

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

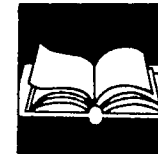
X. COMMUNITY INVOLVEMENT - CITY, STATE, AND NATION

C. Graaskamp and the Convention Center Controversy

10. Articles Which Mention Graaskamp

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 rede-

velop 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.

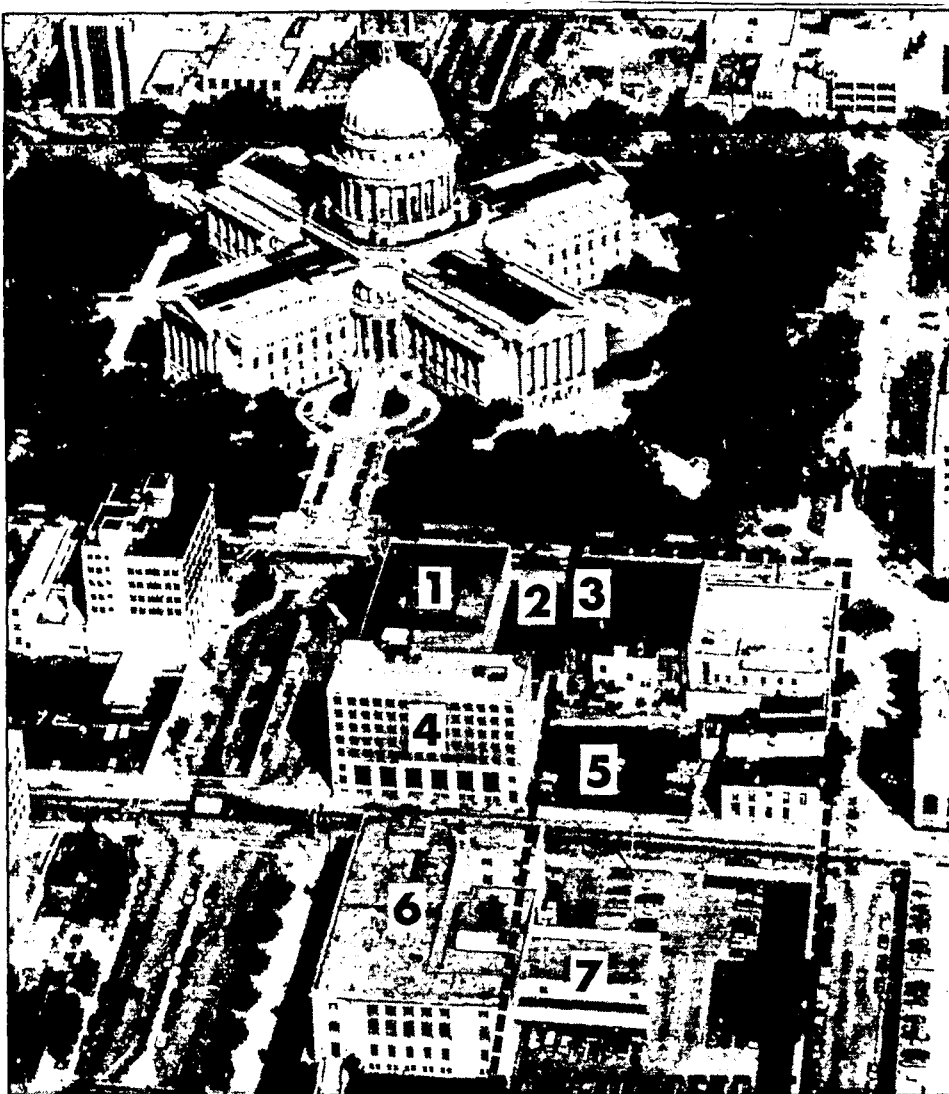
If there is enough interest, the developers could add one or two stories to the four-floor Penney building. That mass of office and retail space — 150,000 to 180,000 square feet — is larger than the 10-story Manchester Place project (138,000 square feet) on the north side of the Square.

