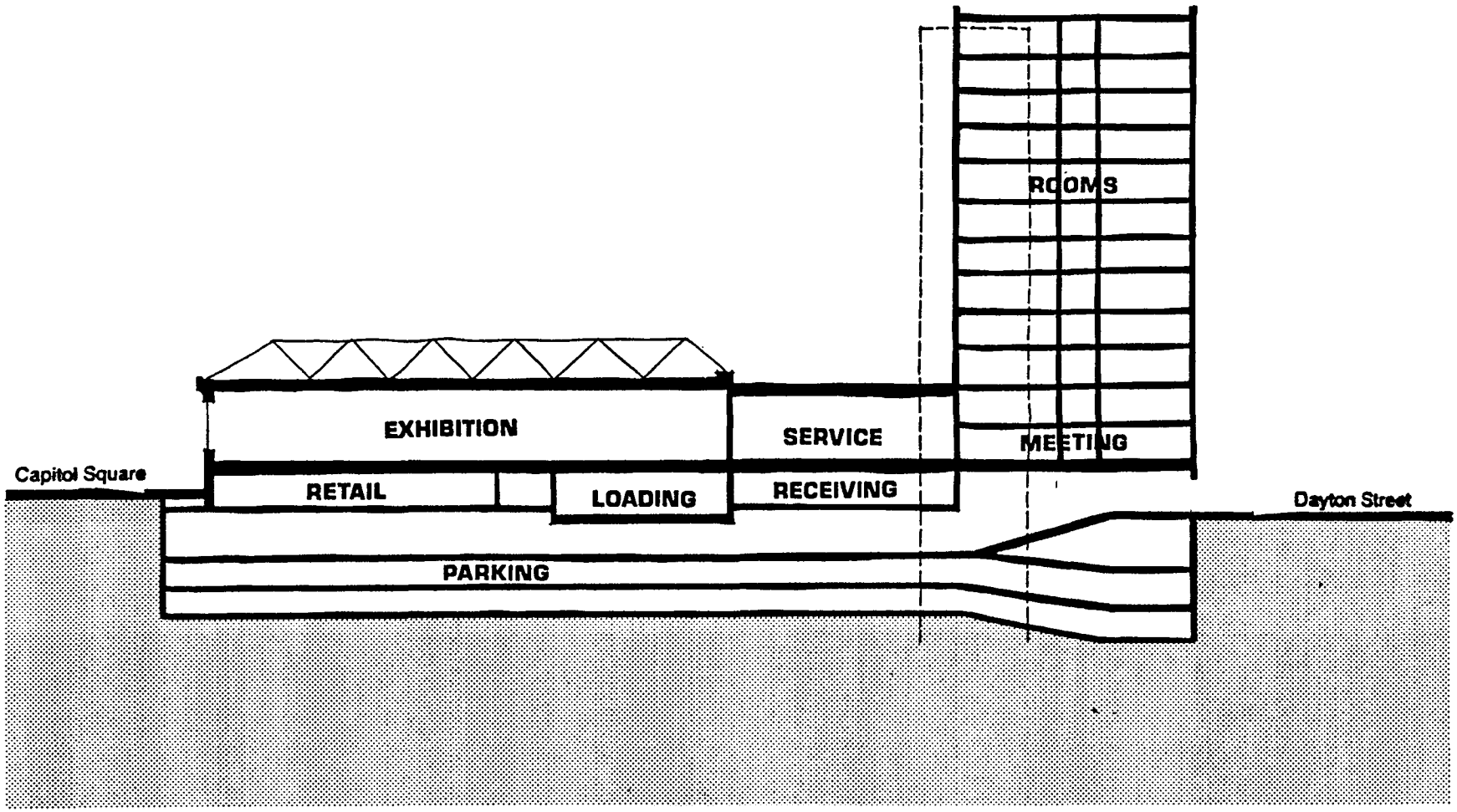
Capitol Square North Plan - Madison Department of Planning



SECTION

CONCOURSE CONVENTION CENTER

arlan kay & associates
Architecture, Planning, Building Recycling
110 King St., Madison, WI 53703 · 608-251-7515



SECTION

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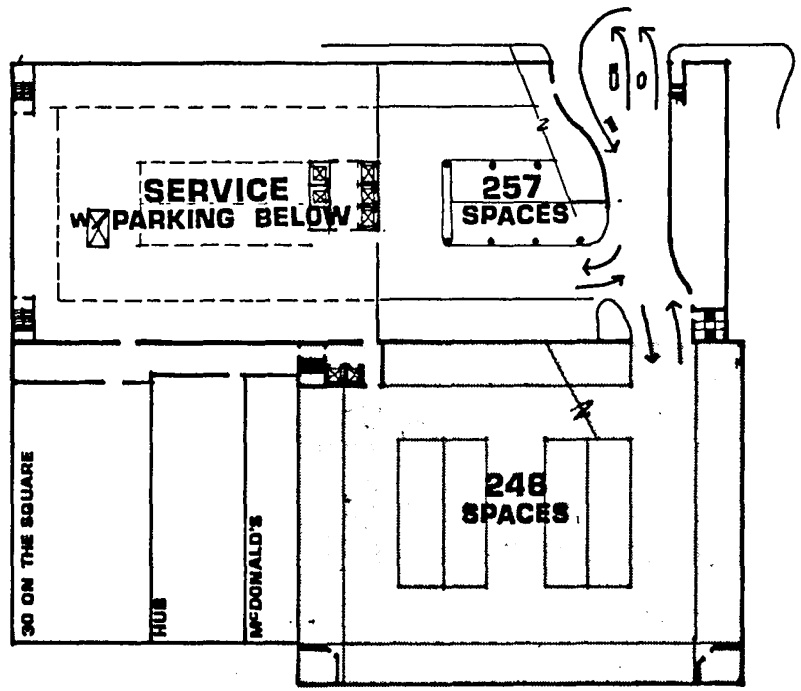

PARKING LEVEL PLAN

CONCOURSE CONVENTION CENTER

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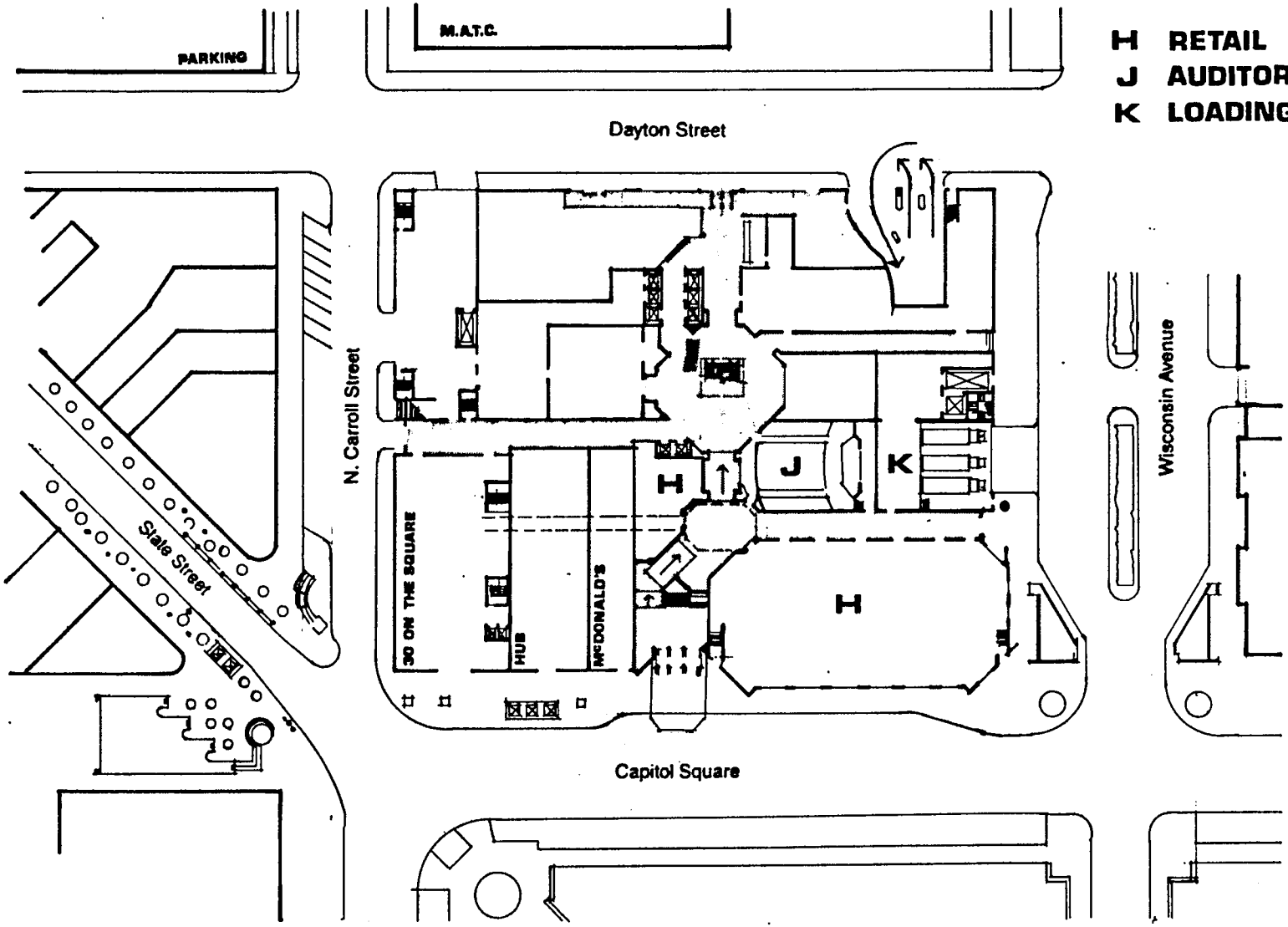

LOBBY LEVEL PLAN

CONCOURSE CONVENTION CENTER

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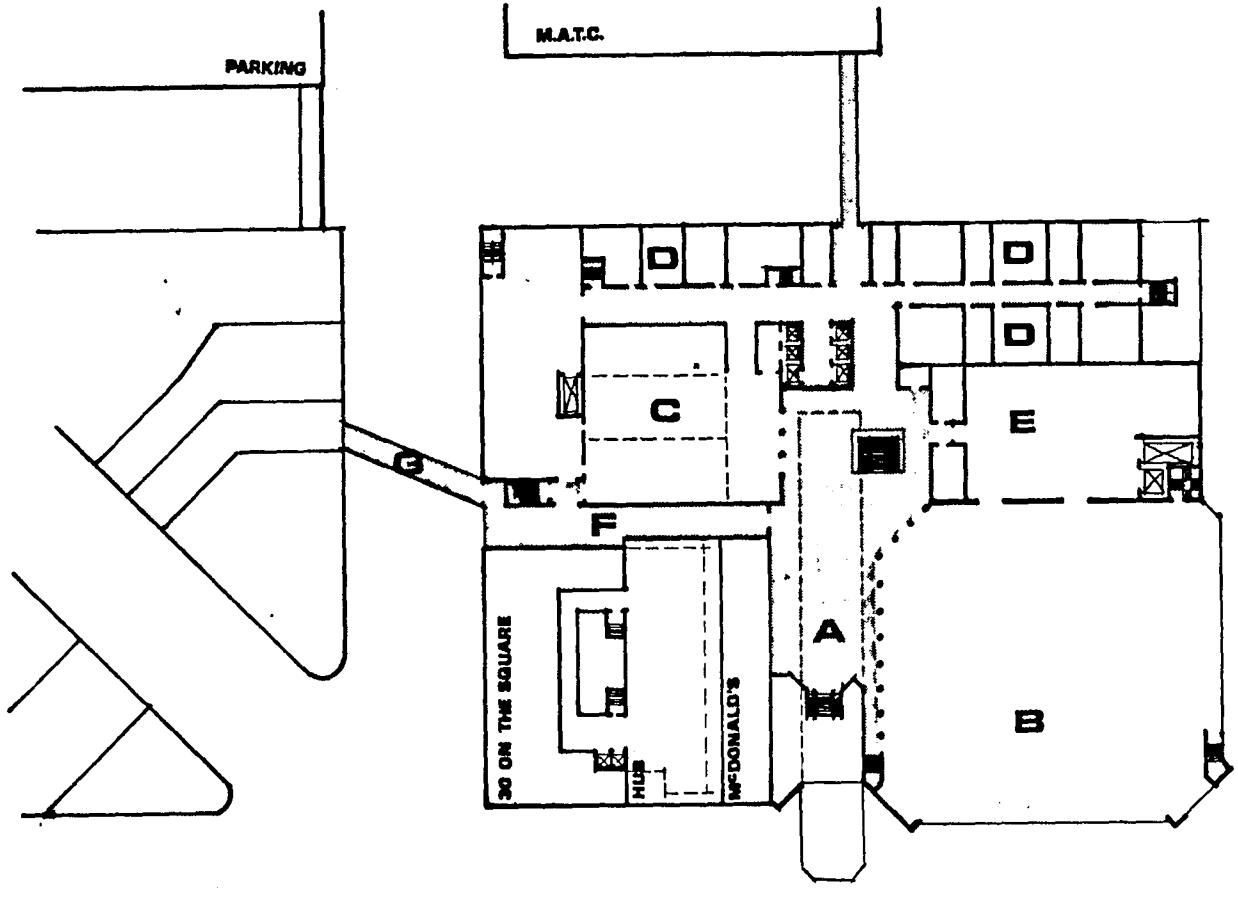

A ATRIUM/PRE-EVENT
B EXHIBITION
C ASSEMBLY
D MEETING
E SERVICE/STORAGE
F PEDESTRIAN CORR.
G SKYWALK

EXHIBITION LEVEL PLAN

CONCOURSE CONVENTION CENTER

arlan kay & associates
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SQUARE FEET IN PHASE I

Assumptions: 4 escalators, 2 passenger elevators, a freight elevator existing elevator system, three truck wells at 50 x 45 per truck a dock of 2,000 square feet, and additional service kithcen.

	Concept 4 (Peters)	North Side Concept (to be built)	North Side Concept (existing)
Exhibit Hall	36,000	23,000	0
Assembly Space (Ballroom)	13,500	0	6,750
Total Flat Floor Exhibit	49,500	29,750	
Meeting Rooms	13,200	4,000 (first floor) 14 rooms	8,000
Service/Storage	?????	13,200	5,300
Atrium	?????	7,350 (2nd floor)	
1st Floor Retail	???????	14,250	
Parking	415 (proposed)	505 246 (82 on 3 levels)	259 1/3 x Concourse's 257 1/3 x Dayton Ramp's 510
General Circulation	???????	8,050 (includes 130 ft. utility corridor)	
Skywalks	0	3,050 square feet	
Total Square Feet	130,100	72,900 92,950	20,050

WORKING DRAFT

CONVENTION HALL CORPORATION COSTS

Space	Cost/S.F.	Square Feet	Cost
2nd Floor			
Atrium/Pre-event	$150	7,350	$1,102,500
Exhibit (new)	$100	23,000	$2,300,000
Service/Storage	$80	7,800	$624,000
Pedestrian Corri	$1,200	130	$156,000
Skywalk	$3,000	175	$525,000
1st Floor			
New Retail	$75	14,250	$1,068,750
Circulation	$85	6,750	$573,750
Utility Corridor	$600	130	$78,000
Loading Dock (Service/Storage)	$100	5,400	$540,000
Auditorium (sloped floor)	$100	4,000	$400,000
Escalators	$80,000	2	$160,000
Furnishings	$10	36,500	$365,000
Street Renovation			$225,000
Demolition ($.15/cubic foot)			$150,000
Relocation of 14 W. Mifflin Tenants	$10	40,000	$400,000
Total Hard Costs			**$8,668,000**
Soft Costs			
Professional Fees		10%	$866,800
Contingency & Soft Costs		25%	$2,167,000
Total Soft Costs			$3,033,800
Parking (246 underground stalls)	$10,000	246	$2,500,000
Total Costs			**$14,201,800**

Scenario 1, Phase 1
Separately Owned Entity
The Convention Hall Corporation **1**

Property Acquisition

The Hub	$300,000
Brathaus II	$300,000
Woolworth	$600,000
14 W. Mifflin	$1,200,000
Subtotal	$2,400,000

Total Construction Cost and Working Capital

Demolition	$150,000
New Parking	$2,500,000
Skywalks	$1,250,000
Exhibition Center	$8,826,800
W.C. Loan	$1,000,000
Streets and Infra	$225,000
Subtotal	$13,951,800

Total Cost		$16,351,800
Public Subsidy **2**		
CDA (Skywalks) **3**	$1,255,000	
CDA (Land Write-Down	$2,400,000	
Street Improvement	$225,000	
Total Subsidy	$3,875,000	$3,875,000
Madison Business Community **4**		$2,000,000
Total Debt Required		$10,476,800

---

1 Under this scenario, Concourse would pay for 2 escalators, upgrading of 170 rooms, and refurbishing of existing meeting facilities. Convention Hall Corporation will own floors 1 and 2 of the Hub and lease lobby with access to parking to 30 On The Square.

2 CDA partially reimbursed through $4.7 million increment in tax base assessed to exhibition hall.

3 Includes skywalk and pedestrian corridor, plus a portion of the atrium.

4 Madison Business Community paid in common stock.

PHASE I BUDGET

Revenues (net of all expenses)		
Convention Center Income ($2,000 per day, 100 event days)	$200,000	
Parking Income (246 stalls, $5 per day, 50% occupancy)	$221,000	
Increased Room Tax (7% tax on $50/night, 45,000 possible room nights x 80% capture in Madison = 36,000 additional room nights)	$126,000	
Retail Revenue (14,250 sq ft. $8.50 per sq. ft.)	$121,000	
Total Revenues		**$668,000**
Less Real Estate Tax $600,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals $4,687,500 x 2.8% (Real Estate Tax)		($130,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon		($1,187,000)
1st Year Deficit before profits on food or beverage		($649,000)
Less 20% assessed to Concourse Maintenance Assessment District		$130,000
Total to be assessed to rooms		$519,000
Required Room Assessment -370 attached rooms -227 rooms at Inn on the Park		$1,100 $530

Phase I
Room Night Calculations

Assumptions:
- -25 4-day events generated by existence of Convention Hall (L & H)
- -3 Overnights per attendee
- -600 required rooms per night

Potential room nights	45,000	(somewhere in Dane County)
Capture (80%)	x .8	
	36,000	

Increment in Room Nights for Madison is 36,000 due to existence of Convention Hall.

Concourse (Headquarters Hotel)

Captures	60%		
@	$60		
Margin	.80	$1,036,800	
Less			
Assessment @ $1,100/room		$407,000	$407,000
Benefit		$629,800	

Inn on The Park

Captures	30%		
@	$55		
Margin	.70	$415,800	
Less			
Assessment @ $530/room		$120,310	$120,310
Benefit		$295,490	
Total Assessment			$527,310

PHASE I BUDGET
Optimistic

Revenues (net of all expenses)

Convention Center Income ($2,000 per day, 200 event days)	$400,000	
Parking Income (246 stalls, $5 per day, 60% occupancy)	$265,000	
Increased Room Tax (7% tax on $50/night, 90,000 possible room nights x 80% capture in Madison = 72,000 additional room nights)	$252,000	
Retail Revenue (14,250 sq ft. $8.50 per sq. ft.)	$121,000	
Total Revenues		$1,038,000
Less Real Estate Tax $1,000,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals $4,687,500 x 2.8% (Real Estate Tax)		($227,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon		($1,187,000)
1st Year Deficit before profits on food or beverage		($376,000)
Less 20% assessed to Concourse Maintenance Assessment District		$75,000
Total to be assessed to rooms		$301,000
Required Room Assessment -370 attached rooms		$625
-227 rooms at Inn on the Park		$310

Phase I Optimistic
Room Night Calculations

Assumptions:
- -50 4-day events generated by existence of Convention Hall
- -3 Overnights per attendee
- -600 required rooms per night

Potential room nights	90,000	(somewhere in Dane County)
Capture (80%)	x .8	
	72,000	

Increment in Room Nights for Madison is 72,000 due to existence of Convention Hall.

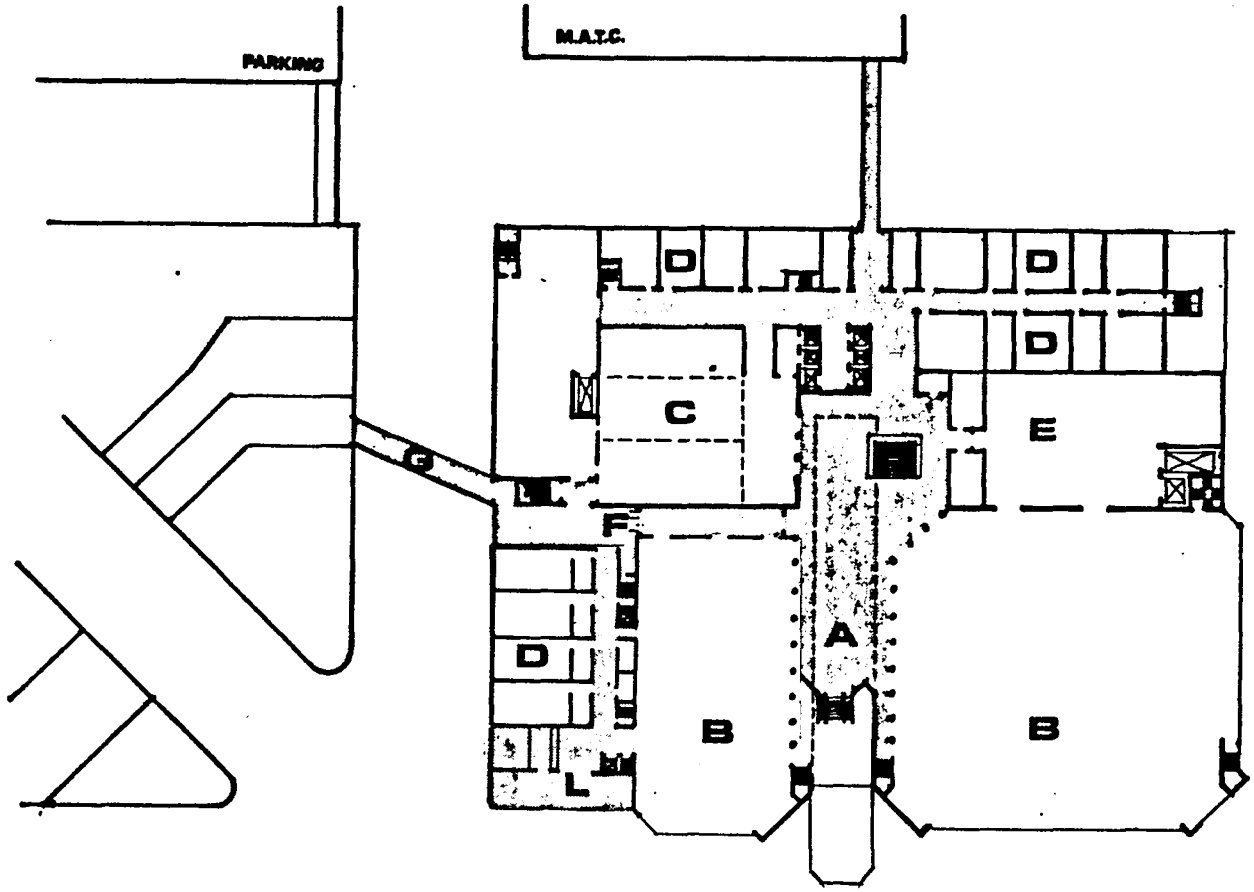
Concourse (Headquarters Hotel)

Captures	60%		
@	$60		
Margin	.80	$2,074,000	
Less			
Assessment @ $625/room		$231,250	$231,250
Benefit		$1,842,350	

Inn on The Park

Captures	30%		
@	$55		
Margin	.70	$831,600	
Less			
Assessment @ $310/room		$70,370	$70,370
Benefit		$761,230	

Total Assessment	$301,620



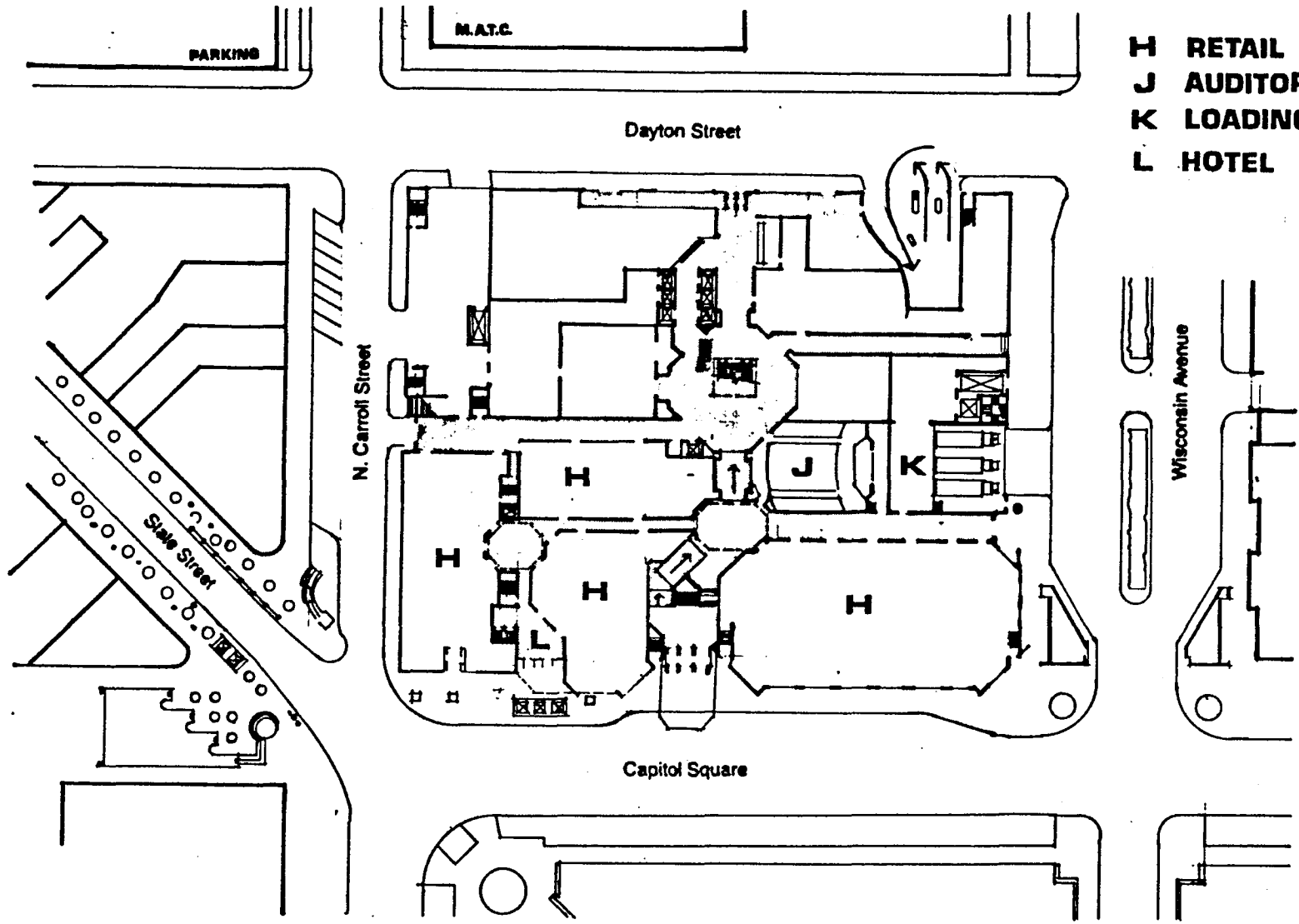
A ATRIUM/PRE-EVENT
B EXHIBITION
C ASSEMBLY
D MEETING
E SERVICE/STORAGE
F PEDESTRIAN CORR.
G SKYWALK

EXHIBITION LEVEL PLAN

PHASE II

CONCOURSE CONVENTION CENTER

arlan kay & associates
Architecture, Planning, Building Recycling
110 King St., Madison, WI 53703 • 608-251-7515

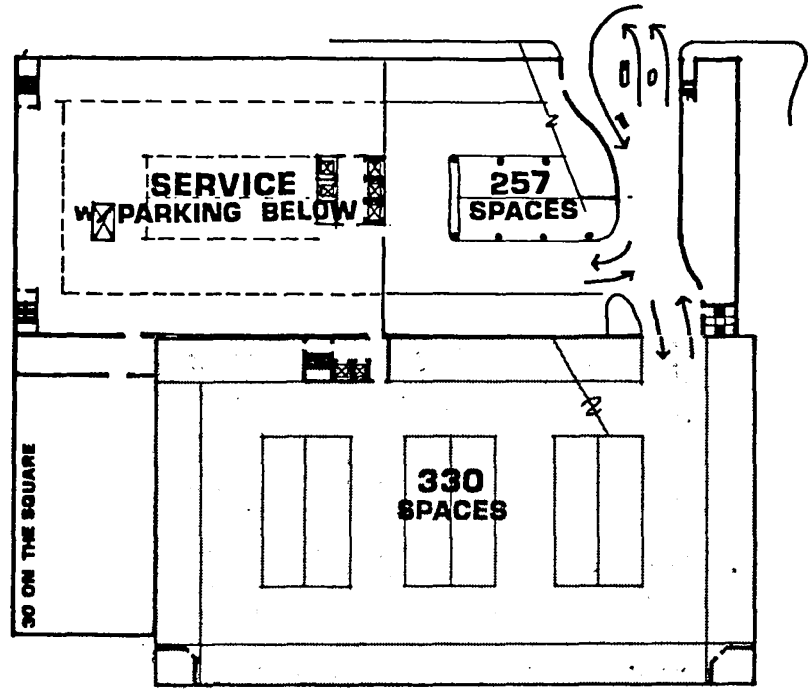


LOBBY LEVEL PLAN

PHASE II

CONCOURSE CONVENTION CENTER

arlan kay & associates
Architecture, Planning, Building Recycling
110 King St., Madison, WI 53703 · 608-251-7516



PARKING LEVEL PLAN (2) PHASE II

CONCOURSE CONVENTION CENTER

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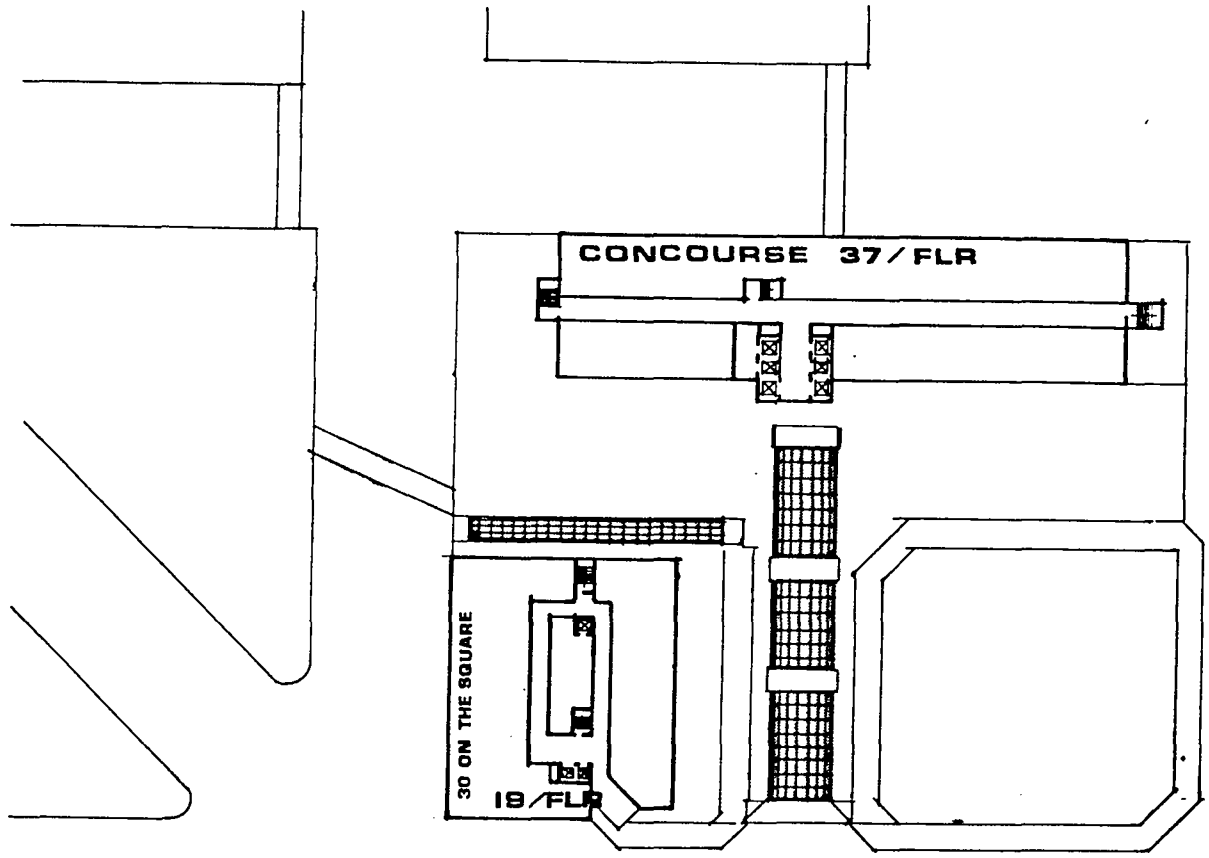


ROOF LEVEL PLAN

CONCOURSE CONVENTION CENTER

arlan kay & associates
Architecture, Planning, Building Recycling
110 King St., Madison, WI 53703 • 608-251-7916

Phase II BUDGET

Revenues (net of all expenses)		
Convention Center Income ($2,000 per day, 100 event days)	$200,000	
Parking Income (246 stalls, $5 per day, 50% occupancy)	$221,000	
Increased Room Tax (7% tax on $50/night, 45,000 possible room nights x 80% capture in Madison = 36,000 additional room nights)	$126,000	
Retail Revenue (14,250 sq ft. $8.50 per sq. ft.)	$121,000	
Total Revenues		$668,000
Less Real Estate Tax $600,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals $4,687,500 x 2.8% (Real Estate Tax)		($130,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon		($1,187,000)
1st Year Deficit before profits on food or beverage		($649,000)
Less 20% assessed to Concourse Maintenance Assessment District		$130,000
Total to be assessed to rooms		$519,000
Required Room Assessment		
-530 attached rooms		$810
-227 rooms at Inn on the Park		$405

Phase II
Room Night Calculations

Assumptions:
- -25 4-day events generated by existence of Convention Hall (L & H)
- -3 Overnights per attendee
- -600 required rooms per night

Potential room nights	45,000	(somewhere in Dane County)
Capture (80%)	x .8	
	36,000	

Increment in Room Nights for Madison is 36,000 due to existence of Convention Hall.

Concourse (Headquarters Hotel)

Captures	40%		
@	$60		
Margin	.80	$691,200	
Less			
Assessment @ $810/room		$299,700	$299,700
Benefit		$391,500	

30 On The Square (Moderate priced Hotel)

Captures	30%		
@	$45		
Margin	.70	$340,200	
Less			
Assessment @ $810/room		$129,600	$129,600
Benefit		$210,600	

Inn on The Park

Captures	20%		
@	$55		
Margin	.70	$277,200	
Less			
Assessment @ $405/room		$91,935	$91,935
Benefit		$185,265	

Total Assessment	$521,235

Phase II, BUDGET
Optimistic

Revenues (net of all expenses)		
Convention Center Income ($2,000 per day, 200 event days)	$400,000	
Parking Income (246 stalls, $5 per day, 60% occupancy)	$265,000	
Increased Room Tax (7% tax on $50/night, 90,000 possible room nights x 80% capture in Madison = 72,000 additional room nights)	$252,000	
Retail Revenue (14,250 sq ft. $8.50 per sq. ft.)	$121,000	
Total Revenues		$1,038,000
Less Real Estate Tax $1,000,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals $4,687,500 x 2.8% (Real Estate Tax)		($227,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon		($1,187,000)
1st Year Deficit before profits on food or beverage		($376,000)
Less 20% assessed to Concourse Maintenance Assessment District		$75,000
Total to be assessed to rooms		$301,000
Required Room Assessment -530 attached rooms -227 rooms at Inn on the Park		$470 $235

Phase II Optimistic
Room Night Calculations

Assumptions:
- -50 4-day events generated by existence of Convention Hall
- -3 Overnights per attendee
- -600 required rooms per night

Potential room nights	90,000	(somewhere in Dane County)
Capture (80%)	x .8	
	72,000	

Increment in Room Nights for Madison is 72,000 due to existence of Convention Hall.

Concourse (Headquarters Hotel)

Captures	40%		
@	$60		
Margin	.80	$1,382,400	
Less			
Assessment @ $470/room		$173,900	$173,900
Benefit		$1,208,500	

30 On The Square (Moderate priced Hotel)

Captures	30%		
@	$45		
Margin	.70	$680,400	
Less			
Assessment @ $470/room		$75,200	$75,200
Benefit		$605,200	

Inn on The Park

Captures	20%		
@	$55		
Margin	.70	$554,400	
Less			
Assessment @ $235/room		$53,345	$53,345
Benefit		$501,055	

Total Assessment	$302,445

ALTERNATIVE FINANCING PLAN

As an alternative to a heavy assessment per hotel room for operating deficits which is intended to share marginal revenue of hotels benefiting from convention business in excess of current operations, it would be possible to place the entire Concourse Hotel block in the ownership of a single cooperation. The advantages of a single corporation which benefited from all the profit centers related to the Convention Center would be the fact that current net income as well as future marginal income created by a Convention Center would be available to secure the required financing.

In addition, the existing equities of present land owners would provide initial equity capital for such a corporation in exchange for providing greater liquidity and more generous values for their properties as s cooperative than each property owner could have realized through independent action.

The proposed alternative financing plan is a variation of the FRENCH PLAN which financed much of New York City, particularly multiple use projects. There are three tiers of financing, amortized mortgages, preferred stock, and common stock.

1. The mortgages are first amortized on a 15-25 year schedule from total business income of the corporation.

2. Preferred stock receives cumulative dividends of 9% per year when earnings exceed debt service. As erarnings permit a cash surplus beyond dividends or refinancing becomes appropriate, the preferred stock will be called and retired at stated prices.

3. When some proportion of the preferred stock has been paid off, the common stock will then take control. It is intended that about 65% of the common stock would go to the present partners who own the Concourse Hotel and who make the economic scenario possible, while approximately 35% goes to the public entities which invested in the project, such as the CDA, the Madison Development Corporation or any other community interest group.

In 25 years the mortgages will have been repaid and the preferred stock retired so that the common stock retains clear control of the entire asset debt free. Such a plan provides a sequence of priorities which fairly recognizes who pays and who benefits as well as a permanent public interest in the long term operation of the Convention Center. There are legal precedents and tax law provisions which would favor such a program. A primary concern is the foreclosure risk of a single large mortgage on a single ownership as compared to the more defined liabilities of the assessment plan.

The costs and revenue for combined operations which follow are based on Landmark Research knowledge of forecast and budgets for hotels in the Madison area, hotels which Landmark appraised in 1985 and '86.

Costs for Phase I

	Space	Cost/S.F.	Square Feet	Cost
	2nd Floor			
* A	Atrium/Pre-event	$150	7,350	$1,102,500
B	Exhibit (new)	$100	23,000	$2,300,000
C	Assembly (remodeled)	$20	6,750	$135,000
D	Existing Meeting (remodeled)	$20	8,000	$160,000
E	Service/Storage	$80	7,800	$624,000
F	Pedestrian Corridor	$1,200	130	$156,000
G	Skywalk	$3,000	175	$525,000
	1st Floor			
H	New Retail	$75	14,250	$1,068,750
I	Circulation	$85	6,750	$573,750
	Utility Corridor	$600	130	$78,000
J	Auditorium (sloped floor)	$100	4,000	$400,000
K	Loading Dock (Service/Storage)	$100	5,400	$540,000
	Escalators	$80,000	4	$320,000
	Parking (246 underground stalls)	$10,000	246	$2,460,000
	Furnishings	$10	36,500	$365,000
	Redecorating (existing rooms)	$3,000	170	$510,000
	Street Renovation			$225,000
	Demolition (.15 cubic foot)			$150,000
	Relocation of 14 W. Mifflin Tenants	$10	40,000	$400,000
	Total Hard Costs			**$12,093,000**
	Soft Costs			
	Professional Fees		10%	$1,209,300
	Contingency & Soft Costs		25%	$3,023,250
	Total Soft Costs			$4,232,550
	Total Costs			$16,325,550

* Letters correspond to drawings.

WORKING DRAFT

SCENARIO I

Single Private/Public Corporation Owning The Block

Acquisition Cost		Existing Mortgages
Concourse	$20,000,000	($12,000,000)
Brathaus II	$300,000	($300,000)
30 OTS	$2,400,000	($1,950,000)
Woolworth	$600,000	($300,000)
14 W. Mifflin	$1,200,000	($850,000)
Subtotal	$24,500,000	$15,400,000

Construction Cost		
Demolition	$125,000	
New Parking	$2,500,000	
Skywalks	$1,250,000	
Exhibition Center	$12,515,000	
W.C. Loan	$1,000,000	
Streets and Infra	$225,000	
Subtotal	$17,615,000	

Total Cost	$42,115,000

Sources of Funds Owners Equity	Preferred		Common	
Concourse	$4,000,000	1	$4,000,000	
Brathaus II	$0			
30 OTS	$450,000			
14 W. Mifflin	$350,000			
Woolworth	$300,000			
Skywalks		2	$1,250,000	
City Parking			$500,000	
Madison Business Community			$1,250,000	
	$5,100,000		$7,000,000	
Total Equity				($12,100,000)

Additional City Subsidy		
City Parking Finan	$2,000,000	
CDA		
Write-Downs	$1,450,000	
Streets etc.	$225,000	
Subtotal	$3,675,000	($3,675,000)

Conventional Debt Required to Refinance Existing Mortgages	($15,400,000)
New Conventional Debt Required	$10,940,000
Annual Debt Service on New Debt	$1,192,942
Total Debt Required	$26,340,000
Total Debt Service Required	$2,872,221

1 (4 votes on Board of Directors)
2 (3 votes on Board of Directors)

Scenario I
Incremental Revenues to New Concourse Corporation
With a Convention Center--Year 1

	Incremental Room Nights (25 Events, 600 attendees, 3 nights)	45,000
	40% of New Room-Nights to Concourse	18,000
	Gross Incremental Revenue @ $60 per Room-Night	$1,080,000
1	Marginal Gross Profit (80% of Gross Income)	$864,000
	Increased Occupancy Rate @ Concourse (18,000 New Room Nights/137,240 Total Room Nights)	13%
2	Debt Service on Exhibition Center	$1,192,942
	Revenue from Events (25 Events 4 days each, $2,000 per event.)	($200,000)
	Retail (14,250 Sq. Ft. @ $7.00)	($99,750)
	Additional Meeting Income	($50,000)
	Revenue Required from Hotel	$843,192
	Projected Increased Hotel Rev.	($864,000)
	Revenue/(Deficit)	$20,808
	Preferred Stock Dividend @ 9%	$459,000
3	Difference	($438,192)

---

1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.

2 Includes $965,000 of renovation to the Concourse for 2 escelators @ $160,000, refurbishing 170 rooms 2 $3,000/room, and remodeling of meeting rooms and ballroom @ $295,000.

3 To be paid from current Concourse Hotel cash flow.

SCENARIO II

Single Private/Public Corporation Owning The Block
Conversion of 30 OTS and The Hub to hotel.

Acquisition Cost		Existing Mortgages
Concourse	$20,000,000	($12,000,000)
Brathaus II	$300,000	($300,000)
30 OTS	$2,400,000	($1,950,000)
Woolworth	$600,000	($300,000)
14 W. Mifflin	$1,200,000	($850,000)
Subtotal	$24,500,000	$15,400,000

Construction Cost		
Demolition	$150,000	
New Parking	$2,500,000	
Skywalks	$1,250,000	
Exhibition Center	$12,515,000	
W.C. Loan	$1,000,000	
Streets and Infra	$225,000	
Conversion of 30 (and The Hub)	$4,800,000	
Subtotal	$22,440,000	

Total Cost				$46,940,000
Sources of Funds Owners Equity	Preferred		Common	
Concourse	$4,000,000	1	$4,000,000	
Brathaus II	$0			
30 OTS	$450,000			
14 W. Mifflin	$350,000			
Woolworth	$300,000			
Skywalks (CDA)		2	$1,250,000	
City Parking			$500,000	
Madison Business Community			$1,250,000	
	$5,100,000		$7,000,000	
Total Equity				($12,100,000)
Additional City Subsidy				
City Parking Finan	$2,000,000			
CDA				
Write-Downs	$1,750,000			
Streets etc.	$225,000			
Subtotal	$3,975,000			($3,975,000)
Conventional Debt Required to Refinance Existing Mortgages				($15,400,000)
New Conventional Debt Required				$15,465,000
Annual Debt Service on New Debt				$1,686,367
Total Debt Required				$30,865,000
Total Debt Service Required				$3,365,646

1 (4 votes of Board of Directors)
2 (3 votes on Board of Directors)

Scenario II

Incremental Revenues to New Concourse Corporation
With a Convention Center and Conversion of 30 OTS
and The Hub to Hotel--Year 1.

	Incremental Room Nights (25 Events, 600 attendees, 3 nights)	45,000	
	40% of New Room-Nights to Concourse	18,000	
	Gross Incremental Revenue @ $60 per Room-Night--Concourse	$1,080,000	
1	Marginal Gross Profit (80% of Gross Income)	$864,000	$864,000
	Gross Incremental Revenue for 160 New Rooms in 30 OTS @ $45/night.	$810,000	
1	Marginal Gross Profit in 30 OTS (70% of Gross Income)	$567,000	$567,000
	Cash Available For New Debt Service		$1,431,000
2	Increased Occupancy Rate @ Concourse (18,000 New Room Nights/137,240 Total Room Nights)	13%	
	Debt Service on 30 OTS Conversion	$493,425	
3	Debt Service on Exhibition Center	$1,192,942	
	Revenue from Events (25 Events 4 days each, $2,000 per event.)	($200,000)	
	Retail (20,000 Sq. Ft. @ $7.00)	($140,000)	
	Additional Meeting Income	($50,000)	
	Revenue Required from Hotels	$1,296,367	
	Projected Increased Hotel Rev.	($1,431,000)	
	Revenue/(Deficit)	$134,633	
	Preferred Dividend @ 9%	$459,000	
4	Difference	($324,367)	

1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.

2 18,000 Rooms Nights @ 30 OTS is 44% of 70% occupancy of 40,880.

3 Includes $965,000 of renovation to the Concourse for 2 escelators @ $160,000, refurbishing 170 rooms 2 $3,000/room, and remodeling of meeting rooms and ballroom @ $295,000.

4 To be paid from current Concourse Hotel cash flow.

Footnotes

1 Based on Landmark Research Appraisal of Concourse Hotel in Summer of 1986.

2 Based on Landmark Research Appraisal of 30 On The Square in Summer of 1985.

3 Based on Landmark Research retail data.

4 Based on information provided in the Industry Profile Survey compiled by the International Association of Auditorium Managers.

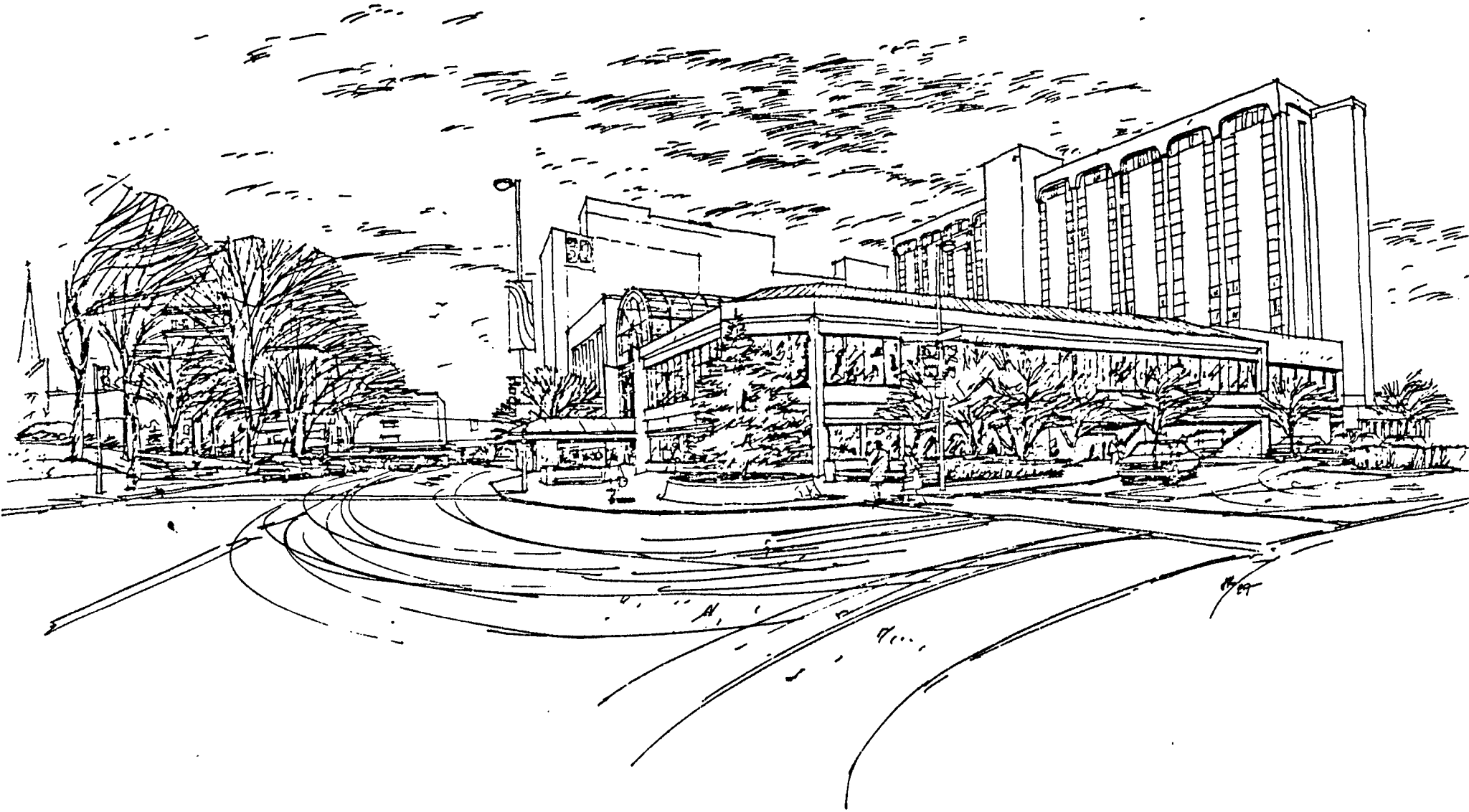
5 Assumes increase of $5 million in tax base at 1986 mill rate of 2.84%.

6 Assumes conversion to 100 hotel rooms at $40 per night Based on Landmark Research and Appraisal of the Inntowner Hotel in Summer of 1985.

7 Assumes first floor of 30 On The Square is converted to 5000 net square feet of retail space in addition to retail under the exhibition center.

8 Assumes increase of $7 million in tax base at 1986 mill rate of 2.84%.

WORKING DRAFT



CONCOURSE CONVENTION CENTER

JAMES A. GRAASKAMP

arlan kay & associates
Architecture, Planning, Building Recycli
110 King St., Madison, WI 53703 · 608-251-7

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CONCOURSE EXHIBITION CENTER RATIONALE

An Exhibition Center on the north side of the Square beginning with the Woolworth, Brathaus II, and 14 W. Mifflin sites can provide more of what the City wants in convention capacity at a lower price in terms of subsidy, sooner, and with greater diversity of support than the south side.

PHASE I - 1988

Construction of Exhibition Center on site above

Retail space on Mifflin/Wisconsin Avenue Corner

246 parking stalls under Convention Center serviced through Concourse ramp

Skyway to El Esplanade and Dayton Street ramp skyway to remodeled MATC Building

PHASE II 1990

Construct conference center and continuing education facility on MATC parking site

Convert 30 On the Square to 100-200 low priced hotel rooms at $40-45 per night

Convert Hub and McDonald's to additional 10,000 square foot exhibition space on second level and five meeting rooms on first floor plus 2,000 square foot retail

Extend skyway to Art Institute and Civic Center

While the Concourse Convention Center meets most urban design considerations in Exhibit 2, the most important fact is that the Concourse solution provides a realistic financing plan. Landmark Research, Inc. has recently appraised 30 On the Square, the Concourse, the Woolworth Building, and 14 W. Mifflin was a graduate class project. In addition, Landmark Research has done the feasibility for expansion of the Concourse and the Radisson as well as the Inntowner and our projections have proven reliable. Therefore, the income projections on which the financing plan depends are the first reliable figures the City has seen in all of its discussions. There is no comparable rationale or data base for the south side proposal so that the risks of the two alternatives greatly favor the Concourse proposal where the assumptions are based on actual operations.

WORKING DRAFT

1. TIF funds exist with the CDA in excess of the $1.5 million requested in this plan

2. TIF funds for North Square skywalks already exist to fund $1,250,000 of skywalks and atriums

3. The Exhibition Center would be privately owned and financed and add $5,000,000 tax increment to the block in addition to current assessed value

4. Parking utility capacity for additional debt is twice the amount required of $2,460,000

5. Current land owners are allowed to benefit in future values created by their cooperation and by avoiding eminent domain

6. Plan recognizes basic truth that the only way to finance a convention center is from the improved cash flow profits of the hotel which is closest to the Center and those cash flows are highest where the existing stock of rooms was built at average costs closer to $45,000 per room than rooms that must be built at today's prices at $85,000 per room. Unless the hotel owners and the Convention Center owners are the same, there is no vested reason to share. The room tax is not capable of diverting sufficient funds to finance such a convention center.

7. The financing plan is a variation of the French plan which built much of New York City. First the conventional mortgages are amoritzed from total business revenues of the complex; then preferred dividends are paid to the preferred stock holders who were the original property owners when earnings permit. Preferred stock is cumulative, callable at stated prices and determines corporate directors until 90% of the preferred stock has been paid off. Common stock then takes control and it should be noted that 65% of the common stock goes to the owners of the hotel who make the economics possible and approximately 35% goes to the community groups which invested early in the project, specifically the CDA, the Madison Development Corporation, and the State Street Merchants Association. With mortgages and preferred stock paid off in the 20-25 years the common stock holders control the enterprise and own the value of the operating assets. It is a unique set of priorities which fairly recognizes who pays and who benefits.

WORKING DRAFT

When the fairness of the financing structure is understood, then it makes sense to integrate the Exhibition Center with the meeting rooms, kitchen services, and management of the hotel. Similarly, it is fair to build additional hotel rooms with sensitive timing and a price range which is affordable to most people in the state since this is primarily a convention center for state and regional associations. It should be emphasized that the City has no responsibility for operating deficits, general obligation bonds or free land other than that funded by the CDA TIF funds. Nevertheless the CDA stands to benefit on the upside in proportion to 125/550 or 22% ownership of the assets and future income.

Architectural Services by Arlan Kay & Associates, Architects

Tables prepared by UW Business graduate students:

David Baker
Mark Kelling
Paul Berg

Under the direction of Prof. James A. Graaskamp, Darrell Wild, and Emily Bahr

WORKING DRAFT

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
1. Flexibility--ability to host single large group or small groups.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall. Plus MATC Continuing Education Center, new Art Institute, existing Civic Center, and proposed Masonic Conference Center above MATC parking.
2. Integration of skywalk to hotels, parking, future expansion of parking, shopping and commercial.	2. No hotel and displaces Doty ramp parking to Brayton Street lot.	2. 195--250 new spaces below conference center with elevator to center plus skywalk to Dayton ramp plus existing hotel parking of 240 units plus skywalk to 100 and 200 block of State St., MATC, and future conference center.
3. Orientation to Capitol, Square, University, State St., and lake views.	3. Can't see Capitol or Square, partial view of lake which could be blocked by proposed Munz office building, remote from University and State St.	3. Full, protected view of Capitol, Manchester Place, and Square. Skywalk connection to State St. Much closer to University; view of both lakes from Concourse rooms and bars.
4. Important public entrance with scale and visual impact.	4. Main entrance on secondary traffic loop, inside block, screened from Square.	4. Major entrances on Mifflin, WI Ave. and W. Dayton on highly visible corner site on main connector to Gorham, Johnson, and E. Washington corridors. No streets blocked; Carroll St. opening improves circulation on the Square.
5. Architectural Presence	5. Semi-hidden on secondary street flanking parking ramp and and dependent on expensive atrium for statement.	5. 400 ft. of exposure on most prominent corner of the Square in full view of Manchester Place, Capitol, and approaching traffic.
6. Expandability	6. Requires expensive takeover of Doty ramp site.	6. Exhibit hall can be expanded by removing McDonalds and The Hub; conference center and continuing education center would be phase II on MATC parking lot; approximately 100 medium priced hotel rooms can be gained by converting 30 On the Square in Phase II.

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
7. Serviceability--clear and separate entrances for delegates and delivering of exhibits with adequate capacity.	7. Conflict of hotel entrance and convention center entrance, inadequate truck wells and vertical freight movement.	7. Separate hotel and convention center entrances on opposite sides of the block; 3 truck wells on mid-block of WI Ave. plus 2 supplementary hotel truck wells support from Carroll St.; conference center in Phase II would be fully independent of MATC block expansion.
8. Community linkages, completion of area redevelopment, and immediate advancement of city goals for the Square.	8. Surrounded by government office ghetto, marginal retail, and encroaching on residential. Depends on vague future investment in immediate neighborhood. No new retail.	8. Completes North Square Redevelopment Project before existing TIF funds evaporate, modernizes retail arcade proposed by RERC for WI-Mifflin corner. Reinforces MATC future downtown, reinforces State St. restoration, may reduce Civic Center deficits, and supportive of Art Institute hopes for Orpheum. Reduces surplus of B Class office space without adequate parking on the Square. No risk to city with profit participation on the upside.
9. AFFORDABILITY!	9. Immediate parking requirements would exceed funding capacity of parking utility; TIF does not exist and would depend on new hotel, subsidized by CDA land write-down, and city would underwrite operating losses; project would be delayed until hotel operators could be found; Additional city subsidy in the form of a free 1/2 block of city hall plus vacated street. No financial plan for income or capital now exists.	9. Can be financed immediately by $2,000,000 parking bonds, existing TIF funds for skyway, CDA purchase of common stock with existing TIF funds, MDC investment of $1,000,000 in common stock, existing property owner's equity, conventional financing with synergy of mixed-use going equally to public and private ownership. See Table II for details.

SQUARE FEET IN PHASE I

Assumptions: 4 escalators, 2 passenger elevators, a freight elevator existing elevator system, three truck wells at 50 x 45 per truck a dock of 2,000 square feet, and additional service kithcen.

	Concept 4 (Peters)	North Side Concept (to be built)	North Side Concept (existing)
Exhibit Hall	36,000	23,000	0
Assembly Space (Ballroom)	13,500	0	6,750
Total Flat Floor Exhibit	49,500	29,750	
Meeting Rooms	13,200	4,000 (first floor) 14 rooms	8,000
Service/Storage	?????	13,200	5,300
Atrium	?????	7,350 (2nd floor)	
1st Floor Retail	???????	14,250	
Parking	415 (proposed)	505 246 (82 on 3 levels)	259 1/3 x Concourse's 257 1/3 x Dayton Ramp's 510
General Circulation	???????	8,050 (includes 130 ft. utility corridor)	
Skywalks	0	3,050 square feet	
Total Square Feet	130,100	72,900 92,950	20,050

WORKING DRAFT

Costs for Phase I

	Space	Cost/S.F.	Square Feet	Cost
	2nd Floor			
* A	Atrium/Pre-event	$150	7,350	$1,102,500
B	Exhibit (new)	$100	23,000	$2,300,000
C	Assembly (remodeled)	$20	6,750	$135,000
D	Existing Meeting (remodeled)	$20	8,000	$160,000
E	Service/Storage	$80	7,800	$624,000
F	Pedestrian Corridor	$1,200	130	$156,000
G	Skywalk	$3,000	175	$525,000
	1st Floor			
H	New Retail	$75	14,250	$1,068,750
I	Circulation	$85	6,750	$573,750
	Utility Corridor	$600	130	$78,000
J	Auditorium (sloped floor)	$100	4,000	$400,000
K	Loading Dock (Service/Storage)	$100	5,400	$540,000
	Escalators	$80,000	4	$320,000
	Parking (246 underground stalls)	$10,000	246	$2,460,000
	Furnishings	$10	36,500	$365,000
	Redecorating (existing rooms)	$3,000	170	$510,000
	Street Renovation			$225,000
	Demolition (.15 cubic foot)			$150,000
	Relocation of 14 W. Mifflin Tenants	$10	40,000	$400,000
	Total Hard Costs			**$12,093,000**
	Soft Costs			
	Professional Fees		10%	$1,209,300
	Contingency & Soft Costs		25%	$3,023,250
	Total Soft Costs			**$4,232,550**
	Total Costs			**$16,325,550**

* Letters correspond to drawings.

WORKING DRAFT

ESTIMATES OF EXHIBIT HALL SPACE NEEDS

Study Cited	% of Prospective Exhibits Served	Square Feet Required
1. Greater Madison Convention and Visitor's Bureau--Survey of State Associations	95%	22,500
2. Madison Convention and Visitor's Bureau--Survey of groups showing interest in holding meetings in Madison.	85%	30,000
3. American Society of Association Executives--Survey of members' convention and exhibiton activity. State, Regional & National market.	52%	30,000

ESTIMATED EVENTS OCCURING AT CONVENTION CENTER

Study Cited	Average Annual Number of Events
1. Leventhol & Horwath	85-168
Exhibit Hall Based	25-46
Meeting Room Based	50-122
2. National Feasibility Corporation	228
3. Concourse Estimate (25 events will use the Exhibition hall for an average of 4 days each or 100 event-days)	25

NOTE: The typical event lasts 2-4 days and attracts an average of 500 attendees. Therefore, event-days of use would be significantly greater than numbers shown.

WORKING DRAFT

SCENARIO I

Single Private/Public Corporation Owning The Block

Acquisition Cost		Existing Mortgages	
Concourse	$20,000,000	($12,000,000)	
Brathaus II	$300,000	($300,000)	
30 OTS	$2,400,000	($1,950,000)	
Woolworth	$600,000	($300,000)	
14 W. Mifflin	$1,200,000	($850,000)	
Subtotal	$24,500,000	$15,400,000	
Construction Cost			
Demolition	$125,000		
New Parking	$2,500,000		
Skywalks	$1,250,000		
Exhibition Center	$12,515,000		
W.C. Loan	$1,000,000		
Streets and Infra	$225,000		
Subtotal	$17,615,000		
Total Cost			$42,115,000

Sources of Funds Owners Equity	Preferred		Common	
Concourse	$4,000,000	1	$4,000,000	
Brathaus II	$0			
30 OTS	$450,000			
14 W. Mifflin	$350,000			
Woolworth	$300,000			
Skywalks		2	$1,250,000	
City Parking			$500,000	
Madison Business Community			$1,250,000	
	$5,100,000		$7,000,000	
Total Equity				($12,100,000)
Additional City Subsidy				
City Parking Finan	$2,000,000			
CDA				
Write-Downs	$1,450,000			
Streets etc.	$225,000			
Subtotal	$3,675,000			($3,675,000)
Conventional Debt Required to Refinance Existing Mortgages				($15,400,000)
New Conventional Debt Required				$10,940,000
Annual Debt Service on New Debt				$1,192,942
Total Debt Required				$26,340,000
Total Debt Service Required				$2,872,221

1 (4 votes on Board of Directors)

2 (3 votes on Board of Directors)

Scenario I
Incremental Revenues to New Concourse Corporation
With a Convention Center--Year 1

	Incremental Room Nights (25 Events, 600 attendees, 3 nights)	45,000
	40% of New Room-Nights to Concourse	18,000
	Gross Incremental Revenue @ $60 per Room-Night	$1,080,000
1	Marginal Gross Profit (80% of Gross Income)	$864,000
	Increased Occupancy Rate @ Concourse (18,000 New Room Nights/137,240 Total Room Nights)	13%
2	Debt Service on Exhibition Center	$1,192,942
	Revenue from Events (25 Events 4 days each, $2,000 per event.)	($200,000)
	Retail (14,250 Sq. Ft. @ $7.00)	($99,750)
	Additional Meeting Income	($50,000)
	Revenue Required from Hotel	$843,192
	Projected Increased Hotel Rev.	($864,000)
	Revenue/(Deficit)	$20,808
	Preferred Stock Dividend @ 9%	$459,000
3	Difference	($438,192)

---

1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.

2 Includes $965,000 of renovation to the Concourse for 2 escelators @ $160,000, refurbishing 170 rooms 2 $3,000/room, and remodeling of meeting rooms and ballroom @ $295,000.

3 To be paid from current Concourse Hotel cash flow.

SCENARIO II

Single Private/Public Corporation Owning The Block
Conversion of 30 OTS and The Hub to hotel.

Acquisition Cost		Existing Mortgages
Concourse	$20,000,000	($12,000,000)
Brathaus II	$300,000	($300,000)
30 OTS	$2,400,000	($1,950,000)
Woolworth	$600,000	($300,000)
14 W. Mifflin	$1,200,000	($850,000)
Subtotal	$24,500,000	$15,400,000

Construction Cost		
Demolition	$150,000	
New Parking	$2,500,000	
Skywalks	$1,250,000	
Exhibition Center	$12,515,000	
W.C. Loan	$1,000,000	
Streets and Infra	$225,000	
Conversion of 30 (and The Hub)	$4,800,000	
Subtotal	$22,440,000	

Total Cost	$46,940,000

Sources of Funds Owners Equity	Preferred		Common	
Concourse	$4,000,000	1	$4,000,000	
Brathaus II	$0			
30 OTS	$450,000			
14 W. Mifflin	$350,000			
Woolworth	$300,000			
Skywalks (CDA)		2	$1,250,000	
City Parking			$500,000	
Madison Business Community			$1,250,000	
	$5,100,000		$7,000,000	
Total Equity				($12,100,000)

Additional City Subsidy		
City Parking Finan	$2,000,000	
CDA		
Write-Downs	$1,750,000	
Streets etc.	$225,000	
Subtotal	$3,975,000	($3,975,000)

Conventional Debt Required to Refinance Existing Mortgages	($15,400,000)
New Conventional Debt Required	$15,465,000
Annual Debt Service on New Debt	$1,686,367
Total Debt Required	$30,865,000
Total Debt Service Required	$3,365,646

1 (4 votes of Board of Directors)
2 (3 votes on Board of Directors)

Scenario II

Incremental Revenues to New Concourse Corporation
With a Convention Center and Conversion of 30 OTS
and The Hub to Hotel--Year 1.

	Incremental Room Nights (25 Events, 600 attendees, 3 nights)	45,000	
	40% of New Room-Nights to Concourse	18,000	
	Gross Incremental Revenue @ $60 per Room-Night--Concourse	$1,080,000	
1	Marginal Gross Profit (80% of Gross Income)	$864,000	$864,000
	Gross Incremental Revenue for 160 New Rooms in 30 OTS @ $45/night.	$810,000	
1	Marginal Gross Profit in 30 OTS (70% of Gross Income)	$567,000	$567,000
	Cash Available For New Debt Service		$1,431,000
2	Increased Occupancy Rate @ Concourse (18,000 New Room Nights/137,240 Total Room Nights)	13%	
	Debt Service on 30 OTS Conversion	$493,425	
3	Debt Service on Exhibition Center	$1,192,942	
	Revenue from Events (25 Events 4 days each, $2,000 per event.)	($200,000)	
	Retail (20,000 Sq. Ft. @ $7.00)	($140,000)	
	Additional Meeting Income	($50,000)	
	Revenue Required from Hotels	$1,296,367	
	Projected Increased Hotel Rev.	($1,431,000)	
	Revenue/(Deficit)	$134,633	
	Preferred Dividend @ 9%	$459,000	
4	Difference	($324,367)	

---

1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.

2 18,000 Rooms Nights @ 30 OTS is 44% of 70% occupancy of 40,880.

3 Includes $965,000 of renovation to the Concourse for 2 escelators @ $160,000, refurbishing 170 rooms 2 $3,000/room, and remodeling of meeting rooms and ballroom @ $295,000.

4 To be paid from current Concourse Hotel cash flow.

Footnotes

1 Based on Landmark Research Appraisal of Concourse Hotel in Summer of 1986.

2 Based on Landmark Research Appraisal of 30 On The Square in Summer of 1985.

3 Based on Landmark Research retail data.

4 Based on information provided in the Industry Profile Survey compiled by the International Association of Auditorium Managers.

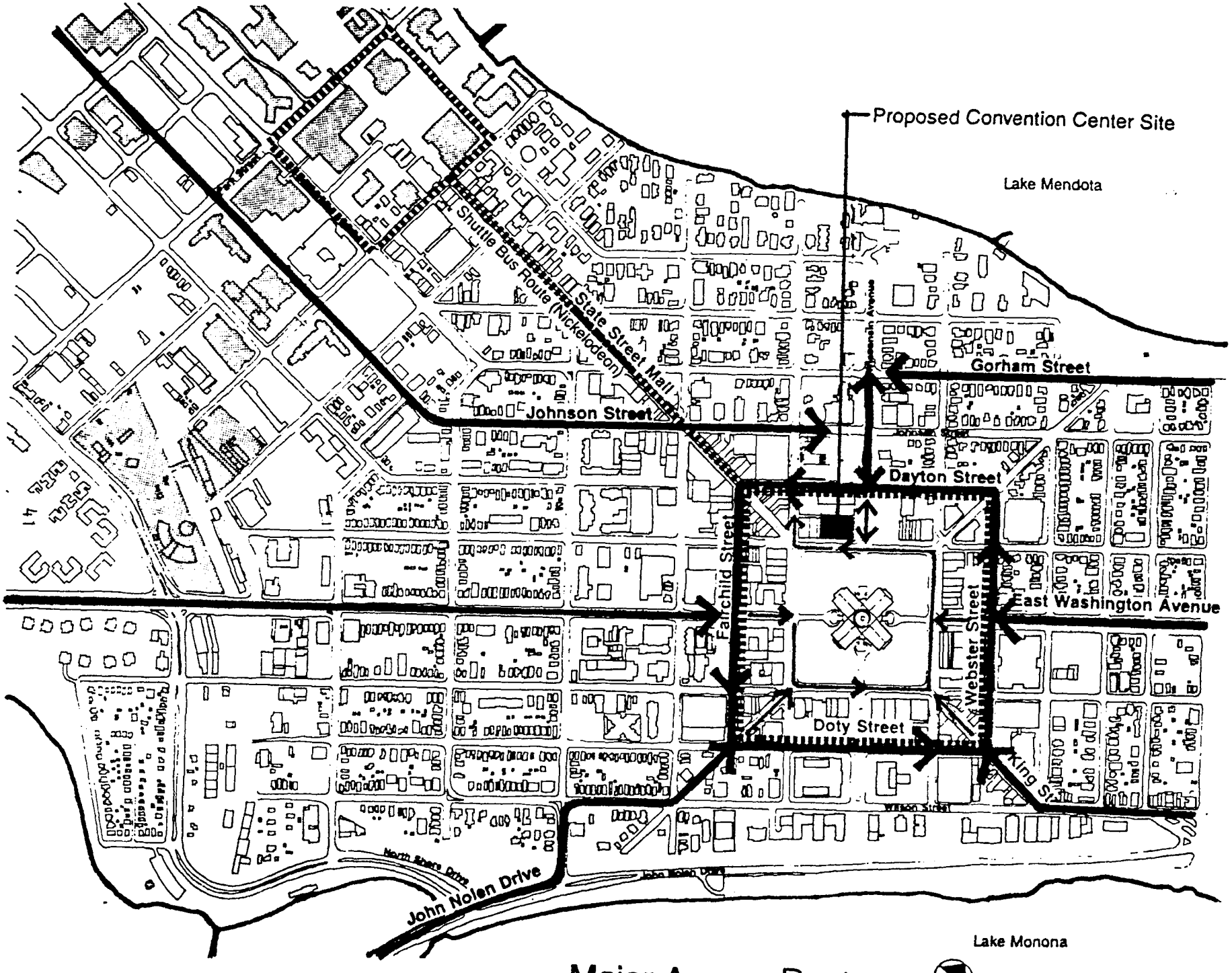
5 Assumes increase of $5 million in tax base at 1986 mill rate of 2.84%.

6 Assumes conversion to 100 hotel rooms at $40 per night Based on Landmark Research and Appraisal of the Inntowner Hotel in Summer of 1985.

