

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

X. COMMUNITY INVOLVEMENT - CITY, STATE, AND NATION

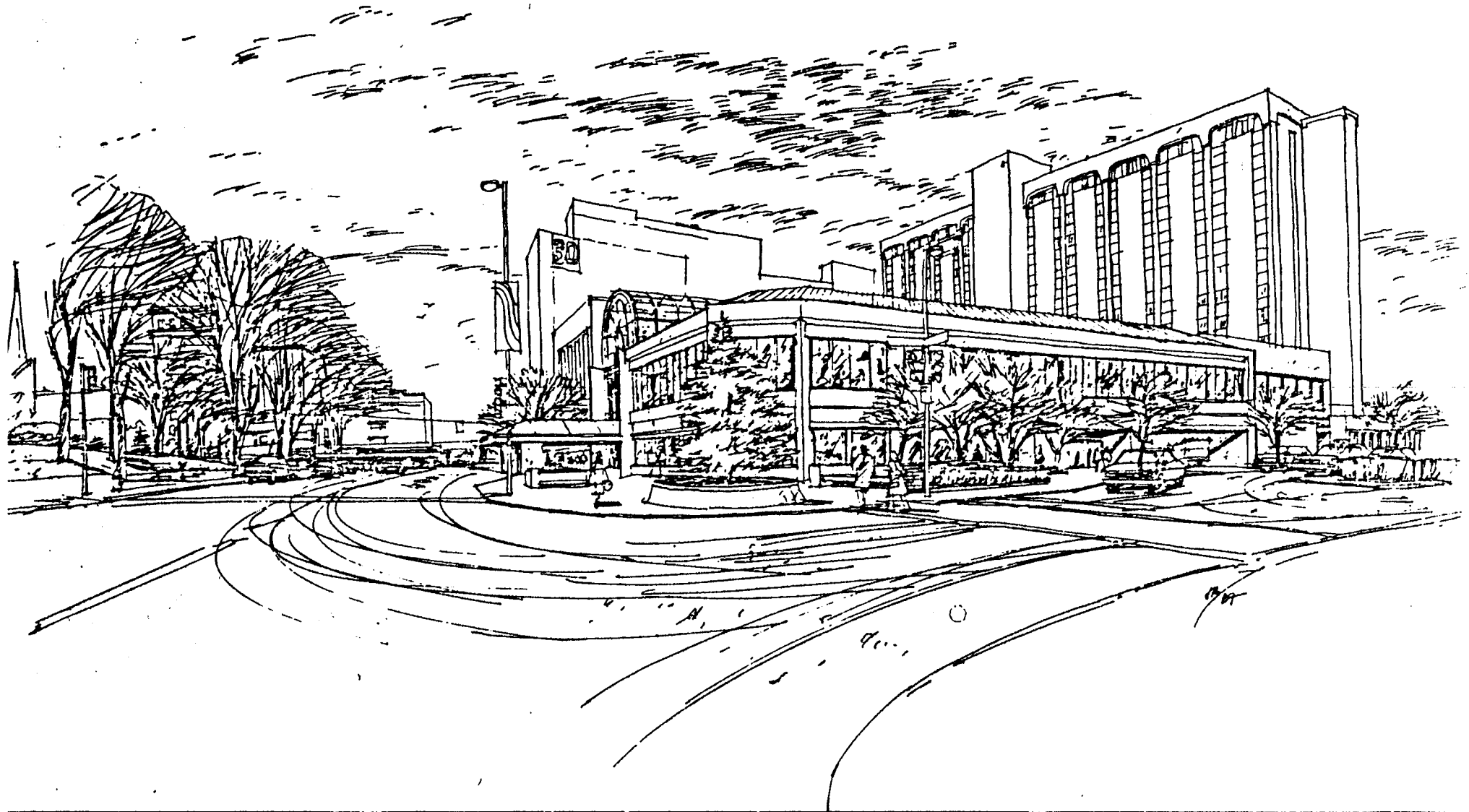
C. Graaskamp and the Convention Center Controversy

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

b. "Concourse Convention Center Feasibility
Analysis", by Baker, Berg and Kelling,
for Graaskamp's course, Business 857,
May 10, 1987

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CONCOURSE CONVENTION CENTER

Feasibility Analysis
by:

Dave Baker, Paul Berg and Mark Kelling

A

Baker, Berg, Kelling

When using printed material, etc., you should read it first to make sure it is current. Your count on Concourse rooms is in error; you should probably have responded to the major public criticism of the plan specifically that 22,000 ft. is too small by indicating that Phase 1 and 2 could be built together to improve parking size, create motel rooms in 30 On the Square and create more conference space behind McDonald's. In that case your proposed schedule by year is obsolete.

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

JAG

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

Baker, Berg and Kelling

UW - Graduate School of Business
Madison Wisconsin 53706

May 10, 1987

Mr. Daryl Wilde
Concourse Hotel
Madison Wisconsin 53703

Dear Mr. Wilde:

Enclosed is the strategy study you requested.

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

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

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

Sincerely,



David J. Baker



Paul F. Berg



Mark A. Kelling

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FEASIBILITY ISSUE

A. Client Profile, Objectives, and the Problem Perceived

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

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

B. The Problem Defined

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

URBAN DESIGN CONSIDERATIONS

Design Objective	South Side Solution	Concourse Solution
1. Flexibility—ability to host single large group or small groups.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall.	1. Separate exhibit hall, ballroom meeting rooms, and lecture hall. Plus MATC Continuing Education Center, new Art Institute, existing Civic Center, and proposed Masonic Conference Center above MATC parking.
2. Integration of skywalk to hotels, parking, future expansion of parking, shopping and commercial.	2. No hotel and displaces Doty ramp parking to Brayton Street lot.	2. 195—250 new spaces below conference center with elevator to center plus skywalk to Dayton ramp plus existing hotel parking of 240 units plus skywalk to 100 and 200 block of State St., MATC, and future conference center.
3. Orientation to Capitol, Square, University, State St., and lake views.	3. Can't see Capitol or Square, partial view of lake which could be blocked by proposed Munz office building, remote from University and State St.	3. Full, protected view of Capitol, Manchester Place, and Square. Skywalk connection to State St. Much closer to University; view of both lakes from Concourse rooms and bars.
4. Important public entrance with scale and visual impact.	4. Main entrance on secondary traffic loop, inside block, screened from Square.	4. Major entrances on Mifflin, HI 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 McDonalds and The Hub; conference center and continuing education center would be phase II on MATC parking lot; approximately 100 medium priced hotel rooms can be gained by converting 30 On the Square in Phase II.

URBAN DESIGN CONSIDERATIONS

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

I. SUMMARY OF PROPOSED PROJECT

A. Physical Layout

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

Phase I

- | | |
|------|---|
| 1988 | Acquisition of buildings, relocation of tenants, and selected demolition. |
| 1989 | Construction of 246-300 parking stalls below ground on subject site serviced through entrance and exit gates of the Concourse Hotel. |
| 1990 | Construction completion of retail arcade and meeting rooms at Mifflin Street grade to the corner of Wisconsin Avenue with 23,000 square foot exhibition |

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

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

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

Phase II

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

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

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

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

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

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

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

Exhibit 1



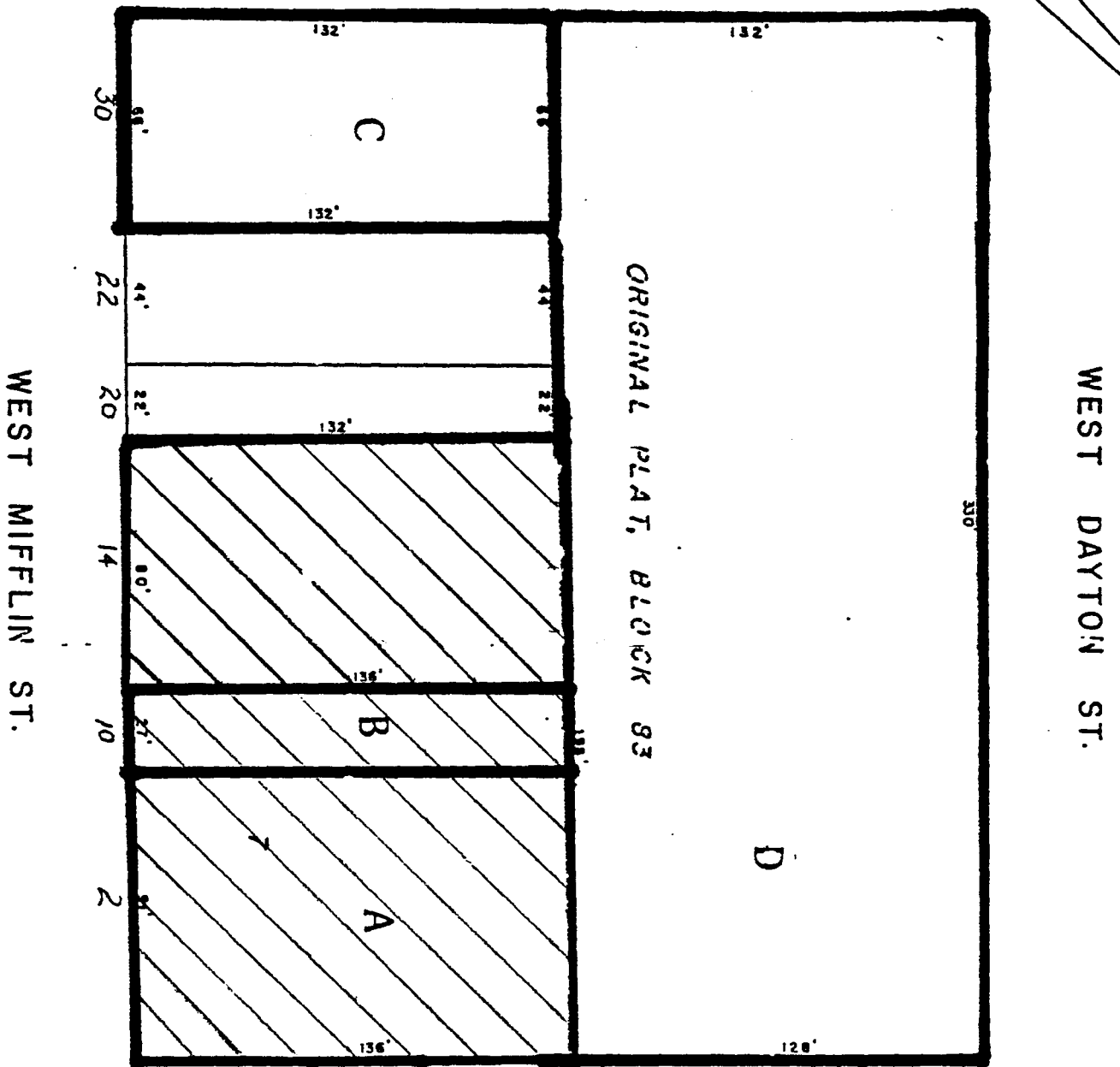
Manchester Place

NORTH CARROL ST.