Manchester Place will cost \$14.1 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.

WST 8/23/86



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 DMP 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.

DMP 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 DMP 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.

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



James Graaskamp

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.

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.

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.

— Laella Wells, president,
League of Women Voters
of Dane County Inc.

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

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

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 sev-

eral "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?"

UW prof pitches 'less ambitious' convention plan

2/27/87

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

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

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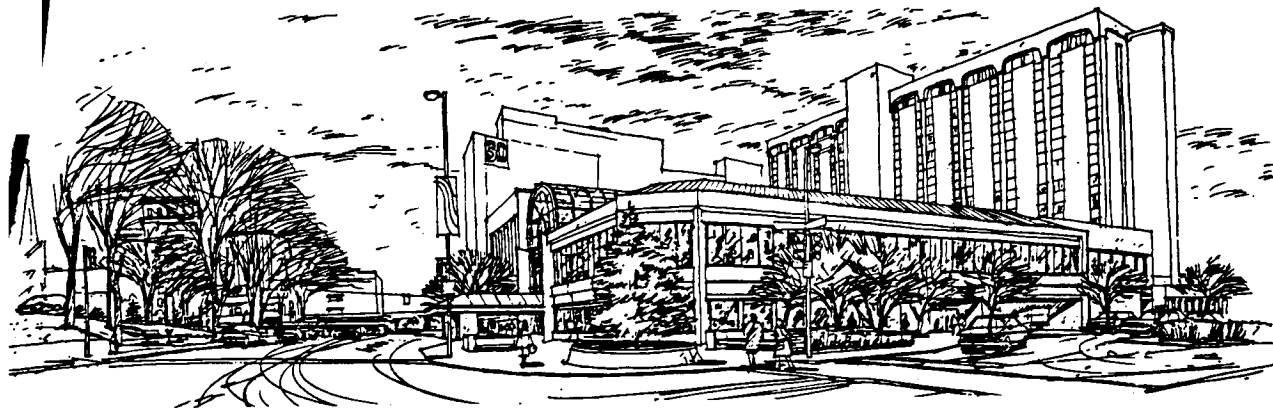
weeks, unveiled a new financing package that calls for the downtown hotels to cover any operating deficit of a north Square exhibition hall.

The first stage of construction, estimated to cost \$14.2 million, would require a \$3.9 million 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



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.

2/11/87 Feb-11/87
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 Lufier, 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," Lufier 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.



James Graaskamp

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 Innowner 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

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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 Lufier 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. Lufier and Ms. Galanter at work (on the criteria committee) 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.

Lufier 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," Lufier said. "They wish to make money on the property they own (in the vicinity)."

Both Lufier 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," Lufier 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.

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.)

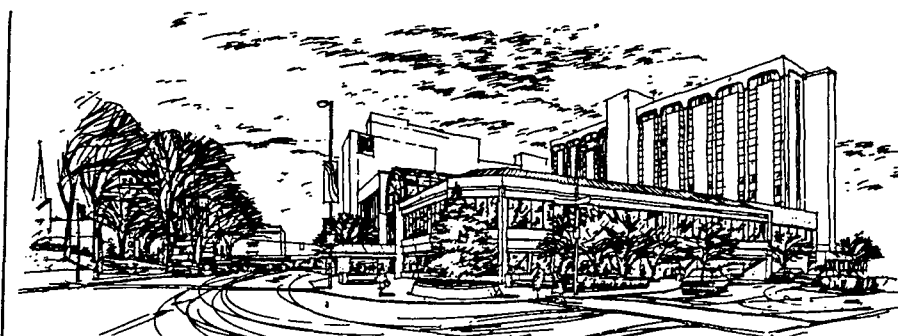
A second, more visionary phase of Graaskamp's proposal provides for expanding the exhibition area into the Hub and McDonald's buildings, constructing a continuing-education facility on the MATC parking site, building an extended skywalk to the Civic Center, and converting the 30 on the Square building 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

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 (1,100 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 \$1.2 million in special assess-

ments 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 com-

ing 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

Madison's choices:

- Big convention center or smaller conference center?
- North side or south side of the Square?
- Or nothing at all?