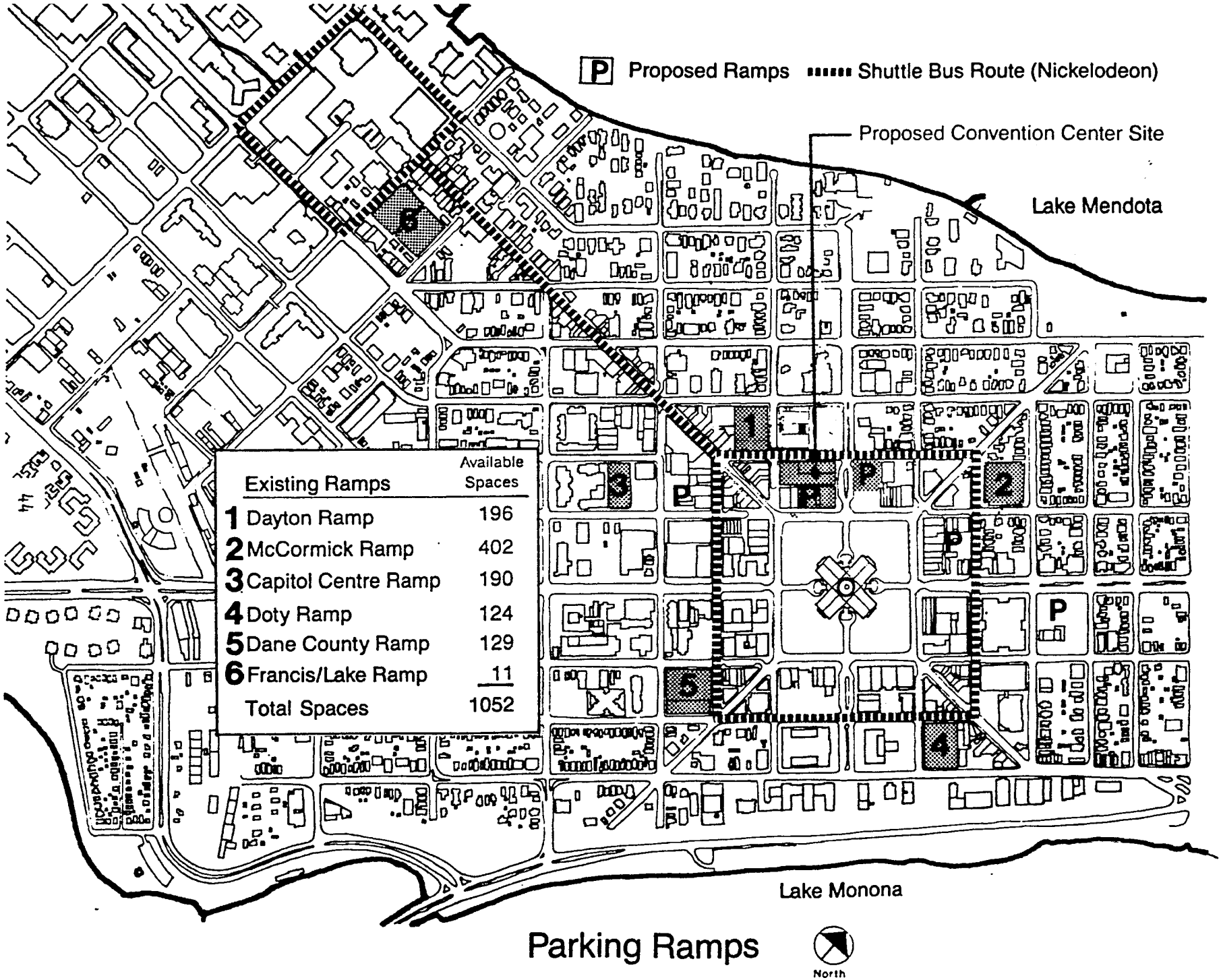
7 Assumes first floor of 30 On The Square is converted to 5000 net square feet of retail space in addition to retail under the exhibition center.

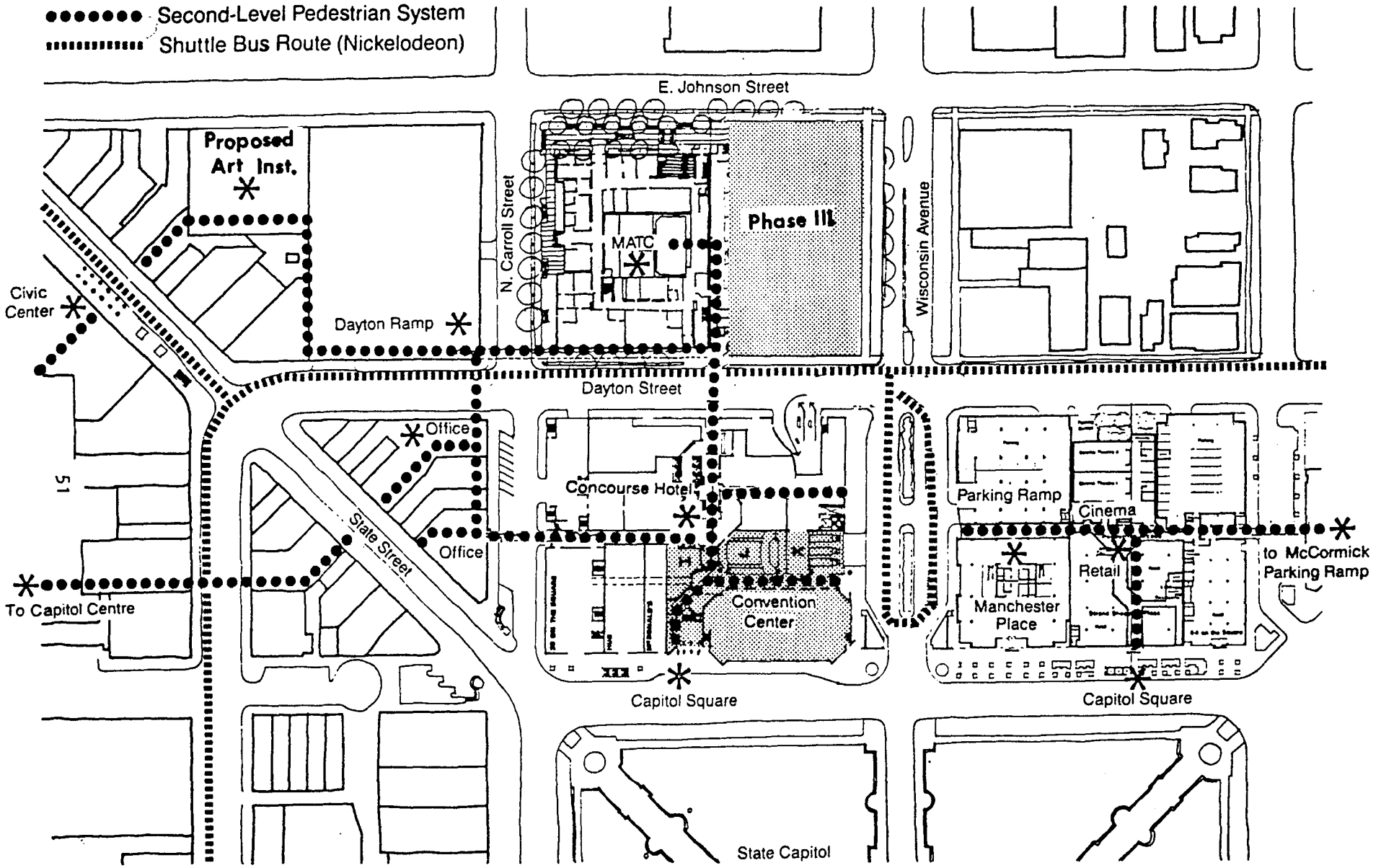
8 Assumes increase of $7 million in tax base at 1986 mill rate of 2.84%.

WORKING DRAFT



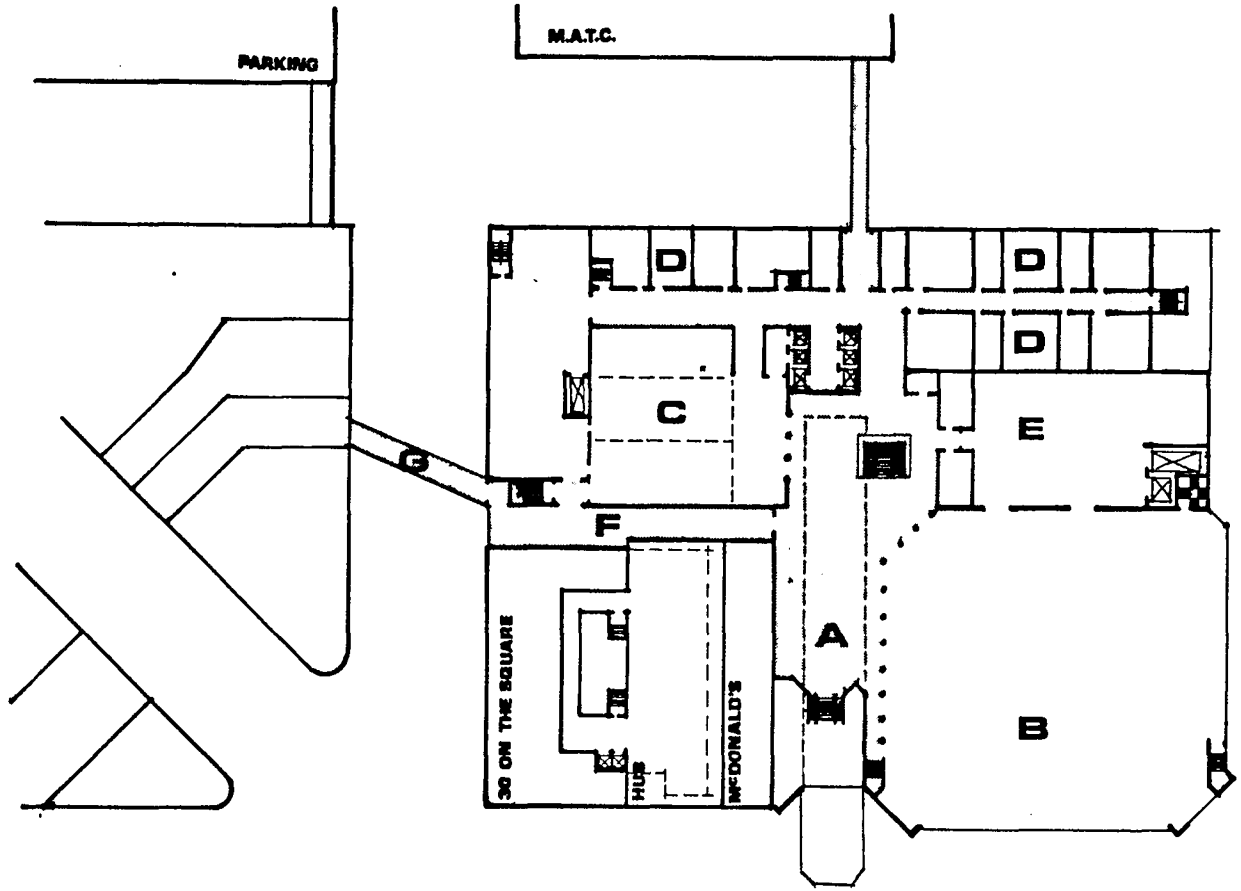
Major Access Routes


P Proposed Ramps
Shuttle Bus Route (Nickelodeon)
Proposed Convention Center Site
Lake Mendota
Lake Monona
Parking Ramps
North
Existing Ramps
Available Spaces
1 Dayton Ramp 196
2 McCormick Ramp 402
3 Capitol Centre Ramp 190
4 Doty Ramp 124
5 Dane County Ramp 129
6 Francis/Lake Ramp 11
Total Spaces 1052



Linkage Plan - Second Level Pedestrian System

Capitol Square North Plan - Madison Department of Planning



A ATRIUM/PRE-EVENT
B EXHIBITION
C ASSEMBLY
D MEETING
E SERVICE/STORAGE
F PEDESTRIAN CORR.
G SKYWALK

EXHIBITION LEVEL PLAN

CONCOURSE CONVENTION CENTER

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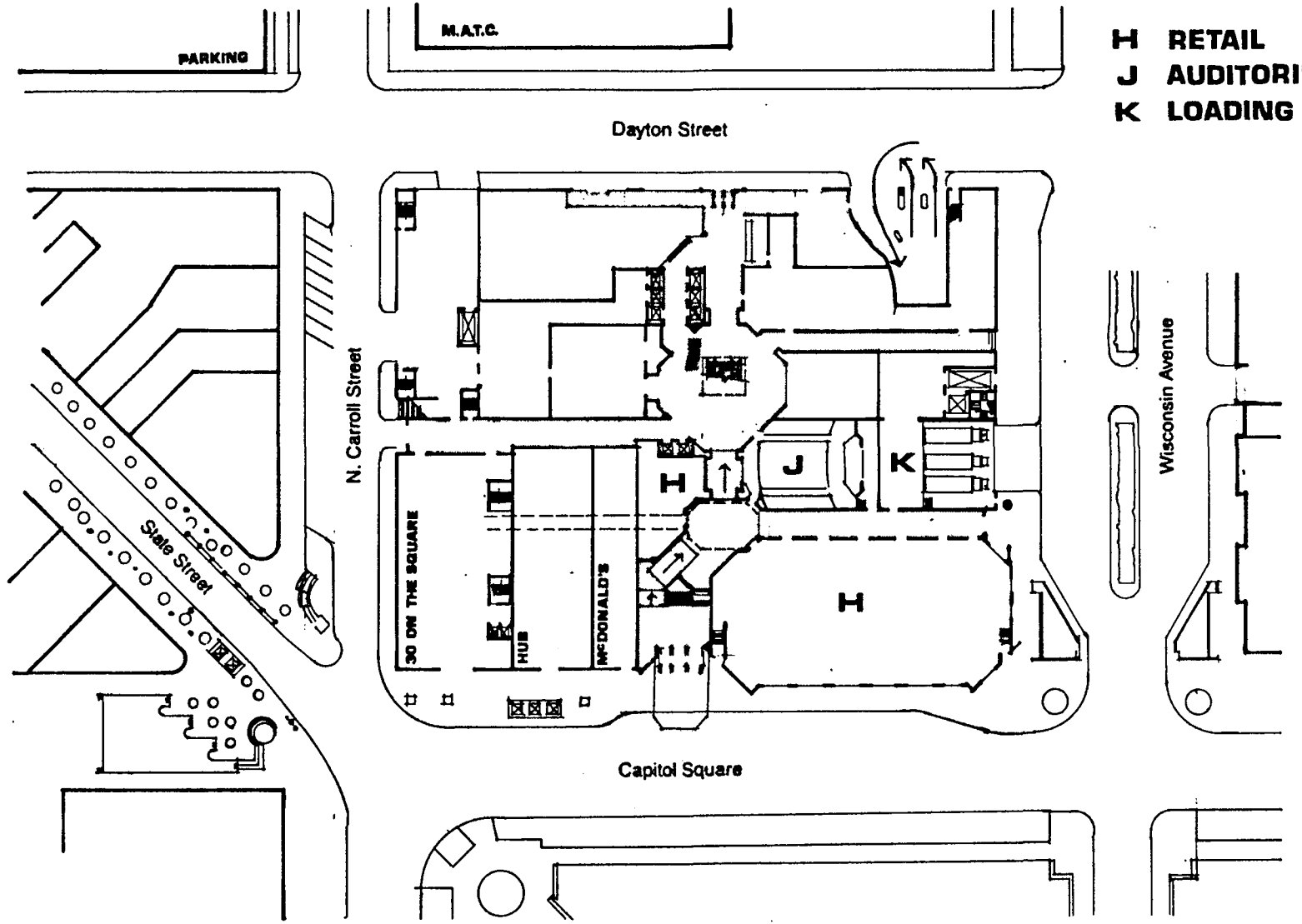

LOBBY LEVEL PLAN

CONCOURSE CONVENTION CENTER

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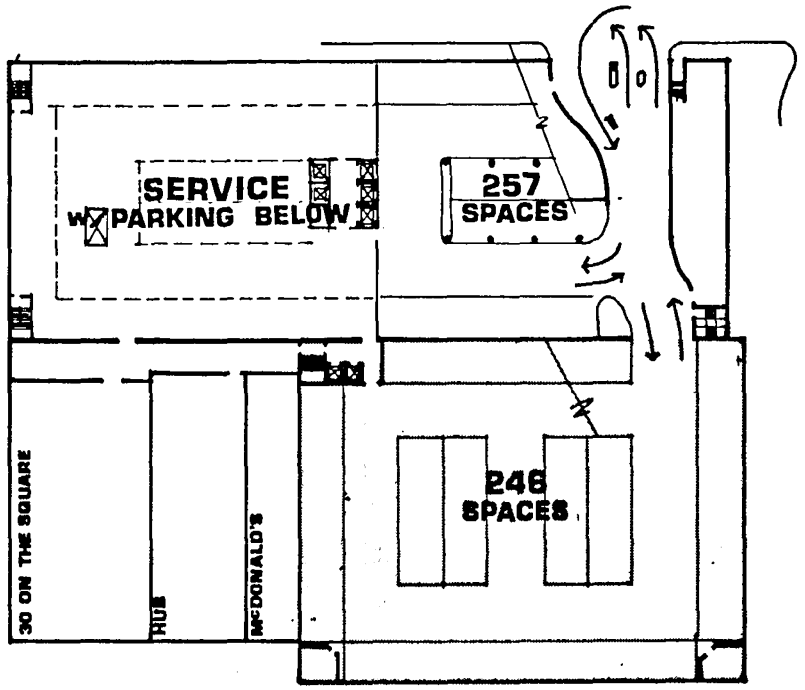

PARKING LEVEL PLAN

CONCOURSE CONVENTION CENTER

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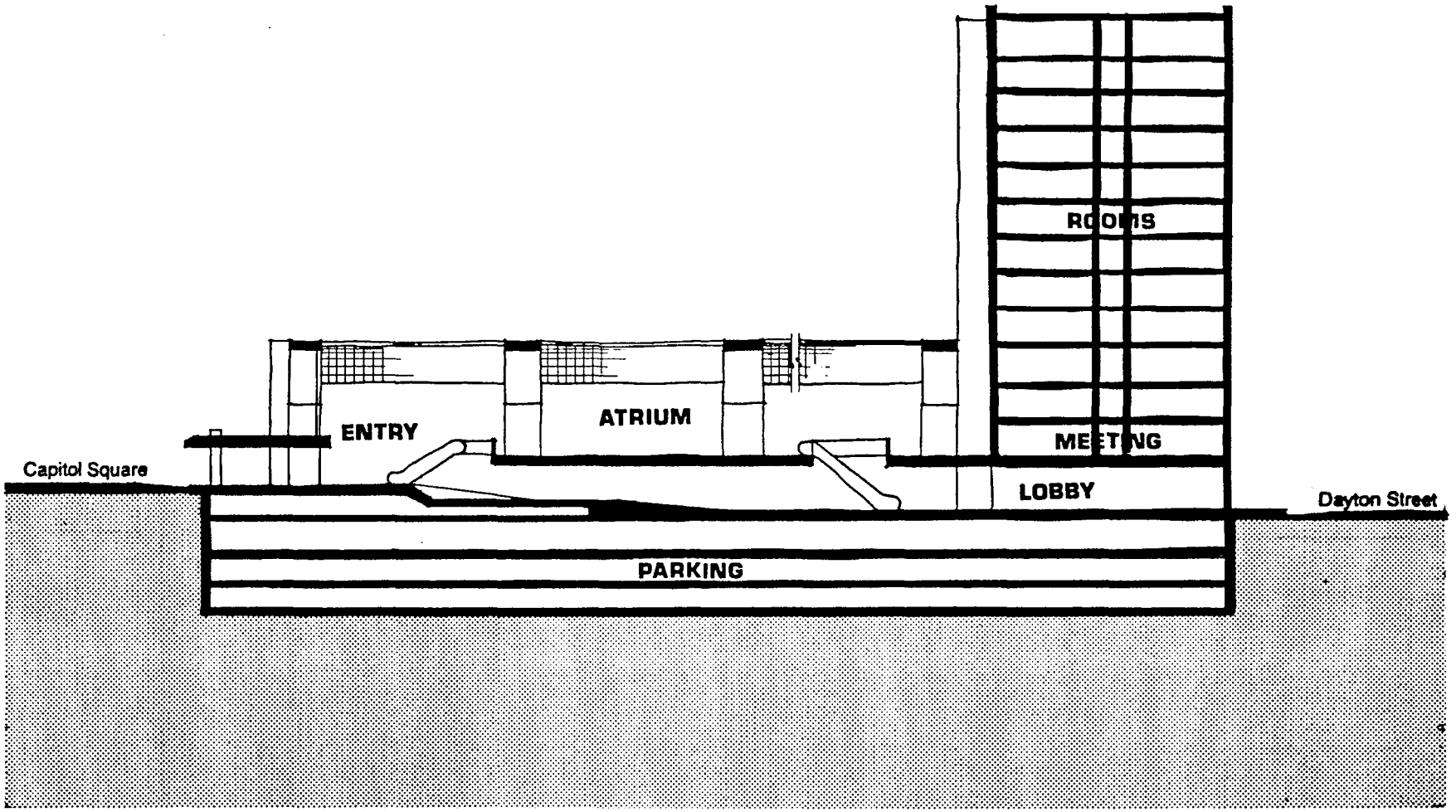

SECTION

CONCOURSE CONVENTION CENTER

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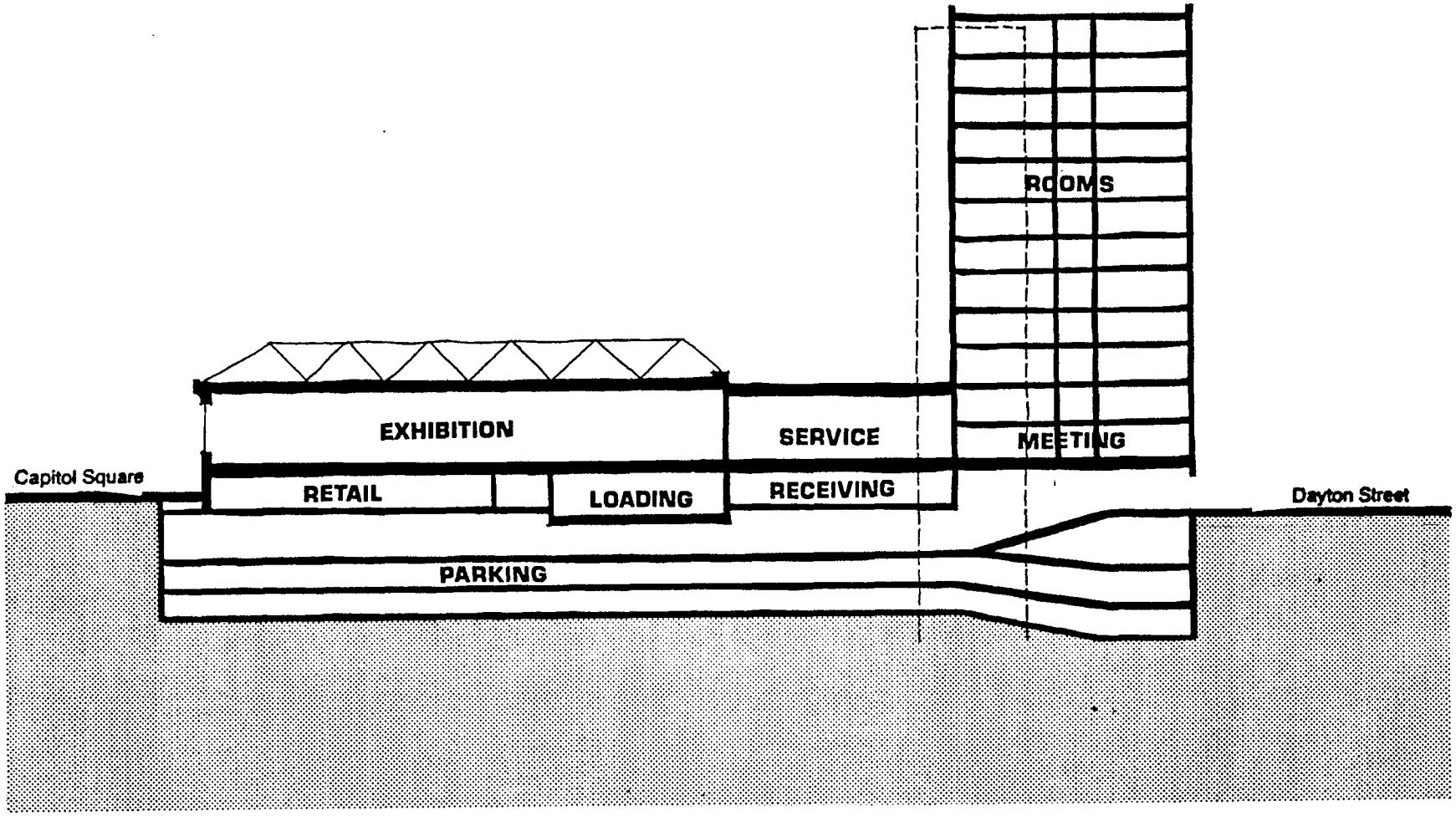

SECTION

CONCOURSE CONVENTION CENTER

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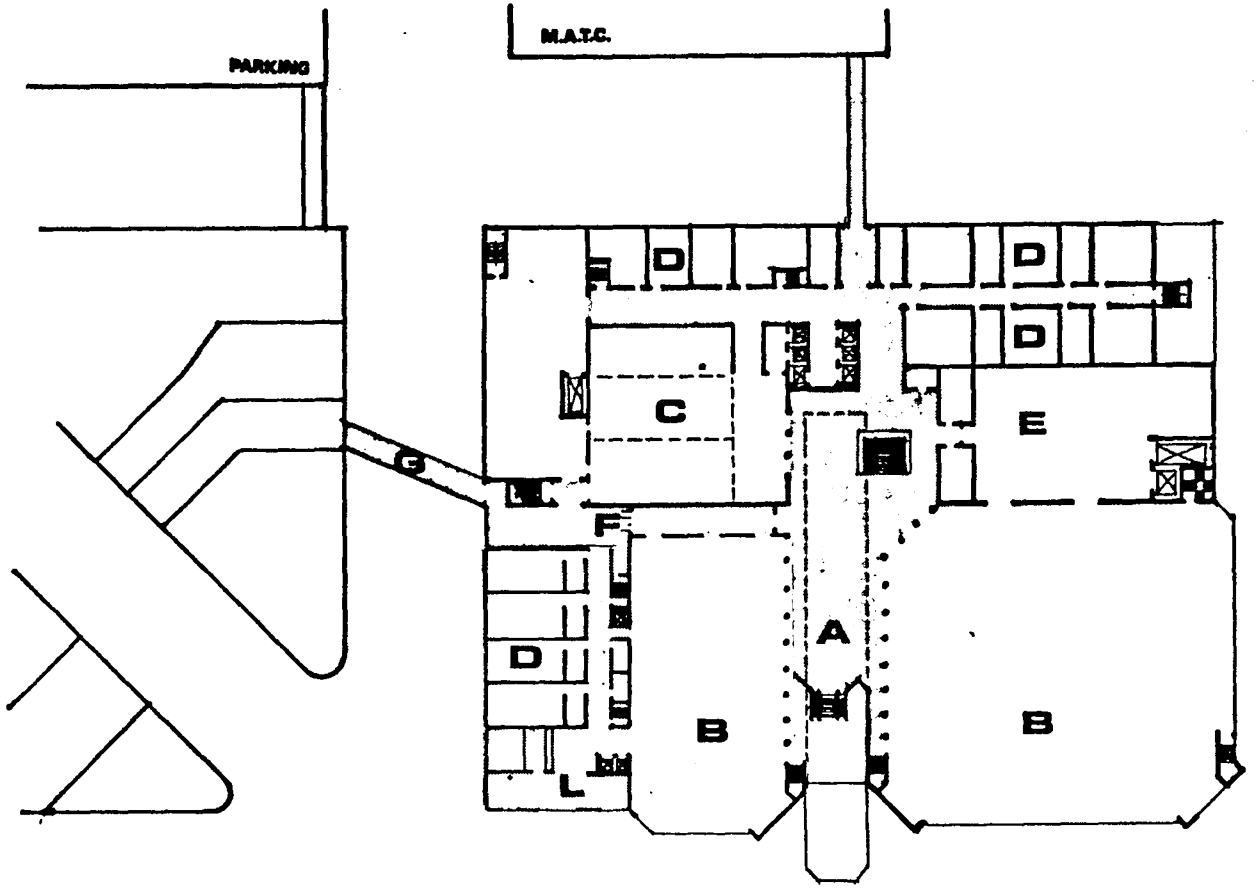

A ATRIUM/PRE-EVENT
B EXHIBITION
C ASSEMBLY
D MEETING
E SERVICE/STORAGE
F PEDESTRIAN CORR.
G SKYWALK

EXHIBITION LEVEL PLAN

PHASE II

CONCOURSE CONVENTION CENTER

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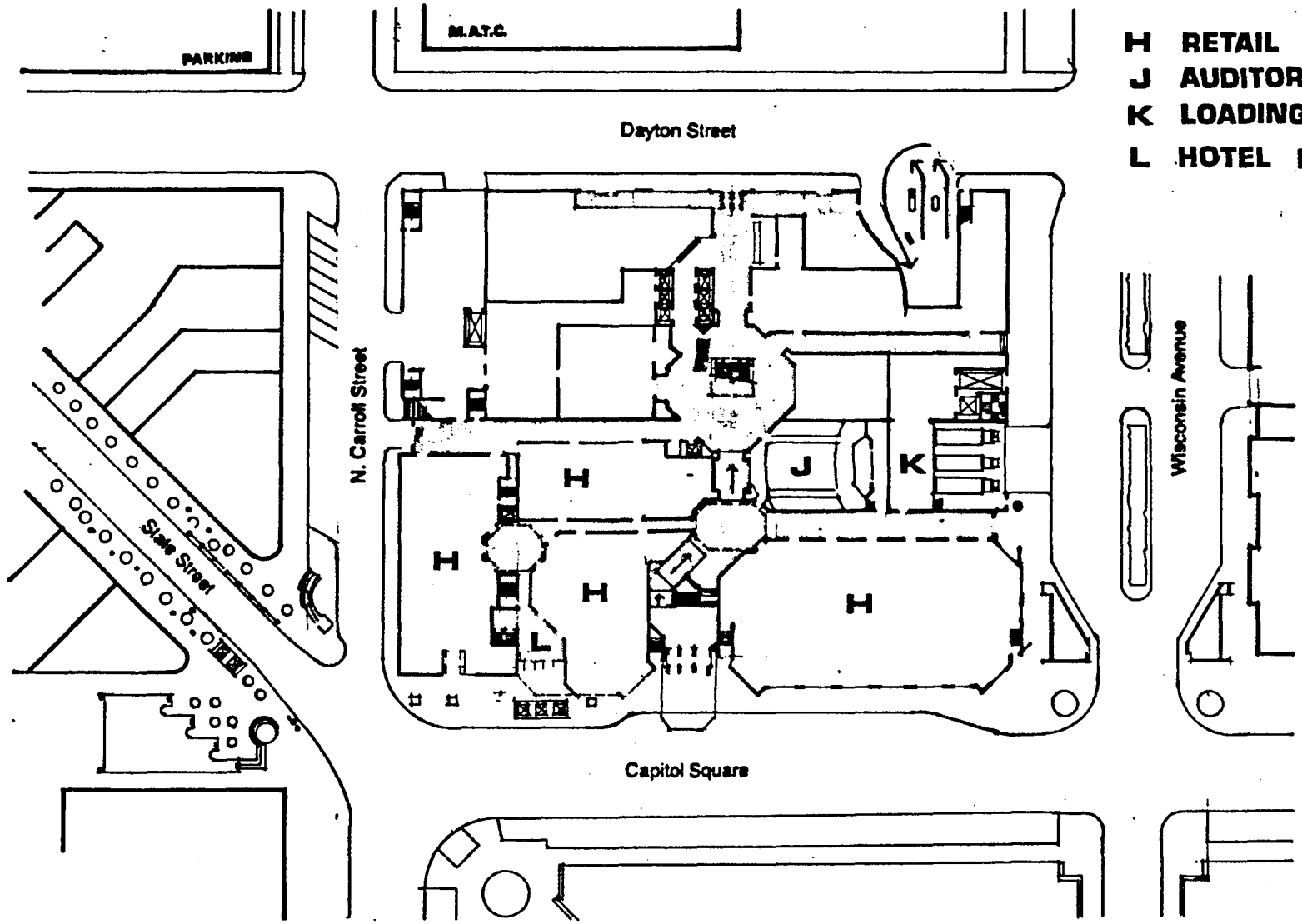

H RETAIL
J AUDITORIUM
K LOADING DOCK
L HOTEL LOBBY

LOBBY LEVEL PLAN

PHASE II

CONCOURSE CONVENTION CENTER

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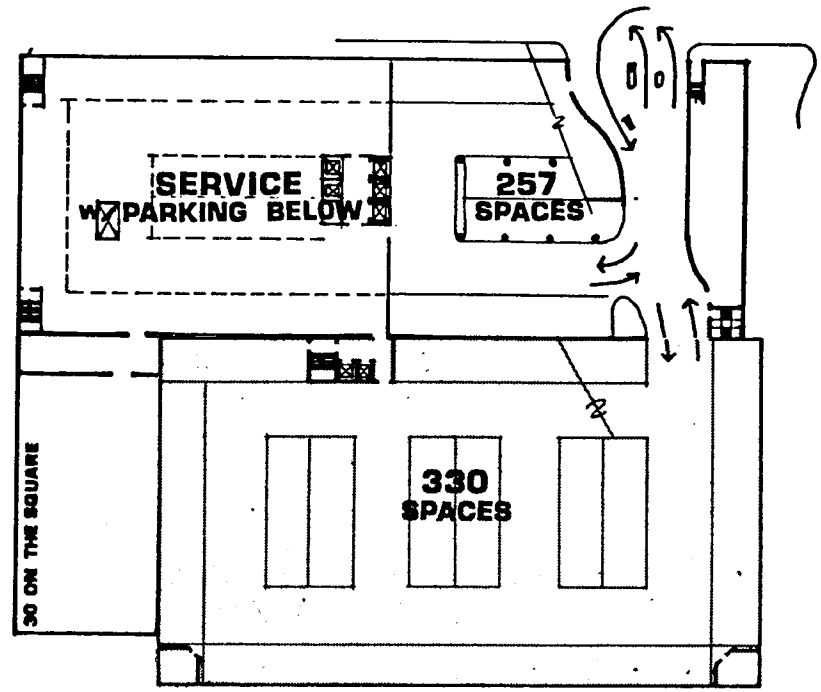

PARKING LEVEL PLAN (N) PHASE II

CONCOURSE CONVENTION CENTER

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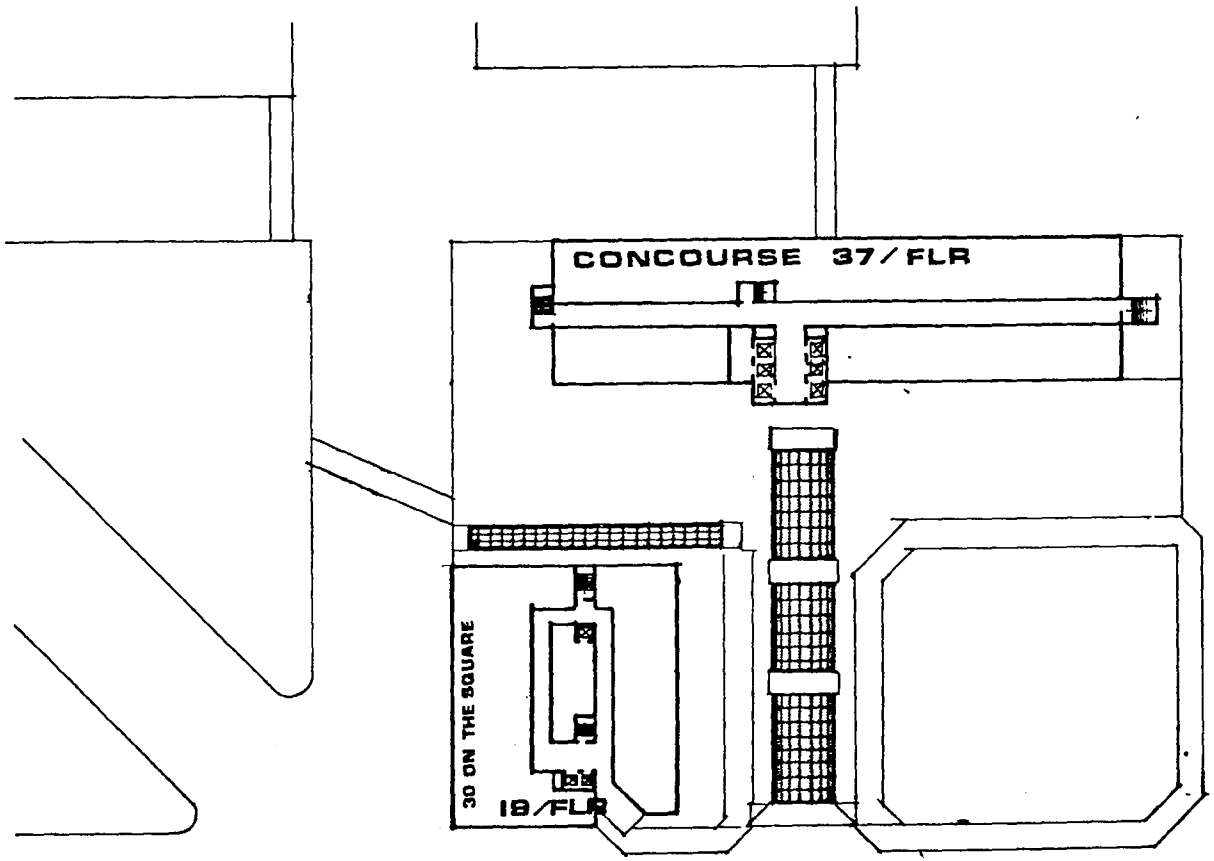

ROOF LEVEL PLAN

CONCOURSE CONVENTION CENTER

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INCORPORATED

Formerly
Gladstone Associates

Economic Consultants
Real Estate Counselors
Appraisers

September 15, 1986

J. Kevin Lawler
Senior Vice President

Professor James Graaskamp
University of Wisconsin
Room 118 - School of Business
1155 Observatory Drive
Madison, WI 53706

Dear Professor Graaskamp:

Please find enclosed two items:

-- Summary of comparative information on operating costs several selected convention centers as well as our standarized format for analyzing and calculating costs, together with back-up notes.

-- A copy of our most recent "economic audit" for the Washington Convention Center, which encompasses a series of economic benefit calculations which are common to the types of projections used to reach a determination on the feasibility of a convention center.

I trust these materials will be helpful with your current endeavors in Madison. Should you have any questions on these materials, please give me a call.

Sincerely,

J. Kevin Lawler

JKL:tes
Enclosures

One Thomas Circle, N.W., Washington, D.C. 20005 Telephone (202) 833-5500 Facsimile (202) 833-5515

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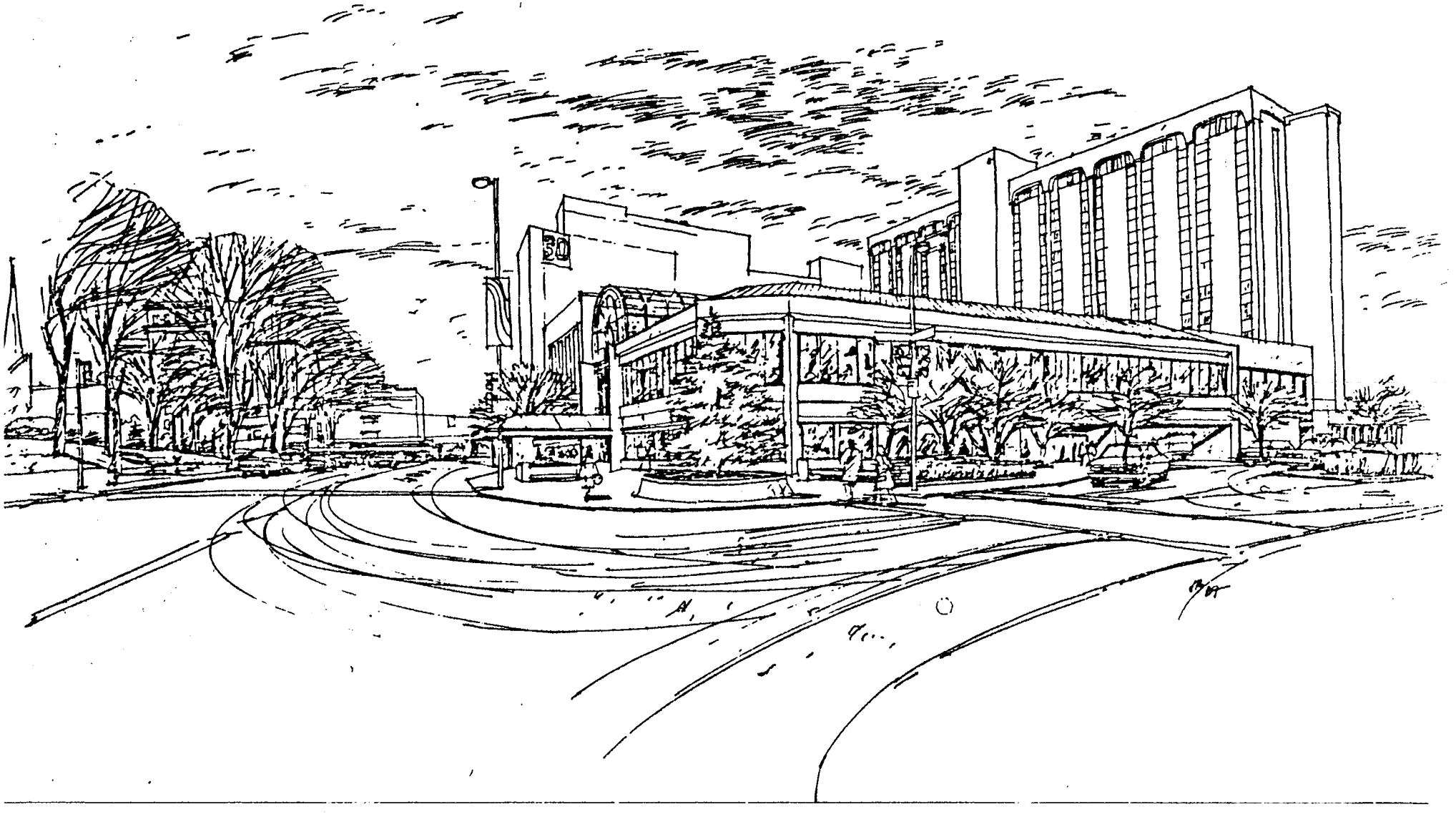

CONCOURSE CONVENTION CENTER

Feasibility Analysis
by:

Dave Baker, Paul Berg and Mark Kelling

Baker, Berg, Kelling

When using printed material, etc., you should read it first to make sure it is current. Your count on Concourse rooms is in error; you should probably have responded to the major public criticism of the plan specifically that 22,000 ft. is too small by indicating that Phase I and 2 could be built together to improve parking size, create motel rooms in 30 On the Square and create more conference space behind McDonald's. In that case your proposed schedule by year is obsolete.

Your statement of the problem leaves out one possibility that would benefit Wild and the Concourse - specifically that no convention center be built.

JAG

The following feasibility analysis was done for Business 857, a Graduate Business School course at the University of Wisconsin. The analysis was done by Dave Baker, Paul Berg and Mark Kelling under the supervision of Professor James Graaskamp. Brainstorming help was received from Daryl Wilde and Arlan Kay. Mr. Kay and his firm Arlan Kay and Associates also provided the drawings and architectural knowledge. A feasibility analysis by Mark Buth, Don Brumm and Mark Rasmussen was done in June of 1985 for a similar, but smaller proposal. This report provided a great deal of valuable information for the following report.

Baker, Berg and Kelling

UW - Graduate School of Business
Madison Wisconsin 53706

May 10, 1987

Mr. Daryl Wilde
Concourse Hotel
Madison Wisconsin 53703

Dear Mr. Wilde:

Enclosed is the strategy study you requested.

In authorizing this report, you stated that the prime objective of the study is to develop a strategy for the development of a Exhibition/Conference center on the north side of the Square, with the Concourse Hotel being the primary hotel serving the patrons of the new facility. An additional benefit of this study is that it provides a framework for the exploitation of the abundant untapped potential of the subject block.

Our report contains plans for a physically feasible design and 2 feasible financial packages for ours or a similar design. The plans also meet the objectives explicitly stated by the Mayor's Convention Center Criteria Committee.

We hope you will find the details of this report relevant to future plans, and will be happy to answer any questions concerning its contents.

Sincerely,

David J Baker

David J. Baker

Paul F Berg

Paul F. Berg

Mark Kelling

Mark A. Kelling

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FEASIBILITY ISSUE

A. Client Profile, Objectives, and the Problem Perceived

The intent of the study is to develop a strategy for the development of a Exhibition/Conference Center on the north side of the Square, with the Concourse Hotel being the primary hotel serving the patrons of the new facility. The findings are intended to indicate a likely development scenario and provide important information for negotiations among concerned parties including the City of Madison.

Daryl Wilde, General Partner in the Concourse Hotel, has recently brought the hotel past the break-even point to a cash flowing position. The client fears that if a subsidized Exhibition/Conference Center is built on the south side of the Square, the new hotel constructed will create a glut of hotel rooms, causing financial difficulties for The Concourse and other existing hotels. The problem perceived is how to get the new center built on the north side of the Square.

B. The Problem Defined

The problem defined is how best to refocus the attention of the Mayor's Convention Center Criteria Committee to the north side of the Square. The aim of the study is to develop a financially feasible design that meets the criteria explicitly stated by the committee. The following 2 pages summarizes the Committee's objectives and compares the proposed solution to the south side solution being considered by the Committee at present.

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
1. Flexibility--ability to host single large group or small groups.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall. Plus MATC Continuing Education Center, new Art Institute, existing Civic Center, and proposed Masonic Conference Center above MATC parking.
2. Integration of skywalk to hotels, parking, future expansion of parking, shopping and commercial.	2. No hotel and displaces Doty ramp parking to Brayton Street lot.	2. 195--250 new spaces below conference center with elevator to center plus skywalk to Dayton ramp plus existing hotel parking of 240 units plus skywalk to 100 and 200 block of State St., MATC, and future conference center.
3. Orientation to Capitol, Square, University, State St., and lake views.	3. Can't see Capitol or Square, partial view of lake which could be blocked by proposed Munz office building, remote from University and State St.	3. Full, protected view of Capitol, Manchester Place, and Square. Skywalk connection to State St. Much closer to University; view of both lakes from Concourse rooms and bars.
4. Important public entrance with scale and visual impact.	4. Main entrance on secondary traffic loop, inside block, screened from Square.	4. Major entrances on Mifflin, WI Ave. and W. Dayton on highly visible corner site on main connector to Gorham, Johnson, and E. Washington corridors. No streets blocked; Carroll St. opening improves circulation on the Square.
5. Architectural Presence	5. Semi-hidden on secondary street flanking parking ramp and and dependent on expensive atrium for statement.	5. 400 ft. of exposure on most prominent corner of the Square in full view of Manchester Place, Capitol, and approaching traffic.
6. Expandability	6. Requires expensive takeover of Doty ramp site.	6. Exhibit hall can be expanded by removing McDonalds and The Hub; conference center and continuing education center would be phase II on MATC parking lot; approximately 100 medium priced hotel rooms can be gained by converting 30 On the Square in Phase II.

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
7. Serviceability--clear and separate entrances for delegates and delivering of exhibits with adequate capacity.	7. Conflict of hotel entrance and convention center entrance, inadequate truck wells and vertical freight movement.	7. Separate hotel and convention center entrances on opposite sides of the block; 3 truck wells on mid-block of WI Ave. plus 2 supplementary hotel truck wells support from Carroll St.; conference center in Phase II would be fully independent of MATC block expansion.
8. Community linkages, completion of area redevelopment, and immediate advancement of city goals for the Square.	8. Surrounded by government office ghetto, marginal retail, and encroaching on residential. Depends on vague future investment in immediate neighborhood. No new retail.	8. Completes North Square Redevelopment Project before existing TIF funds evaporate, modernizes retail arcade proposed by RERC for WI-Mifflin corner. Reinforces MATC future downtown, reinforces State St. restoration, may reduce Civic Center deficits, and supportive of Art Institute hopes for Orpheum. Reduces surplus of B Class office space without adequate parking on the Square. No risk to city with profit participation on the upside.
9. AFFORDABILITY!	9. Immediate parking requirements would exceed funding capacity of parking utility; TIF does not exist and would depend on new hotel, subsidized by CDA land write-down, and city would underwrite operating losses; project would be delayed until hotel operators could be found; Additional city subsidy in the form of a free 1/2 block of city hall plus vacated street. No financial plan for income or capital now exists.	9. Can be financed immediately by $2,000,000 parking bonds, existing TIF funds for skyway, CDA purchase of common stock with existing TIF funds, MDC investment of $1,000,000 in common stock, existing property owner's equity, conventional financing with synergy of mixed-use going equally to public and private ownership. See Table II for details.

I. SUMMARY OF PROPOSED PROJECT

A. Physical Layout

The proposed project involves the majority of the subject block (Block 83) and extends beyond this area via skyways. When completed it will contain a 23,000 square foot clear span exhibition center, ballroom, pre-event space, meeting rooms, and connected facilities such as MATC and the Civic Center. The project will also contain 14,250 square feet of new retail space and three levels of underground parking housing 246 new stalls. The basic timing and development components of the project would be as follows:

Phase I

1988 Acquisition of buildings, relocation of tenants, and selected demolition.

1989 Construction of 246-300 parking stalls below ground on subject site serviced through entrance and exit gates of the Concourse Hotel.

1990 Construction completion of retail arcade and meeting rooms at Mifflin Street grade to the corner of Wisconsin Avenue with 23,000 square foot exhibition

center, 9,000 square feet of pre-event area, and servicing space integrated into ballroom and meeting room of the Concourse itself.

1990 Skyway to El Esplanade, 30 On the Square, and Dayton Street parking ramp. Second skyway to existing MATC Building.

1991 Completion of conversion of 30 On the Square to 160 room low priced hotel with access to underground parking, retail arcade, and skyway at second floor level.

Phase II

1992 Relocate McDonald's and add additional Mifflin Street retail and second level meeting rooms for Convention Center.

1992 Extend skyway to Art Institute in Orpheum Theater Building and connector to Civic Center plaza.

1995 Construct conference center and continuing education facility for joint operation by MATC and University departments on parking site of MATC block.

The environs help to make this parcel an ideal location for an exhibition center. It is situated in the heart of Madison's downtown. The frontage of 118 feet on Mifflin Street faces the Capitol building. Across Wisconsin Avenue from the site is Manchester Place, the new 10 story office building (Exhibit 1). The convention center will compliment the glass box design of Manchester Place, affording beautiful views down Wisconsin Avenue and throughout the square.

The Concourse Hotel is located directly behind the convention center site and contains 530 rooms. An existing hotel of this size next to the convention center is critical to the financial viability of the plan. Exhibit 2 shows the layout of the subject block.

Retail on the first floor is key, in the City's mind, to maintaining the commercial nature of the Capitol Concourse. The City's goal is to revitalize retail on the Square and any new development without retail would be very difficult to get approved.

The proposed design solution contains 14,250 square feet of inside retail space. The topography of the site does not allow for both retail with outside access and a flush meeting of exhibit space with the existing second floor of the Concourse. A flush meeting of the second floors is critical for the loading of exhibits and the

Exhibit 1

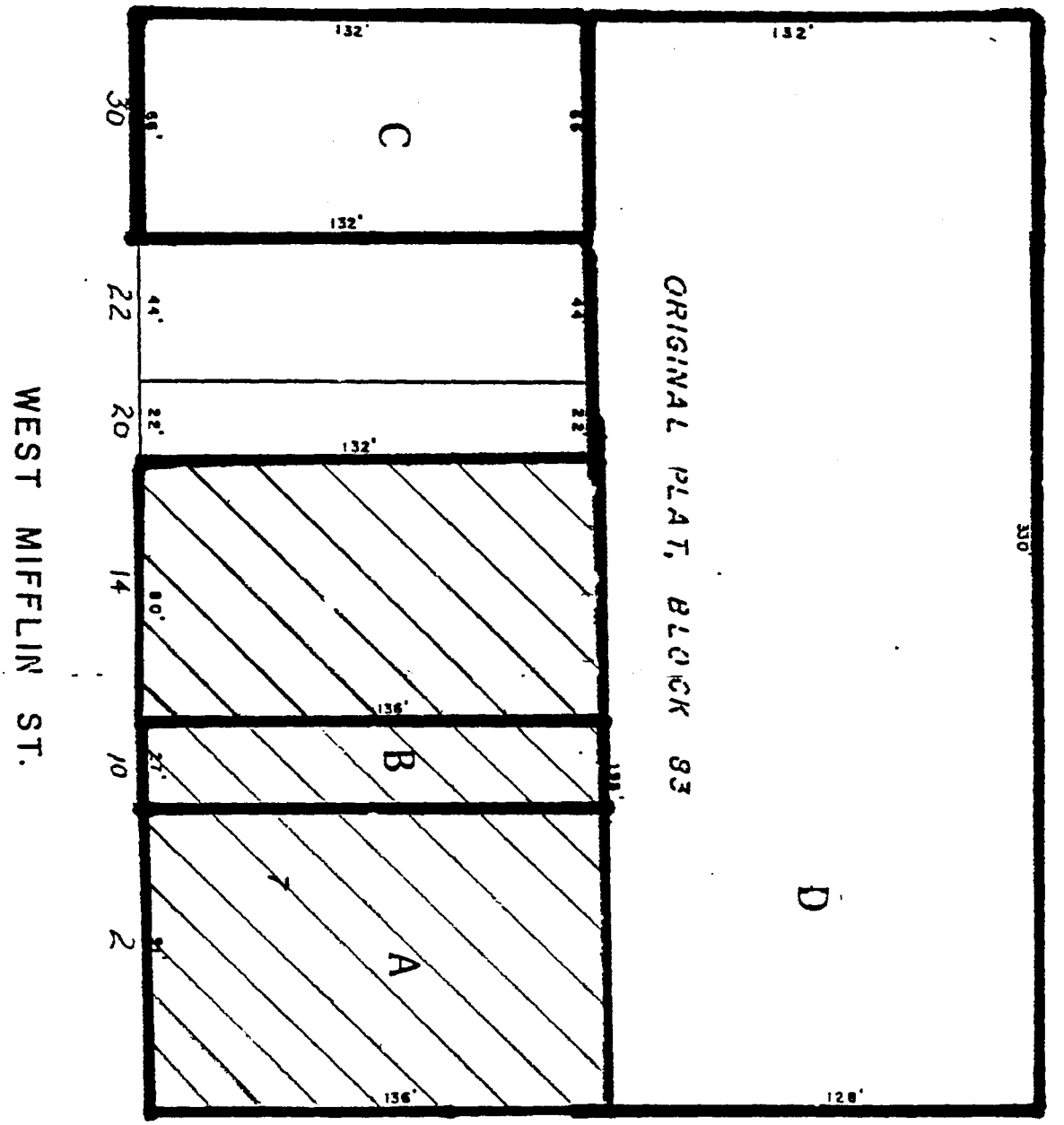
Manchester Place

NORTH CARROL ST.

SCALE 1:30'
3/9/83 N.G.

N

Exhibit 2



A Woolworth Building
B Brathaus II
C 30 On The Square
D Concourse Hotel

WISCONSIN AVE.

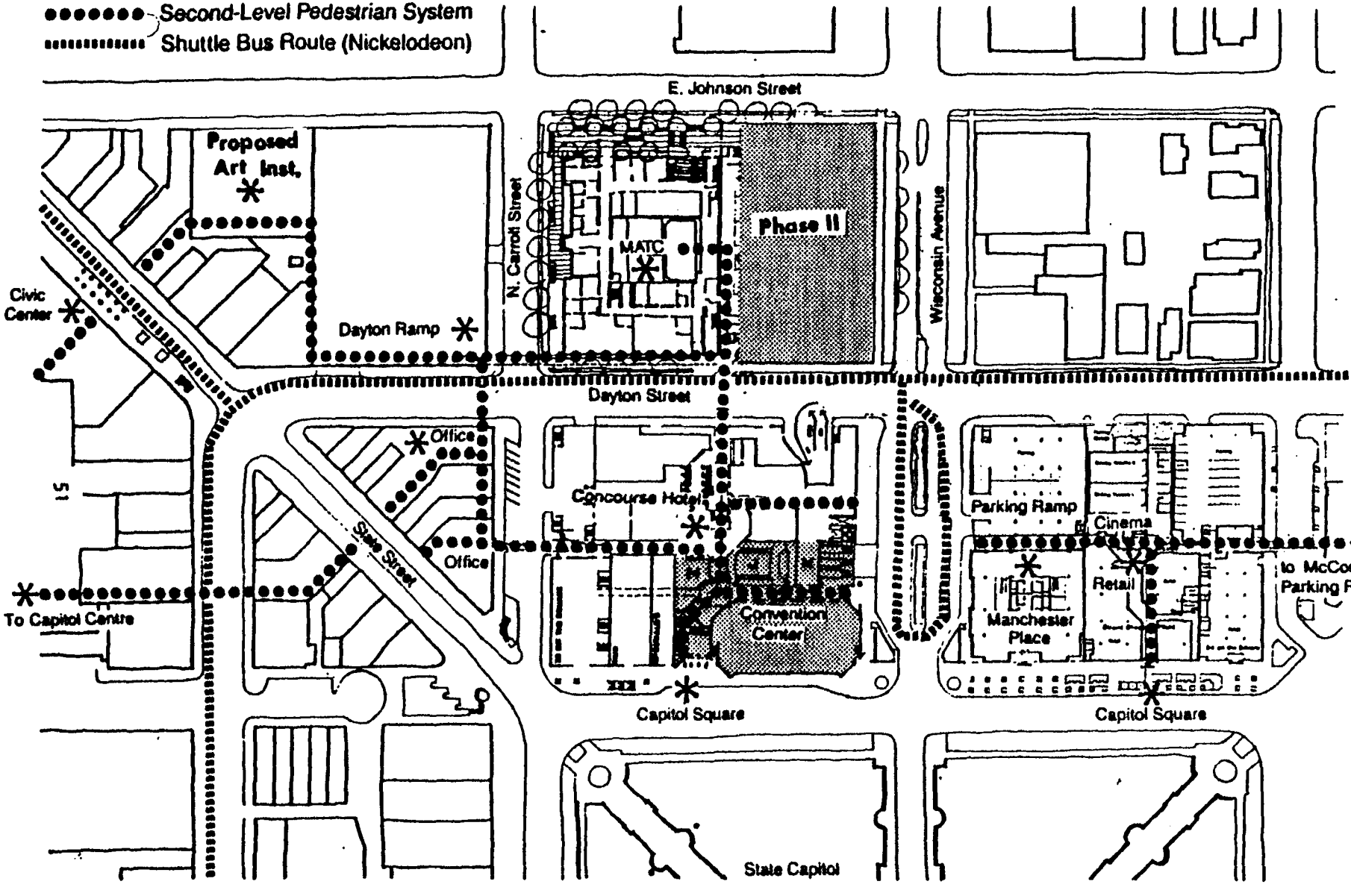
smooth circulation of pedestrians, as a result, retail space with outside access had to be sacrificed. This can be a positive thing as the inside retail will create a "mini-mall" type atmosphere attractive to conventioneers, hotel guests, and the general public. One entrance on the inside also eliminates security problems associated with having 2 entrances.

The pedestrian walkway is designed to integrate the hotels, parking, future expansion of parking, shopping, and retail (Exhibit 3). The design provides the Concourse access to the Capitol Square, a linkage not previously afforded because of it's location at the back of the block.

Access to the 246 new parking stalls will be gained through the entrance to the Concourse parking on Dayton Street. Parking will be located on three levels at a cost of $10,000 per stall. Use of existing sidewalk vaults allow for the extension of parking an additional 8 feet under Mifflin Street and 15 feet under Wisconsin Avenue. The parking floor plan is seen in Exhibit 4.

The aforementioned retail space, a sloped floor auditorium, 3 loading docks with lifts,and an atrium will be housed on the first level (Exhibit 5).

The actual exhibition facility will be located on the

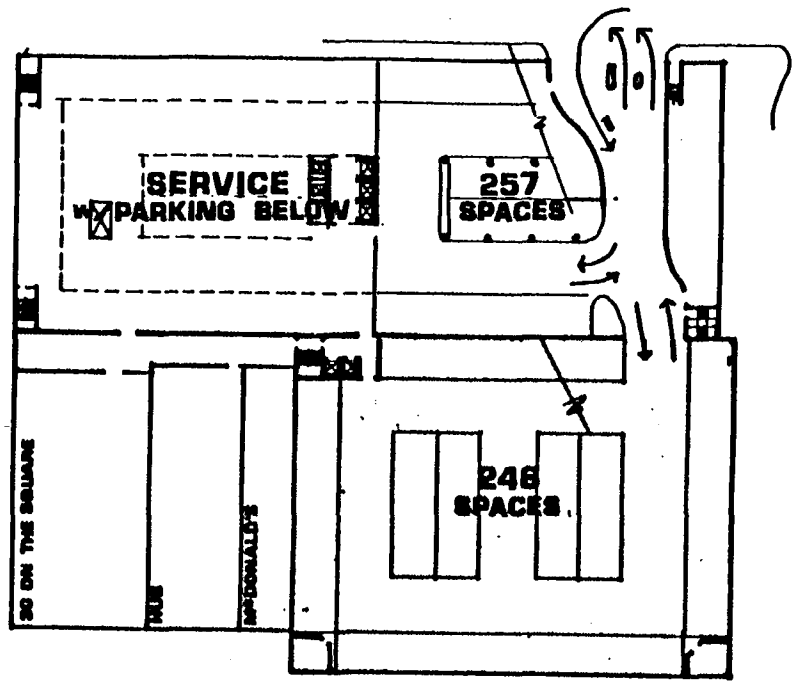


Linkage Plan - Second Level Pedestrian System

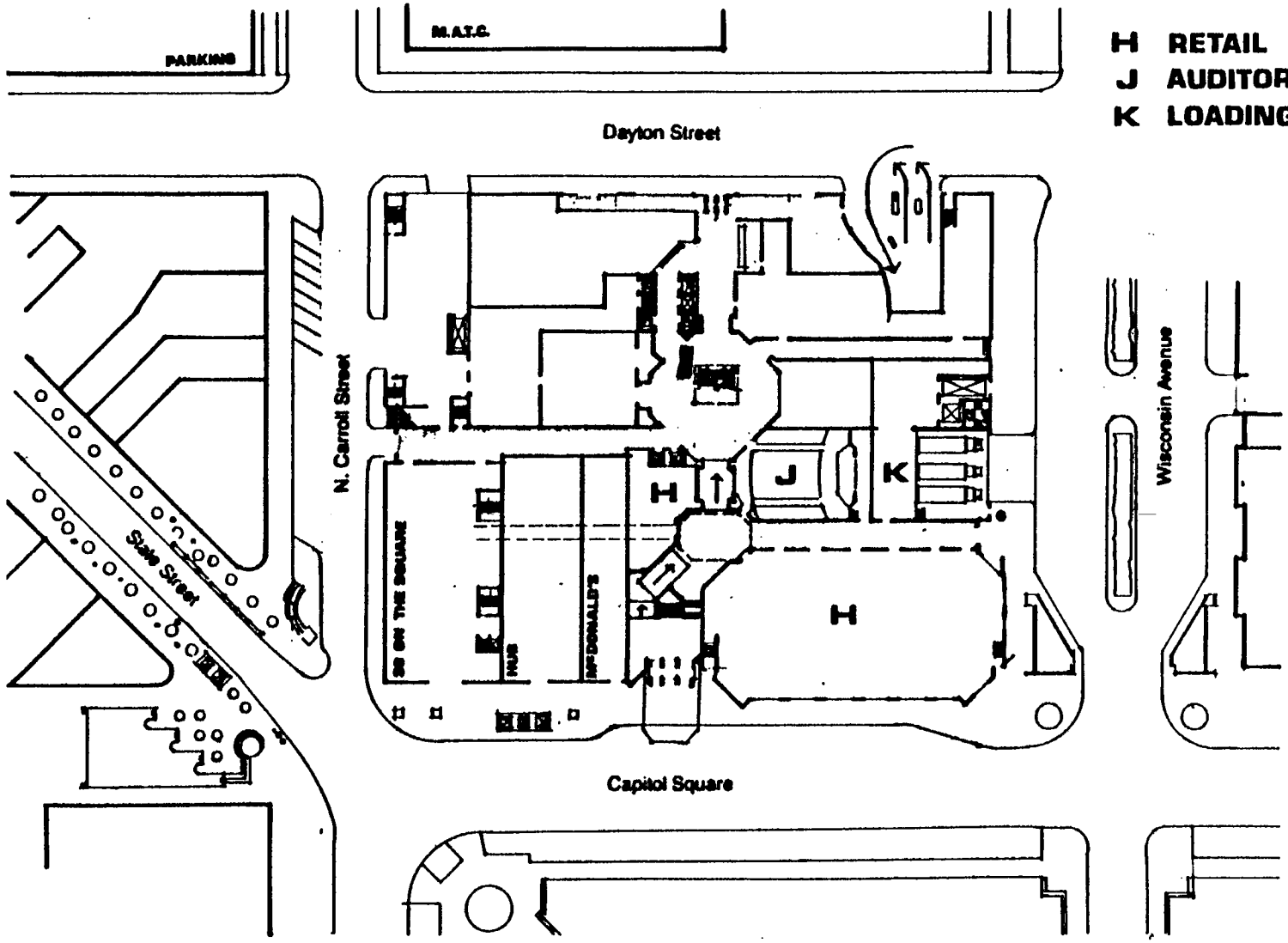
Capitol Square North Plan - Madison Department of Planning

North

Exhibit 3



PARKING LEVEL PLAN



LOBBY LEVEL PLAN

Exhibit 5.

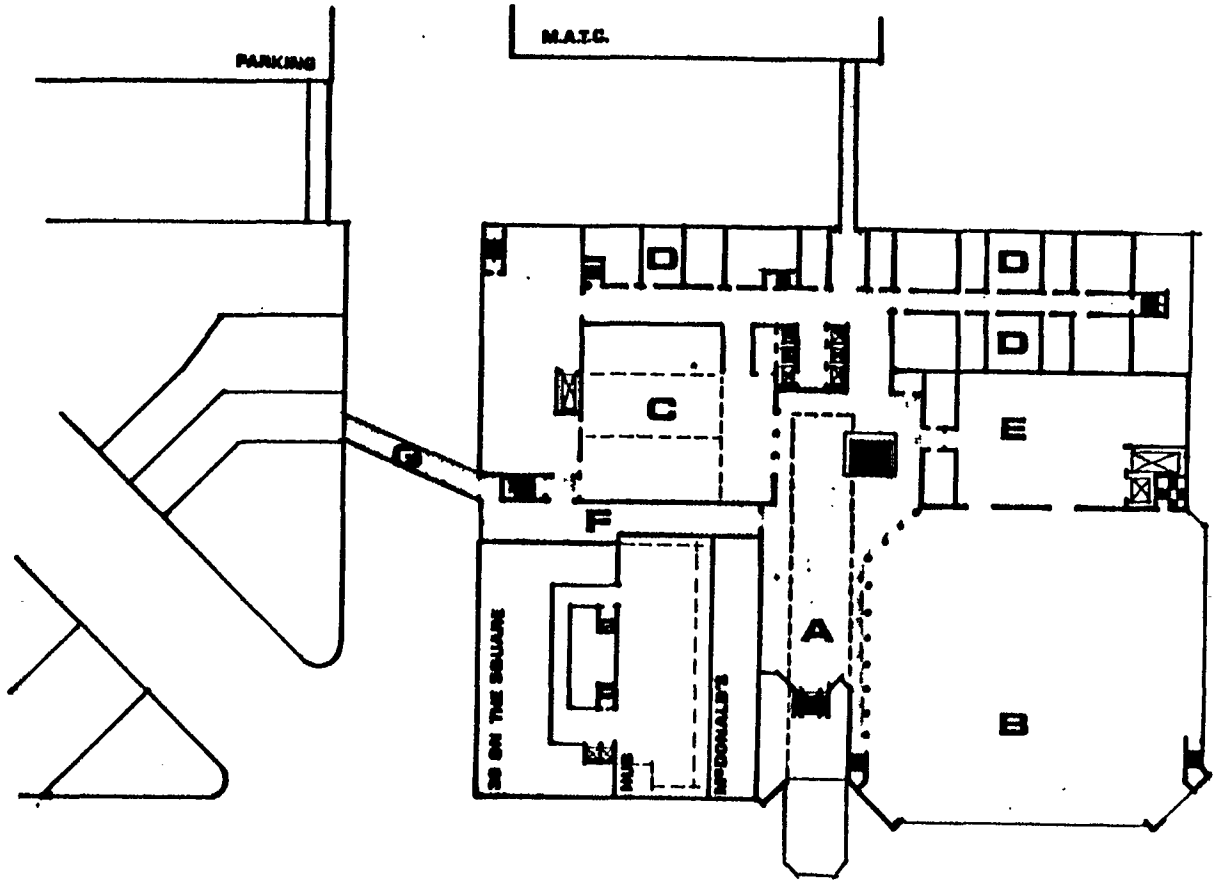
second floor along with assembly, meeting, and service/storage space. The logic behind having the exhibition hall on the second floor is to tie directly into the ballroom of the Concourse Hotel (Exhibit 6). The facility can use the hotel service elevator for its ballroom functions. Exhibit 7 is a vertical section drawing of the proposed development.

B. Ownership

Two possible ownership plans exist. The first, and preferred, plan has a new and autonomous corporation owning the facility. The second plan rolls up all of the ownerships in the block into a single corporation.

Plan 1

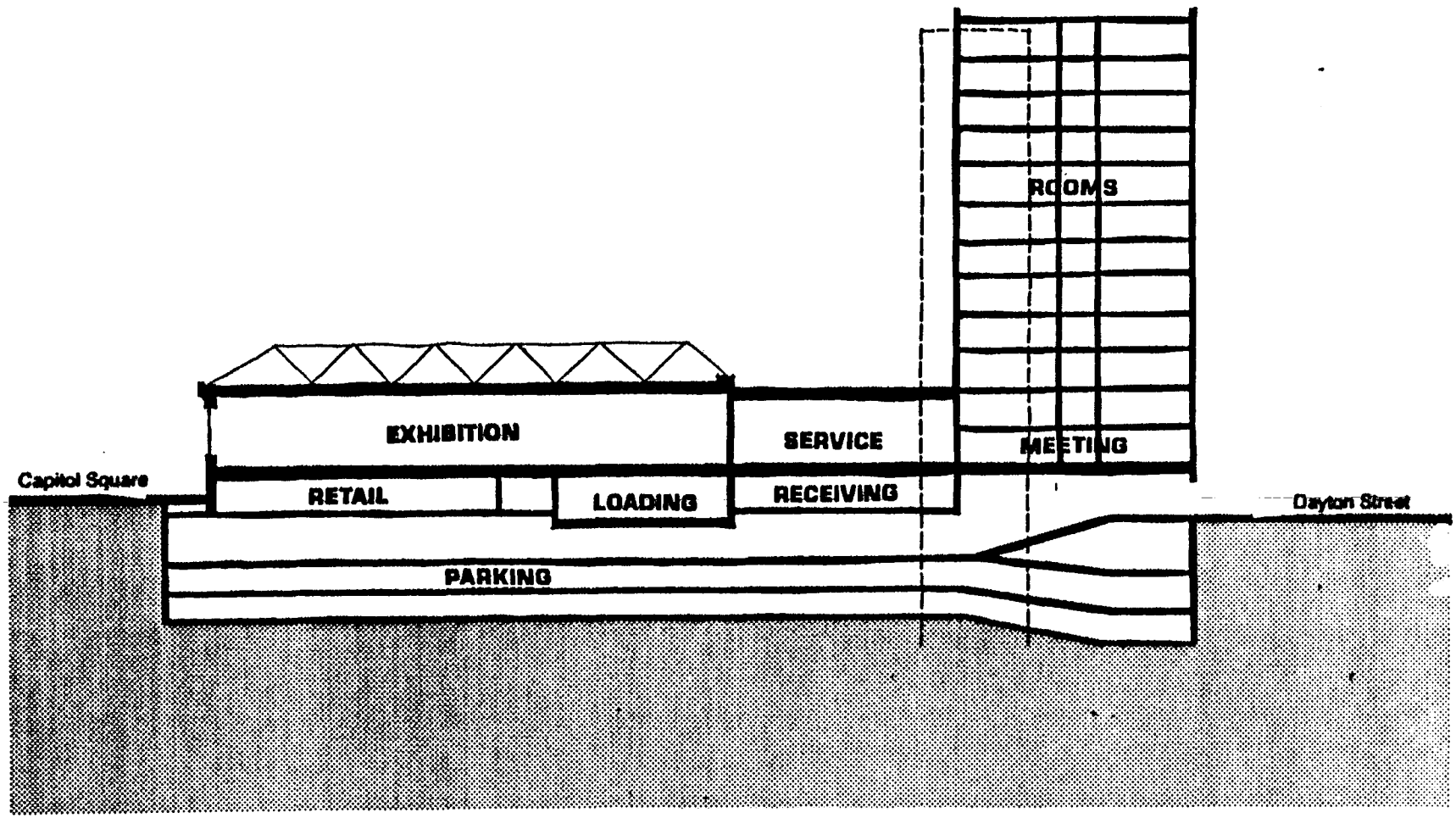
The preferred financial plan distributes 20% of any operating deficit to all of the property owners in the State Street/Concourse special assessment maintenance district since they would benefit significantly from the retail potential of expanded convention activity. A maximum limit on this liability, say $150,000 a year, would compare favorably with a current annual maintenance assessment. The remaining 80% of any deficit of the Convention Center would be assessed to hotel rooms in an new assessment hotel district on the Square. The assessment would be on room count. Hotels tied directly to the Convention Center by the skyway system will assessed at full value, those not on the skyway system but in



A ATRIUM/PRE-EVENT
B EXHIBITION
C ASSEMBLY
D MEETING
E SERVICE/STORAGE
F PEDESTRIAN CORR.
G SKYWALK

EXHIBITION LEVEL PLAN

Exhibit 6


ROOMS
EXHIBITION
SERVICE
MEETING
Capitol Square
RETAIL
LOADING
RECEIVING
Dayton Street
PARKING

SECTION

the district are assessed at 50%. This assessment recognizes that an increase of 10-15% in the occupancy of an existing hotel produces a huge increase of cash flow which can be shared, if necessary, with the Convention Center, which is the source of the revenue.

