

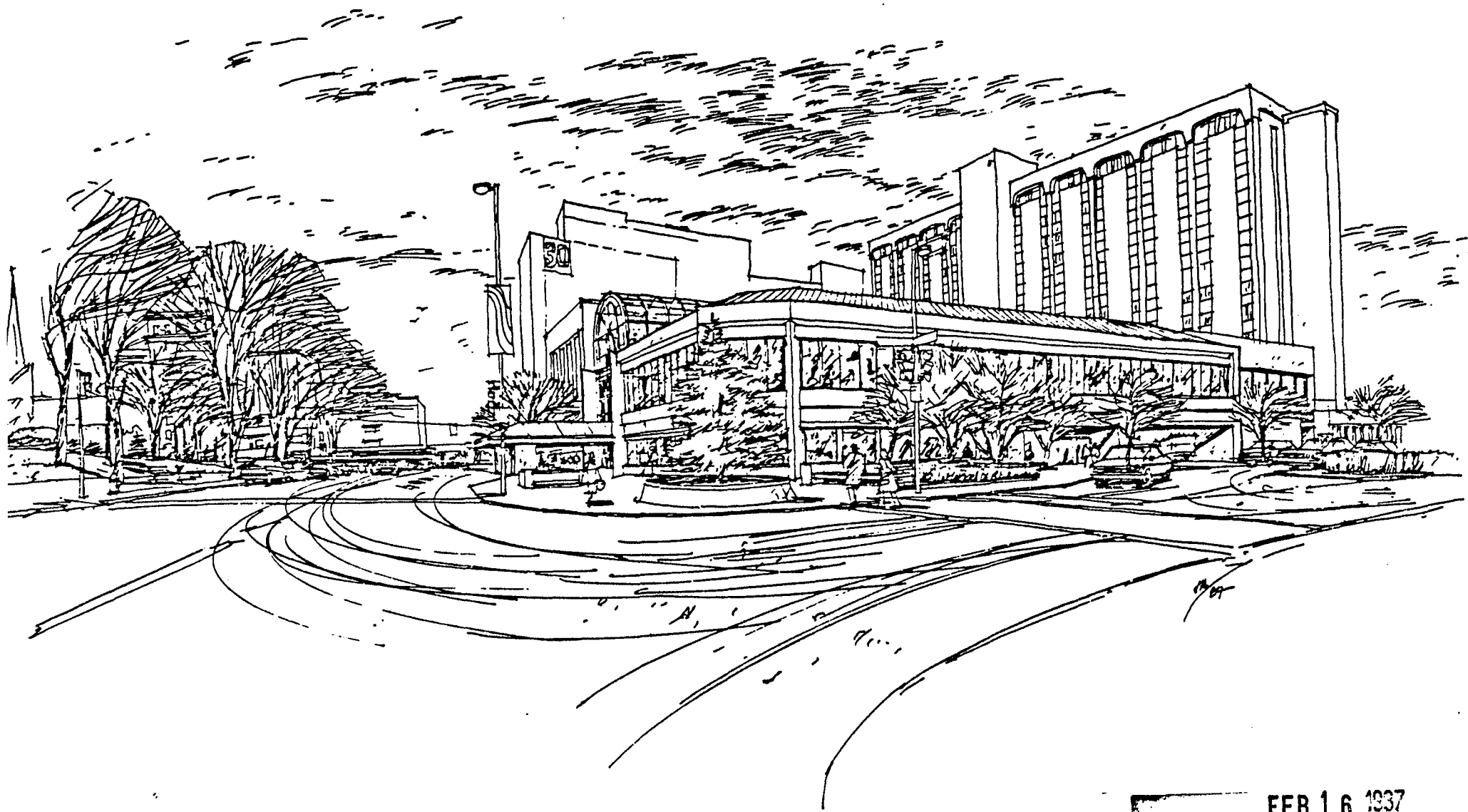
JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

X. COMMUNITY INVOLVEMENT - CITY, STATE, AND NATION

C. Graaskamp and the Convention Center Controversy

2. Convention Center Feasibility Studies for
North Square Location Supervised by Graaskamp

- a. "Concourse Exhibition Center Rationale",
James A. Graaskamp, Working Drafts,
February 16, 1987 and February 25, 1987:
Includes letter seeking information



FEB 16 1937

CONCOURSE CONVENTION CENTER

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THE NORTH SQUARE REDEVELOPMENT TIF DISTRICT
CONVENTION CENTER PROPOSAL

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

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

Critical Economic Facts:

1. Convention Center must be financed by those businesses who benefit, including deficits in early operations.
No fiscal risk to the City beyond available TIF funds in North Square District.
2. North Square proposal provides additional hotel rooms in the medium budget range affordable by Wisconsin residents.
3. North Square proposal reinforces existing public investment in MATC, Civic Center, and proposed Art Institute.
4. North Square proposal enjoys maximum identification with the Capitol, State Street, and major Madison street systems.
5. North Square proposal has fortuitous timing as properties required for purchase are underutilized, available for sale (except McDonald's) and TIF surplus exists and is dedicated to components of proposal.

NORTH SIDE CONCOURSE CONVENTION CENTER RATIONALE

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

1. A 23,000 or 33,000 square foot clear span exhibition center, ballroom, pre-event space, meeting rooms, and connected facilities such as MATC and the Civic Center will handle 85% of the events not presently available to the Madison convention market for lack of facilities. 240-330 parking stalls below grade served by entrance to Concourse parking. Separate parking entrance for hotel conversion of 30 On the Square.
2. As a corner site it is visible to both East and West Washington Avenues and would complete the majority of the North Square Development District already in place and already funded with TIF capital sufficient to pump prime the convention hall project.
3. In addition to meeting or exceeding the urban design specifications of the Criteria Committee, (See Exhibit A.) the plan has two alternative financial plans which do not require unlimited financial help from the City or contingent liability by the City for operating deficits. Indeed, the exhibition hall would be part of a privately owned complex that would add a minimum of \$4.7 million to the existing tax base.
4. The preferred financial plan distributes 20% of any operating deficit to all of the property owners in the State Street/Concourse special assessment maintenance district since they would benefit significantly from the retail potential of expanded convention activity. A maximum limit on this liability, say \$150,000 a year, would compare favorably with a current annual maintenance assessment. The remaining 80% of any deficit of the Convention Center would be assessed to hotel rooms in a new assessment hotel district on the Square. The assessment would be on room count with hotels directly tied to the Convention Center by the skyway system counting each room at full value and those hotels not on the skyway system but in the district counting each room at 50% weight. This assessment recognizes that an increase of 10-15% in the occupancy of an existing hotel produces a huge increase of cash flow which can be shared, if necessary, with the Convention Center, which is the source of the revenue. Parking would be financial conventionally without parking utility assistance.
5. The preferred financing plan would allow the Concourse Hotel to remain under separate ownership and responsible for financing its own improvements and remodeling necessitated by connecting to the neighboring Convention Center. In addition, 30 On the Square plus the Hub site would be converted by a separate investing corporation to 160 room moderately priced hotel at \$45 per night or less. The remaining land in the block including the alley, and skyways, would be acquired and cleared by a public/private corporation called Convention, Inc. Corporate control would be spread among the parties at interest to avoid favoring the nearby hotels.

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

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

PHASE I

- | | |
|------|---|
| 1988 | Acquisition of buildings, relocation of tenants, and selected demolition. |
| 1989 | Construction of 246-300 parking stalls below ground on subject site serviced through entrance and exit gates of the Concourse Hotel. Size depends on whether Hub and McDonald's are relocated. |
| 1990 | Construction completion of retail arcade and meeting rooms at Mifflin Street grade to the corner of Wisconsin Avenue with 23,000 or 33,000 square foot exhibition center, 9,000 square feet of pre-event area, and servicing space integrated into ballroom and meeting room of Concourse itself. |
| 1990 | Skyway to El Esplanade, 30 On the Square, and Dayton Street parking ramp. Second skyway to existing MATC Building. |
| 1991 | Completion of conversion of 30 On the Square to 160 room low priced hotel with access to underground parking, retail arcade, and skyway at second floor level. |
| 1992 | Extend skyway to Art Institute in Orpheum Theater Building and connector to Civic Center plaza. |
| 1995 | Construct conference center and continuing education facility for operation by MATC departments on parking site of MATC block. |

Exhibit A

URBAN DESIGN CONSIDERATIONS

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

URBAN DESIGN CONSIDERATIONS

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

SUMMARY OF POTENTIAL MEETING BUSINESS SURVEY

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

Prospective Attendees by Size of Meeting

(Based on 69 responses)

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

Prospective Exhibition Hall Space Needs

(Based on 59 responses)

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

Prospective Banquet Seating

(Based on 14 responses)

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

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

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

Exhibit B

ESTIMATES OF EXHIBIT HALL SPACE NEEDS

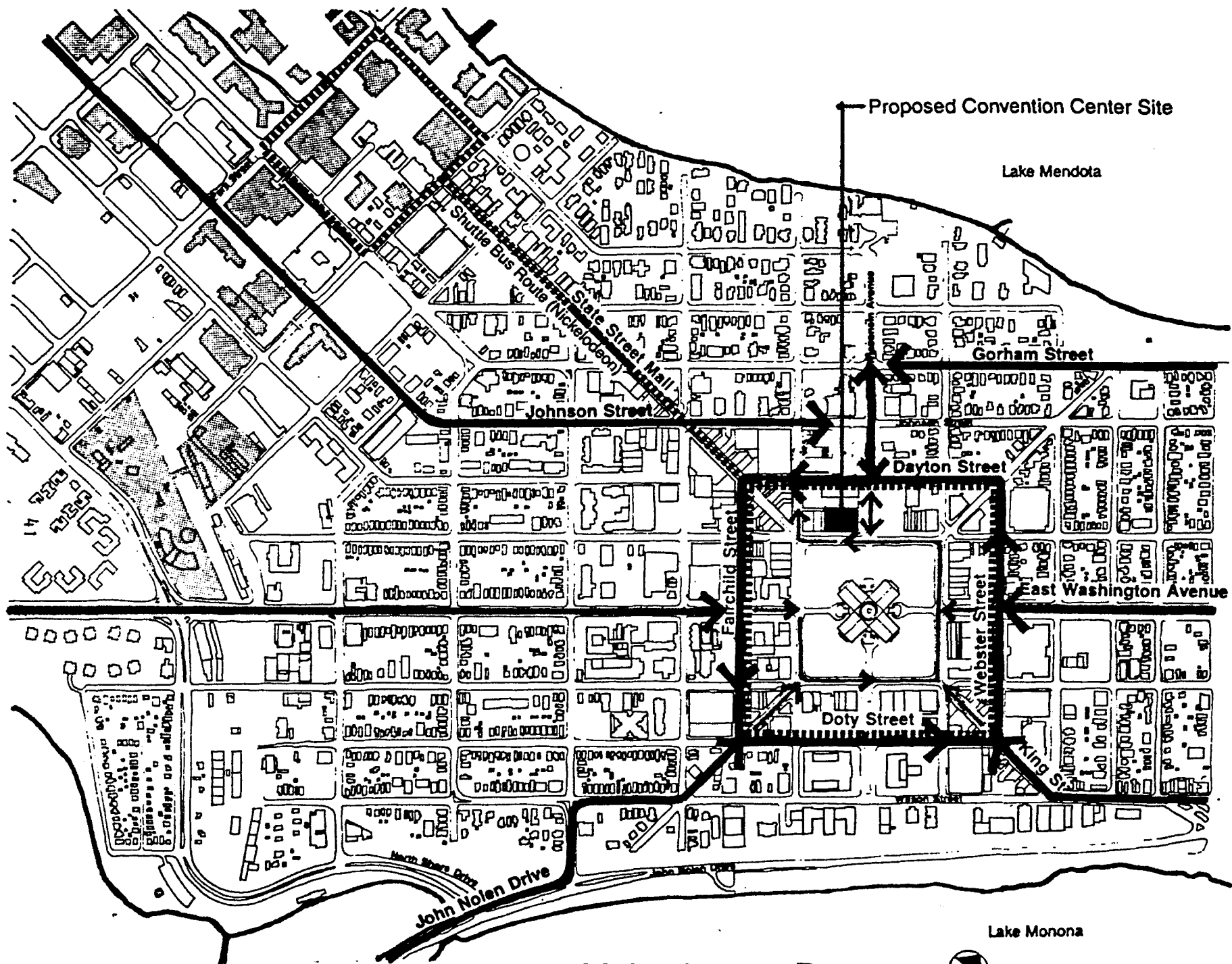
<u>Study Cited</u>	<u>% of Prospective Exhibits Served</u>	<u>Square Feet Required</u>
1. Greater Madison Convention and Visitor's Bureau--Survey of State Associations	95%	22,500
2. Madison Convention and Visitor's Bureau--Survey of groups showing interest in holding meetings in Madison.	85%	30,000
3.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

ESTIMATED EVENTS OCCURRING AT CONVENTION CENTER

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

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

WORKING DRAFT



Proposed Convention Center Site

Lake Mendota

Gorham Street

Johnson Street

Dayton Street

East Washington Avenue

Doty Street

John Nolen Drive

Lake Monona

Major Access Routes



P Proposed Ramps ■■■■■ Shuttle Bus Route (Nickelodeon)