Exhibit 2

SCALE 1"=80'
3/9/83 N.G.

5



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

WISCONSIN AVE.

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

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

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

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

The actual exhibition facility will be located on the

●●●●●●●● Second-Level Pedestrian System
 ○○○○○○○○ Shuttle Bus Route (Nickelodeon)

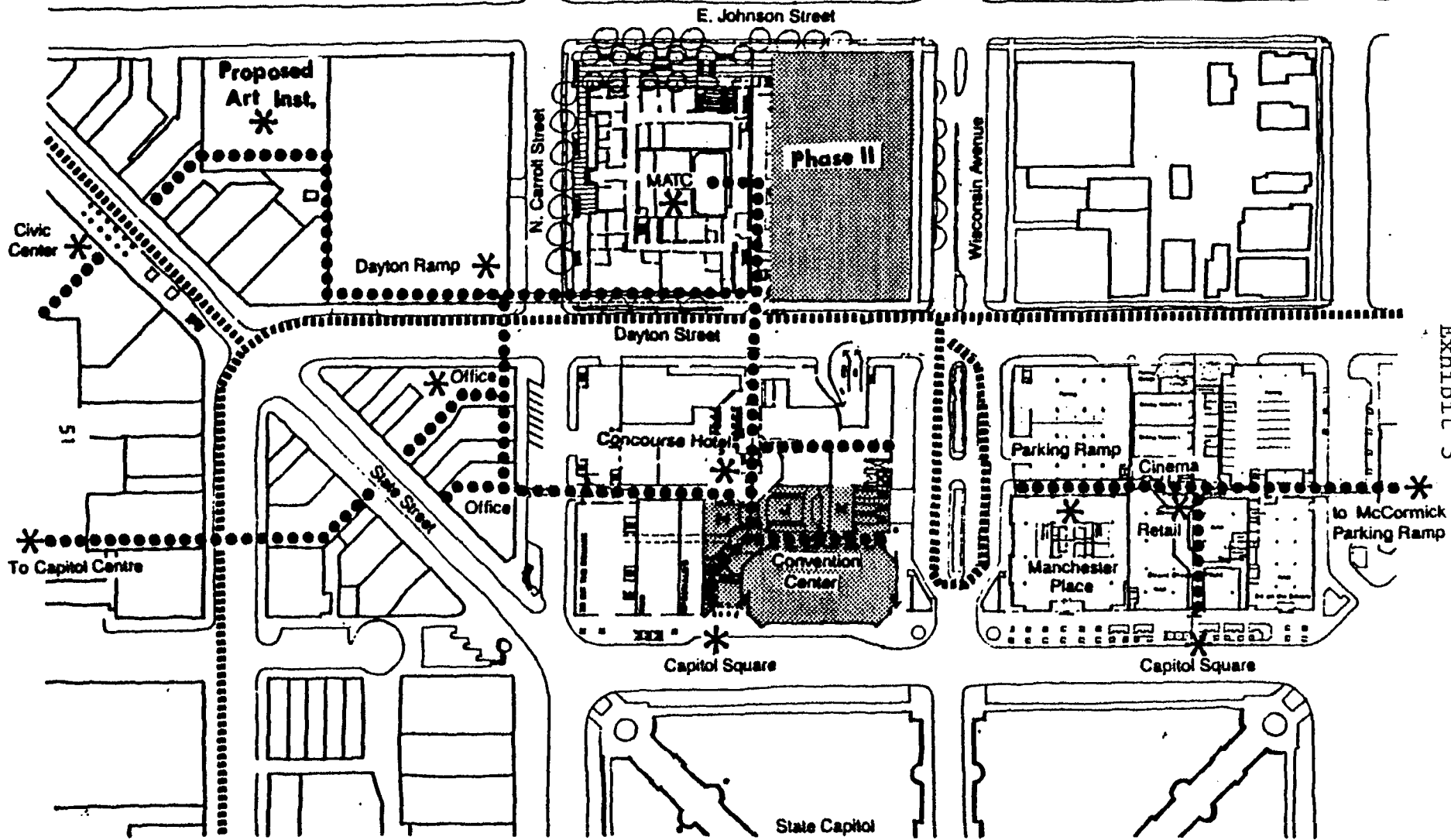
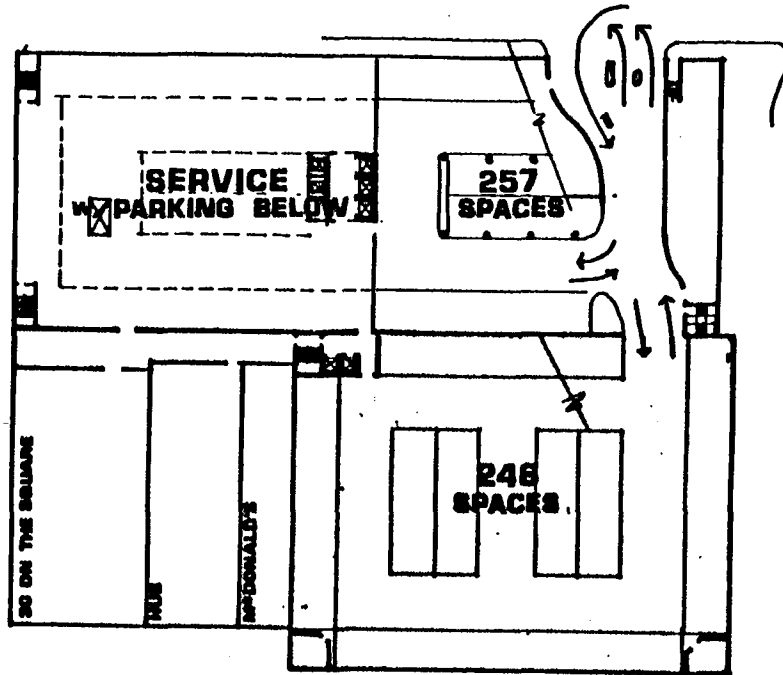


Exhibit 3

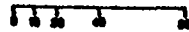
Linkage Plan - Second Level Pedestrian System

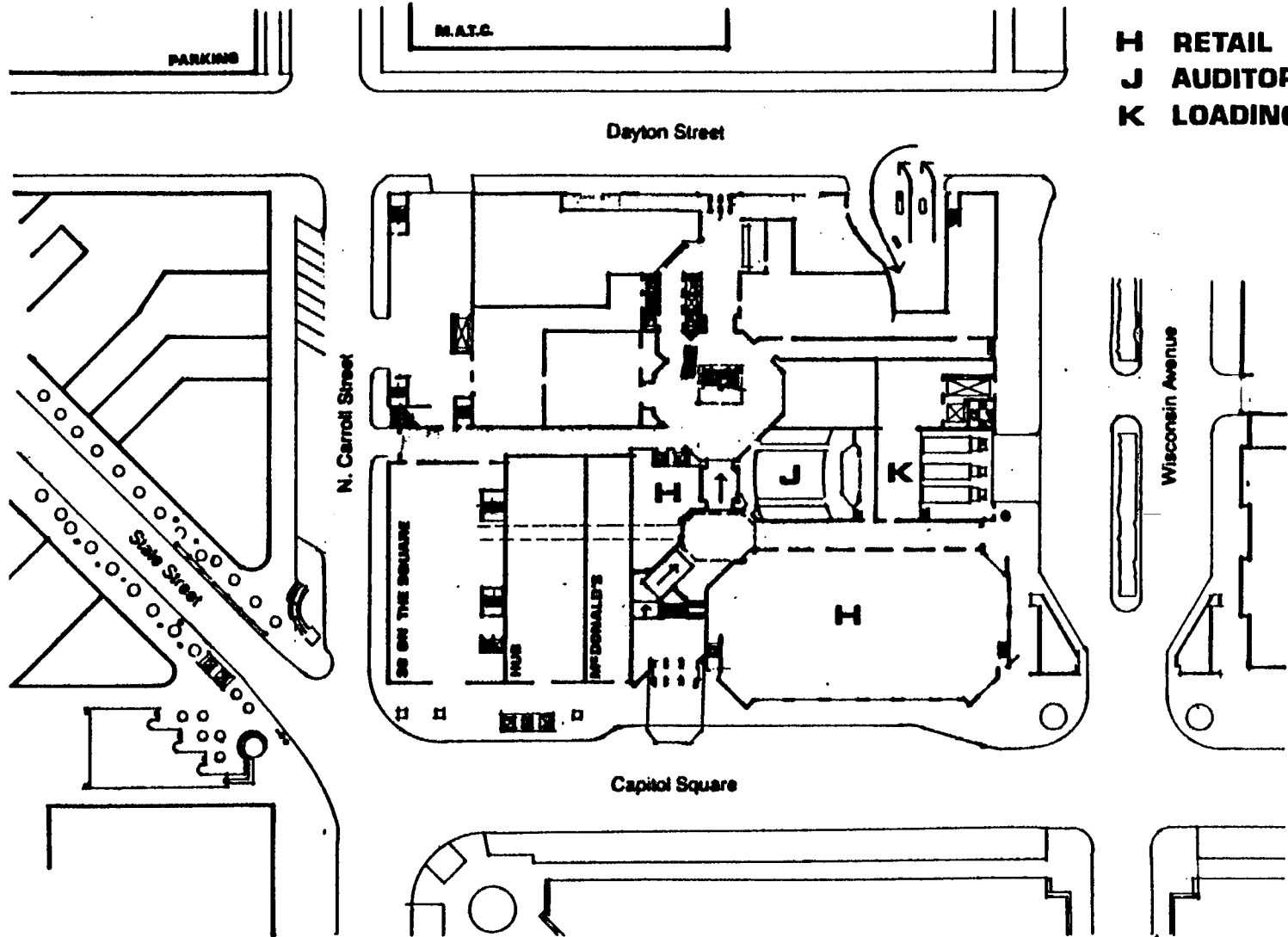
Capitol Square North Plan - Madison Department of Planning