Plan 1 would allow the Concourse Hotel to remain under separate ownership and responsible for financing its own improvements and remodeling necessitated by connecting to the neighboring Convention Center. In addition, 30 On the Square plus the Hub site would be converted by a separate investing corporation to 160 room moderately priced hotel at $45 per night or less. $45 per night falls within the State's nightly allowance for employee housing. The remaining land in the block including the alley, and skyways, would be acquired and cleared by a public/private corporation called Convention Incorporated. Corporate control would be spread among the parties at interest to avoid favoring the nearby hotels.

Plan 2

The second plan would roll up all of the ownerships in the block into a single corporation, exchanging preferred stock for partnership equity positions, using CDA funds to write-down land acquisitions relative to existing debt, except for the Concourse Hotel. Common stock would be sold to the Madison business community and the CDA to establish a joint private/public control, which would increase in authority as the preferred stock was recalled and paid for out of profits.

Under plan 2 the new corporation would refinance the Concourse mortgage and acquire sufficient mortgage financing to build Phase I of the project including the ramp.

II. SITE ANALYSIS TO DETERMINE OPTIMAL DESIGN

An important step in determining the fit of the site to the proposed use is to take inventory of site attributes and analyze those that are significant. These attributes include physical characteristics of the site and improvements therein, legal constraints on the nature and timing of its use, the relationship (linkages) of the site to various environmental aspects that might attract or repel users, and preestablished perceptions of the site that citizens tend to have (e.g., prestige or anxiety).

A. Physical Attributes

The subject site, comprised of the sites at 2 West Mifflin Street, 10 West Mifflin, and 14 West Mifflin is rectangular and has 198 feet on Mifflin Street and 136 on Wisconsin Avenue. Total square footage on the site is 26,928. Exhibit 8 is a photograph of the subject block. The site slopes slightly back in each direction from its peak on the corner of West Mifflin and Wisconsin Avenue. Because Madison Zoning Code 28.04(140) states that no part of any building within 1 square mile of the Capitol can exceed the elevation of the base of the Capitol dome columns (187,2'), the height limit on any potential building on the site is approximately 115'. These elevations are given in reference to the city datum (0.0) which has been established at 845.4' above sea level. Site elevation has been taken from a topographical map prepared by the City of Madison for redevelopment of the Square.

Exhibit 8

Subject Block

The front of the site has a southwest exposure on Mifflin Street and a northwest exposure on Wisconsin Avenue.

The site rests on a glacial drumlin. Soils, referred to as Capitol Hill hardpan, tend to be sandy to gravel-like in character and are very dense. Soil conditions are characterized as very good and wide based footings are all that is necessary to support any building allowable under present height restrictions. Soils have low

corrosiveness to concrete and uncoated steel. Actual conditions were clarified with Warzyn Engineering, a Madison concern responsible for soil borings on Many Capitol Square projects including the Tenney Building parking facility, and the adjacent Hovde office project. Recent soil borings at the Dayton Street site have revealed the following soil composition. The surface layer is composed of 4 to 6 feet of clay followed by 40' of sand and gravelly hardpan. Water was first encountered at a depth of 18 to 20 feet.

B. Legal Constraints

1. Zoning

The zoning governing use of the site is City of Madison C-4, which provides broad authority for retail, office, and residential uses (Exhibit 9). The basic goal of C-4 zoning is to encourage professional and governmental offices, prime and specialized retailing, cultural, recreational, and educational activities of city-wide significance. C-4 represents the Central

Exhibit 9

C-4 ZONING ORDINANCE

C-4 Central Commercial District.

(a) Statement Of Purpose. The C-4 central commercial district is established to accommodate those uses which are of City-wide, regional, or state significance. Within this district, which is located in relative proximity to the State Capitol Building, and which is readily accessible by private conveyance or public transportation from all parts of the City, are permitted the retail, service and office uses characteristic of a central business district. Within this district are found prime retailing and specialized retailing activities, cultural, recreational and educational activities of City-wide significance, administrative offices of private organizations, administrative offices and political seat of City, County and State government, and offices of professional and nonprofessional persons offering a variety of specialized services. Within this district of limited extent, development is most intensive and activities are concentrated. No accessory off-street parking which is provided is controlled to the location, type and extent of such facility because of the goal to reduce congestion on streets within this district or on streets leading to the district. All new construction and any major alterations of an exterior building must be approved because of the community's objective to develop and maintain this district as a community and statewide center for business, service and government, where uses are located in compatible arrangements, and where the beauty and other aesthetic qualities are preserved and enhanced.

(b) General Regulations. Uses permitted in the C-4 district are subject to the following conditions:

1. All business, servicing or processing, except for off-street loading, automobile service station operation, drive-in banks and outdoor eating areas of restaurants approved as a conditional use by the Planning Commission, shall be conducted within completely enclosed buildings. (Am. by Ord. 4304, 8-29-73)
2. Establishments of the drive-in type are not permitted, except automobile service stations and drive in banks.
3. Any major alteration of the exterior face of a building shall conform to the remodeling and new construction guidelines for State Street and the Capitol Square adopted as administrative guidelines by the City Plan Commission on September 23, 1968 and as modified on December 7, 1970 and shall be permitted only after the written approval of the City Planning Department, provided that any action by the department may be appealed to the City Plan Commission by the applicant.

Source: City of Madison, General Ordinance. sec.28.09(15).

Business District (CBD) where no off-street parking is required--a generous option compared with other commercial zones in Madison where one parking space for every 300 square feet of commercial area is required. As stressed in the code, virtually any use is conditional.

However, the broad general provisions of this zone are deceptive because any major alteration of any building must conform to remodeling and new construction guidelines established by the City Planning Commission. The present city administration is deeply committed, both financially and politically, to the Capitol Square redevelopment program discussed elsewhere in this report. The mayor, his appointees on the Planning Commission, and their advisers in the City Planning Department have publicly stated some uses that they would disapprove at this time. They strongly favor retail, restaurant and other pedestrian generators on the first floor of all buildings contiguous to the Square and seek more housing for upper income groups. They vigorously oppose office use on the first level and the demolition of present structures on the site to create a parking lot or to avoid the heavy cash responsibilities of returning the existing structure to full use.

Renovation of existing structures is also limited by pragmatic zoning ordinances regarding fire provisions, height, and frontage for buildings in the Square area. Madison Building Code 29.37(4) restricts building materials to fire-resistant Types 1 or 2,

prohibits reconstruction when casualty loss exceeds 50% of assessed valuation, and prevents new use and occupancy until nonconforming fire provisions are corrected.

2. Special Assessment District

The subject site is in the State Street-Capitol Concourse Improvement District. The purpose of constructing a mall was as follows:

1. Improve State Street and the Capitol Concourse as a place for people.

2. Promote environmental quality, character, safety, comfort, and interaction.

3. Insure commercial-retail viability by increasing the area attraction as a shopping entertainment center.

4. Strengthen the imagery of downtown Madison in accordance with functional needs and citizen desire.

5. Capitalize upon the unique physical symbolic attributes of the City, Capitol, and University.

As a result of these improvements, properties facing directly on the Mall were assessed. The construction of a convention facility meets these objectives and is an ideal "people generator".

3. North Square Redevelopment District

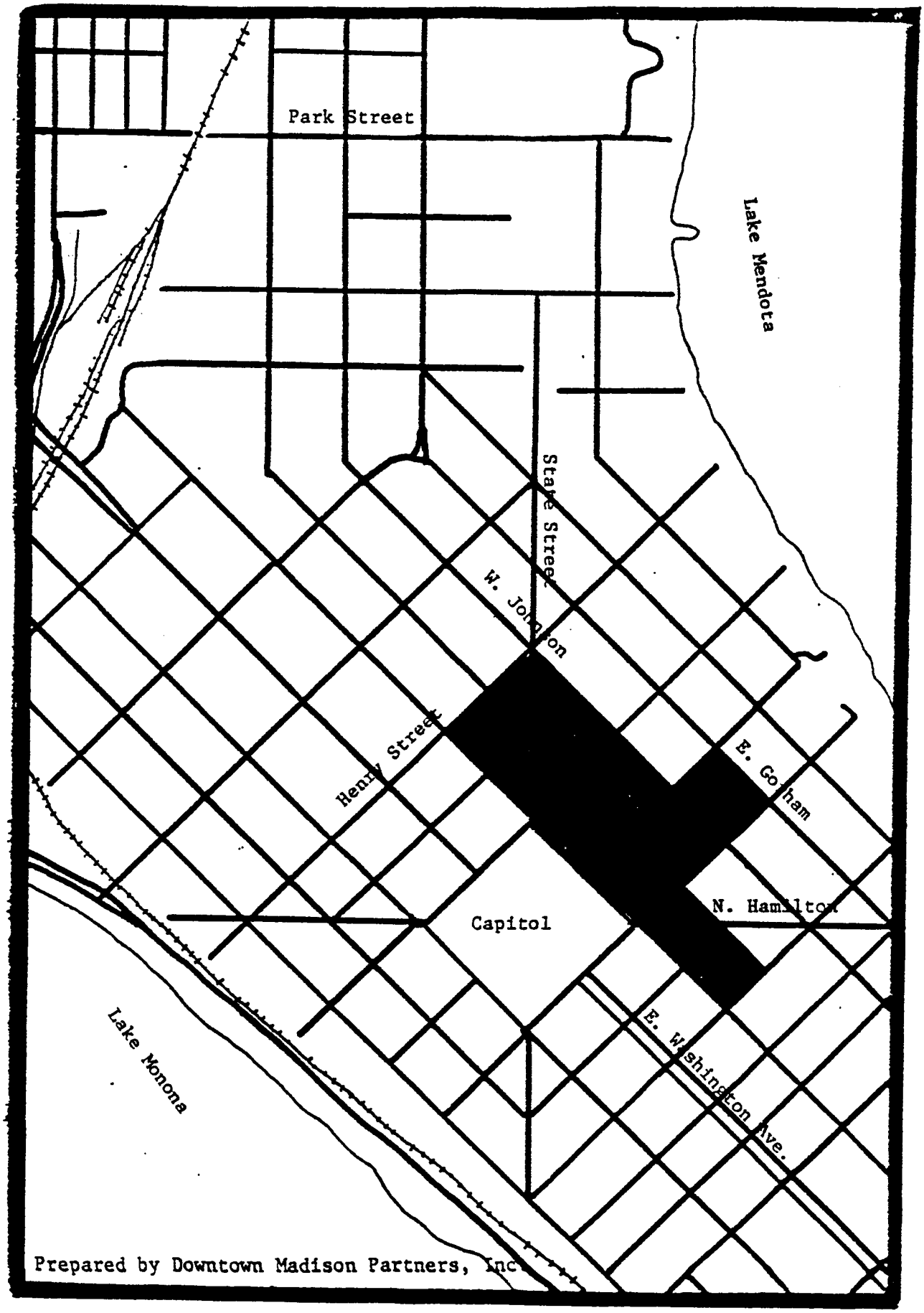
The city of Madison has established the revitalization of the Capitol Square as a top priority. To that end, the City intends to utilize the available tools, such as industrial development bonds, housing bonds, tax increment financing, rehabilitation loans and grants through the activities of the Community Development Authority, Urban Development Action Grants and other state or federal tools that may be available.

4. Tax Increment Finance District (Exhibit 10)

A high priority of the city is to maintain the Central Business District as a healthy, vibrant area and a center of community activities. Due to the competitive disadvantage of development in the downtown area versus the periphery, the city believes it must take affirmative steps to encourage commercial, residential and mixed-use development in the Square area. To this end, Tax Increment Finance District Number 14 has been created. The goals of the city are to:

1. Finance public works and improvements,

TIF District 14 and Environs



2. Provide incentives to the private sector that will result in the elimination of blighted conditions on the north side of the Capitol Square and the 100-200 blocks of State Street,

3. Stimulate planned commercial development, and

4. Provide essential services to all areas of the District.

The Tax Increment Finance District will help to ensure that the city does its part in providing infrastructure to new developments, and also to help ensure the development of projects that would not be feasible "but for" the TIF funds. All project expenditures must be made by mid-1990 in Tax Increment District #14. A total of $5,860,000 will be made available to meet the 4 objectives stated. The Community Development Authority has been allocated $2.2 million to subsidize development of such things as the subject block.

4. Political Constraints

Serious concern that existed about the deterioration of the Capitol Square area prior to the construction of the Concourse Mall still exists. Retailing concerns have continued to abandon the Square area leaving large vacant properties. The reason most often cited is the emphasis on public transportation and the exclusion of easy access by automobile. The City Council is slowly changing its

attitude regarding the creation of parking space in the downtown area. At present the Council reviews each parking proposal in light of development projects proposed. Recently authority to construct a parking structure was granted to purchasers of the Tenney Building and to Glenn Hovde for the Manchester Place project.

City Hall has given neighborhood residents the opportunity for planning input and has sanctioned groups to help solve the problem of downtown redevelopment. A private nonprofit organization Downtown Madison Incorporated, was founded with the purpose of managing and planning for the physical development of central Madison. The group is composed of citizens, investors, and downtown merchants and was designed as a link between private developers and the City of Madison.

This new attitude of cooperation between the city and developers is represented through three programs of financial assistance that may be provided to a developer of an approved project. The first method is through Industrial Revenue Bonds (IRBs). IRBs are a source of below-market interest financing available to developers who have projects consistent with the general plans of the city and are available at 75-85% of the prime rate for fee of $1,500. These bonds are sold by private bond dealers to the public with the advantage of being tax-free. Tax Incremental Financing (TIF) is a second type of potential city support. To be eligible for this type of financing, a property or plan must fall within the Tax Incremental District as defined by the city. The TIF

process assesses the taxes presently generated in the TIF district, and then reassesses them according to the redevelopment plans. The incremental taxes that the plan generates can be invested in new improvements within the district, and those improvements are paid for by tax revenues collected. The third type of financial support available is an Urban Development Action Grant (UDAG). A UDAG is a grant to the city that is then lent to the developer at a below-market interest rate. UDAG funding is generally better suited to larger projects.

C. Linkage

According to Ratcliff a linkage is "the relationship between the subject site, and other points on the urban landscape that have locational significance for the establishment on that site." These relationships are measured by the costs of friction involved in the movement of people and goods to and from the site, and in the amount of favorable exposure generated by the location of the site. Linkages such as parking, transportation, and pedestrian access are important in analyzing the site. Retail and office space, restaurants and entertainment, as well as potential projects, all have important impacts on the linkage relationships of the site.

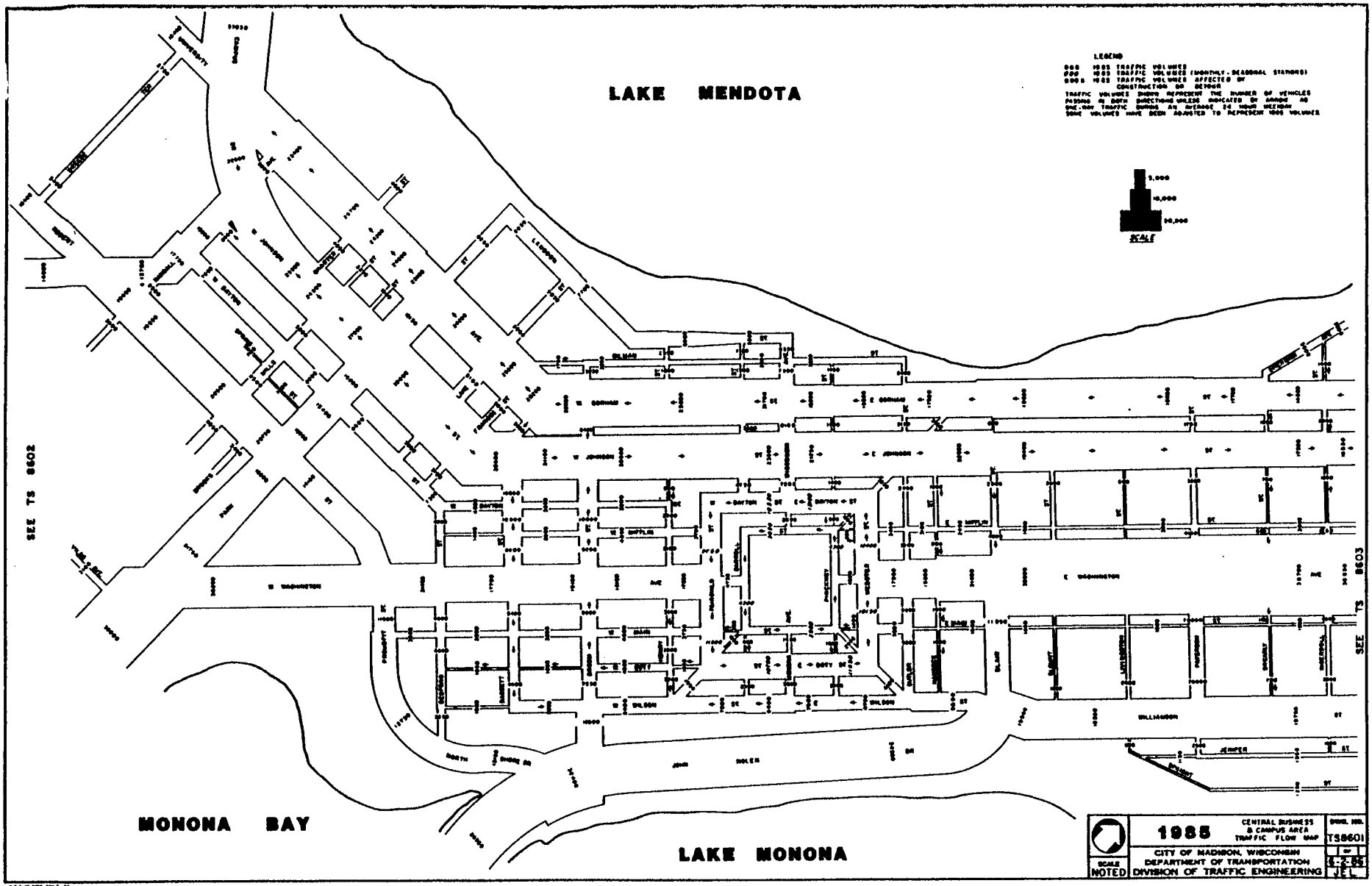
The subject property is at an intersection of West Mifflin Street and Wisconsin Avenue on the north side of the Capitol Concourse. Access to the site by automobile is difficult due to the complicated street patterns on the isthmus. The Capitol Square is

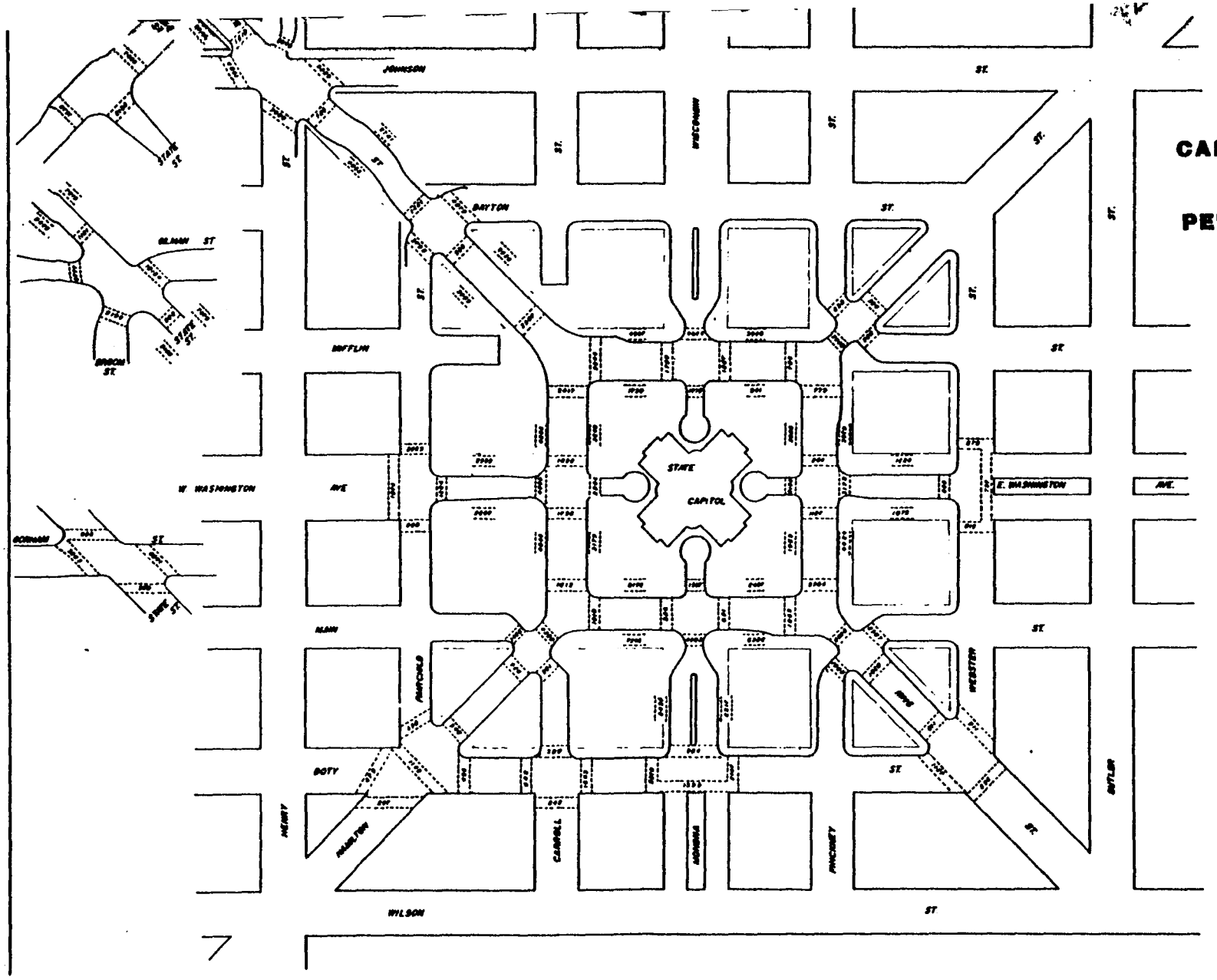
accessible by for avenues, three diagonal streets, and four secondary arteries. The avenues have four lanes and the north, south, and west sides; East Washington on the east side has six lanes and connects with the Interstate.

Distribution of vehicular and traffic in downtown Madison is shown in 1985 vehicular traffic counts (Exhibit 11). The majority of vehicular traffic is routed on two- and three-lane streets, one block off the Concourse. Approximately 3950 vehicles travel on West Mifflin Street and pass the subject site on an average 24-hour weekday.

Pedestrian counts for the downtown area show that the third highest volume occurs on the Mifflin Street sidewalk in front of the subject site (Exhibit 12). A bus loading area is located at the east and west ends of the subject block.

Two primary sources of parking for the downtown region are the Dayton Street Ramp and the McCormick Ramp (Exhibit 13). The Dayton Street Ramp provides 520 spaces and has a 100% occupancy rate during peak hours. The McCormick Ramp provides 160 metered and reserved and 465 attended spaces for a total of 625 spaces and reaches a peak occupancy of 80%. The Dayton Street Ramp is within 1


LAKE MENDOTA
LEGEND
SCALE
SEE TS 8602
SEE TS 8603
MONONA BAY
LAKE MONONA
1985
CENTRAL BUSINESS & CAMPUS AREA TRAFFIC FLOW MAP
CITY OF MADISON, WISCONSIN
DEPARTMENT OF TRANSPORTATION
DIVISION OF TRAFFIC ENGINEERING
SCALE NOTED
TS8601
4-2-86
JEL


CAPITOL CONCOURSE,
OUTER RING,
& STATE ST.
PEDESTRIAN COUNTS
STATE
CAPITOL
JOHNSON
BAYTON
BLAIN ST
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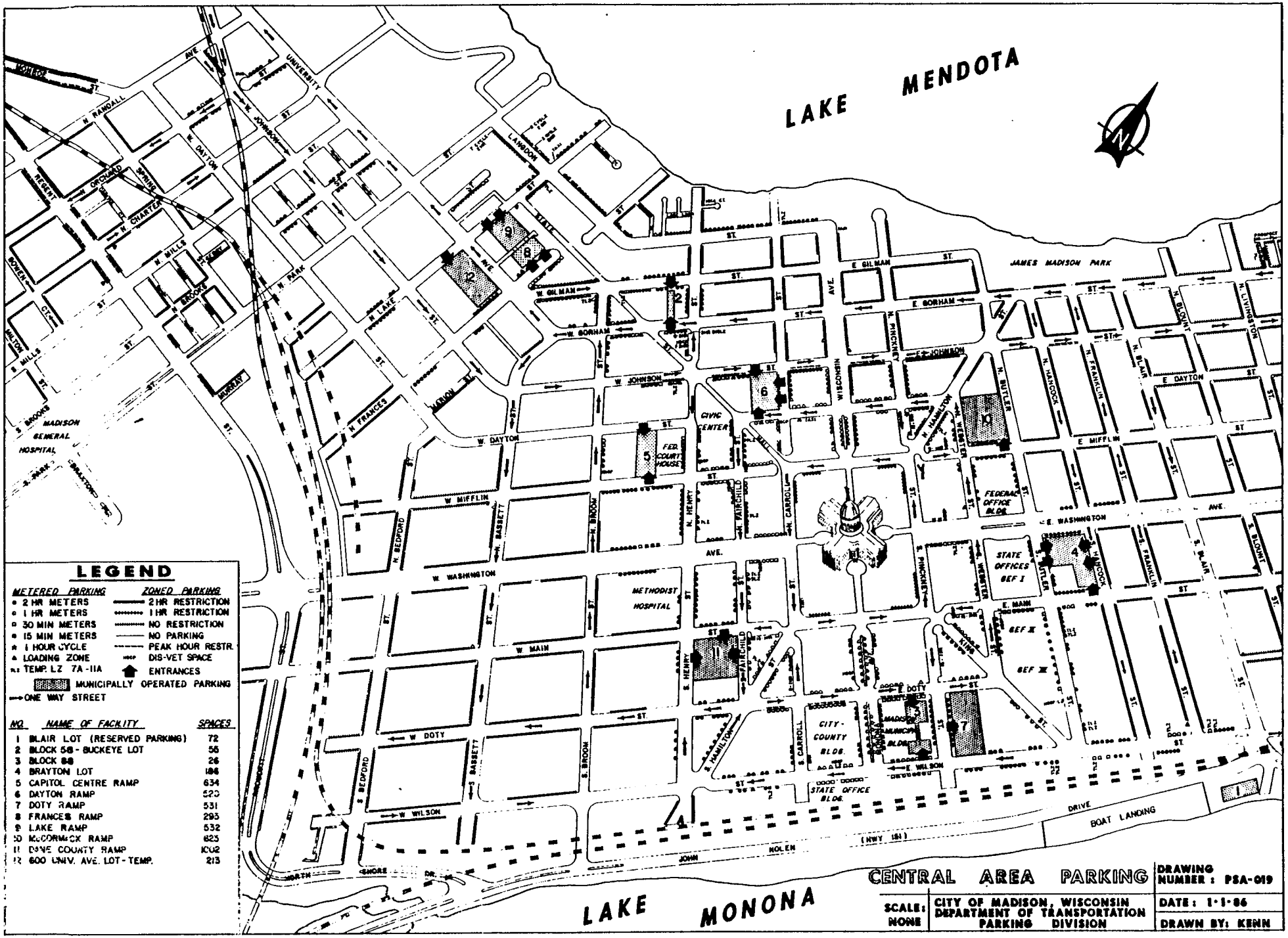
MIFFLIN
W WASHINGTON
AVE
E. WASHINGTON
AVE.
NORMAN
BLAIN
FAIRCHILD
WEBSTER
BUTLER
BOTY
HENRY
HAMILTON
CARROLL
HOWARD
PINCKNEY
WILSON
ST
NOTE:
RAW COUNTS SHOWN WERE DONE IN JUNE, JULY AND AUGUST 1962 BETWEEN 7:00 AM AND 6:00 PM
1962
PEDESTRIAN COUNTS
DWG. NO.
TS 6305

Exhibit 12



LEGEND

METERED PARKING	ZONED PARKING
2 HR METERS	2 HR RESTRICTION
1 HR METERS	1 HR RESTRICTION
30 MIN METERS	NO RESTRICTION
15 MIN METERS	NO PARKING
1 HOUR CYCLE	PEAK HOUR RESTR.
LOADING ZONE	DIS-VET SPACE
TEMP. LZ 7A-11A	ENTRANCES

MUNICIPALLY OPERATED PARKING

ONE WAY STREET

NO.	NAME OF FACILITY	SPACES
1	BLAIR LOT (RESERVED PARKING)	72
2	BLOCK 58 - BUCKEYE LOT	56
3	BLOCK 88	26
4	BRAYTON LOT	186
5	CAPITOL CENTRE RAMP	634
6	DAYTON RAMP	520
7	DOTY RAMP	531
8	FRANCES RAMP	295
9	LAKE RAMP	532
10	McCORMICK RAMP	625
11	DANE COUNTY RAMP	1002
12	600 UNIV. AVE. LOT - TEMP.	213

CENTRAL AREA PARKING

SCALE: NONE

CITY OF MADISON, WISCONSIN
DEPARTMENT OF TRANSPORTATION
PARKING DIVISION

DRAWING NUMBER : PSA-019

DATE : 1-1-86

DRAWN BY: KENN

block of the subject, the McCormick Ramp is 3 blocks away. Parking around the Capitol Square is by permit during the day but street parking in the area is extremely limited during peak hours.

The lack of retail business volume on the Capitol Square has led to the closing of many retail businesses. Typical of most metropolitan areas, the predominance of retail shopping that once occurred in the downtown area has moved to outlying shopping malls. With the opening of Hilldale in 1962, West Towne Mall in 1970, East Towne Mall in 1971, and South Towne Mall in 1983, department stores began to follow their customers out to the suburbs. Smaller retail stores suffered and also moved to the malls or went out of business. The trend toward outlying malls has continued with the recent opening of over 185,000 square feet of retail in 7 scattered centers. State Street merchants have been spared because of their closer linkage to the university population.

New office space has recently entered the area. Two new class B developments have been completed within the last four years--Seven Center and the Emporium. The Tenney building has been upgraded to Class A and five floors of parking space have been constructed to facilitate its occupants. Manchester Place is under construction and when completed, will contain 90,000 gross square feet of retail, office, and residential facilities.

State and city government have a major influence on the area. The largest state office facilities include the Capitol, 1 West Wilson, and the General Executive Office Facilities. The City/County Building and the County Municipal Building house the administrative and judicial offices for the local area and generate large amount of pedestrian traffic during the working hours of the day.

A significant concentration of financial centers is acros the square from the subject. The list includes First Wisconsin Ban M&I Bank, The American Exchange Bank, Mutual Savings, Security Savings, and Anchor Savings. First Federal Savings and Loan is located 1 block away on State Street. These institutions also contribute to pedestrian traffic during the day.

Few restaurants or entertainment establishments are locat directly on the Square. As a result, the Square becomes desolate i the evening. Several restaurants with excellent reputations still attract a steady evening patronage. The Fess Hotel, The Top of the Park and Crandall's all do extremely well. Various small restauran on State Street generate an active noon business. Restaurants located around the Square also facilitate pedestrian traffic and these include the Pinckney Street Hideaway and Gallery (taverns tha serve food), The Statehouse, and The Soupcon. Other restaurants on the Square include a cafeterias in Woolworth's, as well as L'Etoile The Salad Bar, and The Upper Crust. Two movie theaters are located within 2 blocks of the subject. Many other restaurants and taverns

as well as the Madison Civic Center and the Orpheum Theater are located near the subject property on State Street.

Linkages with major landmarks and transportation facilities are well within a one-half hour drive from anywhere in the city (Exhibit 14).

Exhibit 14

DISTANCE TO IMPORTANT FACILITIES

DIRECTION	FACILITY	DISTANCE TO SUBJECT
Northwest	University of Wisconsin	8 blocks
Southwest	County Expo Center	3.0 miles
Northeast	Dane County Airport	4.5 miles
Norhteast	M.A.T.C.	4.5 miles
East or West	Bus Terminals	1.5 miles

D. Dynamic Attributes

Dynamic attributes are those characteristics that exist in the mind of the beholder, mental and emotional responses that affect

decision making behavior. Views of and from the site, feelings of prestige and status, feelings of anxiety and political images help create positive or negative feelings of images about the site.

The subject site is one of the best locations on the Square. The completion of the Manchester Place office tower and the addition to the Concourse Hotel have made the north side of the Square more visible.

Recent reaction to the Square area holds that it is a place to come and work and leave soon after. Negative images involve convenience, security, and lack of desired attractive establishments. Consequently, only planned special events like art fairs, parades, and farmer markets have been successful in attracting people downtown. A lack of activity after business hours, coupled with a preponderance of homeless people and panhandlers loitering on the State Street / Capitol Square area, create the impression, in some residents' minds, that the area is unsafe during the evening. This impression, however, is not fully-supported by local crime statistics.

Lack of protection from the elements has reduced the desirability of the Square as a retailing experience. Old perceptions of what the downtown should be run counter to how the public perceives the area. The City should adopt a plan of redevelopment that is sensitive to the public's reaction to the attributes of the Square area.

E. Present Buildings' Adaptability to the Proposed Use

The actual physical adaptability of the buildings to the proposed use is poor because of having to convert three separate buildings into one integrated exhibition facility. The initial problem is having to tie different floor and ceiling levels together and also dealing with removing the common wall which separates the two buildings.

A critical misfit as far as the adaptability of the existing buildings is the parking issue. The only way to create adequate parking at the site is with an underground parking ramp, requiring razing the existing buildings.

III. MARKET ANALYSIS AND DEMAND PROJECTIONS

A. Product Definition

1. Introduction

The current trend around the country is one of extreme optimism in developing new convention centers. There are at least 250 convention centers in the United States with more in the pipeline. Although most large cities have several hotels endowed with considerable ballroom space, as well as civic centers, arenas, and theaters, the number of convention groups who use specially built facilities is also growing at a steady pace. There is also a growing consensus that no important city can afford to be without a modern fully-equipped convention center. Nationally, convention business constituted a $27.8 billion market in 1984 up from $24.8 billion in 1981. As a result, cities are scrambling to capture part of this billion dollar business. Madison hopes to capture a greater share of the state convention business in the years to come.

According to Mel Hosanky, executive editor of Meetings and Conventions, Midwestern states were preferred by 51% of the nation's meeting planners because of their central location and the extent of amenities, yet Madison was not even on the list as a favorite area for convention planners. Madison's lack of competitiveness with other convention facilities around the state can be explained by the lack of a specialized facility.

2. Competitive Supply

In terms of the competition around the state, the following cities are considered: Appleton, Green Bay, LaCrosse, Oshkosh, Racine, Rockford-Beloit, Eau Claire, and Milwaukee. Competitive supply analysis of the facilities around the state defines the product Madison must be competitive in to regain the market it has slowly lost over the last decade.

The key consideration in planning a facility of this type is to keep in mind that a large number of rooms connected to a large convention hall with meeting space and ample parking is the number one priority of attendees.

B. Demand

Exhibit 15 was developed by the Greater Madison Convention Bureau. The exhibit details how many events the city may expect, and what type of amenities are required. Take note that the proposed center could accommodate 85% of the business that might be attracted to the city.

Exhibit 16 describes 3 studies and the conclusions

Exhibit 15

SUMMARY OF POTENTIAL MEETING BUSINESS SURVEY

Developed from Greater Madison Convention Bureau entitled "Potential Meeting Business for Madison".

Prospective Attendees by Size of Meeting

(Based on 69 responses)

Meeting Attendees	Percent of Total Responses
0- 500	29%
550- 1,000	36%
1,200- 2,000	20%
2,500- 3,000	6%
4,000- 4,600	4%
8,500- 13,000	4%
	100%

Prospective Exhibition Hall Space Needs
(Based on 59 responses)

Space Required (in square feet)	Percent of Total Responses
0- 10,000	48%
10,000- 19,000	31%
20,000- 29,000	6%
30,000- 39,000	9%
More than 40,000	6%
	100%

Prospective Banquet Seating
(Based on 14 responses)

Seating Required	Percent of Total Responses
0- 300	14%
350- 500	57%
550- 1,000	29%
More than 1,000	0%
	100%

This survey indicates that group size could expand to 0 - 2,000 attendees representing 85% of that business that might be attracted to the City of Madison not currently attracted.

The survey also indicates that 79% of the demand for exhibition hall (0 - 19,000 s.f.) and 100% (of those responses tabulated) of the demand for banquet facilities (0 - 1,000 seats) could be met with a center targeted at these groups.

contained therein. The studies help reinforce the assumption that there is sufficient demand, and that the proposed center could satisfy a great majority of that demand.

C. Supply

The convention business coming to Madison has a somewhat limited choice of where they will stay and hold their meetings. The largest hotel and meeting facilities in the City are at the Concourse, with 370 rooms and 17,500 square. ft. of meeting facilities able to handle 500 - 600 people. Other facilities in the downtown area include The Edgewater with 143 rooms, 7 rooms for meeting purposes, and capability for handling up to 900 people in he banquet facilities. The Inn on the Park has 222 rooms with 19,000 square feet of convention facilities including 19 meeting and banquet rooms with meeting space for 1000 - 1200. The Howard Johnson's handles the overflow from the above mentioned hotels and is not a major draw for conventions in the downtown area (Exhibit 17).

Outside downtown Madison, The Sheraton Hotel has 240 rooms with 13 meeting rooms and a ballroom capable of handling up to 600 people as well. This facility is the headquarters hotel for conventions held at the Forum and the Coliseum and also handles the overflow from the downtown hotels. The Holiday Inn Southeast has 188 rooms with meeting and banquet facilities able to handle up to 1300 people along with 5500 square feet of exhibit space. The Holiday Inn Northeast has the same amenities as the Southeast hotel and has an

Exhibit 16

ESTIMATES OF EXHIBIT HALL SPACE NEEDS

	Study Cited	% of Prospective Exhibits Served	Square F Require
1.	Greater Madison Convention and Visitor's Bureau--Survey of State Associations	95%	22,500
2.	Madison Convention and Visitor's Bureau--Survey of groups showing interest in holding meetings in Madison.	85%	30,000
3.	American Society of Association Executives--Survey of members' convention and exhibition activity. State, Regional, and National Mkt.	52%	30,000

ESTIMATED EVENTS OCCURRING AT CONVENTION CENTER

	Study Cited	Average Annual Number of Events
1.	Leventhol & Horwath	85-168
	Exhibit Hall Based	25-46
	Meeting Room Based	50-122
2.	National Feasibility Corporation	228
3.	Concourse Estimate (25 events will use the Exhibition hall for an average of 4 days each or 100 event-days).	25

Note: The typical event lasts 2-4 days and attracts an average of 600 attendees. The Concourse estimate is obviously very conservative.

A [redacted] Inn on The Park

B Edgewater Hotel

C Howard Johnson's

S Woolworth & Concourse Sites

additional 39 rooms for a total of 227. The recently expanded Howard Johnson's on the Northeast side has 156 rooms and 7 meeting rooms.

Other meeting facilities in the Madison area, Wisconsin Center, Lowell Hall, and the Forum and Expo Center at the coliseum also handle conventions but have no over-night accommodations on the premises. The Expo-Forum sends its delegates to the Sheraton across the street. Lowell Hall and The Wisconsin Center handle University related seminars that are smaller in nature and would not really be considered part of the competition facing the proposed development of this project.

The type of conventions that Madison is currently drawing can be broken down in Exhibit 18.

Exhibit 18

TYPES OF CONVENTIONS DRAWN TO MADISON

Type of Convention	Number	Percentage
State	236	76%
Regional	34	11%
National	22	7%
International	10	3%
City	1	1.6%

Based on 308 of the 440 conventions of 1984.

Exhibit 19 (Confidential Calendar) shows Madison does attract a wide variety of conventions with the busiest periods of the year in the spring and fall.

D. Projection of Demand

The projection of demand for the proposed convention/exhibit facility was formulated initially by conducting key informant interviews with Lynn Russell, head of the Greater Madison Convention & Visitors Bureau and John Smith and Al Eastman of the Concourse Hotel. In their opinion, Madison is losing a lot of convention business because of inadequate and inappropriate convention facilities capable of handling large exhibitions and group meetings. Letters provided by Ms. Russell and the marketing department at the Concourse Hotel from meeting planners around the State and Midwest give indication of why many groups are by-passing Madison and holding their meetings and conventions in other cities. Following are examples of some of the reasons cited.

Association of Wisconsin School Administrators: A letter dated in November of 1984 states the association is debating whether or not to come back in 1988 due to the "inconvenience of holding meetings in a split site location". The hotel and the meeting facilities were not large enough to handle the size of this group. The Concourse was used for exhibiting and Inn on the Park for the banquet and meetings were scheduled at both hotels. The arrangement is not what convention planners consider acceptable.

Confidential Convention Calendar

June 1986–May 1987

Greater Madison Convention & Visitors Bureau
425 W. Washington Ave., Madison, WI 53703
(608) 255-0701

Our convention calendar is published semi-annually and can be a valuable tool for promoting your business to this multi-million dollar trade. The calendar is only available to Bureau members. We strongly suggest that anyone seeking to obtain information in this listing should be urged to support the local visitor economy by becoming a Bureau member.

The information in this calendar represents the combined sales efforts of member hotels and the Convention Bureau sales staff. Many long hours went into the solicitation of this valuable business for our community. With this in mind, we urge you to use every discretion in how this information is used.

JUNE

1-2	Tech. Update for Broadcast Managers	Howard Johnson Executive Hotel	50	
1-5	Bio Electro Magnetics Society	Memorial Union	300-400	R
1-6	A.G.A.	Lowell Hall	100	S
2-4	Small Scale Hydropower Facility	WI Center	100	S
3-5	College Week for Women	UW Campus	Open	S
4	Hall of Fame–Madison Pen & Mike	Holiday Inn S E.	500	L, E
5-8	WI Pipe Trades Assn.	Radisson Inn	200	S
7-8	Coors Light WaterSki Tour	City Wide	Open	E
7-10	WI Grand Lodge of Masons	Concourse	250-300	S
8-10	Infections & Immunity Workshop	WI Center	175	S
8-11	Symposium on Germ-Free Research	WI Center & Howard Johnson Executive Hotel	100	S
8-12	Intl Personnel Management Assn.	Inn on the Park	300	R
8-13	U.W. Ext. Urban Land Institute	InnTowner	50	S
10-12	WI Cemetery Officials	Concourse	150	S
10-13	Am. Cooperatives Education Conference	Concourse	150	I
11-12	Municipal Electric Utilities	Sheraton	200	S
11-12	Expl. Alt. Fin. Options—Pub. TV	Howard Johnson Executive Hotel	125	
11-13	Disaster Management Conference	WI Center	100	S
11-13	Dept. of Transp.-Gov. Conf.-Hwy. Safety	Inn on the Park	400	S
15	Madison Cat Club Household Cat Show	Forum	Open	E
15-19	Am. Society of Mammalogists	WI Center	700	N
16-19	IBM Deans of Schools of Education	U.W. Sch. of Ed.	100	N
16-20	Continuing Law Education	U.W. Law School	300	S
16-27	Teacher Training Workshop	Lowell Hall	100	S
18-20	Three-Day Magazine Institute	WI Center	100	S
18-21	United Electrical Workers	Radisson Inn	75-100	N
18-7/8	InterVarsity Christian Fellowship	Inn on the Park	250	I
19-20	State Historical Society	Inn on the Park	125	S
19-20	Dept. of Health & Social Services	Inn on the Park	400	S
19-22	United Elec. Radio/Mach. Workers of Am.	Inn on the Park	75	S
19-22	Midwest Jack & Jill Teen Conference	Memorial Union	500	R
20-21	Partnership Through the Lifetime	WI Center	100	S
20-21	School of Psychology Institute	WI Center	150	S
20-21	Watchtower Society Convention	City Wide	7000	N
20-22	Intl. Order of Rainbow	Holiday Inn S.E.	250	S
20-22	Nat'l Assn. of Women Judges	Edgewater	85	N
21-24	Natl Credit Union Youth Conference	Concourse	150	N
22-24	Municipal Administration of Cable TV	WI Center & Howard Johnson Executive Hotel	100	S
26-27	Home Care Services	WI Center & Howard Johnson Executive Hotel	150	S
26-27	Dept. of Psychiatry, UW Hospital	Edgewater	150	L
26-29	Watchtower Society Convention	Coliseum	7000	N
27-29	Badger State Games	City Wide	Open	E
28-29	Am. Drug Free Power Lifting Assn.	Holiday Inn S.E.	150	N
29	Forum Flea Market & Collectors Show	Warner Park	Open	E

JULY

3-5	Watchtower Society	City Wide	7000	N
7-9	DPI Summer Conference	Sheraton	500	S
7-10	School Evaluation Consortium	Concourse	125	S
7-11	WAVAI	Memorial Union	400	S
8-11	Pulmonary Circulation in Health & Disease	WI Center	200	S
9-13	Gyro Intl Club	Sheraton	500	I
11-12	Liberty Body Building Championships	InnTowner	75	S
12-13	Art Fair on the Square	Capitol Concourse	100,000	E
12-13	Art Fair off the Square	Monona Avenue	Open	E
13-24	CUNA Management School	Concourse	300	N
14-17	Steenbock Symposium	Memorial Union	400	
16-20	Dane County Fair	Dane Co. Expo Center	Open	E
17-19	Forum Arts & Crafts Fair	Warner Park	Open	E
18-20	Young Democrats of America	Concourse	50-75	N
19-20	WI Natl Organization for Women	Inn on the Park	150	N
20-23	Intl Halfway House Association	Inn on the Park	150	I
21	National Assn. of Remodelers	Radisson Inn	50	R
23-25	Midwest Regional State Treasurers Assn.	Edgewater	100	R
24-26	Creative Brilliance	Radisson Inn	100	S
24-27	Old Sleepy Eye Collectors	Holiday Inn S.E.	600	N
26	State Vehicle Auction	Coliseum	Open	E
30-8/2	Nicolet Instruments–PPI	Inn on the Park	150	I

AUGUST

3	Forum Flea Market & Collectors Show	Warner Park	Open	E
3-5	Wisconsin Special Olympics	Radisson Inn	Open	E
4-5	Distance II	J.F. Friedrick	100	S
7-8	U.W. Dept. of Contg. & Voc. Ed.	Sheraton	150	S
8-9	WI Solo Square Dancers	Sheraton	240	S
8-10	State Square Dancers	Forum	6000	S
9	Green Bay Packers Exhibition Game	Camp Randall	Open	E
10-23	Graduate School of Banking	Concourse	300	R
11-15	Graduate School of Banking	WI Center	500	S
11-16	Drum Corps International	City Wide	40,000	I
11-22	Graduate School of Banking	WI Center	500	S
13-15	Third Int'l T.O.V.S. Conference	WI Center	100	I
16	Blackhawk Girl Scout Council	Radisson Inn	100	S
19-21	Nat'l Institute of Drug Abuse	Concourse	100	N
23	Whitewater Theatre & Dance Alumni	InnTowner	75-100	S
30-9/1	Petries' Ski Sale	Forum	Open	E
31	Taste of Madison	Capitol Concourse	50,000	E

SEPTEMBER

2-5	Natl. Farm Bureau Ins. Training Dir.	Radisson Inn	50	N
4-6	State 4-H Horse Show	Sheraton	300	S
5-6	Ophthalmology	WI Center	150	S
5-6	Public Library & Adult Independent Learning	WI Center	100	S
5-6	Lutheran Renewal	Sheraton	150	R
5-7	Women in Fire Suppression	J.F. Friedrick	100	S
6	Central Wisconsin Supply	Radisson Inn	200	S
6-7	WI Teen All American	Holiday Inn S.E.	300-500	S
7	Forum Flea Market & Collector's Show	Warner Park	Open	E
8-9	DILHR	Holiday Inn S.E.	225	S
8-10	U W. Dept. of Outreach	Sheraton	400	R
9-10	9th Annl Municipal & Industrial Waste Conf.	Concourse	120-150	N
10-11	Holt Products Show	Holiday Inn S.E.	350	S
12-13	WI Dairy Herd Improvement	Holiday Inn S.E.	600	S
12-13	Dental Conference	WI Center	100	S
13	UW Badgers vs. Northern Illinois	Camp Randall	Open	E
14-16	Marschall Products	Radisson Inn	75	S
14-19	Natl Leg. Serv. & Security Assn.	Inn on the Park	125	N
15-18	Italian Cheese Seminar	Sheraton	240	S
15-18	Broadcast Engineering Management	Holiday Inn S.E.	250	N
15-19	Basic Course on Pub. Utilities & Regulations	WI Center	100	S
15-19	Planning R.D. Facilities	WI Center	100	S
16-18	Natl Rural Electric Cooperative	Concourse	600	N
17	WI Assn. of Sch. Dist. Administrators	Inn on the Park	225	S
17-18	Marschall Italian Cheese Seminar	Coliseum/Forum	Open	E
17-19	Nat'l Legislative Serv. & Sec. Assn.	Inn on the Park	175	S
18	U W. School of Business	Inn on the Park	200	S
18-20	Inst. of Certified Credit Union Execs.	Radisson Inn	100	S
18-20	WI Surgical Society	Edgewater	150	S
18-21	Festival of the Lakes	City Wide	Open	E
19-22	WI-Upper Michigan Florists	Holiday Inn S.E.	200	R
20-23	Central States Circulation Managers Assn.	Concourse	125-150	R
21-24	Outdoor Reps Association	Forum	Open	E
23-25	New Concepts Foundation	Inn on the Park	200	S
24-25	Leadership Identification Program	InnTowner	100-125	S
24-26	Effective Tools for Facility Planning	WI Center	125	S
25-26	Wis. Public Utility Institute	WI Center	100	S
25-26	Passive Solar	WI Center	125	S
25-26	Bio-Medical Assn. of WI	Ramada Inn	150	S
26-27	Neurology Conference	WI Center & Howard Johnson Executive Hotel	100	S
26-27	WI Assn. of Bilingual Education	Sheraton	225	S
27	UW Football Badgers vs. Wyoming	Camp Randall	Open	E
27	Bascom Hill Society	Union South/ Memorial Union	200	S
27-10/5	CUNA Thirdly	Concourse	150	N
28	Forum Flea Market & Collectors Show	Forum	Open	E
28-30	Dept. of Transp.-Smart Card Conf.	Inn on the Park	200	S
29-30	Refugee Conference	WI Center	100	S
29-10/3	4-H Dairy Conference	Lowell Hall	240	S
30-10/4	American Breeder Service	InnTowner	50	S

OCTOBER

1-2	WI Institute of CPA's	Concourse	225	S
1-2	WI Motor Carriers	Edgewater	150	S
1-2	Crop Physiology Symposium	J.F. Friedrick	168	S
1-5	World Dairy Expo	Coliseum/Forum	50,000	I
2	WI Assn. of Perinatal Care	Radisson Inn	100	S
2-3	Allergy Conference	WI Center	100	S
2-4	WI Academy of Trial Lawyers	Concourse	125-150	S
3-4	Wisconsin Workshop	WI Center	275	S
3-5	WI Emergency Medical Tech.	Quality Inn South	200-500	S
4	UW Football Badgers vs. Michigan	Camp Randall	Open	E
5-7	1986 Amer. Soc. of Engineering Education	WI Center	200	S
6-10	Gaseous Electronics Conference	WI Center & Howard Johnson Executive Hotel	275	S
7-9	Farm Progress Days	City Wide	Open	S, E

I—International N—National R—Regional S—State L—Local E—Event

Confidential Convention Calendar

8-11	Amaranth	Sheraton	225 S
9	Data Processing Mgt. Computer Fair	Forum	Open E
9-10	WI College Personnel Association	Radisson Inn	100 S
9-10	Systems Building Association	Inn on the Park	200 S
10-11	Council on Thai Studies	WI Center	100 S
10-11	Zimmerman Symposium	Howard Johnson Executive Hotel	100
10-11	Administrative Management Society	Concourse	75-100 S
10-12	Freedom From Religion Foundation	Inn on the Park	150 S
10-12	Pi Beta Phi	Edgewater	100-200 L
11	State Vehicle Auction	Arena	Open E
11-12	Forum Craft Fair	Forum	Open E
13-15	DPI	Inn on the Park	250 S
14-15	WI Manufacturers & Commerce	Concourse	125 S
14-16	Zoo Primate Center Workshop	WI Center	120 S
14-17	Am. Federation of Municipal Employees	Edgewater	65 N
15-18	Full Gospel Businessmen	Holiday Inn S.E.	700 S
16-17	Wisconsin Land Title	Inn on the Park	300 S
16-18	History of Farm Women Nat'l Conference	WI Center	200 S
17-18	YMCA of Metro Madison	Concourse	200 L
17-19	WI Reg Interpreters for the Deaf	Ramada	150 S
17-19	Physical Therapy Association	Radisson Inn	90 S
18	Real Women Seminar	Holiday Inn S.E.	800-1000 S
19	Forum Flea Market & Collector's Show	Forum	Open E
19-21	4th Army Management Conference	Concourse	250-300 N
19-22	Midwest Federation of Sisterhood	Inn on the Park	100 S
19-23	Docks & Marinas	Howard Johnson Executive Hotel	150
20-22	WI Office on Aging	Radisson Inn	250 S
20-23	Forest Products Lab	InnTowner	75 S
21-22	Wis. Venture Fair	Concourse	200 S
22-24	WI Music Educators Conference	Concourse	500 S
23-24	U W Continuing Medical Education	Concourse	150 N
23-24	U.W. Hosp. Infection Control Seminar	Inn on the Park	300 S
23-25	WI Chap. Natl. Solid Waste Mgmt. Assn.	Concourse	100-150 S
24-25	WI Assn. of Foreign Language	Sheraton	200 S
24-25	Afro-American Alumni Association	Lowell Hall	250 S
25	UW Football Badgers vs. Illinois	Camp Randall	Open E
26-27	Bank Administration Institute	Radisson Inn	50 R
26-28	State Telecommunications Planning	WI Center	150 S
27-28	Preventive Maintenance	WI Center	100 S
27-29	U.W. Ag Conference	Sheraton	100 S
29-30	WSMA	Holiday Inn S.E.	350 S
29-31	WI Assn. of Health & Phys. Ed.	Radisson Inn	125 S
29-11/2	African Studies Association	Concourse/ Inn on the Park	800-1000 S
29-11/2	Ice Capades	Coliseum	Open E
30-31	John Cameron Symposium	WI Center	150 S
30-11/2	Intl. Visual Literacy Assn.	Howard Johnson Executive Hotel	150 I
31-11/1	American Cancer Society	Radisson Inn	200 S

NOVEMBER

1	Madison Cat Club Purebred Cat Show	Forum	Open E
1-2	American Cancer Society	Radisson Inn	200 S
2-5	WI Assn. of Accountants	Radisson Inn	100 S
2-6	International Maintenance Institute	Holiday Inn S.E.	800 I
4-17	National Grange	Concourse	2000 N
5-7	WI Assn. Collegiate Registrars & Admissions	Concourse	200 S
6	Four Lakes Area Safety Deposit Assn.	Radisson	100 S
6-7	Am. Soc. for Public Administrators	Inn on the Park	125 R
6-8	UW Continuing Medical Education	Radisson	100 R
7-8	Media Law Conference	WI Center	100 S
8	UW Football Badgers vs. Minnesota	Camp Randall	Open E
12-13	WI Assn. of Hwy Safety Leaders	Inn on the Park	150 S
12-14	Contracts & Specifications	WI Center	100 S
14-15	Ultrasound Meeting	J.F. Friedrick	100 S
15	UW Football Badgers vs. Ohio State	Camp Randall	Open E
17-20	Alcohol & Other Drug Abuse	Sheraton	575 S
19-20	WI Manufacturers & Commerce	Concourse	150 S
19-21	Preventing Bldg Design/ Construc. Failure	WI Center	100 S
21-22	March of Dimes	Holiday Inn S.E.	300 R
23	Forum Flea Market & Collector's Show	Forum	Open E
29-30	Holiday Arts & Crafts Sale	Forum	Open E

DECEMBER

5-6	WI Assn.-Child. w/Behavior Disorders	Holiday Inn S.E.	250 R
6	Zor Shrine Temple	Quality Inn South	300 S
14	Forum Flea Market & Collector's Show	Forum	Open E
21	Forum Craft Fair	Forum	Open E
26-31	N.C. Chinese Christian Winter Conf.	Holiday Inn S.E.	650-750 R
28-29	So. WI Dist. Lutheran League	Concourse	500 S

JANUARY 1987

Jan.	WI Men's Bowling Assn.	City Wide Radisson Hdq.	Open E
5	Blackhawk Girl Scout Council	Radisson	150 S
6	Wis. Agri-Business	Inn on the Park	150 S
7-9	Electrical Contracting	WI Center	100 S
8-9	Hazard Mitigation Workshop	WI Center	100 S
10-11	International Mink Show	Sheraton/Forum	1200 I
12-14	Interfacing with the IBM Computer	WI Center	100 S
14-16	Residential Inspection	WI Center	100 S
18	Forum Flea Market & Collector's Show	Forum	Open E
19-21	All Canada Fishing/Vacation Show	Holiday Inn S.E.	300 R
20-22	WI Fert, Aglime, & Pesticide Convention	Sheraton	240 S
28	Wis. Farm Bureau-Young Farmers Conf.	Inn on the Park	250 S
28-29	Food Fair	Forum	Open E
30-31	WI Campers	Holiday Inn S E.	300 S
31	WI Wildlife Fed. Cadillac Banquet	Holiday Inn S.E.	500 S

FEBRUARY

Feb.	WI Men's Bowling Assn.	City Wide	Open E
1	Tiffany's Bridal Expo	Forum	Open E
2-4	WI Corn/Soy Conf.	Holiday Inn S.E.	350 S
2-6	Effective Project Management	WI Center	100 S
6-7	DPI-WI DECA	Holiday Inn S.E.	300 S
6-8	Dane Co. RV Boat Show & Sale	Forum-D & E	Open E
12-13	Single-Ply & Build-up Roofing Services	WI Center	100 S
13-15	Sports Show	Coliseum	Open E
15	Forum Craft Fair	Forum	Open E
16-17	Wis. Cosmetologists Association	Inn on the Park	250 S
16-20	Ice Eng. for Rivers, Lakes & Oceans	WI Center	100 S
16-20	Big Ten Counseling Center Conference	J.F. Friedrick	100 S
16-20	Wis. Building Refresher	WI Center	100 S
20-22	Zor Shrine Circus	Coliseum	Open E
23	Data Processing Management Assn.	Radisson	200 S
23-25	Equipment Maintenance	WI Center	100 S
24	WI League of Financial Institutions	Concourse	250 S
26-28	Jr. Science Symposium	WI Center	200 S

MARCH

March	WI Men's Bowling Assn.	City Wide	Open E
4-5	U W. Vocational Studies Center	Sheraton	300 S
4-6	Public Works Construction Inspection	WI Center	100 S
5	Four Lakes Area Safety Deposit Assn.	Radisson Inn	100 S
6-8	WI Waterski Federation	Holiday Inn S.E.	450 S
6-8	Badger Circle K	Radisson Inn	175 S
6-8	Madison Area Builders Home Products Show	Forum	Open E
14-15	Mautz Paint	Holiday Inn S.E.	300 R
18-20	WI Electric Power & Farm Equip. Show	Expo Center	Open E
22	Forum Flea Market & Collector's Show	Forum	Open E
23-24	Mechanical & Electrical Sys. for Bldgs.	WI Center	100 S
25-27	Professional Development Conference	WI Center	100 S
27-28	Children's Literature	Lowell Hall	175 S
27-29	World of Wheels Custom Car Show	Coliseum	Open E
28-29	Rutabaga's Canoecopia	Forum & Arena	Open E
28-29	Nat'l Masters Indoor Track & Field	Camp Randall	Open E
30-4/1	Industrial Pharmacy Management	Concourse	175

APRIL

April	WI Men's Bowling Assn.	City Wide	Open E
1-3	Electrical Fire Investigation	WI Center	100 S
2-4	Wis. Council of Teachers of English	Lowell Hall	100 S
3-4	Time Out '87: Conf.-Coaches of H.S. G.	WI Center	150 S
3-4	Am. Society of Mechanical Engineers	Inn on the Park	50-60 S
3-4	U.S. Power Squadron Dist. #10	Radisson	100 N
3-5	WI Deer Classic	Coliseum	Open S
5	Madison Area Repeaters Swapfest	Forum	Open E
6-10	Working Drawing Production	WI Center	100 S
9	Cincinnati Insurance Co.	Concourse	100-130 R
9-11	Women in Communications	Concourse	100-250 S
11-12	Midwest Horse Fair	Coliseum	Open E
13-15	Extension Downtown Revitalization Conf.	WI Center	200 S
18	Forum Flea Market & Collector's Show	Forum	Open E
21-22	AMS Business Show	Forum	Open E
22-24	Campus Kaleidoscope	J.F. Friedrick	100 S
24-26	Pushkin Symposium	WI Center	100 S
24-25	WHSFA State Speech Contest	WI Center	900 S
29-30	Intelligent Building Systems	WI Center	100 S
30-5/1	Controversy in Family Living	WI Center	100 S
30-5/2	Future Directions	WI Center	100 S
30-5/2	WI Assn. for Mid Level Educators	Sheraton	500 S

MAY

May	WI Men's Bowling Assn.	City Wide	Open E
2-5	On-Air Promotion & Broadcast Operations	Lowell Hall	150 S
3	BKC Dog Show	Coliseum/Forum	Open E
6-8	Effective Zoning Admin. Techniques	WI Center	170 S
7	Four Lakes Area Safety Deposit Assn.	Radisson	100 S
8-9	Alumni Weekend	WI Center	125 S
9	Forum Craft Fair	Forum	Open E
11-13	Industrial Design Workshop	WI Center	100 S
14-15	WI Licensed Practical Nurse Assn.	Holiday Inn S.E.	100 S
15	Wis. Medical Alumni	Inn on the Park	500 S
17	Forum Flea Market & Collector's Show	Forum	Open E
17	University of Wisconsin Graduation	Field House	E
21-24	Madison Charity Horse Show	Coliseum	Open E
30	MATC Commencement	Coliseum	E
31-6/6	A.G.A.	Lowell Hall	100 S

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The Wisconsin Chiropractic Association and The Wisconsin Hairdressers Association: These two groups have been regular customers in recent years cancelled their conventions here in 1985 and haven't returned. The reason given was that the Concourse was not big enough to handle their exhibits. Both went to the Olympia in Occonomoc because of their large exhibit hall.

Romance Writers of America: The writers association brings 500 conventioneers to Madison each year and may not come back in the future for lack of being able to house everyone under one roof.

Wisconsin Cheese Makers Association: The reasons stated by this group of 500 include not enough exhibit space, hotels not close enough to Expo Center, and the rates charged for the facilities in Madison at the Expo are too expensive. They can use a facility at La Crosse with the same capacity for a lower cost.

ACT Management: ACT needs 400 rooms at one location. They could now be attracted to Madison with the addition to the Concourse.

Wisconsin Industrial Education Association: The association generally has between 700 - 1000 members attending a convention. Hesitant about Madison because they need to be close to exhibit space and the size of the convention would force them to use several hotels.

Wisconsin Canners and Freezers: Require 500 rooms, and prefer to all be under one roof. Proximity to exhibit space is an important criteria for choosing a facility.

Wisconsin Dietetic Association: They are beginning to question Madison because it does not have enough hotel rooms capable of handling their people for consecutive nights.

There is definitely demand for the proposed convention facility and is projected to exceed the 15 or more documented groups that by-passed Madison. A conservative estimate is that twice as many groups are potential users of the proposed project and could be attracted by marketing the facilities.

V. FINANCIAL FIT OF PROPOSED DEVELOPMENT

Financial fit, measured in terms of solvency and after tax yields, must be sensitive to investor objectives and limitations, conform to acceptable risk parameters, and be based on assumptions that have been made explicit and conform to the realities of the marketplace. Constraints operating on the structuring of an acceptable financial solution include--cost of construction, available interest rates on financing, the equity resources of the investors, and the availability of subsidy programs. A realistic financial plan must also pay close attention to cost / benefit relationships. In other words, those that will benefit from the development must bear their share of of the risk. With the above in mind, we have developed two viable financial plans.

Plan I

Plan 1 would allow the Concourse Hotel to remain under separate ownership and responsible for financing its own improvements and remodeling necessitated by connecting to the neighboring Convention Center. In addition, 30 On the Square plus the Hub site would be converted by a separate investing corporation to 160 room moderately priced hotel at $45 per night or less. The remaining land in the block including the alley, and skyways, would be acquired and cleared by a public/private corporation called Convention Incorporated. Corporate control would be spread among the parties at interest to avoid favoring the nearby hotels.

The projected construction cost figures were provided by Arlan Kay of Arlan Kay and Associates, a local architecture and planning firm. We took special care to make sure that the figures used were not overly optimistic (Exhibit 20).

To determine how much debt will be required, the property acquisition costs were projected and bounced off the owners of the properties in question. All parties involved believed the price to be acceptable. The Hub site is included in these acquisition costs even though it will not be part of the actual convention center. The reason the site is acquired is to bring it under control before a substantial increase in value (and therefore cost) occurs as a result of development of the proposal. The property will later be sold to the party that develops 30 On the Square and The Hub into a budget hotel.

Construction costs, including demolition of existing buildings and improvements to streets and infrastructure, are added to the acquisition costs to provide the total cost figure of $16.3 million. Public subsidies are subtracted along with pledged contributions from the Madison Business Community to arrive at total debt required of $10.4 million (Exhibit 21).

This plan distributes 20% of any operating deficit to all of the property owners in the State Street/Concourse special assessment maintenance district since they would benefit

Exhibit 20

CONVENTION HALL CORPORATION COSTS

Space	Cost/S.F.	Square Feet	Cost
2nd Floor			
Atrium/Pre-event	$150	7,350	$1,102,500
Exhibit (new)	$100	23,000	$2,300,000
Service/Storage	$80	7,800	$624,000
Pedestrian Corri	$1,200	130	$156,000
Skywalk	$3,000	175	$525,000
1st Floor			
New Retail	$75	14,250	$1,068,750
Circulation	$85	6,750	$573,750
Utility Corridor	$600	130	$78,000
Loading Dock (Service/Storage)	$100	5,400	$540,000
Auditorium (sloped floor)	$100	4,000	$400,000
Escalators	$80,000	2	$160,000
Furnishings	$10	36,500	$365,000
Street Renovation			$225,000
Demolition ($.15/cubic foot)			$150,000
Relocation of 14 W. Mifflin Tenants	$10	40,000	$400,000
Total Hard Costs			**$8,668,000**
Soft Costs			
Professional Fees		10%	$866,800
Contingency & Soft Costs		25%	$2,167,000
Total Soft Costs			$3,033,800
Parking (246 underground stalls)	$10,000	246	$2,500,000
Total Costs			**$14,201,800**

Exhibit 21

DEBT CALCULATION

The Convention Hall Corporation 1

Property Acquisition		
The Hub	$300,000	
Brathaus II	$300,000	
Woolworth	$600,000	
14 W. Mifflin	$1,200,000	
Subtotal	$2,400,000	
Total Construction Cost and Working Capital		
Demolition	$150,000	
New Parking	$2,500,000	
Skywalks	$1,250,000	
Exhibition Center	$8,826,800	
W.C. Loan	$1,000,000	
Streets and Infra	$225,000	
Subtotal	$13,951,800	
Total Cost		$16,351,800
Public Subsidy 2		
CDA (Skywalks) 3	$1,255,000	
CDA (Land Write-Down	$2,400,000	
Street Improvement	$225,000	
Total Subsidy	$3,875,000	$3,875,000
Madison Business Community 4		$2,000,000
Total Debt Required		$10,476,800

Under this scenario, the Concourse would pay for 2 escalators, upgrading of 170 rooms, and refurbishing of existing meeting facilities. Conventi Hall Corporation will own floors 1 and 2 of the Hub and lease lobby with access to parking to 30 On the Square.

CDA partially reimbursed through $4.7 million increment in tax base assessed to exhibition hall.

Includes skywalk and pedestrian corridor, plus a portion of the atrium.

Madison Business Community paid in common stock.

significantly from the retail potential of expanded convention activity. A maximum limit on this liability, say $150,000 a year, would compare favorably with a current annual maintenance assessment. The remaining 80% of any deficit of the Convention Center would be assessed to hotel rooms in an new assessment hotel district on the Square. The assessment would be on room count. Hotels tied directly to the Convention Center by the skyway system will assessed at full value, those not on the skyway system but in the district are assessed at 50%. This assessment recognizes that an increase of 10-15% in the occupancy of an existing hotel produces a huge increase of cash flow which can be shared, if necessary, with the Convention Center, which is the source of the revenue. A assessment schedule is arrived at in exhibit 22.

Exhibit 23 demonstrates how the hotels will benefit through development of this facility despite the assessment. It is assumed that 80% of the potential room nights generated by the convention facility stay somewhere in Dane County. It is further assumed that 90% of those will stay in the three hotels downtown containing a total of 757 rooms. Capture rates are assumed to be as follows.

The Concourse	40%
30 On the Square	30%
Inn on The Park	20%

Exhibits 24 and 25 contain a more optimistic projection for assessment and benefits.

Exhibit 22

ASSESSMENT CALCULATIONS

Revenues (net of all expenses)		
Convention Center Income ($2,000 per day, 100 event days)	$200,000	
Parking Income (246 stalls, $5 per day, 50% occupancy)	$221,000	
Increased Room Tax (7% tax on $50/night, 45,000 possible room nights x 80% capture in Madison = 36,000 additional room nights)	$126,000	
Retail Revenue (14,250 sq ft. $8.50 per sq. ft.)	$121,000	
Total Revenues		$668,000
Less Real Estate Tax $600,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals $4,687,500 x 2.8% (Real Estate Tax)		($130,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon		($1,187,000)
1st Year Deficit before profits on food or beverage		($649,000)
Less 20% assessed to Concourse Maintenance Assessment District		$130,000
Total to be assessed to rooms		$519,000
Required Room Assessment		
-530 attached rooms		$810
-227 rooms at Inn on the Park		$405

Exhibit 23

HOTEL BENEFIT ANALYSIS

Assumptions:

-25 4-day events generated by existence of Convention Hall (L & H)
-3 Overnights per attendee
-600 required rooms per night

Potential room nights	45,000	(somewhere in Dane County)
Capture (80%)	x .8	
	36,000	

Increment in Room Nights for Madison is 36,000 due to existence of Convention Hall.