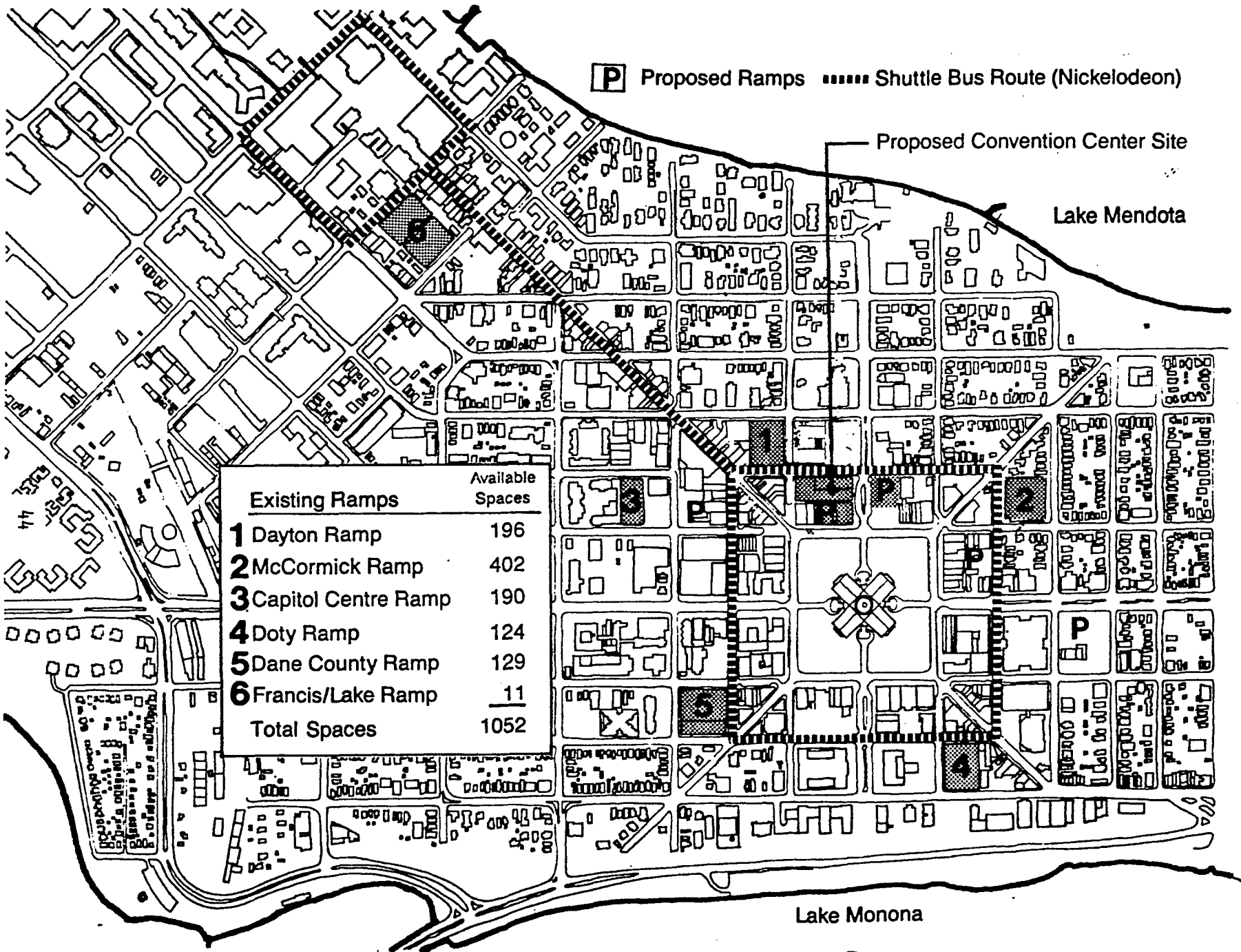
Proposed Convention Center Site

Lake Mendota

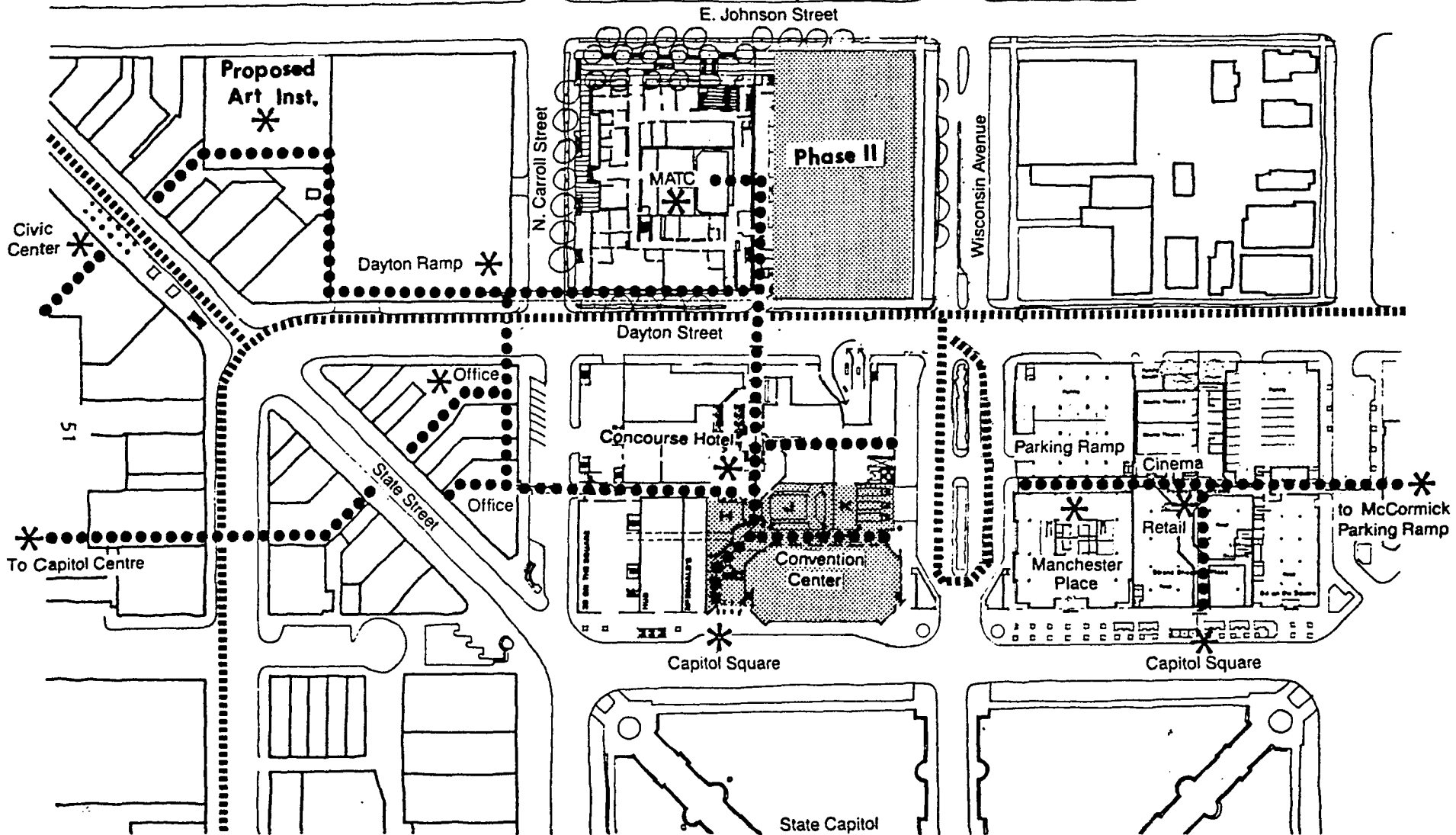
Existing Ramps	Available Spaces
1 Dayton Ramp	196
2 McCormick Ramp	402
3 Capitol Centre Ramp	190
4 Doty Ramp	124
5 Dane County Ramp	129
6 Francis/Lake Ramp	11
Total Spaces	1052

Lake Monona

Parking Ramps



- Second-Level Pedestrian System
- ▬▬▬▬▬▬▬ Shuttle Bus Route (Nickelodeon)

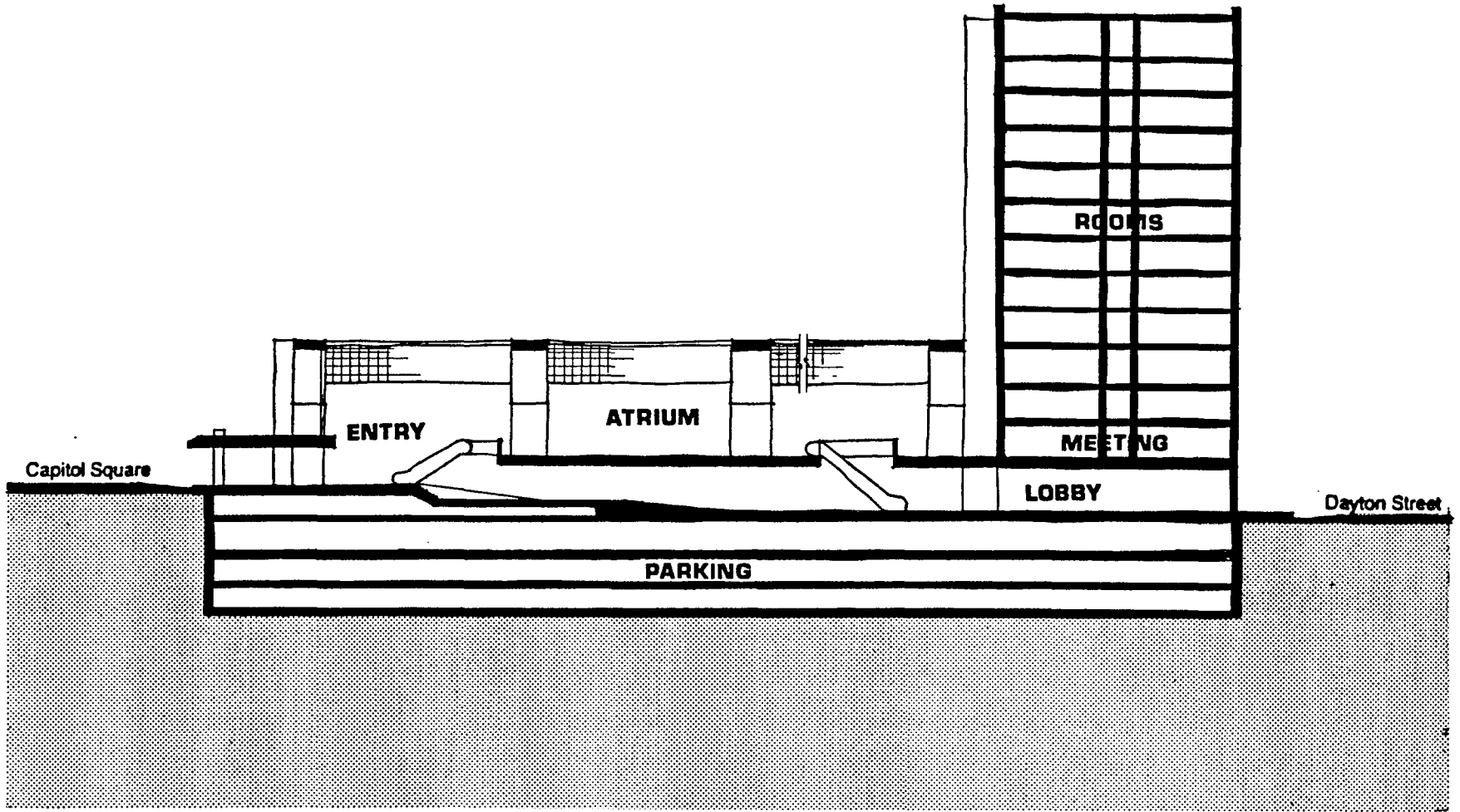


Linkage Plan - Second Level Pedestrian System

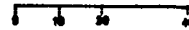
Capitol Square North Plan - Madison Department of Planning