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 Lufier, 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," Lufier said.

"There's no question Graaskamp's proposal revitalizes the Concourse Hotel, but that's not my highest priority," Lufier 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, Lufier 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.

Lufier 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," Lufier 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

(See CENTER, Page 23)

that the city should drop all talk of a south Square convention center.

"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.

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

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



Joseph Sensenbrenner

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 con-

vention 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.

WSJ

Journal, Wednesday, March 11, 1987 •

Page 6, Section 1

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.

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.

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

Plain Talk

By Dave Zweifel
Capital Times Editor



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.

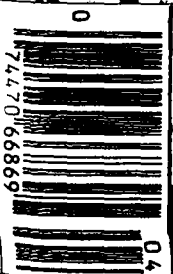
Madison

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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 its 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.



he 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 Lufier. 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 affects 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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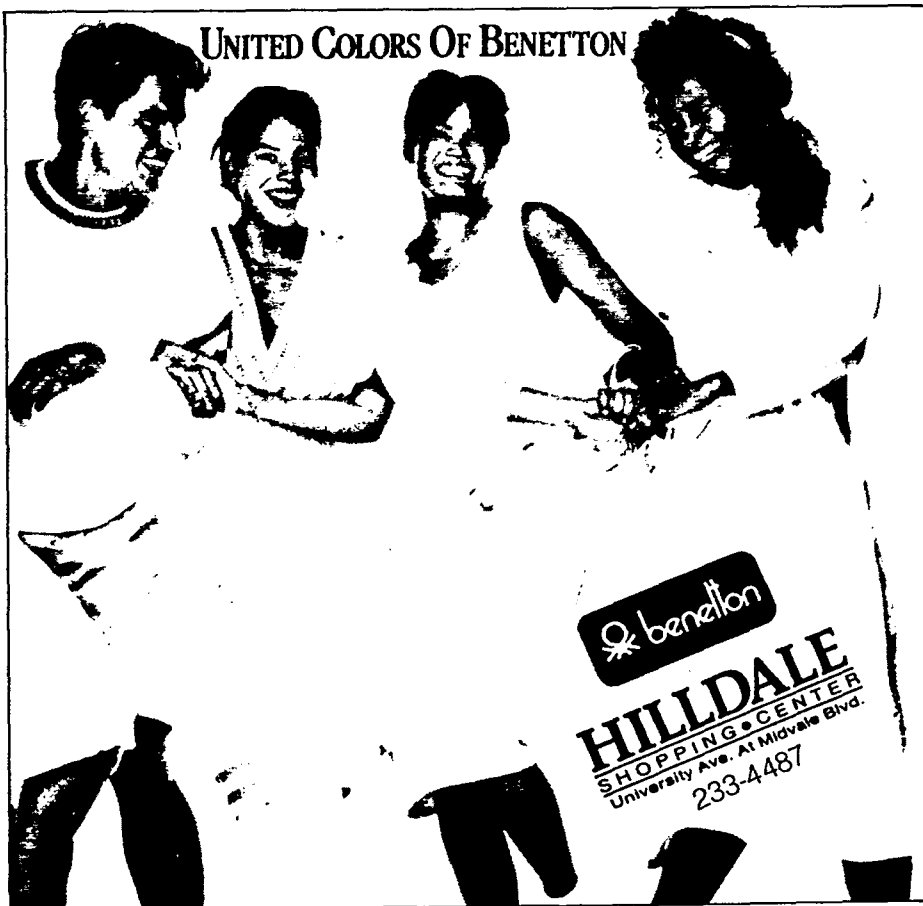


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and they showed a solid enthusiasm for the idea. Their feelings were understandable. While suffering from an exodus of stores and the general decline felt throughout Downtown, the north side of the Square was still regarded as a fairly strong area. 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.