Concourse (Headquarters Hotel)

Captures	40%		
@	$60		
Margin	.80	$691,200	
Less			
Assessment @ $810/room		$299,700	$299,700
Benefit		$391,500	

30 On The Square (Moderate priced Hotel)

Captures	30%		
@	$45		
Margin	.70	$340,200	
Less			
Assessment @ $810/room		$129,600	$129,600
Benefit		$210,600	

Inn on The Park

Captures	20%		
@	$55		
Margin	.70	$277,200	
Less			
Assessment @ $405/room		$91,935	$91,935
Benefit		$185,265	
Total Assessment			$521,235

Exhibit 24

OPTIMISTIC ASSESSMENT CALCULATIONS

Revenues (net of all expenses)		
Convention Center Income ($2,000 per day, 200 event days)	$400,000	
Parking Income (246 stalls, $5 per day, 60% occupancy)	$265,000	
Increased Room Tax (7% tax on $50/night, 90,000 possible room nights x 80% capture in Madison = 72,000 additional room nights)	$252,000	
Retail Revenue (14,250 sq ft. $8.50 per sq. ft.)	$121,000	
Total Revenues		$1,038,000
Less Real Estate Tax $1,000,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals $4,687,500 x 2.8% (Real Estate Tax)		($227,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon		($1,187,000)
1st Year Deficit before profits on food or beverage		($376,000)
Less 20% assessed to Concourse Maintenance Assessment District		$75,000
Total to be assessed to rooms		$301,000
Required Room Assessment		
-530 attached rooms		$470
-227 rooms at Inn on the Park		$235

Exhibit 25

OPTIMISTIC HOTEL BENEFIT ANALYSIS

Assumptions:
- -50 4-day events generated by existence of Convention Hall
- -3 Overnights per attendee
- -600 required rooms per night

Potential room nights	90,000	(somewhere in Dane County)
Capture (80%)	x .8	
	72,000	

Increment in Room Nights for Madison is 72,000 due to existence of Convention Hall.

Concourse (Headquarters Hotel)

Captures	40%		
@	$60		
Margin	.80	$1,382,400	
Less			
Assessment @ $470/room		$173,900	$173,900
Benefit		$1,208,500	

30 On The Square (Moderate priced Hotel)

Captures	30%		
@	$45		
Margin	.70	$680,400	
Less			
Assessment @ $470/room		$75,200	$75,200
Benefit		$605,200	

Inn on The Park

Captures	20%		
@	$55		
Margin	.70	$554,400	
Less			
Assessment @ $235/room		$53,345	$53,345
Benefit		$501,055	
Total Assessment			$302,445

The hotels margin is multiplied by the gross increase in revenue assumed to be attributable to the convention facility. From this the assessment is subtracted revealing the benefit accruing to the hotel in question.

Plan I is the preferred financial plan and most palatable to most parties involved because it better distributes possible operating deficits to those who will benefit from the development.

Plan II

As an alternative to a heavy assessment per hotel room for operating deficits which is intended to share marginal revenue of hotels benefiting from convention business in excess of current operations, it would be possible to place the entire Concourse block in the ownership of a single cooperation. The advantage of a single corporation which benefited from all the profit centers related to the Convention Center would be the fact that current net income as well as future marginal income created by a Convention Center would be available to secure the required financing.

The second plan would roll up all of the ownerships in the block into a single corporation, exchanging preferred stock for partnership equity positions, using CDA funds to write-down land acquisitions relative to existing debt, except for the Concourse Hotel. Common stock would be sold to the Madison business community and the CDA to establish a joint private/public control, which would

increase in authority as the preferred stock was recalled and paid for out of profits.

Under plan 2 the new corporation would refinance the Concourse mortgage and acquire sufficient mortgage financing to build Phase I of the project including the ramp.

In addition, the existing equities of present land owners would provide initial equity capital for such a corporation in exchange for providing greater liquidity and more generous values for their properties as a cooperative than each property owner could have realized through independent action.

The proposed alternative financing plan is a variation of the FRENCH PLAN which financed much of New York City, particularly multiple use projects. There are three tiers of financing, amortized mortgages, preferred stock, and common stock.

1. The mortgages are first amortized on a 15-25 year schedule from total business income of the corporation.

2. Preferred stock receives cumulative dividends of 9% per year when earnings exceed debt service. As earnings permit a cash surplus beyond dividends or refinancing becomes appropriate, the preferred stock will be called and retired at stated prices.

3. When some proportion of the preferred stock has been paid off, the common stock will then take control. It is intended that about 65% of the common stock would go the the present partners who own the Concourse Hotel and who make the economic scenario possible, while approximately 35% goes to the public entities which have invested in the project, such as the Community Development Authority, The Madison Development Corporation, or any other community interest group.

In 25 years the mortgages will have been repaid and the preferred stock retired so that the common stock retains control of the entire asset debt free. Such a plan provides a sequence of priorities which fairly recognize who pays and who benefits as well as public interest in the long term operation of the Convention Center. There are legal precedents and tax law provisions which would favor such a program. A primary concern is the foreclosure risk of a single large mortgage on a single ownership as compared to the more defined liabilities of the assessment plan.

The costs and revenue for combined operations which follow are based on Landmark Research knowledge of forecast and budgets for hotels in the Madison area, hotels which Landmark appraised in 1985 and 1986.

Costs for the single ownership plan are shown in exhibit 26. Total hard costs are used as a basis for cost estimates of 10% for professional fees and 25% for Contingency and Soft Costs to arrive at a total cost estimate.

The exhibits that follow are all on a marginal basis. That is they deal only in the incremental net costs and benefits derived from the development of the new facility.

Exhibit 27 displays how the incremental debt required under this scheme is arrived at. Total acquisition costs are added to construction costs to arrive at total costs of $46.9 million. Owners equity of $12.1 million is subtracted along with subsidies. Debt required to refinance existing mortgages is also subtracted. The result is that an incremental debt of $15.5 million is required. This translates into annual debt service of $1.7 million.

Exhibit 28 is a scenario projecting conservative first year operating projections for the new corporation. It is assumed that the convention center will hold 25 three-night events with 600 attendees at each one. It is further assumed that 40% of the new room nights will go to the Concourse, and 40% will go to the new budget rooms at 30 On the Square. The total marginal revenue from this scenario is labeled "Cash Available for New Debt Service". New debt service of $1.7 million is needed, and projected revenues are added to the result to arrive at "Required Revenue from Hotels of about $1.29 million. With a projected increase in hotel revenues of

Exhibit 26

COSTS

Space	Cost/S.F.	Square Feet	Cost
2nd Floor			
Atrium/Pre-event	$150	7,350	$1,102,500
Exhibit (new)	$100	23,000	$2,300,000
Assembly (remodeled)	$20	6,750	$135,000
Existing Meeting	$20	8,000	$160,000
Service/Storage	$80	7,800	$624,000
Pedestrian Corri	$1,200	130	$156,000
Skywalk	$3,000	175	$525,000
1st Floor			
New Retail	$75	14,250	$1,068,750
Circulation	$85	6,750	$573,750
Utility Corridor	$600	130	$78,000
Loading Dock (Service/Storage)	$100	5,400	$540,000
Auditorium (sloped floor)	$100	4,000	$400,000
Escalators	$80,000	4	$160,000
Parking (underground)	$10,000	246	$2,460,000
Furnishings	$10	36,500	$365,000
Redecorating	$3,000	170	$510,000
Street Renovation			$225,000
Demolition ($.15/cubic foot)			$150,000
Relocation of 14 W. Mifflin Tenants	$10	40,000	$400,000
Total Hard Costs			$12,093,000
Soft Costs			
Professional Fees		10%	$1,209,300
Contingency & Soft Costs		25%	$3,023,250
Total Soft Costs			$4,232,550
Total Costs			**$16,325,550**

Exhibit 27

INCREMENTAL DEBT REQUIRED

Acquisition Cost		Existing Mortgages
Concourse	$20,000,000	($12,000,000)
Brathaus II	$300,000	($300,000)
30 OTS	$2,400,000	($1,950,000)
Woolworth	$600,000	($300,000)
14 W. Mifflin	$1,200,000	($850,000)
Subtotal	$24,500,000	$15,400,000

Construction Cost	
Demolition	$150,000
New Parking	$2,500,000
Skywalks	$1,250,000
Exhibition Center	$12,515,000
W.C. Loan	$1,000,000
Streets and Infra	$225,000
Conversion of 30 (and The Hub)	$4,800,000
Subtotal	$22,440,000

Total Cost	$46,940,000

Sources of Funds Owners Equity	Preferred		Common
Concourse	$4,000,000	1	$4,000,000
Brathaus II	$0		
30 OTS	$450,000		
14 W. Mifflin	$350,000		
Woolworth	$300,000		
Skywalks (CDA)		2	$1,250,000
City Parking			$500,000
Madison Business Community			$1,250,000
	$5,100,000		$7,000,000

Total Equity	($12,100,000)

Additional City Subsidy	
City Parking Finan	$2,000,000

CDA		
Write-Downs	$1,750,000	
Streets etc.	$225,000	
Subtotal	$3,975,000	($3,975,000)

Conventional Debt Required to Refinance Existing Mortgages	($15,400,000)
New Conventional Debt Required	$15,465,000
Annual Debt Service on New Debt	$1,686,367

1 (4 votes of Board of Directors)
2 (3 votes on Board of Directors)

Exhibit 28

OPERATING PROJECTIONS FOR YEAR 1

	Incremental Room Nights (25 Events, 600 attendees, 3 nights)	45,000	
	40% of New Room-Nights to Concourse	18,000	
	Gross Incremental Revenue @ $60 per Room-Night--Concourse	$1,080,000	
1	Marginal Gross Profit (80% of Gross Income)	$864,000	$864,0
	Gross Incremental Revenue for 160 New Rooms in 30 OTS @ $45/night.	$810,000	
1	Marginal Gross Profit in 30 OTS (70% of Gross Income)	$567,000	$567,0
	Cash Available For New Debt Service		$1,431,0
2	Increased Occupancy Rate @ Concourse (18,000 New Room Nights/137,240 Total Room Nights)	13%	
	Debt Service on 30 OTS Conversion	$493,425	
3	Debt Service on Exhibition Center	$1,192,942	
	Revenue from Events (25 Events 4 days each, $2,000 per event.)	($200,000)	
	Retail (20,000 Sq. Ft. @ $7.00)	($140,000)	
	Additional Meeting Income	($50,000)	
	Revenue Required from Hotels	$1,296,367	
	Projected Increased Hotel Rev.	($1,431,000)	
	Revenue/(Deficit)	$134,633	
	Preferred Dividend @ 9%	$459,000	
4	Difference	($324,367)	

1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.

2 18,000 Rooms Nights @ 30 OTS is 44% of 70% occupancy of 40,880.

3 Includes $965,000 of renovation to the Concourse for 2 escalators @ $160,000, refurbishing 170 rooms 2 $3,000/room, and remodeling of meeting rooms and ballroom @ $295,000.

4 To be paid from current Concourse Hotel cash flow.

$1.43 million there is a net revenue of roughly $134,000 available to stock holders. After paying the preferred holders their return of 9%, the corporation is left with a deficit of $325,000. This is should not be disheartening since these are first year, start-up projections. As demand for the facility increases, so will all the revenues received by it. By year 4, the common stock holders should be receiving adequate returns.

VI. CONCLUSIONS

The proposed mixed use development on Block 83 is both physically and financially feasible. Acceptance of the proposal by all property owners involved is likely. The design meets the cities criteria for such a project, and the financial plans do not require unlimited financial help from the City.

Market analysis shows that Madison is losing conventions to other cities that offer modern downtown facilities. The exhibition facility would bring people to downtown Madison consistent with current development objectives.

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CONFERENCE CENTER DEMAND

IN

MADISON, WISCONSIN:

1987

by

Robin J. Erdmann
Kevin Spillane

for

Professor James A. Graaskamp
June 11, 1987

Robin J. Erdmann
315 Island Drive, No.1
Madison, Wisconsin 53705
(608) 233-3380

June 11, 1987

Dr. James A. Graaskamp
Professor
University of Wisconsin
Graduate School of Business
1155 Observatory Drive
Madison, Wisconsin 53706

Dear Dr. Graaskamp:

We are transmitting to you the report you requested analyzing the potential for a conference center on the "MATC" site in downtown Madison.

While many positive trends in the conference center industry indicate a growing need and potential for state-of-the-art conference centers, the local and regional market in Madison and the State of Wisconsin is unable to support additional conference space in Madison at this time.

The University of Wisconsin is a primary factor in this analysis. The university provides continuing education programming--and can be expected to increase this programming in the future. However, the University of Wisconsin-Extension already serves this market. Demand for UWEX services is high, and many programs are unable to find meeting space in these facilities, but future expansion plans will, in the long run, serve these needs and limit a private conference facility's ability to adequately capture more of this market.

Similarly, State of Wisconsin government agency expenditures for conference service facilities are limited by agency opportunities to take advantage of university facilities at no charge.

Both the university and state agencies use private conference facilities, but the total of their expenditures in 1986 amounted to less than $250,000. No one private vendor captured more than $40,000 in 1986. These amounts and capture rate are not enough to support another facility.

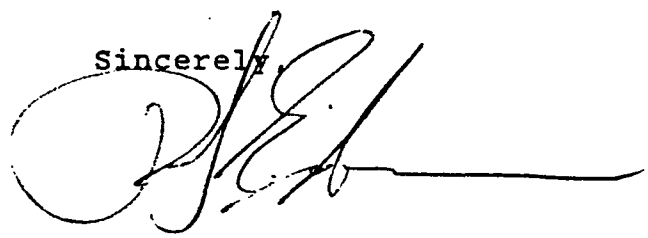
State trade associations number 1100, and they conduct an average of 6 meetings per year. Nevertheless, capture rates used to measure potential demand indicated that market demand was still insufficient to warrant additional conference space in Madison.

The analysis did not take into consideration corporate users. Corporate users could substantially make a difference between positive and negative cashflows for a conference center, but this analysis was not part of the scope of study.

We must also caution you that some data acquired in the research process, as you are aware, was accessed under confidential conditions. Consequently, this study cannot be made public without written permission from the authors.

If you have any questions, please do not hesitate to call on us.

Sincerely,



Robin J. Erdmann
Senior Consultant
DH+S/Roulac Real Estate
Consulting Group

Kevin Spillane
Real Estate Appraiser
Shenohon & Associates

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RECOMMENDATION

After careful review and analysis, we recommend against constructing a conference center on the downtown MATC site.

Several factors were reviewed in the analysis:

- Industry trends--the market for conference centers is growing nationally due to changes in the tax laws and demographics.

- Conference Center attributes.

- Location Site Analysis--the site is well-positioned to take advantage of available surrounding land uses, such as MATC and the Concourse Hotel. However, political considerations and MATC plans for expansion on the site are uncertain, clouding any opportunities for a conference center on the site. These considerations are secondary to market factors.

- Sources of Demand--three user groups were evaluated: (1) University of Wisconsin; (2) State of Wisconsin Government Agencies; and, (3) Wisconsin-based trade and professional associations.

  State agencies and the university spend less than $250,000 together on private conference facilities in Madison. State associations, while they number 1100, could only be expected to generate $405,000 to support conference facilities through room rental charges and food and beverage services at the Concourse Hotel.

- Sources of Supply--the Concourse Hotel is the most probable developer of a conference center on the site. The Concourse is also the largest recipient of state and university conference expenditures at $38,000. Madison's conference market follows national trends--peak periods in fall and spring and slack in summer and winter. The University of Wisconsin-Extension Conference Center System (Wisconsin Center) is the competitive standard in Madison.

- Market Feasibility Analysis--financial cashflow analysis based on market capture rates and construction costs for a 40,000 s.f. state-of-the-art conference center indicated an annual breakeven cost of $840,000, but estimated revenues of $405,000, or 48 percent of required cashflow.

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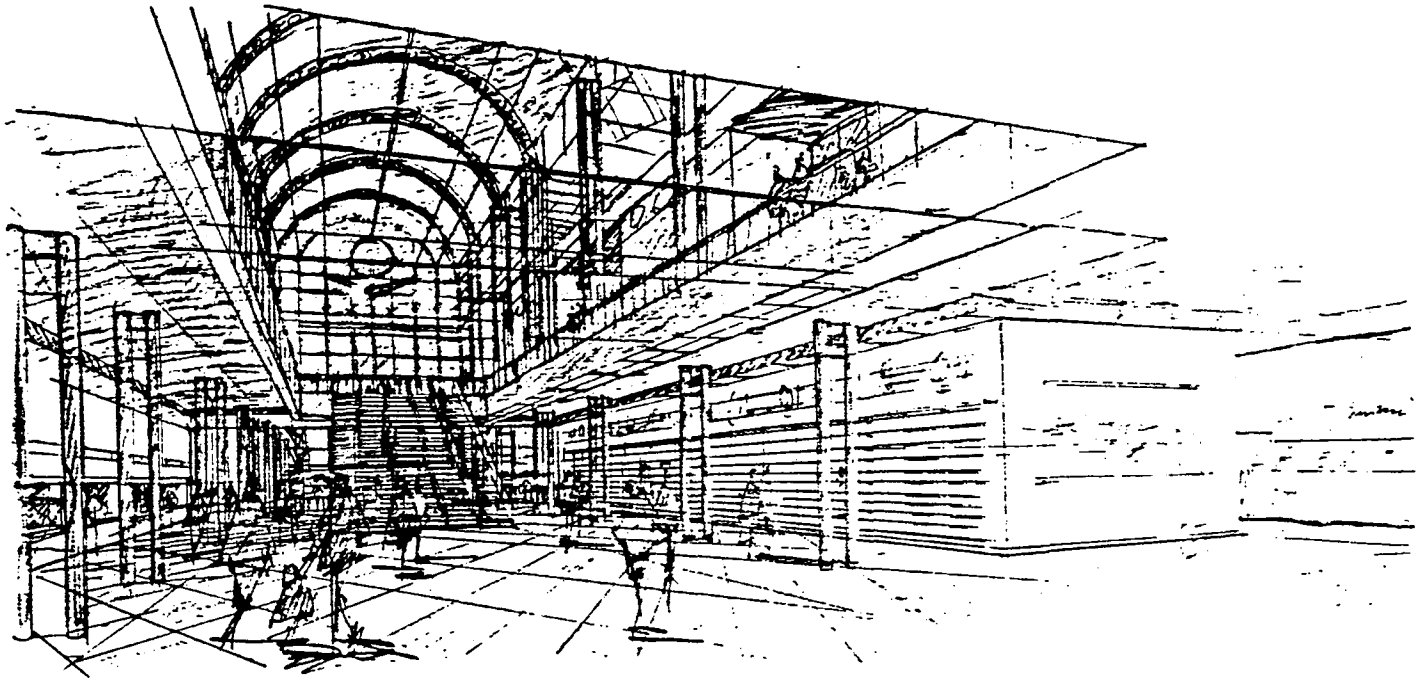
HOTEL - CONVENTION CENTER FOR THE CITY OF MADISON



BROOKS BORG AND SKILES

PY-VAVRA DEVELOPMENT

KENTON PETERS + ASSOCIATES

INTRODUCTION

The material presented in this report summarizes the conclusions and architectural concept developed in response to a professional services agreement signed November 6, 1986. This agreement was executed between the City of Madison and the Design Team composed of Brooks, Borg and Skiles (BBS) of Des Moines, Py-Vavra Development (PVD) of Orlando, and Kenton Peters and Associates (KPA) of Madison, to provide professional services for the planning of a new Downtown Convention Center and Hotel on Blocks 88 and 89.

SCOPE OF STUDY

1. Identify the prospective users of the Madison Convention Center.

2. Determine the exhibit and meeting space required by these users.

3. Identify the Convention Center's access and service requirements.

4. Develop a full building program for the Convention Center identifying the size of each functional area.

5. On the basis of readily available information, recommend an appropriate size for the associated Hotel.

6. Develop a preliminary building program for the associated Hotel.

7. Determine the site area needed to accommodate the associated Hotel.

8. Estimate the parking demand generated by adjacent properties, the associated Hotel, and the Convention Center.

9. Survey the site and identify its configuration, topography, utility service, etc.

10. Evaluate the benefits of including the Penney's and Walgreen properties within the Convention Center/Hotel site.

11. Survey the South Square area and identify existing vehicular and pedestrian traffic patterns and possible parking locations.

12. Consider possible pedestrian linkages between the Convention Center and the surrounding neighborhood.

13. Evaluate the feasibility of a single kitchen serving both the Hotel and Convention Center.

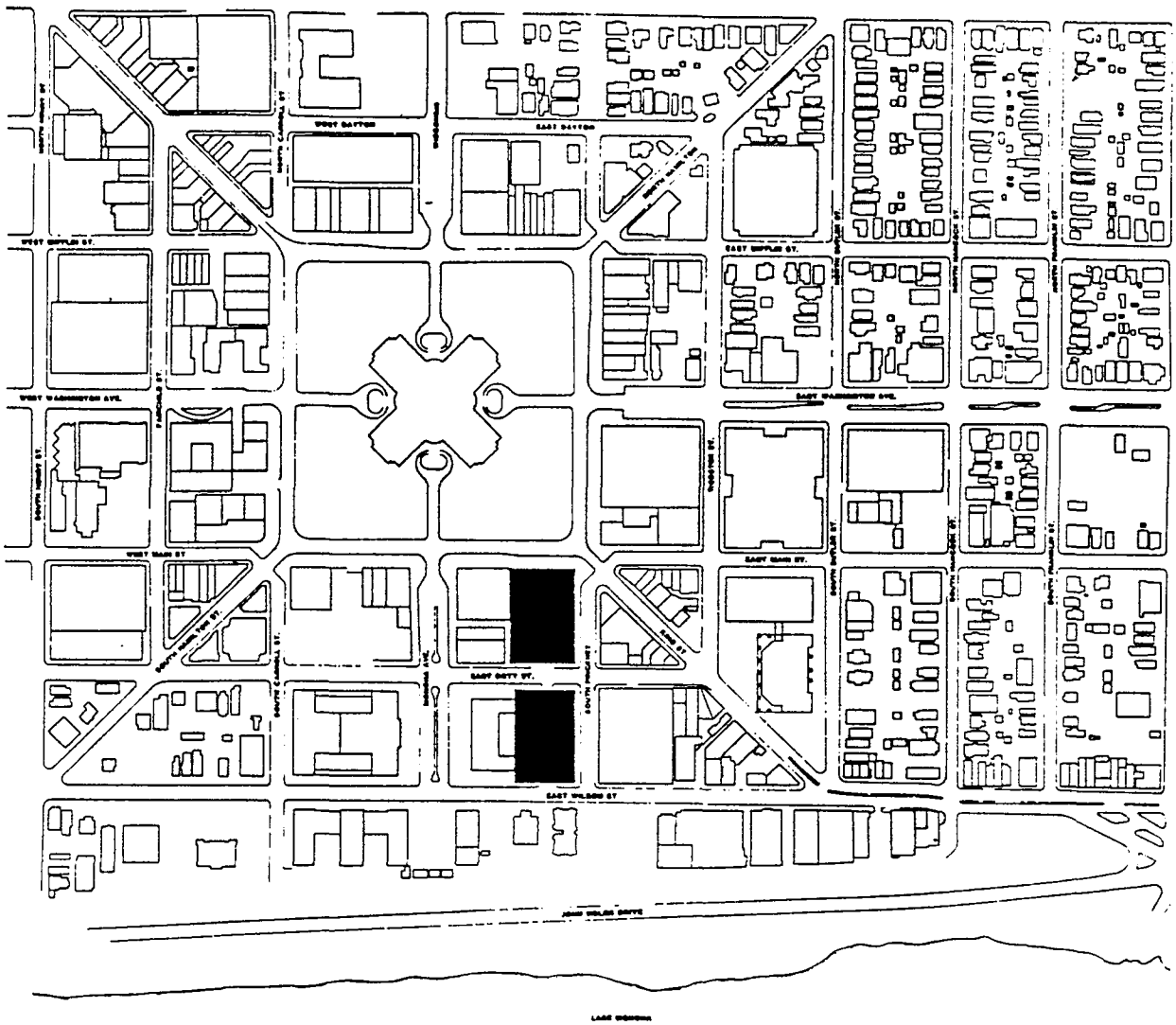
14. Develop a range of conceptual plans illustrating how the Convention Center's program can be accommodated on the site.

15. Develop conceptual plans illustrating how the parking demand can be accommodated.

16. Evaluate the various conceptual plans and recommend one.

17. Provide a preliminary estimate for the cost of constructing the Convention Center and the necessary parking.

18. Meet with the Mayor, the Convention Center Criteria Committee, City Staff, Downtown Madison, Inc., Downtown Madison Partners, Inc., the Visitors and Convention Bureau, local hoteliers, prospecitve hotel developers, corporate meeting planners, association executives, the media, and members of the public to inform them of the progress of the plans for the Convention Center and to elicit their input, advice, and criticism.



SITE CONFIGURATION

The site for the Convention Center/Hotel Complex is located on the eastern portion of Blocks 88 and 89.

Block 89 is bounded by Martin Luther King Drive, East Main, South Pinckney, and East Doty. It contains the existing offices of National Mutual Benefit and the proposed One East Main Office Development. The area available for the Center is approximately 186 feet in width by 264 feet in depth, or 49,100 square feet.

Block 88 is bounded by Martin Luther King Drive, East Doty, South Pinckney, and East Wilson. It contains the existing Municipal Building. The available area is approximately 168 feet in width and 264 feet in depth, or 44,400 square feet.

To the east of Block 38 is the existing 521 car Doty Street Ramp. It is 200 feet in width and 264 feet in depth, for a total land area of 52,800 square feet.

MADISON CONVENTION CENTER

CIVIC CENTER SITE

Preliminary Concept Proposal

PREFACE

Dear Madison:

This proposal of Block 65 as the location of Madison's convention center, integrated with the Madison Civic Center (MCC), is founded on the basis of economy. This site should be analyzed on its economic merit, in the determination of feasibility of Madison building and operating such a facility. This study finds that the Block 65 site meets and exceeds current program requirements, allowing flexibility in formating your center to the convention marketplace.

Subsequent to the construction of the Capitol Concourse and the Civic Center, Madison awaited the influx of new private development. This development has come forth, but on a small scale, subject to the economic feasiblity of each project and scattered throughout the Isthmus. It has been apparent, that a major economic stimulus was necessary to see further committment. Targeting for the fulfillment of these Downtown public investment strategies now relies on the completion of economic goals of the State Street area.

The catalytic nature of the Convention Center will be the impetus for this future economic development in Madison. Growing confidence in the Downtown and private investment will be further stabilized by the construction of the Convention Center in the State Street area where those investments have occurred. I urge you to evaluate the Civic Center site, and to consider the particular economic and cultural benefits it offers the community.

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MADISON CONVENTION CENTER
CIVIC CENTER SITE

Preliminary Concept Proposal

CONCLUSION :

This proposal offers Madison a unique opportunity to solve a number of economic and planning issues. At the same time, a joint Madison Civic Center with the Convention Center will establish in the community, a Cultural District that conceivably, pays for itself. The charge of this study was to test the feasibility and fit of the Convention Center program on Block 65. This project is comparable, and in fact offers Madison greater flexibility in selecting an operational format. The Civic Center site exceeds program capacity on all levels.

In short, this site should be analyzed on its merit simply as it;

- o Presents sound urban planning
- o Makes operational common sense by integrating both operations
- o Makes economic sense
- o Provides flexibility in facility planning
- o Is sound public policy

I remain an enthusiastic booster of Madison, and the unique form of urbanity that is Downtown Madison. As a professional from and of your community, I am proud to be involved in this important issue.

RESPECTFULLY SUBMITTED;

JOHN J. GLAD, RA
GLAD ASSOCIATES

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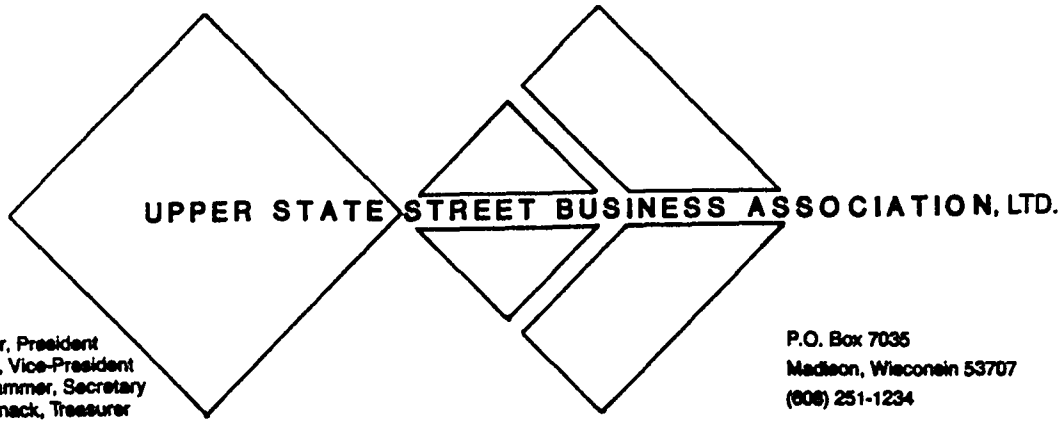

John C. Garver, President
Daniel Milsted, Vice-President
Harold Langhammer, Secretary
Robert R. Paunack, Treasurer

P.O. Box 7035
Madison, Wisconsin 53707
(608) 251-1234

Honorable Mayor Joseph Sensenbrenner, Jr.

Members of the Common Council

Our Fellow Citizens:

It is with great pleasure that we present to you our proposal for a combined Civic and Convention Center in Madison.

We have paid great attention to the May 20, 1986 study by the National Feasibility Corporation, and the subsequent study of June 9, 1986 by Bowen, Williamson and Zimmerman, architects. We have also benefited by the personal testimony of people appearing before the convention committee. We believe both studies and the testimony as it pertains to the MATC site are applicable in their entirety to this proposed location, immediately adjacent to the MATC site.

Essentially, we are proposing that the north one-half of the Dayton Parking Ramp be removed, and that the convention center be built there with the removed parking replaced underground. The convention center would be directly connected to the Civic Center via escalators and a moving sidewalk under State Street.

We believe this proposed site, because of its direct connection to the Civic Center, is superior to the MATC site, and is overwhelmingly superior to any site suggested on the south side of the square.

The advantages are numerous: (1) Location. The essence of this proposal is to combine the utilization of the Convention Center and the Civic Center. We believe this would result in an operating profit for the Civic Center. For example, instead of simply selling a few more tickets, a combined usage would result in the rental of the Civic Center's 6,900 feet of meeting rooms, and 13,000 feet of crossroad space.

This combined usage likewise means it is unnecessary to build a larger convention facility initially, because existing Civic Center

space can be utilized, thus resulting in a significant cost savings to begin with. The 70,000 square foot facility proposed here is essentially net space, because its design has eliminated corridors and other wasted space; but the practical effect, because of its connection with the Civic Center, would be equivalent to a 100,000 square foot net facility when the Civic Center's meeting rooms, crossroad space and theatres are included. To achieve such a result for the projected cost of under $5.4 million for the convention facility itself is, to say the least, a good buy for the city and can only result from combining the facilities.

(2) Location. This site is centrally located within the proposed pedestrian walkway system, as illustrated schematically herein. It is important to note that this system is simply a specific modification of the City Planning Department's existing plan, which is also shown for your reference. The construction of the convention center at this location would also serve to commence the implementation of this important plan.

The importance of such a walkway system, which essentially connects 'under one roof' the convention center with hotels, shopping and cultural outlets, was emphasized in both studies.

> "Skywalks or other covered areas between the convention center and the parking hotels, shopping,restaurants, etc., should be accomplished wherever possible. This is important because of the period of inclement weather. The competitive center's main theme is "everything under one roof." (National Feasibility Study, p. 62)

Likewise, the Bowen report stated at page 22, as follows:

> "Linkage. Competitive convention facilities throughout the state have generally been designed as multi-use developments that consolidate exhibition space, parking, hotel, retail, open space and an infrastructure of urban design amenities into one total package.... Consolidating a variety of uses and capturing a unique setting are, therefore, two very important considerations for the vitality and ultimate economic success of the Convention Center."

This same point was often made in the testimony before the committee by people who purchase convention space on behalf of their companies. They stated that convention goers do not like to go outside to cross a street, much less walk several blocks in the winter time.

We believe that the development of a pedestrian walkway as proposed would assure the success of the convention in this location. It would also have many other positive 'spin offs.' For example, this walkway would also be utilized by other tourists and visitors as well as Madisonians. It would be an attraction in itself and a warm and safe way to view the downtown. For the first time, senior citizens from Capital Centre would be able to get a book or a record from the library in February without wearing a coat. It is in this type of 'spin-off' that the city gets a lot back for the money spent.

We also believe that such a pedestrian system would act to upgrade and increase the usage of all of the public facilities connected into the system, including the Civic Center, the Art Center, the Community Center, the Public Library and the State Historical Museum.

The significance of this interconnection is perhaps best realized in the following statement from the National Feasibility Report, p. 62:

> "The delegates must have the opportunity for a full schedule of activities after meeting hours if they wish to participate. Spouses who attend conventions must also be afforded the oportunity for a full schedule of events while others are attending meetings in order to prevent sitting in a hotel room with nothing to do. These activities can greatly influence the return of an affair to the Madison Convention Center."

If the financial success of the convention center is the first priority, as we think it must be, then it would be unbusinesslike in the extreme for Madison to ignore the concentration of its existing civic and cultural facilities. No other city in Wisconsin, or the midwest for that matter, could compete with the multitude and interesting variety of opportunities offered by this location, and all 'under one roof.'

(3) Location. It is near to the Concourse, Madison's largest quality convention hotel.

(4) Location. It is near to two additional hotel sites on the north side of the square.

(5) Location. It is near to the facilities of the University of Wisconsin.

(6) Location. It is adjacent to and part of the greater State Street area. The uniqueness of Madison's 'miracle mile' was often cited in the testimony before the committee as a significant attraction for the convention-goer.

(7) Parking. By replacing the existing 273 parking spaces, this location is literally surrounded by 545 parking spaces; by the creation of the pedestrian walkway system, it directly connects to the 629 additional spaces at the Capitol Center parking ramp. In addition there is the existing parking at the Concourse which would connect directly to the convention center.

(8) Entertainment. It is adjacent to upper State Street, which is suitable for a major up-grading in its dining and entertainment potential, including the Orpheum Theatre.

(9) Redevelopment. Despite assertions to the contrary, greater State Street is a marginal, under-utilized business district. Many second and third floor spaces remain vacant. For example, on the first block alone, 11,000 feet of space remain undeveloped above Kostas Restaurant, as well as the second floor of 118 State Street. Empty lots adjoin its periphery, and businesses come and go more frequently than desired. Given the economic boost of the proper siting of the convention center, this would change in a positive manner almost instantly, with a corresponding upward assessment of property values. Given the $50 million base, no area in the city could possibly return to the city a greater increase in revenue, and at the same time benefit so many individuals. Assertions of 'spin-off' comparisons which fail to consider the marginal and under-utilized areas of greater State Street are inadequate and inaccurate, to say the least.

(10) MATC. Obviously, the heretofore controversy surrounding MATC is not involved in this proposal, as MATC's entire academic program will go forward. However, via skywalks, MATC can be an integral part of the convention center; and to the extent that students may benefit from the business experiences available therein, and from the Concourse across the street, we believe such are to be encouraged. We also believe that the city should actively pursue a cooperative policy with MATC and consider the construction of a vertical parking ramp on the east side of MATC, rather than surface parking, in order to maximize the available parking for all concerned.

(11) Historic Preservation. We desire to preserve what remains of this historic street, and to restore what we can. With a Carroll Street convention center, we believe this would encourage not only an improvement in appearance, but also lead to an historic district ordinance to help preserve the Street for our uniquely small and diverse businesses.

(12) Expansion. The southern half of the parking ramp allows room to double the capacity of the convention center, if and when this is economically sound to do; or to expand adjacent parking; or to build an on-site hotel.

(13) Cost. Like it or not, with the Civic Center -- and now a proposed Convention Center -- Madison is in business. And like any well-run business, it should consider operating in the most profitable manner possible and avoid burdening the taxpayers. That is why location is so important. We know it; the hotels know it; and the taxpayers know it. The Carroll Street location is the superior site for many reasons ;it is also the cheapest, both to construct and to operate.

The direct cost of illustrated convention center is $5,344,000, based on a $77/square foot Dodge Report estimate, adjusted for the midwest area. In addition, replacing the 273 parking stalls underground, at $9,000 each, would be $2,457,000. These figures do not include either a present value figure on the parking removed, which would have to be returned to the parking utility, or the construction of the connecting pedestrian walkway and tunnel to the Civic Center, which would be the only part of the proposed walkway system initially necessary for the operation of the convention center.

In terms of operating costs, a combined facility would obviously achieve savings in both maintenance and administration costs.

We believe the proposed convention center on Carroll Street would cost less than one-half of costs projected elsewhere, would be substantially paid for and possibly completely paid for by existing TIF funds, the proffered private assistance by the local hotel industry, the creation of a special assessment district as proposed by local property owners, the increased hotel tax revenues and the savings to the Civic Center budget.

This proposal offers by far the best opportunity for the city to profitably operate both the existing Civic Center and a new combined Convention Center. It is in that spirit of achieving the best and most efficient convention center for the City of Madison that we offer this proposal to you for your considered review.

Very truly yours,

John C. Garver, President

Daniel Hilsted, Vice-President

Harold Langhammer, Secretary

Robert R. Paunack, Treasurer

Reprinted with permission of the Concourse Hotel, Cal Worrell, General Manager

The Concourse Hotel & Governor's Club

announces the presentation of

the proposal for expansion of facilities

The Concourse

Hotel * Convention Center * Governor's Club

Tuesday, March 15, 1988
The Concourse Hotel & Governor's Club
1 West Dayton Street
Madison, Wisconsin

4:00pm Empire Room Second Floor

Associates attending from	*Associates attending from*
Perkins & Will	Laventhol & Horwath
Architects	Certified Public Accountants
Washington, D.C.	Chicago, Illinois
Gunter Buerk, Senior Vice President	Richard Conti, Senior Principal
Tim Revere, Associate	Tim Downey, Associate
Laura Jensen, Associate	Bob Lebamoff, Senior Consultant

RSVP by March 12, 1988 to Deborah Wickern
608-257-6000, ext. 1255

CONCOURSE

Unlikely duo shakes establishment

9/27/86 CAP TIMES

Lone wolves triumph on center siting

By MARC EISEN
Capital Times Staff Writer

Who would have thought it?

Kenton Peters and Bob Blettner, the two lone wolves of downtown development, have emerged as the leaders of the pack.

Peters, a well-known architect, has a reputation for cooking up bold, sweeping plans for remaking Madison's downtown that never quite seem to draw the political and business support they need to become reality.

Most recently, in 1984, he advocated building an underground shopping plaza, topped by a park, that would terrace down from the Capitol Square to the shores of Lake Monona at Law Park. He was labeled a "dreamer" — and worse — by skeptics.

Blettner, meanwhile, seemed to earn the enmity of every mover and shaker in the downtown last year for his one-man campaign against the public subsidy for Manchester Place, the $14 million office building rising on the site of the old Manchester's Department Store.

Blettner, a mortgage banker and real estate investor, was castigated for his "untenable position" in a letter signed by the heads of Downtown Madison Inc., the business group whose directors include a "who's who" listing of the downtown's leading bankers, developers and merchants.

But in the pitched battle over siting a convention center on the Capitol Square, something strange happened: Last year's pariahs became this year's prophets when the City Council selected the south Square.

(See PETERS-BLETTNER, Page 16)

MEG THENO/The Capital Times

Kenton Peters (right) and Bob Blettner played pivotal roles in convincing the City Council that the south Square is the best site for a convention center.

Peters-Blettner

The winning site includes the Penney's block and the back half of the block occupied by the Madison Municipal Building. The north Square site is the Madison Area Technical College block.

In pointed opposition to the MATC site favored by DMI and the upper State Street merchants, Peters and Blettner, who both belong to DMI, broke "the DMI-enforced code of silence" among business people, says Ald. Henry Lufler, District 16.

Peters, who took literally hundreds of hours out of his architectural practice to promote the south Square, was "invaluable" in arguing the site's merits, says Lufler.

Ever-eloquent in discussing his vision of a downtown renaissance, Peters told of the south-side development occurring in "tiers," spreading from the Square to Lake Monona.

The first and second tiers would be a new hotel on the Penney's block and the convention center behind the Municipal Building, followed by a surge of residential development on East Wilson Street overlooking Lake Monona, and finally a European-style hotel or possibly retail or more residential development at Law Park.

"I can't imagine going into some of the meetings I went into without having Kenton there," Lufler says.

But while Peters painted the big picture of revitalizing the downtown by placing the convention facility on a fallow portion of the Square, it was Blettner, along with hotelier Jerry Mullins, who said it all made business sense.

"I think it was absolutely critical to legitimizing the claims of the south-side advocates that Bob Blettner and Jerry Mullins chose to be pioneers (in advocating the site)," says Council President Eve Galanter, who with Lufler spearheaded the politcal support for the site.

"Kenton Peters," Galanter adds, "was clearly the prime mover in the private sector."

In the end, Peters and Blettner not only were instrumental in the south side's selection, but they jolted the downtown business establishment and called into question how effective the DMI leadership will be in guiding the central city's rebuilding.

As planning for the convention center progresses, you're bound to hear a lot more from this unlikely duo. Here's where they're coming from.

Shrewd businessman

If Kenton Peters is the man you want to design your dream house, Bob Blettner is the guy you want to arrange the financing.

Kenton Peters

manding presence that Peters is, but he inspires confidence as a businessman who clearly knows his beans.

Blettner, 42, has made his fortune in real estate and finance as the president and sole owner of the National Group of Companies — a holding company with separate divisions in mortgage financing, investment banking, real estate management and real estate syndication of his own developemnt projects.

The lion's share of his business is securing financing from insurance companies and financial institutions for real estate developers (that's known as mortgage banking) and for businesses needing capital for expansion or acquistions (that's known as investment banking).

In 1985, he arranged about $100 million in financing, Blettner says, including a $25 million loan for a buy-out of the Ed Kraemer & Sons construction company in Plain, Wis.

Over the past three years, he's financed commercial real estate projects — an assortment of shopping centers, office buildings, hotels and industrial parks — in Illinois, Florida, Nebraska, Oklahoma, Iowa and Wisconsin.

"People keep track of your wins and losses," Blettner says. "To my knowledge, no lender has lost money on a project that National Mortgage Co. (his subsidiary) has financed through them.

"There has been a project or two that has gotten into trouble," he admits, "and there have been cases where I personally guaranteed mortgages where I had no financial interest in the project. When it got into trouble I stepped in, finished the project, and made sure all the bills were paid.

"That's going above and beyond, and lenders appreciate that." Blett

National Mortgage handles only cor mercial real estate projects needi at least $2 million in financing where trust and past performan weigh heavily.

"You see many of the same peop time and again," he notes. "When y get up to a $10 million loan, there certainly fewer than 100 institutio that do loans that large. And if you' been in the business 20 years like have, you get to know the players."

Blettner, who's married and h four children, came to Madison 1967 to study real estate apprais and investment in University of Wi consin business professor Jam Graaskamp's graduate program.

One of Graaskamp's early wh kids, he worked for two years in t city's housing and redevelopment a thorities, including the Triangle an south Madison redevelopment e forts.

"I admit I found it pretty frustra ing working in government," he say "It seemed that the decision-makin process was very slow and alway tempered with politics."

In time, he moved on to the N tional Mortgage Corp., then owned b Fred Mohs and Nate Brand. In 197 he bought out Brand's share of N tional Mortgage and two years late bought out Mohs. The company wa heavily involved in financing apar ment and single-family-home co struction in Madison and across th state.

But mortgage and investmen banking is a low-profile occupatio Only the pros know that he lined up f nancing for the South Towne shop ping mall and the Dillon Inn mote chain. Madisonians probably bes know Blettner as the co-developer o the $6 million Tenney Plaza rehab project in 1984-85. As part of th refurbishing, a new atrium and park ing ramp were added to the 10-stor office building.

The project drew rave reviews bu is not yet fully leased — a state of af fairs that Blettner blames on the cit for subsidizing Manchester Place which is located across the Squar from Tenney Plaza.

Two law firms he had been court ing for the top two floors of Tenne Plaza wound up taking space in Man chester Place, he complains.

Angry that the rival project has re ceived tax-free bonds and a $2.25 mil lion federal grant, Blettner says "Most of these grant programs ar for pump-priming to get things start ed. In Madison, one thing we hac going for us was that the redevelop ment of office buildings was proceed ing nicely. (Dick) Munz did Lake Ter

"But within three or four months of me starting Tenney Plaza, the city seemed to be in a headlong rush to subsidize office development," he complains.

"Why didn't the city put that money into something that needed pump-priming?" he asks. "What they did tends to shut off private redevelopment."

Blettner's peppering of city and federal officials with objections finally prompted DMI to circulate a letter declaring that it "must strongly oppose this individual's effort to thwart our collective efforts to create positive change in the downtown."

Blettner, who was a minority of one on the issue, has no regrets. "The Manchester project wasn't needed in terms of office space," he emphasizes. "To throw the kinds of subsidies it did to make it go, the city forced a project that the market wasn't ready for. That will be obvious as time goes on."

Maverick architect

Kenton Peters has carved out an even more singular — and at times controversial — role in Madison.

The veteran architect, who turned 55 on Monday, has designed some of the most distinctive buildings in the city — the brashly blue Federal Courthouse on Henry Street, the open and airy Farm Bureau Building on Mineral Point Road; the stolid and foreboding IBM building on the Beltline, as well as the shelters in James Madison Park (which some people will tell you are a downright disaster).

But it's as Citizen Peters that most Madisonians probably know him. Time and again over the past 20 years, Peters has taken it upon himself to draw up sweeping plans to make over the downtown.

In 1965, seven years before West Towne opened, he proposed that an enclosed shopping mall be built on the north side of the Square.

In 1974, when the seemingly endless fight over siting Madison Area Technical College's new campus was just beginning, he devised plans for a 900,000-square-foot campus downtown.

A few years later he drew up another plan to build a unified campus near MATC's Technical Center site on Commercial Avenue.

His boldest plan for MATC was unveiled in 1979 when he proposed that the new campus link the Capitol Square and Lake Monona by being built over John Nolen Drive and the Milwaukee Road railroad tracks at Law Park.

His controversial 1984 shopping park proposal, called Lake Park Plaza, is a variation of the MATC design.

For a variety of reasons, none of the projects was ever built. Some blame Peters himself, saying he lacks practicality and is too outspoken and independent in a town where consensus-building is the usual path to success.

But friend or foe, no one questions his commitment to the public weal. Citizen Peters throws himself into downtown issues like no one else in Madison.

He and James MacFadden, his architectural associate, spent from 400 to 500 hours apiece digging into the convention center issue this spring and summer, Peters says. "My clients finally got after me because I wasn't getting any work done," he admits.

Sitting back in his new office at 44 On The Square (following a six-year exile on the west side), Peters said that more than once he thought the convention center fight was lost.

"We were sitting here an army of two, and they had the paid staff of Downtown Madison Partners (DMI's planning offshoot). They had Foley & Lardner. They had Mohs, (John) Tye and (Darrell) Wild, the upper State Street people.

"We got really dejected in June or so when things looked like they were really moving toward the MATC site," he recounted. "Almost every day I would pick up the paper with trepidation, thinking they had come up with something new.

"Then when MATC seemed receptive I didn't think we could win it. But the more and more we looked at the issue — I have to say they didn't really address the things they should have addressed.

"There were two things that killed the north Square site," he said. "The first was that they couldn't get the whole MATC block because of costs. However you figure it, it's anywhere from $5 million to $10 million to move MATC.

"The clincher — and this was the work of Bob Blettner and Jerry Mullins — was taking the crew to the Des Moines convention center," he said. "They saw then that the MATC half-block solution would just not work. It would not allow the type of development, the flexibility that a successful convention center needs."

For Peters, the council's selection of the south Square was sweet vindication for a man whose big dreams have had few takers in the past.

Leaning back in his chair, he gestured toward a big picture window overlooking the northwest quadrant of the Capitol grounds where the Concerts on the Square are held every summer.

"All summer long I was asking myself, 'Why the hell am I doing this? Why am I spending this time?' Now I know why. It's right out there," he said.

Betting on Square

For a convention center site that critics lambasted as "stupid," "insane," and "crazy," among other epithets, both Peters and Blettner are almost cockily confident about the south-side hotel and convention facility succeeding.

"Sure — no doubt about it," says Blettner. "As long as the political process holds together."

"Put your money on the downtown," advises Peters. "Right now, I don't think people can really imagine what's going to start happening when the convention center is built."

Peters, whose Lake Park Plaza plan is viewed skeptically by even supporters of the south-side convention facility, is purposely vague in assessing the impact of the facility on his plan.

"I proposed Lake Park Plaza ahead of its time," he says simply. "Now we're taking things one at a time. If we can take the city to the edge of the escarpment, that will be a major accomplishment."

Blettner, meanwhile, feels the next step for the downtown is connecting the Square and eventually State Street with a series of skywalks and other weather-protected walkways.

"Now if we can get a skywalk system built in conjunction with a convention center, we'll have the opportunity for just an unbelievable resurgence in the downtown — way more than what people anticipate," he says.

Both men, it should be noted, carefully weigh their words when they speak of DMI and DMPI. They praise its contributions to the convention center debate and its success in uniting the various downtown business interests.

Saying it's time to bury the hatchet, both men point out that business involvement is vital for planning a succesful convention center.

Still, it's clear that their belief that DMI tried to gag business support for the south Square sticks in their craw.

Peters, who serves on both the DMI and DMPI boards, said at one meeting he was told to sit down after he rose to respond to a 45-minute presentation on behalf of the north side site. "I was asked to sit down because I was bogging the meeting," he recalls. "That was probably my most unpleasant moment."

DMPI all but pulled out Mullins' fingernails in a last-ditch effort to keep him from supporting the south side, Peters also suggests.

Blettner was sufficiently upset to join with Mullins in forming a rival business group called the All-Madison Council, which is made up primarly of property owners in the south Square area.

"I don't want to hurt the business community," says Blettner. "When the dust settles in a week or two, I'd like to sit down with (DMPI president) Dick Munz and some other people in DMI to see if our goals are the same.

"If they are the same, then we should work together," he says.

DRAFT REQUEST FOR PROPOSALS

The City of Madison, Wisconsin, invites proposals to construct a Downtown Convention Center complex. While this request is not site specific, proposals must meet the following locational criteria:

1. The facilities must be within three (3) blocks of the Capitol Square (see map).

2. The Center must be adjacent to, or linked to, an existing hotel or a new hotel to be developed in conjunction with the Convention Center.

The accompanying market study prepared by Pannell Kerr Forster (PKF) documents the market conditions for both the Convention Center and hotel. Proposals for the Convention Center should be substantially consistent with the PKF size recommendations indicated on Table 29, pgs. VII - 14. Proposals should also include sufficient parking to serve the hotel and should address an estimated demand for an additional Four Hundred (400) parking spaces generated by the Convention Center.

Should you be interested in pursuing this development opportunity, you are invited to submit a formal proposal which should include the following:

1. A narrative description of the proposed development which:

   a. Describes the site and responsibilities for land assembly.

b. Includes a space summary of any proposed hotel facility, i.e., number of rooms, square footage of meeting rooms, exhibit space, required parking.

c. Describes pedestrian linkages between the Convention center and existing or proposed hotel.

d. Identifies the hotel affiliation anticipated and indicates the status of any franchise arrangement.

e. Indicates the extent of public participation required.

f. Describes the construction, ownership, management and operational responsibilities for each component of the Convention Center.

g. Provides estimates of development cost for each component of the proposal.

2. Sketch plans, elevations, perspectives and/or models developed to the extent necessary to enable the City to envision the architectural character of the proposed project.

3. A description of the developer's background and experience with particular emphasis on projects similar to the one proposed.

4. A timetable for development.

A Committee comprised of six members of the Common Council and chaired by the Mayor will evaluate the submissions on the basis of the following criteria:

1. Developer's Background and Experience

2. Level of Detail of the Development Proposal

3. Quality Level of the Proposed Development

4. Evidence of the Developer's Commitment to the Project

5. Extent of Public Participation Required

6. Preconditions for Development to Proceed

This evaluation will result in the selection of those firms to be interviewed. Based upon these interviews, the City will select one developer to begin negotiations on a Development Agreement.

Any questions concerning this Request or the process for selecting the Developer should be directed to either George Austin or John Urich of the Department of Planning and Development, Tel. (608) 266-4635. Submissions should be made to the Mayor's Office, Room 403, City-County Building, 210 Martin Luther King Jr. Boulevard, Madison, Wisconsin 53710 and should be received by 4:00 p.m. on _____.

ENCLOSURES:

A. Location Map

B. Market Studies

From Page 1

Bob Blettner

Friends find themselves foes

Madison can be an awfully small town at times.

Consider that in opposing the subsidy to Manchester Place, Bob Blettner also was opposing help for two former business associates — Fred Mohs and Nate Brand — from whom he purchased the National Mortgage Corp. in the 1970s.

Mohs and Brand, along with John Tye Jr. and another investor, are the general partners in Manchester Place. As it happens, Tye worked for Blettner at National Mortgage before starting the JTT Mortgage Co.

And, as it happens, in the convention center siting battle Tye and Mohs were prominent advocates of the north Square site, while Blettner pushed for the south Square.

Blettner says there's no bad blood at the heart of this.

"Any time a partnership breaks up or an employee leaves, I suppose it's something that either side isn't real happy about, or it wouldn't happen," Blettner says. "But in our case, it was done in an honorable way, in my opinion, by all parties concerned."

Fred Mohs agrees. "I don't have bad blood with anybody," he says.

— **Marc Eisen**

distinctions can be made between residential utility consumers and other consumers of utility services, in terms both of interests and representation before legislative and regulatory bodies. The interests of all residential utility consumers are to be represented by CUB and inclusion in the class is not limited to circumstances existing at the time ch. 199, Stats., became effective.

In summary, I believe the Wisconsin Supreme Court would find that the creation of CUB by ch. 199, Stats., promotes a legitimate public and statewide purpose as declared by the Legislature, and that ch. 199, Stats., is a general law rather than a special or private one. It is therefore my opinion that ch. 199, Stats., does not violate Wis. Const. art. XI, sec. 1, art. IV, sec. 31, or art. IV, sec. 32.

BCL:WCW

Bonds; Municipalities; A city may avoid the referendum procedures normally attendant to the issuance of general obligation bonds, by using alternative methods of financing which do not require referenda, such as borrowing on promissory notes under sec. 67.12(12), Stats. OAG 42-80

July 3, 1980.

FRED A. RISSER, *President*
Wisconsin State Senate

As chairman of the Senate Committee on Organization, you have requested my opinion on the following question: "Do the electors of a fourth class city lose their right to petition for a referendum when the Common Council borrows money on long terms by means of bank notes rather than raising money through general obligation bonds?"

Generally speaking, a city may avoid the referendum procedures which are normally attendant to the issuance of its general obligation bonds, by utilizing alternative methods to borrow needed municipal funds. One typical alternative is borrowing on promissory notes under sec. 67.12(12), Stats.

General obligation bonds are issued by cities under the general authority of ch. 67, Stats., which imposes limitations on the powers of

municipalities to issue such obligations, and sets forth the purposes for which and the procedures by which such bonds may be issued. *See* secs. 67.03, 67.04(2), 67.05, Stats.

Section 67.03(1), Stats., states that, except for the few categories of municipal borrowing exempted from ch. 67, Stats., by sec. 67.01(8), Stats., "municipalities may borrow money and issue municipal obligations therefor only for the purposes and by the procedure specified in this chapter."

Except where the statutes specifically provide otherwise, the question as to whether municipal bonds should be issued is subject either to a mandatory referendum of the electorate or to a petition procedure which may require such submission, depending on the purpose for which the bonds are proposed to be issued. Sec. 67.05(5)(b), (7)(b), Stats. Nevertheless, the provisions of sec. 67.05, Stats., which authorize or require referendums on the question of the issuance of bonds, are not applicable to the issuance of promissory notes under the provisions of sec. 67.12(12), Stats. Section 67.05(14), Stats., specifically provides as follows:

> **Referendum not required for certain temporary borrowing.** This section shall not be construed to require, or at any time before July 9, 1955, to have required, the submission to the electors for approval of any borrowing under s. 67.12, the provisions of said s. 67.12 being controlling as to such borrowing.

The power to borrow on promissory notes for the general municipal purposes set forth in sec. 67.12(12)(a), Stats., is clearly in addition to the power to borrow through the issuance of bonds. In fact, although such a note must be payable within ten years, it may be extended or refunded by a refunding note which may also be for a term not exceeding ten years. Furthermore, under sec. 67.125, Stats., a city may borrow an amount not exceeding its uncollected delinquent taxes to pay off promissory notes issued under sec. 67.12(12), Stats., as well as to pay current and ordinary expenses, by the issuance of bonds or other evidences of indebtedness payable within five years. The question of the issuance of bonds under that statute need not be submitted to the electors for approval. Sec. 67.125(1), (2), Stats.

Where the statutes have conferred a procedure upon a city, its electors may not demand the submission of a question which would

modify the statutory authority. *Heider v. Wauwatosa*, 37 Wis. 2d 466, 477, 155 N.W.2d 17 (1967). But if the electors of the city desire that indebtedness created by past city borrowing through bank notes be refunded through the issuance of general obligation bonds, the electors may adopt an initial resolution for that purpose by the initiative and referendum procedure set forth in sec. 9.20, Stats., and the question of bonding for refunding such indebtedness will be submitted to the electors. Secs. 67.04(2)(r), 67.05(2)(b), (5)(b), Stats.

BCL:JCM

County Surveyer; Surveys; Duties of county and other land surveyors and minimum standards for property surveys discussed. OAG 43-80

July 8, 1980.

RALPH E. SHARP, *Corporation Counsel*
Dodge County

You ask six questions concerning the duties of the county surveyor, especially with respect to "mortgage surveys" performed within the county by other licensed land surveyors. You define a "mortgage survey" as an inexpensive, perfunctory land survey performed by a licensed land surveyor, usually at the request of a property owner, broker or lending institution, to roughly establish boundary lines and the general location of structures on the property. You also point out that Chapter A-E 5.01 Wis. Adm. Code, prescribes minimum standards for property surveys with specifications for boundary location, descriptions, maps, and measurement accuracy.

Your first question is:

> Is it legal for a licensed land surveyor to make such a "mortgage survey" and to publish it labeled "plat of survey" or describe it in any manner as a "survey"?

Although I am not sure what you mean by "publish," your question seems to be whether land surveyors must comply with the mini-

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

CONVENTION CENTER CRITERIA COMMITTEE

MINUTES

July 1, 1986

7:30 a.m. - 9:30 a.m.
Room 259, Courtroom A, Municipal Building
215 Monona Avenue

I. APPROVAL OF THE MINUTES

II. REPORT FROM RON BOWEN

Discussion on the constraints of the half-block proposal. Bowen described most convention center users as being in the range of 100 to 2,000 attendees. Note: This accounts for approximately 85% of the proposed convention center business in Madison. Bowen indicated that "more was not necessarily better", i.e. a facility that was too large could jeopardize its liability. He felt that tailor-made exhibition space that could accommodate 100 to 125 exhibit booths would be appropriate. Eve Galanter asked about exhibit space configuration. Bowen responded that a single exhibit area was preferable on the first floor. Galanter further asked about MATC opposition to the half-block. Bowen responded that the issues of concern were: 1) compatability between students and conventioneers, 2) traffic congestion, 3) additional costs, and 4) timing. Galanter asked what Bowen might do given a larger space to work with. He indicated: 1) there were greater choices with a whole block, 2) exhibition/receiving would both be on the first floor, and 3) a full block would allow for adjoining breakout and meeting rooms adjacent to the exhibit exhibition room. Bowen felt that the ballroom/banquet areas could be on another level. Bowen further talked about the possibility of interconnections between buildings based on a multi-story facility. Another aspect, if given a full block to work with, would be the availability to put parking within the block.

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608 266 4611

Bowen felt that a hotel would be compatible as a part of a block containing the Convention Center. Ald. Lufler asked the question of how would you provide for immediate area parking if MATC stayed at their present location? Bowen answered:

1.) use shuttle bus
   a. connect to the outer ring
   b. connect to a McCormick Ramp skywalk
   c. connect with Dayton Ramp skywalk

Dave Wallner expressed concern about minimizing traffic problems. Bowen felt that the receiving/unloading could be accommodated by taking parking off of North Dayton. Bowen felt that a drop-off location for conventioneers could be accommodated on Wisconsin Avenue. Bowen further indicated that there was an approximate need of 500 to 700 cars for a convention center facility.

III. PRESENTATION BY BILL BELDEN

A. Site Dynamics/Location

Bill Belden proposed a full Block 82.

1. Proximity to adjacent hotels.

2. Adjacent to State Street/Civic Center.

3. Additional development potential.

4. General consensus from meeting planners of Block 82 location.

Belden further mentioned that with the removal of MATC, there would be a savings of approximately 492 spaces that would not have to be constructed for a total savings of approximately $2.9 million. His position that a partial block solution would make the parking situation unworkable.

Belden followed with some general discussion on the Wisconsin Avenue site and areas of concern as follows:

1. Conflict with Manchester Place
2. Additional utility costs
3. Parking concerns

Ald. Lufler commented that with the MATC move to the new Truax site, wouldn't there be a corresponding drop in parking space needs anyway? Belden responded there likely would be, however, the intent was to relocate MATC downtown and not move the entire facility out to Truax. Lufler then asked if DMI could take a look at a half-block proposal for a Convention Center and do a cost analysis on that.

B. Acquisition/Demolition Cost Overview

Eve Galanter requested that numbers be provided for a one-half block MATC Convention Center proposal. Joe Hilldebrand mentioned that in looking at a full-block analysis, the Committee should take into account that the remaining half-block would have economic value.

Lufler asked about air rights and what other factors might impact a proposed operating deficit of a Convention Center. Belden replied that Paul Reilly was looking at operational expenses.

Belden then gave an overview of proposed MATC relocation sites. The focus of DMI was on the 99,000 square foot Klein-Dickert site. Bill Belden provided an economic analysis. He indicated that there could be a $24.00 per square foot increase in retail sales as a result of a Convention Center. Mike Blumenfeld asked for an explanation of a parking space cost of $6,500 versus $9,000. Belden responded he was being conservative in using the $6,500 number as applied to the 492 spaces that might become available for a Convention Center if MATC relocated. Blumenfeld further asked about private sector contribution. Bill Belden will be discussing this with his DMI group.

Mayor Sensenbrenner indicated at this point that he has asked Jim Graaskamp and Bill Strang from the School of Business to coordinate with Paul Reilly in taking a look at numbers, proformas, etc for a Convention Center.

Fred Mohs of DMI then provided a wrap-up of the DMI presentation. He felt a site selection would be parking-driven.

1. Easy to get to
2. Easy to use

He felt that this would then necessitate a whole block solution which would also allow the possibility of a hotel on the block. Mr. Mohs indicated that a selection of the Klein-Dickert site for MATC relocation would be very beneficial and help in the revitalization of the West Washington area.

Blumenfeld then asked a question of Fred Mohs about timetable. He indicated that DMI was moving as fast as it could, and he felt within two months that the DMI group and the Committee might be in a position to talk specifically about operational numbers, request for proposals, air rights, and parking. Sue Bauman asked about Block 88 and Block 89 and wouldn't that be able to be redeveloped? Fred Mohs responded that location was very important, therefore, DMI was focusing on Block 82 he felt for the following reasons:

1. Location to hotels which would allow for a staging and transition during the start-up of the Convention Center.

2. Proximity to State Street.

3. Proximity to the Civic Center.

4. A pleasant neighborhood to walk in, i.e. Lake Mendota.

5. Proximity to the University of Wisconsin.

Eve Galanter asked about what could happen to the South side of the Square. Fred Mohs responded that with development on the North side of the Square that hopefully retail would follow a Convention Center which would then increase the demand for more housing downtown. Mr. Mohs felt that the best use of Block 89 would likely be for office space with financial service companies.

Mayor Sensenbrenner then indicated that Dr. Alan Rosenthal, the MATC Board Chairman, would be supplying us with information on program content and also with the fiscal impact on a time delay. Alderman Lufler asked for an impact statement on the West Washington/ Klein-Dickert site. What would additional City cost be that could be associated with this site? He asked the Planning and Development staff to prepare information.

Respectfully submitted,

Steve Anderson

SA/cb

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

CONVENTION CENTER CRITERIA COMMITTEE

AGENDA

July 3, 1986

7:30 a.m. - 9:30 a.m.
Room 259, Courtroom A, Municipal Building
215 Monona Avenue

I. APPROVAL OF MINUTES OF July 1, 1986

II. REPORTS

A. John Urich/Paul Reilly

7:30 a.m. 1. Comparison To Other Convention Centers
8:00 a.m. 2. Financing Mechanisms Used by Other Cities

8:30 a.m. B. Presentation by Upper State Street Representative

1. Harold Langhammer

8:35 a.m. C. Ralph Sandler

1. Impact of a Convention Center on the Civic Center

8:40 a.m. D. Bill Belden, DMI

1. Available to Answer Questions

City-County Building
210 Monona Avenue
Madison, Wisconsin 53710
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Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

CONVENTION CENTER CRITERIA COMMITTEE

MINUTES

July 3, 1986

I. MINUTES of July 1, 1986 were approved.

II. PRESENTATIONS

Paul Reilly, City Controller

Mr. Reilly's presentation was a summary of financing, operating, and ownership information from selected convention centers (see attached). Mr. Reilly further indicated that the operating expenses per square foot for many civic centers is in the range of $13.50 to $25.00. The proposed Madison Convention Center would be in the range of $11.00 to $12.00 per square foot. A general comment was made concerning the Eau Claire Convention Center. The director of that facility indicated that having a two-floor facility was "not competitive". Mr. Reilly will be taking a look at Columbus, Ohio where a $40 million gift was supplied to the Convention Center. Mr Reilly noted that most cities usually keep control of the concessions operation. It was also noted that in Eau Claire the adjacent hotel initially did the food management, however, that has been changed now so that the food operations are more competitive. Mayor Sensenbrenner asked Lynn Russell if she could supply us with a report on any changes in room tax rates as a result of convention centers being built in other cities in the State of Wisconsin.

Bill Jansen, City Attorney's Office

Bill Jansen spoke briefly on Statute 66.431 regarding the possibility of a Redevelopment Authority to build and operate a convention center. Mr. Jansen indicated that there may be the need for enabling legislation at the State level to allow for a financing mechanism for a proposed convention center.

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Warren Onken asked for a room tax report from Paul Reilly. He indicated that in 1985 the room tax was approximately $1,750,000, and in 1986 it was projected at $1,800,000 at a 7% room tax rate. Approximately $210,000 of the amount in 1986 went to the Convention Bureau for their operations. There was some discussion on a state-wide cap on room tax and apparently there is none. Dave Wallner asked if the room tax impacted on the decisions of meeting planners. Lynn Russell said that generally yes it did, particularly in light of the fact that we have the 5% sales tax on top of the 7% room tax. Mayor Sensenbrenner asked what the room tax increment might be if we added approximately 350 rooms. Mr. Reilly responded approximately $268,000. Lynn Russell commented that she thought her Board would oppose a room tax hike.

John Urich, Department of Planning & Development

The Mayor asked John to supply us with the terms of the $900,000 UDAG grant on the Oshkosh project. John indicated there were two areas he felt might be important to a financing package: 1) A convention/hotel facility would be important for UDAG dollar applications because of the job spin-off from the hotel facility. 2) He indicated that the State of Wisconsin might be interested in participating in some fashion. John Urich indicated that he would also be looking at Modesto, California and the operations of their convention Center.

General comments were then made about financing, and Mr. Reilly indicated that he would be looking at DMI numbers as well as his own in conjunction with Professor James Graaskamp and Bill Strang of the School of Business.

Mary Lang-Solinger, On Behalf of the State Street Watch

She presented a petition in support of the MATC location. Ms. Solinger mentioned the stability of a convention center industry, and she felt that a trend was developing among convention-goers of extending their stay an additional day for shoppping, etc. Eve Galanter asked Ms. Solinger if she might poll her members about their feelings on a room tax increase.

Harold Langhammer, On Behalf of the Upper State Street Merchants Assoc.

He suggested that if there was an increase in value of the properties and subsequent increase in real estate taxes and lease rates that perhaps the increment of increase would be attributed directly to a Convention Center to help in the financing. Mr. Langhammer's group is very supportive of a Convention Center in Block 82. He further indicated that himself and Mr. Bud Paunack have purchased the El Esplanade Building, and they would be willing to cooperate and offer assistance in any way that they can if, in fact, an MATC relocation might be necessary. He further indicated that he would need to release the building as of August 1987 and, consequently, will be looking for a long-term tenant in the relatively near future, i.e. 30 to 45 days. Mr.

Langhammer then made a presentation of a schematic of a "mall-way" in the 100 block of State Street. The Mayor asked how this might be financed, and Mr Langhammer responded that a mall-way would in large part serve the public and that TIF funding might be a possibility. Mr. Langhammer also stated that Block 82 would be an ideal location for a convention center as it could tie into the Art Center, Civic Center, the Library, and perhaps a reuse of the Orpheum Theatre.

Ralph Sandler, Civic Center Director (See attached memo.)

Mr. Sandler had proforma numbers available which would indicate a positive economic impact on the Civic Center provided the Convention Center was located on Block 82. Eve Galanter asked what impact there might be in Mr Sandler's projections if the Convention Center were not located on Block 82. Mr. Sandler felt that his projections would not be near the figures that he has supplied on the attached memo. Mr. Sandler again suggested that the Committee consider a trip to Des Moines, Iowa to look at their facility. He noted that the Civic Center in Des Moines is owned by the City and leased to a private foundation with a subsidy of approximately $100,000 per year provided by the City.

Mayor Sensenbrenner then gave an overview of the agenda for the July 8 meeting with presentations by Kenton Peters, Jim Graaskamp, and Dr. Alan Rosenthal. There was some extended discussion on a Green Bay trip. The Mayor indicated that we were still looking at the possibility of utilizing an Oscar Mayer plane, and that we would probably leave mid-morning with a return in the late evening. He also indicated that meetings would be set up with Mayor Heleran, alderpersons, and the Director of the Community Development Authority. Eve Galanter then mentioned that she would not be at the July 8 meeting because she would be in St. Paul. She also indicated that while she was there she would be meeting with the Civic Center director to solicit additional convention center information.

Respectfully submitted,

Steve Anderson
Assistant to the Mayor

SA/cb

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Memo

To: Convention Center Committee
From: Ralph E. Sandler, Managing Director, Madison Civic Center
Subject: Relationship between the Civic Center and a proposed Convention Center

There is, I believe, a potentially symbiotic relationship that could exist to the mutual benefits of both the Civic Center and a Convention Center built on the present MATC site. My sense is that the rewards of such a relationship would not be nearly as substantial were the Convention Center to be built on block 89 or another site on the South side of the Square. Distance, I believe, makes the typical conventioneer less likely to view the Civic Center as an integral part of his or her working or leisure time experience.

With a Convention Center located on block 82, I could see a number of very positive possibilities.

1. A Civic Center in close proximity to a Convention Center offers meeting planners added options for conference agenda:

   a. A 2200 seat, elegantly furbished and technically superior, theatre for plenary sessions, opening welcomes, special guest speakers, etc.

   b. A 330 seat theatre for smaller conference sessions that require a theatre set-up with already available audio/visual equipment.

   c. An entertainment facility ready and willing to work with meeting planners to schedule special evening events (concerts, receptions, broadway shows, etc.) specifically for delegates.

   d. The opportunity to work with meeting planners, hotels, the convention bureau, etc. in making available tickets for already scheduled Civic Center events for convention delegates and spouses.

   e. For conventions that include programs for spouses, the opportunity for tours of the Civic Center and the Madison Art Center.

2. The Civic Center, while a prime and important part of the overall area mix of downtown ammenities, is still but one of a large number of entertainment, food and beverage and retail shopping outlets available for convention delegates. State Street is unique and as such should provide a significant incentive for conference planners to bring their meetings to Madison. From my experience there is nothing else like it in the State, perhaps even in the region.

3. Based upon discussions I have had with other Civic Center and Performing Art Center directors in other cities where there are also Convention Centers, and based upon discussions with the Director of the Madison Convention and Visitors Bureau, there are some specific, already scheduled, events that attest to my belief that a mutually beneficial relationship can exist between the Civic Center and a Convention Center.