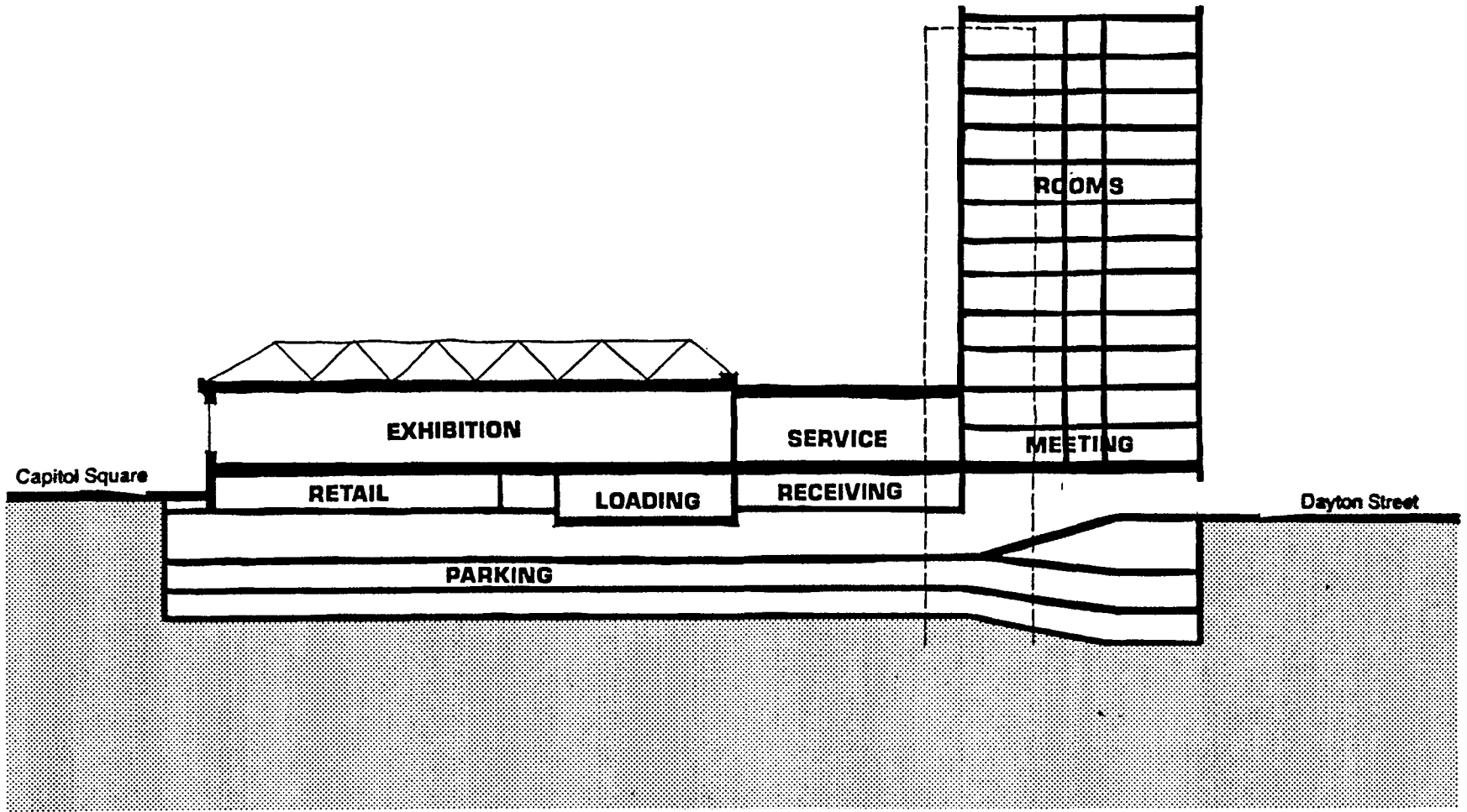
North



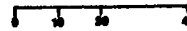
SECTION



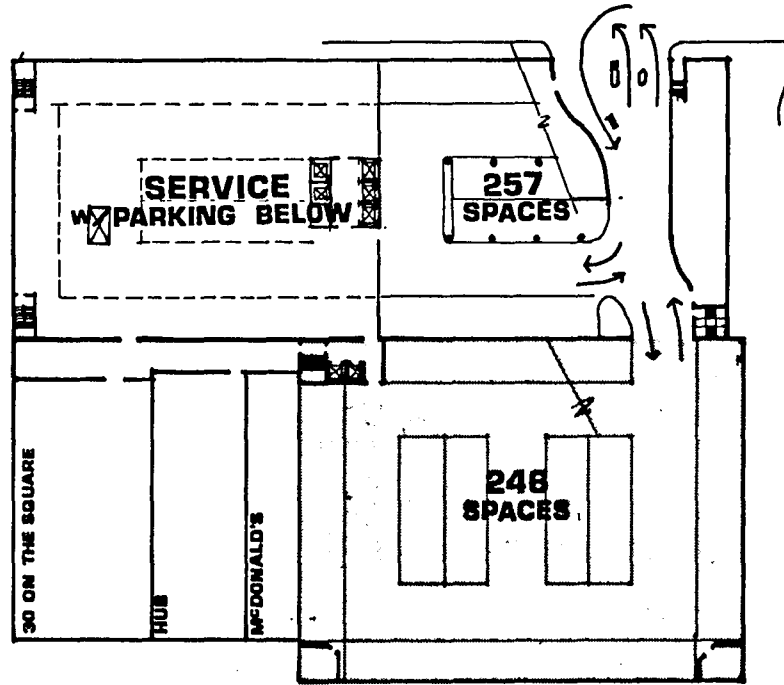
CONCOURSE CONVENTION CENTER



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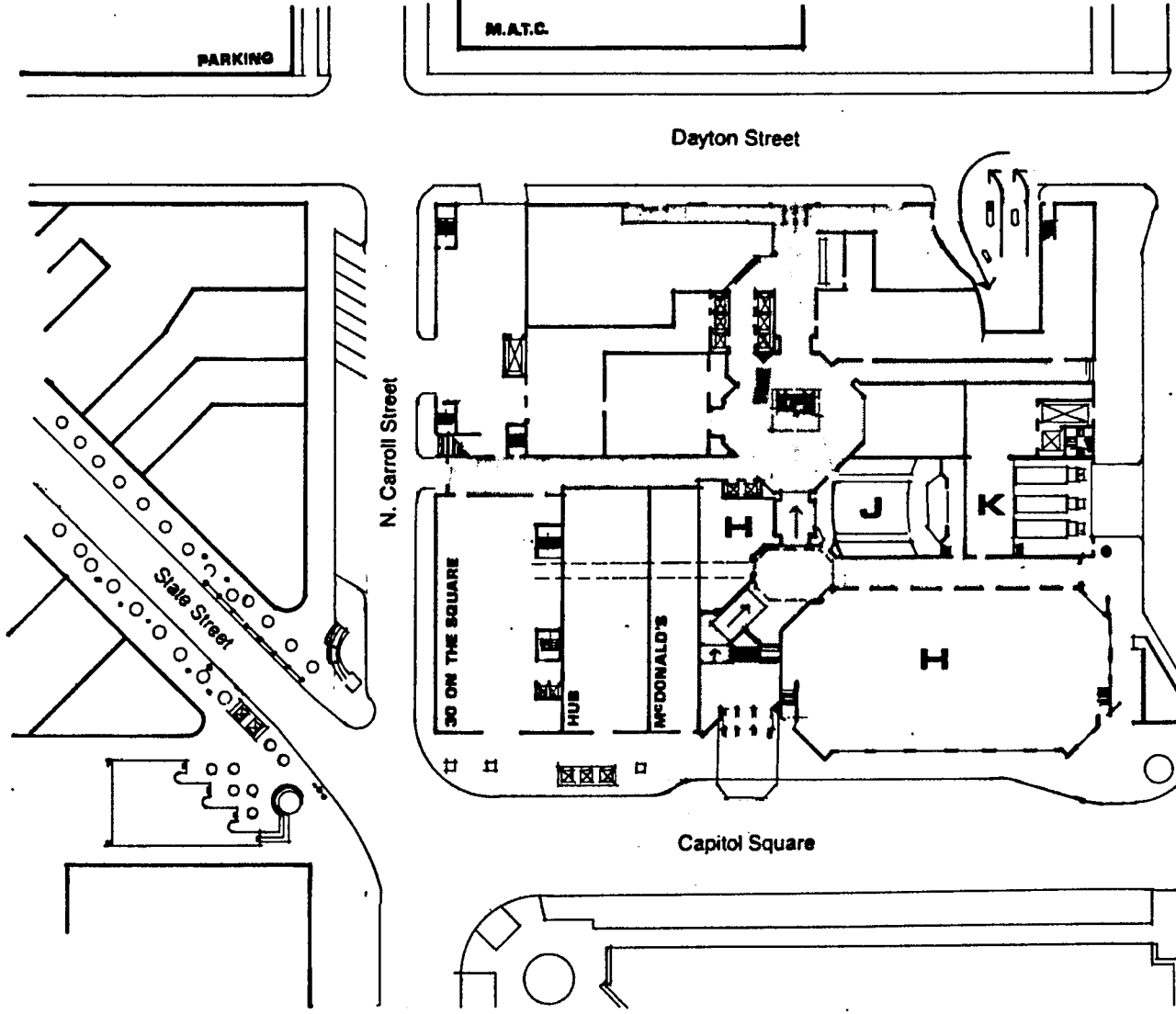
CONCOURSE CONVENTION CENTER



PARKING LEVEL PLAN



CONCOURSE CONVENTION CENTER

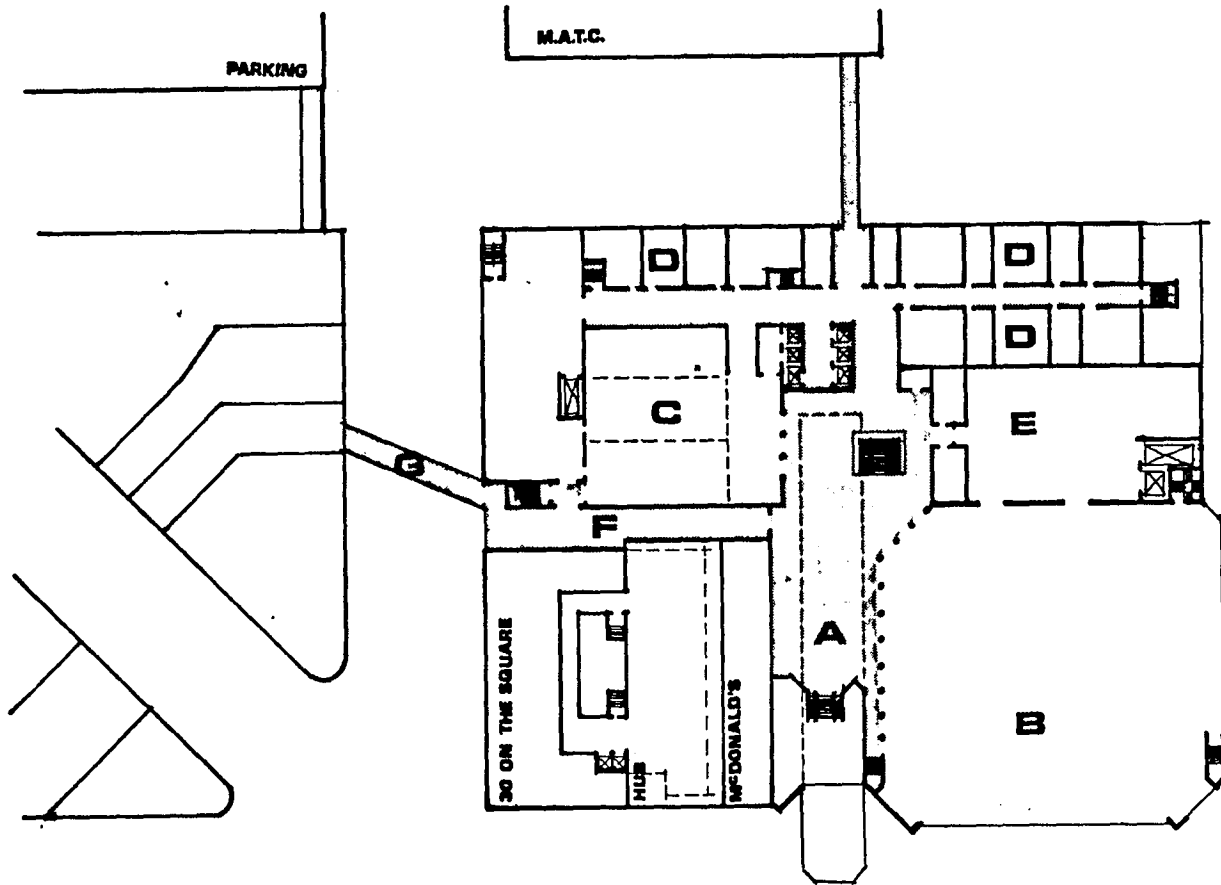


- H RETAIL**
- J AUDITORIUM**
- K LOADING DOCK**

LOBBY LEVEL PLAN

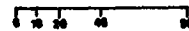


CONCOURSE CONVENTION CENTER



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

EXHIBITION LEVEL PLAN



CONCOURSE CONVENTION CENTER

SQUARE FEET IN PHASE I

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

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

WORKING DRAFT

CONVENTION HALL CORPORATION COSTS

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

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

Property Acquisition

The Hub	\$300,000
Brathaus II	\$300,000
Woolworth	\$600,000
14 W. Mifflin	<u>\$1,200,000</u>
Subtotal	\$2,400,000

Total Construction Cost and Working Capital

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

Total Cost \$16,351,800

Public Subsidy 2

CDA (Skywalks) 3	\$1,255,000
CDA (Land Write-Down	\$2,400,000
Street Improvement	<u>\$225,000</u>

Total Subsidy \$3,875,000

Madison Business Community 4 \$2,000,000

Total Debt Required \$10,476,800

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

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

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

4 Madison Business Community paid in common stock.

PHASE I BUDGET

Revenues (net of all expenses)

Convention Center Income (\$2,000 per day, 100 event days)	\$200,000
Parking Income (246 stalls, \$5 per day, 50% occupancy)	\$221,000
Increased Room Tax (7% tax on \$50/night, 45,000 possible room nights x 80% capture in Madison = 36,000 additional room nights)	\$126,000
Retail Revenue (14,250 sq ft. \$8.50 per sq. ft.)	<u>\$121,000</u>

Total Revenues	\$668,000
Less Real Estate Tax \$600,000 NOI before tax divided by 12.8% (10% cap rate + 2.8% tax rate) equals \$4,687,500 x 2.8% (Real Estate Tax)	(\$130,000)
Annual Debt Service @ 10.5% interest for 25 year amortization with 10 year balloon	<u>(\$1,187,000)</u>
1st Year Deficit before profits on food or beverage	(\$649,000)
Less 20% assessed to Concourse Maintenance Assessment District	<u>\$130,000</u>
Total to be assessed to rooms	\$519,000
Required Room Assessment	
-370 attached rooms	\$1,100
-227 rooms at Inn on the Park	\$530

**Phase I
Room Night Calculations**

Assumptions:

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

Potential room nights	45,000	(somewhere in Dane County)
Capture (80%)	<u>36,000</u>	

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

Concourse (Headquarters Hotel)

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

Inn on The Park

Captures	30%		
@	\$55		
Margin	.70		\$415,800
Less			
Assessment @ \$530/room		<u>\$120,310</u>	\$120,310
Benefit			\$295,490

Total Assessment	\$527,310
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**PHASE I BUDGET
Optimistic**

Revenues (net of all expenses)

Convention Center Income \$400,000
(\$2,000 per day, 200 event days)

Parking Income \$265,000
(246 stalls, \$5 per day, 60% occupancy)

Increased Room Tax \$252,000
(7% tax on \$50/night, 90,000 possible room
nights x 80% capture in Madison = 72,000
additional room nights)

Retail Revenue \$121,000
(14,250 sq ft. \$8.50 per sq. ft.)

Total Revenues **\$1,038,000**

Less Real Estate Tax (\$227,000)
\$1,000,000 NOI before tax divided by 12.8%
(10% cap rate + 2.8% tax rate) equals
\$4,687,500 x 2.8% (Real Estate Tax)

Annual Debt Service @ 10.5% interest for (\$1,187,000)
25 year amortization with 10 year balloon

1st Year Deficit before profits on food (\$376,000)
or beverage

Less 20% assessed to Concourse Maintenance Assessment \$75,000
District

Total to be assessed to rooms \$301,000

Required Room Assessment

-370 attached rooms \$625
-227 rooms at Inn on the Park \$310

**Phase I Optimistic
Room Night Calculations**

Assumptions:

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

Potential room nights	90,000	(somewhere in Dane County)
Capture (80%)	<u>72,000</u>	

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

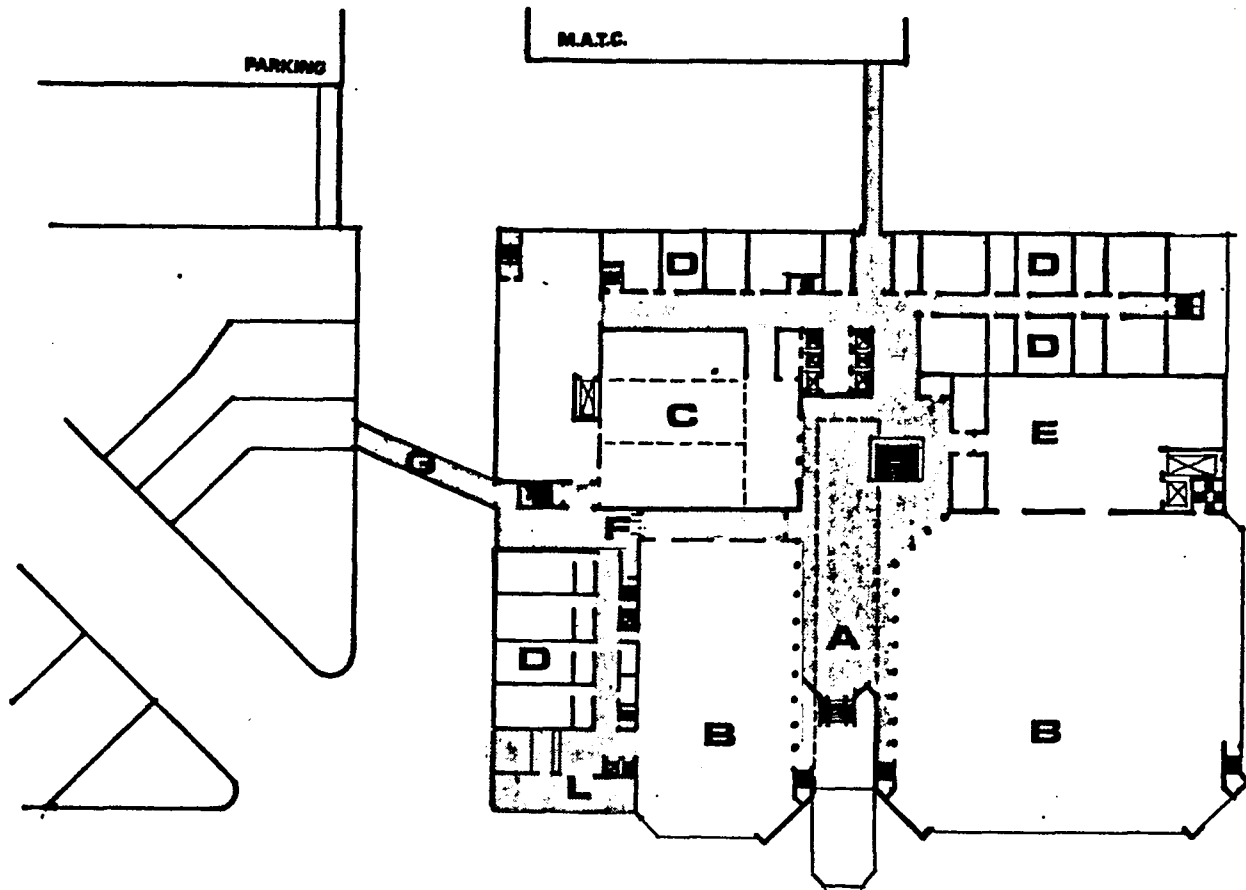
Concourse (Headquarters Hotel)