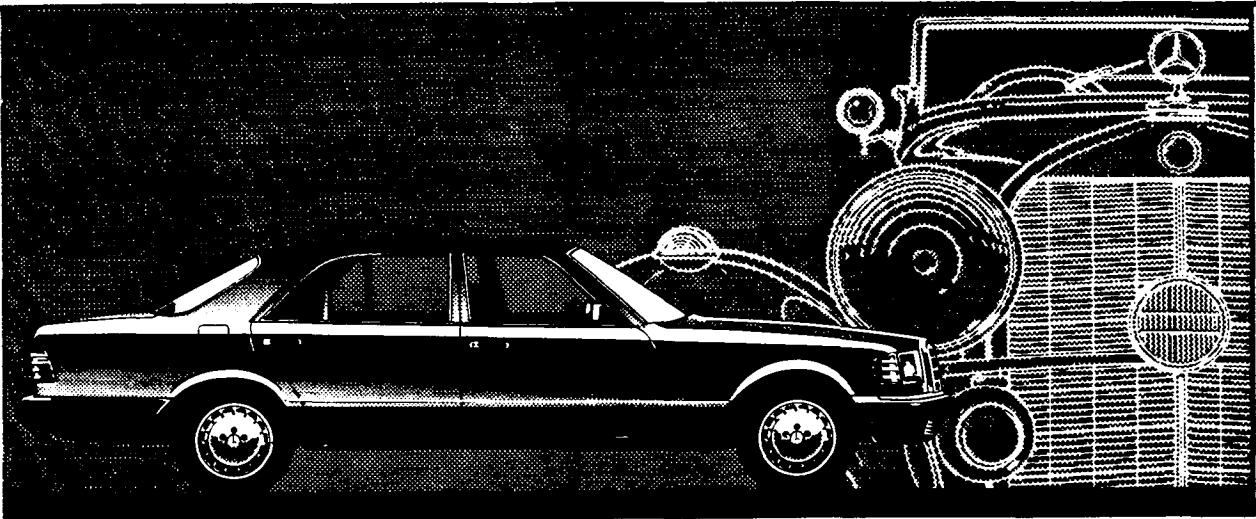
But not everyone saw it that way. Even

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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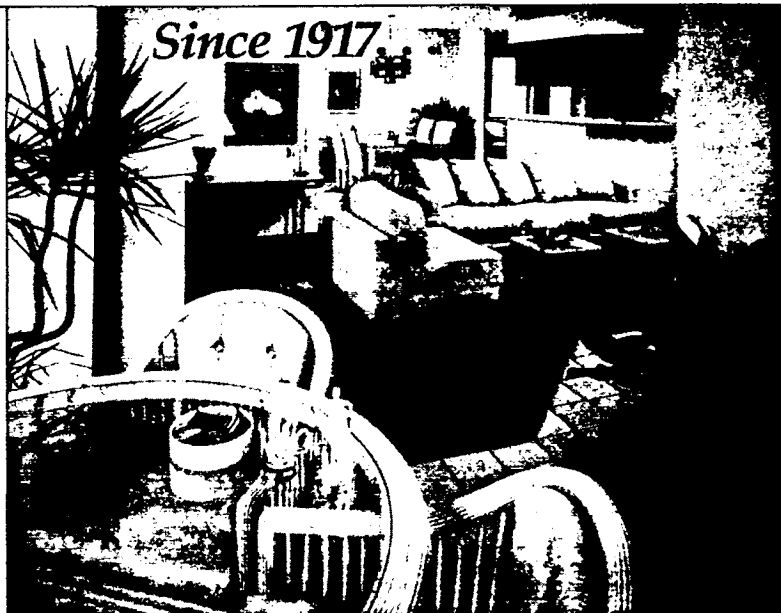
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Galanter, on the other hand, argued on the council floor that the city could neither reduce the 1982 agreement nor provide the additional cost to provide like services at the smaller site. Rather, she said, the site should be moved to the south side. 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 Judicial 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