Let me first mention several instances already in the works and then go on to suggest concrete revenue projections for the first five years that the Convention Center is in operation.

1. In the Fall of 1986 the National Grange Convention will be in Madison. All of their major events will occur in the Civic Center, primarily in the Oscar Mayer Theatre.

2. For the past two years, a national teleconferencing convention has been scheduled in Madison - again, all of their major sessions have been held in the Oscar Mayer Theatre.

3. There is a possibility that the Wisconsin Republican Party will hold its 1988 convention in Madison. While most of their sessions will be held in smaller hotel facilities, their major sessions will take place in the Oscar Mayer Theatre.

4. The 1985 national Barbershop Quartet conference probably would not have been held in Madison were it not for the availability of the Oscar Mayer Theatre for judging and performances.

5. There is a strong possibility that the National Sweet Adelines meeting will be held in Madison in 1989 - they also will use the Oscar Mayer Theatre for performances.

Based upon these already existing events together with the conversations I have had with other Civic Center directors, I will attempt to make revenue projections for the first five years that the Convention Center is in operation. These figures represent net revenue to the Civic Center (and, therefore, to the City) not presently planned for in the Civic Center's operating budget. The effect of this additional revenue will be to reduce the City's subsidy of the Civic Center by the quoted amounts.

First year:

The Civic Center should be able to schedule 6 daytime conference plenary sessions. Net income $1000 per session = $6000

The Civic Center, working with meeting planners and the Convention Bureau should be able to schedule 4 entertainment events specifically for conference delegates. Net income $3000 per show = $12,000

Because of the number of convention delegates in town with a free night looking for something to do, the Civic Center should be able to sell additional tickets to shows already a part of the Civic Center's season. 25 shows X 50 tickets X $14 average ticket price = $17,500

Total first year net $35,500

This figure does not include additioanl revenue from sale of food and beverages at show intermissions or for specially arranged receptions.

Second year:

6 conference plenary sessions	$ 6,000
6 entertainment events	18,000
Tickets for existing shows	17,500
	$41,500

Third year:

8 conference plenary sessions	$ 8,000
8 entertainment events	24,000
Tickets for existing shows	28,125
	$60,125

Fourth year:

15 conference plenary sessions	$15,000
10 entertainment events	30,000
Tickets for existing shows	31,875
	$76,875

Fifth year:

20 conference plenary sessions	$20,000
14 entertainment events	42,000
Tickets for existing shows	40,000
	$102,000

Five year totals	$316,000

Hospitality:

Plenary session coffee and rolls, five year total of 55 sessions - net $150 per session.	$ 8,250
Beverage service for entertainment events, five year total of 42 events - net $300 per event.	12,600
Five year total of 18 receptions - net $400 per reception	7,200
	$28,050

Five year totals including hospitality	$344,050

SUMMARY

Financing, Operating and Ownership Information
Selected Convention Centers

	Construction Costs (in thousands)	Financing	Source for Debt Service	Managed By	In Thousands Operating Revenues	In Thousands Operating Expenditures	In Thousands 1985 Subsidy	Paid From	Cost/Ft.
Eau Claire	$ 1,700	G.O. Debt	General tax levy	City	$ 67	$ 297	$230	Room taxes	$21.21
LaCrosse	15,000	G.O. Debt - $11,000 UDAG - $ 4,000	T.I.F. General tax levy	City	493	657	120(a)	Room taxes C.B. liquor sales	31.29
Green Bay 1985	7,500	G.O. Debt - $6,500 UDAG - $1,000	T.I.F.	Embassy Hotel	--	--	--		--
Oshkosh 1986	8,670	G.O. Debt - $5,220 Fed. - $3,450	Various	City	160*	250*	90*	Incremental room tax	16.13*
Milwaukee (Convention Center portion)	15,000	G.O. Debt	General tax levy	Auditorium Board	1,400	1,100	--	--	8.33
Austin, TX 1953	7,500	G.O. Debt	Taxes	City	1,150	1,920	770	General taxes	--
Des Moines, IA 1985	13,000	Contrib.-$3,500 Debt - $9,500	Room tax	City	280*	350*	70*	General taxes	25.00
Spokane, WA 1974	5,000	State bond issue (World's Fair) - $4,000 G.O. Debt-$1,000	Taxes	City	250	548	298	General taxes	13.70
Springfield, IL 1978	17,600	G.O. Debt	Operations	Separate authority	--	--	100(b)	Room taxes	--

a) Reserves were used for the difference.
b) F[redacted] amount contributed by City.
* Estimated 1986.

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

CONVENTION CENTER CRITERIA COMMITTEE

AGENDA

July 8, 1986

7:30 a.m. - 9:30 a.m.
Room 259, Courtroom A, Municipal Building
215 Monona Avenue

I. APPROVAL OF MINUTES OF JULY 3, 1986

II. REPORTS

A. Discussion of the Proposed Sites For A Convention Center

7:30 a.m. 1. Kenton Peters
8:00 a.m. 2. Professor James Graaskamp

8:30 a.m. B. Dr. Alan Rosenthal

1. MATC Issues

a. Fiscal Note
b. Class Scheduling and Frequency

City-County Building
210 Monona Avenue
Madison, Wisconsin 53710
608 266 4611

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

CONVENTION CENTER CRITERIA COMMITTEE

MINUTES

July 8, 1986

All members were in attendance except for Ald. Eve Galanter who had an excused absence.

I. MINUTES OF July 3, 1986 were approved.

II. PRESENTATIONS

Kenton Peters/James McPhadon

Why a convocation center? What is the goal? Build a new downtown.

What is the purpose of a Convention Center? It is a part of downtown. Use vision, foresight, and courage when making future decisions for the City.

By investing $25 million, do you want a substantial return (south side) or a status-quo return (north side of Square)?

Why not the north side of the Square?

1. Limited spin-off development on the North side.
2. South side of the Square has greater potential for spin-off developments.
3. $22 million in anticipated retail, recreation, and dining dollars could increase by $50 per square foot the retail sales to a projected Lake Park Plaza.

City-County Building
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MATC Issue:

1. Mr. Peters feels continuing education is important.

2. Doesn't feel that Klein-Dickert is a downtown site.

3. MATC site acquisition cost:

a.	Land	$ 2,613,600	
b.	Building	3,380,000	($26 per square foot)
c.	Asbestos Removal	672,710	
d.	Demolition	1,325,210	
e.	Architectural Fee	476,000	
f.	Contract Buy-Out	1,800,000	
		$10,267,520	

Block 88 Site Acquisition Costs

a.	Land	$ 0
b.	Demolition and Remodeling	200,000
		$200,000

Questions were then addressed to Mr. Peters. Mayor: "What is the practicality of assemblage?" Mr. Peters feels it can be done. He has personally done this with five owners in the downtown area over the last year.

Mayor: "Is there enough of a market to support another shopping area downtown and what would the effect be on State Street?" Mr. Peters replied that the 1984 Real Estate Research Study indicated that the south side of the Square could be a very viable area for retail and was also close to cross-town transportation. Again, he reiterated the $22 million of additional spending from a proposed Convention Center as alluded to earlier. Mr. Peters would see State Street and the south side of the Square as two anchor stores for a larger downtown retail area.

Ald. Dave Wallner asked if the conventioneers would be willing to walk? Mr. Peters replied probably not, however, they face a considerable walk down State Street even if the Convention Center was located on Block 82 and, furthermore, they would face a similar walk from Block 89 through the Capitol Building eventually to State Street. His bottom line is that we need a climatized package.

Ald. Bob Dye asked the proximity to the Civic Center. Mr. Peters responded that the Oscar Mayer Theatre seats 2,200 people, and the statistics show that 94% of the conventions have less than 500 people. He further indicated that the numbers supplied by Mr. Ralph Sandler indicate an impact of $35,000 in the first year and approximately $100,000 in the fifth year. He didn't feel as that was a substantial number.

Professor James Graaskamp

He reiterated Mr. Peters' comment that Lake Monona is important, however, we need to work with our existing strengths and dynamics. He indicated that State Street, from the Capitol Square to the University Book Store, presently has $31 million of assessed valuation and future development growth due to a Convention Center would increase this valuation and thereby create additional revenue for the City. Mr. Graaskamp indicated that there are currently several vacancies in the 100 and 200 blocks of Upper State Street. This area is not as strong as perceived. Mr. Graaskamp outlined some of the positive features of a Block 82 location.

1. State Street ambience

2. Existing hotel base (done with private dollars)

3. North side of the Square has good infrastructure

    a. Why gamble?

4. Additional real estate taxes

5. Quisling Clinic and Jackson estates will be available in the near future

    a. More sites available for development than meets the eye

6. Don't stretch the retail out geographically - reference to consolidation of retail in Milwaukee

7. Synergy of Manchester Place

8. Possible redevelopment of Emporium Building

9. Development potential in the middle of Block 90 i.e., Strand Theatre, etc.

Professor Graaskamp then talked about a fiscal impact measurement (second and third level benefits).

1. Additional room tax and real estate taxes

2. Approximately 600 parking stalls saved by the relocation of MATC to another site. This is the equivalent to approximately $5 million in savings to the City.

3. A strong retail base eventually will lead to a residential base.

Mr. Graaskamp then talked in general terms about financing the Convention Center and indicated there may be merit to utilizing the existing 211 North Carroll Street structure:

1. Continuing education for the University

2. MATC continuing education

3. Convention Center continuing education

Mr. Graaskamp feels that the Common Council owes it to itself to ask MATC for a delay so that they can properly study all alternatives. Mr. Graaskamp then answered questions.

Mayor: "What about a sharing of Block 82 by MATC and a Convention Center?" Mr. Graaskamp felt that MATC's self-vision was important, and they may wish to be a clearly identifiable and distinct facility.

Mayor: "What would the impact of the Klein-Dickert site be in light of long-range goals?" Mr. Graaskamp responded that Klein-Dickert was a better regional site for three basic reasons: 1) it ties in with his railroad corridor plan, 2) it's close to bus depot, and 3) it's close to John Nolen corridor.

Ald. Lufler asked about spin-off benefits if MATC would locate at the Klein-Dickert site. Mr. Graaskamp responded that he envisioned residential housing facing Monona Bay and also noted the importance of preserving the green space along Proudfit Street.

Ald. Dave Wallner asked Mr. Graaskamp to respond to Mr. Peters' presentation about two anchor retail areas in downtown Madison. Mr. Graaskamp responded that the Capitol Square was too far to walk around, i.e. up and down hills. He felt a Convention Center located in Block 88 or 89 would not overcome this dynamic and thereby not draw more retail trade to the south side of the Square.

Ald. Mike Blumenfeld asked would there be the same economic spin-off in Block 89 as Block 82? Mr. Graaskamp responded no, there was a different sub-community of Block 89, and he felt the eventual use of the south side of the Square should be residential.

Ald. Wallner asked wouldn't the large government work force support retail on the south side of the Square? Mr. Graaskamp responded that most of the workers are Monday through Friday, 8 to 5, and most prefer to do their primary shopping at a suburban mall.

The Mayor asked about the practicality of locating on Block 82 versus Block 89. Mr. Graaskamp responded that on Block 82: 1) there was one owner, 2) Northwestern Mutual may ask for unreasonably high prices for their Block 89 holdings, and 3) a Convention Center by itself on Block 88 would not have the same synergism as if located on Block 82. The Mayor then asked if Mr. Graaskamp felt a six-month delay was reasonable, and he replied yes.

Dr. Alan Rosenthal and Norman Mitby, Representing MATC

Dr. Rosenthal gave an overview of the MATC Board position to date.

1. They would be willing to relocate in the "spirit of cooperation" with the City.

2. They intend to abide by the 1982 MATC-Common Council agreement, however, they will consider an amended agreement.

Mr. Mitby supplied the Committee with a rough calculation of $200,000 for additional contract buy-out costs. Dr. Rosenthal indicated that a response from the Common Council by August 5, 1986 was within their timeframe, however, he indicated that after August 13, 1986 they need to make substitive decisions regarding continuing work at 211 North Carroll. Mr. Rosenthal's comments on a shared block proposal were as follows:

1. Parking concerns

2. Traffic concerns

3. Expansion limitations

4. A threat of continued political pressure for the remaining half-block should the Convention Center be successful.

The Mayor then asked would a 100,000 gross square foot facility accommodate the educational mission of MATC? Dr. Rosenthal felt that that size facility would require some adjustment in classes and scheduling as they presently need 111,000 net square feet for the 31-course offerings.

Dr. Rosenthal gave an overview of the MATC Board's position on a relocation site. Presently, they have not focused on any of the five sites offered. Mr. Mitby indicated that a 4-6 month delay as possibly requested by the Common Council would mean an opening day of January 1, 1987, however, an environmental impact statement would likely be required for a relocated facility which would then add 6-9 months and extend an MATC-downtown reopening to January 1, 1989. This then poses a larger question of what MATC would do in the interim and how would they promote to reestablish the habits and patterns of their student population. Additionally, Mr. Mitby does not feel that the Klein-Dickert site is part of the Central City.

Ald. Lufler asked where do MATC students reside? Mr. Mitby responded that as part of a previous study supplied by MATC on page 31, there was zip code information. He further indicated that not a very substantial number of their students come from downtown Madison. 70% of their students work. James Graaskamp asked MATC if they would be interested in leasing. Dr. Rosenthal indicated that the MATC Board was not in favor of that. They would prefer to purchase.

Ald. Blumenfeld asked about the 1982 agreement, and Mr. Rosenthal indicated it was the intention of MATC not to leave downtown, however, they would consider reduction in size alternatives. The primary reason for that being a fiscal impact on future budgets for MATC.

Ald. Bob Dye asked for a definition of Central City. Mr. Mitby responded that it was basically the Capitol Square with a 2-3 block radius.

Some discussion on the Brayton lot. Ald. Blumenfeld asked about the DMI projections about purchase costs for the MATC block. Mr. Rosenthal indicated that they would be discussing the possibility of appraisals at their next Board meeting which is scheduled for July 14.

III. General discussion on the Green Bay trip.

Respectfully submitted,

Steve Anderson
Assistant to the Mayor

SA/cb

The School of Business
University of Wisconsin-Madison

Office of Associate Dean
for External Relations

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M E M O R A N D U M

TO: Jim Graaskamp/Paul Reilly DATE: August 7, 1986

FROM: Bill Strang

SUBJECT: Convention Center

I've read that the City Council may be under pressure to make sort of a decision on the Convention Center by August 13th. Because I am unavailable until the 18th, I wanted to pass on a few thoughts to you. My basis for comment is strictly the reports you've provided me for reading and my general understanding of Madison and its economy. I am by no means a "convention center expert".

Now, for my thoughts:

1. A convention center would be an asset to the city.

2. A downtown convention center would be an asset to downtown. It would stimulate important marginal business to hotels, restaurants and other retail businesses. The extra sales could add significantly to the profitability and stability of downtown businesses.

3. The best location for a downtown convention center, of those being debated, is the MATC block. It is relatively convenient to three major hotels (Inn on the Park, Concourse, Edgewater). It is near the Capitol Square (a major psychological draw), near State Street, the liveliest and most complete shopping district downtown, and near the Civic Center (a draw for visitor entertainment and a possible use facility for conventions).

4. Taxpayers will want an arrangement that will minimize or eliminate a need for subsidy. On that basis, the center should be located where it will most likely succeed on an operating cost basis, if acceptable investment costs can be arranged. The most attractive site from a convention sales viewpoint is the MATC block.

5. The private sector should contribute to the cost in proportion to the benefits that will accrue to it. Major beneficiaries are the present hotels (especially the Concourse) and any new hotel that might be built.

6. The economic benefits to the residents of the city are meaningful, but should not be overestimated. Most jobs added will be relatively low-level service, including retail jobs. One-time construction jobs would also, of course, be a factor.

7. The demand projections by the National Feasibility Corporation should be viewed with some suspicion, because no verifiable basis for those projections is included. On the NFC report, for example, demand is a function strictly of population (p. 38) or what other convention centers have done (p. 41).

   Note: The NFC numerical ratings of the two principal sites are also suspect (p. 56) because no formula calculations are shown.

   Projections and evaluations always must be subjective, but NFC keeps the details of such remarkably unclear. One is forced to accept their conclusions on faith.

   I must say, however, that despite my criticism, my own subjective evaluation (no formulae) is that they are right about the best site and about the size of convention to target.

8. The best convention center solution would use the entire MATC block, moving the MATC operations to Block 89 or 88 and 89 across the square or elsewhere. Full development of Block 82 would allow for adequate space and design freedom to create a striking facility that could incorporate hotel and/or attractive green space or courtyard/plaza space. There is no reason for MATC to be located where it is (other than cost) or near the convention center.

9. The price of Block 89 seems unduly high. Use of that Block may not be possible with an $11 million plus land cost.

10. The University could cooperate by contributing demand for the center. As I stated in our first meeting, I felt the university probably would be very willing to cooperate. This is one reason for the Block 82 site selection because of its access to the university.

11. The convention size group to be targeted should be 100 to 1,000-1,200. No attempt should be made to compete directly with Milwaukee or larger metro areas.

12. One report suggested that operating costs would grow slowly because of a learning curve. I'm a bit dubious and suggest caution in the use of those figures for a pro forma P&L.

    If further study is done, I would suggest some more detailed evaluation of the specific convention groups that may be attracted (or those whom we would otherwise lose) to better estimate the revenue side of the operations equation.

13. It would be nice to be decisive and move to a firm decision with some dispatch. The act of deciding or not deciding says much about our city to the outside world. Time will produce more information, but the decison will involve uncertainty, nonetheless.

jgk

MINUTES

HOTEL CONVENTION CENTER CRITERIA COMMITTEE
Saturday, January 31, 1987
9:00 A. M.
Room GR-27, City-County Building
210 Monona Avenue
Madison, Wisconsin

I. ROLL CALL

Members Present: Mayor Sensenbrenner, Chair; Alderpersons Galanter, Lufler, Wallner, Dye, and Bauman.

Member Absent: Alderman Blumenfeld.

Other Alderpersons Present: Miley, J. Olson, and Gotthelf.

Staff Present: Austin, Gempeler, Reilly, Kenney, Williamson, and Urich.

II. APPROVAL OF MINUTES

No action taken.

III. The Mayor explained the format for the meeting, namely, that the consultants would present the findings of their study followed by questions from the Committee, then other Alderpersons present and finally, questions from the audience. Kenton Peters discussed the scope of the study and how the consultants had arrived at their conclusions. Peters introduced Joe Borg and Paul Skiles of Brooks, Borg and Skiles, as well as James McFadden of Kenton Peters and Associates. At the Mayor's request, McFadden presented a fourth design option, the basis of which was to respond to the possibility that Pinckney Street could not be closed. This new option would retain access to the Doty Ramp at its present location. Ramp elevations would be upgraded. The Galleria would still exist at the second level between Doty and Wilson Streets.

Mayor Sensenbrenner inquired as to whether or not the Municipal Building would be linked to the Convention Center to which the consultants replied in the affirmative. The Mayor also asked whether or not it was reasonable to assume that the Brayton Ramp could substitute for the Doty Ramp. The consultants indicated that this would require staff analysis. McFadden reminded the Committee that it would be possible to construct all of the required parking on Blocks 88 and 89, but this solution would be more costly.

Alderperson Wallner questioned the consultants as to where the difference in square footage occurred between Options 3 and 4. McFadden indicated that the functional spaces, i.e., the exhibit hall and assembly rooms remained the same and that the difference occurred in the amount of support space provided. Alderman Wallner also asked

about the difference in cost between the two options. The consultants indicated that due to the fact that Option 4 provided less total square footage, it would result in a lesser construction cost. Wallner also asked about the visual impact on the project if Pinckney Street remained open. Peters stressed the importance of the Galleria and also suggested that differences in paving texture and color, as well as lighting would contribute to the aesthetics of the area.

Mayor Sensenbrenner asked the consultants why they felt exhibit space was so important. McFadden stated that their research had indicated that associations have recognized that they can pay for their annual conventions by renting exhibit space to vendors. He indicated that at the present time, only the Mecca in Milwaukee has exhibit space. Joe Borg interjected that it is important to remember that exhibit space is actually multi-purpose space and can be used for a variety of activities. McFadden stated that to eliminate the exhibition space would reduce the facility to a conference center and greatly limit the market segment that Madison could hope to attract. He indicated that across the country the trends are to expand the amount of exhibit space available.

Alderperson Galanter asked about the revenue impact to the City of the exhibit space. McFadden replied that a conference center is used primarily by local groups, whereas the exhibit space expands the market to attract regional and statewide conventions.

Alderperson Dye asked about the rationale for limiting the amount of exhibit space to 50,000 sq. ft. McFadden replied that 50,000 sq. ft. would allow Madison to establish itself in the convention market place. Once this is done, say in 5 or 10 years, expansion would most likely be justified. Alderperson Dye inquired about the space available at the Forum and Coliseum. Lynn Russell of the Convention Bureau replied that the Forum contained 25,000 sq. ft. and the Coliseum 65,000 sq. ft. McFadden indicated that it was extremely important that this space be in one building.

Alderperson Lufler commented that the size of the exhibit space will depend on what is cost effective and wondered when that type of data would be available. Peters agreed that this type of information was needed, but that it was not part of this study.

Mayor Sensenbrenner requested the consultants to discuss the details of their hotel recommendation. McFadden described the role played by Py-Vavra which developed the recommendations. He stressed the importance of an attached hotel in marketing the convention center and described similar projects in Little Rock, Arkansas and Columbus, Ohio. Alderperson Galanter commented that the down sizing of the hotel from 350 to 250 was partially to minimize the impact on existing downtown hotels. Alderperson Wallner asked about the impact of a hotel being constructed at the Dane County Expo Center. Peters answered that he did not think it would have an adverse affect.

Alderperson Galanter asked if the consultants had obtained reaction to their development options from area meeting planners. McFadden stated that they had done this and that the reaction of the meeting planners had been very positive. Alderperson Lufler asked whether traffic patterns in this area could be improved to serve the project. Peters indicated that this possibility should definitely be studied.

Following a short coffee break, the members reconvened to permit questions from the audience in attendance.

Professor James Graaskamp asked a number of questions focused on the hotel market demand. Alderperson Galanter indicated that Py-Vavra had based the sizing of the facility on its hotel experience and had strongly recommended that a detailed market study be conducted prior to circulating an R.F.P. among the hotel development community.

Graaskamp asked if the tax increment from the hotel would be a principal funding source for the convention center. The Mayor and Alderperson Lufler indicated that it would be one source and that others would be identified in the T.I.F. plan.

Alderperson Lufler asked George Austin what information could be provided by staff related to the market. Austin indicated that whatever staff would provide would be limited and stressed the need to proceed with more detailed market studies. Alderperson Wallner asked what the Convention Bureau's survey would be available to which Lynn Russell replied that the survey would be completed in two weeks.

Alderperson Galanter cited a survey prepared by the International Association of Convention Managers, which could be a basis for staff research.

Mayor Sensenbrenner asked what additional information would be forthcoming from the studies being conducted by Professor Graaskamp's students. One student in the audience described the nature of the study, but stated that further discussions would be held with Professor Graaskamp before any information would be available.

Daryl Wild, Owner of the Concourse Hotel, questioned the projected hotel occupancy of 66% contained in the consultant's study. Mayor Sensenbrenner replied that the private sector would ultimately determine the size and market for the hotel facility. Alderperson Lufler asked about the length of time that would be required to obtain staff input. Mayor Sensenbrenner indicated that the Department of Transportation had advised him that their response would take two to three months.

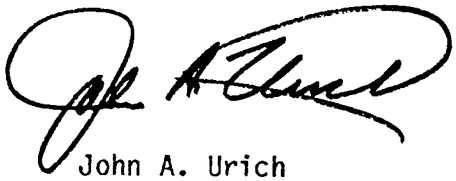
III. OTHER BUSINESS

The Committee agreed to meet again on Thursday, February 12 at 7:45 a.m., to receive staff input which might be available at that time, as well as to review a proposal for additional market studies.

IV. ADJOURNMENT

The meeting adjourned at 11:15 a.m.

Respectfully submitted,



John A. Urich
Principal Planner

JAU:jlj/2/72

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

HOTEL/CONVENTION CENTER CRITERIA REVIEW COMMITTEE

AGENDA

Friday, February 13, 1987
7:45 a.m.
Room 103-A City-County Bldg.
210 Martin Luther King, Jr. Boulevard

I. ROLL CALL

II. APPROVAL OF MINUTES OF JANUARY 17 and 31, 1987

III. REVIEW OF PRELIMINARY STAFF COMMENTS ON CONSULTANTS' RECOMMENDATIONS

IV. REVIEW OF ALTERNATIVE PROPOSALS FOR ADDITIONAL ECONOMIC STUDIES

V. OTHER BUSINESS

City-County Building
210 Monona Avenue
Madison, Wisconsin 53710
608 266 4611

MINUTES
HOTEL CONVENTION CENTER CRITERIA REVIEW COMMITTEE
Friday, February 13, 1987
7:45 A. M.
Room 103A, City-County Building
210 Martin Luther King Jr. Blvd.

I. ROLL CALL

Members Present: Mayor Sensenbrenner-Chair, Alderpersons Dye, Galanter, Lufler, Blumenfeld, Wallner and Bauman.

Staff Present: Paul Reilly, Henry Gempeler, Warren Kenney, Warren Somerfeld, John Urich and Michael Williamson.

II. APPROVAL OF MINUTES

On a motion by Alderperson Dye, seconded by Alderperson Lufler, the minutes of the Committee meetings of January 17 and 31, 1987, were approved.

III. REVIEW OF PRELIMINARY STAFF COMMENTS ON CONSULTANT'S RECOMMENDATIONS

Alderperson Galanter moved that the Committee select Option No. 4 of those contained in the consultant's report. The motion was seconded by Alderperson Lufler. Both Alderperson Wallner and Dye expressed reluctance to foreclose Option No. 3. Kenton Peters of the consultant team suggested to the Committee that there was no need to eliminate Option No. 3 at this time. He described the basic differences between the two options and suggested that the market research consultants could prepare two pro-formas based upon the two options.

Alderperson Dye stated that Option No. 3 offered better opportunities for community-type activities to occur. Architect Peters agreed, but said that there other spaces in the building which could be altered to accommodate those needs. He also advised the Committee that their study was primarily conceptual and dealt with the sizing of the facilities. He indicated that aesthetic design decisions would normally occur at a later stage of planning process.

Alderperson Lufler asked if it wouldn't be necessary to make a decision on the street closing in order to advise the traffic consultant prior to his beginning the traffic study. In response, Warren Somerfeld stated that based upon today's information, he would have to recommend that Pinckney Street remain open. Further, he indicated that the consultant would study both options and that the work could be completed in three months. In response to questions concerning the present traffic using Pinckney Street, Somerfeld said that his department had taken traffic counts on Pinckney Street on days when Martin Luther King Jr. Blvd. was closed to accommodate the Farmer's Market. These counts indicated little increase in traffic volumes on Pinckney Street during those times. Somerfeld also stated

that the problem of access and egress to the Doty Ramp was a major issue that would have to be addressed in the Study. Alderperson Lufler inquired as to how large an area the consultant would analyze. Somerfeld stated that there would be two levels of analysis, one in which a broader area would be considered and a second level where more detailed analysis of a smaller area would occur.

Alderperson Lufler moved to amend the original motion to state that the Committee would be eliminating Options No. 1 and 2 from future consideration. Alderperson Galanter accepted the amendment as friendly. Mayor Sensenbrenner spoke in favor of the amended motion which was passed unanimously.

Alderperson Dye spoke in favor of using a traffic consultant to perform the traffic and parking studies. Mayor Sensenbrenner indicated that the decision on the traffic study, as well as the additional market research would be dealt with at a subsequent meeting. At this point, John Urich and Paul Reilly commented on the two proposals from consultants which had been received to perform additional market research. Both indicated that by the next meeting, the staff would be prepared to make recommendations.

Mayor Sensenbrenner suggested that at the Committee's next meeting, Professor Graaskamp be invited to present his alternative concept for the North side of the Square. Alderperson Dye suggested that it would be timely to submit a formal report from the Committee to the Council to bring them up-to-date on what has transpired. Staff was directed to prepare such a report and send it along to the Council.

Alderperson Blumenfeld inquired as to the feeling of the Committee toward asking the design consultants to make a presentation to the Common Council. Mayor Sensenbrenner suggested that it might be better to consider a cable television program presentation prior to a Council meeting.

The Committee agreed to meet again on Thursday, February 26 at 7:45 a.m.

IV. ADJOURNMENT

The meeting was adjourned at 9:00 a.m.

Respectfully submitted,

John A. Urich
Principal Planner

JAU:jlj/72

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

HOTEL/CONVENTION CENTER CRITERIA REVIEW COMMITTEE

AGENDA

Thursday, February 26, 1987
7:45 a.m.
Room 103-A City-County Building
210 Martin Luther King, Jr. Boulevard

I. ROLL CALL

II. APPROVAL OF MINUTES

III. PRESENTATION OF NORTH SQUARE ALTERNATIVE (Professor James Graaskamp)

IV. REVIEW OF PROPOSALS FOR ADDITIONAL MARKET STUDIES

V. OTHER BUSINESS

VI. ADJOURN

City-County Building
210 Monona Avenue
Madison, Wisconsin 53710
608 266 4611

MINUTES
HOTEL/CONVENTION CENTER CRITERIA REVIEW COMMITTEE
Thursday, February 26, 1987, 7:45 a.m.
Room 103A, City-County Building
210 Martin Luther King, Jr. Boulevard

I. ROLL CALL

Members present: Mayor Sensenbrenner - Chair, Alderpersons Dye, Galanter, Lufler, Blumenfeld, Wallner, and Bauman.

Staff present: Paul Reilly, Henry Gempeler, Warren Kenney, Warren Sommerfeld, George Austin, Jerry Tucker, Michael Williamson, William Jansen, and John Urich.

II. APPROVAL OF MINUTES

On a motion by Ald. Galanter, seconded by Ald. Dye, the minutes of the committee meeting of February 13, 1987 were approved.

III. PRESENTATION OF NORTH SQUARE ALTERNATIVE

Professor James Graaskamp, assisted by architect Arlan Kay, presented his proposal for constructing a convention center on a portion of Block 83 on the north side of the Capitol Square. Graaskamp advised the committee that he was not representing any of the owners, but was speaking as an interested citizen. He indicated that from a planning perspective, this solution was preferable to the one being presently considered, and could be accomplished with a minimum amount of public participation. Graaskamp stated that in the initial stage of construction 14,500 square feet of retail could be constructed on the first floor of a site on Mifflin Street extending from Wisconsin Avenue to the McDonald's restaurant property. At the second level, a 23,000 square foot exhibit area could be constructed. This space could eventually be expanded to provide an additional 10,000 square feet were the property occupied by the Hub and McDonald's acquired and redeveloped. As part of the second phase of construction, Graaskamp proposed that the existing 30 On The Square office building be converted to a moderately-priced hotel. The entire complex would be connected by skywalks to the El Esplanade, MATC, with the possibility to extend these connections to the present Orpheum Theater which is now being investigated by the Madison Art Center for its use. With these connections, Graaskamp noted that the linkage to the Madison Civic Center would be greatly improved. With respect to parking to serve the facility, Graaskamp stated that 246 spaces would be constructed beneath the facility, accessed from the Concourse Hotel parking area, and further indicated that if approximately one-third of the Concourse parking and one-third of the existing Dayton Street ramp could be reserved for convention center usage, a total of 516 spaces would be available. He stressed that this would not require the use of the Parking Utility's limited bond capacity to construct.

As to financing, Graaskamp described two methods. The first, the French Plan, would involve the creation of a special corporation made up of the owners of property within the block who would be given preferred stock in exchange for their equity in their properties. Graaskamp admitted that some property owners had expressed concern about this approach. For this reason, he informed the committee that he had developed a second financing scheme in which a key ingredient would be a special assessment against existing downtown hotels based upon the increased demand which would be generated by the convention center.

Mayor Sensenbrenner expressed the committee's appreciation to Professor Graaskamp and Architect Kay for their presentation, and suggested that they return at a subsequent meeting to discuss the concept further.

IV. REVIEW OF THE PROPOSALS FOR ADDITIONAL MARKET STUDIES

George Austin discussed the content of the two proposals to perform in depth market research submitted by the firms of Laventhol and Horwath and Pannell Kerr Forester. Austin explained to the committee the questions which would be addressed by the consultants and indicated that their proposals were apparently comparable. He noted that both firms were well-qualified to provide these services, but did acknowledge that the Laventhol and Horwath proposal was more expensive. At the request of the Mayor, Professor Graaskamp expressed his feelings about the relative merits of the two consulting firms, and agreed with Austin that both were qualified to perform the work. It was suggested by the Mayor that two resolutions be introduced for referral to the Board of Estimates, where a decision would be made as to which firm to engage. A motion to this effect by Ald. Lufler, seconded by Ald. Galanter, was passed unanimously.

V. OTHER BUSINESS

George Austin, Henry Gempeler, and Paul Reilly were asked to present a preliminary draft of the financing component of the tax increment finance project plan. Reilly discussed both the estimated project cost as well as the possible sources of funding. This information was contained in a handout which was distributed to the committee. Ald. Lufler commented that in view of the financing analysis it was obvious that there was need for additional information, and asked if it would be forthcoming in the aforementioned consulting studies. Austin indicated that the studies should provide a great deal of information on economic impact and spin-off resulting from the construction of the convention center. Professor Graaskamp reminded the committee that the study should also contain an analysis of the negative impact that the addition of the new hotel would have on the existing hotels in the city. Austin then went on to describe the general content of the remainder of the TIF plan, and indicated that a draft of that plan should be available for the committee at its next meeting.

The committee agreed to meet again on March 12.

VI. ADJOURNMENT

The committee adjourned at 9:18 a.m.

Respectfully submitted,

John Urich
Principal Planner

JAU:jlj/2/72

MINUTES
HOTEL/CONVENTION CENTER CRITERIA REVIEW COMMITTEE
Thursday, March 12, 1987
7:45 A. M.
Room 103A - City-County Building
210 Martin Luther King Jr. Blvd.

I. ROLL CALL

Members Present: Mayor Sensenbrenner-Chair, Alderpersons Galanter, Blumenfeld, Wallner, Bauman, Lufler, and Dye.

Staff Present: Paul Reilly, George Austin, William Jansen, Warren Kenney, Jerry Tucker, Henry Gempeler, and John Urich.

II. APPROVAL OF MINUTES

On a motion by Alderperson Galanter, seconded by Alderman Lufler, the minutes of the Committee meeting of February 26, 1987, were approved.

III. DISCUSSION OF T.I.F. PROJECT PLAN DRAFT

Copies of the Project Plan draft for Tax Increment District No. 15 were distributed to the Committee. George Austin emphasized that it was a draft Plan and that when information was available from the Pannell, Kerr, Forster Market Study, it would be added. He stressed the importance of proving in the Project Plan that the benefits will surpass the public costs identified in the Plan. Austin stated that the statutory process for approving the Plan would begin on June 15 and would be completed prior to September 30.

Austin pointed out that the District was smaller than had originally been contemplated. This was due to the inability to meet the statutory blight criteria in the larger geographic area. He indicated that the assessed value within the proposed District was $34,000,000 and estimated an increase in value to $66,000,000. Alderman Blumenfeld asked about the possibility of including lands on the North side of East Washington Avenue within the District boundaries. Austin said it would be better to create a separate district at such time as development of those lands was proposed.

Austin then described the public improvements contained in the plan. He cited street improvements of 1.39 million dollars and a pedestrian circulation system including bridge structures at a cost of $2,000.000. Alderperson Galanter asked about the status of the Ad Hoc Pedestrian Linkage Committee. Alderman Blumenfeld replied that the appointments had not yet been made. Mayor Sensenbrenner indicated that he would look into the matter.

Austin discussed the refurbishing of Olin Terrace. The Parks Department had estimated improvements there to cost $540,000. Austin described the role of the Community Development Authority in implementing the Tax Increment Plan. He also summarized the project costs which totaled $45.9 million dollars.

With respect to anticipated private development, Austin categorized it as either planned development or additional development. The planned development which was estimated at $18.8 million dollars included the proposed hotel, the redevelopment of One East Main Street and the redevelopment of Machinery Row. In the category of additional development, 600 new housing units developed at a rate of 30 units per year would account for $26,000,000 of new development. Between 800,000 and 1,000,000 sq. ft. of additional commercial development projected over 20 years at an absorption rate of 25,000 sq. ft. per year would total $21.4 million dollars. This anticipated private development would produce tax increments in the amount of $6.6 million dollars.

In addition, Austin projected that the proposed development would result in the creation of between 2,400 and 3,600 new jobs. Alderman Lufler asked if the projected development in the Plan was somewhat conservative to which Austin replied that while it may be he did not want to mislead the other taxing entities. Paul Reilly summarized the value increases in other tax increment districts. Alderman Lufler asked if calculations could be made to demonstrate how quickly the school district would recover losses of tax increases during the life of a T.I.F. district. Reilly said that no such calculations had been made, but that it would be possible to do so.

Alderman Wallner inquired as to whether or not the Committee would be able to discuss the T.I.F. Plan on its next meeting. The Committee agreed that this would be an agenda item.

IV. OTHER BUSINESS

The Committee agreed to meet again, if necessary, at 7:45 a.m. on March 26 in the remodeled conference room in the Municipal Building.

V. ADJOURNMENT

The meeting was adjourned at 8:53 a.m.

Respectfully submitted,

John A. Urich
Principal Planner

JAU:jlj/72

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EXCERPT FROM PANNELL, KERR, FORSTER CONSULTANT CONTRACT EXECUTED ON APRIL 9, 1987.

ATTACHMENT NO. 1

SCOPE OF SERVICES

PHASE I - APPROACH TO THE STUDY

The study would be concerned with the determination of current and potential future demand for the project in the market area; assessment of existing and potential future competitive supply; and the share of the market that could reasonably be attained by the proposed project. The approach to such a study would be in several phases, as follows.

Site Analysis

Evaluate the following factors regarding the proposed site.

- Access
- Visibility
- Ambiance
- Present utilization
- Topography
- Relationship to demand generators
- Relationship to area amenities
- Advantages/disadvantages of the site versus the major competitors
- Availability of, or provision for, adequate parking

Area Review

Gather and analyze relevant economic data regarding the market area to determine whether the overall economic environment in the area appears suitable for one of these proposed developments. This data would be collected and analyzed for the City of Madison, the State of Wisconsin and for the nation, and comparisons would be made regarding economic conditions and growth rates for each of these three entities. Among the data to be analyzed would be:

- Population growth trends
- Income trends
- Employment trends
- Air and highway traffic trends
- Office space occupied
- Retail sales trends
- Eating and drinking place sales trends
- Levels of meeting activity
- Local state, regional and national associations located in the area

Examine potential correlations between each of these key factors and the demand for and utilization of these facilities, and utilize any available forecast of these indicators in our evaluation of potential future demand.

Primary Market Research

Conduct primary market research in the site area consisting of interviews with key demand generators, inspection of and evaluation of competition, and discussions with persons familiar with development patterns and the local market.

- Major employers in the market area
- Travel agents
- Managers of tourist attractions
- City officials in zoning, development, transportation
- Convention bureau authorities
- Bankers, editors, development organizations
- Chamber of Commerce
- Association officers
- Operators of competitive meeting and convention facilities
- Civic and social organizations that are potential users of the facility
- Officials at the University of Wisconsin

These interviews, together with the inspection of potentially competitive meeting facilities, will facilitate the gathering of statistical data regarding historical and likely future growth in supply and demand, and the formulation informed judgments regarding potential demand for the proposed projects.

Conduct telephone interviews on a state, regional and national level to provide sufficient size and related information for the proposed facility as well as determining potential demand from these sources for the proposed project.

Evaluation of Supply and Demand for Proposed Meeting Facility

Prepare estimates of current and potential support for the proposed facility, using estimates of future growth in demand and current unsatisfied demand in the market area. The analysis would cover the following potential users of the facility:

- The market for a meeting facility would be evaluated by reviewing the demographic profile of the community, the current supply of similar facilities in the area and its utilization by the residential population.

- The potential utilization of the facility by associations meetings, civic organizations and other potential markets for meeting space.

Estimate the basic level of existing and potential demand for such facilities from the above sources, and then project growth rates in potential utilization

for the next five years. "Latent" or presently unsatisfied demand found in the market would, of course, be included in the estimate and discussed in the report.

Contact those cities within the market region which now achieve a measurable share of the total regional market. In these cities, analyze existing conference/meeting facilities and inventory them by size, scope of operation and ancillary services. Inventory the number and size of complementary support facilities (primarily hotel accommodations) in each of these competitive cities.

Perform a comparative analysis of other factors contributing to the relative attractiveness of Madison in relation to competitive cities in the regional market area concerning:

- Transportation to the city
- Transportation within the city
- Economic health and growth patterns
- Climate
- Primary visitors attractions other than the proposed facility

Analyze future proposed additions to the market that would represent potential competition to the facility as proposed, and discuss the probability of completion of each of the projects.

Market Share Estimates of Proposed Meeting Facility

Upon completion of the estimate of market area supply and demand for the future, estimate the share of the market which the proposed project could reasonably be expected to capture from the meeting sectors of the market. This is a qualitative assessment based on an evaluation of the attributes of the proposed project in relation to competition in terms of location, quality of amenities and services, and other similar factors, utilizing the concept of "fair" market share, and adjusting from the base. "Fair" market share is defined as the weighted ratio of available meeting activity to population compared with the level of activity on a statewide basis.

Prepare tables showing the demand and utilization estimated the proposed project can capture, by market segment, for the next five years.

Preparation of Supply and Demand Estimates for the Proposed Hotel

Based on research conducted, prepare estimates of future growth in demand for, and the supply of, hotel accommodations in the market area.

Analyze historical growth in demand, and the characteristics of each of the principal segments of demand. Using the information gathered, estimate growth rates in demand for each market segment. Demand for hotel room nights will then be projected for the next five years.

Assess the historical growth in the competitive supply of hotels in the market area and the future growth in the supply.

Prepare an estimate of future supply of hotel rooms, the demand for hotel accommodations and the expected occupancies of the competitive rooms supply.

Market Share Estimates and Market Position of the Proposed Hotel

Upon completion of the estimate of the market area's future rooms supply and demand for rooms, estimate the share of the market which the proposed hotel should reasonably be expected to capture, by market segment, for its five years of operation, and estimate occupancy percentage and average rates for the property for each of those years.

Examine correlations between key economic factors and the demand for hotel rooms, and utilize any available forecasts of these indicators in the evaluation.

An inspection and evaluation of competitive hotels will also be conducted.

Evaluation of Food and Beverage Supply and Demand

During the fieldwork interviews, include questions regarding food and beverage preferences, dining habits and attitudes.

Facilities Recommended

Evaluate the facilities recommended and make comments on them. These recommendations will serve as the basis for estimating of operating results.

Estimated Operating Results

Using market research as a basis, estimate occupancy, average rate, sales and operating expenses for each of the first five years of operation for the hotel. In addition, estimate utilization, rate structure and sales and operating expenses associated with the meeting facility. This statement will include all revenues and expenses and result in a "bottom line" of Income Before Rent, Depreciation, Interest and Taxes on Income.

Since the estimated operating results will be based on estimates and assumptions which are subject to uncertainty and variation, they will not be represented as results that will actually be achieved.

PHASE II - ESTIMATED BENEFIT TO COMMUNITY

Upon completion of our research and analysis for the proposed projects, detail the various benefits of a new meeting facility to the community. The economic benefits arise in the form of increases in employment and overall business activity. The end result is increased tax revenues to the community. The entire economic community is also strengthened through new dollars that will be spent in the area each year. In addition, examine a number of intangible

factors which will contribute to the sociopolitical well-being of the community.

Address the following direct and indirect factors that contribute to the economic benefit of the community.

- Short-run impact on sales taxes from construction of new meeting facilities and from ancillary construction, such as new hotel rooms.

- Short-run impact from above construction on wage taxes.

- Long-run impact from increased delegate expenditures on sales tax and transient occupancy taxes (multiplier effect).

These estimates will, therefore, show the tax revenues which can be expected by the City of Madison.

This direct impact can be used to formulate conclusions as to the financial feasibility of the proposed project, as it is assumed that the City would expect the incremental tax revenues received to service the debt.

Economic Feasibility

Perform a financial benefit cost analysis.

Methodology for the analysis will invoice the projection of all costs for developing and operating the facility, and evaluating the costs against the projected benefits. This projection would be calculated on an annual basis over a five-year period. Make certain assumptions regarding construction costs and the cost of debt. These costs, along with the projected operating losses of the proposed facility, would be subtracted from the projected benefits (i.e., the increased tax revenue). Total benefits for the period, divided by the total costs, then yield a benefit - cost ratio.

To determine the feasibility of a new meeting facility in Madison, estimate the construction cost for the project. Estimate this cost based on a review of construction costs of other recently completed centers across the country. We would estimate the cost per square foot for each of the facilities recommended.

Report

The foregoing information will be presented in a report suitable for use in obtaining financing, a franchise or management agreement. Though the exact format of the report will evolve as the engagement progresses, the following topic headings will provide an overview of the expected final report.

- Introduction
- Executive Summary
- Site Location Analysis
- Area Review

- Rooms Supply and Demand
- Convention Center Supply and Demand
- Conference Center Supply and Demand
- Food and Beverage Supply and Demand
- Five-Year Statement of Estimated Annual Operating Results

- Estimate of Benefit to Community
- Economic Feasibility

Three hundred fifty copies of the report will be delivered at the conclusion of the study.

Presentations

In addition to visits to Madison in conjunction with data collection and interviews, the Consultant agrees to make two (2) presentations to the City's Hotel/Convention Center Criteria Review Committee. The first appearance will be made at the completion of field work to present the Consultant's preliminary conclusions. The second will be for the purpose of discussing the content of draft of the final report.

ATTACHMENT NO. 2

ALLOCATION OF TOTAL COMPENSATION
TO TECHNICAL WORK ACTIVITIES

Technical Work Activity	Allocation
Feasibility Study for Convention Center and Hotel	$22,000
Additional Analysis for Proposed North Square Conference Center	10,000
Economic Benefit Analysis	5,000
SUBTOTAL	37,000
Reimbursable Expenses @ 15%	5,550
SUBTOTAL	42,550
Printing Allowance for 350 Copies of Report	2,450
TOTAL	$45,000

PAYMENT SCHEDULE

Retainer Payable Due upon Contract Execution	$18,500
Progress Payment due upon Completion of Field Work	13,000
Balance Due upon Delivery of Final Report	13,500
TOTAL	$45,000

ATTACHMENT NO. 3

PERSONNEL ASSIGNMENT & RESPONSIBILITIES

Study Director	Theodore R. Mandigo
Technical Advisor	L. Clarke Blynn
Technical Advisor	Lauren Schlau
Research & Support	Eric Stotz Ellen Janus William Kuzel Mary Ellen Hogan Brenda Patek

CITY OF MADISON
INTERDEPARTMENTAL
CORRESPONDENCE

Date: April 14, 1987

TO: Hotel/Convention Center Criteria Committee

FROM: George E. Austin, Director, Department of Planning and Development

SUBJECT: Staff Activities on the Convention Center planning through the month of May, 1987.

I am writing to provide you with a list of the activities the staff will be pursuing on the Convention Center project through the month of May. On Wednesday, April 8th, Planning and Development staff and the City Attorney met to discuss the activities the staff will be pursuing over the next six weeks on this project. These activities can be basically broken down into three areas: (1) Pannell Kerr Forster Contract; (2) Hotel Request for Proposals; and (3) Tax Increment Finance Plan.

As you know, the contract with Pannell Kerr Forster (PKF) was executed by the Mayor on Thursday, April 9th. The consultants plan to begin work immediately and have the draft reports prepared within 8 weeks of the signing of the contract. We've asked the consultant to be present at the April 23, 1987 meeting of the Committee to introduce themselves to you and to field any questions you may have regarding the contract. Staff will assist PKF to the extent they need background information and planning data. In addition, staff will work with the Downtown Madison Partners, Inc. Committee as may be needed or requested by DMPI.

It is anticipated that the hotel market study component will be available in mid-June from PKF. It is our intent to have the Criteria Committee review and approve a hotel Request for Proposals process and packet which will be ready to be distributed at approximately the same time as the hotel market study is available. The RFP development will be a principal area of staff involvement over the next six weeks, and we plan to have draft material to you for your consideration at your meeting in early May. Our goal is to utilize successful formats and processes that have been successfully used elsewhere and not to "reinvent the wheel."

The final area of staff activity will be the Tax Increment Finance Plan, a draft of which was presented to you in March. In particular, we plan to brief the Capital Neighborhood Association, the new alderperson from the Sixth District, Mr. Simon Carter, as well as any other groups that are interested in the draft plan. As information is received from Pannell Kerr Forster, we will update the Plan with that information to improve the document. Following the receipt of the PKF report in early June, we will finalize the Plan and bring it to you in order to authorize the statutory review processes to begin. Should you have any additional questions or comments regarding staff activities, please feel free to call me at 266-4635.

George E. Austin

George E. Austin, Director
Department of Planning and Development

GEA:pah/15.1

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

City-County Building
210 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53710
608 266 4611
608 266 4443 (TDD/Device for Deaf)

AGENDA

HOTEL/CONVENTION CENTER CRITERIA REVEIW COMMITTEE
Thursday, September 17, 1987, 7:30 a.m.
Room 260, Municipal Building

I. Roll Call

II. Approval of Minutes - September 10, 1987

III. Draft Resolution Concerning Hotel Proposal - Discussion

IV. Other Business

V. Negotiation Strategy and Parameters*

VI. Adjourn

* The Committee may go into Closed Session pursuant to Chapter 3, Section 3.44(1) of the Madison General Ordinances and Subsection 19.58(1)(e) of the Wisconsin Statutes for the purpose of deliberating or negotiating the purchasing of public properties, investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a Closed Session.

REVISED MINUTES
Hotel/Convention Center Criteria Review Committee
Thursday, September 3, 1987
Room 103A, City-County Building
7:30 A. M.

I. ROLL CALL

Members Present: Mayor Sensenbrenner-Chair, Alderpersons Galanter, Lufler, Wallner, Dye and Blumenfeld.

Absent: Alderperson Bauman.

II. APPROVAL OF MINUTES OF AUGUST 27, 1987

On a motion by Alderman Lufler, seconded by Alderperson Galanter, the minutes of the Committee's meeting of August 27, were approved.

III. REPORT ON JOINT SPACE UTILIZATION - CIVIC CENTER SITE

John Urich described those spaces in the Madison Civic Center which would be available at least part of the time for functions related to the Convention Center. These included meeting room space, the Oscar Mayer Theater, the Isthmus Playhouse, as well as portions of the back of house space. He indicated that the availability of any of these spaces would depend on scheduling. Ralph Sandler and Architect John Glad responded to a variety of questions on both management and design of the joint facility. At one point, Alderman Dye expressed his feeling that the Committee was spending too much time and energy trying to develop definitive costs for the project on the basis of extremely preliminary information. He suggested that it was time for the Committee to select a site and move on with the process.

IV. ADDITIONAL COST REPORTS ON CIVIC CENTER SITE

Warren Somerfeld distributed a memorandum containing information on ingress and egress to both sites under consideration, the cost of providing directional signing to the sites, traffic volumes and capacity information, street lighting improvements, and finally, parking costs. Bill Bakken presented cost estimates for demolition associated with each site. His report indicated that Civic Center site demolition would cost $328,000 compared to $70,000 for the South Square site.

V. CONTINUED DISCUSSION OF DECISION-MAKING QUESTIONS

The Committee agreed that at its next meeting the question of whether or not to circulate a Request for Proposals for the Hotel/Convention Center complex would be the first order of business.

VI. OTHER BUSINESS

None.

VII. SCHEDULING OF MEETING

The Committee agreed to meet again on Thursday, September 10 at 7:30 a.m.

VIII. ADJOURN

The meeting adjourned at 8:45 a.m.

Respectfully submitted,

John A. Urich
Principal Planner

JAU:jlj/72

MINUTES
Hotel-Convention Center Criteria Review Committee
Thursday, September 10, 1987
Room 260, Madison Municipal Building
7:30 A. M.

I. ROLL CALL

Members Present: Mayor Sensenbrenner-Chair, Alderpersons Galanter, Lufler, Dye, Bauman, Blumenfeld and Wallner.

Members Absent: None.

II. APPROVAL OF MINUTES - SEPTEMBER 3, 1987

On a motion by Alderperson Galanter, seconded by Alderman Dye, the minutes of the Committee's meeting of September 3, 1987, were approved subject to a change requested by Alderman Lufler that the demolition costs for both the Civic Center site and the South Square site submitted by staff be included.

At this point, Mayor Sensenbrenner suggested, that in view of the events of the past few days, specifically, the proposal by Jerome Mullins & Associates and Barberg & Associates to develop a hotel on Block 89, the agenda be modified to permit a report concerning actions taken by the Boards of Directors of both Downtown Madison Inc. and Downtown Madison Partners Inc.. Martin Rifken and William Belden informed the Committee that at a meeting of the Boards of Directors of Downtown Madison Inc. and Downtown Madison Partners Inc., a resolution was adopted recommending that the City of Madison proceed to develop the proposed South side convention site contingent on:

1. Jerome Mullins & Associates and Barberg & Associates having 90-day priority for working with the City on the project before cooperating with other potential developers; and

2. An agreement is entered into with the selected developer to develop and construct the hotel by January 10, 1988, which will involve no direct City subsidy with the developer's lease payments covering all City costs, including land acquisition, parking acquisition and construction costs.

   Alderman Lufler inquired as to the precise meaning of the term "priority". Rifken indicated that the intent was that the negotiations would be exclusively with Mullins & Associates and Barberg & Associates. Alderman Wallner asked why the City shouldn't consider circulating a Request for Proposals during the 90-day period. Rifken replied that unless the arrangement were exclusive, the developer has no incentive to expend monies to refine the proposal.

Mayor Sensenbrenner called upon Jerome Mullins to clarify his proposal for the Committee. Mullins indicated his intent to develop the hotel to be attached to a City-constructed Convention Center. Under his proposal, the City would acquire the land and lease it to the developers for an amount sufficient to cover the City's cost of land acquisition, demolition, and relocation. Similarly, the developer would lease parking constructed by the City at a lease price sufficient to cover all City costs.

Mayor Sensenbrenner inquired as to the management arrangements contained in the proposal. Mullins replied that his group was prepared to manage and market the Convention Center facility. Alderman Lufler asked Mullins to describe the proposed hotel. Mullins said that the hotel would include 260 suites, with supporting amenities and would be attached to the Convention Center which would be sized according to the recommendations of Pannell, Kerr, Forster and Brooks, Borks and Skiles.

Alderman Wallner asked about the possibility of a management oversite committee for the Convention Center. Mullins expressed a strong preference for exclusive hotel management of the facility, but indicated that he would entertain suggestions for other management structures.

Alderman Wallner asked Mullins for his estimate of the cost of the land for the hotel facility. Mullins replied that he thought it would be in excess of $1,000,000. Alderperson Galanter asked Mullins what type of action he expected from the Committee. Mullins replied that he needed an indication that the Committee would negotiate exclusively with Mullins & Associates and Barberg & Associates.

Alderman Wallner asked why the proposal was being made in view of the findings of the Pannell, Kerr, Forster Study. Mullins replied that the Hotel/Convention Center in his opinion will generate 70,000 room nights, significantly more than the estimate by Pannell, Kerr, Forster. Alderman Dye asked if the proposal contained a guarantee to absorb any operating subsidy that might result at the convention center. Mullins indicated that their proposal did include such a guarantee.

Alderperson Galanter reminded the Committee that it had been one year since initial planning began on the Block 88, 89 complex and thanked Mullins for coming forward with the proposal at this time.

On a motion by Alderperson Galanter, seconded by Alderman Lufler, the Committee directed City staff to draft a resolution affirming the City's intent to pursue exclusive negotiations with Mullins & Associates and Barberg & Associates for a period of 90 days. Alderman Lufler indicated his support for the concept of a staff negotiating team and Alderman Dye requested that that be included in the resolution.

III. ADJOURN

On a motion by Alderman Lufler, seconded by Alderman Blumenfeld, the Committee meeting adjourned at 8:38 a.m.

Respectfully submitted,

John A. Urich
Principal Planner

JAU:jlj/72.1

Office of the Mayor

City of Madison

F. Joseph Sensenbrenner, Jr., Mayor

City-County Building
210 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53710
608 266 4611
608 266 4443 (TDD/Device for Deaf)

AGENDA

Hotel/Convention Center Criteria Review Committee
November 5, 1987

I. Roll Call

II. Approval of Minutes - Meeting of September 17, 1987

III. Discussion of Project Timetable

A. Architect Selection Process

B. Financing Alternatives

IV. Other Business

V. Hotel Negotiations - Status Report

VI. Adjourn

*The Committee may go into Closed Session pursuant to Chapter 3, Section 3.44(1) of the Madison General Ordinances and Subsection 19.58(1)(e) of the Wisconsin Statutes for the purpose of deliberating or negotiating the purchasing of public properties, investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a Closed Session.

MINUTES
HOTEL/CONVENTION CENTER
CRITERIA REVIEW COMMITTEE
THURSDAY, SEPTEMBER 17, 1987
ROOM 260 - MADISON MUNICIPAL BUILDING
7:30 A.M.

I. ROLL CALL

Members Present: Mayor F. Joseph Sensenbrenner, Jr., Chair; Alderperson Eve Galanter, Alderperson Henry Lufler, Alderperson Robert Dye, Alderperson Sue Bauman, Alderperson Michael Blumenfeld, Alderperson David Wallner.

Members Absent: None

II. APPROVAL OF MINUTES

By consent, the Committee approved the minutes of the September 10, 1987 meeting.

III. DRAFT RESOLUTION CONCERNING HOTEL PROPOSAL

Mayor Sensenbrenner presented a draft resolution which would reaffirm the City's commitment to a Hotel/Convention Center Complex on Blocks 88 and 89 and direct a City staff team to exclusively negotiate with Jerome Mullins and Associates a development agreement for said hotel. The Mayor reviewed the parameters in structuring a preliminary agreement which include:

1. The City will acquire the land on Block 89, demolish the existing properties and relocate the existing tenants and subsequently lease the land to the developer at no cost and no risk to the City;

2. The City will construct an underground parking ramp beneath the proposed hotel and will lease the stalls to the developer and other private parties at no cost and no risk to the City, and the financial structure for said parking will be a financially separate parking facility;

3. If the lease does not meet the objectives of cost and risk protection, the hotel developers have the option to purchase the land and construct the parking beneath the hotel at no cost or risk to the City;

4. It is understand by the City that the management of the convention center must be controlled by the hotel developers. The Greater Madison Visitor and Convention Bureau shall have membership on the decision making body for the management of the convention center. Equal access must be provided to all appropriate users. In return, the developer will be responsible for paying annual operating loss (subsidy), if any, of the facility;

5. Incremental taxes generated by the hotel will be available to the City to use at its discretion for the convention center or other uses.

Mr. Jerome Mullins then discussed the resolution with the Committee. In response to questions, Mr. Mullins indicated that any tax increment financing proceeds generated by the hotel would not be used for the hotel development, and that it would be necessary for there to be private control of the day to day management of the convention center. Alderperson Wallner indicated that he felt that an umbrella organization should be put in place to provide long term policy direction for the operation of the convention center. In response to a question from Alderperson Dye, the Committee agreed to change the date by which the negotiations must be completed from January 10, 1988 to February 10, 1988. Following discussion, on a motion by Ald. Galanter, seconded by Ald. Lufler, the Committee voted unanimously to recommend adoption of the Common Council resolution.

IV. OTHER BUSINESS

None.

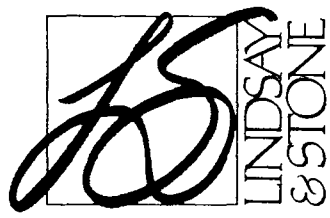
V. ADJOURN

The meeting was adjourned by the Chair at 8:20 a.m.

Respectfully submitted,

George E. Austin, Director
Department of Planning and Development

GEA:jkj/37.2



August 15, 1986

Ms. Eve Galanter
109 North Roby Road
Madison, WI 53705

Dear Eve:

I fear we may be in the process of building an Edsel.

You remember the Edsel -- the car that not enough people bought so it disappeared. Its makers said, "here it is, come and get it" rather than, "what do you want, consumer? We'll develop something for you."

Building a convention center on the south side of the square would be, in my professional marketing opinion, like building an Edsel. It will not attract enough customers to be a self-supporting, viable business.

I urge you and the entire City Council to seriously reconsider Block 82.

Before you read any farther, I must call attention to my business address. It is 100 State Street, one block from the proposed north side site. You may immediately presume I have a vested interest in the Block 82 location.

Although we rent space on State Street, neither our business nor our clients would have anything to gain from the north side site. Our clients are not local retailers or hoteliers. Most are located outside of the downtown or do their business outside of Madison.

In fact, having the convention center a block away would actually be an inconvenience for Lindsay & Stone offices because of increased traffic, parking and crowd congestion.

My support of Block 82 is purely based on business experience. I've not only started and built a successful 10 million dollar business, but the business of Lindsay & Stone is to make other businesses successful, too. We do it, in great part, with marketing. And it appears to me that proven marketing principles are not being applied to the decision on where to locate the convention center.

LINDSAY & STONE ADVERTISING, INC.
100 State Street Madison, Wisconsin 53703 (608) 251-7070
Member, American Association of Advertising Agencies

What is marketing and what does it have to do with the convention center?

Marketing is determining the wants and needs of the ideal consumer for your product (in Madison's case, this is conventioneers and convention planners) and then designing a product to meet their needs and wants. As Theodore Levitt put it in his classic article "Marketing Myopia" in the Harvard Business Review: "Selling focuses on the needs of the seller; marketing on the needs of the buyer." And Peter Drucker stated: ". . . the aim of marketing is to make selling superfluous. The aim of marketing is to understand the customer so well that the product or service fits him and sells itself."

Historically, Madison as a city, has suffered from not being marketing oriented. We have frequently said, "let the wants and needs of the people be damned. The public will adapt."

We call this inside-out thinking. The city (i.e., the City Council) has taken what it thinks is best and has tried to sell the marketplace.

I believe many of our current problems with the downtown are a direct result of Madison's non-marketing orientation. The mall, the lack of parking, etc., were all strategies to sell the consumer what the city wanted. One of the major results? Businesses died because consumers went elsewhere -- to Hilldale, East Towne and West Towne where their needs and wants were filled. Businesses who were marketing oriented followed the consumer.

Now, the city has a plan to further develop the south side of the square. The strategy appears to be that to build the facility on Block 89 will help to draw further development to that area. This is inside-out thinking and it has a fatal flaw. For although there is no doubt that the center on the south side would help to build business in the neighborhood, business will build there only if the convention center is terrifically successful, and only 2 - 3 years after it has proven itself.

By concentrating on what will happen if and when the center is successful, you are jumping the gun. The first question should be how to make a convention center successful. And that is where marketing comes in. You must first get the convention center booked. And booked regularly. And that requires the best site from a marketing point of view.

What are the needs and wants of the convention planner and conventioneer? The evidence is indisputable. The National Feasibility Corporation rated the Block 82 site as "superior" and as substantially preferable to the Block 89 site for attracting conventions. DMI, whose mission is to encourage development anywhere downtown, has recommended Block 82 over Block 89. And any survey of conventioneers will tell you overwhelmingly that they prefer a location that has:

- An exciting/fun atmosphere (near restaurants, movie theaters, plays)
- Recreation for spouses (shopping, plays, THEATERS, restaurants)
- Extra, adaptable meeting space, banquet space and extra hotel rooms.

These things are all on the north side in substantially greater quantity than on the south side. And they all exist <u>now</u>, to help the convention center be successful from the start.

What is more, in this day and age of heavy competition, it is not good enough to have a convention center that is <u>just</u> as good as as someone elses, or even 10 - 15% better. As William Davidow of Intel experienced, "slightly better is dangerous. You must be significantly better." Implicit in sound marketing principles is a healthy concern for our competition -- other convention sites. We cannot operate under the assumption that Madison is the only choice for convention planners. In fact, we can bet that with Madison's plan to build a site here, other cities will work even harder to <u>keep</u> their business and be even more competitive -- with strategies such as cheaper pricing, more amenities and heavier promotion. We cannot operate in an ivory tower, ignoring our competition. Look what happened to General Motors when it ignored Honda.

In designing its convention center, Madison must assess its competition's strengths, and develop an advantage. We need to be able to offer the end user something he needs or wants in a way the competition cannot.

What does Madison have to differentiate itself from Green Bay, La Crosse and Milwaukee that also meets the needs and want of conventioneers? It can be only one thing -- the environment of State Street and the campus. It is truly something we can offer that no one else can. Unlike Block 89's environment, we can offer State Street immediately upon the opening of the convention center. Unlike Block 89's site, it will not take 3 - 4 years of a convention center in the neighborhood to develop retail and restaurants, if a convention center in and of itself could force an environment comparable to State Street in the first place.

We can market State Street as a credible, tangible, existing benefit before the doors of the convention center even open and thus use it to help us get our first business in the center. We don't have to proceed to conventioneers and planners that "someday" a dynamic neighborhood will exist around the convention center.

Atlanta found out all of this the hard way. The Omni Center (hotel and convention floor) was built several years ago, 6 - 7 blocks from the main shopping and entertainment artery of Peachtree. Even six blocks distance hurt their business and they suffered critically, because visitors to Atlanta preferred to be closer to Peachtree. The Omni has struggled ever since, trying to force retail and restaurant development in their neighborhood in order to help their situation and attract conventioneers. But with few people at the Omni facility in the first place, retailers and restaurateurs couldn't afford to locate there. Unless Madison selects the best site, Madison, too, could relive Atlanta's nightmare.

Conventioneers will not be as attracted to the south side of the square as they will be to the north side. This is no doubt why all the professionals whose business it is to help us attract conventions to Madison (i.e., the Greater Madison Visitors and Convention Bureau, National Feasibility Corporation, and Bowen, Williamson, Zimmerman) are recommending the north side.

Why isn't anyone listening to the experts?

By supporting the Block 89 site, the same City Council members are not realizing that the convention center is just like starting up a business. You choose the product mix with the highest probability of success, because you might not be around to change it later. And when you are talking about a multi-million dollar investment in a facility, it sure can't be changed once it is up and built.

Although a north side location may cost a little more up front, in the long run it should easily be worth it:

- Less financial risk for the city, because there will be substantially less chance it will need to be subsidized. Its chance of success is greater because it is a more desirable site for conventioneers and convention planners. It is competitive, with a unique edge, over our competition.

- Less risk for the taxpayer, who is already frustrated with having to subsidize the Civic Center and a host of other city services.

- More money overall to the local retail and hospitality community because a north side location would get more bookings.

- Increased use of the Civic Center, lessening or eliminating the taxpayer subsidy.

- More visitors to our city, who will then have a positive experience, and thus, more return business.

- Kudos for the City Council, who will have a big success on their hands and not another big, visible, costly eyesore as so much of the square has been.

So please, consider the marketing logic of locating the convention center on the north side of the square.

A convention center on the south side of the square may be an urban planner's dream for the area, but it is putting the cart before the horse. Few cities, if any, can afford the luxury of using a multi-million dollar convention center to try to force development of a neighborhood.

Please reconsider your choice of Block 89. The logic is there. The emotional preference for Block 82 is overwhelming. You can't lose. Madison can't lose.

Sincerely,

Marsha Lindsay
President

ML/cw

P.S. Eve, let's get together to talk about how not to build an Edsel in the downtown. I live close to you in your district. Give me a call.

cc: Mayor Joseph Sensenbrenner
Gerald Born
David Wallner
Robert W. Dye
Michael Blumenfeld
Rosa H. Escamilla
William Feitlinger
Susan J.M. Bauman
Tammy Baldwin
Nicole Gotthelf
Eve Galanter
Judith Kay Olson
Larry Olson
Sally S. Miley
Timothy Bruer
Warren E. Onken
Henry S. Lufler, Jr.
S. Michael Shivers
Phillip W. Uekert
Judith A. Bowser
Jean Stewart
Ronald Trachtenberg
Carole A. McGuire

The School of Business
University of Wisconsin-Madison

Graduate School of Business
1155 Observatory Drive
Madison, WI 53706
608/262-0391

February 2, 1987

MEMORANDUM

TO: Bill Belden
Joe Hildebrandt
Harold Langhammer
Gordon Rice
Marty Rifken
Ken Welton
Darrell Wild

FROM: James A. Graaskamp

RE: Alternative Convention Center for North Square

Joe Hildebrandt has made available a meeting room at Foley and Lardner for 3:00 Tuesday afternoon, February 10 at First Wisconsin Plaza.

Subject for discussion:

1. Brief presentation of development plan for Convention Center on Woolworth/Brathaus site.

2. Discussion of a proposal that a Block Development Corporation be formed to include partners in The Concourse, 30 On the Square, 14 W. Mifflin, Brathaus II, and Woolworth Building concept would be to trade callable preferred stock for equity value of partner interests. Voting control to be with preferred one for one with common. Common stock would be purchased for cash by State Street merchants, downtown Madison and other vested interests such as Convention Bureau.

3. Financing would include existing North Square skyway allowance, $2.5 million TIF grant, $1.5 million parking utility grant, plus refinancing of renovated Concourse and 30 On the Square with an economic development or an industrial loan.

Neviaser Investments, Inc. *Commercial Real Estate*
25 West Main Street, Suite 465 • Madison, Wisconsin 53703
Telephone (608) 257-3777

February 16, 1987

Mr. Charles Dinauer
City Planning Department
210 Martin Luther King Drive
Madison, WI 53709

Subject: Convention Center and Hotel

Dear Chuck:

I understand that your group will be analyzing the new proposal by Professor Jim Graaskamp. It certainly has advantages in as much as it does not require that a new hotel be built downtown.

No convention center can be successful unless it is attached or in close proximity to a first class hotel. By the same token, there isn't really enough business to justify another downtown hotel, and there would have to be at least a three year lag time for that to happen on the south side of the Square.

I would like to suggest that as an alternate that a convention center be built on Block 90 between Manchaster Place and 44 on the Square utilizing all of the land that the Strand Theatre occupies plus that property which is behind 44 on the Square. This would be substantially more space, but I propose this only if the Graaskamp suggestion is not feasible because I do believe theirs is better since it connects to the Concourse Hotel. In addition, of course, this is only a suggestion if we find that the south side of the Square does not work out. I remain, however, convinced, that side is the wrong location for reasons cited before.

Sincerely Yours,

Daniel H. Neviaser

DHN:lbr
cc: Mayor Joseph Sensenbrenner
William Belden, Downtown Madison, Inc.
George Austin, City Planning Department
Professor James Graaskamp

4610 University Avenue, Suite 105, Madison, Wisconsin 53705, 608-233-6400

Landmark Research Inc.

James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.
Jean B. Davis, M.S.

February 20, 1987

Ms. Carole Badger
Executive Vice President
Board of Realtors
413 West Washington Avenue
Madison, WI 53703

Dear Ms. Badger:

The Mayor's Committee for Convention Site Criteria will meet at 7:45 AM on Thursday, February 26, 1987, in Room 3C on the first floor of the City-County Building behind the City Clerk's office. At that meeting, Professor Graaskamp's team will demonstrate that the feasibility of a convention center is determined by its 1) location, 2) original size and cost, 3) ability to reinforce surviving downtown businesses, 4) use of existing financing resources, and 5) ability to avoid any city liability for operating losses.

1. A 20,000 SF Convention Center and supporting facilities will fit on the corner of West Mifflin Street and Wisconsin Avenue, replacing Woolworth's, Brat Haus II, and 14 West Mifflin. The modern glass structure will bring visible activity to the Square, enjoy a powerful view of the Capitol, and be visible from East Washington Avenue to the Inn on the Park. There can be 246 parking stalls below grade, skybridges to the Dayton Street Ramp, the proposed Art Center, the Civic Center and the existing Madison Area Technical College (MATC) classroom building. The main automobile entrance is on Mifflin Street with easy access to all of the roads leading to the Square, but it does not block the main traffic circle around the Square.

2. Because the facility would be level with the existing ballroom and meeting rooms at the Concourse Hotel, it would offer 16,000 SF more meeting space than would need to be built on the south side. In addition, it would offer 14,000 SF of retail space, a new lecture hall, and 8,000 SF of pre-assembly area.

3. One four-day event brought to Madison by the Convention Center with 1,000 attendees, would produce 3,000 room nights. If 40 percent stayed at the Concourse Hotel it would improve their occupancy by 1 percent and their revenues by $480,000, not including food and beverage returns. On the other hand, a new hotel with 275 rooms, starting from scratch, would need to market 275 rooms x 365 days x 60 percent or 60,225 room nights. It would have to capture 100 percent of 20 annual meetings never held in Madison before. If it received only 50 percent of persons attending, there would have to be 40 new conventions

averaging 1,000 persons each and lasting four days to make the hotel feasible. Otherwise, each of the other hotels would lose approximately 1 percent of the potential increase in occupancy for each meeting the new hotel fails to attract.