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

Inn on The Park

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

Total Assessment	\$301,620
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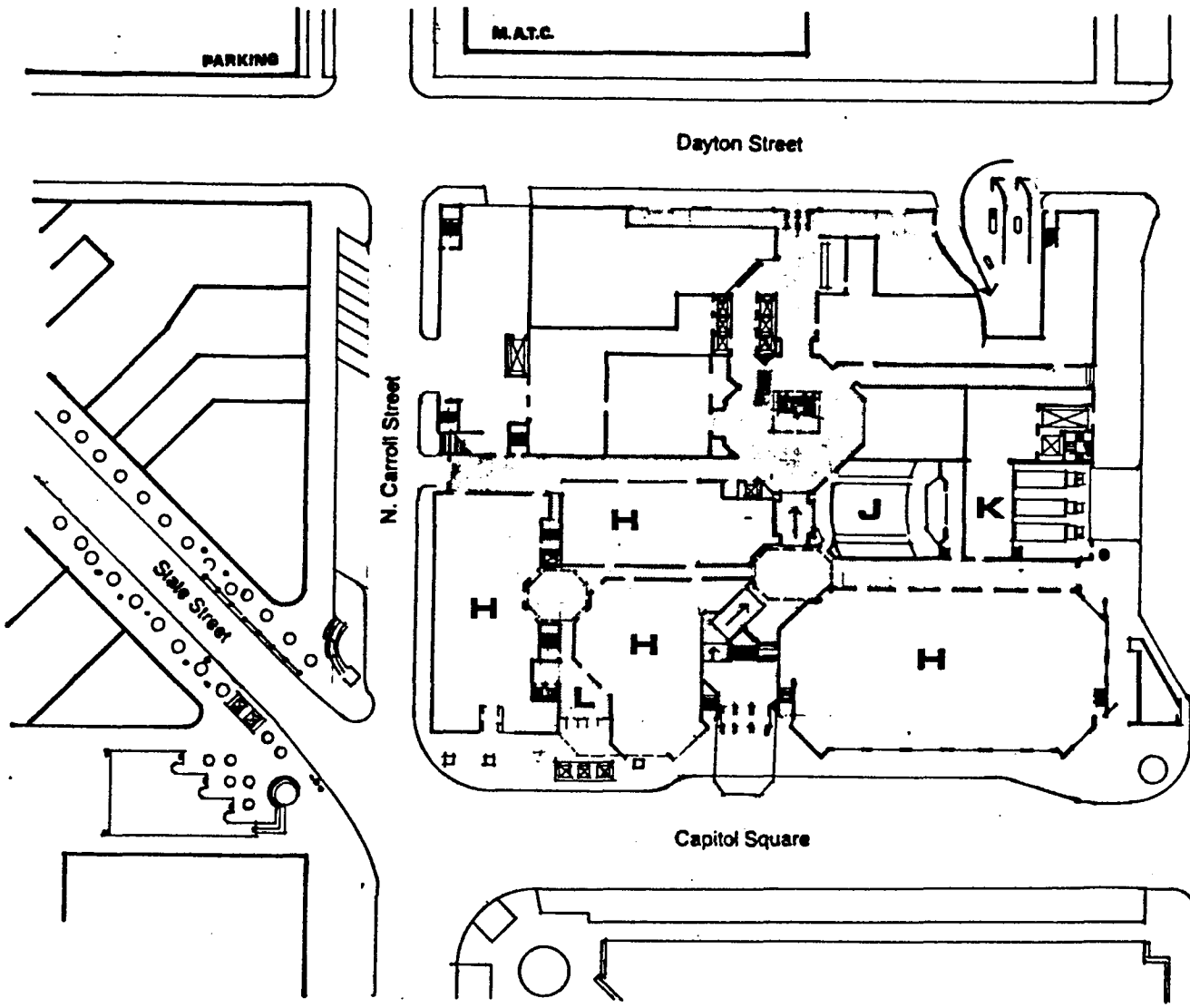
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- B** EXHIBITION
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- G** SKYWALK

EXHIBITION LEVEL PLAN



PHASE II

CONCOURSE CONVENTION CENTER



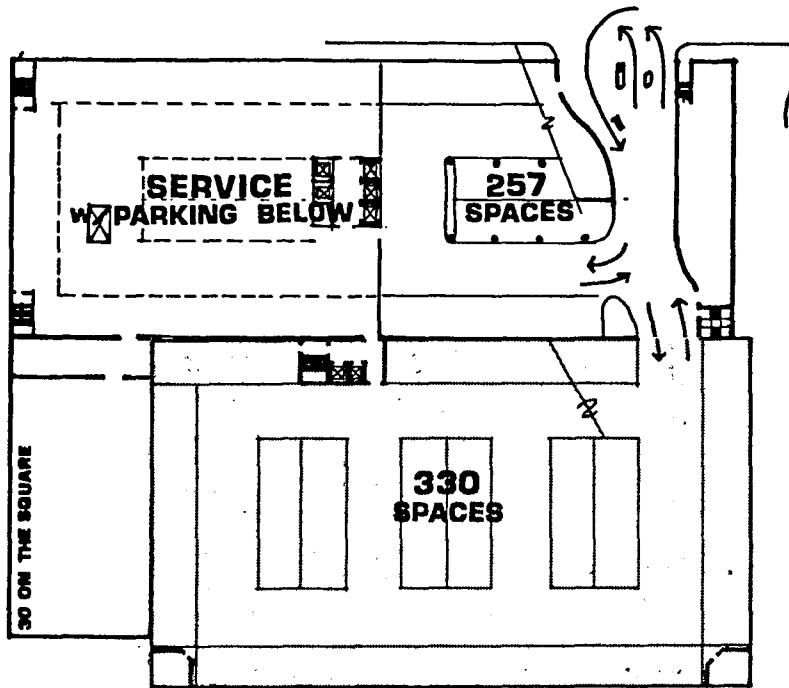
- H RETAIL**
- J AUDITORIUM**
- K LOADING DOCK**
- L HOTEL LOBBY**

LOBBY LEVEL PLAN



PHASE II

CONCOURSE CONVENTION CENTER



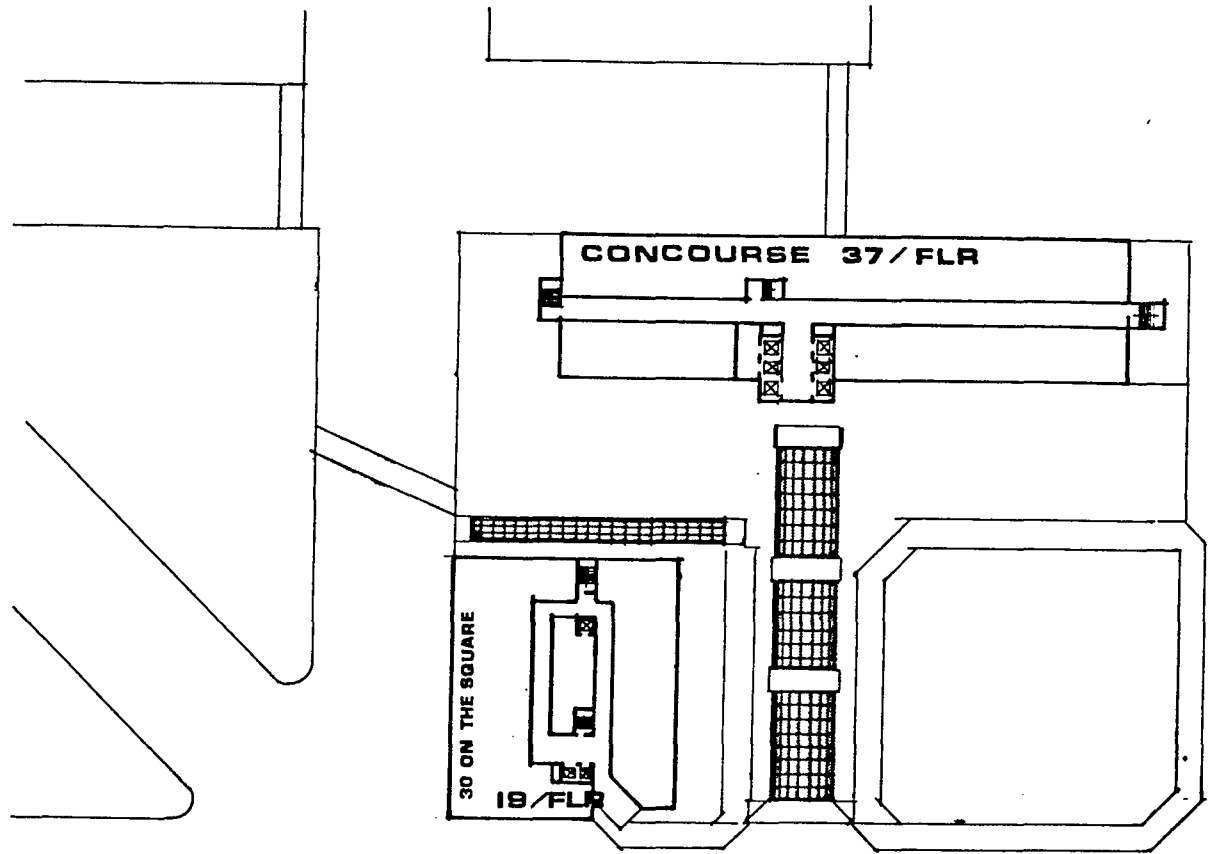
PARKING LEVEL PLAN



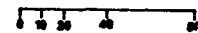
PHASE II



CONCOURSE CONVENTION CENTER



ROOF LEVEL PLAN



CONCOURSE CONVENTION CENTER

Phase II BUDGET

Revenues (net of all expenses)

Convention Center Income \$200,000
 (\$2,000 per day, 100 event days)

Parking Income \$221,000
 (246 stalls, \$5 per day, 50% occupancy)

Increased Room Tax \$126,000
 (7% tax on \$50/night, 45,000 possible room
 nights x 80% capture in Madison = 36,000
 additional room nights)

Retail Revenue \$121,000
 (14,250 sq ft. \$8.50 per sq. ft.)

Total Revenues **\$668,000**

Less Real Estate Tax (\$130,000)
 \$600,000 NOI before tax divided by 12.8%
 (10% cap rate + 2.8% tax rate) equals
 \$4,687,500 x 2.8% (Real Estate Tax)

Annual Debt Service @ 10.5% interest for (\$1,187,000)
 25 year amortization with 10 year balloon

1st Year Deficit before profits on food (\$649,000)
 or beverage

Less 20% assessed to Concourse Maintenance Assessment \$130,000
 District

Total to be assessed to rooms \$519,000

Required Room Assessment

-530 attached rooms \$810
 -227 rooms at Inn on the Park \$405

**Phase II
Room Night Calculations**

Assumptions:

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

Potential room nights	45,000	(somewhere in Dane County)
Capture (80%)	<u>36,000</u>	
	36,000	

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

Concourse (Headquarters Hotel)

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

30 On The Square (Moderate priced Hotel)

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

Inn on The Park

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

Total Assessment	\$521,235
------------------	-----------

**Phase II, BUDGET
Optimistic**

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

**Phase II Optimistic
Room Night Calculations**

Assumptions:

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

Potential room nights	90,000	(somewhere in Dane County)
Capture (80%)	<u>72,000</u>	

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

Concourse (Headquarters Hotel)

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

30 On The Square (Moderate priced Hotel)

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

Inn on The Park

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

Total Assessment	\$302,445
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ALTERNATIVE FINANCING PLAN

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

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

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

1. The mortgages are first amortized on a 15-25 year schedule from total business income of the corporation.
2. Preferred stock receives cumulative dividends of 9% per year when earnings exceed debt service. As earnings permit a cash surplus beyond dividends or refinancing becomes appropriate, the preferred stock will be called and retired at stated prices.
3. When some proportion of the preferred stock has been paid off, the common stock will then take control. It is intended that about 65% of the common stock would go to the present partners who own the Concourse Hotel and who make the economic scenario possible, while approximately 35% goes to the public entities which invested in the project, such as the CDA, the Madison Development Corporation or any other community interest group.

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

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

Costs for Phase I

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

* Letters correspond to drawings.

WORKING DRAFT

SCENARIO I

Single Private/Public Corporation Owning The Block

Acquisition Cost

Existing Mortgages

Concourse	\$20,000,000	(\$12,000,000)
Brathaus II	\$300,000	(\$300,000)
30 OTS	\$2,400,000	(\$1,950,000)
Woolworth	\$600,000	(\$300,000)
14 W. Mifflin	<u>\$1,200,000</u>	<u>(\$850,000)</u>
Subtotal	\$24,500,000	\$15,400,000

Construction Cost

Demolition	\$125,000
New Parking	\$2,500,000
Skywalks	\$1,250,000
Exhibition Center	\$12,515,000
W.C. Loan	\$1,000,000
Streets and Infra	<u>\$225,000</u>
Subtotal	\$17,615,000

Total Cost

\$42,115,000

Sources of Funds

Owners Equity

Preferred

Common

Concourse	\$4,000,000	1	\$4,000,000
Brathaus II	\$0		
30 OTS	\$450,000		
14 W. Mifflin	\$350,000		
Woolworth	\$300,000		
Skywalks		2	\$1,250,000
City Parking			\$500,000

Madison Business Community

	<u>\$5,100,000</u>		<u>\$1,250,000</u>
			\$7,000,000

Total Equity

(\$12,100,000)

Additional City Subsidy

City Parking Finan	\$2,000,000
--------------------	-------------

CDA

Write-Downs	\$1,450,000
Streets etc.	<u>\$225,000</u>

Subtotal

\$3,675,000	(\$3,675,000)
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Conventional Debt Required to Refinance Existing Mortgages (\$15,400,000)

New Conventional Debt Required
Annual Debt Service on New Debt

\$10,940,000
\$1,192,942

Total Debt Required
Total Debt Service Required

\$26,340,000
\$2,872,221

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

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

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

-
- 1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.
 - 2 Includes \$965,000 of renovation to the Concourse for 2 escalators @ \$160,000, refurbishing 170 rooms @ \$3,000/room, and remodeling of meeting rooms and ballroom @ \$295,000.
 - 3 To be paid from current Concourse Hotel cash flow.