The Referendum

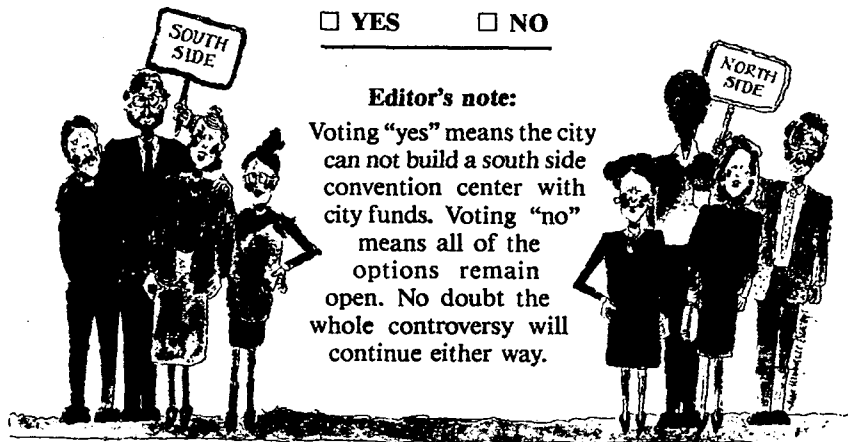
"The City of Madison shall not pay for or subsidize the construction or operation of any Convention Center Complex proposed for Blocks 88 and 89 south of the Capitol Square with Property Taxes, General Obligation Borrowing or Tax Incremental Financing."

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.



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



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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

*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.*

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."

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 politicians 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 than 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 similar 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

4/23/87

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 Locke, 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 reviewing Wright's plans for Law Park.

The great architect devised his Monona Terrace development plan in 1935, touching off a 35-year civic dispute. In recent months, Cardinal Bernardini owner Ricardo Gonzalez has been waging a one-man campaign calling for a revival of Wright's blueprint 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."

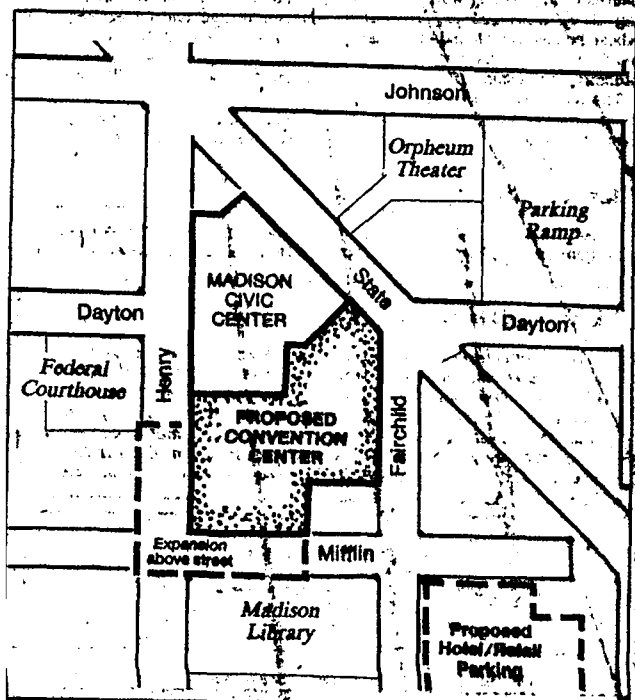
Plans for the Civic Center option

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

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

CT 5/12/87 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 left 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 Farley 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 \$502,500 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.

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 conventioners.

Peters disagreed, saying their plans don't offer conventioners 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

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 30,000-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

(See SQUARE, Page 9)

Square

From Page 1

show a current hotel room occupancy rate of 37 percent, Statz said.

"That means that for the 1,200 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 Lufner 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 Intntowner (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 105,000 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," Lufner 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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Page 2, Section 1

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.

He said the city's next

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,

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 sup-

port 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."

Turn to Page 2, Col. 5

Sports



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 spokesman 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 busi-

ness 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

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 the climate sets you up for a very dif-

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.

ficult 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 center."