State Street would be connected to the Convention Center with a skybridge across Carroll Street to El Esplanade and to the Dayton Street Ramp via the existing skybridge. The covered pedestrian walk would be extended across the perimeter of the Dayton Street Ramp to the Orpheum Theater/proposed Art Center and by glass elevator to State Street directly across from the Civic Center, thus integrating key State Street facilities into the Convention Center.

4. The existing North Square TIF District has generated $1.9 million for skybridges, $2.2 million for general subsidy of new development and additional funds for street improvements. These funds are the result of Manchester Place, the expansion of the Concourse Hotel, and new housing behind the Masonic Temple. The Convention Center, as proposed for the Woolworth site, would be privately owned and it would add at least $5 to $7 million to the tax assessed value of that block. That, in turn, would add about $750,000 more resources to the TIF fund. City assistance with underground parking would be required, not to exceed $2.5 million, but changing tax laws make it unclear as to whether parking utility bonds, G.O. Bonds, or some build/lease arrangement would be best.

5. The Convention Center concept calls for merging all property interests in the block into a single corporation which would be owned as follows: approximately 60 percent by existing property owners, 20 percent by the city and 20 percent by downtown Madison businessmen who stand to benefit from a North Side Convention Center. Management of the Convention Center would be under the control of the Greater Madison Convention Bureau and food services to personnel would be provided by the Concourse Hotel on contract.

Sincerely,

James A. Graaskamp/JBD

James A. Graaskamp, Ph.D., SREA, CRE
Urban Land Economist

JAG/elm

REALTOR®

Greater Madison Board of Realtors®, Inc.
Madison MLS Corporation
413 West Washington Avenue
Madison, Wisconsin 53703
Telephone 608-255-8831

EQUAL HOUSING OPPORTUNITY

February 23, 1987

MEMO

TO: Madison REALTORS® and Affiliates

FROM: GMBR President Brian J. McGettigan GRI, CRS, CRB

RE: Potential Madison Convention Center

GMBR Member and Urban Land Economist James Graaskamp, will be testifying before the Mayor's Committee for Convention Site Criteria at 7:45 a.m., Thursday, February 26, 1987, in Room 3C of the City-County Building (on the first floor, behind the City Clerk's offices). Although many of you heard his well-researched presentation at our Board Luncheon last week, he would appreciate your attendance at this meeting and your support. He would also like you to alert your alderperson as to the opportunity to hear expert testimony on the matter.

We've all heard the arguments as to the possibilities for site; politics and passion have played, and will probably continue to play, a role in the matter. However, your Board of Directors is in favor of a rational approach to the issue and an independent evaluator's view as to feasibility of the venture, based on the best answers to the following:

1. location
2. original size and cost
3. ability to reinforce surviving downtown businesses
4. use of existing financing resources
5. ability to avoid any city liability for operating losses

Please call your alderperson today. Ask him/her to look at the issue in the above light.

Thank you.

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25 West Main Street, Suite 465 • Madison, Wisconsin 53703
Telephone (608) 257-3777

March 27, 1987

Professor James Graaskamp
4610 University Avenue
Madison, WI 53705

Subject: Downtown Convention Center

Dear Jim:

I remain firmly convinced that the convention center should be on the north side of the square so no additional hotel need to be built downtown. I think the reasons are self-evident and do not need to be reiterated.

As an alternative to the location adjacent to the Concourse Hotel, may I suggest that you consider taking the Strand Theatre, all the buildings in front of it, and the total parking lot behind 44 On The Square. I believe this comes to 60,000 square feet which is large enough and is close enough to the Concourse Hotel to satisfy the requirements without a need for an additional hotel.

I certainly would be glad to join the fray because I feel so very strongly that we must have it on the north side of the square.

Sincerely Yours,

Daniel H. Neviaser

DHN:lbr
cc: Darrell Wild

Robin J. Erdmann
315 Island Drive, No.1
Madison, Wisconsin 53705
(608) 233-3380

April 20, 1987

Mr. David Fjelstad
Executive Director
University of Wisconsin-Extension
Conference Centers
602 Langdon Street
Madison, Wisconsin 53706

Dear Mr. Fjelstad:

I am currently conducting an analysis of conference center demand in Madison as part of my requirements for completing an M.S. degree in Real Estate Appraisal and Investment Analysis in the University of Wisconsin's Graduate School of Business. Specifically, the project is for Business 857--Real Estate Feasibility and Counseling, taught by Professor James A. Graaskamp.

Part of the analysis involves estimating the amount of excess demand generated by University departments that cannot be accommodated by the UW-Extension Conference Center system. To undertake this analysis, I need to know the current level of university Extension Conference Center demand and usage by department--data that is maintained in your record keeping system. With your consent, I would like to review these records.

I fully understand that any data you provide me access to will be used only for academic purposes and in the strictest confidentiality. The data will not be used by me, or anyone else, for commercial or political purposes, particularly in light of the current debate over convention center/conference center development in Madison.

Thank you for your support in my efforts to complete my academic degree requirements.

Sincerely,

Robin J. Erdmann

James A. Graaskamp, Professor
Advisor

The School of Business
University of Wisconsin-Madison

Graduate School of Business
1155 Observatory Drive
Madison, WI 53706
608/262-0391

May 3, 1987

Theodore R. Mandigo
Pannell, Kerr, Forster
150 N. Michigan Ave.
Chicago, IL 60611

Re: Madison Convention Center Study

The Mayor's office has sent me a copy of your convention center study contract which allocates $10,000 to review of our northside of the Square proposal. Since there are various distortions of that proposal being promulgated by various interests, I thought I would provide you some preliminary information and invite you to query me on the missing pieces.

Enclosed is the brochure which my graduate students and I prepared hastily with the graphic assistance of architect Arlan Kay. He has been partially reimbursed by Gorden Rice and Darryl Wild. The students and I have received nothing and will receive nothing and have no interests in market research, appraisal, or consulting contracts that would result from the project, unlike architects and investment bankers advocating the south side.

Our first financial structure was to combine all the ownerships in the block into a single joint venture in which the city would be a partner and ultimate owner of residual control of the common stock after gradual retirement of the prefered stock. THe object was to tap the significant cash flows created from increased occupancy of the Concourse Hotel and conversion of 30 On-The-Square to a medium priced $40 a night motel without meeting facilities or food service. It would be tied to those elements in the Concourse Hotel and the convention center. The owners were willing to consider this but the city was impatient for a larger, single phase project.

Financial structure #2 was to leave the Concourse Hotel as a single entity, leave 30 On-The-Square as a second ownership entity, and develop the convention center as a private capital venture with benefit of assessment of the hotels for 80% of any deficit and a maintenance assessment via the existing concourse mall assessment district of all property owners on the Square and State St. for 20% of the deficit not to exceed $150,000. The details are in the enclosed brochure; because we proposed a two phase development with a 22,000 square foot exhibit center to be expanded with an additional 10,000 square foot center later, we have been criticized as proposing too small a facility.

If constructed in a single phase, the underground parking could be expanded and exhibit space of 32,500 square feet would be easily accomplished in addition to conference center space at ground level, including sloped floor, executive conference auditoriums. The facility would pay real estate taxes and would utilize only existing balances in the North Square TIF district. Note that we would finance parking conventionally to avoid hassels with the new tax law and the financially weak Madison Parking Utility.

You will find that we have recognized minimal net income from the total exhibition center in the form of a $2,000 daily net rental fee since there was neither time nor data with which to forecast all manner of revenues and operation expenses. I'm sure you can correct those deficiencies of our pro bono work.

I was happy to add my recommendations to the reviews in the Mayor's office and planning department as I expect you will provide an objective and fair minded analysis of the opportuities available to Madison.

During the summer break at the University I can be traced through my office at Landmark Research (608-233-6400) or at my home office (608-238-8452).

Look forward to meeting with you and your study team.

Sincerely,

James A. Graaskamp
Chairmain, Real Estate and Land Economics

CONSIDERATIONS FOR SITING OF DOWNTOWN CONVENTION CENTER

Action is needed. Every effort should be directed toward the expeditious development of this much needed facility. In order to keep up the "pace", site selected should have the least possible encumberances of political conflict.

Every vital element is important to the total vitality of Downtown. The price of selecting the MATC site is to sacrifice an institution which does make a positive contribution to life in Downtown. Let's seek a "WIN-WIN" situation. Work for the development of the Convention Center-Hotel Complex, but at a location that does not impose the expense of losing an important educational center and drawing card.

Other attractive sites are readily available. They offer the "win-win" solution. They portend little, if any, political controversy. Their actual cost would be significantly less than the MATC site.

The site with greatest overall potential is the joint Block 88-89 site. The commitment by the City to the development of a Convention Center and accompanying hotel is a major investment. The City is entitled to, and should, receive the maximum return from this investment. The long-term beneficial impact of utilizing this Block 88-89 site would be far greater than any other site.

Block 89, a stagnant area directly on the Square, would be developed and would stimulate further activity and investment in the Olin Place sector of the Downtown. This would be a major step in achieving the goals of the 1981 council resolution to "Maintain the Madison Central Business District as the center of Government, financial, and professional office activity and as a specialized retailing complex serving the region as well as the general retail needs of downtown residents, workers, and students."

Functions and activities in a vibrant downtown are mutually dependent and mutually supportive. Connections and linkages are vitally important to make the various parts of Downtown economically healthy and attractive.

This successful linking of facilities can be seen in cities such as Green Bay, where the convention center is linked to both a hotel and to a large retail shopping area. This example illustrates a very positive response to the demands of the market place - a place to meet, a place to stay and recreate, and a place to shop - easy to reach, with plenty of places to park. Numerous other cities have successfully used this formula.

In Madison, development of the Block 88-89 site would produce this desired "linkage". A hotel in Block 89 right on the Square, connected with a large convention center on Block 88, connected in turn with a large, exciting, lake front Festive Marketplace on the shore of Lake Monona. The entire complex would be served by ample parking areas.

With the playing of this one "trump card", the convention center on Block 88, the revitalization of our Downtown would take a gigantic step forward.

THE CONCOURSE HOTEL

Governor's Club

One West Dayton Street
Madison, WI 53703-2582
(608) 257-6000

October 1, 1987

Mr. Tim Downey
Laventhol Horwath
300 S. Riverside
Chicago, IL 60606

Dear Tim:

I have enclosed several recent newspaper articles in hopes of keeping you abreast of the latest developments regarding the Madison Convention Center and the impact that it will have on the Concourse Hotel. The City of Madison's Common Council has approved an exclusive time period for the city to negotiate for a hotel/convention center with Jerome Mullins & Associates. These articles describe community leader's enthusiasm to have the city provide any assistance necessary for the project to be built. Only in passing do any of these articles refer to the Pannell, Kerr, Forster study which states a hotel should not be built in conjunction with the convention center. I would also like to mention that the south side location was neither first nor second choice and should this hotel be constructed, occupancy of downtown hotels (Park, Concourse, and the projected new hotel) would average 41%. I have included our political cartoon of the planned hanging of the Concourse Hotel as well.

I honestly feel our only defense on this issue is a strong offense. You will find past room occupancy growth records indicating a strong growth since the opening of the Governor's Club as well as the Landmark Research projections for 1988 and 1989. In addition are future projections through 1992 that I feel are viable. These projections contemplate future expansion of the Concourse on the south half of the block towards the Capitol. This projection anticipates assembling the land, receiving approvals and financing secured in 1988. Construction would be completed by December 1989 with a projected opening date of January 1, 1990 for a full year's operation.

The additional projection divides the income of the first projection into separate entities. With an addition of 200 guest suites, 150 parking stalls, 10,000 square feet of meeting space and 35,000 square feet of exhibit space, this expansion would be capable of carrying its own debt service by 1992 based upon an occupancy rate of 55% at $94. A.D.R. to the best of my estimations.

Obviously, the partners of Madison Hotel Associates (owners of the Concourse Hotel) would have to agree to any expansion plans regardless of financing arrangements. With secured financing and approvals, the proposed additions to the Concourse would increase our existing space to 576 guest rooms; 35,000 square feet of exhibit space; 465 parking stalls; and 28,000 square feet of meeting space. Dealing from this strong point of competition, I feel that our proposed facility may give pause and reconsideration to Mr. Mullin's current plans for a new hotel/convention center and its realistic ability to sustain and support itself.

I have discussed this addition with J. Edward Shaw, Director of Development for Quality International. He has indicated we would be able to obtain a Clarion All-Suite Hotel Franchise, independent of room revenue derived from our Governor's Club and Concourse Hotel. This franchise could boost the projected room occupancy ratios and rates.

I trust the enclosed literature is informative and look forward to your proposal for a feasibility study for the all-suite addition. In my discussions with Mr. Eric Stotz of Pannell, Keer, Forster, I have secured his cooperation in discussing their firm's experiences with the study that was done for the city of Madison. I am sending him (as well as several other persons whom I feel would be interested) a copy of this letter of update.

Sincerely,

Darrell R. Wild
Managing General Partner

DRW:jek
Enc.
CC: James Grasskamp, Landmark Research
Lyman Precourt, Foley & Lardner
Timothy Hamilton, TCF Banking & Savings, F.A.
Eric Stotz, Pannell, Kerr, Forster
Carter Page, Baird & Warner

THE CONCOURSE HOTEL

Governor's Club

One West Dayton Street
Madison, WI 53703-2582
(608) 257-6000

March 16, 1988

Professor James Graaskamp
202-A Breese Terrace
Madison, Wisconsin 53705

Dear Professor Graaskamp:

I am sorry you could not be present for the March 15 presentation of our hotel/convention center expansion plans. I wanted you to have a copy of the architectural design proposal developed by Perkins & Will. If you have any questions about the proposal please feel free to call.

Sincerely,

Darrell R. Wild
Managing General Partner

enclosure

March 29, 1988

Frank H. Stumpf
L.W. Ellwood & Co.
652 Franklin Turnpike
Ridgewood, NJ 07450

James A. Graaskamp
202A Breese Terrace
Madison, WI 53705

Dear Jim:

Thank You for all your help and information on the Madison hotel market. I enjoyed being back in Madison, I only wish we had more properties in the Midwest.

If there is anything that I can do for you please feel free to give me a call. If you are ever in New York give me a call and we can try to get together for dinner.

Sincerely,

Frank

Frank H. Stumpf

DOWNTOWN MADISON, INC.
WISCONSIN

P.O. Box 71
615 East Washington Ave.
Madison, WI 53701
(608) 255-1008

CONVENTION CENTER LOCATION CONSIDERATIONS

Under consideration are two sites for the convention center. One of these is on the north side of The Square and is the current MATC downtown campus. The other, on the south side of The Square, is a combination of the Penney's block (Block 89) and land in back of the Municipal Building (Block 88). It is anticipated in the latter instance that the convention center would be located on Block 88 with the hotel situated on Block 89.

It should be noted that a convention hotel would need to be constructed and opened at or about the same time as convention center development on the south side, as no hotel currently exists adjacent to that location. On the north side, the timing of hotel development could await demand if such is necessary, as the MATC site is adjacent to the existing 376-room Concourse Hotel.

Reference is made to the matrix entitled "Convention Center Locational Analysis," page 3. The following is based upon that analysis:

With respect to land assembly and availability, it can be seen from that matrix that the Block 88/89 combination involved 13 parcels, having nine owners plus the City of Madison, which owns Block 88. Currently, there is no Tax Incremental District (TID) or Redevelopment District in place on the south side, nor are there private sector projects of any size which would generate a tax increment. Without a Redevelopment District it is not possibile for the city to enter into eminent domain procedures, so one or more property owners could compromise land assembly. It is estimated that the establishment of a district would take a minimum of one year.

Alternatively, the MATC block has but one owner to negotiate with and is located within a TID and Redevelopment District. It is understood that the reason these north side districts are in place is the city's policy commitment to the north area of The Square for major downtown redevelopment activities. This commitment is evidenced by the recently successful construction start of Manchester Place. All of this is not meant to minimize the difficult choices confronting the city and MATC if the MATC site is selected, but in terms of ownership patterns and the availability of public financial incentives, the MATC site is considered superior to a Block 88/89 location.

As the matrix indicates, the potential for parking on the north side is higher by 394 spaces in terms of existing and potential spaces on-site and adjacent thereto (1,356 spaces vs. 1,750 spaces). This is an important consideration.

Critical to convention center development is adjacency to a convention hotel and the potential for future addition of rooms to meet additional demand created by a convention facility. A center located on Block 88 has only the potential for a new hotel located on Block 89. The MATC site is adjacent to the existing Concourse Hotel and has, in addition, three alternate hotel sites in the immediate vicinity. These include the MATC block itself in combination with a convention center, the 30 On The Square block in back of the Concourse Hotel, and the area in Block 90 between Manchester Place and 44 On The Square. It should be noted with respect to the latter that options are currently held by a developer proposing to do a housing project at that location. Should that project not proceed then presumably that site might become available and could be considered. If the housing project proceeds, then two sites remain.

The point here is that more alternatives exist in close proximity to the MATC block for new hotel rooms and/or further expansion of the existing hotel, thereby creating the potential over time for major room expansion to meet future demand created by a convention center on the MATC site.

Meeting planners and others stress the necessity of constructing convention facilities proximate to major shopping, restaurant and entertainment areas. There seems little disagreement that by this criteria the MATC site is far superior to any other identified downtown location. With approximately 700,000 square feet of specialty retail and restaurants along State Street (the size of a regional shopping mall), together with close proximity to the Civic Center, galleries and movie theaters, the north Square area offers many pluses. The south side simply cannot offer this diversity in the foreseeable future.

In addition, a convention center on the MATC block could trigger the economic impetus to develop a 100,000 square foot up-scale specialty shopping complex along West Mifflin Street in back of the Concourse Hotel, interconnected by climate controlled linkages with the Concourse and convention center blocks.

Further advantages include the prospect of economically strengthening the upper two blocks of State Street and increasing utilization of the Civic Center. With respect to the latter, meeting planners have stated the desireability of having this facility close to a convention center, as conferees could schedule plenary sessions in the Oscar Mayer Theater and/or the Isthmus Playhouse. In addition, blocks of tickets to entertainment offerings could be a part of conference packages.

In passing it should be noted that the consultant report prepared by National Feasibility Corporation rated the MATC block considerably higher than the south side location for many of the reasons given here. More importantly, however, are comments made by meeting planners who in effect would be the major users (the client) of a convention center complex. Without exception they have indicated that a north side location is far preferable. This was evidenced by their statements at the city's Convention Center Criteria Review Committee meeting held Tuesday, June 24, 1986, and again on Friday, June 27, 1986.

To conclude, by virtually all land use, economic and spin-off development potential criteria, the current MATC site is locationally stronger than the Block 88/89 combination.

DOWNTOWN MADISON PARTNERS, INC.
CONVENTION CENTER LOCATIONAL ANALYSIS

Site Criteria	Blocks 88/89[1]	Block 82 (Block Total)
1. No. of Parcels to Assemble	13+ National Mutual Benefit if included.	1
2. Availability	4 listed for sale, remainder may or may not be available. Offer being considered on 4 listed properties.	Available if relocation can be within MATC budget, and is timely.
3. Parking		
a. On-Site Capability	600 below grade, Block 88/89, (2 levels)	600 below grade, Block 82, (2 levels)
b. Attendant Ramp Spaces Adjacent to Site	471, Doty Ramp	520, Dayton Ramp
c. Adjacent Ramp Expansion Capacity	285, Doty Ramp	380, Dayton Ramp
d. Existing Hotel Parking Adjacent to Site	-0-	250
e. Total Existing&Potential Ramp Spaces On-Site and Adjacent to Site	1,356	1,750 (+394)
4. Accessibility	Via Wilson Street and outer ring of The Square	Via Johnson & Gorham streets, and outer ring of The Square
5. Adjacency to Existing Convention Hotel	No	Yes
6. Proximity to Other Hotels	One block from Inn On The Park; not as close as Block 82 to Concourse, Edgewater or Howard Johnsons.	Adjacent to Concourse, closer to Edgewater & Howard Johnsons Inn on the Park nearby but not as close as Blocks 88/89.
7. Proximity to Potential Hotel Sites Within One Block	1 (Block 89)	3 (Blocks 82, 83, 90)
8. Proximity of UW-Madison	Somewhat more distant	Closer

[1]Because no hotel is proximate to Block 88 Convention Center site, Block 89 must be included to accommodate a hotel.

Site Criteria	Blocks 88/89	Block 82
9. Adjacent to State Street Restaurants/Specialty Shops	No	Yes
10. Near Civic Center	No	Yes
11. Potential to Economically Drive New Development Proximate to Convention Center Site	Would positively effect Lake Park Plaza proposal two blocks away if found economically feasible and state "Public Trust" land interest could be changed by state legislature. Could stimulate development in back of M&I Bank, Anchor S&L and upgrade King St. corridor. Would generate new hotel.	Would positively effect upper 2 blocks of State Street, Civic Center and provide economic stimulus to develop 100,000-s.f. retail complex on 30 On The Square Block along W. Mifflin. Would generate new hotel. Would strengthen and build on existing downtown critical mass due to proximity to capitol, university and State Street.
12. City Policy Objectives	To develop hotel/office and support retail on Block 89. Olin Place Plan preceded this project specific proposal.	Capitol Square North Plan recommends among other matters development of north side of The Square as an integrated retail, office, housing complex with potential convention center on MATC block.
13. Current Availability of Specific Public Incentives	None	TID & Redevelopment District
14. National Feasibility Corporation Rating (100 rating is best)	62	89
15. Meeting Planners	No	Yes

Membership Report: Mr. Alexander reported that nine members joined DMI during the past month. One new member was associated with the Manchester Place groundbreaking, one is a west-side professional firm, and the remaining are downtown retailers, many connected with Maxwell Street Days. He asked board members to either suggest membership to business associates or to pass their names to him. Mr. Alexander said he expects about 10 new memberships as a result of the Manchester Place ceremony.

Convention Center: Mr. Belden reported that the DMPI Convention Center Development Committee has been meeting 2-3 times weekly, and that the city Convention Center Criteria Subcommittee meets twice weekly. He said the DMPI committee last week presented detailed reports and testimony on a convention center locational cost analysis. He said the City Council needs to be educated on the convention center issue.

* A motion to support the MATC block as the convention center site was approved unanimously.

There being no further business, the meeting was adjourned.

Submitted by,

Lisa Van Laanen

Lisa Van Laanen
Acting Secretary

*EXCERPT FROM DMI BOARD OF DIRECTORS MEETING HELD JULY 2, 1986

DOWNTOWN MADISON PARTNERS, INC.
Convention Center Resolution

Whereas Downtown Madison Partners, Inc. is desirous of locating a convention center in downtown Madison, and

Whereas the Board of Directors at its special meeting held August 1, 1986, by resolution voted that its preferred location for the site of a convention center is Block 82, and

Whereas the City of Madison Convention Center/Hotel Criteria Committee voted four in favor and one against Block 88/89 for the site of a convention center in downtown Madison,

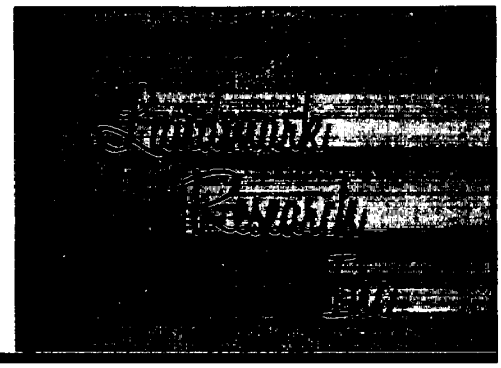
Now therefore be it resolved that Downtown Madison Partners, Inc. re-affirms its position that Block 82 is its preferred location for a convention center, and

Be it further resolved that Downtown Madison Partners, Inc. re-affirms its desire to continue to work cooperatively with City of Madison officials to determine the most appropriate site for the convention center, and

Be it further resolved that the Board of Directors continues to authorize its Convention Center Development Committee to work towards successful resolution of locating the convention center on Block 82.

Adopted 8-11-86

4610 University Avenue, Suite 105, Madison, Wisconsin 53705, 608-233-6400



James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.
Jean B. Davis, M.S.

October 8, 1987

TO: Eric Parker
Mark Eisen
Bill Belden
Keith Yelinek
George Austin
Mayor Joseph Sensenbrenner
Thomas M. Waller
Dave Zweifel
Frank Denton
Mary Kay Baum
Darrell Wild

FROM: Prof. James A. Graaskamp

RE: Creating Public Policy for Economic Development

It is comforting to know that the travesty of planning, feasibility analysis, and political opportunism of the Madison Convention Center project is a common urban experience according to the attached article from the October 5 editorial page of the Wall Street Journal. The Mayor of Philadelphia and Mayor Sensenbrenner share the same understanding of finance, specifically that a Convention Center financed with general obligation bonds is a free good. Certainly the questions raised by the article will be of great help in raising money to make the next referendum on the Convention Center a fair fight between the downtown vested interests and the rest of Madison.

The article on psychology of groupthink and the ability to reach a concensus on a bad idea also sheds some light on the mystery of planning in Madison.

If there was any clear understanding in the Madison power structure of the process of economic development and improving the economic base for Madison, it would seem that if we spend half the $15-30 million programmed for a Convention Center on subsidizing the construction of corporate headquarters for Sematech, say $7½ million, the City would be implementing Governor Thompson's new guidelines for economic development, working with the University in the development of the west side technology park, and supporting a land use policy with taxpayer funds in the long run best interest of all the Madison residents.

JAMES ARNOLD GRAASKAMP
202-A BREESE TERRACE
MADISON, WISCONSIN 53705

MEMORANDUM

TO: George Austin
Mary Kay Baum
Mark Eisen
Eric Parker
Thomas M. Waller

FROM: Prof. James A. Graaskamp

DATE: October 8, 1987

SUBJECT: Creating Public Policy for Economic Development

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JAG:mjf

Enclosures

THE LEAGUE OF WOMEN VOTERS OF DANE COUNTY

Reprinted with permission of **League of Women Voters of Dane County**, a report entitled **The Role of Economic Impact Analysis in the Decision-Making Process--Case Study: City of Madison Convention Center Project**, (May 1987), third among four reports on their 1984-1987 study of **Economic Impacts of Development**. Copies of these reports are to be found at the office of LWVDC, 738 E. Dayton Street, Madison, WI 53703, and the LWVDC records of the State Historical Society.

In the Spring of 1987, the League of Women Voters of Dane County published **A Citizen's Guide to Development**, a 28 page booklet intended to reduce the frustrations of the lay person encountering issues of development for the first time. Copies of these are also in the LWVDC office and in the LWVDC records of the State Historical Society.

INTRODUCTION

The League of Women Voters of Dane County has studied the Economic Impact of Development for three years.

During the first year, members reviewed the development process, and became familiar with the statutory provisions for the Plan Commission, the Master Plan, zoning, and various financial tools such as Tax Incremental Financing and Industrial Revenue Bonds.

During the second year, members explored the relationship between public and private economic investment decisions, and how these might affect fiscal balance, property valuation, employment and housing.

SUMMARY OF ECONOMIC ISSUES RAISED BY DEVELOPMENT

Housing:
- -How will the development affect housing needs as estimated by population projections?
- -Is the type of housing likely to be promoted--single family, duplex, or multifamily; low, medium, or high income level--in the best interest of the community?

Employment:
- -Will the number of new jobs be increased, or will jobs simply be reshuffled from one area (or sector) of the community to another?
- -How many long or short term jobs will be created?
- -How well do job requirements match available skills?

Property Values:
- -What effect will the development have on the property values (i.e. the use and enjoyment) of the development and surrounding sites?

Fiscal Balance:
- -How will public investment in construction and operating costs (if any) affect fiscal balance if the development succeeds?
- -What would be the fiscal effect of not having development? of having the development fail?

Source: Study material for March 1986 EID.

Special attention was given to the fact that often some of the people who will be most affected by decisions--lower-income individuals, the unorganized general public, future users of newly developed facilities--are not adequately represented during decision-making.

This year the focus will be on the role of economic impact analysis in the decision-making process. We will use the City of Madison Convention Center project as a case study.

The case study is intended to assist members in determining whether or not economic impact analysis is desirable, and, if so, what form it should take, and when in the process it should occur. Discussion questions set the foundation for member agreement.

While the setting is an urban one, the issues of economic impact and interaction between private and public interests apply to all settings. The study committee is well aware that the last word has not been said on the matter of a convention center, and that between preparing this material in February, and having it discussed in May, new and different options may arise. The point of this exercise is not to decide where, or if at all, a convention center should be sited, but rather to identify information that should be considered in a discussion of economic impact.

Case studies and real-life situations have common informational defects. If one were to wait for every conceivable piece of information to be in before decisions are made, very little would be accomplished. However, there is a difference between not having all the information one could want, and not having enough on which to base a prudent judgment. The material presented here is a summary of information from two main sources. The first source, which provides a chronology of events, is a mcompilation of materials from (1) selected newspapers (The Capital Times, Wisconsin State Journal, Isthmus); (2) the minutes of the Hotel Convention Center Criteria Committee (HCCCC); and (3) various reports, letters, and other documents. The second source consists of interviews with people representing opposing interests and having a direct impact on decision-making.

* * * * * * * * * * *

INDIVIDUALS AND GROUPS INVOLVED IN OR AFFECTED BY THIS PROJECT

Citizens and residents of the City of Madison

Downtown Institutions

Downtown Madison, Inc. (DMI); Downtown Madison Partners Inc. (DMPI)--offshoot of DMI: Director, William Belden

Upper State Street Merchants' Association: President, Harold Langhammer

Greater Madison Convention and Visitors Bureau (GMCVB): Director, Lynn Russell

Madison Area Technical College (MATC): Director, Norman Mitby; Chairman of the Board, Dr. Alan Rosenthal

Madison Metropolitan School District (MMSD)

General Taxpayers (federal funds are proposed)

Other Communities with existing Convention Centers

Other Communities considering Convention Centers (Dane County)

Groups and Organizations that may use the Convention Center

City Government

POLITICIANS

The Mayor; the Common Council; the Plan Commission; the Economic Development Commission

The Hotel Convention Center Criteria Commission: F. Joseph Sensenbrenner, Jr., Mayor; Ald. Susan J.M Bauman; Ald. Michael Blumenfeld; Ald. Robert W. Dye; Ald. Eve Galanter, Council President; Ald. Henry S. Lufler, Jr.; Ald. David Wallner.

STAFF

Department of Planning and Development: Director, George Austin; Planner, John Urich

Comptroller, Paul Reilly

Many others

Political Candidate: Mary Kay Baum

Hotel Owners/Managers

The Concourse, Darrel Wild

The Inn on the Park, Jerome Mullins

Embassy Suites (proposed for block 82), Warren Barberg

Consultants

Prof. James Graaskamp

Laventhol and Horwath: Charles Johnson, V.P.

Brooks, Borg and Skiles; Py-Vavra Development; Kenton Peters and Associates: Kenton Peters, James McFadden

Map of City of Madison Central Business District

PLANNING:

Early interest in a convention center

1982

As early as February 1982, MATC consultants recommended that the downtown campus include a conference center to serve the MATC District and the central city.

1985

In 1985 the subject of a convention center came up again. In January John Smith, general manager of the Concourse Hotel,requested and received from Lynn Russell of the Greater Madison Convention and Visitors' Bureau (GMCVB) a listing of conventions lost to Madison due to inadequate exhibit space.

In late winter, the Common Council directed the Department of Planning and Development (P&D) to update the 1970 downtown Master Plan. As a result, City P&D staff interviewed major players--property owners, developers, institutions such as banks, neighbors, residents and business people throughout '85.

In October city P&D staff issued the CAPITOL SQUARE NORTH WORKING PAPER, a document outlining planning concepts for the area and intended to generate discussion and input.

> "As part of the interviews [with major downtown players] it became apparent that there was concern in the hotel industry downtown; there was not enough space in the hotels for conventions and large meetings. We took this as a potential redevelopment option that deserved consideration and review. We identified a lack of flat floor exhibition space and suggested that the Orpheum Theatre and one-half block of MATC might serve a new purpose. There was no market study; we just raised the thought." (Austin interview.)

The CAPITOL SQUARE NORTH WORKING PAPER included as planning goals:

1. To create a compact specialty shopping area.
2. To encourage mixed-use developments with high density residential use above ground floor commercial activities in areas adjacent to State Street Mall and Capitol Concourse.
3. To encourage greater concentration in the Central Business District of commercial and office employment activities.

Source: Capitol Square North Working Paper, Oct. 1985.p3.

"As we viewed it, from the first, in order to restore retail presence in the square, retail had to be concentrated and accessible. The pieces showed we needed a people generator, that is, the current market might not lead to increased retail. Therefore, if the 1/2 MATC block were sufficient for exhibition space, this plus the Concourse Hotel could provide a conference/convention center (the names were used interchangeably in the beginning), together with the Orpheum Theatre, which was on sale at that time. At that time we were not sure about size.

We apprised the mayor of this in late '85. The genesis was the planning work we did for redevelopment work on the square.

We had shared the information with Downtown Madison Inc., which commissioned a meeting/exhibition space study by the National Feasibility study group." (Austin interview.)

Mayor Sensenbrenner became interested in the issue in November 1985, when reviewing the use of the 1/2 MATC block for parking. He remembered that [Professor] James Graaskamp had said that the City should buy up underutilized land. A proposal to do so passed the Council. (Sensenbrenner interview.)

A memo dated December 4, 1985, to Mayor Sensenbrenner from George Austin, discusses exhibit space. Points made include the following:

> Representatives of the Concourse Hotel and the Park Motor Inn say that exhibit space (the bulk of which is currently in their hotels) is inadequate. Those interested say we need 30,000 square feet. The Orpheum and the eastern half of the MATC block were mentioned as possible sites.
>
> Darrell Wild [Concourse Hotel] approached MATC regarding exhibition space over a public parking structure. The Orpheum, at this point, was expected to be a health club. Therefore, MATC was the most viable option--linked to a two-level retail complex over a parking garage between 30 on the Square and Wisconsin Avenue.
>
> As to the appropriateness of the eastern half of the Municipal Building block for this purpose, the area is about the same as the MATC parcel but the linkages to the Civic Center and State Street are not present. Also, the hotel being contemplated for block 89 redevelopment is too small for headquartering larger conventions, which would have need for this much exhibit space. (Austin memo.)

Austin concludes his memo:

> I point out that the Capitol Square North report yet to be released suggests that, 'before any decision is made relative to providing exhibition space of this sort in the central area, an in-depth study should be undertaken to document this need and to recommend alternative methods of financing.' (Austin memo.)

In June, 1986, city P&D staff issued the CAPITOL SQUARE SOUTHEAST WORKING PAPER. The paper refers to the possibility of block 89 being the site for a convention center, and block 88 (Penney's block) becoming a mixed use hotel-office-retail development, and recommends that whether "block 88 is developed for office or convention center use, skywalk connections should be made to block 89 and to the Doty Ramp." (Capitol Square Southeast Working Paper: p.6)

CAPITOL SQUARE SOUTHEAST WORKING PAPER planning goals:

1. Provide additional locations for central area residential development while reducing the pressure on established isthmus neighborhoods by redeveloping suitable under-utilized or vacant commercial and industrial lands for residential and mixed uses at relatively high density.

2. Strengthen and stabilize the isthmus area residential neighborhoods to encourage a diverse population of all income levels.

3. Acquire, develop and maintain strategically located parkland in specific central city residential areas. This open space, which is needed to serve the existing population, could also be an attraction to redevelopment and new development.

4. Maintain, and where possible, increase pedestrian access to the city's lakes and lakeshores.

Source: Capitol Square Southeast Working Paper, p.2.

REALITY AND THE ACTORS

Developers become interested in a convention center

Even as the Common Council was giving approval to city purchase of the half MATC block, Glen Hovde wrote a letter to MATC and to the mayor, proposing that the one half block be used for a hotel/ convention center rather than for parking. This started activities rolling. (Sensenbrenner interview.)

1986

In January 1986 preliminary talks of a convention center on the MATC site began. Alderman Blumenfeld mentioned discussions with MATC and the Concourse. Mayor Sensenbrenner liked the idea, and looked forward to a feasibility study. (Capital Times article.)

In private meetings with Hovde, DMI, a Green Bay developer, and the mayor, Ald. Blumenfeld stated his position that the City Council would not support MATC having to leave downtown because, under the 1982 City/MATC "split-campus" agreement, MATC was to continue to provide education in downtown facilities. (Blumenfeld interview.)

In February DMPI and GMCVB commissioned a feasibility study for a northside convention center by a Florida firm, National Feasibility Corporation. (This study was to be released in early June.)

In March the Common Council passed Resolution #42,167 instructing the Department of Planning and Development to work with developers of hotels and convention centers: " . . . to market feasibility sites in the square area . . . consistent with previous Council land use decisions, <u>including the timely implementation of the 1982 City Council/MATC "split campus" agreement</u>." This had to be interpreted as an order to maintain MATC activities in downtown Madison.

Over several months, others suggested alternative sites:

Kenton Peters opposed an MATC hotel site, and suggested a hotel be placed on block 89, Penney's, with a convention center on block 88, behind the municipal building.

Dane County Executive Jonathan Barry, proposed building a convention center close to the Dane County Coliseum.

Professor James Graaskamp proposed still another northside convention center.

The MATC Perspective:

On June 12, the MATC Board voted not to accept city plans for its half block: it counter-proposed that the city take the whole block, or nothing, and that a decision be made by July 11. [In July the City Council postponed a decision on the MATC site to September 16.]

MATC had an agenda, commitments and a timetable of its own; plans for remodelling at the existing site were complete, and renovation was scheduled to begin on June 16.

A Shift in the Focus of Discussio:, the Common Council creates a Hotel/Convention Center Criteria Commission

On June 3 a resolution went before the Common Council to create a Hotel/Convention Center Criteria Commission (HCCCC), which was to:

1. develop a work plan
2. review consultant's recommendations
3. determine the feasibility and desirability of a downtown convention center from both market and operations viewpoint
4. develop Request for Proposal (RFP) criteria to be reported back to the Common Council and the Economic Development Commission
5. review proposals
6. recommend selection of proposals to CC and EDC

The resolution authorized consulting work in the amount of $15,000.

The HCCCC had its first meeting June 20th, although resolution #42,482 creating it was not adopted until July 16. During the summer of 1986, the HCCCC discussed a number of subjects, including adoption of the work plan, which included addressing the following issues:

I. Potential Impact of Convention Center
   A. Economic Benefits
   B. Job Creation
   C. Long-Range Benefits
   D. Determination of Market and Competition
II. Size
III. Location
IV. MATC Issues
V. Cost Considerations
VI. What is City Prepared to Do? (expanded to "what are city and private sector prepared to do?")

VII. RFP
VIII. Recommendation to CC
IX. Important Dates (1986)
--June 16, asbestos removal at MATC begins;
--July 11, date by which MATC has requested a response from the City relating to a suggested use of block 82.

Given the fact that remodelling was scheduled to begin on June 16, any delay in a resolution on the MATC site would lead to additional purchasing costs. As a result, HCCCC attention focused on siting questions in spite of a more balanced initial work plan that included exploring need, size, cost, financing of construction and operation, and whether the city could afford a convention center. (Galanter interview.)

In August, HCCCC commissioned the firm of Laventhol and Horwath to conduct a study to determine the optimum size and type of convention center based on market needs that would minimize deficit to the city.

Issues Surrounding the MATC site:

On July 1, William Belden (DMPI) proposed to the HCCCC the use of the whole MATC block, and the relocation of MATC to block 53 (the Klein-Dickert site). Fred Mohs (DMI) outlined his group's interest in siting a convention center on block 82 (MATC), and offered to provide particulars in two months' time. Eve Galanter was concerned about the effect this might have on the southside of the square. Mohs responded that an increase in retail would lead to an increase in housing demand, which could be accommodated on the southside.

By July 8, more arguments for and against siting a convention center on the MATC block were presented to the HCCCC. According to Prof. Graaskamp, who favored the MATC site,

--there is presently $31 million in assessed valuation along State Street from the square to the University Book Store, but vacancies indicate the area is not as strong as perceived;

--increased valuation, less parking expenditures, and a stronger retail base leading to increased demand for housing, should be the fiscal basis for a decision on the MATC block;

--MATC needs are better suited to the Klein-Dickert site, which is closer to the railroad corridor, the bus depot, and John Nolen Drive.

--the southside should be residential.

Kenton Peters argued that better returns could be expected from a convention center on the southside, for

--it has better potential for spin-off development;

--continuing education facilities downtown are important, and MATC should not relocate;

--MATC has high acquisition costs ($10.3M), whereas those of block 88 are low ($0.2M);

--a 1984 Real Estate Research Study indicates that the southside is a viable area for retail.

In response to these developments, Dr. Alan Rosenthal and Norman Mitby (MATC) were willing to relocate, in the "spirit of cooperation". They feared sharing the block would create parking, traffic, and expansion problems, and possibly create political pressure to take over the remaining half-block if the convention center proved successful. However, they did not consider Klein-Dickert a part of the Central Business District (a 2- to 3-block radius around the square). They also foresaw that relocating would require an environmental impact statement, provoking a further 6-to 9-month delay.

Other Issues:

In addition to location, other issues included the center's **marketing and competition, costs both of operation and construction,** and **methods of financing.** These issues will be discussed later.

THE DES MOINES EXPERIENCE

On September 12 the HCCCC traveled to Des Moines, Iowa to get first-hand knowledge of the development of the Des Moines Convention Center.

According to Capital Times reporter, Barbara Mulhern, who went on the trip, private sector involvement had been very instrumental. The Des Moines Development Co., which spearheaded the effort, is composed of 56 CEO's [chief executive officers of business corporations] who came up with $1.6M for land and $1.5M for budget overruns.

No taxpayer subsidy was involved; private financing, parking revenues, room tax and land sale receipts were being used to cover losses. It was generally held that skywalks are key. As one CEO put it, they are "the glue that holds it together".

In Des Moines the HCCCC also learned that:

--The convention center is not downtown, but several blocks from shopping areas similar to Madison's State Street.

--It was built with the flexibility to attract both large and small conventions.

--Hotels are one to three blocks away.

--Other businesses were not hurt; hotel occupancy increased from 50 to 60%.

--The center kept busy 85% of the time.

--It showed a first-year operating loss of $360,000.

--The private sector contributed $3.1M of a $14.8M total cost.

The HCCCC trip to Des Moines also showed that a one-half-block convention center was not feasible.

The immediate result of the Des Moines trip was a redrawing of lines and effort. At about the same time, MATC refused for the third time to sell the entire block to the city. These two facts led Mayor Sensenbrenner, DMI, and others to support an evaluation of the southside site. Ald. Blumenfeld spoke of "pulling together"; Mayor Sensenbrenner pledged his effort towards the "most successful convention center at least cost"; Ald. Lufler called the convention center "the project of the 80's"[1].

REFOCUSING THE DEBATE TOWARD CONVENTION CENTER DESIGN

The HCCCC continued hearing testimony regarding the feasibility, design and financing of the project.

On September 30, Charles Johnson, V.P. of Laventhol and Horwath, presented an analysis of convention center needs and compared it to the earlier National Feasibility Corporation (NFC) study. His comments were that:

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1. "Financing is the next hurdle for Center", by Barbara Mulhern, Capital Times, September 17, 1986.

--although the NFC study suggested blending convention and conference facilities, the needs of each are incompatible;

--the NFC study estimated first-year revenues of $90.0M growing to $148.8M by the fifth year, but Mr. Johnson suggested that, given the square footage proposed, annual revenues from a 12-15,000 sq. ft. conference center would be $3.5M, and from a 18-20,000 sq.ft. convention center they would be $10.0, for a total of $13.5M in direct spending by conference participants--substantially less than NFC estimates;

--a survey of convention promoters should be undertaken;

--Madison is a middle-tier city and can support 40,000 sq.ft. of exhibit space; and

--private management firms might charge $150,000 in addition to a projected deficit of $100-250,000 annually.

The HCCCC considered a number of financial topics, such as construction and operational costs for convention centers in comparable cities and the identification of projects in the TIF on the southside of the square that would yield $5.5M of tax increments available for convention center financing. The committee voted 7-0 to recommend that the mayor send a letter to DMI soliciting its assistance in developing a financing package for the convention center. (In late July, Harold Langhammer, of the Upper State Street Merchants' Association, had proposed a special tax district in the State Street area to raise approximately $250,000 to help finance a northside convention center.)

Funding possibilities for the project could include:

--Tax Incremental Financing (TIF)
--Urban Development Action Grant (UDAG)
--Community Development block Grant (CDBG)
--Parking Utility Bonds
--Industrial Revenue Bond (IRB)
--increased room-tax revenues

On October 24 the team of Brooks, Borg, & Skiles, of Des Moines, Py-Vavra Development of Orlando, and Kenton Peters and Associates of Madison, was chosen as the planning consultant for a hotel/convention center on the southside.

The team presented their recommendations on December 11, suggesting that:

--a convention center with approximately 40,000 sq. ft. of

exhibit space, 15,000 sq. ft. of assembly space, and 15,000 sq. ft. of meeting space would be appropriate for Madison.

--a facility of this size can accommodate 98% of meetings and conventions held by state associations . . . and 75% of state, regional, and national Associations.

--a facility of this size can accommodate, if properly designed, two, three, or even four meetings and conventions simultaneously. (This is very important, as there are 1,100 associations and only 11 convention facilities in the state of Wisconsin.)

--a facility of this size will fill a market niche between the 10 Wisconsin convention facilities with exhibit halls ranging in size from 8,000 to 20,000 sq. ft., and MECCA, Milwaukee's convention center, at 132,000 sq. ft.

--a 250-room hotel and 1,160 parking spaces will be needed[2].

On January 8, 1987, Brian Py, a member of the consultant team, again discussed the need for a 250-room hotel, and proposed that:

--a marketing study for such a hotel would be necessary;

--it would cost around $15-20,000;

--it should be undertaken by the city, as it was unlikely that developers would do this on an individual basis;

--the RFP should include not only market analysis for the hotel, but information on parking, site assemblage, street improvements and catering rights.

Northside Revisited

While the HCCCC was collecting information pertaining to a convention center on the southside of the square, Prof. Graaskamp was developing an alternative plan for the northside.

On February 10, 1987, he presented his proposal to about a dozen business persons and property owners. The proposal calls for a "more modest convention complex to be built adjacent to the Concourse Hotel on land now occupied by the Woolworth, Brathaus

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2. Hotel-Convention Center for the City of Madison, Report by Brooks, Borg, Skiles/ Py-Vavra/ Kenton Peters and Associates, December, 1986.

II and 14 West Mifflin buildings"[3]. Less parking and no hotel would be needed during the first phase. The proposal contemplates a second phase of expansion into the Hub and McDonald's buildings, construction of a continuing education facility on the MATC parking site, and a sky walk extending to the Civic Center. The 30 on the Square building would be converted to a low-cost hotel.

The Referendum--An Alternative Decision-making Process

On November 25, 1986, a group of Madison citizens headed by 5th. Dist. Ald. Joe Szwaja and Phil Ball announced a referendum. Ball, a member of mayoral candidate Mary Kay Baum's steering committee, said discussions of the convention center had been skewed towards the issue of location as opposed to dealing with the questions: "Do we need a convention center? Can we afford one? Do we want one?"[4].

The referendum reads: "The City of Madison shall not pay for or subsidize the construction or operation of any convention center complex proposed for blocks 88 and 89 south of the Capitol Square with property taxes, general obligation borrowing or tax incremental financing."

LWVDC opposed the referendum in a letter to the editor of the Wisconsin State Journal on February 7, 1987. Among other issues, the letter mentioned the following:

> --The League has taken no position on the need for a convention center in Madison at this date. We neither support nor oppose it. However, we do oppose the mandatory referendum in its present form and timing. We find it premature to say either "yes" or "no" to a convention center at any location at this time . . .
>
> --In particular we would stress the importance of including the following questions, some of which are already under study:
>
> # What would be the costs to the city of no convention center at all? . . .

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3. "Graaskamp Presents Convention Center Plan", by Bill Lueders, in Isthmus, February 13, 1987. p.5.
4. "Petitions seek referendum on meeting center", by Mike Miller, in The Capital Times, November 25, 1986. p.23.

What types of employment will the center offer? Will members of Madison's labor market have access to improved job opportunities?. . .

Will there be a place for area retail or service outlets that wish to relocate near the center? Will the demand for retail be increased? . . .

Will developers make maximum use of existing resources and amenities? . . .

What will be the effect on existing low- or moderate-cost housing, already in short supply? Will the center attract new higher-income housing? . . .

What will be the annual financing and maintenance costs of the center, including retirement of debt and payments in lieu of taxes?

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INTERVIEW ANALYSIS : ECONOMIC IMPACTS ESTIMATED BY INTERVIEWEES

A number of politicians, city staff, and businesspersons identified as being involved in the convention center debate were interviewed for their personal insights.

Their observations with respect to economic impacts are summarized in the following tables:

Table 1. FISCAL BALANCE

	Impact on Municipal Expenditures and Revenues
Sensenbrenner Austin Galanter	-We don't know yet; City costs and revenues depend on mix of revenue sources (private expenditure, parking revenues, hotel payments, etc.). The question of what level of city expenditures is appropriate has not yet been answered.
Mohs	-Some subsidy will be needed.
Truehl	-Specifics depend on kind of convention center, but some subsidy will be required, at least initially. Tourism dollars should rise, but so will expenditures.

Belden -Parking will be developed through parking revenue bonds. There should not be a significant impact on fire, police and other services.

Langhammer -Parking revenue bonds will be exhausted and parking rates will have to be raised. An operating subsidy and additional bonding will be needed. The hotel tax will be eaten up.

Impact on Other Units of Government

Baum -Creation of a TIF district will mean decreased revenues to other units of government (e.g. school district). Also, loss of state aids because of increased property values will result.

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Table 2. PROPERTY VALUES.

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Increase of Property Values in CBD

Austin, Belden, Blumenfeld, Galanter, Mohs, Truehl, and Sensenbrenner all agree that

-the project will reverse the downward trend of property values.

Decrease of Property Values in CBD

Graaskamp -Assessed values on existing hotels may decrease if a new hotel is subsidized.

Langhammer -Immediately, housing values might increase, but generally, a southside convention center would contribute to a decline.

Increase of Property Values : Negative Impact

Baum -In the State Street area, property values would drop, as the convention center area became more attractive. Also,

-The increase in downtown property values may force existing businesses away, leaving the area to national chains (e.g. florists, McDonalds) and others that can afford it.

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Table 3. EMPLOYMENT

	Impact on Number of Direct Jobs
Galanter	-We need to know size and type of convention center before projecting number of jobs created and skill levels required.
Baum	-Between 10-20 jobs will be created; some existing jobs be lost at other downtown hotels.
All Others	-Jobs will be created but we have no estimates of the number direct jobs.
	Impact on Number of Indirect Jobs
Consensus	-Jobs will also be created in retail, entertainment and restaurant businesses downtown.
	Impact on Types of New Jobs Created
Consensus	-The jobs created will be predominantly low wage, part-time, seasonal jobs at the convention center and related businesses.
	-Some full-time higher wage professional and managerial jobs will also be created.
	-Some short-term (12-18 month) high wage construction jobs can be expected.
Sensenbrenner	-Most jobs will be entry level; some will have career advancement potential.

Table 4. HOUSING

	Increased Demand for High-income Housing.
Austin Bauman Blumenfeld Galanter Lufler Sensenbrenner	-If the project succeeds in revitalizing the downtown, it will increase the need for housing in the downtown area. -Also,the presence of more people downtown after 5:00 p.m. will make it a more attractive housing area.
	Minimal Impact.
Belden	-Some of the people filling the new jobs willMohs live downtown.
	Reduced Demand.
Baum	-The project may raise values so high that residences may not be able to survive economically.
Graaskamp	-People will not want to live next to a convention center; therefore it should not be located in an area where the city wants to encourage residential development.
	No Effect.
Mitby Langhammer Truehl	-Little effect since most of the employment will be for residents of the city and the immediate area.

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Metro

Wisconsin State Journal Saturday, August 23, 1986, Section 2 •

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Money starts talking on Square's south side

By Thomas M. Waller
City government reporter

The vision of what changes could occur south of the Capitol Square with or without development of a hotel and convention center became clearer Friday.

A Madison development firm, Urban Land Interests Inc., is buying three buildings on the Square and discussed possible uses for them with the city's convention center committee.

"We're pursuing several ideas," said Brad Binkowski, a co-owner of Urban Land Interests, adding that the buildings will be developed with little or no public subsidy regardless of city convention center plans.

Binkowski said he and co-owner Tom Neujahr have been low-key about their ideas because they "didn't want to add to the orgy of self-interest" surrounding the north side-south side convention center site controversy.

Mayor Joseph Sensenbrenner invited Neujahr and Binkowski to appear before the committee.

The firm is buying the vacant J.C. Penney building, the Walgreen's building and the vacant Dartmouth Direct building (between Kresge's and Rundell's) from Northwestern Mutual Insurance Co., of Milwaukee.

Neujahr said the firm will redevelop the property regardless of whether the city decides to buy the eastern half of the block (Block 89) and call for hotel development proposals.

The hotel development would be possible if the city decides to build a convention center on vacant city land on the Municipal Building block (Block 88).

The hotel and convention center would be linked by a skywalk over Doty Street. The skywalk could be built large enough to contain a kitchen that would serve the hotel and convention center.

Neujahr and Binkowski said a hotel-convention center would attract retail stores or restaurants to their first-floor space.

"Our thought is to give some use to the first floor that would give life to the Square other than from 8 a.m. to 5 p.m. Monday through Friday," said Binkowski.

Urban Land plans to raze the Dartmouth building to provide temporary, short-term parking. The space could be used for a skylit atrium that would include a second-story pedestrian walkway, linking the redeveloped buildings and the hotel.

The firm may raze the Walgreens building, which would allow it to expand the Penney building and construct a new facade. Walgreens could be moved into the newer part of the Penney building.

Negotiations are in progress with the state for an all-wars museum on the 12,500-square-foot first floor of the Penney building and with the Department of Veterans Affairs for office space on the upper floors.

Binkowski said the firm has also talked to other state agencies, law firms and "a major lobbying organization" about leasing space in the buildings.

If there is enough interest, the developers could add one or two stories to the four-floor Penney building. That mass of office and retail space — 150,000 to 180,000 square feet — is larger than the 10-story Manchester Place project (138,000 square feet) on the north side of the Square.

Manchester Place will cost $14.5 million, with $2.25 million coming from a federal Urban Development Action Grant the city obtained. The city is providing $500,000 in tax incremental financing assistance to that project and issued $2.25 million in industrial revenue bonds for it.

City officials have praised rehabilitation work by Urban Land Interests, which is the lead developer of office and residential space on the Masonic Temple block.

The firm transformed Lincoln School on East Gorham Street into 28 apartments, Doty School on Wilson Street into 17 condominiums, and Fire Station No. 2 at Broom and Johnson streets into offices.

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WSJ 8/23/96

The city may use parts of Blocks 88 and Block 89 on the south side of the Capitol Square (area within the dotted line) for a hotel and convention center. The decision will have a bearing on how Urban Land Interests redevelops three buildings on Block 89: the Penney building (No.1), the Walgreens building (No.2) and the Dartmouth Direct building (No. 3). The National Mutual Benefit building (No. 4) is not part of either development, except that the city would need its surface parking area (No. 5) and would replace it with underground space or through an addition to the Doty Street Parking Ramp nearby. A postal loading dock (No. 7) behind the Municipal Building (No. 6), which is now used for storage, would have to be removed.

— State Journal photo

Chicago firm will evaluate convention center choices

By Thomas M. Waller
City government reporter

The city of Madison plans to hire a nationally-known accounting firm with expertise in the hotel business to assist in convention center planning.

The City Council allocated $5,000 for consulting services to its Hotel and Convention Center Criteria Committee, and the committee has decided to employ Laventhol and Horwath, which has a Chicago office.

City officials, who said they are afraid the money may not buy as much information as the city would like, hope it is useful in evaluating alternatives.

In a Friday session, the committee talked about trying to avoid, as much as is possible, "apples to oranges comparisons" should it have to choose between two convention center-hotel packages on Sept. 16.

Management and financing aspects of the proposals will be significantly different.

The proposal for Block 82, which is the Madison Area Technical College downtown campus one block north of the Capitol, is in a redevelopment district and tax incremental financing (TIF) district.

As proposed by Downtown Madison Partners Inc., a stand-alone city convention center on the MATC block would be managed by Madison Convention Center Inc., a non-profit group that DMPI formed recently.

The corporation would have a board of directors including representatives of the hospitality industry in Madison, downtown business groups and the Greater Madison Convention and Visitors Bureau.

DMPI said it would raise $1 million for the MATC site, to be used to cover start-up operating deficits. However, the largest portion of funding for the $24.4-million project would come from the sale of bonds that would be repaid with increases in revenue from the city's 7-percent hotel-motel room tax.

The package for a site on the south side of the Capitol, including a hotel on Block 89 and linked by a skywalk to a convention center on Block 88, is not complete.

The committee likes the competitive efficiency of a hotel-convention center in Green Bay and may model the south-side plan after it. That would mean calling for proposals that allow the successful bidder to manage the convention center and to share a kitchen with it.

Some observers say it will be politically difficult to use as much room-tax revenue for the project as was proposed in the DMPI approach, so the hotel developer may have to make up the difference.

Mayor Joseph Sensenbrenner said UW-Madison land science professor James Graaskamp is gathering information on management modes for convention centers and will share it with the committee.

City officials estimate the south-side project will cost slightly more than the Block 82 plan, but only because Block 82 is in a TIF district whose growth to date allows the city to provide $3 million in assistance to the project.

Friday, City Planning and Development Director George Austin said it will take five months to get a TIF district in place on the south side and a smaller redevelopment district will be created within it.

Austin said the area would not have these "redevelopment tools" ready for a hotel-convention center until 1988. That disappointed Ald. Michael Blumenfeld, 4th District, who said city staff hasn't moved fast enough to make things happen on the south side.

The redevelopment district would include the two blocks on Mifflin Street south of the Square and other property. Austin said state law requires 50 percent of the area to be lighted and that there must be private property on one side of TIF property.

"We will have to be very careful how we draw it," he said.

A proposal by Urban Land Interests to redevelop three parcels of land on Block 89 into office and retail space would allow the city to also make a significant financial contribution to redevelopment within the district.

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2/1/87 WI. State Journal

Professor plugs convention hall north of Square

By Thomas M. Waller
City government reporter

James Graaskamp, a UW-Madison professor with a national reputation in urban planning, wants debate to reopen on a convention center site north of the Capitol Square.

Before city officials commit themselves to the south side of the Square, Graaskamp said Saturday, they should consider his "less ambitious, but more affordable" plan for the north side.

The north side-south side argument appeared settled last year when the City Council stopped pursuing the Madison Area Technical College block, or half of it, for a center north of the Concourse Hotel.

Moreover, on Saturday, a committee of aldermen and Mayor Joseph Sensenbrenner met with architectural consultants to receive a report that says Block 89 and Block 88 on the south side are suitable for a hotel-convention center development.

Graaskamp, who attended part of the meeting, asked a few questions about the project. Afterward, he said he was not satisfied with answers.

"There has never been a fair hearing on what the alternatives are," he said.

Graaskamp said he will meet with the committee after completing a north-side plan involving the Concourse Hotel.

"The mayor has offered to let me present it as an alternative to the committee," he said.

The work is being done by Graaskamp and students in a graduate business course in real estate. He said the students are not being paid, nor is he, but that Concourse general partner Darrell Wild is paying for architectural drafting.

Graaskamp said he hopes to have a proposal ready before the April 7 referendum on whether the city should assist a south Square convention center.

Graaskamp's north-side plan is to construct 25,000 square feet of exhibition space at the corner of Wisconsin Avenue and Mifflin Street, which would be linked to the Concourse.

The Woolworth building and the former Brathaus II building would be demolished to make way for construction of underground parking and exhibition space, and an alley would become a skyway linking businesses on the block.

James Graaskamp

Graaskamp said owners of the Woolworth building (Gordon Rice) and Brathaus building (Wild) are interested in the project, as are some other businesses on the block and several businesses on State Street.

When the MATC site was being considered for a convention center, the State Street group proposed linking businesses in the 100 block of State Street to the convention center.

"We think we can do this in such a way that it would require nothing more in resources than the city already has available," said Graaskamp. "We sure wouldn't need $5 million for parking (as the south-side plan does)."

The project would be within a city tax-incremental finance district. Graaskamp said the city could use TIF money to pay for the exhibition space and for the skywalk.

In the morning meeting, committee members asked city staff for more information about traffic access to the hotel-convention center proposal described in the consultant's report.

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Your Opinion

Wisconsin State Journal Saturday, February 7, 1987, Section 1, Page 8

Letter of the week

Convention center referendum premature

Discussions about the April 7 referendum question on the proposed convention center for downtown Madison have raised important questions that need answers. The League of Women Voters urges an active and continued search for those answers by the mayor, city council members and members of the public.

The League has taken no position on the need for a convention center in Madison at this date. We neither support nor oppose it. However, we do oppose the mandatory referendum in its present form and timing. We find it premature to say either "yes" or "no" to a convention center at any location at this stage.

The proposed referendum would ban city subsidy for a convention center only as currently planned on the south side of Capitol Square. But the decision about location is only one of many decisions to be studied carefully before making a final decision.

In particular we would stress the importance of including the following questions, some of which are already under study:

✔ What would be the costs to the city of no convention center at all?

✔ If a Capitol Square location is chosen, what are the costs to provide additional parking?

✔ What will be the effect on traffic through near East and West side neighborhoods, as well as around Capitol Square?

✔ What types of employment will the center offer? Will members of Madison's labor market have access to improved job opportunities?

✔ Will there be a place for area retail or service outlets that wish to relocate near the center? Will the demand for retail be increased?

✔ Will developers make maximum use of existing resources and amenities?

✔ What will be the effect on existing low- or moderate-cost housing, already in short supply? Will the center attract new higher-income housing?

✔ What will be the annual financing and maintenance costs of the center, including the retirement of debt and payments in lieu of taxes?

To answer these and other questions, costs must be weighed against the benefits. This is a complicated process and needs time.

The League of Women Voters supports informed decisions. Therefore, it cannot support a move to vote against a project before the basic facts are in. We believe that making a mandatory "yes" or "no" at this time could be disastrous.

— Luella Wells, president, League of Women Voters of Dane County Inc.

THE CAPITAL TIMES
Madison, Wisconsin
Tuesday, Feb. 10, 1987 — 31

Center's cost disputed

By BARBARA MULHERN
Capital Times Staff Writer

Mayoral candidate Mary Kay Baum today predicted that building a south Capitol Square convention center would cost taxpayers between $9 million and $15 million.

But Mayor Joseph Sensenbrenner's administration today charged that Baum's figures are "premature" and lack credibility.

Mayoral aide Michael Williamson, who had not yet seen Baum's figures, responded that he doesn't see how anyone "with the limited amount of information we have available can make any credible assumptions" on what the project will cost taxpayers in the end.

"This cannot be based on factual information. It has to be based on speculation," Williamson said. He charged that Baum and her campaign committee were releasing these figures today in an effort to make a smaller, north-Square conference center — the details of which will be released Wednesday — sound "favorable by comparison."

On Wednesday, University of Wisconsin professor James Graaskamp is scheduled to release the details of a proposal for a much smaller meeting center that would be linked to the Concourse Hotel on the north side of the Capitol Square.

Baum's projections come one week before the Feb. 17 primary election, in which she will face Sensenbrenner and challenger Thomas Imhoff. Baum said her report was based on figures provided by a city consultant to the Convention Center Criteria Committee last month.

The $9 million to $15 million projection, she said, does not take into account any operating subsidy for a convention center, any cost for the purchase of land for a center or any losses to the school district in Tax Incremental Financing district funds.

"It also does not factor in any increases in (downtown) parking rates or the possibility of an existing hotel or two going bankrupt," Baum said.

In her report, Baum looked at several "best case scenarios" for the proposed convention center. She assumed the center and related parking would cost $18.3 million — the figure suggested by the city consultant — and that a privately funded hotel would be built.

She assumed the city would get a $4 million federal Urban Development Action Grant — "double what most cities around the country are getting," she said — and that the city would get $2 million to $4 million in TIF monies and a $1.5 million contribution from the private sector for parking.

When all of the numbers are added up and revenues such as room tax from the city's hotels and motels are figured in, Baum said, taxpayers still would be left with a bill of between $9 million and $15 million for the project.

"Simply put, if it (the convention center project) won't wash under the best assumptions, it won't wash under any assumptions," Baum said. "If the car you want costs $30,000 and you've only got $10,000, why wait to learn the price of the car's radio before moving on to something you can afford?"

Barry urged to avoid convention center duel

County Executive Jonathan Barry should defer plans for a possible hotel-convention center at the Expo Center — at least until a decision is made on a downtown Madison site, according to Supervisor Richard Wagner, Madison District 6.

Wagner, speaking before a west-side businessman's group Tuesday said he didn't think the county should "enter the sweepstakes" to build a convention center.

"The city needs to make its decision before the county starts to compete," he said. "If we can't support one convention center in this city, I think it's unlikely we can support two."

Wagner's comments were part of what he billed as a response to Barry's "State of the County" speech in December.

In that speech, Barry proposed a hotel and convention center at or near the county Expo Center.

He also reiterated his support for a city-county health department, a county-run mass transit system, the 911 emergency dispatch system, and a separate municipal court for Madison.

In his response, Wagner said it would be inappropriate for Dane County become embroiled in the current convention center debate until the city acts.

Richard Wagner

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2/27/87

UW prof pitches 'less ambitious' convention plan

By Thomas M. Waller
City government reporter

UW-Madison business professor James Graaskamp presented his "less ambitious, but more affordable" alternative for a downtown convention center to city officials Thursday.

Graaskamp told a committee studying convention center possibilities downtown that his plan for exhibit hall, auditorium and meeting space additions to the Concourse Hotel on the north side of the Capitol Square is superior to a south Square plan.

Although the project would cost $16.3 million, the private sector would pick up all but $3.9 million of the tab.

The $3.9-million subsidy would consist of tax incremental financing, a city investment repaid through property taxes collected from development in the district.

The TIF contribution would include $1.3 million for skywalks, $2.4 million for land, and $225,000 for street improvements.

The plan has two financing options for private-sector costs. Under one, property owners on the block would form a corporation and develop the block with the city's help.

The corporation would use conventional financing, cover any operating deficit that might occur, and pay property taxes based on the increased value of the block.

Graaskamp said he has talked with most of the property owners and they are interested in the plan.

The other financing option requires establishment of a hotel assessment district for the Inn on the Park, the Concourse, and the 30 On The Square building, which would be converted to a $45-per-room hotel.

All three hotels would be assessed annual fees based on the number of rooms to retire debt on the project.

Graaskamp said the proposal would benefit downtown hotels more than the south Square plan and make the city more competitive in the meeting and convention market because rooms in a new hotel would cost $85 per night.

"The two hotels (Concourse and Inn on the Park) are now at breakeven at 60 percent room occupancy," he said. "If they get over 60 percent they can pay off the mortgage on the center."

The corporation would pay for a 246-stall enlargement of the underground ramp at the Concourse, so there would be no parking expense to the city.

The project has two phases. The first adds parking, a 250-seat auditorium, 14,250 square feet of retail space on the Square, 23,000 square feet of exhibition space above the retail stores, and skywalks to the El Esplanade building and Dayton Street Parking Ramp.

The second stage adds a conference center and continuing education building north of the Concourse on the east half of the Madison Area Technical College block, a skywalk to the 200 block of State Street, and conversion of three buildings to hotel-convention space.

The 30 On The Square building could become a 200-room hotel. The second level of the Hub and McDonald's buildings could be used for additional exhibition space (10,000 square feet), while the lower level is large enough for five meeting rooms and 2,000 square feet of retail space.

Some committee members agreed with Graaskamp's north-south financial comparison. Others said the north Square plan is more of a conference center than a convention center and will not allow Madison to reach its potential for attracting conventions.

City gets look at convention center's tab

2/26/87

By MARC EISEN
Capital Times Staff Writer

Madison taxpayers would have to pick up in long-term debt between $4.5 million and $12.1 million to help pay for a south Capitol Square redevelopment plan, the city reported today.

A financial analysis of the convention center project proposed for the south Square, prepared by city Comptroller Paul Reilly, appeared to strengthen interest among city officials in considering a smaller meeting facility on the north Square block adjacent to the Concourse Hotel.

A leading proponent of that plan, James Graaskamp, said today that option could be built "without any city liability or long-term debt."

Both the north Square proposal by Graaskamp, who is a University of Wisconsin Business School professor, and the financing of the south Square proposal were discussed this morning at a meeting of the city's Convention Center Criteria Committee.

Reilly's report on a proposed south Square revitalization plan shows that the cost of the convention facility, private and public parking, various public improvements and housing subsidies would be $46 million — $32 million in direct costs and $14 million in debt-retirement costs.

This includes $13.9 million in construction costs for the convention center.

While the facility would be the centerpiece of the redevelopment district, other improvements would be made in housing and streets to help revitalize the south Square.

The sources of revenue to pay for the various improvements include private-sector money collected through two forms of special assess-

CONVENTION, Page 2

Convention

From Page 1

ments against property owners and sale of property for a new convention hotel.

Some parking would also be built with private money.

The public contribution would in the form of parking bonds, federal block grants, room taxes, tax increment financing and a special federal grant.

The $4.5 million to $12.1 million needed in general obligation borrowing — which would be backed by the full faith and credit of the city — varies according to the city's use of the other subsidies.

The size of the potential long-term debt drew most of the attention this morning, including Mayor Joseph Sensenbrenner and his aide, Michael Williamson, restating their belief that Graaskamp's north Square option should be given serious consideration along with the south Square site endorsed last year by the City Council.

The mayor said the two options will be considered "side by side" in the months to come.

"Let's make no bones about it. The mayor has reservations about the cost of the south side, but he is committed to pursue all alternatives that might lead to the redevelopment of the downtown," Williamson said.

He described the Graaskamp plan — which calls for connecting the Concourse to an exhibition hall built on the present site of the Woolworth's building — "as an alternative that will meet the goal of revitalizing the downtown at a cost the taxpayers can afford."

While council members Robert Dye and David Wallner also expressed concern about the general obligation borrowing called for in a south Square plan, Ald. Henry Lufler said the figure mentioned was less than the city typically borrows each year in its capital budget.

"As far as I am concerned, it is right on target," Lufler said.

Lufler, as other city officials did, pointed out that the cost of the project needs to be considered against new taxes generated by growth in the tax base and the new money brought into the community by visitors attending meetings at the convention center.

Graaskamp, who has been promoting his plan for the past several weeks, unveiled a new financing package that calls for the downtown hotels to cover any operating deficit of a north Square exhibition hall.

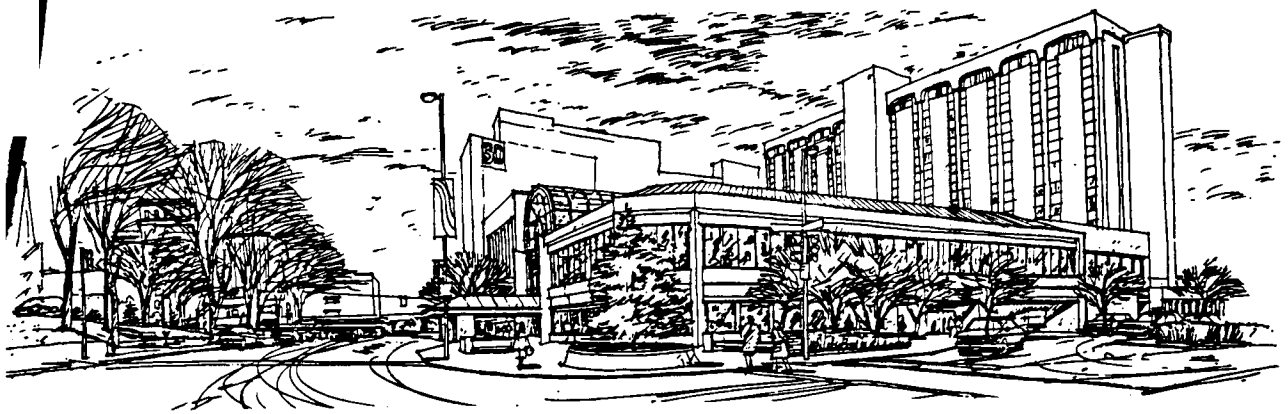
The first stage of construction, estimated to cost $14.2 million, would require a $3.9 milllion public subsidy that would be paid for out of the new taxes generated by construction on the north Square. No long-term city borrowing would be needed, he said.