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

Acquisition Cost

Existing Mortgages

Concourse	\$20,000,000	(\$12,000,000)
Brathaus II	\$300,000	(\$300,000)
30 DTS	\$2,400,000	(\$1,950,000)
Woolworth	\$600,000	(\$300,000)
14 W. Mifflin	<u>\$1,200,000</u>	<u>(\$850,000)</u>
Subtotal	\$24,500,000	\$15,400,000

Construction Cost

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

Total Cost \$46,940,000

Sources of Funds

Owners Equity

Preferred

Common

Concourse	\$4,000,000	1	\$4,000,000
Brathaus II	\$0		
30 DTS	\$450,000		
14 W. Mifflin	\$350,000		
Woolworth	\$300,000		
Skywalks (CDA)		2	\$1,250,000
City Parking			\$500,000

Madison Business Community

\$5,100,000

\$1,250,000

\$7,000,000

Total Equity (\$12,100,000)

Additional City Subsidy

City Parking Finan \$2,000,000

CDA

Write-Downs \$1,750,000

Streets etc. \$225,000

Subtotal \$3,975,000 (\$3,975,000)

Conventional Debt Required to Refinance Existing Mortgages (\$15,400,000)

New Conventional Debt Required \$15,465,000

Annual Debt Service on New Debt \$1,686,367

Total Debt Required \$30,865,000

Total Debt Service Required \$3,365,646

1 (4 votes of Board of Directors)

2 (3 votes on Board of Directors)

scenario 11
 Incremental Revenues to New Concourse Corporation
 With a Convention Center and Conversion of 30 OTS
 and The Hub to Hotel--Year 1.

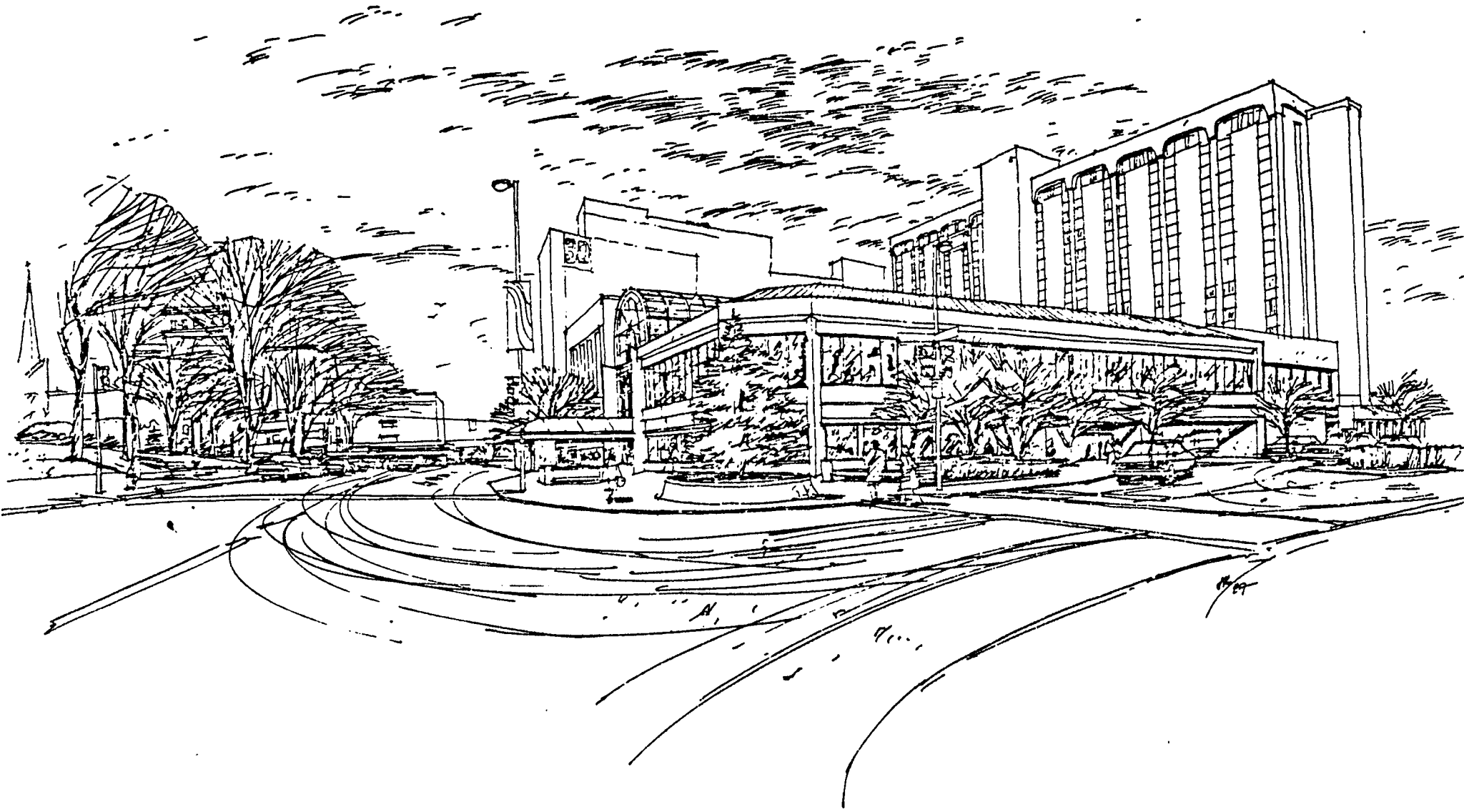
	Incremental Room Nights	45,000	
	(25 Events, 600 attendees, 3 nights)		
	40% of New Room-Nights to Concourse	18,000	
	Gross Incremental Revenue	\$1,080,000	
	@ \$60 per Room-Night--Concourse		
1	Marginal Gross Profit	\$864,000	\$864,000
	(80% of Gross Income)		
	Gross Incremental Revenue for	\$810,000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

-
- 1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.
 - 2 18,000 Rooms Nights @ 30 OTS is 44% of 70% occupancy of 40,880.
 - 3 Includes \$965,000 of renovation to the Concourse for 2 escalators @ \$160,000, refurbishing 170 rooms 2 \$3,000/room, and remodeling of meeting rooms and ballroom @ \$295,000.
 - 4 To be paid from current Concourse Hotel cash flow.

Footnotes

- 1 Based on Landmark Research Appraisal of Concourse Hotel in Summer of 1986.
- 2 Based on Landmark Research Appraisal of 30 On The Square in Summer of 1985.
- 3 Based on Landmark Research retail data.
- 4 Based on information provided in the Industry Profile Survey compiled by the International Association of Auditorium Managers.
- 5 Assumes increase of \$5 million in tax base at 1986 mill rate of 2.84%.
- 6 Assumes conversion to 100 hotel rooms at \$40 per night Based on Landmark Research and Appraisal of the Inntowner Hotel in Summer of 1985.
- 7 Assumes first floor of 30 On The Square is converted to 5000 net square feet of retail space in addition to retail under the exhibition center.
- 8 Assumes increase of \$7 million in tax base at 1986 mill rate of 2.84%.

WORKING DRAFT



CONCOURSE CONVENTION CENTER

JAMES A. GRAASKAMP

Clarlan key & associate
Architects, Planning, Building Recycle
110 King St., Madison, WI 53703 • 608-251-73

FEB 25 1987

CONCOURSE EXHIBITION CENTER RATIONALE

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

PHASE I - 1988

Construction of Exhibition Center on site above

Retail space on Mifflin/Wisconsin Avenue Corner

246 parking stalls under Convention Center serviced through Concourse ramp

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

PHASE II 1990

Construct conference center and continuing education facility on MATC parking site

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

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

Extend skyway to Art Institute and Civic Center

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

WORKING DRAFT

1. TIF funds exist with the CDA in excess of the \$1.5 million requested in this plan
2. TIF funds for North Square skywalks already exist to fund \$1,250,000 of skywalks and atriums
3. The Exhibition Center would be privately owned and financed and add \$5,000,000 tax increment to the block in addition to current assessed value
4. Parking utility capacity for additional debt is twice the amount required of \$2,460,000
5. Current land owners are allowed to benefit in future values created by their cooperation and by avoiding eminent domain
6. Plan recognizes basic truth that the only way to finance a convention center is from the improved cash flow profits of the hotel which is closest to the Center and those cash flows are highest where the existing stock of rooms was built at average costs closer to \$45,000 per room than rooms that must be built at today's prices at \$85,000 per room. Unless the hotel owners and the Convention Center owners are the same, there is no vested reason to share. The room tax is not capable of diverting sufficient funds to finance such a convention center.
7. The financing plan is a variation of the French plan which built much of New York City. First the conventional mortgages are amortized from total business revenues of the complex; then preferred dividends are paid to the preferred stock holders who were the original property owners when earnings permit. Preferred stock is cumulative, callable at stated prices and determines corporate directors until 90% of the preferred stock has been paid off. Common stock then takes control and it should be noted that 65% of the common stock goes to the owners of the hotel who make the economics possible and approximately 35% goes to the community groups which invested early in the project, specifically the CDA, the Madison Development Corporation, and the State Street Merchants Association. With mortgages and preferred stock paid off in the 20-25 years the common stock holders control the enterprise and own the value of the operating assets. It is a unique set of priorities which fairly recognizes who pays and who benefits.

WORKING DRAFT

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

Architectural Services by Arlan Kay & Associates, Architects

Tables prepared by UW Business graduate students:

David Baker
Mark Kelling
Paul Berg

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

WORKING DRAFT

URBAN DESIGN CONSIDERATIONS

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

URBAN DESIGN CONSIDERATIONS

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

SQUARE FEET IN PHASE I

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

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

WORKING DRAFT

Costs for Phase I

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

* Letters correspond to drawings.

WORKING DRAFT

ESTIMATES OF EXHIBIT HALL SPACE NEEDS

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

ESTIMATED EVENTS OCCURING AT CONVENTION CENTER

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

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

WORKING DRAFT

SCENARIO I
Single Private/Public Corporation Owning The Block

<u>Acquisition Cost</u>		<u>Existing Mortgages</u>
Concourse	\$20,000,000	(\$12,000,000)
Brathaus II	\$300,000	(\$300,000)
30 OTS	\$2,400,000	(\$1,950,000)
Woolworth	\$600,000	(\$300,000)
14 W. Mifflin	<u>\$1,200,000</u>	<u>(\$850,000)</u>
Subtotal	\$24,500,000	\$15,400,000
Construction Cost		
Demolition	\$125,000	
New Parking	\$2,500,000	
Skywalks	\$1,250,000	
Exhibition Center	\$12,515,000	
W.C. Loan	\$1,000,000	
Streets and Infra	<u>\$225,000</u>	
Subtotal	\$17,615,000	
Total Cost		\$42,115,000
Sources of Funds		
Owners Equity	<u>Preferred</u>	<u>Common</u>
Concourse	\$4,000,000	1 \$4,000,000
Brathaus II	\$0	
30 OTS	\$450,000	
14 W. Mifflin	\$350,000	
Woolworth	\$300,000	
Skywalks		2 \$1,250,000
City Parking		\$500,000
Madison Business Community	<u>\$5,100,000</u>	<u>\$1,250,000</u>
		\$7,000,000
Total Equity		(\$12,100,000)
Additional City Subsidy		
City Parking Finan	\$2,000,000	
CDA		
Write-Downs	\$1,450,000	
Streets etc.	<u>\$225,000</u>	
Subtotal	\$3,675,000	(\$3,675,000)
Conventional Debt Required to Refinance Existing Mortgages		(\$15,400,000)
New Conventional Debt Required		\$10,940,000
Annual Debt Service on New Debt		\$1,192,942
Total Debt Required		\$26,340,000
Total Debt Service Required		\$2,872,221

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

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

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

-
- 1 Additional Revenues to the Concourse do not include additional revenues from food and drink sales, increased meeting business, and other income attracted by the exhibition center.
 - 2 Includes \$965,000 of renovation to the Concourse for 2 escalators @ \$160,000, refurbishing 170 rooms 2 \$3,000/room, and remodeling of meeting rooms and ballroom @ \$295,000.
 - 3 To be paid from current Concourse Hotel cash flow.