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

Center

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 conven-

tion 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.

(See CENTER, Page 24)

THE BOTTOM LINE/*Bill Lueders*

Maybe Not

*Isthmus
August 1991
p. 6*

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 deficit, 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 unavailable at the competing sites.

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

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 Lufier 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.

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

LETTER of the Day

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!"

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

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-con-

vention 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."

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 similar 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."

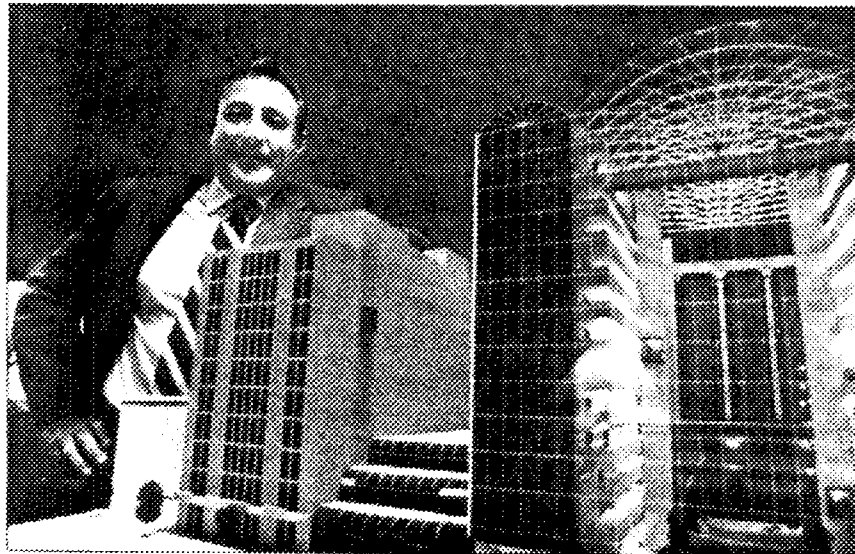
According to Kay, the plan would involve existing area businesses in the undertaking. And the proposal will probably include all the necessary parking, which would be located underneath the project. Concerns have been raised about the additional strain a new convention center might place on an already 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.

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?

"Idiot."

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



Retail businesses have vacated a stretch along S. Carroll St. in Madison

Photo by Brent Nicastro

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-

"We do have a reputation and, unfortunately, a tradition of keeping issues alive for 10 to 15 years."

—Mayor Joseph Sensesbrenner

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 employees, 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.

Sensesbrenner 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 and 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.

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 Sensesbrenner.

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 Sensesbrenner admits can be vexatious.

"We do have a reputation and, unfortunately, a tradition of keeping issues alive for 10 to 15 years," Sensesbrenner 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."

Concourse expansion planned

By Thomas M. Waller

11/7/87 WJS

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.