Phase two of Graaskamp's plan calls for building a new conference center on the block occupied by the Madison Area Technical College and converting the 30 On The Square building into a low-cost motel and the Hub and McDonald's buildings into additional exhibition space.

The committee decided that both the north and south Square options will be reviewed in a new study that will examine the downtown hotel market, ways of operating the convention center and the economic impact of constructing a convention facility.

Money fights south-side convention center plan

2/11/87 Feb-11/87



This is an artist's conception of James Graaskamp's proposed "Concourse Convention Center" on the north side of the Capitol Square. Estimated cost: $16.3 million.

By MARC EISEN
Capital Times Staff Writer

Proponents of a referendum to halt government spending on a convention center on the south Capitol Square have drawn heavy financial support from business and property owners on the Square's north side.

The financial statement for the Committee for a Convention Center Referendum shows that the Concourse Hotel gave $1,146.12 of the $1,821.02 raised by the end of 1986. Concourse managing partner Darrell Wild has been a major booster of a north Square convention facility.

Other contributors include popular State Street restaurateur Gus Paraskevas, owner of Kosta's, $200; attorney Harold Langhammer, who has his office at 126 State St., $118.72, and Langhammer business associate Robert Paunack, $237.45.

Ald. Henry Lufler, who has been a key figure in pushing for a south Square convention center site, said Langhammer's and Wild's role in the referendum drive "is part of the north side or no-side campaign" for a new convention facility.

"I view Mr. Wild's and Mr. Langhammer's activities on the referendum and this (Graaskamp convention center) proposal as stemming from the fact they own large parcels of property in the vicinity," Lufler said.

"True," Wild responded this morning.

He said his hotel is running in "50 percent occupancy range" when at least 65 percent to 70 percent occupancy is usually needed to make money.

Building a new hotel on the south Square, as the city is proposing, "would bury the existing hotels or create extreme financial problems," he said.

The referendum committee's financial statement also shows that the petition drive to put the question on the ballot was carried out by people who were paid money to collect signatures. Nearly 12,000 people signed the petitions.

Some 26 people were paid anywhere from $2.50 to $432.75 for the signatures they collected.

Mayor Joseph Sensenbrenner and others are arguing the referendum is premature because not enough information about the building and operating costs of a convention center are known.

UW professor takes on city hall

By MARC EISEN
Capital Times Staff Writer

With a blast at city hall, University of Wisconsin Business School professor James Graaskamp has begun circulating a plan to build a $16.3 million convention center on the north Capitol Square.

He's doing so, he said Tuesday night, because he feels city hall politics may destroy any chance of a convention center being built downtown.

Working with several graduate students, Graaskamp has developed a proposal that calls for tearing down three buildings on Mifflin Street — Woolworth's, Brathaus II and 14 W. Mifflin — to make room for a convention center and retail complex that would share existing meeting rooms at the Concourse Hotel.

The 72,900 square feet of new space in what he calls the "Concourse Convention Center" includes a 23,000-square-foot exhibition hall on the second floor and 14,250 square feet of retail space on the first floor by the corner of Mifflin Street and Wisconsin Avenue.

Graaskamp argued that his plan is cheaper and makes better economic sense than the south Square plan being developed by the city's Convention Center Criteria Committee.

He pointed out that he's done the financial feasibility studies for three recent hotel projects in the city — the Concourse, the Inntowner and the Radisson — and feels he's "reasonably knowledgeable" about downtown economics and hotel operations.

"What we want is equal time before the mayor's criteria committee so that they can get a fair assessment of an alternative (to the south Square) that is viable and affordable," he said.

Graaskamp warned that the city was running the risk of losing a downtown convention center altogether — and having competing facilities built on the city's edges — by pursuing the south Square option alone.

"We don't want them to get to the end of their deliberations and be left with no alternative to their white elephant," he said.

As chairman of real estate and urban land economics in the UW Business School, Graaskamp runs a nationally recognized graduate program. But his reputation for being blunt and highly critical of local

(See GRAASKAMP, Page 22)

James Graaskamp

Graaskamp

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development efforts has made him a controversial figure in Madison.

In an interview, he blamed council members Eve Galanter and Henry Lufler for forcing a south Square location on the city as a means of scoring political points against Mayor Joseph Sensenbrenner, who favored building on the north Square block occupied by the Madison Area Technical College.

"When I watched Mr. Lufler and Ms. Galanter at work (on the criteria comittee) I realized that they were making decisions that were not necessarily based on urban planning but on political planning," he said.

Galanter responded by pointing out that the decision to pursue the south Square site was "not made by one or two members of the City Council," but by a majority vote of the council.

"I'm very comfortable that the hiring of the consultants and now the reviewing of their work can stand up to any amount of scrutiny and criticism," she said.

Lufler said the people pushing for the north Square convention center are also behind the April 7 referendum to shut off any public subsidy for a south Square facility.

"These people are driven by economics," Lufler said. "They wish to make money on the property they own (in the vicinity)."

Both Lufler and Galanter pointed out that Graaskamp's proposed center is significantly smaller than what the city is considering on the south Capitol Square. A consultant has pinpointed space needs of 144,000 square feet.

"I regard it as one of four or five conference facilities that will be proposed if the city decides not to go ahead with a full convention center," Lufler said.

Graaskamp calls for the north Square center to be owned by a master corporation made up of the affected property owners on the block plus other investors, including the city's Community Development Authority.

The public investment, he said, would be approximately $5.6 million, with more than half coming from tax increment financing.

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Graaskamp Presents Convention Center Plan

Isthmus 2/13/87

As if the issue of building a convention center in downtown Madison weren't already contentious enough, a UW urban planning expert this week unveiled a competing north-side proposal he insists is "superior in every way" to an existing plan to locate the facility on the south side of the Capitol Square.

The new proposal, as outlined in a working draft by Prof. James Graaskamp and several business school grad students, calls for a more modest convention complex to be built adjacent to the Concourse Hotel on land now occupied by the Woolworth, Brathaus II and 14 West Mifflin buildings. It would include 23,000 square feet of exhibition space, 249 stalls of underground parking and a skyway to the Dayton Street ramp.

The current south-side plan, as drafted by consultant Kenton Peters, calls for 36,000 square feet of exhibit space and 415 new parking stalls, not including parking for an adjacent hotel. (Less new parking is needed on the north side, Graaskamp figures, because conventioners can use one-third of the existing stalls at the Dayton Street ramp and Concourse.)

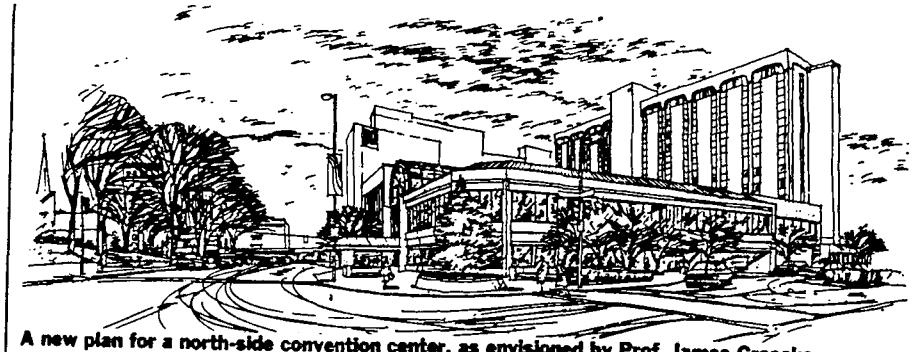
A second, more visionary phase of Graaskamp's proposal provides for expanding the exhibition area into the Hub and McDonald's buildings, constructing a continuing-education facility on the MATC parking site, building an extended skywalk to the Civic Center, and converting the 30 on the Square buikding to a low-cost hotel.

"I think it's an exciting concept," says Graaskamp, a nationally renowned urban planner. "It's affordable and in more proper scale. It accomplishes all of the urban-planning goals set forth by Peters, and it does so more effectively."

Among the advantages cited in the draft report are expandability, linkage with existing resources, architectural presence and—above all—affordability. Whereas the south-side location has drawn a lukewarm response from area business people, prompted a referendum over the likely use of public financing and become a key issue in the current mayoral race, Graaskamp's proposal relies mainly on private investment and currently available public funds.

Although a complete financial plan won't be available until next week, Graaskamp projects the total budget for the facility at around $29 million, including no more than $5.5 million in public funds. $2,460,000 of this would be bonded by the parking utility for underground parking. Another $2.6 million to $3 million would come from the Community Development Authority (CDA) for skywalks, general redevelopment and street renovation—an expenditure Graaskamp says would be more than offset by the $5 million the project would add to the area's tax base.

Some of the remaining $23 million will come from refinancing of existing



A new plan for a north-side convention center, as envisioned by Prof. James Graaskamp.

facilities. But at least $9 million in new private money would have to be raised, some through the sale of common stock. According to Graaskamp, the city would stand to benefit substantially from its initial investment of CDA funds but would bear no responsibility for operating deficits or other costs.

On Tuesday, Graaskamp presented his proposal to a group of about a dozen local powerbrokers and property owners, including Darrell Wild, Martin Rifkin, Bill Belden and a representative of the Upper State Street Business Association. The response, he says, was generally positive, although one concern was that "our plan was too generous to the city—it gave the city everything it wanted with no risk whatsoever."

Whether the city agrees with that assessment remains to be seen. The convention center committee is scheduled to hear the new proposal toward the end of this month. "All we're asking for," says Graaskamp, "is that the two plans be evaluated side by side in terms of the criteria the mayor's committee itself articulated."

Mayor Joe Sensenbrenner, a former north-side advocate who now supports the south-side site, on Monday had not yet seen details of the plan, but promised "it will get full and careful consideration....If the proposal is better, I'll back it. If the current proposal is better, I'll back that."

Mayoral challenger Mary Kay Baum, a staunch critic of the south-side site, also has not seen the detailed plan, but responds favorably to news that it would not involve construction of a new hotel and would be located near MATC and State Street. "It certainly would seem to have a lot of potential because it builds on our strengths," she says.

Baum insists she is not perturbed that Sensenbrenner could eliminate one of the most visible rifts between their two candidacies simply by reversing himself again in favor of the Graaskamp plan. "When I win campaign issues, I don't mind if I get robbed of them," she laughs. "His nonleadership would still be the issue of the day."

—Bill Lueders

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City studies convention center costs

By Thomas M. Waller 2/87

City government reporter

The city of Madison would have to borrow at least $4.5 million and perhaps as much as $12.1 million to complete a proposed redevelopment plan that includes a convention center southeast of the Capitol Square, according to city estimates.

The estimates are part of a financial analysis presented to the Hotel/Convention Center Criteria Committee Thursday by city Controller Paul Reilly.

The variance in the estimate is due to uncertainty over the availability of some public subsidies.

The committee also heard from UW-Madison business Professor James Graaskamp, who proposed a smaller convention center on the north side of the Capitol Square.

Graaskamp said his proposal, calling for construction adjacent to the Concourse Hotel, would not leave the city with any long-term debt.

The committee took no action on either plan but decided to ask the City Council to hire a national consultant for a hotel and convention center market study that could help in evaluation of both options.

The study would assess the impact of a convention center on the local hotel market, management alternatives and spin-off benefits.

The redevelopment plan would cost about $46 million, with $32 million in direct costs and $14 million in debt-retirement costs.

Direct costs include a $13.9-million convention center, $10.7 million for parking (1,160 stalls at $9,100 each); $1 million in housing subsidies, land costs, street work and other public improvements.

Private businesses would pay about half of the parking cost, plus as much as $1.9 million in special assessments based on public improvements that benefit private property.

Under a new state law, the city could set up a business improvement district and collect as much as $1.75 million from properties that benefit from a convention center. Another $109,000 in assessments is attributed to other public improvements in the district.

Public sources of revenue for the plan, in addition to general obligation bonds, include: $4.5 million in parking bonds; $1.8 million from the sale of land to the hotel developer whose proposal is chosen by the city; as much as $5.6 million in hotel-motel room tax; and up to $4.5 million in federal grants.

The plan calls for use of $500,000 to $1 million of its Community Development Block Grant money and to apply for a $3.5-million Urban Development Action Grant.

The parking bonds would be repaid from parking revenues.

The room tax would come from the new hotel and from 75 percent of growth in room-tax revenues elsewhere in the city.

Mayor Joseph Sensenbrenner said the city should study both options in the next few months and not eliminate the possibility of a south Square convention center.

Mayoral candidate Mary Kay Baum, who has opposed the south Square site as too costly, said the report more than confirms her estimate of $9 million to $15 million in public costs.

She said the report shows all forms of public costs could reach $20 million.

■ Downtown property off
■ Graaskamp proposal
— Details on Metro

Sites, costs again stir up convention center issue

2/87

By BARBARA MULHERN
Capital Times Staff Writer

Mayor Joseph Sensenbrenner's administration has reopened the wounds of a six-month battle over where to place a downtown convention center, several City Council members say.

The council members, who fought for a convention center on the south side of the Capitol Square, say they will not go along with a smaller facility on the north side unless a market study determines a larger convention center is not workable.

"The city council and the mayor voted to pursue the south side site and that's what we're pursuing," District 4 Ald. Michael Blumenfeld said.

Sensenbrenner said Thursday the two convention center options would be considered "side by side" in coming months.

Thursday, city Comptroller Paul Reilly told the Convention Center Criteria Committee the city would need to borrow between $4.5 million and $12.1 million to pay for a convention center on the south side of the Capitol Square.

That cost, which would be borne by taxpayers, would vary according to the city's use of other subsidies.

Not yet included in the figure is how much of the cost would be offset by any increase in the tax base due to new development generated by a convention center.

The committee also heard from University of Wisconsin Business School professor James Graaskamp, a proponent of a smaller facility connected to the Concourse Hotel on the north side of the Square.

Graaskamp told the committee no long-term city borrowing would be needed to finance his proposal. Sensenbrenner and aide Michael Williamson called the plan an alternative "that will meet the goal of revitalizing downtown at a cost the taxpayers can afford."

But Blumenfeld, District 16 Ald. Henry Lufler, and District 7 Ald. Sue Bauman say a smaller, north Square conference center will only be considered if a market study determines a larger south Square facility is not feasible.

The three committee members were among those who successfully waged a grueling six-month battle against Sensenbrenner and other proponents of a convention center on the north Square Madison Area Technical College block.

"I don't know if the size facility Graaskamp is proposing comes close to meeting the market demand," Bauman said. "For me, the biggest question all along was that there is no place on the north side other than on the MATC block to fill the market niche we're talking about."

Bauman, who said the point of the pending market study will be to determine the "optimal size facility Madison needs," added, "What this city needs is a convention center — not a conference center."

"If the study concludes we really aren't going to get any regional conventions and all Madison could sustain would be a little meeting facility, then we would need to have a competition regarding a site for a conference center," Lufler said.

"There's no question Graaskamp's proposal revitalizes the Concourse Hotel, but that's not my highest priority," Lufler added.

The city has received proposals from two consultants to conduct the market study. The study will look at a "continuum of facilities, from a small conference center to a big convention center" and determine the anticipated spinoff development, Lufler said.

"The study will tell us which end of the $4.5 million to $12.1 million (borrowing) range is reasonable, and will bring us information from other communities telling us how much their tax base has increased (due to their convention centers,)," he said.

Lufler noted that the assessed values of 75 out of the 123 properties around the Square have remained unchanged or declined in the last five years.

"The downtown is fading in terms of the assessment value it contributes to the city," Lufler said. "If you can begin to reverse that and generate more taxes, it would offset the annual investment of $450,000 to $1.2 million (in borrowing) over 10 years."

But mayoral candidate Mary Kay Baum said the $4.5 million to $12.1 million figure reinforces her belief that the city should drop all talk of a south Square convention center.

(See CENTER, Page 23)

"I would guess that when businesses on the Square see all of these figures there will be an outcry, because this amount of public dollars being put into new ventures that compete with existing businesses is not justifiable," she said.

Baum said she planned to hold an afternoon news conference today at which she would show the public dollars needed to finance a convention center would in fact total $20 million.

She said her figures would include a $5.6 million loss in school district revenues over the next 20 years due to a tax incremental finance district associated with the proposed convention center.

Taxes to the school district generated by new development within a TIF district are delayed until the TIF district is dissolved — which is normally a 20-year period.

Madison's choices:

- Big convention center or smaller conference center?
- North side or south side of the Square?
- Or nothing at all?

Mayor, prof spar again on center site

By MARC EISEN
Capital Times Staff Writer

The intense infighting over where to put a downtown convention center isn't letting up one bit.

Wednesday's installment saw University of Wisconsin-Madison School of Business professor James Graaskamp repeating his contention that Mayor Joseph Sensenbrenner and most downtown business leaders privately favor building on the north Capitol Square.

The assertion — made before a packed audience of land-use students at the UW campus — drew prompt and strong denials from Sensenbrenner and William Belden, president of the business group Downtown Madison Inc.

"He's done a great disservice to pollute the debate with these kind of fictitious positions," Sensenbrenner said.

Belden said, "I have never said privately or publicly that we have any hidden agenda as indicated by Graaskamp. I honestly don't know where he's coming from."

Graaskamp initially made his charges Tuesday at a press conference in which he announced his support of the April 7 referendum that proposes cutting off all public financing for a convention center built on the south Capitol Square.

Sensenbrenner and many downtown business leaders are opposing

James Graaskamp

Joseph Sensenbrenner

the referendum, warning that any decision now is premature and that a "yes" vote threatens the chances of a convention facility being built anywhere downtown.

But Graaskamp, who's promoting a north Square plan, told students that killing the south Square option in the referendum would open the door to building the kind of north Square facility that Sensenbrenner and DMI were vigorously promoting last summer, prior to the City Council settling on a south Square site.

"I've taken their calls — and they deny it in the papers — but this is the truth," Graaskamp said. "The mayor has called me. Belden has called me. A good many powers in the downtown have called me. They've said, 'What are we going to do? The south side is a bad idea — it's going to fail on its own weight because we can't finance it.' "

Graaskamp said they had been forced into the position of supporting the south-side site in the referendum on the premise that "the only way you stop a strong City Council is by letting them chart their own little own course and hit a stone wall — at a tremendous loss of energy."

Belden, meanwhile, said it was "totally false" that he had discussed convention center siting with Graaskamp. "I have not called him on this issue or on his proposal," he said.

Equally vehement in his comments, Sensenbrenner also denied that he had told Graaskamp that the south Square option was too expensive to be carried out.

"I said it's a tough project, but we need all the facts to make the right decision," the mayor said.

"Graaskamp may be a great professor, but he's never run for office. And he of all people should know that all the facts have to be in before a major decision like this can be made," Sensenbrenner said.

The mayor and the downtown business leaders "have a referendum in which they could get rid of the south side by voting 'yes,' but in which they're putting all their energies to vote 'no' because they made a gentlemen's agreement to be good boys and go along with the south side," Graaskamp said.

Graaskamp denied that he stated Tuesday that Sensenbrenner had told him he favors a "yes" vote on the referendum. "What he told me is that the city can't afford the south side solution, and it won't work."

Sensenbrenner said Graaskamp appeared to be retracting his earlier statement that the mayor privately supports a "yes" vote in the referendum.

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WSJ

UW professor challenges mayor's stand on center

By Thomas M. Waller
City government reporter

Mayor Joseph Sensenbrenner has allowed himself to become part of a "politically irresponsible" convention center charade, UW-Madison business Prof. James Graaskamp charged Tuesday.

Graaskamp, who has proposed a convention center on the north side of the Capitol Square, said a south Square proposal is too costly for the city, yet Sensenbrenner is going along with more powerful City Council leaders who are "waiting for it to collapse of its own weight."

The professor attended a news conference with unsuccessful mayoral candidate Thomas Imhoff and Phil Ball, who is advising mayoral candidate Mary Kay Baum. All three urged voters to stop the south Square project by voting "yes" in a referendum on April 7.

Graaskamp said Sensenbrenner would also like to see passage of a referendum prohibiting a public subsidy for a south Square site. He said the mayor has told him "we just have to play this out to the end."

Sensenbrenner denied Graaskamp's representations.

"It's a lie that I recommended to him or anybody else that they vote 'yes' on the referendum," he said. "This is an effort by north side supporters to pollute the process. These are unfounded charges."

Sensenbrenner, who pushed for a north side convention center on the MATC block until it was no longer available, is urging people to vote "no" on the referendum so the city can complete study of costs and benefits of the south Square possibility.

City officials have estimated the south Square plan would require a general obligation bond issue of between $4.5 million and $12.1 million, plus other costs.

Mayoral challenger Mary Kay Baum estimates the public cost at $22.8 million. She includes $5.6 million in tax revenue the school district would not receive from the development during the life of a tax incremental financing district.

Tuesday, Sensenbrenner said he would not support a subsidy in the $20 million range. He declined to say what level of assistance he could support, but said he "feels uncomfortable with a subsidy of $4.5 million."

Graaskamp has proposed a smaller $14.3 million conference facility adjacent to the Concourse Hotel. The project would require less than $4 million in public assistance.

Graaskamp said he is "very sympathetic" to Sensenbrenner's plight — having to defer to council leaders who support an "inferior" convention center site — but said the mayor is being as politically irresponsible as they are.

"The way to bring that political irresponsibility to a sudden end is by voting 'yes,' " he said.

Graaskamp said politicians apparently have a greater need to be politically consistent than to do what is right for taxpayers.

"The mayor should stand up and call it as it is," he said.

Graaskamp and Imhoff said they oppose the south Square convention center, as does Baum, but they have not endorsed anyone for mayor.

Ball, a co-sponsor of the referendum, said voters would have had no say in the hotel-convention center plan without it. He cited a city schedule that once called for purchase of property for the hotel a week after the election.

"Now we're told there isn't sufficient information," he said.

Imhoff said a coalition against the referendum, whose slogan is 'No' Means Maybe, is misleading voters by saying a "yes" vote will kill a convention center downtown.

"A 'no' vote means yes (to the north Square plan), and a 'yes' vote means maybe (to the south Square plan)," he said.

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WSJ 3/11/87

Panel suggests consultant on hotel/convention center

By Thomas M. Waller
City government reporter

The city of Madison may spend up to $45,000 for a marketing study relating to a proposed hotel and convention center complex downtown.

The Board of Estimates recommended Monday that the City Council hire a Chicago consultant to study demand for a 250-room hotel and a convention center southeast of the Capitol Square.

The proposal by the accounting firm of Pannell, Kerr and Forster was selected over a $73,000 proposal by Laventhol and Horwath, a Kansas City-based accounting firm.

As proposed, city approval of the contract would be contingent upon the defeat of a referendum proposal to be decided by Madison voters in the general election on April 7.

If a majority of the electorate votes "yes," rejecting city assistance of any amount for the project, the city would start over in negotiations with the accounting firm over services to be provided.

The contingency was added after Ald. Warren Onken, 15th District, objected to approval of the contract before the referendum.

"Citizens may decide (a convention center) is not a good idea," he said. "I don't think it makes any sense to be voting on it now."

Onken said he plans to vote "no" in the referendum, to keep the city's options open for a convention center, as do board members who are on the city's Hotel/Convention Center Criteria Committee.

"As somebody from the outside (a non-member of the committee), I find it incredible that you want to approve this before the referendum," he said.

Ald. Gerald Born, 1st District, another board member who does not serve on the committee, suggested making the contract contingent on the defeat of the referendum.

If the referendum passes, Born said, the contract will come back to the committee and to the board for revision.

Council President Eve Galanter, 10th District, backed Born's suggestion, saying the committee wants to move ahead in the convention center planning process.

In response to another question by Onken, City Attorney Henry Gempeler said the consultant's report would be regarded as a public document although it may include specific information about the hotel industry locally and in Wisconsin.

The consultant is to study the market for an additional hotel, the impact of a new hotel on occupancy rates of downtown hotels, revenue projections and operating costs for the convention center, management alternatives, and the economic impact on downtown and the entire city.

The contract also calls for the consultant to analyze a proposal by UW-Madison professor James Graaskamp for a conference center addition to the Concourse Hotel and to compare it to the south Square plan.

In other business, the board voted, 4-1, to recommend that the city finance reconstruction of the Central YMCA at 215 W. Washington Ave. by issuing up to $11 million in industrial revenue bonds.

Ron Kuehn, a spokesman for the 750-member Madison Athletic Club at Tenney Plaza, opposed city assistance to the project.

"We question whether the facility is necessary," said Kuehn, adding that the city should not help a tax-exempt enterprise that will be competing with a tax-paying health-club business.

Imhoff pans convention center bid

Thomas Imhoff, who ran a strong third in Madison's mayoral primary, said Monday he supports efforts to block city participation in a convention center southeast of the Capitol Square.

Imhoff said he has decided to urge residents to vote "yes" in a referendum on the issue in the general election April 7.

"My fear is that if the referendum fails, the project will have so much momentum that (the City Council) would go right ahead with it without presenting it to taxpayers again," he said.

Imhoff said he will have more to say at 11 a.m. today when he appears with Phil Ball, James Graaskamp and other referendum supporters in a second floor conference room at the Madison Public Library, 201 W. Mifflin St.

"I was asked if I would make a statement about the referendum," he said. "My comments will be consistent with what my position has been on it. I do not want any subsidy for a convention center."

Mayor Joseph Sensenbrenner is opposed to the referendum while challenger Mary Kay Baum favors passage.

Imhoff has not decided whether to make an endorsement in the race.

Now let's hear it for unmitigated gall

"Chutzpah" is that old Jewish word that's short for something like, "Boy, has that guy got a lot of nerve."

On this, the last day of the work week, I'd like to present chutzpah awards to three people who distinguished themselves during these past few days for obviously possessing more than the normal amount of gall.

First, there's Professor James Graaskamp, the University of Wisconsin business professor who has become an expert on urban development.

Plain Talk

By Dave Zweifel
Capital Times Editor

The good professor has been doing some work as a consultant to businessmen on the north side of the Capitol Square and recently completed an alternative convention center proposal for Concourse Hotel owner Darrell Wild. He isn't shy making known his feelings that the City Council is stupid for picking a south side site instead.

That's all well and good. Anyone can understand why one with an interest in one side over another would do what he could do to promote his side.

But, let's not be hypocritical about it. While Graaskamp promotes his side of the Square, he this week insinuated that the only reason Madison council members voted for the south side was so they could embarrass Mayor Joe Sensenbrenner.

He also claimed that since Sensenbrenner originally favored a north side location, the mayor secretly is hoping the referendum next month will win so the south side will be defeated.

Come on now, professor. For a guy who has done quite a bit of consulting work for clients on the north side — and who will undoubtedly do a lot more — it doesn't quite seem appropriate that you should be impugning the motives of the other guys. They might just be wondering about you.

The other chutzpah winners this week are Wisconsin State Sens. Barbara Ulichny and John Norquist. The two senators, who just happen to come from Milwaukee County, vowed that they will fight building a new business school at the UW-Madison because it should be in Milwaukee instead.

"The lines of students are in Milwaukee, the businesses are in Milwaukee, the need is in Milwaukee," the two claimed.

Funny how no one ever heard a peep out of these two when faculty on the Madison campus started working hard several years ago to convince the powers that be of the need for a new school here. The main business school has always been here and long ago outgrew its facilities.

Now that all the hard work has been done and everyone from the Regents to the State Building Commission have been convinced of the need for a new school, Ulichny and Norquist have decided to jump in.

Pardon me, but that does take a lot of guts.

Mayor not playing fair, prof says

3/11/87

Convention center stand is called ploy

By BARBARA MULHERN
Capital Times Staff Writer

A leading proponent of a north Capitol Square convention center today charged that Mayor Joseph Sensenbrenner would like nothing better than to see passage of a referendum prohibiting any public subsidy for a south Square site.

But Sensenbrenner responded that the charges made by University of Wisconsin Business School professor James Graaskamp are "absolutely, totally, completely false."

Graaskamp told a morning news conference that the only reason Sensenbrenner is urging a no vote on the April 7 referendum is because his "political power is not such on the City Council that he can challenge them (south Square supporters) directly."

"I think he would love a yes vote. I think that is also the case for Downtown Madison Inc.," Graaskamp said.

A yes vote on the referendum means a voter opposes any public subsidy for a south Square convention center.

Graaskamp said Sensenbrenner has told him that "we just have to play this out to the end."

A yes vote, Graaskamp said, means the city could instead start looking at a more realistic proposal for the north side of the Square.

But Sensenbrenner called Graaskamp's statements "absolutely false. I have never told anyone I desire a yes vote. I think it's irresponsible.

"My position has been consistent since the fall," Sensenbrenner added. "I will support gathering all of the facts and making the right decision for the city."

Graaskamp, who has proposed building a $14.2 million dollar facility on the Square's north side adjacent to the Concourse Hotel, was joined at the news conference by unsuccessful mayoral candidate Thomas Imhoff and Phil Ball, a campaign adviser to mayoral challenger Mary Kay Baum.

All three speakers urged a yes vote on the upcoming referendum. Imhoff said his fear is if the referendum fails, "our city leaders will be able to go forward with a project without voters' approval."

"There are forces at work trying to sell people on the idea that a yes vote would kill a convention center and would kill whatever is left of downtown Madison. That is misleading," Imhoff said.

"This has become politicized, and it has been criticized for becoming politicized. That's ludicrous. That's why you have a mayoral race," Ball said.

Madison

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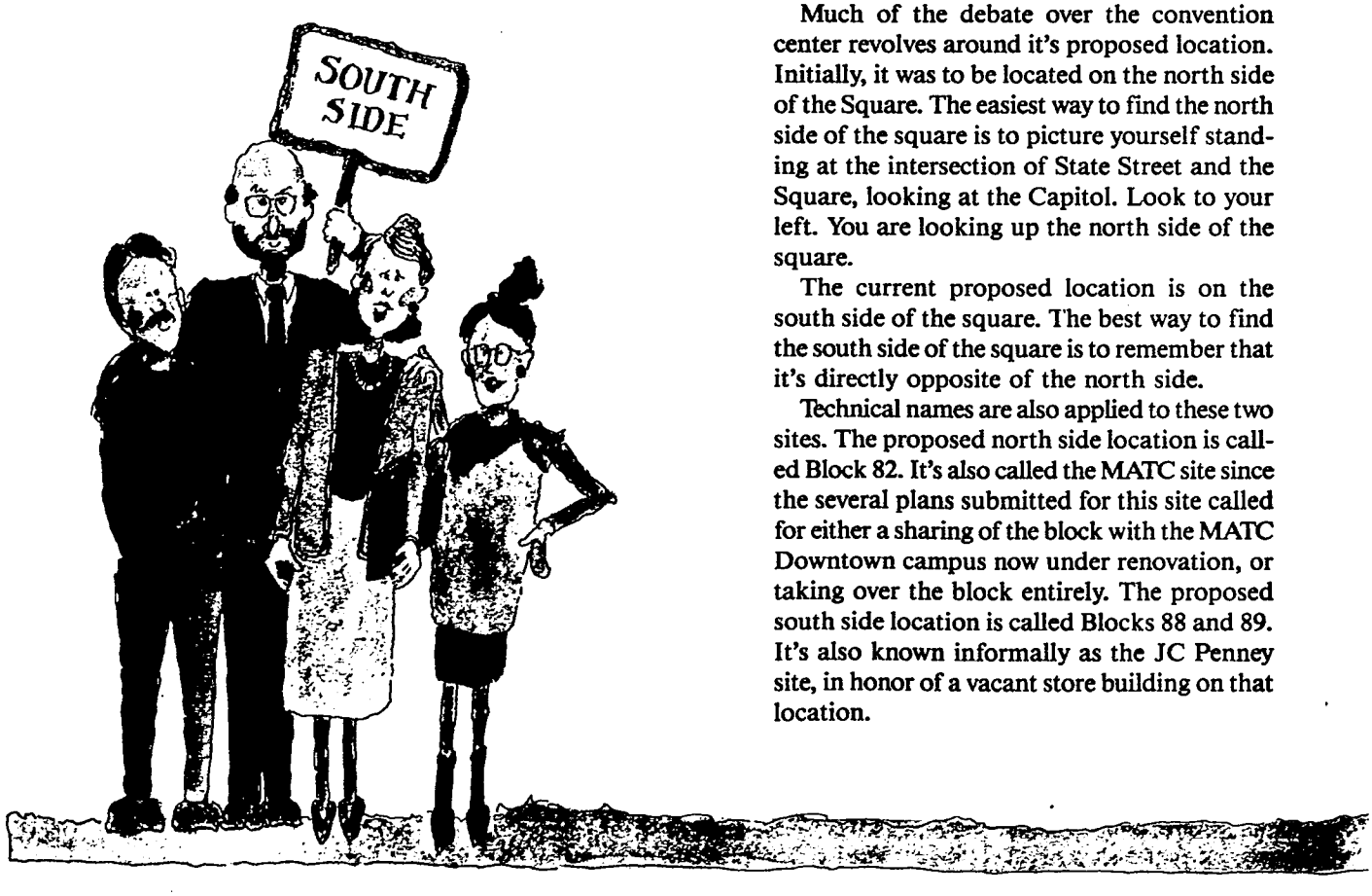
Where do you stand in the

At first, the idea of a convention center in Downtown Madison seemed to be one of those good ideas that could only get better. The proposed facility, by giving a shot in the arm to a deteriorating Downtown, would hold something for everyone—the mayor, the City Council, Downtown property owners and merchants, even that oft intractable adversary, MATC. But that was at first. Now, after months of shifting, prodding, kicking, bickering, revision and manipulation, its current status is more like that of the unfortunate patient whose only chance for a cure may very well be his demise.



Although not quite dead yet, the convention center is in critical condition. The upcoming referendum in April may very well do it in entirely. How it got to this state could easily be dismissed as typically Madison, something to be expected from a city government with a history of interminable wrangling over issues, as evidenced by such projects as the south Beltline, the Civic Center and MATC. Indeed, in a dismal way, two of those previous debacles are still making their impact felt, now on the convention center controversy. But that's getting ahead of the story.

Who's On First?

Most people not only don't understand what all the fighting is about, they don't even understand the layout of the playing field.

Much of the debate over the convention center revolves around it's proposed location. Initially, it was to be located on the north side of the Square. The easiest way to find the north side of the square is to picture yourself standing at the intersection of State Street and the Square, looking at the Capitol. Look to your left. You are looking up the north side of the square.

The current proposed location is on the south side of the square. The best way to find the south side of the square is to remember that it's directly opposite of the north side.

Technical names are also applied to these two sites. The proposed north side location is called Block 82. It's also called the MATC site since the several plans submitted for this site called for either a sharing of the block with the MATC Downtown campus now under renovation, or taking over the block entirely. The proposed south side location is called Blocks 88 and 89. It's also known informally as the JC Penney site, in honor of a vacant store building on that location.

The CONVENTION CENTER DISPUTE?

BY BOB DRIES

Finally, the whole controversy explained in detail—how we got to this point, who the major players are and what the vote on April 7 will mean to the city

For those of you who say "So what's all the fighting about? It's only a couple of blocks," it's apparent you're either 1) new to Madison or 2) not a Downtown property owner, merchant, or a city politician.

More to the point, it's generally assumed or, more correctly, hoped that either location will have a substantial positive economic impact on its immediate area. This is where the guts of the controversy lie. But before we get into that, here's a rundown of the players.

▶ *Those in favor of a convention center on the north side of the square.* This group is made up primarily of property and store owners with interests close to or on the north side of the square. Some names you may recognize are Harold Langhammer, Darrell Wild, and Glenn Hovde. Politically, Mayor Joe Sensenbrenner favors this site.

This group breaks down into two sub factions. There are those who want it built on the north side or not at all, often called the 'north side or no side' coalition. A chief

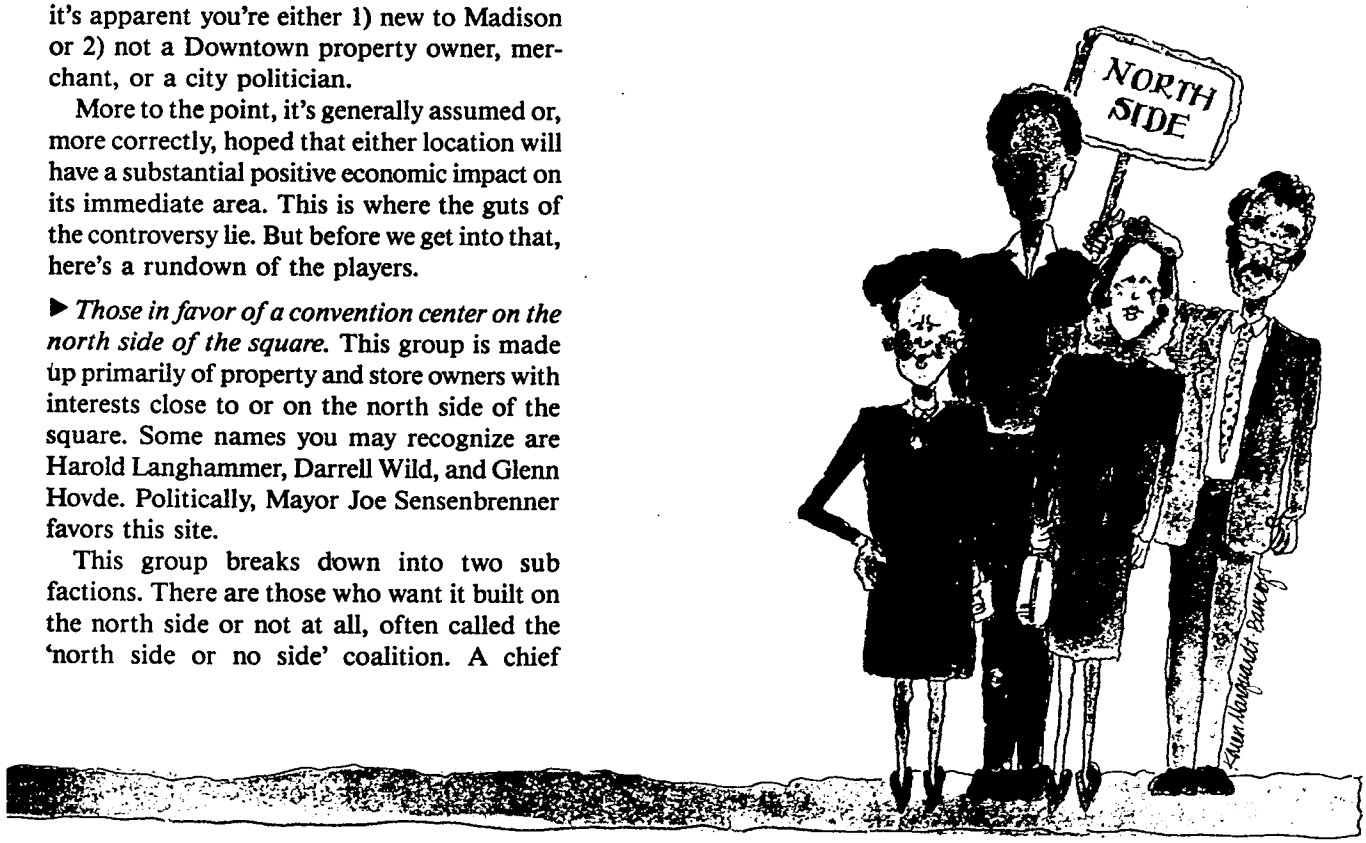


ILLUSTRATION BY KAREN MARQUARDT-BANCROFT

spokesperson is Harold Langhammer. Other persons in this group are mayoral candidate Mary Kay Baum and that Don Quixote of Madison politics, Phil Ball.

The second group are those who would prefer the north side but realize that in order for the center to be built at all, they may have to accept the south side. The primary political person in this group is Mayor Sensenbrenner. It also includes Downtown Madison Partners Inc., a group of lawyers, accountants, property owners and business people with interests in the Downtown area. Jerome Mullins and Robert Blettner are two commercial property owners on or near the south side location who also joined this group.

▶ *Those in favor of the south side location.* This group evolved after the initial proposal was presented to the City Council. Its chief spokespersons are Alderpersons Eve Galanter and Henry Lufler. It also includes most owners of property on that side of the Square not mentioned above and Kenton Peters, chief architect for the project.

▶ *Those who don't care if it's built or not.* This is probably the majority of the city's residents. However, since the construction of the center would be subsidized through tax dollars and since a referendum on the proposed south side location will be on the April ballot, the proposal effects everyone in the city.

The Battle

Although not without some glitches, the first eight months of planning for the project went relatively smoothly, at least in contrast to what was to follow. Mayor Sensenbrenner says the initial idea for the project came from his office sometime in December of 1985. With part of the MATC campus moving to new quarters near Truax Field, one half of the block occupied downtown by MATC would open up after a partial demolition of the existing building. Tentative plans called for the city to buy that area for a surface parking lot for about 75 cars, as required by the split campus agreement negotiated between the city and MATC. But after a review by the city's Department of Planning and Development, it was decided the best use would be to buy the land from MATC with an eye towards possibly siting a convention center there. This move, at the urging of the mayor, was approved by the City Council early in 1986.

In the following months money was appropriated for consultants reports and some preliminary architectural work, primarily to determine if a convention center was feasible at that location. During that period, the MATC board was approached and indicated a willingness to discuss the possible sharing of the block with such a center.

For commercial property owners and merchants in the area, the advantages of a north side convention center were obvious

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HOW TEN YEAR PROTECTION

and they showed a solid enthusiasm for the idea. Their feelings were understandable. While suffering from an exodus of stores and the general decline felt throughout Downtown, the north side of the Square was still regarded as a fairly strong area. Bolstered by its proximity to State Street, fronted by the impressive Concourse Hotel, with the location of MATC in the Downtown area finally resolved, the site made a good deal of sense for a convention center. An added incentive was an already formed TIF district on the north side, which could aid in financing.

As icing on the cake, when the consultants' reports were done, they were generally favorable. Aside from some problems regarding parking and traffic that needed to be worked out, the site had the best chance of any in the area of succeeding.

While all this generated interest, its focus was based primarily on the initial proposal of a convention center built and operated by the city, using existing hotel space. "The real momentum," Sensenbrenner recalls, "got going when Glenn Hovde proposed using the entire MATC block for a convention center *and* a hotel. That idea got headlines, got more people talking, and led to more new proposals."

What finally coalesced was a convention center package that Alderman Warren Onken described as "the opportunity of the decade." Downtown Madison Partners Inc. proposed buying the entire MATC block and moving the school to a site on West Washington Avenue. On the old MATC site would rise a $10.7 million convention center of 67,000 square feet, making it the second largest in the state. Two to three years later, a 250 room hotel would be constructed next door by private developers.

As proposed by DMPI, the center would be built with minimal public money. The financing would be based on the city selling general obligation bonds and parking utility bonds and repaying them over 15 years through increases in room taxes and parking fees. TIF and resale of land would also be utilized. After construction, the center would be operated by a non profit group made up of representatives of Downtown hospitality businesses and organizations. To avoid any need for an operating subsidy from the city, the business community would come up with $1 million for start-up costs to cover any deficits until the operation could pay its own way.

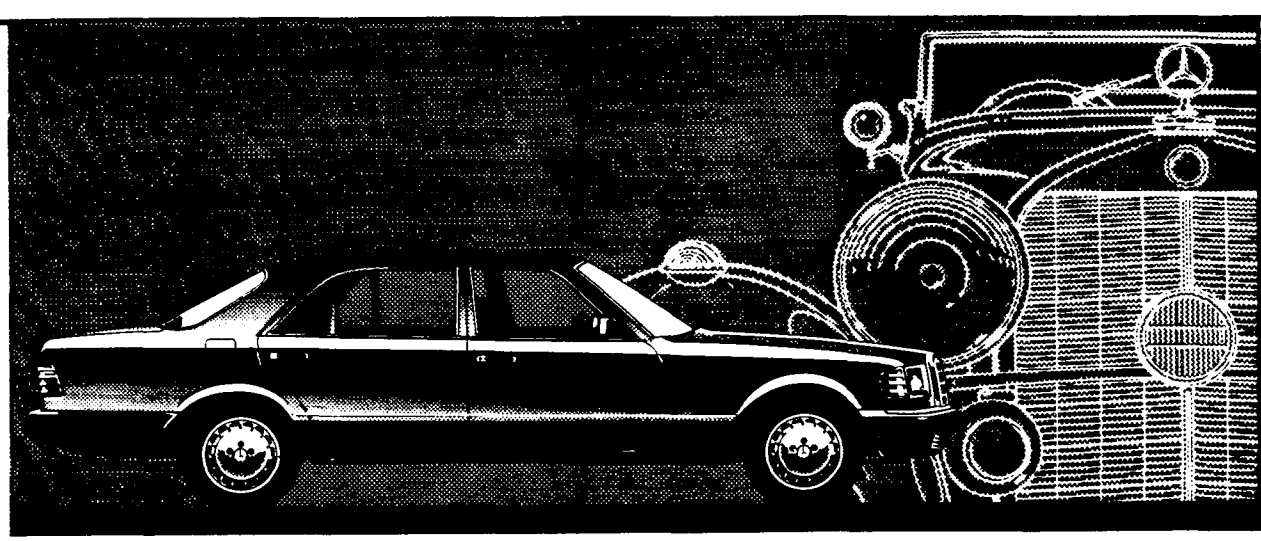
To many it appeared the proposal by DMPI was ideal. MATC was certainly intrigued, since it would enable them to build a new campus rather than remodel the old one. For the mayor and the Downtown developers it looked like a textbook example of public and private interests working, for once, in concert rather than against each other.

But not everyone saw it that way. Even before the DMPI proposal surfaced, Eve Galanter, 10th District alderwoman and president of the City Council, had begun to look at other options. While in favor of a convention center, Galanter felt that the north side wasn't necessarily the best location. Instead, she found herself drawn to the south side.

"I looked at that south side of the Square. Considerable effort and use of the city's financing tools had been already applied to the north side. But the south side was pretty dismal. There were vacant store fronts and a general lack of interest by developers. But that side of the Square seemed to me to be an ideal location for a hotel. It would have a view of the Capital and access directly onto the Square. A convention center linked to the hotel would generate a revitalization of retail and offices. I also felt it would encourage developers to look at housing. I felt it would create an excitement on that side of the Square to match what was already taking place on the north side. It would take us further along to our goal of revitalizing Downtown."

Galanter said her decision was influenced by information received during meetings with the MATC board prior to the DMPI proposal.

"The response we got from them was that a convention center wasn't an appropriate space sharing," she recalls. "The purposes of the two facilities were too different.



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Additional parking and traffic problems would be created."

But those on the MATC board remember it differently. While MATC did have some concern over traffic, it didn't see it as a major obstacle. Rather, the major stumbling block was the 1982 agreement negotiated between the city and MATC that finally let

Although not quite dead yet, the convention center is in critical condition. The upcoming referendum in April may very well do it in entirely.

MATC build the Truax campus. In a classic case of turnabout MATC now had something the city wanted. And it intended to make the best of it.

MATC

In retrospect, some of those involved on the city's side say that the MATC board was sincere in its willingness to listen to any proposals concerning the convention center and make necessary negotiations. But others felt that MATC was less than candid in its dealings. For Madisonians it was an old familiar refrain. MATC's presence on Block 82 Downtown rested on a near record setting history of political bickering that lasted more than ten years. The end result was MATC wasn't Downtown because it wanted to be. Rather, the downtown campus was the result of the 1982 agreement between MATC and the city designed to insure MATC's continued presence Downtown.

MATC then and now would have much preferred a single campus on the outskirts of Madison. But the city in effect held it hostage, unwilling to let it go until it agreed to maintain a Downtown campus. To prevent MATC from merely going through the motions Downtown the agreement also stipulated the number and types of courses MATC had to offer at the Downtown location. Now, some five years later, the city or at least the mayor and DMPI wanted MATC to move off the very site from which Madison had spent ten years and many thousands of dollars to keep them.

With that kind of background you would expect that MATC would have been less than thrilled to any new agreements with the city. But the DMPI proposal was attractive. MATC had become reconciled to staying Downtown and was moving ahead with necessary work to abide by the 1982 agreement. Now, with DMPI's proposal, rather than putting $7 million into remodeling the old building, they could combine that money with 16 million they would get from the city for their land. A new facility tailored to their needs would be built on an available site on the 300 block of West Washington Avenue, far enough away from the proposed convention center to eliminate any of MATC's concerns over traffic and parking problems.

But late in August, after due consideration, MATC voted down DMPI's offer. Despite the attractions of a new Downtown campus, MATC cited several obstacles it could not overcome. The proposed move would require MATC to drop 23 percent of planned program space due to a smaller facility, delay opening of the Downtown campus for two years and cost MATC about $7 million more than it would spend by fulfilling the original 1982 agreement.

"MATC would either have to get more money or modify the 1982 agreement," said MATC Director Norman Mitby in explaining the rejection to the city.

Either of those options would require action by the City Council. By this time, the council had been subjected to an intense lobbying effort by north side proponents.

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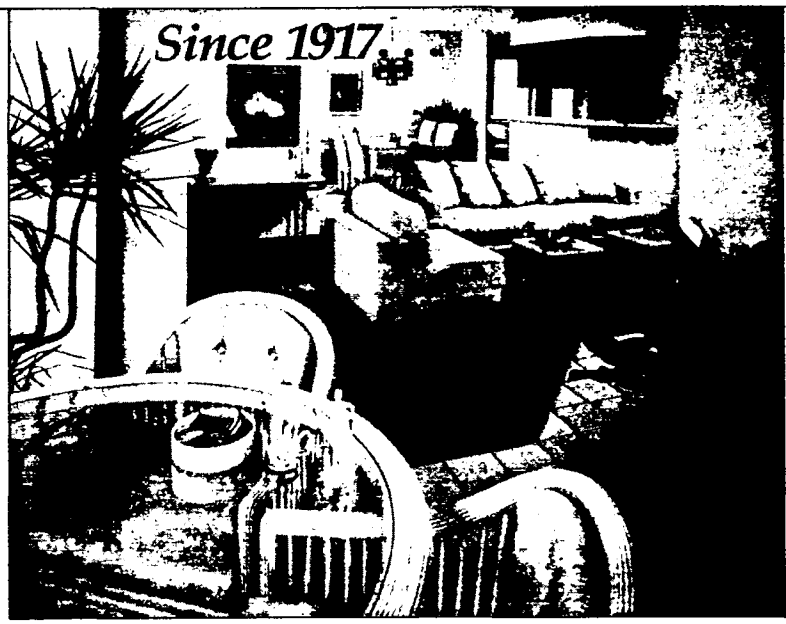

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Galanter, on the other hand, argued on the council floor that the city could neither reduce the 1982 agreement nor provide the additional cost to provide like services at the smaller site. Rather, she said, the site should be moved to the south side. Members were wavering between the two locations. Some of them wanted MATC to make the decision by either flatly accepting or rejecting DMPI's proposal, thus avoiding political responsibility. MATC neatly side stepped that by its conditional rejection, tossing the ball into the council's lap.

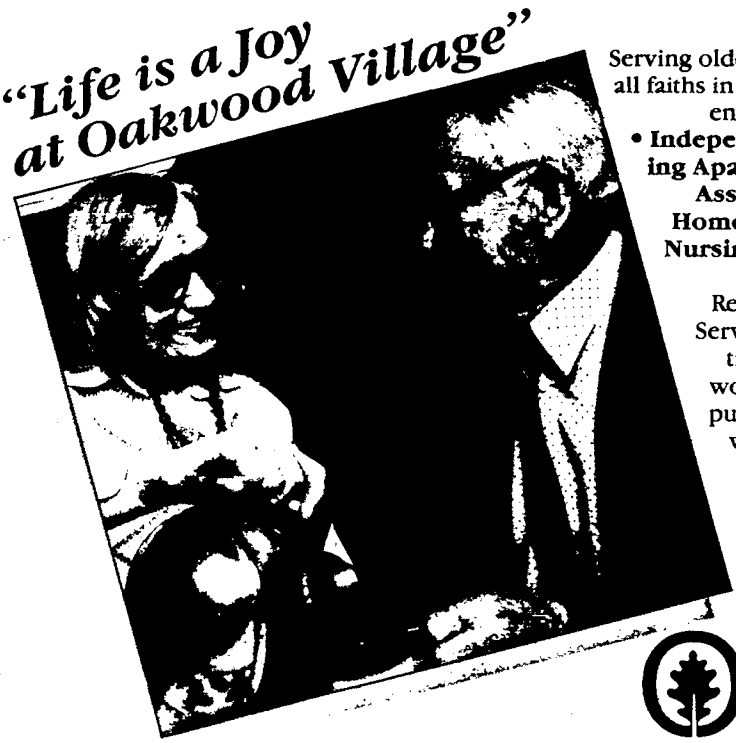
Even as the council debated, it became apparent that should the city decide to come up with additional money for MATC, the board would hang tough on its demand to modify the 1982 agreement. MATC was facing a time of rising costs coupled with a cost control of a maximum 1.5 mil tax rate.

"The biggest stumbling block to that and any proposal remains the number of courses that we need to offer at the Downtown campus," MATC chairperson Allen Rosenthal said later. "Because of the 1982 agreement, there's duplication of courses between downtown and Truax. That means we have to spend more money. We'd like to have the freedom to do what we need to do with all our facilities. If we need some cost cutting, we'd like to be able to do it Downtown just as we would cut at Portage, Fort Atkinson or the Truax site."

But for the City Council, modifying the 1982 agreement wasn't in the cards. And it's unlikely it ever will be. It's feared giving MATC a free hand to cut costs would allow MATC to gut the Downtown campus, destroying the very purpose of the agreement. MATC's price was simply too much for the city to pay, at least in the eyes of the council. It voted on a resolution to move forward on the south side location.

Other Political Monkey Wrenches

Another factor for the failure of the DMPI proposal may be based in the labyrinth history of Madison politics. It may very well be that DMPI's proposal made the private sector look too good at the expense of the City Council. Despite its claims to the contrary, the council often forms ranks based on ideology. The idea that a proposal formed by the private sector in a matter of months could be palatable to MATC, something that the City Council had been unable to do for ten years, may have been a little too much for the liberals on the council to stomach. Also, the DMPI, in an effort to avoid the tax subsidy controversy which has plagued the Civic Center, had mapped out a financing plan which no one could fault. But the plan also, in effect, relegated the city to little more than a financing tool. The council would have little to do except rubber stamp the various mechanisms necessary for implementation. In effect, the overall proposal joined together the mayor's office, the heavyweight private interests of Downtown real estate owners and merchants, and MATC in a happy concert, with



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the council standing pretty much out in the cold. It was a situation that would hardly sit well with some long time council members, especially any who had mayoral ambitions either in the near or distant future.

One result of the above was an apocryphal story that began to circulate. It went something like this. Veteran alderman Henry Lufler had ambitions of running for mayor in the next election. Lufler, with the help of Galanter and others on the council, would push through the south side site as a way of embarrassing Mayor Sensenbrenner, who had cast his lot with the MATC site and, by association, the special interests that site represented.

As a story it has a lot of appeal. To this day, it continues to circulate, despite Lufler deciding not to run for mayor. It's also a story that exists without proof. Still, it's often called upon by the 'north side or no side' group as the primary reason why their efforts were thwarted.

"I sat through all the committee meetings," says Harold Langhammer, secretary of the Upper State Street Business Association. "In my opinion there was never any merit raised for the south side location. The only argument made for it was that it would revitalize the south side. But it was never shown that the center would be more successful there. The decision wasn't based on merit. It was based on politics. It had to do with Henry Lufler running for mayor and Eve Galanter, if not supporting that effort, then at least supporting the embarrassment of Mayor Sensenbrenner. The council then chose to stay with its leadership rather than with the mayor."

When queried about the issue, Galanter says, "There was no hidden agenda. It was up front, out front, all the way. I had expressed a preference, a number of others on the council agreed, and we moved forward as effectively as we could to espouse that position."

Indeed, Galanter says that in espousing that position to those council members who were undecided she stressed that they should avoid partisan politics.

"I've felt all along that the decision had to be made on what was best for Downtown. What the north side people tried to do was redefine the definition of what made up Downtown. Initially they had a great deal of enthusiasm for the project, they said "Let's do what we can to revitalize Downtown." But to them the Downtown meant only the north side of the Square. I am convinced, then and now, that we will not have any development of any significance on the south side of the Square without city support."

Whatever its reasons, when the council decided to support the south side site it appeared that a convention center on the north side was not to be. Despite some alternate proposals for the north side, Galanter says the council saw it as having "two viable

Continued on page 84.

Convention Center

Continued from page 22.

options. After MATC said 'Thanks but no thanks,' one was dead." Both the mayor and DMPI decried the loss but agreed to work at making the south side location a reality. It appeared that the dust had finally settled.

"We got sidetracked," said Galanter shortly after the vote. "... now it's time to move forward to work together to make the convention center the best this state has ever seen."

Almost everyone agreed, except for those hard cores who were already taking shape as the 'north side or no side' group. And Mary Kay Baum.

Mary Kay Baum

When Mary Kay Baum declared her candidacy in 1986 for mayor, few people in Madison saw it shaping up as a serious challenge to Sensenbrenner. Madison appeared to be heading for another one of those ho hum mayoral elections that had characterized the city ever since Paul Soglin stepped down. But Baum, a court administrator in Wisconsin's Fifth Judical District and a Madison School Board member, felt that the controversy over the convention center site had diverted attention from the real issue – whether it should be built at all.

When Baum tried to get some attention focused on her concerns during the latter part of 1986 no one paid much attention. Then she and her supporters gathered more than 10,000 signatures on a petition placing the question on the spring ballot. That got a lot of attention. Suddenly, the ho hum was gone. Baum had an issue and Madison had a mayoral race with some substance.

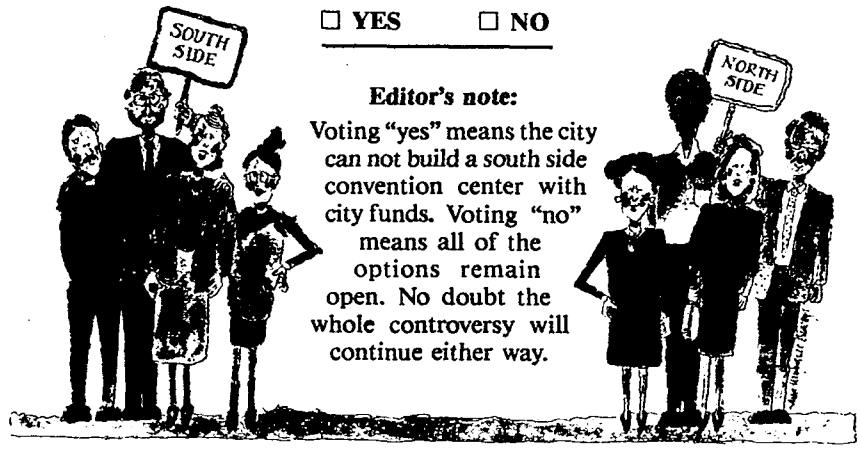
It was a move that drew heavy disapproval

The Referendum

"The City of Madison shall not pay for or subsidize the construction or operation of any Convention Center Complex proposed for Blocks 88 and 89 south of the Capitol Square with Property Taxes, General Obligation Borrowing or Tax Incremental Financing."

Shall the foregoing resolution be adopted?

☐ YES ☐ NO



Editor's note:
Voting "yes" means the city can not build a south side convention center with city funds. Voting "no" means all of the options remain open. No doubt the whole controversy will continue either way.

from almost everyone involved in the project so far. Despite differences over the location, the one bond among DMPI, the mayor, the City Council and many Downtown property owners and merchants was the idea that a convention center would be good for Downtown. Now, out of nowhere, came the idea that perhaps the *public* should be consulted. What stake did they have in it? Plenty, according to Baum.

"I became concerned because as a member of the school board, I was well aware that the school district is the body most affected by TIF districting. By creating another TIF district on the south side of the Square the district could lose as much as $20 million over a 20 year period. I'm concerned about any form of TIF subsidy for any public project. It in effect comes out of the property tax and, by extension, out of the taxpayers' pockets. So it's essential that any TIF project approved by the city has enough public benefits to make up for the lost revenue."

Baum also says that the additional TIF district required for the convention center on the south side will place the city very close to the limit in its TIF districting. She feels a better utilization could be found for this resource. She points out that the referendum is not targeted towards thwarting a convention complex in and of itself. Rather, it specifically states the south side site because of its implications for TIF.

While Baum's concern is legitimate, it's a point that loses much of its impact when viewing the overall picture, according to Jerry Tucker, city coordinator for TIF and other redevelopment activities.

Right now there's about $190 million in city TIF districts. The city is limited to TIF district size by law to 5 percent of its total equalized value, or about $240 million. The creation of another TIF district on the south side would add about $34 million more to TIF districting, close to its limit. But Tucker says that in the next year two TIF districts will be dissolved, reducing the amount of money in TIF by about $53 million. In effect, the total of TIF would then end up to be some $20 million less than it is right now, even with the creation of the new TIF district on the south side. And some $60 million below the limit.

More importantly, Tucker points out that the city had for years intended to form a TIF district on the south side of the Square irrespective of the convention center.

"In our planning and research over the last couple of years, we've always looked at a TIF district on the south side of the Square. The convention center proposal moved us ahead to begin work on it more quickly. But we always did plan to do it there. Even if the convention center doesn't end up there, we still want a TIF district to try and promote development there."

Besides its impact on taxes, Baum has other concerns over the south side location. Returning to the referendum, she says it uses

The Graaskamp Solution

In early March, outspoken UW-Madison Business professor James Graaskamp entered the convention center fray, issuing a proposal prepared by his graduate school team under his supervision which called for a less ambitious and "more affordable" center on the north side of the Capitol Square.

"We believe," the proposal states, "that the Mayor's Convention Center criteria committee has overlooked an important option on the north side of the Square, specifically the half square block on West Mifflin St. contiguous to the Concourse Hotel."

Graaskamp's proposal could cost an estimated $16.3 million, of which all but $3.9 million would be paid for by the private sector (the plan offers two possible financing packages). The public tab of $3.9 million would come from tax incremental financing, with the TIF subsidy repaid through taxes collected from the development.

The proposal offers a number of advantages to the "inferior" South Side location, Graaskamp says. The proposal states: "[It offers] a 23,000 square foot clear span exhibition center, ballroom, pre-event space, meeting rooms, and connected facilities such as MATC and the Civic Center will handle 85 percent of the events not presently available to the Madison convention market for lack of facilities."

Graaskamp also managed to get himself in the middle of the political controversy over the convention center. On March 10, Graaskamp, Mary Kay Baum aide Phil Ball and failed candidate Thomas Imhoff (an intriguing troika) held a press conference urging a "yes" vote on the convention center referendum.

Taking reporters questions after his prepared remarks, Graaskamp spoke harshly of Sensenbrenner, saying that while he was "very sympathetic" with the mayor's position in Madison's weak mayor-strong council system, he nevertheless felt Sensenbrenner had misled the public by urging a "no" vote on the referendum while saying privately that the South Side site would "collapse of its own weight."

Sensenbrenner subsequently denied he was saying anything different in private, and added he still feels a "no" vote on the referendum makes sense, since all the data on any proposed center is not yet in.

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the word "complex" deliberately, rather than center, making sure it includes the concept of subsidizing a hotel.

"The plan adopted by the City Council last September includes both a convention center and a hotel," she says. "And frankly, it's the building of another hotel that really bothers me."

"Initially, several proposals came out for a location on the north side of the Square which utilized existing hotels. But the council and MATC felt they were less than desirable. It was at this critical juncture where we really needed leadership from the mayor. But he went ahead to save face even though it meant building another hotel in direct competition with existing Downtown inns. I don't feel you should embrace a project in the face of those types of problems. Even when MATC refused to sell, there were other north side locations that could have used the Concourse or another existing hotel. It's a basic premise of sound economic development that new goals shouldn't detract from existing business. With city assisted development, it's even more critical."

For commercial property owners and merchants in the area, the advantages of a north side convention center were obvious and they showed a solid enthusiasm for the idea.

Besides the hotel the proposed complex would also have space for some retail shops. It's assumed new shops and businesses will rise up immediately around the complex. Baum and other critics of the south side site say that in effect the complex will create an entirely new retail district Downtown with a negative impact on State Street and the other sides of the Square. Langhammer, who owns property on State Street, makes no bones about the "north side or no side" position.

"Our position, initially and consistently, is if you're going to build a convention center Downtown, do it in a way that will not impact negatively on State Street. That means building it on the north side of the Square. It's as simple as that."

For Sensenbrenner it isn't simple at all.

"I've always supported the north side site. I felt it was the better site. It was my primary goal but I had to set it aside in favor of the higher goal of helping the Downtown. All of the Downtown. I think once the convention center hits its stride, State Street and the entire Square will benefit. Most of the activity generated will always find its way to State Street because State Street is a permanent fact of Madison life."

Sensenbrenner points out that he's not alone in his assessment nor does Langhammer speak for all of State Street. In late February a 140-member coalition, including 16 aldermen, 12 county supervisors, and many Downtown business leaders, was formed backing the south side site and urging defeat of Baum's referendum. He also says Baum doesn't have her facts straight regarding city subsidies. He says that any hotel built in the complex will be privately developed. Only the convention center itself will be city subsidized and then during the construction phase only.

"My goal is to avoid any property tax payer subsidy either for construction or operation, other than the financing tools needed for implementation, but not a direct subsidy or citywide participation."

The idea of any type of city subsidy is an especially sensitive issue to the mayor and City Council. First, the DMPI proposal for the north side included a financing package that virtually precluded the need of a city subsidy for operation. City politicos need to do equally as well since a chronic thorn in the council's side is the perennial wrangling over the subsidy given annually to the Civic Center. Also, the word "subsidy" on the referendum is the one single item that may torpedo the whole project. Voters, none too fond of anything that may increase already burdensome property taxes may see only that word and vote against the project.

"The net effect of that referendum is that it excludes the possibility of a convention center anywhere Downtown," says Sensenbrenner. "And the market need for this kind of facility will be met, whether it's on the far West Side or in a neighboring municipality beyond our zoning power. But Downtown Madison is where it belongs and I intend to see it there."

Sensenbrenner's assessment of the referendum raises a troublesome point for Baum. While her objections may appeal to those concerned over rising property taxes she fails to address some serious Downtown problems. By also stressing the negative impact on north side businesses and property, she places herself firmly in the "north side or no side" coalition. The end result is that she may find herself hoist on her own petard, since many of the objections she raises apply no matter where the center is located. As mentioned earlier, although her referendum specifically states the south side, voters may not make that distinction. So although Baum says she's not against the convention center concept, the net effect of the referen-

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dum may kill the whole project. Secondly, while there may be a negative impact on the north side, it has not been proven one way or another. In fact, it appears that overall the north side of the Square is in better shape then the south side. What should be done then with the south side if not the convention center? And finally, if the convention center is not built Downtown, in all likelihood it will be built elsewhere. The Dane County Board under Jonathan Barry has already considered the possibility of such a center next to the Memorial Coliseum. Also, although no one knows how serious, there have been some rumblings by private developers who would locate it on the West Side. What kind of negative impact would that have on all Downtown business?

Baum says she doesn't see these problems as critical to the issue.

"I'm not really sure that's part of the question here. In all likelihood it would be a case of a private developer putting up a hotel and meeting facility but not to the extent planned for Downtown. Also, for those facilities or county ones, it would probably not involve a city subsidy. I see that as a critical part of the whole question. If we are spending public money we have to make sure it's spent wisely and well. I'm not opposed to the idea of the city building a convention center. And if it's done at all it should be done Downtown. I just think it should be well planned, and building on our existing strengths. And it should avoid subsidizing a new hotel."

Sensenbrenner says such remarks imply that somehow he or the city haven't been working towards that end. And that's simply not true, he says.

"This community has a wide and well deserved reputation for having many meetings on an issue with a great deal of opportunity for comment. We've been at it for over a year and we still haven't made irrevocable decisions on the convention center. We're still studying options. We are planning carefully. The reason we're working so hard on it is not that we love convention centers. It's that we have an overall goal of strengthening State Street and the Square as a good place to do business and a good place to live."

With such similiar goals, then what's all the fighting about? Sensenbrenner calls it negative political rhetoric on the part of Baum. Baum counters with charges that Sensenbrenner's convention plans are full of holes.

Maybe all of it is just pure, vintage Madison. If nothing else, Baum should be commended for forcing some important political questions to the fore in what initially appeared to be a sleeper of an election. And for giving Madison a couple of interesting months. Now it's up to you, the voters. ■

Bob Dries, author and journalist, is a regular contributor to Madison Magazine.

Convention, civic centers link proposed

4/28/87

By MARC EISEN
Capital Times Staff Writer

A proposal for building a convention center linked to the Civic Center has been revived for the city's consideration.

Real estate developer Glenn Hovde and savings and loan executive Dale Nordeen briefed city officials this morning on their idea for building a four-level facility on the site now occupied by Yost's, 201 State St., and several buildings on the 100 block of North Fairchild Street.

The proposal, a variation of one made last year by builder George Icke, calls for use of the Civic Center for convention activities and the common management of the two facilities.

Members of the city's convention center committee were cautiously receptive to the plan, but pointed out that the lack of any accompanying cost figures made it difficult to judge.

The plan — which is the second to be advanced for a site other than the south Square site endorsed last summer by the City Council — prompted Ald. Eve Galanter to say it might be time to open the review to consider Frank Lloyd Wright's original plans for including an exhibition hall as part of a civic center built on the shores of Lake Monona at Law Park.

"We ought to hold a seance and ask the spirit of Frank Lloyd Wright: 'Is now the time to build your great idea?' " Galanter said.

Galanter said she was serious — not about holding the seance, but in reviewing Wright's plans for Law Park.

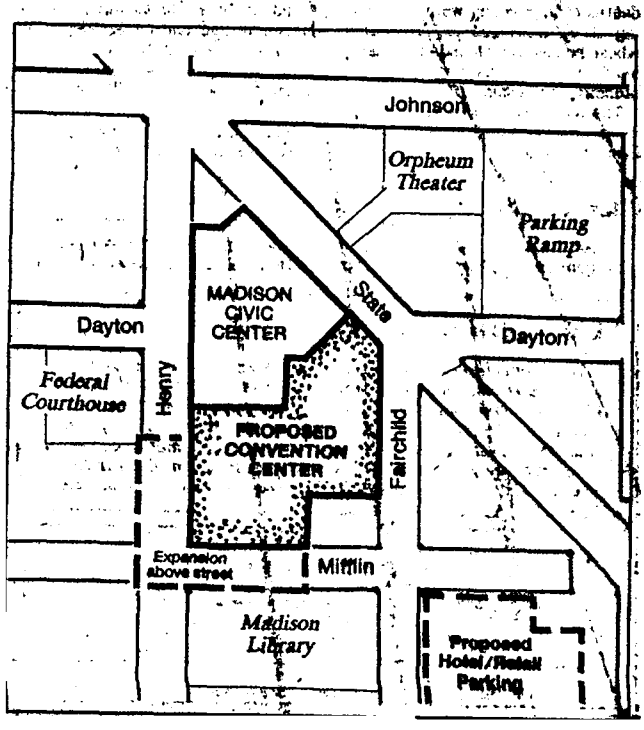
The great architect devised his Monona Terrace development plan in 1938, touching off a 35-year civic dispute. In recent months, Cardinal Bar owner Ricardo Gonzalez has been waging a one-man campaign calling for a revival of Wright's historic plans.

The north Square plan promoted by Hovde and Nordeen provides for 42,000 square feet of exhibition space with an entrance using the existing facade of the Yost's building.

Hovde boosted the plan saying it would increase use of the Civic Center, which operates at a deficit, and provide a strong link to the State Street retail market and the various cultural attractions in the area.

The Civic Center option was stronger than what he termed the

(See CONVENTION, Page 2)



Convention

"generic" north Square convention center plan championed by University of Wisconsin professor James Graaskamp, who wants to see the facility built adjacent to the Concourse Hotel on the Woolworth's block.

Both plans are part of the increasing pressure on the City Council to reverse its decision to focus on the south Square — namely, the blocks occupied by the Madison Municipal Building and the old Penney's building.

Nordeen, who's the head of First Federal Savings & Loan, told the committee that the recent defeat of a referendum that would have blocked public funding for a south Square facility should be interpreted "as a mandate to look at other sites."

Plans for the Civic Center option had been in the works during the referendum but were purposely withheld so as to not "muddy the waters," Nordeen said.

Architect Kenton Peters, who helped develop the detailed plans for a south Square facility, was unimpressed with the Civic Center alternative.

"I'm not going to be too critical, because I think everybody sees its shortcomings," Peters said. "It's just too small and will not meet the needs of the convention industry."

Hovde is no stranger to the convention center deliberations. A year ago, he touched off the debate with proposal to build a convention center on the block occupied by the downtown Madison Area Technical College campus.