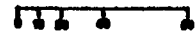


PARKING LEVEL PLAN





LOBBY LEVEL PLAN



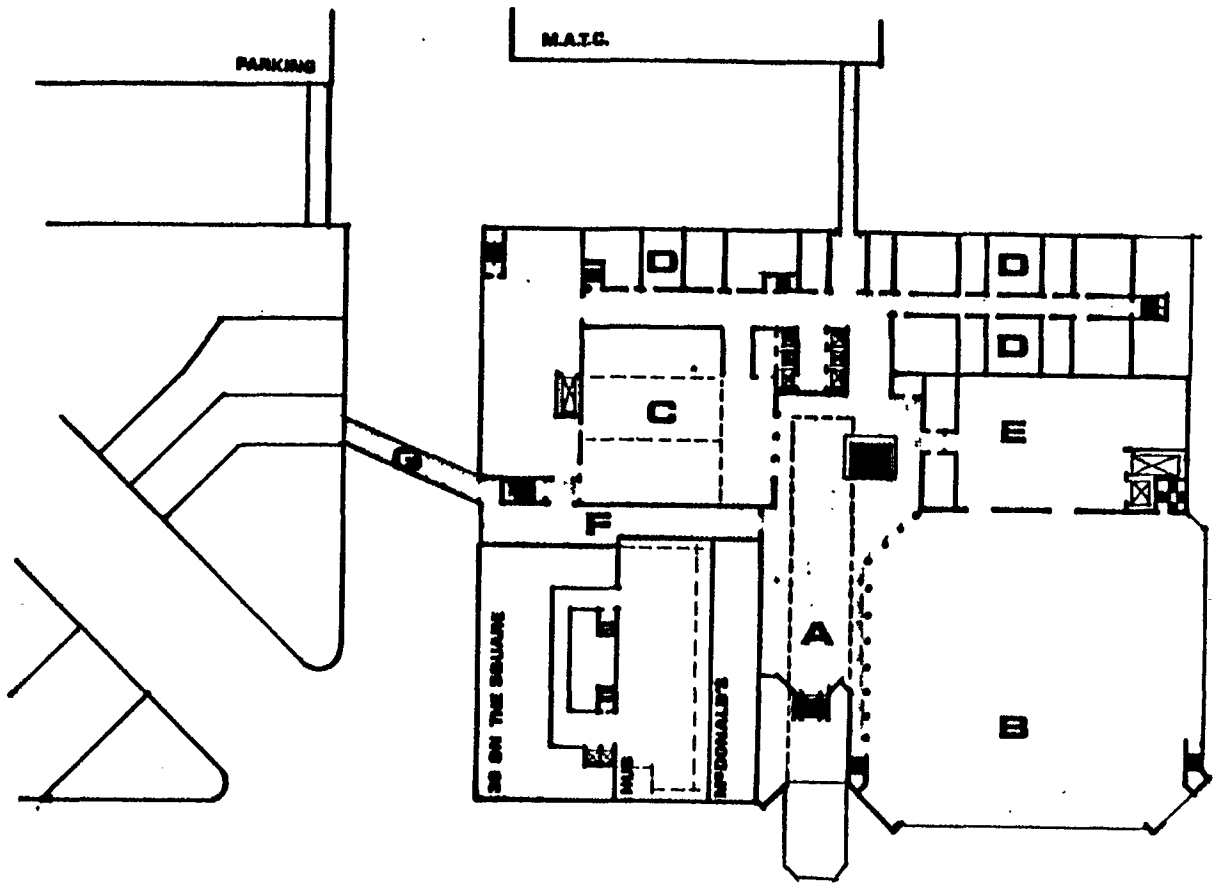
second floor along with assembly, meeting, and service/storage space. The logic behind having the exhibition hall on the second floor is to tie directly into the ballroom of the Concourse Hotel (Exhibit 6). The facility can use the hotel service elevator for its ballroom functions. Exhibit 7 is a vertical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

B. Ownership

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

Plan 1

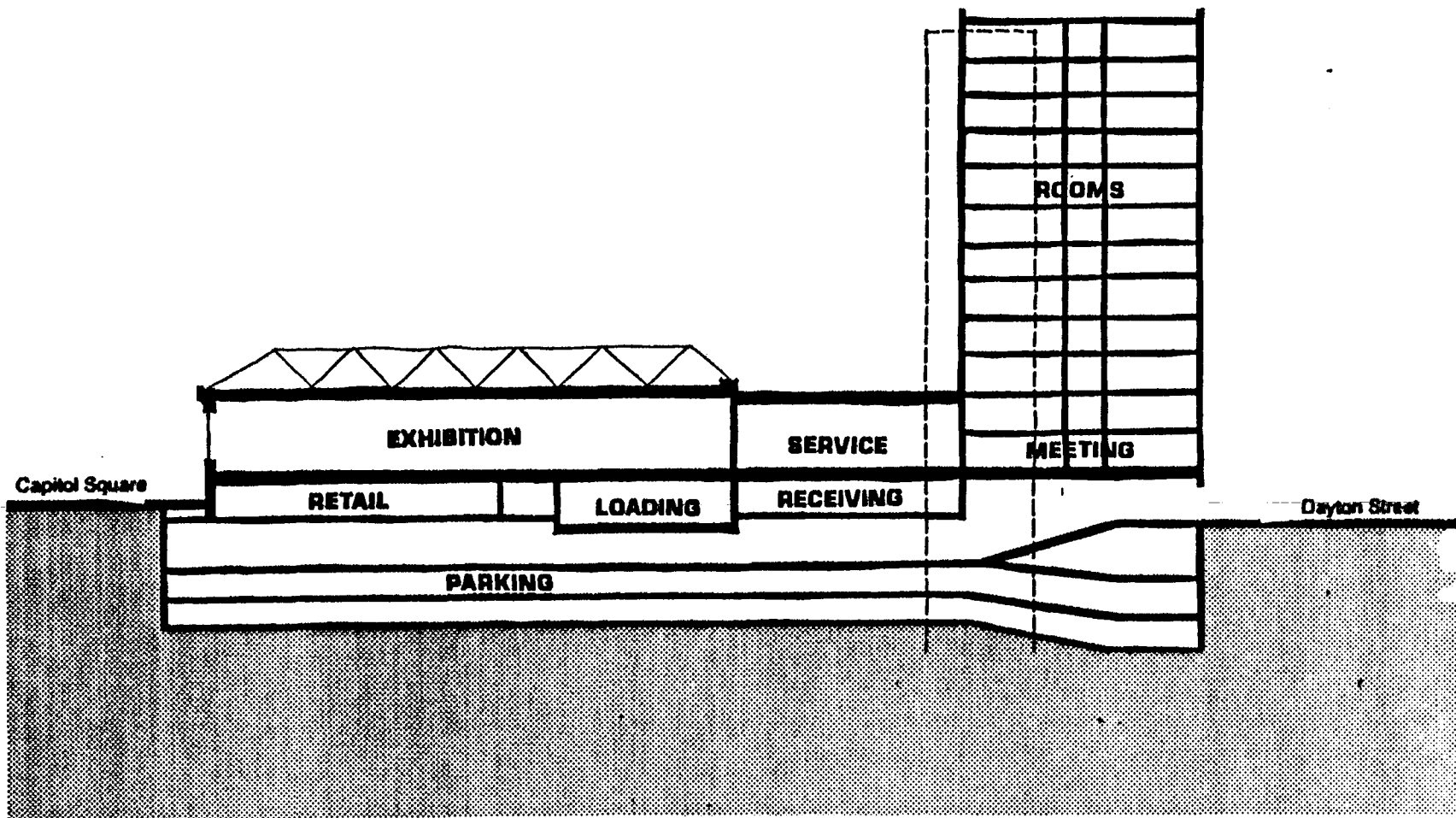
The preferred financial plan distributes 20% of any operating deficit to all of the property owners in the State Street/Concourse special assessment maintenance district since they would benefit significantly from the retail potential of expanded convention activity. A maximum limit on this liability,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



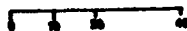
- A** ATRIUM/PRE-EVENT
- B** EXHIBITION
- C** ASSEMBLY
- D** MEETING
- E** SERVICE/STORAGE
- F** PEDESTRIAN CORR.
- G** SKYWALK

EXHIBITION LEVEL PLAN





SECTION



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

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

Plan 2

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

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

II. SITE ANALYSIS TO DETERMINE OPTIMAL DESIGN

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

A. Physical Attributes

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

Exhibit 8



Subject Block

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

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

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

B. Legal Constraints

1. Zoning

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

Exhibit 9

C-4 ZONING ORDINANCE

C-4 Central Commercial District.

- (a) Statement Of Purpose. The C-4 central commercial district is established to accommodate those uses which are of City-wide, regional, or state significance. Within this district, which is located in relative proximity to the State Capitol Building, and which is readily accessible by private conveyance or public transportation from all parts of the City, are permitted the retail, service and office uses characteristic of a central business district. Within this district are found prime retailing and specialized retailing activities, cultural, recreational and educational activities of City-wide significance, administrative offices of private organizations, administrative offices and political seat of City, County and State government, and offices of professional and nonprofessional persons offering a variety of specialized services. Within this district of limited extent, development is most intensive and activities are concentrated. No accessory off-street parking which is provided is controlled to the location, type and extent of such facility because of the goal to reduce congestion on streets within this district or on streets leading to the district. All new construction and any major alterations of an exterior building must be approved because of the community's objective to develop and maintain this district as a community and statewide center for business, service and government, where uses are located in compatible arrangements, and where the beauty and other aesthetic qualities are preserved and enhanced.
- (b) General Regulations. Uses permitted in the C-4 district are subject to the following conditions:
1. All business, servicing or processing, except for off-street loading, automobile service station operation, drive-in banks and outdoor eating areas of restaurants approved as a conditional use by the Planning Commission, shall be conducted within completely enclosed buildings. (Am. by Ord. 4304, 8-29-73)
 2. Establishments of the drive-in type are not permitted, except automobile service stations and drive in banks.
 3. Any major alteration of the exterior face of a building shall conform to the remodeling and new construction guidelines for State Street and the Capitol Square adopted as administrative guidelines by the City Plan Commission on September 23, 1968 and as modified on December 7, 1970 and shall be permitted only after the written approval of the City Planning Department, provided that any action by the department may be appealed to the City Plan Commission by the applicant.