SCENARIO II

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

Concourse	\$20,000,000	(\$12,000,000)
Brathaus II	\$300,000	(\$300,000)
30 OTS	\$2,400,000	(\$1,950,000)
Woolworth	\$600,000	(\$300,000)
14 W. Mifflin	<u>\$1,200,000</u>	<u>(\$850,000)</u>
Subtotal	\$24,500,000	\$15,400,000

Existing Mortgages

Construction Cost

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

Total Cost

\$46,940,000

Sources of Funds

Owners Equity

PreferredCommon

Concourse	\$4,000,000	1	\$4,000,000
Brathaus II	\$0		
30 OTS	\$450,000		
14 W. Mifflin	\$350,000		
Woolworth	\$300,000		
Skywalks (CDA)		2	\$1,250,000
City Parking			\$500,000

Madison Business Community

\$5,100,000\$1,250,000\$7,000,000

Total Equity

(\$12,100,000)

Additional City Subsidy

City Parking Finan \$2,000,000

CDA

Write-Downs \$1,750,000

Streets etc. \$225,000

Subtotal

\$3,975,000

(\$3,975,000)

Conventional Debt Required to Refinance Existing Mortgages (\$15,400,000)

New Conventional Debt Required

\$15,465,000

Annual Debt Service on New Debt

\$1,686,367

Total Debt Required

\$30,865,000

Total Debt Service Required

\$3,365,646

1 (4 votes of Board of Directors)

2 (3 votes on Board of Directors)

Scenario 11

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

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

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

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

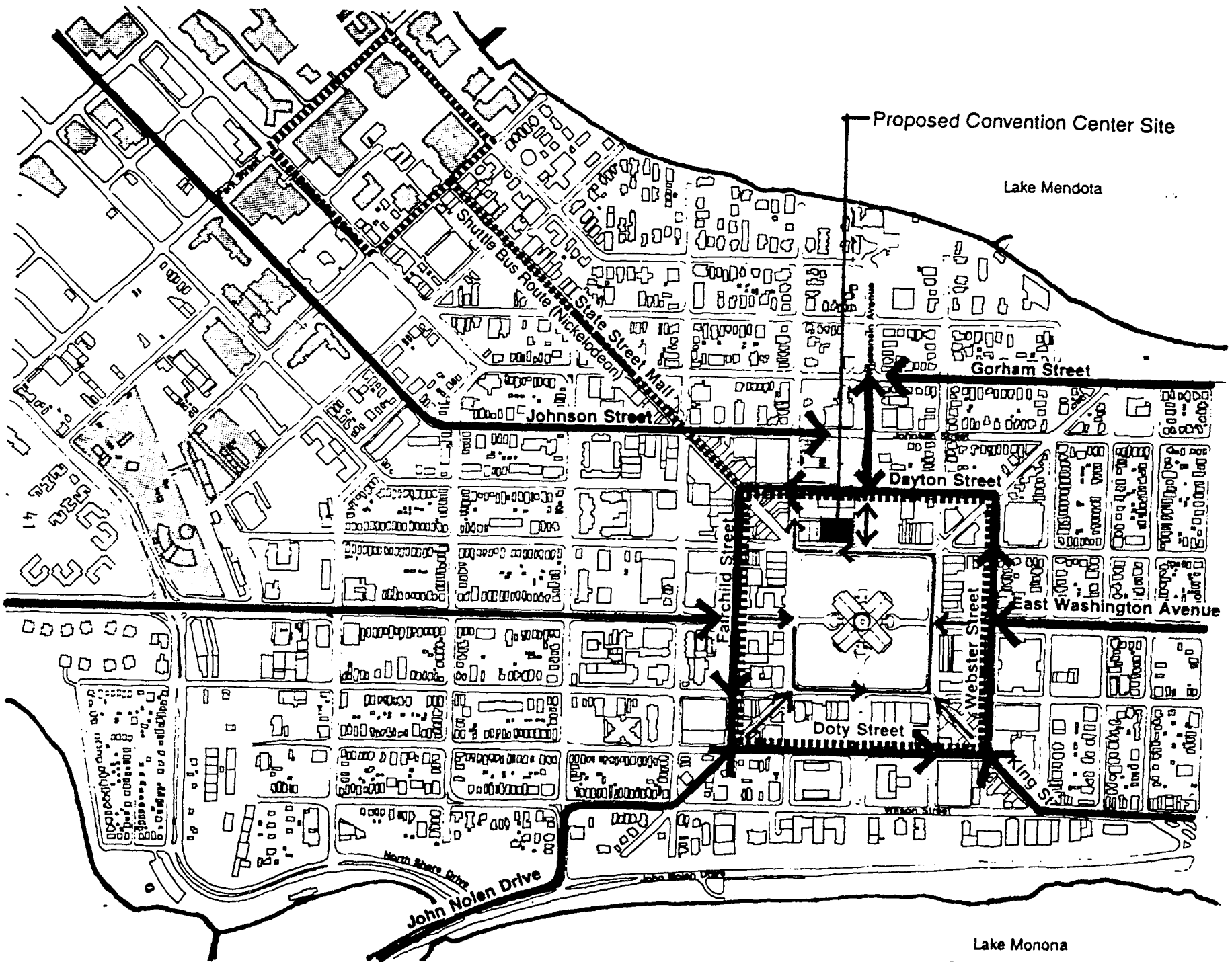
3 Includes \$965,000 of renovation to the Concourse for 2 escalators @ \$160,000, refurbishing 170 rooms 2 \$3,000/room, and remodeling of meeting rooms and ballroom @ \$295,000.

4 To be paid from current Concourse Hotel cash flow.

Footnotes

- 1 Based on Landmark Research Appraisal of Concourse Hotel in Summer of 1986.
- 2 Based on Landmark Research Appraisal of 30 On The Square in Summer of 1985.
- 3 Based on Landmark Research retail data.
- 4 Based on information provided in the Industry Profile Survey compiled by the International Association of Auditorium Managers.
- 5 Assumes increase of \$5 million in tax base at 1986 mill rate of 2.84%.
- 6 Assumes conversion to 100 hotel rooms at \$40 per night Based on Landmark Research and Appraisal of the Inntowner Hotel in Summer of 1985.
- 7 Assumes first floor of 30 On The Square is converted to 5000 net square feet of retail space in addition to retail under the exhibition center.
- 8 Assumes increase of \$7 million in tax base at 1986 mill rate of 2.84%.

WORKING DRAFT



Proposed Convention Center Site

Lake Mendota

Gorham Street

Johnson Street

Dayton Street

East Washington Avenue

Doty Street

Fairchild Street

Webster Street

King Street

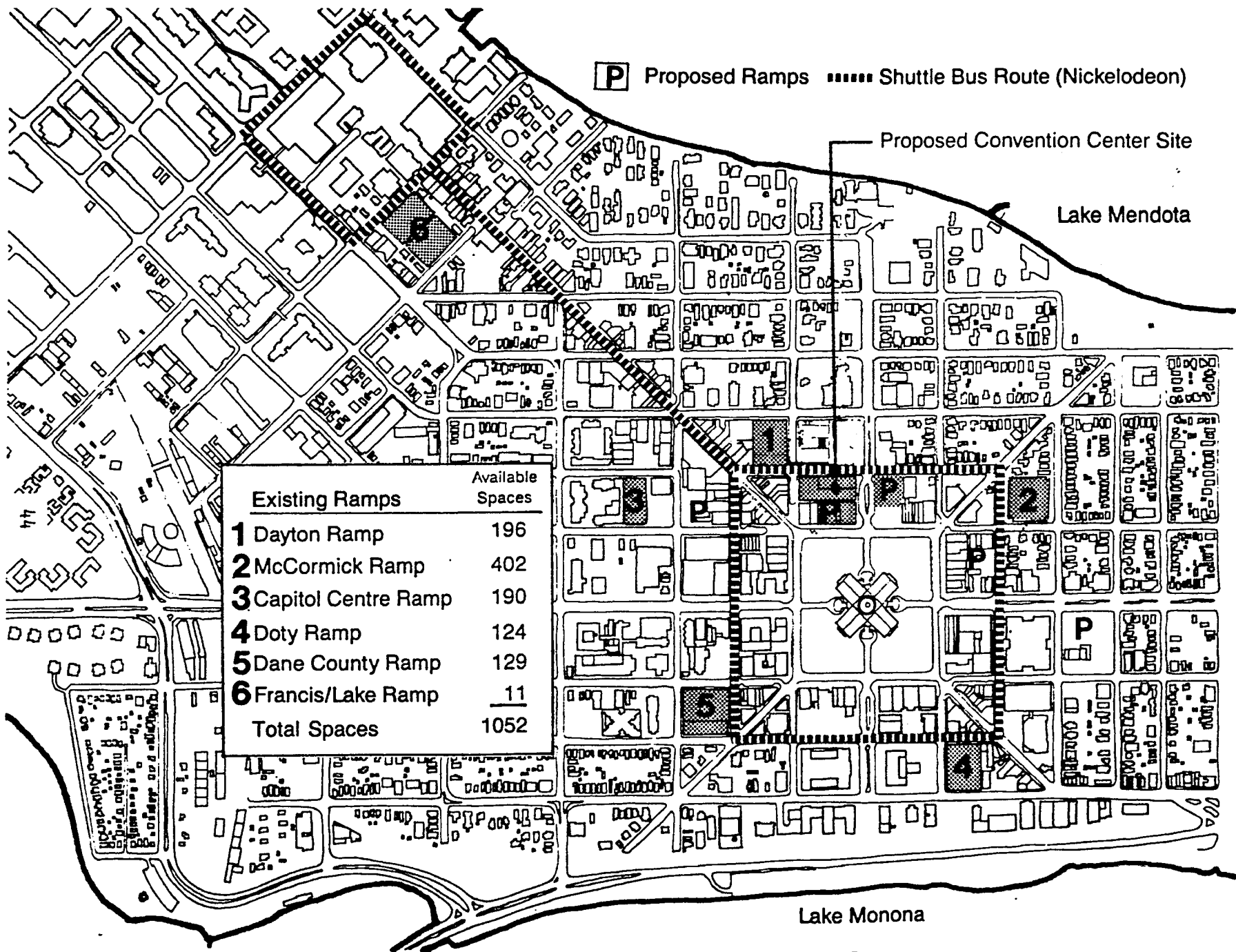
John Nolan Drive

Lake Monona

Major Access Routes



North



P Proposed Ramps - - - - - Shuttle Bus Route (Nickelodeon)

Proposed Convention Center Site

Lake Mendota

Existing Ramps	Available Spaces
1 Dayton Ramp	196
2 McCormick Ramp	402
3 Capitol Centre Ramp	190
4 Doty Ramp	124
5 Dane County Ramp	129
6 Francis/Lake Ramp	11
Total Spaces	1052

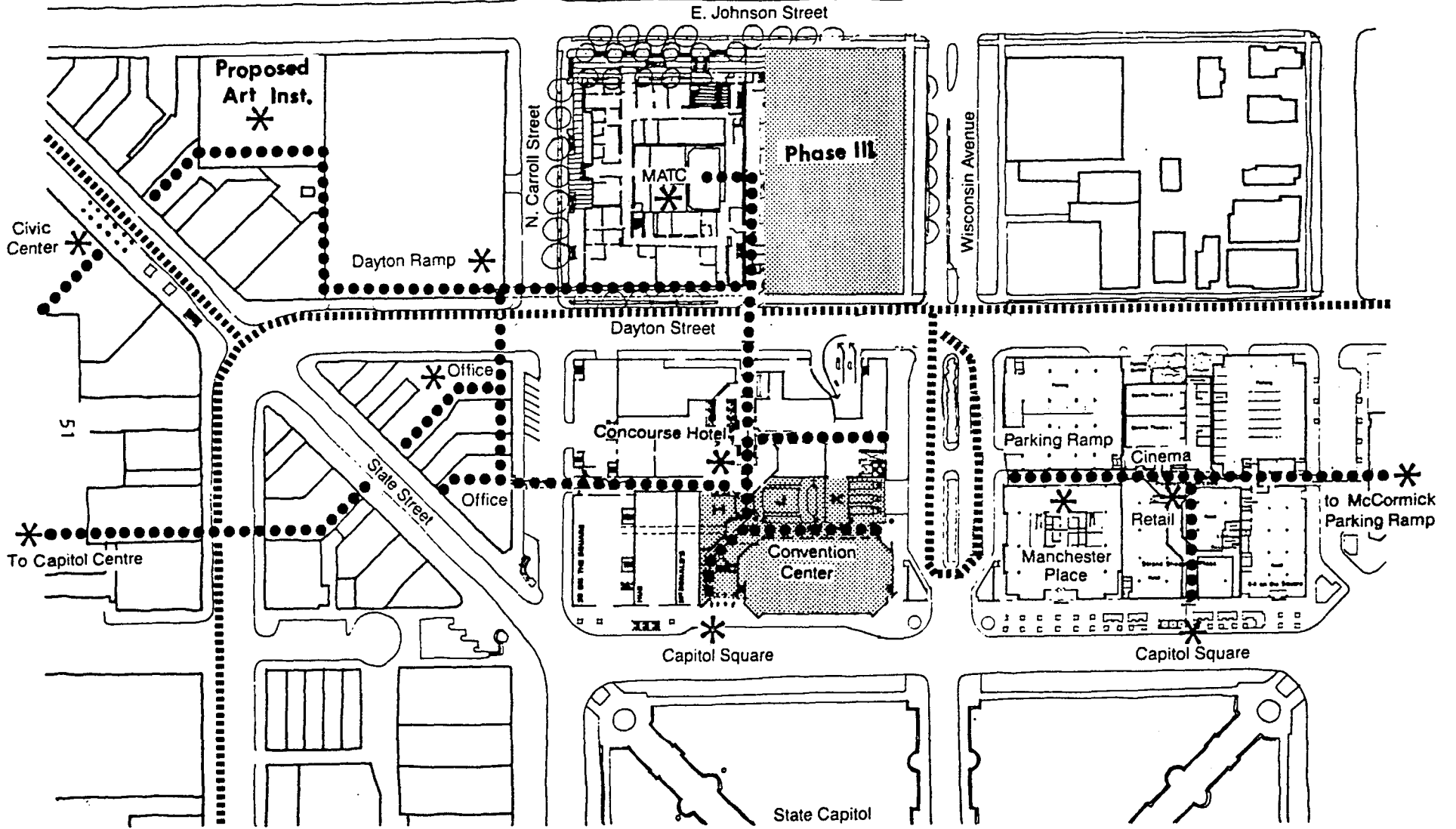
Lake Monona

Parking Ramps



North

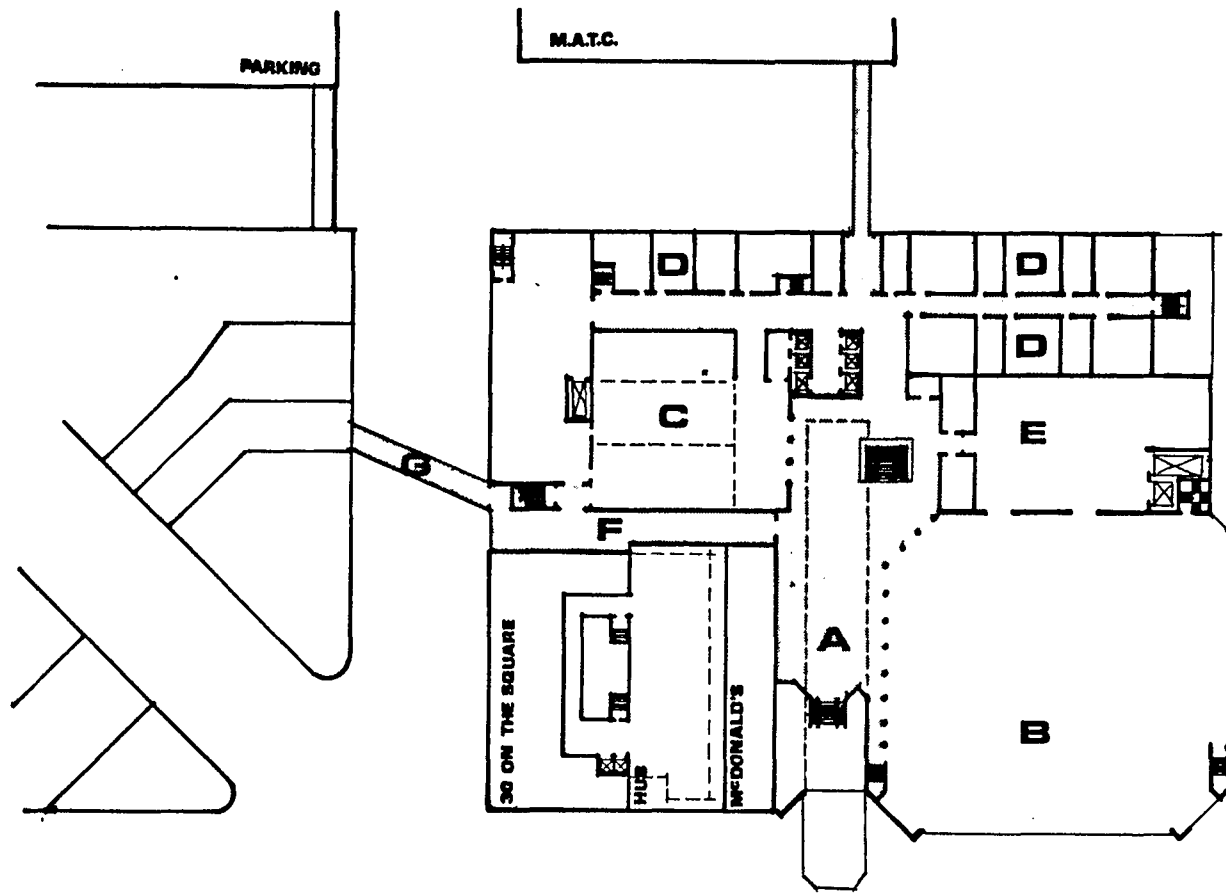
- Second-Level Pedestrian System
- ▬▬▬▬▬▬▬ Shuttle Bus Route (Nickelodeon)