Convention center debate stalls plans for north Square

CT 5/12/87

By MARC EISEN
Capital Times Staff Writer

Almost two years after a special improvement district was created, city officials have yet to decide how to spend up to $5.4 million to bolster the north Capitol Square.

Uncertainty over siting a convention center is the major reason why the one-time priority project for the downtown has been sidetracked, says city Planning Director George Austin.

The city's inaction was recently cited by the federal government in notifying the city it had failed to meet an April 1 deadline for specifying approximately $500,000 in public improvements to be made with the Manchester Place office project.

The improvements, which would be part of the $5.4 million revitalization package, are required as the city's 20 percent match for the $2.25 million federal grant lent to the developers of the 10-story office building.

Overall, the city's performance in carrying out the grant was judged satisfactory. But federal reviewers in an April 21 letter gave the city 60 days from the date of the letter to document its spending plans, while an April 1, 1988, deadline was set for completing the public improvements.

Austin acknowledged the city has been slow to move on the north Square plan, which covers eight to 12 blocks.

"We have purposely not been pursuing specific development proposals until we know the disposition of the convention center issue," Austin said. "To the extent that the south Square site is not pursued and the north Square site is, we obviously would want to have as much of the TIF unencumbered as possible."

TIF refers to a development tool known as tax incremental financing. TIF allows the city to pay up-front for public improvements or developer subsidies in a special district, then recoup its investment from the taxes generated by new development over the next 15 years. Normally, the new taxes would be shared with other governmental bodies.

City officials say anywhere from $3.2 million to $5.4 million in TIF will be available in the north Square area, depending upon the pace of new development.

But it has only five years in which to make TIF-eligible expenditures, said city TIF coordinator Jerry Tucker, and nearly two years have already passed since the north Square TIF district was created.

"The clock is ticking," Tucker said, indicating he was becoming concerned.

Ald. Michael Blumenfeld, whose 4th District includes the north Square, also admitted he was "a little concerned" about the delay, but said the inaction was understandable considering the uncertainty over the convention center deliberations.

Austin said there was still plenty of time to act on the city's development plan for the north Square.

(See SQUARE, Page 24)

Initially, as the public improvement for Manchester Place, the city proposed building an enclosed second-story pedestrian walkway running the length of the block from Manchester Place to the 44 on the Square building.

But the subsequent decision of the Marley Capital Group not to expand 44 on the Square ended the city's plans for what was billed as "the full-block solution" to north Square revitalization.

Austin said the city still might decide to acquire the right of way for the walkway or to purchase nearby property to be repackaged for another development.

"We have not had extensive discussions at the staff level on what to do," he said.

While the city's 20-percent match for the $2.25-million federal grant equals $450,000, the grant contract mistakenly calls for $562,500 in public improvements, or 25 percent of the grant, city planner John Urich said.

Whatever the correct figure, Urich pointed out the city plans on spending significantly more in the area once it sorts its priorities out.

In November, the City Council identified three blocks as priority areas for using TIF money: block 90, the site of Manchester Place; block 83, the site of the Concourse Hotel; and block 92, the site of the Masonic Temple.

The city earlier indicated it planned to allocate $2.2 million to the Community Development Authority to assist housing in the area. Current prospects include architect Kenton Peters' proposal for housing on the Square and new housing on the Masonic Temple block.

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WSJ 5/27/87

South site still favored

Proponents of three downtown convention center sites argued the merits of their plans before a business group Tuesday morning. Afterward, several aldermen present said they still favor a south Square site.

City Council President Judy Olson said the south Square plan, offered by architect Kenton Peters, will continue to get attention from the city's convention center committee unless it appears less attractive after a marketing study to be completed next month.

The study, by the Pannell, Kerr and Forster accounting firm, of Chicago, is to determine what the size of the convention center should be and the effect a new downtown hotel would have on other hotels here.

More than 100 business leaders attended the convention center forum, sponsored by Downtown Madison Inc., at the Inn on the Park.

Suzanne Voeltz, DMI's director of marketing and communications, said the purpose of the forum was to give members a chance to question Peters, UW business professor James Graaskamp and developer Glenn Hovde.

Voeltz said DMI will wait for the city to make its decision, rather than endorsing one of the three plans.

"We'll support a convention center site that is competitive and marketable," she said. "We're all waiting for the market study."

Graaskamp said his north Square plan, involving construction on the Concourse Hotel block, is the only one that can be financed without requiring the city to take a significant financial risk.

He said the center would be operated by a private corporation independent of the Concourse, keeping property on the tax roll and generating taxes and hotel room revenue to retire city debt for skywalks or other public improvements.

Hovde said building on the Civic Center block, between the Capitol and the university, would capitalize on the strengths of downtown. He said the city could incorporate the two theaters in the Civic Center and the Orpheum Theater into convention center planning.

Graaskamp and Hovde said a convention center near State Street would have the most appeal for conventioneers.

Peters disagreed, saying their plans don't offer conventioneers the one-stop convenience they seek. He said Graaskamp and Hovde are also forgetting the city's goal of revitalizing downtown.

"State Street is already strong," he said. "The future is south. It guarantees a tomorrow for downtown."

Ald. Sue Bauman, 7th District, said that unless the marketing study indicates otherwise the south Square site appears to be the only one large enough.

N. Square convention site backed

6/5/87

Consultant deals setback to south side

By BARBARA MULHERN
Capital Times Staff Writer

A Chicago marketing consultant says the city of Madison should build a new convention center adjacent to the Concourse Hotel on the north side of the Capitol Square.

The recommendation from Pannell Kerr Forster to the Convention Center Criteria Committee today was a major setback for proponents of a south Square convention center. The city is paying the Chicago accounting firm up to $45,000 for a marketing study.

But while south Square backers criticized the preliminary recommendations as being incomplete, Concourse Hotel managing partner Darrell Wild said he wasn't surprised because "every expert in the field of hotel and convention business has agreed it should be on this side" of the Square.

Eric Statz, of the Chicago firm, recommended a 36,000-square-foot site being proposed by University of Wisconsin-Madison business professor James Graaskamp as his firm's first choice. The site is adjacent to the Concourse Hotel.

If that site could not be expanded to fit a convention center with 40,000 square feet of exhibition space, Statz said, the second choice would be to build the facility on a site next to the Civic Center.

Developer Glenn Hovde and savings and loan executive Dale Nordeen have proposed building a convention center with 43,000 square feet of exhibition space next to the Civic Center on a site now occupied by Yost's, 201 State St., and several buildings in the 100 block of North Fairchild Street.

Statz startled many committee members when he told them his firm does not believe the Madison market can support a new downtown hotel for at least the next five years.

The recommendation to not build a new hotel is based on figures that

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Square

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show a current hotel room occupancy rate of 57 percent, Statz said.

"That means that for the 1,260 rooms in downtown Madison available in any one day, 541 are vacant," Statz said. Even with a new convention center, he said, "there would still be a surplus of (hotel) rooms in the downtown area."

The north Square convention center site being promoted by Graaskamp is preferable because of its direct proximity to the Concourse Hotel, Statz said. In Wisconsin, he said, almost all of the convention centers are adjacent to or physically connected to a hotel.

The north Square site is also preferable, the consultant said, because of its nearness to existing stores and restaurants on State Street and its accessibility to traffic. Graaskamp was out of town and unavailable for comment on the report.

The Chicago consultants are recommending a convention center with 82,000 to 85,000 square feet of usable, convention-related space. The south Square facility the city has been considering would have approximately 105,000 square feet of usable space.

Mayor Joseph Sensenbrenner — who tried unsuccessfully last year to convince the City Council to support a north Square site — was cautious in his reaction to today's preliminary report.

"All of the information they've presented is adverse to a south Square site," he said. But, the mayor added, "we sure need to examine their assumptions."

But District 10 Ald. Eve Galanter, District 16 Ald. Henry Lufler and architect Kenton Peters — all south Square backers — were quick to criticize the consultant's report.

"Their size recommendation does not take into account a regional market. They've only talked in terms of state associations," Peters said. "Their hotel recommendation is based on calculations of 500 (plus) rooms being vacant on any given night. But that includes hotels like the Sheraton and the Inntowner (which are not downtown)."

Peters said that in order to get a facility with 82,000 to 85,000 square feet of usable space, you would need to build a convention center that's a total of 106,000 to 114,000 square feet.

The total size includes loading docks, structural beams, circulation areas and storage rooms not included when discussing usable convention-related space.

"To fit this (on Graaskamp's site) you would have to go into the 30 On The Square building or take out one floor of the Concourse," Lufler said. He added that there is "no room for (future) expansion" on that site.

"I am really disappointed in the substance of the presentation this morning," Galanter said. "The recommendation that no new hotel be built was the most startling observation. No previous study gave us any inkling that the hotel market was so soft.

"All of us are most dismayed about the market research in terms of the regional draw to Madison," Galanter added. "One could draw from their conclusions that we're no better situated than Green Bay."

Statz said at the outset of his presentation that today's conclusions were preliminary because his firm's research on the regional convention center market was not yet complete. Also not included in the preliminary report was information on economic benefits of a convention center, how much it would cost or what it would generate in revenues, Statz said.

The committee plans to get a final report from the consultants July 9.

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Tuesday

July 21, 1987
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Convention center site up for grabs

By Thomas M. Waller
City government reporter

A Chicago consultant, in a reversal of a preliminary recommendation, now says a convention center site adjacent to the Concourse Hotel is too small to meet the city's needs.

The Concourse site was rated higher than two other sites — one near the Civic Center and the other south of the Capitol Square — when a spokesman for the Pannell Kerr Forster accounting firm gave a preliminary report last month.

Monday, the spokesman, Eric Stotz, said further research indicates a larger market, but not large enough to justify construction of another hotel downtown.

"The Concourse site has limitations," he said. "The footprint is too small."

The preliminary recommendation on June 3 was made without benefit of analysis of the regional market, as Stotz pointed out at the time.

Additional marketing information provided by the Madison Convention and Visitors Bureau also played a role in the changed recommendation, Stotz said, but he declined to discuss details of the report.

"That will have to come from our clients," he said.

Mayor Joseph Sensenbrenner said he hasn't seen the report and doesn't know what is in it. The report is to arrive from Chicago today, he said, and will be reviewed by the city's Hotel and Convention Center Criteria Committee Thursday.

"The consultants have got to make the report (Thursday) and defend it," he said.

[illegible] said the city's next [illegible]

mended sites by the Department of Planning and Development within two weeks and, later, a staff report on parking and transportation issues.

One City Hall source, speaking on condition of anonymity, said the committee will continue to study the Civic Center and south Square sites and that competition should reduce public costs of development of either location.

Inn on the Park owner Jerome Mullins, who owns the former Kresge building on the south Square, said he may build a hotel there. Mullins could not be reached for comment Monday.

Warren Barberg, of Eau Claire, said he is interested in building an Embassy Suites Hotel on the south Square or near the Civic Center site.

"We've been studying the Civic Center site, but we've had some difficulty finding a location for an all-suite hotel," he said. "It's not a site that works as well as the south side."

Barberg said it doesn't make any sense for Madison to build a convention center without an attached hotel,

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Sports

Consultant backs off convention center site

Continued from Page 1

since it has to compete with several Wisconsin cities that have such convenient arrangements.

"All along we've taken the position that it should be an integrated unit that is managed, marketed and operated by the private sector," he said. "The only way to avoid future political hassles is to get out of the political arena."

The Concourse plan was proposed by UW-Madison business Professor James Graaskamp.

"I'm going to reserve comment until I see the report," Graaskamp said. "I would suggest that the land footprint is not the sole way to determine whether the site is large enough. They may not be counting floor space that already exists in the Concourse."

Darrell Wild, general partner of the Concourse, said he hopes the city builds the convention center behind the Civic Center and a pedestrian skywalk system that connects the Concourse block with State Street businesses.

"If they do that, we'll be in position for an addition of 200 to 250 rooms when the demand is there in four or five years," he said.

William Belden, president of Downtown Madison Inc., and Lynn Russell, president of the convention bureau, said their organizations support a downtown convention center and have taken no position on site.

"I'll have no comment until I've seen the report," said Belden.

Russell said the convention bureau's board of directors "threw up the red flag" after the consultants' preliminary recommendation.

"We could care less where the convention center is, so long as it's downtown, but we just knew the Concourse site was too small and didn't allow for expansion," she said.

Russell said the Concourse site could handle the state association market for meetings of up to 300 people, but not larger state, regional or national conventions.

"We have identified 180 pieces of potential business that would generate 65,000 room nights (annually)," she said. "There are seven national meetings that could come out of the university alone if a convention center was available."

Russell said the Concourse plan would accommodate banquets of 1,000 to 1,200, but that wouldn't be large enough for 16 local businesses who want to use a convention center.

The Concourse plan also has insufficient lobby and public circulation space, she added.

"The consultants agreed they were incorrect in not planning for that," she said. "They hired an architect to assist them after they gave the preliminary report."

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Consultants defend views on convention center site

By Thomas M. Waller
City government reporter

A convention center consulting firm defended its recommendations to the city Thursday, saying they were shaped by market forces, not politics.

Reporting to the city's Hotel and Convention Center Criteria Committee, a spokesmen for Pannell Kerr Forster said the market is large enough to justify construction of a 134,800-square-foot convention center, but not large enough for another downtown hotel.

Ted Mandigo, a partner in the Chicago firm, said a site next to the Civic Center is the best of three proposed sites for a convention center. In a preliminary report on June 3, the firm had recommended a site adjacent to the Concourse Hotel.

The preliminary and final reports each gave the lowest ranking to a site south of the Capitol Square, one that would require construction of a hotel that would be attached to a convention center.

Last week, two aldermen who are not on the committee and the Upper State Business Association suggested that the consultants were being subjected to lobbying by interests favoring other sites.

Mayor Joseph Sensenbrenner denied the speculation, saying the consultants were gathering information from committee members, city staff, Downtown Madison Inc. and the Convention and Visitors Bureau.

"It became apparent that we were putting too much on too small a space (by the Concourse)," said Mandigo. "Operating problems there and a lack of support space were the overriding factors in changing our recommendation."

Ald. David Wallner, 2nd District, asked Mandigo whether "political whims" also had something to do with the change.

"No, the more we looked at (the Concourse plan), the crazier it got," Mandigo replied. "We tried to make it work. It did not."

Ald. Warren Onken, 15th District, one of the aldermen who raised the lobbying issue, said Mandigo's explanation was reasonable.

"I'm not so disgruntled that they talked to community groups, but that they also talked to some members of the committee privately," he said. "I wish they had given me the same opportunity. Why didn't they just hold a public meeting?"

Onken complained that Mandigo read from a 180-page report for two hours Thursday, leaving little time for questions. He said he is going to send a list of questions to the mayor.

"We've got to start costing these things out," he said. "We might be talking about something we can't afford in the first place."

James Graaskamp, the UW business professor who proposed the Concourse plan, said Mandigo was pressured to find a reason to eliminate it and is being "intellectually dishonest with the information that is available."

Graaskamp said he is willing to revise the plan to make it more acceptable and still believes it has financial advantages that make it the most attractive option.

Sensenbrenner said the next step for the city is to prepare a financial analysis of all three sites, a task to be completed in three weeks.

Mandigo estimated the convention center would have an operating loss of $301,000 the first year, with losses declining over five years and leveling off at $82,900.

City officials have talked of covering operating losses with additional hotel room-tax revenues generated by a convention center.

Ald. Eve Galanter, 10th District, challenged Mandigo's estimate of 45,000 additional hotel-room days per year, pointing to a convention bureau estimate of 67,000, which indicates another hotel is needed.

Mandigo said his estimate is conservative.

Cap. Times 7/24/87

Problems cited in convention center choice

By MARC EISEN
Capital Times Staff Writer

In Saturday's *Weekender*, The Capital Times profiles University of Wisconsin business professor James Graaskamp, one of the leading voices in the convention center debate.

A series of red flags shot up Thursday over a consultant's recommendation that a 134,800-square-foot convention center be built on the Civic Center block.

Clayton Dunn, acting director of the Dane County Exposition Center, said county officials are worried that the facility will take away trade shows and state meetings that currently are held at the Coliseum and Forum.

"We're currently operating at a $400,000 deficit," he said. "If they steal $200,000 of Expo's business, that means the taxpayers of Dane County will have to pay $600,000 — half of which would be paid by city of Madison residents."

Dunn was reacting to the consultant's statement that the proposed downtown convention facility would likely take from five to seven events a year from the Expo grounds in the first years and then from two to three events a year in later years.

"We at the county are not so concerned about delegate conventions," he said. "I am concerned about trade shows, state meetings and things that traditionally have been held at the Coliseum and the Forum.

"If they're merely substituting my business into their facility, ... I think that has to be factored into the costs so the taxpayers know what they're buying into," Dunn said.

University of Wisconsin-Madison Business School professor James Graaskamp questioned the size of the facility recommended by the Pannell Kerr Forster consulting firm. He argued that a slightly smaller facility built adjacent to the Concourse Hotel on the Woolworth's block (as he has proposed) would be cheaper and more in line with the city's redevelopment plans for the north Capitol Square.

Referring to the Civic Center site, he said, "To argue the convention center is only two blocks from the nearest hotel (the Concourse) with our climate sets you up for a very difficult marketing position relative to communities who have integrated their convention facilities with their hotels.

"A two-block tunnel is not an attractive prospect for a convention-er."

Graaskamp also warned that when construction costs are figured into the operating deficit of a facility on the Civic Center site, the tab "will be in excess of $2 million" a year in the early years before coming down to $1.7 million in 10 years.

And, finally, Inn on the Park owner Jerry Mullins disputed the consultant's finding that a new convention center wouldn't generate enough business to justify construction of a new downtown hotel.

Mullins repeated his interest in building a hotel adjacent to the south Square site that the consultant said was the worst of three options for a convention center.

"I think it's the best site for a hotel, that's for certain," he said. "Anyone will agree that having a convention center attached to a hotel is a real asset."

Mullins warned that building a hotel adjacent to the Civic Center site would be difficult because of the cost and availability of land. "It would be very expensive. It would be about $4 million for a site."

Mullins predicted that a downtown convention center would generate more hotel business than the consultant was projecting.

All three men made their comments in interviews at an afternoon

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Center

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briefing for downtown business leaders by the consulting firm.

Earlier in the day, the consultants defended their about-face that left a preliminary endorsement of Graaskamp's north Square site trailing in the dust.

"It became apparent that we were putting too much on too small a space," Ted Mandigo, a partner in Pannell Kerr Forster, told the city's convention center committee.

"We worked with it," he said. "And if I could shoehorn it in, I still would" prefer the site on the north side of the Capitol Square.

The change had nothing to do with the political outcry that greeted the preliminary north-side site endorsement, Mandigo said.

Instead, he credited additional information that came to light about the potential market for the convention center and the fact that the north-side lot simply wasn't big enough.

The Civic Center site, he said, enjoys the advantages of being close to shopping, parking, other attractions — including the Civic Center itself — and existing hotels, and of having room for expansion later and easy access.

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THE BOTTOM LINE/*Bill Lueders*

Maybe Not

Isthmus August 3 1988

The year is 2001. Oliver North, beloved by millions for his propensity to lie, cheat and finance the slaughter of innocents, is president of the United States. Ronald Reagan's final appointee, Edwin Meese III, is chief justice of the Supreme Court. And officials in Madison, Wis., are still trying to figure out the best place to put a proposed convention center.

If that sounds farfetched, consider how much progress Madison's convention-center proposal has made thus far. Last year at this time, an agonizing debate was waged over whether the facility should be located on the north or the south side of the Square. Last fall, a south-side site was decided on. Several costly studies later, sites on the north and the south are still in contention, and the issue is not a whit closer to being resolved.

Two weeks ago the Chicago consulting firm of Pannell Kerr Foster unveiled the final version of its $45,000 study, giving top billing to a north-side location adjacent to the Civic Center.

Architect Kenton Peters, a south-side advocate, blasted the report for neglecting to include the cost of land acquisition, building demolition, business relocation, parking and financing in its $13.6 million estimate, and for rejecting as unfeasible a major new hotel adjacent to the south-side site. That lit a fire under Inn on the Park owner Jerry Mullins and Eau Claire hotel magnate Warren Barberg, each of whom expressed immediate interest in building just such a hotel.

Then the indefatigable James Graaskamp, professor of business at the UW-Madison, accused the consultants of being "intellectually dishonest" for chucking their preliminary finding favoring his Woolworth block plan after being publicly upbraided by politicians and privately counseled by convention-site partisans. According to Graaskamp, the proposed facility is too large and ignores such considerations as available financing.

Complicating the situation further is the fact that Graaskamp is right—both in condemning the machinations attending the report's preparation and in observing, together with Peters, that what the consultants neglected to consider may alter the equation entirely. In terms of statistically verifying that Madison is a viable convention market, the Pannell Kerr Forster study appears to have had some value. But as far as resolving the central issue over siting, it obviously was a dismal flop.

Mayor Joe Sensenbrenner is still insisting on the need for further study—as if there is an attainable level of information that will somehow put the controversy to rest. Indeed, prior to the release of this latest report, the mayor actually said, "It may be that one or the other site may be clearly superior....We may [be able to] make a decision without waiting for a lengthy process."

Sure thing, Joe. And maybe a comet will come out of the sky tomorrow and pass just close enough to give you a healthy suntan. The sad truth, however, is that studies such as these aren't nearly as useful for making decisions as they are for putting them off. In the absence of firm leadership, no amount of data is going to quell the partisan rumblings.

Which is unfortunate, because selecting a site is a relatively easy first step. The really hard part is going to be convincing taxpayers it is in their best interest to support a facility that, according to Pannell Kerr Forster, will cost 10 times the amount it returns to the city in direct tax revenues during the first decade of operation (the return to the state, which invests nothing, would be more substantial) and have an operating deficit ranging from $301,000 the first year to just over $80,000 when the facility is in full swing.

Of course, the argument can be made that the economic benefit to the community from the influx of delegate dollars makes these expenses entirely reasonable. But that doesn't mean people are automatically going to accept this argument—nor should they. A convention facility is a risky venture, and it is incumbent on those who have the most to gain to shoulder a large portion of that risk.

In April, Madison voters narrowly defeated a referendum that would have tabled plans for a convention facility on the south side of the Square. Those in the majority were not all convinced a convention center is a good idea. Many simply accepted the argument that more information was needed. As anti-referendum activists so eloquently proclaimed, "No Means Maybe."

It also, let's remember, means maybe not.■

Bill Lueders is news editor of Isthmus.

Graaskamp proposes revised site for center

By MARC EISEN
Capital Times Staff Writer

University of Wisconsin professor James Graaskamp has renewed his call for building a convention center adjacent to the Concourse Hotel.

Graaskamp has produced a new site plan that he says will satisfy the convention market and prove cheaper to build and operate than any of the competing sites.

But the plan still appears too small to be seriously considered along with the Civic Center and south Square sites, mayoral aide Michael Williamson said.

Ald. Michael Blumenfeld, who serves on the city's convention center committee, says he shares that reservation, as do most downtown business leaders.

Williamson commented, "Without having seen the details, it appears his proposal is still smaller than the recommended size and continues to be woefully inadequate for expansion in the future."

Graaskamp scoffed at the talk of expansion room for a convention center.

"It's a little optimistic to worry about expansion when they haven't been able to find a way to afford even a small one yet," he said.

Graaskamp's Concourse Hotel site was ranked second in the final report issued recently by the Pannel Kerr Forster consulting firm. The Civic Center site was ranked first and the south Square site favored by many City Council members was ranked last.

The consultant's preliminary report had ranked the Concourse site first.

Still rankled by the change in ranking, Graaskamp said, "You have to wonder what went on behind closed doors to make them decide they didn't want it to be adjacent to the Concourse."

His revised plan reduces the amount of retail space he originally proposed for the Woolworth's block, taps into existing convention facilities at the Concourse, and provides meeting space at the 30 On The Square building, which would be converted into a low-cost motel under his proposal.

The 66,350 square feet of net space Graaskamp allocates for meetings, exhibits and assemblies is similar to the 71,000 square feet recommended by the city's most recent consultant.

In dispute is exactly how much exhibition space is needed.

Several consultants have recommended 40,000 square feet. Graaskamp, who is chairman of the UW's department of real estate and urban land economics, argues that 30,000 square feet meets the demand at a significantly cheaper cost to the taxpayers.

He pointed out that the city's newest consultant says 30,000 square feet will satisfy 85 percent of the current market, while an additional 10,000 square feet will attract only another 3 percent of the market.

The extra 10,000 square feet will add from $90,000 to $100,000 in yearly debt retirement costs to a convention facility that's expected to begin operating — exclusive of any debt retirement costs — at about a $300,000 a year defict, he said.

Both Williamson and Blumenfeld countered that Graaskamp's proposal does nothing for meeting future demand generated by a successful convention center.

"It strikes me like going to a dance in a pair of shoes that are too small: You can tolerate them for a while, but soon they prove inadequate," Williamson said.

While doubtful about the need for addition space, Graaskamp said it can easily be provided by using the meeting space that will be built across the street at the Madison Area Technical College center, by building new space on the half-block not occupied by MATC, or by putting it on top of the Dayton Street parking ramp.

Using the Concourse's existing meeting space, parking access and ballroom, Graaskamp said, provides "a whole series of economies" that are simply unvavailable at the competing sites.

THE CAPITAL TIMES
Madison, Wisconsin
Tuesday, Aug. 18, 1987 — 23

Barry: Leisure tax 'absolute dead end'

By MARC EISEN
Capital Times Staff Writer

Pursuing a new sales tax on Madison restaurants and entertainment venues will be "an absolute dead end" to financing a downtown convention center, Dane County Jonathan Barry predicted Monday.

Barry, who's chairing Gov. Tommy Thompson's blue-ribbon commission on property tax relief, said he's unaware of any business or legislative support for enacting the sort of "local options" sales tax that has been proposed in Madison.

The business group Downtown Madison Inc. said last week that adding 1 or 2 cents to the state's 5 cents-on-the-dollar sales tax could generate from $15 million to $30 million in revenue over 10 years.

The financing proposal was quickly supported by several leading city politicians, including Mayor Joseph Sensenbrenner and state Rep. David Clarenbach, D-Madison, who saw the so-called "leisure tax" as a means of keeping convention center costs off the property tax.

But Barry said, "I see no support within the Legislature or the key industries statewide for a local option tax of that nature."

In an interview, he argued that a mixture of property taxes and contributions from businesses that would benefit from a convention center was the fairest and most practical way to finance a facility.

If a convention center will benefit the city as a whole, as city officials have contended, "how do you apportion a tax more fairly than using the general levy?" Barry asked.

The county executive, who has carved out a high profile role in state and local politics, has been viewed as a wild card in the convention center deliberations by city officials.

They've privately expressed fears he might torpedo the project by promoting a rival convention facility at the Dane County Exposition Center.

Barry sought to assuage those fears, saying the Coliseum and

Jonathan Barry

new convention hotel and that transportation to the downtown wasn't good enough yet to justify the venture.

"I think a downtown facility is probably still the best," he said, though he admitted he was puzzled by how slowly the city was proceeding in deliberations that have now stretched on for more than a year and a half.

"You think if you just put them all in a room, locked the door and said they couldn't go to the bathroom, that they could come up with a (convention center) decision," he said.

The opinionated county leader also had these comments:

- He cautioned that his support of a downtown convention facility was dependent on it not competing for the larger shows now held at the Coliseum and Forum.

He said he agreed with University of Wisconsin professor James Graaskamp that a facility with 30,000 square feet of exhibition space was large enough rather than the 40,000-square-foot hall endorsed by the city's most recent consultant.

"(Graaskamp's plan) has the advantage of getting 85 percent of the business vs. 88 percent that another

- He faulted the city for its use of the room tax it levies on local hotels and motels.

"Everybody forgets that Madison is collecting almost $2 million for a room tax and providing almost none of it for the purposes of tourism and conventions," Barry said.

- He called on the city, the county and the UW to work together in planning their respective capital projects so that they don't compete with one another.

In particular, he held out the prospect of the county building an 18,000-seat sports arena and convocation center adjacent to the Coliseum that the UW could lease on a long-term basis.

"I think we'd have a self-sustaining facility, or darn close to it," Barry said of the complex.

- Unfolding a preliminary site plan, he said a good long-term use of Law and Turville parks would be developing them into a festival grounds with an outdoor amphitheater that would utilize parking at the Coliseum.

- And he criticized placement of the Richard Haas mural on the Olin Terrace retaining wall, arguing that eventually the wall should be torn down and an esplanade built from the Capitol Square to Law Park.

Asked to comment on Barry's remarks, Sensenbrenner admitted he was unsure how much support there was for a Madison leisure tax.

"It's an idea that only surfaced at the end of last week," he pointed out.

The mayor disputed Barry's contention about the fairness of the property tax, saying Madison homeowners shouldn't be expected to pay for a convention facility that will be used largely by out-of-towners.

Meanwhile, Michael Ley, who chaired the DMI committee on convention center financing, said Monday that "there's nothing that precludes the city from mixing and matching financing sources."

The former state revenue secretary said the private sector will indicate the size of its contribution "once

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THE BOTTOM LINE/*Eric Parker*

Convention Center Con

Isthmus 9/18/87

Politicians love to take credit for things even more than they love their children—and if you can believe campaign literature, they love their children very much.

This maxim accounts for much of the intrigue behind the convention center saga. From the beginning, the debate over the project's location was tangled in a web of economic and political interests.

Mayor Joe Sensenbrenner's flip-flopping on the issue has been instructive. He supported a plan to build on the north side of the Square before capitulating to south-side advocates. Then, during the mayoral campaign, Sensenbrenner advocated nothing. Last week, just as he was on the verge of renouncing the south side, the mayor was swept up by a new, irrational wave of enthusiasm for the site in the wake of Inn on the Park owner Jerry Mullins' proposal to build an upscale hotel.

Ald. Eve Galanter and Henry Lufler believe the south side has been neglected too long, and that north-side interests supporting Sensenbrenner have already had their turn at the public trough. But none of this changes the fact that the current south-side plan, assuming it could be pulled off at all, would be an albatross around the necks of Madison taxpayers for years to come.

In April the south Square plan was almost defeated by a referendum promoted by an alliance of fiscal conservatives and supporters of Mary Kay Baum's long-shot bid for mayor. But the entire political establishment opposed Baum's renegade campaign, asserting that additional information was needed.

So it was quite an embarrassment this summer when the city's consultant, the Chicago firm of Pannell Kerr Forster, vindicated Baum's position and ranked UW business professor James Graaskamp's north-side plan first in its preliminary report. The consultant's arms were promptly twisted, and a third site next to the Civic Center eventually got top ranking. Still, the final report maintained that the south-side plan would be a disaster.

Ignoring such sensible (not to mention expensive) advice, Mullins and Eau Claire developer Warren Barberg have offered to build a new hotel and pick up the operating losses of the convention center, if allowed managerial control over its operations.

South-side advocates are gushing and the downtown business community is spuriously presenting a united front. Obviously the person who stands to gain the most is Mullins: He could control a publicly subsidized convention center that would be a magnet for his new upscale hotel, his medium-priced Inn on the Park a few blocks away and perhaps a new office building next door at the old Kresge building, acquired less than a year ago.

Darrell Wild, a managing partner of the Concourse Hotel on the opposite side of the Square, stands to lose more than anyone. According to the consultant's report, the occupancy rate at the Concourse would plummet to 41%, whereas a rate of 60% is considered necessary for solvency.

If the city approves the south-side proposal, Wild says he will support another referendum or file a lawsuit to block it. And if all else fails, Wild says he and his partners will proceed to add 35,000 square feet of exhibition space and compete directly against a city-backed south-side project.

In other words, those who thought the sudden momentum for a south-side site would end the debate are wrong. And this is as it should be.

If Madison does build a convention center, Graaskamp's plan adjacent to the Concourse is superior in every way. Far from being too small, the bottom line is that it could attract an almost identical market for millions less in public subsidies. It also builds toward the downtown's strengths: the State Street retail district; excess capacity at the Civic Center; the future MATC adult-education facility; existing, underutilized hotels; and room for expansion toward State Street.

Most downtown business leaders have quietly preferred the north Square all along, according to architect Kenton Peters. But neither public- nor private-sector leaders want to lose face, and persistent opposition to Graaskamp's plan is propelled by petty motivations. It's as though the professor were the Frank Lloyd Wright of the 1980s.

The convention center battle has been a political spectacle of almost epic proportions: closed-door meetings, a partisan committee that "elevates" the issue above partisanship, public positioning at the service of private agendas, and such forgotten promises as holding a second referendum. Still, Madison is no closer to a genuine consensus on a workable proposal than it was 18 months ago.■

Eric Parker is an editorial intern at Isthmus.

VOICE of the People

Capital Times 9/22/87

Listen to experts for convention center site

HOW MUCH longer are Madison taxpayers going to put up with a city council that continues to ignore recommendations of experts, on the location of the proposed Convention Center?

How can duly elected Madison City Council members (in good conscience) completely disregard the advice of retained consultants what were paid thousands of dollars in fees for the sole purpose of determining the best convention center location?

We have our own professor James Graaskamp, a recognized authority, who is highly respected for his expertise in like real estate matters; who concurs with the consultants' findings — and yet, the Madison City Council continues to ignore the facts and seems to take the position "they know better!"

LETTER of the Day

It's time the council put aside their personal opinions and start listening to the professional advice we've paid for, as well as the people they represent.

Who really cares about the fact that someone is willing to build a hotel (that we don't need) without a subsidy from the city!

In the first place the city has no business even considering a subsidy for a hotel. It's also been determined by the consultants' findings that we do not need any more hotel space to accommodate the needs of a convention center — so what are we talking about?

May I suggest that the council quit trying to be the expert and respect the findings which good tax dollars were spent for. It's high time responsibility be demonstrated and accountable action taken.

Arthur Witz
Madison

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Metro

Wisconsin State Journal Saturday, September 26, 1987, Section 4 •

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Concourse partner blasts Square site plans

By Thomas M. Waller
City government reporter

The Concourse Hotel will be forced out of business if the city goes through with plans for construction of a hotel and convention center, the hotel's managing partner said Friday.

"We're talking about a $20-million hotel going down the tubes," Darrell Wild said. "We're the fifth-largest hotel in the state and handle 55 percent of all the convention business held in this city."

Wild said he likes Inn on the Park hotel owner Jerome Mullins "very much," but he vowed to oppose plans by the city to develop a hotel-convention center with Mullins because he believes the move unfairly assists one hotel at the expense of others. "I will take any legal steps possible," he said. "I haven't looked into that yet, but it looks like I'll have to. Somebody has got to wake up taxpayers."

As part of his wake-up call, Wild hired an artist and is making a political cartoon available for use in Madison publications.

On Tuesday, the City Council will consider a proposal from the convention center criteria committee that recommends the city negotiate exclusively with Jerome Mullins and Associates for 120 days on a development agreement. The negotiations proposal does not commit the city to spend money on a convention center or hotel, except to the extent city personnel will be involved.

The criteria committee is to provide negotiating strategy to a staff team that includes City Attorney Henry Gempeler, Controller Paul Reilly and Director of Planning and Development George Austin. Mayor Joseph Sensenbrenner is to provide day-to-day guidance in negotiations.

The proposal says the south Square site, part of which is owned by Mullins, is "the best presently available site for the hotel-convention center complex, provided the hotel can be simultaneously developed at no cost to the city."

Mullins and Warren Barberg, developer of the Embassy Suites Hotel and Regency Conference Center in Green Bay, made a proposal to the city on Sept. 8 to develop an all-suites hotel on the Square if it is connected to a convention center. The developers said they would be willing to pick up any operating losses of the center if they can control the day-to-day management of it.

The proposal also calls for a hotel and other private businesses on the block to lease space in an underground parking ramp the city would build on the block.

Wild said the negotiations proposal is also notable for what it does not say. "Why don't they put a public referendum into the resolution?" he asked. "They could say right now if voters are going to have any say."

Wild said the proposal ignores the recommendation of consultants who rated the south Square convention center site behind two sites closer to the Concourse and advised against construction of a new hotel.

"They're going to do it regardless of the cost and the recommendations," he said. "It doesn't make sense. If some time had gone by and it was four years later, maybe, but why kill one hotel to have another?"

Wild said that, if the city agrees to *negotiate* exclusively with Mullins, the Concourse will seek city assistance to add conference space proposed by UW-Madison business Professor James Graaskamp.

Gempeler said the city has no intention of paying direct subsidy to Mullins and Associates. Noting that the Civic Center happens to be closer to the Concourse than to some other hotels, he said construction of a public facility does not constitute an assist to a hotel. "The city as an entity meets certain public needs," he said. "We provide parking ramps throughout Downtown."

Wild rejected an offer by Mullins that Wild participate in ownership of the proposed hotel and a weekend marketing program for Downtown hotels after the hotel is built. "The Concourse already has a weekend package — two rooms for the price of one," he said. "Madison is not known for its big weekend business, and the situation is different here than in Green Bay."

Reprinted with permission of Eric Parker

MADISON METRO

South-Side Center Foes Plan Competing Project

BY ERIC PARKER

As a proposal for a south-side convention center-hotel complex continues to gather momentum, plans are quietly under way to develop a competing north-side facility that would involve substantially smaller public subsidies. Proponents of the plan predict it will bury the south side once and for all.

"In a nutshell, the north side will be so economically advantageous to the city that the south-side plan will collapse of its own weight," says architect Arlan Kay, who has been commissioned by the Concourse Hotel to draw up designs for the new convention center. The facility would be built adjacent to the Concourse and occupy the entire block facing the Square. Included in the plans is the possible development of 30 On the Square into a moderately priced hotel.

Although the proposal is similiar to one set forth earlier by UW business professor James Graaskamp, Kay says the undertaking "is taking a different direction."

Kay, the architect for Graaskamp's original proposal, says the modifications include new hotel rooms and suites, additional meeting space and approximately 5,000 square feet more of exhibition space, bringing the total to 35,000 square feet. As Kay sees it, arguments by south-side advocates that the north-side site is too small are "ridiculous."

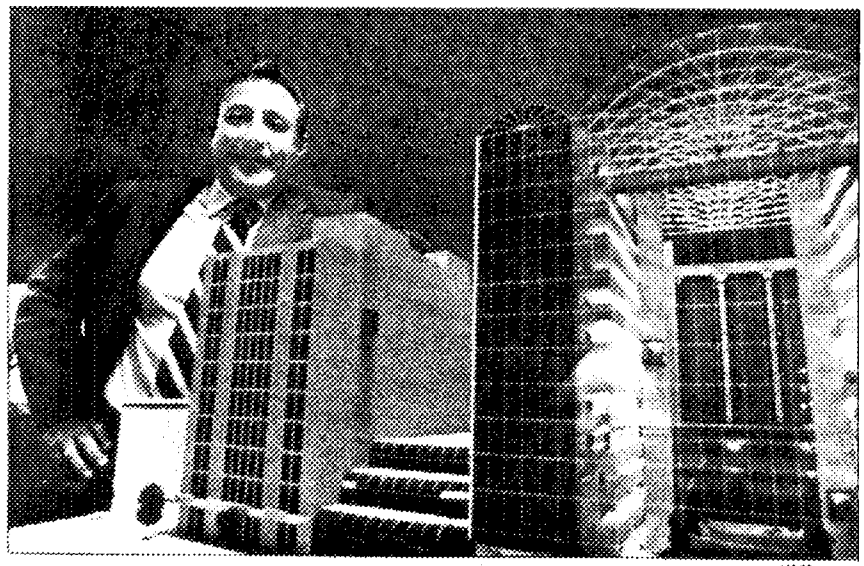
According to Kay, the plan would involve existing area businesses in the undertaking. And the proposal will probably include all the necessary parking, which would be located underneath the project. Concerns have been raised about the additional strain a new convention center might place on an already tight parking situation, and the city's limited bonding capacity for new parking.

"The assistance we will need will be 30% to 40% of what they will need on the south side," says Concourse managing partner Darrell Wild. Since the north-side site would generate the same additional business for the city and use the excess capacity of existing hotels, Wild says "I would love to give the voters the chance to decide between the two."

The total cost is estimated to be $16 million to $18 million, most of which will be covered by the Concourse partners. Wild manages the Concourse operation as the general partner, and says he is backed by 38 additional limited partners. He describes the limited partners as "some of the wealthiest men in the state," many of whom reside in Milwaukee.

The public subsidies would come from an already existing tax incremental financing (TIF) district. Since the site is included in the North Square TIF district No. 14, the cost of land acquisition and relocation of existing businesses could be covered with city funds that would be repaid with the additional property tax revenue generated by the project. Any such venture would require the city's support.

Although the initial plans will be complete in three weeks, Wild says they will not be made public until November or December. He says he anticipates hiring Leventhol & Horwath, a leading consulting firm, to do one more feasibility analysis. In two earlier studies—one by Graaskamp and a preliminary review by the consulting firm of Pannell Kerr Forster—the north-side Concourse site was deemed superior.



MORRY GASH

Wild with model of Graaskamp proposal: 'I would love to give voters a [choice].'

The Concourse counterproposal was prompted by the serious consideration city officials are now giving to a south Square site. Jerry Mullins and Warren Barberg are offering to build a new hotel and cover the operating expenses of a south-side convention center if the city pays for the center's land, construction and parking costs, and relinquishes managerial control. On Tuesday the Common Council voted 18 to 2 in favor of having the city work exclusively with Mullins on the south-side site through Feb. 10.

According to Pannell Kerr Forster's final report, which gave top billing to another north-side site adjacent to the Civic Center, the market does not justify the addition of a new downtown hotel. If such a hotel were added, the consultant warned, occupancy rates at the Concourse would plummet to 41%, whereas 60% occupancy is considered necessary for solvency. The consultant also warned that the difficulty of securing financing would likely delay construction of the convention-center complex.

Previously, Wild has supported the Civic Center site, since it would not require additional investment on the part of his backers. But now, he says, the Concourse partners have no choice but to move forward with their own plan "to protect our investment."

Although architect Kay believes that the advantages of the north-side proposal will be so apparent that city officials will voluntarily back it, others believe that south-side proponents will have to be confronted through a head-to-head referendum. Downtown retail and entertainment businesses centered along State Street would likely play a prominent role in such a campaign.

(On Tuesday Mayor Joseph Sensenbrenner said he did not think a new referendum would be necessary, based on the lopsided council vote in favor of the Mullins-Barberg plan and other indications of support.)

The south-side plan was almost defeated last April by a referendum backed by most of the State Street business community, fiscal conservatives and supporters of mayoral contender Mary Kay Baum. The ad hoc Coalition for Madison's Future opposed the referendum on grounds that not enough information was available to make a final decision on the site.

One of the few State Street merchants to join forces with the ad hoc coalition was Janice Durand, owner of the Puzzlebox, 230 State St. "I personally wanted it to be on the Square," says Durand, a board member of Downtown Madison Inc. But Durand became convinced Graaskamp's original north-side proposal was too small. She says she has not heard much opposition to the south side recently from fellow State Street merchants.

But other merchants say they have been quiet because they're tired of banging their heads against a wall. They say most of the 113 property and business owners along State Street who signed a petition against the south-side site last year are still opposed to it.

"This time we're going to raise some money and it won't be $60," says one property owner, who spoke on condition of anonymity. "It will be $10,000 or $12,000, and we'll have a media blitz like [the Coalition for Madison's Future] did."

"I don't think anyone has given up on this," says Ellen Despins, co-owner of Razzmatazz, 124 State St. "I think the sentiment is still the same....The consultant and the businesses say the north side is better. [State Street businesses] would support a referendum, and I think the general public will support it."

"I am 100% convinced that if the convention center is built on the south side it will cost a lot more money than the Civic Center site," says Gus Paras, owner of Kostas restaurant, 119 State St. And if the Concourse proposal were to be expanded, "that is the best thing that could ever happen." Like Despins, Paras says he would support another referendum.

When Marc Medler, owner of Medler's Books, 462 State St., speaks of the convention-center debate, words like "poppycock," "pure invention" and "baloney" roll off his tongue. "It fits a pattern of the Madison government's incompetence," he says of current favor for a south-side site.

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Milwaukee State Journal

Madison facelift 10/25/87 under way

By CHUCK MARTIN
Journal Madison bureau

Madison, Wis. — A budding revitalization of Madison's Capitol Square has turned businessman Fred Mohs from frequent criticism to flowing praise of city business development policies.

"I think the city has been an active supporter and participant" in Square development, he said last week.

But James Graaskamp, a University of Wisconsin — Madison business professor and renowned real estate expert, has a different view of what the city is doing to the Square.

"The mayor has no sense of policy," he said.

And the city council?

"Idiots."

Mohs and Graaskamp show that even as Madison's Capitol Square undergoes a facelift that all agree was needed, this center of Wisconsin remains a center of controversy.

Please see **Square,** Page 5D

Photo by Brent Nicastro

The State Capitol is reflected in the window of this vacant space on N. Pinckney St. in Madison

Photo by Brent Nicastro

Retail businesses have vacated a stretch along S. Carroll St. in Madison

Madison Square returns

Retail area grows into a new life

10/25/87

Square, from Page 1D

Some say the Square's future is bright now that city officials have abandoned policies hostile to downtown businesses. They applaud officials for working with developers to re-establish the Square as a vital community.

Others say the Square remains hostage to Madison's peculiar political nature, which has yielded traffic patterns and parking policies that not only make a Rube Goldberg project look simple, but also frustrate business development.

At stake is the eight-block area surrounding the state Capitol. For Madison, the Square is the city's heart. For all Wisconsin residents, it is the provider of sights and services on any visit to the seat of government.

And for Wisconsin as a state, it is the face presented to out-of-state visitors who come to the Capitol: It is a matter of pride.

This fall, the Square stands as a monument to a past decade of embarrassment and to better days ahead. Of 48 ground-level storefronts, 10 are vacant, reminders that the Square long ago lost its position as Madison's premier shopping and business district.

Yet, on the north side of the Square a 10-story, $14-million office building called Manchester Place opened this month, and a four-story office building is due for a renovation next year. On the south side, a $6-million office building is to be completed next spring, and nearby, hotel owners and the city are studying the possibility of constructing a hotel and convention center.

"What you're seeing is the Square completing a state of transition," said William Belden, president of Downtown Madison Inc., an organization of downtown businesses.

The transition is one development on which all agree. In 1940, the Square was home to six department stores and two dozen clothing, shoe and hat stores. But as Madison participated in the nationwide move to the suburbs after World War II, shopping on the Square fell into decline.

By the 1970s the decline was so pronounced that stores began to close in droves. "For lease" signs and soaped windows became as prominent on the Square as new mini-shopping centers on the city's West Side.

In the 1980s the exit of retail stores from the Square has continued, though at a slower pace. Belden said there would be more closings. But the dominant feature of the mid-1980s has not been decline. For the first time in nearly a generation, the Square is building toward regaining its place as an office center and becoming an area where small specialty retail stores can flourish and people can live in apartments and condominiums overlooking the Capitol.

"The impression that things are moving forward on the Square is entirely correct," said Mayor Joseph Sensenbrenner.

The tools the city has used to encourage Square development include: tax incremental financing, which allows the city to make site improvements for a project and recoup expenses later in increased property taxes due to the development; federal grants, which the city can loan to developers; industrial revenue bonds, which are low-interest and therefore cut borrowing costs for developers; and zoning, parking and traffic policies.

The federal tax reform of 1986 curtailed the use of industrial revenue bonds, but the other tools remain available. The question now, however, is whether the Square is building with city help or in spite of city meddling.

Graaskamp's answer is clear: "We have missed every opportunity to reinforce our downtown."

The object of Graaskamp's ire is city politics, which even Sensenbrenner admits can be vexatious.

"We do have a reputation and, unfortunately, a tradition of keeping issues alive for 10 to 15 years," Sensenbrenner said.

Said Belden, who arrived in Madison in 1984 from Albany, N.Y.: "I've never seen anything deliberated and debated more than it is here."

> "We do have a reputation and, unfortunately, a tradition of keeping issues alive for 10 to 15 years."
>
> —Mayor Joseph Sensenbrenner

Madison's politics present a problem for Square development because long debates on zoning approvals and financial incentive packages are incompatible with business decisions.

"If you try to do redevelopment by consensus, you're going to go backward," Belden said.

One complaint from Square developers is that the city, through a consensus born of long debate, is clinging to traffic and parking policies that discourage people from driving cars near the Square.

Brad Binkowski, a partner in Urban Land Interests, an office building owner on the Square, said it's a mistake for the city to use parking fees and time limits to discourage all-day parking near the Square. That policy encourages offices to locate elsewhere, where they can provide parking for employes, he said.

Graaskamp said the lack of on-street parking spots discourages shoppers. The city would be smart to remove bus lanes and re-install angle parking, he said.

Mohs said parking became a problem in the 1970s when the city adopted a policy to discourage auto use in favor of bus use downtown. That policy, Mohs said, was thrust upon the city by "an unholy combination between the environmental types and mass transit freaks."

Paul Soglin, Madison mayor during the 1970s, defended the policy. Madison has failed to grasp the expense of building parking ramps, repairing streets and performing other duties to accommodate cars, he said.

Sensenbrenner said parking and traffic policies are changing to answer businesses' complaints. But Belden, Mohs, Binkowski and others said change is coming too slowly.

Graaskamp said the Square is also suffering from development-siting decisions made politically rather than with sound planning principles. Graaskamp is a consultant to Darrell Wild, owner of Madison's Concourse hotel, one block off the Square. Wild and Graaskamp have tried to convince city officials to pick a site on the north side of the square, near the Concourse, as the location of a convention center.

The City Council, however, has decided to work with a competing hotel owner, Jerome Mullins, to build a hotel and convention center on the opposite side of the Square if feasibility studies are positive. Mullins, who owns the Inn on the Park, would construct a new facility there.

Plans being studied would call for Mullins to build a hotel with help from tax incremental financing.

The city would borrow to construct a convention center. Mullins' hotel would absorb the center's operating losses in exchange for control over managing the center. All downtown hotels, especially Mullins', would be expected to benefit from increased business lured by the center. Parking could be constructed under the hotel and convention center, which would be connected by a skywalk.

Graaskamp said a convention center on the Mullins site would be largely wasted because it would be too far from retail shopping on State St. near the Concourse side of the Square. In addition, he said, the Mullins site is better suited to apartments or condominiums.

Belden said Wild and Graaskamp have legitimate concerns. But, he said, if Mullins is willing to build a new hotel, it makes sense for the city to work with him.

Another complaint about city policy comes from Robert Blettner, who spent $9 million to renovate an office building on the Square in 1984-'85. He said the city's financial support for Manchester Place was an unwarranted and unwise interference in the private marketplace.

The city sold $9.25 million in low-interest bonds to help finance Manchester Place and provided $2.25 million more by loaning the developers money from a federal grant.

As a result of the subsidized Manchester Place, Blettner warned, vacancy rates on the Square will rise, property values will decline and development will be retarded for years to come.

Mohs, a partner in Manchester Place, said he normally disdains government interference in the private economy. But where the Square is concerned, he said, government interference is wise.

"I think our downtown is so important to our community it is worth it for the city to try to encourage development," he said.

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Concourse expansion planned

11/7/87 WSJ

By Thomas M. Waller

City government reporter

Owners of the Concourse Hotel hired political activist Phil Ball on Friday to help them get $2.9 million in city assistance for an $18-million expansion plan that would face part of the hotel on the Capitol Square.

The 376-room hotel, already the largest in Madison, would add 200 suite-style rooms, 15,000 square feet of exhibit space and 15,000 square feet of meeting space.

The hotel recently spent $4 million on a 100-room expansion and Governor's Club addition that was completed last year.

"Phil will be involved in public relations to gain support for our project," said Darrell Wild, managing partner of the Concourse.

"The City Council is forcing us to expand again," said Wild, referring to city planning for a new hotel and convention center on the south side of the Capitol Square.

Wild said a new hotel adjacent to a municipal convention center would put the Concourse out of business.

He said the hotel will ask the city to use its condemnation power and tax incremental financing to assemble property that is needed for the project — the Woolworth's store and other buildings on that block of Mifflin Street, on the Square.

Wild said if the city doesn't cooperate and proceeds with south Square plans, the hotel will try to organize a second referendum on that project or take legal action against the city.

The hotel intends to have architectural plans ready for the city by the end of the year.

"We've talked to two architectural firms in Chicago and expect to hire one by the end of next week," Wild said. "Both firms are talking about a huge open atrium between the hotel and the addition. It could create a climate-controlled city center where all kinds of things are happening."

Wild said the design will be similar to plans for the block proposed by UW-Madison business Professor James Graaskamp. Those plans call for a skywalk to link the block with State Street businesses.

"Jim is still involved in the project as a consultant," he said. "He's the one who suggested we get Phil."

The city is negotiating with Jerome Mullins, owner of the Inn on the Park, to build a $20-million hotel on the Square. The plan calls the city to build a convention center on vacant land next to the Madison Municipal building and a skywalk over Doty Street that would connect it to the hotel.

"The city could turn our project down, but politically that would be a disaster for them to do so," said Wild. "If they do, we're willing to go to court with them on that.

"If they want to go to a referendum and compare our project to somebody else's that will be fine, too."

Mayor Joseph Sensenbrenner's proposed 1988 budget includes $22 million in borrowing for a convention center and parking needed for it. The money would not be borrowed, however, unless the city reaches an agreement with Mullins and a majority of the council (12 of 22 members) approves the project.

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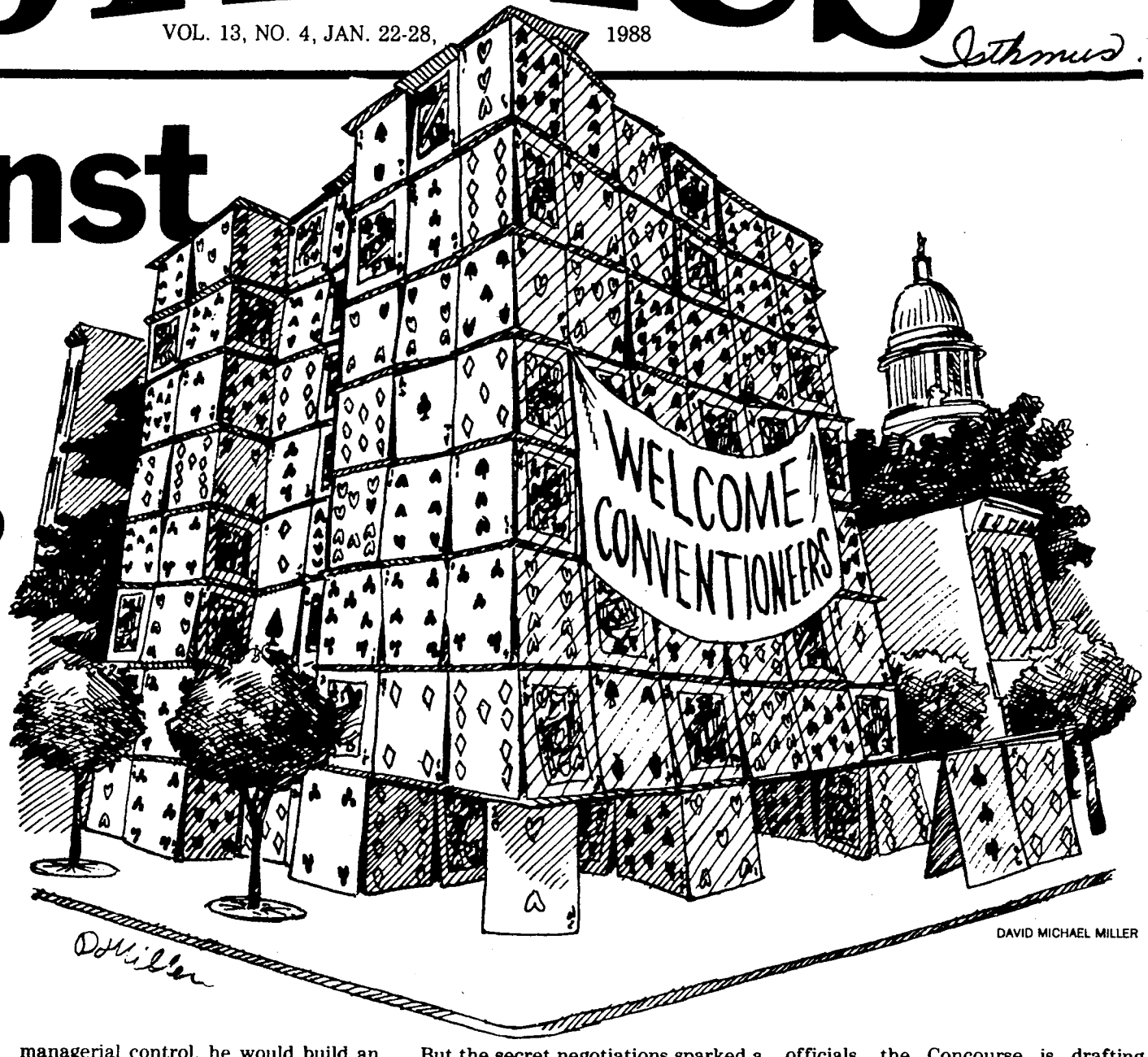
VOL. 13, NO. 4, JAN. 22-28, 1988

Against All Odds

Is a convention center in the cards for Madison?



DAVID MICHAEL MILLER

BY ERIC PARKER

Perhaps the most dreary cliche of the political season is that Madison cannot make a tough decision. Of course this refers to the convention center, and the issue does get tiresome after a while. But the stakes are high enough that delay is better than miscalculation.

In September, a proposal to build a south Square convention center/hotel was unveiled by Madison businessman Jerome Mullins. If the city built the convention center and gave Mullins managerial control, he would build an adjacent hotel and absorb the center's operating losses. After an endorsement from Downtown Madison Partners Inc. (DMPI), the influential business group, the Madison Common Council voted 18-2 to negotiate exclusively with Mullins for three months.

But the secret negotiations sparked a rival proposal from Darrell Wild, managing partner of the Concourse Hotel. Soon, some council members began expressing favor for this north-side plan, which Wild said would be financed almost entirely with private funds. Now, at the suggestion of city officials, the Concourse is drafting plans for a larger facility that, for less public money, could still meet the size recommendations of the city's consultant.

A referendum on the south Square proposal, expected to be on the ballot

Continued on Page 9

CONVENTION

Continued from Page 1

April 5, may settle the siting question once and for all. But both plans still face substantial political and financial obstacles. And ultimately, that raises the question of whether either project will come to pass.

ACTION AND REACTION

The Feb. 20 deadline for wrapping up negotiations between the city and Mullins is rapidly drawing near, and both sides say the meetings are not likely to reveal much that is new about the south-side proposal. An "outline" or a "framework" for an agreement will be reached, the roles to be played by the city and the developer will be delineated, and the report may even appear optimistic. But neither the developer's financing nor mechanisms to insure the obligations of each party are expected to be in place.

Mullins' plan calls for the city to build a convention center on city-owned land behind the Municipal Building, across the street from the Doty ramp. To accommodate conventioneers, the city would either build a new ramp at the site of the Brayton parking lot on East Washington at Butler, or else construct more costly underground parking beneath the center.

City estimates place the cost of the convention center at $19.17 million—$13.86 million for construction and at least another $5.31 million for parking. This does not include the value of the city's land, estimated at $1.37 million.

The price tag for the proposed 250-suite hotel is $27.75 million: $20 million for construction, $5.25 million for underground parking, $2.5 million for the land. It is not yet clear how long Mullins will agree to absorb operating losses, and what checks the city will have over his managerial role.

Mullins' proposal flies in the face of a report last July by the city's widely respected consultant, Pannell Kerr Forster (PKF). The report said the business generated by the convention center will not be enough to support a new downtown hotel. According to PKF, hotels typically need 60% occupancy, with the "break-even" rate for new hotels being as high as 72%. But the consultant predicted that the overall occupancy rate of the new hotel, Inn on the Park and the Concourse would be a paltry 41%.

Not surprisingly, Concourse officials became alarmed when the Common Council voted to ignore PKF and pursue the Mullins plan. Managing partner Wild announced in late September that the hotel was planning an $18 million expansion, including 35,000 square feet of convention and meeting space and 200 more suites.

Wild's proposal was not the first time the Concourse had been suggested as an anchor for new convention facilities—a plan for the site was proposed last February by UW business professor James Graaskamp. But city officials repeatedly said the site was too small; PKF eventually agreed, recommending a 40,000-square-foot exhibit hall and an alternative north-side site adjacent to the Civic Center.

Concourse officials initially favored the Civic Center site, which would have boosted their business at almost no expense. But when this fell by the wayside due to Mullins' 11th hour plan, the Concourse moved quickly with its own proposal.

In November Wild hired the prominent accounting firm of Laventhol & Horwath to do another feasibility study. Wild also hired activist Phil Ball as a consultant, giving him the task of insuring that the convention center issue would be tested by a referendum. In turn, Ball announced that the Concourse had lined up legal muscle, impressive media consultants with substantial resources placed at their disposal, and a national architectural firm.

APPLES AND APPLES

As autumn turned to winter, Common Council members began calling for a referendum on the south-side plan, and Mayor Joe Sensenbrenner promptly followed suit. Last month John Q. Hammons, the leading developer of Holiday Inns, announced he was going to build a 300-room hotel in Middleton after having been rebuffed by Madison officials. Construction begins in April, and Hammons created anxiety by saying a 48,000-square-foot exhibit hall may eventually be added.

Meanwhile, response to the Concourse plan has gradually grown more favorable. Council president Judy Olson was quoted as saying, "This looks like a project that will fly. We don't know that about the south side." In recent weeks Wild has had what he describes as "strange" and "favorable" meetings with key members of DMPI. Mayor Joe Sensenbrenner quietly met with Wild on Jan. 5. The following day, Wild powwowed with city planning staff, including principal planner John Urich and planning and development director George Austin.

Urich's suggestion to Wild was that the Concourse exhibit hall, built underground, could extend beneath the city's sidewalks. This extension of the site makes 48,000 square feet available, a span that would easily accommodate the 40,000-square-foot exhibit hall recommended by PKF. "We suggested that if they wanted to come up with an alternative, it would be necessary to compare apples and apples," Urich says.

New plans are now on the drawing board, and Wild says they will be finished by the time the city's negotiations with Mullins are complete. In addition to the exhibit hall, Wild says the ground floor would include an atrium, reflection pond, retail establishments and, tentatively, the state's veterans museum. The second floor would include 20,000 square feet of assembly and meeting space and be joined with 18,000 square feet of similar facilities already existing at the Concourse. The plan would include the entire half block facing the Square, and incorporate additional suites, office space and condominiums.

The price tag will be about $21 million. To pull it off, Wild says he needs about $6 million in city assistance, which he hopes can all come from tax incremental financing (TIF) funds. This includes $2.9 million for a skywalk connecting the complex to State Street, the Civic Center and MATC's adult education facility. The remaining $15 million would come from lenders solicited by the Concourse partners.

Leventhol & Horwath officials expect to release a preliminary feasibility report by next week. If all goes as planned, the city will soon have two competing projects that can be directly compared.

CHANGING MOMENTUM

Some south-side proponents are confident Mullins' plan can withstand the competition. "My commitment is to follow through with the process that we began several months ago, and to be optimistic that [Mullins] will be able to make it work," says Ald. Eve Galanter (District 10). "I want to give Jerry a chance to flesh out a rather dramatic proposal, and I'm anxiously awaiting the outcome like everyone else."

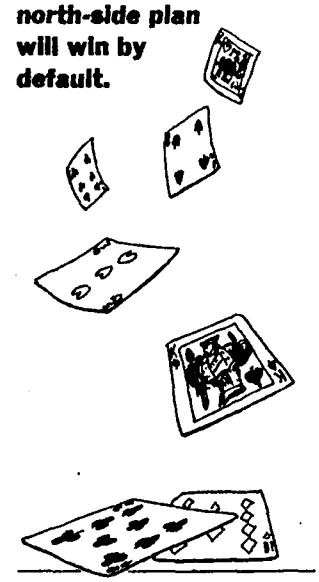
But others sound as though they're hedging their bets. Developer Fred Mohs says he and other DMPI members "will continue to back the south-side concept until such time as it cannot go ahead....On the other hand, when a developer comes up with an alternative use for the north Square, we certainly wouldn't turn our backs on it."

Mayor Sensenbrenner is also leaving his options open. "If Jerry Mullins does not deliver on his basic commitment to deliver a proposal without cost and without obligation to the city," he says, "and [if] we can't come up with a financing package that a majority of the council is able to support, I think we're going to look back at the north Square again, as we have in the past."

Ball, who earlier this month terminated his contract with the Concourse due to differences with Wild over strategy, is pleased with the changing momentum. "The shift in the last two and a half months is dramatic when you compare it to the attitude that the council had when they signed the agreement with Mullins," he says. "The remaining question is whether this is becoming such a political issue that it cannot be decided on its merits."

Wild, for his part, has no doubt that voters will reject the south-side proposal on the April ballot. "I can't imagine why everyone got on such a bandwagon to begin with," he says. "It has rickety wheels, and the more people jump on it, the closer it gets to breaking down."

Wild is confident voters will reject the south-side plan on the April ballot. But that doesn't mean his competing north-side plan will win by default.



If voters do veto the south-side plan, Wild will not necessarily win by default. For one thing, no one is quite sure how the referendum will be worded; it could leave Mullins and the south-side an out. Furthermore, it's possible opponents could try to block city assistance to the Concourse plan, perhaps by organizing yet another referendum, or by supporting the Civic Center site.

Some have raised questions about Wild's managerial capabilities. The Concourse has not always paid its taxes on time and has a history of financial difficulties, including bankruptcy proceedings a few years ago. In 1986 Wild lost ownership of the Bayfront Concourse Hotel in St. Petersburg, Fla. (City officials there opposed Wild's desire to convert the hotel into housing for the elderly, he says.) "The biggest obstacle to the Concourse plan," says one observer, "is Darrell Wild."

The prospect of Mullins as manager may raise similar concerns. According to Michelle Olson, coordinator of the Student Tenant Union, Mullins Apartments is consistently on the group's annual top-10 list of most-complained-about landlords. The company is run by Mullins' wife, Carol Mullins, and it manages the couple's large portfolio of residential holdings. (The city assessor's office lists Jerome and Carol Mullins as the joint owners of 58 mostly downtown properties, which in 1987 had a total assessed value of $14.5 million. Mullins and various associates are also listed as owning an additional $11 million in properties, including Inn on the Park and the Washington Host.)

Attempts to interview Mullins for this article were not successful.

THE BOTTOM LINE

If the two convention center plans are indeed comparable, the bottom line for voters will likely be taxpayer cost. Under Mullins' plan, the city would pick up the entire $19.2 million tab for the convention center, using several sources of revenue, including property taxes.

According to the latest tabulations, the city would issue $9.59 million in revenue bonds and repay them with a hotel room tax; $2.28 million in parking revenue bonds and repay them with parking fees; $4.3 million in general obligation bonds and repay them with property taxes; and $3 million in TIF money to be repaid with tax revenue generated from the development. City comptroller Paul Reilly figures it will take about 15 years to pay back these various sources of borrowing.

Before this plan can go forward, a couple of issues need to be resolved. For one thing, the borrowing capacity of the parking utility is nearly exhausted. By the end of 1988, Reilly projects this capacity to between $2.0 and $3.6 million, depending on the amount of ramp renovations carried out this year.

If this borrowing capacity is used for the convention center, there won't be enough left for new parking sought by downtown businesses and property owners, let alone renovations. The alternative is to issue general obligation bonds paid off through property taxes. And any new ramp construction would likely entail a hike in parking fees.

Although these issues were first raised nearly a year ago, they have yet to be addressed. In a memo to Reilly dated Nov. 17, 1987, parking manager Duane Hinz questioned the "prudence" and "legality" of using the parking utility's borrowing capacity for the convention center. "To date," the memo said, "there has been no discussion by the parking utility about this." Hinz confirms that the question has apparently been put off indefinitely.

The second unanswered question is whether or not the city can market a revenue bond backed by hotel room taxes. Although this is listed as the single largest source of revenue for the project, comptroller Reilly says he still isn't sure that it can be done.

Again, the alternative would be to issue more general obligation bonds, backed by property taxes. And Reilly notes that the closer the city comes to its debt limit, the more it risks losing its AAA bond rating and, thus, its preferred low-interest rate.

GLOOMY APPRAISAL

The voters are not the only ones who will have a say in which convention proposal is approved. The developers of either plan must convince lenders that they will be able to make the mortgage payments. Mullins needs to come up with $20 million for the hotel, and Wild needs about $15 million for his project.

Each proposal hangs a cloud over the other one, because no lender will accept that the city can support two downtown convention facilities. Indeed, the Concourse's consultant, Laventhol & Horwath, is proceeding on the assumption that the south-side project will fall through. Likewise, Mullins' plan is contingent on preventing the Concourse expansion.

"If the city is committed to going forward with one project, then it kills the other," says mortgage broker John Tye, who has been representing Mullins in negotiations with the city. "If the city does not stay committed to it [the south side], then the other can go forward."

Still, Tye says he is confident Mullins can obtain a loan for his proposed hotel—although the size of the proposed facility may have to be scaled down. Others are not so optimistic.

"As a real estate deal, it's very tough," says Mohs, who is a partner with Tye in the new Manchester Place project. Mohs explains that a developer can usually get financing for anything; the question is whether the terms of the loan are feasible.

Madison mortgage broker Russ Anderson is more blunt. "Tye is tainting everything by saying it's a piece of cake, but that isn't true," he says. "You can't take it as a matter of faith that Mullins can put this deal together. If the city thinks that then they are absolutely crazy." Anderson says the city should not proceed with the project until Mullins produces a letter of intent from a willing lender.

In general, Anderson says, hotels are considered risky ventures, and overbuilding has led to sagging occupancy levels and bankruptcies. The two highest-occupancy hotels in Madison—Quality Inn South at 80% and Radisson Inn Madison at 75%—were recently unable to obtain financing, he adds. With occupancy rates downtown around the mid-50s, how could Mullins get financing for a far more costly and risky venture?

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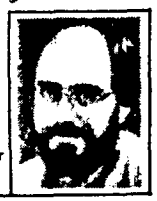
Convention center debate is costly game of charades

2/6/88

Local Affairs

By Marc Eisen
Capital Times Staff Writer



IT WAS high noon, March 11, 1987, and Jim Graaskamp was fuming.

The University of Wisconsin's brilliant outspoken real estate expert seemed ready to blow a gasket. He was lecturing a spellbound room full of students at Old Music Hall on the politics of the Madison convention center debate.

The day before he had joined a handful of political dissidents — notably mayoral candidate Mary Kay Baum and her ever-prickly adviser Phil Ball — in supporting a controversial referendum to shut off public financing for a south Square convention complex.

His claim that Mayor Joe Sensenbrenner and downtown business leaders secretly wanted the south Square killed in the referendum was rebutted as "absolutely, totally, completely false" by an outraged Sensenbrenner.

The gasket blew.

"The mayor has called me. A good many powers in the downtown have called me," Graaskamp began. "They've said, 'What are we going to do? The south side is a bad idea. It's going to fall on its own weight because we can't finance it. Yet we have to go through with this charade because the mayor's basic position is that the only way we can cut off (Alds. Henry) Lufler, (Eve) Galanter and the rest of that group is to allow it to fall on its face.' "

MORE MONEY would be spent on consultants and city staff time would be consumed in exploring the site when downtown business leaders already knew it was not only not desirable but financially impossible to sustain without massive public subsidies, Graaskamp said, anger mounting.

"They think the only way you can stop a strong City Council is by letting them chart their own little course and hit a stone wall — at a tremendous loss of energy.

"Yet they have a referendum in which they could get rid of the south side by voting yes — but in which they're putting all their energies to vote no because 'We made a gentlemen's agreement to be good boys and go along with the south side.' "

Graaskamp, who chairs the UW's Department of Real Estate and Urban Land Economics, just about howled in exasperation.

"This is silliness," he declared. "If it's wrong to speak out against silliness, then I'm wrong. But I have no patience with that kind of political process. You're just squandering a lot of creative talents in peripheral, non-productive issues when we could be moving forward on the convention center."

Eleven months later, after the defeat of the referendum and the re-election of Sensenbrenner, the proposed south Square convention complex collapsed over a $2 million gap in financing the hotel, just as Graaskamp predicted. (The convention center would cost another $20 million or so to build.)

REACHED at his office earlier this week, Graaskamp admitted only slight surprise at this week's developments.

"Unreasonable people finally had to deal with financial reality and site logistics," he said. "I think it's unfortunate that so much energy has been exhausted on what knowledgeable people knew was a bad proposal in the first place."

His slight surprise was at how City Hall was handling the "damage control" of the failed bid.

"The mayor's committee and Mr. Lufler remind me of a story that my father used to tell about how a successful man was one who when he was run out of town makes it look like a parade," Graaskamp said. "I think they're conducting their withdrawal admirably well under the circumstances."