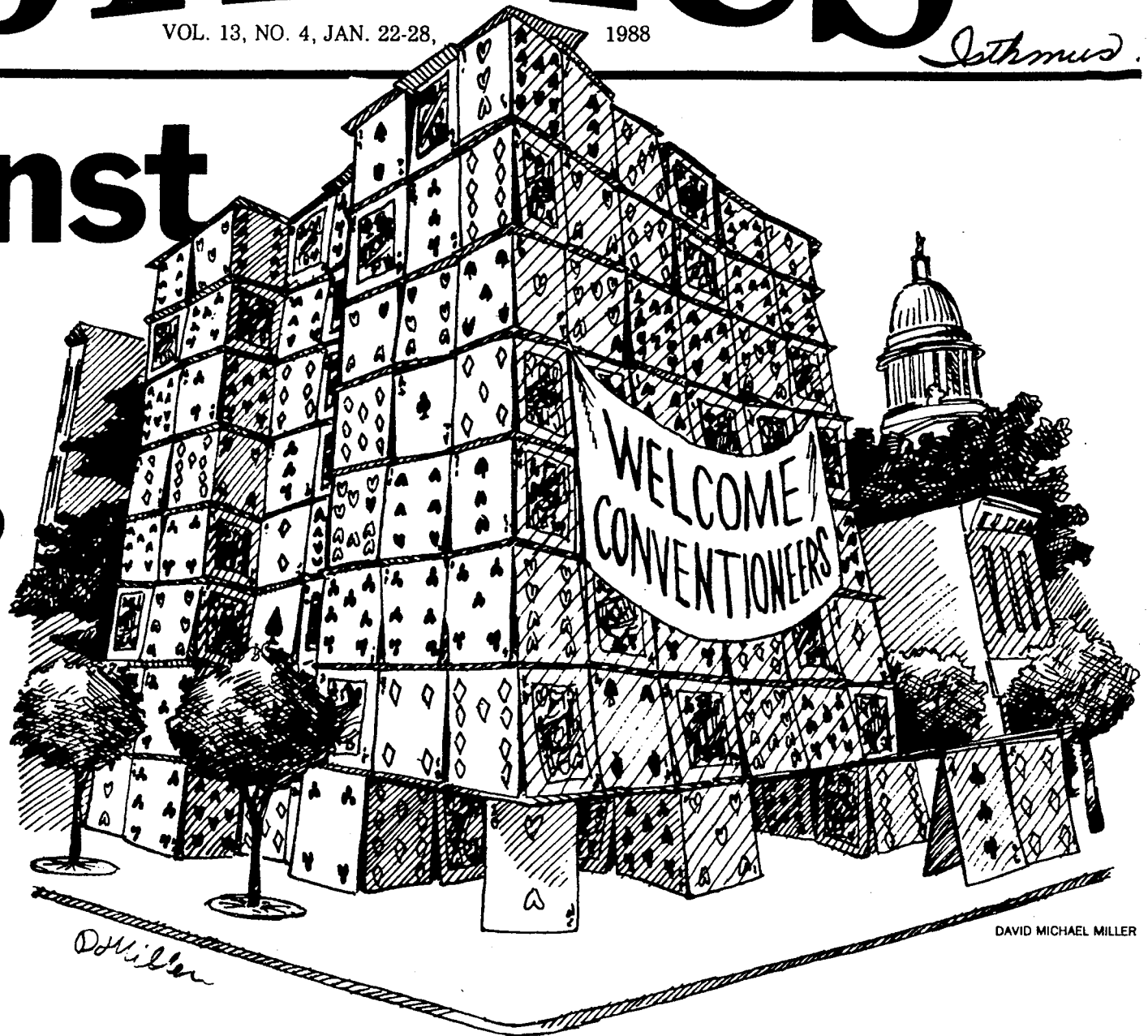
Against All Odds

*Is a
convention
center
in the cards
for Madison?*

BY ERIC PARKER

Perhaps the most dreary cliché 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

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CONVENTION

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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 conventioners, 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 files 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 Ulrich and planning and development director George Austin.

Ulrich'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," Ulrich 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.

Laventhol & 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."

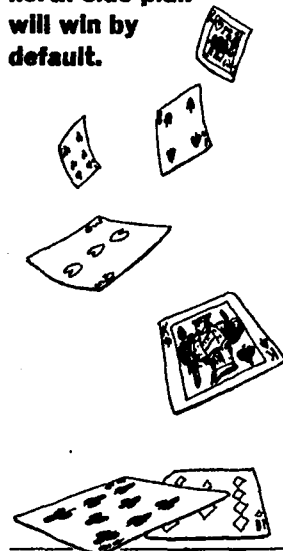
But others sound as though they're hedging their bets. Developer Fred Mohs says he and other DMPI members "will continue to back the south-side concept until such time as it cannot go ahead.... On the other hand, when a developer comes up with an alternative use for the north Square, we certainly wouldn't 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

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.



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."

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 Hotel.)

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 plan 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 \$27.75 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-60s, 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

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 Sensen-

Local Affairs

By Marc Eisen
Capital Times Staff Writer



brenner 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 (Ald. 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."