Linkage Plan - Second Level Pedestrian System

Capitol Square North Plan - Madison Department of Planning



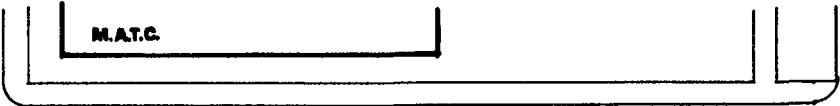


- A** ATRIUM/PRE-EVENT
- B** EXHIBITION
- C** ASSEMBLY
- D** MEETING
- E** SERVICE/STORAGE
- F** PEDESTRIAN CORR.
- G** SKYWALK

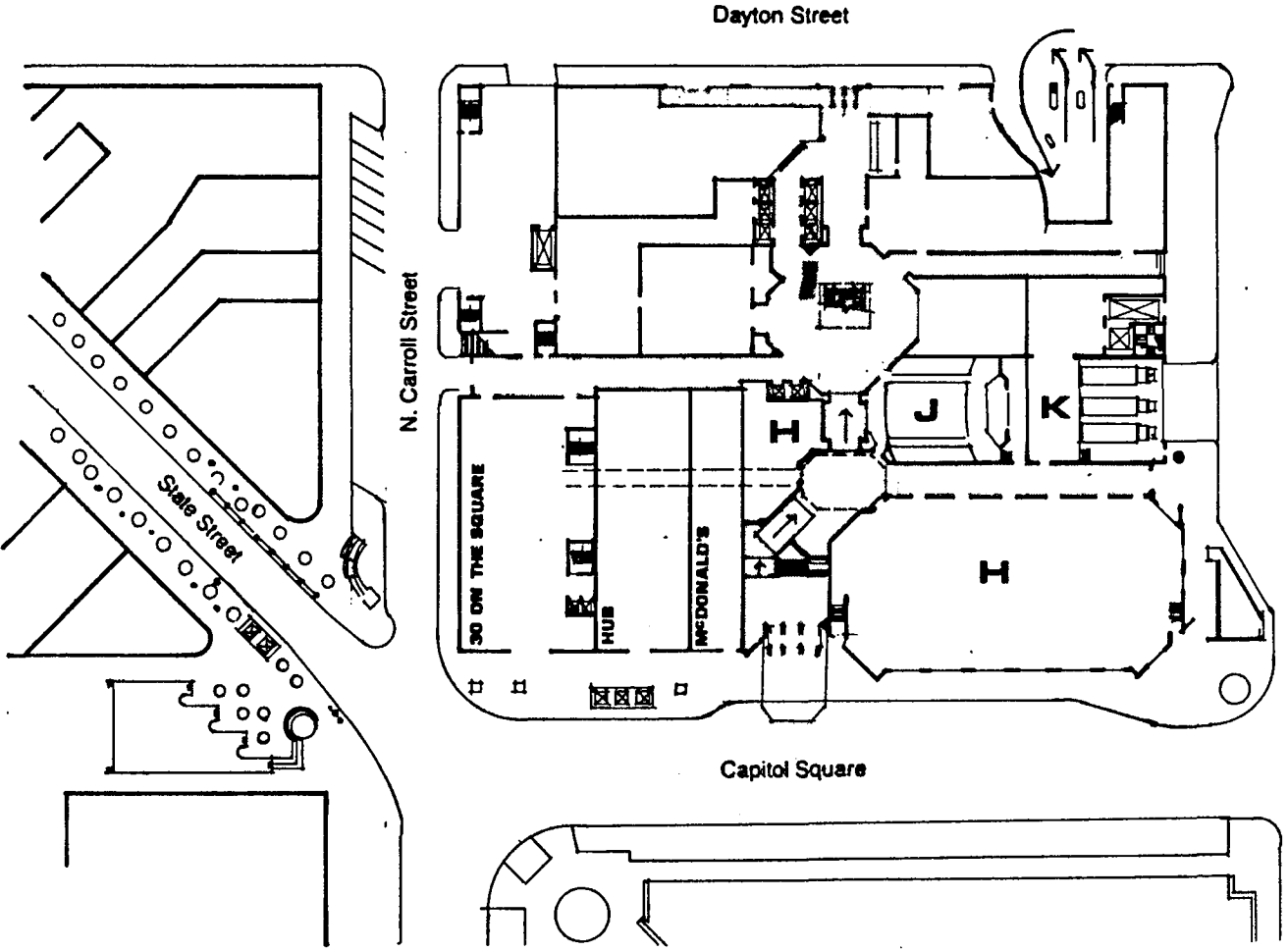
EXHIBITION LEVEL PLAN



CONCOURSE CONVENTION CENTER



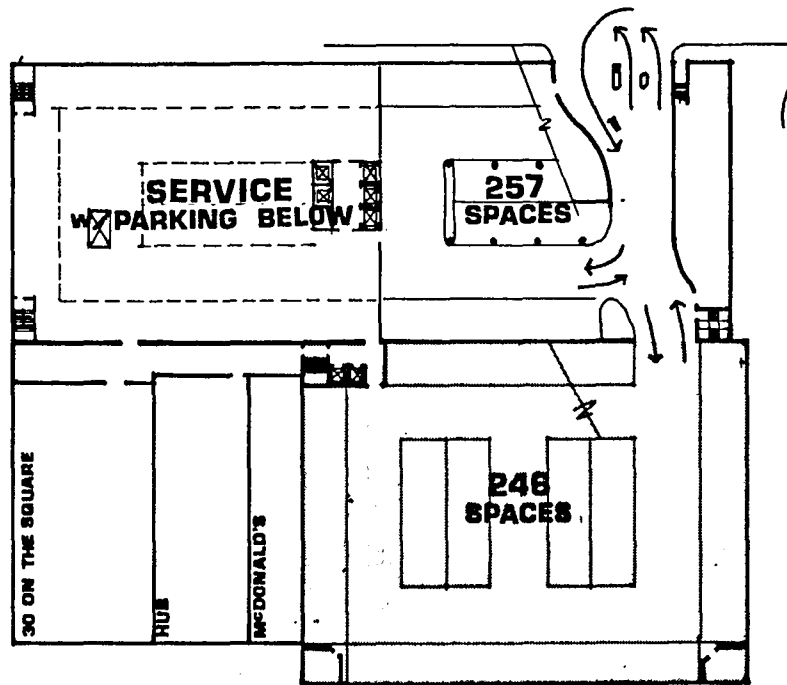
- H** RETAIL
- J** AUDITORIUM
- K** LOADING DOCK



LOBBY LEVEL PLAN



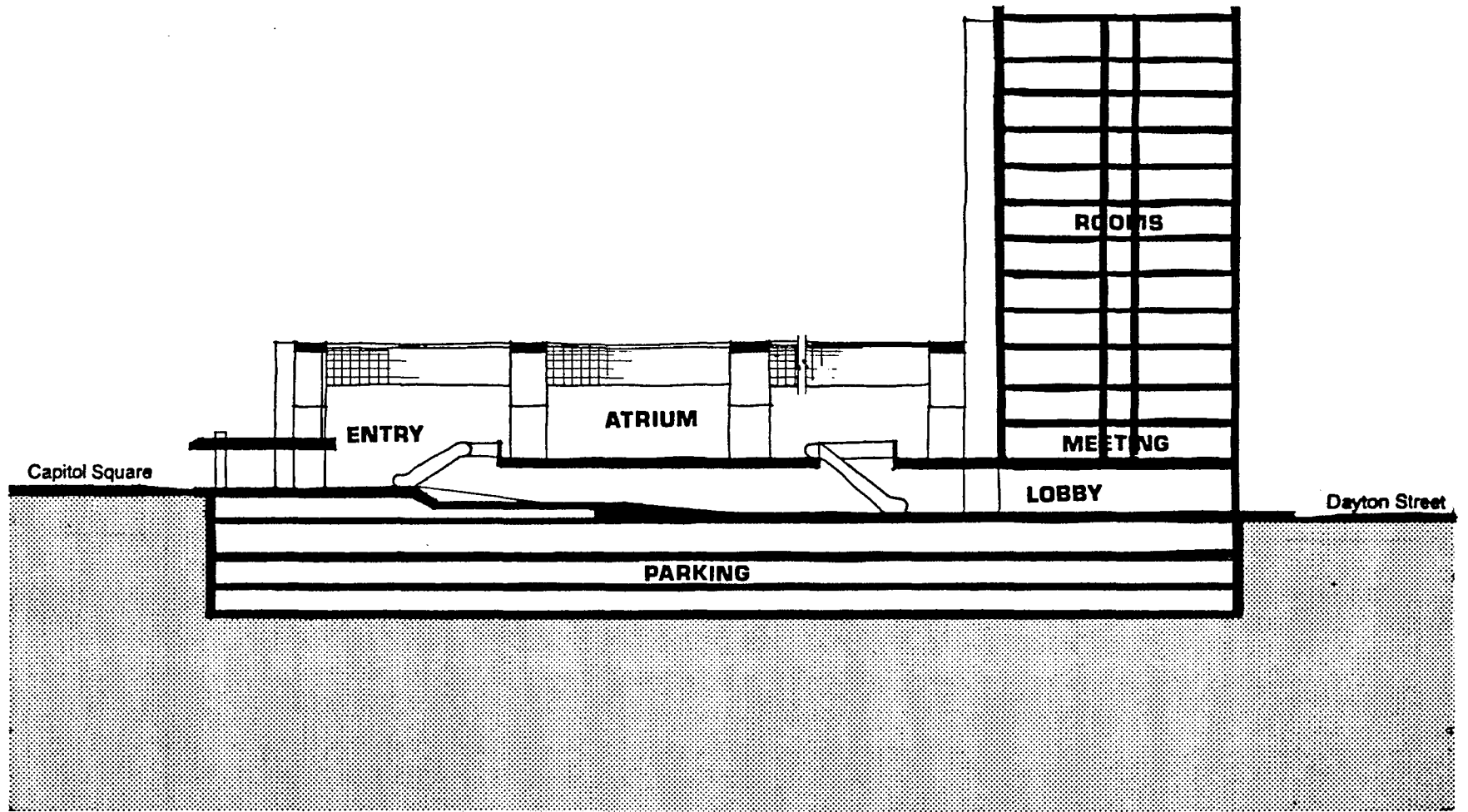
CONCOURSE CONVENTION CENTER



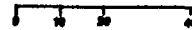
PARKING LEVEL PLAN



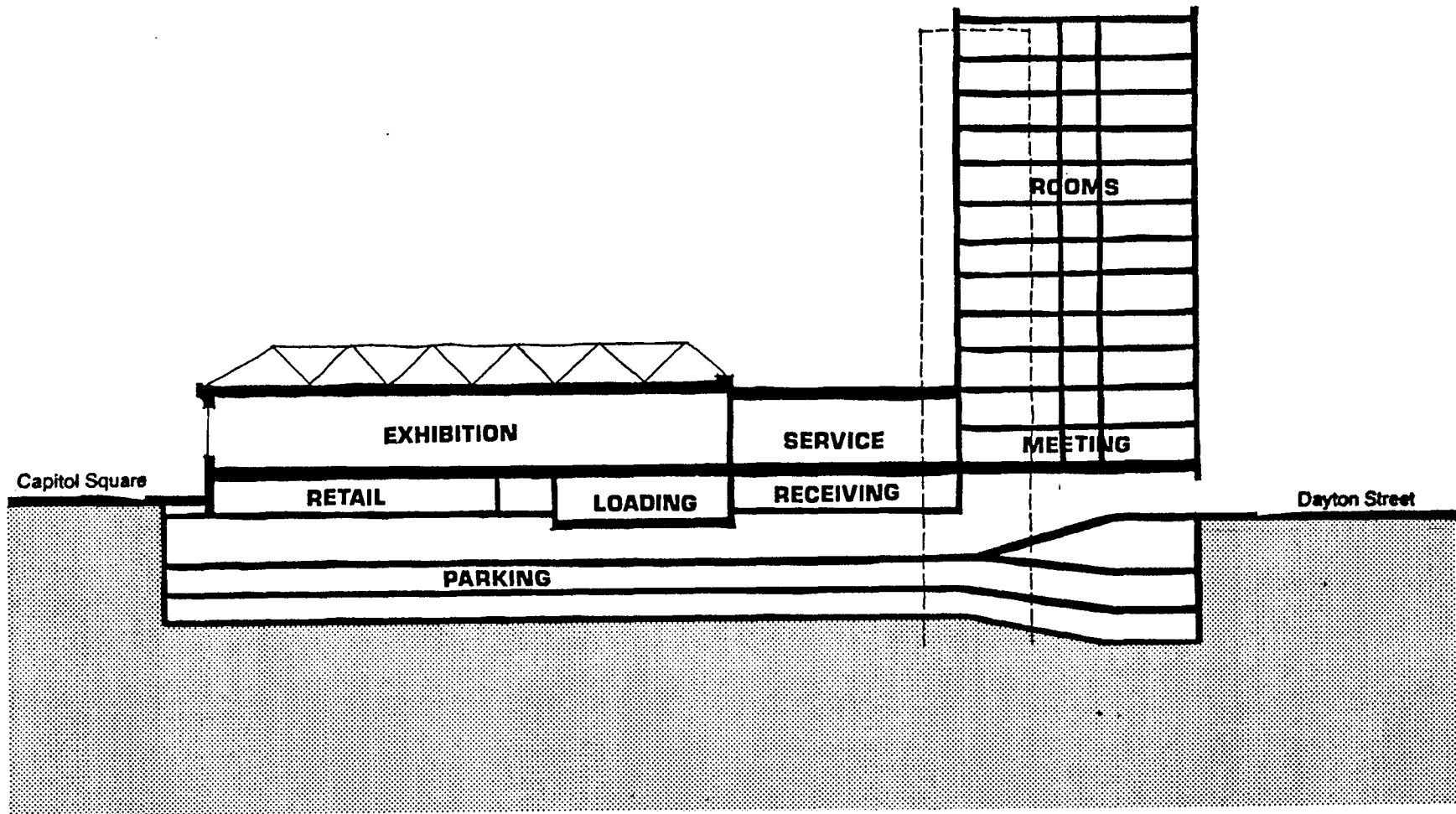
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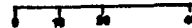
SECTION