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

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

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

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

2. Special Assessment District

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

1. Improve State Street and the Capitol Concourse as a place for people.
2. Promote environmental quality, character, safety, comfort, and interaction.
3. Insure commercial-retail viability by increasing the area attraction as a shopping entertainment center.
4. Strengthen the imagery of downtown Madison in accordance with functional needs and citizen desire.
5. Capitalize upon the unique physical symbolic attributes of the City, Capitol, and University.

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

3. North Square Redevelopment District

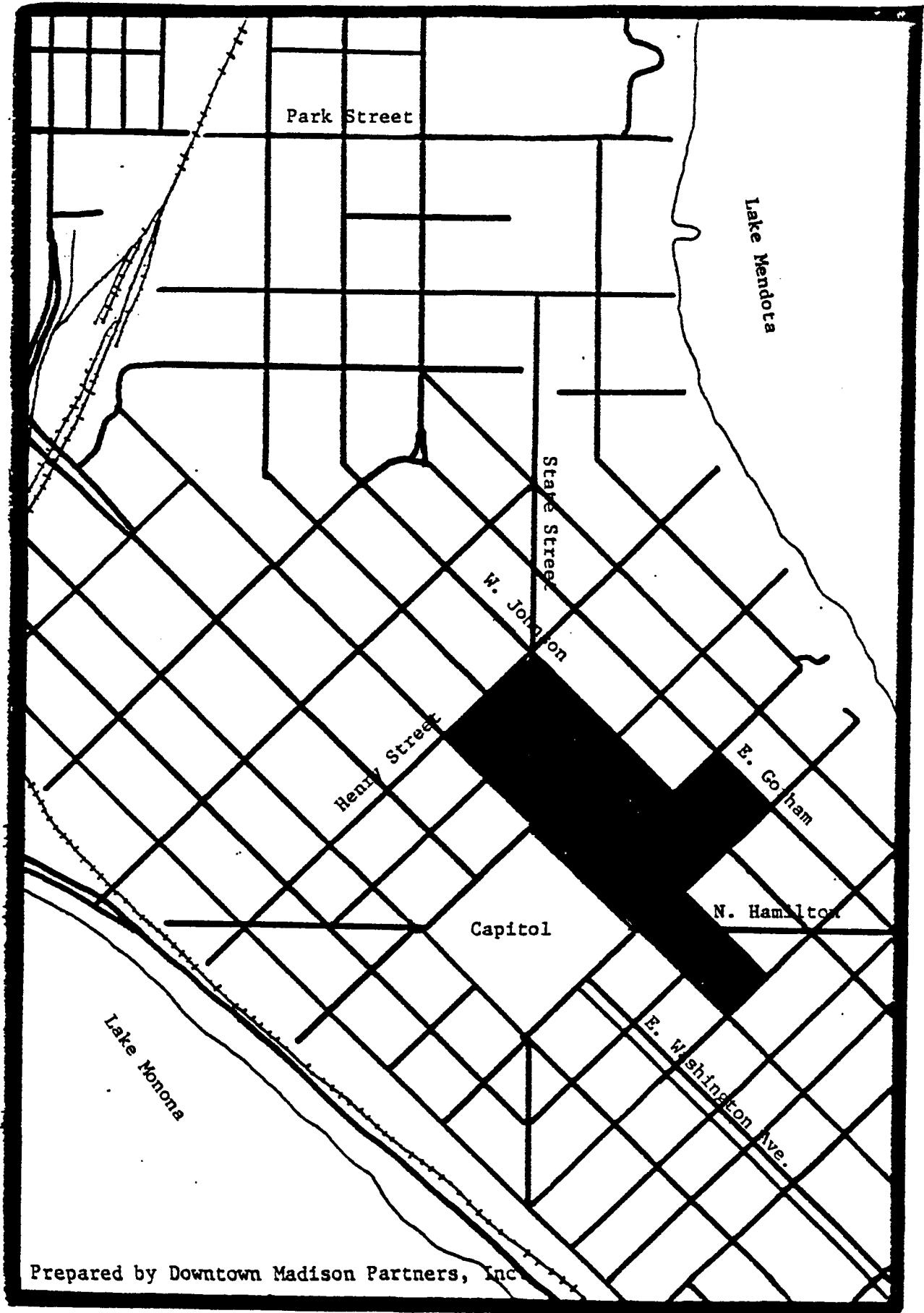
The city of Madison has established the revitalization of the Capitol Square as a top priority. To that end, the City intends to utilize the available tools, such as industrial development bonds, housing bonds, tax increment financing, rehabilitation loans and grants through the activities of the Community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

4. Tax Increment Finance District (Exhibit 10)

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

1. Finance public works and improvements,

TIF District 14 and Environs



2. Provide incentives to the private sector that will result in the elimination of blighted conditions on the north side of the Capitol Square and the 100-200 blocks of State Street,
3. Stimulate planned commercial development, and
4. Provide essential services to all areas of the District.

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

4. Political Constraints

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

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

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

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

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

C. Linkage

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

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

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

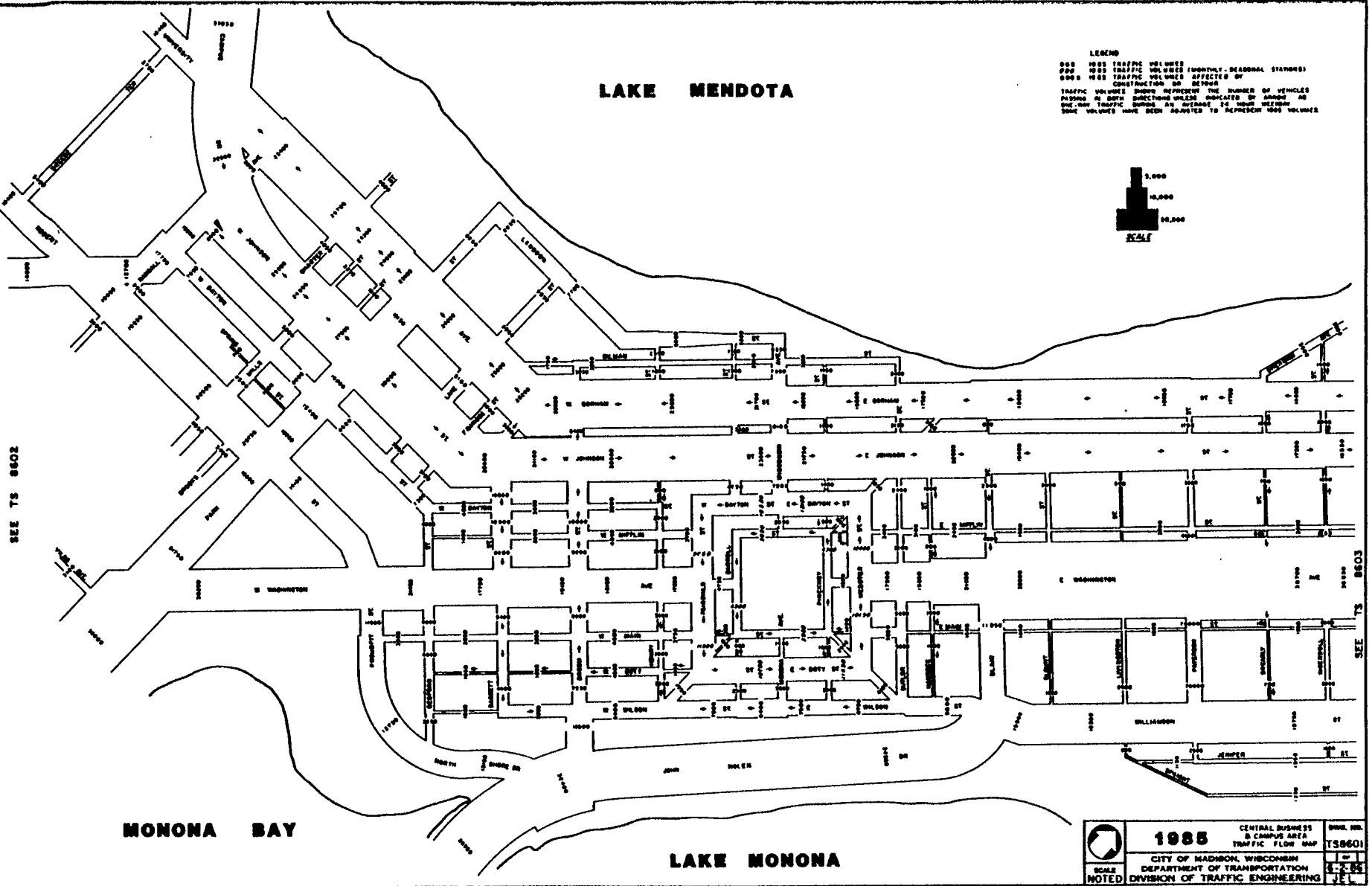
Distribution of vehicular and traffic in downtown Madison is shown in 1985 vehicular traffic counts (Exhibit 11). The majority of vehicular traffic is routed on two- and three-lane streets, one block off the Concourse. Approximately 3950 vehicles travel on West Mifflin Street and pass the subject site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

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

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

LAKE MENDOTA

LEGEND
 000 1985 TRAFFIC VOLUMES
 100 1985 TRAFFIC VOLUME (MONTHLY - SEASONAL STANDARDS)
 500 1985 TRAFFIC VOLUME AFFECTED BY CONSTRUCTION 30' DEGREE
 TRAFFIC VOLUME DATA REPRESENT THE NUMBER OF VEHICLES PASSING IN BOTH DIRECTIONS UNLESS INDICATED BY ARROW AND ONE-WAY TRAFFIC DURING AN AVERAGE 14 HOUR PERIOD. SOME VOLUMES HAVE BEEN ADJUSTED TO REPRESENT 1985 VOLUMES.