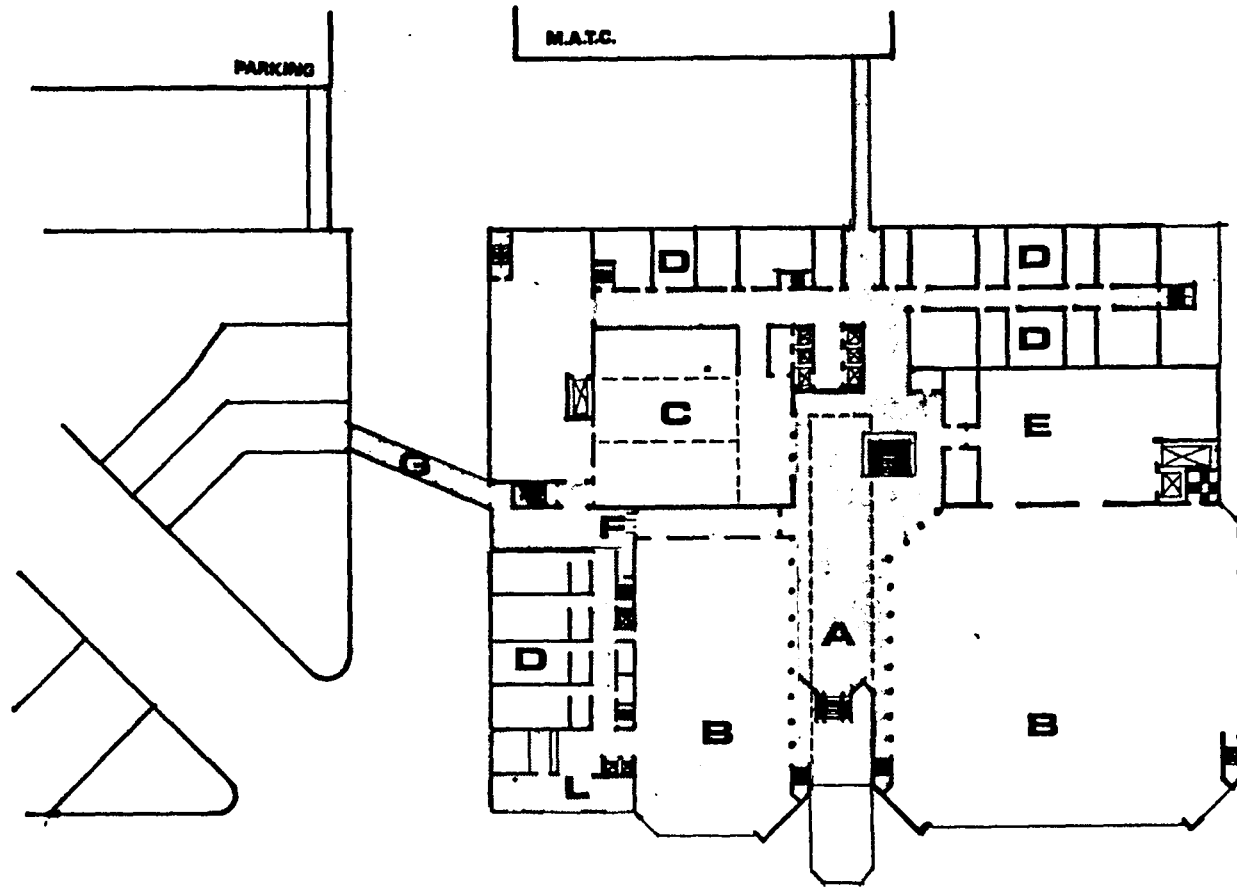
CONCOURSE CONVENTION CENTER



SECTION



CONCOURSE CONVENTION CENTER



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

EXHIBITION LEVEL PLAN

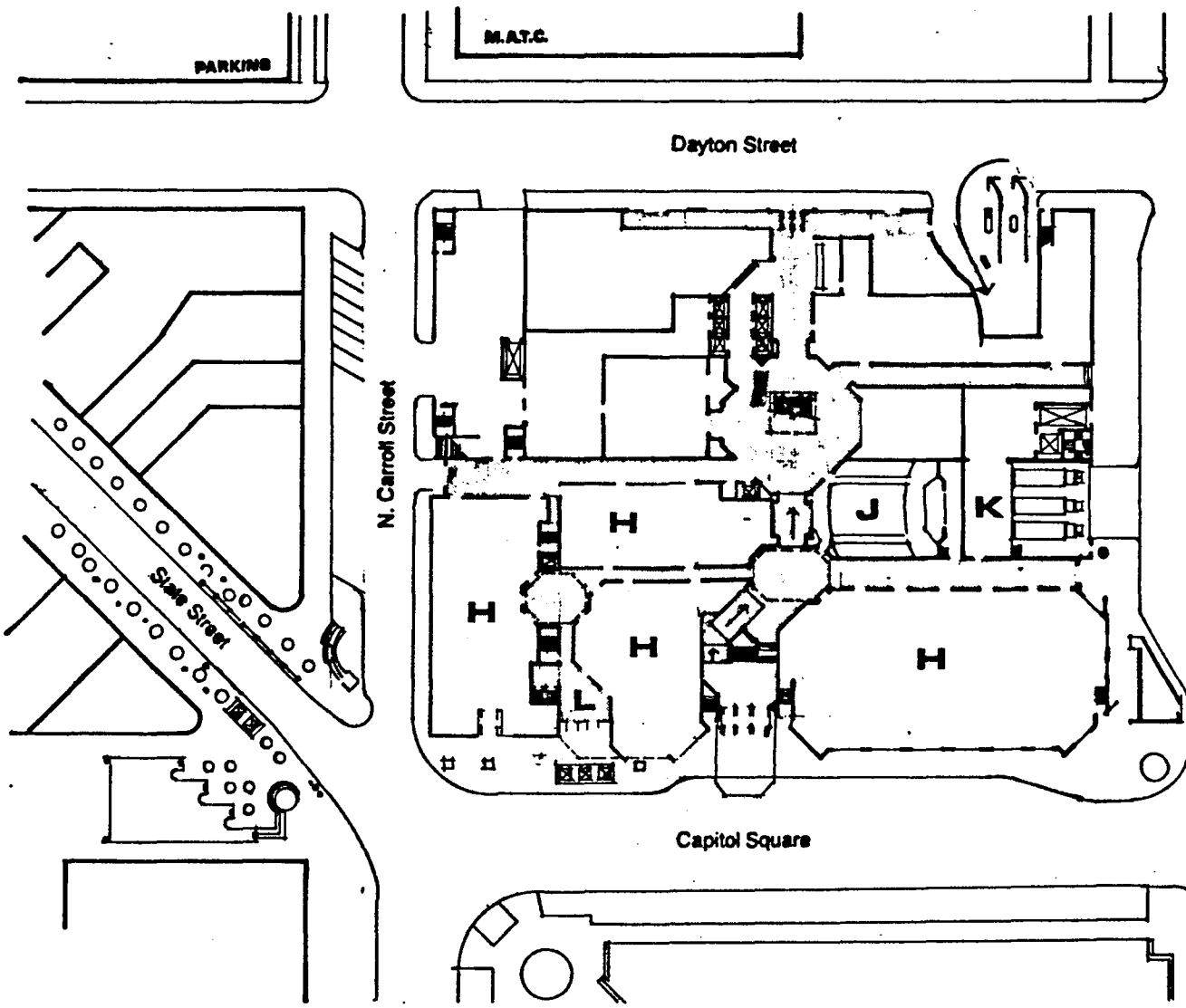


PHASE II



CONCOURSE CONVENTION CENTER

Charles Key & Associates
 Architecture, Planning, Building Research
 710 King St., Madison, WI 53703 • 608-251-7571



- H RETAIL**
- J AUDITORIUM**
- K LOADING DOCK**
- L HOTEL LOBBY**

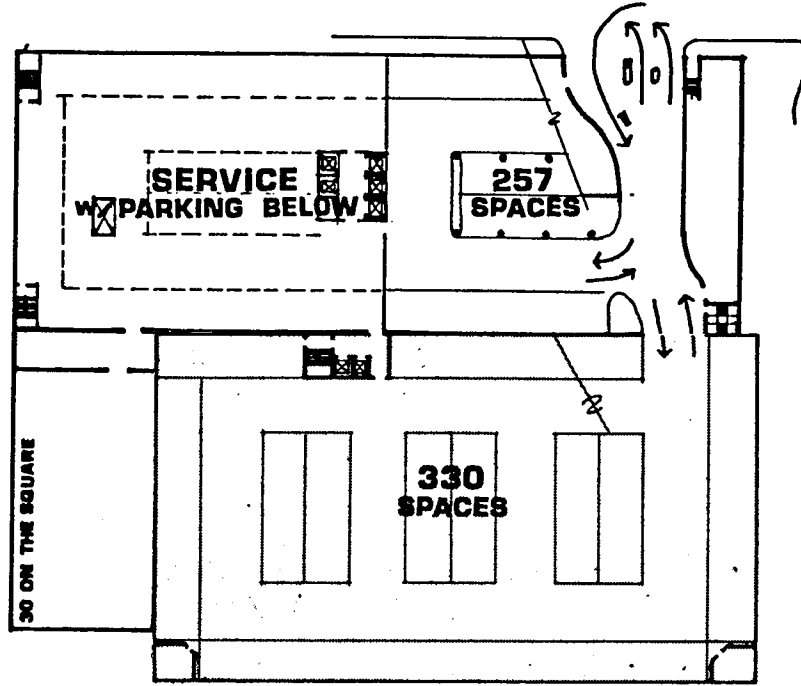
LOBBY LEVEL PLAN



PHASE II

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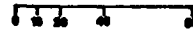
Marlan Key & Associates
 Architects, Planners, Building Recycling
 110 King St., Madison, WI 53703 • 608-251-7918



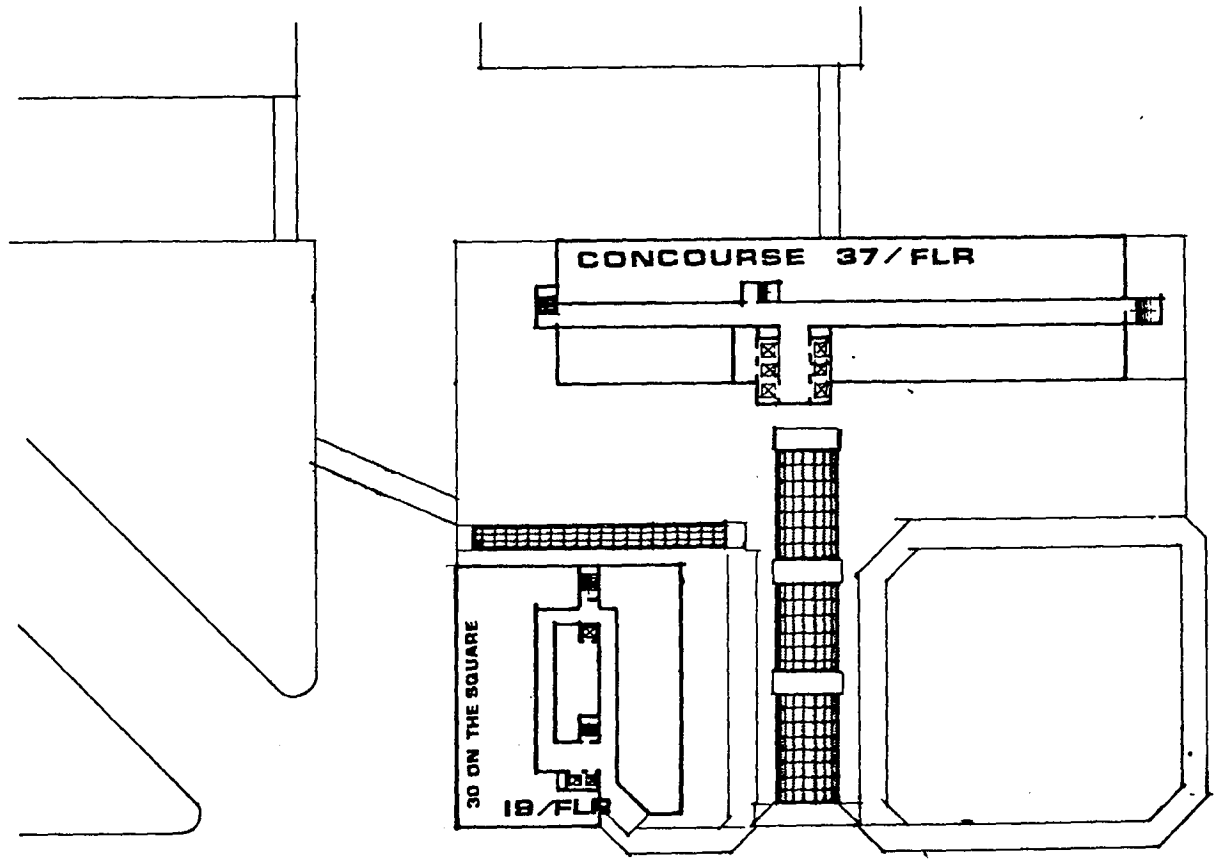
PARKING LEVEL PLAN



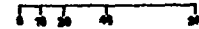
PHASE II



CONCOURSE CONVENTION CENTER



ROOF LEVEL PLAN



CONCOURSE CONVENTION CENTER

arian key & associates
Architecture, Planning, Building Recycling
410 King St., Madison, WI 53703 • 608-261-7878

GA/PARTNERS
INCORPORATED

Formerly
Gladstone Associates

Economic Consultants
Real Estate Counselors
Appraisers

September 15, 1986

J. Kevin Lawler
Senior Vice President

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

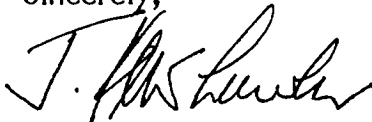
Dear Professor Graaskamp:

Please find enclosed two items:

- Summary of comparative information on operating costs several selected convention centers as well as our standardized format for analyzing and calculating costs, together with back-up notes.
- A copy of our most recent "economic audit" for the Washington Convention Center, which encompasses a series of economic benefit calculations which are common to the types of projections used to reach a determination on the feasibility of a convention center.

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

Sincerely,



J. Kevin Lawler

JKL:tes
Enclosures