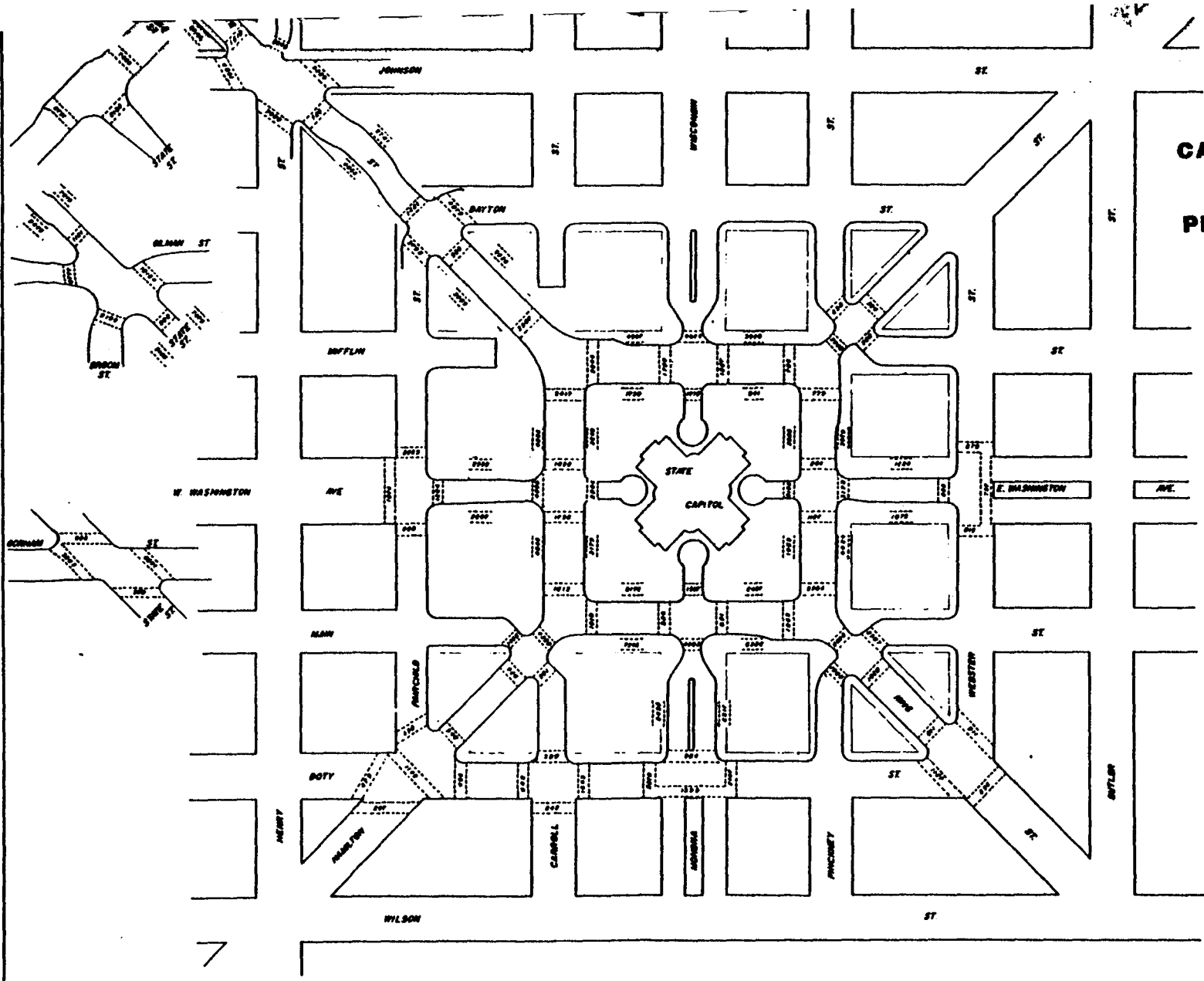
SEE TS 8602

MONONA BAY

LAKE MONONA

	1985	CENTRAL BUSINESS & COMMERCE AREA	DRAW. NO.
		TRAFFIC FLOW MAP	TS8601
SCALE NOTED	CITY OF MADISON, WISCONSIN		
	DEPARTMENT OF TRANSPORTATION		
	DIVISION OF TRAFFIC ENGINEERING		J.E.L.

Exhibit 11

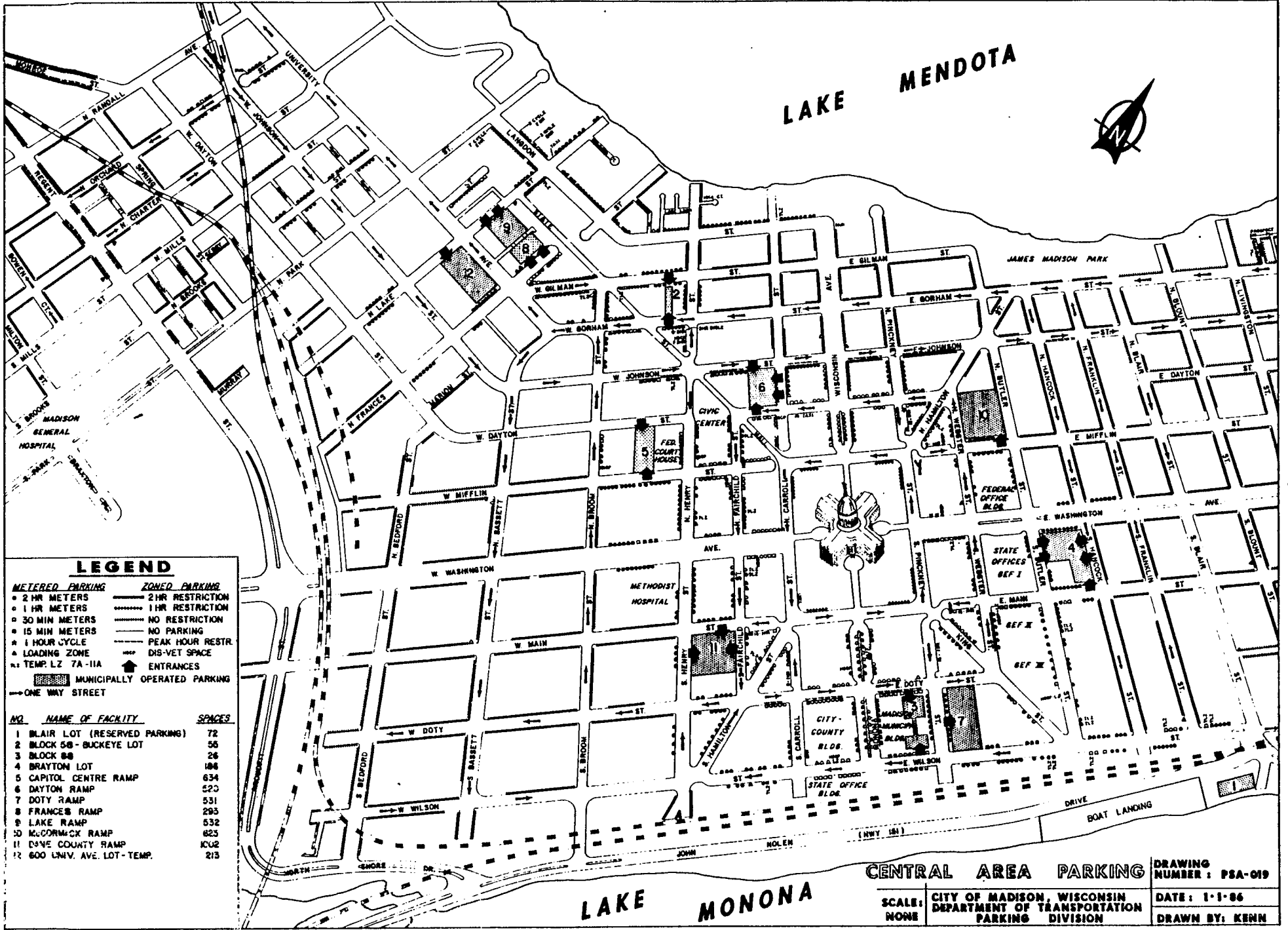


**CAPITOL CONCOURSE,
OUTER RING,
& STATE ST.
PEDESTRIAN COUNTS**

NOTE:
RAW COUNTS SHOWN WERE DONE IN JUNE,
JULY, AND AUGUST 1982 BETWEEN 7:00AM
AND 6:00 PM

	822 PEDESTRIAN COUNTS	DATE 100 75 6305
	DEPARTMENT OF TRANSPORTATION	

Exhibit 12



LEGEND

- METERED PARKING**
- 2 HR METERS
 - 1 HR METERS
 - ◐ 30 MIN METERS
 - ◑ 15 MIN METERS
 - ◒ 1 HOUR CYCLE
 - ▲ LOADING ZONE
 - ▲ TEMP. LZ 7A-11A
- ZONED PARKING**
- 2 HR RESTRICTION
 - - - 1 HR RESTRICTION
 - NO RESTRICTION
 - NO PARKING
 - PEAK HOUR RESTR.
 - DIS-VET SPACE
 - ENTRANCES
 - MUNICIPALLY OPERATED PARKING
 - ONE WAY STREET

NO.	NAME OF FACILITY	SPACES
1	BLAIR LOT (RESERVED PARKING)	72
2	BLOCK 58 - BUCKEYE LOT	55
3	BLOCK 59	26
4	BRAYTON LOT	186
5	CAPITOL CENTRE RAMP	634
6	DAYTON RAMP	520
7	DOTY RAMP	531
8	FRANCES RAMP	295
9	LAKE RAMP	532
10	MCCORMACK RAMP	623
11	DANE COUNTY RAMP	1002
12	600 UNIV. AVE. LOT-TEMP.	213

CENTRAL AREA PARKING

DRAWING NUMBER : PSA-019

SCALE: NONE

**CITY OF MADISON, WISCONSIN
DEPARTMENT OF TRANSPORTATION
PARKING DIVISION**

DATE: 1-1-86

DRAWN BY: KENN

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

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

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

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

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

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

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

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

Exhibit 14

DISTANCE TO IMPORTANT FACILITIES

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

D. Dynamic Attributes

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

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

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

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

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

E. Present Buildings' Adaptability to the Proposed Use

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

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

III. MARKET ANALYSIS AND DEMAND PROJECTIONS

A. Product Definition

1. Introduction

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

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

2. Competitive Supply

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

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

B. Demand

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

Exhibit 16 describes 3 studies and the conclusions

Exhibit 15

SUMMARY OF POTENTIAL MEETING BUSINESS SURVEY

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

Prospective Attendees by Size of Meeting

(Based on 69 responses)

<u>Meeting Attendees</u>	<u>Percent of Total Responses</u>
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)

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

Prospective Banquet Seating

(Based on 14 responses)

<u>Seating Required</u>	<u>Percent of Total Responses</u>
0- 300	14%
350- 500	57%
550- 1,000	29%
More than 1,000	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 s.f.) and 100% (of those responses tabulated) of the demand for banquet facilities (0 - 1,000 seats) could be met with a center targeted at these groups.

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

C. Supply

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

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

Exhibit 16

ESTIMATES OF EXHIBIT HALL SPACE NEEDS

<u>Study Cited</u>	<u>% of Prospective Exhibits Served</u>	<u>Square Feet Require</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, and National Mkt.	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

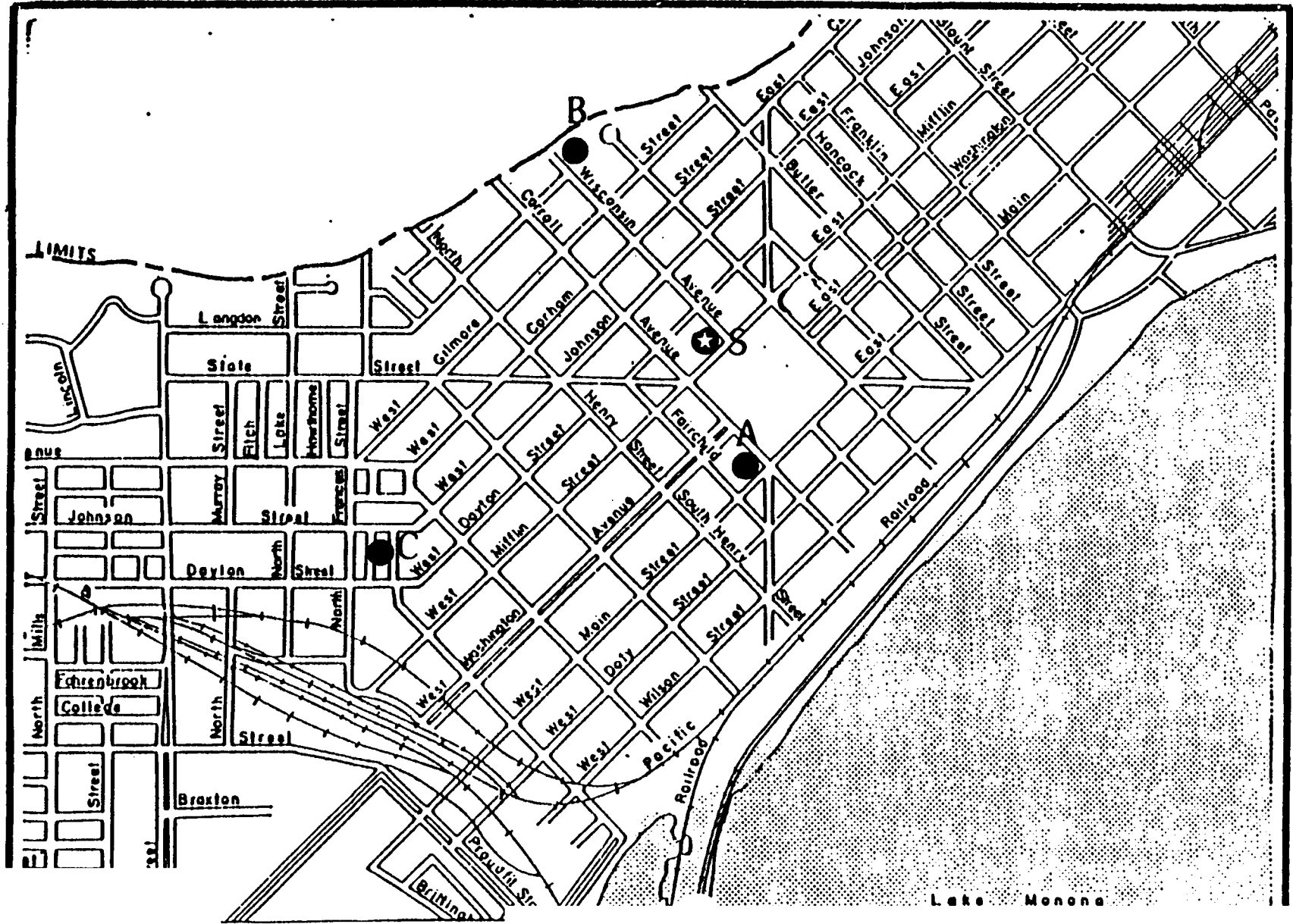
Note: The typical event lasts 2-4 days and attracts an average of 600 attendees. The Concourse estimate is obviously very conservative.

A Inn On The Park

B Edgewater Hotel

C Howard Johnson's

S Woolworth & Concourse Sites



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

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

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

Exhibit 18

TYPES OF CONVENTIONS DRAWN TO MADISON

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

Based on 308 of the 440 conventions of 1984.

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

D. Projection of Demand

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

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

Confidential Convention Calendar

June 1986-May 1987

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

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

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

JUNE				SEPTEMBER			
1-2	Tech. Update for Broadcast Managers	Howard Johnson Executive Hotel	50	8-9	WI Solo Square Dancers	Sheraton	240 S
1-5	Bio Electro Magnetics Society A.G.A.	Memorial Union	300-400 R	8-10	State Square Dancers	Forum	6000 S
1-6	Small Scale Hydropower Facility	Lowell Hall	100 S	9	Green Bay Packers Exhibition Game	Camp Randall	Open E
2-4	College Week for Women	WI Center	100 S	10-23	Graduate School of Banking	Concourse	300 R
3-5	Hall of Fame-Madison Pan & Mike	UW Campus	Open S	11-15	Graduate School of Banking	WI Center	500 S
4	WI Pipe Trades Assn.	Holiday Inn S.E.	500 L, E	11-16	Drum Corps International	City Wide	40,000 I
5-8	Coors Light Water Ski Tour	Radisson Inn	200 S	11-22	Graduate School of Banking	WI Center	500 S
7-8	WI Grand Lodge of Masons	City Wide	Open E	13-15	Third Int'l T.O.V.S. Conference	WI Center	100 I
7-10	Infections & Immunity Workshop	Concourse	250-300 S	16	Blackhawk Girl Scout Council	Radisson Inn	100 S
8-10	Symposium on Germ-Free Research	WI Center & Howard Johnson Executive Hotel	175 S	19-21	Nat'l Institute of Drug Abuse	Concourse	100 N
8-11	Am. Cooperatives Education Conference	Concourse	150 I	23	Whitewater Theatre & Dance Alumni	InnTower	75-100 S
11-12	Municipal Electric Utilities	Sheraton	200 S	30-9/1	Petres' Ski Sale	Forum	Open E
11-12	Expi. Alt. Fin. Options—Pub. TV	Howard Johnson Executive Hotel	125	31	Taste of Madison	Capitol Concourse	50,000 E
11-13	Disaster Management Conference	WI Center	100 S	SEPTEMBER			
11-13	Dept. of Transp.-Gov. Conf.-Hwy. Safety	Inn on the Park	400 S	2-5	Natl. Farm Bureau Ins. Training Dir.	Radisson Inn	50 N
15	Madison Cat Club Household Cat Show	Forum	Open E	4-6	State 4-H Horse Show	Sheraton	300 S
15-19	Am. Society of Mammalogists	WI Center	700 N	5-6	Ophthalmology	WI Center	150 S
16-19	IBM Deans of Schools of Education	U.W. Sch. of Ed.	100 N	5-6	Public Library & Adult Independent Learning	WI Center	100 S
16-20	Continuing Law Education	U.W. Law School	300 S	5-6	Lutheran Renewal	Sheraton	150 R
16-27	Teacher Training Workshop	Lowell Hall	100 S	5-7	Women in Fire Suppression	J.F. Fredrick	100 S
16-20	Three-Day Magazine Institute	WI Center	100 S	6	Central Wisconsin Supply	Radisson Inn	200 S
18-21	United Electrical Workers	Radisson Inn	75-100 N	6-7	WI Teen All American	Holiday Inn S.E.	300-500 S
18-7/8	InterVarsity Christian Fellowship	Inn on the Park	250 I	7	Forum Flea Market & Collector's Show	Warner Park	Open E
19-20	State Historical Society	Inn on the Park	125 S	8-9	DILHR	Holiday Inn S.E.	225 S
19-20	Dept. of Health & Social Services	Inn on the Park	400 S	8-10	U.W. Dept. of Outreach	Sheraton	400 R
19-22	United Elec. Radio/Mech. Workers of Am.	Inn on the Park	75 S	9-10	9th Anni Municipal & Industrial Waste Conf.	Concourse	120-150 N
19-22	Midwest Jack & Jill Teen Conference	Memorial Union	500 R	10-11	Holt Products Show	Holiday Inn S.E.	350 S
20-21	Partnership Through the Lifetime	WI Center	100 S	12-13	WI Dairy Herd Improvement	Holiday Inn S.E.	600 S
20-21	School of Psychology Institute	WI Center	150 S	12-13	Dental Conference	WI Center	100 S
20-21	Watchtower Society Convention	City Wide	7000 N	13	UW Badgers vs. Northern Illinois	Camp Randall	Open E
20-22	Natl. Order of Rainbow	Holiday Inn S.E.	250 S	14-18	Marschall Products	Radisson Inn	75 S
20-22	Natl. Assn. of Women Judges	Edgewater	85 N	14-19	Natl. Leg. Serv. & Security Assn.	Inn on the Park	125 N
21-24	Natl. Credit Union Youth Conference	Concourse	150 N	15-18	Italian Cheese Seminar	Sheraton	240 S
22-24	Municipal Administration of Cable TV	WI Center & Howard Johnson Executive Hotel	100 S	15-18	Broadcast Engineering Management	Holiday Inn S.E.	250 N
26-27	Home Care Services	WI Center & Howard Johnson Executive Hotel	150 S	15-19	Basic Course on Pub. Utilities & Regulations	WI Center	100 S
26-27	Dept. of Psychiatry, UW Hospital	Edgewater	150 L	15-19	Planning R.D. Facilities	WI Center	100 S
26-29	Watchtower Society Convention	Coliseum	7000 N	16-18	Natl. Rural Electric Cooperative	Concourse	600 N
27-29	Badger State Games	City Wide	Open E	17	WI Assn. of Sch. Dist. Administrators	Inn on the Park	225 S
28-29	Am. Drug Free Power Lifting Assn.	Holiday Inn S.E.	150 N	17-18	Marschall Italian Cheese Seminar	Coliseum/Forum	Open E
29	Forum Flea Market & Collectors Show	Warner Park	Open E	17-19	Natl. Legislative Serv. & Sec. Assn.	Inn on the Park	175 S
JULY				18	U.W. School of Business	Inn on the Park	200 S
3-5	Watchtower Society	City Wide	7000 N	18-20	Inst. of Certified Credit Union Execs.	Radisson Inn	100 S
7-9	DPI Summer Conference	Sheraton	500 S	18-20	WI Surgical Society	Edgewater	150 S
7-10	School Evaluation Consortium	Concourse	125 S	18-21	Festival of the Lakes	City Wide	Open E
7-11	WAWAI	Memorial Union	400 S	19-22	WI-Upper Michigan Florists	Holiday Inn S.E.	200 R
8-11	Pulmonary Circulation in Health & Disease	WI Center	200 S	20-23	Central States Circulation Managers Assn.	Concourse	125-150 R
9-13	Gyro Intl Club	Sheraton	500 I	21-24	Outdoor Reps Association	Forum	Open E
11-12	Liberly Body Building Championships	InnTower	75 S	23-25	New Concepts Foundation	Inn on the Park	200 S
12-13	Art Fair on the Square	Capitol Concourse	100,000 E	24-25	Leadership Identification Program	InnTower	100-125 S
12-13	Art Fair off the Square	Monona Avenue	Open E	24-26	Effective Tools for Facility Planning	WI Center	125 S
13-24	CUNA Management School	Concourse	300 N	25-26	Wis. Public Utility Institute	WI Center	100 S
14-17	Steenbock Symposium	Memorial Union	400	25-26	Passive Solar	WI Center	125 S
16-20	Dane County Fair	Dane Co. Expo Center	Open E	25-26	Bio-Medical Assn. of WI	Ramada Inn	150 S
17-19	Forum Arts & Crafts Fair	Warner Park	Open E	26-27	Neurology Conference	WI Center & Howard Johnson Executive Hotel	100 S
18-20	Young Democrats of America	Concourse	50-75 N	26-27	WI Assn. of Bilingual Education	Sheraton	225 S
19-20	WI Natl. Organization for Women	Inn on the Park	150 N	27	UW Football Badgers vs. Wyoming	Camp Randall	Open E
20-23	Intl. Halfway House Association	Inn on the Park	150 I	27	Bascom Hill Society	Union South/Memorial Union	200 S
21	National Assn. of Remodelers	Radisson Inn	50 R	27-10/5	CUNA Thirdly	Concourse	150 N
23-25	Midwest Regional State Treasurers Assn.	Edgewater	100 R	26	Forum Flea Market & Collectors Show	Forum	Open E
24-26	Creative Brilliance	Radisson Inn	100 S	28-30	Dept. of Transp.-Smart Card Conf.	Inn on the Park	200 S
24-27	Old Sleepy Eye Collectors	Holiday Inn S.E.	600 N	29-30	Refugee Conference	WI Center	100 S
26	State Vehicle Auction	Coliseum	Open E	29-10/3	4-H Dairy Conference	Lowell Hall	240 S
30-8/2	Nicolet Instruments—PPI	Inn on the Park	150 I	30-10/4	American Breeder Service	InnTower	50 S
AUGUST				OCTOBER			
3	Forum Flea Market & Collectors Show	Warner Park	Open E	1-2	WI Institute of CPA's	Concourse	225 S
3-5	Wisconsin Special Olympics	Radisson Inn	Open E	1-2	WI Motor Carriers	Edgewater	150 S
4-5	Distance II	J.F. Fredrick	100 S	1-2	Crop Physiology Symposium	J.F. Fredrick	168 S
7-8	U.W. Dept. of Contg. & Voc. Ed.	Sheraton	150 S	1-5	World Dairy Expo	Coliseum/Forum	50,000 I
				2	WI Assn. of Perinatal Care	Radisson Inn	100 S
				2-3	Allergy Conference	WI Center	100 S
				2-4	WI Academy of Trial Lawyers	Concourse	125-150 S
				3-4	Wisconsin Workshop	WI Center	275 S
				3-5	WI Emergency Medical Tech.	Quality Inn South	200-500 S
				4	UW Football Badgers vs. Michigan	Camp Randall	Open E
				5-7	1986 Amer. Soc. of Engineering Education	WI Center	200 S
				6-10	Gaseous Electronics Conference	WI Center & Howard Johnson Executive Hotel	275 S
				7-9	Farm Progress Days	City Wide	Open S, E

8-11	Amaranth	Sheraton	225 S	12-14	Interfacing with the IBM Computer	WI Center	100 S
9	Data Processing Mgt. Computer Fair	Forum	Open E	14-16	Residential Inspection	WI Center	100 S
9-10	WI College Personnel Association	Radisson Inn	100 S	18	Forum Flea Market & Collector's Show	Forum	Open E
9-10	Systems Building Association	Inn on the Park	200 S	19-21	All Canada Fishing/Vacation Show	Holiday Inn S.E.	300 R
10-11	Council on Thai Studies	WI Center	100 S	20-22	WI Fert. Aglime, & Pesticide Convention	Sheraton	240 S
10-11	Zimmerman Symposium	Howard Johnson	100	28	Wis. Farm Bureau-Young Farmers Conf.	Inn on the Park	250 S
		Executive Hotel		28-29	Food Fair	Forum	Open E
10-11	Administrative Management Society	Concourse	75-100 S	30-31	WI Campers	Holiday Inn S.E.	300 S
10-12	Freedom From Religion Foundation	Inn on the Park	150 S	31	WI Wildlife Fed. Cadillac Banquet	Holiday Inn S.E.	500 S
10-12	Pi Beta Phi	Edgewater	100-200 L	FEBRUARY			
11	State Vehicle Auction	Arena	Open E	Feb. 1	WI Men's Bowling Assn.	City Wide	Open E
11-12	Forum Craft Fair	Forum	Open E	1	Tiffany's Bridal Expo	Forum	Open E
13-15	DPI	Inn on the Park	250 S	2-4	WI Corn/Soy Conf.	Holiday Inn S.E.	350 S
14-15	WI Manufacturers & Commerce	Concourse	125 S	2-6	Effective Project Management	WI Center	100 S
14-16	Zoo Primate Center Workshop	WI Center	120 S	6-7	DPI-WI DECA	Holiday Inn S.E.	300 S
14-17	Am. Federation of Municipal Employees	Edgewater	65 N	6-8	Dane Co. RV Boat Show & Sale	Forum-D & E	Open E
15-18	Full Gospel Businessmen	Holiday Inn S.E.	700 S	12-13	Single-Ply & Build-up Roofing Services	WI Center	Open E
16-17	Wisconsin Land Title	Inn on the Park	300 S	13-15	Sports Show	Coliseum	Open E
16-18	History of Farm Women Nat'l Conference	WI Center	200 S	15	Forum Craft Fair	Forum	250 S
17-18	YMCA of Metro Madison	Concourse	200 L	16-17	Wis. Cosmetologists Association	Inn on the Park	250 S
17-19	WI Reg Interpreters for the Deaf	Ramada	150 S	16-20	Ice Eng. for Rivers, Lakes & Oceans	WI Center	100 S
17-19	Physical Therapy Association	Radisson Inn	90 S	16-20	Big Ten Counseling Center Conference	J.F. Friedrich	100 S
18	Real Women Seminar	Holiday Inn S.E.	800-1000 S	18-20	Wis. Building Refresher	WI Center	100 S
19	Forum Flea Market & Collector's Show	Forum	Open E	20-22	Zor Shrine Circus	Coliseum	Open E
19-21	4th Army Management Conference	Concourse	250-300 N	23	Data Processing Management Assn.	Radisson	200 S
19-22	Midwest Federation of Sisterhood	Inn on the Park	100 S	23-25	Equipment Maintenance	WI Center	100 S
19-23	Docks & Marinas	Howard Johnson	150	24	WI League of Financial Institutions	Concourse	250 S
		Executive Hotel		26-28	Jr. Science Symposium	WI Center	200 S
20-22	WI Office on Aging	Radisson Inn	250 S	MARCH			
20-23	Forest Products Lab	Inn Tower	75 S	March 4-5	WI Men's Bowling Assn.	City Wide	Open E
21-22	Wis. Venture Fair	Concourse	200 S	4-5	U.W. Vocational Studies Center	Sheraton	300 S
22-24	WI Music Educators Conference	Concourse	500 S	4-6	Public Works Construction Inspection	WI Center	100 S
23-24	U.W. Continuing Medical Education	Concourse	150 N	5	Four Lakes Area Safety Deposit Assn.	Radisson Inn	100 S
23-24	U.W. Hosp. Infection Control Seminar	Inn on the Park	300 S	6-8	WI Waterski Federation	Holiday Inn S.E.	450 S
23-25	WI Chap. Nat'l. Solid Waste Mgmt. Assn.	Concourse	100-150 S	6-8	Badger Circle K	Radisson Inn	175 S
24-25	WI Assn. of Foreign Language	Sheraton	200 S	6-8	Madison Area Builders Home Products Show	Forum	Open E
24-25	Afro-American Alumni Association	Lowell Hall	250 S	14-15	Mautz Paint	Holiday Inn S.E.	300 R
25	UW Football Badgers vs. Illinois	Camp Randall	Open E	18-20	WI Electric Power & Farm Equip. Show	Expo Center	Open E
26-27	Bank Administration Institute	Radisson Inn	50 R	22	Forum Flea Market & Collector's Show	Forum	Open E
26-28	State Telecommunications Planning	WI Center	150 S	23-24	Mechanical & Electrical Sys. for Bldgs.	WI Center	100 S
27-28	Preventive Maintenance	WI Center	100 S	25-27	Professional Development Conference	WI Center	100 S
27-29	U.W. Ag Conference	Sheraton	100 S	27-28	Children's Literature	Lowell Hall	175 S
29-30	WSMA	Holiday Inn S.E.	350 S	27-29	World of Wheels Custom Car Show	Coliseum	Open E
29-31	WI Assn. of Health & Phys. Ed.	Radisson Inn	125 S	28-29	Rutabaga's Canoeopia	Forum & Arena	Open E
29-11/2	African Studies Association	Concourse/Inn on the Park	800-1000 S	28-29	Nat'l Masters Indoor Track & Field	Camp Randall	Open E
		Coliseum		30-4/1	Industrial Pharmacy Management	Concourse	175
29-11/2	Ice Capades	Coliseum	Open E	APRIL			
30-31	John Cameron Symposium	WI Center	150 S	April 1-3	WI Men's Bowling Assn.	City Wide	Open E
30-11/2	Intl. Visual Literacy Assn.	Howard Johnson	150 I	1-3	Electrical Fire Investigation	WI Center	100 S
		Executive Hotel		2-4	Wis. Council of Teachers of English	Lowell Hall	100 S
31-11/1	American Cancer Society	Radisson Inn	200 S	3-4	Time Out '87 Conf.-Coaches of H.S. G.	WI Center	150 S
				3-4	Am. Society of Mechanical Engineers	Inn on the Park	50-60 S
				3-4	U.S. Power Squadron Dist. #10	Radisson	100 N
				3-5	WI Deer Classic	Coliseum	Open S
				5	Madison Area Repeaters Swapfest	Forum	Open E
				6-10	Working Drawing Production	WI Center	100 S
				9	Cincinnati Insurance Co.	Concourse	100-130 R
				9-11	Women in Communications	Concourse	100-250 S
				11-12	Midwest Horse Fair	Coliseum	Open E
				13-15	Extension Downtown Revitalization Conf.	WI Center	200 S
				18	Forum Flea Market & Collector's Show	Forum	Open E
				21-22	AMS Business Show	Forum	Open E
				22-24	Campus Kaleidoscope	J.F. Friedrich	100 S
				24-26	Pushkin Symposium	WI Center	100 S
				24-25	WHSFA State Speech Contest	WI Center	900 S
				29-30	Intelligent Building Systems	WI Center	100 S
				30-5/1	Controversy in Family Living	WI Center	100 S
				30-5/2	Future Directions	WI Center	100 S
				30-5/2	WI Assn. for Mid Level Educators	Sheraton	500 S
				MAY			
				May 2-5	WI Men's Bowling Assn.	City Wide	Open E
					On-Air Promotion & Broadcast Operations	Lowell Hall	150 S
				3	BKC Dog Show	Coliseum/Forum	Open E
				6-8	Effective Zoning Admin. Techniques	WI Center	170 S
				7	Four Lakes Area Safety Deposit Assn.	Radisson	100 S
				8-9	Alumni Weekend	WI Center	125 S
				9	Forum Craft Fair	Forum	Open E
				11-13	Industrial Design Workshop	WI Center	100 S
				14-15	WI Licensed Practical Nurse Assn.	Holiday Inn S.E.	100 S
				15	Wis. Medical Alumni	Inn on the Park	500 S
				17	Forum Flea Market & Collector's Show	Forum	Open E
				21-24	University of Wisconsin Graduation	Field House	Open E
				30	Madison Charity Horse Show	Coliseum	Open E
				31-6/8	MATC Commencement	Coliseum	Open E
					A.G.A.	Lowell Hall	100 S

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

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425 West Washington Avenue Madison Wisconsin 53703

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

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

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

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

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

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

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

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

V. FINANCIAL FIT OF PROPOSED DEVELOPMENT

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

Plan I

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

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

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

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

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

Exhibit 20

CONVENTION HALL CORPORATION COSTS

<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	<u>\$400,000</u>
Total Hard Costs			\$8,668,000
Soft Costs			
Professional Fees		10%	\$866,800
Contingency & Soft Costs		25%	<u>\$2,167,000</u>
Total Soft Costs			\$3,033,800
Parking (246 underground stalls)	\$10,000	246	\$2,500,000
Total Costs			\$14,201,800

Exhibit 21

DEBT CALCULATION

The Convention Hall Corporation 1

Property Acquisition

The Hub	\$300,000
Brathaus II	\$300,000
Woolworth	\$600,000
14 W. Mifflin	<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
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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	\$3,875,000
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Madison Business Community 4		<u>\$2,000,000</u>
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Total Debt Required		\$10,476,800
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Under this scenario, the 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.

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

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

Madison Business Community paid in common stock.

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

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

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

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

Exhibit 22

ASSESSMENT CALCULATIONS

Revenues (net of all expenses)

Convention Center Income (\$2,000 per day, 100 event days)	\$200,000
Parking Income (246 stalls, \$5 per day, 50% occupancy)	\$221,000
Increased Room Tax (7% tax on \$50/night, 45,000 possible room nights x 80% capture in Madison = 36,000 additional room nights)	\$126,000
Retail Revenue (14,250 sq ft. \$8.50 per sq. ft.)	<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	
-530 attached rooms	\$810
-227 rooms at Inn on the Park	\$405

Exhibit 23

HOTEL BENEFIT ANALYSIS

Assumptions:

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

Potential room nights	45,000	(somewhere in Dane County)
Capture (80%)	<u>x .8</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>	<u>\$91,935</u>
Benefit		\$185,265	

Total Assessment			\$521,235
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Exhibit 24

OPTIMISTIC ASSESSMENT CALCULATIONS

Revenues (net of all expenses)

Convention Center Income ((\$2,000 per day, 200 event days)	\$400,000	
Parking Income (246 stalls, \$5 per day, 60% occupancy)	\$265,000	
Increased Room Tax (7% tax on \$50/night, 90,000 possible room nights x 80% capture in Madison = 72,000 additional room nights)	\$252,000	
Retail Revenue (14,250 sq ft. \$8.50 per sq. ft.)	<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

Exhibit 25

OPTIMISTIC HOTEL BENEFIT ANALYSIS

Assumptions:

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

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

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

Concourse (Headquarters Hotel)

Captures	40%		
@	\$60		
Margin	.80	\$1,382,400	
Less			
Assessment @ \$470/room		<u>\$173,900</u>	\$173,900
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>	\$75,200
Benefit		\$605,200	

Inn on The Park

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

Total Assessment			\$302,445
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The hotels margin is multiplied by the gross increase in revenue assumed to be attributable to the convention facility. From this the assessment is subtracted revealing the benefit accruing to the hotel in question.

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

Plan II

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

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

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

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

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

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

1. The mortgages are first amortized on a 15-25 year schedule from total business income of the corporation.
2. Preferred stock receives cumulative dividends of 9% per year when earnings exceed debt service. As earnings permit a cash surplus beyond dividends or refinancing becomes appropriate, the preferred stock will be called and retired at stated prices.

3. When some proportion of the preferred stock has been paid off, the common stock will then take control. It is intended that about 65% of the common stock would go 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 have invested in the project, such as the Community Development Authority, The Madison Development Corporation, or any other community interest group.

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

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

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

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

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

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

Exhibit 26

COSTS

<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
Assembly (remodeled)	\$20	6,750	\$135,000
Existing Meeting	\$20	8,000	\$160,000
Service/Storage	\$80	7,800	\$624,000
Pedestrian Corri	\$1,200	130	\$156,000
Skywalk	\$3,000	175	\$525,000
1st Floor			
New Retail	\$75	14,250	\$1,068,750
Circulation	\$85	6,750	\$573,750
Utility Corridor	\$600	130	\$78,000
Loading Dock (Service/Storage)	\$100	5,400	\$540,000
Auditorium (sloped floor)	\$100	4,000	\$400,000
Escalators	\$80,000	4	\$160,000
Parking (underground)	\$10,000	246	\$2,460,000
Furnishings	\$10	36,500	\$365,000
Redecorating	\$3,000	170	\$510,000
Street Renovation			\$225,000
Demolition (\$.15/cubic foot)			\$150,000
Relocation of 14 W. Mifflin Tenants	\$10	40,000	<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			\$4,232,550
Total Costs			\$16,325,550

Exhibit 27

INCREMENTAL DEBT REQUIRED

<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
<u>Construction Cost</u>			
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
<u>Sources of Funds</u>			
<u>Owners Equity</u>	<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 (CDA)		2	\$1,250,000
City Parking			\$500,000
Madison Business Community			<u>\$1,250,000</u>
	<u>\$5,100,000</u>		<u>\$7,000,000</u>
Total Equity			(\$12,100,000)
Additional City Subsidy			
City Parking Finan	\$2,000,000		
CDA			
Write-Downs	\$1,750,000		
Streets etc.	<u>\$225,000</u>		
Subtotal	\$3,975,000		(\$3,975,000)
Conventional Debt Required to Refinance Existing Mortgages			(\$15,400,000)
New Conventional Debt Required			\$15,465,000
Annual Debt Service on New Debt			\$1,686,367

1 (4 votes of Board of Directors)

2 (3 votes on Board of Directors)

Exhibit 28

OPERATING PROJECTIONS FOR YEAR 1

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

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

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

VI. CONCLUSIONS

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

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